GameStop reports weak holiday video game sales

The Associated Press

Economic weakness, bad weather and supply shortages put a dent in video games sales during the holiday season, GameStop Corp. said Thursday, leading the company to slash its profit forecast.

The news sent shares of the world's biggest video game retailer down as much as 19 percent in morning trading to a 52-week low, and made it the biggest decliner, on a percentage basis, in the Standard & Poor's 500 index.

GameStop said same-store sales, or sales at stores open more than a year, tumbled 8.6 percent from 2008 levels for the nine weeks ending Jan. 2. Overall sales were flat at $2.86 billion.

The company said the weak economy led consumers to cut back on discretionary purchases, and that sales were hurt by poor winter weather like the heavy storm that hit the East Cost the weekend before Christmas.

It also pointed to shortages of the "New Super Mario Bros. Wii," the Nintendo console itself and Sony Corp.'s PlayStation 3.

Based on the sales figures, GameStop lowered its fourth-quarter earnings forecast. It now expects to report a profit of $1.25 to $1.29 per share for the three months ending in January. That's down from a previous forecast of $1.47 to $1.65 per share. On average, analysts were expecting $1.57 per share, according to Thomson Reuters.

The company's stock dropped $3.21, or 13 percent, to $20.82 in late-morning trading, after rebounding somewhat from a 52-week low of $19.42.

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