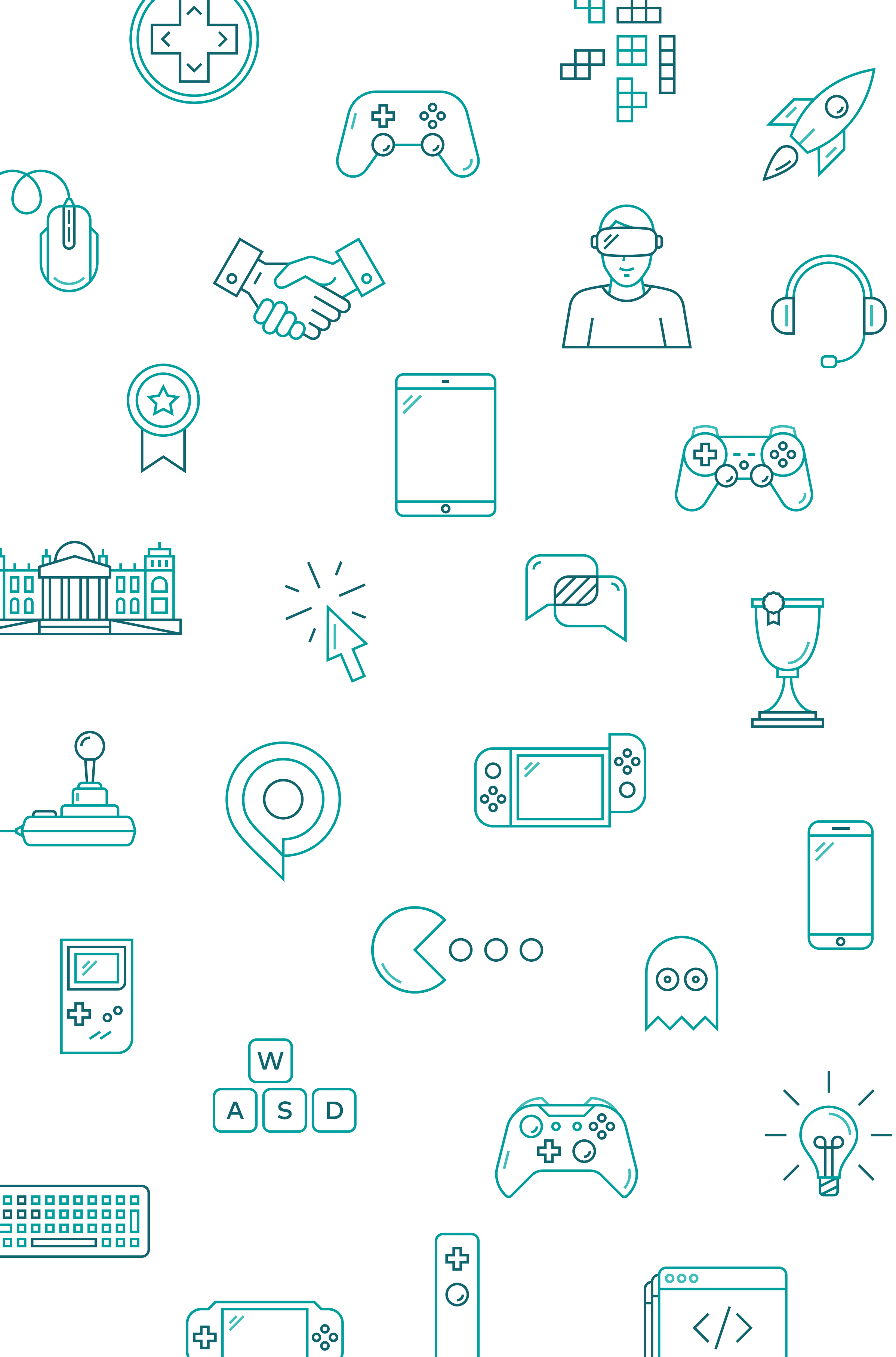
Annual Report of the German Games Industry 2021

game
The German Games
Industry Association



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Dear readers,

Last year was an extremely challenging one for all of us – and the games industry was no exception. The Covid-19 pandemic left its mark on many aspects of life in 2020. The highly complex process of game development had to be transitioned to a work-from-home environment, and esports tournaments that previously filled entire stadiums were held without the presence of spectators. The international games industry's most important events either took place entirely online – like gamescom or the GDC – or had to be cancelled.

On the whole, however, the games market was not affected as badly as most other industries. Quite the opposite: within a year, the revenue generated by computer and video games and related hardware actually increased by 32 per cent in Germany – even after setting records the previous year. The more than 8.5 billion euros generated are a new high. Another hallmark of 2020, the year of the pandemic, was the fact that lockdowns and social distancing drove millions of Germans straight to their gamepads, smartphones and other devices to play games or simply to keep in touch with family and friends. It's hardly surprising, then, that the number of players rose significantly as well. Today, more than 60 per cent of Germans play video games – yet another new record. However, games were more than just a popular form of entertainment in 2020. In this age of remote learning – which in Germany still all too often means downloading and printing out worksheets – serious games had the chance to shine. They provided valuable support to many parents throughout the pandemic. And that's just one of many examples from last year, in particular, that highlighted the enormous potential games offer for many different areas of society and the economy.

Overall, 2020 was an eventful year for the games industry in Germany. On the one hand, this period was characterised by the great interest in games and the corresponding growth in revenue, although 95 per cent of this revenue continued to be generated by games produced in other countries and consequently bypassed most German studios. On the other hand, the Covid-19 pandemic also resulted in project delays, uncertainty and a search for new financing possibilities. The games industry nonetheless looks toward the future with optimism, as game's industry barometer – compiled for the first time this past year – indicates. Despite a great deal of unpredictability, 7 in 10 games companies have a positive outlook on the future, with nearly half of them planning new hires. This optimism is obvious in another area as well: many new games companies were founded in 2020. A 50 per cent increase in the number of games studios underscores the positive outlook. And there is good reason for this optimism: after the rush for games funding during the pilot phase, the major EU-notified funding guideline was finally launched in late 2020. Just a few months on, numerous games studios have received official notification that they have been granted funding – some of them in amounts exceeding one million euros. This is a first for Germany, which, later than many other locations around the world, is only now making a systematic effort to improve its competitiveness in this industry. The high demand for games funding demonstrates just how necessary this move was. For the new German federal government, which will be elected in autumn 2021, it will be an important endeavour to continue to improve the conditions for game development in Germany in order to leverage the enormous potential of games as a key technology in promoting the country as a location for the digital economy.

This annual report summarises all the important developments in the games industry in Germany. I wish you enjoyable reading and many interesting insights.

Felix Falk
Managing Director of game – the German Games Industry Association

01 Players in Germany

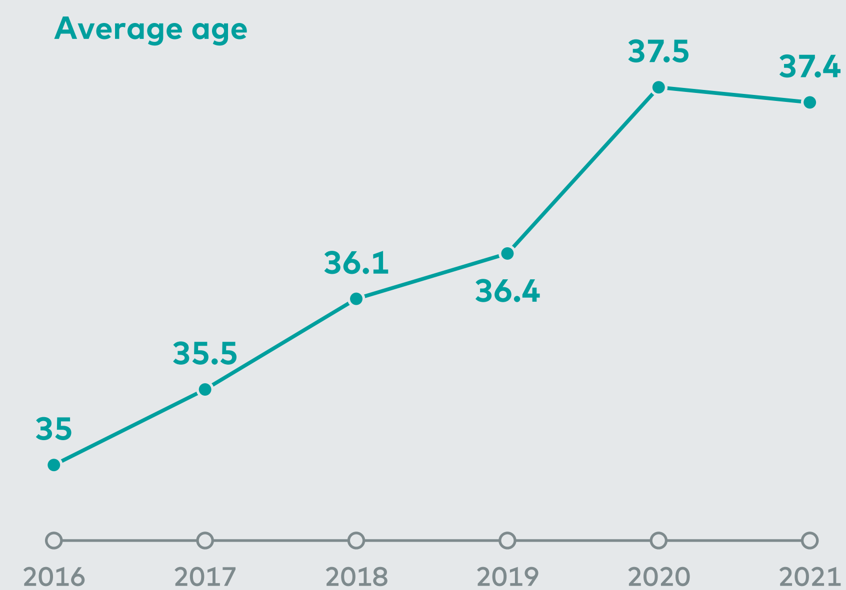
Interest in games grew again in 2020, with the number of players increasing by 5 per cent.

Germany is a country of video game players: more than half of Germans play computer and video games. Overall, 58 per cent of the population between the ages of 6 and 69 reach for their PC, console or smartphone to dive into digital worlds. And the genders are essentially equal here: 48 per cent of players are women and 52 per cent are men. Interest in games grew again in 2020, with the number of players increasing by approximately 5 per cent. There are now more people playing computer and video games in Germany than ever before!

This is partly a result of the contact restrictions during the Covid-19 pandemic: particularly during the lockdown phases, games were a source of variety and entertainment for millions of people. They also helped people stay in touch with family and friends and have fun together – even across great distances. The 50- to 59-year-old segment is the largest group of players, in which about 1 in 5 currently plays computer and video games. This group combined with players in the 60–69 age range make up one third of all German video game players. These 'silver gamers' are partly responsible for the continuous increase in the average age of players in Germany over the last several years. At 37.4 years currently, this is 2.5 years above than the 2016 average.

Players are over 37 years old on average

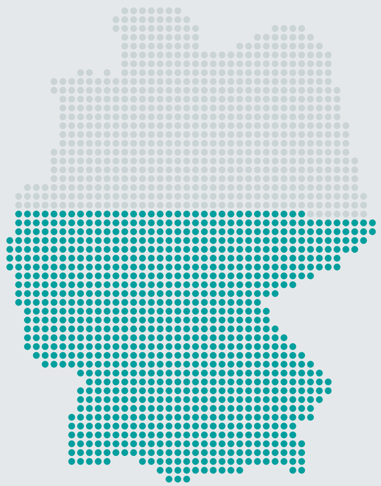
48% **52%**



Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000). Date: January 2021. © game 2021

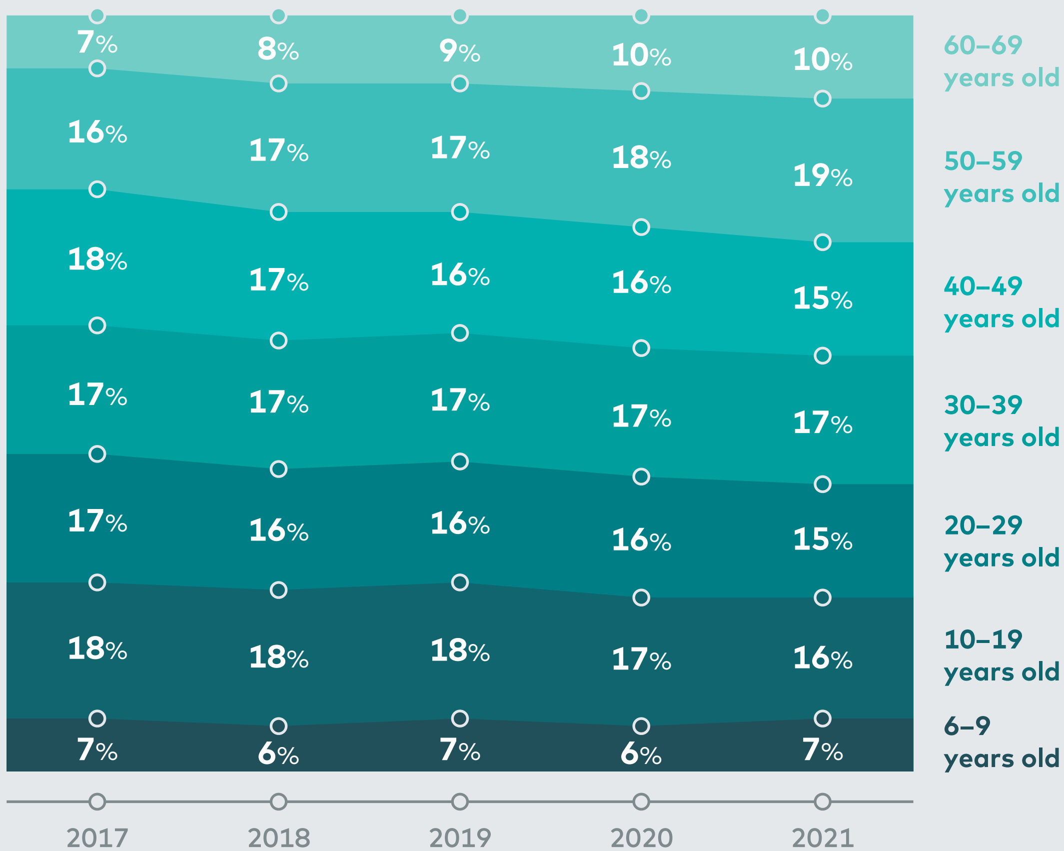
Around 6 in 10 Germans play video games

Players who play at least occasionally



58%

of Germans play computer and video games



Please note: for better international demographic comparability, the age range taken as a basis for determining the share of players in the overall population was adjusted to 6–69 years.
Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000). Date: January 2021. © game 2021

Silver gamers: this group of players in the 50–69 age range makes up one third of all German video game players.

Among the various games platforms, smartphones saw the greatest increase in player numbers in Germany. Already the most-used devices for gameplay in 2019, with 19.5 million players, mobile phones further strongly increased their lead last year as 22.6 million people in Germany reached for their smartphones to play. Games consoles also won over more players in 2020, registering a rise of 1.1 million users within a year, to 17 million. A look at retail makes clear just how popular games consoles were in 2020: the two new models PlayStation 5 from Sony and Xbox Series X/S from Microsoft, both released in late 2020, and even Nintendo's Switch, which has been available since 2017, were sold out in many locations. Not every games platform, however, benefitted equally from the games boom. The PC lost around 1.1 million players in Germany, landing in just third place with 15.2 million users. Tablet computers, too, were less in demand, as only 9.9 million game players reached for the flat touchscreens to play in 2020, down from 11.2 million in 2019.

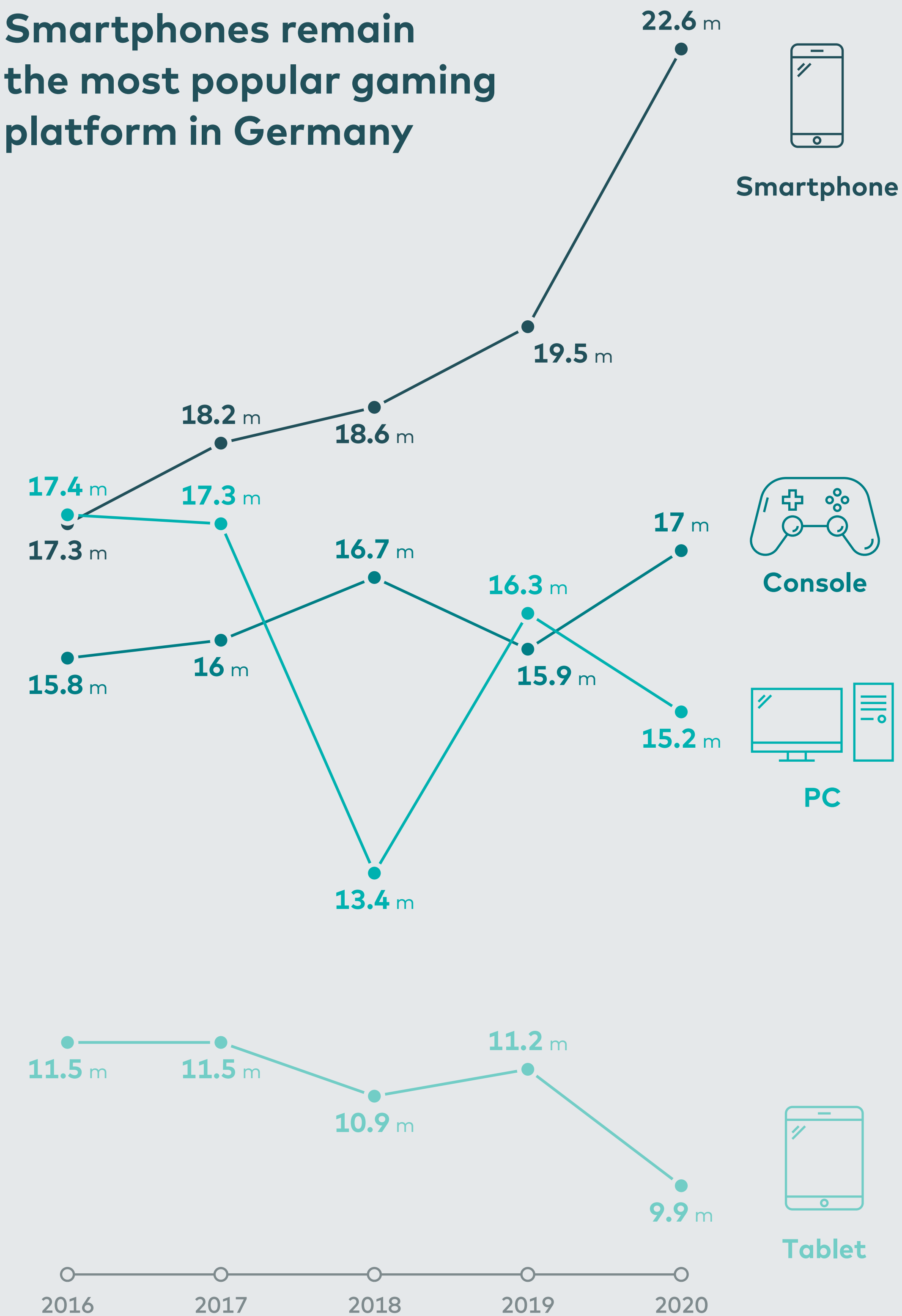
The Covid-19 pandemic also left its mark on the charts of the most successful PC and console games purchased in the form of physical media and downloads. Computer and video games with an online multiplayer mode were especially popular in 2020. The top seller was *EA SPORTS FIFA 21* (Electronic Arts). This new version of the bestselling title of 2019 includes extensive online modes that enable friends to play together. In second place was *Animal Crossing: New Horizons* (Nintendo), in which players can design their own island and then invite friends to visit it and have a good time there together. The following spots in the German annual charts for 2020 are likewise occupied by games featuring extensive multiplayer components: *Mario Kart 8 Deluxe* (Nintendo) came in third, *Grand Theft Auto V* (Rockstar Games) in fourth and *Call of Duty: Black Ops Cold War* (Activision Blizzard) in fifth place.

The 20 best-selling PC and console games in Germany in 2020

1	EA SPORTS FIFA 21	Electronic Arts
2	Animal Crossing: New Horizons	Nintendo
3	Mario Kart 8 Deluxe	Nintendo
4	Grand Theft Auto V	Rockstar Games
5	Call of Duty: Black Ops Cold War	Activision Blizzard
6	The Last of Us Part II	Sony Interactive Entertainment
7	Super Mario 3D All-Stars	Nintendo
8	EA SPORTS FIFA 20	Electronic Arts
9	Assassin's Creed Valhalla	Ubisoft
10	Red Dead Redemption 2	Rockstar Games
11	Ring Fit Adventure	Nintendo
12	Call of Duty: Modern Warfare	Activision Blizzard
13	Super Mario Party	Nintendo
14	New Super Mario Bros. U Deluxe	Nintendo
15	Farming Simulator 19	Astragon/Focus Home Interactive
16	Tom Clancy's Rainbow Six Siege	Ubisoft
17	Minecraft: Nintendo Switch Edition	Microsoft
18	Cyberpunk 2077	CD Projekt/Bandai Namco Entertainment
19	The Legend of Zelda: Breath of the Wild	Nintendo
20	Assassin's Creed Odyssey	Ubisoft

Source: Game Sales Data (GSD), ISFE.
List shows the German sales charts for PC platforms and stationary/portable games consoles.

Smartphones remain the most popular gaming platform in Germany



Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000). © game 2021

02 German market for computer and video games

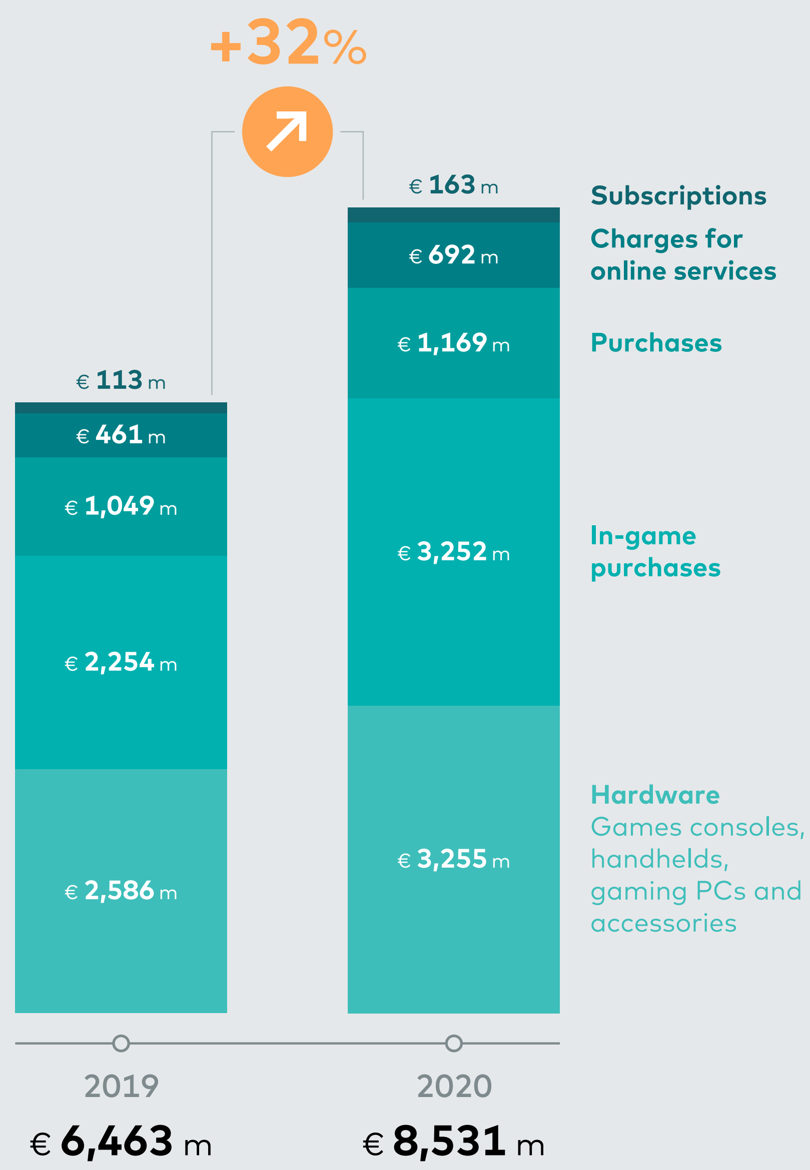
The German games market celebrated a new revenue record in 2020 – even after several years of growth. The industry achieved total sales revenue of approximately 8.5 billion euros from computer and video games and associated hardware. This is an increase of 32 per cent compared to the previous year.

The sales increase of some 8.5 billion euros in 2020 represents a 32 per cent jump – which comes even after several years of sustained growth.

The German games market remains the largest in Europe and the fifth-largest in the world. Sales revenue in 2020 saw considerable growth in the areas of both hardware and software, with games consoles, gaming PCs and peripherals achieving roughly 3.2 billion euros in sales. This is an increase of 26 per cent compared to 2019. The submarket for computer and video games saw even stronger growth, with revenues of 5.2 billion euros achieved through game purchases, in-game and in-app purchases, subscriptions and charges for online services. As a result, this segment of the market managed to grow by 36 per cent compared to the previous year.

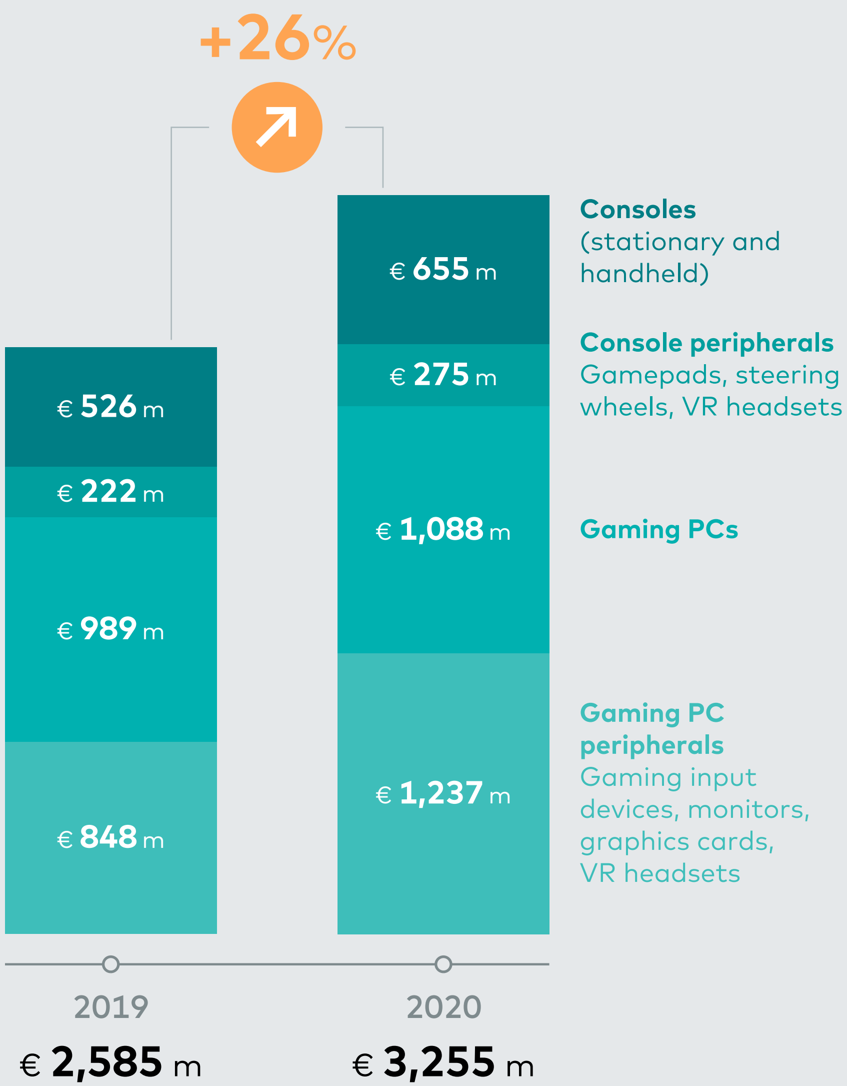
All games hardware segments exhibited significant growth in Germany in 2020. There was particularly high demand for peripherals for gaming PCs, with sales of special gaming mice, keyboards, monitors, graphics cards and virtual reality headsets generating around 1.2 billion euros – approximately 46 per cent more than in 2019. Sales of consoles and console accessories also

German games market experiences clear surge in sales revenue in 2020



Please note: GfK has adjusted its definition of hardware designed for games, with the result that the market size comes out higher. This is true also of the adjusted data for 2019, which accordingly differs from that reported last year.
Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000), GfK Entertainment, GfK POS Measurement and App Annie. © game 2021. © game 2021

Sales of games hardware in Germany rising fast

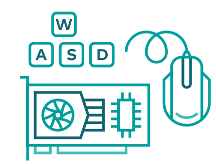


Note: GfK has adjusted its definition of hardware designed for games, which has increased the size of the market. This is true also of the adjusted data for 2019, which accordingly differs from that reported last year.
Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000). © game 2021

rose considerably last year. Stationary and handheld consoles generated around 650 million euros, which was 25 per cent more than in 2019. Console accessories such as gamepads and steering wheels generated 275 million euros – an increase of 24 per cent. Sales of gaming PCs also increased to around 1.1 billion euros, which is about 10 per cent higher than in 2019.

Overall in 2020, games hardware was in higher demand in Germany than ever before. Like the growth in player numbers in Germany and the increase in sales revenue from games, this reflects the strong interest in computer and video games during the Covid-19 pandemic. Many people used this time to upgrade their gaming PCs or purchase a new console, for example. In addition to the strong demand for the Nintendo Switch, the launch of the next-gen PlayStation 5 and Xbox Series X/S consoles and a new generation of graphics cards also drove large sales volumes. However, this growth could have been even greater: graphics cards and consoles alike were repeatedly sold out or difficult for consumers to obtain.

All of the submarkets of computer and video games grew, as well: game purchases generated more than 1.1 billion euros in revenue, 11 per cent more than in 2019. Subscriptions to individual games, such as *World of Warcraft* or *Final Fantasy XIV*, resulted in a 44 per cent increase in sales revenue. This market segment consequently grew to 163 million euros. The strongest increase, however, was posted in sales revenue for in-game and in-app purchases, which grew by 44 per cent within a single year, achieving total sales revenue of over 3.2 billion euros. This submarket includes all revenue generated within a game – for example, from the purchase of enhancements to players' avatars, whole new missions or season passes. In-game and in-app purchases are available in full-price titles as well as in free-to-play games that can be downloaded and played entirely free of charge.



VR headsets, graphics cards and mice: sales of accessories for gaming PCs continued to grow substantially in 2020 and the demand for gaming hardware was stronger than ever.

Approximately two thirds of the sales revenue in this submarket is generated by in-app purchases. They are the dominant business model in game apps for smartphones and tablets. The easy availability and increasing variety of titles is resulting in a steady rise in the number of players on mobile devices, and sales revenue is also showing considerable growth every year. The market for game apps posted strong growth again in 2020. In Germany, within a single year, the sales revenue from games designed for smartphones and tablets increased by 23 per cent to roughly 2.3 billion euros. This represented a continuation of the impressive growth exhibited by the market for game apps in the previous years: sales revenue rose by 22 per cent in 2019, and by a remarkable 31 per cent before that.

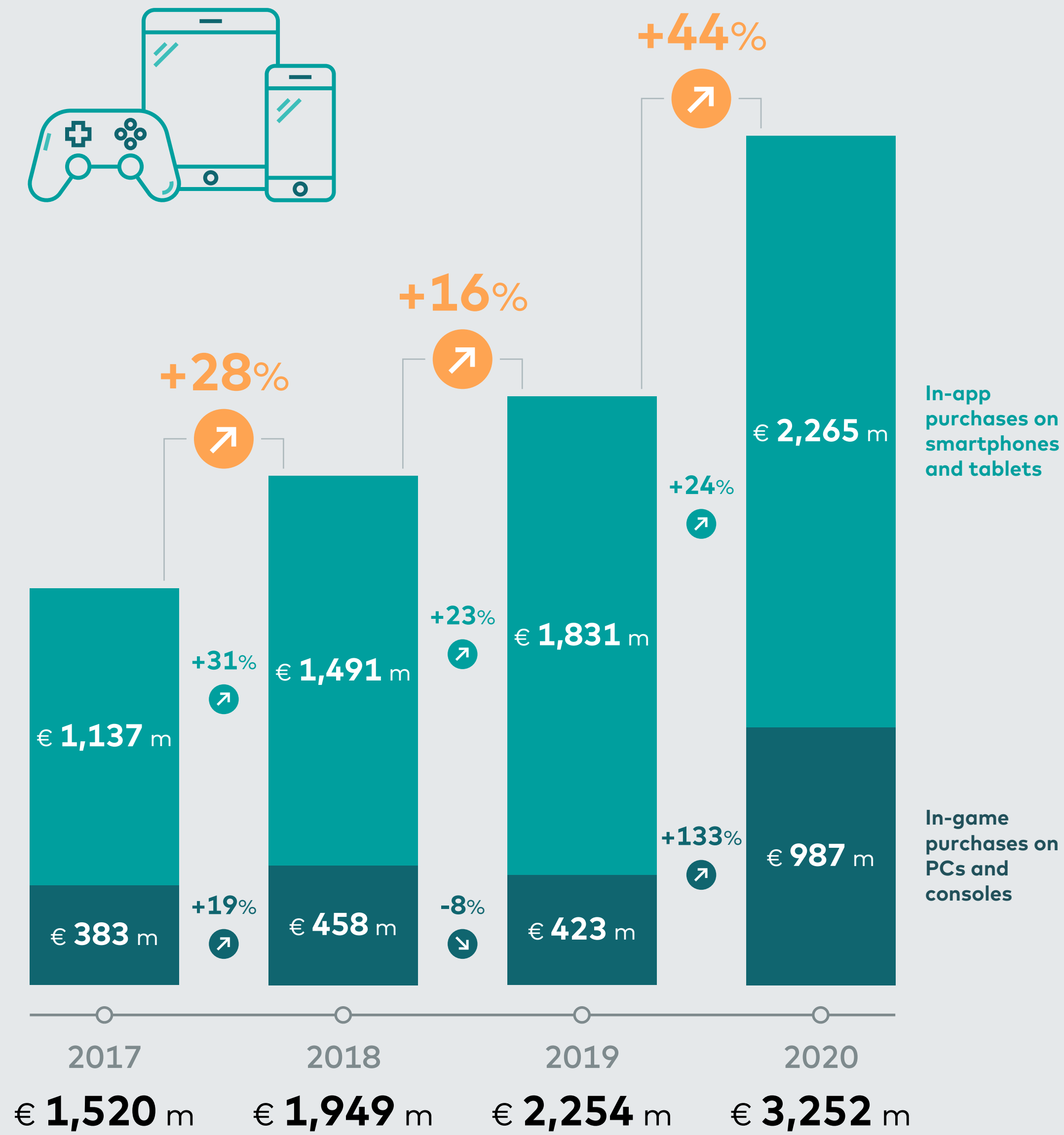
The year 2020 saw the continuation of another positive trend from the previous years: the market growth is directly attributable to in-app purchases. Sales revenue from such purchases grew by 24 per cent to about 2.3 billion euros. Free-to-play games are among the games that make use of in-app purchases. On smartphones and tablets, the easy accessibility of this method of distribution has made it particularly successful. The market segment for game apps available for purchase, in contrast, declined again. In 2020, sales revenue from such titles dropped by 15 per cent, to roughly 11 million euros.

The fees market for online games services for PCs, consoles and smartphones also exhibited enormous growth in 2020, increasing by 50 per cent to 692 million euros. Consequently, this segment has become an important pillar of the entire German games market within just a few years. These services allow video game players worldwide to compete online against one another, access cloud games services or use a large catalogue of games for a fixed monthly price. The last several years have seen significant growth not only in the variety of online games services, but also in players' interest in them. Sales revenue generated by such services in Germany has doubled from its 2018 level of 353 million euros.

In-game purchases and charges for online services have developed into an important pillar of the games market within just a few years.

Cloud games services showed the strongest rise in sales revenue in this area: in just one year, the segment grew by 67 per cent, to 72 million euros. With cloud games services, players no longer need high-performance hardware to play titles with their full range of graphics. But because the computing takes place in the cloud, a correspondingly fast internet connection is required. Among the services in this category are GeForce Now from Nvidia, MagentaGaming from Telekom, PlayStation Now from Sony and Stadia Pro from Google. While sales revenue from online games services grew somewhat more slowly, at 50 per cent, this submarket is already considerably larger: services of this kind, such as Nintendo Switch Online, PlayStation Plus from Sony and Xbox Live Gold from Microsoft, generated 439 million euros in sales revenue in 2020. In addition to game rebates and the ability to save game progress in the cloud, these services allow customers to play online via games consoles. Players also spent significantly more on subscription games services in 2020: this submarket grew by 44 per cent, to a total value of 181 million euros. For a fixed monthly price, services like EA Play, the Xbox Game Pass from Microsoft, Ubisoft+ and the smartphone services Apple Arcade and Google Play Pass offer access to an extensive games library.

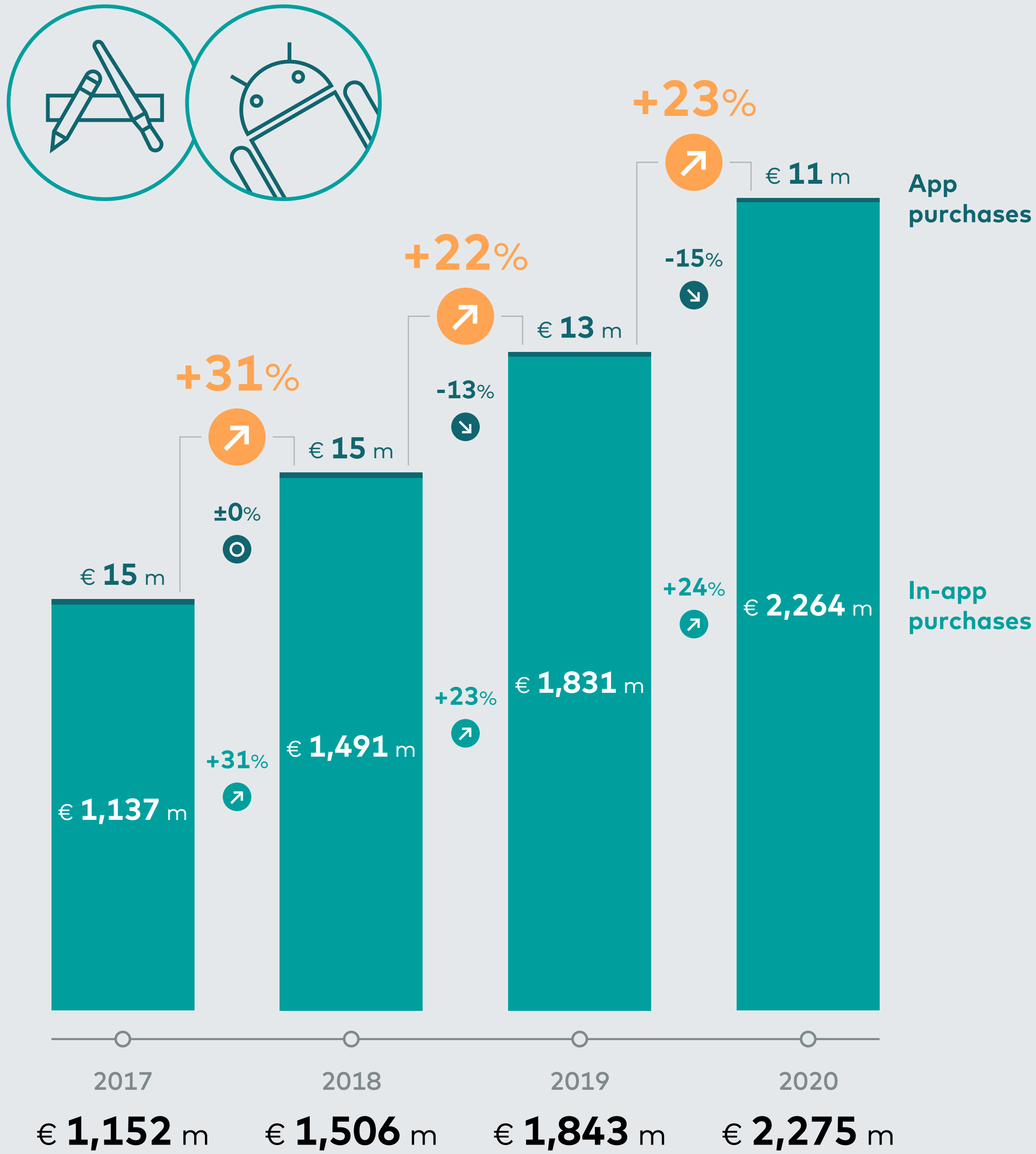
Sales revenue from in-game purchases showed strong growth in 2020



Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000) and App Annie. © game 2021

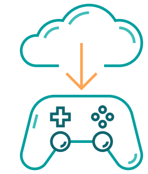
Game apps continue their strong growth trend

Sales revenue for app purchases and in-app purchases in Germany



Source: App Annie. © game 2021

Purchases of computer and video games by download, already a trend in previous years, accelerated significantly during the Covid-19 pandemic of 2020. With retail businesses shuttered, the only option open to many game fans – alongside mail-order trade – was to purchase downloads for PCs and games consoles. As a result, within 12 months, the share of PC and console game sales via download jumped from 45 to 58 per cent, or 6 of every 10 game purchases made in 2020. The share of sales revenue constituted by downloads was somewhat lower, however, amounting to about 4 in 10 euros' worth of PC and console game sales made in Germany in 2020, up from 33 per cent in 2019. As a general rule, the cheaper the game is, the greater the share of download purchases will be. Of computer and video games costing 30 euros or less, 8 in 10 are purchased as downloads.

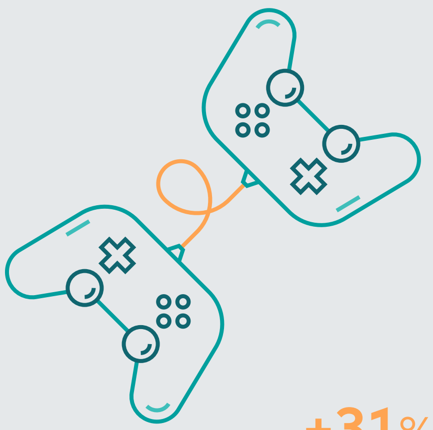


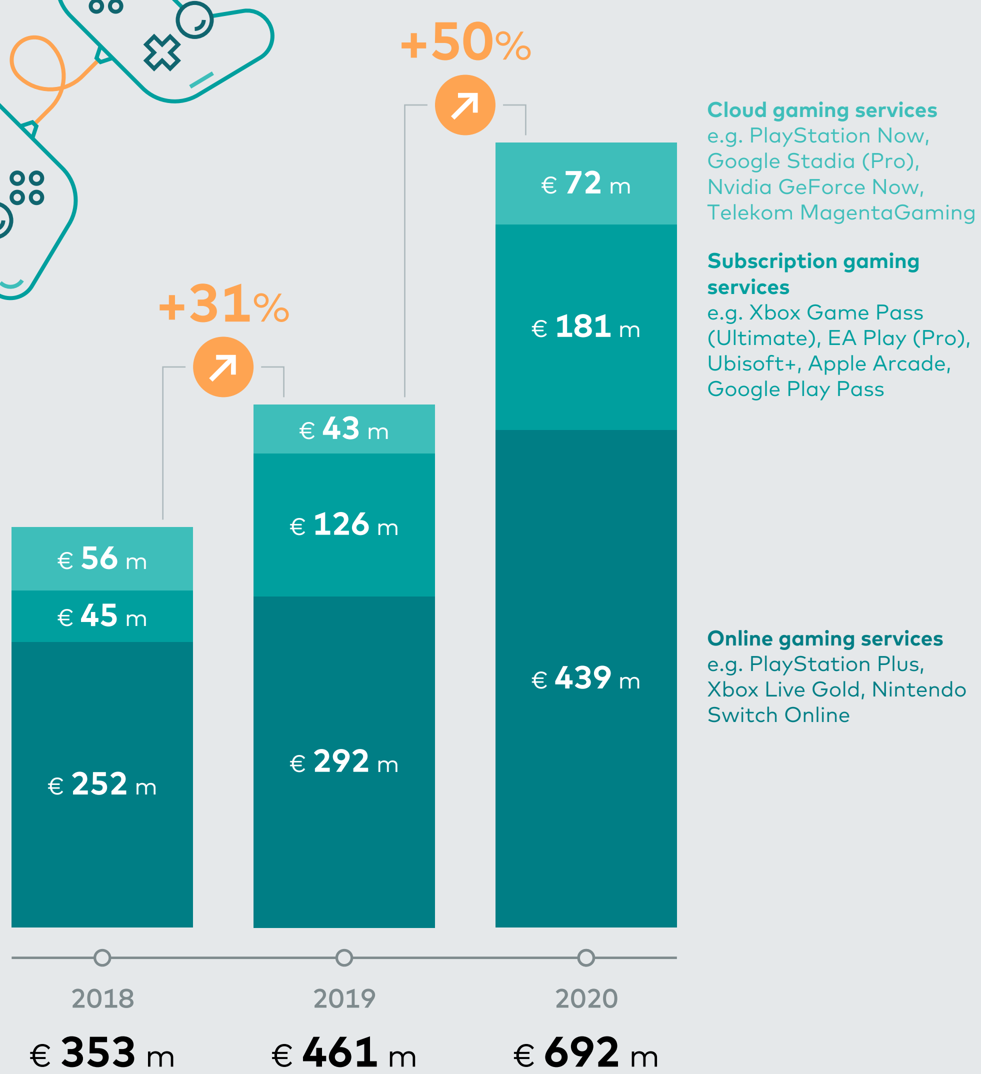
Purchases of computer and video games by download, already a trend in previous years, accelerated significantly during the Covid-19 pandemic of 2020.

There are major differences between PCs and consoles here. For PC games, downloads make up a 94 per cent share of sales. For games consoles like PlayStation, Switch and Xbox, on the other hand, only about 1 in 3 games (35 per cent) is purchased via download. However, this represents a considerable increase compared to 2019, when the share was 24 per cent.

Overall, the German games market added an impressive chapter to its success story in 2020. Every segment of the market grew – including ones that had experienced very little dynamic growth in recent years. The market also revealed clear trends for the future, such as high revenue growth rates for online games services and the steadily increasing share of purchases constituted by downloads. And while the Covid-19 pandemic may have been an exceptional factor that caused growth to disproportionately skyrocket, the strong demand for games hardware indicates that the outlook for the coming years will remain positive: millions of Germans have invested in new graphics cards and games consoles, and they are now ideally equipped to play all of the blockbuster games to come.

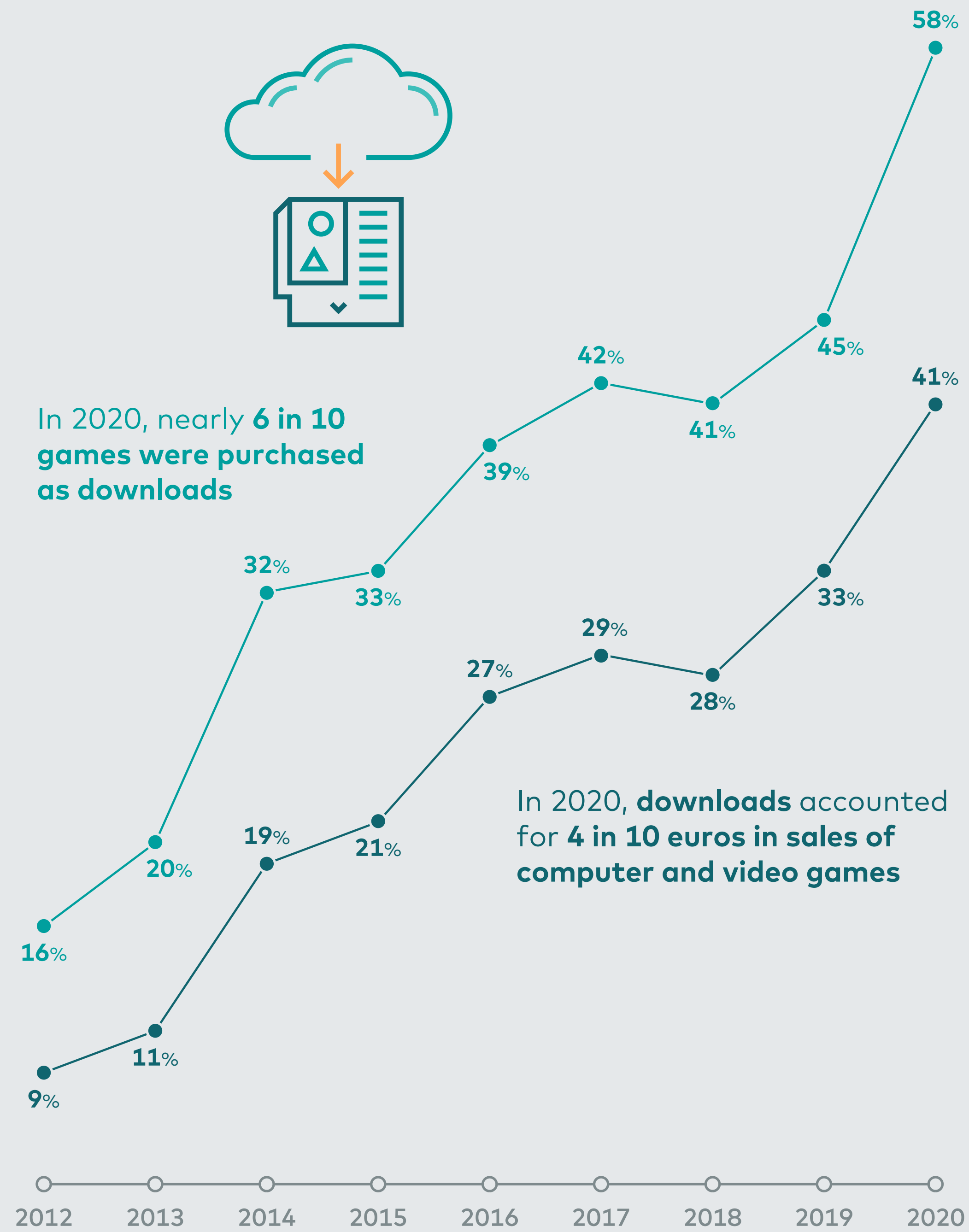
Repeat jump in sales through online gaming services





Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000). © game 2021

More than 1 in 2 computer and video games for PCs and consoles were purchased via download in 2020



Source: calculations based on the GfK Consumer Panel (2019/2020; n=25,000). © game 2021

03 The games industry in Germany

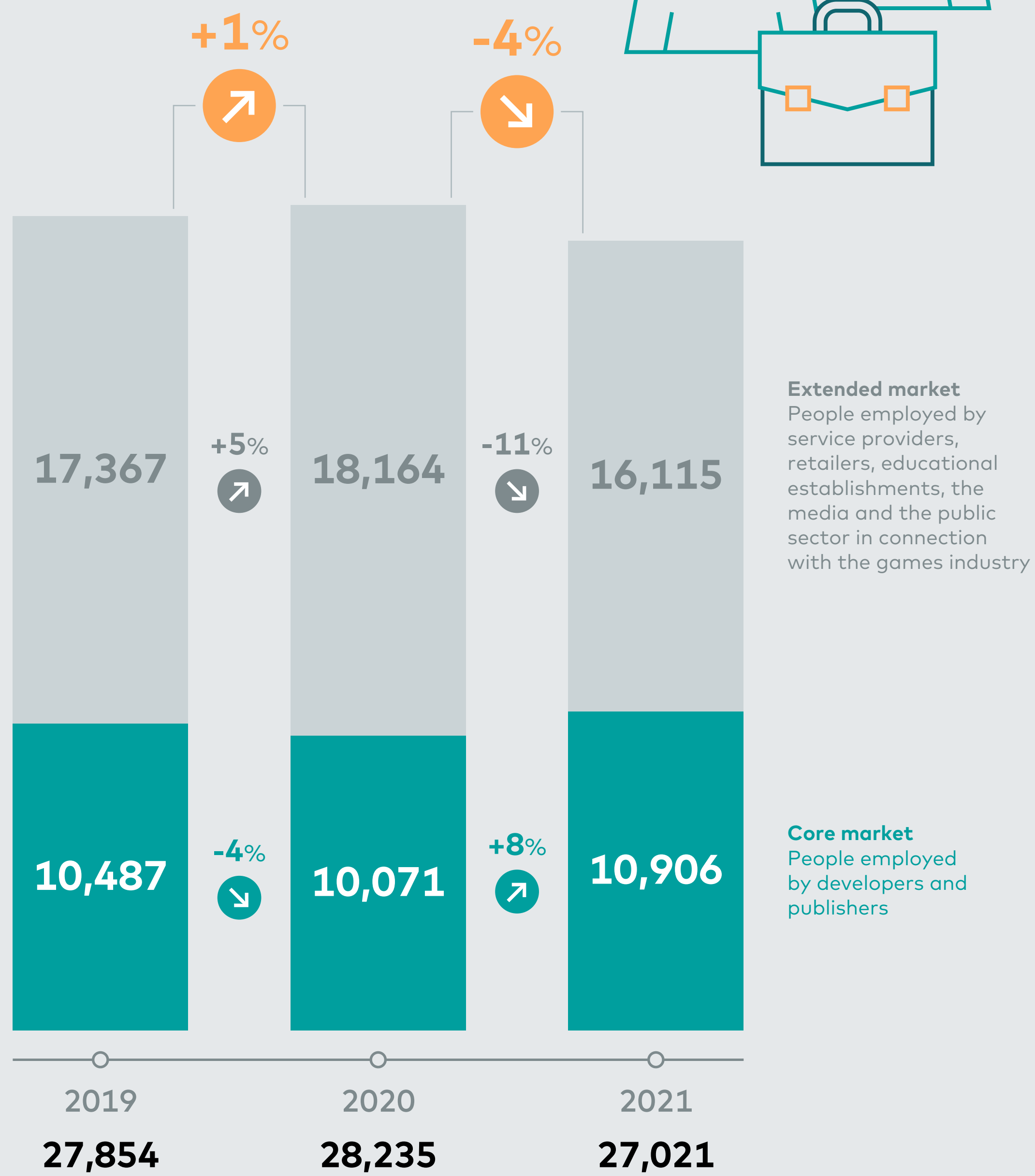
Rising sales revenue and new records have almost become the norm for the international games industry in recent years. Every year, games markets around the world continue to grow. This growth is driven by new players and countless innovations.

According to projections from market research company Newzoo, global sales revenue generated by games is expected to amount to approximately 176 billion US dollars in 2021. At that point, nearly one out of every three people will be a video game player! Few other industries can boast figures like these. However, the most surprising thing is that for the first time in a very long while, sales revenue is expected to decrease by 1.1 per cent. The backdrop here is that sales revenue from games increased sharply around the world in 2020 – in Germany alone, figures spiked by more than 30 per cent. The impact of the Covid-19 pandemic was a primary driving factor here. Games were in particularly high demand during periods of lockdown. Not only did they keep people entertained; they also gave them the opportunity to stay in touch and interact with friends and family. This exceptional factor caused sales revenue from games to increase so sharply in many countries that we do not expect the industry to set a new record in 2021, although the very high level of demand achieved in 2020 is projected to remain essentially stable this year. In that sense, we can already see that the enormous spike in sales revenue last year was not a one-off; rather, growing numbers of people around the world became passionate video game players who will remain loyal to the medium in years to come, as well – although naturally, many of them likely will not play as intensely in future as they did during lockdown!

Forecasts suggest that around a third of people are now video game players!

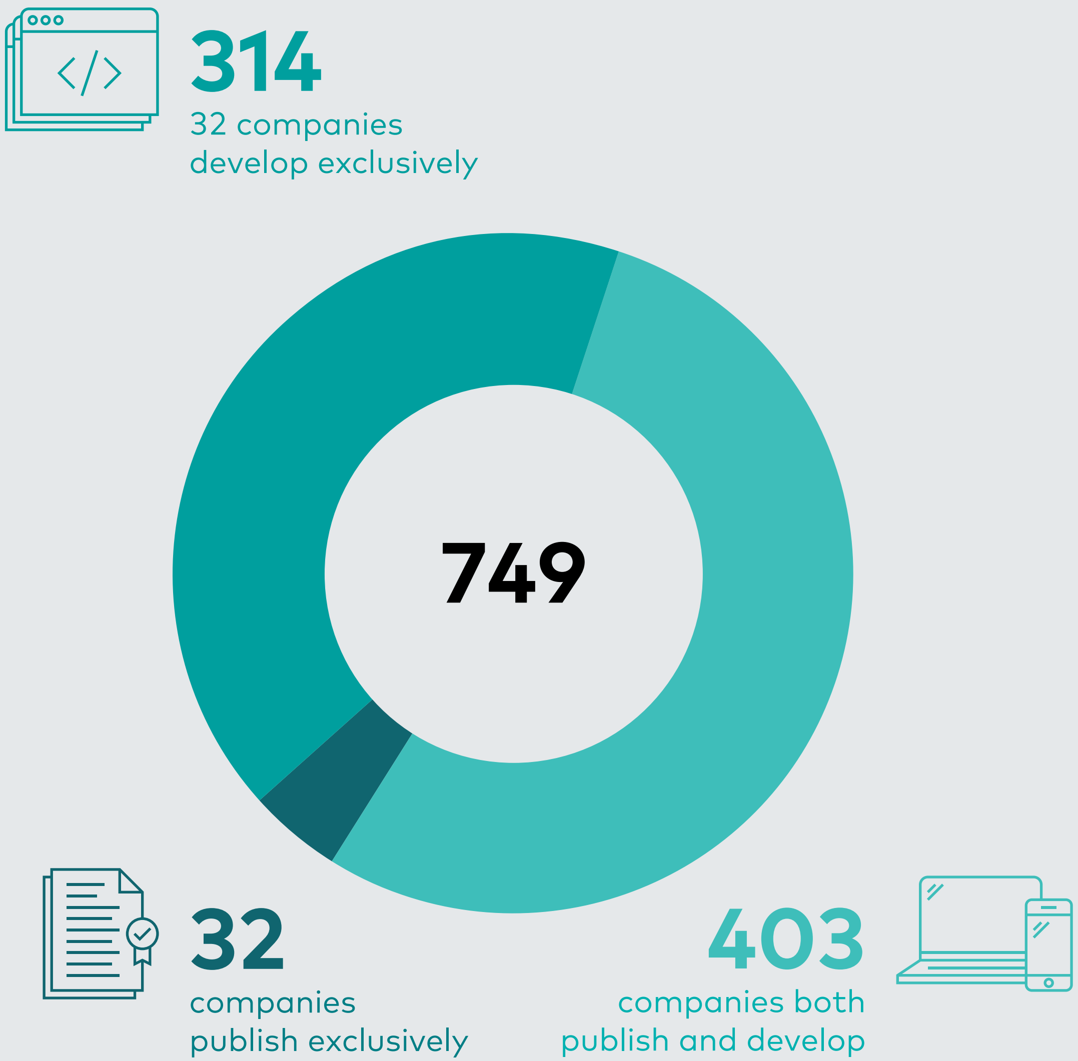
Germany, in its role as a location for the games industry, also has the potential to benefit from this steadily growing interest in games, as the study *Die Games-Branche in Deutschland 2018/19/20 (The Games Industry in Germany 2018/19/20)* conducted by the

Number of people employed in core labour market of games industry grows



Source: projection based on industry observations; May 2021 (www.gamesmap.de). © game 2021

749 companies in Germany develop and distribute games



Source: gamesmap.de; industry observations; projections. © game, May 2021

HMS Hamburg Media School and presented in late 2020 indicates: the games industry in Germany is particularly young and dynamic – the average games company in Germany is just 7 years old, and half of games companies are less than 5 years old. Consequently, most companies are correspondingly small: 7 out of 10 employ less than 10 people. Despite the large number of small and relatively new companies, however, employment in the games industry is much more stable than in other creative and cultural industries. For example, 8 out of 10 employees hold positions that are subject to social insurance contributions, 7 out of 10 are employed full time, and 8 out of 10 are on unlimited contracts.

Additionally, the games industry is particularly diverse. The percentage of women in the industry still needs to grow, but at 25 per cent, it is already much higher than in other sectors of the digital economy. The high percentage of employees without German citizenship is another positive stand-out: whilst in other sectors of the cultural and creative industry this figure is only 17 per cent, it is an impressive 27 per cent in the games industry. One reason for this is the fact that the industry has to meet some of its demand for highly specialised employees by hiring experts from abroad. The highly globalized nature of games companies also plays a role here. 47 per cent of games are exported – far more than the 7 per cent export ratio in film and television production, 9 per cent in the books market and 10 per cent in the music industry. One distinctive feature of the German games industry is that, unlike in many other countries such as England or France, games companies are distributed throughout Germany. Of course, the concentrations of games companies are somewhat higher in large cities such as Berlin, Hamburg, Munich or Cologne, but on the whole, games companies have offices in many different locations.

The percentage of women in the industry still needs to grow, but at 25 per cent, it is already much higher than in other sectors of the digital economy.

03.1 Employment figures and companies

The strong growth of the games market and the progress made in the area of games funding, such as the launch of the major funding guideline in late 2020, are also evident in the way employment figures and company data have developed. The number of companies developing and/or publishing computer and video games increased once again – within a year, this number spiked by 20 per cent, to a total of 749 companies. Game developers were responsible for the lion's share here. The number of active game developers rose to 314 in 2021 – a significant increase of 51 per cent compared to the previous year. A further 403 companies in Germany are active in both development and publishing. The number of these companies rose by 5 per cent compared to 2020. And companies that focus on game publishing, meaning that they fund the development of games and handle marketing and distribution, increased by 7 per cent, to 32. The number of games companies already increased during the previous year. The majority of these companies may only employ a few people, but the high level of optimism regarding the launch of the games funding programme is evident here. In order to properly leverage this potential for Germany as a location for games, the conditions Germany offers to the industry will need to be good and remain internationally competitive over the long term.

A look at the number of employees in the core market indicates that most newly founded companies are microenterprises and small companies – employee numbers have also grown, but much more slowly than the number of companies. In 2021, 10,906 people are employed in the development and marketing of computer and video games. That number marks an increase of just 8 per cent within a year. However, we can already see the positive impact of the wave of new companies here; after all, during the previous year, the number of employees in this field declined. In the larger labour market, employee numbers have seen a less positive trend. Whilst employee numbers grew by 5 per cent a year ago, there has been a significant decline recently. The games industry's extended labour market includes people employed by service providers, retailers, educational establishments, the media and the public sector – sectors that experienced at least some negative impacts of the Covid-19 pandemic. The decline of 11 per cent, to 16,115 employees, is therefore correspondingly stark. The games industry in Germany provides a total of 27,021 jobs.

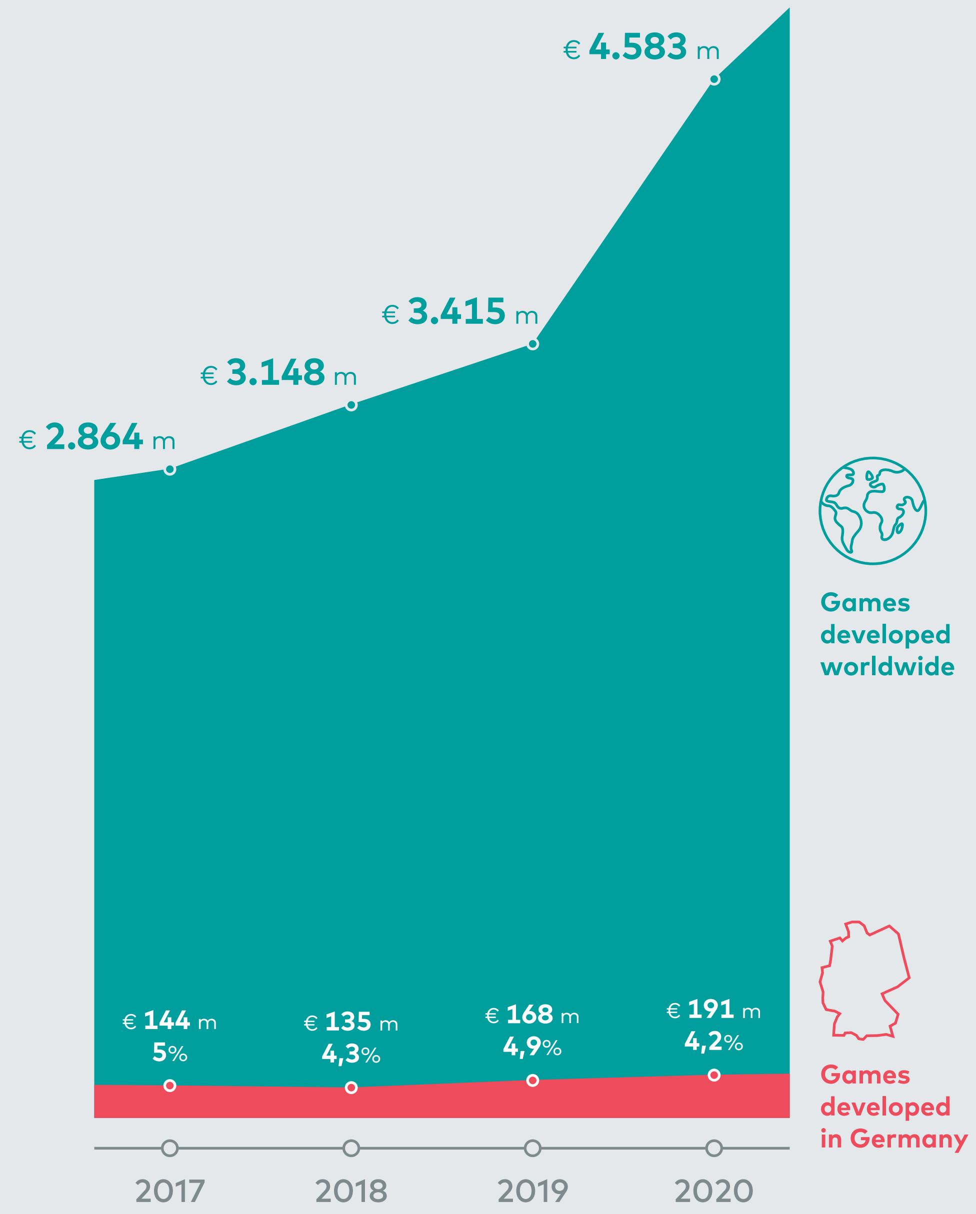
However, a look at current employment figures also indicates how much potential for growth Germany still offers. Canada, for instance, has only half the population of Germany and has been providing significant funding to its domestic games industry for several years – the Canadian games industry employs 27,700 people, or nearly three times as many as the sector in Germany. If these numbers are extrapolated to apply to Germany, they indicate up to 60,000 potential jobs in the core labour market of the German games industry. Likewise, the United Kingdom, which has approximately 15 million fewer residents than Germany, has nearly twice as many people (20,430) working in computer and video game development and distribution.

gamesmap.de

game – the German Games Industry Association launched its online directory of the games industry with gamesmap.de. gamesmap.de uses an interactive map to visualise over 1,600 entries, including more than 600 game developers and publishers, 900 media, technical and financial service providers and some 120 educational establishments that offer courses relevant to the games industry.

www.gamesmap.de

Revenue growth of German games companies lags behind overall pace in domestic market



Source: calculations based on the GfK Consumer Panel,GfK Entertainment, App Annie, surveys and projections. © game 2021

In record year, share of German-developed games in home market declines slightly

Overall market

German-developed games in 2020

4.2%

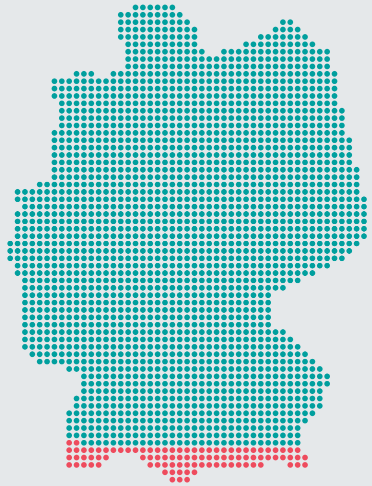
= € **191** m

of € **4,583** m total

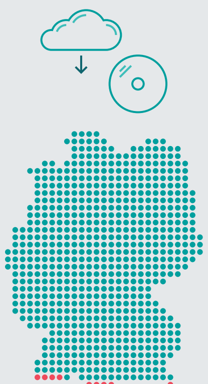
2019

4.9% = € **168** m

of € **3,415** m total



PC and console games (purchase on physical media and by download)



2020

1.3% = € **15.2** m

of € **1,158** m total

2019

1.9% = € **19.5** m

of € **1,036** m total

Online/browser games (subscriptions and in-game purchases)

2020

7.2% = € **83.2** m

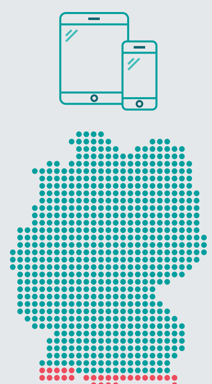
of € **1,150** m total

2019

17.6% = € **94.3** m

of € **536** m total

Mobile games (purchases and in-game purchases)



2020

4.1% = € **93** m

of € **2,275** m total

2019

2.9% = € **54.5** m

of € **1,843** m total

Source: calculations based on the GfK Consumer Panel,GfK Entertainment, App Annie, surveys and projections. © game 2021

03.2 Games from Germany

The total sales revenue generated by German game developers failed to keep pace with the strong growth of the games market in Germany in 2020: whilst games from Germany did generate more sales revenue than previously, the rate of growth was much weaker than that of games developed in other countries. The result is a further slight decline in the market share of German-developed games in the domestic market. Whereas German game developers captured €4.93 of every hundred euros spent on games in Germany in 2019, their corresponding share in 2020 was just €4.17.

A closer view shows significant differences in the performance of the individual market segments. The market share of game apps for smartphones and tablets rose from about 3 to nearly 4.1 per cent, whilst the revenue share of German-developed games in the strongly blockbuster-driven submarket of games for PCs and consoles dropped from around 1.9 to 1.3 per cent within one year. Online and browser-based games registered a much sharper decline, with their domestic market share plummeting by more than half – from 17.6 to 7.2 per cent. The inability of German-developed games to benefit more strongly from the 2020 boom in many segments is in large part due to underlying market conditions in Germany that remain more difficult than those in other countries. The games funding programme launched just a few months ago by the federal government is a key step in enabling Germany to catch up with more successful locations. However, the effects of the new policy won't be felt immediately. In addition, the games market is strongly blockbuster-driven and the number of highly successful games has an outsized impact on total revenue. The larger and more diverse the German game development landscape becomes in the future, the less influence individual studios or titles will have on the development of sales revenue overall.

The total sales revenue generated by German game developers failed to keep pace with the strong growth of the games market in Germany in 2020.

03.3 Games funding

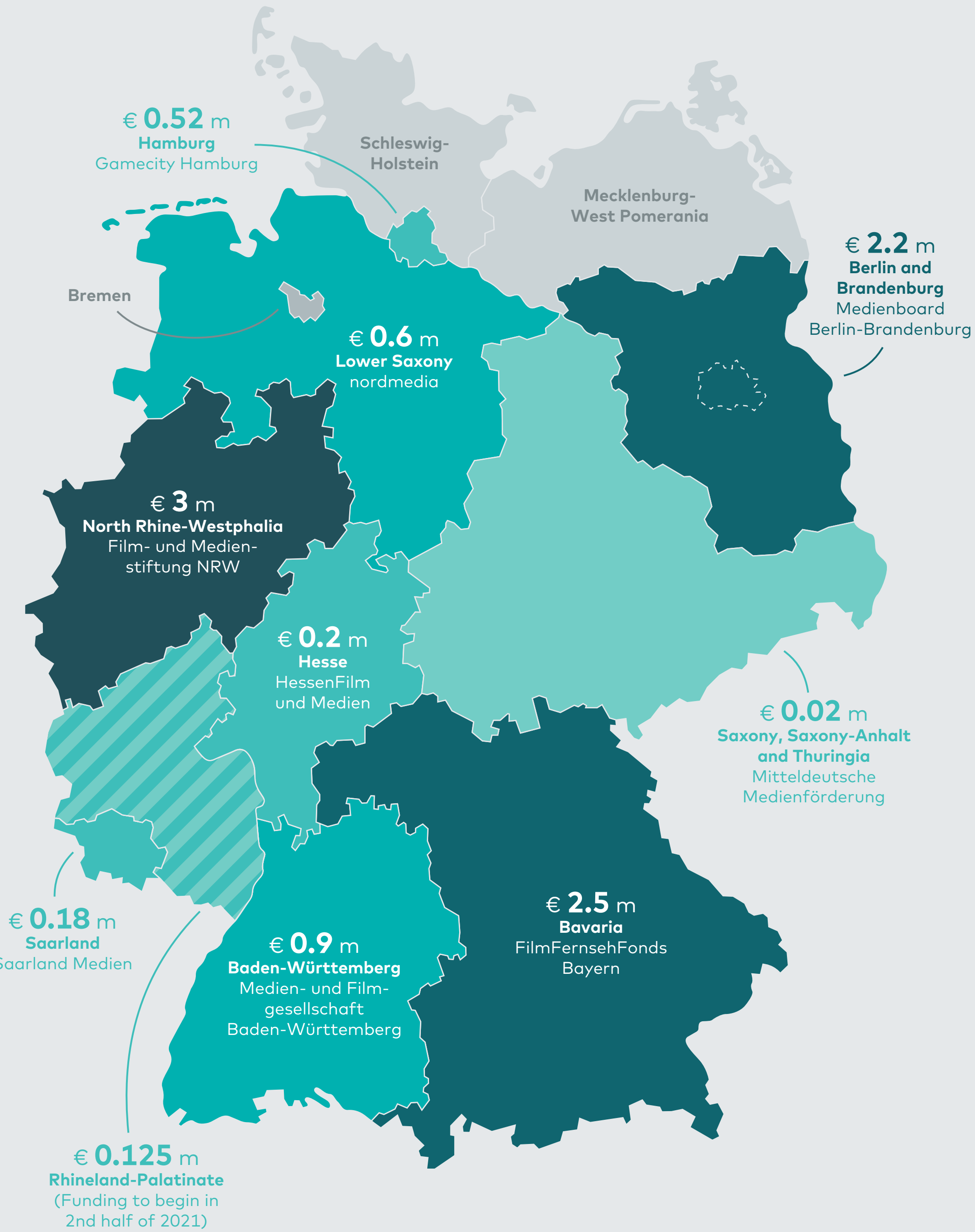
For many years, the debate over computer and video games in Germany centred on the alleged dangers of the relatively new medium. Other countries, by contrast, recognised the potential of the medium and the games industry at an early stage and provided targeted support to domestic games companies. As a result, a number of countries have gained a significant competitive advantage in the world's largest media-based market over the years. Other locations, like Germany, were increasingly behind the curve. There were enormous differences in the area of financing for game development, in particular. Targeted funding for development processes, such as straightforward tax breaks with no red tape, made the production of new games much cheaper in certain countries. Consequently, game developers in Germany faced costs that were up to 30 per cent higher, putting them at a significant disadvantage.

gamescom 2020 saw the official kick-off of the extensive games funding programme.

Even the government recognised that this lack of a level playing field was putting Germany's competitive position as a location for game development at serious risk. Consequently, in 2017, Germany's governing political parties – the CDU, CSU and SPD – agreed to provide stronger support for the domestic games industry as part of their political platform. As a result, a budget of 50 million euros was made available for games funding on the federal level for the first time in 2019 – this was a first for Germany, and the policy received cross-party support.

The German Federal Ministry of Transport and Digital Infrastructure – which was tasked with implementing the games funding policy – launched a pilot phase in June 2019; it received 380 funding applications, indicating enormous demand from within the games industry. The large-scale funding programme was subsequently launched at gamescom 2020. At the opening of gamescom, Andreas Scheuer, Federal Minister of Transport and Digital Infrastructure, announced that the games funding programme would launch in late summer. And he was as good as his word: the first applications for the large-volume funding programme were accepted beginning in September, and applicants began receiving official notification that they had been granted funding as soon as early December. Some of the applications approved included more costly productions, such as Munich-based studio Mimimi Games' upcoming project, *Codename Süßkartoffel*, which received approximately 2 million euros in funding. Such large sums of funding would have been impossible in Germany before this programme. In the months that followed, numerous other game development projects received the green light for funding.

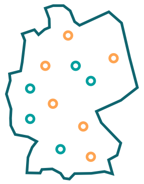
Regional games funding in Germany



Note: There is no regional funding for computer and video games in the federal states of Schleswig-Holstein, Mecklenburg-Vorpommern or Bremen. As of: June 2021

But the federal government was not the only body delivering good news on games funding – many of the individual German states continue to actively support their regional games companies. Hamburg introduced games funding in 2020, supporting the development of prototypes, among other things. The northern German city-state made 520,000 euros available for this purpose. Rhineland-Palatinate is set to launch a regional games funding programme amounting to 125,000 euros in late 2021; that funding volume is scheduled to increase to 250,000 euros in 2022. In 2020, federal states such as Berlin and Brandenburg, Baden-Württemberg, Lower Saxony and Saarland also increased their funding for computer and video games.

The funding programme *Kreativ-Transfer (Creative Transfer)*, which helps German game studios with international networking and improved visibility, even managed to continue throughout the Covid-19 pandemic. In total, seven game studios received support during the current funding period from 1 January to 30 April 2021. As nearly all of the games industry's most important events were either cancelled or took place entirely online due to the pandemic, companies were also granted support to help them optimise their online presence, purchase streaming equipment and participate in fee-based online events, among other things.



Regional offices of the games industry

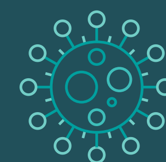
The games industry is very active in the German federal states through its dedicated regional offices, which are supported by game. The objective is to advocate better framework conditions in the regions by taking clear positions and offering dedicated points of contact. The regional offices include game Schleswig-Holstein, game Norddeutschland, game Hamburg, game Berlin-Brandenburg, game Rheinland-Pfalz, game Baden-Württemberg and game Saarland. In Saxony, Saxony-Anhalt and Thuringia (Games & XR Mitteldeutschland) as well as in North Rhine-Westphalia (games.nrw), Hesse (gamearea-HESSEN) and Bavaria (Games Bavaria Munich), game works closely with existing regional offices connected to the games industry.

For more information on the regional initiative, go to www.game.de/games-branche-in-deutschland/regionale-strukturen/

The German games industry during the Covid-19 pandemic

Overall, the German games industry weathered the Covid-19 pandemic very well. The majority of game members started the year 2021 with confidence, as the first survey conducted in late 2020 as part of the game industry barometer indicated. According to the survey, 7 out of 10 companies expected their businesses to improve financially in 2021.

1 in 5 companies (19 per cent) expected to maintain a steady course at the current level; just 1 in 10 companies (10 per cent) anticipated a business downturn. The confidence of the German games industry is also reflected in the area of personnel planning, with 45 per cent of the surveyed companies intending to hire new employees in 2021 and just 6 per cent anticipating having to make lay-offs. Overall, half of companies expected to maintain steady personnel numbers.



7 out of 10 companies anticipate positive economic development for their own business operations in 2021.

A look at the current development among games companies in Germany explains this confidence. More than 1 in 4 companies surveyed (28 per cent) say they are coping with the ongoing pandemic very well, while a further 67 per cent state that they are coping well. Just 5 per cent of companies say that they are currently coping rather poorly with the crisis. However, the Covid-19 pandemic is having significantly greater effects on games companies than might be expected from a first glance at the positive data. Every third company surveyed (33 per cent) has had to postpone projects or game releases because of the pandemic. Nearly 1 company in 5 (18 per cent) has also deferred investments due to the pandemic. Furthermore, nearly one fifth of the companies surveyed (19 per cent) have been forced to seek other means of funding in response to the pandemic.

03.4 The ten demands of the games industry

game – the German Games Industry Association is lobbying for a comprehensive improvement of the environment within which the German games industry operates. At the core of its political work are the following ten demands:

1 Promoting Germany as a games location for the long term

For Germany as a games location to be able to compete on the international stage, the German government must promote the games industry in an unbureaucratic, predictable and transparent manner with a long-term focus. Germany as a location for developers and games that are *Made in Germany* need to be visible, with networking required both within Germany and internationally. The games strategy of the German Federal Ministry of Transport and Digital Infrastructure is a key foundation for the ongoing development of the location.

2 Games to enhance learning, in school and throughout life

Our education system must take advantage of the opportunities offered by computer and video games for digital education in schools, vocational schools, universities and continuing education, and for lifelong learning. The development of games for use in educational instruction must be promoted and advanced in a targeted manner. Media literacy and programming knowledge are fundamental for school pupils in the digital age and must be a compulsory area of school curricula.

3 Greater commitment to games specialists

The German games industry is lacking in highly specialised, experienced professionals. Given this scarcity in Germany, the training situation must be improved and it must be made easier for these professionals to move here from abroad.

4 Digital infrastructure for all

As a games location, Germany must have blanket gigabit capability to ensure the successful development of games and to serve the millions of video game players in the country. This relates to high-performance broadband connections and a strong 5G network: Germany needs to catch up quickly across all distribution channels and must ensure that a future-proof digital infrastructure is accessible to all.

5 Youth protection legislation: modern, convergent and internationally compatible

The responsibilities of the German federal and state governments need to be put to the acid test to enable a modern German system for the protection of young people. Only in this way can standardised, modern and convergent statutory youth protection provisions be created that are aligned with the media reality of children and young people and guarantee international compatibility. A host of contemporary protection systems and technical features from the games sector may serve as models here.

6 Infrastructures for games development

Games hubs with incubator and accelerator programmes are an important corporate home for start-ups and provide opportunities for regional economic locations. They promote communication between games companies and cooperation with other sectors who wish to benefit from the potential of games development. These economic and innovation-linked effects demand high levels of commitment and the support of the federal states and local authorities.

7 Providing investment certainty, creating value

As the games sector, we have developed innovative business models that are based first and foremost on the needs of the users and depend to a great extent on their trust. New digital business models need scope, so a fair balance of interests must be found between consumers' rights and corporate freedom in the digital world, like elsewhere. Strengthening the empowered and confident users must take precedence over new regulation.

8 No space for haters, trolls and pirates: also bringing security authorities up to speed digitally

As the games sector, we advocate diversity and tolerance each and every day. All actors in the sector must come together to robustly confront hate speech as well as immoral and sometimes illegal behaviour in our digital society. The existing laws must also be applied in the digital world and the digital competences of the authorities expanded to create flexible and targeted solutions.

9 Making Germany the best location for esports

We want to make Germany the best location for esports. Given the major societal, cultural and economic significance of esports, the best possible conditions need to be created. Young talent needs to be supported and promoted. In particular, the valuable work of the organisations that offer esports should not be further disadvantaged, but rather promoted. These organisations thus need to be recognised as being not-for-profit in tax legislation.

10 Gamification – helping through play

Computer and video games are more than entertainment. They can support people in nearly all spheres of our society – in care homes, at places of memorial, in the fire service and much more. They open up new worlds of experience and serve to enhance performance in many areas, they are easily accessible and often cost-effective. The use of computer and video games should therefore be promoted in all areas of life, especially in the digital health sector.

04 gamescom

gamescom took place under exceptional circumstances in 2020. The Covid-19 pandemic struck in Germany just as organisers were in the middle of planning the world's largest computer and video games event, and in April, the German government banned large events until the end of August. Within just a few weeks, however, Koelnmesse and gamescom's top exhibiting organisations came up with a digital concept. Their goal was to put together a digital event that the global games community could look forward to, despite the pandemic.

In 2020, an event was organised in the form of a digital gamescom, giving the community something to look forward to despite the Covid-19 pandemic.

And they did just that: millions of video game players from over 180 countries were glued to their screens watching countless new shows and product presentations from 370 partners, as well as many other events. The organisers produced a total of five show formats: *gamescom: Opening Night Live*, *gamescom: Awesome Indies*, *gamescom studio*, *gamescom: Daily* and the closing event *gamescom: Best of Show*, all of which provided game fans with an enormous package of world premieres, interviews, let's plays and news spanning all the days of the event. The special highlight of gamescom 2020 was the show that kicked it off, *gamescom: Opening Night Live*. Over two million people viewed the event simultaneously, a fourfold increase from last year's strong premiere. This makes it one of the top three games events worldwide that took place online in 2020.

gamescom 2020 in numbers

2,000,000+

people watched *gamescom: Opening Night Live* simultaneously

180+

Video game players from over 180 countries followed gamescom 2020

370

gamescom partners

300 m

views of the TikTok hashtag challenges for gamescom

1,000+

companies participated in the matchmaking of the devcom digital conference 2020

The online event included the gamescom formats and content from the event's 370 partners, as well as esports tournaments and an extensive range of developer talks on the central content hub *gamescom now*. The hub was the central point of contact in the multi-platform approach; it made it easier to find the various types of content and, consequently, contributed to increased reach for partners' content. This content included ESL One Cologne and the numerous livestreams featuring influencers from around the world who disseminate gamescom content in a wide range of languages. Partnerships with platforms like Twitch, YouTube, TikTok and Steam also helped gamescom 2020 reach the community everywhere on the internet. The content trending under the two hashtags *Heart of Gaming* and *Well Played* racked up around 300 million hits within just three weeks.

The global nature of the interaction was primarily due to the partners for this year's event, 70 per cent of which came from outside of Germany. Many of them were actually represented at gamescom for the first time, thanks to the expanded availability of digital options. The numerous partnerships with international influencer agencies made another important contribution to the global nature of the event; content creators working with the agencies commented on the shows in their native languages. This meant that viewers could follow the programme in Chinese, German, English, French, Italian, Russian, Turkish and other languages.

The organisers also created a digital event, the *devcom digital conference*, for trade attendees as well as for developers and attendees in related professions. The conference set a new record, with over 2,200 participants in attendance at the core event, 94 talks and panels, and countless valuable contacts made. In total, more than 1,000 companies supported the event by exhibiting their products or participating in matchmaking. Over 2,700 business meetings were held via the 1-on-1 meetings, random networking and speed game dating events. *devcom Pitch it!*, with more than 400 meetings between 113 developers and 48 publishers, was another very popular event. Additionally, more than 450,000 viewers followed devcom content on Twitch.

The global nature of the interaction was primarily due to the partners for this year's event, 70 per cent of which came from outside of Germany.

gamescom congress also presented an extensive and wide-ranging programme online. In the 38 items on their agenda, the more than 60 speakers highlighted the innovative capacity of games over the course of 34 hours in total. The many panels, workshops and talks this year focused on digital learning and how games can enrich daily life in the classroom.

In 2020, many top politicians once again marked gamescom in their diaries as a *must-attend* event. During the political opening ceremony, Federal Minister of Transport and Digital Infrastructure Andreas Scheuer announced the launch of the large-scale games funding programme, which marks the beginning of Germany's efforts to play catch-up in the process of becoming an internationally competitive location for game development. Highlights also included the *Debatt(l)e Royale*, which saw the secretaries general and chief federal whips of Germany's political parties CDU, SPD, FDP, Die Linke and Bündnis 90/Die Grünen discussing a range of games-related issues and also featured a talk by Federal Foreign Minister Heiko Maas on the importance of games in foreign policy. On the whole, the digital version of gamescom underscored the event's status as one of the most important platforms for the exchange of ideas between policymakers and the digital generation.

In 2020, many top politicians once again marked gamescom in their diaries as a 'must-attend' event.

For further information, go to www.gamescom.global

05 About game – the German Games Industry Association

game is the association of the German games industry. Its approximately 340 members include developers, publishers and many other games industry actors such as esports companies, educational establishments and service providers.

game is an expert partner for media and for political and social institutions.

As a joint organiser of gamescom, game is responsible for the world's biggest event for computer and video games, which takes place every year in Cologne in late August. game's association office is located in the Berlin district of Mitte, in close proximity to the government district and the German Bundestag. game is a shareholder of the USK (Entertainment Software Self-Regulation Body), the Stiftung Digitale Spielekultur (Foundation for Digital Games Culture) and the esports player foundation, as well as a sponsor of the German Computer Games Awards. devcom is a subsidiary of game, and among other things, it organises the gamescom developer conference of the same name. As an expert partner for media and for political and social institutions, game answers all questions on topics such as market development, games culture and media literacy.

The members of game participate in various working groups, where they work on the association's positions on numerous issues, such as market research, law, funding, serious games and conditions for indie developers. Additionally, the game esports association includes members who actively work with esports. They include a wide range of stakeholders within the esports ecosystem, such as game developers, publishers, event organisers and agencies.

Ralf Wirsing, Managing Director of Ubisoft Germany, was re-elected as Chairman of the game Executive Board by the members in 2020; Deputy Chairwoman of the Board Linda Kruse, co-founder and Managing Director of the Good Evil, was also re-elected. Lars Janssen, Director Studio Relations at Koch Media, Jens Kosche, Head of Western Europe Commercial at Electronic Arts Germany, and Stefan Marcinek, founder and CEO of Assemble Entertainment, were also elected to the Executive Board. As the strong, unified voice of the entire German games industry, game has additionally helped to support the founding of many regional offices throughout Germany since the merger.

For further information, go to www.game.de/en

game in figures

01/18
game – the German Games Industry Association was established at the end of January 2018 following the merger of the *BIU – the German Games Industry Association* and *GAME – Bundesverband der deutschen Games-Branche*

~340
members, including developers, publishers, esports events organisers, educational establishments and service providers

15
points of contact at the regional offices

5
members of the Executive Board

16
employees at the branch at the political heart of Berlin

Current initiatives from the German games industry

Diversity initiative *Hier spielt Vielfalt*

The games industry is justifiably proud of how incredibly diverse its games and its communities are. More than 2.2 billion people around the world play computer and video games – regardless of age, gender, nationality, religion or sexual orientation. And the thousands of game developers around the world are just as diverse as the players.

This is why the German games industry launched the initiative *Hier spielt Vielfalt (Diversity plays here)* in December 2019, with the goal of further bolstering its commitment to an open, diverse games culture. The joint declaration on the subject has thus far been signed by around 1,400 individuals and institutions.

game also published a Diversity Guide to help raise awareness of the issue even further. It provides readers with specific tips and advice on building diverse teams and games communities, and it was most recently expanded to include a chapter on more diverse panels, conferences and the like. The guide is available free of charge in German and English language versions. Due to the strong interest in games industry issues and diversity, game has not only participated in numerous discussions and talks on the subject in recent months; it has also put forward many speakers for such events.

For further information, go to www.hier-spielt-vielfalt.de/en

Environmental and climate protection in the games industry

The consequences of the climate crisis are already very noticeable today. We have all been made aware of what will happen if businesses, governments and society at large do not act quickly to stop the crisis from intensifying further.

The games industry takes its social responsibility in this area very seriously. In Germany alone, 80 per cent of games companies say that environmental and climate protection is important to them. 76 per cent of games companies are already committed to operating more sustainably, such as by implementing measures to save energy and heat, using green electricity, separating waste and the like. And around the world, growing numbers of games companies have committed to far-reaching environmental strategies.

80 per cent of German games companies say that environmental and climate protection is important to them.

game is also doing its part to protect the environment. The association has been completely climate-neutral since early 2021. Additionally, gamescom has launched a sustainability project called *gamescom forest*, the goal of which is to reforest a climate-stable mixed woodland near Bayreuth, partly financed by donations from the community. Since mid-June, game has also been an associate member of the Playing for the Planet Alliance, an environmental partnership between the UN and the games industry. As part of its membership, game has committed to measuring its environmental impact annually, implementing measures to achieve complete climate neutrality by 2021 – which game had already accomplished – and to inform its members and games companies as to how they can reduce their impact on the environment. Therefore, game has published a free online guide on environmental and climate protection.

For further information, go to www.game.de/en/guides/game-environmental-guide/editorial/

The game network

Foundation for Digital Games Culture

We are the foundation of the German games industry and an ambassador for games and the opportunities they offer. Since our founding in 2012, we have dedicated ourselves to initiating projects and programmes highlighting the manifold ways games can contribute to society. Active nationwide, our non-profit foundation traces its roots to an initiative launched by the German Bundestag (the national parliament of the Federal Republic of Germany) and the German games industry. Partners from fields such as administration, education, culture, media, pedagogy, politics, child and youth protection, science and civil society take part in our projects, events and studies. An equally diverse council ensures that our work remains purposeful, independent and transparent. game – the German Games Industry Association is our shareholder.

Vision: We believe in a society that uses games to help shape digital transformation and acknowledges games as an enrichment to its culture.

Mission: We build bridges between the world of video games and the political and social institutions in Germany. As an ambassador for games, we illustrate what can be achieved by applying the ideas, mechanics and technologies behind games for the common good.

Strategic goals: We focus on key issues, highlight opportunities and expedite ideas that illustrate the potential of games in the fields of culture, education and research. We do so by developing new and innovative formats, events and approaches to research.

For further information, go to
www.stiftung-digitale-spielekultur.de/en

devcom

Established in 2017, devcom is the official game developer event of gamescom, the world's largest computer and video games event, and Europe's annual *must-attend* developer's conference.

Originally a five-day umbrella framework for a series of events, devcom is now a full-year experience focused around game development, game publishing, networking and community building.

devcom is organized by devcom GmbH, a subsidiary of game – the German Games Industry Association.

In 2019, 3,000 attendees from 75 countries – 65 per cent of them game developers – gathered in Cologne, Germany, to attend top-notch talks and panels, round tables, workshops and in-depth masterclasses delivered by more than 140 industry professionals.

In 2020, the first-ever devcom digital conference managed to bring the games industry together, despite the challenges posed by the Covid-19 pandemic. With the conference programme expanded to fill two weeks and complemented by daily Twitch shows, #ddc2020 was one of the most accessible and international devcoms to date, with over 2,200 attendees at the core conference event and 450,000 unique views reached with over 100 hours of streaming.

Further information on www.devcom.global

Entertainment Software Self-Regulation Body

The Entertainment Software Self-Regulation Body (USK) is an institution that was created voluntarily by the digital games industry. It is responsible for the classification of digital games according to age-appropriateness in Germany. The USK is state-recognized as an official self-regulator under both the Federal Youth Protection Act and the Interstate Treaty on the Protection of Minors in the Media. According to the Youth Protection Act, state representatives issue the statutory age rating symbols based on the recommendation of independent youth protection experts. In addition, the USK also issues age ratings within the international IARC system for online games and apps. Numerous companies have joined the USK as members to cooperate permanently and closely on the topic of youth protection. An advisory board advises the USK. Among other things, it determines the USK principles and the guiding principles for the classification procedure.

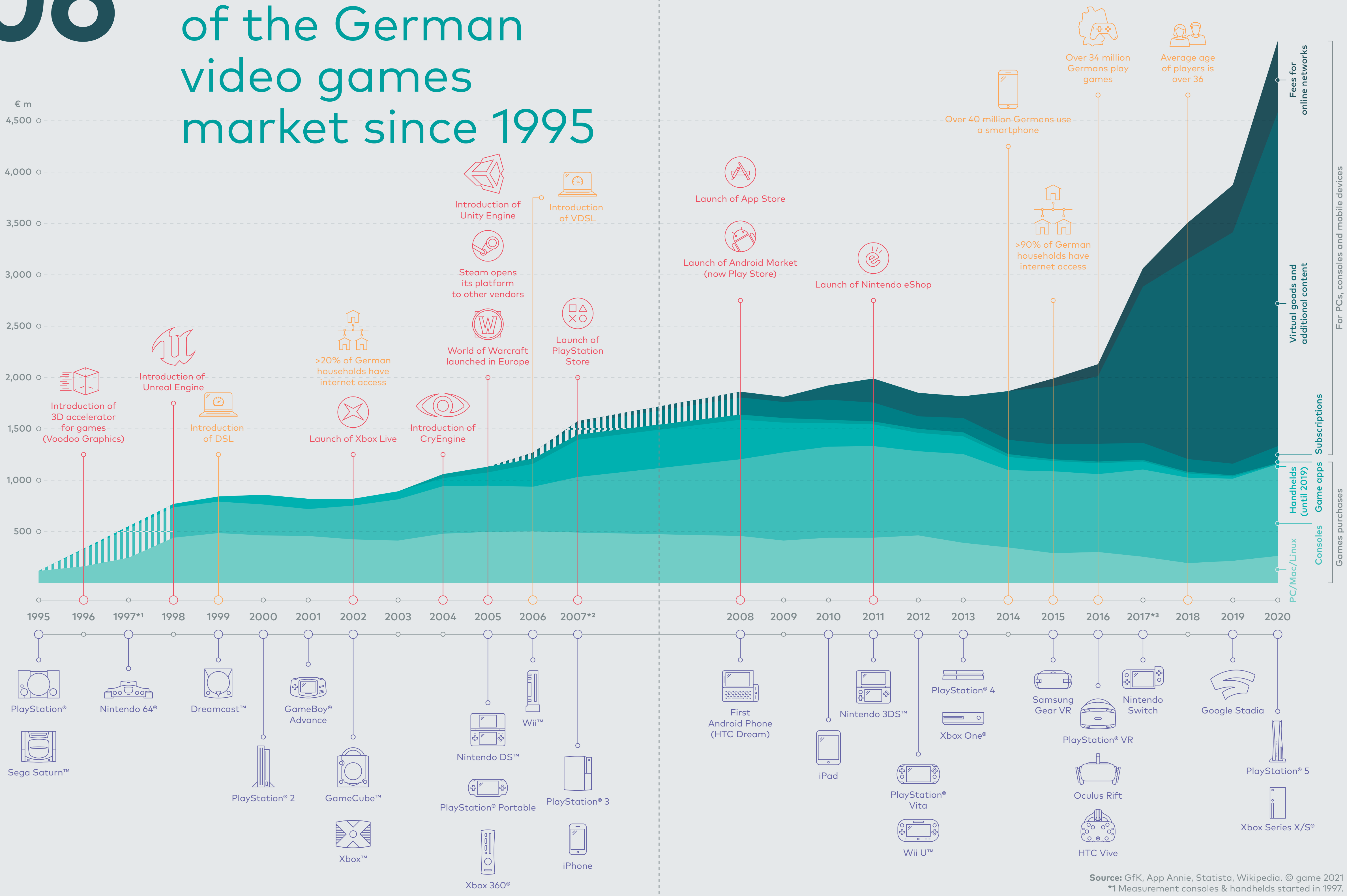
Further information is available on
www.usk.de/en

esports player foundation

The esports player foundation (epf) brings its expertise in promoting the advancement of traditional athletics to bear on esports. The foundation helps young and established talents alike by providing financial support, professional training and comprehensive advice on legal matters and health issues. Furthermore, the foundation supports players in securing a successful working life after an esports career. The esports player foundation was initially financed by the state government of North Rhine-Westphalia and is supported by numerous business partners. game – the German Games Industry Association is the sole shareholder of the epf. The organisation's Supervisory Board, which includes companies from the esports and games industry alongside partners from politics and society, provides the esports player foundation with strategic guidance.

For further information, please see
www.esportsplayerfoundation.org

06 Development of the German video games market since 1995



Source: GfK, App Annie, Statista, Wikipedia. © game 2021
*1 Measurement consoles & handhelds started in 1997.
*2 Measurement subscriptions and virtual goods & additional content started in 2007.
*3 Measurement converted for mobile games in 2017.

game – the German
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