

July video game sales show sharp decline

August 14 2009, By BARBARA ORTUTAY , AP Technology Writer

(AP) -- Hurt by the recession and few hit game launches, U.S. retail sales of video games dropped sharply in July, showing an even bigger decline than what many analysts were expecting.

Market researcher NPD Group said Thursday that sales of [game](#) hardware, software and accessories plunged 29 percent from the same period last year, to \$848.8 million.

July marked the fifth straight month to show a sales decline this year. On top of that, the drop was steeper than what analysts were looking for. Janco Partners analyst Mike Hickey, for example, had expected a 15 percent decline. Year-to-date sales were down 14 percent at the end of July, totaling \$8.16 billion.

"While year-to-date results are weak, there are some big titles set to be released over the next several months, including 'Madden' this month, which should help spur sales," said NPD analyst Anita Frazier in a statement.

Squeezed by the recession, customers are being more selective about what video games they buy, and many are waiting for blockbuster game launches coming later in the year.

They are also hoping for console price cuts. NPD said hardware sales slowed down considerably in July, and analysts attribute much of this to anticipated price cuts for the gaming consoles.

Sales of portable gaming systems and consoles tumbled 37 percent, to \$280.9 million. The handheld [Nintendo DS](#) was by far the month's best-selling system, with 538,900 units sold. It was followed by the Wii with 252,500 units and [Microsoft](#) Corp.'s [Xbox 360](#) with 202,900 units. [Sony](#) Corp.'s [PlayStation 3](#) sold just 121,800 units.

"We need hardware to turn around or the industry is going to be in trouble," said Wedbush Morgan analyst Michael Pachter. He added that the industry will most definitely turn around, in September, because of huge game launches planned for that month.

But, he added, the trough on the decline "is worse than I thought."

Last year's spring and summer saw the launch of blockbuster games like "Wii Fit" and "Grand Theft Auto IV." In comparison the first half of 2009 has been unusually slow when it comes to top-flight game launches. Combined with the recession, the retail games industry is not doing too well.

But Frazier said the worst comparisons "should be behind us, and looking beyond August we have 'The Beatles: Rock Band,' 'Halo 3: ODST,' and of course, 'Call of Duty: Modern Warfare 2' to look forward to."

July's software [sales](#) fell 26 percent to \$437 million. The No. 1 game was Nintendo's "Wii Sports Resort," followed in No. 2 and No. 3 by Electronic Arts Inc.'s "NCAA Football 10" for the Xbox 360 and the PlayStation 3, respectively. "[Wii](#) Fit," which launched in May 2008, and "Mario Kart" from April 2008, rounded out the top five.

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