

11 Business of Video Games

Tvorba a dizajn počítačových hier (FMFI)

Návrh a vývoj počítačových hier (FIIT)

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30. 11. 2023

Business of Video Games

- Platforms
- Genres
- Target audiences
- Business models
- Unique selling points

Platforms

Platforms

- Arcades – **DEAD**
 - Standalone game systems in public venues
 - Pong, Pac-man, Space invaders
- Consoles
 - Proprietary platform
 - Xbox Series X, PS5, Nintendo Switch
 - More difficult submission process – dev kits, platform requirements...
- Computers (+Steam Deck?)
 - Various HW – problems with compatibility and HW requirements
 - Various SW – problems with unified development
- VR
 - Mobile/Dedicated
 - Motion tracking



Platforms (2)

- Browser games
 - Casual, mostly HTML5 and Java games, limited capabilities
 - Facebook games
- Mobile games
 - More casual, Games on portable devices such as phones or tablets
 - Small screen, limited keyboard or touch-based input
 - Gyroscope, GPS, Camera
 - “Toilet and bus test”
- Handheld
 - GameBoy, PSP, PS Vita
 - Nintendo Switch
 - Steam Deck



Platform Dependent Development

- The platform usually dictates different I/O devices
 - Controllers
 - Screens
- Single-platform games
 - Easier development, especially consoles (HW is always the same)
 - Targeting a specific market
- Multi-platform games
 - Need to solve differences in I/O devices
 - Varying game difficulty due to different I/O methods
 - Varying hardware capabilities
 - Different OS
- Hint for beginners: focus on a single platform!
 - Or at least similar types of platforms

Platform Stores

- Stores tied to a platform
- Console store are exclusive – cannot get games on the platform from anywhere else
 - Microsoft Store for Xbox
 - PlayStation Store
 - My Nintendo Store for Switch
 - **Can still buy physical games**, but those also go through the respective store
- PC/Mac stores are not exclusive
 - General
 - Steam, Epic Games Store, GOG, Microsoft Store, Humble Store, Itch.io, Mac App Store...
 - Publisher-specific – difficult to get into without a publisher deal
 - Ubisoft – Ubisoft Connect (Uplay)
 - EA – EA app (Origin)
 - Battle.net (Blizzard)
 - ...

Platform Stores

- Android is non-exclusive
 - Google Play
 - Huawei App Gallery
 - Galaxy Store (Samsung)
 - Xiaomi Market
 - ...
- iOS is exclusive
 - Might change – Apple MUST allow alternative stores in EU in 2024
 - Has unofficial stores for jailbroken devices
 - Extremely small ones, jailbroken devices are very rare

Platform revenue cuts

- PC/Mac
 - Steam – 30%
 - Epic Games Store – 12%
 - Microsoft Store – 12%
 - GOG 30%, Humble 25%, Itch.io any%
 - Mac App Store – 30% (15% for the first \$1M in a year)
- Consoles (also for physical releases)
 - PlayStation – 30%
 - Xbox – 30%
 - Nintendo – 30%
- Mobile
 - Google Play – 30% (15% for the first \$1M in a year)
 - Apple App Store – 30% (15% for the first \$1M in a year)

Genres

Genres

- Action
 - Platformers
 - Shooters
 - Racing
 - Fighting
- Adventure
- Action-adventure
- Simulations
- RPGs
- Strategy
- Casino
- Puzzle
- Sandbox
- Survival
- Horror
- Sports
- Rhythm
- New genres show up from time to time
 - Rogue-like
 - MOBA
 - Battle Royale
 - Souls-like
 - ...

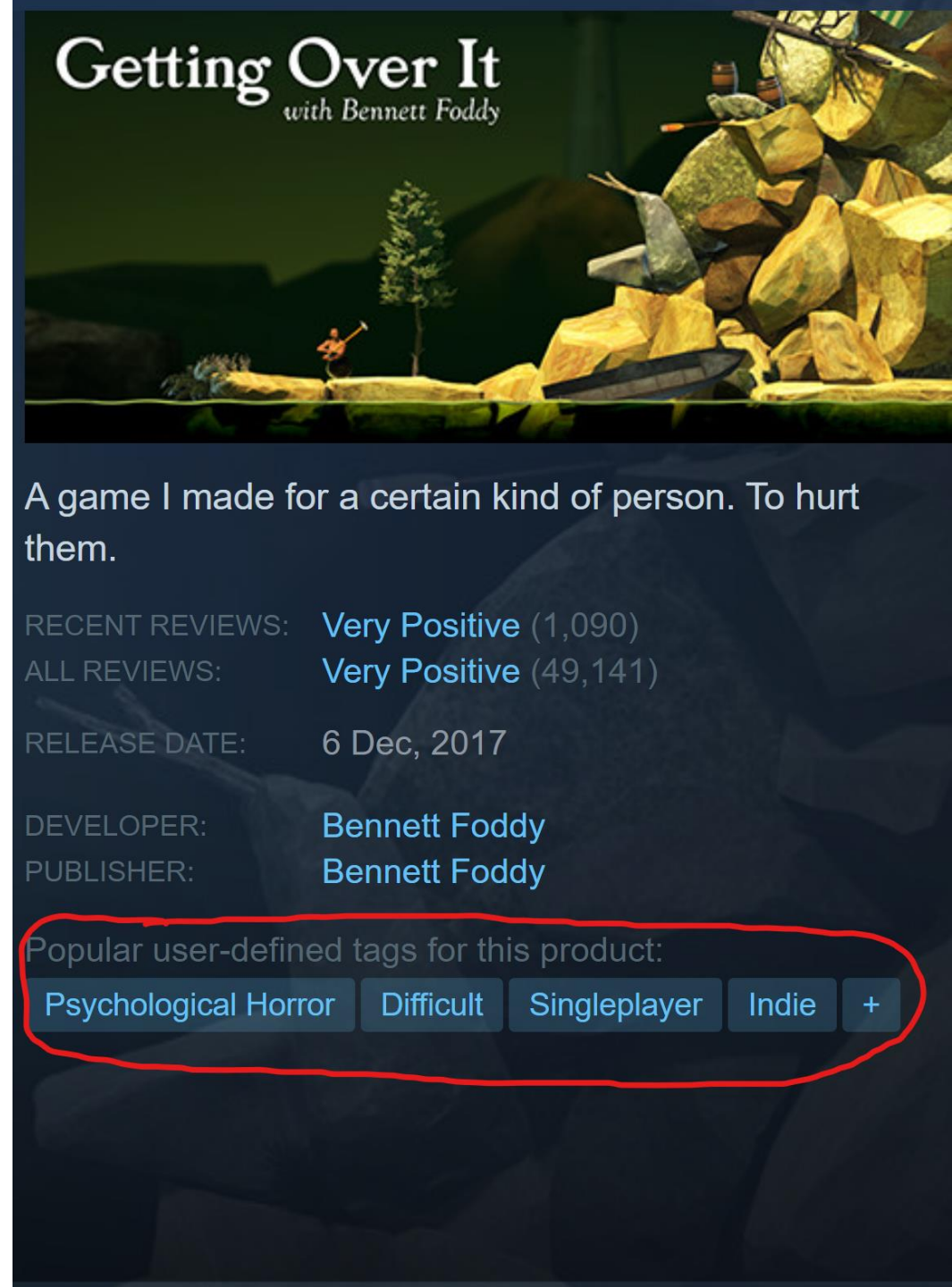
Player Modes

- Single-player
- Local multiplayer
- Co-op
- Versus
- LAN multiplayer
- Online multiplayer
 - Lobby-based
 - Persistent



Why have genres?

- Helps gamers quickly understand what you're promising
- Reduce the amount of player mismatch
- Helps with marketing
- Reduces the amount of game design decisions you have to do
- Games need to be familiar for people to be attractive
- Some designers say familiarity should be 80/20
 - 80% familiar
 - 20% novel



Players

Target Audience

- Need to target a specific group
 - Creating a game that will satisfy everyone is impossible
 - Target a small subset of gamers
 - Male aged 15-25 will probably play different games than Female aged 35-50
- Which of the categories is most fun?
 - Highly subjective
 - Every combination of player/time/platform ensures a unique experience



GAMER MOTIVATION MODEL



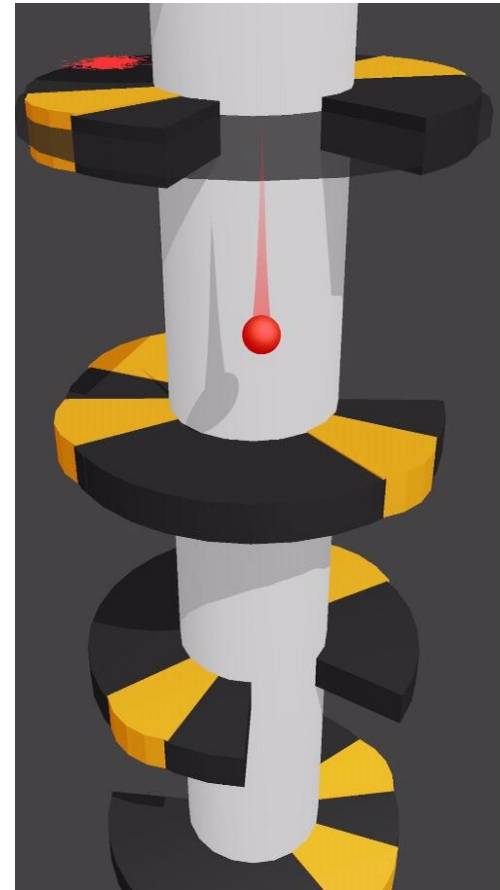
Action “Boom!”	Social “Let’s Play Together”	Mastery “Let Me Think”	Achievement “I Want More”	Immersion “Once Upon a Time”	Creativity “What If?”
Destruction Guns. Explosives. Chaos. Mayhem.	Competition Duels. Matches. High on Ranking.	Challenge Practice. High Difficulty. Challenges.	Completion Get All Collectibles. Complete All Missions.	Fantasy Being someone else, somewhere else.	Design Expression. Customization.
Excitement Fast-Paced. Action. Surprises. Thrills.	Community Being on Team. Chatting. Interacting.	Strategy Thinking Ahead. Making Decisions.	Power Powerful Character. Powerful Equipment.	Story Elaborate plots. Interesting characters.	Discovery Explore. Tinker. Experiment.

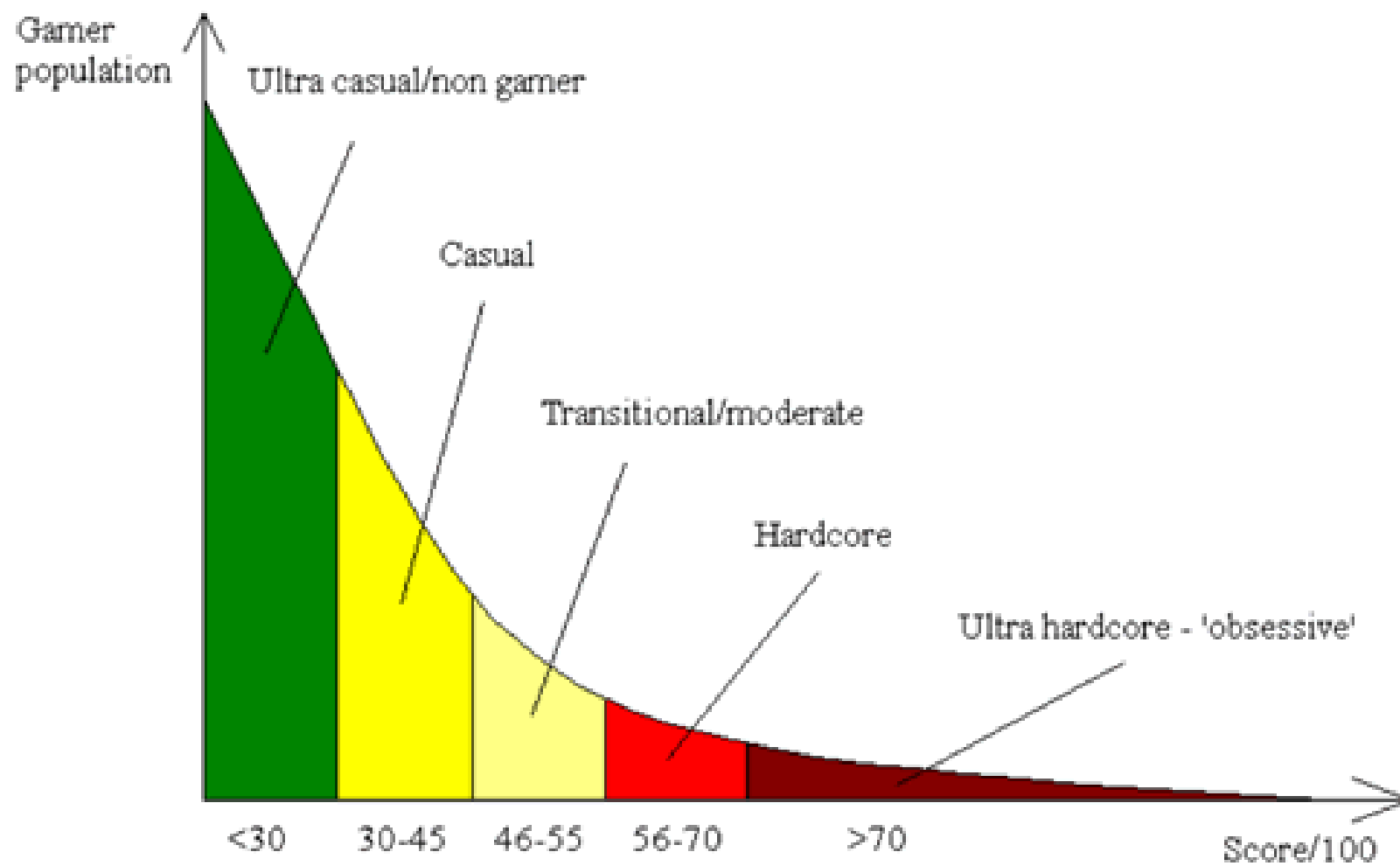
Target Audience

- **Not just age & gender**
- Why do they play games?
- What do they enjoy?
- How often do they play?
- When do they play?
- How long do they play?
- On what platform do they play?
- Why do they stop playing?

Players

- **Hyper-casual** – not invested
 - Very short play sessions (2-5 min), not invested, players easily jump to the next one
 - Super easy to learn
- **Casual**
 - Shorter sessions (10-20 min), less time spent playing
 - Easier games, slower pace
- **Mid-core (Core)** – more involved
 - Longer sessions (20-60 min)
 - Not obsessive, but willing to do harder challenges
 - *Enthusiastically plays different types of games*
- **Hard-core** – “obsessive”
 - Long sessions (60+ min), strong dedication to finish/achieve/...
 - Actively reads materials even when not gaming





Acquiring Gamers

- **Hyper-Casual**
 - Organic reach (=> app store optimization - ASO)
 - Pay pre click ads (PPC)
- **Casual**
 - PPC
 - Organic
- **Mid-core (Core)**
 - PPC
 - Press/Influencers
- **Hard-core – “obsessive”**
 - Press/Influencers
 - Publishers
- Word of mouth works for all, but is hard to evaluate

Business Models



Business models

- Premium
- Free to Play
- Premium Game as a Service
- Arcade
- Subscription
- Subscription Pass

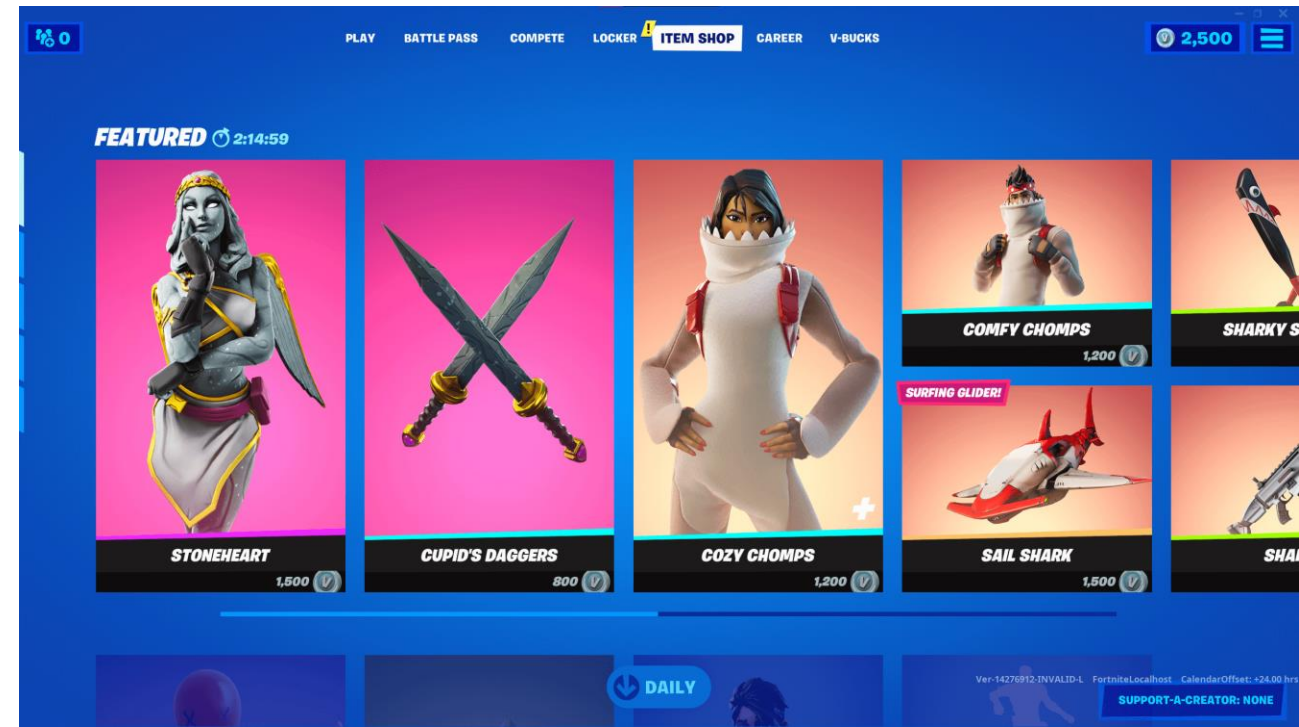
Premium Games

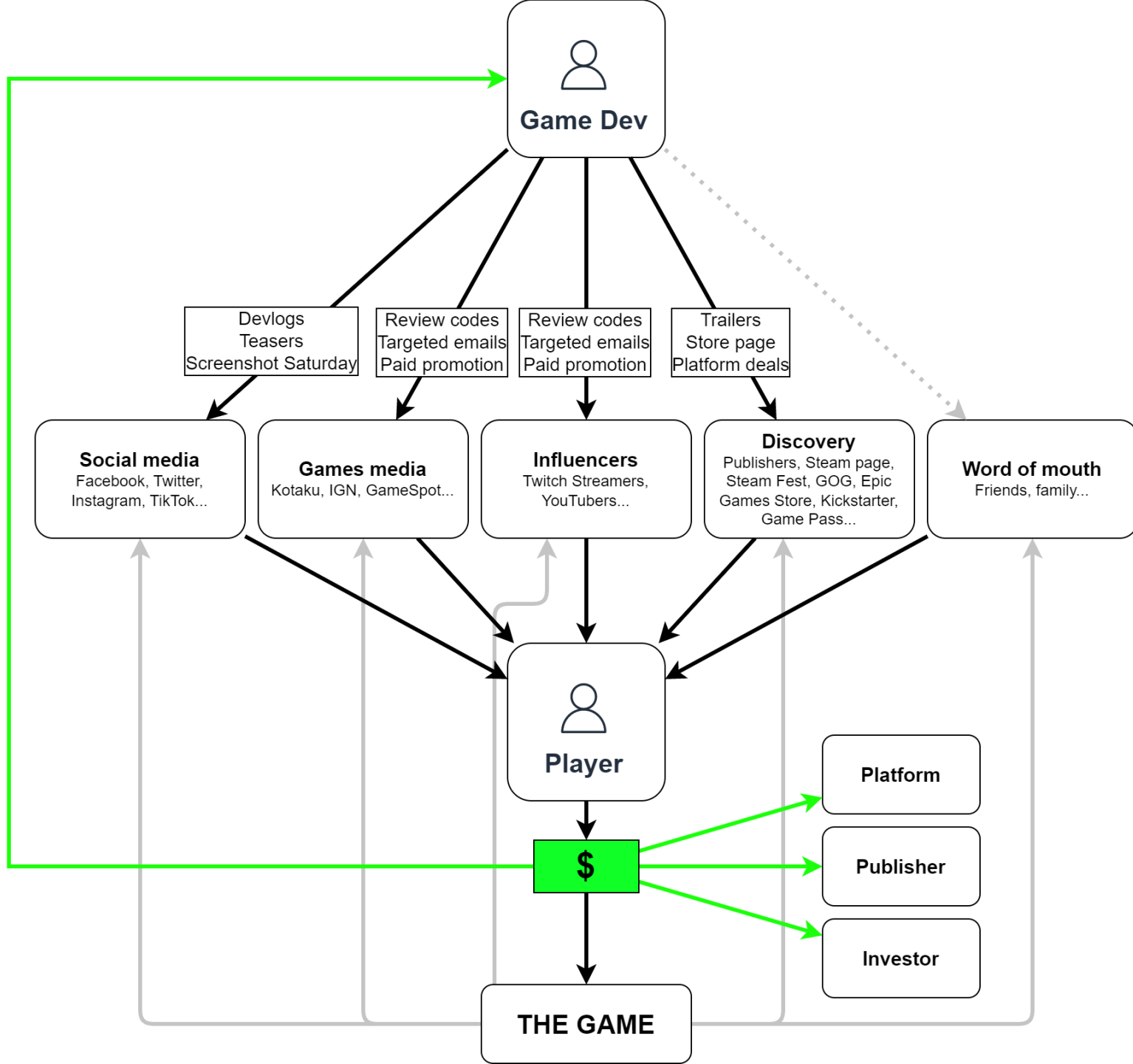
- Spend longer times to develop games
- Build up audience before global launch
 - Pay per-click ads (PPC)
 - Community management
 - Social media, press, influencers
 - Crowdfunding
 - Well-known publisher
 - Franchise
- Global launch with large marketing push
 - Scheduled reviews, streamers, wishlist emails...
- Early access
- Estimating Steam game sales usually comes from # of wishlists before launch



Earning from Premium Games

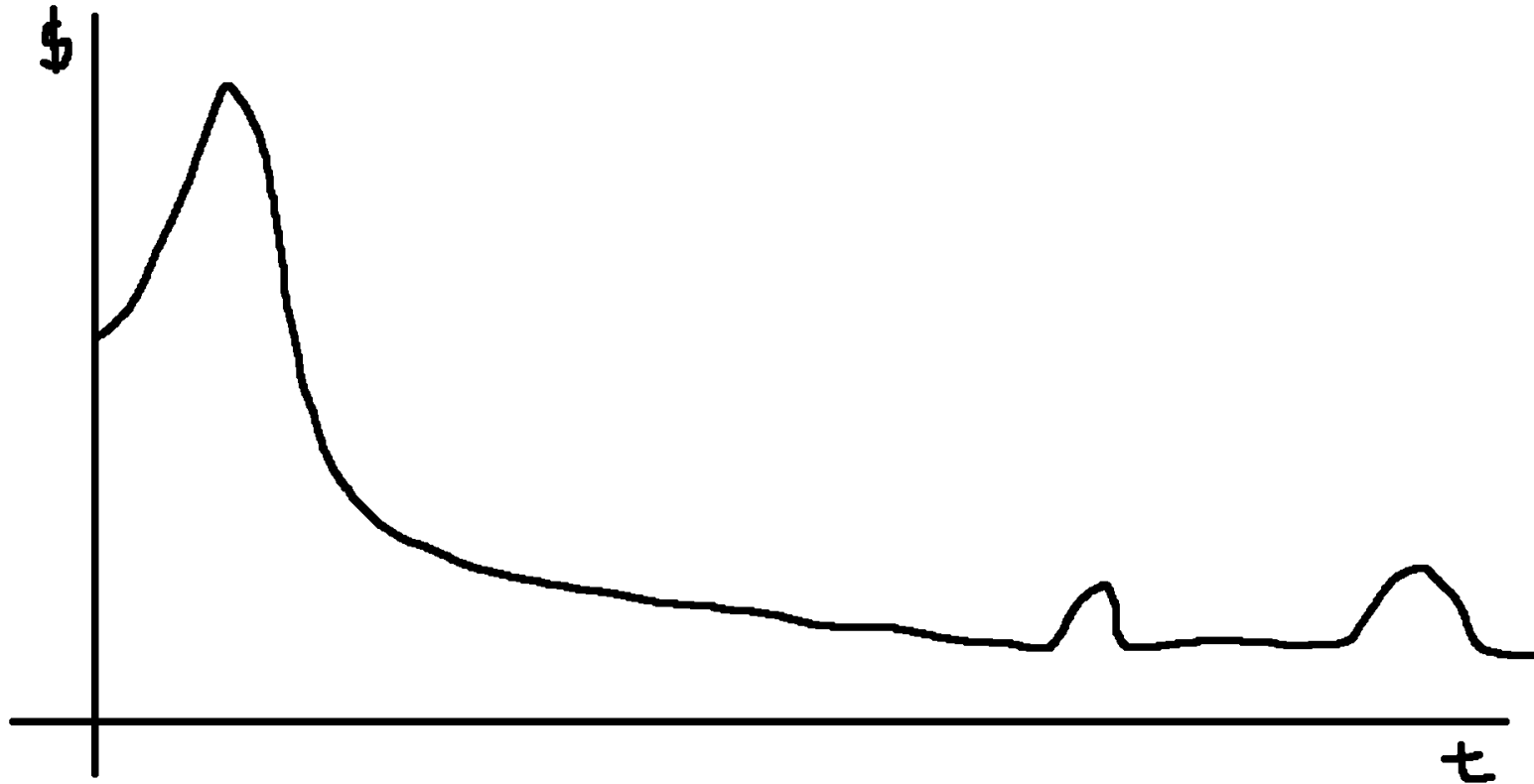
- Fixed price for a game
- DLCs
- Discounts – **most games are sold during discounts**
- Battle passes, season passes
- Additional in-game purchases possible
 - Cosmetics, loot boxes
- Don't forget platform cuts





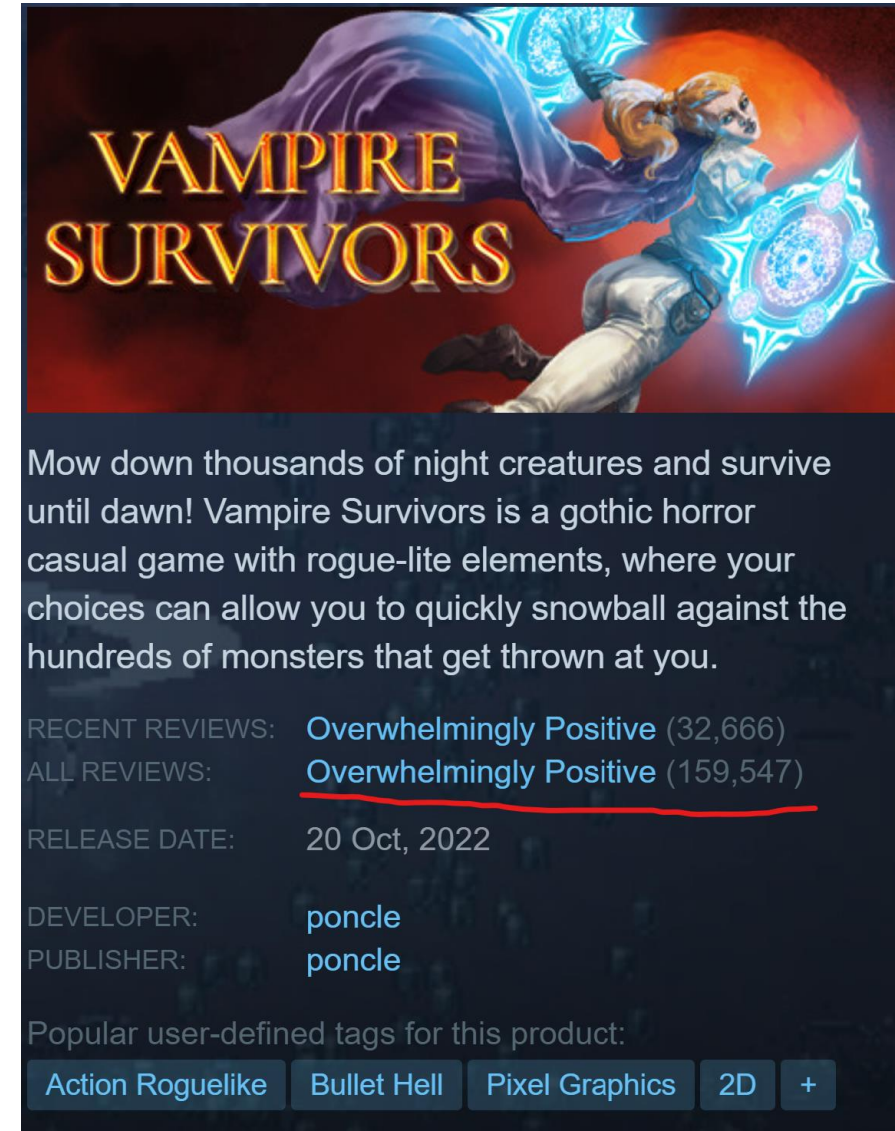
Typical earnings from a premium game

- There are exceptions – e.g. Among Us



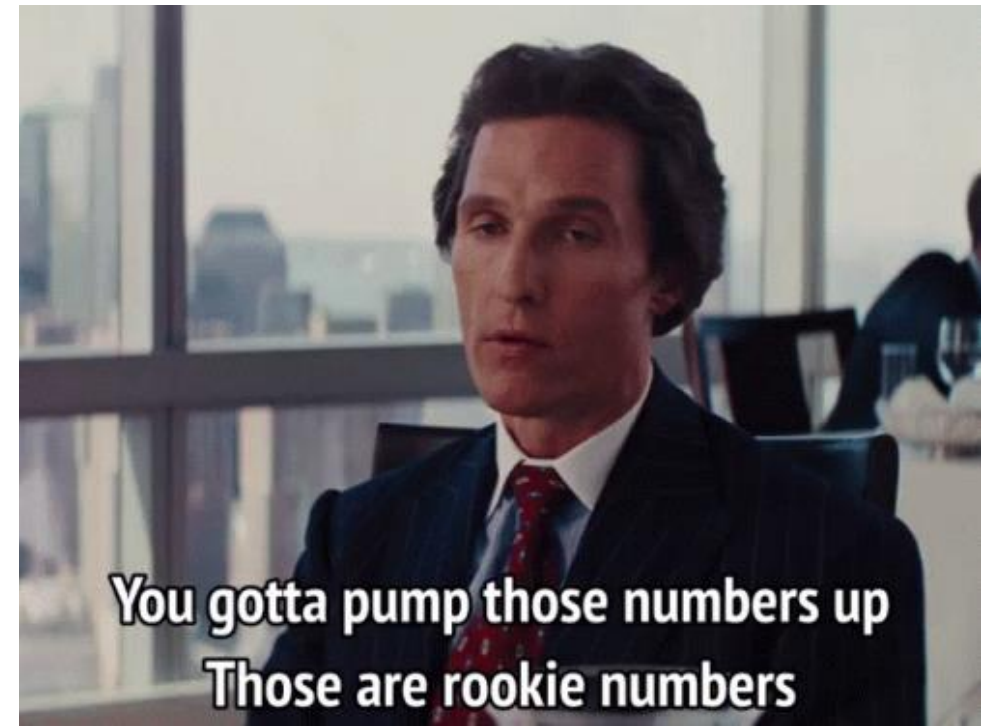
Estimating success

- Wishlist numbers
 - 15-20% wishlist conversion at launch
 - Most people wait for bigger sales
- Wishlist quality – hard to estimate
- Social media following
- Media/Influencer coverage
- Sales
 - Week 1 \approx Month 1 (after Week 1) \approx Year 1 (After Month 1)
- SteamSpy on similar games
 - Has sales estimates
- # of reviews on similar games
 - Owned copies = # of reviews * multiplication factor
 - Multiplication factor somewhere between 20-80



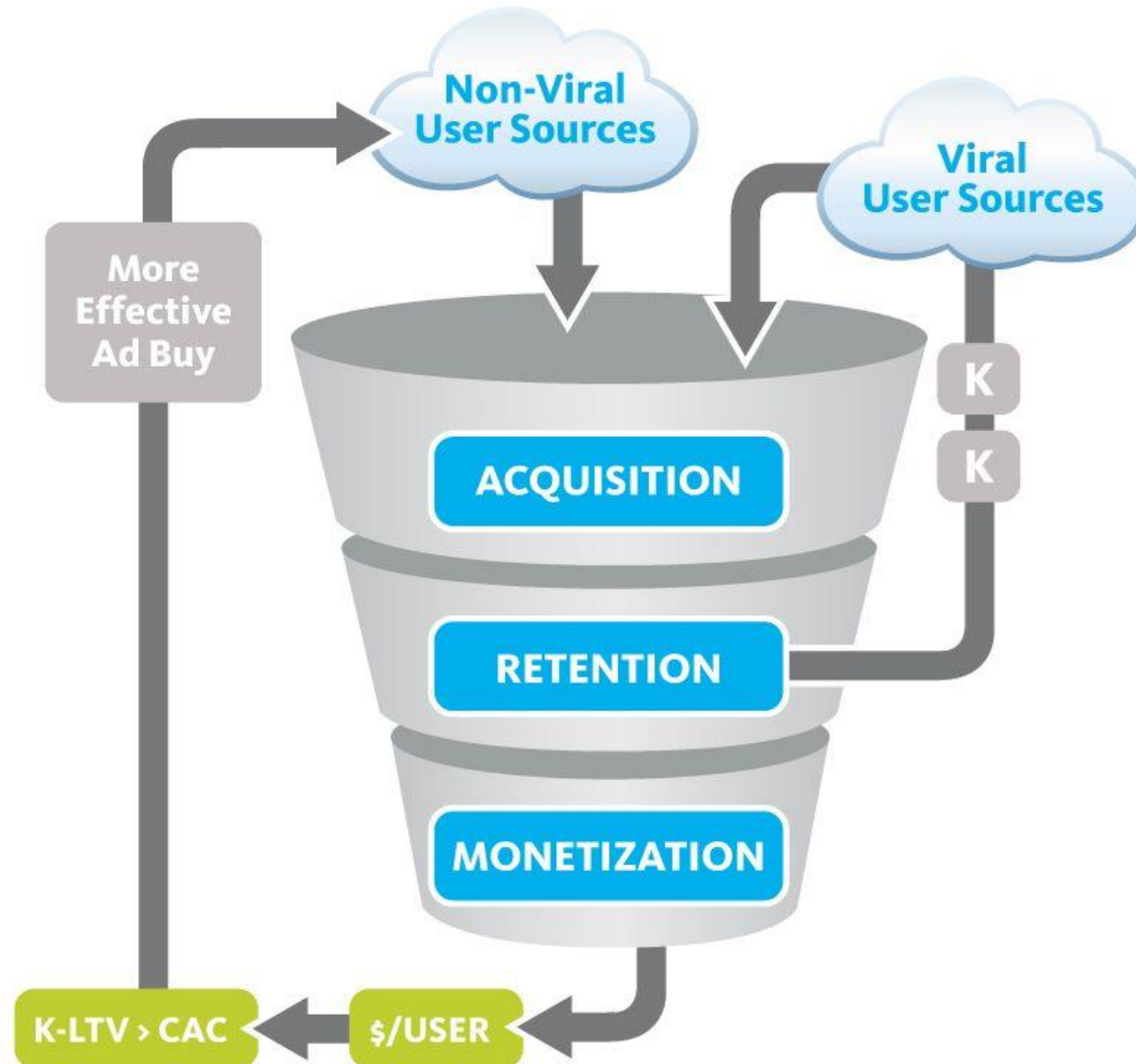
Free to Play (f2p)

- Game as a service (GaaS)
- ARM – Acquisition, Retention, Monetization
- Several soft launches
 - Buy players in “cheaper” countries that behave similar to “rich” countries
 - Test your product
 - Technical issues
 - Retention
 - Monetization
- Global release afterwards
- Constant updates, new content, events
 - Keep paying customers
- Ongoing user acquisition





Kontagent ARM Funnel



Free to Play

- 98% of players never buy any in-app purchases
 - Can earn money from these through ads
- Most f2p games have a high pay ceiling
 - Players can spend 10000+€ in a single game
- ~5% of spenders are *whales*
 - <0.1% of players (1 in a 1000)
 - They spend thousands, but not at once
- Some genres have players willing to spend much more
 - Strategy, RPG

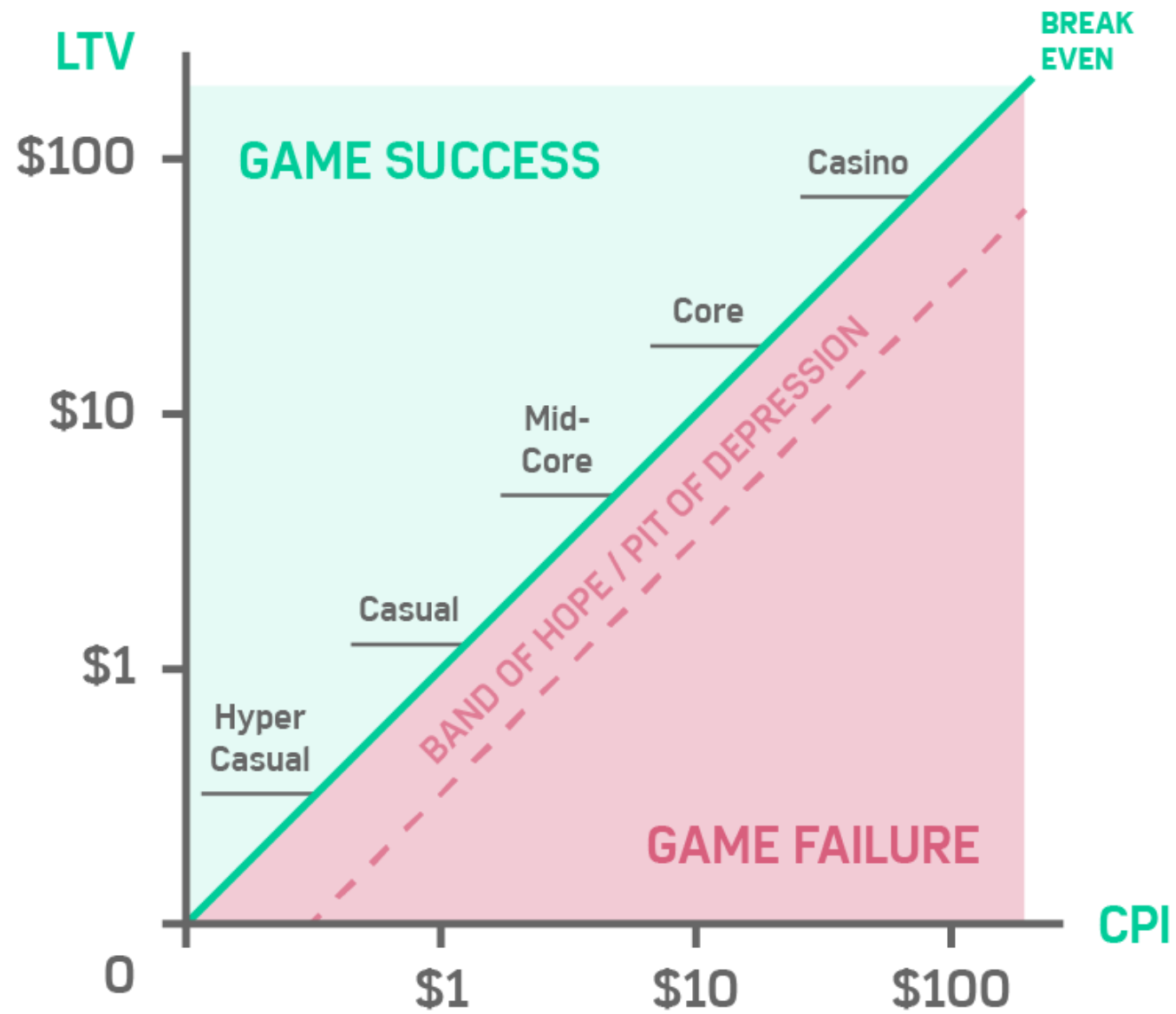
One *Diablo Immortal* YouTuber has spent over \$100,000 on the game's cash shop in order to craft an impossibly powerful character capable of utterly destroying PvP competitors. In an unfortunate twist, the player has such a high matchmaking rating that Diablo Immortal is no longer pairing him up with PvP opponents.

Typical earnings from a F2P game



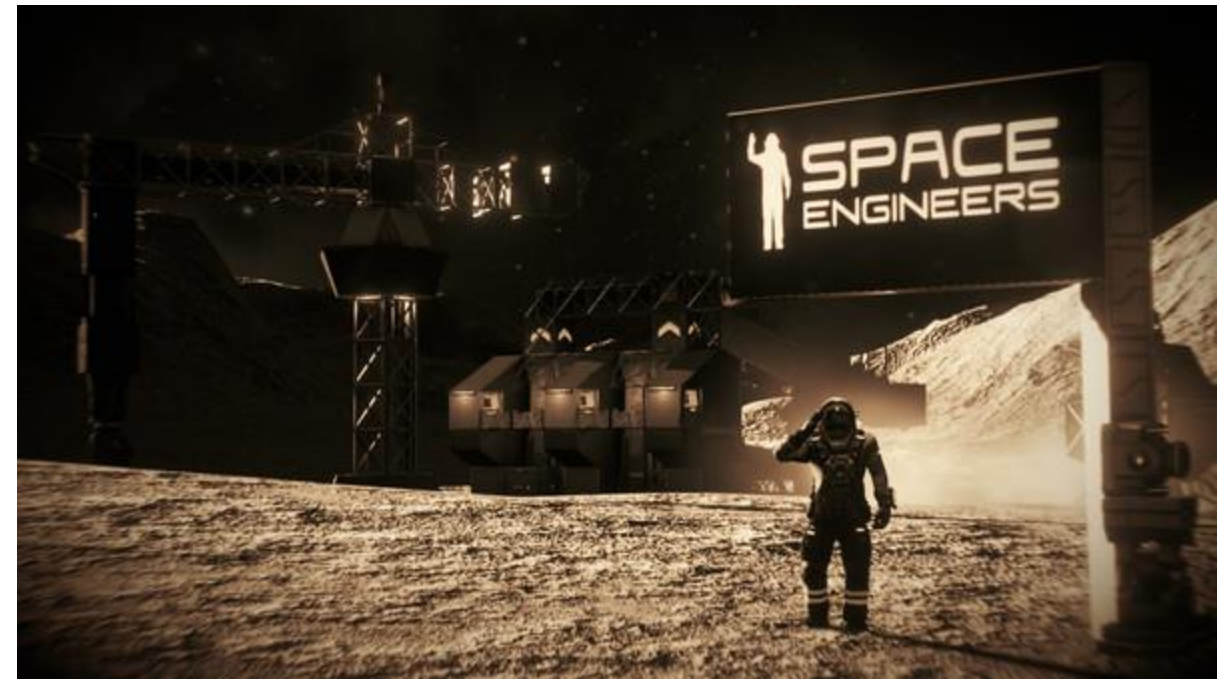
LTV > CPI

Life-time value > Cost per install



Premium Game as a Service

- Early access
- DLC Roadmap
- Constant updates
- New features in the same product
- Example: Space Engineers
 - In Early Access for a long time
 - Was successful in Early Access
 - Had massive increase in sales with updates
 - Added planets
 - Improved multiplayer
- Other notable games: Terraria, Dead Cells, ...



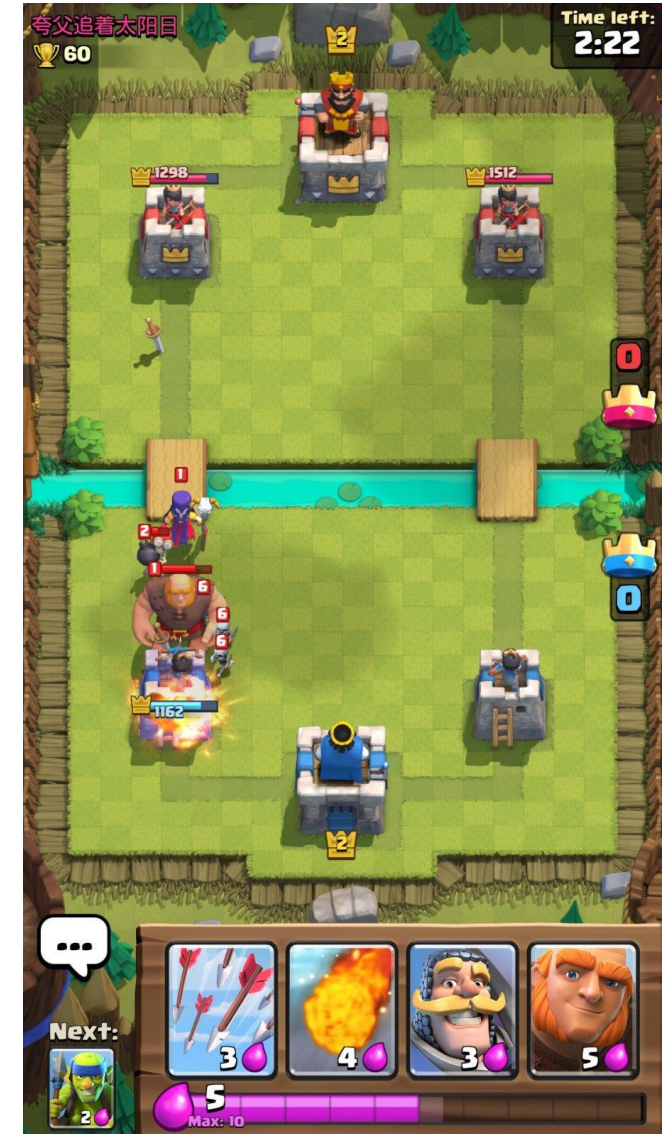
Other business models

- **Arcade**
 - Pay to play
- **Subscription**
 - World of Warcraft
- **Game streaming**
 - GeForce Now, Xbox Game Pass Ultimate, PlayStation Plus Premium, Amazon Luna, Stadia
- **Subscription Passes** – players pay monthly for a catalog of games
 - Xbox Game Pass, PS Plus, EA Access, Uplay+, Humble monthly...
 - Apple Arcade, Google Play Pass
- Earning from subscription passes
 - Upfront fee to develop/port or even keep exclusive
 - “Royalties” based on how much people play your game – very hard to get specifics



What business model is right for me?

- Some business models fit some platforms better
 - Players are used to it
 - Platforms support it
- My recommendations
 - Go **free to play on mobile**
 - Monetize through ads (hyper-casual) or through IAP (casual – hardcore)
 - Can softlaunch, test CPIs...
 - Go **premium on PC/Consoles**
 - Players are used to it & are willing to pay
 - Simpler for development
 - Rapidly different focus, different production, different priorities!
 - Get to a **subscription pass** if you can
 - More similar to premium development
 - But they are looking for “highly engaging” titles



Why not...

- Premium mobile
 - It can work, but chances are very low
 - Players are used to paying very small amounts for one copy
 - Minecraft: Android \$7.5, PC \$30, PS \$20, Xbox \$20
 - Mini Metro: Android 1€, PC 8€
 - Apple Arcade + Google Play Pass (also Netflix) is being pushed HARD
- Free to play PC/Consoles
 - Works for big companies
 - Need to maintain huge number of players, constant updates & events, constant new content
 - Much harder to do performance marketing + more barriers to install (e.g. install Steam)
 - Most successful titles are online multiplayer – extremely hard to do
- Others
 - Markets slowly losing steam (web, pure handhelds), technically difficult (VR)




The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners 	Key Activities 	Value Propositions 	Customer Relationships 	Customer Segments 
	Key Resources 		Channels 	
Cost Structure 			Revenue Streams 	



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The Business Model Canvas

Designed for:

Designed by:

Date:

Version:

Key Partners  Valve Kickstarter Publisher	Key Activities  Making Games Key Resources  Developers Hardware Software Licenses	Value Propositions 	Customer Relationships  Support Forums Devlog Social Media Channels  Steam	Customer Segments 
Cost Structure  Employees Office, HW, SW Marketing costs Outsourcing		Revenue Streams  Game Sales Crowdfunding Publishers		

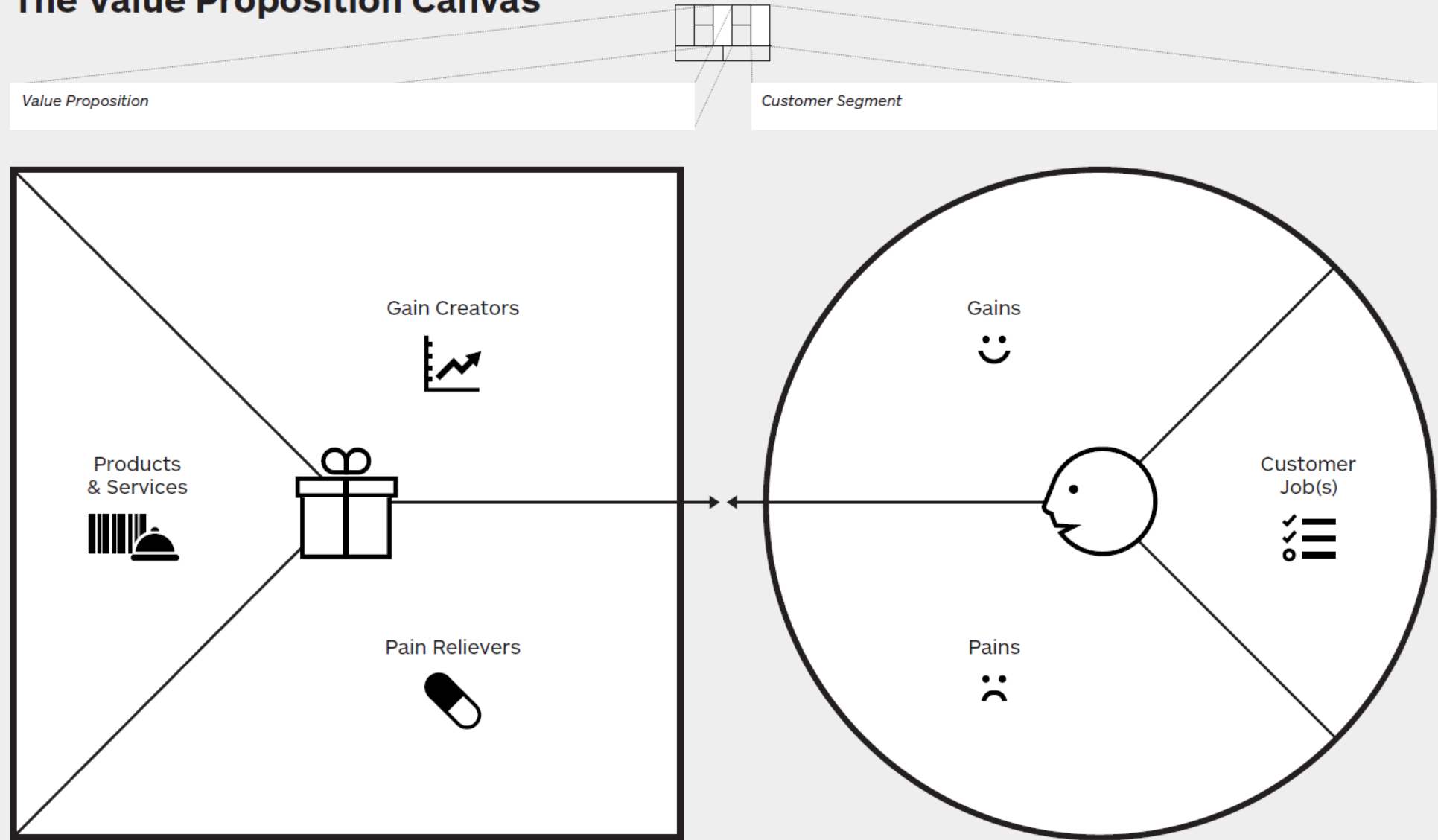


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The Value Proposition Canvas

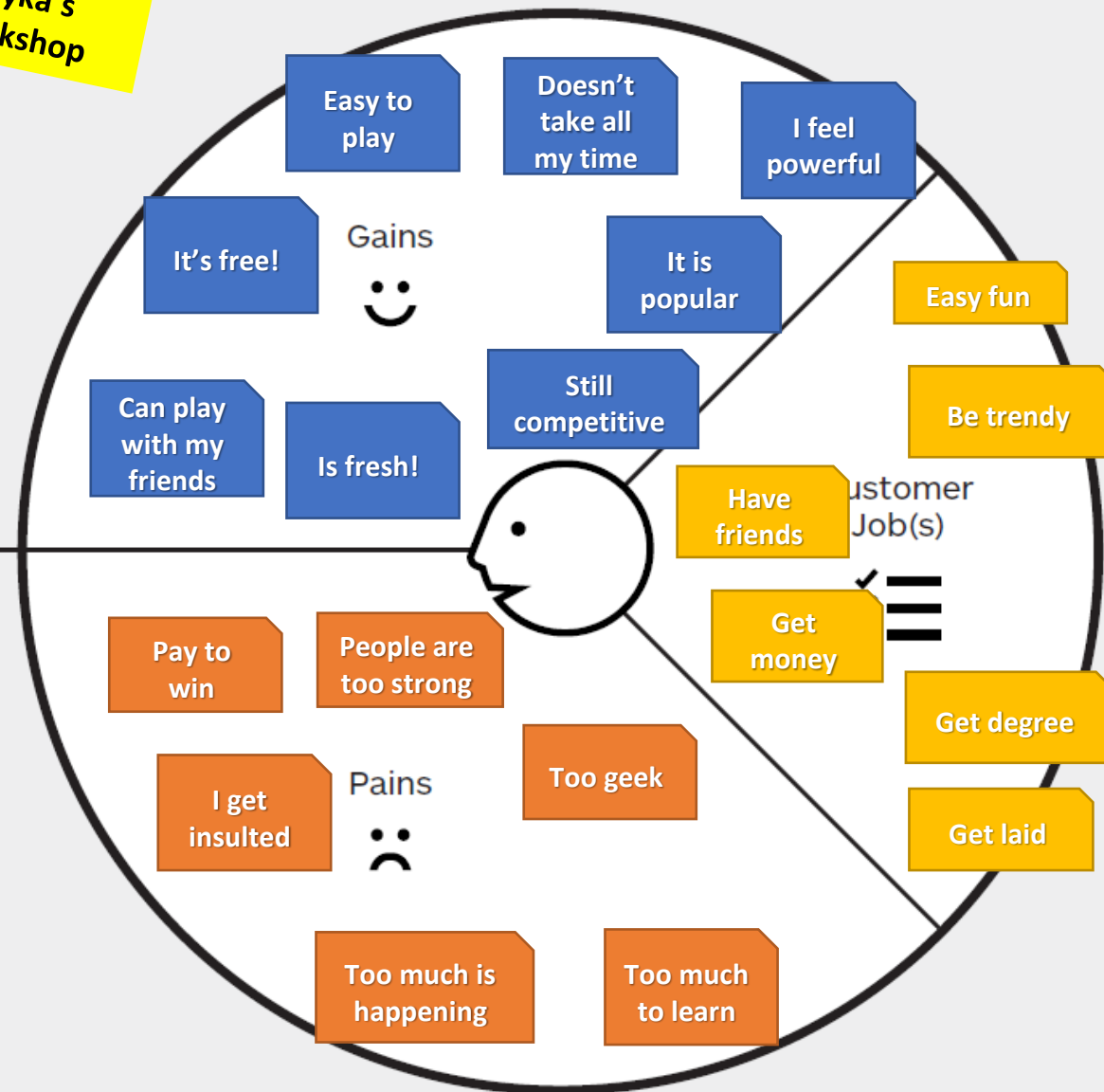
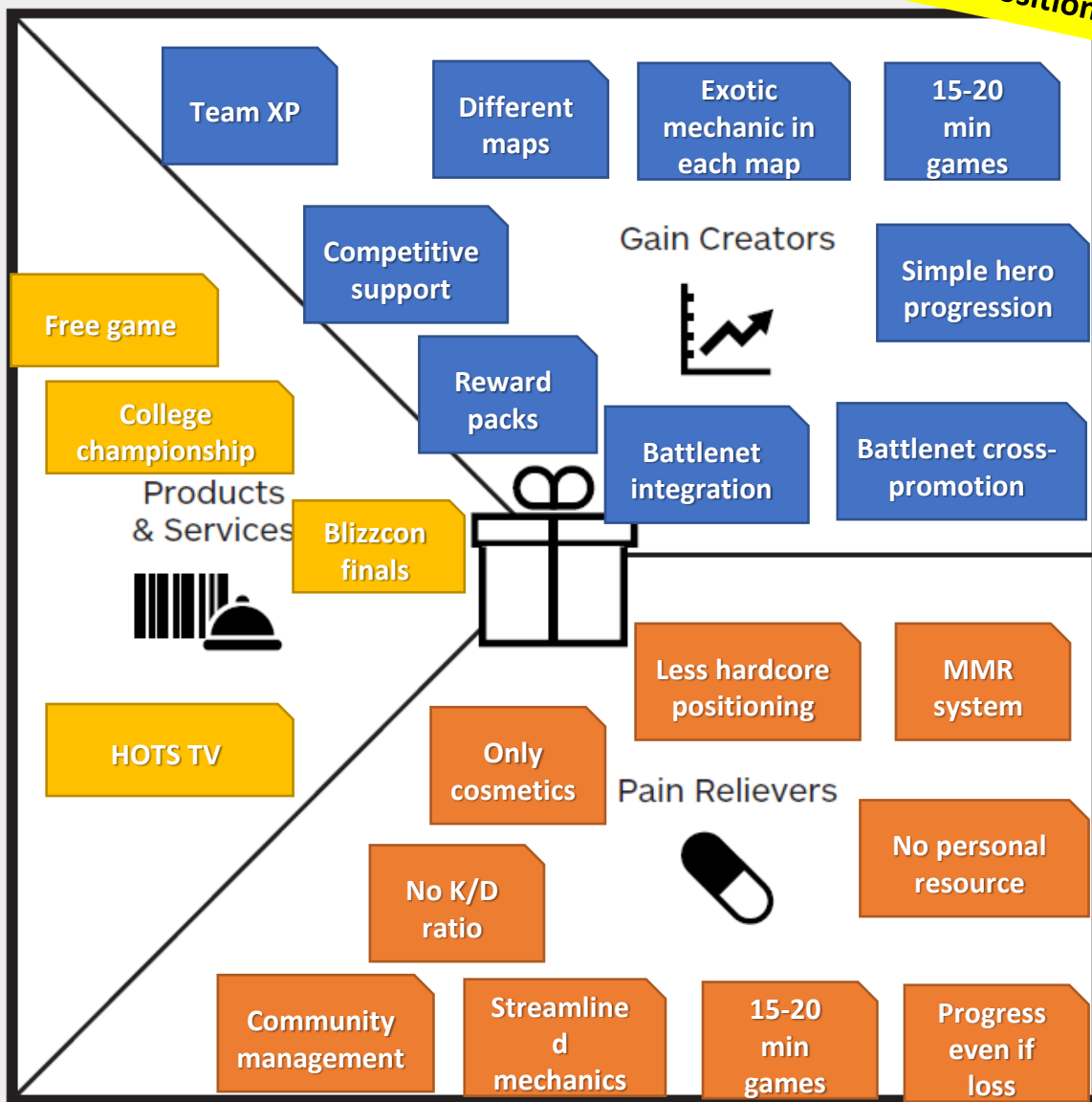


Value Proposition Heroes of the Storm

Customer Segment

Late teenager – Likes Mobas but not Lol/Dota

Taken from Alex Mandryka's
Market Positioning Workshop



Unique Selling Points (USP)

- What attracts the player to play?
 - It's sad, but visuals first!
- What is the **unique value** that you can offer the player?
- Unique ≠ Good
- What interests the player?
- What sells your game?

- Too unique ⇒ obscure, hard to understand & risky
- Aim for 80% familiar, 20% new



A screenshot from the game Cuphead. In the foreground, Cuphead, a white teacup character with a red bow tie, stands on a wooden pier. He is looking towards a large, purple, octopus-like boss character in the water. The boss has multiple tentacles, some holding small black spheres. A small, brown, box-like character with a face is floating in the air above the boss. To the right, a large, red, pirate-like ship with a single eye on its side is visible. The background shows a blue sea and a light sky. The overall style is a 1930s cartoon aesthetic.

Cuphead

Visuals

Super difficult gameplay





Ori and the Blind Forest

Visuals
Metroidvania

NIGHT 1



01:00am



BACKPACK



RUN TO EXIT



SCAVENGE



Fists



The looters must've been in a hurry,
there's still a lot of stuff left.



Pavle

Fast runner

SLEPT POORLY

HUNGRY



Bio

NIGHT 1



01:00am



BACKPACK



RUN TO EXIT



SCAVENGE



Fists

The looters must hurry.
there's still a lot of loot left

This War of Mine

In war, not everyone is a soldier
Dilemmas & regret

Pavle

Fast runner
SLEPT POORLY
HUNGRY





UP + LEFT



DOWN + LEFT



COIN MULTIPLIER: 3

DEPTH: 5 LEVEL: 1

The background of the image is a faded screenshot of the game Crypt of the NecroDancer. It shows a top-down view of a character in a pixelated, isometric-style dungeon. The character is a small blue figure with a red square on its back. The dungeon floor is made of purple and brown tiles. There are various items and enemies scattered around. In the top left, there's a toolbar with icons for a shovel, attack, torch, and ring. In the top right, there are five red hearts representing health, a gold coin icon with 'x8', and a diamond icon with 'x0'. On the right side, there are two spell icons with 'UP + RIGHT' and 'DOWN + RIGHT' controls. At the bottom, there's a status bar with 'COIN MULTIPLIER: 3' and 'DEPTH: 5 LEVEL: 1'.

Crypt of the NecroDancer

Roguelike Rhythm Dungeon-Crawler

Simple controls

Star composer

COIN MULTIPLIER: 3

DEPTH: 5 LEVEL: 1



Thomas Was Alone

Narrative

HULL

SHIELDS

16 8 0

7

FTL Drive
JUMP
READY!

SHIP

EVASION 25%
OXYGEN 74%

- Tai Yi
- Artyom
- Matt
- Noemi
- Liam
- Oni



WARNING!
INTRUDERS
DETECTED

TARGET

HULL
SHIELDS

Class: Energy Bomber
Relationship: Hostile



W O2 S A B + H



WEAPONS

Burst Laser II 1
Hermes 2
Halberd Beam 3
Heavy Ion 4

AUTOFIRE

DRONES

Sys Repair

SUBSYSTEMS

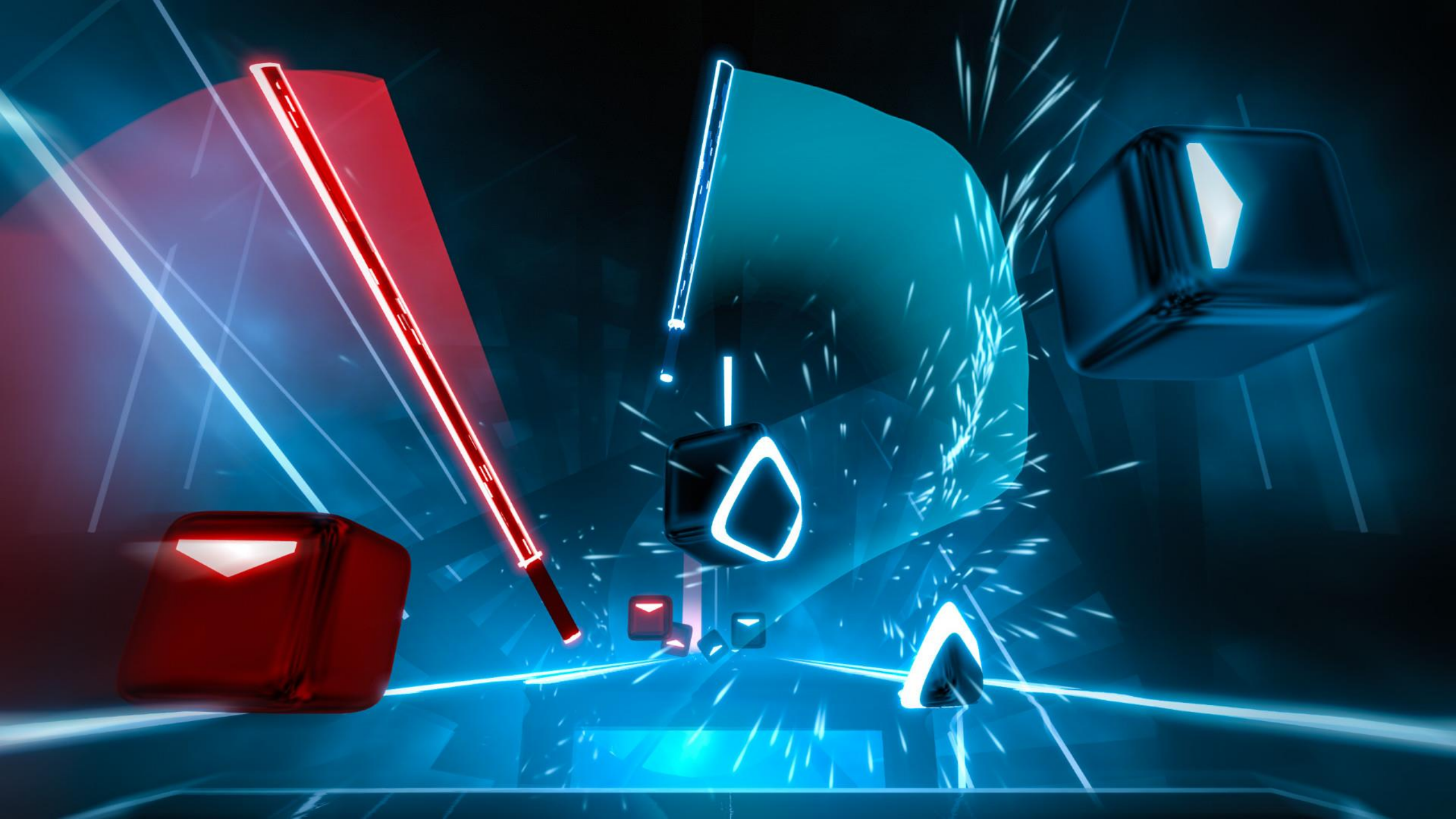


FTL

Play as the captain, not the pilot

Rogue-like

Pausable combat



The background of the image is a blurred screenshot from the VR game Beat Saber. It shows two glowing sabers, one red and one blue, positioned diagonally. In the center, there are several colorful, translucent geometric shapes (spheres and triangles) that serve as targets. The overall scene is dynamic and energetic, with bright light rays and a sense of motion.

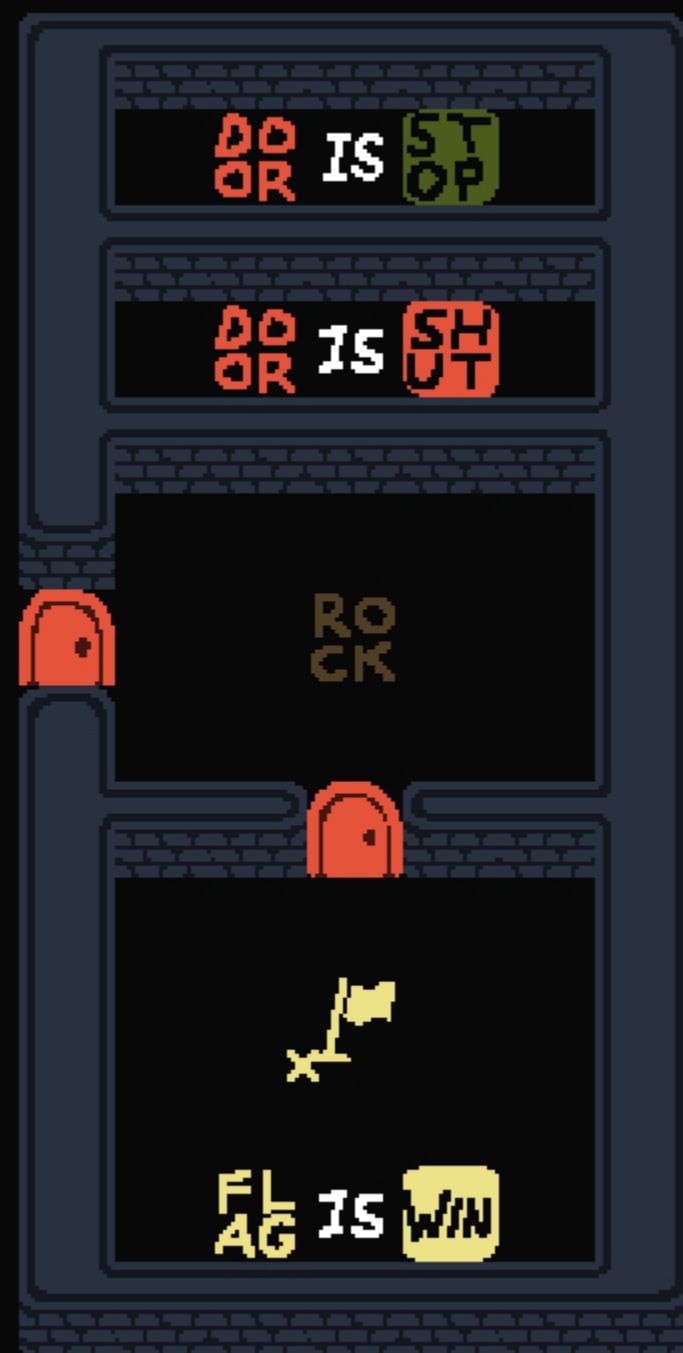
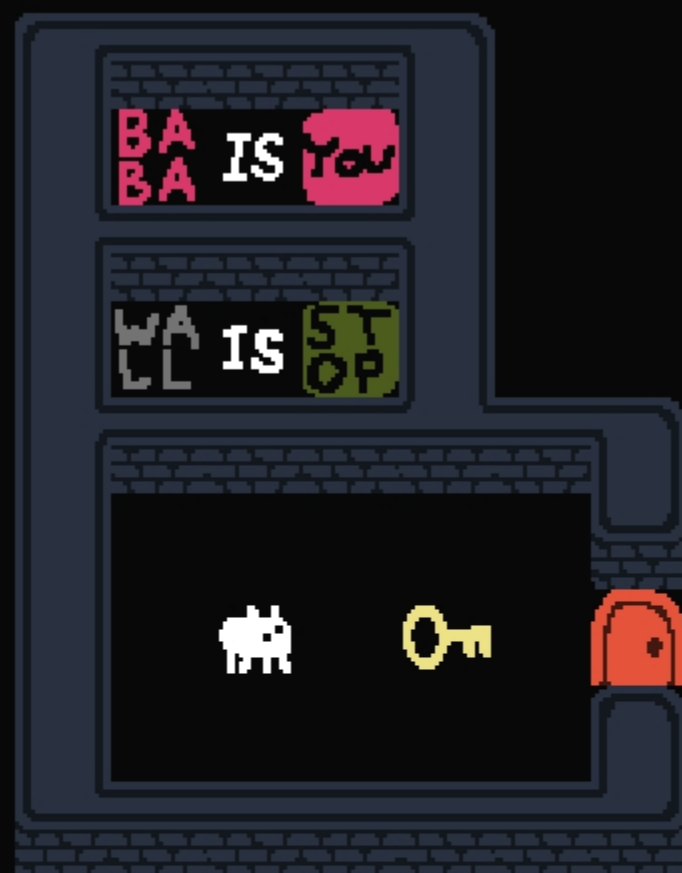
Beat Saber

Rhythm VR

It's exercise

Music

Reach the leaderboards



KEY IS OPEN

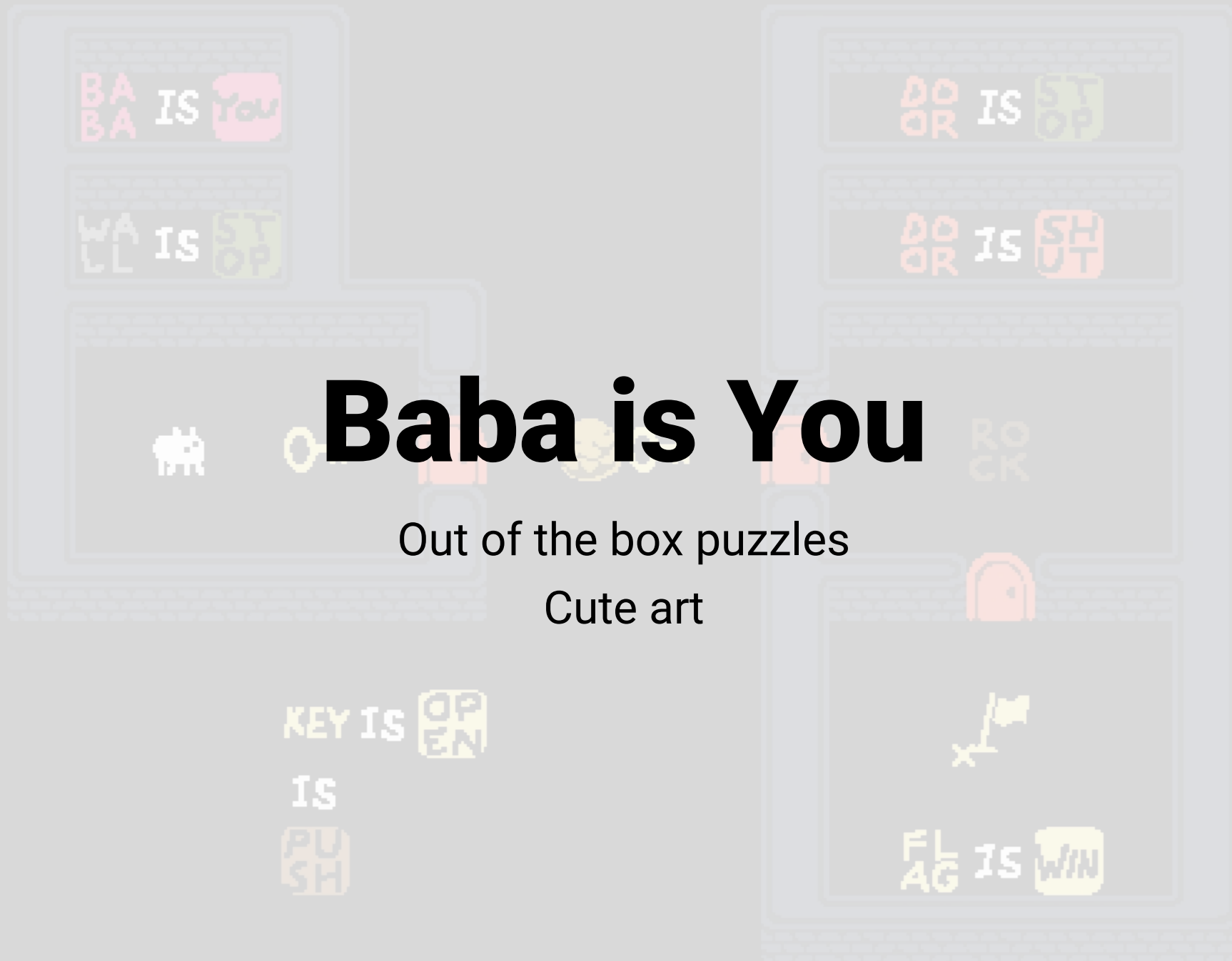
IS

PUSH

Baba is You

Out of the box puzzles

Cute art



TOTAL TASKS COMPLETED

Ping: 50 ms



Hannako

Tallclass

Meanfeet

Blaustoise

Saltycar

Chris A

Tasks

ENGINE

STORAGE
ELECTRICAL

60
PROTECT

REPORT

USE

TOTAL TASKS COMPLETED

Ping: 50 ms



Hannako

Tallclass

Among Us

Social deduction in time of social distancing

Blaustoise

Saltycar

Chris A



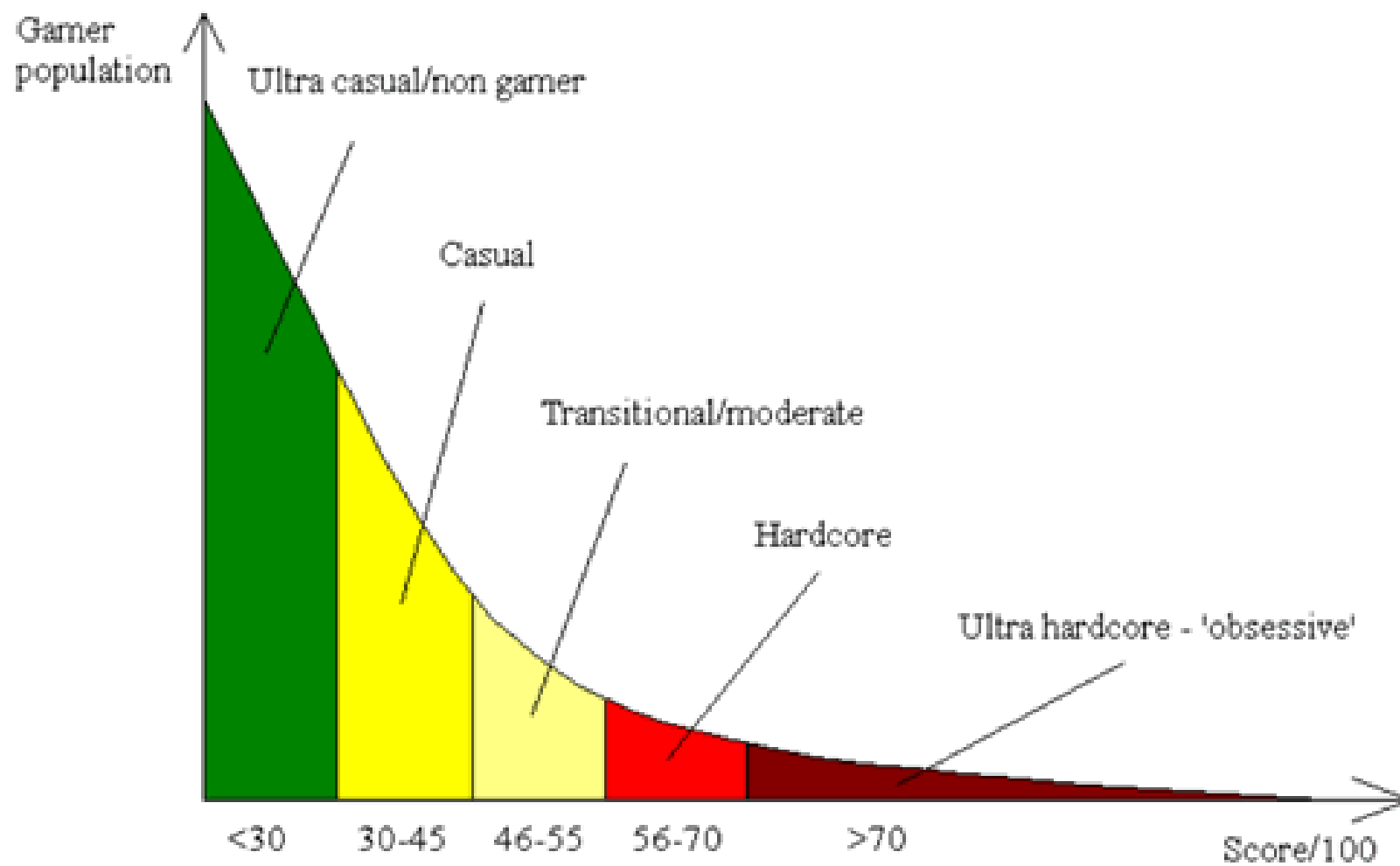
ELECTRICAL

Before making a game

- Do extensive market research
- Find unique selling points people **care about**
- Competitor analysis
- Product-market fit
 - Test out the market as fast as you can
- Reaching your audience
- Consider time to market

Niche

*denoting or relating to products, services, or interests that **appeal to a small, specialized section** of the population*



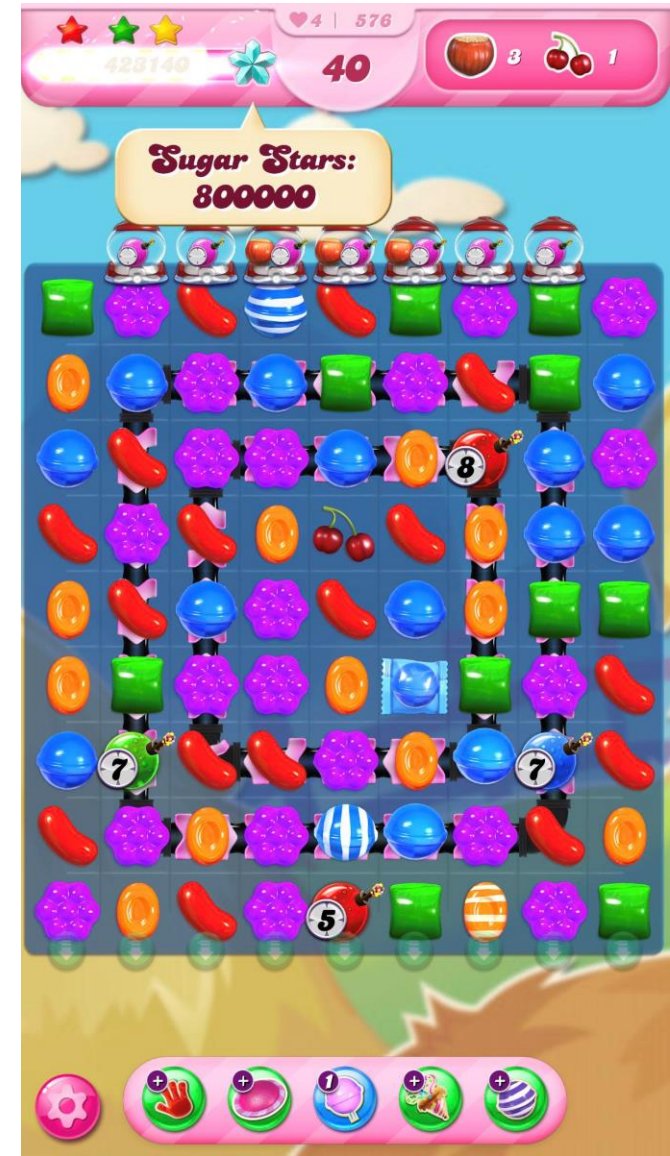
Niche games on PC/Console

- Hard to compete with big players if you do mainstream games
 - Lots of media coverage, lots of streamers/letsplayers coverage
 - Higher production value, more features, more playtime...
- Niche games target a much smaller group
 - Players looking for a new game in the “genre”
 - Players don't have a lot of titles for them
 - Big companies are not interested in smaller markets
 - More enthusiastic about your game
 - Short game ⇒ finish quick ⇒ look for the next game
- Big problem: Niche players are harder to find
 - You need to work a lot so people know your game
 - Influencers for that specific niche are key to do it
- PC players are more dedicated
- Console players are more casual



More casual games on Mobile

- Targeting a narrow niche (more hardcore) might be expensive
 - Higher CPIs
- More casual ≠ for everyone
- Unique selling points still need to be strong if you want to succeed
 - But less unique games can succeed if you manage to do great marketing
- Apple's privacy changes caused a lot of issues in the market
 - Harder to target hard-core fans
 - Have to do broader targeting ⇒ "lower quality" players
 - Buying ads costs a lot more than it used to
 - And it's getting worse by the minute
 - Google has something similar in progress



Widely popular

Niche

Just for you

~~**Widely popular**~~
(keep that to AAA)

Niche
(you MIGHT succeed)

~~**Just for you**~~
(great as a hobby)