

Tokyo Game Show focuses on social, smartphones

September 20 2012, by Yuri Kageyama



A visitor demonstrates Sony's head-mounted display HMZ personal 3D viewer, which provides a 3-D theater of music videos, movies and games, at the Tokyo Game Show in Makuhari, Chiba, near Tokyo, Thursday, Sept. 20, 2012. Some 200 companies take part in the annual gala exhibition which opens to the public on Sept. 22-23. (AP Photo/Koji Sasahara)

It's not quite game over at the annual Tokyo Game Show opening Thursday, but with smartphones, tablets and other computer-like devices luring people away from the once-dominant consoles devoted to video games, the rules have changed.

Adding to the uncertainty is the long wait for the possible successors to such game consoles as Sony Corp.'s PlayStation 3 and Microsoft Corp.'s Xbox 360—perhaps a PlayStation 4 or Xbox 720. Nintendo's Wii U home console goes on sale in November in the U.S. and Europe, and on Dec. 8 in Japan.

"The game industry in general is still very much in a state of flux," said game veteran Mark MacDonald, executive director at Tokyo-based 8-4, which localizes and consults about games, including the "Monster Hunter" series, one of the blockbusters displayed at the show.

"Mobile and social games continue to grow, and although some business models have emerged, everyone still seems uncertain of their future. Will they keep growing? Will they be looked back on as a fad? Or are they the future?" MacDonald said.

Some of the booths at Makuhari Messe hall in this Tokyo suburb looked familiar, with big screens running trailers of the latest versions of hit games like "Biohazard" from Capcom and "Final Fantasy" from Square Enix. But some booths also had games for smartphones.

Gree Inc., founded in 2004, has risen to stardom through social games, often played on smartphones, in which players can interact and cooperate with each other. Gree had the second biggest booth at the show after Capcom.

Yoshikazu Tanaka, founder and chief executive of Gree, was not only bullish about smartphones and social games, he said he was also looking to emerging markets for the next wave of growth.



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He said game consoles will not catch on in some developing nations, but people there had mobile phones, presenting opportunities for Gree. In a decade, emerging nations will make up 80 percent to 90 percent of the game market, he predicted.

Gree is rapidly growing, tripling its employees to more than 1,800 over

the last year. The startup now has overseas offices, including San Francisco, London, Beijing, Sao Paulo and Dubai—determined to conquer emerging markets, he said.

"If we stop taking up challenges, there is no future. Globalization is a huge opportunity," he said in a keynote speech at the show.

The advent of faster mobile connections, known as LTE or 4G, already available in some parts of Japan as well as the U.S., could pave the way for new kinds of games. A new technology using the Internet called cloud computing also holds potential for games.

"It's not a lost cause. The market is still growing. There are still business opportunities," said Shin Unozawa, vice president of major Japanese game software maker Namco Bandai Games.



People visit the booth of GREE Inc. , a growing social gaming service, at the Tokyo Game Show in Makuhari, Chiba, near Tokyo, Thursday, Sept. 20, 2012. Some 200 companies take part in the annual gala exhibition which opens to the public on Sept. 22-23. (AP Photo/Koji Sasahara)

He said one of his company's blockbuster Gundam games was offered for free, but raked in 700 million yen (\$8.9 million) in revenue by charging for additional playing after the first three free eight-minutes of play per day.

Andrew House, chief of Sony's game business, brushed off worries about losing out to smartphones.

He said the boundaries between game machines and other network-connecting devices were "artificial," and game machines were also enjoying growth because of digital downloads, connectivity and social games.

The introduction Wednesday of the slimmer PlayStation 3 home console with bigger memory storage, key for social games and downloads, was in response to such consumer needs, he said. The new PlayStation 3 goes on sale later this year.

"To equate packaged media's shift to digital to the disappearance of consoles is something maybe of a misnomer," House said. "The pace of change is very rapid. And I think that creates simultaneously a lot of excitement about new possibilities. But it also presents challenges."

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