

Press release

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PC hardware for gamers: Performance and experience drive demand in a maturing market

Nuremberg, August 20, 2019 – The gaming PC hardware market recorded a 15 percent increase year-on-year (January-June 2019) to reach over \$6.1 billion turnover (global coverage excl. North America). As the market matures, the growth rates of gaming desktops and notebooks are starting to slow, although the demand levels differ by region. These are GfK's findings for the global gaming PC hardware market to be released at Gamescom 2019 in Cologne.

In the first six months of 2019, gaming OEM laptops accounted for 18 percent of the total USD turnover, and gaming OEM desktops reached over 11 percent. On average, gaming desktops cost 2.4 times the price of non-gaming ones, while gaming notebooks and gaming monitors achieve a ratio of 1.8 times resp. 1.6 times compared to the non-gaming devices. Within gaming gear the pricing is similar. A gaming mouse achieves a price ratio of 2.4 times compared to a non-gaming device, while a gaming keyboard with an average selling price of \$48 sells at 1.8 times a non-gaming keyboard. While gaming devices are more expensive they offer enhanced performance and contribute to a better gaming experience – and these factors are particularly important to gamers. At the same time, this highlights the role of gaming as a margin driver for the industry and retail.

Gaming notebooks continued to grow thanks to double-digit growth in Asia

After multiple quarters of outstanding double-digit growth, the demand for gaming OEM desktops in the first half of 2019 was lower (-4 percent), mainly due to a decline in China and a slowdown in EMEA.

Gaming OEM notebooks continued their success story and grew by 12 percent, generating \$3.5 billion turnover. Both APAC (excluding China) and China delivered strong double-digit growth. Thailand, Japan and Malaysia experienced growth rates surpassing 25 percent. In comparison, EMEA's

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growth was muted (+1 percent), and two of its major gaming PC markets saw a decline in demand. Germany posted a value decrease of 9 percent (\$112 million turnover) and France of 4 percent (\$144 million turnover).

Gamers want performance and size – and at the right price

Performance is critical for superior gaming experiences and that's why gamers pay tremendous attention to the components in their gaming devices. The gaming notebook with the best-selling configuration in the first half of 2019 included a Hybrid Hard Drive of 1TB+128GB, 8GM of RAM, a 15.6" full HD display and a mid-range CPU and GPU. The global average price tag was \$870. A similar desktop configuration with a slightly better GPU had an average price of \$900 in the same period.

Nearly 70 percent of all gaming notebooks sold in the first half year of 2019 were priced between \$800 and \$1,300 (up from 57 percent compared to the first half year of 2017). Gaming desktops below \$800 achieved nearly 30 percent unit share within the gaming OEM desktops category. Those priced above \$1,800 accounted for 12 percent.

Hybrid Hard Drive (HD) and Hard Disk Drives are typical for gaming PCs. However, gamers are increasingly demanding Solid State Drives (SSD) for their gaming laptops. Their share in the first half of 2019 rose to 15 percent in value, up from 4 percent a year ago. SSD and Hybrid HD have another benefit – they allow for thinner gaming laptops. As a result, devices less than 25mm in width accounted for one in every three gaming notebooks sold in first six months of the year.

Demand grows for curved monitors

Gaming monitors were the fastest growing segment with an increase of 42 percent and a turnover reaching \$1.2 billion in the first six months of the year. Gamers love immersive experiences, and this is providing tailwinds to the demand for curved gaming monitors. They achieved a growth of 61 percent in value terms – outperforming the rest of the market (+31 percent).

Performance is also key for gaming monitors. Gaming monitors with a refresh rate of at least 100Hz enjoyed further very strong demand and reported a dynamic value growth of 70 percent in the period from January to June 2019. Those with a refresh rate below 100Hz grew by 24 percent.

The Netflix of gaming?

Gamers are quick to embrace new technology, and streaming media has been no exception. Today, the promise of cloud gaming services is exciting the gaming market. The "Netflix for games" might intensify competition for consumer attention and spending and could change the market dynamics, if the consumers are satisfied with the value proposition and the gameplay experience.

Pavlin Lazarov, GfK expert for the IT industry says: “Linear gaming has grown into a multi-platform gaming, on PC, console and smartphone, streaming and watching on video platforms, all of which are integral to gamers’ engagement. The gaming experience could be further enhanced through cloud computing and the technological promise of 5G. Gaming gear and hardware have been a key enabler for rich experiences and, although the landscape might be changing, the desire for immersive gameplay will remain. Over the years, gaming has evolved into a massive ecosystem and a lifestyle with far-reaching social and business implications, and it seems that its journey is far from over.”

Notes to Editors

GfK regularly collects point-of-sale data for IT hardware and software as well as accessories via retail panels in over 50 countries worldwide. Since 2014, GfK has integrated data from distributors, retailers and IT solution providers in a single database. This consistent pool of data is used to identify the potential within supply chains for improvement and greater efficiency, and to create competitive and profitable distribution strategies.

Unless otherwise stated, all numbers in this press release refer to the six months between January and June 2019 inclusive.

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