

MARKET OVERVIEW

Independent reviews of the global and UK video games market for the first half of 2008.

GLOBAL MARKET REVIEW BY INTERNATIONAL DEVELOPMENT GROUP (IDG)

Through the first six months of the year, US hardware volume grew from 10.4 million units to 12.4 million, signaling a 19 per cent year over year increase. Software sell-through (excluding PC) also grew by an impressive 27 per cent in 1H'08 versus 1H'07. In Europe, when analyzing the UK, France, and Germany (Europe's three largest markets), hardware volume grew by 40 per cent year over year in 1H'08. Combined software volume in the UK, France, and Germany grew by 14 per cent (including PC), and increased by 28 per cent without PC. Japan's market behavior has diverged dramatically from other regions, with hardware volume falling by 23 per cent, while software unit sales declined by 11 per cent.

Looking ahead, IDG remains heartened yet conservative on global industry growth. Although 2008 will likely be viewed as another successful growth year for the global market, we believe the next few months might be hindered by the recessionary economy. The economic reality will be offset somewhat, by the strength of highly-anticipated IP spanning multiple genres as the holiday season fast approaches.

Established in 1984, the International Development Group, Inc (IDG), provides a full range of consulting and advisory services to the consumer electronics and entertainment software industries.

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UK MARKET REVIEW BY GFK CHART-TRACK

In the first half of 2008, console hardware was up a record breaking 41 per cent on the same period last year as Nintendo's Wii and DS sold over 1 million units each, accounting for 66 per cent of all console hardware sales. The second half of 2008 is shaping up nicely with new 60gb and 80gb versions for Xbox 360 and PS3, 3 new DS Lite colours and an Xbox 360 price drop: all indicators of strong demand.

Records were broken for software too with 'Grand Theft Auto IV' on Xbox 360 and PS3 becoming the fastest selling video game of all time with the first half of 2008 the biggest grossing ever (£821.7 million). The sales milestone of GTA IV and games such as Call of Duty IV alongside the Nintendo driven boom in casual gaming has shown that more and more diverse groups of gamers are being catered for, from the more hardcore Xbox 360/PS3 market to a newer casual gamer that spans age and gender divides.

At the end of August 2008, Brain Training overtook Tomb Raider as the longest standing title in the All Formats Top 10 with 80 weeks. If it sells similar numbers to the end of 2007, by the end of the year it will overtake GTA: San Andreas as the biggest selling game in the UK ever. It appears that games nowadays are not only capable of bridging age and gender divides, but are also now able to hold interest well past their launch.

Gfk Chart-Track was formed in 1996 to monitor sales of music, videos and software through retail in the UK and Ireland.

CONSOLE INSTALLED BASE IN UK MARKET IN SEPTEMBER 2008

	PS3	PSP	Xbox 360	Wii	NDS	TOTAL
Installed base as at September 2007 (M)	0.4	2.2	1.3	1.1	3.8	8.8
Installed base as at September 2008 (M)	1.4	2.9	2.3	3.6	7.1	17.3
September 2008 RRP's (£)	299.99	129.99	129.99	179.99	99.99	

Source: Gfk Chart-Track.

TOP 10 SOFTWARE TITLES IN H1 2008

RANK	TITLE	PUBLISHER	FORMATS
1	GRAND THEFT AUTO IV	TAKE 2	Xbox 360, PS3
2	MARIO & SONIC AT THE OLYMPIC GAMES	SEGA	Wii, NDS
3	MARIO KART Wii	NINTENDO	Wii
4	Wii FIT	NINTENDO	Wii
5	Wii PLAY	NINTENDO	Wii
6	DR KAWASHIMA'S BRAIN TRAINING	NINTENDO	NDS
7	LEGO INDIANA JONES: ORIGINAL ADVENTURES	LUCAS ARTS	Xbox 360, PS3, Wii, PS2, PC, NDS, PSP
8	CALL OF DUTY 4: MODERN WARFARE	ACTIVISION	Xbox 360, PS3, PC, NDS
9	PRO EVOLUTION SOCCER 2008	KONAMI	Xbox 360, PS3, Wii, PS2, PC, NDS, PSP
10	TOM CLANCY'S RAINBOW SIX: VEGAS 2	UBISOFT	Xbox 360, PS3, PC

Source: Gfk Chart-Track.

MANUFACTURER	CONSOLE	LAUNCH DATE
Microsoft	Xbox 360	November 2005
Nintendo	Dual Screen (NDS)	March 2005
	Wii	December 2006
Sony	Playstation 2 (PS2)	November 2000
	Playstation Portable (PSP)	September 2005
	Playstation 3 (PS3)	March 2007

Grand Theft Auto IV sold a record 609,000 copies on its first day of release, generating an estimated £24.4 million at the tills – nearly double the box-office takings of a blockbuster film.”

Source: The Times, 1 May 2008.