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Games: Improving the Economy

(Source: [The Entertainment Software Association](#))

Computer and videos are one of the fastest growing sectors of the U.S. economy. In fact, according to PricewaterhouseCoopers, the North American video game market will continue growing by approximately five percent annually through 2015. From 2005-2009 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 game companies posted strong overall sales in 2010 with revenues of more than \$25 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. Fourteen years later, video game companies sold 257.2 million units, leading to an astounding \$15.9 billion in software revenue and \$25.1 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 released by The NPD Group, in 2010, U.S. video game software sales reached \$9.4 billion (232.5 million units) and computer game sales were \$700 million (24.6 million units). In addition, consumers increasingly enjoy digital game content. The NPD Group reports that purchases of digital full games, digital add-on content, mobile apps, subscriptions and social network games accounted for 24 percent of game sales in 2010, generating \$5.9 billion in revenue.

The nation's growing appetite for video game content also sparks sales of consoles and related accessories, which generated more than \$9 billion in revenue in 2010. These consoles enable consumers to enjoy their favorite games, and drive trends in how they access and enjoy other forms of entertainment media. The Nielsen Company reported in July 2011 that half of Netflix users connect to its streaming service through their Nintendo Wii, Sony PlayStation 3 or Microsoft Xbox 360 consoles.

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 report stated:

- From 2005 to 2010, the entertainment software industry's revenue more than doubled. Over the same period, the entire U.S. Gross Domestic Product (GDP) only grew by about 16%.
- The entertainment software industry added nearly \$5 billion to the U.S. GDP in 2009.

The U.S. entertainment software industry also continues to function as a vital source of employment. Currently, video game companies directly and indirectly employ more than 120,000 people in 34 states. The average compensation for direct employees is \$90,000, resulting in total national compensation of \$2.9 billion.

State Economic Impacts

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

California, Texas, Washington, New York and Massachusetts currently have the highest number of video game jobs. Collectively, these areas directly employ more than 22,000 workers and post nearly 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 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 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 video game personnel, with 11,225 direct and indirect employees. The Washington game industry grew 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.
- 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 grew 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 video game personnel, with 4,692 direct and indirect employees. The Massachusetts game industry grew 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.

Other states around the country welcome opportunities to create video game industry jobs that drive economic growth. In July 2011 Louisiana State University (LSU) and Electronic Arts (EA) broke ground on the 94,000-square-foot LouisianaDigitalMediaCenter, which will eventually house 600 video game development workers and LSU's Center for Computation and Technology. With digital media software development poised to take over as one of Louisiana's top growth industries, lawmakers are eager to invest in the facility that will provide students with state-of-the-art technology necessary for professional development. In addition to housing EA and LSU's Center for Computation & Technology, the center will also 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 addition, lawmakers across the country are introducing tax incentive laws into their state legislatures with the hope of attracting game companies that fuel the economy. Pennsylvania, Georgia, North Carolina, Florida and Louisiana are just a few of the states that have proposed and passed legislation offering incentives to the video game industry. These incentives create a welcoming operating environment for entertainment software companies, fostering job creation and adding value to each state's economy.

Go Figure

- ^a \$90,000- The average salary for an entertainment software industry employee.
- ^a 8 - Number of computer and/or video games sold on average every second of every day of 2010.
- ^a 257.2 million - The number of computer and video games sold in the United States in 2010.
- ^a \$5.9 billion – Revenue generated by purchases of digital full games, digital add-on content, mobile apps, subscriptions and social network gaming in 2010.

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