

Historically Successful Business Models

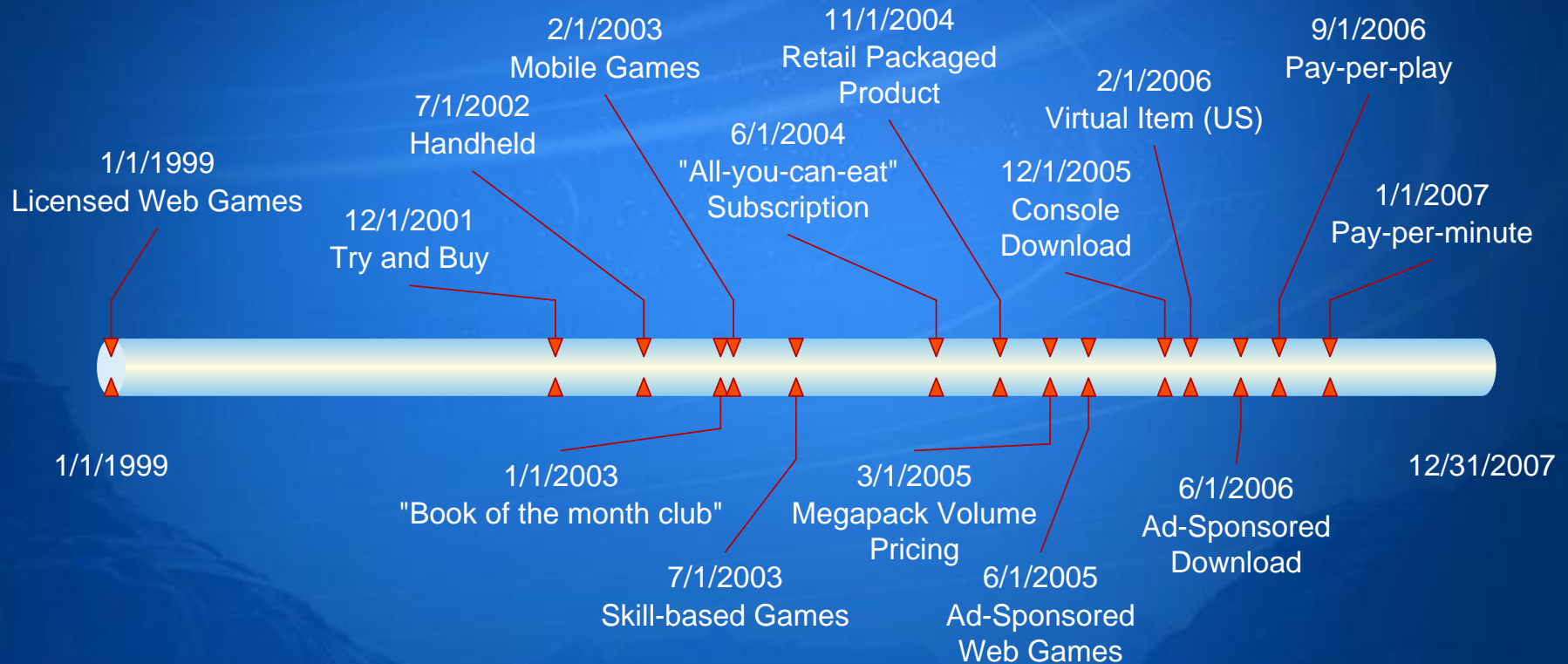


GDC 2008

Casual Game Summit



Business models over time



Download Try & Buy

Pay online to own game forever.



Web Site



Free trial
(60 minutes)



DRM Wrapper

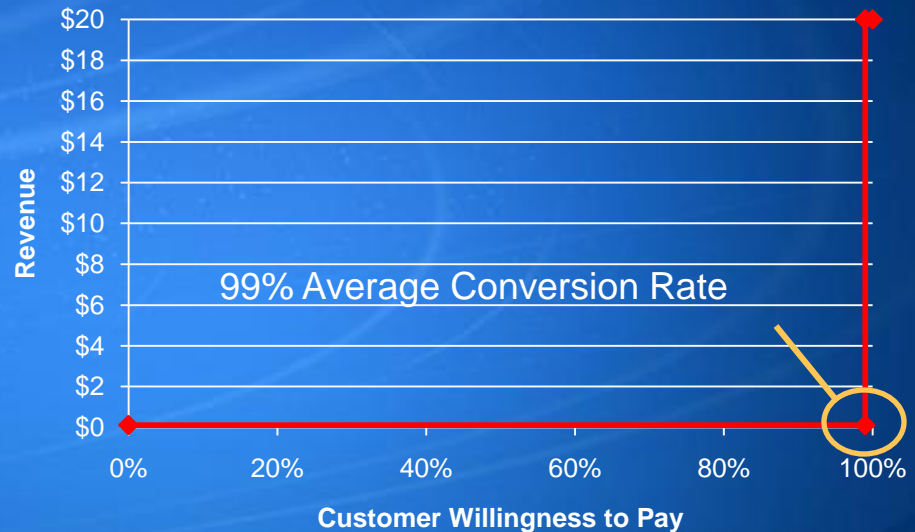


Unlocked
Game



Economics of “Try and Buy”

- Inefficient pricing leaves money on the table
- Free trials provide free viral marketing
- Only the absolute best games survive
 - No room for bad games attached to big brands



Subscriptions



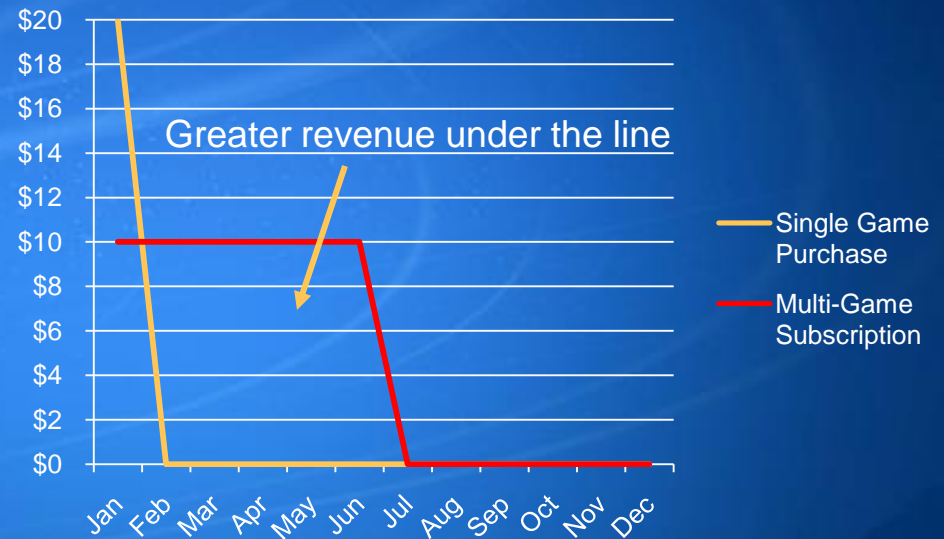
Subscription
login

Pay fixed price
each month to play
unlimited games.



Economics of Subscriptions

- Subscriptions increase average revenue per user (ARPU)
- Users will often subscribe for 6+ months (vs. buying one game / year)
- Higher acquisition cost because users are reluctant to subscribe



Online Advertising Sponsored



Banner

Pre-Roll

Interstitial

Post-Roll

Play for free online, and generate ad impressions which are sold to advertisers.



Download Advertising Sponsored



**Play ad-sponsored
download version for free.**

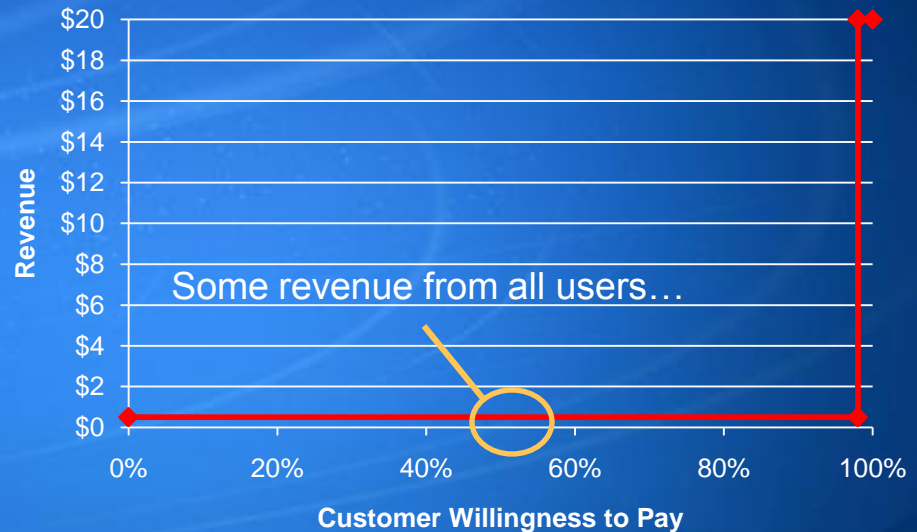
Interstitial Ad

Upsell Button



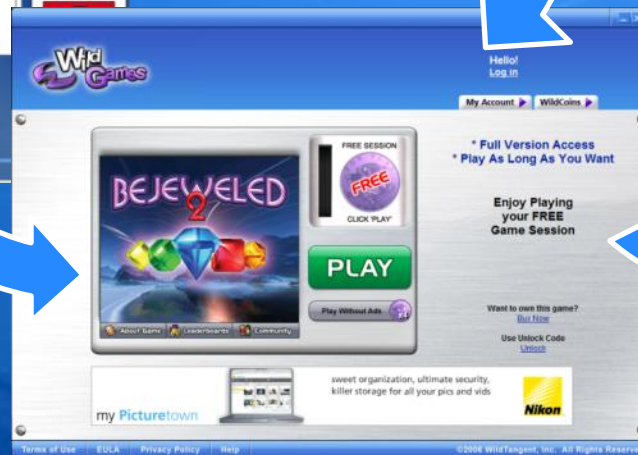
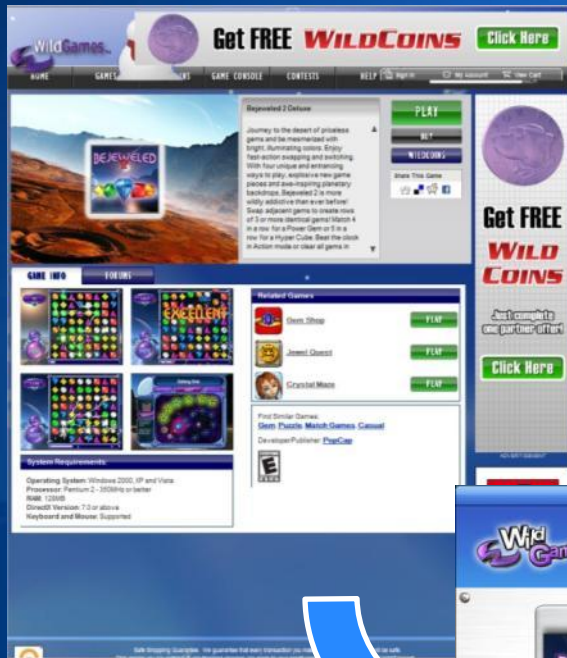
Economics of Advertising

- Ads monetize users who otherwise won't pay
- Some customers will still pay to remove ads
- Web games provide both additional ad revenue AND free marketing



Per-Session Pricing ("Arcade" model)

Pay low price per game session.



Download
Game

Pay per play



Economics of Per-Session Fees

- Lowers the bar for interested customers, but requires stored-value system
- Most models 'cap' the spend at cost of the game
- Advertisers can “sponsor” tokens more easily than entire games



Retail Sales

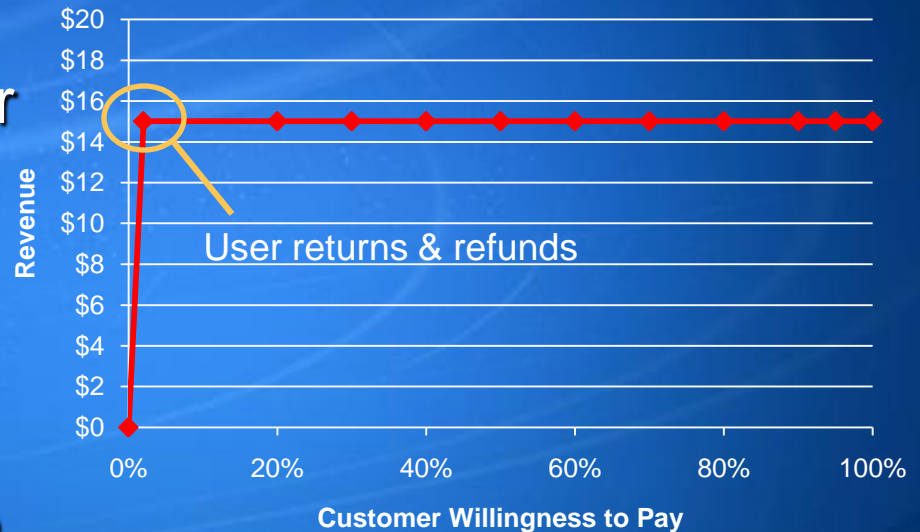


**Buy packaged
version at retail.**



Economics of Retail

- No free trial with retail, so fixed revenue per customer
- Higher costs per sale
- Intense competition for shelf-space
- Much higher risks because of fixed inventory costs



Mobile Games

Buy for your mobile phone and play on the go.

Download from
phone carrier
“game deck”

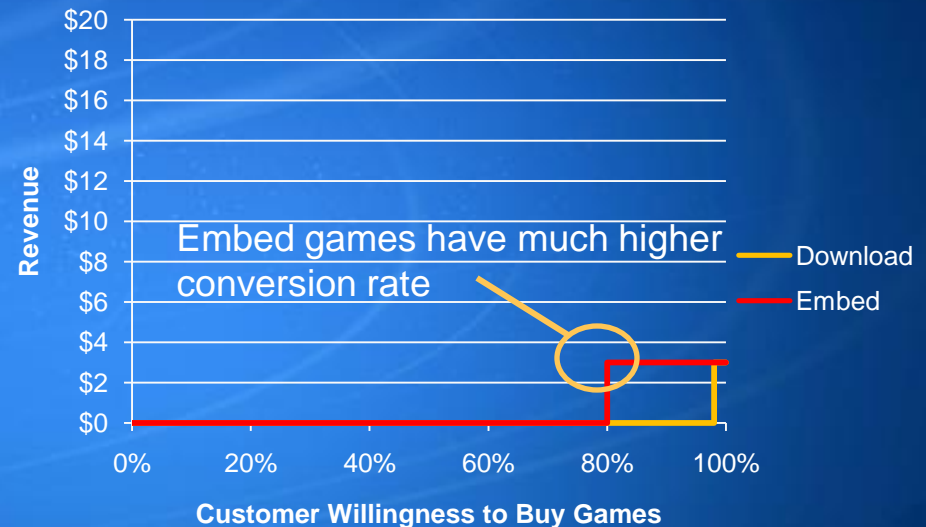


Embed trial
version in new
mobile phone



Economics of Mobile

- Extreme competition for shelf space
 - Even harder to get more valuable “embed” deals
- Big cost in creating many different handset builds
- Most mobile phone owners never download a game
- Low price point per game



Video Game Platforms

Buy for a videogame platform.



Buy Online



Buy at Retail



Economics of Video Games

- Much harder to get rights to develop or publish for consoles than PC
- Higher cost of development
- Higher conversion rates for online marketplace (so far)
- Higher retail costs because of royalty fees
- More passionate user base
 - Strong PR channels

