

A new era for the gaming industry: changing business models and emerging opportunities in a post-Covid world

Supervisors: [Dr Yue Meng-Lewis](#) and [Dr Richard Godfrey](#), Department of Strategy and Marketing, The Open University Business School

Project description:

2020 was a challenging year for many industries, given the impact of the Covid-19 pandemic. The gaming industry however has not been negatively affected with user engagement growing considerably during this period (Javed, 2020). The global games market is projected to generate US\$159.3 billion in 2020, representing a 9.3% annual growth. In addition, in-game advertising revenue surged nearly 60% during Covid-19 lockdowns (Newzoo, 2020). Several key factors contributed to the unprecedented levels of engagement in gaming: the launch of the next-generation home consoles Microsoft Xbox Series X and Sony PlayStation 5; the announcements of new digital subscription game-distribution services from Apple, Google, Microsoft, NVIDIA, and Tencent; the increased popularity of cloud gaming and blockchain-based games; the ongoing growth of hyper-casual mobile games; and the continuous rise of esports. Taken together, these developments suggest an exciting new era for the games industry.

There is also a potential for further growth and new opportunities: younger generations are moving away from social media toward the more interactive open-ended experiences that gaming offers (for example, infinitely playable “loops”, or never-ending challenges) (Singer and D’Angelo, 2020). Video games are promoted by the WHO as a recommended social activity during the lockdown period. Gaming has become a means of not only escapism and time filling, but also education and skills development (Nuyens et al., 2019).

In response to this growth, games developers and studios are investing in new ways to deliver content to consumers. Subscription services mean that we are now moving away from one-time purchases, whilst a new level of value can be added via the Netflix-style services. Meanwhile, led by Google, Microsoft, Facebook and Amazon, cloud-streaming technology is shifting the gaming industry through transferring game processing and computing to cloud-based servers. It lowers the upfront cost of hardware and allows users to enjoy gameplay without dealing with lengthy downloads. As a result, the relationships between developers, publishers, and consumers have been redefined within the gaming ecosystems (Ojala, & Tyrväinen, 2011).

However, whilst gaming itself has grown significantly during the Covid-19 pandemic, games studios and developers, like the other creative industries, have been impacted by work from

home orders, higher than normal levels of absence due to illness, and many other effects of lockdown. As such, they have had to create new and innovative ways of continuing their work, in a more remote working environment. Many studios have developed new business models, working practices and systems to facilitate their work with some suggesting they may never return to their old ways of working (gamesindustry.biz, 2020).

This study is designed to contribute to the general business management and marketing literature through investigating how key players within the game industry have responded to the technological and social changes brought about by the Covid-19 pandemic. We welcome research proposals which fit into this broad topic, with particular interests in the following areas:

1. Changing business models and working practices in the gaming industry
2. Users experiences of games using cloud streaming, AR/VR or blockchain technology
3. Innovation and effectiveness of in-game advertising
4. The application of games and gamification into non-leisure arenas, such as education and training.

Proposed methodology:

This study will involve multiple sources of data collection including, potentially, both qualitative and quantitative data. A mixed-methods approach through, for example, face-to-face interviews, focus groups, archival research, ethnography, netnography, and questionnaire survey, is encouraged.

About the Supervisors:

Dr Yue Meng-Lewis is Senior Lecturer in Digital Marketing at The Open University Business School. Her research areas focus on the sustainable development of esports and gaming, international communication strategies, digital marketing and sponsorship, and human resource management practices.

Dr Richard Godfrey is Senior lecturer in Strategy at The Open University Business School. His research interests focus on the creative industries, popular cultural representations of organisations, the political economy of gaming, and various aspects of gaming and consumer culture.

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