



## Table of Contents

About Niko Partners	1
Our Focus	1
Our Mission and Services	1
Our Team	1
Our Clients	1
Other Services	1
Executive Summary	6
Methodology	7
Geographical Distribution of the Survey	7
Internet Penetration Assumptions and Definition	7
Research Collection Process	8
Supplemental Statistics	8
Market Projections Methodology	10
Baseline Data Availability	11
Economic Assumptions 2010	12
China's Economic and Market Overview	15
Chinese Gamers	18
Demographics	18
Time spent and location of playing video games	20
Gamer Choice of Gaming Platforms	21
Gamer Spending	21
Gamer Home PC Ownership	23
Online Games and Operators	26
Online Game Market Snapshot	26
Online Game Market Trends	27
Casual Games	28
Networked Games	28
Webgames	29
Summary of the World of Warcraft Regulatory Problems of 2009 and 2010	29
Online Game Operators' Metrics	30
What Gamers Want	33
Popular Online Games in Early 2010	35
Social Networking Service (SNS) Games	37
Major Competitors	37
Regulatory Landscape for Social Networking Service Games	39
Prepaid Card Distribution	40
PC Offline Games and Distribution	42
Gamer Purchasing Behavior	43
Consoles and Console Games	45
Console "Alternatives"	45
Redistribution	46
Gamers and Consoles	46
Top Console Brands 2010	48
Console Accessories	50



**Table of Contents, Page 2**

Console Games	53
Handhelds and Handheld Games	55
Mobile Gaming	57
Outsourced Development Trends	60
Internet Cafés	61
Ownership Structure of an Internet Café	64
Internet Café Customers	65
PC Hardware in Internet Cafés	68
Regulations & Policy	74
Scope of the Regulatory Bodies	75
Tighter Regulations since September 2009	75
Uneven Playing Field for Chinese and Foreign Companies	76
Recently Announced Regulations	76
Future Trends and Things to Consider	78



## Table of Exhibits

Exhibit 1: Summary of China's Game Market Size and Forecast, part 1 of 2	13
Exhibit 1: Summary of China's Game Market Size and Forecast, part 2 of 2	14
Exhibit 2: Online Gamers and Online Game Revenue 2009-2014	15
Exhibit 3: Age Distribution of Adult Chinese Gamers (years of age)	19
Exhibit 4: Number of Years as a Gamer	19
Exhibit 5: Hours per Week Spent on Video Games	20
Exhibit 6: Location of Gameplay	20
Exhibit 7: Monthly Spending on Video Games	22
Exhibit 8: Preference for Item-Based or Time-Based Sales Model	22
Exhibit 9: Monthly Spending on Virtual Items	23
Exhibit 10: Rate of PC Ownership at Home = Rate of Playing on Home PC	23
Exhibit 11: Brand of Home PC	23
Exhibit 12: Age of Home PC	24
Exhibit 13: Intent for First-Time PC Purchases	24
Exhibit 14: Sample Configurations and Pricing for Chinese Home PCs	25
Exhibit 15: Chinese Home PC Models (mid & high-end) and Prices	25
Exhibit 16: Chinese Online Games Sub-Segments	27
Exhibit 17: Time Spent On Each Segment of Video Games	27
Exhibit 18: Percentage of Gamers Who Play Webgames and Networked Games	29
Exhibit 19: Selected 2009 Online Operator Game Services Revenue and Hit Titles	31
Exhibit 20: Selected 2009 APA and Q4 2009 ARPU Data with 2008 Comparisons	32
Exhibit 21: Selected ACU and PCU Data by Company	33
Exhibit 22: Most Significant Reason to Decide to Play an Online Game	33
Exhibit 23: Number of Games Actively Involved with at One Time	34
Exhibit 24: Online Game Genres Desired by Gamers (Other than RPG)	34
Exhibit 25: Top 10 MMORPGs July-December 2009	35
Exhibit 26: Top 10 Advanced Casual Games July-December 2009	35
Exhibit 27: Top 10 Casual Games July-Dec. 2009 (See SNS section for SNS games)	36
Exhibit 28: SNS Game Usage Compared with Other Online Games	37
Exhibit 29: Leading 15 SNS Game Titles (Ranking Changes Frequently)	39
Exhibit 30: Modes of Payment by Buyers of Prepaid Cards	41
Exhibit 31: Top 10 PC Offline Games H2 2009	43
Exhibit 32: Purchases of Legitimate and Pirated Packaged PC Offline Games 2009	44
Exhibit 33: Paid DDL of PC Offline Games 2009	44
Exhibit 34: Illegal Unpaid DDL of PC Offline Games 2009	44
Exhibit 35: Market Share of Sites Offering Illegal DDL of PC Offline Games	45
Exhibit 36: Ownership of Consoles by Gamers	47
Exhibit 37: Purchase Location of Game Consoles	47
Exhibit 38: Console Gamers who are Hard-Core Gamers	47
Exhibit 39: Country of Origin of Grey Market Game Consoles	48
Exhibit 40: Demand for Leading Consoles	49
Exhibit 41: Demand Drivers for Leading Consoles	49
Exhibit 42: Console Hardware Sales by Platform 2008-2014	50
Exhibit 43: What Accessories are Sold by Pirate Stores	51
Exhibit 44: Accessories Purchased for Game Consoles	51
Exhibit 45: Accessory Purchases at the Time of Console Purchase	51
Exhibit 46: Branded and Unbranded Console Accessories in Pirate Stores	52



## Table of Exhibits, Page 2

Exhibit 47: Location of Console System Accessory Purchases	52
Exhibit 48: Time of Console System Accessory Purchases	52
Exhibit 49: Number of Pirated and Gray Console Games Purchased Per Year	53
Exhibit 50: Console Games Software Sales by Platform 2008-2014	54
Exhibit 51: Handheld Ownership among Adult Gamers	55
Exhibit 52: Pirate and Legitimate Handheld Game Purchases 2009	56
Exhibit 53: Handheld Sales by Platform 2008-2014	56
Exhibit 54: Mobile Phones Owned by Chinese Gamers	57
Exhibit 55: Gamers Who Play Mobile Phone Games	58
Exhibit 56: Number of Mobile Phone Games Downloaded Per Year	58
Exhibit 57: Amount Spent on Mobile Games	59
Exhibit 58: Total Number of PCs in Cafés	62
Exhibit 59: Number of Years in Business	62
Exhibit 60: Daily Averages in Tier 1 and 2 Cafés, Based on Survey Responses	63
Exhibit 61: Internet Café Chain Membership	64
Exhibit 62: Internet Café Association Membership	65
Exhibit 63: Types of Internet Café Activities	65
Exhibit 64: Time Spent by Game Segment	66
Exhibit 65: Time Spent by Online Game Category	66
Exhibit 66: Networked Game Platform Brand Usage	66
Exhibit 67: Game Promotions Hosted Each Year	67
Exhibit 68: Gender of Gamers in Internet Cafés	67
Exhibit 69: Age of Gamers in Internet Cafés	68
Exhibit 70: Internet Café PC Brand Breakdown	68
Exhibit 71: Frequency of PC Replacement Purchases	69
Exhibit 72: Frequency of PC Upgrades	69
Exhibit 73: Planned Upgrades and Replacements in 2010	70
Exhibit 74: Influencers of PC Components Purchase Decision	70
Exhibit 75: 2010 Budget for PC Replacements	71
Exhibit 76: 2010 Budget for PC Upgrades	71
Exhibit 77: 2010 Upgrade Planning by Component	71
Exhibit 78: Internet Café CPU Brand Market Share	72
Exhibit 79: Internet Café Memory Chip Capacity Market Share	72
Exhibit 80: Number of PCs with Discrete or Integrated Graphics	73
Exhibit 81: Market Share of GPU Brands in Internet Cafés	73
Exhibit 82: GPU Memory Market Share in Internet Cafés	73