

2005

SALES, DEMOGRAPHICS AND USAGE DATA

ESSENTIAL FACTS

About the **Canadian** computer &
Video Game industry

www.theesa.com/canada



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“Video games are capturing the imagination of Canadians and becoming entrenched in the culture that defines our common experience. Canada has begun to establish itself as a leader in the industry – providing us with an unprecedented opportunity to engage players around the globe in the virtual worlds that we create.”

– Danielle LaBossiere, Executive Director, ESA Canada

“Interest in the industry is reaching a feverish pitch in Canada. People are lining up for video game launches like they once did for movie premieres, and video game animators are achieving rock star status. There is an abundance of industry talent in Canada, and the right mix of opportunity, education and support will ensure that Canadians continue to be major players in the industry.”

– Jason MacIsaac, Gaming Journalist and Gaming Journalism Instructor at the International Academy of Design & Technology

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All data in this document is from ACNielsen's 2004 Gamer Study unless otherwise noted. The results of this survey were purchased by ESAC, including some proprietary questions commissioned on our behalf. The survey is the most comprehensive of its kind in Canada, gathering data from approximately 10,000 households across the country.

WHO PLAYS WHAT?

Who Plays Computer and Video Games?

The average game player age is:

30

AGE breakdown of game players:



Source: Peter D. Hart Research Associates (U.S. research study)

Who Buys Video Games and Video Game Consoles?

The average age of the game buyer is:

36

Source: Peter D. Hart Research Associates (U.S. research study)

35%

of Canadian households own a video game console.

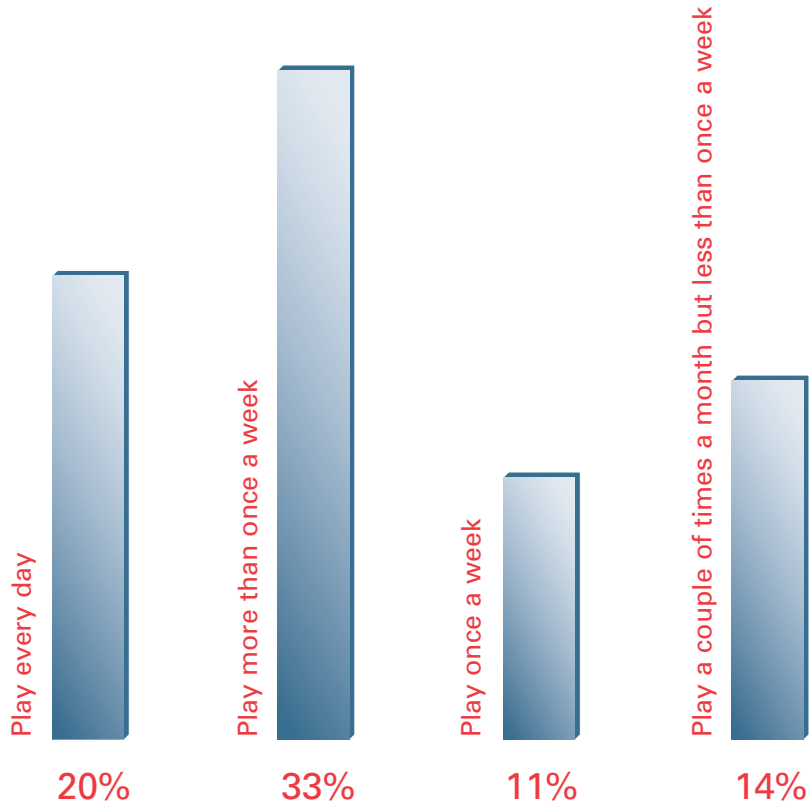
Households with **heads under 35** are almost twice as likely as the national average to say they **intend to purchase** a console or portable video game system (13% versus 7%).

WHO PLAYS WHAT?

How Often Do Gamers Play?

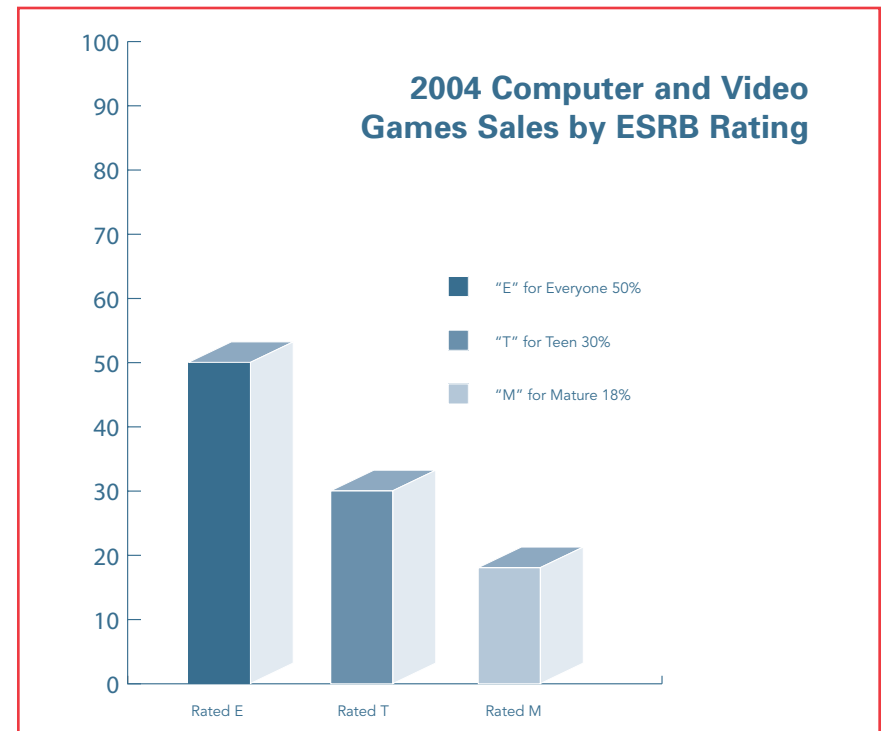
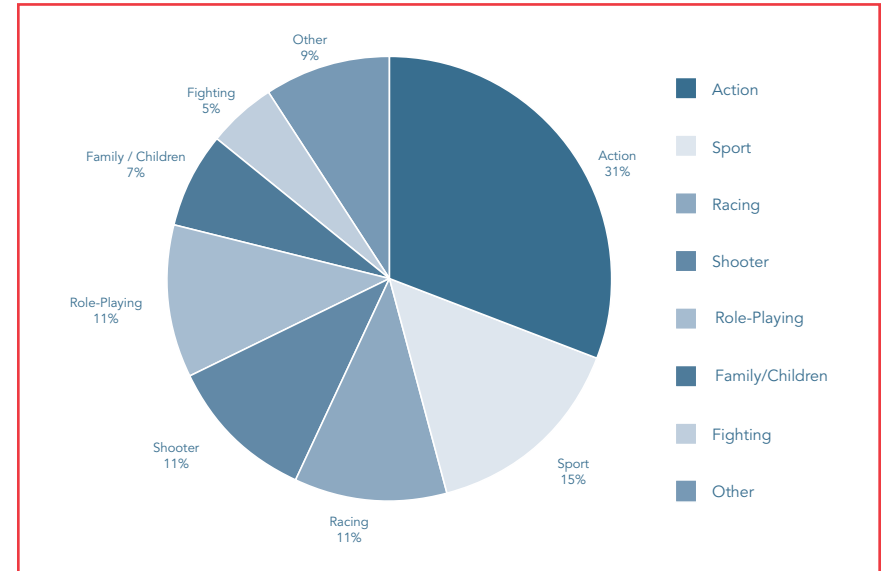
1 in 5

video game players play on a daily basis.



WHO PLAYS WHAT?

Top-Selling Game Genres of 2004



WHO PLAYS WHAT?

What Were the Top-Selling Games of 2004?

TOP 20 SELLING VIDEO GAMES OF 2004 by units sold

RANK	TITLE	PLATFORM	RATING
1	Grand Theft Auto: San Andreas	PS2	M
2	Halo 2**	XBX	M
3	NHL 2005	PS2	E
4	Need for Speed: Underground 2	PS2	E
5	NHL 2004	PS2	E
6	Fable	XBX	M
7	Need for Speed: Underground 2	XBX	E
8	Pokemon FireRed W/ADP	GBA	E
9	NHL 2005	XBX	E
10	Grand Theft Auto: Vice City	PS2	M
11	Mario Brothers 3: Mario 4	GBA	E
12	Need for Speed: Underground	PS2	E
13	Halo	XBX	M
14	Spider-Man: The Movie 2	PS2	T
15	Pokemon Leaf Green W/ADP	GBA	E
16	Gran Turismo 3 Greatest Hits A-Spec	PS2	E
17	Super Smash Bros: Melee	GCN	T
18	Mario Kart: Double Dash	GCN	E
19	Super Mario: Sunshine	GCN	E
20	Socomm II: Navy Seals	PS2	M

**Includes Halo 2: Limited Edition

Source: The NPD Group

TOP 20 SELLING COMPUTER GAMES OF 2004 by units sold

RANK	TITLE	RATING
1	The Sims 2	T
2	Half-Life 2	M
3	World of WarCraft	T
4	The Sims Deluxe	T
5	Doom 3	M
6	Battlefield Vietnam	T
7	NHL Hockey 2004	E
8	WarCraft III: Battle Chest	T
9	Star Wars: The Knights of the Old Republic	T
10	Call of Duty	T
11	Far Cry	M
12	Lord of the Rings: Return of the King	T
13	Tiger Woods PGA Tour 2004	E
14	Need for Speed: Underground	E
15	Call of Duty: United Offensive Expansion Pack	T
16	Unreal Tournament 2004	M
17	MS Flight Simulator 2004: Century of Flight	E
18	Counter Strike: Condition Zero	M
19	MS Age of Mythology	T
20	The Sims Mega Deluxe	T

Source: The NPD Group

PARENTS AND GAMES

The video game rating system is intended to help parents and consumers purchase age appropriate video games. The ESRB rating system is the only system of rating symbols and content descriptors in Canada designed to advise consumers of game content.

"Retailers across Canada are committed to helping parents and other consumers make informed decisions about the video games they rent or purchase. With that in mind, the Retail Council of Canada and its members launched the Commitment to Parents program to increase awareness of the ESRB game rating system. It is designed to ensure that inappropriate game content does not find its way into the hands of children."

– Diane J. Brisebois, President, Retail Council of Canada

61%

of parents* are aware of the ratings symbols

58%

of parents* are aware of the content descriptors

71%

of parents* believe that the rating system is "somewhat" or "very" effective in providing information about the content of computer and video games

72%

of Canadian households overwhelmingly **believe** parents are best suited to guide children in their choice of games

*Refers to parents of children under 18 who also own video or PC games

PARENTS AND GAMES

Commitment to Parents

The Commitment to Parents (CTP) program is the first of its kind in the world – a formal partnership between retailers and the video game industry designed to restrict selling or renting games to children that are meant for older teenagers and adults.

The program’s mandate is to help parents make informed choices for their families by educating consumers about the ESRB rating system and ratings enforcement.

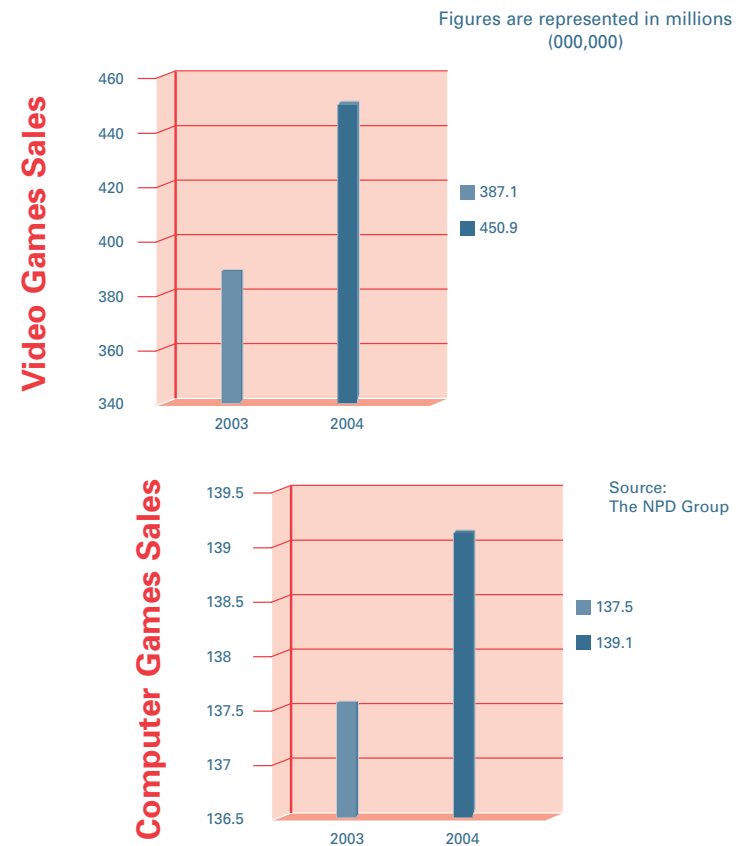
Over 90% of the video games sold in Canada are from CTP retailers.

Source: Entertainment Software Association of Canada

The **Canadian Advisory Committee**, formed jointly by **ESAC**, the U.S.-based **Entertainment Software Rating Board (ESRB)**, and the **Interprovincial Film Classification Council of Canada (IFCCC)**, provides Canadian input and advice to the ESRB to ensure that Canadian consumer interests are reflected in the development of ratings policies for video games.

WHAT’S THE BOTTOM LINE?

Canadian computer and video game dollar sales: 2003 and 2004



“Video games are taking over the entertainment industry – the market topped \$22 billion (U.S.) worldwide last year, and is predicted to lead all entertainment and media sectors in growth over the next four years – and Canadians are playing a lead role in the boom.”

– *Globe and Mail*, by Scott Colbourne, December 11, 2004

“After being confined to rec rooms and college dorms for the better part of two decades, (the video game industry) has emerged as an economic and cultural force that rivals popular music and Hollywood.”

– *Toronto Star*, by Christopher Hutsul, November 6, 2004

THE CANADIAN SCENE

The video and PC games industry in Canada, including video game hardware and accessories, generated **\$914 million** total revenue in 2004.

Source: NPD Group

North America is the **most important market** for Canadian video game companies, with Europe coming in second and China, third.

Source: A study on Canada's video game industry conducted by The National Research Council, Industrial Research Assistance Program and New Media BC.

Video game units sold in 2004 were **up 31%** over 2003.

Source: NPD Group

43% of Canadian players in the video game industry expect **more than 10% growth** in revenue next year.

Source: A study on Canada's video game industry conducted by The National Research Council, Industrial Research Assistance Program and New Media BC.

Almost all Canadian video game companies surveyed **expect to hire** more employees in the next 12 months.

Source: A study on Canada's video game industry conducted by The National Research Council, Industrial Research Assistance Program and New Media BC.

55% of Canadian video game companies identified are developing **proprietary technology** (i.e., game engines, content and asset management software).

Source: A study on Canada's video game industry conducted by The National Research Council, Industrial Research Assistance Program and New Media BC.

In 2004, year-over-year dollar sales of video and PC games in Canada **increased by 11%**. Growth for the same period in the U.S. was 4%.

Source: The NPD Group

Three hockey titles ranked amongst **Canada's Top 10**-selling video games in 2004; there were no hockey titles included in the list of **Top 20**-selling video games in the U.S.

Source: The NPD Group

Six of the Top 20-selling video games in the U.S. were football titles; no football titles ranked in Canada's **Top 20**.

Source: The NPD Group

WHO ARE WE?

About ESAC

The Entertainment Software Association of Canada (ESAC) is exclusively dedicated to serving the business and public affairs needs of companies in Canada that publish and distribute video and computer games for video game consoles, handheld devices, personal computers and the Internet.

Association members include the nation's leading interactive entertainment software publishers, which collectively accounted for more than 90% of the \$590 million in entertainment software sales in Canada in 2004.

ESAC offers a range of services to its members including participating in ESA's global anti-piracy program, fielding business and consumer research, and representing the industry at the federal, provincial and local levels on a wide range of policy issues.

For more information about the ESAC and its programs, please visit www.theesa.com/canada.

ESAC Members as of August 2005

Activision
Buena Vista Games
Electronic Arts
Microsoft Canada
Nintendo of Canada
Sony Computer Entertainment Canada
Take 2 Games
THQ
Ubisoft
Vivendi Universal Games

OTHER RESOURCES

For more information on the ESAC and its programs, please visit:

www.theesa.com/canada

Entertainment Software Rating Board (ESRB) www.esrb.org

The Entertainment Software Rating Board (ESRB) is a self-regulatory body established in 1994 by the Entertainment Software Association (ESA). ESRB independently applies and enforces ratings, advertising guidelines and online privacy principles adopted by the industry.

E3Expo www.e3expo.com

The Electronic Entertainment Expo (E3), "Where Business Gets Fun," staged by ESA, is the world's largest trade event exclusively dedicated to showcasing interactive entertainment and educational software and related products.

The NPD Group www.npd.com

Since 1967 the NPD Group has provided the most reliable and comprehensive sales and marketing information available for a wide range of industries. As the gold standard for market information in each industry it tracks, more than 1,300 manufacturers and retailers rely on NPD to help them better understand their customers, product categories, distribution channels and competition in order to help guide their business and positively impact sales and revenues.

ACNielsen www.acnielsen.ca

ACNielsen, a VNU business, is the world's leading marketing information provider. Offering services in more than 100 countries, the unit provides measurement and analysis of marketplace dynamics and consumer attitudes and behaviour. Clients rely on ACNielsen's market research, proprietary products, analytical tools and professional service to understand competitive performance, to uncover new opportunities and to raise the profitability of their marketing and sales campaigns.

Alliance numériQC www.numeriqc.ca

Alliance numériQC, Quebec's Digital Industry Network, aims to support and accelerate the growth and competitiveness of its industry in recognition of all its stakeholders. Its aim is to give a voice and a strong brand image to the Quebec multimedia and digital interactive content industry, and make its own contribution to the development of this sector.

International Game Developers Association (IGDA) www.igda.org

The International Game Developers Association (IGDA) is a non-profit membership organization that advocates globally on issues related to digital game creation. The IGDA's mission is to strengthen the international game development community and effect change to benefit that community.

New Media BC www.newmediabc.com

New Media BC was launched in June 1998 through combined funding from IRAP/NRC, the Telus New Media and Broadcast Fund, and BC Film. Through networking events, advocacy work and marketing, New Media BC is building the new media community locally and promoting it abroad.