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# Growth of Video Game Industry

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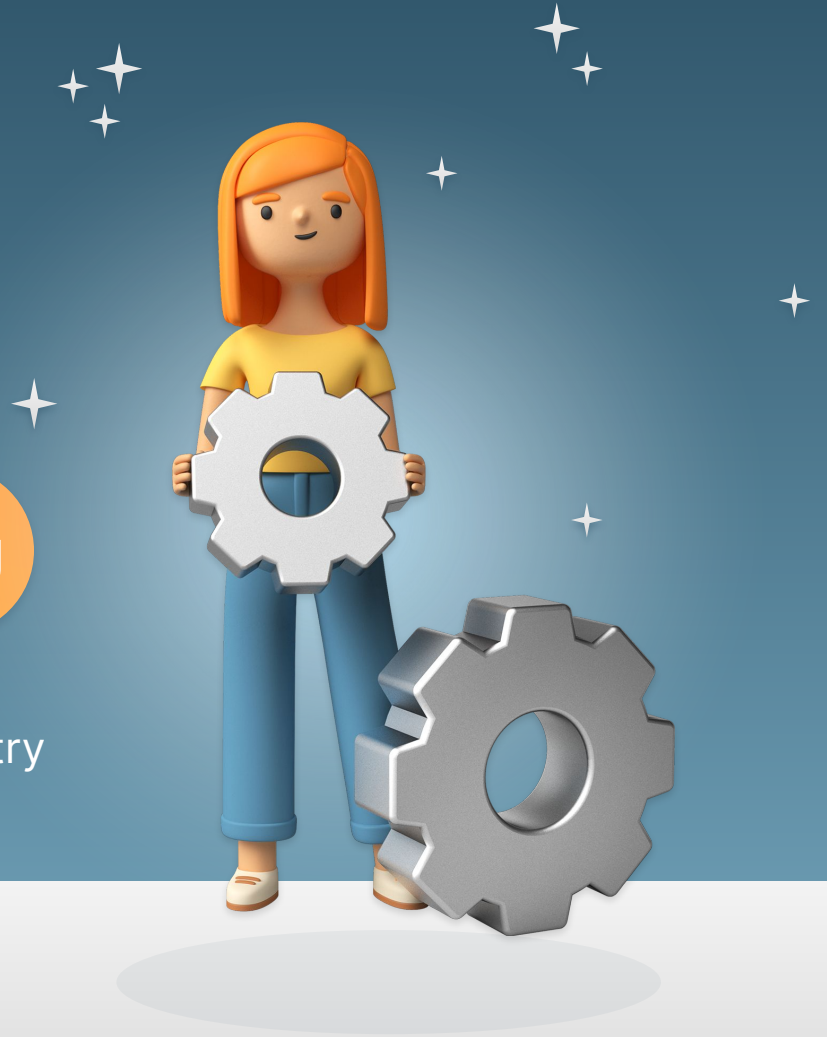
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# 01

## Video Game Industry

Overview the Video Game Industry



# The Past Vs. The Present



## Historical Overview

Video game industry takes its origin back in the early 1960s when the first simplistic game projects like “Spacewar” and “Pong” were created.

The industry started its development, slowly taking its place in the entertainment market. Despite of its growing popularity, the industry has not seen significant growth until the beginning of 21st century.



# 02

## Video Game Industry Growth

# The Reasons Behind the Rapid **Progress and Success** of the industry



## Customer Orientation

It is a collection of values that puts the interests of the customers first

as well as not excluding the interests of the stakeholders

Video game companies have changed their product development strategies completely and it led them to a big commercial success.



## New Business Models

Video Game Industry developed numerous new ways to advertise and sell their products more efficiently. For example:

B2P – buy to play.

F2P – free to play

P2P – pay to play



## Technological Progress

includes computer software and hardware.

innovation of the Gaming platforms such as consoles, PCs, and mobile devices have also a reasons for increasing the revenues.

# Global Video Game Market Reports Shows:



- Video game market has skyrocketed proving itself to be one of the biggest industries among the entertainment section.
- In 2020, due to COVID-19 quarantine lockdown measures, video game industry achieved a large growth in popularity.
- The creation of video games is now can be compared with Hollywood movie making, it became increasingly complex and a budget for a single video game project can cost tens or even hundreds of millions.



# Big Numbers by the ESA Annual Report

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9.5\$ B



US - 2007

11.7\$ B



US - 2008

25.1\$ B



US - 2010



# Big numbers by the Video Game Market

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134.9\$ B ✦

2018

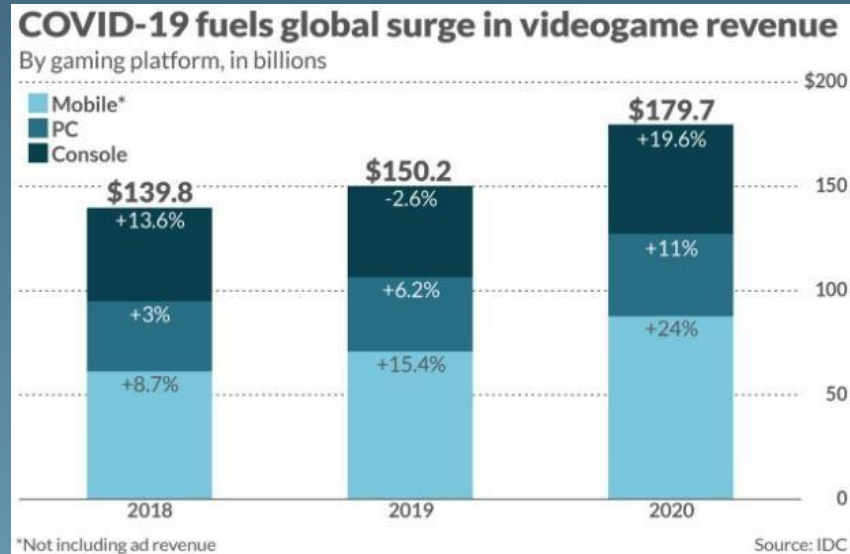
159.3\$ B ✦

After Covid-19

9.30% ✦

Annually

# Statistics shows that:





# 196\$ B

Experts predict the gaming industry to reach \$196 billion in revenue by 2022.

# 03

## Business-to-Consumer

**B2C dynamics**



# B2C dynamics



Business to customer relation is highly important among the entertainment sphere and the video game industry is not an exception

According to Thomas Brock (2020), a financial professional, the term business-to-consumer (B2C) refers to the method of directly marketing goods and services between a company and its customers, end-users of their products or services.

Therefore, companies that sell their products directly to its customers are considered B2C organizations.



# B2C relations in Video Game Industry

Commencing from the very first video game projects, in order to create a high-quality, demanding, and innovative product, it was necessary for the developers and marketers to listen to their customers' opinions and feedbacks concerning the project the company was creating.

nowadays companies tend to create projects that would be accessible for all sorts of players – **professionals, semi-professionals, and casual gamers**. Due to the recent technological progress of mobile phones, gaming consoles and personal computers it became possible to adapt and implement this B2C strategy, leading to major industry profits as a result.

# Change Management & Development of trends

04



# the use of Microtransactions



Most game models heavily dependent on the microtransactions. Which is a business model when users can make a purchase of virtual, or in-game, items for some amount of money.

Game developers have learned how to capitalize on this new revenue stream.

Microtransactions are expected to be used by just 5 to 20% of game communities, with varying sums spent.



# Categories of Microtransactions



## In-Game Currencies

it accounts the purchase of the in-game currency for real money, for that fake currency. offering a bigger amount always has a discount, making it more attractive to the players.

## In-game items

it involves purchases of in-game resources, making the whole game process easier.



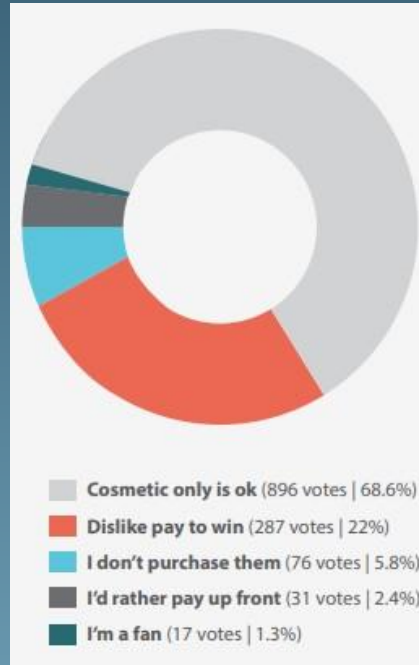
## Random Chance Purchases

“surprise bags of goods” that usually worth more than the cost of entry, gamers typically pay real money. The surprise element is the key driver for this microtransaction type.

## Expiration

customers had limited time to play, and the only way to play further was to pay for extra time. Which is widely spread among mobile games, that is also one of the reasons why mobile gaming generates so much revenue.

# Public opinion on microtransactions



According to an open survey conducted by Qutee in 2018, the majority of the respondents (69%) of today reacts positively on microtransactions if they are limited to in-game cosmetics and do not interfere with gameplay by creating “pay to win” scenarios (22%).

# Change in the Customer Orientation ✨

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If at the very beginning of the industry the main focus for the developers was creating a game for gamers such as themselves, then today,

But Video game companies' customer orientation shifted towards covering the majority of people, not only gamers. This new customer orientation is one of the major reasons for the video game market grand expansion.



# The Effect of Esports



*In the first half of 2017, China hosted more than a hundred large and medium-sized eSports tournaments, offering an estimated 64 million US dollars in prizes.*

Esports is a type of sport in which the primary aspects of the game are enabled by electronic systems - the input of players and teams, as well as the performance of the Esports system, are controlled by human-computer interfaces.

Esports has exploded in popularity around the world, with skyrocketing prize pools and front-page news attention.

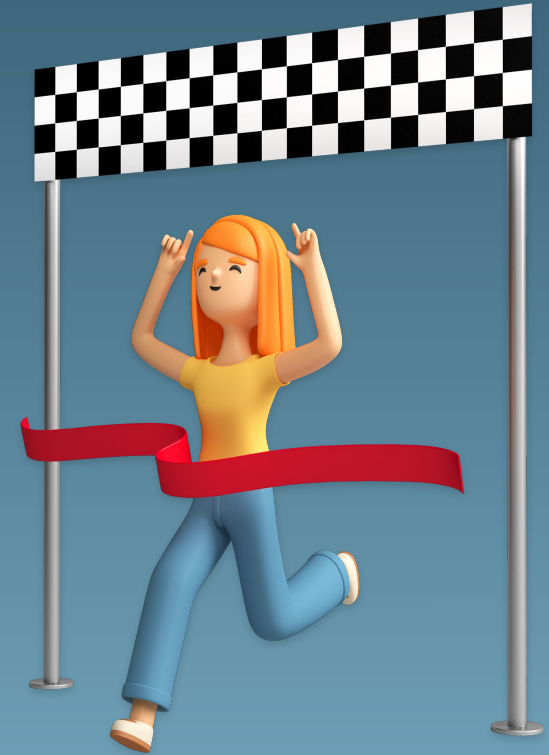
The investment in the development of Esports had a significant impact on the popularization of the video game industry, not only bringing the industry to another level of attention, but also affecting the video game development and its trends.

When the Esports fan base and culture is expanding, more and more organizations starting to invest in it, therefore leading to a huge video game industry growth in general.

# Top 10 Esports



Top 10 eSports of 2020	Prize Pool 2020	Average Viewership	Peak Viewership
League of legends	9,000,000	250,000	3,900,000
Fortnite	\$7,000,000	200,000	2,300,000
Counter-Strike: Global Offensive	\$20,000,000	200,000	1,200,000
Overwatch	\$5,000,000	30,000	1,100,000
Dota 2	\$35,000,000	120,000	1,080,000
Hearthstone	\$4,000,000	100,000	328,000
Rainbow 6 Siege	\$3,000,000	50,000	303,000
Rocket League	\$350,000	30,000	206,000
Call of Duty	\$6,000,000	50,000	189,000
NBA 2K	\$1,400,000	10,000	61,800



# The Effect of Livestreams



Live streaming platforms like **"Twitch"** & **"YouTube"** have a strong focus on the broadcasts of various video game content.

Its popularity and influence have expanded exponentially in the last five years, to the extent that it is now a major marketing and entertainment force in the games industry and an increase in the global media ecosystem as a whole.

the new wave of influencers like live streamers and content creators allowed video game industry to directly advertise their video game projects through collaboration, outcoming with great results of attracting new potential customers.

This recent influx of capital from other sectors into the gaming industry is causing the gaming community and market to expand much faster.



As an example – 292 billion total minutes were watched in 2016, with 2.2 million unique streamers at the time (Twitch, 2016) broadcasting their activities on the network,

followed by over by a significant increase of 350 billion minutes during the 2017. (Twitch, 2017).

# The Effect of Advertising



Revenue from in-game ads is expected to continue its remarkable growth, increasing from \$42.3B in 2019 to \$56B in 2024.

For the following reasons:

- Reach new audiences far and wide
- Get your gamers to game some more
- Increase in-app purchases with psychology





# Top Selling Video Games September 2021 ✨

## Madden NFL 22





# Resources:



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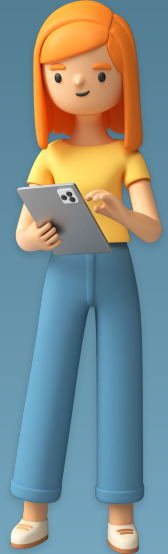
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# Thanks!

any questions?

