# Video games industry faces disruption amid tariffs, inflation and shifting consumer habits



Amid mounting economic challenges and shifts in international trade policy, the video games industry is experiencing notable disruptions impacting both hardware and software markets globally. Recent developments highlight a complex interplay of tariffs, inflation, evolving consumer spending habits, and industry restructuring, signalling a significant period of change for gamers and manufacturers alike.

At the centre of the current turbulence is the anticipated implementation of substantial trade tariffs imposed by the United States government, specifically a 145% tariff on goods imported from China. According to a report by Nikkei Asia, these tariffs are expected to apply to the forthcoming Nintendo Switch 2 console, despite prior indications that exemptions might be granted for products such as smartphones and computers. Nintendo itself has confirmed delays in accepting US pre-orders for the Switch 2, citing the need to "assess the potential impact of tariffs and evolving market conditions." These tariffs, arising from a complex geopolitical backdrop, have caused ripple effects extending beyond manufacturing to retail pricing and consumer access.

Concurrently, Sony has announced plans to increase the retail price of its PlayStation 5 console by 25% across several key markets, including the UK, Europe, Australia, and New Zealand. This significant price rise has been attributed to a "challenging economic environment, including high inflation and fluctuating exchange rates,” underscoring the widespread economic pressures shaping the sector.

The industry’s financial landscape has already been strained by changing consumer preferences and the economics of video game development. Over the past two years, numerous studios have shut down, with mass layoffs and project cancellations becoming increasingly common. Traditional revenue strategies centred on premium-priced games and downloadable content have been challenged by the surge in popularity of live service games, such as Fortnite and Valorant. These titles adopt a free-to-play model, generating income primarily through in-game cosmetic purchases – like weapon skins and limited-edition costumes – and subscription services known as "battle passes."

Adding to the sector's complexity are controversies surrounding the pricing of premium games. Nintendo’s pricing of the Switch 2 launch title, Mario Kart World, at £74.99 in the UK and $79.99 in the US is reportedly establishing new price benchmarks. Industry analyst Matthew Ball, from investment strategy firm Epyllion, predicts that other publishers might follow this trend, particularly with anticipated major releases like Grand Theft Auto VI, which is expected later this year. Ball has indicated that price points in the $80 to $100 range could become more common if Rockstar Games opts for such levels.

Beyond these industry-wide dynamics, individual gamers are also reconsidering their spending. A discussion on Reddit, highlighted by PC Gamer, revealed that some users were shocked to discover the cumulative total they have invested in digital games, with sums ranging into tens of thousands of dollars. One commenter was astonished to find a personal spend of $35,000, while a staff member of PC Gamer reported a total of $16,000, reacting simply with, "Oh god."

The question of value remains subjective and varies widely between players. Reflecting on the mid-1990s, when imported games could cost between £80 and £120, many players derived significant joy and entertainment from titles such as R-Type or classics like Minecraft, Mario Kart 8 and Elden Ring. The evolving market, therefore, may prompt gamers to be more selective and experimental, exploring smaller independent titles that offer diverse experiences at lower price points or revisiting retro games from earlier generations.

Historically, the video game industry has opposed initiatives such as software clubs, game rentals, and public library lending schemes, which made games more accessible. While these practices were discouraged by publishers, the industry managed to endure these models. As the sector now faces renewed pressures, some gamers may choose to 'step off the treadmill' of frequent big-ticket purchases, instead managing their personal ‘economy of fun’ through a more varied game portfolio, including titles available on platforms like Itch.io and Pico8.

In terms of gaming experiences, the new season of Call of Duty: Warzone has garnered attention for bringing back its original Verdansk map. Celebrated for its blend of survival gameplay and tactical shooting, the update offers a chance for newcomers or returning players to explore a sprawling environment filled with iconic locations such as a superstore and prison complex. According to The Guardian, this edition reinvigorates the gameplay with an estimated playtime exceeding 20 hours and is available on PC, PlayStation 5 and Xbox.

In other developments, Respawn Entertainment, known for its Star Wars Jedi game series, has announced “Star Wars Zero Company,” a new single-player, turn-based strategy game reportedly set during the Clone Wars era. This forthcoming title expands the range of Star Wars-themed video games, enriching the narrative and strategic offerings for fans.

Additionally, game developer Will Luton has authored a critical piece on the influence of Nir Eyal’s book "Hooked" on the games industry, suggesting that its insights into addictive behaviour optimisation have had profound and controversial effects on game development practices.

For board game enthusiasts, Polygon has compiled an acclaimed list of the best board games of 2025, featuring diverse titles such as a Metal Gear Solid-themed game, adding to the breadth of interactive entertainment options available this year.

In community discourse, players David and Biscuits raised a topic regarding "copycat" games surpassing the iconic originals they imitate, citing examples such as Sonic & Sega All-Stars Racing compared to Mario Kart 8, and Fortnite relative to PUBG. Industry observers acknowledge that imitation and iteration remain foundational to gaming innovation, with various cases illustrating how derivative titles have improved upon or expanded original concepts.

As the gaming landscape continues to evolve under economic and cultural pressures, industry stakeholders and players alike are adapting to new realities, reshaping how games are produced, priced, distributed and experienced worldwide.

Source: [Noah Wire Services](https://www.noahwire.com)

## References

* <https://asia.nikkei.com/Business/Technology/US-to-impose-145-tariff-on-Nintendo-Switch-2-from-China> - This article confirms the anticipated 145% tariff on goods imported from China by the United States government, specifically mentioning the Nintendo Switch 2 console and the impact on its US pre-orders and market conditions.
* <https://www.bbc.com/news/technology-65454779> - This source reports on Sony's announcement to increase the PlayStation 5 retail price by 25% in the UK, Europe, Australia, and New Zealand citing economic challenges like inflation and fluctuating exchange rates.
* <https://en.wikipedia.org/wiki/2022%E2%80%932025_video_game_industry_layoffs> - The Wikipedia page details the mass layoffs, studio closures, and project cancellations in the video games industry from 2022 to 2025, including a shift toward live service games and challenges in development economics.
* <https://www.matthewball.co/all/gaming2024> - Matthew Ball's analysis highlights the rising pricing benchmarks for premium games, including Nintendo Switch 2’s Mario Kart World and potential future prices for titles like Grand Theft Auto VI.
* <https://www.pcgamer.com/players-share-their-shocking-total-spend-on-digital-games/> - PC Gamer covers a Reddit discussion showing players’ astonishment at their cumulative digital game spending, with examples up to $35,000, confirming changing consumer spending habits.