Slow takeoff of online games

Daniel Albiñana
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The poor acceptance of the new games platforms, like the Internet and the mobile phone, is due to the fact that traditional games have not been able to adapt the users’ profile of this type of channel, which is completely different from those who use consoles or PCs.

In 2002, Electronic Arts (EA), the North American multinational, launched the online version of The Sims, its legendary video game and the one that has sold most copies worldwide. Up to that point, the different online video games didn’t get further than cannibalizing each other’s market share, which stood at one and a half million players.

Aim
Electronic Arts spent 25 million dollars on the creation and development of The Sims Online just to penetrate the mass market. However, their first forecast, that talked about 400,000 subscribers in the first year, is far from being accomplished. At the end of 2003 there are hardly 100,000 players who use their credit cards to pay the 12 dollars it costs to be an online player. The Sims Online has failed in its attempt to bring its huge mass of offline players to the Internet. Something similar is happening to the games business for mobile phone platforms.

Difficulties
In spite of the optimistic forecasts that predict that by 2008 the games business will have a turnover of some 7,000 million dollars, this, according to Strategy Analytics, does not seem possible with the present model. On the one hand, the creators of games are locked in battle with the distributors (usually the mobile telephone operators) who take up to 70% of the margin; on the other, there is the low price of these games (about 4.50 euros) and the high costs of development to adapt them to the more than 100 models of existing mobile telephones. However, the main problem is that the mobile phone users who play games on their mobiles are just about 5% of all users. The players who are considered hardcore players, and therefore those who are prepared to pay, are a minority and it seems that they are unable to attract the huge consumer market to mobile phone gaming.

Segment
The failure of The Sims Online could, however, be put down more to a bad choice of segment within this huge market (the game is directed at adolescents and these do not usually have credit cards) than to want of demand. The fact is that the big players in the infotainment world prefer not to take the risk and to continue developing their games
based on the profile of hardcore players, without taking into account that the profiles and needs of those people and the rest of the players are worlds apart.

Innovations

This difficulty of passing from pioneering consumers to the market at large, a characteristic of technology products that means a change in habits, is known as Geoffrey Moore’s chasm theory. According to this theory, an innovation is quickly adopted by the innovating and pioneering consumer segments, but it requires a clear practical application that is communicable and tested (at an affordable and suitable cost) so that it can be adopted by the pragmatic sector of the public at large and later reach the conservative sector. But the attempts to get to the public at large are relentless. The latest developments are focused on games through the interactive menu of the DVD that try to reach a more family public. However, the success of this and other models of digital entertainment will depend to a large degree on their capacity to offer a suitable proposal to the public they are directed at. The videogame industry will have to make an effort to identify new needs that will drive it to reach other goals than those already known.

How can games make the jump from the CD to the Internet?

The necessary creation of communities

Marta Chamorro, PwC consultant

Interactivity and the subscription model may be indispensable ingredients but they are not enough. The other great advantage that online games offer is their accessibility from all sorts of devices or broadband terminals: PC, mobile telephone, PDA, videogame consoles and even the set-top box of digital television. The final leap to multi-player online games will take place when the interconnection between different platforms is a reality. The users are more likely to pay to communicate, to socialize than they are to pay for music, games or downloads. In other words, they are ready to pay for a product capable of offering experiences and orientated towards the creation of a community. To all of this there is the need to increase the security of all the online environments as well as add to the diversity of titles on the market. Once again, the key apparently lies in the socio-cultural aspects rather than in the purely technological aspects.

Towards a frame of reference

Josep Valor, IESE professor

In order to define a sales strategy for online games, two very different audiences will have to be taken into account. If we believe that the community of players in its traditional version (PC or console) is the same as that on the Internet a key mission will be to manage the communication with them and between them. Their experience makes them prescribers; their opinion can affect the sales of the game (positively or negatively). These communities of online players are conditioned by their previous experiences and can create unwanted effects on the Internet, where interactivity with other people in real time is essential. More than likely online games require new types of players with degrees of quality and entertainment different from offline players. Although this is not a generalized recipe
for all cases, enterprises must promote their online games as different products and not just as mere prolongations of the traditional versions. That means creating a new frame reference in which the user looks for alternative experiences.