

If It Moves...

News of the Impending Motion Sensor Wars

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New York, NY, July 6, 2010 - When the Wii launched during the 2006 holiday season, loyal Nintendo gamers across the planet lined up at local stores and scoured the web to try to get their hands on the highly anticipated motion control enabled videogame console. These were not casual weekend gamers or Moms and Dads looking for a new hobby, but enthusiast Nintendo fans who were excited to experience a groundbreaking new phase in the evolution of gaming. Nintendo realized that it desperately needed the hardcore fans to be its leading evangelists, and the launch titles reflected this marketing strategy. The titles that shipped alongside the Wii console included *The Legend of Zelda: Twilight Princess*, *Metroid Prime 3: Corruption*, *Red Steel*, *Super Monkey Ball: Banana Blitz*, and other familiar franchises. With the exception of the bundled *Wii Sports*, there weren't very many titles that initially targeted the untapped mainstream market.

Fast-forward to four years later, and the Wii installed base has grown to more than 27 million in the US and 67 million worldwide. Thanks in part to the inclusive pick-up-and-play appeal of the Wii, the gaming market has grown dramatically to include new demographics that would have previously never associated themselves with videogames. Companies across the world are capitalizing on this new well of gamers, from new players like Apple and Zynga to traditional third-party gaming publishers like Electronic Arts and Ubisoft. And with the



launch of Kinect for Xbox 360 and PlayStation Move this holiday season, Microsoft and Sony are looking to get in on the act.

With Kinect, Microsoft is looking to raise the bar for motion gaming by taking the controller out of the equation. This groundbreaking technology features user tracking and voice recognition and has the potential to not only reinvent motion control gaming, but redefine how humans interact with media and technology. That said, the launch lineup for Kinect demonstrates a certain level of caution from Microsoft as it looks to master the basics before it unveils the “killer app.” With an expected launch price of \$150, the challenge facing Microsoft is how to attract new gamers while still appealing to the Xbox loyalists. It is a fine line to tread, and one that Nintendo has faced ever since the Wii launch. Unlike the Wii, the launch lineup for Kinect is targeting the mainstream gaming market. Games like Kinectimals and Kinect Sports are unlikely to send existing Xbox 360 owners into a frenzy, and conversely, the price point might be a stretch for the casual outsiders.

With PlayStation Move, Sony faces similar challenges, but there are major differences in the technology and marketing strategies. Move is closer to the Wii in concept than Kinect, and features a motion controller wand that interfaces with the PlayStation Eye camera. It improves on the Wii technology by adding built in depth sensing capabilities (the z-axis), fewer buttons, a smarter controller, and improved precision. A bundle that includes the Eye camera, a wand, and a game will cost \$99. Besides technology and price point, one of the key differences between Kinect and Move is that Sony is proactively reaching out to the hardcore gaming community. It appears that Sony is taking a page out of Nintendo’s playbook by looking to target the hardcore with the product launch. Some of the core-focused titles



announced for Move include SOCOM 4: U.S. Navy SEALs, Sorcery, echochrome 2, Hustle Kings, and Little Big Planet 2.

So how will these new motion controller peripherals stack up at launch? Does either product have an edge at the moment?

Based on GamePlan Insights data collected before and after the E3 conference in LA in early June, both products appear to be gathering momentum in the build up to launch. The official announcement of Kinect for Xbox 360 (previously Project Natal) has resonated with the Xbox 360 market. There was a 5% increase in Aided Awareness for Kinect from mid-May to mid-June, a 2% increase in Positive Buzz, and a 2% increase in Purchase Intent. These numbers should be encouraging for Microsoft, however, we expect the real mass-market breakout to occur once the advertising campaign kicks in.

PlayStation Move experienced similar levels of improvement from pre-E3 to post-E3. Aided Awareness for Move increased by 2%, Positive Buzz by 1%, and Purchase Intent by 2%. While there is a distinct advantage for Kinect in Awareness, Purchase Intent is neck and neck. Looking more closely at purchase urgency, Move experienced a 2% lift in those who plan to buy Move in the first month on the market.

Interest in these new motion control peripherals among specific demo groups reveals that young males were the ones most immediately impacted by the events of E3. Purchase intent among males under 25 increased by 5% for Kinect and by 7% for Move. This should come as no surprise given the extensive E3 coverage on G4 as well as on young male targeted gaming portals such as IGN and GameSpot.



There were also some noticeable shifts in audience composition from May to June. Following the announcements and demos at E3, it appears that interest for Move is solidifying among the existing PS3 base. Prior to E3, only 75% of Move intenders claimed to own a PS3, but that number has increased to 88%. This shift suggests that the game content shown at E3 is resonating with a higher ratio of core PS3 gamers. This is supported by the change in Wii ownership among Move intenders, from 69% pre-E3 to 54% post-E3. The opposite trend is occurring among Kinect intenders, where the Xbox 360 ownership among them has dropped from 94% to 89%. This data suggests that Kinect may slowly be gaining appeal among non-360 gamers, although it is still too early to make any final conclusions.

Looking more specifically at demos, there weren't any significant shifts in male to female ratios, but there were some changes in target age groups. The percentage of Kinect intenders who are over the age of 25 decreased by 11% from 58% to 47%. This data implies that Kinect is now attracting a higher ratio of young gamers than before E3, while the age targets have remained relatively steady for Move.

There is still a long time to go before the Move launch in September and the Kinect launch in November, but Microsoft and Sony have their work cut out. Marketing messaging will be critical for both companies as they look to balance growth opportunities with audience retention. Core gamers love new gadgets, but they don't like to feel ignored or abandoned, as we have already seen to some extent on the Wii. Mass market gamers can be infected by buzz and word of mouth, but \$100+ pricing in a tough economy might leave some gamers waiting on the sidelines. Looking at the bigger picture, we are close to reaching a cultural inflection point where the term "gamer" no longer applies (just as today nobody considers



themselves “moviegoers” or “TV watchers”). Microsoft and Sony are gambling on the big-screen side of this movement even if they are a little late to the party.

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