# Growth of Gameday and Strategy in Changing Mobile Environment

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**Abstract**

With the increasing use of mobile phones, mobile game is emerging as an entertainment for move. Furthermore, smart phone is widely spread, so mobile game market is rapidly growing. According to "Republic of Korea 2010 Games White Paper" mobile game market is growing annual average 10% or more, and is expected to reach $ 9.8 billion in 2011. It is almost doubled compared to 2007.

It became possible to realize complicated high-capacity game with mobile phone developed to smart phone. And at the same time, mobile game is associated with Social Network Services (SNS) and is worldwide growing as a part of 'mobile life'.

Apple launched an application open market, App Store, in 2008, and mobile game industry welcomed an innovative turning point. Global smart phone application market (App Store) is opened, so Gameday is able to launch mobile games easily to the global market getting out of the domestic market. In addition, Apple App Store has the structure of sharing their revenue with the developer with 7 to 3 which is more favorable terms for the developer compared to supply mobile contents to the mobile carrier who monopolized the market in the past. The largest proportion of the current App Store application is game, and Gameday has the opportunity to make a significant leap forward by keeping pace with the new environment changes.

*Key Words : Gameday, Mobile game, Start-ups, App Store*

## Ⅰ. Introduction

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## Ⅱ. About Gameday

Gameday is a mobile game leading company, founded in 2006 and specially produced and served mobile games through domestic mobile carriers. It has built up its own know-how of maximizing successful mobile game code even in number of mobile's limitations.

Headquarter is located in Jaesong-dong, Haeundae-gu, Busan, South Korea, and employed 41 people in 2011 Oct. It was registered as a venture company credited for technology in 2007,

was selected as a Busan leading company in 2008 and has grown to Busan mobile company.

Currently, it serves game in Korean Market through SKT, KT, and LGU+. And it serves various genres of mobile games such as 'room escape series' which have achieved 2 million downloads, 'Get crooked', 'Wiz - Fantasy Shop' as well as 'Snow Rain' which gains popularity in Japan

# Ⅲ. Korean mobile game industry structure and its features

## 3.1 Domestic Mobile Game Market Size

According to "Republic of Korea 2010 Games White Paper", in 2011 Korean domestic mobile game market is expected to grow about 12 % over last year, and in 2012 15%, and is also expected to continuously grow. Moreover, high-end personal mobile smart devices, such as smart phones like i-Phone and tablet PCs, are diffused so that usage of mobile game is expected to increase based on smart devices in addition to the existing feature phone mobile game. Therefore, Mobile game market is expected to grow more significantly in future.

Table 1. Domestic mobile game market size and forecast

| Year | 2008 | 2009 (E) | 2010 (E) | 2011 (E) | 2012 (E) |
|---|---|---|---|---|---|
| Sales | 3,050 | 2,608 | 2,759 | 3,090 | 3,554 |
| Growth | - | -14,5% | 5.8% | 12.0% | 15.0% |

· Note: Mobile    game sales is calculated with including data call    until 2008 Since 2009, Mobile game sales is calculated only with usage fees (game purchasing and using    amount)
· source. Republic of Korea 2010 Games White Paper

## 3.2 Major Companies in Domestic Mobile Game industry

Korea's representative mobile game companies are Game-vill and com2us. Game-vil got 6.4 billion in sales, business profit 2.7 billion, net profit during 2011 first quarter. Sales are slightly decreased, 5% less than last year, but oversea sales increased 37% more than last year, and smart phone sales also increased 211%. It seems to be adapted to environmental changes quickly. Com2us withdrew its original plan to expand its business to online PC games and focus on developing mobile games. And they have already put more than 70% of staff into smart phone game development. Com2us announced that general feature phone sales is 3.4 billion, decreased 43%, but smart phone game sales is 33.7 billion and that is 230 % growth compared to the past year. Furthermore, these game companies are showing remarkable sales outcome in overseas market.

## 3.3 Current Domestic Mobile Game industry

Game industry trend is changing because of the explosive growth of mobile game market. According to data released by Gartner, the world production of smart phone is expected to increase about 4 times from 0.296 billion in 2010 to 1.15 billion in 2015. And Tablet PC is expected to increase approximately 185 times from 17.6 million in 2010 to 3.26 billion in 2015. The increase in these smart devices would contribute to the activation of mobile game connected to the characteristics of smart devices which are more portable and quicker to use at anytime, anywhere than PC or other console devices.

Furthermore, game industry is expanding due to the openness of the doors for global open platform market, so that it became easy and possible for everyone to distribute game contents to the world.

In addition, sales of mobile game is greatly improved as SNG (Social Network Game) attracted female customers who usually did not enjoy games as well as partial pay-line for game system is applied to smart phone game.

As a result, it is not only specialized game developing companies, but big publishers too, are diving directly into smart phone game market. Also, major domestic online game companies and IT vendors are showing such high interest in smart phone games, and are focusing on restructuring related organization and game development

Table 2. Entering mobile gaming market status and plans of Online game and large IT companies

| Company | Description |
|---|---|
| NC Soft | Open <Lineage Mobile Web> following <Ion Mobile Web> |
| Nexon | Plan to launce 35 games like 25 for Smart game phone and 10 for Feature phone |
| NHN | Plant to launch 20 titles in this year through her subsidiary company, Orange-crew, |
| CJ E&M games | Push ahead with developing Educational English Program with JLS academy, English Education Academy |
| JCE | Launch Mobile social game <Rule the Sky> (Win Game Adventure part in US> |
| Samsung electronics | Load game herb, a game flat-form, at Gallaxy 2 connected with NgMoco, US social game company |
| KT | Prepare Mobile game flatform, named K-park |

·source: KOCCA(2011), mobile game trend and Directions for Improvement.

# Ⅳ. Opportunities and threats with industry change

## 4.1 From Feature Phone To Smart Phone

2010 December EA, a global game company, announced that U.S game market reached $ 1 billion and European $0.7 billion. And he said that $ 1 billion is smart phone based and $ 0.7 billion is feature phone based among $ 1.7 billion combined U.S. and European market. Smart phones proportion is already over the half. Also, it is predicted that smart phone market in 2013 would become 3 times larger market than feature phone one with continuous smart phone strength as mobile gaming platform.

Thus, the center of mobile game industry is moving quickly from the feature phone to smart phone. However, the main fact is that it is not just simple device change, but large changes that are taking place across industry according to the transition from feature phone to smart phone.



(Unit: Billion Dollars)

· source : KOCCA(2010), Research of oversea contents market (Game)

Figure 1. Compare North America and European  Mobile game market size according to Mobile

## 4.2 Distribution Structure Changes

In <Figure 2>, the most important subjects are mobile carriers for the content distribution in past feature phones era.

At that time, mobile game contents, without any difference from the existing content, were recognized as an additional way for the customers to devote and for each company to reinforce core businesses competitiveness.

With this mobile carrier-centered close environment, it is difficult to participate in the mobile game industry for small and medium developers or privates. Therefore, inefficient structure was created that publishers interrupt and connect between mobile carrier and small developers like online game industry even in lightweight mobile game industry where games are made with low production costs.

As a result, problems arise such as content cost increased,

small and medium developers or privates are difficult to participate, and games are standardized.
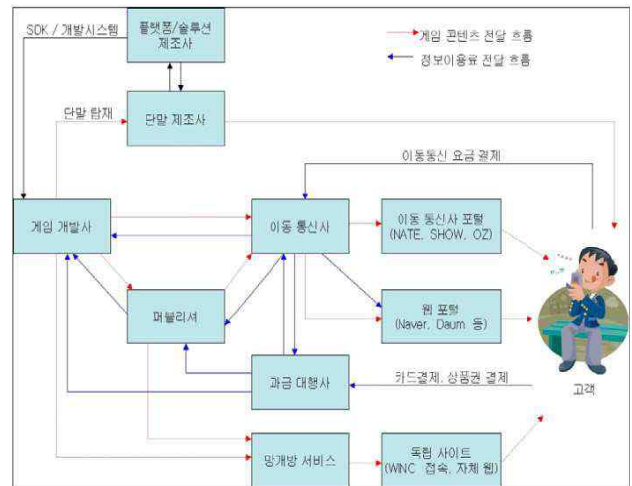


· source : KOCCA(2010), Global game industry trends (2010 Q2).

Figure 2. Mobile Game Supply Chain based on Feature phone

Mobile game distribution system became to have more direct and diversified route while closed feature phone era passes to smart phone era. In the age of smart phone, the keyword showing content distribution best is open market. Game development for became very easy compared to the past feature. If one has the ideas and skills, then anyone can make game even for small production companies or even private developers. In these circumstances, it is natural to appear the open market flat-form where anyone can register games and share sales revenue.

As a result, competition in the mobile game industry become more severe, but in terms of game ecosystem it can be evaluated as more positive from the view that size of the market itself has grown and multiple developers can easily participate in.
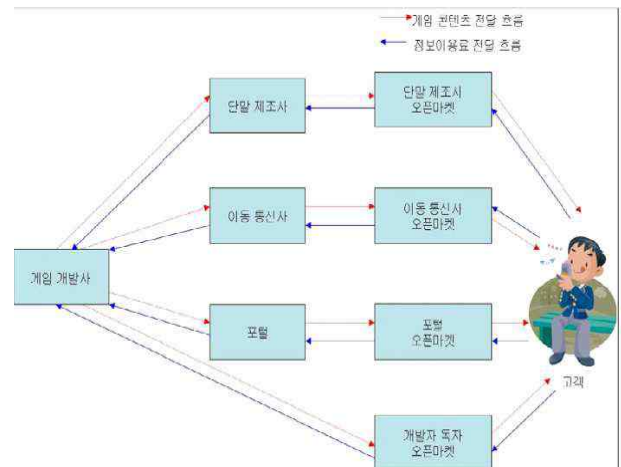


· source : KOCCA(2010), Global game industry trends (2010 Q2).

Figure 3. Mobile Game Supply Chain based on Smart phone

## 4.3 Global Open Market

Globalization of distribution is one of the most important meanings of open market smart phone era. It is possible to distribute mobile game contents directly without any publisher by using flat-forms such as Apple App Store, Google's Android Market. As a result, small develop companies or the developers can their domestic distribution and marketing, freeing from dependence on the domestic mobile carrier. And it is also presented that they can go directly overseas without overseas publishers. In addition, small develop companies, major developers, or distributors from abroad can reach domestic users directly without launching domestic branches.

It has brought a large disturbance in game industry. Due to the open global market, competition and exiting phenomenon will be intensified where only few survive who creative genre oriented small develop companies with competitiveness and large game developers. However, some companies, who make good games and captivate the minds of users, will catch big opportunities which cannot compare to the exiting feature phone market.

# Ⅴ. Recent Issues in the Mobile game industry

## 5.1 Snack Games

Snack Games are simple small games that are typically played just for a while when the player is bored or waiting for something and then set aside. These games are typically simple puzzle games or small casual games.

The mobile phone fits very well for snack gaming because it is always available and many players do not care about deeper gaming experiences much. Instead, they are satisfied with more casual gaming experiences.

A typical example of snack game is Rovio Mobile's Angry Bird. It is consisted with small stages which can be cleared within 1-2 minutes. It achieved great success interconnected with snack culture, one of global mega-trends.

On April 5, 2011 Money Today said that t Angry Bird series is cumulatively downloaded more than 75 million (include free version). And the latest version Angry Bird Rio has become so popular and it is downloaded more than 10 million from 10 days of releasing. It is more than $ 8 million in sales by download and advertising revenue is more than $ 1 million per month.

Snack games popularity will be continue combined with a snack culture, the global mega-trends, and playing games on the road with mobile devices. Following to these trends, Gameday should be focused on reinforcing current snack game line-up which is relatively weak. In the development phase, it should be carefully considered to steady release of following items by using snack games which successes once by benchmarking an example of Angry Bird.

## 5.2 Cross Platform

### 5.2.1 Disconnected cross platform

Cross-platform is a very useful way of reducing game production and marketing costs by utilizing one game in a variety of platforms. There are two types of cross platform – disconnected or connected.

A disconnected cross platform game is in different platforms just sharing the same game license, but the gameplay in different platforms does not have any connection. These games can have similar stories or gameplay, or they can be complementary.

One of the disconnected cross plat-form is Street Fighter, a recently released popular game by Capcom's through mobile. It is Capcom's representative game with long history and brand values. Capcom modified and released his representative game after fitting to mobile environment which radically enlarged. Through this they achieved a huge success and production and marketing costs could be significantly reduced by using cross-platform strategy.



Figure 4. Street Fighter for IOS, Capcom

In recent years, game production companies, who have developed games such long times like Sega, and Capcom, port games to mobile version which was developed at console in the past and release. It can be interpreted as they found a great potential market over a simple fan service. In this case, disconnected cross-platform strategy is very useful.

Gameday ports and releases Escape Room series which successes in feature phone, and it is also able to regard as a good strategy in open up new markets by utilizing the existing excellent content.

### 5.2.2 Connected cross platform

A connected cross platform is allowing the players to use two or more platform to access the same game. The ways to play the game with the different platforms are similar or different.

In connected cross platform, Network Effect is increasing by allowing different operating systems (OS) devices users to enjoy one game. In recent SNG (Social Network Game), it is important whether you can play a game with your friend using different platforms. It can be solved via connected cross platform.

In recent years, web games are in popular whose driving parts are made up with web languages and combine them with suitable skin for each device. By using it, a game is developed with one language and, connected cross-platform can be realized through various platforms such as IOS, Android, and PC without any additional cost.

Gameday does not have any connected cross-platform game yet, so additional efforts should be made to follow this trend.

### 5.3 SNG (Social Network Game) Blast

Social Network Service combined with a game and created a new genre, Social Network Game. SNG also called Social Games is a game enjoying with friends and acquaintances on social networks. The biggest difference between SNG and the general online games is whether it supports community service or not.

SNG's market grows rapidly. It is more than $ 800 million by 2010 and it is 10 times bigger than the $ 76 million in 2008 when market begins.
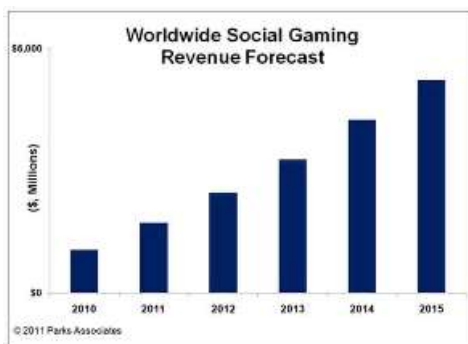


· source : Parks Associates

Figure 5. World SNG Market size

A typical example is Zynga's citibil. More than 20 million people have registered two months after launching on Facebook and it became a representative game of SNS market.

Ngmoco's WeRule is also a good example of SNG. WeRule is a SNG developed by Ngmoco, an American mobile game company. The users can decorate their estates by building various buildings, cultivating trees, and making roads and waterways within the game. They should continuously farm and operate businesses to make money because the items for decorating should be purchased through shops in the game. It is necessary to check the status of crops by connecting to the game regularly because especially crops should be harvested on time. Moreover, more users play game, higher game experience is. And in higher level, various crops and plants can be cultivated and various businesses become possible to play.

The reason for WeRule to be SNG is that you can enjoy it by registering the others. After registering other users, it is possible to visit each other's territory, to order cupcakes at bakery shops, and put your liquor order at brewery. While taking orders and making thing, both can get financial and experience benefit. So called 'part time' in WeRule is this process. It is an easy and fast way to raise the level and make money by registering many users because everyone needs to take the same physical time to produce crops or others. So the more users you have to cooperate with, the easier and richer game becomes.

It is a main goal for SNG to improving relationship between users and increase mutual benefits through its user's cooperation. And the mainstream of social games is farming SNG.



Figure 6. We Rule by ngmoco

These SNG popularity brings mass production of various kinds of Me too games. And those Me too games take top of open market. It is a good example of how popular SNG games are that some games gain popularity even though they are released only with skin change based on the same logic. Human beings are social animals, and people want to build relationships. The ubiquitous computing environment able it realize in game perfectly and it is expected to continue.

Therefore, Gameday needs to reinforce vulnerable SNG game genre and it is good idea to develop technology starting from Me too game. Me too game production can be a good strategy to gain technology while reduce the risks on account of low production cost.

## 5.4 New Billing Models

According to "2010 Mobile Year in Review", published by ComScore in 2011, less than $ 1.99 apps proportion was higher compared to other genres in mobile game market. It shows approximately 13% difference that in game less than $ 1.99 app proportion is 92%, while other genres is 79%. It seems to be applied to the price policy that it is possible to compensate revenue even with low download cost because of games' easy characteristics to apply partial payment model

In fact, looking into the mobile game revenue models changes in the U.S., charged download is slightly decreased while trial and free download version proportions grew rapidly. Meanwhile, conversion rate from trial version to charged one appeared differently to different types of devices, and smart phones and i-Phone showed higher rate.

Various partial payment models become mainstreams in smart phone era unlike to feature phone era when all charges should be made at download point. Partial payment is a good billing model proper to mobile game as it is easy to approach in the beginning step and can expect steady additional revenue. Gameday should consider various partial payment models from development stage following to the smart phone environment, even though it enforced feature phone suitable accounting policies.

## VI. Conclusion

In this study, we have surveyed the global trends in mobile game industry and its changing environment. We have seen that Korean mobile game industry structure and its features and then opportunities and threats with industry change from feature phone to smart phone. After that four recent issues in the Mobile game industry have been suggested : snack games, cross platform, SNG and new billing models. With this changing environment, Gameday should think about their new strategy such as their target market segments and new billing models for their products. Where there are changes, uncertainty and high

risks will be around. However, again the uncertainty means new business opportunity for Gameday.

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# 게임데이의 성장과 모바일 환경 변화에 따른 대응 전략

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## 국문요약

휴대폰의 사용이 증가하면서 이동 중 엔터테인먼트로써 모바일 게임이 부상하고 있다. 더욱이 스마트폰 보급이 확대되면서 모바일 게임 시장이 급격히 성장하고 있다. 「2010년 대한민국 게임백서」를 기준으로 보면 모바일게임 시장은 연평균 10% 이상 성장해 2011년에는 시장규모가 98억 달러에 달할 것으로 예상된다. 이는 2007년에 비해 2배에 가까운 수준이다.

모바일 게임은 휴대폰이 스마트폰으로 진화하면서 고용량의 복잡한 게임도 구현이 가능해졌으며 동시에 사회적 네트워크 서비스(SNS)와의 연계되며 전 세계적으로 '모바일 생활'의 일부로 성장하는 추세이다.

모바일게임 산업은 2008년 애플이 애플리케이션 오픈마켓 앱스토어를 출시하면서 획기적인 전기를 맞이했다. 글로벌 스마트폰 모바일 프로그램 유통시장(App Store)이 열리면서 게임데이는 국내 시장을 벗어나 글로벌 시장을 대상으로 모바일 게임을 손쉽게 출시할 수 있게 되었다. 게다가 애플 앱스토어의 경우 개발자와 애플이 수익을 7 대 3으로 나눠 갖는 구조로써 이는 과거 통신업체가 독점하는 모바일 콘텐츠 채널에 게임을 공급할 때보다 개발자에게 유리한 조건이다. 현재 앱스토어 가장 많은 비중을 차지한 애플리케이션은 게임으로 게임데이는 새로운 환경 변화에 발맞춰 한 단계 크게 도약할 수 있는 기회를 맞이하고 있다.

핵심주제어: 게임데이, 모바일게임, 스타트업, 앱스토어

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