



## State of the Industry - June 2019

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For the games industry, June traditionally means all things E3, the industry's most prominent event. It's also a good time to reflect on what's happened in the first half of the year, as well as predict what the remainder of the year may bring.

At Alpha Games, we wanted to do take a quick glance at the state of the industry, as well as anticipate how the rest of 2019 will play out.

Here's a look at how 2019 has been for the games industry.

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## **\$86.29 billion USD**

The estimated value of the global video games market in 2019.<sup>1</sup>

### **Who plays games?**

65% of American adults play some form of video games. 46% of those gamers are female. The overall average age of gamers is 33 years old, and they've been playing games for 14 years.<sup>2</sup>

Southeast Asia remains the fastest growing market for games. The SEA market will generate \$4.6 billion this year.<sup>3</sup> The bulk of this growth comes from increased access and affordability of mobile devices.

### **The Expansion of 5G**

The 5G rollout has started and will continue throughout 2019, but shouldn't hit its stride until 2020.<sup>4</sup> The fifth generation of mobile networks will enable greater data usage and reduce latency to as little as 1 millisecond, or a thousandth of a second.

### **eSports and Streaming**

2019 marks the first year that eSports revenue will exceed \$1 billion USD. The highest grossing revenue stream will be sponsorships.<sup>5</sup>

11% of all Twitch and YouTube viewing hours are from eSports.<sup>6</sup>

*Fortnite* remains the overall most popular game to be streamed and watched on Twitch.tv.<sup>7</sup>

### **State of VR and AR**

March 2019 marked the third anniversary of the Oculus Rift launch. However, neither Oculus or HTC are sharing headset sales numbers. It appears that VR is not talking off as quickly as expected.

However, VR and AR headset sales are estimated to reach \$8.9 billion USD this year. That's an increase of over 50% from last year.<sup>8</sup> Sony is expected to retain the largest share of the VR device market.<sup>9</sup>

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1 <https://www.wepc.com/news/video-game-statistics/#video-gaming-industry-overview>

2 <https://www.theesa.com/esa-research/2019-essential-facts-about-the-computer-and-video-game-industry/>

3 <https://newzoo.com/insights/articles/navigating-the-worlds-fastest-growing-games-market-insights-into-southeast-asia/>

4 <https://www.lifewire.com/5g-availability-world-4156244>

5 <https://newzoo.com/insights/articles/newzoo-global-esports-economy-will-top-1-billion-for-the-first-time-in-2019/>

6 <https://www.visualcapitalist.com/esports-boom/>

7 <https://www.twitchmetrics.net/games/viewership>

8 <https://thevrheadset.com/vr-headset-sales-in-2019/>

9 <https://www.statista.com/statistics/671403/global-virtual-reality-device-shipments-by-vendor/>

## **Console sales**

Nintendo's Switch console has sold 34.74 million units worldwide since its March 2017 launch.<sup>10</sup> It will likely surpass Xbox One sales by the end of the year. The PS4 is on track to surpass 100 million units sold by the end of the year.<sup>11</sup>

## **Software Sales**

2018 was an excellent year for software sales for the industry, bolstered by hits such as *Red Dead Redemption 2*.<sup>12</sup> By comparison, 2019 is not anticipated to be quite as strong. Mobile gaming saturation may also play a role in this.<sup>13</sup>

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## **Highlights**

### **January**

Bungie suddenly announces that they have terminated their deal with Activision, their publishing partner since 2010. Bungie will retain all rights to *Destiny* and self-publish future content for the game.

### **February**

Respawn released their battle royale game *Apex Legends*. The free-to-play title immediately becomes a huge hit, with over 50 million players within the first month.<sup>14</sup>

### **March**

Google reveals its long-rumored streaming platform, Stadia. They also reveal their first party studio Stadia Games and Entertainment, led by industry executive Jade Raymond.

Apple unveils Apple Arcade, a subscription service for games launching Fall 2019. Pricing has not yet been announced.

### **April**

Reginald Fils-Aimé retires as the president and CEO of Nintendo of America, a role he has held since 2006.

### **May**

Microsoft releases a new, all-digital version of the Xbox One S, which lacks an optical drive.

The World Health Organization votes to recognize gaming disorder, a behavioral addiction in which one prioritizes video games over other aspects of one's life despite negative consequences. This will go into effect on 1 January 2022.

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<sup>10</sup> [https://www.nintendo.co.jp/ir/en/finance/hard\\_soft/](https://www.nintendo.co.jp/ir/en/finance/hard_soft/)

<sup>11</sup> <http://www.vgchartz.com/article/437098/switch-vs-ps4-vs-xbox-one-global-lifetime-salesmarch-2019/>

<sup>12</sup> <http://fortune.com/2019/02/28/2018-video-game-sales/>

<sup>13</sup> <https://techcrunch.com/2019/01/02/will-the-gaming-industry-clutch-up-in-2019/>

<sup>14</sup> <https://twitter.com/VinceZampella/status/1102568126934216705>

## **June**

E3 2019 happens in Los Angeles, CA, U.S. For the first time in the show's 25 year history, Sony does not attend. Overall attendance is down from the previous year's event.<sup>15</sup>

Microsoft announces their next console, Project Scarlett. It's due to arrive during the 2020 holiday season, will be approximately four times as powerful as the Xbox One, and will support games from all four generations of Xbox consoles.

After a 35 year career with Sony, CEO and Chairman Kaz Hirai retires.

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2019 proves that the industry continues to be one of surprise, often catching us off guard. Change is the only constant in the industry, and without the proper preparation, navigating the market is difficult.

That's where Alpha comes in. We can help you navigate the industry and bring your games to new regions, cultures, and markets. If you'd like to know more about how we work, please reach out to us.

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<sup>15</sup> <https://www.gamespot.com/articles/e3-2019-attendance-falls-compared-to-last-year/1100-6467795/>

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