

GameCO

Budget Allocation Review (2017)



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Albert Tran
albert.tran@gameco.net



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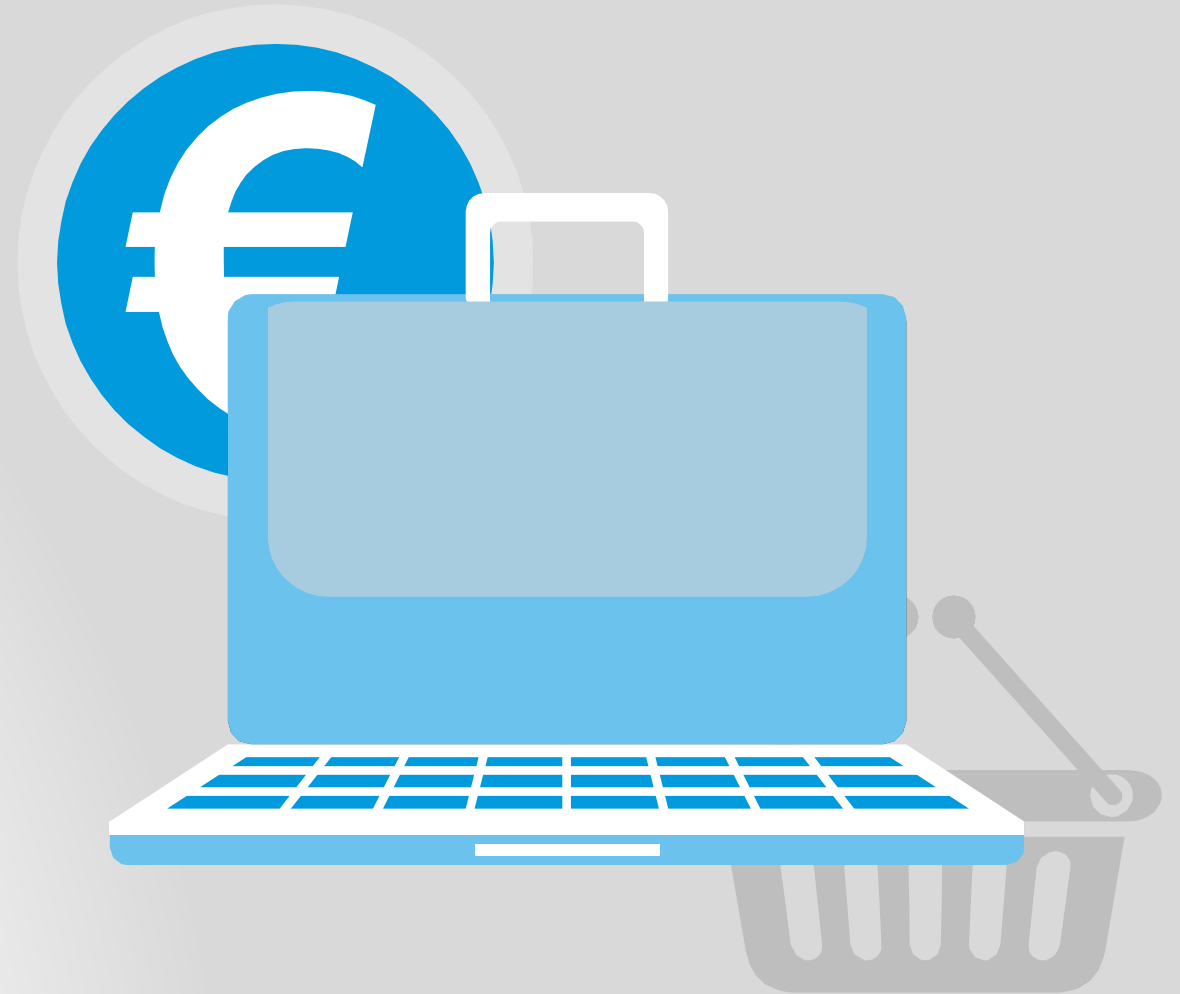
1. CONTEXT

- GameCo is a video game company that focuses on production and distribution mainly in North America, Europe, and Japan.
- GameCo expects sales from key regions to be constant over time with North America on top across all video game genres.

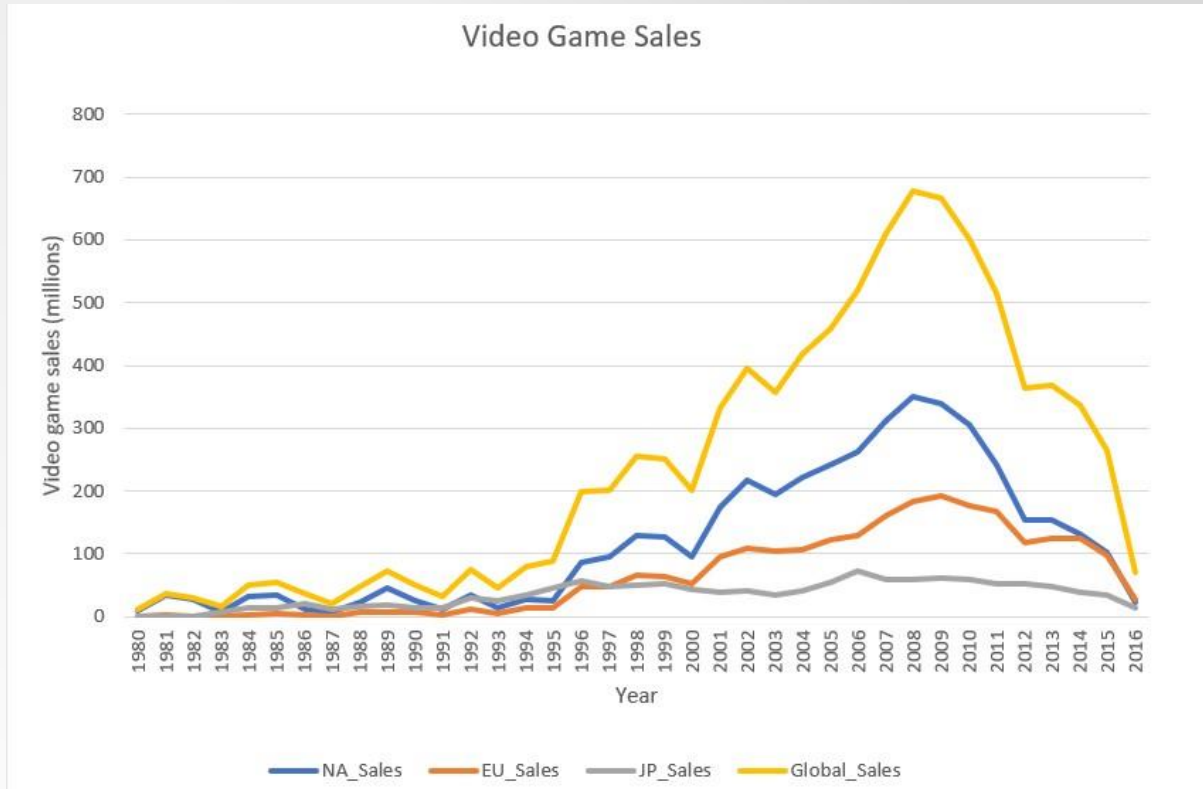


2. OBJECTIVE

- Our goal is to analyze video game data to suggest recommendations to potentially boost total global sales.

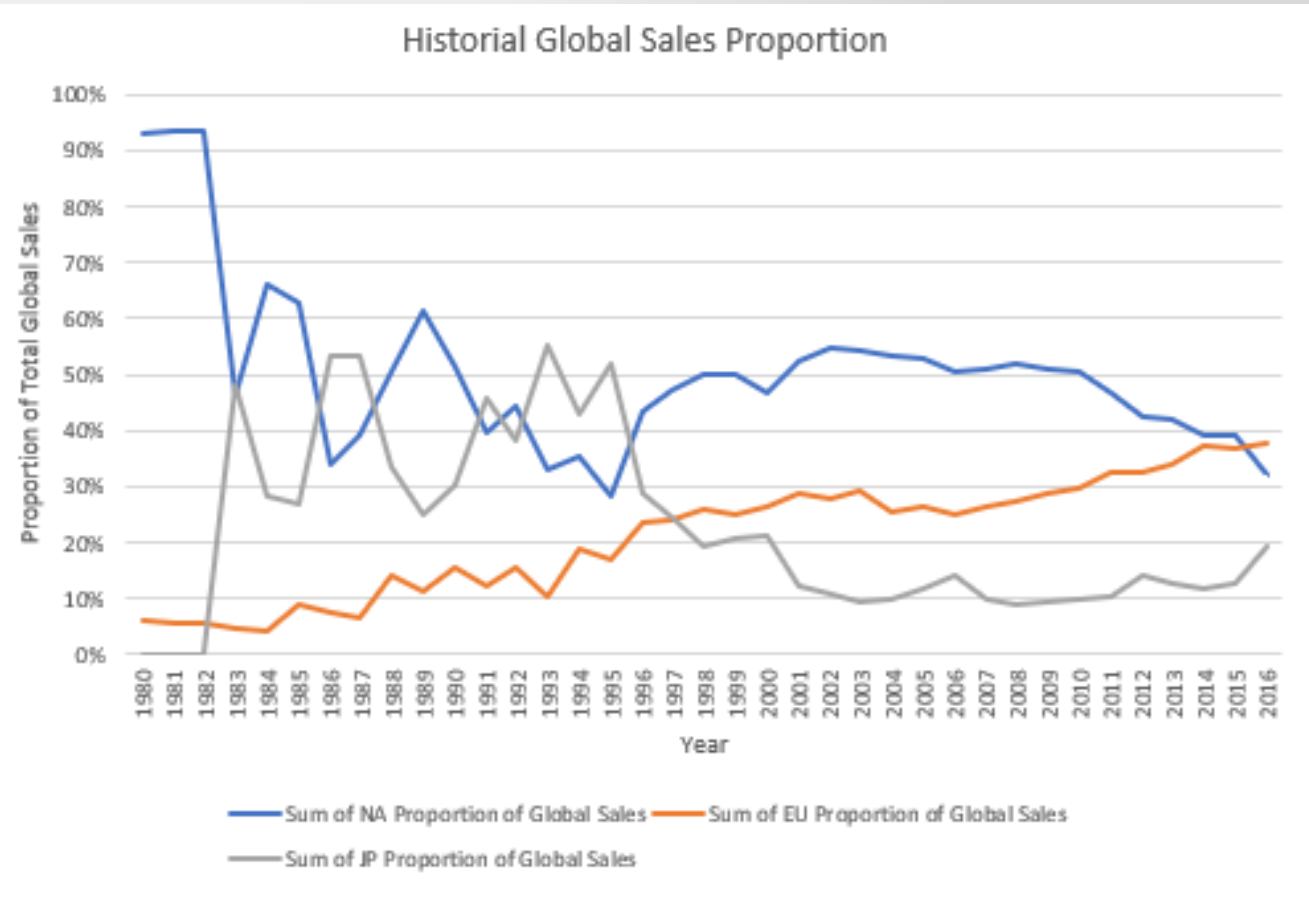


3. Video game sales are not constant



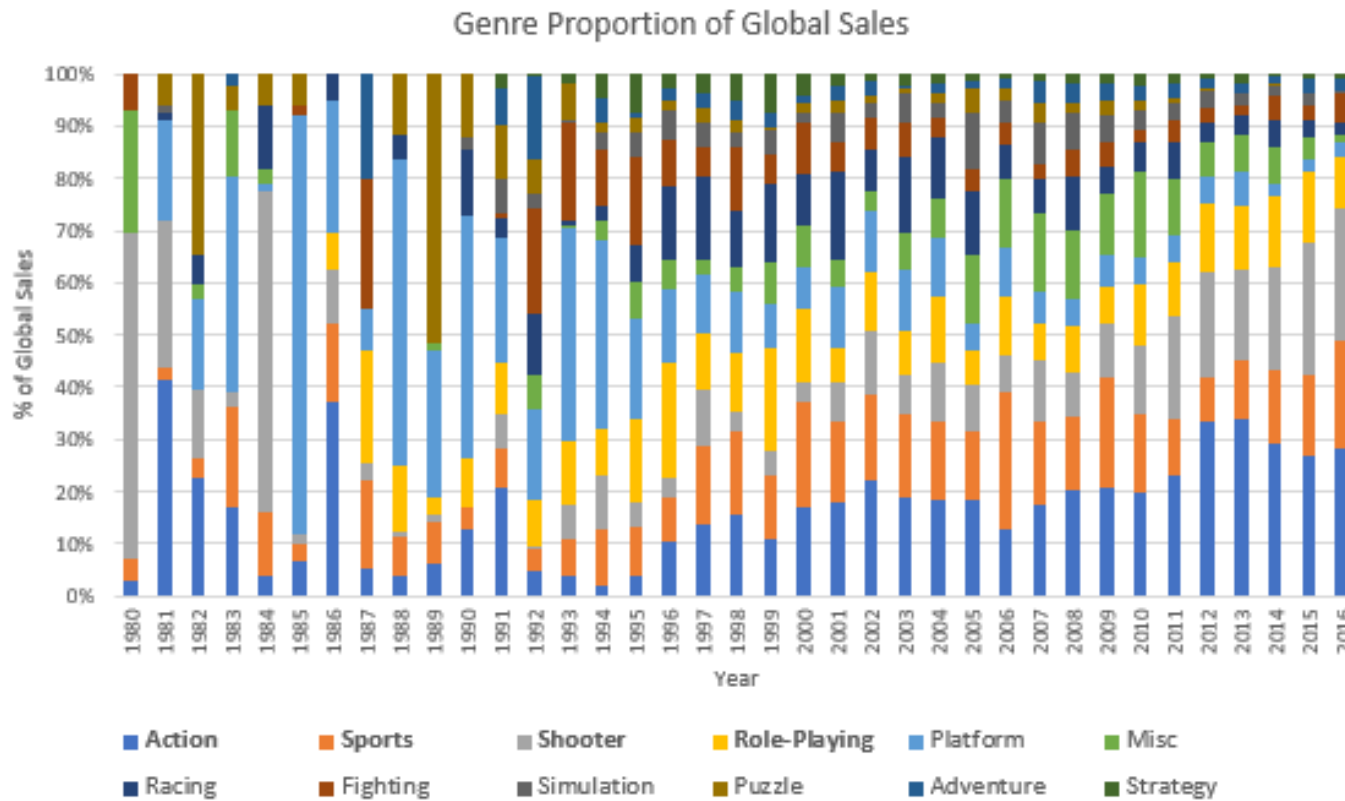
- Video game sales have never been constant; however, trends show that from 1980-2008 video games were overall increasing.
- However, since 2008 total video game sales have been declining.

3. Largest Proportion of Total Global Sales vary



- Regional video game sales have not been consistent over time with North America (NA) being the biggest proportion of total global sales for most of the years.
- However, Japan (JP) surpassed NA in total global sales proportion from 1985-1987, 1991, and 1992-1995.
- In 2015, Europe (EU) also surpassed NA in total global sales proportion.

3. Popular video game genre differ year-to-year



- Similarly, popular genres are not constant overtime.
- However, in most recent years the most popular video game genres globally are action, sports, shooter, and role-playing.

3. Key historic publishers



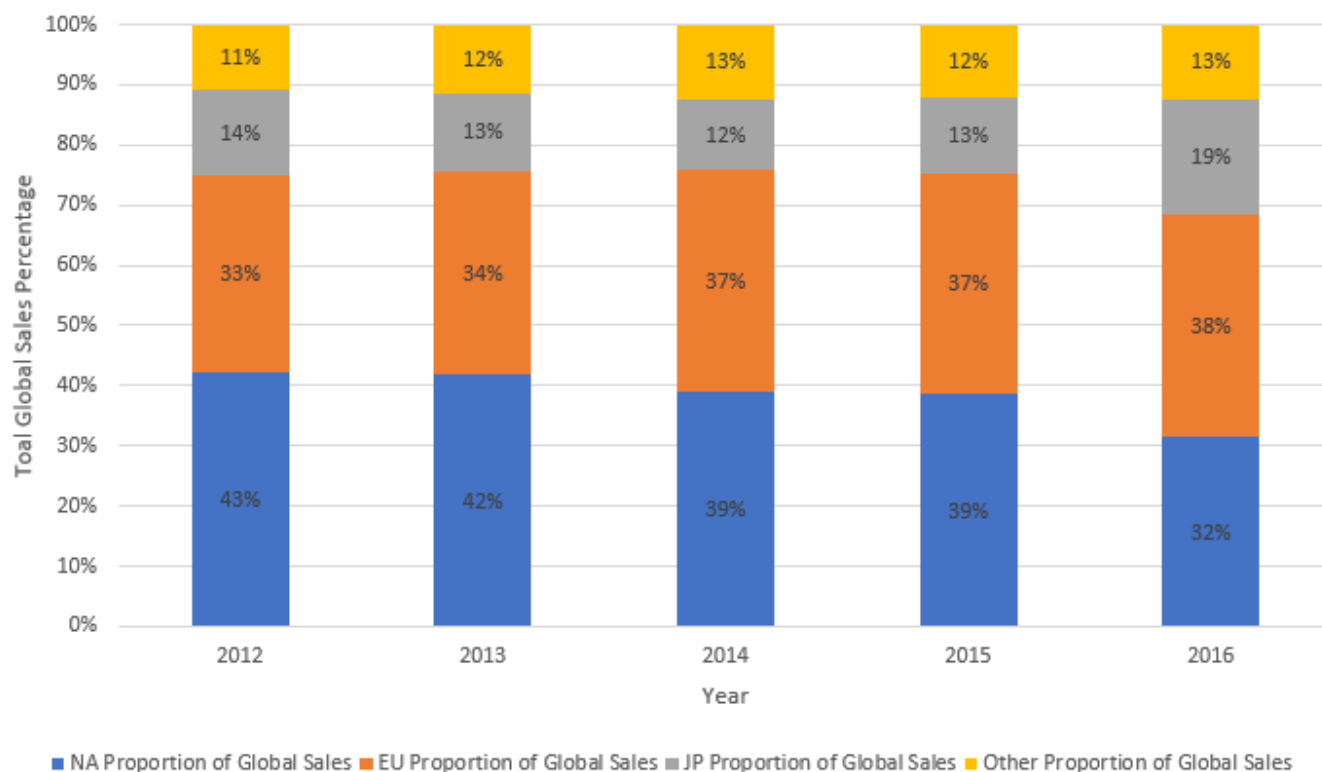
- Nintendo has been the biggest producer of video games since 1980.
- Nintendo, Electronic Arts, Activision and Sony Computer Entertainment make up of almost half of total global video game sales since 1980.
- 18% of sales since 1980 are from the publishers smaller than Disney Interactive Studios.

3. Revised Understanding

- Video game sales based on Region and Genre have not been constant since 1980 with total global sales being on the decline since 2008.
- North America which we presumed to be the top region for Total Global Sales has been on the decline with Europe on top and Japan experiencing a boom in sales in the past year.
- Additional research should be done to understand what driving factors contribute to total global video game sales.

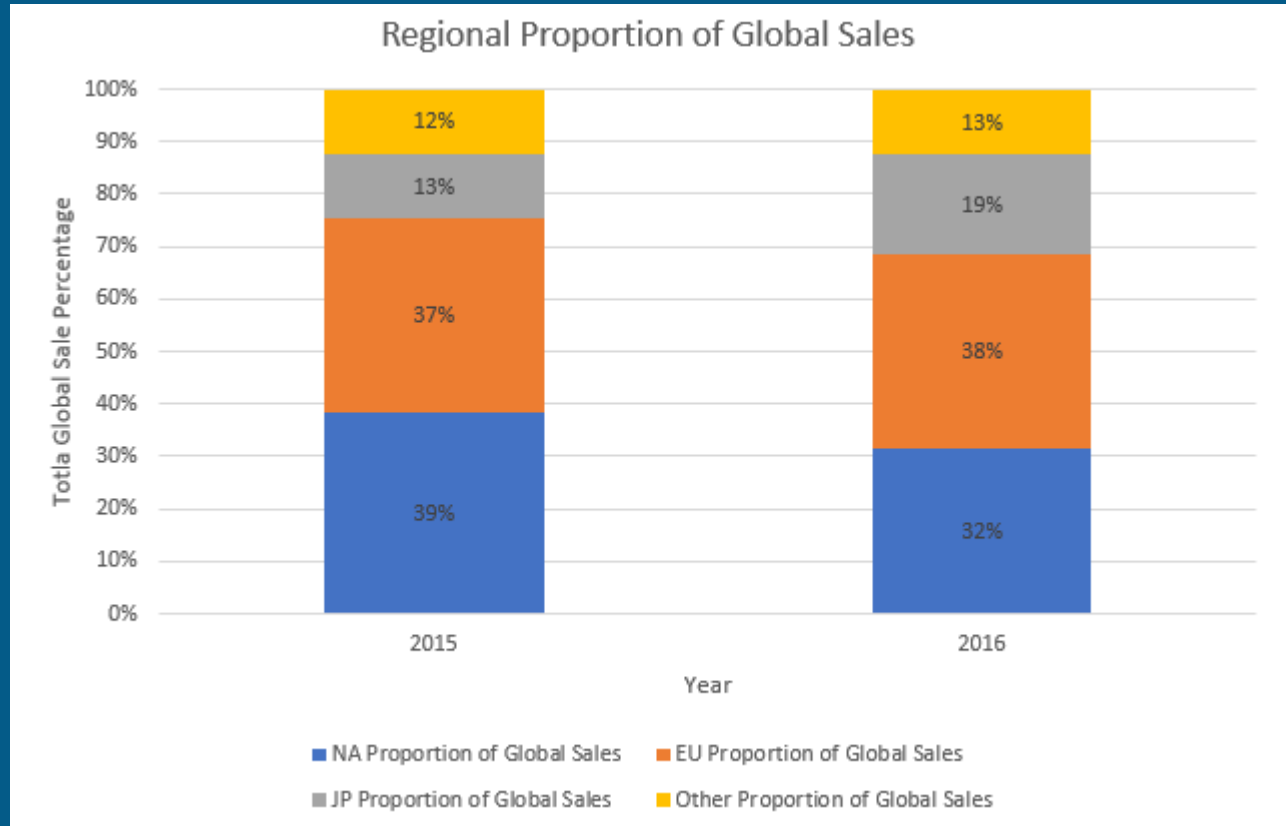
4. Europe is first with North America falling second

Regional Proportions of Total Global Sales



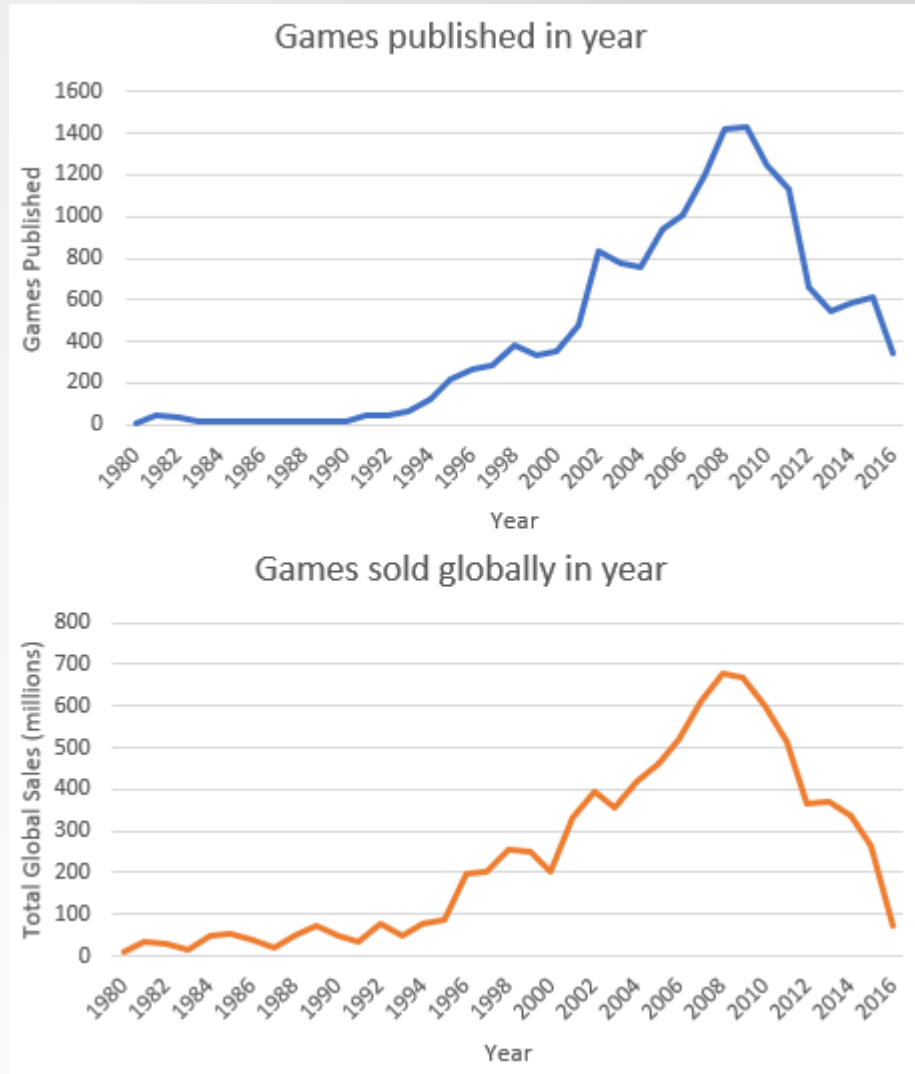
- Regional Proportions of Total Global Sales from the past 5 years.
- Since 2012, EU has been steadily increasing surpassing NA in 2015.
- From 2015-2016, JP's proportion increased an overall 6%.

4. Change regional budgets depending on growth



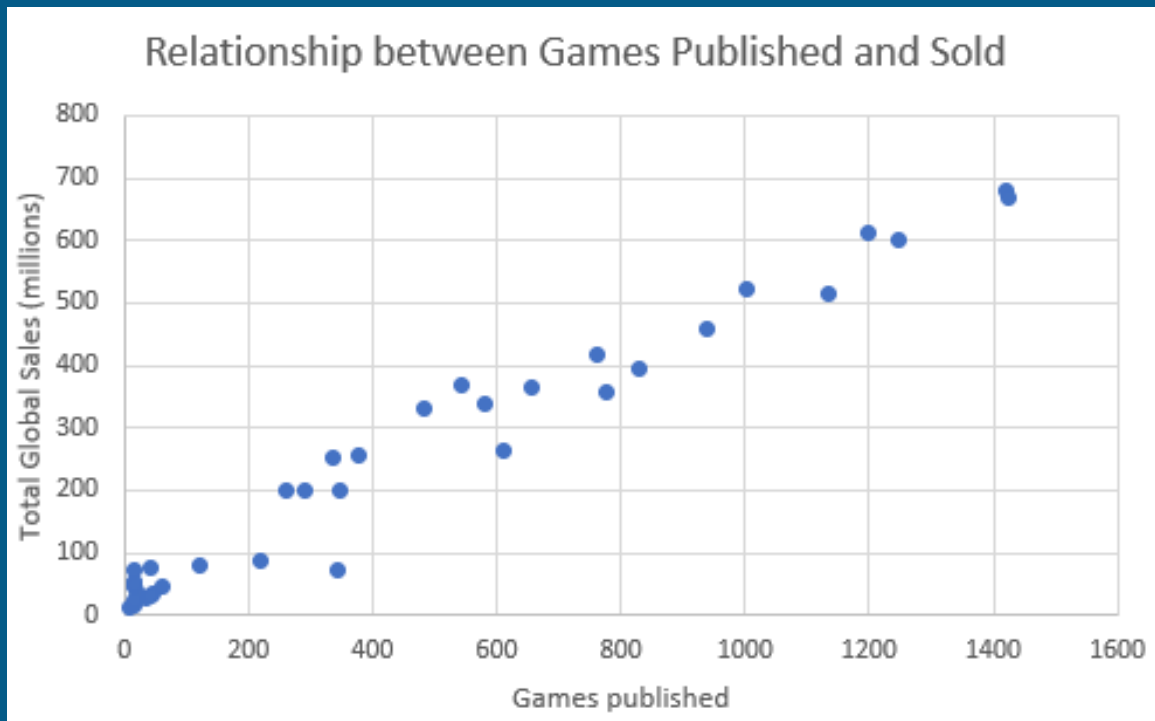
- The biggest proportion of our budget should be allocated to EU.
- JP should receive an increase in budget, whereas we should decrease NA's budget.
- Additional research should be done to find out why EU has been growing and why JP experienced such a high increase.

4. More games = More sales



- To find published games, we figured the number of all games and compared it to its global sales in the corresponding year.
- Overall, there is a positive relationship between published games and games sold globally.

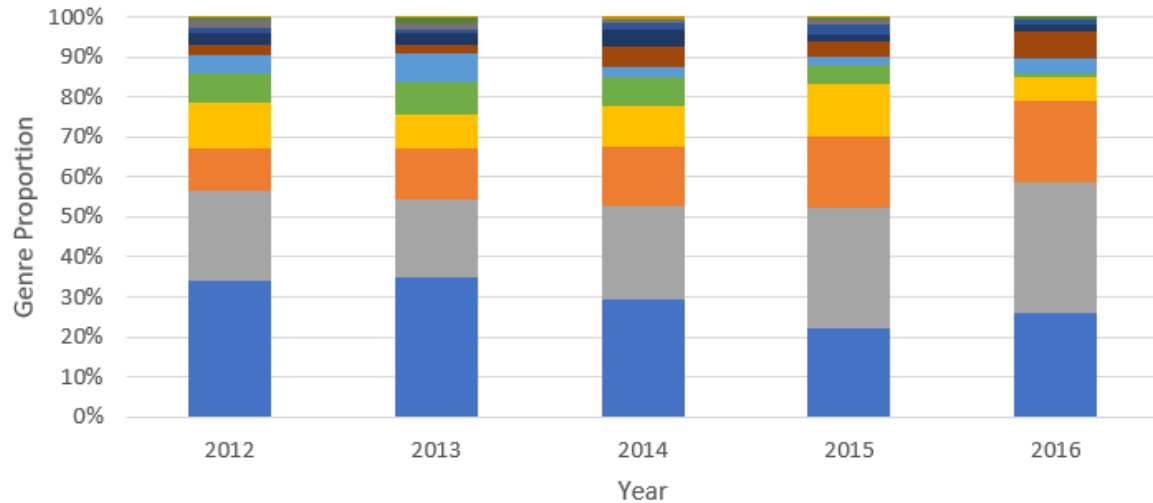
4. GameCo should produce more games



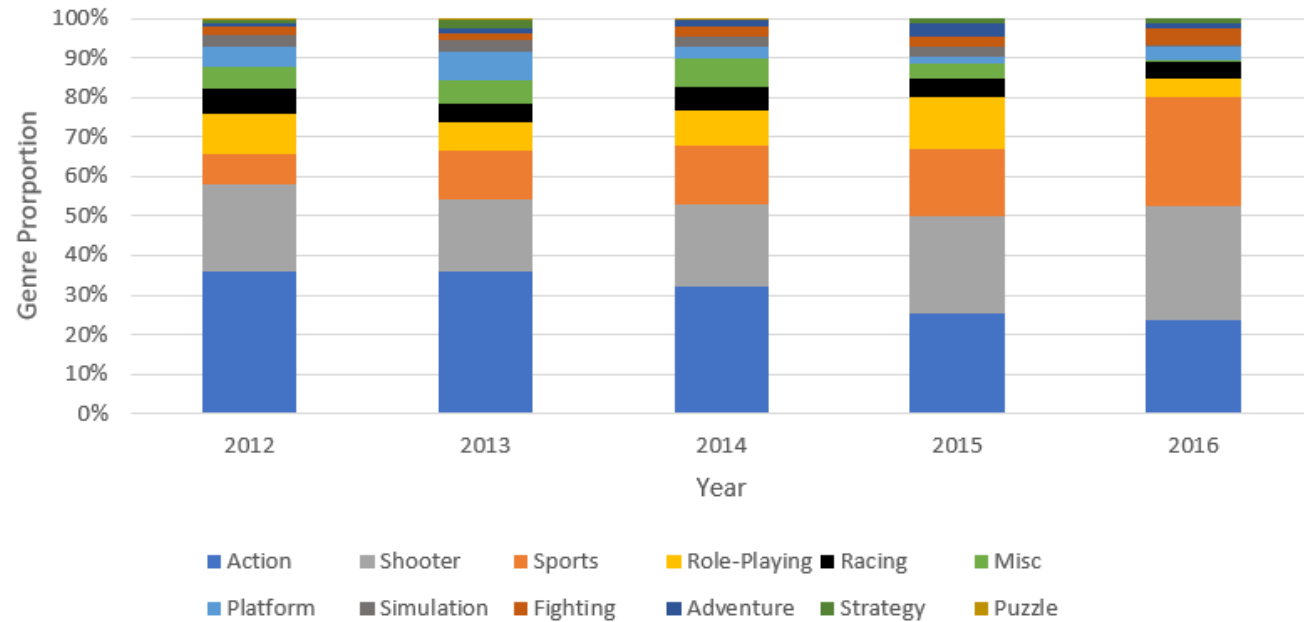
- If total games published were to increase, total global sales would increase as well.
- Since popular genres vary yearly, what kind of games should we produce?

4. North America & Europe share top 4 genres

Genre Proportion of NA Sales in recent years

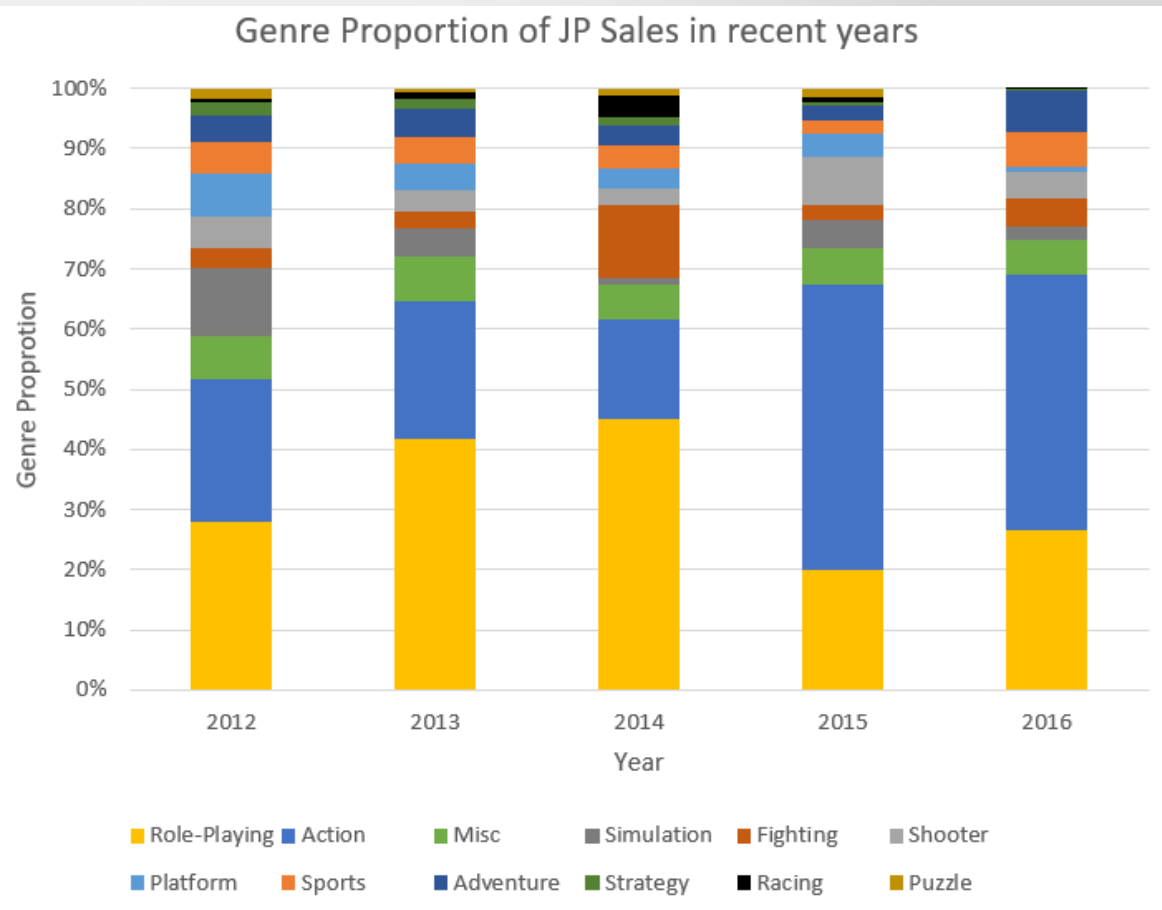


Genre Proportion of EU Sales in recent years



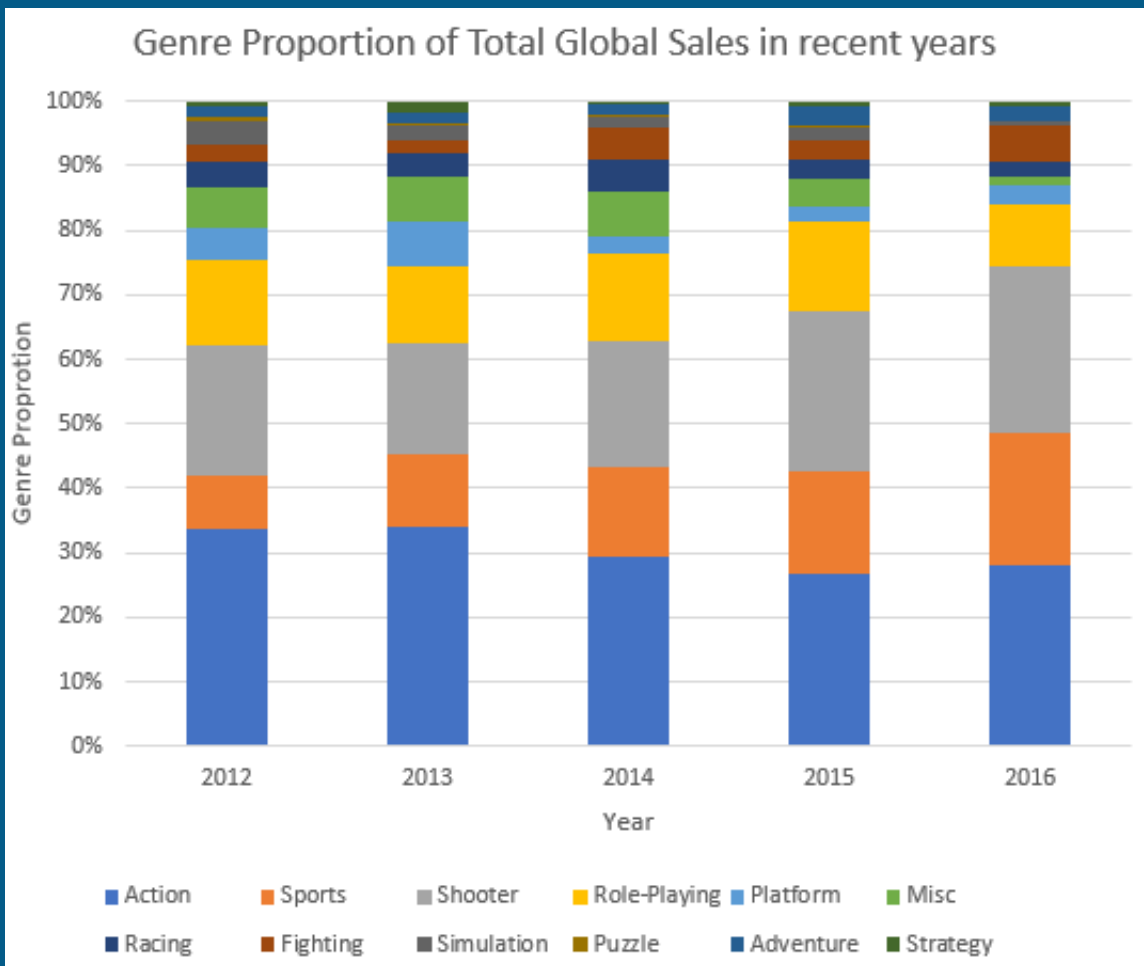
- For both NA and EU, top genres are consistently action, shooter, sports, and role-playing in the past five years.

4. Japan shares role-playing & action only



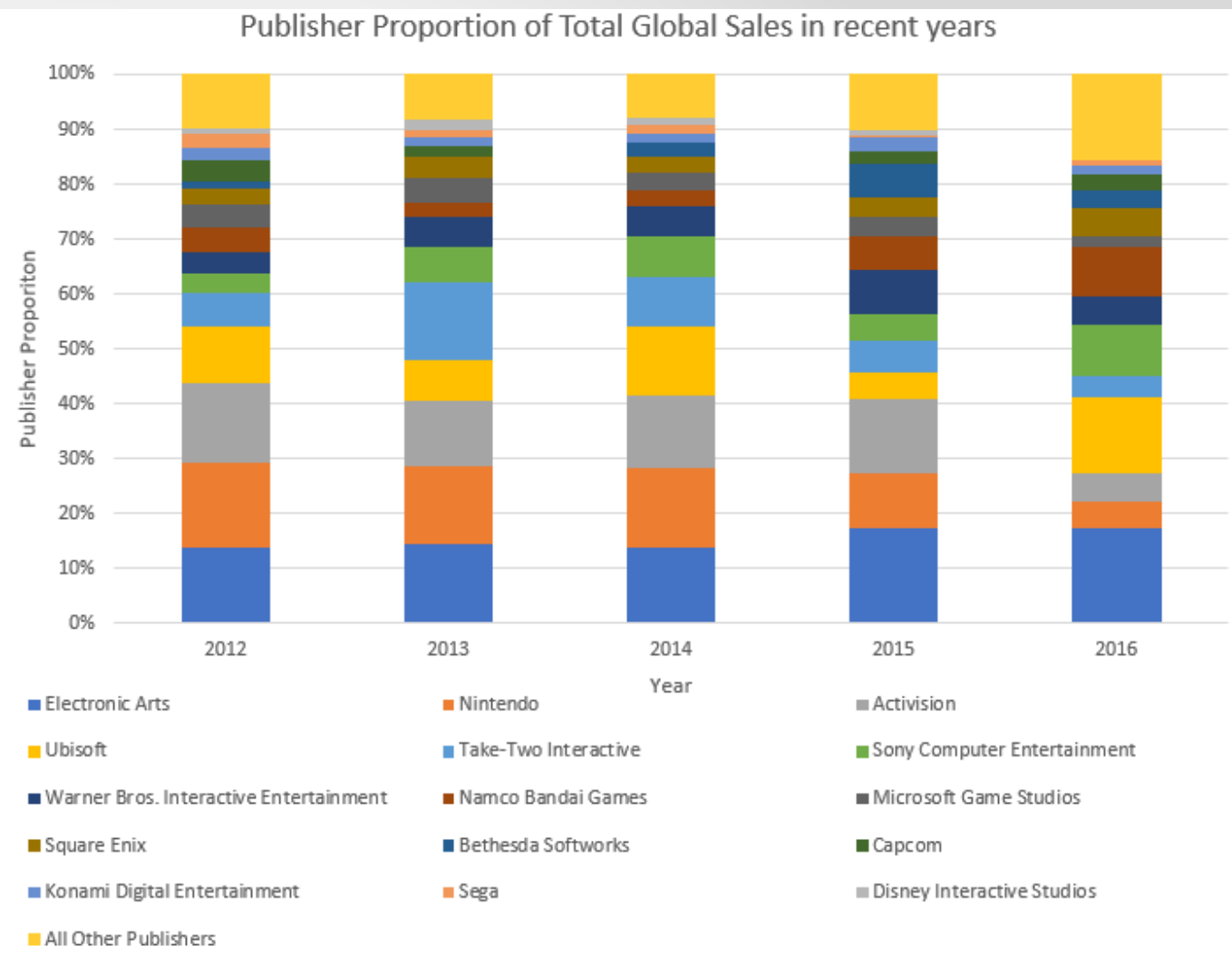
- Japan's top genres are role-playing and action.
- Popular genres of video games appear to vary from year-to-year in JP.

4. Produce Action & Role-Playing Games Globally



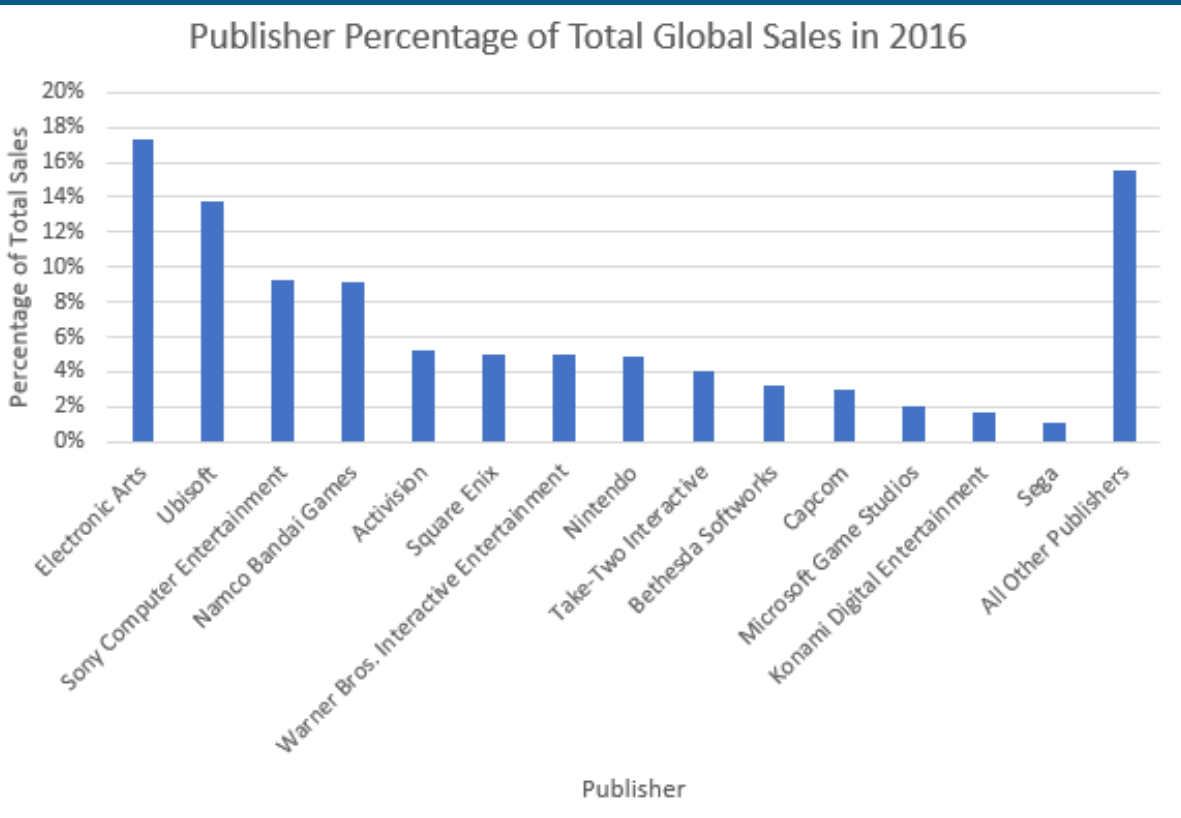
- Globally, the top genres for video games are action, sports, shooter, and role-playing.
- While true for NA and EU, Japan's top genres are role-playing, action, and miscellaneous.
- GameCo should focus on Globally publishing action and role-playing games.
- We should publish sports and shooter games in NA and EU since Total Global Sales consist mainly of them.

4. Recent Top Publishers



- There is much variation in top publishers year-to-year
- For the past five years, Electronic Arts has consistently been a top publisher.
- Electronic Arts has contributed to at least 10% to Global Sales since 2015.
- Other top publishers that are not as consistent include: Nintendo, Activision, Ubisoft.

4. Partner up with top publishers



- With Electronic Arts is consistently a top publisher, GameCo should prioritize partnering up with them to publish more games.
- GameCo could also partner up with other top publishers in 2016 which was Ubisoft, Sony, and Namco.

5. Conclusion

Summary

- Total Global Sales have not been constant since 1980 and have been decreasing since 2008.
- EU and JP are the largest and smallest contributors to global sales and is increasing in proportion, especially JP.
- NA is the second largest contributor but is decreasing in proportion.
- Top-selling genres worldwide are action and role-playing with shooter and sports only in NA and EU.
- In recent years, Electronic Arts remained a top video game publisher & Nintendo is historically known to be a top publisher.

Recommendations

- Publish more games to boost total global sales due to the positive relationship between them.
- Increase budget of EU & JP
- Decrease budget of NA
- Publishers should create action and role-playing games worldwide
- Publish shooter and sports games mainly in NA and EU.
- GameCo should partner up with Electronic Arts & Nintendo to produce games.