

# 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 are driving technological and societal advancements that serve gamers and non-gamers alike. The Entertainment Software Association (ESA) represents this growing industry in Washington, 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 20 member companies including Microsoft, Nintendo, Sony 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 the E3 Media & Business Summit, North America's premier video game conference. The association has also established the Video Game Voter's Network (VGVN), a place for American gamers to organize and defend against threats to video games by registering to vote and reaching out to elected officials.

In January, 2000, the ESA Board of Directors formalized the philanthropic efforts of the association and its members by authorizing the creation of the ESA Foundation. The Foundation is dedicated to supporting positive programs and opportunities that will make a difference in the health, welfare and quality of life of America's youth.

The interactive entertainment industry supports geographically diverse projects and programs that benefit American youth. To date, the Foundation has raised over \$7.8 million for a wide variety of worthy causes.



## ECONOMIC IMPACTS AND GAME SALES

Conducted by Economists Incorporated, "Video Games in the 21st Century: Economic Contributions of the U.S. Entertainment Software Industry" quantifies in detail the specific contributions of the U.S. entertainment software industry to the nation's economy. The study found:

- From 2003 to 2006, the entertainment software industry's annual growth rate exceeded 17 percent. Over the same period, the entire U.S. economy grew at a less than four percent rate.
- The industry's contribution to U.S. Gross Domestic Product (GDP) was \$3.8 billion in 2006.
- For the four-year period 2002 through 2006, direct employment for the industry grew at an annual rate of 4.4 percent. Currently, computer and video game companies directly and indirectly employ more than 80,000 people in 31 states.

Data compiled by the NPD Group, a global market research company, showed that the computer and video game companies posted record sales of 267.8 million units in 2007 which led to \$9.5 billion in revenue. On average, nine games were sold every second of every day of 2007. NPD's research also revealed:

- Software made for game consoles led the industry's sales in 2007 with 153.9 million units sold and total revenue of \$6.6 billion.
- The genre with the greatest growth was "Family Entertainment." Family games accounted to 17.2 percent of all games sold in 2007, more than one of every six games sold, up from 9.1 percent in 2006. In addition, only 15 percent of games sold last year were rated "Mature (M)."
- Halo 3®, the best-selling title of 2007, took in more revenue in its first day of sales than the biggest opening weekend ever for a movie ("Spider-Man 3") and the final "Harry Potter" book's first day sales.



## TODAY'S GAMER

The ESA's "2008 Essential Facts about the Computer and Video Game Industry" showed that today's average gamer is 35 years old and has been playing for 13 years. This annual research study has also revealed:

- Sixty-five percent of American households play computer and video games. Thirty-eight percent of American homes have a video game console and 41 percent of Americans expect to purchase one or more games this year.
- Forty percent of all players are women. In fact, women age 18 or older represent a significantly greater portion of the game-playing population (33 percent) than boys age 17 or younger (18 percent).
- One out of four game players are over the age of 50, a figure sure to rise in coming years with nursing homes and senior centers across the nation now incorporating video games into their activities.



## RESOURCES FOR PARENTS

The ESA's 2008 Essential Facts study found that 88 percent of parents report that they monitor the content of the games their children are playing and are present 94 percent of the time games are purchased or rented. 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 has voluntarily established numerous tools and policies to help parents make educated choices and to encourage retailers to sell age-appropriate games to youngsters. The latest report of the Federal Trade Commission shows that over 80 percent of parents are aware of these ratings system and over 70 percent of parents use the system in making their buying decisions.

The association also promotes parental controls included in many of today's game consoles. These devices allow parents to block games and movies they don't 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 is working to keep children safe in today's technology rich environment. This unique organization that 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 that are based on actual criminal cases.



## GAMES IN DAILY LIFE

More than just play, the entertainment software industry has spurred the introduction of faster personal computers; more realistic military training methods; and new tools for educating our children. Below are just a few examples of how the video and computer game industry is helping Americans lead healthier, happier and more productive lives:

- **Health Care:** Video games are being used to advance healthcare, both through patient care and medical professional training. "Re-mission," a video game created by Hope Labs teaches child cancer patients about how the disease and its treatments are affecting their bodies. The Office of Naval Research has developed a simulation based on video game technology to train nurses. In addition, games are now being looked at as a source of physical fitness and rehabilitation.
- **The Workplace:** Research conducted by the ESA shows that 7 out of 10 businesses are using interactive computer training that could include video games to train their employees. A wide range of businesses are using video games for recruitment and training. The MITRE Corporation has developed a video game called "Job of Honor" to create awareness of the company and recruit employees. One entertainment software company, Game 2Train, has developed employee training games for American Express, Bank of American, IBM, JP Morgan Chase, Nokia and Pfizer. Canon uses a video game where repairmen must drag and drop parts into the right spot on a copier to train 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. The National Education Association (NEA) has produced resources designed to help teachers incorporate video games into their lesson plans. NEA recommends building games, such as Entertainment Art's "Sim City" to improve student's problem-solving and analytical skills.
- **Art:** Entertainment software is gaining credit as an art form on its own and through partnerships with the film and music industries. "Into the Pixel" is an international exhibit of video game art, which offers an opportunity for published game artists to

be reviewed and recognized. "Video Games Live" is a concert tour featuring video game music performed by top orchestras and choirs.

- **Defense and Homeland Security:** Video games are playing a role in the Global War on Terror. The U.S. Army uses Virtual Training Technology to enable soldiers from distant locations to train together on missions that require group coordination. Carnegie Mellon University has developed a video game to prepare police and fire departments for terrorist attacks involving biological or chemical hazards.
- **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. "Food Force," was created by the United Nations World Food Programme to educate children about world hunger. While the Independent Television Service released an online game in May 2007 called "World Without Oil," that invited players to participate in a collaborative simulation of a global oil shortage.



## 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 pirate versions of games through the Internet, is exacting a greater toll on the industry than it used to. As a result, the ESA is attacking 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 is very supportive of 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 market places.