

# Lessons from the innovations in the videogame (global) industry

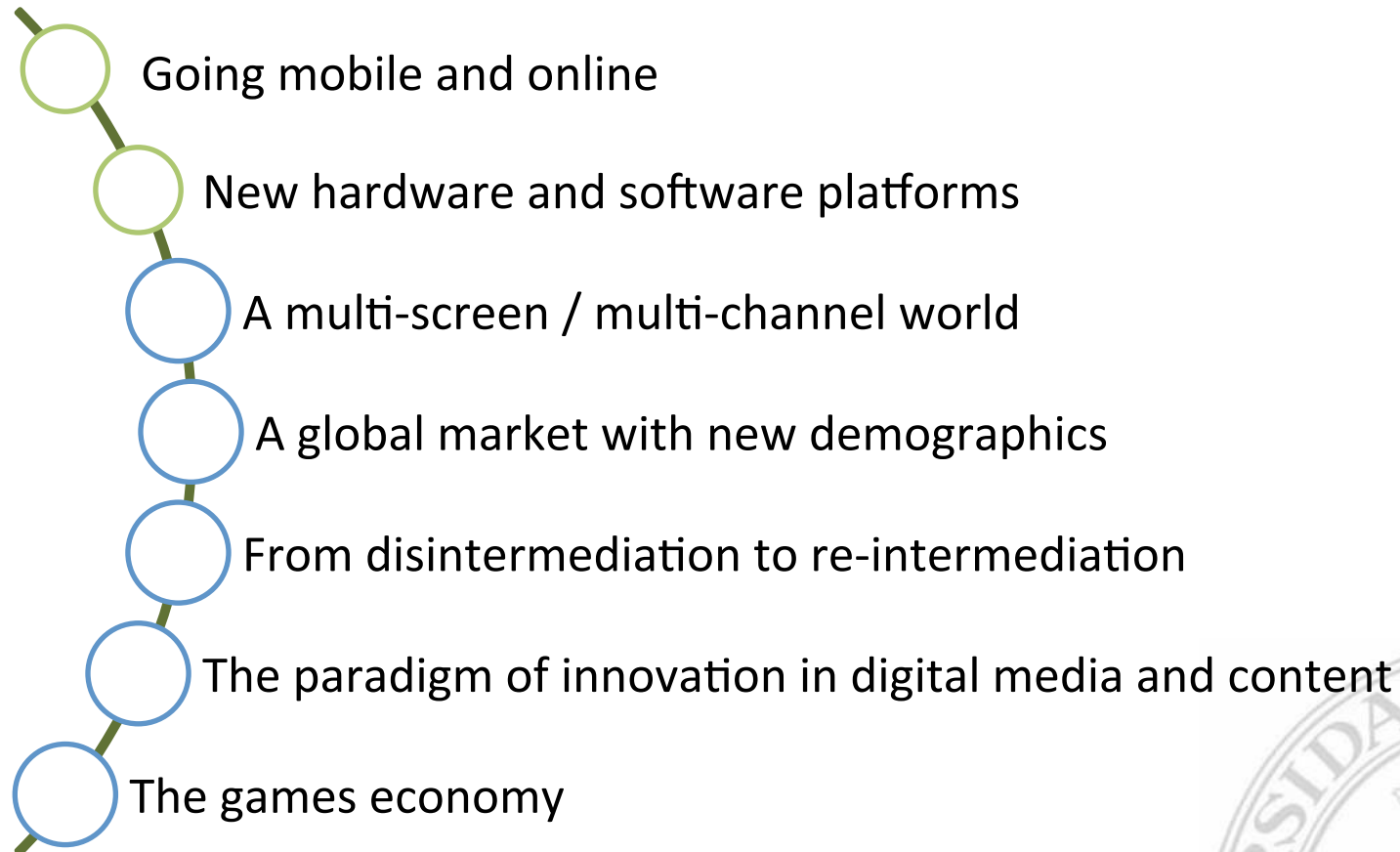
Claudio Feijóo

based on De Prato, Feijóo, Simon (2014, forthcoming). “Innovations in the video-game industry: Changing global markets”.  
*Communications & Strategies*

Panel “Disruptive innovation in the ICT industries: Challenges for European business and policy”  
25th European Regional ITS Conference  
Brussels, 22-25 Jun 2014



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## The paradigm for innovation in digital media and content

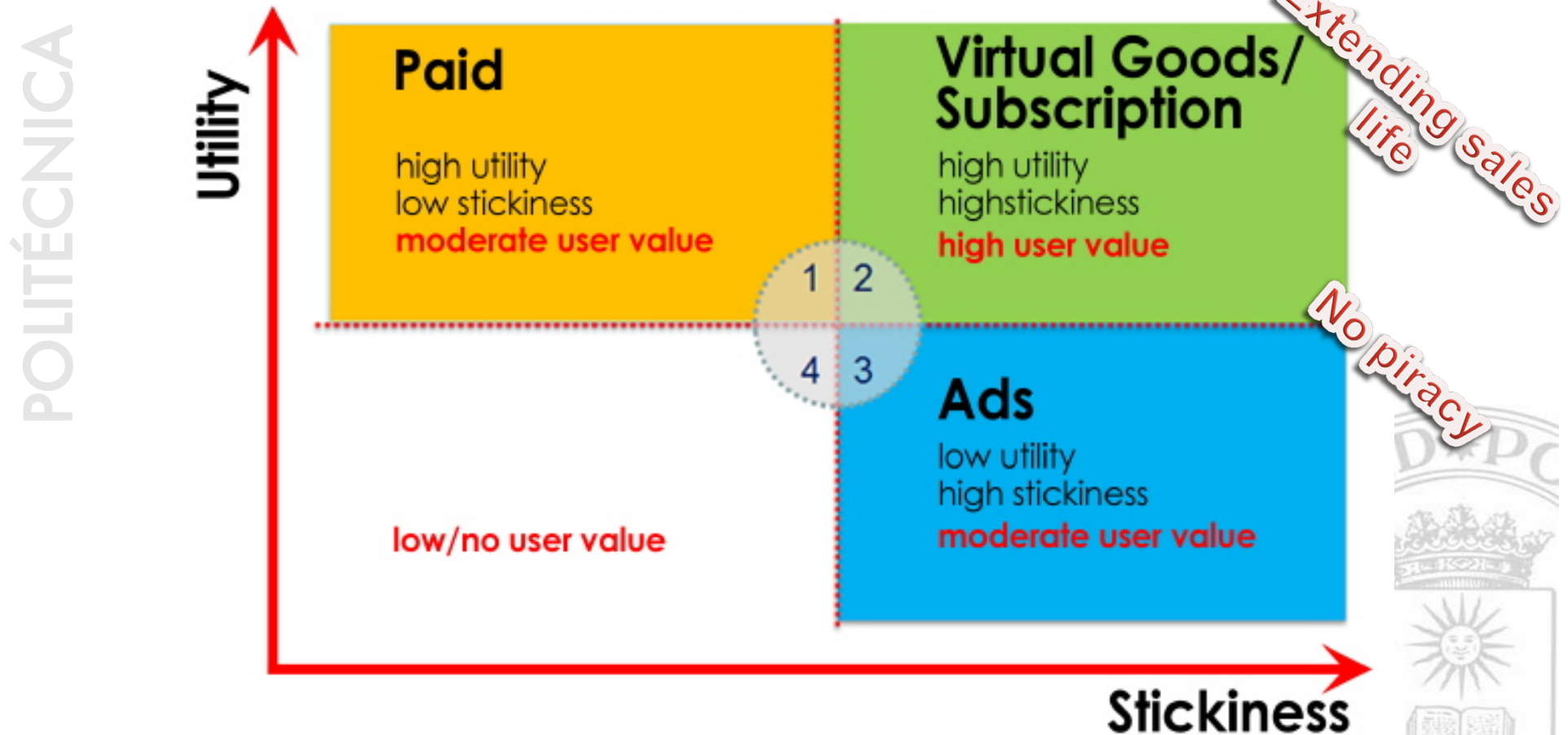
- **Steady growth** over the last 40 years to become a mainstream industry in entertainment
- Increasing **audience** and **demographics**
- Adding **platforms**: video consoles, personal computers, portable consoles, web portals, mobile handsets, tablets, ...
- Able to **use** technological (devices, interfaces, ...) and social **changes** (social networks, mobility, casual gaming, ...)
- **Growth** perspectives (from 880 M active gamers in 2012 to 1200 M in 2014) including new categories such as serious games (gamification) and electronic sport
- Challenges ahead but important lessons learnt along the way



## Lessons learnt (II)

### The rise of the games economy

- 77% of revenues in apps came from games in 2013
- The success of the freemium model, F2P, game as a service



Source: The “Usability-Stickiness” Model for App Business Models—Ilya Laurs, CEO of GetJar (2011)

# Lessons learnt (I)

## Going mobile (and online)

- The **most used** platform ahead of consoles and computers
- Building on the increasing availability (and affordability) of **mobile broadband** and the increasing availability (and affordability) of **smartphones**
- Moving on from casual games into the **cloud** and **augmented reality**

## New hardware and software platforms

- Smartphones, **tablets** and phablets
- Benefits from (early stage) **competition** among platforms

## Multi-screen / Multi-channel

- **Cross-media** gaming: TV, PC, game consoles, connected TVs and mobile devices (smartphones, tablets)
- **Online games**: browser and client-based



# Lessons learnt (III)

## Global market with new demographics

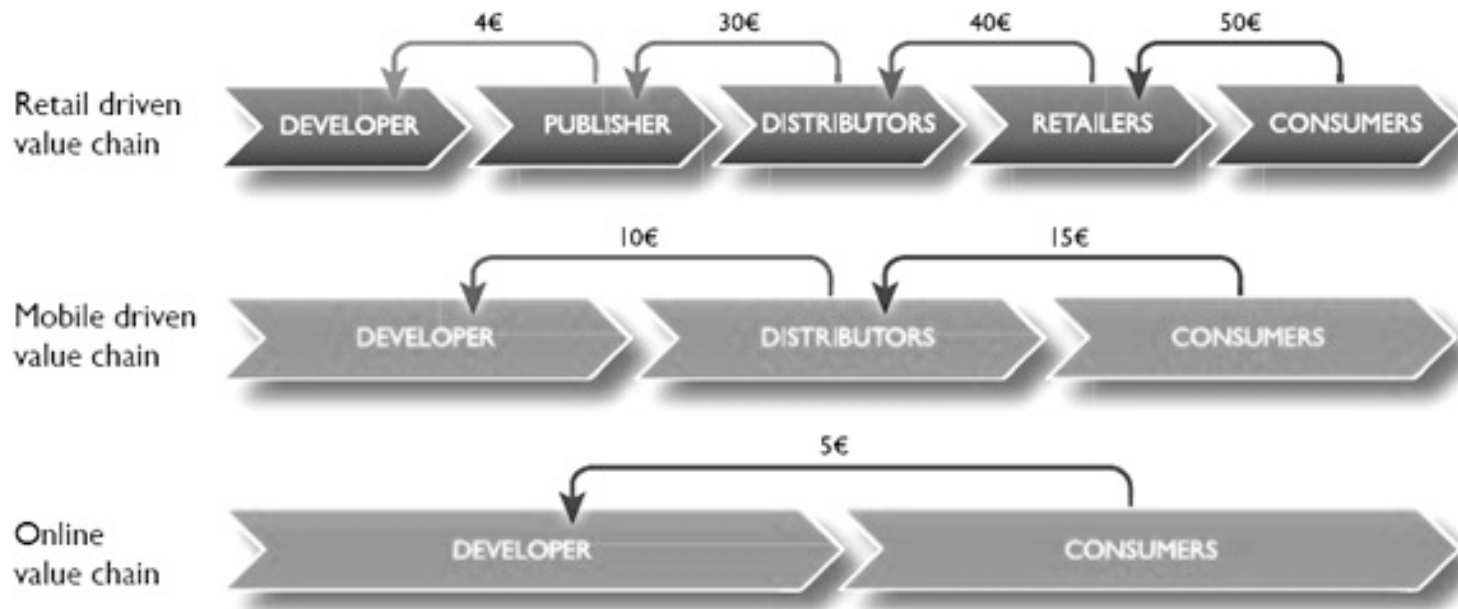
- Consumption: **Asia rising** ... and leading from 2012
- The **China** case:
  - Number of consumers and their spending have grown extraordinarily fast
  - Consumers are spending almost all of time and money on Chinese platforms.
- **US and Japanese** companies continue to dominate the market
- **New companies** are climbing up reflecting changes (and versatility) in the global market:
  - Chinese companies (Tencent, NetEase) not in the ranks back in 2009
  - Entry of Apple and Google
  - Zynga's position linked to social network





# Lessons learnt (and IV)

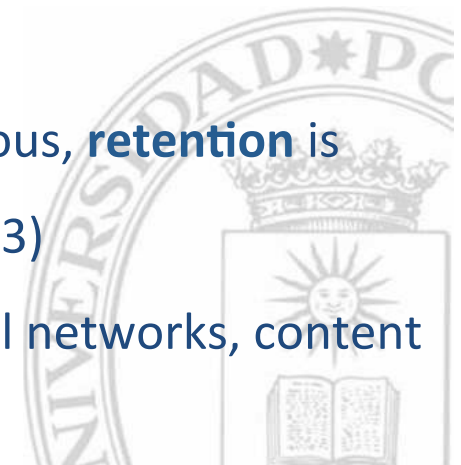
## From disintermediation ...



Source: EGDf (2011)

## ... to re-intermediation

- Low barriers to entry / freemium: “**acquisition** is not obvious, **retention** is volatile and **monetization** complex” (Davidovici-Nora, 2013)
- **New platforms:** publishers, marketing, online shops, social networks, content aggregators, game portals



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