

Online Gaming Industry Isn't Playing Around

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The month of May marks a number of important events in the online gaming industry.

On May 3, Gigex announced its acquisition of GameDAILY, a free newsletter for the gaming industry, and Gamerfeed, a gaming community site. The merged companies will operate under GameDAILY.com and should reach 23 million gamers per month with the help of 130 affiliates. The destination will address the needs of consumers and businesses, and will notably serve a highly-targeted audience. As GameDAILY CEO Mark Friedler is quoted saying, "Our vision is to create the leading content site for mainstream video game content where users can find top notch content accessible by everyone and advertisers can leverage the largest single audience of video game entertainment enthusiasts."

The gaming industry has gone from child's play to realizing significant opportunity from older demographic segments. The Internet presented a forum for gamers to play each other online without ever meeting face-to-face, and the rest is history. The Electronic Entertainment Expo (E³) kicked off yesterday -- another major event in the industry -- to what was expected to be a much larger crowd than previous years. E³ organizers said they were expecting a larger turn out thanks in large part to the advancing Asian markets. Even Google is getting in on the action, noting that it sends one-half of search traffic to online gaming sites.

In fact, a much-anticipated IPO was on track for yesterday evening from Shanda Interactive Entertainment, China's largest gaming company. Shanda claimed 46% of the \$159 million Internet gaming market last year, and American depository shares are expected to be priced at between \$13.00 and \$15.00, giving the company 20 times its earnings-per-share forecast for 2004, as calculated by its underwriter Goldman Sachs. The Shanda IPO and the Gigex merger are likely to be important milestones in the expanding online gaming market.

In its *Console Wars II* report, eMarketer notes that according to Veronis Suhler, the average American spent 75 hours in 2003 playing video games.