

ULTRA

REDEFINING PC GAMING

Exploring the digital secondary games market

The Ultra PC Gamer Study

February 2024

Introduction

In the PC games industry, the digital format reigns supreme. In 2023, digital sales accounted for 99% of all PC games purchased. Upwards of 14,500 games were released on Steam alone.

Publishers like it this way. Platforms love it. Consumers are clearly on board. The secondary or pre-owned market facilitated by boxed games feels like an antiquated throwback - one variously described as “the great evil in video games” and “a bigger problem than piracy” by games industry leaders.

Call me a glutton for punishment, but I think it’s time to revisit the secondary games market - but in digital form. My long-held belief is that there’s a way to reshape it that - this time - benefits game developers and publishers as much as it does consumers. By enabling gamers to trade the titles they aren’t playing or have finished, I believe game-makers can sell more games, and unlock new revenue streams and ways to engage their communities.

The technology to power a secondary games market exists in the here and now, but does the demand? The idea for this research was to establish just that. The findings show that, while PC gaming is far from broken, there are ways it can be redefined to deliver greater value for publishers and gamers alike.



Nicolas Gilot
Co-CEO, Ultra

KEY FINDINGS

Gamers in our survey estimate they've never played

24%

of the digital games in their libraries

58%

Of PC gamers would sell their digital games if possible

44%

Less than half of the digital PC gamers in gamers' libraries are played regularly

64%

Of PC gamers would buy more AAA games at full price if they could resell them later

87%

Of PC gamers say discounts and sales are important in their purchase decisions

75%

Of PC gamers say AAA games are too expensive

68%

Of PC gamers buy additional in-game content

64%

Of PC games are purchased at a discount or downloaded for free

46%

Of PC gamers would be excited if their favorite game integrated blockchain technology

21%

Of PC gamers have played a blockchain game

THE AUDIENCE

2003
PC Gamers

1002 in the US

1001 in the UK

male **50%**

female **49%**

non-binary **1%**

All play PC games weekly

51%
play every day

Aged between
18 - 44

32% (5) own 5 or fewer digital PC games

46% (6-50) own between 6 and 50 games

16% (51-250) own 51 and 250 games

5% (251-1000) own between 251 and 1,000 games

1% (1000) own more than 1,000 games

The Secondary Games Market

PC gamers have vast, unplayed digital libraries. Only a minority of their games are purchased at full price, with most gamers saying AAA titles are too pricey. The majority of PC gamers would resell some of their digital games if they could, and would be likely to reinvest the money they recoup into more games.



Never been clicked

We've all been there. The AAA title purchased out of nostalgia for the IP, the bundle downloaded because it's just too good a deal to pass up. Our research shows that gamers' libraries are stuffed with overlooked and underloved titles as a result. Less than half (44%) of the digital PC games in gamers' libraries are played on a regular basis.

An astonishing proportion of digital games have never been booted up at all. The gamers in our survey estimate they've never played almost a quarter (24%) of the digital games in their libraries. While developers' and publishers' bottom lines are of course boosted by the initial sale of games regardless of whether they're played or not, each of these games represents a missed opportunity for community engagement and retention, and recurring revenue.

Gamers in our survey estimate they've never played almost

24%

of the digital games in their libraries

Sell to buy

Gamers' unplayed libraries and the high cost of gaming undoubtedly fuel the fact that the majority (58%) of PC gamers would sell some of the digital games they own if they had the opportunity. Interestingly, the proceeds would likely be invested back into more games. Looking specifically at premium games, 64% of respondents in our survey said they would buy more AAA titles at full price if they had the option to resell them later. For daily gamers, that figure rises to 67%.

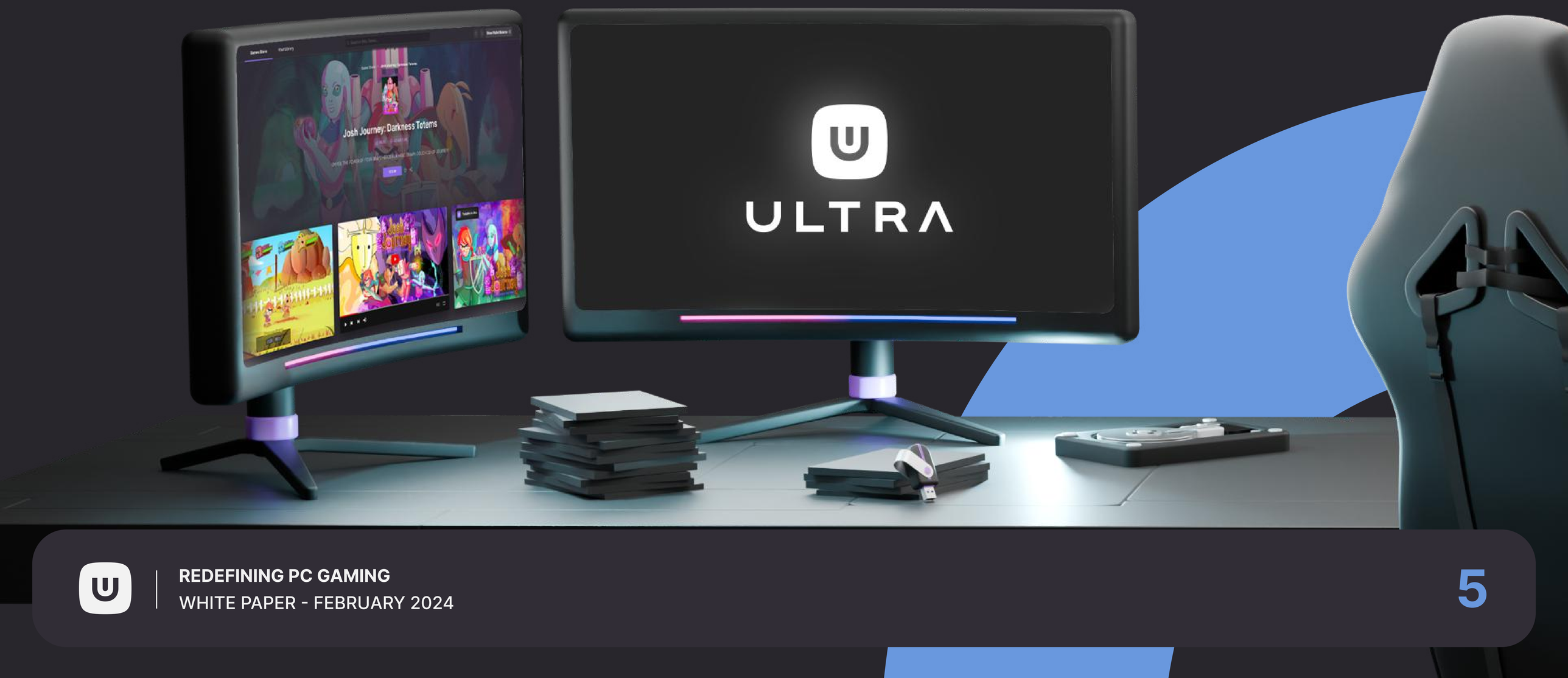
These findings clearly show significant consumer appetite for a digital secondary games market but, crucially, begin to hint at ways it might work for publishers too. If unwanted titles can become a source of cash to offset the high price of premium games, sales of new AAA games could increase.

58%

Of PC gamers would sell their digital games if possible

64%

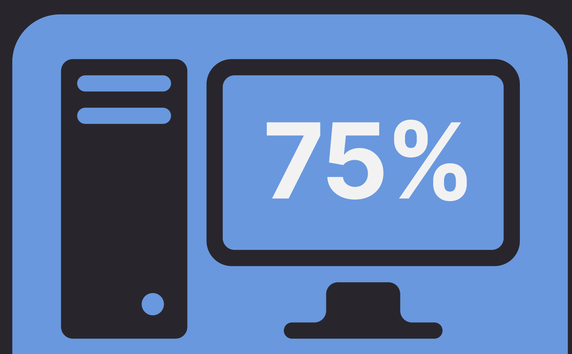
Of PC gamers would buy more AAA games at full price if they could resell them later



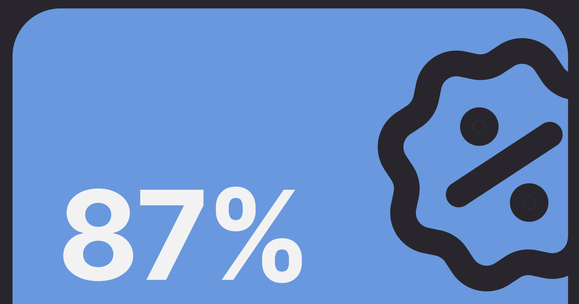
The cost of gaming fun

This abundance of unplayed titles belies PC gamers' evident price sensitivity. Three-quarters (75%) of those in our survey said that AAA titles are too expensive. 87% said discounts and sales are important in their purchasing decisions.

Many publishers have increased their prices in this most recent generation, a move that industry commentators either say is long overdue or unfair on consumers. The knock-on effect is that our gamers estimate that only 36% of their games were bought at full price. 32% are free-to-play, while 32% are discounted or bundled.



Of PC gamers say AAA games are too expensive



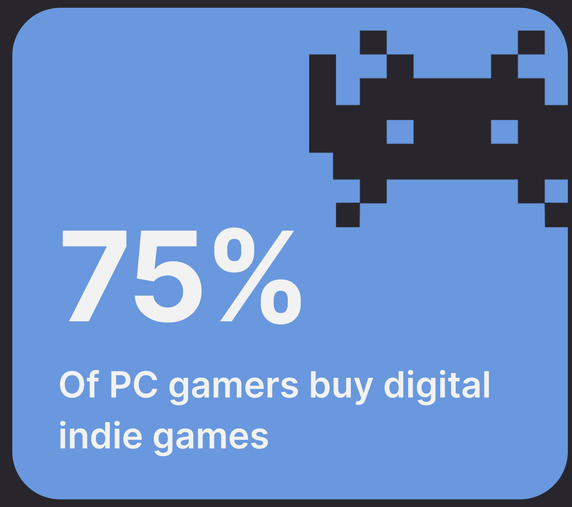
Of PC gamers say discounts and sales are important in their purchase decisions

Indie opportunity

Of course, the PC games industry isn't only AAA blockbusters, far from it. The sector boasts an abundance of smaller titles made by indie developers that can be more creative than their big-budget counterparts. Our survey shows the scale of the opportunity for indie games.

75% of PC gamers buy digital indie games (the same proportion that say AAAs are too pricey). Cost is a factor, with 33% liking the lower price point of indie games. However, the main reasons are their creativity (40%) and wanting to try something new (39%). Among daily gamers, 32% say they want to support smaller studios.

The secondary games market may hold particular potential for players who don't currently buy indie titles. Among the minority who don't buy indie games, 41% say it's because they don't know if they will enjoy them, while 32% don't have time to play multiple games at once.



Of PC gamers buy digital indie games



The world’s first tradable digital game and how it works

In December 2023, indie PC title Josh Journey: Darkness Totems from Provincia Studio used Ultra’s blockchain-powered games DRM (digital rights management) technology to become the first truly tradable digital video game. This groundbreaking development empowers gamers to digitally resell copies of the game between each other, redefining digital ownership in the gaming ecosystem.

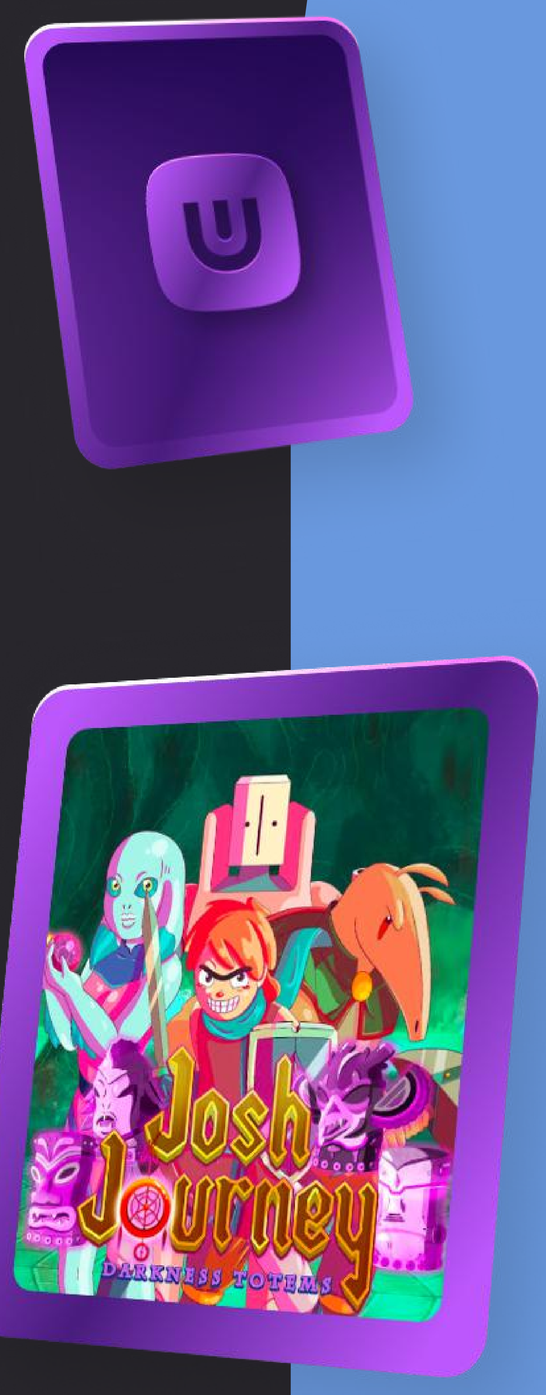
What challenge does this solve?

Currently, the purchase of a PC game or any other digital content merely grants users an individual license to access and enjoy the material, a privilege susceptible to removal at any given moment. Ultra aims to introduce what could be a decisive shift toward granting users genuine ownership rights, revolutionizing the status quo governing digital content transactions.

How does it work? The techy bit

Ultra’s proprietary blockchain technology means it can represent the game licenses on its platform as digital tokens through a process called ‘tokenization’. The functionality provided by tokenization is what enables reselling between users, and all games on Ultra Games, Ultra’s next-gen PC store, are tokenized. But it’s up to developers whether to take the next step and activate tradability.

Tokenization also enables a wide range of community engagement features, for example automatic discounts for users who own previous titles in a series, or digital collectibles. Developers on Ultra, particularly indies, can create and offer digital collectibles called ‘Uniqs’ to their communities in order to raise additional capital for the ongoing development of their titles.





How does it work? The logistical bit

As well as choosing whether or not to allow second hand trades of a game, developers and publishers are able to set rules such as minimum resale price, desired revenue split, and the time that needs to elapse between a game's release and tradability going live, so as to protect initial launch sales. For example, a developer could allow their title to become eligible for tradability six months post-launch, set a resale price that's 70% of RRP, and take a 60% cut of each secondary sale.

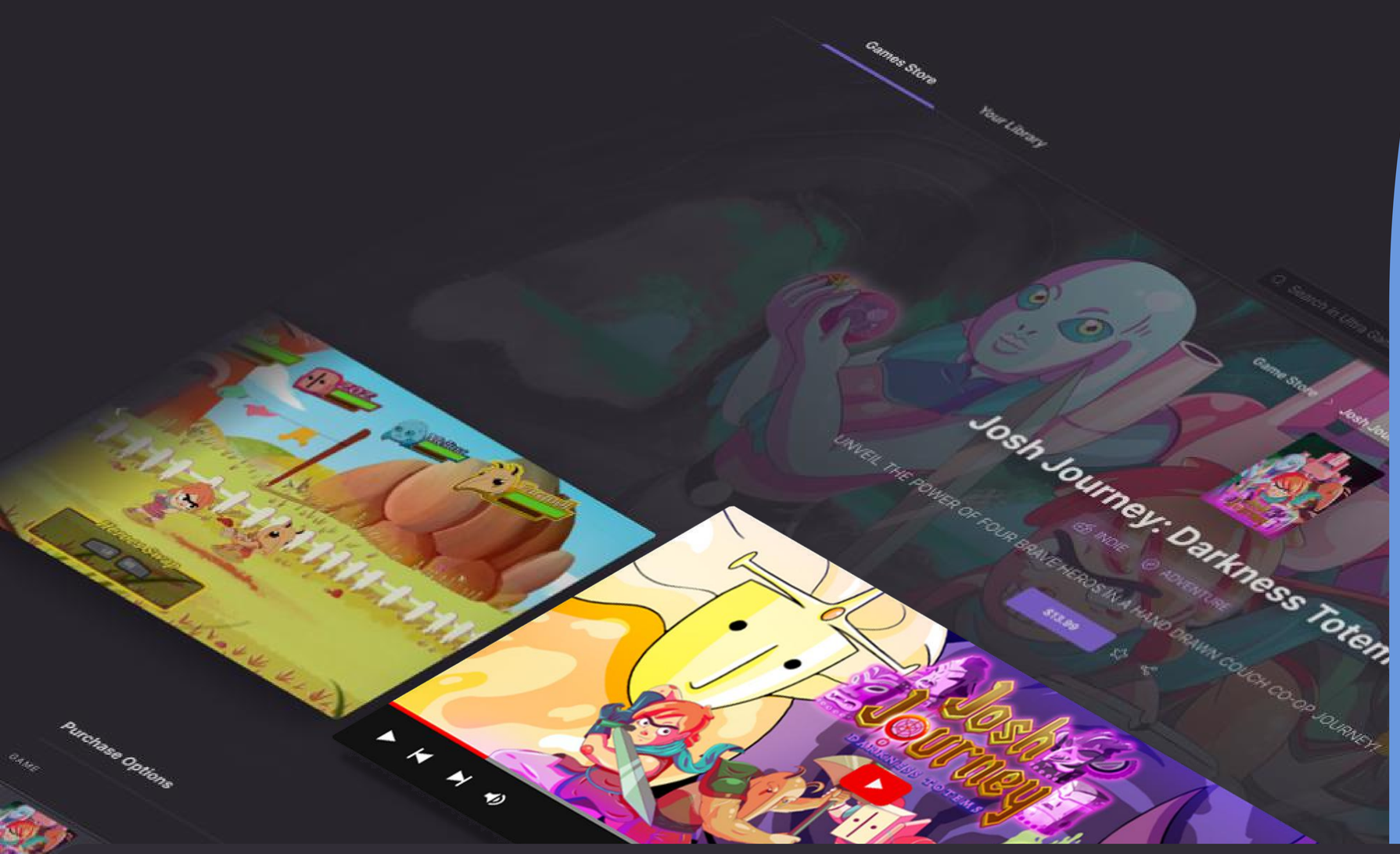
How's it going for Josh Journey?

At the time of writing Josh Journey has experienced a significant uptick in month-on-month sales, while approximately 25% of copies of the title have been resold between users. By enabling reselling, Provincia has seen many more sales of its game on the primary market than previously, with resales increasing exposure and revenue without cannibalizing sales.

It's true that this business model is at an embryonic stage. But it's clear there's an opportunity for developers and publishers to unlock new revenue streams and community engagement features in a fairer, more dynamic marketplace for digital games.

As Guilherme Araujo, Co-Founder of Provincia Studio, said:

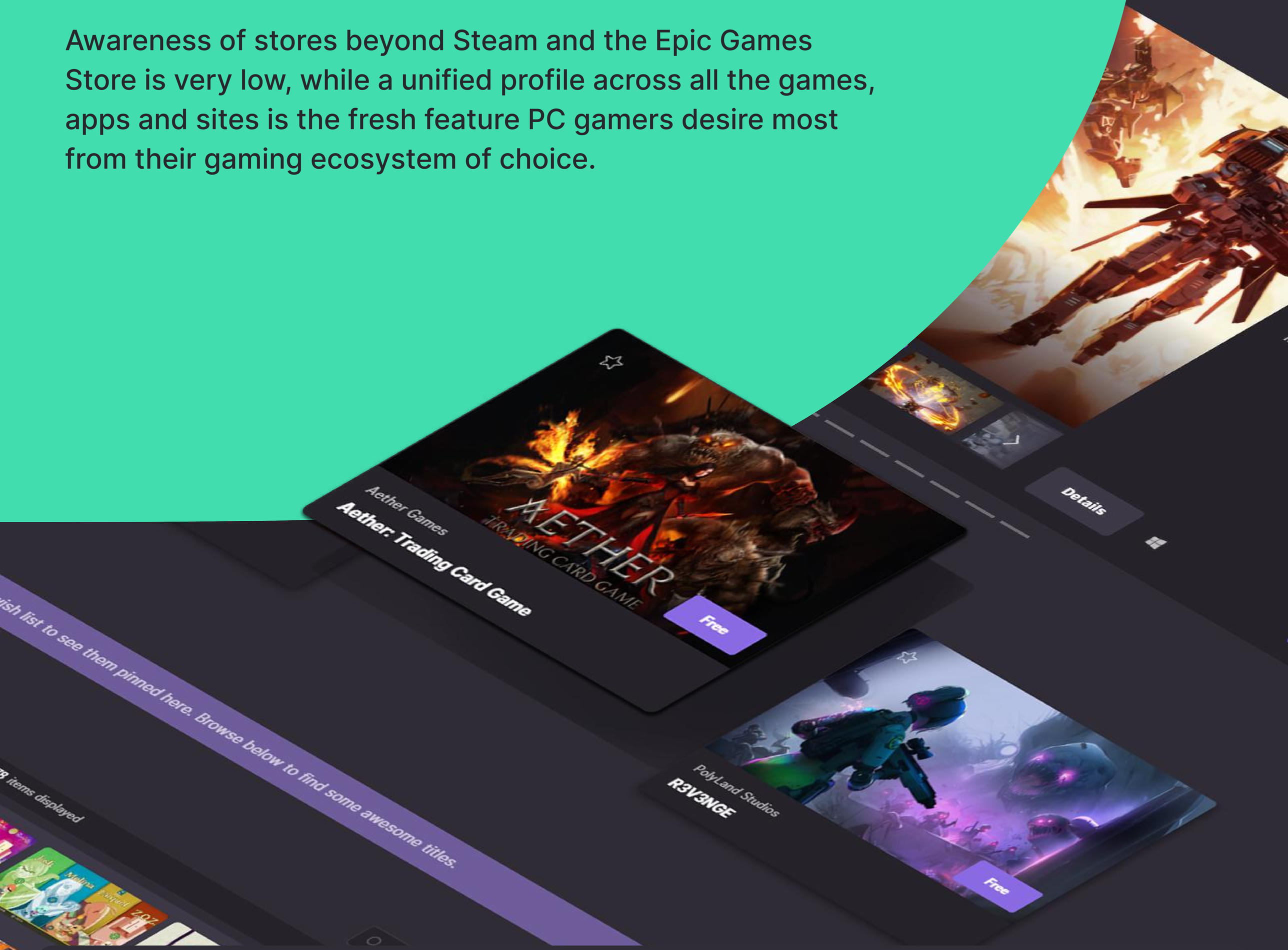
"This is a great opportunity for us to understand more about this new business model for games and see how it can enhance existing revenue streams, and create new ones."



Stores and discoverability

More than a third of gamers struggle to find new games to play. They’re most likely to discover new games on YouTube, and overwhelmingly take reviews into consideration when buying games.

Awareness of stores beyond Steam and the Epic Games Store is very low, while a unified profile across all the games, apps and sites is the fresh feature PC gamers desire most from their gaming ecosystem of choice.



Discoverability

In 2023, more than 14,500 titles were released on Steam alone. Sifting through that volume of games would be a heady task, and 36% of the PC gamers in our research (and 38% of daily gamers) do indeed say it's difficult to find new games to play.

38% of PC gamers look to YouTube to find new games, while 34% rely on their friends. A portion of gamers rely on platforms and storefronts themselves to find new games; on Steam it's 18%, while 13% say they are most likely to discover new games on the Epic Games Store. TikTok came in at 14%, while Twitch (12%) is significantly more influential than Kick (2%).

When it comes to pulling the trigger on a purchase, reviews have enduring importance, with 94% taking them into account. Over half (53%) of PC gamers say they use customer reviews on the platform they are using, while 49% rely on word of mouth from their friends and social network. Reassuringly for traditional media outlets, 31% continue to view them as an important review source.

36%

of gamers find it difficult to discover new PC games to play

YouTube is PC gamers' top platform for discovering new games

94% **take reviews into account when buying one**





Store wars

The PC games market, as it currently stands, is dominated by big legacy brands such as Valve. Outside of Steam, the Epic Games Store and XBOX, consumer awareness of places to buy PC games is staggeringly low. The divide between the entrenched behemoths and smaller brands is colossal.

Beyond those big three, GOG.com is the next best known store at 15%, followed by Humble Store (13%) and Itch.io (11%). Unsurprisingly given gamers' price sensitivity, there is some awareness of key resellers such as GamesPlanet (19%), CDkeys and G2A (both 13%).

Among platforms with blockchain features or best-known for web3 games, awareness of Ultra Games (17%) is highest, followed by Gala Games (13%) and Elixir (10%).

Store features

In a direct comparison of features on Steam and the Epic Games Store, Valve's storefront comes out on top. Valve began distributing third-party titles back in 2005 and thus has had a massive head start on most of the PC games sector. Epic Games, meanwhile, launched its storefront in 2018 and has attempted to woo PC gamers with free titles, as well as developers with a competitive revenue-sharing scheme. Free games and exclusive games are the features on which Epic pushes Steam closest, according to our gamers, although it appears Epic's lack of additional value proposition in terms of features may have reduced the traction it's able to gain vs the dominant store.

When asked what features they would be interested in having within their game stores, respondents were most likely to select a single profile connecting all the games, apps and sites they use (35%). 31% would like their store to have an in-built web browser, while 30% want a marketplace for in-game items. The same proportion want to see information and events relating to the games they play, while 28% are interested in competitive gaming and in-built streaming functionality. Ultra's vision is to provide countless features for players and developers in one intuitive ecosystem, under a single login; replacing the mishmash of sites and platforms and dozens of logins many gamers currently use to create a holistic gaming experience.

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30% Want a marketplace for in-game items

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Digital Items and Currency

Most PC gamers have bought some form of in-game content such as coins, cosmetics or battle passes, though they’re not keen on loot boxes. More than a quarter are interested in buying exclusive or limited-edition items, but they prefer to earn them through gameplay. They’re also interested in earning money or in-game currency while playing PC games.



The Digital Economy

Where at one point it was considered strange for a games company to sell digital items to its fanbase, these days it’s commonplace. The business model has spawned massive economies such as that which has grown up around weapon skins in Counter-Strike: Global Offensive.

The size of the market for in-game items is borne out in our research. 68% of respondents have bought some form of in-game content, a figure that rises to 75% when looking at just daily gamers. Despite the popularity of the cases in CS:GO, for example, our PC gamers were less likely to buy gacha or loot boxes than any other in-game item or consumable.

68% Of PC gamers buy additional in-game content

Unique Items

There’s a market for in-game items that provide exclusivity or cachet. 26% of PC gamers are interested in buying limited edition or unique in-game items, with 33% interested in earning them through gameplay. 34% of PC gamers are interested in earning in-game currency while playing, while a third (33%) say they would be keen to earn money while playing video games.

Only 27% of respondents weren’t interested in buying or earning limited or unique items, or earning any form of currency.

26% Of PC gamers are interested in buying limited edition or unique in-game items

33% Of PC gamers are interested in earning in-game items through gameplay

34% Of PC gamers are interested in earning in-game currency while playing



Blockchain: The Other Great Evil in Games?

PC gamers might appreciate the functionality NFTs can offer, but they certainly don’t like the term. Cryptocurrency is also a negative trigger word for vast swathes of gamers. Our PC gamers are less likely to want to earn items or currency through gameplay if they’re labeled as NFTs or cryptocurrency specifically.

Conversely, almost half of the PC gamers in our study would be excited to see blockchain or web3 technology in their favorite game, suggesting that the technology has a branding issue relating to certain buzzwords. Just over a fifth of PC gamers have already played a blockchain-based game.



BLOCKCHAIN

Blockchain Barriers

Gamers are on-board with in-game items. A sizable minority are interested in exclusivity and the opportunity to be rewarded for their engagement while playing. Yet there is deeply entrenched opposition to one of the technologies that can enable these with additional features such as tradability.

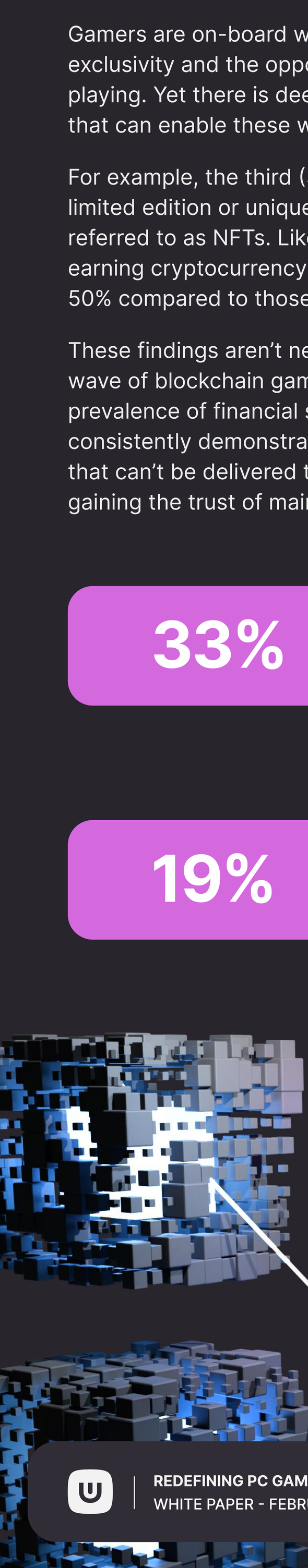
For example, the third (33%) of respondents who were interested in earning limited edition or unique in-game items falls to 19% when those items are referred to as NFTs. Likewise, the proportion of PC gamers interested in earning cryptocurrency while they play is 18% - representing a fall of almost 50% compared to those interested in earning money or in-game currency.

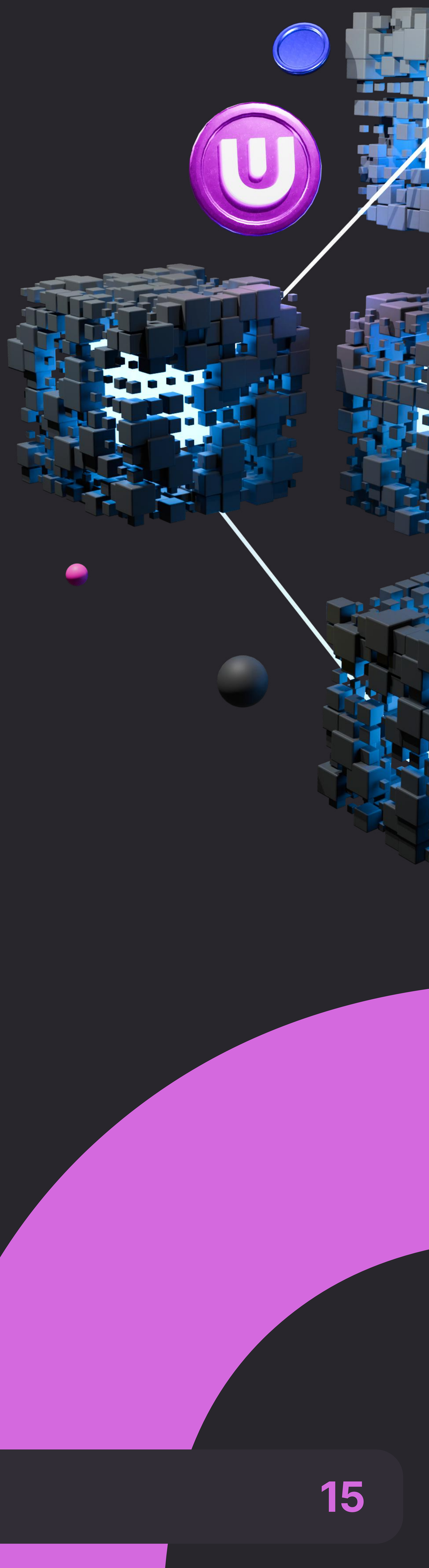
These findings aren't necessarily eyebrow raisers, given the failure of the early wave of blockchain games and gaming NFTs to offer value to players, and the prevalence of financial speculation and scams. Blockchain needs to consistently demonstrate how it can improve elements of PC gaming in ways that can't be delivered through existing technology to have any chance of gaining the trust of mainstream gamers.

33% Of respondents who were interested in earning limited edition or unique in-game items

FALLS TO

19% when those items are referred to as NFTs





Excitement About Blockchain?!

Every gamer in our survey was asked to list their favorite PC title or series. Some of the most frequently mentioned games included Call of Duty, FIFA (EASportsFC), Fortnite, GTA and The Sims. Big props have to go to the sole individual who said Untitled Goose Game!

Despite the findings relating to NFTs and cryptocurrency, 46% of gamers said they would be excited if their favorite PC game integrated blockchain or web3 technology. Surprisingly, only 11% said they would be annoyed, with the remainder (43%) feeling neutral.

There was a stark difference between the feelings of daily gamers and those who play just once a week. 51% of daily gamers would be excited to have blockchain or web3 integrated into their favorite game, compared to just 30% of weekly gamers. 8% of daily gamers would however feel very annoyed if their favorite title integrated the technology.

It would be hasty to claim that these findings represent a sea change in gamers' views on blockchain. But the divergent responses to questions regarding blockchain and web3 as opposed to NFTs and crypto may show that blockchain technology itself doesn't have the branding problem of cryptocurrency and the much-maligned NFT.

46%

Of PC gamers would be excited if their favorite game integrated blockchain technology

51%

of daily gamers would be excited to have blockchain or web3 integrated into their favorite game

Web3 Gamers

Despite their strong feelings on web3, most gamers haven't actually played a game with blockchain features yet. When asked whether they'd ever played a game that uses blockchain, cryptocurrency of NFTs, only 21% could be sure they had. 63% hadn't, while 15% weren't sure.

Daily gamers (28%) are most likely to have played a web3 game, while only 10% of weekly gamers said they had played one.

21%

Of PC gamers have played a blockchain game



Conclusion

This research was designed to help unravel the intricacies of the digital PC gaming market and PC gamers' preferences. It provides moments of genuine illumination on the path towards innovation and untapped potential, but also murkiness where the path becomes less clear once more.

PC gamers are sitting on unplayed and underplayed libraries of digital gaming content that could be treasure troves for other players, and much needed additional revenue for game makers and publishers. Gamers want to resell some of their titles and are most likely to invest the proceeds into more gaming content. This is particularly important as the price of AAA experiences moves ever closer to being prohibitive for all but the most well-off. The potential emergence of a secondary market for digital games promises newfound opportunities for both developers and publishers and consumers.

PC gamers love indie games, but they struggle to find the ones they might enjoy in a vast ocean of content. They rely on multiple sources and review platforms to help them. They like Steam but they're not aware of many alternative or complementary stores. They instinctively dislike cryptocurrency and NFTs, but they're not averse to the functionality blockchain technology can provide.

PC gaming is far from broken, but this research brings the areas that need redefinition into sharper focus. We've all got libraries stuffed with unwanted digital content, not just in PC gaming but across music, film and tv too. It's now up to us to demonstrate how innovative technology can redefine the status quo in order to deliver greater value for content owners, publishers and consumers alike.



David Hanson
Co-CEO, Ultra

Methodology

The research fieldwork took place between 13 and 16 October, 2023. It included 2,003 PC gamers, 1,002 of whom were from the United States (US) and 1,001 from the United Kingdom (UK). To qualify to take part in the survey, respondents had to play PC games at least once per week.

The questionnaire included open questions, multi-select questions, rating and ranking questions as well as single selection questions. The online survey was conducted by Atomik Research, an independent creative market research agency that employs MRS-certified researchers and abides to the MRS code.

About Ultra

Ultra is a complete PC video gaming ecosystem built around a next generation PC games store, Ultra Games, which is challenging the status quo in game distribution. Created by AAA games industry talent from companies like Ubisoft, Wargaming, Playstation and Nintendo, Ultra provides access to countless services for developers and players in one intuitive ecosystem, under a single login. With an extensive catalog of games and pioneering features such as an in-built marketplace, reselling of games, competitive gaming platform, and community management support, Ultra aims to provide endless value to players and developers alike.

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