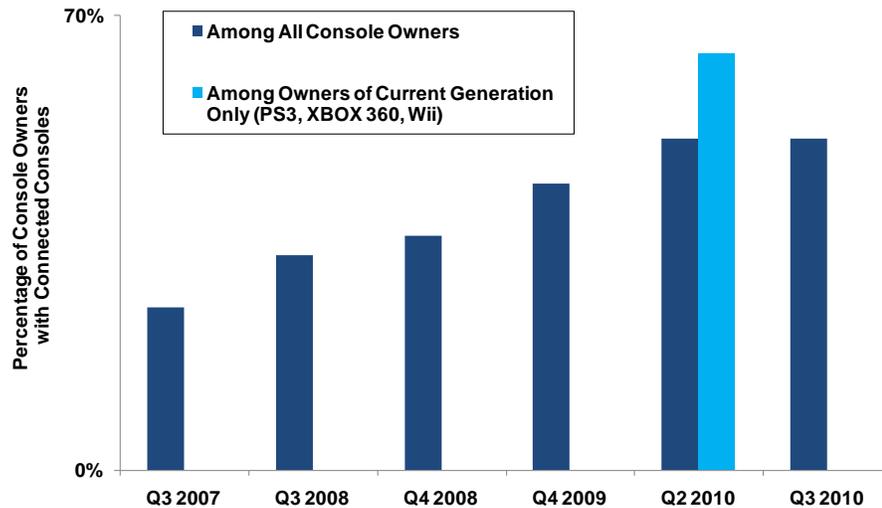


Synopsis

This report focuses on the current generation of game consoles (Sony PlayStation 3, Xbox 360, Nintendo Wii). It analyzes current market dynamics, business models, monetization opportunities, and future sales forecasts. The report also explores their gaming features and entertainment content distribution features as these consoles become entertainment hubs.

Connected Consoles among Console Owners

Console Owners with Internet-Connected Consoles



Sources: DMH II (Q3 2007), TV2.0 (Q3 2008), DME (Q4 2008), AEOV (Q4 2009), DME II (Q2 2010), CDP3Q (Q3 2010)
© 2010 Parks Associates

Publish Date: 4Q 10

“Game consoles have become powerful entertainment hubs that provide much more than gaming. Their convenient location in people’s living rooms makes them a privileged device for the distribution of entertainment content,” said Pietro Macchiarella, Research Analyst at Parks Associates. “Today, almost two-thirds of consoles are connected to the Internet. Their huge movie and TV libraries, and their flexibility in accessing premium online content such as Netflix, Hulu, and VUDU, are making these devices primary contenders in the monetization of online entertainment distribution.”

Contents

Connected Game Console Update – Dashboard

1.0 Notes on Methodology and Report Focus

- 1.1 Data Sources
- 1.2 Scope of Report
- 1.3 Definitions

2.0 Game Consoles: a Market Overview

- 2.1 The Current Generation of Consoles
- 2.2 Sales, Market Shares and Penetration
- 2.3 New User Interfaces - Motion Controllers and Kinect
- 2.4 Key Consumer Findings

3.0 Connected Consoles: Gaming

- 3.1 Growth of Connected Game Consoles
- 3.2 Online Multiplayer Gaming
- 3.3 Digital Distribution: Games and DLC
- 3.4 Virtual Worlds and Avatars
- 3.5 Game Advertising

3.6 Competing Gaming Services

4.0 Connected Consoles: Video, TV and Other Features

4.1 Overview of Non-Gaming Features

4.2 Digital Distribution

4.3 Blu-ray

4.4 3D Capabilities

4.5 Game Console as a Set-Top Box

4.6 Competing On-Demand Video Solutions

5.0 Opportunities and Threats for Service Providers

5.1 Consoles as a Way to Reach Non-Subscribers

5.2 Cord-Cutting

6.0 Gaming 2.0

6.1 Cloud-Based Gaming

6.2 User-Generated Content

6.3 Gamer Social Networks

6.4 Passes for Online Gaming

7.0 Market Forecasts and Strategic Recommendations

7.1 Market Forecasts: Console Sales

7.2 Market Forecasts: Content and Service Revenues

7.3 Strategic Recommendations

7.3.1 Manufacturers of Digital Home Products

7.3.2 Service Providers

7.3.3 Content Providers

7.3.4 Game Console Manufacturers

Figures

Xbox 360 Retail Configurations

PS3 Retail Configurations

Cumulative Sales of Current-Generation Game Consoles

Comparing Sales of Wii to Combined Sales of PS3 and Xbox 360

Purchase Intentions

Monthly Hours Spent Playing Games

Game Console Purchase Intentions

SWOT Analysis: Current-Generation Game Consoles

Sony PlayStation Move

Microsoft Kinect

Motion Controllers – Cost of Ownership

U.S. Broadband Households with Game Consoles

Console Ownership

Game Console Buyers by Demographics

Location of Game Consoles

Console Owners with Internet-Connected Consoles

Console-Specific Connectivity Rate

Computer-Connected Consoles

Growth of Xbox LIVE Registered User Accounts

Manner of Payment for Xbox Live Subscription

Comparison of Xbox Live and PlayStation Network

Downloadable Game Content Offerings

Console In-Game Advertising: Key Players

Number of Apple iPads Sold in the U.S.

Pay-TV Gaming Services/Solutions

Online Content Accessed through Connected Game Consoles
 Non-Gaming Features of Game Consoles
 Xbox 360 Used for Accessing Video
 On-Demand Video Offerings from Xbox 360 and PlayStation 3
 Likelihood of Purchasing a Blu-Ray Disc Player
 Willingness to Pay for 3D Video Games
 Sony PlayTV
 Connected TV Devices
 CE Platforms Supporting Internet Video
 Impact of Bringing Online Video to the TV
 Onlive MicroConsole and Wireless Controller
 Global Game Console Unit Sales Forecast by Brand – Current Generation
 Global Game Console Sales Revenue Forecast
 Global Game Console Unit Sales Forecast - Current and Next Generation
 Connected Consoles Forecast
 Revenues from Console Subscription Services
 Transactional Online Video Revenues on Consoles

Attributes

Parks Associates
 5310 Harvest Hill Road
 Suite 235
 Lock Box 162
 Dallas TX 75230-5805

 800.727.5711 toll free
 972.490.1113 phone
 972.490.1133 fax

 parksassociates.com
 sales@
 parksassociates.com

Authored by Pietro Macchiarella
 Executive Editor: Tricia Parks
 Published by Parks Associates

 © December 2010 Parks Associates
 Dallas, Texas 75230

 All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

 Printed in the United States of America.

Disclaimer
 Parks Associates has made every reasonable effort to ensure that all information in this report is correct. We assume no responsibility for any inadvertent errors.