entertainment SOFTWARE

entertainment software association

Video games are no longer just a form of entertainment for children and young adults. The industry, its customers and its technology have vastly advanced in the past three decades. Entertainment software is now one of the fastest growing industries in the U.S. economy. In addition, video games drive technological and societal advancements that serve gamers and non-gamers alike. The Entertainment Software Association (ESA) represents this growing industry in Washington D.C., across the nation and around the world.

THE ENTERTAINMENT SOFTWARE ASSOCIATION

The ESA is the U.S. association dedicated to serving the business and public affairs needs of the companies publishing interactive games for video game consoles, handheld devices, personal computers and the Internet. The association has more than 30 member companies including Microsoft Corporation, Nintendo of America, Sony Computer Entertainment America and Electronic Arts.

The ESA offers a range of services to interactive entertainment software publishers, including a global anti-piracy program, business and consumer research, government relations and intellectual property protection efforts. In addition, the ESA owns and operates E3, the global premier video game trade show. The association also established the Video Game Voters Network, a grassroots organization of voting-age gamers dedicated to protecting the First Amendment rights of video games.

The ESA also formalized the philanthropic efforts of the association and its members by creating the ESA Foundation. The Foundation supports geographically diverse programs and opportunities that will make a difference in the health, welfare and quality of life of America's youth. To date, the Foundation raised more than $12 million for a wide variety of worthy causes.

COMPUTER AND VIDEO GAMES AND THE ECONOMY

As the entertainment software industry continues to grow, it creates jobs and produces revenue for communities across the nation. Conducted by Economists Incorporated, *Video Games in the 21st Century: The 2010 Report* quantifies in detail the industry's specific contributions to the nation'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 rate of less than two percent.
- The industry's contribution to U.S. Gross Domestic Product was $4.9 billion in 2009.
- For the four-year period of 2005 through 2009, direct employment for the industry grew at an annual rate of 8.6 percent. Currently, computer and video game companies directly and indirectly employ more than 120,000 people in 34 states. The average salary for direct employees is $90,000, resulting in total national compensation of $2.9 billion.

Data compiled by The NPD Group, a global market research company, showed that computer and video game companies posted strong sales of 257.2 million units in 2010, which led to $15.9 billion in revenue. On average, eight games were sold every second of every day of 2010. NPD's research also revealed:

- Software made for game consoles led the industry's sales in 2010 with 175.8 million units sold and total revenue of $7.9 billion.
- Gamers increasingly enjoy digital game content. Purchases of digital full games, digital add-on content, mobile apps, subscriptions and social network gaming accounted for 24 percent of game sales in 2010, generating $5.9 billion in revenue.
- The most popular genre was "Action," which accounted for nearly 22 percent of all games sold.
- Seventy-six percent of games sold in 2010 were rated "Everyone (E)," "Everyone 10+ (E10+)" or "Teen (T)."

TODAY'S GAMER

The ESA's *2011 Essential Facts about the Computer and Video Game Industry* showed that today's average gamer is 37 years old and has been playing for 12 years. This annual research study also revealed:

- Seventy-two percent of American households play computer and video games. Eighty-two percent of these gamers are adults.
- Forty-two percent of all players are women. In fact, women age 18 or older represent a significantly greater portion of the game-playing population (37 percent) than boys age 17 or younger (13 percent).
- Twenty-nine percent of game players are over the age of 50, an increase from nine percent in 1999. This figure is sure to rise in coming years as nursing homes and senior centers across the nation continue to incorporate video games into their activities.
- Sixty-five percent of gamers play games with other gamers in person, and 55 percent of gamers play games on their phones or handheld device.

RESOURCES FOR PARENTS

The ESA's *2011 Essential Facts* study found that nine out of ten parents report monitoring the content of the games their children play. Parents are present 91 percent of the time games are purchased or rented, and 86 percent of the time, children receive their parents' permission before purchasing or renting a game. The ESA is working to help parents make sure that children are safe online and playing video games their parents consider appropriate.

Through the Entertainment Software Rating Board (ESRB), the association voluntarily established numerous tools and policies to help parents make educated choices and to encourage retailers to sell age-appropriate games to children. A survey conducted by Peter D. Hart Research Associates found that 85 percent of parents with children who play video games are aware of the ESRB rating system, and 98 percent of parents feel the ESRB system is helpful in choosing games for their children. In addition, the Federal Trade Commission's latest undercover shopper survey found that video game retailers prevented 87 percent of attempted purchases of Mature-rated games by minors.

The association also promotes parental controls included in many of today's game consoles. These devices allow parents to block games and movies they do not want their children to view and limit the amount of time kids spend on video games.

The ESA is also a major supporter of the Web Wise Kids Program, which works to keep children safe in today's technology-rich environment. This unique organization teaches kids about essential safety and privacy issues – such as social networking, blogging, online romances, bullying, cyber stalking and identify theft – through fun, challenging and interactive simulations based on actual criminal cases.

GAMES IN DAILY LIFE

More than just play, video games can improve the delivery of health care, increase our chances for workplace success, strengthen our educational system, inspire artistic expression, and tackle important social issues. Below are just a few examples of how entertainment software helps Americans lead healthier, happier and more productive lives:

- Health Care: Medical professionals use games to help diagnose patients and to enhance treatments. VisionQuest 20/20's computer game *Eye Spy* helps ophthalmologists screen children for visual impairments, while HopeLab's educational game about cancer, *Re-mission*, helps patients stick to their treatments more effectively. Medical schools, hospitals and nursing programs also use game technologies to train future medical professionals, such as the University of California, San Diego's virtual clinic on Second Life. These programs simulate patients' symptoms and responses to treatment, providing a valuable opportunity for trainees to practice administering care. In addition, games and virtual worlds can enhance the effectiveness of rehabilitation programs, including the U.S. Department of Defense's *T2 Virtual PTSD Experience*. The virtual environment enables servicemembers and their families to explore the causes and symptoms of combat trauma.

- The Workplace: Research conducted by the ESA shows that 7 out of 10 businesses and nonprofits already offer video game-based training, and nearly 80 percent of organizations not utilizing games as training tools said they were likely to do so by 2013. A wide range of businesses use video games for recruitment and training. The Los Alamos National Laboratory, for example, created a 3-D virtual training program for nuclear facility inspectors, which helps inspectors learn how to identify safety hazards at a plant. UPS uses video games to train newly recruited drivers, while Canon U.S.A. uses a video game to train new copier technicians.

- **Education:** Educators are harnessing the power of video games for learning. In addition to being a great way to keep kids engaged, researchers have found that video games have real potential as next generation learning tools which incorporate principles crucial to human cognitive learning. Middle school and ninth-grade teachers use iCivics to help teach civics lessons. First launched in 2009 and supported in part by the ESA Foundation, iCivics now features five online games about constitutional law and the branches of U.S. government, each of which comes with suggested lesson plans. New York City public school Quest to Learn, founded in 2007, uses a teaching model that draws direct inspiration from games to create highly-immersive and challenging learning experiences. Games also play a direct role in many classrooms, as students must design their own computer and video games, or play them as part of their coursework on all subjects.

- **Art:** In addition to "Into the Pixel," a traveling exhibit of conceptual and production work from video games co-sponsored by the ESA and the Academy of Interactive Arts and Sciences, computer and video games continue to gain appreciation as works of art. The National Endowment for the Arts recently replaced its "Arts on Radio and Television" grant category with an expanded "Arts in Media" category that makes digital games, among other interactive and mobile technologies, eligible to receive funding. In addition, the Smithsonian Institution's American Art Museum will feature 80 computer and video games in its "The Art of Video Games" exhibit, scheduled to open in March 2012.

- **Social Issues:** Nonprofit organizations and issue advocates now view video games as an effective medium for communicating ideas and generating support among young tech-savvy consumers. Human rights organization Breakthrough created *America 2049*, a 12-week long Facebook-based game that combined elements of social game play, digital media and real-life events to educate players on global issues including discrimination based on race and sexual orientation, immigration, labor and religious freedom. Players followed an online curriculum, which featured a different social justice theme each week, and collaborated with other players to devise solutions to the social issues facing a futuristic, dystopian society. *Cool School: Where Peace Rules*, a computer game created by a team of scientists, teachers and government mediators, teaches elementary school students how to resolve conflicts in a peaceful manner.

INTELLECTUAL PROPERTY AND PIRACY

Because releases of game software titles have relatively short commercial shelf lives, game piracy can have a particularly pernicious effect on the sales performance of many games. Casual infringements, which consist of otherwise law-abiding people downloading pirated versions of games through the Internet, today exact a greater toll on the industry than they used to. As a result, the ESA combats game piracy not only with enforcement but also through education. The entertainment software industry is a leader in promoting the adoption of an IP education curriculum for use in elementary schools to teach children about the importance of intellectual property as a source of creativity and innovation deserving of respect and protection.

The high rates of piracy in many countries abroad have prevented many game publishers from entering those markets and establishing legitimate markets for their game products. The ESA supports U.S. government efforts to use trade pressure to get those countries to enforce their IP laws and reduce the level of piracy so that legitimate game products have a chance to compete in these foreign marketplaces.