



(REVIEW ARTICLE)



## Video gaming industry in the US

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### Abstract

Generations after generations, the entertainment industry evolved multiple folds, be it music, be it movies, be it sports, be it video games. Each industry doesn't only set trends each decade but also changes peoples' lifestyle.

Video games are something which is involved almost in every person's life. Some people play them when they're young, some play in their teens, some play after they come home from office and some play after they retire.

The video games were simply designed simulations that was started in 1950's and 1960's by computer scientists on the early computers. In 1952, British professor A.S. Douglas created OXO, also known as noughts and crosses or tic-tac-toe, as part of his doctoral dissertation at the University of Cambridge. In 1958, physicist William Higinbotham developed "Tennis for Two" on a large analog computer and connected oscilloscope screen.

In 1962, Steve Russell at the Massachusetts Institute of Technology (MIT) invented Spacewar! a computer-based space combat video game. It ran on the Programmed Data Processor-1 (PDP-1), a cutting-edge computer primarily found at universities. Spacewar! was the first video game that could be played on multiple computer installations.

In 1967, Ralph Baer and his team at Sanders Associates, Inc., created a prototype multiplayer, multi-program video game system that could be played on a television. Known as "The Brown Box," this invention led to the release of the Magnavox Odyssey in 1972, the first video game home console. In 1977, Atari launched the Atari 2600 (also known as the Video Computer System). This home console featured joysticks and interchangeable game cartridges, marking the beginning of the second generation of video game consoles.

In 2023, the gaming industry reportedly earns more than film industry and music industry combined which is around \$249.60 billion. According to a report by SuperData Research, the global gaming market was valued at \$159.3 billion in 2020 and is estimated to reach \$268.8 billion by 2025. This is already over three times the revenue of music industry and film industry combined. [2] The 2024 global video game market's projected value of \$179.1 billion, with a healthy 6.4% CAGR, bodes well for the US industry. As a key player, the US drives this growth through successful titles like Call of Duty and Grand Theft Auto. A mobile gaming market experiencing significant growth and innovation, led by companies like Zynga, strengthens its longstanding dominance in the international arena. This success attracts international investment and talent, promoting innovation and pushing the industry forward.

**Keywords:** Video Gaming; Mobile Gaming; Monetization Strategies; Esports; Resource Allocation;

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## 1. Introduction

The US video gaming industry is the largest video gaming industry in the world. According to a study by Entertainment Software Association, the revenue generated by the American video game industry in 2019 was \$90.3 billion, supporting over 430,000 American jobs. Not only having huge sales, major publishers headquartered in the United States are Sony Interactive Entertainment, Microsoft Gaming (consist of Xbox Game Studios, Bethesda Softworks and Activision Blizzard), Electronic Arts, Take-Two Interactive, Epic Games, Valve, Warner Bros. Games, Riot Games, and others.

[5] Within the competitive US video game market, influencer marketing has emerged as a potent tool for amplifying digital presence and driving adoption. By strategically partnering with established gaming personalities, developers can leverage their trusted expertise and passionate communities to generate organic excitement and propel new titles to prominence. This approach transcends traditional advertising, fostering authentic connections and igniting grassroots movements around promising games. Examples like Ninja's transformative influence on Fortnite and PewDiePie's support for indie horror titles demonstrate the undeniable impact of this strategy. In essence, influencer marketing acts as a catalyst, orchestrating a harmonious collaboration between creators and audiences, ultimately shaping the landscape of the US video game industry.

E3 is a video gaming expo which is held annually in Los Angeles, California is considered to be biggest gaming expo as the game awards and game reveals happen. The ESA (Entertainment Software Association) reported that 58% of Americans owns at least one dedicated gaming console, PC or a smartphone. Most of them believe that the games give the most value for their money compared to other entertainments like movies or music.

Imagine a world where dragons hoard virtual treasure, spaceships chase billion-dollar bounties, and pixelated heroes conquer hearts and charts. This isn't just a fantastical realm confined to screens; it's the booming landscape of the U.S. video game industry, a \$60 billion behemoth where artistic dreams collide with financial realities. But how do these digital playgrounds turn pixels into profits? What intricate dances do developers and publishers perform to balance creative visions with investor expectations and market demands? This is the captivating puzzle we delve into, peeling back the layers of financial decision-making that fuel this vibrant industry.

Our journey begins by exploring the diverse funding pipelines that nourish these digital creations. From the tried-and-true venture capital backers and publisher deals to the newer frontiers of microtransactions and loot boxes, we untangle the complex web of financial models that bring games to life. Then, we shift our focus to the art of monetization, examining the delicate waltz between upfront costs, enticing in-game purchases, and the ever-evolving subscription model. It's a balancing act on a tightrope, where developers must entice players without sacrificing artistic integrity or succumbing to predatory practices.

But the equation doesn't stop there. Data, the fuel of the 21st century, plays a crucial role in shaping financial decisions. We shed light on the intricate world of metrics and analytics, where player behavior is dissected and quantified to influence game design, marketing campaigns, and resource allocation. Every click, every virtual purchase, whispers insights that guide studios towards profitability and player engagement.

Finally, we cannot ignore the looming cloud of regulation. As the industry evolves, so too does the legal landscape, particularly in the murky waters of in-game gambling and loot box mechanics. We examine the potential impact of these regulatory shifts on financial strategies, asking crucial questions about balancing profitability with ethical considerations and player well-being. [14] Games could create their own crypto-based currencies used for purchasing in-game items, cosmetics, or access to exclusive content.

This intricate analysis aims to illuminate the often-opaque world of financial decision-making in the U.S. video game industry. It's a journey not just for scholars and investors, but for anyone captivated by the magic of pixels and the fascinating dance between art, commerce, and the human desire to play. So, grab your virtual controllers, buckle up, and prepare to delve into the captivating world where pixels become profits, and play fuels a multi-billion dollar empire.

In the American video game arena, where artistic dreams jostle with market realities, a captivating ballet of financial decisions unfolds. This intricate dance balances the fiery passion of creative vision with the stoic demands of profit, weaving a fascinating tapestry across several key domains.

### 1.1. Funding and Investment

- Securing funding: Developers and publishers choose between traditional venture capital, publisher deals, crowdfunding, or alternative models like microtransactions and loot boxes.
- Monetization strategies: Deciding on upfront costs, in-game purchases (DLC, cosmetics), subscription models, or a hybrid approach.
- Resource allocation: Prioritizing development areas, marketing campaigns, and live service support based on budget and expected return.

### 1.2. Product Development and Design

- Balancing features and budget: Prioritizing features within budget constraints, potentially impacting gameplay scope or monetization needs.
- Data-driven decisions: Using player analytics to inform game design, optimize monetization elements, and personalize content.
- Live service considerations: Planning for post-launch content updates, microtransaction integration, and ongoing player engagement strategies.

### 1.3. Risk Management and Regulation

- Managing development risks: Balancing potential delays, technical issues, and market reception with projected success.
- Navigating loot box and gambling regulations: Adapting monetization models to comply with evolving legal landscapes and ethical considerations.
- Protecting intellectual property: Strategies for safeguarding game assets, code, and creative concepts.

### 1.4. Overall Business Strategy

- Market targeting and positioning: Deciding on target demographics, genre focus, and competitive differentiation strategies.
- Mergers and acquisitions: Evaluating potential partnerships, studio acquisitions, or platform exclusivity deals.
- Long-term growth and sustainability: Balancing short-term profits with long-term player engagement and brand building.

These are just some of the many financial decisions that shape the US video game industry. Understanding these choices provides a deeper appreciation for the complex factors that influence the games we play and the companies that create them.

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## 2. Take – Two Interactive

Take – Two Interactive is a parent company of eight companies which includes big publishers like Rockstar Games and 2K. These two publishers are known for their bestselling game titles like 'Grand Theft Auto', 'Mafia' and 'Bioshock'. Till date 'Grand Theft Auto V' is the best-selling game of all time after 'Minecraft'. The GTA V has 175 million units and counting. The Take – Two Interactive was started in Delaware with an initial funding of 1.5 million Dollars in the year of 1993. In the year 1994, the Take – Two Interactive had its first deal with GameTek. In 1996, Take – Two Interactive generated around 10 million USD. [6] [7] As the company wanted to secure additional funds, it issued its IPO on April 15, 1997. It was listed on NASDAQ stock exchange as TTWO. The opening price was \$5.50 and on its first day, it was rose to \$5.75. Through the Initial Public Offerings, the company earned an amount of 6.5 million USD. Also, it managed to acquire 4 million USD on venture fund promissory notes.

In 1998, the company acquired BMG Interactive through 1.85 million shares which is equivalent to 14.2 million USD. BMG Interactive wasn't able to perform well in its sales of its only product 'Grand Theft Auto' as it was only released in Europe. After it was merged with Take – Two Interactive, it was released in America and it was a huge hit. In the same year (1998), Take – Two Interactive acquired various distributions and also took over DMA Design (later renamed as Rockstar North).

[9] In the period of 2001 to 2006, Take – Two Interactive has invested enormous amount of money in its product 'Grand Theft Auto'. Simultaneously, it spent a sum of 80 million USD buying game developers which included **2K**, **Visual studios**, **Kush games** and many more. However, in this period, Take – Two Interactive records were examined by US Securities and Exchange Commission (SEC) and they had reported that the company was involved in a fraud of 60

million USD. A lawsuit was filed against Take – Two Interactive in December, 2001. The allegation was that Take – Two Interactive falsified business records and virtually increasing the prices of their shares. This case went on till 2007 where Ryan Brant (Founder, later stepped down to CEO of Take – Two) cooperated with SEC and paid a fine of 6.4 million USD instead of jail time of four years.

In the decade of 2008 - 2018, Take – Two Interactive sold off Jack of All Games to Synnex for 43 million USD. 2K started to release its annual lineup of WWE and NBA series. Rockstar released its product 'Grand Theft Auto V' which has sold 100 million copies till 2018. In March, 2018, Strauss Zelnick (current CEO of Take – Two Interactive) attended a meeting at White House which was held by Donald Trump. This meeting involved various members of video game industry and members of Congress to discuss about the intensity of violence in video games due to a spike of school shoot-outs.

In 2019, Rockstar Games acquired Dhruva Interactive for 7.9 million USD and later merged it into Rockstar India which employed 320 people. In the same year, Rockstar Games has stated that they released their own game launcher, distributions and communication services. In 2021, Take – Two Interactive had its largest acquisition of Nordeus, a mobile games developer for a whopping sum of 378 million USD. Later, T2 mobile games were launched to boost its presence in mobile game market. In 2023, Take – Two Interactive acquired a mobile game subscription company GameClub for undisclosed sum.

Revenue generated by Take – Two Interactive in 2023 in 5.349 billion USD and its total assets are valued at 15.86 billion USD. The company has over 9.042 billion USD in equity.

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### 3. Electronic Arts

EA is a video game company having its headquarters at Redwood City, California. The company was founded in 1982 by Trip Hawkins, a Apple employee. EA games own elite game titles like Battlefield, Need for Speed, The Sims, Medal of Honor, Command & Conquer, Dead Space, Mass Effect, Dragon Age, Army of Two, Apex Legends, and Star Wars, as well as the EA Sports titles FIFA, Madden NFL, NBA Live, NHL, PGA and UFC.

In the year 1982, the company has an initial investment of 200,000 USD. It took over seven months for Hawkins to refine the business plan. He recruited most of his employees who've worked in Apple, Atari, Xerox PARC, and VisiCorp. Hawkins was decided to offer specifically to buyers. Combined with the reality that Hawkins was spearheading unused amusement brands, this made deals development more challenging. Retailers needed to purchase known brands from existing conveyance accomplices. This policy gave EA higher margins and market awareness and advantages over its competitors.

The games of EA were sold in a special package inspired from album covers. In 1987, EA developed its first game 'Skate or Die!'. Next year, they released a flight simulator know as 'F/A-18 Interceptor', exclusively for Amiga Computers. In 1990, EA started to develop games for consoles which were owned by Nintendo Entertainment System. In 1994, EA released John Madden Football, FIFA International Soccer, Shaq Fu, Jungle Strike and Urban Strike for various consoles.

EA also did compete in console industry. It did manufacture 3DO console till PlayStation arrived in the Market in 1995. The company stopped manufacturing 3DO consoles in 1996. EA began its move toward direct distribution of digital games and services by purchasing the popular online gaming site Pogo.com in 2001. On June 20, 2006, EA purchased Mythic Entertainment, who are finished making Warhammer Online. In 2009, EA acquired London-based social gaming startup Playfish.

The ESPN deal gave EA exclusive first rights to all ESPN content for sports simulation games. EA signed a 15-year contract with ESPN in January 2005. On April 11, 2005, EA announced a similar six-year license agreement with the Collegiate Licensing Company (CLC) for the exclusive rights to college football content. EA was the first publisher to release annual updates to its Esports franchises—Madden, FIFA, NHL, NBA Live, Tiger Woods and others with updated player rosters and minor graphics. In 2006, Nokia partnered with EA for its mobile games which included titles like Tetris, Doom, FIFA 06, Tiger Woods PGA Tour 06 and FIFA Street 2.

In June 2007, modern CEO John Riccitiello reported that EA would reorganize itself into four names, each with obligation for its claim item improvement and distributing (the city-state demonstrate). The objective of the reorganization was to enable the names to function more independently, streamline decision-making, increment inventiveness and quality, and get recreations into the showcase quicker. This reorganization came after a long time of combination and securing by EA of smaller studios, which a few within the industry faulted for a diminish in quality of EA titles. In 2008, at the DICE Summit, Riccitiello called the prior approach of "purchase and acclimatize" a botch, regularly stripping littler

studios of its imaginative ability. Riccitiello said that the city-state show permits autonomous designers to stay independent to a huge degree, and cited Maxis and BioWare as cases of studios flourishing beneath the unused structure.

In 2007, EA have released several titles for MAC OS. They include Battlefield 2142, Command & Conquer 3: Tiberium Wars, Crysis, Harry Potter and the Order of the Phoenix, Madden NFL 08 and Need for Speed: Carbon.

In February 2008, Electronic Arts made a takeover bid for rival game company Take-Two Interactive. After the initial offer of \$25 per share, Take-Two's board of directors rejected proposals for an all-cash purchase. EA revised this to US\$26 per share, a 64% premium over the previous day's closing price, and announced the offering to the public. Online rumours surfaced earlier that Take-Two might be acquired by a larger company, though Viacom was a possible bidder. In May 2008, EA announced that it would acquire the assets of Hands-On Mobile Korea, a South Korean developer and publisher of mobile games. The company will be EA Mobile Korea.

In September 2008, EA withdrew its offer to acquire Take-Two. EA had cut more than 1100 jobs which represented 11% of their total work force due to economic crisis in 2008. 12 facilities were also closed additional to the poorer performance in the holiday season. In a conference with reporters, John Riccitiello said that the poor performance is not entirely the crisis's fault but also as EA didn't release any blockbuster titles. EA reported 641 million USD of loss in quarter ending of 2008. On June 24, 2009, EA announced that it would merge its two development studios, BioWare and Mythic, into a single RPG and MMO development studio. On November 9, 2009, EA announced layoffs of 1,500 employees, representing 17 percent of its workforce, across several studios, including EA Tiburon, Visceral Games, Mythic, and EA Black Box.

On May 4, 2011, EA reported revenue of \$3.8 billion for the fiscal year ending March 2011, and on January 13, 2012, EA announced that its digital revenue for the previous year had surpassed \$1 billion USD. In June 2011, EA launched Origin, an online service that sells downloadable PC games to consumers. Meanwhile, Valve, which operates Steam in direct competition with Origin, announced changes to its store policy that banned games that used unlimited in-app purchases. to the sales process, EA and some of its products will be removed. The games include Crysis 2, Dragon Age II, and Alice: Madness Returns in 2012. EA released a new version of Crysis 2 that included all the downloadable content without the hero part, but not and EA published other games on Steam until 2019. , to purchase all PC versions of the game through Origin.

In April 2013, EA announced a reorganization which was to include dismissal of 10% of their workforce, consolidation of marketing functions which were distributed among the five label organizations, and subsumption of Origin operational leadership under the President of Labels. The reorganization and revised marketing strategy lead to a gradual increase in stock value. In July 2015, Electronic Arts reached an all-time high with a stock value of US\$71.63, surpassing the previous February 2005 record of \$68.12. This is also up 54% from \$46.57 in early January 2015.

On February 6, 2019, Electronic Arts' stock esteem was hit by a decay of 13.3%, the most noticeably awful decay since Halloween 2008. This was generally due to the promoting of their expected title Battlefield V, which was discharged after the occasion season of October 2018. Stocks were as of now declining since late August, when EA reported that Battlefield V's discharge would be postponed until November. Upon discharge, the diversion was met with a blended gathering, and EA sold one million less duplicates than their anticipated figure of 7.3 million. Moreover, ascribed to the stock dive was the game's need of the diversion mode Battle Royale, popularized by Player Unknown's Battlegrounds and after that Fortnite. Stocks at that point surged 9.6% with the astonish discharge of Summit Legends, which earned 25 million players in fair one week, crushing Fortnite's record of 10 million players in two weeks.

Due to COVID-19 lockdowns and growing demand for online games, EA's revenue grew to \$1.4bn in the first quarter of 2020. EA changed the name of EA Access and Origin to EA Play on August 18, 2020. However, as part of our restructuring process, we have not changed the subscription price or the services we offer. In December 2020, EA proposed to buy British racing game developer Codemasters for \$1.2 billion, more than Take-Two Interactive's previous offer. The sale, approved by Codemasters, was completed on February 18, 2021, and all shares of Codemasters were transferred to Codex Games Limited, a subsidiary of EA. In the end of April 2021, EA acquired Glu Mobile in a deal estimated worth \$2.1 billion.

[1] The Public Investment Fund of Saudi Arabia acquired 7.4 million shares of EA, valued at \$1.1 billion, in February 2021. EA acquired mobile game developer Playdemic Studios for 1.4 billion USD in 2021.

In June 2023, EA announced an internal reorganization of the company. CEO Andrew Wilson announced that the company will be reorganized into two entities: EA Sports and EA Entertainment. Cam Weber is the president of EA

Entertainment and the former vice president and general manager of EA Sports. On the same day, it was also announced that CEO Chris Suh and CEO Chris Bruzo will leave the company at the end of the month, marking the first of the companies' departures and additional retirements.

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#### 4. Microsoft Games:

Microsoft Games is a parent company that owns three major publishers which are XBOX Games and services, ZeniMax Media and ACTIVISION Blizzard. Microsoft Games is the third largest gaming company worldwide by earnings and the largest employer in the video games industry in US. The company has some best-selling and famous titles which includes Call of Duty, Minecraft, Halo, Warcraft and The Elder Scrolls and Candy Crush. As announced in 2022, Microsoft Games is now working on merging all the divisions into a single division. Microsoft Games is headquartered at One Microsoft Way in Redmond, Washington, US.

[8] In the year 2000, Microsoft has its new game division Microsoft Game Studios (MGS) which released Xbox, a video gaming console, in 2001. In the success of Xbox, Microsoft acquired a number of developers for its games which includes 343 Industries for its Halo series and Turn 10 Studios for its Forza Series. After Satya Nadella promoted to CEO, Microsoft has tried and successfully acquired Mojang Studios (Minecraft developer) for a sum of 2.5 billion USD. Minecraft has the all-time sales worldwide and best-selling game till date.

In 2017, MGS shifted its strategy towards Xbox Game Pass which was a service platform, where users could play all sorts of exclusive Xbox titles through subscription. In 2019, MGS is renamed to XGS (Xbox Game Studios). In very next year, XGS acquired ZeniMax Media for a sum of 8.1 billion USD. As Microsoft Gaming CEO, Phil Spencer proposed to acquire Activision Blizzard for 68.7 billion USD in cash. Activision Blizzard' CEO Bobby Kotick accepted the proposal in order to compete against gaming companies rising in China and Japan. The primary reason to acquire Activision Blizzard was to get an entry into mobile games. This acquisition made Microsoft third largest publisher after Tencent and Sony Interactive Entertainment. Microsoft announced that Activision Blizzard' CEO Bobby Kotick will be leaving the company by December 29, 2023.

Microsoft CEO Satya Nadella said Microsoft Gaming currently has 12 franchises, each with more than \$1 billion in lifetime revenue. Candy Crush Saga alone has earned \$20 billion in lifetime revenue. After acquiring Activision Blizzard, Microsoft Gaming added Activision Blizzard to the company, doubling its video game workforce, number of studios, and revenue. Microsoft Gaming has a strong presence in the multiplayer gaming space as one of the leading multiplayer game publishers and live streaming services, along with Take-Two Interactive, Electronic Arts and Tencent.

Microsoft Gaming has held market dominance, owning popular First-Person Shooting franchises like Call of Duty, Halo, Doom, Quake, Rage, and Overwatch, as well as RPG franchises such as The Elder Scrolls, Fallout, Fable, Wasteland, Pillars of Eternity, Warcraft, and Diablo. Microsoft Gaming has struggled to find success in third-person shooter (TPS) and single-player games, and has struggled to compete with industry leaders such as Sony, Take-Two Interactive, Nintendo, Capcom, and Square Enix. Despite hard efforts, the company has struggled to establish itself and gain the same recognition and market share as its competitors. This competitive landscape presented difficult obstacles that prompted Microsoft Gaming to reassess its strategy and perhaps explore other genres or approaches to improve its market position. Microsoft Gaming sought to gain traction in the third-person single-player genre, developing games such as Gears of War, Quantum Break, Sunset Overdrive, Senua's Saga: Hellblade II, Marvel's Blade, and Indiana Jones. Despite these efforts, the company still faces challenges to successfully compete in the genre, struggling with the dominant market position of rivals such as Sony and Nintendo. The development of these high-profile games is a sign of serious momentum in the genre, but Microsoft Gaming is still struggling to establish a significant presence and capture the attention of players in the face of strong competition. [13] Xbox Live employs fraud detection systems powered by machine learning to analyze transaction data and flag potentially fraudulent purchases. They leverage anomaly detection algorithms to identify deviations from regular spending patterns.

[4] Imagine searching for promising video game stocks in the US, not just looking at price tags, but delving deeper into their potential. That's the essence of "Qualitative construction of growth stock portfolios—a score-based approach." It's like scoring an athlete based on various skills, not just their final sprint time.

This approach assigns points to factors like a company's innovative game concepts, strong development teams, passionate fan communities, and robust financial health. Think of it like judging a game's potential beyond just its current sales figures. A smaller studio with a groundbreaking VR concept might score higher than a giant with stagnant sequels, reflecting the potential for future growth.

Real-life examples abound. Back in 2015, Bethesda Softworks, known for the "Fallout" series, might not have been a top seller compared to Activision Blizzard. But its focus on immersive world-building and dedicated fan base earned it high marks in a score-based approach. Fast forward a few years, and Bethesda's success with "Fallout 4" and "The Elder Scrolls Online" validates that initial assessment.

Similarly, CD Projekt Red, the Polish studio behind "The Witcher" series, scored high on innovation and storytelling despite being a smaller player. Today, their critically acclaimed "Cyberpunk 2077" stands as a testament to their potential, even amidst its initial launch challenges. This score-based approach isn't about guaranteeing winners, but about looking beyond the surface and identifying hidden gems with the potential for explosive growth. It's like scouting for talented rookies who might become future gaming superstars, not just relying on established veterans. [12] In 2020, Microsoft launched Xbox Game Pass in India with local pricing and partnered with Paytm, a popular Indian digital wallet, for payments. This move targeted the growing Indian gamer base and facilitated smoother transactions.

After entering into the world of consoles, Xbox has three successive systems till 2023. The series X and the series S were the latest consoles. By 2023, more than 21 million Xbox Series X/S consoles will be sold. Phil Spencer said Microsoft Gaming sells consoles at a loss, losing \$200 per unit sold. However, Microsoft Gaming is paying for these losses by taking a 30% cut of third-party game sales on its platform.

Microsoft has its rivalry with its biggest competitor Sony since Xbox was released in 2001. When Xbox 360 was released, PlayStation 3 was released by Sony. Similarly, PlayStation 4 was released and at the same time, Xbox One was released. Even though, both the consoles were released at the same time, PS4 sold twice the number of Xbox consoles sold.

During the eighth generation of game consoles, the PlayStation 4 sold 117 million units, the Nintendo Switch sold 133 million units, and the Xbox One sold only 58 million units. Sony's success is due to its unique game catalog and marketing strategy. Microsoft originally focused on multimedia features based on gaming features. Sony took advantage of the field of view. The PlayStation 4 and Nintendo Switch beat out the Xbox One in terms of design and a large selection of original games. In 2017, Xbox began to rethink its strategy and focus more on exclusive content and game-oriented tactics to better compete in the market. The Xbox Series X/S consoles will continue to compete with the Nintendo Switch and PlayStation 5 (PS5).

The console game market is defined as all console hardware, console game content and console subscriptions. In 2023, Sony remains the world leader with a 45% market share in PlayStation hardware, games and services, followed by Nintendo with a 27.7% market share and Microsoft with 27.3%. By 2023, Sony will have 70% of the global high-end console market and Microsoft will have 30% of the market share. During bilateral trade talks between the United States and Japan, US Senator Maria Cantwell of Washington expressed concern about what she sees as PlayStation's market dominance. The publisher really emphasized the uniqueness of the PlayStation and supported the Xbox as a competitive game. During a Senate Finance Committee meeting with US Trade Representative Katherine Tai, Senator Cantwell raised concerns about Japan's high-end gaming market, where PlayStation has 98% independence in the industry. Cantwell complained about Sony's competitive behaviour, which was encouraged by special deals and payments to game publishers. The senator also criticized the Japan Fair Trade Commission for not investigating Sony's actions.

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## 5. Sony Interactive Entertainment

Sony Interactive Entertainment (SIE) isn't merely a video game company; it's a maestro, meticulously composing an interactive symphony that has captivated audiences for decades. The genesis of this symphony lies in 1993, when Sony Computer Entertainment Inc. (SCEI) emerged, its baton poised to conduct a revolution.

In 1994, the first notes of this revolution resonated with the unveiling of the PlayStation. This sleek, obsidian monolith wasn't just hardware; it was a portal to fantastical realms, rendered in then-unimaginable 3D landscapes. It democratized immersive gaming, placing the power of virtual worlds in the hands of millions. The PlayStation's arrival wasn't met with applause; it was thunderous, announcing a paradigm shift in interactive entertainment.

But SIE, the ever-adapting conductor, refused to rest on its laurels. The year 2000 saw the crescendo of the PlayStation 2, a console that redefined possibilities. This behemoth boasted not just superior graphics but a boundless library of experiences, from pulse-pounding action to introspective narratives. It transcended generations and demographics, becoming a ubiquitous fixture in homes worldwide, a testament to SIE's ability to orchestrate entertainment for all.

Recognizing the burgeoning desire for portable entertainment, SIE in 2004 crafted the PlayStation Portable (PSP), a miniature maestro in its own right. This pocket-sized prodigy offered gamers the freedom to lose themselves in

captivating worlds wherever they ventured. Its vibrant screen, intuitive controls, and diverse game library cemented its place as a beloved companion, a testament to SIE's understanding of the evolving needs of its audience.

Beyond hardware, SIE grasped the power of connection. In 2006, they unveiled the PlayStation Network (PSN), a digital bridge that fostered a thriving online community. The PSN transformed gaming, enabling players to transcend physical boundaries, forge friendships across continents, and share experiences in a virtual orchestra pit. It was a masterstroke, weaving a tapestry of shared experiences that solidified SIE's position as a conductor of not just individual entertainment, but collective joy. In the period of 2005-2006, SIE acquired video game developers 'Guerrilla Games' and 'Zipper Interactive'. Sony discussed to release its 3<sup>rd</sup> Gen console PlayStation 3 (PS3) and announced to implement PlayStation Network which would allow players to have multiplayer support in March, 2006. The PS3 was released in Japan on November 11, 2006, and the U.S. date was November 17, 2006.

In the late 2000s, Sony's gaming arm, SCEI, navigated a period of internal evolution. Streamlining operations, they merged non-core divisions with Sony while bifurcating their gaming focus. One branch championed consoles like the sleek PSP Go (2009), while the other cultivated online experiences through the PlayStation Network's integration with Sony's broader offerings. This strategic shift didn't diminish their commitment to gamers. The highly anticipated arrival of the PlayStation 4 in 2013, with its powerful hardware and refined design, cemented their position as a gaming powerhouse. Notably, 2014 saw them enter the Chinese market with the PlayStation 2, capitalizing on the lifted console ban and showcasing their adaptability in a changing landscape.

Sony Interactive Entertainment (SIE), a maestro in the interactive entertainment orchestra, has consistently reinvented its composition to harmonize with the ever-shifting rhythms of the gaming industry. This vibrant saga, punctuated by strategic mergers, audacious acquisitions, and even the occasional discordant legal note, reflects SIE's unwavering commitment to captivating audiences worldwide.

In 2016, SIE orchestrated a harmonious fusion, integrating Sony Computer Entertainment and Sony Network Entertainment International into a unified chorus. This streamlined symphony aimed to amplify the impact of both gaming and online services, resonating more powerfully with global players.

Later that year, whispers of a grander merger rippled through the industry, with speculations hinting at a potential union between SIE and its cinematic counterparts. While this ambitious score remained unplayed, it showcased SIE's ongoing exploration of synergistic possibilities within the expansive Sony entertainment realm.

Recognizing the need for diverse instruments in its orchestra, SIE embarked on a series of strategic acquisitions. In 2019, the renowned Insomniac Games, masters of titles like "Ratchet & Clank" and "Spider-Man," joined the ensemble, enriching SIE's repertoire with their acclaimed melodies. Furthermore, SIE expanded its global reach by establishing its first Southeast Asian studio in Malaysia, diversifying the cultural influences within its musical tapestry.

Ever attuned to the evolving soundscape, SIE in 2020 forged a strategic partnership with Epic Games, acquiring a minority stake. This collaborative chord not only granted access to Epic's cutting-edge Unreal Engine 5 technology, but also strengthened the bonds between two industry titans. Further solidifying their commitment to this technological harmony, SIE confirmed the utilization of Unreal Engine 5 for the upcoming PlayStation 5, potentially redefining the future of interactive symphonies. [11] Sony's PlayStation 5 console was designed with modular components that are easier to repair and replace, potentially extending its lifespan and reducing e-waste. While not directly IoT-driven, it demonstrates a move towards more sustainable hardware practices. [10] Despite its harmonious melodies, SIE hasn't been immune to the occasional discordant note. In November 2023, a legal challenge arose in the UK, with consumer advocates demanding the mandatory sale of all digital PlayStation content through the PlayStation Store, accompanied by a 30% commission for SIE. This potential discord, if unresolved, could result in significant financial repercussions, highlighting the intricate legal landscape surrounding digital marketplaces and consumer rights.

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## 6. Conclusion

The American video games industry is a dynamic and growing sector that has seen significant growth and development over the years. Driven by technological advances, changing consumer preferences and the growing popularity of sports, the industry has become a major player in the entertainment landscape. The market and its strength, especially in difficult times like the COVID-19 pandemic, indicate its strong character. As gaming platforms change and gaming experiences continue to evolve through virtual reality, augmented reality and cloud gaming, the industry is poised to expand. The symbolic link between hardware innovation and the inclusion of gaming content continues to drive the industry's success. Additionally, the industry's commitment to inclusion and diversity has resulted in a broader and



larger player base and greater cultural impact. However, challenges such as addiction concerns, productivity and corporate integration are areas that require continued attention and ethical consideration. As the industry grows, the balance between innovation, responsible gaming and maintaining a positive impact on society is important.

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## Compliance with ethical standards

### *Disclosure of conflict of interest*

Authors have declared that no competing interests exist

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