

# GDC Presents

## GDC Europe 2016 State of the Industry Report

Welcome to the GDC Europe 2016 State of the Industry Report, presented by the Game Developers Conference! The data gathered in this report was gathered from surveying over 800 European game industry professionals who have attended a past GDC event.

This is the fourth annual GDC Europe State of the Industry report, and thus it offers both a snapshot of the European game industry as it stands now and some perspective on how it has changed over the past year.

Rising interest in VR game development, especially for the HTC Vive, deepening concern about crowdsourced funding and a growing focus on releasing games for PlayStation 4 and Xbox One are among the notable trends outlined by the findings from this year's survey.

This data was collected, organized and presented by the UBM Game Network, which also runs GDC, VRDC and GDC Europe. This year GDC Europe will take place August 15th and 16th at the Cologne Congress-Centrum Ost venue in Cologne, Germany.

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## WHERE IS EUROPE'S GAME INDUSTRY?

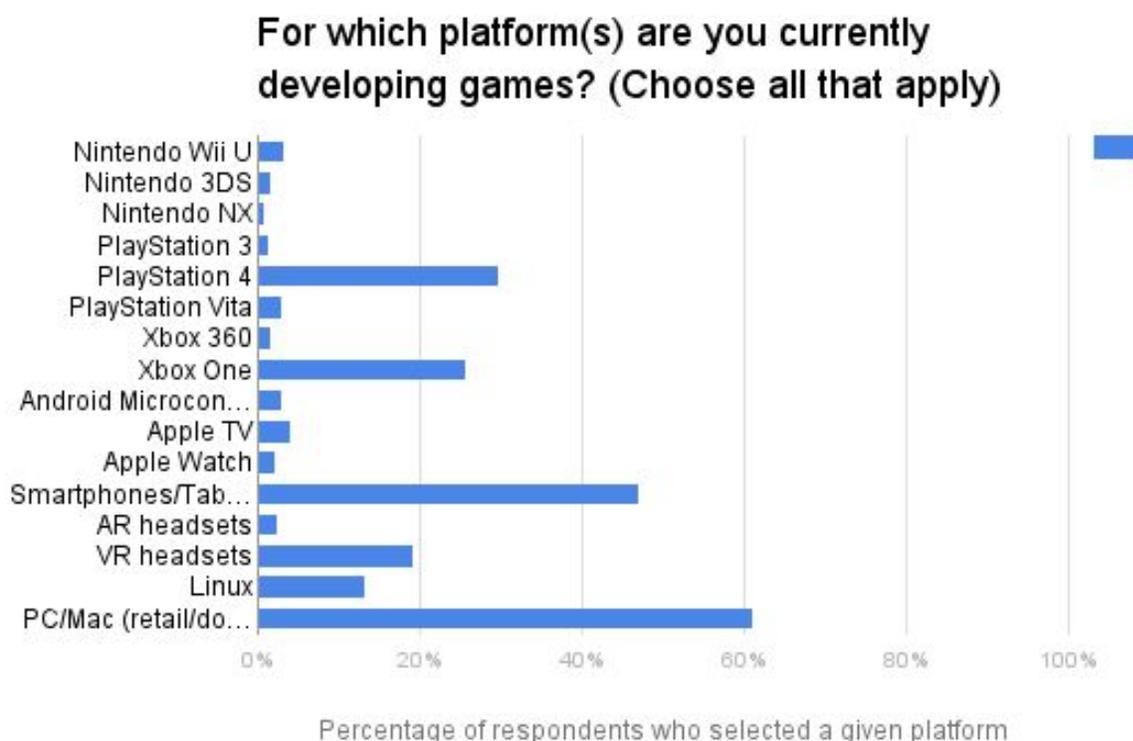
When asked where in Europe they currently reside and given a list of 15 countries to choose from, 20 percent of survey respondents said the United Kingdom, 18.2 percent said "Other" and 17 percent said Germany.

It's interesting to note that the U.K. surpassed Germany to be the most popular response this year, given that last year it was the other way 'round with 29 percent of respondents saying Germany was their place of residence and just 16.1 percent claiming the U.K. Keep that change in mind when looking over the result of the results from this survey.

## PC AND MOBILE STILL MOST POPULAR PLATFORMS, BUT CONSOLES ARE GAINING

So where are European game makers releasing their work?

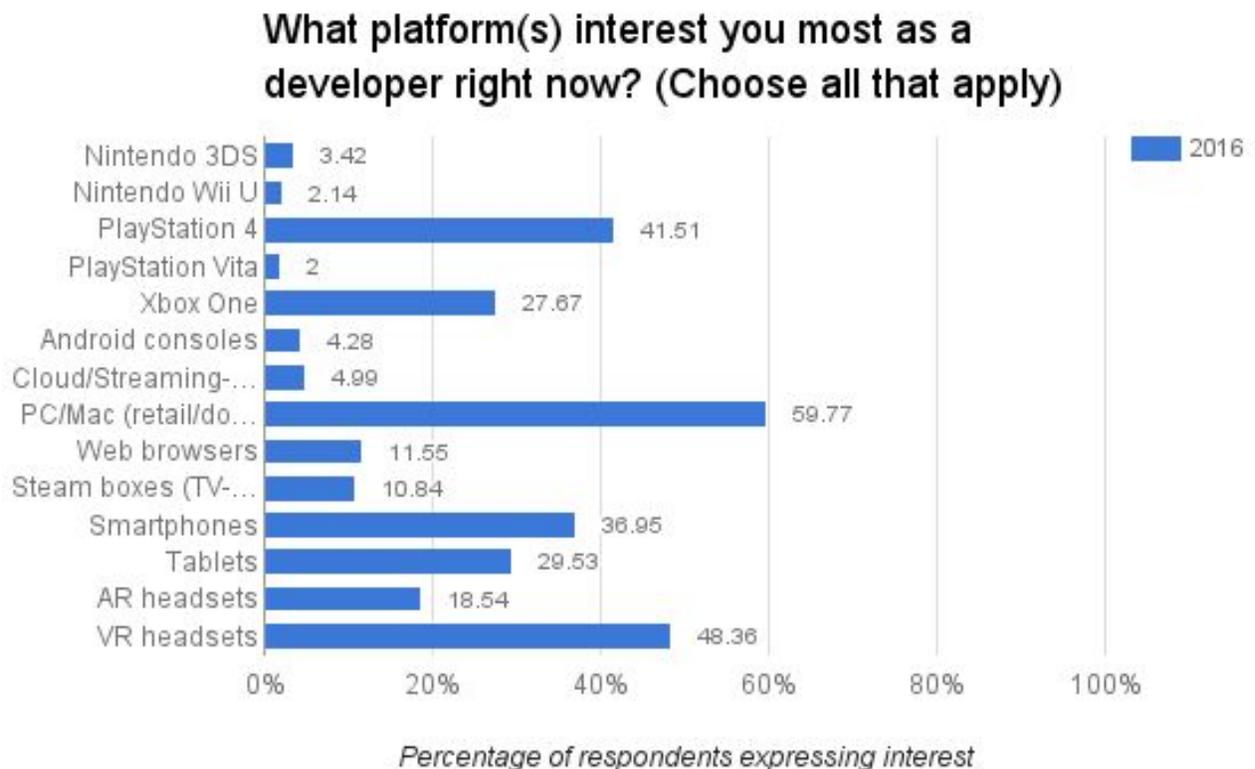
When asked where their *last completed game* was released, 49 percent of this year's survey respondents said PC/Mac, 40.5 percent said Smartphones/Tablets, 17.5 percent said PlayStation 4 and 13.6 percent said Xbox One.



61 percent of this year's respondents said the game they're *currently working on* will see a release on PC/Mac, 46.9 percent said it would see a Smartphone/Tablet release and 29.6 percent said it would come out on PlayStation 4. 25.7 percent said it would see an Xbox One release.

Looking to the future, survey respondents remain focused on PCs and mobile devices -- but their interest in contemporary consoles increased. 62.8 percent said they expect to release their *next game* on PC/Mac, 44.3 percent said they expect to release it on Smartphones/Tablets. 36 percent said it would come out on PlayStation 4, and 30.3 percent said their next game would come out on Xbox One.

When we polled this year's survey respondents on which platforms *interested* them most, as developers, the breakdown was a bit different. PC/Mac was most popular with 59.7 percent expressing interest, but it was followed by virtual reality headsets with 48.3 percent interest and the PlayStation 4 with 41.5 percent interest.



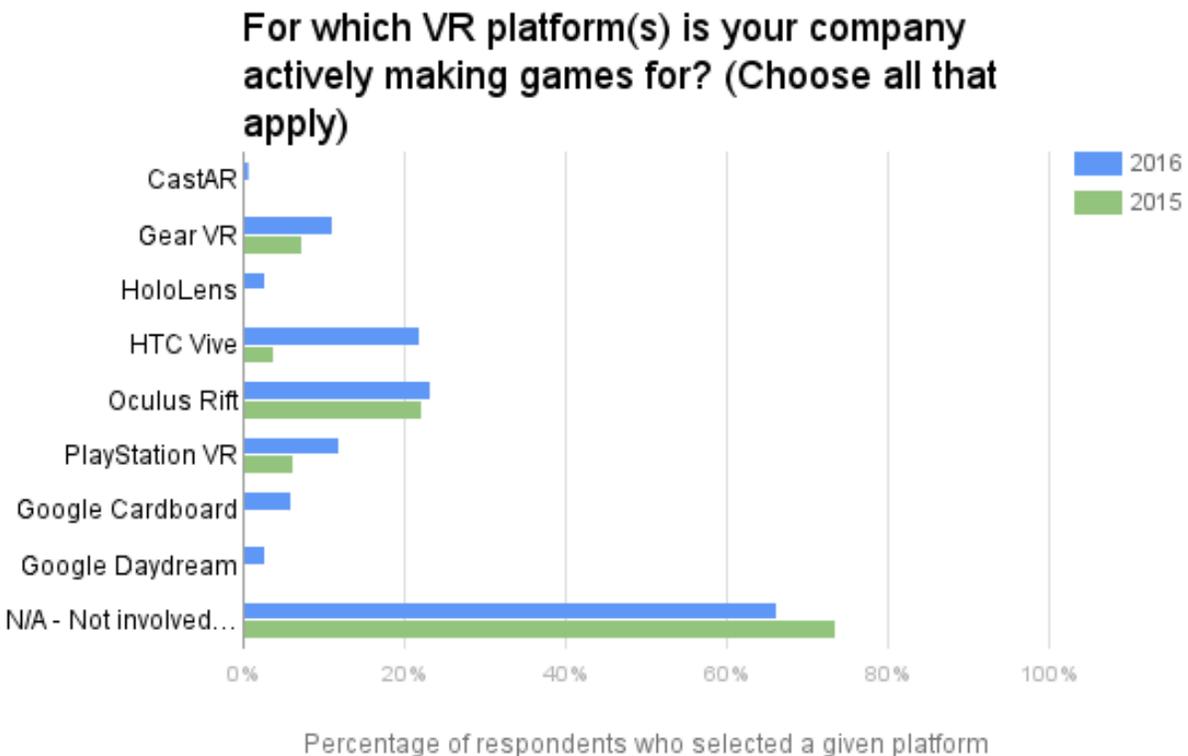
Smartphones and tablets may have not ranked as highly in the answers to this question because they were broken out into separate categories, leading 36.9 percent of respondents to say they were interested in making games for smartphones and 29.5 percent said they were interested in creating tablet games.

## WHAT ABOUT VR?

These results show a significant uptick in VR interest year-over-year. In the course of last year's survey just 33.4 percent of respondents said they were interested in making VR games, placing the platform behind PC/Mac, PlayStation 4, smartphones and tablets in terms of interest. As we just mentioned, this year more European developers are interested in VR than either smartphones or tablets.

But of course, there are multiple different VR platforms. Which ones are European game industry professional making games for? According to this year's survey, mostly the Oculus Rift and the HTC Vive.

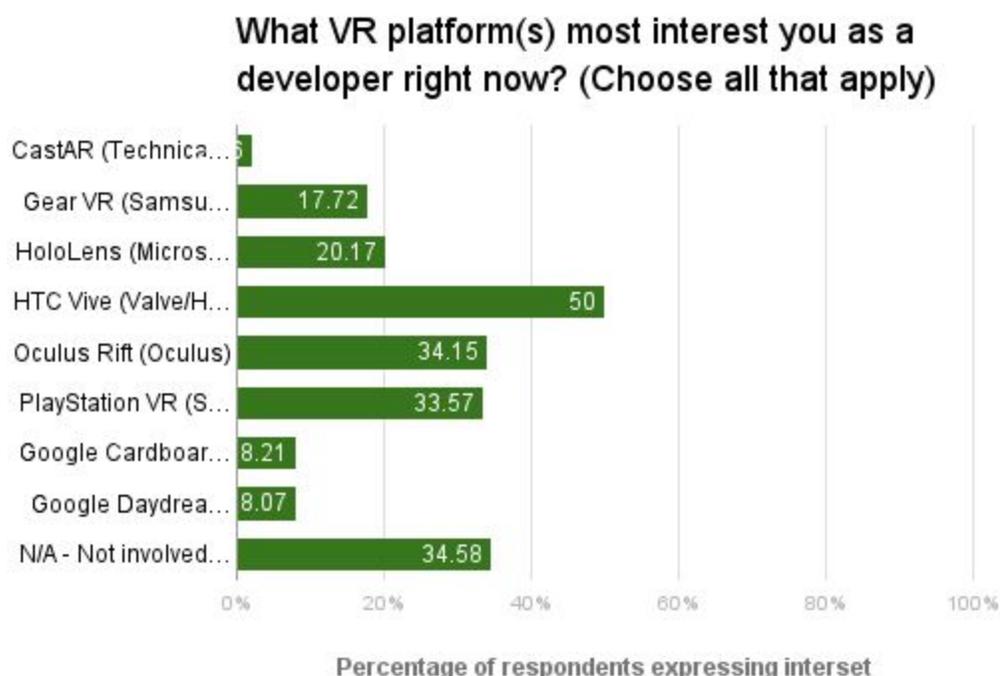
When asked which VR platforms they were currently making games for, 23.1 percent of respondents said the Rift and 22 percent said the Vive. 11.8 percent said the PlayStation VR headset, and it's important to note that 66.3 percent said they weren't involved in developing anything for VR/AR headsets.



As illustrated in the figure above, that's a big surge in development for the Vive, since last year when we asked the same question just 3.9 percent said they were working on a game for SteamVR. The first and so far only SteamVR headset, of course, has proven to be the HTC Vive.

Of course, it's important to note that the State of the Industry survey is constantly evolving and improving. Thus, last year's survey only queried developers on SteamVR, PlayStation VR (then called Project Morpheus), the Oculus Rift and the Gear VR headsets.

For a bit more context on where Europe was at in terms of VR game development last year, 73.4 percent of respondents said they weren't making any VR/AR games, 22.1 percent said they were working on games for the Oculus Rift, and 7.3 percent said they were making games for Samsung's Gear VR headset.



Going forward, European game industry opinions on VR development seem to be on an upswing. While the majority of survey respondents (again, 66.3 percent) said they weren't currently involved in VR development, when asked which VR platforms most interest them right now (see figure above), just 34.5 percent said "not applicable/none." 50 percent said the HTC Vive interested them, 34.1 percent said the Rift was of interest and 33.5 percent selected the PlayStation VR headset.

However, confidence in the VR games market seems to have dipped in the last year. When asked whether they believed VR is a long-term sustainable market, 68.8 percent of this year's respondents said yes. Last year, that figure was 71.7 percent.

“Right now it is a very big fad,” wrote one survey respondent when asked why (or why not) they believed VR was a long-term sustainable market. “But people are already getting a little tired of it, there is not enough quality products and with the steep entrance cost it keeps many away.”

“I’m cautiously optimistic,” wrote another. “It could easily end up being a fad, but my recent experiences with VR have me more convinced that it could be more than that.”

“I think there is bound to be a few successful VR platforms - the time has come and the technology is good enough,” wrote a third. “However, I don’t think it will see wide enough adoption to create financial success on the scale of existing development for a number of years.”

So let’s dig deeper into that question of adoption, and how fast those surveyed feel VR technology will spread across Europe. When asked to predict the time that VR/AR devices would be installed in 10 percent or more of European households, 32.6 percent of respondents said they expected it to happen by 2020.

86.7 percent figured it would happen by 2030, and 8.5 percent said it would never happen.

When asked when they thought VR/AR devices would be installed in at least 40 percent of European households, 25.1 percent of those surveyed said “Nope, never gonna happen.” 1.8 percent figured it would happen as early as 2020, and 55.9 percent said it would happen by 2030.

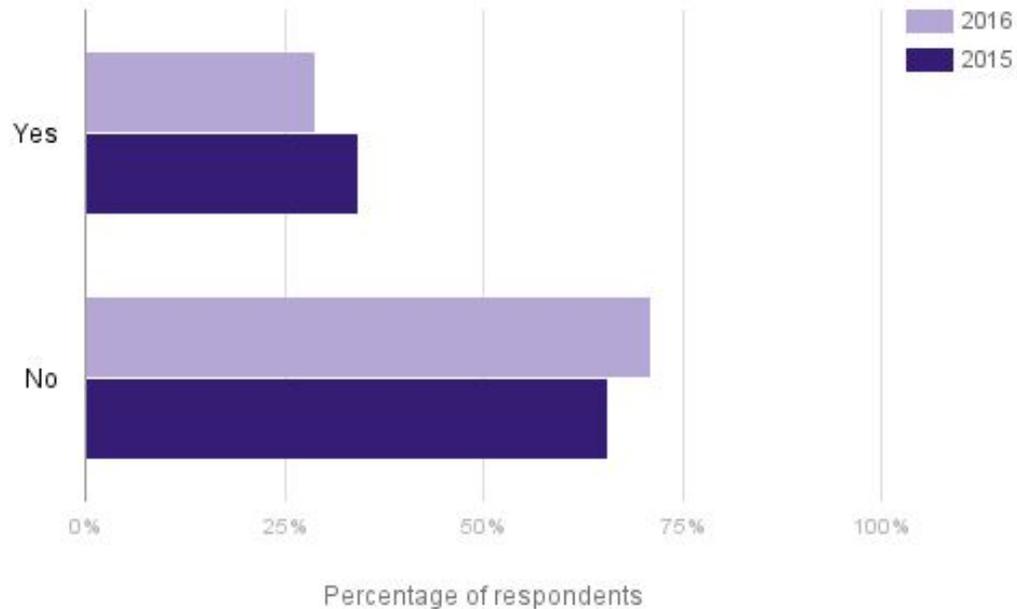
This is the first year we’ve asked this question as part of the GDC Europe State of the Industry survey and thus we can’t compare the results to prior years.

## **WHERE IS EVERYONE FINDING FUNDING?**

When it comes to funding game development in Europe, most survey respondents seem to be covering expenses using their own funds. When asked to select one or more sources of funding for their work, 57.8 percent of respondents said their funding comes from their company’s existing funds and 32.9 percent said it came from their own personal funds. Beyond that, publishers proved the most popular funding option, with 18.7 percent of respondents saying they had funding from an external publisher.

This was the first year this question was asked as part of the GDC Europe State of the Industry survey, so we can’t compare it to European devs’ past responses on where they found funding. Next year, perhaps!

## Are you planning to use crowdsourced funding for your future games?



However, we have kept abreast of how developers feel about crowdsourced funding -- and how often they use it. In the past year there's been a very slight uptick in how many survey respondents use crowdfunding, though the overall interest is still pretty low.

This year 5.2 percent of those surveyed said they were working on a game that had received crowdsourced funding, compared to 4.2 percent last year. 28.8 percent said they were planning to use crowdsourced funding on their future games, down from 34.2 percent last year.

"I think it is an awful way to try to fund a game and would never do it," wrote one respondent on a survey question which sought opinions on the state of crowdsourced funding in the European game industry.

"More work needs to be done in order to direct consumers to reliable crowdfunding campaigns whilst reestablishing trust in how crowdsourced funds are used by a development team," wrote another.

And reliably, someone pointed out that crowdsourcing funding is much trickier outside of the United States. "The major crowdsourcing platforms are US-centric, would wish they offered more payment methods and provided more clarity towards EU specific tax and legal aspects."

## **THE UNITED KINGDOM IS NOW SEEN TO BE EUROPE'S GAME DEV HOT SPOT**

To get a sense of where the hubs of Europe's game development scene are, every year we survey European game industry professionals about where in Europe they think the best games are being made. This year, the United Kingdom was the most popular answer with 24.7 percent of the vote, followed by Sweden with 22.4 percent and Finland with 17 percent.

That's a bit of a shift from last year's survey, when Sweden was the top choice with 26.6 percent of the vote. The United Kingdom came in second with 22.3 percent, and Finland held down its third-place spot with 15.8 percent.

What's interesting here is that last year many survey respondents were feeling upbeat about the United Kingdom's game industry, as it was the top choice (with 24.5 percent) for which European country would be making the best game in 5 years' time. This year that optimism continued, with 26.6 percent of those surveyed saying the United Kingdom would be making the best games in Europe in 5 years' time, followed again by Sweden with 16.7 percent of the vote and Finland with 11 percent of the vote.

However, it's important to note that this year's survey was conducted before the people of the United Kingdom voted in a public referendum to leave the European Union, which has significantly shaken the political and economic landscape of Europe.

## **WHO DOES EUROPE MAKE GAMES FOR?**

To get a sense of what regions European developers are interested in, survey respondents were asked to choose the markets they *primarily* develop games for. This year 89.3 percent selected Europe and 83.6 percent said North America, but only 41.3 percent said they made games for their own country. Interest in the Asian and Latin American game markets was much lower, at 28.3 and 24.4 percent respectively.

What's intriguing here is that while nearly all European game industry professionals surveyed said they primarily make games for Europe, far fewer said they make games for their own country. This is well in line with results from last year's survey (the split then was 91 percent Europe, 80.4 percent North America and 26.6 percent "own country") and outlines how many in Europe value the broader markets of Europe and North America.

## **2- TO 5-PERSON TEAMS ARE THE SWEET SPOT IN EUROPE**

To get a sense of the average scale of game development in Europe, survey respondents were queried on how many people work at their game company and given a list of answers ranging from "myself only" to "over 500."

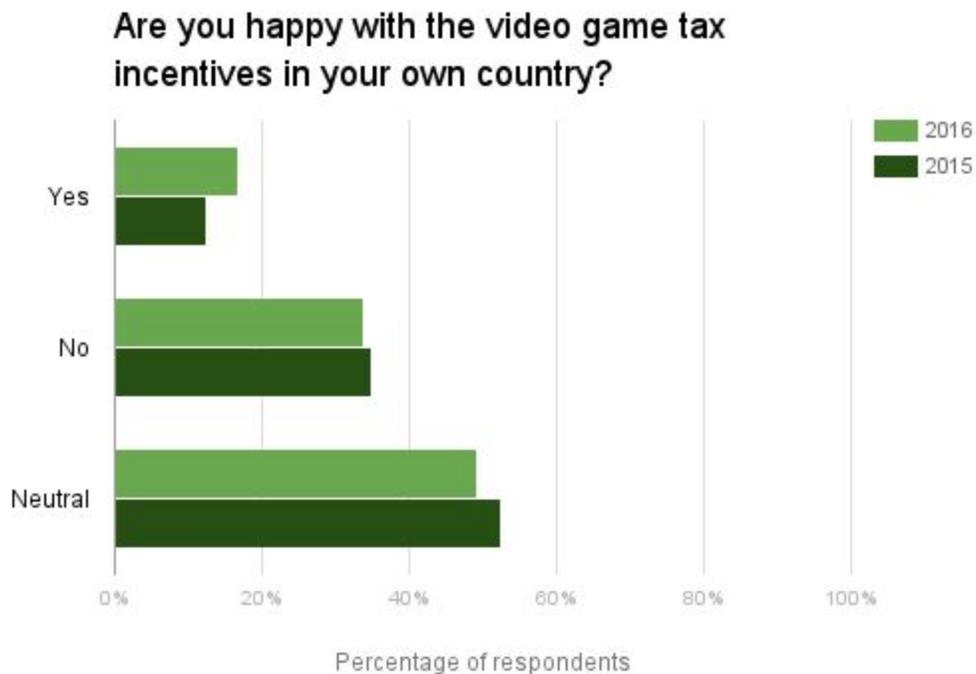
“2 to 5” people proved to be the most popular answer, netting 17.8 percent of respondents. Close behind it were “Over 500” with 12.1 percent of the responses and “Myself only” with 11.7 percent of respondents. Since this is the first year this question appeared on the GDC Europe State of the Industry survey, we don’t have data from last year to compare.

## EUROPE IS SLIGHTLY HAPPIER ABOUT THE STATE OF VIDEO GAME TAX BREAKS

Tax incentives for game development are a perennially popular topic in Europe, and so GDC has made a habit of surveying how European game industry professionals feel about the video game tax incentives in their own country.

This year negative feelings outweighed positive ones, with 33.8 percent of survey respondents saying they were not happy with their country’s video game tax breaks while just 16.8 percent said that actually, yes, they were happy. 49.2 percent said they were neutral on the topic.

That’s a bit less than last year, when 52.4 percent of survey respondents said they were neutral on video game tax incentives in their country. At that time 34.9 percent said they were unhappy about the situation, while just 12.5 percent said they were happy with their country’s tax breaks.



So where do those surveyed think the best video game tax incentives are found? Well, 75.9 percent said “I’m not sure” when asked which European country currently offers the best tax incentives for game development. Those who did have an opinion on the subject mostly chose the United Kingdom (12.5 percent), followed by Finland (3.8 percent) and France (2.1 percent.)

That mostly matches up with how survey respondents felt last year, though the percentages are significantly different since last year's survey did not include the "I don't know" option. Without that, 40.1 percent of last year's respondents said the United Kingdom had the best video game tax breaks in Europe, 12.9 percent said Sweden and 11.7 percent said Finland.

Survey respondents also had the option of sharing their own opinions on the state of Europe's video game tax break incentives, and they did so with gusto.

"I think a lot of the western European countries are beginning to appreciate what game developers, both large and small can do for the economy," wrote one respondent. "It seems like a sizable number are beginning to encourage game development through tax breaks."

"I'm concerned that Britain leaving the European Union could have a very negative impact," wrote another.

"Developers in Europe need to get organized so we can have more influence in the current state of tax breaks and be considered more seriously across countries," one respondent opined.

***Organized by UBM Tech Game Network, [GDC Europe 2016](#) will be held on Monday and Tuesday, August 15th and 16th at the Congress-Centrum Ost in Cologne, Germany, co-located with Europe's video game trade and public show gamescom.***