Ipsos MediaCT
The Media, Content and Technology Research Specialists

Next Level

Observations on the UK gaming market

Bite Sized Thought Piece

2012

PRESS START

It is a pivotal time for the video games market. While fewer people are buying physical discs for consoles, there is now a more diverse range of gamers, using a wider range of devices than ever before. Gamers now encompass demographic groups that may well have scoffed at the idea of playing a game several years ago. This is at least in part due to the rise in smartphone and tablet ownership, which has introduced gaming to different markets, including people whose intention may not have been to game at first, but who have been enticed by free games, together with the convenience and social aspect of gaming on them. We are living in an age where some kids are so used to playing games on smartphones and tablets, that they assume all media devices are touch screen. Kids are truly embracing gaming on less traditional formats, pointing to a healthy future for these types of games.

If the increase in the sophistication of smartphones and tablets is a warning for the packaged games market, then so too is the recent closure of many of the _GAME_ retail stores in the UK. Still, it would be wrong to assume that these trends signal the end of packaged gaming. Though there were rumours that the next generation of consoles would be based on a purely online model (without physical discs) this now seems unlikely. At Ipsos MediaCT, we run a study called _GameTrack_*, a new multi country tracking survey designed to provide a complete view of the video games market. It tells us, amongst other things, that right now packaged games continue to contribute the majority of revenue in the video games market. The aim for packaged game developers will be to maintain this revenue whilst simultaneously exploring the potential for gaming on less traditional devices.

Value share of the UK video games market

* Ipsos MORI runs GameTrack in partnership with the Interactive Software Federation of Europe (ISFE). It currently runs in the UK, France, Germany, Spain and the USA

> *Well I never used to game before I got a smartphone, and then a tablet, so it's introduced gaming to me really. I tend to play games where I can play with my friends, like Scrabble and Draw Something, so there's a nice social element to it as well.*

> *It's about convenience as well. If I'm on the train I'll always play a game on my phone.*

Ipsos MORI technology focus group with the public (May 2012)

CHOOSE YOUR PLATFORM

If you take a journey on public transport, it is striking how many people you see using smartphones and tablets to catch up on social media, read the news and play games. Many people have discovered gaming through these devices, possibly people who wouldn't have considered gaming at all in the past. At Ipsos MediaCT, we know that smartphones and tablets have revolutionised the way that people consume media, and gaming is no different. It seems that when it comes to gaming, the reasons that smartphones and tablets are becoming popular is similar to why they are popular for other activities; the convenience of a device that is with you at all times, together with the social element of some of the games.

It is clear that as smartphones and tablets continue to develop in their sophistication, games on these devices will also become more sophisticated. Compared to how long packaged video games on computers, consoles and portable games devices have been around, mobile and tablet gaming is still very new. From our *GameTrack* study, we know that kids are particularly open to gaming on smartphones and tablets. This is certainly good news for mobile gaming, as a new generation is growing up associating these devices with gaming. It is also striking that *Angry Birds* is the top gaming franchise in volume terms, ahead of console or computer franchises. Still, the time spent on mobile gaming is not reflective of the high volumes acquired; suggesting that a more engaging type of game is needed to compete for time with more traditional packaged games.

ONLINE MODE

We know from *GameTrack* that a significant amount of gamer time (around a third) is now being spent online. The striking thing about online gaming is the number of ways that people can game. Many console and computer games now include additional downloadable content (DLC) that gamers can purchase. This is something that we can expect to see more of in the future as gamers naturally associate gaming with the digital world. In the last few years, we have seen the increasing popularity of multi-player online games such as *World of Tanks*, which allow players to immerse themselves in a digital world that embraces the idea of social interaction through games. There are also specific sites that people can play games on, together with games on social networking sites like *Facebook* and social gaming networks such as *Zynga*. Many of these online games offer users the option of paying for additional items in the game. Like additional DLC on console and computer games, it is a revenue model that we would expect to become more common in the future.

Online gaming isn't new, at least not as new as gaming on smartphones or tablets, but it is changing all the time. Much of the attraction to gamers of playing online is the social element of it. It is the same kind of thing that makes people connect to *twitter* to chat about a TV show or live event; it taps into a human desire to interact and share ideas. As people become ever more accustomed to interaction in the digital world, so it is likely that social gaming will increase in popularity. Gaming on social networks in particular is also a gaming model which breaks the stereotype of gaming being a young, male dominated environment.

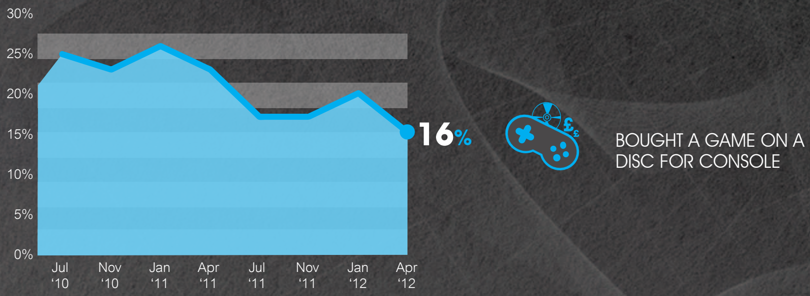
PROCEED TO NEXT LEVEL

The closure of so many *GAME* stores in the UK could point to a decline in packaged gaming, and though it is true that packaged game sales have continually decreased over the last couple of years (16% bought a packaged game in the last 12 months compared to over a quarter 2 years ago*), it is still where most of the money in the market sits, and the closure of *GAME* and other retail stores like *HMV* is at least in part due to the increase in packaged game purchases from online retailers such as *Amazon*. It could be argued that the loss of such prominent retailers in the industry might result in a loss of impulse purchases based on in-store visuals; something that is not easily replicated online.

Though online and mobile gaming represent a challenge to the traditional dominance of packaged games, they are still gaming formats that are in a sense learning how best to attract revenue, whether it is mobile games using advertising or online games enticing users to make additional purchases. We know from our *GameTrack* study that in value terms, by far the most significant contributor to the video games market is packaged console games, and it also represents a significant proportion of gamer time. New packaged releases are still big business, and are eagerly awaited by gamers.

It may be that in the coming years, the divisions between these formats will blur, with games being released that a user can play on a console, and then pick up where they left off on their smartphone the next day on the way to work. Doubts will remain for some over whether smartphones and tablets can be as engaging for gaming as a console or portable gaming device, but it is probably the latter which is more at risk if smartphone and tablet sophistication entices younger gamers.

How we consume games for consoles



* Ipsos MORI Tech Tracker – April 2012: Base: circa 1,000 GB adults aged 15+ per wave

OPTIONS

The dynamics of the video games market have changed enormously in recent years. The rise in digital acquisitions, either on smartphones and tablets, or online, has coincided with an increase in the appetite of gamers for a more interactive, social experience.

The number of ways that people can now play games is vast, and being outside the home is no longer a barrier. New gaming formats are beginning to challenge the long established dominance of packaged games, particularly when it comes to both time spent gaming and volume of acquisitions. However the value of the market still sits primarily with packaged games. We will continue to monitor this dynamic, exciting market through *GameTrack* as the next generation of consoles is released, and online and mobile gaming models continue to evolve.

For more information, please contact:

GAMETRACK

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Ipsos MediaCT - Winner - 2011 MRS Awards: "Best Innovation"