Entertainment software is one of the fastest growing industries in the U.S. economy. In fact, according to PricewaterhouseCoopers, the sector remains “one of the above-average growth segments of the global entertainment industries through 2011.” From 2005-2006 the industry’s real rate of growth was more than double the real rate of growth for the entire economy. In addition, computer and video games companies posted record overall sales in 2008 with revenues of $22 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. Twelve years later, computer and video game companies sold 298.2 million units, leading to an astounding $11.7 billion in software revenue and $22 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 compiled by the NPD Group, in 2008 U.S. video game console software sales reached $8.9 billion (189.0 million units), computer games sales were $701.4 million (29.2 million units) and there was a record $2.1 billion (79.5 million units) in portable software sales. The most popular game genre in 2008 was “Family Entertainment,” which accounted for over 19 percent of all games sold, up from 17.2 percent in 2007).

The video game industry also stimulates complementary product purchases of roughly $6.1 billion a year. For example, video games are spurring demand for HDTV sales. Approximately $73 million in HDTV sales can be directly attributed to the XBox 360 game console.
U.S. ECONOMIC IMPACT

A recent study, “Video Games in the 21st Century: Economic Contributions of the U.S. Entertainment Software Industry,” detailed the impact that computer and video game companies have on America’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;
- In 2006, the entertainment software industry’s value added to U.S. Gross Domestic Product (GDP) was $3.8 billion;
- The entertainment software industry makes a disproportionate contribution to the real growth of the nation as whole. For example, in 2005-06, the industry’s contribution to real growth exceeded its share of GDP by more than four to one.

The U.S. entertainment software industry also continues to function as a vital source of employment. Currently, computer and video game companies directly and indirectly employ more than 80,000 people in 31 states. The average salary for direct employees is $92,300, resulting in total national compensation of $2.2 billion.

STATE ECONOMIC IMPACT

The entertainment software industry’s economic growth also provides benefits to individual states. New Jersey, for example, witnessed a boom in industry growth in recent years as computer and video game companies have expanded beyond New York City. Virginia’s entertainment software industry, meanwhile, grew by 552 percent in 2006, with computer and video game companies adding $28.7 million to the Commonwealth’s economy.

California, Washington, Texas, New York and Massachusetts currently have the highest concentration of video game jobs. Collectively, these areas directly employ 16,604 workers and post 70 percent of the industry’s total indirect employment.

- **California** - California leads the nation in computer and video game personnel, accounting for approximately 40 percent of total industry employment nationwide. The state’s 34,600 computer and video game employees added $1.7 billion to the California economy in 2006, which marked a 12.3 percent growth rate over the previous year. The industry grew nearly three times faster than the overall state economy. California game companies also provided over $1.8 billion in direct and indirect employee compensation.
- **Washington** - In 2006, Washington ranked second nationally in computer and video game personnel, with 9,284 direct and indirect employees. The industry added $497.2 million to the state economy, which equated to a growth rate of 14.4 percent, more than double Washington’s overall growth.
- **Texas** - Texas has the nation’s third largest concentration of computer and video game personnel, with 7,688 direct and indirect employees. In 2006, the industry grew at a 17 percent rate, adding $395 million to the state economy. The overall Texas economy finished that year with a 4.3 percent growth rate.
New York - Coming in fourth for concentration of entertainment software companies is New York with 4,415 direct and indirect employees. The industry added $279.1 million to the state economy in 2006, which equated to a 13.9 percent growth rate. This was more than quadruple New York’s overall growth rate.

Massachusetts - In 2006, Massachusetts ranked fifth nationally in computer and video game personnel, with 3,192 direct and indirect employees. The industry grew at a 12.3 percent rate, more than quadrupling the commonwealth’s overall growth and added $162.9 million to the state economy.

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Number of computer and/or video games sold on average every second of every day of 2008.

298.2 million

The number of computer and video games sold in the United States in 2008.