

US video game sales drop 21 percent in December

The Associated Press

U.S. retail sales of video game hardware, software and accessories fell 21 percent in December from a year ago to \$3.99 billion as players bought fewer games for their aging consoles, according to market researcher NPD Group.

The results are "not entirely surprising given that we are at the back end of the current console lifecycle," said NPD Group analyst Anita Frazier.

However, the tally was clearly a disappointment. Frazier said the month's poor performance was unexpected given the quality of new games including "Call of Duty: Modern Warfare 3," which was the top-seller, and "Just Dance 3," which placed second.

Consoles are getting long in the tooth. Microsoft Corp.'s Xbox 360 will turn 7 years old this November - even though it replaced the Xbox when Microsoft's first console was just 4 years old.

Sony Corp.'s PlayStation 3 will turn 6 in November, the same age the PlayStation 2 reached before it got an upgrade. Nintendo Corp.'s Wii is also turning 6, even though its GameCube reached only age 5 before being pushed aside.

Sony and Microsoft have not unveiled plans for a next-generation console, while Nintendo is expected to release its Wii U with a new touch-screen controller later this year.

Not only are consoles getting older, but the way games are delivered is undergoing change. Consumers are now expecting more content to be delivered over the Internet.

Sales of software - the video games themselves - fell 14 percent from a year ago to \$2.04 billion.

That's a bigger decline than the 5 percent drop expected by analyst Doug Creutz of research firm Cowen & Co. Creutz had expected a decline due largely to slower sales of Wii games and handheld games, which are normally big during the holidays.

Hardware sales fell 28 percent to \$1.32 billion and accessories fell 27 percent to \$629 million.

For the year, overall sales fell 8 percent to \$17.02 billion. Hardware sales fell 11 percent to \$5.58 billion, software sales fell 6 percent to \$8.83 billion and

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accessories sales fell 11 percent to \$2.61 billion.

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