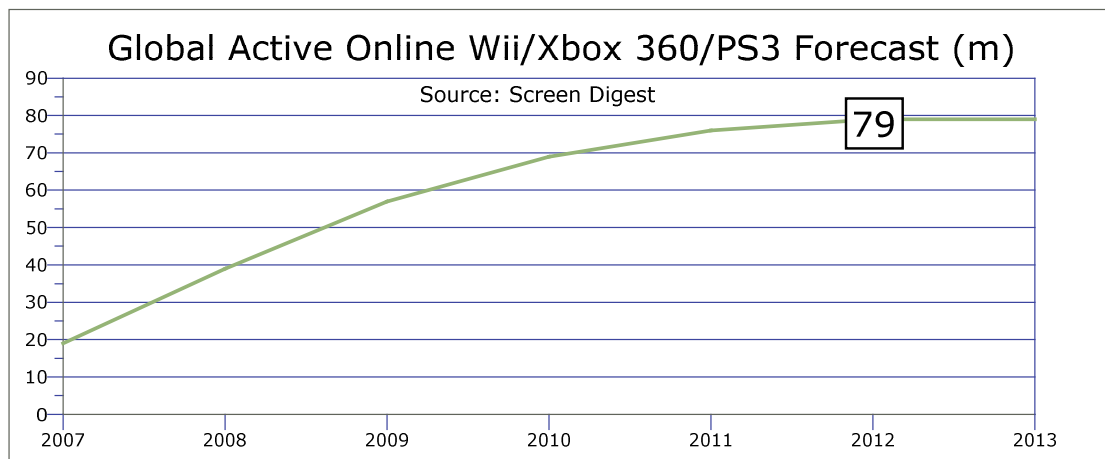




Online console market: users are logged-on but their full potential will go untapped this generation

London 13th August 2009: New research from media analysts Screen Digest (www.screendigest.com) reveals that global active online TV consoles will reach a healthy 79 million devices by the end of 2012, offering publishers and developers a substantial addressable online market to tap into before the end of this generation of consoles. Although online console gamers will become increasingly active in downloading games content, Screen Digest forecasts that these users will only spend an annual \$1.2bn in full game downloads by 2013, an important but still limited 11% share of the total current generation console game opportunity, a market still dominated by packaged media.



While online console revenues will also be generated through add-on content, micro-transactions, advertising and service subscriptions, the relatively small scale of these revenue streams and the timescales involved in their development

indicates that it won't be until the next generation of consoles that the online console market is comprehensively commercially exploited to its full potential.

The 'transitional' generation

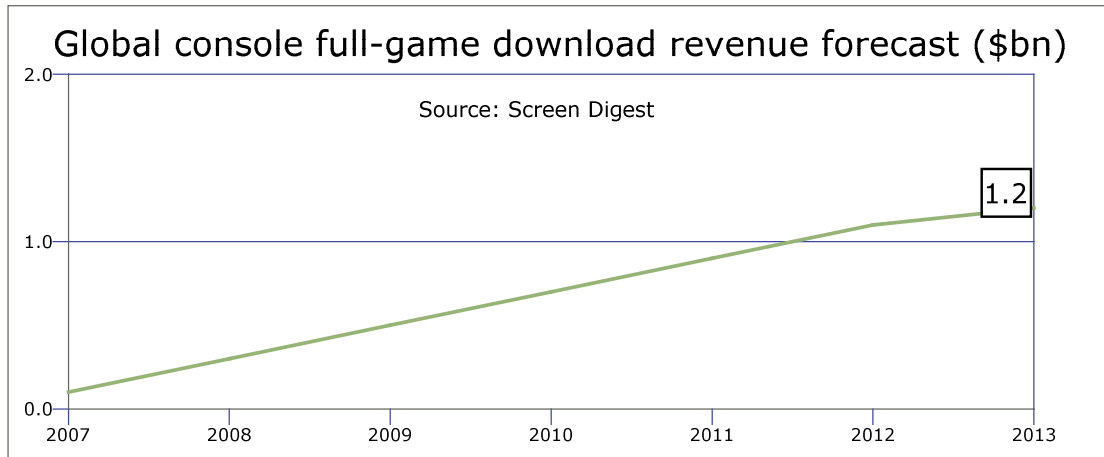
It was assumed that the current generation of consoles would provide a test bed for online adoption, content delivery and new business models, but the eager online adoption of these devices already offers the industry a formidable active user base for its content and services. Even so, the speed at which the online console market develops depends largely on key members of the traditional games value chain. For varying reasons these companies are acting as bottlenecks to the overall development of the online console market.

Manufacturers - With the introduction of online-enabled consoles they have effectively delivered an online audience to content companies. However the slow introduction of online business models and related services has delayed monetisation of this audience. With an expected peak of online active consoles arriving in 2012, manufacturers are running out of time to fully exploit this cycle of consoles.

Publishers – Console publishers, wary of their vitally important relationships with retailers and reticent to exert pressure on their return on investment targets, are taking a cautious approach to exploiting the online console opportunity. Whilst there has been a formidable increase in the volume of online content released for the platforms, these remain generally low cost and priced, under marketed and incremental to packaged sales.

Retailers - Retailers remain a dominant force in the console game supply chain. They are investing in new distribution technology and exploring new business models, but the shift to a more dominant online console market is a substantial threat to their role within the value chain. Retailers are keen to slow the

exploitation of the online console market and are exerting pressure on publishers and manufacturers to steer away from replicating packaged content online.



Piers Harding-Rolls, Senior Analyst and Head of Games at Screen Digest said: “While the online console market is growing strongly and will provide welcome revenue in later years, today’s consoles have been consigned to the important but ultimately limited online market role of ‘transitional’ devices as the industry only slowly makes its way to a more online-console oriented framework. There will be a substantial addressable online market to exploit towards the end of the cycle, but it is likely that this opportunity will remain significantly untapped and it won’t be long before the industry will be forced once again to prepare itself for the next generation of hardware.”

Ends

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About this research

The data for this press release is taken from Screen Digest's Games Intelligence Service. The latest 'online console market' update includes active online console forecasts for PS3, Xbox 360 and Wii consoles across 17 territories and regions. The update also includes a forecast of full-game download volume and value by platform across the same territories and regions. For more information on our Games Intelligence subscription service please contact Jonathan Fletcher on +44 (0)20 7424 2820 jonathan.fletcher@screendigest.com

About Screen Digest

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