

DECEMBER 2011

PLAYED

THE GAMER GIFTING EDITION

THIS MONTH:

A FEW OF OUR FAVORITE THINGS

Our annual holiday gamer gift guide.

10 YEARS OF XBOX MILESTONES

Microsoft's impact on the videogame industry's evolution.

BIG GAMES NEED BIG TALENT

Publishers take cue from Activision using big names to break sales records.

UBISOFT BRINGS PRIMETIME TO SOCIAL GAMING

License-based social titles hope to inspire dual-screen engagement.

MARIO NEEDS A HUG

Exchange rates and the competitive handheld market cause financial woes for Nintendo.

SOCIAL'S NEW GAMING ROLE

Tree Interactive and Why Ideas collaborate to rethink the "social" game.

PLUS: What We're Playing and the November Sales Report.

A FEW OF OUR FAVORITE THINGS

HOLIDAY GIFT GUIDE



Chances are, this holiday season finds you with a gamer or two on your shopping list. The latest data from the Electronic Software Association shows 72% of Americans playing videogames - and that was based on 2010 research - before the iPads, Angry Birds, Kinect dance parties, and \$750MM entertainment launches took over the cultural lexicon during the past twelve months. But just because they're gaming doesn't necessarily mean they're any easier to shop for. In fact, most gamers on your list probably already own that must-have title or five-star release from the app store. So rather than a list of 2011's most-played/highest rated games, here's PLAYED's quick guide for a few of our favorite "gaming-inspired" things, guaranteeing the gamer on your list continued good times into 2012.

Providing as many benefits for the gamer as they are for the gamer's family, (1) **Turtle Beach's XP500 7.1** surround sound wireless gaming headset lets you hear every plasma rifle burst and epic, building soundtrack score in flawless fidelity without rattling the speakers, or your loved ones. Speaking of epic soundtracks, there's a host of new audio releases to align with 2011's biggest games. **Halo: Combat Evolved** gets a ten-year anniversary makeover thanks to the Skywalker Symphony Orchestra, while soundtracks for **Batman: Arkham City** and **Uncharted 3: Drake's Deception** each live up to their respective game's AAA billings. And if you're not sure which title was top on your gamer's list this year, the London Philharmonic recorded (2) **The Greatest Video Game Music**, a twenty-one-track collection of some of...the greatest videogame music ever created.

With all the makings of a brilliant videogame (impossible odds, survival, zombies, and an action-appropriate soundtrack),

it's no wonder that AMC's adaptation of Image Comics' **The Walking Dead** is such a big hit with the gaming community. Thanks to McFarlane toys, now anyone can re-enact their favorite scenes from the show via 4.5" (3) **action figures** modeled after the TV cast. And speaking of action figures, season five from the (4) **Robot Chicken** crew is now available on DVD. Seth Green and Matt Senreich have truly made "playing with dolls" an art form and a hit stop motion television series.

Speaking of hit TV, before it was an **HBO show**, George R. R. Martin's **A Game of Thrones (the first book in the A Song of Ice And Fire)** was known as one of THE epic fantasy fiction series. Why wait until season two to find out what happens to the Stark clan when you can read all of the medieval action of the first four books in easier-to-carry **Kindle format**? Other must-reads include Walter Isaacson's **Steve Jobs** biography, and an in-depth, illustrated tour of the LEGO community and its imaginative creations in (5) **The Cult of LEGO**. And after reading all about it, why not build some of your own with LEGO **Mindstorms**, or the ultimate LEGO/Star Wars crossover - the **Deathstar**.

Looking for something a bit more "gaming forward"? A **Gamefly subscription** works just like Netflix's monthly DVD program, but with games for just about every console available. If your gamer's taking advantage of all the social aspects the consoles have to offer, then chances are they're tired of the on-screen keyboard. A (6) **PlayStation Keypad** or an **Xbox Chatpad** saves time, and your thumbs. Need to customize that gaming den (/cave)? **Blik** can help you decorate your walls with classic gaming scenes - from Pac-Man to Donkey Kong to Pong, they've got you...covered. And if retro games are her thing, the (7) **iCade**

iPad Arcade Cabinet could be the perfect complement to her iPad gaming. The iCade turns your iPad into a mini, old-school arcade machine - the perfect way to play **Atari's Greatest Hits**.

Or, you could just take the more economical approach and gift the **JOYSTICK-IT iPad Arcade Stick**; go ahead, we won't tell.

But what if your tablet/smartphone gamer simply prefers the traditional touch controls over cabinets or attachments? We've got you covered there as well. While half of the Denuo crew resides in locations that would have little use for these, we're guessing most cold-weather gamers, our Chicago Denuologists included, have tons of trouble battling the elements while trying to beat their **Whale Trail** high scores. Don't make them choose between Gamecenter leaderboard infamy and warm hands - gift them a pair of **Block Headwear**, (8) **Agloves Touchscreen**, or **etre Fivepoint** gloves. They'll text you their appreciation with frostbite-free fingers.

If the gamer on your list already has all of the goods on ours, first off, WOW, and second, don't worry, there's still an opportunity to win at being Santa. Every gaming platform has embraced digital distribution in one form or another, creating a wealth of entertainment possibilities that require virtual currency. Whether that's (9) **Facebook Credits**, **iTunes App Store cards**, or **Xbox Live Points**, this is one of the few times that the "gift card" path wouldn't necessarily be seen as a cop-out thanks to its inherent instant digital gratification.

10 YEARS OF XBOX MILESTONES



2001

Xbox consoles that included *Halo* with each purchase accounted for **50% of console sales in their first year.**



2002

Microsoft introduces **Xbox Live**, giving birth to **paid downloadable content (DLC)**, Xbox Live Arcade, and online chatting.



2004

Halo 2 records **28mm hours on Xbox Live** and sells 8mm copies, making it the **best-selling Xbox game in its short history.**



2008

Obama uses in-game advertising across 18 games during his '08 campaign costing \$44,465.78.

The Xbox 360 dashboard is updated; now publishers can purchase pages that become a all-in-one content hub known as **Branded Destination Experiences** or BDEs.

AXE, with their agency PHD, are the **first to utilize the BDE.**

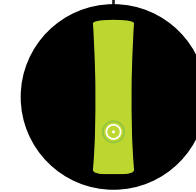


2006

First brand-provided DLC: Cadillac Elite V-Series Collection for PGR3. Program conceived, created, and executed by Denuo.

Burger King releases three **custom, console-based advergames** in Burger King restaurants, increasing profits by 40% that quarter.

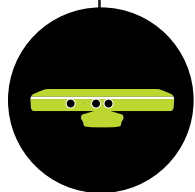
Microsoft **buys in-game advertising firm Massive.**



2005

Microsoft introduces **Xbox 360** with a 20GB hard drive and **HD graphics** for all games.

Xbox Live adds friends list and **achievements systems**, creating the **Gamerscore** phenomenon.



2010

Xbox introduces **Kinect**, expanding their consumer target with motion-controlled games and entertainment experiences.



2011

Xbox Live sees its highest concurrent users ever, with **1.4MM online for the launch of Modern Warfare 3 (MW3).**

MW3 becomes the **largest entertainment launch in history** earning \$775mm in revenue in its first five days.

First-ever Xbox Live **Avatar Kinect Q & A**, featuring *Cowboys & Aliens'* Jon Favreau.

Microsoft has sold over 84mm Xbox and Xbox 360 consoles since 2001

After breaking into the console market a decade ago, Xbox has forever changed the gaming experience. Here's a quick look back at ten years of major milestones that have broadened both the gaming marketplace and how we play.

BIG GAMES NEED BIG TALENT



In what has become an annual occurrence in the entertainment industry, we have seen another videogame set the record for largest opening. For the third year in a row, the folks over at Activision have found a way to best all others with their latest installment in the *Call of Duty* franchise. For those that missed the headlines, *Call of Duty: Modern Warfare 3* sold through more than \$775 million worth of copies in five days worldwide. Of course this shouldn't surprise us as it has become a common occurrence for the **biggest videogame of the year**.

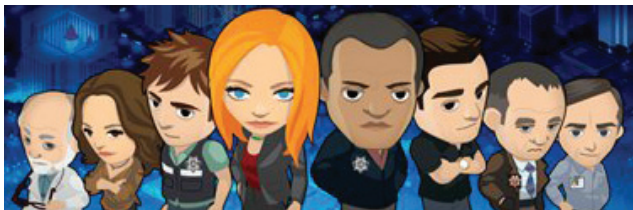
With that said, it has been a bit of a surprise to see how Activision went about the marketing that helped best their previous mark by \$125 million. They started this trend last year with *Call*

of Duty: Black Ops where the usual gameplay footage was traded out as the star of the commercials for actual real world stars. With this year's game, they take it to the next level with "**The Vet & The n00b**" featuring Sam Worthington, Jonah Hill, and Dwight Howard. As you can see in the spot, they effectively utilize recognizable talent to convey their message that the game is not only for the hardcore fanboys but also for those new to the franchise.

With the record sales as proof of this strategy paying off, Activision competitors have begun to borrow this tactic to some degree with their big titles. The latest ads for **Assassin's Creed Revelations** show some of the game's more recognizable fans who also happen to be big-name athletes: Adrian Peterson, Derrick Rose and BJ Penn. Another epic title vying to reach casual and hardcore gamers alike is **The Elder Scrolls V: Skyrim**. Bethesda followed suit scrapping the usual game footage-heavy approach for a live action commercial that felt more like a Hollywood blockbuster.

As leading game publishers continue to look beyond the typical core enthusiast, we will see more of these new techniques of making games feel approachable and tangible to the mainstream.

UBISOFT BRINGS PRIMETIME TO SOCIAL GAMING



French videogame developer Ubisoft recently disclosed plans to roll out three social games based on the CSI, NCIS, and House TV series, beginning at the end of this year. Previously, Ubisoft released *CSI: Crime City* and *The Smurfs & Co* games to Facebook. Having found success with these early license-based ventures, even outside of the CSI on-air season and since *The Smurfs* has left theaters, the company decided to move forward with new licensed Facebook titles. Ubisoft will release *CSI: Miami*; *House, M.D.: Critical Cases*; and *NCIS: Major Crimes* by early 2012; while games based on *NCIS: Los Angeles* and *CSI: New York* are likely in the works for release later in the year.

Ubisoft's latest will allow for an expansion of viewer interaction with the TV series, playing alongside cartoon versions of each show's cast, solving cases similar to those on the air. Courtesy of Ubisoft's license holders, the developers often have access to TV plot lines in advance, letting them work questions into the games that can only be answered by a user who is simultaneously watching the program on TV. The social games hope to inspire a dual screen brand engagement amongst dedicated users, while secondarily offering marketers an additional outlet to interact with a relevant target through branded integrations and player power-ups. Each game will also have opportunities for players to team up with peers to prescribe the right medications or to discover new clues. Look for **House, M.D.: Critical Cases** to debut first, sometime later this month.

If the social version of these hit TV franchises prove to draw a lucrative social audience, you can bet you'll be playing other primetime favorites in the future as license-holders look to expand their reach and viability with current fans of their series and social games as well.

WHAT WE'RE PLAYING



THE ELDER SCROLLS V: SKYRIM

The sequel to Oblivion is a true open-world experience filled with dragons and magic and swords and epic quests and civil war all with multiple, overlapping story lines. Oh, and DRAGONS!



CALL OF DUTY: MODERN WARFARE 3

The largest entertainment opening of all time will find a home in our consoles for months to come thanks to the Spec Ops Survival mode and the most addictive multiplayer around.



ZOMBIE GUNSHIP

Featuring two of gaming's greatest recent conventions: zombies and overpowered, heavily armored, ground attack aircraft. Now you can blow-up zombies and save humanity without getting zombie guts on your chainsaw.

MARIO NEEDS A HUG



Nintendo has led the videogame industry for decades, but their latest mid-year financial report forecasts a loss of \$264 million for the fiscal year ending in March 2012. This would be its first annual loss since they began reporting earnings in 1981, and a giant shift from the recent sales domination dating back to the Wii's launch in 2006. The news comes as a crushing blow to long-term investors, who had expected to see \$264 million in profits this year, but instead have witnessed two cuts to Nintendo's outlook in just six months.

A key factor is weak sales of their latest console, the handheld 3DS, which launched in March. Suggested retail pricing was slashed by a third in August, from \$249.99 to \$169.99, which has boosted sales. However, through the first six months of this fiscal year, Nintendo had only sold 3 million consoles and 8 million games. Analysts point to competition for casual gamers, a category

Nintendo helped define, as more and more consumers play games like *Farmville* and *Angry Birds* on Facebook, smartphones, and tablets. To put the competition into perspective, Apple estimates sales of over 200 million mobile iOS devices, which can download and play over 100,000 games and entertainment apps from its App Store, many for free. Experts also attribute weak sales to the fact that the 3DS does not come with a game showcasing its 3D capabilities, unlike the Wii, which was sold with "Wii-mote-swinging" *Wii Sports*.

The strong yen is also a major factor, as nearly 80% of Japan-based Nintendo's sales are overseas. With record highs against the dollar and euro, Nintendo's losses due to the exchange rate alone totaled nearly \$700 million for the first six months of this fiscal year.

Nintendo's results for this year will truly depend on 3DS holiday sales (and they're off to a solid start in November with 350m), as DS and Wii numbers drop off and competition looms from Sony's PSP Vita handheld console launching this month in Asia and in February in the US and Europe. Hopefully, the recent releases of *Super Mario 3D Land* and *Mario Kart 7*, both first-party titles for the 3DS, will help spark interest and sales for the handheld as gamers' attention starts to build for Nintendo's next home console, the Wii U, slated to launch sometime after June 2012.

SOCIAL'S NEW GAMING ROLE



As videogames become more social (and less "stereotypical teenage-boy-in-a-basement-alone"), developers are incorporating social networks, like Twitter and Facebook, to play a role. Initially, the social aspect of videogames included little more than sharing high scores and collaborating and competing on gameplay; as social networks became more popular, gamers were able to push their achievements to their own friends and followers via the games themselves. Now, a joint effort by WHY Ideas and Tree Interactive flips the script on its head, rethinking social's role in gameplay.

TweetLand turns the table around by incorporating real-life events that have been reported on Twitter within the actual gameplay. For instance, if there's been a car accident in NYC and someone Tweets about it, it's reflected in the game world. If an Australian lightning storm occurs and it's Tweeted about, that too is incorporated alongside the car accident. These live events can either set challenges for gamers to overcome or help gamers within their missions. The developers have noted that subscribing to real-world events is much more chaotic and random than any random generator that could be programmed making TweetLand the next natural evolution of social gaming. Available on iPhones and web browsers, TweetLand was such a novel idea that the developers received almost \$9,000 to help finish the project, not coming from advertisers or investors, but by enthusiasts who were excited to see the title brought to life.

It's now expected that applications, websites, and games all have social network outlets; but WHY Ideas and Tree Interactive's collaboration sets the stage for a new way of thinking about how social can impact our actual and virtual realities.

NPD SALES REPORT



HARDWARE SALES

OCTOBER 30TH, 2011 TO NOVEMBER 26TH, 2011

1. Xbox 360 - 1,700,000
2. PlayStation 3 - 900,000
3. Nintendo Wii - 860,000
4. Nintendo 3DS - 795,000
5. Nintendo DS - 350,000



SOFTWARE SALES

OCTOBER 30TH, 2011 TO NOVEMBER 26TH, 2011

1. Call of Duty: Modern Warfare 3 - Activision
2. Elder Scrolls V: Skyrim - Bethesda Softworks
3. Battlefield 3 - EA
4. Assassin's Creed: Revelations - Ubisoft
5. Just Dance 3 - Ubisoft
6. Madden NFL 12 - EA
7. Uncharted 3: Drake's Deception - Sony
8. Saints Row: The Third - THQ
9. The Legend of Zelda: Skyward Sword - Nintendo
10. Batman: Arkham City - Warner Brothers Interactive

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