



EPYLLION

By Matthew Ball

**The State of Video Gaming in 2026
(Or “Growth and Where to Find It”)**

Last Update: March 6, 2026

[REDACTED]



Chapter I: Spending Growth but More Retrenchment and Margin Struggles in 2025 [Pages 2–14]

Chapter II: Why Growth is Scarcer Than Headlines Suggest [Pages 15–42]

Chapter III: Video Games Are Losing the Attention War in the “Major Market 8” [Pages 43–64]

Chapter IV: The Novel Interactive Competitors Taking Attention, Time, and Spend from Video Games [Pages 65–88]

Chapter V: The Five Biggest Areas of Revenue Growth in the Video Game Industry in 2026 [Pages 89–157]

Chapter VI: Closing Thoughts on the “Industry” and Finding Growth in 2026 [Pages 158–164]

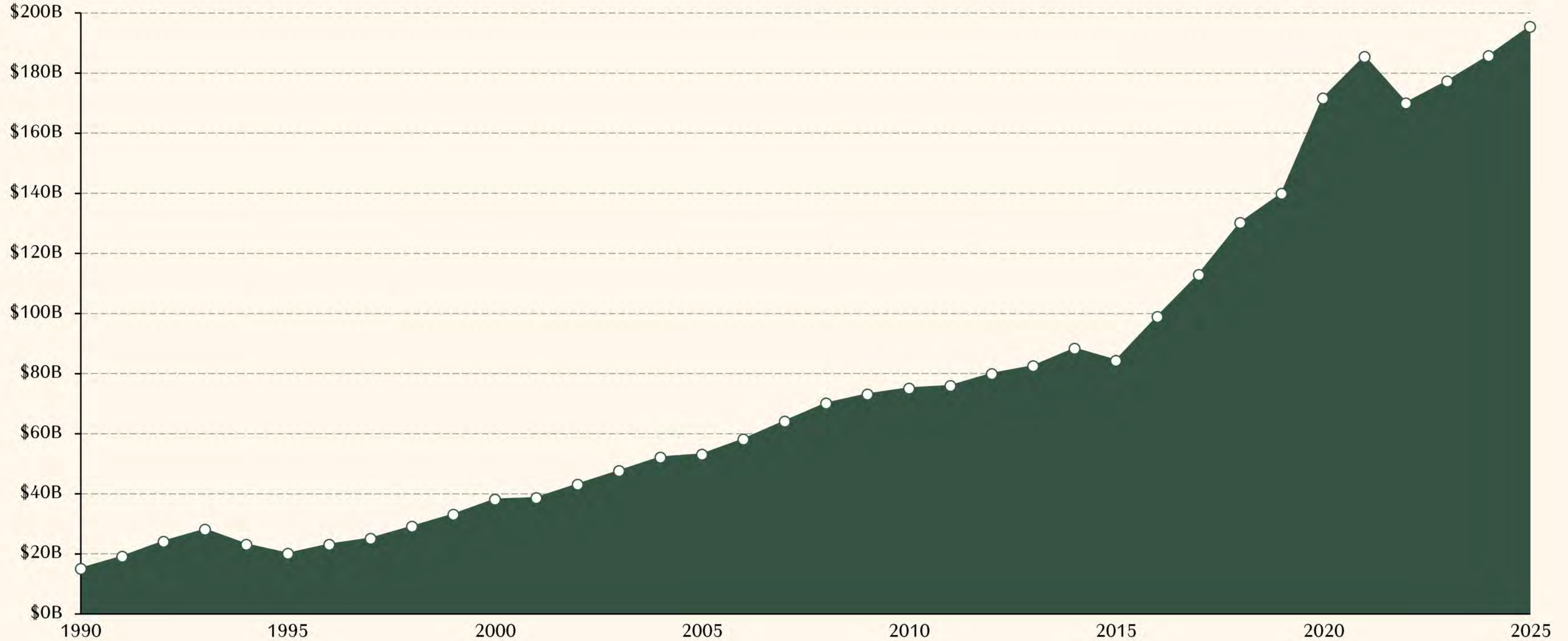
Credits and Sources [Pages 165 & 166]

Global video game content sales had a strong 2025, growing 5.3% year-over-year and hitting a new all-time high of about \$195.6B (\$10B more than the prior high in 2021)



Worldwide Consumer Spending on Video Game Content

(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services)

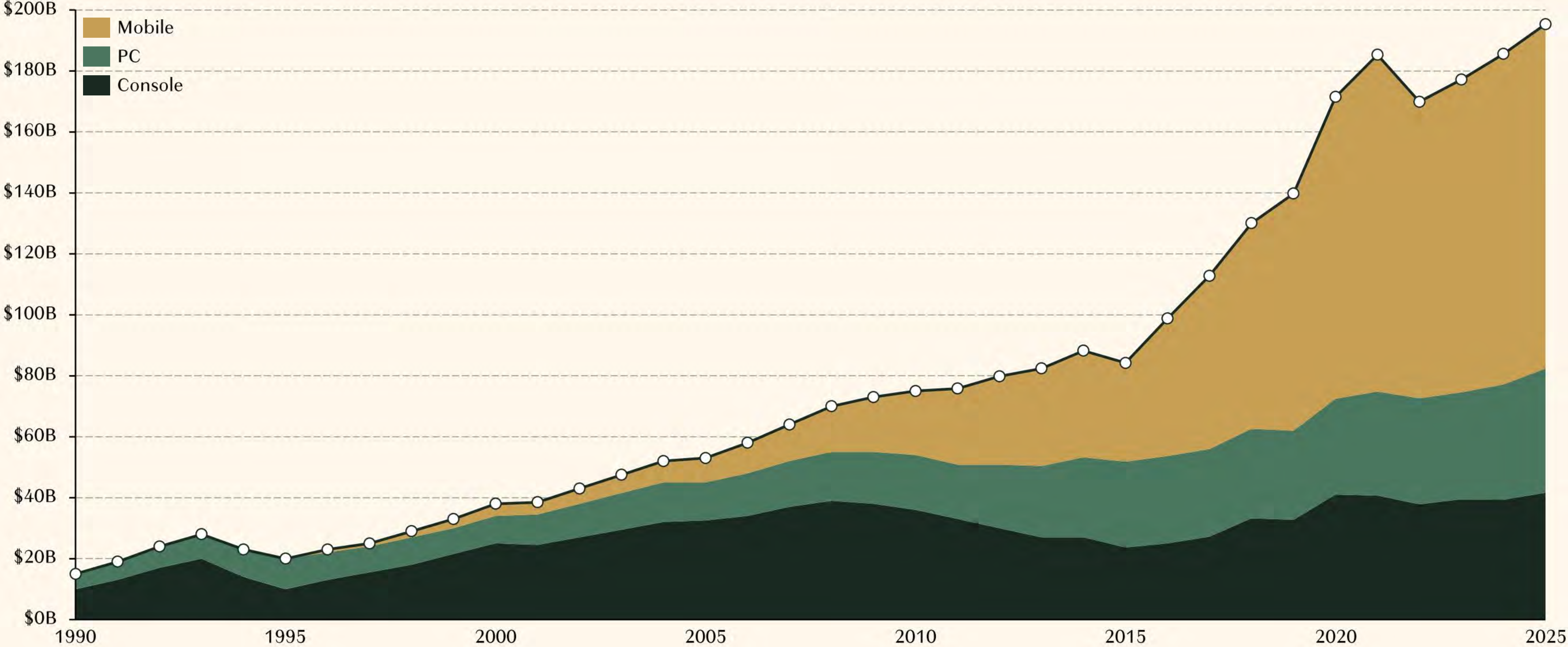


This industry high was achieved through new highs in each of Mobile, PC, and Console, too

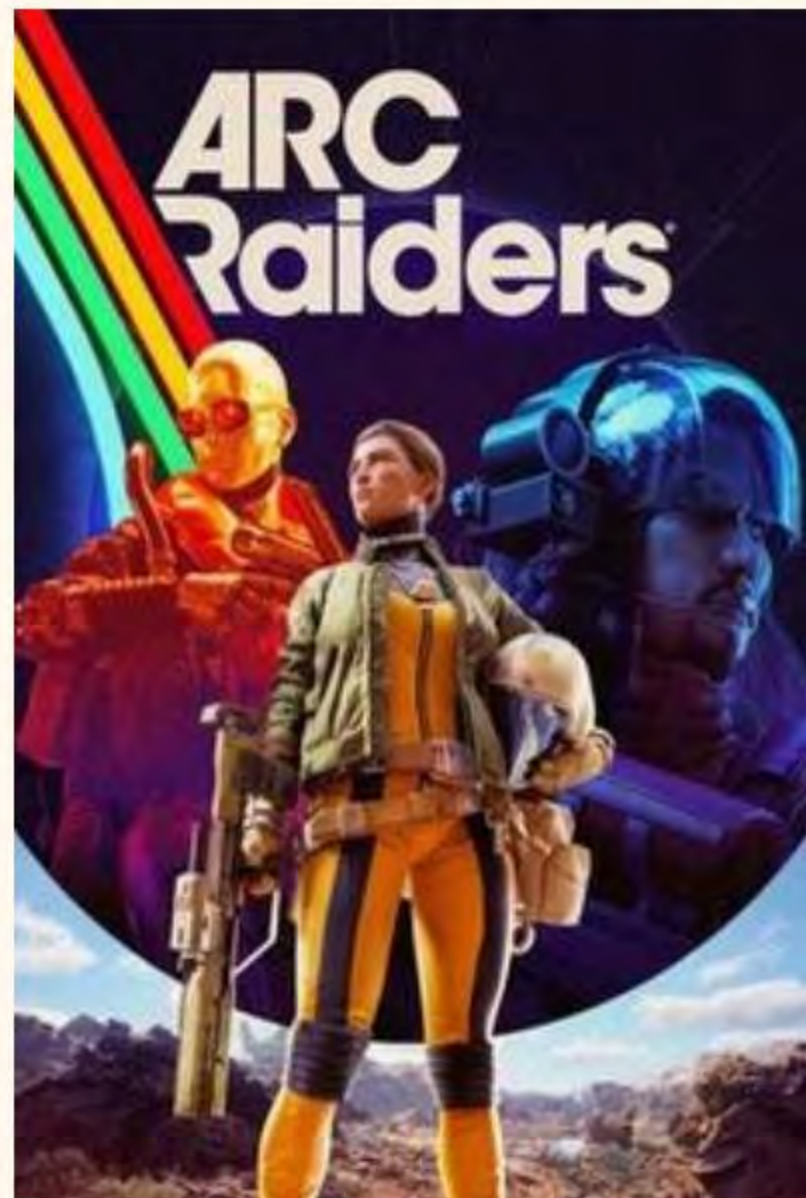
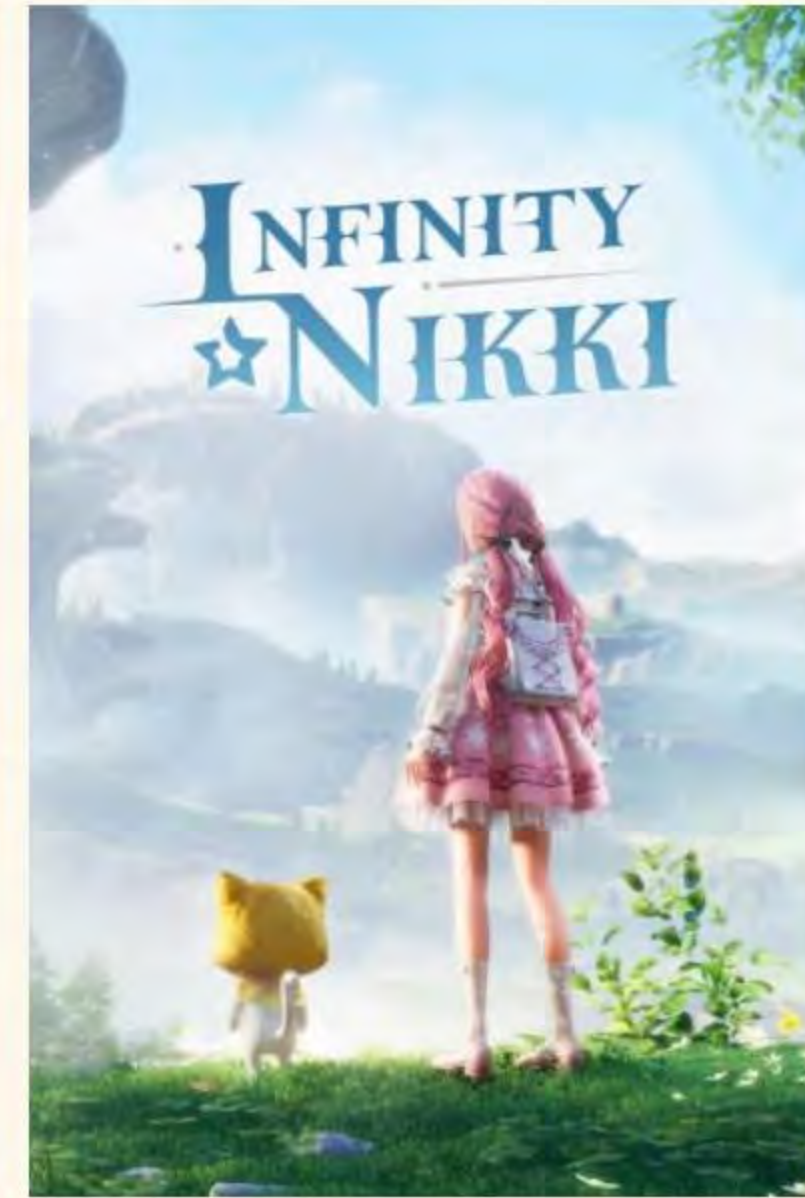


Worldwide Consumer Spending on Video Game Content

(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services)



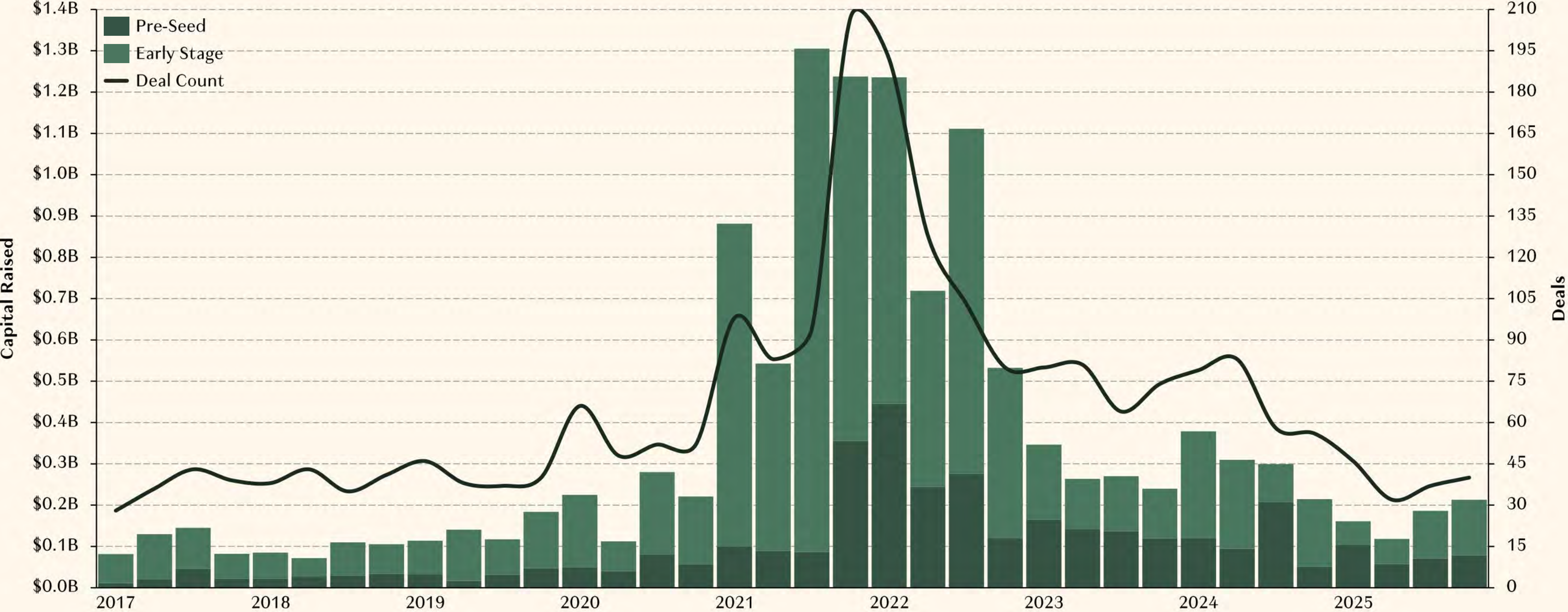
And fortunately, 2025 as with years prior, boasted several new hit franchises and studios, while many older franchises and studios achieved new heights



But despite three straight years of industry growth, a new record high for revenues, and a smattering of new hits each year, private funding for gamemakers fell another 55% in 2025



Worldwide VC and Private Equity Funding In Video Gaming Content Development Studios/Publishers by Quarter
 (Nominal Prices; Excludes Investments In Video Game-Related Technology and Delivery Companies)



The major gamemakers also continued to whittle their portfolios, cancelling even more of their pipeline in 2025 and shutting down scores of still-operating titles



EA cancels Black Panther and shuts down Cliffhanger Games

EA says the cuts come as its "sharpens [its] focus and puts [its] creative energy behind the most significant growth opportunities"

Announcing Changes to Warcraft Rumble Support

Microsoft Scraps 'Perfect Dark' Reboot, 'Everwild' and Other Games, Closes Studio The Initiative

Sony Cancels Two More PlayStation Projects in Broader Retreat

2K Fires Studio Head After Disappointing *Project Ethos* Reveal

Sony cancels two live service projects including God of War title

New 'Titanfall' Game Was Actually Real, But It's Canceled

Warner Bros. closes Monolith Productions and MultiVersus studio, cancels Wonder Woman game

Amazon Games gutted amid 14,000 layoffs: work on first-party games and MMOs in particular scaled back,

DEVELOPMENT TEAM ANNOUNCEMENT

We have made the decision to cancel the development of KINGDOM HEARTS Missing-Link.

Ubisoft has cancelled 6 games, including the Prince of Persia: The Sands of Time remake

Transformers: Reactivate canceled, studio scaling down

NetEase closes a fifth Western studio: Just two years after it was founded

Sony's Live-Service Ambitions Take Another Blow As Fairgames' Creative Director Leaves Haven Studios Mid-Development

11 bit Studios Faces Investor Backlash Over \$12M Canceled Game

Video game giant Ubisoft closes Halifax studio, cutting 71 jobs

Netflix shuts down its Squid Game mobile studio / More than three years

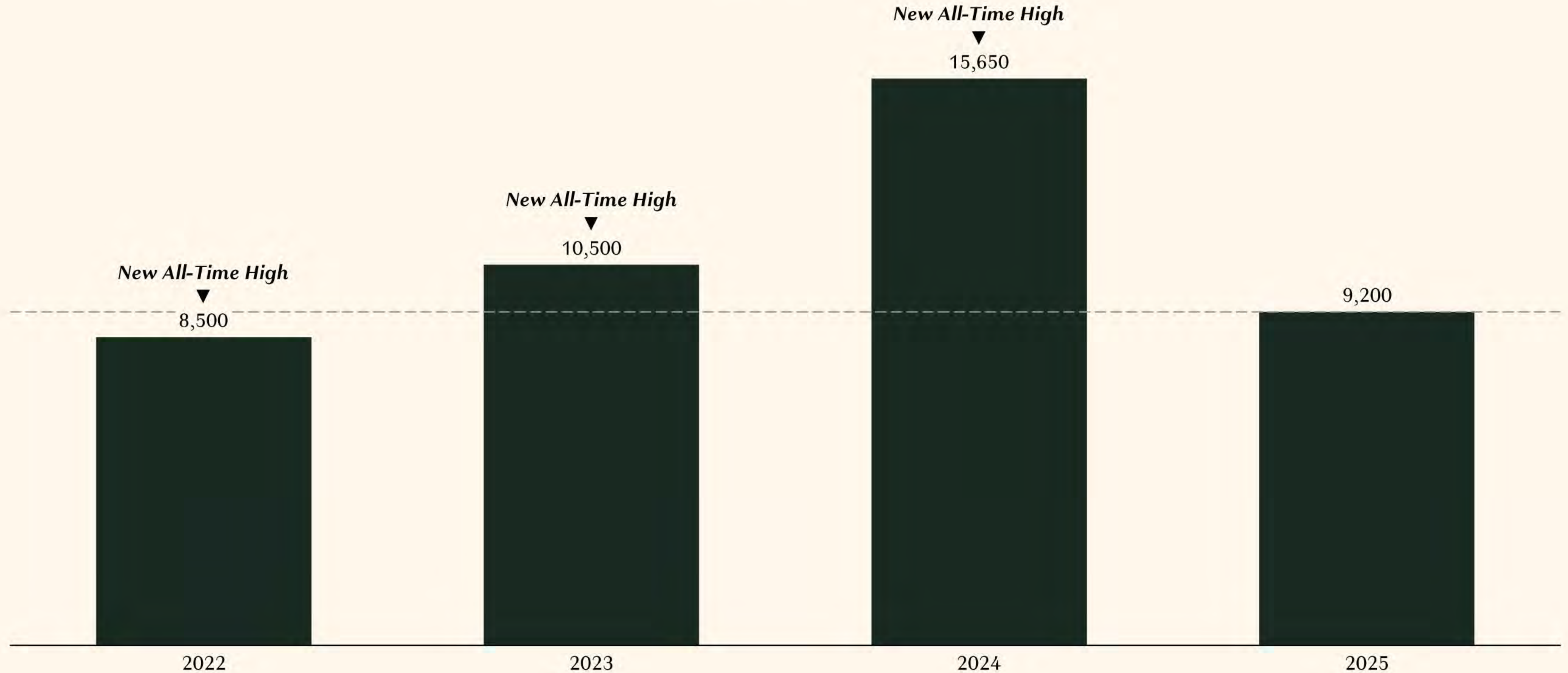
EA's F1 Series Undergoing "Strategic Reset," Skipping 2026 Release

Riot Games cancels Hytale and shuts down Hypixel Studios after 7 years of development

With budgets cut and funding scant, layoffs continued. 2025 was 40% lighter than 2024, but the year still saw some 9,200 losses and brought the four-year total to nearly 44,000



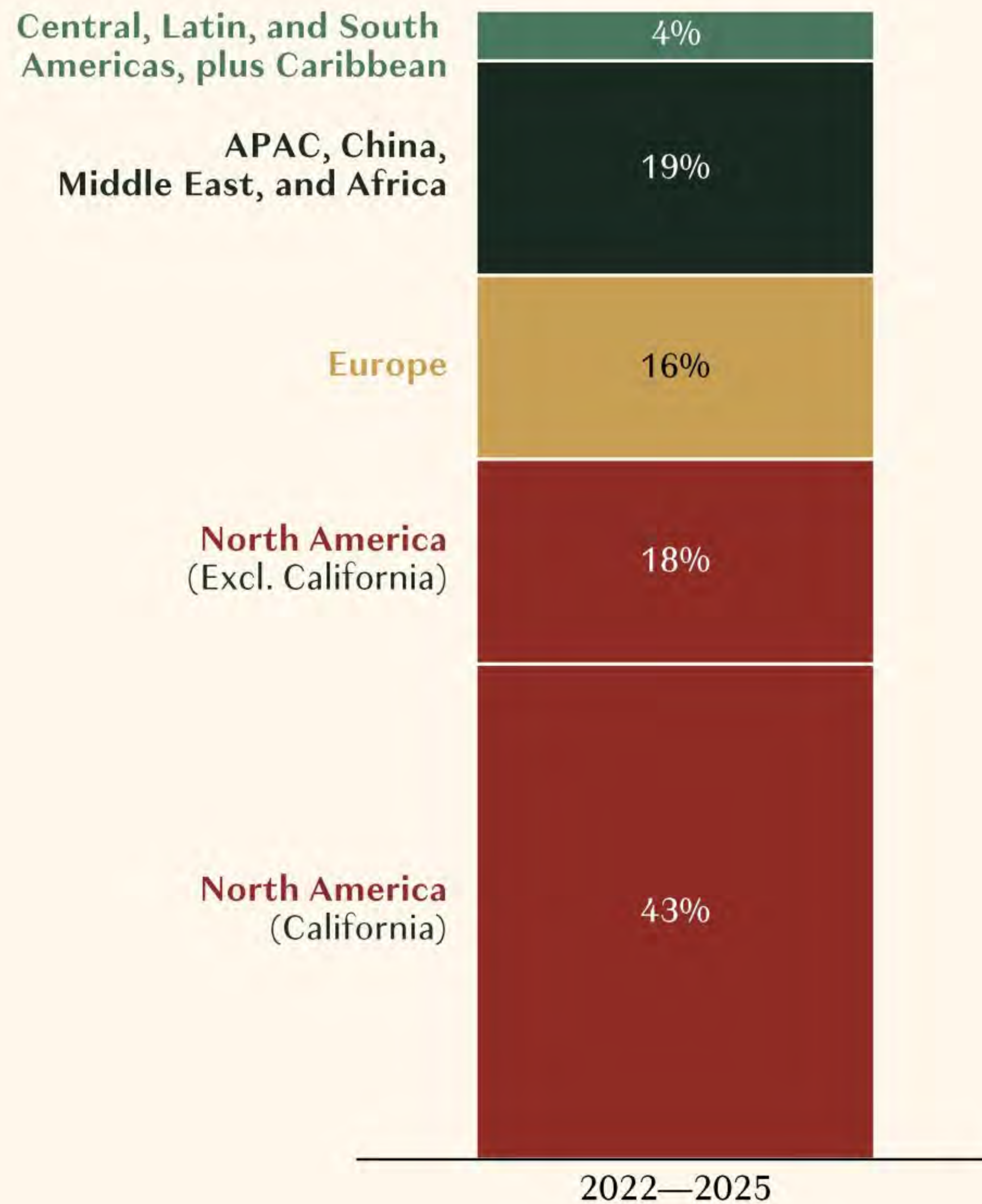
Annual Gross Reported Layoffs in the Video Game Industry (Not Net of Hiring)



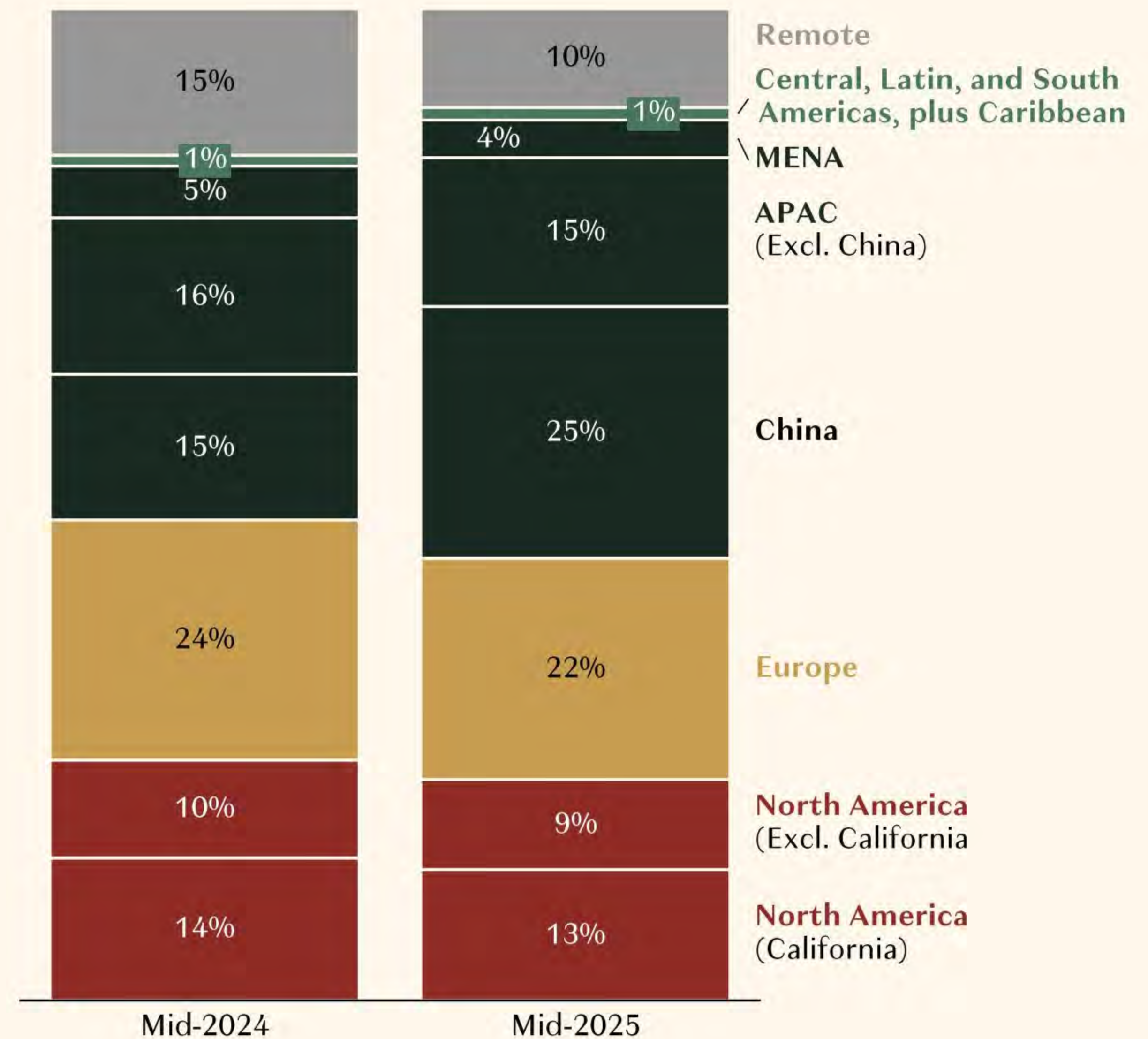
And while hiring has returned (ASGC tracked over 13,000 open postings at the end of 2025), these jobs are highly and increasingly concentrated in lower cost markets



Video Game Industry Layoffs
(Global; 2022–2025; As Tracked)



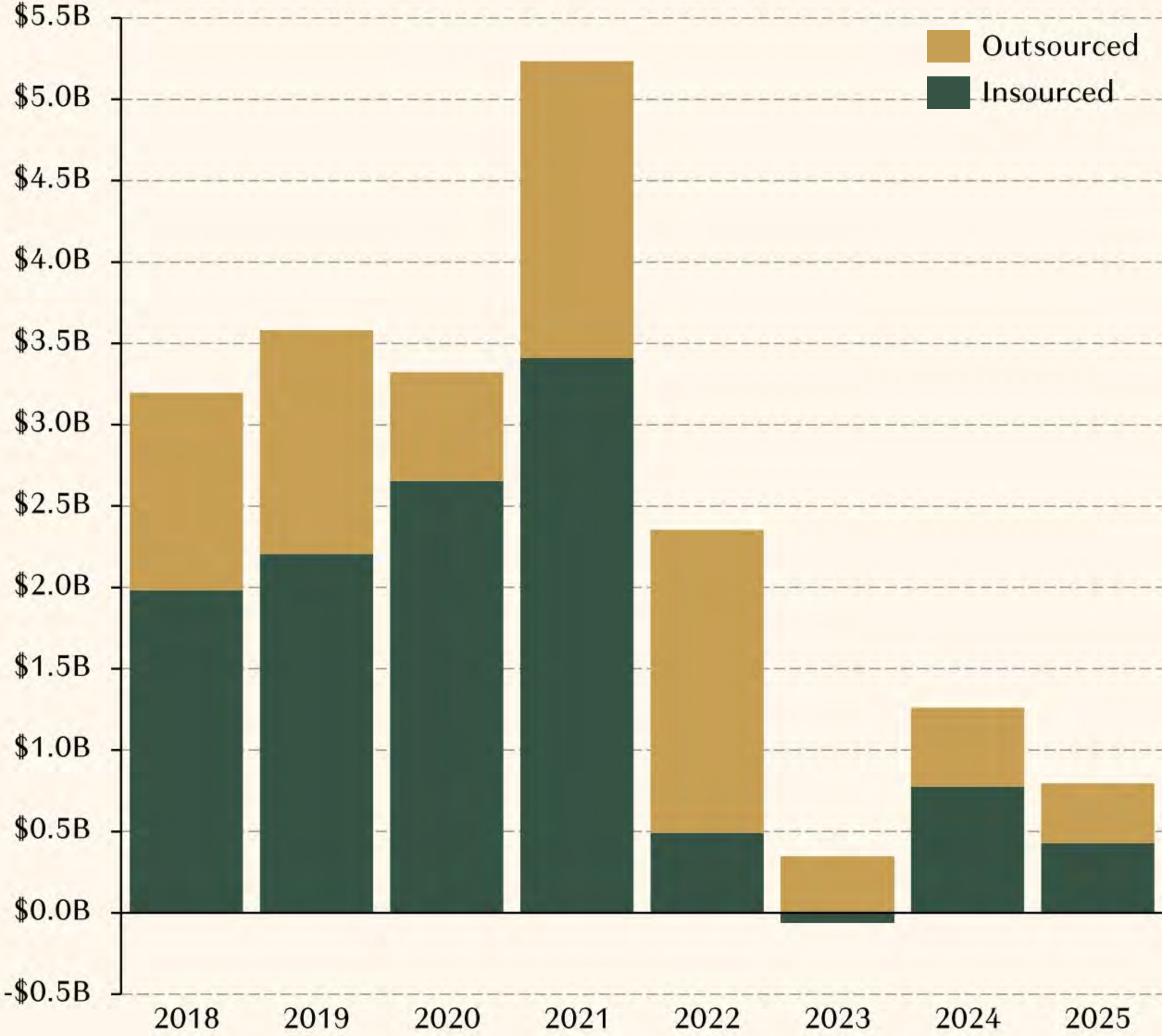
Video Game Industry: Open Roles
(Global; As Tracked)



Moreover, an increasing share of new content investment goes to external development partners that can offer lower talent costs, shorter commitments, and more flexible contracts



Growth in Video Game Content Development Spend
(Worldwide; PC + Console + Mobile + VR)



Outsourced Share of Total YoY Increase
(Worldwide; PC + Console + Mobile + VR)



In sum, the video gaming industry (overall) continued its restructuring and retreat despite revenue growth

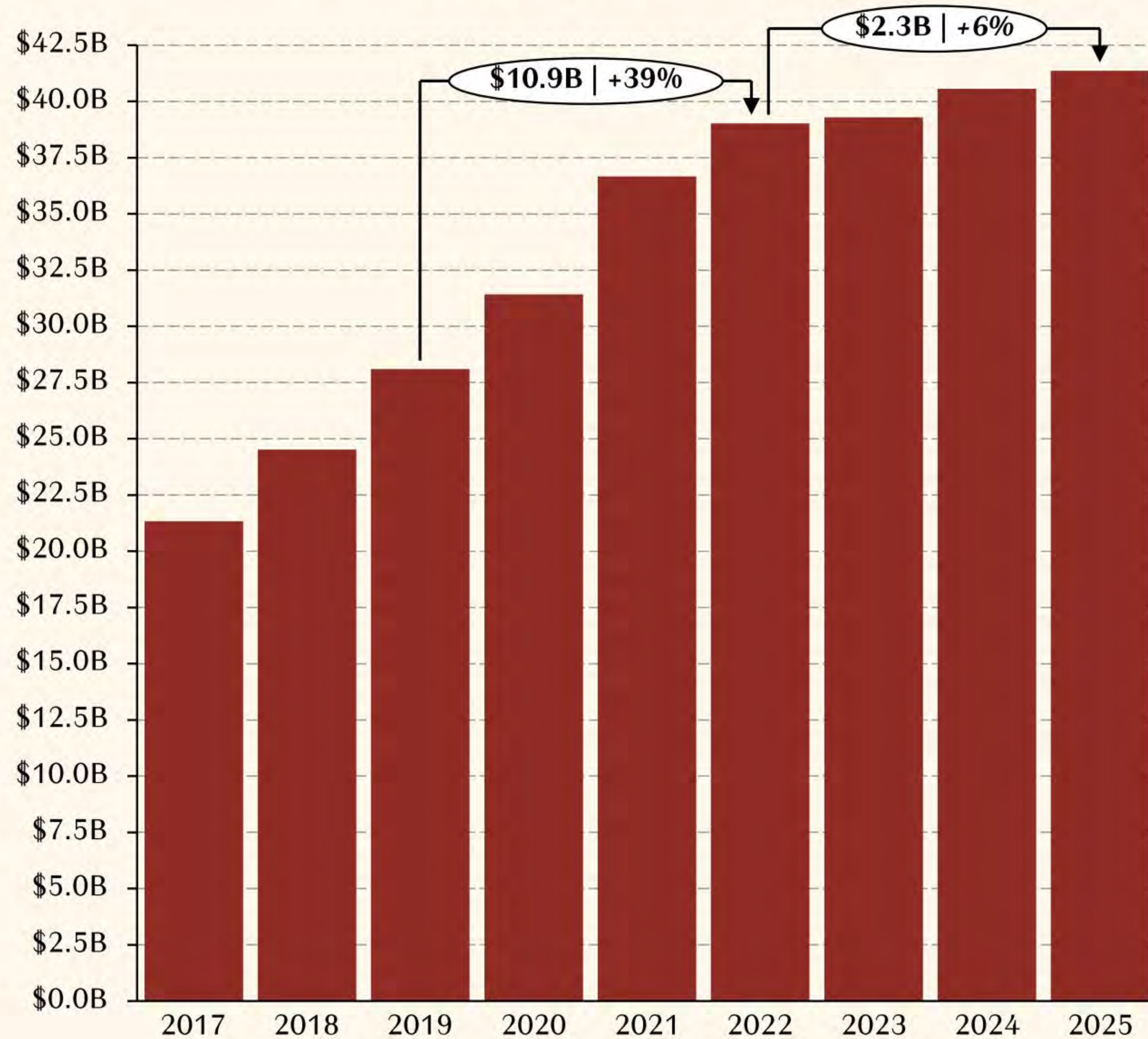


Which resulted in...

In 2025, content investment as a share of net revenues hit a (non-pandemic) 7-year low. From 2019–2022, annual content spend grew \$11B (+39%). 2022–2025 was only \$2.3B (+6%)



Total Video Game Content Development Spend
(Worldwide; PC + Console + Mobile)



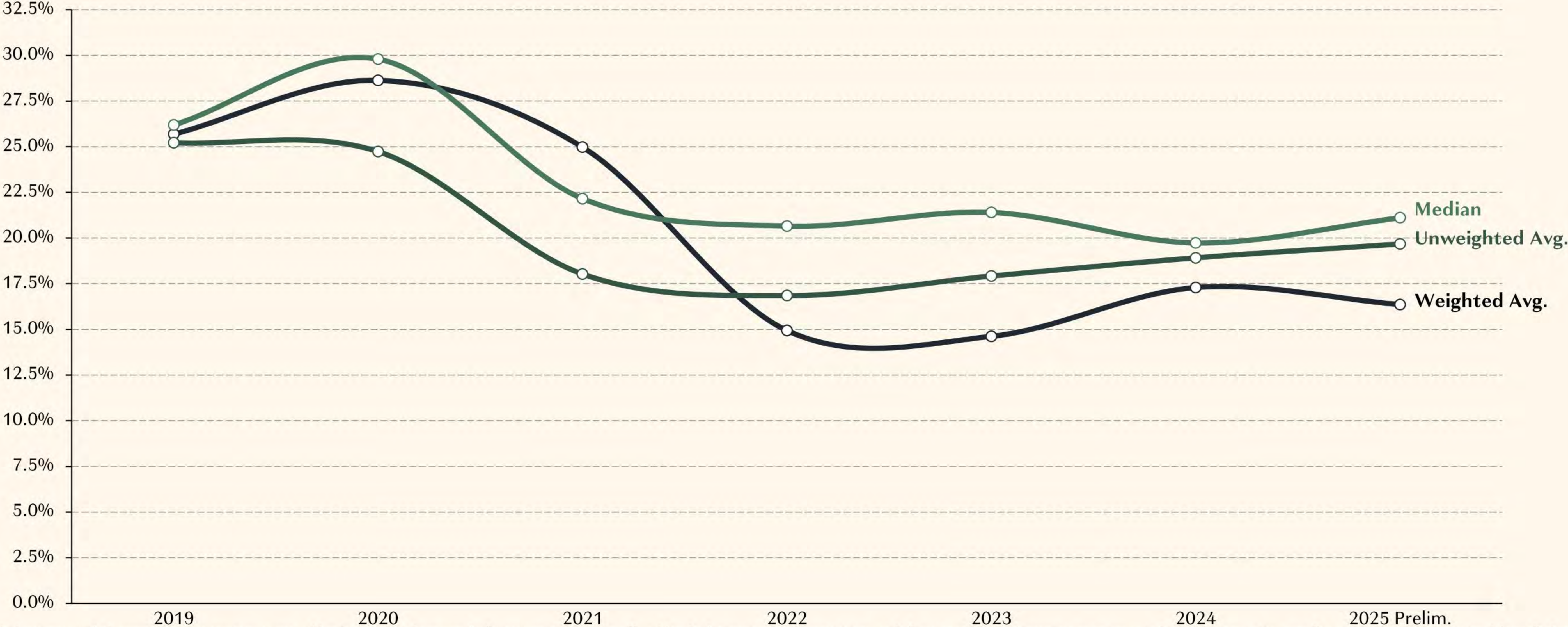
Content Dev Spend as a Share of Net Revenue
(Worldwide; PC + Console + Mobile)



Even so, the operating margins of standalone gamemakers (i.e., those not owned by game platforms) outside China are far below pre-pandemic levels and struggling to grow



Adj Operating Income as a Share of Net Revenue: 34 Non-China, Non-Platform Video Game Publishers with Accessible P&Ls
 (Worldwide; All Platforms; Sample set covers \$59B in net revenue in 2025)

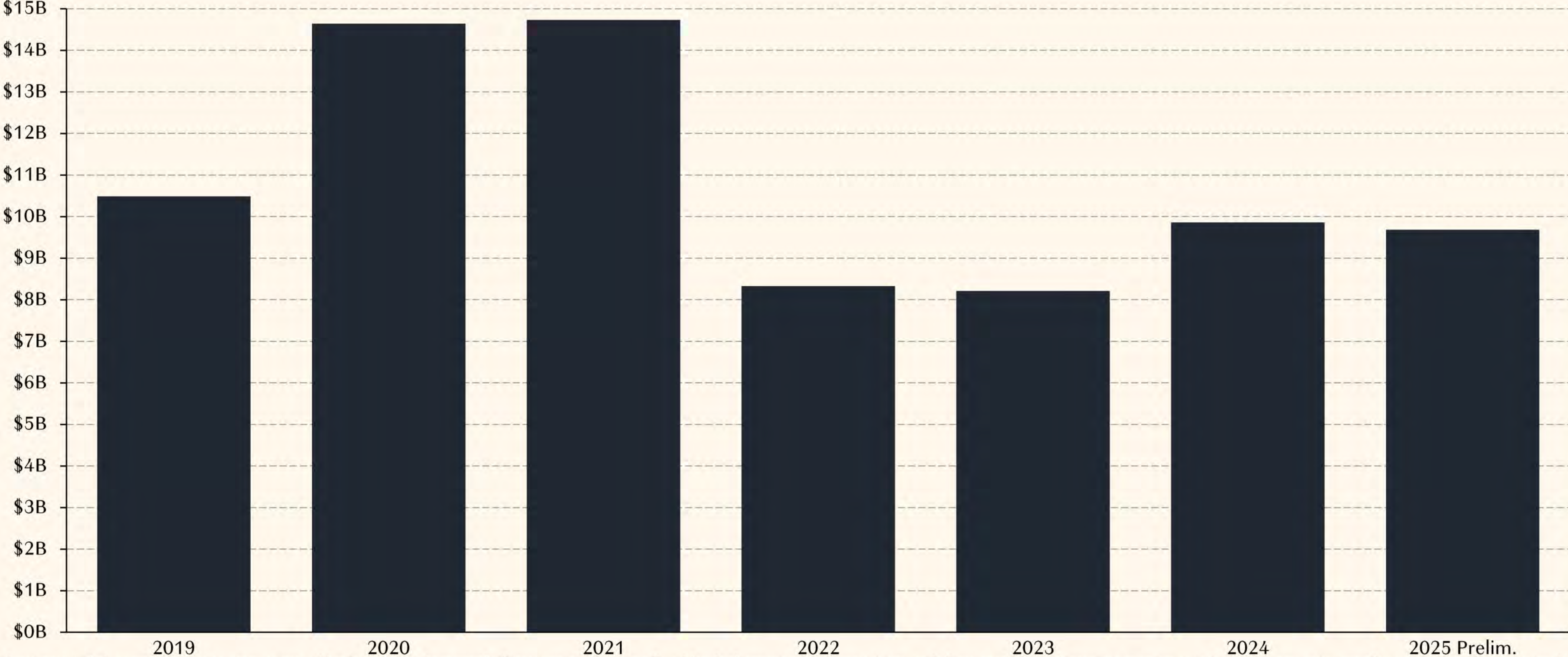


Notes: ¹Adjustments include converting gross revenues to net, adding back extraordinary goodwill impairments and write-offs, adding back amortization for acquisitions, and allocating unallocated corporate expenses to individual business units, as well as spot-based assumptions/modeling, all where necessary. Publishers include Activision Blizzard, AppLovin (Apps Division), Aristocrat (Pixel United Division), Capcom (Digital Content Division), CD Projekt, Devolver, Dream Games, EA, Embracer, Epic Games (Content Division), Everplay, Garena, Gravity, Gungho, Huuuge, Konami, Krafton, Light & Wonder (SciPlay Division), NCSoft, Netmarble, Nexon, Paradox, Pearl Abyss, Playtika, Pullup, Roblox, Sega (Entertainment Contents Division), Smilegate, Square Enix (Digital Entertainment Division), Stillfront, Take-Two, Ten Square Games, Ubisoft, Voodoo
 Epyllion's State of Video Gaming in 2026 Source: The companies, Epyllion analysis

In fact, the erosion in margins is so great that *total* operating profits have declined since 2019 despite consumer spending surging 40%+ (equivalent to \$56 billion a year)



Adjusted Operating Income: 33 Non-China, Non-Platform Video Game Publishers with Accessible P&Ls
(Worldwide; All Platforms; Sample set covers \$59B in net revenue in 2025)



Notes: ¹Adjustments include converting gross revenues to net, adding back extraordinary goodwill impairments and write-offs, adding back amortization for acquisitions, and allocating unallocated corporate expenses to individual business units, as well as spot-based assumptions/modeling, all where necessary. Publishers include Activision Blizzard, AppLovin (Apps Division), Aristocrat (Pixel United Division), Capcom (Digital Content Division), CD Projekt, Devolver, Dream Games, EA, Embracer, Epic Games (Content Division), Everplay, Garena, Gravity, Gungho, Huuuge, Konami, Krafton, Light & Wonder (SciPlay Division), NCSoft, Netmarble, Nexon, Paradox, Pearl Abyss, Playtika, Pullup, Roblox, Sega (Entertainment Contents Division), Smilegate, Square Enix (Digital Entertainment Division), Stillfront, Take-Two, Ten Square Games, Ubisoft, Voodoo
Epyllion's State of Video Gaming in 2026
Source: The companies, Epyllion analysis



Chapter I: Spending Growth but More Retrenchment and Margin Struggles in 2025

Chapter II: Why Growth is Scarcer Than Headlines Suggest

Chapter III: Video Games Are Losing the Attention War in the “Major Market 8”

Chapter IV: The Novel Interactive Competitors Taking Attention, Time, and Spend from Video Games

Chapter V: The Five Biggest Areas of Revenue Growth in the Video Game Industry in 2026

Chapter VI: Closing Thoughts on the “Industry” and Finding Growth in 2026

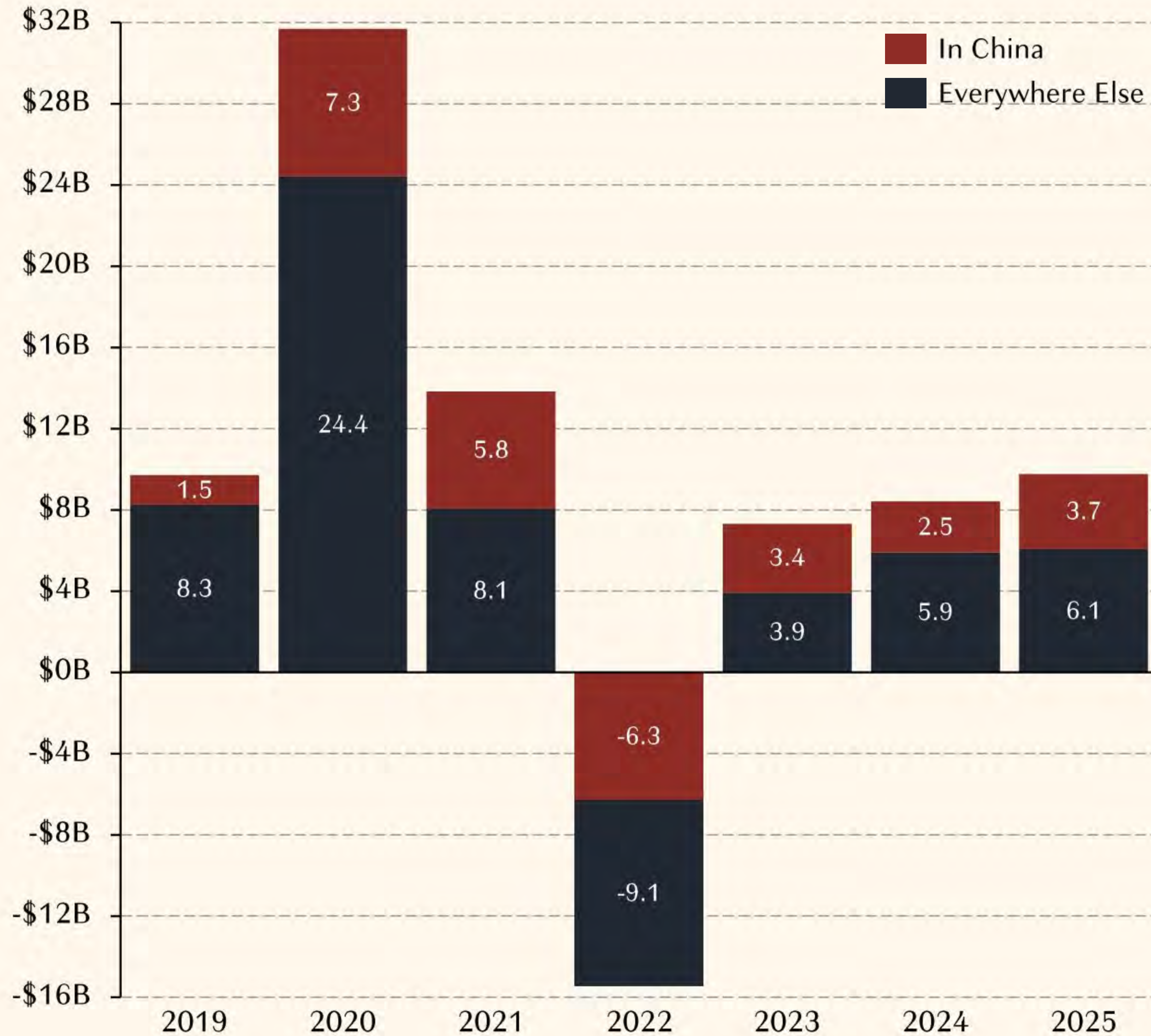
While global consumer spend is now at all-time highs, these topline headlines cover up what has really been a *shrinking* pool of revenue for most developers/publishers. Why?



China: 20% of global player spend, but now 38% of growth (v. 15% in 2019). If a gamemaker wants to “match” global growth, they must win in China (or grow 1.6x the market elsewhere!)



Global Growth in Consumer Spend on Video Games
(PC + Console + Mobile; Spend on Content + Services; Excludes VPN Buys)



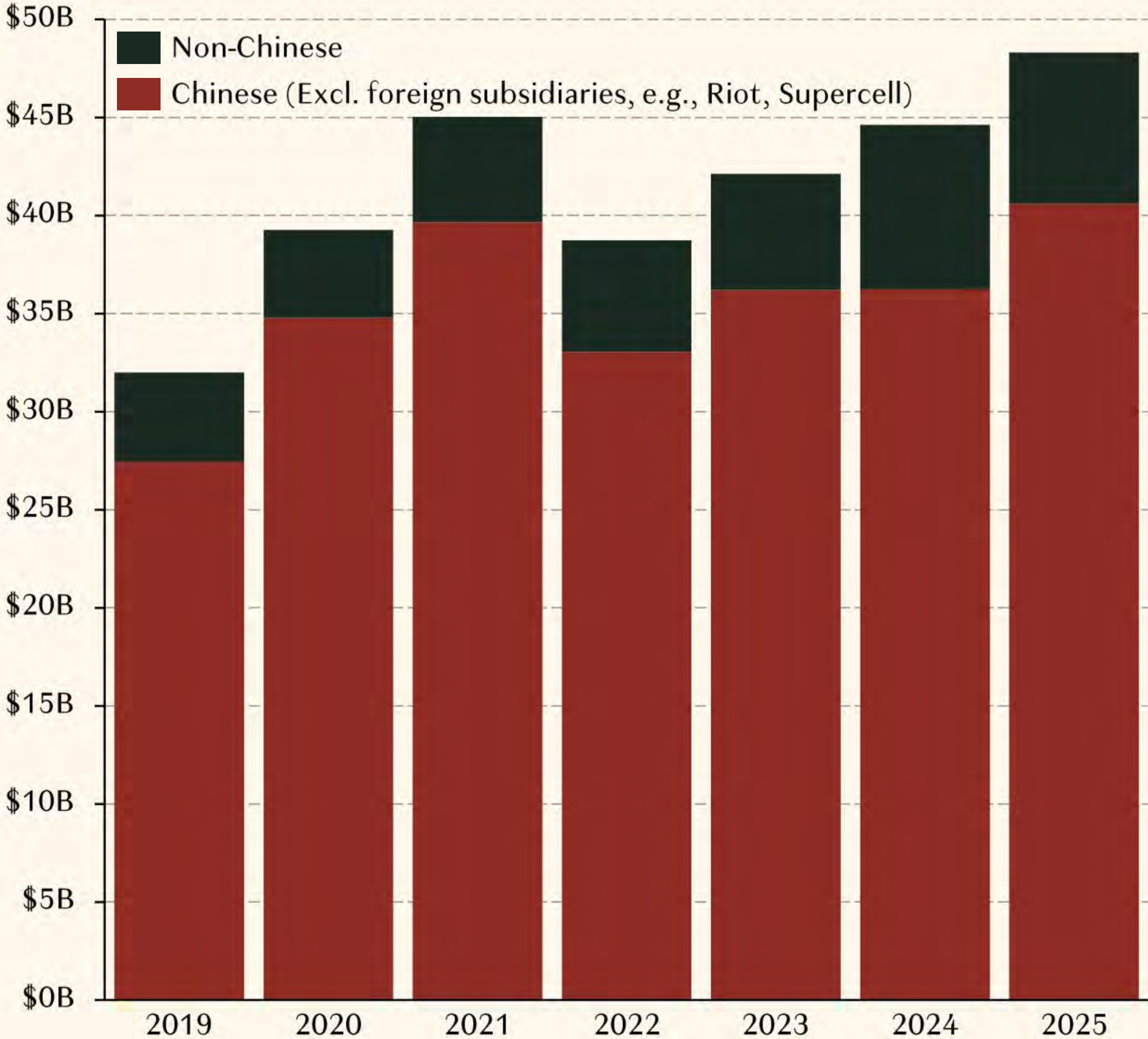
Chinese Market's Share of Global Spending Change
(PC + Console + Mobile; Spend on Content + Services; Excludes VPN Buys)



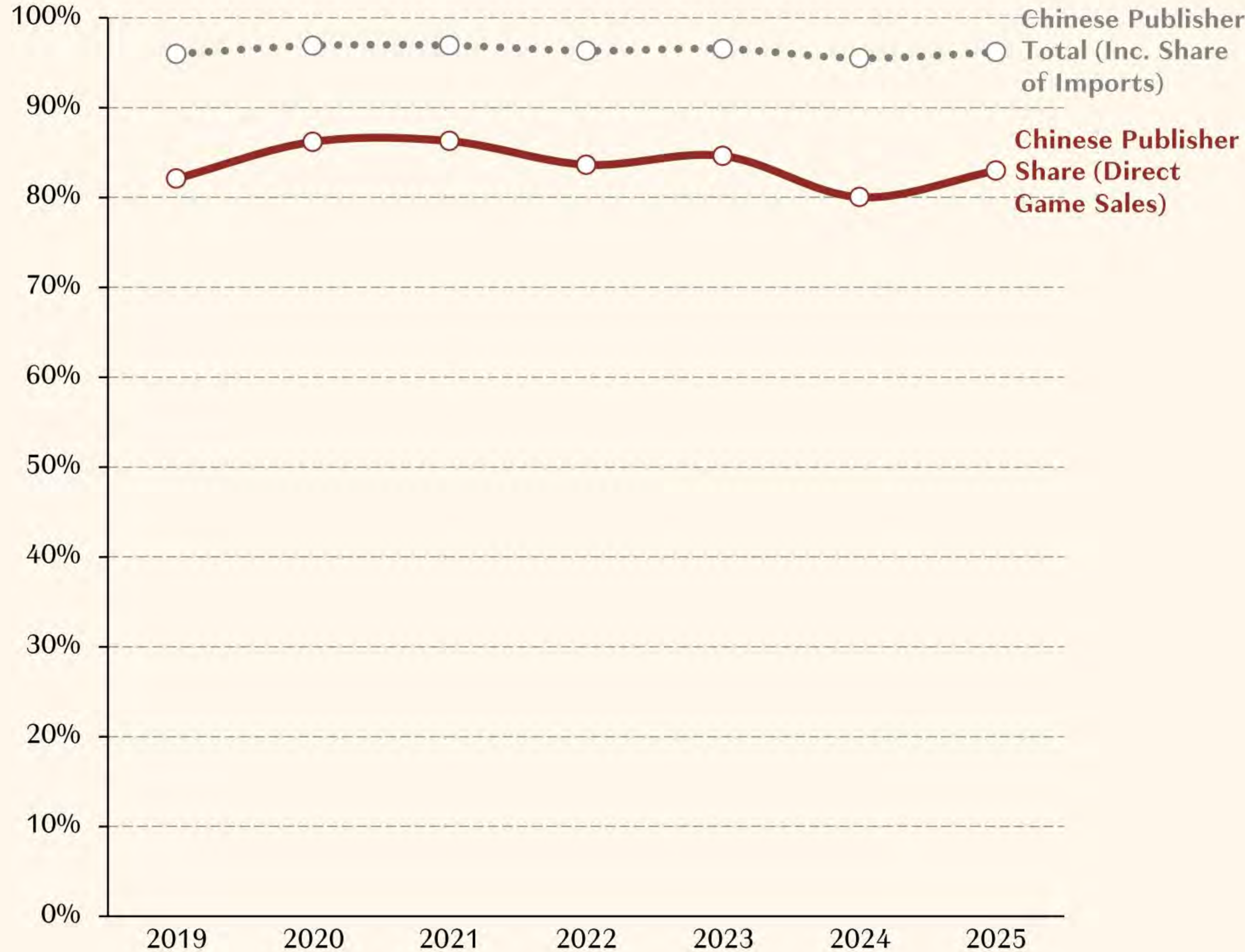
China: 84% of its player spend goes to Chinese-made games. And foreign gamemakers net only a quarter of the remaining 16% spent on imports after local publishing and distribution



China Spend on Video Games by Developer Origin
(PC + Console + Mobile; Spend on Content + Services; Excludes VPN Buys)



Chinese Gaming Companies' Share of China Spend
(PC + Console + Mobile; Spend on Content + Services; Excludes VPN Buys)



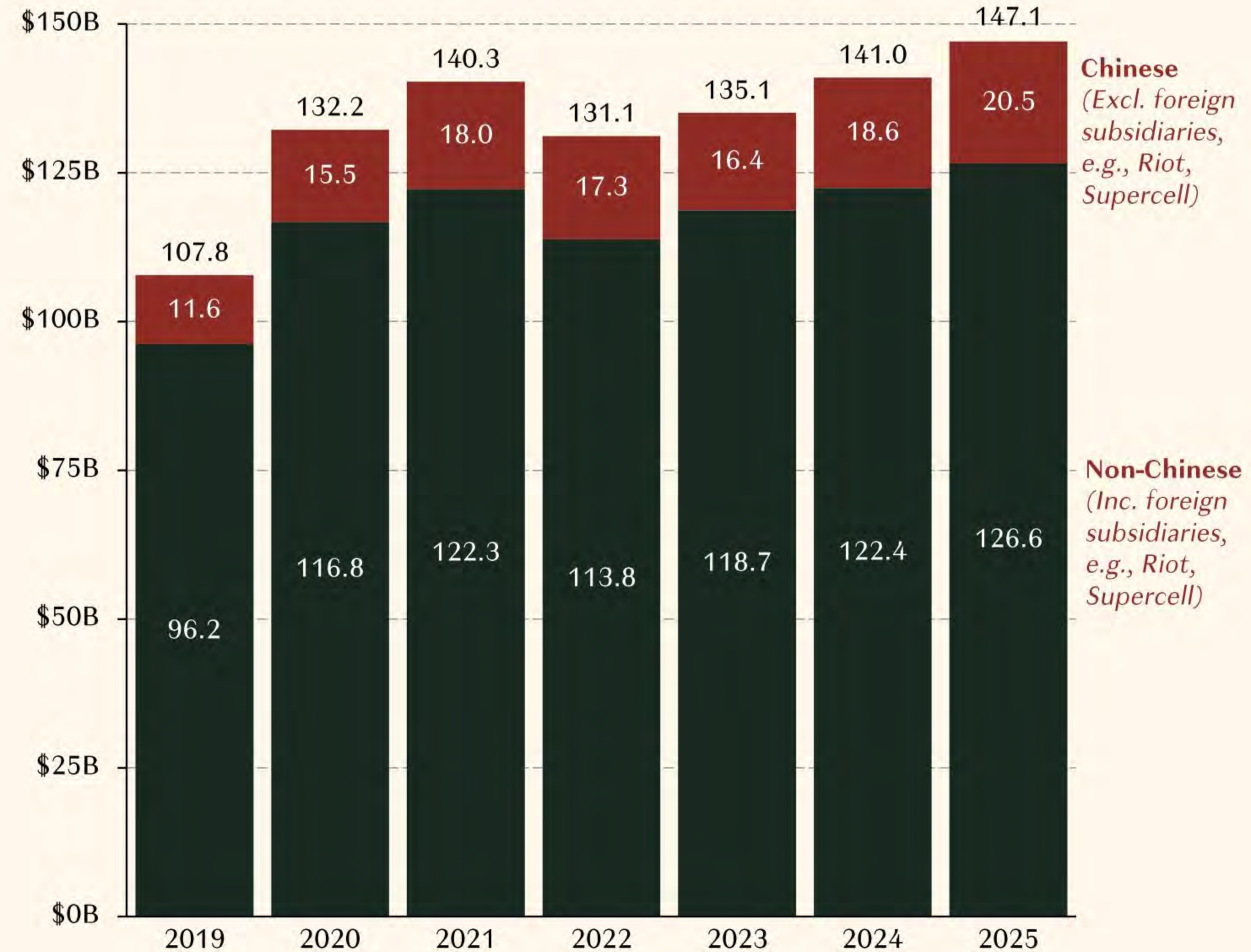
China: Chinese gamemakers have also grown their annual share of the *non-China* market from 10.7% to 14% in six years, thereby grabbing 24% of total non-China growth since 2019



Chinese Dev's Share of Non-China Game Spend
(PC + Console + Mobile; Spend on Content + Services; Excludes VPN Buys)



Non-China Spend on Video Games by Dev Origin
(PC + Console + Mobile; Spend on Content + Services; Excludes VPN Buys)

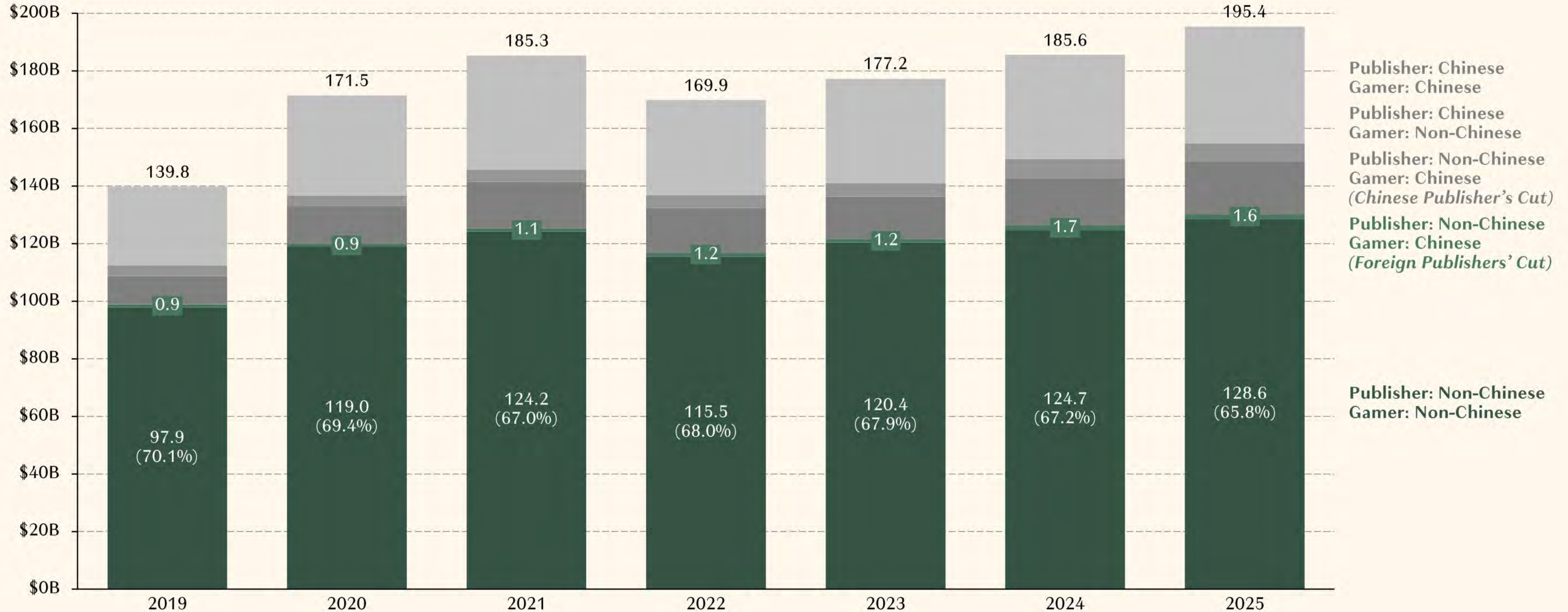


China: While the Chinese market is only 20% of global player spending and “only” 38% of growth, Chinese publishers have captured ~50% of global player spending growth since 2019



Global Consumer Spending on Video Games

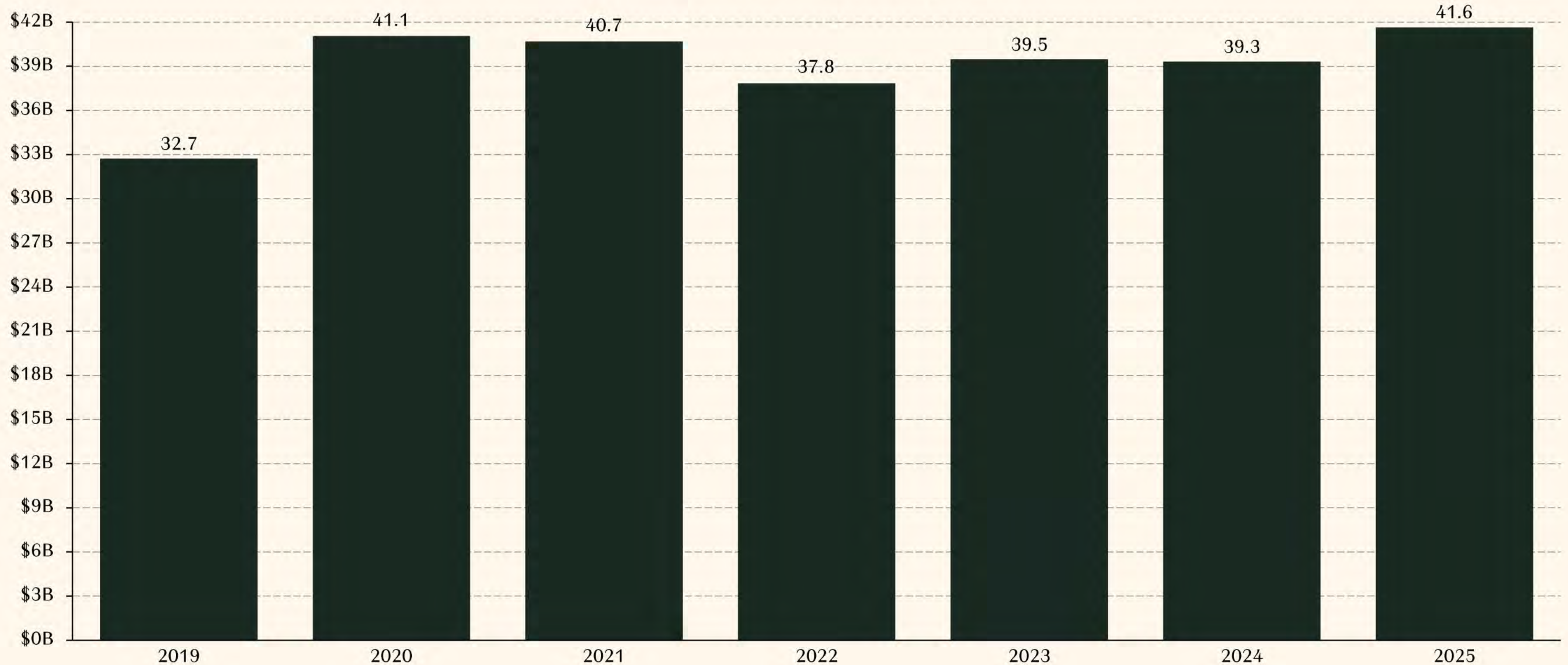
(PC + Console + Mobile; Spend on Content + Services; Chinese Game Buys Using VPN are Talled Outside China)



Console: By 2025, the category had more than recovered from its post-pandemic sales pullback, hitting an all-time high of \$41.6B (2.3% or \$570MM above the 2020 high)



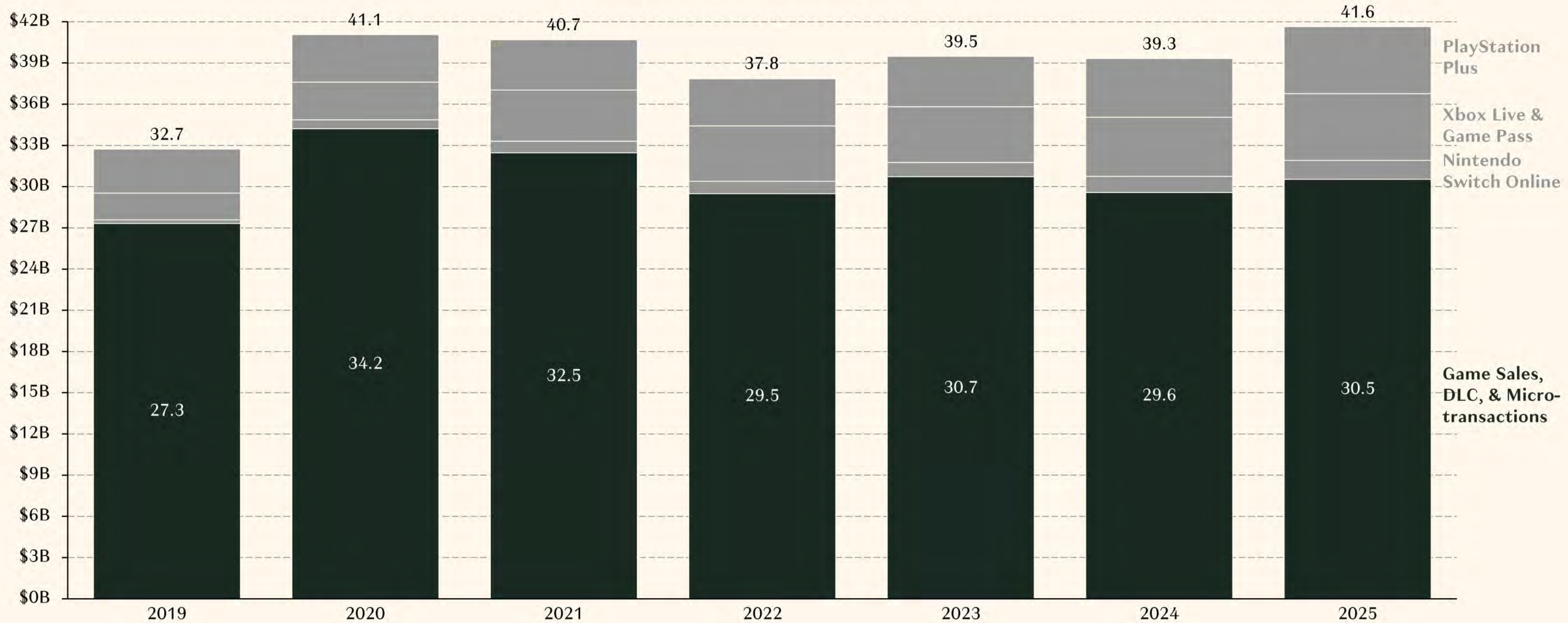
Worldwide Consumer Spending on Console Video Game Content
(Including Software and Subscriptions)



Console: Yet 119% of net spending growth since 2020 has gone to platform services. Total spending on *game sales and transactions* is down nearly \$3.7B per year (or 11%)



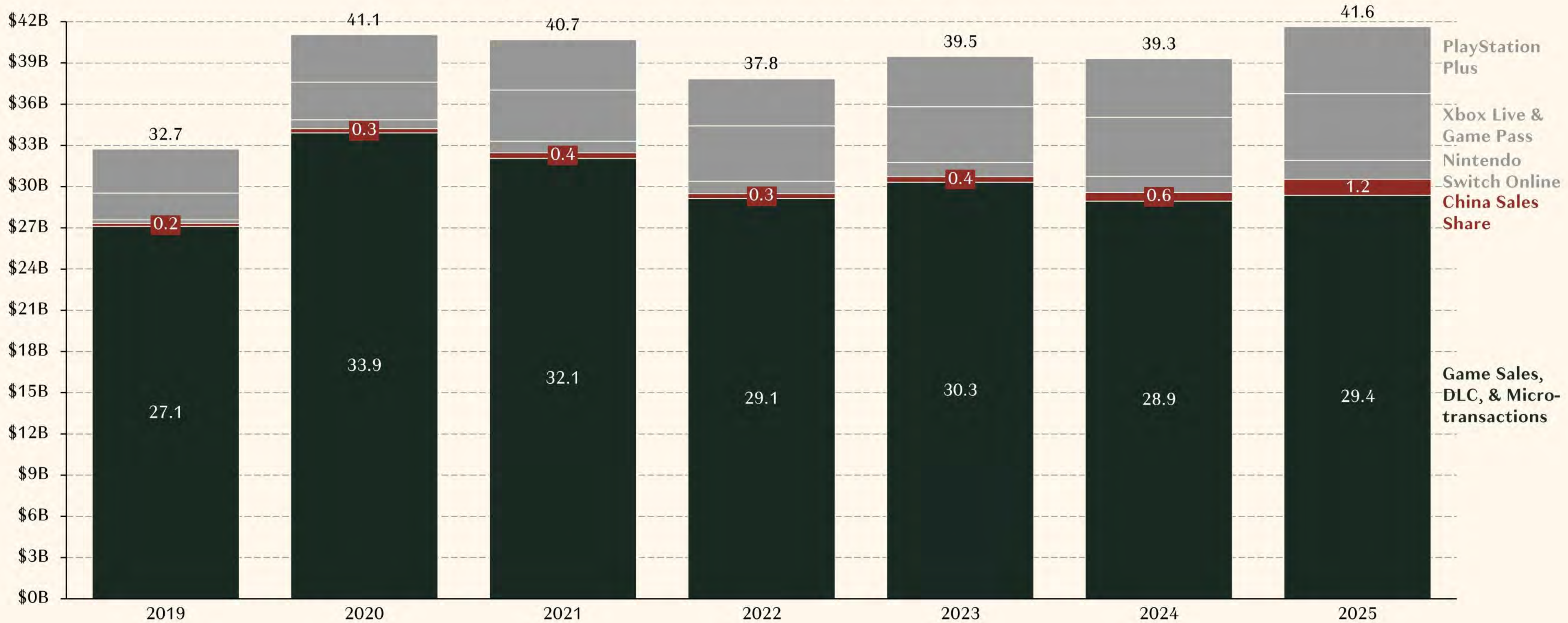
Worldwide Consumer Spending on Console Video Game Content
(Including Software and Subscriptions)



Console: And as Chinese sales are >150% of total spending growth since 2020, the actual market for gamemakers has shrunk by ~\$4.6B (and is up only 8% since 2019!)



Worldwide Consumer Spending on Console Video Game Content
 (Console; Including Software and Services; Chinese Game Buys Using VPN are Talled Outside China)



PC: Not only did it skip a post-pandemic decline, but annual PC content sales have also grown by a remarkable 30% (or \$9.4B) since 2020, roughly 16x as much dollar growth as console



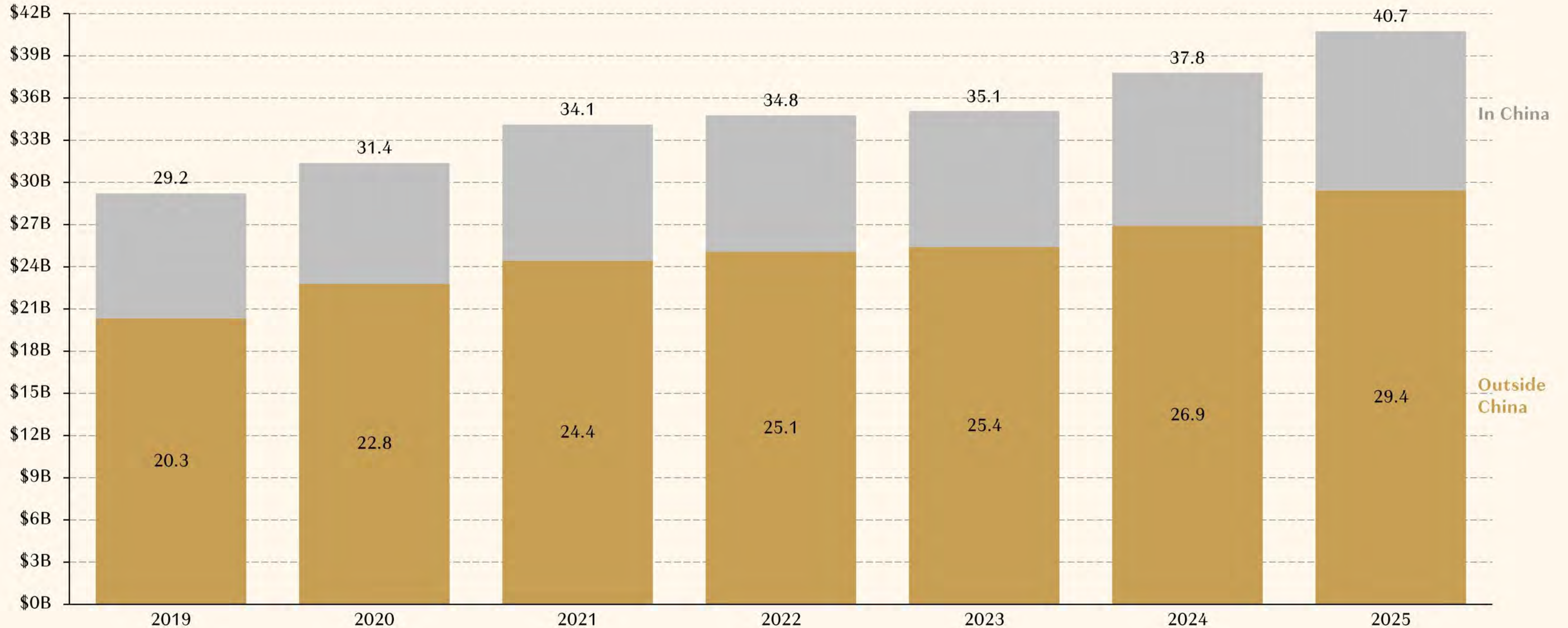
Worldwide Consumer Spending on PC Video Game Content
(Including Software and Subscriptions)



PC: Even after factoring out China-based sales, which constituted 29% of total growth since 2020, PC content sales are still up roughly +\$6.7B



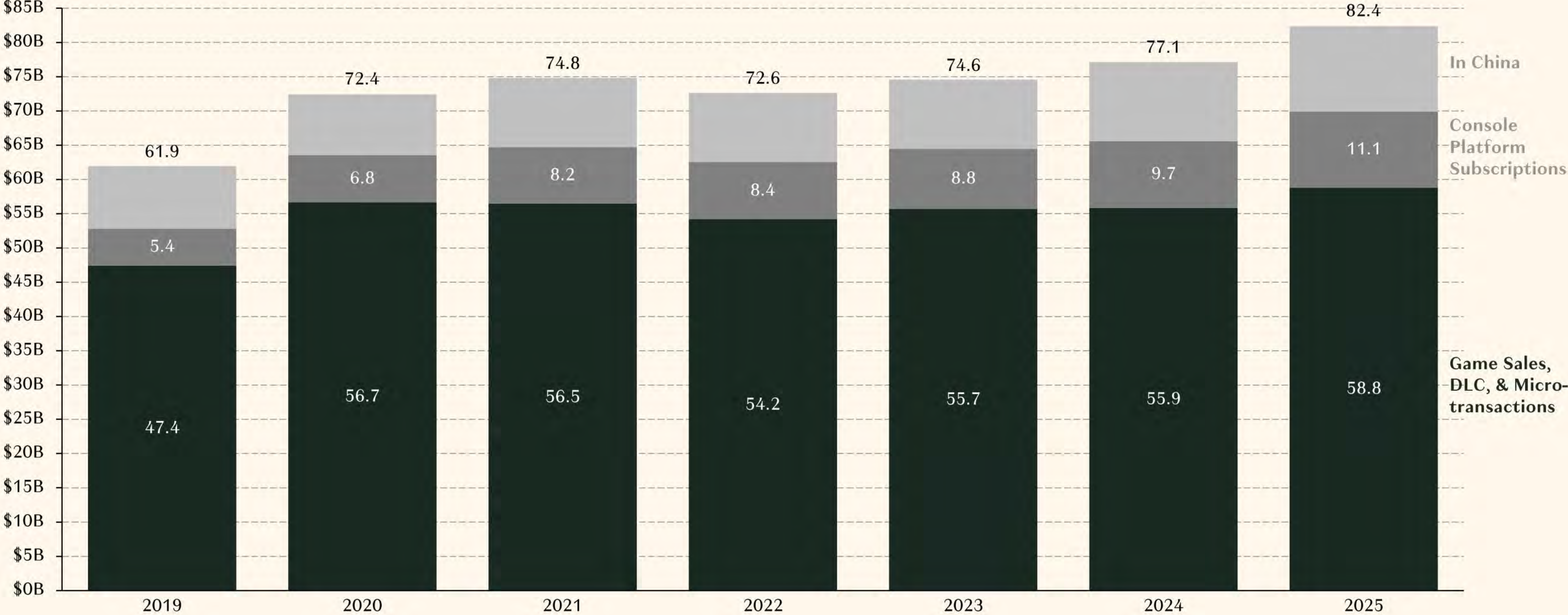
Worldwide Consumer Spending on PC Video Game Content
(PC + Console + Mobile; Spend on Content + Services; Chinese Game Buys Using VPN are Talled Outside China)



PC/Console: But PC's growth only just outstripped console's decline. Together and excluding China, the category is +\$2.1B (+3.7%) since 2020, well under the +\$10B (+14%) headline



Worldwide Consumer Spending on PC & Console Video Game Content
 (PC + Console + Mobile; Spend on Content + Services; Chinese Game Buys Using VPN are Talled Outside China)



PC: Note, too, that much of the recent growth in non-Chinese spending was actually Chinese users who use VPNs to access (and pay for) Steam through foreign markets



Top Two User Languages on Steam¹

(Worldwide; Trailing 90 Day Average; Based on Client Language Setting, Rather than First or Most Used Language)



PC: And in 2025, Chinese-language PC users disengaged from Steam (to local alternatives, presumably), finishing the year with the lowest share of the total since May 2022



Top Two User Languages on Steam¹

(Worldwide; Trailing 90 Day Average; Based on Client Language Setting, Rather than First or Most Used Language)



Roblox: This singular industry expander was over 4.5% of non-China spend in 2025 and has captured (or created) 60% of net growth since 2021



Non-China Consumer Spend
(PC + Console + Mobile; Content + Services)



Roblox Share of Non-China Spend
(PC + Console + Mobile; Content + Services)



Roblox Share of Non-China Growth
(PC + Console + Mobile; Content + Services)

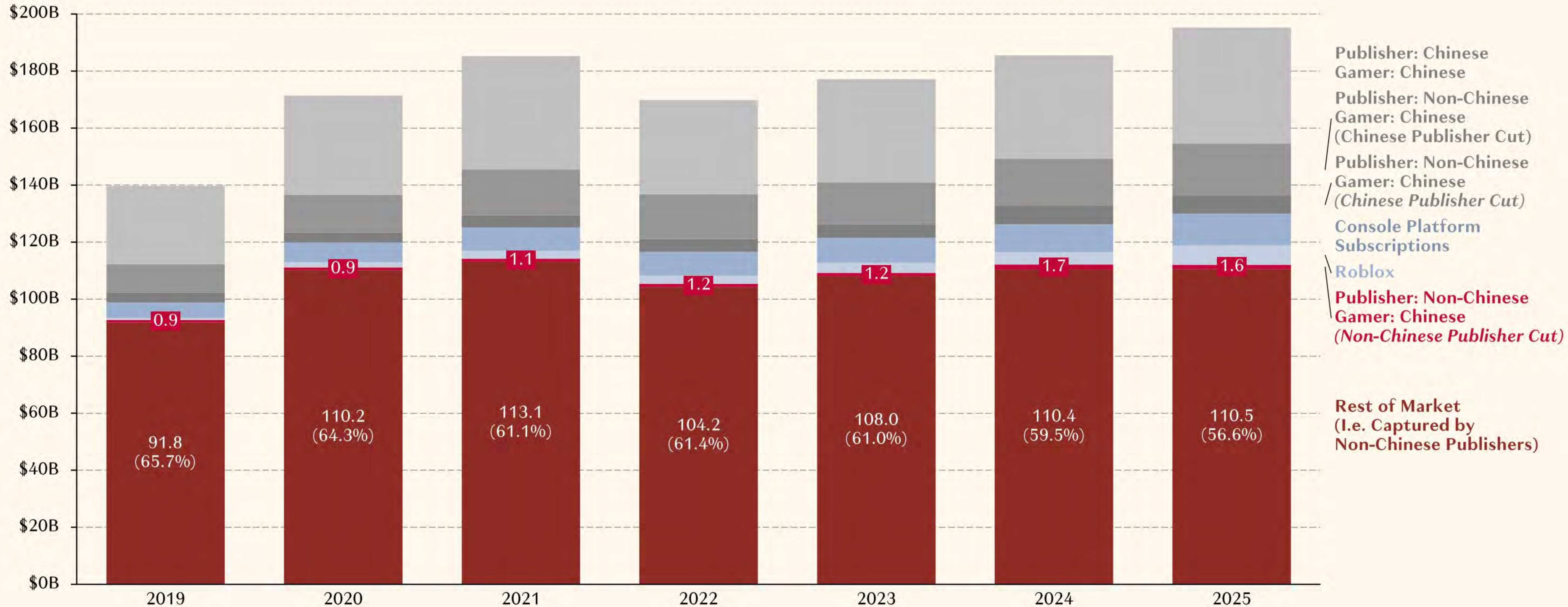


The Realized Market for Non-Chinese Gamemakers: Up only \$1B (or +0.9%) since 2020, even though the total market is up \$24B (+14%). And since 2021, the realized market *shrunk* 1.8%



Worldwide Consumer Spending on Video Game Content

(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services)

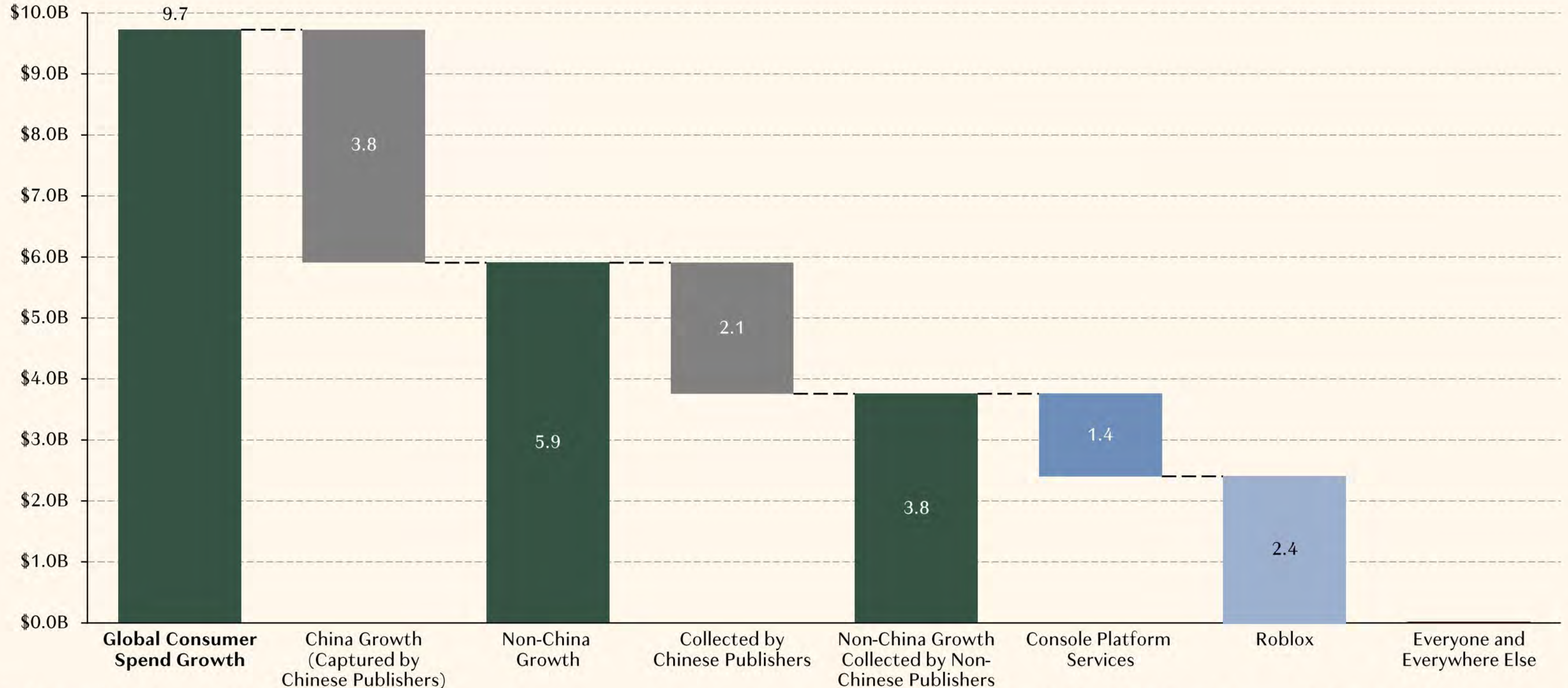


The Realized Market for Non-Chinese Gamemakers: And so while global consumer spend grew \$9.7B in 2025 (to a new all-time high), none of this trickled down to typical publishers



Worldwide Consumer Spending on Video Game Content – 2025 YoY Growth versus 2025

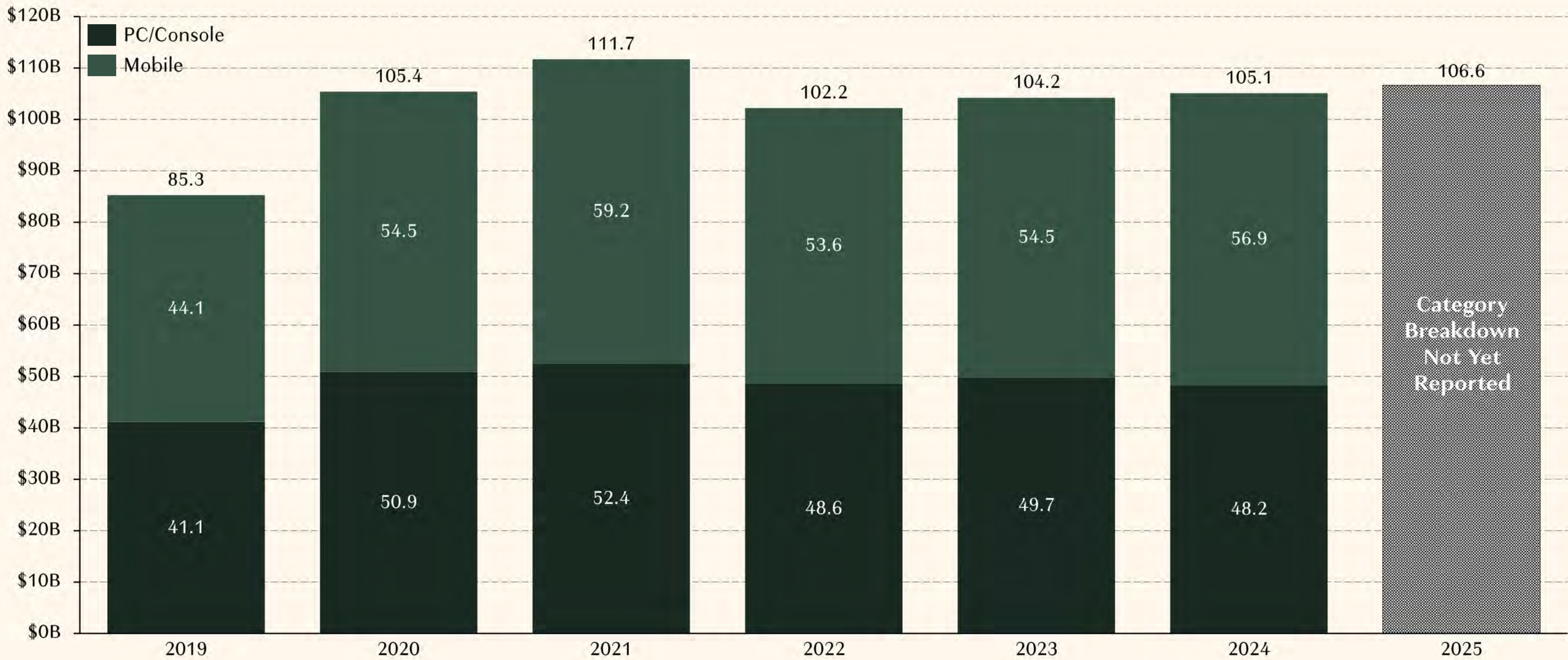
(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services)



Home Markets: Meanwhile, the countries that are typically prioritized by major gamemakers have declined outright; it's smaller and less familiar markets that are growing global revenues



Consumer Spending on Video Game Content in U.S. + Japan + South Korea + Germany + U.K. + France + Canada + Italy (Including Software and Subscriptions)

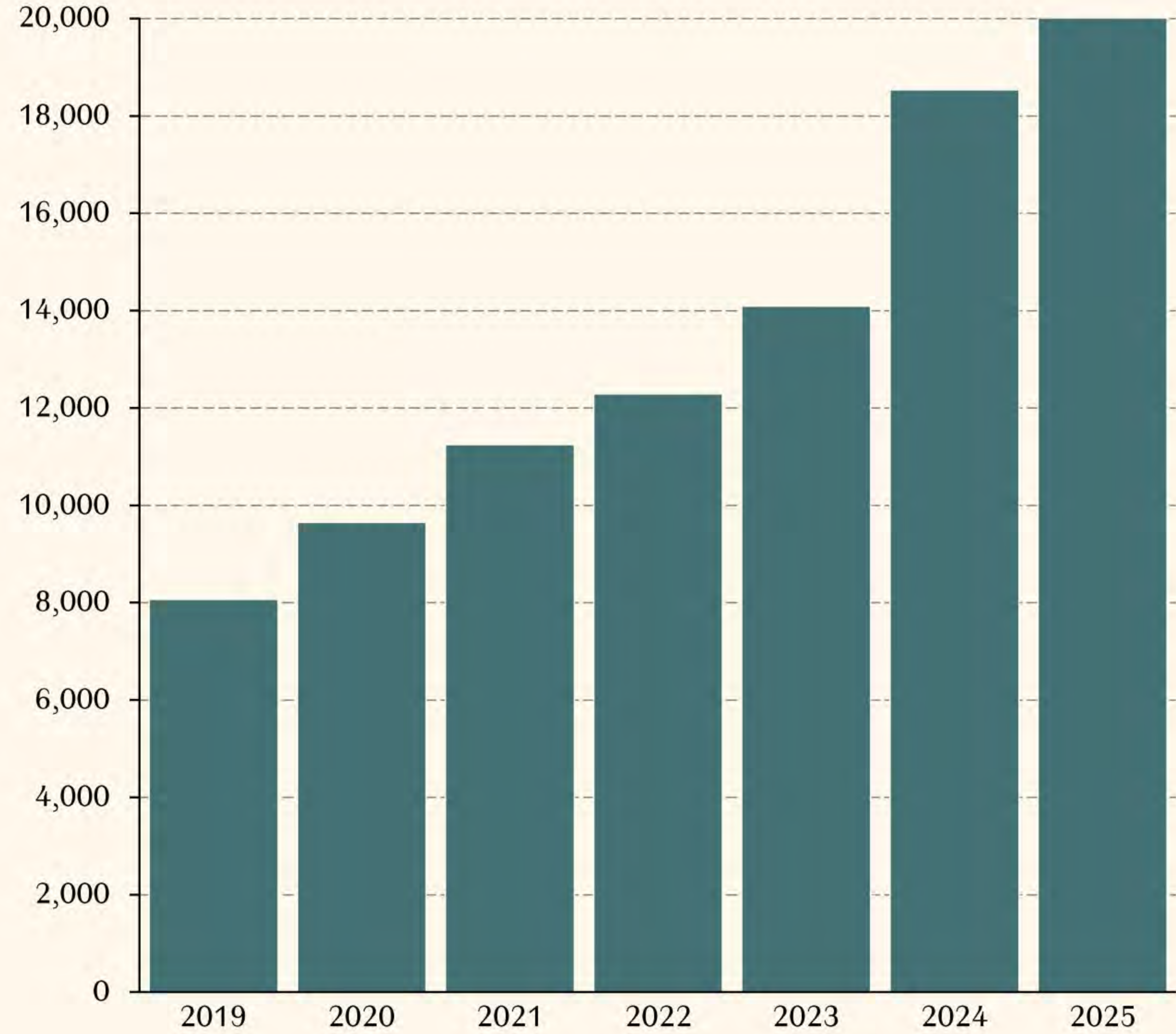


Industry Competition: Despite revenue stagnations, annual releases have surged since 2019: PC is up 150% since 2019 and console 330%. And platform catalogues are +270% and +175%



Steam Game Releases by Year

(Released in any Market)



PlayStation Game Releases by Year

(Released in any Market)

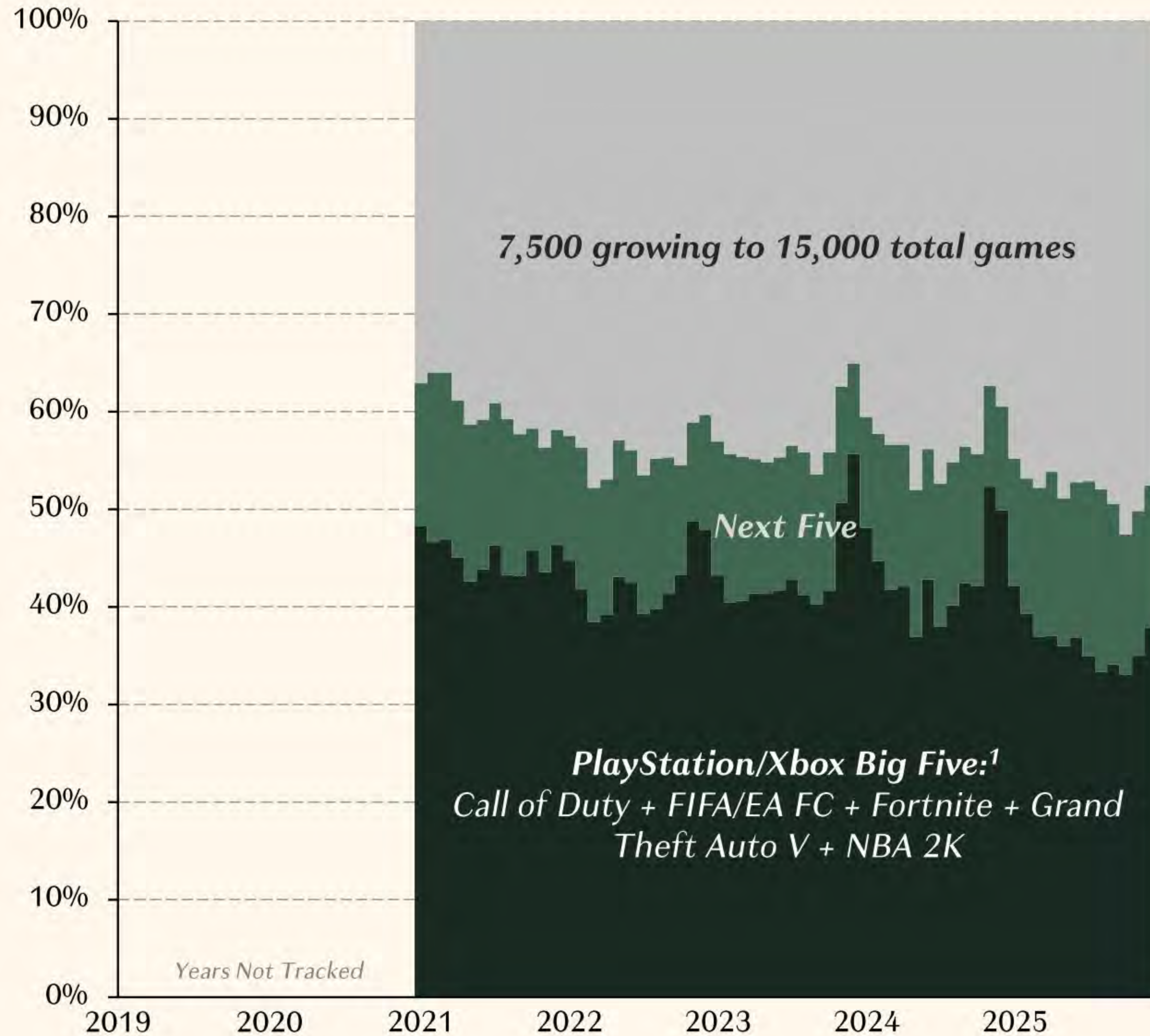


Industry Competition: The top PC/Console franchises (each 9-33 years old) hold a stable 45% of all player hours. And where share has been lost, it's mostly to other 5-25-year-old hits



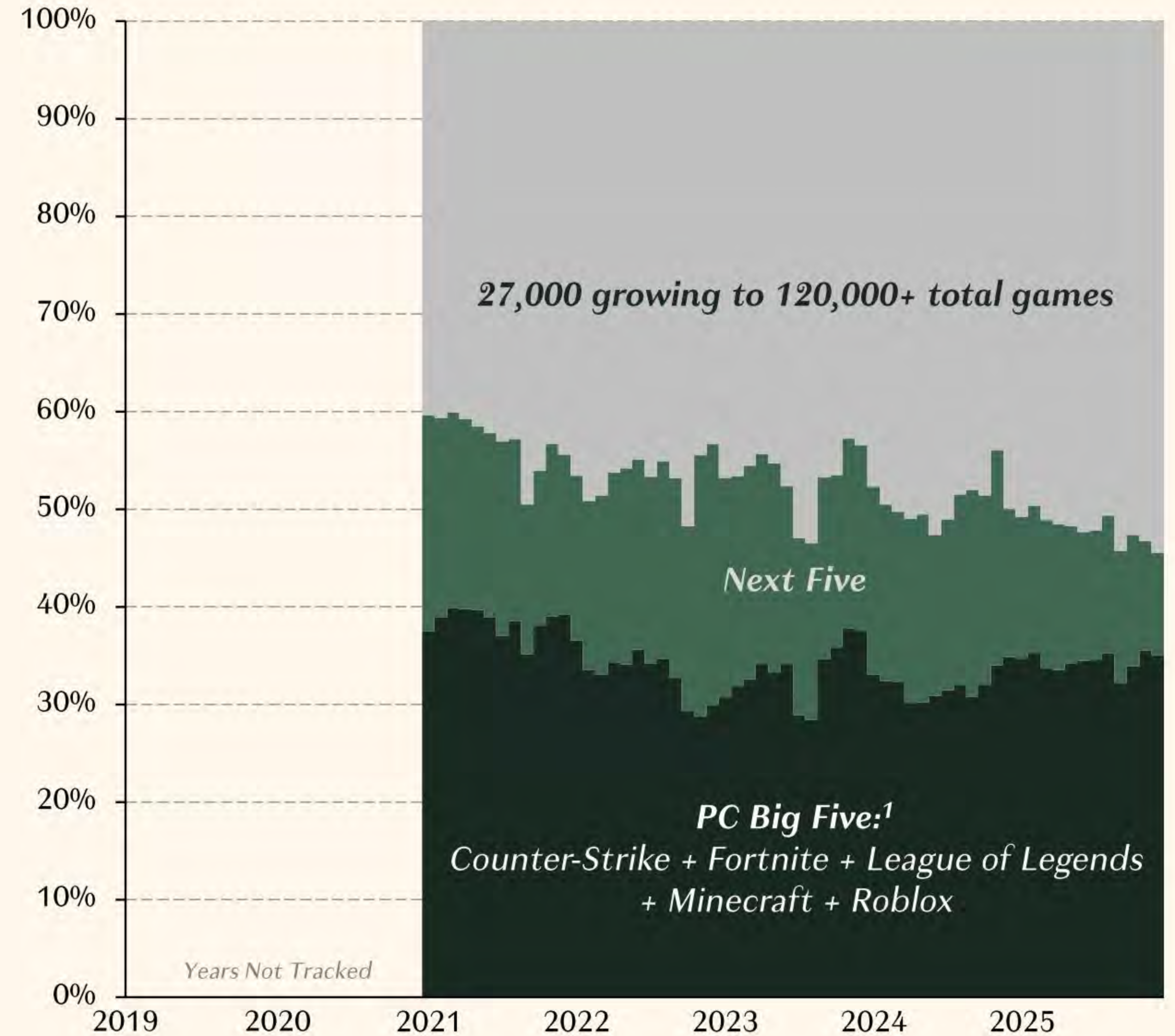
Share of PS/Xbox Console Engagement Hours

(Worldwide; Users 18+; 37 Markets excluding India and China)



Share of PC Engagement Hours

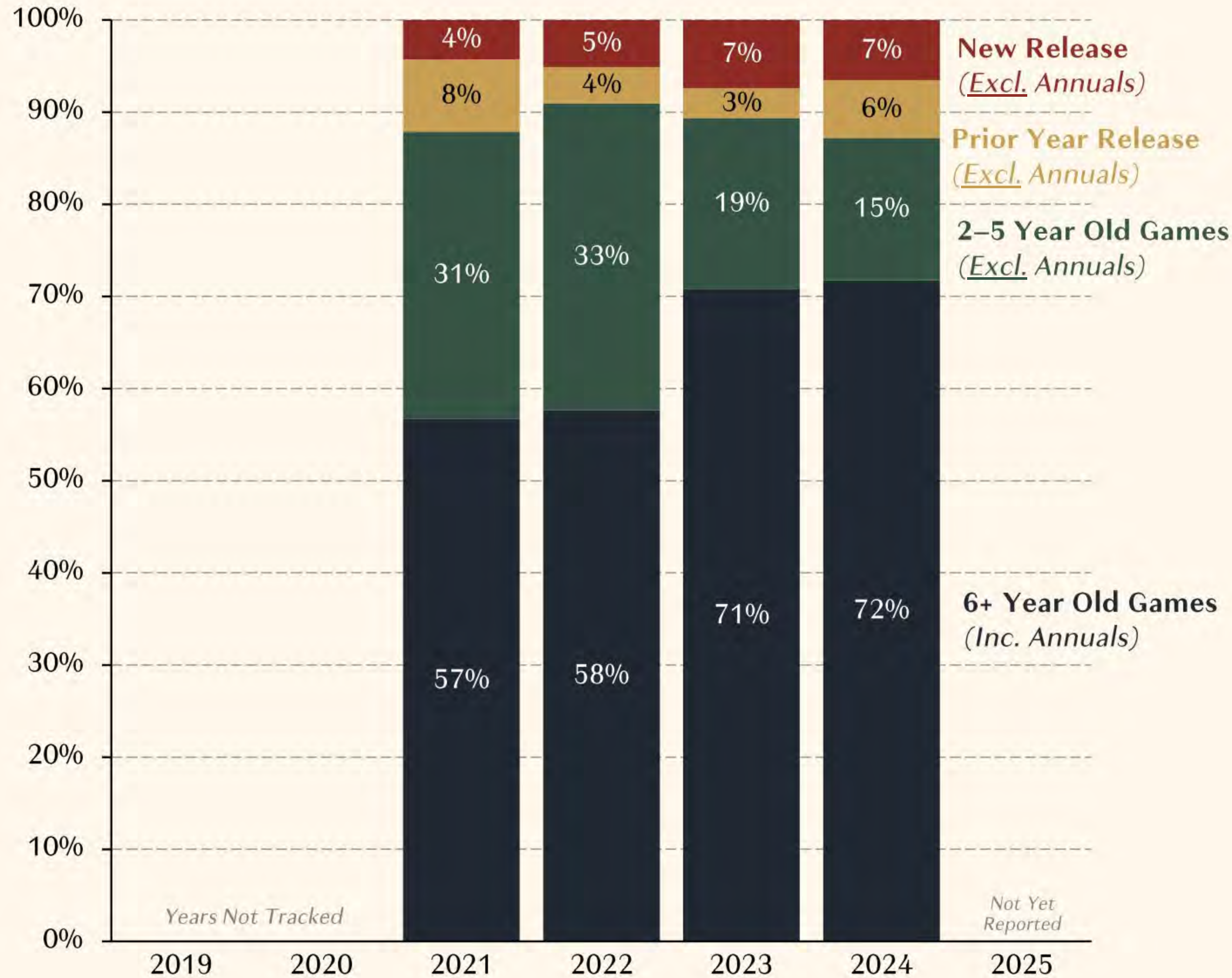
(Worldwide; Users 18+; 37 Markets excluding India and China)



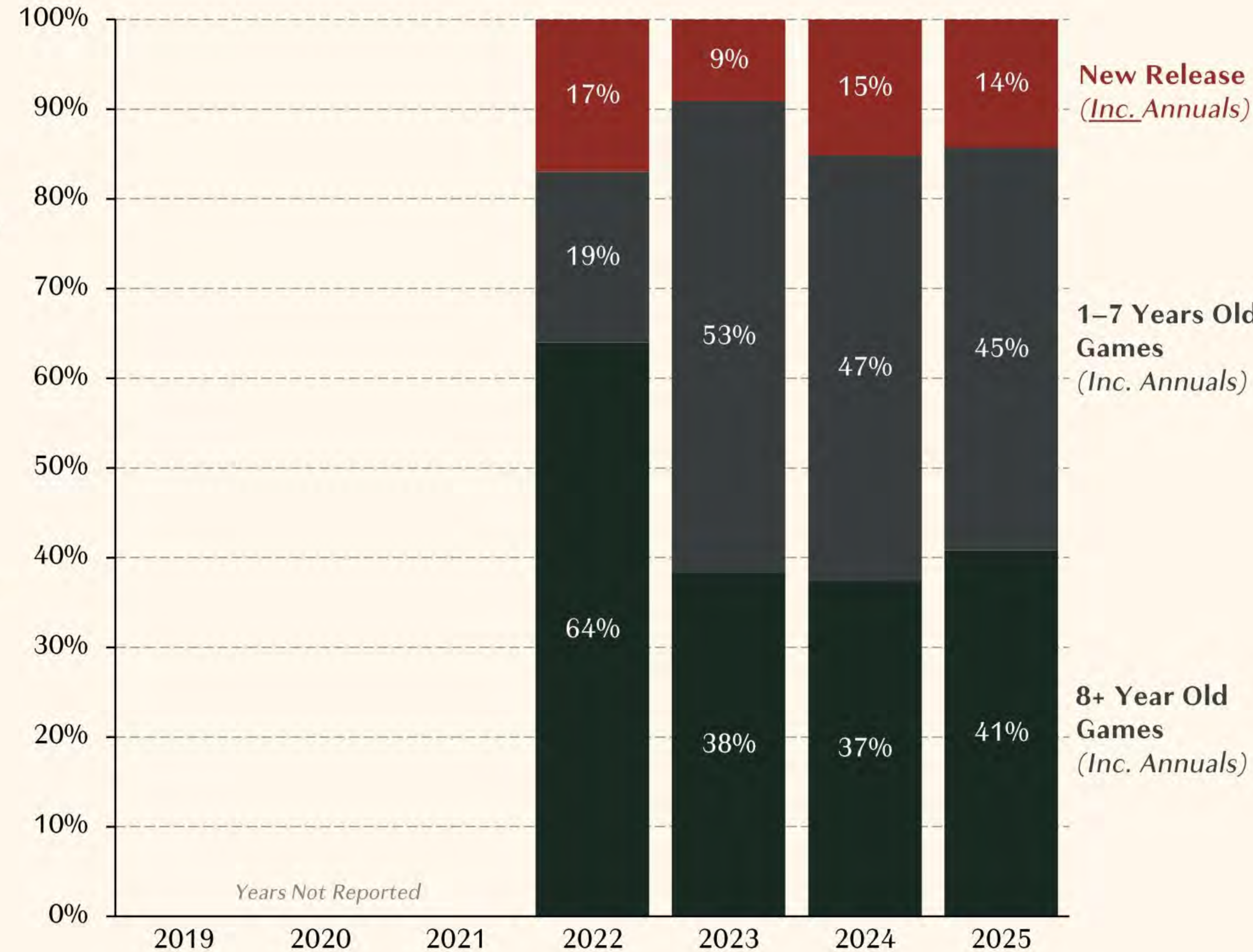
Industry Competition: New PC/Console games get only 4–7% of total playtime (and half goes to just *four* titles). Steam reports higher, but “new” includes each year’s NBA 2K, FC, COD, etc.



Share of Time Spent: PC, PlayStation, & Xbox
(Worldwide; Users 18+; 37 Markets excluding India and China)



Share of Time Spent: Steam
(Global; Includes Handhelds)

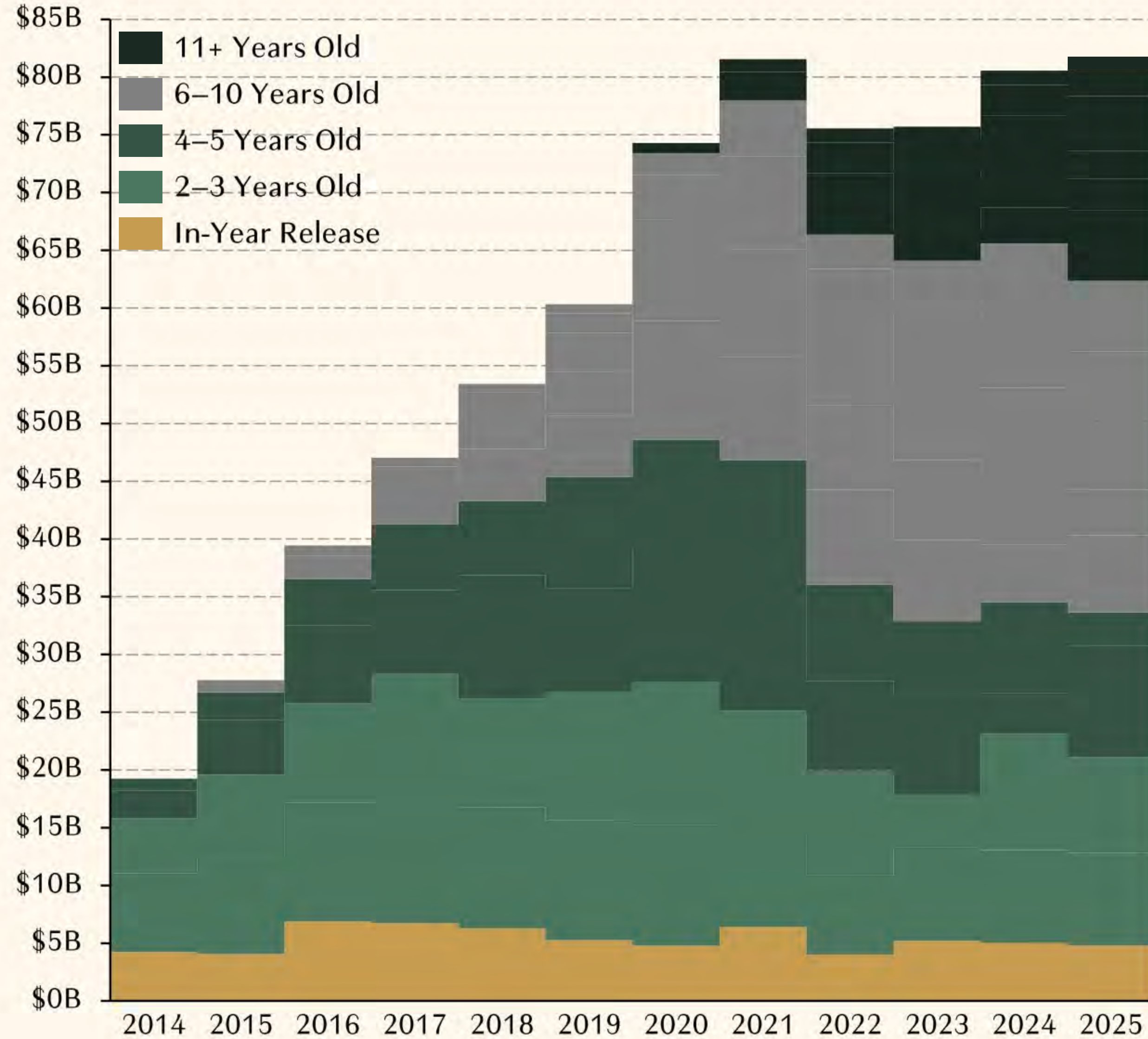


Industry Competition: Mobile spend is five years flat and new releases are at a decade low share of spend and downloads as old giants strengthen and UA costs crowd out discovery



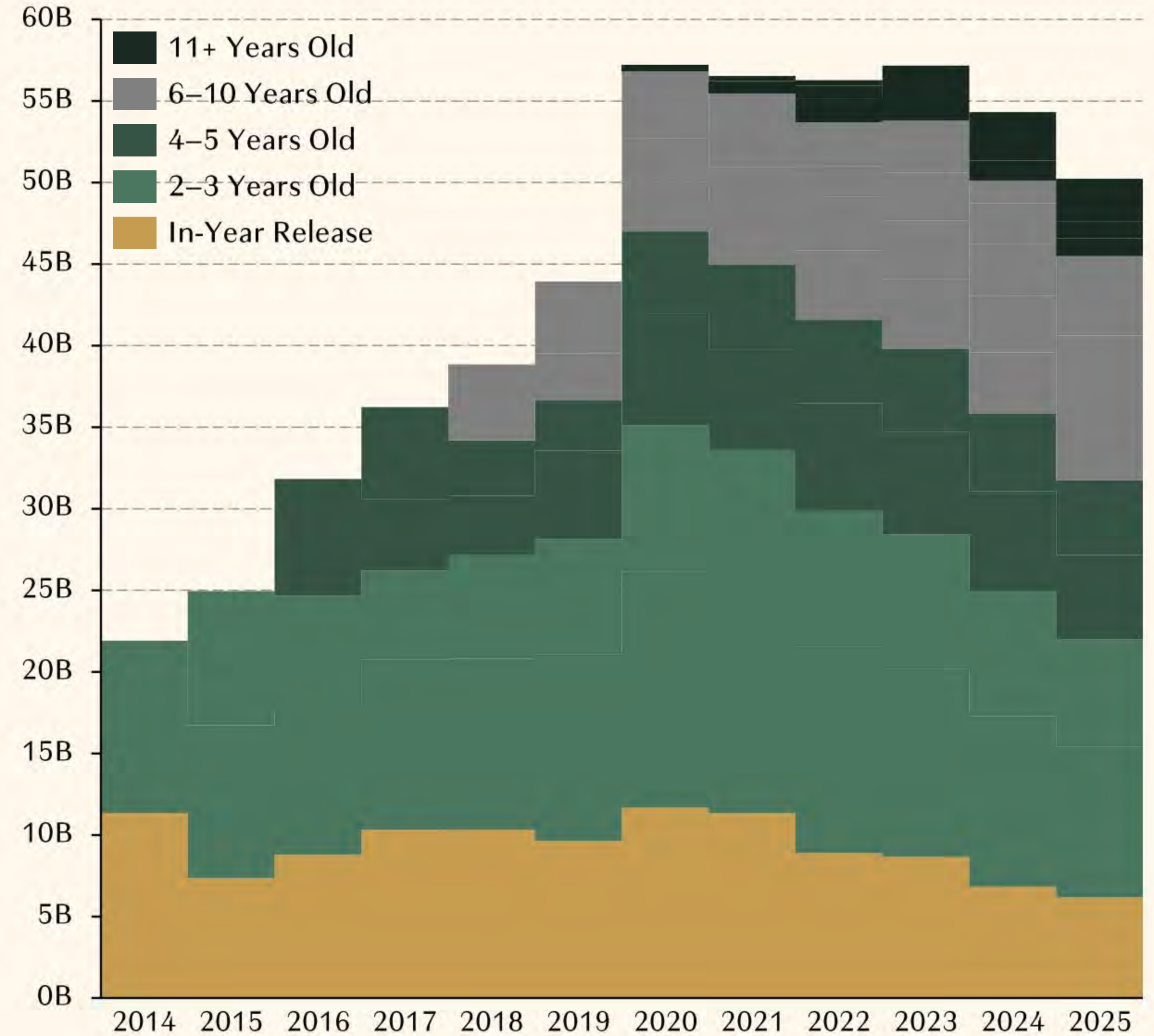
Global Mobile Games Revenue by Game Age

(Total Dollars; Excludes Android China and non-store IAP payment methods)



Global Mobile Game Installs by Game Age

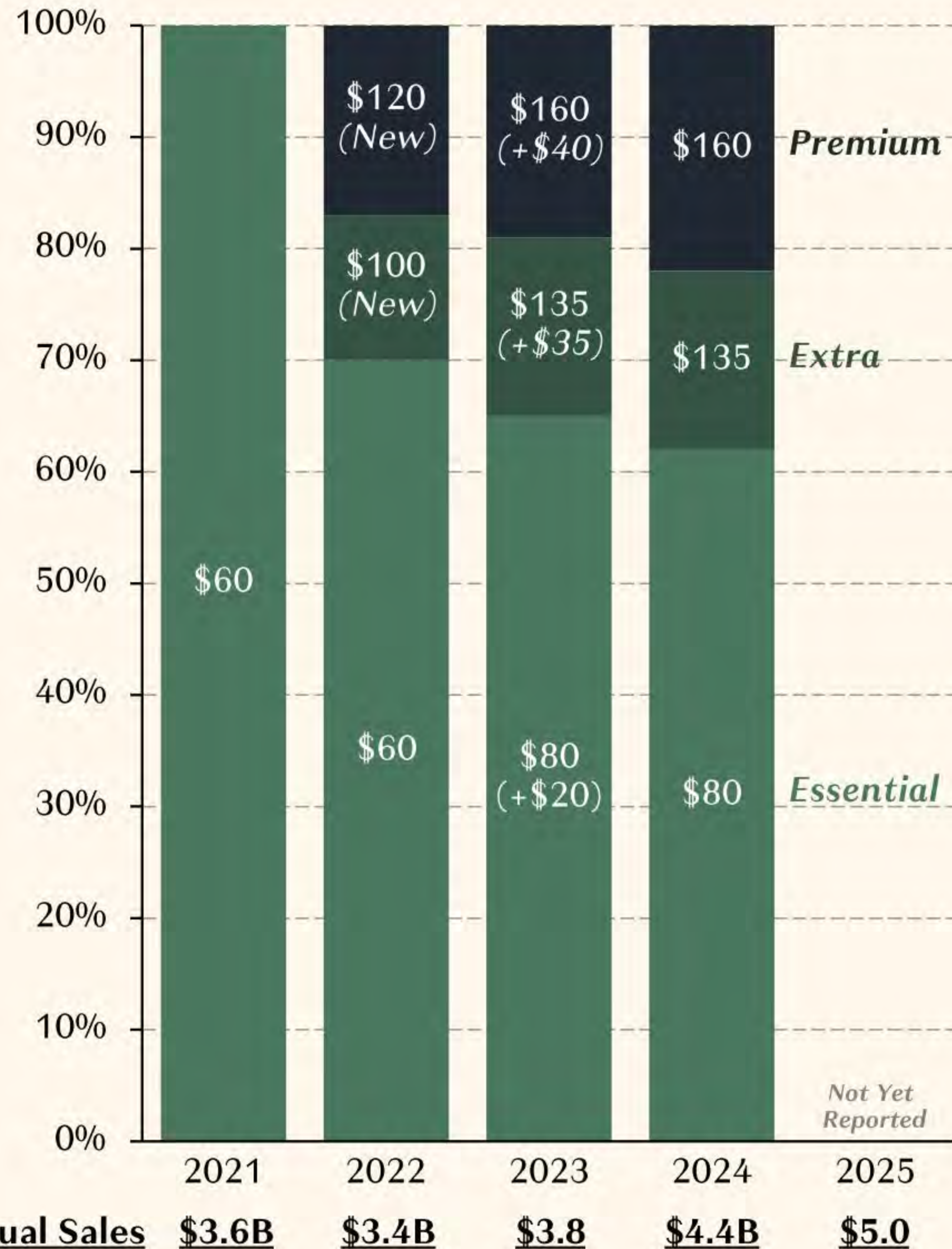
(Excludes Android China and non-OS Platform Stores)



Pricing: Lastly, many of the leaders that have grown or sustained revenue have done so by successfully raising price, not from growing players, purchases, or play time



Share of PlayStation Plus Subs
(Share by FY; U.S. prices; Annual plan listed)




Top Selling Nintendo Platform Game
(By Gen; U.S. Prices; Excludes Forced Bundles)


- \$60**
Mario Kart 8
(Wii U; 2014)
- \$70**
Mario Kart 8 Deluxe
(Switch; 2017)
- \$80**
Mario Kart World
(Switch 2; 2025)

Virtual Currency: Top Titles
(U.S. Prices)

Candy Crush: Gold Bars Offer

	Quantity	2023	2025
	x 10	\$2	\$2
	x 50	\$5	\$8
	x 100	\$10	\$15

Fortnite: V-Bucks Price

	Quantity	2023	2025
	x 1,000	\$8	\$9
	x 2,800	\$20	\$23
	x 5,000	\$32	\$37
	x 13,500	\$80	\$90

NBA 2K: 85 Overall Rating Qualification

	Pathways	2023	2025
	Games Played	~165	~240
	or		
	Virt. Curr.	~155K	~215K
	USD Equiv.	~\$32.5	~\$47.5

And so while global player spend *has* firmly rebounded since 2022, where, when, and how this sum is spent has changed drastically... and thus so too have many developer's prospects



Chinese Publishers
Captured 50% of Global Spend Growth Since 2019

Net of Platform Subscription Services, Console Spend is Down 13% since 2020

The Net Decline in Console Since 2020 Offsets 68% of PC Growth

Roblox is 60% of Spend Growth Outside China Since 2021

In the "Major Market 8," Spend Is Still Down 4.5% Since 2021

PC/Console Release are up 1.5-3.3x Since 2019 but Share is Captive; New Mobile Releases Are At Record Low Shares

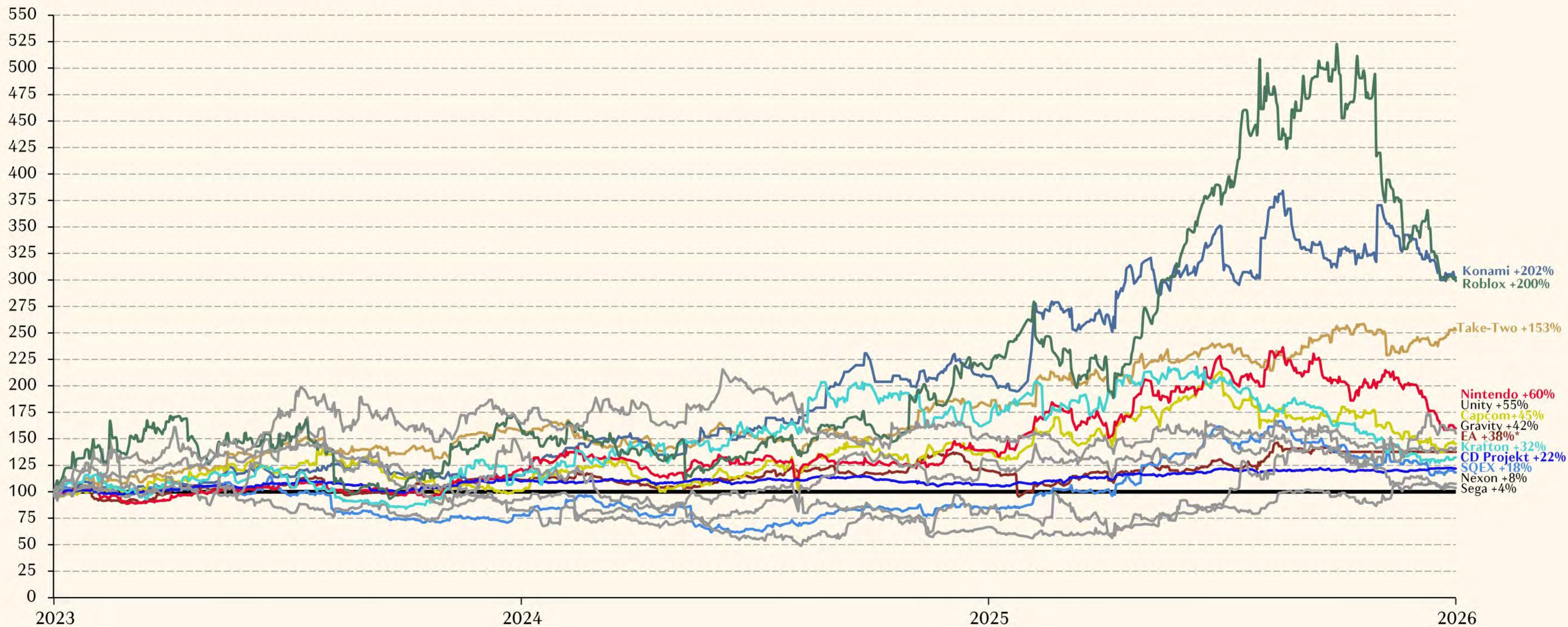
Only the Top Franchises Tend to Have Pricing Power

With growth so elusive (despite record revenues) and margins falling (despite cost cuts), stock prices make more sense. A few names are up 4% or even 200% since the trough...



Indexed Share Prices of Major Non-China Video Game Companies, 2023–2025

(Indexed to Closing Price of Last Trading Day of 2022 or IPO Closing Price; Based on USD Price)

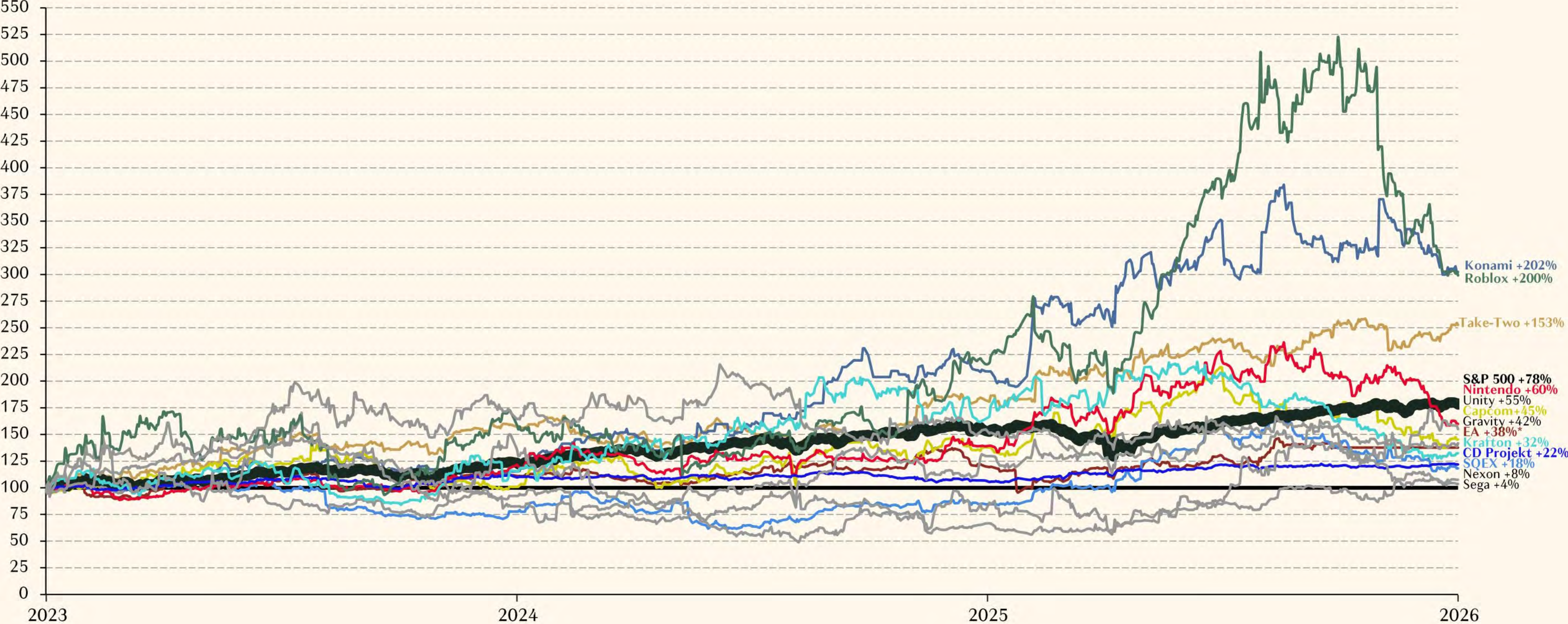


But only three companies managed to beat the S&P 500...



Indexed Share Prices of Major Non-China Video Game Companies, 2023–2025

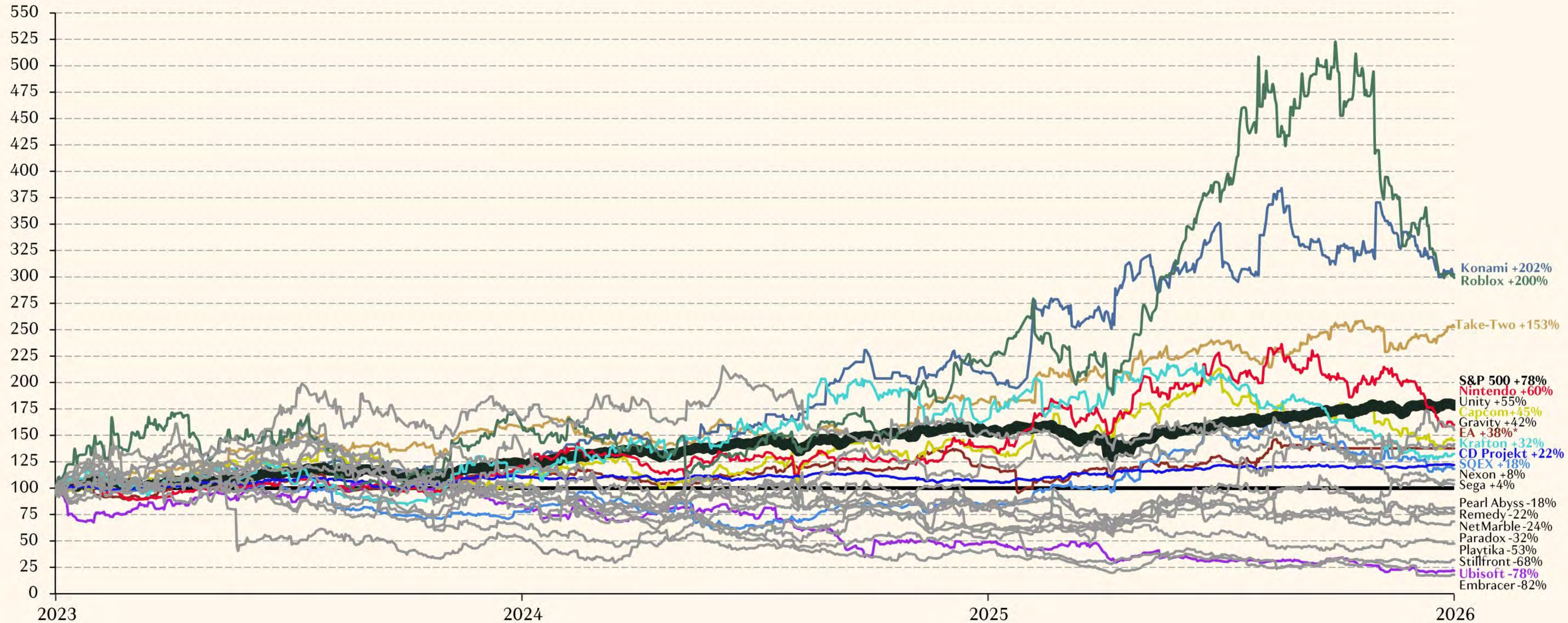
(Indexed to Closing Price of Last Trading Day of 2022 or IPO Closing Price; Based on USD Price)



... and many important video game industry leaders shed 10%, 20%, 50%, or even 80% of their value.



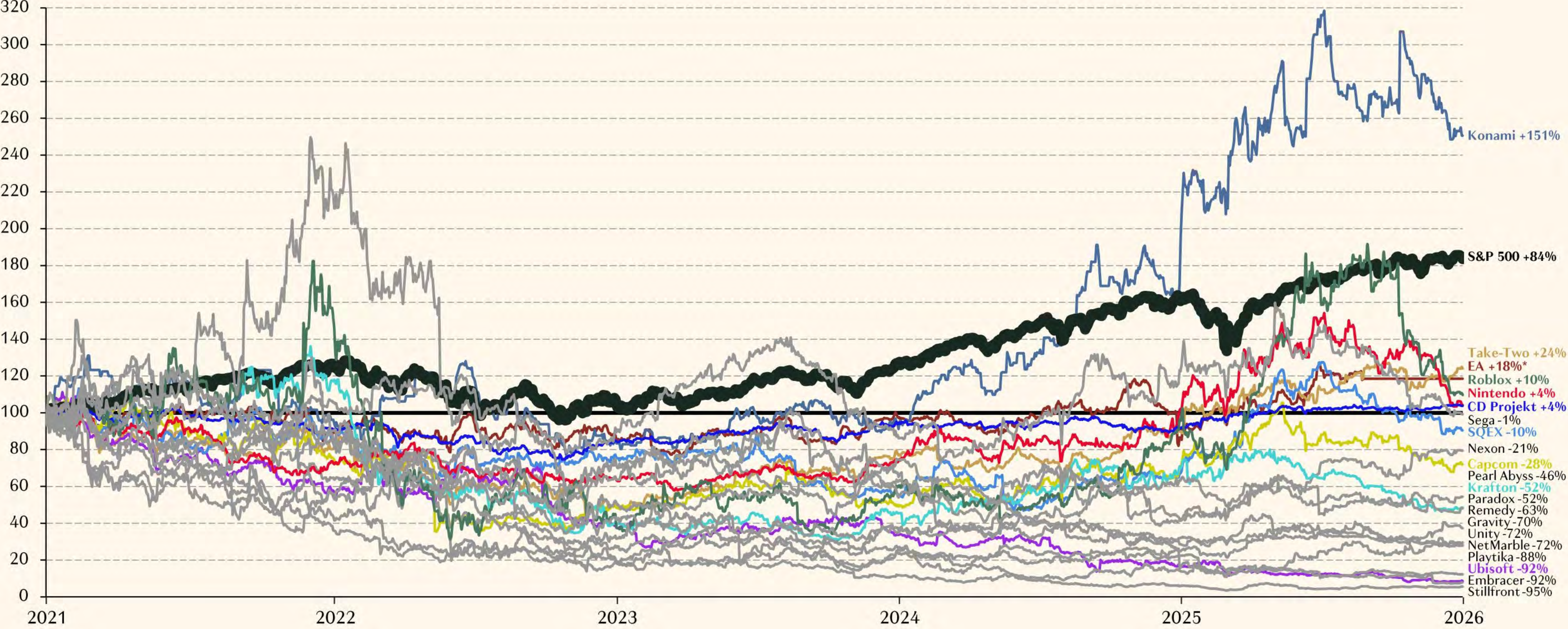
Indexed Share Prices of Major Non-China Video Game Companies, 2023–2025
(Indexed to Closing Price of Last Trading Day of 2022 or IPO Closing Price; Based on USD Price)



Indexed to 2021, the picture is even more dire. Only Konami beat the S&P, other “top” performers grew only 4-24% in five years, most names fell, and many lost 50-95%



Indexed Share Prices of Major Non-China Video Game Companies, 2021–2025
(Indexed to Closing Price of Last Trading Day of 2020 or IPO Closing Price; Based on USD Price)





Chapter I: Spending Growth but More Retrenchment and Margin Struggles in 2025

Chapter II: Why Growth is Scarcer Than Headlines Suggest

Chapter III: Video Games Are Losing the Attention War in the “Major Market 8”

Chapter IV: The Novel Interactive Competitors Taking Attention, Time, and Spend from Video Games

Chapter V: The Five Biggest Areas of Revenue Growth in the Video Game Industry in 2026

Chapter VI: Closing Thoughts on the “Industry” and Finding Growth in 2026

Over the last six years, video gaming has faced a surprising reality across eight “developed” countries representing ~60% of consumer spend: losing share in the Attention Wars



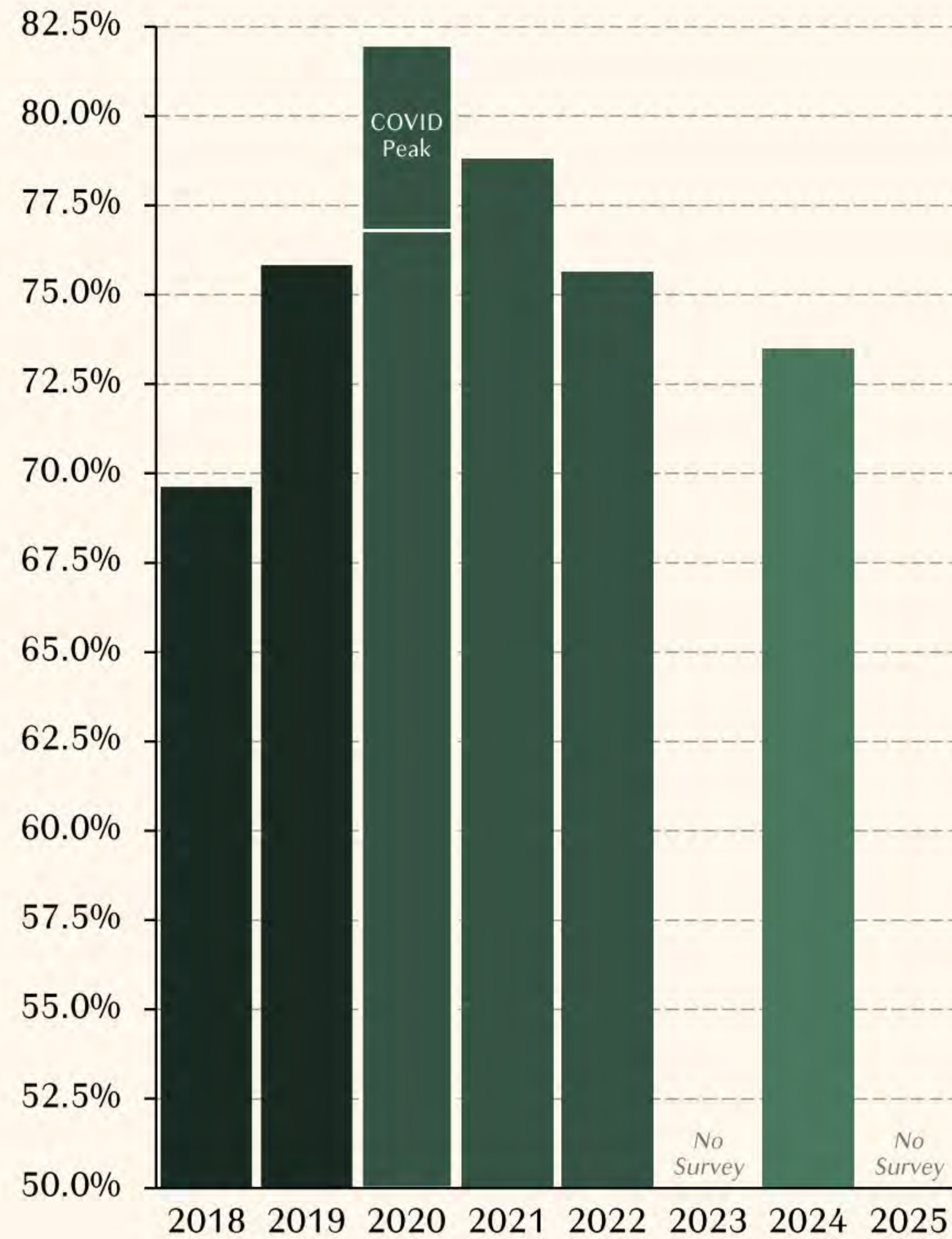
Share of Global Consumer Spend on Video Game Content in 2019
(PC + Console + Mobile; Includes Packaged Games + Microtransactions/DLC + Services & Subscriptions)



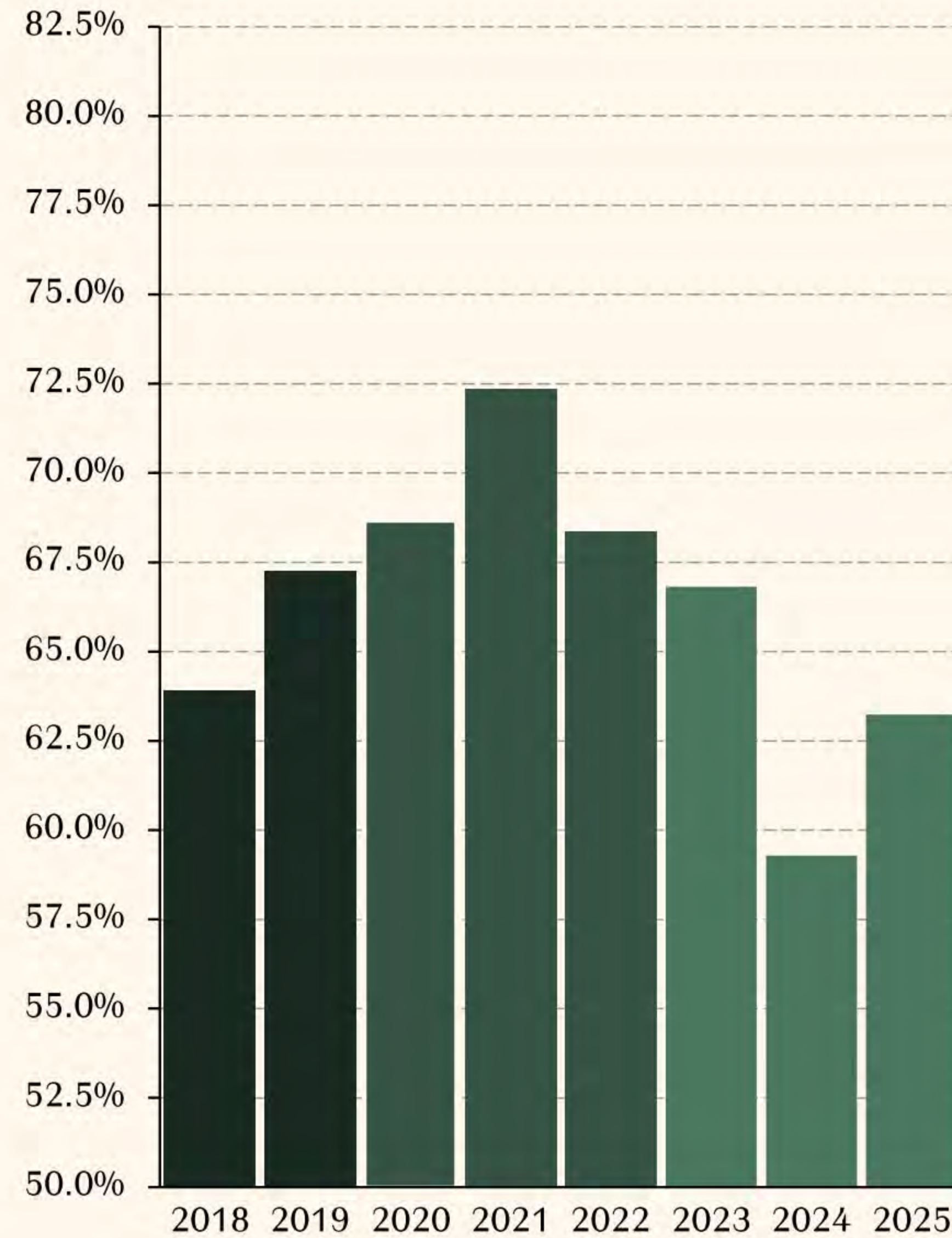
U.S. (#1 market by consumer spend globally): Surveys consistently report that the share of the population that plays games has fallen by 2.5–4 points *since before the pandemic*



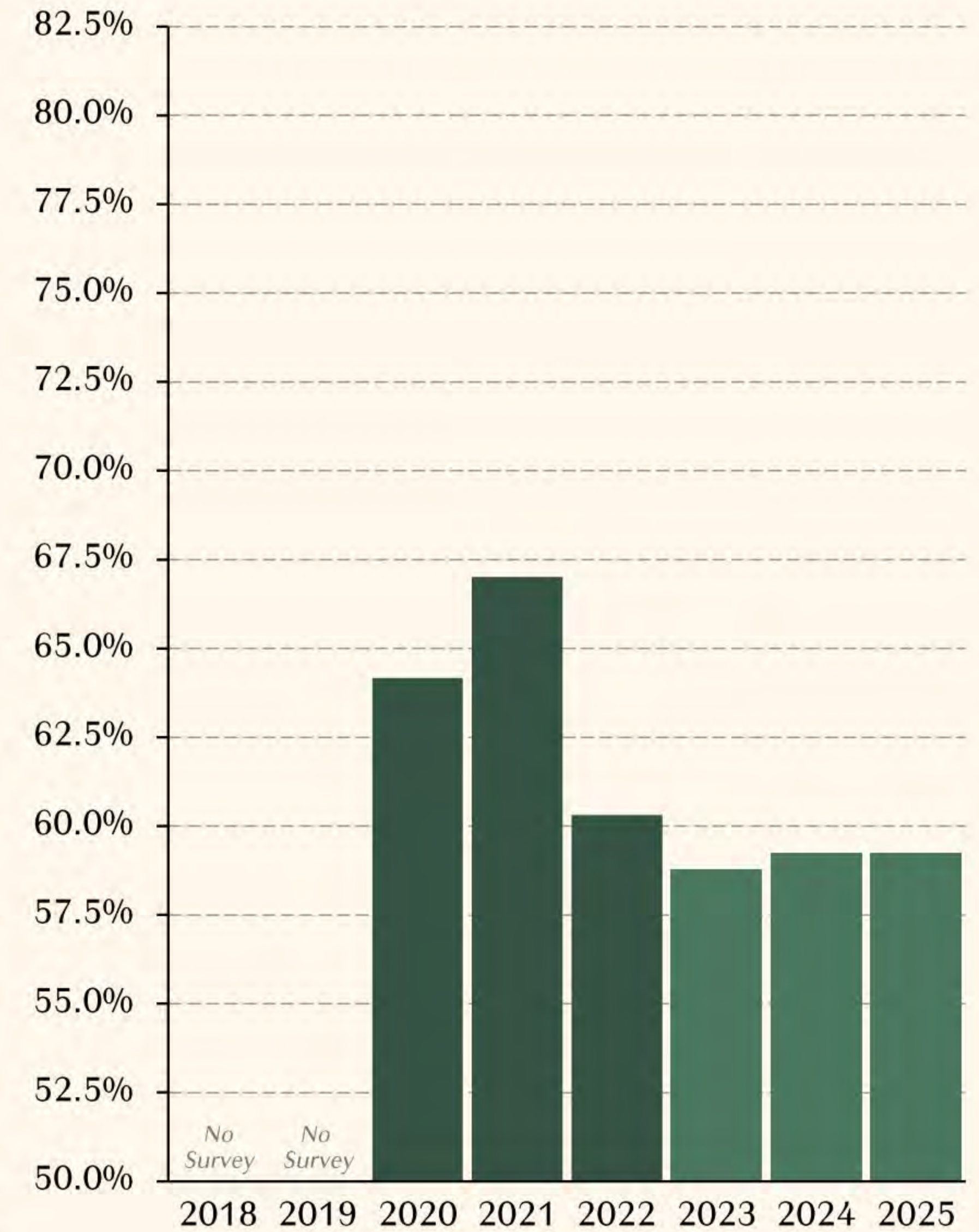
Circana: U.S. Gamer Participation
(Population 5+)



ESA: U.S. Gamer Participation
(Population 5+)



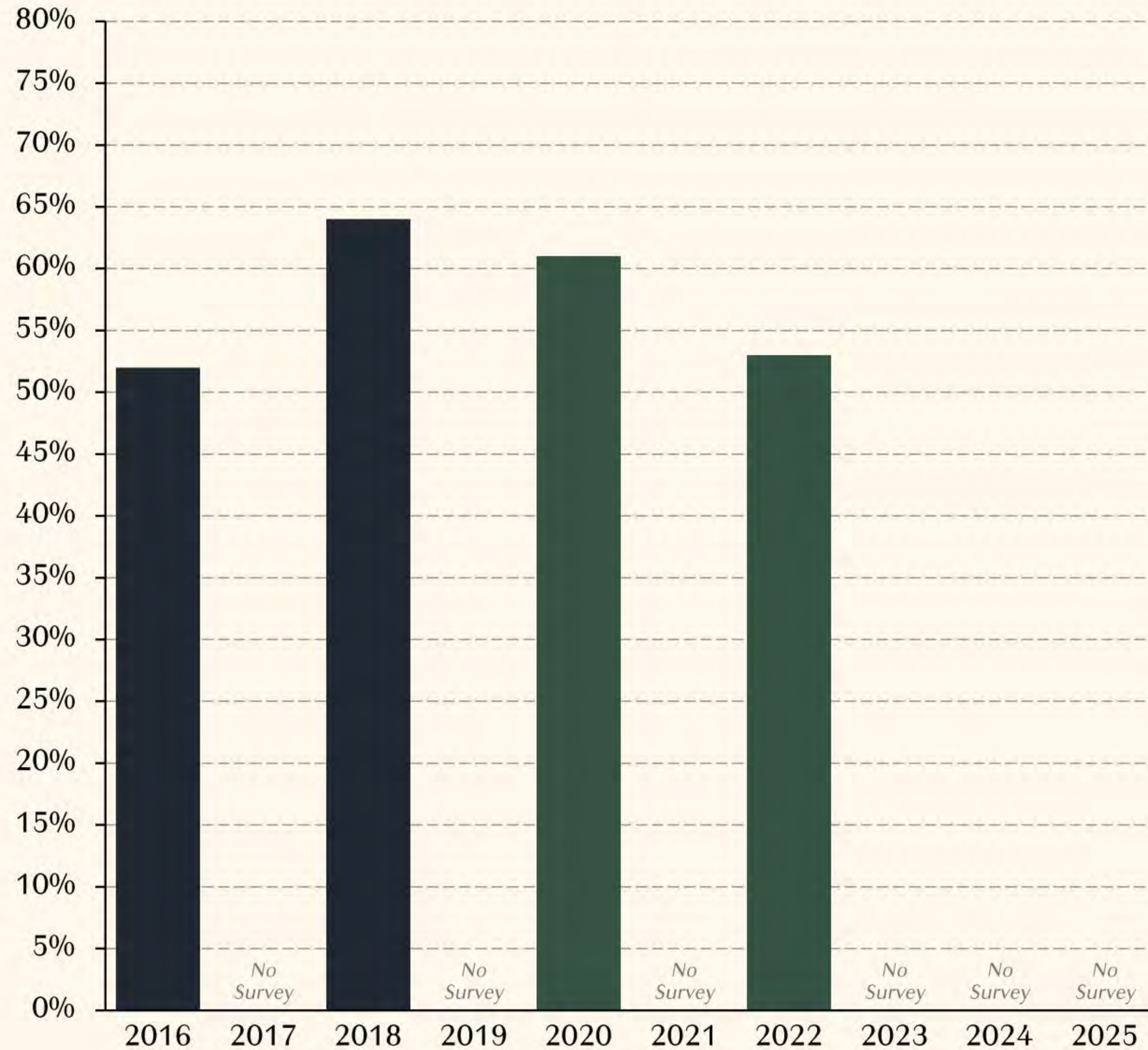
Ampere: U.S. Gamer Participation
(Population 5+)



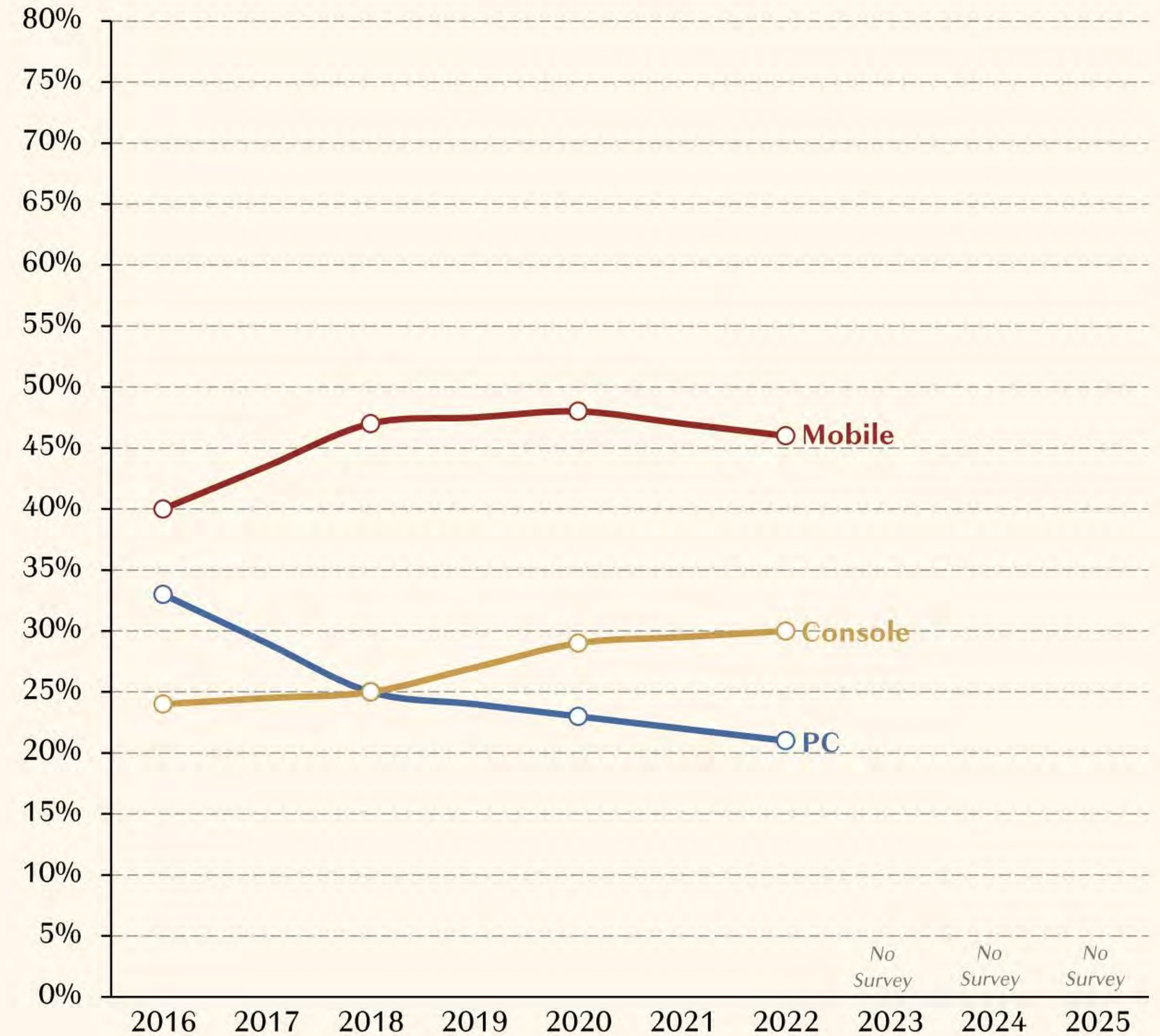
Canada (#8): Though irregularly polled, the Canadian trade association's last report showed that roughly one in six adult players were lost from 2018 to 2022 *despite* the lockdowns



Canada: Video Gaming Participation Rate (Population 18+)



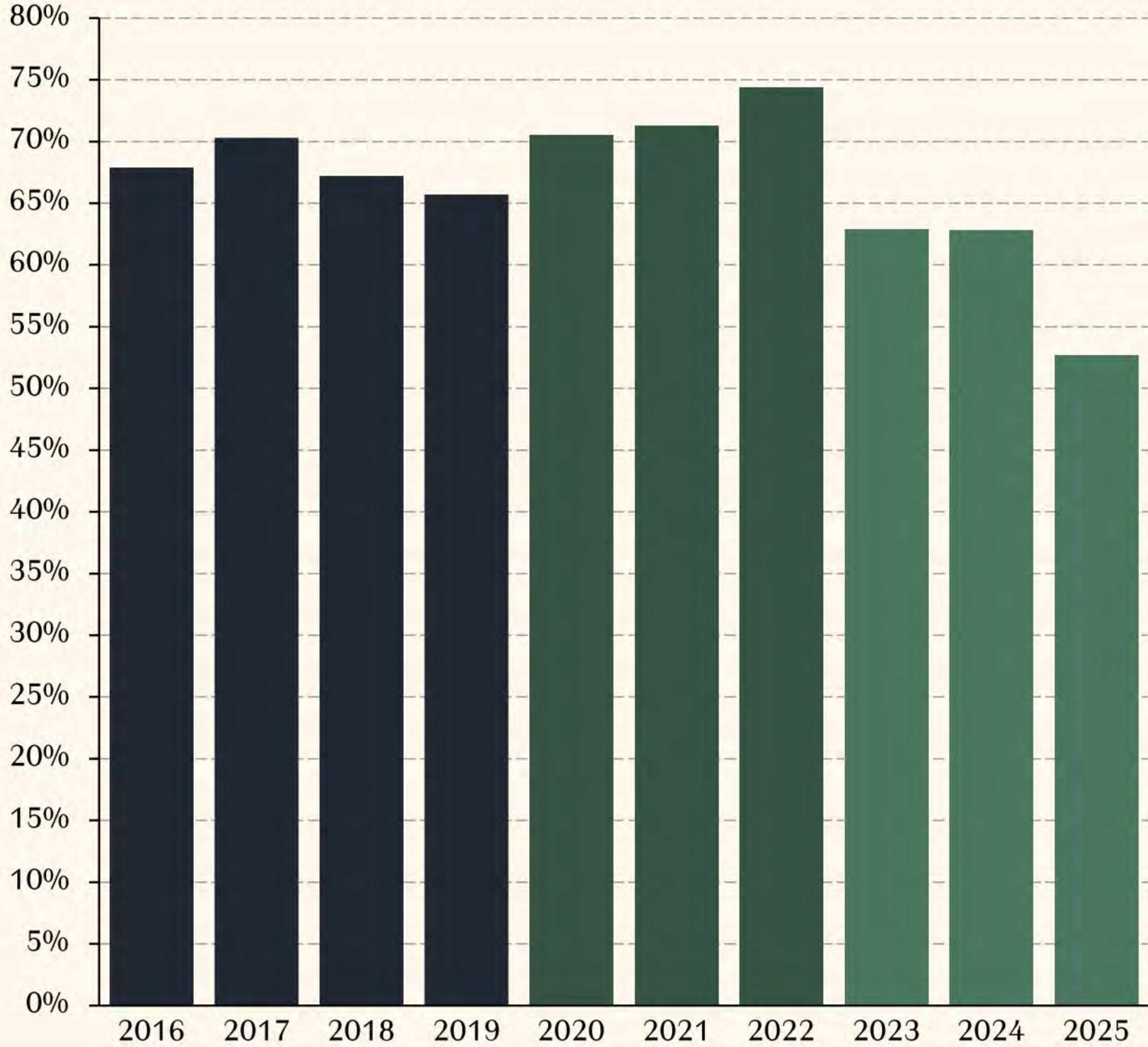
Canada: Video Gaming Participation by Platform (Population 18+)



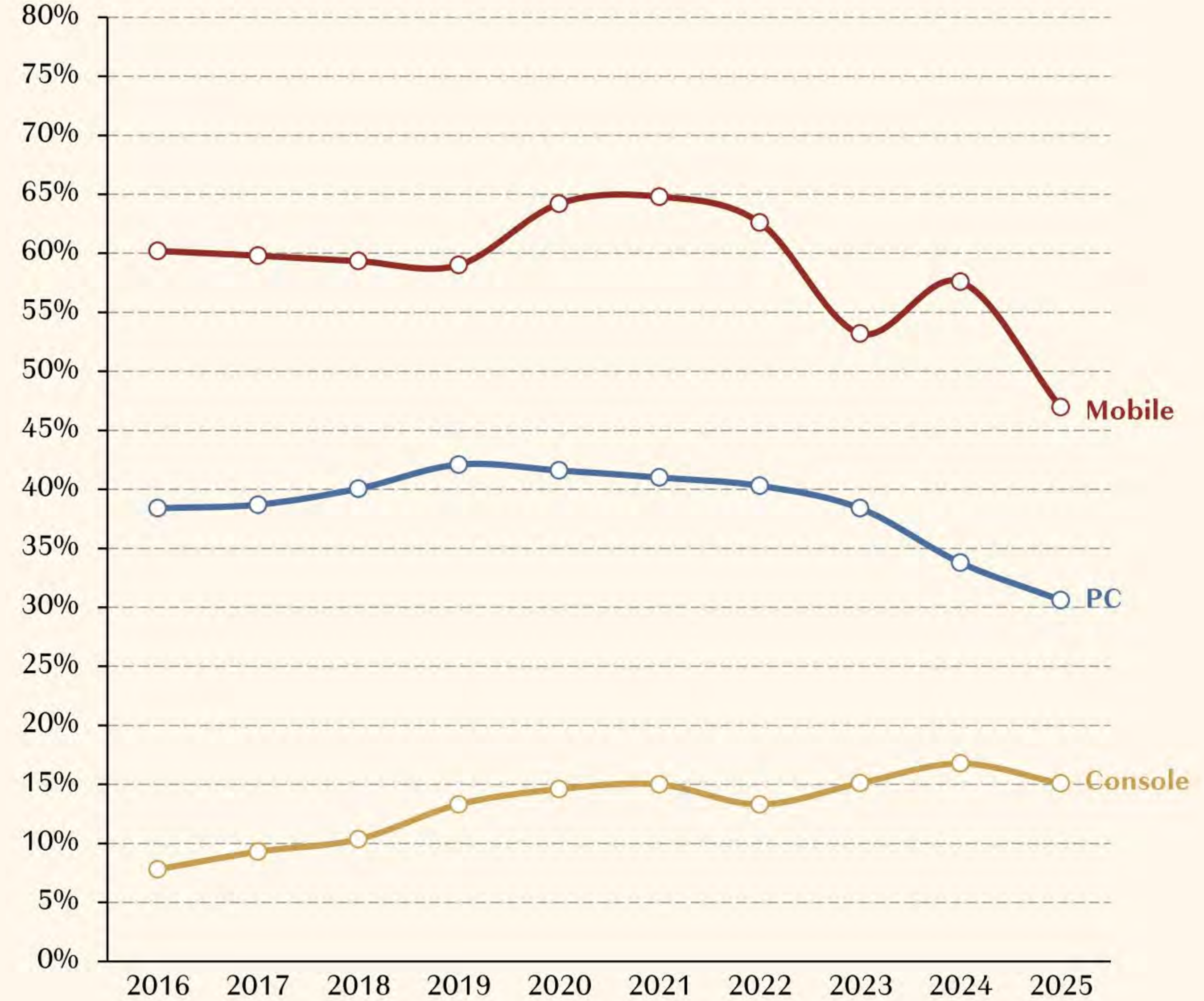
South Korea (#4): The share of the population that plays video games has fallen by 15 points compared to the 2017–2019 average (and down 22 points since the pandemic high)



South Korea: Video Gaming Participation Rate
(Population 10–64)



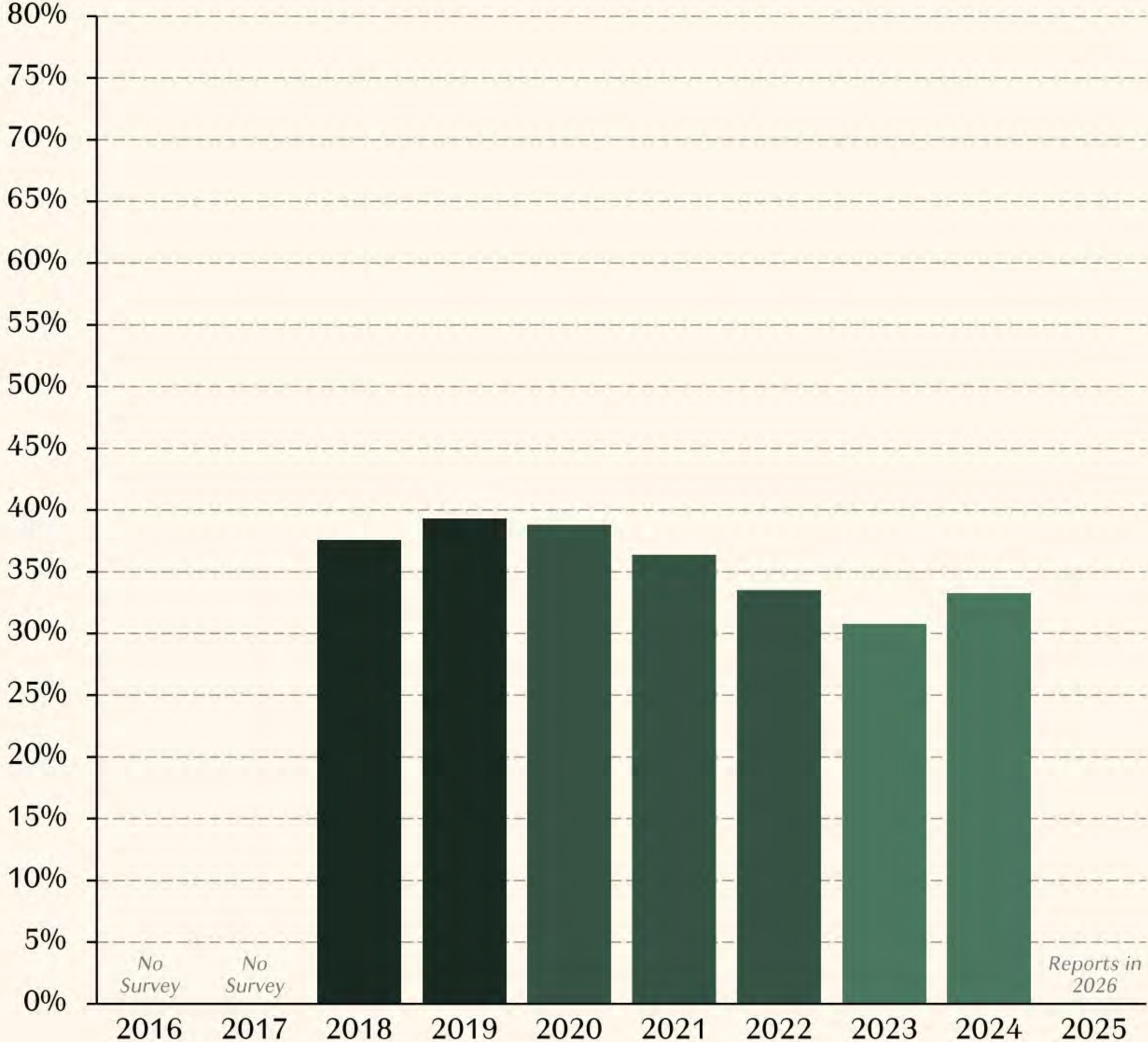
South Korea: Video Gaming Participation by Platform
(Population 10–64)



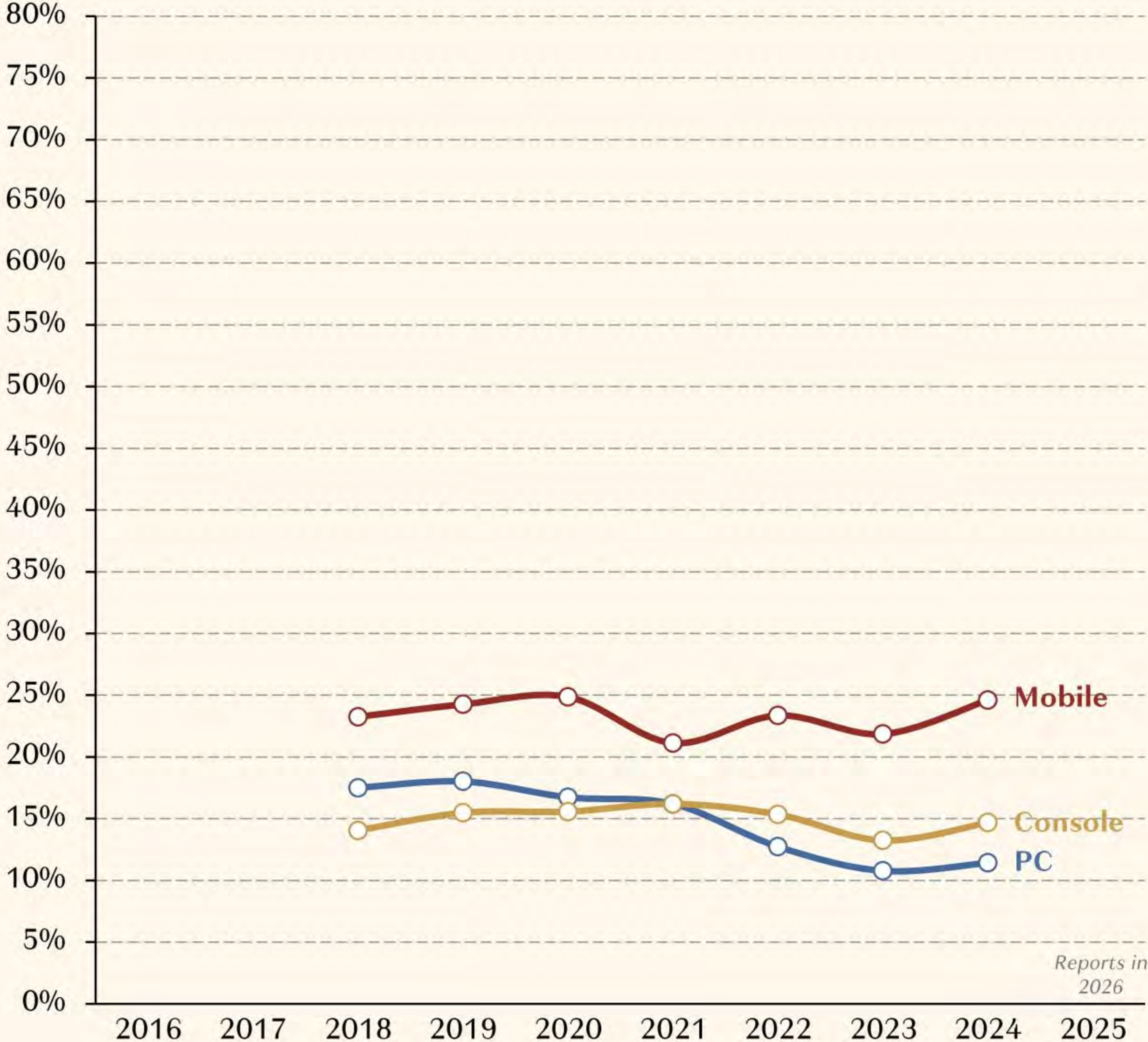
Italy (#11): The share of adults who regularly play video games has shrunk by over 5 points since 2019, with mobile up a point, console down a point, PC down 6.5 points



Italy: Video Gaming Participation Rate
(Population 6–64)



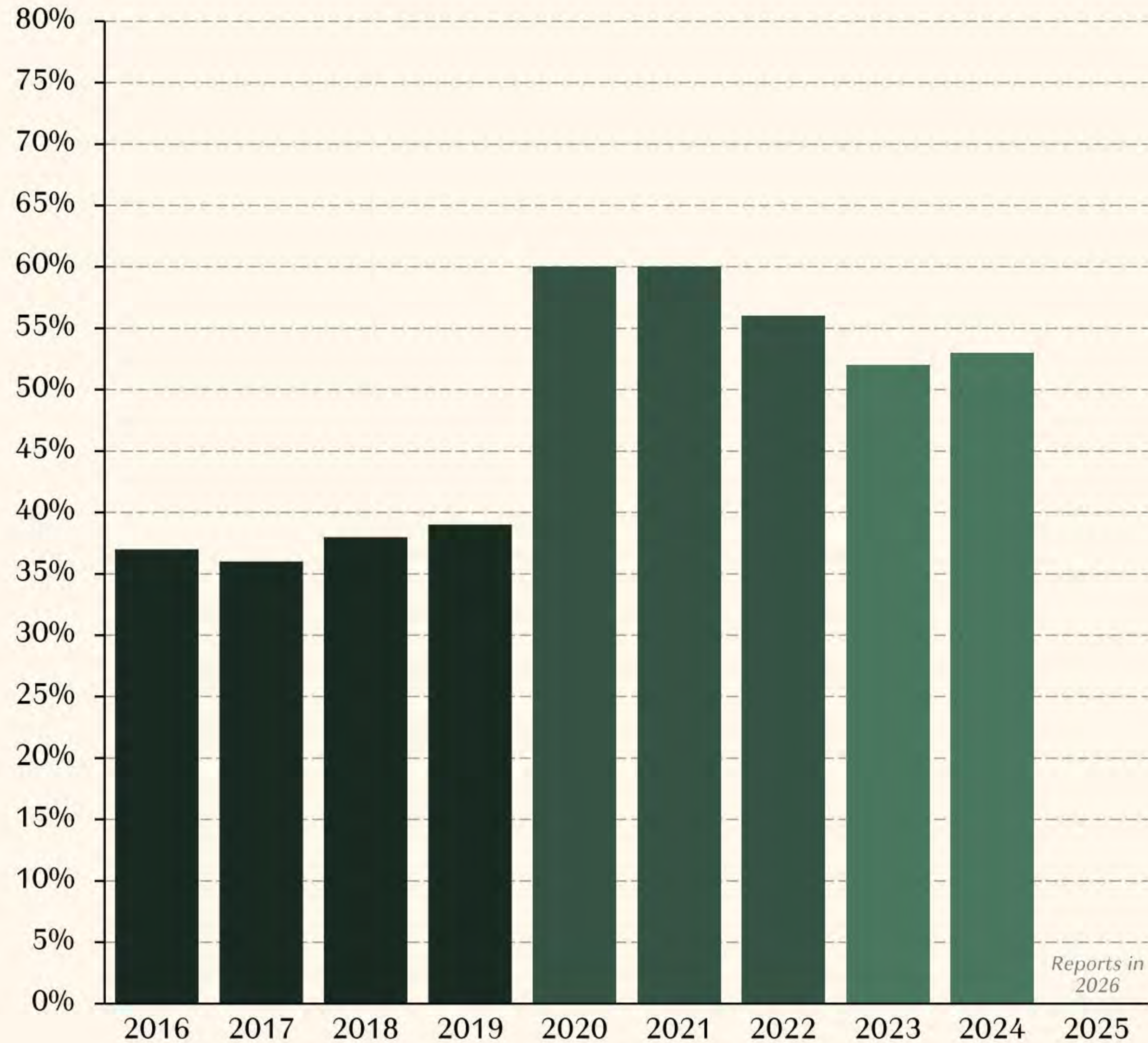
Italy: Video Gaming Participation by Platform
(Population 6–64)



U.K. (#6): The overall participation rate grew 21 percentage points in 2020, but a third of these gains has been lost over the four subsequent years, with each platform down



U.K.: Video Gaming Participation Rate
(Population 16+)



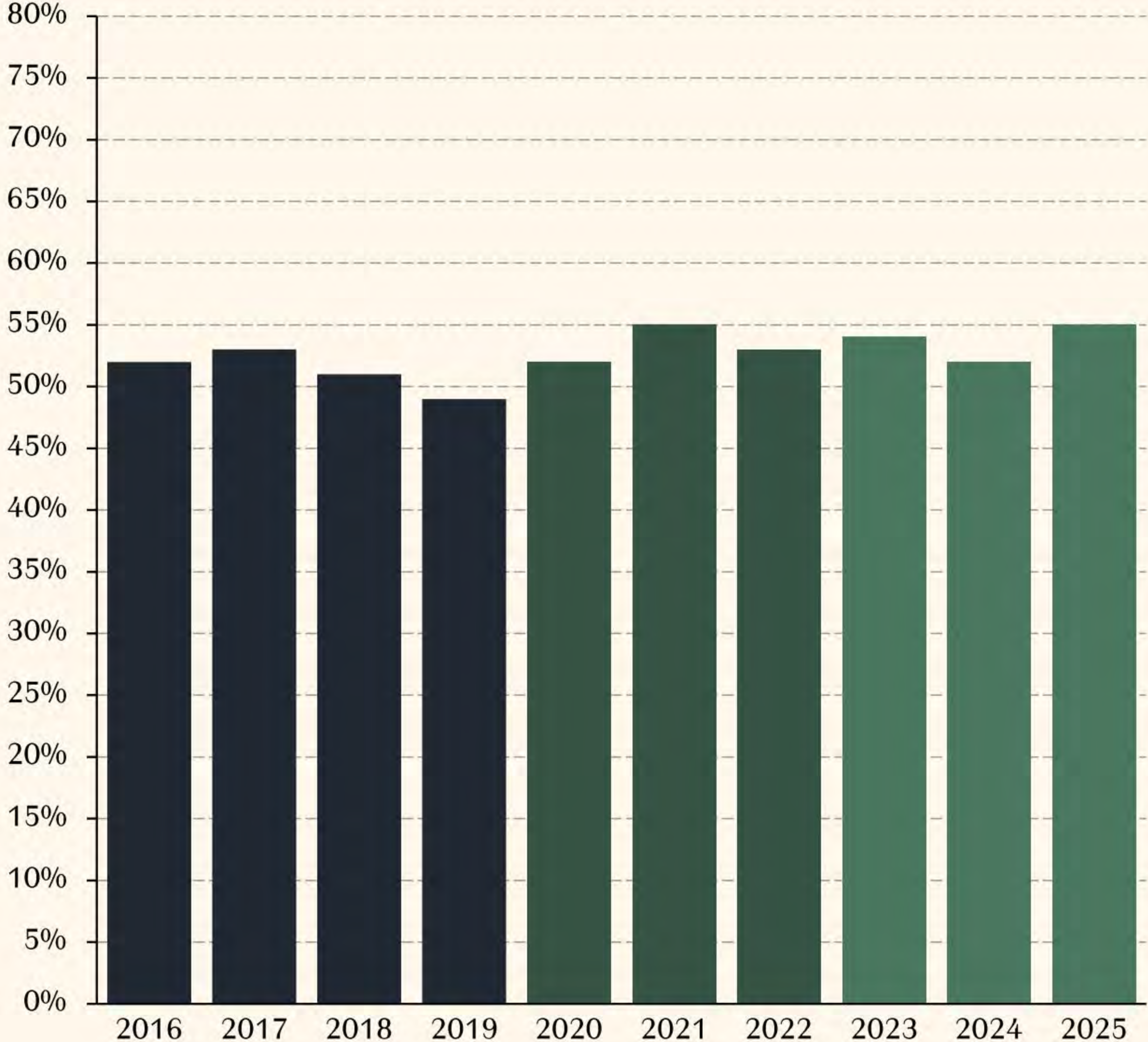
U.K.: Video Gaming Participation by Platform
(Population 16+)



France (#7): Though participation rates are stable after COVID-19, they have flatlined overall since 2016 at ~52.5% (and individually, each platform has shrunk)



France: Video Gaming Participation Rate (Population 10–80)



France: Video Gaming Participation by Platform (Population 10–80)



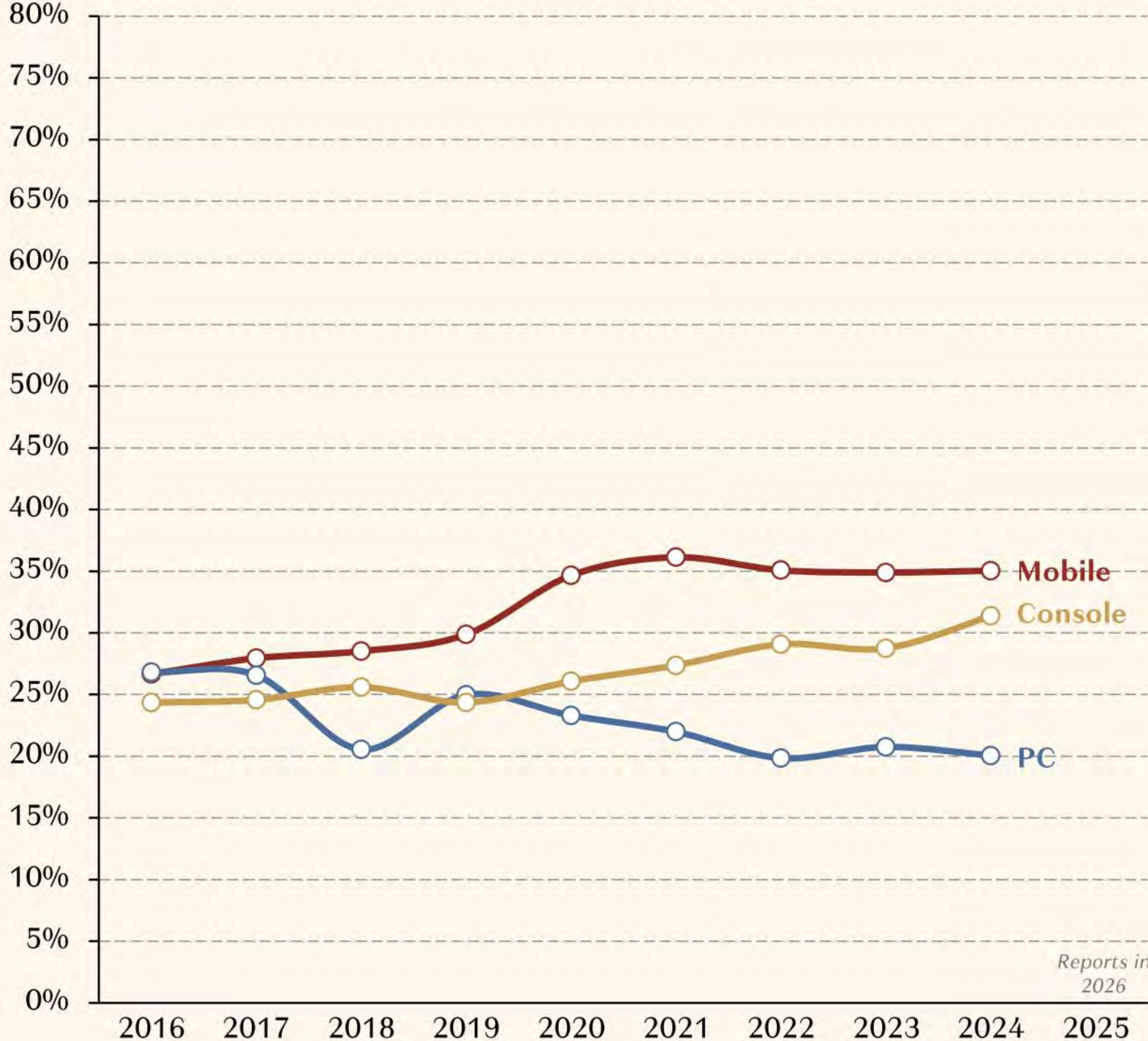
Germany (#6): A rare “up” market in terms of participation rates, Germany gained only four players per hundred in the eight years from 2016 to 2024



Germany: Video Gaming Participation Rate
(Population 6–69)



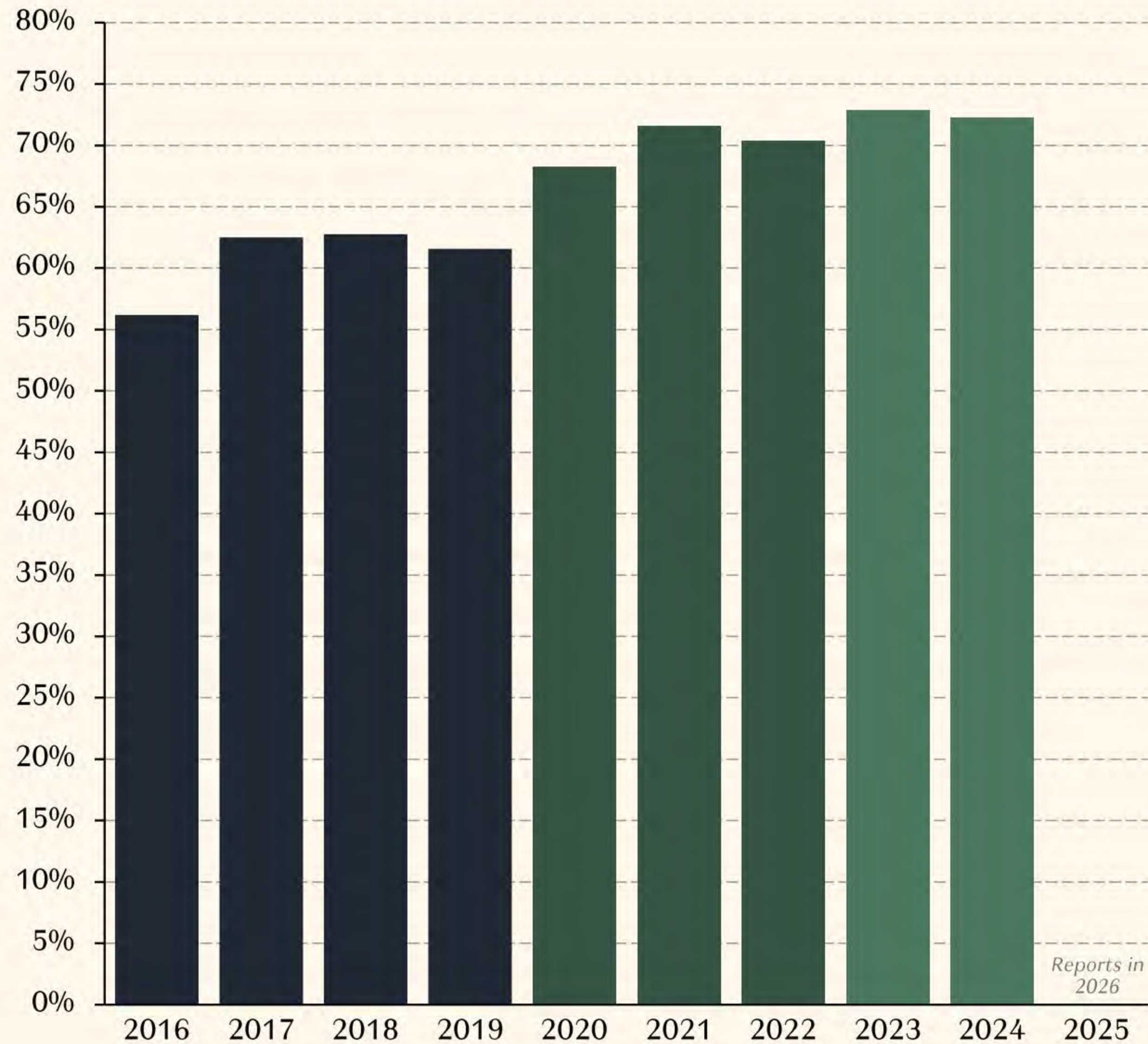
Germany: Video Gaming Participation by Platform
(Population 6–69)



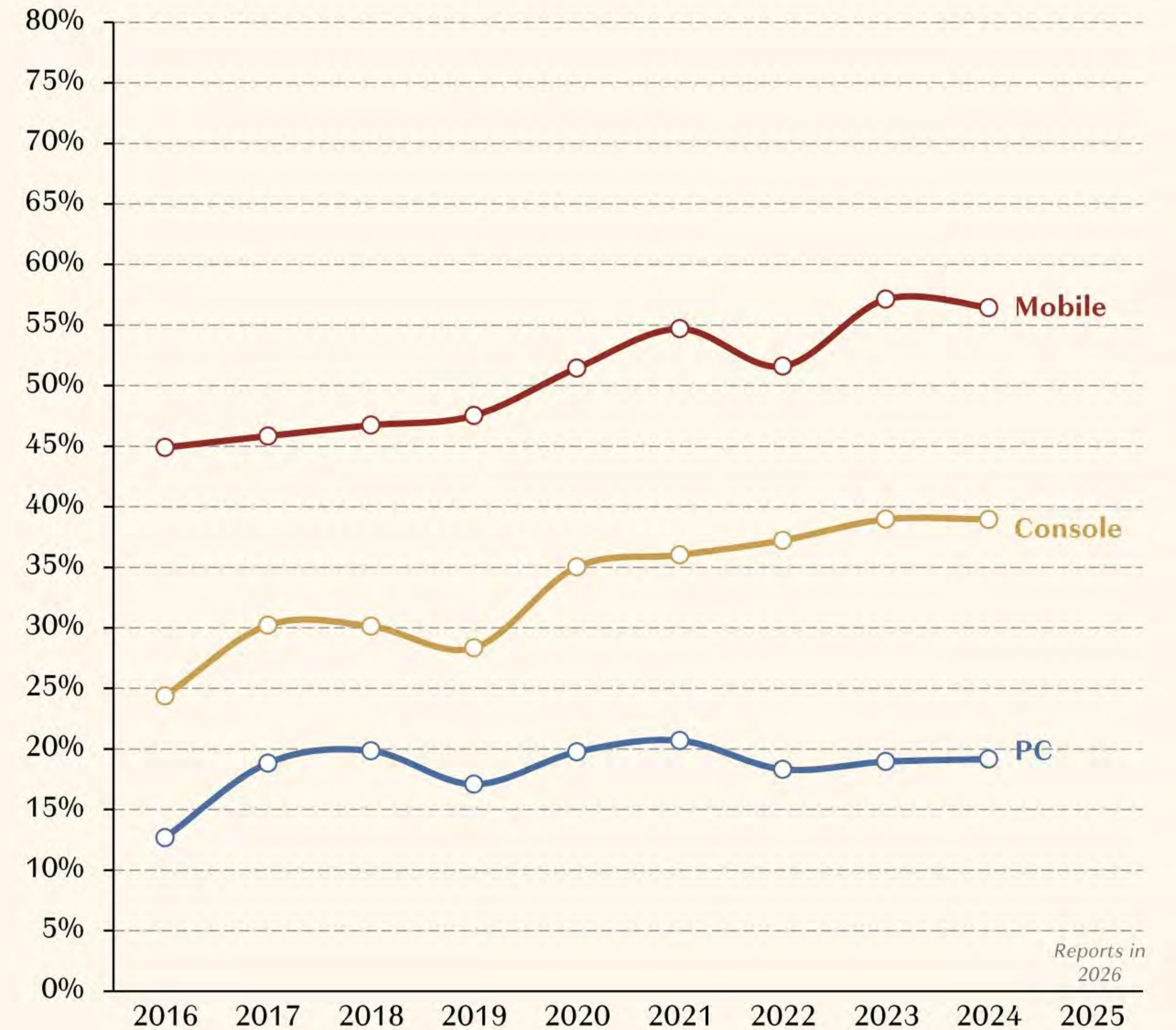
Japan (#3): With participation rates up 11 points since 2019, Japan is an MM8 outlier. Though its modest (and shrinking population) means only 6MM new players since 2019



Japan: Video Gaming Participation Rate (Population 5–59)



Japan: Video Gaming Participation by Platform (Population 5–59)



One might argue that the loss of a percent — or two, or three — of players is not that big of a problem for the video gaming industry



If... a player
stopped
playing
altogether



Then... they
probably
weren't big
gamers



And so... how
much revenue or
“value” is really
lost?

But in practice, all player loss is a *compounding* problem.



6

Growth can only come from greater monetization of (ever fewer) remaining players
This can come from prices being forced up, players buying more, ads, or serving other business models (e.g., Amazon Prime, Google Cloud, etc.)

5

If players don't spend more, all new investments (e.g., hiring, raises, new games, etc.) must be borne by existing players, or otherwise reduce publisher profits
(Of course, the more likely the latter outcome, the less likely publishers are to do the former)

4

Individual games can only grow by stealing other games' players, playtime, or spend
An eat-or-be-eaten market means growing one title involves shrinking one or more others

3

It's even harder for new games to break through
New players and markets are always the greatest opportunity for new studios and games

2

The network effects of *all* games and gaming platforms are impaired, which in turn impairs the satisfaction and spending rates of all remaining players

1

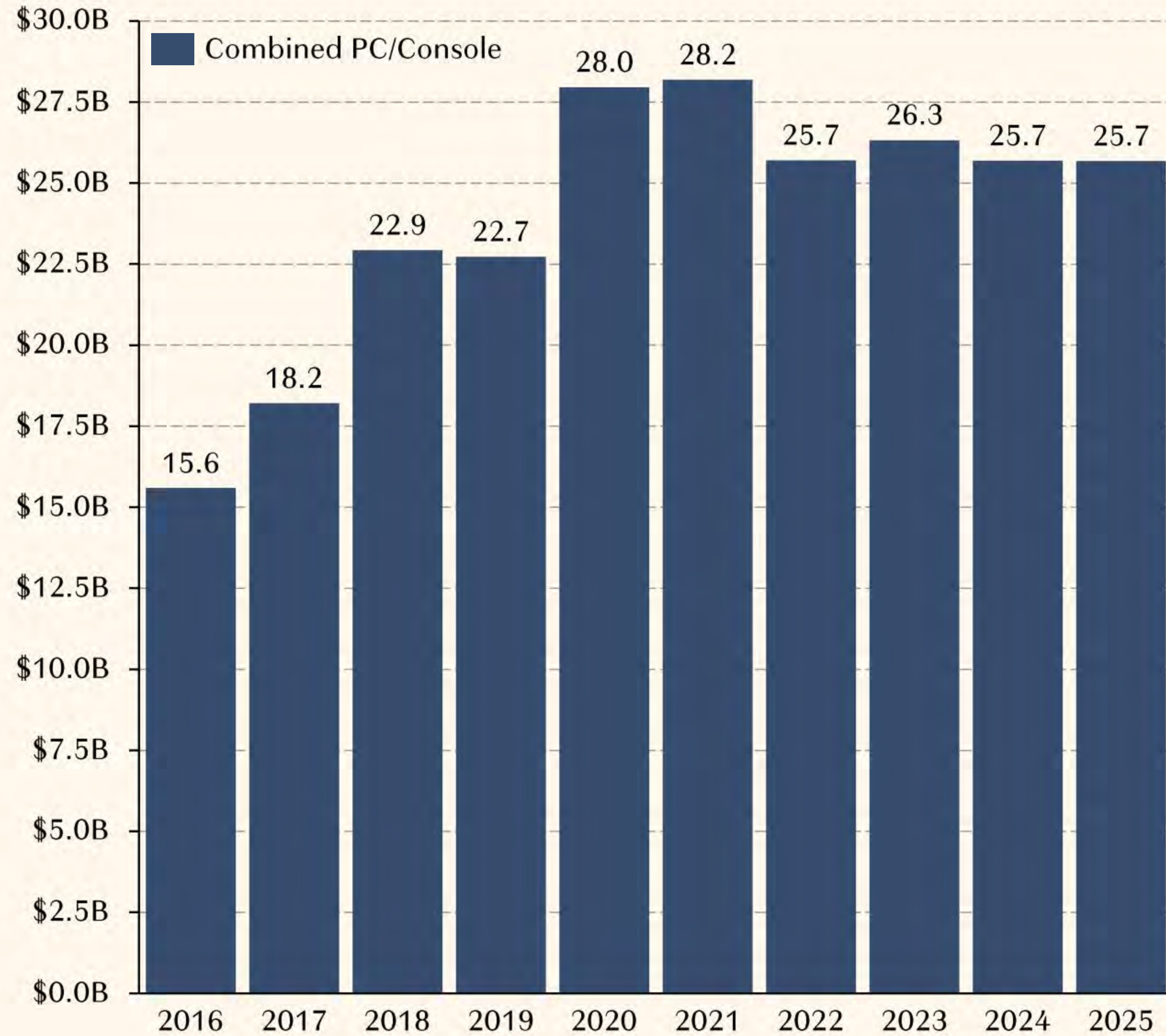
If some players have stopped playing altogether, many are likely playing less, too
Player loss is the clearest signal, but it's just the "smoke" behind a bigger fire

U.S. (#1): PC/Console content spend is down 8% since 2020/2021 (or -\$2.3B); Mobile's annual growth flattened out in 2025, but is +12% since 2020 and now outstrips PC/Console



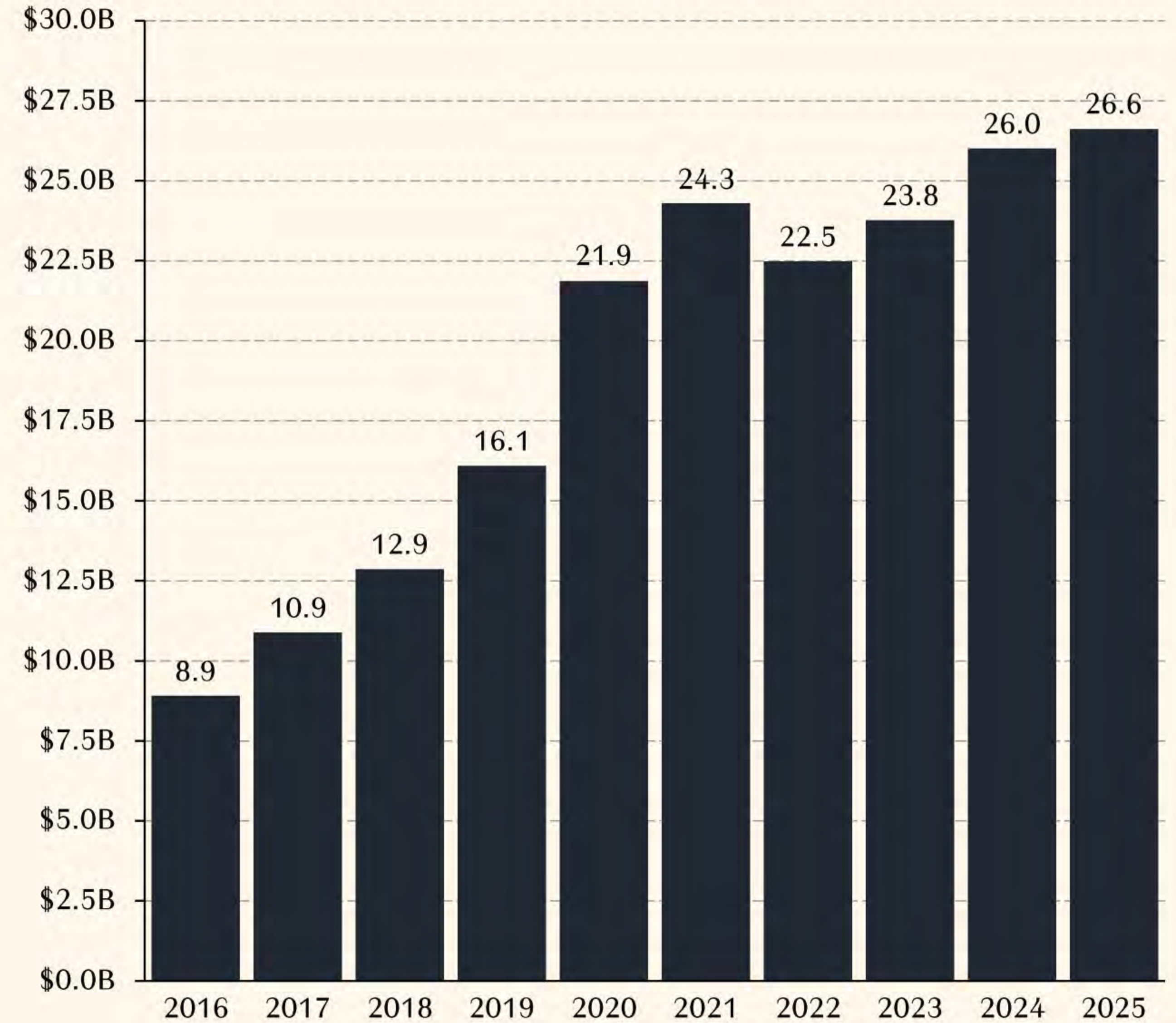
U.S.: PC/Console Video Game Content Spend

(Packaged Sales + Microtransactions + Subscriptions/Services)



U.S.: Mobile Video Game Content Spend

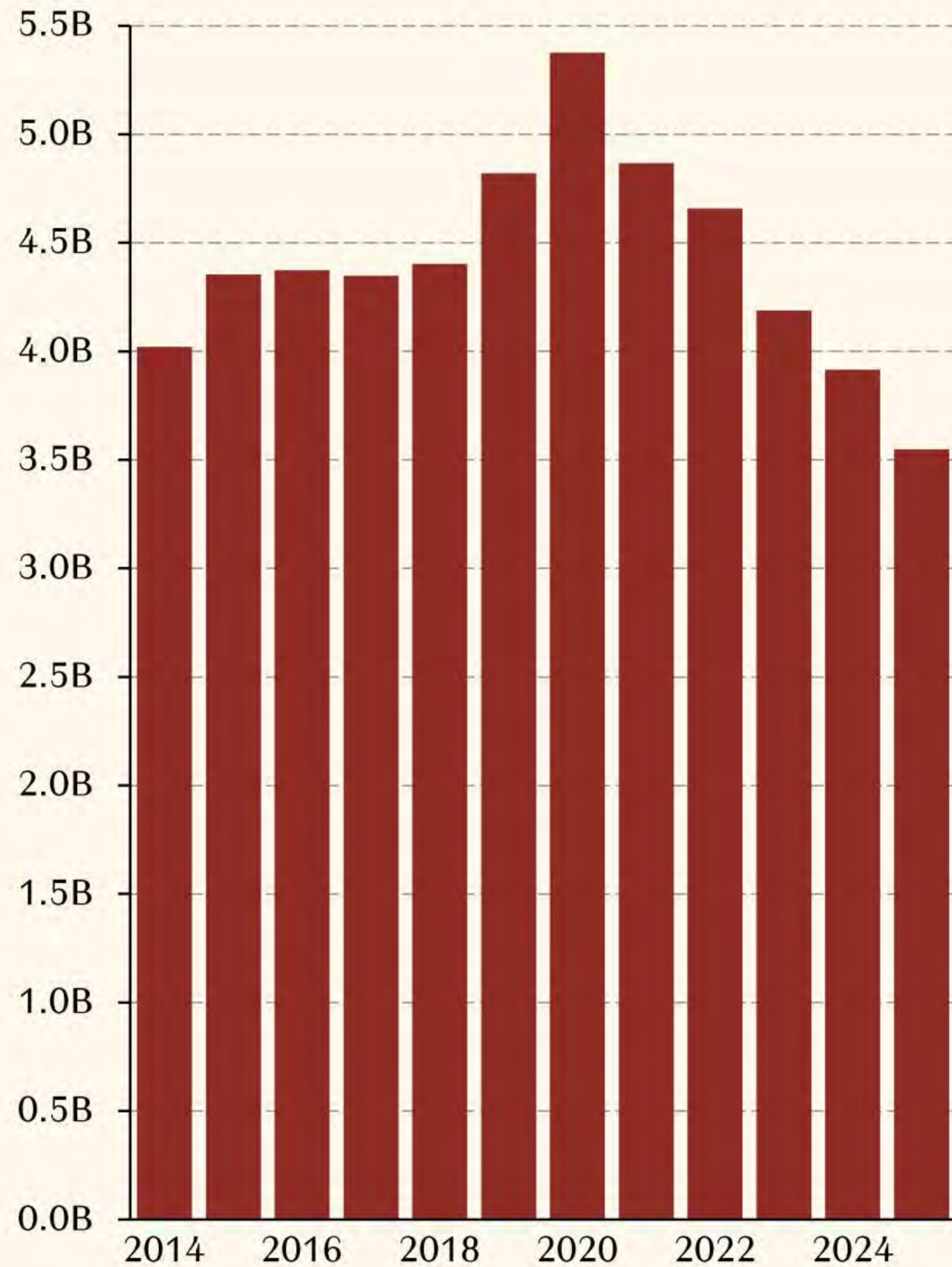
(Packaged Sales + Microtransactions + Subscriptions/Services)



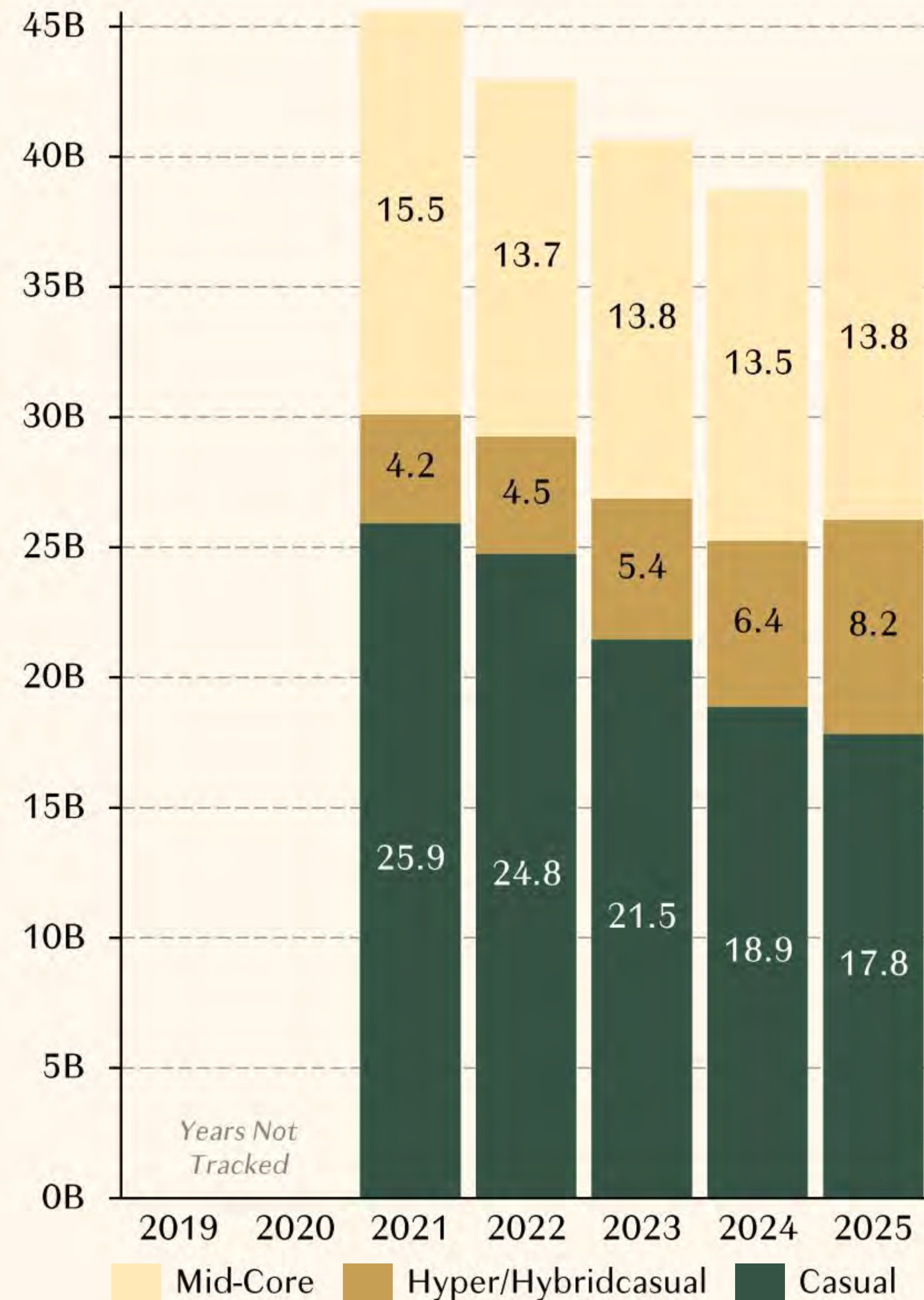
U.S. (#1): Not just down on spend, either. Mobile game installs are at a 12-year low, hours played have tumbled, and even time spent watching video game streaming is flatlined.



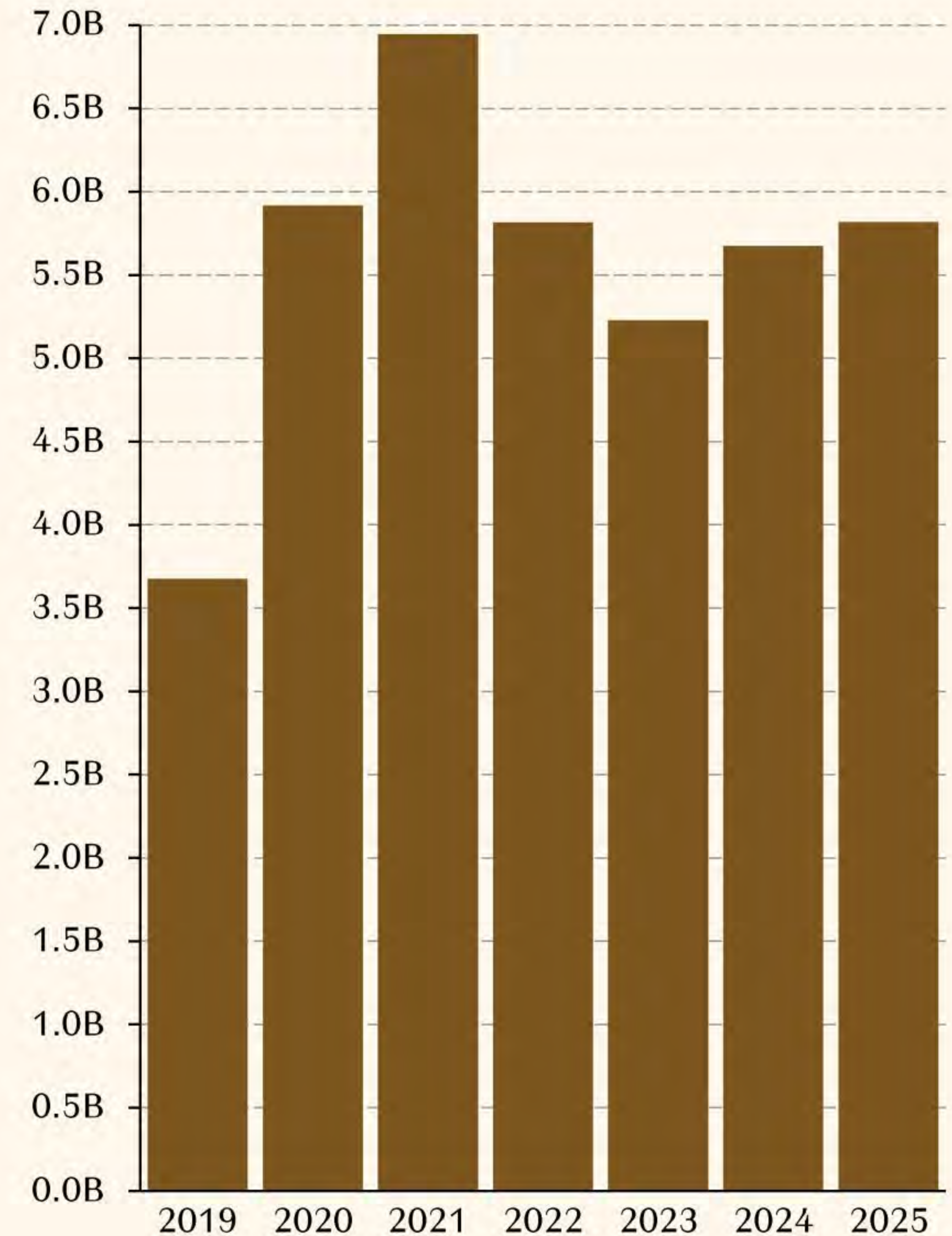
U.S. Mobile Game Installs (iOS and Android)



U.S. Mobile Gaming Hours Played (iOS and Android)



Hours Watched of Game Streams (Mostly Twitch, YouTube Gaming, Kick)

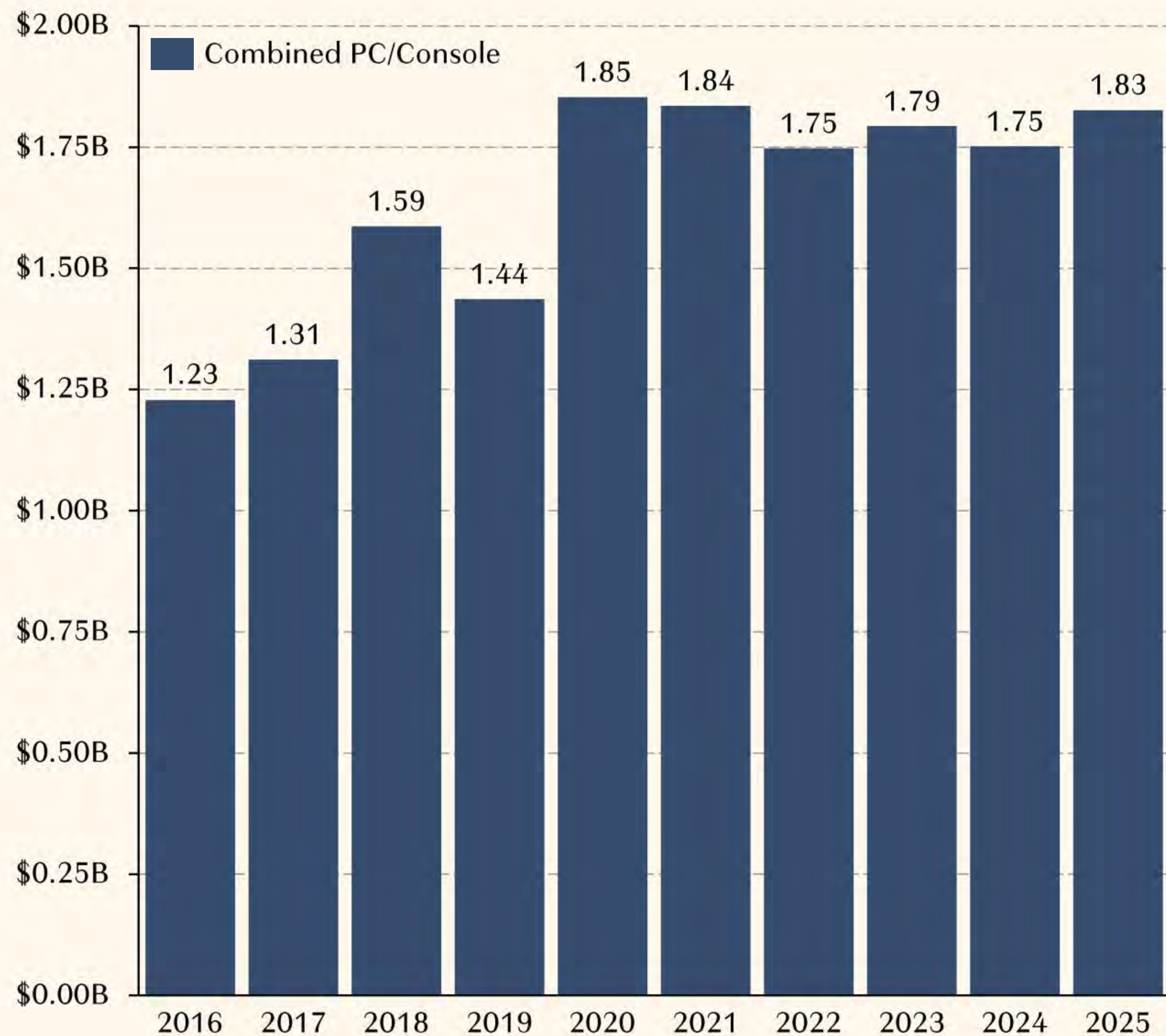


Canada (#8): After five years, Canadian PC/Console sales are still 1.5% below 2020's levels, while mobile is up only 0.7%. Growth is tough when customers are diminishing.



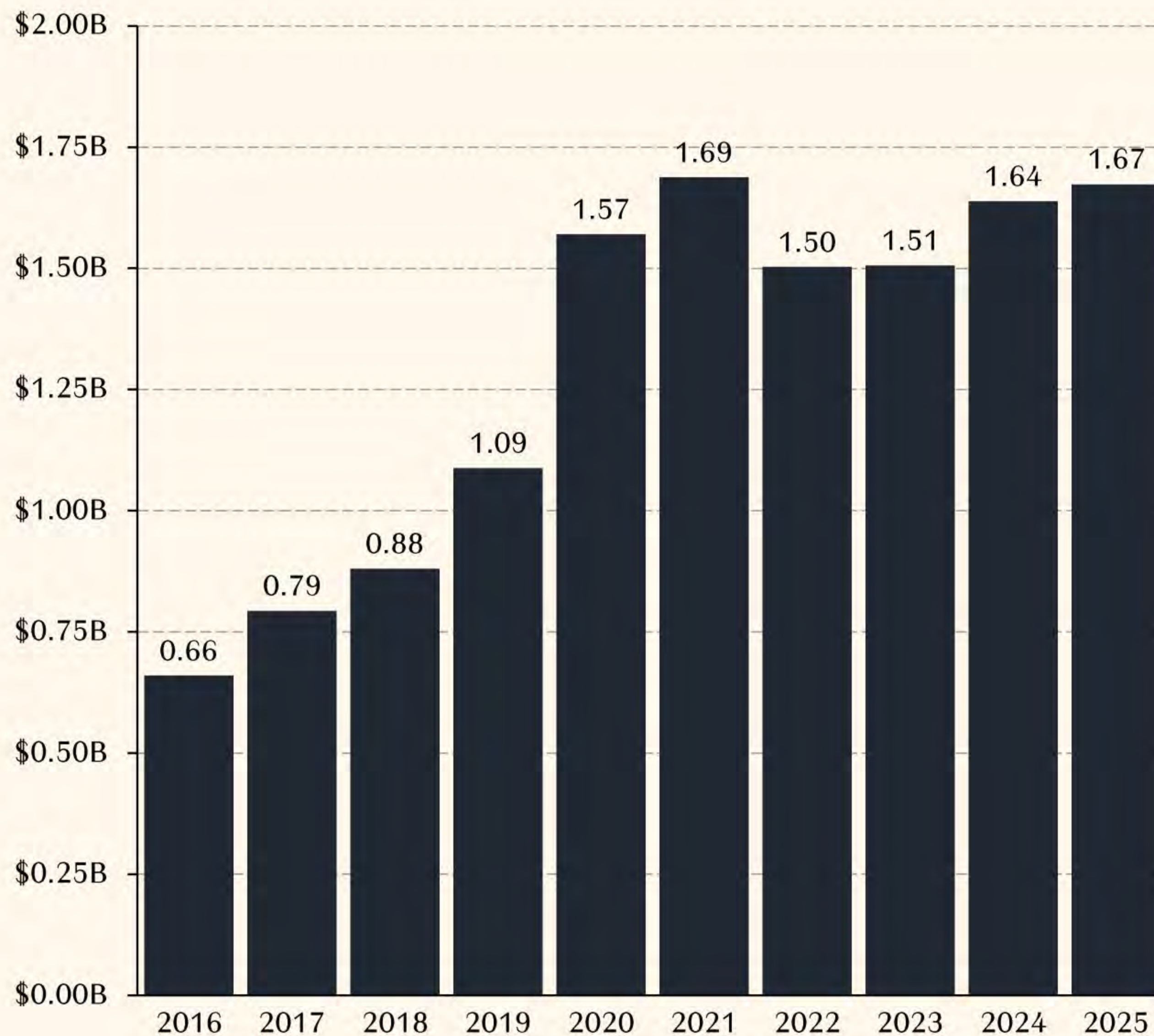
Canada: PC/Console Video Game Content Spend

(Packaged Sales + Microtransactions + Subscriptions/Services)



Canada: Mobile Video Game Content Spend

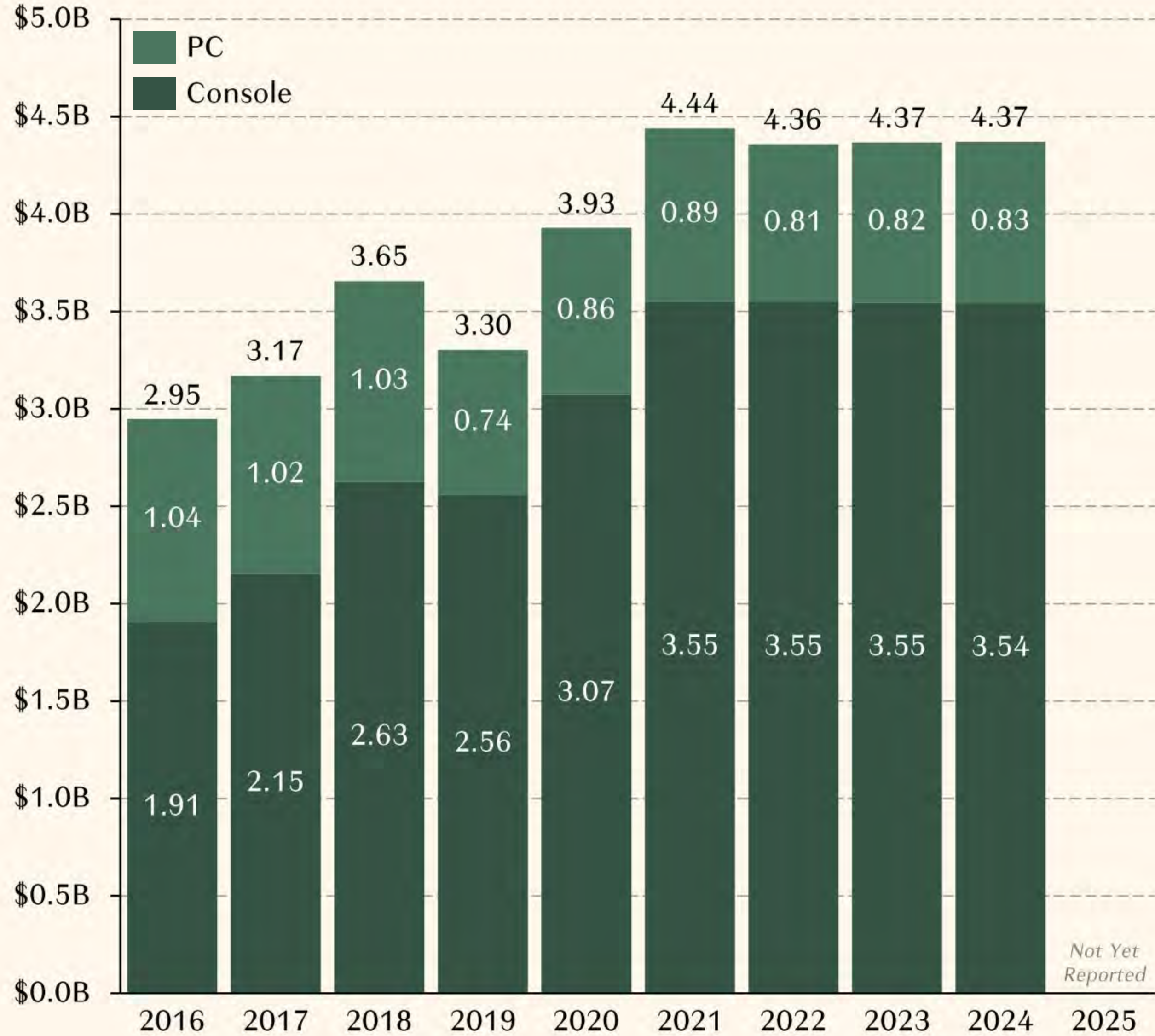
(Packaged Sales + Microtransactions + Subscriptions/Services)



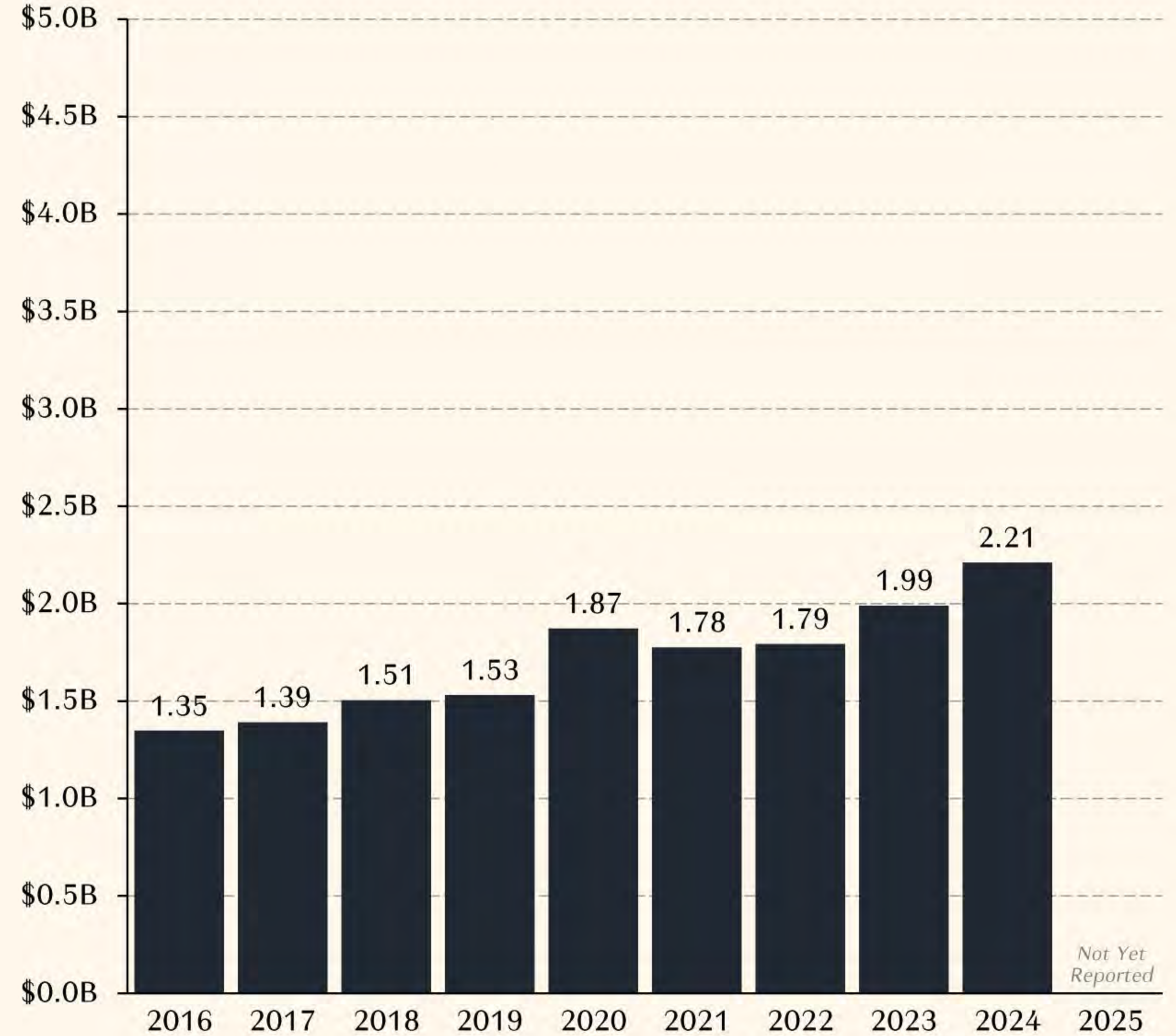
U.K. (#5): PC/Console has flatlined from 2021–2024; Mobile, which has held most of its post-pandemic playerbase, is still growing at a 4.2% CAGR since 2020



U.K.: PC/Console Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



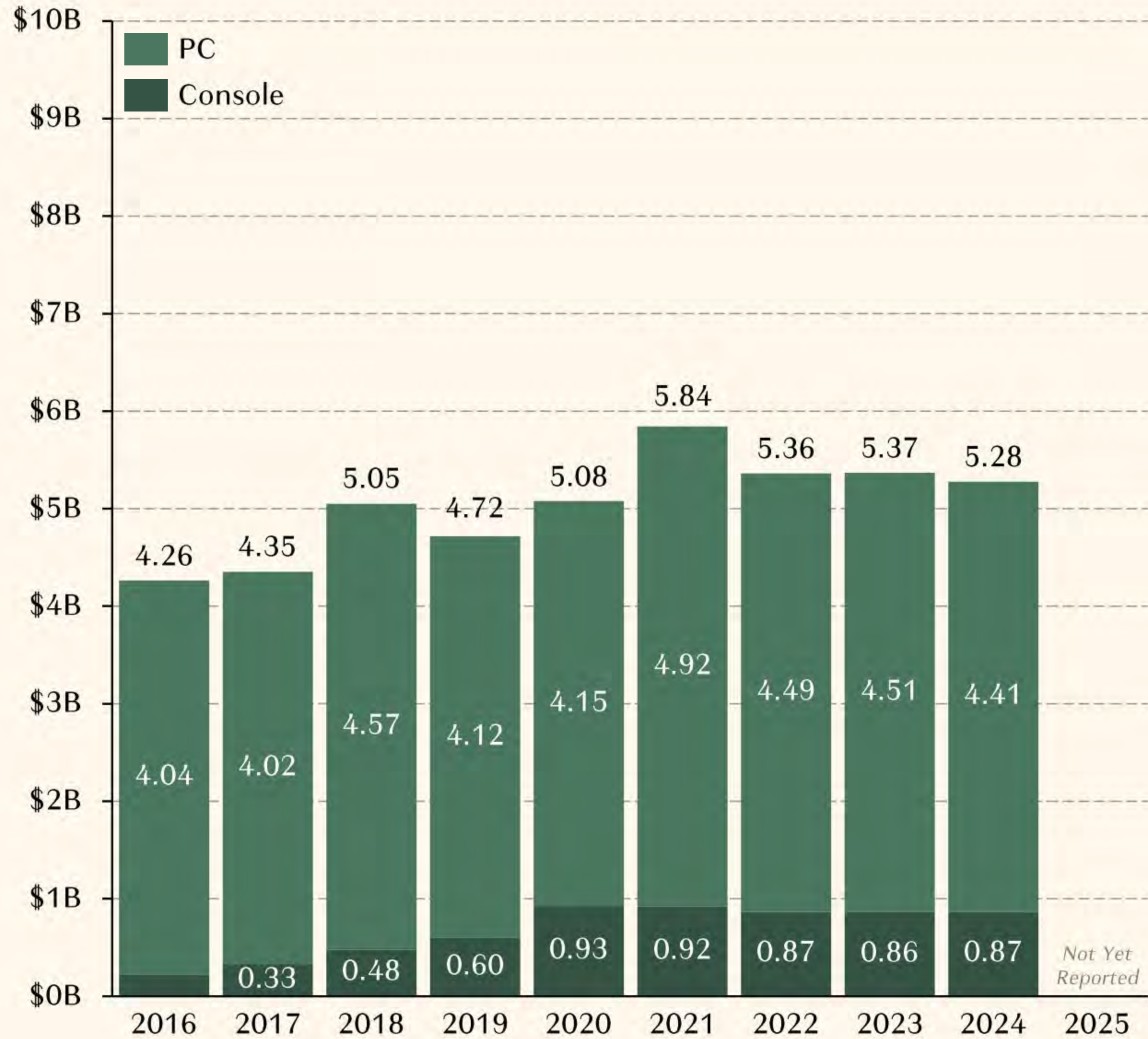
U.K.: Mobile Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



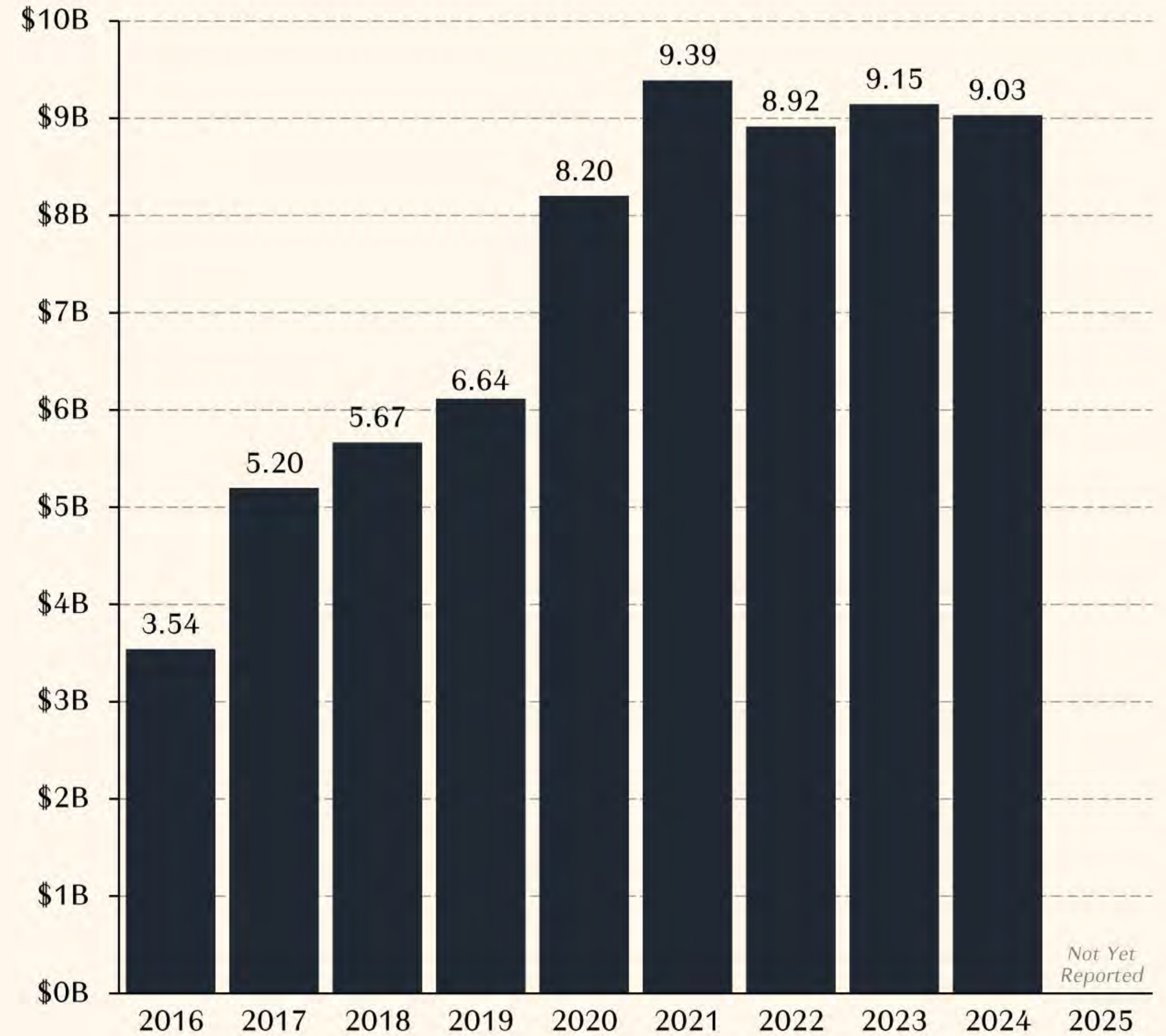
Korea (#4): PC/Console shrank 10% from 2021–2024 and mobile dropped 4%; USD/KRW ForEx has been a big headwind, but Q1–Q3 2025 KRW preliminaries are down 5%+ in Won



S. Korea: PC/Console Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



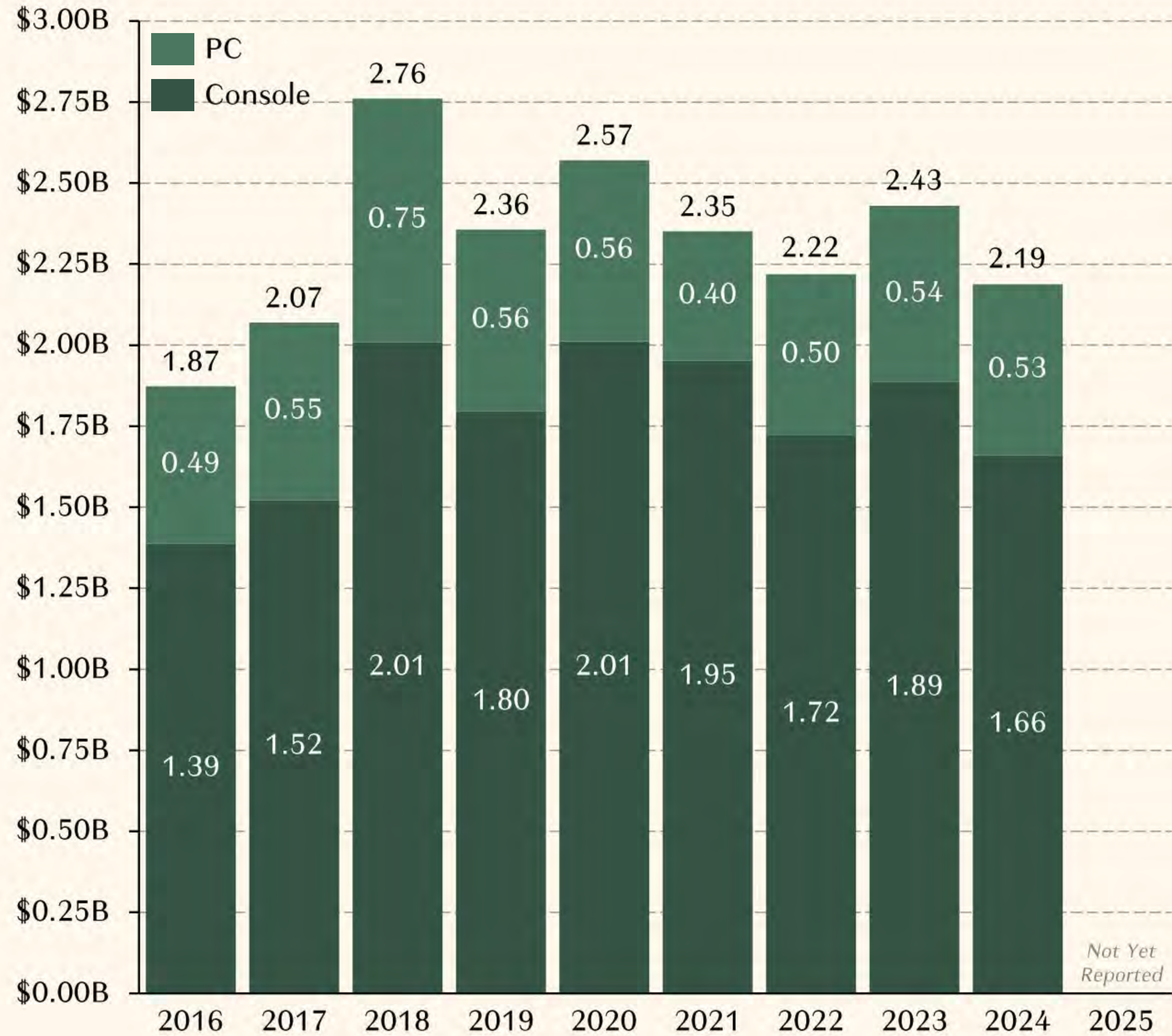
S. Korea: Mobile Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



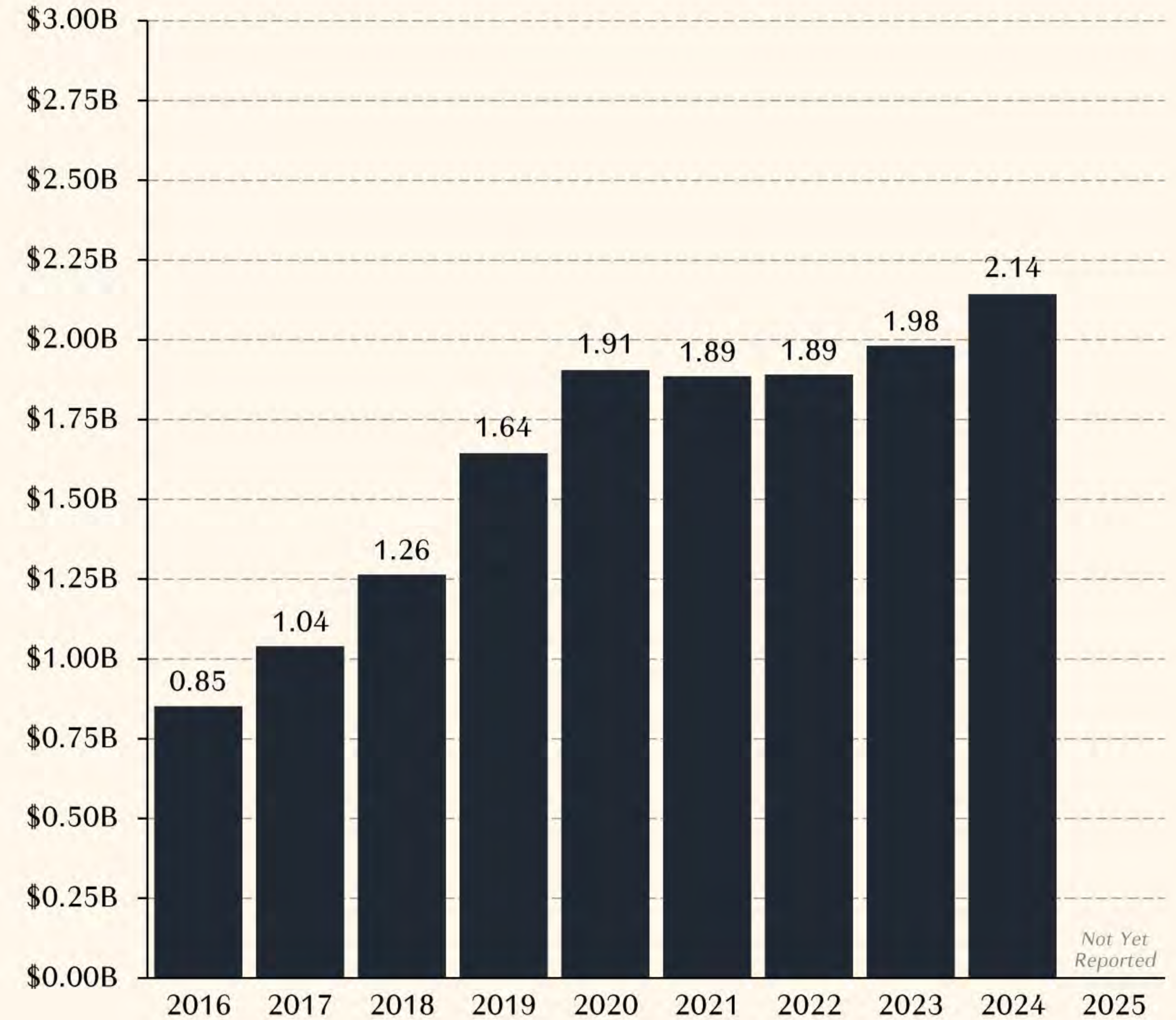
France (#7): 2024 saw a 7-year low in PC/Console; mobile has been mostly sideways since 2020 but is finally starting to edge up, growing 13% from 2020 to 2024



France: PC/Console Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



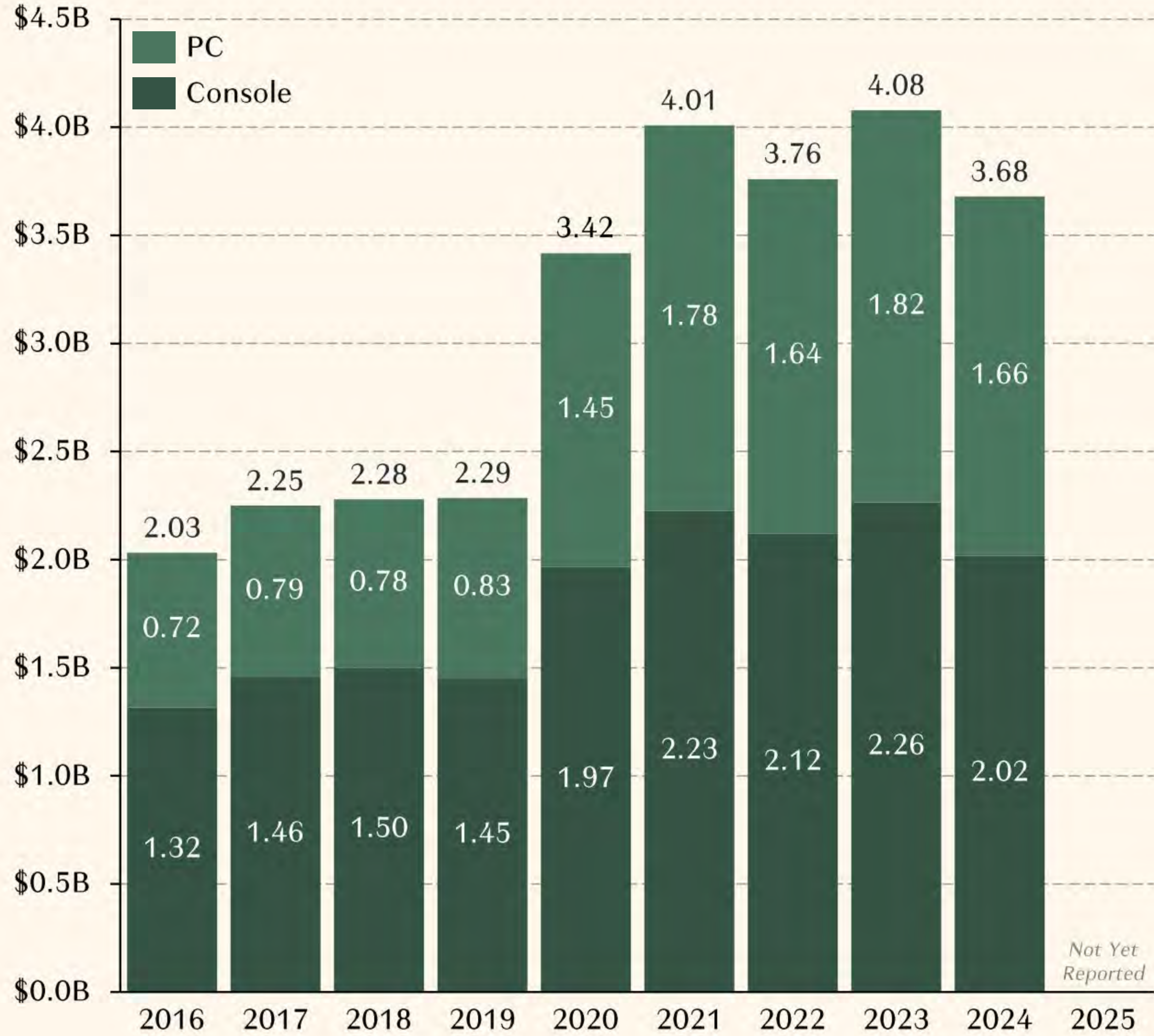
France: Mobile Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



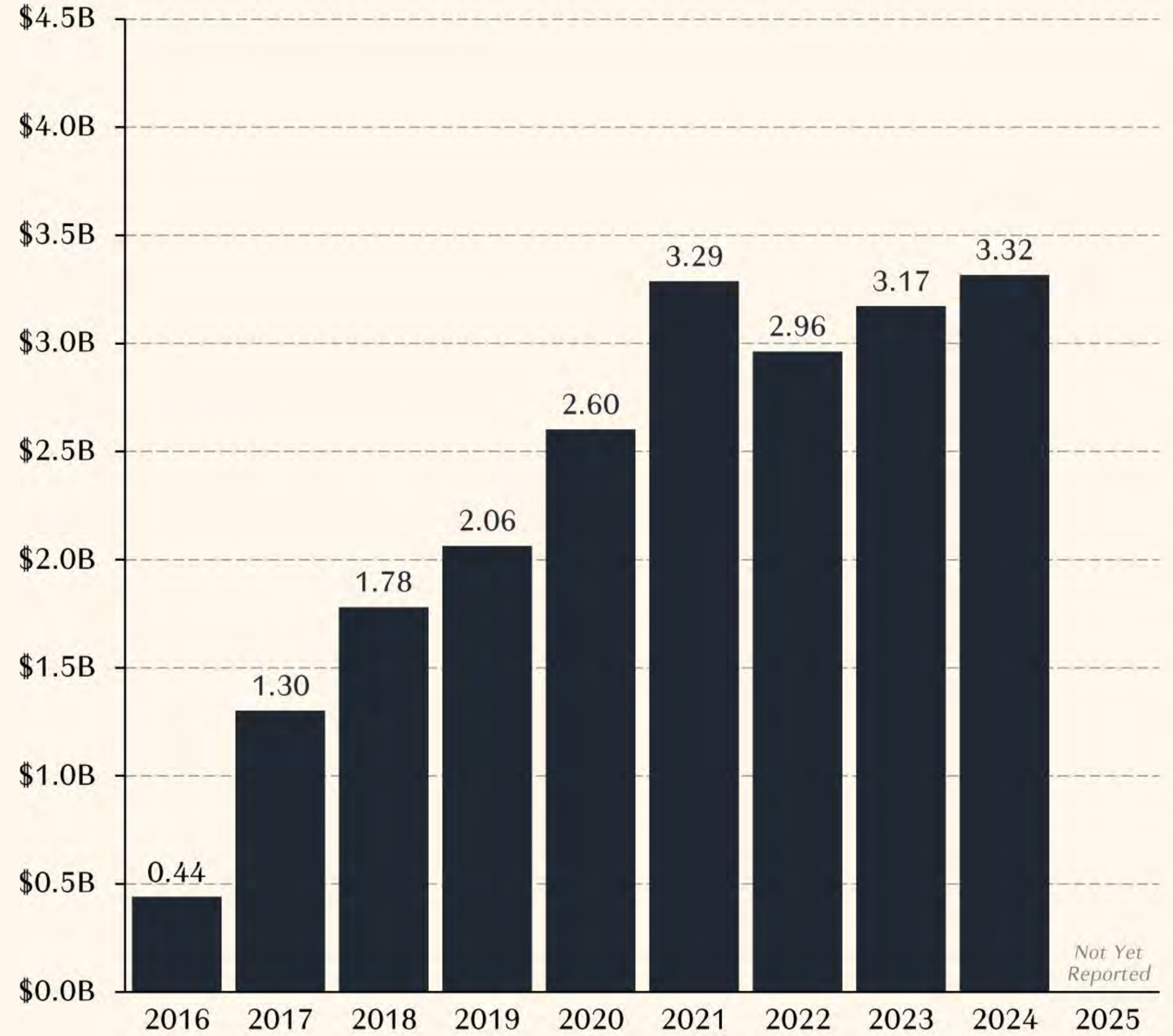
Germany (#5): Despite minor participation rate *growth*, PC/Console has declined 8.2% since 2021 and mobile is up only 0.9%



Germany: PC/Console Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



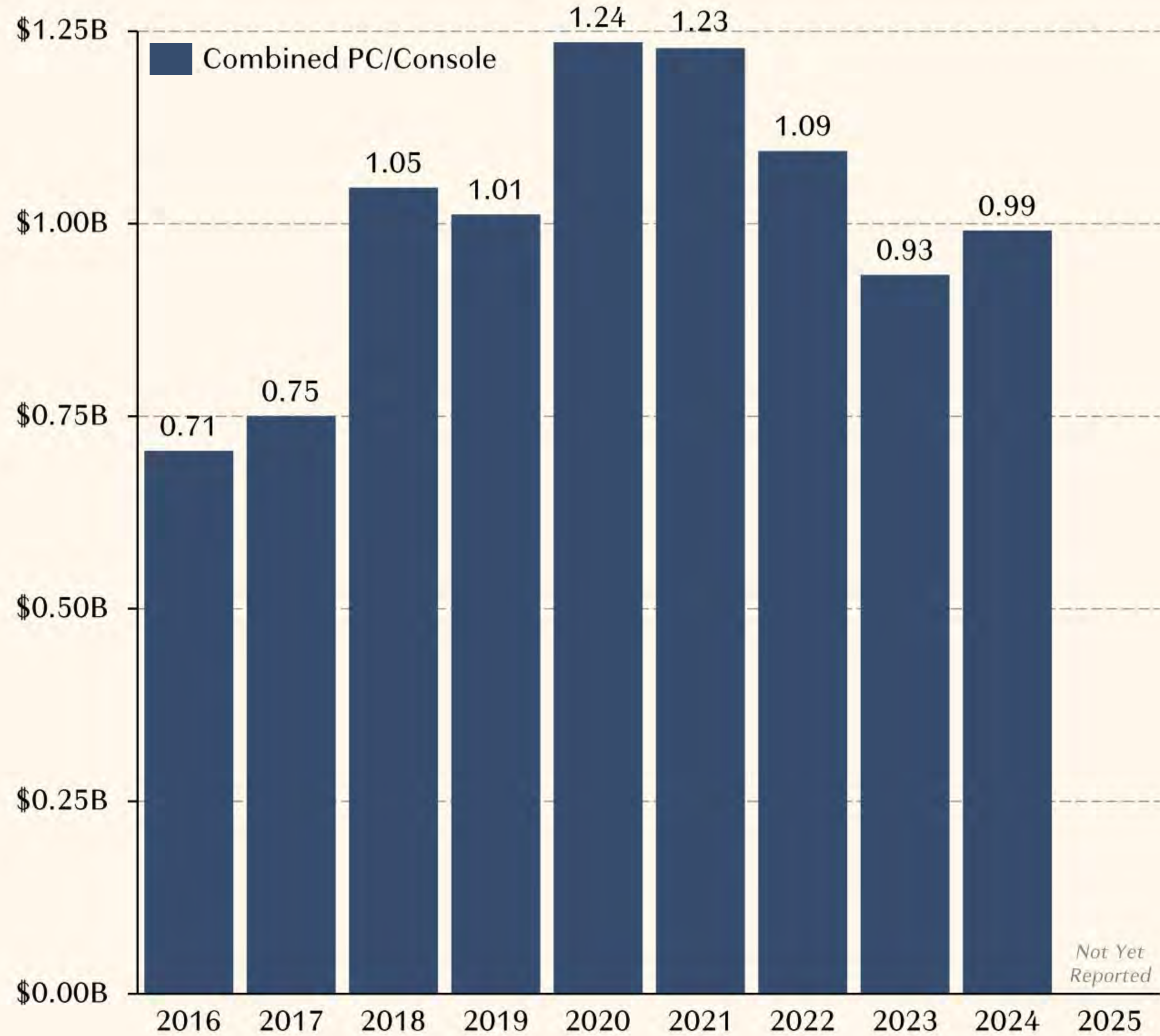
Germany: Mobile Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



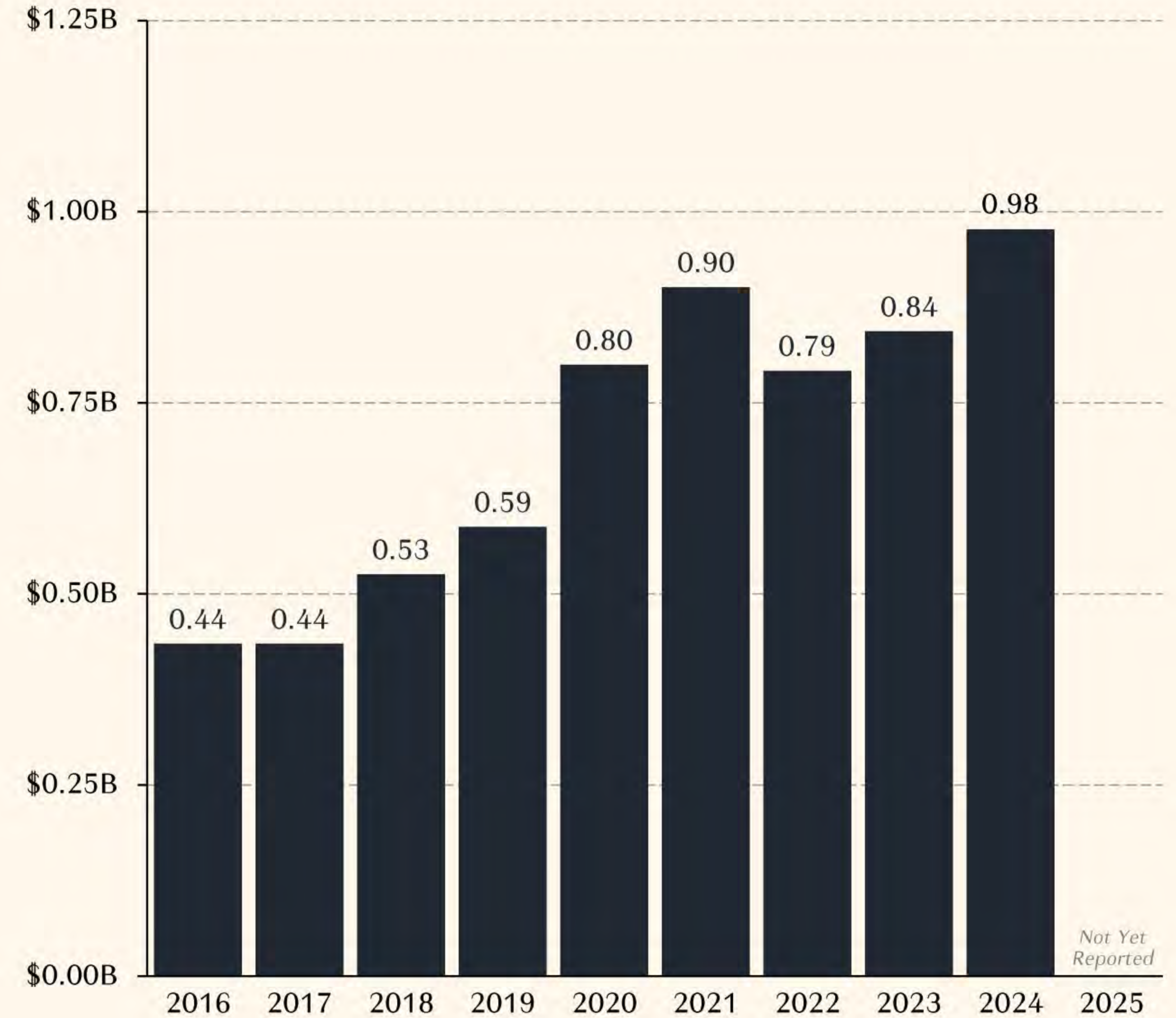
Italy (#11): PC/Console software surged 22% during the pandemic, but four years later, sales were down 20% and 2% under 2019. Mobile is up 9% from 2021 to 2024



Italy: PC/Console Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



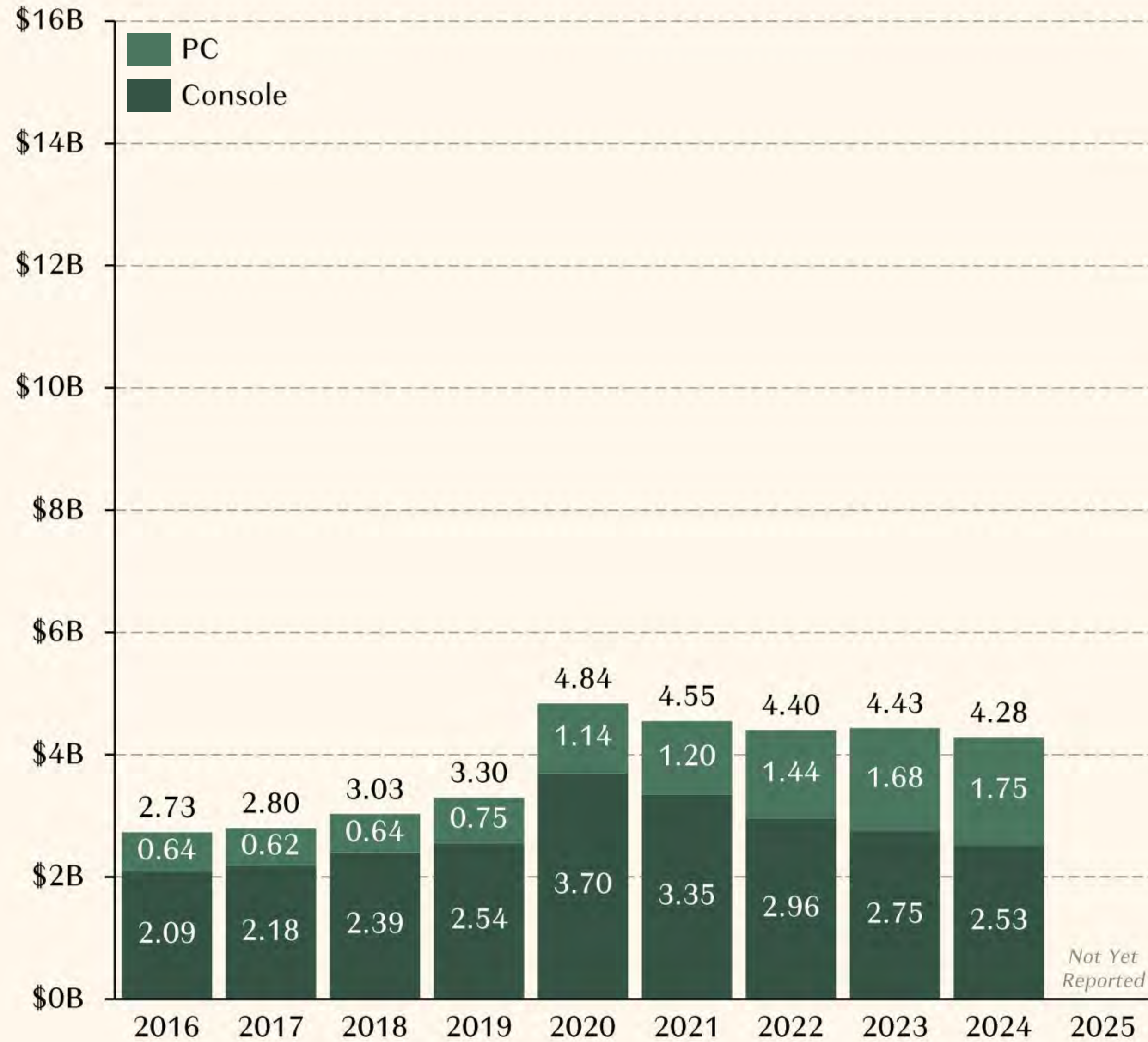
Italy: Mobile Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



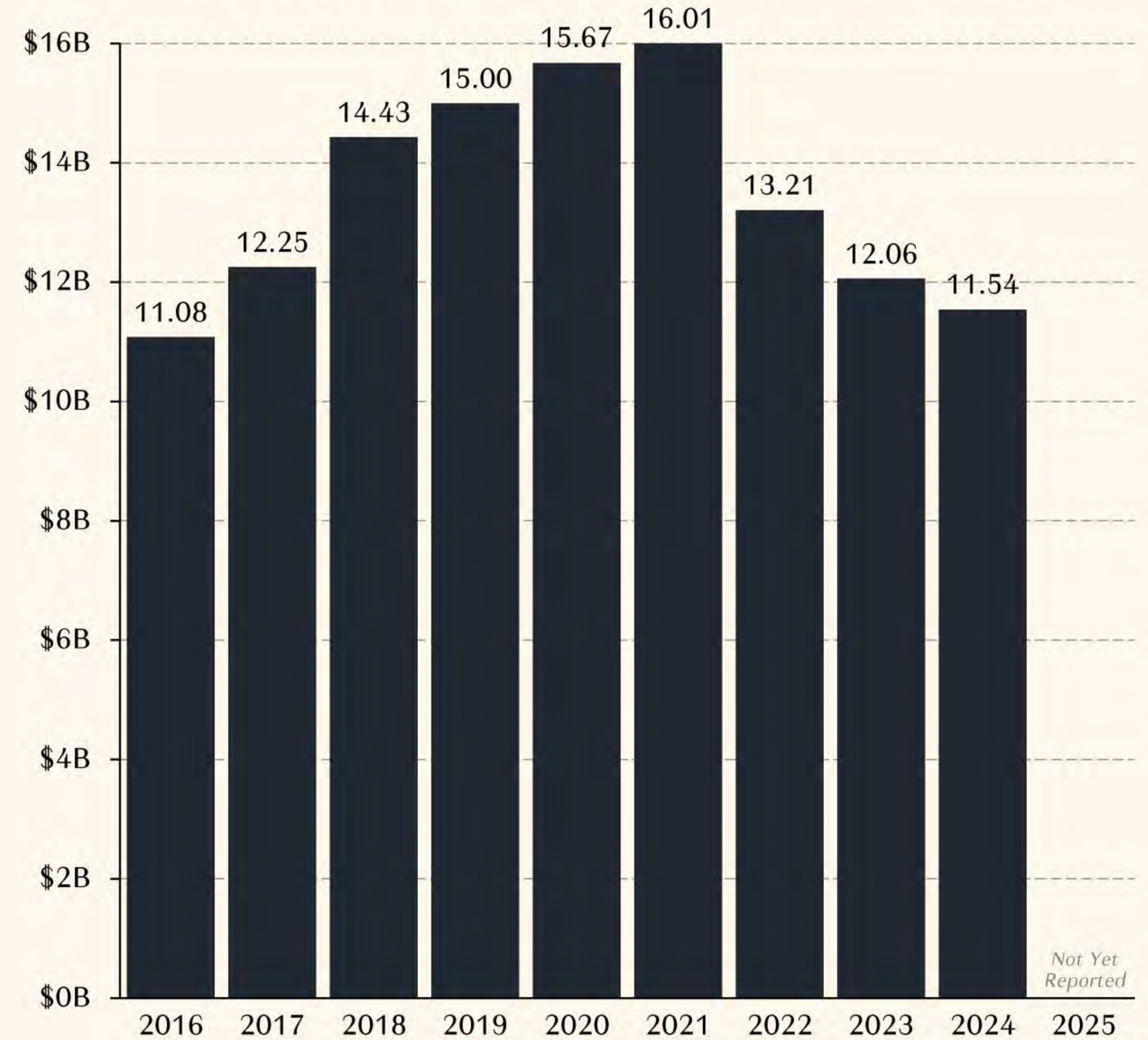
Japan (#3): PC/Console is 42% in JPY since 2021, but publishers have been unable to raise prices to net JPY/USD decline, resulting in a 6% fall. Mobile is flat since 2021, thus -27%



Japan: PC/Console Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



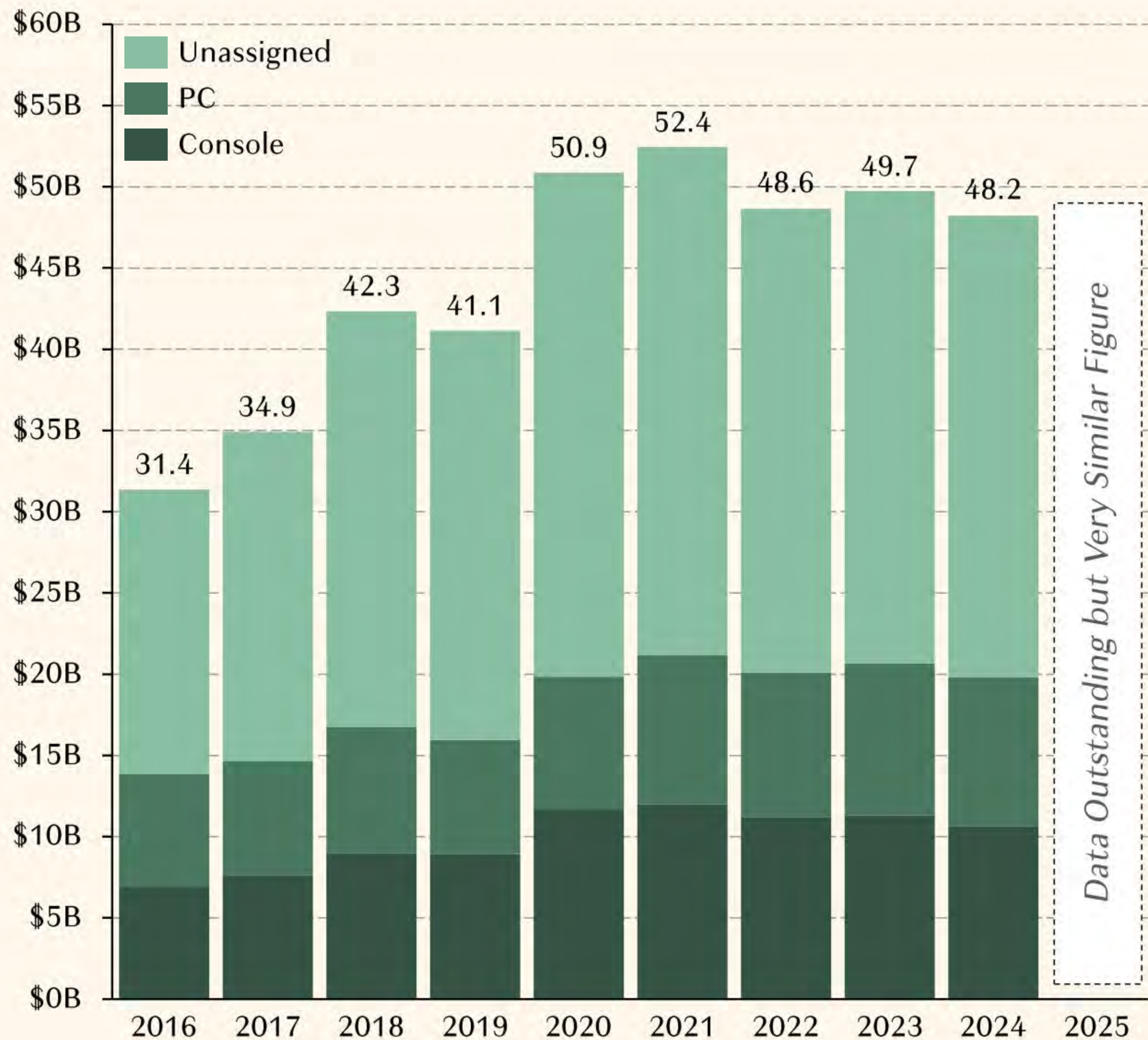
Japan: Mobile Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



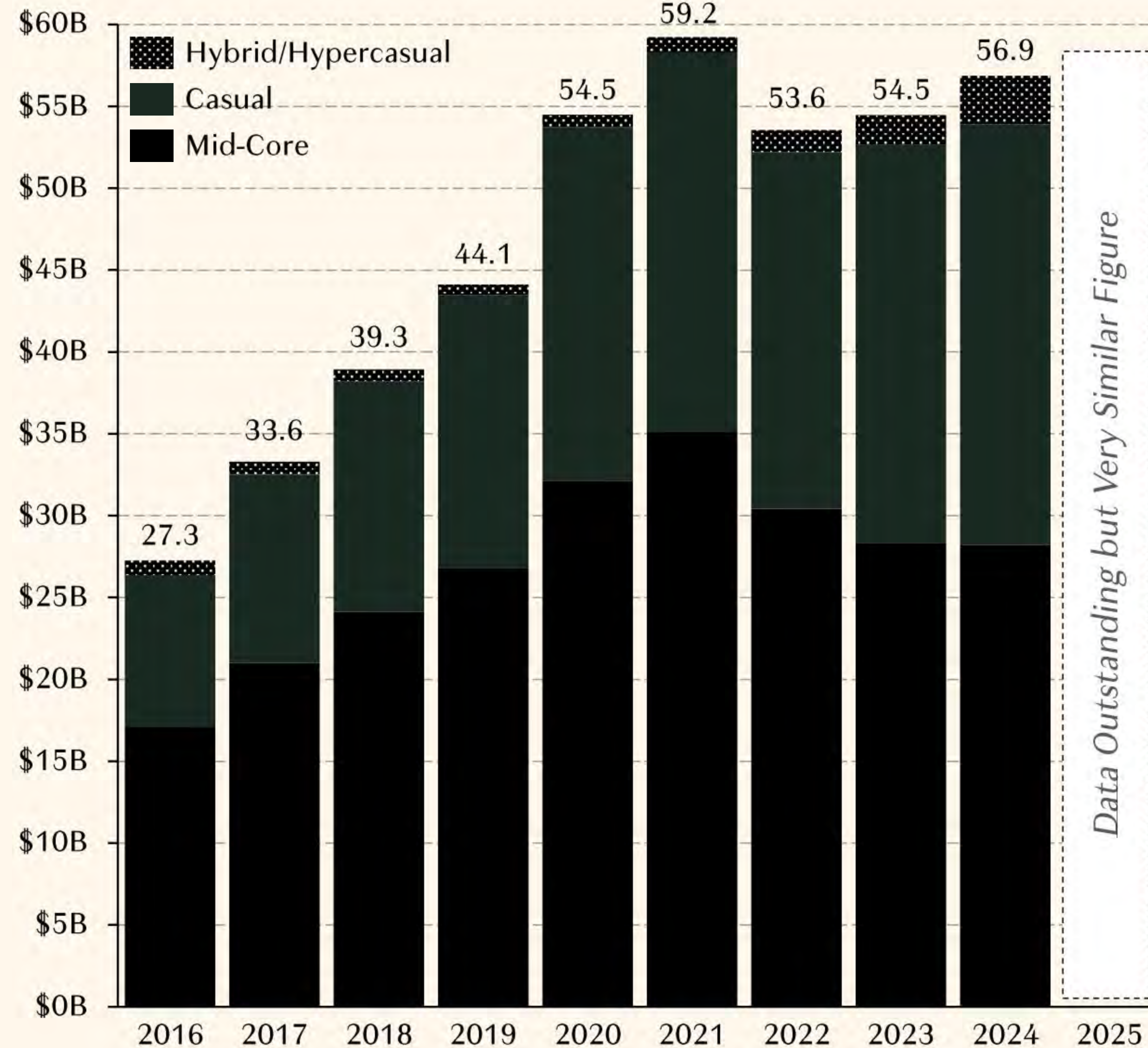
“Mature Market 8:” Total PC/Console software sales shrank by 8% from 2021-2024 (-\$4.2B per year). Mobile is down 3.8% (-\$2.3B), though five of eight markets are at all-time highs



MM8: PC/Console Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)



MM8: Mobile Video Game Content Spend
(Packaged Sales + Microtransactions + Subscriptions/Services)





Chapter I: Spending Growth but More Retrenchment and Margin Struggles in 2025

Chapter II: Why Growth is Scarcer Than Headlines Suggest

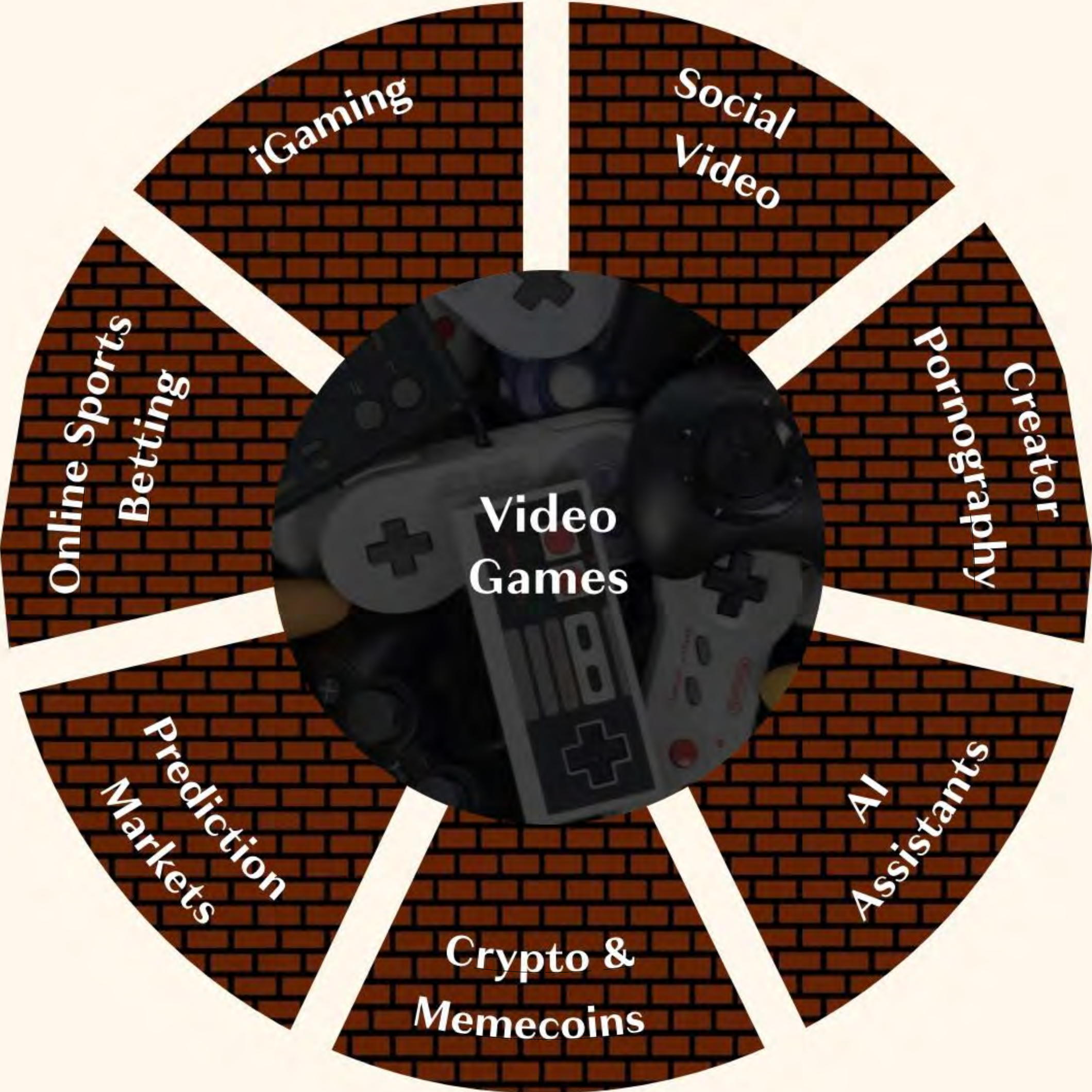
Chapter III: Video Games Are Losing the Attention War in the “Major Market 8”

Chapter IV: The Novel Interactive Competitors Taking Attention, Time, and Spend from Video Games

Chapter V: The Five Biggest Areas of Revenue Growth in the Video Game Industry in 2026

Chapter VI: Closing Thoughts on the “Industry” and Finding Growth in 2026

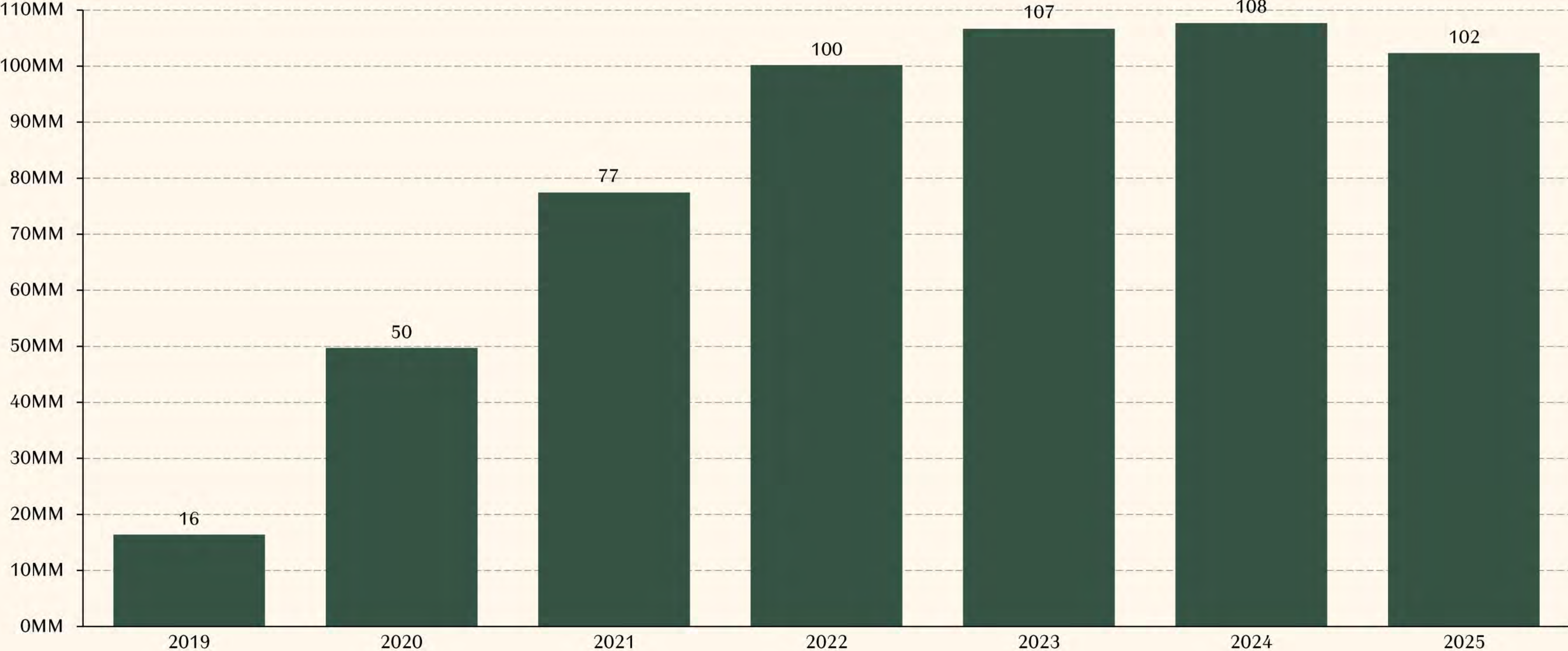
Interactivity is *still* ascendant... but that's video gaming's challenge. Interactive experiences continue to emerge and offer novel forms of skill mastery, progression loops, and social play



Social Video: In *just* the U.S., consumption of TikTok is up 39 million hours *a day* compared to the second half of 2020 and first half of 2021 (i.e., after COVID normalization)



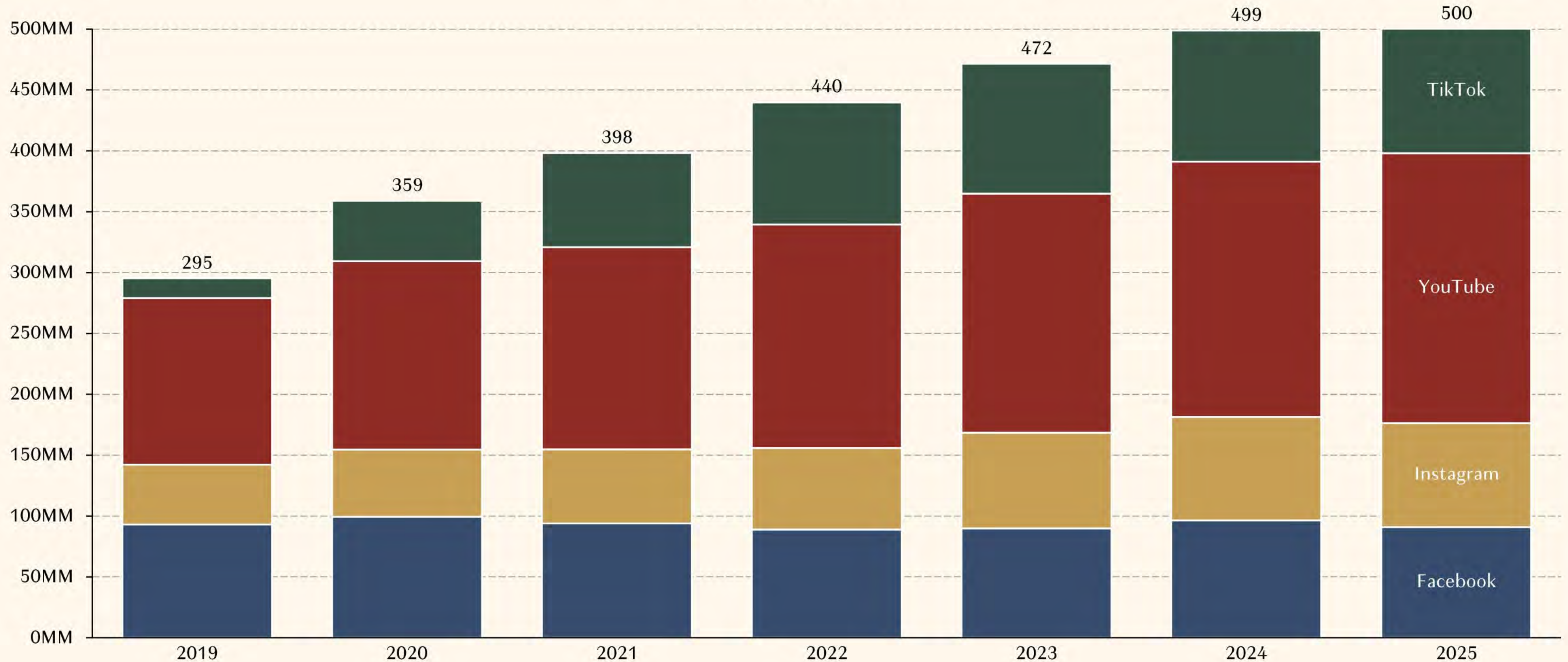
Average Daily Hours of TikTok Watched in the U.S.
(Total population)



Social Media: TikTok's growth hasn't come from direct competitors. Americans now use 122 million more hours social media per day than in 2020/21 (~21 mins for each of 341MM people)



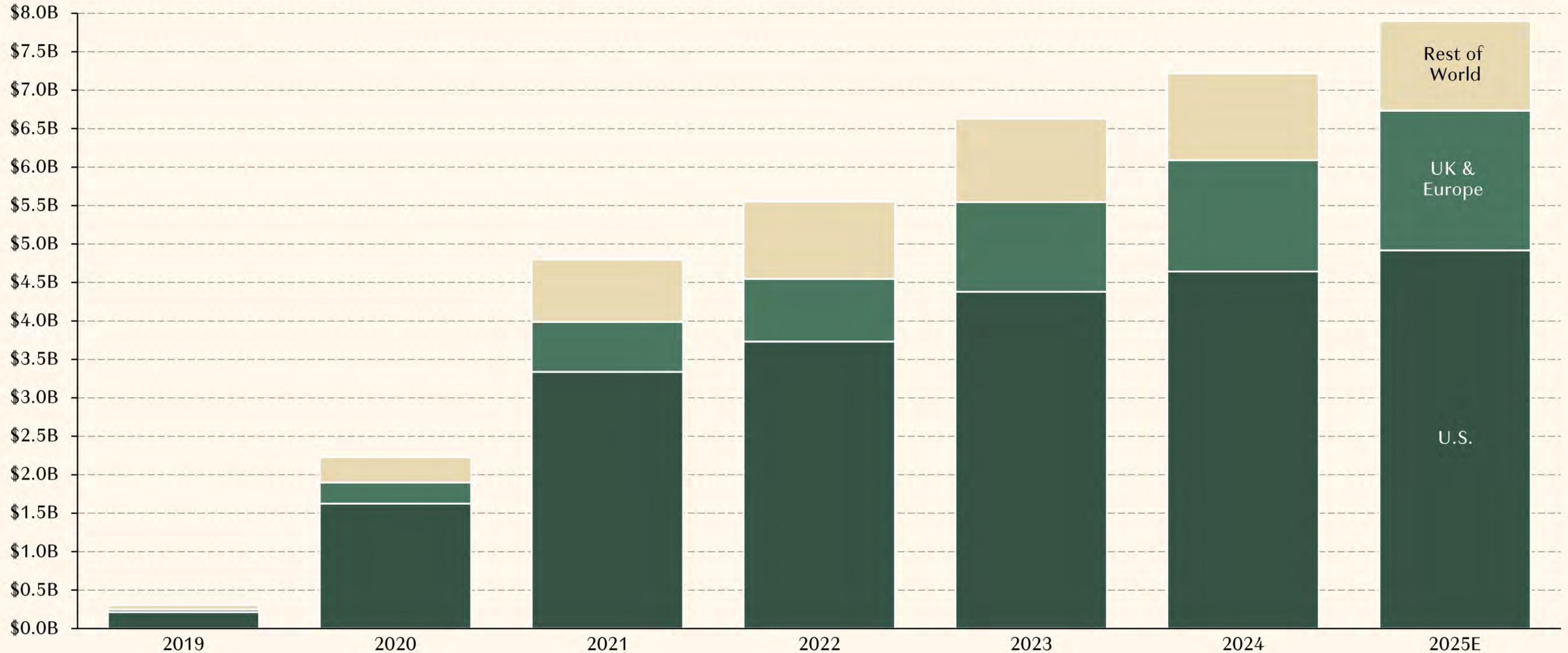
Average Daily Hours of Use in the U.S.
(Total population)



Creator Porn: In 2025, Americans spent ~\$5B on OnlyFans (up from \$215MM in 2019) to access exclusive images and video, and engage in intimate/parasocial direct messaging



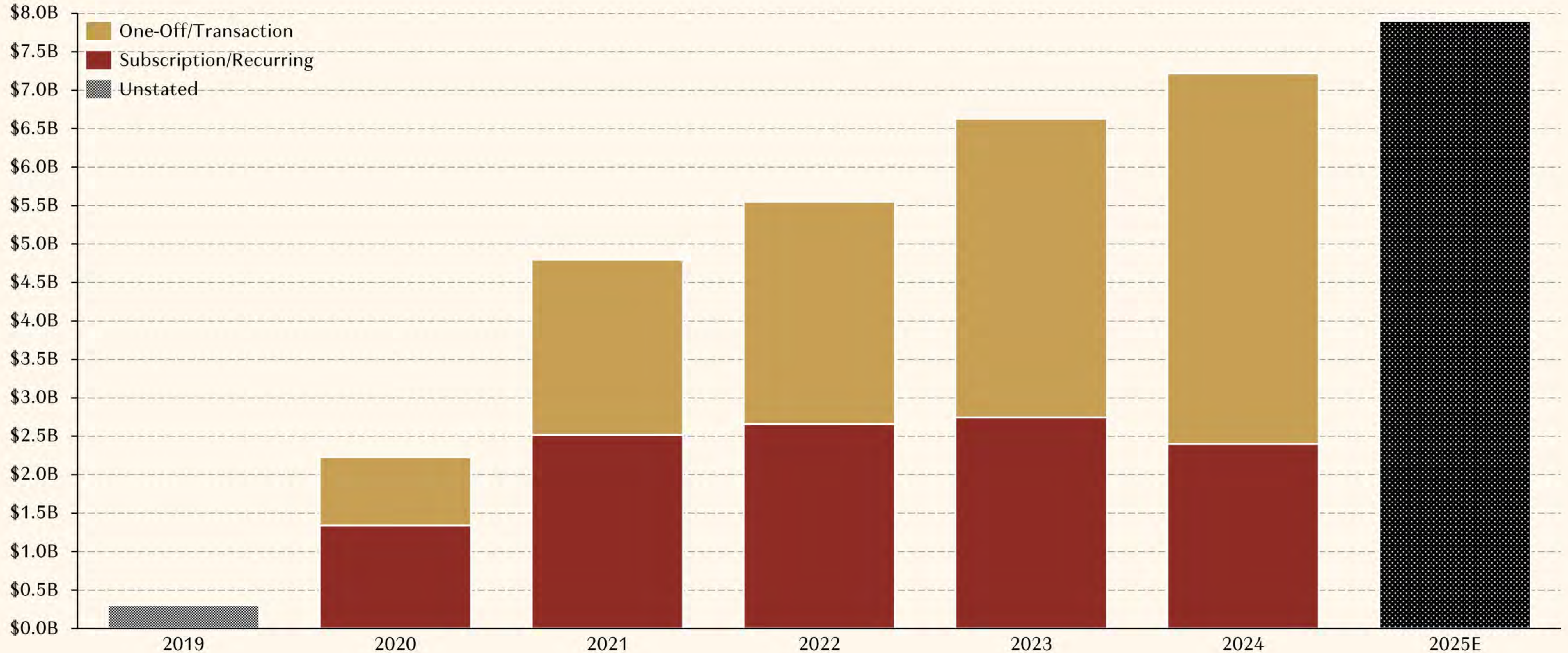
Annual OnlyFans User Spending by Reported Region
(USD; Year-End November 30)



Creator Porn: At least two thirds of OnlyFans spending is now transactional/PPV, rather than from subscription payments. As in video gaming, microtransactions are beating gate fees



Annual OnlyFans User Spending by Reported Region
(USD; Year-End November 30)

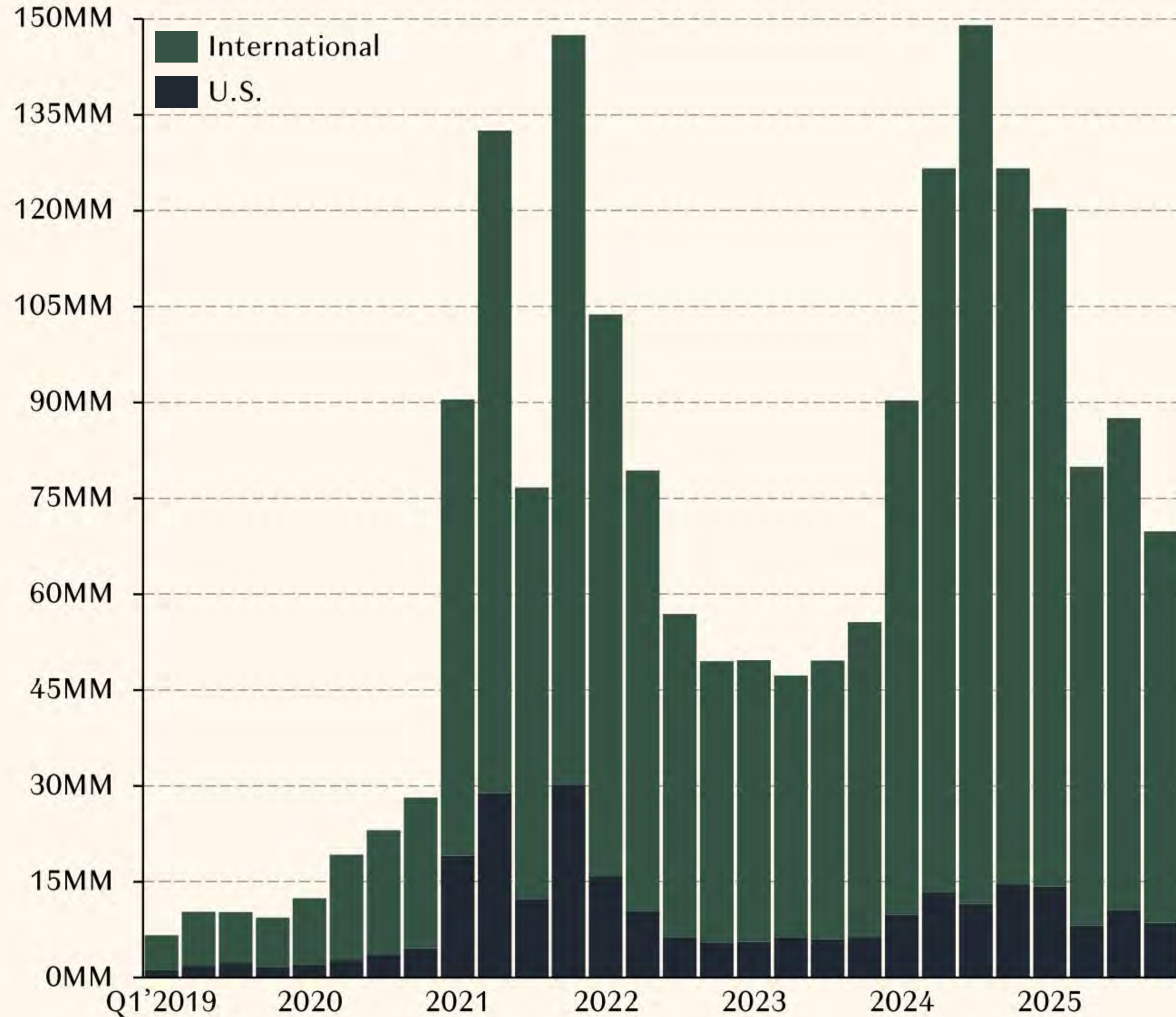


Crypto: Crypto always siphoned hours and spend from video gaming, but crypto's first boom coincided with video gaming's COVID surge; the second hit during video gaming's stagnation



Installs of Dedicated Cryptocurrency Trading Apps

(Excludes finance apps with crypto trading, but which are not crypto-focused)



Memecoin Transaction Value: [REDACTED] + PumpSwap

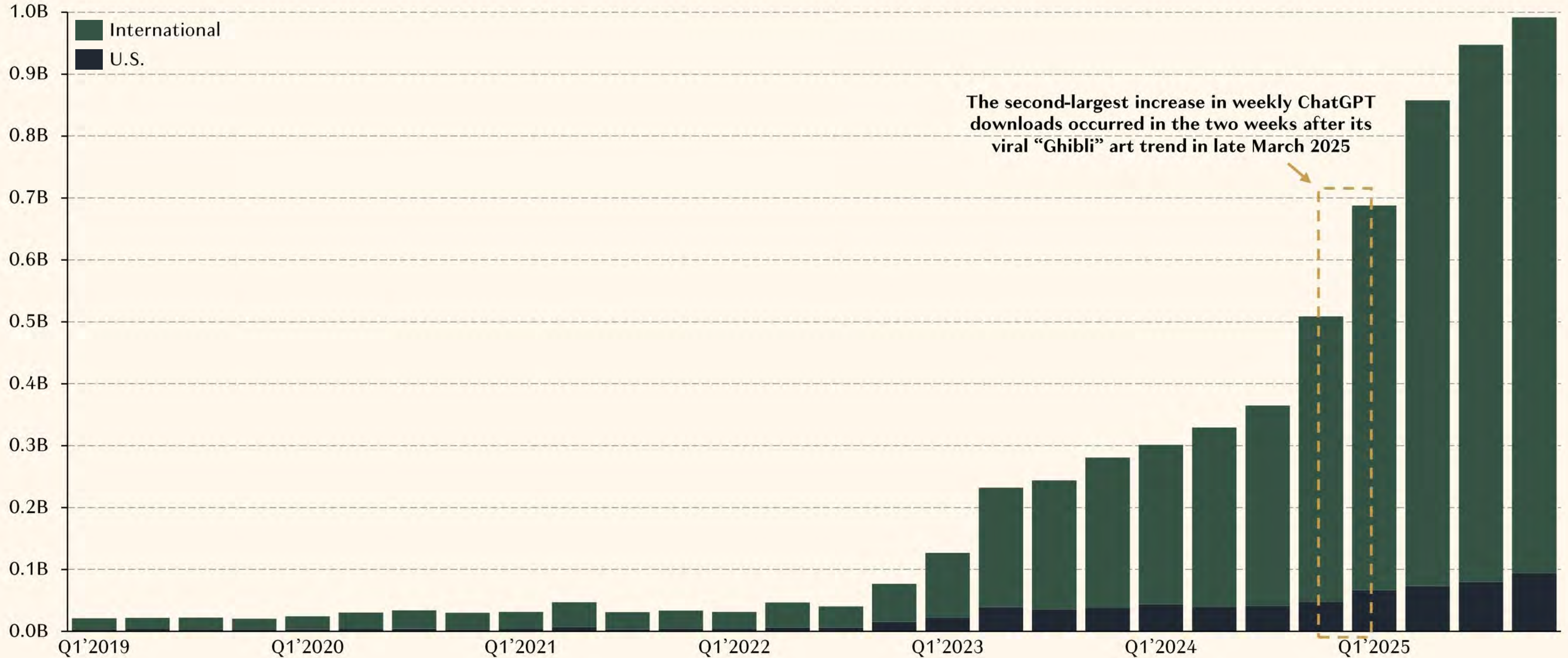
(These platforms are an inexhaustive but indicative measure of total volumes)



AI Apps: Consumer-centric apps, including those for role play, erotica, and art, have also soared in the years since video gaming stalled (and didn't exist during gaming's highs)



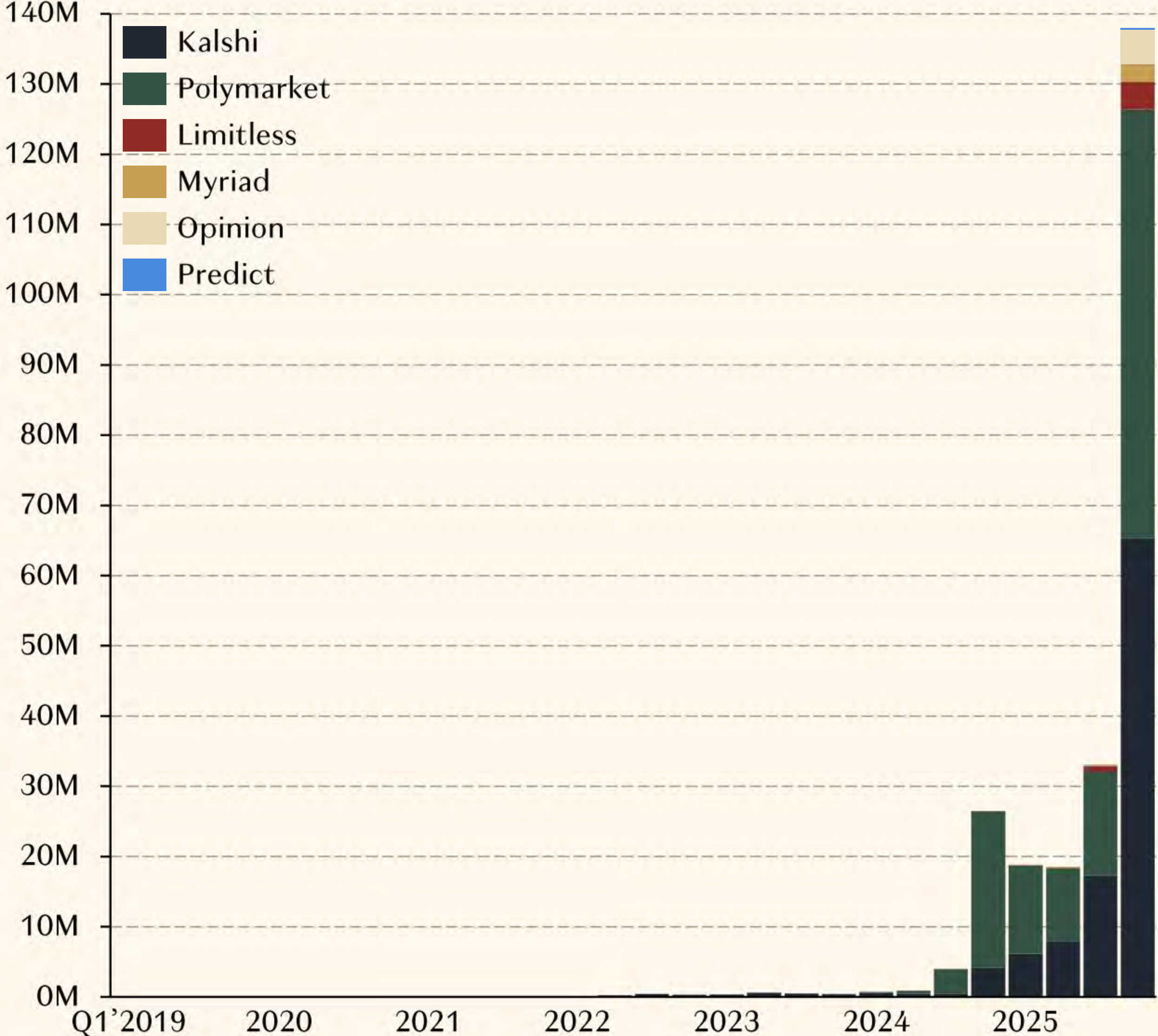
Quarterly Installs of Consumer AI/Assistant Apps
(Excludes applications which feature AI/assistants, but are not primarily classified as such)



Prediction Markets: In Q4, users placed 1.5MM bets a day, averaging \$300 in notional value, with untold hours of research, tracking, and social engagement around these bets



Quarterly Bets on Top Prediction Markets
(Global; Where Legal)



Quarterly Notional Value Bet on Prediction Markets
(Global; Where Legal)

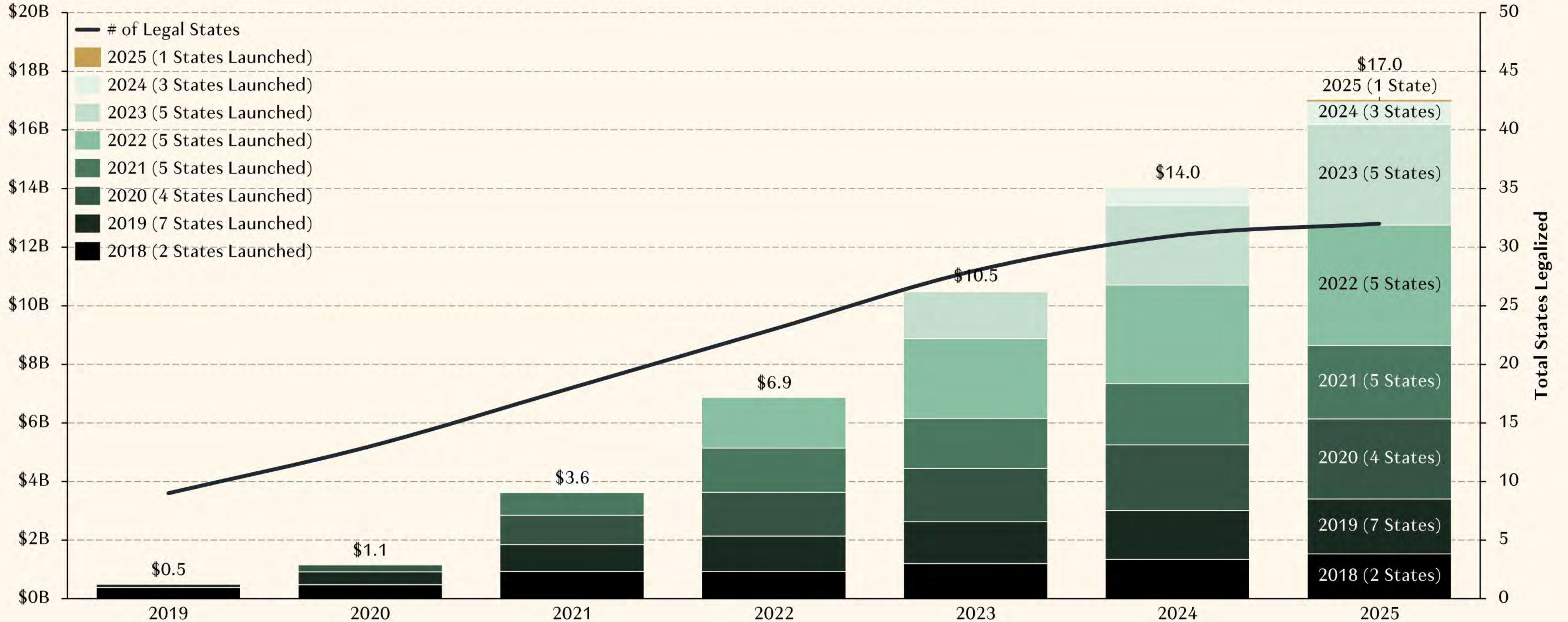


Online Sports Betting: U.S. net betting losses crossed \$17B in 2025, up 35x from 2019 and growing 35% a year as legalization expands and betting further integrates into live sports



Annual U.S. Online Sports Betting Lawful GGR by Years Since Launched

(Gross Gaming Revenue, equal to total wagers less the sum paid out as winnings; Excludes black market/unlicensed betting)

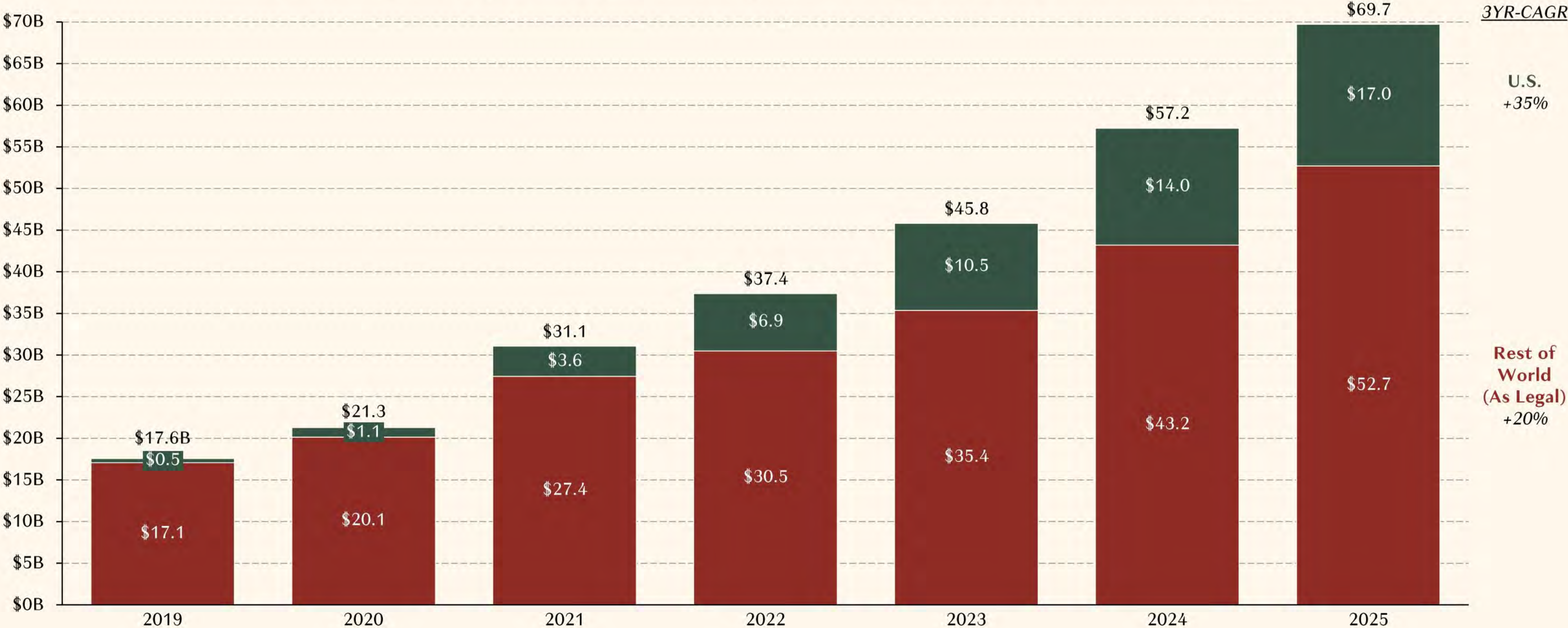


Online Sports Betting: Despite bans in many top markets (e.g., Korea, Australia, Japan, China), international net losses are now \$53B a year (+210% or +\$36B since 2019)



Global Online Sports Betting GGR

(Gross Gaming Revenue, equal to total wagers less the sum paid out as winnings; Excludes black market/unlicensed betting)



iGaming: Only recently legal in parts of the U.S., and sometimes called “iCasinos” or “Real Money Gaming,” refers to digital games in which players bet and can *cash out* money



U.S. iGaming Categories by Net Player Outlays (By GGR; Excludes black market/unlicensed betting)



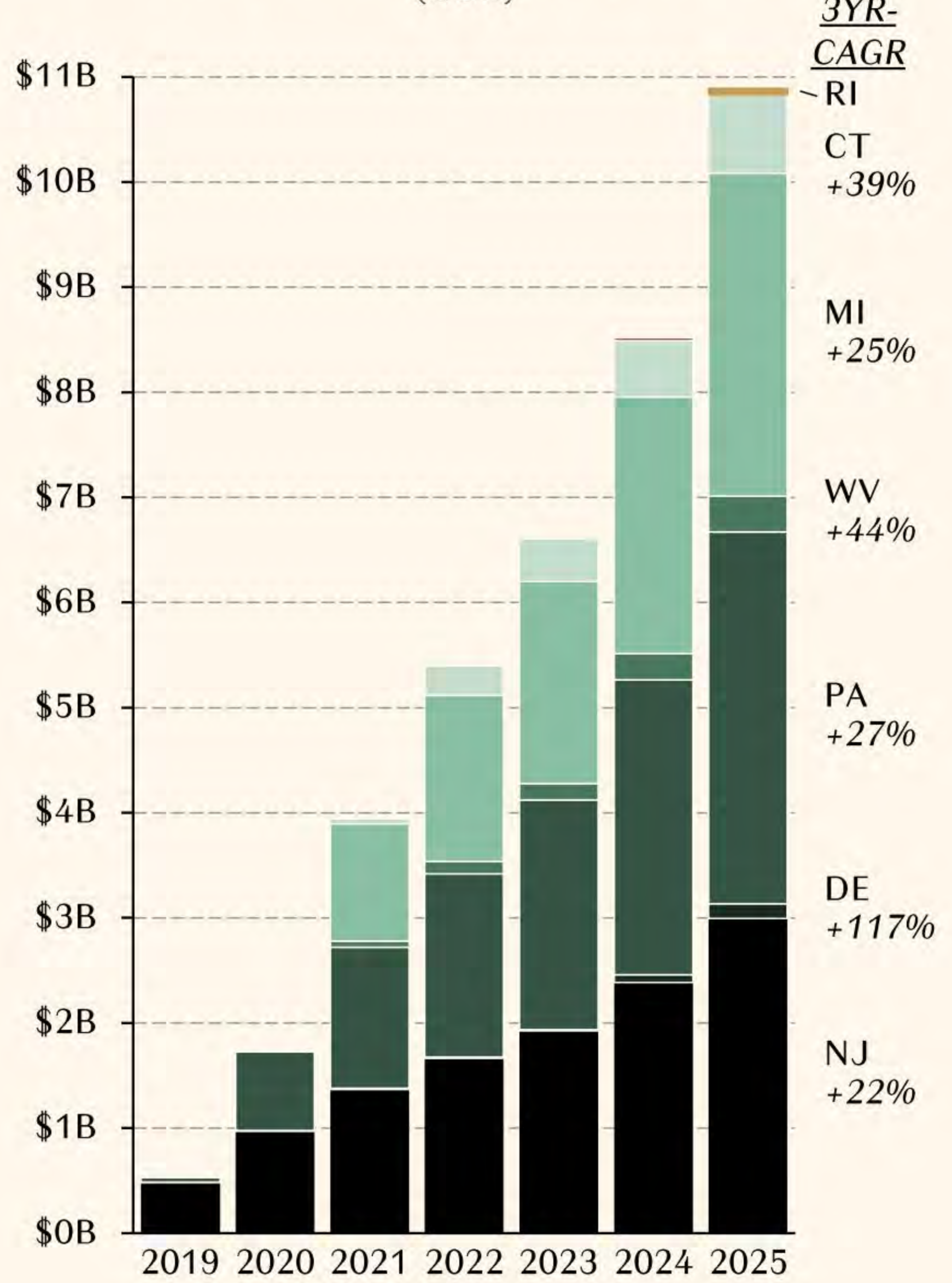
Operating Requirements (U.S. Example; Non-Exhaustive)

- Secure state license
- Limit operations and advertising to licensed states
- Use client-side geolocation software (PC) and device-side GPS (mobile) software (PC) to ensure customer playing in licensed location
- Deploy Know-Your-Customer (KYC) protocols to ensure user has right to play
- Manage robust anti-money laundering protocols
- Submit to recurring audits of platform operations, security, liquidity, KYC, and luck/odds systems by regulatory authorities
- Deploy “responsible gaming” systems (e.g., deposit limits, self-exclusion capability, long session or large loss reminders)

iGaming: Though legal in only 7 states (each growing 22-117% a year), iGaming is already 2x the size of the mobile casino game category, and 21% of *all* U.S. video game spend



U.S. iGaming GGR by State
(GGR)



U.S. iGaming v Mobile Casino Spend
(GGR as a Share of Consumer Spend)



iGaming as Share of U.S. Gaming
(GGR as a Share of Consumer Spend)

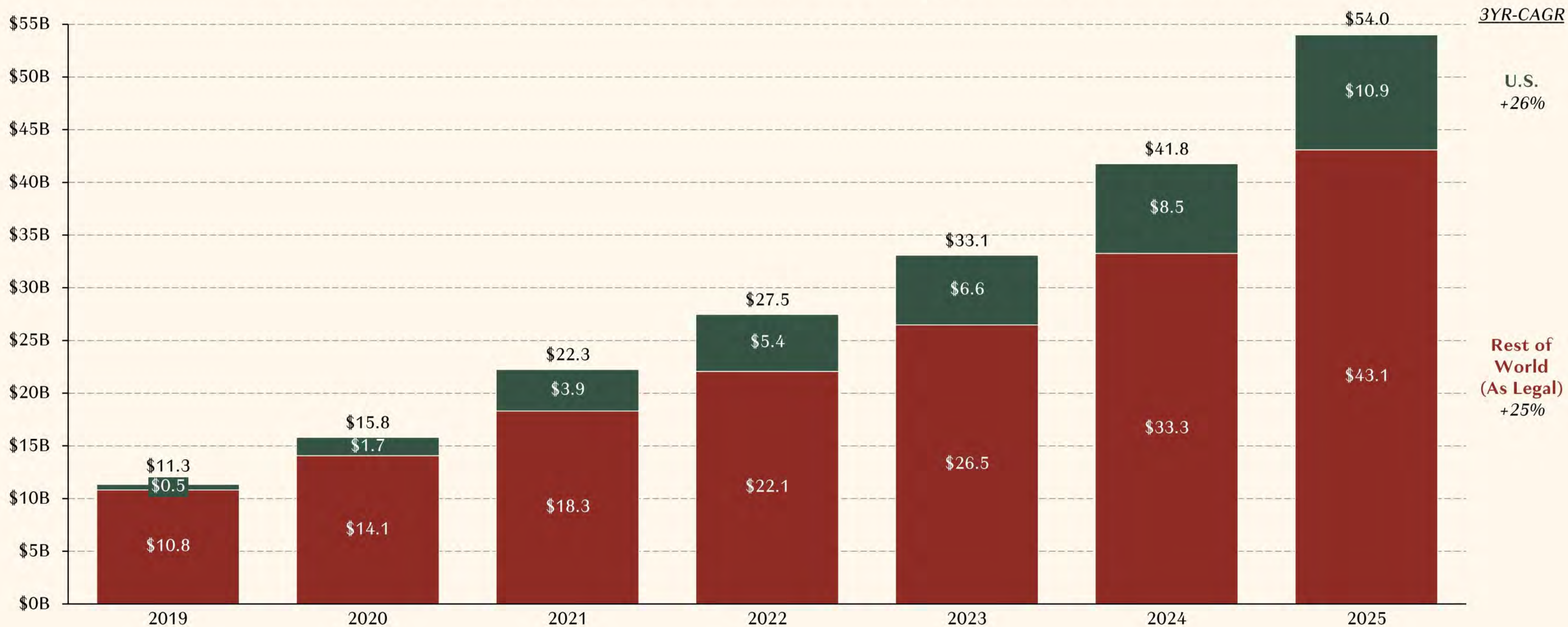


iGaming: Despite (ever fewer) bans in top markets (China, Korea, Japan), players now lose \$54B a year in legal markets (up from \$11B in 2019), roughly 45% of video game spend



Global iGaming GGR

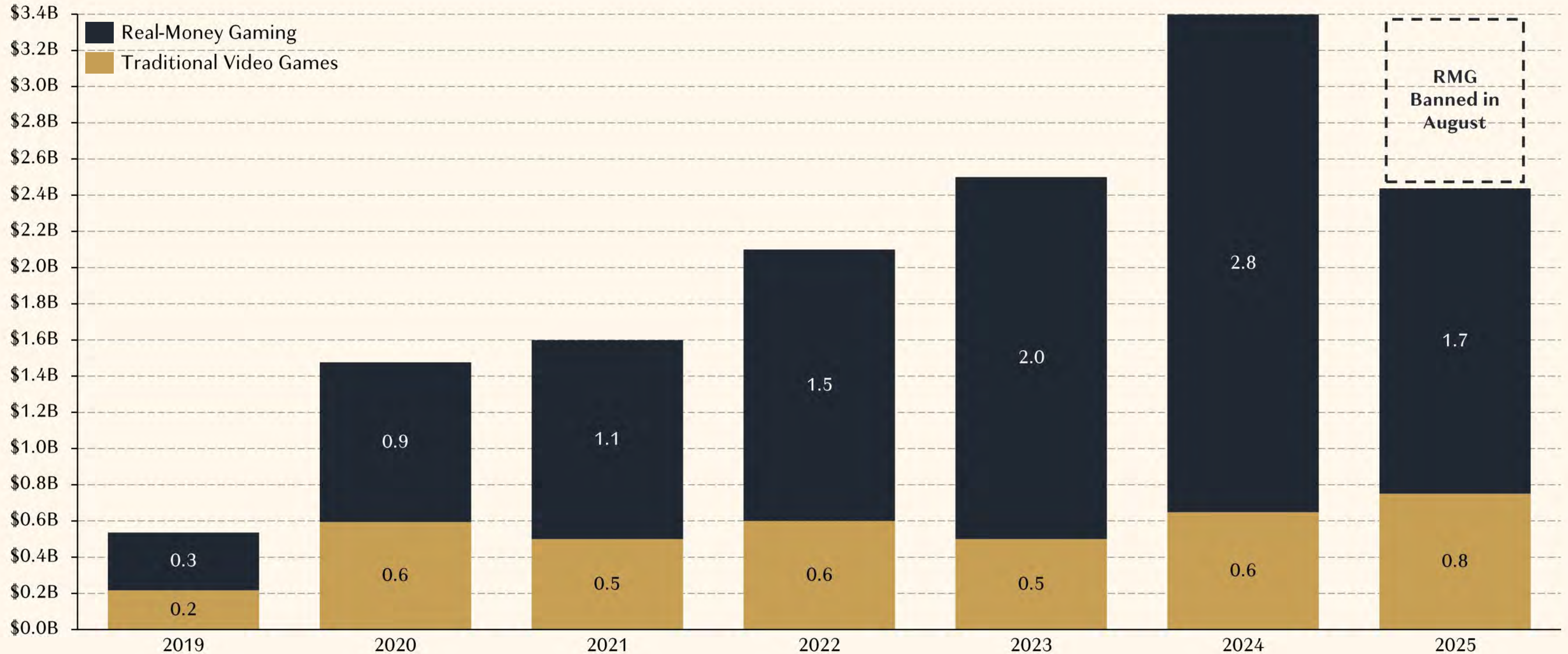
(GGR is Gross Gaming Revenue, equal to total wagers less the sum paid out as winnings; Excludes black market/unlicensed betting)



iGaming: Though the category might seem too distinct to compare to traditional video games, India is a clear case study on how it can squeeze the growth of the latter



Consumer Spending on Video Games in India, Including iGaming
(Excluding VAT; Excludes black market/unlicensed betting)



iGaming: In mechanics, design, and IP, there's little difference between "mobile gaming" slots and "iCasino" slots. And if a player's \$20 goes in and never returns, how different is it?



Traditionally Defined Video Games (i.e., "No Money Out" Casino Slots)

Pictured: Take-Two / Zynga's *Game of Thrones Slots Casino* and *Wizard of Oz Slots*



iGaming (i.e., "Real Money Gaming Casino Slots")

Pictured: Microgaming's *Game of Thrones: Power Stacks* and Light & Wonder's *Wizard of Oz Slots*



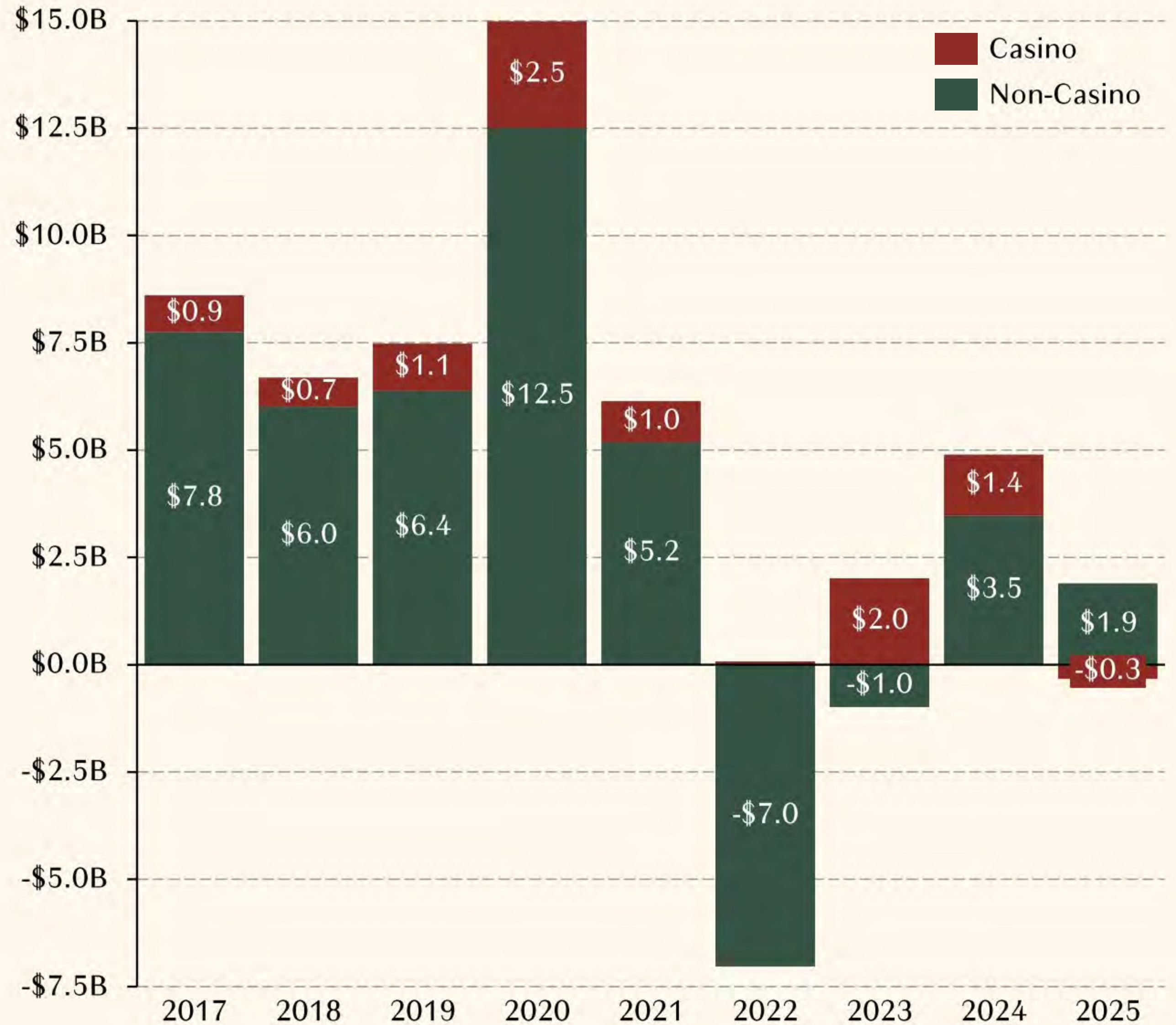
iGaming: And while the “traditional” (i.e. no cashout) mobile casino genre long outpaced total mobile gaming growth, the genre is now shrinking as whale players depart for iCasinos



Casino Genre Share of Mobile Gaming Revenues
(International excludes China; Alt Payments Revenue is Estimated)



Casino Genre Share of Mobile Gaming Growth
(International excludes China; Alt Payments Revenue is Estimated)

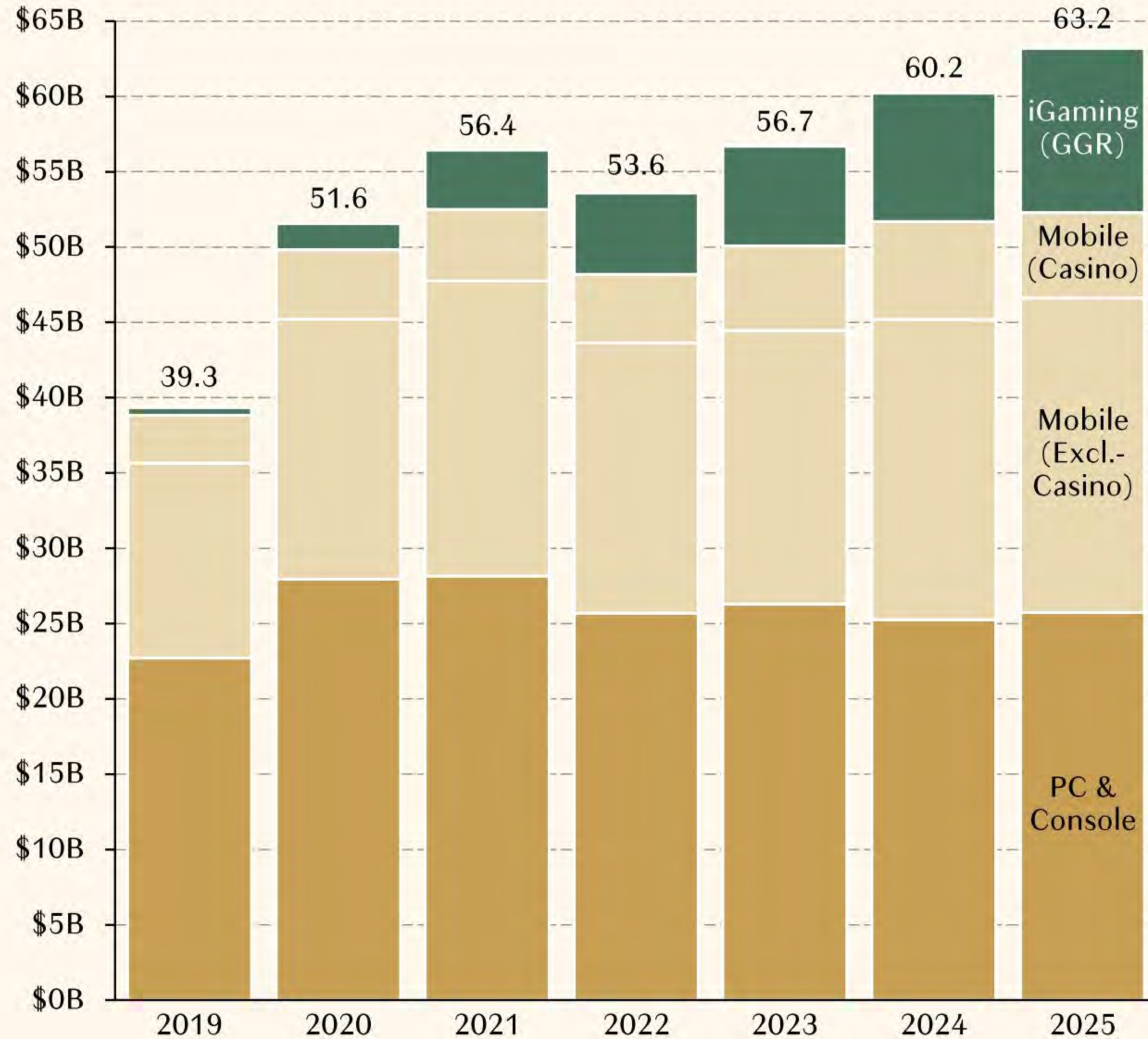


iGaming: With iGaming, U.S. growth from 2021 to 2025 increases from -0.4% to +12.0%. Non-China international goes from +10% to +30%. And this is all despite *widespread* bans



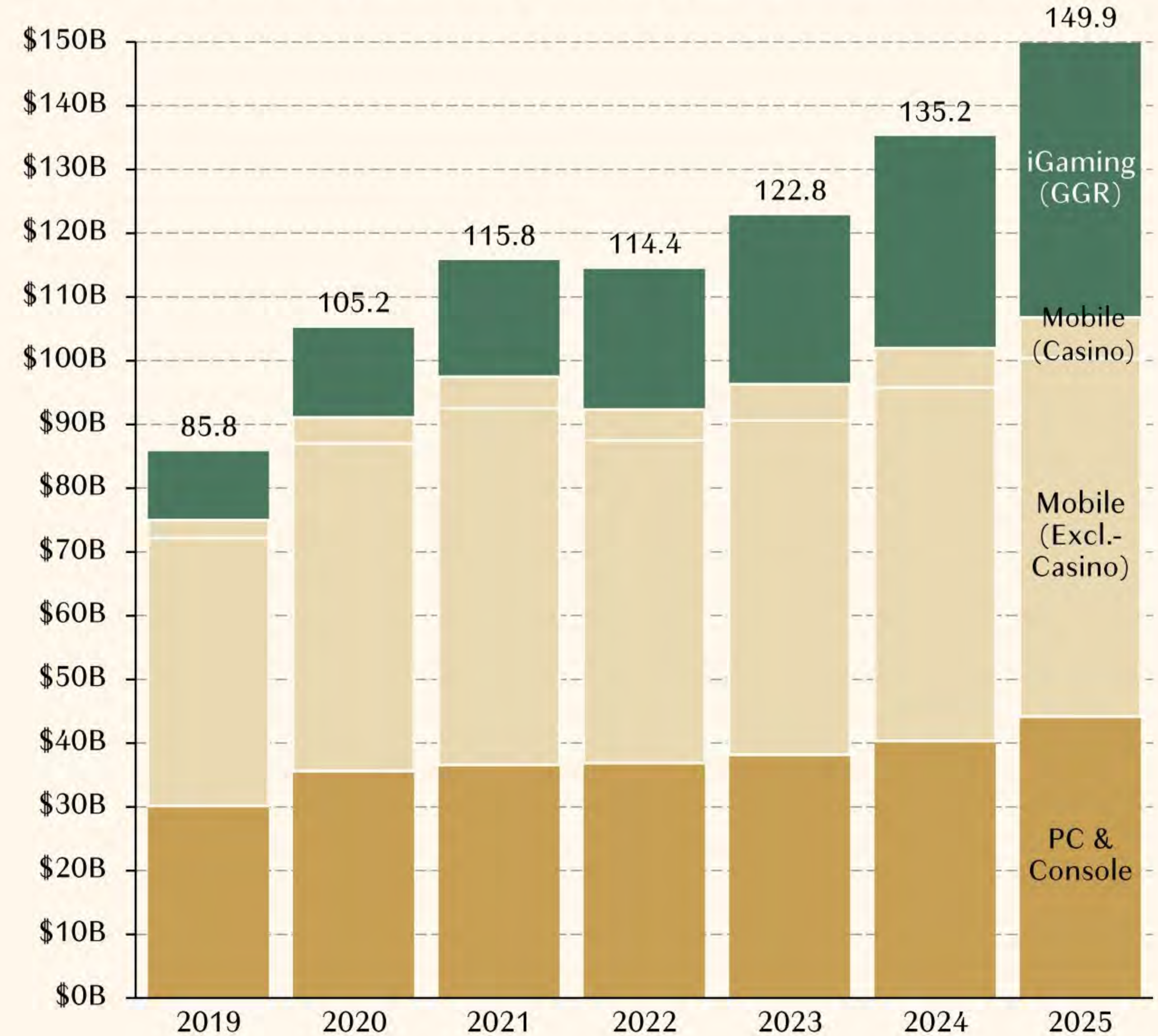
U.S. Consumer Spending on Video Games

(Console + PC + Mobile + iGaming; Excludes Hardware & Accessories)

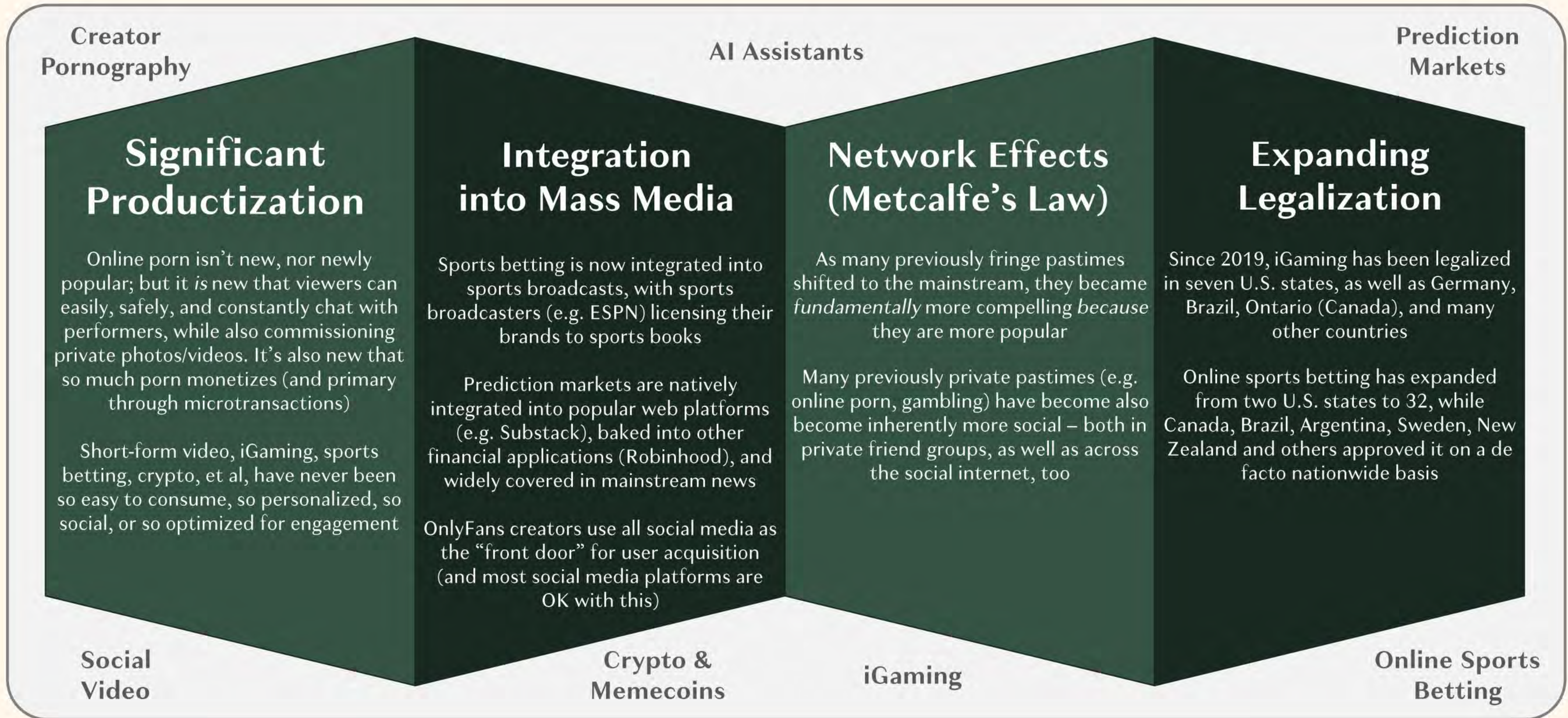


Non-U.S./China Consumer Spending on Video Games

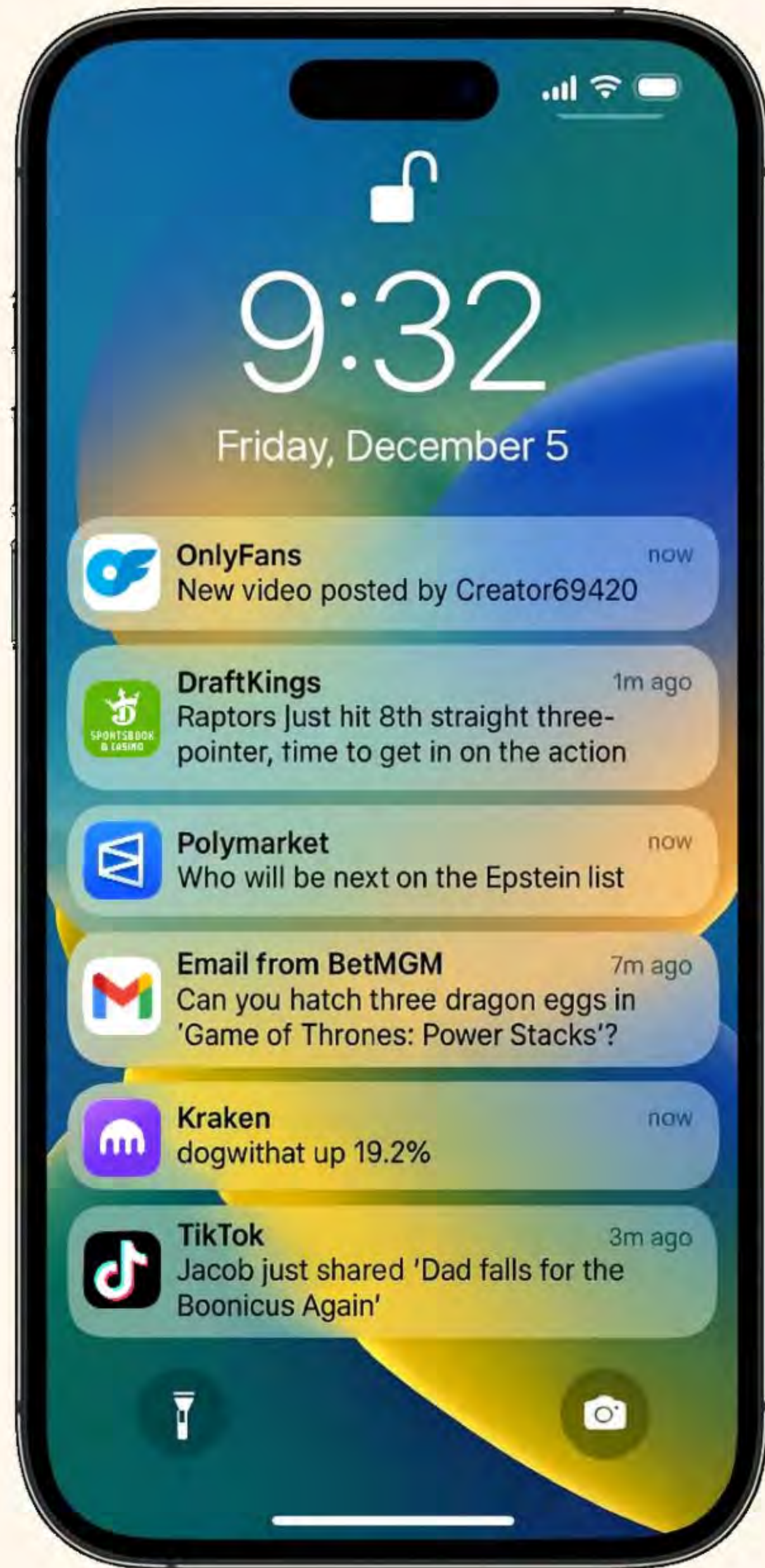
(Console + PC + Mobile + iGaming; Excludes Hardware & Accessories)



The last six years saw massive improvements in the appeal, functionality, and cultural role of various novel apps/services. Video gaming has not matched this experiential growth.



Today, video games not only compete with many new interactive substitutes, but video gamers face a barrage of new, interruptive, and irresistible notifications for these substitutes



Since 2021, Americans decreased their annual expenditure on video game content, software, and services from \$52.49B to \$52.30B, a \$190MM decrease

In parallel, Americans:

- Increased their spend on OnlyFans + Online Sports Betting + iGaming from \$11.3B to \$32.8B in total, a \$21.5B increase
- Adopted new and costly pass-times that defy specific attribution, such as cryptocurrency and memecoin trading, AI assistants, AI art, and AI erotica, and prediction markets
- Scaled their social video consumption by 120 million hours a day (21 minutes per person)

These are nationwide figures, but much of this spend is concentrated on *the same few* Americans

- It's not quite true "Americans" lost say, \$17B on sports betting; ~30MM Americans did
- The \$5B on OnlyFans? From barely 10MM Americans
- Crypto? 22MM. Prediction markets? 9MM. iGaming? 32MM.

... And these users massively over-index to video gaming, and especially high-revenue-generating platforms (console and PC) and genres (shooters, sports sims)

Video gaming's post-pandemic problem isn't that players choose to watch TikTok instead of buy a AAA game, or subscribe to OnlyFans instead of buying a PlayStation; it's that on a Friday evening, players are placing a growing share of their time and spend *elsewhere*

American Men 18–34 are 1.4–2.0x as likely to play video games... and up to 3.6x as likely to use short-form video, OnlyFans, AI, and prediction markets, trade crypto, sports bet, and iGame



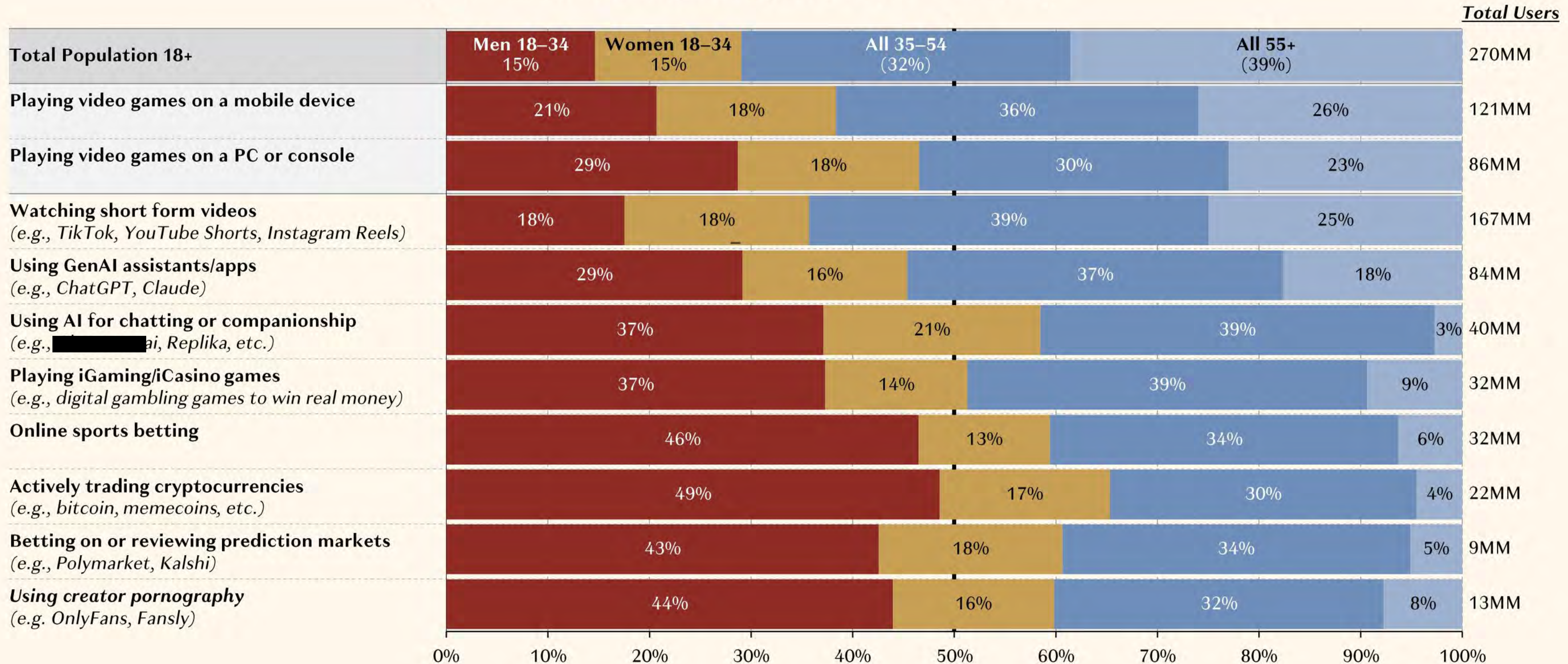
Question: How frequently do you engage in the following; Answer: Multiple Times a Week or Daily (U.S. Only)
 (Ipsos Consumer Tracker; Surveyed January 13-14, 2026)

Age & Gender Group	All U.S. Adults	18–34 Men	18–34 Women	All 35–54	All 55+
Playing video games on a mobile device	45%	1.4x	1.2x	1.1x	0.7x
Playing video games on a PC or console	32%	2.0x	1.2x	0.9x	0.6x
Watching short form videos (e.g., TikTok, YouTube Shorts, Instagram Reels)	62%	1.2x	1.3x	1.2x	0.6x
Using GenAI assistants/apps (e.g., ChatGPT, Claude)	31%	2.0x	1.1x	1.1x	0.5x
Using AI for chatting or companionship (e.g., Character.ai, Replika, etc.)	15%	2.4x	1.4x	1.1x	0.1x
Playing iGaming/iCasino games (e.g., digital gambling games to win real money)	12%	2.6x	1.0x	1.3x	0.3x
Online sports betting	12%	3.3x	0.9x	1.1x	0.2x
Actively trading cryptocurrencies (e.g., bitcoin, memecoins, etc.)	8%	3.6x	1.3x	1.0x	0.1x
Betting on or reviewing prediction markets (e.g., Polymarket, Kalshi)	7%	3.1x	1.4x	1.1x	0.1x
Using creator pornography (e.g. OnlyFans, Fansly)	5%	3.0x	1.1x	1.0x	0.2x

Altogether, Men 18–34 are 15% of the U.S. adult population but 21% of mobile gamers and 29% of PC/Console gamers... and 18–49% of regular users of novel interactive apps/services



Total Share of Regular U.S. Users 18+ by Gender and Age
 (Ipsos Consumer Tracker; Surveyed January 13-14, 2026; Use at Least Weekly)

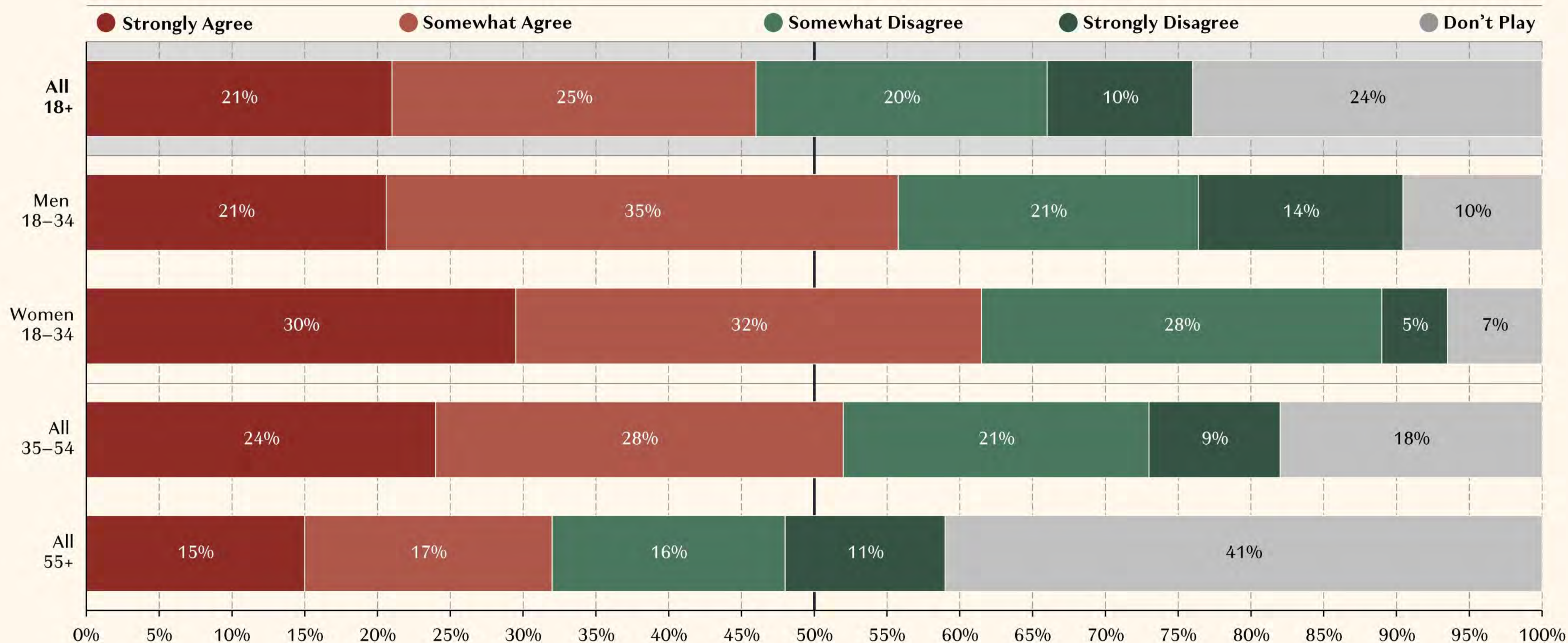


And while 46 of every 100 Americans say they play games less than they used to (76 of whom still play), 59 of every 100 Americans 18–45 have cut back (92 of whom still play)



Question: “I am playing video games less often than I used to” (U.S. Only)

(Ipsos Consumer Tracker; Surveyed January 13-14, 2026)



New competition for time and spend, and which concentrates on key gamer demographics, helps to explain several ongoing and interrelated challenges to video gaming growth



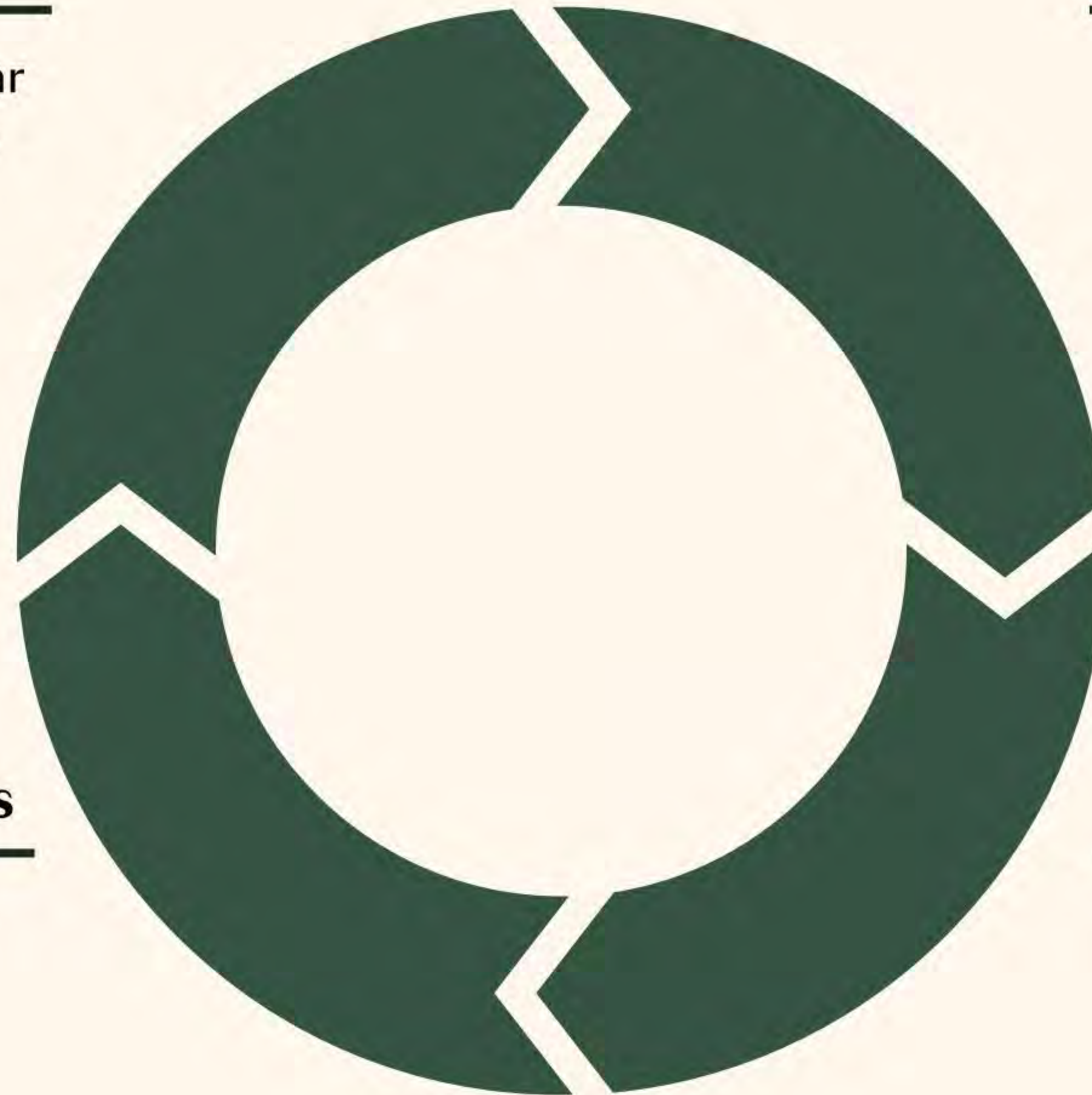
Gamers Playing Few Games Overall

The median Steam user plays only four games a year across their entire catalogue of new and old games (down from five in 2022)¹

Concentrating Time on the Same Games

Since January 2021, the same games (each 9 to 27 years old) have held 33-56% of total PlayStation and Xbox hours every month²

Since January 2021, the same five titles (each 9 to 26 years old) have held 28-40% of total PC²



Buying/Trying Few Games

Only 3.1-7.4% of global PC, PlayStation, & Xbox time goes to new, non-annual releases (and five games get half that time)²

46% of U.S. gamers buy fewer than one game a year; 86% buy between none and four³

The average Steam user installs 3.8 games per year (down from 4.2-5.2 pre-pandemic)⁴

Annual mobile game installs are now at a twelve-year low in the U.S.⁵

Concentrating Time on Free-to-Play

Since January 2021, free-to-play games average 45% of all PlayStation and Xbox time²

Since January 2021, free-to-play games average 55% of all PC gaming time²



Chapter I: Spending Growth but More Retrenchment and Margin Struggles in 2025

Chapter II: Why Growth is Scarcer Than Headlines Suggest

Chapter III: Video Games Are Losing the Attention War in the “Major Market 8”

Chapter IV: The Novel Interactive Competitors Taking Attention, Time, and Spend from Video Games

Chapter V: The Five Biggest Areas of Revenue Growth in the Video Game Industry in 2026

Chapter VI: Closing Thoughts on the “Industry” and Finding Growth in 2026

The Five Biggest Revenue Growth Areas in Video Gaming in 2026



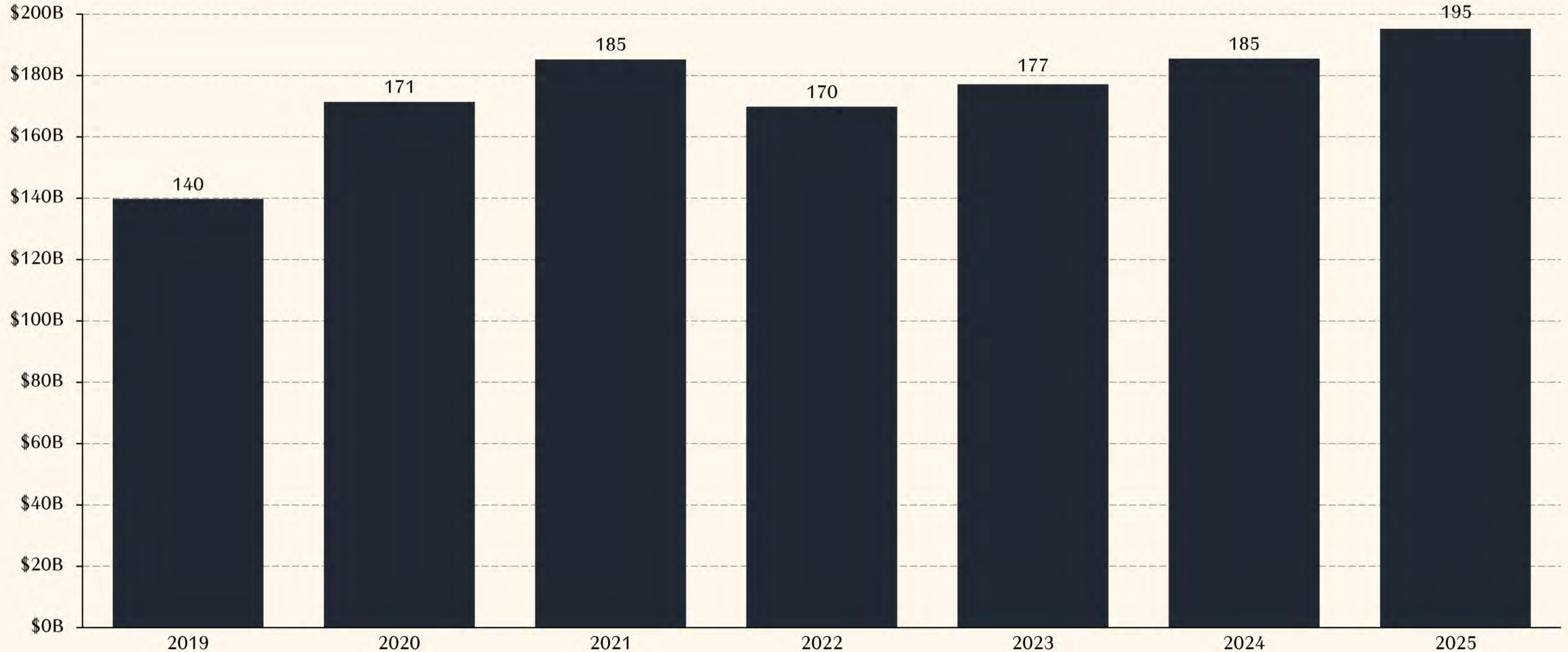
The Five Biggest Revenue Growth Areas in Video Gaming in 2026



If the “Mature Market 8” have been flat-to-down since 2021, but the global market is up, then the industry’s growth must have come from so-called “non-core” countries



Worldwide Consumer Spending on Video Game Software & Content
(Nominal Prices; Arcade + Console + PC + Mobile + VR + Web; Excludes Hardware & Accessories)

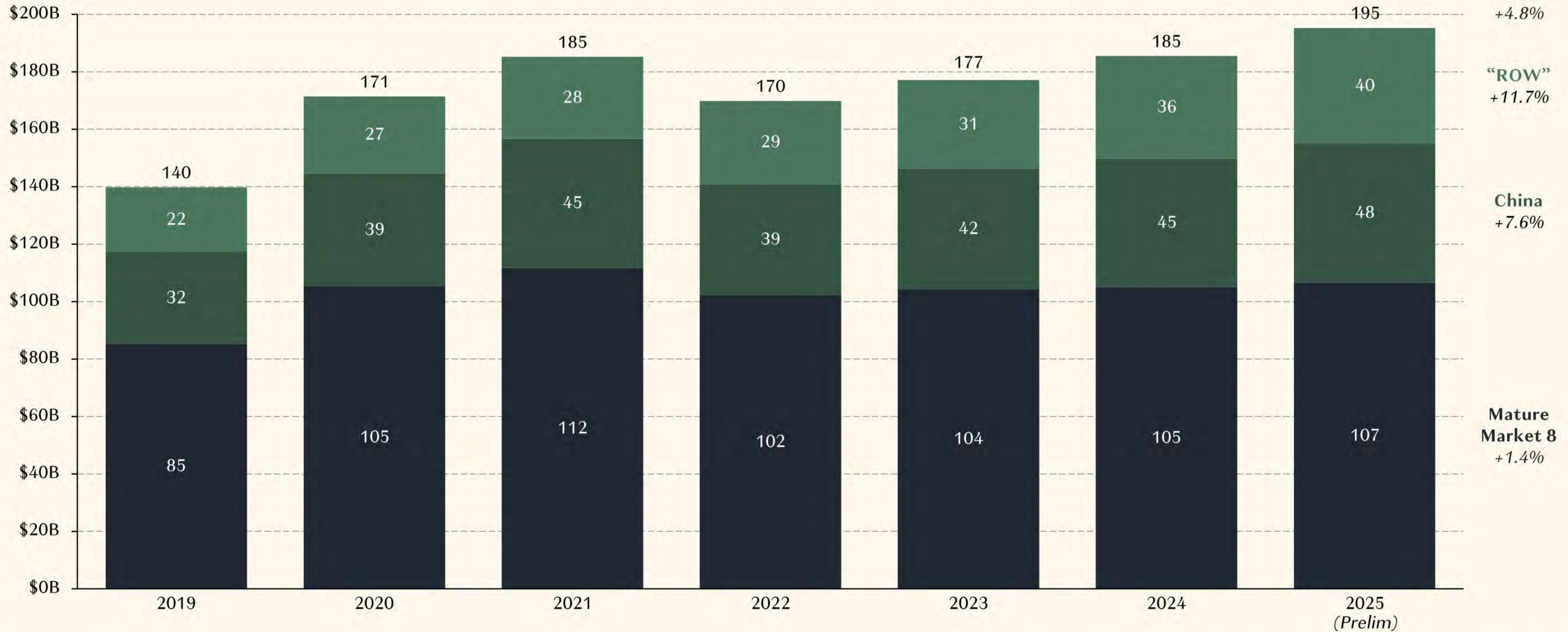


Since 2021, the “Mature Market 8” have shrunk by \$5.1B (or -4.5%), but China is up \$3.3B (+7.3%) and “non-core countries” are up \$11.8B (or 41%)!



Worldwide Consumer Spending on Video Game Software & Content

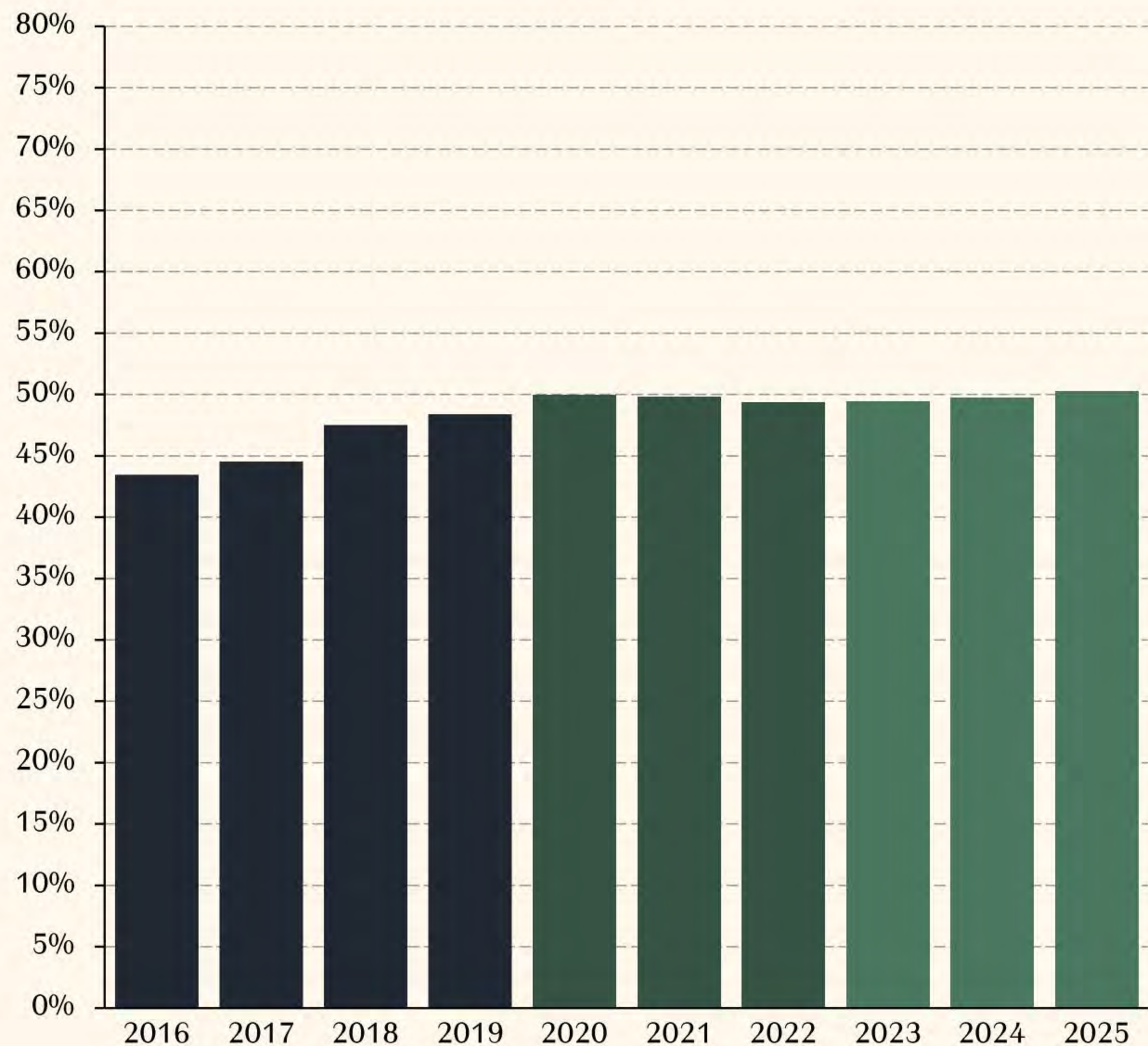
(Nominal Prices; Arcade + Console + PC + Mobile + VR + Web + Platform Services; Excludes Hardware & Accessories; Excludes VAT)



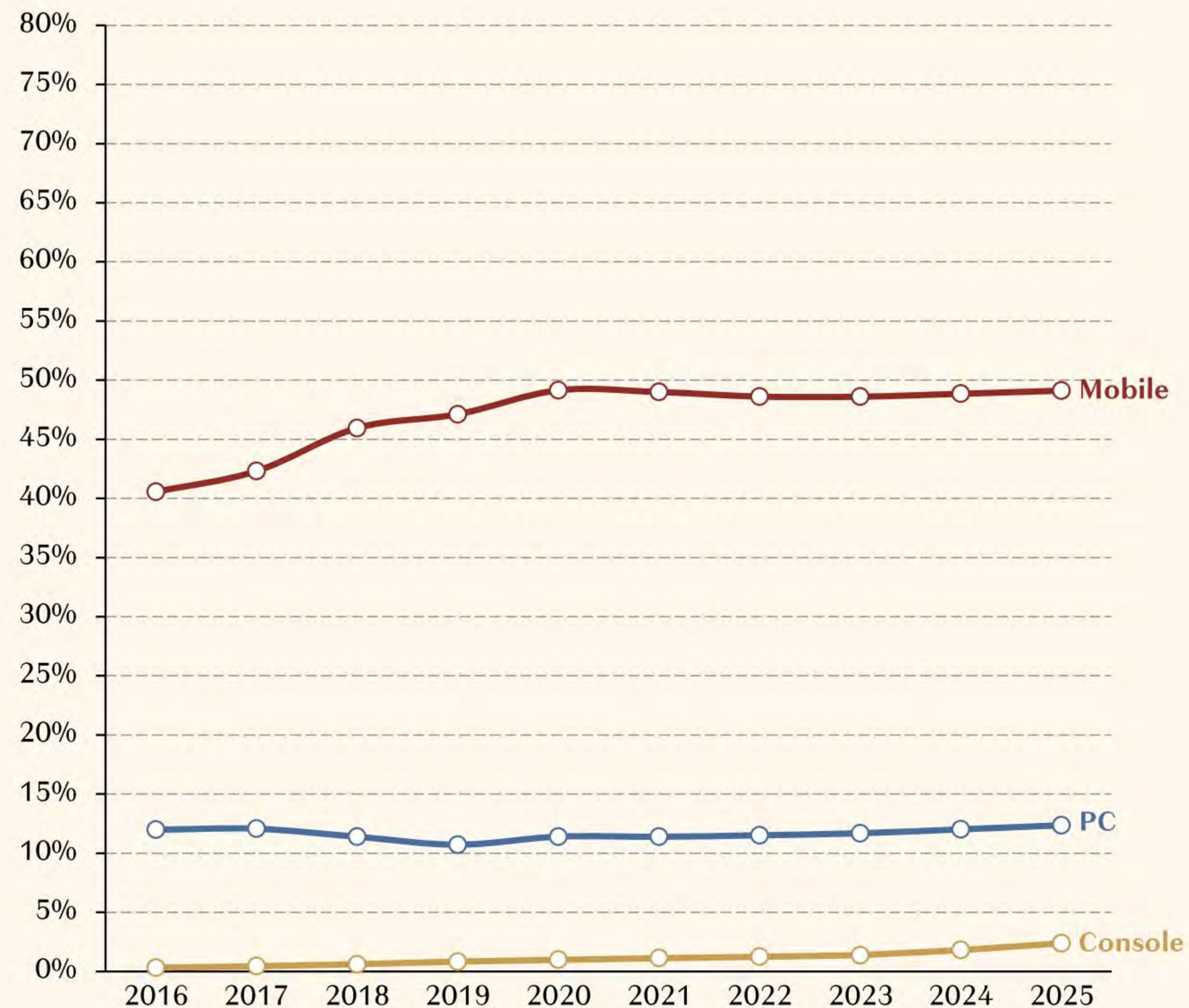
China: Previously reviewed, but note that the world's second largest market still has a lot of headroom in player participation rates (especially PC and console)



China: Video Gaming Participation Rate (Population 5+)



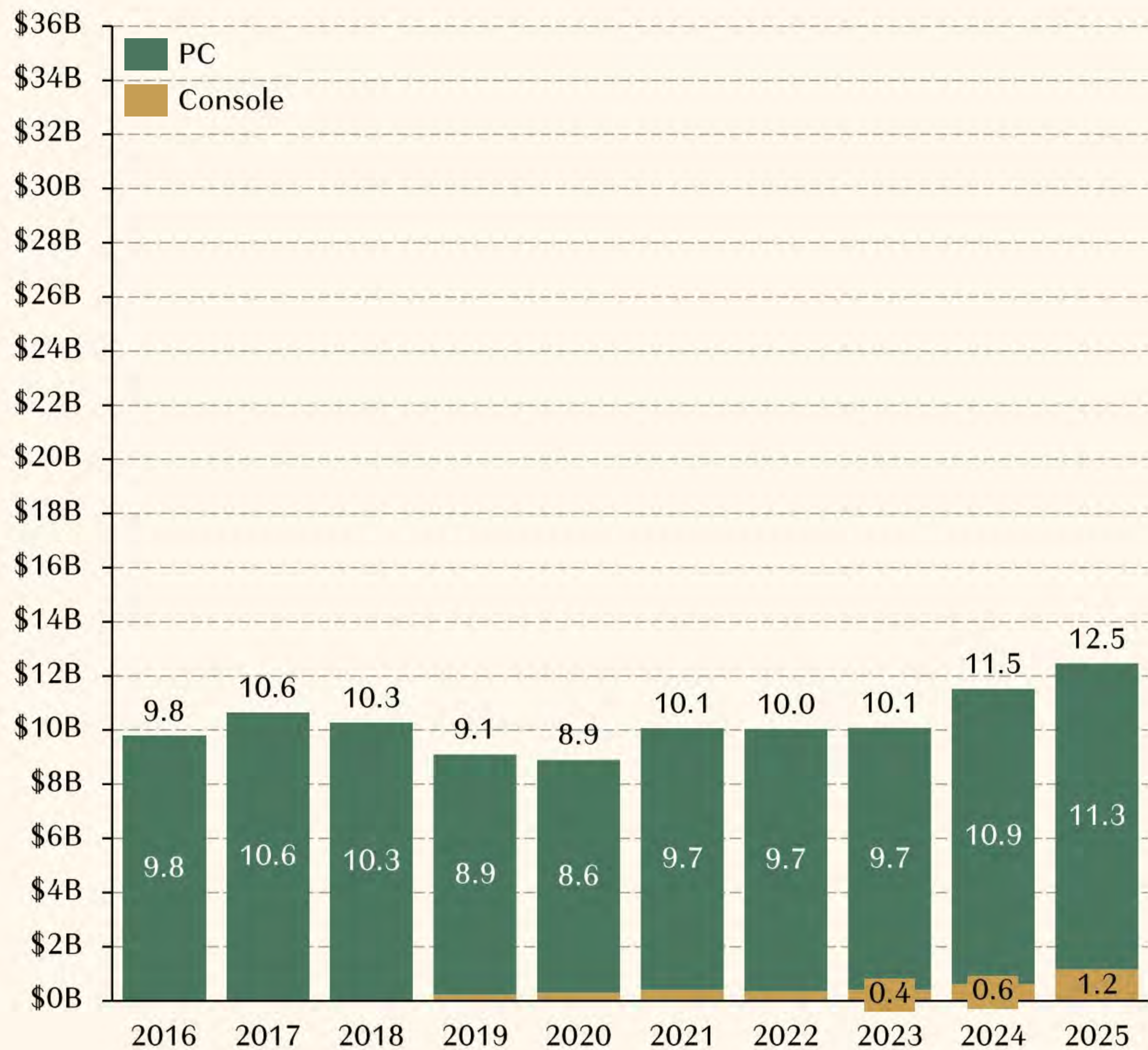
China: Video Gaming Participation by Platform (Population 5+)



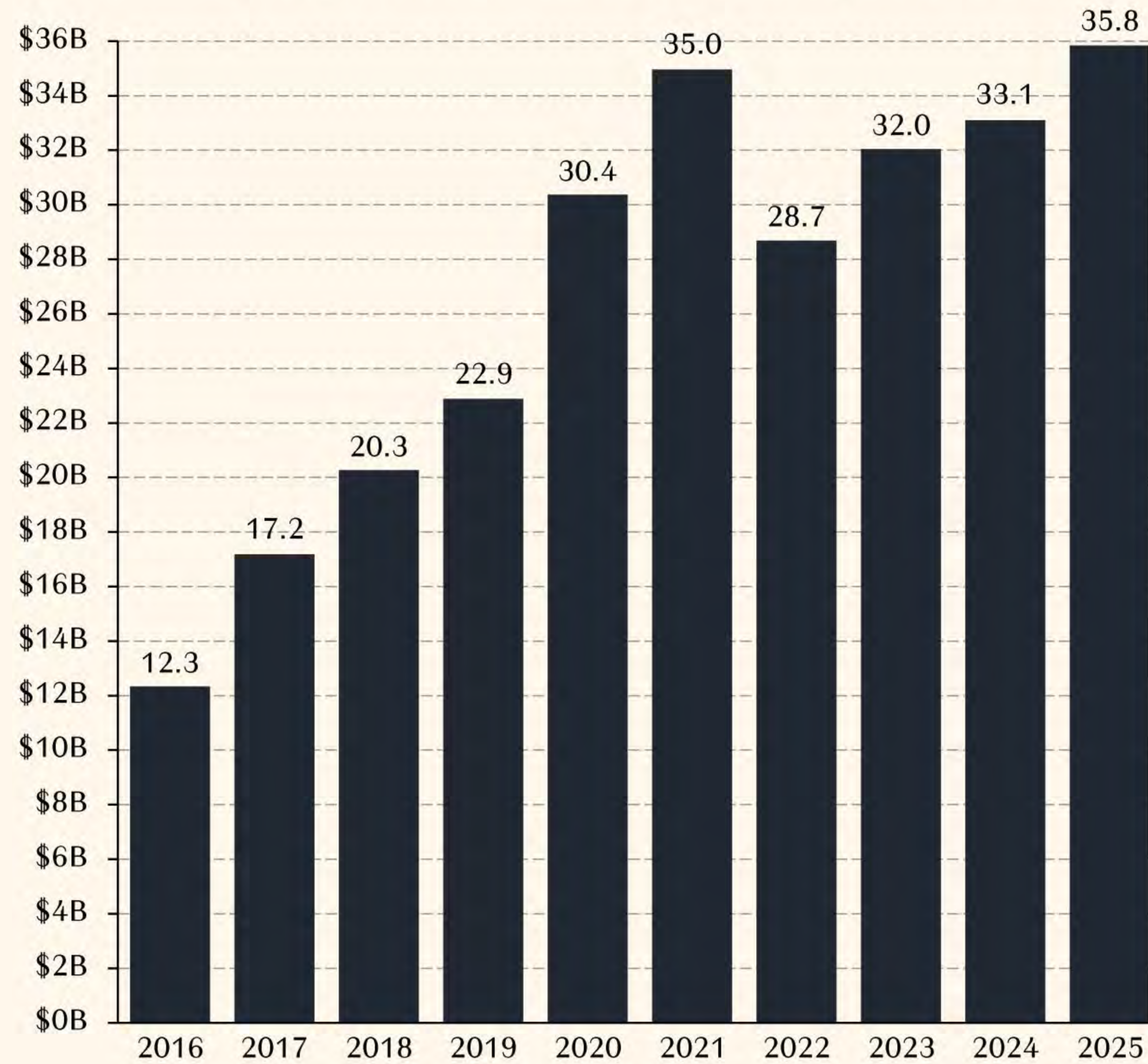
China: Not only the fastest-growing major market in both dollars and percentage, but over 25% of growth since 2022 is in PC/Console, making the market a true outlier



China: PC/Console Video Game Software Sales
(Packaged Sales + Microtransactions + Subscriptions/Services)



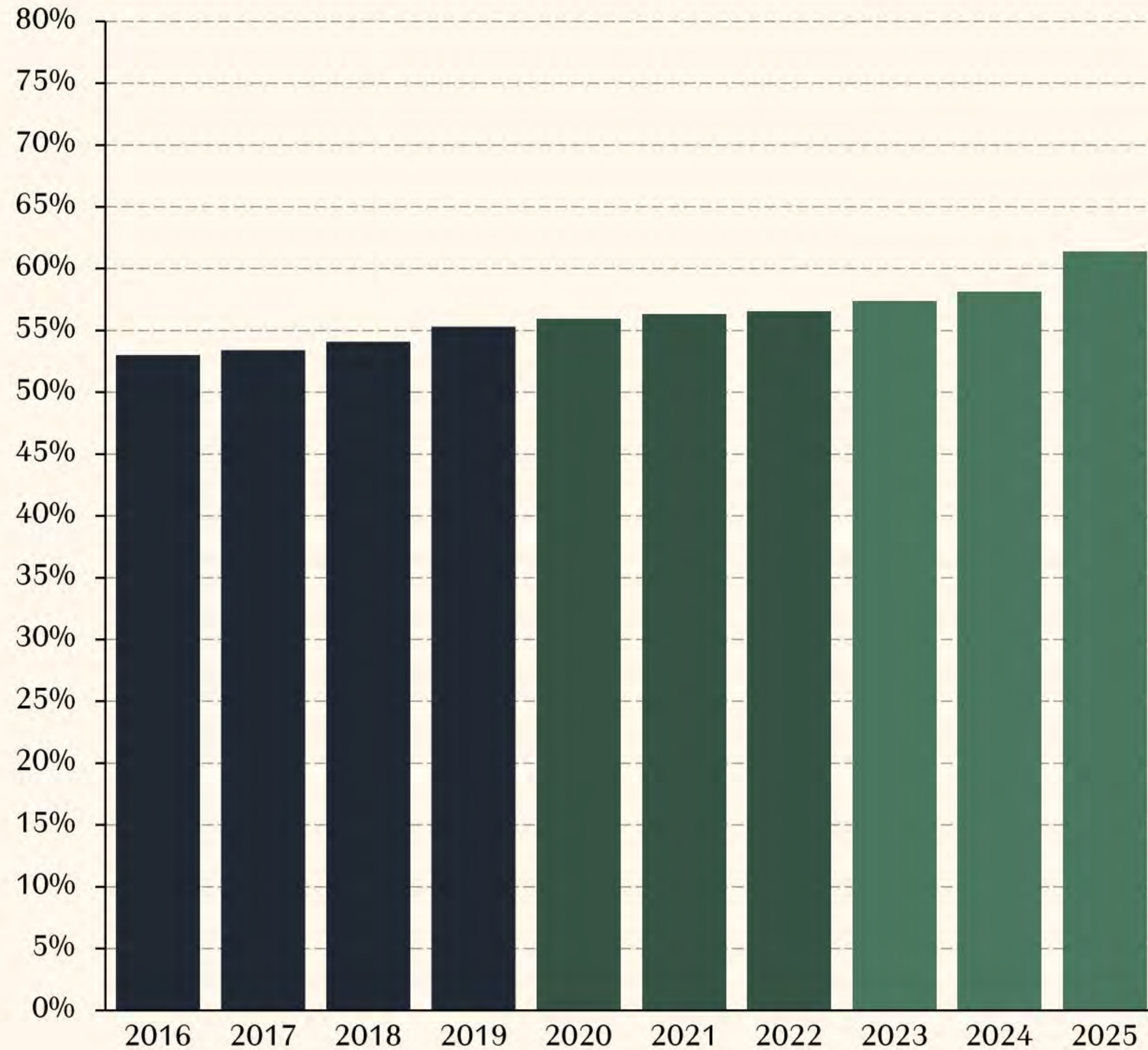
China: Mobile Video Game Software Sales
(Packaged Sales + Microtransactions + Subscriptions/Services)



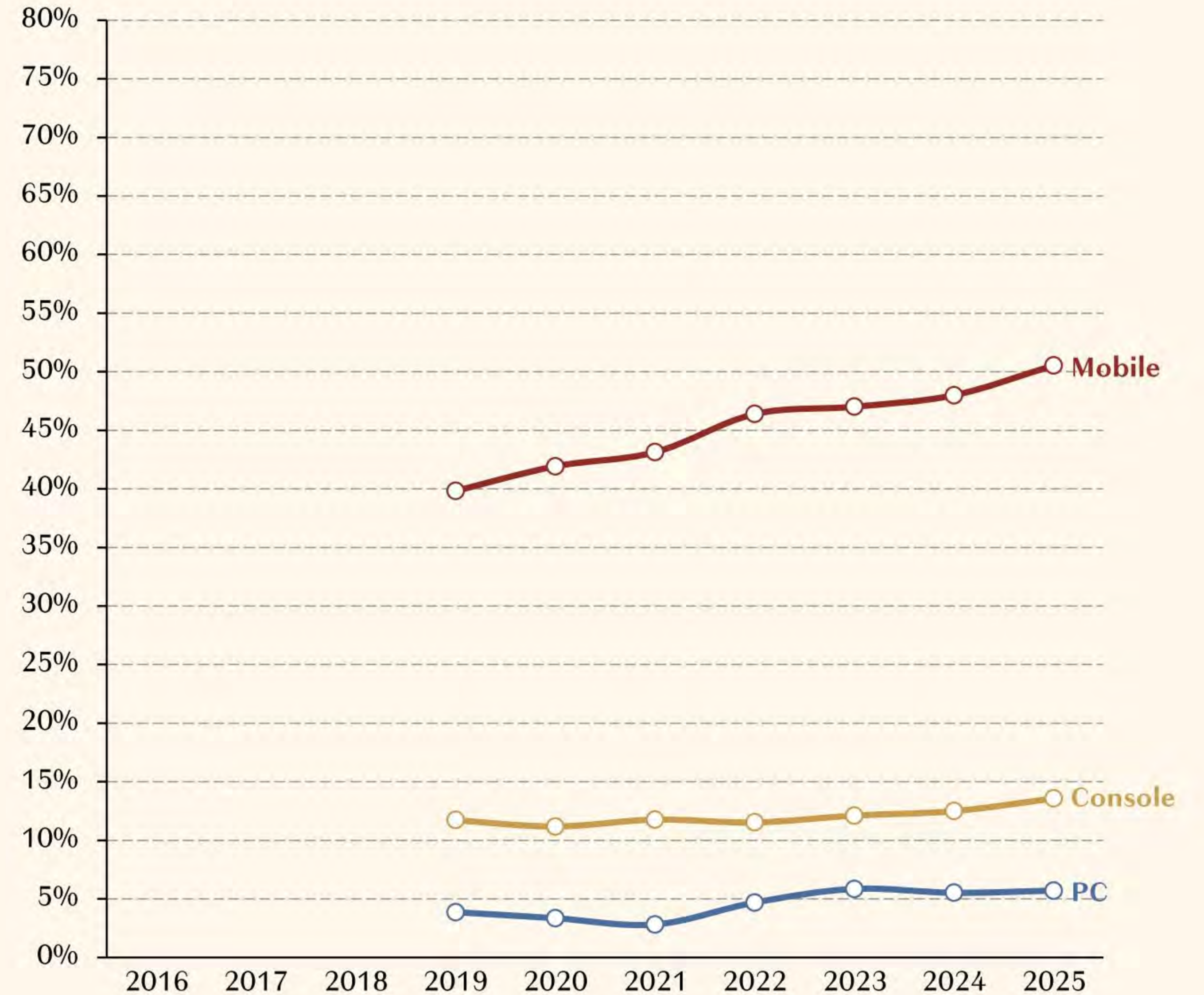
Mexico: While participation rates tumble in the U.S. and Canada, Mexico continues to grow 0.5–1.0 points each year. Mobile is up 11 points since the pandemic, Console and PC both +2



Mexico: Video Gaming Participation Rate (Population 12+)



Mexico: Video Gaming Participation by Platform (Population 12+)

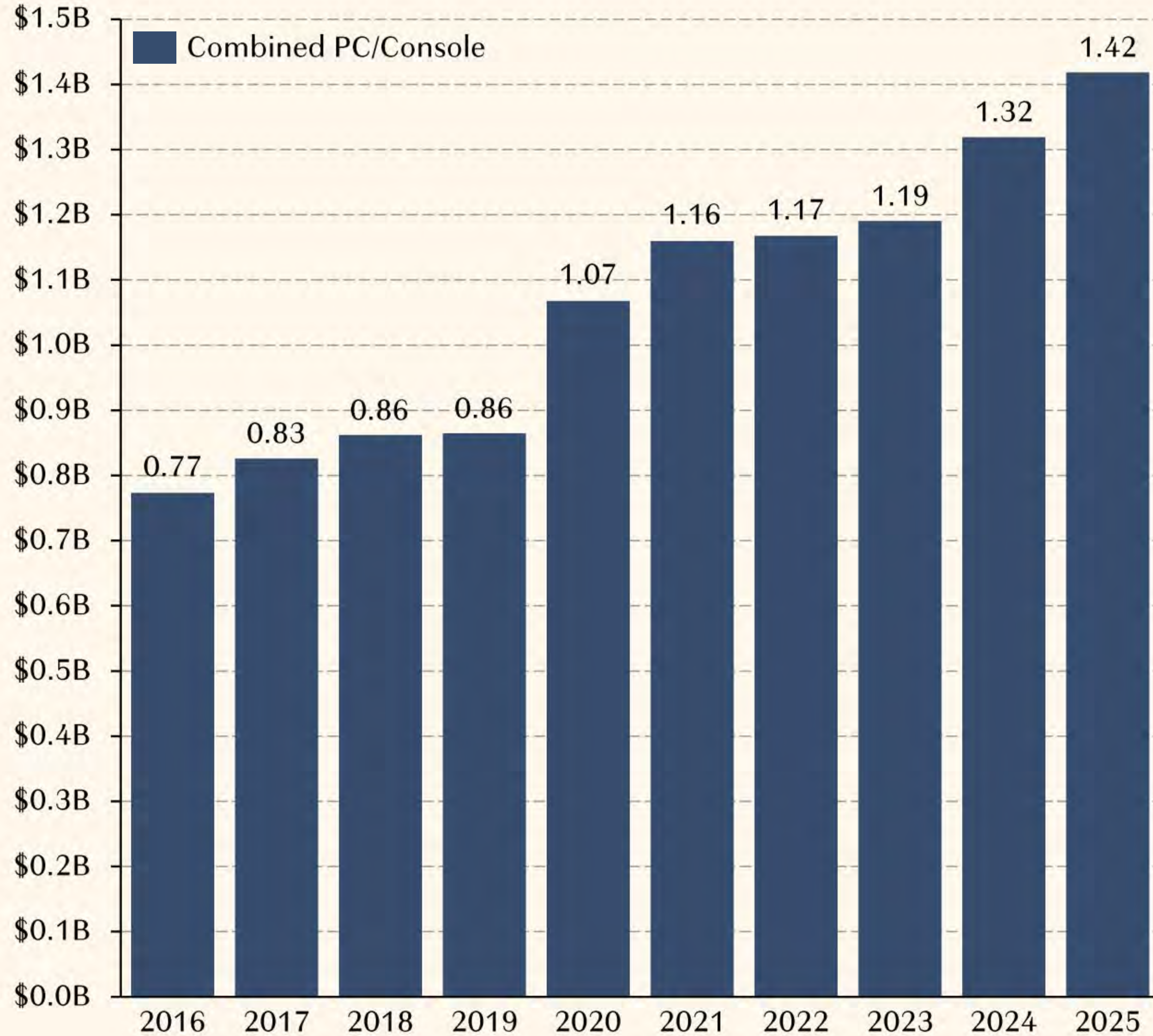


Mexico: With PC/Console up a third since 2020 and mobile nearly doubled, the country now ranks 10th globally, beating the former #10 (Italy) by over 10%



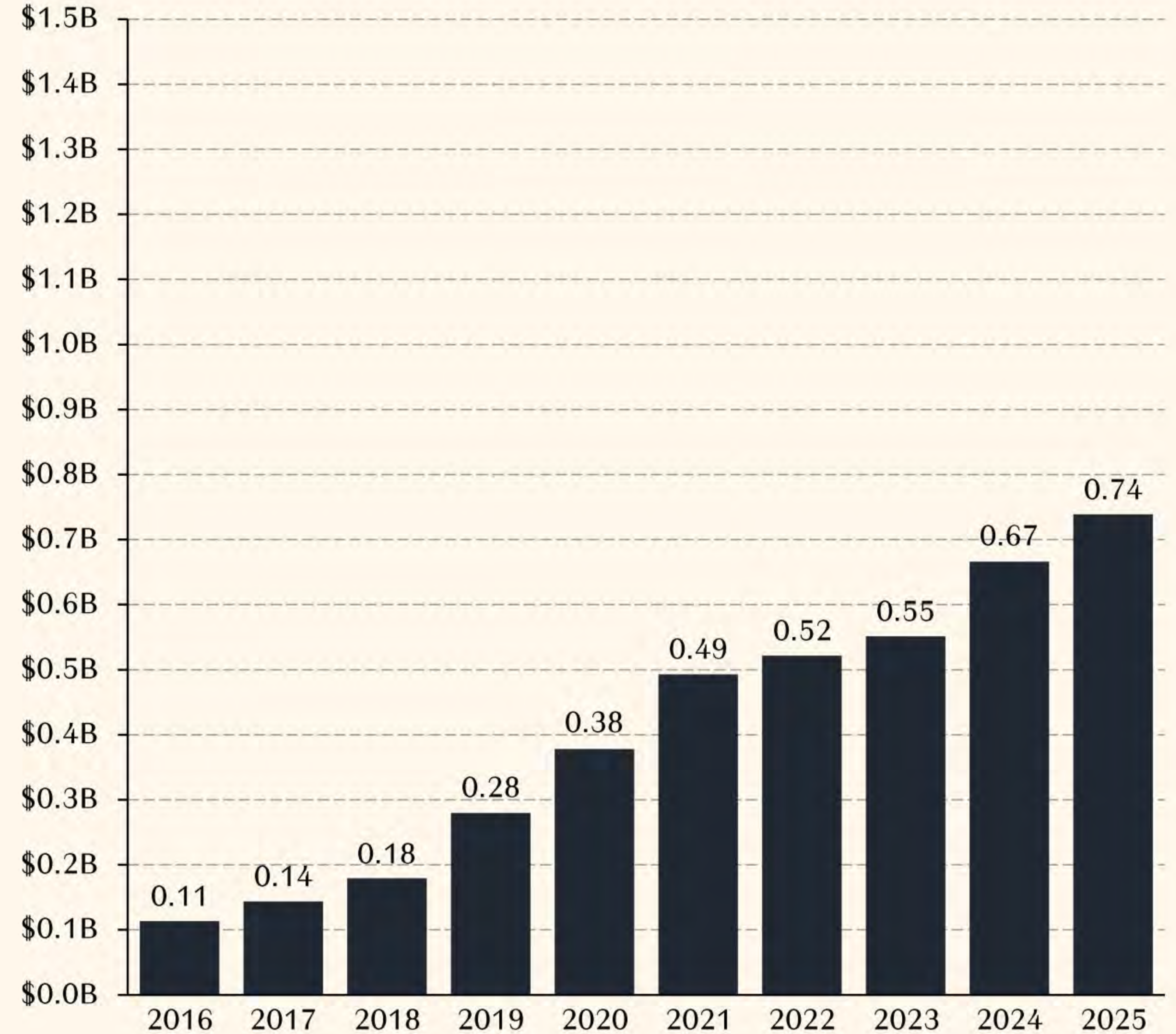
Mexico: PC/Console Video Game Software Sales

(Packaged Sales + Microtransactions + Subscriptions/Services)



Mexico: Mobile Video Game Software Sales

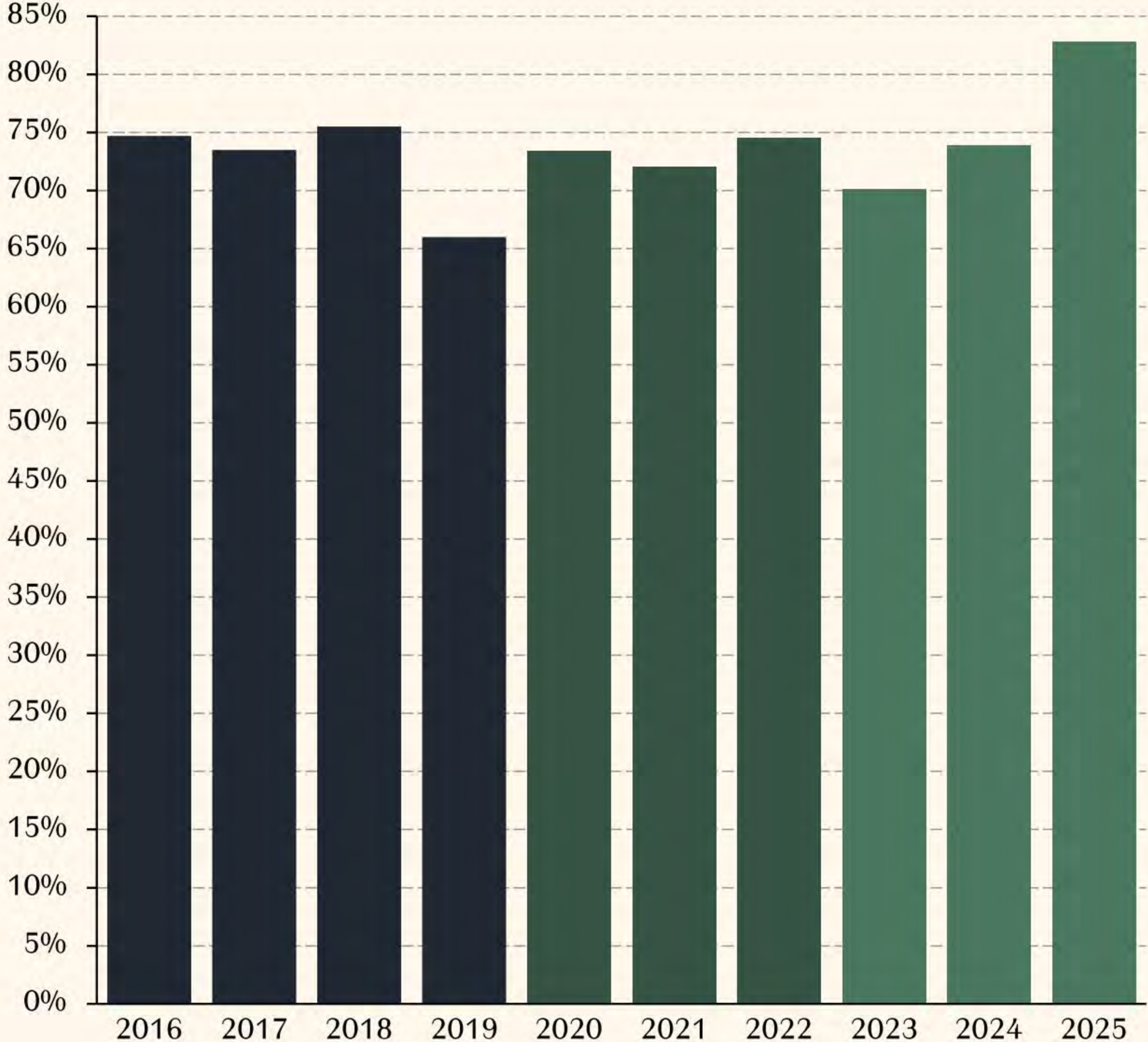
(Packaged Sales + Microtransactions + Subscriptions/Services)



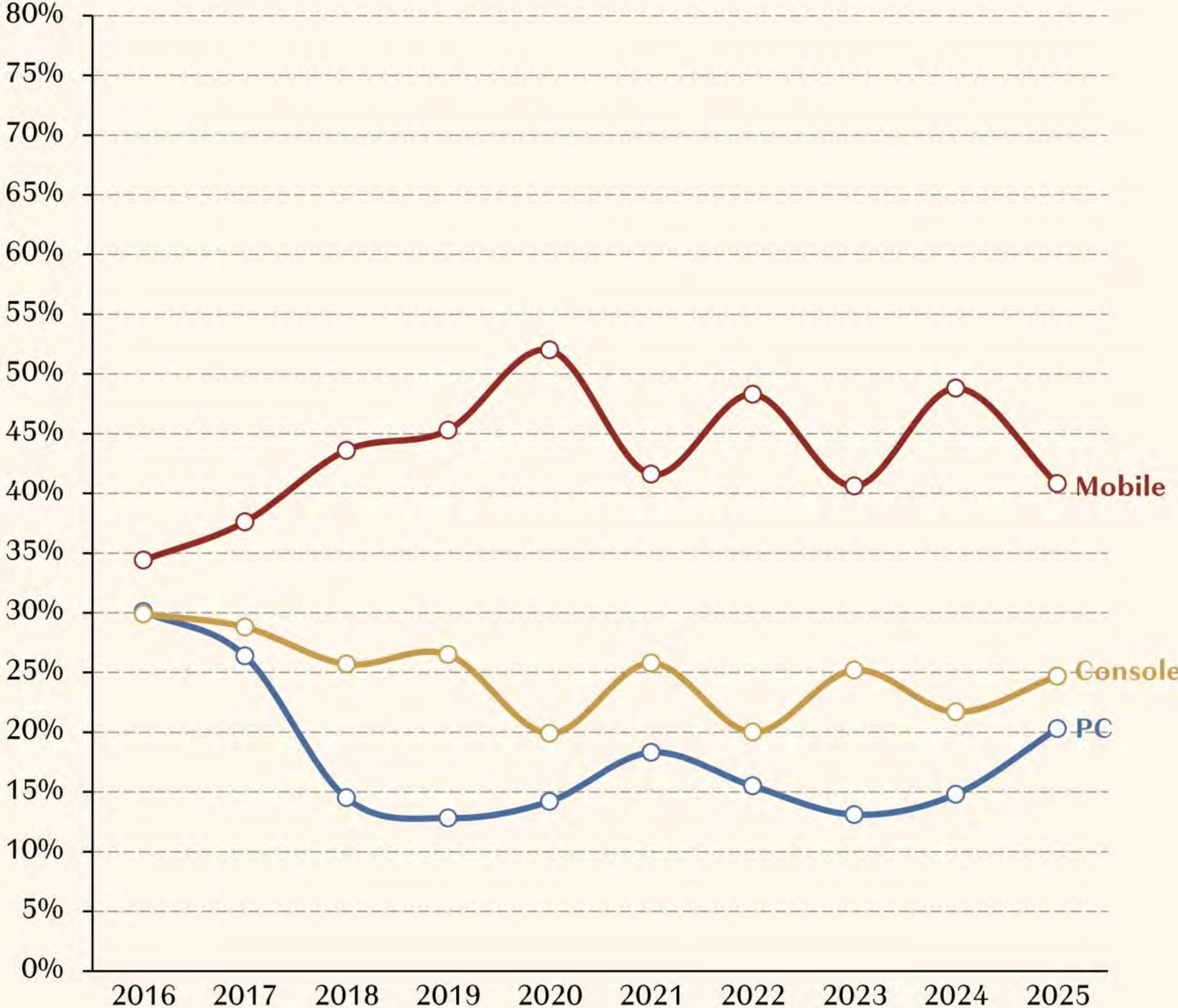
Brazil: With 73–80% of those age 16+ playing regularly, Brazil boasts a leading and durably high participation rate



Brazil: Video Gaming Participation Rate (Population 16+)



Brazil: Video Gaming Participation by Platform (Population 16+)

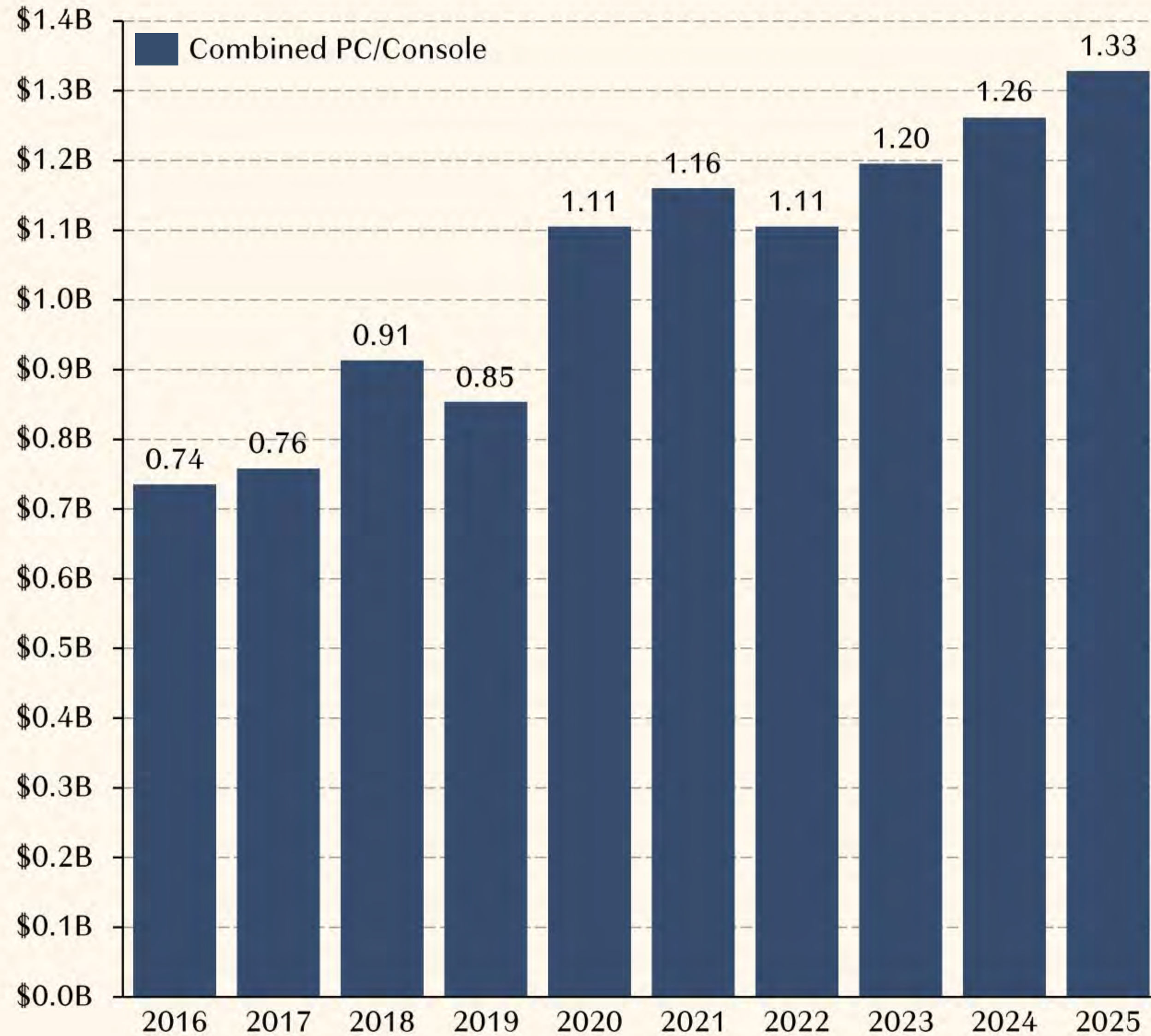


Brazil: Over the last three years, the PC/Console market has averaged over 6% annual growth and mobile 7% (by some estimates, Brazil is now a top 10 market globally)



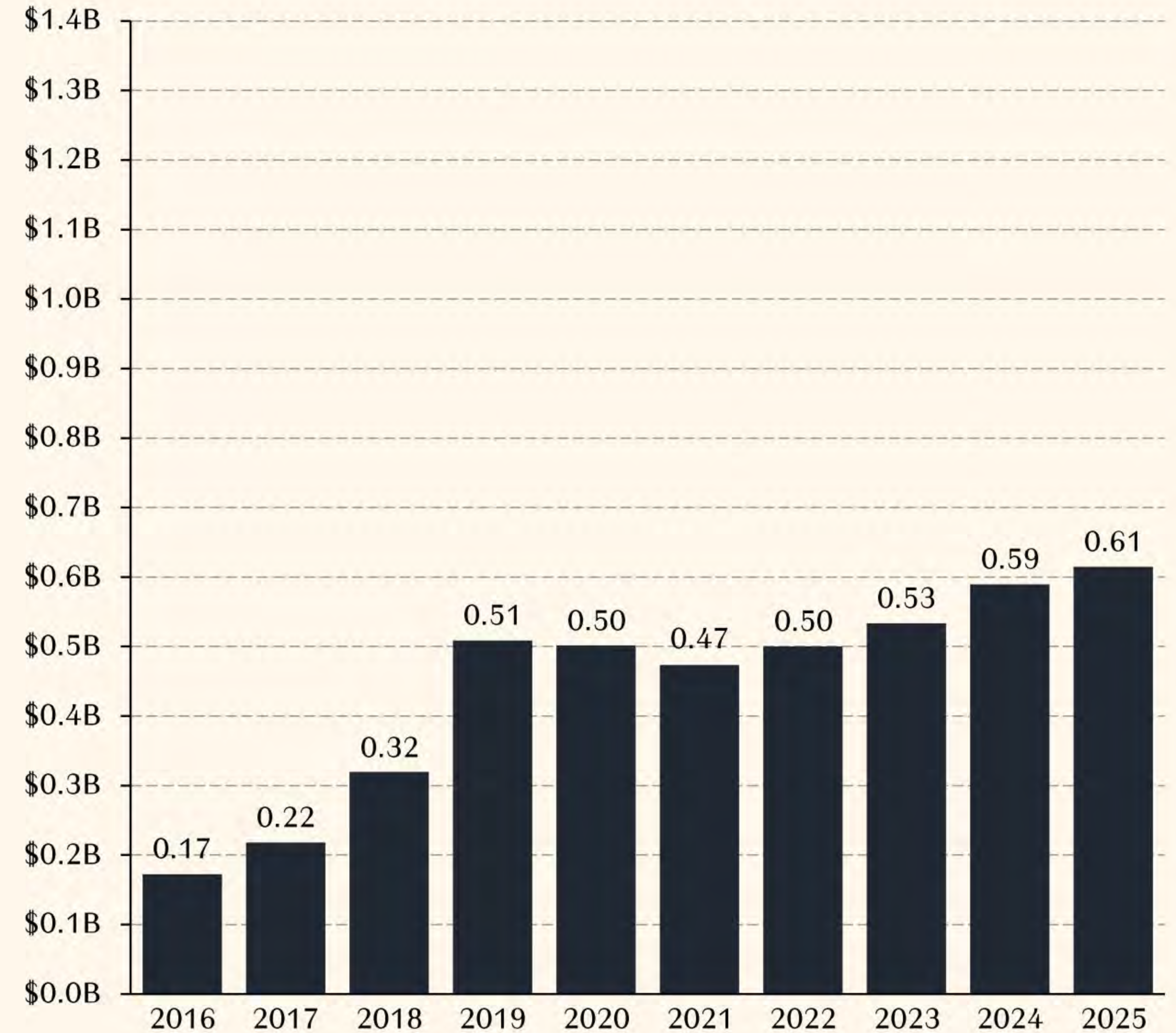
Brazil: PC/Console Video Game Software Sales

(Packaged Sales + Microtransactions + Subscriptions/Services)



Brazil: Mobile Video Game Software Sales

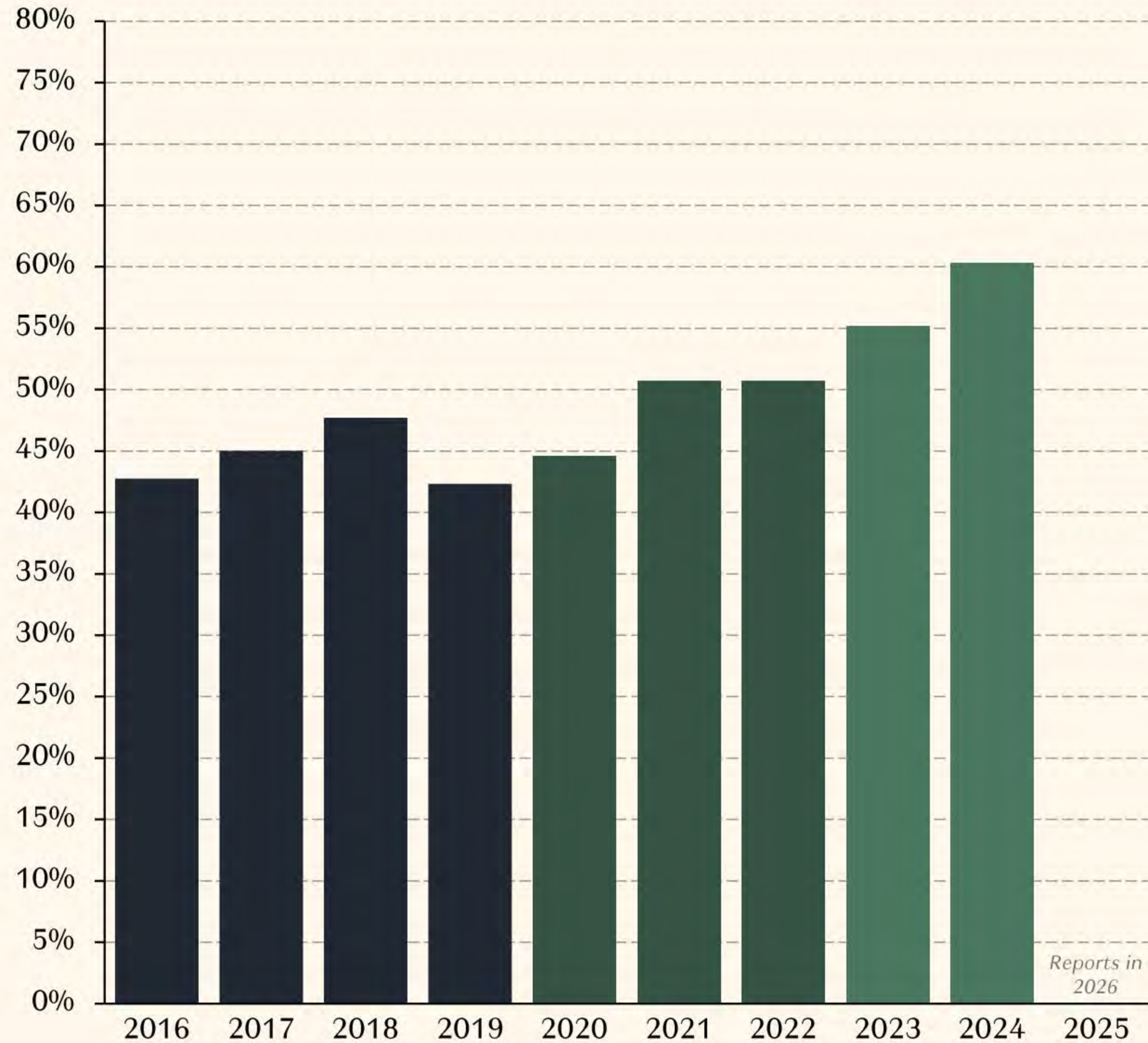
(Packaged Sales + Microtransactions + Subscriptions/Services)



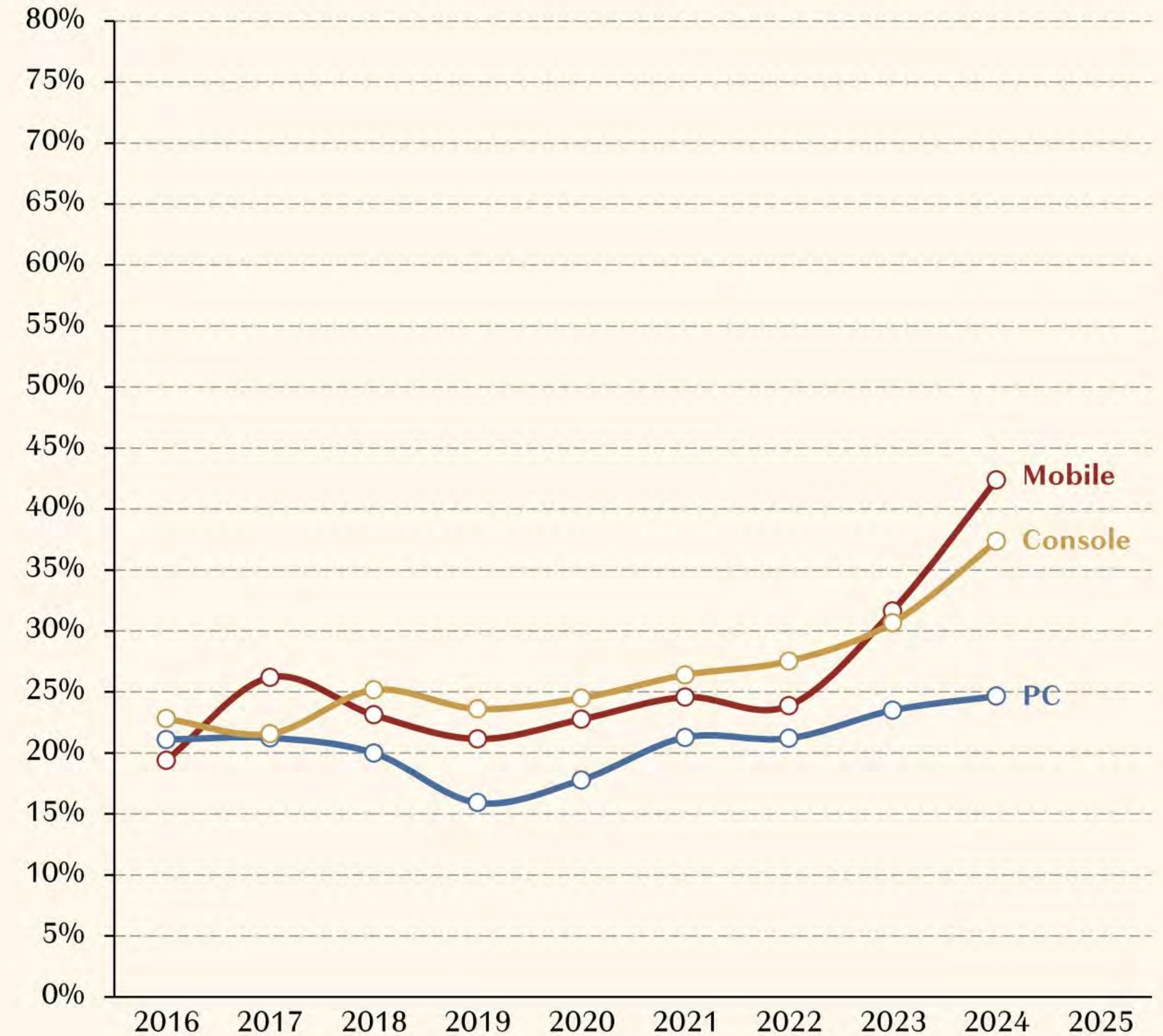
Spain: Unlike many of its European peers, Spanish participation rates have continued to grow – and across all device platforms, and faster *since* the pandemic



Spain: Video Gaming Participation Rate (Population 6–64)



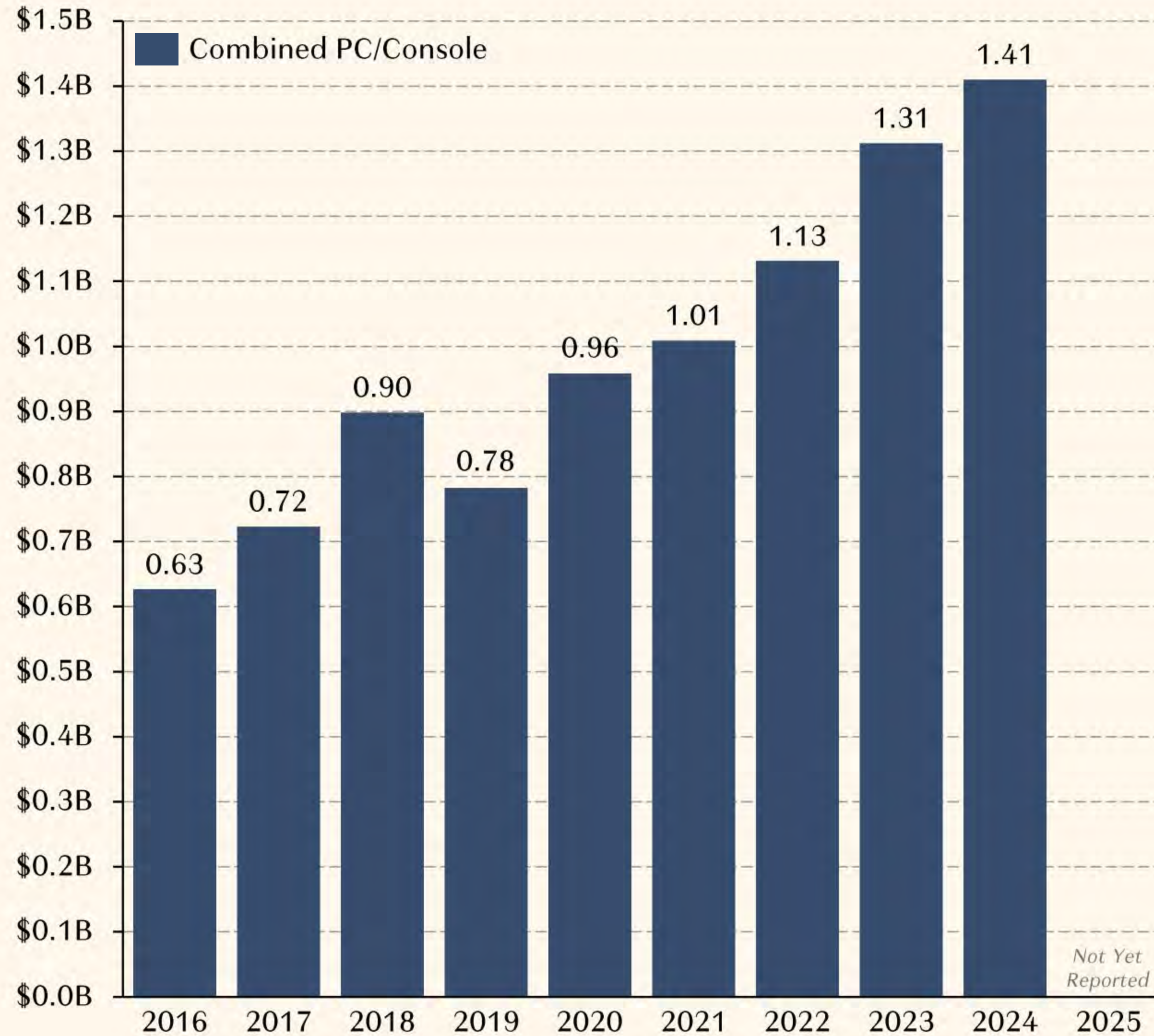
Spain: Video Gaming Participation by Platform (Population 6–64)



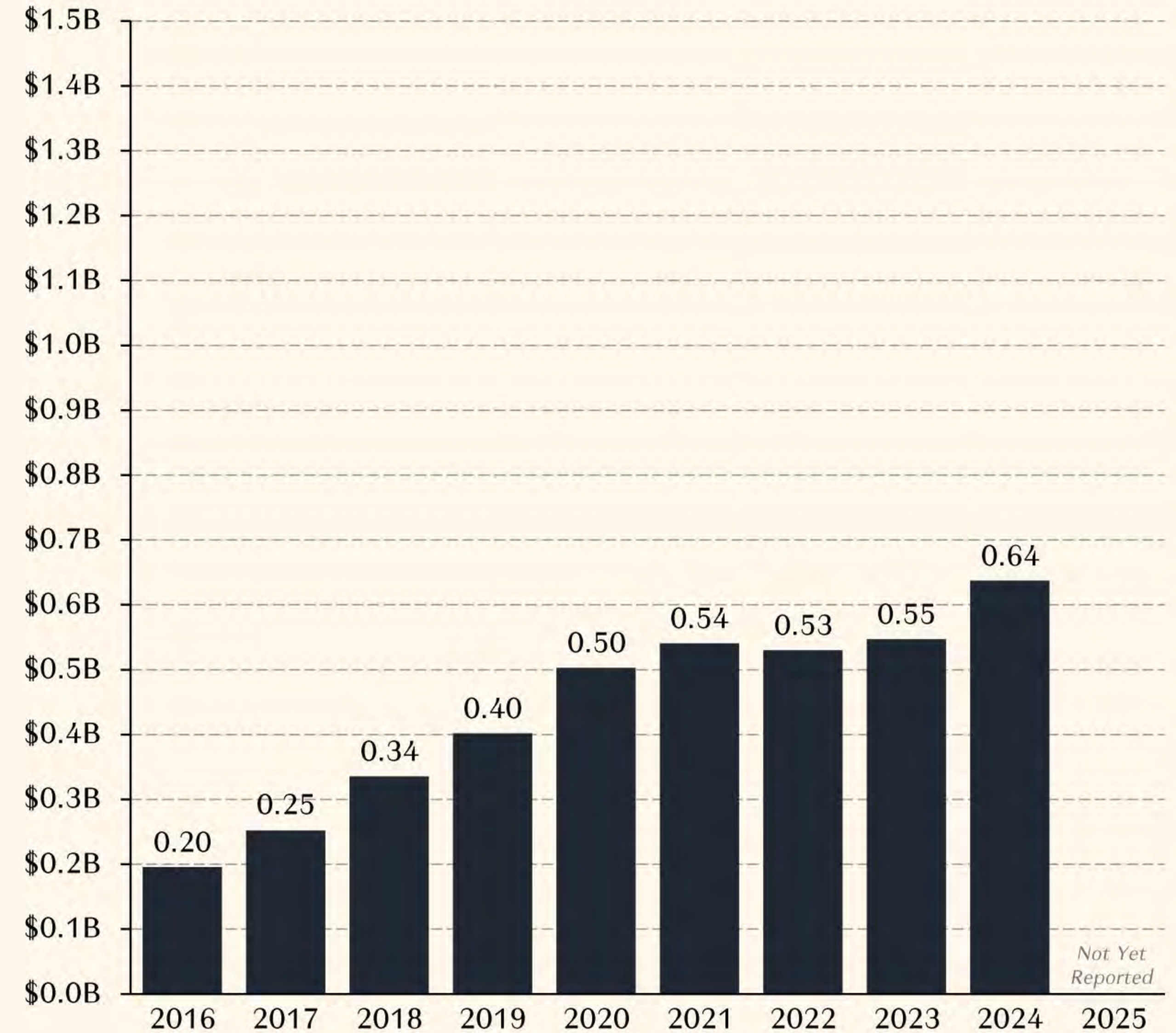
Spain: From 2020 to 2024, Spanish PC/Console spend grew nearly 50% (or +\$450MM per year), while Mobile grew 27% (or \$135MM)



Spain: PC/Console Video Game Software Sales (Population 18+)



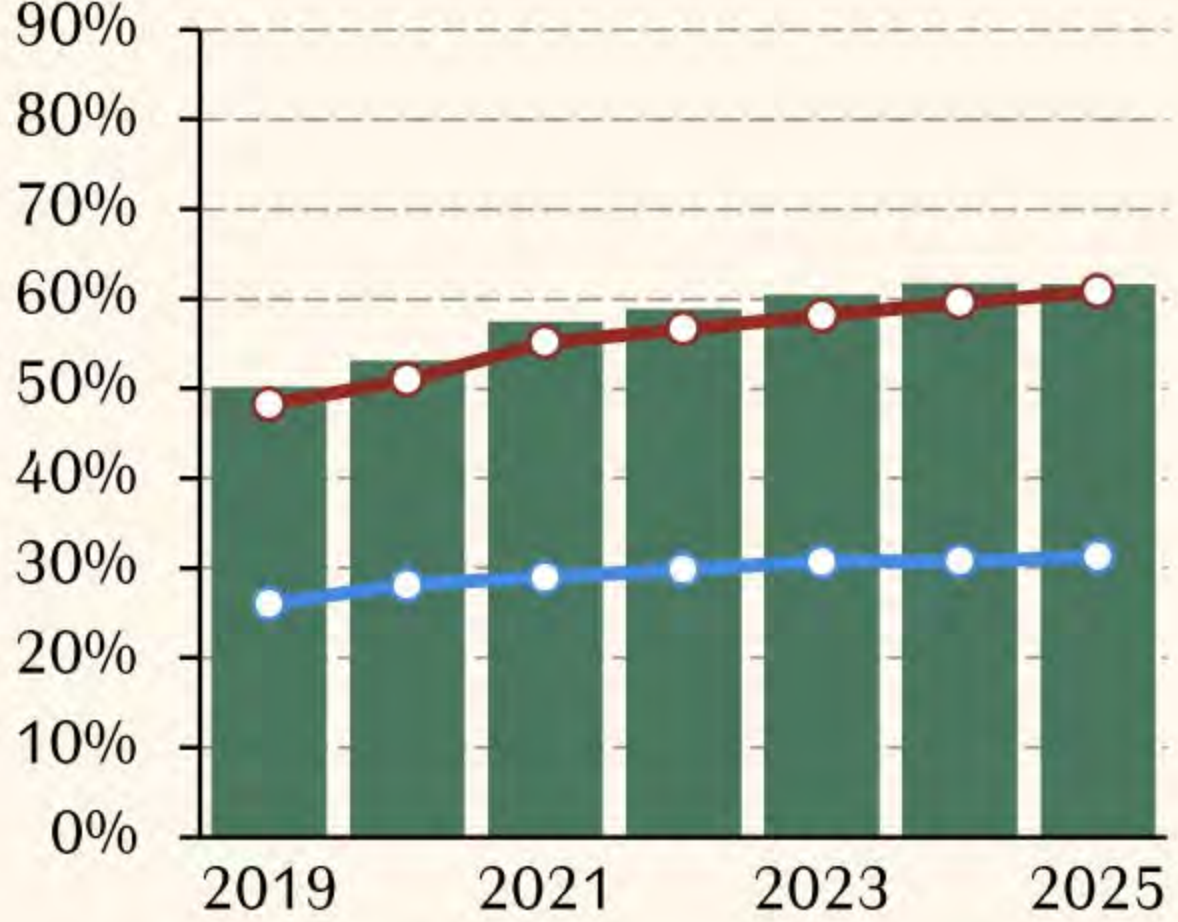
Spain: Mobile Video Game Software Sales (Population 18+)



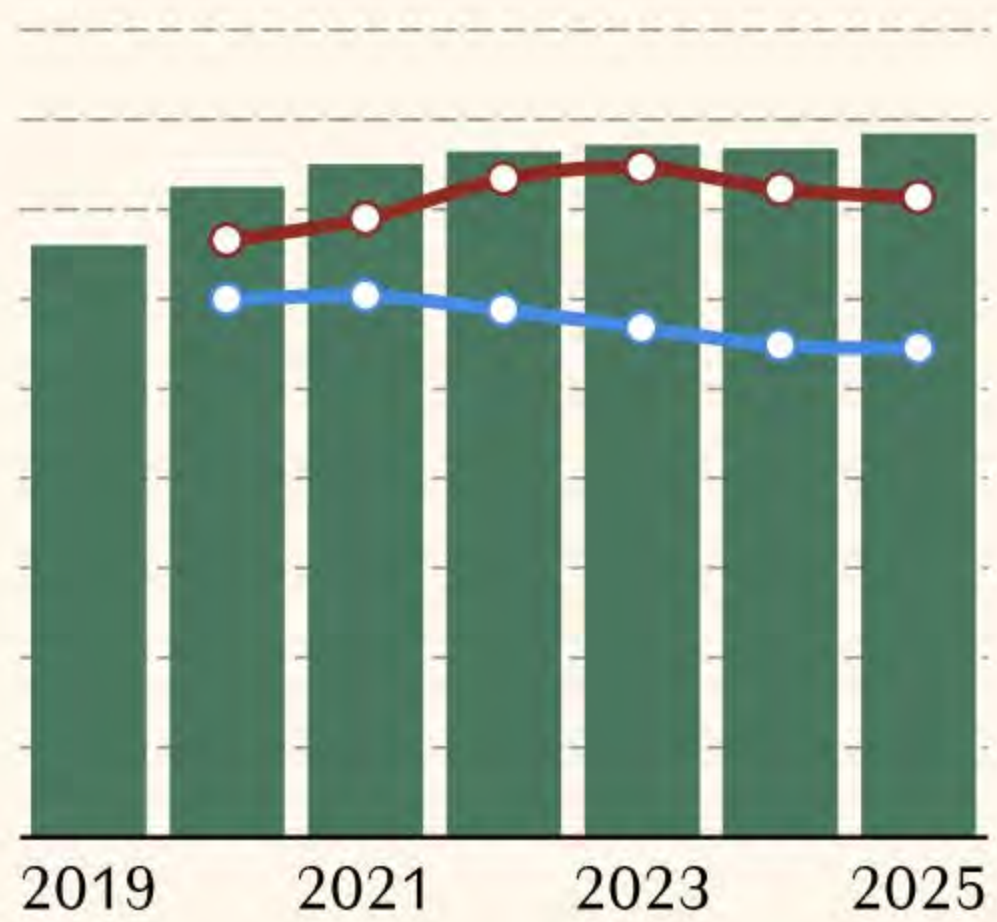
Across Southeast Asia and the Middle East & North Africa, more players continue to come online — and overall player participation rates tend to lead the world



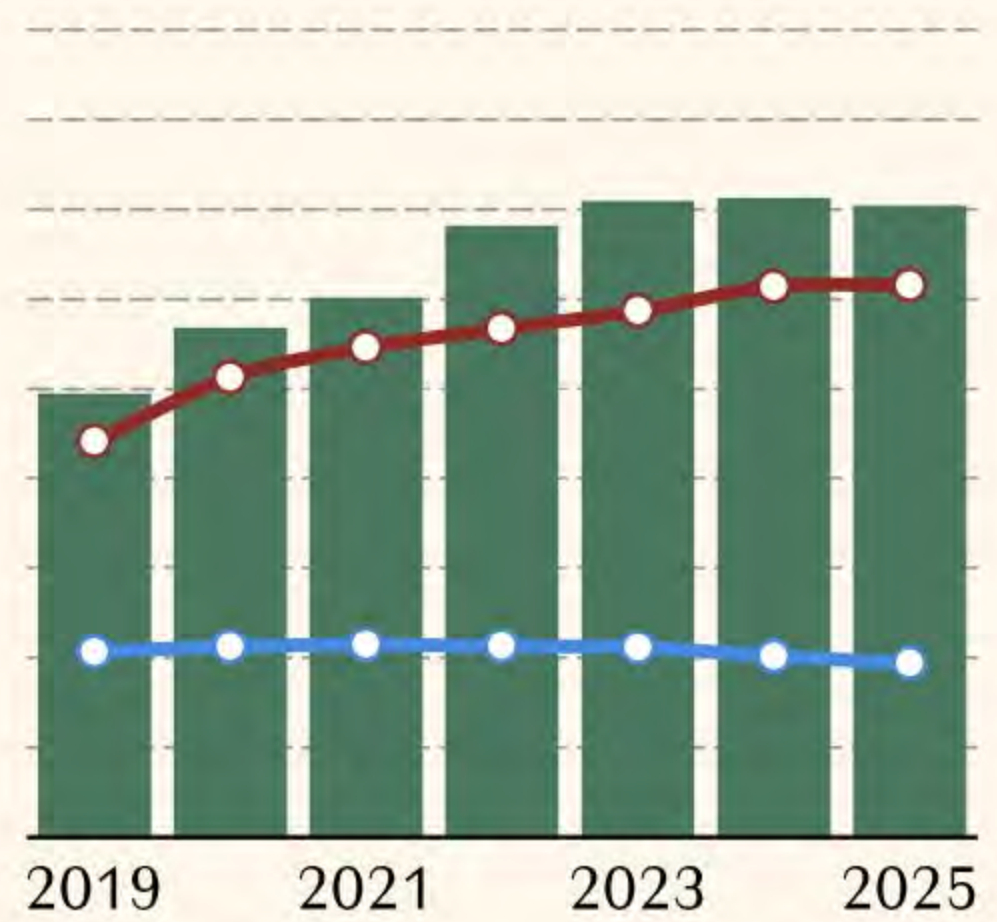
Indonesia
(Population 5-64)



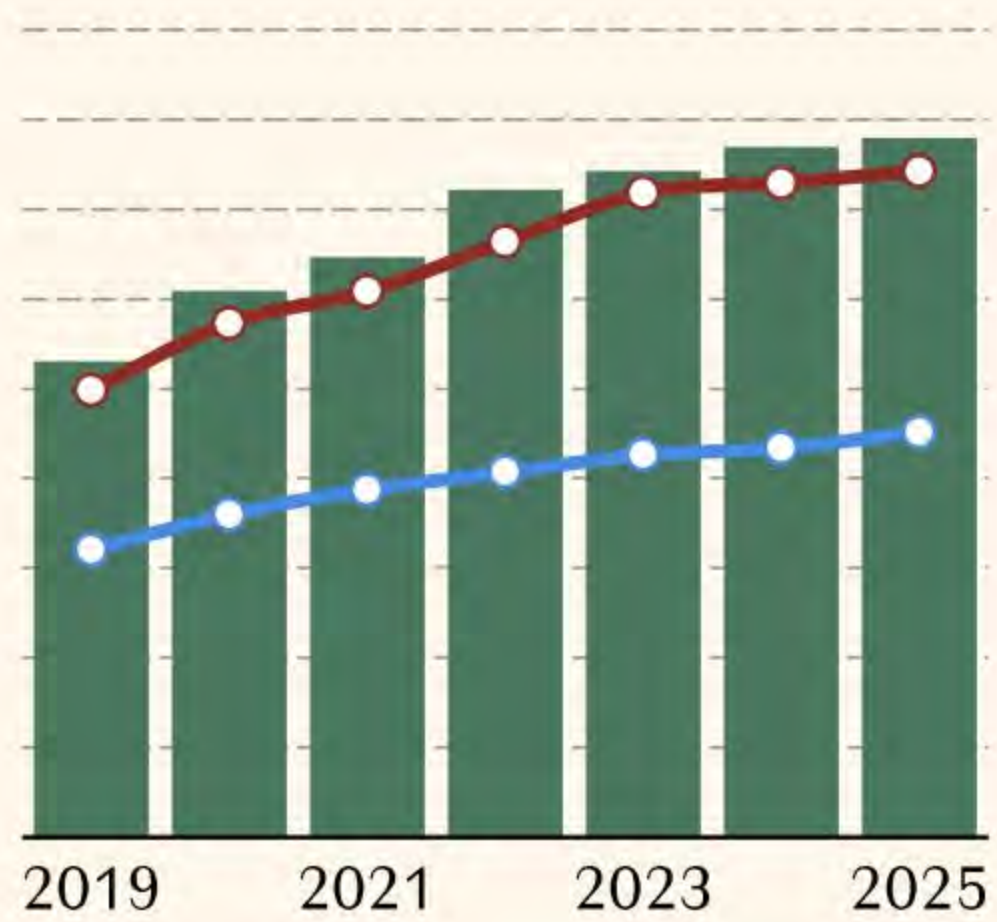
Malaysia
(Population 5-64)



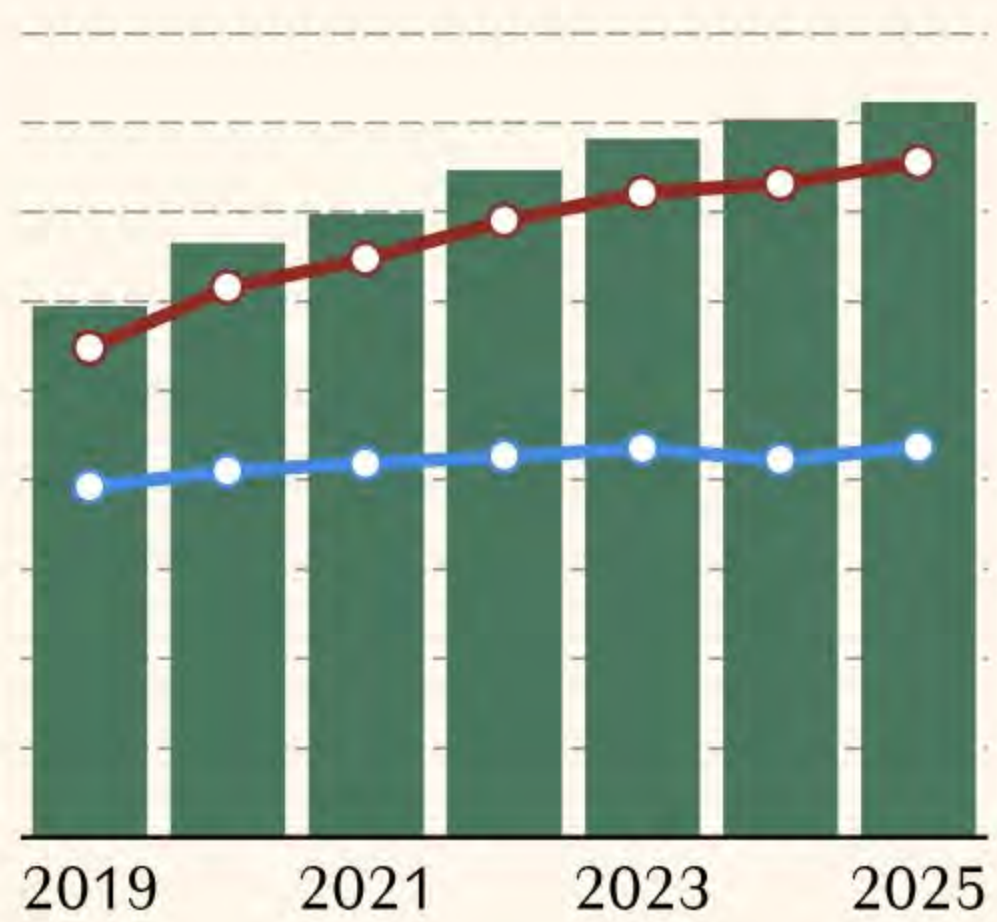
Philippines
(Population 5-64)



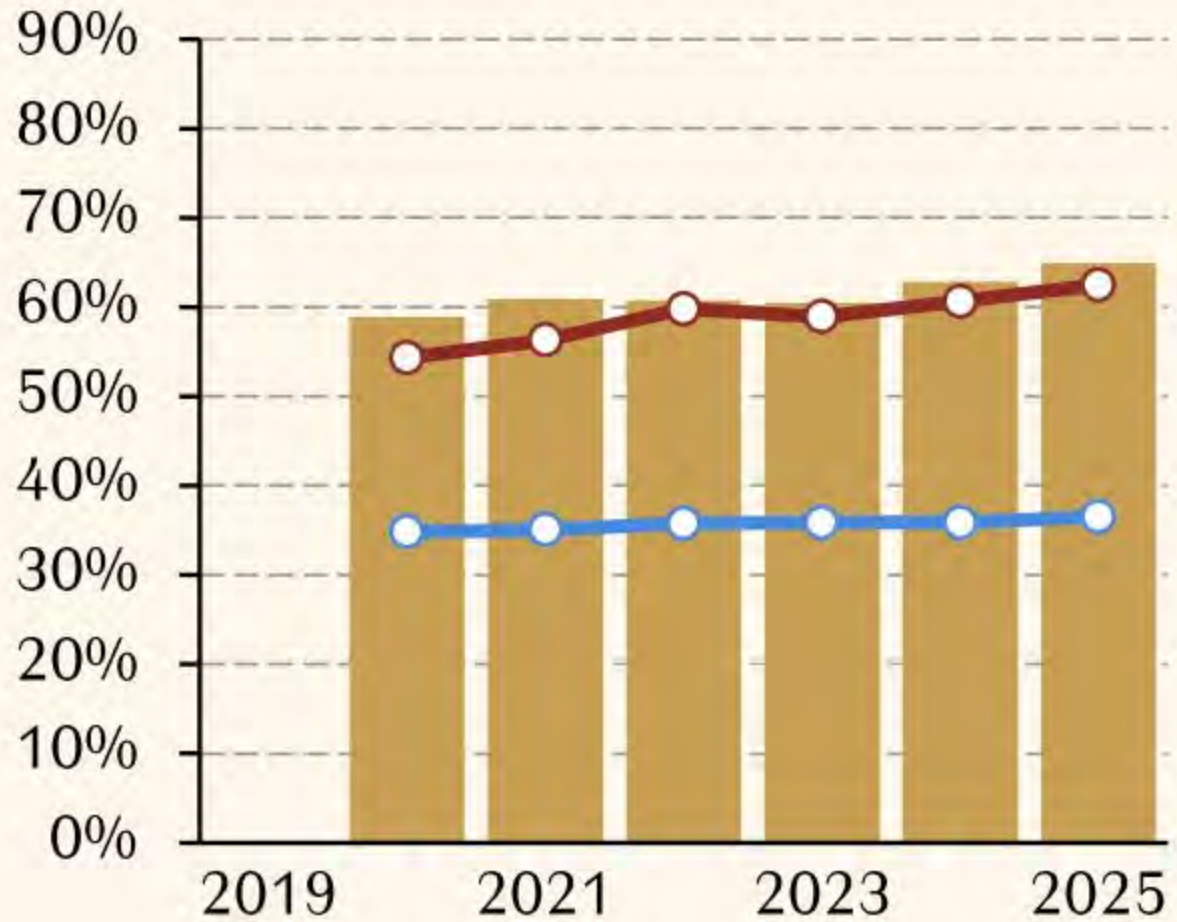
Thailand
(Population 5-64)



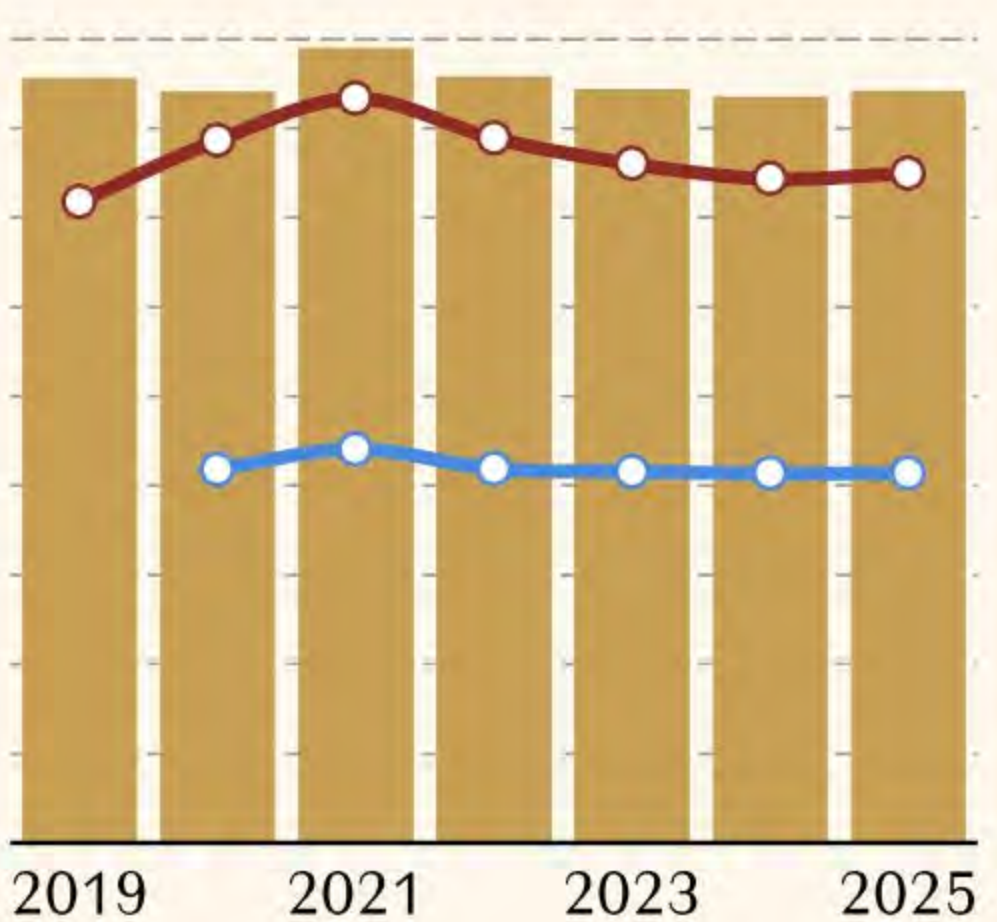
Vietnam
(Population 5-64)



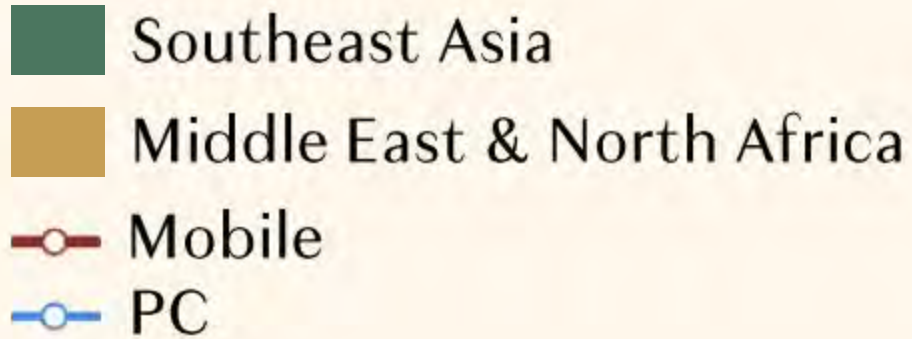
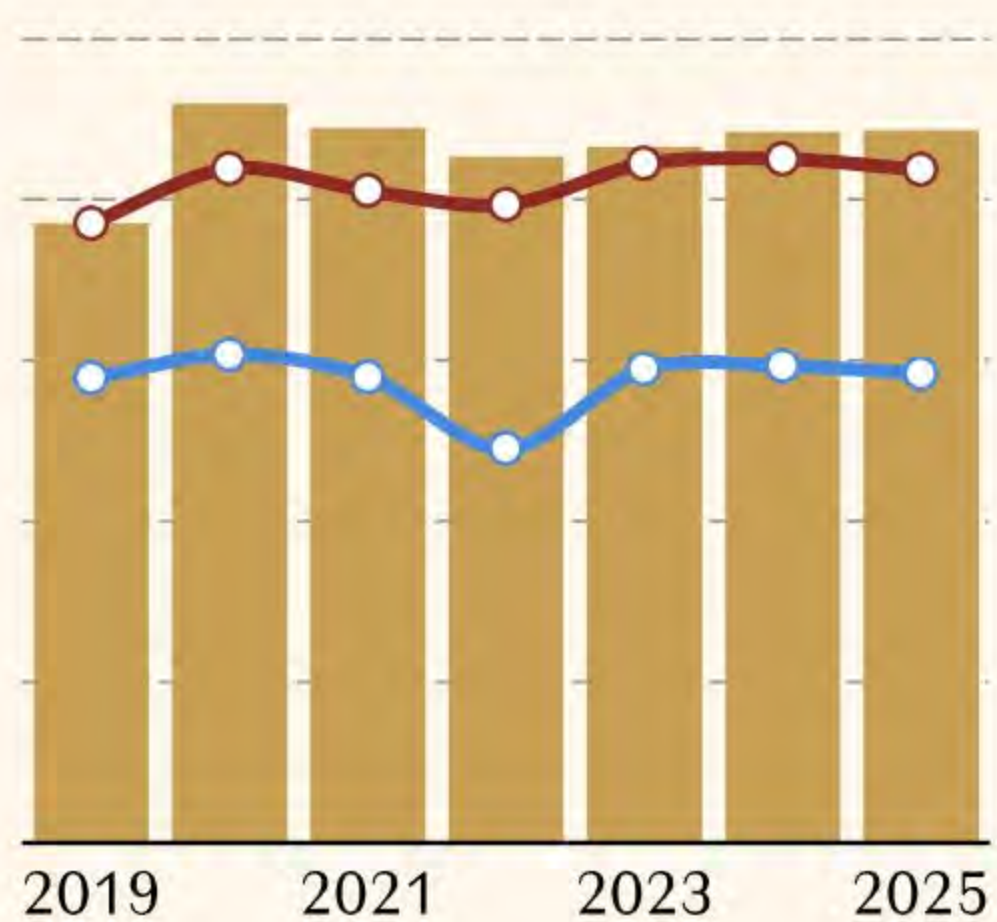
Egypt
(Population 5-64)



Saudi Arabia
(Population 5-64)



United Arab Emirates
(Population 5-64)

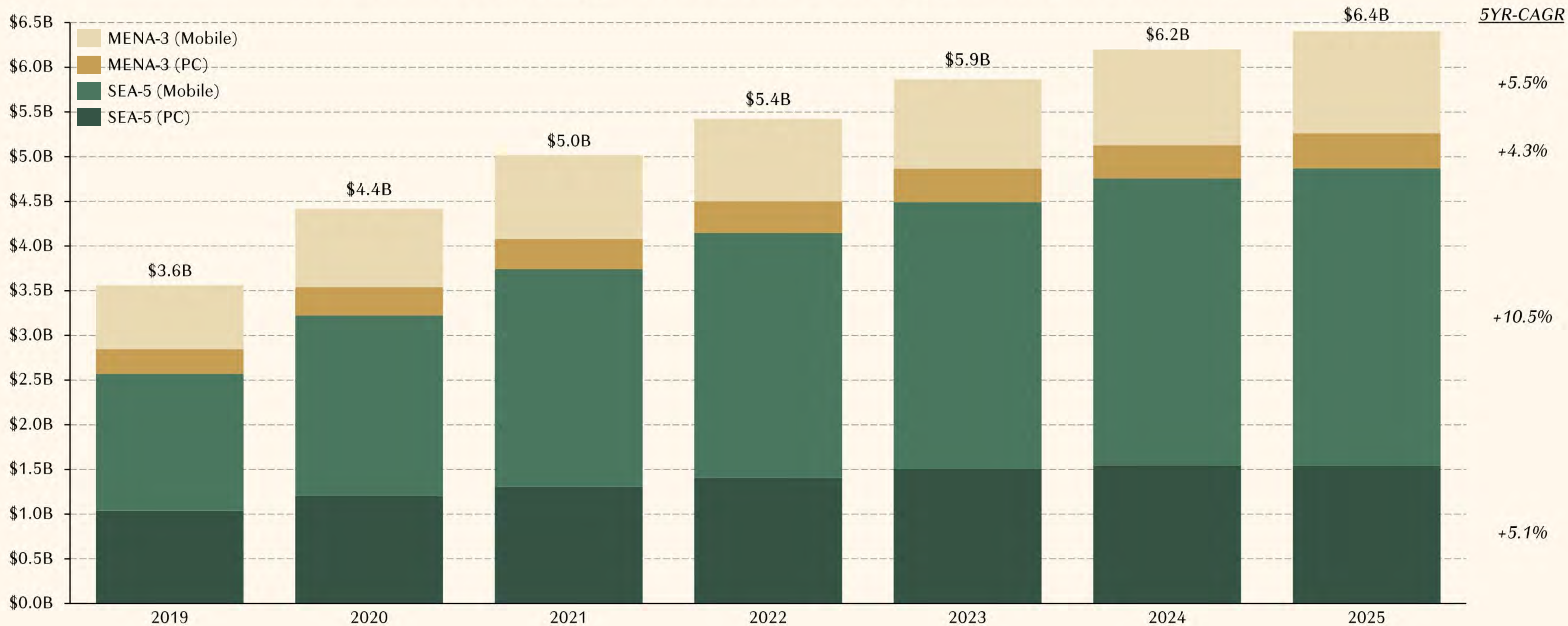


There are not just “more” players in Southeast Asia and the Middle East & North Africa, there’s also a lot more revenue and growth.

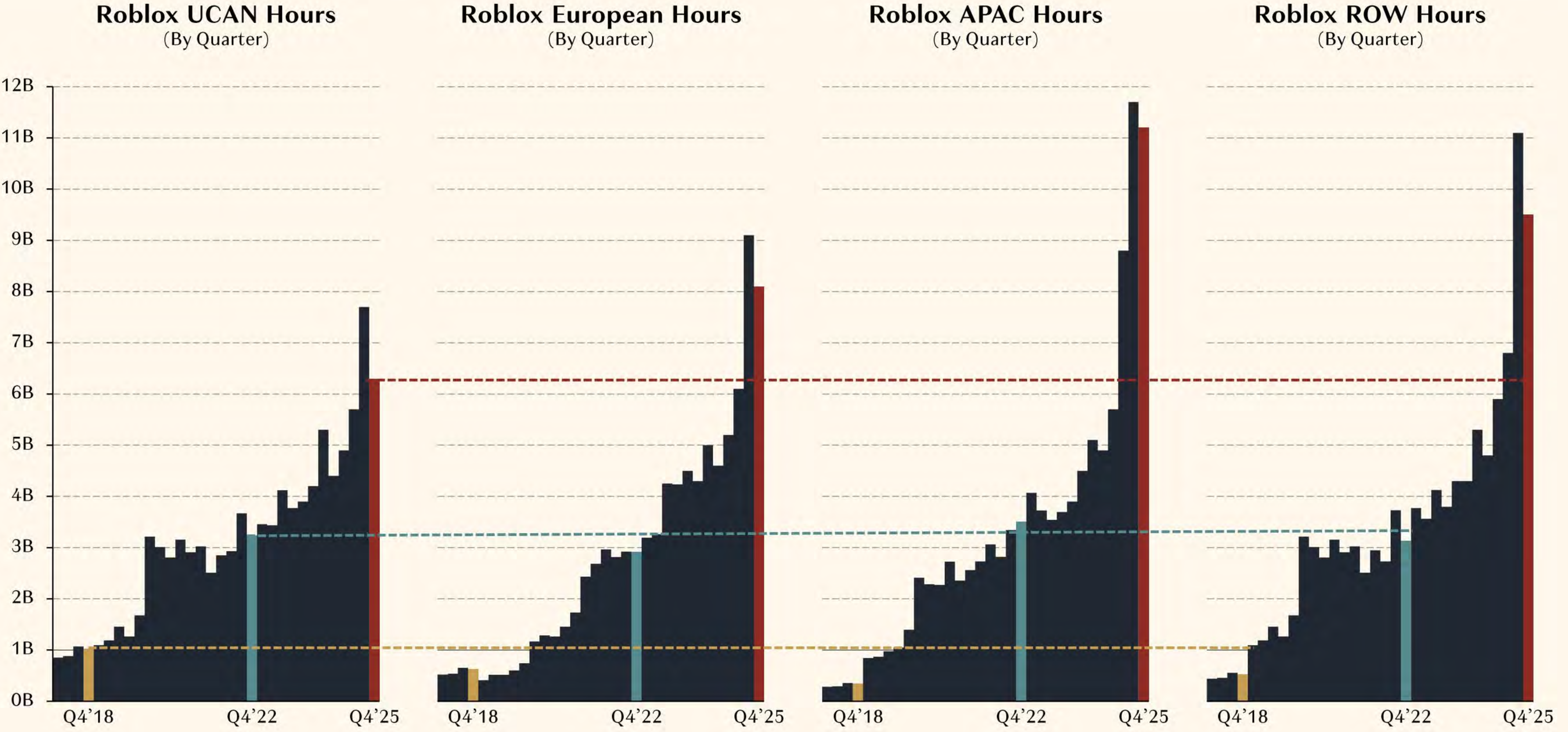


Annual Video Game Content & Software Sales

(SEA-5: Indonesia + Malaysia + Philippines + Thailand + Vietnam; MENA-3: Egypt, Saudi Arabia, United Arab Emirates)



During 2024 and 2025, Roblox's hours have exploded globally, but this growth has not been led by the "home market." APAC and ROW are now 78% and 51% greater than UCAN



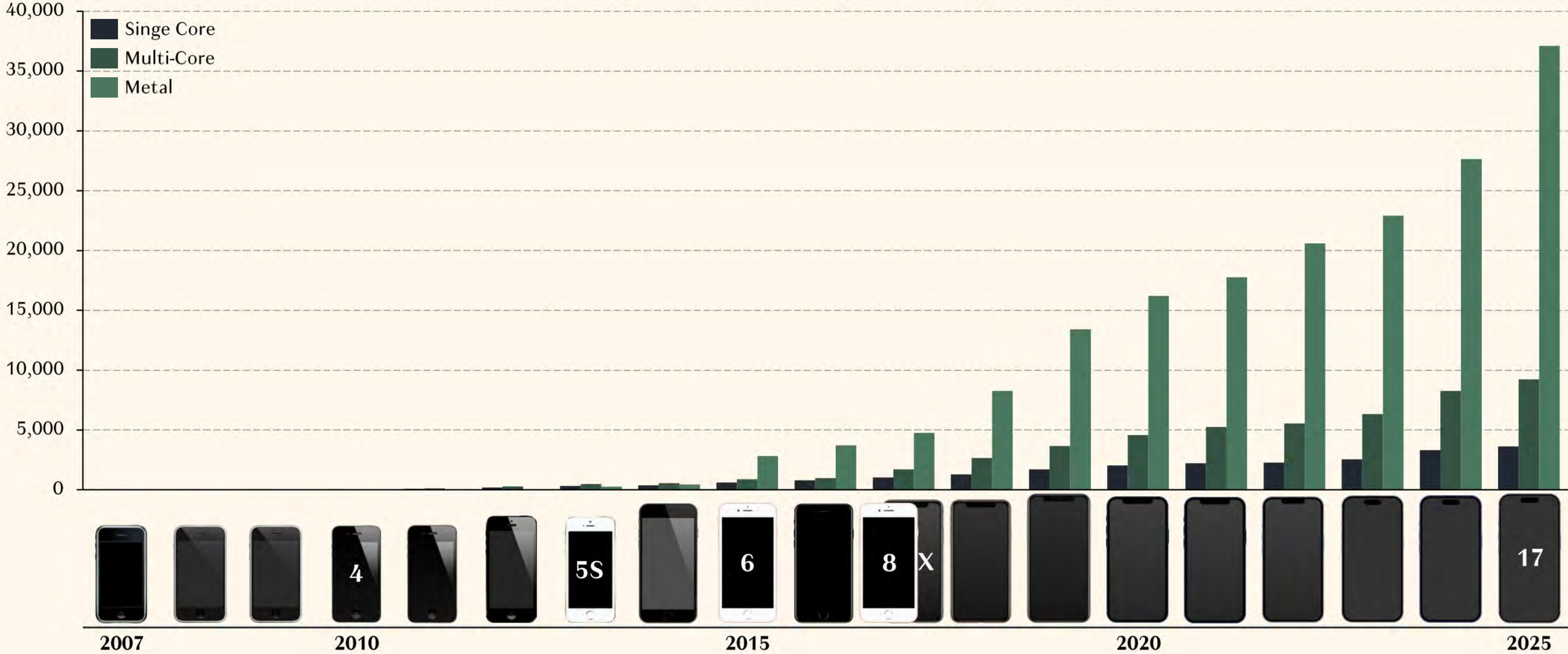
All global gaming growth helps the overall video gaming industry, but the benefits don't automatically accrue. *Specific choices* are needed.



As smartphones advance, there is a tremendous desire to “design up” to newer specs, thereby enabling richer graphics, animations, concurrent on-screen activities, etc.



Approximate Geekbench 6 Score for Core iPhone Models
(Excludes Entry Editions, Special Editions, Pro/Max Editions, etc.)



Yet many of the most popular games globally, even fast-twitch shooters, are designed to play well on iPhones 10-14 generations old (some older than the PlayStation 4!)



Annual iPhone Releases and Scope of Current Device Support for Top Mobile Games (Global; as of December 15, 2025)

High-End Models Only
Assassin's Creed,
Resident Evil, etc.

Fortnite and Call of Duty Warzone: Mobile (iOS 17+)

*5S, 6, and 6S dropped
summer of 2025 due
to Apple's "forced
upgrade cycle" for
Xcode 16*

Pokémon Go and eFootball (iOS 15+)

Clash Royale (iOS 14+)

Genshin Impact, Roblox, PUBG Mobile, Call of Duty: Mobile, Mon. Go (iOS 13+)

Candy Crush and Honor of Kings (iOS 12+)

Free Fire and Delta Force (iOS 11+)

Peacekeeper Elite, also known as "PUBG Mobile China" (iOS 10+)



To ensure every player has the best possible experience, Free Fire offers two app “versions,” both of which play and cross-play into the same “game,” but with different optimizations



Fire Fire – Android App Specs
(As at Q4 2025)



Android 5.1+
0.8 GB
2.1 GB
2.0 GB
3.0 GB
450 meters
No
2D Static Menu
<ul style="list-style-type: none"> • Manual downloads of outfit packs (or opponents appear as stock Adam/Eve) • No special animations (e.g. reload, sprint) • Special effects degrade at 20 meters

Fire Fire MAX – Android App Specs
(As at Q4 2025)



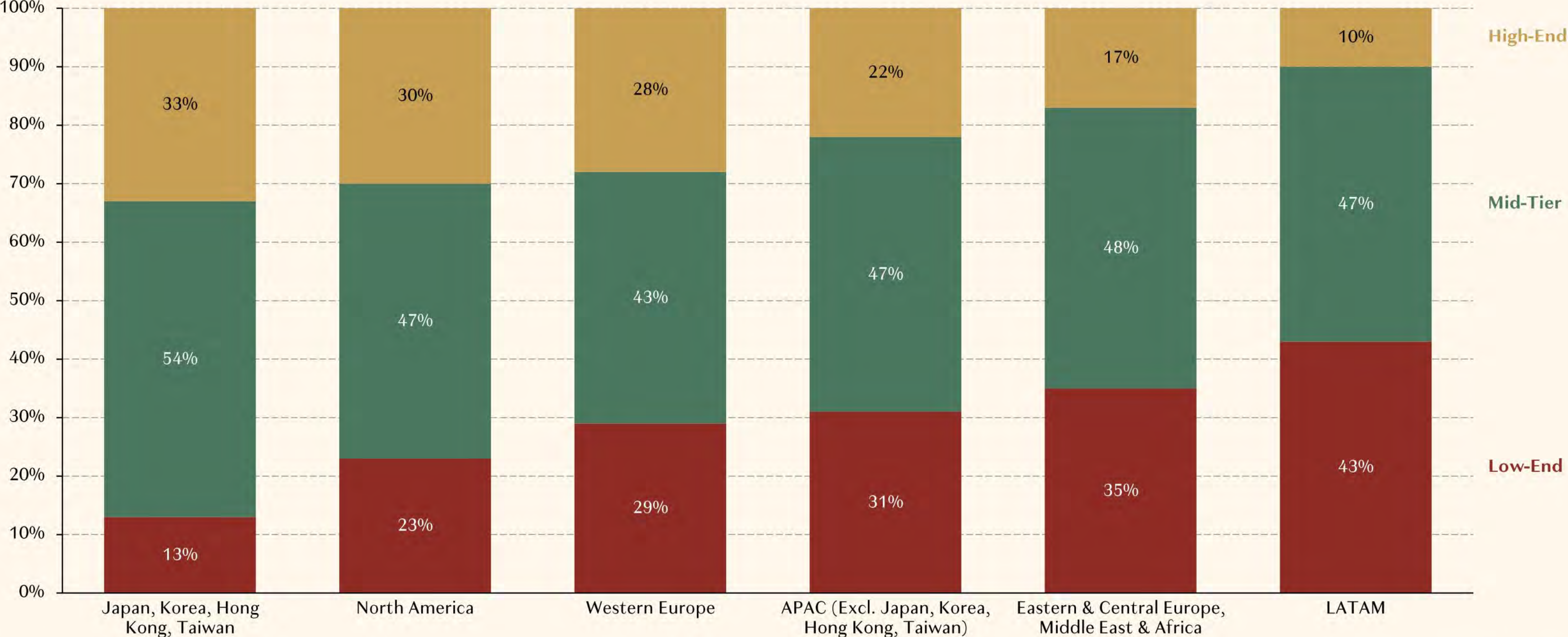
Android 5.1 (Same)
1.3 GB (1.7x)
5.0 GB (2.4x)
4.0 GB (2.0x)
6.0-8.0 GB (2.0-2.66x)
900 meters (+100%)
Yes
3D Interactive
Pre-cached and/or smart downloaded to ensure full support and at any visible distance

Minimum OS
Initial Install Size
Fully Installed Disk Space
Minimum RAM
Recommended RAM
Map Draw Distance
Acoustic Audio Mapping
Lobby
Player Avatars

Why? Globally, 65% of Google Play video game revenue worldwide comes from low and mid-tier devices. In markets such as LATAM, it's 90%!



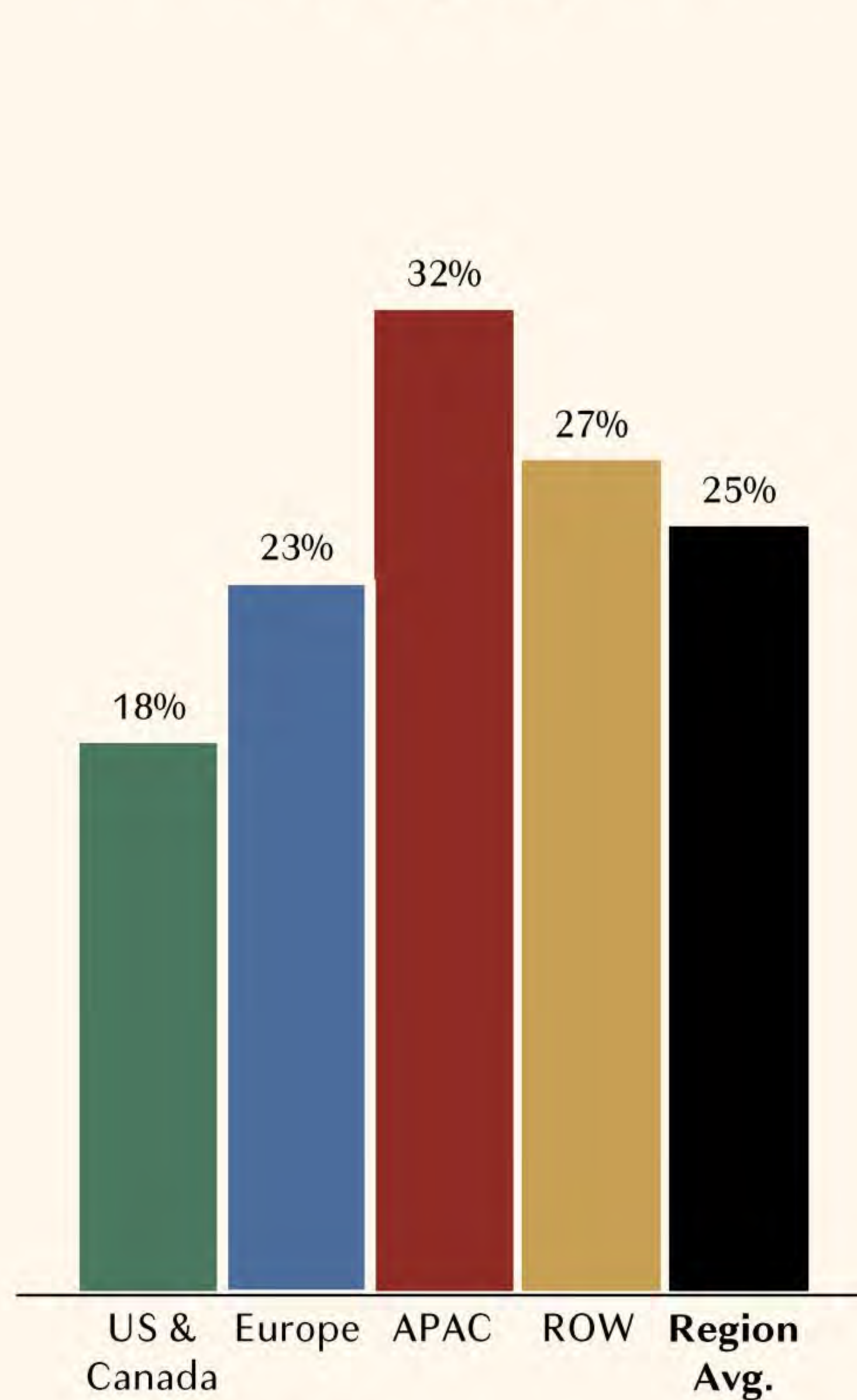
Share of 2024 Google Play Games Revenue by Device Type
 (Excludes transactions not billed by the Play store)



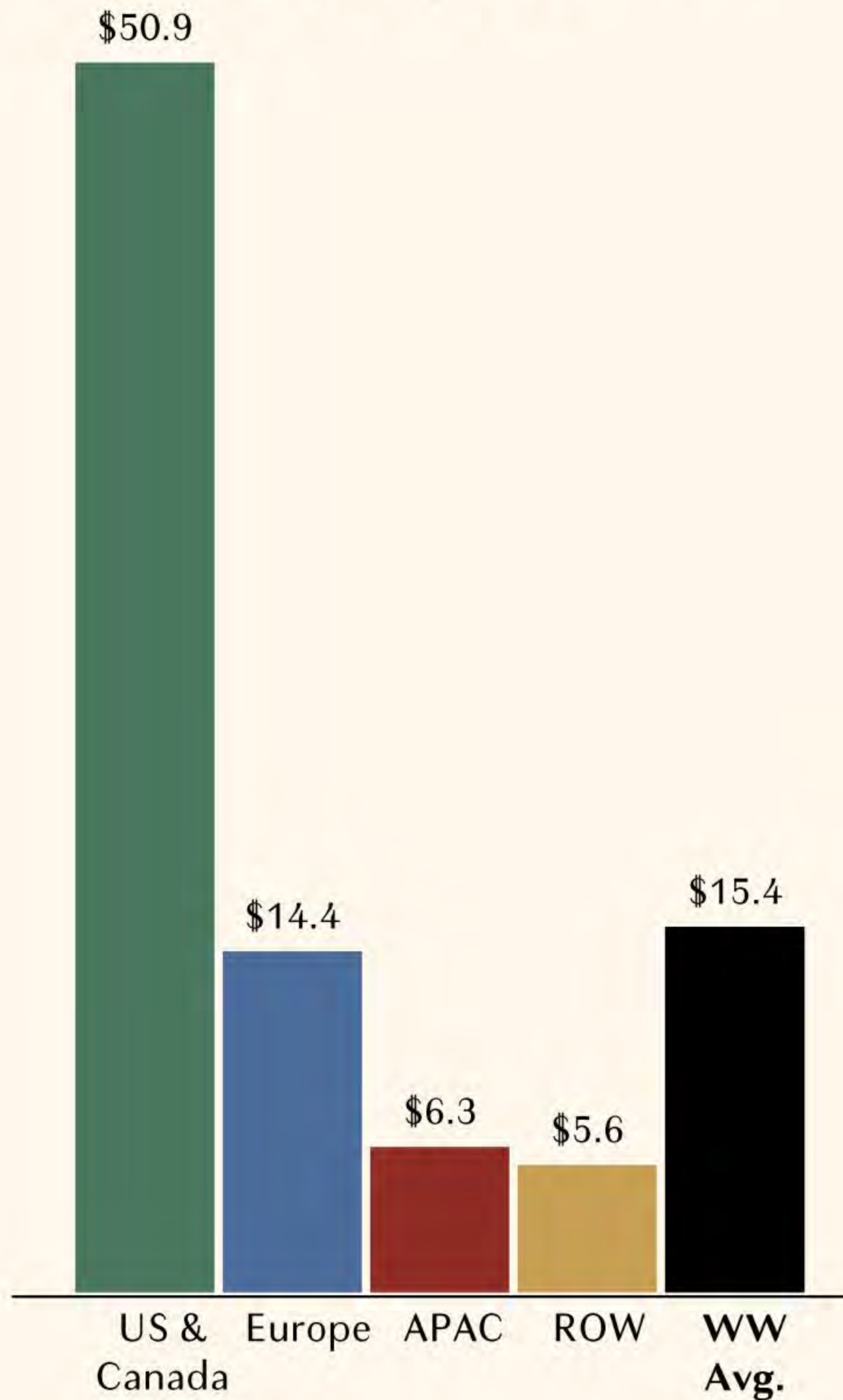
Another challenge stems from operating economics. Companies must be set up to profit on, and practically invest behind, customers with a fraction of “major market” ARPU



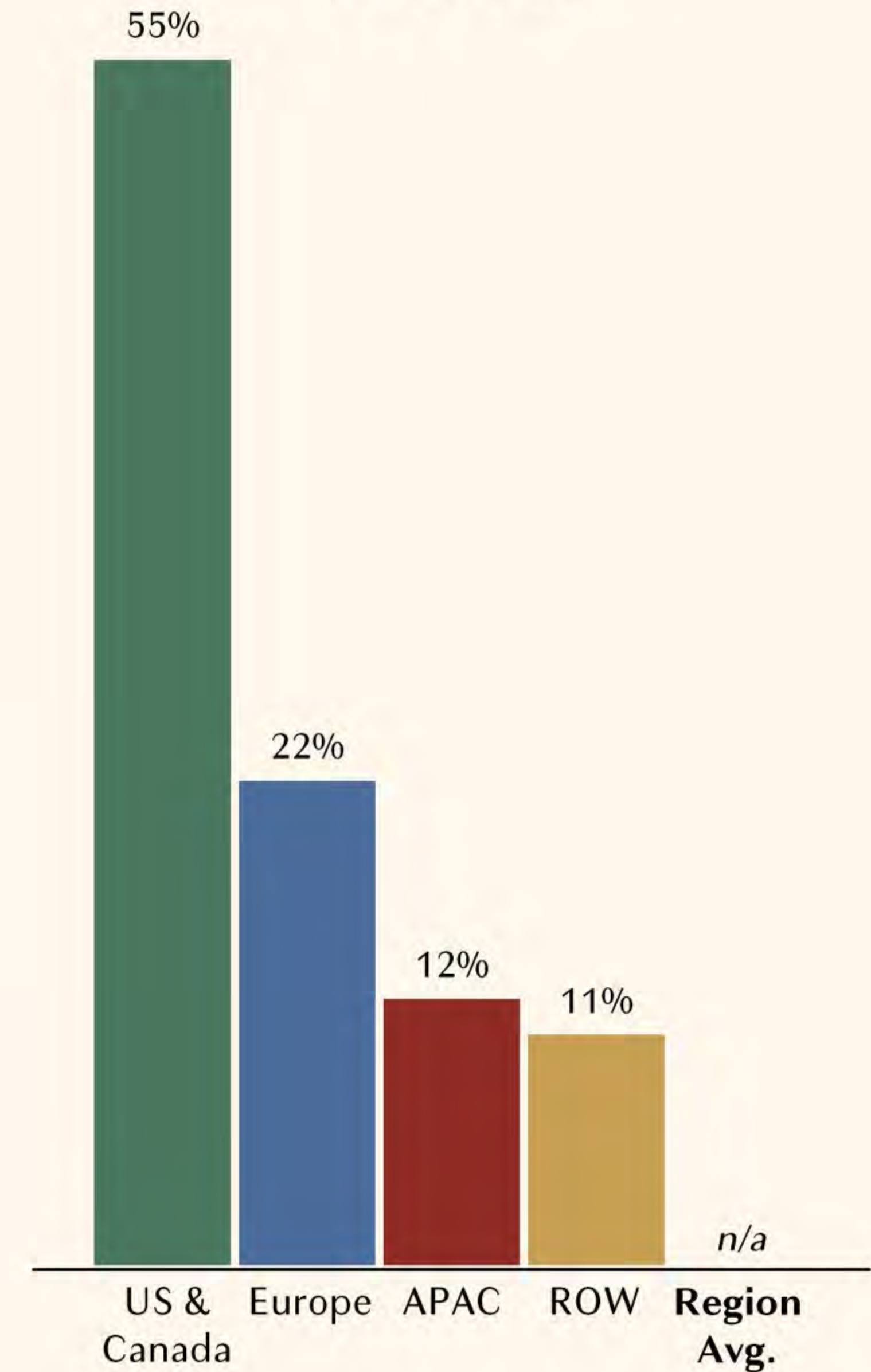
Share of Roblox DAU by Region (As at Q4 2025)



Quarterly Bookings per DAU (As at Q4 2025)



Bookings by Region (As at Q4 2025)

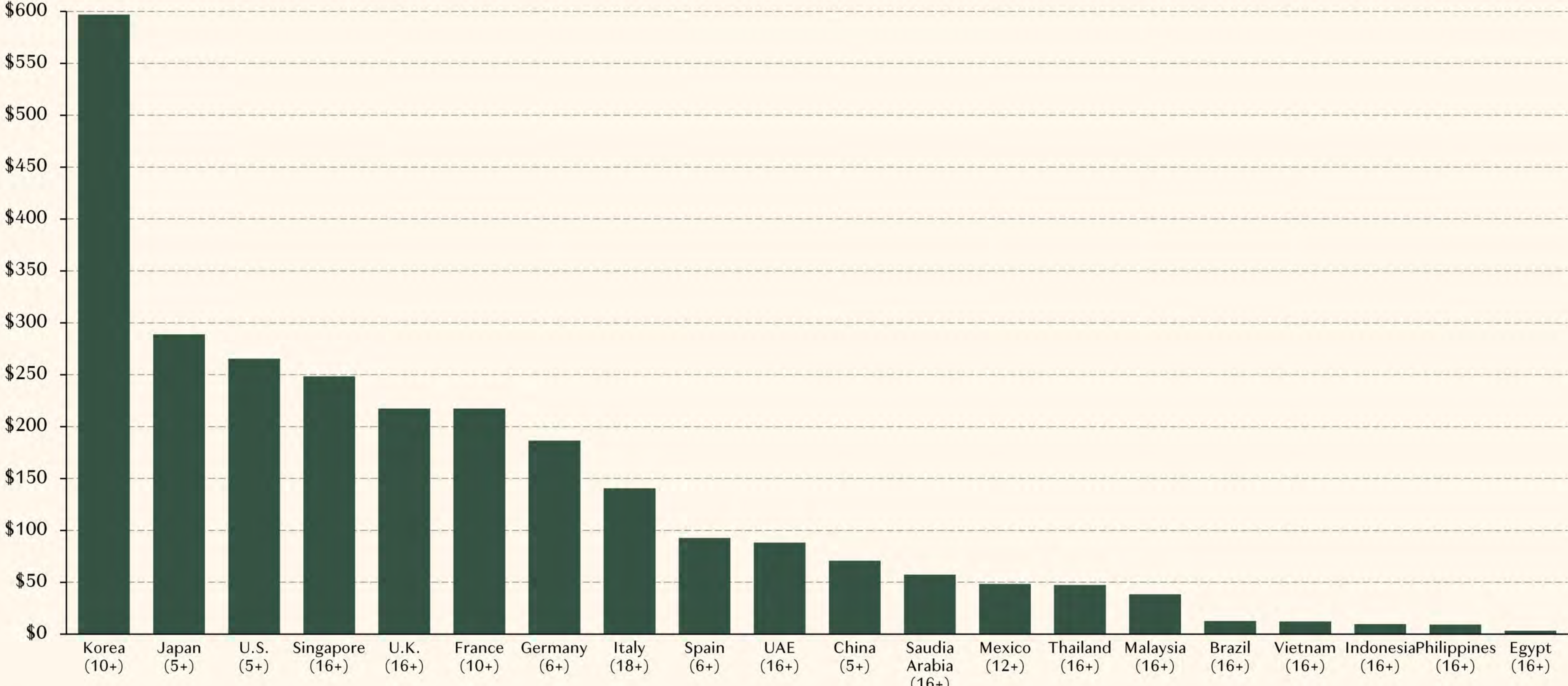


Globally, average revenue per player by country per year can vary by as much as 200x, with most of the “mature markets” at \$150–275, and “ROW” reaching the low single digits



Average Annual Spending on Video Game Content per Gamer per Year

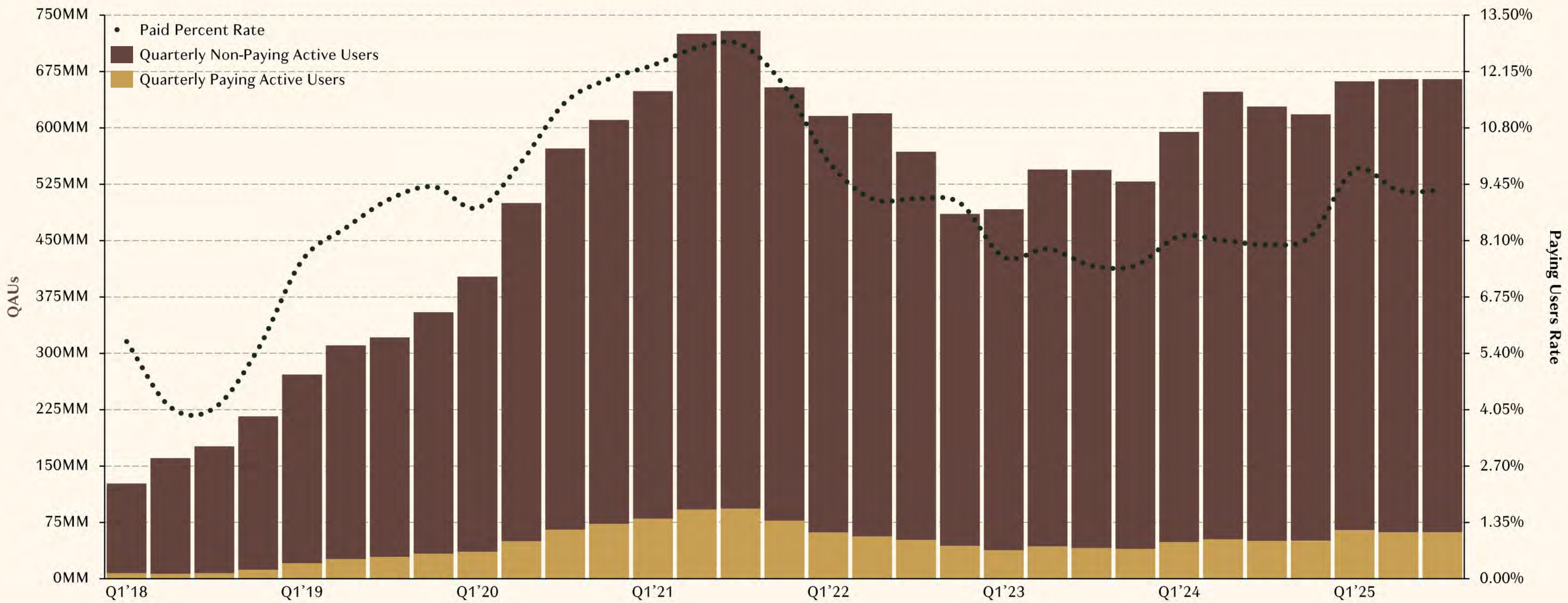
(Most recent of 2025 or 2024; Some markets are Populations 5+, 10+, 18+, etc., which causes both sample bias and inflates or deflates ARPU)



Garena's *Free Fire* has over 650 million quarterly players, about 9.5% of whom pay ~\$12 per quarter (thus the average user is only \$0.40 a month), totaling roughly \$3B per year



Garena Quarterly Active Users and Quarterly Payers
 (Garena only reports QAUs, not MAUs or DAUs; Substantially all Free Fire)



Moreover, non-Western also *prioritize* these different (and generally less valuable) players by investing in content and experiences that are for *them* (and not for most Western players)



Fortnite Events
(Selection)

&

Call of Duty Events
(Selection)

Vs.

PUBG Events
(Selection)

&

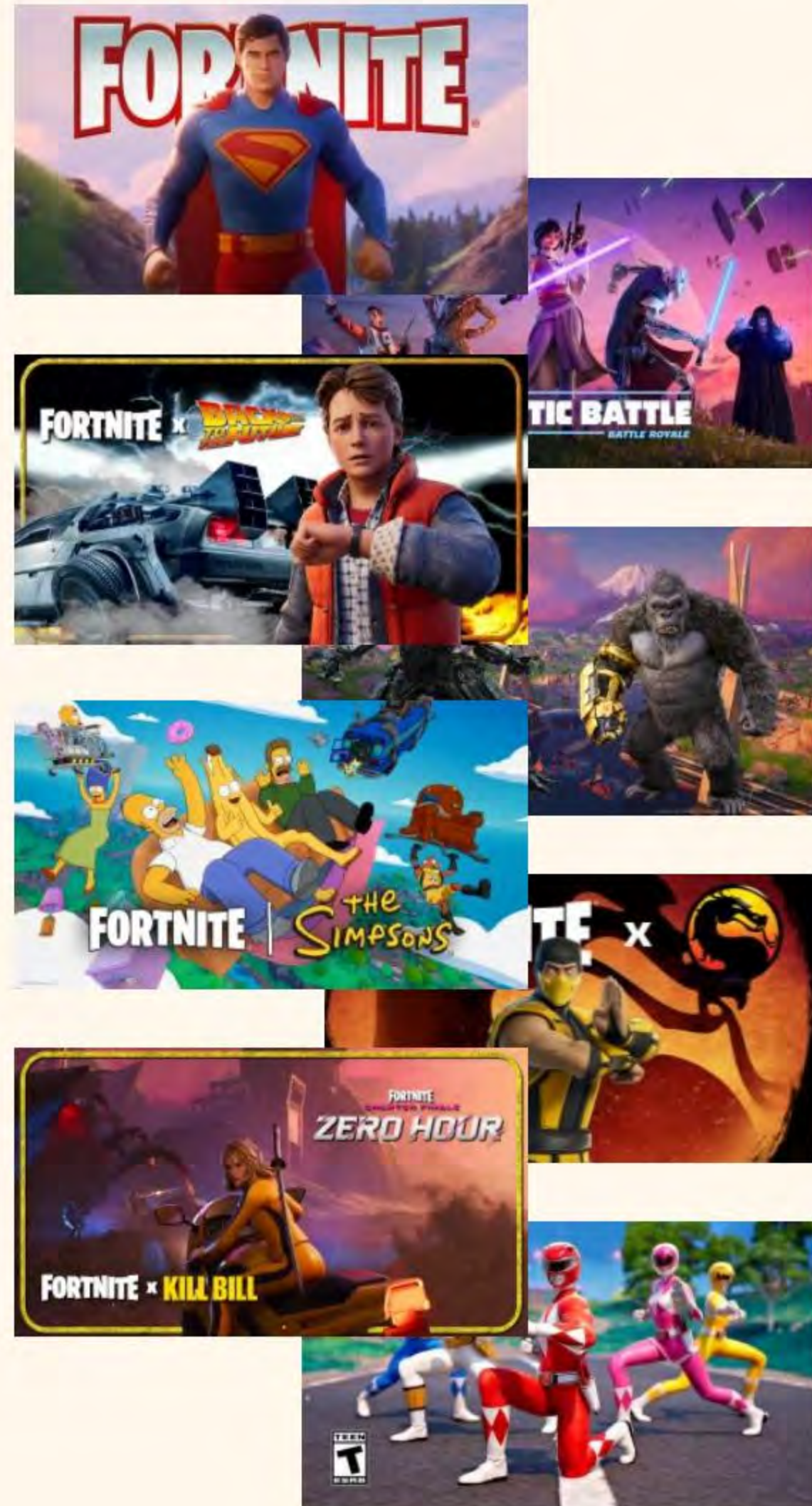
Free Fire Events
(Selection)



And *prioritization* is the operative word; events and integrations are not infinite, nor are the creative and commercial resources that support them



Fortnite IP Events
(2025; Meaningfully Integrated)

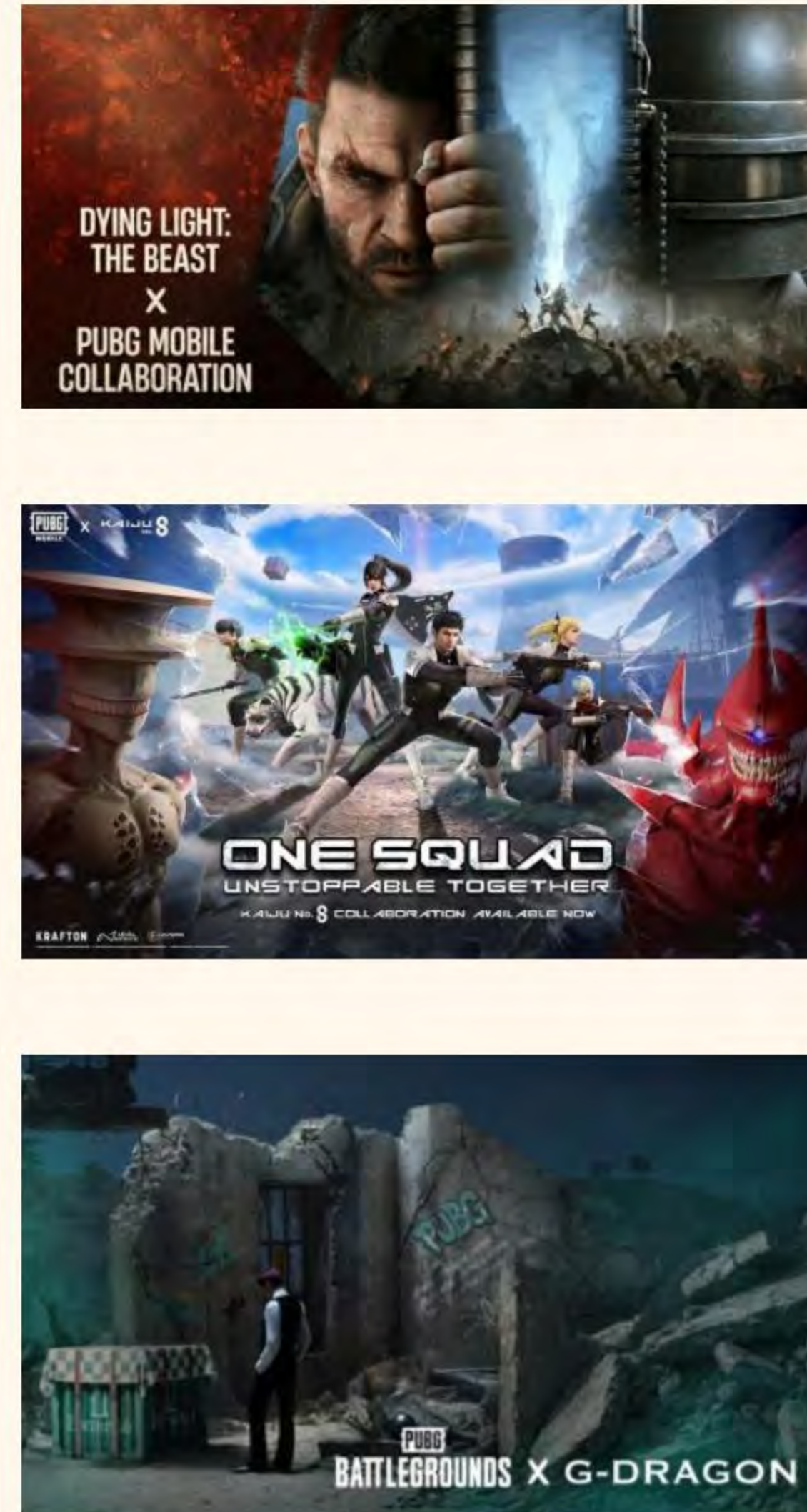


& Call of Duty IP Events
(2025; Meaningfully Integrated)

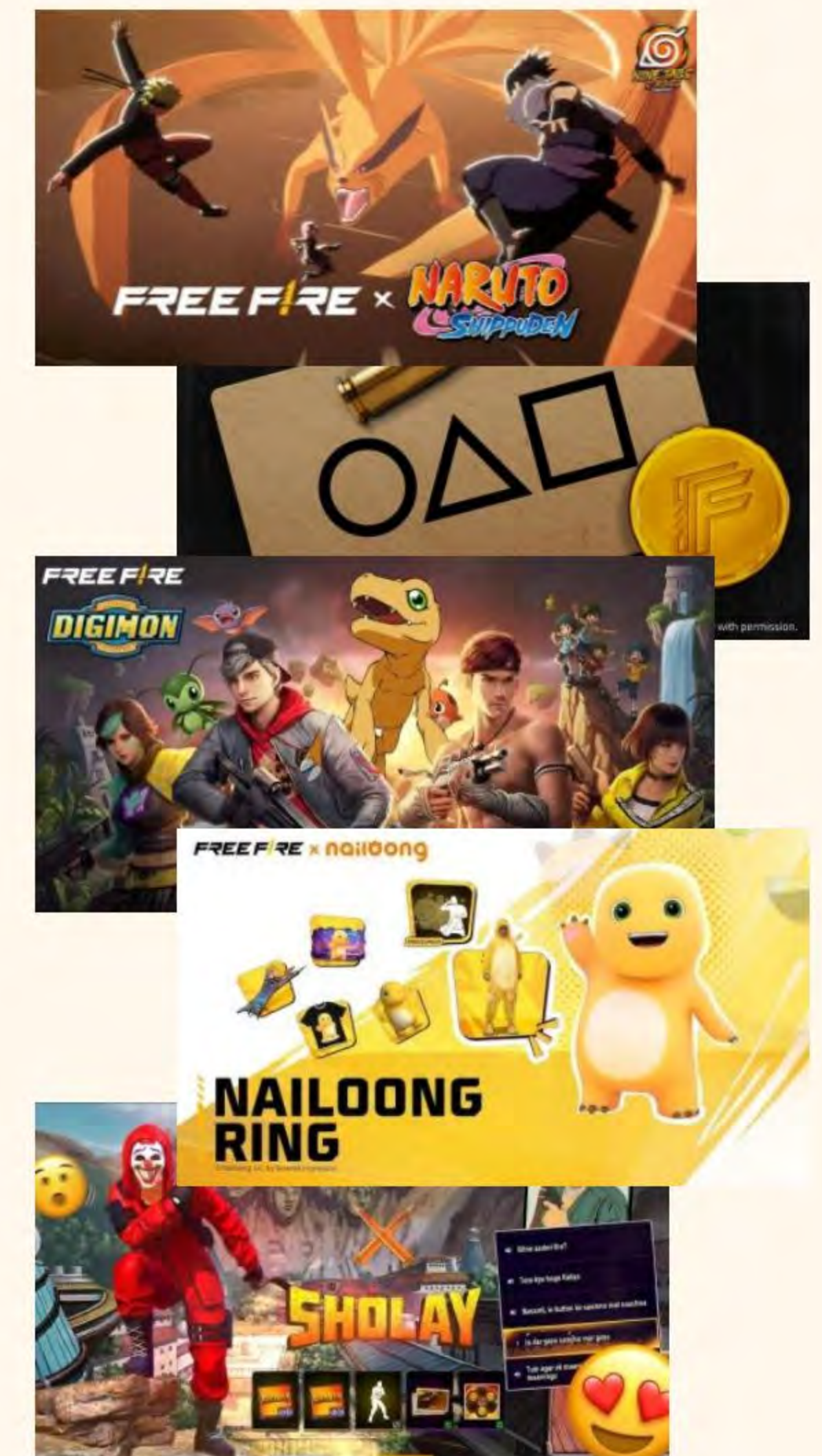


vs.

PUBG Events
(2025; Meaningfully Integrated)



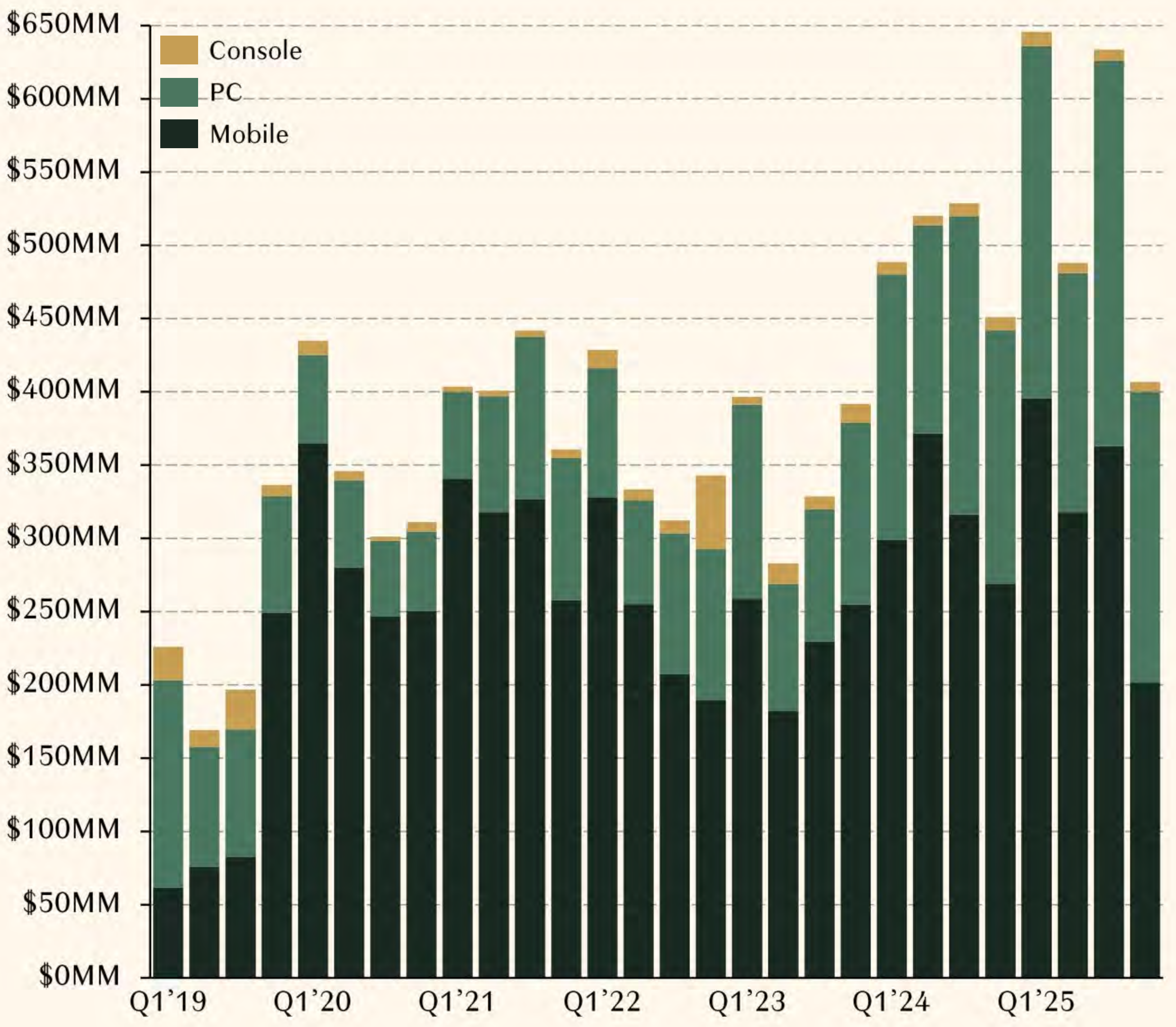
& Free Fire IP Events
(2025; Meaningfully Integrated)



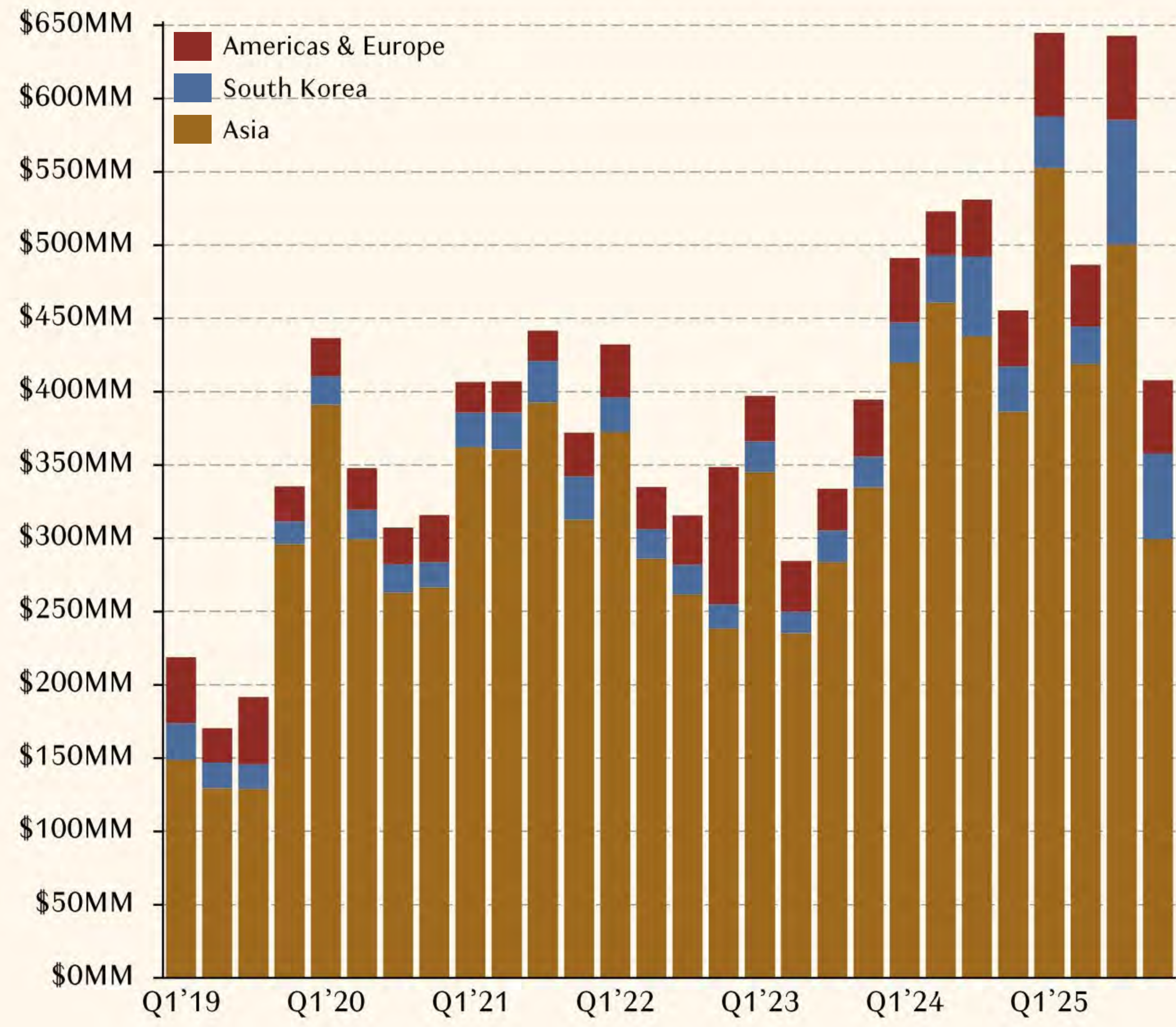
Despite the post-pandemic industry slump, *PUBG*, already one of the world's bigger games, has been able to grow considerably through its PC, Mobile, and APAC-centric development



Krafton Quarterly Revenue by Platform
(USD)



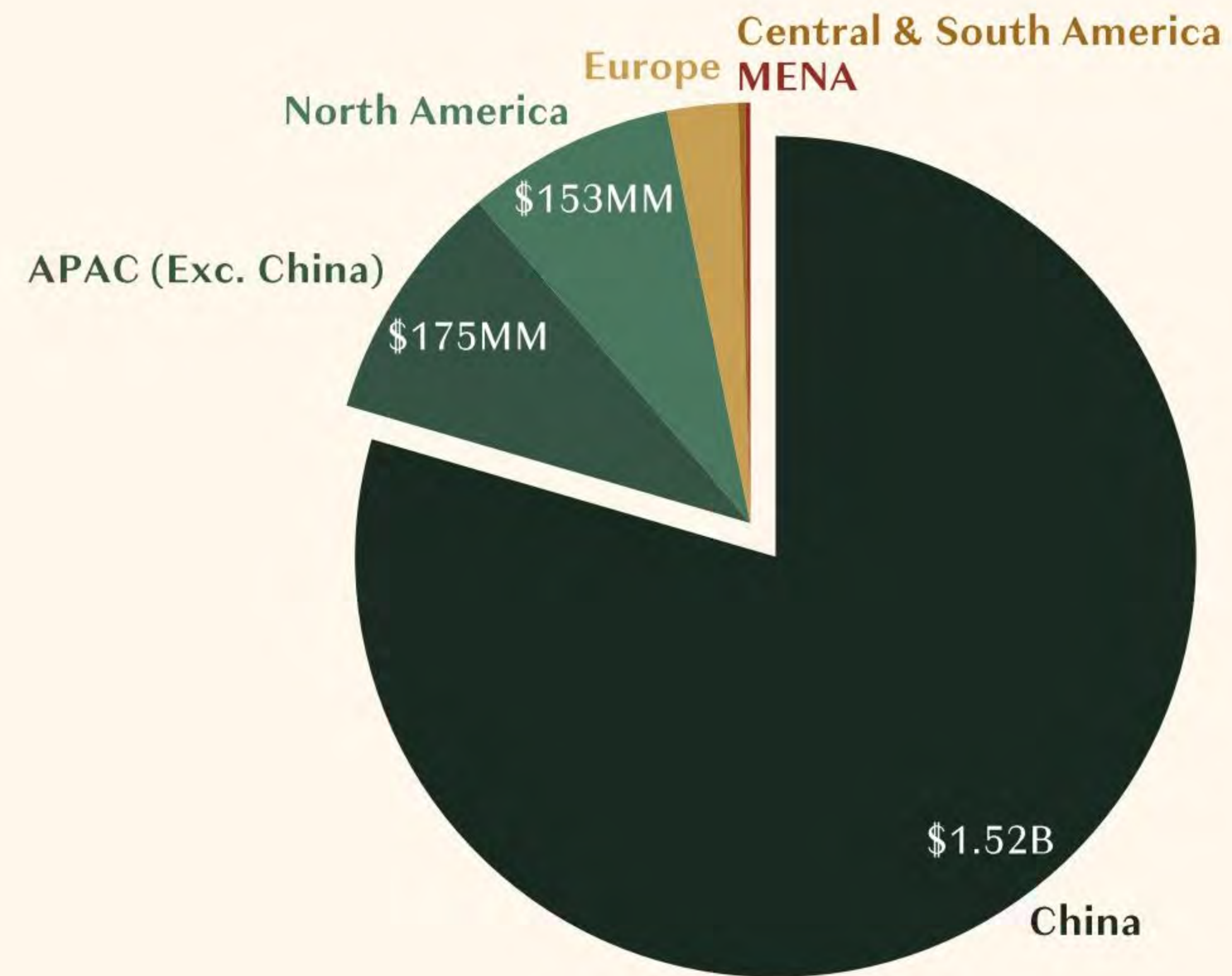
Krafton Quarterly Revenue by Reporting Region
(USD)



And beyond the Genshins and Wukongs are market-specific creations that defy Western conventions and expectations... but have generated \$400MM in two years in those markets



Love and Deepspace: Estimated Global Gross Revenue (IAP Only; Excludes D2C/Webshop Payments)



Love and Deepspace Summary

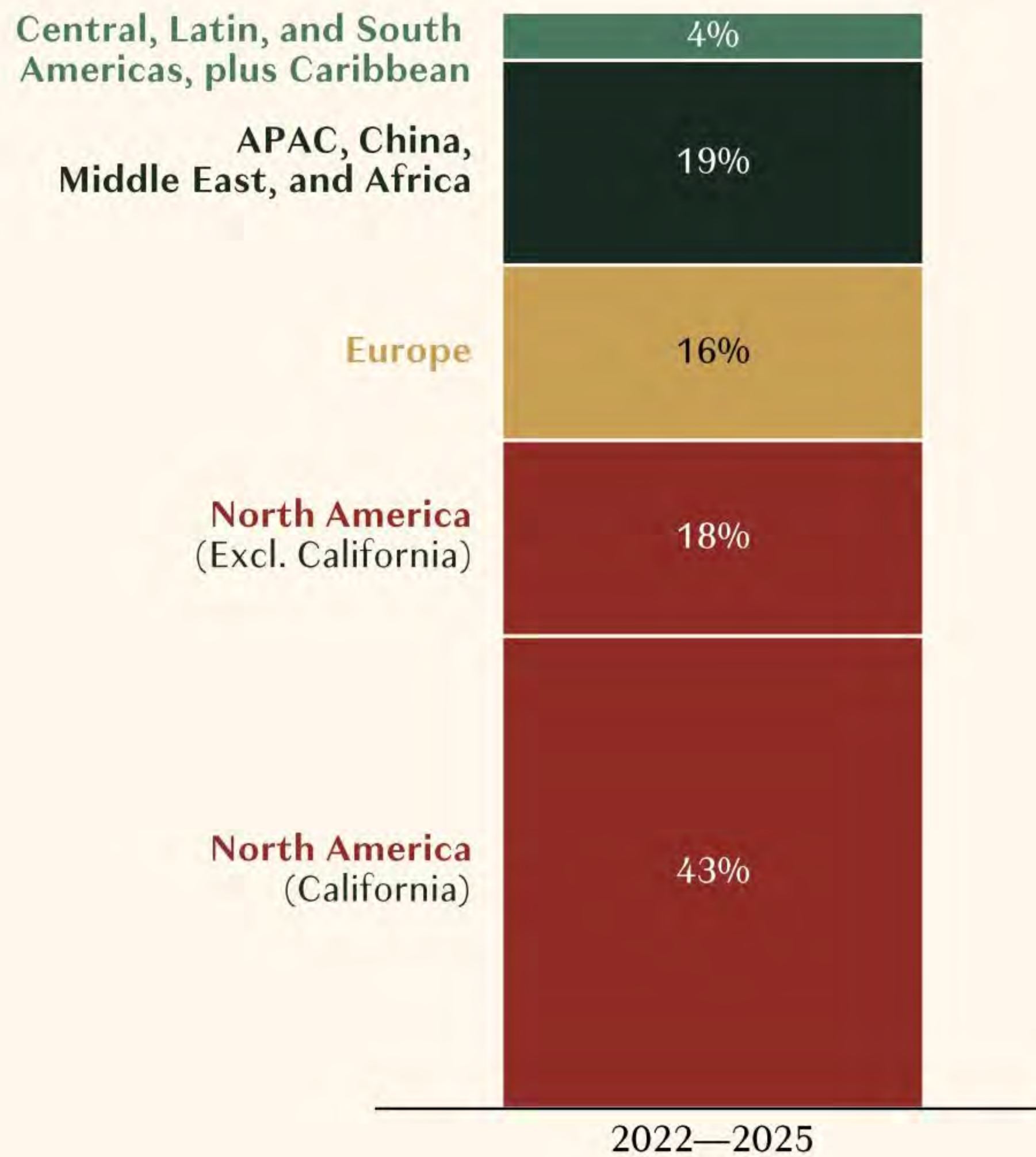


Love and Deepspace is story-based live service romance game in the sci-fi action RPG genre. Users have five primary love interests and can unlock intimate memories and dates, while using their superhuman powers to combat alien monster invaders. A 2025 update added a period tracker for players.

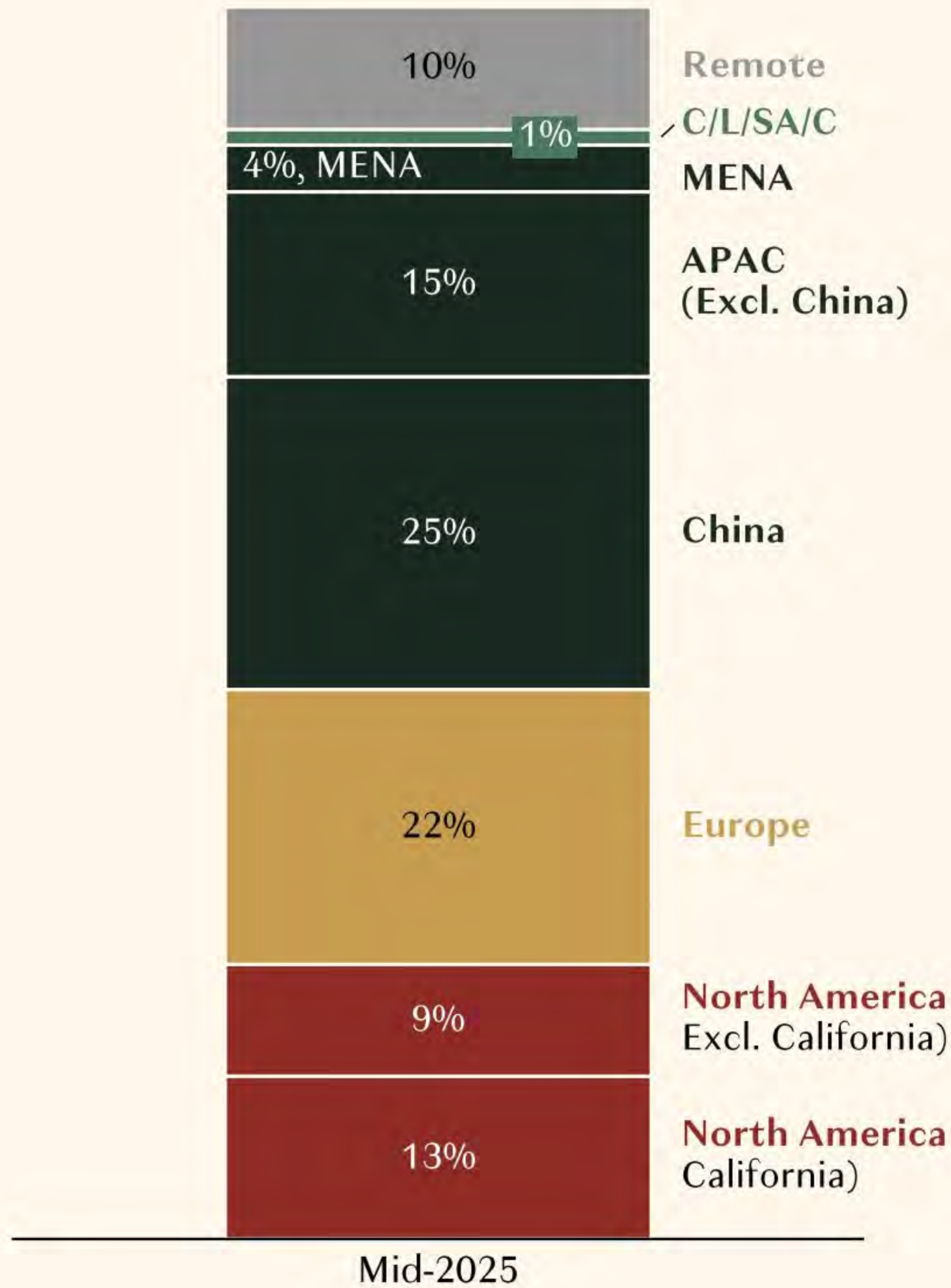
The “ROW” opportunity is the positive way to view current hiring trends. It’s frustrating that hiring regions don’t match layoffs, but encouraging that they *finally* match revenues



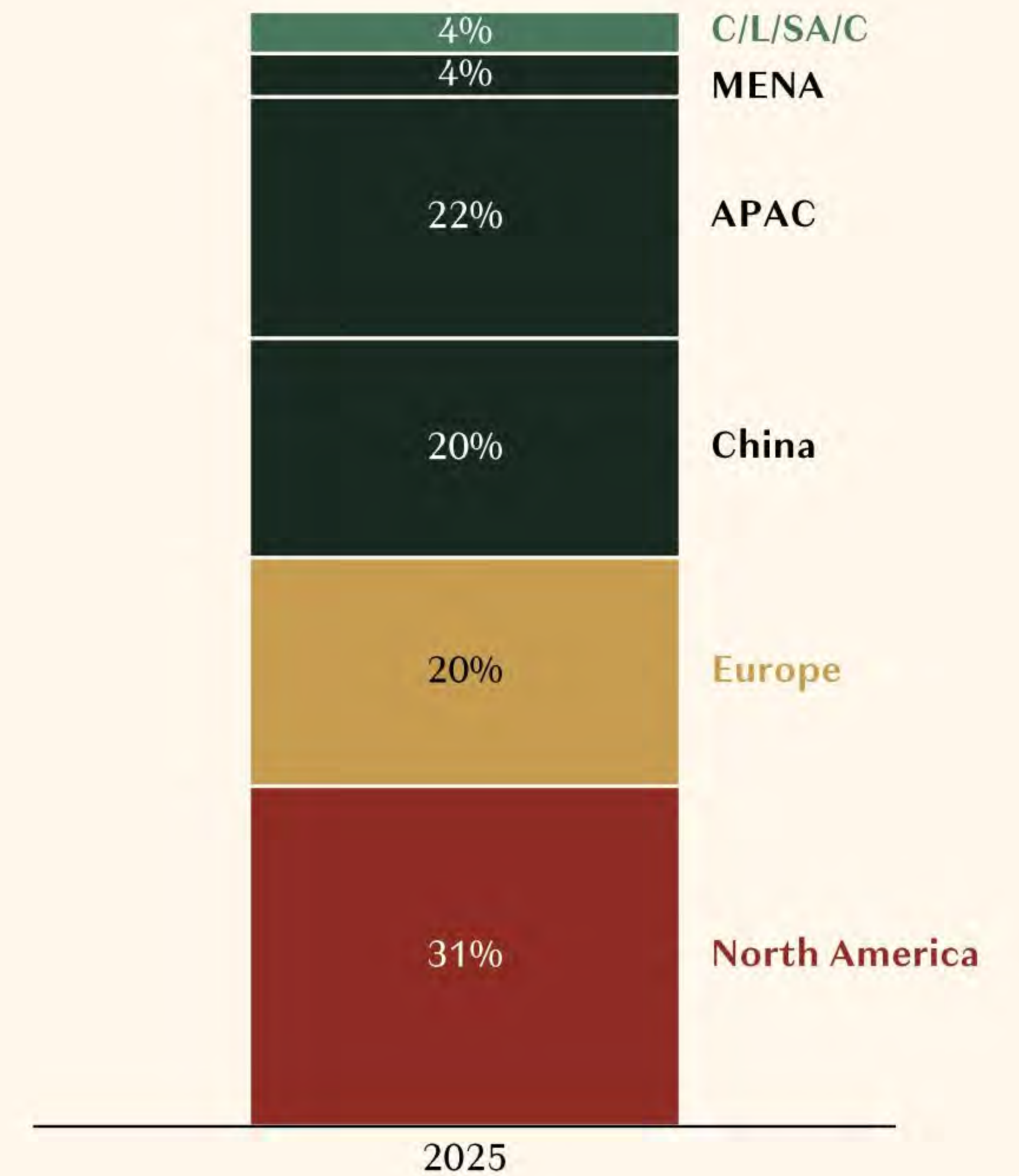
Global Video Game Layoffs
(2022–2025)



Global Job Openings
(Mid-2025)



Global Content Revenues
(PC + Console + Mobile; Content Spend + Ads)



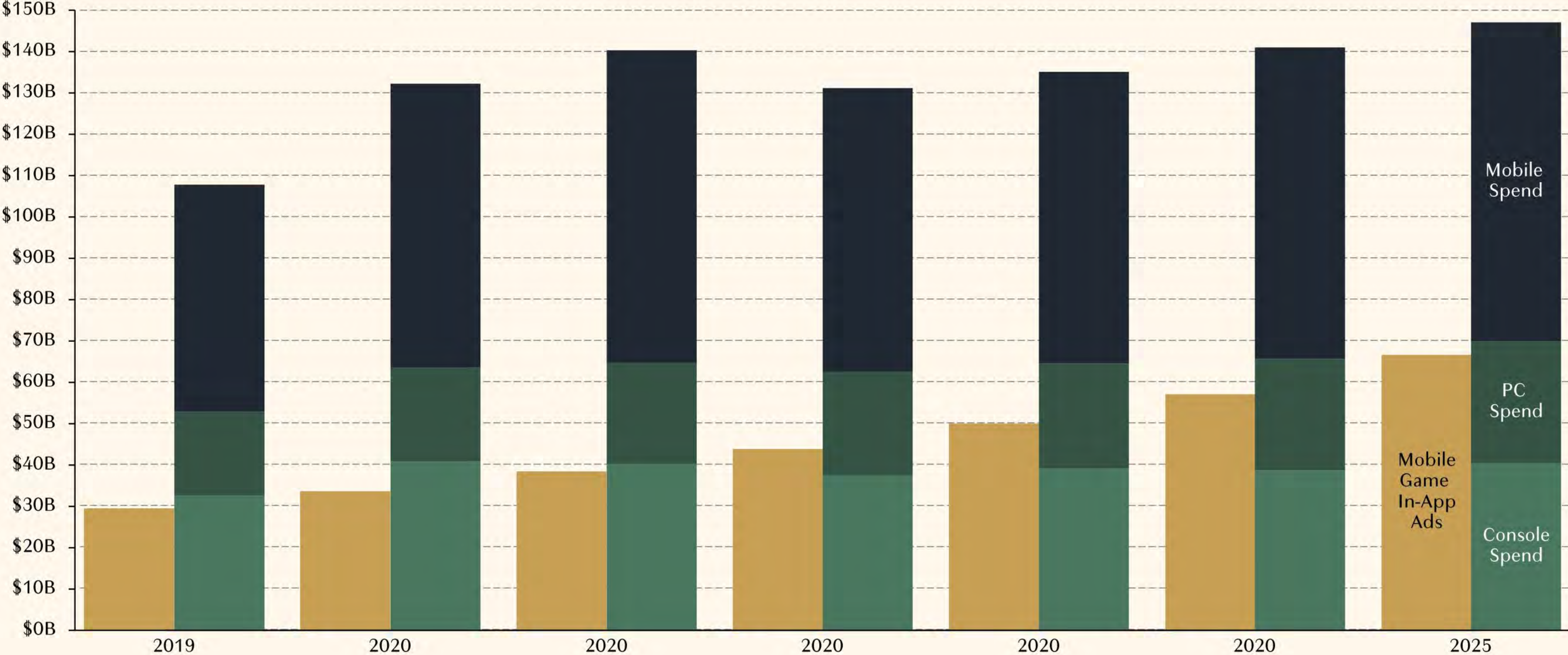
The Five Biggest Revenue Growth Areas in Video Gaming in 2026



For years, it has been essentially absurd to tabulate industry revenue without ads. Outside of China, mobile game ads nearly match total consumer spending on PC/Console software



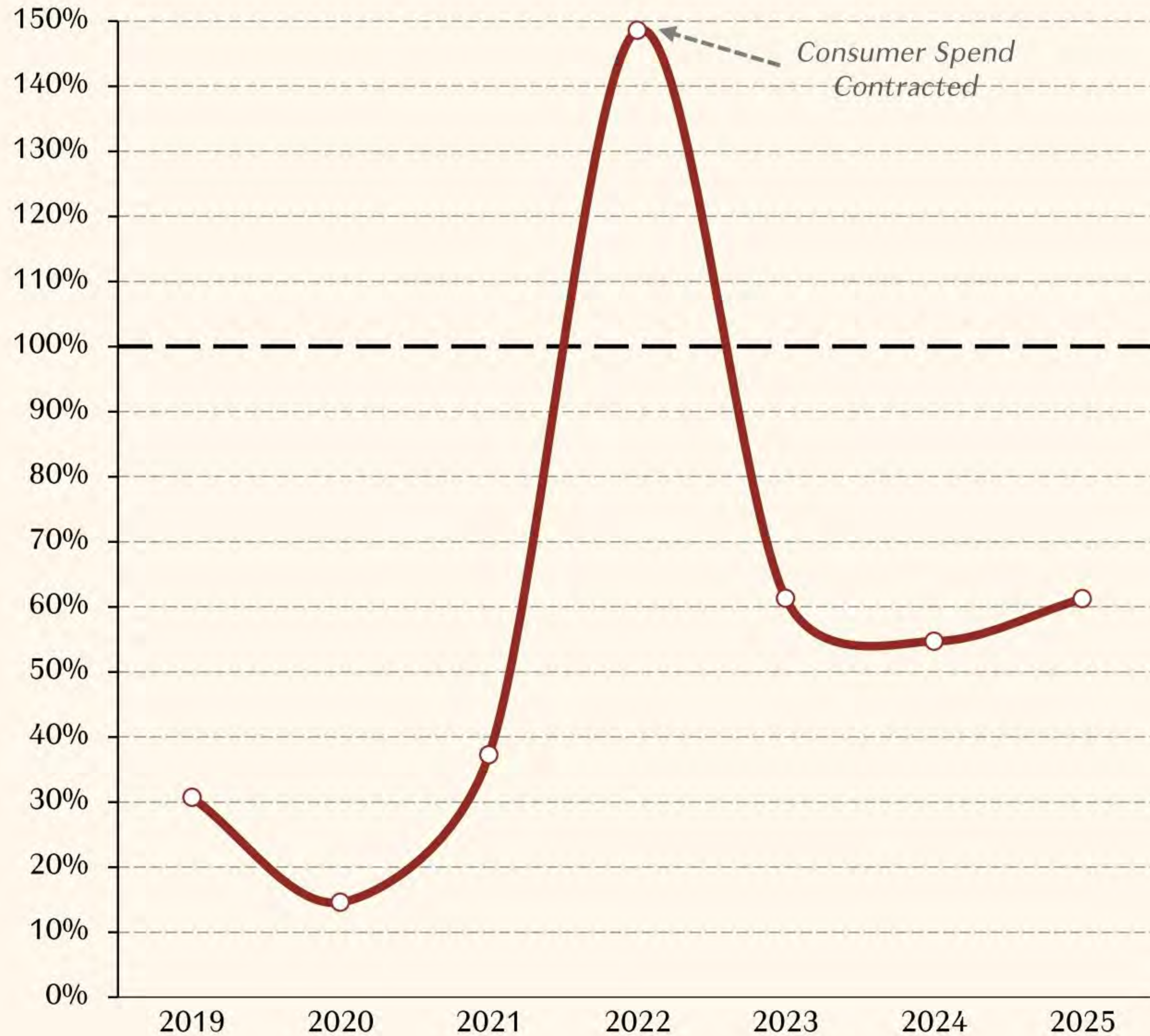
Annual Video Game Software Revenues (Excl.-China)
 (PC + Console + Mobile; Spend on Content + Services; Programmatic Ads Only)



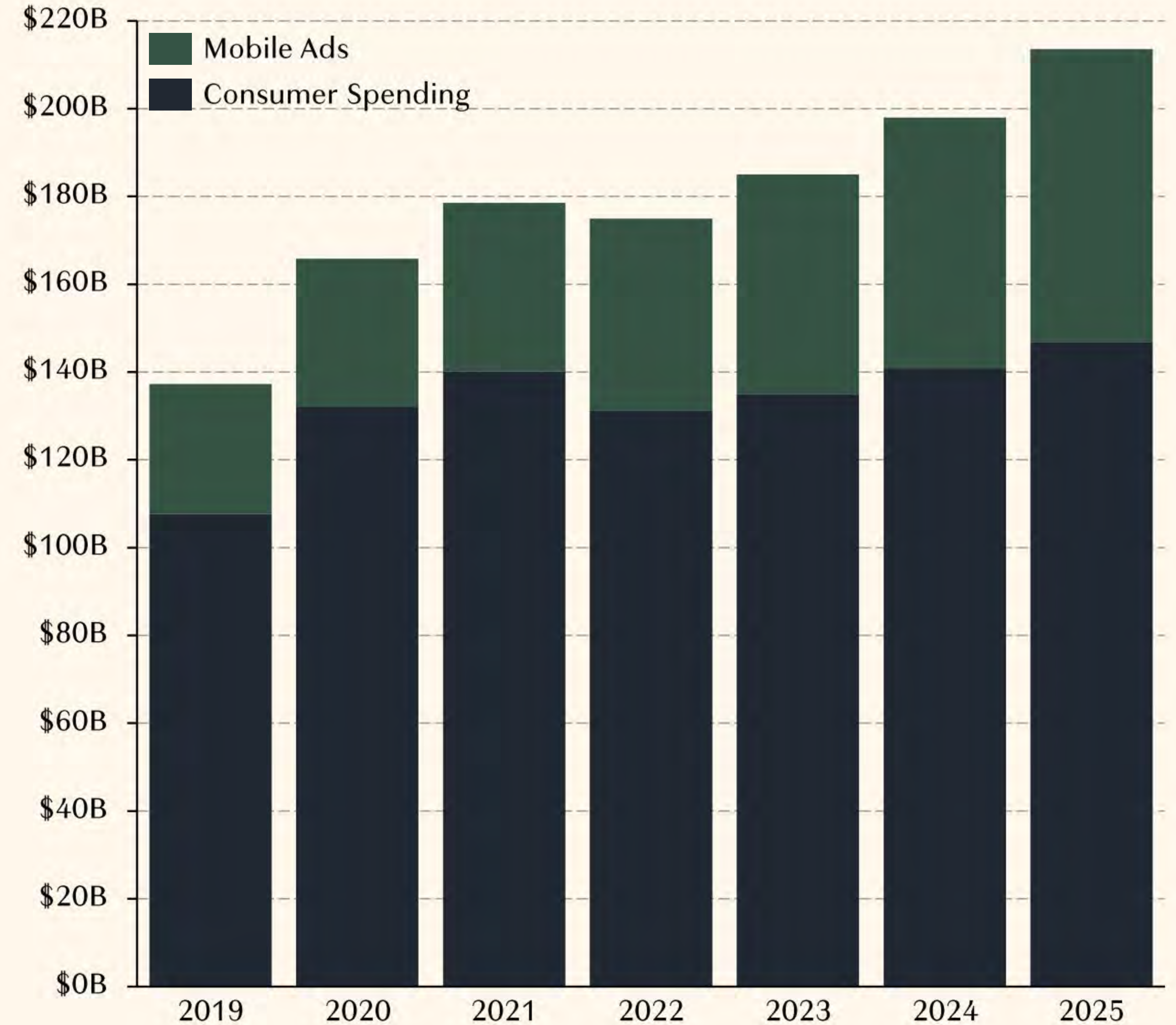
Since 2021, mobile ads have been 37–145% of annual industry growth. Without ads, the market (excluding China) is up only \$6.8B (or +4.8%), but with them, its +\$35B (or +20%)



Ads' Share of Video Game Content Revenue Growth
(Worldwide Non-China Market; Including Ads in Denominator)



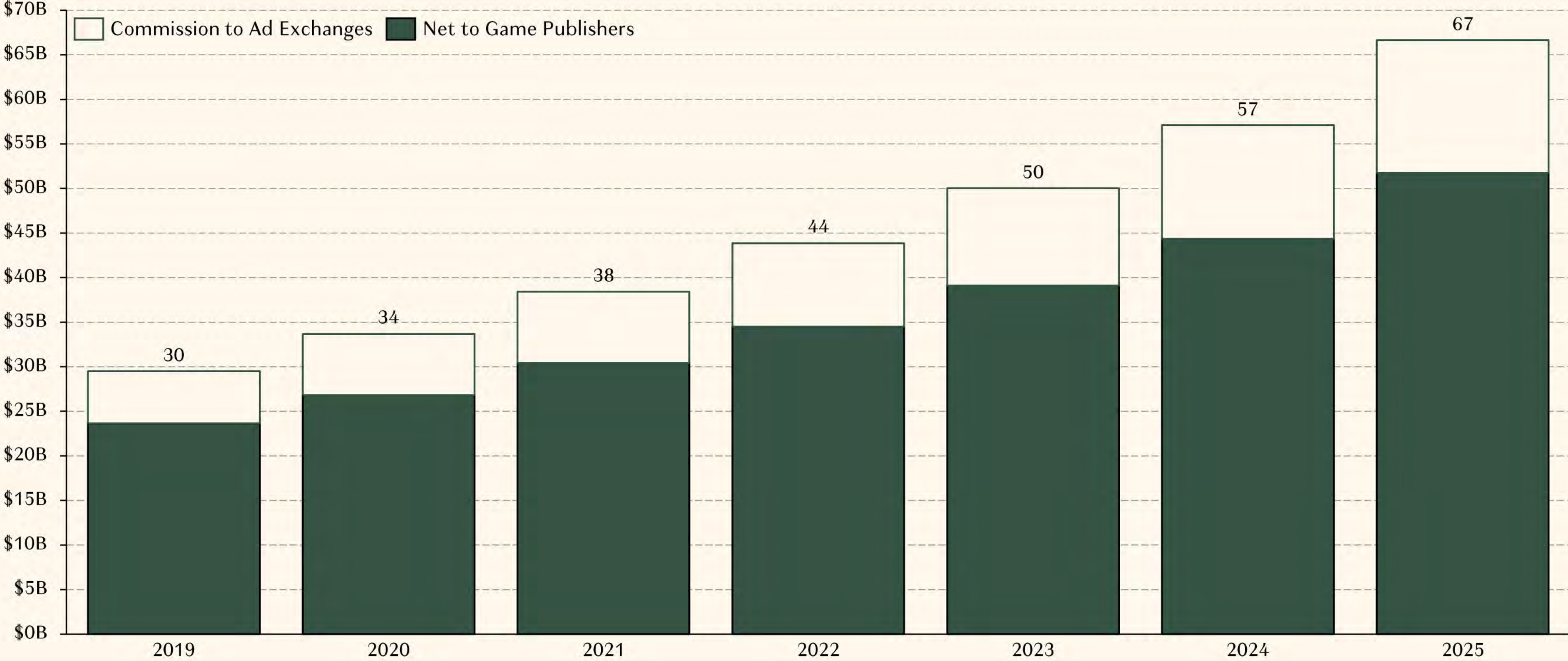
Video Game Content Revenue, Including Ads
(Worldwide Non-China Market)



Note, though, that 20–30% of gross revenue from mobile game in-app advertising is collected by ad exchanges such as AppLovin, IronSource, Google, etc., or ~\$15B in 2025



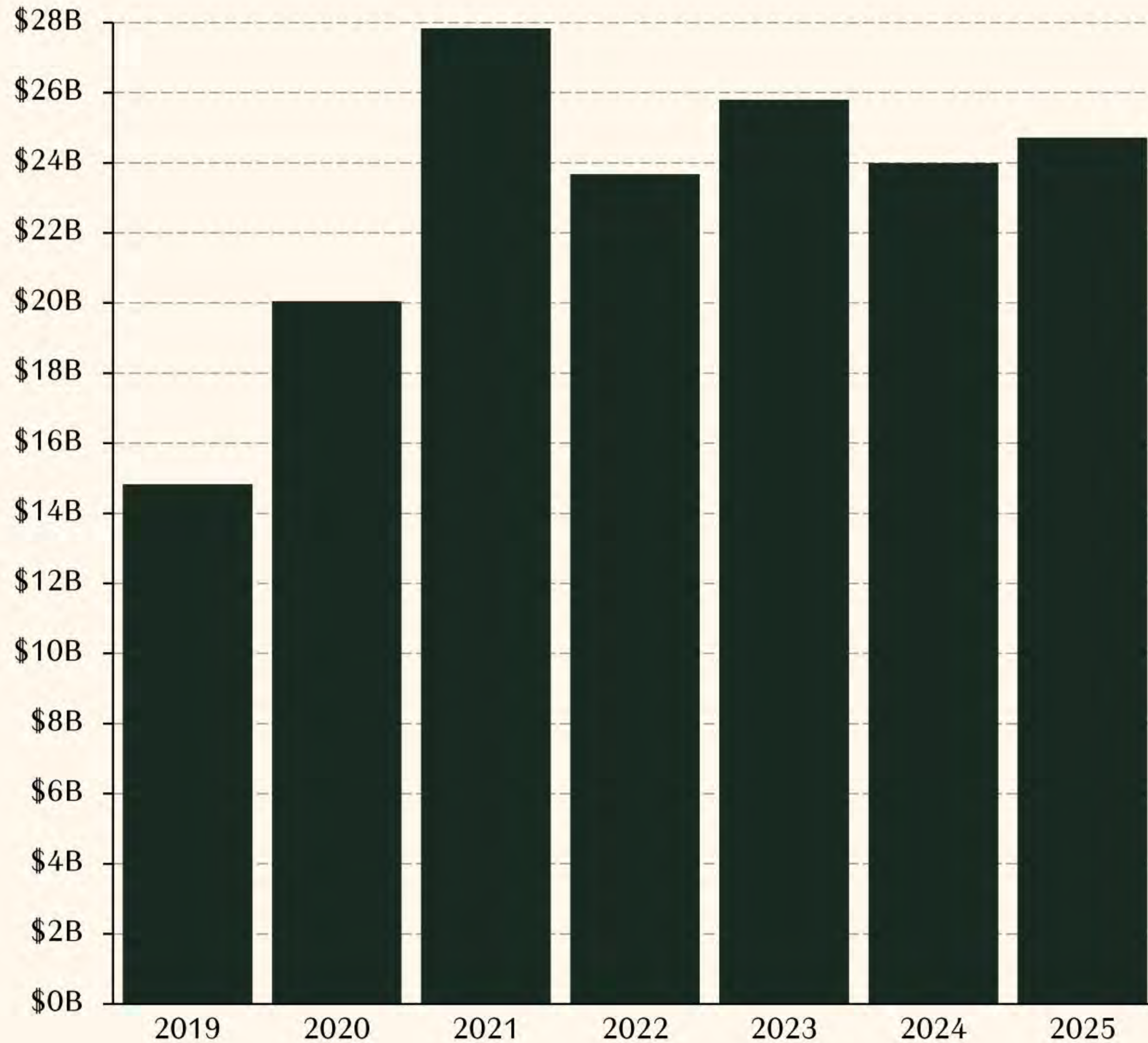
Worldwide Gross Revenue from Programmatic In-App Advertising in Mobile Games, Excluding China
(Blended Rate Across Exchanges/Stacks Varies by Year)



And tens of billions in ad revenue in mobile games is... ad spend *from other mobile games*.
“Your ad revenue is my UA; your UA is my revenue” (net of exchange fees and non-mobile UA)



Mobile Gaming User Acquisition Spend
(Global, Excluding China; Includes Spend Outside Mobile Games)



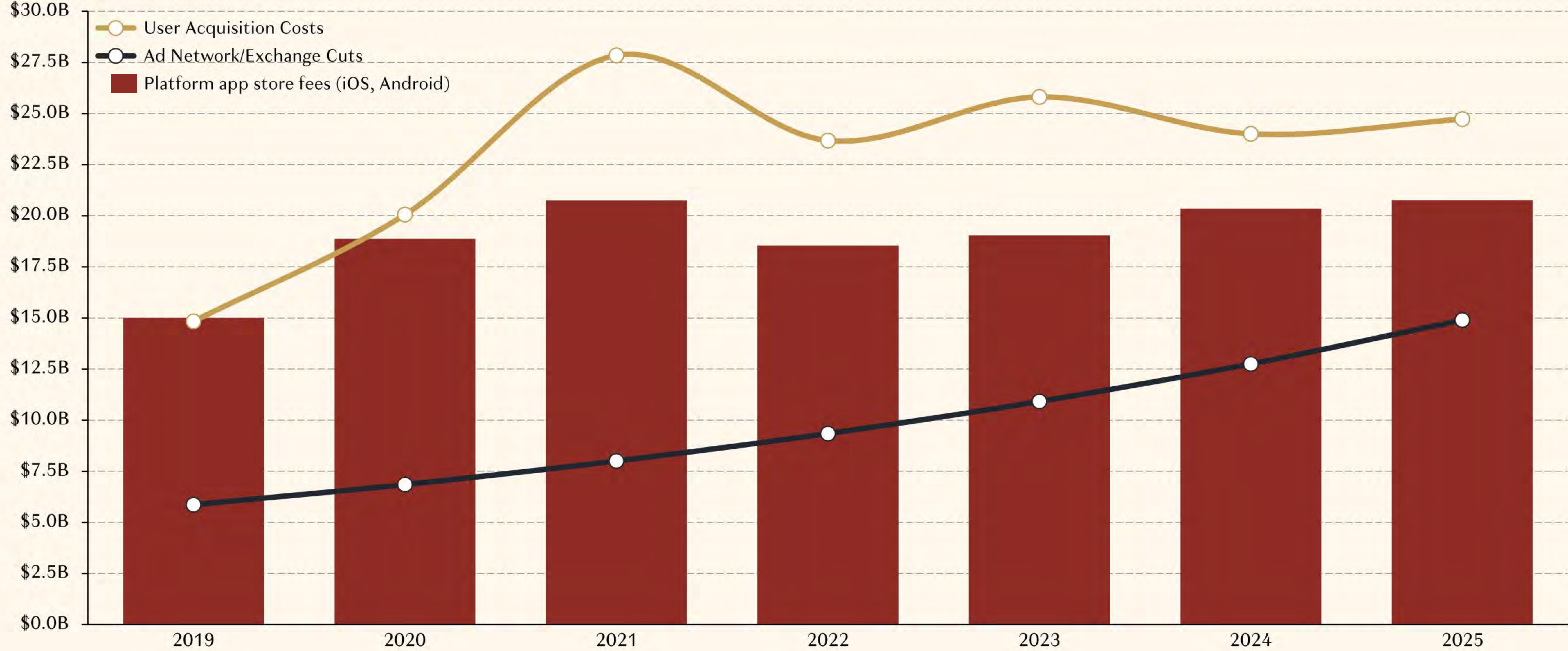
Annual Mobile Gaming UA as Share of Net Revenue
(Global, Excluding China)



In fact, mobile gaming UA expenses have exceeded the app store fees on consumer spending since 2020 – and by 2027, ad exchange fees on ad revenue will likely pass them, too



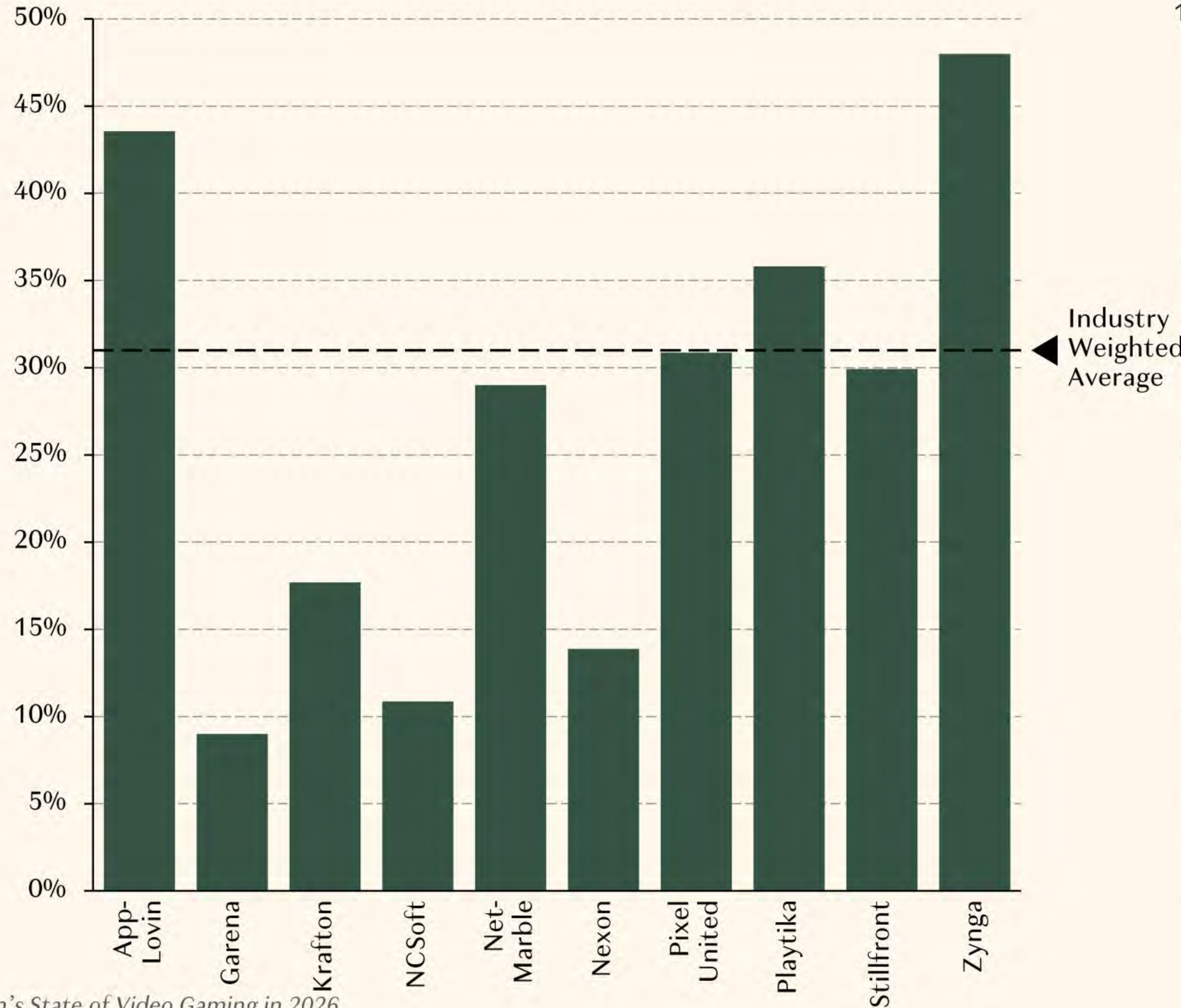
Largest Costs for Mobile Game Publishers
(Worldwide excluding China; USD)



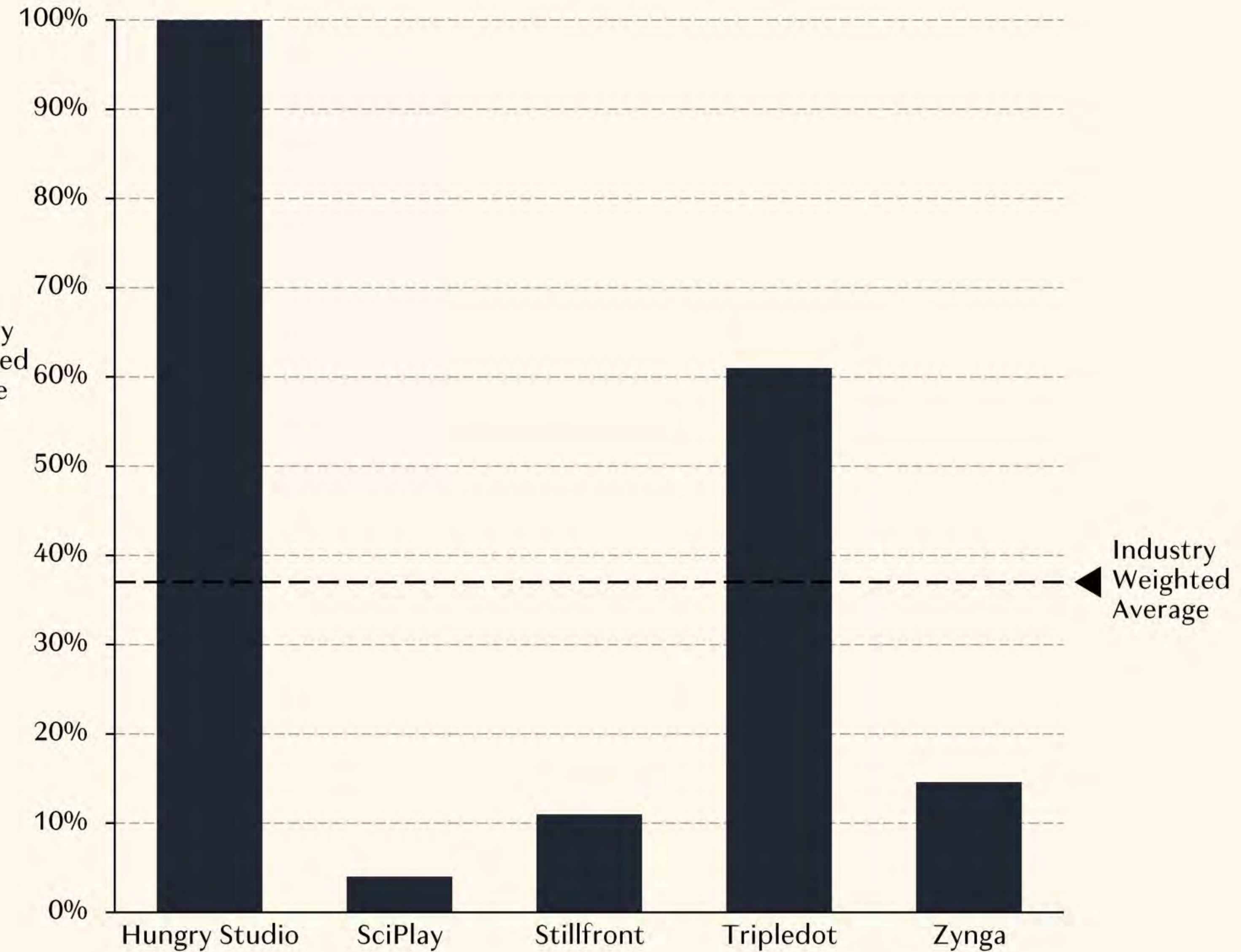
Yet not all mobile gamemakers spend 32% of net revenues on UA, nor do all generate a third of revenues from ads



UA Share of Net Revenue, Select Mobile Publishers
 (Most Recent Fully Fiscal Year of 2024 and 2025; Zynga 2021-2022)



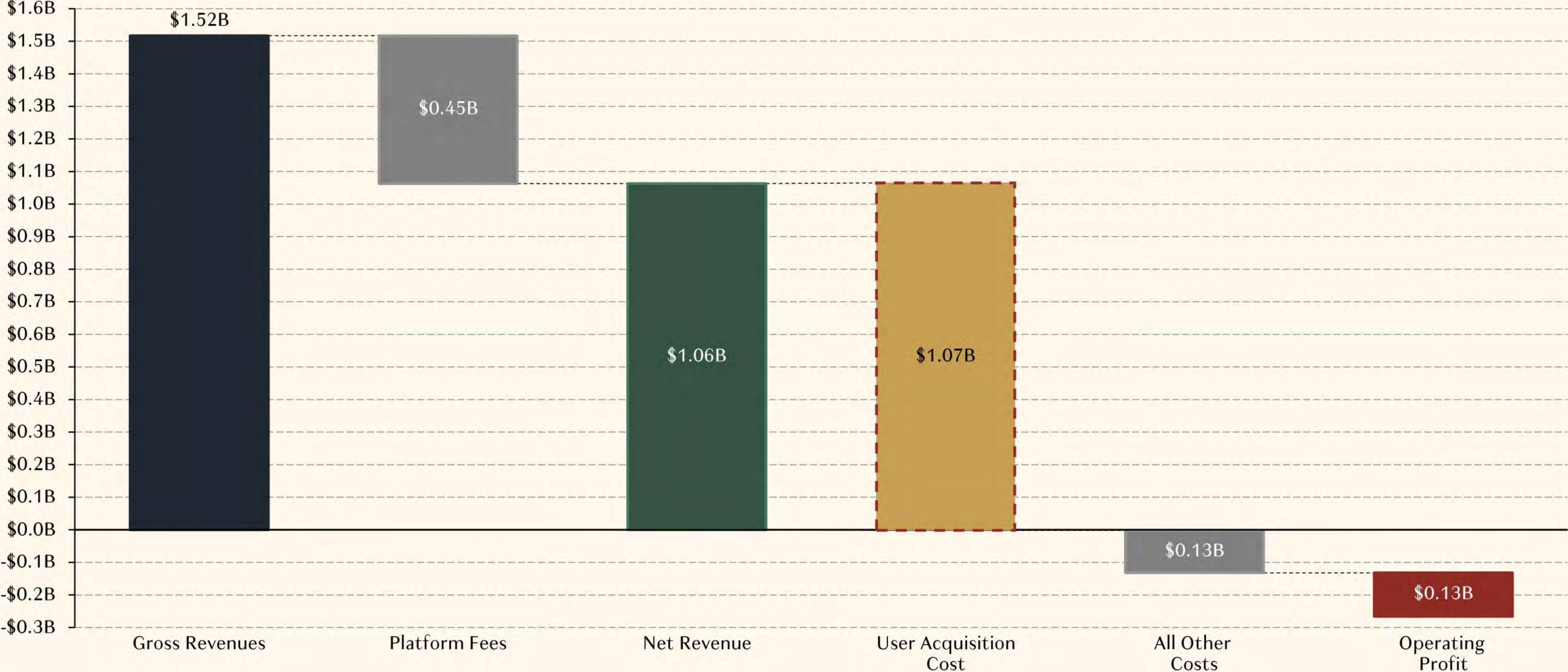
Ads Share of Net Revenue, Select Mobile Publishers
 (Most Recent Fully Fiscal Year of 2024 and 2025)



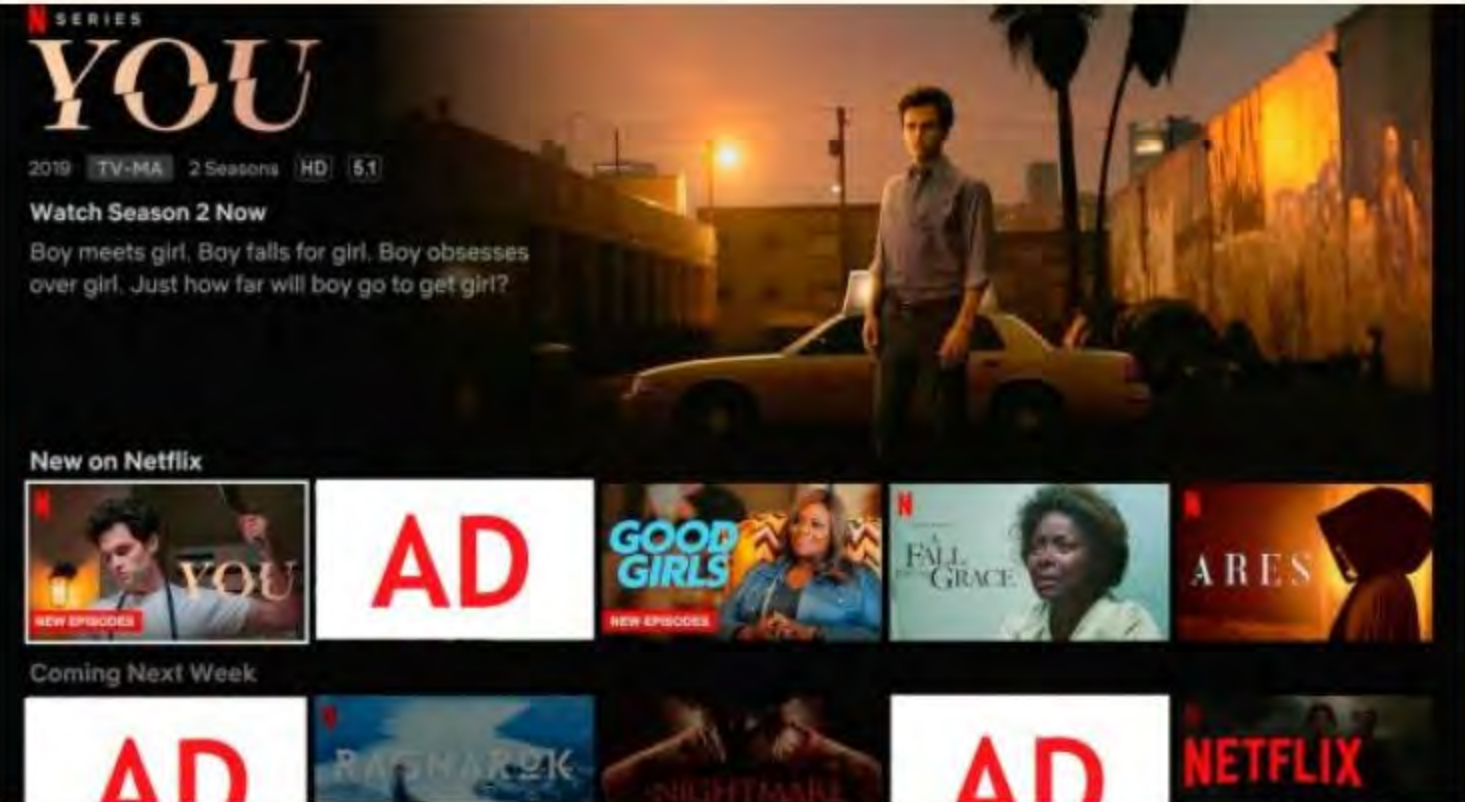
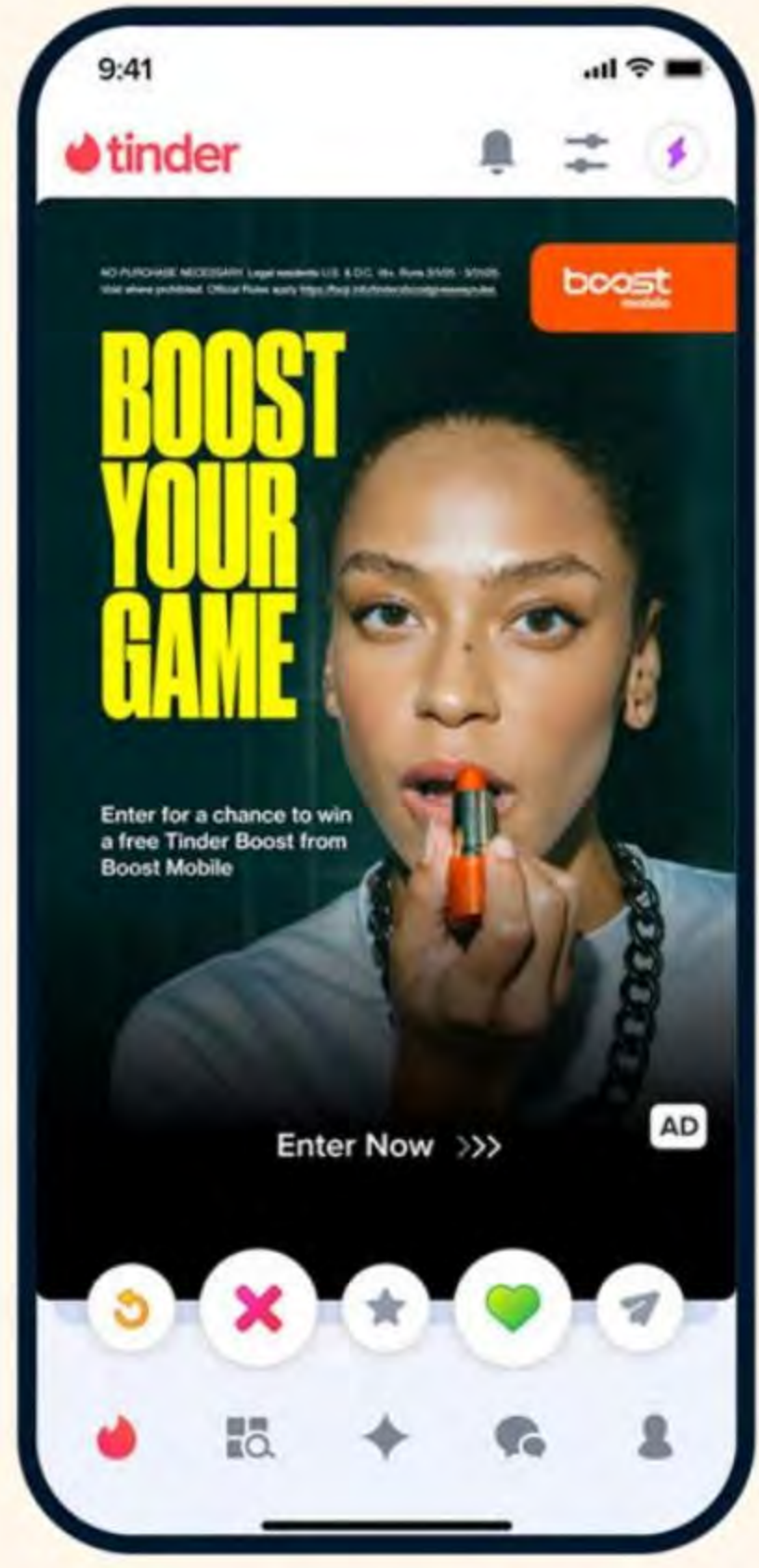
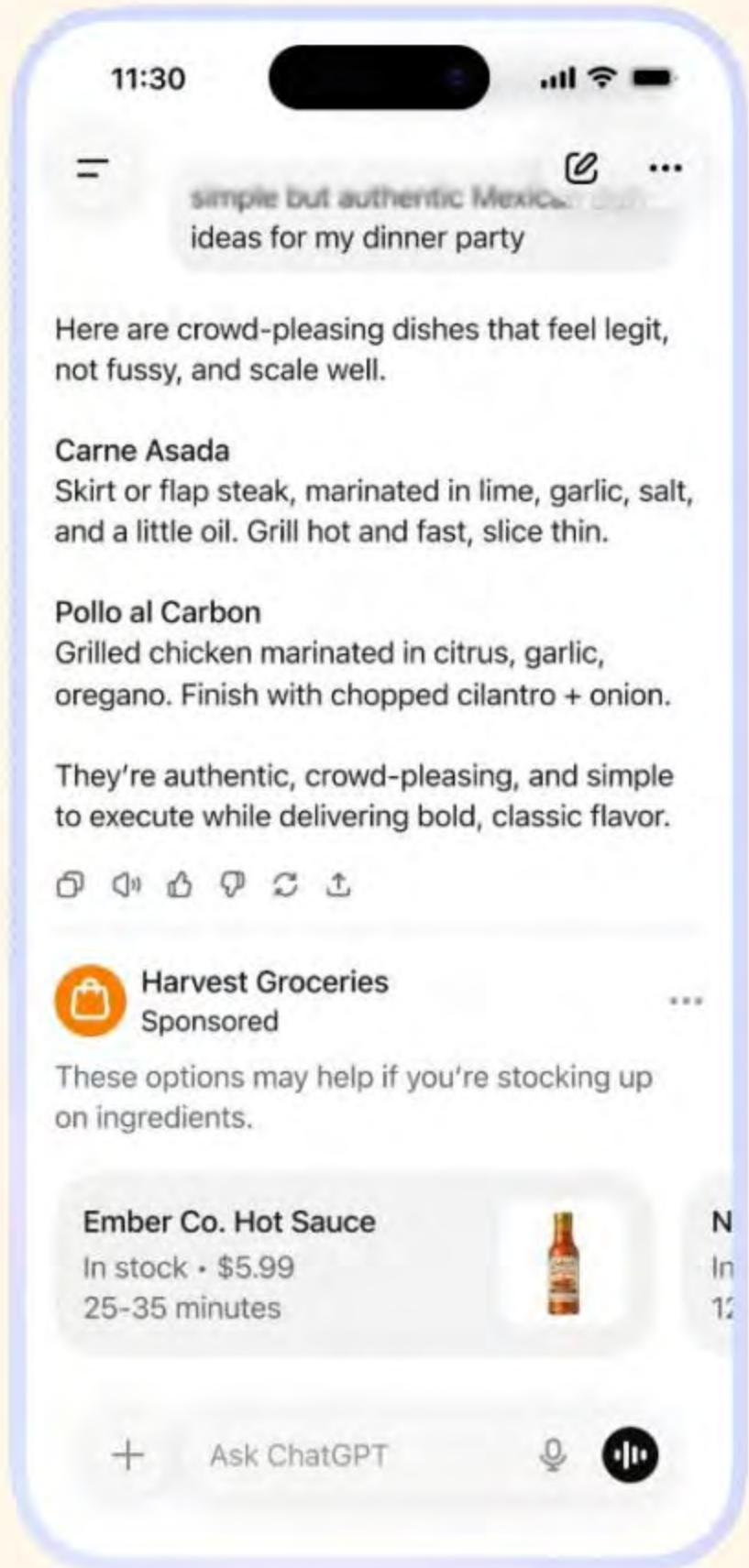
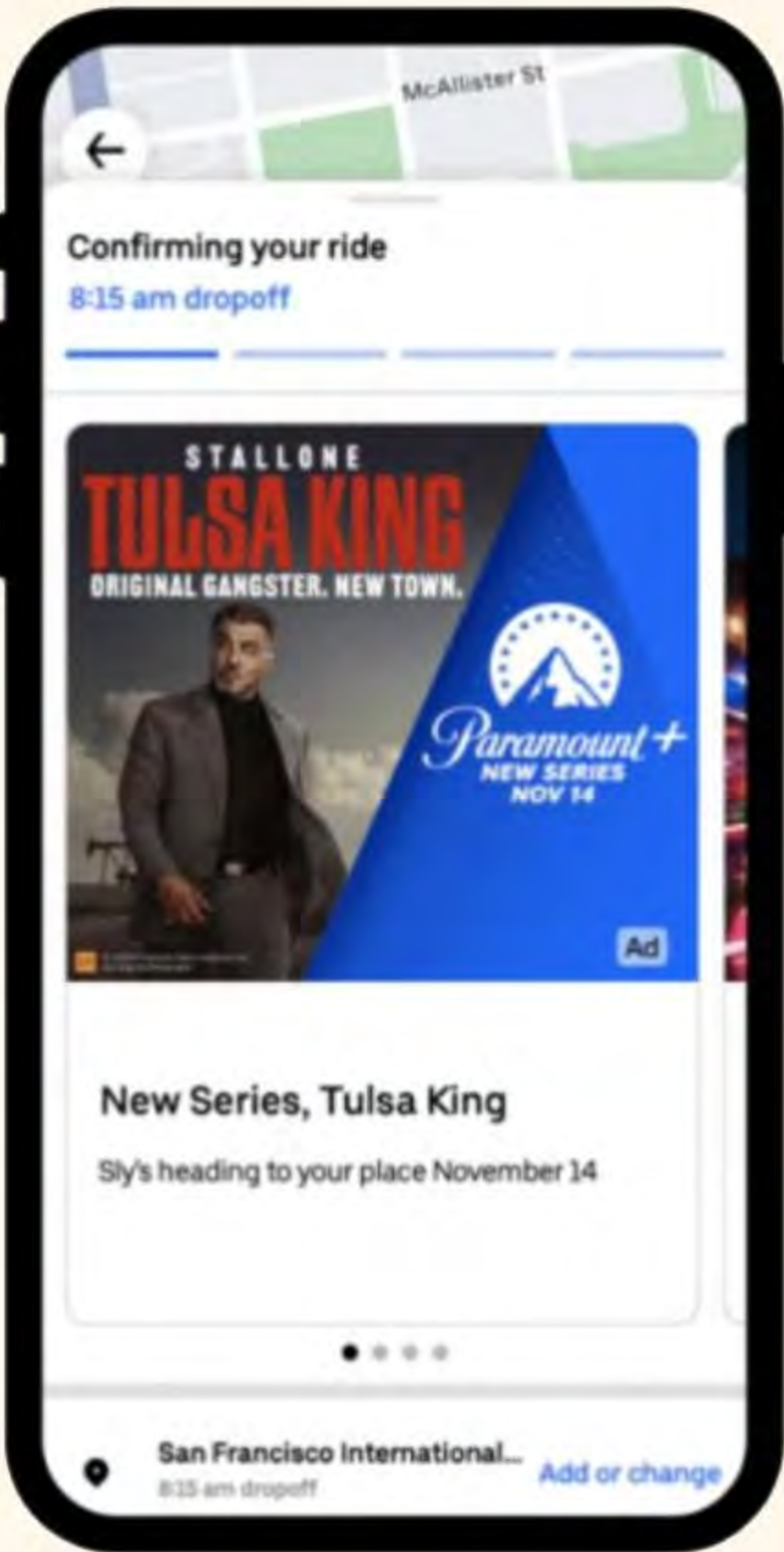
Consider the fact that *Royal Match*, the 2nd highest grossing new game since 2020, had \$1.1B in net revenue in 2023 and... spent \$1.1B on UA!



Dream Games' 2023 P&L
(USD; Last Year Publicly Available)



Today, ads remain rare among PC/Console games and services (with the exception of on-device/in-store ad units). But eventually, ads reach all addressable surface areas.



And advertising is (and has been) starting to come to PC and console gaming.



EA is prototyping in-game ads even as we speak / 'We have teams internally in the company right now,' said CEO Andrew Wilson.

by [Sean Hollister](#)
May 10, 2024, 12:14 PM PDT

[Link](#) [Share](#) [Gift](#) [19 Comments \(All New\)](#)



Microsoft to roll out Xbox Cloud Gaming ad-supported tier

Microsoft is expected to announce an ad-supported, session-based tier of Xbox Cloud Gaming in the future, following mysterious messages.

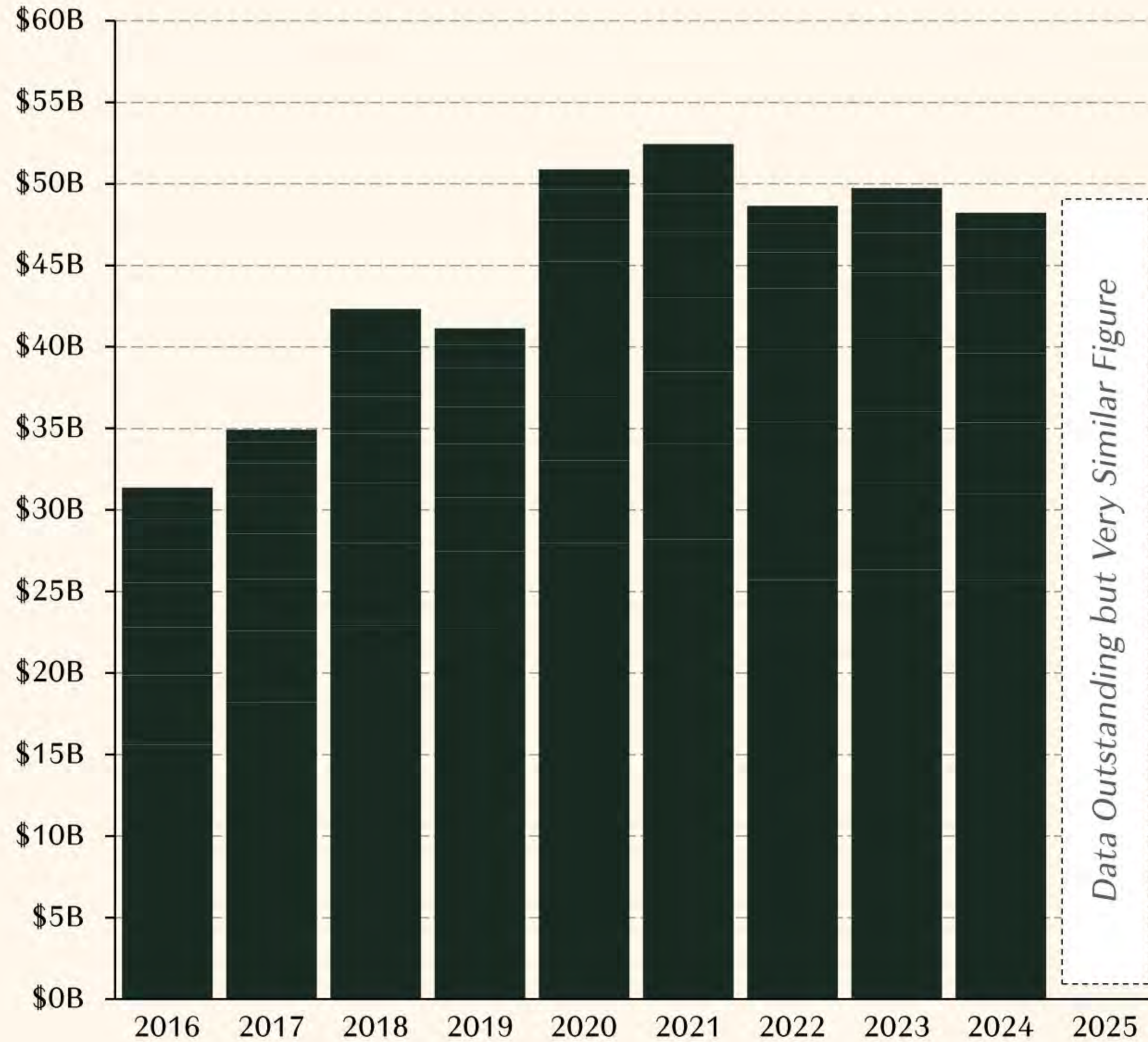


And in markets with decline players, flattened spend, free-to-play dominance, publishers will need to improve the monetization of low spenders and monetize non-spenders



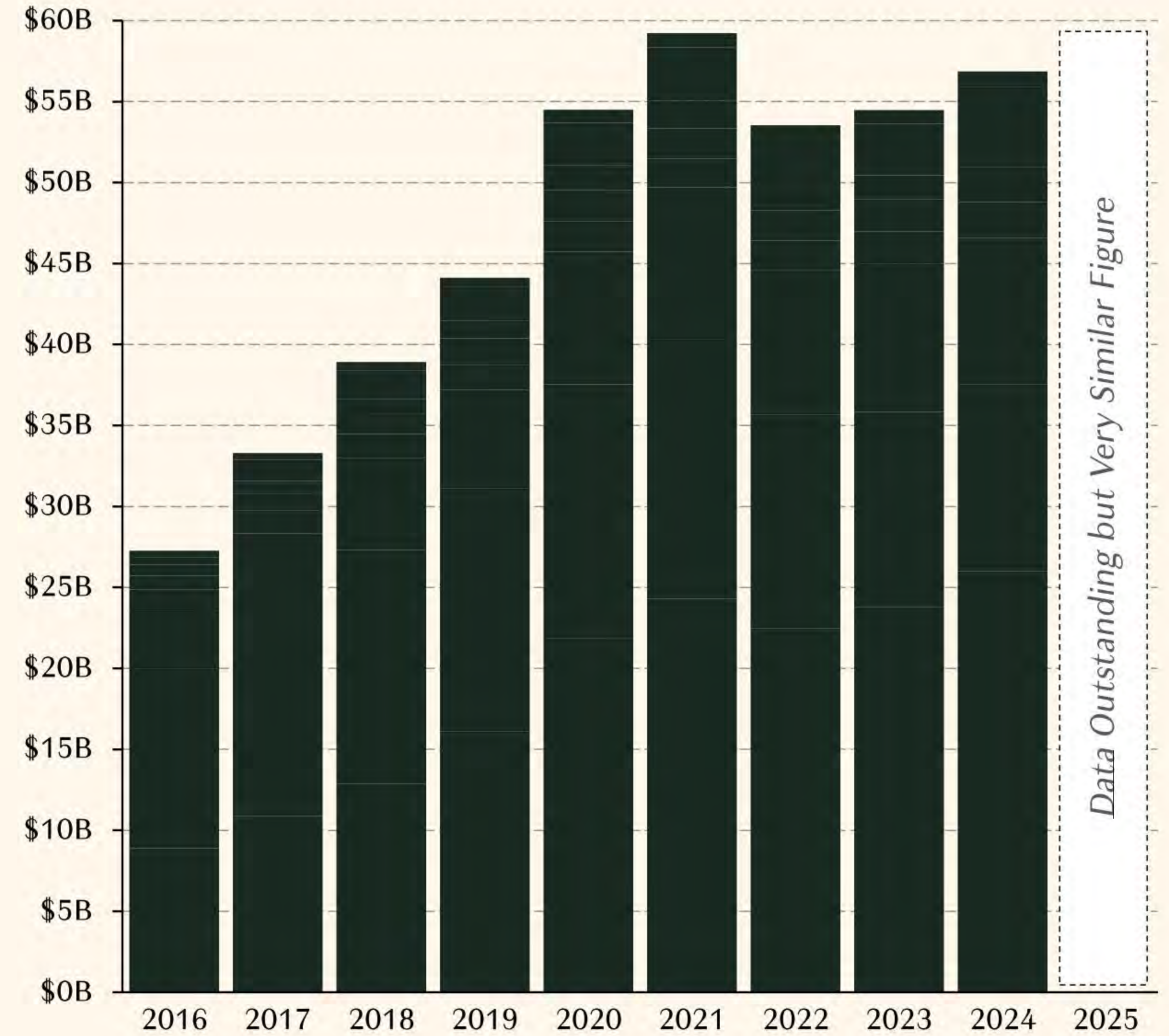
Mature Market 8: PC/Console Content Spend

(Packaged Sales + Microtransactions + Subscriptions/Services)



Mature Market 8: Mobile Game Content Spend

(Packaged Sales + Microtransactions + Subscriptions/Services)



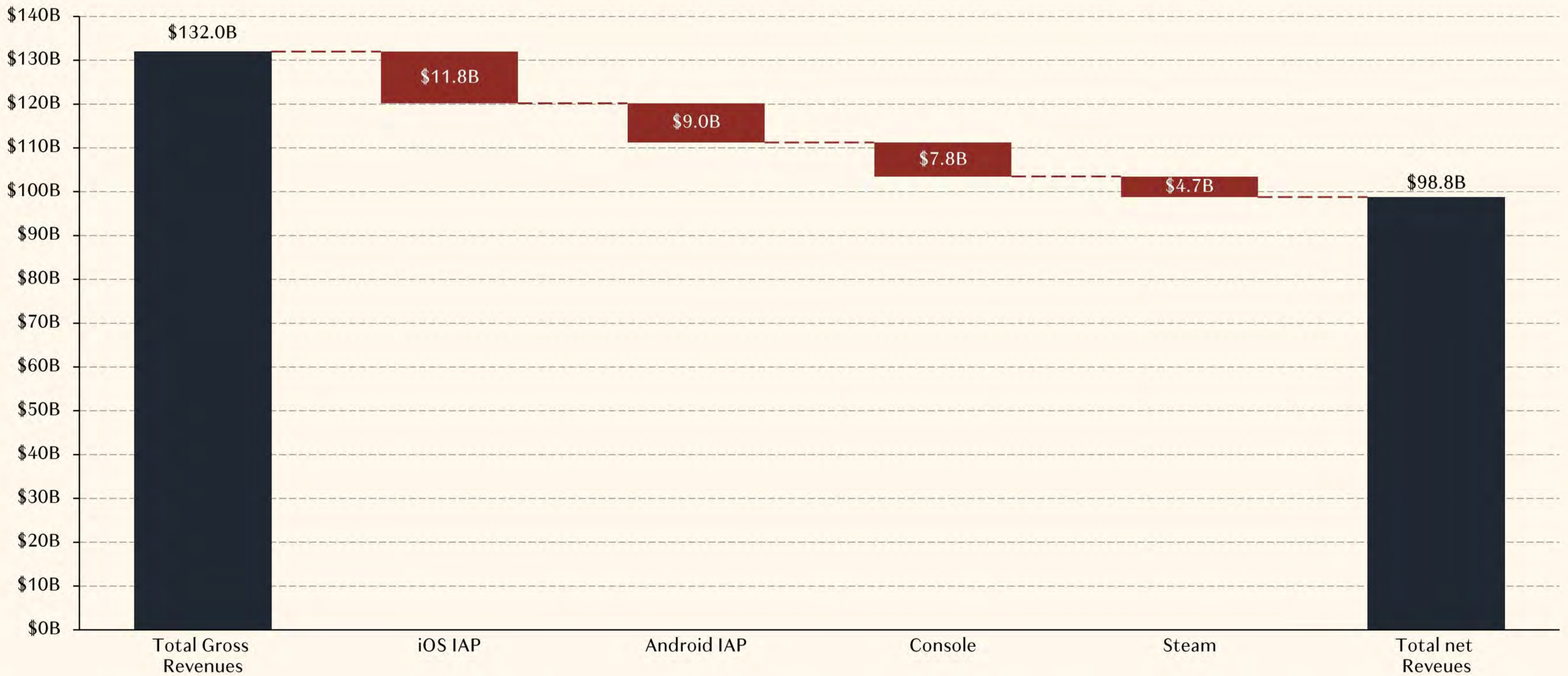
The Five Biggest Revenue Growth Areas in Video Gaming in 2026



Of the \$136B in content sales outside of China and excluding 1st-party platform games and services, store fees consumed \$33.2B of gross revenues that might otherwise go to publishers



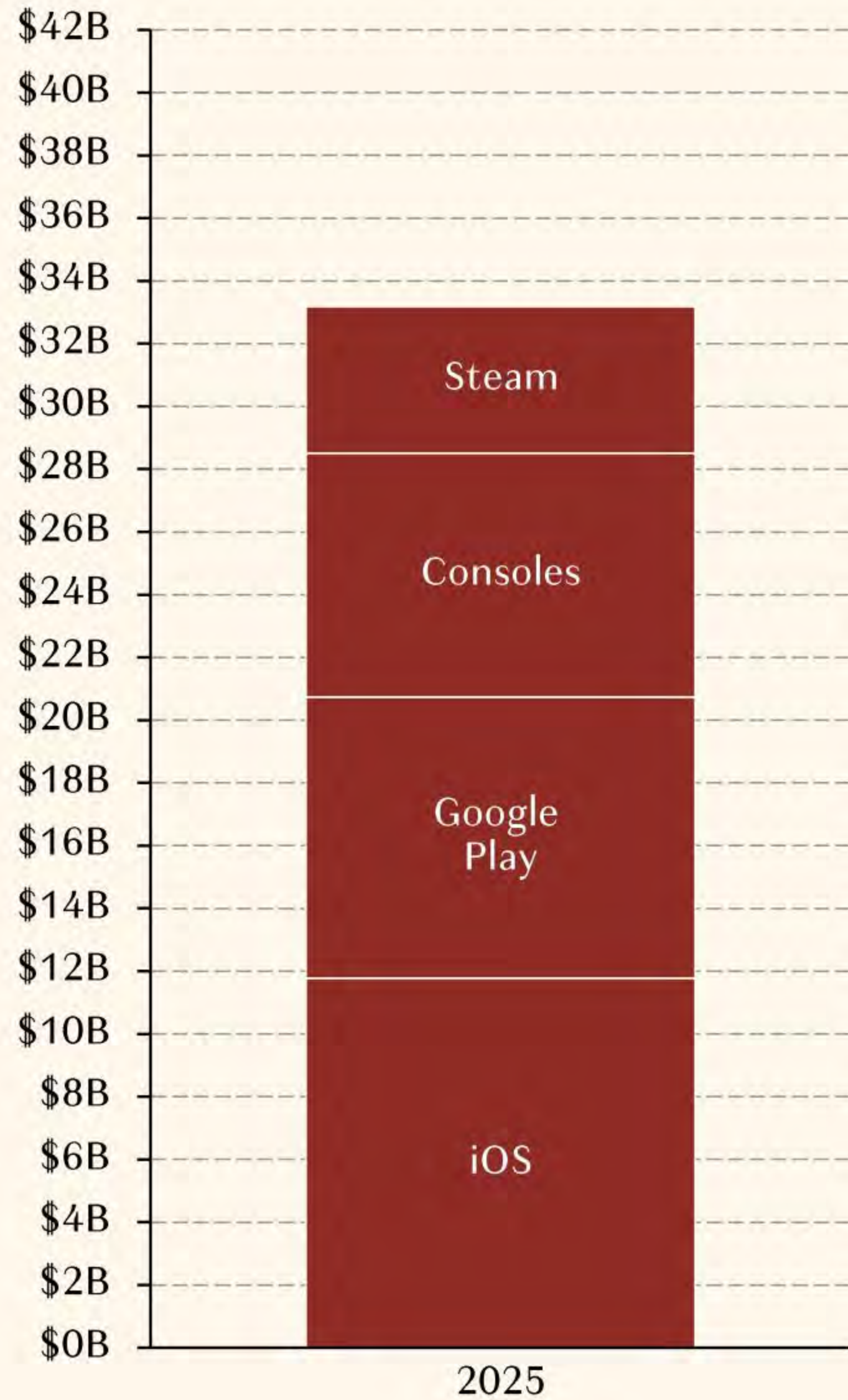
Global Non-China Video Game Content/Software Platform Fees (Exc-1st-Party Platform Titles and Services)
(Excludes alternative billing solutions such as direct payments, webshops, carrier billing, etc.)



As a revenue opportunity, annual (non-China) platform fees rival many top markets combined, global investment in video game content, and is likely 150% of (non-China) profits



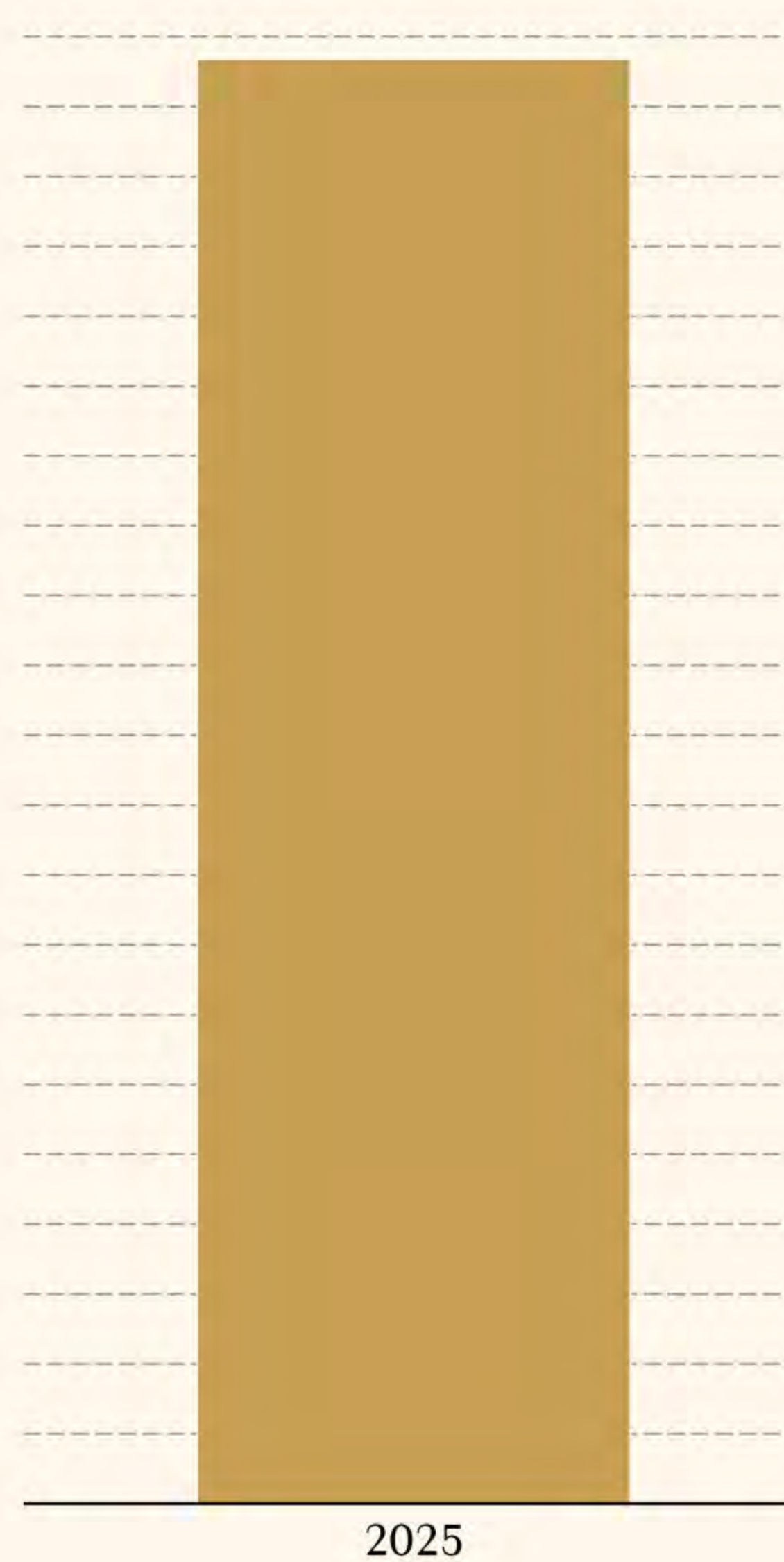
Non-China Platform Fees
(Excludes 1P Content Sales)



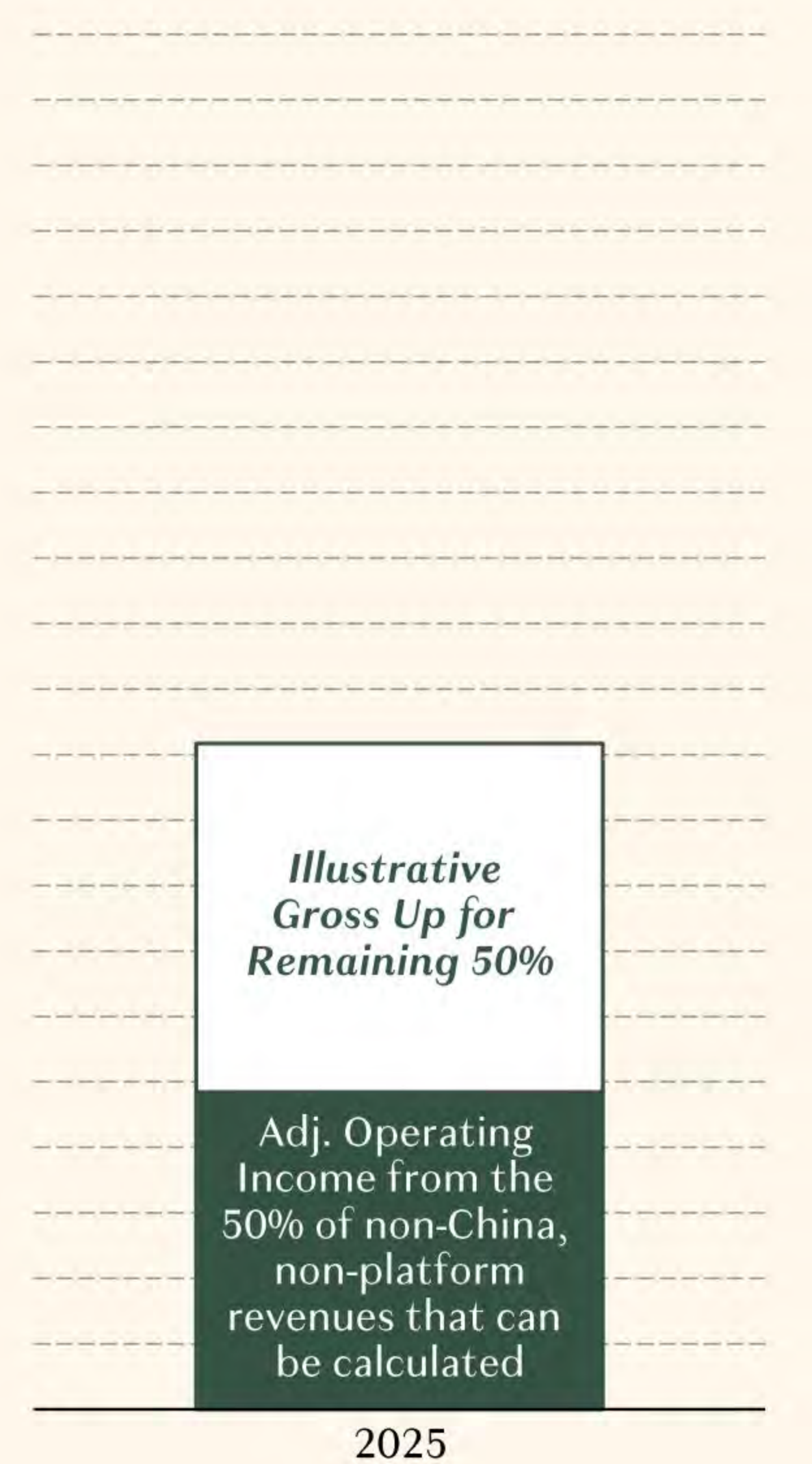
Player Spend by Market
(PC+Console+Mobile; Content Only)



Global Content Investment
(PC+Console+Mobile)



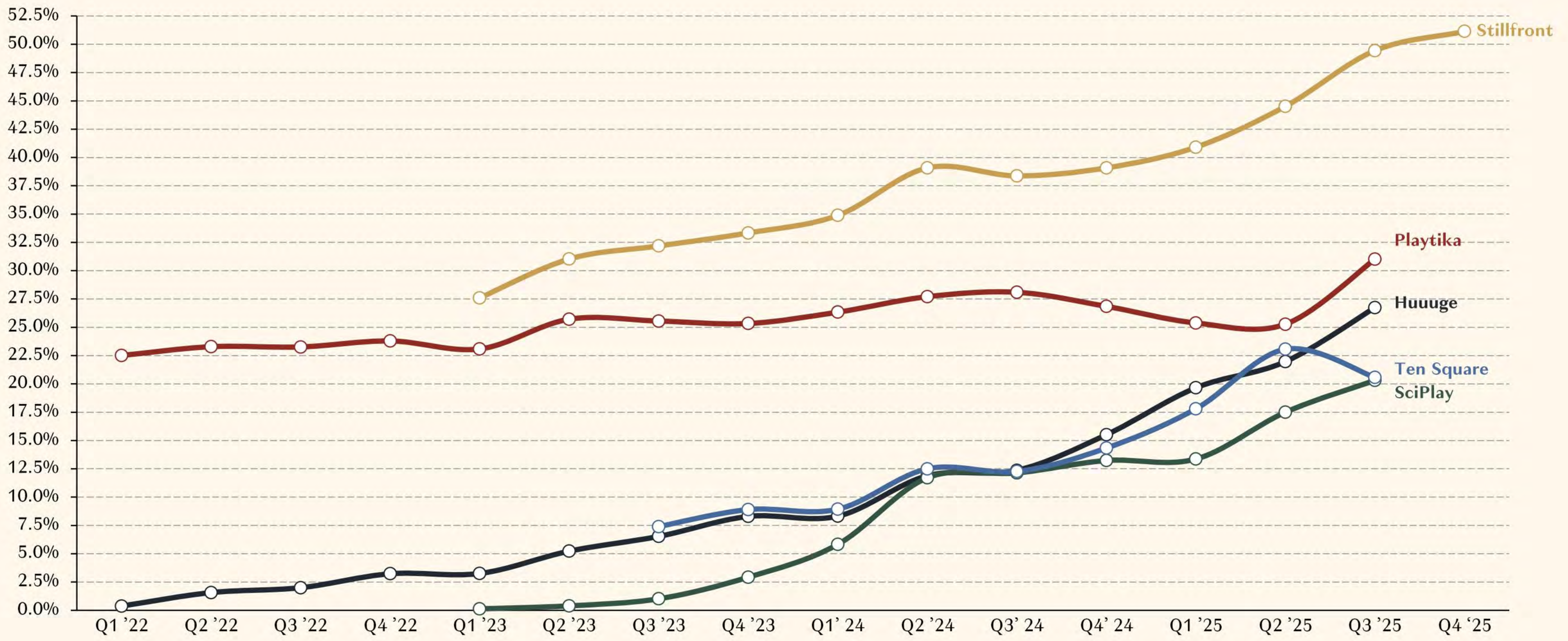
Non-China Adj. Op. Income
(PC+Console+Mobile, Excl. Platforms)



Many mobile publishers are already redirecting substantial and growing shares of their gross revenues to alternative (typically D2C) payment channels with *far* lower commissions



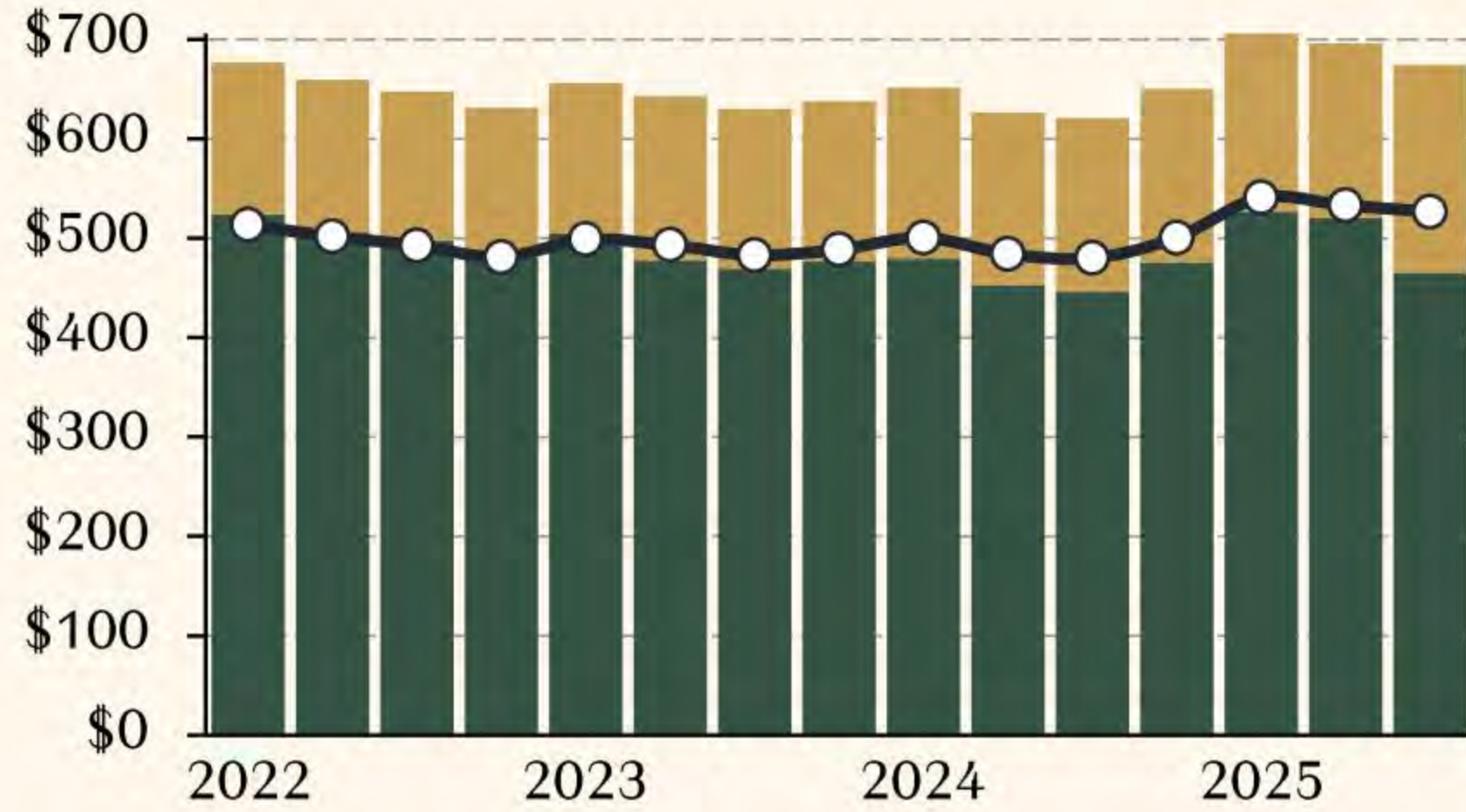
Share of Total Player Spend Generated via Direct-to-Consumer Channels
(Global)



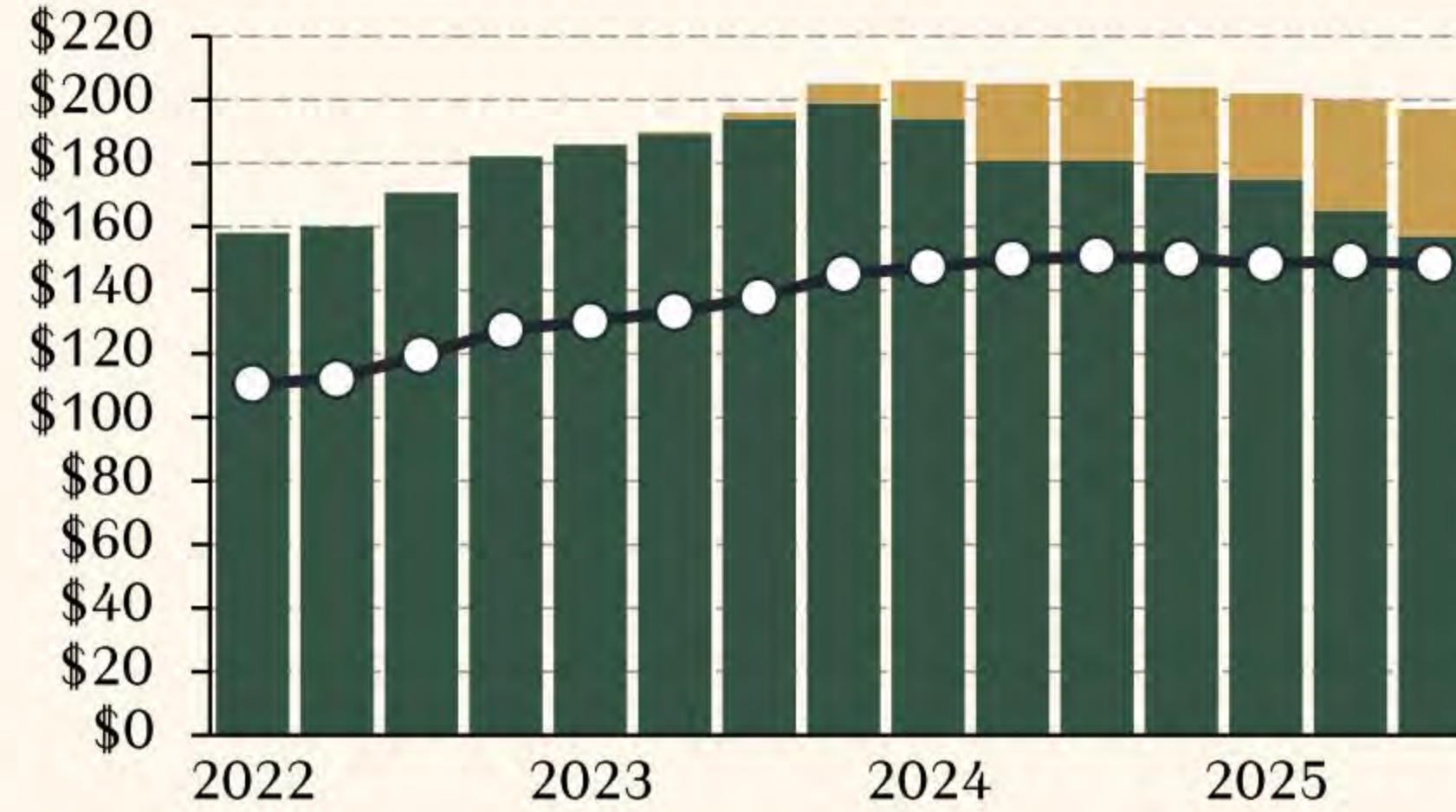
In fact, D2C stores are partly why topline mobile growth has slowed; gamemakers discount gross prices to encourage D2C/webshop adoption that offer better net sales economics



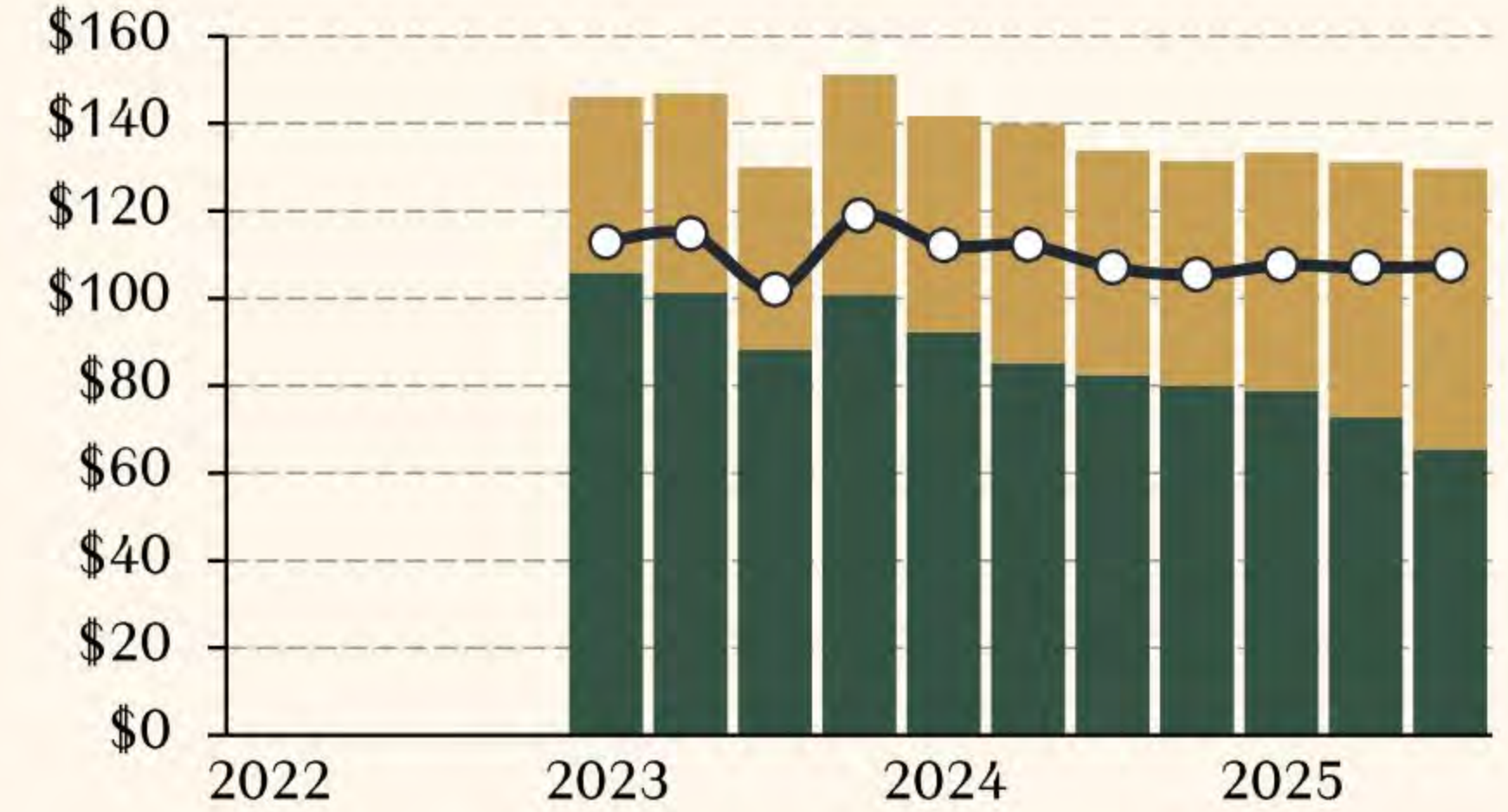
Playtika Player Spend
(Millions; USD; Excludes Ads)



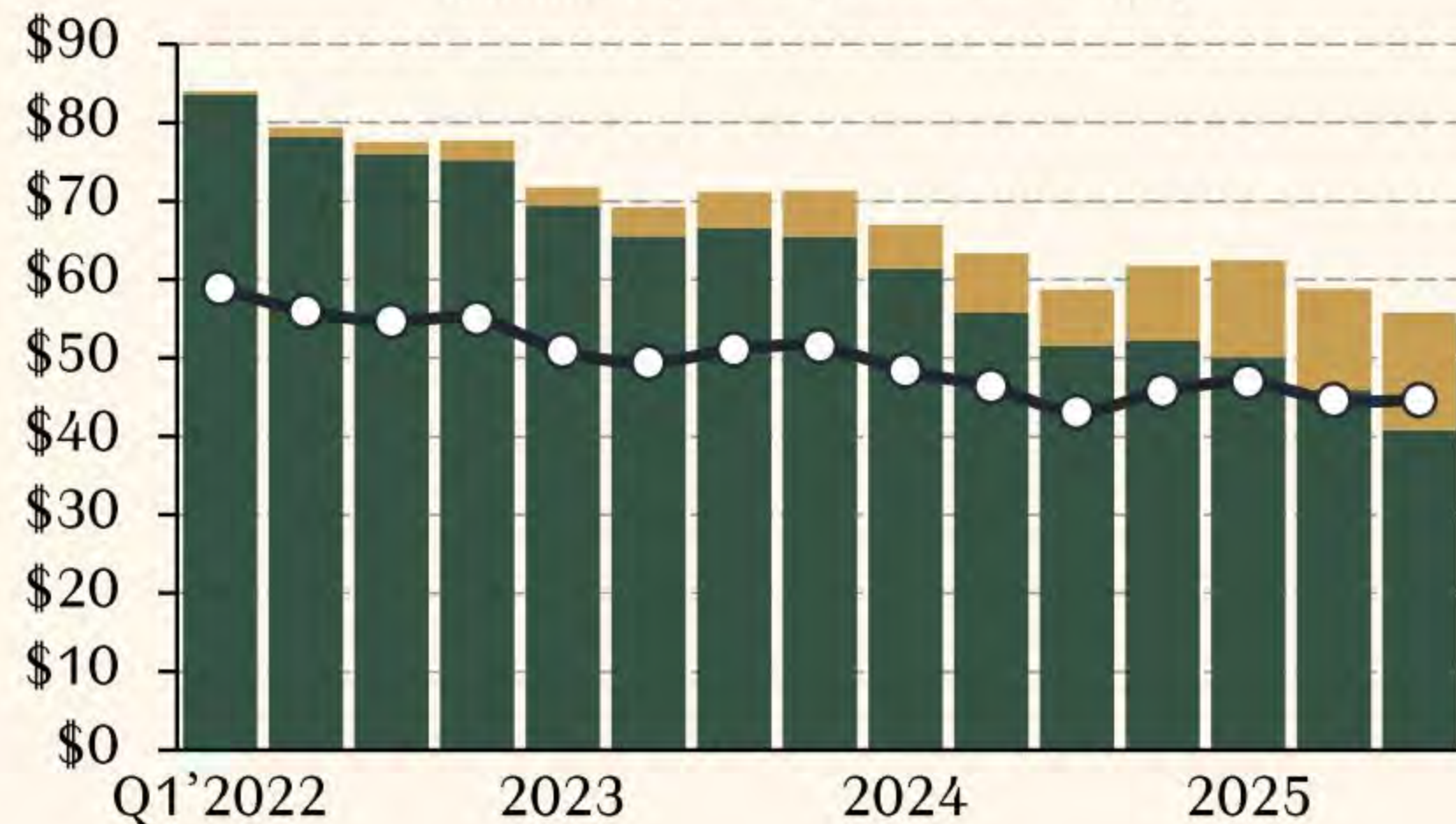
SciPlay Player Spend
(Millions; USD; Excludes Ads)



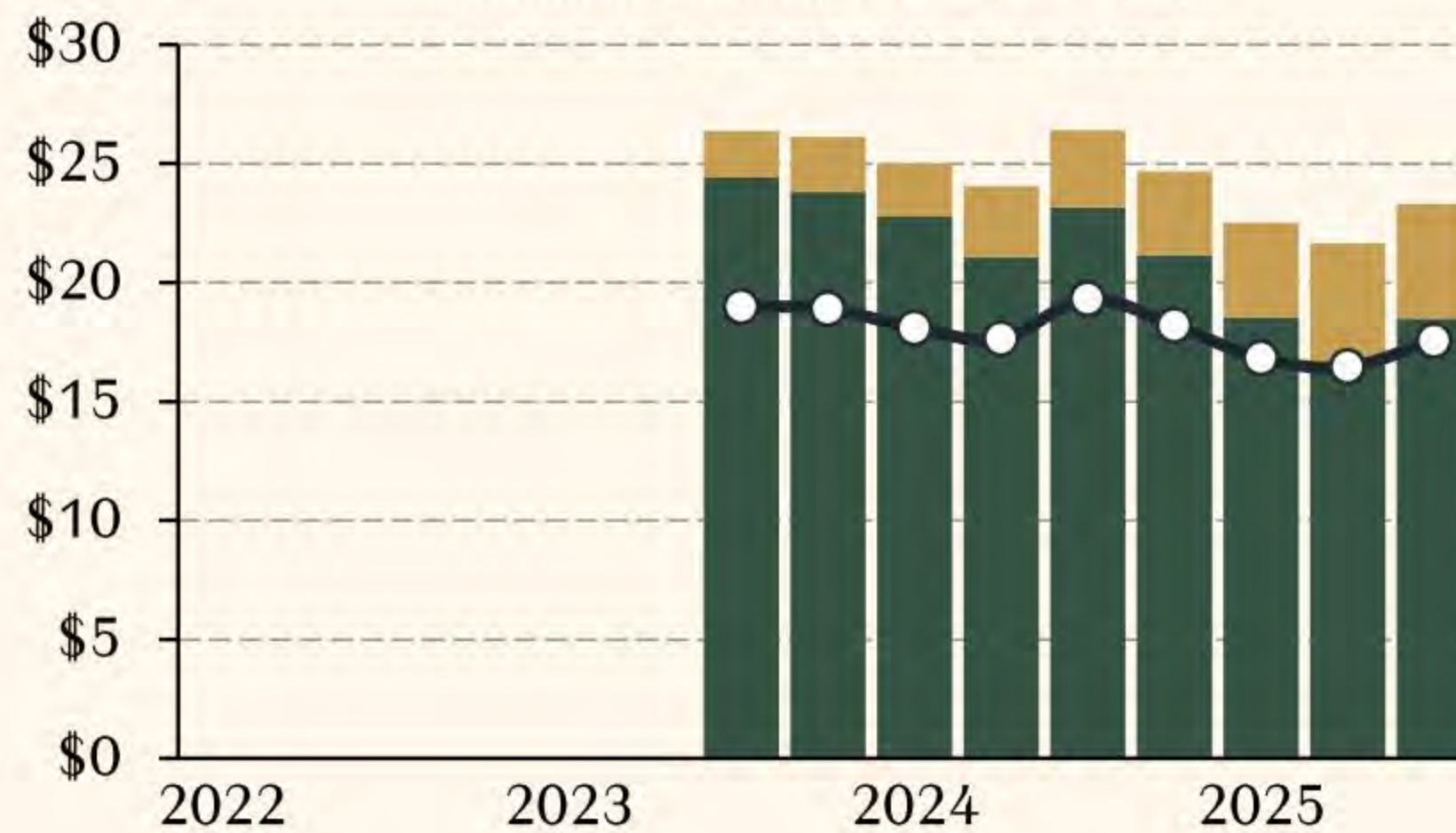
Stillfront Player Spend
(Millions; USD; Excludes Ads)



Huuuge Player Spend
(Millions; USD; Excludes Ads)



Ten Square Player Spend
(Millions; USD; Excludes Ads)

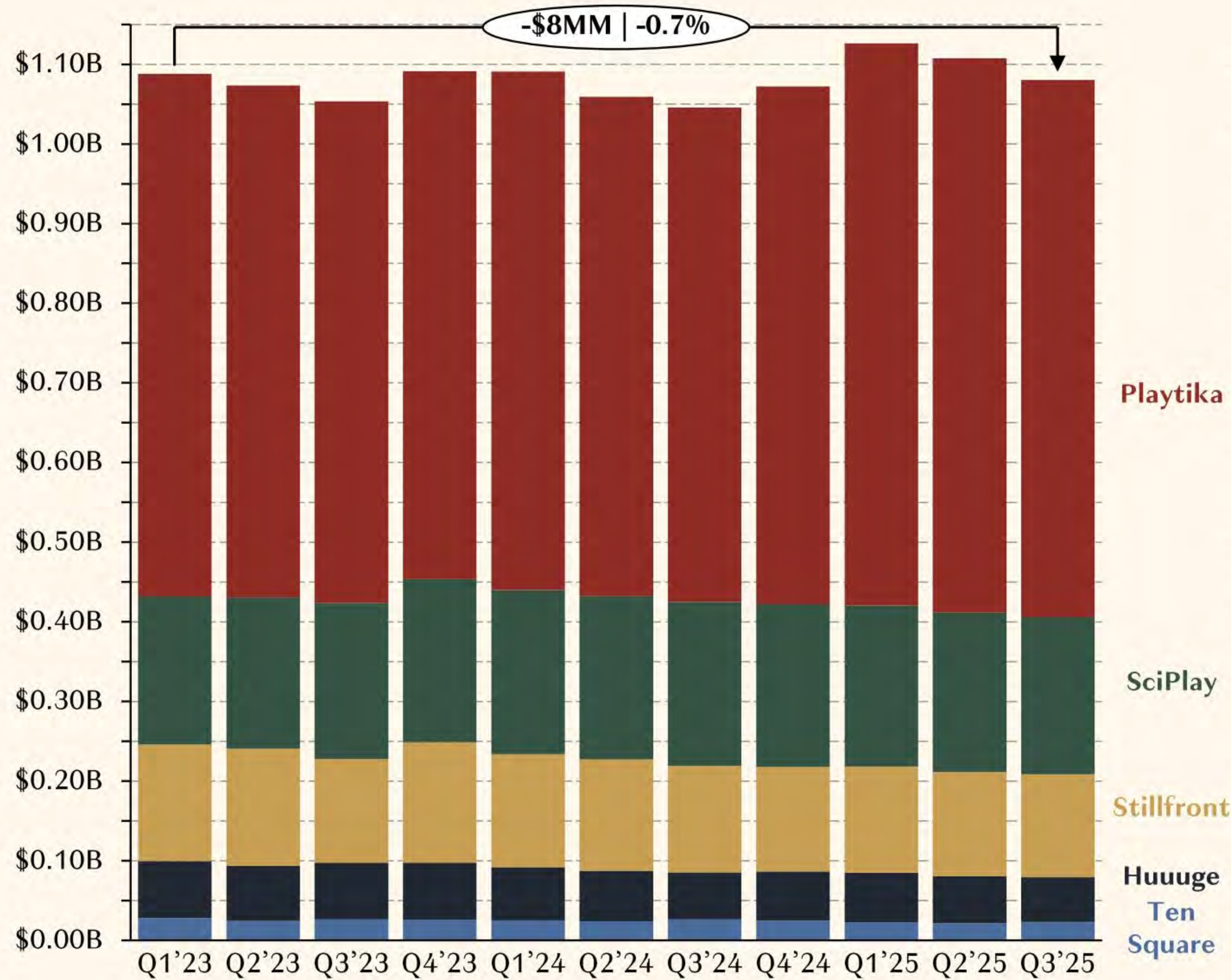


- D2C Gross Spend
- Third-Party Channel Gross Spend
- Net Revenue

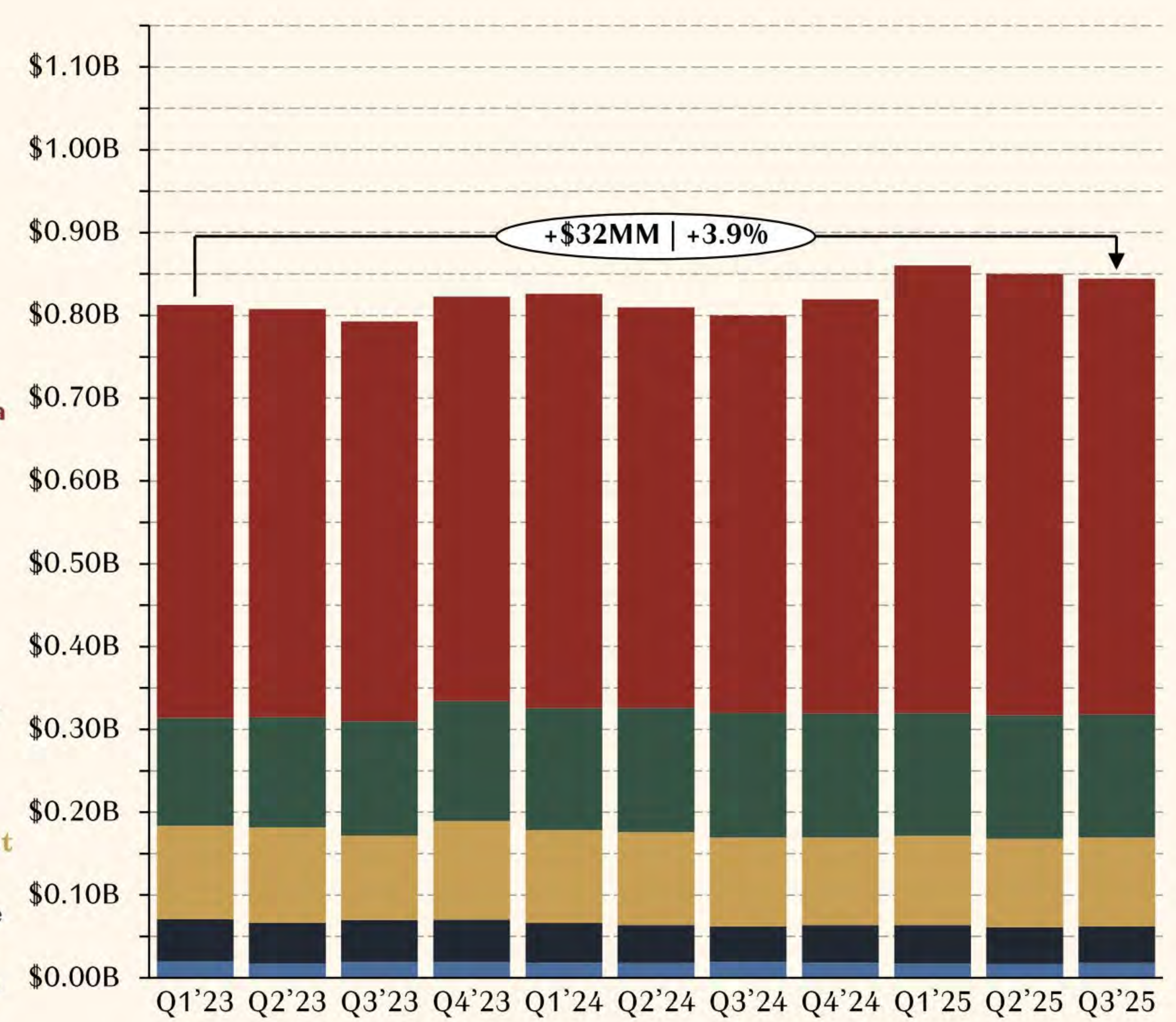
Across five mobile publishers with leading D2C adoption (and ~\$4.4B in total player spend), gross sales are down 1% since Q1'23 but (more important) *net* sales are up 4%



Player Gross Revenue of 5 Mobile Publishers
(Playtika, ScfiPlay, Stillfront, Huuuge, Ten Square)



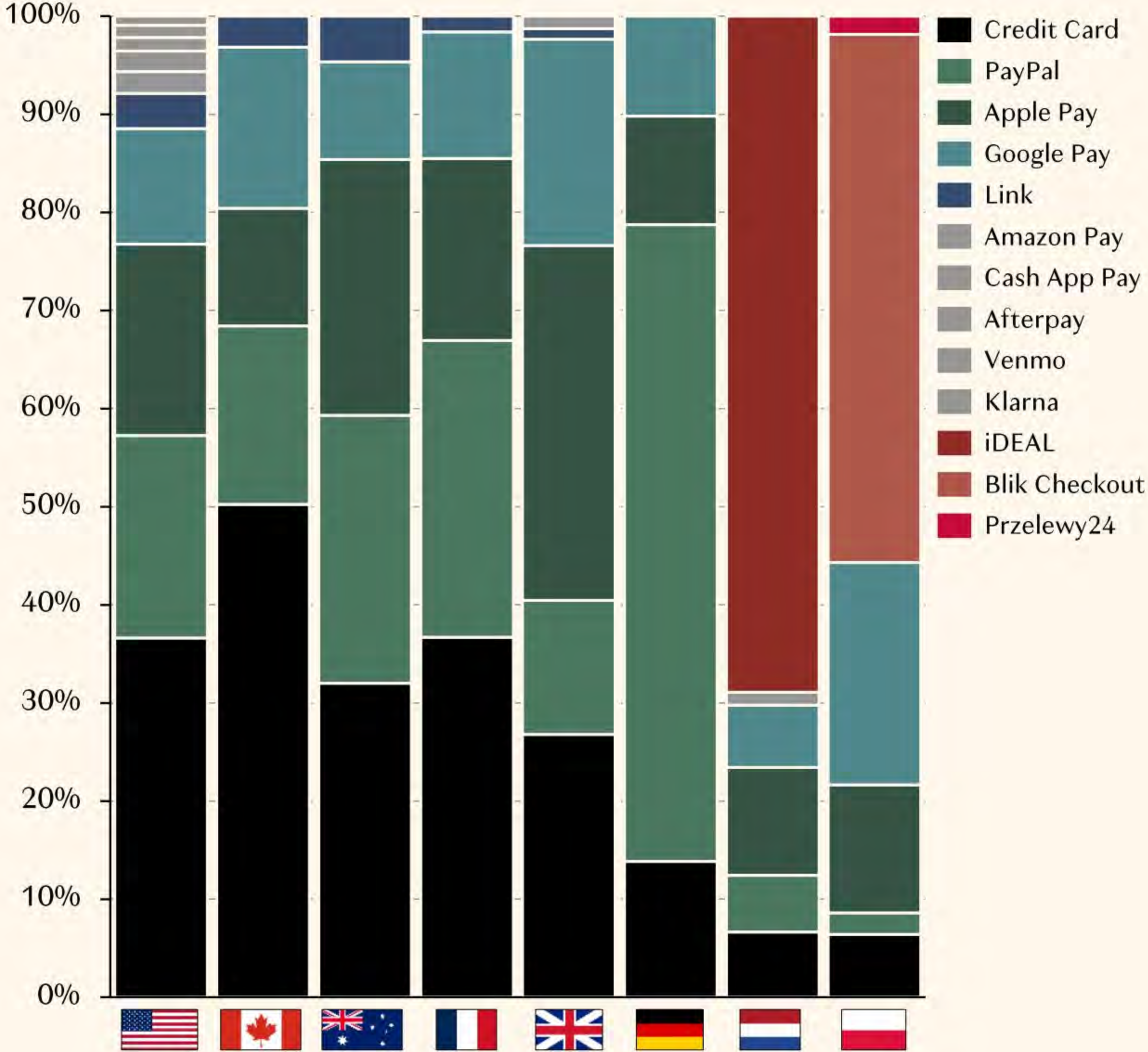
Player Net Revenue of 5 Mobile Publishers
(Playtika, ScfiPlay, Stillfront, Huuuge, Ten Square; Estimated)



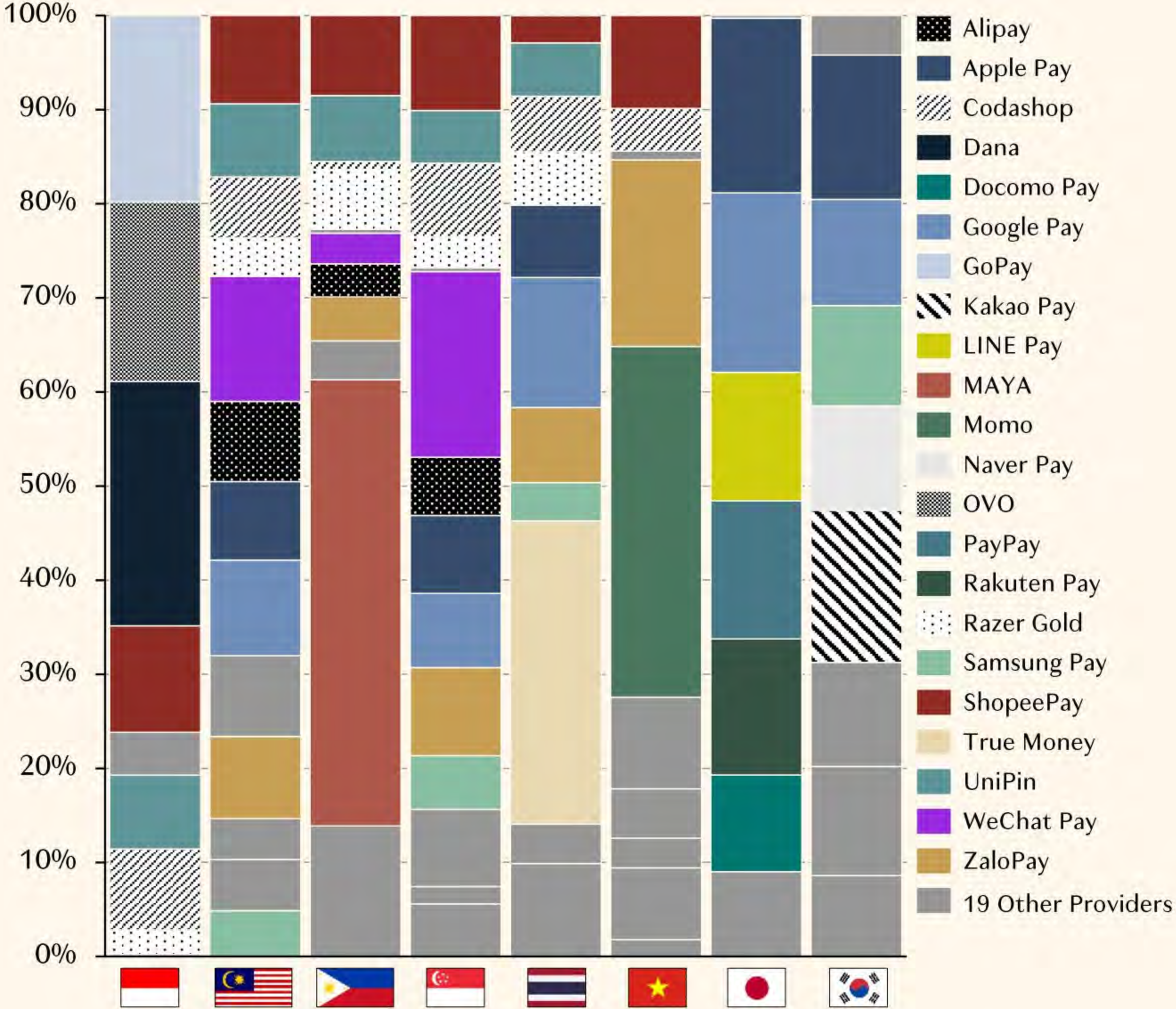
But to maximize D2C adoption, publishers must do more than offer valuable discounts, fun perks, and simple user journeys. They must also support scores of payment solutions



Appcharge Transaction Value by Payment
(USD; December 24, 2024 to June 22, 2025)



Total Market Transaction Value by Payment
(USD; 2025)



In Q4 2021, only about 12.7% of Roblox's revenues were D2C, resulting in platform fees devouring 27% of gross revenues. Today, the former is up to 30% and latter down to 22%



Roblox Cost of Revenue as a Share of Gross Revenue
(As Reported)



Roblox Estimated Share of Revenue That's D2C
(Assuming Non-Platform Store Costs at ~4.5%)



Roblox's improvements in alternative payment share since Q4 2021 have saved it roughly \$420MM in payment fees (over \$50MM in Q4 2025 alone)



Cumulative Increase in Net Revenue from Alternative Payment Share Gains Since Q1 2022
(Global)



Behind Roblox's D2C success is not just large D2C discounts, but lucrative D2C-only Robux subscriptions (which many parents use for allowance) that effectively boxes out in-app buys



Roblox D2C/Gift Card Extra Robux versus IAP (As of January 2026)

D2C and Gift Card customers get up to 25% more Robux per dollar than in-app buyers

Price	Other platforms ⓘ	Computer, web & gift cards ⓘ	
\$199.99	22,500	24,000	+1,500 more
\$99.99	10,000	11,000	+1,000 more
\$49.99	4,500	5,250	+750 more
\$19.99	1,700	2,000	+300 more
\$9.99	800	1,000	+200 more
\$4.99	400	500	+100 more

Premium subscribers can get 35% more Robux per dollar out of IAP

Roblox Premium Membership SKUs (As of January 2026)

Cheapest & highest value monthly Robux subscriptions are only available D2C/online

Premium 450

\$4.99/mo
Get 450 each month

Subscribe Now

Premium 1000

\$9.99/mo
Get 1000 each month

Subscribe Now

Premium 2200

\$19.99/mo
Get 2200 each month

Subscribe Now

- ▶ Access Premium benefits within experiences
- 🎁 Get 10% more Robux when you buy Robux
- 🔓 Unlock the ability to trade items



Monthly Robux Subscribers Get +10% Robux on additional Robux purchases + item trading

At Epic Games Store on PC, IAP fees are only 12% (and often less), but a growing share of publishers use their own billing solutions. In 2025, 35% of 3rd-Party hours were direct



Epic Games Store: Billions of Hours of Playtime on 3rd-Party Content

(Excludes 1st-Party titles and platforms such as Fortnite, Rocket League, UEFN, etc.)



The Five Biggest Revenue Growth Areas in Video Gaming in 2026

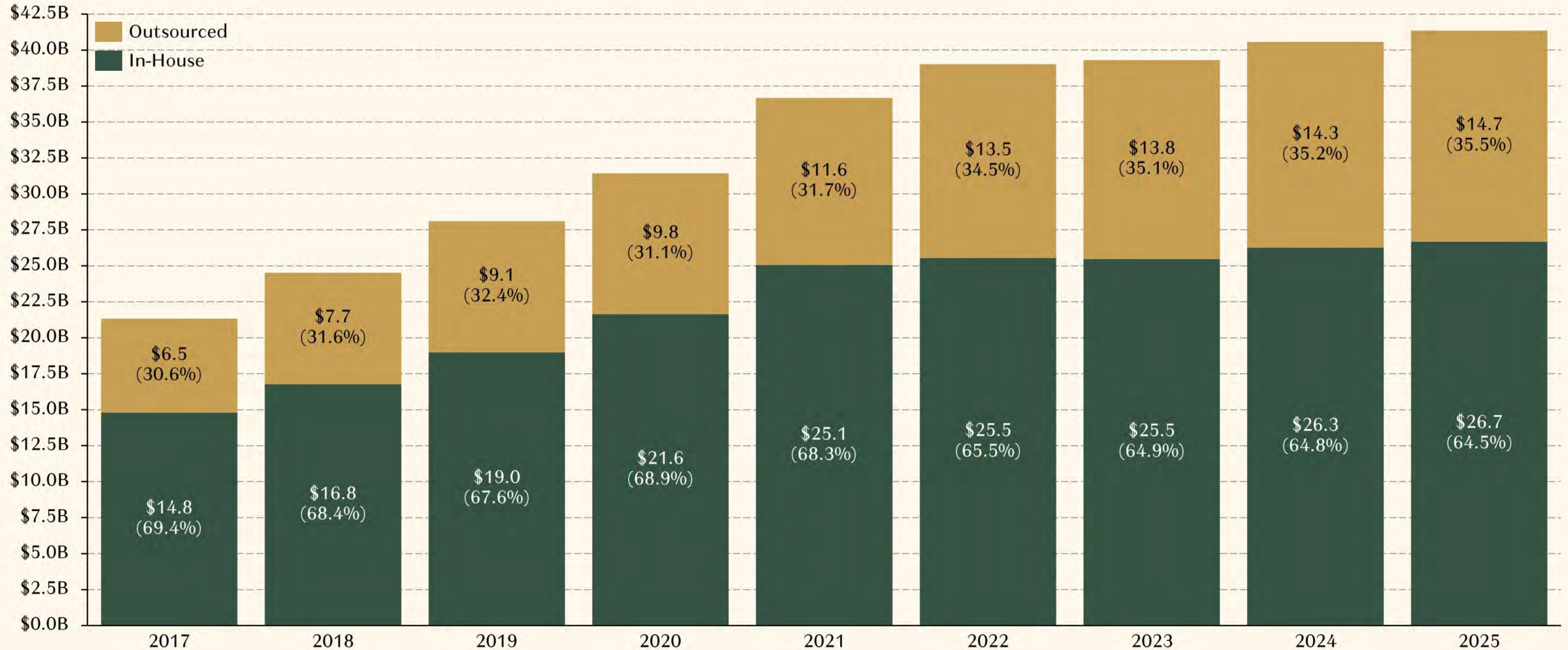


In 2025, outsourcing held a record 35.5% share of total content investment spend, up from 30.6% in 2017 and roughly 31.5% during the COVID-19



Content Development Spend by Type

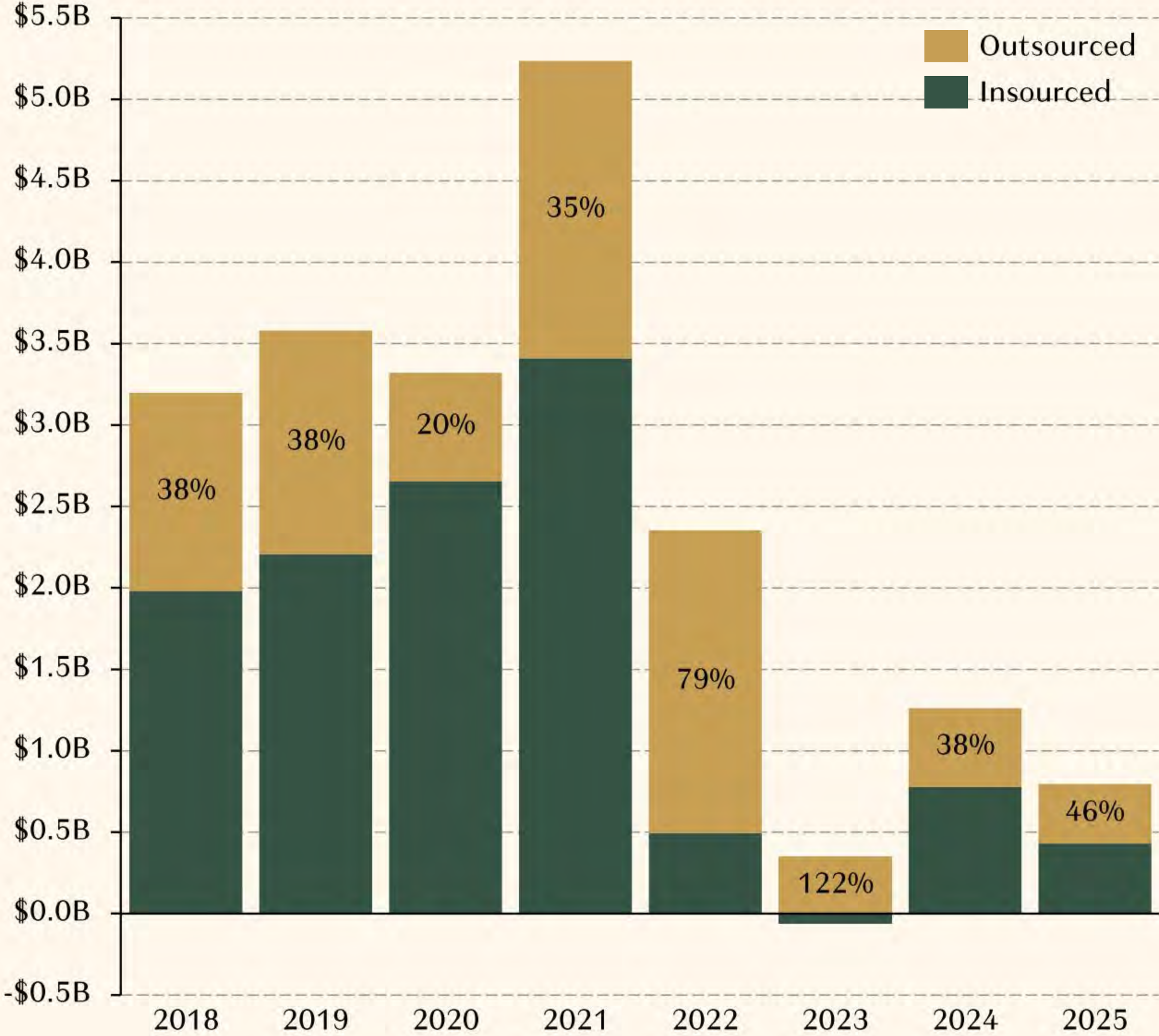
(Worldwide; PC + Console + Mobile + VR)



Outsourcing's recent growth stems from a near-doubling of its share of net new content investment, representing ~65% from 2022–2025 (versus 33% from 2018–2022)



Growth in Video Game Content Development Spend
(Worldwide; PC + Console + Mobile + VR)



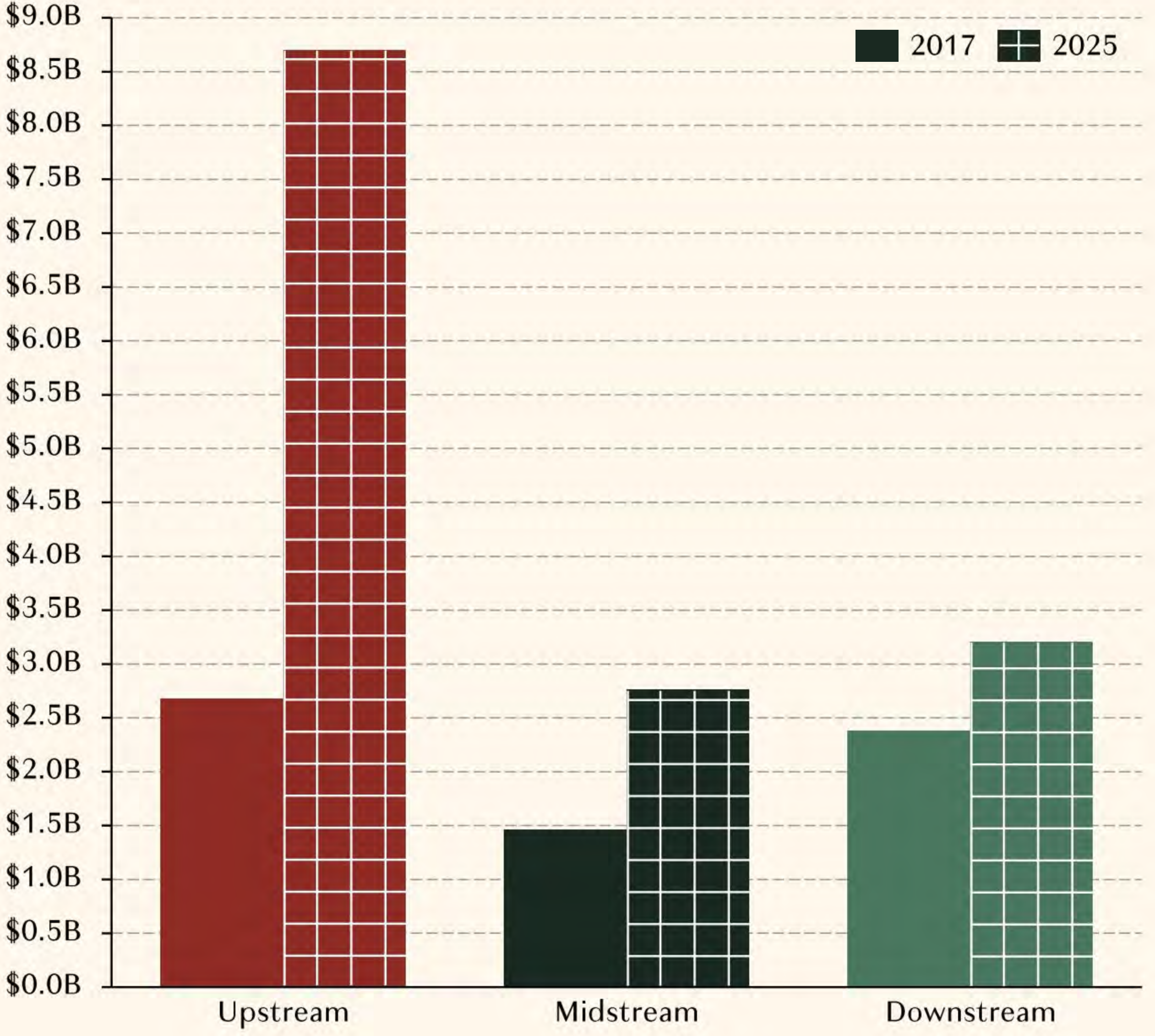
Outsourced Share of Total YoY Increase
(Worldwide; PC + Console + Mobile + VR)



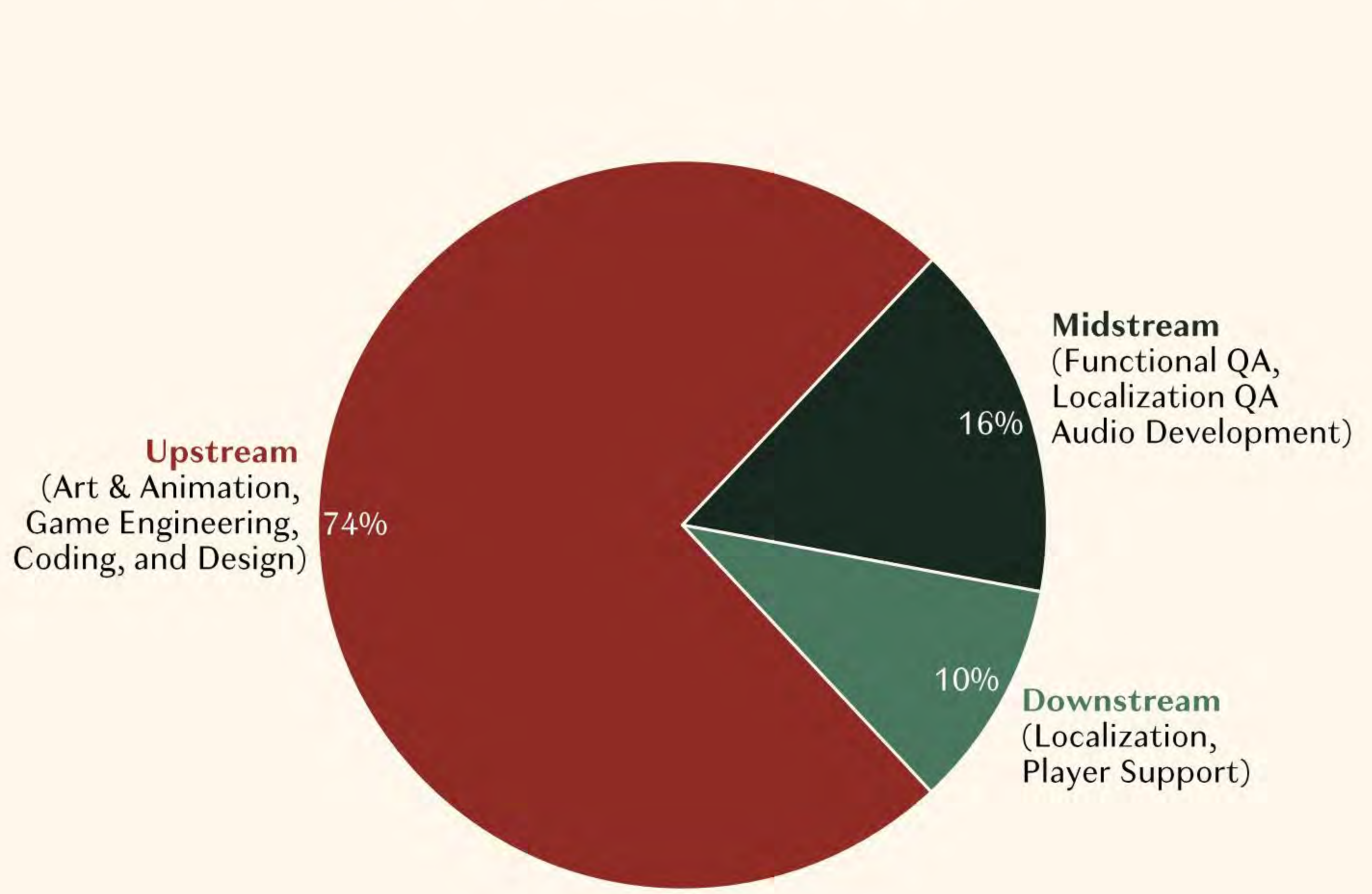
Behind outsourcing growth is mostly not QA, localization, or testing, but an increasing reliance on outside partners for core creative work (art, game design, game engineering, etc.)



Growth in Outsourcing by Work Type
(Worldwide; PC + Console + Mobile + VR)



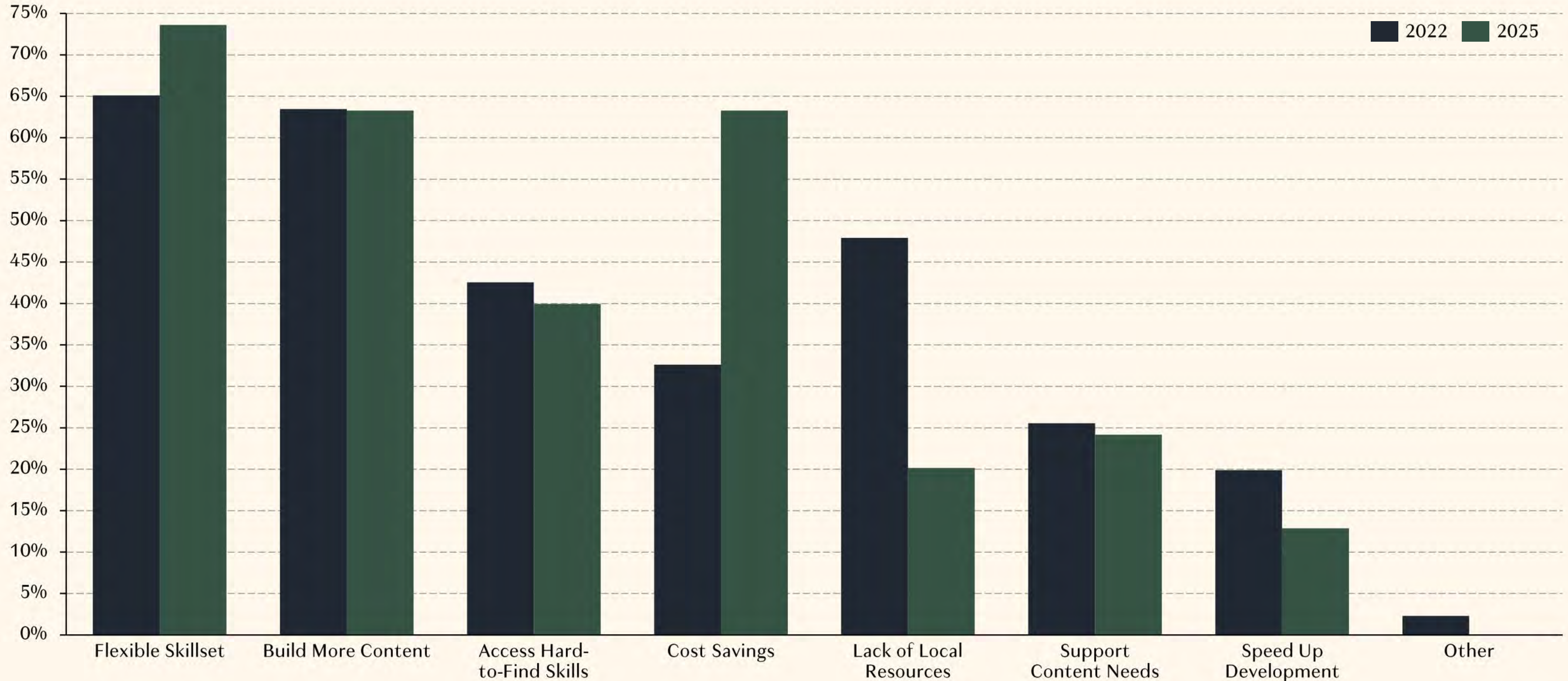
Growth in Outsourcing by Work Type
(Worldwide; PC + Console + Mobile + VR)



“Lack of local resources” was the 3rd most cited reason to use outsourcing in 2022, but 6th in 2025. “Cost savings” went from 5th to 2nd, flexible staffing models stayed at 1st, but grew



Why Developers/Publishers Report Working With External Development Service Providers (2025; Respondents to the XDS Summit’s Annual Survey)

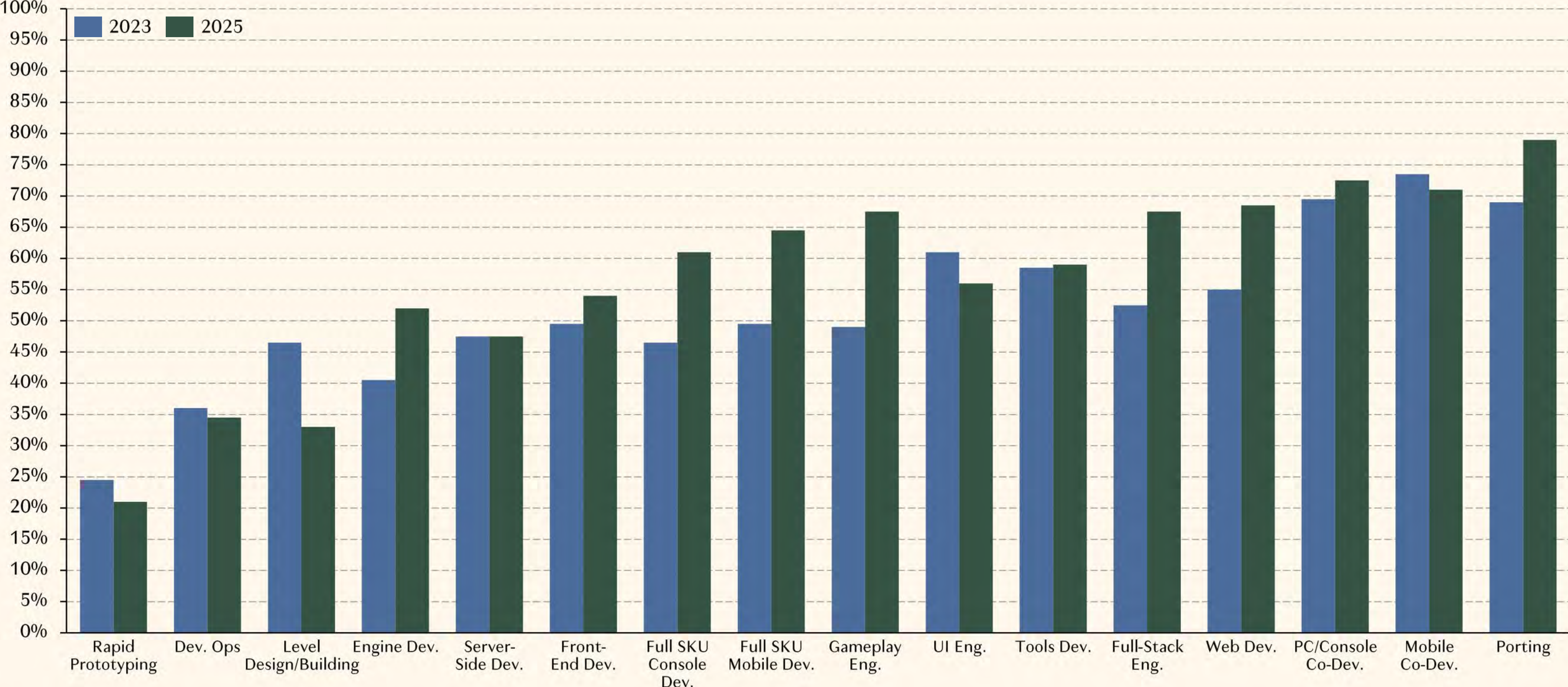


Gamemakers also report substantial increases in the share of their engineering work that's outsourced, with most categories up 5 percentage points since 2023



Proportion of Work Outsourced Among Outsource Users – Engineering and Co-Development Activities

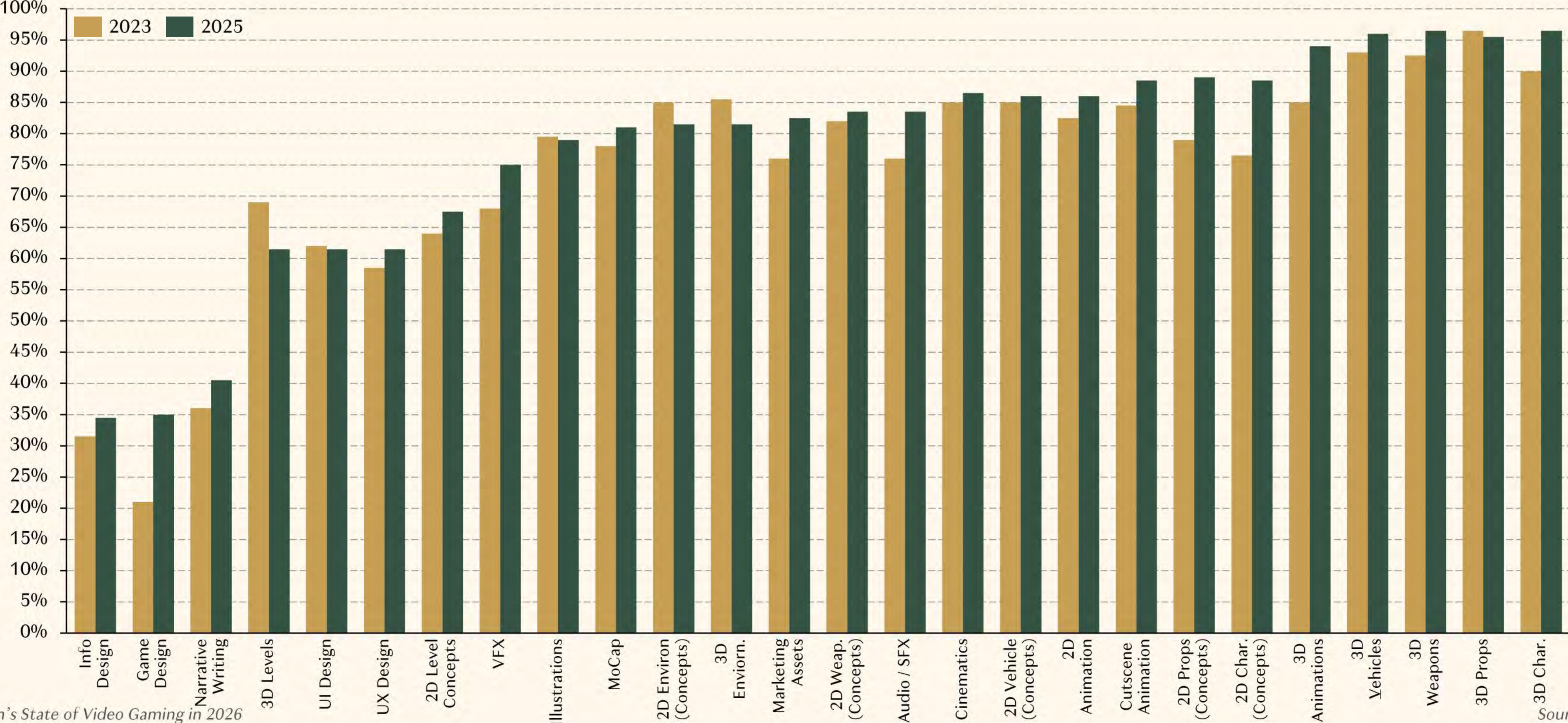
(Respondents to the XDS Summit's Annual Survey)



In creative disciplines, many outsource users report 60-95% of total work on animations, audio, environmental design, weapons, etc., is outsourced, up 4-5 points in two years



Proportion of Work Outsourced Among Outsource Users – Creative Disciplines
 (Respondents to the XDS Summit’s Annual Survey)



Furthermore, many of the most creatively and commercially successful titles of the last few years have been substantial users of external development



Internal Team Cherry Credits: 3

External Credits: 94
Excluding unnamed contributors



Internal Pocketpair Credits: 97

External Credits: 93 (80 from Keywords Studios)
Excluding unnamed contributors

The Five Biggest Revenue Growth Areas in Video Gaming in 2026



As reviewed earlier, Roblox is now a singular driver of the total video gaming market. In 2025, it was over 4.5% of non-China spend (and 40% of net growth)



Non-China Consumer Spend
(PC + Console + Mobile; Content + Services)



Roblox Share of Non-China Spend
(PC + Console + Mobile; Content + Services)



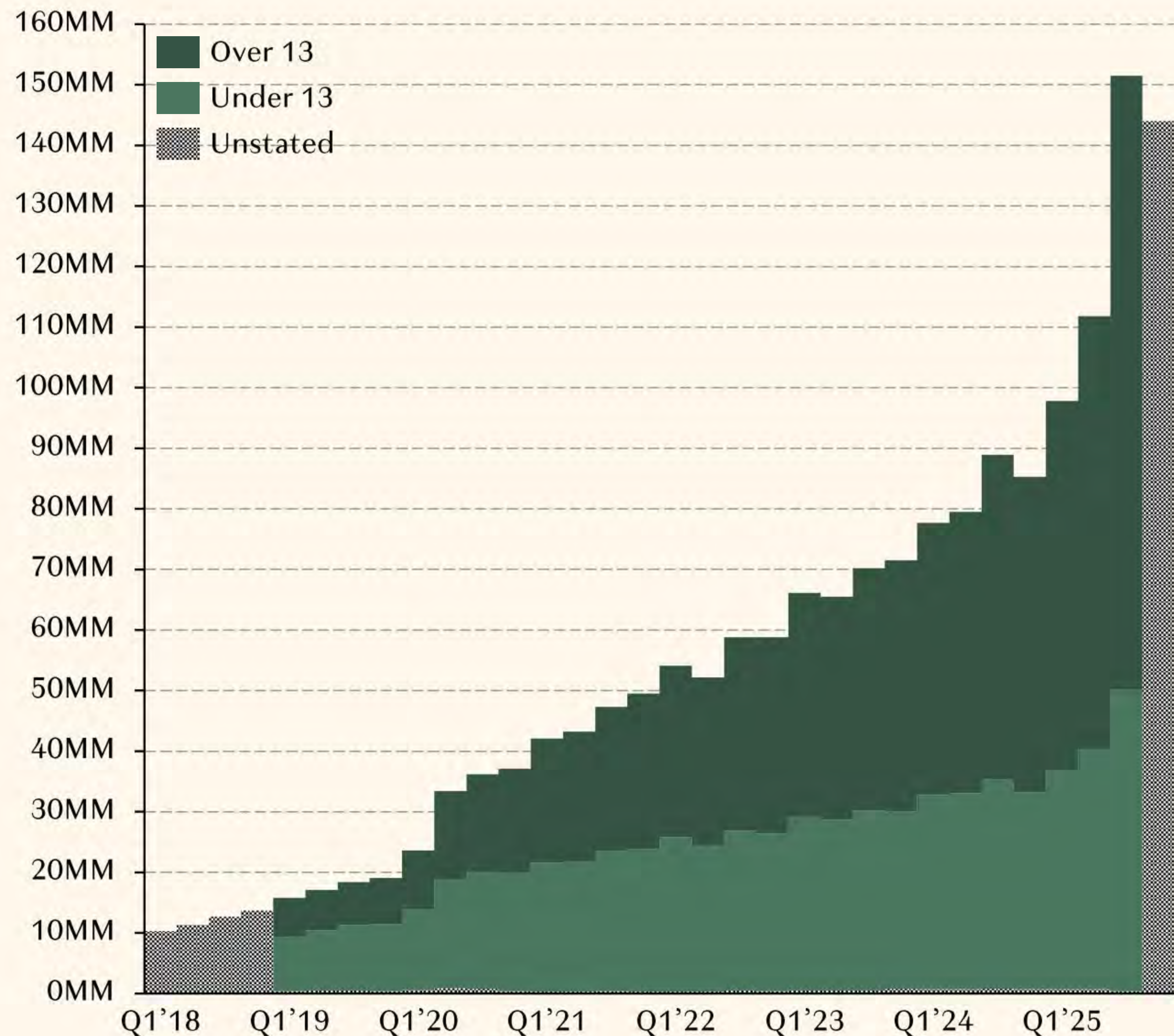
Roblox Share of Non-China Growth
(PC + Console + Mobile; Content + Services)



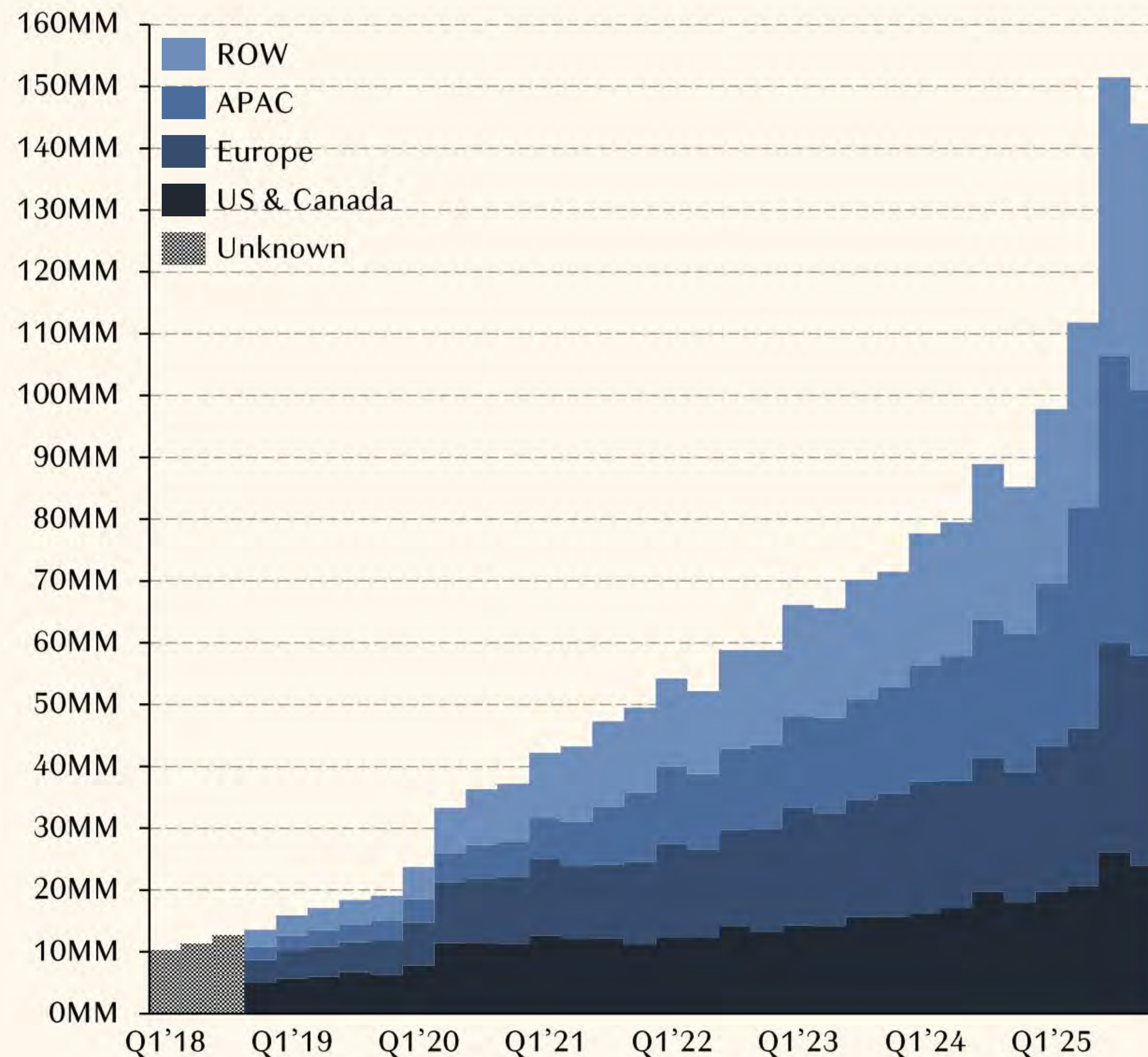
At the end of 2024, Roblox had more DAU than PlayStation, Switch, or Xbox. A year later, DAU were up another 69% (with 3x as many DAU added as in the first year of COVID)



Roblox Average DAUs by Age by Quarter
(Global)



Roblox Average DAUs by region by Quarter
(Global)

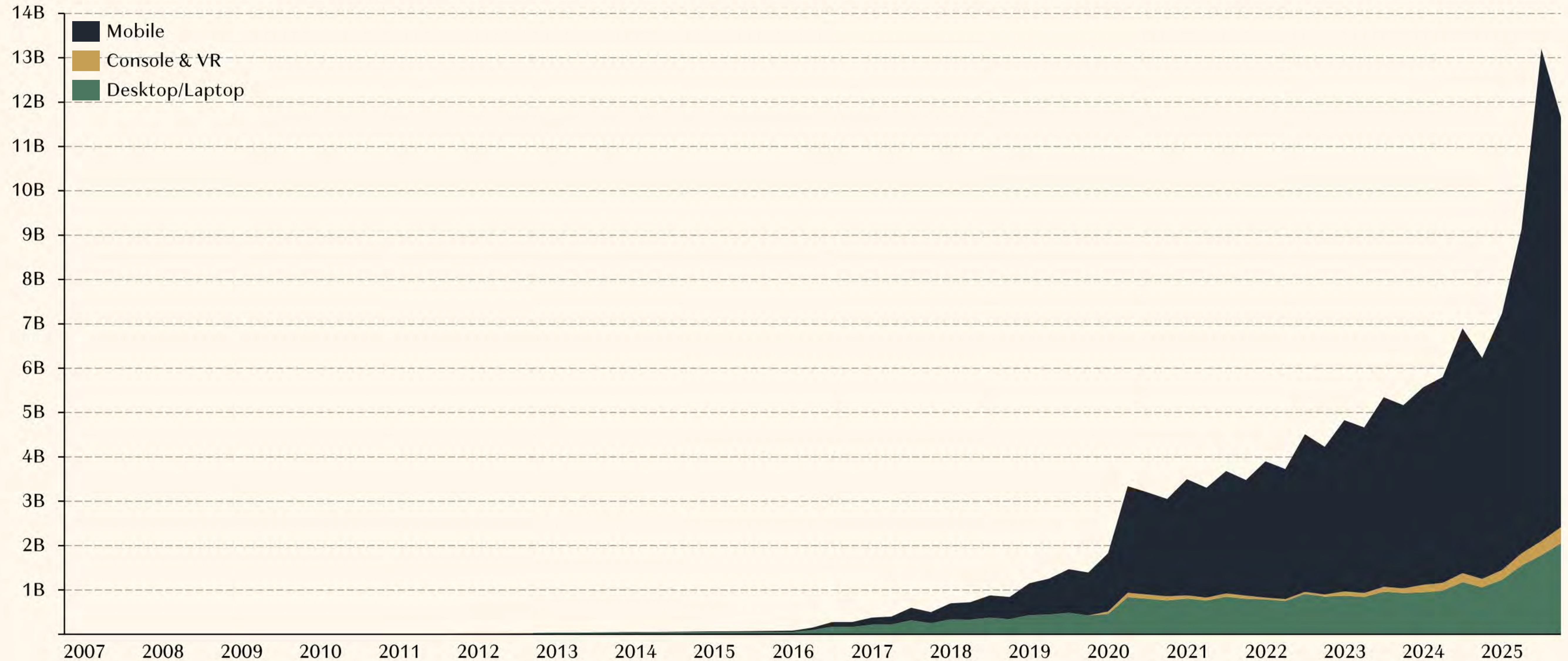


And Roblox's engagement surged even more than DAU. In just Q3 2025, Roblox amassed more hours of use than it achieved in the *entire* first year of the pandemic



Roblox Avg. Monthly Hours of Engagement

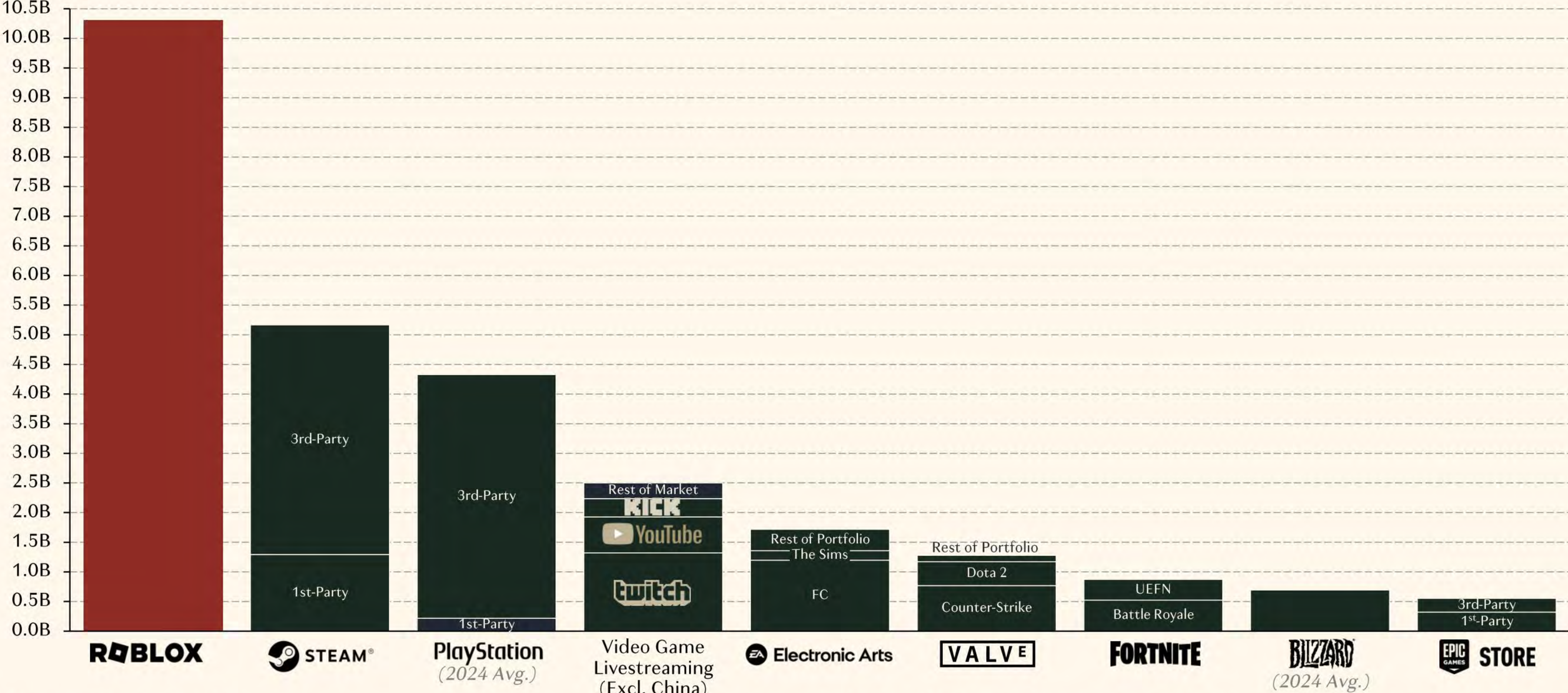
(Launch to Date; Excludes Off-Platform Engagement such as YouTube and Twitch; Mobile Share of Engagement by Year Average)



Indeed, Roblox's average quarterly engagement is now as large as that of Steam, PlayStation, and Fortnite combined.



Monthly Hours of Engagement, 2025 (2024 Where Noted)
 (Worldwide; Excludes Off-Platform Engagement Such as Watching PlayStation or Fortnite Streams on YouTube, Twitch, TikTok, etc.)



In fact, Roblox is starting to challenge Netflix for total hours of use. In 2025, Roblox hit 65% of Netflix's hours (82% in Q3), and while Netflix grows ~1% a year, Roblox manages 25–70%



Roblox Avg. Monthly Hours of Engagement

(Launch to Date; Excludes Off-Platform Engagement such as YouTube and Twitch; Mobile Share of Engagement by Year Average)

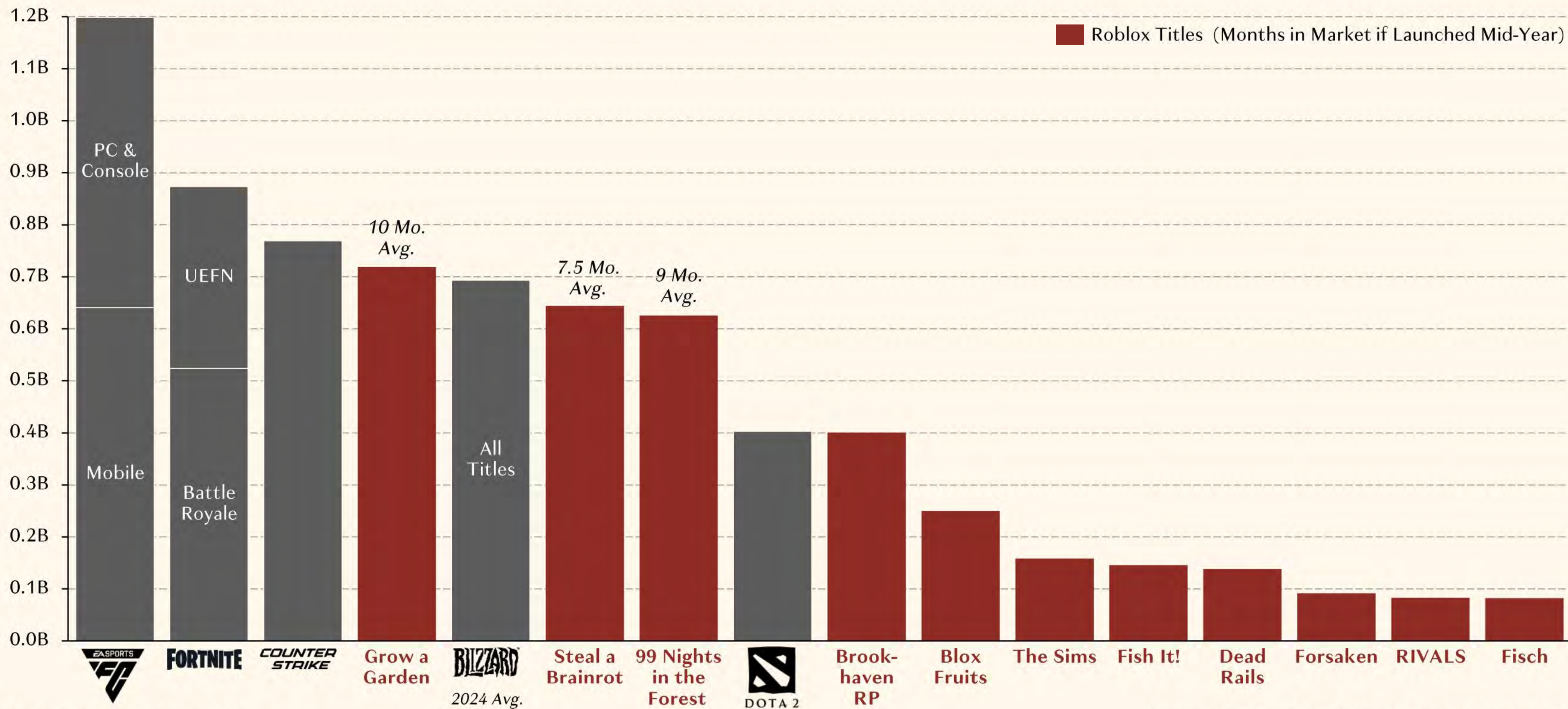


What's more, Roblox's top titles now match the top non-Roblox games and even publishers in monthly engagement despite having a tiny fraction of the budget and staff



Average Monthly Hours of Engagement, Select Standalone Games/Publishers vs. Top 10 Roblox Titles

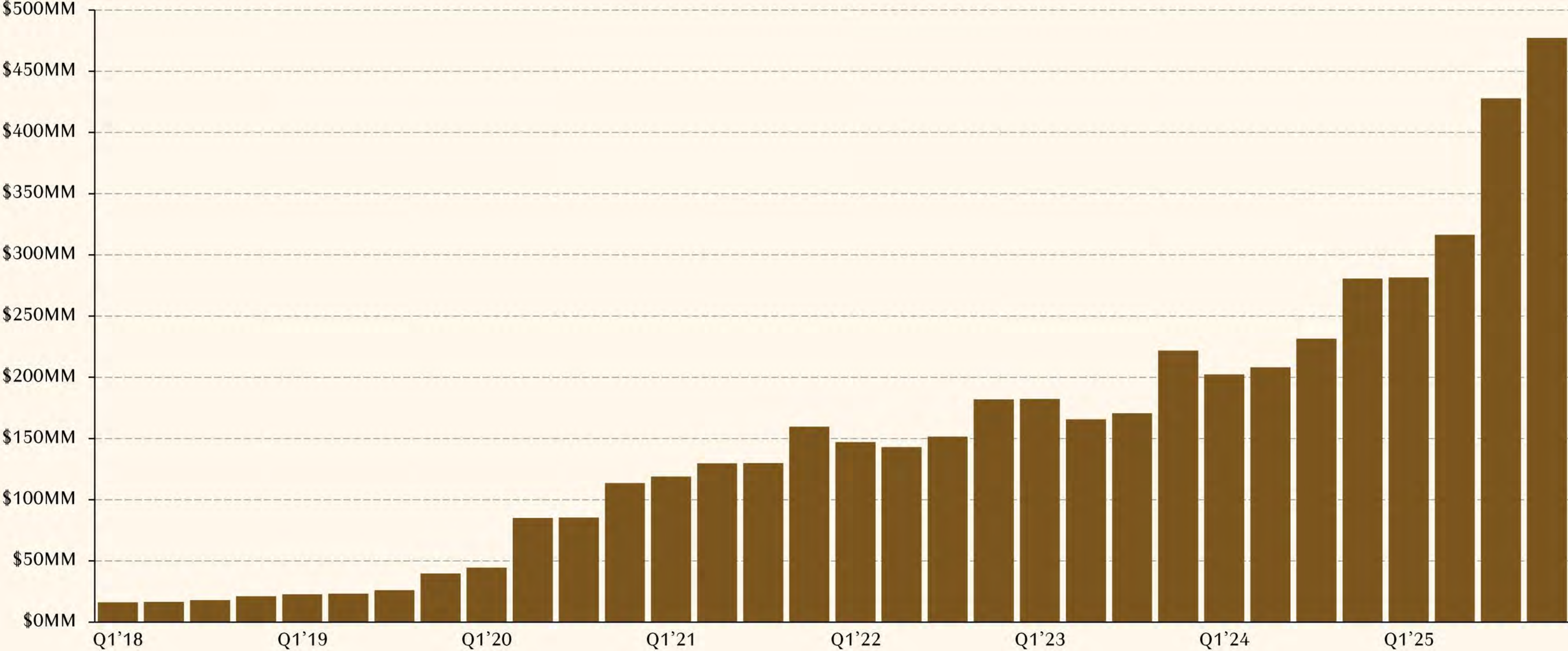
(Worldwide; Excludes Off-Platform Engagement Such as Watching PlayStation or *Fortnite* Streams on YouTube, Twitch, TikTok, etc.)



And these developers are now taking home \$1.5B per year, with Q4 2025 hitting \$477MM, up more than 70% year-over-year



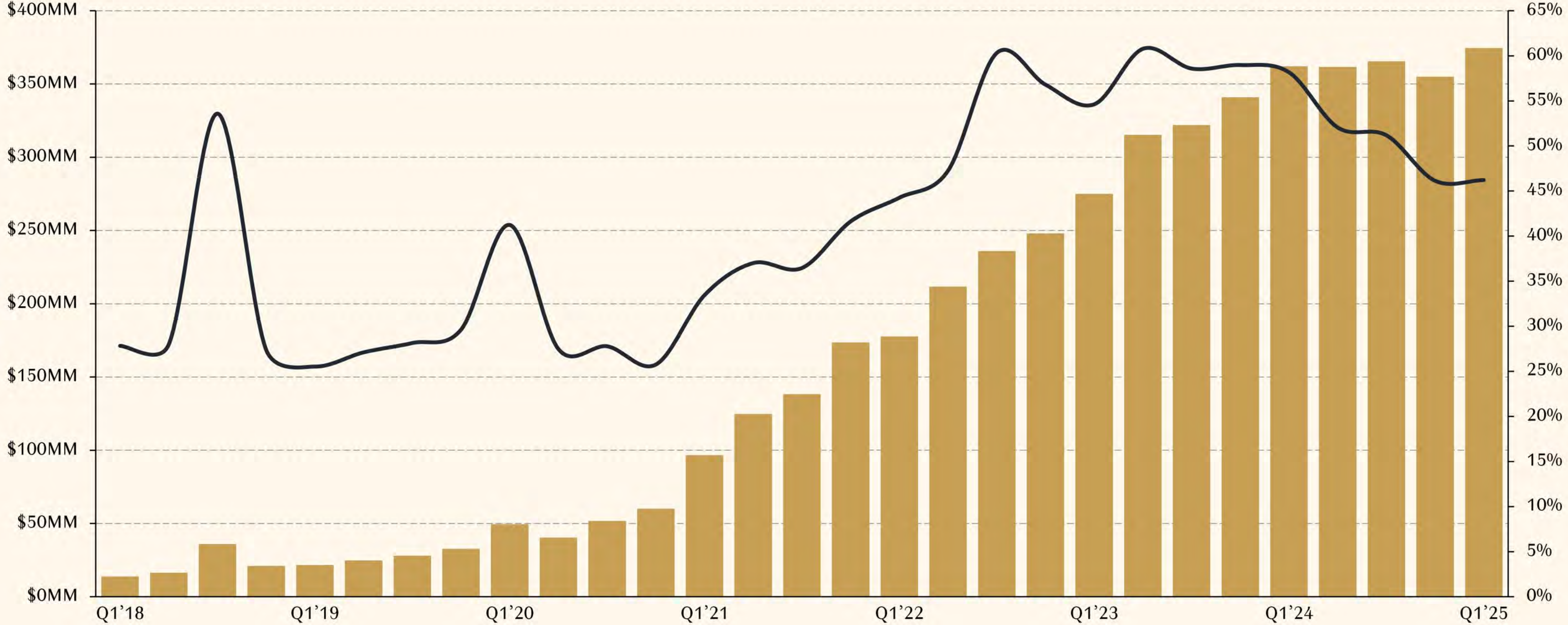
Roblox Quarterly Developer Payments
(Worldwide)



Roblox's growth is also supported by an unprecedented \$1.6B in annual R&D expenditures – an investment that continues to grow while shrinking rapidly as a percentage of revenue



Roblox Quarterly R&D Expense and R&D Expense as TTM Share of net Revenue (GAAP)



Overall, Roblox exhibits classic creative disruption. It has built outstanding scale, network effects, revenues, and now profits while monetizing a fraction of the market average



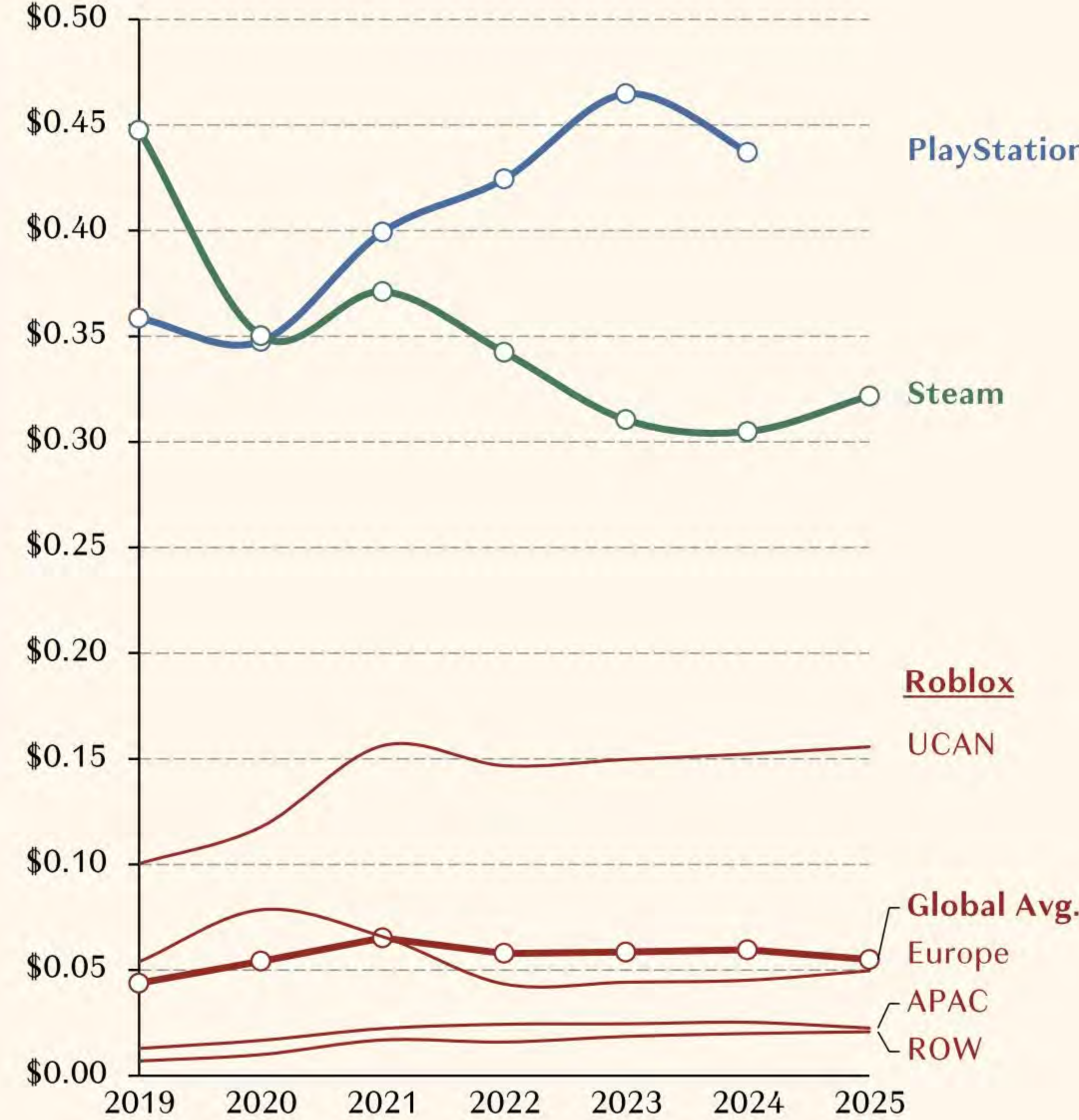
Roblox Bookings by Year
(Worldwide)



Roblox Adj. Operating Cash Flow
(Stock-Based Compensation Added Back In)



Revenue per Hour
(Based on Gross Bookings, Excl. Platform Services)





Chapter I: Spending Growth but More Retrenchment and Margin Struggles in 2025

Chapter II: Why Growth is Scarcer Than Headlines Suggest

Chapter III: Video Games Are Losing the Attention War in the “Major Market 8”

Chapter IV: The Novel Interactive Competitors Taking Attention, Time, and Spend from Video Games

Chapter V: The Five Biggest Areas of Revenue Growth in the Video Game Industry in 2026

Chapter VI: Closing Thoughts on the “Industry” and Finding Growth in 2026



**To Find Growth, We Have to Acknowledge:
There is No “Video Gaming Industry”**



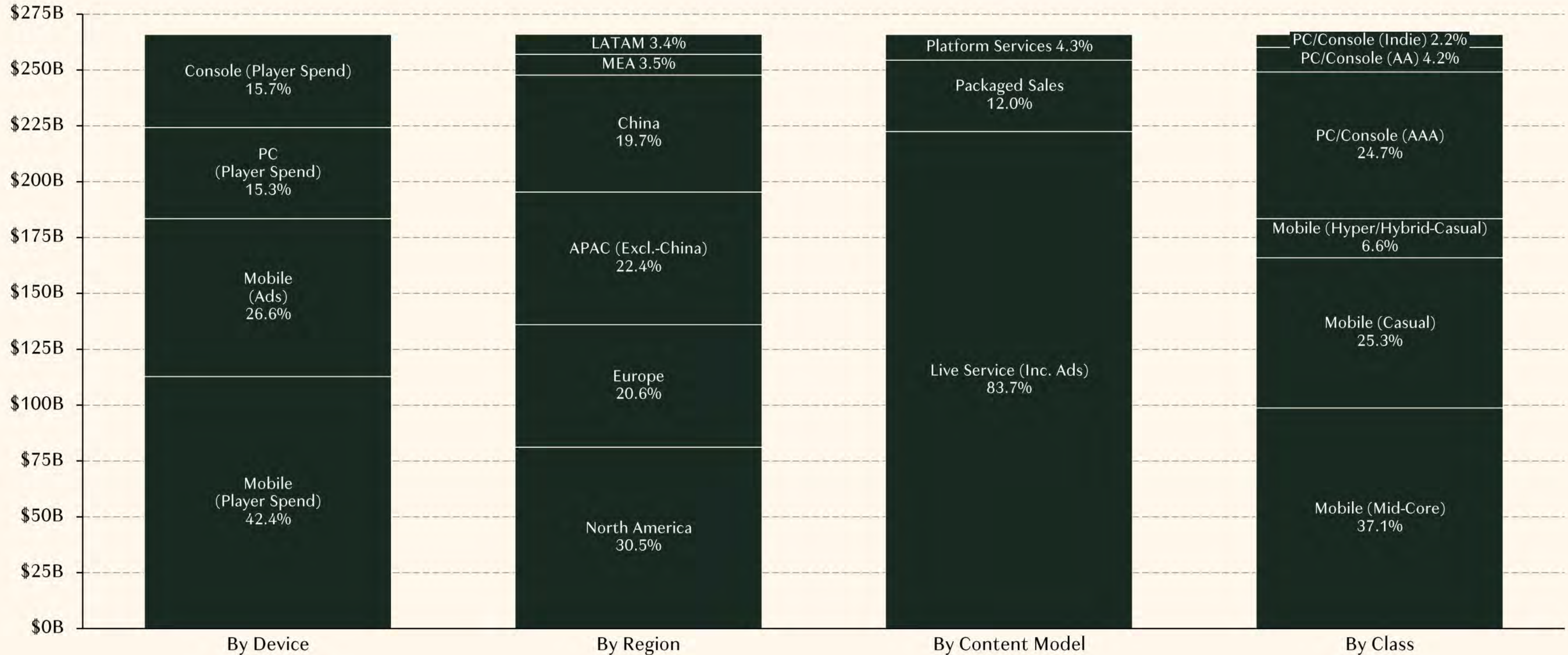
**To Find Growth, We Have to Acknowledge:
There is No “Video Gaming Industry”
There are Many.**

There are many ways to cut the video game industry, each facing its own dynamics and sub-dynamics, and not all offer similar opportunities or adjacencies



Global 'TAM' for Video Game Content by Various Categories/Definitions

(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services, and Ads)

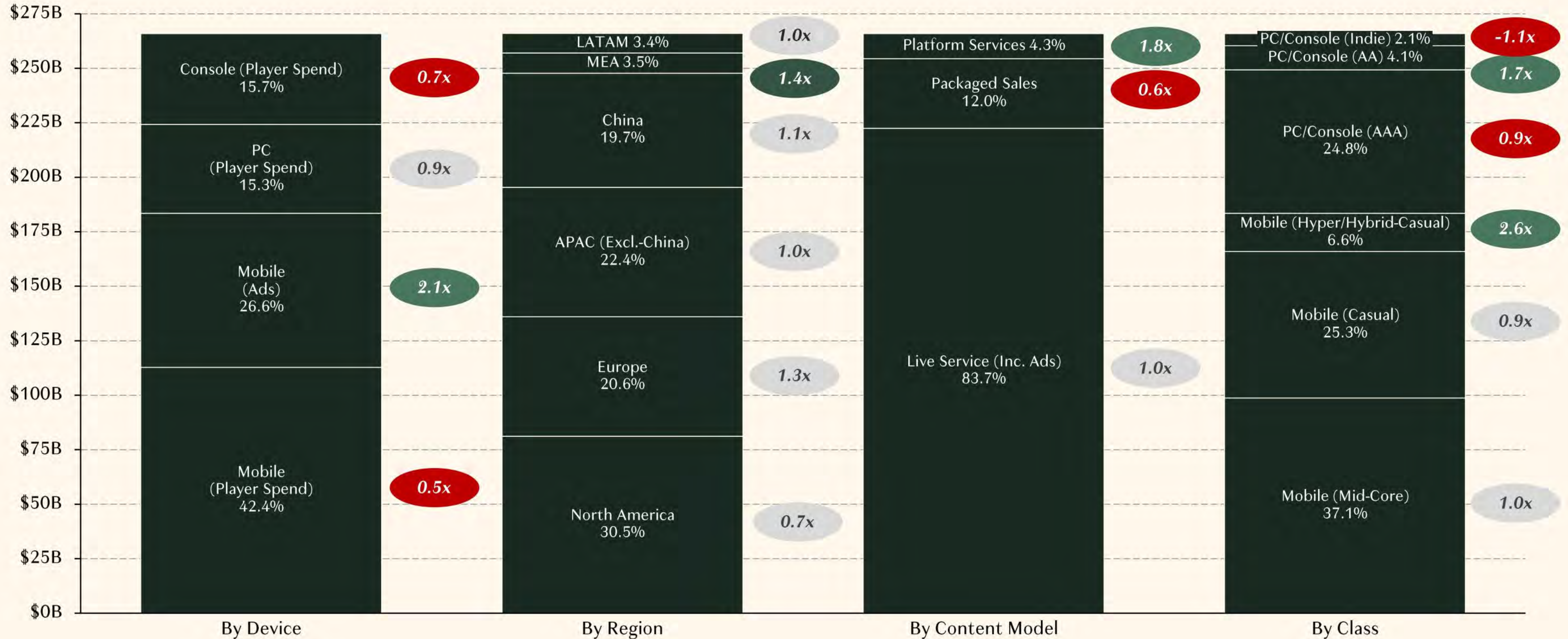


Some segments are growing at a fraction of the size of the overall market, while others are growing at multiples of it



Global 'TAM' for Video Game Content by Various Categories/Definitions, Plus Growth Rates Relative to Total Market

(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services, and Ads)

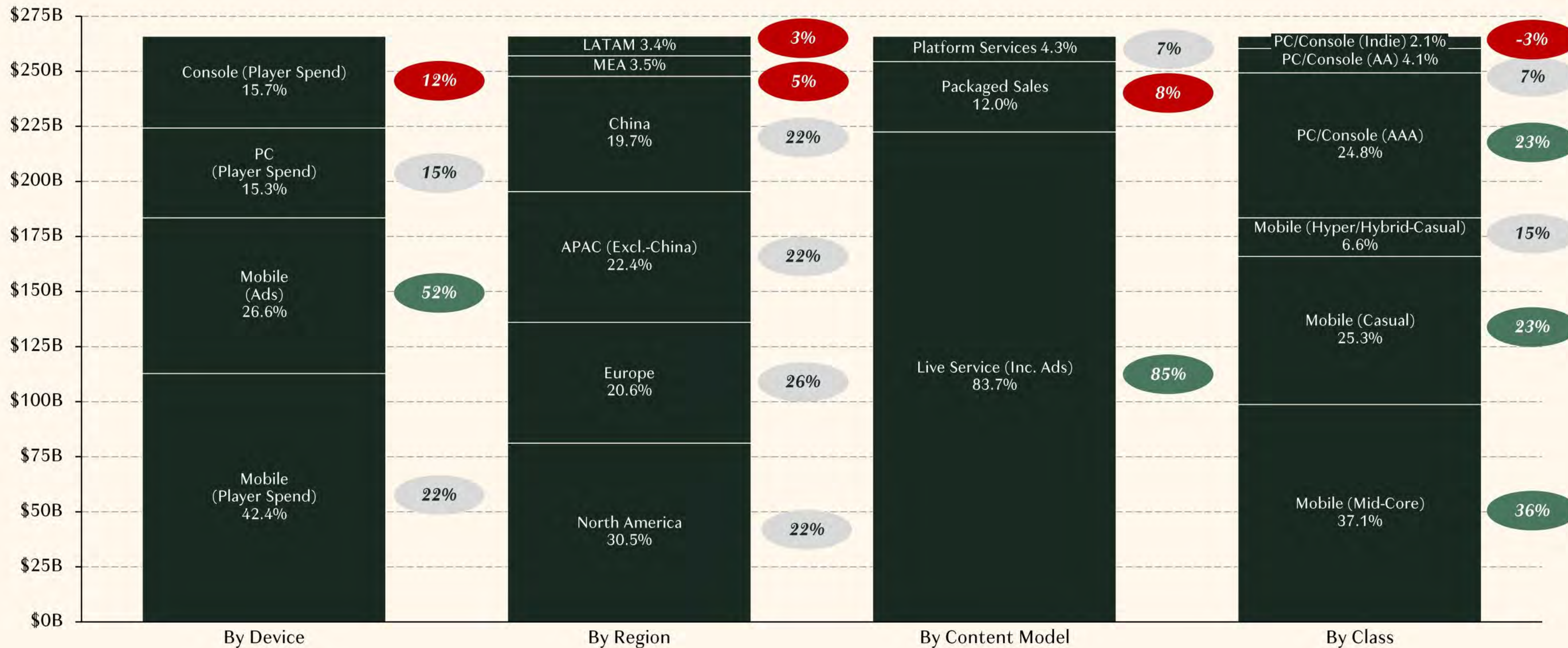


And each sub-cut represents a *very* different share of growth.



Global 'TAM' for Video Game Content by Various Categories/Definitions, Plus Share of Growth in Categories/Definitions

(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services, and Ads)

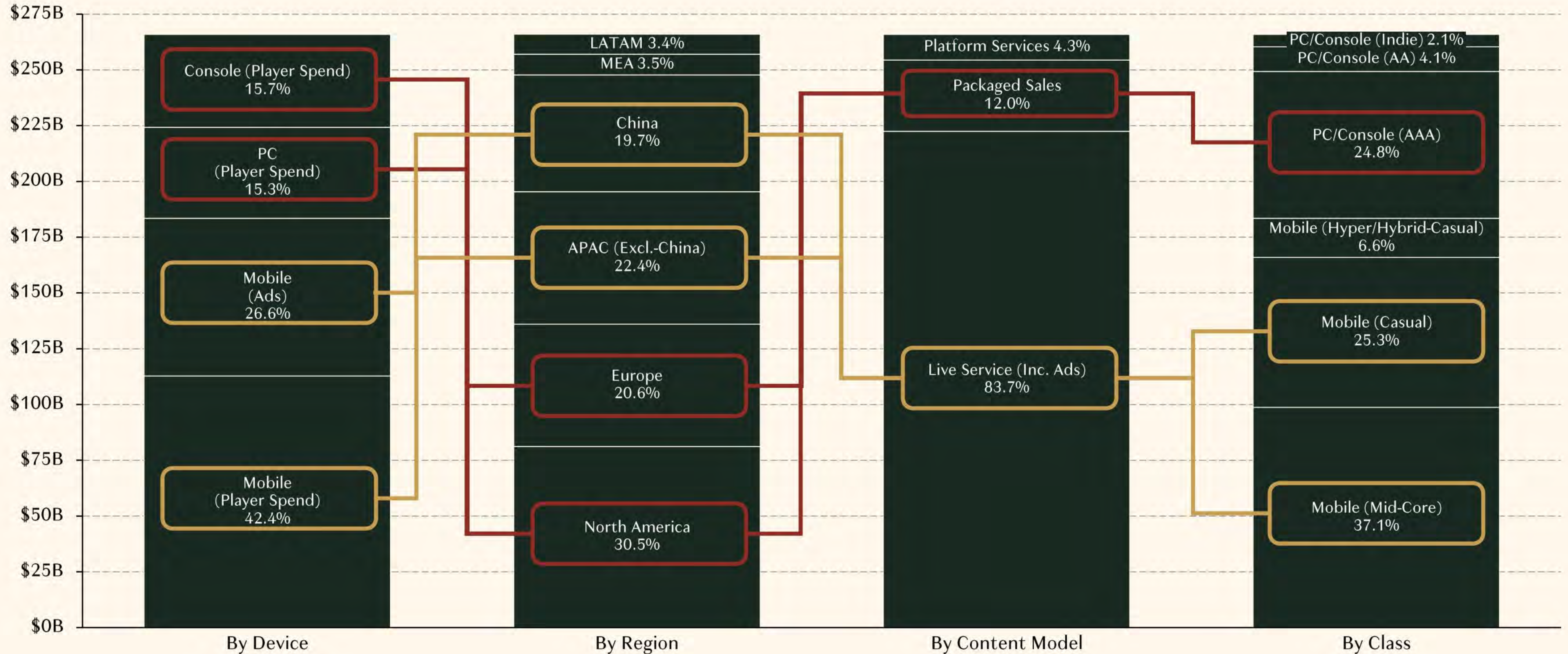


The result is that different companies in the “video gaming industry” exist in very different universes and experience *fundamentally* different growth prospects



Global ‘TAM’ for Video Game Content by Various Categories/Definitions

(Nominal Prices; Console + PC + Mobile; Excludes Hardware & Accessories; Includes Game Sales, DLC, Microtransactions, Subscriptions, and Services, and Ads)





EPYLLION

Strategic
Consulting

Speeches, Events,
Offsites, and Workshops

M&A
Advisory





Special thanks to the firms below for supporting custom analysis for this presentation.

(Placement order is based on an RNG weighted to total citations)

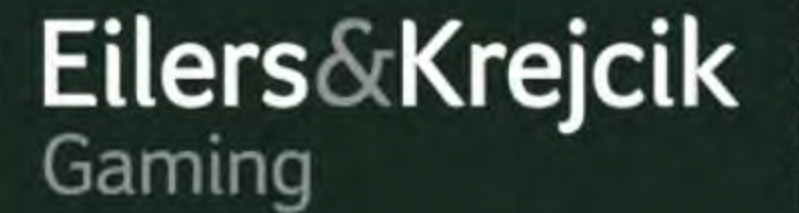
Video Gaming Industry Data Providers



Video Gaming Trade Associations



iGaming



Other Data



datadashboards



EPYLLION

By Matthew Ball

The State of Video Gaming in 2026
(Or “Growth and Where to Find It”)

Last Update: March 6, 2026

██████████