

« Back | Print

Gesture Control, 3D, Mobile Transforming Gaming Market

By Stewart Wolpin -- TWICE, January 6, 2011

LAS VEGAS — Looking back years from now, 2010 will be seen as a halcyon year in video gaming history thanks to three disparate developments: the introduction of the gesture-based Sony Move and Microsoft Xbox 360 Kinect, 3D HDTV, and the rise of iPod/iPhone and Android devices as prominent mobile gaming platforms.

While devices and games within these three literal game-changing paradigm shifts will attract a lot of attention, accessories and new games for more traditional PC, console and mobile gaming, as well as the suddenly market noisy music-based gaming category, will be on display on the show floor. More than 40 gaming companies are gathered in the 9,800-squarefoot International CES Gaming Showcase in the North Hall.

"With the gaming market expected to generate \$20.3 billion in 2010, the International CES is the must-stop hub for innovative gaming products," said Karen Chupka, CEA's events and conferences senior VP.

But most attendee eyes — and arms — will be focused on gesture-based gaming at the Sony and Microsoft booths. After 16 years, Nintendo also returns to CES, albeit in meeting rooms rather than a booth.

"We really predict the star of the show will be VR or AR [Virtual Reality or Augmented Reality]," agreed Dave Halas, gaming analyst for the New England Consulting Group, "now that the big three have their gesture technology in place. And we suspect other players will come in to piggyback on the success of the Kinect and the Move."

How are the Kinect and the Move moving? Robustly. At press time, Sony had reported it had moved 4.1 million Moves in its first 10 weeks of availability, while Microsoft said it has sold 2.5 million Kinects worldwide in less than a month.

"The Kinect is likely to steal ground from Wii," opined Pietro Macchiarella, Parks Associates, gaming research analyst. "For the first time, Wii is now in third place behind PS3 and Xbox. The Kinect targets the same demo as the Wii — people who are less hardcore gamers. Move is aimed more at core gamers."

At press time, Microsoft was unable to supply details about what it'd be showing off Kinect-wise in its booth, other than confirming the Kinect would be on display. But at the Sony booth, "we'll be showing off a number of our 2011 software titles, some of which incorporate PlayStation Move, stereoscopic 3D or a combination of both," hinted Jon Koller, hardware marketing director for Sony Computer Entertainment of America (SCEA). "We'll have a number of kiosks set up in our booth to show Move titles and more, and there will be developers on hand to talk about the games as well."

With Move and Kinect joining Wii, gesture-based gaming is getting a boost that could spread gaming beyond its clichéd teenage boy base.

"Gesture brings in a wider variety of games outside of fun, such as Wii Fit, that skew more toward older and female than the other consoles," said Halas, "a new demographic segment that would never pick up a video game controller."

Unlike traditional gaming, gesture-based titles need a bit more demonstration — and, therefore, a bit more retail floor space to accommodate wildly gesticulating gaming customers.

"Retailers can't do those end-shelf displays," explained Halas. "They will have to dedicate some more space. As gesture technology develops, we should expect to see retailers deeming it valuable to devote retail space to demonstration, since the demonstration proves their worth."

Koller countered, "Move doesn't require a whole lot more space than a typical interactive gaming kiosk. But because the player is often engaged with the game in a new and unique way, we have worked with retailers to ensure a comfortable game-play experience. We also have a number of more living room style environments at select retailers, which provide consumers an

example of how PlayStation Move could be set up in their home.”

The success of the Move and Kinect also may breed new game-specific accessories. “Accessories and add-ons would outweigh the cost of the game undoubtedly,” Halas noted. “The industry is largely reliant on intense gamers, who would spend \$100 on accessories for a \$60 game.”

Interestingly, both Move and Kinect are more or less accessories to the PS3 and Xbox 360 consoles. As a result, Sony and Microsoft “will be able to extend the life cycle of these products,” Macchiarella observed. “Both Microsoft and Sony now expect a lifecycle of 10 years for PS3 and Xbox.”

Since the PS3 is the lone 3D gaming console, 3D gaming may develop slower than the suddenly crowded gesture-based market.

“The complexity in the programming and design of a full-length 3D game — that’s a major task,” observed Halas. “They wouldn’t want to put out a 3D game if it’s inferior in game play or realism. They need to take a couple of years before the technology for the games can support the quality the publishers are seeking.”

There’ll be a lot more happening in 3D on the PC gaming side. Just before CES, Nvidia (South Hall 31431) unveiled 3DTV Play software, which not only turns more than 500 regular 2D PC games into 3D, but lets consumers play them on any 3D HDTV when its connected to one of the growing number of HDMI-connected Nvidia GeForce-equipped laptop PCs. Exhibiting GeForce laptop makers include Dell, Hewlett-Packard, Toshiba and Asus.

A list of convertible 2D games is available on Nvidia’s website and the game packages themselves will be marked “3D Vision Ready.”

Without meaning to, Apple’s iPod/iPhone/iPad iOS operating system has become a leading mobile video game platform in the U.S. According to a recent survey by market research company Newzoo, iOS and Nintendo each has a bit more than 40 million players in the U.S., with PSP around 18 million. And market research firm Interpret says mobile phones now make up 43.8 percent of the mobile gaming market.

In reaction, both Sony and Nintendo are likely to launch new mobile game devices. Sony may or may not unveil the PSP2, reportedly due in late 2011, and may or may not show the iPhone-like Sony-Ericsson Zeus Z1 PlayStation phone, which reportedly could go on sale as early as next month. At press time, Sony declined to comment on either product. Nintendo is likely to show off its long-gestating 3DS, the company’s glasses-less 3D portable.

At CES, Sony and Nintendo are likely to have the mobile gaming platform to themselves since Apple has never exhibited at the show, and Android game developers will likely concentrate on the CTIA show in Orlando two months from now.

« [Back](#) | [Print](#)

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