

2007

SALES, DEMOGRAPHICS AND USAGE DATA

ESSENTIAL FACTS

ABOUT THE CANADIAN COMPUTER & VIDEO GAME INDUSTRY



**entertainment
software**

association of canada

THE CANADIAN COMPUTER AND VIDEO GAME INDUSTRY: ESSENTIAL FACTS

2007 SALES, DEMOGRAPHICS AND USAGE DATA

“It’s an exciting time to be part of the gaming industry in Canada. Now, a broader range of players are gaming, including more women and older generations of both sexes. Casual gaming is on the rise, and more and more one-time players—or Born Again players—are reintroducing themselves to gaming, fuelling tremendous sales growth in Canada, some 18 per cent in the last year alone. Canada is also privileged to have a strong video game development industry. With world renowned entertainment software development studios and cutting edge technology right in our own back yard, it’s little wonder why Canadians are embracing gaming like never before.”

- Danielle LaBossiere Parr, Executive Director,
Entertainment Software Association of Canada

“The Canadian video game industry is poised for exponential growth. Canadians are world renowned for developing some of the most unique and immersive games in the world. Homegrown publishers and developers are behind some of the biggest blockbusters to hit the global video game scene. It’s important that Canada continue to be a place where video game companies can work and grow in order to maintain our leadership position within the fastest growing entertainment market in the world.”

-Marc Saltzman, Author, television host
and video game critic

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All data in this document is from Ipsos-Reid's 2007 Video Gaming In Canada Study unless otherwise noted. The survey was commissioned by ESAC and gathered data from approximately 500 Canadian adults and 203 Canadian kids between the ages of 6-12 and 13-17.

An over sample was also conducted of Parents who have a child age 6 to 17. In total, 210 Parents were surveyed. Data was collected from June 15 to June 23, 2007 over the telephone. Results of the survey have been weighted to ensure that the sample's regional and age/sex composition reflects that of the actual Canadian population according to Census data.

WHO PLAYS WHAT?

WHO PLAYS COMPUTER AND VIDEO GAMES?

Four out of 10 Canadian households (43%) own a video game console and/or a handheld game system

82% of all Canadian adults have played a video game at least once, while nearly seven out of 10 (67%) have played in the last year

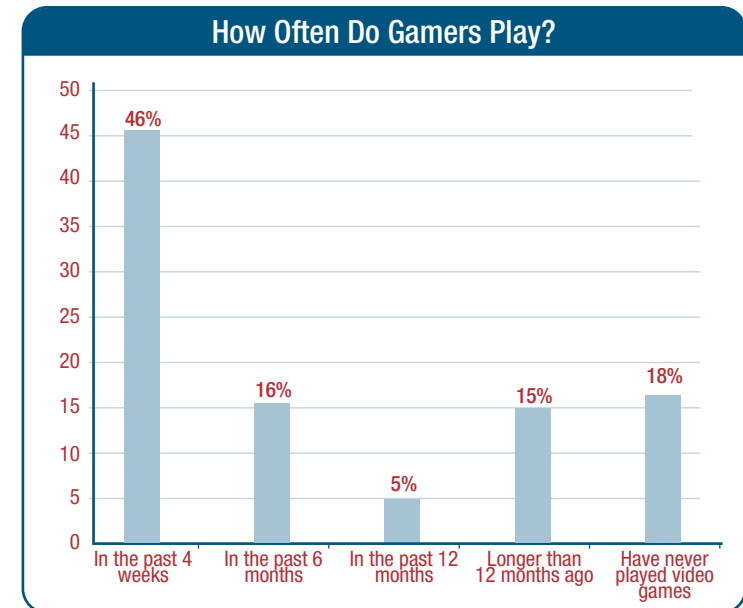
The average age of gamers in Canada is: **39 years***

* "gamers" have played a video game at least once in the past year.

Of gamers surveyed in Canada, **58%** are male and **42%** are female

How Often Do Gamers Play?

Almost half of all Canadian adults are Recent Gamers who have played a video game in the past four weeks (46%)

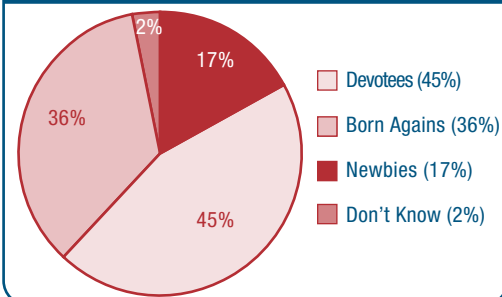


RECENT GAMER PROFILES

Recent Gamers can be divided into three categories:

- Devotees (45%): long-time video game players
- Born Again (36%): one-time video game players who took a break and have started playing again
- Newbies (17%): video game players who have recently taken up the activity for the first time
- More men than women who are Recent Gamers are Devotees (54% vs. 32%), having played video games consistently for many years; however, more women than men are Newbies (29% vs. 9%)

Recent Gamer Profiles

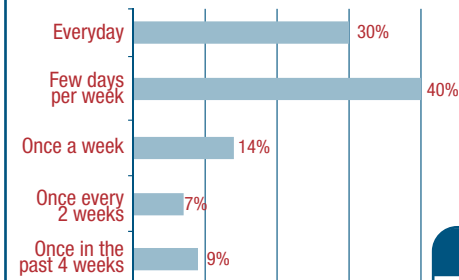


- 70% of Recent Gamers play at least a few days per week
- Half of Recent Gamers (49%) have played video games online in the past four weeks
- 89% of Recent Gamers have played at home more than any other location
- Nearly half of Recent Gamers (45%) have been playing video games consistently for many years

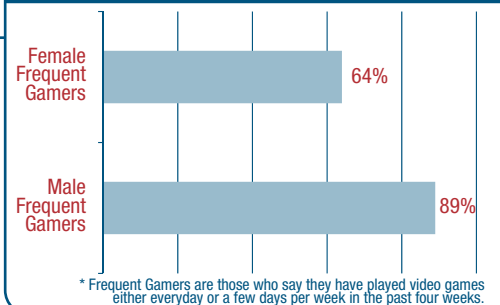
ON WHAT PLATFORM DO GAMERS PLAY?

One in four (25%) Recent Gamers played video games most often on a game console in the past four weeks

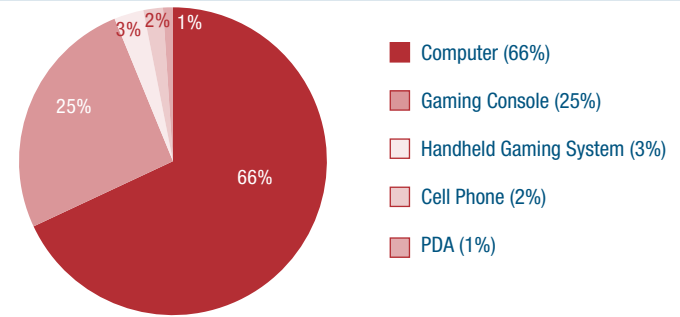
Recent Gamers Play Often



Recent Gamers: Female vs. Male*

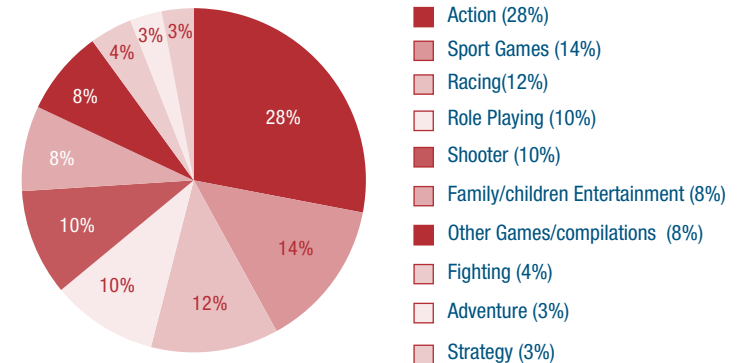


On What Platform Do Gamers Play?

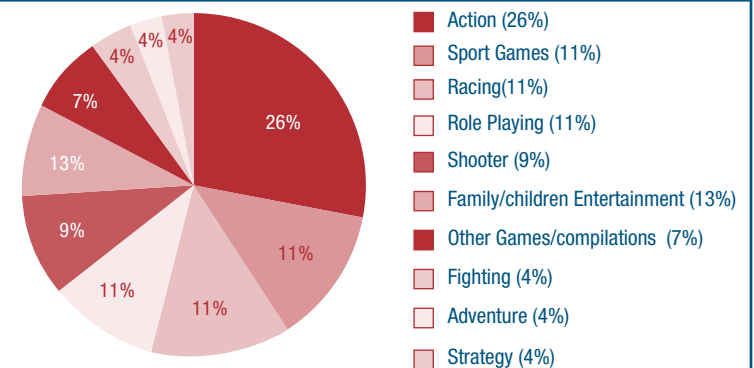


WHAT WERE THE TOP-SELLING GAME GENRES IN 2006 AND 2007 (JULY YTD)?

Top Selling Game Genres in 2006



Top Selling Game Genres in 2007



TOP SELLING VIDEO GAMES 2006

PS2	Value Pack
NDS	New Super Mario Bros
PS2	NHL 07
GBA	Value Pack
PS2	Final Fantasy XII
360	Gears of War
Xbx	Value Double Pack
Wii	Legend of Zelda: Twilight Princess
PS2	Grand Theft Auto: Liberty City Stories
PS2	Gran Turismo 4
NDS	Brain Age: Train Your Brain In Minutes a Day
PS2	Kingdom Hearts II
PS2	Grand Theft Auto: San Andreas
360	Nhl 07
NDS	Mario Kart
Xbx	NHL 07
PS2	God of War
360	Call of Duty 3
PS2	Value Double Pack
GCN	Legend Of Zelda: Twilight Princess

TOP SELLING PC GAMES 2006

World of Warcraft
Ms Age of Empires III
The Sims 2
Elder Scrolls IV: Oblivion
Star Wars: Empire At War
The Sims 2 Open For Business Expansion Pack
Guild Wars Factions
Battlefield 2142
Civilization IV
The Sims 2 Pets Expansion Pack
Warcraft III Battle Chest
NHL 07
Battlefield 2
Lord Of The Rings: Battle For Middle Earth II
Guild Wars
Call of Duty 2
NHL Hockey 2006
The Sims Deluxe
Counter Strike: Source
The Sims 2 Nightlife Expansion Pack

TOP SELLING VIDEO GAMES YTD 2007 (JULY 2007)

Wii	Play W/ Remote
NDS	Pokemon Diamond Version
Xbx	Value Pack
NDS	Pokemon Pearl Version
PS2	Value Pack
Wii	Legend of Zelda: Twilight Princess
PS2	God Of War II
NDS	New Super Mario Bros
Wii	Mario Party 8
360	Guitar Hero 2 W/ Guitar
Wii	Super Paper Mario
PS2	Guitar Hero 2 W/Guitar
NDS	Diddy Kong Racing
360	Gears of War
360	Crackdown
Wii	WarioWare: Smooth Moves
GBA	Value Pack
NDS	Mario Kart
GCN	Legend of Zelda: Twilight Princess
360	Forza Motorsport 2

TOP SELLING PC GAMES YTD 2007 (JULY 2007)

World of Warcraft
Guild Wars
MS Age of Empires III
Battlefield 2
The Sims 2
The Sims 2: University Expansion Pack
Civilization IV
Call of Duty 2
Half-Life 2
Warcraft III Battle Chest
NHL 2006
The Sims 2 Nightlife Expansion Pack
The Sims Deluxe
Far Cry
Ms Age Of Mythology: Gold
Doom 3
Starcraft: Battle Chest
Star Wars: Knights of The Old Republic 2: The Sith Lords
Tiger Woods PGA Tour 2005
Dungeon Siege 2

PARENTS AND GAMES

PARENTAL PERCEPTIONS OF VIDEO GAMES

88% of parents who have a child age six to 17 report that their children are Recent Gamers

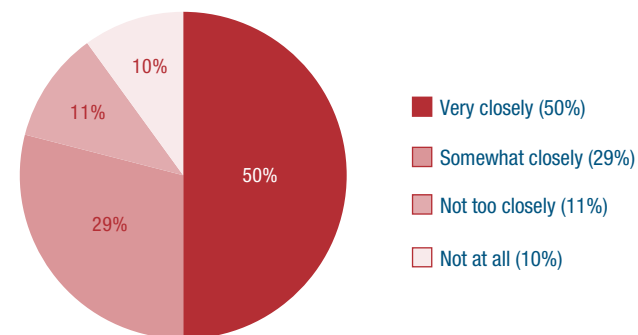
Parents of Recent Gamers have consulted a variety of resources for information on video game content including:

- pictures/descriptions on the packaging **(66%)**
- their children **(64%)**
- store clerks **(36%)**
- web sites of companies that develop games **(27%)**
- video game reviews **(26%)**

34% of parents played the game itself to get information about their child's game

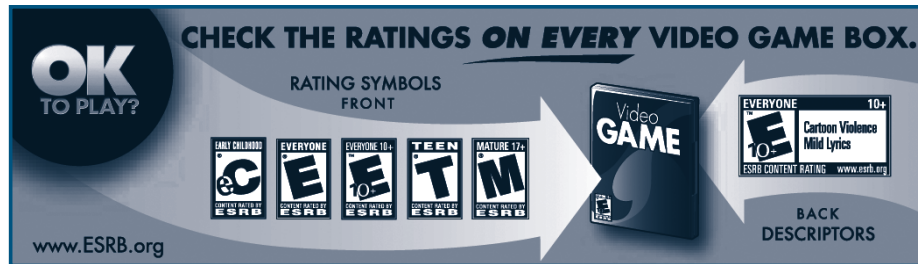
79% say they monitor the video games their child plays very or somewhat closely

How Closely Do Parents Monitor Video Game Content?



ESRB VIDEO GAME RATING SYSTEM

The ESRB (Entertainment Software Rating Board) video game rating system is intended to inform parents about video game content and help guide purchasing decisions to ensure children are playing age appropriate video games.



77%

OF PARENTS

are aware of the ESRB rating system for video games

83%

OF CANADIANS

agree strongly or somewhat that the rating system helps parents buy and rent video games that are appropriate for their children

76%

OF PARENTS

who are aware of the ESRB rating system always check it when buying a game for their child

70%

OF PARENTS

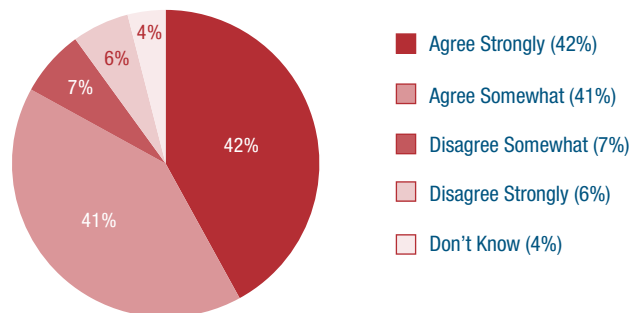
say they are aware of the content descriptors and game packaging.

70%

OF PARENTS

who are aware of content descriptors on video game packaging always consult them when buying a video game for their child

ESRB Rating System is Very Helpful for Parents to Buy and Rent Games that are Appropriate for their Children



COMMITMENT TO PARENTS

The *Commitment to Parents Program* (CTP) is a cooperative effort between ESAC, the Retail Council of Canada and the Entertainment Software Rating Board (ESRB). This industry-led, voluntary initiative helps parents ensure, through a combination of education about the video game rating system and point-of-purchase controls, that the games they buy for their children are appropriate for their households. Participating retailers have agreed not to sell or rent “M”-rated (Mature) games to customers under the age of 17, or games rated “AO” (Adults Only) to customers under the age of 18. These retailers also display store signs that advise customers of their participation in the program and promote awareness and understanding of the ESRB rating system.

Former Minister of Consumer and Business Services Jim Watson, who attended the Toronto launch of the Commitment to Parents program, told the Ontario legislature that the program “is a great example of a partnership where government and industry are working together to protect children and to inform parents.”

The campaign includes public service announcements, point-of-purchase signage, and store associate training. The *Commitment to Parents* National Retailer Code can be viewed at www.retailcouncil.org.

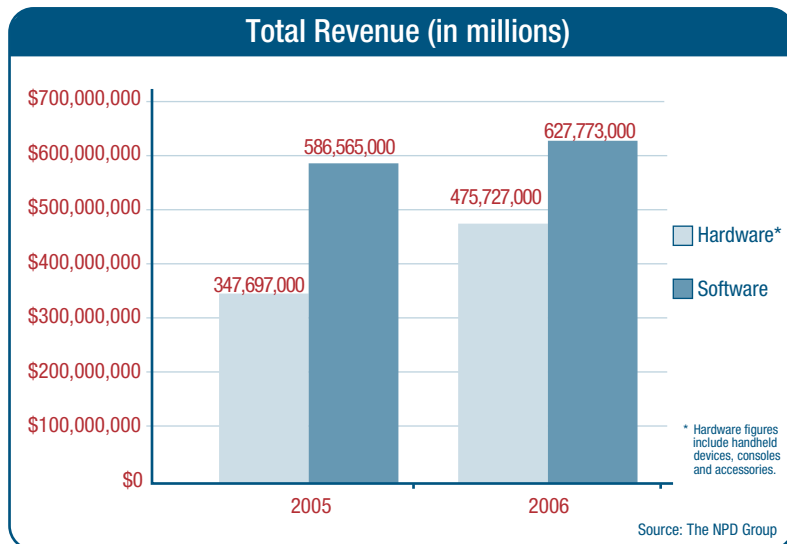
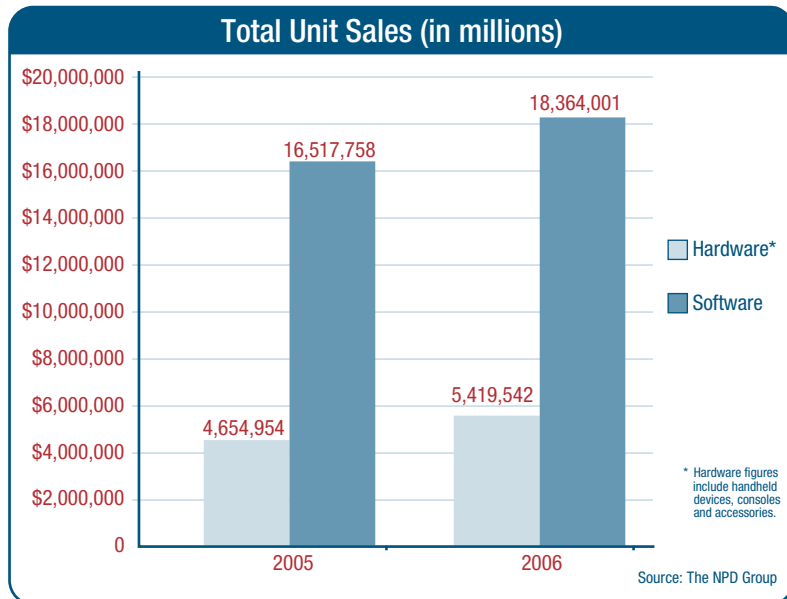
CANADIAN ADVISORY COMMITTEE

The *Canadian Advisory Committee*, formed jointly by ESAC, the 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?

RECENT SALES INFORMATION (2005 AND 2006)

Sales of entertainment software and hardware in Canada increased by 18.1% from 2005 to 2006.



THE CANADIAN SCENE

- Canada's video game industry **employs approximately 9,000** people across the country, and in virtually every province.

(Hickling Arthurs Low, "Entertainment Software: The Industry in Canada", 2007.)

- Annual revenues** for Canadian-based developers and publishers are estimated at **\$1.5 to \$2 billion**.

(Develop Magazine. 2007. "Oh Canada". How one country conquered the world of games development," July 12, 2007)

- 20% of the top-selling games** in North America are developed in **Canadian studios**, including several of the most successful titles in the history of entertainment software.

(Develop Magazine. 2007. "Oh Canada". How one country conquered the world of games development," July 12, 2007)

- In 2007, **growth in Canadian consumer spending on video games is expected to increase by 21%**, as compared with 16% in the US, 21% in Europe, and 19% in Asia Pacific. In Canada, this spending will be worth more than \$1 billion (US) in 2007, reaching \$1.3 billion (US) by 2010.

(PwC, 2006. Global Entertainment and Media Outlook: 2006-2010, Global Overview. PriceWaterhouseCoopers, New York.)

- In Canada, **console and handheld games** account for nearly one-half of the country's video game market. The segment is expected to grow by 20% this year alone, **reaching US\$554 million in 2011**.

(PwC, 2007. Global Entertainment and Media Outlook, PriceWaterhouseCoopers, New York.)

- Online games** represent a more significant segment of the gaming market in Canada than in other regions – accounting for **28% of the gaming market in Canada** compared with 21% in Asia Pacific.

(OECD, 2007. Broadband Statistics to June 2006. Organisation for Economic Cooperation and Development, Paris.)

- In the UK, the third-largest retail market after the US and Japan, **Canadian developers** are responsible for **one-fifth of the country's retail sales**.

(Develop Magazine. 2007. "Oh Canada". How one country conquered the world of games development," July 12, 2007)

- Canadian developers** took seven of the top 50 spots, including **number one** for the third year running, in a ranking of the leading 100 developers based on sales of games in the UK

(Source: Develop 100. "The World's Most Successful Game Studios" 2007. www.develop.com)

WHO ARE WE?

ABOUT ESAC

The Entertainment Software Association of Canada (ESAC) is dedicated exclusively 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.

In addition to promoting Canada as a leading player in the interactive entertainment industry, ESAC is committed to raising parental awareness of video game content through its Commitment to Parents program. ESAC also addresses issues related to software piracy in Canada.

Association members include the nation's leading interactive entertainment software publishers, which collectively accounted for more than 90 per cent of the \$1.1 billion in entertainment software and hardware sales in Canada in 2006.

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.ca.

ESAC Members as of October 2007

- Activision Incorporated
- Electronic Arts
- Nintendo of Canada Ltd.
- Sony Computer Entertainment
- Take2 Interactive
- THQ
- Vivendi Universal Games, Inc.
- Disney Interactive Studios
- Microsoft Canada
- Solutions 2 Go
- Synergex Corporation
- Team One Marketing LTD
- Ubisoft Entertainment, Inc.

OTHER RESOURCES

For more information on the ESAC and its programs, please visit: www.theesa.ca

Entertainment Software Association (ESA) www.theesa.com

The Entertainment Software Association (ESA) is the U.S. association exclusively dedicated to serving the business and public affairs needs of companies that publish interactive entertainment software products for play on video game consoles, handheld devices, personal computers and the Internet. ESA members collectively account for more than 90 percent of the \$7.4 billion in entertainment software sales in the United States in 2006, and billions more in export sales of American-made entertainment software. The ESA offers a range of services to interactive entertainment software publishers including a global anti-piracy program, business and consumer research, government relations and intellectual property protection efforts. ESA also owns and operates the Electronic Entertainment Expo.

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

The Entertainment Software Rating Board (ESRB) is a non-profit, self-regulatory body established in 1994 by the Entertainment Software Association (ESA). ESRB assigns computer and video game content ratings, enforces industry-adopted advertising guidelines and helps ensure responsible online privacy practices for the interactive entertainment software industry.

Ipsos Reid www.ipsos.ca

Ipsos Reid is Canada's market intelligence leader, the country's leading provider of public opinion research, and research partner for loyalty and forecasting and modelling insights. With operations in eight cities, Ipsos Reid employs more than 600 research professionals and support staff in Canada. The company has the biggest network of telephone call centres in the country, as well as the largest pre-recruited household and online panels. Ipsos Reid's marketing research and public affairs practices offer the premier suite of research vehicles in Canada, all of which provide clients with actionable and relevant information. Staffed with seasoned research consultants with extensive industry-specific backgrounds, Ipsos Reid offers syndicated information or custom solutions across key sectors of the Canadian economy, including consumer packaged goods, financial services, automotive, retail, and technology & telecommunications. Ipsos Reid is an Ipsos company, a leading global survey-based market research group.

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 we track, more than 1,200 manufacturers and retailers rely on NPD to help them better understand their consumers, product categories, distribution channels and competition in order to help guide their business and positively impact sales and revenues.

www.theesa.ca

