

# Covid-19's Impact on the Gaming Industry and Countermeasures

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## ABSTRACT

The game industry has considerably impacted the 2019 new crown epidemic. In this environment, the increase in the number of players makes the game market more competitive. Ensuring the company's development and profitability under the fierce competition and the epidemic's impact is a problem that every game company needs to face. This study studies the issues and effects of the aims game industry in COVID-19 and why game companies respond to the epidemic and continued growth. The research shows those game companies face the problem of fresh ideas to make games and game-related equipment. However, this problem has become more severe under the envelope of the epidemic. However, a Japanese game company, Nintendo, has even attracted more new users through new games and unique game equipment to make stable profits. Nintendo's success in the epidemic shows that game companies can target players in the outbreak with outstanding products and continue to achieve profitability and development.

**Keywords:** *COVID-19, Game industry, Nintendo*

## 1. INTRODUCTION

The primary purpose of research is to provide information necessary for action, gather evidence for the theory, and aid in developing knowledge in training. It is also a tool for structuring knowledge and encouraging learning. It is a way of understanding the problem and raising public alertness. It permits us to refute the lie and uphold the truth. Research boosts confidence in reading, writing, examining, and distributing valued data, and provides sustenance and exercise for your brain [1].

The Covid-19 outbreak in early 2020 harmed the healthcare sector and the entertainment industry. A lot of people remaining at home have turned to home entertaining. They turned to video games to relieve the anxiety of the pandemic and have enjoyable. The World Health Organization (WHO) recognizes the great interest in games and evaluates games to prevent epidemics. Today, the WHO has begun releasing information to the global gaming industry to support the extent of Covid-19. To reinforce this information, eighteen gaming producers in the performing industry have sprung Play Apart Together, a program that inspires a comprehensive system of workers to comply with WHO health strategies,

counting human estrangement, hand cleanliness, respiratory ethics, and added strict precautions. The program encourages consumers to embrace best practices for their fitness, household, and the public by providing specific actions, prizes, and stimulus for more or less of the world's greatest widespread games [2].

Toledo investigated the behavioral changes of game players and their handling of games during the epidemic. By analyzing user changes in different contests and satisfaction surveys, the research has concluded that player behaviors have become more widespread during the epidemic. At the same time, players of varying age groups surveyed also indicate that their playing time became longer during the quarantine period and even increased contact with friends and family [3]. Kim and Kong study Nintendo's games "Animal Crossing Friends" and "Sports Ring" and investigate why these two games allow players to reduce stress, connect with others, and even become healthier during the outbreak of the epidemic. The study analyzes why the "Animal Crossing Friends Club" is relaxing by comparing the world created in the game with the pressure in the real world. In the end, the study concluded that during the epidemic, games are a significant contributor to relaxing

people and maintaining physical and mental health [4]. Zhu discusses the psychological impact of video games on people during COVID-19. Then the researchers studied the stock changes of well-known game companies such as Blizzard, Ubisoft, Capcom, and other companies and the changes in the number of players and active users on the Steam platform. At the same time, it also discussed the changes in the game industry during the epidemic. Through platform data and game company stock changes, it concluded that the video game industry has succeeded under the influence of the epidemic [5].

Liu discusses how Nintendo's marketing strategy has used the epidemic to increase sales during the epidemic. Compared with other gaming devices such as PlayStation, XBOX, and PC, it discussed why people who are isolated and socially distanced at home during the epidemic are more inclined to Nintendo's devices. At the same time, it showed Nintendo's promotion policy during the epidemic to analyze why such concepts and advertisements were more attractive during the epidemic. Finally, the study summarized the reasons for Nintendo's success during the epidemic and its solutions to the problems during the epidemic [6]. Şener et al. study the impact of the pandemic on the gaming industry and its key partners. They examined the stock prices of five-game companies in 2020 and daily Steam user statistics in 2019 and 2020. They estimated those game makers and publishers delayed game release dates due to difficulties and shortcomings of the outbreak. They were working away from the stock price. As a result, hypothesis testing shows that gaming companies raised their stock prices during the epidemic. This outcome is not what they expected [7].

Ortiz et al. present trends and comparisons were showing changes in video game use and production during periods of abstinence due to health emergencies. There is proof that online video game use increased by 65%, breaking world records. They have developed and delivered products with new aspects and considerations that the gaming industry hasn't offered before, such as games with themes related to the COVID-19 pandemic [8]. Chau et al. investigate the impact of COVID-19 on the gaming industry in Macau. In-depth interviews were conducted with representatives of six casino groups in Macau. Research shows that the casino business is highly affected by restrictions on the movement of tourists. Finally, this study shows that despite the availability of Covid-19, the gaming industry will continue to be the dominant industry in Macau [9]. López-Cabarcos et al. studied the relationship between the return provided by video games and e-sports exchanges and financial and social variables using the logit-probit model. As a result, the influence of social variables is weaker than that of economic variables. There is a significant inverse relationship between market volatility and ESPO returns, and there is a very effective relationship between ESPO returns and gold returns [10].

Hawkins introduced the transition and trends taking place in the gaming industry, which includes but is not limited to that the games have become a social platform for people to communicate, a more considerable portion of participation in the cloud-based gaming and services, mobile will be leading the industry, the need of change in the legacy companies, and the free-to-play model's tendency to expand in the future—concluding with that the gaming world is changing fast. Therefore, companies need to work harder to adapt to it [11]. According to Skwarczek, gaming changed its position or role from being seen as isolating and unsociable to a powerful platform for communicating. In addition, more and more people are joining the industry because it is very inclusive both in geodemographics and the equipment needed. The result is that the companies need to value the gamers the most and level up the industry that's only getting started [12].

The Facebook report mentioned that the gaming industry faces a formidable challenge and unprecedented consumer demand and disruption surge. That means the sector primarily has to adapt to changes and consumer habits to create an environment where consumers can find new ways to stay "connected." Moreover, besides gaming itself, more pertaining services like gameplay streaming, online groups related to gaming also saw a massive increase in the number of viewers or users. The conclusion is that this trend of social gaming and the new surge of gamers keep coming will continue in the near foreseen future [13]. Vyas talked about that, with the enormous increase in the gaming consumption, many games have been released just on time and to critical acclaims, like *Animal Crossing*, which achieved incredibly high sales figures, helped demonstrate the eagerness of games that are forced to stay indoors to start a relatively new and virtual life. *Ring fit Adventure* was another example of a need-matching strategy, which helped satisfy the customers who wanted to stay fit. In the pandemic, many games and applications were invented to meet customers' needs and further and better adapt to the circumstances [14].

## **2. THE IMPACT OF COVID-19 ON THE GAMING INDUSTRY**

The global influence of the COVID-19 pandemic on the video game sector is reflected in sales numbers, changes in learning and marketing policies, and the habits of kids, youth, and adults at home. In addition, of course, it will have societal, financial, and emotional values. Although video games were initially developed separately, with this development, online games have become more and more attractive to consumers, but there has been more relevant growth during the pandemic. In other words, the development meeting and the everyday user are one—the world of evolution. In the workplace, this health crisis and the lack of professional academic

experience and programming training have increased the demand for professionals in this new age and new style of video game competition whole life.

Gaming and electronic sports don't seem like a temporary frenzy. Even during the COVID-19 occurrence, the industry is constantly evolving. In other words, it is apparent that COVID-19 severely damaged the industry before and during the outbreak of COVID-19. The game industry will also suffer damage after the outbreak. Therefore, it is necessary to conduct a thorough analysis of how and to what extent these changes will affect the company, its investors, and its employees. Impacts and impacts on industries are usually analyzed from the perspective of consumers and investors rather than from a corporate perspective. The more attractive virtual worlds are to users, the more data they generate, which can be used in various ways in the future.

What can games teach us during the coronavirus outbreak? "They have different views on the impact of games, especially on epidemics. Many aspects have been discussed above. Games have the power to entertain and relax and can reduce stress (or temporarily the realities associated with outbreaks). They can also eliminate problems and fear, this allows users to interact with their friends virtually.

### **3. PROBLEMS IN THE GAME INDUSTRY**

Despite the evolutionary growth, the pandemic has taken to the gaming industry; there are still several significant concerns that are not negligible.

The need to be more innovative and productive is one of the most common and severe problems. Due to people's significantly extended time inside their houses, people have turned to video games as entertainment. According to a study conducted in Latin America, the gaming consumption time has increased on average by 52 percent [15]. The result is that it takes to "beat a game" significantly reduced. Moreover, consumers expect higher game qualities, a potential consolation they seek as compensation for the increased time spent on it. Both factors indicate that companies are expected to be more efficient and creative to meet consumers' needs to stay in business. Aside from the motivation it brings, employee crunch is another outcome when employees are pushed to their limit under a severe time constraint to complete tasks [16]. In other words, employees feel overwhelmed by the workload. Furthermore, it is believed to cause extreme stress and anxiety because there is often no additional pay [16]. Such pressures would need entrepreneurs' attention as it may decrease productivity, which would come at a very high expense, especially under the current circumstances.

Another critical challenge that coronavirus imposes is pertinent to social distancing. Companies have also been on the "online mode" for over a year, not just the

consumers. No doubt working from home could influence the company's productivity. The coronavirus presents an interesting dilemma for business owners because independent team members do not usually make games. Instead, teams are often not together for long hours. Moreover, game developers need fresh ideas and an interactive mind to produce. These are suppressed when forced to stay indoors, potentially impacting mental health. Therefore, it could make the development of games less efficient and drive up the cost [17]. An estimated one-third of developers surveyed in 2020 by the GDC stated that COVID-19 caused a delay of the games they were working on, a combination of the pandemic and the remote working conditions [2]. In addition, many other aspects of the operations are also restricted. The gaming industry market is increasing, so the pie is getting more extensive, and everyone wants a piece of it [17]. This means that the companies need to find innovative strategies to cope with the substantial production and marketing costs that come with it.

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### **4. RESOLUTION STRATEGY AND OUTLOOK**

With the expansion of the game market and the advent of the epidemic, game companies urgently need some ways to gain a foothold and remain competitive in the current environment. Currently, the uniqueness of games and game-related equipment is a nirvana that makes some companies stand out from the crowd.

For example, Nintendo, a game company from Japan, has adapted to the epidemic and even used the epidemic to develop its company and related products. This 132-year-old company announced a record one-year operating profit, which surged 82% year-on-year to 640.6 billion yen (\$5.9 billion). Fortune Magazine commented: "Nintendo won the epidemic"[18].

At the beginning of the epidemic, due to consumer panic about the epidemic, sales of Nintendo's game console switches and games declined. Nevertheless, as more people began to stay at home, the unique design of

switch and several games sold by Nintendo allowed them to continue to make steady profits during the epidemic. The Switch console comes with a screen, which will enable users to carry to places where desktops and other game consoles cannot reach. Even if there is no fully configured computer and host in the isolated area, users can still play games through the switch. At the same time, compared with PS4 and XBOX controllers priced at 64.99 and \$59.99, the switch's detachable controller allows two users to use the same console without purchasing additional controllers. This design makes it more convenient and cheaper for the needs of multi-person entertainment during home isolation. In this scenario, the two consoles, Switch and switch lite, reached 7.4 million units in the fourth quarter of 2020 [4].

During the epidemic, Nintendo released three popular games: "Fitness Ring Adventure," "Mario Kart 8 Deluxe Edition," and "Animal Crossing Friends Club." The release of these games allows players to experience the same joy of playing with friends and relieve the stress caused by the epidemic during the quarantine period. Although "Animal Crossing" is the ninth generation of this series, the sales volume still exceeds the sum of the first eight works. [3]. "Animal Crossing Friends Club" sells 31 million copies after its release, breaking the sales record set by Nintendo's other game Super Smash Bros, in 2018. [19].

The sudden epidemic has separated people, but games have brought people together again. Furthermore, games that connect people during the epidemic are just what they need. Game companies can seize the opportunities given during the epidemic and discover what players need from a new perspective. In this way, even when the epidemic is raging, game companies can still develop stably.

## 5. CONCLUSION

Covid-19 hit the world with unprecedented damage. All the individuals and businesses, aside from their anxiety and mental stress from staying-at-home order, also need to fight many times hard to make a living. Unlike most industries that suffered from this detrimental pandemic, the gaming sector went against the current and sorted its way out. Despite the undoubtful improvement in the gaming industry, there still exist lurking problems and challenges that businesses need to pay attention to and be cautious when dealing with. However, with their experience and professional strategical foresight and planning, several companies like Nintendo set a model of successfully adapting to various derived needs from customers under the circumstance, which led to a striving business and enormous competitive advantage. This article is meant to provide a brief overview of the gaming industry and let the companies reflect on where their future lies along the way. To take advantage of the possible benefits from this pandemic, or even to take in

business, companies need to make accurate analyses to balance their cost and manage spending, which is highly essential, especially when the laborers are being separated, which is making it extremely difficult to cooperate efficiently.

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