

video games AND THE ECONOMY



entertainment
software
association



Entertainment software is one of the fastest growing industries in the U.S. economy. In fact, according to PricewaterhouseCoopers, the sector will remain “one of the above-average growth segments of the global entertainment industries through 2011.” From 2005 to 2009, the industry’s real rate of growth was more than seven times the real rate of growth for the entire economy. In addition, computer and video games companies posted strong overall sales in 2009 with revenues of \$20 billion as entertainment software companies continue to provide jobs to state and local economies across the nation.



INDUSTRY SALES

In 1996, the U.S. entertainment software industry accounted for a modest 74.1 million units sold and \$2.6 billion in sales revenue. Thirteen years later, computer and video game companies sold 273.5 million units, leading to an astounding \$10.5 billion in software revenue and \$20 billion overall.

As Brandon Curial, president and CEO of game developer and publisher Venan Entertainment Inc., says, “You have the older gamers that haven’t stopped playing, and you have younger kids that are getting into it every day. With something like the Nintendo Wii, you even have parents playing these games now. Each year, the market just expands, and it’s going to keep expanding for, well, a long time.”

According to data recently compiled by the NPD Group, in 2009 U.S. video game console software sales reached \$8 billion (176.7 million units), computer games sales were \$538.4 million (23.5 million units) and portable software sales were \$1.9 billion (73.2 million units). The most popular game genres in 2009 were “Action” and “Sport Games,” each of which accounted for over 18 percent of all games sold.

\$89,781

The average annual compensation for an entertainment software industry employee.

The video game industry also stimulates complementary product purchases of roughly \$6.1 billion a year. For example, video games are spurring demand for HDTV sales. Approximately \$73 million in HDTV sales can be directly attributed to the Xbox 360 game console.



U.S. ECONOMIC IMPACT

A recent study, "Video Games in the 21st Century: The 2010 Report," detailed the impact that computer and video game companies have on America's economy. The study found:

- From 2005 to 2009, the entertainment software industry's annual growth rate exceeded 10 percent. Over the same period, the entire U.S. economy grew at a less than two percent rate.
- In 2009, the entertainment software industry's value added to U.S. Gross Domestic Product (GDP) was \$4.9 billion.

The U.S. entertainment software industry also continues to function as a vital source of employment. Currently, computer and video game companies directly and indirectly employ more than 120,000 people in 34 states. The average compensation for direct employees is \$89,781, resulting in total national compensation of \$2.9 billion.

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Number of computer and/or video games sold on average every second of every day of 2009.



STATE ECONOMIC IMPACT

The entertainment software industry's economic growth also provides benefits to individual states. For example, Virginia's computer and video game industry continues to experience tremendous growth, expanding by an annual rate of approximately 77 percent from 2005 to 2009, and adding \$38.5 million to the commonwealth's economy. Companies in Oregon have also witnessed a boom in industry growth in recent years, and more than doubled their contribution to the state's economy from \$51.6 million in 2005 to \$106 million in 2009.

California, Texas, Washington, New York and Massachusetts currently have the highest number of video game jobs. Collectively, these areas directly employ 22,279 workers and post nearly 71 percent of the industry's total direct employment.

- **California** - California is home to the largest number of computer and video game personnel in the nation, accounting for approximately 41 percent of total industry employment nationwide. These companies provided over \$2.6 billion in direct and indirect compensation to Californians in 2009. California's computer and video game industry grew by a real annual rate of 11.4 percent from 2005 to 2009, compared to a period of negative growth for the state's overall economy, and added \$2.1 billion to the state economy.
- **Texas** - Texas ranked second nationally in computer and video game personnel in 2009, with 13,613 direct and indirect employees. The industry added more than \$490 million to the state economy and grew by a real annual rate of approximately 13.7 percent from 2005 to 2009, nearly five times the growth of the state's overall economy.
- **Washington** - Washington has the nation's third largest number of computer and video game personnel, with 11,225 direct and indirect employees. The Washington game industry has grown by an annual rate of approximately five percent since 2005, more than three times the growth of the state's overall economy, and added nearly \$480 million to the state's economy in 2009.

273.5 million

The number of computer and video games sold in the United States in 2009.

- **New York** - Coming in fourth for number of entertainment software personnel is New York with 5,474 direct and indirect employees. The industry added nearly \$270 million to the state economy in 2009, and has grown by an annual rate of approximately five percent since 2005, more than six times the growth of the state's overall economy.
- **Massachusetts** - In 2009, Massachusetts ranked fifth nationally in computer and video game personnel, with 4,692 direct and indirect employees. The Massachusetts game industry has grown by an annual rate of almost nine percent since 2005, more than 27 times the growth of the commonwealth's overall economy, and added more than \$180 million to the commonwealth's economy in 2009.