

27/05/14 - ISGA launches independent research into social games

ISGA announces new independent academic research into the evolution, use and impact of social games.

The global industry body representing social games companies with over 300 million players, the International Social Games Association (ISGA), has today released independent academic research by Harvest Strategy into the evolution, use and impact of social games. The report undertakes both a review of existing academic literature and data surrounding social games as well as a survey of consumer behaviour and perceptions across Australia, the UK, France and the US, “the 2014 Consumer Survey.”

Social games are an increasingly important part of the digital economy. The report states that the industry is projected to reach US\$7 billion in revenue by 2015 and it is estimated that 34% of the total Internet population will be playing social games this year. Games are far from just for young people. The researchers’ comprehensive review of demographic data shows no gender bias and that the average player is 40 years old. This supports the ISGA’s own recently collated data on the audience for its members’ social games, which shows that 99.5% of users are over 18.

The report demonstrates that social games played on mobile devices are a natural technological evolution of traditional games practices based around strategy, skill, chance and social interaction, and that the rise of the “freemium pricing” model has been driven by underlying changes in technology and consumer behaviour. The ease of online digital distribution and the continuing problem of piracy have forced downward pressure on prices. The diffusion of mobile technology (for example smartphones and tablets) has driven demand for more flexible game playing experiences. The freemium pricing model has enabled the video games industry to successfully harness these changes in technology and consumer demand.

Amongst the report’s findings are that in-game expenditure is typically low and that average players are spending no money on games at all. According to the 2014 Consumer Survey, a high proportion of people playing social games are not spending money on in-app purchases. Less than 1 in 10 players spent money on a social game on their last playing occasion. Those players that do make in-app purchases are spending low amounts, typically less than one unit of local currency (i.e. 87% of French transactions were less than €1, and 90% of UK transactions were less than £1).

Contrary to speculation by commentators, the research finds no evidence that social casino games are converting people to real money gamblers or causing problem gambling. The report concludes that social games are played for different reasons to gambling such as social interaction and relationship building across social networks. The consumer data also indicates that consumers are able to distinguish and understand the difference between social games and real money gaming.

As part of its ongoing commitment into researching the impact and reception of social games, the ISGA is also pleased to announce the commissioning of a new independent research project, which will focus specifically on issues of concern surrounding social games and younger users.

ISGA CEO Luc Delany said: “We have read Harvest’s report with great interest. As an industry we are very pleased to have a new and robust piece of research to help put context and facts into the discussion on social games. This report helps to explain what the social games sector is and who are playing social games, and that it will bring clarity to the discussion surrounding social games, forming a solid basis for constructive dialogue between industry and key stakeholders. We are reassured that Harvest’s research demonstrates that there is no link between social casino games and real money gambling and that the two practices are entirely separate, with very different audiences and player demographics. We look forward to carrying on research of social games and their impact in the future.”

This independent report should function as a resource to educate and inform policy makers and public alike on the social games sector. Data and insights from the report will be used to further develop and refine the ISGA’s industry best practice principles, released in first benchmark form in October 2013.

The academic report, entitled “A New Industry’s Profile - Digital + Social + Game = *Di@sogames*” was undertaken by Harvest Strategy, a research group composed of academics from the University of Sydney and peer reviewed by academics from the London Business School.

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Notes

The ISGA: The International Social Games Association has been set up by a group of leading social games companies to act as a voice for the fast-growing industry at a time when many changes in the way millions of people access, play and pay for games are taking place.

Members include: Zynga, Slingo, Plumbee, Playtika, PlayStudios, MGM, IGT, High 5 Games, Gamesys, Big Fish Games, Bally Technologies, Aristocrat, Abzorba Games, & Akamon Entertainment.

Harvest Strategy is an Australian based consulting and research firm specializing in the areas of public policy, consumer behavior, communications and media, and strategy. The Harvest research team has been led by Dr Rohan Miller, Senior Lecturer in Marketing at The University of Sydney, with the assistance of a team of internationally recognised academics including the London Business School.

What are social games? Many people are more familiar with console games, which are typically large games with a high upfront cost and played on a games console or PC. Social games are typically played online or on mobile devices and have a social element. The social element typically means people play with, or directly against their friends or they participate in leader boards, chat rooms or share and compare progress via a social network. They enhance game experiences by enabling people to play with or against others, either at the same time or asynchronously.