

# Altered Landscape for Sony, Microsoft Consoles

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New York (AP) — Remember a time before "Angry Birds," the iPad and the iPhone? No?

When Sony and Microsoft last came out with new video game consoles — seven and eight long years, respectively, the companies touted the machines' high-definition graphics, powerful processors and ability to play DVDs, and in Sony's case, Blu-ray discs.

But a lot has changed since then. People are playing games on a broader array of devices than ever before, and they have more options to stream movies, TV shows and music. Connecting with friends online is the norm, not an obscure activity for young people.

That's the world the Sony's PlayStation 4 and Microsoft's Xbox One enter. The PlayStation 4 goes on sale Friday and the Xbox One will be released next week. As Sony and Microsoft once again spar this holiday season over who has the brawnier machine and more enticing online features, hardcore gamers are all but certain to fall for the shiny, powerful new consoles. But what's less clear is how the gadgets will compete for the attention of people who now look to their tablets, smartphones and other devices for entertainment.

"It's turning out that these consoles, in fighting each other for the love of the hardcore gamer, run the risk of failing to capture people in their homes," says James McQuivey, an analyst with Forrester Research.

Both Microsoft and Sony position their gaming systems as entertainment devices meant to take over the living room. The Xbox 360 started streaming movies from Netflix in 2008 and the PlayStation 3, which already served as a Blu-ray player, soon followed, along with a bevy of other entertainment options. Experts wondered

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whether gaming systems would soon replace cable set-top boxes.

Not so fast, was the reply from a host of other gadget makers. Along came Google's Chromecast, the Roku player, Apple TV and, of course, a slew of tablets. There are many ways to stream movies, TV and music into the home now. In that sense, the Xbox One and the PlayStation 4 are no longer in a traditional, head-to-head battle.

"It's really these consoles against everything else," says Scott Stein, senior editor for the tech blog CNET.

That said, both gaming systems are expected to be in brisk demand around the holidays. Sony expects to sell 5 million units of the PlayStation 4 by the end of its fiscal year in March. The PlayStation 3, in comparison, sold 3.5 million units in that time period seven years ago. Microsoft declined to offer a sales outlook for the Xbox One through the holidays, but demand should be comparable, says Wedbush analyst Michael Pachter. He expects 3 million Xbox Ones to be sold through December and 4.5 million through March.

Why does the PlayStation get a slight edge? Price could be one reason. The Xbox One, which includes an updated Kinect motion sensor, will cost \$500, which is \$100 more than the PlayStation 4. In contrast, the PlayStation 3 went on sale at \$500 or \$600 depending on the model in November 2006 while the Xbox 360 cost \$400. Most new game software will cost \$60.

Dan Perkins, a gamer who's on the fence about which console to buy, says the "price is certainly a factor" nudging him toward a PS4 purchase — even though he was previously an Xbox man.

"I bought the Xbox 360 primarily because I preferred the titles it offered to the PS3. A major contributor to this decision was the 'Mass Effect' trilogy, which was initially unavailable on the PS3 at the time of my purchase," says Perkins, 40, a librarian from Syracuse, N.Y. "Neither platform has the edge on games in my opinion," he says. "In the end though, a big factor will be which system my friends adopt."

The friend factor is why Pedro Amador-Gates decided to stick with the Xbox. The 37-year-old first-time father says he did consider switching, but the PlayStation didn't have a chance. He likes his interface, his username is already set up and his gaming achievements will carry over to the new machine.

"Ninety percent is because I am already established in the Xbox community," he says.

Then again, neither the Xbox One nor the PlayStation 4 is backward compatible, meaning the machines don't play games that were made for their predecessors. That gives players a clean slate to start with a whole new set of games.

"Everyone is starting over to some extent," Stein says.

The console makers' challenge will be to ensure that everyone does start over,

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instead of sticking with their own game console or perhaps buying an iPad instead of a new game machine. Tony Bartel, the president of the world's largest videogame retailer, GameStop, expects the new consoles will be in "high demand and short supply" due to a huge pent-up demand for new gaming. After all, people have been playing the same consoles since before the iPhone came out.

"There's tremendous demand for innovation," Bartel says.

Given the choice between an iPad and a PlayStation 4, Sony believes its consoles have an advantage during the holiday shopping season.

"One purchase offers something that everyone in the family can enjoy together," says Andrew House, president and CEO of Sony Computer Entertainment. "Whereas the other is a single-person experience."

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AP Entertainment Writer Derrik J. Lang contributed to this story from Los Angeles.

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