

Abstract geometric lines in black on a white background, forming various overlapping polygons and shapes.

# **VIDEO GAMES MARKET REPORT 2016**

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# AGENDA

Objective & Current Hypothesis

Analysis results

Recommendations

Q & A

Data limitation and assumptions

## OBJECTIVE

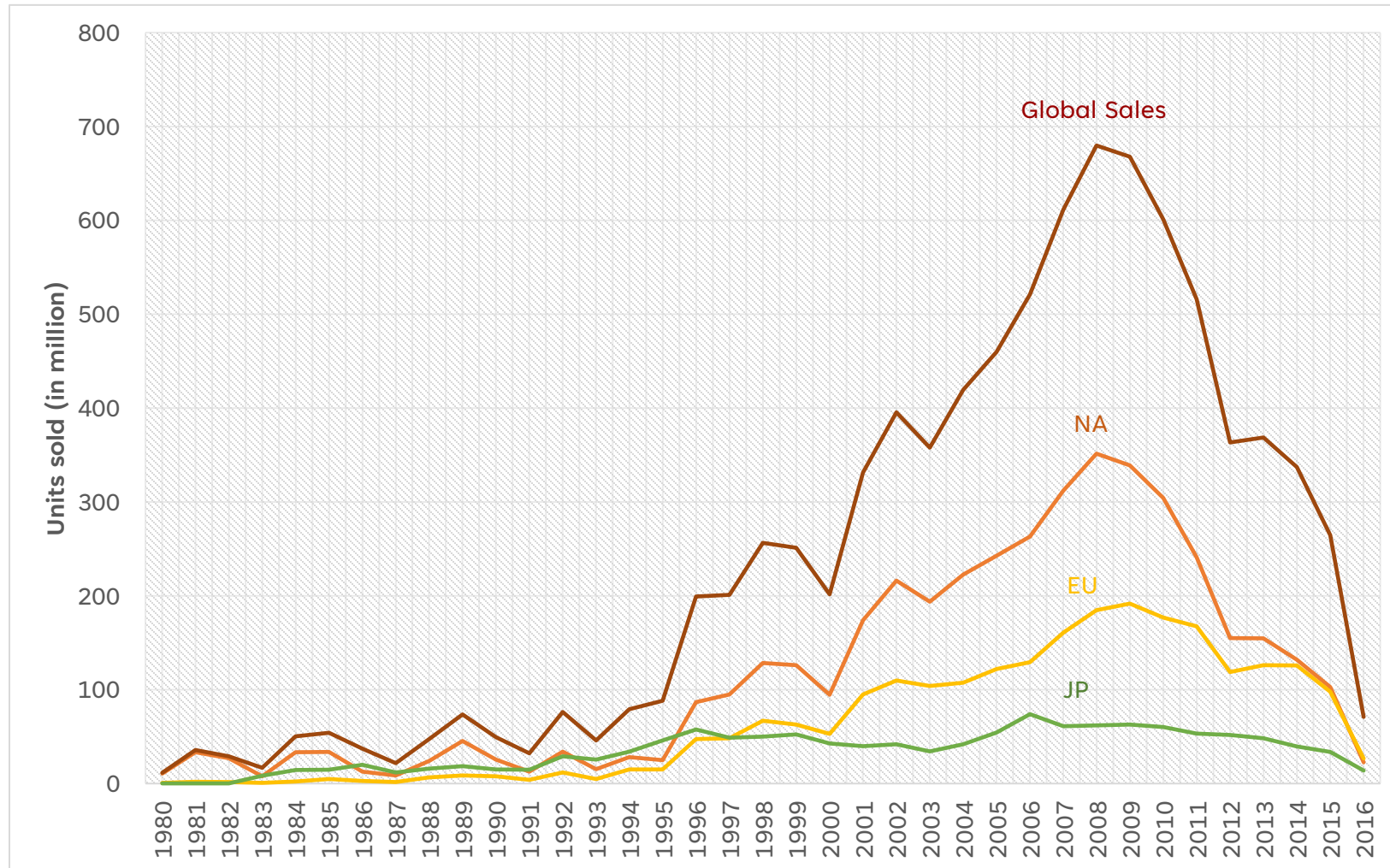
The objective is to reallocate the 2017 marketing budget among the regions to maximize return on investment.

## CURRENT HYPOTHESIS

Sales in various geographical regions have not varied over time.

# SALES TRENDS 1980-2016

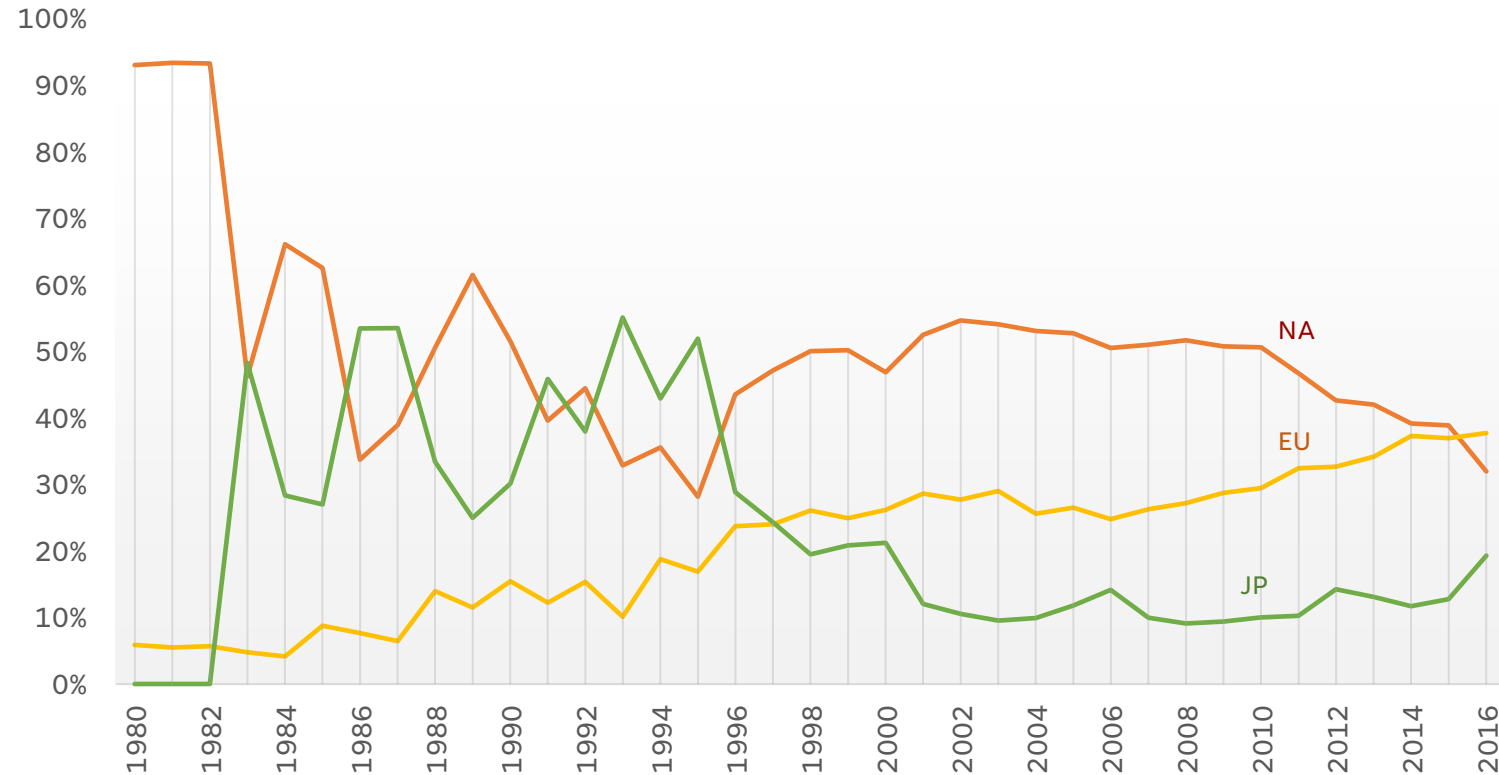
## GLOBALLY AND BY REGION



- Sales trends did not remain constant over time.
- Since 1993, Sales in NA and EU have experienced rapid growth and peaked in 2008.
- Since 2008 we have witnessed a sharp decline in sales in NA and EU.
- Sales in JP have remained steady over time.
- By 2016, sales in all regions dropped to approximately the same level.

# SALES PROPORTION 1980-2016

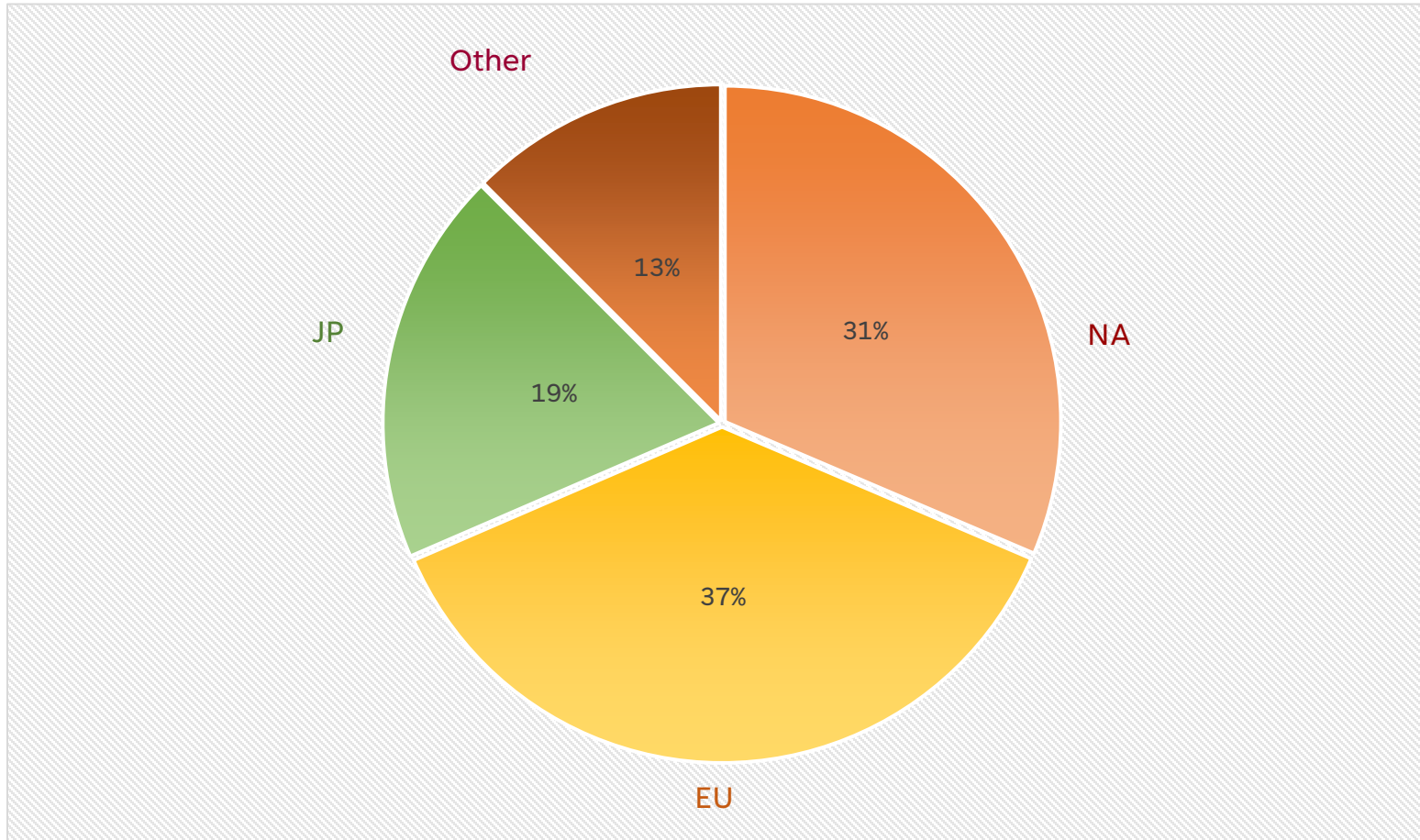
## BY REGION



- From 1980 to 1995, NA and JP markets held the leading position in the market share.
- Since 1995, NA market continued to grow and remained the leader in sales. While JP share has shown a significant decline and remained at the lowest level among these three regions.
- The EU share in sales has steadily risen throughout time. In 1997 the share of EU sales exceeded sales in JP and reached parity with NA share in 2015. In 2016, EU market maintained a growing trend.

# SALES PROPORTION IN 2016

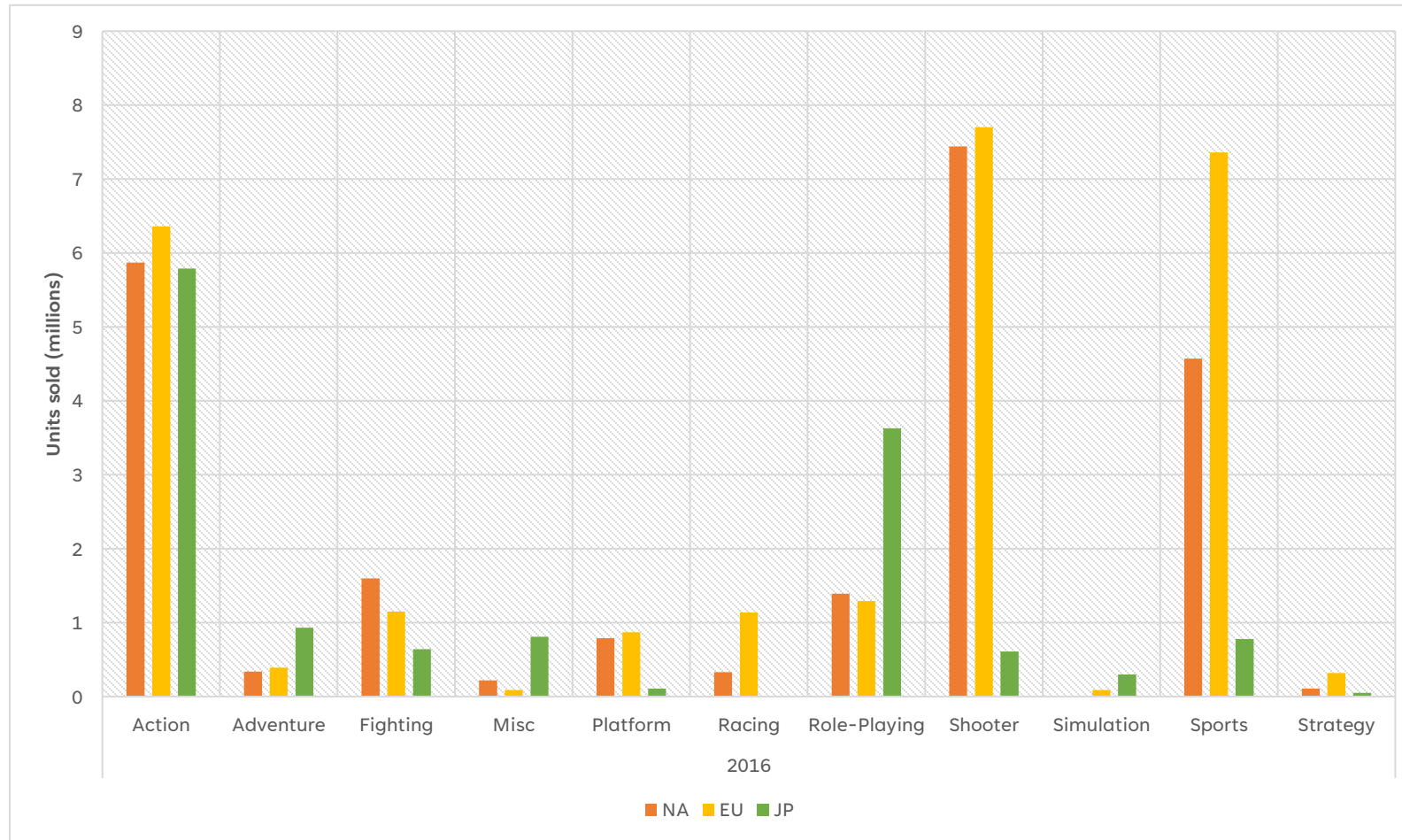
## BY REGION



- In 2016, EU was the dominant market with the share of 37%.
- NA has experienced a gradual decline to 31%.
- JP market has accounted for 19%.
- And 13% of sales have come from other regions.

# GENRE POPULARITY IN 2016

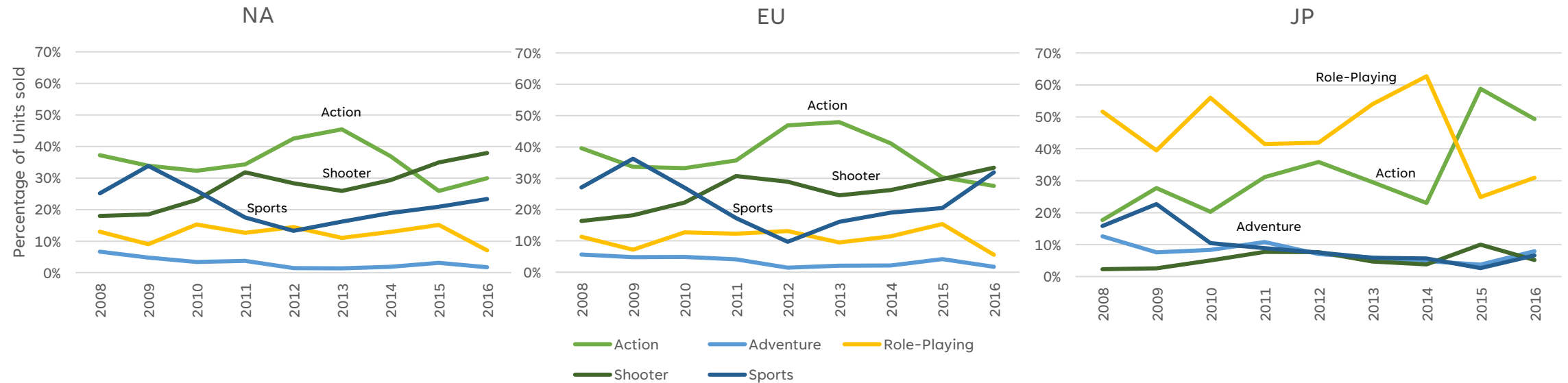
## BY REGION



- Top-3 dominant genres by regions:  
NA: Shooter, Action, Sports;  
EU: Shooter, Sports, Action;  
JP: Action, Role-playing, Adventure;
- In 2016, Action segment held one of the prevailing positions in all regions.
- The preferences of gamers in NA and EU have been identical.
- In JP, Role-Playing games stood out from the global trend.

# MARKET SHARE OF TOP-5 GENRES 2008-2016

## BY REGION

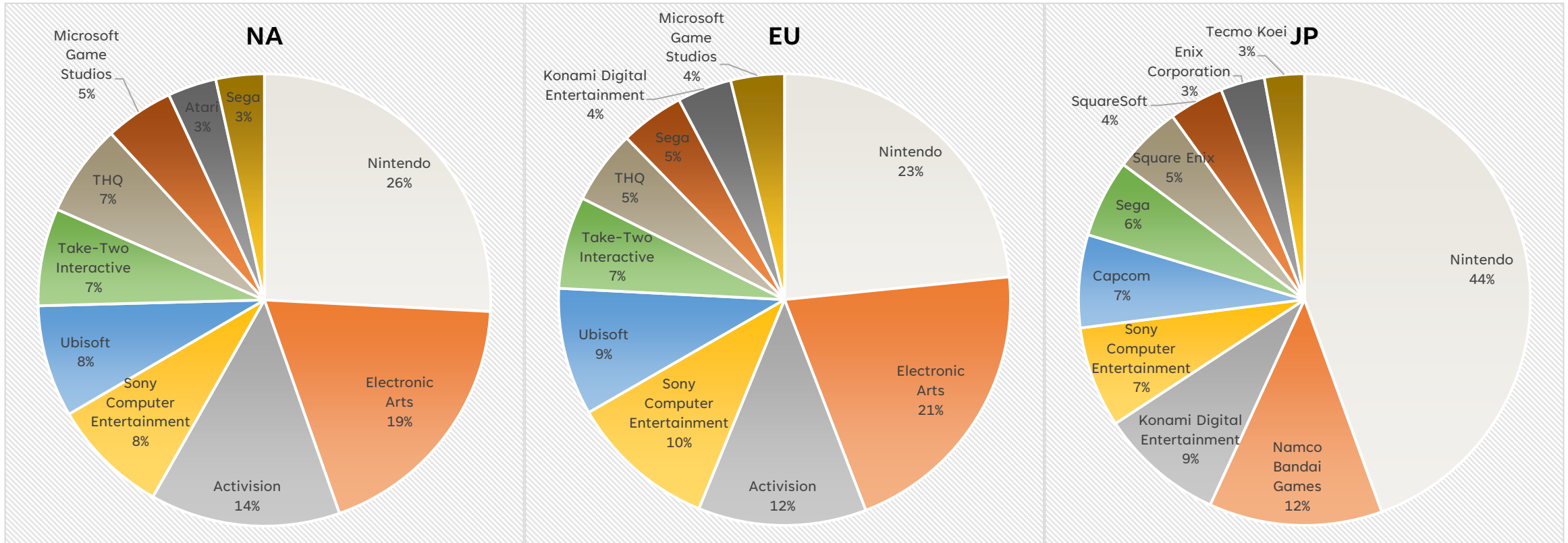


- Although we can identify the top popular genres, none of them has remained undisputedly dominant over time.
- In NA and EU Action has lost the leading position to Shooters or Sports.
- In JP Role-playing games have been leading until 2014, however ceded to Action.



# TOP-10 PUBLISHERS FOR 1980-2016

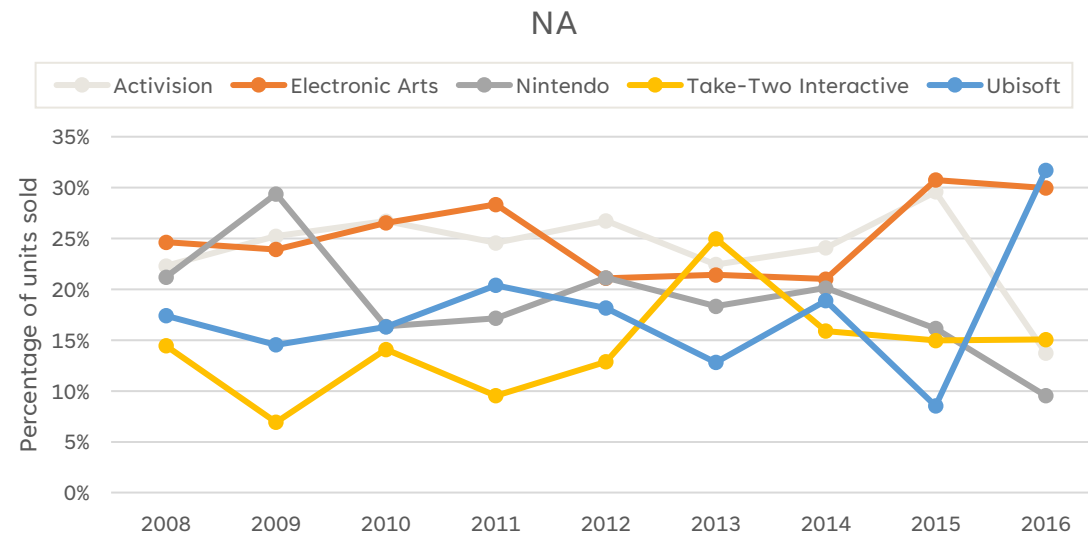
## PROPORTION BY REGION



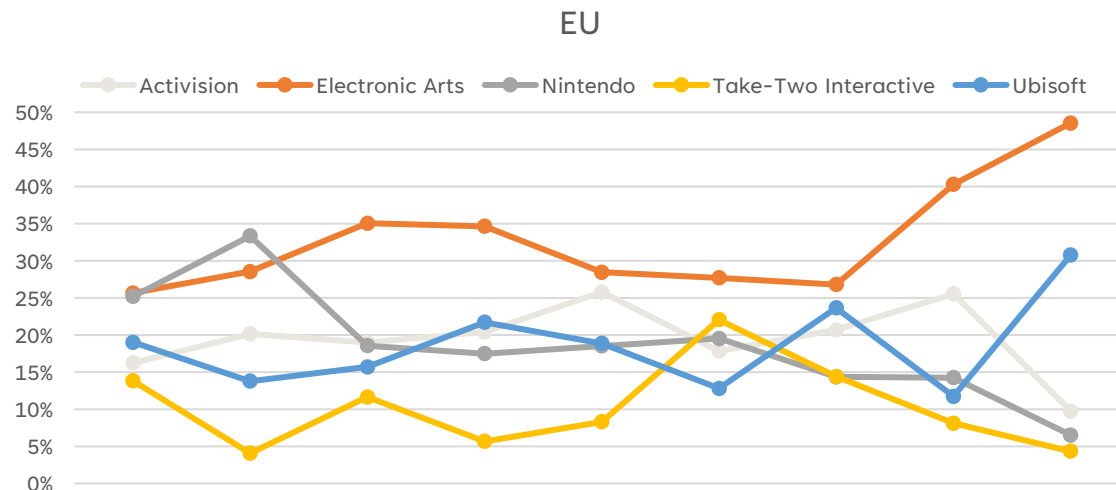
- Nintendo has been the most dominant publisher in all regions. The Top-5 publishers in NA and EU are the same companies and their shares in these markets differ insignificantly. JP market is very resistant to the games published by American companies or French based Ubisoft.

# MARKET SHARE OF TOP-5 PUBLISHERS FOR 2008-2016

## BY REGION



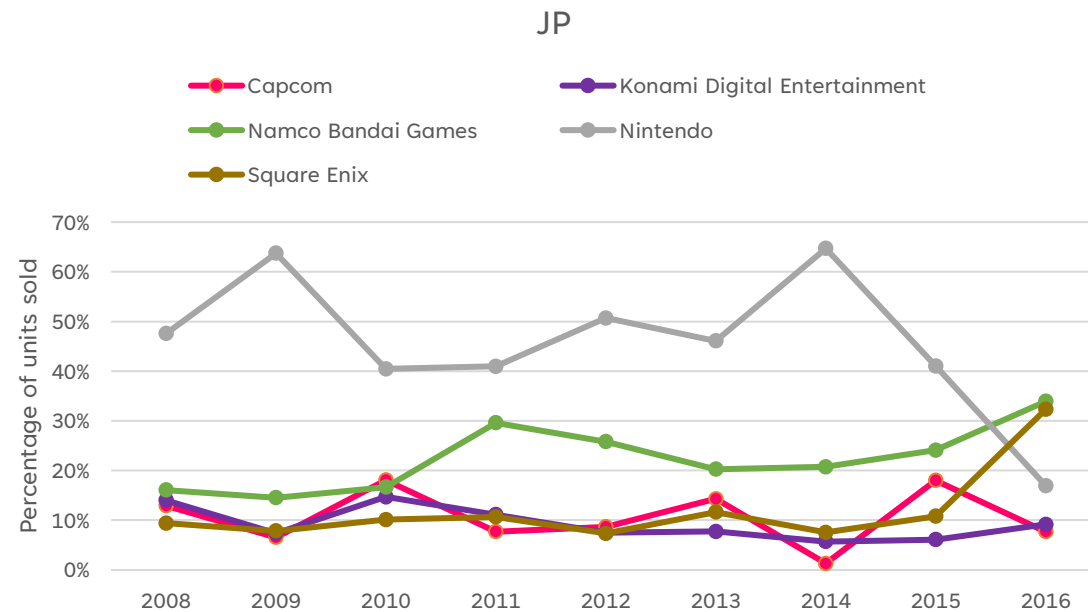
- Nintendo has been on a downward trend since 2009 in the NA market. Activision experienced a steep decline in market share in 2016. On the contrary, the products released by Electronic Arts and Ubisoft have been gaining popularity.



- In EU market we witness a similar trend of substantial rising in the market share of Electronic Arts and Ubisoft. Conversely, Nintendo and Activision have been steadily reducing their presence in the EU market.

# MARKET SHARE OF TOP-5 PUBLISHERS 2008-2016

## BY REGION



- Nintendo had been a predominant publisher in JP market, however lost the leading position in 2016. Namco Bandai Games and Square Enix have gradually gained popularity.

# RECOMMENDATIONS

- Given our strategy of getting new customers, we recommend redistributing the marketing funds across the regions as follows:
  - Europe: allocate 37% of the budget; focus on Shooter, Sports and Action.
  - North America: give 31% of the budget; concentrate on Shooter, Action and Sports.
  - Japan: allot 19% of the budget; place focus on Action, Role-Playing and Adventure.
- We advise revising the popularity of genres on a regular basis as customer preferences vary over time. This will allow us to proactively offer products that are in line with the latest trends among gamers.
- We recommend focusing on the opportunity to capture the market niche in North America and Europe that has recently been lost by two major players, Nintendo and Activision, who are experiencing a substantial drop in market share.
- Our competitors will most likely be Ubisoft and Electronic Arts, whose position on these markets has been trending upward. Nintendo, Activision and Ubisoft have stopped selling products in Sports segment which is in the top-3 most popular genres. Here we could find the opportunity for sales as well.
- In Japan, in the top-5 of leading publishers there are only Japanese multinational companies. This means that customers are very loyal to the products released by national publishers.
- The share of the European market has been continuously growing. The market in Japan shows volatility with an upward trend. We recommend looking into the opportunity of sales increase in these markets. We may need to reallocate our resources to these regions.

# Q & A

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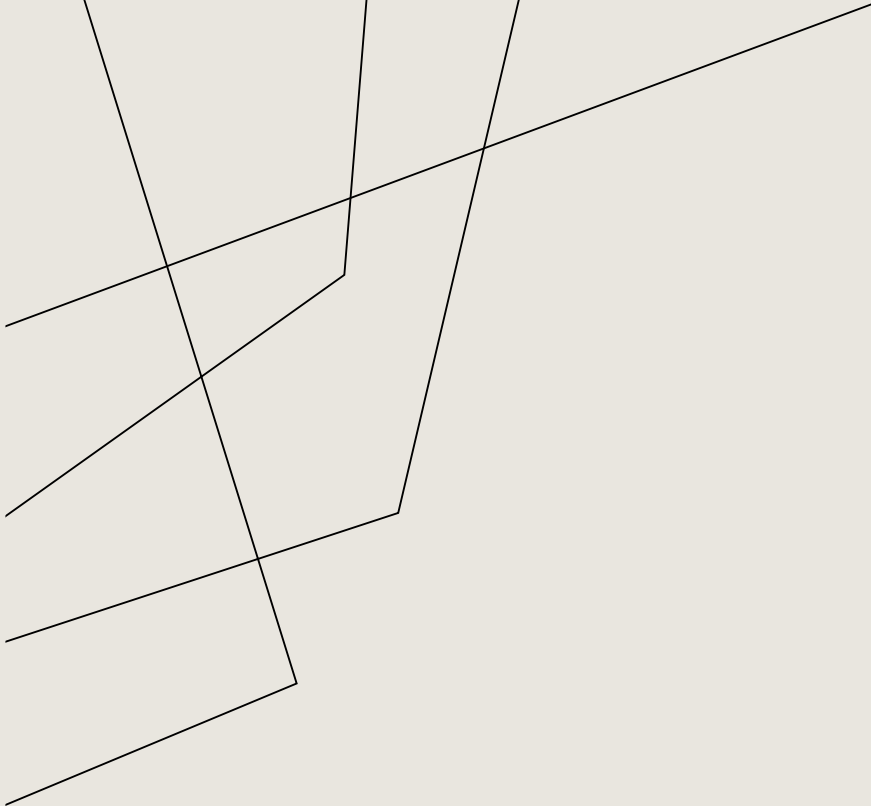
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## APPENDIX

# DATA LIMITATION AND ASSUMPTIONS

- The estimations were made based on the units sold to consumers (sell-through data)
- The data set excludes the games sold less than 10 ths copies.
- NA Sales - number of sold units in millions in North America (USA and Canada)
- EU Sales - number of sold units in millions in Europe (UK, France, Germany, Spain, Italy, Benelux & the Nordic countries)
- JP Sales - number of sold units in millions in Japan.
- Other Sales - number of sold units in millions in regions other than NA, EU and JP.
- Global Sales - number of sold units in millions in all the regions, including NA, EU, JP and other regions in this data set.



**THANK YOU!**