



GAMES: IMPROVING THE ECONOMY

The video game industry is one of the fastest growing sectors in the U.S. economy. According to research firm Gartner, global video game sales will reach \$111.1 billion by 2015. In 2013, computer and video game companies posted strong overall sales in the United States, with revenues exceeding \$21 billion as entertainment software companies delivered well-paying jobs and revenue to state and local economies across the nation. Worldwide, sales in 2013 topped \$93 billion, according to Gartner, due in part to the growth in mobile game play and the release of the eighth generation of game consoles. To learn more about the video game industry's growth and economic contributions, visit: www.theESA.com.

INDUSTRY SALES

In 2013, video game companies sold 160 million units, leading to an astounding \$15.4 billion in software revenue and \$21.53 billion overall. Seventeen years earlier, the U.S. entertainment software industry accounted for a modest 74.1 million units sold and \$2.6 billion in sales revenue.

According to The NPD Group's data, U.S. video game software sales reached \$6.1 billion (150.5 million units) and computer game sales were \$220 million (9.3 million units) in 2013. In addition, consumers increasingly enjoy digital game content, with digital sales surpassing physical sales for the first time in 2013. Purchases of digital full games, digital add-on content, mobile apps, subscriptions, and social network games accounted for 53 percent of game sales in 2013, generating approximately \$7.2 billion in revenue. The eighth generation of consoles saw similarly

U.S. Computer and Video Game DOLLAR Sales Growth
DOLLARS IN BILLIONS*



Source: The NPD Group/Retail Tracking Service; Games Market Dynamics: U.S.

* Figures include total consumer spend

** Other delivery formats include subscriptions, digital full games, digital add-on content, mobile apps, social network gaming and other physical delivery. 2003-2009 figures are sales of new physical content at retail exclusively.



strong sales in 2013, with U.S. sales for the Playstation 4, Xbox One, and Wii U reaching 1.9 million, 1.8 million and 1.5 million units, respectively.

The nation's growing appetite for video game content also sparked sales of consoles and related accessories, which generated more than \$6.1 billion in 2013. These consoles enable consumers to enjoy their favorite games and allow them to access and enjoy other forms of entertainment media. PlayStation's PS Network, Microsoft's Xbox Live, and the Nintendo Network boast a total of approximately 142 million users, and each major console is increasingly serving as a home entertainment hub. Microsoft Xbox Live supports hundreds of titles and offers more than 35 different music, TV, and movie services – including Netflix, YouTube, ESPN, and HBO Go.

\$21.5 billion

Total revenue, including content, accessories and hardware, generated by the video game industry in 2013.

U.S. ECONOMIC IMPACT

A study conducted by Economists Incorporated, *Video Games in the 21st Century: The 2014 Report*, detailed the impact that computer and video game companies have on America's economy. The report stated:

- From 2009 to 2012, the interactive entertainment software industry grew at an annual rate of nearly 10 percent. Over the same period, the entire U.S. economy only grew by 2.4 percent.
- The video game industry added nearly \$6.2 billion to the U.S. Gross Domestic Product (GDP) in 2012.

The U.S. video game industry also continues to function as a vital source of employment. Currently, video game companies directly and indirectly employ more than 146,000 people in 36 states. The average compensation for direct employees is \$94,747, resulting in total national compensation of more than \$4 billion.

STATE ECONOMIC IMPACTS

The interactive entertainment software industry's growth also provides economic benefits to individual states.

California, Texas, Washington, New York, and Massachusetts currently have the highest number of video game jobs. Collectively, companies in these states directly employ more than 30,000 workers and boast 71 percent of the industry's total direct employment.

- **California** – California is home to the largest number of video game personnel in the nation, accounting for approximately more than 41 percent of total industry employment nationwide. These companies provided nearly \$3.7 billion in direct and indirect compensation to Californians in 2012. California's computer and video game industry grew by a real annual rate of 8.8 percent from 2009 to 2012 – compared to a period of negative growth for the state's overall economy – and added \$2.8 billion to the state economy.
- **Texas** – Texas ranked second nationally in video game personnel in 2012, with close to 18,000 direct and indirect employees. The industry added \$765 million to the state economy and grew by a real annual rate of

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Number of video games sold on average every second of every day of 2013.

approximately 16 percent from 2009 to 2012 – more than five times the growth of the state's overall economy.

- **Washington** – Washington has the nation's third largest number of video game personnel, with more than 12,800 direct and indirect employees. The Washington game industry grew by an annual rate of approximately 7.5 percent between 2009 to 2012 – more than five times the growth rate of the state's overall economy – and added nearly \$600 million to the state's economy in 2012.
- **New York** – Coming in fourth for its number of entertainment software personnel is New York, with approximately 8,000 direct and indirect employees. The industry added nearly \$380 million to the state economy in 2012, and grew by an annual rate of approximately 12 percent since 2009. Over the same period, the New York economy averaged only .33 percent growth.
- **Massachusetts** – In 2012, Massachusetts ranked fifth nationally in video game personnel, with more than 4,000 direct and indirect employees. The Massachusetts game industry added \$180 million to the commonwealth's economy in 2012.

Many states welcome opportunities to create video game industry jobs that drive economic growth through partnerships with local universities. Louisiana officials collaborated with Louisiana State University (LSU) and Electronic Arts (EA) to establish the 94,000-square-foot Louisiana Digital Media Center. The Center houses LSU's Center for Computation and Technology and nearly 200 video game development workers, with employment expected to grow up to 600 people in the years ahead. In addition to housing EA and LSU's Center for Computation & Technology, the center will be home to the new AVATAR initiative at the university, which will unite faculty and students to conduct research and develop programs in the fields of digital art and technology. In Massachusetts, the state Economic Development Administration provided a \$1.4 million federal grant to Becker College and the Massachusetts Digital Games Institute to help build a \$2.8 million video game incubator and training center in Worcester. The center aims for academic cooperation, entrepreneurship, and economic development across the Massachusetts digital and video games ecosystem.

In addition, lawmakers across the country are establishing tax incentive programs to attract game companies that fuel the economy. Pennsylvania, Georgia, North Carolina, Florida, Texas, and Louisiana are just a few of the states that have passed legislation offering incentives for the video game industry. These incentives create a welcoming environment for entertainment software companies, which create jobs and add value to each state's economy.

\$95,000

The average compensation for an entertainment software industry employee.

160 million

The number of computer and video games sold in the United States in 2013.