



Unlocking growth in the UK games industry

Discovering the keys to success in
the UK games sector



Welcome

The UK games industry is now decades old and has grown into something phenomenal. It's an incredibly creative industry that also has deep technical knowledge. And when you put those two things together, the result is remarkable innovation and growth.

The data in this report shows us that there's never been a better time to be in the games business. More people than ever are playing games, there are more platforms and more ways to reach people. The record levels of investment we're seeing reflect a wider belief in the games industry and its potential for even greater growth.

There's an expanding market for new and exciting experiences and entertainment and for the talented people who create them. That's why there are around 3,000 active vacancies in UK games an issue that we all need to address.

The games industry drives a huge amount of innovation that's then used in other sectors. AI, machine learning, VR, simulators, engines these were all forged within games and are now applied more widely. Everyone needs to pay attention games because this is just the start.

At Barclays, we're here to help. We want to support the industry and enable its success – from entrepreneurs and startups using our Eagle Labs business building programmes, up to the biggest games companies with their global banking needs.

This report spotlights and celebrates how brilliant the UK games industry is. We hope it demonstrates what makes the sector so special and why the future is bright for games.



David Gowans
Head of Creative Industries, Games and Esports, Barclays

Continued growth

The value of the UK video games market continued to grow through 2021 resulting in another record year for consumer spend on games.



Ukie's annual valuation, explores how much money consumers in the UK spend on game software, game hardware and on game culture, saw the UK Consumer games market reach £7.16bn up 1.9% on 2020¹.

Although 2020 saw incredibly growth with homebound consumers, as a result of the pandemic, turning to games for entertainment and as a way to virtually connect with friends and families, 2021 still saw growth.

In 2021 software sales were down, however hardware was the biggest driver of growth across all categories. Console hardware sales grew the most, increasing by 17% in 2021. Interestingly virtual reality hardware sales grew almost 42%, which could indicate consumer interest in VR is growing. The games industry has done an impressive job of creating world-famous brands and franchises over the years and in 2021 video game licenced toys and merchandise saw a 33% boost in revenues in the UK.

Our Insights Team and Games and Esports Team here at Barclays, analysed our customers' spend on games in the UK in 2021² and uncovered some interesting audience shifts.

Our data reveals that women have increased their spend on video games by 51% compared with pre-pandemic levels. Men are still the dominant audience when it comes to game spend, and have increased their spend by 43% since 2019.

Our data is based on our own card information, which includes millions of customers across the UK, and covers identifiable games retailers (both digital and physical).

The data also revealed some fascinating insight into video game transactions. The average games transaction is just £15.11, which is well below the price of a PC or console game. This highlights the growing importance of DLC, microtransactions and subscription services within the video games space. In fact, the largest volume of gaming transactions were between £6.00 and £6.99 -- £6.99 is the monthly cost for PlayStation Plus and Xbox Live Gold online subs services.

According to our data, video games is the second biggest growth industry compared with pre-pandemic levels. The only market to see slightly higher sales growth is digital content and subscription, driven by video streaming platforms.



"It's fantastic to see the level of growth that was experienced in 2021, especially when we compare it to pre pandemic spend in 2019. This growth will only continue"

Elaine Dowman

VP Games and Esports Strategy, Barclays

SOURCES

1. <https://ukie.org.uk/consumer-games-market-valuation-2021>
2. <https://labs.uk.barclays/gamestech/resource-hub/barclays-games-spend-review-2021>

Strength through diversity

The games industry is continuing to make progress towards becoming a more diverse sector with equality of opportunity for all.



A diverse workforce will create a stronger, fairer industry producing games that appeal to – and reflect – the wonderful diversity of the players. And while the industry is becoming more diverse, there is still work to be done.

The games sector has traditionally been a very male environment. The proportion of employees identifying as female is increasing, but women still only make up 30% of the workforce¹. Ukie CEO Dr Jo Twist believes the industry is going in the right direction when it comes to supporting women, but identifies areas for continued focus.

When it comes to ethnicity, Ukie's 2022 census found that the proportion of those working within the industry of a Black, Asian, Mixed/Multiple, or Other ethnic group was slightly lower than the national average.

The LGBTQ+ community makes up a significant part of the industry's workforce with almost one in four reporting a sexuality other than heterosexual –

yet such diversity is yet to be properly reflected within the games themselves.

Representation within games also needs addressing, with analysis of leading games finding that most main characters are white and almost 80% are male².

Neurodiversity is an area of diversity that is being better understood and more highly valued in the workplace. It's an important consideration for the games industry where one in ten people have ADHD and 4% are autistic¹.

"The industry has made progress on building an equal, diverse and inclusive sector, adapting well to the immediate challenges posed by the pandemic, but plenty of work still lies ahead," says Dr Jo Twist.

"We believe a more diverse and inclusive sector is better for everyone," adds David Gowans, Barclays Head of Creative Industries, Games and Esports. "That's why we're proud to support initiatives and organisations that work to create opportunity for all."



"I would love to see more properly funded programmes to support career progression, retention in the industry, returnships, and retraining of skilled women – especially those who may have been displaced by the pandemic"

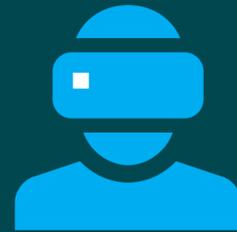
Dr Jo Twist
CEO, Ukie

SOURCES

1. <https://ukie.org.uk/news/2022/03/ukie-publishes-the-2022-uk-games-industry-census>
2. <https://diamondlobby.com/geeky-stuff/diversity-in-gaming/>

Disruption and opportunity

The games industry is booming. Here are some of the key trends and technologies to look out for.



Metaverse preppers

VR continues to build following its market test in the mid 2010's – investors and developers are moving now to prepare for future growth driven by improved headset design, new hardware launches and a greater focus from tech giants.



Maxing out on IP

IP is where it's at. Creating TV and films based on games – and vice versa – takes advantage of a ready-formed fan base and reduces risk for producers and developers. Original IP will still be king but franchise spin-offs will be built into business plans from the start.



Accelerating acquisitions

2022 started with a bang when it came to deal making, including Microsoft's \$68.7 billion acquisition of Activision Blizzard¹. High levels of M&A are expected to continue in the UK and Barclays is able to support businesses of all sizes through the process.



Proud to be cloud

As cloud coverage builds, more players will be trying cloud-based games, drawn in by a growth in infrastructure and a slew of new tempting releases. Expect global tech and media businesses to wrestle for market share and unique business cases.



Getting engaged

Giving players a chance to virtually hangout and express themselves creatively increases engagement and builds loyalty, so expect platforms and games to offer more social options. Interactive games that evolve based on player behaviour and input will also become more popular².



Evolving esports

Esports will continue to grow & evolve, finding new ways to attract viewers and build their loyalty via greater interactivity, digital merchandising and cross-over with traditional sports. Mobile esports will grow, with Newzoo identifying Latin America and Southeast Asia as growth markets³.

- <https://news.microsoft.com/2022/01/18/microsoft-to-acquire-activision-blizzard-to-bring-the-joy-and-community-of-gaming-to-everyone-across-every-device/>
- https://resources.newzoo.com/hubfs/Reports/Newzoo_Games_Esports_Cloud_Metaverse_Trends_2022.pdf
- <https://labs.uk.barclays/gamestech/resource-hub/predicting-games-industrys-biggest-trends-of-2022>

Winning the funding game

The success of the UK games industry is attracting investment from around the world – and Barclays is supporting businesses as they power up for the next level of growth.

Games is a sizzling hot sector – and new ways of reaching audiences mean that smaller studios can compete with the big hitters. “That’s led to a lot of innovation and creativity – and a lot of people are leaving other companies to set up new startups,” says Nick Button-Brown, a founder, investor and chairperson.

“There’s never been a better time to set up on your own,” adds Nick. “We’ve got lots of disruption at the moment – blockchain, the metaverse, streaming and subscription services. These are seismic events. The companies that come in now and lead in those spaces will become massive.”

Funding is coming from angel investors, venture capital funds, private equity and the industry, creating opportunities for every size and stage of business.

“There’s lots of new money coming into games,

which means investment has never been more available,” states Nick. “At the same time, a lot more businesses are being set up, so the funding is being spread around more companies. That means raising money is as hard as it’s ever been.”

So how do you secure that funding? Owning a niche is important, says Nick, as is having an executive team with the skills and experience to succeed.

Access to the right network and support is also crucial, and that’s where Barclays’ specialist knowledge and experience proves invaluable. “Creating connections is at the heart of how we help grow businesses,” explains Gavin Smith, National Lead for Business Development in the Barclays Games team. “We connect founders to publishers and investors through initiatives like our Funding Readiness Programme and Games Demo Days, as well as connecting them to specialists such as accountants and lawyers.”

When it comes to the focus of new investments, Gavin says there is a mix: “We’re seeing angels and VCs investing more in games tech while big publishers are often looking to support the development of specific titles.”

Investments are also being targeted at environmental and social initiatives. “The games community is huge,

and people are realising that such a global reach can be used alongside new tech to engage, educate and make a positive impact,” says Gavin.

Significant funding is coming to UK businesses from the US and Asia, so it’s vital that companies are set up to get the most from those investments. Fortunately Barclays has a range of in-house expertise and trusted partners to provide guidance on managing foreign exchange.

The UK Video Tax Relief scheme is another way games businesses can improve cashflow – Barclays has a tailored loan product to help developers fund growth.



“Creating connections is at the heart of how we help grow businesses”

Gavin Smith

National Lead for Business Development,
Games and Esports Team, Barclays

The talent challenge

The UK games industry is booming thanks to the creativity, productivity and all-round brilliance of its exceptional workforce. Such rapid growth is not without its challenges – one of which is finding the right people to keep that growth curve rocketing skywards.



The numbers speak for themselves. There were 2,642 open vacancies at the start of 2022, an increase of more than 35% since April 2021¹. Colin Macdonald, director of GamesJobs.Live, is being kept very busy by the success of the industry and his role organising recruitment events means he's in a great place to spot the trends.

When it comes to specific roles, Colin says most vacancies are still in coding and engineering, but more roles in production are being created. "It is symptomatic of the industry maturing. There's recognition of the need for more process and management to deliver effectively."

There's also big uptick in jobs around the promotion of games. New routes to market including mobile, Steam and console mean there are now hundreds of publishers looking to reach gamers directly. "It's pulling in people that have not done a typical games

degree," says Colin. "They may have studied marketing or business and also have an interest in games."

Differing attitudes towards remote working is a new issue, says Colin. "There's a massive mismatch between individuals who enjoy the freedom of remote working, and studios who believe that they can deliver better quality games and ship sooner when teams are in the same office. They're going to have to meet in the middle somewhere!"

Diversity and inclusion continue to be a challenge, but Colin believes more in the industry are starting to take seriously. "The majority of small companies care a lot about these issues and many of the larger companies are making good progress too. Things are better than they were, but we've still got a long way to go."

The good news is that games businesses and organisations like Ukie are looking for ways to attract new talent and retain those with experience. Programmes such as Ukie's Hub Crawl, which is sponsored by Barclays, allow experience to be shared and new solutions discovered. It's another great example of how the industry works together to make things better.



"It's pulling in people that have not done a typical games degree"

Colin Macdonald
Director, GamesJobs.Live

SOURCES

1. <https://gamesjobs.live/2022/02/09/february-2022-jobs-report/>

Right between the eyes

Case study

What's the secret behind the success of award-winning developer XR Games? Founder and CEO of XR Games Bobby Thandi tells all.



XR Games is on a roll. It was named Best Small Studio in the 2021 TIGA Awards and featured on numerous lists of the year's most exciting and innovative companies, both within the industry and beyond.

The Leeds-based business was founded in 2017 by CEO Bobby Thandi and specialises in immersive AR and VR experiences. It was part of the first wave of VR developers, creating games for Cardboard VR viewers. Next came the contract to develop the Angry Birds Under Pressure VR game that accompanied the film by Sony Pictures. That shipped on time, on budget and to critical acclaim and laid the way to create first-person shooter Zombieland Headshot Fever VR which was a hit right around the world. So what's the secret of XR Games' success.

"We're passionate about making great games that create fun and happiness," says Bobby. "I remember the genuine euphoria of completing Bubble Bobble with my friend when I was a kid.

Playing a game and sharing the fun with a friend in real life was what made gaming so special for me and I am always looking to create that connection and joy. So when I first tried the Oculus DevKit, I realised social VR games in the future would be better than the euphoria I experienced with Bubble Bobble when I was a kid, as I'd be inside the game with my friends. We believe play creates some of the most meaningful and lasting memories and XR Games exists to create those moments."

That commitment to fun was tested last year during the production of Zombieland VR when Bobby took the tough decision to pause development. "The game simply wasn't fun enough. We identified the core problems and went back to the drawing board. Four weeks later the team created an innovative core mechanic that allows players to daisy chain headshots and create a slo-mo streak." The resulting Adrenaline System creates a brilliantly compelling element that also puts a smile on players' gore-strewn faces.



"To grow that quickly it has been important to make sure the recruitment process and policies are correct and that everyone is properly supported".

Bobby Thandi
Founder and CEO, XR Games

The funding to succeed

The success of Zombieland VR and previous projects has created a huge amount of interest in the business. There have been regular enquiries about acquisitions, but Bobby and his board have a clear plan for growth and in March 2021 secured £1.5 million in VC funding. "That has allowed us to expand the team, focus on original IP, increase work-for-hire opportunities with backend revenue, and develop research into AR/VR technologies and platforms," he explains. It puts XR Games in a great position to take advantage of the inevitable rise in VR games and experiences.

Attracting the talent to grow

The business grew from around 20 people in January 2020, to more than 60 full-time staff in 2022 and is still hiring. "To grow that quickly it has been important to make sure the recruitment process and policies are correct and that everyone is properly supported," says Bobby. "That's why we employed a very experienced Head of HR and brought in a talent

acquisition manager to ensure our very high quality bar is never compromised."

Employer branding is increasingly important to attracting the best people and Bobby and other colleagues regularly speak at games festivals and career conferences to raise the business's profile. One recruitment initiative involves showcasing individual employees and their passions and letting them explain what they love about working in the industry.

Looking to the future

The games industry is thriving right across the UK and Yorkshire, where XR Games is based, is a real hotbed. "There are huge names like Rockstar, Sumo Digital and Team 17 as well as lots of smaller developers and indie startups," says Bobby. "There's a vibrant community and everyone is helping lift each other up."

So what's next for XR Games? Bobby is playing his cards close to his chest for now due to commercial or contractual reasons. "We're working on some very exciting projects. The next couple of years will be massive for us. We've got big plans and the future looks incredibly bright."

Get in touch

Web: xrgames.io

Twitter: [@xrgamesvr](https://twitter.com/xrgamesvr)

Celebrating diversity

Case study

We catch up with Liam Price, one of the founders of Out Making Games, aka OMG, the not-for-profit that seeks to support LGBTQ+ professionals in the games industry.



Out Making Games is the LGBTQ+ community for games industry professionals and anyone in, or connected to, the games industry. It's a thriving organisation now – but had a tough beginning, as Liam Price explains: "We were founded in 2020 and it's been very challenging to keep our organisation alive during the pandemic. Being a community, the best way for us to serve is through live events and that's obviously something we've not really been able to do for almost the entire life of OMG."

OMG was created when a number of industry professionals, including Liam, realised the community needed representation and support. "Ukie's 2020 Games Industry Census found that 21% of the industry identified as LGBTQ+," says Liam. "Before the report there was perhaps a misconception that there weren't that many LGBTQ+ people in the industry. This was a community that did not really have a voice in the same way that other minority groups are advocated for in the industry. The census also identified a real trend for these individuals to suffer from mental health problems and other similar issues."

Liam says there is an ongoing challenge to help companies understand that a large proportion of their workforce are LGBTQ+. "They need to tailor some of their thinking towards that reality and consider how they can support their staff."

Out and about

OMG also serves an advocacy role, representing the interests of LGBTQ+ people more widely to the games industry. "That includes the representation of LGBTQ+ people in video games," explains Liam. "We have been asking publishers to consider the cultural impact those representations can have on people playing the games, including younger people – to think about the wider

messages that these portrayals are sending out to society."

When it comes to recruiting, Liam has advice for companies that are engaged, but don't know what they can do to attract LGBTQ+ talent. "It's worth considering whether you already have anybody in your company who's LGBTQ+. What are their views? What have their experiences been? Can you bring them into your hiring process and ask them how it can be improved?"



"We're looking forward to a brighter future where we can engage more face-to-face – many more live events are going to happen this year".

Liam Price
Founder, Out Making Games

He also points towards the services of external diversity advisors who help companies ensure their hiring processes are inclusive and so will be attractive to people from minority groups, including LGBTQ+.

“And Out Making Games is here to help as well,” adds Liam. “There are resources on our website, or reach out to us directly and we can give people a steer on what to do and how to how to hire talent from the LGBTQ+ pool.”

A rainbow of opportunity

Liam and the other volunteers at OMG are excited about what’s next for the community. “We’re looking forward to a brighter future where we can engage more face-to-face – many more live events are going to happen this year.”

OMG is supported from within the industry and Liam is optimistic about growing its activity. “We’re a not-for-profit and are very lucky to have some great support from corporate members like Barclays, Rocksteady and Splash Damage. They are helping us

drive things forward and we’re really hopeful of securing more support from other organisations so we can do bigger and better things to serve the community.”

Get in touch

Web: outmaking.games

Twitter: [@outmakinggames](https://twitter.com/outmakinggames)

How Barclays can help

Barclays has a dedicated Games Team and we're playing our part in helping the industry to grow and have a positive impact in bringing communities together, inspiring creativity and building an environment to learn.

Industry experts

Our network of industry experts, dedicated to supporting our journey of continual learning along with the video games industry, enables us to support clients at all levels in this fast-evolving sector.

Full range of support

We provide a range of financial products and services, along with insights designed to meet the needs of games developers to help them succeed and grow. As well as day-to-day banking services, our clients have access to a support network of professionals with expertise in areas such as accounting and tax credits.

Our specialist teams can provide support for a wide range of business needs, including cashflow management, acquisition finance and flexible commercial mortgages for business premises.

Tax credit loans

We are the only UK bank of our kind to offer tax credit loans* specially designed for developers, publishers and studios. Our [Video Games Development Tax Credit Loans](#) provide working capital to support the development of new games by advancing funds against the value of future Corporation Tax credit from HMRC. With a potential loan value of up to 90% of a pending rebate, they are available to qualifying UK-resident developers actively engaged in and responsible for designing, producing and testing a game.

Committed to the UK games industry

Being pro-active in the video games sector is important to us and we're proud to host and sponsor major industry events. We're working with our industry partners to promote the growth of esports, sponsor National Students Esports and have partnered with industry body Ukie to deliver its series of business-focused Hub Crawl talks and Games Demo Days.

Barclays Eagle Labs

[Eagle Labs](#) is a startup ecosystem that incubates, inspires and educates ambitious founders and startups to help them scale.

Our nationwide network of flexible working spaces combines with incubator and accelerator programmes, events, virtual membership and online resources to support innovation and build networks.

With specialist knowledge of video games, Eagle Labs actively supports small businesses entering the games industry and has games-focused Labs in several locations.

* Video Games Tax credit loan T&C's

1. If we refer you to MarketFinance, which is a separate legal entity to Barclays. We have a commercial interest in their business. If your application is approved, the product will be provided and administered by MarketFinance and you'll be asked to accept their terms, conditions and operations. A portion of the revenue will be shared with Barclays Bank UK PLC.
2. The VGDC is permitted to subcontract services, however this is limited to a cap of £1,000,000 per game in order to remain eligible for the UK Tax Credit. The client will be required to provide an opinion letter from an accountant who will confirm the value of the tax credit they are entitled to.

Barclays will also require confirmation that the BFI have signed off the project in question to ensure this qualifies for tax credits.

Get in touch

To discuss games and esports opportunities in more detail, please get in touch with David or the Games team

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