
GameCo: 2017

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January 2023

Scenario

It is October 2016 and the executive board of our hypothetical video game publishing company, GameCo, is planning the marketing budget for 2017.

We assume that sales for the various geographic regions have stayed the same over time.

Is this still true? Should we update our expectations based on our available data?

Data Set

Our data includes historical sales data for the video games that sold more than 100,000 copies between 1980 and 2016.

Included in our data set is genre, platform, and publisher, as well as the number of units sold in North America, Europe, Japan, and globally.

The data is drawn from the website VGChartz.

01 Data

North American sales

- Mean: 265,000 units per game
- Median: 80,000 units per game

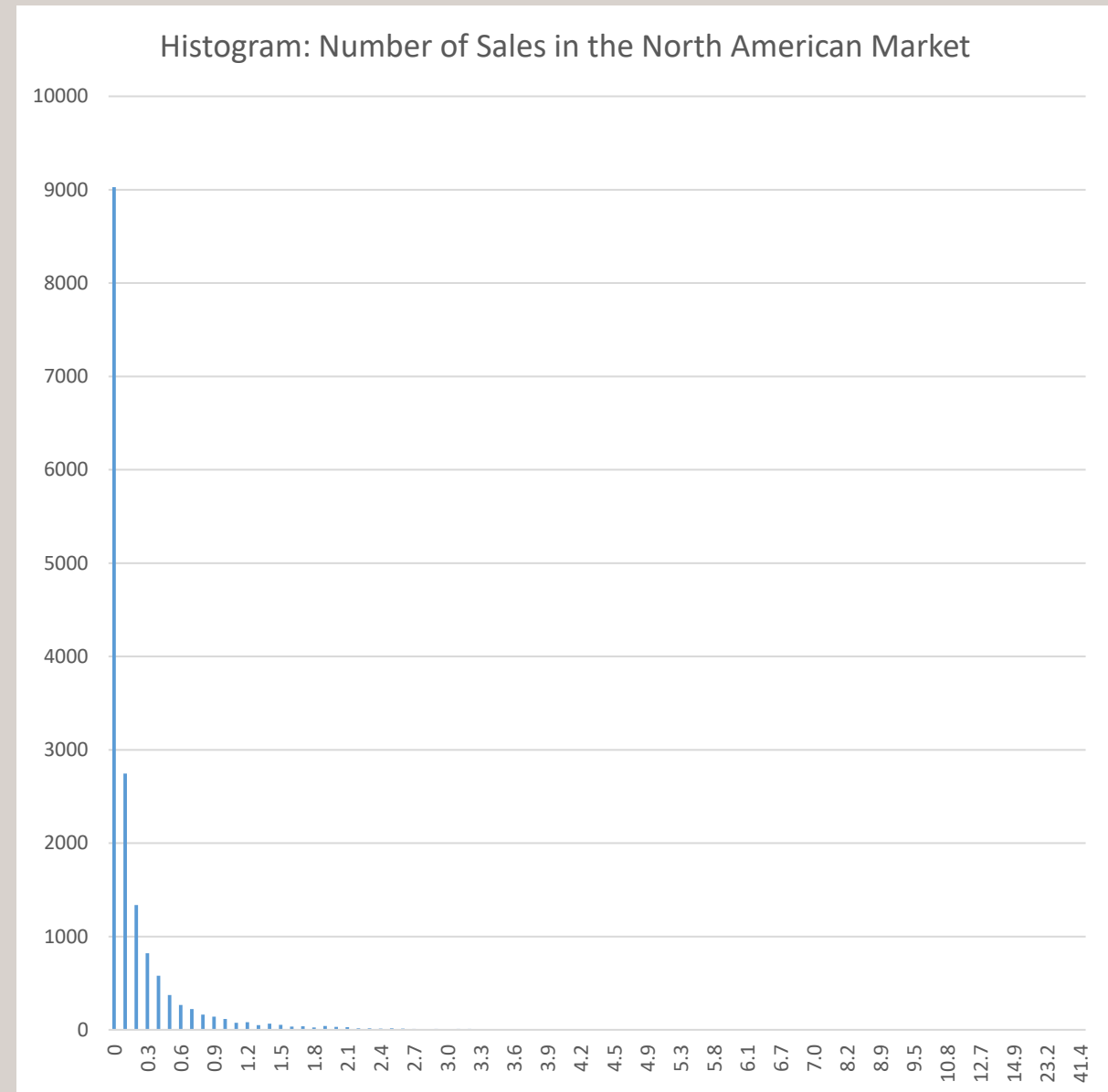
European sales

- Mean: 147,000 units per game
- Median: 20,000 units per game

Japanese sales

- Mean: 78,000 units per game
- Median: 0 units per game

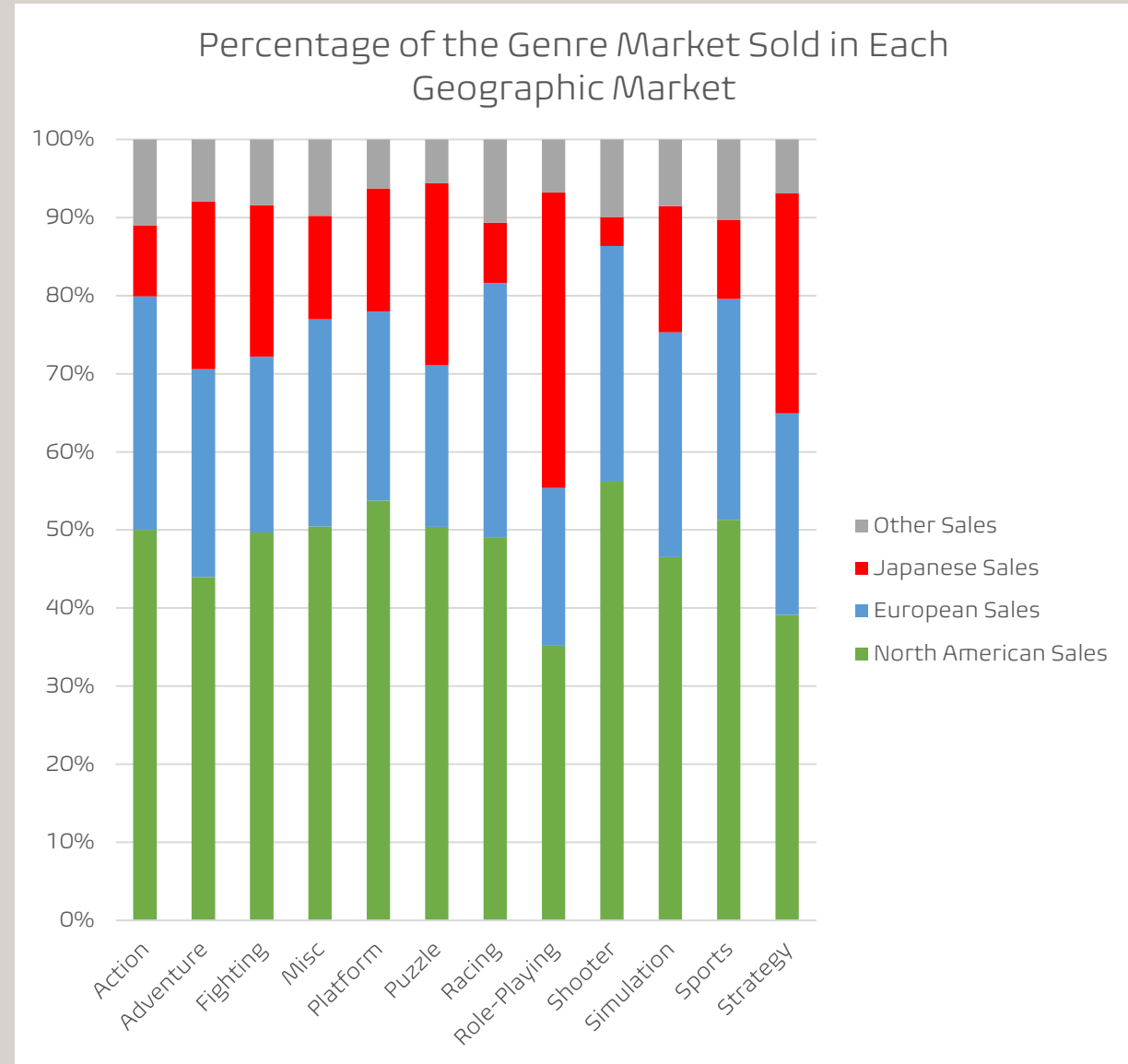
As expected, these variables are very right skewed. There were several games in each market which sold a large number of units, and there were many games in each market which sold much fewer games.



02 Data

The genre of a game affects how successful it is in a geographic market.

- Role-Playing and Strategy games tend to be successful in Japan, whereas Shooter games are not as successful in Japan. (Red portions of the bars.)
- Racing games tend to be successful in Europe, whereas Puzzle and Role-Playing games do not.
- Shooter and Platform games tend to be successful in North America, whereas Role-Playing games are not as successful. (Green portions of the bars.)

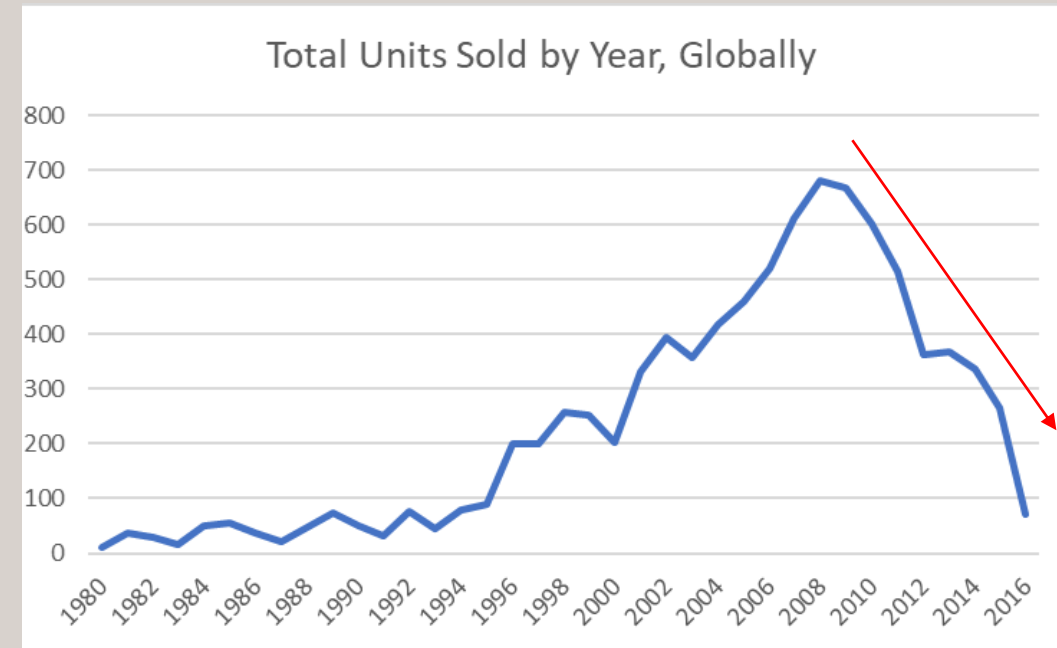


Recommendations

01 First Things First

This video game market is declining and is unlikely to be a profitable industry to enter.

The number of video games sold by year peaked in 2008 and has been declining since.



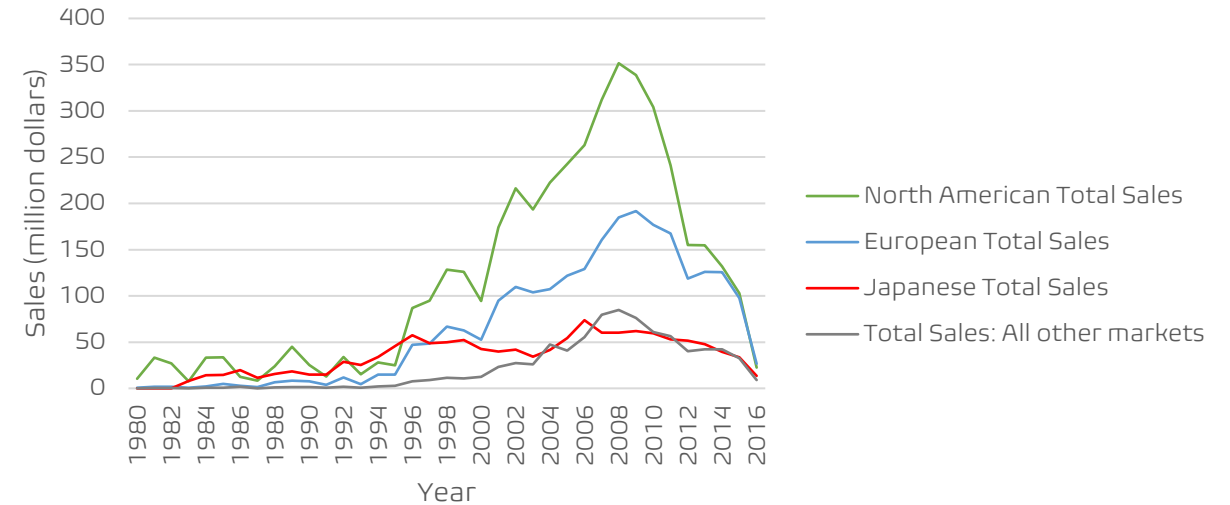
First Things First

Based on this data set there is not a specific genre or region that is not declining.

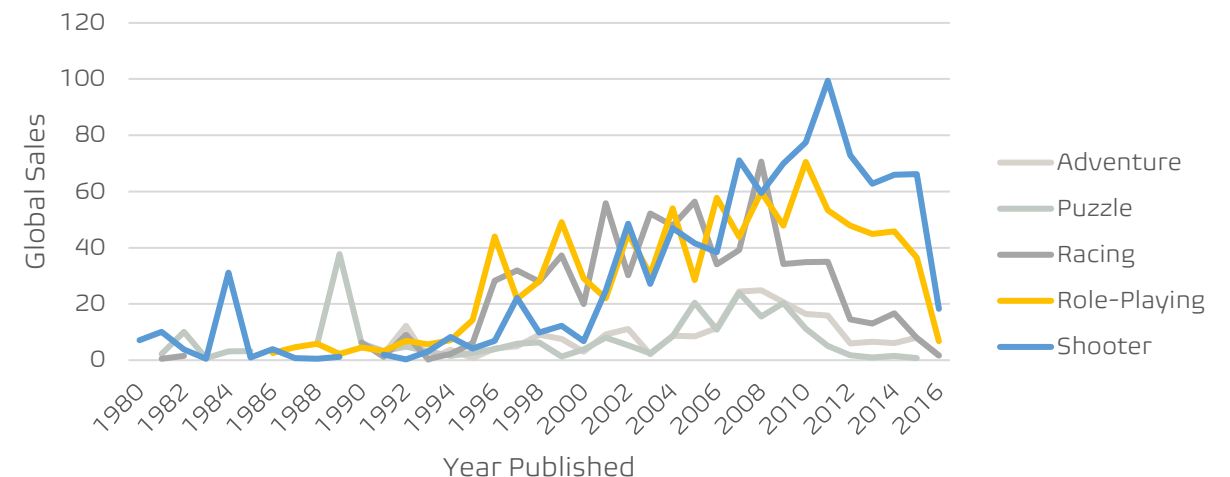
Considering the data by region, each peaks in 2007-2009 and declines steadily, again with a small plateau in 2013.

Considering the genre of game, we see a similar pattern of a general peak in 2007-2009 and a significant decline since. (Representative Sample Shown.)

Video Games Sales by Region



Global Sales by Genre

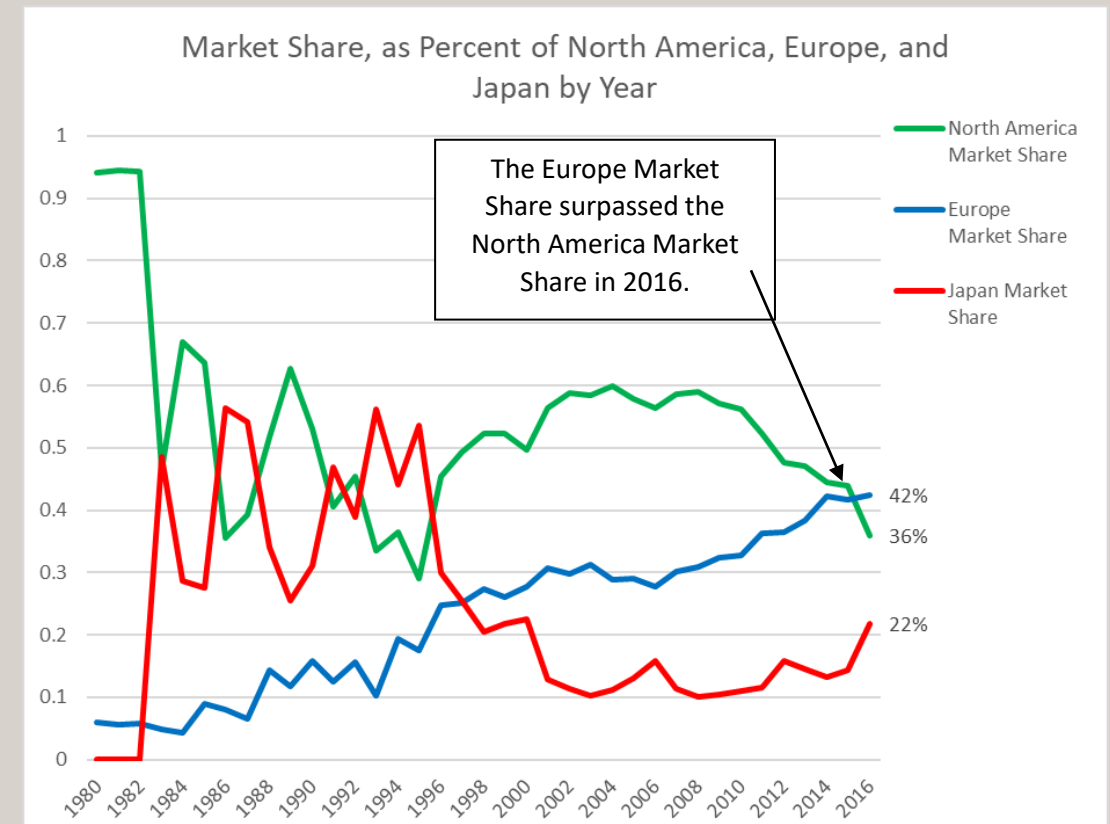
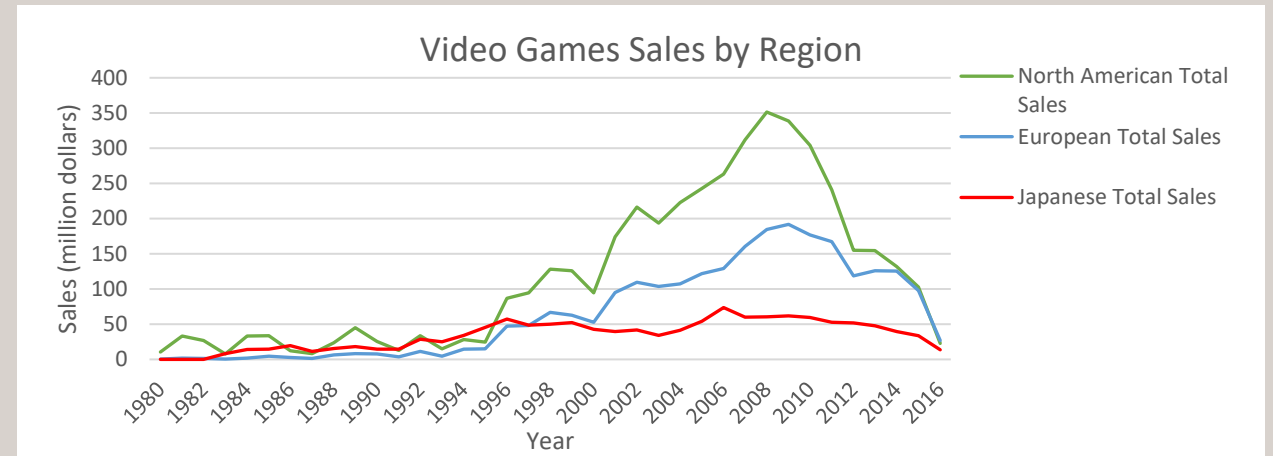


02 Marketing Budget

Since GameCo had been splitting its marketing budget evenly through the three markets (North America, Europe, and Japan) with the assumption that all three had an equal market share, GameCo will need to make some changes in its expectations as well as its marketing budget.

The top chart includes the number of sales in each region for each year.

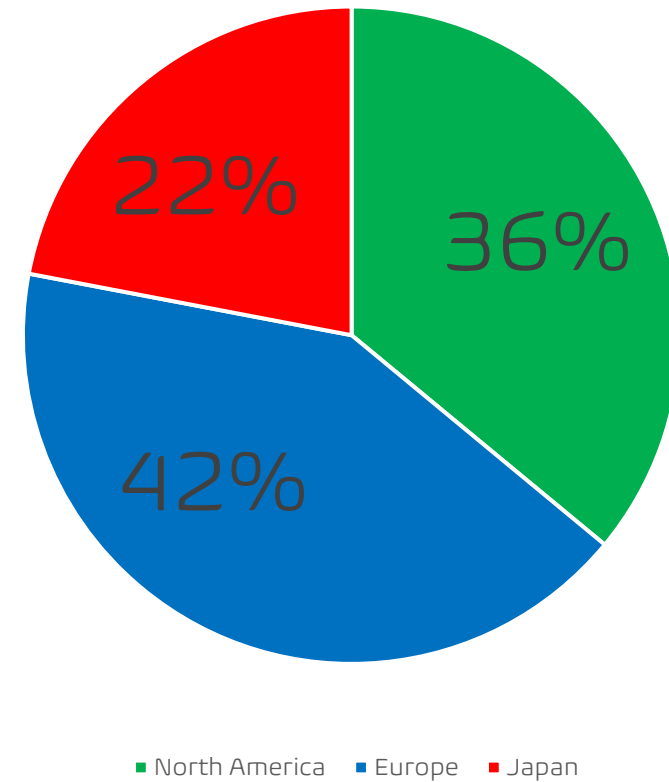
The bottom chart shows the proportion of total sales of each geographic region for each year. In 2016, the proportion of games sold in Europe was 42% and the proportion of games sold in North American was 36%. The proportion of games sold in Japan was 22%. Note that the European market share surpassed the North American market share in 2016. Therefore, GameCo can reconfigure their marketing budget for 2017 to coincide with these figures.



02 Marketing Budget

Suggested Market Budget
Proportions: Each region receives its
2016 Market Share.

Suggested Marketing Budget Allocation, Using
Market Share data for 2016 Only



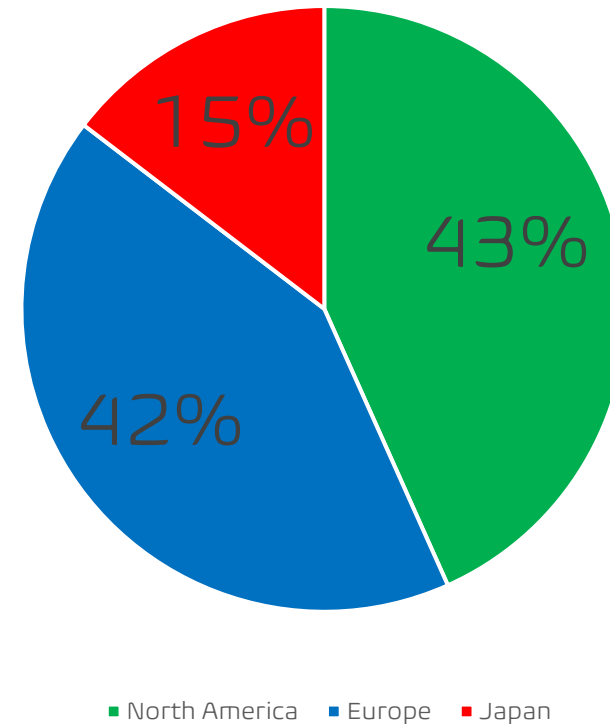
02 Marketing Budget

This data set includes sales of games based on the year that they were published, not sales of games in the year that each game was sold. Therefore, using only 2016 data to determine the marketing budget for 2017 might be short sighted.

I recommend considering using sales data from 2014, 2015, and 2016 to determine the marketing budget for 2017. This would recommend that GameCo distributes its marketing budget at 43% for North America, 42% for Europe, and 15% for Japan.

(Note: These are calculated using the sum of sales in a region for the three years divided by the total sales for the three regions for the three years.)

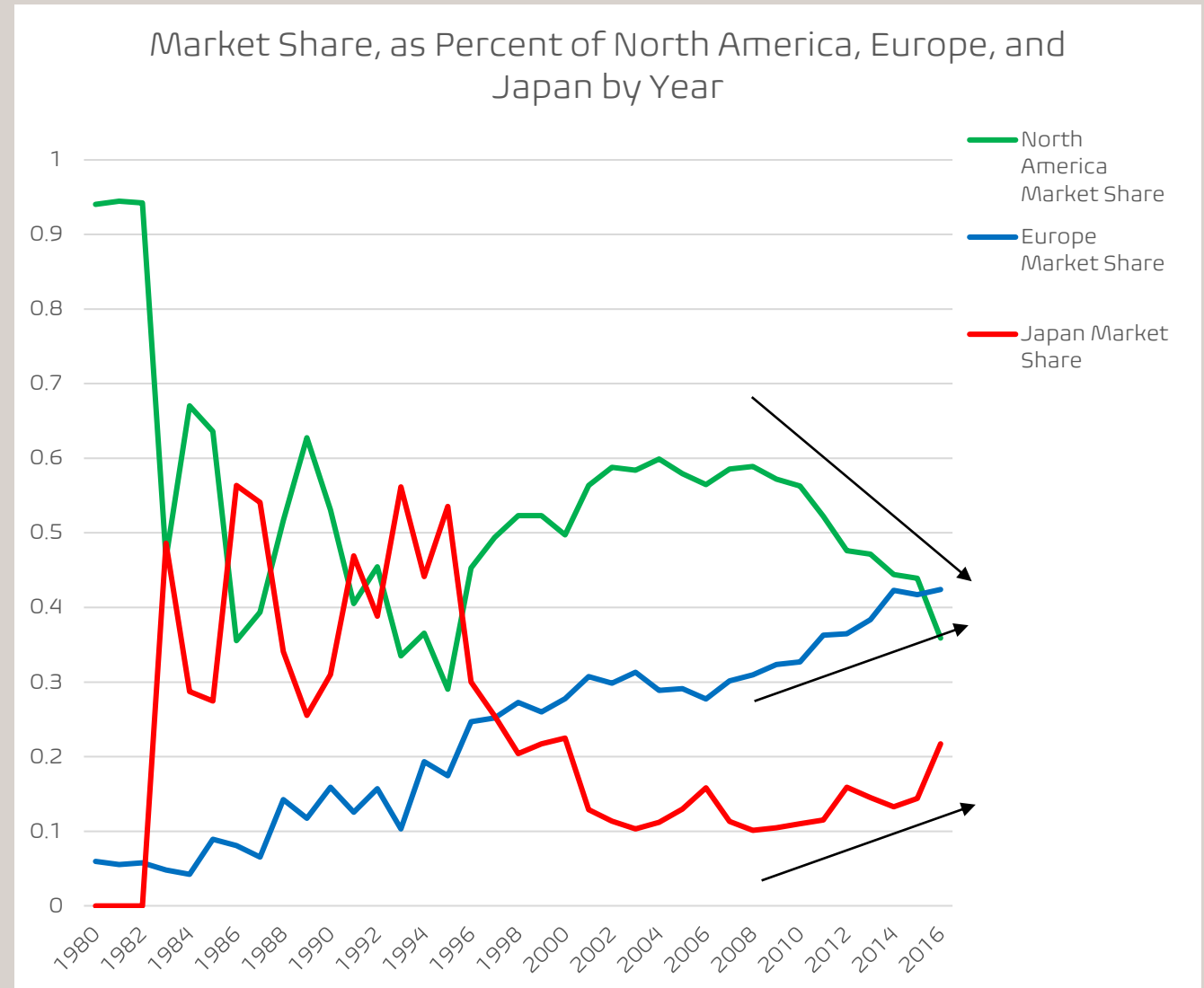
Suggested Marketing Budget Allocation, Using Market Share Data for 2014, 2015, and 2016



03 Additional Considerations

- The general increase in the market share of the European market share would suggest that GameCo should allocate even more of its marketing budget in that region.
- The general decrease in the market share of North American suggests that GameCo should decrease its marketing budget in that region.
- Japan's market share may be increasing 2008-2016, but that market share is still not as high as North America and Europe.

*Recall that this chart represents the market share of each region, not the direct number of sales.



04 Genre Recommendations

This chart shows the sum of sales for each genre for the years 2014, 2015, and 2016. We can see from this chart that the Action genre had by far the most sales in 2014, but those sales declined significantly in 2015 and 2016. The Shooter genre's sales were also high in 2014 and 2015. Though the Shooter genre sales declined in 2016, this would be a promising genre to introduce new games. These new games should be marketed in North America and Europe, but not in Japan, as Shooter games are not popular in Japan. Two other genres that show promise are Role-Playing and Sports. Role-playing games are more popular in Japan and Sports games are more popular in North America and Europe.

