

## Gartner Says Spending on Gaming to Exceed \$74 Billion in 2011

### Gaming Software Spending Dominates but Online Gaming Growing Fastest Over the Next Five Years

Egham, UK, 5 July, 2011 — The gaming ecosystem is undergoing major technology and business model transitions that will last beyond 2015. Gartner, Inc. estimates that worldwide spending on the gaming ecosystem\* will exceed \$74 billion in 2011, up 10.4 per cent from 2010 spending of \$67 billion. By 2015, spending will reach \$112 billion.

Overall, Gartner estimates that the gaming software component will represent \$44.7 billion in 2011, and it will continue to dominate the overall gaming market in the next five years as it absorbs almost two-thirds of consumers' gaming budgets.

"This large market size means that many consumers embrace gaming as a core piece of their entertainment budget and will continue to play as long as game publishers deliver compelling and fun games," said Fabrizio Biscotti, research director at Gartner.

In 2011, the gaming software spending will be followed at a distance by gaming hardware and online gaming, reaching \$17.8 billion and \$11.9 billion, respectively (see Table 1).

**Table 1: Total Gaming Market Spending, 2010-2015 (Millions of Dollars)**

	2011	2013	2015
Gaming Hardware	17,797	24,621	27,354
Gaming Software	44,730	51,129	56,512
Online Gaming	11,899	21,453	28,298
Total	74,426	97,204	112,163

Source: Gartner (June 2011)

Within the gaming software market, mobile gaming will experience the largest growth opportunity with its share growing from 15 per cent in 2010 to 20 per cent in 2015.

"As the popularity of smartphones and tablets continues to expand, gaming will remain a key component in the use of these devices. Although they are never used primarily for gaming, mobile games are the most downloaded application category across most application stores," said Tuong Nguyen, principal research analyst at Gartner. "For this reason, mobile gaming will continue to thrive as more consumers expand their use of new and innovative portable connected devices."

The segment that will drive the largest revenue will come from video game consoles (hardware and software). In 2010, it generated more than two-thirds of the gaming ecosystem revenue, and Gartner predicts revenue to grow 4 per cent in 2011.

Over the next five years, gaming hardware's market share will remain constant while software spending will lose share to online-gaming spending, the fastest-growing segment. Gartner estimates consumer spending on global online gaming (subscriptions and microtransactions) will show a compound annual growth rate of 27 per cent through 2015, with consumer spending on subscription fees slightly declining while spending on virtual goods will grow exponentially.

“We find that subscription fees are giving way to ‘freemium’ models, in which the game is provided for free to gamers but is monetised through advertising (both in-game advertising and display advertising) and in-game microtransactions, such as the sale of value-added services or virtual-good purchases,” said Brian Blau, research director at Gartner. “This trend is prevailing given the rise of social gaming, in which online gaming is connected to social networking sites and social networking platforms.”

“Users have become multichannel-oriented by choice and expect vendors to continue to deliver quality content and experiences by extending their gaming possibilities across multiple platforms,” said Mr Blau. “If today's mobile technology does not evolve quickly enough, the gaming industry is set to see the rate of innovation severely decline. Alternatively, it will provide opportunities in technology and content genres that we can't foresee today.”

Additional information is available in the Gartner report "Market Trends: Gaming Ecosystem, 2011" at <http://www.gartner.com/resId=1724014>.

**Notes for editors:**

\* The gaming ecosystem includes:

- Gaming console manufacturers (e.g., Sony, Nintendo and Microsoft)
- Software for dedicated game consoles or platforms (such as PlayStation 2, PlayStation 3, Xbox 360 and Wii)
- Handheld video game consoles (such as Game Boy Advance, Nintendo DS and DSi, and Sony PSP)
- PC/notebook gaming software
- Mobile gaming, which includes using mobile phones, tablets and smartphones as a gaming platform
- Online casual and social gaming segment

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