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## **EGDF position on the games industry statistical classification (NACE code)**

### **About EGDF**

1. The European Games Developer Federation e.f. (EGDF)<sup>1</sup> unites national trade associations representing game developer studios based in 19 European countries: Austria (PGDA), Belgium (FLEGA), Czechia (GDACZ), Denmark (Producentforeningen), Finland (Suomen pelinkehittäjät), France (SNJV), Germany (GAME), Italy (IIDEA), Malta (MVGSA), Netherlands (DGA), Norway (Produsentforeningen), Poland (PGA), Romania (RGDA), Serbia (SGA), Spain (DEV), Sweden (Spelplan-ASGD), Slovakia (SGDA), Turkey (TOGED) and the United Kingdom (TIGA). Through its members, EGDF represents more than 2 500 game developer studios, most of them SMEs, employing more than 35 000 people.
2. The games industry represents one of Europe's most compelling economic success stories, relying on a strong IP framework, and is a rapidly growing segment of the creative industries. The European digital single market area is the third-largest market for video games globally. In 2019, Europe's video games market was worth €21bn, and the industry has registered a growth rate of 55% over the past five years in key European markets<sup>2</sup>. All in all, there are around 5000 game developer studios and publishers in Europe, employing closer to 80 000 people.<sup>3</sup>
3. The lack of single and easily identifiable NACE groups for the games industry is causing many challenges, starting from creating industry statistics and ending the challenges on building targeted public support measures for the industry.

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<sup>1</sup> For more information, please visit [www.egdf.eu](http://www.egdf.eu)

<sup>2</sup> ISFE Key Facts 2020 from GameTrack Data by Ipsos MORI and commissioned by ISFE <https://www.isfe.eu/data-key-facts/>

<sup>3</sup> European Games Industry in 2018:

<http://www.egdf.eu/wp-content/uploads/2020/08/European-Report-on-the-Game-Development-Industry-in-2018.pdf>

## 2. The challenges of the current statistical framework

### Digital games are lost in the statistical framework

4. Currently, the only NACE code specifically targeting the games industry is *J58.2.1 - Publishing of computer games*. As game developers identify themselves as game developers, not as game publishers (meaning companies that focus strictly on publishing third party video games), studios developing games often end up registering themselves, for example, under *62.0.1 - Computer programming activities*, *R90.0.3 - Artistic creation*, *C32.4.0 - Manufacture of games and toys*, *R93.1.9 - Other sports activities*, *R93.1.9 - Other sports activities* *J62.0.2 - Computer consultancy activities*, *J63.1.2 - Web portals*, *M72.2.0 - Research and experimental development on social sciences and humanities*, *P85.6 - Educational support activities* or *R90.0.3 - Artistic creation*. As an outcome, although game developer studios are among leading taxpayers in several cities (e.g. in Helsinki), the industry is not visible in the official statistics.
5. Ironically, those game developers registered only as *J58.2.1* were explicitly left out from the EU Creative Europe support for game development since the scheme rules stated that game publishers weren't eligible to apply for funds.

### The statistical framework is not future proof

6. The games industry is only one of the emerging fields of interactive digital media and culture that is not visible in the current statistical framework – for example, currently growing eSports and virtual reality industries face the same challenges.
7. The statistical framework uses outdated terminology. The name “*computer games*” is often interpreted as “*computer*” being the target platform, not the hardware used to develop games. Therefore mobile, web, or console game publishers sometimes do not choose the class *J58.2.1*.

### Implementation of the NACE codes needs to be improved

8. In practice, if national statistical authorities cannot do it automatically, it would require significant efforts from trade associations to ensure that all game developer studios and publishers change their NACE code to the correct one. Unfortunately, currently, some gambling companies belonging to division *R92* use class *J58.2.1*, and there should be a way to reclassify them correctly.

### 3. A single group to unite them all – an EGDF proposal for updating statistical classifications for the games industry

#### EGDF calls for creating a new group “58.3 video game development and other interactive media publishing activities

9. Under this group, we should have specific classes for J58.3.1 - development and self-publishing of digital games, J58.3.2 - Publishing of digital games (old 58.2.1), and J58.3.3 eSport activities.
10. This approach would have many advantages:
  - **It would be easy to implement for the companies:** This solution would provide a precise class for game developers to register themselves to a class that is close to the already existing classification for video games. Furthermore, it would include words “game developer” that is needed for game developers to identify it as a right group for them.
  - **It would treat film, books, games and music industries as equal cultural industries:** Games are a field of art and the leading cultural medium of the 21st century. Most game developers identify themselves in the field of art and culture instead of information and communication technologies. Therefore, game development needs a place close to the rest of the audiovisual industries and other cultural publishing industries like music and books. For example, European support for video game development is operated under Creative Europe media funding, the same instrument for production support for the film industry. The structure of the class should follow the same logic as the one for the movie industry.
  - **It would make the statistical framework more future proof:** Having a specific group for consumer-facing digital interactive media would make the statistical framework much more future proof, as it would leave room to introduce new classes for Virtual Reality (VR) or Augmented Reality (AR) content if needed.

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