

# E3 2014 Report

## INDUSTRY EXPANDS ITS PRODUCTS AND PLAYERS

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Held at the LA Convention Center from June 9-12, the annual Electronic Entertainment Expo (E3), the premiere North American trade show for the video game industry, focused on upcoming game software, hardware, and services for the leading video game consoles and the PC market. While the upcoming slate of games from Sony, Microsoft, and Nintendo command much of the attention (and spectacle) at the event, the relentless promotion risks obscuring more interesting signs of growth beyond established products and players.

Some of the variety was the product of clearly calculated business decisions. Nintendo, for example, unveiled its lineup of interactive figurines, a venture it hopes will compensate for the lackluster [sales](#) of its Wii U console. Meanwhile Sony introduced a few fresh [initiatives](#), including its upcoming PlayStation TV device.





While the PS4 and XB1 consoles already act as over-the-top media hubs, Sony's [PlayStation TV](#) (PSTV) is much more competitively priced (\$99) in order to attract a wider audience less interested in a dedicated video game machine. At the same time, existing PlayStation owners can use the PSTV to stream games from the PS3 or PS4, allowing gamers to play their higher-powered consoles, likely located in the family room, remotely from another room in the house. Similar in functionality to its competitors, including Apple TV, PSTV provides access to over-the-top services like Netflix and Hulu but also adds a [digital library](#) of video game titles.

Furthermore, an examination of the exhibitors at E3 highlights the continued growth of robust development clusters and rapidly expanding video game markets in less visible places like Poland and China. For instance, out of roughly 178 listed [exhibitors](#), 52 were from outside of North America, including 10 from China and 7 from Poland. In fact, one of the breakout hits of the show, *The Witcher 3: Wild Hunt*, comes from Polish-developer CD Projekt Red. President Obama even name-dropped the franchise as an example of the country's place in the new global economy in a [speech](#) in Poland last month. This year's show also marked the first year [Tencent Media](#), arguably China's largest video game publisher, exhibited at the event.



E3 2014 also highlighted the tremendous value independent video games bring to the industry. Almost every major publisher and platform holder now hosts indie games within their booths, with many scoring exclusive distribution rights to some of the most anticipated indie titles, such as Jonathan Blow's *The Witness*, a game Sony scooped up for the PS4. Additionally, even though [Indiecade](#) has spotlighted independent games at E3 for eight years now, it wasn't until the past few years that the Indiecade booth became a destination for members of the press.

This is thanks to the proliferation of indie game development over the last several years, the financial success of a visible minority of indie titles, and the industry's strategic adoption of the indie sector as a cost effective way to diversify libraries in an era dominated by a few blockbusters like *Call of Duty* and *Grand Theft Auto*. Indeed, like the film industry, the age of the mid-range video game is largely gone, leaving only very big and very small titles.

Notably absent from E3 were the hundreds of mobile game companies capitalizing on the rapidly growing [digital game](#)

sector, a trend Microsoft tried to model with its XB1 console last year before customer [backlash](#) forced the company to backpedal on its digital-only future.

Going forward, there is every reason to believe that these three trends – consoles as connected viewing media hubs, emerging markets for development and sales, and the strategic promotion of independent digital games – will persist across the crowded E3 show floor.