

Is the video game industry headed for a crash?

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If you look at sales numbers, the video game industry is doing better than ever. Revenue is skyrocketing, with consumers [projected to spend](#) \$137.9 billion on games before the year is out. *Red Dead Redemption 2*, a game with sales expectations that are [no less than meteoric](#), is weeks away.

Yet if you look closer, things appear far more ominous. There are fissures appearing that threaten to swallow the game industry as we know it.

Few stories have made this clearer than the recent shuttering of Telltale Games. Telltale was an award-winning studio most famous for making games much like TV miniseries. These games would take a licensed property – most notably, *The Walking Dead* – and craft a five-part story in that universe, released over several months. The main draw of a Telltale game was that each "episode," as they were called, demanded that players make difficult choices – save one character and not another, trust someone or do not – which would carry over to subsequent episodes, ideally reaching a grand conclusion in the finale.

On the outside, Telltale appeared healthy – it had deals in place with Netflix to try and bring their interactive storytelling to the platform and to [develop a *Stranger Things* game](#). It had a number of other games in the pipeline too, including new chapters in the *Walking Dead* series.

In fact, Telltale had *just* released a new episode of *Walking Dead* last week only to have it [yanked from digital storefronts](#). This was the result of what the studio called a "majority" closure, which apparently entailed [firing at least 200 staffers without severance](#) and leaving only a skeleton crew behind.

There are many ways to think about Telltale's still-developing story, but it's most indicative of how the game industry was built like a house of cards.

The reality of the industry is that its output isn't sustainable, for many reasons. The market is flooded with too many games, for one. Steam, the leading digital storefront for PC games, has seen a record number of releases every year since 2016, when over 4,000 games, an unprecedented number at the time, were released. In 2017, that figure nearly doubled to 7,672.

Since it's a PC game storefront, Steam isn't representative of the entire industry – it doesn't include console or smartphone games, for example – but it's a good picture of how many titles are out there, vying for attention, and how rare success is.

More relevant to the games you might play on your consoles at home is the widely acknowledged culture of crunch that is [pervasive in mainstream game development](#), where developers, largely via social pressure and expectation, end up working upwards of 80-hour weeks to complete a game. Burnout is a common problem. But the labor difficulties don't stop there – while Telltale's firings were exceptionally large, mass layoffs are in fact [common practice](#), as studios staff up to meet aggressive goals and let employees go once they're met.

These forces create a lot of churn, with constant turnover and instability leading to [senior developers leaving the industry](#) and studios suffering from a deficit of experienced talent. And

while progress has been made, major studios still suffer from [cultures of toxicity and sexism](#), a problem that's hard to fix when labor practices aren't conducive to attracting seasoned leaders. It's true that the gaming industry is profitable, immensely so. And by that logic, games are here to stay, right? Well — kind of. Because the same [reports](#) that give us a bullish outlook on video game revenue also note that said revenue is increasingly coming from smartphone games, which, by the end of the year, are projected to generate half of that revenue for the first time. And smartphone games almost fully embrace what's known as the "games-as-a-service" model, where they initially cost very little or nothing to buy and make money by selling digital baubles or expansions as the game is continually updated with fresh content. Console games have adopted this model too, to varying success — *Fortnite* being the biggest — but how many games can you play when every game wants you to play it forever?

It doesn't take an architect to know that a building constructed with compromised materials will not be structurally sound. Is the video game industry destined for a collapse? Of a kind, perhaps. Video games are likely here to stay — but the *kinds* of games are likely to change. And as long as it's an industry where studios can shutter at a moment's notice, leaving hundreds of people jobless, there's no guarantee that any stable-seeming company can stick around.

Despite its healthy appearance, the industry as we know it is shuddering under its own weight.

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