FIVE TRENDS SHAPING THE FUTURE OF THE VIDEO GAME MARKET

Video gaming became mainstream with the emergence of android smartphones, specifically the Play Store app by Google. The video game market is booming and growing rapidly due to the widespread adoption of smartphones, free-to-play (F2P) games, and growing penetration of internet services coupled with the easy availability and access of games on the internet. The availability of various genres of games, such as action, shooter, sports, role-playing, adventure,

strategy, and racing is anticipated to attract billions of gamers worldwide. The major growth drivers for this market are the increasing popularity of mobile games and online game distribution.

The video game market is divided into several segments, such as shooter, action, sports, role-playing, adventure, racing, strategy, and others. Key players in the video game market include Sony, Tencent, Microsoft, Netease, Activation Blizzard, Google, Electronic Arts, Nintendo, and Bandai Namco. These have been working on different strategies to drive sales using highly influential marketing approaches; however, as we examine the challenges and opportunities ahead in this market, companies can benefit from a strategy of developing augmented reality and virtual-reality-based games and mobile games along with the key target market trends we have identified. Lucintel predicts the global video game market will be valued at $204 billion by 2025, with an expected CAGR of approx. 8.0% between 2020 and 2025.

Lucintel identifies five trends set to influence the global video game market. Most of the industry players and experts agree that these five trends will accelerate developments in the video game industry in the near future. In terms of the widespread knowledge about the video game market already on the horizon, there is still a lack of unified perspective on the direction the industry is moving to proactively address developments. To help bring more clarity to this gap, our study aims to provide insights concerning the direction that changes are taking and how these changes will impact the video game market.

1. Artificial Intelligence in Video Games

Artificial intelligence (AI) describes computer algorithms that allow machines to think and learn like humans. In video games, AI can teach itself to be unpredictable in the way that a human player would be, finding ways to outsmart human users. AI

may also deliver benefits in the game development process. Game developers are experimenting with using AI to create games that evolve automatically based on player feedback. For example, an AI algorithm can respond to a player's unique choices, quickly and automatically developing new challenges, characters, worlds, and elements in a game, and creating additional levels for players to explore.

2. E-Sports and Multiplayer Games

E-sports, or electronic sports, are a type of competition that utilizes video games. Usually, e-sports take the form of organized, multiplayer video game tournaments, particularly between professional players and teams. Although organized online and offline competitions have long been a part of video game culture, these were mostly played by casual gamers up until the past decade, when participation by hardcore gamers and spectatorship in these events through live streaming saw a large surge in popularity. The e-sports genre has been a significant factor in the video game industry, with many game developers actively developing toward a professional e-sports subculture.

3. Facial Recognition-Based Games

Facial recognition technology is often associated with security-based applications for surveillance. This technology is now expanding its reach to video games. For example, the NBA-2K15 video game is capable of scanning players' faces and allowing

them to play alongside their favorite athletes. The gameplay becomes more exciting when the participants are able to play with their look-alike characters, an experience made possible with facial recognition technology and 3D scanning. Intel has already embraced the potential of facial recognition technology, and provides developers with its Real Sense 3D camera to capture the emotions of a player by scanning 78 different points on a person's face.

4. Wearable Gaming

Wearable gaming is one of the technology products that is gaining more attention in the past few years. Wearable technology refers to any device that can be worn and that offers various functions. For example, Gameband is a smartwatch designed for gamers to enable play without needing to be within the proximity of a computer. Gaming corporations are paying more attention to wearable gaming options such as smartwatch gaming. Another example of a wearable gaming platform is SuperSuit by MadRat games, which is designed specifically for children to cut down their screen time and increase their social interaction and physical activity.

5. Cloud Gaming

Cloud gaming refers to playing video games using remote servers in data centers. There's no need to download and install games on a PC or console. Instead, streaming services, which require a reliable internet connection, send gaming information to an app or browser installed on the player's device. The game is rendered and played on a remote server

while the players see and interact with everything locally on their own devices. There are currently three major front runners in cloud gaming: Google Stadia, GeForce Now, and Xbox Cloud Gaming.

Strategic Considerations for Key Players in the Video Game Market

The video game industry is dynamic and ever-changing. Successful industry players are necessarily masters of innovation, change and adaptation. To retain this status, they need to be attentive to current trends. . We believe there will be promising opportunities for video games in smartphone, tablet, PC, and console markets. As per Lucintel's latest market research report (Source: https://www.lucintel.com/video-game-industry.aspx), the video game market is expected to grow with a CAGR of approx. 8.0% between 2020 and 2025, and reach $204 billion by 2025. This market is primarily driven by the increasing popularity of mobile games and online game distribution.

Trends and Forecast for the Global Video Game Market (US $B)
(2014-2025)

Value (US $B)

+11% → +8% → $204

$78.9

$131.1

2014   2019   2025
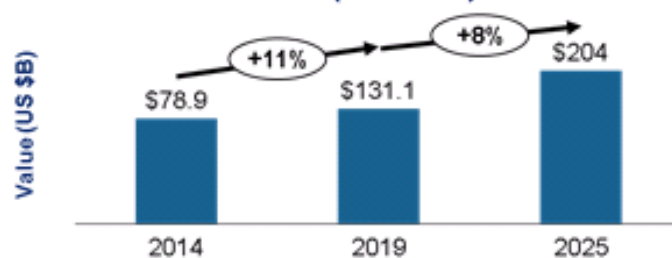
Source: Lucintel

Whether you are new to the video game market or an experienced player, it is important to understand the trends that impact the development process, as these trends as listed above will lead players to create long-term strategy formulation that will allow them to remain competitive and successful in the long run. For example, to capture growth, some of the strategic considerations for players in the video game market are as follows:

- Video game market players can increase their capabilities advanced gaming technology, such as artificial intelligence, in video games.

- Players can focus on wearable gaming and cloud gaming, which are expected to lead future trends.

- Investment to increase competencies in E-sports and mobile games such as PUBG and Fortnite.

- Research and development activities for the development of low-cost video games.

Note: In order to gain better understanding, and learn more about the scope, benefits, and companies researched, as well as other details in the video game market report from Lucintel, click on https://www.lucintel.com/video-game-industry.aspx. This comprehensive report provides you in-depth analysis on market trends and forecast, segment analysis, regional analysis, competitive benchmarking and company profiling of key players. In addition, we also offer **strategic growth consulting** to meet your customized needs. We have worked with many PE firms and corporate customers in the process of their market entry and M & A initiatives.

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