

The Bulgarian Gaming Industry: An Overview of Business and Social Impact in The Context of Europe

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The gaming industry is one of the fastest growing worldwide and its position is changing in view of its economic and social importance. The ecosystem that sustains it is rich and there are complex reasons for its stable growth in countries like Bulgaria even in the period of the COVID-19 pandemic.

The growth of video games is intricately related to that of the information technologies although games are also strongly affiliated with the creative industries. The creation of a video game requires the input of a diverse group of specialists and artists. Among them there are software engineers, visual artists, composers, musicians, and also screenwriters in case the game revolves around a storyline. This complex creative and production process positions the video games industry in a territory merging knowledge domains and different economic activities. Some have likened its evolution to that of cinema especially as the 'media' value chain underwent transformations in the digital age, becoming more user-driven and embracing priorities of diversity more closely¹.

Most people associate video games² with their 'entertainment' value, however the rise of games created for purposes of formal and informal education in various fields is notable³. The influence of games shaping social values and driving social interaction is growing. This is why they have become a subject of public attention and of public policy interest. This article presents some trends in the development of the gaming industry in Bulgaria in the European context through an overview of the business sector, and its potential for social impact. It indicates points for future attention.

The industry ecosystem

The fast growth of the gaming industry is rooted in a rich ecosystem that supports it. Apart from the developers, publishers, and players, there are also public and private investors, educational institutions, networks of entrepreneurs, and other entities.

The European Game Developer Federation (EGDF) estimates that in one year, from 2018 to 2019, the workforce in the industry grew by 10%⁴. This growth is related to an increase of programs educating new professionals in the industry. There were 647 institutions in Europe providing education in video games development in 2019⁵, which also testifies of a rise in the interest on behalf of students.

¹ E. Dias and F. Borges, 2017

² Video games such as console games, offline PC games, online games in all their variations, mobile games and more are among the most sophisticated applications of computer technology. They are subject to complex copyright protection and are a product and service depending on the right of ownership or access rights for the player (online). (Gancheva, 2013)

³ Also known as "serious games"

⁴ In 2018 there were 77 916 people working in 4913 game developing studios, 203 publishers and a total of 87 000 employees in 2019. EGDF, ISFE, 2021, pg. 8, 23.

⁵ EGDF, ISFE, 2021, pg. 28

Financing for the sector in Europe comes both from programs supporting the cultural sector in general as well as from those dedicated to research and innovation, or support for SMEs. Europe's leaders in the game industry such as Belgium, France, Germany, and Poland, offer specialized financing programs for the development of the industry⁶.



Figure 1: Gaming industry ecosystem

For the moment, Bulgaria does not have dedicated funds to boost the development of this sub-sector. However, programs directed at supporting the cultural sector are considered relevant by the professionals in view of empowering some activities and also for purposes of training new professionals⁷.

In Bulgaria, there are both small indie studios: new and established ones, as well as branches of large international conglomerates, suggesting a vector of growth. The industry's development is monitored as part of the IT sector which has grown 2.7 times in the period between 2008 and 2018, hiring 3 times more professionals, and bringing higher added-value through the years⁸. This trend of expansion was validated by companies participating in informal interviews with Intercultura Consult in 2021. Some of them shared that even in the times of the COVID-19 crisis their workflow had remained stable. Several faced an increase of workload and hired additional staff, contrary to the expected delay in orders and service contracts.

⁶ Ibid., pg.30-35

⁷ Sofia Investment Agency and Game Development Summit, 2019

⁸ Tomova, B and Andreeva – Popyordanova, D, 2021

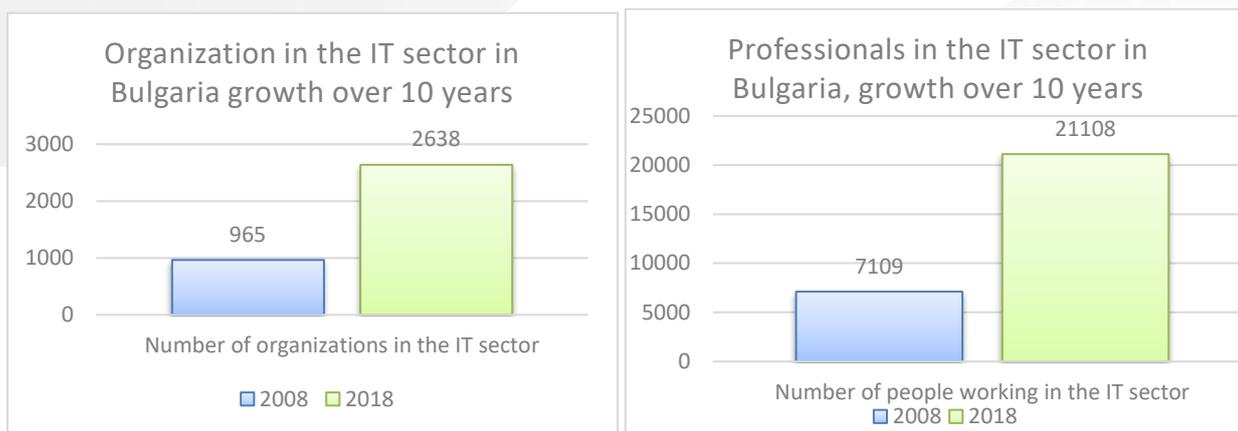


Figure 2 and 3: Berbenkova, M. based on data by Tomova, B. and Andreeva – Popyordanova, D. 2021

Up to date (February 2022) there is no official survey of the Bulgarian gaming industry. By estimation of the European Game development Federation in 2018 there were 47 game development studios and around 1200 working in the field⁹. A year later, in 2019, the Sofia Investment Agency and Game Development Summit mapped 37 studios for game development only in Sofia¹⁰, estimating over 1100 professionals working in the industry in the city. In addition, 127% growth of value added at factor cost for the period 2008 – 2015¹¹ positioned video games as the fastest growing creative industry in Sofia. Our own research in 2022 demonstrates a steady growth in other major cities such as Plovdiv where there are not less than 8 indie game development studios.

This finding is to be seen in the context of the Balkans and Eastern Europe, and Bulgaria specifically being considered one of the developing markets for the gaming industry. There are some indications that the industry in Eastern Europe, where Bulgaria is situated, is growing faster than the ones in Western Europe¹². As a parallel, in 2020 one of the leading countries on the Balkans, Serbia had 120 companies working in video games, many of them being small indie studios of 1 to 5 employees¹³. Another Eastern European leader – Poland, has seen a considerable growth in its gaming industry counting 470 studios in 2022¹⁴.

The industry growth in Eastern Europe and the Balkan region faces certain challenges which are common for the referenced countries. The interviewed professionals from Bulgaria, Serbia and Poland pointed at some of the key factors hindering the industry development among which: facing a talent drain, and the needs for capacity building in some skills related to the creation and marketing of products and services.

The focus on upskilling is becoming stronger for the ecosystem of the industry in Bulgaria. Diverse universities, schools and centers for continuing education provide training for those wishing to enter this field of work. Gaming events, as part of this ecosystem, become more prominent in the cultural calendars of cities in Bulgaria. Game Jam events have been held in several cities (Sofia, Plovdiv, Varna, and Gabrovo). Both professionals and those passionate about games are appreciative of these opportunities to meet, learn from lectures and discussions as well as develop their own games. The game jam of Plovdiv operated successfully even in its virtual format during the COVID-19 crisis. The virtual editions build on the success of previous Plovdiv-based events but also extended the offer towards people residing elsewhere. The Sofia event is returning in 2022 with a mixed offer combining a job fair, a conference and a gaming

⁹ EGDF, ISFE, 2021, pp 9 and 15

¹⁰ Sofia Investment Agency and Game Development Summit, 2019

¹¹ Ibid.

¹² 8bit, 05.11.2020

¹³ There are 2100 professional employed in the field according to the Serbian Gaming Association, 2020

¹⁴ Polish Games Association, 2022

hackathon. These features were its success factors before the pandemic and all parties – companies, educators and organizers testify of a high level of interest. Such events are vital for the ecosystem as they provide time and space for connection and shape the future professionalization of the sector.

The societal impact of gaming

For ‘newcomers’ to the debate on what qualifies games a cultural product or service, it is crucial to underline the existence of a large variety of video games different not only by type of interaction with users (gameplay) but also by the topics they address, their genre and their business model. Some of them are socially significant and are considered powerful in altering the emotional state of a person, they are seen as conducive to new types of social relationships between consumers beyond providing the opportunity for entertainment and skills development. The cultural value of games is, therefore, of relevance to society and to policy makers.

As a product of digital technology, video games today take advantage of the connectivity that exists thanks to the Internet outpacing even popular social networks in the methods of communication they offer. Today, popular games such as *Fortnite* and *Roblox* connect players from around the world in a common platform where they can communicate using diverse methods and they can also "attend" various events together, such as concerts and film screenings, within the game. Other (older) games such as *World of Warcraft* and *Dota* are known for their effect on users building a community¹⁵. The positive impact on the emotional well-being of game users, offering a sense of connection is confirmed by a study by Ipsos on the impact of COVID-19 conducted in five countries in Europe. Three out of ten players confirmed that video games helped them feel happier, less nervous and isolated. In addition, one in five parents stated they played more video games with their children, including educational games¹⁶.

These testimonials of the public qualify games as cultural activity bridging generational divides and building a positive attitude towards education. Such findings question the established, predominantly negative image of video games seen as harmful for the psyche of players. Questioning this notion, a recent study claims that the notoriety of specific research results circulated widely for a long period of time has overshadowed the fact that games can have a positive impact too. There is need for more objective evidence of the impact of games on human well-being¹⁷. The reasons for people to play video games are less studied but they may be a key factor in determining their impact on society.

An argument for such research is the fact that emotionally charged games are gaining popularity with thousands and even millions of people. They also obtain professional recognition. For example, *Life is Strange*, a game about the difficulties a teenager goes through when losing their family, won the *Best Story* BAFTA award in 2016¹⁸ and the 2015 Game Developers Choice *Audience Award*¹⁹. In 2018, *Hellblade: Senua's Sacrifice*, a game in which the mental health of the protagonist is at the center of the story received the first BAFTA award for *Game Beyond Entertainment*²⁰.

Conclusions

It is a recognized fact today that the gaming industry is multifaceted and its potential is to be considered increasingly beyond the strictly economic definition of its contribution to social development. The evolution of the domain of „serious games”²¹ used in education and allowing users to gain understanding of ‘complex’ matters testifies to this. As a cultural product, video games provide an added value beyond entertainment and practical skills’ building. The

¹⁵ Mandryk, R. L., Frommel, J., Armstrong, A., & Johnson, D. (2020)

¹⁶ IPSOS, September 2020, p. 3

¹⁷ Johannes, Niklas, Matti Vuorre, and Andrew K. Przybylski. 2020

¹⁸ BAFTA, 2016

¹⁹ Game Developers Choice Awards, 2015

²⁰ BAFTA, 2017

²¹ Games that have a purpose different from entertainment. Sandell T., Koleva P., Bardun Y. (et al) NDPC 2021

interactivity and interaction with other people, inherent in the play, place them in a unique position to convey meaningful messages in the digital society in a more effective way.

The evolution of genres and accolades such as the BAFTA Awards for *Games Beyond Entertainment* for titles that stand out, demonstrate that there is recognition of this potential within the industry. The future development of the sector in this direction would be positively affected by greater interaction with other knowledge sectors contributing to the rise of games with new qualities. Activating cross-sectoral links is a logical step as more awareness is raised of the need for collaborative work and of the mutual benefits on the part of many fields of economic and public importance.

Beyond its own development, the ecosystem of the games industry is supporting the emergence of new professions. The multidisciplinary dimension of games and their interactive nature are beneficial for the inclusion of people in this or other sectors on the basis of their individual capacities and skills contributions. In the recent future, solving problems of the real world with the support of the games industry may become a common sense. It is crucial to clarify the motives driving game creators, producers and players in order to achieve an effective cross-sectoral collaboration. This will determine the direction in which the sector will continue to develop in an increasingly digitalized world in which homo ludens²² is the engine of industry and society.

²² According to the philosopher Johan Huizinga the “playing man” (homo ludens) is at the core of the prosperous societies.

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