

The Impact of Global Economic Fluctuation on the Game Accessories Market

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Abstract. With the fluctuations and changes in the global economic environment, the game accessories market, as an independent and dynamic economic sector, faces multiple challenges and opportunities. The gaming industry has become an important support for the development of the national cultural market. Game accessories, including virtual weapons, skins, and decorations, are not only a part of video games but also an important component of players' personalized expression and gaming experience. This paper explores the impact of global economic changes on the game accessories market, focusing on three aspects. First, economic growth or recession directly affects players' disposable income and willingness to spend. Second, currency exchange rate fluctuations significantly impact the international market. Finally, the consumption habits and preferences of modern male consumers show distinct trends. In summary, the global economic situation has a broad and profound impact on the game accessories market, involving multiple aspects such as market demand, currency exchange rates, technological trends, socio-cultural factors, and market competition.

Keywords: Economic fluctuation, game accessories, international market.

1. Introduction

Real-money trade of virtual goods first emerged in 1999 in the form of player-to-player trade in MMOs such as Ultima Online and Ever Quest [1]. Then the Virtual goods or related sales have become a major revenue model for consumer-facing online services, social networking sites, massively multiplayer online games (MMOs), and virtual worlds. This phenomenon is particularly evident in East Asian markets. Global economic changes and fluctuations have had a profound impact on various industries and markets, and the game accessories market within the digital entertainment industry is no exception [2]. Game accessories, as a special product that combines virtual culture and physical goods, not only meet players' needs for personalized expression but have also become an important carrier of consumption and cultural exchange in the digital age. However, the stability and development of its market are often directly influenced by the global economic environment. This impact is not only limited to fluctuations in consumer purchasing power but also includes the stability of supply chains, the intensity of market competition, and changes in cultural consumption trends.

This review paper aims to comprehensively analyze the multiple impact mechanisms of the global economic situation on the game accessories market and to explore its market performance and changes in consumer behavior during periods of economic recession. By systematically collecting and synthesizing existing literature, this paper will delve into the following key issues. Fluctuations in consumers' purchasing power in the accessories market during periods of economic volatility. Then, the impact of exchange rate fluctuations on consumers. Finally, the consumption habits of modern male consumers. Through in-depth analysis and comprehensive research on these key issues, this paper aims to provide insights into market changes in the context of global economic fluctuations. This not only holds significant academic value but also provides substantial market insights for practitioners and decision-makers in the digital entertainment industry, helping them formulate effective business strategies and development plans in a complex and ever-changing economic environment. In 2023, China's gaming industry as a whole is on a growth trajectory, marking the first time that the scale of China's gaming industry has surpassed 300 billion yuan [3].

2. Literature Review

With the fluctuations and changes in the global economic environment, the game accessories market, as an independent and dynamic economic sector, faces multiple challenges and opportunities. Game accessories, such as virtual weapons, skins, and decorations, are not only a part of video games but also an important component of players' personalized expression and gaming experience.

2.1. Economic Changes and Market Demand

Global economic growth or recession may directly affect players' disposable income and willingness to spend. During times of economic prosperity, players are more likely to invest funds in purchasing game accessories to enhance their gaming experience and personalize their characters. Conversely, in times of economic downturn, players may reduce spending on virtual goods, opting for more practical or essential expenditures, which may lead to a weakening of demand in the game accessories market.

2.2. Currency Exchange Rates and International Markets

The game accessories market is globalized, involving players from multiple countries and regions. Therefore, currency exchange rate fluctuations have a significant impact on the market. When a country's currency depreciates, the cost of purchasing cross-border accessories may increase, which could limit their participation in the international market. Conversely, currency appreciation helps reduce the cost of cross-border purchases, promoting market expansion and international exchange.

2.3. Modern Male Consumers' Consumption Habits, Preferences, and New Trends

Indeed, the gender gap in computer games can be blamed in part on the computer industry which has traditionally geared electronic entertainment towards a predominantly male market [4]. But based on gender differences, males typically exhibit clear purchasing needs, conduct limited information searches, have simple evaluation plans, make decisive purchasing decisions, and engage in rational post-purchase behavior. Compared to females, males are less easily influenced by flashy advertisements [5]. However, male consumers usually have a strong social and entertainment attribute, showing keen interest in live entertainment, gaming, and information, and are active in various interest communities such as motorcycles, gaming, and anime.

In summary, the global economic situation has a broad and profound impact on the game accessories market, encompassing market demand, currency exchange rates, technological trends, socio-cultural factors, and market competition. Game accessories providers and investors should closely monitor changes in the global economic dynamics and adjust their operational strategies accordingly to adapt to the changing market environment and consumer demand.

3. Current Status and Development Trend of the Game Accessories Market

From 2008 to 2021, the global game market has undergone significant development and changes. The degree of globalization in the game market has significantly increased. The Asia-Pacific region, particularly China and India, has become the main driver of market growth (shown in Figure 1).

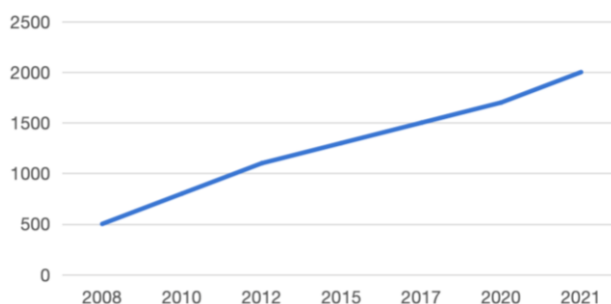


Figure 1. Global gaming market revenue (Unit: Million USD) (Picture credit: Original)

3.1. The Impact of Economic Changes on Market Demand

Economic changes impact the game accessories market in various ways, particularly the direct influence of global economic growth or recession on players' disposable income and willingness to spend. During periods of economic prosperity, players generally have more disposable income, making them more willing to invest more money in games to enhance and enrich their gaming experience and personalize their characters. This economic affluence promotes high consumption of game accessories, driving market growth. During periods of economic growth, game players may purchase more expensive game accessories and limited-edition character skins to showcase personal strength, a sense of achievement, or vanity.

Conversely, during economic downturns, players' consumption behavior changes significantly [6]. Consumers prioritize spending and reduce expenditures. As sales begin to decline, various companies typically cut costs, lower prices, and delay new investments. As mentioned earlier, when players' disposable income decreases, spending becomes more cautious and selective. Facing economic pressure, players often prioritize more practical or essential expenditures or turn to more cost-effective, affordable accessories. This shift in consumption patterns directly leads to a weakening of demand in the game accessories market. During economic downturns, the accessories market may experience a decline in purchasing power, a depreciation, and a decrease in high-value game accessories.

3.2. The Impact of Currency Exchange Rates and International Markets

The robust growth of the global game accessories market is significantly influenced by currency exchange rate fluctuations. Due to market globalization, players from different countries and regions face exchange rate fluctuations when making cross-border purchases of game accessories, which profoundly affects market participation and transaction behavior.

When a country's currency depreciates or has a lower exchange rate compared to another, the cost of purchasing international game accessories rises, potentially reducing players' willingness to make cross-border purchases. For example, currency depreciation increases the actual cost paid in domestic currency, thereby reducing players' purchasing power. Conversely, currency appreciation or a higher exchange rate with another country lowers the cost of cross-border purchases. Appreciation reduces the actual cost paid in domestic currency, encouraging players to participate more in the international market and purchase accessories that were previously considered too expensive. For instance, before 2023, a large number of foreign Steam users were willing to pay using Argentine pesos. The number of Steam accounts registered in Argentina even exceeded the total population of Argentina, as Steam sets prices for games or accessories based on the value of the local currency. The exchange rate between the Argentine peso and the US dollar was approximately 1 USD = 944.44 ARS, leading to such a large number of users registering in Argentina.

3.3. The Role of Modern Male Consumers' Consumption Habits and Preferences

For individuals, gender is undoubtedly an important characteristic. Whether in social interactions or social classification, gender is also a key criterion [7]. The consumption habits and preferences of modern male consumers have undergone significant changes in recent years, and this market has immense potential. Consumer attitudes in this market are changing, the scope of consumption is expanding, taste in consumption is improving, and consumption methods are being renewed. In the purchasing decision-making process, men usually exhibit clear needs, conduct relatively narrow information searches, and have relatively simple evaluation plans [8]. Their decision-making process tends to be direct and decisive, less influenced by flashy advertisements, and more focused on the actual function and performance of the product. This purchasing behavior reflects the tendency of men toward rational decision-making and their emphasis on the practicality of products.

Male consumers have not only increased their purchasing power in traditional fields, but their demand for emerging consumption areas has also grown rapidly [9]. Quest Mobile data shows that as of 2023, male users account for 50.5% of the entire network in China, with those aged 31 to 50

making up an astonishing 43.9% [10]. Compared to female consumers, men have a higher level of participation in social and entertainment fields, showing strong interest in live entertainment, gaming, and information. They are active in various interest communities such as motorcycles, gaming, and anime, and these fields have become an important part of their consumption. For example, in 2022, the monthly per capita spending of male mobile gamers was 337 yuan, which was 54 yuan more than that of female players. In the game accessories market, male players are more likely to invest more funds in games to enhance their gaming experience and showcase their gaming achievements and personalized style. This trend is particularly evident in high-value accessories such as limited-edition character skins and game decorations.

4. Conclusion

Global economic fluctuations have a profound and complex impact on the game accessories market, and this impact involves multiple dimensions. This review paper focuses on three key dimensions: the influence of global economic changes on market demand, the impact of exchange rate fluctuations on international market transactions, and the consumption habits and preferences of modern male consumers.

Global economic growth or recession directly affects players' disposable income and willingness to spend. When the economy is prosperous, players are more willing to spend more on virtual goods to enhance their gaming experience and personalize their characters, driving the growth of the game accessories market. Conversely, during periods of economic recession, players' purchasing power decreases, and consumption becomes more cautious and selective, leading to a decline in demand in the game accessories market.

Exchange rate fluctuations also play a crucial role in the game accessories market. When a country's currency depreciates, the cost of purchasing cross-border game accessories increases, limiting players' participation in the international market. Conversely, currency appreciation helps reduce the cost of cross-border purchases, promoting market expansion and international exchange.

The consumption habits and preferences of modern male consumers also have a significant impact on the game accessories market. Male consumers are more likely to invest funds in games to enhance their gaming experience and showcase their gaming achievements and personalized style. This trend is particularly evident in high-value accessories, such as limited-edition character skins and game decorations.

In conclusion, the global economic situation has a profound and complex impact on the game accessories market. Practitioners and investors should closely monitor changes in the global economic dynamics and adjust their operational strategies accordingly to adapt to the changing market environment and consumer demand.

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