

Market Developments in the Gaming Industry

Market Analysis & Recommendations

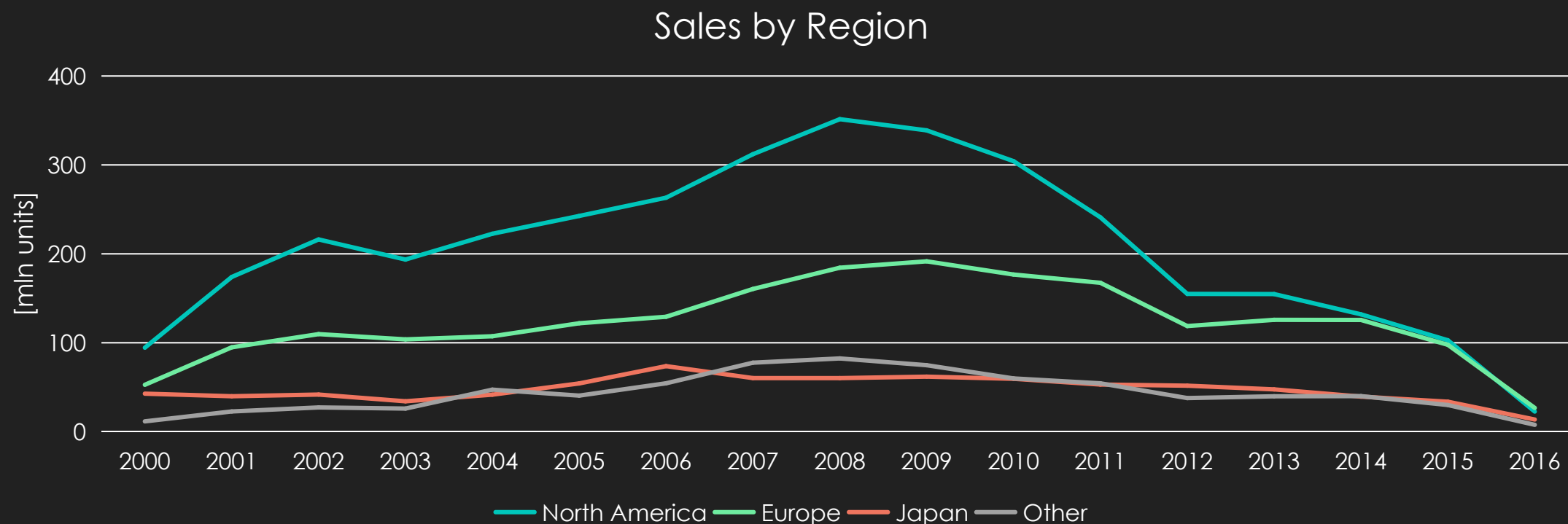
Alina Racu

March 2021

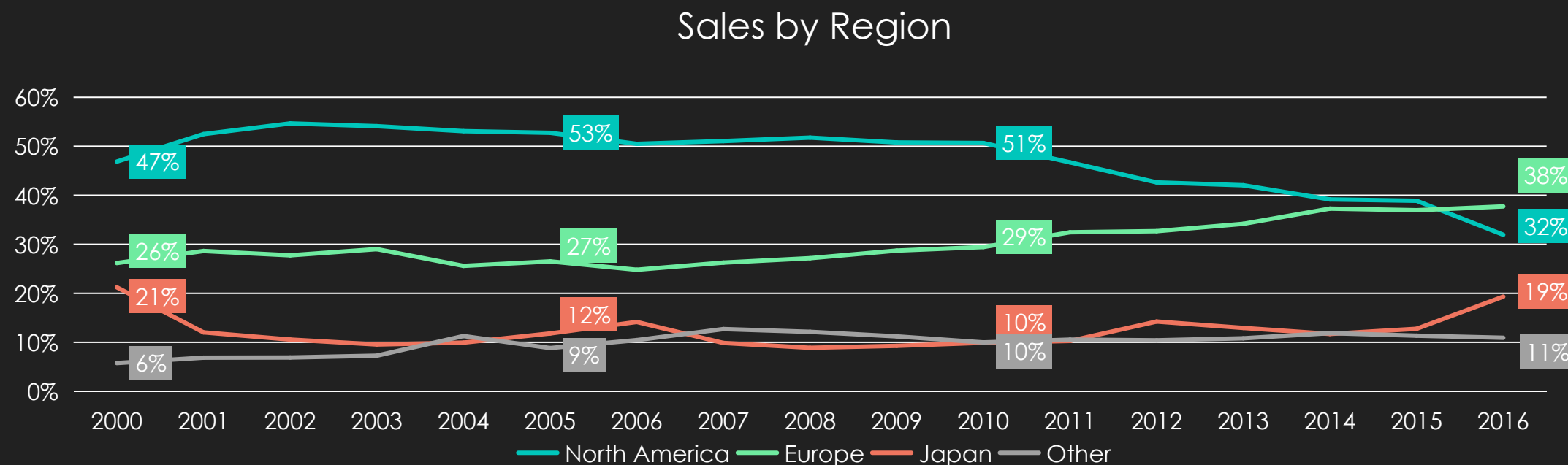
GameCo's Baseline Expectations Challenged by Market Data

- GameCo's current understanding of the game market dynamics is that game sales for the various geographic regions have stayed the same over time.
- However, the market data shows that game sales across regions have been fluctuating and even declining by 88% between 2010 and 2016.

Game Sales Have Been Fluctuating over Time across Regions with the Peak Being Reached in the Second Half of the 2010s



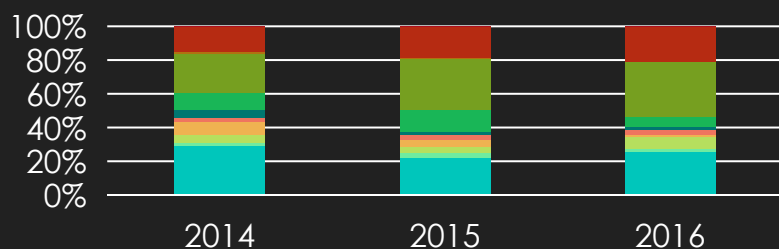
Also in Relative Terms, the Shares of the Regions Have Been Varying for the Past 16 Years



- North America, once dominating the market, has been losing ground to Europe
- Japan regained share in the past years

Genre Preferences Differ Across the Regions, Requiring Targeted Marketing

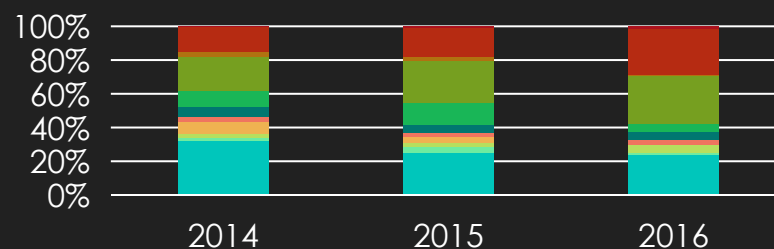
North American Sales by Genre



- Action
- Adventure
- Fighting
- Misc
- Platform
- Puzzle
- Racing
- Role-Playing
- Shooter
- Simulation
- Sports
- Strategy

- Most popular: Action, Shooter
- Trend: Shooter games increasing market share at the expense of Action games

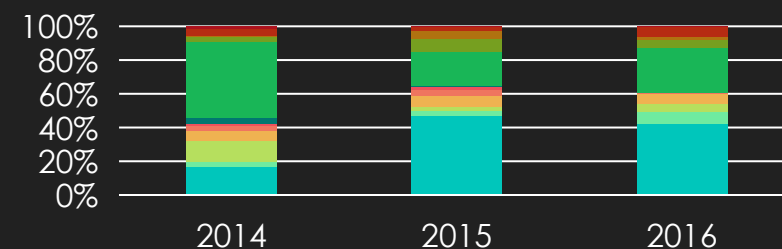
European Sales by Genre



- Action
- Adventure
- Fighting
- Misc
- Platform
- Puzzle
- Racing
- Role-Playing
- Shooter
- Simulation
- Sports
- Strategy

- Most popular: Action, Shooter, Sports
- Trend: Shooter & Sports games becoming more popular. Action games losing market share

Japanese Sales by Genre



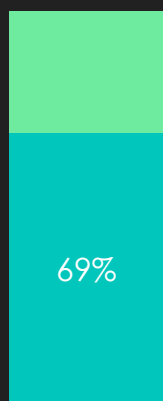
- Action
- Adventure
- Fighting
- Misc
- Platform
- Puzzle
- Racing
- Role-Playing
- Shooter
- Simulation
- Sports
- Strategy

- Most popular: Action, Role-Playing
- Trend: Action games gaining popularity. Role-Playing fluctuating, but remains a peculiarity of Japan

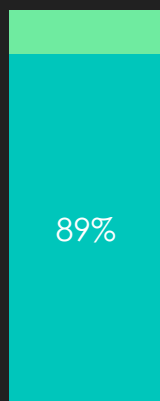
Action Games Tend to Have Higher Competition, While Shooter, Sports and Role-Playing Games Have Higher Market Concentration

Market Concentration by Region
(Market Shares of Top 5 Publishers)

North America

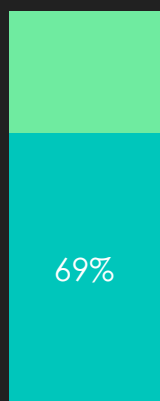


Action

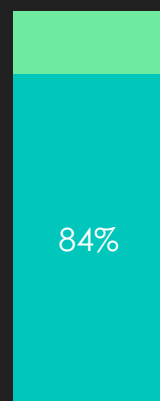


Shooter

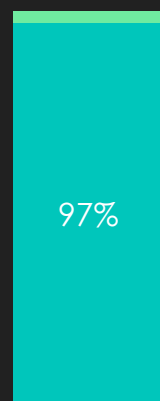
Europe



Action

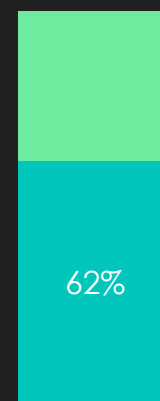


Shooter

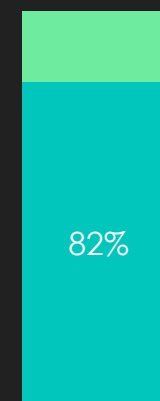


Sports

Japan



Action



Role-Playing

Conclusions & Recommendations

- Game sales across regions are fluctuating and have been significantly declining in the past 6 years. Further investigation is required to understand the underlying factors for this decline. One possibility is the shift to online gaming which is not reflected in the current data set.
- Marketing budget should be distributed considering recent regional trends, preferred game genres and competition.
- Europe:
 - No 1 market. The region has been steadily gaining market share for the past years.
 - Focus should be directed towards Shooter & Sports games which are promising segments and with low competition.
- North America:
 - 2nd largest market but declining share in global sales.
 - Action games have been traditionally the largest source of sales, this segment could potentially be revitalized with marketing efforts.
 - Shooter games, dominated only by a few publishers, represent a growing segment that needs to be exploited.
- Japan:
 - Its fluctuating market share may indicate the need for marketing campaigns to establish brand loyalty.
 - Focus should be placed on Role-Playing games which are specific to the region and with only a few prominent competitors.