The so-called MMORPG (Massive Multiplayer Online Roleplaying Game) offers users a unique experience: the chance of playing, not against a machine, which in principle is more predictable, but against (or with) other people. In this way the games become unique and unrepeatable and, apparently, the amusement factor is increased.

For this reason, since Electronic Arts (EA) launched *Ultima Online* in 1999, and months later Sony counterattacked with their online version of *Everquest*, online games have promised to become the next “Big Thing” on the Internet. This is how market research companies see the online videogame market, which, according to IDC, will have a turnover of 1,800 million dollars in 2005 or 2,550 million dollars by 2006 if we are to believe Jupiter.

However, there are still many doubts as to what will be the source of income of the companies in this market. Although the main online video-game in the United States, *Everquest*, had some 400,000 subscribers paying 13 dollars a month in March 2003, the failure of *The Sims Online* in 2002 showed that the dominating model so far, which is based on monthly subscriptions, has not completely won over the users. EA calculated that the Internet version of its popular game would reach about 400,000 subscribers in the first year. At the end of 2003 they had hardly 100,000 players willing to pay out the 12 dollars a month the subscription costs.

At present, the industry is looking for new means of income. One of the most talked about at the E³ (Electronic Entertainment Expo) this year was the mini transactions; small sales in which the players pay a few cents for the new characters, maps or functionalities of a certain game. Moreover, in this way, developers take advantage of a market that already exists among players: users auction everything from swords to game characters through the e-Bay web site. It is still to be seen if this type of transaction will become a worthwhile source of income.

### Highlights

1. According to a study by the Entertainment Software Association, the number of users that play online grew from 31% in 2002 to 37% in 2003 and should reach 43% in 2004.

2. Analysts aim their hopes at the business model of the new Phantom console, whose software can only be acquired for the console over the Internet (for $30 a month). If this is as successful as expected, then Microsoft and Sony could follow suit.

3. The industry agrees that the increase in income from online games is not so much from charging regular quotas as from the mini transactions, small online purchases that let players pay a few cents to download certain extras for games, such as weapons, lives, maps, etc.

4. Experts hope that the progress in the Asian markets will mean a major boost to the online games industry. Proof of this is the recent stock listing of Shanda Interactive Entertainment, the biggest Chinese video-games company that claims to have a market share of 46%. The company is worth some 159 million dollars.
Furthermore, there are a few loose ends to tie, mostly technical, before micro-payments can be implemented. It is not at all clear how the players will react to this new model, given that it means a radical change in the price structure of the sector.

On the other hand, there is yet another question to solve. In the traditional console market, the rules governing the distribution of the income between console manufacturers and game developers are quite clear. Likewise in the PC sector, the income from online games is divided between the owner of game, who gets the proceeds from the sale of the video-game CD, and the owner of the infrastructure on which the game works.

However, in the emerging console market with online games the rules are not so clear. Sony and Nintendo sell the Internet connection hardware and it is the developer of the game who pays for storage, authentication and any other service he wants to offer. In exchange for this he can charge the users a quota.

Microsoft acts completely differently. The software giant assumes the investment in infrastructure of its online games service, Xbox Live, whose 800,000 subscribers pay 50 dollars a year to access more than 100 games. In so doing, the only benefit the developer of the game gets (he must comply with the Xbox specifications) is from the sales of the game on CD, which is usually more expensive than the traditional game because of its online capabilities. This policy had made some of the developers of video-games, such as EA, refuse to adapt their games to Xbox specifications, although they have recently reached an agreement.

This is why there are still many unsolved questions in the online games market. The main actors have not taken up a clear position, although they seem to agree that the appearance of the new generation of consoles will be paramount for this sector to take off. Even though the emotion of the MMORPG looks evident, it requires a change in the users’ payment habits. This change, as usual, demands an effort of conviction that, at least for now, is somewhat complicated.