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Summary

- After a two-year break, Germany is hosting the world-leading Gamescom video games event once again in person this month, with two New Zealand studios exhibiting.
- The German games market is the fifth largest globally and has grown by more than half in just two years. The German industry is also growing but imports continue to dominate the market.
- The German Game Award includes two categories open to international games. A Government Games funding programme also supports German input into international development projects.

Report

After a two-year pause due to the pandemic, Germany is finally hosting the world's "largest computer and video games event and Europe's leading business platform for the games industry" again, the [Gamescom](#) running from 23 to 28 August in Cologne. From New Zealand, A44 Games Limited and Outerdawn will exhibit, and others are invited to visit in-person or virtually. This report looks into the German gaming market, industry and policy, and possible economic opportunities for New Zealand.

The German market for digital games: one of the largest and growing

Germany is the fifth largest gaming market globally, and the largest in Europe. Nearly €10 billion turnover was recorded in 2021 (including hardware), marking an increase of nearly 20% in just one year, and on top of a >30% increase the year prior (the pandemic has been a factor here; for the first six months of this year, annual growth was flat at 2%). Of that, around €5.5 billion were spent on games – of which more than €4 billion on in-game/in-app purchases (up 30%) and €1 billion on games as such (down 9%) – and >€700 million were paid for cloud, online and subscription services. However, only a tiny fraction of all that turnover is generated by German businesses.

As a result of constant growth, 35 million Germans are considered gamers these days, with 60% of those aged 6-69 playing games at least occasionally. Smartphones are now by far the most popular platform (used by 23.5 million), followed by gaming consoles (18 million), PCs (14 million, trending down), and tablets (11 million). The majority of games are now purchased as downloads as opposed to physical media, although shares differ depending on the platform or the price category. The [Annual Report of the German Games Industry 2022](#) is a data-rich resource

providing further market statistics covering demographics, sales (e.g. most popular games, sales channels etc.) and the industry.

The German gaming industry: still small given the size of the market but growing

The German gaming industry appears to be relatively minor overall, given the market size, but is growing. The sector includes nearly 800 companies involved in games developing and publishing. 28,000 staff are employed by the industry (of which 11,000 are directly involved in developing or publishing, which is about half of the sector's size in the UK and a third of that of Canada). Nearly three in ten of the staff are foreign, and the largest companies often have foreign co-ownership. As a result, the language barrier for international co-production, foreign investors or staff is low. The number of businesses has been growing faster than the number of staff, suggesting that more smaller firms are being set up. Like elsewhere, the industry reports a shortage of skilled labour and is keen to attract foreign talent. For New Zealand businesses interested in the scope of the German industry or looking for partners, an interactive [`gamesmap`](#) displays the locations, names, expertise and contact details of German businesses and institutions in production, media, the public sector, and education.

Government policies and incentives: growing political attention and support

The gaming industry has only recently become a focus of the German Government. The most established incentive so far, and one that New Zealand businesses could also benefit from, is the German Game Award, which has existed since 2009. This year, €800,000 were awarded to new games in 16 categories, two of which – albeit without endowment – are open to foreign contenders: the Best International Game and Best International Multiplayer Game (see this year's [conditions of participation](#) – information on the 2023 round including deadlines should be available soon).

More recently, in 2019, the Government launched the Federal Computer Games Funding Programme, providing €50 million of support each year (which allegedly makes it one of the best resourced programmes globally). Some 370 games have been supported so far, of which 200 have been completed. Besides funding the development of German games, the programme also supports German input into international development projects and aims to attract international studios to Germany. Smaller, federal-state level programmes complement the funding landscape.

Furthermore, last year, the Government established a dedicated Games division (now part of the economics ministry) and released a [Government Games Strategy](#), drafted in consultation with the industry and general public. It aims to develop Germany as a hub and lead market for games, which attracts venture capital and talent, helps companies to grow and promotes Germany as a location. Following last year's national election, the new Government re-committed to implementing the strategy, and the new Vice-Chancellor and economics minister accepted to open the Gamescom. However, the draft budget for next year proposes a slight funding cut, which the industry opposes.

Education and training

Germany offers a growing number of games-focused education and training programmes. According to Germany's [tertiary education directory](#), at least ten institutions around the country offer specific Game Design, Games Engineering or Computer Game Science Bachelor and/or Master programmes. Studying is largely free in Germany, including for international students, and demand for these courses is reportedly exceeding the number of available places.

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