Beyond 2021:
Where does gaming go next?

Latin American games market and consumer research report

Google for Games / newzoo

Foreword

This report is part of a series where we cover the lasting impact of engagement and spending trends on games between February 2020 and June 2021. This report covers the Latin America region. The series is the result of research conducted by Newzoo commissioned by Google and contains a combination of market analysis, trend research, and consumer research.

The LATAM gaming region and audience

Latin America is among the world's fastest-growing gaming regions, with the highest player growth from 2015 to 2024 (projected) (fig. 1) of the four global regions examined in this study (which covers selected markets in Latin America, North America, Europe, Middle East and Africa, and Asia) the second-highest growth in consumer spending on games among these regions. On the other hand, it's the smallest region for gaming spending; despite being home to nearly 10% of the global player population, LATAM represents just 4% of total consumer spending on games.

The growth of mobile gaming has 'unlocked' the potential of the Latin American market. But interestingly, Latin America also has historically had strong interest in PC and console gaming, especially in more affluent areas. This was confirmed in our consumer research, which found that Latin American players attribute high importance to video games: from 5.19 out of a possible 7 before 2020 to a peak of 5.55 during the pandemic, before a projected slight drop to 5.39 in 2021 and beyond. Two notable things about this score: first, the mean scores are higher than those for any other region. Second, the importance of video games in players' lives projects to remain above pre-2020 levels, suggesting that the past one-and-a-half years didn't constitute a temporary boost.

Latin America's stringent import laws make console and gaming-PC prices among the highest in the world, which in turn makes mobile the most viable option for many Latin American gamers. What's more, internet access across the region is currently going through a process of democratization; online access is on the rise across Brazil, Mexico, Argentina, Colombia, and Chile, connecting and empowering residents and making online gaming more viable. As a result, most Latin American gamers play on mobile (fig. 3).

Indeed, mobile was the most popular playing platform among respondents to our Latin

Fig.1 | 2015 – 2024 Latin American player forecast

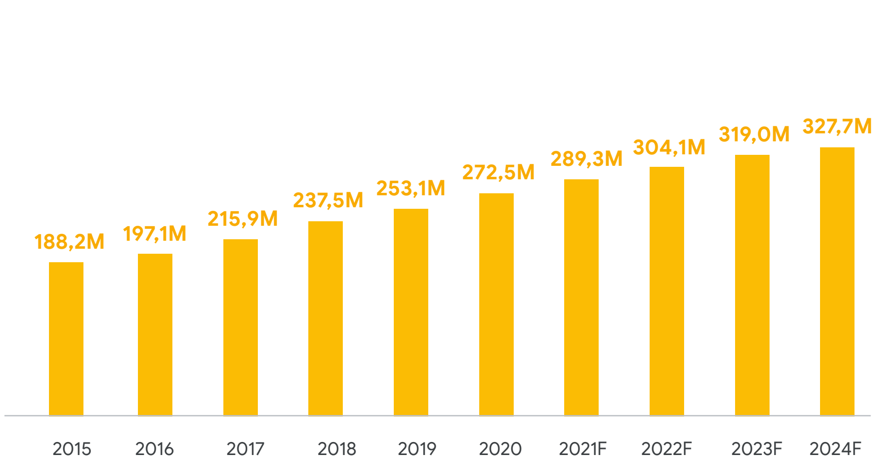
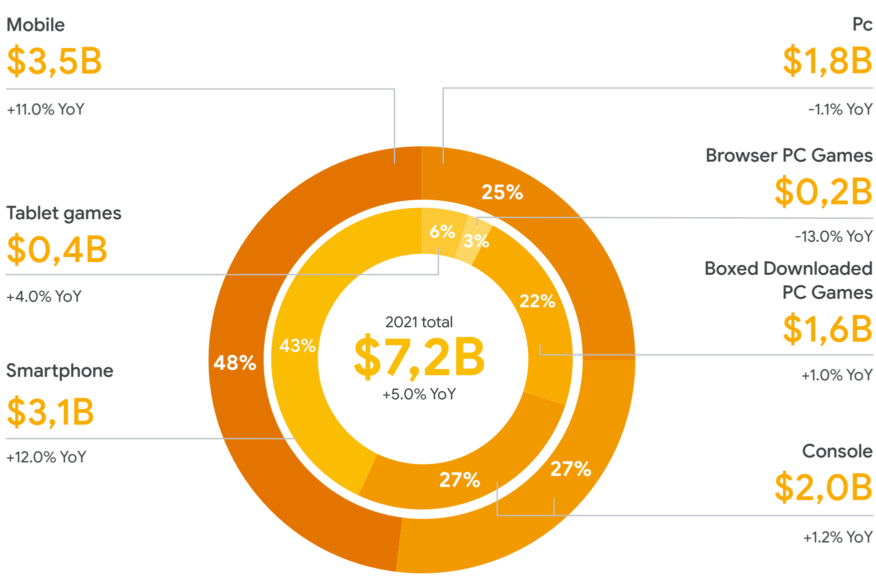


Fig.2 | Consumer spending on games in LATAM, split by platform



American survey (fig. 3). LATAM has the second-highest incidence of mobile players (after mobile-first Asia) and the largest share of players who call mobile their most used platform (84%). Mobile also attracted the most new players (4% started playing for the first time after February 2020) and returning players (16% had stopped playing at least once but restarted during the pandemic). Veteran players (those who were already playing before February 2020) made up the remaining 80% of the player base.

Our panel's demographic makeup (fig. 4) reflects Latin America's growing gaming market. LATAM gamers' average age of 34 is the youngest of the four major regions, and 21% were new or returning players - a higher percentage than we saw in more mature gaming markets such as North America, Western Europe, and mainland China, Japan, and South Korea.

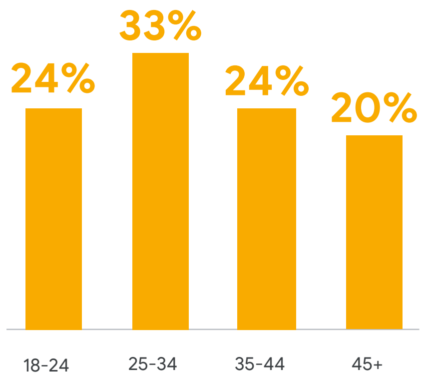
Our research suggests that the growth of LATAM gaming is driven primarily by interest in mobile. And yet there are clear differences with other growth markets: gaming is growing today in Latin America because of increased access and device affordability - not because there was a lack of interest in games before mobile entered the fray. Modern technology and delivery methods such as cloud gaming and subscription services will give the Latin American gaming audience more options to play the content they want at a price they can afford. Mobile gaming in Latin America is on a strong path to growth, which complements PC and console gaming opportunities in the market. In the rest of this report, we'll examine opportunities for cloud gaming in Latin America and (by extension) subscription gaming, as well as Latin America's thriving esports and livestreaming scene. Finally, we'll address how LATAM gaming growth recorded during the pandemic will continue but inevitably slow down going forward.

Fig.4 | LATAM game demographics

Male	Female
51%	49%

Age (average 35.6)

15.6 (average played hours per week)

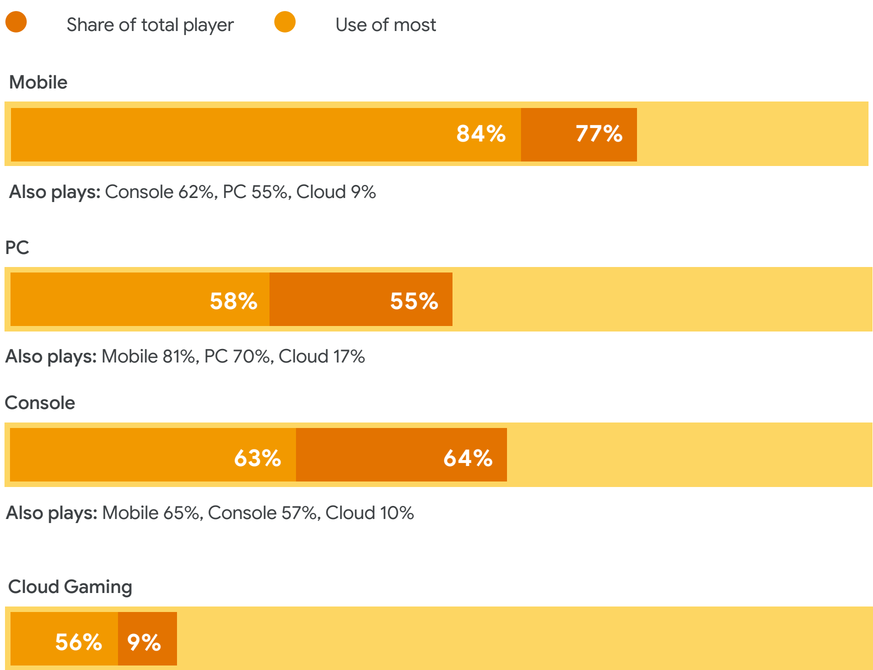


4% New players since 2020 (Base: 83)

17% Returning players since 2020 (Base: 361)

79% Played before 2020 (Base: 1,673)

Fig.3 | Player usage platform by Latin American players, including preferred platform



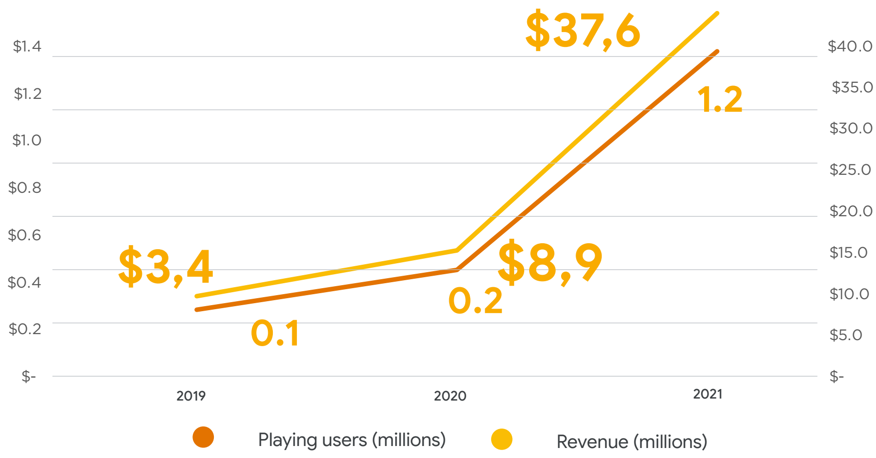
Also plays: Mobile 74%, Console 78%, PC 72%

Three themes that will shape LATAM

Theme 1: Cloud and subscriptions improve access to game content

Cloud gaming lets gamers play on any device without owning hardware powerful enough to process AAA games or even a local copy of the game itself. This up-and-coming technology might be the key to let Latin American players enjoy gaming through expensive gaming without the need to own it. From 2020 to 2021, we forecast the number of paying users of cloud gaming services in Latin America will grow sixfold, from 0.2 million to 1.2 million, and spend $37.6 million to access cloud gaming services and game content purchased via these services.

Fig.5 | Cloud gaming paying users and revenuesn in Latin America- 2019|2021



This growth in users and revenue is remarkable if you consider that many of the leading cloud gaming services aren't yet available in Latin America or only became available recently. Microsoft's xCloud beta launched in Brazil and Mexico in November 2020. As of April 2021. NVIDIA was rumored to be eyeing Latin America for expansion for GeForce Now. Given that these major players are still rolling out their services in Latin America, much of the growth was driven by local initiatives, such as the recently announced partnership between cloud gaming provider Blacknut and Brazilian telecom provider Telecall.

Players need a solid internet connection to stream games via the cloud. Luckily, mobile gaming popularity might offer a solution. Internet penetration is on the rise across Brazil, Mexico, Argentina, Colombia, and Chile, making online gaming, and by extension cloud gaming services, newly viable. Internet availability will expand further with 5G implementation. In Latin America's 5G rollout will be gradual, but we expect most of the region to have access by 2026. Given the fast growth of the mobile gaming audience and that audience's growing interest in competitive multiplayer mobile games, it seems clear that 5G rollout will be crucial for the region's continued growth.

Of course, cloud gaming providers can benefit from 5G both via customers' mobile devices and through tethering technology. In fact, our research found that cloud gaming has the highest play time growth potential of all platforms in LATAM. Mexican and Brazilian gamers report a +69% net increase in cloud gaming activity from April 2020 to May 2021, and expect to increase their future by another +31%. Interestingly, cloud gaming's primary users were veteran players: 88% of current cloud gaming users played before April 2020, and more than half of them call cloud their preferred platform. This doesn't mean new and returning players aren't interested; the technology is new, and most services don't yet have substantial marketing budgets. There's a high likelihood that cloud gaming's future customers simply aren't yet aware that the option exists.

Call to action for developers

The promise of cloud gaming can unlock the Latin American market's potential for premium games that were gated by high import tariffs and lack of availability and awareness. At the same time, hardware affordability remains a constraint for PC and console developers that are trying to enter the LATAM market.

This dynamic helps explain why high-fidelity mobile games are unlocking growth in the region. LATAM's players are eager to play complex, high-fidelity games, but are often restricted in their access to traditional PC and console hardware. Mobile games have already evolved to the point where they can rival the PC and console gaming experience.

Right now, this is both a warning and an opportunity for mobile developers in the LATAM region. With cloud gaming services' presence growing in LATAM, this dynamic can quickly change, as now these same players can access gaming hardware to play these games. However, we also know that habits are quickly formed, and it's the content that drives players to platforms, not vice versa. If you can quickly scale your presence in the region, the limited availability of traditional PC gaming and console hardware offers an opportunity to enter the market with high-fidelity mobile experiences.

Theme 2: Live-streaming and esports audience growth soars

As mobile gaming reached new players and boosted consumer spending growth in Latin America, LATAM's audience for live streamed game content grew. The audience for live streamed game content really took off in 2019. In a year's time, the audience grew to 75.5 million people in 2020 and is now forecast to reach 122.4 million viewers by 2024. Streamed game content is disproportionately popular in Latin America, which in 2021 is home to less than 10% of the world's online population but almost 13% of the global live-streaming audience. While esports enthusiasts - those who watch esports content at least once per month - are just a fraction of that, LATAM still represents almost 9% of the world's esports enthusiasts.

Our research suggests that viewing behavior grew at a similar rate to playing during the pandemic. Looking ahead to the future, respondents expect a further increase to their watch time — greater than that for any playing platform other than cloud.

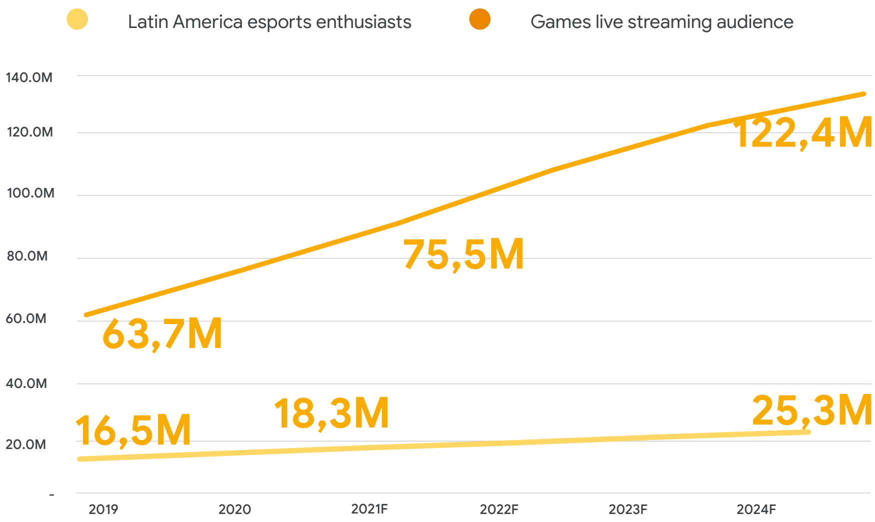
The viewing audience tends to skew more male than the playing audience, a distribution that's even more skewed for esports, where 61% of the audience is male.

To understand the Latin American market for live streamed game content, it's important to address the differences between Portuguese-speaking Brazil and the region's Spanish-speaking countries. The Brazilian audience tends to have unique habits when it comes to watching live streamed game content. Brazil's leading platforms for live streams of mobile games are NimoTV and Booyah. Both platforms are centered on Garena Free Fire and Mobile Legends: Bang Bang and are home to many top Brazilian streamers.

Spanish-speaking viewers throughout LATAM, meanwhile, prefer watching mobile game content on popular Western platforms like YouTube and Twitch. these viewers mainly watch streamers from Spain rather than Latin America, which represents an opportunity to develop a future mobile game streaming market focused on local streamers.

Hours watched have been driven by multiplayer mobile titles, most often with a competitive focus. The Latin American mobile esports scene, having developed alongside its mobile game market, is particularly strong. These titles like Garena Free Fire and recently, League of Legends: Wild Rift seeing massive success. Younger people who can't afford PC and console games have discovered a viable entry into the world of esports via mobile and are watching top streamers and esports teams duke it out to see who is the best.

Fig. 6 | Esports enthusiasts and live streaming audience in LATAM - 2019 - 2024



Call to action for developers

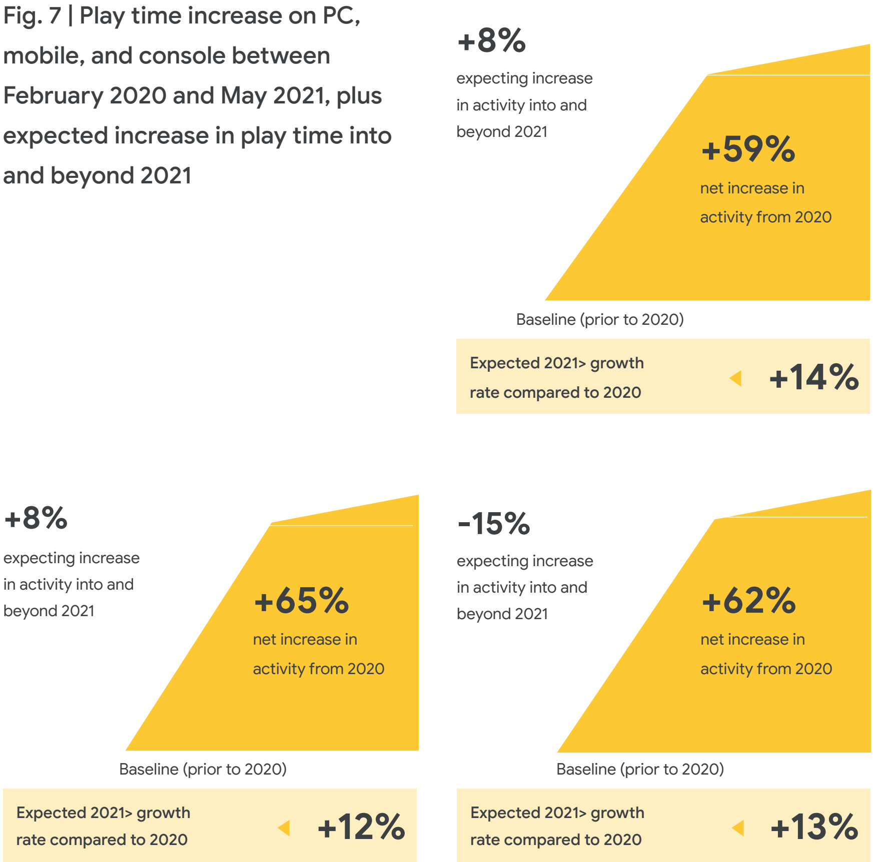
Participating in gaming culture by watching streamers and esports is more popular in Latin America than in any other region, including Asia. Moreover, respondents expect their consumption of live streamed game content to increase at a higher rate than playing. This all makes Latin America's Culture of game viewing a key aspect of any forward-thinking mobile publishers plans to expand their total addressable market and drive revenue growth in the region. But publishers should note that there's more than a language barrier between Brazil and the Spanish-speaking part of the region; the audiences use different platforms, follow different streamers, and watch different games and esports leagues.

Theme 3: Focus on growing audience size and average spend

Latin American gaming activity increased significantly across all three main platforms during the pandemic. According to respondents in Brazil and Mexico, the average increase in playing activity was the highest (+65%) for mobile, followed by +62% and +59% for console and PC, respectively – by far the highest growth rate we found in any region (the second-highest increase, reported in selected Asian markets, was just over +40%). This increased activity was mostly driven by veteran players (those who'd been playing prior to April 2020).

It's important to note that this level of engagement growth is unlikely to continue in the future. A generational event like the COVID-19 pandemic altered consumer habits in a way that's not likely to recur anytime soon. It's remarkable that respondents still expect a net positive increase in their gaming activity on all three major gaming platforms in the coming years. On top of that, we expect many more people in the region to start gaming in the coming years, and there's plenty of room to grow in terms of monetization; average spend per Latin American is just over $25 on an annual basis – below the global average.

Fig. 7 | Play time increase on PC, mobile, and console between February 2020 and May 2021, plus expected increase in play time into and beyond 2021



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Call to action for developers

Publishers and/or developers looking to expand into Latin America as well as those who are already active in the region shouldn't expect pandemic-era growth to remain the standard. The pandemic helped introduce new audiences to gaming and it's vital for developers to focus on retaining these players as well as studying other ways to grow their audience and revenues.

We noted earlier that the LATAM gaming audience is growing faster than any other region, including Asia, which includes high growth markets like Southeast Asia and India. Targeting new players can be an effective LATAM growth strategy, particularly mobile players whose ranks we forecast will surpass 300 million by 2024.

Moreover, average spend per paying gamer in the region is comparatively low. Focusing on more effective monetization of current and new Latin American players could be the growth strategy with the most potential in the region. Typically, this requires adapting titles for local preferences through localized content and supporting local payment options.

Final thoughts

During troubled times, gaming provided an outlet for Latin Americans, bringing a boost to an alrveady growing market. LATAM's observed audience growth (new and returning players) and increase in play time (from veterans and new players alike) is unmatched by any other region.

While Latin Americans were always interested in gaming, the widespread availability of smartphones and improvement to the mobile infrastructure catalyzed massive growth in the market. With governments like Brazil also lowering high import tariffs for gaming hardware, and services such as Twitch adopting prices more appropriate for local salary levels, the next few years are set to be an amazing growth period for Latin American gaming.

In this report, we highlighted two LATAM trends that will drive growth in the coming years. Cloud gaming will effectively enable players to play the latest games using the region's growing internet infrastructure by circumventing the import tariffs on hardware. And Latin America's appetite for live streaming and esports, particularly for mobile games, will help expand the community and ultimately drive the market forward.

However, we warn that the level of growth in playing activity we saw during the pandemic isn't likely to continue; publishers entering or active in the region shouldn't expect similar growth rates in the coming years.

Country profiles

Brazil

Brazil's gamers are highly engaged in terms of play time, and engagement is up across the board. Thanks to improving infrastructure, Brazil's cloud gaming market is one to watch.

In terms of demographics, more than a third of Brazil's gamers are aged 25-34 and 51% are male. In terms of playing engagement, gamers in Brazil are highly engaged, playing for an average of 17.3 hours a week (second only to China in this analysis). Looking at other engagement KPIs, Brazil boasts some of the highest growth for cloud gaming.

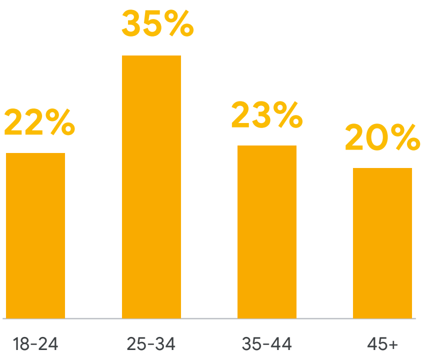
Generous net increases in playing behavior from the start of 2020 (+68%) and healthy expected net increase into and beyond 2021 (+42%) imply that Brazil may be a high-potential market for cloud gaming, especially as infrastructure continues to improve. What's more, player-reported engagement growth is high across all platforms, generally.

As disposable income and infrastructure continue to improve across Brazil, the market could be a viable investment opportunity long-term. Viewing engagement via esports and streamer content seems likelier to stick than playing engagement on all platforms except cloud—a testament to Brazil's active and growing streaming and esports scenes.

Gamer demographics

Brazil profile

Male	Female	Age (average)
51%	49%	34.2



5% New players since 2020 (base: 53)

18% Returning players since 2020 (base: 186)

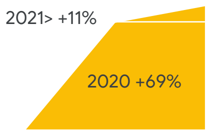
77% Played before 2020 (base: 821)

17.3h Average played hours per week

Engagement KPIs

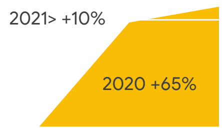
Charts show players who report/expect to play more MINUS players who report/expect to play less

Mobile



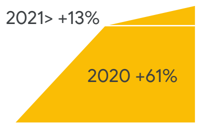
2021 Growth <> 2020: 16%

Console



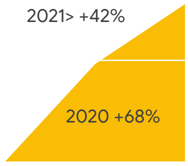
2021 Growth <> 2020: 15%

PC



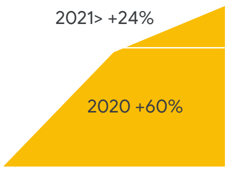
2021 Growth <> 2020: 21%

Cloud



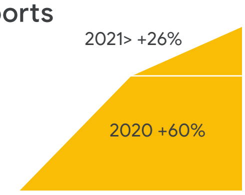
2021 Growth <> 2020: 62%

Watching streamers



2021 Growth <> 2020: 40%

Watching esports



2021 Growth <> 2020: 43%

Definitions

2020 = Net % increase in activity from the start of 2020*

2021> = Net % expecting increase in activity into and beyond 2021

2021 Growth <> 2020 = rate of expected growth compared to 2020*

Notes/ questions: * Players reporting an increases, minus those reporting a decrease (note: 2020 figure counts all new players as an increase). ** The projected future net increase divided by 2020's net increase. A12: Since the start of 2020, have you been playing/ watching more, less, or about the same amount, compared to before? (all respondents playing/ watching). F3: How if at all, do you think this might change, once things stabilize, after COVID-19? (all respondents playing / watching)

Mexico

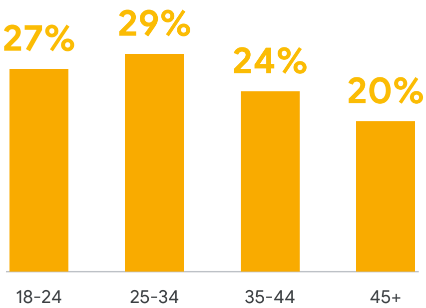
While Mexico's engagement increase from 2020 is impressive, this engagement will be less sticky than Brazil. For Mexico, viewing segments are stickiest.

Compared to the other markets covered, Mexico's gamers are relatively evenly distributed across the four age groups, which could represent opportunities for specific brand targeting. The country's gamer gender split is also relatively equal and falls in line with the global average. Mexico's gamers are middling in terms of playing engagement, playing for an average of 13.0 hours per week. Like in Brazil, Mexico saw a net increase in activity from the start of 2020 across all segments; however, engagement will be less sticky. Growth in Mexico is still present but only at single-digit rates going into 2021 for mobile, console, and PC. More positively, long-term stickiness is a lot more encouraging for esports, watching streamers, and playing games via the cloud.

Gamer demographics

Brazil profile

Male	Female	Age (average)
52%	**48%**	**33.7**



3% New players since 2020 (base: 30)

17% Returning players since 2020 (base: 175)

81% Played before 2020 (base: 852)

13.0h Average played hours per week

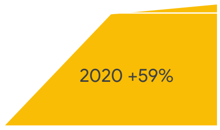
Engagement KPIs

Charts show players who report/expect to play more MINUS players who report/expect to play less

Mobile

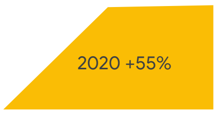
2021 Growth <> 2020: 5%

Console



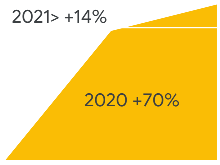
2021 Growth <> 2020: 8%

PC



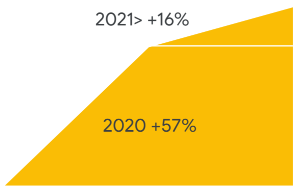
2021 Growth <> 2020: 2%

Cloud



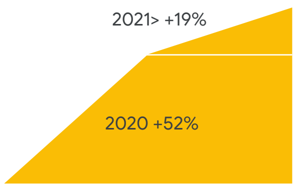
2021 Growth <> 2020: 20%

Watching streamers



2021 Growth <> 2020: 28%

Watching esports



2021 Growth <> 2020: 37%

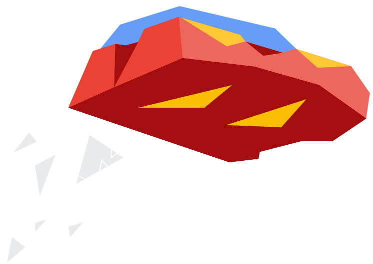
Definitions

2020 = Net % increase in activity from the start of 2020*

2021> = Net % expecting increase in activity into and beyond 2021

2021 Growth <> 2020 = rate of expected growth compared to 2020*

Notes/ questions: * Players reporting an increases, minus those reporting a decrease (note: 2020 figure counts all new players as an increase). ** The projected future net increase divided by 2020's net increase. A12: Since the start of 2020, have you been playing/ watching more, less, or about the same amount, compared to before? (all respondents playing/ watching). F3: How if at all, do you think this might change, once things stabilize, after COVID-19? (all respondents playing / watching)



Methodology

This is a research commissioned by Google to Newzoo. It is based on Newzoo's games market sizing and forecast. At the highest level, Newzoo focuses on three key metrics for every market: players, paying gamers, and revenues AKA consumer spending. Newzoo defines a market as a country or geographic region in combination with one or more game segment(s), e.g. PC, console, or mobile. The data on players and payers is mainly based on Newzoo's proprietary consumer research survey, which runs annually between January and April in 33 markets. Revenue data comes from Newzoo's predictive games market model, which uses a top-down approach to market sizing. Newzoo incorporates macroeconomic and census data from the IMF and UN, such as household income and GDP per capita, transactional and app store revenue data from Newzoo's data partners, primary consumer research, partner data, detailed financial information reported by more than 100 public companies, and third-party research. Newzoo also receives valuable input from clients, often leading international game companies.

The results presented in this report were sourced via an online survey, designed and conducted by Newzoo in April and May 2021 among 2,117 respondents in Brazil and Mexico. Quotas were set to ensure a nationally representative sample of gamers. Respondents were 18 to 65 years old and were current players of video games (any platform).