



A New Era of Engagement in Media & Entertainment

How varying generations engage
with the digital and physical world



The future of media and entertainment is not about a complete shift to digital.

There are many misconceptions about how different generations engage with media and entertainment. Here are some of the ones we want to dispel.



Millennials have stopped watching TV!

Kids simply do not play outside anymore. It's a shame!



Games are the main reason why kids are increasingly overweight!

Kids used to be creative and draw and paint. Now they just sit behind their screens. They simply are more passive.



Younger Generations Play in Both Physical and Digital Spaces

Defining physical and digital activities to examine how different generations spend their time

Physical

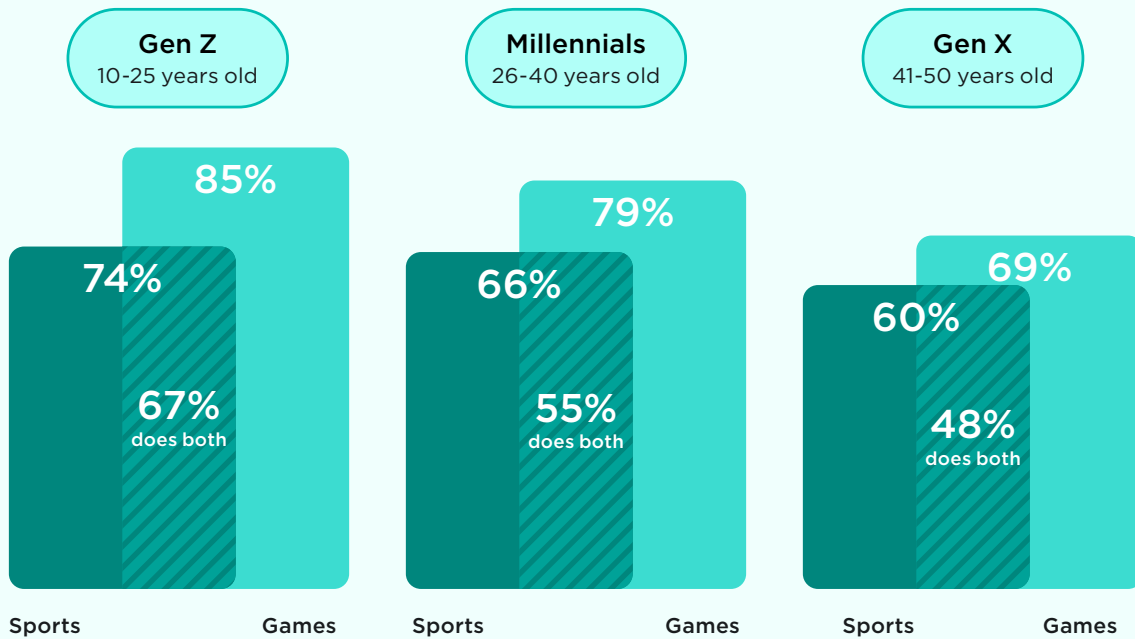
Participating in sports or other physical/mental exercises, including yoga, fitness, walking.

Digital

Playing video games, participating in online betting or gambling, including online casinos.

Popularity of playing sports and games (comparing physical and digital activities)

Share of generation that is active and share of generation that does both (%)



Source: Newzoo Consumer Research | 🇺🇸 US Online Population 10-50 | June 2022

74%

of Gen Z participates in sports/fitness activities

More time spent gaming doesn't mean that younger generations are more averse to physical sports. In fact, almost 70% of Gen Z do both compared to less than half of Gen X.

Much of this report centers around Gen Z in comparison to Millennials and Gen X. Based on when we gathered the data, we define each generation as: Gen X were born from 1965 to 1980, Millennials from 1981 to 1996, and Gen Z from 1997 to 2012.

Examining behaviors and preferences across these generations, we can see that younger people are spending more time blending digital and physical activities and pursuing more active forms of engagement.

The future of media and entertainment is about...

MEDIA

People engaging with all forms of entertainment in a single environment.

12.2
hrs/week

Younger generations are turning more to game platforms for media engagement. Gen Z spends an average 12.2 hours per week on games.

ENTERTAINMENT

A generational shift to more active forms of engagement.

53%

When it comes to games, younger consumers find new ways to engage. Gen Z consumers spend more than half of their time engaging with game IP in other ways than playing.

LEISURE TIME

An increasing convergence of activities in the digital and physical world.

68%

Younger generations spend their time not just consuming content, but creating it. 68% of Gen Z identify as digital creators, compared to 46% of Gen X. This is an active process that unites digital and physical engagement methods.

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About the data in this report

This report features high-level insights from a consumer research study that we conducted in the US in June 2022. The scope of the study was the online population aged 10-50 and the sample is representative of ~180M people.

When we refer to generations, we use the following definitions.

Gen Z: People aged 10-25 | **Millennials:** People aged 26-40 | **Gen X:** People aged 41-50

We understand that Gen X represents a wider age range, but for the purposes of this study, we focused on a sample aged 10-50 and believe it's representative.

Introduction



Michelle Rouhof

CEO
Newzoo

How we choose to spend our time has changed a lot in the 15 years since Newzoo was founded. New generations have fresh views and expectations on how they spend and value their time. The physical and digital worlds are blending, fueled by innovations in VR, blockchain, crypto, web3, and NFTs. Consumer behavior is shifting, especially after the pandemic.

Researching, analyzing, and reporting on shifting consumer behavior and its impact on business is what Newzoo does. Since day one, we have focused on games as the most innovative form of entertainment and the most challenging to track. Fifteen years on, the games business has grown by \$155 billion in consumer-generated revenues alone. The most important metric that has grown even faster is time spent or engagement.

This is because games give people the power to choose. Gamers spend as much or as little time or money as they wish and decide whether their experience is passive, active, or a mix of both. You could consider this the foundation of “the metaverse” as games are now a destination for all types of engagement including creating, socializing, viewing, and playing.

Games are now an entertainment form that can be enjoyed across all media as well as a media platform that can host any other form of entertainment.

This not only impacts game companies, that continue to expand their horizons to include other forms of entertainment, but also consumer brands and the traditional media value chain that relies largely on advertising. Younger generations now want to actively engage with content and IP through creation, play, and simultaneous socializing. Fandom can no longer be built with passive experiences alone.

That’s why we are releasing this report. Newzoo’s mission is to accelerate the future of gaming and we believe that future is equal to the future of media and entertainment. We want to enable the companies that are creating and shaping this future to thrive, with data and insights that are future-proof and take engagement as the starting point.

Our efforts may not contain all the answers. But we are confident that we can at least help the market to ask better questions.

MEDIA

This section focuses on how every generation surveyed engages with different types of media. We've split media content into five distinct platforms:



Video Games and Virtual Worlds



Radio, Podcasts, and Music Apps



Social Media and Video-Sharing Platforms



News Apps, Websites, Blogs, and Magazines



Broadcast TV and Subscription Services

Mobile Has Become the Dominant Platform for Accessing Media and IP

Media Consumption by Screen

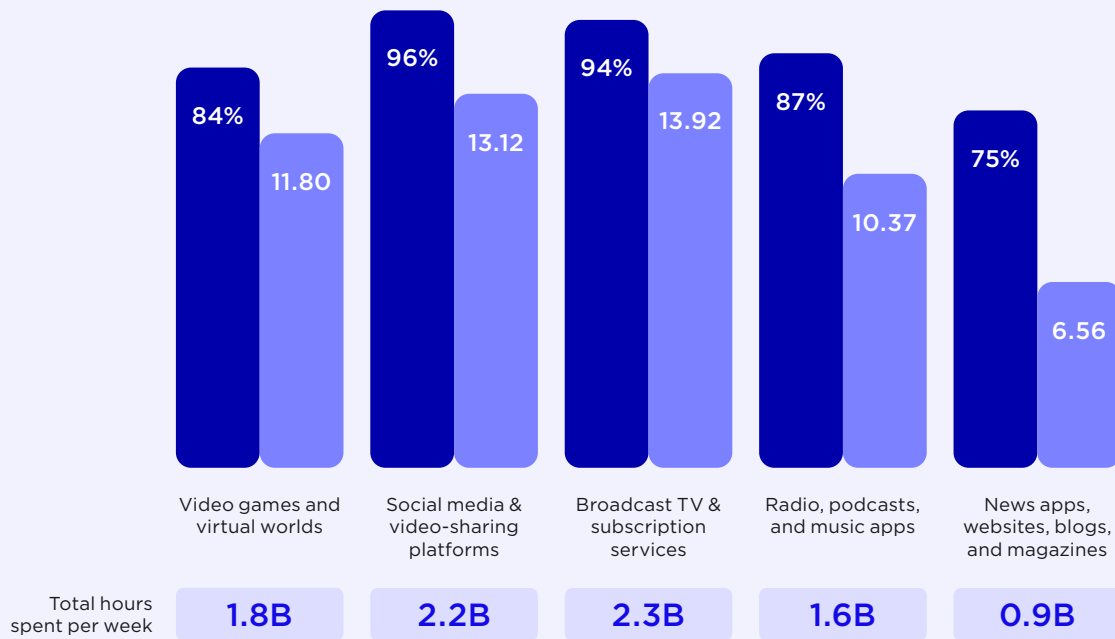


Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 2,699 respondents | June 2022

People Spend Nearly 12 Hours Per Week On Video Games and Virtual Worlds

Engagement with Media Platforms

- Share of people who use this platform
- Avg number of hours spent per week



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 2,699 respondents | June 2022

60%

of engagement on media platforms happens on mobile devices

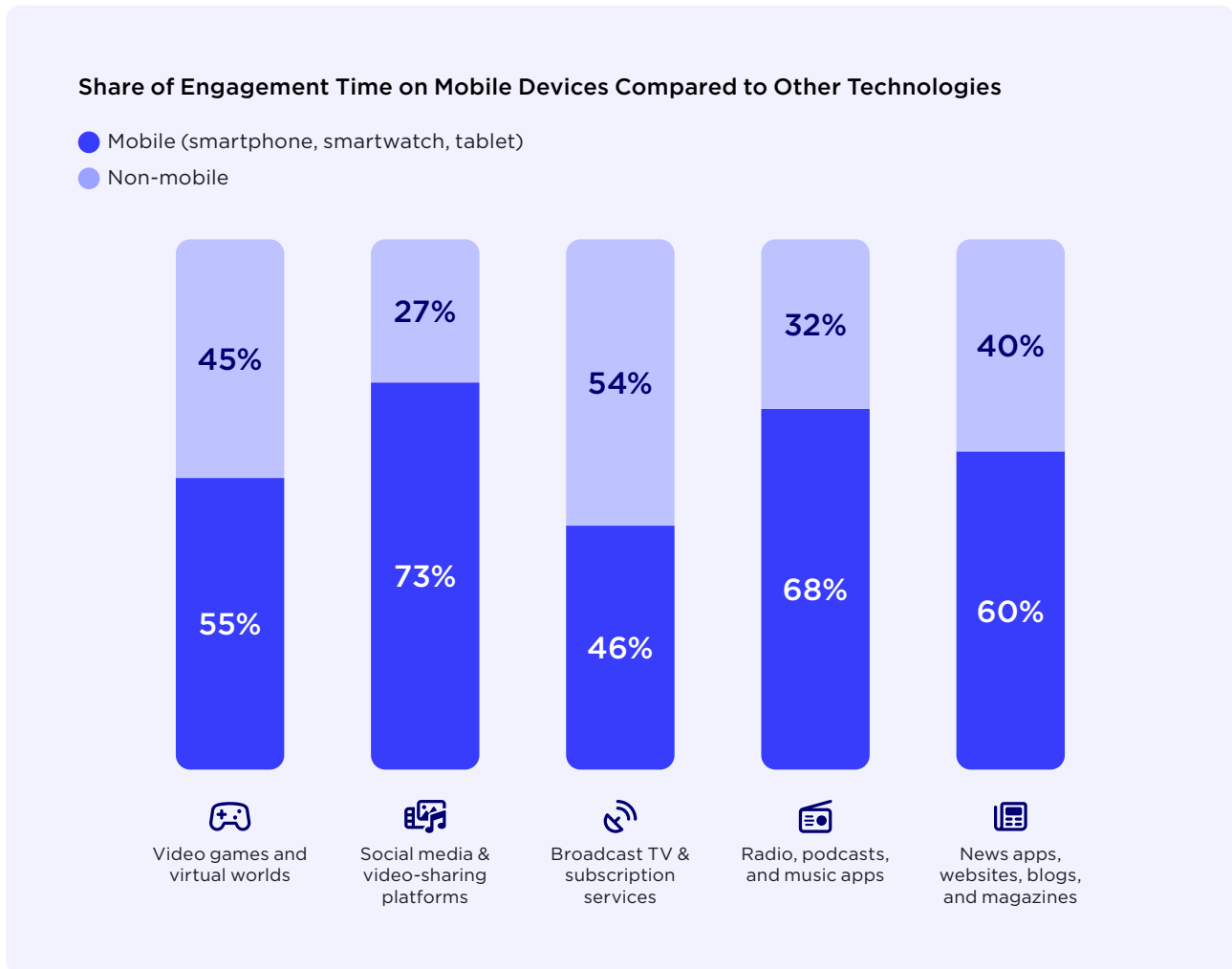


If we break down how respondents interface with the five media categories, it becomes clear that social media and video-sharing platforms have the highest levels of engagement. Broadcast TV and subscription services slightly trail by 2%, though people tend to spend more time fixed to this media type than the former.

While TV racks up more hours of passive viewership, social media and video-sharing platforms don't lag far behind. This suggests that more passive engagement attracts more attention than active forms of media like video games and other virtual experiences.

However, it's important to note that people spend nearly 12 hours a week on average on video games and virtual worlds, eclipsing audio and written media.

People Prefer Mobile for Media Engagement (Unless We're Talking TV)



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 2,699 respondents* | June 2022

*Sample size varies by group

62%
of time spent watching TV via on demand services like Netflix, Amazon Prime, or HBO Max



How much time do people spend engaging with media on their mobile devices versus other technologies?

More people spend time engaging with media on their mobile devices than they do via laptops and desktops. Nearly two thirds of time spent on social media & video-sharing platforms goes to mobile, while audio sits at 68%.

We see a more even split when it comes to video games and virtual experiences, while TV is the only media platform where mobile doesn't dominate consumer time.

In the mobile-first era, IP holders will focus more on mobile-native engagement. Brands will increasingly add vertical videos, ads, product placements, and other elements to mobile games.

Game Content is Popular Across Non-Gaming Media Platforms



Social Media & Video-Sharing Platforms



VanossGaming has 26 million subscribers to his game-themed channel on YouTube.

Radio, Podcasts & Music Apps



There's an abundance of games podcasts on Spotify and other platforms.

News Apps, Websites, Blogs, and Magazines



Since Computer and Video Games ran its first issue in 1981, gaming magazines have taken up a lot of newsstand real estate.

Broadcast TV & Subscription Services



HBO: The Last of Us

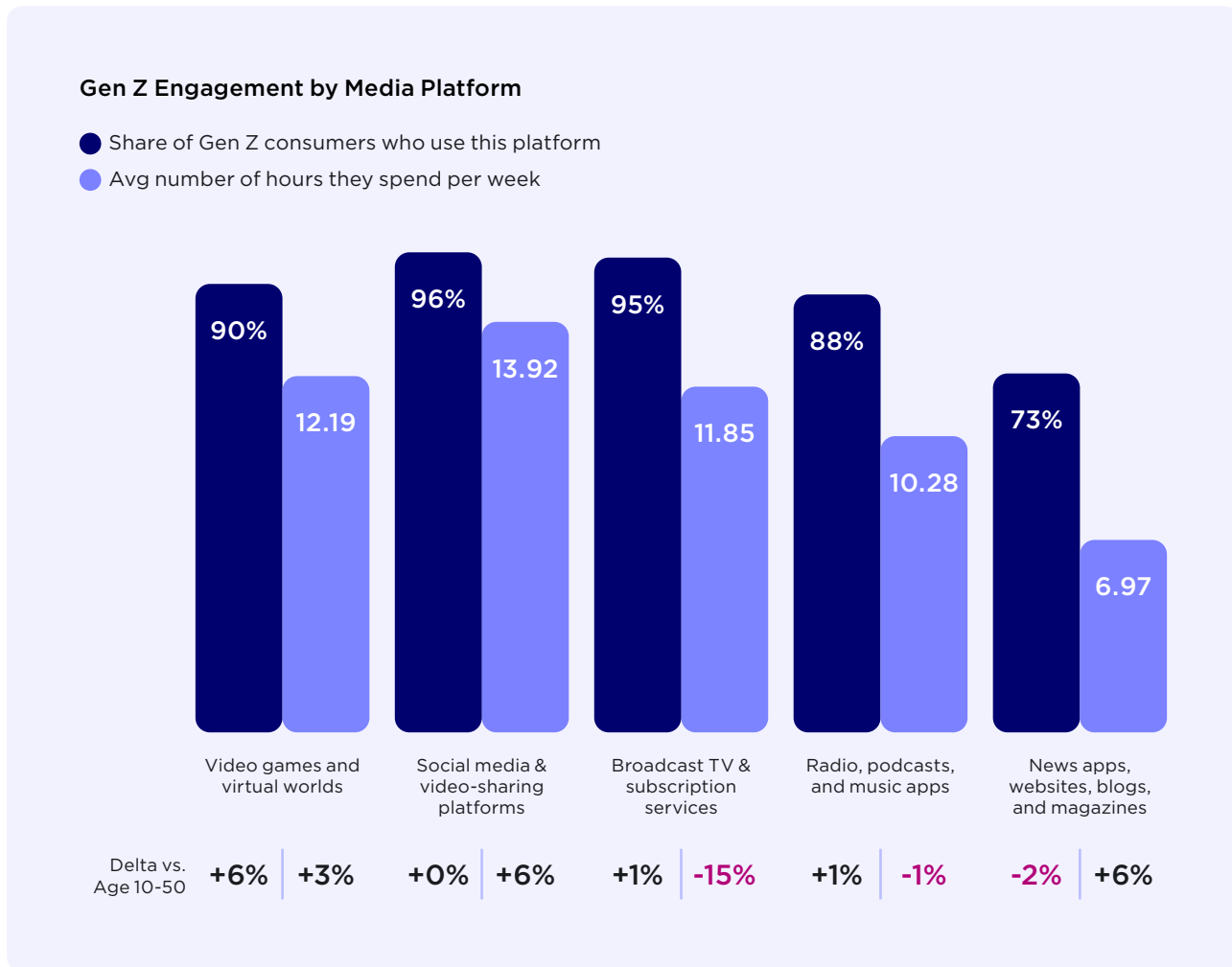
HBO greenlit its first video game adaptation in 2020, a star-studded rendition of 2013's The Last of Us. The series debuts in January, 2023, and the production team have hinted that the show will consist of several seasons.



Netflix: Uncharted

Despite having mixed reception from critics, Sony Pictures' 2022 film adaptation of Uncharted is the fifth highest grossing video game flick as of early 2023. Uncharted may become a new cinematic franchise for Sony, depending on its performance.

Gen Z Spends More Time Engaging with Games and Virtual Worlds than Watching TV



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-25 | 953 respondents | June 2022

Average hours spent on TV or subscription services per week

Overall:	13.9
Gen Z:	11.9
Millennials:	14.7
Gen X:	16.1

A slightly higher share of Gen Z consumers engage with social/video platforms than engage with TV: 96% vs. 95%.

Perhaps even more surprising is that they spend more time per week within video games and virtual worlds than they do with TV. This includes on-demand services like Netflix.

What's less surprising is that Gen Z engages the least with written media, including news apps, websites, blogs, and magazines. This media type has the lowest reach and accounts for the fewest hours spent on engagement.

Games are a Platform for Entertainment: Fortnite

Fortnite remains incredibly engaging for consumers and has grown into an entertainment hub where people have unique, digital identities and share experiences far beyond cooperative play.

200M

monthly active users

FORTNITE

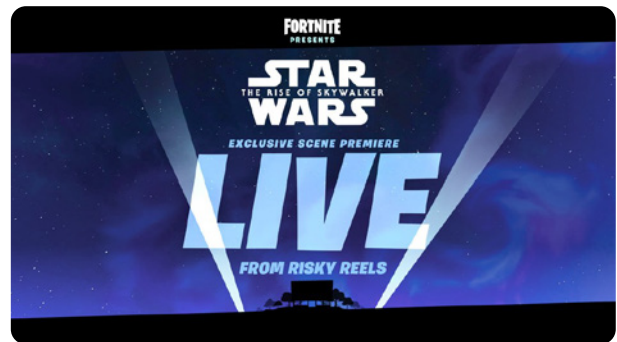
As of October 2022, nearly 200 million players played Fortnite on console or PC*, with many millions more on mobile. Music artists, film directors, and many other entertainers outside the games industry are flocking to this massive audience and many have started to use Fortnite as a platform to reach millions of consumers.

(Live) Music concerts



In 2021, Epic Games partnered with Ariana Grande to create a live music event within the Fortnite universe called the Rift Tour. The concert, taking place over 3 days in August, featured a virtual version of the singer/songwriter and was part of a campaign to market new skins, accessories, and in-game items.

Movie viewings



Fortnite players got to watch an exclusive scene from Star Wars: The Rise of Skywalker during the Live at Risky Reels event in 2019. This scene, featuring the return of a popular character in the franchise, became canon.

Pro sports content



While mainstream sports brands and networks haven't jumped on the Fortnite platform, ESPN 8 did air wild sports from The Ocho in 2020.

Fashion



Fortnite has collaborated with major fashion brands like Polo Ralph Lauren, Moncler, Gucci, and Nike to release in-game skins and co-branded clothing items.

*Data source: Newzoo Expert

Games are a Platform for Entertainment: Roblox

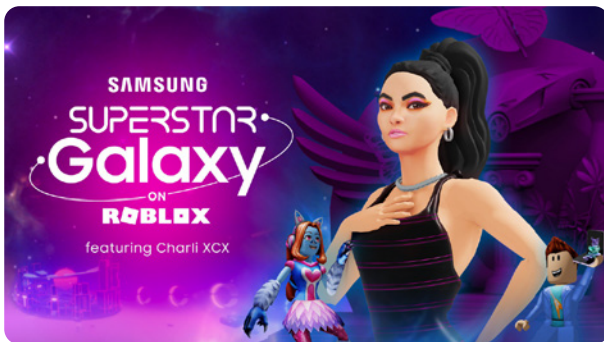
Roblox is more than just a game - it is a platform where people gather to share experiences with others and create those experiences for others.

58.8M

average daily active users in Q3 2022

ROBLOX

In the third quarter of 2022, nearly 59 million people played Roblox across PC, console, and mobile*. This huge player base, coupled with the game's expansive population of younger users, has drawn the attention of Samsung, Spotify, Netflix, and other media companies. The entertainment world sees a lot of opportunities in the Roblox universe, though with an air of caution, given the age of players.



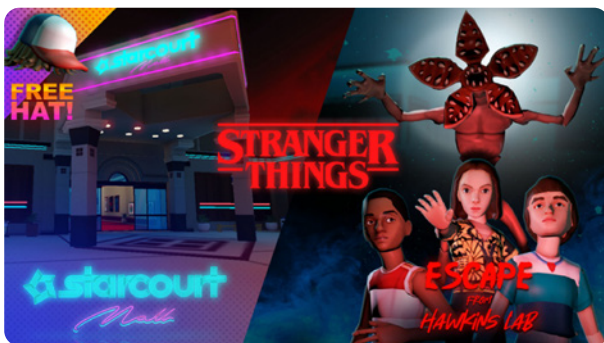
Samsung Superstar Galaxy on Roblox

Showcasing the market efficacy of live music in the metaverse, this was a timed experience from May to June 2022 that culminated in a virtual performance by popstar Charli XCX.



Spotify Island on Roblox

Spotify partnered with Roblox to create an in-game spot for players to discover new music, engage with artists, earn exclusive merchandise, and even create their own music and beats.



Stranger Things: Starcourt Mall by Netflix

In 2021, Roblox players got the chance to explore the Stranger Things universe, a popular Netflix IP.

*Data source: Roblox Third Quarter 2022 Financial Results

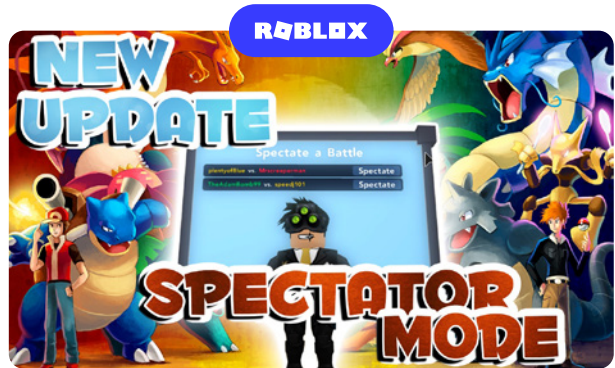
Games Attract Players and Audiences Alike: Spectatorship as a Feature

In recent years, many game developers have added features to their environments that enable people to watch others play. Enthusiasts used to rely on streaming platforms for this, but now more games have viewing functionality built in. This unlocks engagement time and provides exciting viewing experiences for non-players.



Spectating in Fortnite

In season 2, Fortnite introduced a Watch Game mode to all users. However, this feature led to "stream sniping" and has since been removed.



Roblox Spectator Mode

Roblox offers spectator mode as an option to add to the worlds that players create. Free cam allows you to watch yourself play from all angles.

Gamers are creative and find ways to use new functionalities to their benefit. With stream sniping, players would enlist friends to watch ongoing matches and call out enemy locations, making it easy for teams to essentially cheat. Even though games like Fortnite have removed spectating features, it's still possible to stream snipe opponents who are broadcasting their gameplay on streaming sites like Twitch or YouTube. These options come with a considerable lag, so it's much harder to stream snipe and deprive opponents of fair play.



Simultaneous Playing and Viewing

Fortnite Movie Nights are organized frequently. Users can watch together or watch while continuing to play, an example of simultaneous engagement.



Watching YouTube while Creating

There are more ways that videos can be viewed in Roblox. A popular use case is bringing YouTube tutorials into the world you are building.

ENTERTAINMENT

In this section, we split entertainment into five distinct categories to better understand user preferences. We also segmented the ways in which people can engage with entertainment into five active and passive activities.

5 forms of entertainment (IP)



Video Games



Sports & Fitness



Music



Books & Comics



Movies & Series

5 ways of engaging



Viewing



Listening



Reading



Creating



Playing

Active Engagement Is Becoming More Popular with Every New Generation

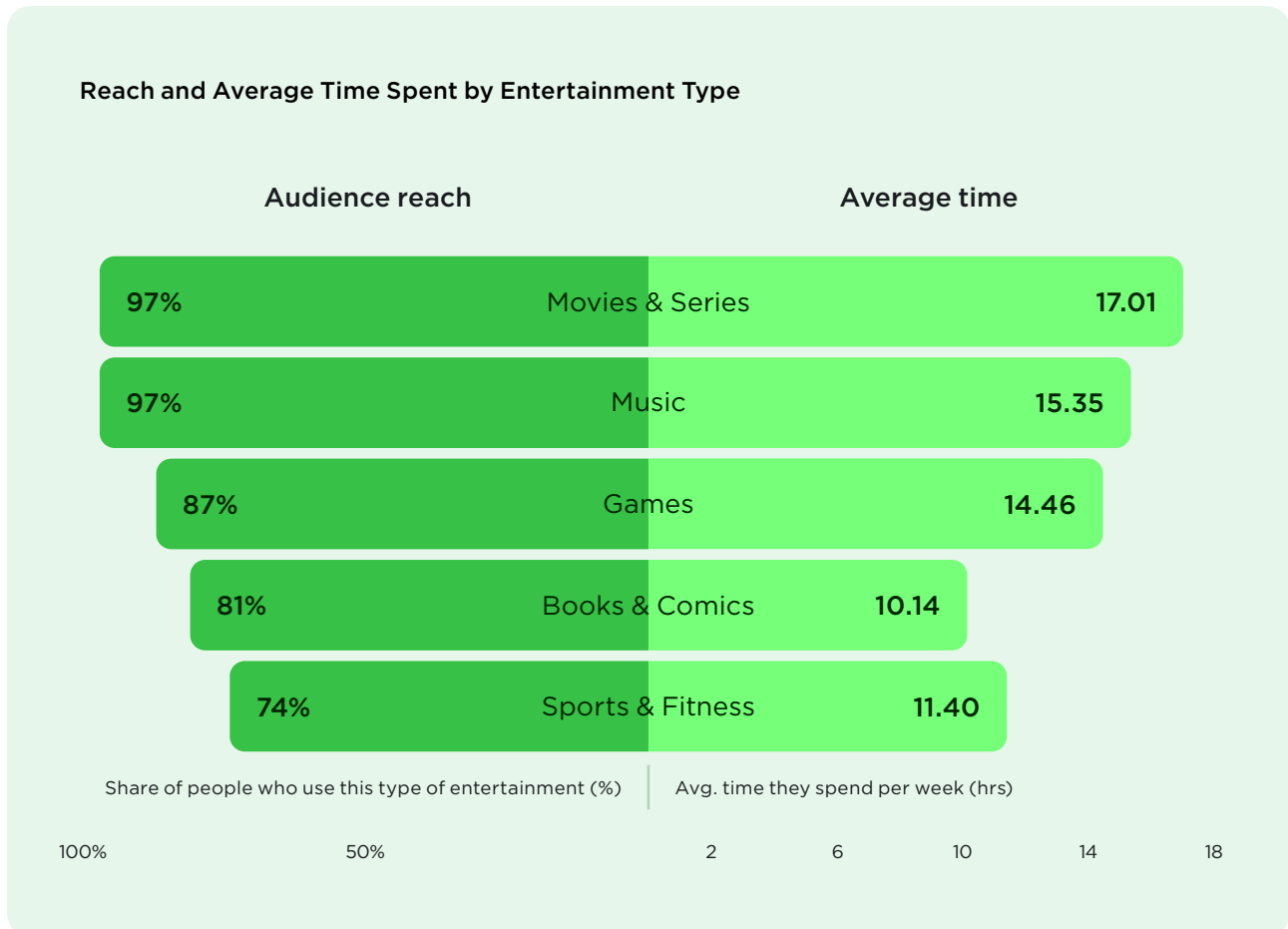
Entertainment Engagement

Hours per day spent on active vs passive engagement



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 1,363 respondents | June 2022

Consumers Spend Nearly 15 Hours Per Week Engaging with Games



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 1,363 respondents* | June 2022

*Sample size varies by group

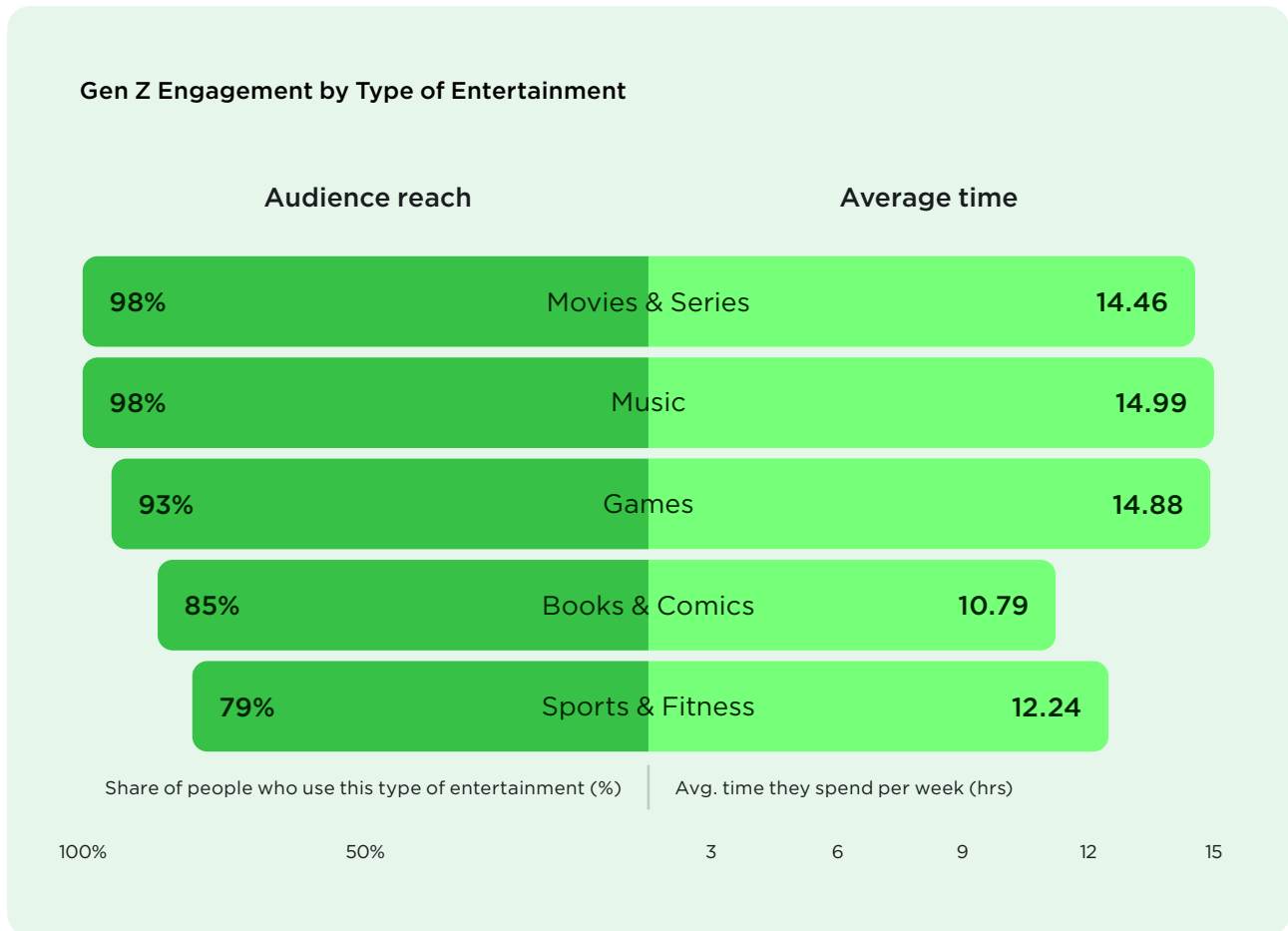
60%
of the time spent on movies and series is spent watching as opposed to more active forms of engagement.

11%
is spent creating content about movies and series, including blog posts and reviews.

When it comes to types of entertainment, movies and series as well as music are both incredibly popular among consumers in the US. Almost everyone engages with this content in some form or another. Video game content is third with an 87% reach.

In terms of hours spent, movies and series have a clear lead. We found that people spend over 17 hours per week either watching content or engaging with big and small screens in other more active ways.

Younger Consumers Spend More Time on Games than Previous Generations



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-25 | 498 respondents* | June 2022
 *Sample size varies by group

14.9hrs
 Gen Z consumers in the US spend nearly 15 hours per week engaging with game content.



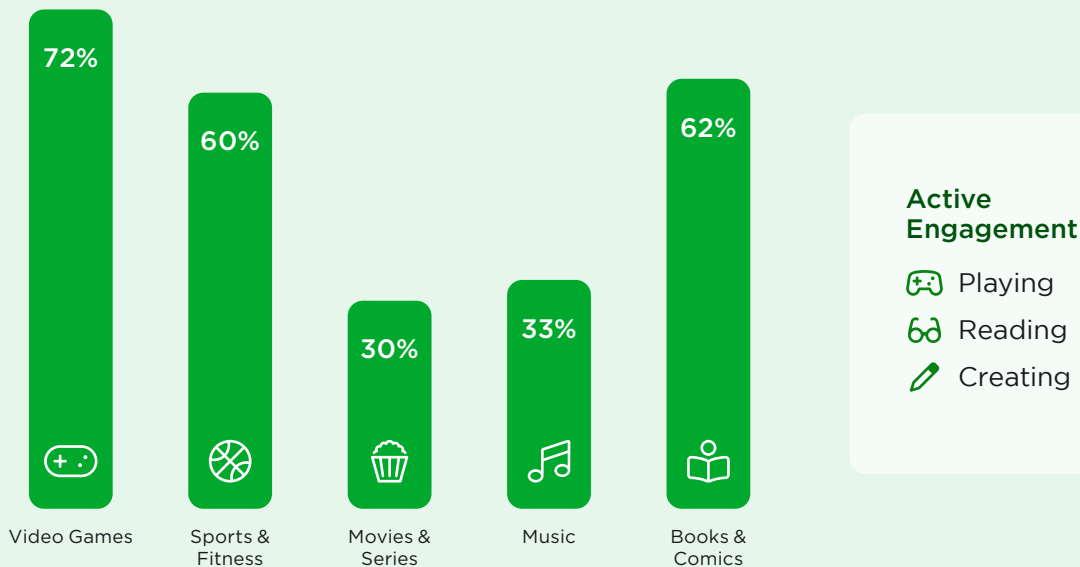
For Gen Z consumers in the US, audio entertainment slightly trumps game content in terms of weekly hours spent engaging. However, in terms of the percentage of people who engage in each entertainment type, regardless of hours spent, movies and music stand out as the most popular.

If we compare the five entertainment types listed, it's obvious that music, movies, and games outshine other forms of IP and activities. We can likely attribute this to how easy it is to access tunes, flicks, and mobile games on smartphones, coupled with Gen Z being the first digital native generation. What's more, game platforms are now filled with music and movie content, so the three entertainment types enjoy a ready-made shared space when it comes to snagging fans.

Video Games Command the Most Active Engagement Hours

Active Engagement by Entertainment Form

Share of time spent creating, playing, and reading this type of content



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 1,363 respondents* | June 2022

*Sample size varies by group

72%

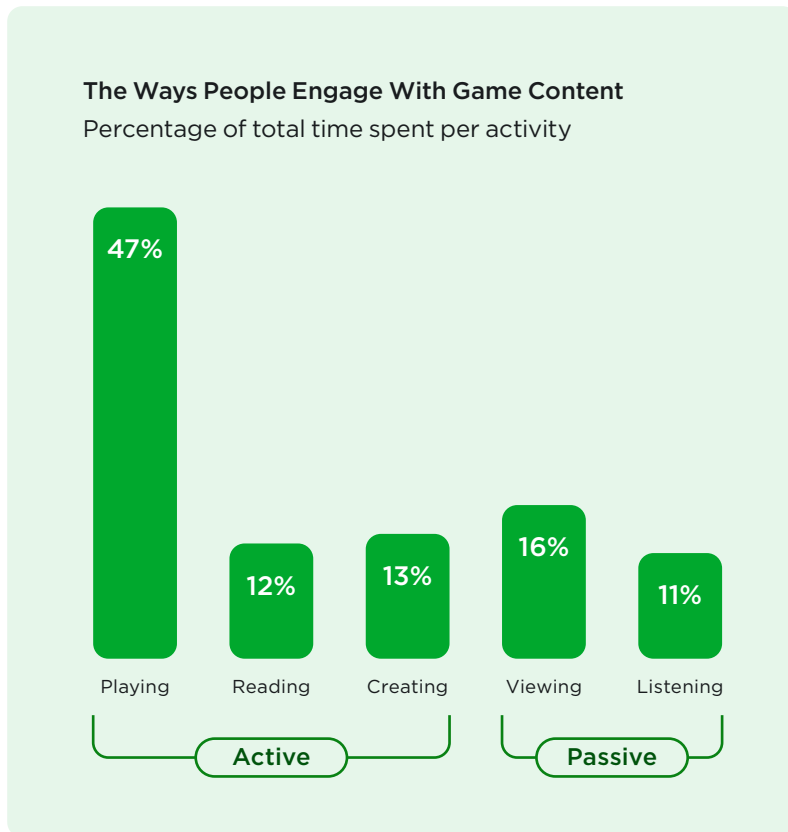
of engagement with games is active: playing and reading about games, or creating game-related content

Out of the 5 types of media we defined, video games inspire the most active engagement. Nearly three quarters of respondents said they prefer playing, creating, and reading about video game content over passive enjoyment.

This active engagement offers brands a unique opportunity to have their target audiences engage with their products and services in a more hands-on way, which makes games unique compared to other types of entertainment IP.

This data also suggests that gaming audiences prefer interactive and native ways of brand engagement over traditional ads. To win the hearts of gaming fans, brands will move toward IP crossovers, social media and streamer partnerships, branded UGC, and inventive product placement.

People Consume Video Game Content in Many Ways



Active

- Playing video games (on a console, PC, mobile, or VR device)
- Reading news, blogs, websites, or social media posts about gaming
- Creating content about video games (e.g. live streams, video content, fan art, writing blogs, reviews)

Passive

- Watching video game-related content (e.g. live streams, let's plays, pre-recorded content, reviews)
- Listening to podcasts or radio shows about video games

Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 1,176 respondents | June 2022

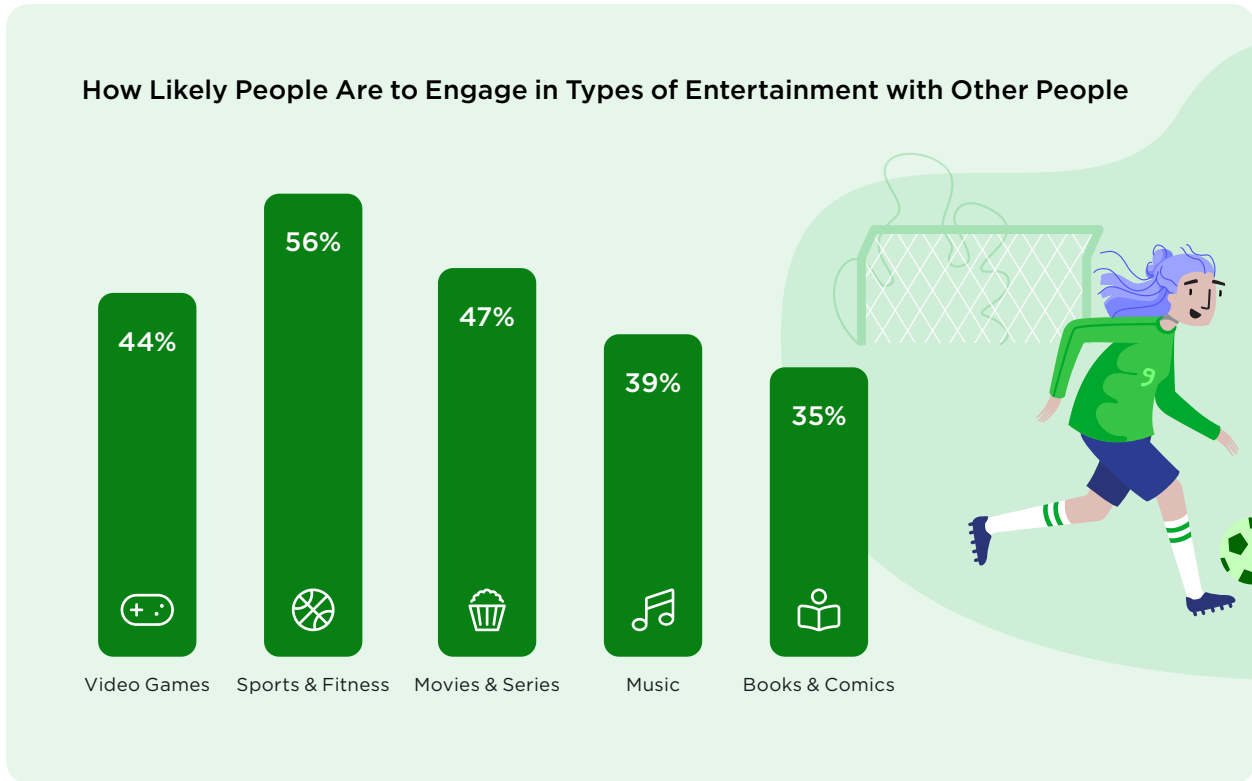
47%
of time allocated to video games is spent playing

Game enthusiasts in the US tend to spend just under half of their time with games in the player seat. The majority share of time spent seems to be going to reading, listening to, and watching content from the gaming space, as well as creating games and game content.

This suggests that brands can leverage the various touchpoints not only to build legitimacy around their presence in or around games, but also to create different kinds of content that amplify their message within the target group.

For instance, a car manufacturer might want to place its vehicles in a racing game, while offering video and/or written racing advice to sim racers and providing tools for creators to customize their favorite cars from the brand to use in-game.

Sports & Fitness Represent the Most Social Way to Engage with Media



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 1,363 respondents* | June 2022
 *Sample size varies by group

Gen Z are more likely to turn sports media engagement into a group event:

58%

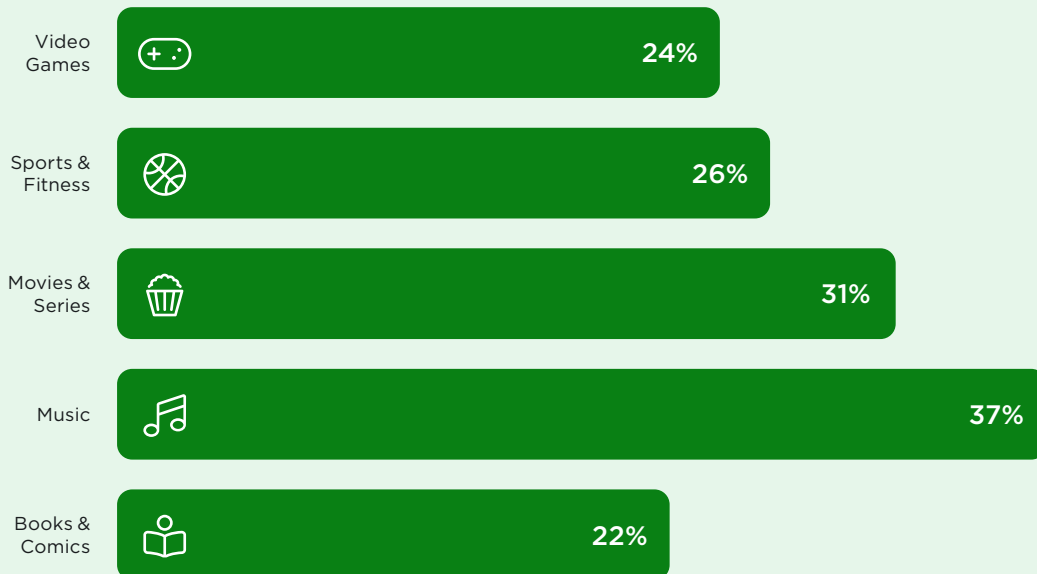
Every form of entertainment attracts a different type of social setting. Certain IPs are best enjoyed at home alone, while others require a crowd.

Sports and fitness media stands out as the only form of entertainment where over half of respondents would rather engage with it in the company of others.

For many people, watching sports is a social event that involves coming together as fans of the same franchise. Playing sports nearly always requires other people, as opposed to video games where it's possible to play alone.

Music Has the Highest Share and Number of True Fans

Share of People Who Consider Themselves To Be A Fan of Each Entertainment Format



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 1,363 respondents* | June 2022

*Sample size varies by group

The share of movie fans increases with each generation while the share of game fans decreases.

Music boasts the highest number of fans with 37% of consumers self-identifying as a true music fan. This is followed by movies and series with 31%. Sports has a slight edge over games with just over a quarter of consumers considering themselves as true fans of sports/fitness compared to 24% for games.

Let's put this more into context: IP holders are increasingly eyeing cross-media strategies for launching their franchises. Maximizing reach now means fueling fandom across games, movies, TV, comics, and other media platforms.



Video Game IP Resonates across Generations and Especially with Gen Z

We asked respondents to identify their top 10 brands out of a randomized list of 27. These brands included cinematic universes, video games series, sports franchises, media personalities, and more.

Here is each generation's top 10 picks for entertainment IP:



GAME IP
4/10

Gen Z (10-25 years)
Share that are a fan of:

1. Apple	48%
2. Marvel	40%
3. Stranger Things	38%
4. Grand Theft Auto	38%
5. Call of Duty	38%
6. Fortnite	33%
7. Harry Potter	28%
8. Candy Crush	27%
9. Star Wars	26%
10. Drake	26%

Fan of none of 27 brands: 4%

GAME IP
3/10

Millennials (26-40 years)
Share that are a fan of:

1. Apple	43%
2. Marvel	40%
3. Harry Potter	35%
4. Stranger Things	32%
5. Call of Duty	31%
6. Star Wars	28%
7. Grand Theft Auto	27%
8. Candy Crush	26%
9. Lord of the Rings	26%
10. Walking Dead	25%

Fan of none of 27 brands: 5%

GAME IP
2/10

Gen X (41-50 years)
Share that are a fan of:

1. Marvel	37%
2. Star Wars	32%
3. Apple	31%
4. Stranger Things	29%
5. Candy Crush	28%
6. Harry Potter	26%
7. Walking Dead	25%
8. Lord of the Rings	23%
9. Grand Theft Auto	20%
10. Rolling Stones	20%

Fan of none of 27 brands: 9%

Source: Newzoo Consumer Research | 🇺🇸 US Online Population 10-50 | June 2022

Integrating Entertainment IP into Video Games

Game integration enables brands and IP to engage with the gaming community by providing a platform for socialization and entertainment and infusing the IP in a manner and format that gamers enjoy such as cool avatars, virtual pop-ups, in-game events, and more.



Stranger Things VR

A VR game is in development based on the successful series after multiple mobile games were already launched through Netflix.



Fortnite x Marvel seasons and spin-offs

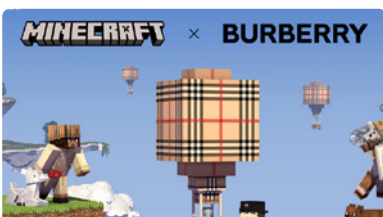
Fortnite is no stranger to IP injections, but its collaboration with Marvel goes well beyond a one-time promotion. The world of Fortnite is officially part of the Marvel universe, which means the game is filled with playable characters from comics lore. This collaboration has even generated a new series of comic books and tie-in content.



FIFA 23 x Ted Lasso

The fictional football coach and his team AFC Richmond are playable in EA's FIFA23, which marks a significant merger between AppleTV+ IP and the video game world.

You are more likely to find brands integrated into video games than ever before



Burberry x Minecraft



BMW x Rocket League



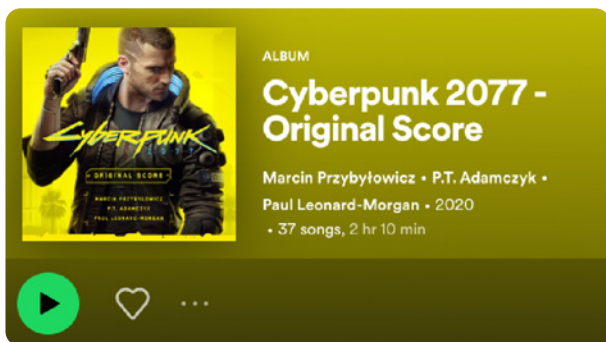
Vans x Roblox

How Entertainment IP Can Transcend Single Forms of Media



CD Projekt's Cyberpunk 2077 and The Witcher are two perfect examples of how to leverage existing IP to build a cross-media franchise. Following a successful crossover to TV with The Witcher, the games publisher built out the Cyberpunk 2077 franchise across nearly every type of entertainment available.

Here's a breakdown of how this video game publisher crossed the boundaries of entertainment to create a digital franchise.



Music

CD Projekt had many artists compose original songs for its soundtrack, including acclaimed hip hop duo Run the Jewels. The complete soundtrack is available on streaming services like Spotify.



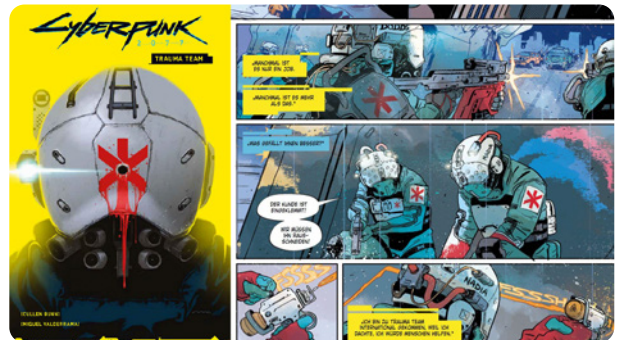
Movies & Series

Edgerunners is an animated series based on the game launched in September 2022, which reinvigorated the player base after several game-play updates.



Games

The much-awaited game Cyberpunk 2077 launched in December 2020.



Books & Comics

To date, six comics based on Cyberpunk 2077 have been released by Dark Horse Comics.

LEISURE TIME

This section covers 23 different types of leisure activities and 7 distinct ways that people can engage with these activities. We've split these into two interaction categories: digital and physical.

For reference, we've classified activities as digital when the primary medium is a digital interface.

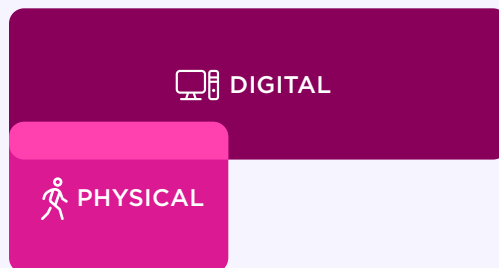
People Spend More Leisure Time Engaging with Digital Interfaces than on "Real World" Activities

Leisure Time Activities

How much time people spend per day on digital vs. physical activities

6.6hrs
per day per person

2.9hrs
per day per person



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | 1,336 respondents | June 2022

Digital Leisure Time Activities

When it comes to digital leisure time activities, most engagement hours are spent passively watching content, including videos and on-demand TV.

Includes: Watching movies, TV, or news on demand (e.g., using Netflix, Hulu, Amazon, Disney+, etc.), Watching video on social platforms such as Facebook, YouTube, Twitch, Reading e-books, Playing video games, Writing and sharing blogposts or online content, Online shopping, Listening to music, podcasts or audiobooks through apps or streaming platforms, Reading online news, blogs or social feeds, Creating or live-streaming video content or podcasts, Making digital art, music or play-lists/DJ-sets, Engaging with friends or meeting new people on social media, in games or apps.

We asked respondents to list their top 5 leisure activities out of a list of 13, based on time spent. Here is how the data breaks down by generation.

	Gen Z	Millennials	Gen X
1	Watching video content on platforms such as Facebook, TikTok, Instagram, YouTube, Twitch; live-streamed or on demand (excl. TV and streaming services)	Watching movies, TV, or news on demand (e.g., using Netflix, Hulu, Amazon, Disney+, etc.)	Watching movies, TV, or news on demand (e.g., using Netflix, Hulu, Amazon, Disney+, etc.)
2	Watching movies, TV, or news on demand (e.g., using Netflix, Hulu, Amazon, Disney+, etc.)	Watching video content on platforms such as Facebook, TikTok, Instagram, YouTube, Twitch; live-streamed or on demand (excl. TV and streaming services)	Watching video content on platforms such as Facebook, TikTok, Instagram, YouTube, Twitch; live-streamed or on demand (excl. TV and streaming services)
3	Playing video games, on a console, PC/ Laptop, mobile or VR device.	Listening to music, podcasts or audiobooks through apps or streaming platforms.	Watching movies, TV, or news as scheduled/ live as it airs (e.g., broadcasted on TV, at the cinema, etc.)
4	Listening to music, podcasts or audiobooks through apps or streaming platforms.	Playing video games, on a console, PC/ Laptop, mobile or VR device.	Listening to music, podcasts or audiobooks through apps or streaming platforms.
5	Watching movies, TV, or news as scheduled/ live as it airs (e.g., broadcasted on TV, at the cinema, etc.)	Watching movies, TV, or news as scheduled/ live as it airs (e.g., broadcasted on TV, at the cinema, etc.)	Playing video games, on a console, PC/ Laptop, mobile or VR device.

Digital: Using a digital interface is the primary way to enjoy this activity

Physical Leisure Time Activities

When it comes to physical or real-world leisure time activities, every generation spends the most time socializing with their family or friends.

Includes: Reading printed books, newspapers or magazines, writing books, painting, drawing, or other physical creative arts, Playing a musical instrument, Attending live concerts, music festivals or conferences, Going to a cinema, theatre, museum or attending live sports events, Socializing in real-life with friends or family, Going out to restaurants, clubs, bars to socialize or meet new people, Visiting and playing at physical casino's or betting agencies, Playing board- or other physical games, Participating in sports or other physical/mental exercises, Shopping in physical stores.

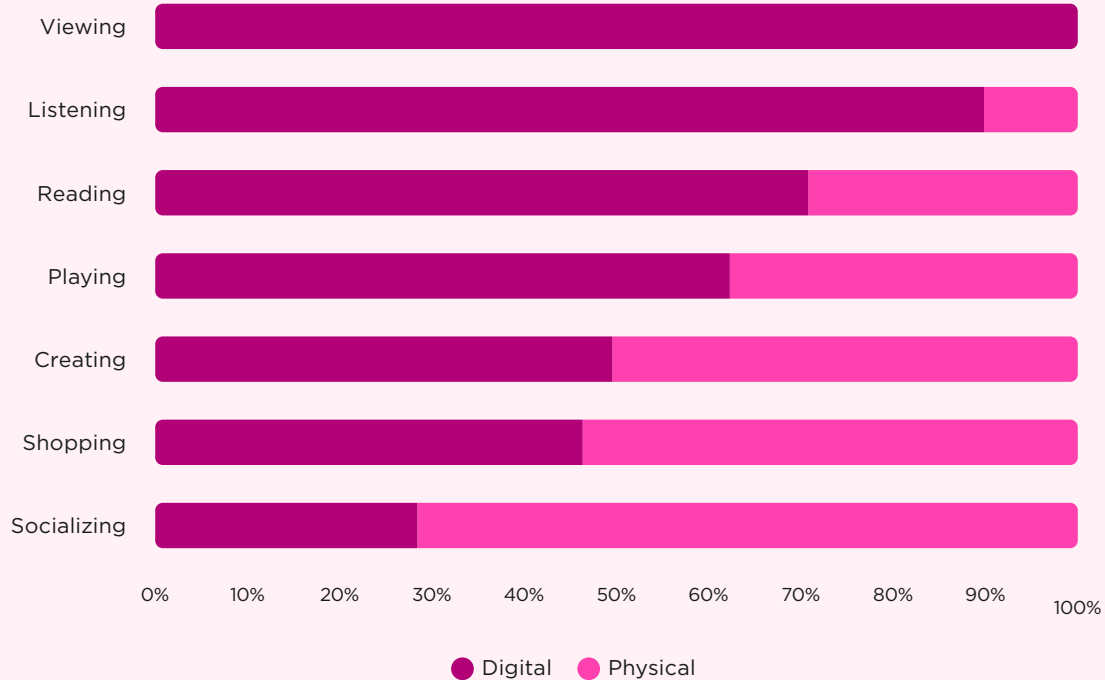
We asked respondents to list their top 5 leisure activities out of a list of 9, based on time spent. Here is how the data breaks down by generation.

	Gen Z	Millennials	Gen X
1	Socializing in real-life with friends or family at home or an outside location.	Socializing in real-life with friends or family at home or an outside location.	Socializing in real-life with friends or family at home or an outside location.
2	Participating in sports or other physical/mental exercises, including yoga, fitness, walking.	Participating in sports or other physical/mental exercises, including yoga, fitness, walking.	Participating in sports or other physical/mental exercises, including yoga, fitness, walking.
3	Playing a musical instrument, singing, or playing music/ DJ'ing live.	Shopping in physical stores, alone or with others.	Shopping in physical stores, alone or with others.
4	Going out to restaurants, clubs, bars to socialize or meet new people.	Reading physical books, newspapers or magazines.	Playing a musical instrument, singing, or playing music/ DJ'ing live.
5	Writing books, painting, drawing, sculpturing or other physical creative arts (not digitally).	Writing books, painting, drawing, sculpturing or other physical creative arts (not digitally).	Reading physical books, newspapers or magazines.

People Engage in Digital vs. Physical Activities in Different Ways

Share of Time Spent Per Type of Activity

Digital vs Physical Activity



Source: Newzoo Consumer Research | 🇺🇸 US Online Population Aged 10-50 | June 2022

41%

of the time spent on digital activities is spent viewing content.

Viewing is by far the most popular way to engage in digital leisure time activities.

Out of all the ways people can partake in leisure activities, the vast majority of respondents prefer viewing content. The next largest chunk of time spent on leisure activities goes to listening to media, with playing, reading, creating, socializing, and shopping all taking a far smaller piece of the pie.

On the other hand, physical activities have noticeably different patterns. Most hours are spent socializing with friends and family in-person followed by creating and playing.

Most importantly, the boundaries between digital and physical experiences are blurring, if not disappearing entirely. Many traditional physical activities are taking place in the digital realm. Live music events in games and AR shopping are two prevalent examples.

Blending digital and physical experiences is becoming increasingly crucial for brands. It's becoming essential for optimal reach and engagement.

Different Generations Don't Create Equally

~3x

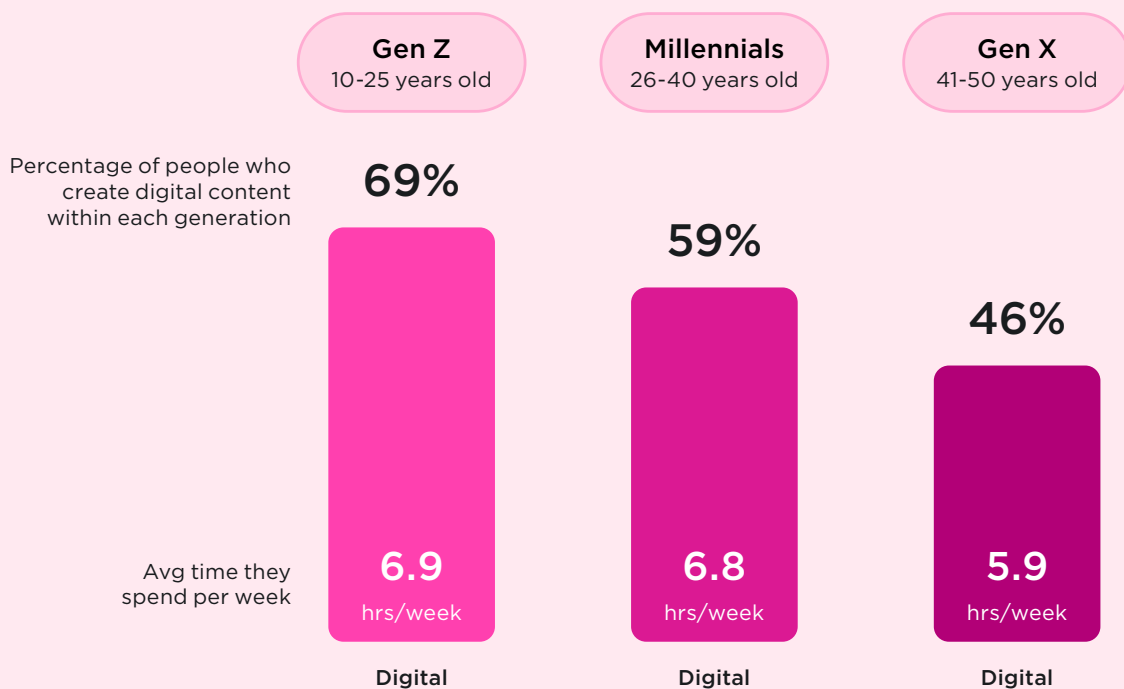
Gen Z spends 3X more time on digital creation per week than Gen X.

“Creative” Digital Leisure Activities

- ✔ Creating or live-streaming video content or podcasts.
- ✔ Creating and sharing blog post, online articles, or reviews.
- ✔ Creating digital art, music or playlists/DJ sets.

For clarity, we've excluded in-game creating from this list of activities.

Digital Creative Activities by Generation



Source: Newzoo Consumer Research | 🇺🇸 US Online Population 10-50 | June 2022

Content creation is an increasingly powerful form for Gen Z consumers to engage with their favorite IPs and brands within the gaming world and across most media forms. IP holders and brands should seek to include this creative element in their strategies moving forward.

Inside the gaming world, Gen Z consumers enjoy creating content they can call their own. UGC elements power today's most popular franchises like Roblox, Minecraft, and Fortnite.

Brand Partnerships Combine Physical and Digital Spaces

A brand partnership can cross the boundaries of digital and physical, driving business in new ways while delighting and engaging customers.



McDonalds & Overwatch 2

Fast food brands have been trying to get into the gamification game since before the McDonald's Monopoly promotion, and now they are one of the industries bridging the gap between digital and physical, while also showing the power of cross-media promotion.

In late 2022, McDonald's partnered with Overwatch 2 to offer app users the chance to unlock unique character skins by purchasing certain menu items.



Ballantine's x Borderlands

Ballantine's joined the fray in 2022 with a collaboration with Gearbox Entertainment. Players can now get their hands on a limited edition Scotch whisky evoking the popular NPC character Mad Moxxi.

Every bottle of this co-branded elixir comes with unlockable content for Borderlands 3.

The future of media and entertainment is about...

MEDIA

People engaging with all forms of entertainment in a single environment.

ENTERTAINMENT

A generational shift to more active forms of engagement.

LEISURE TIME

An increasing convergence of activities in the digital and physical world.

THE METAVERSE

The metaverse defies a single definition, mostly because no one in the tech community can really agree on what it is or what it should be. One thing we can say is that the metaverse, however it manifests, will play a huge role in the blending of physical and digital spaces. Here are a few helpful frameworks for how to think about the metaverse from thought leaders in the gaming world.

“A persistent, infinitely-scaling virtual space with its own economy and identity system.

Jonathan Lai | a16z

“Persistent, shared, 3D virtual spaces in a virtual universe.

Tim Sweeney | Epic Games

“Realtime 3D social medium where people can create and engage in shared experiences as equal participants in an economy with societal impact.

Roblox

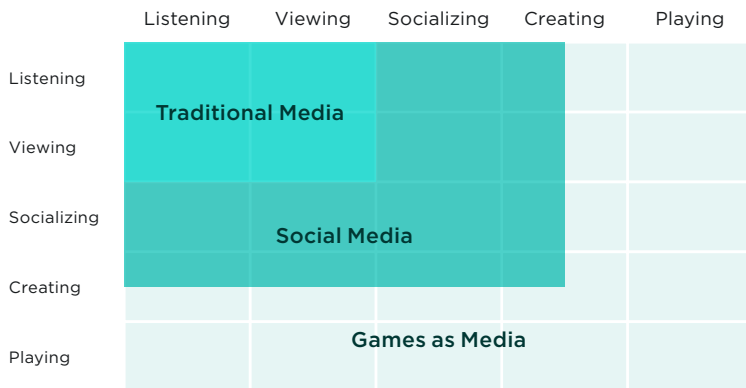
“An interconnected and interoperable network of persistent, virtual worlds that are populated by large numbers of players who interact with each other via 3D digital avatars, offering users a heightened sense of immersion and presence.

Newzoo

Defining the Metaverse in Contrast to Virtual Worlds

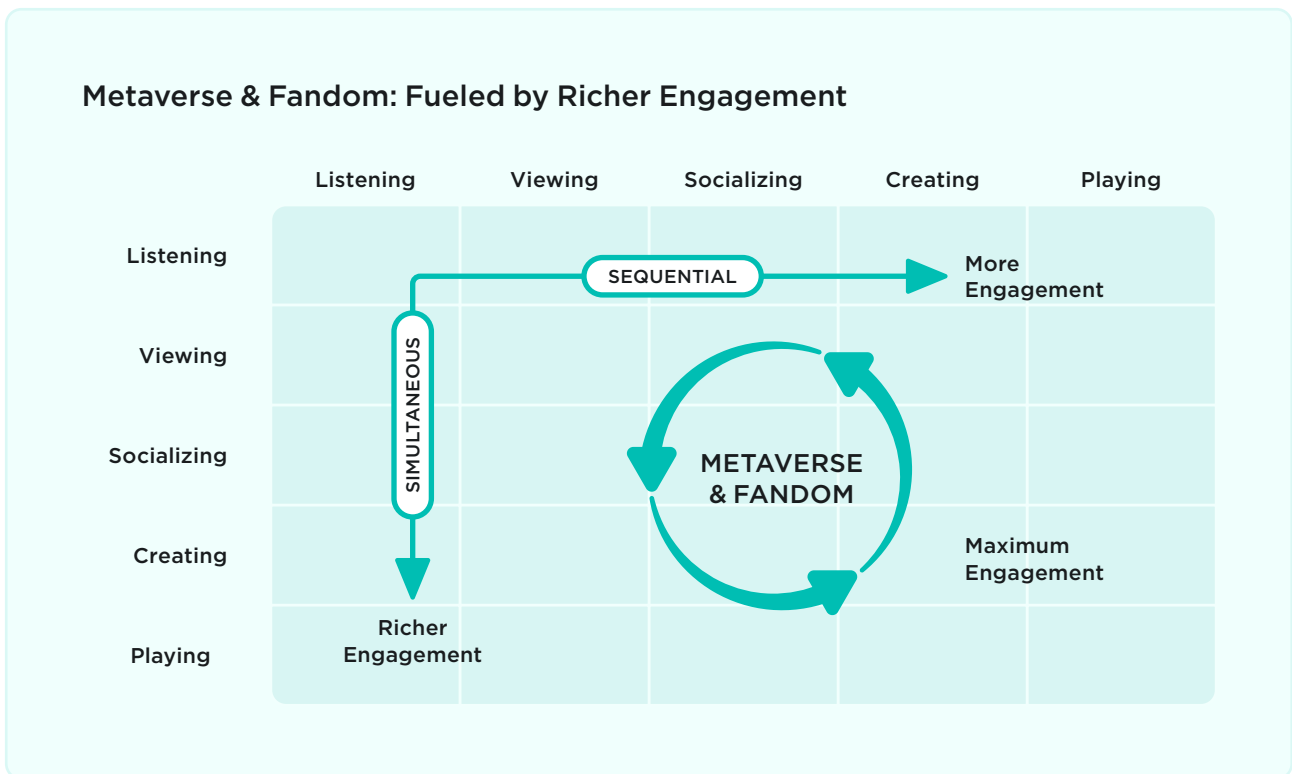
The term metaverse dates back to the 1992 novel *Snowcrash* by Neal Stephenson and has evolved into the concept of a shared virtual space bringing together every conceivable virtual world. Though there isn't a definition everyone can agree on, one thing we can say with confidence is that it's a wholly different concept than virtual worlds. These are isolated virtual spaces like in *Minecraft* or other multiplayer games, where the metaverse is the convergence of all these platforms. To achieve a metaverse that's universal would take all the brands operating virtual worlds to band together and unite their universes into one.

The Metaverse Offers Richer Engagement Possibilities for All Types of Consumers



Traditional media mostly focuses on passive engagement while social media adds a socializing layer and facilitates creation.

Game environments add even more possibilities by bringing active play into the mix.



Active engagement breeds fandom

Blending different forms of engagement leaves a more lasting impression. While listening to an album or playing a video game on a console are both enjoyable, most likely an in-game concert that involves active participation in some way will be a much more impactful experience. This will be critical moving forward for brands that want to engage with younger generations, who treat fandom more actively.

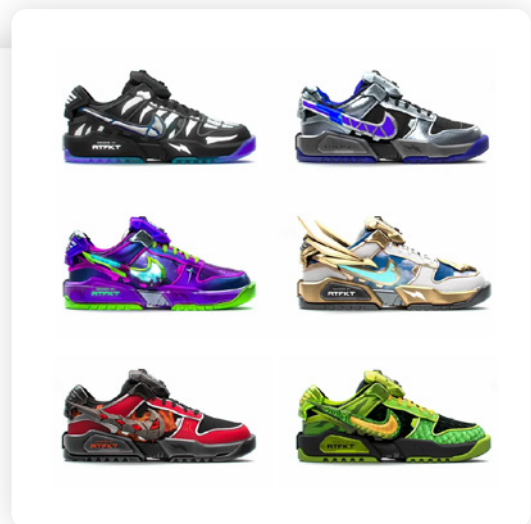
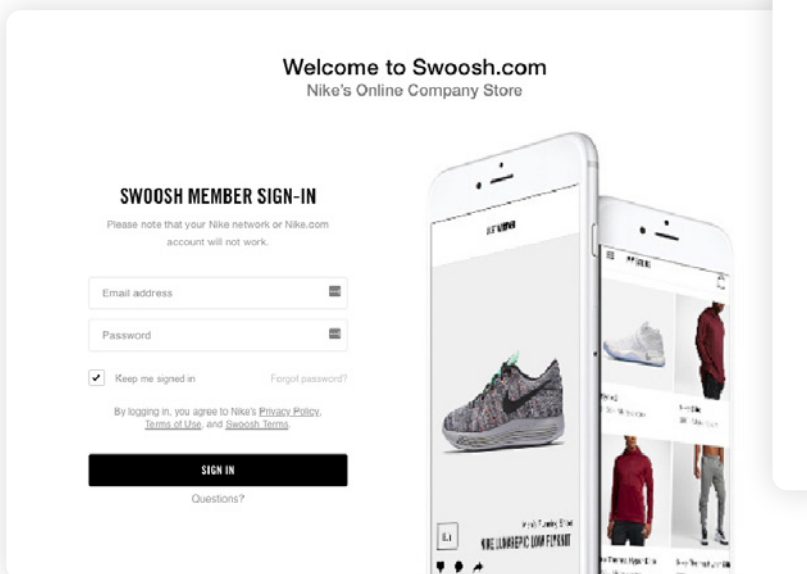
RTFKT Acquisition by Nike

Nike is swiftly becoming a mainstay in digital realms thanks to how the brand is successfully sharing its iconic culture and building communities in this digital space. From launching Nikeland in Roblox in November 2021 to acquiring RTFKT in December 2021, Nike's foray into digital is just getting started. In 2022 Nike launched SWOOSH, a new community experience, where people can build, display, and trade virtual branded wearables.



RTFKT Studios is one of the most popular digital fashion brands on the market. It has amassed a sizable audience and is known for its virtual sneakers and popular NFT collections. In April 2022, Nike launched its Cryptokicks NFT collection, comprising 20,000 sneaker NFTs, including one designed by artist Takashi Murakami. This particular NFT sold for an eye-watering \$134,000.

“This acquisition is another step that accelerates Nike’s digital transformation and allows us to serve athletes and creators at the intersection of sport, creativity, gaming and culture,” says John Donahoe, President and CEO of NIKE, Inc.



“

Newzoo's first ever Media & Entertainment Report goes beyond deconstructing the gaming revolution. It helps IP holders make smarter, better informed decisions about active compared to passive engagement, combining digital and physical experiences, reaching younger audiences via mobile, and more.

”



John Kosner
President

The future of media and entertainment will be about blending digital and physical experiences.

Brands and companies will need to be more creative than ever to connect with their audience, engage with new people, and build dedicated fandoms that keep coming back.

Newzoo is here to help navigate this shift.

Join a growing community of early adopters and disruptors:



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✉ questions@newzoo.com

