US Gaming: A 360° View

February 7, 2012
Agenda

- Background & Scope
- Today’s Gaming Landscape
- Purchase Funnel
- Entertainment Hubs & Next-Gen
- Key Takeaways
Background & Scope

Gaming

- Time and money for kids, teens and adults
- Cross-console / handheld / mobile ownership and usage
- Emerging and future tech adoption / interest
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- Key Takeaways
7th Generation consoles are now in over half of homes; Android OS and iPad continue to grow at fast pace

US Household Penetration of Gaming Devices (%)
Q1 2012

- 93% PC
- 54% Other Mobile Phone
- 38% Nintendo Wii
- 28% Android OS Smartphone
- 26% Microsoft Xbox 360
- 22% iPod Touch
- 22% iPhone
- 21% Nintendo DS / DS Lite / DSi
- 20% Sony PlayStation 2
- 18% Sony PlayStation 3 / PS3 Slim
- 16% Other Tablet
- 15% iPad
- 13% Mac
- 10% PlayStation Portable
- 7% Blackberry OS Smartphone
- 6% Windows OS Smartphone
- 6% Other OS Smartphone
- 4% Nintendo 3DS

56% 7th Generation Console Owning Households (Net)
39% iPod Touch + iPhone + iPad Owning Households (Net)
Handheld / mobile / tablet gaming remains dynamic with varying pockets of competition

US Platform Playership By Age Group (%)
Q4 2011

<table>
<thead>
<tr>
<th></th>
<th>Kids 6-12</th>
<th>Teens 13-17</th>
<th>Adults 18-24</th>
<th>Adults 25-34</th>
<th>Adults 35-44</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nintendo DS / DS Lite / DSi</td>
<td>46</td>
<td>26</td>
<td>18</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>iPod Touch</td>
<td>14</td>
<td>19</td>
<td>12</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Android Phone</td>
<td>11</td>
<td>6</td>
<td>10</td>
<td>16</td>
<td>9</td>
</tr>
<tr>
<td>PlayStation Portable</td>
<td>10</td>
<td>10</td>
<td>10</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>iPhone</td>
<td>8</td>
<td>8</td>
<td>9</td>
<td>9</td>
<td>8</td>
</tr>
<tr>
<td>iPad</td>
<td>8</td>
<td>5</td>
<td>8</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Nintendo 3DS</td>
<td>3</td>
<td>3</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
</tbody>
</table>
Player growth is shifting from incremental additions to cross-platform concentration

US Platform Playership Size by Type (%): Ages 13+
Q4 2011, Q4 2010, Q4 2009

<table>
<thead>
<tr>
<th></th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Play 1+ Types</td>
<td>53%</td>
<td>58%</td>
<td>58%</td>
</tr>
<tr>
<td>Play 2+ Types</td>
<td>17%</td>
<td>22%</td>
<td>24%</td>
</tr>
<tr>
<td>Play 3 Types</td>
<td>4%</td>
<td>6%</td>
<td>6%</td>
</tr>
</tbody>
</table>
Video game time is on the rise (+7%), fueled by increases in tablet and mobile time

Q4 2011, Q4 2010

<table>
<thead>
<tr>
<th>Platform</th>
<th>Time (minutes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall Gaming Time</td>
<td>7</td>
</tr>
<tr>
<td>iPad</td>
<td>971</td>
</tr>
<tr>
<td>All Other Cell Phones (Android OS, RIM Blackberry OS, Windows Phone OS, Etc.)*</td>
<td>53</td>
</tr>
<tr>
<td>iPhone / iPod Touch</td>
<td>23</td>
</tr>
<tr>
<td>Free-to-Play Online PC Games</td>
<td>22</td>
</tr>
<tr>
<td>Microsoft Xbox 360</td>
<td>17</td>
</tr>
<tr>
<td>Purchased / Subscription PC Games</td>
<td>5</td>
</tr>
<tr>
<td>Sony PlayStation 3</td>
<td>0</td>
</tr>
<tr>
<td>Nintendo Wii</td>
<td>-22</td>
</tr>
</tbody>
</table>

* Android was included within Other Cell Phones previously
**Angry Birds and Words With Friends** are leading Android apps but have slightly different user profiles

US Title Profile: Android Players 18+
Nielsen Smartphone Analytics, Device Metering Data. September 2011

<table>
<thead>
<tr>
<th></th>
<th>Age of Player (Average)</th>
<th>Gender of Player</th>
<th>Household Income ($000)</th>
<th>Ethnicity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Angry Birds</strong></td>
<td><strong>37.4</strong></td>
<td>54% male</td>
<td><strong>$76.6</strong></td>
<td><strong>66%</strong> White, <strong>20%</strong> Hispanic, <strong>17%</strong> Black</td>
</tr>
<tr>
<td><strong>Words With Friends</strong></td>
<td><strong>34.3</strong></td>
<td>54% female</td>
<td><strong>$79.9</strong></td>
<td><strong>68%</strong> White, <strong>26%</strong> Hispanic, <strong>12%</strong> Black</td>
</tr>
</tbody>
</table>

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- Key Takeaways
Digital is increasingly important in generating awareness for gaming product launches

**US Share of Leisure Clock (%): Gamers 13+**

- **PC / Mobile Internet (Excl. Gaming)**
  - 2010: 13.1%
  - 2011: 14.3%

- **DVD / Blu-Ray, Print, Radio**
  - 2010: 11.9%
  - 2011: 10.6%

**US Share of Game Category Ad Spending: Print vs. Internet (%)**

- **2009**
  - Print: 47%
  - Internet: 53%

- **2010**
  - Print: 56%
  - Internet: 44%

- **2011**
  - Print: 66%
  - Internet: 34%

**Twitter Messages About Top Games / Consoles**

- Q4 2010: 2.9MM
- Q4 2011: 3.8MM

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Online is an increasingly important channel for game software browsing and sales

US Total Shopping Trips and Game Software Buying Trips by Outlet (% Change 2011 vs. 2010)
Nielsen HomeScan, 52 Weeks Ending 9/24/11

<table>
<thead>
<tr>
<th>Total U.S. Outlets</th>
<th>Online</th>
<th>Club</th>
<th>Toy</th>
<th>Mass</th>
<th>Game Specialty</th>
<th>Electronics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Shopping Trips to Type of Outlet</td>
<td>13</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>-1</td>
<td>-14</td>
</tr>
<tr>
<td>Game Software Buying Trips to Type of Outlet</td>
<td>-14</td>
<td>-14</td>
<td>-1</td>
<td>-16</td>
<td>-8</td>
<td>-24</td>
</tr>
</tbody>
</table>
Core consumers’ gaming spend mix is shifting but total value is unchanged

US Non-Hardware Game Spending per Month: Households Spending $1+ per Month on Gaming Excluding Hardware Q4 2011, Q4 2010

- **2010**: $32
  - +10% share pts. for Microsoft Xbox 360
  - -10% share pts. for Nintendo Wii

- **2011**: $32
  - +8% share pts. for Digital Content
  - -8% share pts. for New / Used Games, Rentals
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Kinect is pushing Xbox 360s into communal spaces

US Household Penetration of Gaming Devices (%)
Q4 2011

- Kids bedroom: Wii = 9%, PS3 = 15%, Xbox 360 = 18%, Kinect = 13%, Non-Kinect = 19%
- Living / family room (65%): Wii = 75%, PS3 = 56%, Xbox 360 = 56%, Kinect = 59%, Non-Kinect = 55%
- Master bedroom (7%)
- Den / office (2%)
- Other room (3%)
- Spare / guest bedroom (4%)
- Basement (5%)
Streaming is an increasing share of game console usage

US Share of Console Time Among Users (%): Ages 13+

Q4 2011, Q4 2010

<table>
<thead>
<tr>
<th>Activity</th>
<th>Microsoft Xbox 360 (%)</th>
<th>Sony PlayStation 3 (%)</th>
<th>Nintendo Wii (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Playing Video Games Offline</td>
<td>34</td>
<td>34</td>
<td>55</td>
</tr>
<tr>
<td>Playing Video Games Online</td>
<td>33</td>
<td>16</td>
<td>8</td>
</tr>
<tr>
<td>Watching Video-On-Demand/Streaming Services</td>
<td>14</td>
<td>15</td>
<td>33</td>
</tr>
<tr>
<td>Watching DVDs / Blu-Rays</td>
<td>9</td>
<td>22</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>Watching Downloaded Movies / TV Shows</td>
<td>5</td>
<td>5</td>
<td>Not Applicable</td>
</tr>
<tr>
<td>All Other (Listening to Music, Using the Internet, Other)</td>
<td>5</td>
<td>4</td>
<td>4</td>
</tr>
</tbody>
</table>

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Current console owners are the majority of those interested in next-gen systems

US Profile of Interested in Next-Gen Consoles: Ages 13+(%) Q4 2011

<table>
<thead>
<tr>
<th></th>
<th>Wii U</th>
<th>Next-Gen Xbox</th>
<th>Next-Gen PlayStation</th>
</tr>
</thead>
<tbody>
<tr>
<td>% Own Any 7th Gen Console</td>
<td>79</td>
<td>83</td>
<td>77</td>
</tr>
<tr>
<td>% Own Nintendo Wii</td>
<td>70</td>
<td>54</td>
<td>48</td>
</tr>
<tr>
<td>% Own Xbox 360</td>
<td>30</td>
<td>64</td>
<td>34</td>
</tr>
<tr>
<td>% Own PlayStation 3</td>
<td>23</td>
<td>24</td>
<td>50</td>
</tr>
<tr>
<td>% Own Kinect for Xbox 360</td>
<td>13</td>
<td>28</td>
<td>16</td>
</tr>
<tr>
<td>% Own PlayStation Move</td>
<td>4</td>
<td>4</td>
<td>6</td>
</tr>
<tr>
<td>Mean Age</td>
<td>35.9</td>
<td>33.3</td>
<td>32.7</td>
</tr>
<tr>
<td>% Male</td>
<td>42</td>
<td>51</td>
<td>59</td>
</tr>
<tr>
<td>% Female</td>
<td>58</td>
<td>49</td>
<td>41</td>
</tr>
<tr>
<td>% With Teens 13-17 in HH</td>
<td>32</td>
<td>38</td>
<td>33</td>
</tr>
<tr>
<td>% With Kids 12 &amp; Under in HH</td>
<td>46</td>
<td>41</td>
<td>39</td>
</tr>
<tr>
<td>Mean Family Income ($000s)</td>
<td>$52.8</td>
<td>$52.2</td>
<td>$48.7</td>
</tr>
</tbody>
</table>

Indexing vs. Total 13+

- ● 125% +
- ● 110-124%
- ● 90-109%
- ● 75-89%
- ● <75%
Agenda

Background & Scope

Today’s Gaming Landscape

Purchase Funnel

Entertainment Hubs & Next-Gen

Key Takeaways
Digital increasingly important across game value chain

What’s your strategy for the cross-platform gamer?

Consoles make living room inroads ahead of transition
Methodology

• Data for the 2011, 2010 and 2009 waves of the 360° Gaming Report was collected via consumer online surveys using Nielsen's proprietary, high-quality ePanel in the United States.

• Groups surveyed in 2011, 2010 and 2009:
  – Adults Ages 18+ ("Total Households"): 2000+ interviews among 50% Male / 50 % Female sample
  – Teens Ages 13-17: 700+ interviews among 50% Male / 50% Female sample
  – Kids Ages 6-12: 300+ interviews while paired with parent among 50% Male / 50% Female sample

• Post-survey, raw data was weighted to ensure representation of the US General Population based on US Census data for 2011, 2010 and 2009, respectively.

• Additional data sources include Nielsen Video Game Tracking, NMIncite, Nielsen HomeScan, Nielsen MonitorPlus and Nielsen Smartphone Analytics.