Levelling up: State of India Interactive Media & Gaming Research FY'24

November 2024

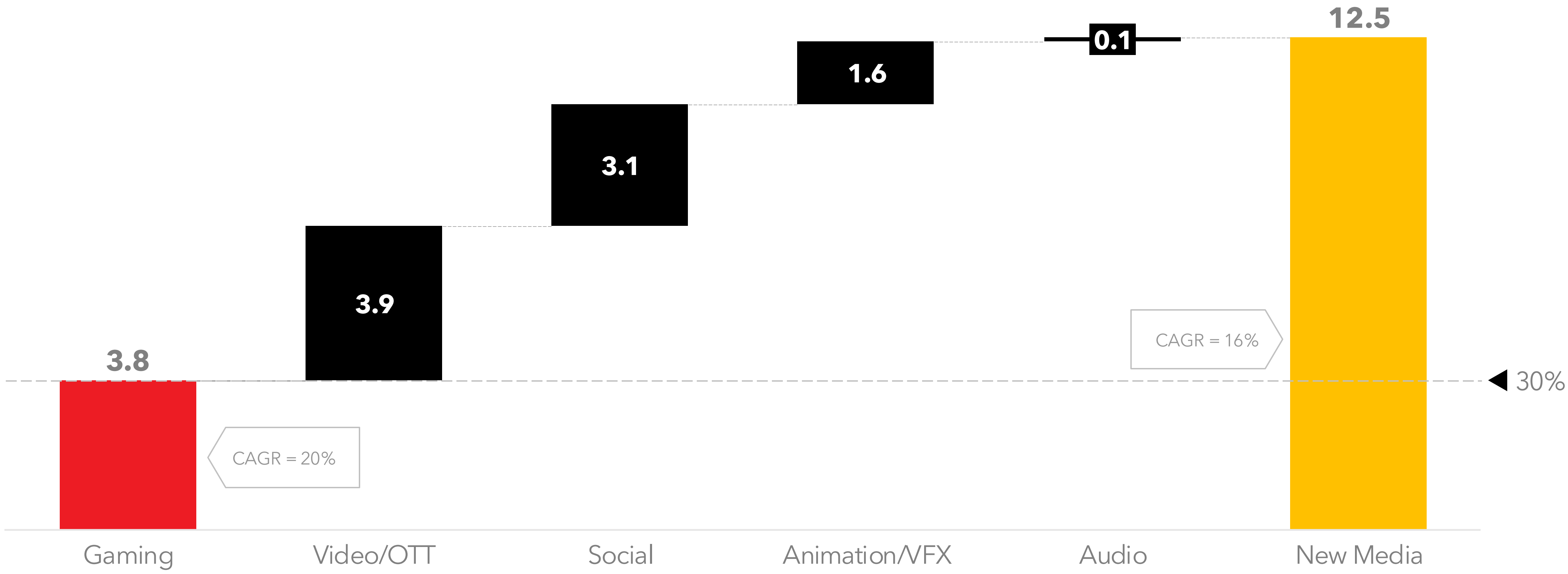
In collaboration with

Lumikai

Gaming constitutes 30% of the broader new media market, and is its fastest growing segment

- India's new media market touched $12.5 Bn in FY24 growing at a CAGR of 16%
- Gaming and Video/OTT are the largest segments, contributing over 60% of the market
- India is a key producer of global Animation/VFX services, with the industry valued at $1.6B in FY24

India's new media market size in FY24 (in $ Bn)

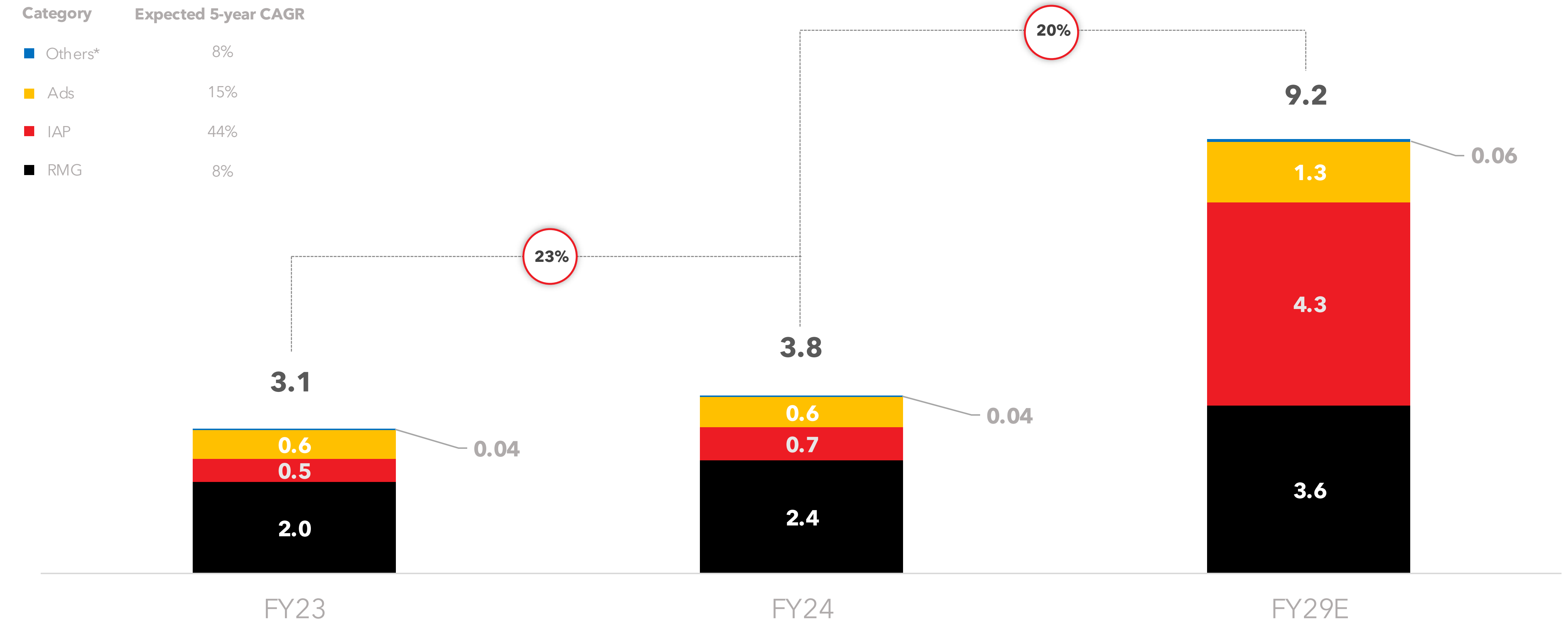


Source: Lumikai Analysis based on third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert Interviews; estimates include subscription, IAPs, and ad revenues.

India's gaming market exceeded expectations to record $3.8 Bn in FY24

- With sustained growth in in-app purchases and ad revenue, the gaming market is expected to cross $9.2 Bn by FY29, growing at a 20% 5-year CAGR
- In-app purchase revenue continues to be the fastest growing segment with 41% year-on-year growth
- On account of RMG platforms absorbing users' GST cost and a packed live sports season comprising of two world cups and an IPL, the sector added ~$400M to its topline

India's gaming market size by revenue in FY24 (in $ Bn)



Source: *Lumikai Analysis based on third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert Interviews; estimates include subscription, IAPs, and ad revenues.*

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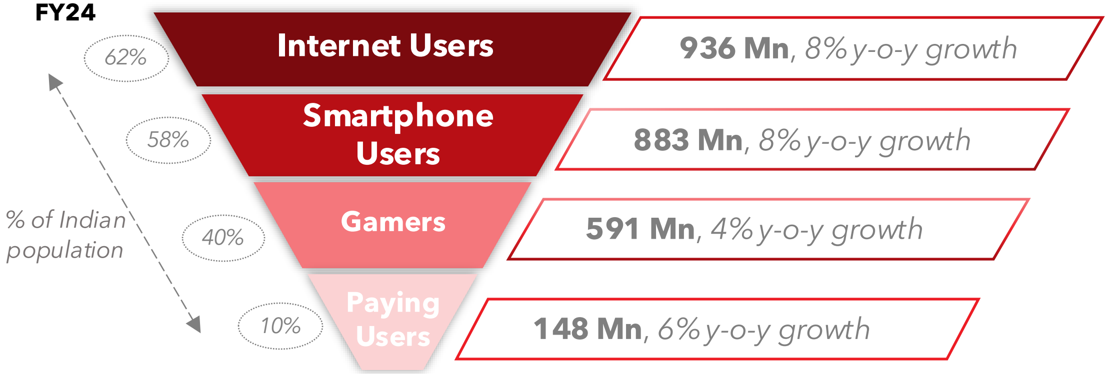
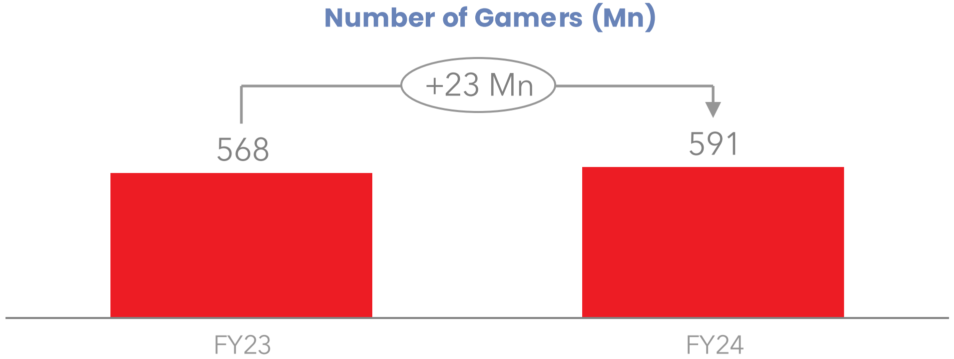
The Indian gaming market continues to benefit from sustained engagement metrics

- The Indian gaming market added 23M new gamers to cross 590M gamers in FY24
- India is the world's second largest market by mobile gaming downloads, 3.5x larger than US and Brazil
- Average weekly time spent on games increased by 30%, from 10 hours to 13 hours

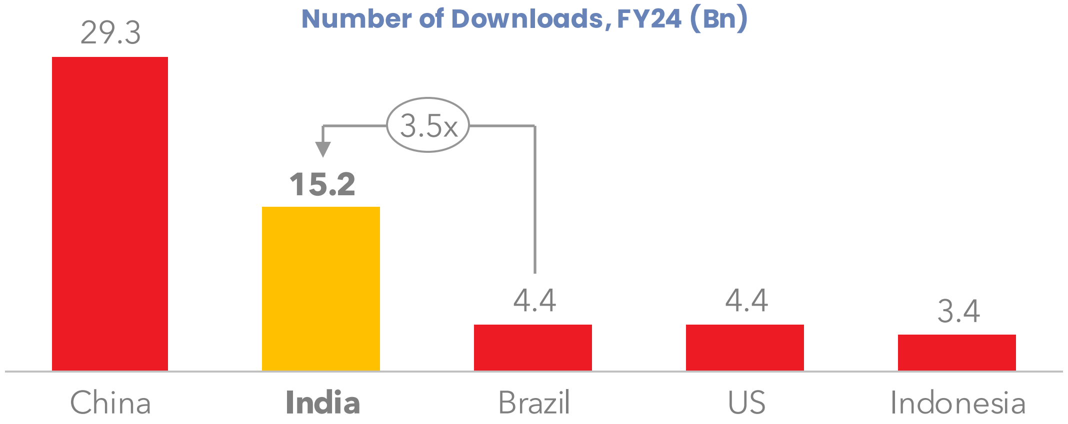
Over 60% of India's smartphone users play games



India's gaming segment added 23M new gamers in FY24



India continues to be one of the world's largest mobile download markets



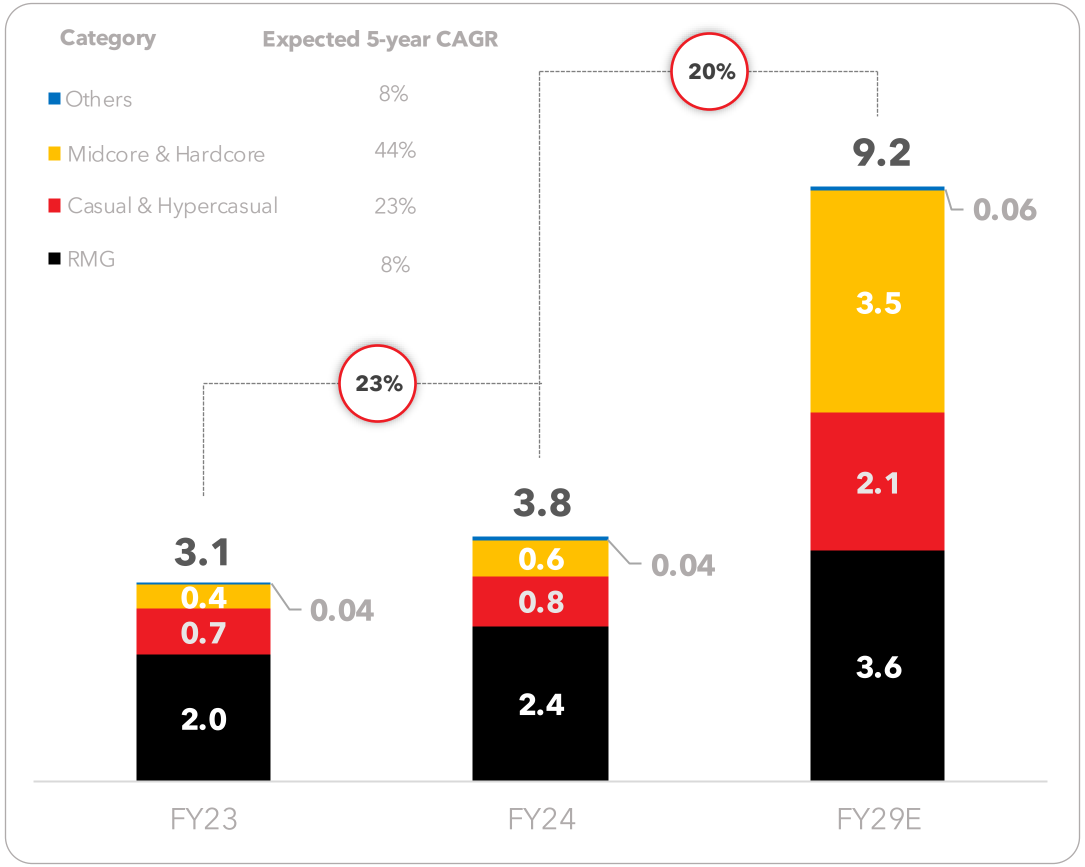
Average weekly time spent on gaming increased by 30%

Source: Lumikai Analysis based on third party analytics data providers, TRAI reports, secondary research, Lumikai proprietary data, primary survey & expert Interviews
Gamer defined as a user who has played a video game in the analysis period of FY24

Midcore games propelling IAP revenue growth in India

- Revenue from midcore games exceeded expectations clocking an astounding 53% year-on-year growth
- Casual and hypercasual games saw 10% annual growth in IAP revenue, while ad revenue remained stable despite global pullbacks on ad-spends
- Despite growth in topline revenue, taxation challenges in RMG resulted in margin compression and adverse impact on profitability

Gaming market size by genre ($ Bn)



Key considerations for future growth

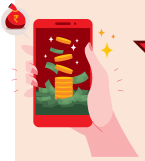
Midcore and core driving IAP growth

- Remarkable uptick in IAP revenues resulted in **53%** year-on-year growth for midcore games revenue
- Significant upticks in IAP revenue observed in popular titles BGMI, FF Max, Clash of Clans, while greenshoots were also seen in Roblox and EA FC Mobile

YoY IAP growth of key titles*

7X	6X	2X	2X
BGMI	Royal Match	Roblox	EA FC Mobile

RMG unit metrics affected in new GST regime^



- **30%** Reduction in gross to net revenue margin
- **2X** Increase in payback period on user acquisition spends
- **25%** of companies facing financial difficulties, as per industry bodies

Source: Lumikai Analysis based on third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert Interviews
*List is not exhaustive, represents IAP growth from FY23 to FY24
^This covers the first 6 months of the new GST regime as the analysis period for this report is FY24

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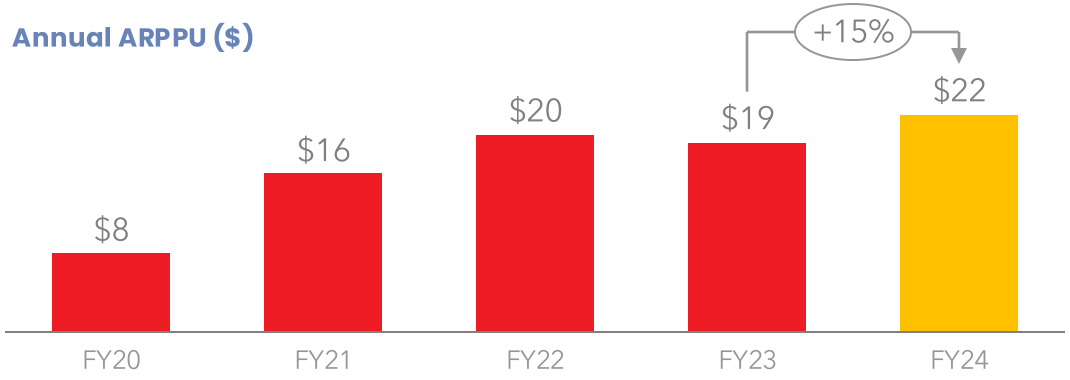
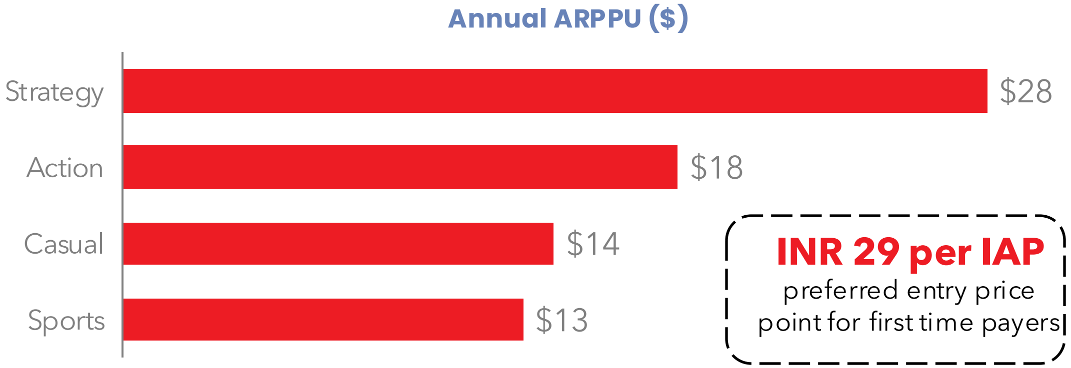
IAP revenue driving monetization growth in India's gaming market

- Annual ARPPU increased to $22 in FY24, a 15% increase from FY23
- With 25% of users making in-game payments, the number of paying gamers increased to 148 Mn
- Over 60% of RMG paying gamers now also pay for midcore games, suggesting a high degree of overlap in gamer personas and growing sophistication of gamers

ARPPU increased 15% year-on-year to reach $22 in FY24

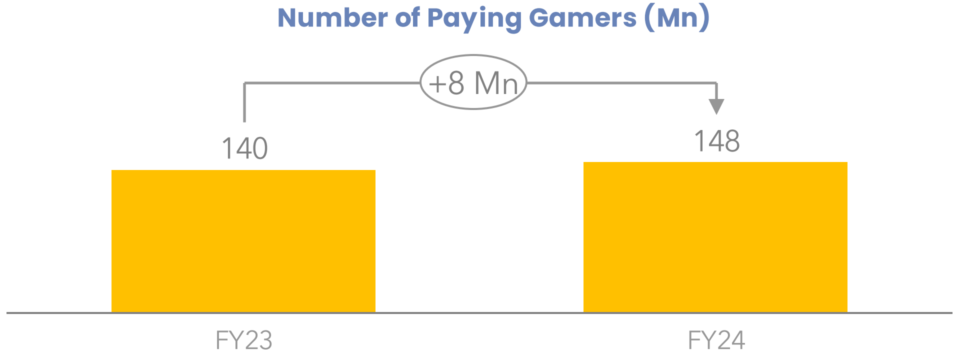


Category-wise IAP ARPPUs for top grossing playstore categories*

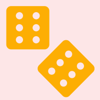


INR 29 per IAP
preferred entry price point for first time payers

With 8 Mn new paying users added in FY24, total paying gamers stands at 148 Mn



Growing user sophistication with strong overlap between RMG and midcore users



64%

RMG paying gamers also pay for **midcore** games

66%

Fantasy sports paying gamers also pay for **midcore** games

Source: Lumikai Analysis based on third party analytics data providers, secondary research, Lumikai proprietary data, primary survey & expert Interviews
**Genre explanation (non-exhaustive) - Strategy: includes 4X, MOBA, RPG; Action: includes Battle Royale, FPS; Casual: includes match3, merge, puzzle; Sports: includes casual and simulation-style sports games*

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Insights from Pan India Survey (1/4)

- 44% of gamers are women, up from 41% last year, playing casual mobile games
- 66% of gamers come from non-metro cities
- 43% of gamers are first-time earners in the age-group of 18-30, exhibiting high propensity to pay for gaming and interactive entertainment

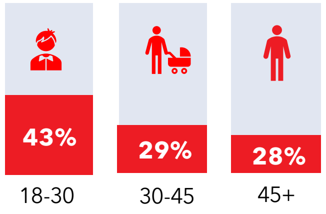
Demographic breakdown

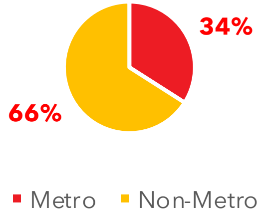
Gender-ratio of gamers

56% Male players

44% Female players

Distribution of gamers





Data usage

Data/day	% of users
<500MB	1%
500MB-1GB	8%
1-2GB	60%
2-3GB	21%
>3GB	10%

Smartphone types

Price	% of users
<$200	38%
$200-$400	43%
$400-$800	13%
>$800	5%

Gamer preferences

Top 3 motivations to play

1. Relaxation and destressing
2. Socializing
3. Creativity and self-expression

Top 3 reasons to stop playing

1. Too many ads
2. Game fell out of trend
3. Lifestyle changes

Top 5 game discovery channels

1. Friends and family recommendations
2. Store recommendations
3. Direct search on app stores
4. Game reviews
5. In-app ads

Top games played

1. Casual — Ludo King, Candy Crush, Coin Master
2. Midcore — BGMI, FF Max, Clash of Clans
3. RMG — MPL, Dream11, Rummy
4. Hypercasual — Hill Climb Racing, Flappy Bird, Piano Tiles

Top games that gamers pay for

1. Midcore — BGMI, FF Max, Clash of Clans
2. RMG — MPL, Dream11, Rummy
3. Casual — Ludo King, Candy Crush, Coin Master
4. Hypercasual — Hill Climb Racing, Flappy Bird, Piano Tiles

Note: Survey results based on sample size of 2,269 Indian smartphone users over a 12-month period from Sept 2023 to Sept 2024.

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Insights from Pan India Survey (2/4)

- 20% increase in time spent on casual games in FY'24
- 25% of gamers said they have spent money in games this year, consistent with FY23
- 83% of users use UPI or digital wallets to make in-game payments
- Top payment motivators of paying gamers include unlocking new content and upgrading in-game items

Engagement behaviour

Avg weekly hours spent on gaming

	2024	2023
Hypercasual	2.3	2.6
Casual	3.6	3
Midcore	3.8	3.8
Hardcore	3.7	3.9
RMG	3.7	4.7

Change in time spent playing games over last 12 months

51% Earlier I used to play casual games, now I **play all kind of games**

18% Earlier I used to play games for free, now **I also spend money in games**

18% Earlier I used to play same game but now **I experiment with new gaming segment and genres**

Payment behaviour

% of paying users

25% of gamers have spent money on games/ gaming platform

Top kinds of payment made

- **67%** In app-purchases
- **57%** Subscription
- **58%** Real Money Gaming
- **22%** Virtual gifting and tipping

Preferred modes of payment

- **70%** UPI
- **13%** Wallet
- **12%** Credit Card
- **4%** Debit Card
- **1%** Cryptocurrency

Types of in-app purchases

- **66%** In-game currency and coins
- **61%** Performance-based upgrades
- **54%** Cosmetic and visual upgrades
- **36%** Loot boxes and other bundles
- **24%** Season-pass content

Top payment motivators

- Unlock new content
- Upgrade in-game items
- Potential to make money

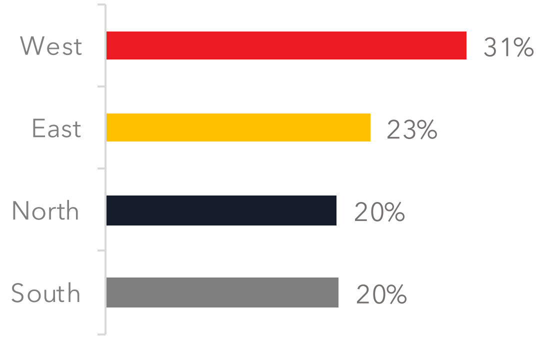
Note: Survey results based on sample size of 2,269 Indian smartphone users over a 12-month period from Sept 2023 to Sept 2024.

Insights from Pan India Survey (3/4)

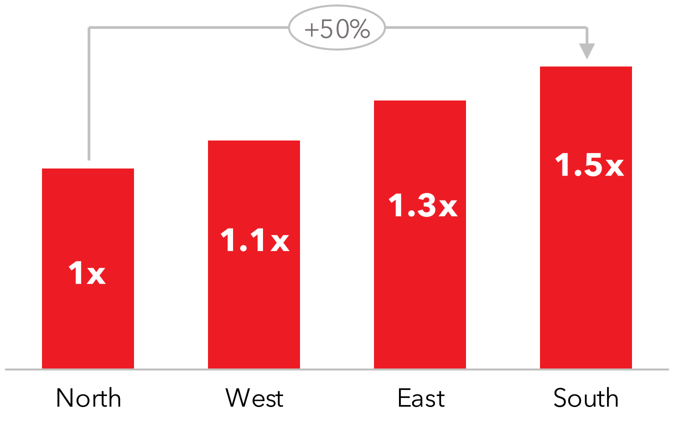
- Users across India pay for games, with highest propensity to pay exhibited in West India
- Casual games are universally enjoyed, with midcore games being a close second preference across India
- Higher interest in paying for RMG in North and South India, with highest propensity to pay for midcore and casual games exhibited across other parts

Regional trends in user behavior, engagement, and monetization

% of paying users



Time spent gaming by region



Playing preference by genre

West	East	North	South
1 Casual	1 Casual	1 Casual	1 Casual
2 Midcore	2 Midcore	2 Midcore	2 RMG
3 RMG	3 RMG	3 RMG	3 Midcore
4 Hypercasual	4 Hypercasual	4 Hypercasual	4 Hypercasual

Paying preference by genre

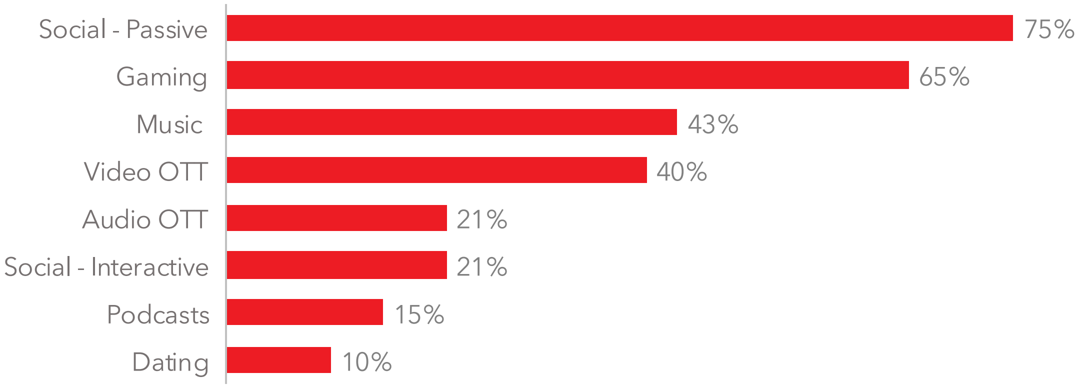
West	East	North	South
1 Midcore	1 Casual	1 RMG	1 RMG
2 RMG	2 Midcore	2 Midcore	2 Midcore
3 Casual	3 RMG	3 Casual	3 Casual
4 Hypercasual	4 Hypercasual	4 Hypercasual	4 Hypercasual

Note: Survey results based on sample size of 2,269 Indian smartphone users over a 12-month period from Sept 2023 to Sept 2024.
West: Mumbai, Aurangabad, Rajkot; East: Kolkata, Puri, Patna, Guwahati; North: Delhi NCR, Ludhiana, Udaipur; South: Chennai, Cochin, Madurai, Bengaluru

Insights from Pan India Survey (4/4)

- Users spend 25% more time on interactive social media/streaming platforms compared to passive social platforms
- 47% of users are ad-tolerant to avoid paying for subscriptions with preference for micro-transaction based in-app purchases
- Time spent on gaming is ~2x compared to time spent on social platforms

New media consumption preferences in terms of % of users

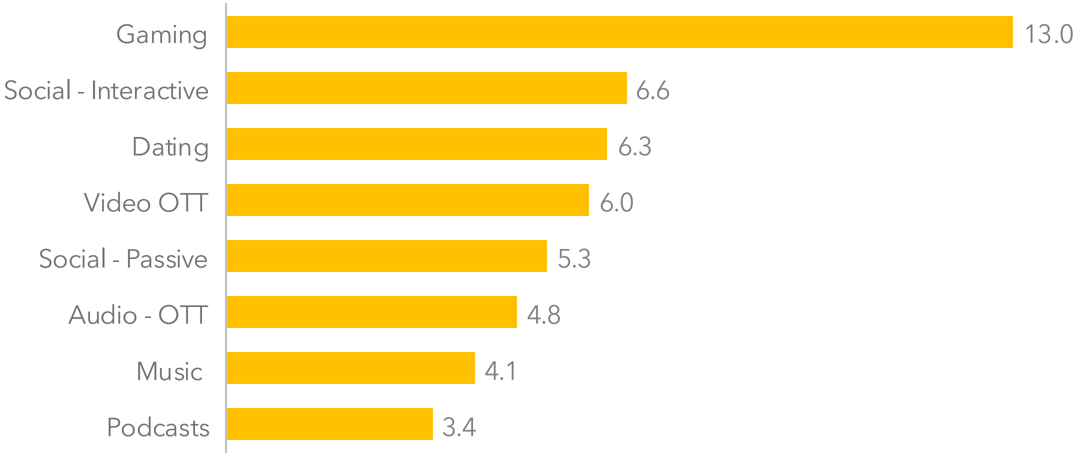


Top preferred apps

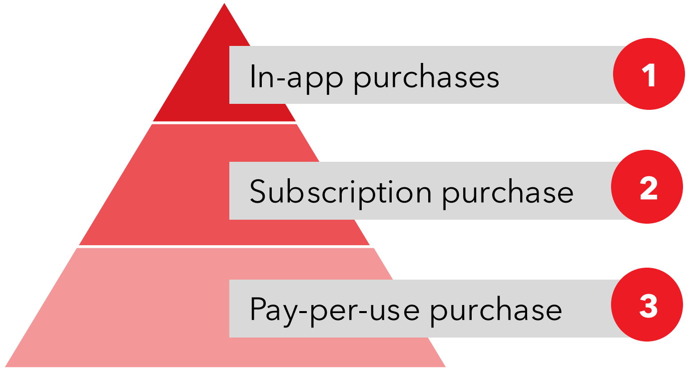
Facebook, Instagram, EloElo, Whatsapp, PocketFM, Sony Liv

Sharechat, Telegram, Snapchat, YouTube, Moj, Prime Video

Weekly time spent on new media platforms (in hours)



Top kinds of payments made on new media platforms



47% of respondents said they **do not mind ads** on new media platforms

Note: Survey results based on sample size of 2,269 Indian smartphone users over a 12-month period from Sept 2023 to Sept 2024.

Government amplifies support for gaming and AVGC as key sectors for growth

- PM Modi recognizes gaming as a sunrise sector in Independence Day speech, urging more "Made in India" original IP
- Frameworks for distinct legislations and taxations for specific sub-verticals of gaming and interactive media are emerging
- Gaming is mainstream with acceptance across investors, government, policy makers, academia, and media

Legislation updates

Real-money Games

- **Online Real Money Game** clearly defined as an online game where a user makes a deposit with the expectation of earning winnings
- **SRB framework in abeyance** to enforce responsible gaming, requiring operators to be certified by the SRBs
- **28% GST levied** on deposits effective 1st October'23

F2P/Premium Games

- **Online Game** clearly defined separately from RMG, as a game that is offered over the internet and accessible through a computer resource
- **18% GST levied** on in-app purchase transactions within app stores, separating tax treatment for F2P and premium games from RMG

Esports

- **Esports** brought under the Ministry of Youth Affairs and Sports, identified as an official sport in India

Government initiatives and AVGC policy changes

The Prime Minister met with leading Indian gamers to deliberate the need for:

- ❑ Minimal government intervention
- ❑ Tailored esports regulations
- ❑ Clearer distinction from gambling
- ❑ Importance of parental support
- ❑ Societal recognition
- ❑ Games based on Indian themes

National AVGC Centre Of Excellence to be set up in Mumbai in collaboration with IIT Bombay

State Level AVGC XR policies have been announced by Kerala & Karnataka, with TN on the way

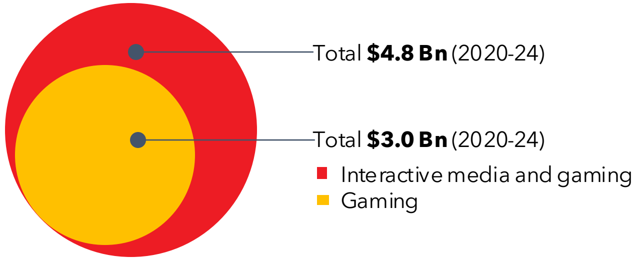
The Government of India is organizing the **WAVES Summit** in Feb 2025 to promote India's media and entertainment industry and increase its international reach

Policies include proposals for funding, tax rebates, and centers of excellence

Key Investors*

Lumikai, KRAFTON, MIXI, Nazara, peak xv, STEADVIEW CAPITAL MANAGEMENT, MAKERS FUND, PLAY, COURTSIDE VC, GRIFFIN GAMING PARTNERS, fireside, T-ACCELERATE CAPITAL

Funding Landscape



*List is not exhaustive

Definitions as per IT (Intermediary Guidelines and Digital Media Code) Rules, 2021

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Thank you!

For further queries, please reach out at hello@lumikai.com

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Methodology

1. Research Design

This report consolidates research undertaken over a 6 month time period (May 2024-October 2024) using a mixed-methods approach, combining both qualitative and quantitative data collection and analysis techniques to provide a comprehensive analysis of the new media and gaming industry in India. The report was prepared by Lumikai, in collaboration with Google and a leading consulting firm.

2. Data Collection

a. Primary Data:

- **Surveys:** Conducted Online Panel and Face to Face - CAPI survey of 2,269 smartphone users across 16 cities in India, distributed evenly across geographical regions and tiers, in collaboration with a leading multinational market research firm. The survey included closed-ended questions designed to quantify user habits, preferences, and spending behaviors.
- **Industry Inputs:** Data points and inputs on trends collected from leading industry stakeholders of the new media and gaming ecosystem in India.

b. Secondary Data:

- **Market Reports:** Data and trends collected from existing published reports by Indian and International publications, media, and consulting firms.
- **Company Reports:** Review of annual reports, financial statements, and press releases from leading new media and gaming companies operating in India.
- **Third Party Data:** Data collected from leading third-party app data platforms.
- **Lumikai Proprietary Data**: Analysis of proprietary data collected and owned by Lumikai.

3. Data Analysis

- **Descriptive Statistics:** Used to summarize the basic features of both primary and secondary data, providing simple summaries including mean, median, and mode of the samples.
- **Inferential Statistics:** These techniques were employed to identify significant relationships between various data-points, and used to generate models for market estimates and forecasts.
- **Regression Analysis:** Utilized to analyze and predict patterns of various key data points, and employed to generate correlations amongst variables and resulting in forecasts for datapoints.
- **Thematic Analysis:** Employed to identify, analyze, and report patterns (themes) within data collected from surveys.
- **Integration of Findings:** Integration of quantitative and qualitative findings to provide a comprehensive understanding of the gaming and new media landscape.

4. Validation and Triangulation

- **Cross-Verification:** During the data collection phase, datapoints collected were thoroughly cross-verified across multiple reputed sources including data platforms, market reports, and conversations with leading stakeholders.
- **Triangulation:** Estimates and forecasts arrived at through the data analysis phase were vetted and validated through conversations with leading industry stakeholders, with key feedback being used to fine-tune our models to arrive at the most accurate estimates.

Glossary

ARPPU	Average Revenue Per Paying User
ATS	Average Time Spent
AVGC	Animation, Visual Effects, Gaming & Comics
BGMI	Battlegrounds Mobile India
BN, MN	Billion, Million
CAGR	Compound Annual Growth Rate
CoE	Center of Excellence
eCPM	Effective Cost Per Mille
FF	Free Fire
FY	Financial Year
GB	Gigabyte

GOI	Government Of India
GST	Goods & Services Tax
IAP	In-app Purchase
IP	Intellectual Property
MKT	Market
RMG	Real Money Games (includes Fantasy)
SRB	Self Regulated Body
TDS	Tax Deducted at Source
UGC	University Grants Commission
UPI	Unified Payments Interface
VC	Venture Capital