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**Console gaming hardware market**

Magnavox’s Odyssey, introduced in 1972, is generally considered to be the first commercially available home video game console, a device that could be connected to a TV (to use it as a display) and a game played on it.

![Magnavox-Odyssey game console circa 1978](image)

**Figure 1: Magnavox-Odyssey game console circa 1978**

The Odyssey is the first digital gaming console. However, the Odyssey used hard-wired logic and was not programmable. The games were supplied in a cartridge and when introduced came with six games (cartridges).

Since then seven new generations of consoles have been introduced, as well as handheld devices. Arcades, which prompted the idea for a home gaming machine, have steadily declined.
The recession and ageing generation seven consoles dragged down the market. With the eighth generation consoles introduced, there is renewed interest from gamers; however, this interest comes when the casual side of the console user base has turned to mobile devices. It is likely the number of users will never reach the levels of generation seven. Also the new consoles won’t be more advanced than the PC as they were in the past and so we expect the PC will take market and mind share from the console gaming segment. These concepts are discussed further on in this market study.

**Microsoft**
Microsoft entered the console in late 2001 with the Xbox. It was a sixth-generation class device, competing with Sony's PlayStation 2, Sega's Dreamcast (which stopped American sales before the Xbox went on sale), and the Nintendo GameCube. About 25 million were sold. Microsoft discontinued production of the Xbox in 2007.

In 2005, Microsoft introduced the Xbox 360, a seventh generation device to compete with Sony's PlayStation 3 and Nintendo's Wii.