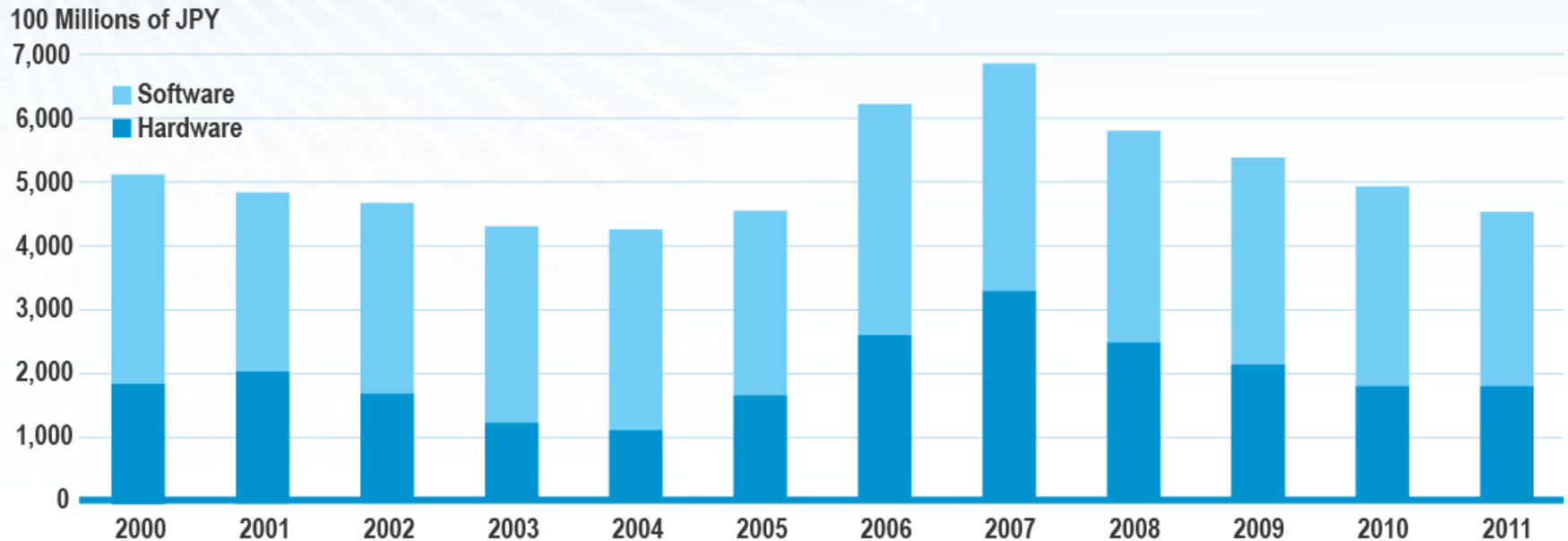


Japanese Video Gaming Trends

Past, Present & Future

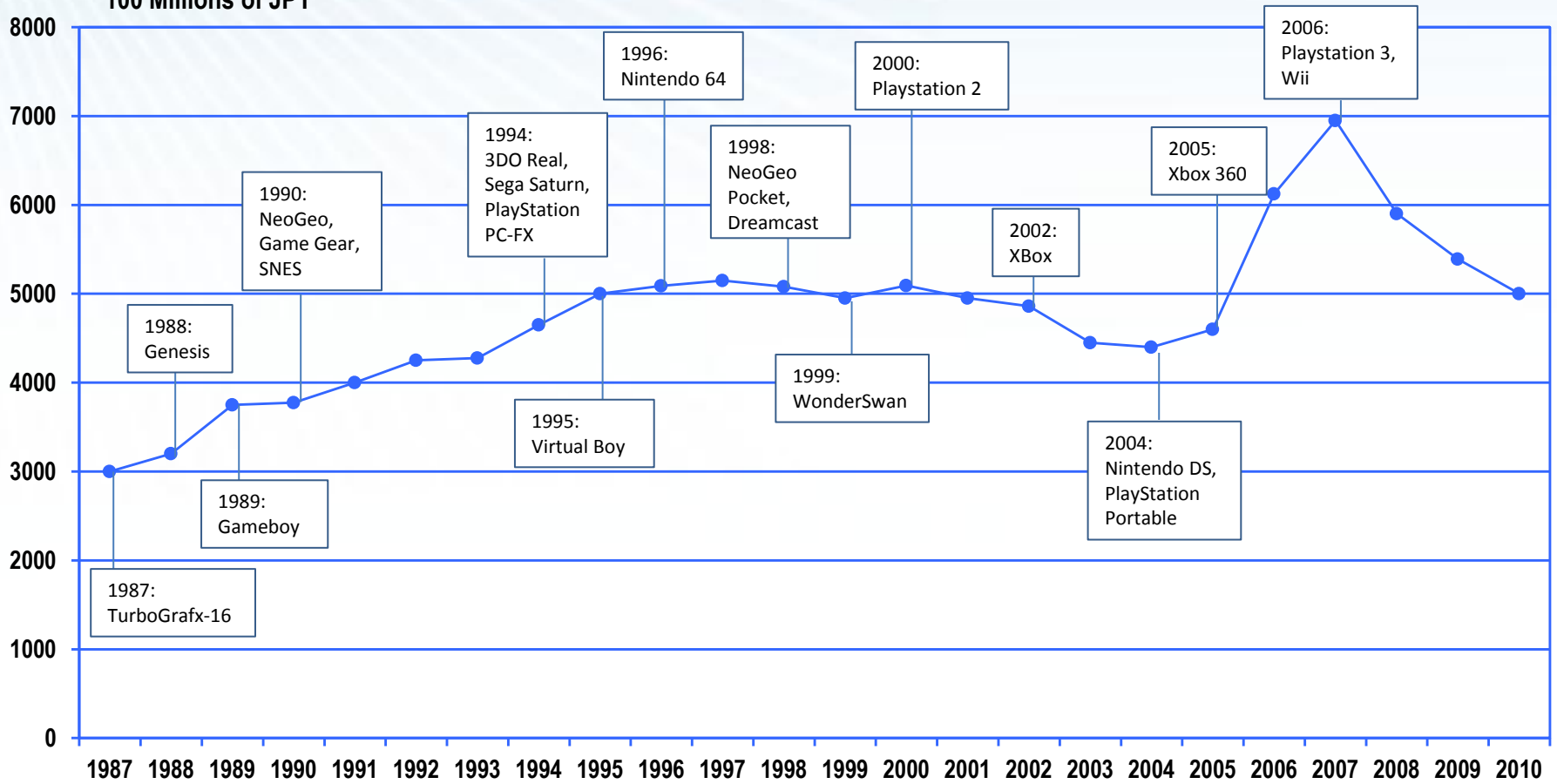


Japanese Video Game Market Size

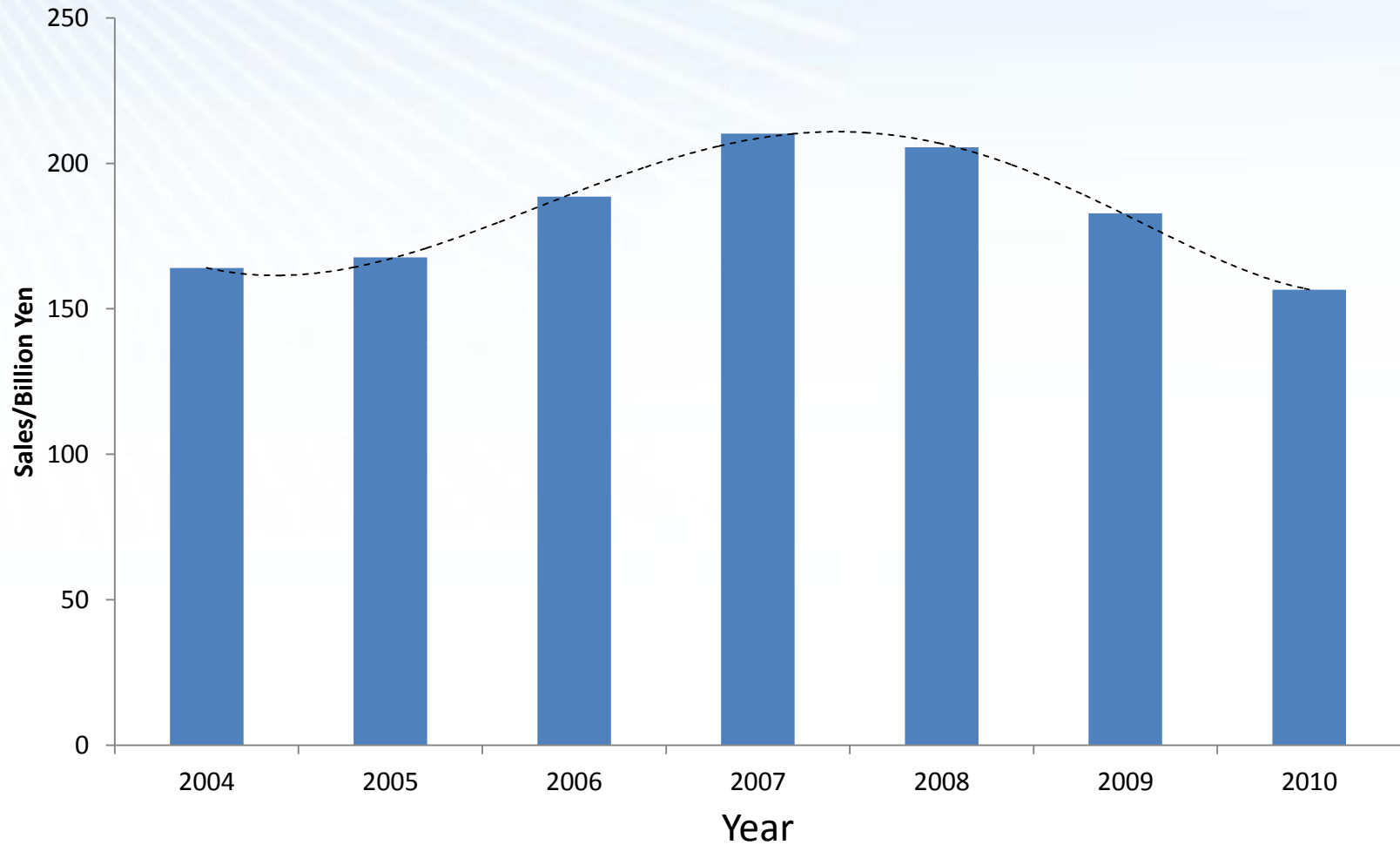


Japanese Video Gaming Timeline

Data Collected from December 29, 1986 to December 26, 2010
100 Millions of JPY



Arcade Gaming Sales in Japan



Arcade Gaming in Japan

Demographics

- Over 19,000 amusement arcades in Japan
- 3.94 arcades per 100,000 people
- Arcade games played across all age groups
- 30% of arcade video game players over 60

Arcade Gaming in Japan

Top Genres:

- Board games
- Horse Racing
- Pachinko
- Trading card games



Arcade Gaming in Japan

Major Developers/Publishers:

- Namco Bandai
- Taito
- Sega
- Capcom
- Konami



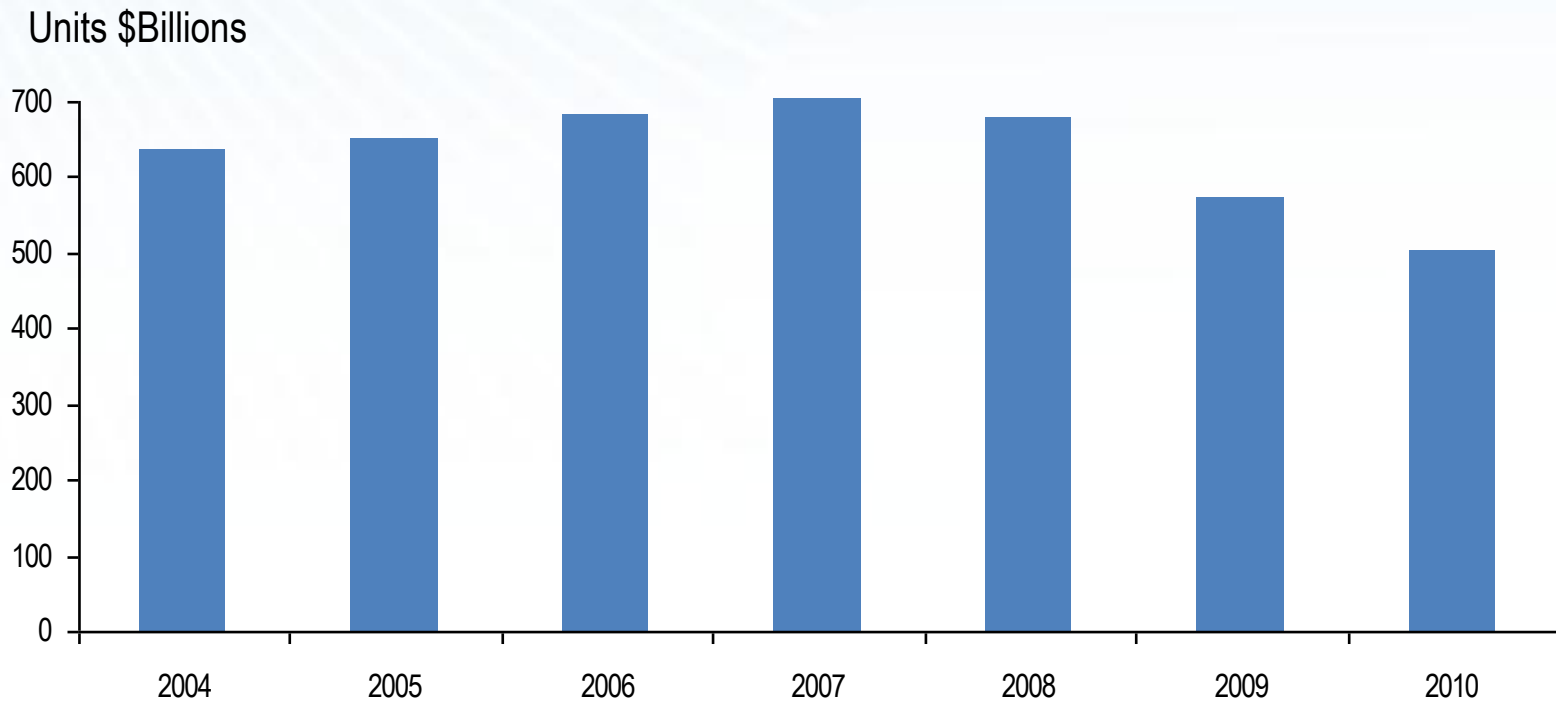
Arcade Gaming in Japan

Market Drivers



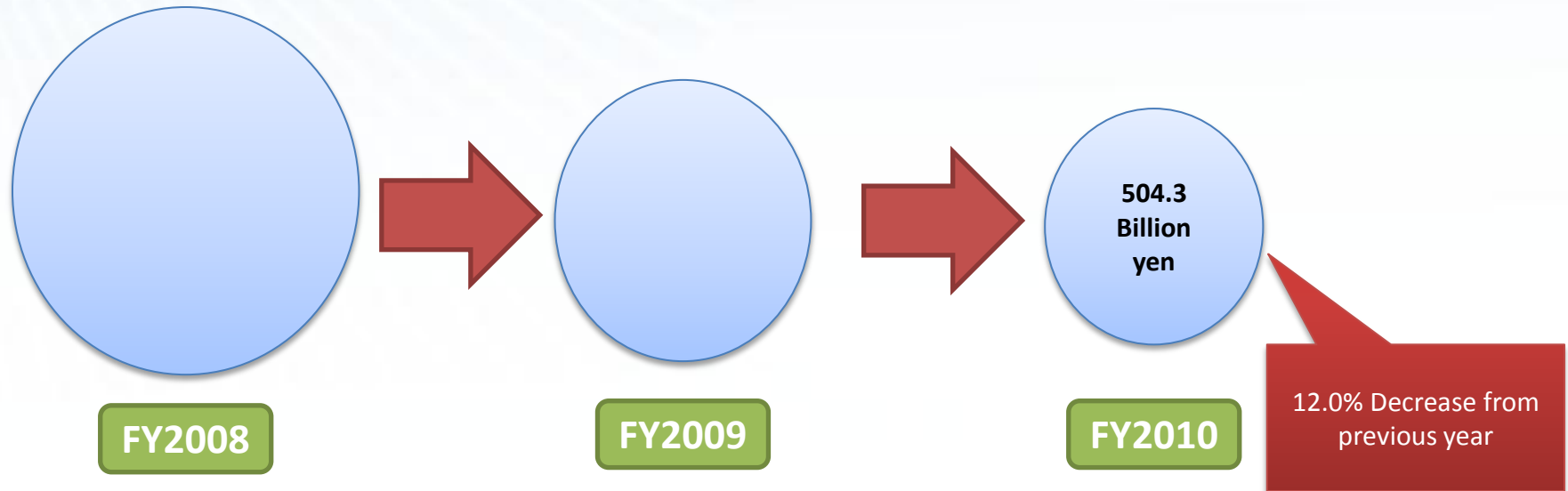
Growth in urbanization has fuelled a boom in arcade video gaming.

Arcade Facilities in Japan Market Trends and Overview



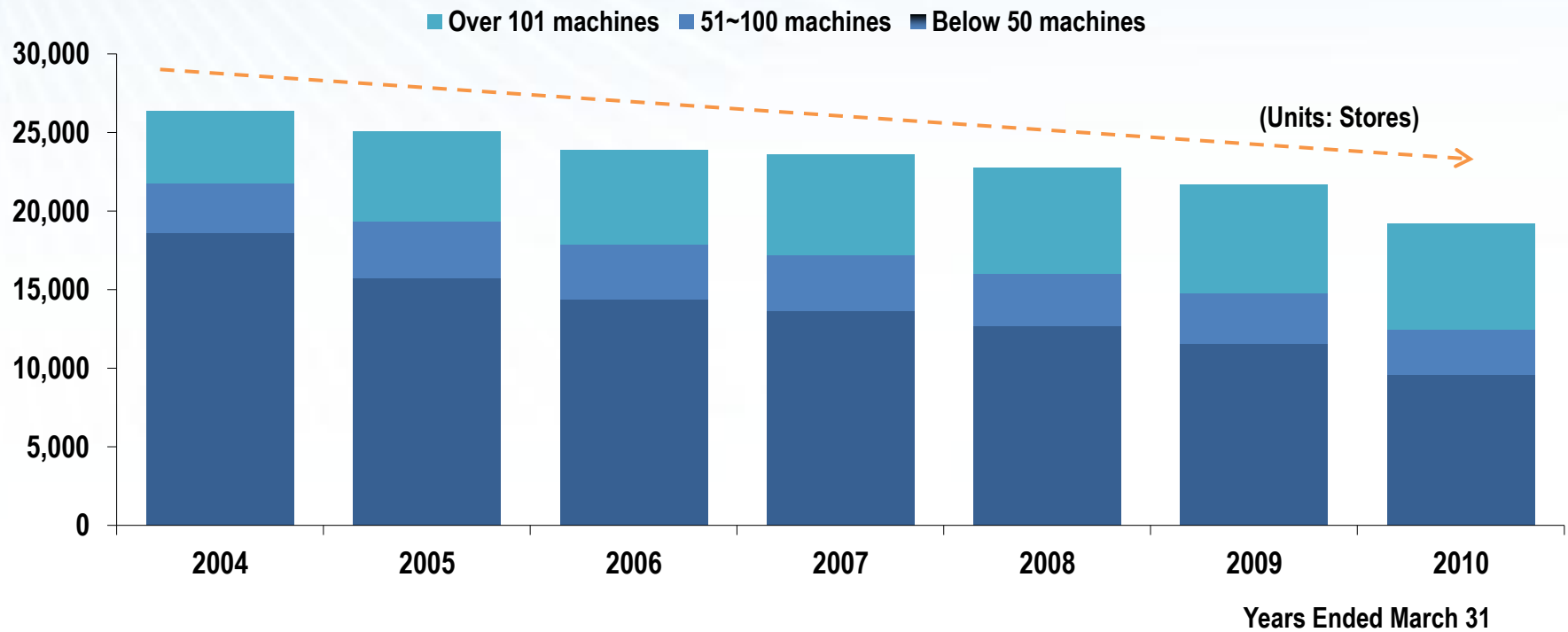
Arcade Facilities in Japan Market Trends and Overview

DOMESTIC ARCADE FACILITY MARKET



Shrank for the third straight year

Arcade Facilities in Japan Market Trends and Overview



Currently operating store fronts: **19,213**

Arcade Facilities in Japan Market Trends and Overview



Spreading fear of "Swine Flu Contamination " that gave rise to "nesting consumers" who avoided going out, resulting in fewer customers in arcades.

Arcade Facilities in Japan Market Trends and Overview

Multi-player network games grew in popularity



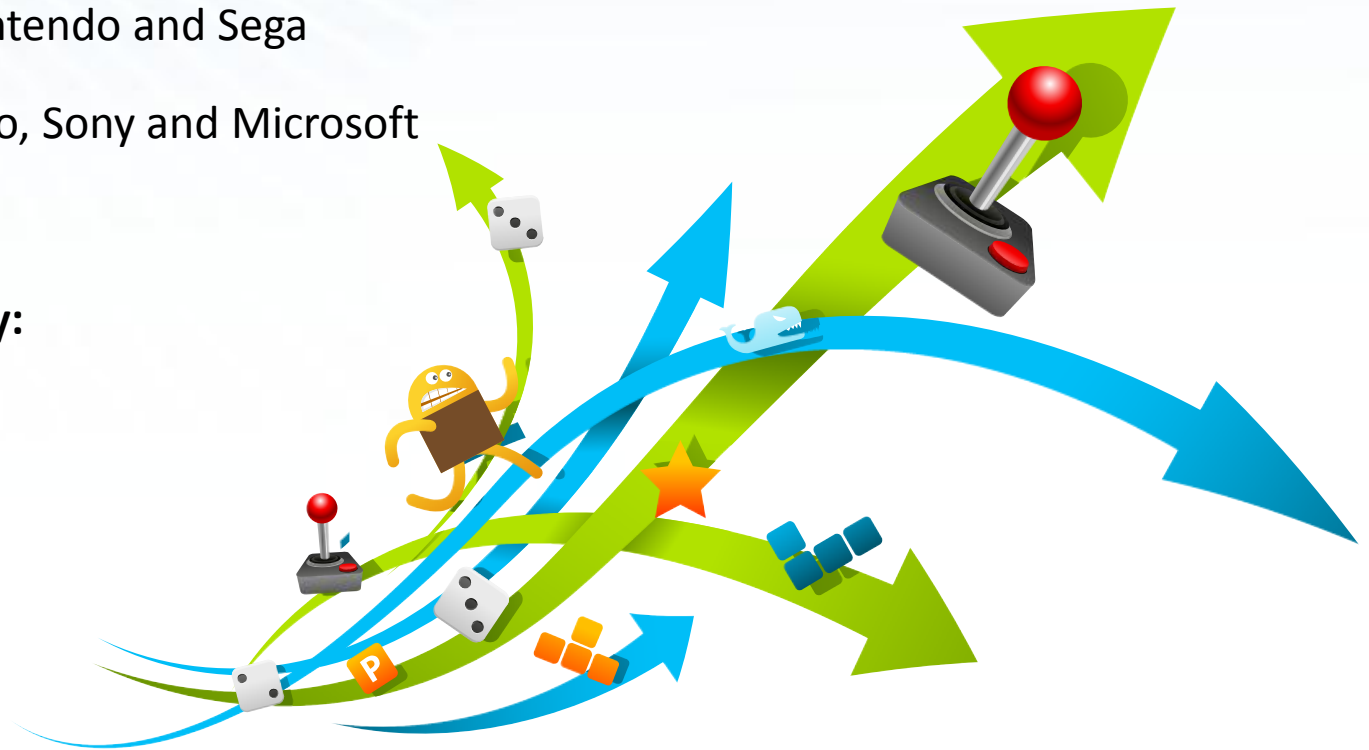
Console Gaming in Japan

Background

- 1970s: Atari started the market
- 1980s: NEC, Nintendo and Sega
- 2000s: Nintendo, Sony and Microsoft

Top Consoles Today:

- PlayStation 3
- XBOX 360
- Wii



Console Gaming in Japan

Consoles unique to Japanese market:

- PSX - hybrid of PS1, PS2 and XMB
- Panasonic Q - Hybrid of GameCube and DVD Player
- Dreamcast Divers 2000 CX1
- Nintendo Astro Boy Game Boy
- Sony Gold Gundam PlayStation 2

Console Gaming in Japan - Portable

Background

1980	Game & Watch (Nintendo)
1989	Game Boy (Nintendo), Lynx (Atari)
1990	Game Gear (Sega), PC Engine GT (NEC)
1994	Game Boy Bros. (Nintendo)
1995	Virtual Boy (Nintendo)
1996	Game Boy Pocket (Nintendo)
1998	Game Boy Light, Game Boy Color (Nintendo) Neogeo Pocket (SNK)
1999	WonderSwan (Bandai), Neogeo Pocket Color (SNK)
2000	WonderSwan Color (Bandai)
2001	Game Boy Advance (Nintendo)
2002	Swan Crystal (Bandai)
2003	Game Boy Advance SP (Nintendo)
2004	Nintendo DS (Nintendo) PSP (SCE)
2005	Nintendo DS Lite, Game Boy micro (Nintendo)
2008	PSP 3000 (SCE)
2009	PSP Go (SCE)
2011	Nintendo 3DS (Nintendo)
2012	PlayStation Vita (Nintendo)

Console Gaming in Japan - Home Console

Background

1977	TV Jack 1000, 1200, 1500, 2500, 3000 (Bandai)
1978	Visicom (Toshiba)
1979	Video Computer System (made by Atari, sold by Epoch) Supervision8000 (Bandai)
1981	Cassette vision (Epoch), Pyu-Ta (Tomy) Game Pasocom M5 (Sword / Takara) Max Machine (Commodore)
1983	Family Computer (Nintendo), SG-1000, SC-3000 (Sega) PV-1000 (Casio), Osero Maltibision (Tsukuda) TV Boy (Gakken), My Vision (Kanto Denshi / Nihon Bussan) Cassette vision Jr. (Epoch)
1984	SG-1000 II (Sega), Super Cassette vision (Epoch) RX-78 (Bandai), Pyu-Ta Mk II (Tomy)
1985	Sega Mark III (Sega)
1986	DiscSystem (Nintendo), Twin Famicom (Sharp)
1987	Master System (Sega), PC Engine (NEC)
1988	Megadrive (Sega), CD-ROM (NEC)
1990	Super Famicom (Nintendo), Neogeo (SNK)

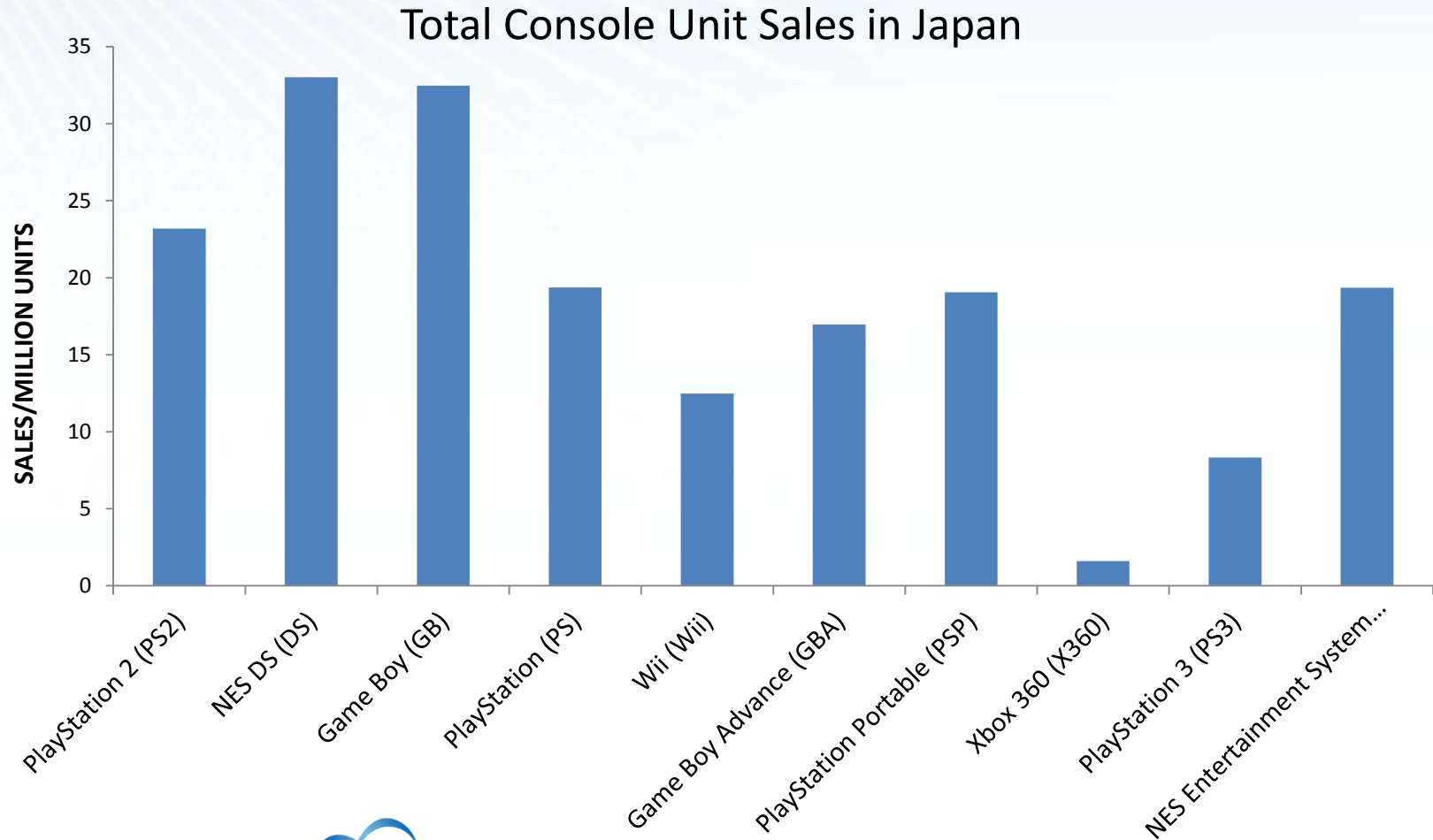
Console Gaming in Japan - Home Console

Background

1991	MegaCD (Sega), PC Engine Duo, Super CD-ROM (NEC)
1992	Wondermega (Victor)
1993	Laser Active (Pioneer)
1994	PlayStation (SCE), 3DO Real (Panasonic)
	3DO Try (Sanyo), Saturn (Sega), PC-FX (NEC)
	Playdia (Bandai), Neogeo CD (SNK)
	Super 32X (Sega)
1996	Nintendo 64 (Nintendo), PiPPiN@Atmark (Bandai)
1998	Dreamcast (Sega)
2000	PlayStation 2 (SCE), PSone (SCE)
2001	Nintendo GameCube (Nintendo)
2002	X box (Microsoft)
2003	PSX (Sony)
2005	X box 360 (Microsoft)
2006	Family Computer (Nintendo), SG-1000, SC-3000 (Sega)
2006	PS3 (Sony)

Console Gaming in Japan

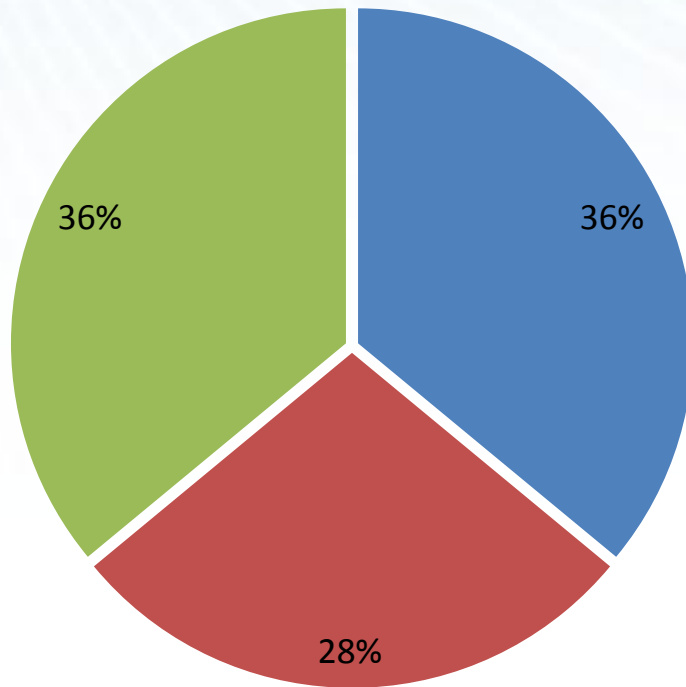
Background



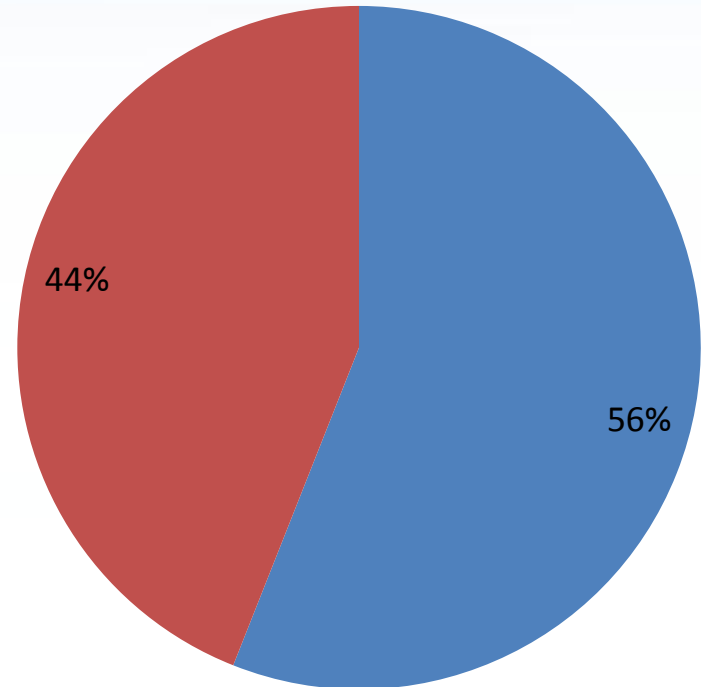
Console Gaming in Japan

Demographics

■ <18 YRS ■ 18-35 YRS ■ 36 YRS>



■ Male ■ Female



Console Gaming in Japan

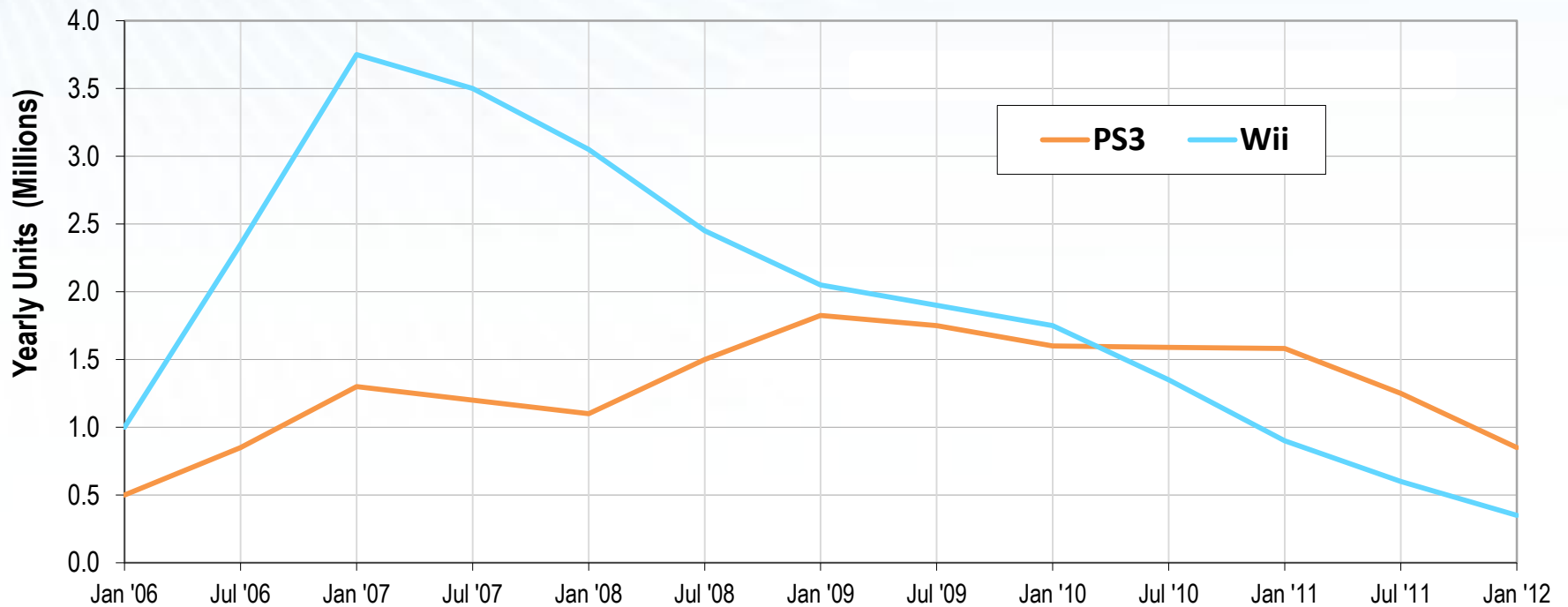
Preferences driven by culture and brand loyalty

- Sony PS3 and Nintendo Wii dominate
- Xbox 360 has smaller following
- Role playing games popular among both genders
- Portable consoles popular due to long train commutes

Console Gaming in Japan

Preferences

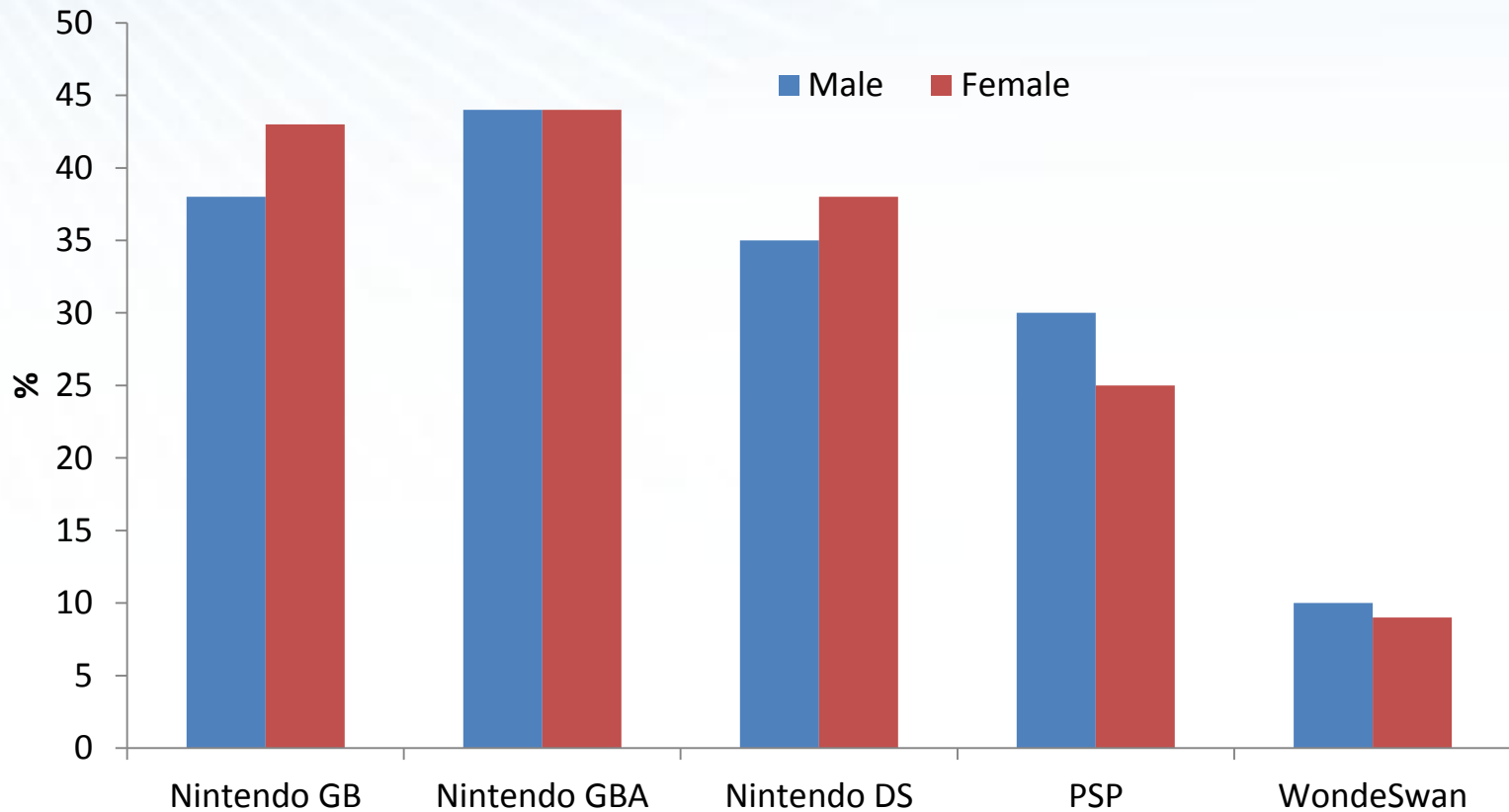
Nintendo Wii and PS3 sales in Japan 2006-2011



Console Gaming in Japan

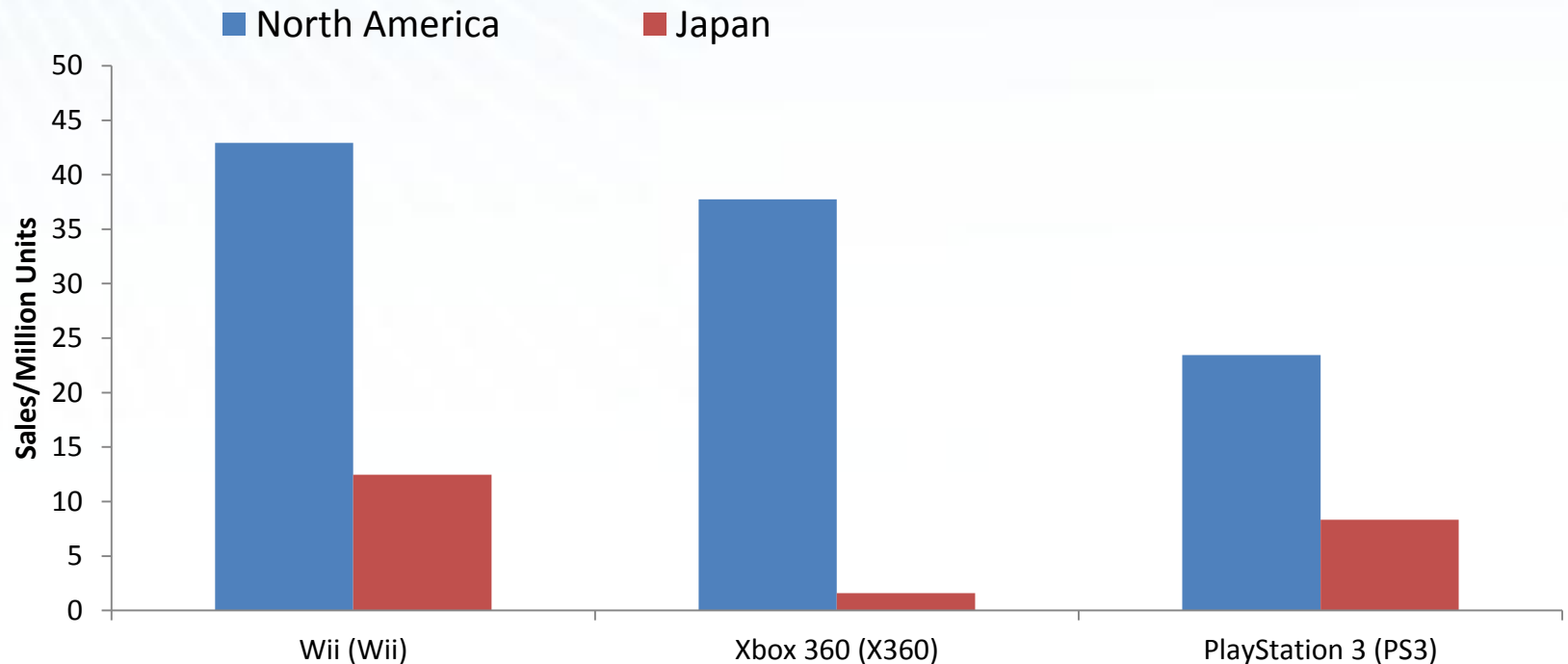
Preferences

Portable Console Ownership in Japan (2011)



Console Gaming in Japan vs. America

Preferences (Top 3 Desktop Consoles)



Console Gaming in Japan

Developers/Publishers

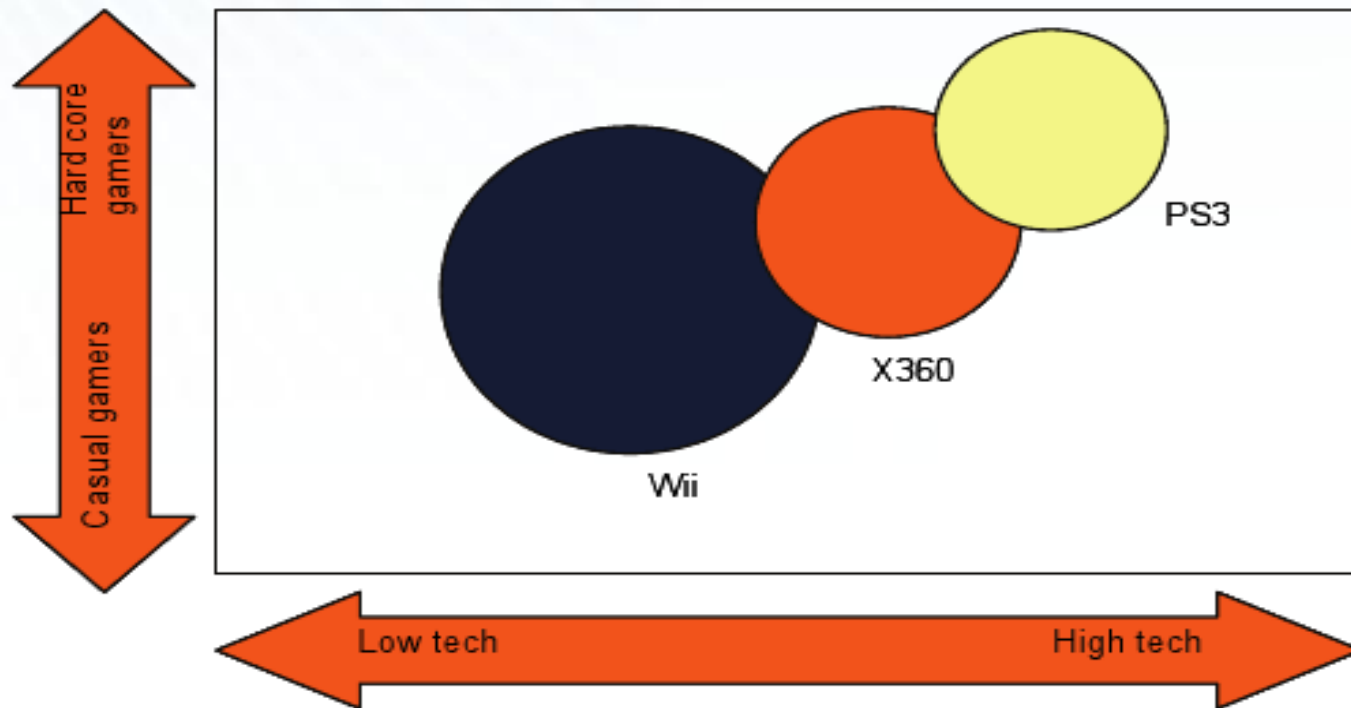
Nintendo (“Leave luck to heaven”)

- World’s largest gaming company by revenue
- Formed in 1889 and based in Kyoto
- Sales of 565m and 3.4bn hardware and software units respectively₁
- 19% market share of the Japanese video game market ₁
- Major manufacturer of home and portable consoles

Console Gaming in Japan

Nintendo-Business Model

This key strategy has enabled Nintendo to become the most profitable of the 3 major console manufacturers



PC Gaming in Japan

Background

- 1970-1995 was the golden age of PC gaming, with NEC and Toshiba developing their own microprocessor used on PCs
- Advent of windows 95 led to the decline in overall PC gaming in Japan
- PC games share of the market is constantly being eroded by the increase in social and mobile gaming
- PC gaming lags behind as the least platform of adoption in Japan
- PC gaming in Japan has seen increased growth recently
- Historically PC games are usually a variant of console games

PC Gaming in Japan

Background

- Decline since mid 1990s
- Least popular game platform today
- Further eroded by social and mobile gaming
- Role playing most popular genre

PC Gaming in Japan

Trends

- PC gaming in Japan recently growing again
- Shift from physical media to online
- Shift from solo to social
- Good opportunity for foreign titles

Key Statistics - Japanese Video Gaming Industry

2010

510 Billion Yen

2011

469.2 Billion Yen



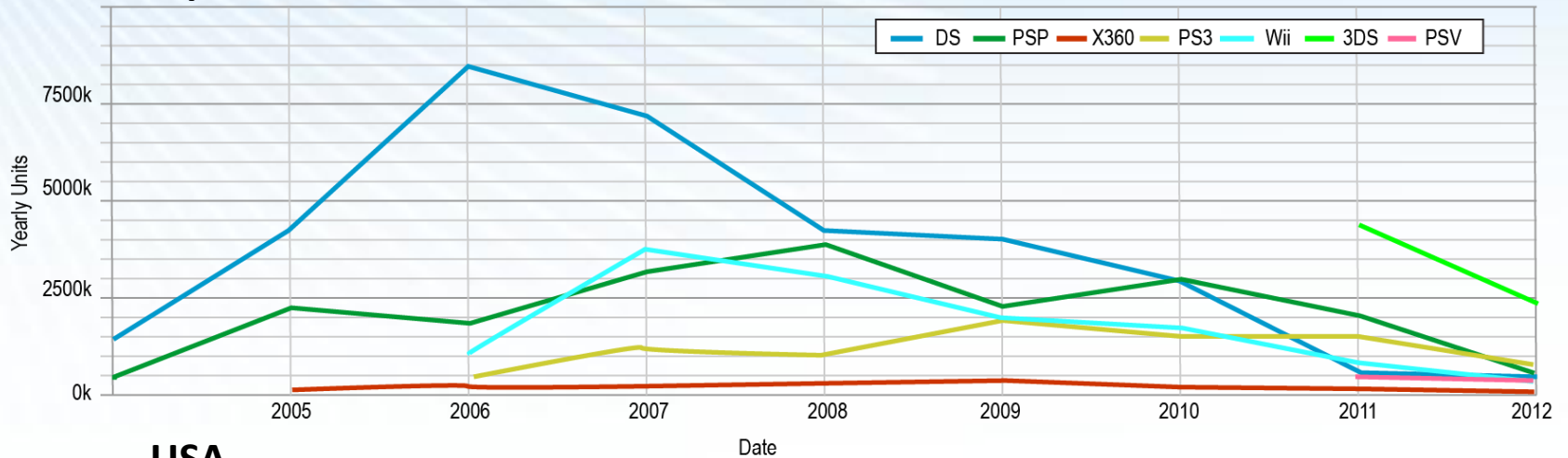
- YoY: 9 % Revenue Decreased

Primary Reasons for Negative Growth

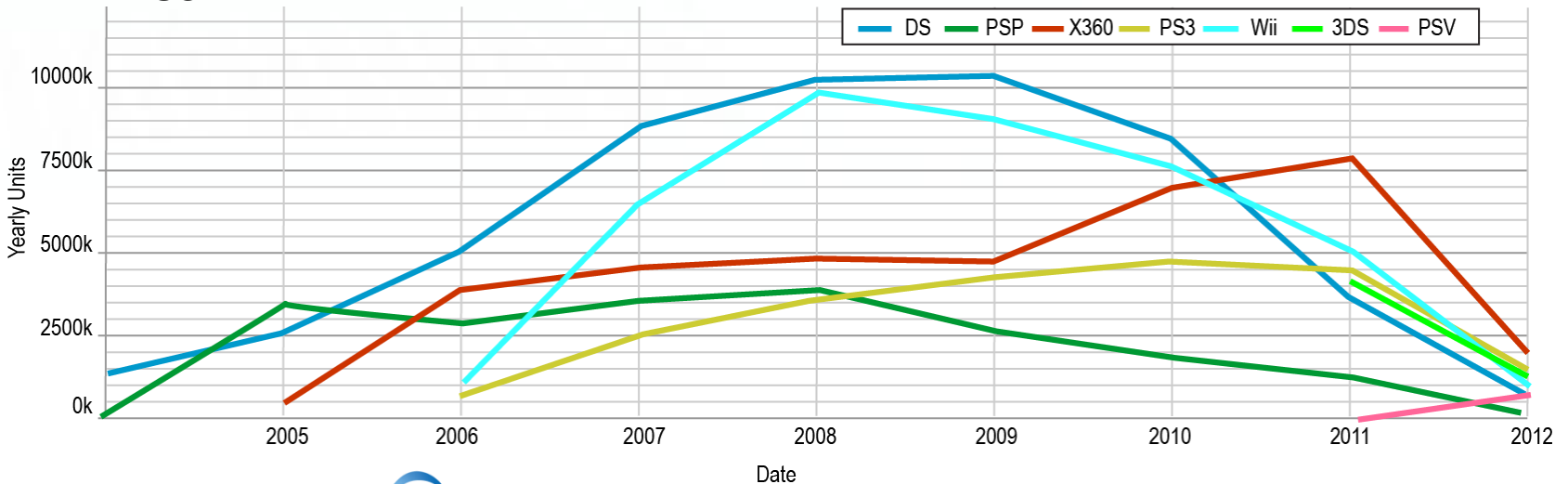


Japan vs. USA Major Console Shipments (2005-2012)

Japan

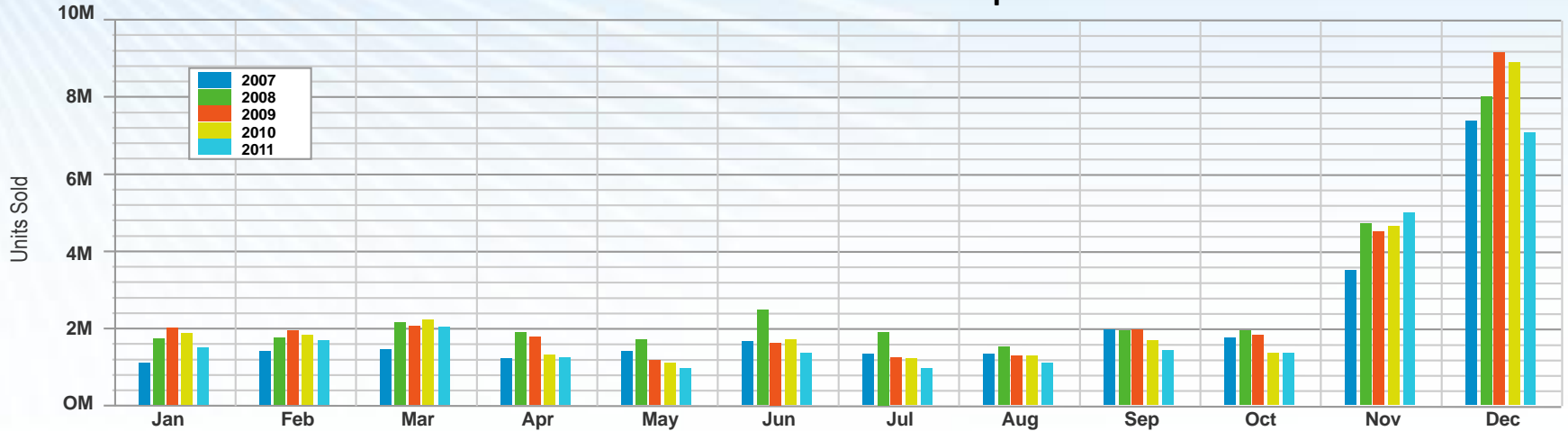


USA

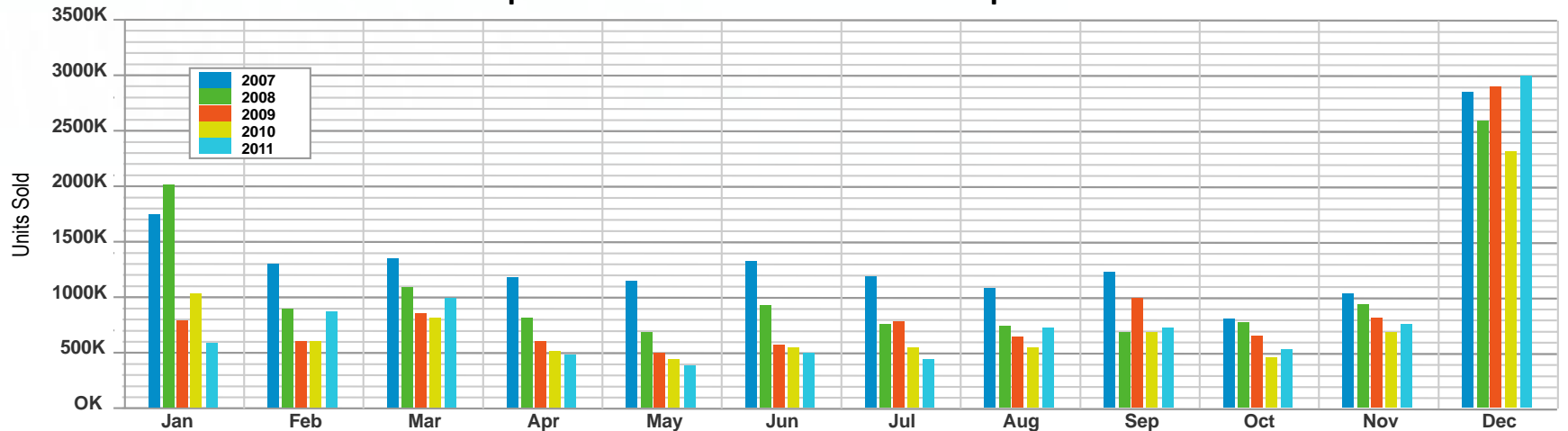


Japan vs. USA Hardware Shipments (2007-2011)

USA Hardware Year-Over-Year Comparison



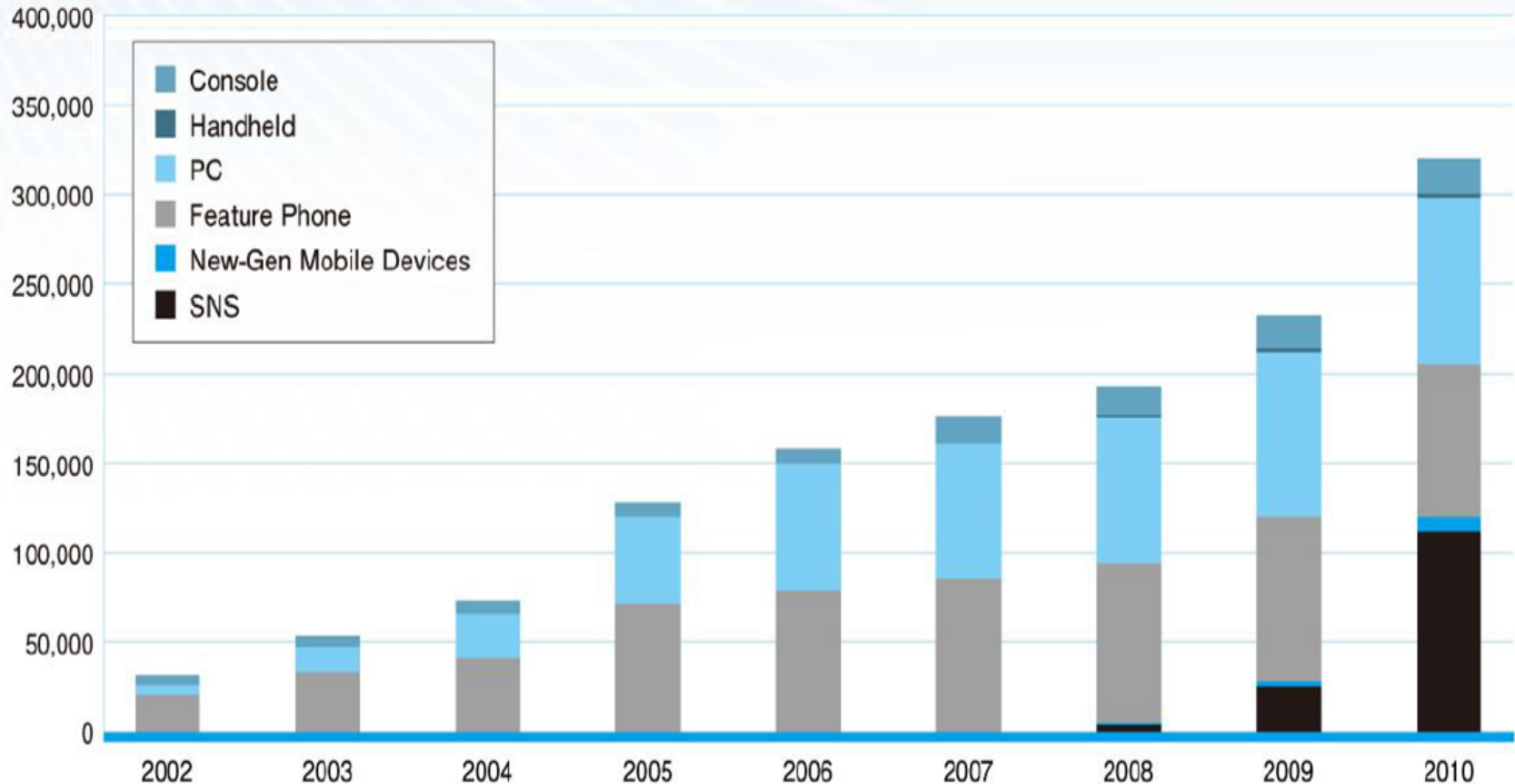
Japan Hardware Year-Over-Year Comparison



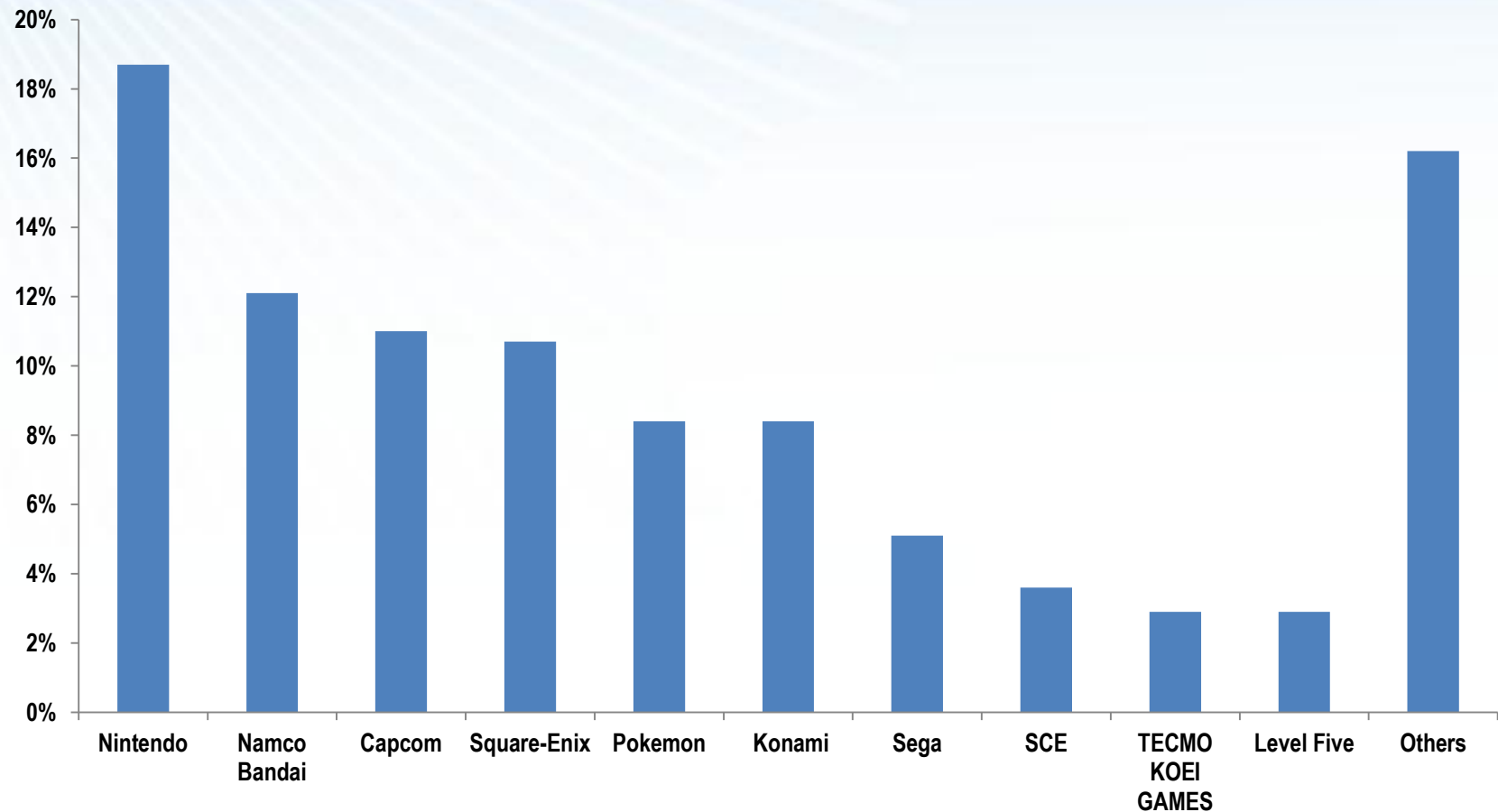
Market Value of Online Game Content in Japan

Millions of JPY

* Data compiled as of April 2011



Japanese Market Share Based on Actual Sales FY 2011



Japanese Gaming Demographics



Japanese gamers are predominantly male.

40% are female with interests in SNS and arcade games.




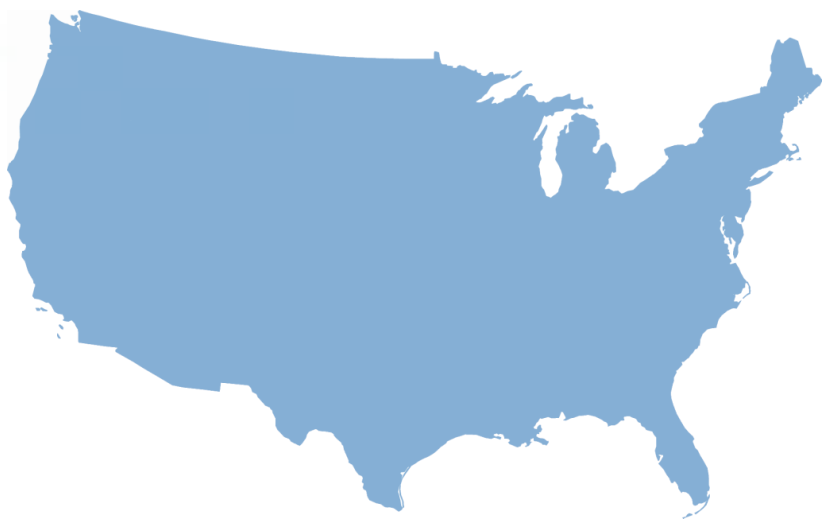
Age range of hardcore gamers are between 16-45.



Older women are increasing involved in playing especially arcade games.



Japanese vs. US Video Gaming

- 
- Realism vs. Fantasy (self escapism vs. self expression)
 - Genre differences e.g. RPG
 - Philosophy (symbolic world, emphasis on diligence and tasks, exotic settings)
 - Huge infusion of Anime/Manga in Japanese games
 - Need for console customization
- 

Japanese User Preferences: Genre

Top – 3 Genres In Japanese Video Game Industry in 2010



1. ACTION

- Market Share: +16.3% w.r.t 2009 = 42.1%
- 26.468 million copies sold



2. RPG

- Market Share: 24.30 %
- 15.2 million copies sold

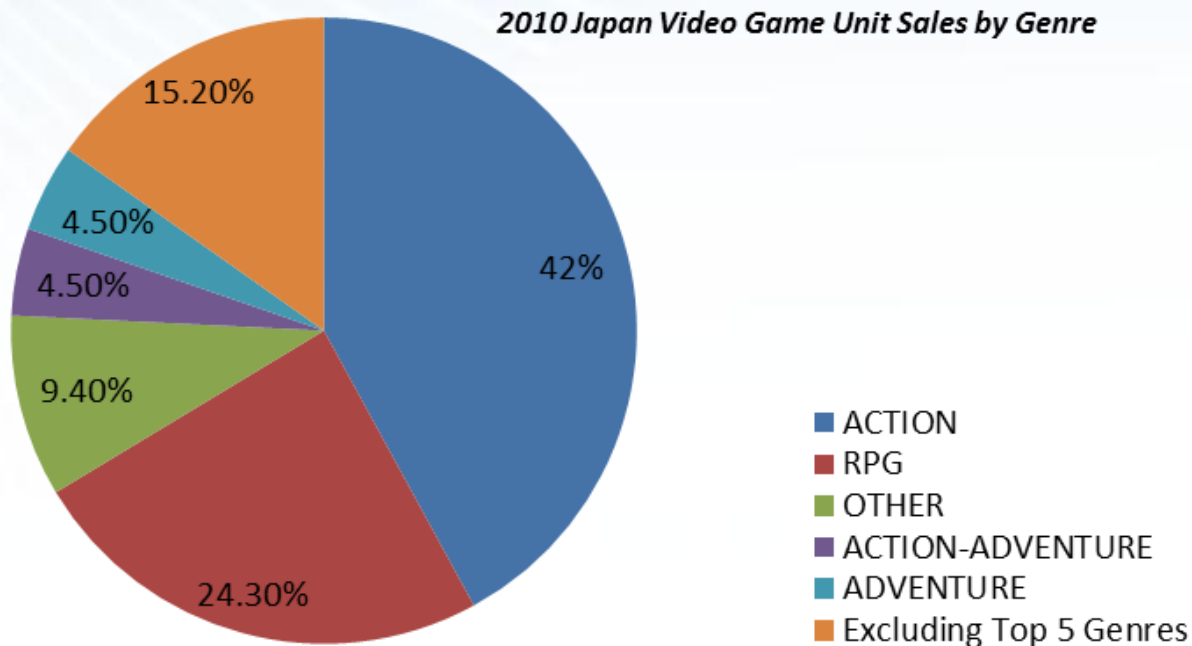


3. OTHERS

- Market Share: 9.40%
- 5.9 million copies sold

Japanese User Preferences: Genre

Market Share in Percentiles



Japanese User Preferences: Genre

Best Selling Games in Top – 3 Genres

- Monster Hunter Portable 3rd
- 3.48M copies sold

ACTION



- Pocket Monster Black/White
- 4.914M Copies Sold

RPG



- Tomodachi Collection.
- Wii Party

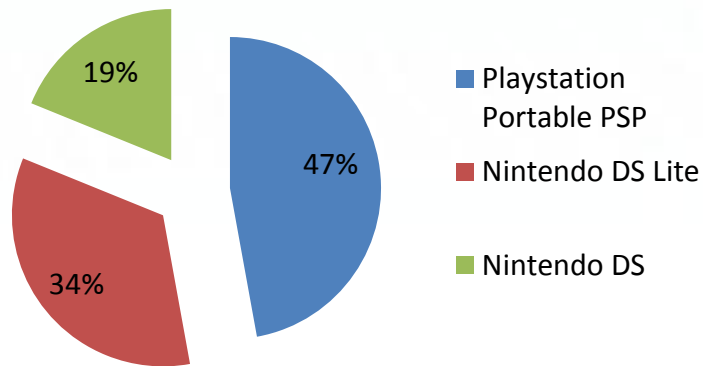
OTHER



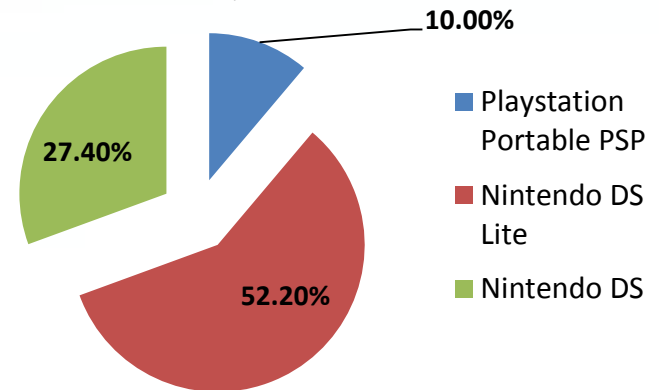
Platform Usage in Japan

What portable game console do they currently use the most ?

MALE

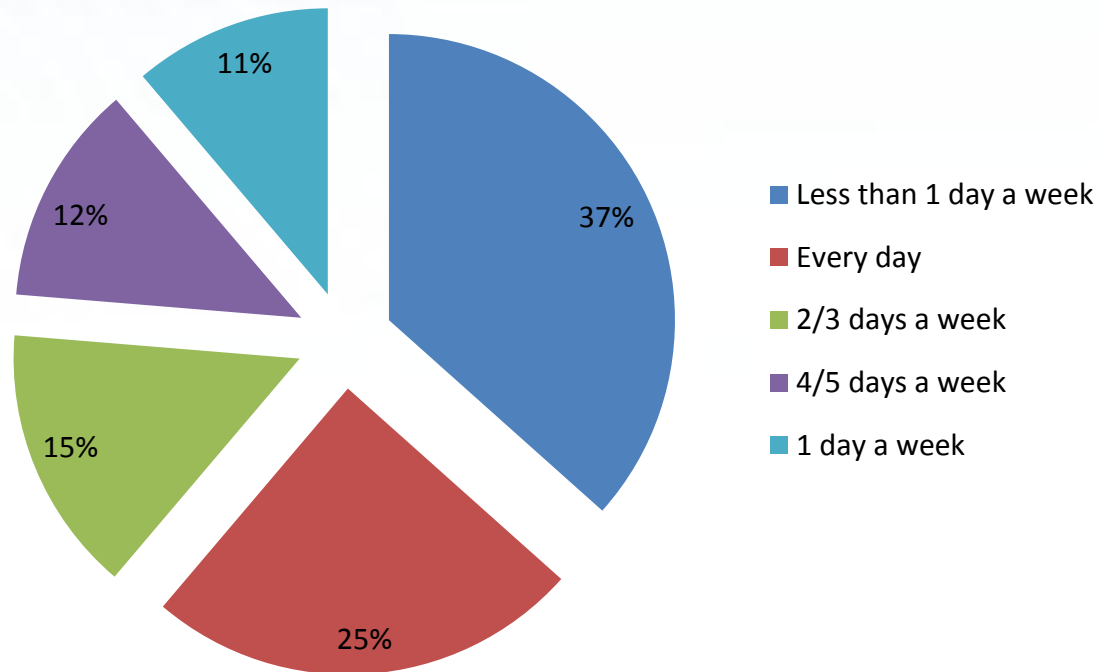


FEMALE



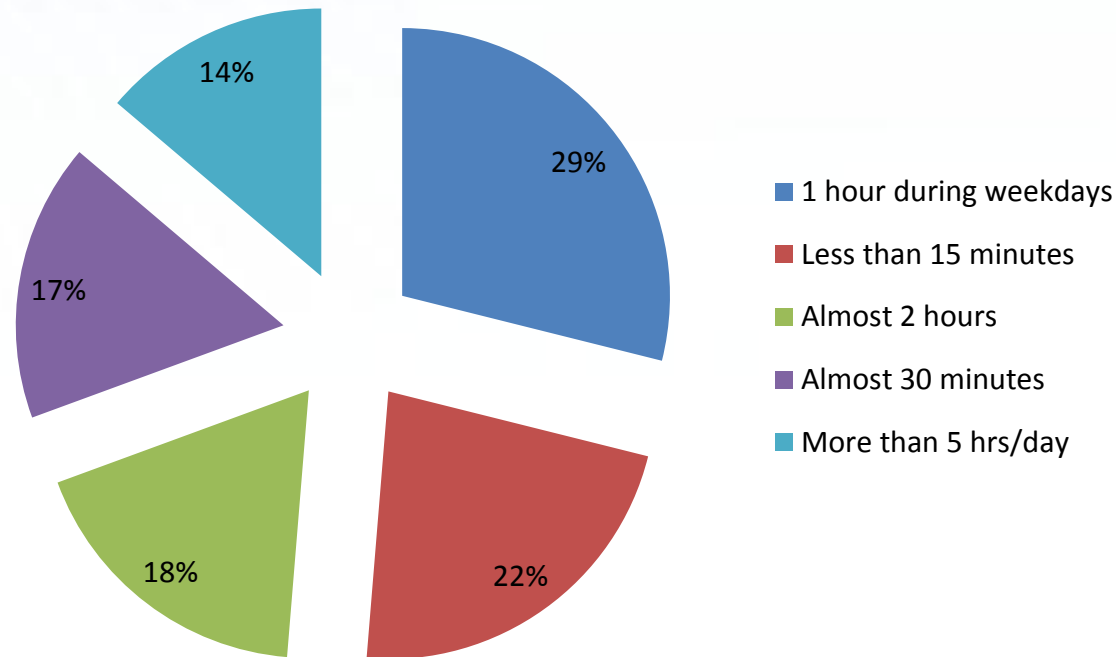
Platform Usage in Japan

How often do they use game consoles?



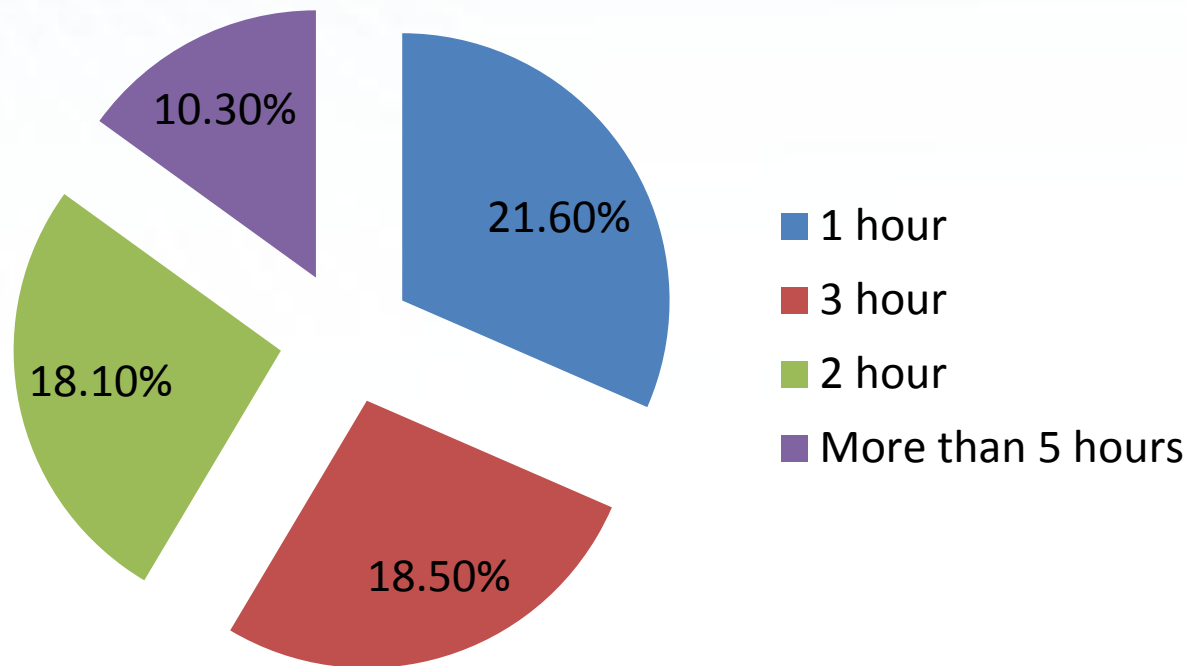
Platform Usage in Japan

How long do they use the console for videogames per day



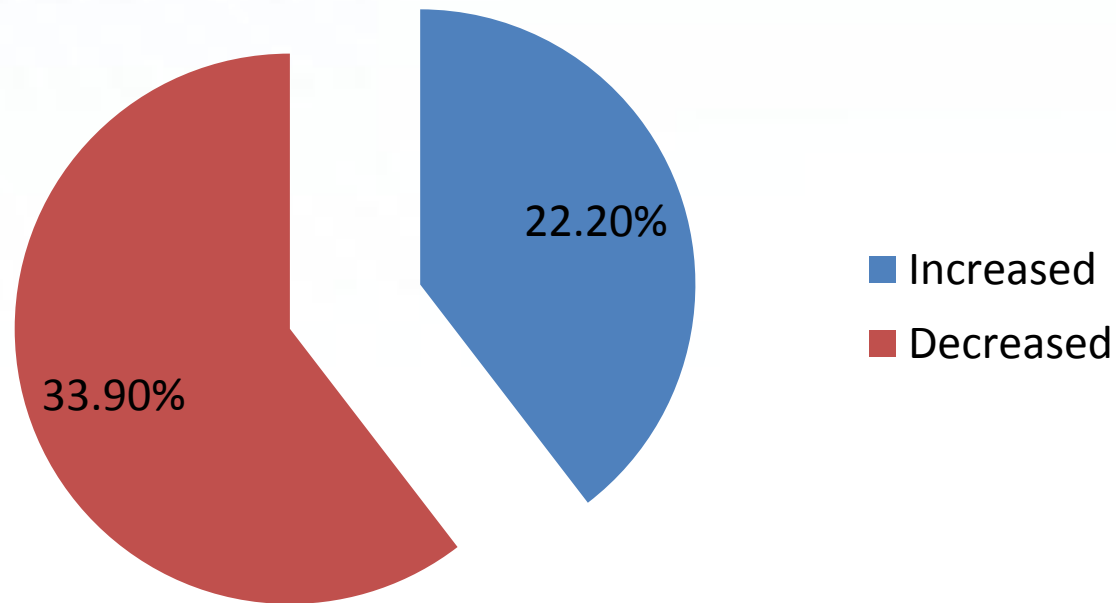
Platform Usage in Japan

How long do they use the console for videogames per weekends



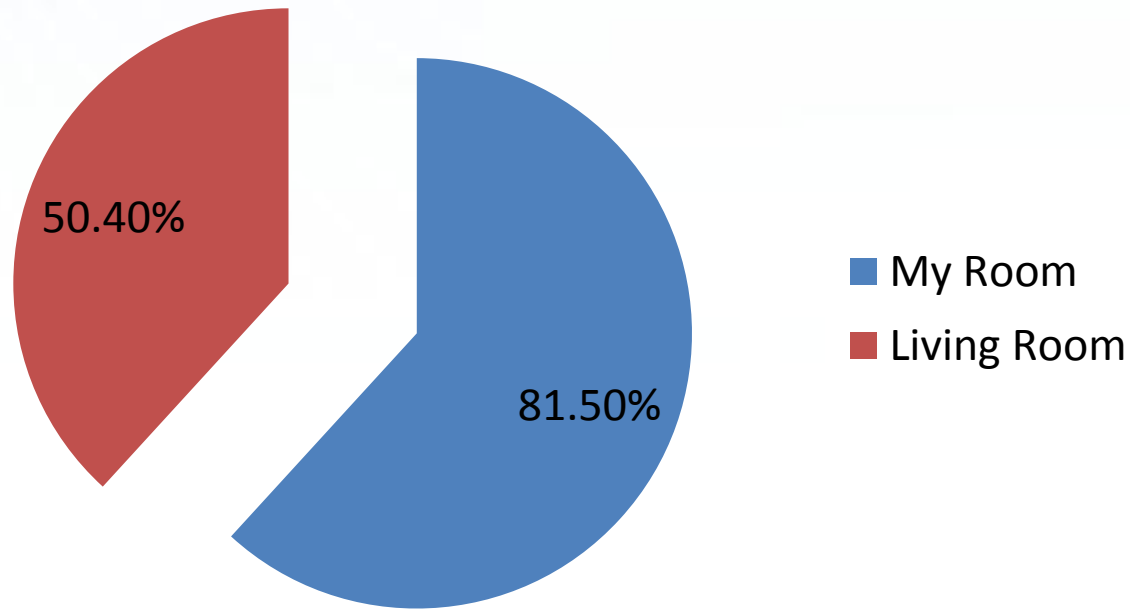
Platform Usage in Japan

If there is any variation in the frequency and time of playing videogames with portable consoles compared with a year ago



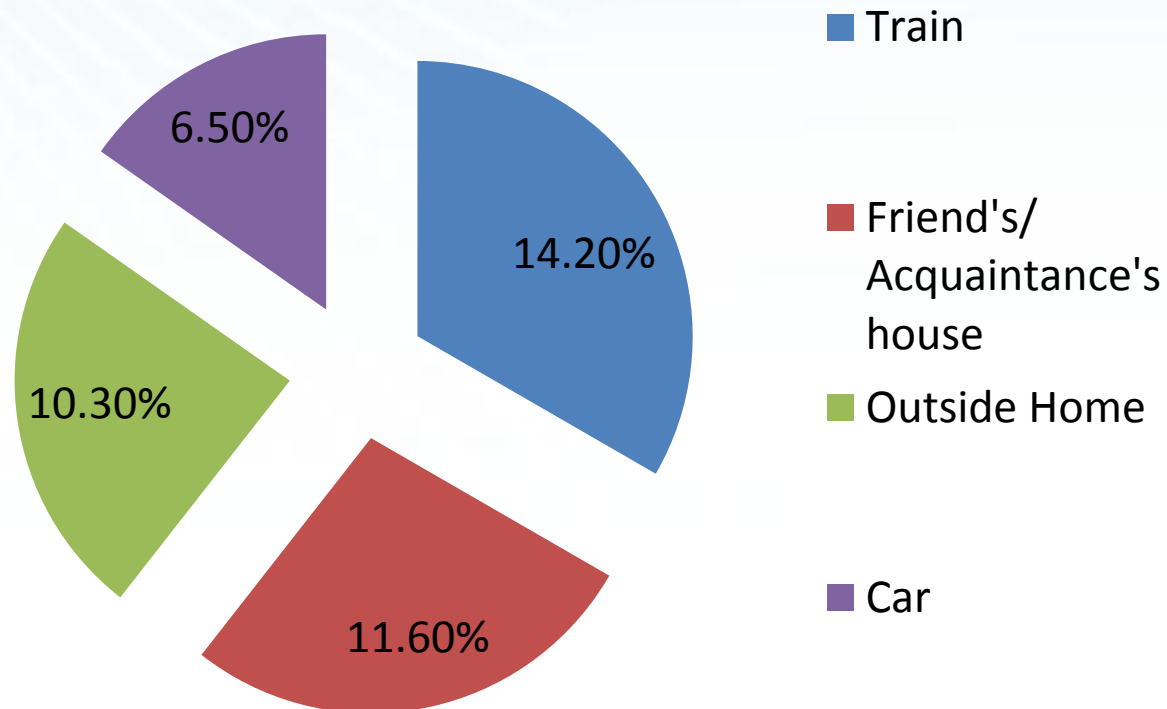
Platform Usage in Japan

Where do they use portable game consoles ?



Platform Usage in Japan

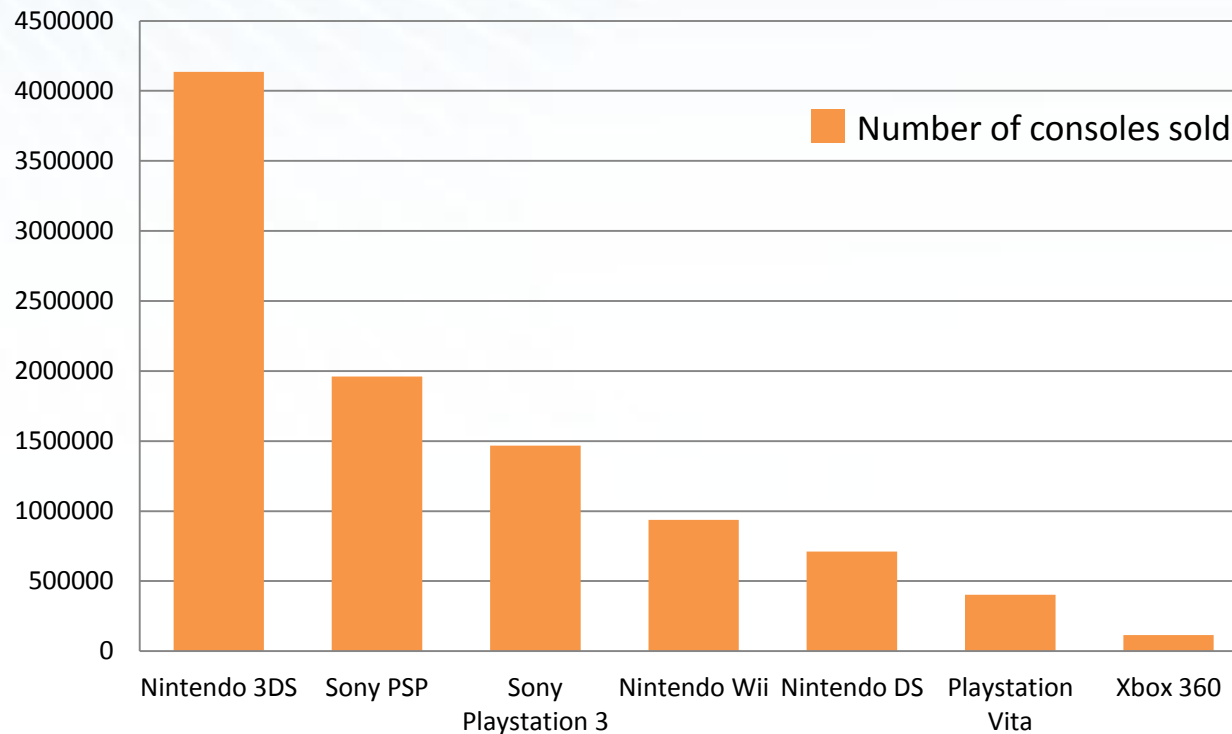
Survey brought out ...



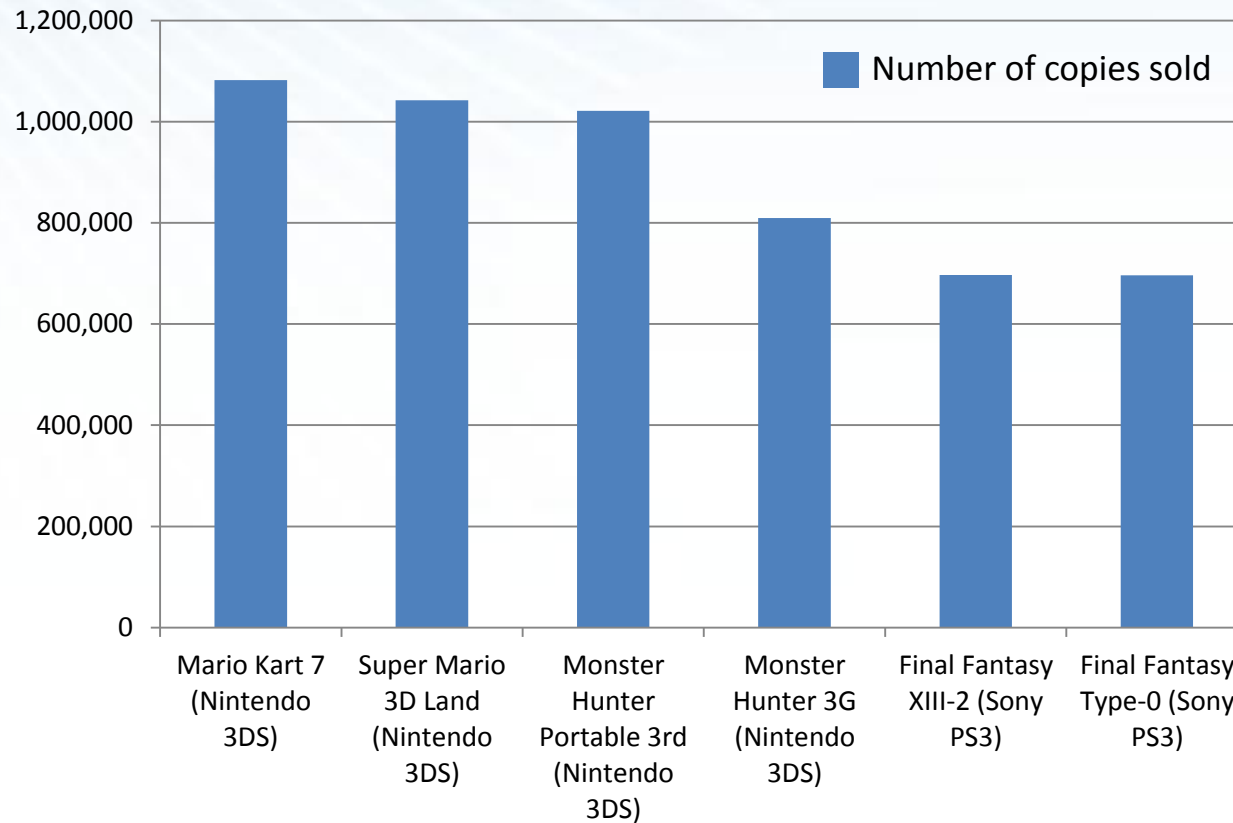
Most people use their portable game consoles at home.....!

Japanese User Preferences: Gaming Platforms Ranking W.R.T Sales

Console Sales in Japan during FY2011



Top Selling Games in Japan During FY2011



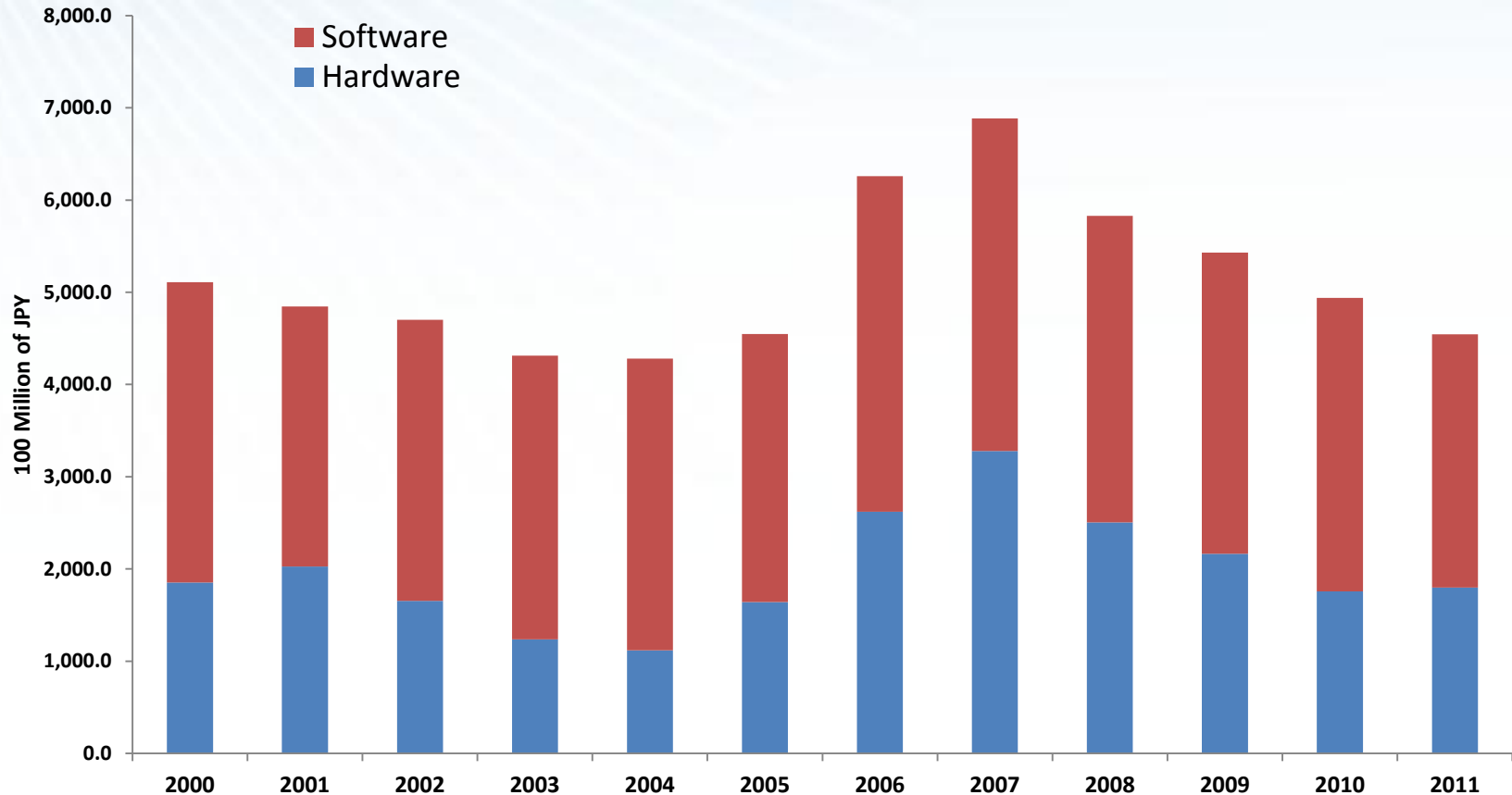
Top Publishers in Japanese Video Gaming Industry

2011 Ranking	Publisher	2011 Combined Unit Sales		Share
1	Nintendo	10,667,868	(Down)	20.8%
2	NAMCO BANDAI Games	8,377,529	(Up)	16.3%
3	CAPCOM	4,802,106	(Down)	9.4%
4	SQUARE ENIX	4,725,621	(Down)	9.2%
5	KONAMI	3,492,342	(Down)	6.8%
6	SEGA	2,221,138	(Down)	4.3%
17	TECMO KOEI Games	2,127,995	(Up)	4.1%
8	LEVEL-5	2,016,654	(Up)	3.9%
9	SCEJ (SONY)	1,629,310	(Down)	3.2%
10	Pokemon	1,219,325	(Down)	2.4%



Growth Trends in Japan 2000-2011

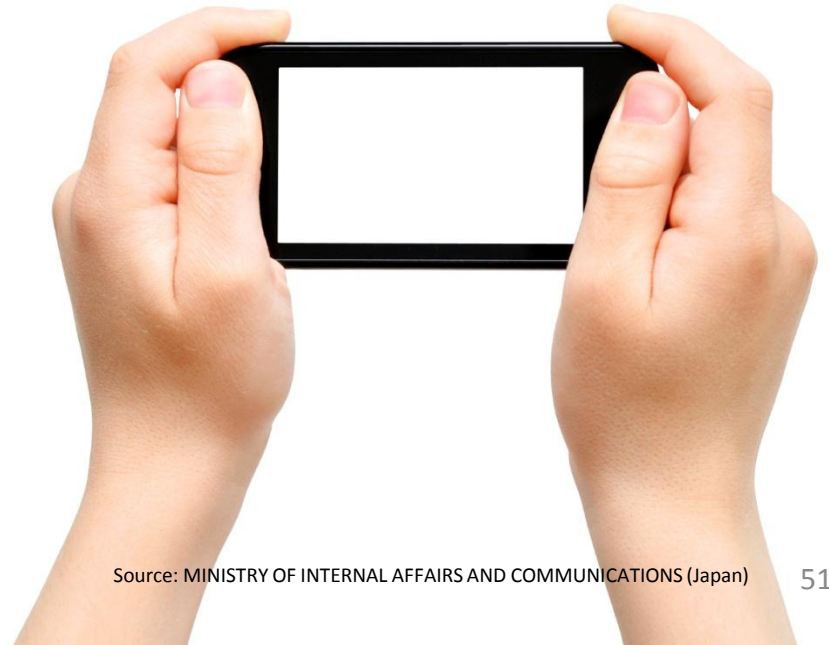
Japan Video Game Market Value History.



Social/Mobile Gaming in Japan

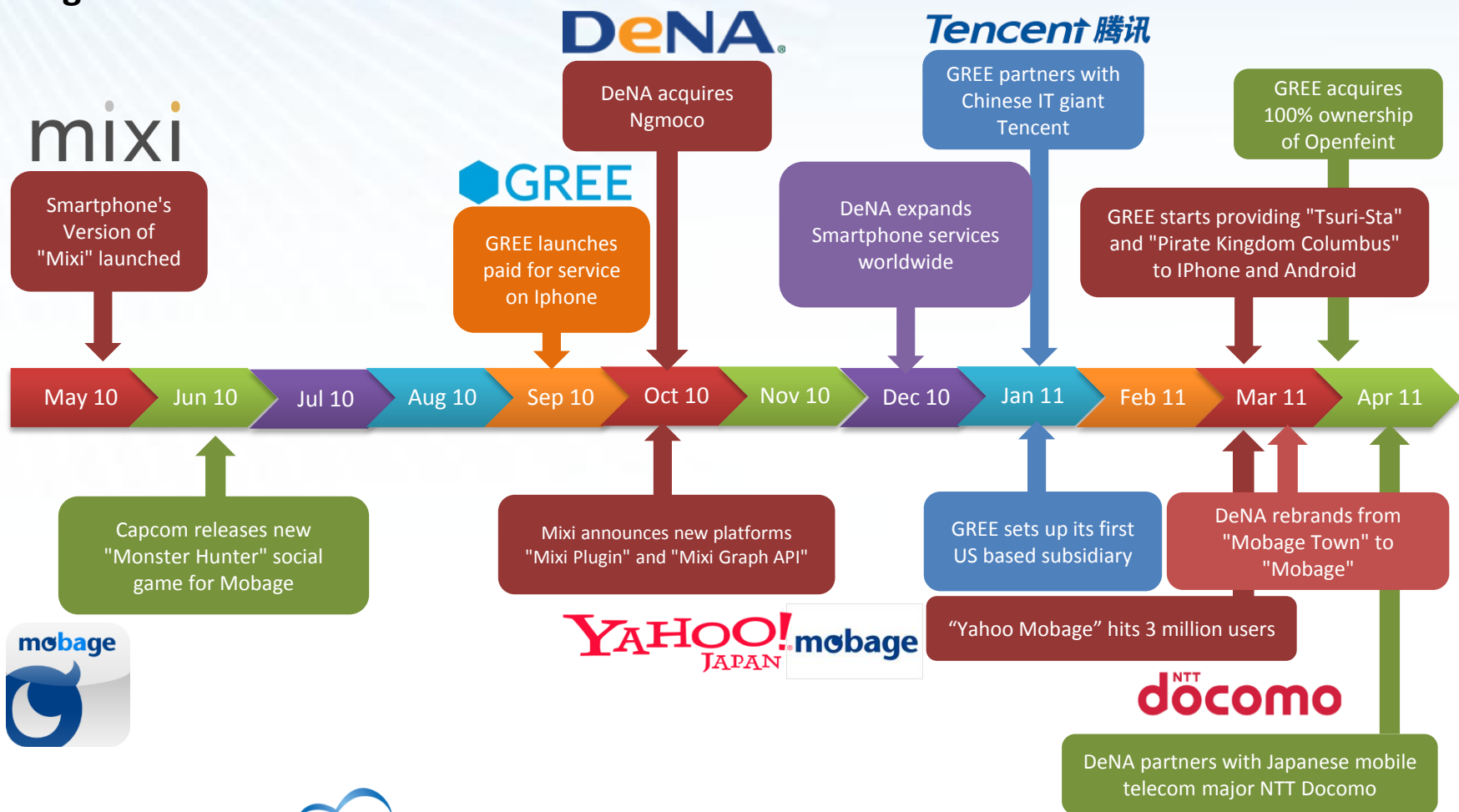
Background

- Increasing use of mobile phones since early 1990s
- Early 2000s:
 - Upswing in mobile gaming
 - Popular arcade titles ported to mobile
- Mobile phones no. 1 platform for social/mobile gaming today
- Social gaming market worth \$3.26bn in 2011 (y-o-y growth of 80%)
- Expected to surpass domestic console sales by 2014

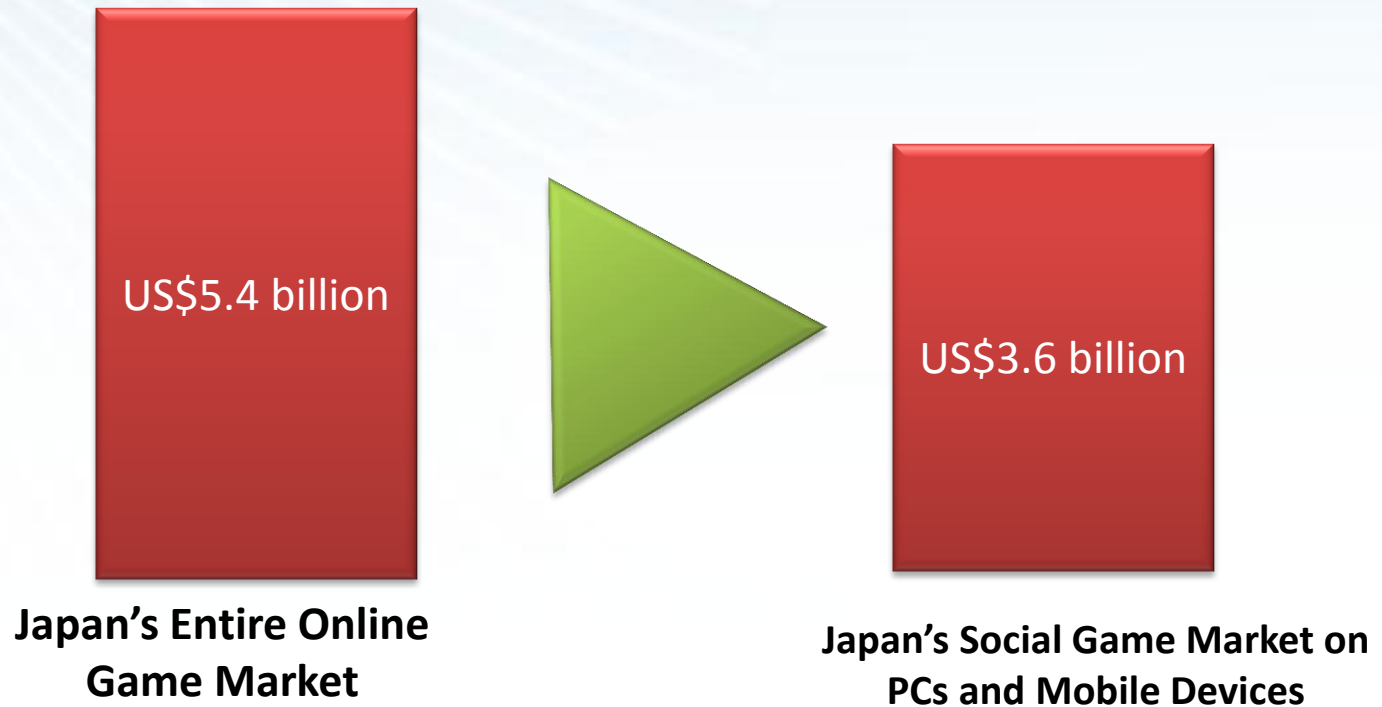


Recent Social/Mobile Gaming Developments in Japan

Background



Japan's Social Game Market Size in FY2011



Japan's Social Game Market Size in FY2011

Smart Phones



US\$8.3 billion
(Excluding Mobile Commerce)

Feature Phones

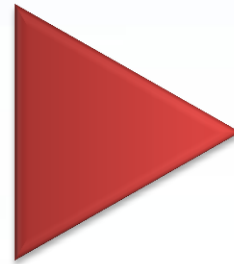


US\$1.0 billion
(Excluding Mobile Commerce)

Business Model in Japanese Mobile Content Market



4.4 billion dollars generated by the "sell-out" model



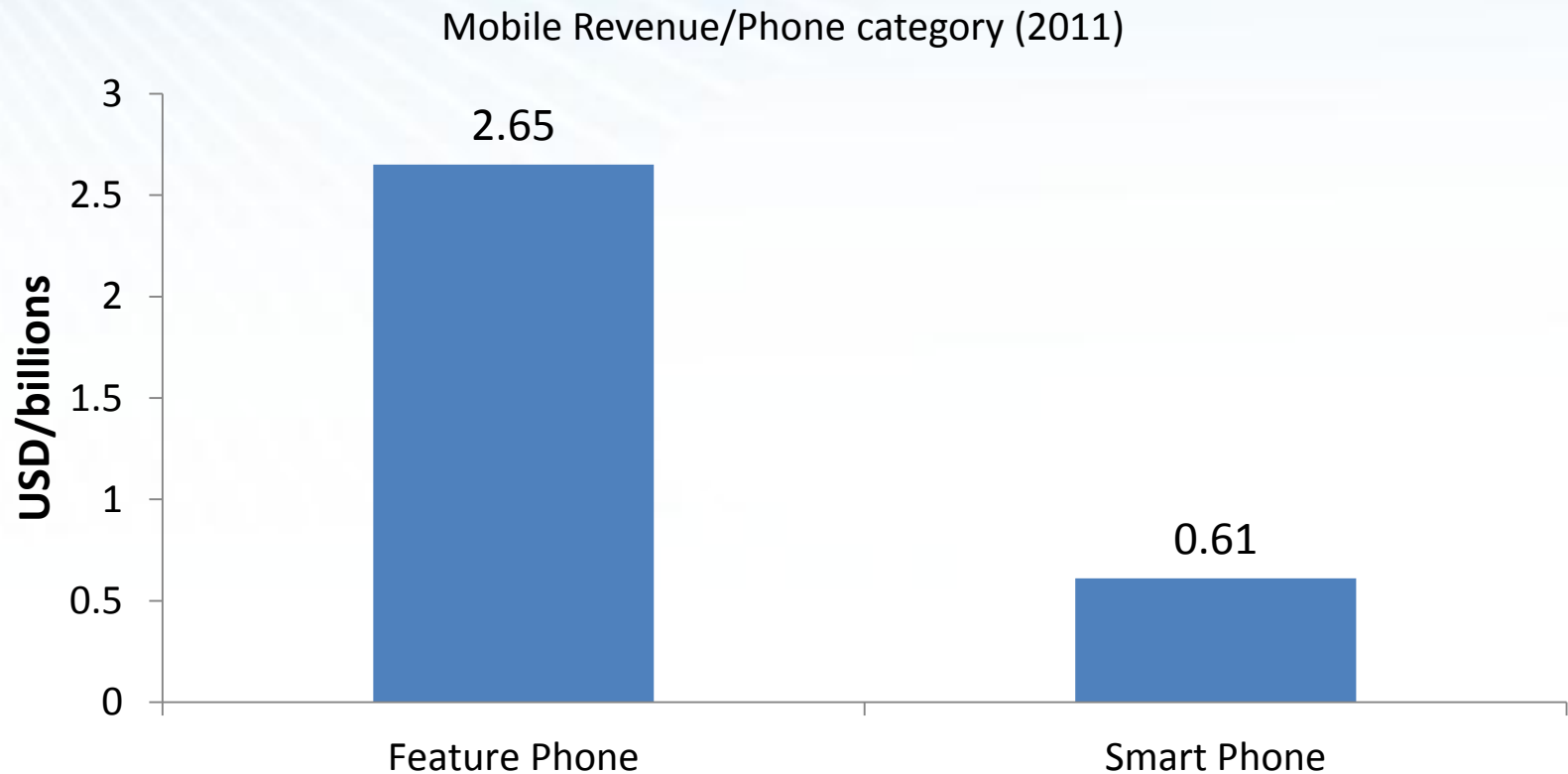
Trend shifting from **Sell-out Model** to **Freemium Model**

Free + Premium
= Freemium

Out of 4.4 Billion USD, 63.5% was contributed by the "Freemium" model, which grew 28.2% over the previous year.

Social/Mobile Gaming in Japan

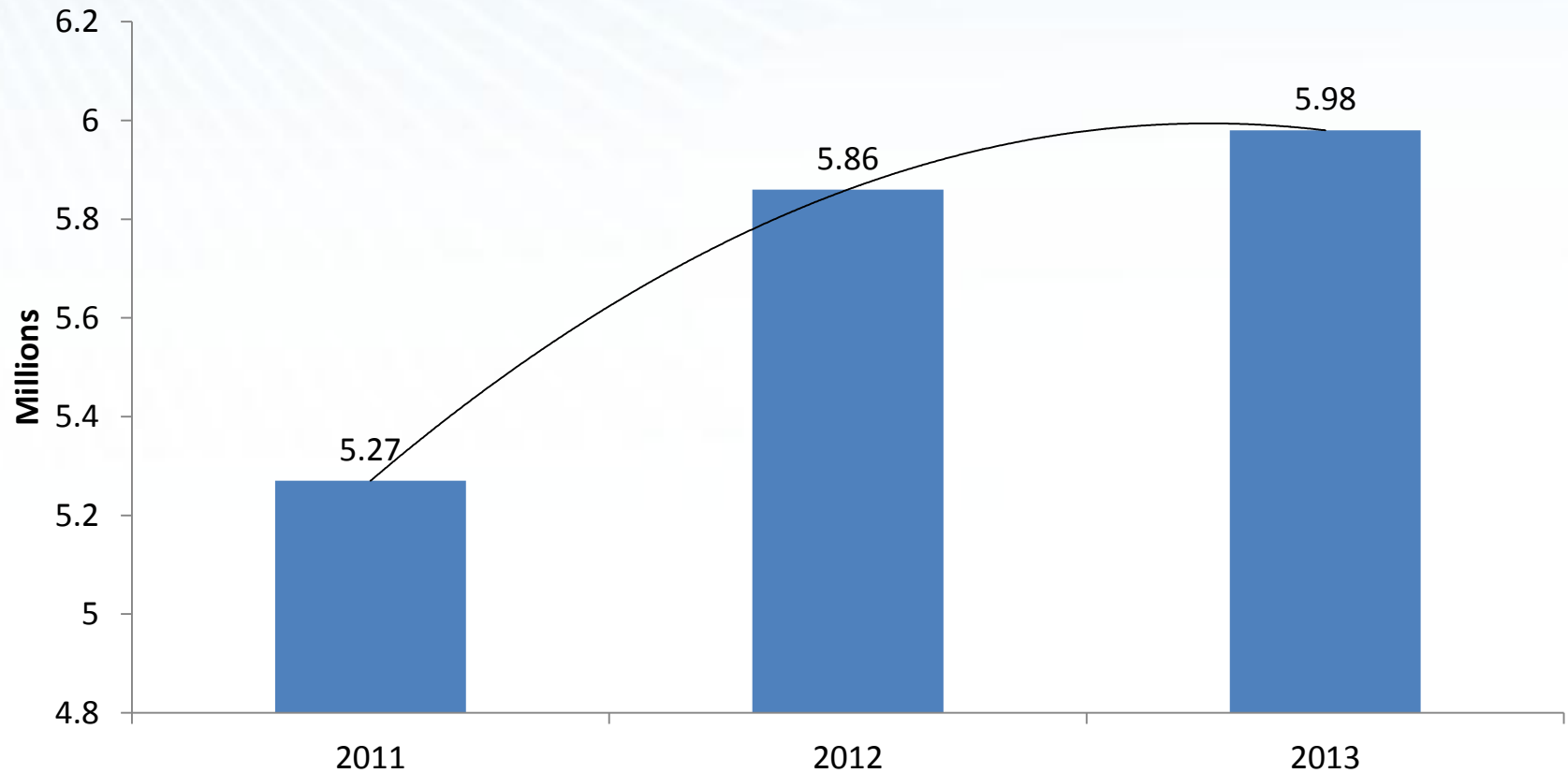
Background



Social/Mobile Gaming in Japan

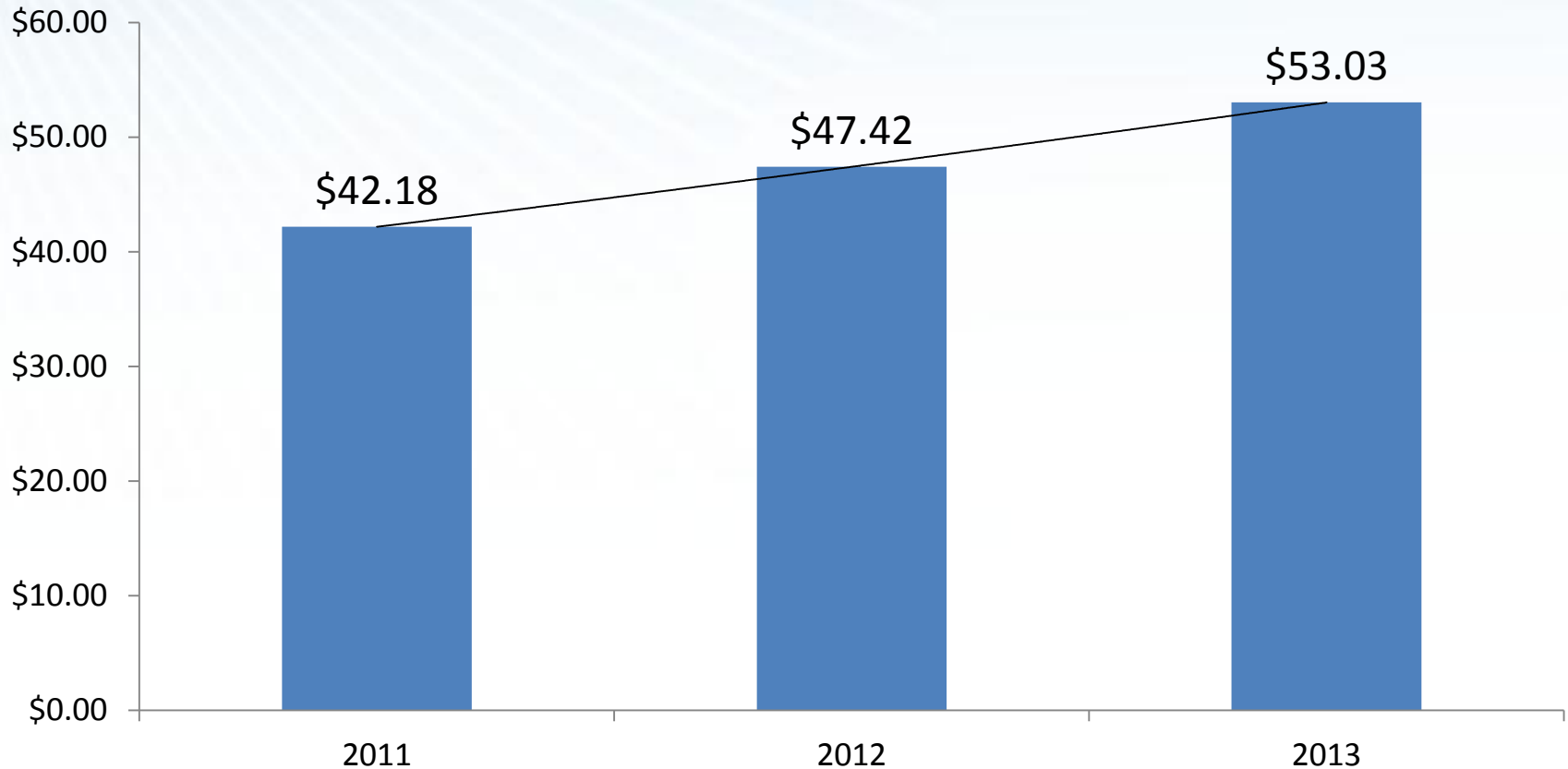
Background

Forecast for # of Paying Social Games Players in Japan



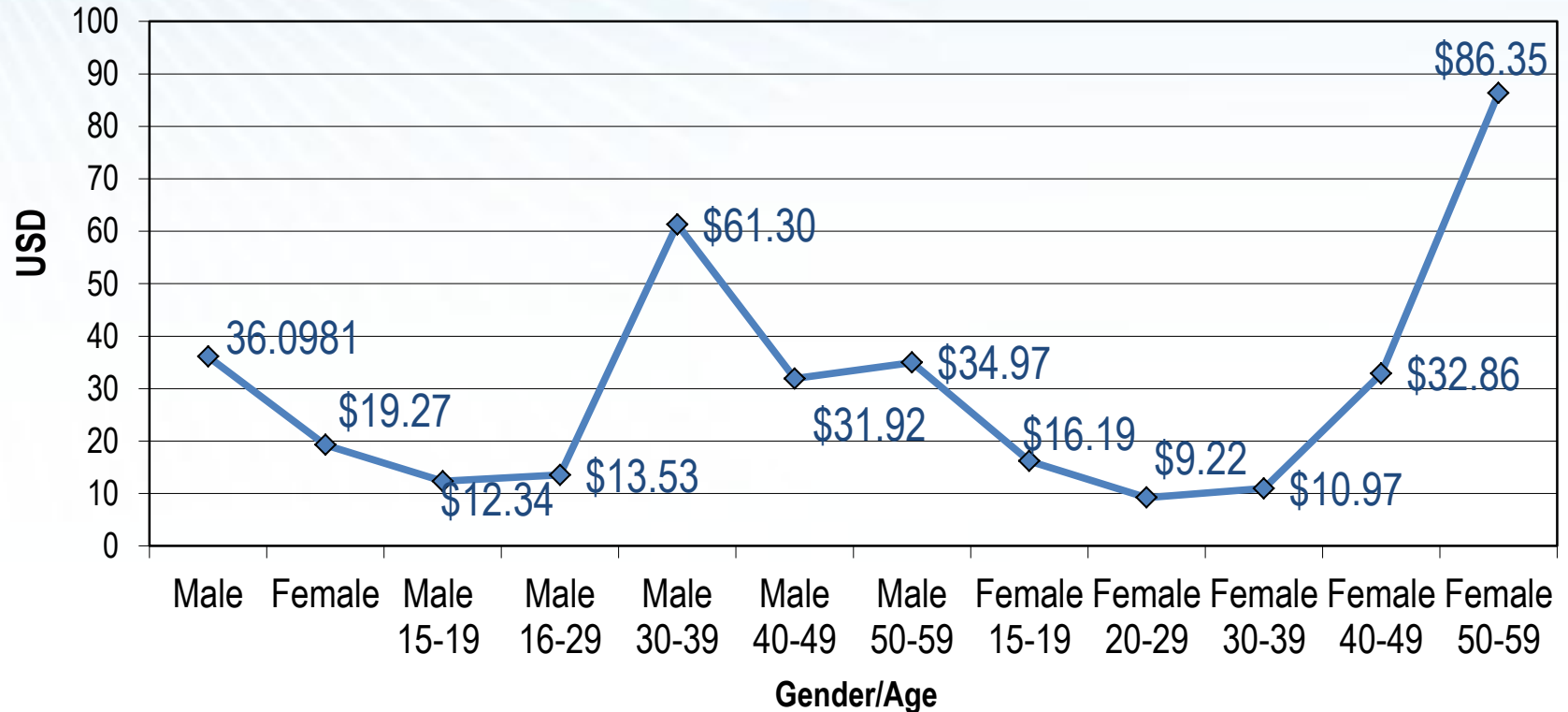
Social/Mobile Gaming in Japan

Forecast for Average Revenue per Paying Users (ARPPU) in Japan



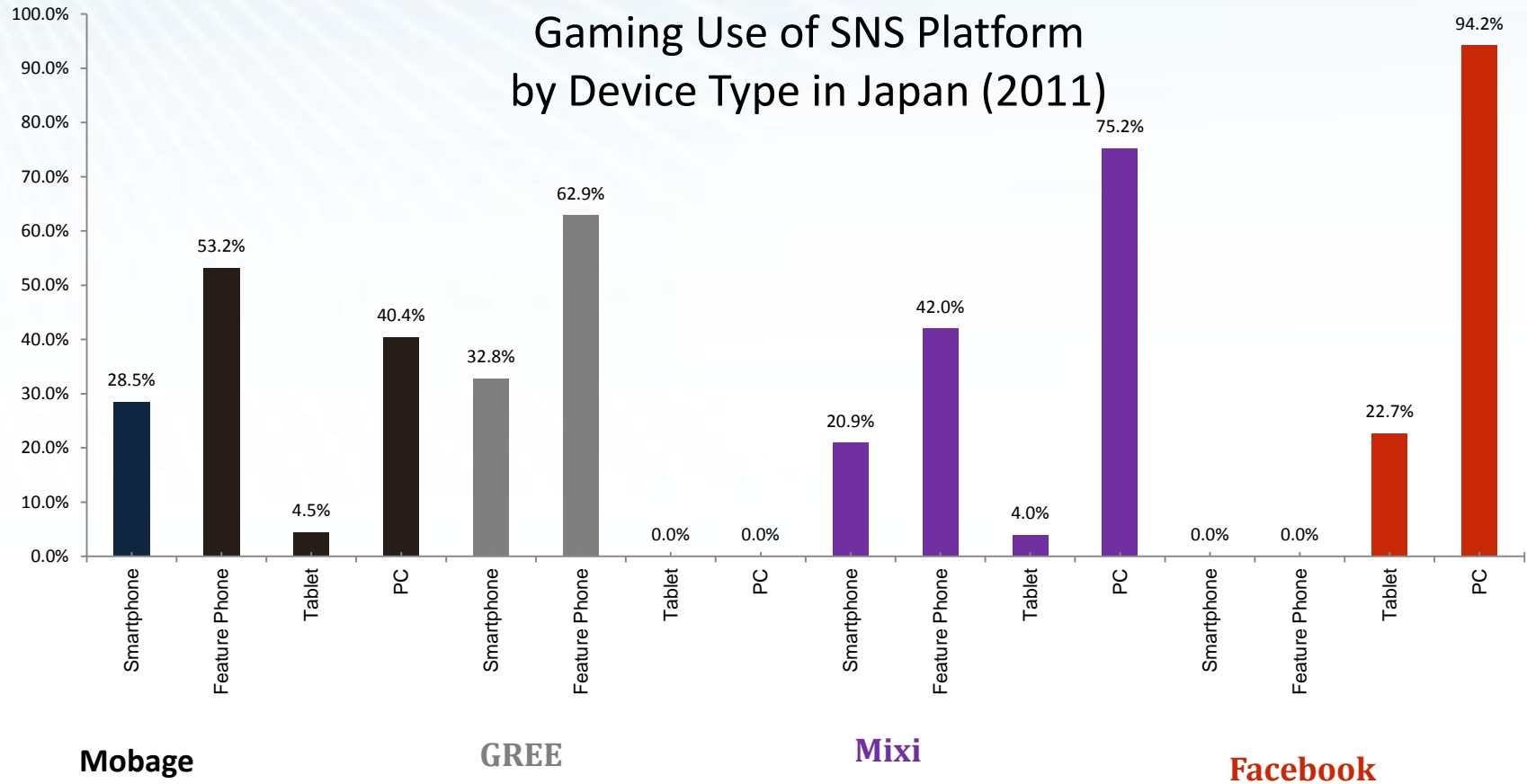
Social/Mobile Gaming in Japan

Background



Social/Mobile Gaming in Japan

Background



Social/Mobile Gaming in Japan

Current Trends

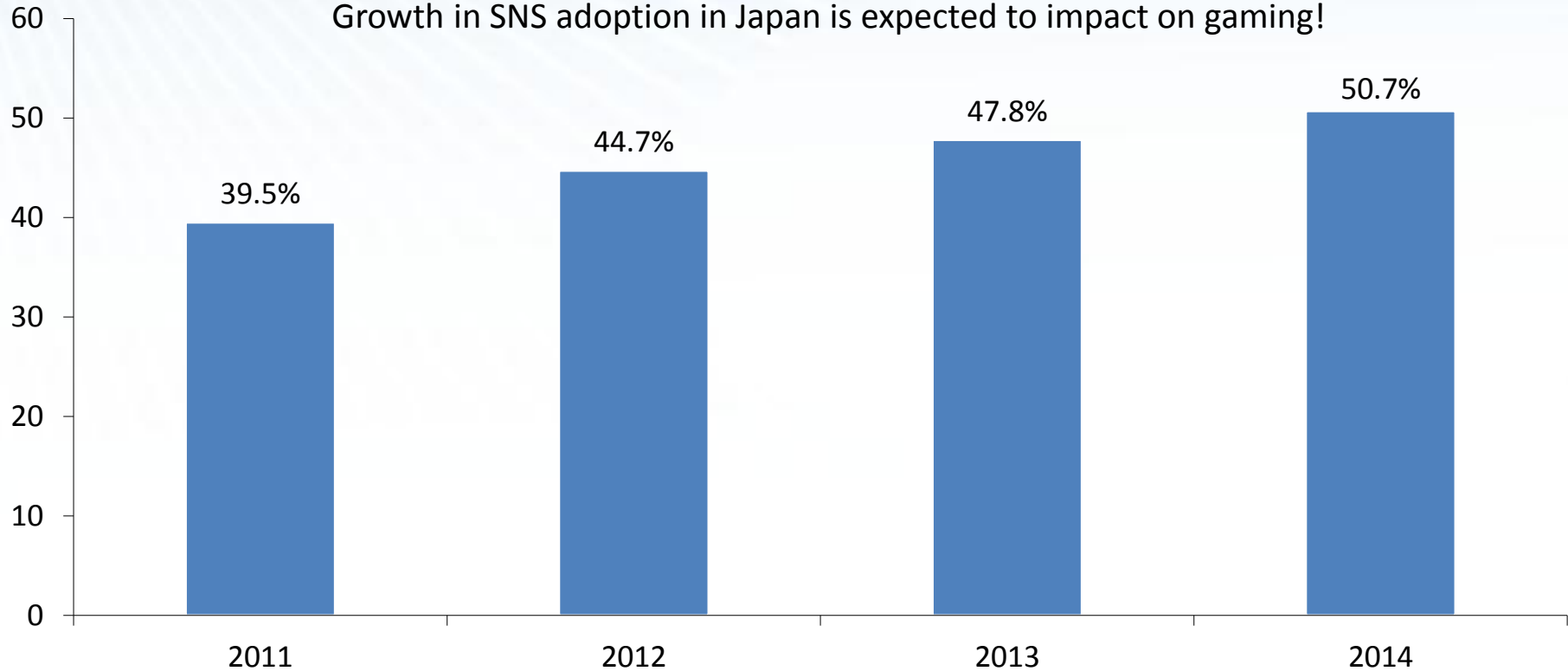
- Mobile games:
 - Downloaded as Apps on smartphones
 - Preinstalled on feature phones
- Convergence of social and mobile gaming
- Feature phones market share declining
- Smartphones, led by Android, taking the lead
- Dominant players:
 - Mixi
 - GREE
 - DeNA (Mobage)



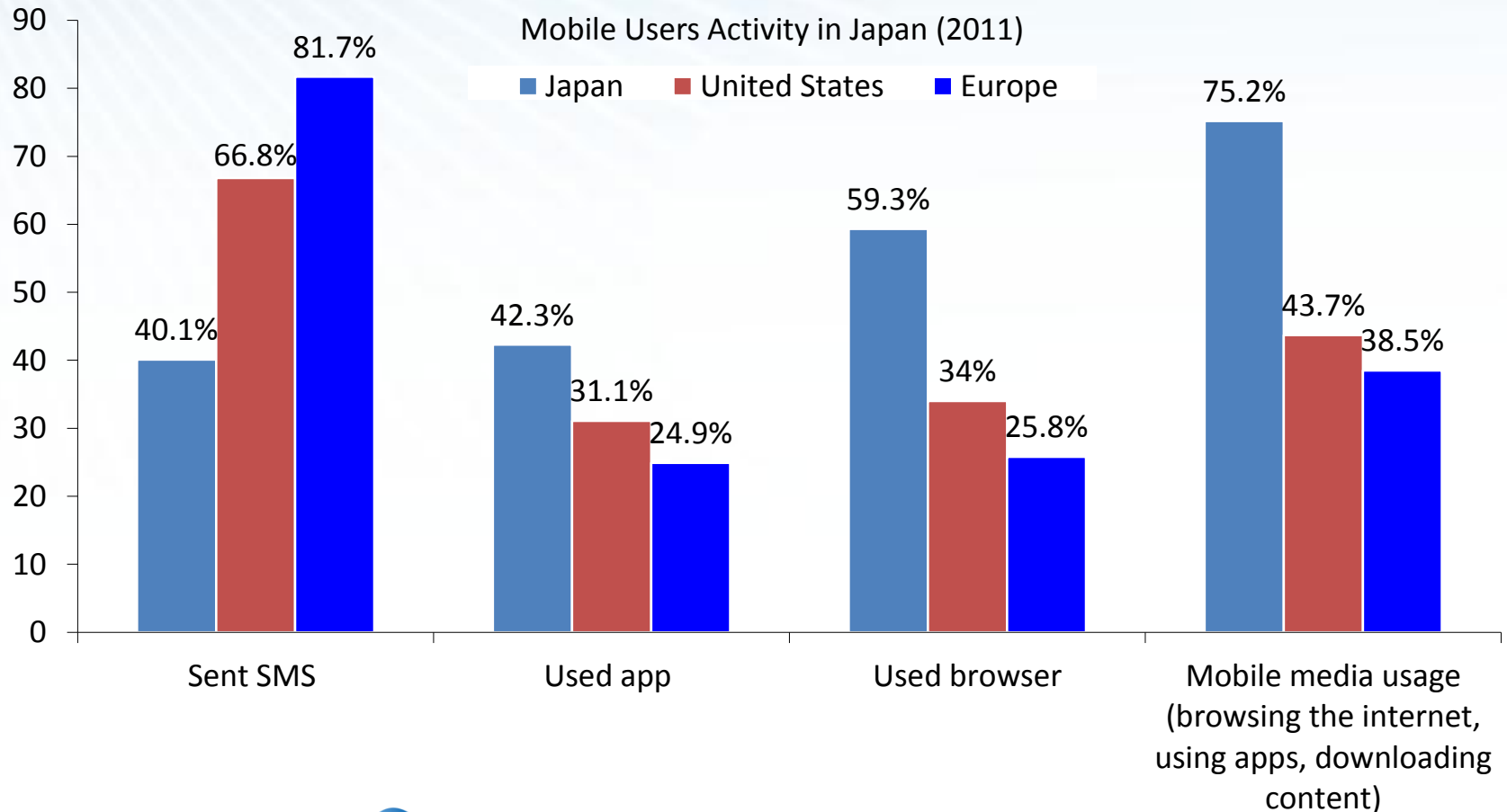
Social/Mobile Gaming in Japan

Forecast of SNS users in Japan

Growth in SNS adoption in Japan is expected to impact on gaming!

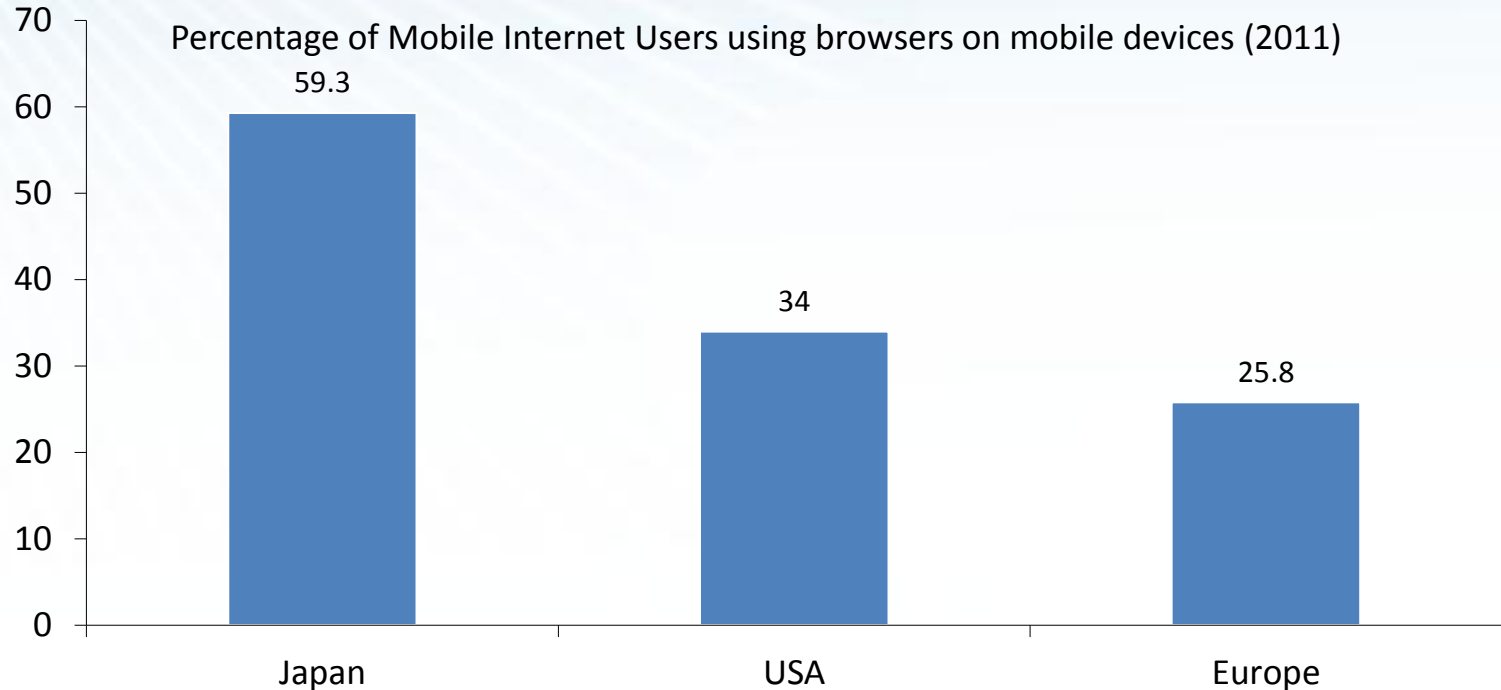


Social/Mobile Gaming in Japan



Social/Mobile Gaming in Japan

Background

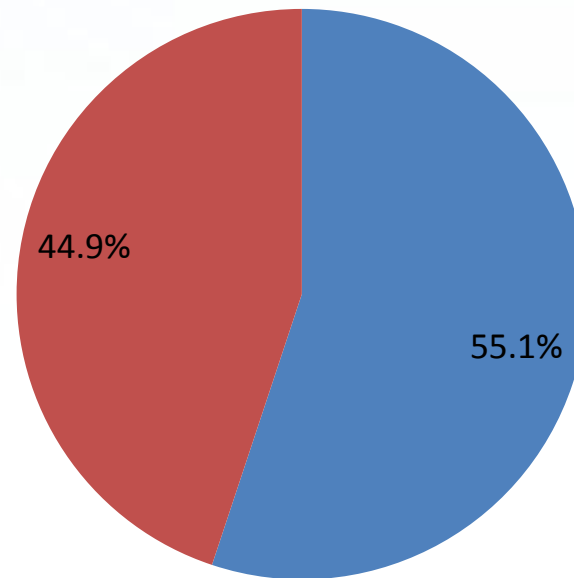


Social/Mobile Gaming in Japan

OS share of market

Japan Smartphone/Feature phone Penetration
(2011)

- Feature Phone
- SmartPhone

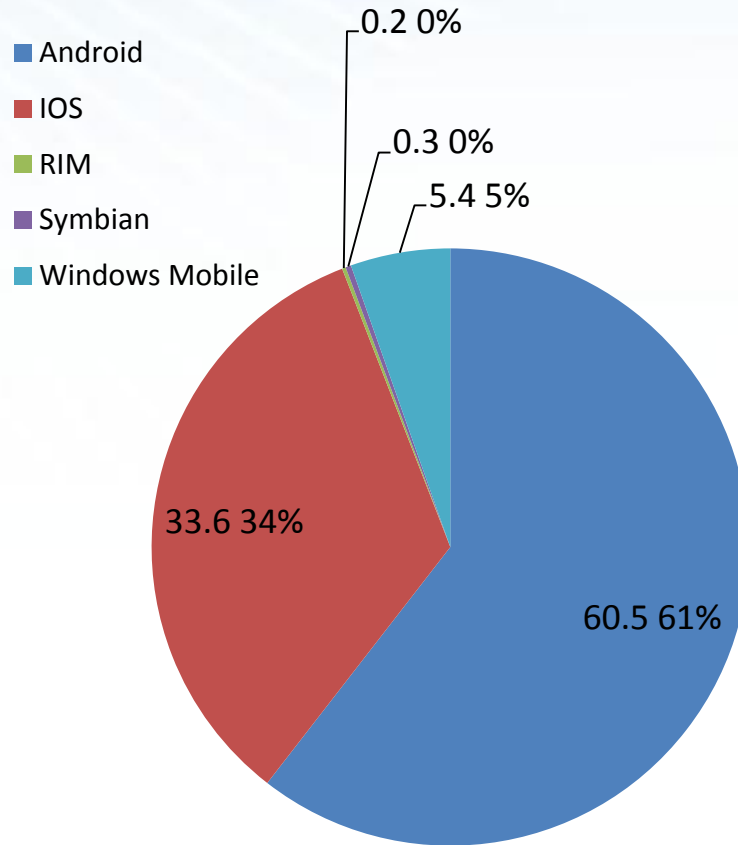


Social/Mobile Gaming in Japan

OS share of market

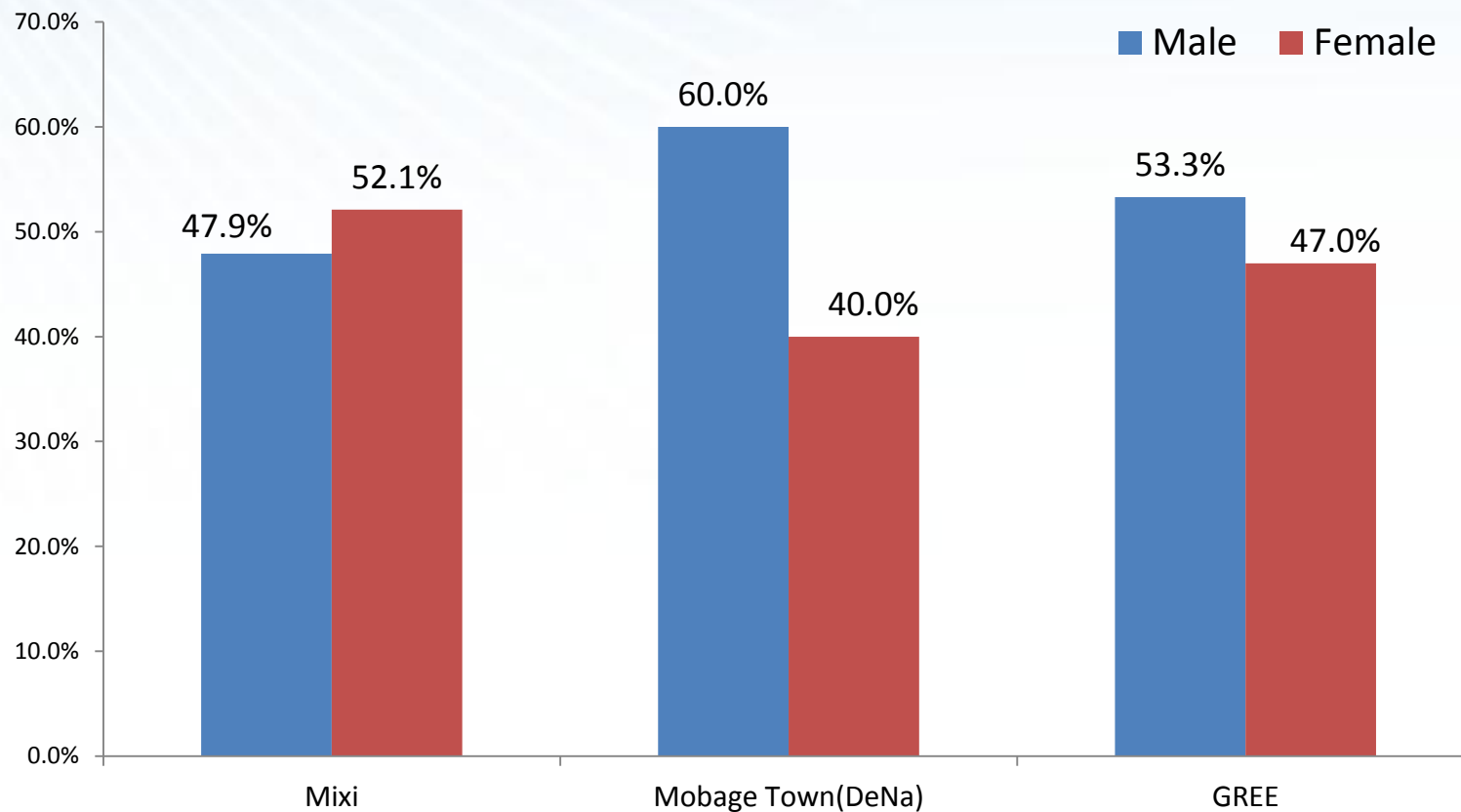


Japan Smartphone Market Share by OS (2011)



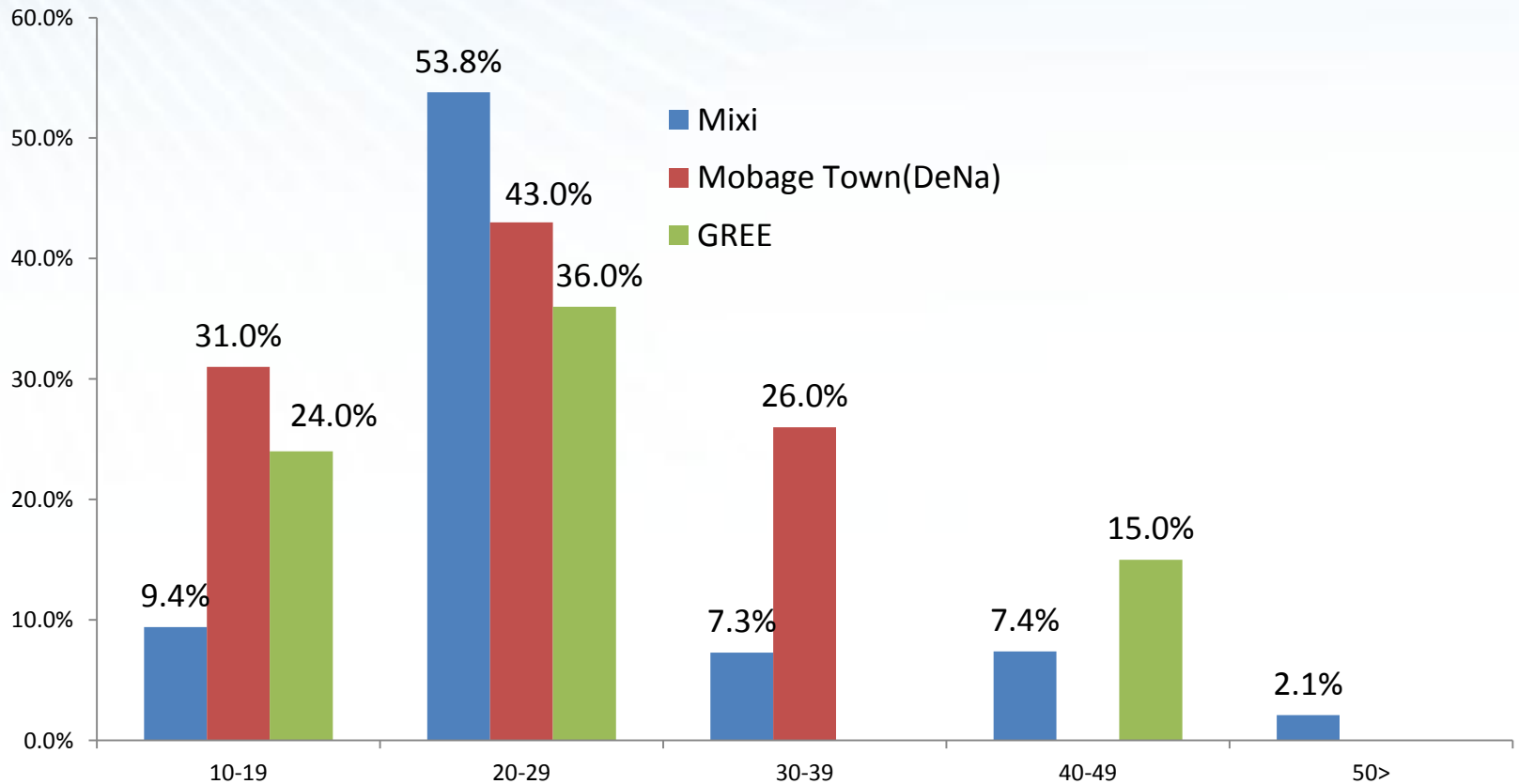
Social/Mobile Gaming in Japan

Demographics



Social/Mobile Gaming in Japan

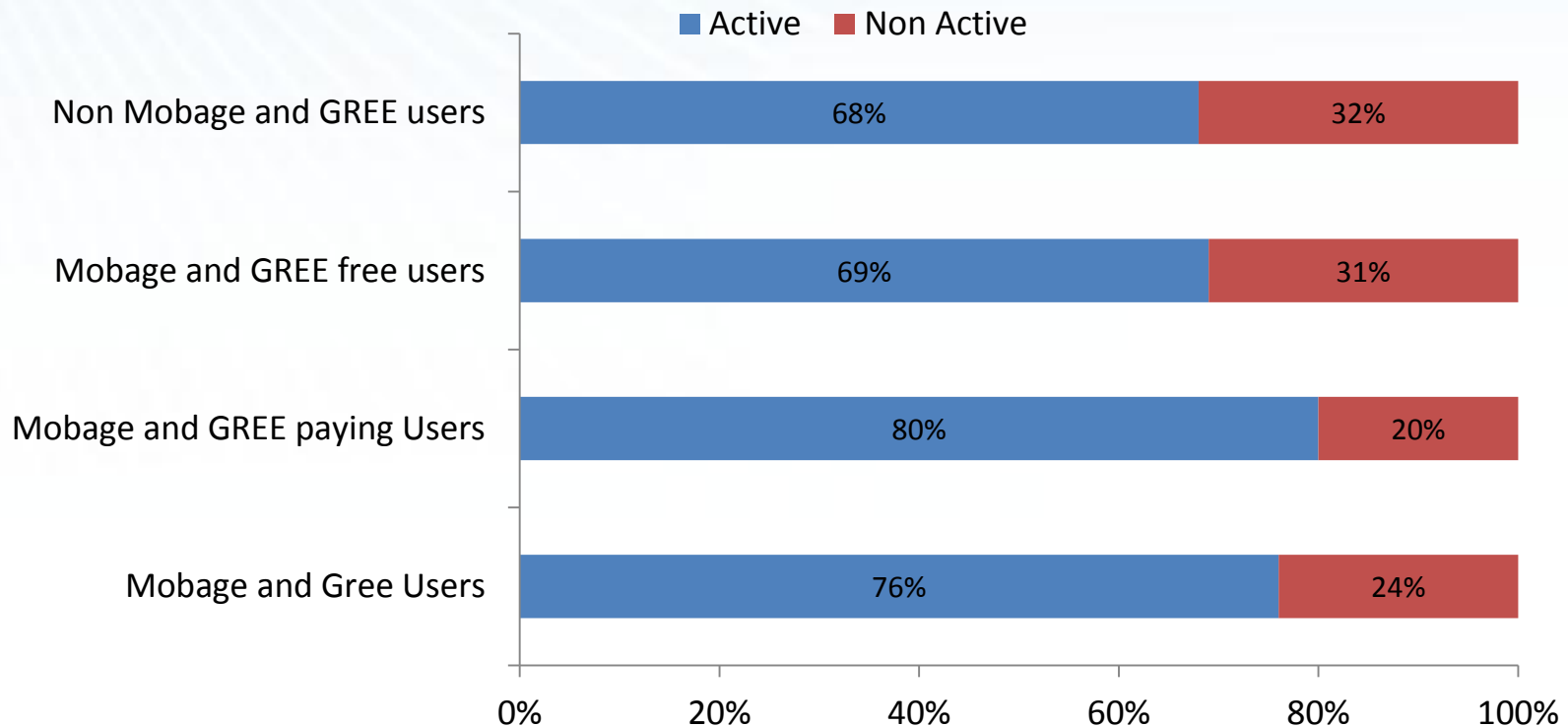
Demographics



Social/Mobile Gaming in Japan

Demographics

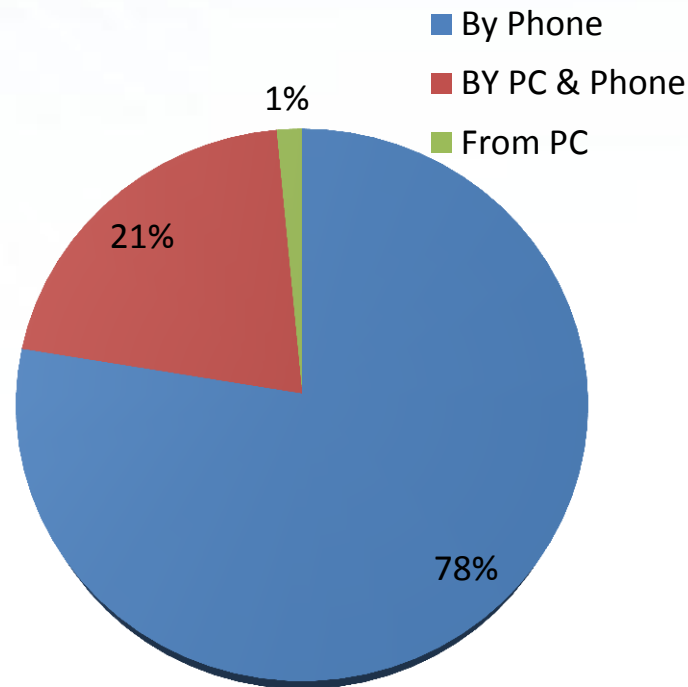
Social Mobile Gaming User Activity for Japan (2011)



Social/Mobile Gaming in Japan

Preferences

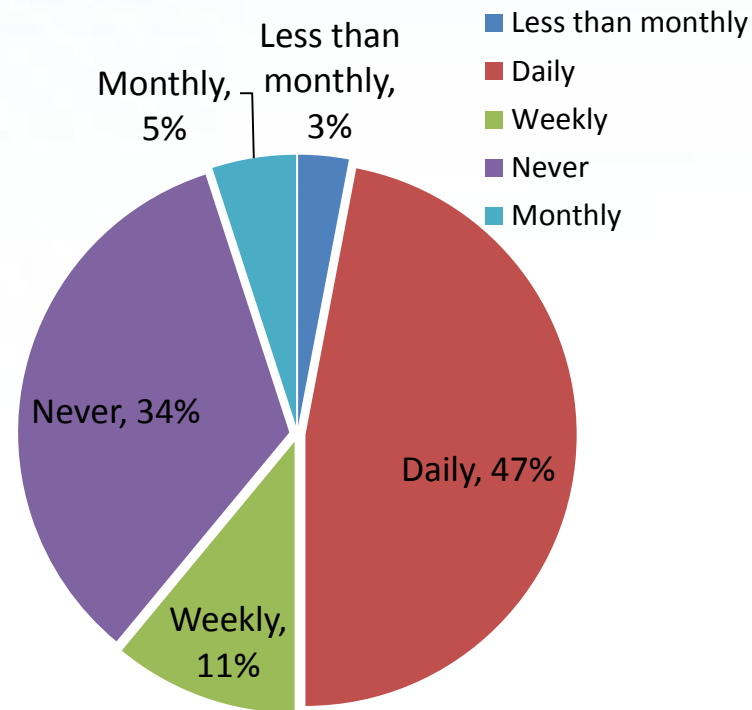
Medium of choice for playing social games (2011)



Social/Mobile Gaming in Japan

Preferences

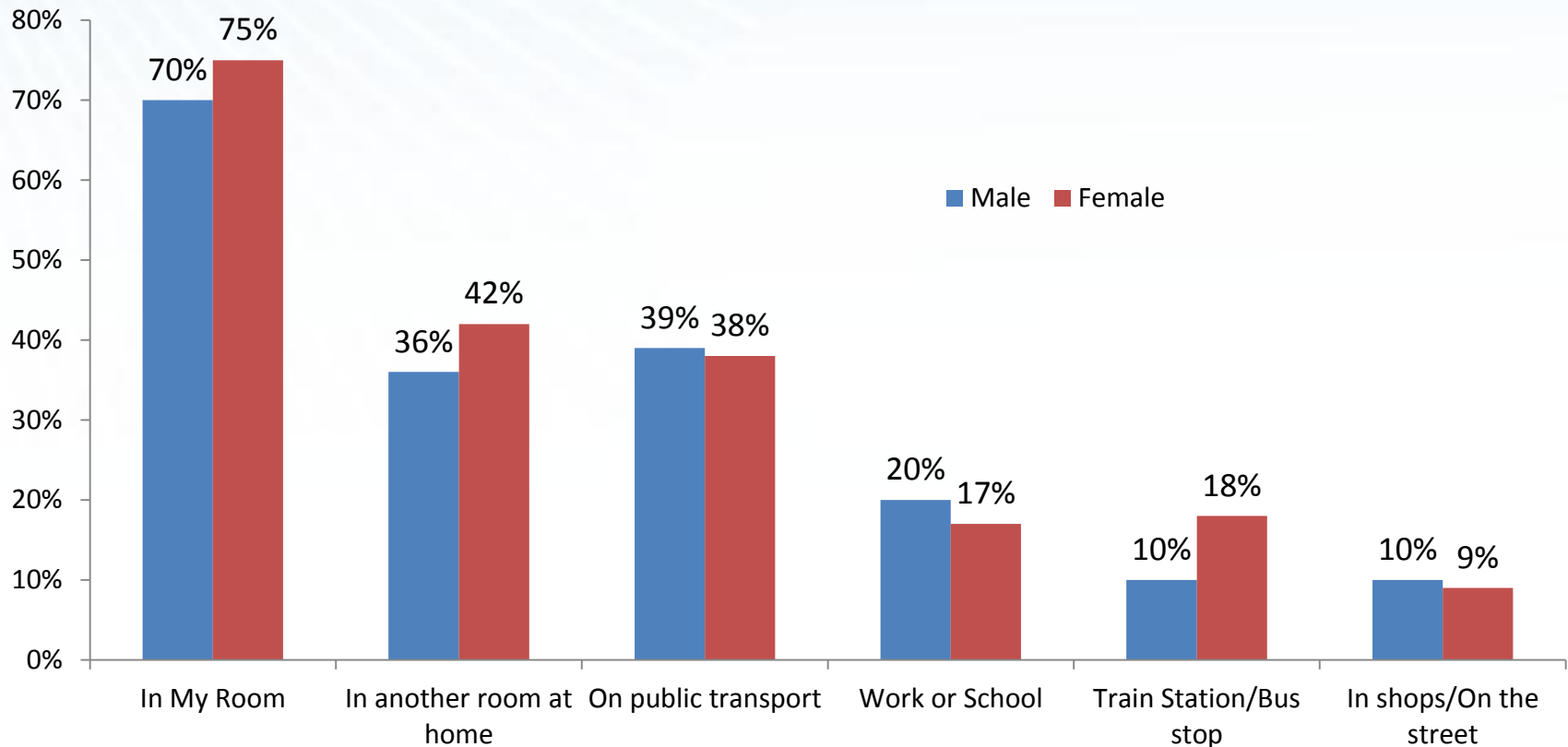
Frequency of Mobile game playing in Japan -% of Smartphone owners (2012)



Social/Mobile Gaming in Japan

Preferences

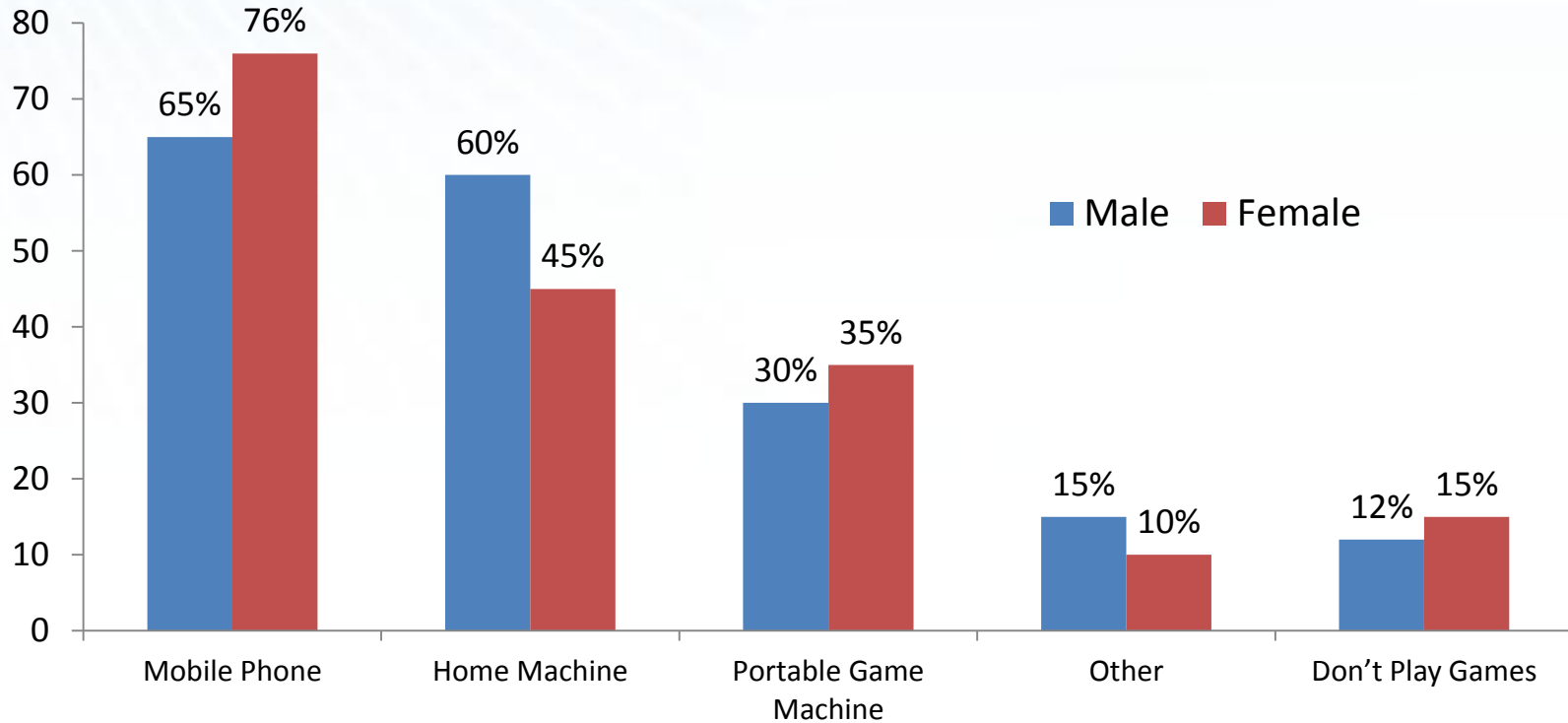
Where they usually play their mobile devices (2011)



Social/Mobile Gaming in Japan

Preferences

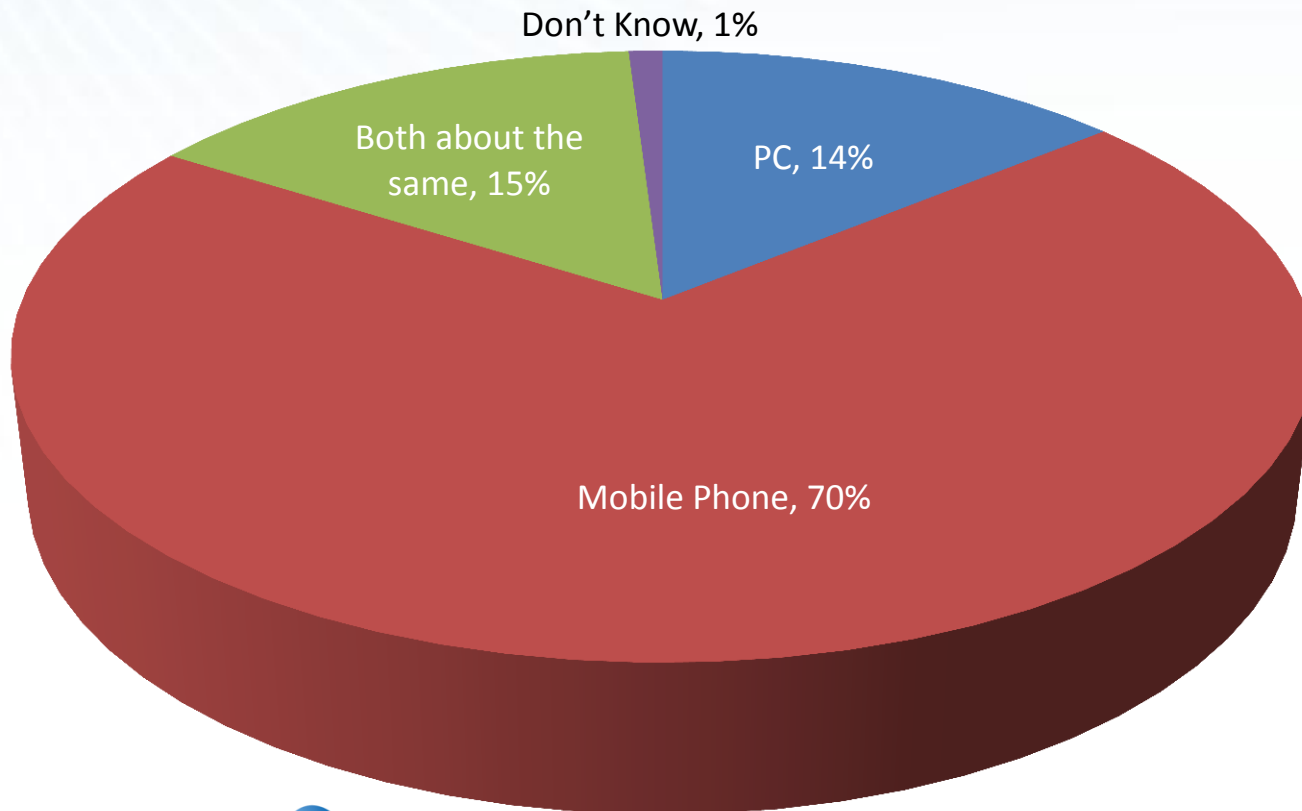
On which machine do you usually play games (2011)



Social/Mobile Gaming in Japan

Preferences

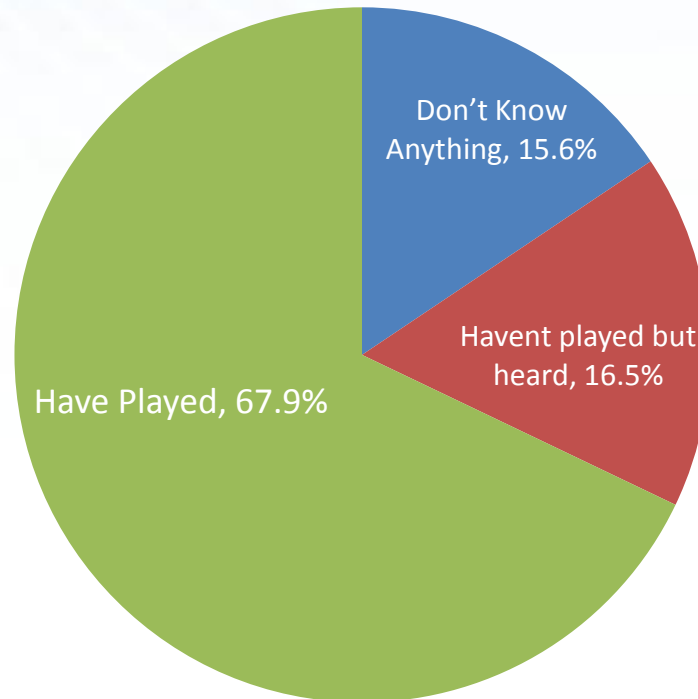
Which do you access Social games from more: Mobile or PC



Social/Mobile Gaming in Japan

Preferences

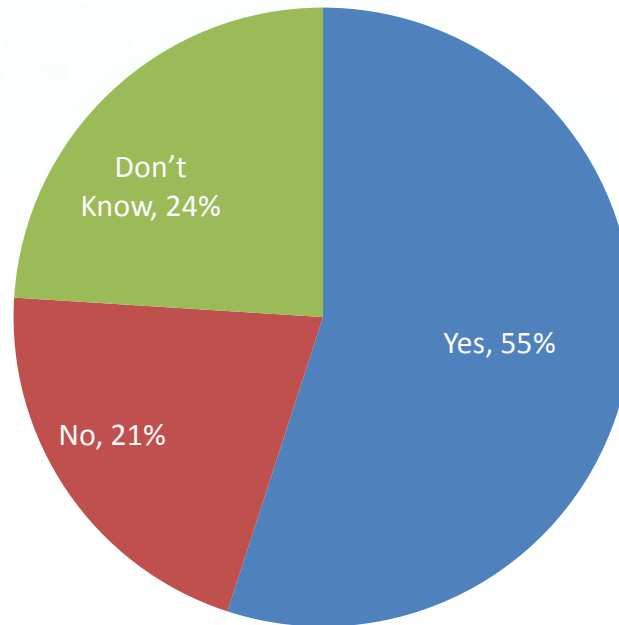
% of population that have played mobile social game in Japan (2011)



Social/Mobile Gaming in Japan

Preferences

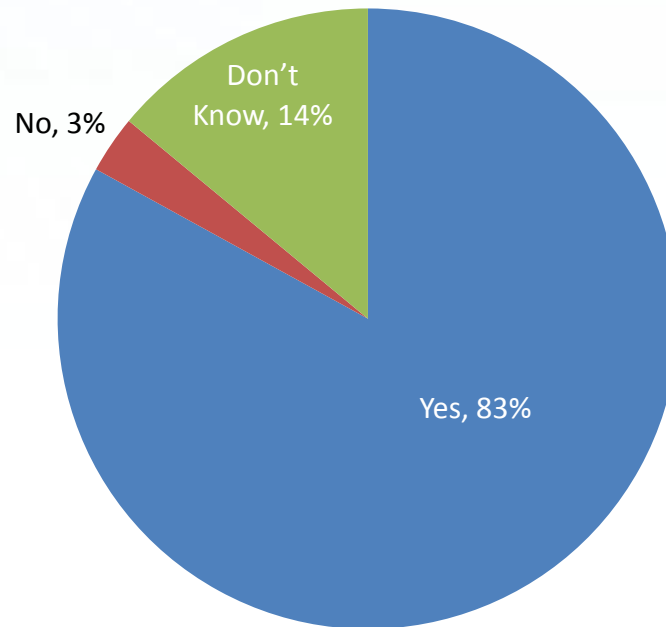
Do you want to buy a
Smartphone (Mobile Phone
Users) 2011



Social/Mobile Gaming in Japan

Preferences

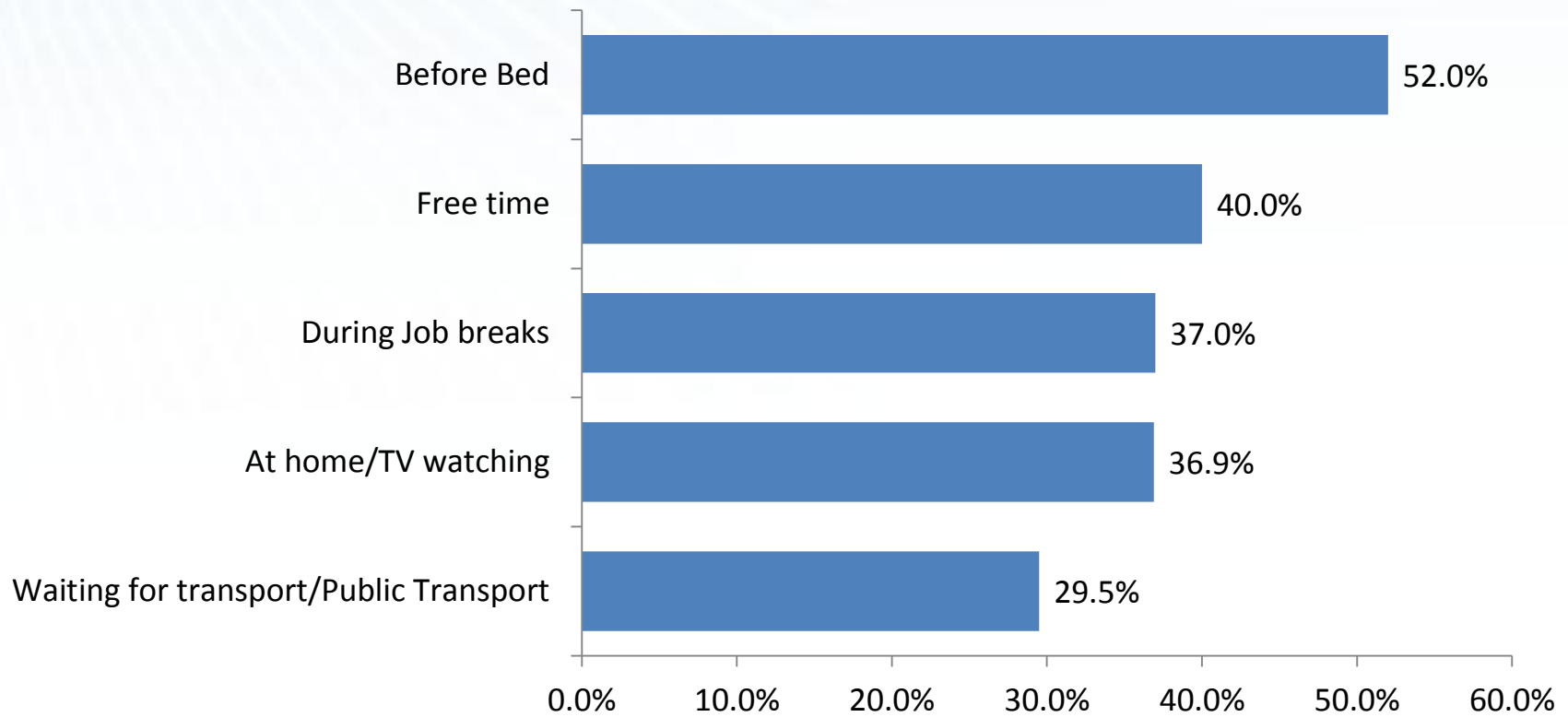
Do you want to keep playing social games (Smart Phone Users) 2011



Social/Mobile Gaming in Japan

Preferences

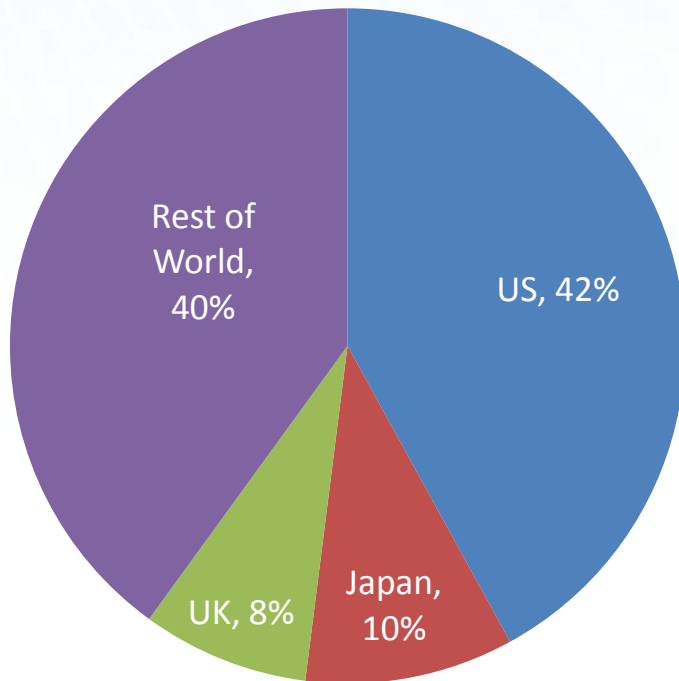
Top 5 Venues for Playing mobile games in Japan (2011)



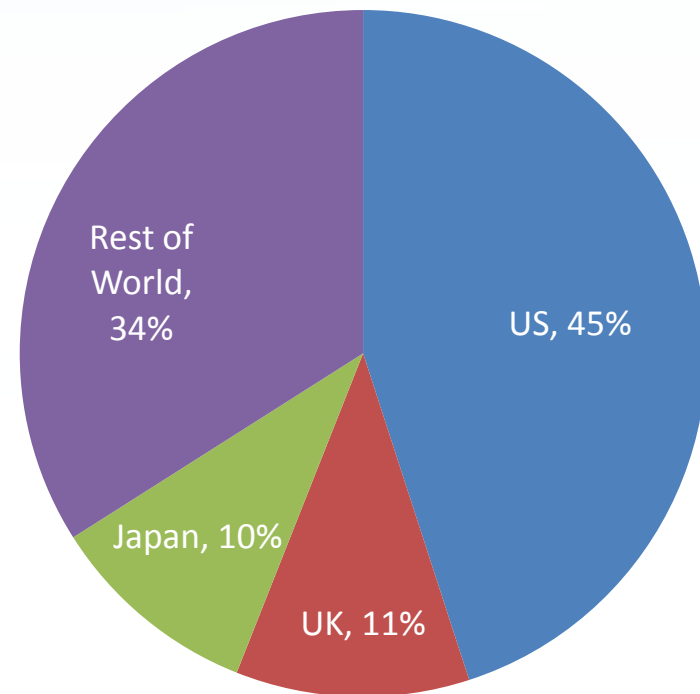
Social/Mobile Gaming in Japan

Preferences

Top 3 Countries by Revenue
for **iOS** (2011)



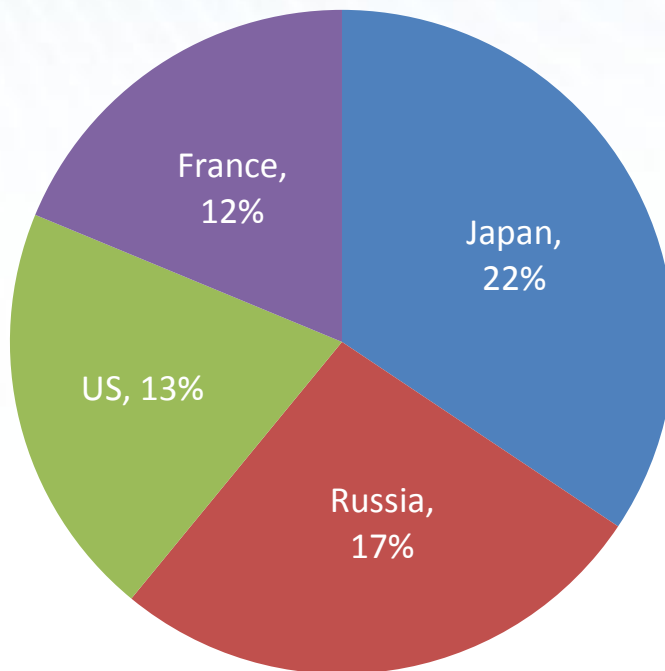
Top 3 Countries by Revenue
for **Google Play** (2011)



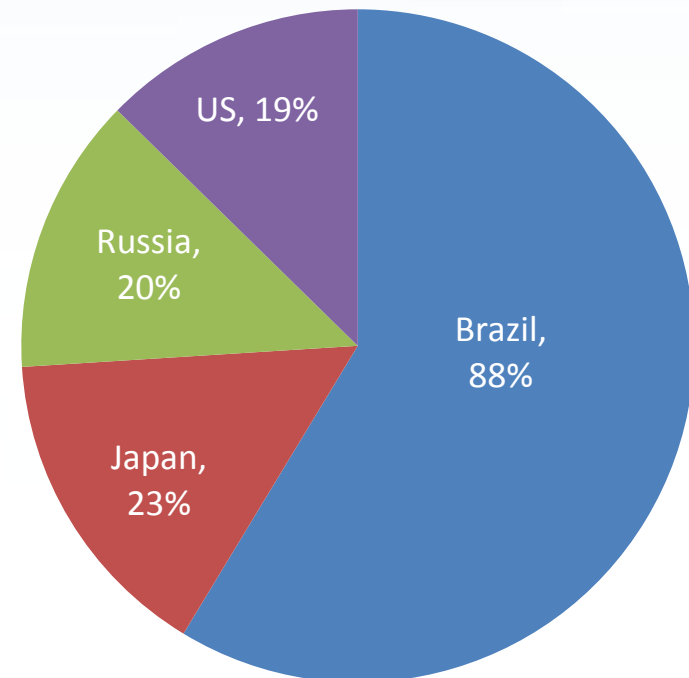
Social/Mobile Gaming in Japan

Preferences

Top 3 Fastest Growing by Revenue for **IOS** (2011)



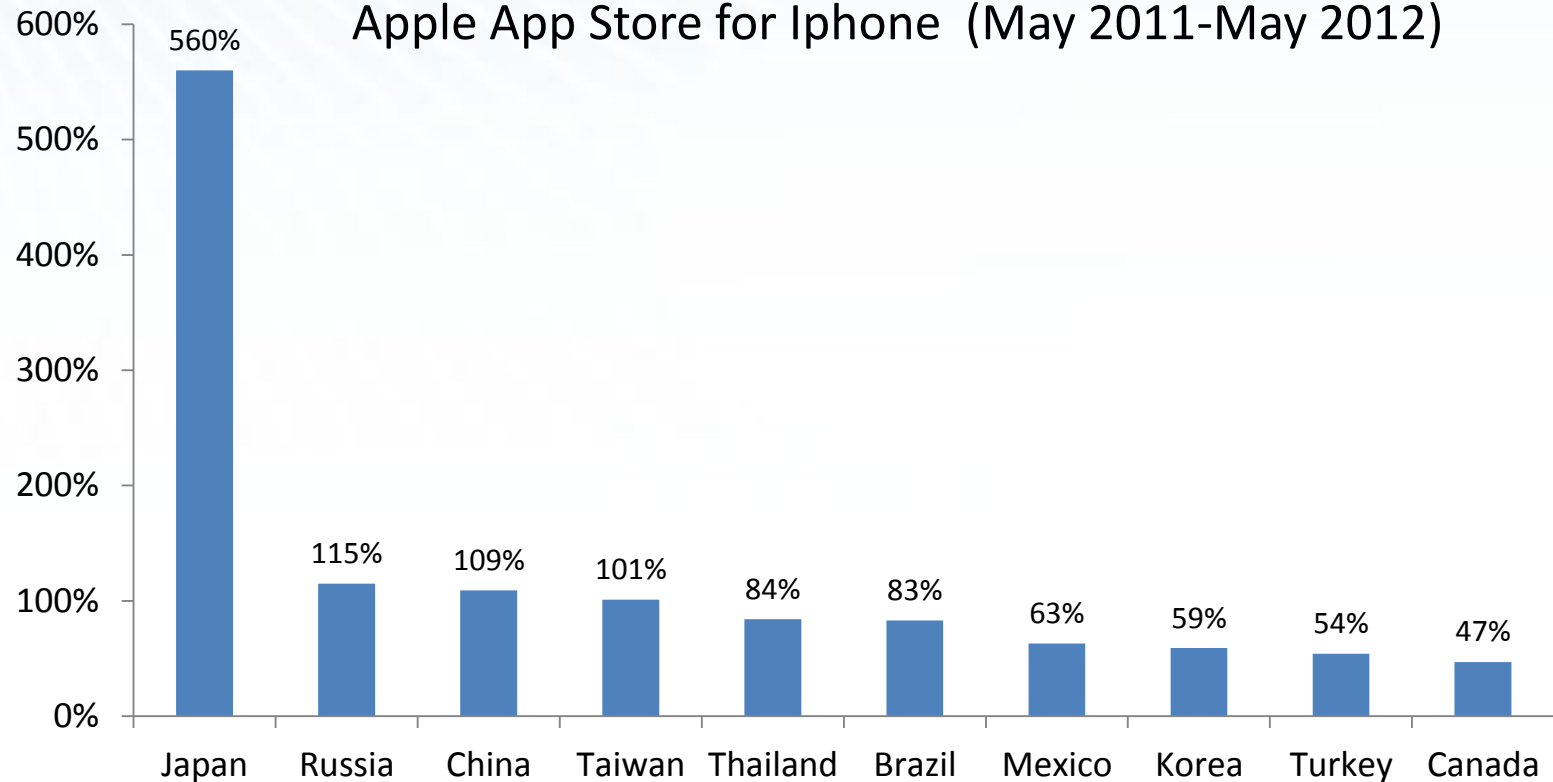
Top 3 Fastest Growing by Revenue for **Google Play** (2011)



Social/Mobile Gaming in Japan

Preferences

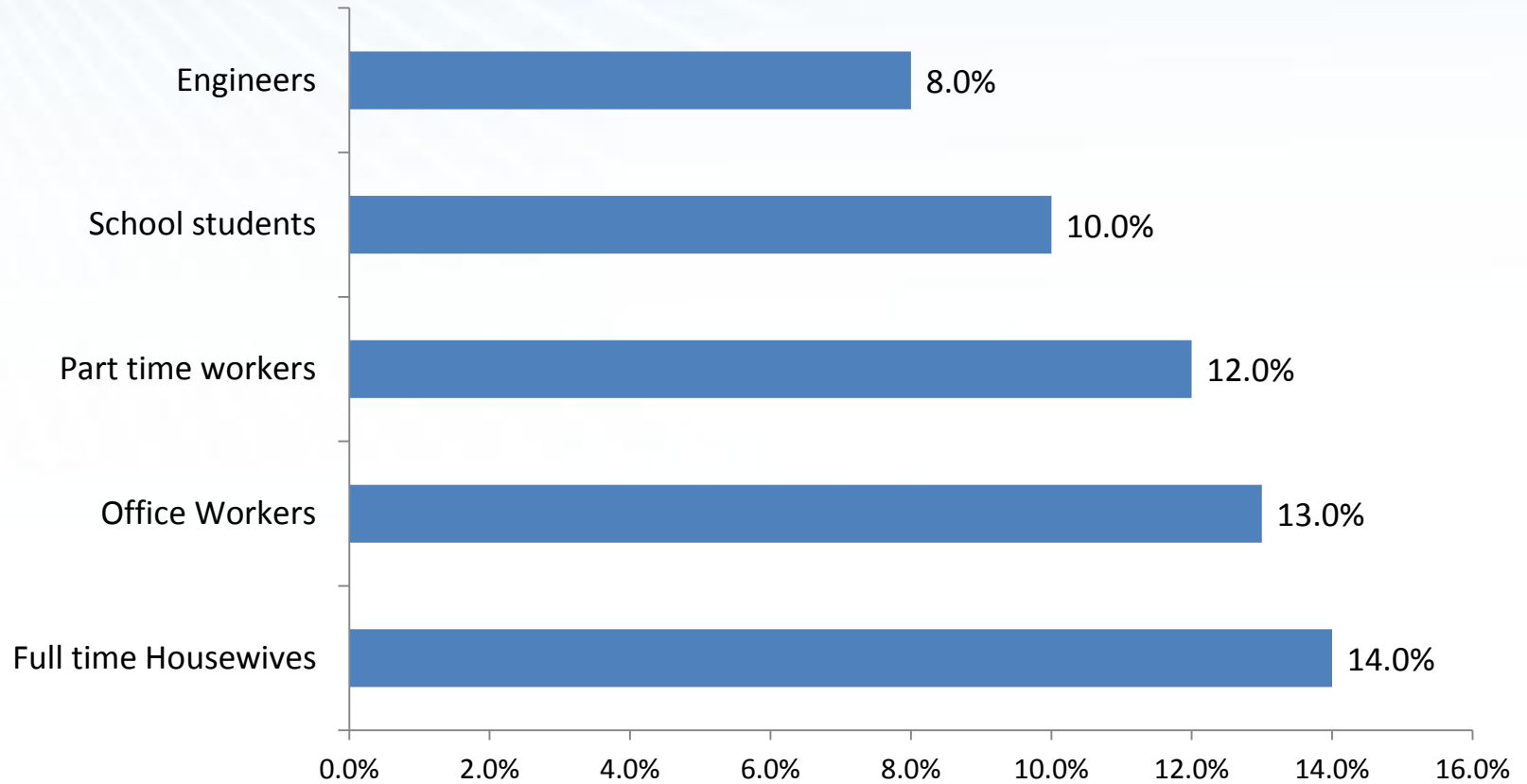
Top Fastest Growing Countries in Terms of Revenue in Apple App Store for Iphone (May 2011-May 2012)



Social/Mobile Gaming in Japan

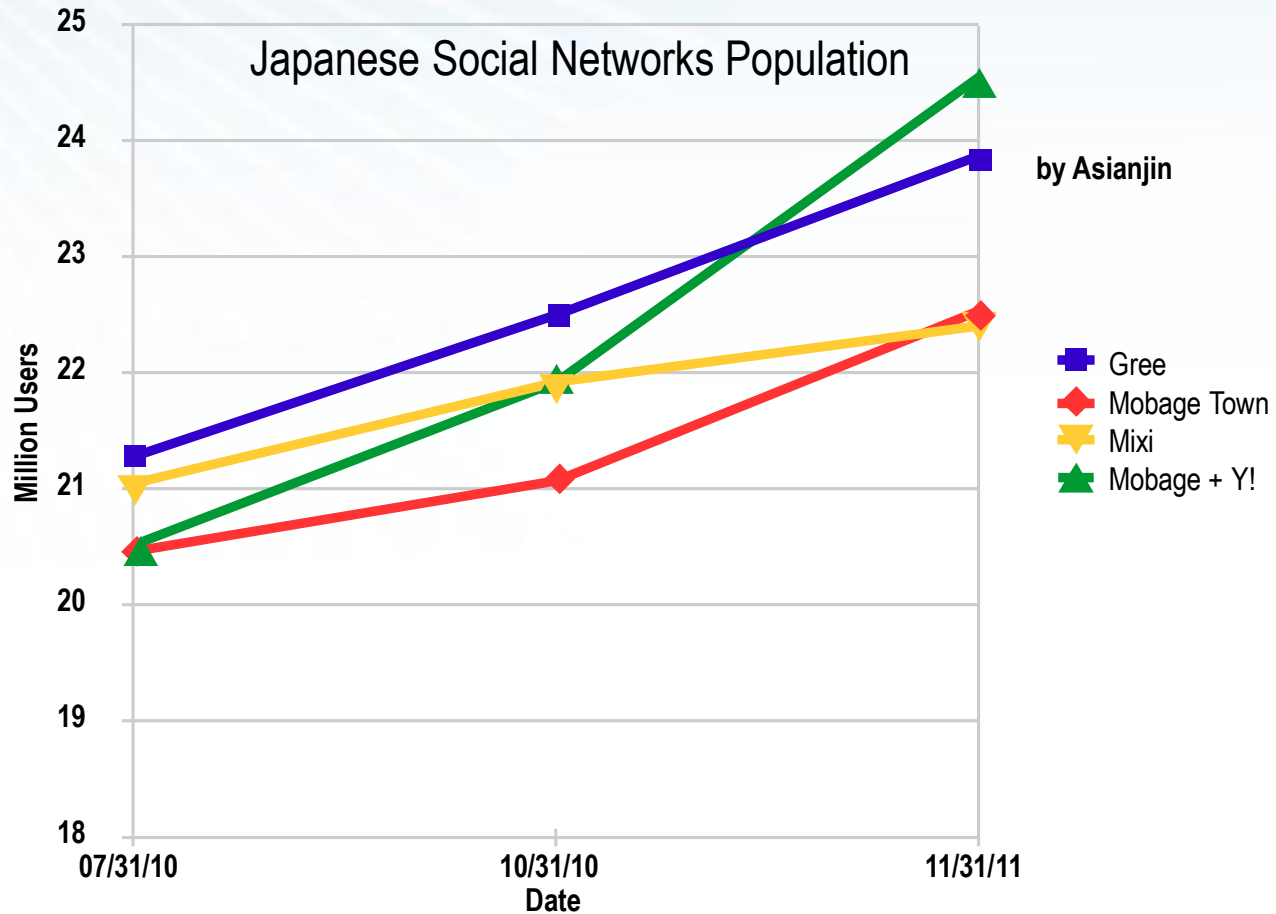
Preferences

Mobile Social Game Players in Japan (2011)



Social/Mobile Gaming in Japan

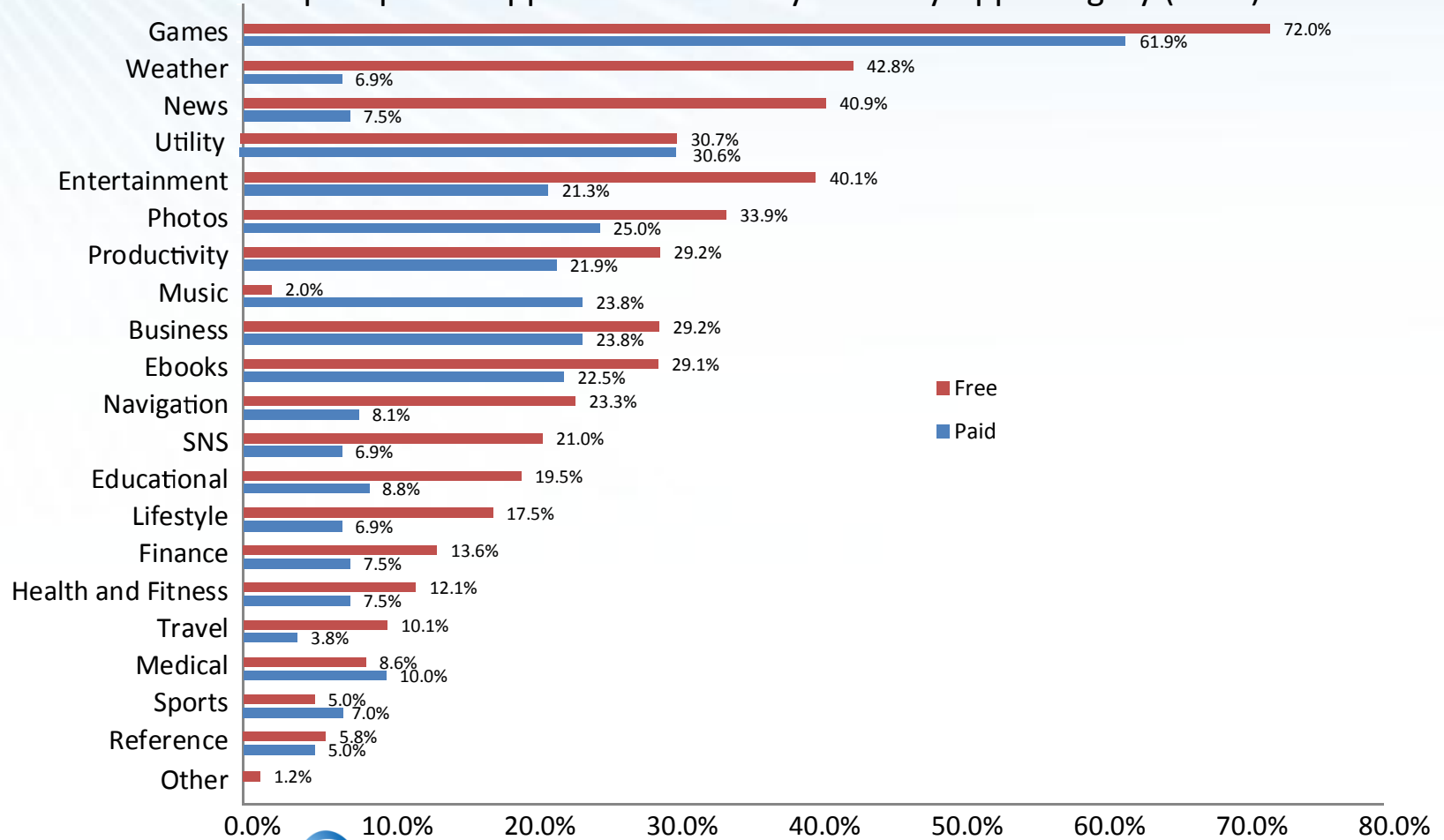
Preferences



Social/Mobile Gaming in Japan

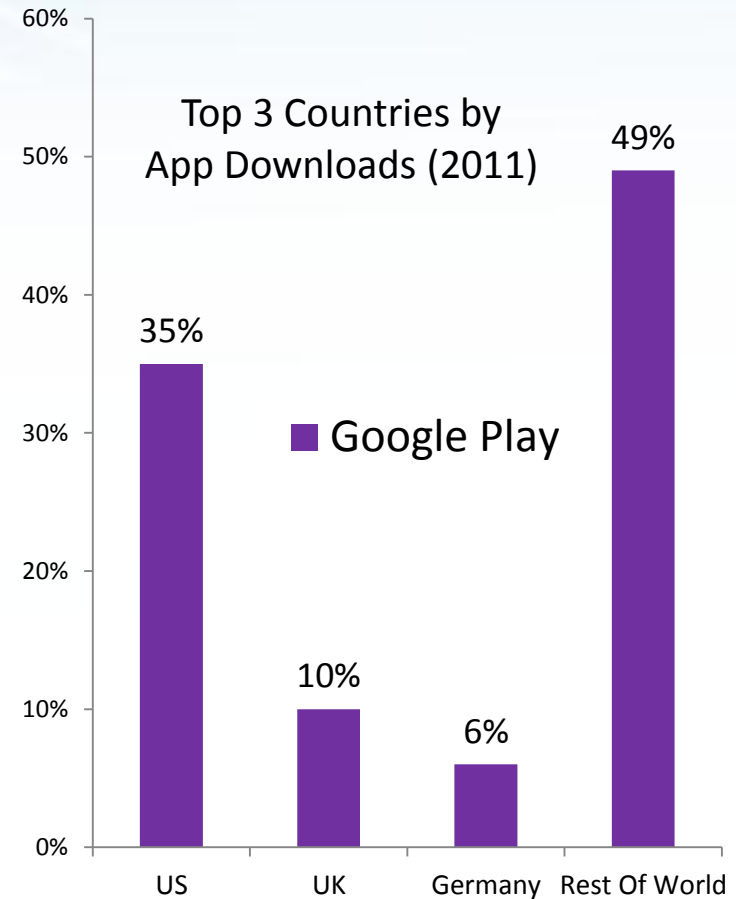
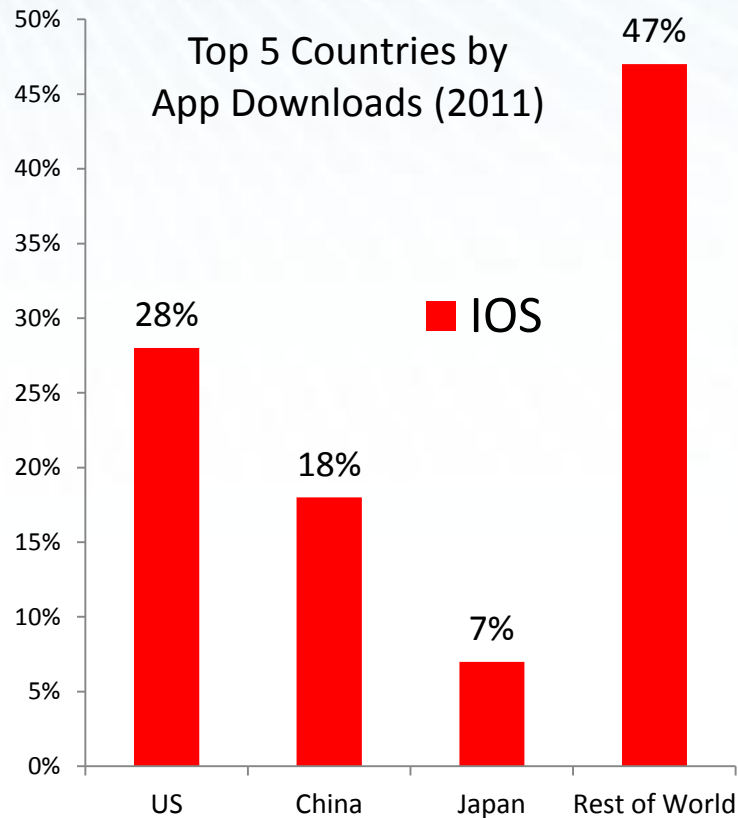
Preferences

Japan Iphone Apps downloaded by Users by App category (2011)



Social/Mobile Gaming in Japan

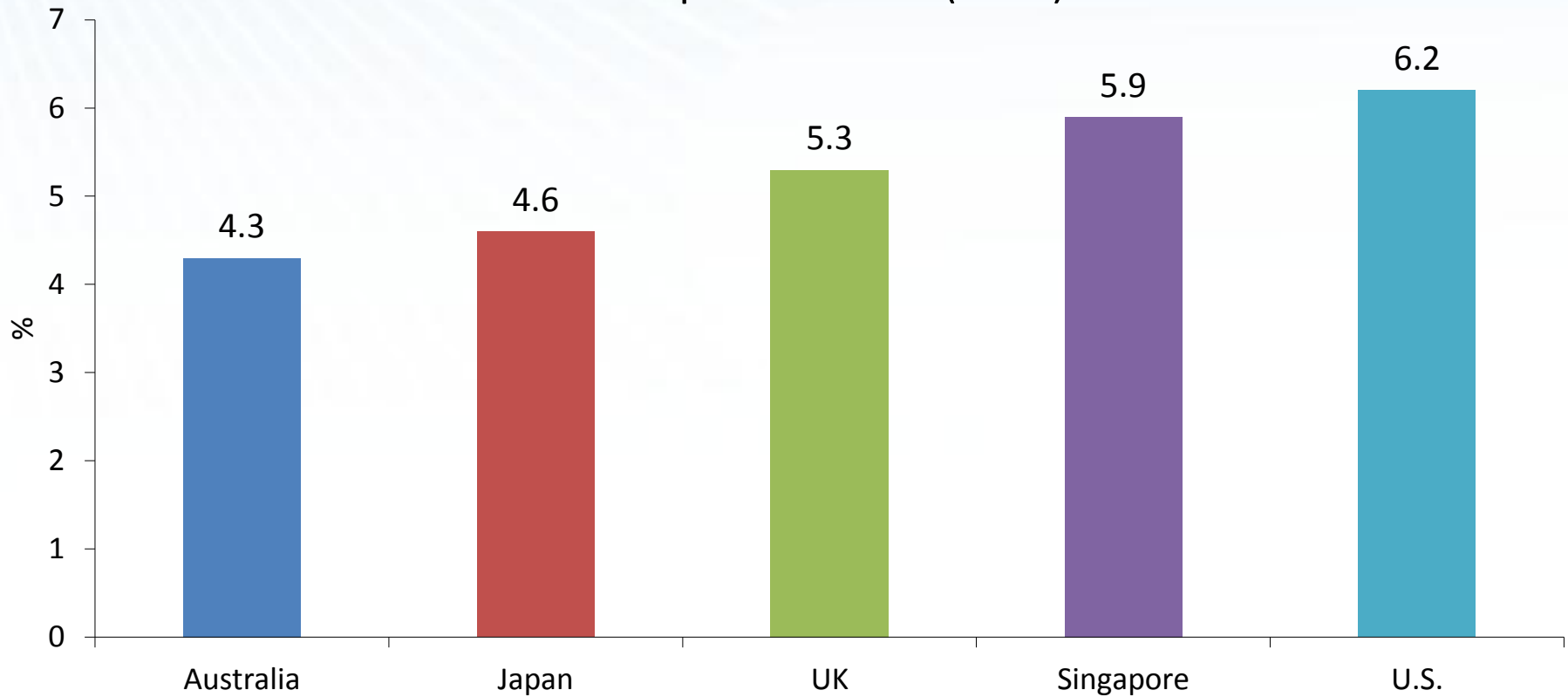
Preferences



Social/Mobile Gaming in Japan

Preferences

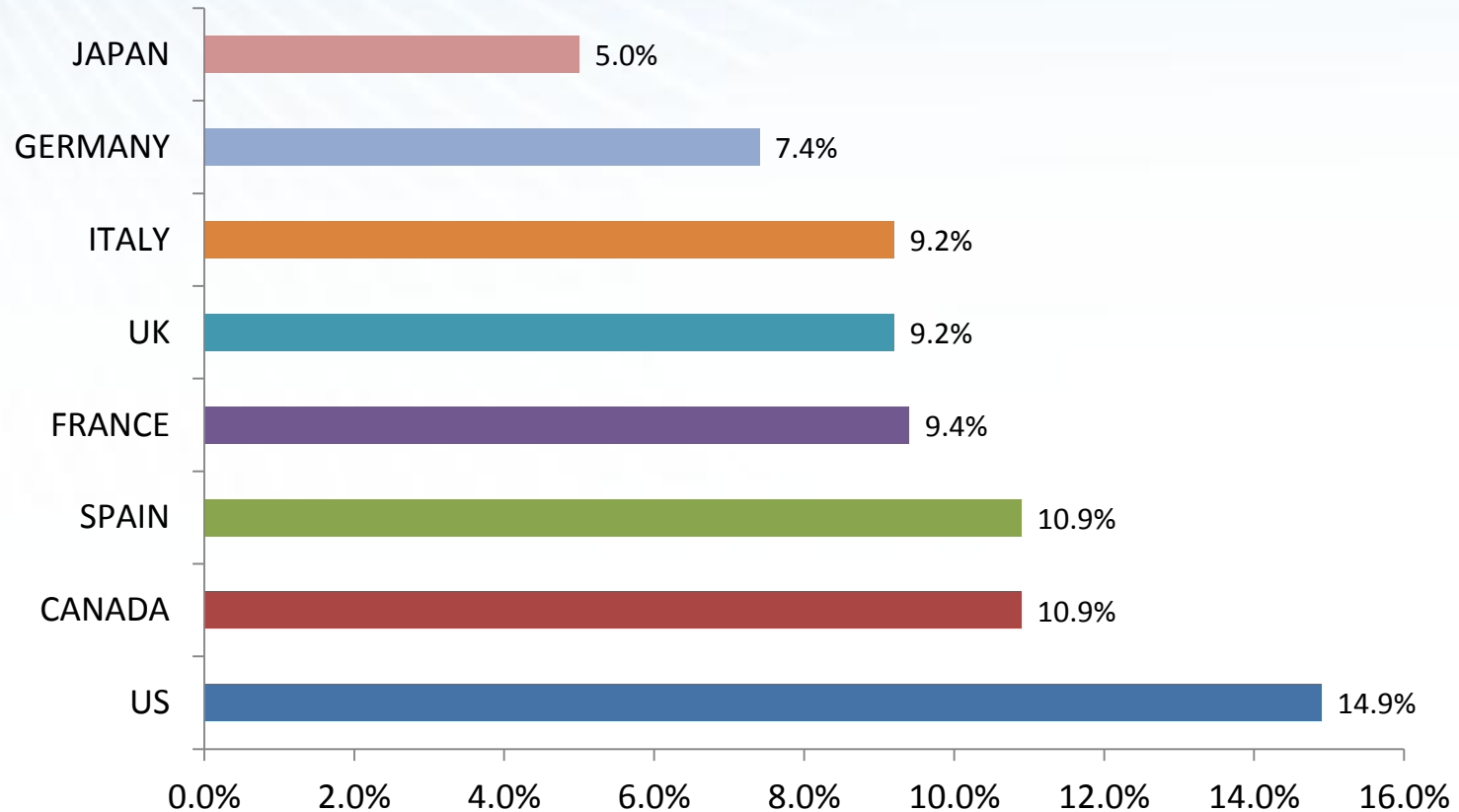
Share of Total Traffic by
Non-Computer devices (2011)



Social/Mobile Gaming in Japan

Preferences

Percent of Mobile Phone users who also own a Tablet



Social/Mobile Gaming in Japan

Market Drivers

- Kompu Gacha is a huge revenue driver for social in-game purchase
- Freemium business model encourages premium in-game purchases
- Integration of virtual wallets into social games
- Advertising revenue growth
- (Relatively) low development costs

Social/Mobile Gaming in Japan

Market Drivers

- Increase in mobile penetration
- Integration between mobile and social gaming through SNS
- Increase in consumer acceptance
- Increased availability of smartphones
- Social gamers with moderate to high disposable income, especially females

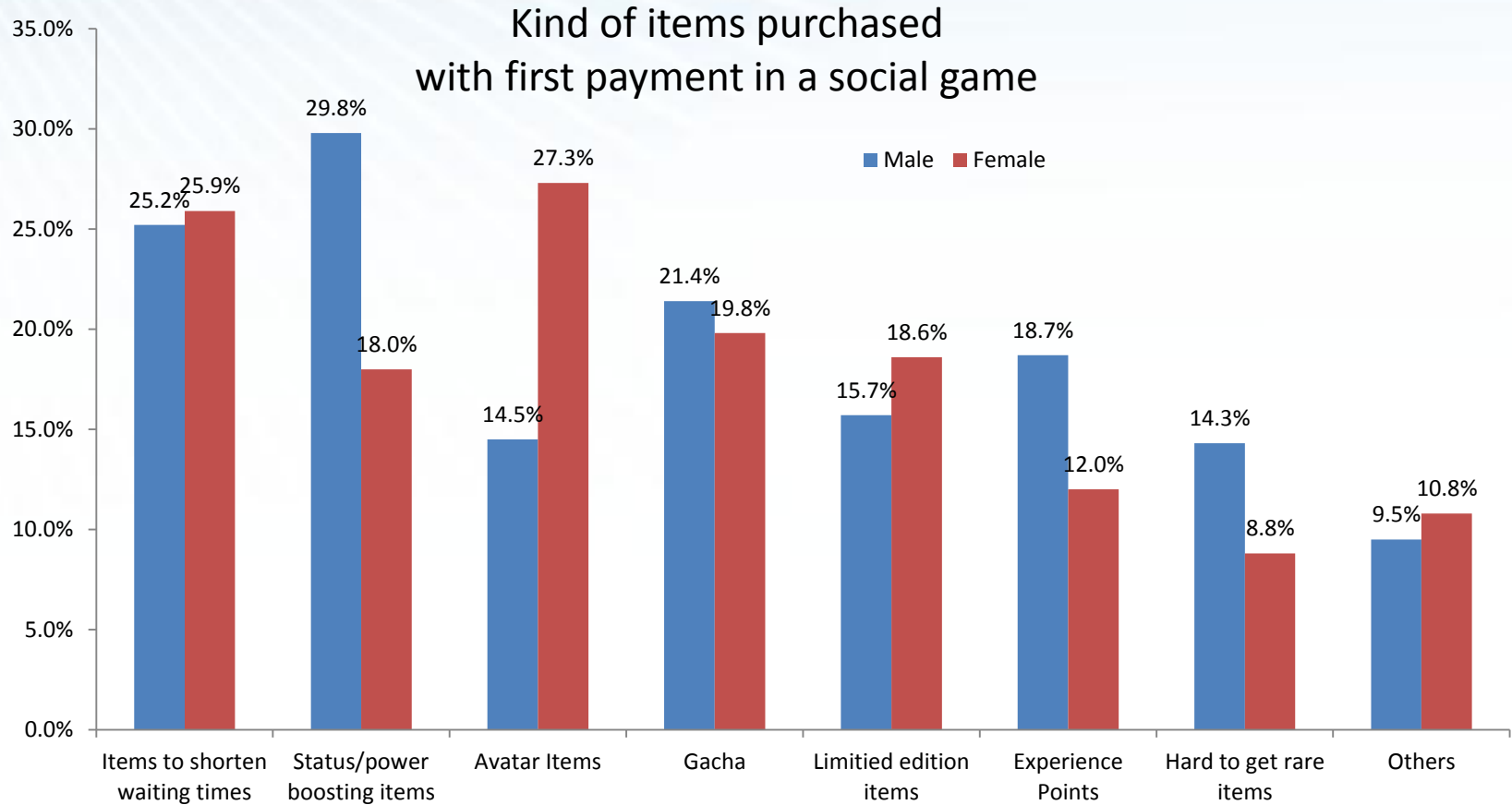
Social/Mobile Gaming in Japan

“Kompu Gacha” - Revenue Generation Model



Social/Mobile Gaming in Japan

Revenue Model Validation



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

- Most social games offer free elements coupled with
 - In-game purchases
 - In-game virtual item purchases
 - Subscription and advertising



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

2. Focus on genre that supports female participation



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

3. Subscription and in-game item sales



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

4. Enhanced capabilities to up-sell, cross-sell and cross promote across media



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

5. Overseas acquisitions and mergers to enter new markets



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

6. Selling games for playing on smartphones and tablets directly via app stores



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

7. Virtual wallet is integrated into social games



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

8. Strong cultural difference between Western and Japanese social games



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

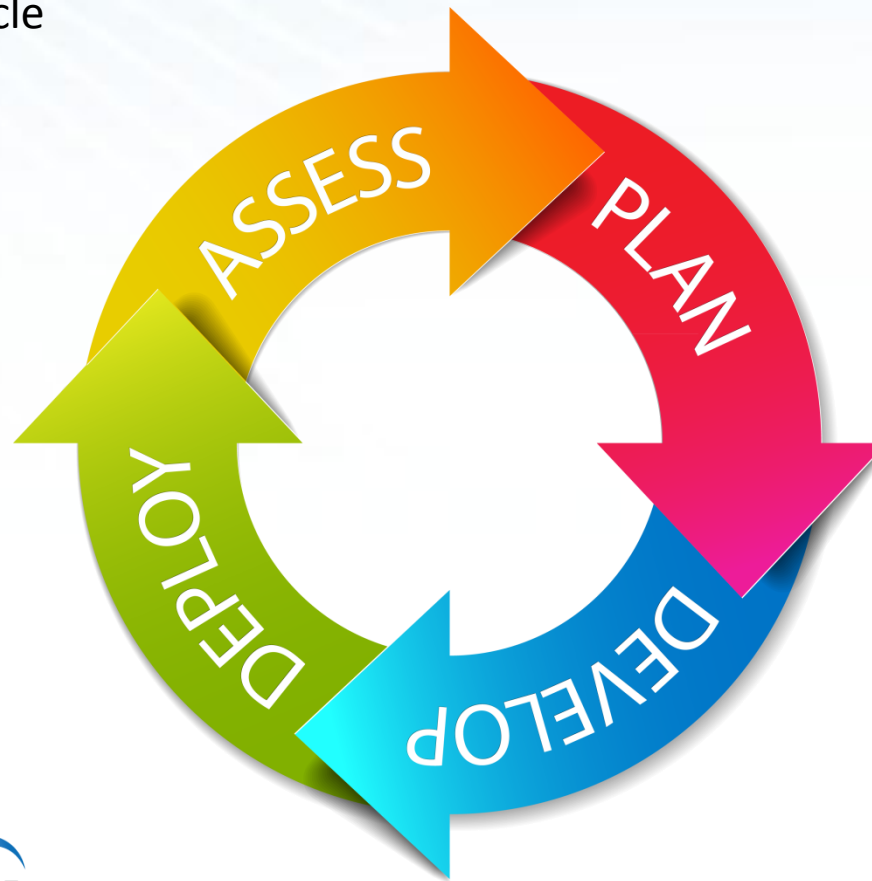
9. (Relatively) low development costs - popular games profitable within months!



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

10. Short product lifecycle



12 Current Social/Mobile Gaming Trends in Japan

Present Trends

11. Different pricing strategies



12 Current Social/Mobile Gaming Trends in Japan

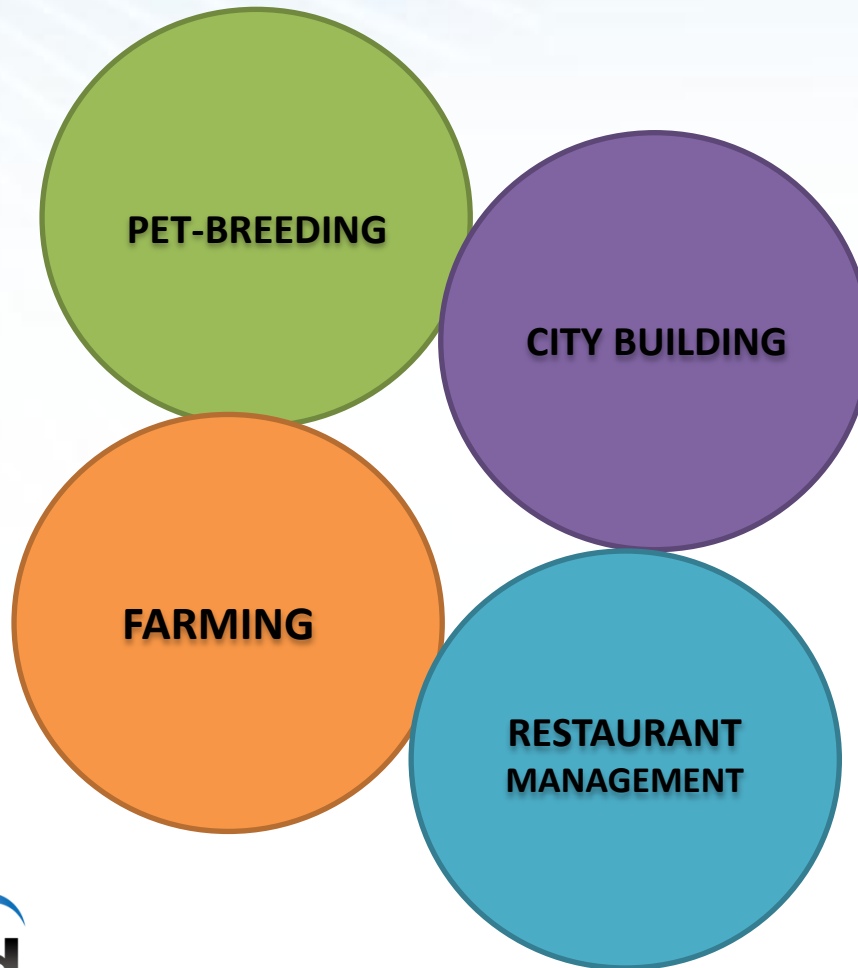
Present Trends

11. Gaming community creates and expands content



Special Genres

Social Gaming Genres



Special Genres

Manga-based Social Games



Special Genres

Social RPGS



セントラル広場
Central Square

スクエニ(id:531) 行動待ち

次回更新 00時過ぎ

マイページ

Lv.5
種族:モグル
学位:5 ファイター
HP: 87
MP: 43
単位:75
EXP:297

(NEXT3)
所持金: 10210z
E-ル: 250yel

冒険 学校

友達紹介で特別アイテムGET!!
FPカチカチ

港 アイテムボックス
メールボックス 総合掲示板
装備一覧 クラス確認

セントラル広場 マイページ
出撃門 学校
対峙マップ

出撃門
Strike gate

クエスト受付

フロントポイント: 20 FP
このクエストに参加しますか?

ガーナー終了試験

君がガーナーとして立派にクラスを修了できるか試験を行う。
課題は、ヒュースラックから取れる黄色い汚粘液を証拠として取ってくること。ヒュースラックは水辺に生息しているので、川を重点的に探すが良い。
黄色い汚粘液 3個の提出

参加

所持金: 12210z

<<戻る

ベルガーライティーンの攻撃!

3 3 1 2 2

retreat

スクエニ
HP 600 / 600

ファイター
MP 400 / 400

Special Genres

Social Dating and Love Simulations



Special Genres

Social Idol-raising Games



Special Genres

Social Collectible Card Games



Title Screen



My Page Screen



Battle Screen

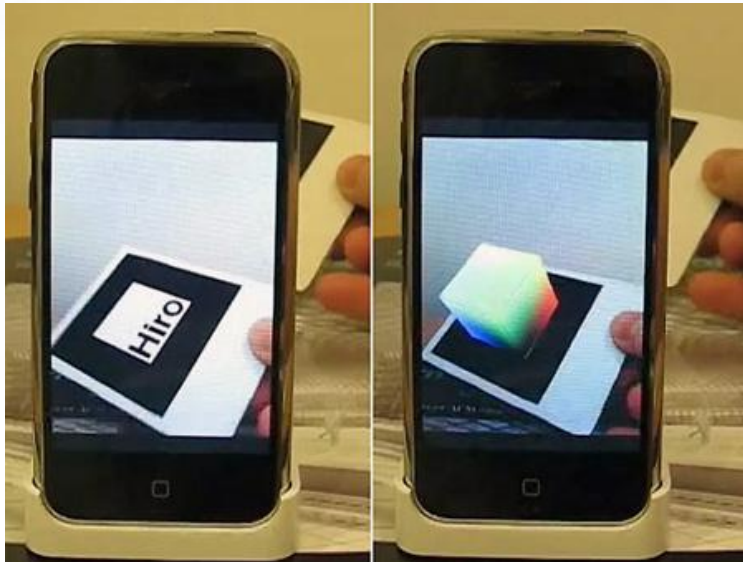
Future Trends in Japan's Social Gaming Industry



7 Future Social/Mobile Gaming Trends for Japan

Future Trends

- Augmented reality using smartphone features



7 Future Social/Mobile Gaming Trends for Japan

Future Trends

- Growth in Near Field Communication (NFC) adoption



7 Future Social/Mobile Gaming Trends for Japan

Future Trends

- Location-based features of Smartphone to be used in overall game experience



7 Future Social/Mobile Gaming Trends for Japan

Future Trends

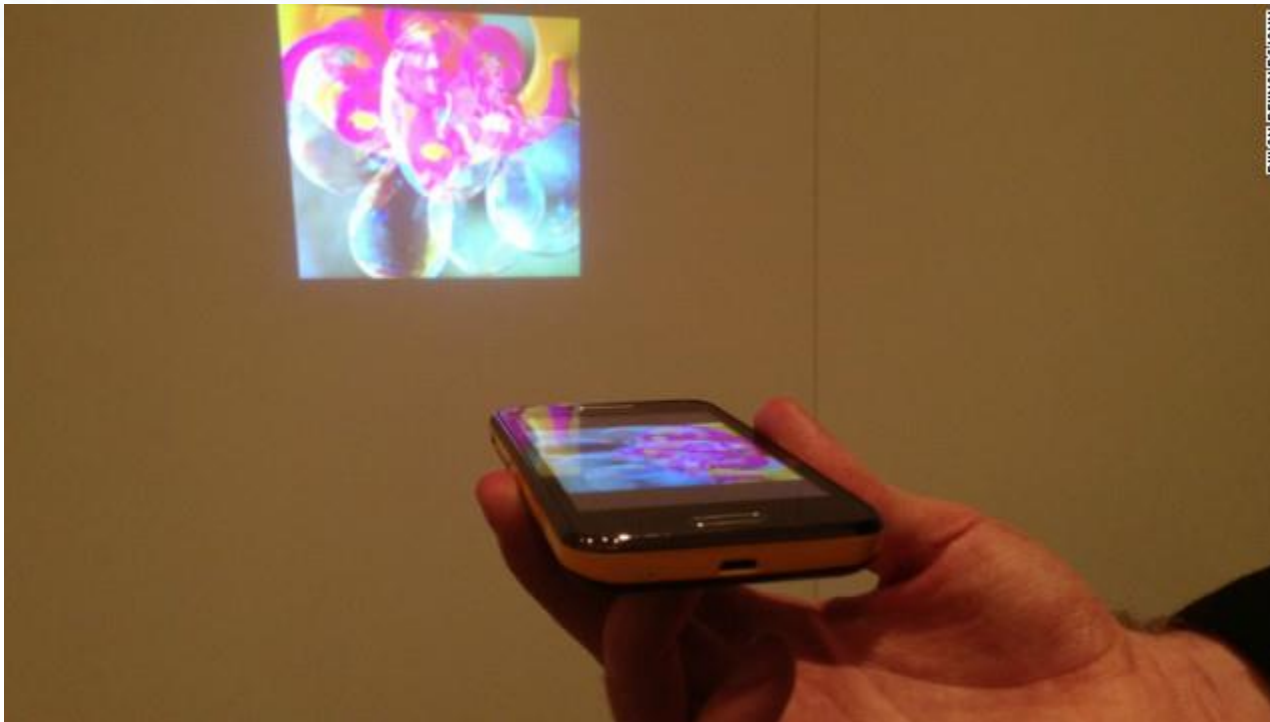
- 3D holograms and voice control



7 Future Social/Mobile Gaming Trends for Japan

Future Trends

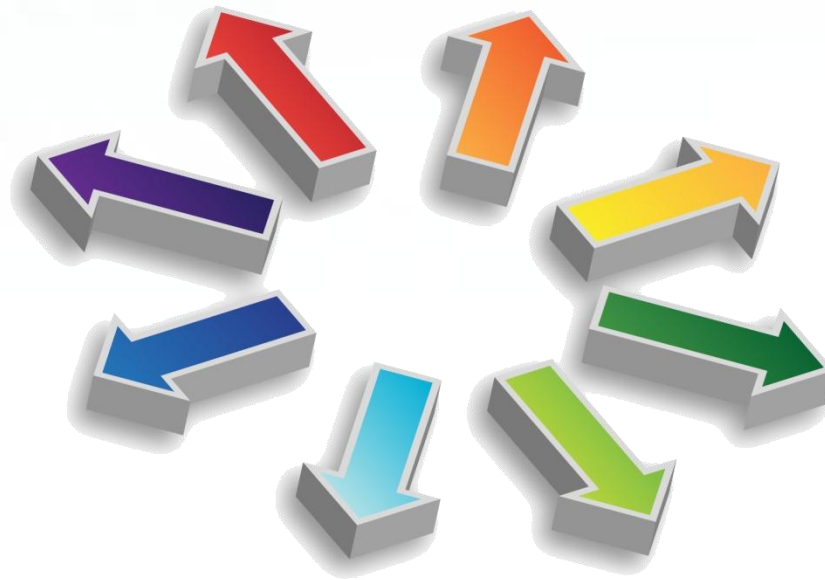
- In-built Projection of stored media



7 Future Social/Mobile Gaming Trends for Japan

Future Trends

- Market fragmentation due to different operating systems (Android/iOS) and hardware capabilities of mobile phones



7 Future Social/Mobile Gaming Trends for Japan

Future Trends

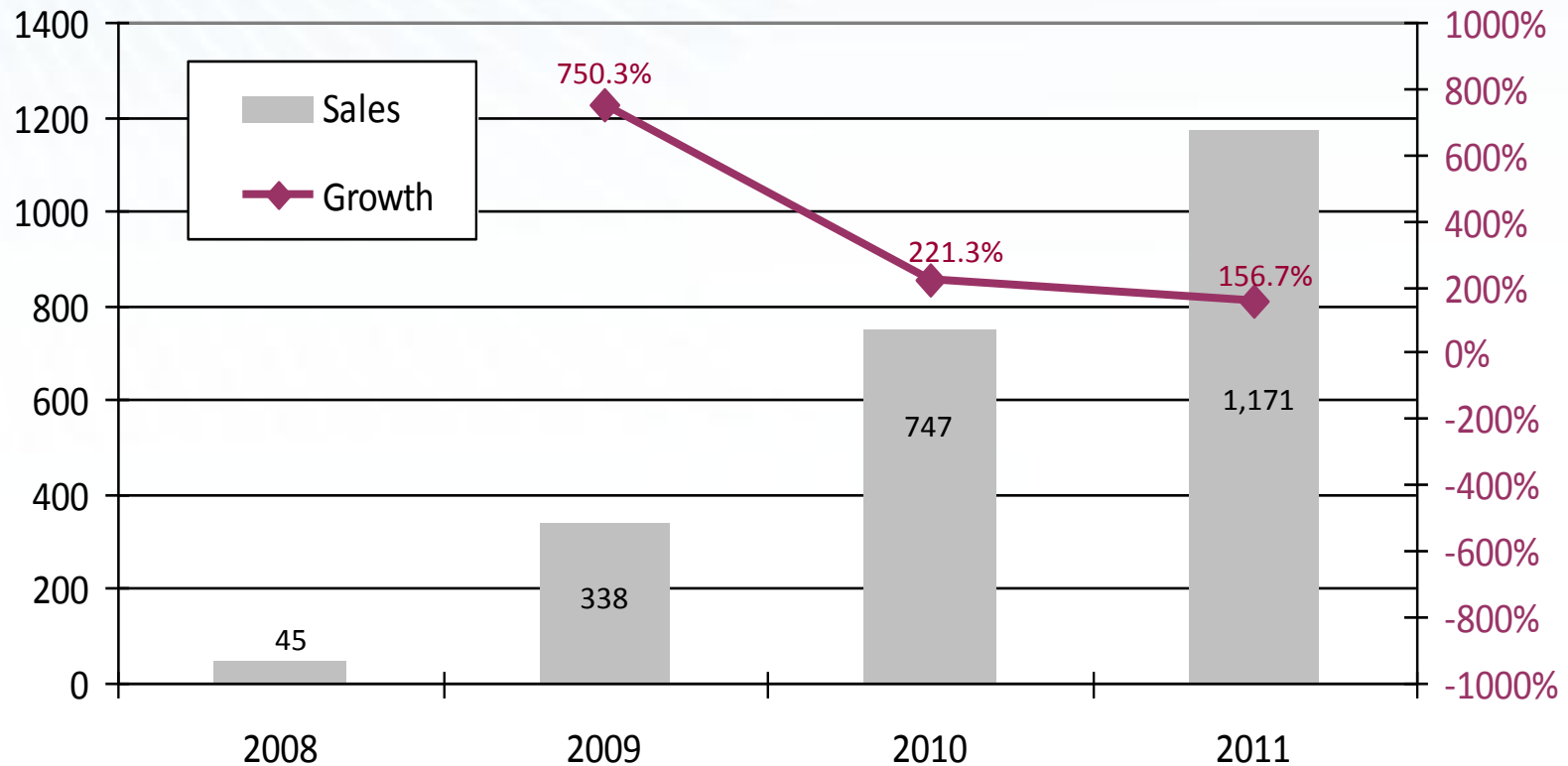
- HTML 5 will support cross platform integration and a universal App Store



Japan's Social Game Market

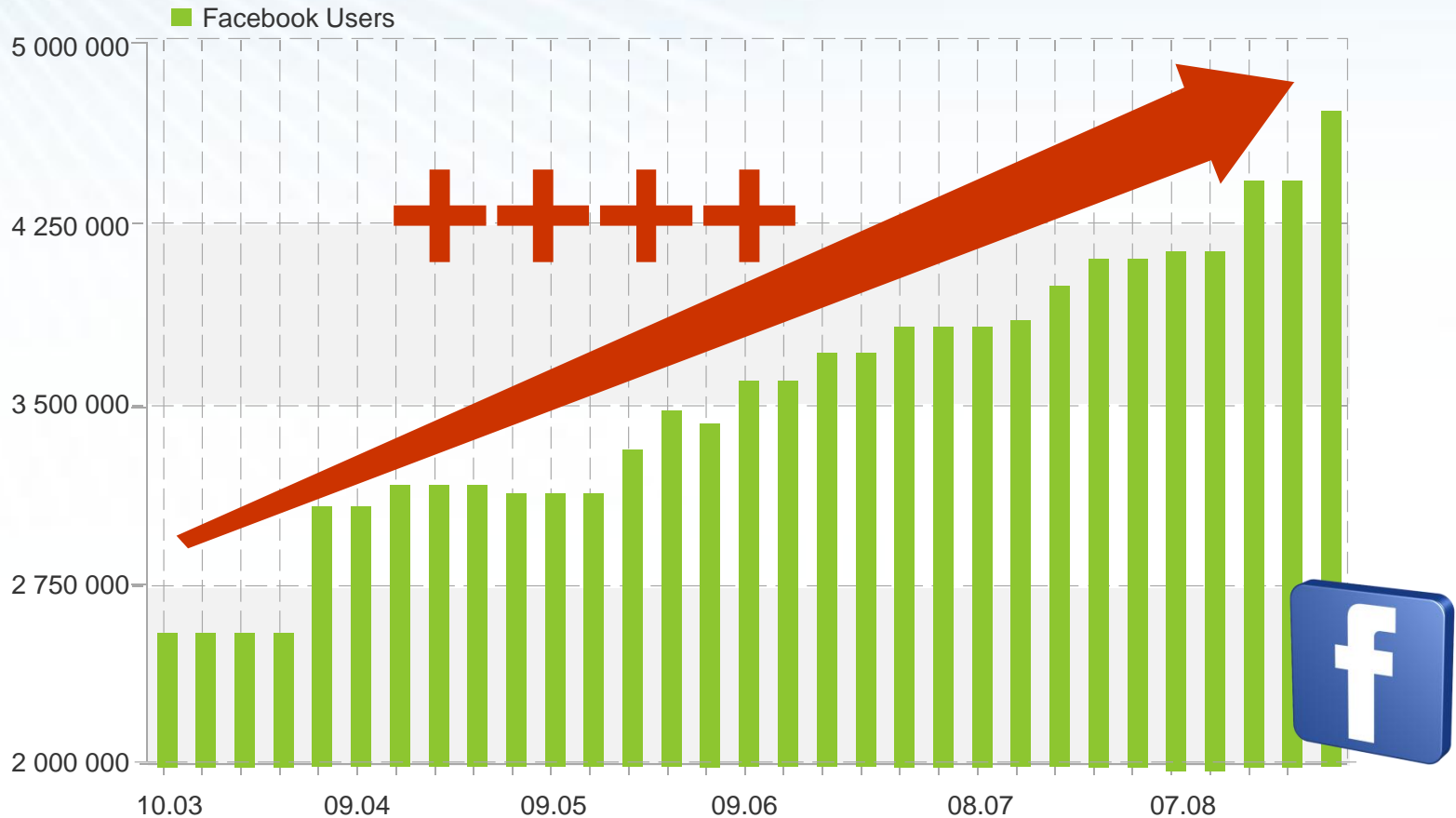
Experiencing rapid growth

Sales in 100 Million Yen



Potential Venue for Game Development

Key Peculiarity: Facebook Japan



Social/Mobile Gaming in Japan

Preferences

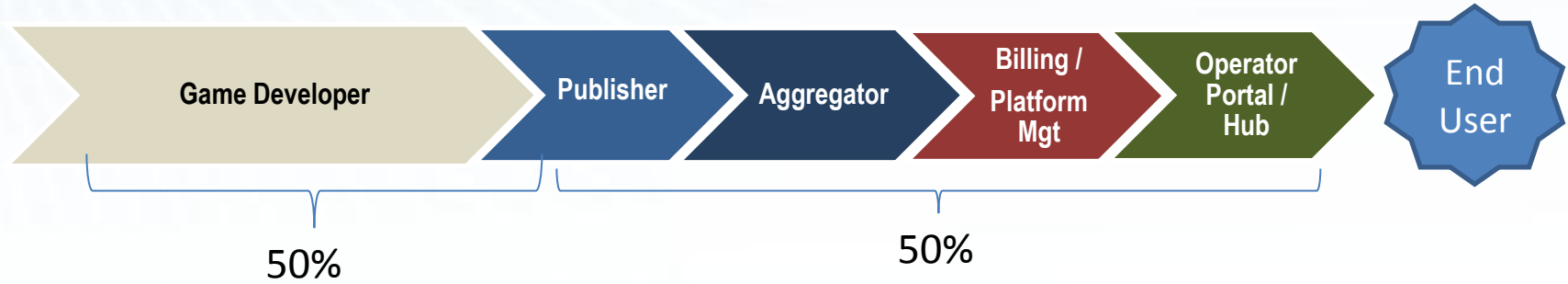
Forecast for Mobile Penetration in Japan (2011)



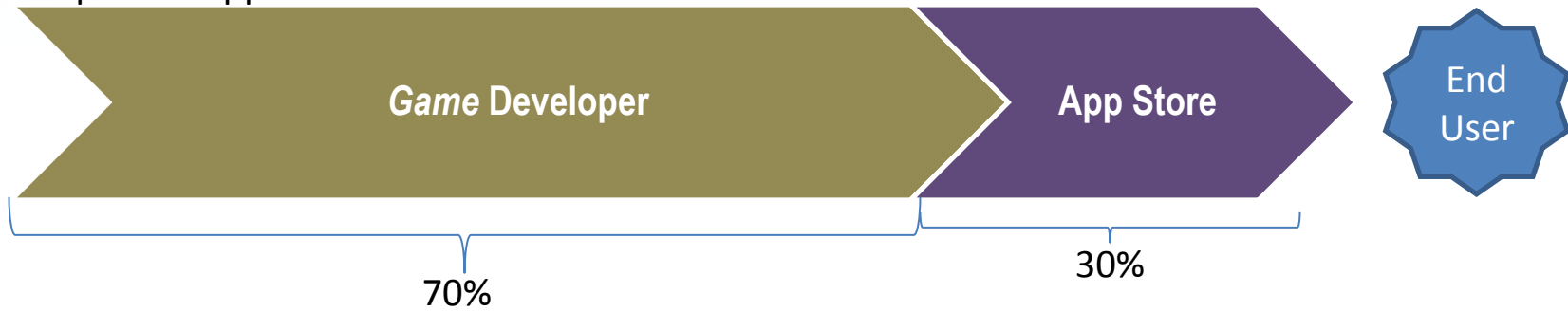
Social/Mobile Gaming in Japan

Revenue Allocation on Social/Mobile Apps

Feature Phone Market



Smartphone App Store



Top Publishers in Japanese Mobile & Social Gaming Sector

KONAMI



DeNA



CAPCOM



mixi



Social/Mobile Gaming in Japan

Platforms

- Most users access via mobile phones
- Top platforms:
 1. DeNA (Mobage Town) over 43m registered users
 2. GREE over 26m registered users
- Both double as social networks and platform providers
- Used to be closed ecosystem but now open to 3rd party developers
- Rapid growth during 5 years

Social/Mobile Gaming in Japan

Publishers/Developers

GREE



- A top mobile game developer, publisher and social mobile game platform
- Top 5 games developer for iPad
- Net revenue of ¥158bn,



Social/Mobile Gaming in Japan

Publishers/Developers

GREE

- GREE Mobile social gaming platform was launched in 2012 enabling game distribution in 169 countries with English and Japanese portals



Social/Mobile Gaming in Japan

Publishers/Developers

GREE

- Global expansion into Western market with purchase of Openfeint and Funzio
- Integration of Openfeint into its gaming platform



Social/Mobile Gaming in Japan

Publishers/Developers

GREE

- Formed new partnership with Namco Bandai



Social/Mobile Gaming in Japan

Publishers/Developers

GREE

- GREE Platform support for 15 languages to be launched



Social/Mobile Gaming in Japan

Publishers/Developers

GREE

- Revenue generation through:
 - Advertising (advertising sales)
 - Social games (paid service sales)



Social/Mobile Gaming in Japan

GREE

Major acquisitions by GREE includes

- Paprika (South Korea mobile social game developer)



Social/Mobile Gaming in Japan

GREE

Major acquisitions by GREE includes

- IUGO (San Francisco based social mobile game developer)



Social/Mobile Gaming in Japan

GREE

Major acquisitions by GREE includes

- Funzio



Social/Mobile Gaming in Japan

GREE

Major acquisitions by GREE includes

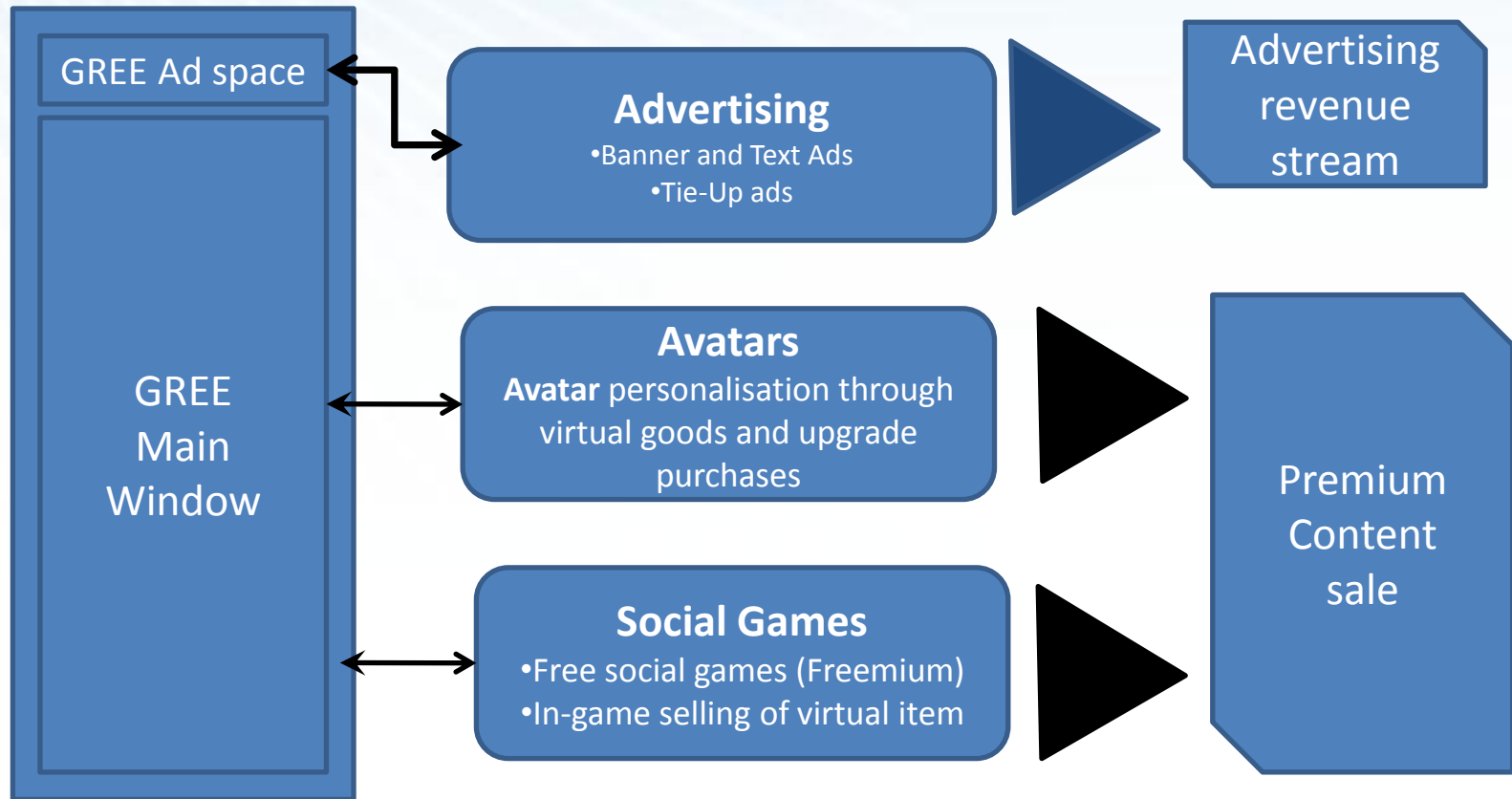
Openfeint

- Social platform operating on IOS and Android
- Enables developers to add social networking features to their apps and games
- Top mobile game social platform
- Bought by GREE for \$104m



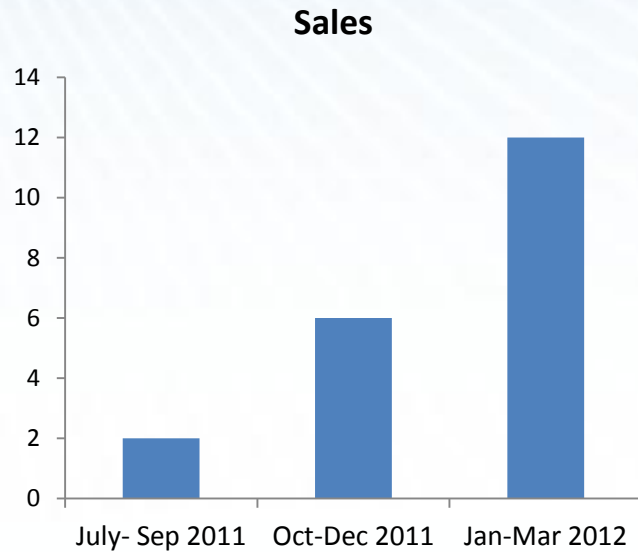
Social/Mobile Gaming in Japan

SNS Business Model: GREE Primer



Social/Mobile Gaming in Japan

Acquisition of Funzio (Sales and position in the market)



- Funzio sales grew rapidly, reaching \$12m from Jan to Mar 2012

- In April, when Kingdom Age was released, monthly sales exceeded \$5m, accelerating growth

Rank	Corporate Name	No of applications
1st	Zynga	4
2nd	Funzio Inc	3
2nd	EA	3
2nd	TinyCo Inc	3
3rd	Admired Inc	2
3rd	Diaper Gentlemen	2
3rd	Pocket Gems Inc	2

Social/Mobile Gaming in Japan

Developers/Publishers

DeNA

The logo for DeNA, featuring the letters 'DeNA' in a bold, sans-serif font. The 'D' and 'NA' are blue, while the 'e' is orange.

- Top social mobile game publisher, main competition to GREE
- Net revenue of ¥42bn, for FY 2011

The logo for bidders, featuring the word 'bidders' in a lowercase, sans-serif font. The 'b' is yellow, and the rest of the letters are grey.The logo for mobage, featuring the word 'mobage' in a lowercase, sans-serif font. The letters are blue, with a trademark symbol (TM) to the upper right.

- Growth revenue was from online auctions to the present social gaming

The logo for GMO Cloud, featuring the text 'GMO Cloud' in a bold, sans-serif font. The 'GMO' is blue, and 'Cloud' is black. Above the 'o' in 'Cloud' is a blue graphic element resembling a cloud or a stylized 'C'.

Social/Mobile Gaming in Japan

Developers/Publishers

DeNA



- Launched *Mobage* platform through its acquisition of US based Ngmoco



- Has major games on Android and IOS

Social/Mobile Gaming in Japan

Developers/Publishers

DeNA



- Global alliance was launched with Disney Studios to reach a wider market

Social/Mobile Gaming in Japan

Developers/Publishers

DeNA

- Increased monetization methods introduced across game titles



Social/Mobile Gaming in Japan

Developers/Publishers

DeNA

Major subsidiaries include:



- Ngmoco (California based, operates *Mobage* global service)



- Gameview (California based, publishes free-to-play games for Android and IOS)

Social/Mobile Gaming in Japan

Developers/Publishers

DeNA

Major subsidiaries include:

mobage 梦宝谷



- DeNA China (*Mobage* services in China)
- DeNA Seoul (games and partnership with Korean partners)

DeNA Asia

- DeNA Asia (games and partnership with Asian developers)

GMO Cloud

Social/Mobile Gaming in Japan

Developers/Publishers

DeNA

Major subsidiaries include:



GRASSHOPPER MANUFACTURE

- Grasshopper (Japanese mobile game developer)



- Plus+

Social/Mobile Gaming in Japan

Developers/Publishers

DeNA

Types of games include:



- Farming & collection (Noen Hokorina)



- Royale (Kaito Royale, Sengoku Royale)



- Real Time Team Battle (Final Fantasy Brigade)

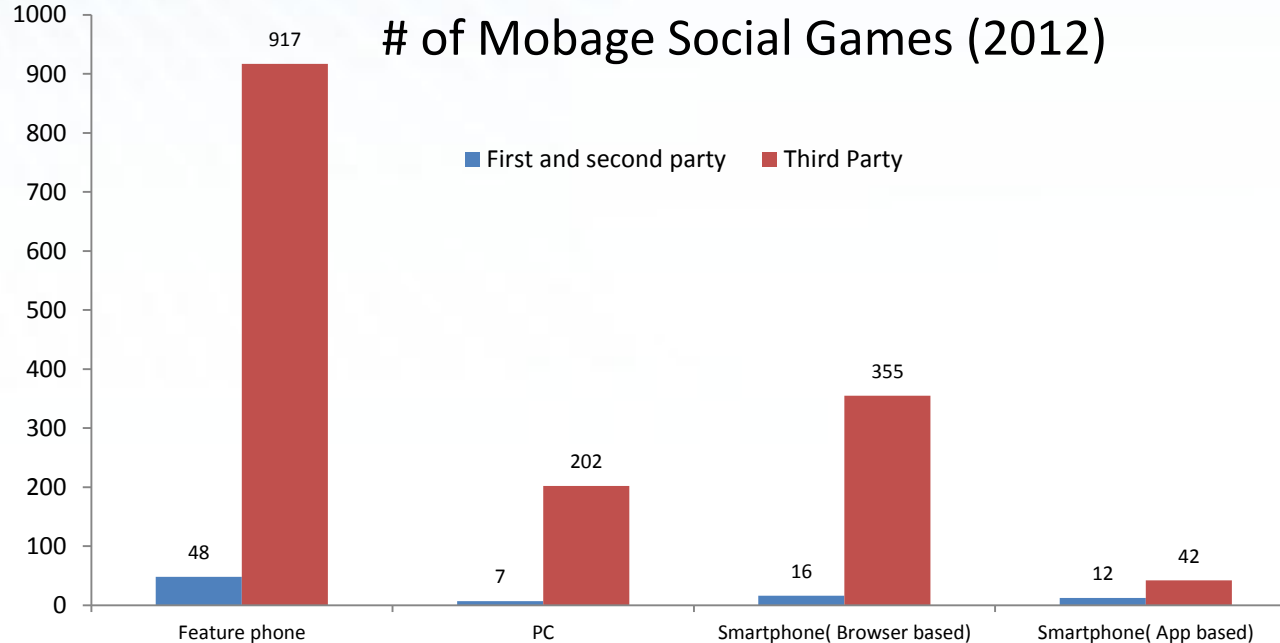


- Card Battle (Gundam Card Collection)

Social/Mobile Gaming in Japan

Developers/Publishers

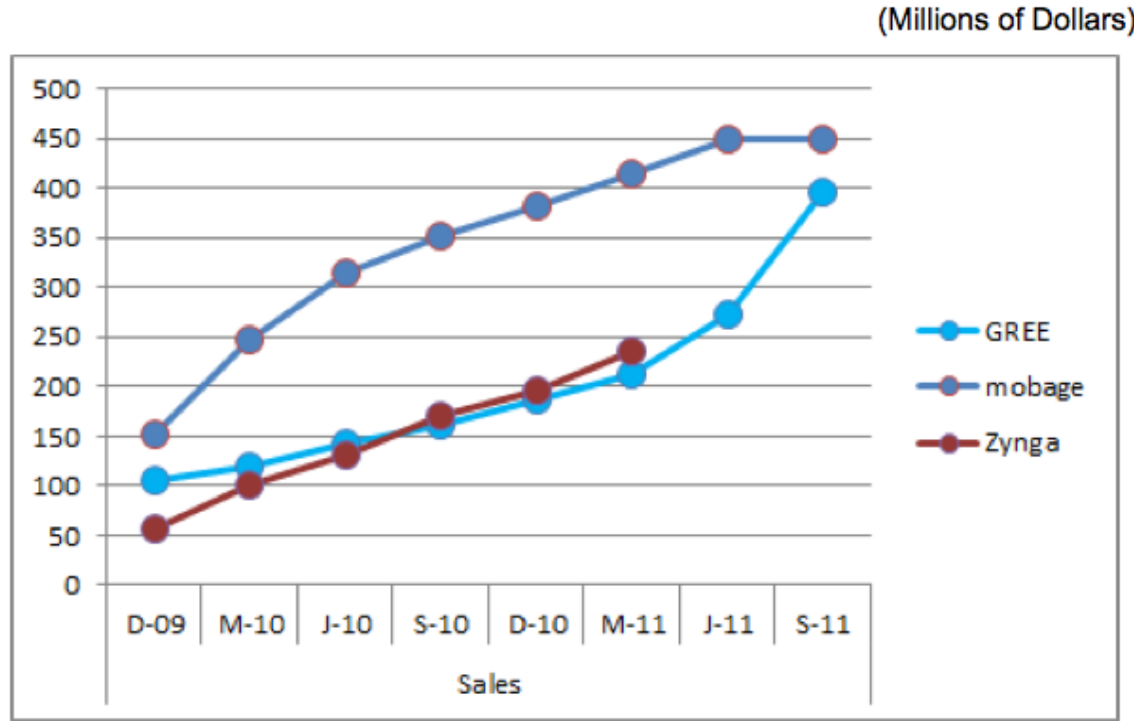
DeNA (*Mobage*)



Social/Mobile Gaming in Japan

Going mobile pays!!!

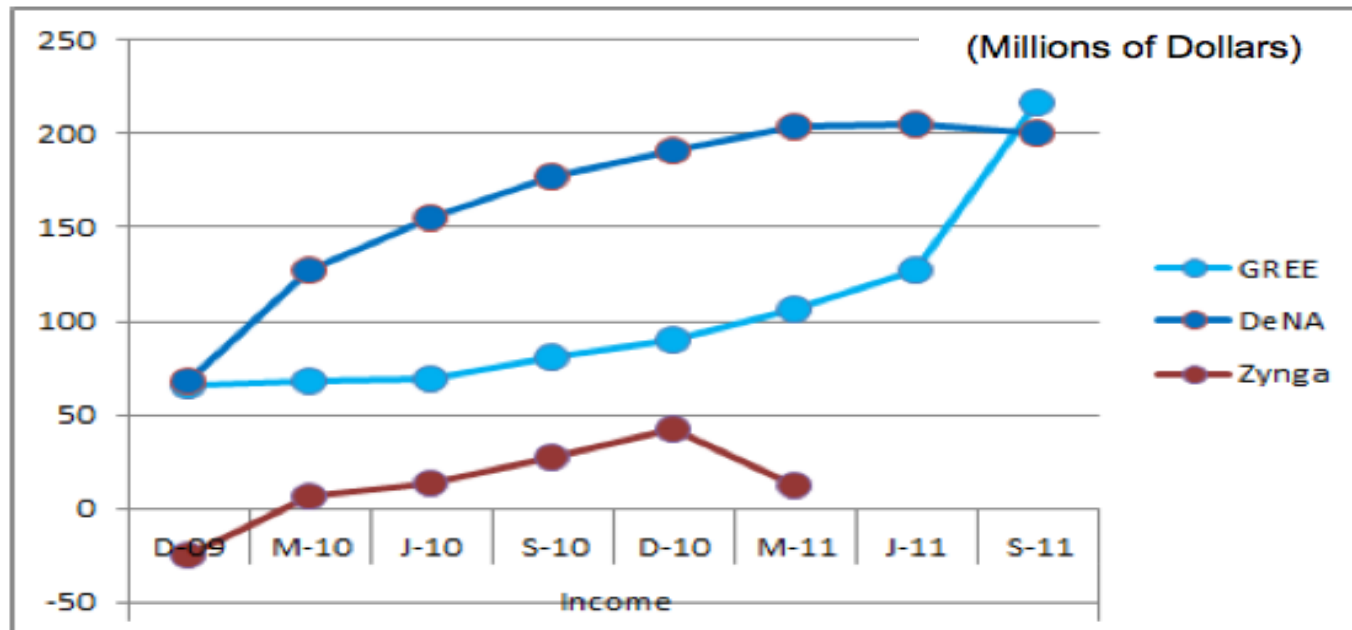
Mobile-based (GREE and Mobage) more profitable than web-based (Zynga)



Social/Mobile Gaming in Japan

Going mobile pays!!!

Though Zynga has more users worldwide than GREE and DeNA, net income for both Japanese developers has shown considerable growth!



Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!

- Japan is a gaming nation
 - 10% share of Global video gaming market
 - Video gaming has a huge cultural impact



Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!



- Japan is a mobile nation
- 99% 3g penetration in Japan
- Mobile phones essential for mobile game play
- Easier to sell content on mobile devices



Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!

- Card battle games are popular
 - About 70% of top 20 games on GREE and Mobage are card battle games



Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!

- Higher pay walls acceptance
 - Micropayment acceptance and processing through coin collection
 - Users are comfortable with higher pay walls to progress through game levels



Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!

- Smooth and easy mobile payment systems



Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!

- Focused and aggressive marketing campaigns



Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!

- Pre-Installation on handsets
 - Collaboration with mobile operators to preinstall games on handsets



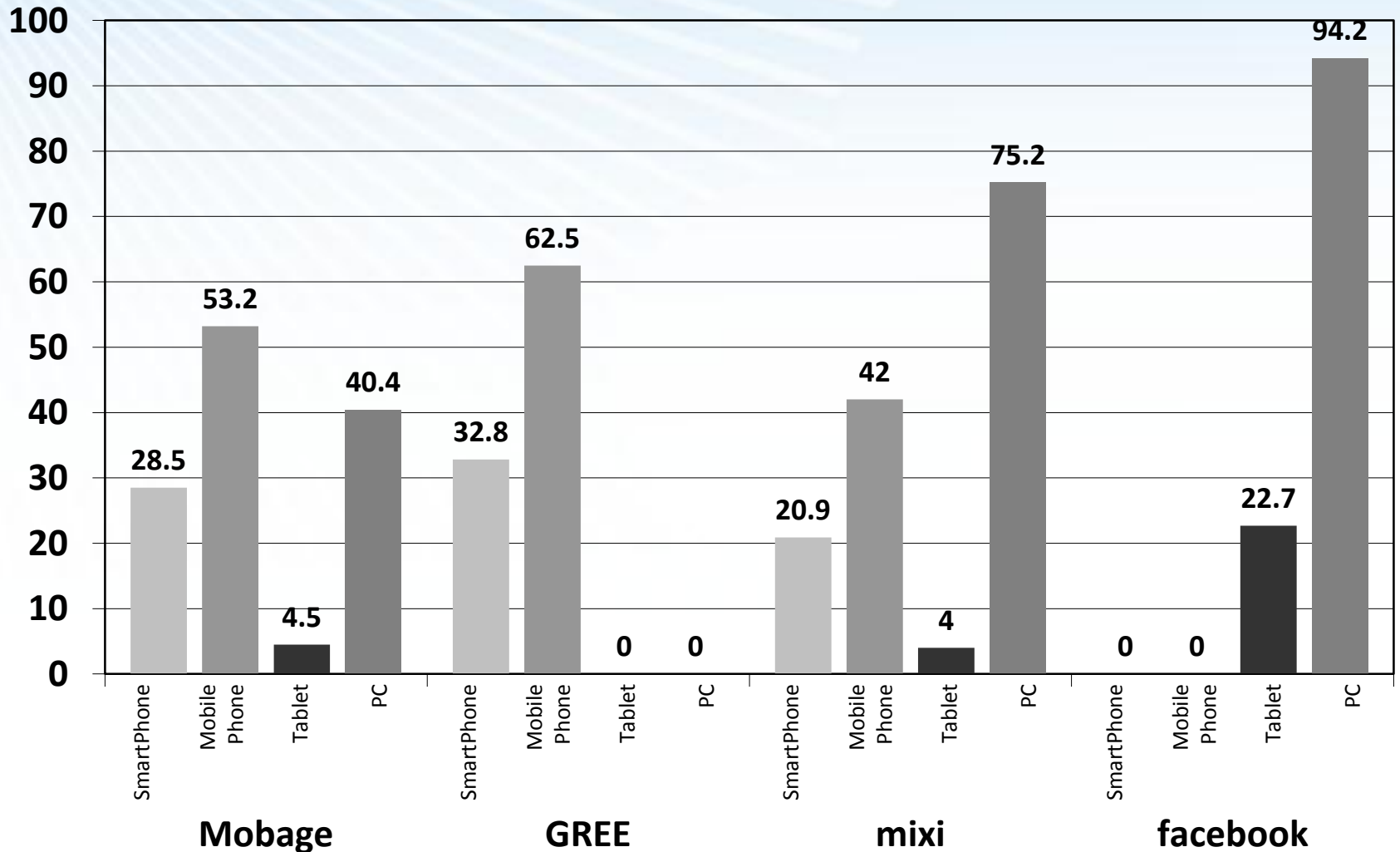
Social/Mobile Gaming in Japan

Reasons why GREE and Mobage monetize better than Zynga!

- Anonymity /virtual nature of social graph
 - GREE and Mobage are used anonymously
 - Mass invitation of friends to play/participate



Japanese SNS Usage by Platform

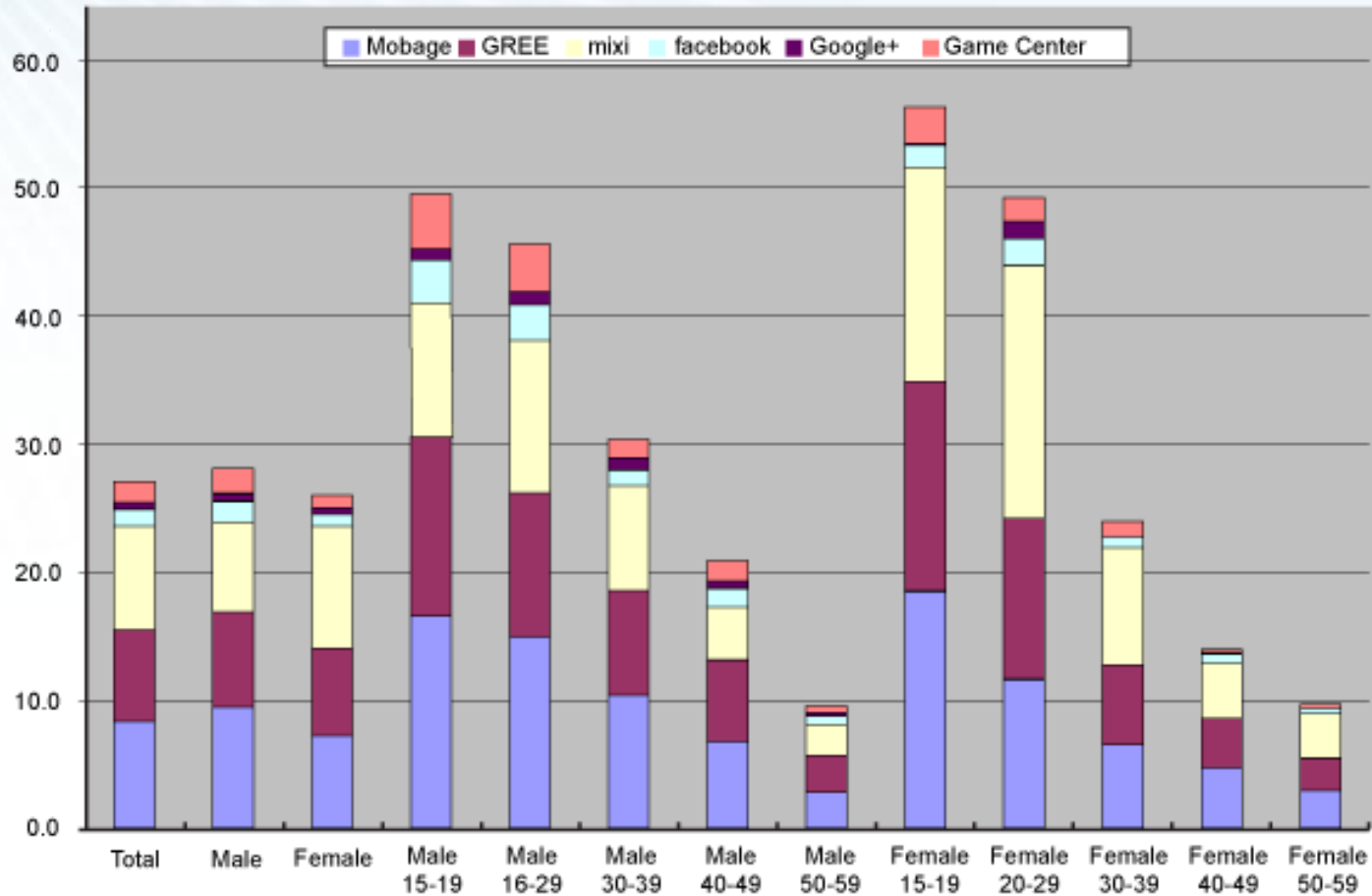


Japanese SNS Demographics

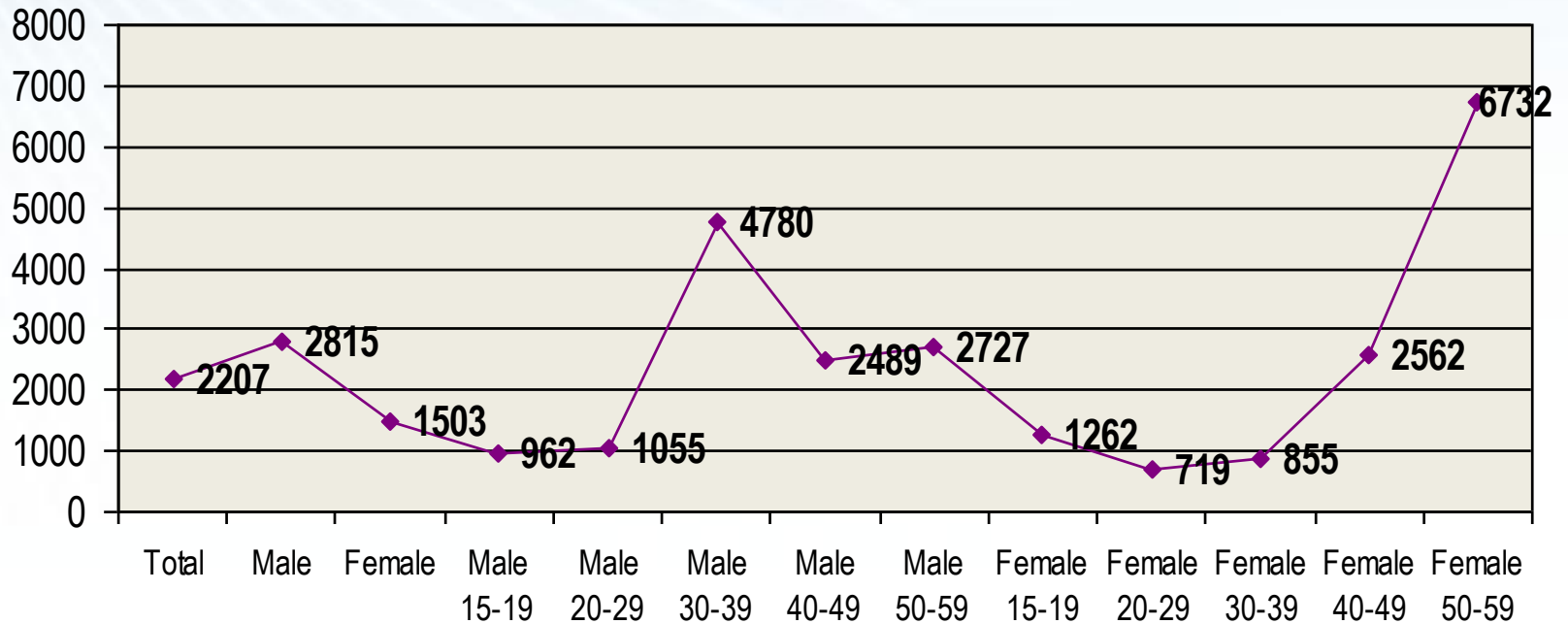
mobage

Male Users > Female users
Age Brackets of 15-19 & 20-29

GREE



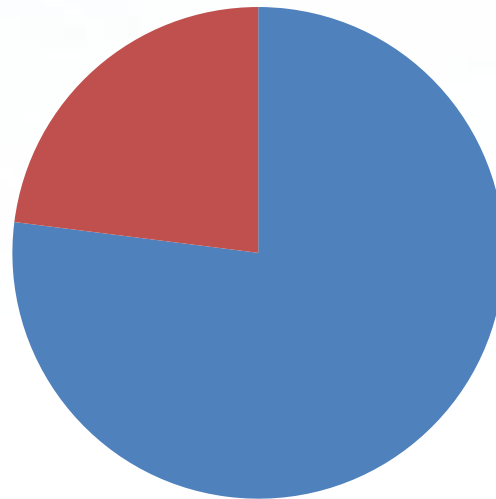
Paid-For Usage on Social Game Content in Japan



Video Game Usage Among Social Gamers in Japan

Video Game Usage by Social Gamers

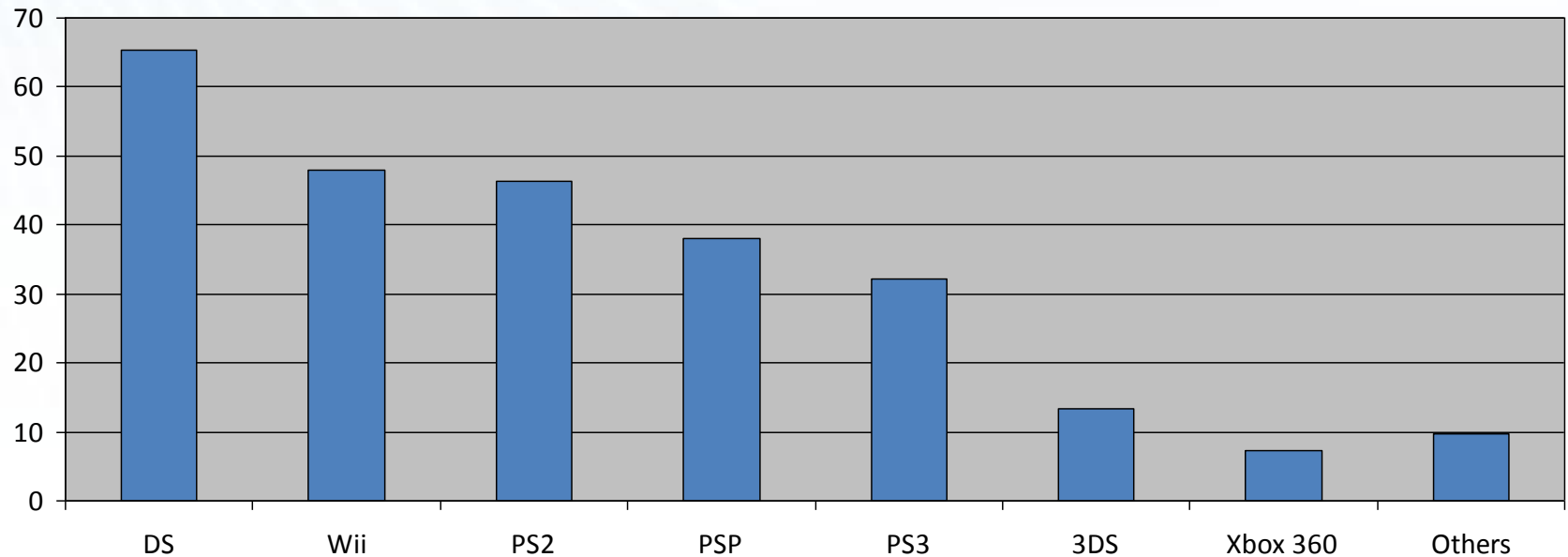
Non Video
Game Users
23%



Video Game
Users
77%

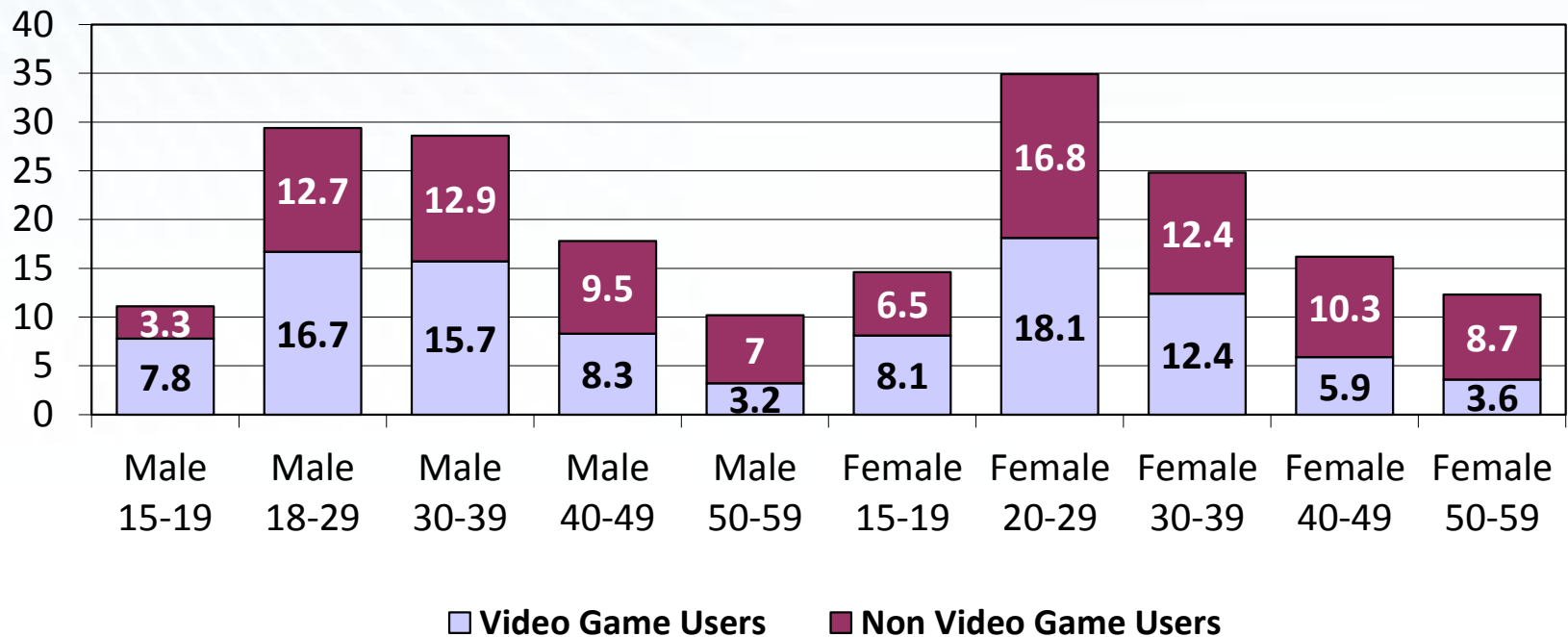
Video Game Usage Among Social Gamers in Japan

Video Game Platform belonged to Social Gamers



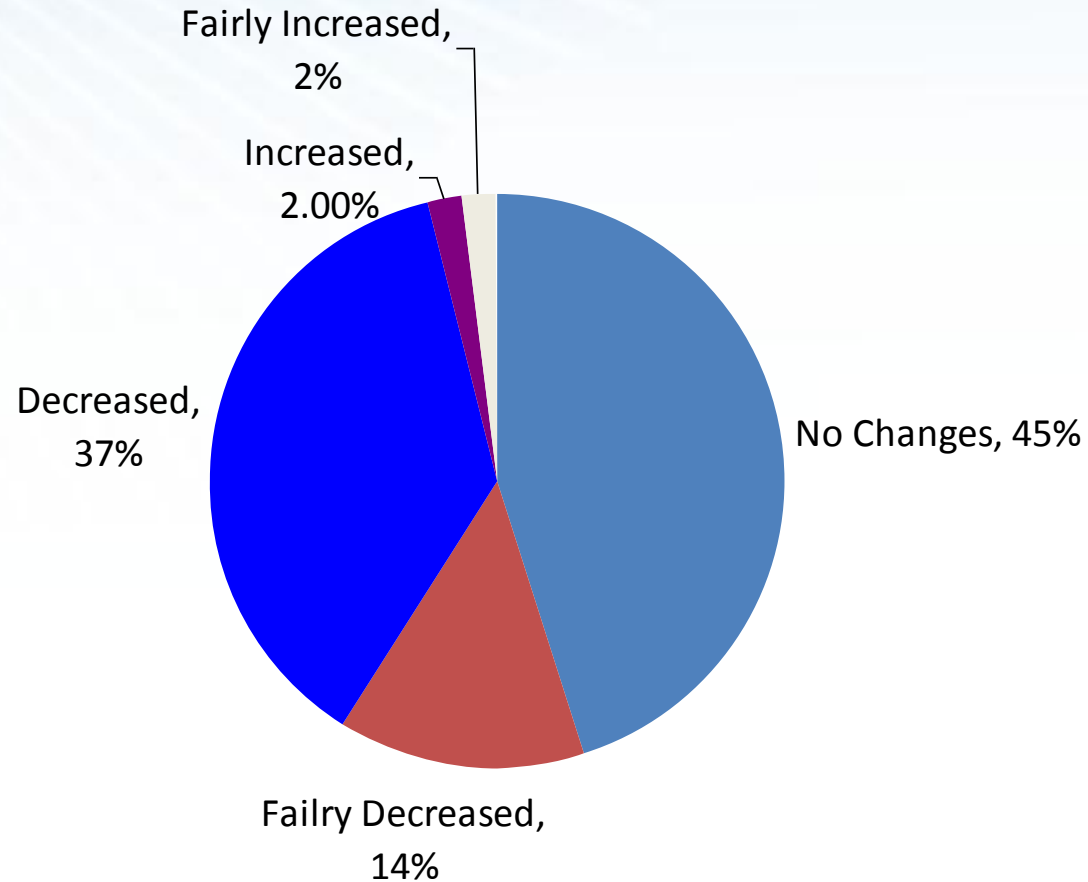
Video Game Usage Among Social Gamers in Japan

Video Game Usage by Gender/Age (Social Gamers)



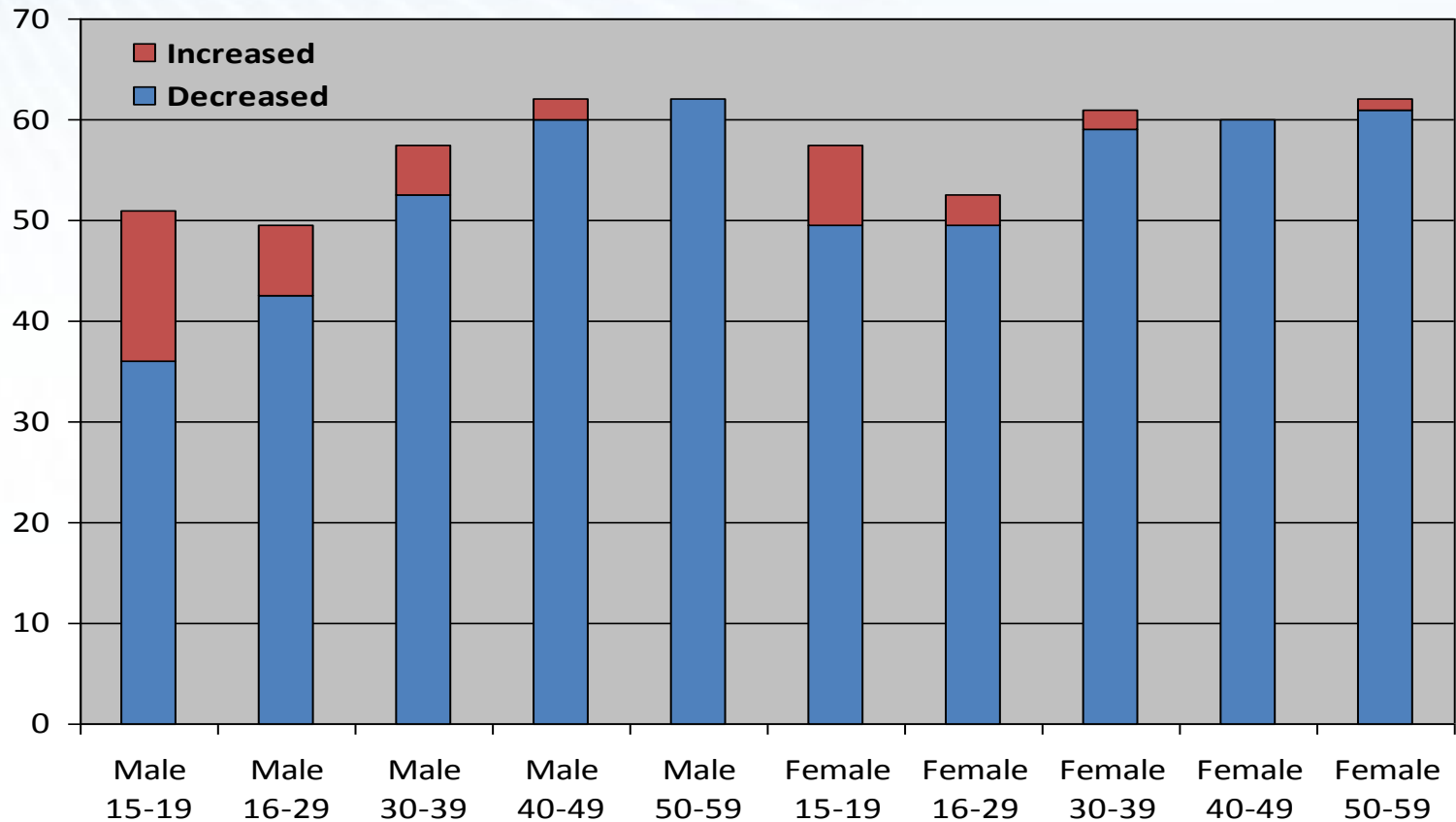
Social Gaming Impact on Video Game Usage in Japan

Video Game Usage Frequency by Social Gamers



Social Gaming Impact on Video Game Usage in Japan

Social Gamers Video Game Usage Frequency by Gender/Age

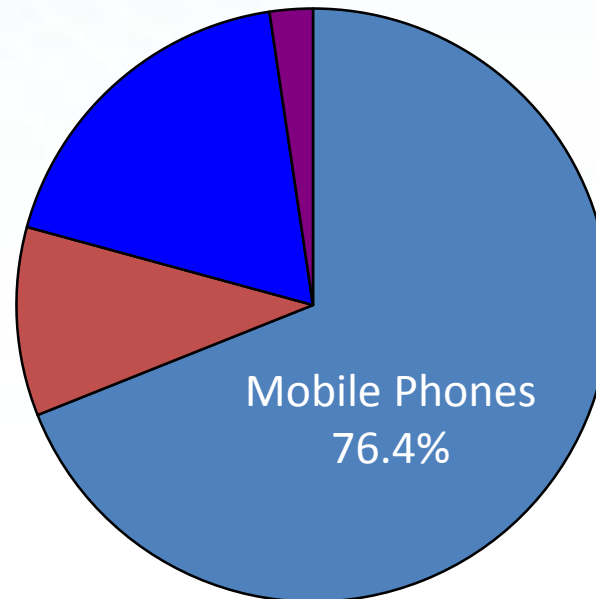


Growing Use of Smartphones for Social Gaming in Japan

Social Game Users Mobile Usage

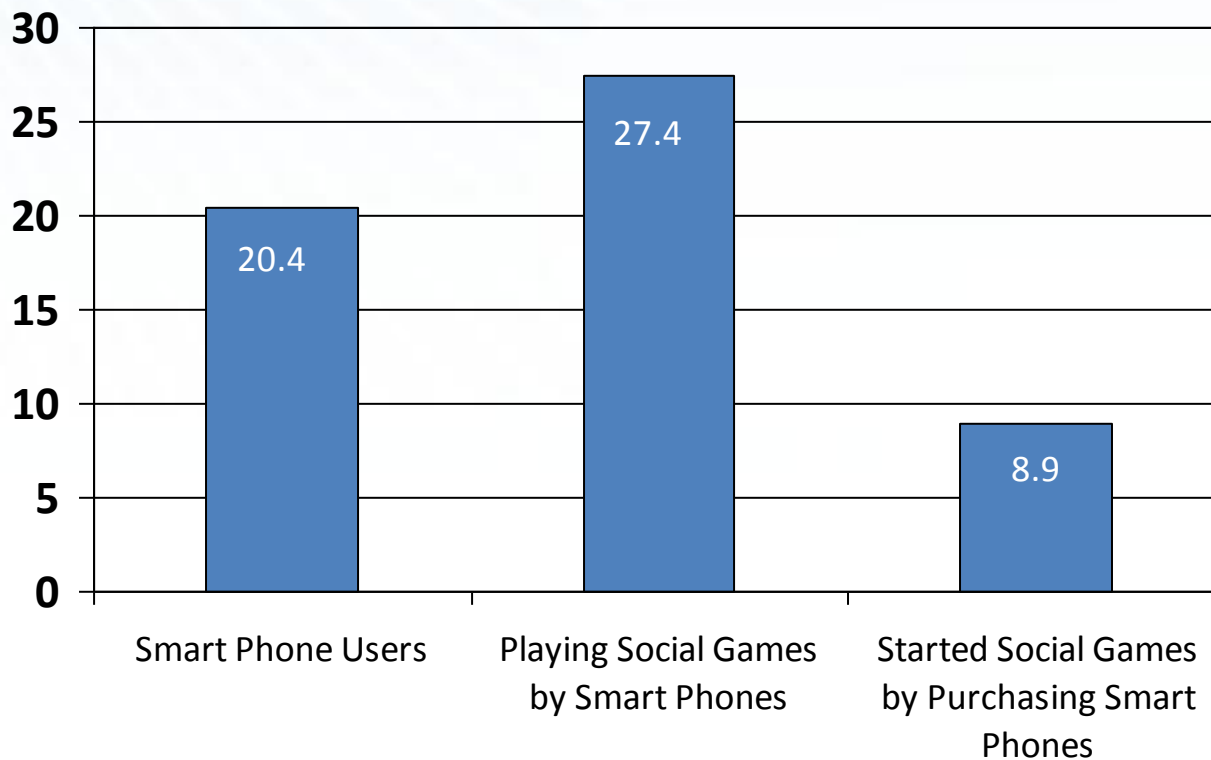
Smart Phones
32.8%

- iOS 11.4 %
- Android 20.4 %
- Others 2.6 %



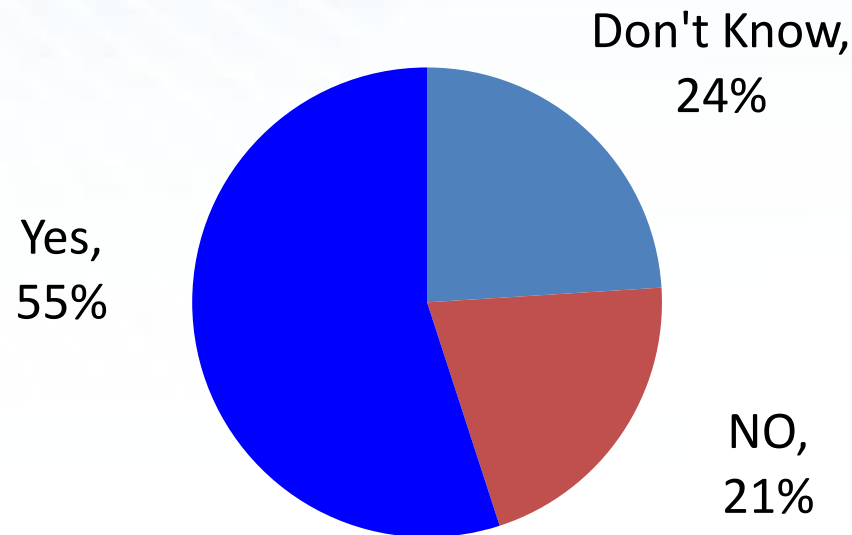
Growing Use of Smartphones for Social Gaming in Japan

Smart Phone Usage with Social Games Play



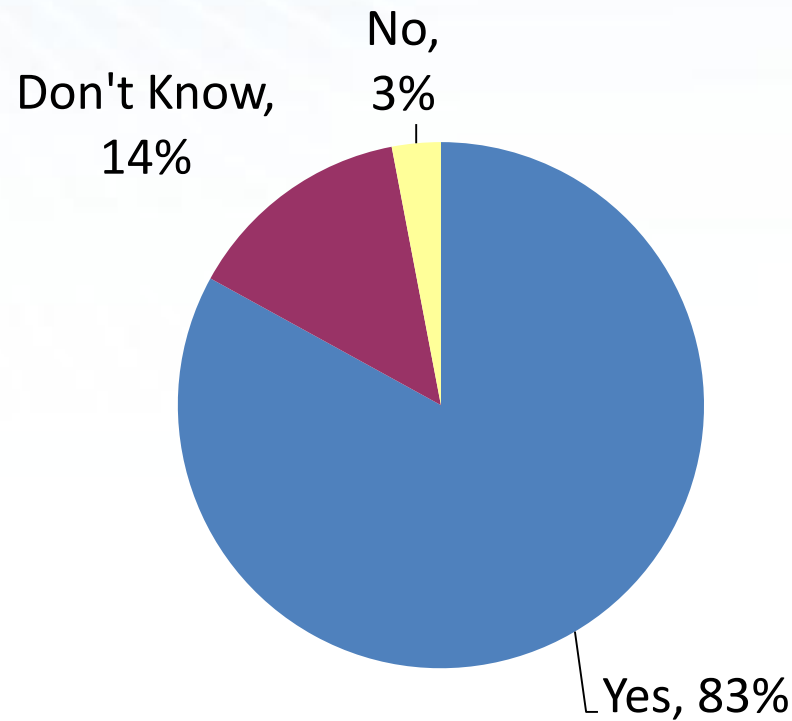
Growing Use of Smartphones for Social Gaming in Japan

Feature phone users: do you want to buy a smartphone?



Growing Use of Smartphones for Social Gaming in Japan

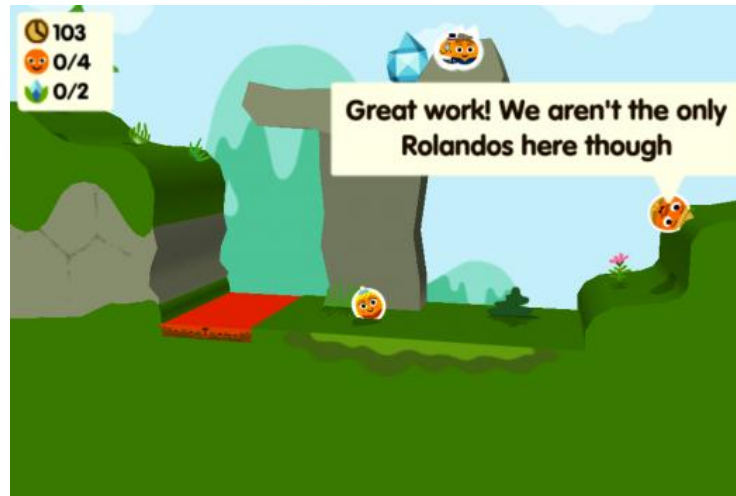
Do you want to keep playing Social Games? (Smart Phone Users)



Market Acquisitions (Japan - US)

Major Japanese acquisitions in US and growing!!!

- DeNA acquired **Ngmoco**- \$400M, (*Rolando, Eliminate*)



Market Acquisitions (Japan - US)

These Japanese developers acquisitions are focused on the following:

- Competing globally by entering the US and European markets



Market Acquisitions (Japan - US)

These Japanese developers acquisitions are focused on the following:

- Diversifying of revenue streams due to recent regulations on *kompugacha*



Market Acquisitions (Japan - US)

These Japanese developers acquisitions are focused on the following:

- Broadening existing game portfolio

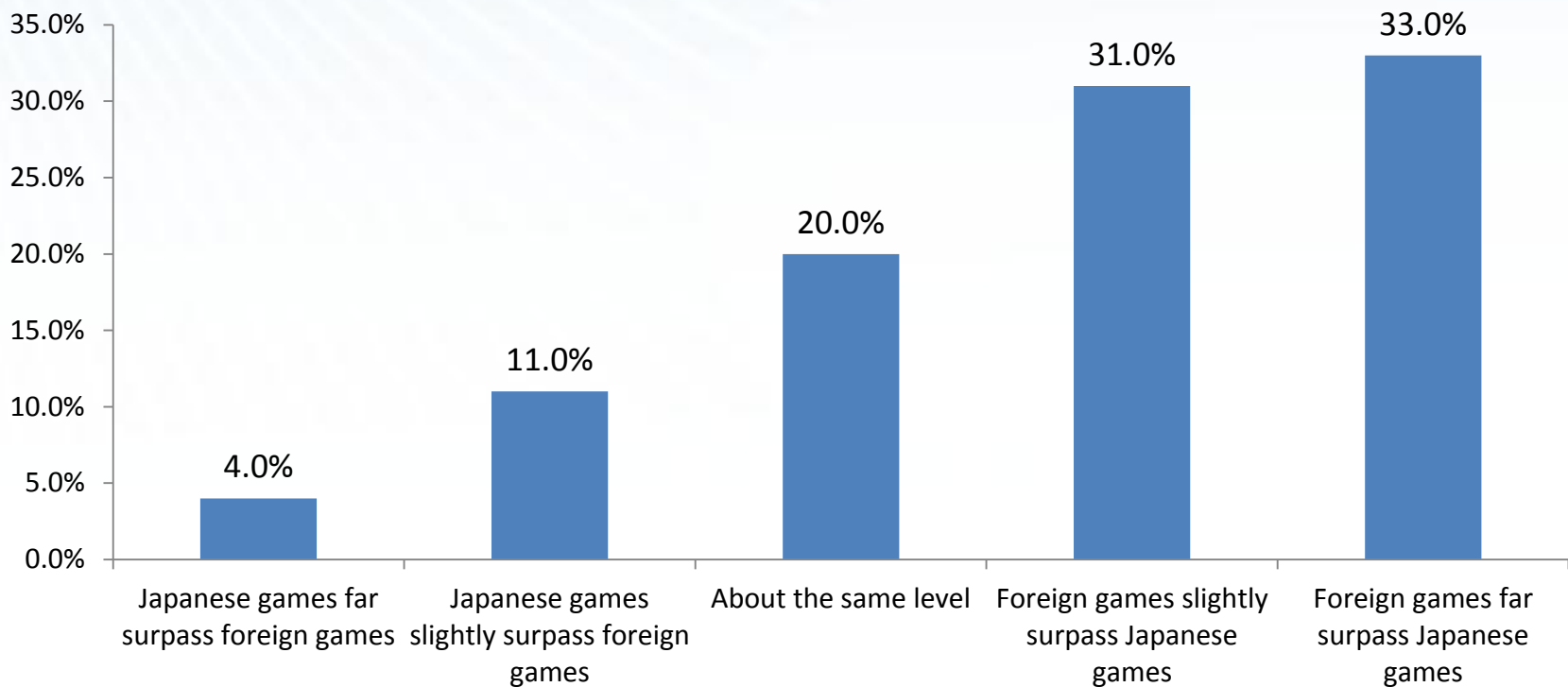


Market Acquisitions (Japan - US)

These Japanese developers acquisitions are focused on the following:

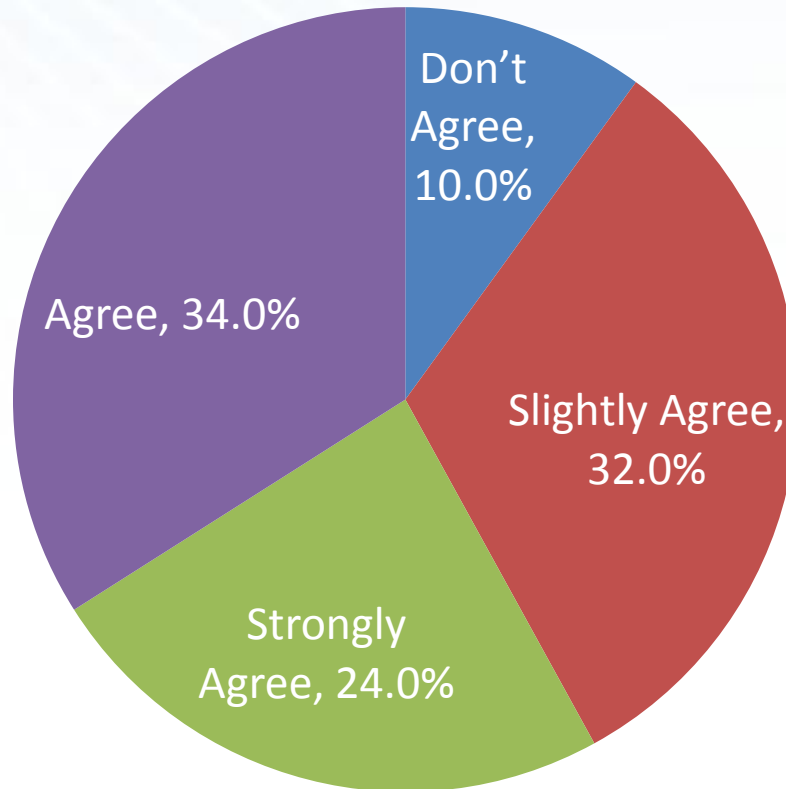
- Increase in technological and design knowhow

Japanese Perception of Foreign Video Games (2011)



Japanese Surveyed (2011):

Is The Japanese Video Gaming Industry
One to be Proud of? (2011)



Technology used in Japanese Social Gaming



New Consoles in Japan

Wii U

Media

OUYA's



Business models



OUYA

Miiverse

Controllers

Wii U™



Android Icecream Sandwich **4.0**

Graphics

Building a Successful Social/ Mobile Game in Japan

- Focus on popular genres-RPG (21%), and Romance (18%), are popular genres on mobile platforms



Building a Successful Social/ Mobile Game in Japan

- Biggest mobile OS must be adopted i.e. Apple OS and Google Android



ios

ANDROID



GMO Cloud

Building a Successful Social/ Mobile Game in Japan



- Marketing must be tied in with local celebrities /events



Building a Successful Social/ Mobile Game in Japan

- Maintain players with easy game play (*Yasashii*)



Building a Successful Social/ Mobile Game in Japan

- Target female demographics with genre, art and game flow



Building a Successful Social/ Mobile Game in Japan

- Simple, colourful and streamlined UI



Building a Successful Social/ Mobile Game in Japan

- Tie-in with major SNS

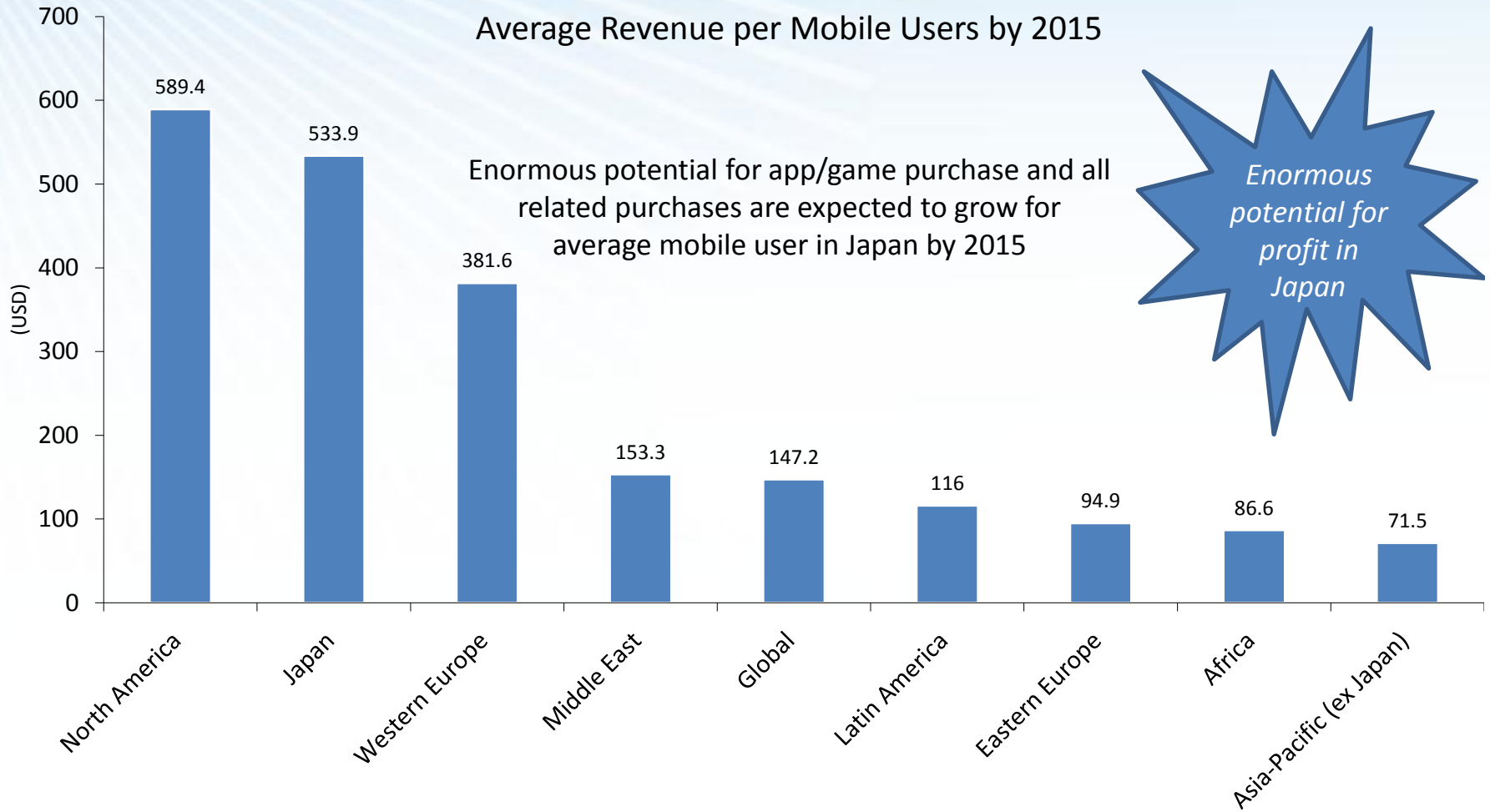


Building a Successful Social/ Mobile Game in Japan

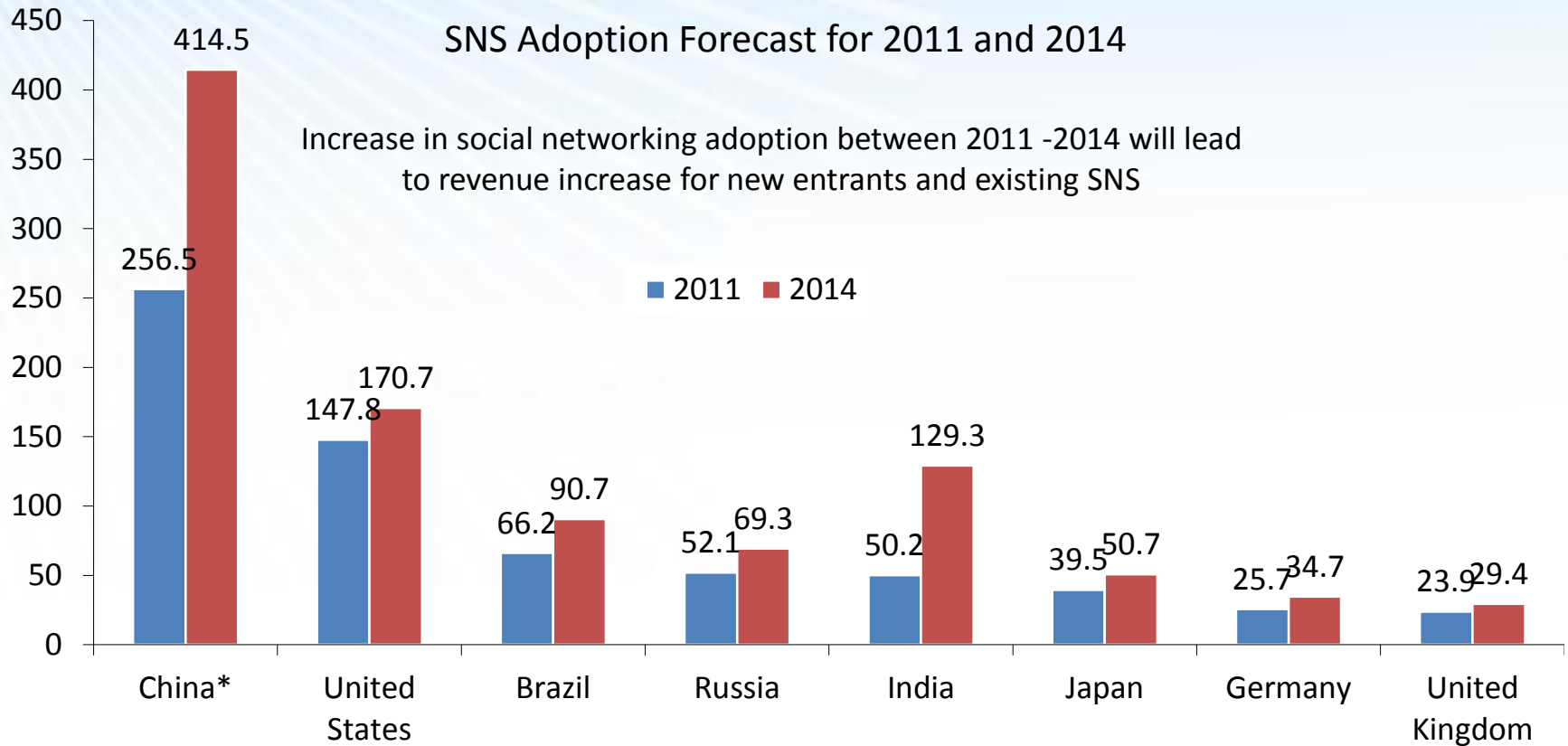
- Revenue and monetization strategy is key



Future Market Drivers/Trends in Japan



Future Market Drivers/Trends in Japan



Future Market Drivers/Trends in Japan

- Increase in growth with prediction of \$5.2B by 2013 for social/mobile gaming,



Future Market Drivers/Trends in Japan

- Increased dominance of market by smartphones with Android and IOS being the predominant platforms



Future Market Drivers/Trends in Japan

- Rise of the App Store



Future Market Drivers/Trends in Japan

- Increase in smartphone adoption across the demographics
- Increase in mobile internet consumption
- Mobile ubiquity
- Cloud based streaming with game play
- Online subscription
- Game downloads vs. retail purchase- Game downloads is the future!



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Future Market Drivers/Trends in Japan

- New video games built around upcoming games consoles



- Wii U
- Xbox 720
- PlayStation 4!



- Games must target consoles release dates

Future Market Drivers/Trends in Japan

- Popular genres like RPGs, Dating/Romance and Adventures must be focused on



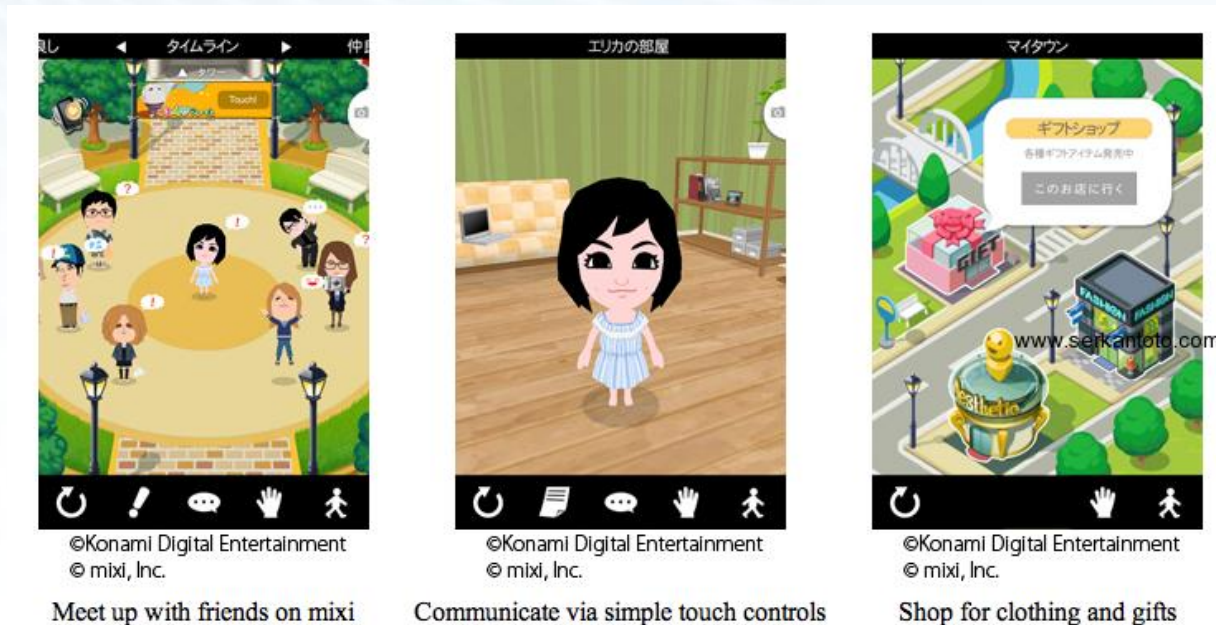
- Localisation of content to appeal to target demographics



- Collaboration with local designers for inputs to ensure conformity with target market preferences

Future Market Drivers/Trends in Japan

- Social/Mobile games are increasingly popular than any platform in Japan



- Build on growth of mobile penetration to target unrealised market

Future Market Drivers/Trends in Japan

- HTML 5 adoption across all mobile media

HTML



Future Market Drivers/Trends in Japan

- Increase in MMOGs and MMORPGs participation
- Immersive 3D game play



Future Market Drivers/Trends in Japan

- Movies and TV tie-ins / Merchandising



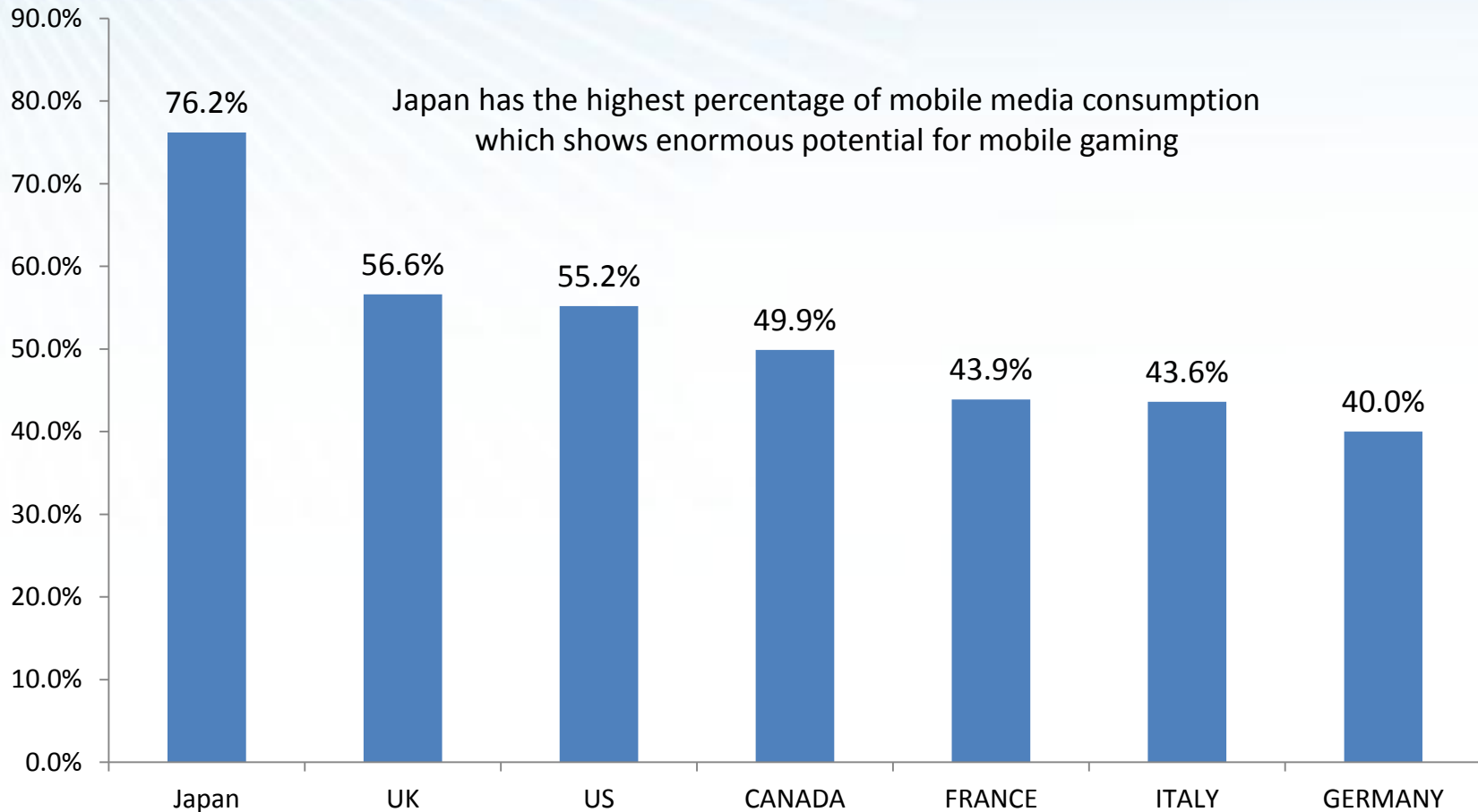
Future Market Drivers/Trends in Japan

- Growth of microprocessor technology
- Rapid advances in Motion sensing and natural UI



Future Market Drivers/Trends in Japan

Share of Mobile Media Users across Markets (2011)



Thank you !