

Global Subscription-Based Gaming Market - Growth, Trends, Covid-19 Impact, and Forecasts (2023 - 2028)

Market Report | 2023-01-23 | 150 pages | Mordor Intelligence

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Report description:

The global subscription-based gaming market was estimated to be valued at USD 7.82 billion in 2021, and it is expected to reach USD 14.71 billion by 2027, registering a CAGR of 10.68% over the forecast period 2022 - 2027.

Key Highlights

Continuous technological advancements in the gaming industry are propelling the industry's growth. Subscription services, which charge a regular fee for access to a game library, are significantly contributing to the market.

The release of 5G and the emergence of unlimited data plans are also expected to be key factors aiding the success of subscription-based cloud gaming across the world, as most gamers today prefer playing games on their mobile devices. In addition, the increasing services and investments into 5G infrastructure are vital toward this success. According to Ericsson, the number of 5G mobile subscriptions in the Asia-Pacific region is anticipated to reach around 1,545 million by 2025.

5G evolution has also encouraged market providers to ideate subscription-based cloud gaming solutions. For instance, in November 2021, Microsoft launched the beta version of Xbox Cloud Gaming for Xbox Series X/S, and the services are set to be rolled out for tablets, PCs, and Smartphones. Further, the company plans to announce its plans for Xbox Cloud Gaming's integration of TV and streaming sticks such as Roku.

The Increasing number of service providers operating in markets is increasing at a rapid rate, thus creating a competitive space where vendors are forced to offer benefits to consumers at a loss that may not be sustainable over a long period. Also, once the service provider switches the business plan to turn toward profitability by increasing the prices of the services offered, the consumers may switch to newer players who are offering similar services at competitive prices. Such scenarios are challenging the growth of the service providers.

With the outbreak of COVID-19, the market is witnessing positive growth and the increasing popularity of online multiplayer games, as people stay at home for a maximum time due to lockdowns being imposed by the government. According to the

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Broadcast Audience Research Council India (BARC) report, the average time spent by gaming users per week in India increased by 44% during the pandemic. The time increased to 3 Hours 38 minutes per week during the COVID-19 pandemic from 2 hours 31 minutes pre-pandemic.

Subscription-based Gaming Market Trends

Mobile gaming to Drive the Market Growth

Mobile gaming has recently surpassed console and PC gaming as the most popular form of gaming worldwide. One of several factors for the growth of mobile gaming is its availability; almost everyone has a smartphone with games installed on it. Moreover, the increasing demand for mobile games results from various technological advancements and improvements such as AR, VR, cloud gaming, and 5G. This trend is not unexpected, considering the mobile game industry mainly relies on new technology. Other trends in the market include the rise of the hyper-casual game genre.

AR is becoming perfect for mobile gaming owing to its immersive and interactive technology. Moreover, mobile games are the most famous AR category in app stores. Apart from previously released AR mobile games, which are still famous, such as Pokemon Go and Ingress, many new additions to the genre are being made by vendors in the global market, such as Minecraft Earth and Harry Potter: Wizards Unite.

Over the course of 2020 and 2021, many changes occurred in the mobile game development sector. Consequently, game brands have spent more on advertising investment to attract more users and corner sufficient market share. However, one effective way to reduce the cost of the development process is to conduct an early CTR (click-through rate) test. This is especially true if one is in the hyper-casual game sector of the mobile game industry.

Moreover, large companies that develop games for consoles and PCs also publish their games in the Mobile version due to the mobile games market. The most played mobile game of the year 2020 was PUBG Mobile. The franchise's transition into mobile gaming was seamless, and the results were also quite good. Although the game faced backlash in India because of its Chinese roots, it rebranded itself to be readily accepted in the Indian market.

The most crucial thing that mobile game creators should do is adapt to the new changes and improve their user acquisition approaches. Apple's new IDFA (Identifier for Advertisers) strategy will continue to have a significant influence on mobile game advertising. Targeted advertising has become much tougher, which has a direct impact on user acquisition and monetization. In 2022, marketing creatives will become more important than ever before. This is what mobile game publishers should invest in and figure out how to make their ads stand out.

Asia Pacific to Account for Highest Market Growth

The Asia Pacific region consists of China, Japan, India, South Korea, and so on, which have strong consumer bases, thereby contributing to the market. China is one of Asia's most important economies, with increasing technological usage. Significant gaming drivers include rising exports and ongoing innovation in new games and consoles. China is one of the countries in the Asia Pacific region that has seen a major Covid-related surge in its gaming businesses. The gaming business had a fundamental change, and companies started providing a consistent level of pleasure using cloud-based and offline games. Hundreds of millions of people, particularly in rising nations like China, will tend to be attracted to on-the-go entertainment.

Moreover, regulation played a crucial part in developing China's mobile gaming business before it reached its current state. A bill issued by the Chinese State Council restricted video game content published in China and set limitations on internet cafes and arcades across the country. However, this bill also prohibits the manufacture, import, and sale of most video games and arcade devices in mainland China. Also, in August 2021, the Chinese government-imposed regulations on the maximum time minors can

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play video games. Under these new regulations, Children and Teenagers are permitted 1 hour of gaming per day on weekends and holidays and are completely banned from online gaming on school days.

The country also witnessed mergers and acquisitions in the market. For instance, in July 2021, Tencent acquired a majority stake in British video game developer Sumo Group. With this acquisition, the company intends to develop expertise and increase resources in the Sumo Group to accelerate the growth of the company in the region of the United Kingdom and across the world. Further, in December 2021, Tencent acquired Turtle Rock Studios, the developer of Left 4 Dead and Back 4 Blood games, and its parent company Slamfire Inc. This acquisition expands the global reach and deep knowledge of the game development of Tencent Games to be incorporated into Turtle Rock Studios to develop new games.

Subscription-based Gaming Market Competitor Analysis

The Global Subscription-based Gaming Market is considerably competitive, with few major vendors occupying a major market share, and various companies are competing on a regional scale to gain market share. Vendors in the market are expected to compete intensely for gaining large-scale projects, but in local space, smaller vendors are expected to hold prominence over the market. Major vendors that offer bundled subscriptions are expected to command a higher share of the adoption for their services and the ability to mitigate the risk.

March 2022- Xbox (Game Pass) (Microsoft Corporation) enabled Xbox Game Pass titles to be streamed on Valve's portable gaming platform. Microsoft has partnered with Valve to make the titles available via Cloud Gaming on the Steam Deck.

March 2022- PlayStation Now (Sony Corporation) announced Shadow Warrior 3, Crysis Remastered, Relicta, and Chicken Police - Paint It Red! will all be available on PlayNow for subscribers.

Additional Benefits:

The market estimate (ME) sheet in Excel format
3 months of analyst support

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