

# 10 Business of Video Games

Tvorba a dizajn počítačových hier (FMFI)

Návrh a vývoj počítačových hier (FIIT)

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28. 11. 2024

# Business of Video Games

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

# Platforms

# Platforms

- **Arcades** – mostly 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** – usually casual
  - Mostly HTML5, limited capabilities
  - Used to be Facebook games
- **Mobile games** – usually 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, haptic feedback...
- Single-platform games
  - Easier development, especially consoles (HW is always the same)
- 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 = different technical issues
- 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 – can only get games on the platform from there
  - Xbox ⇒ Microsoft Store
  - PlayStation ⇒ PlayStation Store
  - Switch ⇒ My Nintendo Store
  - **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 – biggest outside China
  - Huawei App Gallery – biggest in China
  - Galaxy Store (Samsung)
  - Xiaomi Market
  - ...
- iOS is exclusive
  - EU forced Apple in 2024 to allow other stores
    - But installation of those stores is still crazy difficult and accounts for very few percent
    - Might change in a few years
  - 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, Xbox, 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



A game I made for a certain kind of person. To hurt them.

RECENT REVIEWS: [Very Positive](#) (1,090)

ALL REVIEWS: [Very Positive](#) (49,141)

RELEASE DATE: 6 Dec, 2017

DEVELOPER: [Bennett Foddy](#)

PUBLISHER: [Bennett Foddy](#)

Popular user-defined tags for this product:

[Psychological Horror](#)

[Difficult](#)

[Singleplayer](#)

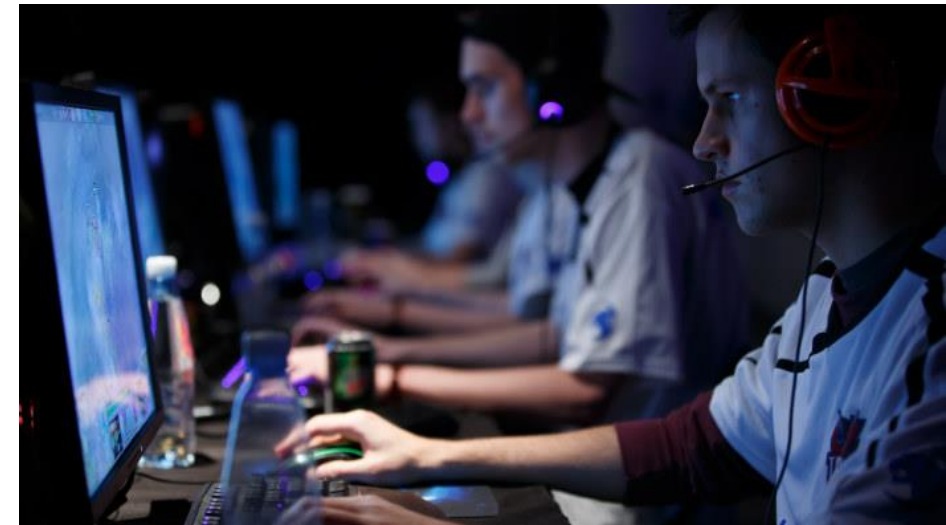
[Indie](#)

[+](#)

# 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?"
<b>Destruction</b> Guns. Explosives. Chaos. Mayhem.	<b>Competition</b> Duels. Matches. High on Ranking.	<b>Challenge</b> Practice. High Difficulty. Challenges.	<b>Completion</b> Get All Collectibles. Complete All Missions.	<b>Fantasy</b> Being someone else, somewhere else.	<b>Design</b> Expression. Customization.
<b>Excitement</b> Fast-Paced. Action. Surprises. Thrills.	<b>Community</b> Being on Team. Chatting. Interacting.	<b>Strategy</b> Thinking Ahead. Making Decisions.	<b>Power</b> Powerful Character. Powerful Equipment.	<b>Story</b> Elaborate plots. Interesting characters.	<b>Discovery</b> Explore. Tinker. Experiment.

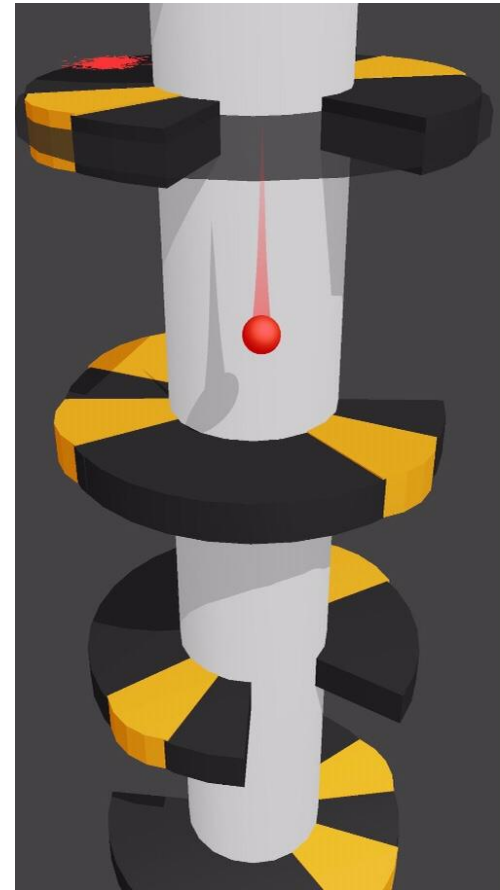


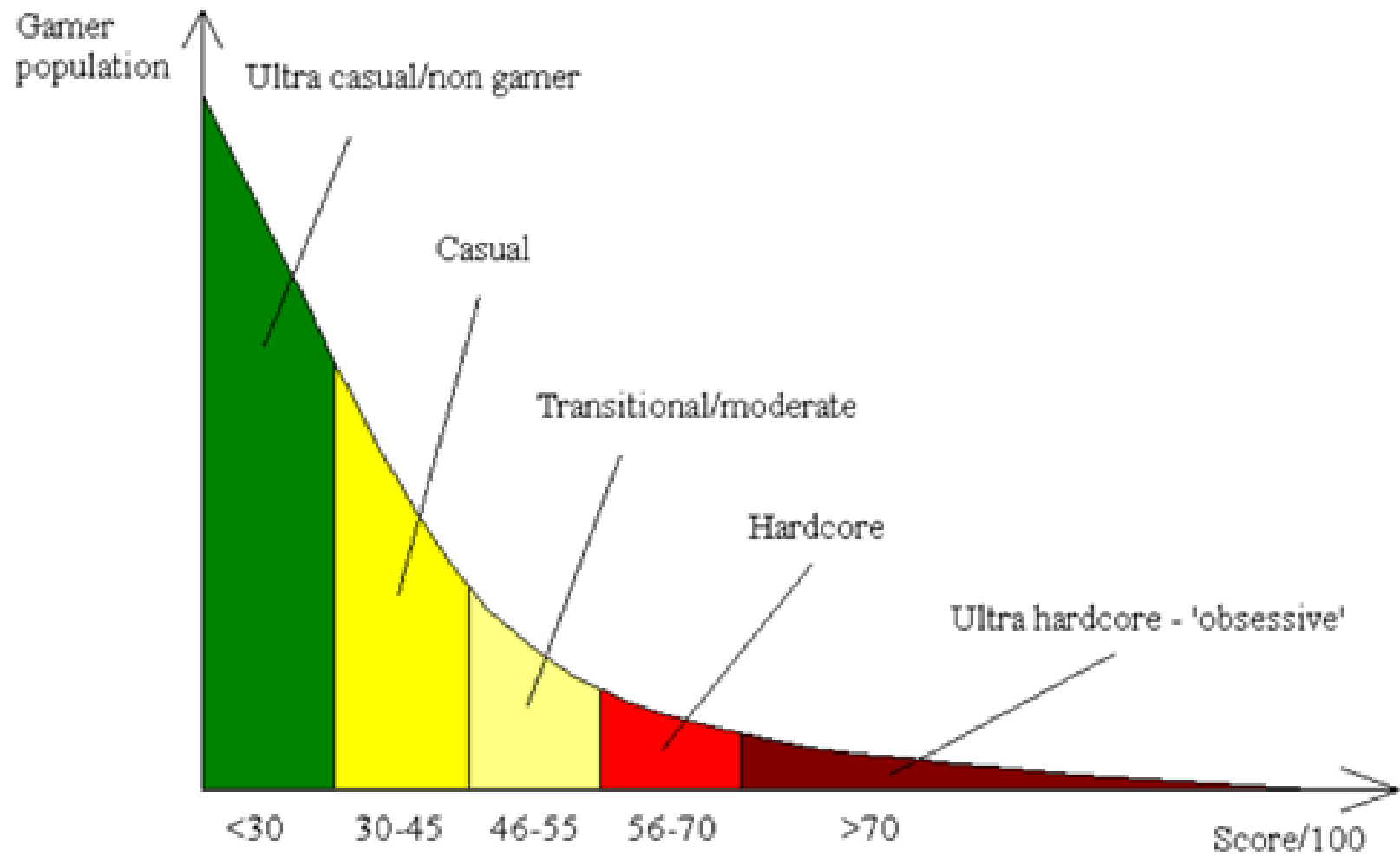
# Target Audience

- **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 consumes games media even when not gaming





# Acquiring Gamers

- **Hyper-Casual**
  - Organic reach (=> app store optimization - ASO)
  - Pay per 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

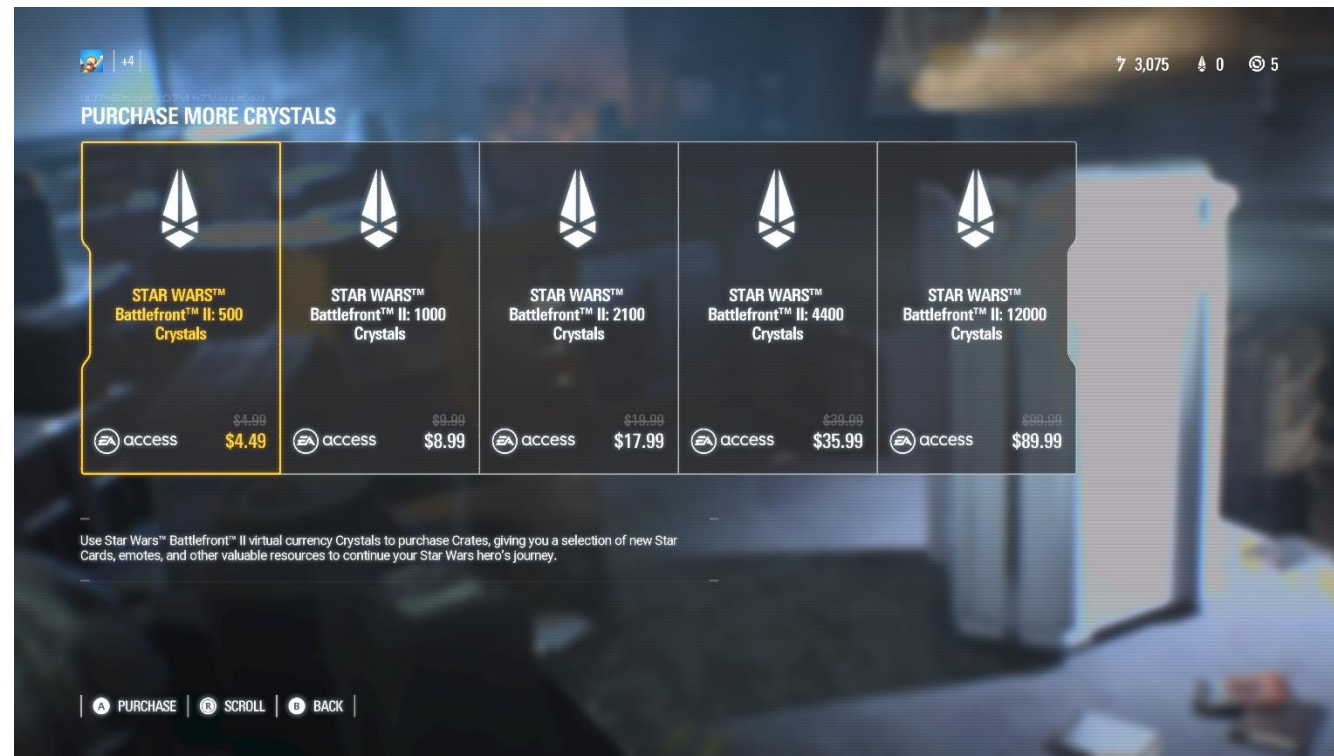
# Premium Games

- 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

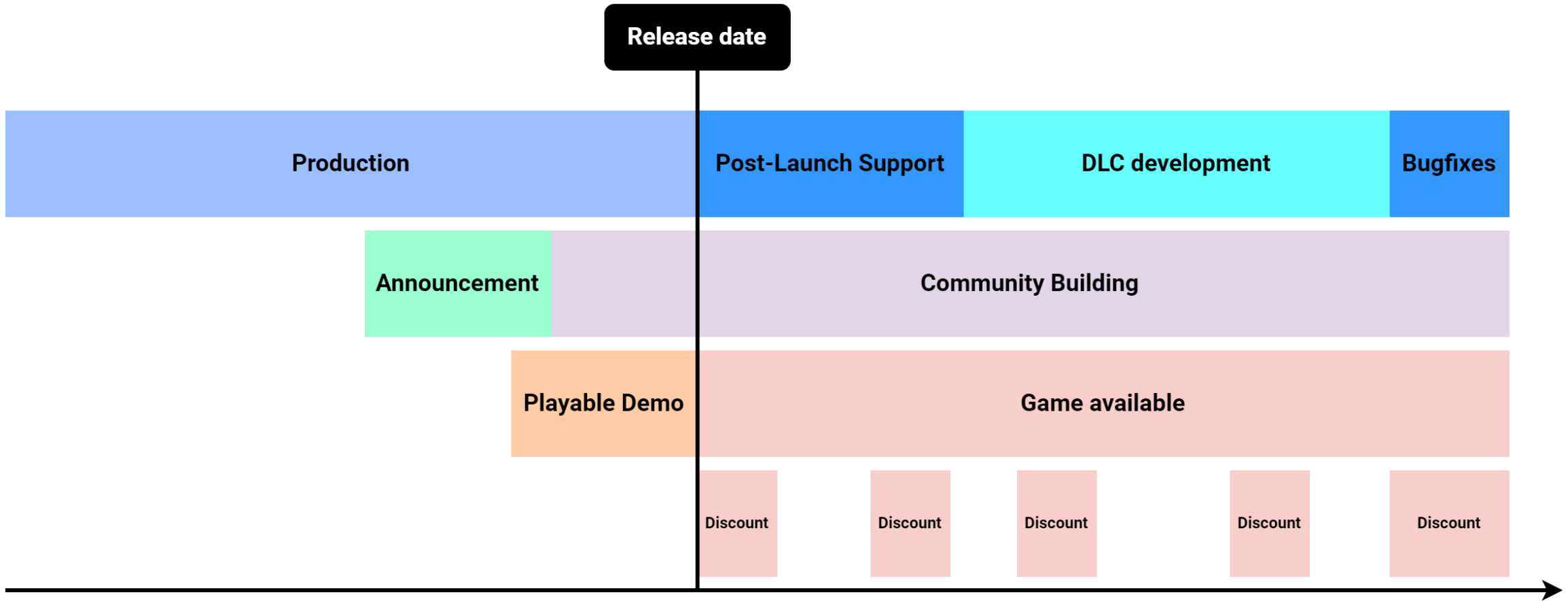
- Fixed price for a game
- DLCs
- **Discounts** – A LOT of game units are sold during discounts
- Battle passes, season passes
- Additional in-game purchases
  - Cosmetics, loot boxes
- Don't forget platform cuts



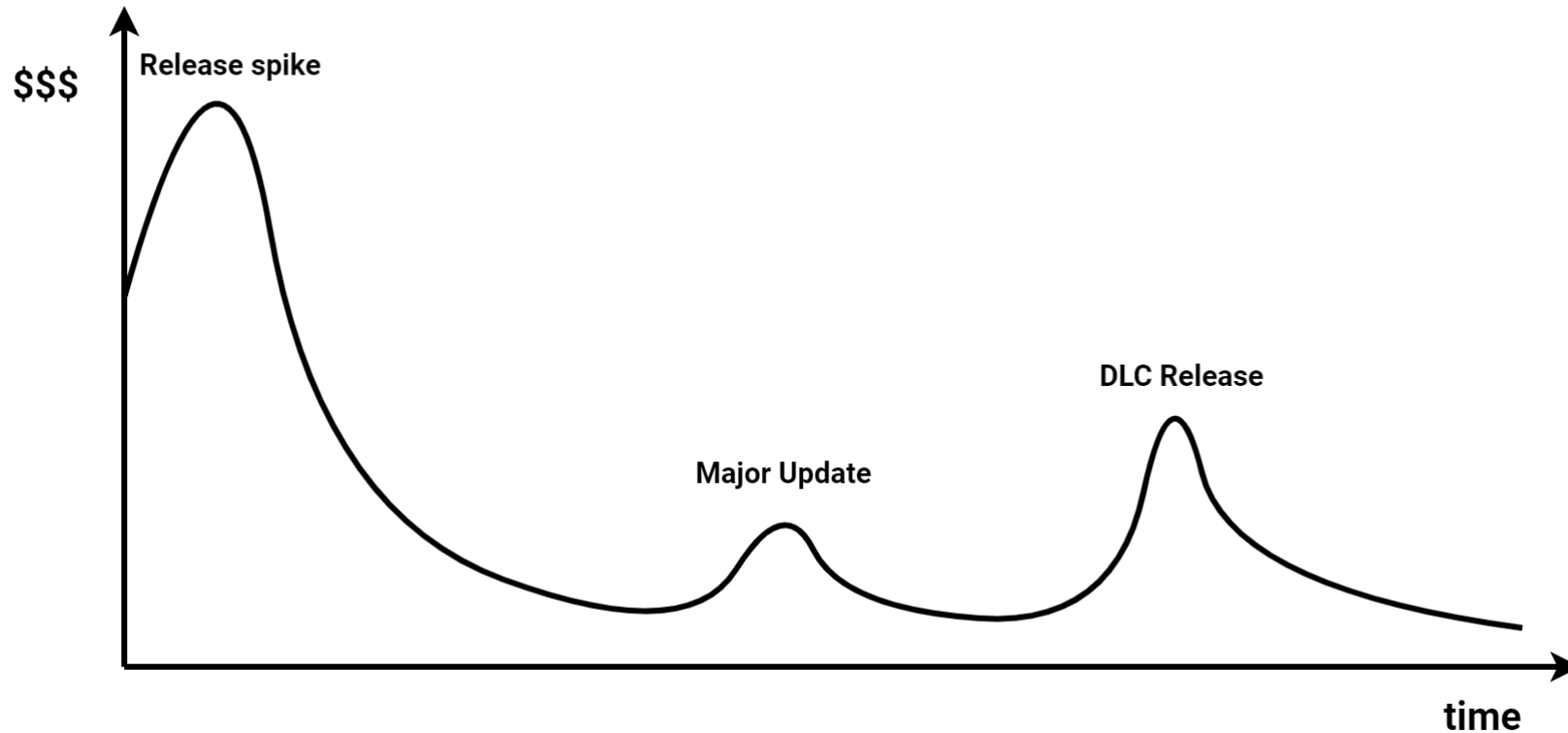


# PREMIUM GAME TIMELINE

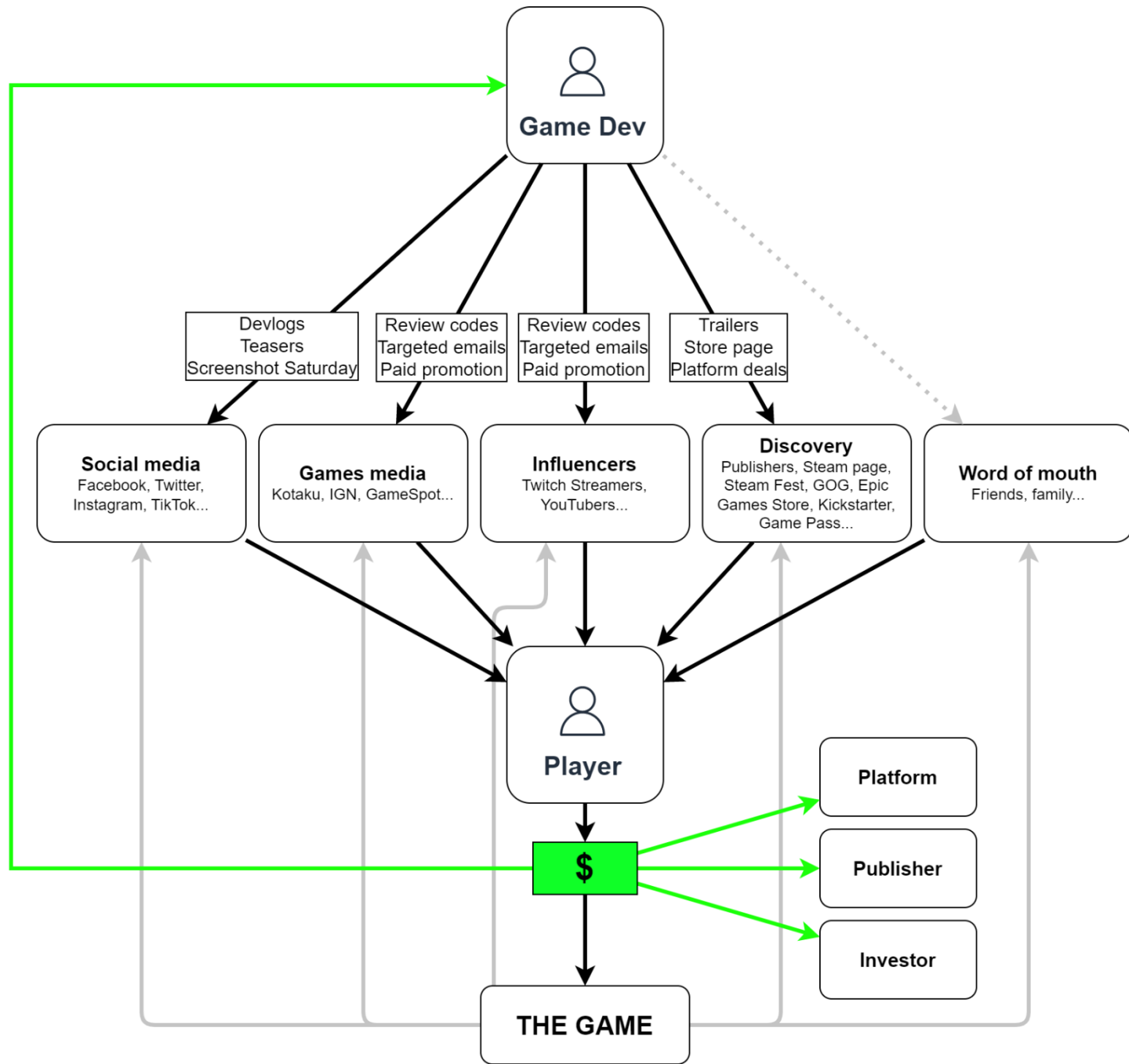
**Release date**



# 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



Mow down thousands of night creatures and survive until dawn! Vampire Survivors is a gothic horror casual game with rogue-lite elements, where your choices can allow you to quickly snowball against the hundreds of monsters that get thrown at you.

RECENT REVIEWS: [Overwhelmingly Positive](#) (32,666)

ALL REVIEWS: [Overwhelmingly Positive](#) (159,547)

RELEASE DATE: 20 Oct, 2022

DEVELOPER: poncle

PUBLISHER: poncle

Popular user-defined tags for this product:

Action Roguelike

Bullet Hell

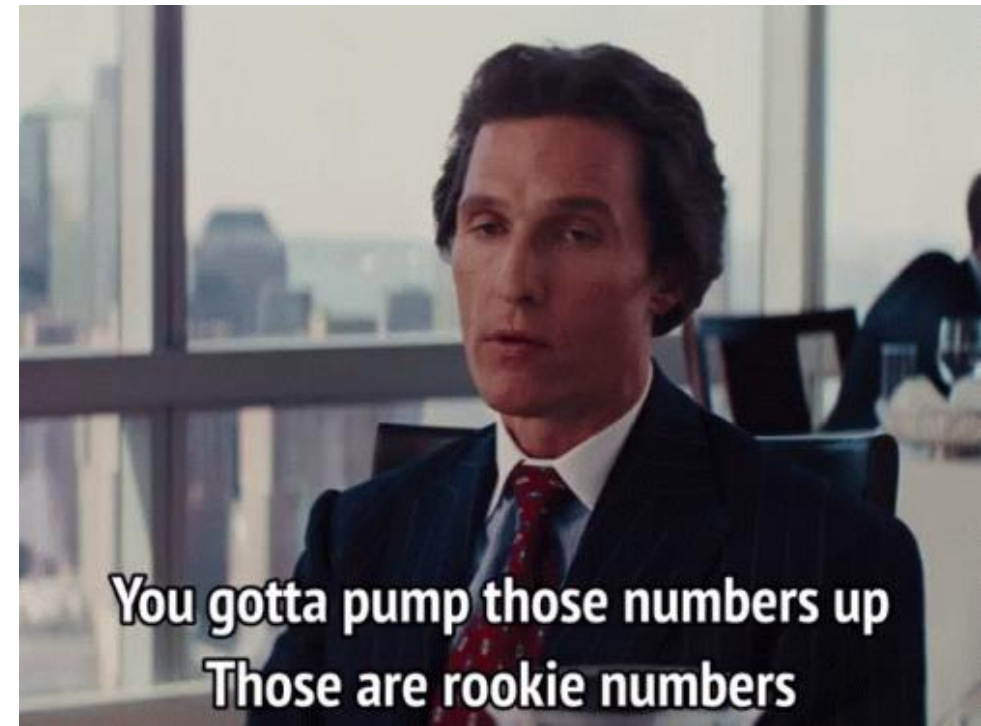
Pixel Graphics

2D

+

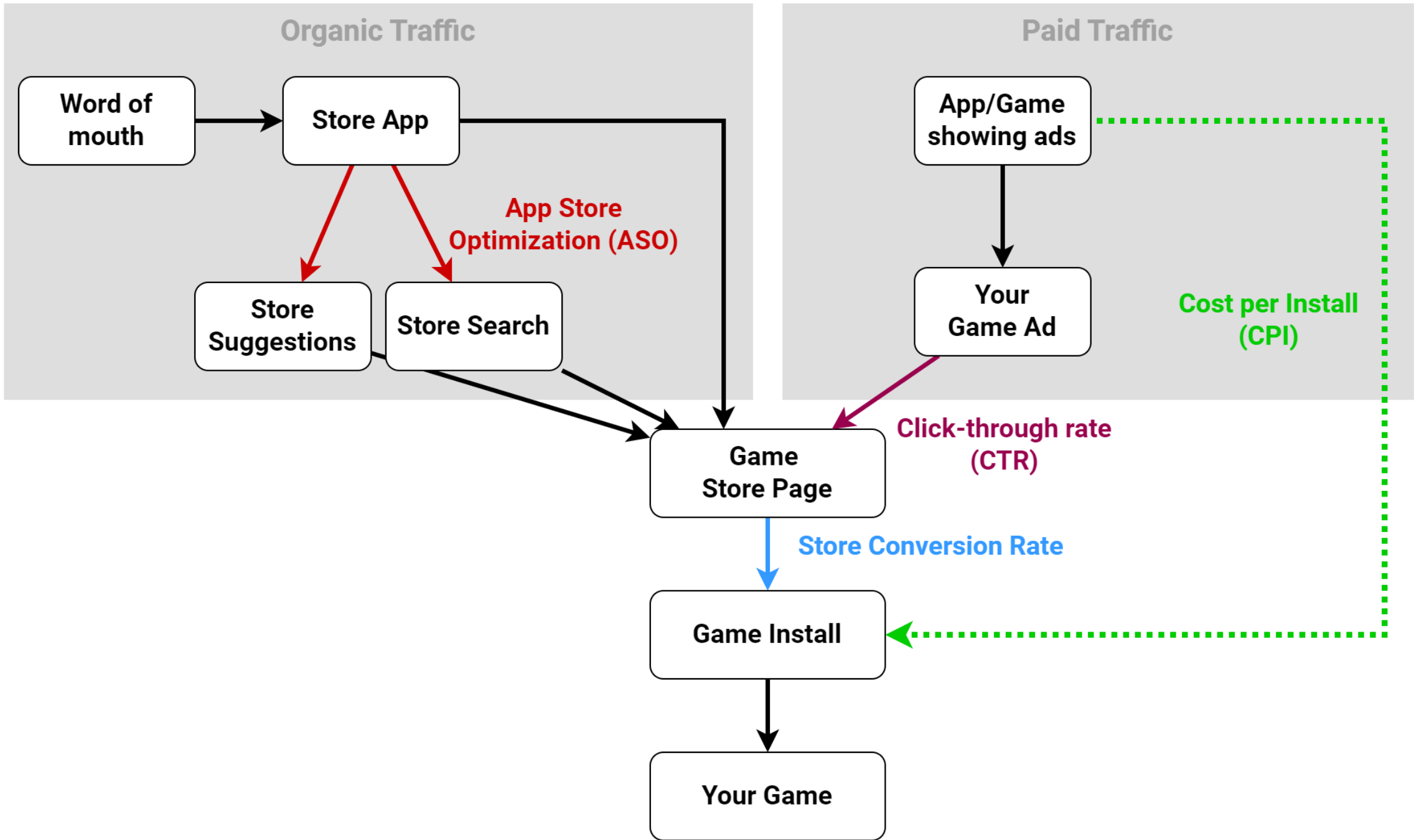
# Free to Play (f2p)

- Game as a service (GaaS)
- ARM business model– Acquisition, Retention, Monetization
- Several soft launches
  - Test all aspects of a game on smaller markets
    - Technical issues
    - Retention
    - Monetization
- Global release afterwards
- Constant updates, new content, events
  - Keep paying customers
- Ongoing user acquisition



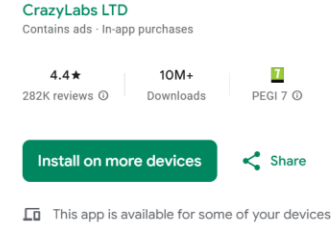
# Acquisition

- The process of getting players into your game
- **Organic traffic** – found your game by themselves
  - **Search** – searched the store and found your game, liked it
  - **Direct** – Got there through a link you didn't create
  - Cannot always pinpoint where they came from
    - Could be word of mouth
- **Paid traffic** – you paid for ads to show up somewhere
  - **Pay-per click ads** – pay to show ad
    - FB/Instagram/TikTok/Reddit/YouTube/Google...
    - In other games/apps that show ads – different ad networks



# Acquisition

## Alien Invasion: RPG Idle Space



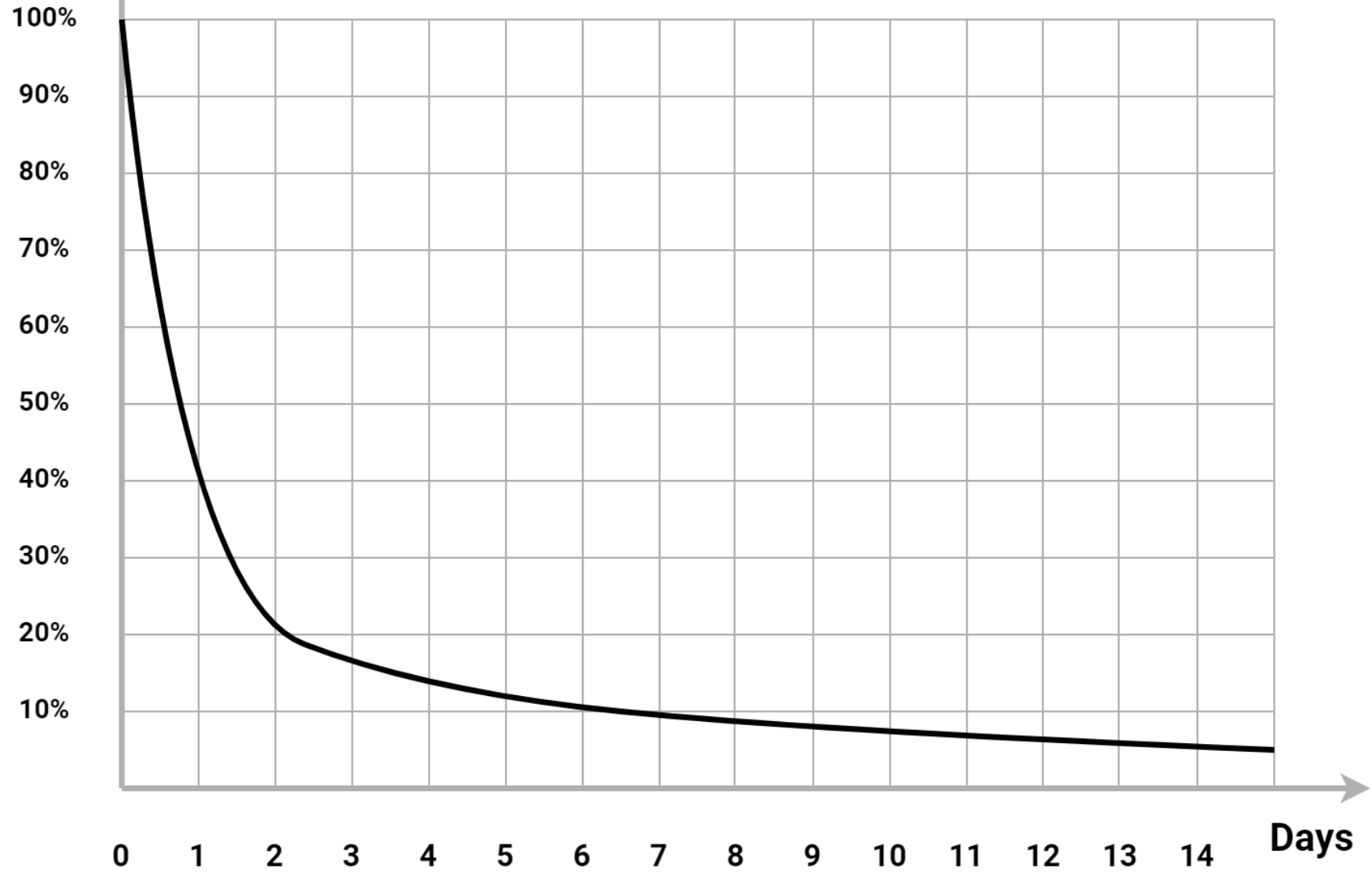
- Organic
  - Improve **ASO** – better game icon, better keywords, better game name
  - Improve **store conversion rate** – better screenshots, better description
    - More important for organic, but also needed for paid traffic
- Paid
  - Improve ad **click-through rate (CTR)** – better ad, better target audience
  - Improve **cost-per-install (CPI)** – better ad, better target audience



# Retention

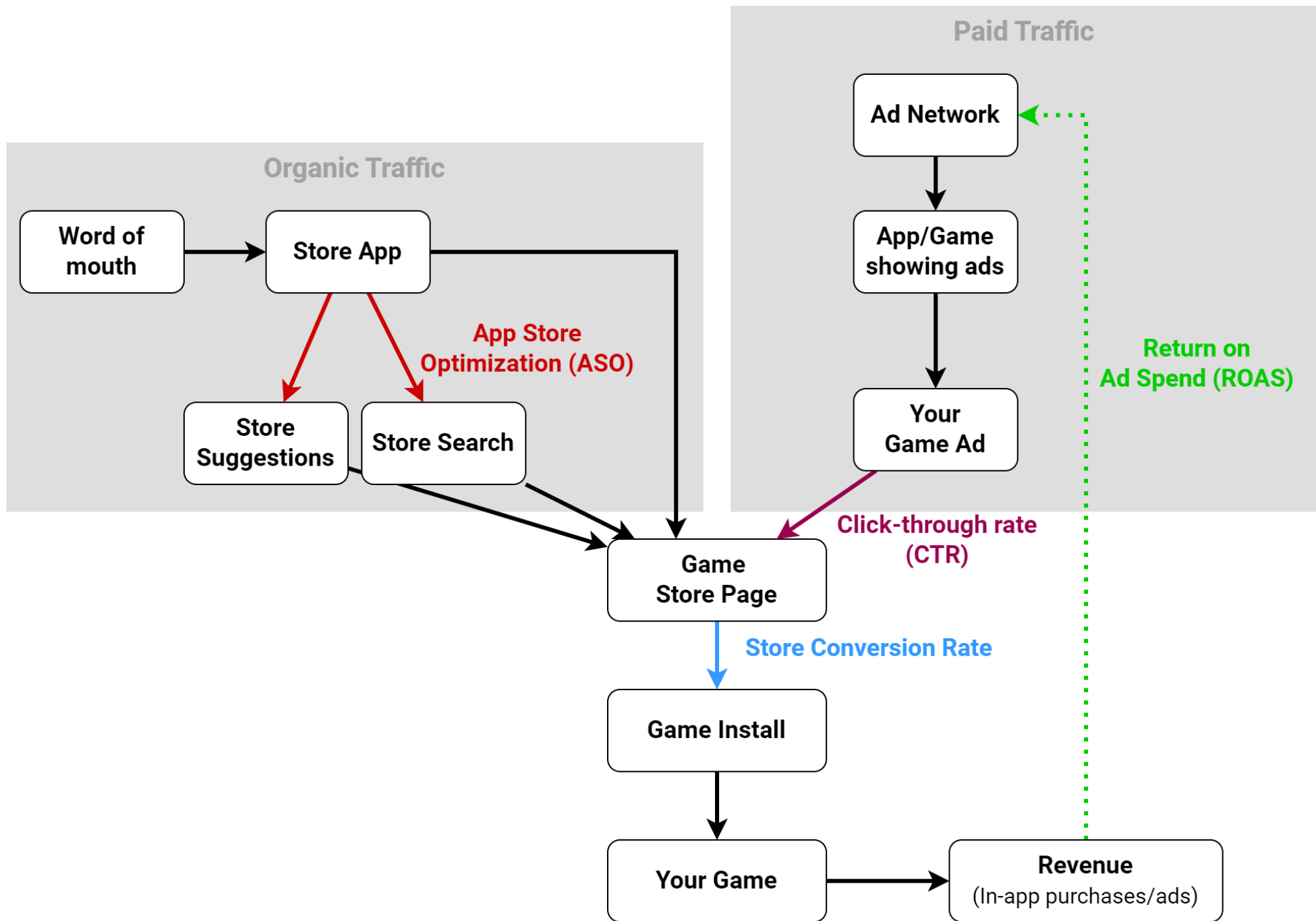
- The process of retaining players in the game
- The more interesting your game is, the more people return
- There are different types of games with different retention expectations
- Measured in percent per day – D1, D3, D7, D30, D90...
  - Day 0 (D0) – the day the player opens the game for the 1<sup>st</sup> time
  - D7 – how many percent of players that played on D0 still open the game after 7 days
- Improving retention
  - Better game
  - More content
  - More incentive for the player to come back – daily quests/rewards/events...

**Retention**



# Monetization

- How you get money from players
- **In-app purchases**
  - Offer something for players to buy
  - Cosmetics, in-game currency, speed-ups, lootboxes...
- **Ads**
  - Players watch ads, you get money from the ad network
  - **Interstitial ads** – pop up without the player doing something
  - **Banners** – show somewhere on the screen
  - **Rewarded ads** – offer in-game rewards in exchange for watching an ad

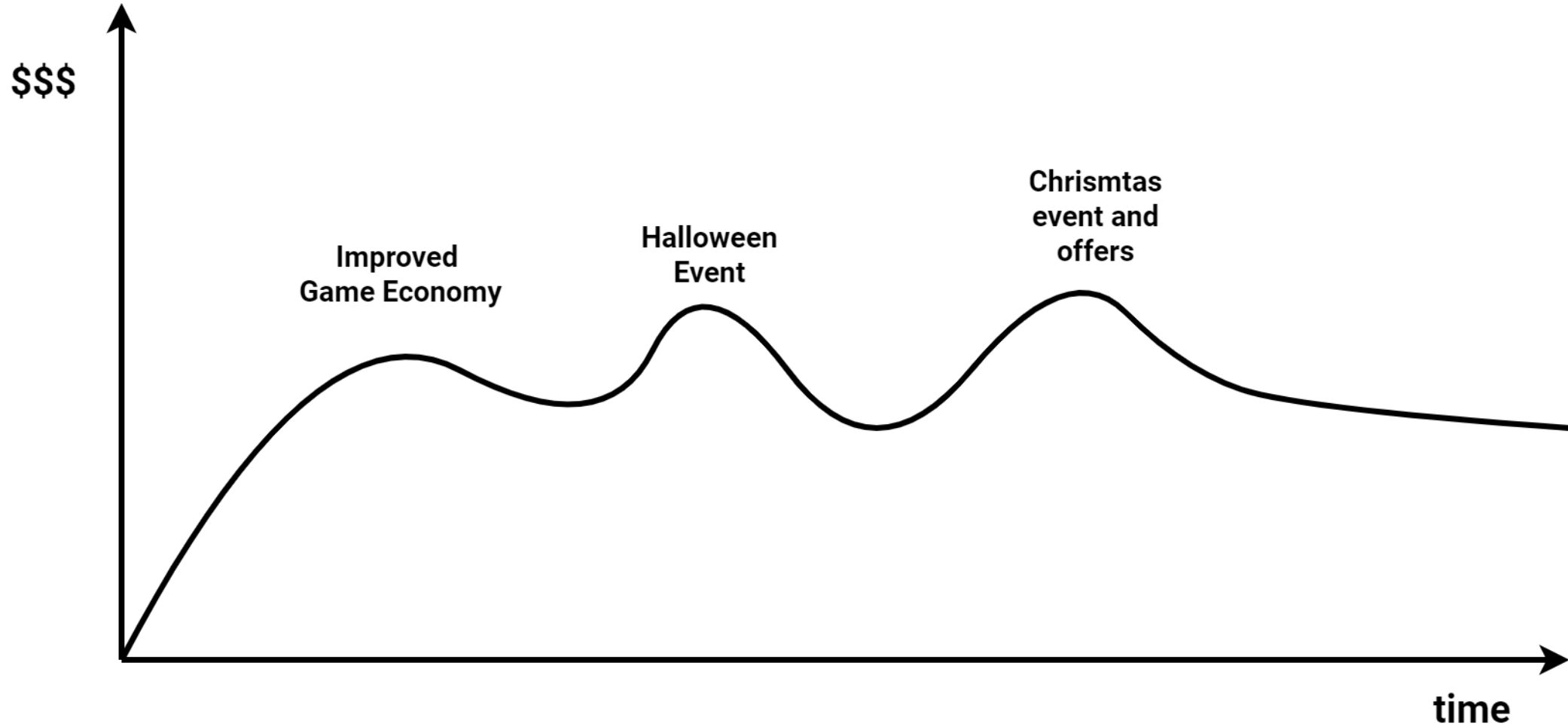


# Free to Play

- 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

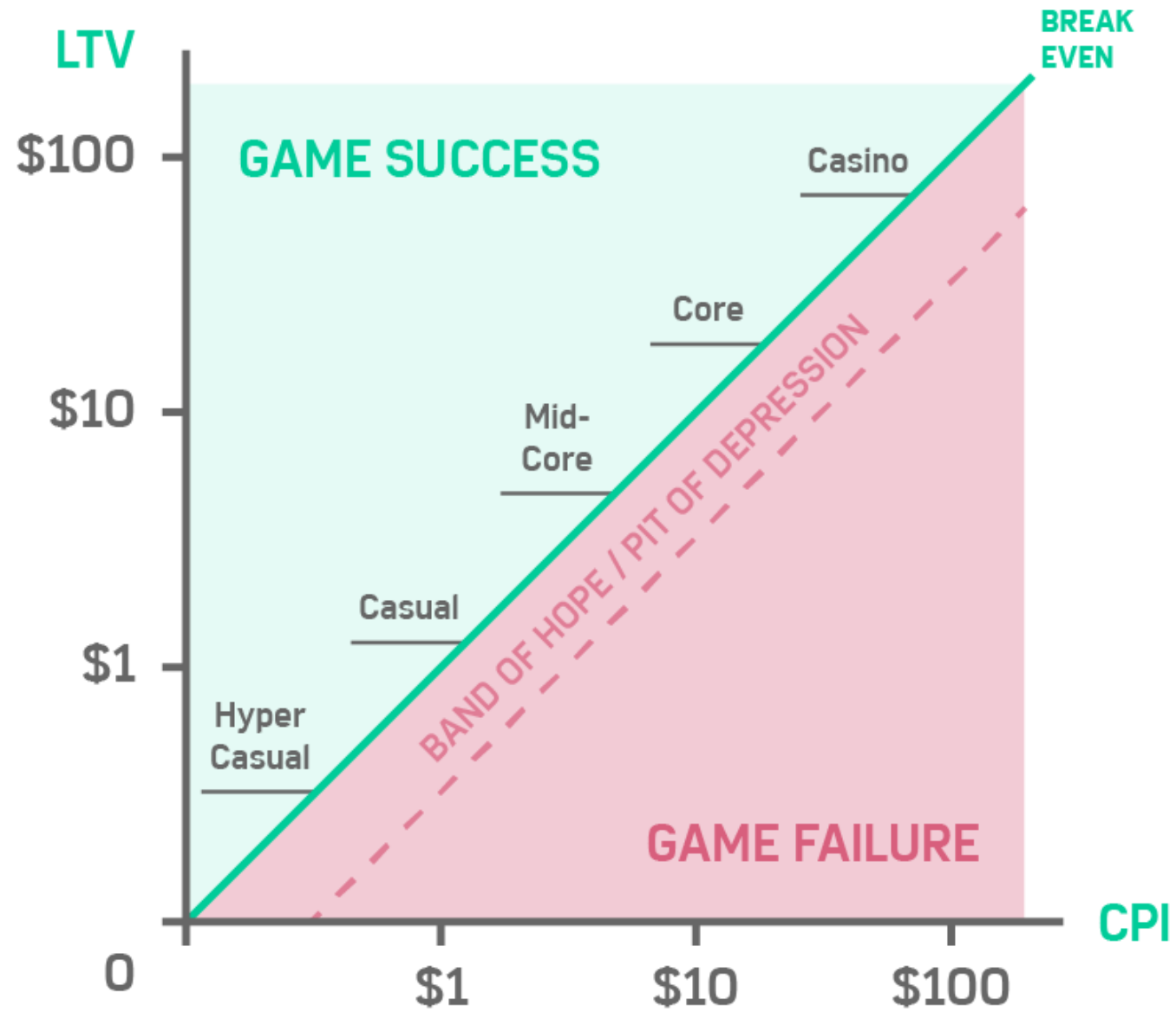
One *Diablo Immortal* YouTuber has spent over \$100,000 on the game's cash shop in order to craft an impossibly powerful character capable of utterly destroying PvP competitors. In an unfortunate twist, the player has such a high matchmaking rating that *Diablo Immortal* is no longer pairing him up with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

# Typical earnings from a F2P game



**LTV > CPI**

Life-time value > Cost per install









































# Estimates online

- Various sites track mobile f2p
- Evaluate downloads, revenue...
- These are estimates, but still good ones
- <https://appmagic.rocks/top-charts/apps>
- <https://sensortower.com/>

## TOP GROSSING

Revenue

1		  Honor of Kings Shenzhen Tencent Tianyou Technology Ltd	> \$100,000,000
146▲ 2		  Pokémon TCG Pocket The Pokemon Company	> \$100,000,000
3		  Last War: Survival FUNFLY PTE. LTD.	> \$100,000,000
4 2♥		  Royal Match Dream Games	> \$100,000,000
5 1♥		  Whiteout Survival Century Games PTE. LTD.	> \$50,000,000
6 1♥		  Roblox Roblox Corporation	> \$50,000,000
7 1▲		  MONOPOLY GO! Scopely, Inc.	> \$50,000,000
8 2♥		  PUBG MOBILE Shenzhen Tencent Tianyou Technology Ltd	> \$50,000,000
9 2♥		  Candy Crush Saga King	> \$50,000,000
10 1▲		  Brawl Stars Supercell	> \$20,000,000
11 1♥		  Coin Master Moon Active	> \$20,000,000
12 1▲		  Pokémon GO Niantic, Inc.	> \$20,000,000

# Premium Game as a Service

- Early access, constant updates
  - New features in the same product
- DLC Roadmap
- 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, ...



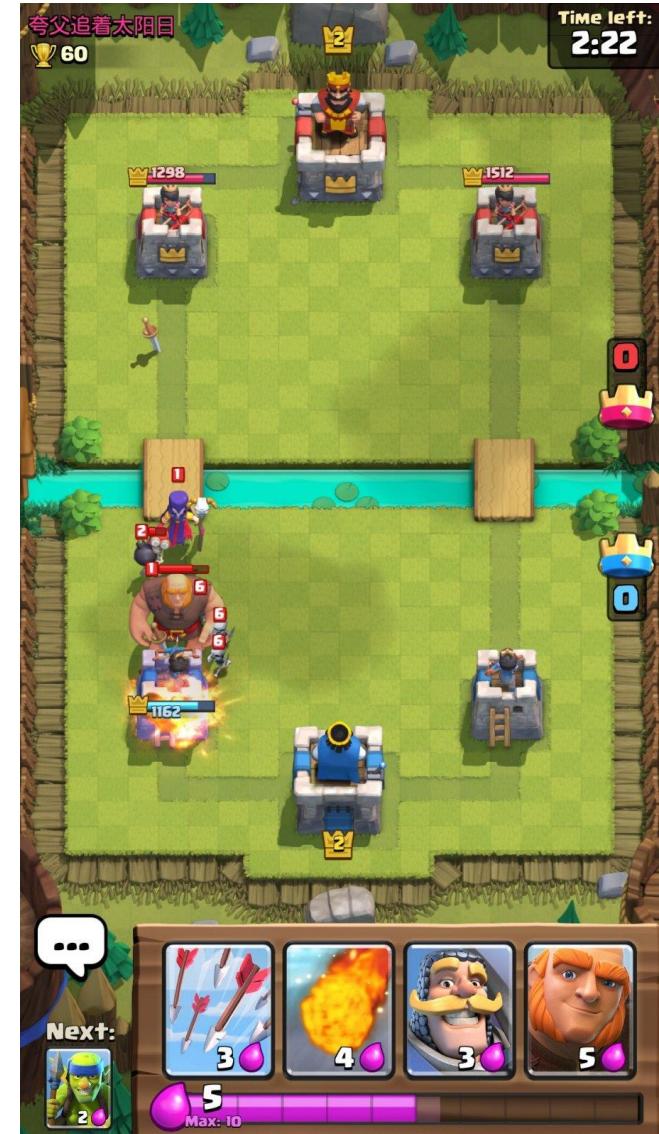
# Other business models

- **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)




# Premium on Mobile vs F2P on mobile

- Balatro (premium) released on mobile recently
  - Big success – \$5M in a few days
- Hearthstone earned last month 2x of the entirety of Balatro
  - 10 year old game, not very hyped at the moment
  - Hype ≠ revenue



## Hearthstone

 [Blizzard Entertainment, Inc.](#)

Games

Midcore

Strategy

Card Battler

CCG (Collectible Card Games)

IP

IP-Based

IP Origin: Gaming

Warcraft

SETTINGS

Fantas

[Collapse Tags](#)

3 APPS  
SUMMARY

Market Segment ▾

Ad Intelligence ▾

Notifications ▾

Revenue: > \$10,000,000

Last 30 days

Lifetime

View As Graph ▾

82% China

7% 2% 1% 1% 1% 1% 5%

Downloads: > 200,000

Last 30 days

Lifetime

View As Graph ▾

59% China

6% 6% 3% 3% 2% 2% 19% Others

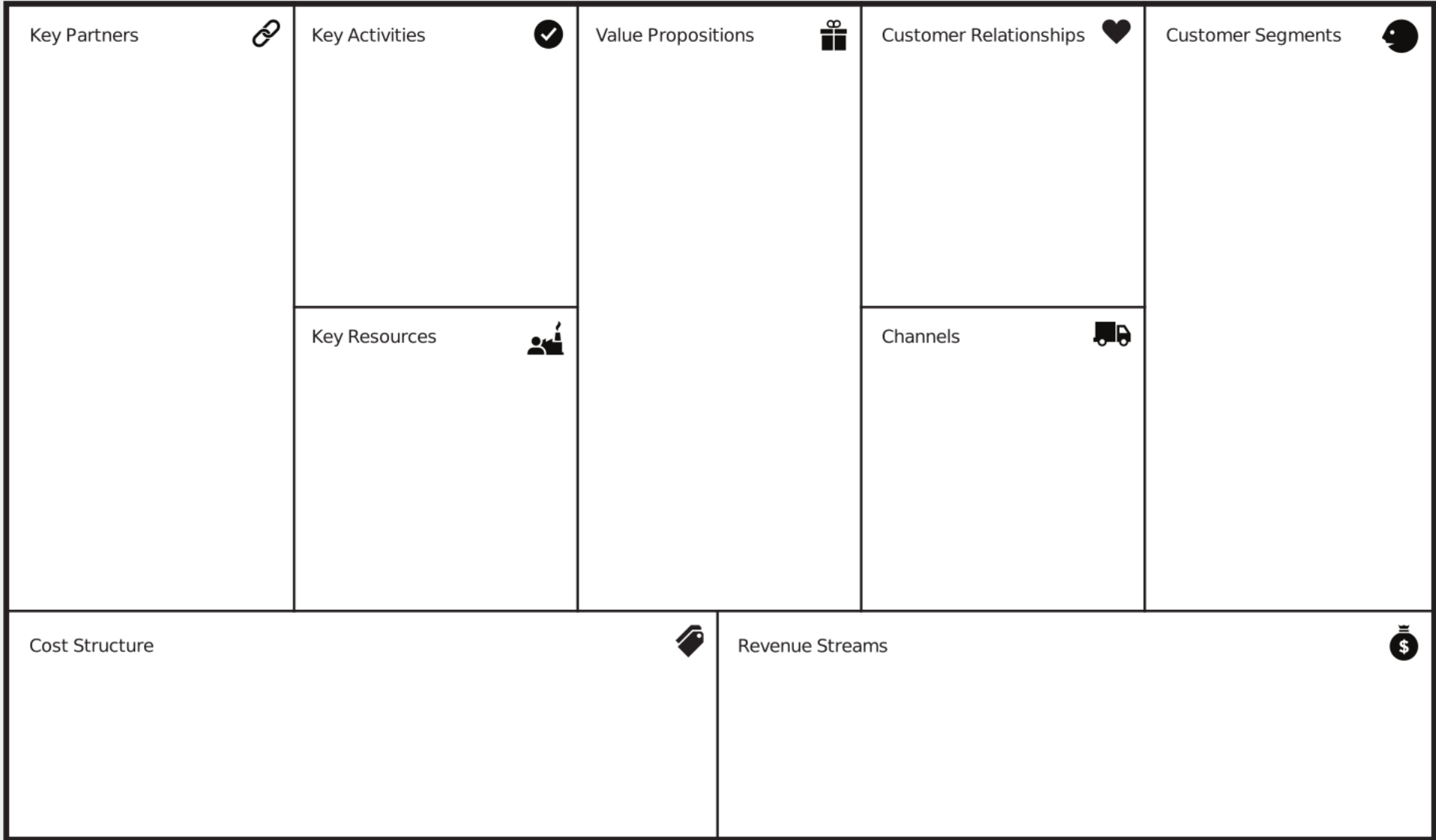
# The Business Model Canvas


Designed for:

Designed by:

Date:

Version:



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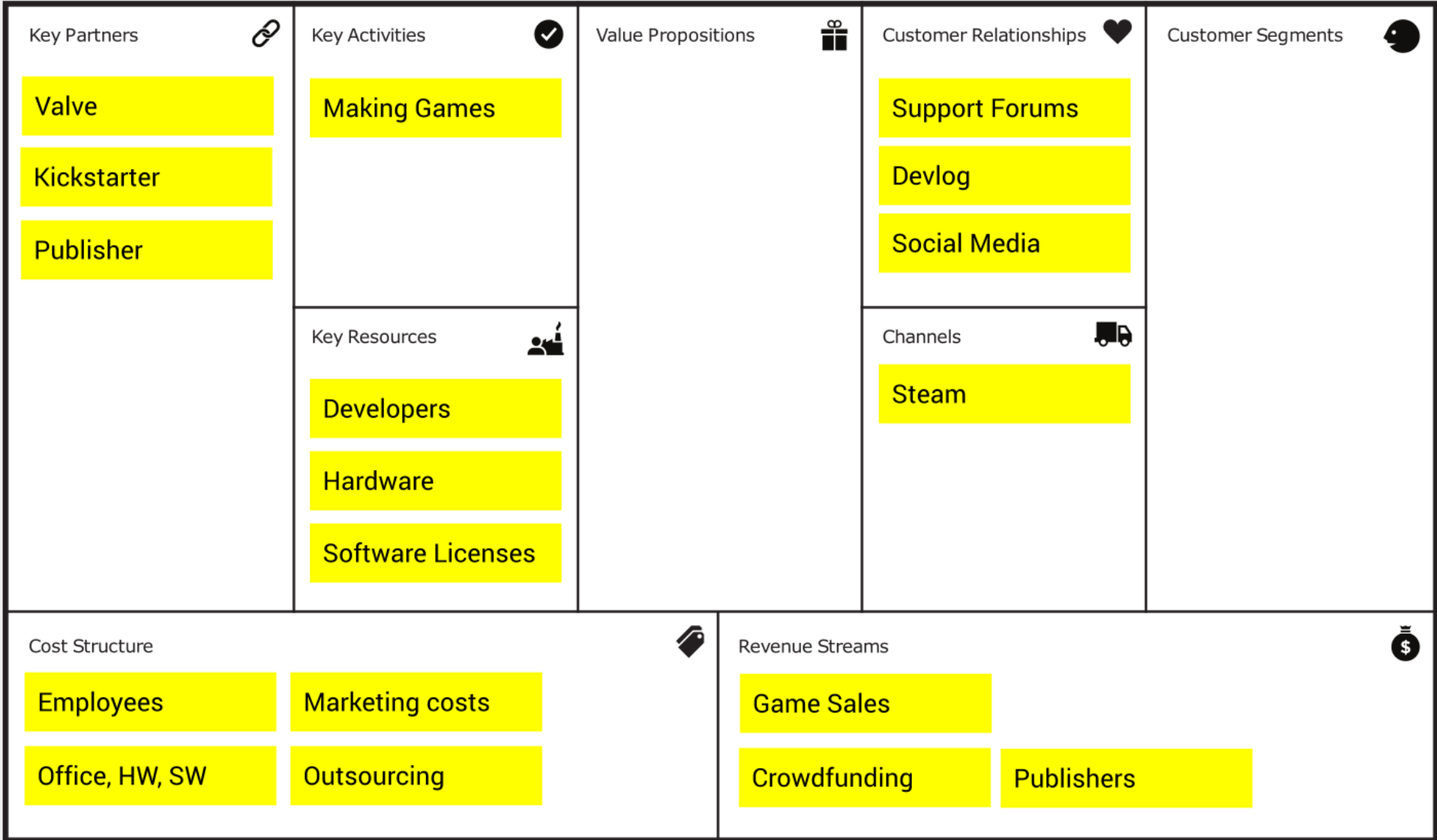
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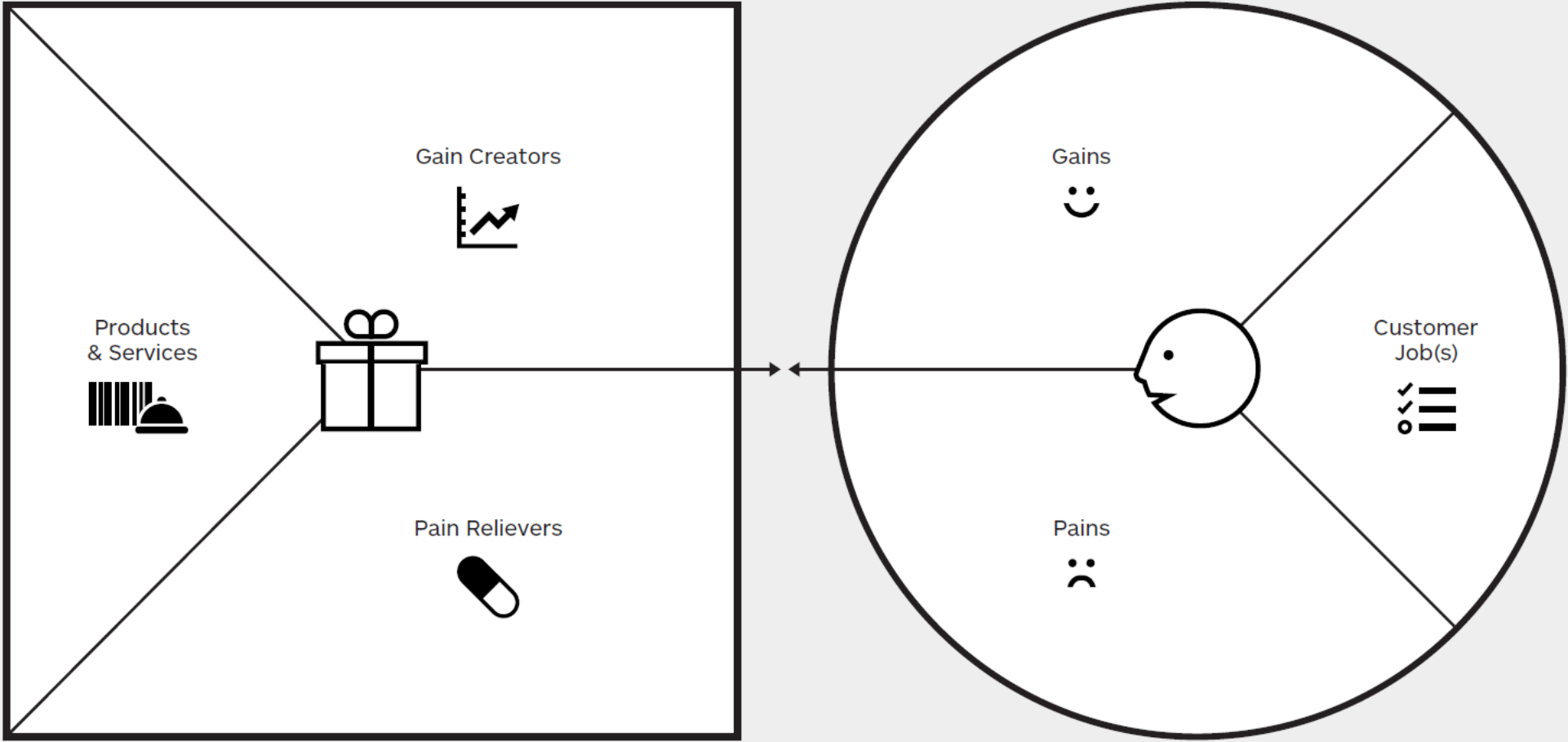
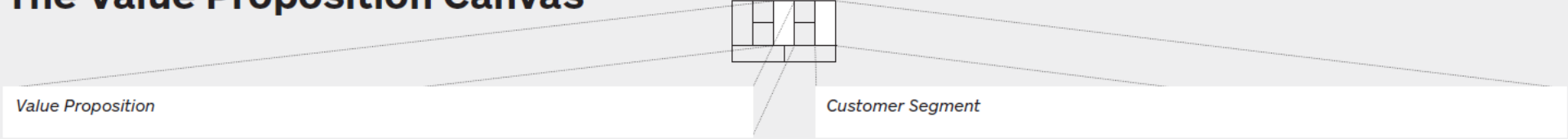
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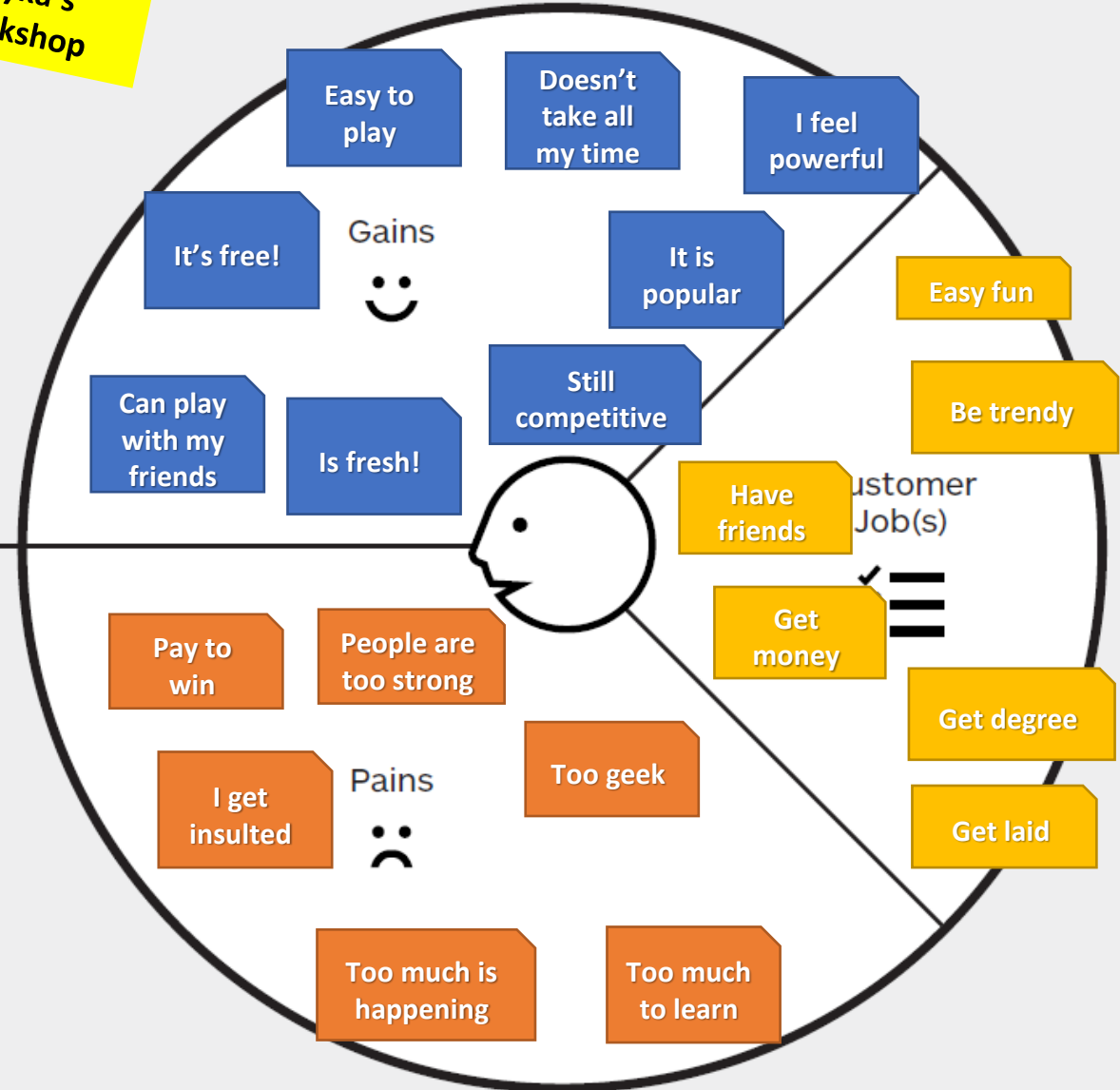
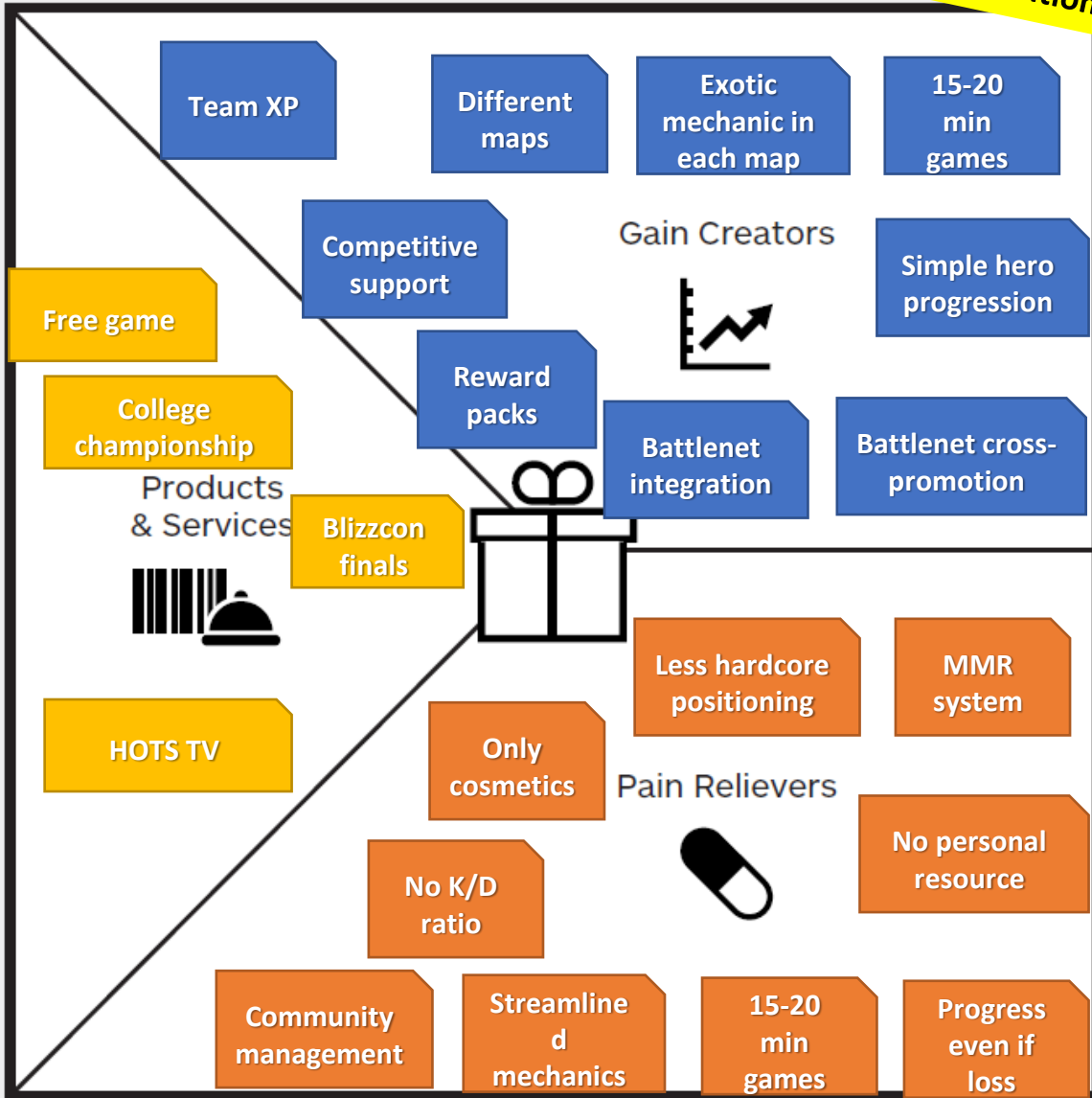
# The Value Proposition Canvas



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



HP. 2



A screenshot from the game Cuphead. The scene is set on a wooden pier over a blue sea. In the foreground, a small Cuphead character stands on the left. In the center, a large, purple, multi-armed octopus-like boss is holding two pistols. To the right, a large red pirate ship with a white eye on its side is moving. A wooden barrel with a face is suspended in the air. The background shows a hazy, mountainous landscape under a light sky. The text 'Cuphead' is overlaid in the center, with 'Visuals' and 'Super difficult gameplay' below it. A small UI element in the bottom left corner shows a house icon, 'HP. 2', and a small red and white icon.

# Cuphead

Visuals

Super difficult gameplay

HP. 2







# 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

Shirley



NIGHT 1



01:00am



BACKPACK



RUN TO EXIT



SCAVENGE



Fists

The looters are in a 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



UP + RIGHT



DOWN + RIGHT



COIN MULTIPLIER: 3

DEPTH: 5 LEVEL: 1

The background is a faded screenshot of the game Crypt of the NecroDancer. It shows a top-down view of a character in a dark, pixelated dungeon with various rooms, corridors, and enemies. The interface includes a top bar with hearts (health), a gold coin icon with 'x8', and a diamond icon with 'x0'. On the left, there are icons for 'SHOVEL', 'ATTACK', 'TORCH', and 'RING'. Below these are 'ITEM' (a carrot) with 'UP + LEFT' and 'BOMB' (a green cube) with 'DOWN + LEFT' and 'x4'. On the right, there are two 'SPELL' icons with 'UP + RIGHT' and 'DOWN + RIGHT' controls. At the bottom, there are indicators for '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



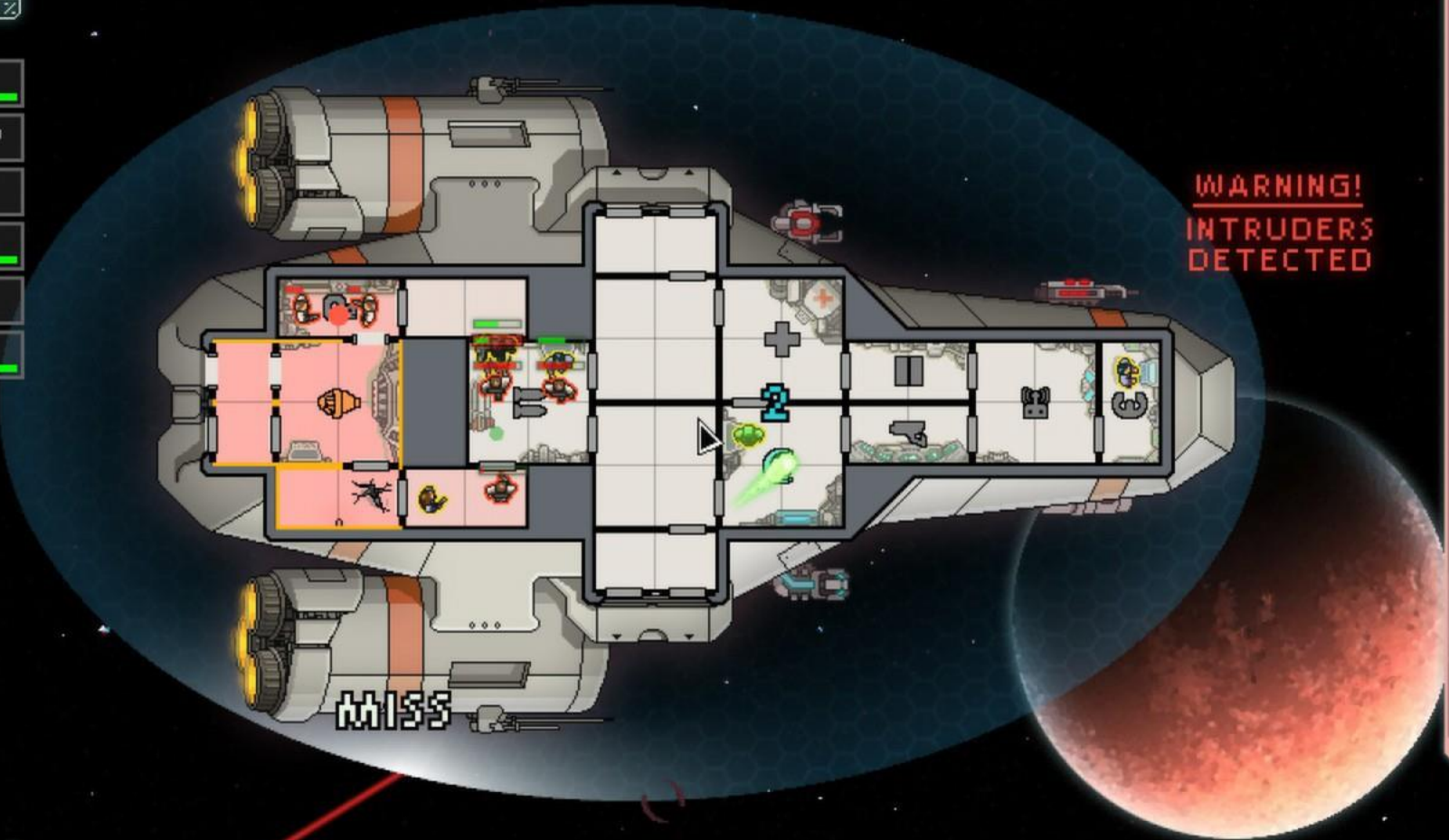
**HULL**   7

**SHIELDS**  16  8  0

FTL Drive  
**JUMP**   
READY!

EVASIVE 25%  
OXYGEN 74%

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



**WARNING!**  
INTRUDERS  
DETECTED

**TARGET**

HULL 

SHIELDS 

Class: Energy Bomber  
Relationship: Hostile







**WEAPONS**

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

**AUTOFIRE**

**DRONES**

Sys Repair

**SUBSYSTEMS**

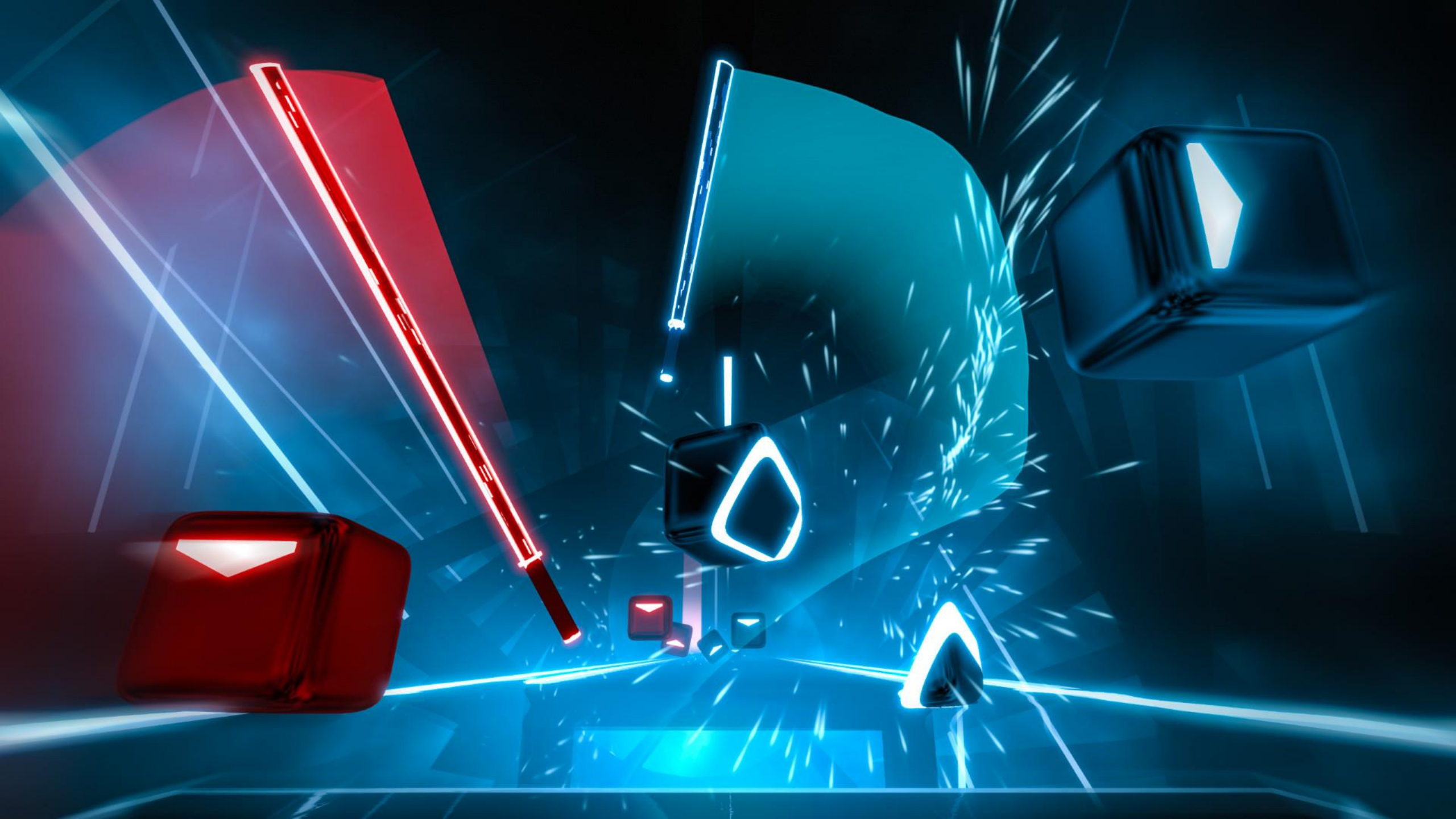




# FTL

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 as if ready to cut through a block of music. The scene is filled with light trails and a sense of motion, characteristic of the game's fast-paced rhythm gameplay.

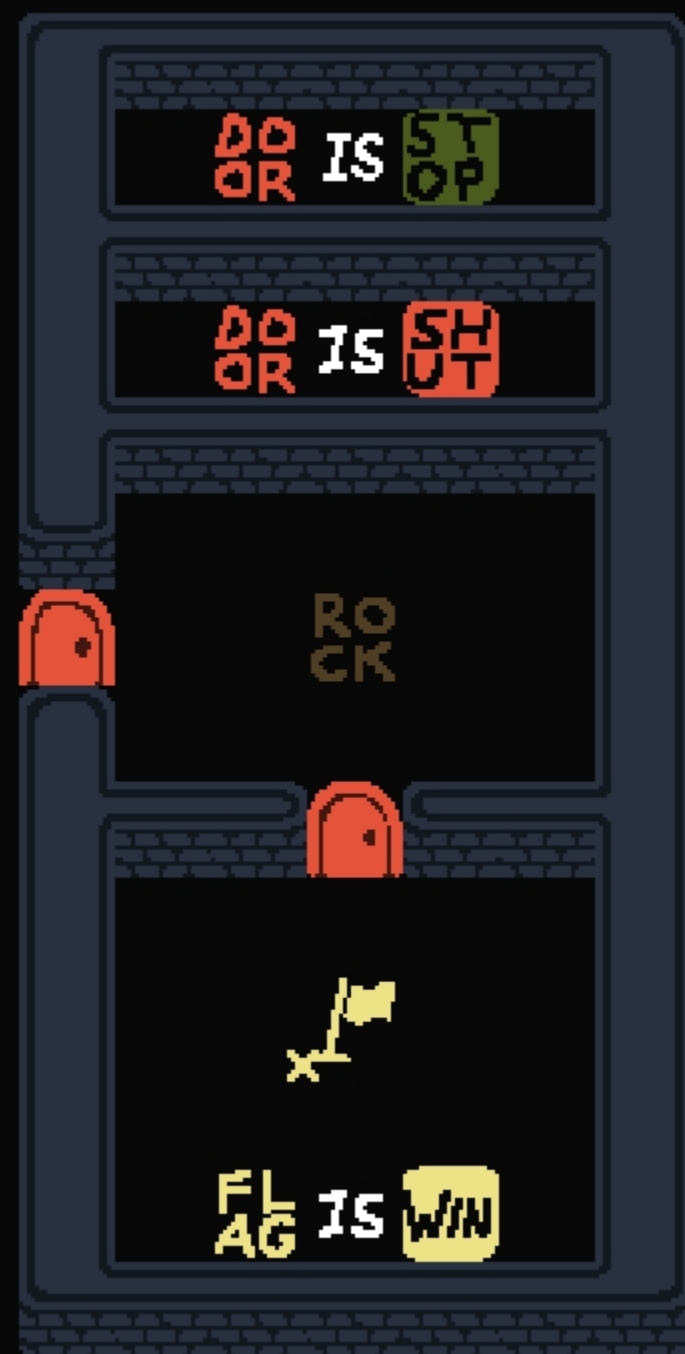
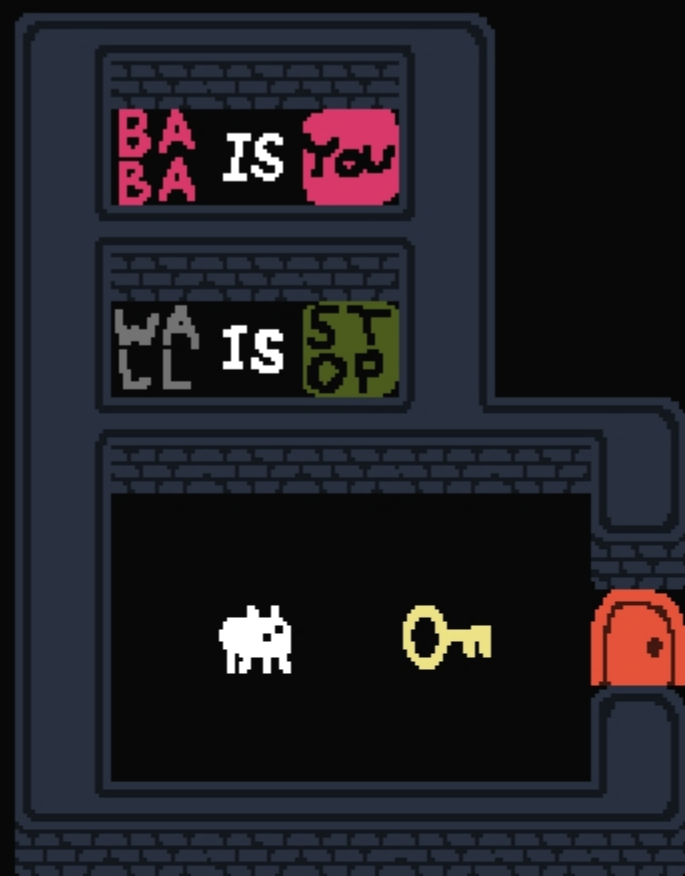
# Beat Saber

Rhythm VR

It's exercise

Music

Reach the leaderboards



KEY IS OPEN

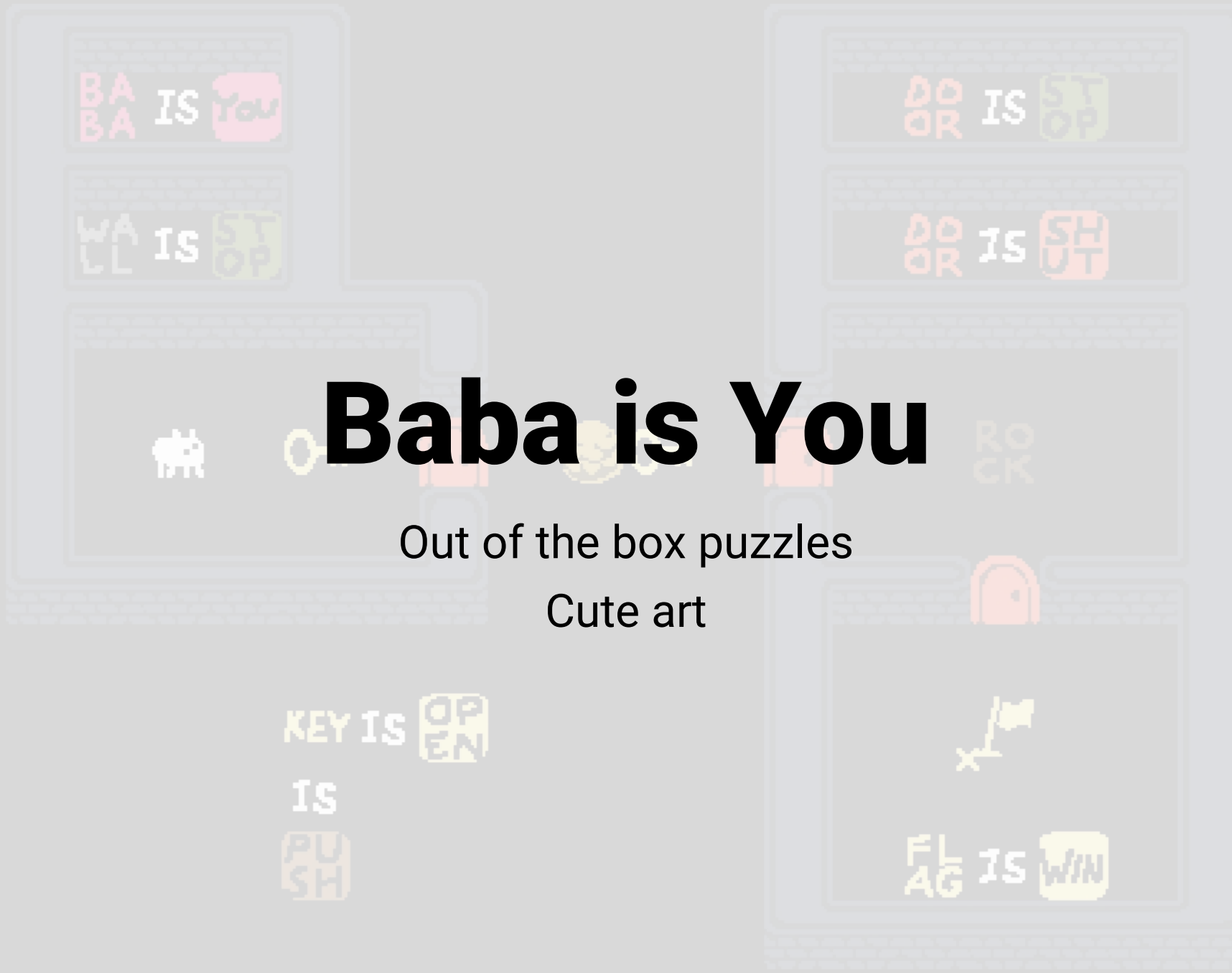
IS

PUSH

# Baba is You

Out of the box puzzles

Cute art



TOTAL TASKS COMPLETED

Ping: 50 ms



Tasks

Hannako

Tallclass

Meanfeet

Blaustoise

Saltycar

Chris A

ENGINE

STORAGE ELECTRICAL

60 PROTECT

REPORT

USE



TOTAL TASKS COMPLETED

Ping: 50 ms

Tasks

Hannako

Tallclass

# Among Us

Blaustoise

Social deduction in time of social distancing

Saltycar

Chris A

ELECTRICAL

60  
PROTECT

REPORT

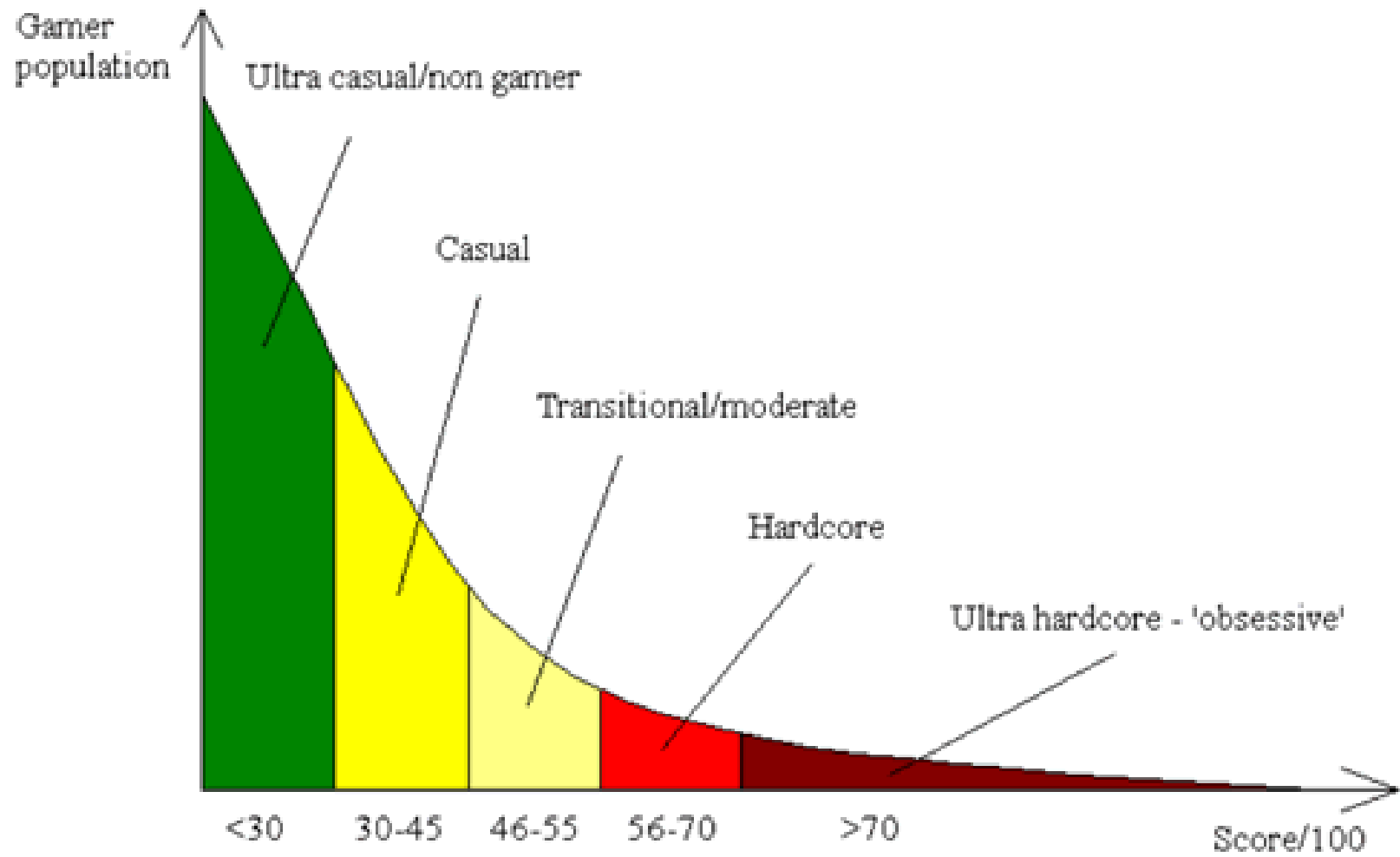
USE

# 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*





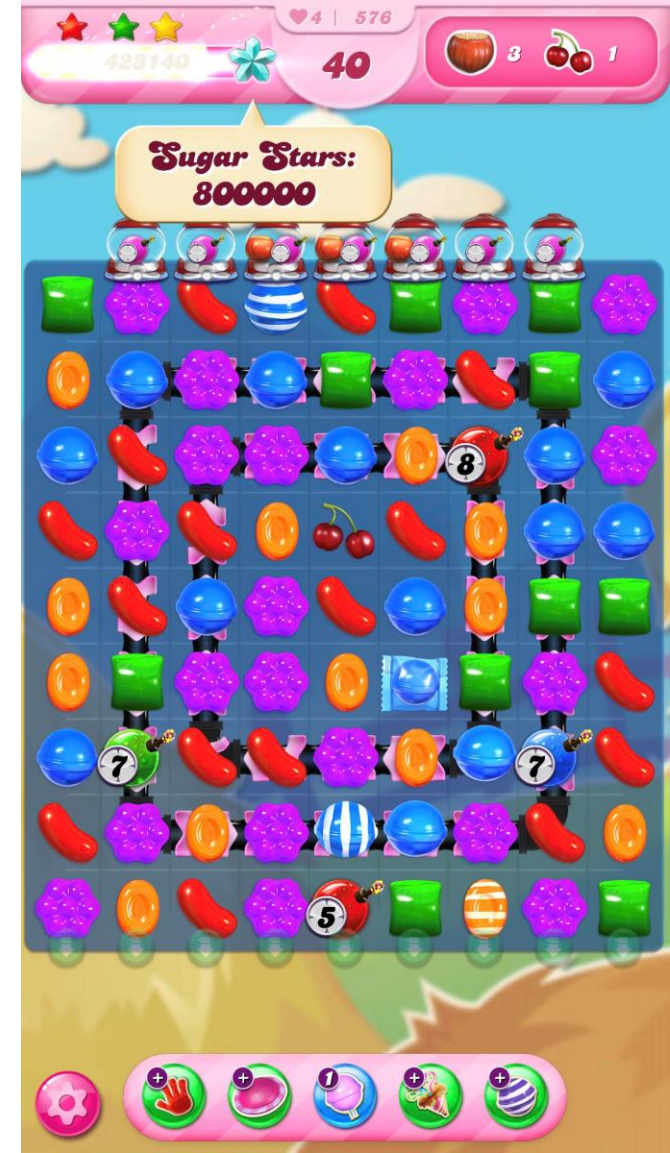
# Niche games on PC/Console

- 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 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  $\neq$  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  $\Rightarrow$  "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)