



Market for the digital distribution of games is finally set to take off

London, 19th September 2005: A new report from Screen Digest - "Digital Distribution of Games – Growth Opportunities and Forecasts to 2010" - predicts that growth in the digital distribution of video games is expected to be strong and constant from now until 2010.

Screen Digest forecasts that the Western World* digital distribution market – download and streaming – of PC games and console add-on content is likely to reach over US\$400m (€350m) by 2010. Small when compared to retail sales, but sizeable enough for publishers to take this sales channel very seriously.

Piers Harding-Rolls, author of the report, states: "Towards the end of the 1990s, when the world was gripped in Internet-based business fever, industry commentators were heralding the potential of digital distribution for games, and estimating that within a few years it would have a significant impact on the make up of the industry's supply chain. Fast forward to the mid-point of 2005 and although these predictions have yet to materialise, over the last 12 months the market has shown signs of getting into its stride, and has produced a number of noteworthy success stories in both the download and Games on Demand sectors."

The digital distribution market is made up of two key segments, digital download and streaming, also known as Games on Demand (GoD). Whereas digital download is the direct, retailer-to-consumer distribution of games via the Internet under an outright (or, occasionally, subscription) purchase model, GoD is a broadband-only service where games application data is downloaded to a user's PC on a continual basis as and when needed. Games are never downloaded in their entirety although – depending on the technology used – significant portions of the game tend to be cached (pre-loaded) on the user's PC to improve the efficiency of the application streaming process. GoD offerings are normally subscription-based.

There are a few major trends which characterise the market at the mid-point of 2005. Significantly, most available premium game content is PC-based and appeals to a narrower consumer segment than mainstream console platforms. Aside from Microsoft's premium content downloads via its Live! service - which accounted for a significant 11% of Western World core download sales in 2004 - console content downloads have yet to emerge. In addition Sony and Microsoft have already dismissed the idea of offering full premium game downloads via their next generation consoles, although add-on content on

these platforms is predicted to make a considerable impact in 2006 and onwards.

Another key trend – the lack of publisher and developer support for the sales channel with regards to content availability – has started to dissipate during the last 12-18 months. Although there remains a general reticence to compete with the retail channel, more premium and up-to-date PC titles are available via download and GoD services than ever before.

*Western World excludes all Asian countries

Editors' Notes

The data, forecasts and analysis contained in this press release are taken from a new Screen Digest report – “Digital Distribution of Games: Growth Opportunities and Forecasts to 2010.”

To find out more about this please contact sales@screendigest.com or call +44 20 7424 2820

Screen Digest is the pre-eminent source of business intelligence, research, and analysis on global audiovisual media. *Screen Digest* the journal has been published for more than 30 years and is read in over 40 countries. Screen Digest is primarily a research company and publishes a rapidly growing number of major business reports on media markets. The company also offers continuous online research services providing searchable access to a vast database of global audiovisual market research information. Screen Digest also provides single client consultancy services and has undertaken a wide variety of bespoke projects on behalf of numerous national and international organisations.

For further information on this report or to arrange interviews, please contact:

Fay Hamilton

fay.hamilton@screendigest.com

Tel: +44 20 7424 2820

www.screendigest.com

Dan Stevenson

dan.stevenson@screendigest.com

Tel: +44 20 7424 2820