

Video Game Market Analytics

Prepared for GameCo

Agenda

- Objective & Approach
- Executive Summary
- Background: Data at a Glance
- Analytical Insights:
 - Regional Trend
 - Popularity
 - Opportunity
- Recommendations

Objective & Approach

Objective:

- Verify Ensure that the following assumption of the GameCo management still holds true:

“The sales for the various geographic regions have stayed the same over time.”

- Additionally provide relevant insights for the following:
 - Sales Rep Allocation Strategy
 - Game Popularity for targeted Marketing
 - Market Development in Competitive Landscape

Approach:

- Historical regional-level game sales data by year, region, genre, platform were analyzed to test this assumption and to provide additional insights
 - Source: VGChartz (official game shipment/sales data, where such data is made available by developers and publishers)
 - Data Period: 1980 to 2016
 - Scope Period*: 2012 to 2016

* Limited the scope period to the current generation platform period game sales as of 2016 (8th gen: 2012 - present) for the information relevancy

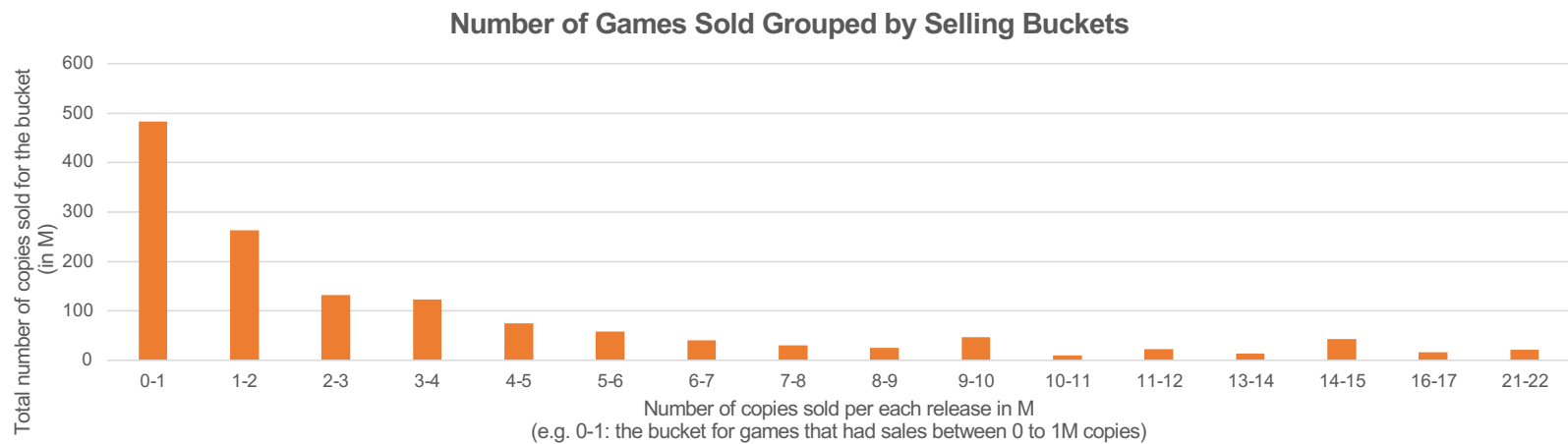
Executive Summary

Highlights

- **Changes in Regional Game Sales:** The game market was tend to be viewed as a stable market, especially with the proportion of sales driven by each region; however, the trend has been changing. The North America market has been the dominant player for game sales, but the European market overtook that position since 2016. It will be worthwhile to revise the sales rep allocation strategy based on the trend change
- **Game Preference Landscape:** Generally, Action and Shooter are most two popular genres, the preferences differ across regions and the preferred genres also differ across different platforms and regions. (e.g., the North America market drives Shooter, Fighting, and Sports game sales and the most of the games in NA are sold through console-type platforms). For the marketing effectiveness, it is recommended to consider multiple factors (genre, platform, region) for tailored marketing efforts.
- **Opportunity:** Shooter games sell the most followed by Platform games; however, Platform genre is the one of the genres with low number of title releases. A similar observation was noted for Wii console for platforms. The management should consider exploring this niche market of Platform games for Wii console for competitive advantage over other competitors

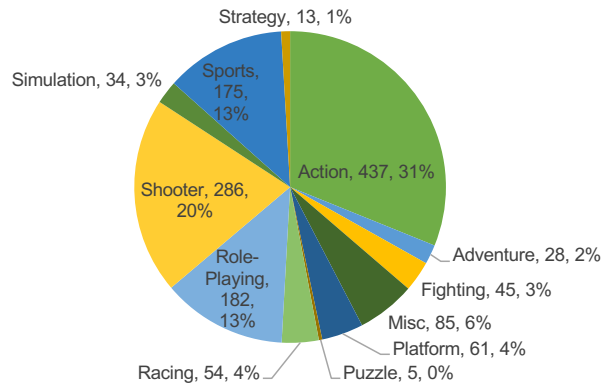
Background: Data at a Glance

- For the scope period of 2012-2016, a total of 2,736 game titles were released and 1.4B copies were sold globally
- While an average of 0.5M copies were sold per each release, most of the title release had sales of 0-2M copies per release



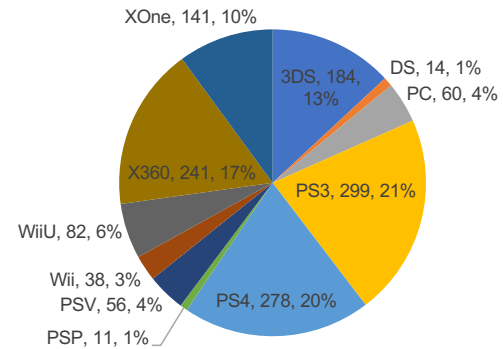
Background: Data at a Glance (cont'd)

Sales by Genre (in M copies sold)



- Globally, Action was the most popular genre, followed by Shooter for the scope period

Sales by Platform (in M copies sold)



- Sony platforms have been the main driver of the game sales with consoles (PS3 and PS4) accounting 41% of the game sales

Analytical Insights

Key Focus Areas

- **Regional Trend:** Validate the GameCo's assumption on the regional games sales trend staying the same over time and identify dominant markets (if any) for the GameCo to have sufficient sales rep coverage
- **Popularity:** Identify customer preferences in relations to factors such as genre and platform for efficient allocation of marketing budget
- **Opportunity:** Identify a niche market where GameCo can take advantage

Analytical Insights: Regional Trend

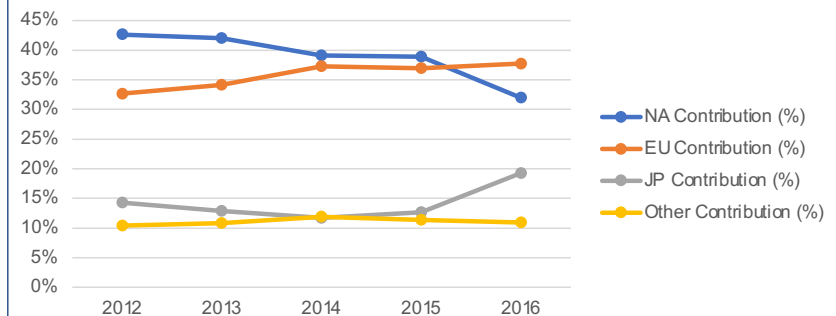
By Regions (copies sold in millions):

Year	North America	Europe	Japan	Other	Global
2012	155	119	52	38	364
2013	155	126	48	40	368
2014	132	126	39	40	337
2015	103	98	34	30	264
2016	23	27	14	8	71
Grand Total	567	495	186	155	1,404

Declining trend of the overall game sales:

- Overall game sales have been declining over the years
- The decline trend appears in all regions
- Global game sales have been mainly driven by the North America (NA) region prior to 2016

Regional Accountability to Global Sales

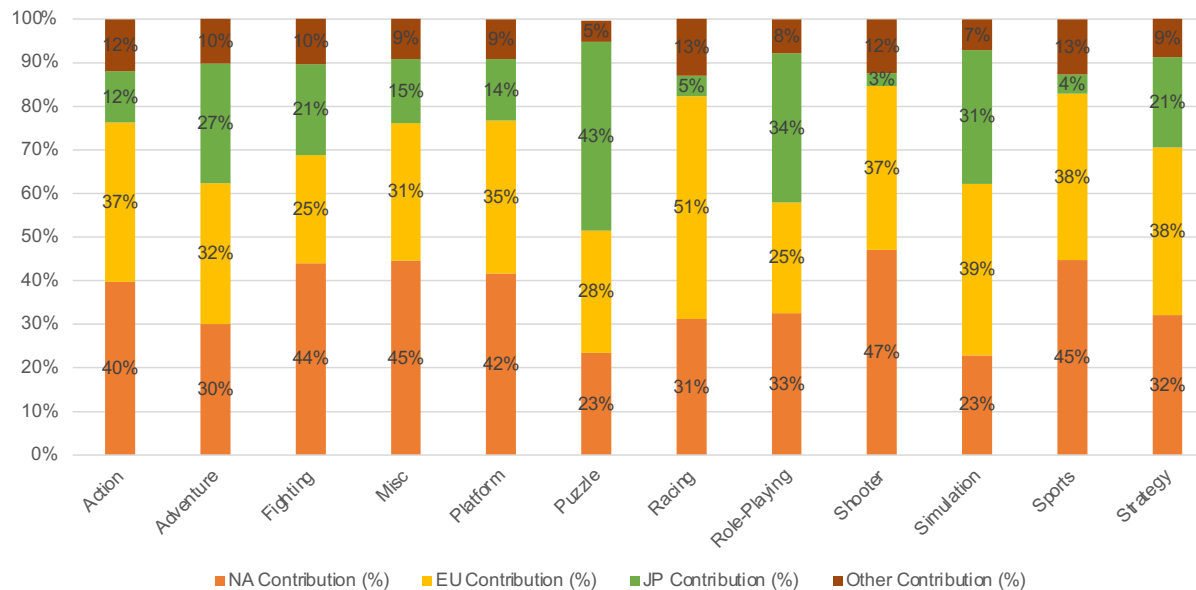


The market is changing:

- While NA has been the dominant contributor to the overall global game sales, the market did not stay the same
- Europe (EU) has been the main contributor to the overall game sales since 2016
- NA share of global game sale has been steadily declining, while the trend of EU shows the opposite
- Japan's game sales market share has gone up in 2016

Analytical Insights: Popularity – Genre

Genre Preference Based on Regional Sales

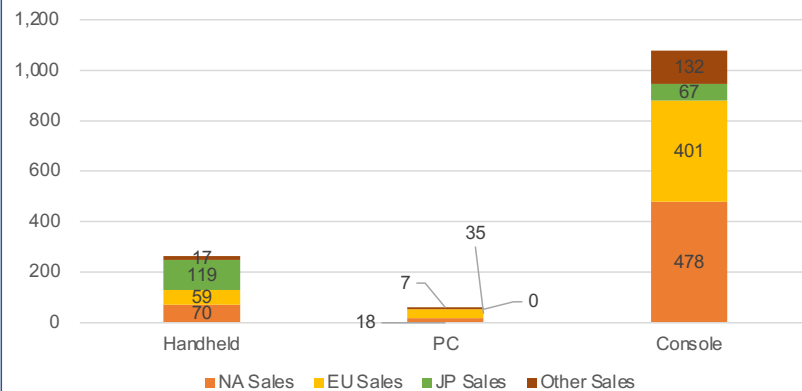


Each region has different preferences over genre:

- **North America** – key market for various of genres, including Shooter, Action, Fighting, Platform, Sports, and Misc., while Puzzle and Simulation game sales contribution are lower compared to other genres
- **Europe** – while no specific genre preferences was observed, has a high accountability in Racing game sales
- **Japan** – buying habits are geared towards specific genres, mainly Puzzle, Role-Playing, and Simulation

Analytical Insights: Popularity – Platform

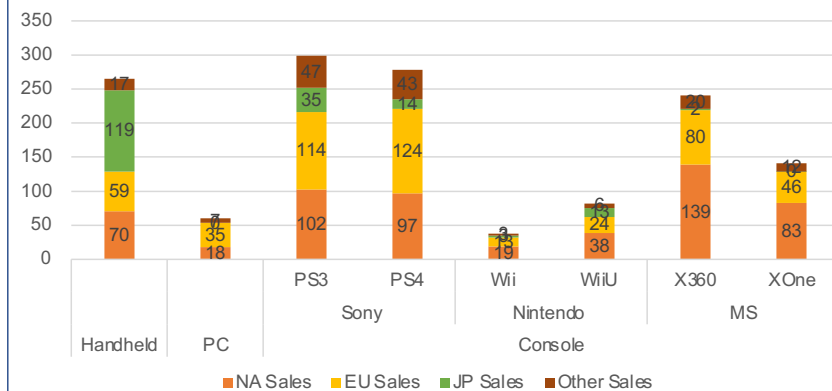
**Platform Preference Based on Regional Sales
(in M copies sold)**



Console driven sales:

- Generally consoles are the main driver of the game sales for the global market and the NA and EU markets
- In Japan, handheld gaming devices (DS, 3DS, PSP, and PSV) seem to drive more game sales than the consoles

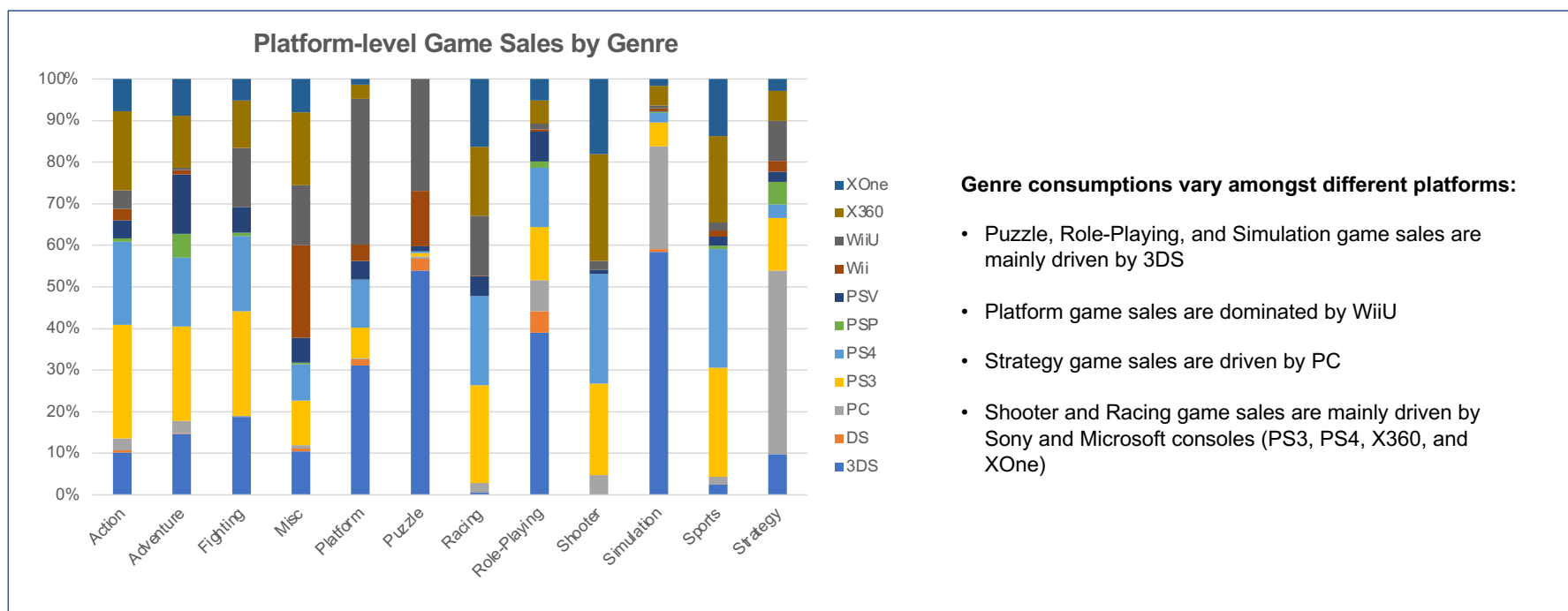
**Console Preference Based on Regional Sales
(in M copies sold)**



Sony consoles dominating, followed by Microsoft consoles:

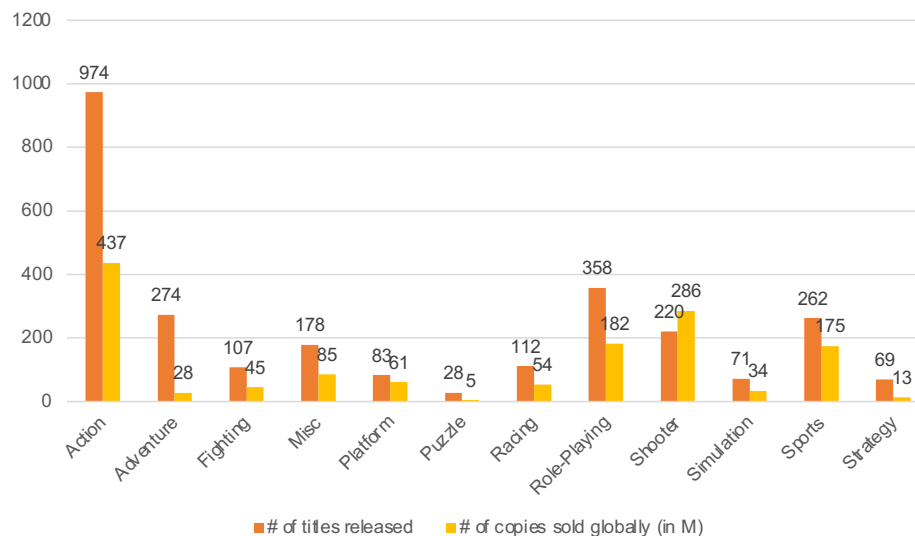
- Further breakdown by consoles shows that Sony consoles (PS3 and PS4) are have a slightly more preferred compared to the Microsoft consoles (X360 and XOne) in Europe. The opposite preference was noted for the NA market

Analytical Insights: Popularity – Genre X Platform



Analytical Insights: Opportunity - Genre

Number of Titles Released vs. Copies Sold by Genre



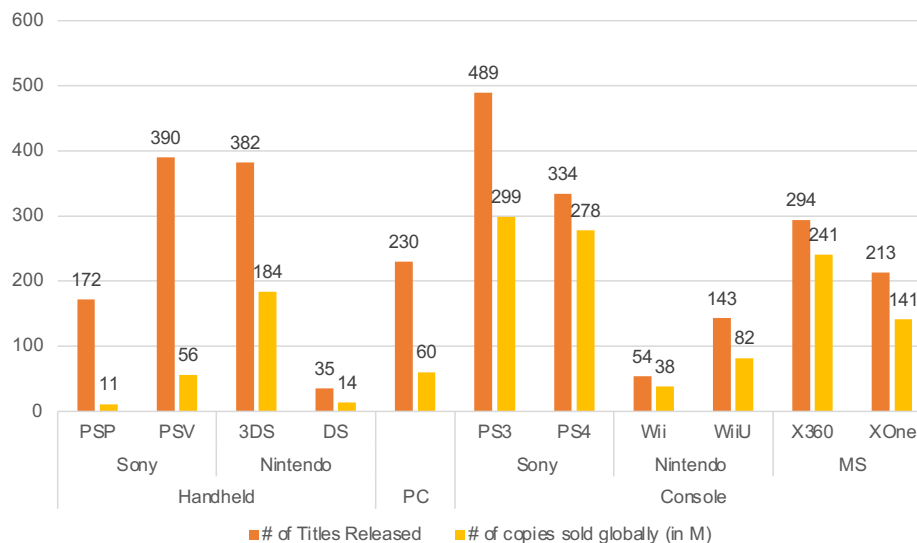
Row Labels	# of titles released	# of copies sold globally (in M)	Average game sales per release
Shooter	220	286	1.30
Platform	83	61	0.73
Sports	262	175	0.67
Role-Playing	358	182	0.51
Racing	112	54	0.48
Misc	178	85	0.48
Simulation	71	34	0.47
Action	974	437	0.45
Fighting	107	45	0.42
Strategy	69	13	0.19
Puzzle	28	5	0.18
Adventure	274	28	0.10
Grand Total	2,736	1404	0.51

Which genre sells out?

- By far, Shooter games sell the most per each release with an average of 1.3M copies per each release
- However, Platform games is the second most sales per release despite of its small number of total releases.

Analytical Insights: Opportunity - Platform

Number of Titles Released vs. Copies Sold by Platform



Platform	# of Titles Released	# of copies sold globally (in M)	Average game sales per release
PS4	334	278	0.83
X360	294	241	0.82
Wii	54	38	0.71
XOne	213	141	0.66
PS3	489	299	0.61
WiiU	143	82	0.57
3DS	384	184	0.48
DS	35	14	0.39
PSV	390	56	0.14
PSP	172	11	0.07
Grand Total	2,739	1,404	0.51

Which platform has the most buying power?

- PS4 has the most successful game sales per title of 0.83M copies sold for each title released
- It is interesting to note that despite of relatively small number of title releases, Wii's average game sales per release is one the top three in the platform

Recommendations

Disclaimer

- Recommendations crafted are based on the insights obtained by analyzing the available data. While the data was collected from one of the reputable sources, the analyst was not able to verify the data accuracy as the collection was done by another party.
- Recommendations are crafted to assist the management team in making informed decisions. They are mandatory guidelines to be followed.

Recommendations

Area	Key Focus Area	Objective Details	Analytical Insights Summary	Recommendation
Sales	Regional Trend	Validate the GameCo's assumption on the regional games sales trend staying the same over time and identify dominant markets (if any) for the GameCo to have sufficient sales rep coverage	<ul style="list-style-type: none"> Unlike the GameCo's understanding the regional game sales figures have not stayed the same over the course of the scope period (current console generation). NA game sales have been showing declining trend while the EU game sales in comparison to the global game sales have been steadily increasing. While both Sony and Microsoft consoles drive the majority of the global sales in Europe and North America, Europe has a slight more sales in Sony platforms than the Microsoft platforms and the opposite is true in North America. 	<ul style="list-style-type: none"> In high-level, consider increasing the number of sales reps in Europe while steadily reducing the number of reps in North America. If platform specific reps are to be allocated, focus on consoles (PS3, PS4, X360, XOne) than other platforms such as PC or Handheld devices. Consider allocating regional level console specific reps more reps for Sony consoles in Europe and more reps for Microsoft consoles in North America (if applicable)
Marketing	Customer Preference	Identify customer preferences in relations to factors such as genre and platform for efficient allocation of marketing budget	<ul style="list-style-type: none"> Most popular genre in general is Action, followed by Shooter Each region has different preferences in terms of genre Each console has different sales behavior in terms of genre 	<ul style="list-style-type: none"> In high-level, focus on marketing Action and Shooter games globally. If tailored marketing campaigns are desired, consider focusing marketing efforts for the following region, genre, and platform: <ul style="list-style-type: none"> NA – Shooter, Sports, Fighting (for PS3, PS4, X360, XOne) Europe – Racing (for PS3, PS4, X360, XOne) Japan – Puzzle, Role-Playing, Simulation (for 3DS)

Recommendations (cont'd)

Area	Key Focus Area	Objective Details	Analytical Insights Summary	Recommendation
Financial Operations	Opportunity	Identify a niche market where GameCo can take advantage	<ul style="list-style-type: none"> From the genre perspective, Shooter games have the best profitability ratio of 1.3M copies sold per each release, followed by Platform games (0.73M copies sold per each release); however, Platform is the 4th lowest genres out of 12 total genres in terms of the number of titles released. From the platform perspective, PS4 and X360 users have the best buying powers where the games released in these platforms sold 0.83M and 0.82M copies per release respectively. The third is Wii platform where 0.73M copies are sold per each release; however, Wii is the 2nd lowest platform in terms of the total number of titles released. 	<ul style="list-style-type: none"> Consider exploring platforms and/or genres with relatively small total game releases but have high sales for developing into this niche market. Based on the analytical insights, Platform genre and Wii platform fit this category and the management should evaluate options to develop games for this market to maximize revenue while minimizing competition.

Thank you