Technology Changes In Video Gaming: Does This Spell Doom For Retailers?

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Over the last five years store-based retailers have had to deal with the competitive challenge brought about by the rise of the internet.

Internet-based retailers have slowly but steadily been taking value share from store-based companies, but nowhere is this truer than in media products retailing.

In the same way that music downloads have revolutionised the way that the product is sold, the way video games are sold is also about to undergo a massive change.

Euromonitor International's latest global report looks at next-generation technological changes in the video games industry and how this will inevitably affect retailers from the emergence of the mobile phone gaming market to the disappearance of the pre-owned video games market.

The formats discussed include grocery retailers, non-grocery retailers and non-store retailers.

Advances in technology are changing the way that most industries operate, and, as with any industry change, retailers will have to adapt the way they operate if they wish to remain competitive.

The video gaming environment is about to undergo a huge change in the way that games publishers distribute their content. Consumers stand the most to gain from these changes and so retailers will have to alter their strategies.

Key findings include:
* Internet retailers currently pose the biggest direct competitive threat to store-based retailers of video games.
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* Grocery retailers are also continuing to take on traditional video games retailers as they seek to expand their product offerings.
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* Console manufacturers have started to sidestep traditional retailing channels by offering games content direct to consumers via their in-game marketplaces.
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* PC gaming is set for a major revolution with regard to retailing as digital distribution platforms such as Steam and OnLive are set to take on traditional video games retailers.
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* Although mobile gaming is negligible compared to the overall size of the video games market, it is set to grow rapidly over the next few years. Improvements to smartphones and consumer adoption of tablet computing should see the mobile gaming market becoming the fastest growing category over the medium term.
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* Developed markets will be the first to be hit by these technological changes as the communications infrastructure is already in place.
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* In the long term, traditional retailers are likely to lose a large share of the video games software market. However, store-based retailers will still retain a competitive advantage in the market for video games hardware.
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