

# FUTURE OF GAMING – UK – 2023

Advancements in AI and cloud gaming technologies are set to make gaming more engaging and accessible, strengthening its position as a preferred pastime.



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# Future Of Gaming - UK - 2023

## This report looks at the following areas:

- Devices consumers expect to use to play video games over the next five years
- Perceived impact of VR, AR and the metaverse on gaming over the next five years
- The most appealing AI innovations in gaming, including personalised worlds based on a playing style and AI-assisted game creation
- Attitudes towards the future of gaming, including how consumers feel about the impact of gaming on real-life socialising and the appeal of cloud gaming
- Ownership and usage of games consoles, including frequency of use and brand research into console brands



Advancements in AI and cloud gaming technologies are set to make gaming more engaging and accessible, strengthening its position as a preferred pastime.

## Overview

### Gaming sector to prove resilient

While consumers remain cautious with their spending, financial confidence is on the rise. The gaming sector stands to benefit, as growing financial optimism is likely to encourage more digital purchases and hardware upgrades. Notably, consumers continue to spend on socialising/entertainment, suggesting sustained opportunities for gaming brands despite broader economic trends, in particular among Gen Z and Millennials.

### Consider how advances in gaming will affect consumers

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While **65% of consumers** expect to play video games in the next five years, **58%** think gaming advances will increase the rate of video game addiction, with **many already struggling** to limit the time they spend playing. To prevent concerned gamers from disconnecting, it will be crucial to find ways to encourage sustainable gaming.

### **Capitalise on GenAI in game development**

AI-innovations in gaming resonate with console gamers and a significant share of Gen Z (**58%**) and Millennials (50%) - key target groups for gaming brands - feel positive about video games being created mainly using AI. This not only offers opportunities for gaming brands to use GenAI to enhance productivity of development, but also to enhance gaming experiences, for example by hyper-personalising character responses.

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# Report Content

## EXECUTIVE SUMMARY

### Opportunities in the gaming market

- Leverage AI to enhance gaming experiences
  - Graph 1: most appealing AI innovations in gaming, 2023
- Use GenAI to unlock the true power of Gaming-as-a-Service
- Unlock the spending power of female gamers
- Capitalise on the growing potential of cloud gaming

### Market Dynamics and Outlook

- The Five Year Outlook for the gaming market
- Cloud gaming to push the accessibility of gaming

### What Consumers Want and Why

- Gaming to shape younger consumers' leisure time in the next five years
- Mobile gaming to continue its wide appeal over the next five years
  - Graph 2: devices consumers expect to most likely play video games on in the next five years, 2023
- The anticipated future of gaming differs between genders
  - Graph 3: devices consumers expect to use most likely to play video games on in the next five years, by gender, 2023
- VR holds potential on the gaming market
  - Graph 4: anticipated impact of technologies on gaming in the next five years, 2023

## MARKET DYNAMICS

### Global Market Size

- Mobile continues to dominate the global video games market
  - Graph 5: video games market by platform, 2023

### Macro-Economic Factors

- Returning consumer confidence is a positive for the gaming market
  - Graph 6: The financial wellbeing index, 2016-23
- Video game purchases could benefit from rising confidence

### Social, Environmental and Legal Factors

- Cloud gaming will make gaming more accessible
- GenAI democratises the skill of development
- Loot boxes under scrutiny from regulators

## WHAT CONSUMERS WANT AND WHY

### Current gaming activity

- Gaming is a mainstream entertainment
- Age remains a critical driver for gaming engagement
- Consider gender differences in gaming engagement
- PS5 ownership spikes in 2023
  - Graph 7: brand of static games console owned, 2023
- PS5 ownership spikes in 2023

### Future gaming activity

- Committed to gaming
- Leverage the continuing reach of gaming among younger generations
  - Graph 8: consumers expecting to play video games on any device in the next five years (NET), by generation, 2023
- Anticipate the gaming engagement of emerging generations
- Mobile gaming set to continue its wide appeal over the next five years
  - Graph 9: devices consumers expect to most likely play video games on in the next five years, 2023
- Unlock the spending power of female gamers
- Grow by specifically catering to female gamers
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  - Graph 10: devices consumers expect to use most likely to play video games on in the next five years, by gender, 2023
- Consider the multitude of touch points beyond games themselves
  - Graph 11: watching/streaming gaming content in the last 3 months, by generation, 2023
- Reach younger consumers through streamed gaming content
- Capitalise on the growing community component of gaming
- Tap into the growing cultural impact of gaming

### Anticipated impact of technologies on gaming

- VR holds potential on the gaming market...
  - Graph 12: anticipated impact of technologies on gaming in the next five years, 2023
- ...but further advances are required
- Demonstrate how VR can enhance online socialising
  - Graph 13: 'VR will have a positive impact on how people interact with each other', by generation, 2023
- Meta goes hard on promoting the social value of VR
- Harness the growing power of AR gaming
- Highlight the offline and social value of AR gaming
- Extended Reality: I-llusions blends gaming with the real world

### Most appealing AI innovations in gaming

- Resonate by leveraging GenAI in video games
- AMD presents its latest upscaling technology
- Revolutionise gaming experiences with GenAI...
- ...but anticipate pitfalls and concerns
- NVIDIA showcases hyper-personalised NPC interactions
- Consider different gamer types when leveraging GenAI in video games
- Unlock the true power of Gaming-as-a-Service via GenAI
- Roblox uses GenAI to ease access to content generation
- GenAI to boost the advertising potential within video games
- Stand out in an increasingly crowded ad landscape
- BMW virtually engages younger consumers in Fortnite

### Attitudes towards gaming

- Consider the double-edged impact of advances in gaming technology
  - Graph 14: attitudes towards gaming, 2023
- Mind consumer concerns regarding healthy gaming behaviours
- Embrace the wellbeing benefits of gaming
- Harness the power of AI in game development
  - Graph 15: consumers' sentiment towards video games mainly created by AI, by generation, 2023
- Ensuring quality when using GenAI in development is imperative
- Capitalise on the growing potential of cloud gaming
- Google promotes its Chromebooks as 'Ultimate Cloud Gaming Machines'
- Cloud gaming is an emerging advertising channel

## INNOVATION AND MARKETING TRENDS

### Competitive Strategies

- The dominant mobile segment shapes gaming strategies
- Microsoft bolsters its gaming portfolio
- Fortnite continues its commitment towards user-generated content
- Fortnite diversifies its offered gaming experiences
- Netflix continues to pivot into the gaming industry

### Launch Activity and Innovation

- YouTube adds mini-games to its premium subscription
- Fortnite addresses harassment in in-game voice chats
- New isn't always better: gaming brands harness the power of nostalgia in 2023

- Fortnite OG brings players back to its launch time

## Advertising and Marketing Activity

- Prime Video x Fallout
- Assassin's Creed enters VR
- Hogwarts Legacy to appeal beyond the core gaming audience

## BRAND RESEARCH

- Console brands benefit from high recommendability among UK consumers
  - Graph 16: key metrics for selected brands, 2023
- PlayStation leads with trust
  - Graph 17: attitudes towards and usage of selected brands, 2023
- Consumers consider PlayStation to be worth paying more for than Xbox or Nintendo
- PlayStation, Xbox and Nintendo are close in being viewed as fun
- PlayStation and Xbox are much more likely to be deemed as expensive than Nintendo
- Microsoft's Game Pass ambitions to shift brand perceptions

## APPENDIX

- Abbreviations and Terms

## Methodology

- Consumer Research Methodology

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