



FOR IMMEDIATE RELEASE:

NIKO PARTNERS ESTIMATES CHINA'S ONLINE GAME MARKET TO REACH \$9.2 BILLION IN 2014

Games via Social Networking Sites and Expanding Infrastructure Extend Growth Through 2014

SAN JOSE, Calif. – March 31, 2010 – Niko Partners, the leading market intelligence firm on China's video game industry, today announced preliminary results from its upcoming Annual Review & Five-Year Forecast on China's video game industry, citing \$3.57 billion in revenue from online games in 2009. The annual review and forecast on online gaming and Chinese gamers shows strong growth by Chinese online game operators, despite a harsh regulatory environment particularly for foreign games, and a gamer base that has become increasingly discerning about game quality. Niko had forecasted 2009 revenue to reach \$3.65 billion. For 2010, the firm predicts that the online game market will reach \$4.5 billion and enjoy a healthy CAGR of 20.9% over the next five years with revenue reaching \$9.2 billion in 2014.

"While the global economic downturn hurt video game publishers in much of the world, China's online game industry reflected no pain in 2009 and gamers continued to embrace online games as the best inexpensive source of social entertainment available," said Lisa Cosmas Hanson, managing partner of Niko Partners. "While the era of online gaming is generating lots of interest and growth opportunity in the West, China is one of the countries where online gaming is a well established market segment that extends its reach to more and more Chinese consumers every year."

Niko's upcoming report will include data and analysis on all segments of China's video game industry, gamers, Internet cafés, developers and regulations. Key insights about online games and Chinese gamers in the report include:

- Chinese gamers prefer the Free-to-Play (F2P) model of online games in which online operators generate revenue via the virtual economy, rather than the time-based model in which access is provided for a fixed number of pre-paid hours.
- 63% of gamers surveyed increased their spending on online games in the past year.



- Social Networking Sites (SNS) games have gained popularity among Chinese consumers, and 88% of the gamers Niko surveyed claim to play SNS games.
- The primary reasons gamers with PCs at home go to an Internet café are to be social with their friends and to participate in gaming competitions.
- At least 65% of gamers use Internet cafés at least part of the time.
- There were 68 million online gamers in China by our definition at the end of 2009 and by 2014 the number should reach 141 million, a 15.5% CAGR.

The *2010 Annual Review & Five-Year Forecast Report on China's Video Game Industry* by Niko Partners is a thorough review and forecast of the 2009-2014 PC online, PC offline, casual games, social networking games, console, handheld games and hardware market. Based on 70,000 points of data collected by Niko Partners in 10 Chinese cities in February and March 2010, the study provides the largest and most comprehensive information published on gamers, Internet cafés, regulations, online game operators, games, hardware, distribution, retail, outsourced development, and important trends in supply and demand.

ABOUT NIKO PARTNERS

Niko Partners is the leading research firm focused on providing specialized market intelligence on China's video game industry. Founded in 2003, the firm conducts syndicated and custom research studies on Chinese gamers, online games, offline games, consoles, handhelds, regulatory issues, piracy, development, online operators, distribution, and retail. Niko Partners also offers consulting services including focus groups, partnership selection, market opportunity analysis, custom surveys in cities throughout China and customized data analysis. The goal of the research and strategic advisory services is to help understand the market, strategically enter or expand market share, and continue to profitably grow within China. The company is based in Silicon Valley and Shanghai, and its clients include worldwide leaders in game software, hardware, and services, as well as hedge funds, media companies, trade associations, and management consulting firms, all of whom have a vested interest in a thorough understanding of China's video game industry. The company launched *DFC-Niko Emerging Markets* in partnership with DFC Intelligence in February 2010 to extend its expertise and be able to cover 10 additional countries.

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