

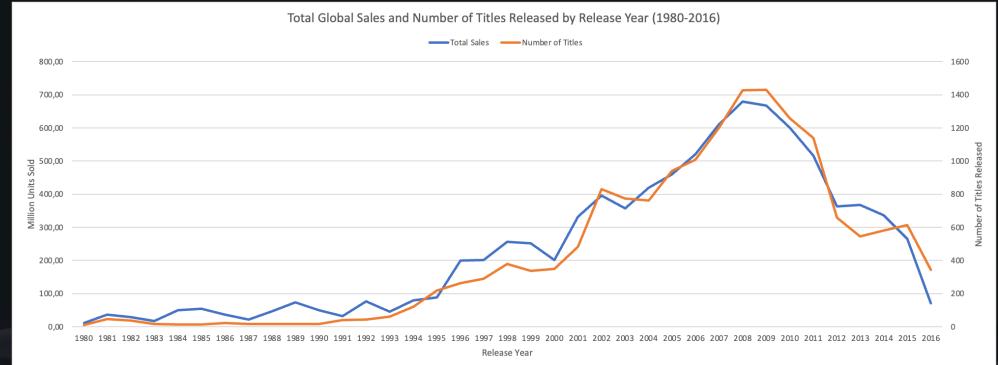
Sales trends and market shares
have remained consistent.

- To support planning for the 2017 marketing budget, we were tasked with assessing whether the regional sales trends and market shares we've historically relied on have remained consistent over time.
- To answer that, we conducted a comprehensive analysis of the available data — starting with global sales patterns dating back to 1980 to establish historical context, and then narrowing the focus to performance and market share in the last decade.
- This presentation outlines where the market has evolved, where it has stabilised, and what these shifts could mean for how we shape our marketing strategy going forward.

Global Market Overview

- Starting with total unit sales, per title performance, and publisher dominance, the first part of the analysis traces how the global game market evolved. These metrics form a foundation for understanding how demand shifted, how distribution channels changed, and how the composition of the competition evolved.

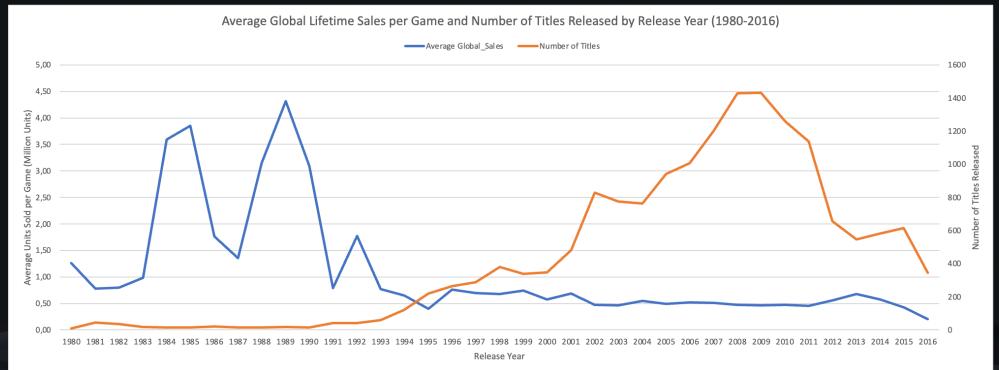
The Market Peaked in 2008 and Has Since Declined



While slow to gain momentum, the market entered a period of rapid expansion from the mid-1990s. Sales and title output peaked in 2008-2009 before contracting sharply, returning to pre-expansion levels.

- In the early years, both global sales and title output were relatively low, but sales volumes — though modest by later standards — showed noticeable peaks.
- From the mid-1990s, the market expanded rapidly, with both measures rising in near-identical fashion, peaking around 2008.
- After 2008, both measures declined sharply, returning to levels last seen before expansion.
- **Note:** The contraction in the market aligns with the rise of digital distribution platforms and the emergence of console-based online stores between 2005 and 2008 — a transition that fundamentally reshaped how games were bought, sold, and consumed.

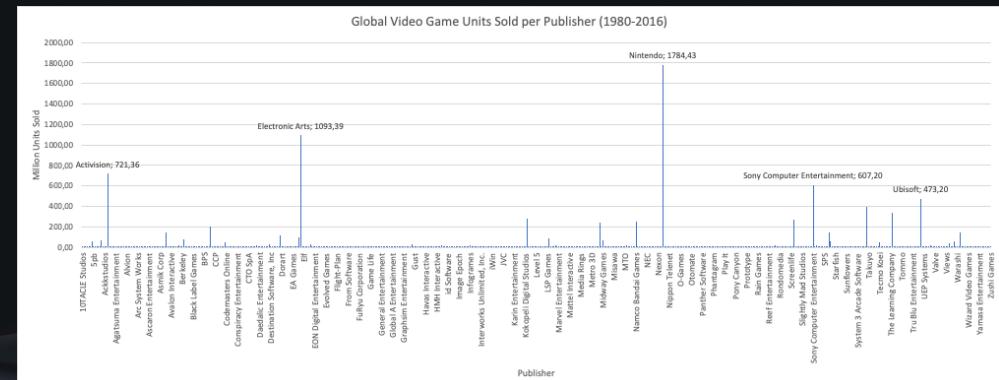
Despite the Decline, Per-Game Sales Remained Stable



Early volatility in average sales per title stabilised from the mid-1990s, holding steady through years of declining output — until a sharp drop in 2016.

- The peaks observed in global game sales during the 1980s coincided with dramatic increases in average sales per game — pointing to how a few high-performing releases could influence overall market performance.
- As the industry matured in the 1990s and 2000s, and output increased, average sales per title stabilised, reflecting a more competitive and consistent environment.
- Post 2008, while total title output declined, average sales remained stable — suggesting that the market didn't collapse, but rather transitioned to digital. The sharp drop in both metrics in 2016 likely marks the digital tipping point.

A Few Publishers Drove the Bulk of Global Sales



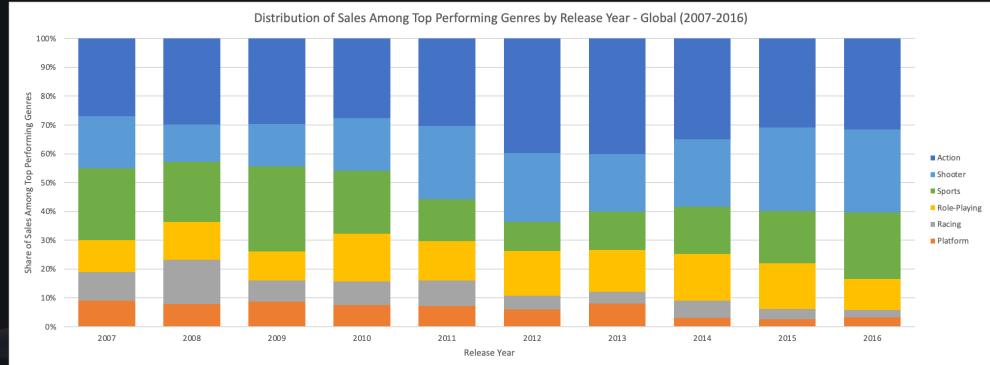
Nintendo, EA, and Activision dominated the global market — each accounting for hundreds of millions of units sold. Sony, Ubisoft, and Take-Two round out the top 6.

- Despite the large number of Publishers in the market, most account for only a small portion of global sales.
- A handful of companies — led by Nintendo, EA, and Activision — dominated the global market.
- Nintendo sold nearly 1.8 billion units, followed by EA and Activision at nearly 1,1 billion and 720 million units respectively. Sony, Ubisoft, and Take-Two also showed strong performance, rounding out the top six.

Trends Over the Last Decade

- This next stage focuses on the last decade, analysing top genres and publishers during a time of declining output but steady per-game performance. These patterns reflect a physical market in transition and provide targeted insights into commercial strength and efficiency.

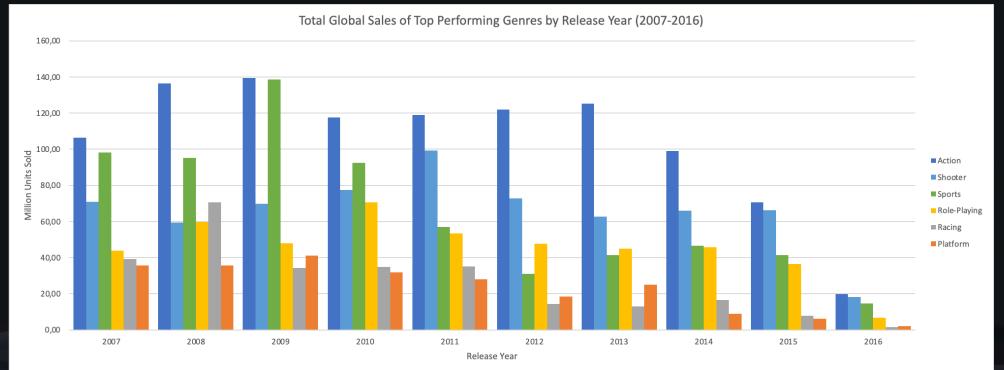
Preferences Among Leading Genres Evolves Noticeably



Action remained a strong favourite but fell slightly throughout the decade. Shooter and Sports gained share, while Platform and Racing declined.

- Genre preferences shifted noticeably over the last decade.
- Action led overall, while Shooter and Sports gained share, particularly in later years.
- Platform and Racing steadily declined.

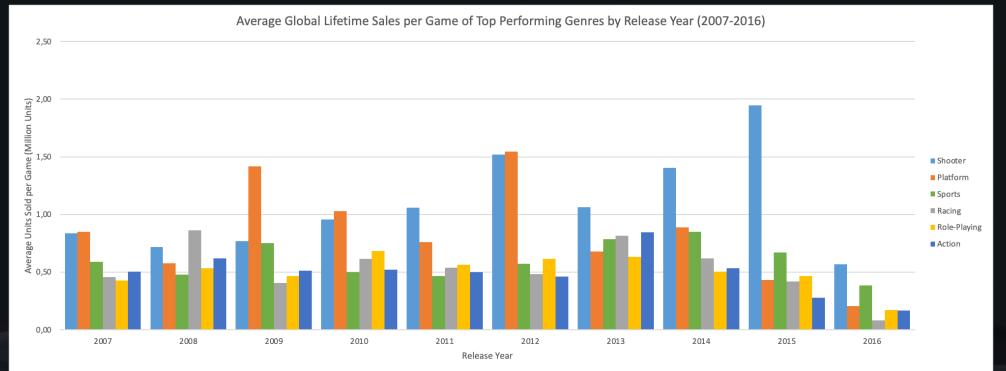
Leading Genres Declined Differently in Total Sales



Action consistently led in global sales volumes, followed by either Shooter or Sports. While all genres declined, Platform and Racing declined more rapidly.

- In total sales volume, Action led the market, with Shooter and Sports close behind.
- While all genres experienced decline in line with the broader contraction of the physical market, Platform and Racing declined more steeply.

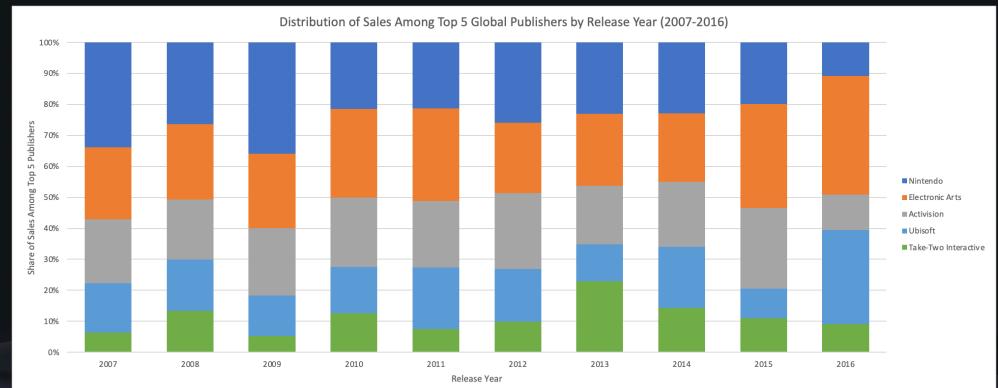
Leaders Show Major Shift in Per-Title Performance



Platform and Shooter games led in average sales per title, with Platform strongest early-on and Shooter rising to dominance in later years. Action delivered the weakest per-title performance throughout the period.

- When evaluating per-title efficiency, Shooter and Platform outperformed all other genres, often exceeding one million units per game. Platform led early in the decade, while Shooter became dominant in later years.
- Despite being the top-selling genre by volume, Action delivered relatively weak per-game results — a contrast that warrants different marketing strategies as the industry continues to evolve.

Shifts in Global Market Share Among Leading Publishers



Nintendo, EA, and Activision led global physical game sales over the period, with EA eventually overtaking Nintendo as top publisher. Ubisoft and Take-Two showed more variable performance, with Ubisoft surging in the final year — pushing Activision out of the top tier.

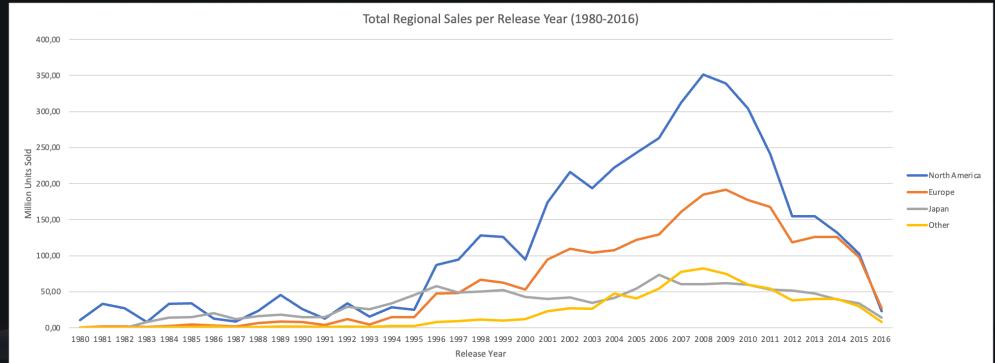
- In terms of publisher performance, Nintendo led early-on but was eventually surpassed by EA.
- Activision maintained a strong and more stable share throughout the period but declines in the last year.
- Ubisoft and Take-Two showed more fluctuation, with Ubisoft showing a sharp gain in the final year which pushed Activision from its top-tier position.

Regional Trends

A dark blue rectangular background featuring a subtle, flowing wavy pattern that spans across the entire width of the slide.

- Shifting from global to regional trends, this final section investigates how differences in market size, preferences, efficiency, and publisher share played out across key regions.
- These trends reveal how regional trajectories differ — and what that means for developing more targeted, localised strategies.

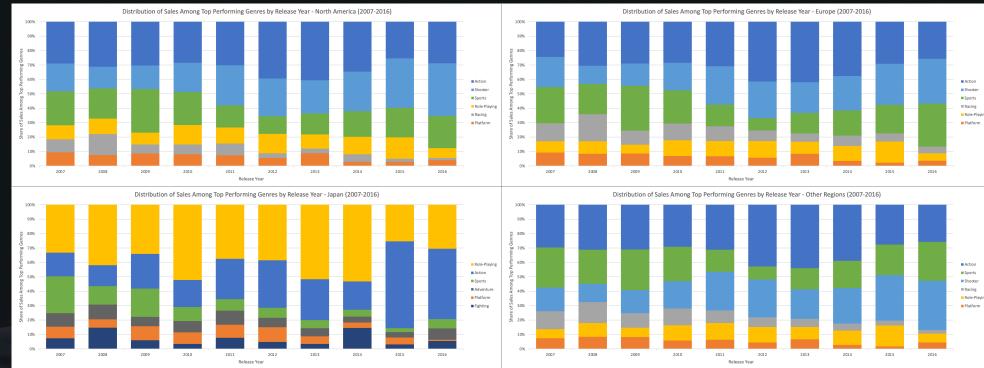
Europe Gained Ground as North America Contracted



All regions mirrored global trends, but differed in size and timing. Japan peaked earlier and declined more gradually, while Europe overtook North America as market leader in the final year.

- All regions followed the same general trajectory: expansion through the 1990s and 2000s, peaking around 2008–2009, followed by a sharp decline.
- North America was the dominant global market for most of the period but dropped sharply in the final year, falling below Europe.
- Japan, though consistently smaller in scale, peaked earlier and then entered a steady, prolonged decline.
- The Other region remained modest throughout but showed gradual and consistent growth.

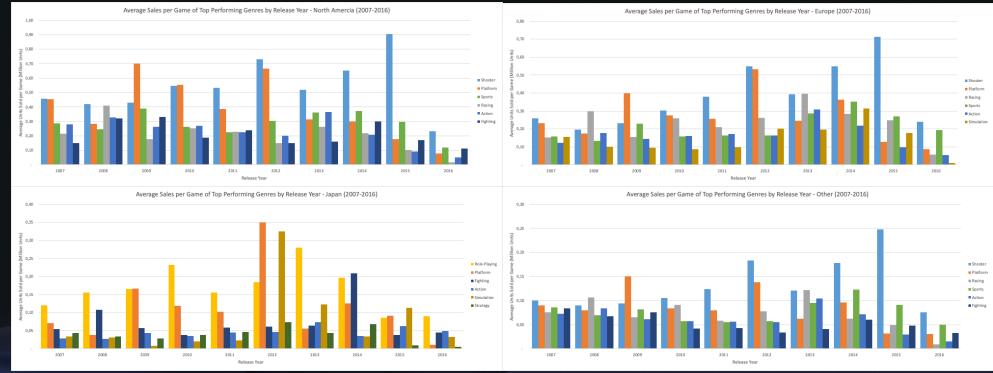
Regional Shifts in Preference Among Leading Genres



Shooter overtook Action in North America, Europe, and the Other region, while Sports remained a strong contender. In Japan, Action grew steadily and overtook Role-Playing as the dominant genre toward the end of the period.

- Regional genre preferences evolved differently over time.
- In North America, Europe, and the Other region, Shooter overtook Action as the dominant genre, while Sports remained a strong contender throughout.
- In Japan, Role-Playing led for most of the decade before being surpassed by Action in the final years.
- Other genres declined steadily across all regions, but more so in Japan.

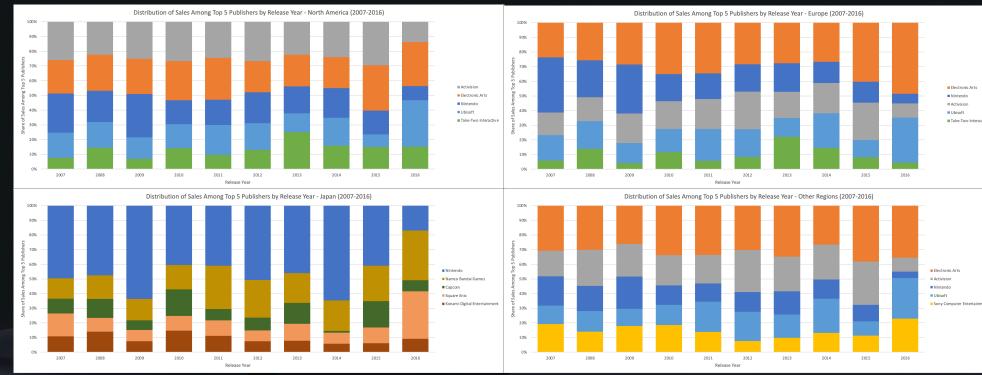
Shifts in Per-Title Efficiency Varies Across Regions



Shooter and Platform genres showed strong per-title performance in most markets, with Shooter rising over time. In Japan, Role-Playing led consistently with singular spikes in Platform, Fighting and Simulation.

- Average sales per game shifted differently across regions.
- In North America and Europe, Shooter and Platform were the most efficient performers. Platform led early in the decade but declined, while Shooter gained steadily and maintained top-tier performance. Fighting ranked sixth in North America, while Simulation took that position in Europe.
- Japan followed a different trajectory. Role-Playing titles consistently led in average sales, with Platform also performing strongly throughout. Fighting and Simulation generally underperformed but each showed a sharp, isolated spike — likely driven by individual blockbuster releases.
- The Other region mirrored North America, with Fighter rounding out the top six.

Regional Shifts in Publisher Share



EA extended its lead in Europe and the Other region, while Ubisoft surged late to dethrone Activision as leader in North America. Nintendo lost ground globally, most notably in Japan, where it was overtaken as dominant leader by Namco Bandai and Square Enix.

- Publisher market share also evolved differently across regions.
- In North America, Activision had a stable lead over EA for most of the period but was overtaken by both EA and Ubisoft towards the end. Ubisoft and Take-Two showed more variable performance, with Ubisoft surging in the final year to take first place. Nintendo declined steadily throughout, finishing as the lowest-ranking publisher by the end.
- In Europe, EA maintained its lead and pulled further ahead in the end. Activision was more stable but was similarly overtaken by Ubisoft in the final year. As in North America, Ubisoft and Take-Two had more variable performance, with Ubisoft again rising sharply at the end to secure second place. Nintendo declined even more sharply than in North America, falling from second to second-lowest by the end.
- In Japan, the market remained domestically led. Namco Bandai and Square Enix surged toward the end of the period, overtaking Nintendo as the dominant publishers. Capcom and Konami Digital held smaller, more volatile shares throughout.
- In the Other region, EA maintained a relatively stable lead over Activision, both of which were overtaken by Ubisoft and Sony in the final year. Here, Ubisoft and Sony held more variable shares but jumped into the top tier by the end. Nintendo held a more consistent share early on but declined sharply in the final year.

Key Insights

Global Market Overview (1980-2016)

- The physical market expanded rapidly until 2008 before contracting sharply – a trend aligned with the rise of digital distribution.
- Despite declining output, average sales per title remained stable, indicating persistent demand and a shift in delivery rather than a collapse in interest.
- A small number of publishers dominated global sales, with Nintendo leading for the majority of the time.

Trends in the Last Decade (2007-2016)

Sales & Genre Preferences

- Action led in total sales, but Shooter and Sports gained ground.
- Platform declined in both volume and average performance with Shooter emerging as the best performer per title.
- Action consistently underperforms on a per-game basis.

Competition

- Nintendo declines across all markets, while EA rose to global dominance.
- Activision lost share in the final year despite earlier consistency, while Ubisoft made sharp late gains across most regions.

Global Market Overview (1980-2016)

Sales Trends

- After a slow start, both sales volumes and title output expanded rapidly, before entering a sharp decline aligned with the rise of digital distribution.
- Early volatility in per-title demand gave way to stability as the market matured — a pattern that held even through the broader decline, signalling that demand persisted while distribution channels evolved. 2016 marks a possible tipping point toward digital.

Competition

- Despite the large number of publishers in the market, global sales were concentrated among a small group of dominant players.

Trends in the Last Decade (2007-2016)

Sales Trends

- Action remained a strong favourite, but Shooter and Sports gained share in the later years, while Platform and Racing declined steadily.

- Platform initially led in average sales per title but was overtaken by Shooter toward the end.
- Action led in volume but underperformed on a per-game basis.
- Action led in total sales, followed by Shooter and Sports. While all genres declined, Platform and Racing experienced the steepest drops.

Competition

- Nintendo led early on but was overtaken by EA toward the end.
- Activision maintained strong share throughout, but declines in the end.
- Ubisoft and Take-Two showed more volatility, with Ubisoft making sharp gains in the final year — pushing Activision out of the top tier.

Key Insights

Regional Trends

Sales Trends

- All regions mirrored global patterns, with a shared peak around 2008.
- North America led historically but dropped below Europe in the final year.
- Japan peaked earlier and declined more gradually, while Other regions grew modestly.

Genre & Efficiency

- Shooter overtook Action in most regions, while Role-Playing led in Japan until being overtaken by Action in the final years.
- Shooter and Platform were most efficient per title across all regions except in Japan where Role-Playing held that position.

Competition

- EA led in Europe and Other, while Ubisoft surged late to top Activision in North American and second elsewhere.
- Nintendo declined everywhere, while local publishers overtook it in Japan.

Regional Trends

Sales Trends

- All regions mirrored global trends, with Japan peaking earlier and declining more gradually. North America, the long-time market leader, dropped below Europe in the final year — likely due to temporal differences in the digital shift.

Genre & Efficiency

- Shooter overtook Action as the favourite genre in North America, Europe, and the Other region, while Sports remained a strong contender.
- In Japan, Role-Playing led until being surpassed by Action at the end.
- Shooter overtook Platform as the most efficient genre in per-title performance in most regions.
- Role-Playing remained the top performer in Japan, while Platform maintained solid results. Fighting and Simulation showed isolated spikes driven by individual hits.

Competition

- EA extended its lead in Europe and the Other region, while Ubisoft surged late to overtake Activision as leader in North America and claim second place in Europe and the Other region.
- Activision maintained a stable presence but lost significant ground across all regions in the last year.
- Nintendo declined globally and lost its dominance in Japan to Namco Bandai and Square Enix.



Sales trends and market shares
have not remained consistent.

- What we've seen clearly challenges the initial assumption.
- The market did not remain stable. It expanded, peaked, and contracted — not due to lost demand, but because digital distribution fundamentally changed how games are sold.
- We also saw clear shifts in genre preferences, publisher dominance, and regional performance.
- Trends differed not only over time but across regions, with market leaders changing and new contenders rising.
- This revised understanding is essential if we want the 2017 marketing budget to reflect where the market actually is — and where it's heading.

Strategic Recommendations

Genre Strategy

- Prioritise high-volume genres (Action, Shooter, Sports).
- Focus marketing on efficient genres like Shooter, which outperform per title.
- Recognise Platform's past per-title performance, but note its recent decline.

Regional Focus

- Reallocate marketing resources toward Europe, which shows consistent growth.
- Adapt genre strategies: Shooter and Sports in the West, Role-Playing in Japan.
- Account for Japan's more gradual decline – timing of digital adoption may differ.

Genre Strategy

- The first recommendation is to prioritise Action, Shooter, and Sports — these remain the highest-volume genres globally.
- But it's not just about volume. Shooter, in particular, delivers strong average sales per title across most regions. That efficiency makes it a high-impact target for focused campaigns.
- Platform also performed well early in the period, but its sharp decline in both volume and per-title returns means we should treat it as a legacy performer — not a priority for forward-looking plans.

Regional Focus

- Europe's consistent growth — and its eventual overtaking of North America — clearly suggests it should receive increased marketing investment.
- Regionally, genre preferences vary. Shooter and Sports are strong in the West, while Japan continues to favour Role-Playing games.
- Also keep in mind: Japan's market contracted more gradually, which may suggest a slower transition to digital — and possibly different timing or channel considerations for marketing execution.

Strategic Recommendations

Competitive Positioning

- Track Ubisoft's rapid rise across Western Markets.
- Monitor Activision's decline, especially in North America.
- Reposition against EA in Europe and Other Regions.
- Focus on Namco Bandai and Square Enix as key local leaders in Japan.

Digital Strategy

- Physical trends provide valuable insight but must be interpreted alongside digital data.
- Prioritise digital data acquisition to ensure planning reflects current market realities.

Competitive Positioning

- Ubisoft's late surge is one of the most important shifts we saw — it overtook Activision in North America and jumped to second place in Europe and the Other region. This changes the dynamics of the competitive set.
- Activision's decline across all regions, especially at the end, raises questions about how to position against it going forward — and whether their market presence is weakening.
- EA now leads in Europe and Other regions, and in Japan we see Namco Bandai and Square Enix overtaking Nintendo. These players should be monitored closely as both threats and potential partners.

Digital Strategy

- We've seen that physical sales provide valuable insight — especially for long-term trends in consumer behaviour and genre strength.
- But we're now operating in a digital-first market. Going forward, decisions must be based on a full view of the market, and that means we need better access to digital sales data. Without it, planning will be incomplete and potentially misleading.