

International interest grows in the mobile games market in Germany

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Games quality and encouraging mass-market take-up are likely to be key focuses for Germany's cellcos and games companies in 2005.

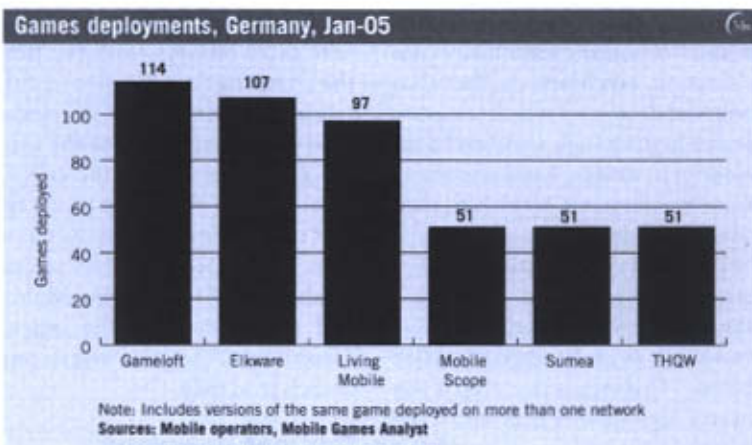
Industry watchers also say that consolidation is likely to continue, following In-Fusio's acquisition of Mobile Scope (see "InFusio unveils," p. 4) and InfoSpace Mobile's purchase of Elkware in December (*MGA*, 7 Jan, 2004). The acquisitions give both companies a solid presence in Germany and a number of other markets.

It's unclear, however, whether the consolidation will mean that other international companies will snap up any of the remaining German developers and publishers, or whether there will be mergers and acquisitions among the German games companies themselves.

But the gold-digging mentality of 2003 and early 2004, which saw a number of small garage studios attempt to glean revenues out of mobile games, has gone, says Thomas Garanin, managing director of Germany-based developer Living Mobile. "You can only do business in the market now with at least a midsize company, a sales team and a marketing approach with constant visibility to the operators and other distribution channels," he says.

Medium-sized developers have postponed or abandoned altogether any plans they may have had for diversifying into publishing, particularly since international publishers, such as the UK-based Digital Bridges, are also entering the market.

Digital Bridges opened an office in Munich in November and expects Germany to be its fastest-growing market this year, according to Paul Maglione, the company's senior vice president of publishing and marketing.



The size of the mobile games market in Germany is not easy to calculate since – as with other markets – the country's cellcos and mobile games companies do not share information. Rough estimates from one industry source, however, place the number of games downloads in Germany at about 1 million a month across all sales channels.

There is consensus that the mobile games market in Germany is about the same size as in the UK, revenue-wise. But while games are cheaper in Germany, download volumes are higher, says Jan Andresen, CEO at Elkware, the Germany-based publisher recently acquired by U.S. mobile-content outfit InfoSpace Mobile (*MGA*, 7 Jan, 2004).

There is also consensus that the mobile games market in Germany – again, as with other markets – continues to grow. Games companies' revenues have increased, says Andresen, which would tend to indicate that cellcos' games' income has also increased.

But the pace of growth has slowed, Garanin maintains. Games downloads flattened out between September and November, Garanin says, though they picked up again before Christmas and are expected to grow again in 1Q05 as many users experiment with the Java-enabled handsets they received as Christmas gifts.

The penetration of Java-enabled

handsets – one of the key enablers for mobile games – is around the same level in Germany as in most other western European markets: 30-35%. But if – as Andresen estimates – four-fifths of the handsets sold in Germany each month are Java-enabled, penetration should rise quickly.

At the same time, the Java-enabled handsets now available have features that enable more-sophisticated gaming experiences, such as more processing power, larger displays, better audio and, in higher-end devices, 3D hardware engines. These handsets, combined with the availability of casual-gamer titles such as *Tetris*, *Monopoly* and *Chess*, will help boost the take-up of mobile games among a broader audience, says Reinhard Martens, product manager for games at O₂ Germany.

The issue of brands is also a hot topic in Germany. Branded games are generally regarded as a guarantee of sales, says Martens. "But in the past, a lot of branded games were rubbish," he says, adding that O₂ Germany subscribers who bought such games were dissatisfied and likely have not bought a mobile game since.

HandyGames CEO Christopher Kassulke goes further, saying the industry's obsession with brands is destroying the market. Brands associated with movies are of particular concern, he says, since the de-

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