

Apple's got its eye on mobile games

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In the eye of the typical beholder, Apple's iPhone is simply a popular device, great for fun, on-the-go applications-and phone calls.

But mobile-game publisher Neil Young sees the iPhone as a catalyst for a revolution in entertainment that's beginning to spread from [mobile devices](#) to the home.

Users of the iPhone and [Apple tablet](#) iPad already are setting the pace for spending on games and other apps, so it "seems inevitable" that these devices will jockey for space on the TV, says Young, 41, who helped produce big-name video games at [Electronic Arts](#) before leaving to start his own company, NGmoco, in 2008.

"We are 12 to 24 months away from being able to disrupt the living room with experiences that you might be playing on an iPad version four, but projecting ... to a TV in your living room," he predicts. It'll be "every bit as good" as the experience of playing a high-end console [game](#) today, he adds.

With more than 200 million devices running Apple's mobile operating system-and 100,000 games available-Apple has transformed the traditional mobile-game marketplace. Spending on mobile games is expected to account for 15 percent of all spending on [game software](#) this year, rising to 20 percent in 2015, research company Gartner predicts.

That momentum has Apple flexing its muscles in the marketplace. And, because those who play games are more willing than downloaders of any

other app to actually pay for content, analysts don't expect Apple's star to fade anytime soon. IHS/Screen Digest expects the sale of games in Apple's App Store to approach \$2 billion worldwide in 2011, up about 75 percent from 2010. The closest mobile-games rival, Android Market, is forecast at \$170 million for 2011, the firm says.

To be sure, console games played on systems such as Microsoft's [Xbox 360](#) remain the dominant force in video games, accounting for about 40 percent of the projected \$74 billion to be spent globally on games in 2011, Gartner says.

Hit video games still sell very well. First-person shooter game Call of Duty: Black Ops has earned Activision Blizzard more than \$1 billion in sales since its November release. But sales of console games have plateaued in recent years, with mobile and online games supplying most of the industry growth.

Apple's ecosystem, which lets players shop for apps in the iTunes Store, benefits gamemakers and players, says IHS/Screen Digest analyst Jack Kent.

While more smartphone owners have Android-based devices (38 percent) than iPhones (27 percent), the Apple device has shown more growth recently as Android sales flattened among new buyers, according to research firm Nielsen.

iPhone gamers are dedicated, too, playing about 14.7 hours each month, compared with 9.3 hours monthly for Android-based mobile gamers and 4.7 hours for owners of other phones.

"iPhone and iPad users tend to be more voracious consumers of apps, which brings in more developers," says Gartner analyst Tuong Nguyen.

Development of [mobile games](#) takes months compared with years for top-tier console games. That allows mobile-game developers to more quickly shift gears to meet players' desires.

A hot trend: Free games that let players buy virtual items, such as Zynga Poker and Tap Zoo, have begun dominating the App Store's top 10 grossing apps list, meaning that consumers are spending as much or more on items in free games than on paid games, according to Strategy Analytics AppTRAX.

"Business models are certainly shifting from a simply À la carte model to one focused more on engagement and getting users to buy virtual goods to enhance the game-play experience," says Strategy Analytics' Josh Martin. "This is a trend I expect will proliferate globally both on iPhone and very quickly move to other platforms."

Traditional video game powerhouses are responding to mobile games' momentum by adding new gimmicks and technologies to their devices. So far, those efforts have met with varying success. Nintendo's new handheld game system, the \$250 Nintendo 3DS, offers glasses-free 3-D games, but sales have been slow since its March release.

Sony's motion-sensitive PlayStation Vita, expected to begin its global rollout this holiday season (\$249-\$299), has a state-of-the-art touch-screen that offers richer colors and uses less power, plus a rear touch-pad and built-in cameras. Also in the works: the PlayStation Suite, an initiative that includes an open operating system for creating games for Android phones and other PlayStation Certified devices, including the PS Vita and Sony Ericsson Xperia Play phone.

Among gamemakers, Activision Blizzard has announced Call of Duty Elite, an online service to connect Call of Duty players and provide improved features. Some features will be free, while others will require a

paid subscription.

Some traditional gamemakers are hopping on the mobile game bandwagon. No. 2 publisher Electronic Arts has beefed up its mobile and online offerings with acquisitions of companies such as Chillingo (Angry Birds), social-network [game publisher](#) Playfish (Restaurant City) Firemint (Flight Control) and PopCap Games (Bejeweled). An update to Firemint's latest game, Real Racing 2, lets players see the behind-the-wheel point of view on the TV, connected via an HDMI cable, while using the iPad 2 as a steering wheel and map.

With the iPhone, iPod Touch and iPad, Apple has "delivered on the promise of mobile," says Travis Boatman, senior vice president at EA Mobile. "It's like a blank canvas. It allows game designers to create any kind of interface they want for their game and change it on the fly, too. They are not constrained by the physical hardware, and that opens up a lot of innovation and new types of game play."

And social-gaming powerhouse Zynga, which made its name on Facebook and earlier this month filed for an IPO that could value the company at \$20 billion, has brought games such as FarmVille to iPhone and [iPad](#). It also recently announced plans to bring Words With Friends and Zynga Poker to Android devices.

Other long-term hard-core gaming developers that have embraced the iPhone include Id Software, which offers the new Rage HD, as well as redesigned mobile versions of classic first-person shooters Doom and Wolfenstein.

And Epic Games (Gears of War) even rejiggered its game development engine so mobile-game makers can use it. The studio's own game, Infinity Blade, which has surpassed \$10 million in sales, got rave reviews for raising the bar in terms of high-quality graphics and game play.

Blockbuster, high-quality game releases aren't going away, they are "going everywhere," says Epic Games design director Cliff Bleszinski, repeating the mantra of fellow Epic executive Vice President Mark Rein. "When users get used to a certain caliber or quality of game, there's no going back."

As for Young, he comes by his iPhone devotion honestly. Even when he was working on console games for Electronic Arts, he queued up with millions of others to buy the first iPhone. "When I got the device and I took it home, I noticed very quickly that I wasn't using it really to make telephone calls," he says. "I was using it to browse the Web and look at my stocks, check my e-mail and watch video or listen to music."

The more time he spent with the iPhone, Young says, he realized "The device had this unique blend of usability and capability that was actually changing how I was using it and how much time I was spending with it."

When Apple CEO and co-founder Steve Jobs introduced the App Store and the game-development tools in March 2008, Young says he knew "this was going to change the consumer's relationship with the content."

Three months later, he founded NGmoco (next-generation mobile company) with a \$5.6 million investment from venture-capital firm Kleiner Perkins Caufield & Byers. NGmoco launched its first two games- MazeFinger and Topples- in October 2008.

Three years later, Young and NGmoco are expanding to help developers redesign their iPhone games for Android devices and create [iPhone](#) games with their ngCore technology.

Sounding as much like an economics professor as a games enthusiast, Young continues to see games trending up. "There are hundreds of millions of people, if not billions of people, that play games," he says.

"That is a good macro."

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