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Gartner Says Worldwide Video Game Market to Total \$93 Billion in 2013

Upcoming Video Game Consoles Releases to Help Push That Segment to \$55 Billion in 2015

STAMFORD, Conn., October 29, 2013 — The worldwide video game marketplace, which includes video game console hardware and software, online, mobile and PC games, will reach \$93 billion in 2013, up from \$79 billion in 2012, according to Gartner, Inc. Driven by strong mobile gaming and video game console and software sales, the market is forecast to reach \$111 billion by 2015.

Mobile games are the fastest-growing segment of the market, with revenue set to nearly double between 2013 and 2015 from \$13.2 billion to \$22 billion (see Table 1).

"As mobile devices (smartphones and tablets) continue to grow, the mobile game category will show the biggest growth due to the entertainment value provided by games compared with other app categories," said Brian Blau, research director at Gartner. "This growth is fuelled by healthy premium mobile device sales globally and a desire by consumers to play games on these multifunction devices that are capable of displaying increasingly sophisticated game content."

2013 is an important year for the game industry as Sony, Microsoft and recently Nintendo are releasing their next-generation video game consoles to a market that may be moving in another direction due to the popularity of mobile devices.

"Sony and Microsoft are releasing their game consoles in November and pent-up demand for these new consoles has caused a temporary reduction in game console hardware sales during 2013. However, growth will resume during 2014 and sales of existing console hardware are forecast to grow from \$15.9 billion today to \$22.7 billion in 2015," said Mr Blau. "In stark contrast, dedicated game handheld devices and traditional PC games will play a smaller role in the game market and cease to be important game platforms.

Table 1. Video Game Market Revenue, Worldwide, 2012-2015 (Millions of Dollars)

Segment	2012	2013	2014	2015
Video Game Console	37,400	44,288	49,375	55,049
Handheld Video Games	17,756	18,064	15,079	12,399
Mobile Games	9,280	13,208	17,146	22,009
PC Games	14,437	17,722	20,015	21,601
Total Video Game Market	78,872	93,282	101,615	111,057

Source: Gartner (October 2013)

Some of the significant growth in mobile games also comes from revenue in the emerging markets. Today, mobile app revenue comes from the US and Europe, where smartphone and tablet penetration is greatest. However, growth in device sales in emerging markets is accelerating. The potential to sell-in back catalogue games exists in emerging markets, because many game players in these regions don't

have the means to purchase games on multiple platforms, and games titles on mobile devices are considerably less expensive than those on game consoles.

Online and PC games remain popular but this segment is limited in overall size. Gartner expects that traditional PCs will not be replaced by newer PCs in households, but by tablets. This will lead to a progressive reduction in the installed base for PC games as game players adopt other device types as their primary computing platforms. PC and online games will remain popular, but compared with game consoles and mobile games, it is PC games that will take a backseat as game players make a choice of convenience and popularity.

"Moving forward, game developers will need to constantly deliver compelling games as the growth of content and platform choices drives game players in divergent directions," said Mr Blau. "The propensity for a game player to choose any single game is based on their desire to play, and it's the game developer and designer that best understand the cross-section of creativity and technology. As video games, their platforms and gameplay ideas continue to expand, so this will in turn drive demand for play."

Additional information is available in the report "Forecast: Video Game Ecosystem, Worldwide, 4Q13." The full report can be found on Gartner's web site at <http://www.gartner.com/resId=2606315>.

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