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THE WALL STREET JOURNAL.

WSJ.com

TECHNOLOGY | MAY 14, 2010

Videogame Sales Fall As Free Games Thrive

By YUKARI IWATANI KANE

The weak videogame industry showed no signs recovering as April sales fell 26%, the market's sharpest decline since last July.

Market research firm NPD Group said U.S. sales of videogame hardware, software and accessories for the month fell to \$766.2 million from \$1.03 billion a year earlier. Anita Frazier, an analyst with the firm, said it was the fourth-largest year-over-year percentage decline ever.

NPD blamed a drop in demand for console games that were released in March as well as declining sales of Nintendo Co.'s DS portable game device. Software sales fell 22% to \$398.5 million, NPD said, a significantly bigger decline than analysts' estimate of a 5% drop.

The weak results come as investors have expressed concern about the impact of casual games that are inexpensive—or even free—and are popular on sites such as Facebook and on devices such as [Apple Inc.'s iPhone](#) and iPad.

Results for April could fuel those worries. NPD said casual, family-oriented titles for videogame consoles and portable game devices around themes like music, sports and fitness comprised a smaller percentage of overall game sales than a year earlier.

Still, some analysts were optimistic about the rest of the year, starting with the release of big titles in May such as Nintendo's "Super Mario Galaxy 2" platform game, Take-Two Interactive Inc.'s shooter "Red Dead Redemption" and [THQ Inc.'s](#) latest UFC martial arts title.

Later this year, [Sony Corp.](#) and [Microsoft Corp.](#) are also expected to come out with new motion technology for their consoles to enhance videogame playing. Nintendo also is expected to unveil a 3-D version of its DS handheld machine.

"I think the worst is over and we're going to see much better numbers going forward," said Jesse Divnich, industry analyst for Electronic Entertainment Design and Research.

In the hardware category, NPD said both Sony's PlayStation 3 and Microsoft's Xbox 360 increased their monthly sales compared with a year earlier, but those gains were eclipsed by a 71% decline in Nintendo's DS sales. The DS, however, was still the best selling platform in April. Overall, hardware sales fell 37% in April to \$249.3 million.

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