

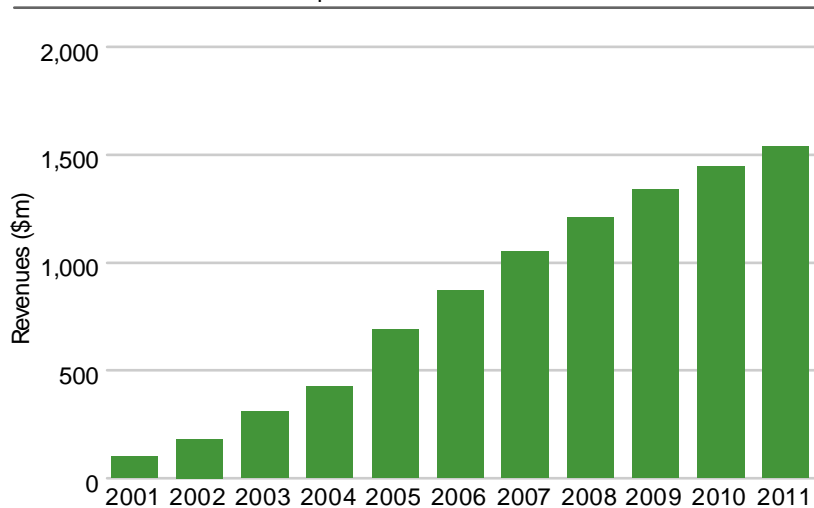


Massively Multiplayer Online Games: Outlook rosy as gamer numbers mushroom and the influence of social online games spreads

London 20 March 2007: The latest research from media analysts Screen Digest has found that the market value for MMOGs outside Asia hit \$1bn for the first time in 2006. While subscription services continue to dominate in the West accounting for 87% of the market, new business models like virtual item sales and in-game advertising have also made their mark during the year.

The report entitled *Western World MMOG Market: 2006 Review and Forecasts to 2011* examines the current commercial climate for MMOG operation, sizes the market by incumbent and emerging business models, and for the first time, provides subscription revenue forecasts to 2011 for the key country markets in both Europe and North America. In 2006, the North American subscription market was worth \$576m, while Europe was worth \$299m up dramatically from \$74m in 2004.

Western World MMOG subscription revenue forecast to 2011



Source: Screen Digest

Much of the recent explosive subscription growth in Europe can be attributed to the popularity of one game: *World of Warcraft*. Its success has been central to

transforming the European region from a niche to a mass market proposition, more in line with North America.

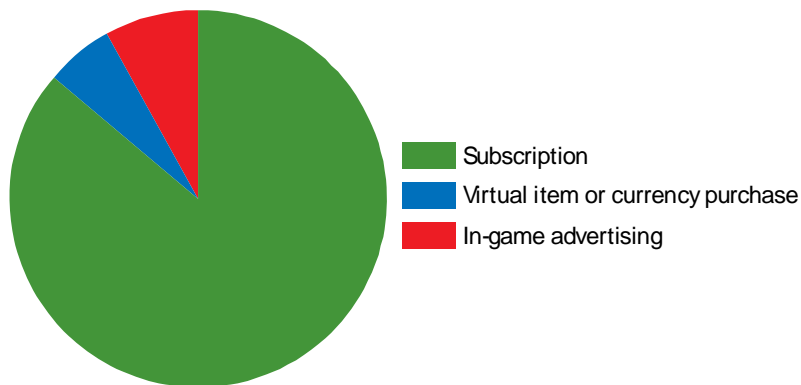
In the markets studied for this report, *World of Warcraft* is by far the most popular subscription game, accounting for 54% of the subscription market in 2006, generating revenue of \$471m. Its next nearest competitor was *Runescape* from UK developer/publisher Jagex. *Runescape*'s success illustrates how an independent, 'boutique' title can achieve a significant following and challenge the other leading AAA subscription titles.

Subscription remains dominant, but other business models start to perform

Of the three business models illustrated in the pie chart below, subscription dominates; it was worth \$875m in 2006. However, the emerging models of virtual item purchase (sale of in-game items or currency) and in- or around- game advertising are already making an impact and are expected to become increasingly important during the next few years. The growing impact of these new business models is symptomatic of the widening influence of traditional MMOGs on other online platforms and games sectors, such as social networking sites and casual online games. Both of these sectors are now broadly adopting many MMOG-like strategies and characteristics.

Piers Harding-Rolls, Games Analyst at Screen Digest, says "During the past few years the Western landscape for MMOGs has become increasingly fragmented following the introduction of new genres of game including social networking, virtual pet rearing and virtual world building titles. These new games and platforms have brought with them many new gamers and also new business models that are generating revenue that is largely incremental to the incumbent subscription business.'

2006 Western World MMOG revenue share between business models



Source: Screen Digest

How the market is set to develop

Screen Digest forecasts that by 2011 over 10 million subscription accounts will generate \$1.5bn in consumer spending on this growing sector of the online games market. Over the forecast period Europe will enjoy the strongest growth between the two Western regions.

This highlights a key trend identified through the research – namely that there is stronger potential for subscription growth in Europe than in the more established North American market due to less market saturation and stronger broadband growth.

Unique to this report, Screen Digest has also forecast the expected size of the subscription market in the big five European country markets to 2011. Over the five year period, Germany will remain the largest subscription market in Europe, followed by the UK. France will see the strongest growth in subscriber numbers averaging almost 15% annually over the term, whilst Spain and Italy will both experience subscriber growth averaging over 14% a year.

Piers Harding-Rolls says “Growth in the market will be primarily driven by increasing broadband household penetration, increasing penetration of online console platforms, and the continued introduction of more casual MMOG experiences, which are attractive to a wide number of consumers.”

Content trends analysed

Based on extensive primary research, the report also analyses content trends for commercially available titles and those games currently in development. Covering areas such as intellectual property trends, licensing trends, content origin, content type, genre and setting, this information is invaluable for those companies seeking to assess the market potential for specific content types within the sector.

Piers Harding-Rolls commented “Our analysis shows that the MMOG content pipeline differs from the current commercial climate in areas such as platform support, intellectual property licensing and content origin. MMOG developers and publishers should be aware of the implications of these trends to stay ahead of the market.”

Ends

For more information please contact:

Screen Digest company contact:
Fay Hamilton, PR Manager
Tel: +44 (0) 20 7424 2847
Fay.hamilton@screendigest.com

Media enquiries:
Lucy Green
Tel: +44 (0) 7817 698366
lgreen@gutjahrgreen.com

About this report

The data and analysis from this press release is taken from the new Screen Digest report by Piers Harding-Rolls, *Western World MMOG Market: 2006 Review and Forecasts to 2011*. It examines the current commercial climate for MMOG operation, sizes the market by incumbent and emerging business models, and for the first time, provides subscription revenue forecasts to 2011 for the key country markets in both Europe and North America. The report also analyses content trends for commercially available titles and those games currently in development. Covering areas such as intellectual property trends, licensing trends, content origin, content type, genre and setting, this information is invaluable for those companies seeking to assess the market potential for specific content types within the sector.

About Screen Digest - Global media intelligence

Screen Digest is the pre-eminent firm of industry analysts covering the global media markets. We employ a team of 30 specialist analysts covering television, broadband, mobile, home entertainment, cinema and gaming. Our online services and reports provide the information and analysis that hundreds of media companies worldwide base their decisions on.

To find out more, please contact Screen Digest sales/sales@screendigest.com
Tel: +44 (0) 20 7424 2820. www.screendigest.com