



July 2009

The Value Gamer: Play and Purchase Behavior in a Recession

A Nielsen report on how
gamers are responding
to the current
economic climate

nielsen
• • • • • • • •

INSIDE:

Recent trends
in gamers':

Hours of gameplay

Game purchase behavior

Title awareness and purchase interest

DVD purchasing

Movie attendance

Introduction

The current economic downturn has led many in the video game industry, and entertainment in general, to worry about their bottom lines as consumers slash discretionary spending. But based on recent questions asked to 2400 gamers and over three and a half years of historical data from Nielsen's Video Game Tracking survey, those in the video game industry have less to be concerned about than others.

That's because 42% of gamers age 7–54 claim to be playing or plan to play more than last year, and 41% claim to be playing the same amount.ⁱ Not only

i The questions about game play and purchase this year versus last year were asked within the Video Game Tracking survey for the weeks of April 27 and May 4, 2009. For the purposes of the survey, a gamer is defined as claiming to have purchased a title in the past 6 months and played for at least 1 hour per week on any of the current consoles or the PC. For the purposes of this historical analysis, handheld gamers were excluded and responses were averaged for each month. The survey has asked gamers about the following on a weekly basis since 2006:

that, but 35% of gamers claim they are spending more money or plan to spend more on gaming this year than last year and 39% claim they are spending the same amount. This is not for lack of feeling affected by the recession. Fully half (50%) of gamers believe their situation has been negatively affected to some extent by the recession, and 35% believe they have been unaffected. The uptick in claimed play and purchasing is concentrated within younger gamers, particularly males and technophiles. Those who say they are cutting back on both playing and buying are more likely to be female, older and more casual gamers.

How do we explain this continued interest in gaming during a recession? An

- How many games they have purchased in the last 6 months and how many were purchased in used or pre-played condition
 - If they own or subscribe to certain home entertainment products and services
 - Their awareness, interest in purchasing and urgency to purchase video game titles
- Since 2007, the survey has also asked gamers about the following on a weekly basis:
- Their movie-going and DVD purchase behavior

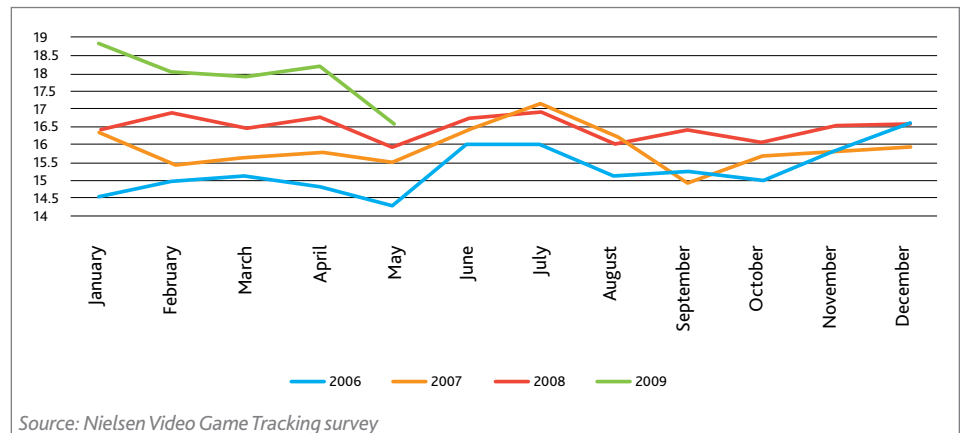
analysis of historical gamer data from a total of over 200,000 respondents indicates a secular rise in claimed hours of gameplay since 2007. These findings on gameplay have been accompanied by unprecedented increases in claimed purchases of used games in 2009. The most recent sales figures do suggest softer retail sales for new video games versus 2008, but consumer data among gamers indicates that this is likely more driven by the absence of blockbuster releases versus any significant change in consumer sentiment. Taken together, these trends illustrate deepening engagement with gaming and a desire to get more value out of games at the expense of costlier forms of entertainment.



Gameplay in Historical Perspective

The responses mentioned above can be contextualized by comparing them to historical responses on how many games, both in total and used, consumers claim to have purchased in the past six months and how many hours they say they are playing per week. From January through May of 2009, gamers claimed to be playing more hours per week and to have bought more used games over the past six months than ever before. The year-over-year comparisons for each of these months indicate consumers are devoting one to two additional hours to gameplay and have purchased one additional used game compared to last year.

Figure 1: Average Hours Played Per Week



Indeed, the historical data seems to indicate a secular rise in gameplay beginning in 2007 that has only accelerated of late. In the 29 month span between January 2007 and May 2009, claimed hours of gameplay increased year-over-year for all but five of these months. This is not surprising given that the overall gaming industry has grown dramatically in terms of sales since 2007.ⁱⁱ

These claims of increased gameplay align fairly well with the changes observed in monthly console and PC audience measurement data, which is drawn from People Meter households and the online MegaPanel via Nielsen's GamePlay Metrics service. The trend in average minutes per month from April 2007 through March 2009 shows a secular rise in 2008 which continued through the first quarter of 2009. Monthly minutes were down 5% for January compared to last year, but up 6% for both February and March. Though drawn from a different sample, the electronic audience measurement data from GamePlay Metrics is consistent with the self-reported findings about increased gameplay since 2007.

The increases in claimed gameplay span gender and age segments, but a few groups stand out. Males 18 to 24 showed some of the largest sustained increases with gains year-over-year between 16% and 29% for each month of 2009. This segment has historically played more than others in absolute terms, so increases of this magnitude are notable. Additionally, younger females age 13 to 17 showed some of the largest sustained increases within female segments (between 12% and 30% for each month). This is interesting given that for the purposes of this historical analysis we have removed handheld gaming data and these systems tend to skew slightly younger and more female. The data here indicates that they are claiming to play more on traditional consoles and the PC.



Figure 2: Average Metered Minutes Per Month

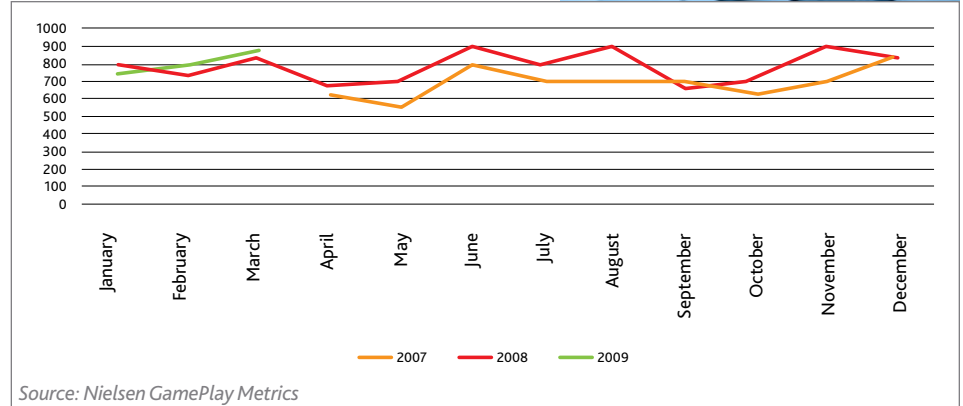


Figure 3: Average Hours Played Per Week—Males 18–24

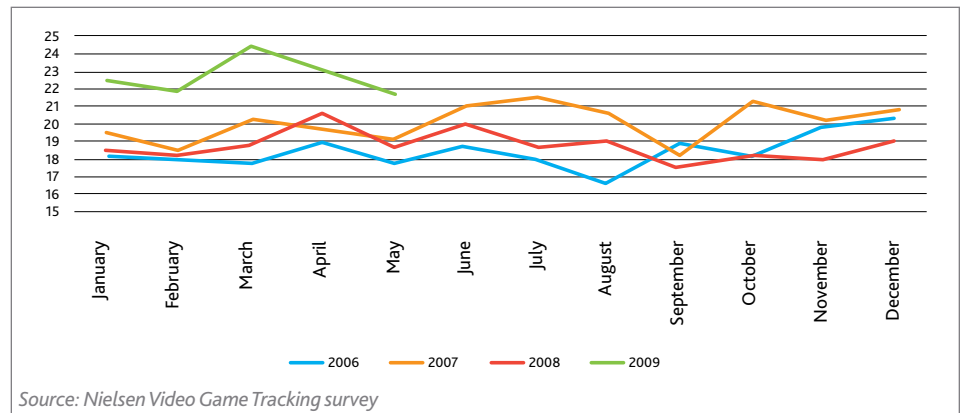
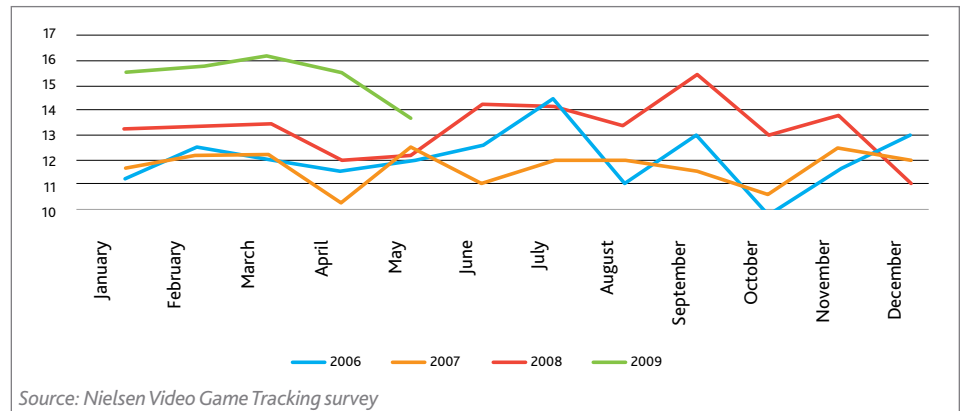


Figure 4: Average Hours Played Per Week—Females 13–17



ⁱⁱ Source: MSNBC.com, "Video game sales top \$21 billion in 2008," January 15, 2009.

Game Purchasing Metrics in Historical Perspective

In terms of claimed games purchased, an increase is evident from September 2008 through May of 2009, which has been driven by used game purchasing. The table at right illustrates that claimed used game purchases have picked up in 2009, and this has increasingly come at the expense of new games when looked at as a share of the total. Consumer claims are typically over-stated versus actual activity, but analyzing this data in the context of longitudinal trends makes it relevant. In terms of the segments driving this increase, males 18 to 24, males 35+ and females 13 to 17 had some of the largest gains with monthly increases of over 50% compared to last year. The games purchased used ratio has been at or near all-time highs for 2009 looking back to 2006.

Indeed, the retailer GameStop, which is well known for its used-game marketplace, had its best quarter ever in terms of sales and earnings in the first quarter of 2009 on the strength of used game purchases.ⁱⁱⁱ Sales of used games increased by 31.9% compared to last year while new game software sales decreased by 2.8%. Perhaps prompted by these results, other video game retailers like Best Buy and Walmart are beginning to experiment with selling used games through kiosks.^{iv} This spike in used game purchasing has come ahead of the summer months, when used as a share of the total games purchased tends to climb historically. It will be interesting to follow this in the coming months.

ⁱⁱⁱ Source: GameStopcorp.com, "GameStop Reports Record First Quarter 2009 Results," May 21, 2009.

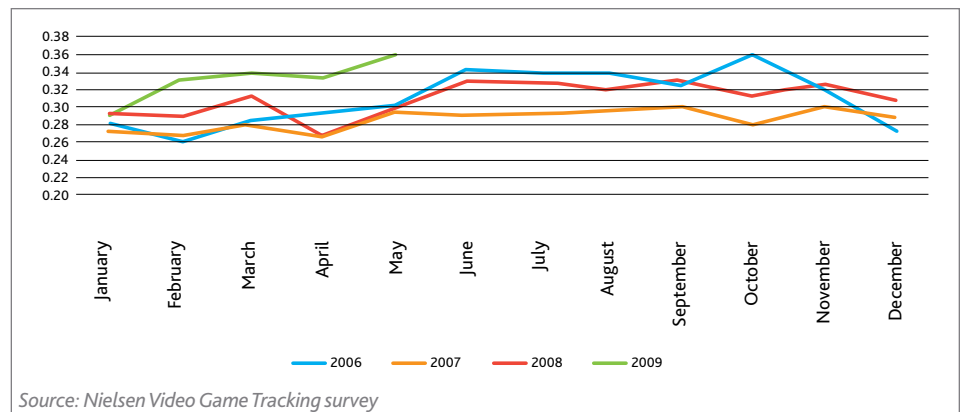
^{iv} Source: Gamasutra, "Best Buy Steps into Used Games Arena with Kiosks," June 23, 2009.

Figure 5: Games Purchased—Used vs. Total

	Average Number of Games Purchased Used in Past 6 Months	Total Average Number of Games Purchased in Past 6 Months	Games Purchased Used Ratio
January 2009	3.01	10.35	0.29
February 2009	3.50	10.56	0.33
March 2009	3.58	10.64	0.34
April 2009	3.52	10.63	0.33
May 2009	3.51	9.75	0.36

Source: Nielsen Video Game Tracking survey

Figure 6: Games Purchased—Used Ratio



Source: Nielsen Video Game Tracking survey

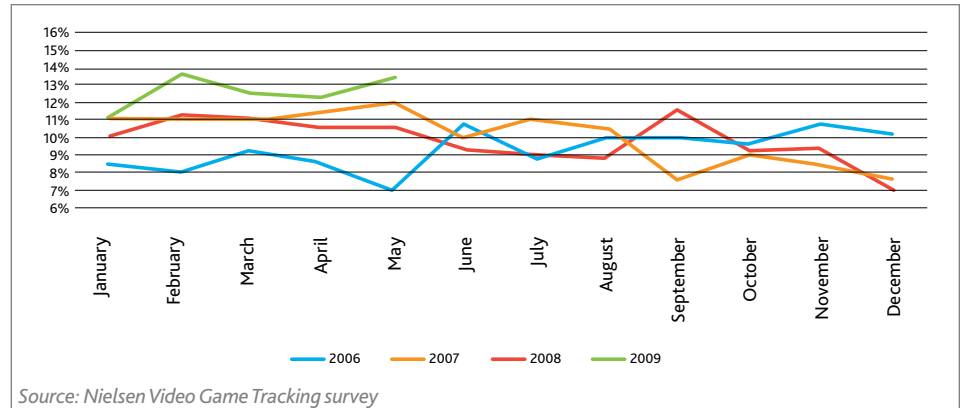


Much like buying used games, the choice to subscribe to a game rental service by mail is a plausible substitute for purchasing new titles. On this metric, the share of gamers claiming to subscribe to a video game rental service has risen slightly of late. This is an indication that some substitution may be occurring.

Specific in-market data was unavailable, but two of the biggest players in the game rental business, Blockbuster and GameFly, seem to be betting that this market has room to grow. Blockbuster announced in February that it was adding games to its Total Access mail subscription service and is set to launch a pilot of the program this summer.^v For its part, GameFly announced in March that it would begin placing game rental kiosks on college campuses.^{vi}

Lastly, it is possible to examine key awareness and purchase interest metrics to see how engaged gamers are with current titles. This is an indirect way of gauging how the recession might be affecting their gaming habits. We found that average definite purchase interest and purchase urgency have not varied substantially during the first four months of 2009 compared to historical data. Interestingly though, aided awareness of new titles in 2009 has been below the averages for 2008. This is likely attributable to the dearth of blockbuster titles released this year versus last year.

Figure 7: Average Subscription Rate for Video Game Rental Services by Mail

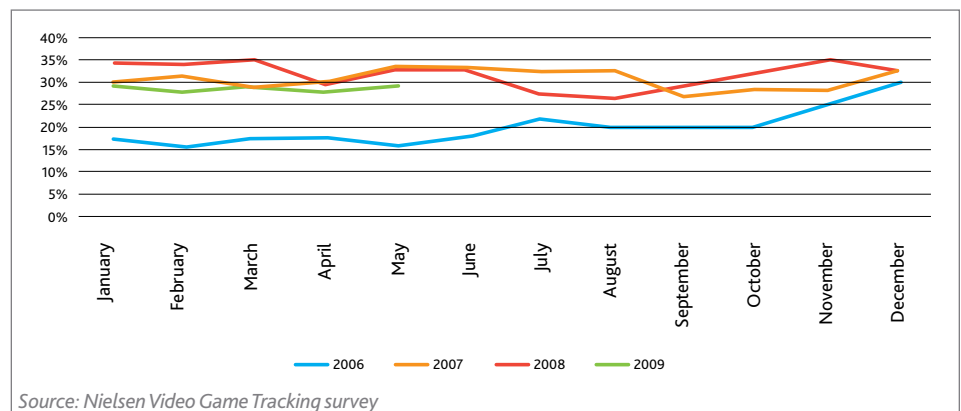


As many have noted, the spring of 2008 was favorable to the industry, with the releases of *Super Smash Bros. Brawl*, *Grand Theft Auto IV*, *Mario Kart Wii*, *Wii Fit* and *Gran Turismo 5: Prologue*. Additionally, strong holdover titles like *Call of Duty 4: Modern Warfare* and *Guitar Hero III* were still selling well. This spring featured the releases of *Resident Evil 5*, *Halo Wars* and *Street Fighter IV*, which sold well but had a hard time competing with last spring's slate. It is plausible that this lack of blockbuster titles is driving changes in awareness, but it appears this has not lessened interest in purchasing in general

within the category. Further, the uptick in used game purchases relative to last year may be related to this lower awareness of new titles.

Taken together, these findings on gameplay and game acquisition show that gamers have become increasingly value conscious in spending more time playing, selecting to buy more used games and adopting game rental subscriptions in slightly greater numbers. They remain committed to the category, but it has been difficult for awareness to match 2008 levels given the unfavorable blockbuster title comparisons.

Figure 8: Average Aided Awareness of Recent Titles



^v Source: Forbes.com, "Can Games Save Blockbuster?" June 5, 2009.

^{vi} Source: paidContent.org, "GameFly Deploys First Game-Rental Kiosks," March 6, 2009.

Gamers and Entertainment Habits

Much of the recent attention on gaming has focused on how consumers are engaging with it in the face of other entertainment choices like buying DVDs and going to the movies. The Video Game Tracking survey began asking gamers about their DVD purchase and movie-going habits in 2007. The timeframes for purchase and attendance (past 6 months vs. 2 months and 12 months, respectively) do not align perfectly, but the year-over-year comparisons are illustrative of changes in share of entertainment spending for gamers. After some declines in DVD purchasing and movie-going in 2008, gamers have increased both activities slightly in 2009, though gaming is getting an increasing percentage of their attention, as the tables at right detail.



Figure 9: DVD Purchasing and Movie-Going—% Change from 2008 to 2009

	Average Number of DVDs Purchased in Past 6 Months	Average Number of Movies Seen in Past 2 Months	Average Number of Movies Seen in Past 12 Months
January 2009	0%	-3%	-1%
February 2009	-5%	1%	3%
March 2009	6%	5%	4%
April 2009	1%	6%	3%
May 2009	3%	-3%	6%

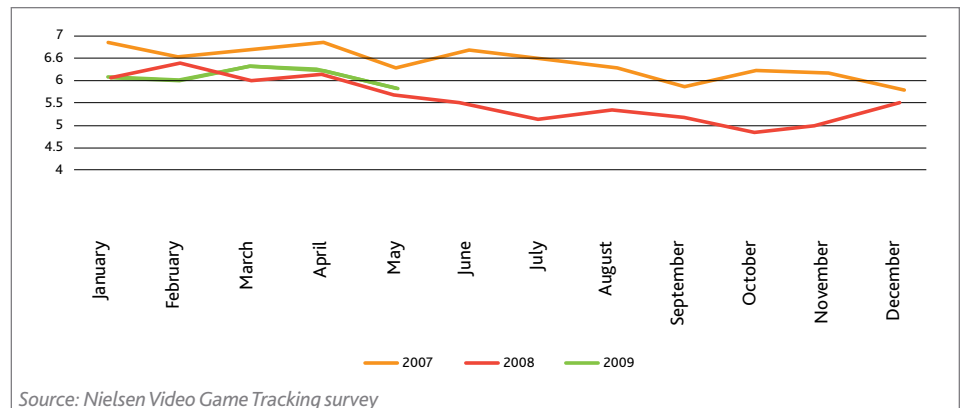
Source: Nielsen Video Game Tracking survey

Figure 10: Gameplay and Purchasing—% Change from 2008 to 2009

	Average Number of Total Games Purchased in Past 6 Months	Average Number of Used Games Purchased in Past 6 Months	Average Number of Hours Played per Week
January 2009	18%	17%	13%
February 2009	8%	24%	6%
March 2009	18%	29%	8%
April 2009	16%	43%	8%
May 2009	17%	42%	4%

Source: Nielsen Video Game Tracking survey

Figure 11: Average Number of DVDs Purchased in Past 6 Months



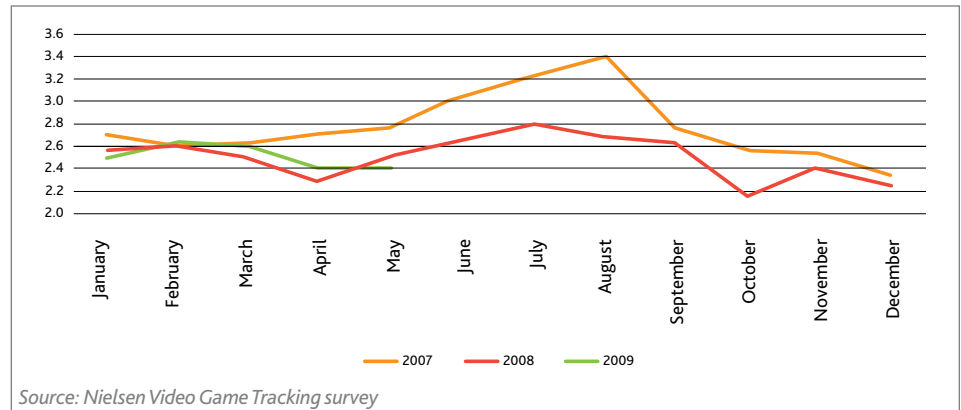
Source: Nielsen Video Game Tracking survey

This survey is among gamers only, but some of these findings can be explained by larger trends among consumers in general. DVD sales in units were flat for the first half of 2008 and declined by double digits in the second half of the year as the recession deepened, according to Nielsen VideoScan.^{vii} This may account for some of the declines in claimed DVD purchases among gamers. Interestingly, gamers appear to be over-indexing in DVD purchases through the first few months of 2009. They have bought the same amount to slightly more DVDs than last year while overall sales in units have been down by single digits compared to 2008.

By contrast, gamers appear to be seeing more movies at the theatre than last year but are under-indexing slightly in movie-going compared to consumers at large. The box office has been sizzling this year to

vii Nielsen VideoScan collects DVD point of sale data from retailers. The dollar figures come from these retail channels: Discount Mass, Drug & Grocery.

Figure 12: Average Number of Movies Seen in Past 2 Months



the tune of a 7% increase in sales from the beginning of January through the end of May according to Nielsen EDI.^{viii} The gains were even more impressive through certain months, including a 19% increase year-over-year from mid-March through the end of April. Movie-going among gamers

viii Nielsen EDI collects movie ticket sales data from theatre owners.

picked up slightly through the spring, so it will be interesting to see the impact of summer blockbusters over the next several months. Looking across DVD purchase, movie-going and gaming behavior, gamers appear to be doubling down on entertainment closer to home (gaming and DVDs) more so than consumers at large.

Potential Drivers for Playing and Buying Preferences

Moving back to the initial questions on play and purchase versus last year, which types of gamers and what within the gaming environment are driving the recent preferences?

Liking the Platform Better

Among all consumers who claimed to be playing more or plan to play more, 36% cited liking the system they were playing on more than last year. This provides a directional indicator in terms of comparative platform satisfaction. Looking at specific consoles, Wii (44%) and DS or DSi (41%) owners led the pack in citing the platform as the reason they were playing more. In terms of gender, males age 25–34 (47%) and females 35 or older (51%) over-indexed the most. These findings given that 45% of Wii gamers surveyed are female, whereas women made up 39% of the overall sample. The growing penetration of these platforms and the expanding

demographic profile of gamers are related trends, which is evident in these findings.

Liking the Games Better

Interestingly, 34% of gamers who claimed to be playing more or plan to play more cited liking the games better this year than last year. In terms of console owners, PS3 gamers over-indexed the highest, with 41% citing this reason. This is unsurprising given that there are substantially more PS3 titles for platform owners to buy (and like) than at this point last year. In addition, moderate (4 to 9 hours played per week) and heavier gamers (10+ hours per week) skewed toward this reason, with 36% and 37% citing it, respectively. By contrast, only 26% of light gamers (1 to 3 hours per week) used this as an explanation. More males (36%)



than females (30%) cited this, and within males, those who are 18 to 24 (46%) over-indexed the most.

These skews are interesting given that it comes despite the lack of blockbuster titles this year. It perhaps indicates that heavier gamers remain committed to the category, regardless of how many big titles are released. These gamers are more likely to be male and younger, so the skews are intertwined.

Cutting Back

Those gamers who are playing less (17%) and spending less on games (27%), overwhelmingly cited cutting back on gaming ("I am choosing this kind of entertainment less this year") as the biggest reason they had reduced their gaming. This answer was chosen by 44% of those who are playing less and 27% of those who are buying less. Drilling down on specific demographics, those who

are cutting back skew older, with 53% of those 35+ citing this as the reason they are playing less.

Profiles of Gamers

Using gamers' responses to questions about claimed playing and buying versus last year, we were able to create rough profiles based on gaming behavior and demographics compared to the total sample. Gamers who say they are playing and buying more or plan to do more of both comprise 27% of the sample and are heavy technology owners and entertainment consumers, over-indexing on Xbox 360 games and DVDs purchased. They skew toward both ends of the age spectrum and interestingly, under-index on earning more than \$100,000 a year.^{ix}

^{ix} The Video Game Tracking survey asks about income only for respondents who are 13 or older.

Those who claim to be playing and buying less or plan to do less of both comprise 12% of the sample. By contrast, they are more likely to be Asian, age 18 to 24 and female. They over-index on claimed used PS3 games purchased and under index on Wii ownership and Xbox 360 game purchases. Interestingly, they say they have not chosen to "cut the cord" on Cable TV, but under-index in movie-going and video game rental subscriptions.

Last, we analyzed the intriguing consumers who say they are buying less or planning to buy less but playing more or planning to play more, perhaps to get more value out of the games they own. These gamers comprise 4% of the sample. They are fans of titles in the Life Simulation genre and over-index in claimed DS games purchased. They are more likely to be female, age 35 or over and earn less

than \$29,999 per year. Interestingly, they over-index on DVD player ownership in a saturated market but are less likely to say they have a Cable TV subscription or go to the movies.



Figure 13:

Playing and Buying More

Characteristic	Index Value
Total Xbox 360 Games Purchased	139
Traditional Sports Gamer	129
DVDs Purchased	128
Age 7 to 12	127
Xbox Live Subscriber	121
Parent of Child Under 18	116
DS or DSi Owner	113
African American	113
Male	107
Earn \$100,000 or More	73

Playing and Buying Less

Characteristic	Index Value
Asian or Pacific Islander	140
Age 18 to 24	129
Female	121
Strategy Gamer	111
Used PS3 Games Purchased	109
Cable TV Subscriber	100
Wii Owner	83
Movies Seen in Past 12 Mos.	76
Total Xbox 360 Games Purchased	53
Video Game Rental Subscriber	33

Playing More and Buying Less

Characteristic	Index Value
Life Simulation Gamer	144
Total DS or DSi Games Purchased	141
Female	131
Earn less than \$29,999	128
Age 35+	125
Four or more person HH	111
White or Caucasian	108
DVD Player Owner	107
Cable TV Subscriber	74
Movies Seen in Past 2 Mos.	62

Source: Nielsen Video Game Tracking survey



Summary

The current recession has prompted many in the video game industry to ask how gamers have responded. This analysis indicates that over the past several months, gamers claim to have been playing more and buying more used games year-over-year. This is in keeping with historical trends in claimed gameplay and additional in-market data on play and game sales. The economy aside, the lack of blockbuster title releases appears to have had an effect on awareness as well. Gamers' discretionary spending is under pressure—as with all consumers—and they have been responding by allocating their entertainment dollars closer to home with gaming at the forefront.

Gamers have become increasingly diverse demographically and in terms of gaming preferences as new consoles and genres have redefined the industry. It is a testament to the industry's strength that diverse segments are increasing their engagement with gaming during a recession. But as the profiles indicate, marketers and publishers will need to be mindful of potential divergences in how gamers respond to the recession moving forward.



The Nielsen Video Game Tracking survey

The Nielsen Video Game Tracking survey provides a weekly snapshot of key consumer metrics, such as awareness and purchase interest, from a diverse panel of gamers in historical and competitive context. Titles for all consoles, handhelds and the PC are tracked at windows throughout the release cycle and can be compared to demographic, platform, genre and ESRB-rating norms drawn from over 1300 titles dating back to July 2005.

The Nielsen Company

The Nielsen Company is a global information and media company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence, mobile measurement, trade shows and business publications (*Billboard*, *The Hollywood Reporter*, *Adweek*). The privately held company is active in more than 100 countries, with headquarters in New York, USA.

For more information about the Video Game Tracking survey or other Nielsen Games capabilities, contact Mike Flamberg (michael.flamberg@nielsen.com)

Follow us on Twitter: @NielsenGames

For more information about The Nielsen Company, please visit www.nielsen.com