

Executive summary

The video-game industry is involved in the development, marketing and monetization of video-games. Over the past ten years the global video-game industry has experienced ongoing growth and thus, revenues nearly doubled in the years between 2010 and 2017. In 2017 the industry realized a global revenue of \$93 billion, more than double what the international film industry has made in the same year (Brightman (2014)). The video-game industry can be subdivided into different sectors. The biggest sectors in terms of revenue being mobile (smartphone and tablet), pc, console, and handheld. While the pc, console, and handheld market concentrate mostly on full-price AAA-titles, the mobile industry puts its efforts on accessible, low-priced mini-games. Thus, the video-game industry divides itself into two camps and this thesis is focusing on the pc, console, and handheld camp.

The Thesis addresses the question whether a single new video-game announcement for console, pc, or handheld results in a price impact on the firm's stock price after the announcement. During that process the thesis examines these announcement effects on different levels of depths in the video-game industry, from a combined regional industry perspective, a regional industry perspective and an individual firm perspective. The regions investigated in the thesis consist of the USA, Japan, and the European Union. The examined event windows consist of (0, 1), (0, 5), and (0, 15) trading days after the announcement. In order to realise this task, the thesis executes an event study for the period between 2011 and 2017

On a combined regional industry level, with 166 observations for 11 firms, the thesis cannot report any significant results or outstanding abnormal returns. These insignificant results could be the consequence of the merge of the regions with the purpose to provide an overview of the industry. In fact, this could be a valid explanation, since the results for the separate regions show different effects for new video-game announcements. While the USA shows positive effects on the five percent significance level for the event windows (0, 5) and (0, 15), with cumulative average abnormal returns of 1.63% and 2.75% respectively, Japan

and the European Union show no significance on all three event windows and further produce negative cumulative average abnormal returns for these event windows. This results in an indication that there are either other regional determined unobserved variables, or that the regions react differently to new video-game announcements. On a firm-specific level the price impacts of the announcements depend on the specific firm. The most notable results achieved Electronic Arts in the event windows $(0, 5)$ and $(0, 15)$ with cumulative average abnormal returns of 3.13% and 5.95% respectively and significance levels of 5%.

The thesis concludes that a new video-game announcement for console, pc, or handheld can have an influence on the firm's stock price after the announcement on a regional level, but it is dependent on the region itself. Further, a new video-game announcement can also have an influence on the stock price of a specific firm, but it again depends on the specific firm itself.

Bibliography

J. Brightman. Console declines delay \$100 billion mark for industry to 2019 - dfc. October 2014. URL <http://www.gamesindustry.biz/articles/2014-10-21-console-decline-delays-usd100-billion-mark-for-industry-to-2019-dfc>. [Online; posted 21.01.2018].