

## Individual Research – Video Games

First arcade games came out in the mid-1960s.

Major developers during that time were SEGA, Namco, Taito

Beginning of the golden age of arcade games 1978. Thanks largely due to Space Invaders by Taito

It was so popular there was an urban legend at the time claiming a shortage of 100-yen coins because of the game.

Video game crash 1983-1985. Thanks to market saturation, rapidly decreasing quality of available games and the recent rising popularity of personal computers.

The market began to recover and rise to another golden age thanks to the popularity of the Nintendo Famicom, or NES in the American market. Annual sales for Nintendo were exceeding \$2.3 billion by 1988 with over a third of Japanese households owning one. In 1990 Nintendo even passed Toyota as Japan's most successful company.

The market was wildly dominated by Nintendo at the time, accounting for 70% of the industry at the time. Other companies that would join Nintendo in the home console market would be Sega, Sony, and Microsoft, Sega eventually stopped making consoles and focused fully on game development, while Sony would become the dominant company in the market after the release and success of its first home console, the Playstation.

The popularity of the arcade boomed again in the 1990s with the release of the Street Fighter 2 by Capcom in 1991 and other fighting games soon after that. Some of the most popular arcade games now are the UFO games and the Music rhythm games.

In 2002 Japan was dominating the Global Video game industry, making up about 50% of the market. But by 2010 it shrank to around 10%. This has been attributed to a difference in preference between the Japanese and Western market, as well as economic recession.

More recently there has been a huge boom in the mobile games market, In present day Japan is the largest market in the world for mobile games, The video game market is quickly becoming dominated by mobile games in Japan, in 2013 they were already surpassing home consoles in sales, with an estimated \$5.1 billion in sales.

While developed by an American company, Pokemon Go is based on a game made by the Japanese company Game Freak Inc, and would not have had the major success it did without the use of the Pokemon brand.

In 2017, The Global games market had an estimated \$109 billion dollars in revenue, The mobile games industry made up \$46 Billion of that, while home console games made up \$33.5 billion.

Lately, many home console games have started to adopt some of the structure of a mobile game, introducing microtransactions within the game allowing consumers to purchase currency or content for use within a given game. I feel that this may result in an eventual backlash from consumers if the market continues to move in that direction. There is already an example of this with the company EA having lost \$3 billion in stock value practically overnight due to microtransaction controversies within one of their new games.