

# The Economics of Video Games



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# Supply & Demand

If the demand of games would increase, then the supply of games would decrease. The price of games would decrease due to a rightward shift of supply curve. For example, if GTA V were to go on sale, then the demand for the game would increase. The opposite would happen if game prices raise.



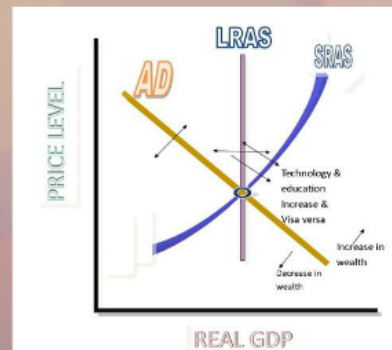
## *Opportunity Cost*

In the Gaming Industry, there are many factors that they have to take into account. For example, if game developers spent time on a game franchise, then they won't have time to spend when it comes to other projects.



# Aggregate Supply & Demand

If people bought more games, then the supply of the games would decrease and the price of games would increase. The GDP would increase because people are consuming more. People will want to invest more in game development since the industry will grow. If people don't like the game, GDP will decrease since there aren't many people who are willing to purchase the game. Which will lead to less consumerism, less investment, and an overall price drop.





# *Productions*

## *Possibilities Curve*

PS4 is better in terms of overall family entertainment. On the other side, Xbox One is better in terms of gaming experience. PS4 is more focused on family entertainment while Xbox is more catered to the gaming market. This means that both systems concentrate on different aspects to be more efficient. (Since they have development teams for the respective ideas.)



VS



# Factors of Production

- Labor - Development teams, beta testers, company members
- Entrepreneurship - sponsors and advertisement
- For Nature/Land developers would need a company to make a game
- Capital - Money, development software and equipment, resources.



## *Employment/Unemployment*

If a company is successful at selling a game, then they are able to make more money. This would allow more employment into the company and cause unemployment rates to decrease. If a game fails to sell, then employment for the company would decrease

