

## **Elusive Exclusives**

Exclusive releases have been part of the casual gaming industry for years; however, the competition to secure an exclusive on the next big game has intensified. Many game portals now offer six figure advances and marketing commitments in exchange for a short term exclusive and some distributors seek to purchase the game outright. These offers can be very alluring to a developer especially after spending 9-12 months and hundreds of thousands of dollars working on a game. It is easy to understand why a game developer would be tempted by a \$100,000+ offer for a short term exclusive. The important question to ask is: is the short term cash really worth the long term sacrifice to your brand?

Over the years, iWin has enjoyed many exclusives and in fact it was part of our release strategy to negotiate with all of the major portals for the most attractive exclusive offer. Many of the exclusives included home page promotion on the world's largest portals which attract over 100 million users. But we have been analyzing the impact that granting an exclusive to one partner has on our brands as well as the impact that it has on our other valued distribution partners. The outcome of this self evaluation lead iWin to conclude that exclusive windowing of content ultimately was not beneficial to the brand, our partners and the industry as a whole.

### **Building a Brand**

The number one goal of every game developer is to build a powerful brand which can be extended to multi platforms on a global basis. In order to achieve this goal, the most important thing (besides creating a good game) is marketing. In the PC casual downloadable game space the best way to maximize brand exposure is to get your game placed on every single portal and have every portal support your product 110%. Casual game developers are very fortunate to receive a tremendous amount of free marketing and brand exposure by getting placement on the top portals in the world. If a game is promoted on the home page of every game portal, it will be viewed by over 100 million unique people in a given month! To put that in perspective, if you purchased 100 million advertising impressions at a \$5 CPM that would cost \$500,000.

In order to get this type of marketing commitment, it has been iWin's experience that it is essential to deliver the game to each distribution partner on parity. A few sites have a strict policy of not accepting a game if the game has been marketed as an exclusive on a site other than the publisher's own. And most sites are now taking the approach that they will delay the release of a "spent" game or not market it as aggressively.

I am sure this sounds like common practice to those that participate in more mature entertainment industries like the movie and core gaming markets. These industries have perfected the art of releasing new content on a global basis and neither one of these industries engage in exclusive windowing of content.

When Disney launches a blockbuster movie like *Chronicles of Narnia*, they don't give Loew's or United Artist an exclusive. The industry standard practice of releasing a movie is to set a release date which becomes the "opening night" for all movie theatre chains. Leading up to opening night, the studio focuses all of its marketing efforts around this date which in turn creates buzz, excitement and demand. This energy and anticipation spawns an enormous amount of free publicity through the morning talk shows interviewing actors/actresses and reviews written in newspapers or magazines. The first few weeks of a movie are absolutely critical as 70-80% of total sales are generated in that time period. The same can be said for the casual download market- it is essential to generate the buzz and momentum of a game upon launch otherwise the game gets lost among the plethora of other game launches.

The poster of Narnia exemplifies the importance of highlighting the release date (May 16) on all marketing material produced by the movie studio.



The same release tactics of the movie industry are practiced by the core game publishers. A good example of a publisher setting a street date and making it a focal part of their marketing message is Grand Theft Auto IV. The street date of April 29<sup>th</sup> 2008 is very visible in the billboard below and is intended to create anticipation and buzz around this big event. As record-setting opening week sales of GTA IV attest, the strategy worked!



iWin has matured as a company and so has our release strategy and we have set to model ourselves after the core gaming and movie industries. As such, we no longer award exclusives for download games as we believe the best approach is to inform all of our partners about a new release at the same time. We establish a release date at least 30 days after giving the final game build since many partners need a longer lead time due to QA, wrapping and scheduling issues. This approach ensures that all of our partners have ample time to prepare the game and create marketing material for a simultaneous launch across all portals. The goal is to have all of our partners firing emails at 12:01 AM the day of the release and putting all of their marketing muscle behind our game. By no means is iWin the first to employ this approach in the casual space- other leading casual publishers like PopCap and Playfirst take this more mature release strategy as well. Another top game publisher, Last Day of Work, recently adopted this approach with the release of Virtual Villagers 3. Much like the core space and the movie industry- this is the best way to maximize your brand's exposure and create a long term sustainable franchise.

## **Our Partners**

iWin has over 20 first party titles developed by our studio and 95 second party titles published or aggregated by iWin. Due to this large and diverse portfolio of games, we have a unique perspective on market share. Based on our data- the largest distributor only represents 18% of total download sales for iWin's games. What is more interesting is that the top three distributors only account for 44% of gross sales. This parity is a drastic contrast to the traditional retail market where the largest distributor represents between 40-50% of game sales and the sum of the top three account for approximately 80%. Based on this, iWin has concluded that it doesn't make economic and business sense to give preferential treatment to a portal that might represent 10-16% of the market with the risk of alienating iWin with our other key partners that make up the additional 82%.

## **The Industry**

In order for the casual game market to expand beyond the online niche group of middle-aged females, the industry needs to establish mega brands that transcend the online game playing audience and turns casual titles into mainstream, household names. The casual market needs to create powerful franchises like the core gaming industry's John Madden, The Sims, Guitar Hero and Mario and in order to create these brands three things need to happen:

1. Establish a powerful online brand
2. Export the game to other platforms on a global basis
3. Expand the marketing and promotion beyond the online game channels

A game has no chance of becoming a household brand name unless it first becomes a prominent online brand and that is only achievable if it gets universal distribution on all of the portals and the maximum marketing support from those partners. Granting a portal an exclusive window jeopardizes wider distribution and marketing commitments. As such, long term sales will suffer as will the potential for taking the game to other platforms.

If a game becomes a well recognized brand online, it has a good opportunity to be published on other platforms (handheld, mobile, console, and set-top boxes). One of the key advantages of cross platform extension is that your brand reaches a different audience and is exposed to more users. Furthermore the publishers of each of these platforms will commit their market capital and expertise to building your brand on each of the devices. In my opinion, there is only one game in the casual space that has come close to becoming a household brand and that game is Bejeweled. This game is on all platforms – including slot machines and lottery tickets – and PopCap's partners have helped promote this game beyond the online game channels.

If we as an industry adopted more mature release practices exemplified by the core gaming industry and the movie industry, the casual gaming market would have a higher probability of creating a household brand. If we continue to focus on short term gains and pit distribution partners against one another, then we as an industry will remain a niche business.