Gaming Report 2025

Breaking Boundaries to Win

Acknowledgments

The leadership team of Bain & Company's Global Gaming Sector practice prepared this report, with special direction from Anders Christofferson, partner and Global Gaming Sector lead, and Brandon Rogers, Media practice manager.

The authors would like to thank Danielle Schwenker, Luisa Zhu, Magnus Haug, and Tom Burton for their contributions to this work. Thanks also to Danielle Erickson, Jeff Bauter Engel, and the editorial team for their assistance.

Contents

Breaking Boundaries to Win

The video game market has rebounded after the consolidation following the pandemic boom, but growth is more concentrated than ever. Bain's annual Video Game Consumption Survey finds that young gamers (unsurprisingly) continue to fuel top games' success, especially platform-style games. Their players most highly value social, creative elements and gameplay; graphics are secondary. That's been the case for a while for many gamers, but it's even more pronounced among younger players.

AAA studios are adapting, but they're also getting squeezed by nimble indies capitalizing on evolving tastes and technology's democratization of game development and distribution. Studios of all sizes are selling more directly to consumers, reducing distribution fees and deepening relationships with players. Stoking players' love is even more crucial as fans spend more time with favorite franchises through cross-media extensions.

Leading companies are breaking new ground by embracing a core truth: Success still depends on creating a great game, but now, that's just the start.

Daniel Hong
Leader of Bain's Global Media & Entertainment Practice

Anders Christofferson
Global Gaming Sector Lead

Anders Videbaek
Gaming Sector Lead, Europe, the Middle East, and Africa

Tom Rowland
Gaming Sector Lead, Americas

Gamer Survey: Great Gameplay Is No Longer Enough

Top games are winning with community building, user-generated content, and innovative revenue models.

By Anders Christofferson, Anders Videbaek, Tom Rowland, and Matt Madden

At a Glance

- The video game market grew 5% last year, to about $219 billion; Bain forecasts 4% annual growth through 2028.
- Growth is more concentrated than ever amongst top games, and one of the most compelling models is "games as a platform."
- These games defy traditional rules: Their players value social, creative elements as much as gameplay and more than graphics.
- Both AAA and platform-style game developers are looking to brands for revenue, but players remain skeptical outside of mobile games.

The video game industry is rebounding from post-pandemic consolidation. The market grew 5% last year, to around $219 billion in revenue, excluding hardware, advertising, and esports, according to Bain analysis. We forecast about 4% annual growth through 2028, a normalization after the pandemic boom.

But industry growth remains concentrated. It's well-established that the most successful titles in any year tend to be those that were successful in prior years. This ossification has reached new levels: The top 10 games on each platform now capture approximately 50% to 60% of total revenue for active titles on their respective platforms, according to Bain analysis.

There are multiple successful archetypes within these top games—including "games as a platform" (e.g., *Roblox*, *Fortnite*, *Minecraft*); traditional AAA games (e.g., annual *Call of Duty* releases, *EA Sports FC*); and top mobile titles (e.g., *Honor of Kings*, *Candy Crush*).

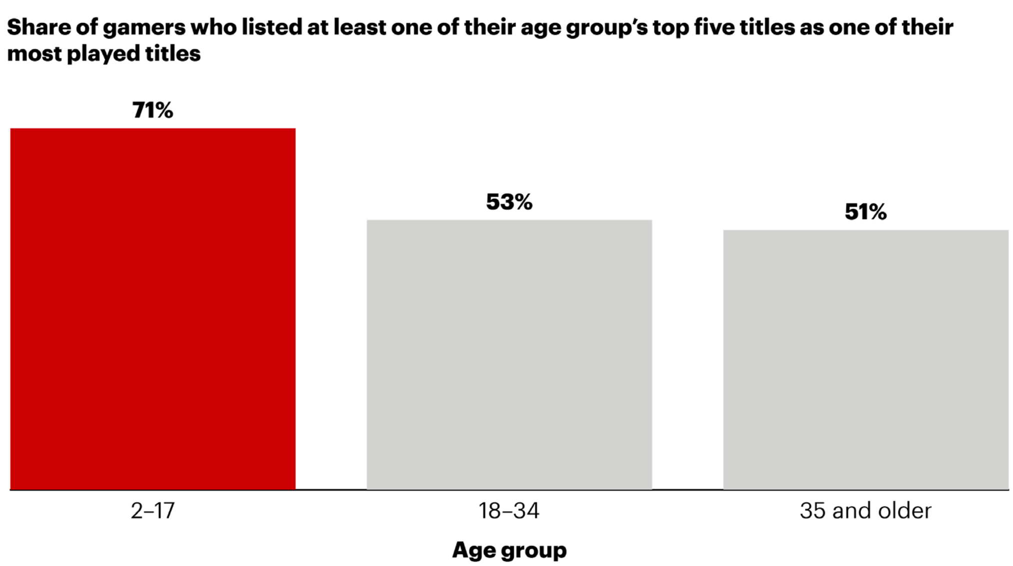
We unpacked the success of the top games in our 2025 gaming survey, which covered more than 5,000 people across six countries (the US, Brazil, Indonesia, Japan, the UK, and the UAE). Our fourth annual gaming survey explored gamers' preferences, motivations, and spending habits, each with different implications for companies across the value chain. Here are the top takeaways.

Young gamers continue to fuel the growth of top games

Young gamers are one of the biggest contributors to top games' success. Video games are the most popular form of media for those younger than 18 years old and represent a higher share of their total media consumption than in any other age group. Their always-online presence and social tendencies tend to make successful titles contagious.

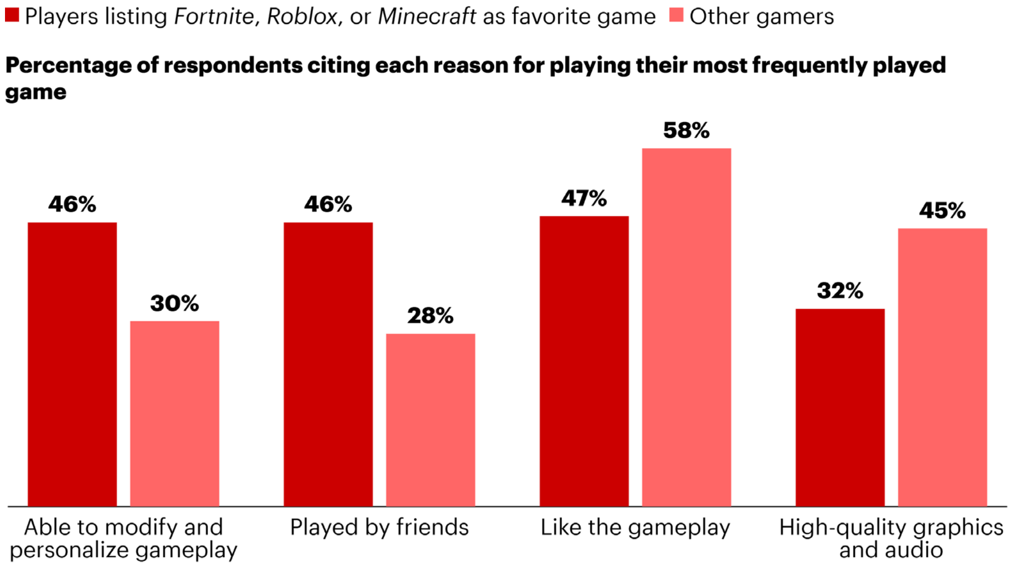
The net effect is that young people's favorite games are more heavily clustered around a few top titles than in other age groups. Those aged between 2 and 17 are 20 percentage points more likely than gamers aged 35 and older to prefer playing the short list of games that are most popular among their peers (*see Figure 1*).

Figure 1: The youngest gamers strongly prefer the games their peers are playing



Notes: Gamer behavior within age groups is assessed across the full sample and includes an oversampling of gamers; includes only gamers within a representative sample that was calculated by weighting the number of respondents per age group to balance proportions for each surveyed country (the US, Brazil, Indonesia, Japan, the UK, and the UAE)
Source: Bain Video Game Consumption Survey, May 2025 (n=3,783; total N=5,243)

Figure 2: Players who prefer games as a platform rank customization and playing with their friends as highly as gameplay; graphics are secondary



Note: Includes only gamers who named a most played game and who were within a representative sample that was calculated by weighting the number of respondents per age group to balance proportions for each surveyed country (the US, Brazil, Indonesia, Japan, the UK, and the UAE)
Source: Bain Video Game Consumption Survey, May 2025 (n=1,251; total N=5,243)

The younger generation's heavy gaming time boosts these top titles, potentially making their position atop the charts more durable. There's compelling evidence that preferences for games carry forward: The percentage of *Roblox* users aged 13 and older increased from about 50% in 2021 to around 60% in 2024, as a significant portion of younger users stuck with the game as they aged. If young gamers sustain their habits over the long term, new games may find it harder to break through.

Games as a platform aren't playing by the same rules as traditional AAA games

The traditional AAA franchise model—release sequels with better graphics, more playable content, and a few gameplay tweaks to keep things fresh—has worked year after year for successful franchises such as *Ultimate Team*, *Call of Duty*, and *Madden*. But now, the most successful platform-style games, *Roblox*, *Fortnite*, and *Minecraft*, are upending these competitive dynamics.

There are notable differences in the motivations of players who favor platform-style games compared with other gamers. For those who prefer platform-style games, the ability to modify and personalize the experience and the fact that their friends also play it ranked as highly as the gameplay itself. Graphics were a distant second (*see Figure 2*).

The final dynamic at play: Platform-style game developers don't solely rely on internal teams for new in-game content—users, indie developers, and even brand partners contribute. This has allowed these game developers to decouple themselves from the typical development cycle and free up resources to reinvest in their platforms while simultaneously delivering a key feature that their players demand.

Recognizing these shifts, some developers and publishers have invested heavily in games' social and creative elements. Yet at the same time, many continue to pour significant funds into areas that no longer appear to move the needle for many gamers, such as higher-fidelity graphics. This has contributed to game budgets ballooning to hundreds of millions of dollars for the most expensive titles, even as consumer spending has remained flat. For traditional AAA game developers, this puts a premium on understanding their niches, conducting early gamer playtests, and carefully aligning budgets with demand.

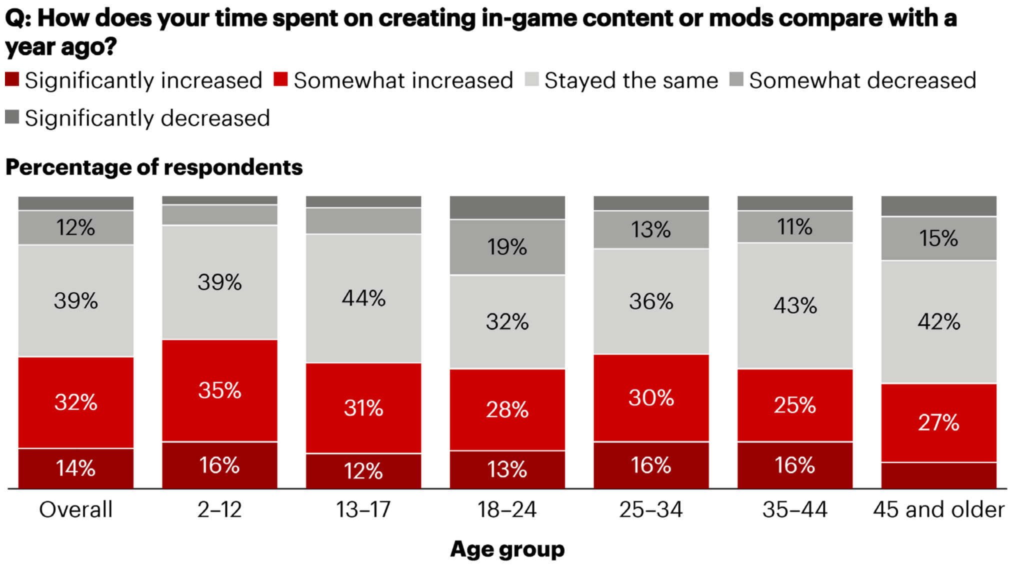
The increase in user-generated content gives platform-style games an advantage

Across media, user-generated content (UGC) is capturing a growing share of engagement time from professionally developed content. YouTube led all media companies in TV viewing time in May, the number of musical artists on Spotify earning more than $100,000 annually has roughly tripled since 2017, and Substack increased its paid subscriptions from 3 million in early 2024 to 5 million about a year later. In short, a proliferation of platform business models are rapidly taking share from incumbents across media industries.

Across media, user-generated content (UGC) is capturing a growing share of engagement time from professionally developed content.

Gaming is no different. Once a niche community of players making fan art and game mods, UGC-focused games are now mainstream, and players are spending more time than ever creating. About 80% of gamers in our 2024 survey said they had played a game featuring player-made levels, modes, or items. In this year's survey, almost half of game content creators reported spending more time creating than they did last year. That share was even higher among the youngest cohort, but even those aged 35 and older reported a significant net increase (*see Figure 3*).

Figure 3: Gamers, especially younger ones, are spending more time creating in-game content



Notes: Includes only gamers within a representative sample who indicated that they created user-generated content or mods; representative sample calculated by weighting the number of respondents per age group to balance proportions for each surveyed country (the US, Brazil, Indonesia, Japan, the UK, and the UAE)
Source: Bain Video Game Consumption Survey, May 2025 (n=2,739; total survey N=5,243)

Very similar to other industries, this increase in UGC is benefiting platform-style games at the expense of incumbents. Whereas AAA developers must manage large budgets, employee training, and strict timelines, games-as-a-platform developers instead can focus on R&D for the tools and platform itself (such as Epic Games advancing its real-time 3D graphics development software, Unreal Engine) while benefiting from UGC's social amplification effects on their platforms. At scale, the collective creation efforts of the community can surpass the size of AAA game budgets: In 2024, *Roblox* paid nearly $1 billion to its player creators while *Fortnite* paid more than $350 million.

Many developers are exploring ways to compete more effectively. Nintendo has embraced course-sharing in its *Super Mario Maker* series, and Sony's *Dreams* showcased console-native UGC pipelines.

The success stories make it clear that UGC can't be an afterthought or a gimmick. Developers must choose early in the development cycle whether to embrace UGC as a core part of the game mechanics and business model.

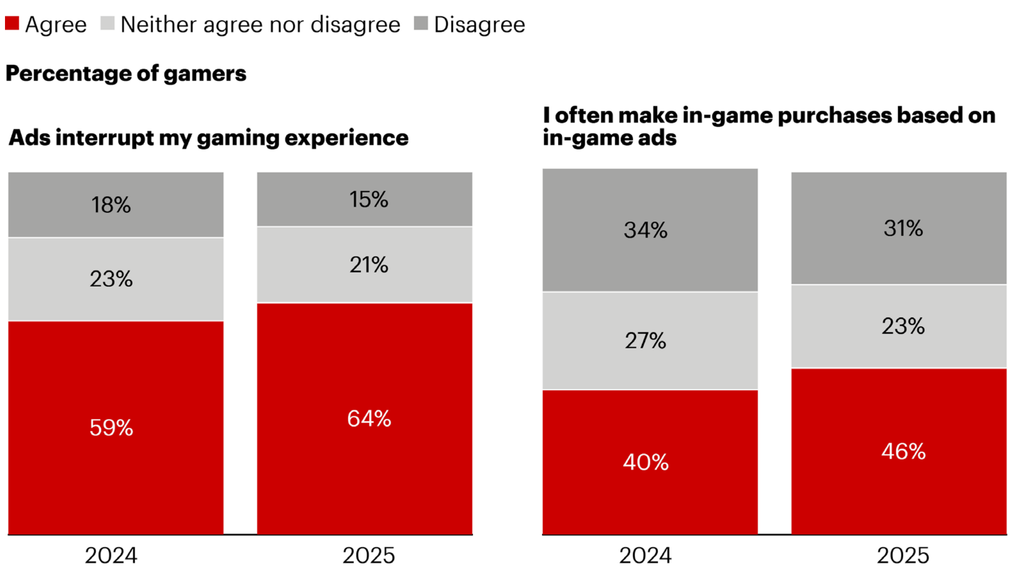
Companies are searching for new monetization models, but players remain hesitant

Gamers play more but pay less—a persistent contradiction in gaming economics challenging the industry. Game sticker prices have stayed static around $60 to $70 per title for two decades, even as development budgets have soared. Today's $70 marquee release costs gamers roughly 30% to 40% less in real terms than a mid-1990s cartridge. At the same time, many games have become free to play, with hundreds of hours of content available at no cost, funded by a smaller core of users more willing to pay for content.

To offset capped sticker pricing, publishers added small in-game purchases to unlock features or content. However, leaning on this lever too hard risks backlash from players. Publishers exploring subscription revenue models have yet to prove that large titles can make that transition successfully. Many industry executives are waiting with bated breath for the next *Grand Theft Auto* release to see if it will push the sticker price cap higher, benefiting the broader industry. Meanwhile, mobile gaming has successfully leveraged advertising, but ads have yet to take hold on other gaming platforms.

Gamers' feelings toward ads are paradoxical: They dislike the friction, but targeted ads are converting into purchases at higher rates than ever. In our 2025 survey, 64% of players reported that ads interrupt their gaming experience, up 5 percentage points from last year. Yet in the same breath, 46% say that they often make in-game purchases triggered by those ads, a 6-percentage-point increase year over year (*see Figure 4*).

Figure 4: Despite growing friction, in-game advertising increasingly results in purchases



Note: Includes only gamers older than 13 within a representative sample that was calculated by weighting the number of respondents per age group to balance proportions for each surveyed country (the US, Brazil, Indonesia, Japan, the UK, and the UAE)
Sources: Bain Video Game Consumption Survey, May 2025 (n=1,008; total N=5,243); Bain Video Game Consumption Survey, May 2024 (total N=5,192)

Non-mobile games are forging ahead, led by the games as a platform. *Roblox* moved from bespoke brand activations to a full programmatic video-ad marketplace in 2024, partnering with PubMatic to give advertisers self-serve access to its more than 97 million daily users. A Google partnership announced this year introduced rewarded-video formats that give *Roblox* players in-game benefits in exchange for watching 30-second ads. Brands ranging from iHeartMedia to 7-Eleven are also getting in the game, creating branded playable experiences within platform-style games.

The critical question for companies remains how to balance potential brand revenue with the quality of the player experience.

Implications for gaming executives

Top executives know the game has changed—traditional success factors alone won't cut it. Today's users don't just want to play; they want a hand in shaping the experience. The developers and publishers who empower user creativity, build real communities, and evolve monetization to meet rising expectations will lead the industry into its next era.

Winning Beyond the Game

For companies with a hit video game, building a long-term strategy to extend IP beyond gameplay is the next frontier of competitive advantage.

By Tom Rowland, Maureen Sullivan, and Anders Christofferson

At a Glance

- Extensions into other media aren't just marketing vehicles for games anymore; they're integral to players' gaming experiences.
- Gamers spend around a quarter of other media time engaging with game-related intellectual property, a Bain survey found.
- High-quality adaptations boost engagement; the most critically acclaimed shows and films lifted games' average concurrent users by 69%.
- Winning companies embrace the fans, build a comprehensive roadmap that expands selectively, and invest in the right operating model.

Success in video games will always begin and end with having a great game that players love. But as the industry grows more competitive, media formats blur, and gaming's cultural reach expands, some of the biggest opportunities for growth can be found outside the game. Film and TV adaptations, thriving online communities, live experiences—these aren't just marketing vehicles for a game anymore; they're integral to players' experiences of their favorite games.

For companies that already have a hit game, the question isn't whether to expand beyond it. It's how to craft a long-term strategy that unlocks the full value of their successful intellectual property (IP).

The new battleground: attention

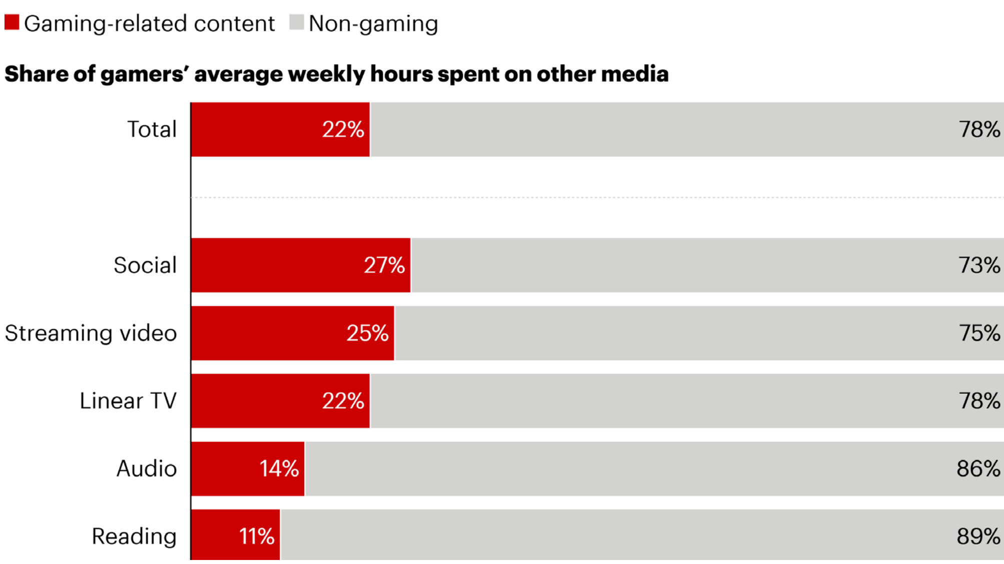
The fight for consumer time and dollars across experiences continues to intensify. The number of new PC games released annually has more than doubled over the past five years to almost 19,000 in 2024, while the number of YouTube videos has almost quadrupled during that period to about 15 billion last year. With an overwhelming volume of new content—across games, streaming, user-generated content, and more—cutting through the noise is harder than ever.

Developing a hit game is already a steep climb. That's why publishers increasingly look to extend and evolve their flagship franchises, not just through sequels but across platforms simultaneously.

The old model—launch a game, then maybe a spin-off or a show—is no longer enough to achieve the IP's full potential. Today's breakout franchises launch stories across multiple media at once. Companies like Riot Games, with the latest *Arcane* series, are showing what's possible: TV shows, refreshed in-game content, music videos, merch drops, and updates in partner games, all orchestrated to deepen fan engagement and drive growth.

It's working. On average, around a quarter of gamers' time spent consuming other media is focused on engaging with game-related IP, according to a Bain & Company survey conducted this year (*see Figure 1*). Furthermore, they spend a meaningful part of their time in the gaming environment on activities other than gameplay, such as socializing and developing their own content or character modifications.

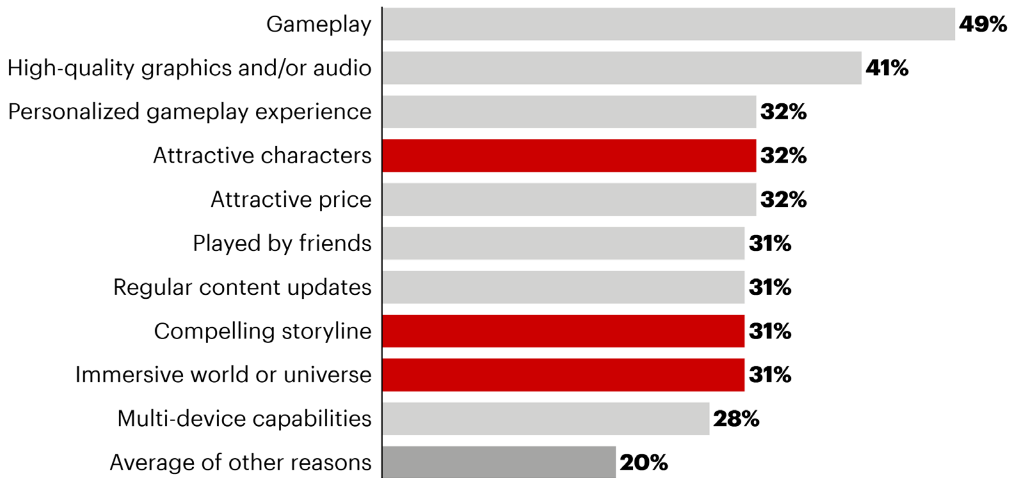
Figure 1: Around a quarter of gamers' other media consumption is spent engaging with gaming-related content



Notes: Respondents were asked what percentage of their time spent on an entertainment activity was related to gaming; includes only gamers within a representative sample that was calculated by weighting the number of respondents per age group to balance proportions for each surveyed country (the US, Brazil, Indonesia, Japan, the UK, and the UAE)
Source: Bain Video Game Consumption Survey, May 2025 (representative sample n=1,278; total N=5,243)

Figure 2: Players often choose games because they fall in love with the characters, stories, and universes

Percentage of players selecting each factor as a top five reason for deciding which video games to play



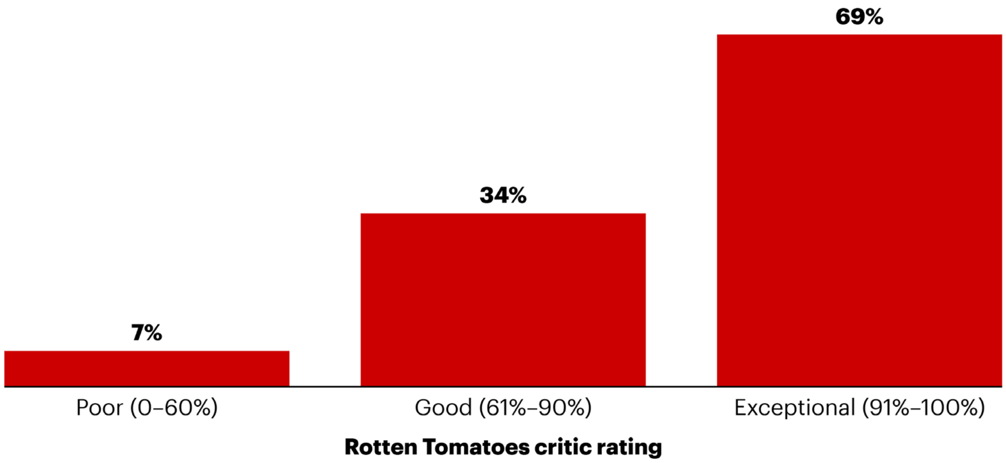
Notes: Respondents were asked to rank options in order from one to five, with one being the most important; includes only gamers within a representative sample that was calculated by weighting the number of respondents per age group to balance proportions for each surveyed country (the US, Brazil, Indonesia, Japan, the UK, and the UAE)
Source: Bain Video Game Consumption Survey, May 2025 (representative sample n=1,278; total N=5,243)

Increasingly, gamers and fans are falling in love with universes, stories, and characters rather than the entertainment format itself. In our survey, enjoying the gameplay is, of course, gamers' top reason for choosing to play a particular game. But more than 30% of respondents said that having characters they like, an immersive world or universe, and a compelling storyline were among the top five reasons why they selected a particular game (*see Figure 2*).

Increasingly, gamers and fans are falling in love with universes, stories, and characters rather than the entertainment format itself.

Figure 3: On average, adaptations with more critical acclaim deliver a bigger boost to games' user numbers

Average percentage increase in games' average concurrent users (ACU) six months after adaptation's release



Note: Average increase in ACU calculated as the difference between ACU in the three months before release and ACU in the six months after
Sources: Rotten Tomatoes; Steam Charts; Bain analysis (n=13 games)

This shift is also reshaping media more broadly. Game mechanics are bleeding into other storytelling genres, and the language of other media has been "gamified," which is resonating heavily with younger generations. Think literary role-playing games (LitRPGs), isekai manga, or anime such as *Solo Leveling*.

The result is cross-format success that fuels the game and vice versa. Over the six months following the release of an adapted movie or TV series, the number of average concurrent users (ACU) of the original game increases by 45% on average. But quality matters: TV and film adaptations with more critical acclaim saw significantly larger increases in ACU. Adaptations with Rotten Tomatoes critic scores of 91% or higher saw a 69% increase in ACU on average over the six months following the adaptation's release. Meanwhile, those with a score between 61% and 90% saw ACU increase by 34% on average, and those with a score below 61% only increased ACU by 7% on average (*see Figure 3*).

This can be particularly powerful for franchises with a long run of games. *Fallout*'s successful 2024 TV series reignited interest across all 10-plus games in the franchise, some of which received timely updates to capitalize on the buzz. That kind of flywheel—IP sparking engagement, which in turn catalyzes game interest—helps franchises endure.

Beyond extensions: building ecosystems

The best companies aren't just expanding IP and creating cross-media adaptations. They're orchestrating entire ecosystems. Platforms like Discord, YouTube, and Twitch have become core to consumer engagement with companies' owned, curated content. Some are going even further. Nintendo, for example, launched Nintendo Music (free for Nintendo Switch Online subscribers), with a wide selection of music from the company's games. It essentially created a new data-driven touchpoint, at limited extra cost, to help the company better understand consumers.

Gaming companies are also taking cues from the traditional media and entertainment playbook. Merchandising, licensing, and real-world experiences—like *Minecraft*'s London pop-up event—are becoming powerful levers for monetization and deepening fan engagement.

There's no shortcut

None of this works without a great game, one with an ardent fan community, at the center. But even with a hit, scaling beyond the game requires more than sporadic experiments. It demands a focused, player-first strategy designed for the long haul, with an operating model and capabilities built to support it.

Getting the approach right involves navigating increasingly difficult terrain. The rise of user-generated content is forcing companies to decide how much to empower and partner with creators. Mods, fan art, and game streams can extend a game's lifespan by providing fresh experiences and keeping the community invested, through essentially free innovation. Some publishers protect their IP tightly; others give external creators more freedom and foster open collaboration. The right answer depends on the brand, but every company needs a policy that's intentional and future-ready.

Generative AI similarly adds both complexity and opportunity. It can enable tools for fans to generate content more easily, but if left unchecked, it could accelerate the proliferation of brand-diluting content. Companies will need to make hard decisions with major implications for their IP: How much control to retain? How much to open up? And how to protect what makes their IP special?

Regardless of approach, there are several common principles that set winning IP owners apart.

Respect and embrace the fans. Leading companies maintain quality and authenticity to the game's lore across all media. Loyal fans will reward faithfulness and punish betrayal. One of the clearest examples is this year's *A Minecraft Movie*, which made creativity a central theme of the plot (an ode to the game's creative spirit) and geared the film toward its young core audience, with game references and jokes throughout. *A Minecraft Movie* scored almost $1 billion at the global box office, becoming one of the highest-grossing film adaptations of a video game ever.

The most successful gaming companies also encourage fan contributions (mods and art) through official support. Fostering player creativity boosts engagement and loyalty.

The Minecraft Marketplace, which allows players to create and sell custom game maps, character skins, and more, had paid out more than $350 million to players by 2021. *Minecraft* players can also vote on new features directly on the official platform. These connections have nurtured significant engagement: Minecraft Live, the biannual interactive livestream hosted by the game's developer, Mojang Studios, attracted more than 750,000 viewers in March.

Expand across media selectively. Not every story belongs on every screen. Leading companies only pursue new formats that fit the brand and avoid overextending, which dilutes the IP and harms quality.

It's important to understand the new format. For example, video game IP is more likely to succeed in film or TV when it's grounded in a compelling story. *The Witcher* franchise, which many consider a successful crossover from gaming to TV and animated movies, was originally based on a book that had strong characters and plot arcs.

That's not to say that only story-based games can succeed. *A Minecraft Movie*'s box-office success proved others can. However, it's important to consider which elements of the game resonate with players—the characters, world, story, or opportunities for self-expression—and play to those strengths.

Build an intentional, comprehensive roadmap. This needs to be more than just marketing. How do you take a player or fan on a journey that immerses them deeply in the IP? Leading companies prioritize long-term engagement over short-term monetization. They plan content roadmaps over years, not just one launch, to keep the franchise and IP both fresh and relevant.

Invest in the operating model and key capabilities. Organizational structure plays a role, but ensuring players and fans engage with IP requires investing in business processes, governance forums, and new capabilities around elements such as interactive storytelling and IP management.

Winning beyond the game also depends on having sufficiently robust data and analytics capabilities to make sound strategic decisions. Leading companies will consider partnerships to close gaps in some internal capabilities, particularly areas where it's more challenging for the company to add value or differentiate itself.

The opportunity is bigger than the game

Gaming executives recognize that winning beyond the game is becoming more critical as the convergence of media formats blurs the lines between playing, socializing, creating, and watching. Although the gaming industry's pandemic-era boom has slowed somewhat, demand for compelling, connected entertainment remains strong. For companies that get it right, "beyond the game" isn't just a side hustle—it's a key growth engine. Those that master it will deepen players' love of the franchise, unlock new revenue that can be reinvested in developing the next winning game, and build the kind of iconic franchises that endure for decades.

Squeezed in the Middle: AAA Gaming Studios Must Adapt

Indies and "games as a platform" are gaining share. Here's how AAA studios can win in the reshaped gaming landscape.

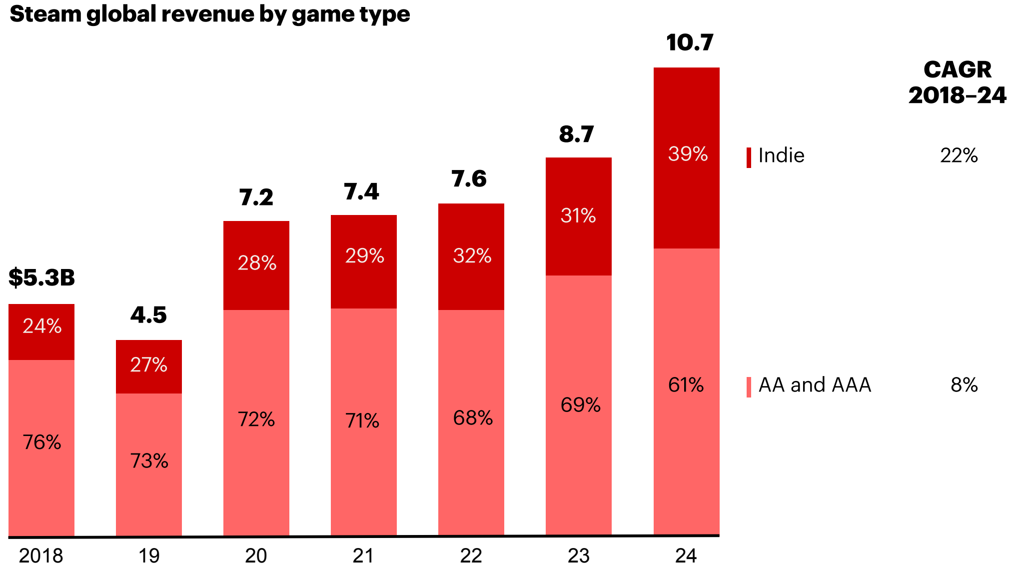
By Yohann Plantec and Anders Christofferson

At a Glance

- Indie studios and games as a platform like *Roblox* are growing at double-digit rates, while AAA studios are struggling to keep pace.
- Lower barriers to game distribution and better off-the-shelf development tools are enabling indies to compete directly with larger studios.
- Large studios face rising costs, slower timelines, and shrinking margins in a crowded market.
- Winning studios are doubling down on core fans, cost discipline, and smarter IP strategies.

AAA video game studios are caught in a pincer movement. On one side: nimble indies delivering hit games on shoestring budgets. On the other: huge "games as a platform" such as *Roblox* and *Fortnite* pulling players, creators, and brands into their gravitational orbit. In between, AAA studios are getting squeezed. Executives of these incumbent studios can no longer ignore a hard truth: They'll have to reinvent how they operate if they want to stay relevant and secure their future.

Figure 1: Independent PC game developers' revenues are growing faster than those of large studios



Notes: Indie defined as developers not owned by major publishers; includes upfront game sales only, which excludes subsequent live service revenues; AA and AAA game list includes *Black Myth: Wukong* (around $1 billion in estimated revenue in 2024) and *Baldur's Gate* 3 (around $600 million in estimated revenue in 2023 and 2024)
Sources: Video Game Insights; Statista; company websites; press releases; news articles; Bain analysis

Indie developers are thriving despite lacking the large workforces and financial resources that would come with being owned by a major publisher. As an illustration, their PC revenues grew at a 22% compound annual rate from 2018 through 2024, vs. 8% for AA (mid-market studios) and AAA (large studios with big teams and budgets that focus on making ambitious titles), even as indies' share of total games available on Steam has remained relatively constant, according to our analysis of estimated upfront game sales data from Video Game Insights (*see Figure 1*).

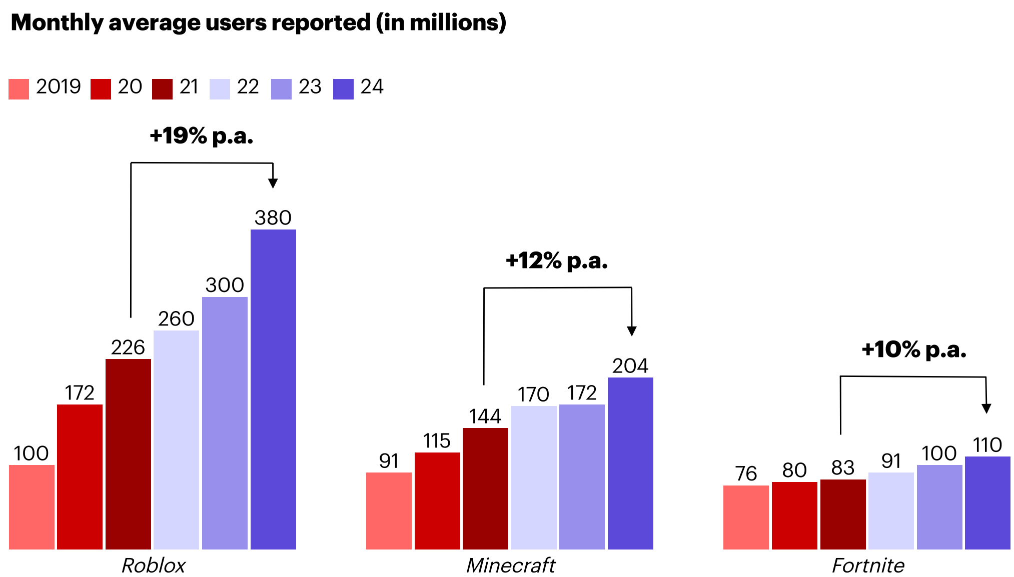
Indie developers are thriving despite lacking the large workforces and financial resources that would come with being owned by a major publisher.

Over the past few years, titles such as *Palworld* and *Manor Lords* have proven that ambitious indies can deliver blockbuster hits without blockbuster budgets. That has continued this year. Though estimates can vary, indie games *Clair Obscur: Expedition 33*, *Kingdom Come: Deliverance II*, and *Split Fiction* each reportedly sold more than 1 million copies within just three days of release. In contrast, Electronic Arts' (EA) highly anticipated 2024 release *Dragon Age: The Veilguard* "engaged" 1.5 million players, nearly half the amount that the company had projected. Its underperformance contributed to EA revising its financial projections downward and restructuring the studio that developed the game.

At the other end of the spectrum, popular games as a platform *Roblox*, *Minecraft*, and *Fortnite* are capturing double-digit user growth annually (*see Figure 2*). These games are becoming the center of gravity for the entire ecosystem, from players and developers to brands and advertisers. This is likely to continue with the release of *Grand Theft Auto VI* in 2026, a game that's expected to command massive play time for years after launch.

Popular games as a platform are becoming the center of gravity for the entire ecosystem.

Figure 2: Popular games as a platform have been growing their active users by 10% to 20% each year



Note: *Roblox* monthly average users reported as of August for 2019, September/October for 2020, 2021, and 2022, and a monthly average across the year for 2024
Sources: Backlinko; DemandSage; Unreal Fest Seattle 2024 (via Pocket Gamer); Bain analysis

The result? AAA studios, which were already facing intensifying competition within their segment of the market, are now under pressure from all directions. Their game budgets keep increasing, margins are tightening, and the fight for player attention has never been fiercer.

The implications are stark. The top 10 titles on each platform capture approximately 50% to 60% of total revenue for active games, according to Bain analysis. And breakout hits are proving hard to replicate—around 20% of studios with a hit successfully launch a second, our analysis found.

Layer in the postpandemic normalization of demand, and it's no surprise that some large publishers have cut staff or shuttered studios.

What's fueling the disruption

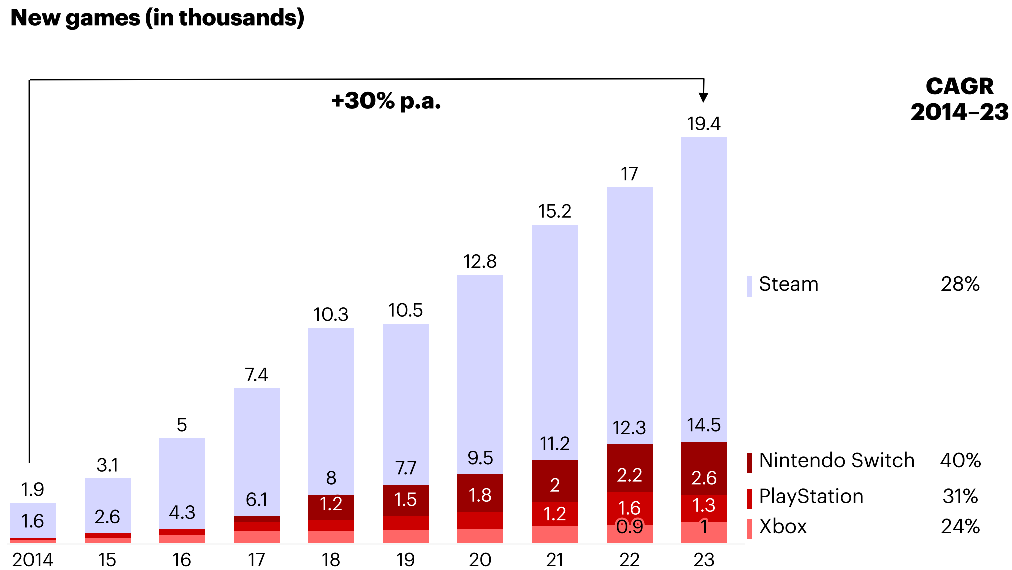
It's not just a cycle. It's a structural shift reshaping the economics of the industry. Several trends are behind it.

- **Player preferences are evolving.** While gamers continue to value high-fidelity graphics, gameplay is the most important reason players choose and stay engaged with games. In Bain's 2025 survey, 22% of gamers cited gameplay as the No. 1 reason they play their favorite games (the response with the highest share), while high-quality graphics or audio was cited by only 7% of gamers as the most important factor. That dynamic has helped level the playing field, as game studios of any size can achieve commercial success if they get the gameplay right—see *Undertale*, *Stardew Valley*, and *Vampire Survivors*, for example.

- **Indie quality is up.** Top indie games rival, or surpass, AAA titles in critical acclaim. Last year, 75% of the top 20 highest-rated games on Metacritic were developed by indie studios, nearly double their share in 2016. As of this writing, *Clair Obscur: Expedition 33*, *Blue Prince*, and *Split Fiction* topped Metacritic's 2025 rankings, outshining even the most ambitious AAA releases.

- **Barriers to market entry are collapsing.** New technologies and platforms are democratizing game development and distribution. No-code game engines and other off-the-shelf tools are getting better and cheaper, enabling solo developers and small studios to develop games with graphics and other elements that are on par with AAA studio titles. Steam and other online game marketplaces have removed the logistical bottlenecks to launching games that once favored established publishers. Now, an AAA studio title such as *Assassin's Creed Shadows* competes head to head for attention with indie game *Chicken Shoot* on Steam. It's the equivalent of a major film studio releasing the next blockbuster on YouTube, jockeying for eyeballs alongside user-generated cat videos. Agentic AI, while potentially reducing large studios' development costs, will also remove barriers to entry for smaller competitors.

Figure 3: The number of new PC and console games grew about 30% annually over the past decade



Note: Values are rounded
Sources: Santander; Bain analysis

- **Traditional big-budget economics are breaking down.** Larger studios' long-standing approach to creating and selling games faces big challenges. Development costs have ballooned (especially in high-cost labor markets), and development timelines have grown, lengthening the wait for a return on investment. Digital distribution hasn't brought the margin relief studios hoped for, as platform fees now eat into what used to go toward logistics and retail expenses. At the same time, the shift to online games that receive continuous updates and offer live services means operating costs of games are now a significant line item in the budget.

The bottom line for large studios: The math simply doesn't work as easily as it once did, especially as more games are released every year (*see Figure 3*).

The bottom line for large studios: The math simply doesn't work as easily as it once did.

Three moves to break the squeeze

If incumbent game developers want to survive in this new paradigm, they'll need to fundamentally rewire how they operate. The large studio model worked well for decades, but the industry landscape has evolved dramatically, and now large studios must do the same. Emerging leaders are embracing three key imperatives.

1. Deeply understand your core customer and build everything around them. Gamers are discerning, and preferences vary widely across segments. Winning studios don't try to please everyone or chase every trend. They zero in on a clearly defined core audience and go all in. That means making deliberate choices about which players you serve and which you don't. The most successful studios focus every part of the business—from development to marketing—on delighting their core players.

This isn't about narrowing ambition. When studios build for their core, they can unlock deeper engagement, stronger communities, and more resilient revenue streams. Loyal fans don't just buy your game—they evangelize it. They provide early feedback, boost discoverability in channels like Discord and Reddit, and stick around to buy what comes next.

Matching your customer focus with your studio's unique strengths is key. Riot Games, for instance, designs for competitive multiplayer fans, less so for casual players, and aims to deliver these fans top-notch service across game genres. Meanwhile, Paradox Interactive thrives by catering to fans of the strategy genre 4X. Their fans know exactly what to expect and keep coming back for more.

Game design follows the same principle. Standout studios make intentional choices about what they want to be known for and perfect it. For example, Supergiant Games put gameplay front and center in *Hades*, *Hades II*, and *Bastion*.

2. Champion cost discipline and efficiency. With the guiding strategy in place, cost discipline becomes crucial. The most successful studios won't be afraid to start with a blank sheet of paper and redesign their processes from the ground up, placing strong emphasis on efficiency and reining in costs.

Leading studios already manage their development and marketing expenses by strategically building a globally distributed team. These days, plenty of quality talent can be found in lower-cost locations. About two-thirds of the workforce at US developer EA and nearly half of the staff at US-based Take-Two Interactive Software are located outside of North America, for instance.

Leading companies are also leveraging best-in-class technology and tools, standardizing their use of those solutions across games. They're keeping game design appropriately scoped via tight feedback loops and limited open-world sprawl. And they're giving players early access to a game to accelerate feedback and reduce the risks that accompany spending years on siloed internal development.

3. Manage the portfolio to maximize your intellectual property value. Leading studios extend the reach of their successful intellectual property across platforms, genres, and formats, generating continuous engagement rather than one-and-done hits. This reduces risk (the audience is already established), creates new revenue streams (e.g., LiveOps, transmedia), expands franchise value beyond the original game, encourages more engagement with the franchise, and, importantly, meets gamers where they are. On average, around 22% of gamers' time spent consuming other media is focused on engaging with game-related IP, according to Bain's 2025 gamer survey.

That said, leading studios rigorously avoid franchise fatigue by grounding greenlight decisions in as much data as possible.

Capcom has been careful to strike a balance between expansion and restraint. Rather than flooding the market with new titles, the company has paced releases within its franchises to carefully manage player appetite while investing to keep IP relevant. For example, Capcom partnered with Tencent's TiMi Studio Group to develop the pending *Monster Hunter Outlanders*, a mobile extension of its successful *Monster Hunter* PC and console series. The company has also expanded reach through cross-promotional game deals with other studios, such as a long-running series of fighting games that pit Capcom's *Street Fighter* characters against Marvel superheroes. The crossover titles started as coin-operated arcade games in the 1990s and now span consoles, PCs, and mobile. Each move reflects a clear strategy: extend IP thoughtfully, meet players where they are, and keep iconic franchises fresh across formats and generations.

Relevance must be earned

The era of AAA dominance is over. The winners of tomorrow will operate leaner, think smarter, and execute with laser focus. Reinvention isn't optional—it's the only path to sustainable relevance in an industry being rewritten from both ends.

Skipping the Storefront: Direct Distribution's Growth in Gaming

Today's top game developers are going direct-to-consumer to boost margins, build loyalty, and own their relationships with players.

By Anders Videbaek, Benjamin Sommer, and Christoffer Karlsmose

At a Glance

- Game makers are increasingly selling directly to players to avoid the standard 15% to 30% platform fee and gain more control over user relationships.
- The share of top-grossing mobile games with their own online stores has nearly quadrupled over five years, from 12% to 44%.
- Content creators and social media now account for a much larger share of game discovery than platforms, further reducing the dependency on platforms for visibility.
- Global regulatory shifts are accelerating this trend, giving developers more freedom to guide users to external payment options.

After decades of steady growth and a boom during the pandemic, the video game market's return to normality over the past four years has forced companies to focus on protecting margins. They initially turned to staff reductions and shuttering studios, but now executives are reassessing one of the industry's most entrenched expenses: distribution.

Financial pressures, combined with regulatory changes and rapid shifts in how players discover new games, have made direct-to-consumer distribution not just a huge opportunity but an imperative for remaining competitive. It brings benefits beyond margin recovery: direct relationships with players, flexibility in pricing and promotions, and freed-up cash that can be reinvested in product innovation, marketing, and better services.

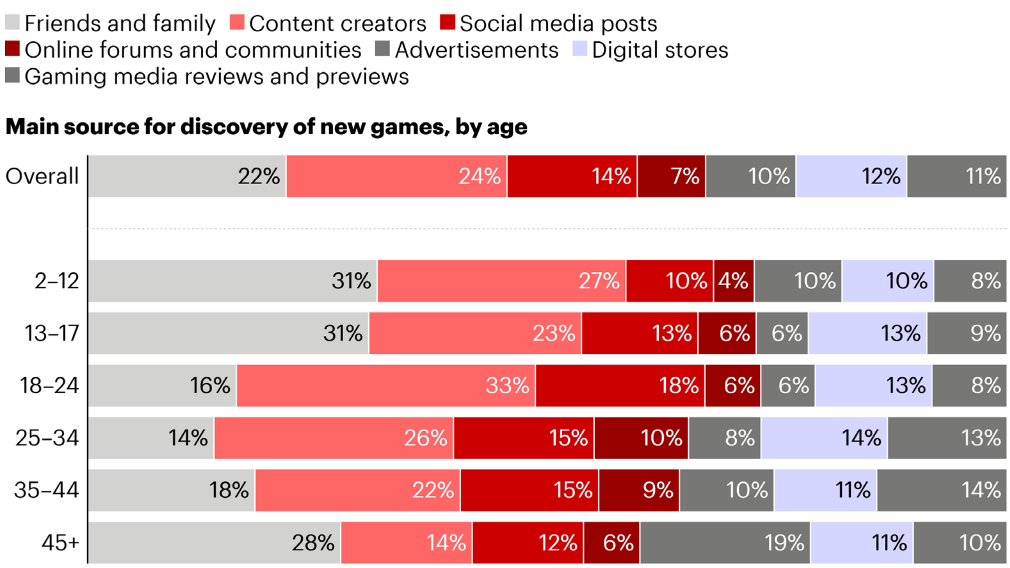
New era for game discovery and distribution

For decades, companies distributed games via cartridges and, later, CDs shipped in boxes to retail stores worldwide. Gamers discovered new titles through industry media reviews and previews, advertisements, and word of mouth. When distribution moved online, digital marketplaces—such as Steam on PC and Apple's App Store and Google Play on mobile—became the primary distribution channel for many games. These platforms also became the go-to resource for players seeking their next game.

Gaming companies initially accepted the fees these online storefronts charge—typically 30% on each transaction—as a fair trade-off for replacing physical distribution. Even in this digital era, distribution remains the single-largest cost item for many gaming companies; the only thing that comes close is marketing budgets. That's particularly true for mobile game developers—platform fees can represent as much as one-third of their costs.

But game developers are questioning whether these platforms continue to provide enough value to justify the cost, especially as players' sources for discovering new games have quickly evolved. Today, around 24% of gamers rely on online content creators or "influencers" to discover new games, while 14% use social media posts as their main source, according to Bain's 2025 survey of more than 5,000 gamers worldwide. This changing landscape diminishes digital platforms' visibility advantages. The result: Only 12% of players now say they discover games via digital storefronts (*see Figure 1*).

Figure 1: Online social channels have become a more popular source for discovering new games than digital stores



Source: Bain Video Game Consumption Survey, May 2025 (n=3,754; total survey N=5,243)

In response, publishers have created influencer programs to generate traffic for their own stores, offering revenue-sharing incentives for influencers to promote direct sales links. The number of large game publishers with content creator programs jumped from 5% in 2019 to 65% this year.

In our survey, around a quarter of mobile gamers reported buying content directly from a developer's store in the past year, reflecting growing comfort with developer-run commerce and a willingness to support games more directly.

The number of large game publishers with content creator programs jumped from 5% in 2019 to 65% this year.

In an increasingly fierce fight for players' attention, companies that switch at least partly to direct distribution will gain significant advantages over competitors. They'll enjoy far superior profit margins, which means more money to funnel into marketing and new product development, making their competitors less relevant to consumers.

Mobile leads the charge

Mobile games have quickly shifted toward direct distribution. The share of top-grossing mobile games with their own online stores has nearly quadrupled over five years, from 12% to 44% (*see Figure 2*).

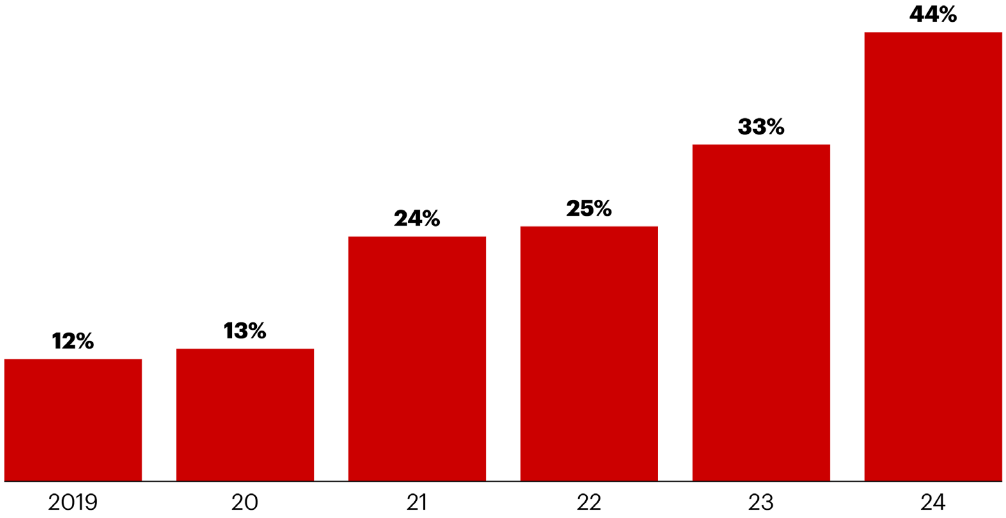
Legal developments are accelerating the trend. Rulings in the US, the EU, and Brazil have barred app stores from punishing developers for steering users to external purchase links. In the EU and Brazil, app stores also now allow sideloading and third-party payments. Developers now have more freedom to communicate with their users about direct distribution options.

The reasons gamers utilize direct-to-consumer channels vary, but some of the most commonly cited ones include recommendations by friends, content creators, or the gaming community; more flexible payment options; better prices; and lack of platform fees, according to our survey (*see Figure 3*).

Direct channels' share of revenue is growing. Playtika, for instance, now generates 27% of its game sales through directly owned platforms, up from 14% in 2020. During that period, the company has boosted its sales and marketing spending by 40% while maintaining a stable margin.

Figure 2: The share of popular mobile games with a direct-to-consumer store has nearly quadrupled

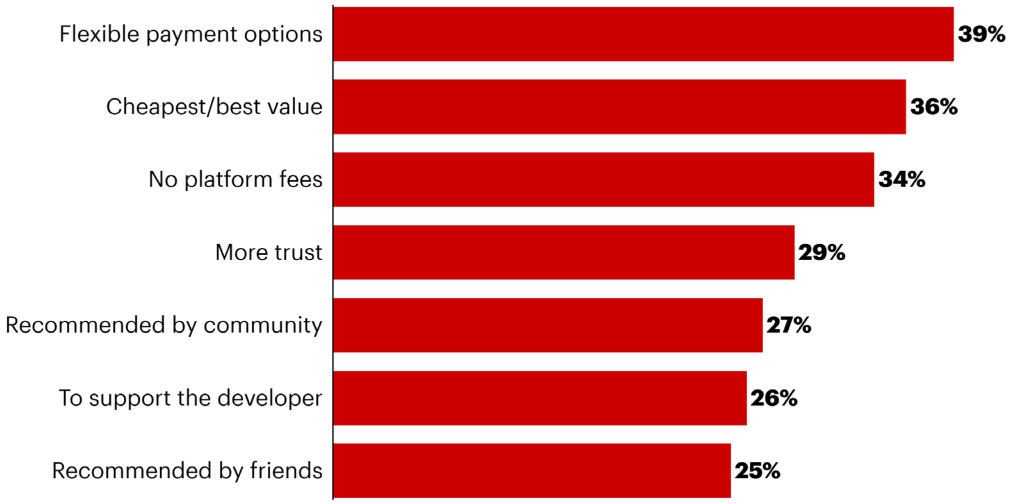
Percentage of top 50 global mobile games by revenue that have a direct-to-consumer store



Sources: Sensor Tower; Bain analysis

Figure 3: Players purchase games through developers' direct channels due to more flexible payments, better prices, and recommendations

Share of gamers citing reason for purchasing games through developer's direct channels



Note: Includes only gamers within a representative sample calculated by weighting the number per age group to balance proportions for each surveyed country (the US, Brazil, Indonesia, Japan, the UK, and the United Arab Emirates)
Source: Bain Video Game Consumption Survey, May 2025 (n=66; total survey N=5,243)

PC gaming: New models emerging

Steam has long dominated PC game distribution, but leading games such as *Fortnite* and *League of Legends* have proven that direct-to-consumer models can work at scale with the right content.

Epic Games' decision to launch the Epic Games Store with a 12% revenue share helped challenge the 30% status quo, forcing Steam to offer tiered fee reductions for high-earning titles. Meanwhile, Riot Games and Blizzard continue to control their ecosystems primarily with their own launchers, leveraging player accounts to build long-term engagement while avoiding paying fees to distribution platforms.

Smaller studios still depend on Steam for discovery, but that reliance is weakening. According to a Newzoo report, traffic generated by Steam promotions in 2024 was only a quarter of what it was in 2019. With content creators and social media increasingly fueling discovery, PC developers are beginning to see value in establishing parallel or hybrid distribution models.

Checklist for gaming companies

Of course, transitioning to direct distribution comes with risks, particularly to gaming developers' relationships with the big platforms. Although legal rulings have created protections for gaming companies' direct-to-consumer initiatives, uncertainties remain. Gaming companies will want to proceed thoughtfully so they maintain good relationships with platforms that account for a large portion of their revenue, at least in the short term.

Leading gaming companies are adopting an all-of-the-above distribution approach. Although they're not exiting the big platforms (for now), they recognize that companies that don't invest in direct distribution channels will get left behind.

Here are four key steps the emerging leaders are taking:

1. **Define the direct-to-consumer strategy and roadmap.** Leading companies are assessing what portion of their business can shift to direct channels, whether via a launcher, web store, or social-driven funnel. This is uncharted territory for some companies, so close cooperation between the development and direct-to-consumer store teams is essential. Leading companies make sure the direct-to-consumer store team's strategy and marketing efforts are consistent with the game development team's. They also partner with vendors (e.g., online payment processors and online game store specialists) to extend their capabilities and deliver the best service possible.

2. **Hone the experience.** Gamers stick with traditional platforms largely due to convenience. Direct-to-consumer experiences must therefore be seamless (e.g., maintaining a consistent design and user experience that limits friction) and deliver clear value, such as flexible payment methods, loyalty programs, and exclusive content or rewards.

3. Don't abandon discovery—redirect it. Leading companies offset their reduced presence on Steam or app stores with influencer campaigns, search engine optimization, and community building. They treat game discovery like a funnel: What was once store-driven must now be community-driven.

4. Build creator ecosystems. Influencers are today's game marketers. Leading companies support them with affiliate programs, exclusive content, and tools that propel engagement and traffic to owned platforms.

For example, Supercell has built a comprehensive direct-to-consumer strategy. Through its browser-based store, players can access exclusive content and use a variety of payment methods. Integration with a player's Supercell profile personalizes the experience, while the company's content creator program drives traffic by sharing revenue with influencers. These efforts not only can improve profitability but also build loyalty and community engagement.

The bottom line

Direct distribution is no longer a fringe strategy—it's becoming a core part of monetization and player engagement. For companies that already have a strong product and fan base, it represents a significant opportunity to boost revenue, build brand loyalty, and own the customer relationship. While platform ecosystems won't disappear, the balance of power is shifting. Companies that adapt now will be best positioned to lead in a more open, player-driven future.

Bold ideas. Bold teams. Extraordinary results.

Bain & Company is a global consultancy that helps the world's most ambitious change makers define the future.

Across the globe, we work alongside our clients as one team with a shared ambition to achieve extraordinary results, outperform the competition, and redefine industries. We complement our tailored, integrated expertise with a vibrant ecosystem of digital innovators to deliver better, faster, and more enduring outcomes. Our 10-year commitment to invest more than $1 billion in pro bono services brings our talent, expertise, and insight to organizations tackling today's urgent challenges in education, racial equity, social justice, economic development, and the environment.

For more information, visit **www.bain.com**