Economics of Information in the Video Game Industry

Eldin Hasic
Indiana University - Purdue University Fort Wayne

Follow this and additional works at: http://opus.ipfw.edu/stu_symp2010

Part of the Economics Commons

Recommended Citation
Video games are differentiated products of varying quality that are generally sold at a standard industry price. Due to lack of information about the quality of the product that they are buying, consumers are forced to look for indirect information cues to inform their purchases. This paper explores which factors may influence video game sales. Potential explanatory variables considered are Critic Review, User Rating, Exclusivity, Adaption, ESRB (T), ESRB (M), Japan, Europe, and Publisher. The first two variables are possible indicators of the product’s quality while the others are dummy variables that indicate market size restriction, selling on the international market, adaptation from film, and size and reputation of the publishing firm. A data set of 90 observations was collected on Playstation 3 and XBOX games released in 2008. In the finished draft, this data will be run through three separate regressions in order to determine which if these factors influence sales figures.