



Games retail taps new growth opportunities

Russia stalls but Turkey, Poland, South Africa and Middle East deliver growth

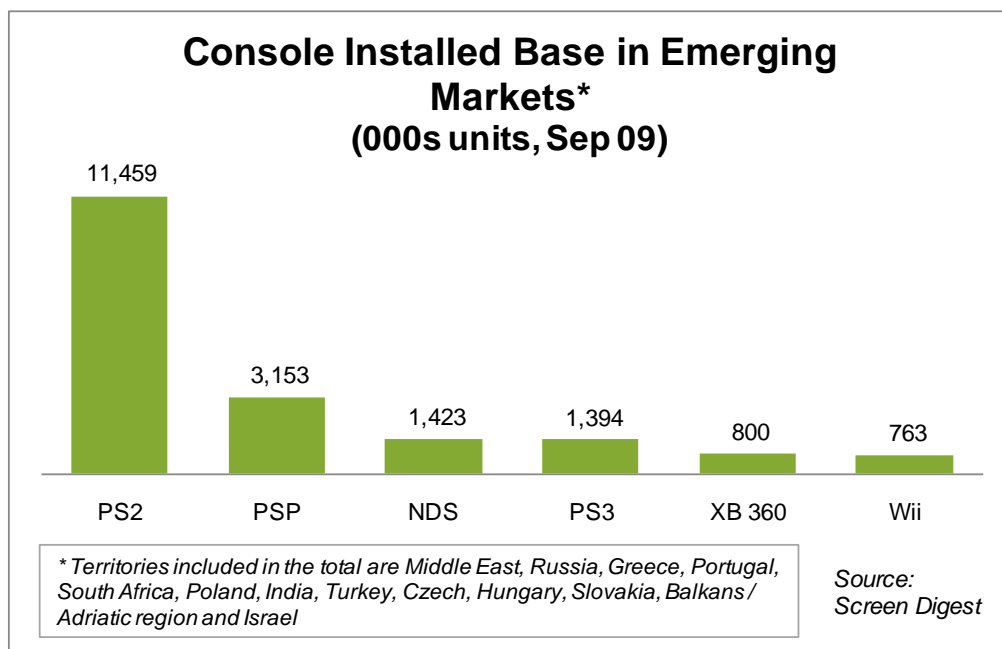
London 15th April 2010: With a substantial addressable market, estimated at 40 per cent of the world's population, and strong games retail growth from many of its individual country markets, emerging market opportunities within the PAL sales region are of increasing commercial interest to games publishers. The latest report from Screen Digest - 'Emerging Markets for Video Games' - provides analysis of the retail games hardware and software opportunities in Greece, India, Poland, Russia, South Africa, Turkey and the Middle-East as a whole.

This latest research from Screen Digest shows emerging retail markets in the PAL region were worth a total of €1.9bn including hardware sales, with software accounting for €0.9bn in 2008 and that growth in games software sales during 2009 was estimated to be a respectable 12 per cent across these territories (excluding a turbulent Russia). In comparison Western Europe experienced a 4.4 per cent decline in games sales in 2009.

In a number of the markets covered in the report, the growth of video games sales has been aided by the development of shopping centres and malls and by the influx of Western retailers including Media Markt, Auchan and Carrefour. PC games remain popular especially in Russia and Poland and more generally PS2, PS3, Xbox 360 and PSP platforms provide the biggest installed base of devices

for games software sales. The PlayStation brands tend to dominate because of Sony's long established presence in these markets, particularly in The Middle East and Russia; across all PAL emerging markets PS2 has the highest installed base at 11 million (10% more than the UK); PS3 has the highest sell-through of current generation TV-based formats at 1.4 million and PSP is the most widely owned handheld device, strongest in the Middle East and Russia.

During the last few years Microsoft has developed its games business in Russia, Poland and South Africa to compete more strongly with Sony. Nintendo has yet to invest as widely as the other two platform holders but the success of the Wii has allowed it to gain a foothold in Greece, South Africa and Turkey.



The report provides key data including market size, recent growth indicators, console installed bases, analysis of console platform and games performance and insight into local distributors and the retail environment for each of the following PAL markets:

Middle East

The first half of 2009 was characterised by tough trading conditions, but during the second half economies stabilised and games sales are estimated to have grown by 14 per cent in 2009 a result of its maturing retail environment. With its local office, Sony is the leading player in the region.

Russia

Russia's economic woes impacted heavily on games software sales, with an overall decline estimated at 30 per cent. Of the territories researched, Microsoft's Xbox 360 has its biggest installed base here; by comparison Nintendo has yet to aggressively develop its business in the territory.

Greece

With the retail environment improving, games sales in 2009 are estimated to be up slightly on 2008. Sony's local presence has historically driven the market but Nintendo has grown its market share substantially since 2007.

South Africa

PC and PS2 formats dominate the South African market, while current generation platforms only penetrate 1% of households. The opportunity is being driven by a whole new generation of users who have an improving standard of living and that are now actively entering the games market.

Poland

While Sony and Microsoft battle it out for current generation market share, Nintendo is pretty much absent from the market. The retail environment is modern and sophisticated with over 75 large shopping malls country-wide. Retailers, distributors and games publishers all reported increasing sales in 2009 compared to 2008.

India

This huge addressable market offers long term potential – in 2009 Screen Digest estimated games software sales to have grown 50 per cent year-on-year. PS2, PSP, PS3 and PC are the main software platforms, although our primary research shows console games are growing faster than PC.

Turkey

Rising living standards, an improved retail environment and strong youth bias within the population have all contributed to substantial growth in Turkey's games market. Sony formats have historically dominated the console sector but Nintendo has found some traction with the Wii and DS.

Piers Harding-Rolls, Head of Games at Screen Digest said "With ongoing improvements in games distribution and retail, these emerging markets offer publishers an increasingly realistic commercial opportunity to tap into. Difficulties remain – cost of localisation and piracy are particular challenges – but with careful selection of content and distribution, games sales in these territories can offer useful incremental revenue."

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About this report

Emerging Markets for Video Games assesses the emerging retail games opportunity in PAL region emerging markets. There are individual territory reports for Greece, India, Middle East, Poland, Russia, South Africa, and Turkey including market size and growth, commentary on console platform performance, console installed bases and pricing, key local players and distributors, a review of the local retail environment and key lessons for effective business. The report finishes with a review of territory specific market entry considerations and analysis of the potential commercial opportunity in the short and medium term.

http://www.screendigest.com/reports/10_03_18_emerging_markets_video_games/10_03_18_emerging_markets_video_games/view.html

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