NIELSEN GAMES

GAMES 360 U.S. REPORT

2018

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GAMES 360 2018

Change is inevitable — and nowhere is that more so than in video games, where transformation can happen in the blink of an eye thanks to the velocity inherent in digital media.

This report marks the 9th year Nielsen Games has closely gauged the overarching consumer attitudes and economic trends that have shaped the industry. From this unique vantage point, we've been able to chart both the most recent developments and how they fit into the broader trajectory of the games industry as it continues to grow, steadily attracting new gamers and gaining wider mainstream acceptance.

This past year, the sheer volume of digital titles gave gamers unprecedented choice, but the costs of developing and marketing those games have also grown. And although organic marketing methods have opened the doors to more consumers through a multitude of social channels, it has also added to the noise. At the same time, consumer preferences and expectations have shifted from a product-centric era to a relationship-centric model.

In this crowded environment, having a strong brand is critical to developing a long-term relationship with consumers that goes beyond merely transactional. Gamers increasingly want game experiences that are tailored to them, delivered by brands that understand their needs and whose core values match with their own.

"GAMERS INCREASINGLY WANT GAME EXPERIENCES THAT ARE TAILORED TO THEM, DELIVERED BY BRANDS THAT UNDERSTAND THEIR NEEDS AND WHOSE CORE VALUES MATCH WITH THEIR OWN"

Amid the whirl of innovation and change, understanding the consumer perspective and what it means for your business is more important than ever. At Nielsen Games, our team is comprised of passionate gamers with proven experience assisting clients through actionable insights and tailored recommendations to help them succeed in this ever evolving industry. We're also uniquely positioned to combine our global expertise in entertainment and technology with our knowledge of games to give clients the important context and clarity needed to find opportunities and grow their businesses. This report represents an initial step towards gaining that crucial understanding. We hope it provides you with insights to guide your strategy in this vibrant and dynamic industry.

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METHODOLOGY

Data collection

Annual data for the Nielsen Games 360 Report is collected via consumer online surveys in Q1 of each year using Nielsen's proprietary, high-quality ePanel in the United States.

Sample

Groups surveyed – general population/teens/adults aged 13+: 2,000+ interviews among 50% male/50% female sample.

Representivity

Post-survey, raw data is weighted to ensure representation of the US general population based on U.S. Census data.

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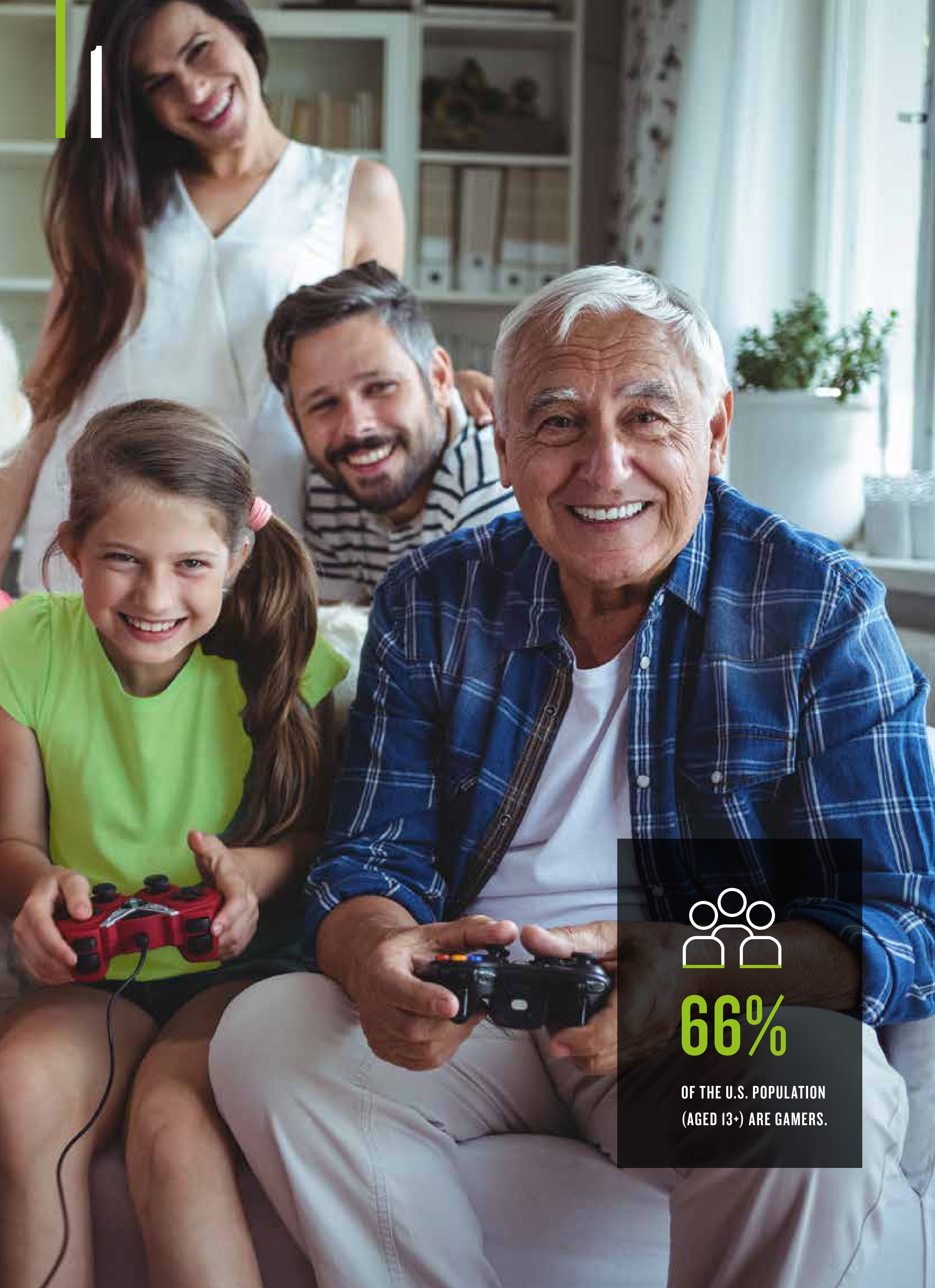


66%

OF THE U.S. POPULATION (AGED 13+) ARE GAMERS.

INDUSTRY OVERVIEW

GROWTH OF THE GAMING AUDIENCE

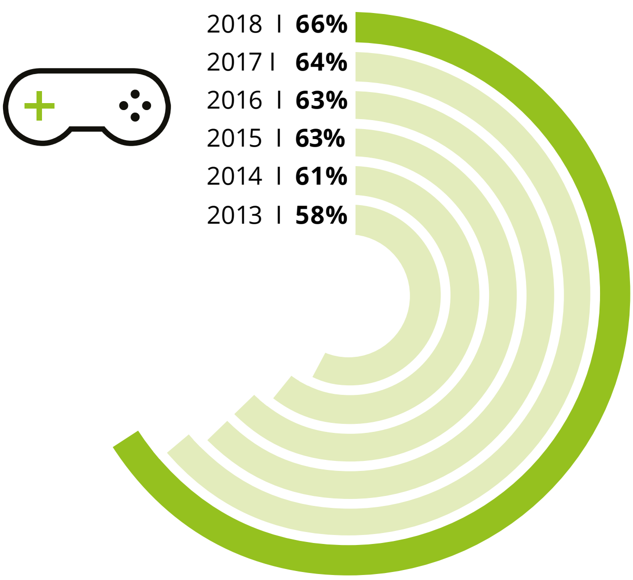
In 2018, two-thirds of the U.S. population 13 years and older are gamers, up from 58% in 2013. The steady growth of self-identified gamers illustrates how far the medium has evolved to become an integral component of the mainstream entertainment diet.

This has as much to do with supply as demand. The past year has seen a bounty of new titles and experiences designed to appeal to a deeper and broader audience, continuing a decade-long trend of games designed to reach more types of people with varying gameplay preferences, platforms and interests.

Nintendo continued to draw in a new generation of players with its accessible Switch console, launched in March 2017, and its broadly appealing titles, with *Super Mario Odyssey* and *The Legend of Zelda: Breath of the Wild* being among the most anticipated titles of 2017. Gamers were treated to more-powerful hardware in the form of the PlayStation 4 Pro and the Xbox One X, along with a slew of AAA releases in all major genres, such as *Call of Duty: WWII* (shooter), *FIFA 18* (sports), *Horizon Zero Dawn* (role playing and action-adventure) and *PlayerUnknown's Battlegrounds* (battle royale). Meanwhile, PC and mobile platforms served up a smorgasbord of titles for every demographic in between with *Opus Magnum, Fortnite* and *Lineage 2 Revolution.*

PERCENTAGE OF GAMERS

AMONG GENERAL POPULATION (AGED 13+)



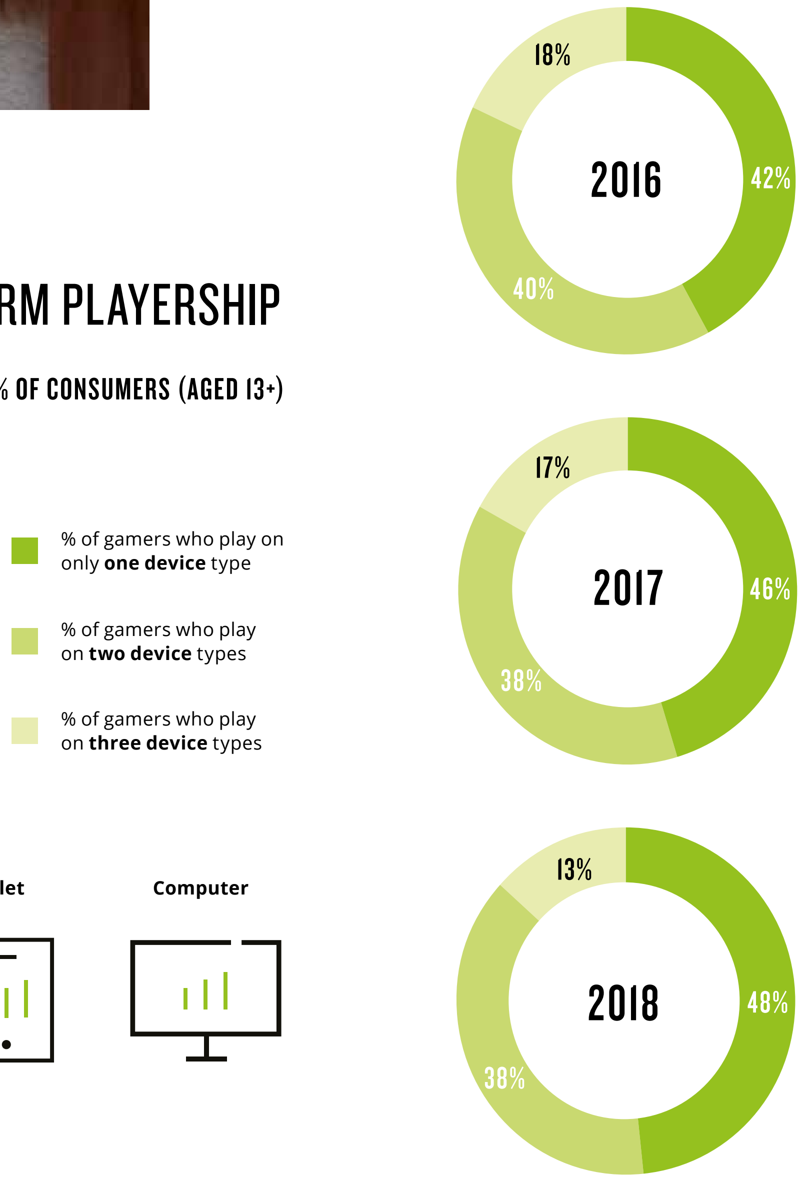
41% of the general population, aged 13+, are mobile/tablet players.

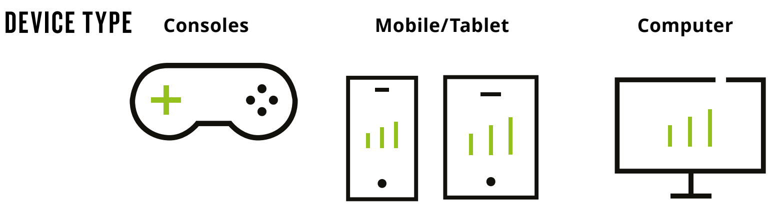
WHERE ARE GAMERS PLAYING?

More players are consolidating their gaming to one or two platforms, with fewer gamers saying they played on three platforms. This could be due to influx of more casual gamers who start off on one console before later exploring other platform options. It could also be the result of more established gamers gravitating to one platform experience after having sampled multiple options.

PLATFORM PLAYERSHIP

% OF CONSUMERS (AGED 13+)



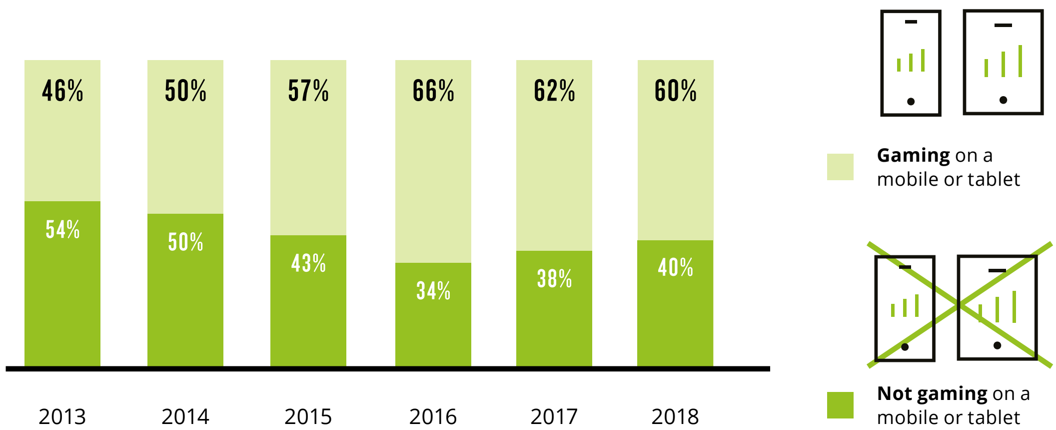


MOBILE AND TABLET

The majority of console players (60%) continue to embrace mobile and tablet gaming, albeit at a slightly lower rate than in 2017, when 62% of console gamers also played on mobile or tablet devices. Looking at the long-term trend, mobile and tablet gaming has gained ground overall, rising from 46% in 2013 to 60% in 2018, signalling sustained health in the mobile-gaming ecosystem.

CONSOLE PLAYERS GAMING ON MOBILE/TABLET DEVICES

WHICH OF THE FOLLOWING, IF ANY, DO YOU PERSONALLY PLAY GAMES ON?
% OF CONSOLE GAMERS (AGED 13+)



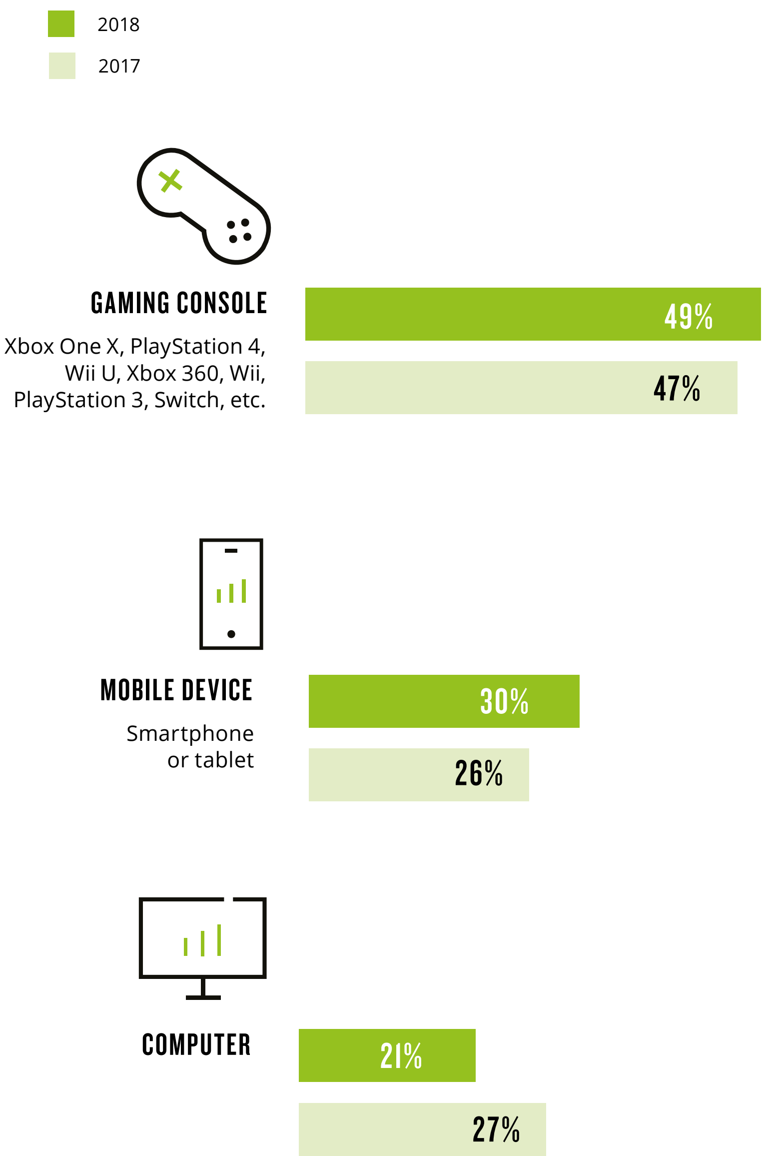
PLATFORM PREFERENCES

The blockbuster launch of Nintendo's Switch console, along with releases of more-powerful versions of so-called 8.5 gen consoles, including Sony's PlayStation 4 Pro and Microsoft's Xbox One X, likely cut into the popularity of PC gaming. In addition, the computer's tradition as a platform for more avid gamers may have contributed to its decline in share of overall preference as new gamers enter the market. Nevertheless, the PC historically has a core group of players who passionately prefer the platform for gaming.

PLATFORM PREFERENCE AMONG GAMERS

WHICH OF THE FOLLOWING DO YOU MOST PREFER TO PLAY GAMES ON?

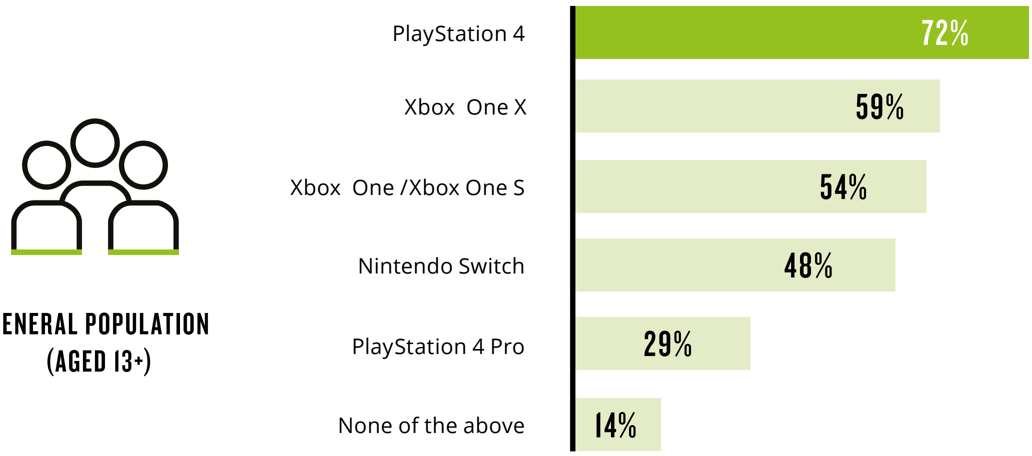
% OF CONSOLE, PC AND MOBILE/TABLET GAMERS (AGED 13+)

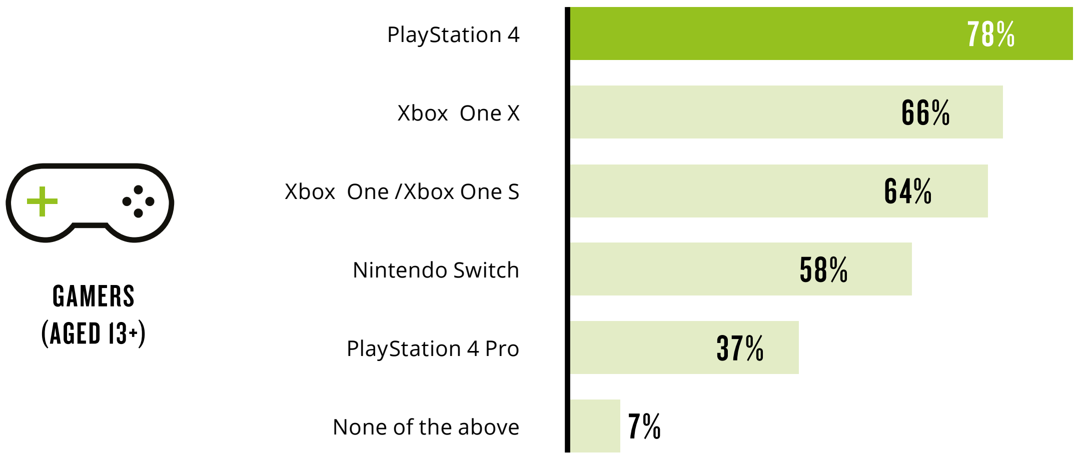


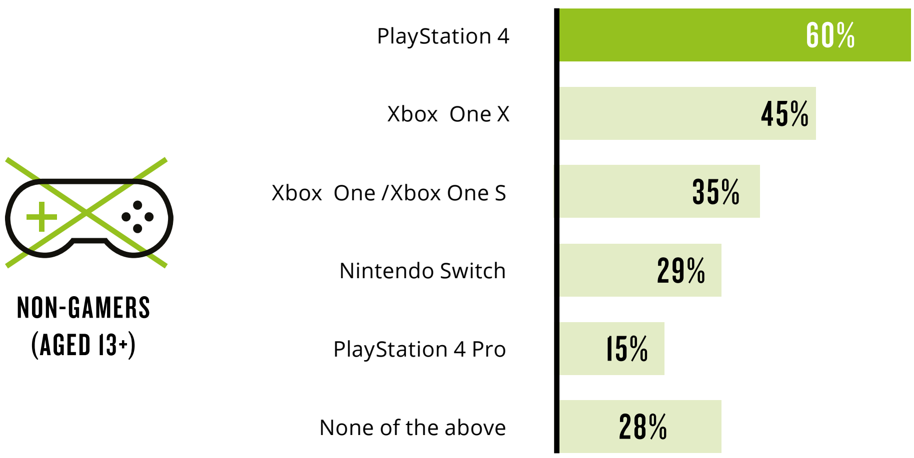
INCREASING OVERALL AWARENESS OF CONSOLES

Historically, each console launch is typically supported by advertising and marketing campaigns that go into the hundreds of millions of dollars. Last year saw the release of two new consoles—the Nintendo Switch and the Xbox One X. Ads flooding mainstream channels, including Nintendo's Super Bowl advertising debut spot in 2017, have boosted awareness across gamers and non-gamers alike of nearly all major gaming consoles in the market. Awareness among the general population of the Nintento Switch, for example, more than doubled year-on-year, while those who have heard of the Xbox One X nearly tripled. Overall, 86% of the general population age 13 years or older in 2018 have heard of at least one of the current generation consoles, up from 82% a year earlier.

AWARENESS OF CURRENT GENERATION CONSOLES





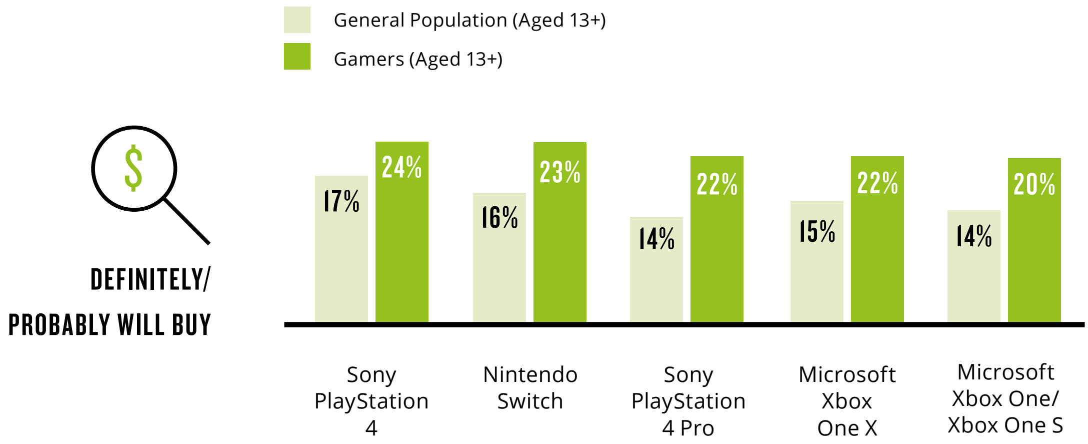


Microsoft Corp.'s November 2017 launch of the Xbox One X—billed as "the world's most powerful console"—significantly elevated the device's profile, particularly among avid gamers who already own an 8th Gen console (Xbox One, Nintendo Switch, PlayStation 4) and are looking for an upgrade. To tap into that demand, console manufacturers launched mid-cycle updates to their 8th Gen devices with Sony introducing the PlayStation 4 Pro in November 2016, followed a year later by Microsoft with the Xbox One X. While more powerful and more expensive than their earlier counterparts, these updated consoles use the same operating system as their base counterparts, allowing consumers to play their existing library of games on the upgraded device.

Nevertheless, PlayStation 4 and PlayStation 4 Pro's positions as the overall market leaders have helped them to gain appeal in 2018 among owners of prior generation consoles looking to enter the current generation.

Although the fervor for the Switch has somewhat diminished a year after the console's launch, it continues to perform well, selling 14.9 million units worldwide in the first 10 months of launching, according to Nintendo, making it one of the fastest-selling game consoles in history.

HOW LIKELY ARE YOU, OR ANYONE ELSE IN YOUR HOUSEHOLD, TO BUY EACH OF THE FOLLOWING GAME SYSTEMS?*



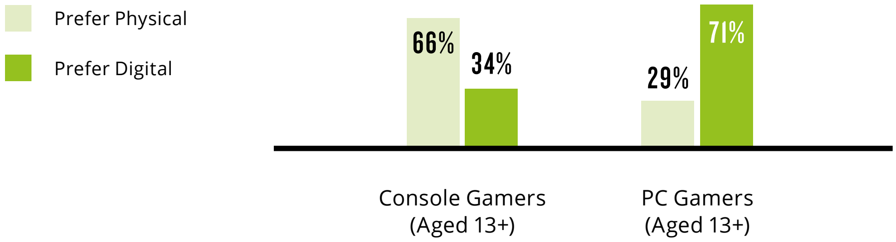
PHYSICAL VS DIGITAL

Among the most pronounced and historically persistent characteristics of the gaming population is the divide between PC gamers and console gamers. Those who prefer to play on consoles have a strong preference for physical packaged media, but tend to spend less time playing than players who prefer PCs. The opposite is true of PC gamers, who vastly prefer digital media and who tend to spend more time playing games. PC gamers also tend to spend more money on games than console gamers. Over the past year, however, those preferences have become slightly less pronounced as publishers continue to enhance the appeal of their digital shops with more titles and improved user experiences.

Spending on games jumped significantly across all player groups in 2018 compared to 2017, except for console gamers who prefer digital purchases. Meanwhile, time spent on games declined for all player groups except for PC gamers who prefer physical discs.

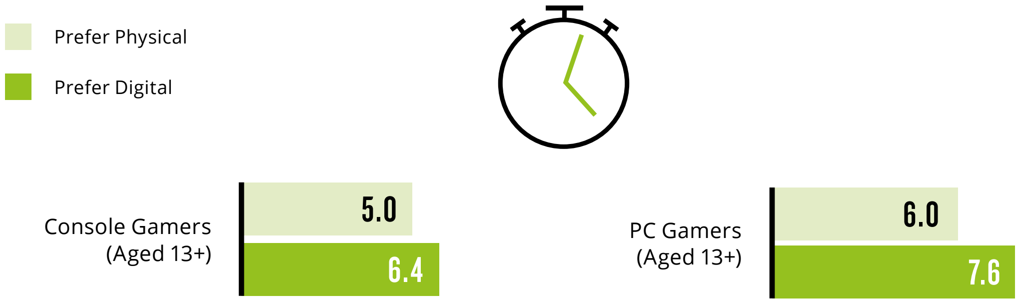
VIDEO GAME FORMAT PREFERENCE

WHICH OF THE FOLLOWING TYPES OF CONSOLE GAMES/COMPUTER GAMES DO YOU MOST PREFER?



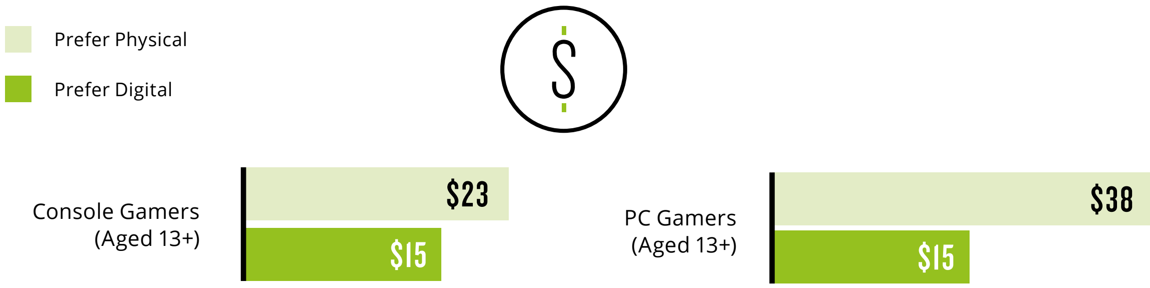
WEEKLY GAMING HOURS – OVERALL GAMING TIME

IN A TYPICAL WEEK, HOW MANY HOURS OF YOUR LEISURE TIME DO YOU PERSONALLY SPEND ON VIDEO GAMES?



MONTHLY $ SPEND ON VIDEO GAMES

IN A TYPICAL MONTH, ABOUT HOW MUCH MONEY DO YOU SPEND ON VIDEO GAMES?



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Gamers are spending about the same amount of their leisure time as last year playing video games or engaging in esports activities.

11%

OF U.S. GAMERS' LEISURE TIME IS SPENT ON VIDEO GAMES.

EVOLUTION OF THE GAMER

PLAYING TIME, PURCHASING HABITS AND THE WAY GAMERS ARE USING CONSOLES

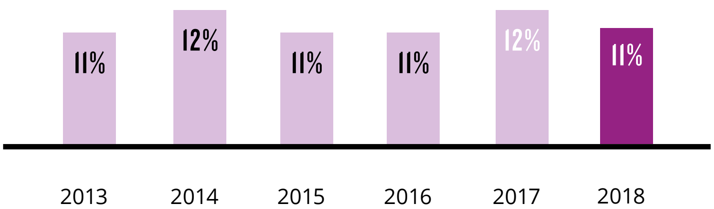
Gamers have devoted a remarkably stable portion of their leisure time to video game activities over the years. This year, gamers are spending 11% of their leisure time either playing video games or engaging in esports.

As in past years, gaming time falls behind time spent on television programming, movies and Internet activities, which include social networking.

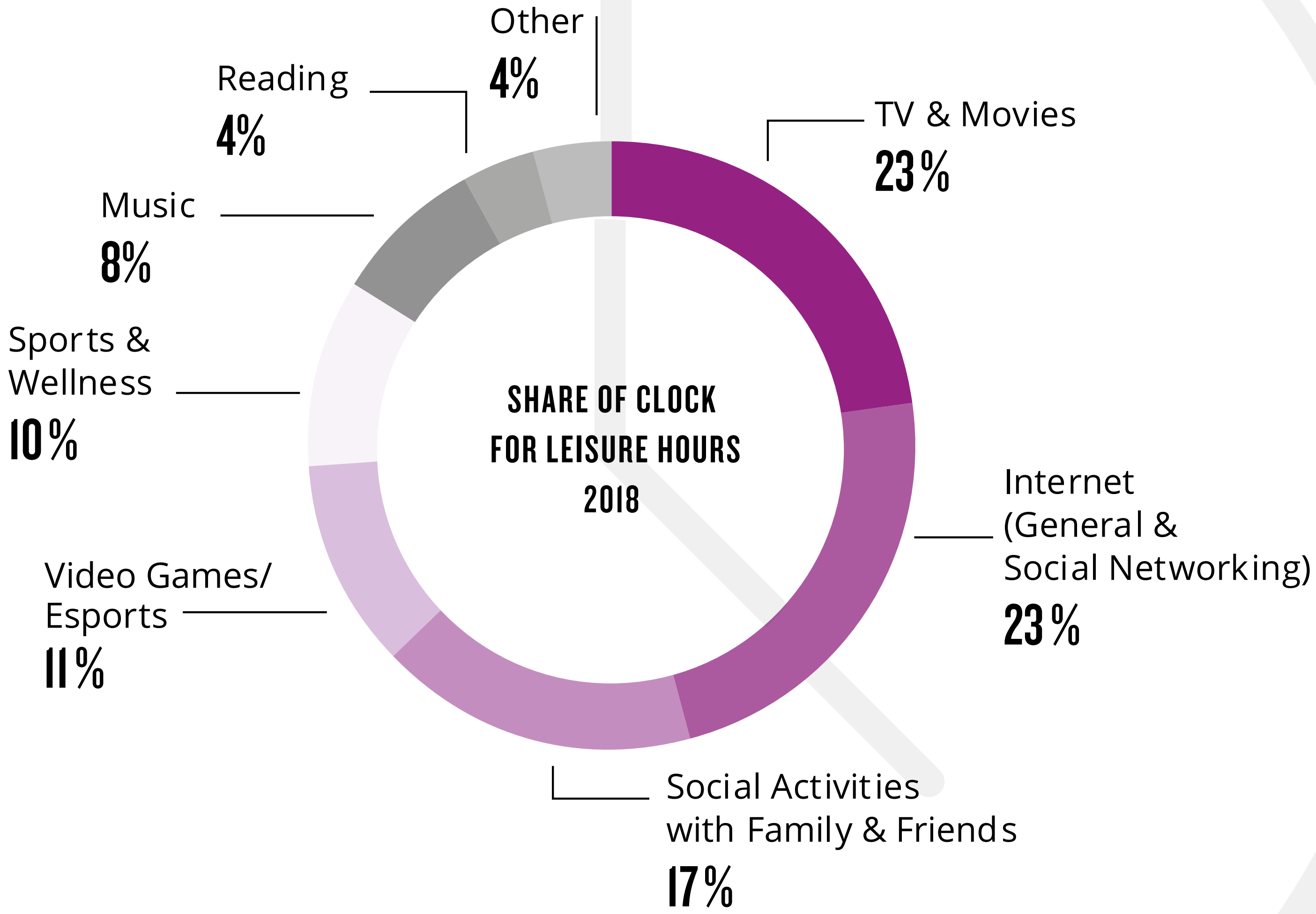
Interestingly, time spent on in-person social activities captured more share this year among gamers, pointing to a potential for content creators to further engage gamers through social or group play experiences.

OVERALL TIME SPENT GAMING

IN A TYPICAL WEEK, ABOUT HOW MANY HOURS OF YOUR LEISURE TIME DO YOU SPEND ON VIDEO GAMES?



SHARE OF WEEKLY LEISURE HOURS, GAMERS (AGED 13+)


SHARE OF CLOCK
FOR LEISURE HOURS
2018
Other
4%
Reading
4%
Music
8%
Sports &
Wellness
10%
Video Games/
Esports
11%
TV & Movies
23%
Internet
(General &
Social Networking)
23%
Social Activities
with Family & Friends
17%

GAMING TIME BY PLATFORM

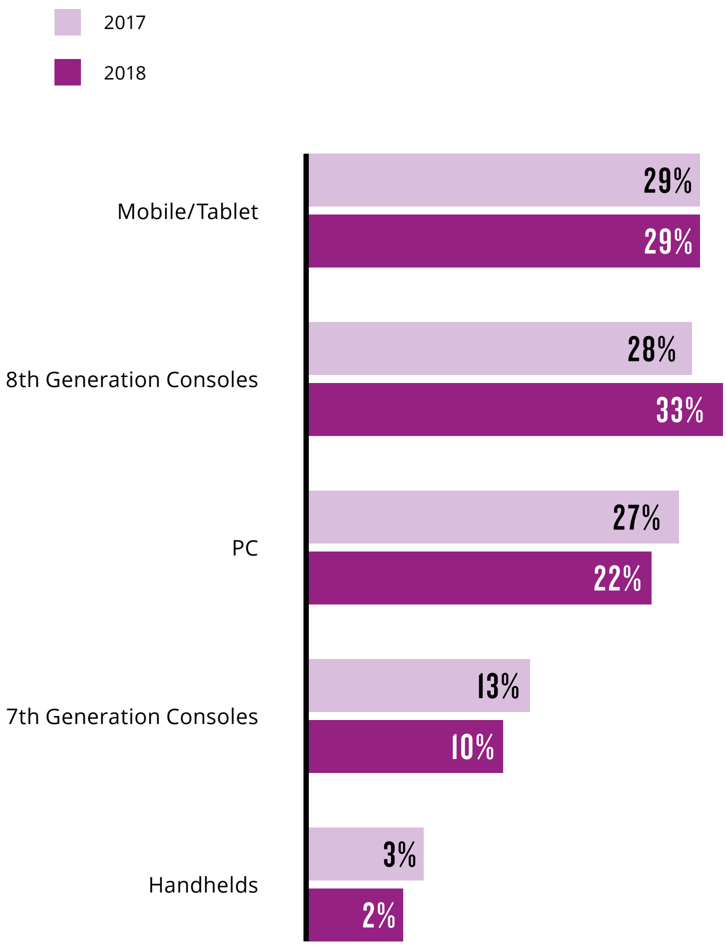
Current 8th Gen consoles gained ground this year, capturing 33% of gaming time and becoming the platform where gamers spent the most amount of their time playing. The current wave of enthusiasm for consoles began in late 2016 with the launch of PlayStation 4 Pro and continued with the 2017 launches of Nintendo Switch and Xbox One X. Gaming on mobile devices, including tablets, remained level with last year.

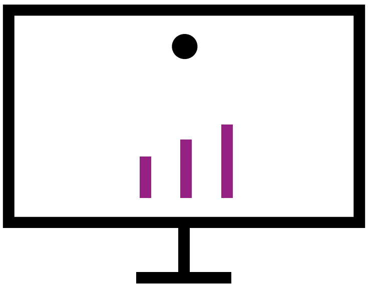
33%

OF GAMING TIME IS SPENT ON 8TH GENERATION CONSOLES.

PLATFORM SPLITS

ABOUT WHAT % OF YOUR GAMING HOURS ARE SPENT PLAYING ON EACH OF THE FOLLOWING? (AGED 13+)



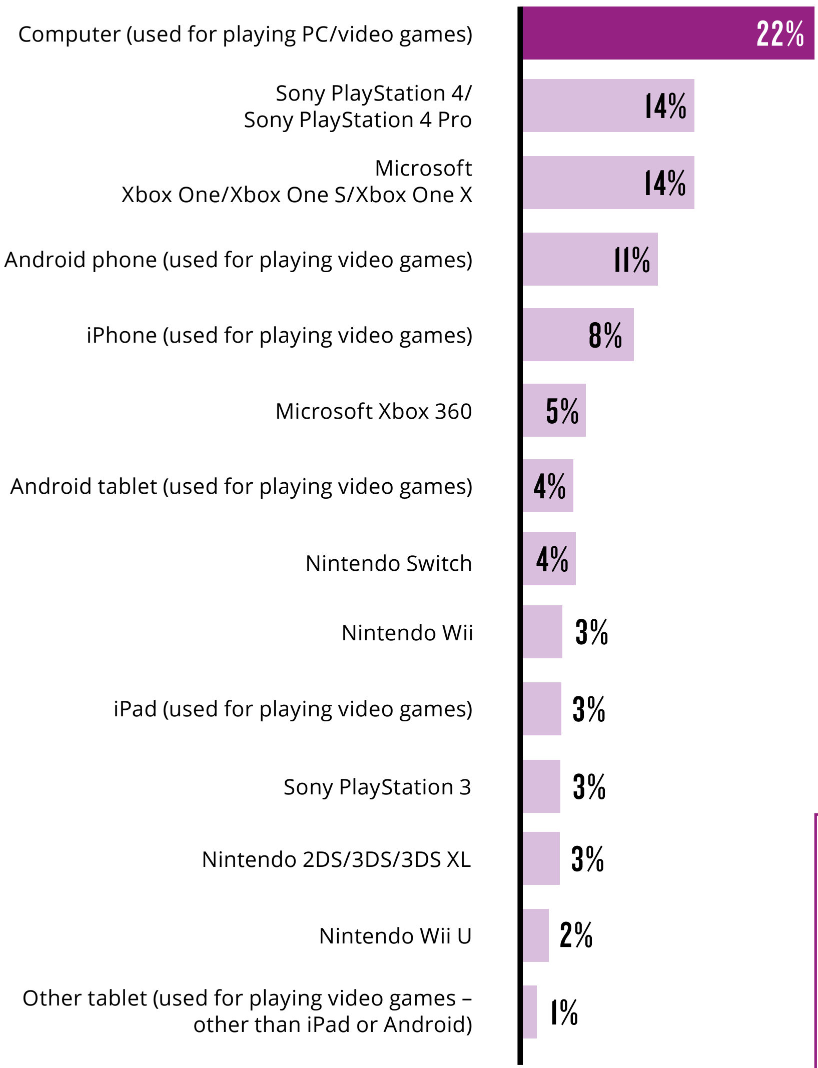


GAMING TIME BY DEVICE

Although the PC tops the list of individual devices where players spend their gaming time, its share declined in 2017. The shift makes sense given three high-profile console launches over the past 18 months drawing the attention of gamers. When taken as a whole, consoles claim 43% of gaming time this year.

WEEKLY GAMING TIME BY DEVICE

% GAMERS (AGED 13+)



PC REMAINS THE SINGLE DEVICE GAMERS SPEND MOST TIME PLAYING ON, AHEAD OF THE MAJOR CONSOLES AND SMARTPHONES. TABLET USE IS LOWER – 4% OF GAMING TIME IS SPENT ON ANDROID TABLETS AND 3% ON IPAD.

60%

OF TIME SPENT ON 7TH GENERATION CONSOLES IS ON NON-GAMING ACTIVITIES.

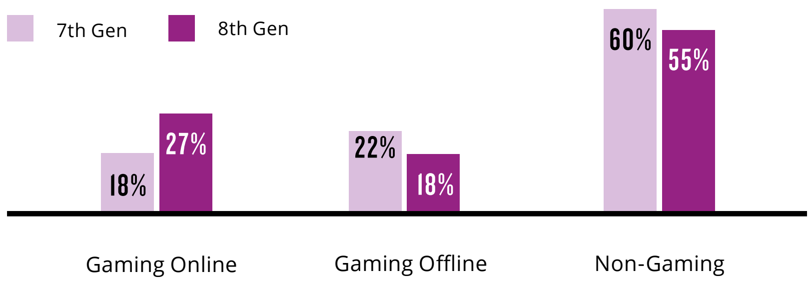
CONSOLE USES

With console manufacturers continuing to add more non-gaming applications to their devices, consumers continue to turn to consoles for a wide range of entertainment options. Gaming, however, remains the No. 1 use for consoles, claiming 43% of the time console owners spend in an average week on the devices.

For Xbox and PlayStation consoles, 8th Gen gamers spend more time playing online games than offline, while players on 7th Gen allocate more time playing offline. For both generations of Nintendo consoles, consumers spend more time playing offline.

7TH GENERATION VERSUS 8TH GENERATION CONSOLES

ABOUT HOW MANY HOURS A WEEK DO YOU TYPICALLY DO EACH OF THE FOLLOWING ACTIVITIES ON EACH GAMING SYSTEM? (% CONSOLE HOURS, USERS AGED 13+)



Console Activities	Xbox One/ Xbox One X	Xbox 360	Switch	PS4/ PS4 Pro	PS3
GAMING	**47%**	**40%**	**44%**	**43%**	**40%**
Playing Video Games Online	32%	18%	15%	25%	19%
Playing Video Games Offline	14%	23%	29%	18%	21%
NON-GAMING	**53%**	**60%**	**56%**	**57%**	**60%**
Watching Downloaded Movies, TV Shows	6%	5%	10%	8%	13%
Watching VOD/Streaming Service	26%	20%	15%	27%	25%
Watching DVDs/Blu-rays	8%	20%	10%	10%	15%
Other	13%	15%	22%	12%	15%

SPENDING ON GAMES

While most consumers are spending around the same amount on games, people are spending slightly more on gaming consoles and mobile compared to last year.

Historically, spending on games tends to increase around new console launches, which are often accompanied by releases of marquee titles that can show off the consoles' new capabilities. This year, console gamers spent $27 a month on average on physical copies of new releases, compared to $20 per month last year. The uptick in spending appears to be in line with that pattern.

Among players who are spending less money, the top four reasons include the availability of free games and trials, a current library of games that keeps them entertained, no interest in any new titles and waiting for games to be discounted before buying.

In a typical month, gamers direct 28% of their spending on new games, with another 18% going toward downloadable game content and 16% toward used games.

PURCHASE HABITS

38% OF CONSOLE/PC GAMERS ARE SPENDING LESS COMPARED TO LAST YEAR; WHAT ARE THE MAIN REASONS FOR THIS REDUCTION? (GAMERS, AGED 13+)

29% I play free games or trials

28% Games I currently own keep me engaged

21% There hasn't been a new video game that I've been interested in

20% I typically wait for games to be discounted

69%

OF GAMERS WATCH GAMING-RELATED CONTENT ON YOUTUBE.

WATCHING GAMING CONTENT

Viewership in gameplay videos, once considered niche, has grown considerably in recent years, with millions of viewers tuning in to both livestreamed gaming and pre-recorded videos. When it comes to watching gaming content, fans continue to turn to YouTube as their main source of video, with nearly seven out of ten gamers this year turning to YouTube and its livestreaming YouTube Gaming service, launched in 2015. This year, Twitch continued to gain momentum after having overtaken GameSpot in 2017 as the second-most popular source of gameplay videos.

TOP 5 VIDEO SERVICES

WHERE DO YOU TYPICALLY GO TO WATCH/VIEW ANY OF THE FOLLOWING TYPES OF GAMING-RELATED VIDEO?

AMONG GAMERS (AGED 13+) WHO HAVE WATCHED GAMING-RELATED VIDEOS IN THE LAST 12 MONTHS

2017

1.	**YouTube**	70%
2.	Twitch	19%
3.	ESPN	17%
4.	GameSpot	17%
5.	IGN	15%

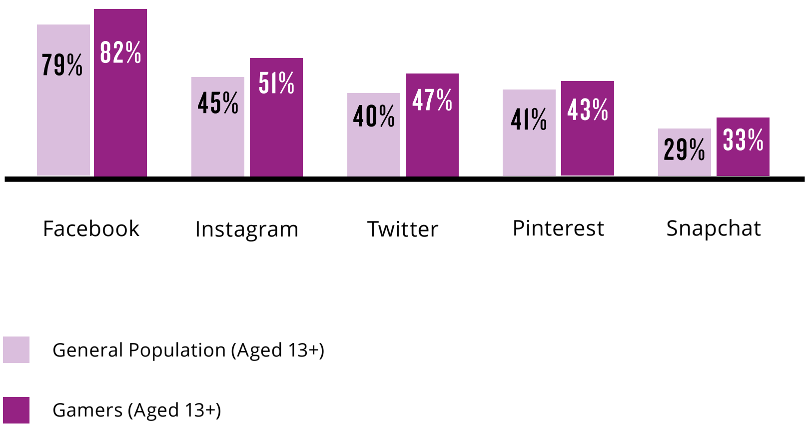
2018

1.	**YouTube**	69%
2.	Twitch	21%
3.	GameSpot	19%
4.	ESPN	19%
5.	Steam	14%

SOCIAL MEDIA MEMBERSHIP

WHICH OF THE FOLLOWING SOCIAL NETWORKING SITES, IF ANY, ARE YOU A MEMBER OF?

Gamers generally are more likely to be members of social media than the general population, favoring Facebook as their top social media destination. This year, Instagram overtook Twitter in popularity, claiming 51% of gamers compared to Twitter's 47%.



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TRENDS TO WATCH

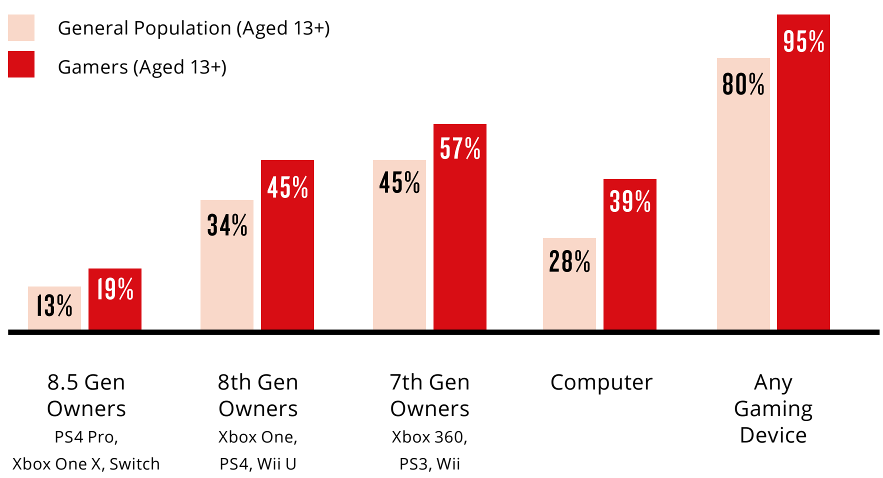
NEW CONSOLES

To unlock more value for players for each generation of hardware, manufacturers have introduced mid-cycle launches. Sony kicked off the latest upgrade cycle with its PlayStation 4 Pro, followed by Nintendo's release of the Switch and Microsoft's debut of the Xbox One X. The PlayStation 4 Pro and the Xbox One X use the same operating system as their base counterparts, allowing consumers to play their existing library of games on the upgraded device.

Gamers, however, have been slow to embrace the upgraded machines, which boast 4K capabilities. Although 4K features are attractive to early adopters, mainstream consumers are still catching up, with less than a quarter of the general population owning a 4K television. In addition, the same library of games for 8.5 Gen machines can also be played on their 8th Gen counterparts. Barring price adjustments that would tip the scale in favor of these more powerful devices, it remains to be seen how consumer uptake of the mid-cycle consoles will progress.

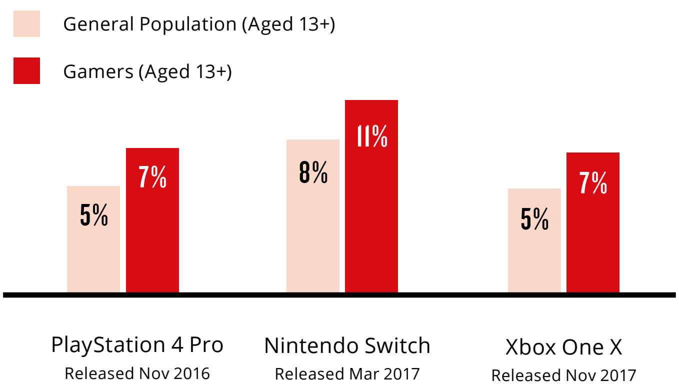
DEVICE OWNERSHIP

DEVICE OWNERSHIP



While Microsoft and Sony emphasized the advanced processing capabilities of their 8.5 Gen machines, Nintendo took a different tack with the Switch. At $299.99, the Switch debuted at a lower price point and was designed to morph from a home console to a portable gaming platform. The Switch was also supported by strong first-party titles such as *The Legend of Zelda: Breath of the Wild* and *Super Mario Odyssey.* The Switch saw strong adoption in 2017, and with more exclusive releases such as *Super Smash Bros* and *Metroid Prime 4* in the works, 2018 could be another big year for Nintendo.

8.5 GEN OWNERSHIP

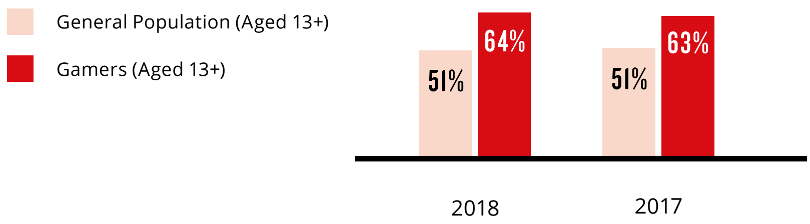


VIRTUAL AND AUGMENTED REALITY

Virtual and augmented reality technologies continue to generate buzz and capture the attention of a broader audience. Awareness remains high, with more than half of the general population having heard of at least one VR/AR device. Currently, 10% of the general population and 13% of gamers own a VR/AR headset. And there is growing intent among gamers and non-gamers alike to purchase a VR/AR device. Meanwhile, prices for VR/AR hardware continue to drop, making even high-end systems relatively affordable.

AWARENESS OF ANY VR/AR DEVICE

WHICH OF THE FOLLOWING VR/AR DEVICES, IF ANY, HAVE YOU EVER HEARD OF?*



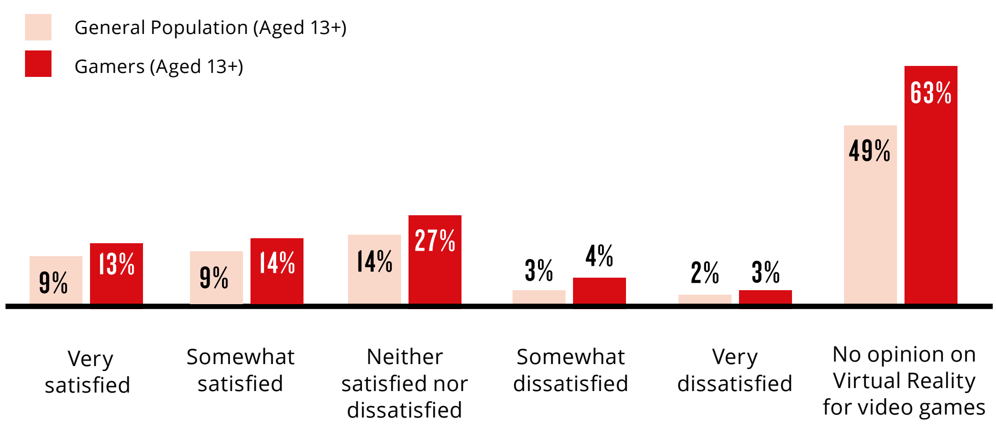
*Google Cardboard, Google Daydream View, HTC Vive (powered by SteamVR), HTC Vive Pro, Merge VR Goggles, Microsoft HoloLens, Oculus Go, Oculus Rift, Razer OSVR, Samsung Gear VR, Sony PlayStation VR

CONSUMER EXPERIENCE WITH VR/AR

Though awareness is high, many consumers have yet to form an opinion about the actual experience of virtual reality for playing games. This is likely related to the perception that there are few VR games available. As with game consoles where software drives hardware sales, sustained interest and adoption of VR platforms by mainstream consumers will depend on a continuous flow of must-have content. As for augmented reality, Apple's introduction last year of ARKit, an augmented reality developer kit for iOS, and the upcoming release of *Harry Potter: Wizards Unite* by the maker of *Pokemon Go* are two developments that could change the dynamics of the market for AR experiences.

VR EXPERIENCE

OVERALL, HOW WOULD YOU RATE YOUR SATISFACTION WITH VIRTUAL REALITY IN REGARDS TO VIDEO GAMES?

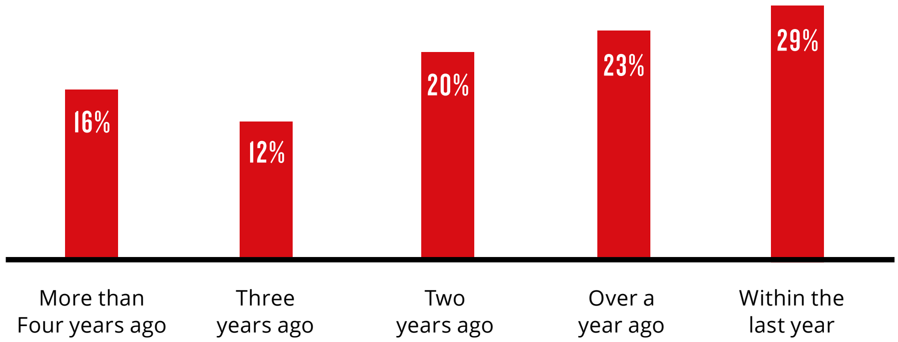


ESPORTS AUDIENCE BROADENS

The rise of competitive online gaming marches unabated, attracting a primarily male, millennial audience that is hyper-engaged in esports. But as the category continues to grow in popularity, it is bringing in a more diversified, balanced fan base. For example, fans who have begun following esports within the past year, who make up 29% of the US esports base, skew less male and are less likely to be millennials than fans who have followed esports longer. Similarly, where traditionally esports fans have been among the majority of PC gamers, newer fans are less likely to play games on a PC, instead gaming on consoles and other devices.

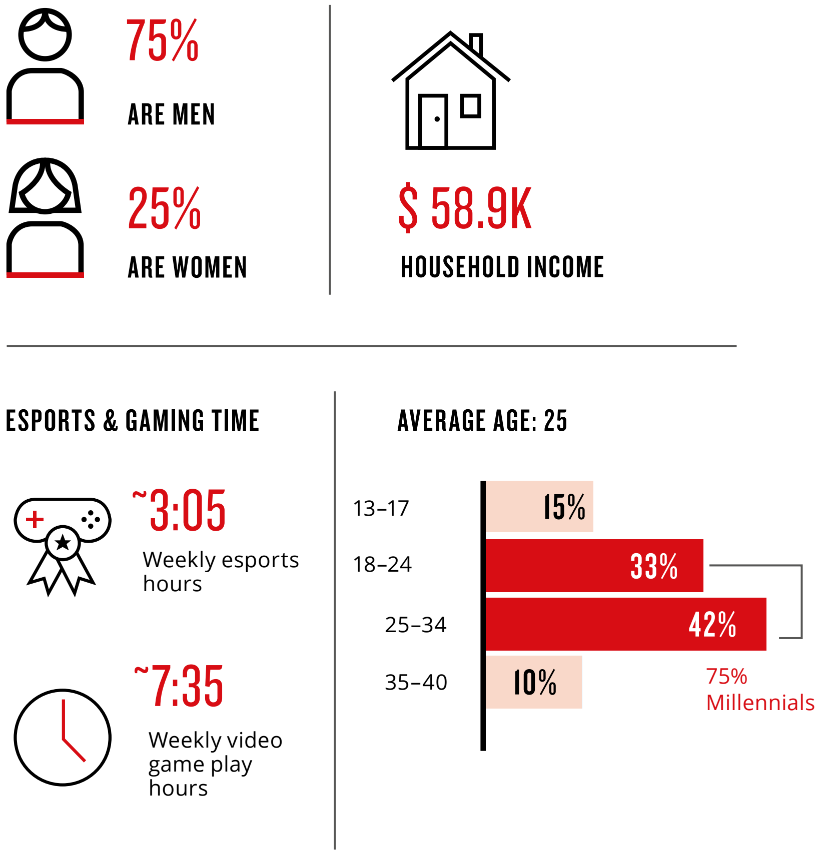
WHEN DID YOU BEGIN FOLLOWING ESPORTS?

(U.S. ESPORTS FANS AGED 13-40)



PROFILE OF US ESPORTS FANS

(U.S. ESPORTS FANS AGED 13-40)



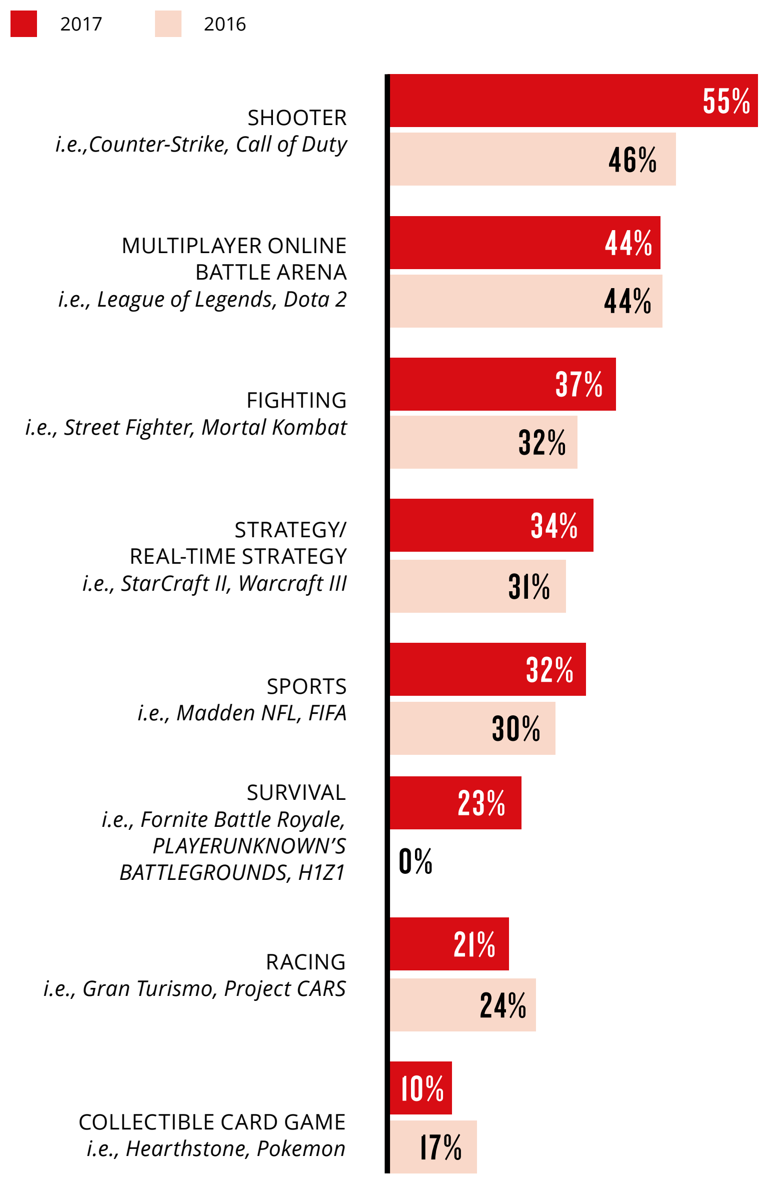
Source: Nielsen Esports Fan Insights 2017

WHERE ARE ESPORTS FANS ENGAGED?

The shooter genre stands out as the most recent area of growth among U.S. esports fans, with *Counter-Strike* and *Call of Duty* emerging as popular titles to follow. However, newer esports fans who follow shooter titles are less likely to follow other esports genres. Over the past year, the survival genre has made its competitive gaming debut, with last year's releases of *Fortnite Battle Royale* and *PLAYERUNKNOWN'S BATTLEGROUNDS (PUBG)* becoming stand-out successes, leading to recently announced esports competitions developing in the second half of 2018.

ESPORTS GENRES & GAMES FOLLOWED

(U.S. ESPORTS FANS AGED 13-40)



Source: Nielsen Esports Fan Insights 2017

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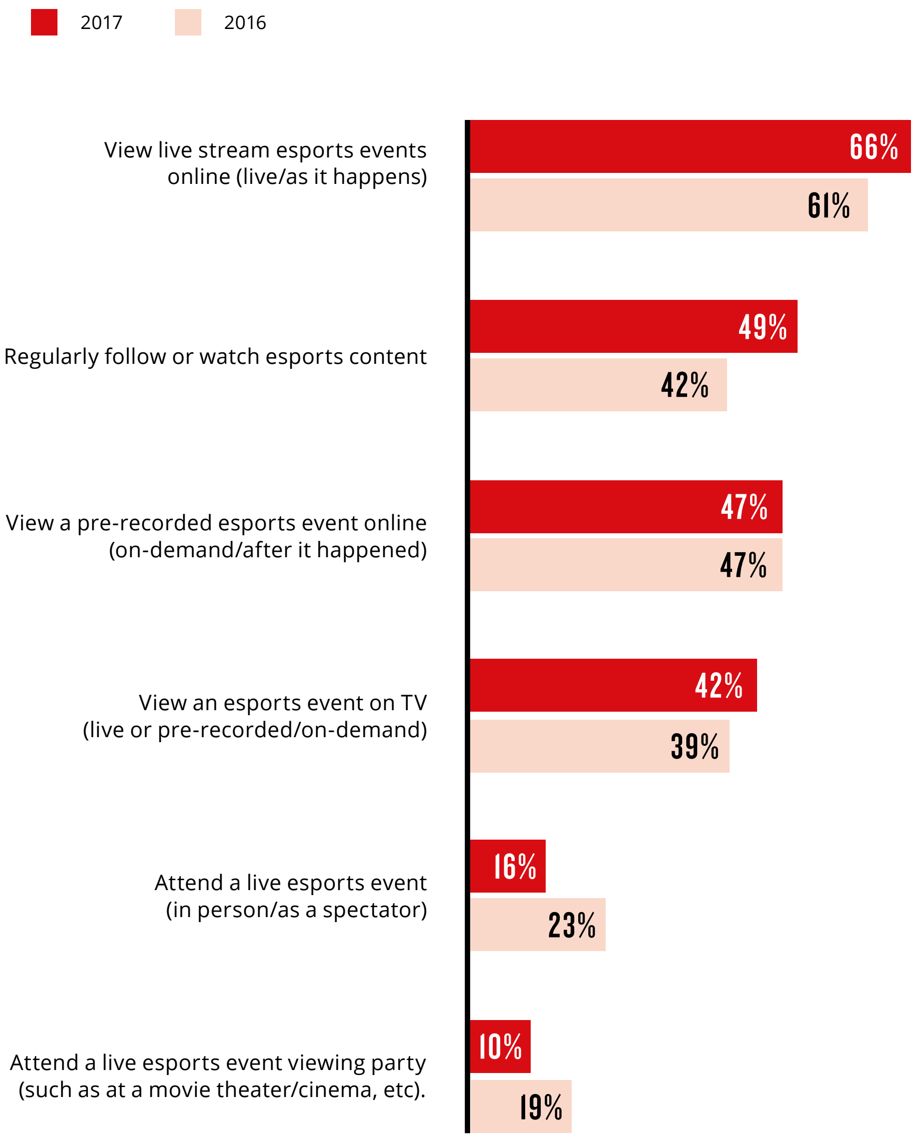
AVERAGE WEEKLY HOURS SPENT ON ESPORTS

As esports gathers momentum by drawing in a wider audience, the time an average fan spends weekly on esports has declined slightly. Simultaneously, the broadened audience has also shifted how the fan base spends its time interacting with esports, with highly accessible activities such as streaming events and consuming other content accounting for a higher share of time spent this year, and time devoted to more demanding activities such as attending live events decreasing. Streaming, both live and recorded video, remains the number one way fans engage with esports. Fans also like to stay up-to-date through esports-related content such as news, analyses and interviews. With original content creation being a major trend in esports in the latter half of 2017 – and a significant way sponsors are beginning to activate in the esports space – look for consumption of content outside of actual esports events to continue to grow in 2018.

Source: Nielsen Esports Fan Insights 2017

ESPORTS ACTIVITY INVOLVEMENT

(U.S. ESPORTS FANS AGED 13-40)



DELIVERING PAST EXPERIENCES TO TODAY'S GAMERS

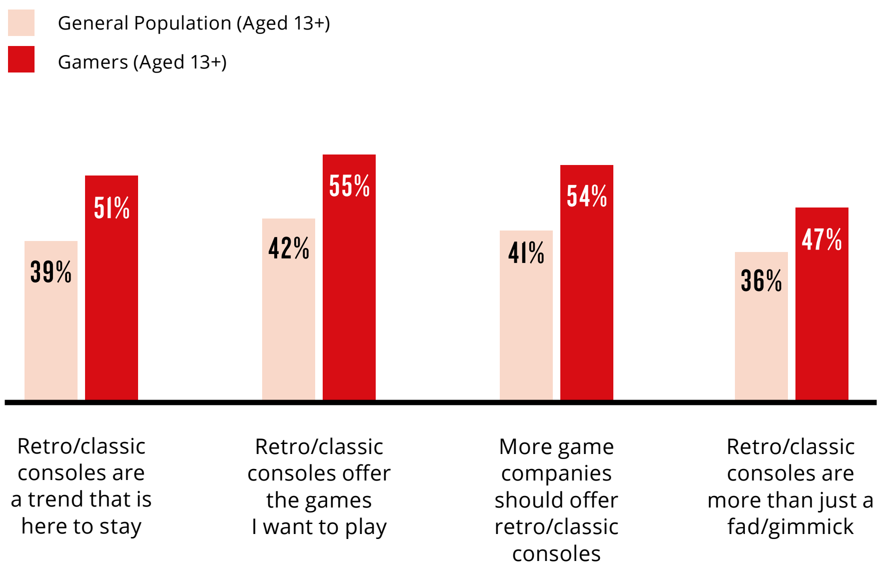
Nostalgia and a newfound interest in old-school games have moved consumers to embrace retro titles – along with the platforms to play them on. Nintendo in particular has been riding the wave of consumer interest in retro gaming, selling out of its two palm-sized microconsoles, the NES and the Super NES. These two classic consoles, which come preloaded with a lineup of greatest hits from the 8-bit and 16-bit era, appeal to both gamers and the general population alike, with 29% and 23% ownership, respectively.

Although awareness of Nintendo classic consoles among the general population is high at 58%, it's unclear how enduring the ardor for retro hardware will be. Software, however, is another matter. As today's hits become tomorrow's greatest hits, there's likely to be steady demand for "classic" video games that can connect players on an emotional level with their youth.

Consumer interest in retro games should remain strong as over half of gamers say this is a trend that is here to stay. The question is how those experiences are delivered. One alternative to rebooting classic hardware is to offer classic titles on modern platforms, including current consoles, PCs and mobile devices. Although this option doesn't offer the same nostalgic physical form factor, it does get the experiences into the hands of gamers, 55% of whom say they are drawn to classic consoles because the platforms offer titles consumers want to play.

THE APPEAL OF CLASSIC CONSOLES

% WHO SOMEWHAT AGREE OR STRONGLY AGREE WITH THESE STATEMENTS



PHYSICAL FORMATS CONTINUE TO ENDURE

Digital sales of games have grown substantially over the years, making up nearly three-quarters of software revenue in 2016. But there is one pocket of the market that still claims a significant portion of revenue from physical sales: console games. In fact, 66% of console gamers say they prefer to buy discs over digital downloads.

To get consumers' perspectives, Nielsen interviewed gamers to develop qualitative insights to complement our survey. Several insights emerged from these discussions, including the importance some consumers attach to physical console games as an expression of their identity.

Kevin L., a 27-year-old management consultant who spends about $1,200 a year on games, said, "My collection of games is like a trophy case. It's a very personal thing." He also valued the ability to hand a game disc to his friends to try out, adding, "I can't share games if they're digital."

And although much of the market has transitioned to digital, there is still lingering uncertainty among some consumers about the ability to access their digital console titles when manufacturers release a new generation of consoles. "Personally, I have some concerns about the longevity of digital purchases," said Kristen J., a 44-year-old mother of two. What happens to the games when you buy another console? Will I still be able to play those games on the new consoles?"

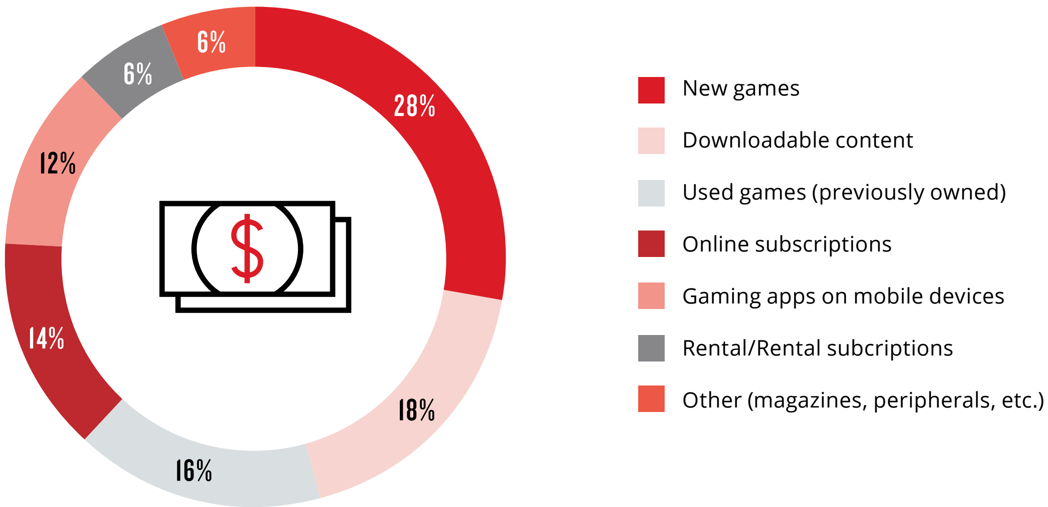
Physical discs also create an opportunity for consumers to trade in their old games for cash or credit to purchase games. And consumers devote 16% of their monthly spending on video games to buying used games.

66%

OF CONSOLE GAMERS SAY THEY PREFER TO BUY DISCS OVER DIGITAL DOWNLOADS

SPENDING ON GAMES

AMOUNT OF MONEY SPENT ON VIDEO GAMES IN A TYPICAL MONTH (AT LEAST $1)



ADVANTAGES OF DIGITAL ARE MORE SALIENT ON COMPUTERS AND MOBILE

When it comes to computer games, however, consumers lean heavily toward digital formats, largely for convenience. Kevin, echoing the sentiment of the 71% of PC gamers who say they prefer digital downloads, cited the ability to log on to multiple computers to access his games as an advantage over cloud-based accounts. “PC games have to be digital. No one has a CD drive anymore,” he said. Digital formats are “just so much easier.”

Digital downloads have another edge over physical discs: quick access. For gamers who eagerly anticipate the release of a title, there can be value in the bragging rights of being able to lay their hands on a game on the day of release.

“There’s the excitement of buying a game because it’s new. It’s hot off the press. You’re among the first to play,” said Brian K., a 28-year-old engineer, noting that there were times when he was disappointed when pre-ordered disc-media games didn’t arrive on the day of release. “I’ve moved to digital because of that. ”Consumers have come to expect all their digital content to be cached in the cloud on external servers that can restore their games so they would always be able to pick up where they left off, should their device malfunction or get lost.

“You can always find your user name, and it’s all backed up,” said Sandra C., a 28-year-old psychology student who spends about 13 hours a week playing games on her smartphone.

“THERE’S THE EXCITEMENT OF BUYING A GAME BECAUSE IT’S NEW. IT’S HOT OFF THE PRESS”

IN-GAME PURCHASES

Consumers are of two minds when it comes to in-game purchases. Mobile-first gamers are accustomed to games offering in-game purchases. At the same time, some gamers are wary of the "bottomless" nature of in-game spending and try to find ways to avoid or limit their spending.

"I have a monthly limit," said Sandra. When she found herself exceeding past her limit, she stopped playing. "I didn't like that I was paying so much."

Parents, in particular, are wary of free-to-play games that sell in-game items and upgrades. "I would rather buy games outright," said Kristen, adding that she would pay $3 to $4 for a game if it didn't have in-game purchases. "It leads to disappointment that I as a parent have to manage."

"I'VE ALREADY PAID FOR THE GAME. WHY SHOULD I HAVE TO PAY AGAIN?"

The sentiment toward in-game purchases is somewhat different for console and PC games, partly because such games are typically more expensive than mobile games.

"I've already paid for the game. Why should I have to pay again?" said Kevin. "It would have to feel like an expansion pack or a completely separate, new experience for me to pay for it."

Gamers are more receptive to in-game purchases that are cosmetic. But when they confer purchasers with a competitive advantage against other gamers, consumers find it offputting.

In general, consumers expressed the most comfort with business models that were common when they first started playing games and were less at ease with the more novel monetization models that have since evolved.

ABOUT NIELSEN

Nielsen Holdings plc (NYSE: NLSN) is a global performance management company that provides a comprehensive understanding of what consumers watch and buy. Nielsen's Watch segment provides media and advertising clients with Nielsen Total Audience measurement services for all devices on which content — video, audio and text — is consumed. The Buy segment offers consumer packaged-goods manufacturers and retailers the industry's only global view of retail performance measurement. By integrating information from its Watch and Buy segments and other data sources, Nielsen also provides its clients with analytics that help improve performance. Nielsen, an S&P 500 company, has operations in over 100 countries, covering more than 90% of the world's population. For more information, **visit www.nielsen.com or www.games.nielsen.com**

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