



DEEP IMAGE

THE AGE OF THE DINOSAURS!

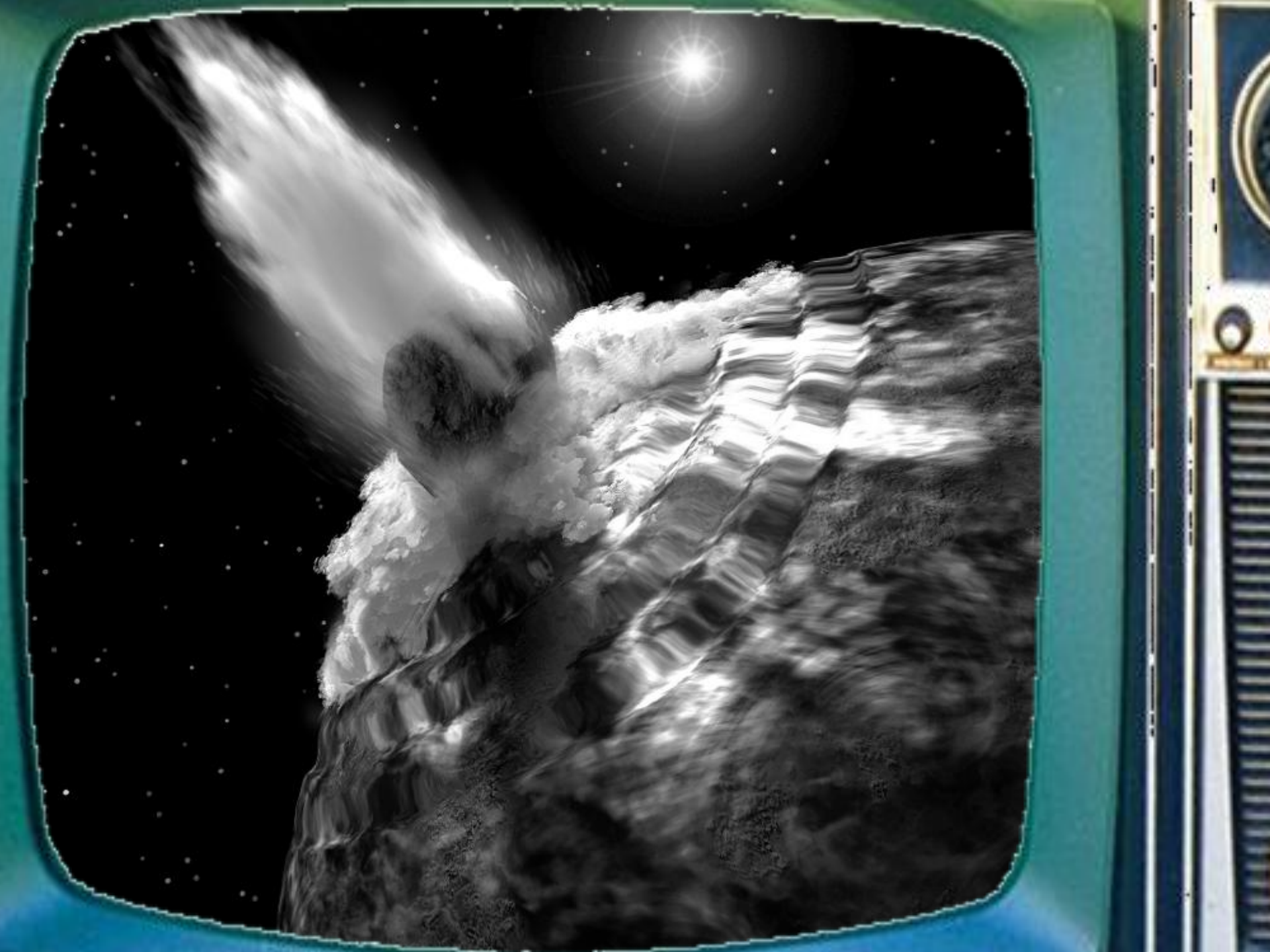
A RAPH KOSTER PRODUCTION

SPONSORED BY

A GRANT FROM THE AUSTIN GAME
CONFERENCE

MMVIMMORPG

**Let's review what happened
to the dinosaurs.**



THE TRUTH ABOUT EVOLUTION

**Evolution is not about
progress.**



“Progress” is a value
judgment.

**EVOLUTION IS ABOUT
ADAPTATION,**

- Collection
- Hacking and slashing
- Nothing but questing
- Team based PvP games
- Free for all PvP games
- Flight sims
- Battle mechs
- Roleplay-enforced worlds
- ...with combat systems
- Pure chat
- Educational
- Collaborative writing
- Professional meetings
- User-created worlds
- Procedurally-created worlds
- Programming practice
- Game shows
- Recreations of favorite fictional worlds
- Non-Euclidean worlds
- Simulations of history
- Sims of real world physics
- Sims of large-scale populations

**KINDS OF WORLDS THAT USED TO
EXIST**

- Hacking and slashing
- Team based PvP games
- Free for all PvP games
- User-created worlds
- Recreations of favorite fictional worlds
- Pure chat
- Dancing

What we see here is adaptation to an evolutionary niche.

THE OVERALL ECOLOGY

The pieces of the content puzzle:

- The funder**
- The creator**
- The editorial gate**
- The publisher**
- The distributor**
- The re-users**

FUNDER	Writer or publisher
CREATOR	Writer
EDITOR	Publisher
PUBLISHER	Publisher
DISTRIBUTOR	Publisher
RE-USER	Writer (Audiobooks, movie rights)

BOOKS

FUNDER	Publisher
CREATOR	Musician
EDITOR	Publisher
PUBLISHER	Publisher
DISTRIBUTOR	Publisher
RE-USER	Publisher (TV, publishing)

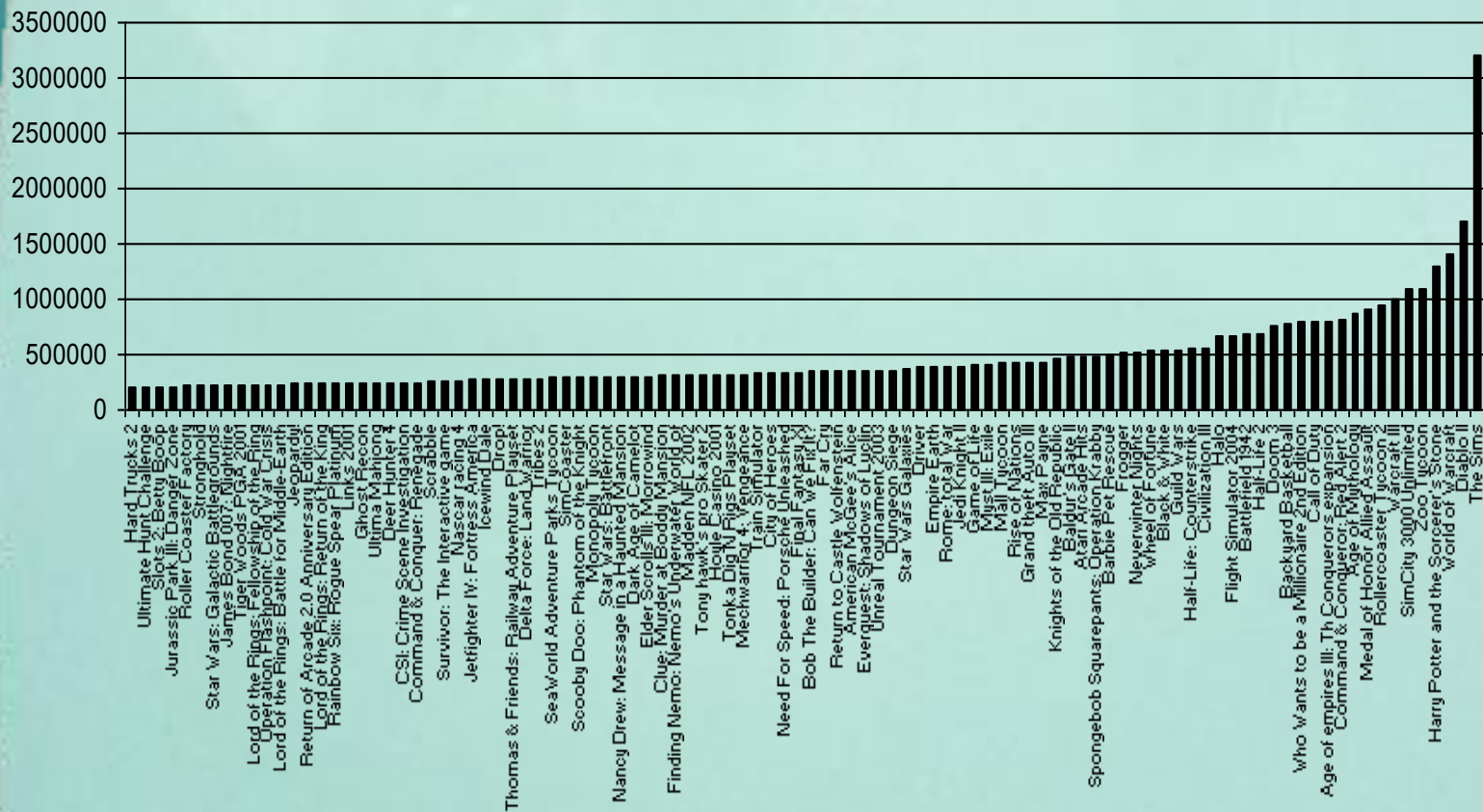
MUSIC

FUNDER	Somebody else
CREATOR	Studio
EDITOR	Studio
PUBLISHER	Studio
DISTRIBUTOR	Studio
RE-USER	Studio

MOVIES

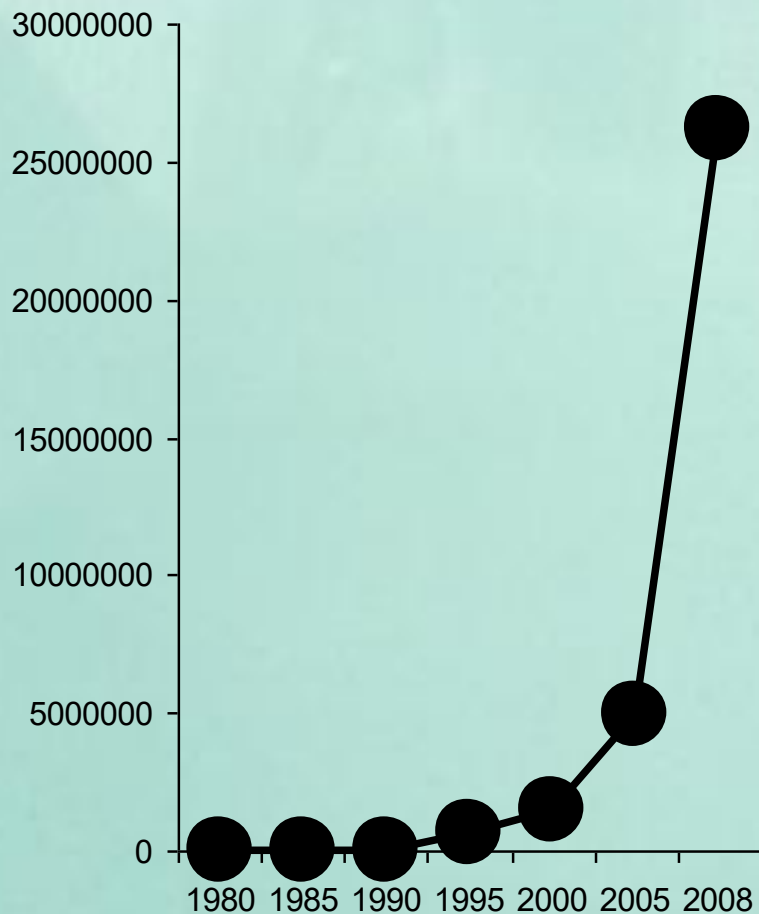
FUNDER	Publisher or indie dev
CREATOR	Developer
EDITOR	Publisher
PUBLISHER	Publisher
DISTRIBUTOR	Publisher
RE-USER	Nobody

GAMES



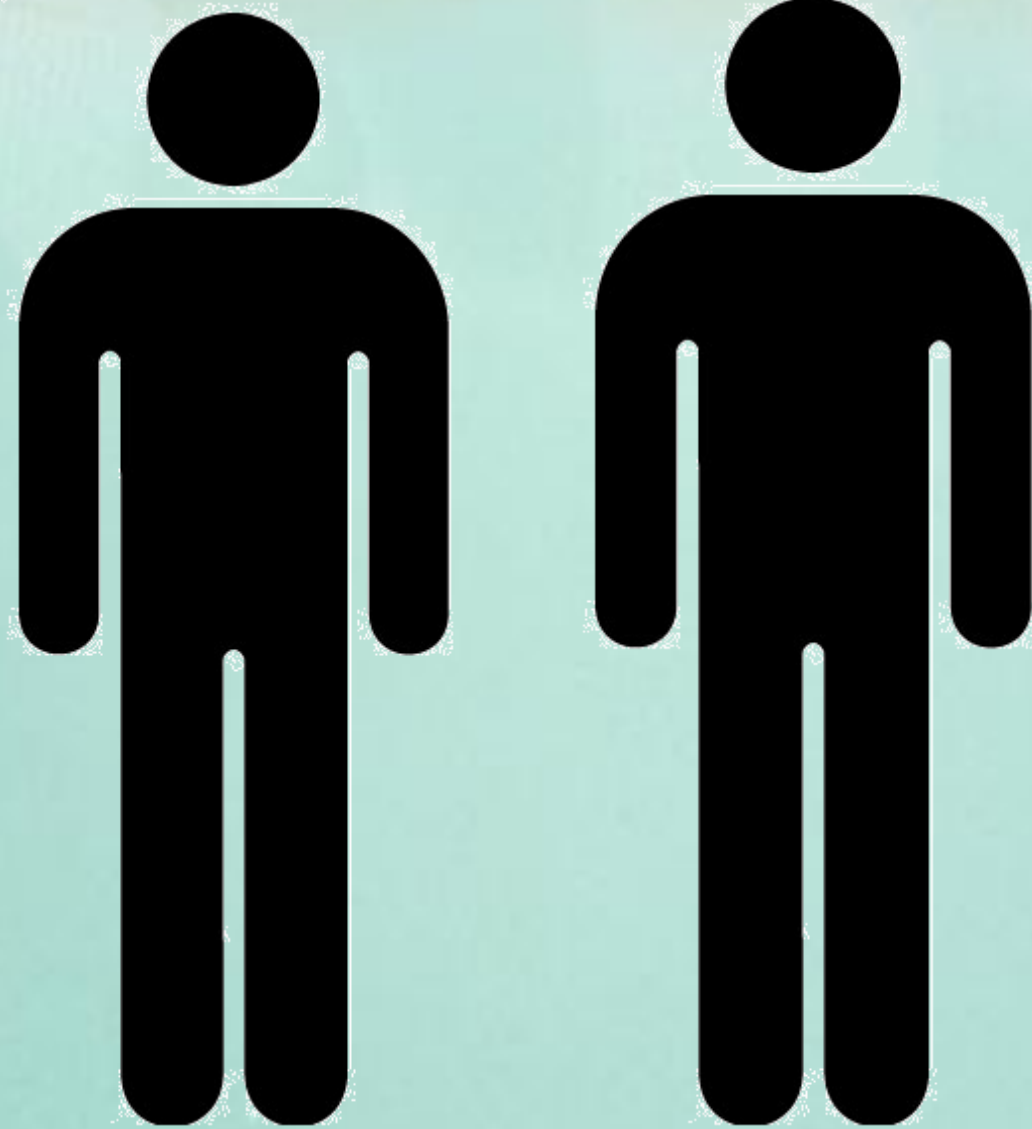
The pattern of hit-driven media consumption.

**HOW WE'VE
ADAPTED**

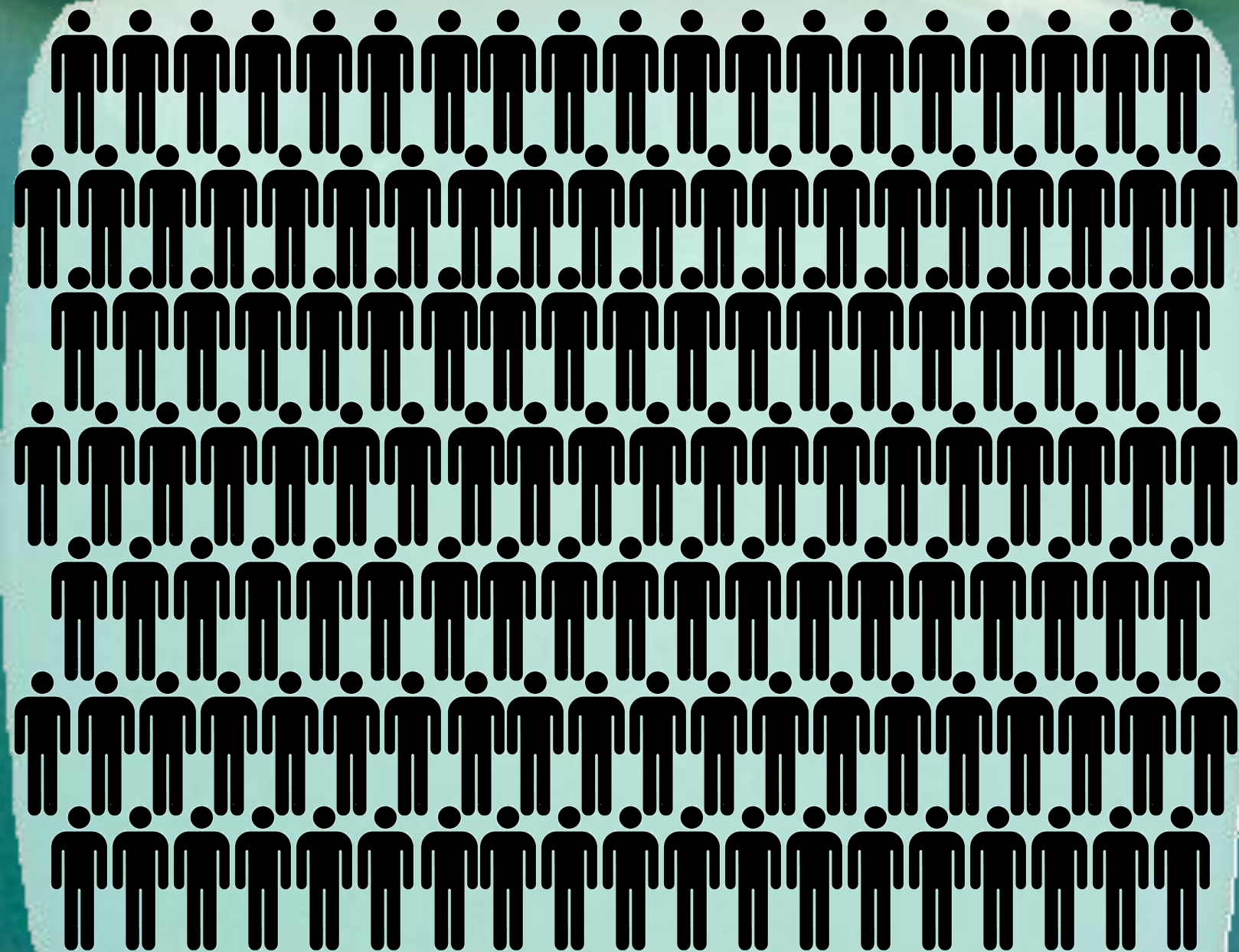


Those first few numbers are 8k, 64k, that sort of thing.

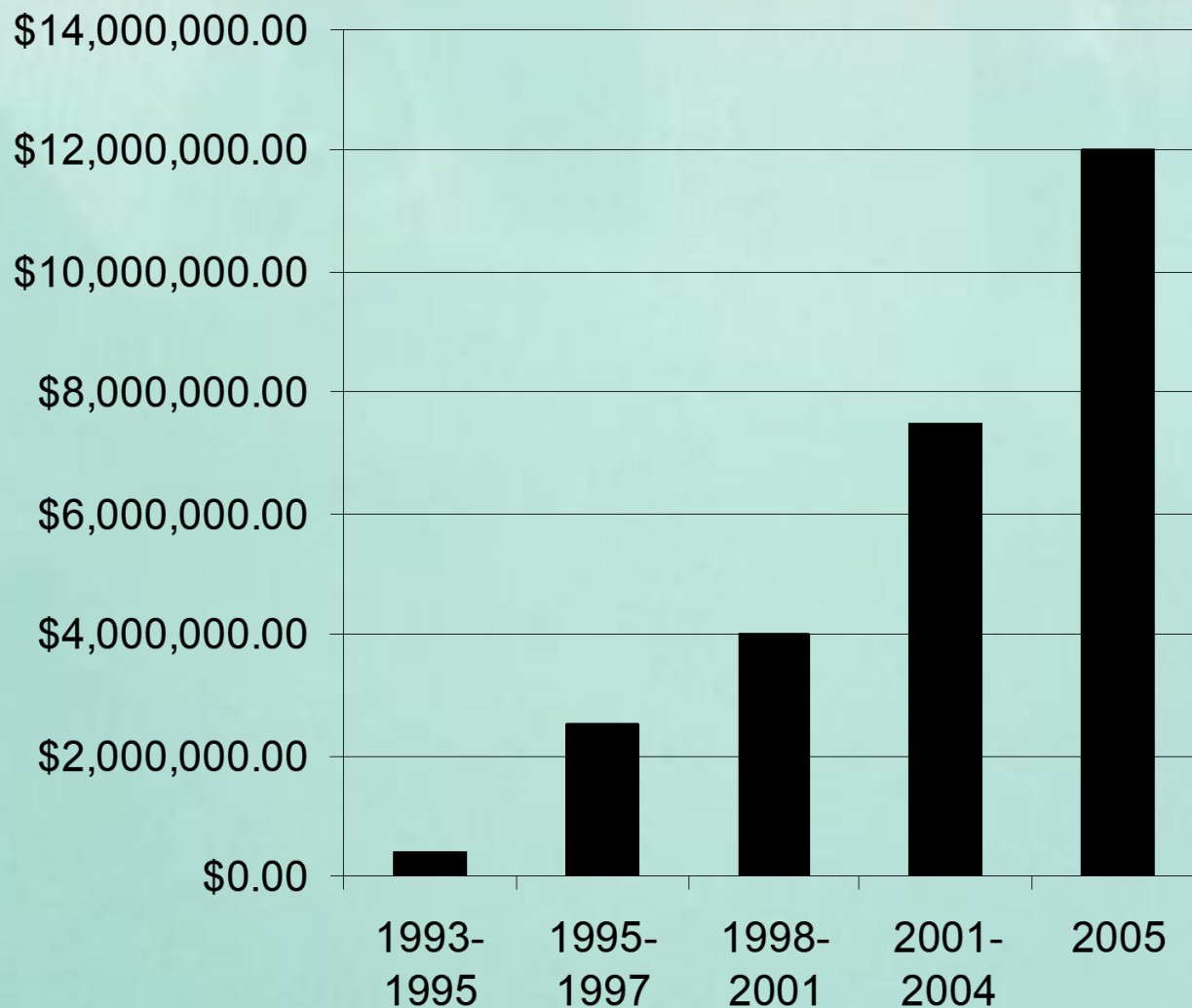
SIZE OF GAMES OVER TIME



1982 GAME TEAM



2006



GAME BUDGETS OVER TIME

1. Budgets have gone up by a factor of 22.*
2. We make 40-150 times more data.
3. And we've gotten only 6 times better at making content.

**in just the last 12 years, and that's adjusted for inflation*

Specialized adaptations

- Dedicated 3d graphics cards
- Surround sound
- High resolution graphics
- Single-player experiences
- Heavily narrative games

These are the instructions for
Pong.

DEPOSIT QUARTER
BALL WILL SERVE AUTOMATICALLY
AVOID MISSING BALL FOR HIGH SCORE

79 BYTES

This is the walkthrough for
*Grand Theft Auto: San
Andreas.*

1574912 BYTES

262000 WORDS

OVER 1400 PAGES

**WHO'S OUR
MARKET?**

DECADES OF CORPORATE
FUNDING HAVE CREATED A
LARGE PROFESSIONAL CLASS
FOR THE PRODUCTION AND
RECEPTION OF NEW GAMES
COMPRISING LEGIONS OF
DEVELOPERS AND GAMERS

BASED MOSTLY IN STUDIOS
AND SCHOOLS THESE
GROUPS HAVE
GRADUALLY BECOME THE
PRIMARY AUDIENCE FOR
CONTEMPORARY GAMES

CONSEQUENTLY THE
ENERGY OF THE
INDUSTRY WHICH WAS
ONCE DIRECTED
OUTWARD IS NOW
INCREASINGLY FOCUSED
INWARD

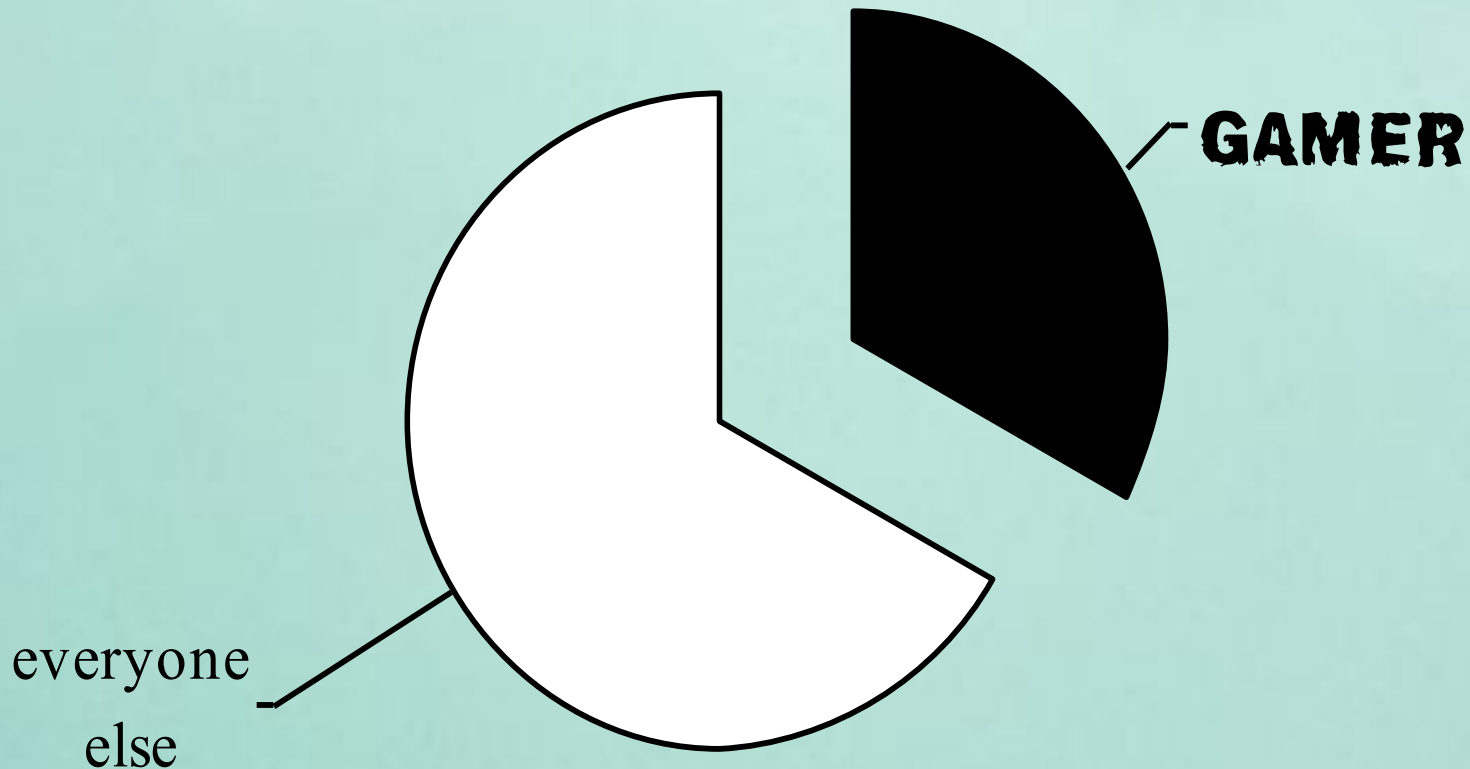
REPUTATIONS ARE MADE
AND REWARDS DISTRIBUTED
WITHIN THE GAMING
SUBCULTURE ...A "FAMOUS"
DESIGNER NOW MEANS
SOMEONE FAMOUS ONLY TO
OTHER DESIGNERS

BUT THERE ARE ENOUGH
DESIGNERS TO MAKE THAT LOCAL
FAME RELATIVELY MEANINGFUL
NOT LONG AGO “ONLY GAMERS
PLAY GAMES” WAS MEANT AS
DAMNING CRITICISM
NOW IT IS A PROVEN MARKETING
STRATEGY

DANA GIOIA
HEAD OF THE NEA
WRITING ABOUT POETS
AND POETRY
AND STUFF

(I know, you guys hate it when I bring up poetry in these gaming talks...)

The core gamer market is mostly INTJ, ISTJ, INTP and ISTP in the Myers-Briggs typology.



HARDCORE CONQUEROR

“THE MYERS BRIGGS TYPES THAT DOMINATE THIS CLUSTER INTJ ISTJ ARE TWO OF FOUR TYPES THAT RESEARCH HAS SHOWN TO BE COMMON TO PROGRAMMERS AND INDEED TYPE 1 GAMEPLAY DOMINATES CURRENT GAME DESIGN ASSUMPTIONS IN MOST DEVELOPERS AND PUBLISHERS

IN SOME CASES IT SEEMS THAT THIS HAS BEEN IDENTIFIED AS THE ONLY STYLE OF “LEGITIMATE” GAMEPLAY...”

19%

(By the way, these personality types account for only of women.)

“SUCH OPTIMISM TOWARDS HUMAN
INTERACTION IS JUST
WONDERFUL... BUT LETS FACE IT

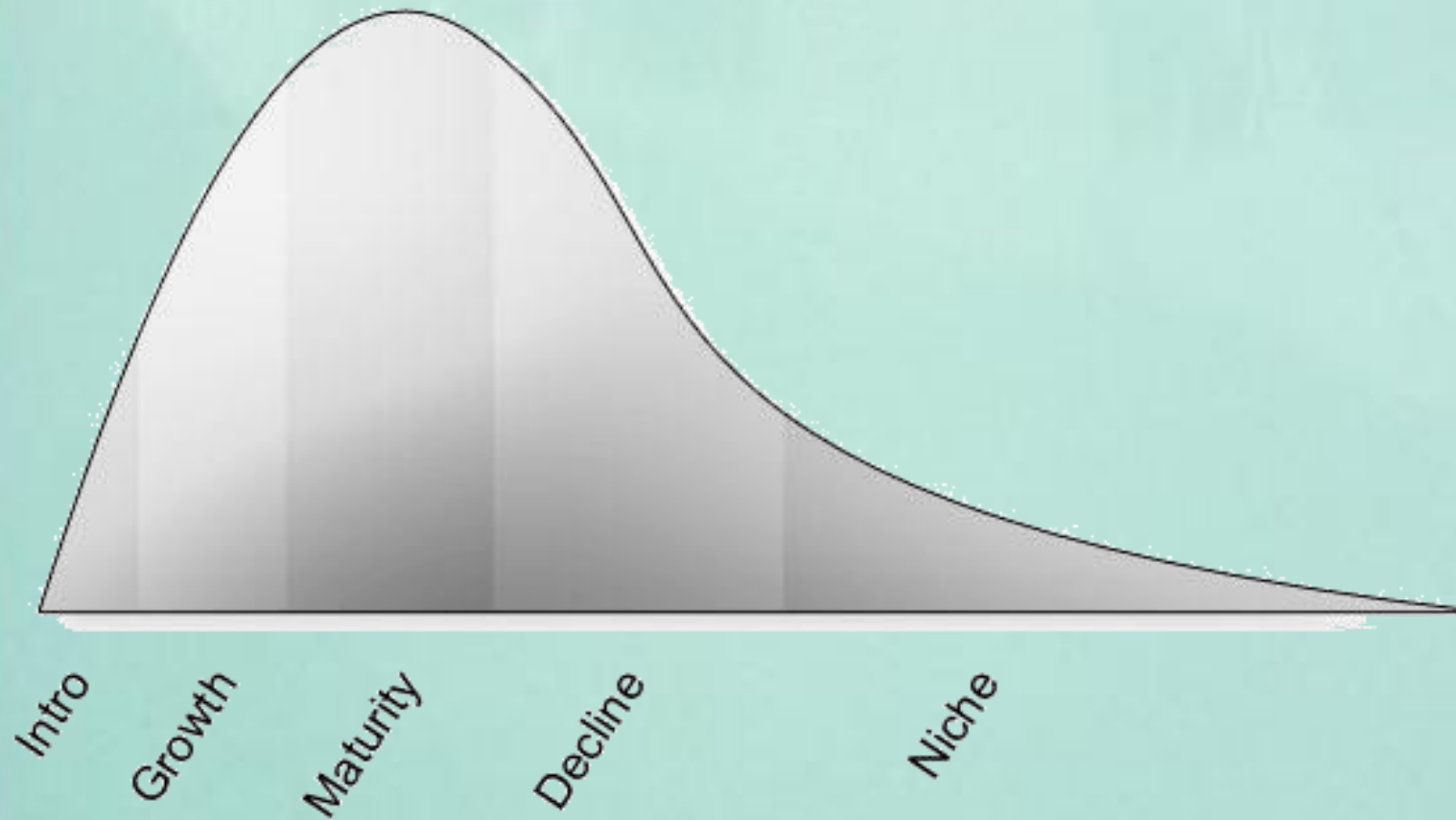
Playing video games

IN ANY CONTEXT WILL ALWAYS BE
MUCH MORE REWARDING
THAN ACTUAL

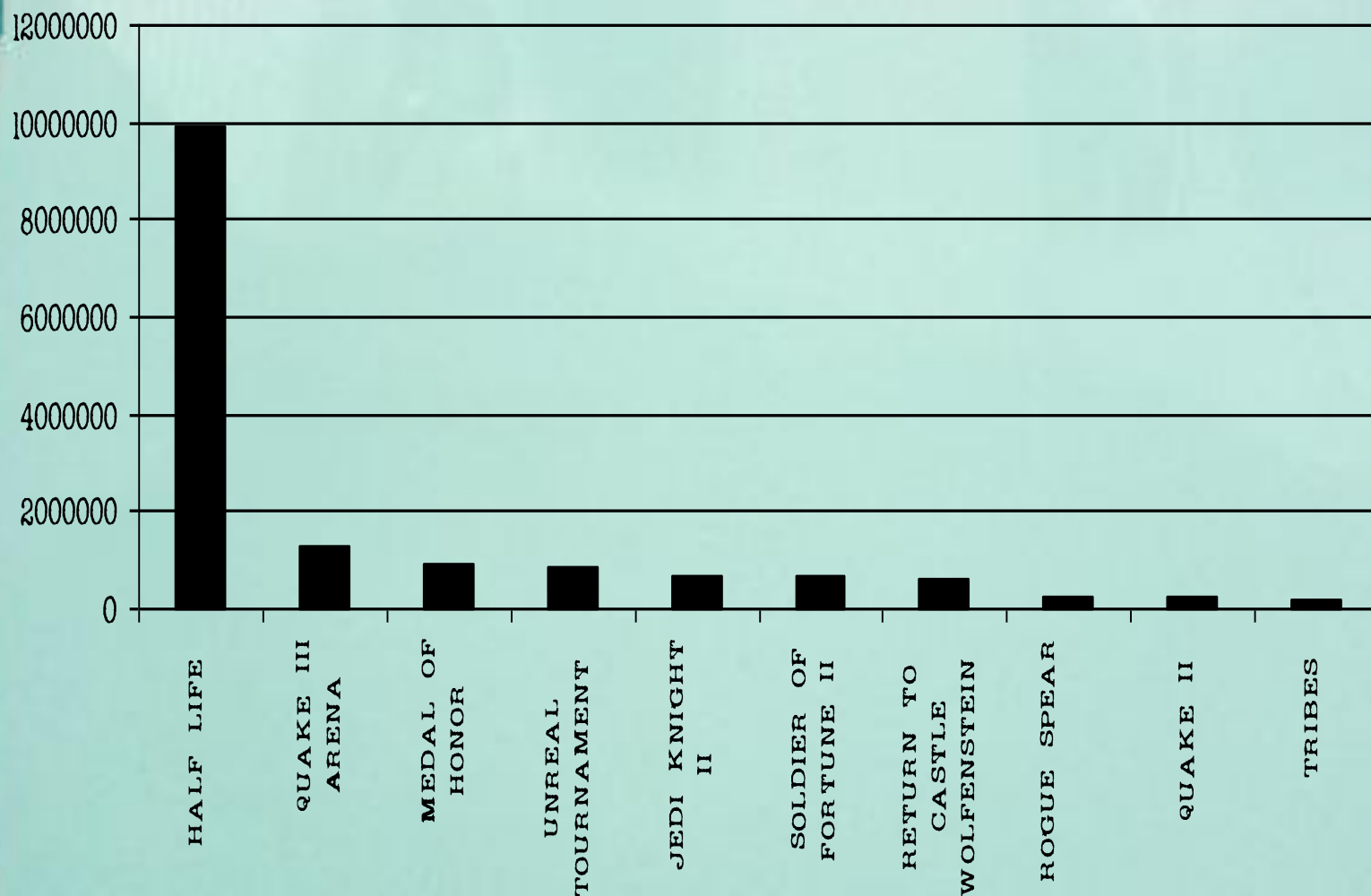
human interaction.”

I WAS **LFG** FOR A WHILE, SO I WENT TO **GUSGEN** TO FIGHT **WIGHTS** FOR A **CHEST KEY DROP**, SO THE NEXT TIME MY **RSE TIME** COMES UP, I CAN JUST FIND A **TREASURE CHEST** AND GET THE PANTS FOR MY **WHM**. THEN I WENT TO **PASHOW**, **LEVELED** MY **NPC** A BIT AND MANAGED TO RAISE MY **STAFF SKILL**, IN ADDITION TO MAKING ABOUT **34K** FROM SOME NICE **DROPS**. I FINALLY GOT A **PARTY**, WHICH WAS A SORTA **MANABURN** THAT WORKED OUT WELL (WE HAD A **NIN** AND **DRK** FOR SOME REASON), GOT ABOUT **5K XP** USING AN **EMPRESS BAND**, CALLED IT A NIGHT, AND THEN FOUND A **MORION TATHLUM** IN MY **DELIVERY BOX**- WAS AN XMAS PRESENT FROM A FRIEND IN MY **SHELL**.

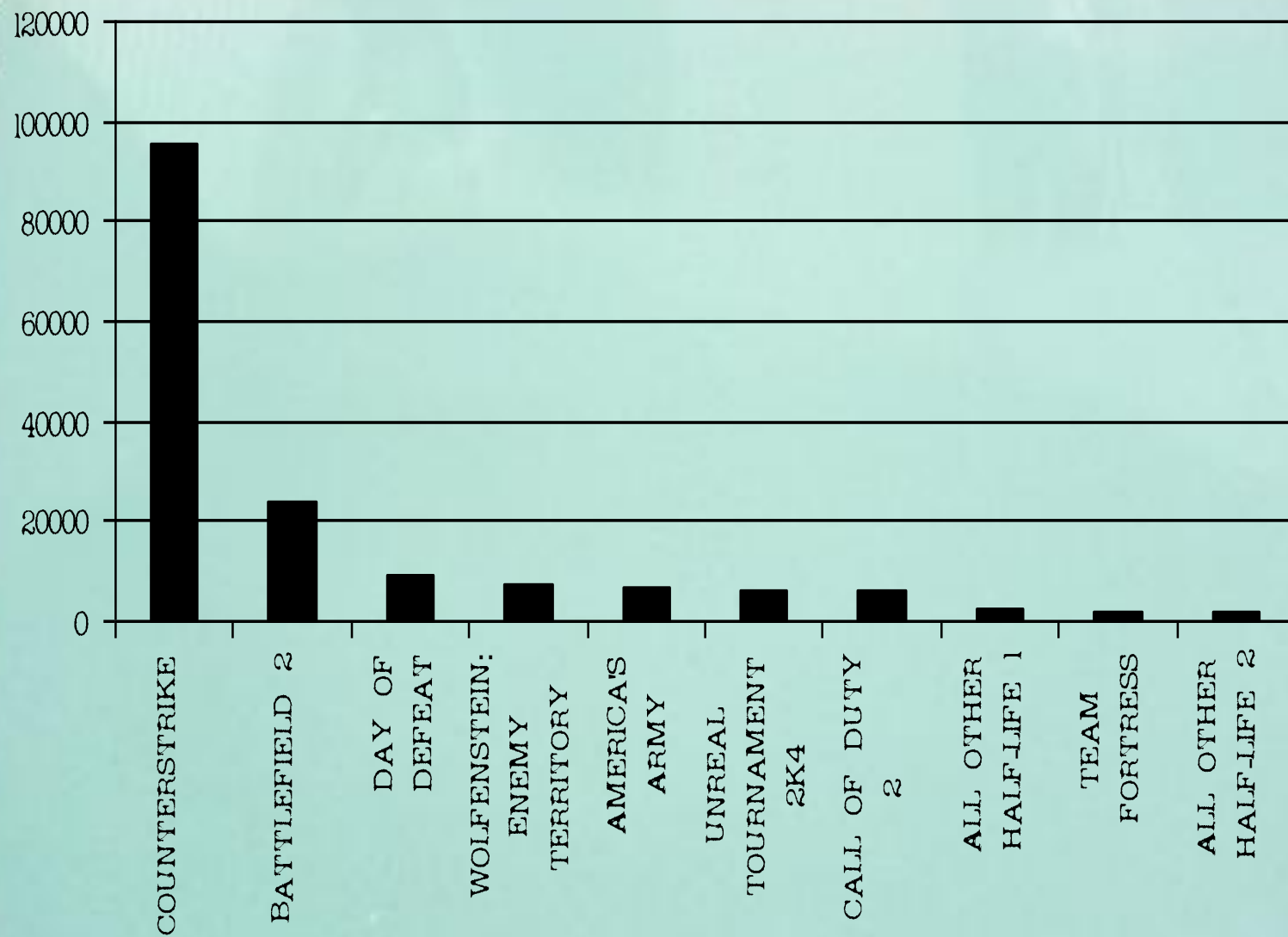
Stages of the game genre lifecycle



**PERFECT ADAPTATION IS ALSO
death**



THE POWER OF A DEAD GENRE



THE POWER OF A DEAD GENRE

**AND THEN THE
METEOR HIT...**

- In all media, hits are getting rarer.
 - We still have them, but the percentage of the population a hit reaches is shrinking
- “Infinite shelf” means that significant revenue is derived from the aggregation of many niche titles
 - GameTap, casual sites, NetFlix, Amazon, etc

THE LONG TAIL

- There is only one gaming specialty store chain left in America
- Digital distribution is rising
 - Live Arcade, Steam, GameTap, etc
- Many of the most popular games aren't even rated by the ESRB, because they are online and not at retail.

DISTRIBUTION

- The cost to produce a minute of content has risen, but the price to buy it has dropped.
- In fact, many consumers regard content as “free by nature.”
- Since consumers are no longer paying for content, publishers must shift to an ad-driven model based on eyeballs.

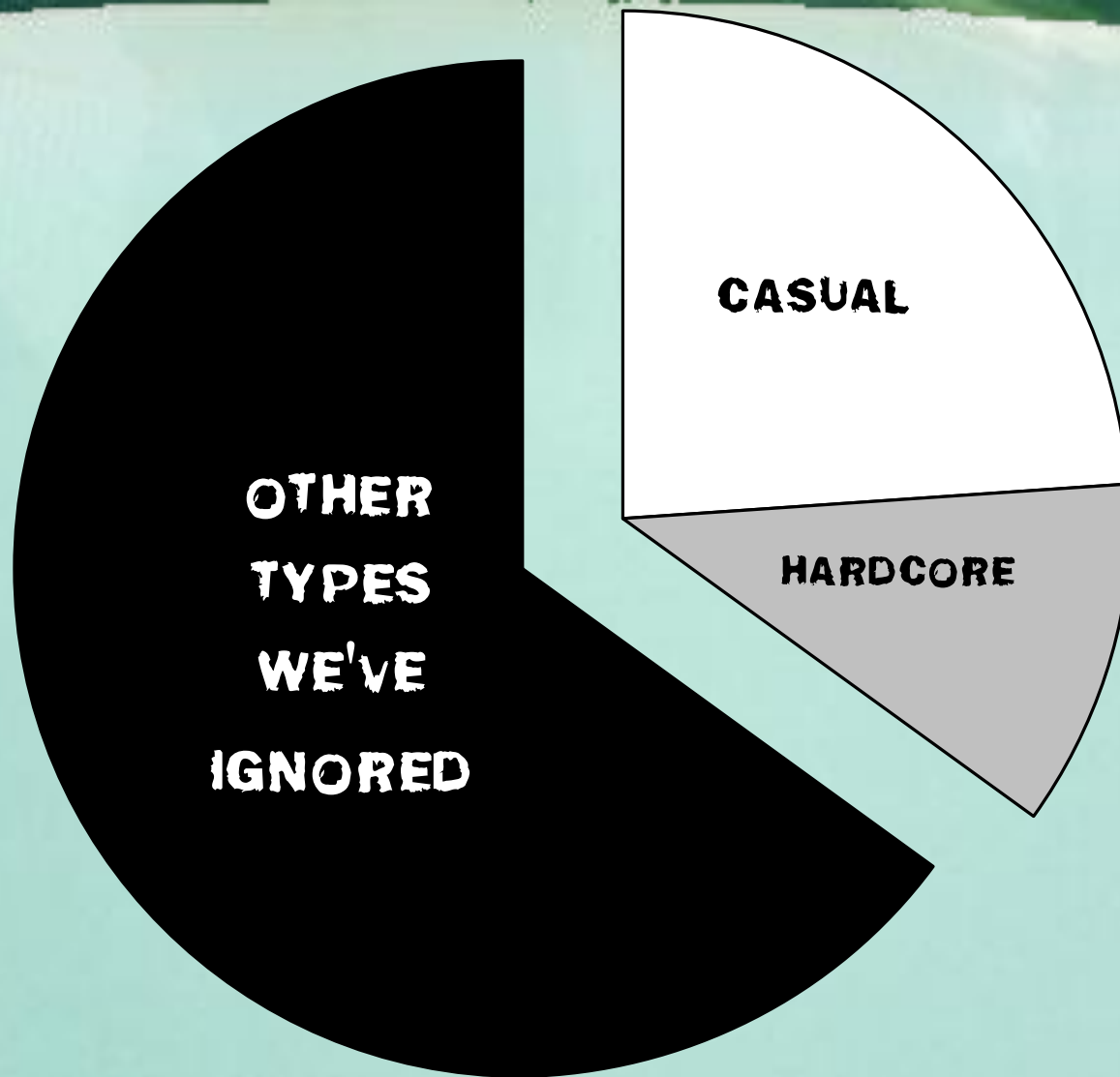
COMMODITIZATION

Meanwhile, game characteristics are liberally co-opted by other media.

- Interactivity
- Voting
- Ratings
- Rankings
- Competitions
- Easter Eggs
- Puzzles



THUNDER STOLEN



Finally, we learn that the audience isn't who we thought.

MAMMALS

- Built for digital distribution
 - Leaner implementations
 - Less emphasis on assets
 - Possibly episodic
 - Bypass publishers entirely

DISTRIBUTION

- Aim at different markets
 - Lots of niche-driven targets
 - Much not aimed at core gamers
 - Bypass gamer press and culture
 - Genres and gameplay not seen in the hardcore segment
 - Consumable, disposable
 - Don't forget to include dancing

CONTENT

- Designed for online from the get-go
 - Persistent states for identities, rankings, ratings, etc
 - Easy multiplayer assumed as a base feature
 - Shared profiles, friends lists, etc

CONNECTIVITY

- Content isn't worth a damn; what is of value is a relationship between the consumer and the producer
 - Active community management
 - Fan-driven followings
 - “Name” teams or developers
 - “Lifestyle” marketing

Almost nobody will be Billy Joel or the Beatles – instead, they end up as Britney Spears. You want to be the Grateful Dead instead.

CELEBRITY

- Not driven by retail sales, or in fact by sales to consumers
 - Upsells to monetize price insensitive niches – including merch
 - “Share-selling” in future content, “donations,” etc
 - Advertising as a major driver

REVENUE

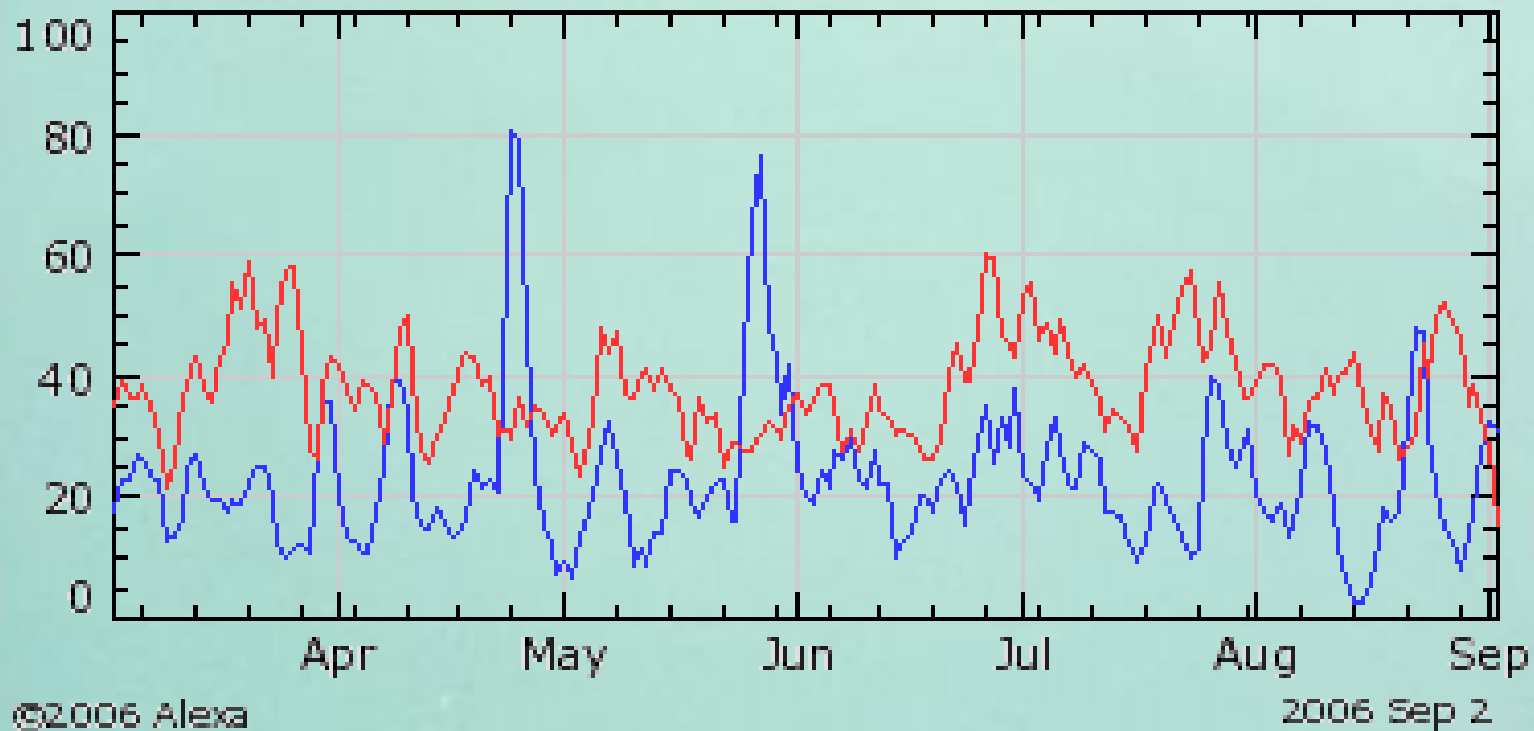
Can current publishers adapt?

Two kinds of publisher

Daily Reach (per million)

gametunnel.com

thq.com

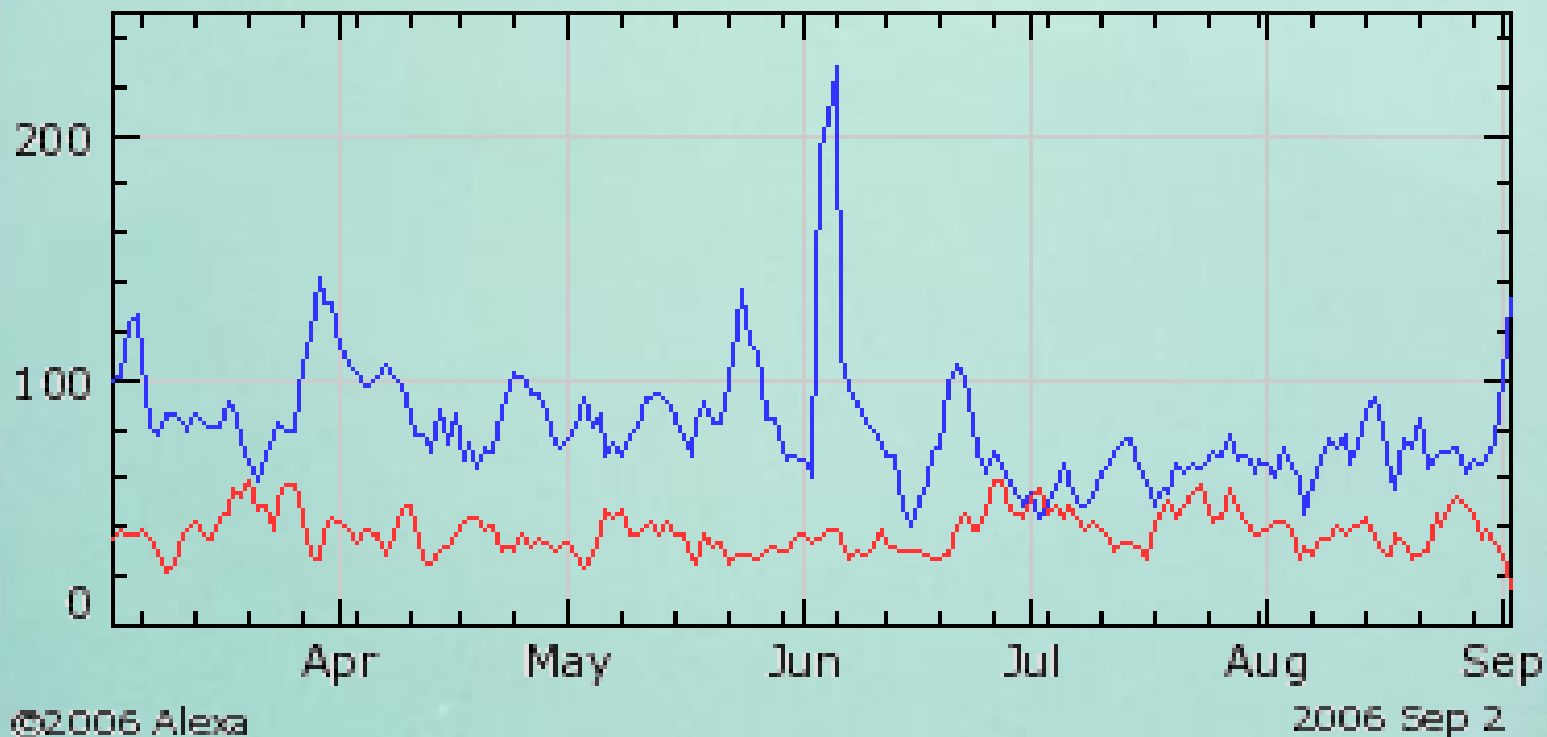


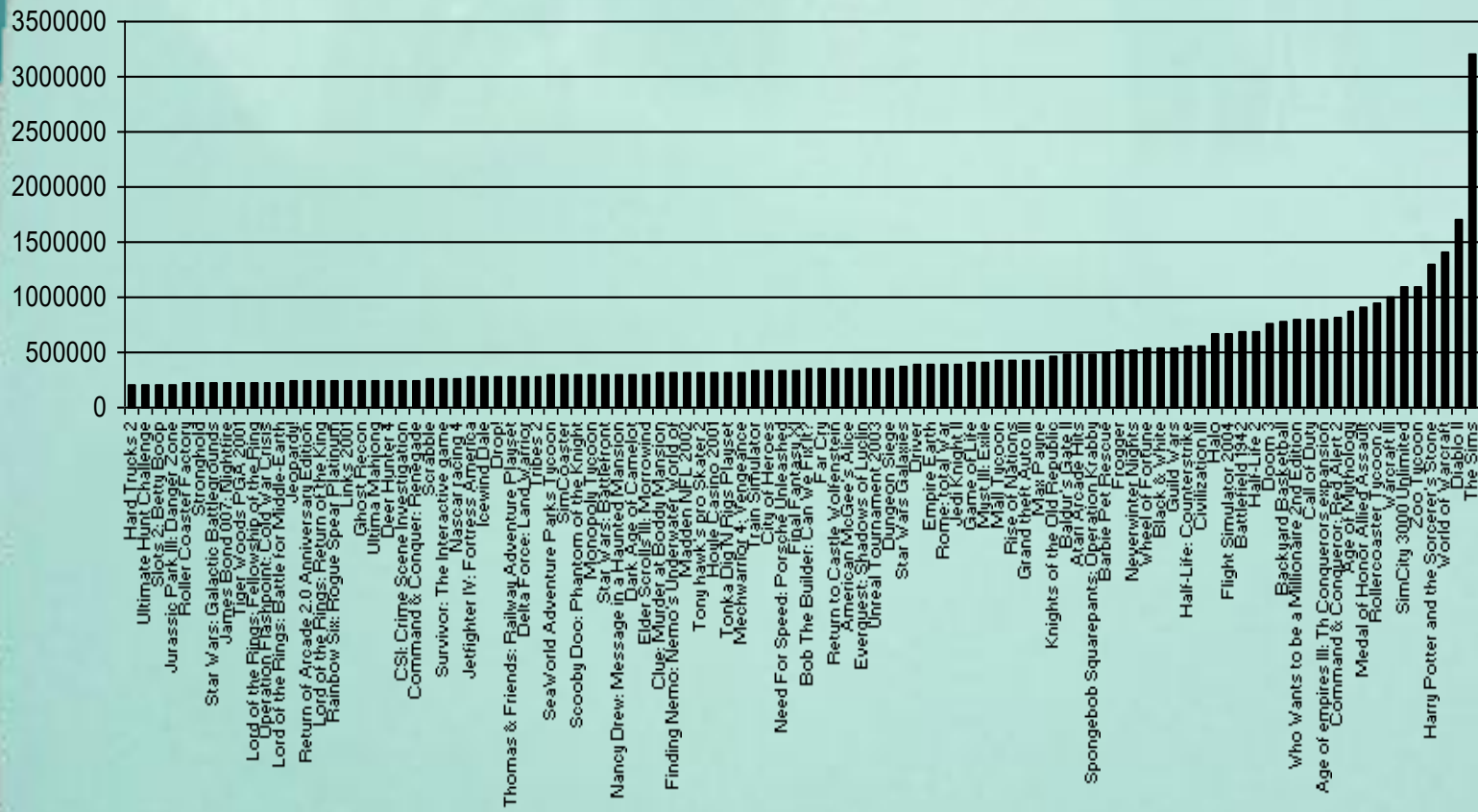
And the outcome is not clear

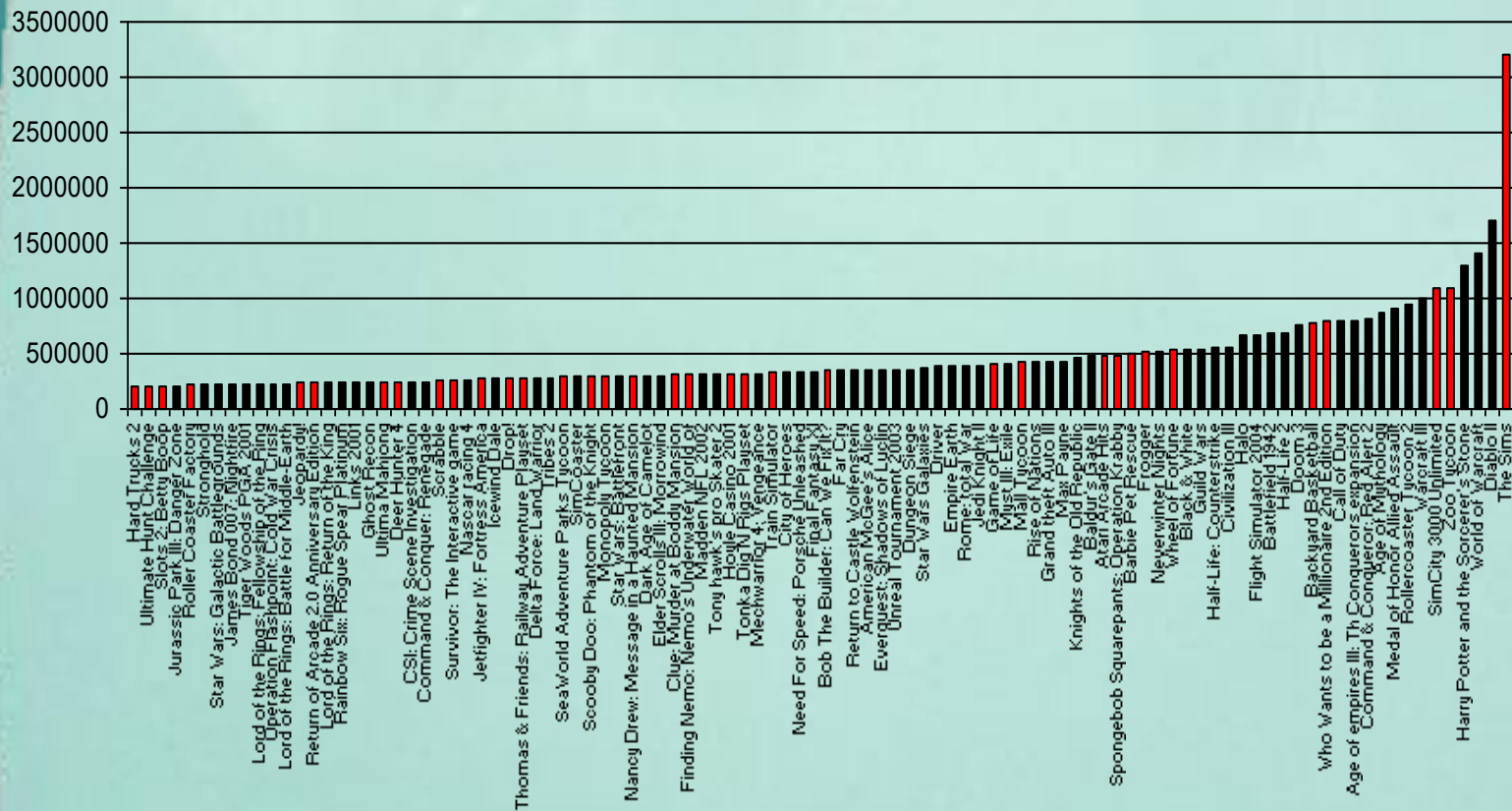
Daily Reach (per million)

jayisgames.com

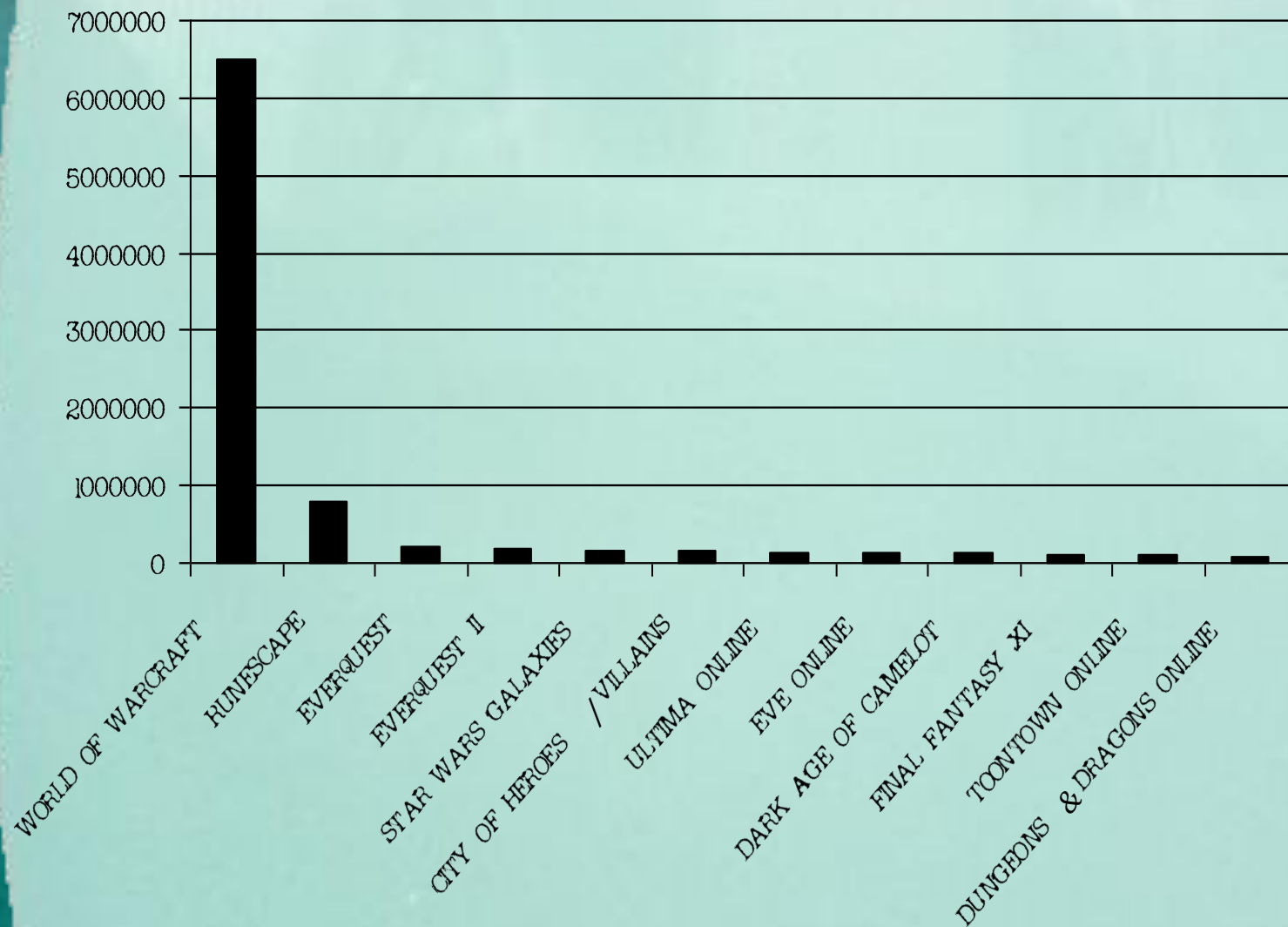
thq.com



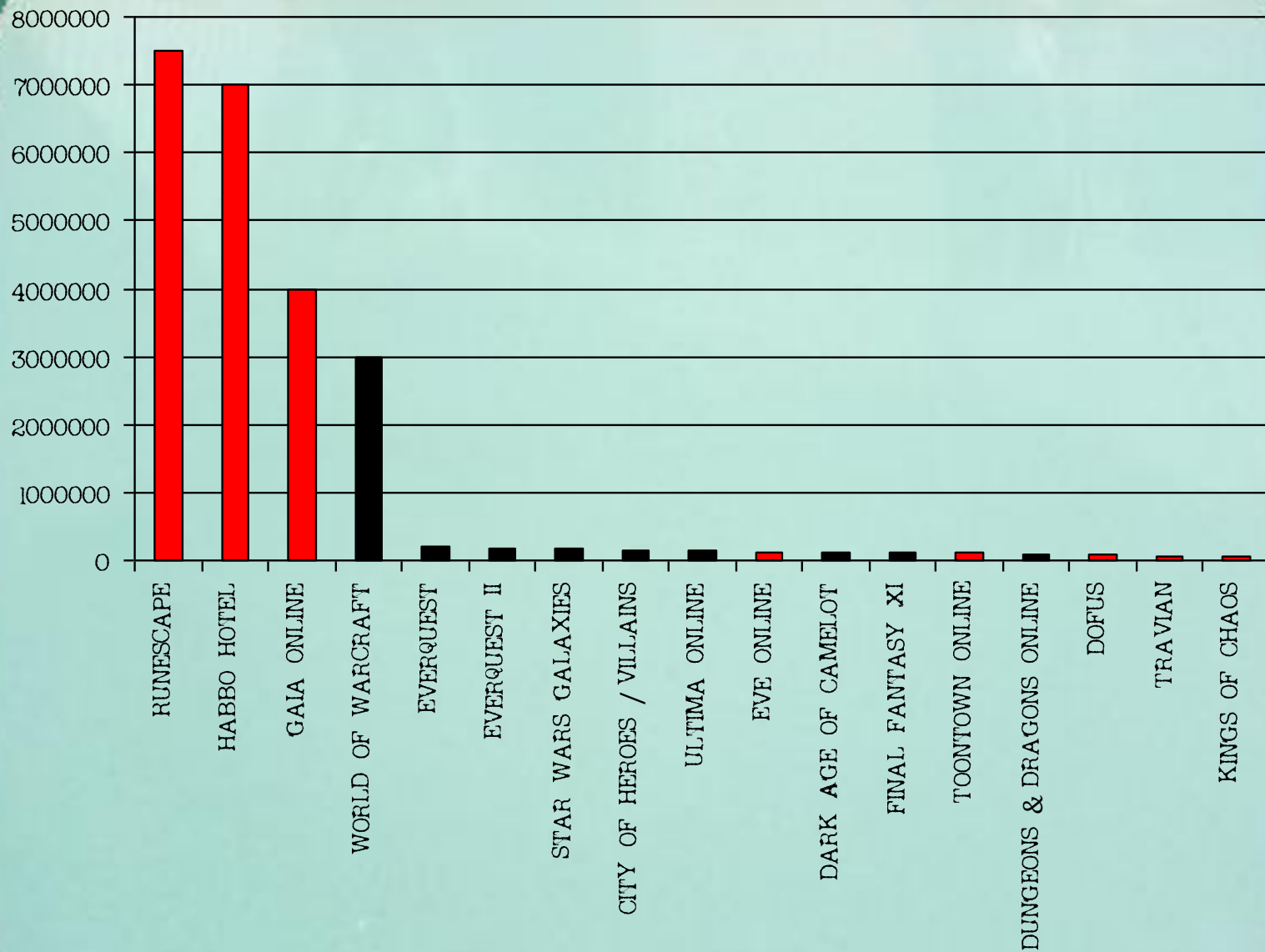




35% are not “core gamer” games.



THE BIGGEST MMOS?



THE BIGGEST MMOS IN THE WEST

FUNDER	Somebody else
CREATOR	You & others
EDITOR	You
PUBLISHER	You
DISTRIBUTOR	You
RE-USER	You

MAMMALS

(KINDA WEBBY HUH?)

WHO ARE MAMMALS TO WATCH?

- Web-based “MMO” games
 - Neopets
- Indie MMOs running without name publishers
 - Especially social worlds, user content worlds, and worlds not aimed at core gamer hack n slashers
- Aggregation of all sorts
 - From Live Arcade to casual game sites
- Media companies merging online world elements into their content
- Entirely web-based publishers

- We are hitting a wall on finances.
- We are not seeing alternative revenue streams.
- Movie-style alternative financing won't materialize
- Distribution is in upheaval
- "Big Development" will see a shakeout

CLIMATE SHIFT

- Digital distribution only logical play
- Game ecology more varied
- Noise level in the market will rise
- PC gaming grows back
- Consoles specialize or become more like PCs
- Everyone will try to lock customers lifestyle marketing

AFTERMATH

- AAA gaming is rarefied
 - To the point where even AAA firms can't play there
- Assume a world where
 - there are no game retailers, where there are no publishers (but lots of aggregators and portals)
 - there are a lot fewer artist jobs (but lots more procedural content jobs)
 - where games are services and not products.
 - In such a market of bite-sized games, celebrity is going to matter more than ever in order to gain eyeballs.

BOTTOM LINE

THE END

STARRING

GAMES BUDGETS SIZES AND TEAMS OVER TIME	Industry interviews I conducted
DANA GIOIA'S QUOTE	"Can Poetry Matter?", <i>The Atlantic</i> , May 1991
MYERS BRIGGS DATA	Bateman & Boon, <i>21st Century Game Design</i>
QUOTE ABOUT HUMAN INTERACTION	Anon poster at http://www.joystiq.com
GAME GENRE LIFECYCLE	Dan Cook's <i>Lost garden</i> blog, http://www.lostgarden.com
FPS USAGE DATA	http://www.gamespy.com
FINAL FANTASY XI QUOTE	Mia Consalvo's <i>MemoryCard</i> blog, http://memorycard.blogs.co m/memorycard

ALSO STARRING

WEBSITE TRAFFIC FOR THQ JAYISGAMES AND GAMETUNNEL	http://www.alexa.com , checked on Sept. 4 th , 2006
RUNESCAPE STATS	Active users in a month, per Jagex
WORLD OF WARCRAFT WESTERN STATS	Vivendi investor presentation data
HABBO HOTEL STATS	Sulake press material
GAIA ONLINE STATS	Registered users on http://www.gaiaonline.com
TRAVIAN STATS	Registered users on http://www.travian.com
KINGS OF CHAOS STATS	Active users on game website
OTHER MMO STATS	http://www.mmogchart.com
GAME GENRE LIFECYCLE	http://www.lostgarden.com
US GAMER MARKET BREAKDOWN	Parks Associates study