

Gaming's Renaissance: From Ancient Origins to Digital Domination



- **The gaming and eSports industry has rebounded strongly in 2024, driven by recovery trends and structural growth opportunities.**
- **Gaming stocks have surged 49% in 2024, reflecting investor confidence in the sector's recovery and future growth potential.**
- **With revenues projected to grow by 6% annually to \$257 billion by 2028¹, gaming's recovery reflects its integration into global culture, driven by technological advancements and generational shifts.**
- **Challenges and risks such as competitive pressure and single game dependency remain, but companies have adapted through diversified revenue streams, mobile gaming expansion, and monetization.**

Performance Update: The Gaming Sector's Roller Coaster Journey

The gaming industry witnessed extraordinary growth in 2020 as COVID-19 lockdowns confined millions to their homes. Video games offered entertainment, social connection, and a sense of normalcy during uncertain times. Popular platforms like Nintendo's [Switch](#), games like [Animal Crossing](#), and social spaces such as [Roblox](#) soared in popularity, and the sector's revenues reached unprecedented levels.

However, as pandemic restrictions were lifted, the sector faced a challenging period of adjustment. The "COVID boom" in gaming began to subside, and consumers redirected their spending to other categories. Fast forward to 2025, the gaming industry has entered a phase of robust recovery, signaling the potential for sustained long-term

growth, subject to evolving market dynamics. Recent performance metrics highlight this resurgence. For example, the MarketVector™ Global Video Gaming & eSports ESG Index (MVESPGTR), a proxy for gaming stocks, has surged **49.5% in 2024**, returning more than 20% annually since the inception of the fund tracking it in June 2019 (see Chart 1).

This roller coaster journey raises a critical question for investors: **Is this recovery merely a short-term correction, or does it signal the beginning of sustained long-term growth?**

The answer lies in the structural growth trends supporting gaming. Far from being a short-term rebound, the gaming sector's strong performance reflects its deep integration into global entertainment, driven by expanding audiences, evolving monetization models, and advancements in technology. These factors position gaming not just as a resilient industry but as one that could be poised for sustained growth in the years to come.

Gaming's Foundation of Resilience: Trends in Revenue and Profitability

The gaming industry's post-pandemic resurgence is underpinned by resilient consumer spending and broader trends in monetization and global audience expansion. These trends are highlighted in the latest earnings and forward-looking strategies of major gaming companies, which are estimated to achieve double-digit 5-year growth rates².

¹ Bain & Company, Gamer Survey 2024: Young Players Reshape the Industry

² Morningstar data, November 2024

Chart 1: Gaming Stocks Have Surged in 2024

Past Performance of hypothetical \$100 investment, 24/06/2019 - 31/12/2024

**Performance History (%) – as of December 31, 2024**

	YTD	3YR*	5YR*
MarketVector Global Video Gaming & eSports ESG Index	49.52	9.57	19.11
MSCI World Index	19.19	6.85	11.7

*Periods greater than one year are annualised.

Source: VanEck, MSCI. MVESGTR is tracked by the VanEck Video Gaming and eSports UCITS ETF (ESPO). Effective December 16, 2021 the MVIS® Global Video Gaming and eSports Index has been replaced with the MarketVector™ Global Video Gaming & eSports ESG Index (MVESPGTR). Performance is shown in USD. Indices are unmanaged and not securities in which investments can be made. Past performance is no indicator for future results. Investing is subject to risk, including the possible loss of principal. The MSCI World Index serves as a proxy benchmark for the broad stock market, while the MVESGTR is utilized as a benchmark for gaming stocks. However, the MVESGTR should not be considered an alternative or substitute for a market index, as it focuses on a specific industry.

Projections from Bain & Company indicate a **5.6% compound annual growth rate (CAGR) through 2028** for the gaming industry, with **revenues expected to reach \$257 billion**, which would be more than the combined 2023 annual revenue from streaming video (\$114 billion), streaming music (\$38 billion), and global box-office receipts (\$34 billion) as shown on Chart 2.³ Research from Newzoo shows that this optimistic outlook is reinforced by the steady expansion of the global gamer base, which has grown by 4.5% annually, **reaching 3.42 billion players in 2024**.⁴

The industry has also demonstrated significant improvements in profitability. Enhanced revenue streams and optimized cost structures in 2023 and 2024 have driven a resurgence in operating and net income, and driven the financial performance of the holdings within VanEck Video Gaming and eSports UCITS ETF (ESPO) as shown on Chart 3. Investors must be aware that the performance of ETFs and its holdings can fluctuate due to various market dynamics, such as changes in equity market prices,

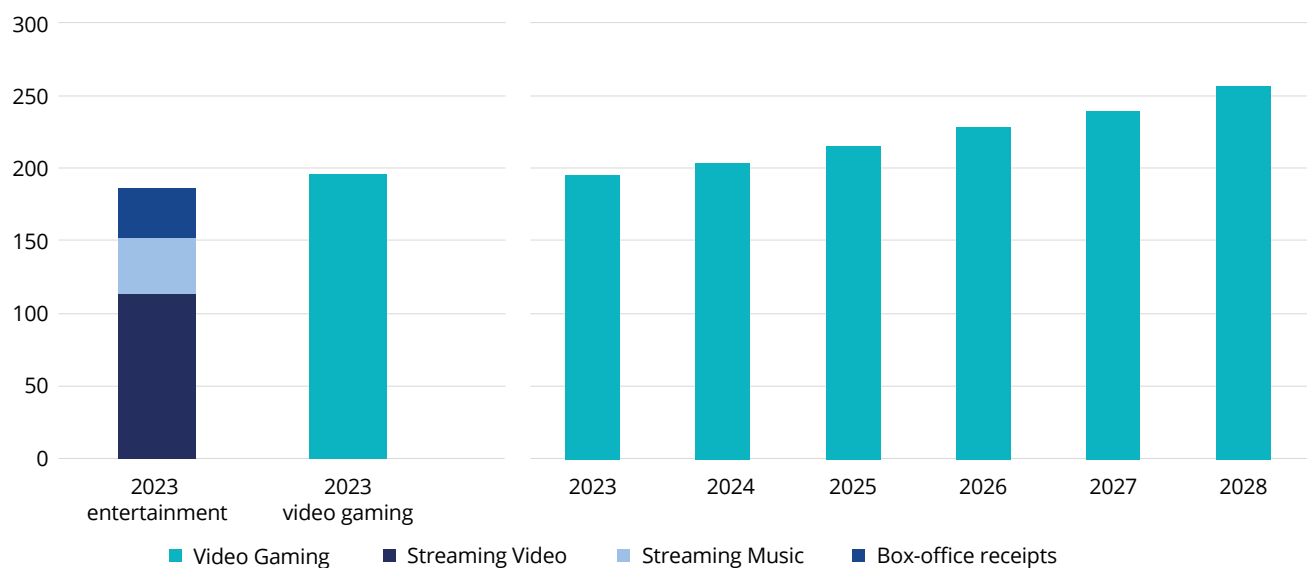
industry or sector concentration risk, and risk of investing in smaller companies. Maintaining a longer-term outlook may assist in navigating market fluctuations and understanding overall market trends more effectively. For full information on the risks, please refer to the prospectus and KID.

Mapping the Future of Gaming Growth

The industry's resilience, demonstrated through diversified revenue streams, strategic expansion into new markets, and adoption of emerging technologies, positions it as a cornerstone of the broader entertainment landscape. Gaming is no longer a niche segment; it's a dominant and essential pillar of global entertainment.

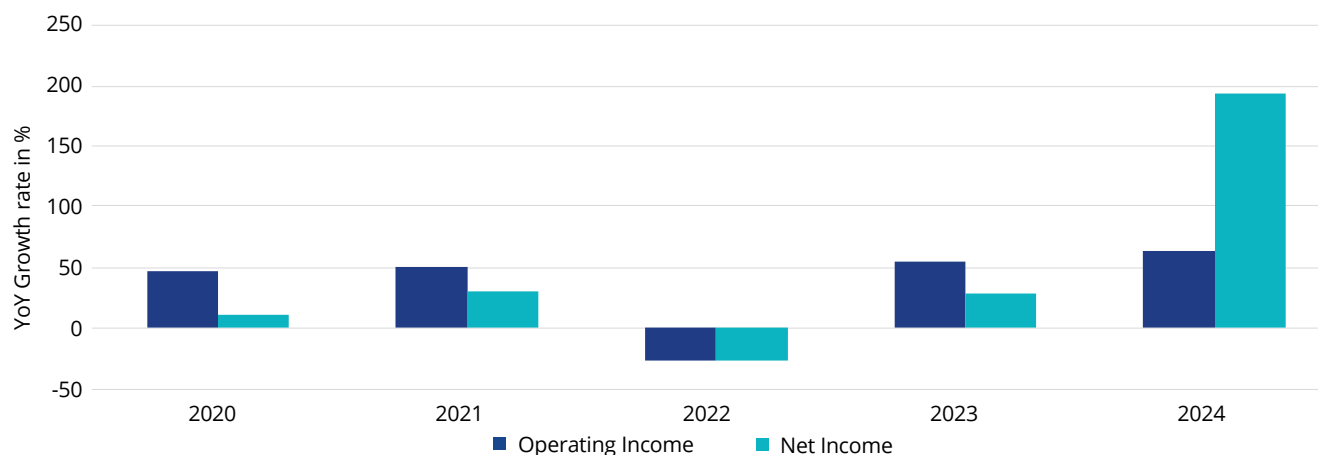
Looking ahead, three critical areas have been identified to propel the gaming industry's growth: 1) the rising influence of young gamers; 2) the dominance of multi-platform and mobile ecosystems; and 3) the untapped potential of emerging markets like Asia and Middle East and North Africa (MENA).

³ Bain & Company, Gamer Survey 2024: Young Players Reshape the Industry⁴ Newzoo, Global Games Market Report 2024

Chart 2: Global Revenue for Video Games & Other Entertainment (in billion US dollars)

Notes: Excludes hardware; 2024–2028 numbers are forecasts.

Sources: IDC; Euromonitor; PwC; Video Game Insights; TD Cowen; Bain analysis

Chart 3: Gaming's Comeback: YoY Income Growth Rates (2020 – 2024)

Note: Calculated based on the constituents' weights of the VanEck Video Gaming and eSports UCITS ETF (ESPO) since inception, all data as of November 30th of the respective year. Source: VanEck analysis

Growth Driver #1: Young Gamers

While gaming has also shifted in the past decades to become a trend for all ages, looking ahead, the clearest source of gaming's future growth comes from its youngest players: a demographic where gaming is already deeply ingrained as a dominant form of entertainment. Nearly **80% of this age group are gamers**, dedicating an average of **30% of their entertainment time to gaming**. This generational shift highlights gaming's role as not just a pastime, but an essential element of personal development and social connection.⁵

For today's youth, gaming is an indispensable part of life, serving as a source of joy, learning, and connection, as Chart 4 illustrates. With increasing internet access and a growing global gamer base, the youngest players represent the clearest driver of future industry growth.

Of course, the younger generation's interaction with gaming is indicative of the longer-term structural trend of humans' need and desire for entertainment.

⁵ Bain & Company, Gamer Survey 2024: Young Players Reshape the Industry

Chart 4: The Emotional Power of Play: What Young People Have to Say about Gaming



Help me feel less stressed

Provides me with a healthy outlet
from everyday challenges

Helps me feel happier

Source: Power of Play, Global Report 2023

The Evolution of Entertainment

From Sticks to Consoles: Gaming's Evolution Over Millennia

Entertainment has continuously evolved alongside human civilization, adapting to new technologies and cultural shifts. From ancient amphitheaters hosting dramatic performances to the immersive digital screens of today, storytelling and shared experiences have remained at the heart of human expression. Over centuries, entertainment transitioned from live performances like Greek tragedies and Shakespearean plays to cinema's golden age and, more recently, the digital revolution. Each stage reflects society's drive to innovate and connect, culminating in today's interactive and dynamic mediums like gaming and streaming platforms. Gaming has always been a part of our DNA and it continues to redefine how we engage with technology, storytelling, and each other.

Gaming's Global Evolution Over Millennia



Source: VanEck Analysis

Growth Driver #2: Multi-Platforms and Mobile Gaming

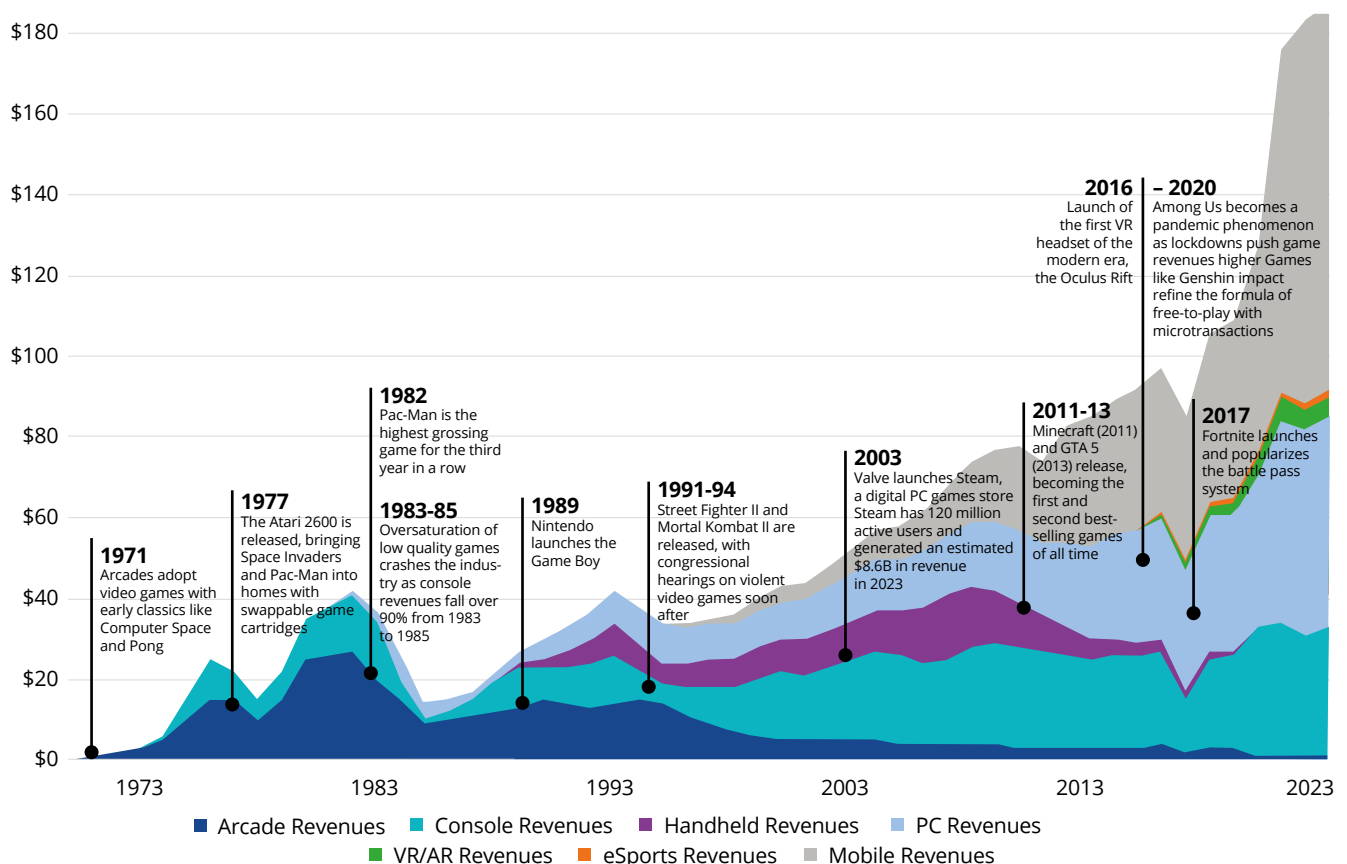
Gaming has successfully integrated into nearly every entertainment platform, ensuring it remains accessible and relevant to diverse audiences. Over 90% of new game seekers engage with gaming content by watching or sharing it online, highlighting how gaming drives both active participation and passive consumption.⁶ These platforms bring together players of all backgrounds, enabling them to connect, relax, and collaborate, transforming gaming into a broader cultural phenomenon. While movies, music, and streaming services compete for attention, it is gaming that commands the deepest investment from consumers, reflecting its unique ability to engage, entertain, and connect people across generations.

The gaming industry has undergone a remarkable evolution over the past few decades, transitioning from

niche arcades to a multi-platform global phenomenon. Today, gaming spans consoles, PCs, mobile devices, eSports, and the cutting-edge innovations of VR/AR, AI, and the Metaverse. This evolution has not only broadened gaming's appeal but also diversified its revenue streams, offering a dynamic ecosystem for players, developers, and investors.

Mobile gaming has become the dominant force in the industry, representing nearly half of total gaming revenue according to Newzoo (see Chart 5). With increasing smartphone penetration and the rollout of affordable 5G networks, mobile gaming's reach and impact continue to grow. Nearly 80% of gamers today engage with multiple platforms, reflecting the industry's adaptability and the seamless integration of gaming across mobile, console, and PC ecosystems. This cross-platform engagement keeps players immersed in the gaming world regardless of their device.⁷

Chart 5: Gaming's Return to Growth? (Revenues in billion US Dollars)



Source: Vantage Market Research, 2023; Pelham Smithers, 2020

⁶ Newzoo, Global Gamer Study 2024.

⁷ Newzoo, Global Games Market Report 2024.

Growth Driver #3: Asia and MENA's Untapped Potential

While young gamers and multi-platform gaming represent a clear source of growth for the gaming industry, the opportunities in emerging markets—particularly in Asia and the Middle East and North Africa (MENA)—are equally transformative. These regions not only boast the largest share of global gamers but are also experiencing a seismic shift in connectivity and infrastructure, unlocking access to millions of new players.

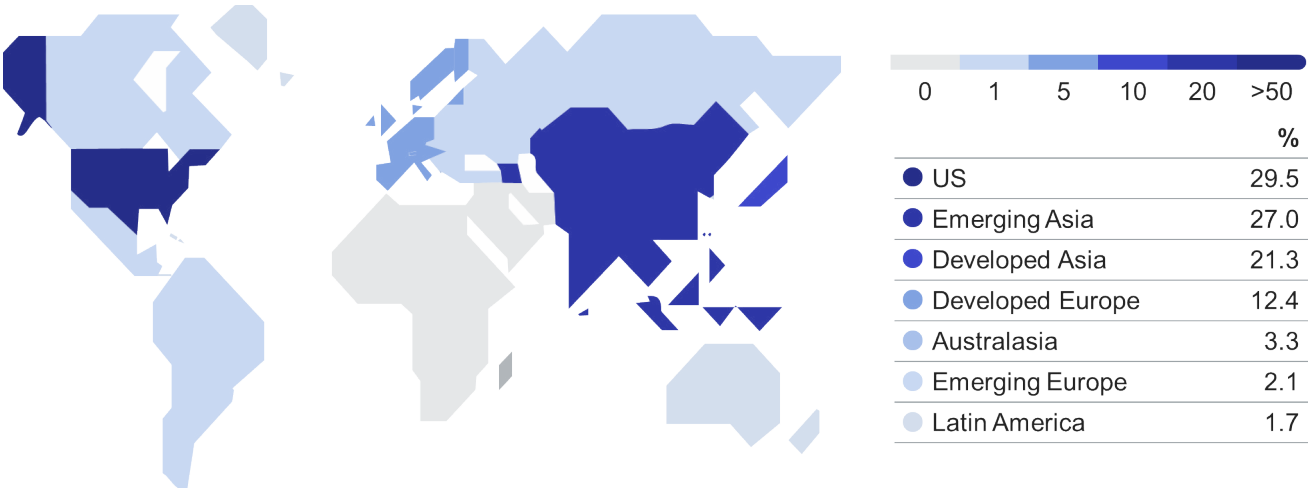
Asia already leads the global gaming landscape, accounting for 52% of the world's gamers. However, the real growth story lies within emerging markets like India, where internet adoption remains relatively low, with just over 50% of the population connected.⁸ As these

regions experience increased internet penetration and higher smartphone adoption rates, a brand-new audience is gaining access to gaming. Growth is now shifting from West to East, driven by younger demographics and increasing digital access.

According to Niko Partners, the Asia and MENA regions are expected to grow from 1.6 billion gamers in 2023 to nearly 2 billion by 2028.⁹ Within MENA, 50% of Saudi Arabia's internet population are already regular gamers. As part of its Vision 2030 plan, Saudi Arabia aims to establish 250 gaming companies and produce 30 top 300 global gaming titles by 2031. The country is positioning itself as a global gaming hub, reinforced by its partnership with the International Olympic Committee to host the Olympic eSports Games for the next 12 years.¹⁰

Chart 6: Gaming Knows No Borders

Revenue Exposure by Region – VanEck Video Gaming and eSports UCITS ETF



Source: Morningstar Direct, data as of September 30, 2024



⁸ DataReportal, Digital 2024: Global Overview Report
⁹ Niko Partners, Asia and MENA Market Model Reports 2024
¹⁰ National Council on US-Arab Relations, 2024; IOC, 2024

Gaming industry risks

The gaming industry, while experiencing robust growth, faces several risks that could impact its trajectory. Below are some key risks shaping the industry:



1. Competitive Pressures: The gaming sector, particularly mobile gaming, has low barriers to entry, resulting in intense competition from new entrants. Established companies must continually innovate to maintain market share and address the challenges posed by emerging competitors.



2. Single Game Dependency: Companies heavily reliant on a single game or franchise are vulnerable to significant revenue fluctuations if that title underperforms or loses popularity. Diversifying game portfolios can mitigate this risk by spreading dependence across multiple successful titles.



3. Regulatory Changes: Evolving laws and regulations, such as those affecting in-game monetization like loot boxes, can materially impact gaming revenues. Staying compliant with varying regional regulations is essential to avoid legal challenges and potential financial penalties.



4. Valuation Concerns: High valuations of gaming stocks may not always align with a company's actual business performance and cash flows. Market corrections can occur if growth expectations are unmet, leading to potential losses for investors.

Exploring Cost Efficiencies in Gaming

The gaming industry is adapting to tackle these risks and finding innovative ways to reduce costs and improve profitability. Emerging technologies like AI and new monetization strategies are at the forefront of these developments.

AI is revolutionizing gaming development and marketing processes. From automating game testing and generating in-game content to streamlining marketing campaigns, AI reduces the time and resources required across the value chain. This can help gaming companies manage budgets effectively while maintaining high-quality outputs and could lead to further profitability boosts.

Monetization strategies continue to evolve, enabling companies to enhance profitability with in-app purchases, hybrid revenue models combining direct sales

and ad-supported gameplay and native advertising including contextual in-game ads. These innovations are driven by gaming software companies like AppLovin or Roblox that are finding new ways to generate revenues within the gaming ecosystem.

By embracing these cost-saving technologies and dynamic revenue models, gaming companies are well-positioned to optimize their profitability and invest in future innovation. This dual focus on efficiency and engagement can ensure the industry's ability to sustain long-term growth.

The Ecosystem of Innovation eSports

The VanEck Video Gaming and eSports UCITS ETF, which represents pure-play¹¹ gaming companies active in these trends, highlights the industry's breadth and dynamism. From software developers and hardware manufacturers to platform operators and eSports leagues, the gaming ecosystem showcases an unparalleled ability to adapt, grow, and innovate. The following page provides an overview of the companies included in the ETF.

The gaming industry's diversification and embrace of emerging trends have positioned it as a driver of global entertainment. By integrating across platforms, exploring new technologies, and expanding revenue streams, gaming is not only shaping the present but also defining the future of interactive entertainment.

Investors should note that ETF performance can fluctuate due to equity market volatility, industry and sector concentration risks, and exposure to smaller companies. For full information on the risks, please refer to the prospectus and KID.

A Dynamic Industry Poised for an Exciting 2025 (and Beyond)

As gaming and eSports continue their rapid evolution, 2025 is shaping up to be a transformative year, with significant launches and events expected to drive momentum, capture global attention, and set new industry standards.



Nintendo's Next Big Move? The next-generation Switch, confirmed for April 2025, carries high expectations, with its success likely dependent on meaningful innovations to drive upgrades.



eSports Gaining Legitimacy: The Olympic eSports Games being held in 2025 in Saudi Arabia will spotlight eSports, backed by the country's Vision 2030 initiative.

¹¹ Pure-play criteria: Companies must derive at least 50% of total revenues from video gaming and/or eSports to be initially eligible for the index. Current components of the ETF that previously passed the 50% revenue threshold are excluded if they fall below 25% of revenue.



Grand Theft Auto VI: Anticipated to break records, GTA VI could become one of the biggest game launches in history, with Rockstar Games, a subsidiary of Take-Two Interactive, indicating a launch in fall 2025.

The gaming industry's trajectory is clear: it is growing, diversifying, and redefining entertainment. As we enter this exciting phase, gaming continues to offer compelling opportunities for investors, developers, and players alike. With innovation at its core, gaming is poised to lead the entertainment landscape into a new era—one that's immersive, global, and deeply impactful.

Author



Moritz Henkel

Product Manager,
VanEck

Companies Included in the Ecosystem of Gaming

Name	Franchises	Console/ PC Games	Mobile Games	Hardware	Software/ Services	eSports
ADVANCED MICRO DEVICES				x		
APLOVIN CORP			x		x	x
ARISTOCRAT LEISURE LTD	Big Fish Games, Lighting Link	x	x	x		
BANDAI NAMCO HOLDINGS INC	Tekken, Pac-Man, Dark Souls	x	x	x		x
CAPCOM CO LTD	Resident Evil, Street Fighter, Monster Hunter	x	x	x		x
CD PROJEKT RED	The Witcher, Cyberpunk, Gwent	x	x			x
ELECTRONIC ARTS INC	FIFA, Madden, The Sims	x	x			x
EMBRACER GROUP AB	Tomb Raider, Saints Row	x	x			x
GAMESTOP CORP				x		
KINGSOFT CORP LTD	JX Online	x	x			
KONAMI GROUP CORP	eFootball, Metal Gear Solid, Castlevania	x	x	x		x
KRAFTON INC	PUBG: Battlegrounds, TERA	x	x			x
MICRO-STAR INTERNATIONAL CO LTD				x		x
NCSOFT CORP	Lineage, Blade & Soul	x	x			x
NETEASE INC	Onmyoji, Ananta	x	x			x
NEXON CO. LTD	Dungeon & Fighter, Maplestory	x	x			x
NINTENDO CO LTD	Super Mario, Pokémon, Zelda	x	x	x		x
PEARLABYSS CORP	Black Desert, Crimson Desert	x	x			x
ROBLOX CORP	Roblox	x	x		x	x
SQUARE ENIX HOLDINGS CO LTD	Final Fantasy, Dragon Quest, Kingdom Hearts	x	x			x
TAKE-TWO INTERACTIVE SOFTWARE INC	Grand Theft Auto, NBA 2k, Red Dead Redemption	x	x			x
TENCENT HOLDINGS LTD	League of Legends, PUBG Mobile	x	x	x	x	x
UNITY SOFTWARE INC					x	x

Companies included in the VanEck Video Gaming and eSports UCITS ETF, as of December 2024
Source: VanEck Analysis

Important Information

This is marketing communication. Please refer to the prospectus of the UCITS and to the KID/KIID before making any final investment decisions. These documents are available in English and the KIDs in local languages and can be obtained free of charge at www.vaneck.com, from VanEck Asset Management B.V. (the "Management Company") or, where applicable, from the relevant appointed facility agent for your country.

For investors in Switzerland: VanEck Switzerland AG, with registered office in Genferstrasse 21, 8002 Zurich, Switzerland, has been appointed as distributor of VanEck's products in Switzerland by the Management Company. A copy of the latest prospectus, the Articles, the Key Information Document, the annual report and semi-annual report can be found on our website www.vaneck.com or can be obtained free of charge from the representative in Switzerland: Zeidler Regulatory Services (Switzerland) AG, Neudtadtgasse 1a, 8400 Winterthur, Switzerland. Swiss paying agent: Helvetische Bank AG, Seefeldstrasse 215, CH-8008 Zürich.

For investors in the UK: This is a marketing communication for professional investors only. Retail clients should not rely on any of the information provided and should seek assistance from an IFA for all investment guidance and advice. VanEck Securities UK Limited (FRN: 1002854) is an Appointed Representative of Sturgeon Ventures LLP (FRN: 452811), who is authorised and regulated by the Financial Conduct Authority (FCA) in the UK, to distribute VanEck's products to FCA regulated firms such as Independent Financial Advisors (IFAs) and Wealth Managers.

This information originates from VanEck (Europe) GmbH, which is authorized as an EEA investment firm under MiFID under the Markets in Financial Instruments Directive ("MiFID"). VanEck (Europe) GmbH has its registered address at Kreuznacher Str. 30, 60486 Frankfurt, Germany, and has been appointed as distributor of VanEck products in Europe by the Management Company. The Management Company is incorporated under Dutch law and registered with the Dutch Authority for the Financial Markets (AFM).

This material is only intended for general and preliminary information and shall not be construed as investment, legal or tax advice. VanEck (Europe) GmbH and its associated and affiliated companies (together "VanEck") assume no liability with regards to any investment, divestment or retention decision on the basis of this information. The views and opinions expressed are those of the author(s) but not necessarily those of VanEck. Opinions are current as of the publication date and are subject to change with market conditions. Information provided by third party sources is believed to be reliable and have not been independently verified for accuracy or completeness and cannot be guaranteed.

VanEck Video Gaming and eSports UCITS ETF (the "ETF") is a sub-fund of VanEck UCITS ETFs plc, an open-ended variable capital umbrella investment company with limited liability between sub-funds. The ETF is registered with the Central Bank of Ireland, passively managed and tracks an equity index. Investing in the ETF should be interpreted as acquiring shares of the ETF and not the underlying assets.

MarketVector™ Global Video Gaming & eSports ESG Index is the exclusive property of MarketVector Indexes GmbH (a wholly owned subsidiary of Van Eck Associates Corporation), which has contracted with Solactive AG to maintain and calculate the Index. Solactive AG uses its best efforts to ensure that the Index is calculated correctly. Irrespective of its obligations towards MarketVector Indexes GmbH ("MarketVector"), Solactive AG has no obligation to point out errors in the Index to third parties. VanEck's ETF is not sponsored, endorsed, sold or promoted by MarketVector and MarketVector makes no representation regarding the advisability of investing in the ETF. Effective December 16, 2022 the MVIS Global Video Gaming and eSports Index has been replaced with the MarketVector™ Global Video Gaming & eSports ESG Index. It is not possible to invest directly in an index.

The MSCI information may only be used for your internal use, may not be reproduced or disseminated in any form and may not be used as a basis for or a component of any financial instruments or products or indices. None of the MSCI information is intended to constitute investment advice or a recommendation to make (or refrain from making) any kind of investment decision and may not be relied on as such. Historical data and analysis should not be taken as an indication or guarantee of any future performance analysis, forecast or prediction. The MSCI information is provided on an "as is" basis and the user of this information assumes the entire risk for any use made of this information. MSCI, each of its affiliates and each other person involved in or related to compiling, computing or creating any MSCI information (collectively, the "MSCI Parties"), expressly disclaims all warranties (including, without limitation, any warranties of originality, accuracy, completeness, timeliness, noninfringement, merchantability and fitness for a particular purpose) with respect to this information. Without limiting any of the foregoing, in no event shall any MSCI Party have any liability for any direct, indirect, special, incidental, punitive, consequential (including, without limitation, lost profits) or any other damages. It is not possible to invest directly in an index.

Performance quoted represents past performance. Current performance may be lower or higher than average annual returns shown. Performance data for the Irish domiciled ETFs is displayed on a Net Asset Value basis, in Base Currency terms, with net income reinvested, net of fees. Returns may increase or decrease as a result of currency fluctuations. Investors must be aware that, due to market fluctuations and other factors, the performance of the ETFs may vary over time and should consider a medium/long-term perspective when evaluating the performance of ETFs.

Investing is subject to risk, including the possible loss of principal. Investors must buy and sell units of the UCITS on the secondary market via an intermediary (e.g. a broker) and cannot usually be sold directly back to the UCITS. Brokerage fees may incur. The buying price may exceed, or the selling price may be lower than the current net asset value. The indicative net asset value (iNAV) of the UCITS is available on Bloomberg. The Management Company may terminate the marketing of the UCITS in one or more jurisdictions. The summary of the investor rights is available in English at: complaints-procedure.pdf (vaneck.com). For any unfamiliar technical terms, please refer to ETF Glossary | VanEck.

No part of this material may be reproduced in any form, or referred to in any other publication, without express written permission of VanEck.