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Forecast for PC Gaming Industry Looks Rosy

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Posted by [Neal Leavitt](#) on March 14th, 2011 at 3:09 pm

Whilst recently roaming the hallowed halls of the Moscone Center in San Francisco during the [Game Developers Conference](#), there was not only a definite uptick in attendance, but the overall aura/attitude seemed more positive.

Usual colorful characters were in full regalia promoting a respective company and/or product – a pair of vertically challenged hires wore head-to-toe bear costumes, an attractive young lady decked out as some kind of fairy godmother passed out flyers, and a number of people sported coiffures with bright hues of green, tangerine, even magenta.

Standard stuff for GDC.

Looking beyond GDC, overall, the PC gaming industry appears healthy and poised for significant growth assuming the economy slowly continues to improve both in the U.S. and abroad.

Market research firm [Jon Peddie Research](#) recently released its figures on the forecast for video game graphics boards sales for the next two years and actual Q4 2010 shipments. The firm found that worldwide, consumers spent five percent less during the holiday season on ultra high-end enthusiast video graphics than during Q3 2010, but four percent more on upper-end midrange performance boards.

This suggests, says Dr. Jon Peddie, president of the firm, that consumers were still watching their wallets and despite some encouraging news about an improving economy, cast their votes with their hard-earned dollars.

Overall, noted Peddie, the graphics board market generated sales of \$4.4 billion in Q4 2010, and of that the firm estimates 44 percent was for gaming graphics (although the graphics boards can of course be used for other functions).

Looking forward, Peddie sees a steady growth in the high-performance enthusiast segment and expects it to reach \$2.45 billion by 2013. And last month the company released a PC gaming hardware market report, estimating that 2011 expenditures will be up 27 percent over 2010 to about \$22 billion worldwide.

Another market research firm, [NPD](#), released its figures covering video game console and game sales for February. They reported that U.S. consumers spent three percent more (a total of \$1.36 billion) on video games last month compared to the same period a year ago. NPD said console accessories sales figures scored the biggest gains – a 22 percent hike from last year - primarily due to sales of Microsoft's Xbox Kinect motion sensor controller.

NPD said for February, the top five games in the U.S. were *Call of Duty: Black Ops*; *Marvel vs. Capcom 3*; *Just Dance 2: NBA 2k11*; and *Dead Space 2*.

Powerhouse [Electronic Arts](#) is somewhat upbeat too. In an interview with [Gamasutra](#), EA Games President Frank Gibeau said MMORPG's (massively multiplayer online role-playing game) and other PC games will continue to be a key revenue producer for EA.

“The user base is gigantic,” said Gibeau. “PC retail may be a big problem, but PC downloads are awesome. The margins are much better and we don't have any rules in terms of first approvals. From our perspective, it's an extremely health platform. It's totally conceivable it will become our biggest platform.”

There are a number of key factors influencing the amount of money people are spending on PCs as a gaming platform.

Here are a few of these as reported by Jon Peddie Research:

- The natural cycle of PC hardware purchases from historical inflection points. The biggest inflection points correspond with highly anticipated software releases. The refresh cycle of PCs for this crop of gamers is hitting over the last year and through the next year. This stimulates sales.
- System demands of modern FPS (first person shooters) and RTS (real-time strategy) titles. To play *Black Ops* or *Starcraft II* at good resolutions and frame rates requires a pretty decent rig. Gamers that are interested in these titles are buying new rigs to run them, stimulating sales.
- The cost of 1920x1080 PC displays has dropped to around \$200. This is a very important factor in mid-range PC gamers buying and upgrading equipment to run on this resolution at good frame rates.
- Solid state drives are on the wish lists of a lot of PC gamers and they are using this technology as the decision base for upgrades and new rigs.

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