

GAME and Gamestation Merger Inquiry

Report

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Prepared for:

THE COMPETITION COMMISSION

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Executive Summary

- Almost half of respondents to this survey (46%) had bought games once a month or more often, indicating that the survey included a fair proportion of regular game purchasers (p.7);
- For GAME loyalty-card customers Gamestation was their next most popular place for buying pre-owned games (20% bought from Gamestation most recently). Among the general population of pre-owned game customers, a third had used GAME and a quarter had used Gamestation most recently (Fig 3.1);
- Between a half and two-thirds of respondents bought other goods when they last bought a pre-owned game, typically brand-new games (Fig 3.3);
- A third of GAME customers bought more than one previously-owned game on the last occasion compared with half of Gamestation customers (p.13);
- Half of high-street shoppers said their decision to use the particular store to buy software had been planned rather than spur of the moment, whereas for two-thirds of Internet consumers the decision to use that particular website was planned (Fig 3.4).
- Around a third of GAME and Gamestation customers said their decision to buy a previously-owned game was planned (Fig 3.7), whereas around two-thirds of concurrent brand-new game purchases were planned (Fig 3.8);
- Two-thirds of consumers said they did not shop around for previously-owned games and this was even truer of GAME customers compared with Gamestation or Internet customers (Fig 3.12). Prices and deals on previously-owned games were sourced from inside the store itself and looking on the store's website (p.29). Almost all Gamestation customers who shopped around were likely to have compared prices at GAME before buying from Gamestation, whereas half of those who shopped around and bought from GAME had compared prices at Gamestation (Fig 3.14);
- Around three-quarters of consumers bought previously-owned games because they believed them to be cheaper (Fig 3.9) but when asked for the main reason why they chose the seller they used on the last occasion only 15% of GAME customer mentioned price compared with almost half of Gamestation customers (p.21);

- Almost three-quarters of Gamestation pre-owned software customers considered buying a game from GAME whereas a third of GAME customers considered buying from Gamestation (p.23). Typically consumers would travel to a shop that was 5 miles away from their current store. This of course does not imply that their next best alternative would be so far away (Fig 3.10). Indeed, the Internet would be the best alternative for some high-street shoppers;
- Around three in ten GAME and Gamestation customers would be indifferent between the high-street store and the Internet if prices were the same (Fig 4.1). Conversely, more than half would prefer the bricks and mortar shop and more than half of those with a preference would be prepared to pay more to do so (Fig 4.2), typically £3 extra for a £12 previously-owned game (Fig 4.3);
- If the seller the respondent had used on the last occasion no longer sold previously-owned games, a third of GAME customers would divert to Gamestation and half of Gamestation customers would divert to GAME (Fig 4.4), but half of Gamestation customers thought that the cost of games would be worse at GAME (p.39). Typically, those switching to another high-street shop would go about half a mile, only 5% would travel further than about 10 miles (p.37). A third of GAME customers and a quarter of Gamestation customers would turn to the Internet;
- Half of respondents to this survey had traded-in games at some point in the last 12 months. Of these, the main reasons why they would not want to trade on the Internet were the riskiness of the transaction, the bother of posting or generally that it was too much trouble (Fig 5.10). Setting aside price differences between the Internet and a shop, trade-in at a shop was preferred by between a half and two-thirds of trading-in customers of Gamestation and GAME (Fig 5.11) and the most common reason was that they could use points, trade-in or exchange. A quarter were indifferent between the Internet and a shop.

1 Introduction

In August 2007 The Office of Fair Trading referred the completed acquisition by Game Group plc of Game Station Limited to the Competition Commission (CC). The Commission merger inquiry aims to investigate whether the completed merger might be expected to result in a substantial lessening of competition in the supply of video gaming software in the UK.

As part of its investigation the CC commissioned BMRB to carry out a survey to investigate consumer experience of using retail stores and the Internet to purchase previously-used games and any barriers that may exist to using these purchasing routes.

The survey comprised of two concurrent surveys of the following consumer groups:

- recent purchasers of previously-owned software and hardware from any source
- consumers who have recently traded-in game software at a GAME outlet.

The same questionnaire was used for both of these groups. The survey focussed in particular on individuals who had bought a previously-owned game in the last 12 months, and anyone not falling into these criteria was screened out.

1.1 Aims and objectives

The research aimed to provide evidence to answer the following key questions:

- What drives the consumer behaviour of those who buy previously-owned game software and those who trade-in game software?
- Do consumers have issues with Internet retailers around availability, payment security, product guarantees, inability to inspect goods prior to purchase, lack of immediacy in the transaction and the opportunity for redress?

- To what extent might these issues change or disappear in the near future?
- Do customers value aspects of service in regular stores that are not so easily available via Internet purchases (such as staff expertise)?
- Generally, do consumers perceive the Internet to be a substitute for purchasing previously-used games from high street stores?
- What is the incidence of price sensitive customers within the population of previously-owned software purchasers and those who trade in software?

1.2 Survey method and sampling

In preparation for the survey, the CC obtained lists of GAME loyalty card holders who had traded-in software within the last 6 months. The list included key information about customers including their addresses and in around half of cases, telephone numbers. BMRB conducted a telephone number look-up exercise to boost the number of customers included in the survey.

Separately BMRB bought contact details from a sample database company of people who owned a games console. Before sample was supplied to BMRB, the relevant contacts were stratified by region then postcode to ensure a nationally (UK) representative sample.

The questionnaire was piloted ahead of main stage fieldwork. Interviews conducted during the pilots were monitored by BMRB researchers, and minor adjustments were made to the questionnaire as a result of the monitoring and subsequent discussions with CC staff.

1.3 Interview numbers and quotas

Main stage survey fieldwork ran from Thursday 27 September to Tuesday 9 October 2007.

As one of the aims of the survey was to compare people who buy games on the Internet with those who buy games from high street retailers, quotas were set on where customers had bought a game on the last occasion. The quotas aimed to ensure that similar numbers were achieved across those who had bought at GAME, Gamestation, other independent

retailers and on the Internet. Monitoring quotas were also set up for age and sex to make sure that there were no particular skews by these variables. Respondents were allowed to be as young as 14, however if respondents were aged 14-17 parental permission had to be sought before the interview could continue.

As discussed above, the survey comprised of two parts, with the same questionnaire, but with sample from different sources. From the sample of GAME loyalty card holders the total number of interviews carried out was 201. From the more general sample 433 interviews were achieved.

2 Profile of respondents

2.1 Overall incidence of previously-owned games buyers

Table 2.1 highlights the overall incidence of previously-owned game buyers by the two different types of sample.

Table 2.1 – Incidence of previously-owned game buyers

Respondent type	GAME sample	<i>BMRB bought sample</i>
Sample size (those willing to be interviewed)	813	4060
Anyone in household purchased game in the last 12 months	318 (39.1%)	1024 (25.2%)
Personally bought any game in the last 12 months	312 (38.4%)	1004 (24.7%)
Bought a previously-owned game in the last 12 months	238 (76.3%)	654 (65.1%)
Personally bought brand new game but not previously-owned game in the last 12 months	74 (23.7%)	349 (34.8%)

Within the GAME sample, 813 customers were willing to be interviewed. Of these, 39% said that someone in the household had purchased any game (brand new or previously-owned) in the last 12 months. In the vast majority of households interviewers made contact with someone who had personally bought any game in the last 12 months through appointments and referrals. Of these, just over three quarters (76%) had bought a previously-owned game in the last 12 months, 24% had only bought brand new games in the last 12 months.

Within the sample bought by BMRB, 4060 people were willing to be interviewed. Of these 25% said that someone in the household had purchased any game in the last 12 months, and again, in the vast majority of households interviewers made contact with someone who had

personally bought any game in the last 12 months. Of these, around two thirds (65%) had bought a previously-owned game in the last 12 months, 35% had only bought brand new games in the last 12 months.

2.2 Sample breakdown by gender, age, working status vs TGI

As part of the analysis, the demographic profile of respondents was compared with the profile of BMRB's national Target Group Index (TGI) survey¹. Although TGI does not ask specifically about previously-owned games and does not include respondents under the age of 18, it is the nearest population approximation available. The TGI figures below relate to the population of people who bought a game (brand new or previously-owned) in the last 12 months. Table 2.2 shows a comparison of the profile of respondents with the TGI population for key demographic variables.

¹ TGI is the world's leading provider of single source media and marketing surveys.

Table 2.2 – sample profile and TGI population profile comparisons

Age band	Sample %	TGI population (18+) %
14-24	32.2	22.0
25-34	20.5	25.0
35-44	33.9	32.0
45+	13.4	21.0
Sex		
Male	68.1	57.3
Female	31.9	42.7
Working status		
Working (Full-time or part-time)	63.4	66.2
Retired	2.8	4.1
Looking after home/family	7.1	9.3
Student/at school	18.6	8.1
Unemployed	3.0	5.2
Other	5.0	7.2

Table 2.2 shows that buyers of previously-owned games included in the survey were more likely to be male and younger compared with the TGI population. As the TGI population is just based on those aged 18+ this is perhaps not surprising.

The two profiles are closer to each other when looking at working status, although a higher proportion of the sample were classified as students or at school (19% vs. 8%), again not surprising given the different lower limit for age.

2.3 How often buy video games

All eligible respondents were asked how often they bought any type of video game from any type of seller. Around one in six (17%) said they bought games more often than once a month. Nearly three in ten (29%) said they bought games once a month. Nearly four in ten (37%) said once every 2-3 months and the remaining 16% said that they bought video games once every 4-6 months or less often.

2.4 Who usually buy previously-owned/brand-new games for

All eligible respondents were asked first who they usually bought previous-owned games for, and second who they usually bought brand-new games for.

In terms of previously-owned games, 42% usually bought mainly for their own use, a third (33%) mainly for others, and 25% equally for their own use and for others.

In terms of brand-new games, the pattern mirrored that of previously-owned games, with again 43% usually having bought mainly for their own use, a third (32%) mainly for others, and 25% equally for their own use and for others.

2.5 Overall incidence of traders

Although all eligible respondents had bought previously-owned games in the last 12 months, they had not necessarily traded-in games in the last 12 months. Comparing characteristics of respondents who traded-in games compared with those who did not trade-in games was an important objective of the research. All respondents were asked whether they had traded-in any game, console or accessories on the last occasion they had bought a previously-owned game, and whether they had traded-in or sold game software or hardware with the seller they had been to on this last occasion at any point in the last 12 months. Figure 2.1 shows the overall incidence of trading-in among respondents.

Figure 2.1: Incidence of trading-in

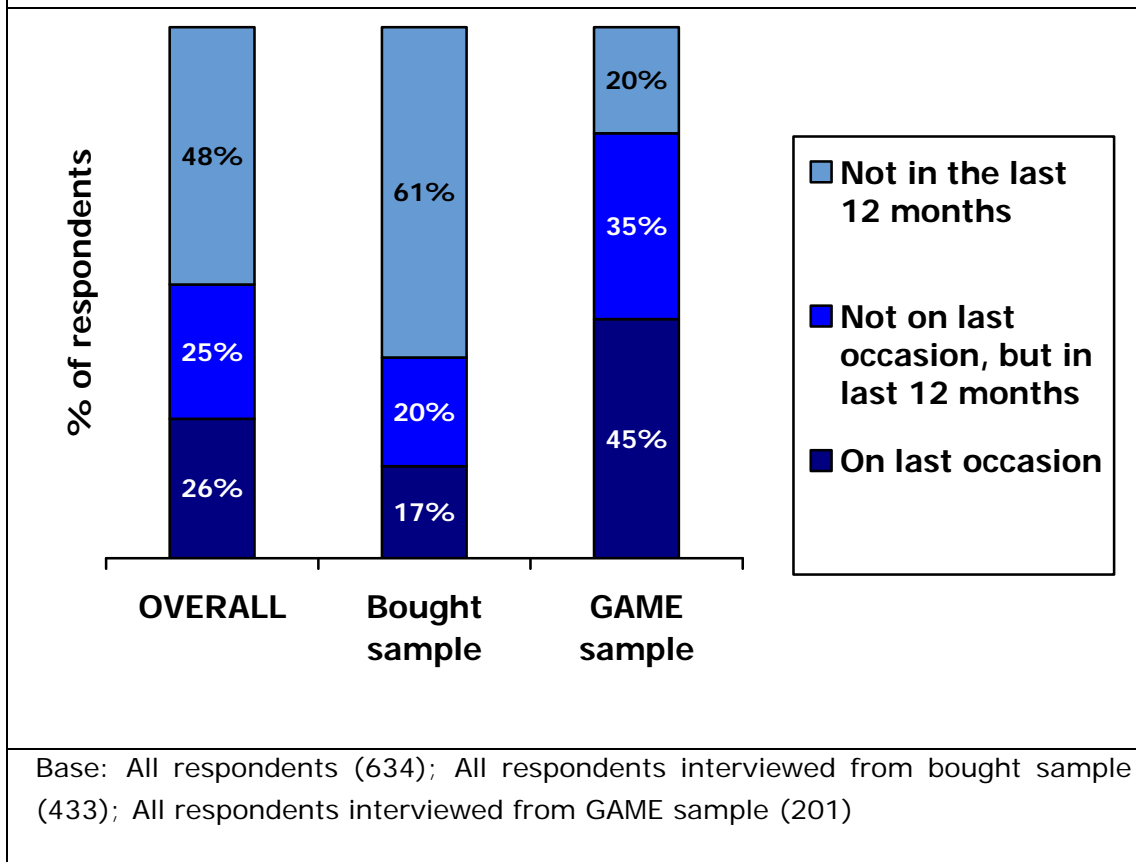


Figure 2.1 shows that a quarter of the total sample (26%) had traded-in on the last occasion they had bought a previously-owned game, and a further quarter (25%) had traded-in in the last 12 months, but not on the last occasion they had bought a previously-owned game.

Intuitively the incidence of trading-in differs considerably by sample origin. Not surprisingly given the origin of the sample (see Section 1.2) eight in ten (80%) in the sample from GAME had traded-in in the last 12 months, whereas in the more general population sample bought by BMRB just over a third (37%) had traded-in in the last 12 months.

3 Buyers of previously-owned games

Chapter 3 explores the buying behaviour of purchasers of previously-owned games. This includes where and when respondents purchased a previously-owned game, how many games they purchased and whether they purchased anything else on the most recent occasion they purchased a previously-owned game. The chapter also explores respondents knowledge of the previously-owned games market, including how respondents learnt about prices and deals on previously-owned games, whether respondents compared prices of previously-owned games before buying them and if so, where they compared prices.

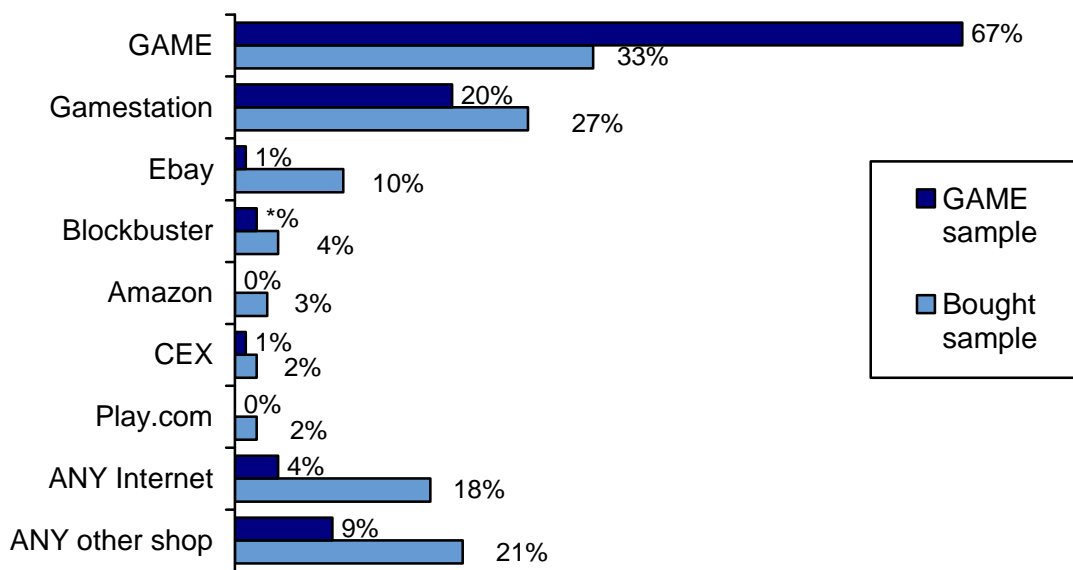
3.1 Last occasion

The first section of questions that respondents were asked referred to the most recent occasion when they bought a previously-owned game. To focus respondents, each question specifically asked them to think about the 'last / most recent occasion they purchased a previously-owned game', ensuring respondents did not think about other occasions when they had purchased a previously-owned game.

3.1.1 Where bought previously-owned game from most recently

The first question that respondents were asked was where they bought a previously-owned game from on the most recent occasion. Answers to this question are summarised in Figure 3.1.

Figure 3.1: Where last bought a previously-owned game
 Q From which seller did you buy a previously-owned game MOST RECENTLY?



Base: All respondents (634)

Figure 3.1 shows that with both types of sample, GAME was mentioned by the highest proportion of respondents.

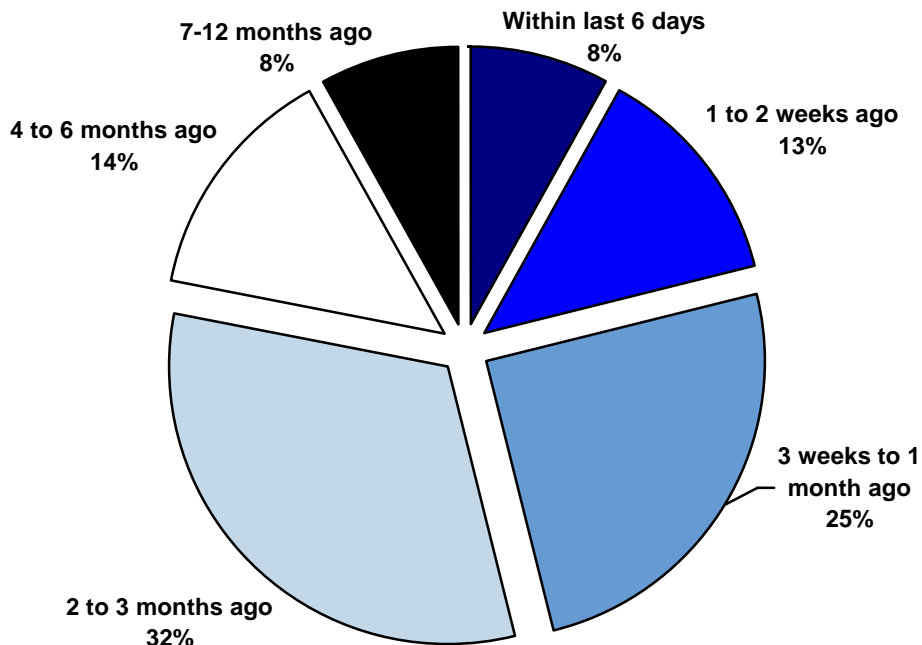
This was perhaps not surprising for the sample which had been sourced from GAME where two-thirds (67%) had bought from GAME on the last occasion, however, 20% of this sample had bought from Gamestation on the last occasion, 4% from any Internet retailers and 9% from other types of retailer.

For the more general sample bought by BMRB, a third (33%) had shopped at GAME on the last occasion, a quarter (27%) from Gamestation, 18% from any Internet seller and 21% from other retailers.

3.1.2 When respondents bought previously-owned game most recently

Respondents were also asked when they last purchased a previously-owned game. Figure 3.2 provides a breakdown of the answers.

Figure 3.2: When last bought a previously-owned game
 Q Still thinking about the last time you bought a previously-owned game ...was that ?



Base: All respondents (634)

Overall, almost half of respondents (46%) had purchased a previously-owned game in the last month. This is broken down by 8% having purchased a previously-owned game in the last 6 days, 13% between 1 to 2 weeks ago and a quarter (25%) between 3 weeks to 1 month ago. This highlights that for almost half of respondents the purchase of a previously-owned game was a relatively recent event and therefore the potential for inaccurate respondent recall would be minimised.

Of the remaining respondents, a third (32%) had purchased a previously-owned game in the last 2-3 months, while just over a fifth (22%) had purchased between 4 and 12 months prior to being interviewed.

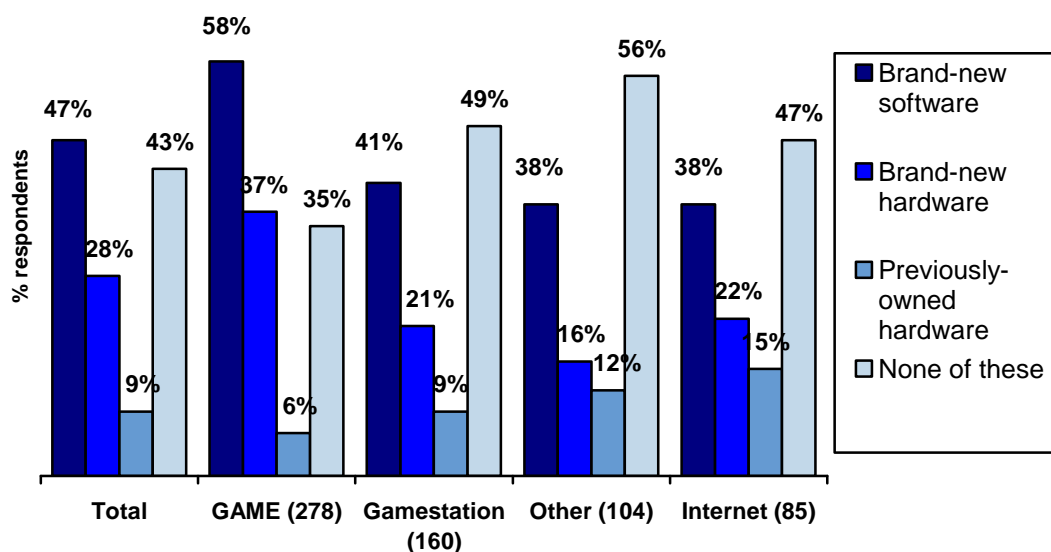
3.1.3 Whether bought anything else on most recent occasion

Respondents who had purchased a previously-owned game on the most recent occasion from either a shop or the Internet were asked whether they had purchased anything else on the same occasion. Respondents

were prompted as to whether they had purchased either: brand-new games, brand-new consoles, brand-new accessories, previously-owned consoles or previously-owned accessories. Figure 3.3 details the answers to this question.

Figure 3.3: Whether respondents purchased anything else on most recent occasion bought a previously-owned game by where purchased previously-owned game last

Q Did you buy any of these other things from them when you last bought previously-owned games ... ?



Base: All respondents who bought a previously-owned game from shop or on the Internet (628)

Overall, just under half (47%) of respondents had purchased a brand-new game on the most recent occasion they purchased a previously-owned game, a quarter (28%) had purchased brand-new hardware and one in ten (9%) had purchased previously-owned hardware. Just under half (43%) of all respondents had not purchased anything else on the last occasion they bought a previously-owned game.

There was some variation according to where respondents had purchased a previously-owned game most recently, with respondents having purchased most recently from GAME significantly more likely than all other respondents to have also purchased *brand-new* hardware on the last occasion (37% and 20% respectively). In comparison, respondents who had purchased a previously-owned game most recently from the Internet

were significantly more likely to have also bought *previously-owned* hardware on the last occasion compared with respondents who had purchased a previously-owned game most recently from GAME or Gamestation (15%, 6% and 9% respectively).

Respondents who had purchased a previously-owned game most recently from Gamestation, the Internet or another shop were significantly more likely than respondents who had purchased a game most recently from GAME to have not purchased anything else on the last occasion (49%, 56%, 47% and 35% respectively).

3.1.4 Quantity of games purchased (previously-owned and brand new)

All respondents were asked how many previously-owned games they had purchased on the last occasion. Table 3.1 shows the answers to this question.

Table 3.1 – Number of previously-owned games purchased on most recent occasion by where purchased previously-owned game last

Q How many previously-owned games did you get at that time?					
Number of previously-owned games purchased	Total (634)	GAME (278)	Game- station (160)	Other shop (110)	Internet (85)
1	57%	64%	49%	50%	59%
2	24%	20%	28%	31%	26%
3	10%	9%	12%	10%	11%
4+	8%	7%	11%	9%	5%
Mean	1.86	1.64	1.91	2.45	1.69

Over half of respondents (57%) purchased just one previously-owned game, with eight in ten respondents (81%) having purchased one or two previously-owned games on the most recent occasion.

Respondents who most recently purchased a previously-owned game from GAME were significantly more likely to only have purchased one game compared with respondents who had purchased a previously-owned game on the most recent occasion from Gamestation (64% and 49% respectively).

Respondents were also significantly more likely to buy a greater number of previously-owned games if they were buying for games consoles released before 2005 compared with respondents who were buying the games for consoles released after 2005 (mean averages 2.19 and 1.44 respectively).

If respondents had also purchased brand-new games on the last occasion they had purchased a previously-owned game they were asked for the number of brand-new games they had bought. Table 3.2 shows the answers to this question.

Table 3.2 – Number of brand-new games purchased on most recent occasion bought a previously-owned game

Q How many brand-new games did you get at that time?					
Number of brand-new games purchased	Total (298)	GAME (160)	Game- station (66)	Other shop (39)	Internet (32)
1	53%	48%	56%	62%	63%
2	22%	26%	23%	18%	6%
3	6%	8%	2%	0%	9%
4+	5%	6%	2%	3%	9%
Don't Know	14%	13%	18%	18%	13%
Mean	1.69	1.90	1.37	1.31	1.64

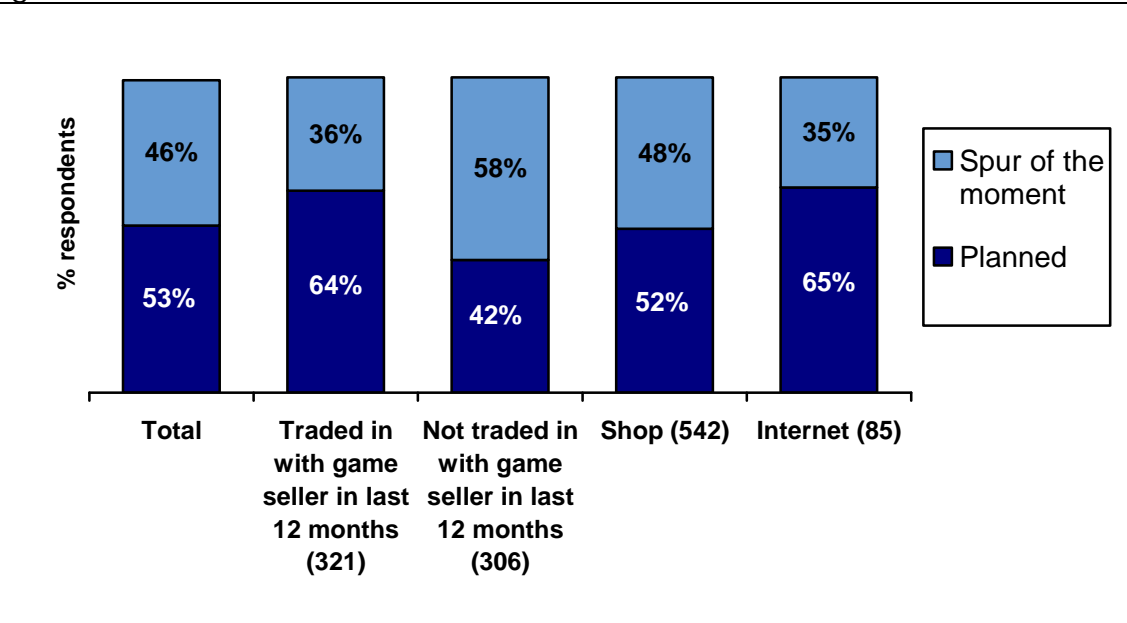
The pattern closely mirrored the number of previously-owned games bought, with over half (53%) of respondents having bought just one

brand-new game and three quarters (75%) having bought no more than two brand-new games.

3.1.5 Whether decision to use Seller to buy software and hardware was planned or spur of the moment

All respondents who had bought a previously-owned game most recently from a shop or the Internet were first asked whether the decision to purchase game software from the seller was 'planned' or whether it was on the 'spur of the moment'. Overall, just over half (53%) of respondents had planned to use that particular seller to buy game software on the most recent occasion (see Figure 3.4).

Figure 3.4: Whether software bought on most recent occasion was planned or spur of the moment decision by whether traded-in and where purchased a previously-owned game last
 Q Had you planned to use SELLER to buy brand-new or previously-owned game software, or both?



Base: All respondents who bought a previously-owned game from shop or on the Internet (628)

Respondents who had also traded-in with the seller used to buy a previously-owned game were significantly more likely to have planned to use the seller than those who had not traded-in in the last 12 months (64% and 42% respectively).

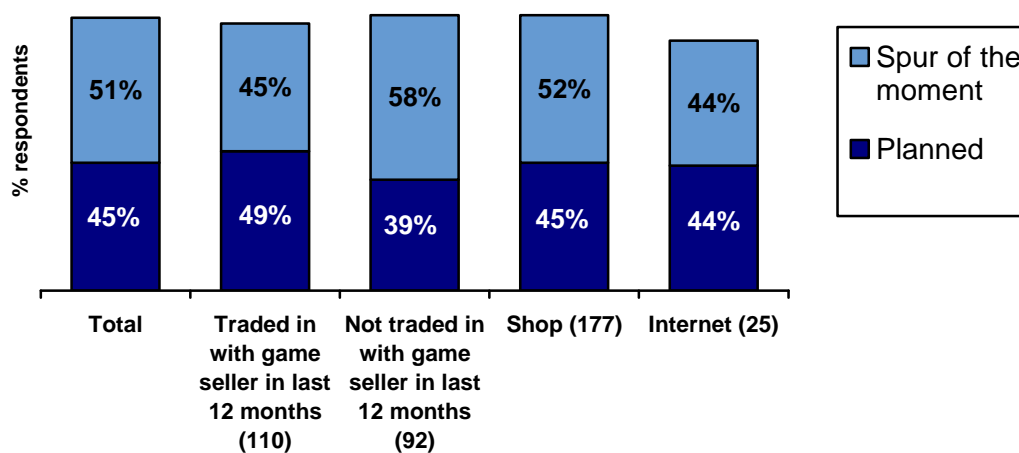
Respondents who had bought a previously-owned game most recently on the Internet were significantly more likely to have planned to use this

seller than those who bought a previously-owned game most recently from a shop (65% and 52% respectively).

Respondents who had also purchased a console or accessories (either brand-new or previously-owned) were asked whether they had planned to use the seller they used to buy hardware, or whether they decided on the spur of the moment. Overall, just under half (45%) of respondents who had purchased hardware planned to use the seller they purchased a previously-owned game from to buy hardware (see Figure 3.5). There were no other significant differences between groups.

Figure 3.5: Whether using seller to buy HARDWARE on most recent occasion was planned or spur of the moment decision

Q Had you planned to use SELLER to buy hardware, such as a Console or Accessories, on this most recent occasion or did you decide on the spur of the moment?

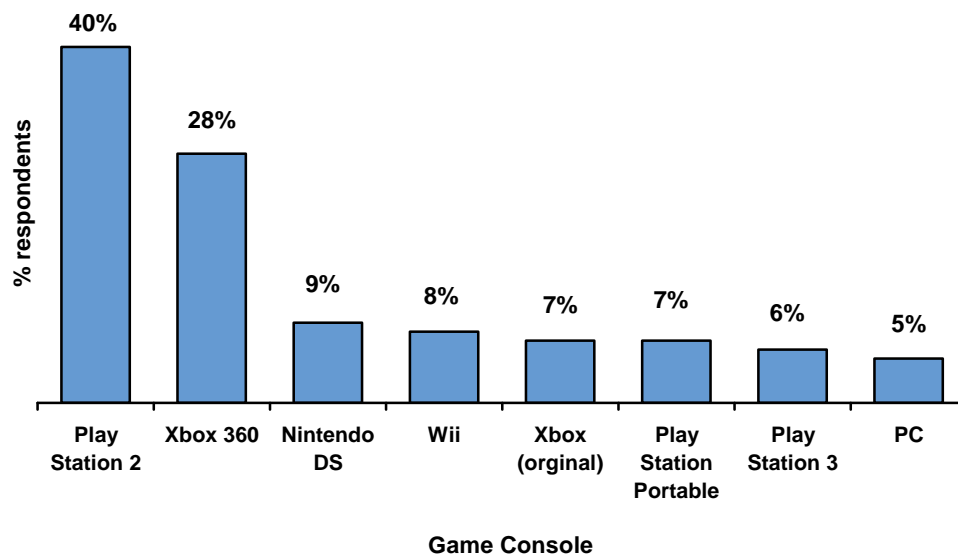


Base: All respondents who bought a brand-new console or accessories or a previously-owned console or accessories (202)

3.1.6 What type of game console games were bought for

All respondents were asked what type of games console they had bought the games for on the last occasion. Respondents who had purchased more than one game on the most recent occasion were able to give more than one answer as they could have bought games for a variety of different games consoles. Figure 3.6 shows the responses to this question.

Figure 3.6: Type of game console games were bought for
 Q What type of game console was it/they for?



Base: All respondents (634)

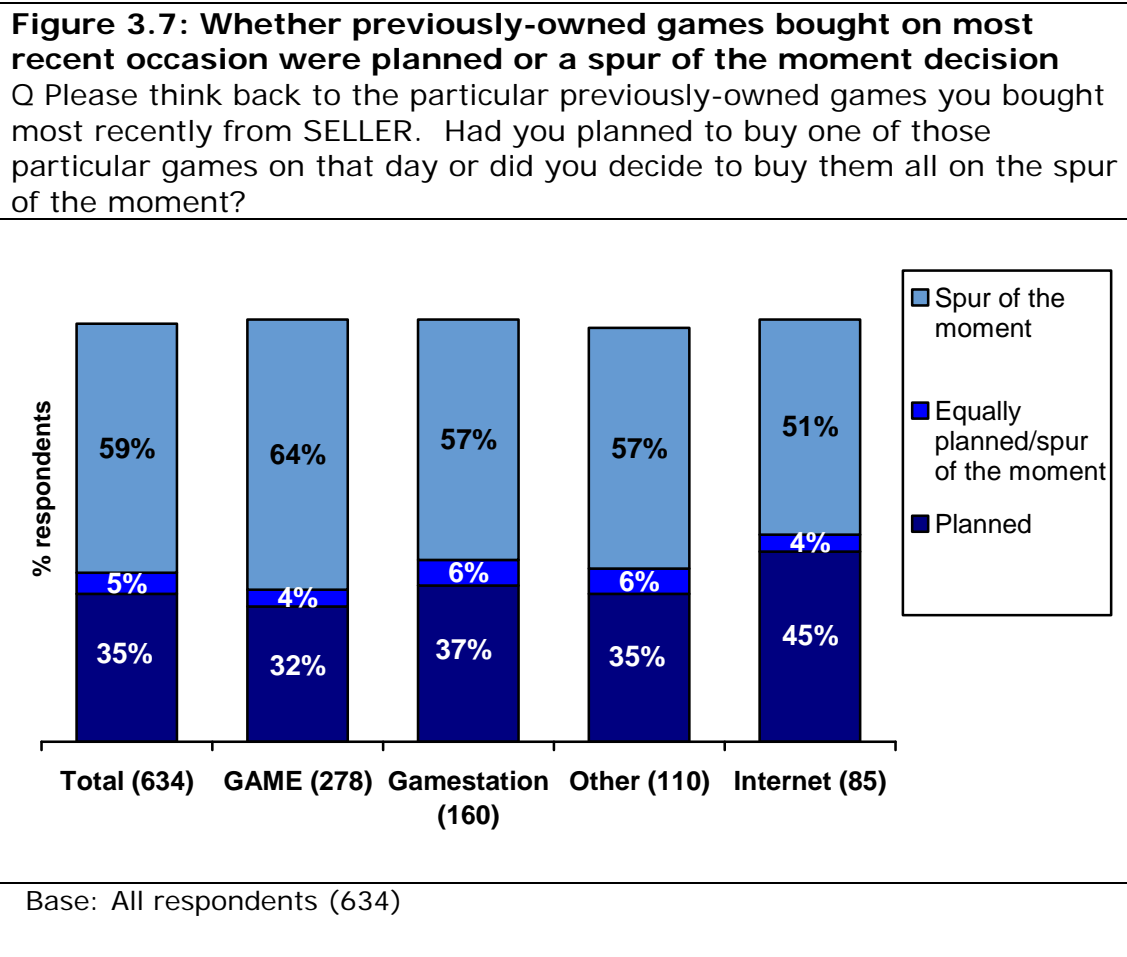
Overall, the most common consoles that games were bought for were Play Station 2 (40% of respondents) and Xbox 360 (28% of respondents). Other platforms that respondents had purchased games for included Nintendo DS (9%), Nintendo Wii (8%), Xbox (original) (7%) and Play Station Portable (7%).

The type of games console bought for varied according to whether respondents had traded-in in the last 12 months. Traders-in (37%) were significantly more likely to have bought games for an Xbox 360 compared with respondents who had not traded-in (18%), while respondents who had not traded-in (48%) were significantly more likely to have bought games for a Playstation 2 compared with respondents who had traded-in in (31%).

3.1.7 Whether decision to buy previously-owned game was planned or spur of the moment

All respondents were asked whether they had planned to purchase a previously-owned game or whether it was a spur of the moment decision. Respondents were prompted towards answers. Those who had only purchased one previously-owned game were only able to answer 'all

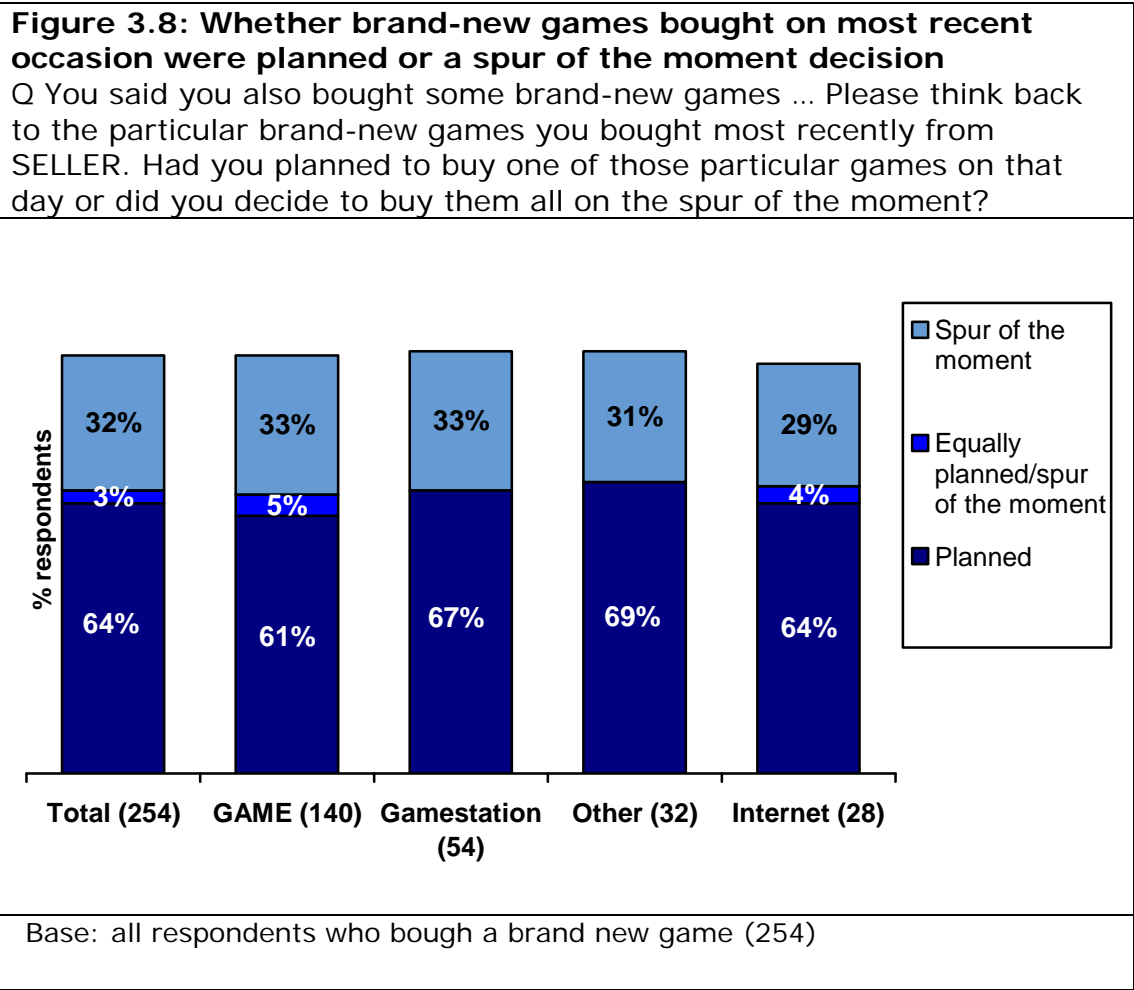
planned' or 'all spur of the moment', while respondents who had purchased more than one previously-owned game were also able to respond 'mostly planned', equally planned and spur of the moment' and 'mostly spur of the moment'. Figure 3.7 details the answers to this question.



Overall, just over one third (35%) of respondents had planned to buy a previously-owned game, while just over half (59%) said that it was a spur of the moment decision.

3.1.8 Whether decision to buy a brand-new game was planned or spur of the moment

Respondents who had also bought a brand-new game on the most recent occasion they bought a previously-owned game were asked whether they had planned to buy the brand-new game or whether it was a spur of the moment decision.



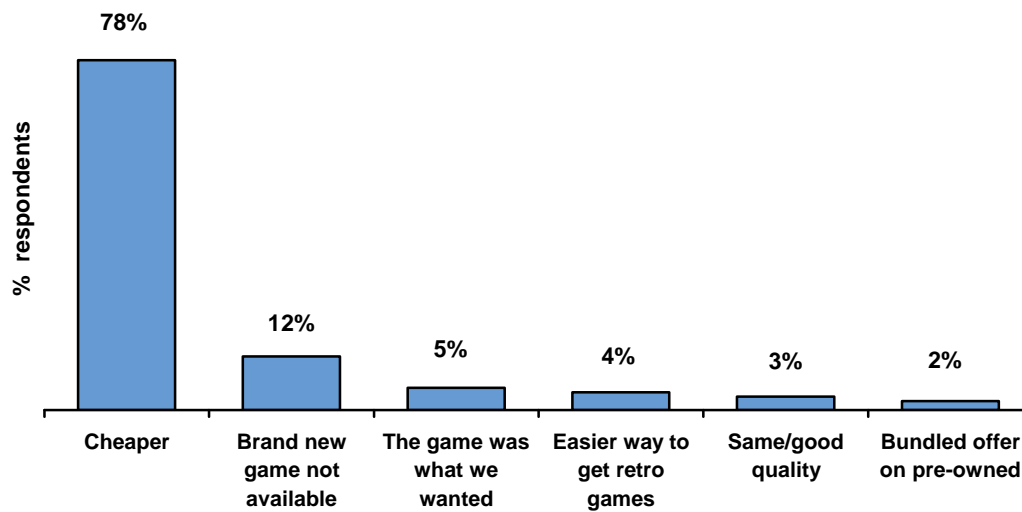
Overall, 64% of respondents had planned to buy a brand new game and a third (32%) had purchased a brand new game on the spur of the moment.

3.1.9 Reason(s) for buying previously-owned rather than brand-new games

All respondents were asked why they chose to purchase a previously-owned game rather than a brand-new game on the last occasion. Respondents were not prompted towards responses and were able to give as many reasons as they wanted to. Figure 3.9 highlights the reasons given.

Figure 3.9: Reasons buying pre-owned game rather than brand-new game on last occasion

Q What were the reasons you bought previously-owned games RATHER than brand-new on this last occasion?



Base: All respondents (634)

By far the most common reason for buying a previously-owned game rather than a brand-new game on this last occasion was because it was cheaper, which was mentioned by over three-quarters (78%) of respondents. Other reasons included that the brand-new game was not available (12%) and it was an easier way to get retro games (4%).

3.1.10 Most important reason why chose to buy from seller rather than other sellers of previously-owned games

All respondents were then asked what was the most important reason that they chose to buy from the seller they purchased a previously-owned game most recently from, rather than any other sellers of previously-owned games. Respondents were not prompted and could only provide one answer. Table 3.3 shows the three most frequently cited reasons.

Table 3.3: Most important reason why respondent chose to buy from seller rather than other sellers of previously-owned games

Q What was the MOST IMPORTANT reason why you chose to buy from SELLER rather than any of the other sellers of previously-owned games?					
	Seller purchased a previously-owned game from				
	TOTAL (634)	GAME (278)	Gamestation (160)	Other shop (110)	Internet (85)
1	Good prices / value for money 29%	Good prices / value for money 15%	Good prices / value for money 47%	Good prices / value for money 26%	Good prices / value for money 45%
2	Convenient to use 12%	Convenient to use 14%	Good selection / wide range of games 16%	Near to where I live 21%	Convenient to use 14%
3	Near to where I live 12%	Near to where I live 14%	Near to where I live 8%	Convenient to use 12%	Trustworthy 13%

'Good prices and value for money' was the most frequently given reason for purchasing a previously-owned game from where they did rather than other sellers, 29% of respondents overall mentioned this. Respondents who purchased a previously-owned game most recently from Gamestation or the Internet were significantly more likely to give this as the most important reason compared with those who had most recently purchased a previously-owned game from GAME or from another shop (47%, 45%, 15% and 26% respectively).

There was little variation in the other reasons given according to where respondents had most recently purchased a previously-owned game, with other frequently stated reasons being 'convenience' (12%) and 'near to where respondents lived' (12%). Over one in eight (13%) respondents who purchased a game most recently from the Internet gave 'trustworthy' as the most important reason why they chose to buy a previously-owned game from an Internet retailer rather than any other seller.

3.2 Other locations where respondents have bought or would consider buying previously-owned games from

Having looked at the most recent occasion that respondents had bought a previously-owned game, respondents were then asked about their previous buying behaviour. This included looking at which other retailers respondents had purchased from or would consider purchasing previously-owned games from. Respondents were also asked how much further they would be willing to travel to purchase a previously-owned game they wanted.

3.2.1 Where else considered buying previously-owned games

All respondents who bought a previously-owned game from a shop on the last occasion were asked where else they would consider purchasing a previously-owned game from. Respondents were not prompted and were able to list as many other shops as they wanted. As the purpose of this question was to explore other shops where respondents would consider purchasing previously-owned games it is most appropriate to analyse the data by looking at where respondents last purchased a previously-owned game. Table 3.4 details the three most frequently cited shops where respondents would consider buying previously-owned games from.

Table 3.4 - Other shops where respondent would consider buying previously-owned games from

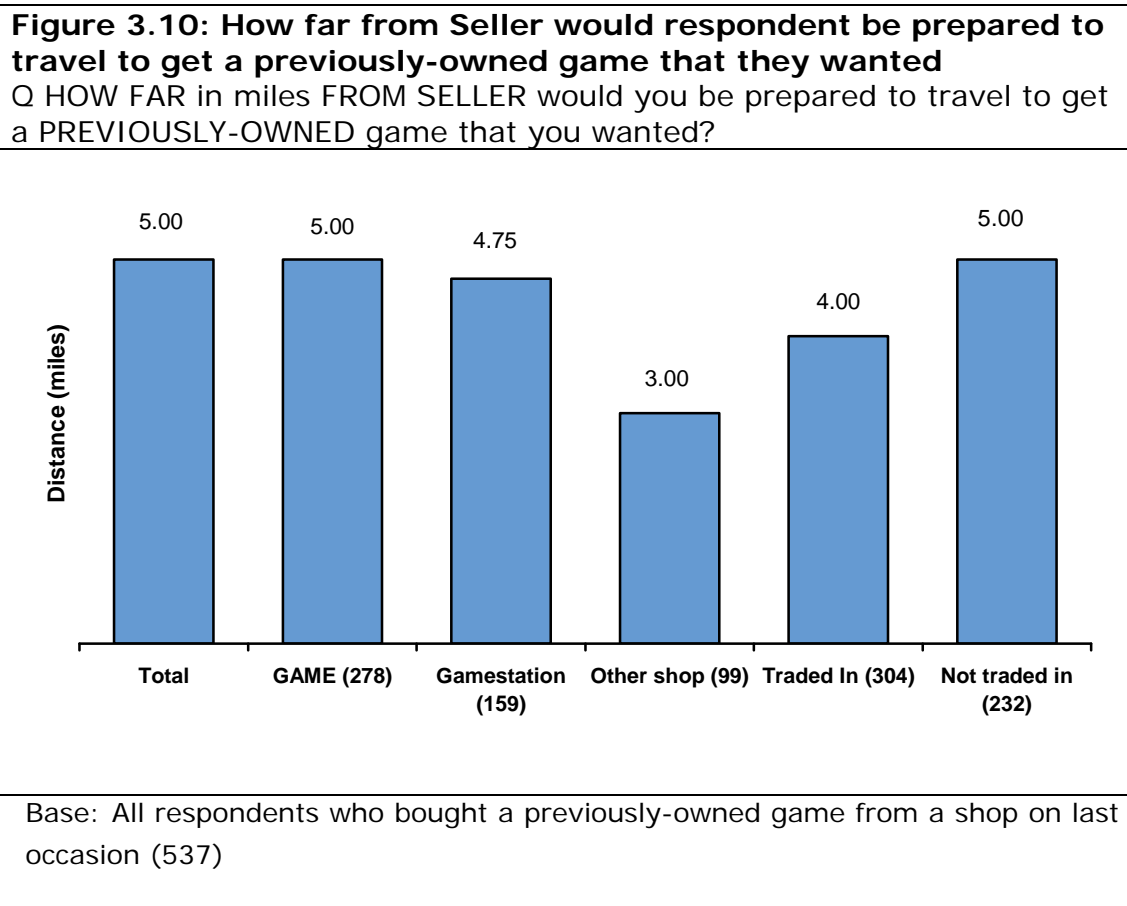
Q Can you name any shops other than SELLER where you considered buying PREVIOUSLY-OWNED games?			
	Seller purchased a previously-owned game from		
	GAME (278)	Gamestation (159)	Other shop (99)
1	Gamestation 33%	GAME 72%	GAME 56%
2	Blockbuster 9%	Blockbuster 11%	Gamestation 35%
3	HMV 5%	HMV / Independent/local store ALL 4%	Blockbuster 9%

Almost three quarters (72%) of respondents who had purchased a previously-owned game last from Gamestation considered purchasing a previously-owned game from GAME. In comparison a third (33%) of respondents who had purchased a previously-owned game last from GAME considered purchasing a previously-owned game from Gamestation. Of respondents who last purchased a previously-owned game from another shop over half (56%) considered buying a previously-owned game from GAME, while just over a third (35%) would consider buying from Gamestation. After GAME and Gamestation, Blockbuster was the next most commonly named shop for purchasing previously-owned games.

While the majority of respondents who last purchased a previously-owned game from Gamestation or another shop mentioned GAME as where they would consider buying a previously-owned game from, respondents who last purchased a previously-owned game from Gamestation were significantly more likely to mention GAME compared with respondents who purchased from another shop (72% vs 56% respectively).

3.2.2 How far from current seller respondent is willing to travel to get a previously-owned game

Respondents were asked how far they would be prepared to travel from where they most recently purchased a previously-owned game to get a previously-owned game they wanted. Responses were recorded in miles and could be recorded as low as one hundredth of a mile. The analysis focused on the median average distance as a small number of respondents had given very large distances for how far they would be willing to travel (100 miles+), thus skewing the mean distance upwards. On average (median) respondents were willing to travel 5 miles from the current seller to buy a previously-owned game that they wanted (see Figure 3.10).

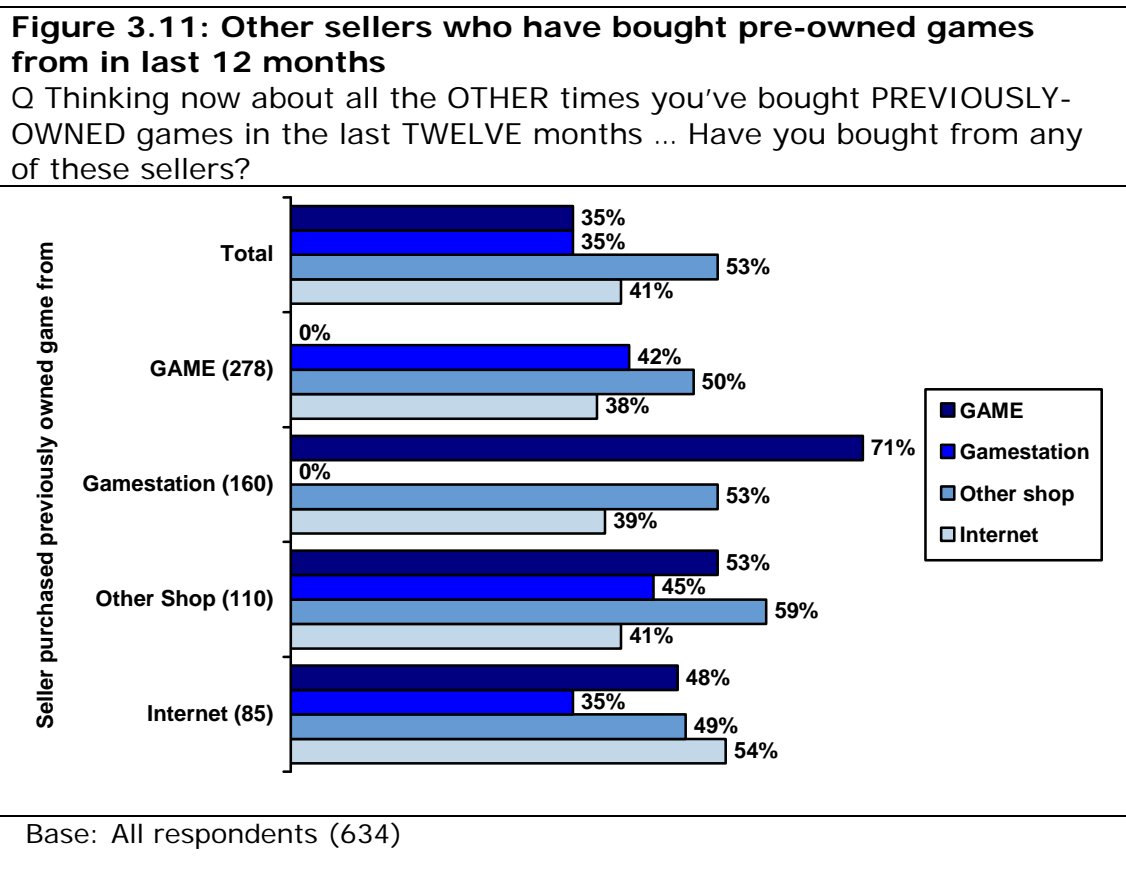


There was some variation according to where the respondent last purchased a previously-owned game, with those having purchased from GAME willing on average to travel further (5 miles) to buy a previously-owned game they wanted compared with respondents having purchased from another shop (3 miles). On average, those who had not traded-in in

the last 12 months (5 miles) were also more willing to travel further to buy a previously-owned game they wanted than respondents who had traded-in (4 miles).

3.2.3 Where else respondent actually had bought previously-owned games from in last 12 months

All respondents were asked what other sellers they had bought previously-owned games from in the last 12 months. Respondents were able to give multiple answers and interviewers read from a list of answer codes encouraging respondents to consider all possible shops and sellers they might have purchased from. Figure 3.11 summarises the responses given.



Over half (53%) had purchased from another shop, while just over a third had purchased from GAME (35%) and Gamestation (35%). Four in ten (41%) respondents had also purchased a previously-owned game in the last 12 months from an Internet seller.

When respondents were asked where else they had bought a previously-owned game from, the seller they had last bought a previously-owned game from was excluded from the list of valid responses. This meant that respondents who had last bought a previously-owned game from GAME were unable to say they had also purchased a previously-owned game from GAME. Similarly those who had last bought a previously-owned game from Gamestation were unable to say they had also purchased a previously-owned game from Gamestation.

There was some variation according to where respondents had bought a previously-owned game from on the most recent occasion. Respondents who had purchased a previously-owned game most recently from Gamestation were significantly more likely to have also bought from GAME compared with respondents who had purchased a previously-owned game most recently from another shop or from the Internet (71%, 53% and 48% respectively).

Respondents who had purchased a previously-owned game most recently on the Internet were significantly more likely to have also bought from other Internet sellers compared with respondents who had purchased a previously-owned game most recently from GAME, Gamestation or another shop (54%, 38%, 39% and 41% respectively).

3.3 Price comparisons

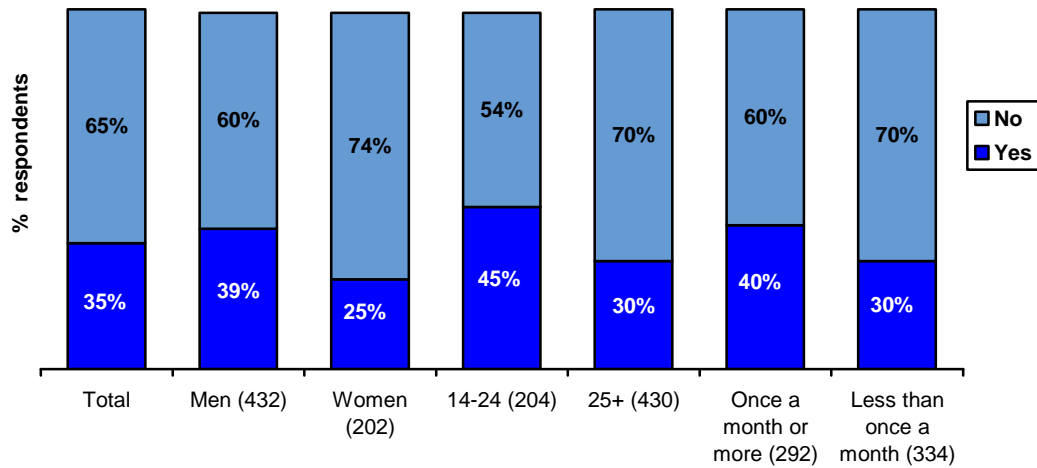
All respondents were then asked about how they learnt about prices and deals on previously-owned games. This section explores where consumers gather intelligence about previously-owned games and their prices.

3.3.1 Whether respondents compare prices of previously-owned games

Respondents were asked to think back to the previously-owned game they bought most recently and whether they had compared the prices for that game with other Internet sellers or shops before they bought it. Figure 3.12 and 3.13 summarises the responses given by various sub-groups.

Figure 3:12: Price comparison: Whether respondent shopped around (1)

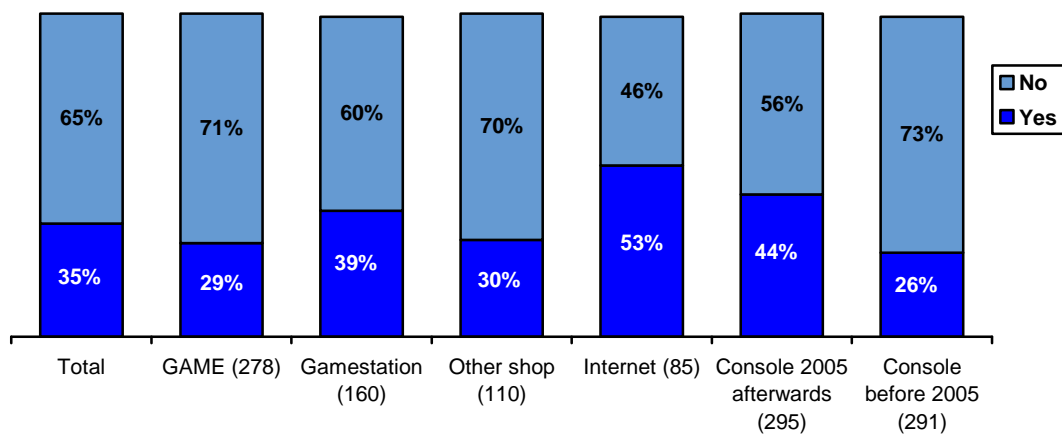
Q Still thinking about the previously-owned game you bought most recently..... before you bought it did you compare the prices for that game with any other internet seller or shop?



Base: All respondents (634)

Figure 3:13 Price comparison: Whether respondent shopped around (2)

Q Still thinking about the previously-owned game you bought most recently..... before you bought it did you compare the prices for that game with any other internet seller or shop?



Base: All respondents (634)

A third (35%) of respondents compared prices of previously-owned games before purchasing. There were a number of differences by respondent characteristics. Firstly men (39%) were significantly more likely to compare the prices of previously-owned games compared with women (25%). Younger respondents (aged between 14 and 24 years of age) were significantly more likely to 'shop around' compared with respondents aged 25 or over (45% and 30% respectively). The frequency that respondents purchased games was also a differentiating factor, with respondents who bought a game once a month or more (40%) significantly more likely to shop around compared with respondents who bought games less than once a month (30%).

Where respondents purchased a previously-owned game most recently also affected how likely they were to compare prices. Respondents who purchased a previously-owned game most recently from the Internet (53%) were significantly more likely to have shopped around compared with respondents who had purchased elsewhere (32%). In addition, respondents who had purchased a previously-owned game most recently from Gamestation (39%) were significantly more likely to have shopped around compared with respondents who had purchased most recently from GAME (29%), or another shop (30%).

Respondents who owned a console made after 2005 were significantly more likely to compare prices before buying a previously-owned game compared with those who owned a console made prior to 2005 (44% and 26% respectively).

3.3.2 Where respondent found out about prices and deals on previously-owned games

Respondents were then asked where they found out about prices and deals on previously-owned games. Respondents were not prompted towards responses and were able to give as many responses as they wanted to. Table 3.5 shows the three most frequently cited reasons.

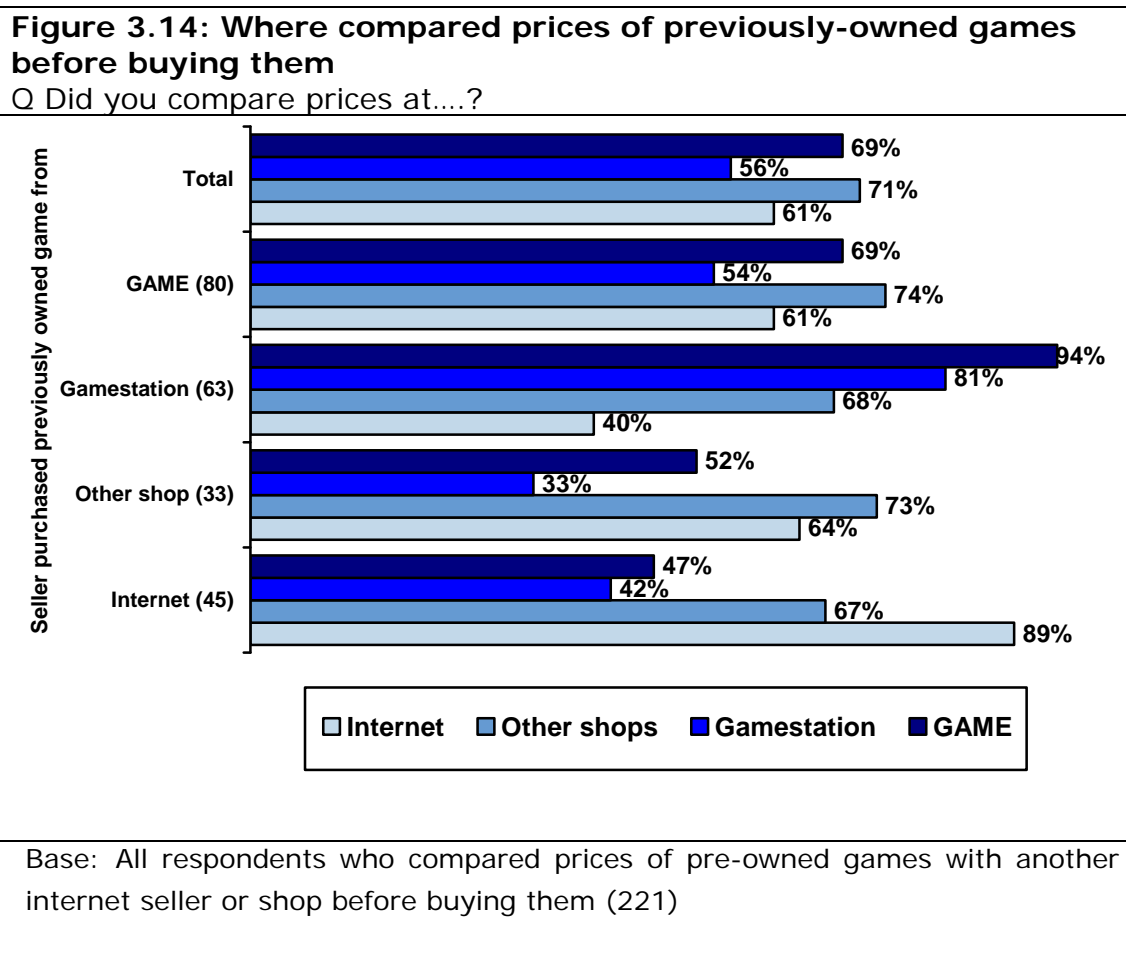
Table 3.5 Where respondent found out about prices and deals

Q Thinking about previously-owned games ... where do you find out about the prices and deals on previously-owned games?					
	Seller purchased a previously-owned game from				
	GAME (278)	Gamestation (160)	Other shop (110)	Bricks and mortar shop (548)	Internet (85)
1	Browsing in shops 60%	Browsing in shops 68%	Browsing in shops 63%	Browsing in shops 63%	eBay 41%
2	Shop and window displays 21%	Shop and window displays 11%	Shop and window displays 14%	Shop and window displays 16%	Browsing in shops 29%
3	Shop website 8%	Shop website 9%	Shop website 7%	Shop website 8%	Amazon/Amazon marketplace 18%

All respondents who purchased previously-owned games from a GAME, Gamestation on another shop mentioned methods in similar proportions. Overall the most frequently mentioned way by all bricks and mortar retailers was by browsing in shops, mentioned by the majority of respondents (63%). The next most common methods were by 'looking in shop windows and displays' (16%) and looking on 'shop websites' (8%). In contrast the main way that respondents, who purchased a previously-owned game last from the Internet, learnt about prices and deals was by looking on eBay (41%). Just under a third of this group learnt about prices by browsing in shops (29%) and just under a fifth by looking on Amazon/Amazon marketplace (18%).

3.3.3 Where respondents compared prices of previously-owned games

All respondents who said that they compared prices for previously-owned games before buying them were then asked where they had compared prices. Respondents were read out a list of possible shops and sellers where they might have compared prices and they were able to provide as many answers as they wanted to. Figure 3.14 shows the responses given.



Overall, of respondents who had compared prices around seven in ten had compared prices of previously-owned games at GAME (69%) or at other shops (71%). Over half of respondents had also compared prices at Gamestation (56%) and six in ten on the Internet (61%).

Respondents who had purchased a previously-owned game last from Gamestation were significantly more likely than to have compared prices with GAME compared with those who had most recently purchased a game from another shop or the Internet (94% compared with 52% and 47% respectively).

Respondents who had purchased a previously-owned game most recently from the Internet were significantly more likely to have compared prices with other Internet sellers compared with those who had most recently purchased a previously-owned game from a bricks and mortar seller (89% compared with 54% respectively)

4 Stated choices for buyers of previously-owned games

Having identified a number of the characteristics of purchasers of previously-owned games in Chapter 3, this chapter explores the motivations behind respondents' decision-making processes of where to buy previously-owned games and why. Respondents were asked a number of scenario questions where they were asked to decide how they would react given a particular situation.

4.1.1 Scenario 1 – Non-price attributes

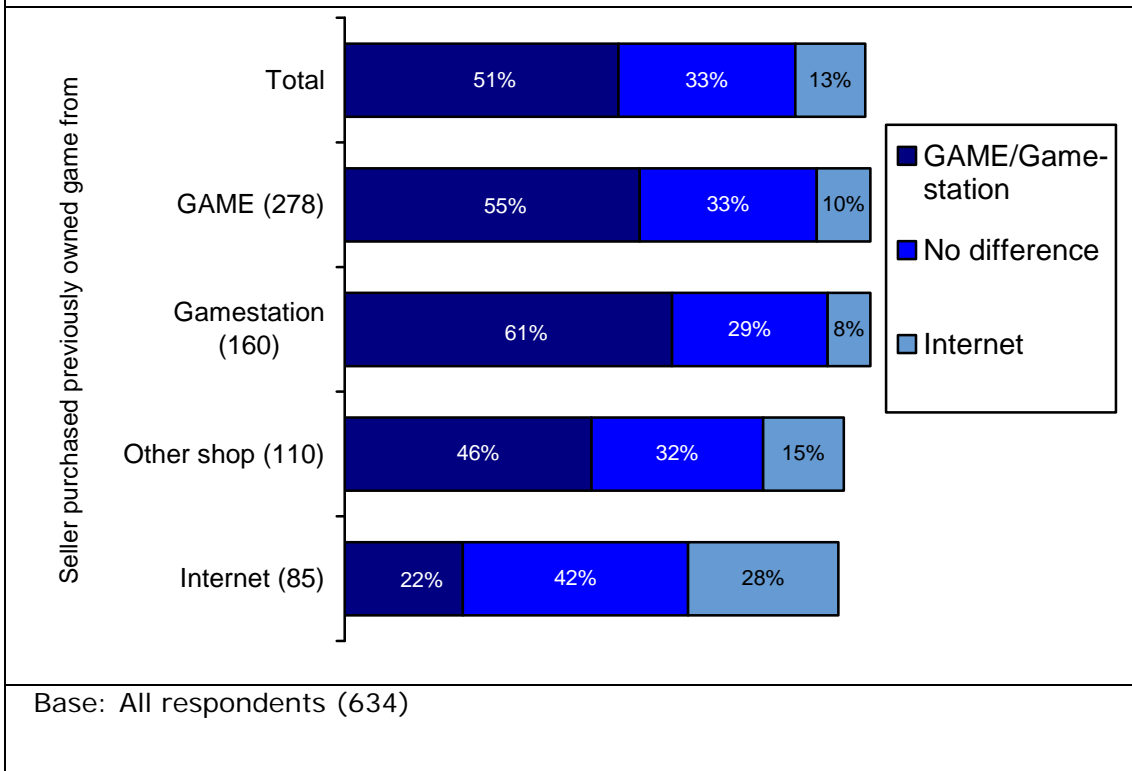
The first scenario that respondents were asked to consider explored where respondents would purchase a previously-owned game if there was no price difference. The purpose of this was to see whether respondents would have a preference for purchasing a previously-owned game from a 'bricks and mortar' shop or the Internet if there was no price difference involved. The scenario that was put to respondents was:

"If you can get a previously-owned game delivered for £12 from Amazon, Play.com or from eBay, or you can walk into a GAME or Gamestation store and buy the same game for £12, which is best to buy it from, or is there no difference?"

Respondents were then prompted to provide one answer from Amazon; Play.com; eBay; GAME/Gamestation or 'No difference'.

Overall, half (51%) of respondents said that they would buy a previously-owned game from GAME/Gamestation if there was no price difference involved (see figure 4.1). A third (33%) said that there would be no difference where they purchased a previously-owned game from while just one in eight (13%) said that they would buy from the Internet.

Figure 4.1: Scenario 1: Where would choose to buy a previously-owned game from if there was no price difference



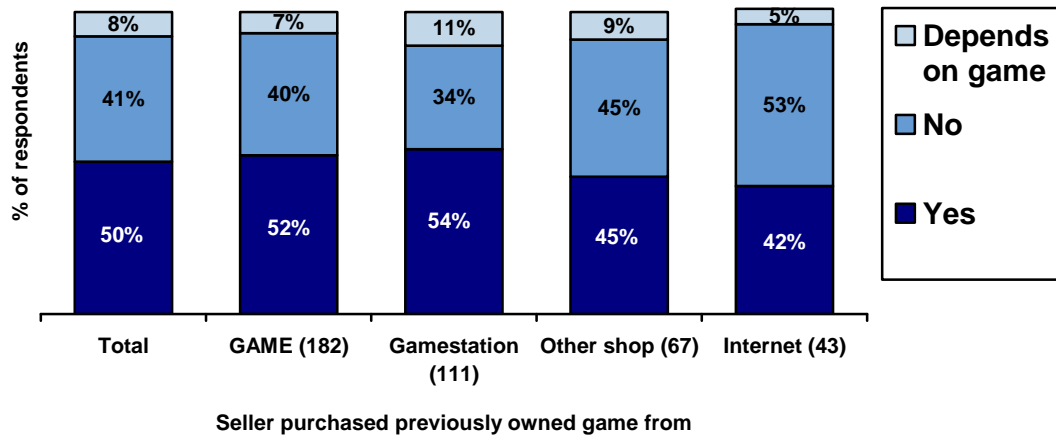
Over half of respondents who last purchased a previously-owned game from either GAME or Gamestation cited GAME/Gamestation as their preferred choice for buying a previously-owned game if there was no price difference (55% and 61% respectively). The proportion of respondents who stated GAME/Gamestation was slightly less for respondents who purchased a previously-owned game last from another shop (46%), while those who last bought from the Internet were the least likely to state GAME/Gamestation (22%). Approximately one third of respondents (32%) who last purchased a previously-owned game from a 'bricks and mortar' shop said there would be no difference where they bought a previously-owned game from, while four in ten respondents (42%) who last bought from the Internet gave this response. As might be expected, respondents who last bought a previously-owned game from the Internet were more likely to state the Internet as where they would purchase a previously-owned game (28%), if there were no price differences among sellers.

Respondents who had stated a preference for where they would buy a previously-owned game from if there was no price difference were then asked whether they would be prepared to accept a higher price from their

'preferred seller'. Overall, half of respondents (50%) said that they would be willing to pay more at their preferred seller (see Figure 4.2).

Figure 4.2: Scenario 1: Whether would be willing to pay more to buy a previously-owned game from preferred seller

Q Having said that it is best, would you accept a higher price from PREFERRED SELLER?

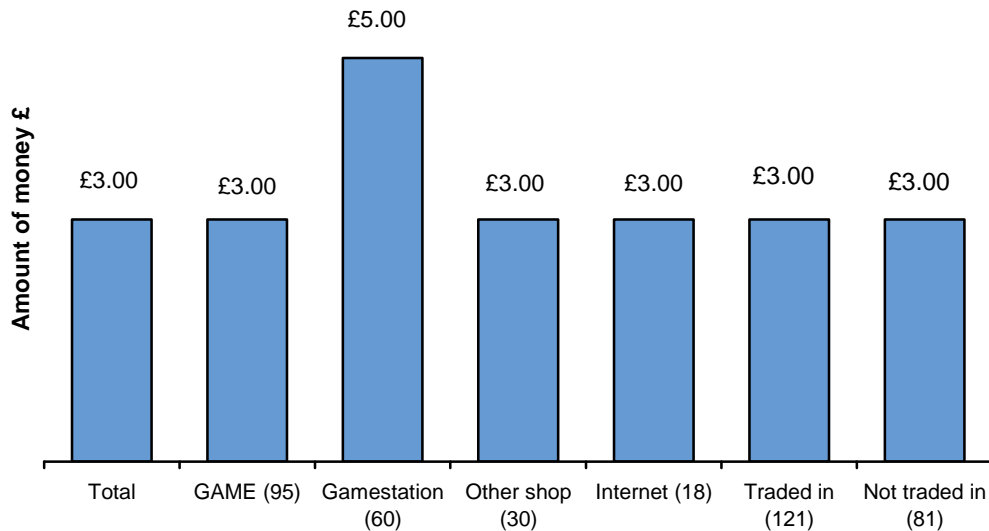


Base: All respondents who had a preference on where would buy a previously-owned game if there was no price difference (403)

Respondents who said they would be willing to accept a higher price from their preferred seller were then asked how much more they would be willing to pay for a £12 previously-owned game from their preferred seller. The data for this question was analysed using median average values and the responses are shown in Figure 4.3.

Figure 4.3: Scenario 1: How much more respondent would be willing to pay for a £12 previously-owned game from preferred seller

Q How much more would you be prepared to pay for a £12 previously-owned game?



Base: All respondents willing to pay more from preferred seller for a previously-owned game (203)

Overall, respondents were willing to pay on average £3 more for a previously-owned game from their preferred seller.

Respondents who had last purchased a previously-owned game from Gamestation were willing to pay more than others for a £12 previously-owned game; they were willing to pay £5 more compared with £3 overall.

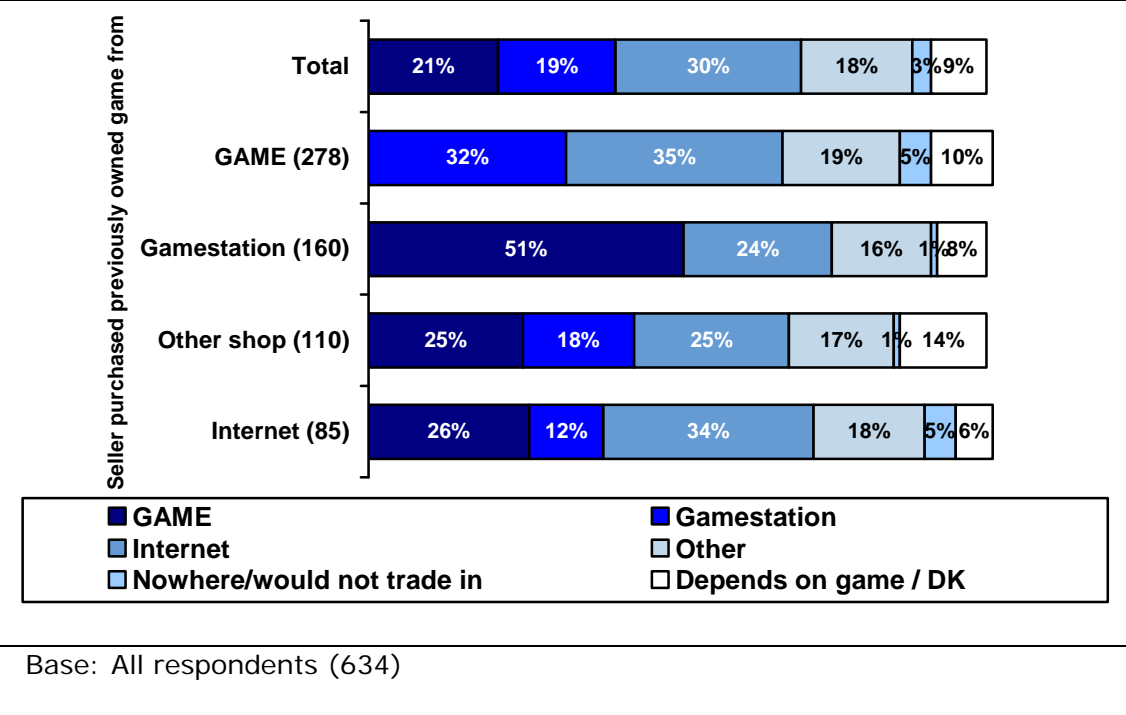
4.1.2 Scenario 2 – Next-best alternatives

Respondents were asked about who they would choose as an 'alternative seller' if they were no longer able to purchase from where they last bought a previously-owned game from. The scenario that was put to respondents was:

"Thinking again about buying previously-owned games from SELLER ...If you knew that SELLER had stopped selling previously-owned games, where would you be MOST LIKELY to buy previously-owned games from instead?"

Respondents were not prompted to answers and could only provide one answer. Figure 4.4 shows the answers given.

Figure 4.4: Scenario 2: Where respondent would be MOST LIKELY to buy previously-owned games from instead, if current seller stopped selling



There was quite a split of responses overall, with three in ten (30%) citing an Internet seller and one fifth stating GAME (21%), Gamestation (19%) or another shop (18%) as the next best alternative seller of previously-owned games.

Respondents who last purchased a previously-owned game from Gamestation were significantly more likely to say GAME as the next best alternative for buying previously-owned games compared with those who last bought a previously-owned game from another shop or the Internet (51% compared with 25% and 26% respectively).

In comparison, respondents who last purchased a previously-owned game from the Internet were significantly more likely to name another Internet site as the next best alternative for buying previously-owned games compared with respondents who last bought a previously-owned game from Gamestation or another shop or the Internet (34% compared with 24% and 25% respectively)

All respondents who had purchased a previously-owned game most recently from a physical shop and who also named a physical shop as the next best alternative were then asked how far in miles the alternative seller is from the seller most recently purchased a previously-owned game from. Table 4.1 provides a breakdown by whether the respondent had traded-in in the last 12 months and where they had last bought a previously-owned game from.

Table 4.1 – How far ‘alternative seller’ is from seller that last purchased a previously-owned game from

Q And roughly how far in miles is the ALTERNATIVE SELLER shop from the SELLER shop?						
	Total (276)	Traded-in in last 12 months (169)	Not traded- in in last 12 months (107)	Game (123)	Game- station (100)	Other (52)
Median	0.475	0.5	0.3	0.5	0.25	0.5
Mean	2.0395	1.9251	2.2201	1.6867	1.7326	2.9263
Percentile 95	10.3	10	14.6	10	9.95	16.75

Overall the mean distance that respondents said they would have to travel to the ‘alternative seller’ was about 2 miles. In comparison the median distance was shorter at only half a mile. There was little variation according to where respondents last purchased a previously-owned game or whether or not respondents had traded-in with seller in the last 12 months.

Respondents were then asked to clarify whether the alternative seller was closer or further from where they live than the seller they purchased a previously-owned game most recently from. Half of respondents (49%) said that the ‘alternative seller’ was about the same distance from where the respondent lives, while one fifth (21%) said the ‘alternative seller’ was closer, and around three in ten (28%) said the other seller was further away.

Finally respondents were asked whether the alternative seller was better or worse in comparison with the seller they last purchased a previously-owned game from with regards to:

- The cost of games
- The selection of games
- The help and advice received
- Convenience of shopping
- The shopping experience

As the question was measuring one seller against another, analysis of these answers focuses on particular sub-groups of respondents.

Focusing initially on respondents who last bought a previously-owned game from Gamestation and would choose GAME as their 'alternative', almost half of respondents (49%) considered GAME to be worse with regards to the cost of games in comparison to Gamestation (see Table 4.2). Over a quarter of respondents (27%) also considered GAME to be worse than Gamestation with regards to the selection of games and the help and advice received (27%).

Table 4.2 – Whether ‘alternative seller is better, about the same or worse with regards to ...for Gamestation customers citing GAME as the alternative seller.

Q Is the ALTERNATIVE SELLER better, worse, or about the same in terms of?			
	Gamestation customers who would swap to GAME to buy previously-owned games (81)		
	Better	About the same	Worse
The cost of games	3%	42%	49%
The selection of games	22%	49%	27%
The help and advice received	17%	51%	27%
Convenience of shopping	7%	84%	9%
The shopping experience	10%	70%	20%

Looking at respondents who last bought a previously-owned game from GAME and would choose Gamestation as their ‘alternative’, the majority of respondents considered Gamestation to be about the same as GAME with regards to all measures. (see Table 4.3) One third of respondents considered Gamestation to be worse than GAME with regards to the selection of GAMES (36%), while one quarter of respondents considered Gamestation worse with regards to the help and advice received (24%) and the shopping experience (24%).

Table 4.3 – Whether ‘alternative seller is better, about the same or worse with regards to ...for GAME customers citing Gamestation the alternative seller.

Q Is the ALTERNATIVE SELLER better, worse, or about the same in terms of?			
	GAME customers who would swap to Gamestation to buy previously-owned games (88)		
	Better	About the same	Worse
The cost of games	11%	63%	19%
The selection of games	9%	54%	36%
The help and advice received	14%	57%	24%
Convenience of shopping	8%	75%	17%
The shopping experience	9%	65%	24%

Looking at respondents who last bought a previously-owned game from the Internet and would choose a shop as their ‘alternative’, four in ten respondents considered a shop to be worse with regards to the cost of games (40%) and the selection of games (40%) in comparison to the Internet (see Table 4.4). However, half of respondents considered a shop to be better than the Internet with regards to the help and advice received (51%).

Table 4.4 – Whether ‘alternative seller is better, about the same or worse with regards to ...for Internet customers citing a shop as the alternative seller.

Q Is the ALTERNATIVE SELLER better, worse, or about the same in terms of?			
	Internet customers who would swap to shop to buy previously-owned games (47)		
	Better	About the same	Worse
The cost of games	15%	32%	40%
The selection of games	19%	40%	40%
The help and advice received	51%	43%	6%
Convenience of shopping	21%	40%	34%
The shopping experience	32%	51%	15%

Looking at respondents who last bought a previously-owned game from a shop and would choose the Internet as their ‘alternative’, Just under half of respondents considered the Internet to be better with regards to the cost of games (44%) and the selection of games (48%) in comparison to a shop (see Table 4.5). Four in ten respondents considered the Internet to be better than a shop with regards to the convenience of shopping (40%), however, half of respondents considered the internet to be worse than a shop with regards to the help and advice received (54%).

Table 4.5 – Whether ‘alternative seller is better, about the same or worse with regards to ...for shop customers citing an Internet seller as the alternative seller.

Q Is the ALTERNATIVE SELLER better, worse, or about the same in terms of?			
	Shop customers who would swap to Internet to buy previously-owned games (162)		
	Better	About the same	Worse
The cost of games	44%	37%	9%
The selection of games	48%	28%	19%
The help and advice received	12%	29%	54%
Convenience of shopping	40%	36%	22%
The shopping experience	25%	41%	33%

4.1.3 Scenario 3 – time and price attributes

The final situation that respondents were asked to consider aimed to give a measure of the price sensitivity of consumers with respect to purchasing a previously-owned game rather than a brand-new game and vice versa. The scenario was complex with many questions in the build-up. The scenario focused on the hypothetical purchase of a game that the respondent wanted to buy at some point in the future. For several of the build-up questions respondents were filtered away from being asked the main questions regarding this scenario and 214 respondents were left to answer the “key” questions. Overall this represents one third of all respondents that took part in the survey.

Due to the low proportion of respondents that were able to answer fully at this set of questions, we had concerns about the representativeness of the responses and the subsequent accuracy of results so a detailed analysis

has not been conducted. Instead the analysis focuses on the topline findings.

The first question asked respondents to name a game that had been released which they wanted to buy. Of all respondents, 512 (81%) could name a game that they wanted to buy in the future. Twenty-seven per cent of these respondents intended to buy this game in the same week of release and 61% up to 1 month after release. Three quarters (74%) intended to buy this next game in a shop and 21% on the Internet. Respondents were then asked whether they thought a previously-owned game would be available at the time they wanted to buy it. Under a half (45%) thought a previously-owned copy would be available and hence continued with the scenario whereas others skipped the rest of this section. Those who continued were asked what they thought the price of a brand-new copy and previously-owned copy would be at the time when they wanted to buy it. Table 4.6 presents a summary of these findings.

Table 4.6 – Time and price of next purchase

	Total sample
Mean price of a brand-new copy	£31.42 (225 respondents)
Mean price of a previously-owned copy	£22.16 (227 respondents)
<i>Difference</i>	<i>£9.22</i>
Mean price difference needed to definitely buy previously-owned (those likely to buy brand-new)	£13.03 (85 respondents)
Mean price difference needed to definitely buy brand-new (those likely to buy previously-owned)	£8.77 (77 respondents)

The set-up of the scenario does automatically exclude impulse buyers, but it is beyond the scope of this survey to capture impulse buying behaviour (as behavioural information is not asked about at the right moment i.e. at the point/time of sale). So the results are restricted to that of planned purchases. On average respondents thought that a brand-new copy of the

game they wanted to buy, at the time when they wanted to buy it, would be just over £9 more expensive than a previously-owned copy at that time.

If respondents said they were more likely to buy a brand-new copy at the time they intended to buy this game, they were asked what price difference was needed to make them switch to buying a previously-owned copy instead. A simple topline analysis was then conducted on the difference between the expected price of a brand-new game and expected price of a previously-owned copy and the difference they said they would need to switch to buy a previously-owned copy instead. On average the difference was a little over £13, which is greater than the difference between the average prices respondents thought a brand-new and previously-owned copy would be.

Similarly, if respondents said they were more likely to buy a previously-owned copy at the time they intended to buy this game, they were asked what price difference was needed to make them switch to buying a brand-new copy instead. The same analysis was conducted on the difference between the expected price a previously-owned copy and a brand-new copy and the difference they said they would need to switch to buy a brand-new copy instead. On average the difference was a little under £9, which is slightly smaller than the difference between the average prices respondents thought a brand-new and previously-owned copy would be.

As mentioned earlier, owing to the low proportion of respondents that answered the key questions to this scenario the results should be treated with caution, as they cannot be generalised more widely to reflect the population of previously-owned game buyers.

5 Traders of previously-owned games

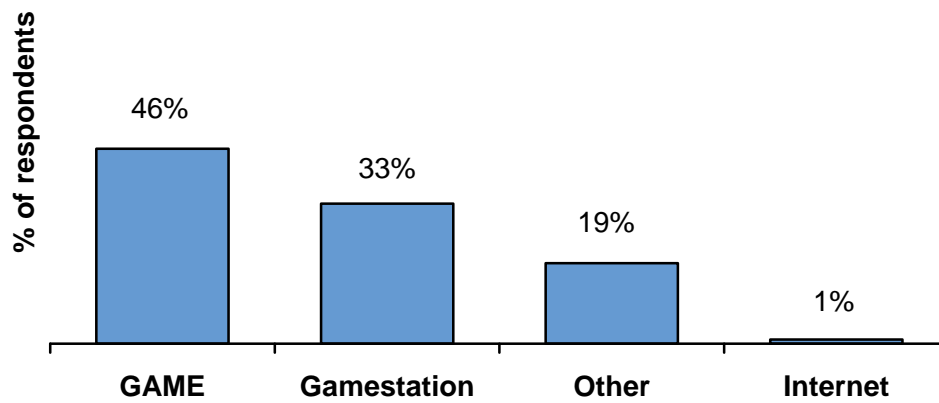
Chapter 2 described the overall incidence of traders-in amongst the previously-owned software buying population. This chapter will now go further and examine the particular characteristics of traders compared with those that have not traded-in a previously-owned game in the last 12 months.

5.1 Last occasion when bought a previously-owned game

When respondents were initially asked about the last occasion they purchased a previously-owned game they were also asked whether they had traded-in a game, console or accessories on this occasion as well. Chapter 2 showed that a quarter of all respondents (26%) had traded-in on this last occasion, with those interviewed from the GAME sample being more likely to than if they were interviewed from the bought sample (44% and 17% respectively).

One key characteristic is where the respondent traded-in on the last occasion. Figure 5.1 shows that on the last occasion, the majority of respondents traded-in at a shop rather than at an Internet retailer. However as shown earlier in Chapter 2 this can be explained by the characteristics of the GAME sample. As it contained people who had traded-in with GAME at some point in the past, it would be expected that the majority of traders had also bought from GAME on the last occasion.

Figure 5.1: Where traded-in game, console or accessories on last occasion

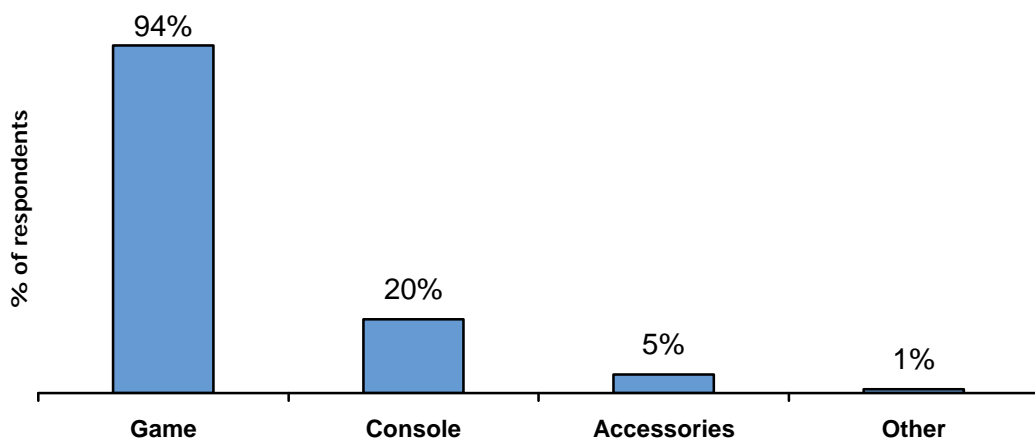


Base: All respondents who bought a previously-owned game from a shop or on the Internet and traded-in on the last occasion (162)

Of the items which were traded-in on the last occasion, the majority of respondents traded-in games (94%) with one in five (20%) having traded-in a console. One in twenty (5%) had traded in accessories and 1% mentioned trading-in some other items (see Figure 5.2).

Figure 5.2: Items traded-in on last occasion

Q What did you trade-in?



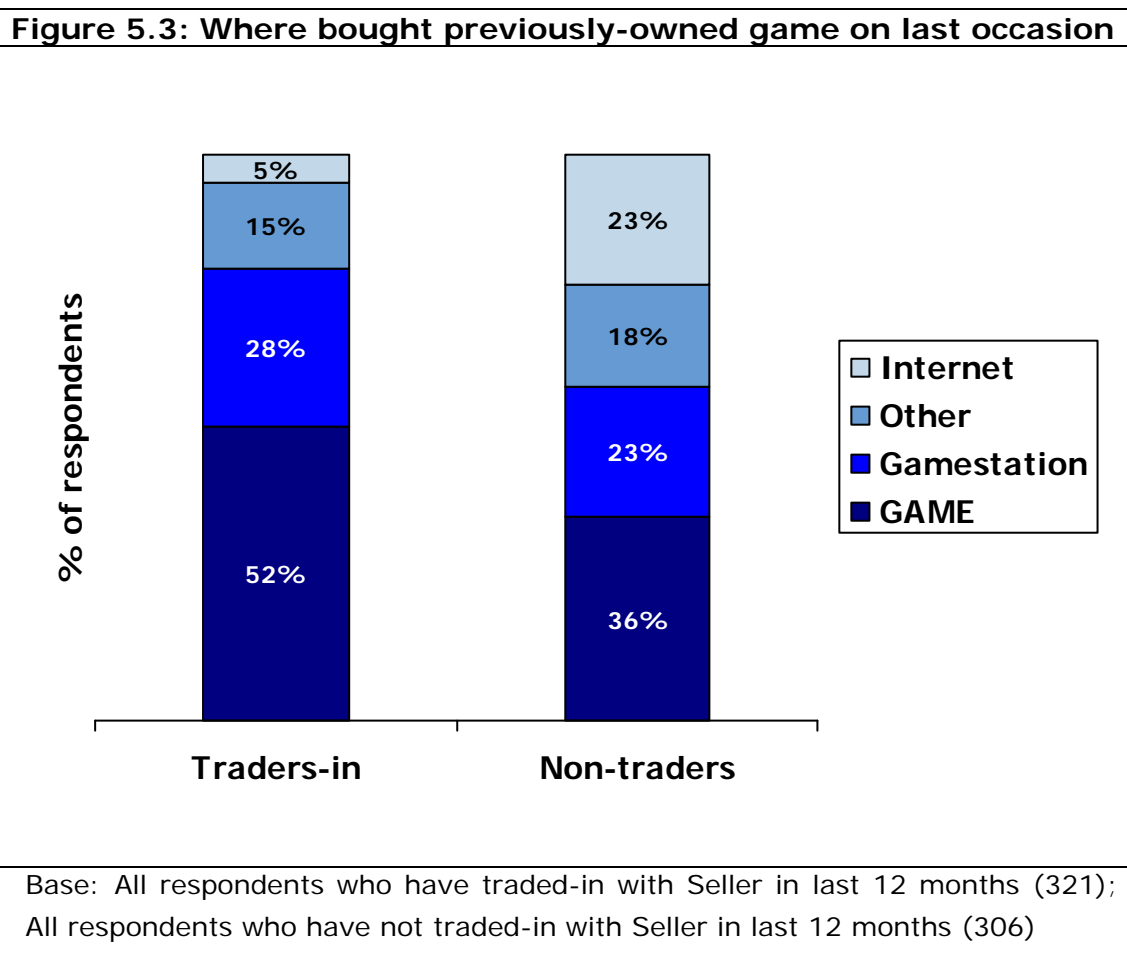
Base: All respondents who bought a previously-owned game from a shop or on the Internet and traded-in on the last occasion (162)

Respondents who had traded-in games were then asked how many games they had traded-in on this last occasion. Overall the mean average number of games traded-in was five and the median average was three games.

5.2 In the last 12 months

If respondents had not traded-in a previously-owned game at the time when they last purchased a previously-owned game, they were asked whether they had traded-in any game software, console or accessories with that seller in the last 12 months. Around a third (34%) of this group had. Therefore around half (51%) of all respondents had traded-in with the seller in the last 12 months.

Figure 5.3 shows that the majority of respondents traded-in at a shop rather than at an Internet retailer. Again due to the nature of the sample, a positive skew towards GAME is to be expected.

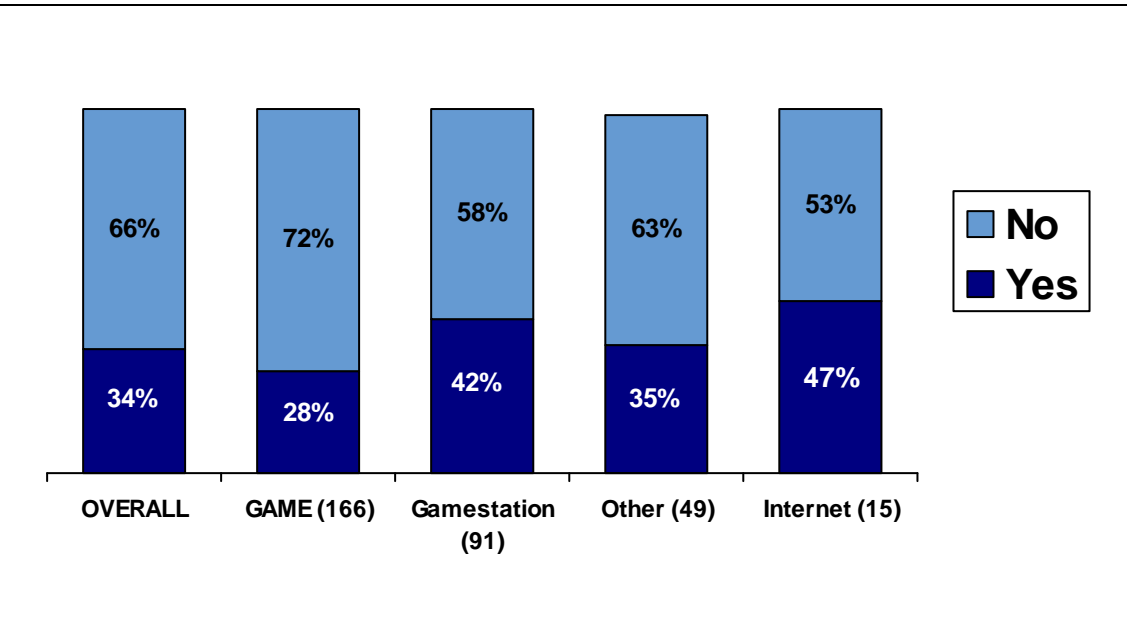


Respondents that had not traded-in a game in the last 12 months were significantly less likely than those that had traded-in to have bought from GAME on the last occasion (36% vs. 52% respectively) and significantly more likely to have bought from an Internet retailer (23% vs. 5% respectively).

5.2.1 Local competitors

In order to gauge traders' awareness of local competitors they were asked whether they had traded-in or sold game software with another retailer in the last 12 months. A similar question was asked about trading-in game hardware. With *software*, a third (34%) said that they had traded-in game software with another buyer in the last 12 months (Figure 5.4).

Figure 5.4: Whether have traded-in or sold game software with any other buyer in the last 12 months
 Q Have you traded-in or sold game SOFTWARE with anyone other than SELLER in the last TWELVE months ...



Base: All respondents who have traded-in with Seller in last 12 months (321)

Those that had bought from Gamestation on the last occasion were significantly more likely than those that had bought from GAME to have traded with another retailer in the last 12 months (42% compared with 28%). Those that had bought from another independent trader, store or retailer or from the Internet also reported higher levels of trading-in elsewhere (35% and 47% respectively) than those who had purchased at

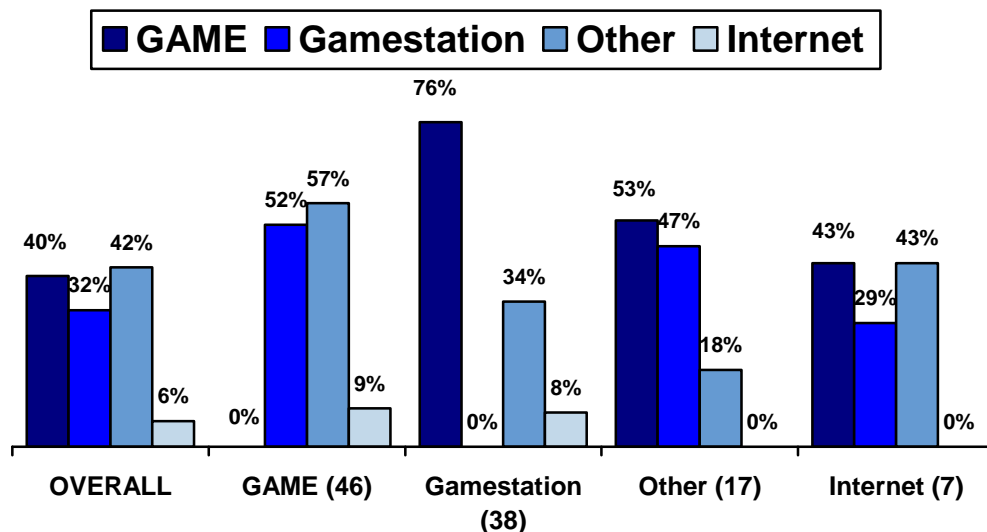
GAME, although the small base sizes of those two sub-groups mean that the differences compared with GAME are not significant.

Those that had traded-in software elsewhere in the last 12 months were asked which other retailers they had traded-in software with. This was a spontaneous question - respondents were not prompted with names of other retailers. Figure 5.5 shows the other retailers that respondents had traded software with in the last 12 months.

When respondents were asked where else they had traded-in or sold game software, the seller they had last bought a previously-owned game from was excluded from the list of valid responses. This meant that respondents who had last bought a previously-owned game from GAME were unable to say they had also traded-in or sold game software with GAME in the last 12 months. Similarly, those who had last bought a previously-owned game from Gamestation were unable to say they had also traded-in or sold game software with Gamestation in the last 12 months.

Figure 5.5: Other buyers traded-in or sold game software with in the last 12 months

Q Who have you traded-in or sold game software to in the last TWELVE months ...



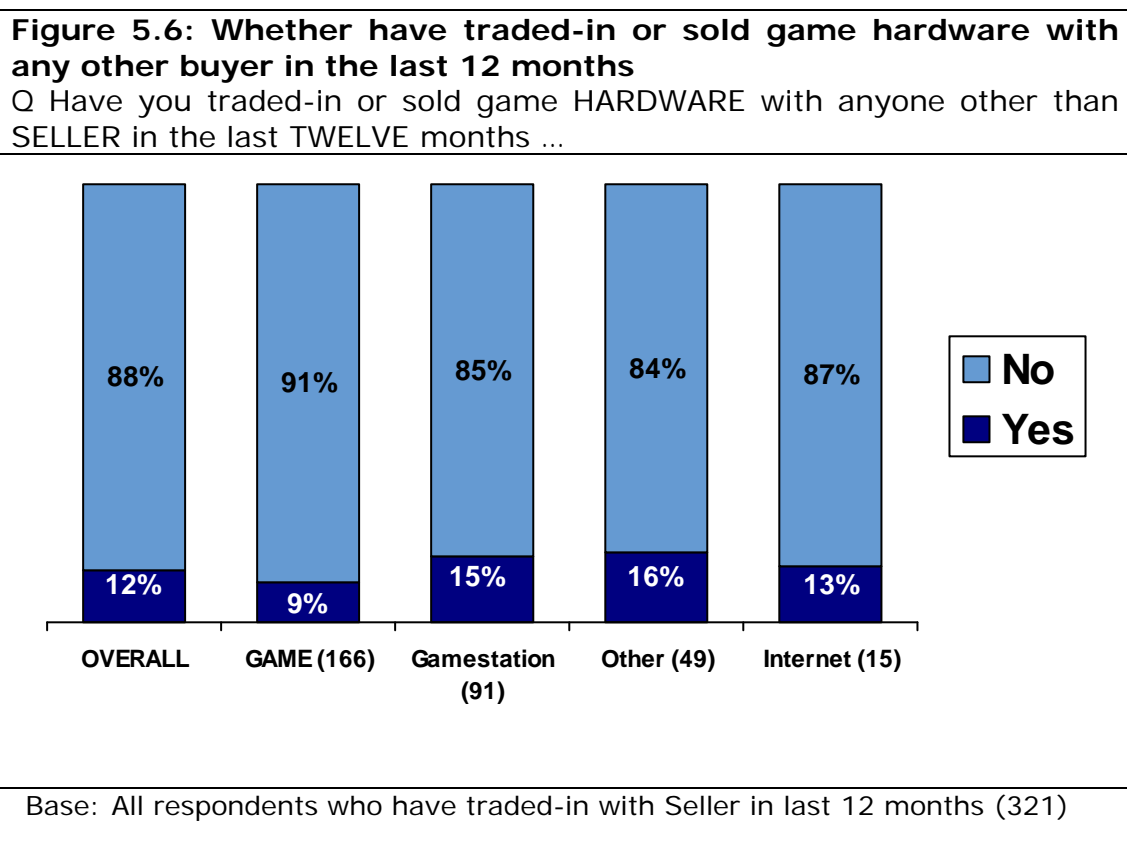
Base: All respondents who have traded-in with other buyers in last 12 months (108)

Overall respondents had mainly traded with high street shops rather than with Internet retailers, mirroring who they had traded with on the last occasion.

Of respondents that had bought from GAME on the last occasion and had traded-in, half (52%) said they had traded with Gamestation in the last 12 months and nearly six in ten (57%) had traded with another independent trader, store or retailer. Fewer than one in ten (9%) reported trading-in with an Internet retailer.

Of respondents that had bought from Gamestation on the last occasion, three-quarters (76%) said they had traded-in or sold game software to GAME in the last 12 months and a third (34%) had traded with another independent trader, store or retailer. The Internet was cited as an alternative trading location by 8% of this sub-group.

Around one in eight (12%) had traded-in or sold *game hardware* with another buyer in the last 12 months. There were no significant differences in hardware trading by where the respondent had last bought a previously-owned game (Figure 5.6).



Those that had traded-in hardware elsewhere in the last 12 months were asked which other retailers they had traded-in hardware with. Again, this was a spontaneous question - respondents were not prompted with names of other retailers. As only 38 respondents were asked this question results have not been presented in this report.

5.2.2 Reasons for trading-in

This section looks at the reasons why traders decided to trade-in with the retailer used to purchase a previously-owned game from on the last occasion. First, traders were asked to name the *most important reason* why they chose that buyer rather than other buyers of previously-owned games. This was a spontaneous question - respondents were not read out a list of reasons to choose from. Answers given were coded into a pre-defined list of responses. The most common answer was 'good price for trade-in' (31%) with 'convenience' being the second most common answer (22%). One in twelve traders (8%) chose to trade-in with that particular buyer out of habit or said that had always traded there in the past. A large number of other reasons were also cited but in much smaller proportions. Figure 5.7 summarises the main reasons given (by 3% or more of respondents).

Figure 5.7: Most important reason why chose to trade-in with buyer in the last 12 months, rather than other buyers

Q What was the MOST IMPORTANT reason why you chose to TRADE-IN with SELLER rather than any of the other buyers of previously-owned games?



Base: All respondents who have traded-in with Seller in last 12 months (321)

Other reasons why respondents chose to trade-in with that buyer rather than other buyers of previously-owned games included the price/deal (2%), could exchange for games I wanted (2%), choice/selection (2%), trustworthy (1%) and can return/take them back (1%).

Table 5.1 shows how the three most common reasons given differ across different sub-groups.

Table 5.1: Most important reason why chose to trade-in with buyer in the last 12 months, rather than other buyers – top 3 answers

Q What was the MOST IMPORTANT reason why you chose to TRADE-IN with SELLER BOUGHT FROM rather than any of the other buyers of previously-owned games?			
	1. Good price for trade-in	2. Convenience	3. I always trade in here/habit
Overall	31%	22%	8%
Age			
14-24 year olds (<i>base 115</i>)	44%	12%	7%
25+ (<i>base 206</i>)	24%	28%	9%
Seller purchased previously-owned game from			
GAME (<i>base 166</i>)	23%	25%	10%
Gamestation (<i>base 91</i>)	52%	13%	4%
Other (<i>base 49</i>)	22%	24%	10%
Internet (<i>base 15</i>)	27%	40%	13%
Base: All respondents who have traded-in with Seller in last 12 months (321)			

Those aged between 14 and 24 inclusive were significantly more likely than those aged 25 and over to name 'a good price for trade-in' as their most important reason for trading-in with that particular buyer (44% and 24% respectively). Conversely, those aged 25 and over were significantly more likely than those aged 14-24 to say that 'convenience' was their most important reason for trading-in (28% and 12% respectively).

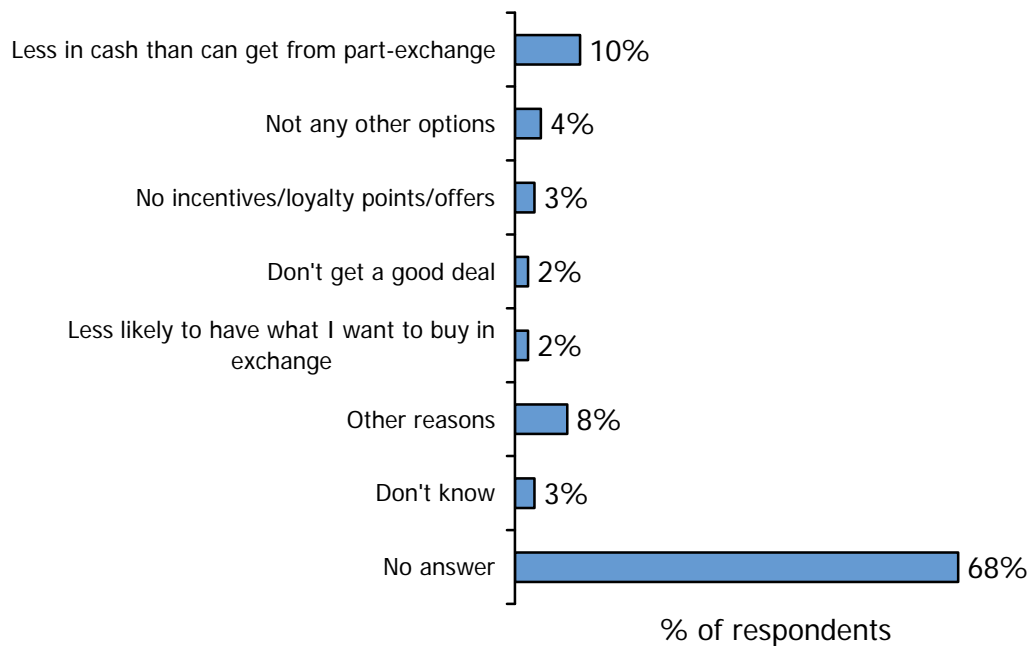
The proportion who said 'good price for trade-in' varied by the retailer used to buy previously-owned games from. Those who had purchased a previously-owned game from Gamestation on the last occasion were more likely to mention this compared with those who had purchased from GAME or from another independent trader, shop or retailer (52% compared with 23% and 22% respectively).

Having given the most important reason for trading-in with that particular buyer, respondents were asked for any reasons why they would not want to trade-in with other high-street buyers of previously-owned games and Internet buyers of previously-owned games. Both questions were asked unprompted so respondents were asked to think spontaneously for 'negative' reasons. This is perhaps why around two-thirds (68%) could not think of a reason for not trading-in with other high-street buyers of previously-owned games and over four in ten traders (44%) could not think of a reason for not trading-in with other Internet buyers of previously-owned games.

The most common reason for not trading-in with other high-street buyers was that they thought they would receive less in cash than if they had part-exchanged it. Although this was the most common reason it was mentioned by just one in ten (10%) traders. Figure 5.8 summarises the reasons given by traders.

Figure 5.8: Reasons why would not want to trade-in with other high-street buyers in the last 12 months

Q Are there any other reasons why you would not want to TRADE-IN or SELL to (the other) high-street buyers of previously-owned games?



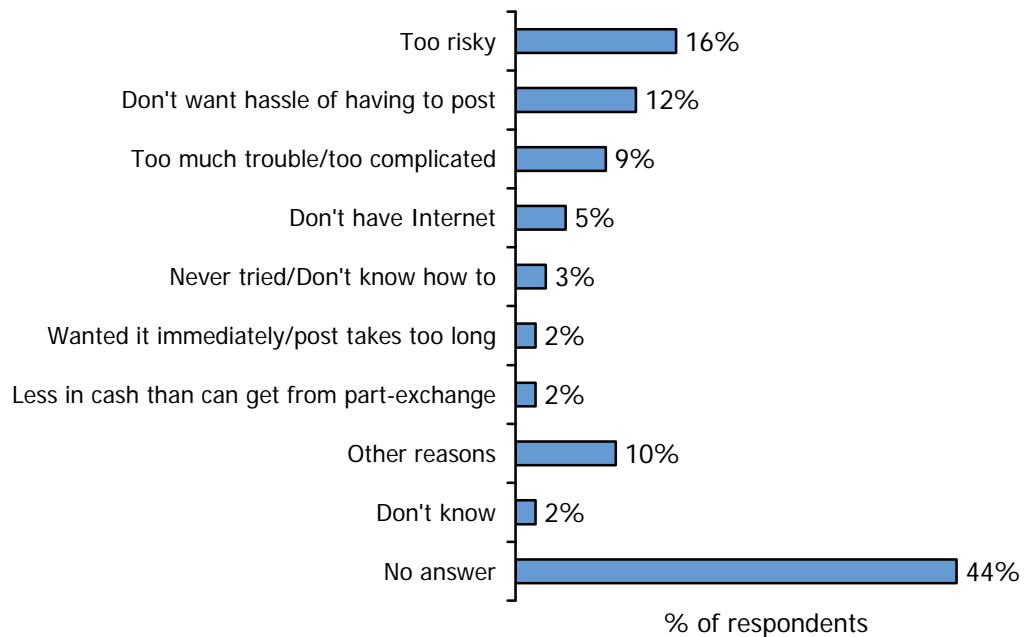
Base: All respondents who have traded-in with Seller in last 12 months (321)

Other reasons stated by respondents as to why they would not want to trade-in with other high-street buyers included too risky (1%), too much trouble/too complicated (1%), did not know other shops accepted trade-in's (1%) and don't want hassle of having to post (1%).

Traders found it easier to give reasons as to why they would not want to trade-in with other Internet buyers in the last 12 months. The most common reasons given (see Figure 5.9) were that 'the transactions would be too risky' (16%), they did not 'want the hassle of having to post' (12%) and it was 'too much trouble or too complicated' (9%).

Figure 5.9: Reasons why would not want to trade-in with other Internet buyers in the last 12 months

Q Are there any other reasons why you would not want to TRADE-IN or SELL to (the other) INTERNET buyers of previously-owned games?



Base: All respondents who have traded-in with Seller in last 12 months (321)

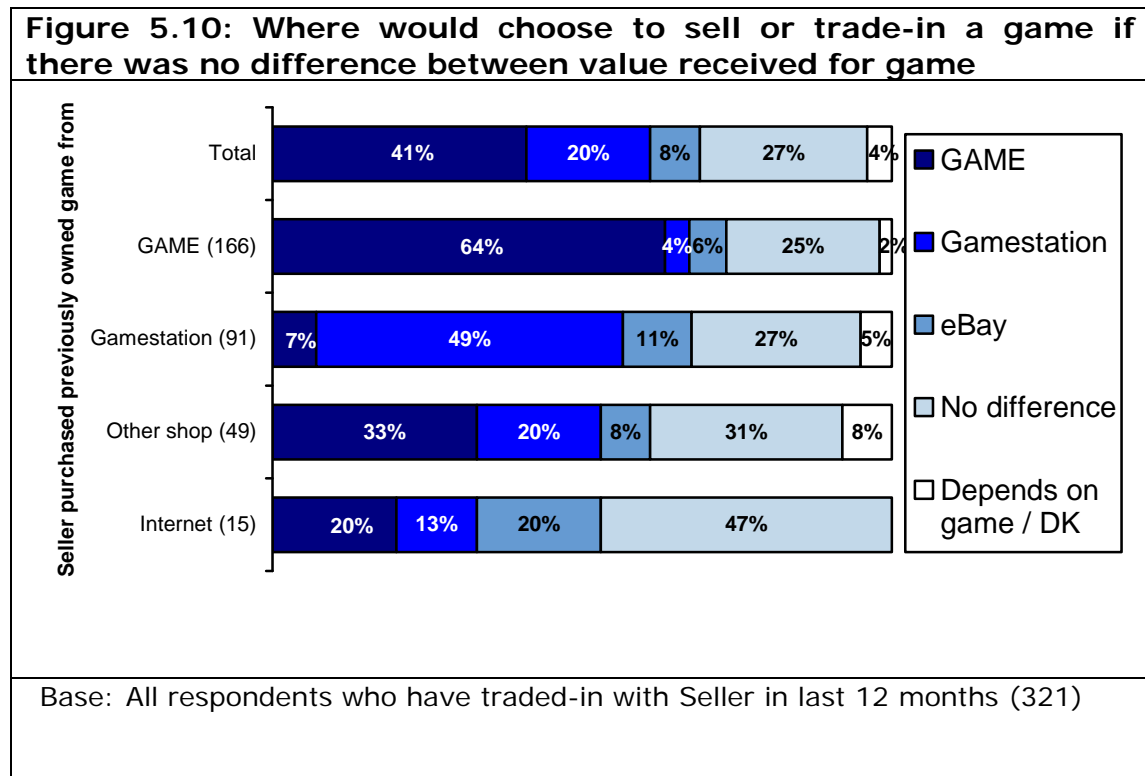
Other reasons stated by respondents as to why they would not want to trade-in with other Internet buyers included don't like using the Internet (1%), don't trust the Internet (1%), prefer to go to a shop (1%), previous bad experience using the Internet (1%) and cannot tell what condition the game is in (1%).

5.3 Stated choices for traders of previously-owned games

As with purchasers of previously-owned games, a similar scenario was given to traders of previously-owned games with the purpose of distinguishing which buyers traders would choose based on non-price attributes. The scenario posed to traders was:

"If you can get £10 for selling a previously-owned game on eBay, and you can get £10 credit by trading-in at a store like GAME or Gamestation, which is your best choice, or is there no difference?"

Figure 5.10 shows that overall four in ten traders (41%) would choose to trade-in at GAME, one fifth (20%) would choose Gamestation and 8% opted for eBay. One in four traders (27%) said there was no difference. One in four traders (27%) said there was no difference.



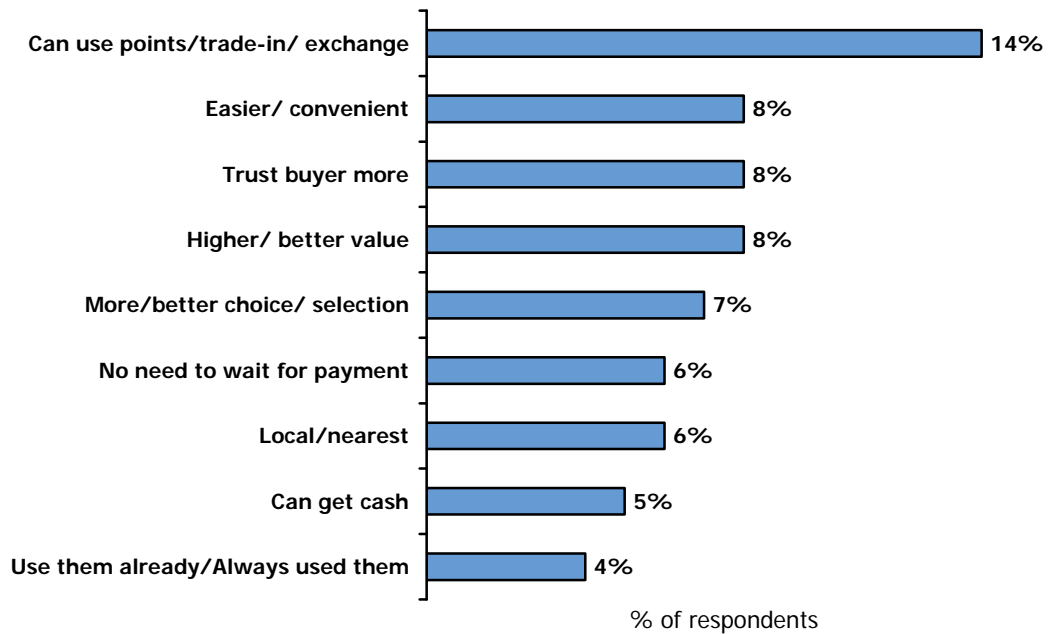
There were noticeable differences when the place where they had purchased a previously-owned game on the last occasion was taken into account. Of those who had bought from GAME on the last occasion, almost two-thirds (64%) said that GAME was their best choice, with Gamestation buyers showing almost as much loyalty as GAME buyers; 49% of Gamestation buyers chose Gamestation when the question was posed. The base sizes for those who bought from an independent trader, retailer or shop and from the Internet were too small to generalise more widely.

If the respondent had a preference for where they would trade-in they were asked why they thought their particular choice was best. Respondents were not prompted but asked to give reasons spontaneously. Overall the most commonly reason given was that they could use their points, trade-in or exchange (14%). Other reasons given by fewer than one in ten traders who gave a preference included it being 'easier or more convenient' (9%), they trust that buyer more (8%), they get a higher or

better value (8%) and there is 'more or better choice/selection' (7%). Figure 5.11 shows all of the reasons given.

Figure 5.11: Reason why would sell or trade-in a game with preferred buyer of previously-owned games rather than other buyers

Q Why do you think PREFERRED BUYER is best?

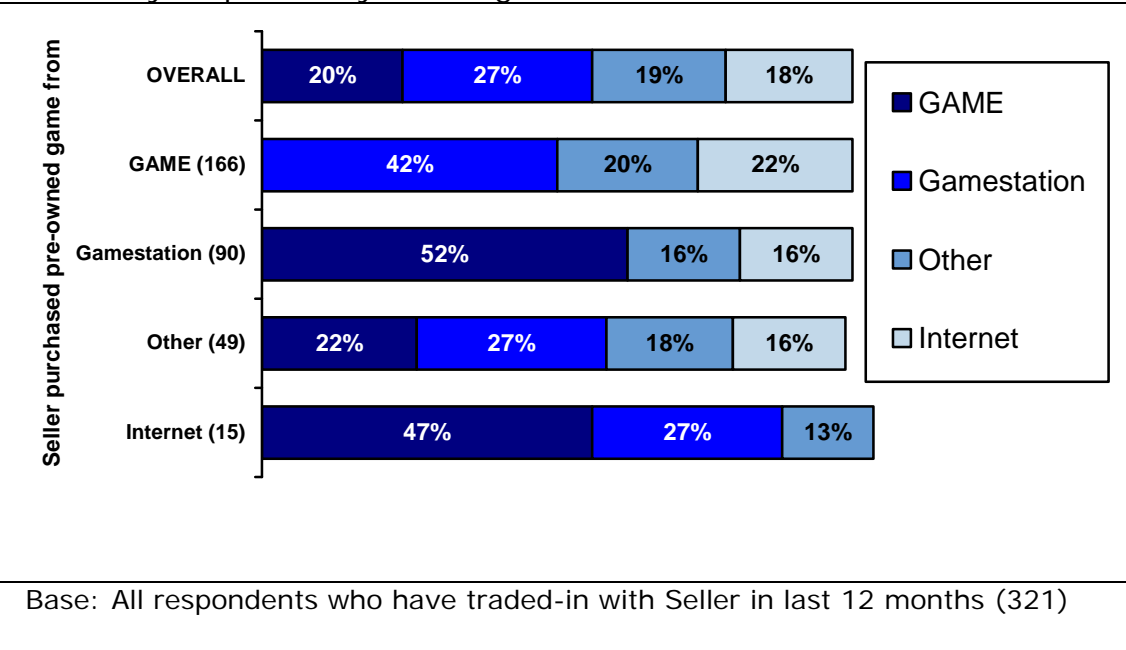


Base: All respondents who have traded-in with Seller in last 12 months and had a preference to who they would sell or trade-in a game with (221)

The final scenario that traders were asked to think about was where they would go if they knew that the buyer of previously-owned games they had traded-in at had stopped accepting previously-owned games (traders' next best alternative). Overall there was a roughly even proportion that said Game, Gamestation, another independent trader or an Internet retailer (Figure 5.12).

Figure 5.12: Where else would trade-in if current buyer had stopped accepting previously-owned games

Q Thinking now about trading-in with SELLER..... If you knew that SELLER had stopped accepting previously-owned games, where would you trade-in or sell your previously-owned games?



For those who had traded-in at GAME, four in ten (42%) said they would trade-in at Gamestation if GAME stopped accepting previously-owned games. One in five (20%) of those who traded-in at GAME said they would go to an other independent retailer with a similar proportion choosing an Internet retailer (22%).

For those who had traded-in at Gamestation, half (52%) would choose GAME as their next best alternative with 16% choosing either an other independent trader or an Internet retailer.

The base sizes for those who traded-in at an independent trader, retailer or shop and from the Internet were too small to generalise more widely.