

# GAME CONSOLES

The past five years has seen the 128-bit consoles dominate the market because they were the bleeding edge of technology and had no apparent successors. However, last year saw the introduction of the next generation of computer gaming with the 256-bit Xbox 360 and the PlayStation 3 and Nintendo Wii due to be launched late this year.

Looking at the worldwide figures, the sales of 128-bit consoles had reached their peak of 281.99 million units worldwide in 2005

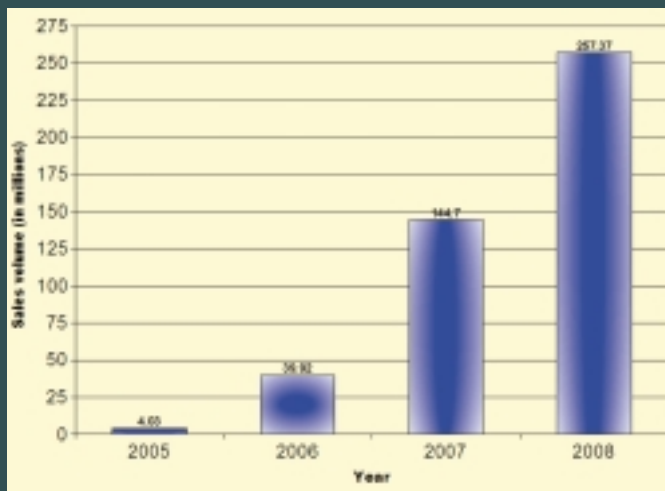
and with the introduction of the first 256-bit consoles that same year, projections indicate that we will see a steady decline in the sales of these older systems, the PlayStation 2, Nintendo GameCube and Xbox, as we move towards 2008, with total sales being halved in two years and being reduced to almost a fifth after three years. Over this period, the interest in 128-bit consoles will decline because existing and new users have upgraded to the next-generation of gaming systems. ●

## SOFTWARE SALES VOLUME TOTAL 128-BIT CONSOLES



Source: Screen Digest

## SOFTWARE SALES VOLUME TOTAL 256-BIT CONSOLES



Source: Screen Digest

# NEXT-GEN CONSOLES

The introduction of Microsoft's Xbox 360 has had a muted response by consumers, but with Sony's PlayStation 3 getting a worldwide launch in the fourth quarter of 2006, it is expected that the 256-bit generation of consoles will soon establish themselves.

The main selling point of these new gaming machines is that they are High-Definition compatible and in the case of the PlayStation 3 boasts Blu-ray playback, which gives the consumer a cheaper way of exploring the new movie format, forgoing the need of buying a separate Blu-ray movie player.

As consumers become more familiar with the new 256-bit machines projected worldwide figures show that after a slow start, sales will

rise almost 10-fold to 39.92 million units a year, before almost quadrupling to 144.7 units in 2007.

By 2008, this figure is expected to rise to 257.37 million units and becoming the established format, replacing 128-bit machines.

"It will take time for the manufacturers, particularly Sony, to convince consumers that PS3 is not just another console and that it is necessary for households to start replacing their "old" DVD players with Blu-ray players," explains Nick Parker, games analyst for Screen Digest's media research consultancy. "The market may be more of a slow burner this time around but remain at a high level of sales for longer once the momentum is achieved." ●

# PORTABLE GAMING

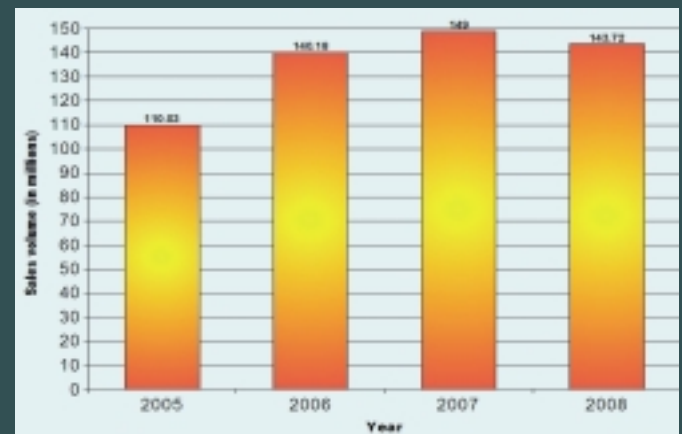
The pace of handheld consoles (Game Boy Advance, Nintendo DS, Nokia N-Gage and Sony PlayStation Portable [PSP]) is expected to remain steady over the coming years and that is because the portable gaming market operates over a longer development cycle compared to home gaming machines. For example, the original Nintendo Game Boy was over 15 years old before a colour version replaced it.

So when it comes to handheld systems, their longevity has a direct effect on sales and you do not see the familiar peak and

troughs as the 128-bit and 256-bit consoles as consumers upgrade. Instead, companies such as Nintendo with the DS and Sony with the PSP are expected over the coming years to refine their existing products and release improved versions of an existing brand, such as the DS Lite and a possible upgraded version of the PSP from Sony.

Because of this, the trend is a more steady rate of sales with worldwide projected handheld consoles sales peaking in interest in 2007 and dropping slightly the following year. ●

## SOFTWARE SALES VOLUME TOTAL HANDHELD CONSOLES



Source: Screen Digest