



# Report: Cybercafes No Longer Gaming Hubs In India

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By [MediaNama](#) on January 15th, 2010 | [Comments \(2\)](#)

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The attempt by India's organised gaming sector to rebrand cyber cafes as gaming parlors has been short-lived with a [report on Gaming in India](#) by IAMA and IMRB showing that the influence of cyber cafes as a prime source of gaming has reduced. In 2008, 53 percent of gamers used unbranded cyber cafes – it is now at 35 percent. The report is based on a survey of 20,000 households, 90,000 individuals, 1000 SMEs and 500 Cyber Cafes followed by a secondary research using information from various published and private sources and other research bodies.



The total PC and console market in India is estimated to be around \$20 million. There are 9.8 million offline PC gamers, 7.2 million online gamers, 1.1 million play on their consoles and 6.1 use mobile phones to play games.

## Gaming Firms Failed To Monetise

According to the report, in 2000 firms such as Contests2Win and Hungama experimented with incorporating brand experience into gaming, but “somewhere along the way, the companies were not able to capitalize the audience”. The typical gamer in India plays games three times a week but spends less than Rs 150 per month on gaming.

It also notes that there was a dearth of innovation in the industry which made it difficult to monetise games. This changed in 2007 when both domestic and international publishers started generating a multitude of games across categories, leading to a near-doubling of *online* gamers in the country. The report states that the number of gamers amongst active Internet users increased from 25.3% to 41.2% in 2008, even though the base only grew by 16.5%. (An Active Internet User is defined in the report as someone who has Internet at least once in last one month – not really accurate, in our opinion.)

All Applications accessed	2008	2007
<b>Base: Active Internet users in 30 cities</b>	<b>17.94 Mn</b>	<b>15.4 Mn</b>
Email	91%	93%
General Information Search	76%	58%
Educational Information Search	49%	47%
Text Chat/ IM	46%	58%
<b>Online Gaming</b>	<b>41%</b>	<b>25%</b>
Online Jobs	37%	31%
Online music/ videos	32%	29%
Financial Information Search	21%	19%

Source: I-cube 2007 and 2008

Only 48 percent of gamers in India download games directly from the internet for a fee. Hark back to [this post](#) when Kreed Games' CEO Quentin Staes Polet opined that the pay-for-download model does not work in India and discussed other pricing models with MediaNama.

## Online Gaming, MMOGs Being “Noticed” Now

According to a report by the IAMA and IMBR 41.2 percent of all active internet users in India played games online in 2008 as compared to 25 percent in 2007 showing a growth of 89 percent.

The report sheds some light on emerging gaming formats such as digital downloads, social gaming and Massively multiplayer online game (MMOG).

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MMOGs have gained popularity and the number of players trying these games out have increased from 19 percent in 2008 to 27 percent in 2009. Metaverses or Massively Multiplayer Universes based games such as Travian, World of Warcraft and Second Life do not yet have an impressive number of Indian users but are gaining attention.

#### Consoles Need To Be <\$100; Still A Nascent Industry

The report indicates that though Microsoft and Sony have launched their consoles – the Xbox 360 and the Play Station 3, these high-priced consoles have still not reached the Indian masses. Manufacturers have to lower their pricing to below \$100 for the Indian market. The report does not say why Nintendo's Wii, which at \$199 would be the cheapest console, did not take off in India.

By 2010 the report has estimated the sale of console devices including including parallel grey market for PS2, PS3, PSP, Xbox360 and Nintendo)is to reach Rs 5750 million.

#### Popular Games; Bollywood Games Not Successful?

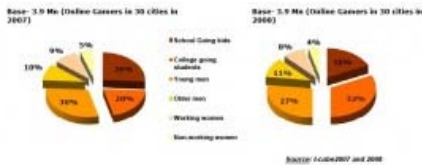
Cricket based games remain the most popular games in India, followed by racing, shooting and other sports based games. In terms of genres, the differences in preference is that flash games were preferred in online and fighting games were preferred for consoles. Read about [Airtel's Mobitude survey for popular mobile games](#) on MediaNama.

The report notes that games based on movies Dhoom, Shaheed Bhagat Singh and Agni have not had desired results.

#### Target Base

In 2008 out of 3.9 million gamers from 30 cities, 27 percent were young men and 18 percent were school-going kids. Not surprisingly, 80 percent of gamers in India come from top 8 metros and the 4 metros account for 59 percent of these gamers.

The typical Indian gamer is male, 26 years old and plays mainly at home. The report claims he is also a college-going student, which is a little difficult to picture.. unless he is repeating grades.



#### High Customs Duty A Barrier, Gray Market Wins

Obstacles in the Indian gaming space remain piracy issues and low internet, broadband and PC penetration. Only 7.8 5 percent of the total number of households in India own at least one PC. A majority of gamers start with offline PC gaming than move to online or console gaming, so not having a PC inhibits growth. A high customs duty of approximately 25 percent also encourages gray market sale of consoles where they are sold at a lower price.

In 2007, the annual revenue across consoles and handhelds was Rs 800 million while the grey market revenue was Rs 900 million. 70-80 percent of the games sold in India are through the gray market, the report states.

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| Balu | + January 17th, 2010 (#):

For the record, Wii is not the cheapest console in India. Around new year there were special bundles of Xbox360 with HDDs and 3 free games selling at 14K. Also, Wii games sell at around 3K in India, in comparison to 360 games which sell at 1.5-2.5K and PS3 which sells at 2K-2.5K range.

Sundeep + January 21st, 2010 (#):

Not sure where u got the facts on wii.the console is 12k and games are under 2000 I guess someone was ripping you off.

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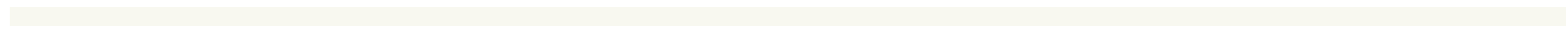
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