

Gaming Industry Landscape and Future

[Matt Pamidi](#) [M. R. Pamidi](#)
Creator Editor-in-Chief
[IT Newswire](#)

Executive Summary

With over two billion gamers around the world, video games and esports have become an integral part of global culture. The industry, which had a revenue of US\$119.6 billion in 2018, is expected to grow to US\$196 billion in 2022 and poised to become a \$300 billion worldwide business by 2025. In fact, esports revenue alone reportedly exceeded US\$1 billion in 2019 and is forecasted to reach US\$1.5 billion by 2023.

This paper provides a landscape of this industry identifying some of the major players and delves into future trends.

1. Introduction

The gaming industry has traditionally been dominated by device manufacturers and video games makers—Activision Blizzard, Electronic Arts, Microsoft, Namco Bandai, Nintendo, Sony, Ubisoft, etc. Even tech giants like [Apple and Google](#) are trying to exploit this industry by launching gaming streaming services. Not only are these giant companies making money off of gaming, but even individuals have found a new way to make money. In fact, Tyler "Ninja" Blevins has redefined pro gaming, earning as much as \$500,000 a month during the height of his popularity!

Esports, albeit still a small segment of the overall video games market, is growing into a full industry of its own, thanks to celebrities like Michael Jordan and Drake and coverage from outlets like ESPN. Total esports viewership is expected to grow at a 9% compound annual growth rate (CAGR) between 2019 and 2023, up from 454 million in 2019 to 646 million in 2023, according to [Business Insider Intelligence](#) estimates. At this rate, the audience will nearly double over a six-year period, as the 2017 audience stood at 335 million.

2. Current Landscape

Interactive gaming, following in the footsteps of television shows and music videos, could be the future of engrossing technology.

Gaming was once seen as an enigmatic pastime. However, recently gaming culture has become less niche, with popular gamers reaching celebrity levels. People have made careers and lifestyles out of gaming, ensuring its spot further still in social culture. The increasing popularity of esports tournaments is one of the growth drivers of the global video game. Combined with the rising number of professional gamers, this trend is bound to increase sales of gaming merchandise and accessories as well as video game software and hardware. The influence of consumer electronics on community size and their growth rate on Instagram is obvious, as shown in Figure 1.

The growing cost of game development is one of challenges in the growth of the global video game. Game publishers would rather cater to the needs of the gamers than risk money on new concepts, thus increasing the cost of game development. This factor may impede the growth of the market during the coming years.

The video game industry is also affecting companies like Netflix. In fact, the company admitted in a [letter](#) to its shareholders in January 2019 "We compete with (and lose to) Fortnite more than [to] HBO."

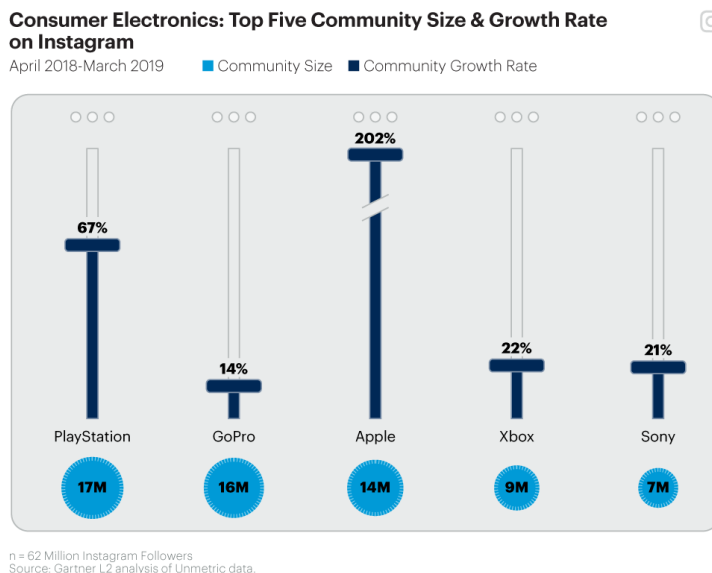


Figure 1. Influence of Consumer Electronics¹

The U. S. video game industry revenue in 2019 was \$43.4 billion—an 18% increase rise over 2018. Contrast that with the movie industry, which is expected to continue stagnating through 2022, and the music industry, which is still struggling with only recent signs of rebounding.

3. Future Trends

The gaming industry is undergoing a game-changing model from a traditional product-oriented business to an as-a-service model as the entire IT industry is—IaaS, PaaS, SaaS. We'll soon have GaaS—Gaming as a Service, thanks to the increasing adoption of 5G, cloud computing, and virtual reality with new business models such as support for in-game micropayments.

The GaaS model, coupled with mobile gaming, will turn the traditional tethered models of PCs and consoles upside down. Mobile experience is deceptively addictive: Users can pick up, play, put down, and repeat as necessary—which have all put mobile in the driver's seat. It's no wonder mobile gaming outpaced revenue of console and PC gaming in 2018 generating \$131 billion in revenue.

Table 1 shows a list of established companies, by no means exhaustive, and newbies to watch in the coming years.

4. Conclusions

The next few years will be very interesting to watch from market growth and emerging-trends perspectives:

1. Will the U. S. and Japanese vendors continue to dominate the video games market?
2. Will the leading cloud vendors—BAT and G-MAFIA (Baidu, Alibaba, Tencent, Google, Microsoft, Amazon, Facebook, IBM, and Apple)—try to exploit and extend their dominance into the video-games market?
3. How will hackers exploit this market by hijacking it or holding hostage for ransom?

Only time will tell. Stay tuned.

¹ "Gaming Goes Global," Mackenzie Baker, Gartner, Oct 29, 2019.

Table 1. Leading Video Games Vendors

	Company	Headquarters	Product(s)
1	Activision Blizzard Entertainment	Santa Monica, CA	Hearthstone, Overwatch, World of Warcraft
2	Aftershock	Los Angeles, CA	Marvel Strike Force
3	Arenanet	Bellevue, WA	Guild Wars, Guild Wars 2
4	Backflip Studios	Boulder, CO	Paper Toss
5	Electronic Arts	Redwood City, CA	FIFA, Madden NFL, NBA Live, The Sims, Medal of Honor
6	Flowplay	Seattle, WA	Our World, Vegas World
7	Gearbox Software	Frisco, TX	Battleborn, Borderlands, Brothers in Arms, Half-Life
8	Her Interactive	Bellevue, WA	Nancy Drew series
9	ID Software	Richardson, TX	DOOM, QUAKE, Wolfenstein 3D
10	IllFonic	Golden, CO and Tacoma, WA	Armored Warfare, Friday the 13th: The Game
11	Infinity Ward (Activision subsidiary)	Woodlands Hills, CA	Call of Duty
12	Insomniac Games	Burbank, CA	Ratchet & Clank, Spider Man, Spyro the Dragon
13	Jam City	Culver City, CA	Harry Potter, Marvel Avengers
14	N3Twork	San Francisco, CA	Legendary: Game of Heroes
15	Naughty dog	Santa Monica, CA	Crash Bandicoot, Jak and Daxter, Uncharted
16	Raven Software	Madison, WI	Heretic/Hexen, Soldier of Fortune
17	Santa Monica Studios	Santa Monica, CA	God of War
18	Scopely	Culver City, CA	Star Trek Fleet Command, Looney Tunes World of Mayhem
19	Take-Two Interactive	New York City	Grand Theft Auto, NBA 2K, Red Dead Redemption 2
20	Warner Brothers Interactive Entertainment	Burbank, CA	Batman: Arkham, Game of Thrones, Harry Potter, Mortal Kombat