



IGDA Business Committee
- Best Practices in Promotion and Marketing -

Prepared by:
Ray Muzyka – BioWare Corp.
Daniel Ayoub – Ubi Soft Montreal

April 22, 2003
www.igda.org/biz

The IGDA Business Committee

The IGDA Business Committee's mandate is to empower the development community with business knowledge and in the process allow developers to make better games.

The goals of the Business Committee are as follows:

- Enable developers to build stronger, more successful companies
- Provide knowledge and business support resources
- Increase the perception of game development as a credible business and raise the profile of game developers as viable companies
- Improve the publisher/developer relationship
- Improve the retailer/developer relationship

Additional information on the IGDA and the IGDA Business Committee can be found at

<http://www.igda.org/biz/>

<http://www.igda.org/committees/business.php>

http://www.igda.org/committees/business_members.php

The Best Practices Roundtables & Reports

The Best Practices Roundtables & Reports are one of the 2003 initiatives of the Business Committee of the IGDA. The end goal of these roundtables is to prepare a summary report on each topic for distribution to the game development community via the IGDA web site. In sharing this best-practice knowledge, we hope that developers will thereby be able to improve their human resources, schedule their projects more efficiently, work with their publishers to optimally market and promote their games, improve quality assurance testing on their games, and bring greater financial stability to their companies. The five topics covered in 2003 were:

- Best Practices in Human Resources
- Best Practices in Resource Management/Scheduling
- Best Practices in Promotion/Marketing
- Best Practices in QA/Testing
- Best Practices in Finance

Additional information on the Best Practices Roundtables can be found at:

http://www.igda.org/biz/best_practices.php

Overview

This roundtable on best practices in promotion and marketing was held in two separate sessions at GDC 2003 (March 6, 2003 and March 8, 2003). The roundtables sessions were organized around four major categories, the “Four P’s” of promotion and marketing: 1) product (planning and executing product conception, and understanding customer needs and wants and incorporating these into the product design), 2) promotion (getting the word out to direct and indirect customers and press), 3) pricing, and 4) place (distribution).

From a developer's perspective the standard marketing functions of product, promotion, pricing and place (distribution) are generally currently limited to only two categories of interest - product conception and promotion - with pricing and distribution usually in the hands of publishers. Hence, the roundtable sessions focused mainly on the categories of product and promotion, though there was some discussion around price and place (distribution).

The category names for the best practices identified are understood to be incorporated into the name of the specific best practices when describing a specific best practice - for example “Product (understanding customer needs and wants): **Benchmark competitive products**”.

The best practices that were discussed are each organized around the following format:

- “Name” of the best practice
- Description of the best practice
- Pros
- Cons
- Other successful alternatives or variations

Best Practices

1. **Product** (understanding customer needs and wants, planning product conception):

A) **Benchmark competitive products**

Description: Identify how existing products satisfy customer demands. For example, a company interested in building a shooter should be evaluating what makes Quake, Unreal, Half-Life etc. top selling games. This can be as simple as getting copies of the market-leading games in the category of interest and playing them, noting common features between them.

Pros: This sort of research helps to ensure products which are developed actually satisfy customer demands.

Cons: Danger that past product trends may not continue in the future. Danger that non-core features from successful products will be identified as features to emulate.

Other successful alternatives or variations:

- Web research (Google, Edwards Select) can be very helpful when checking for competition's key features - search for keywords related to the subject; can find competitive terms and product names as a result. Follow up by putting the resulting information into a spreadsheet that allows for easy cross reference.
- Customer Development research using affinity groups (affinity groups are like focus tests, involving hardcore gamers who invite friends over to their houses, where the interviews occur). One participant's company uses three sessions with each group spread out over three weeks, in order to narrow down group preferences. In affinity groups you talk about your title philosophically, talking about attributes, gameplay and concept testing. The main difference between focus tests and affinity is that there isn't necessarily any specific product involved in affinity groups, and you are in the gamers' environment, not in a sterile focus test room. Affinity groups are a filmed, chatty, very frank and honest approach to understanding the end-user, with a maximum of 2 people from your company present. Feedback on affinity groups is very positive to date: speaking to 6 at once in one household, they help develop a concept. Hard part becomes finding the right people to work with.
- Chat rooms, forums, etc. See what people are happy with regarding the competition. Press can be involved in some forums as well, allowing for a wider sampling of what features both end users and the press are keen on.

B) Evaluate the general marketplace to identify customer demands

Description: For example, the current popularity of certain types of film or literature may give examples of what potential customers are currently interested in (for example, the WWII phenomenon that was created from Saving Private Ryan - if you're the first mover you have an opportunity to take advantage of unfulfilled demand). One way this can be done is to do survey questionnaires rating your customer base (estimated cost per customer is about 20 cents each from one participant's experience – side benefit is that the customers who are polled can often be more easily converted into paying customers).

Pros: Trends identified may be helpful in understanding what features the end-users want to see in their games.

Cons: Trends identified may not be critical ones to include in a game, and may miss other important features that need to be included (or which might conflict with the identified "key trends").

Other successful alternatives or variations:

- Zoomerang, Survey Monkey. Have people rate the value of a certain feature, asking specific questions. This can be a very low-cost for acquisition of data. This can also sometimes lead to this group becoming buyers as noted above.

- Ziff-Davis publications. Industry publications are helpful in this sense. Another potential source of information is NPD research reports (recommended by one participant).
- Other potential sources of industry information: DFC intelligence (publishes consumer and publisher market data which can be purchased), Houlihan Lokey Howard & Zukin (weekly industry reports), McKinsey (website and market research), etc.
- Gamespot gametracking system (rates games based on interest level and click throughs from users). IGN offers chance for users to make a dream library.

C) Focus test to tweak development at an early stage

Description: Goal is to ensure that the customer demands will be met by the product that is eventually created.

Pros: Focus testing can help fine tune development and provide clues to areas on a project that need to be worked on more.

Cons: Important to get the right kind of people to participate in this process (this includes the right types of designers/marketing people and focus testers) – otherwise biased information may be provided by the testers or taken in incorrectly by the designers/marketing people. Noted by several participants that focus testing can't really help you design the product but is rather intended to help provide feedback (non-statistically significant feedback) on the design that is being focus-tested.

Other successful alternatives or variations:

- As alternative to focus group, utilize conferences to garner feedback. E.g. GDC or other conferences can be a low-cost alternative to traditional focus testing.
- Pair up focus tester with a designer. This allows designer to observe while the tester plays. The designer can observe play patterns, ask questions and make notes while still working on other activities.

D) Beta test to identify opportunities for improvement

Description: Beta test, much in the same manner that film studios screen test their products, occasionally resulting in major reworks. Mechanism for getting feedback can vary quite a bit: Chat rooms offline provide opportunities for feedback by the beta testers (200 people chatting at one time), as can bug report forms. Other options include offsite party/meetings where a few hundred beta testers are invited to attend (estimated cost - \$1-2K). Other alternatives include small focus groups with community leaders (online and offline).

Pros: Beta testers can help identify bugs and features requiring improvement in the near-complete product.

Cons: Beta testers can provide biased information as the feedback provided isn't necessarily representative of the entire potential consumer base.

Other successful alternatives or variations:

- BETA testers can be important, especially for MMOG (massively multiplayer online games). Moderators can chat with players in the beta testing, and either be identified or incognito. According to several participants, having the moderators identified does not appear to lead to biased information being provided to them though several people questioned this possibility.
- 3 stages in BETA at one participant's company; other companies use up to 6 stages for beta testing.
- Timeframe for beta testing varies quite a bit – from as short as 3 months for some games in NA to closed BETA in Korea lasting about 36 months, with following open BETA in Korea as long as a year! (About 70% of the game is available at this stage).

E) Community development - initiation

Description: Develop a community, or commission somebody that has one (e.g. Gamespot/IGN/Gamespy, fan sites, marketing companies etc), and conduct primary market research through polling and surveys, testing products, user desire to purchase, etc. Utilize input to determine acceptability of product on a platform, size of potential market, reaction to concepts etc.

Pros: Community of users can move from product to product at a company.

Cons: Community building is time and labor intensive. Can be risky (potential backlash from irate user base) if you do not follow through on maintaining the community long term.

Other successful alternatives or variations:

- Starting a community: One participant noted that his company started with relatively low-cost forums, this led to steady increase in usership.
- Some participants stressed the importance of getting a community as soon as you can. Essential to begin the community development as soon as the game is announced. Having a dedicated community manager is critical in this process.
- Monitoring related non-game activities and groups as part of community endeavors.
- Some participants mentioned the importance of giving the means to the end users to create content. I.e. if you give tools to users to allow them to create their own content this can add to the longevity of the game.

F) Incorporating localization issues into product design

Description: Incorporate regional preferences, dislikes etc. into product design phase. Look for red flags in development and factor this into schedule and design plan (e.g. avoid Nazi content in Germany). Plan for double byte language support early on in development to allow products to be more easily translated into Asian territories where double byte languages are required (e.g. Japan, China etc).

Pros: Helps increase the chances for success in regional markets. If localization is taken into account during development it can reduce the cost of changing design post-release (e.g. you may be able to avoid having to redo art to get the product shipped into a second market, or avoid expensive programming fixes to get double byte language support into the game).

Cons: More expensive development. Chance of watering down core design. Only do the localization support if you are sure you will be shipping the game into the territories you are modifying the design for.

Other successful alternatives or variations:

- Identify in development where the target market will be and distribute accordingly.
- Find your large markets and design for them first.
- Ensure you take into account the various regional COPPA (Child online privacy protection act) laws.
- Language: Make sure translation is done by native speakers to avoid translation issues - be aware of regional dialects
- Get your localization company's work tested (for a second opinion on quality) by an independent localization company.

2. Promotion.

A) Core brand management

Description: Company brand management (as distinct from a specific product's brand management). This can be achieved in many different ways, for example partnering on events with strategic partners, ensuring company logo placement in ads/box/interviews, strategic involvement in industry associations, winning company business and growth awards, contributions to charitable associations, etc.

Pros: Having a strong company brand can lead to consumer purchase intent independent from a specific product line (e.g. association of company brand with quality). Positioning is the key issue here – associating the company name with a particular common feature.

Cons: Some participants felt that company brand management only makes sense in the context of a product. Others felt that a company brand could be successfully developed independently and was valuable in its own right. Mainstream audience less likely to be aware of or influenced by a brand compared with the hard-core audience of gamers (however, it was pointed out that this hard-core audience could be early adopters and influencers of mainstream behavior).

Other successful alternatives or variations:

- Importance of licenses in branding issues. In many cases, the consumer cares who the developer is; in others they don't.
- “The Tipping Point” (Gladwell), “Positioning” (Ries and Trout), “22 Immutable Laws of Marketing” (Ries and Trout) – recommended reading on branding issues.
- Sub-branding

B) Targeting marketing activities

Description: Move high prospect community members from the old to the new product. Community members can easily be tested for receptivity to future products and, where reception is positive, targeted marketing campaigns can be implemented. Capture users of existing products as registered users to make it easier to move them between products. Especially try to identify opinion leaders in your current customer user base.

Pros: Overall reduced costs of new customer acquisition. High-likelihood repeat customers easier to identify.

Cons: Some costs associated with building customer user database and marketing to them.

Other successful alternatives or variations:

- Product registration
- Web site registrations (cost-effective, but persuasiveness is questionable)
- Opt-in mailing lists
- Over-use of email is actually making ‘snail mail’ promotions somewhat more effective. Not as cost-effective, but can make a larger impact.
- Giving the customer something to try (tangible) via download for example.
- Community relations personnel - follows the patterns, participates in chat groups, etc (always identifying themselves as representatives of the company in question)
- Marketing with postcards, combined with digital marketing.
- Building affiliate networks. Prepare outbound campaign, supply this to partners.
- Cross-promotional: use every available channel

C) Marketing via demo events

Description: Setting up trade show booths in an effective manner to demo product either together or separately from your publisher (E3, TGS, ECTS, etc.) Involves how to control the presentations (theatre style demos/press visits). Other ways to do this include setting up gaming BootCamps for press at the developer's or publisher's offices. Important to identify what sort of event you are attending (e.g. is it an event aimed at buyers/retail, press, or end-users?) and tailor your message accordingly – e.g. consumers may require a lot more hands-on, buyers probably want more specific info on sales potential, press want ‘cool new feature’ to present to their audience.

Pros: Can be effective way to aggregate communication with a lot of potential buyers, press and/or end-users in a short time frame.

Cons: If you don't prepare properly or get the right people through your booth, can be very expensive and ineffective form of advertising.

Other successful alternatives or variations:

- General events in malls. Can associate with charitable events e.g. donation of proceeds (potential link to charitable organizations)
- Small, targeted groups rather than conventions – can lead to more intimate situation with your target group (e.g. press offsite visit at developer's offices).
- A big event can be appropriate when there is a tie-in (supportive game release, movie release for a licensed property etc)
- LAN party for end-users e.g. Fragapaloosa or QuakeCon.
- Boots camps (bring a lot of press in to play games). Allows for one-on-one interaction with the media, and is relatively low cost for the return

D) Building customer loyalty

Description: Gain customer retention through focused brand management. The objective is to acquire a fan of the studio, not just the game. Similar to the core brand management category listed above.

Pros: Building positive awareness of the studio can help increase the value of the studio and increase the likelihood of future sales of that studio's other products.

Cons: Double-edged sword - risk of this approach is that if there is a failure for a specific product, it risks being associated to the studio, and not the product itself. Some participants felt that sales of an individual game were more important than the long-term brand buildup, but other participants pointed out that if the developer doesn't make the effort to build a brand the ultimate result is anonymity even when good products were developed by that developer (others in the audience countered that the direct customer – the publisher – likely knows who developed which products, even if the end-user doesn't in all cases).

Other successful alternatives or variations:

- Distinction between building publisher loyalty vs. developer loyalty. The developer, if they want to build the knowledge of their own studio, has to take the initiative for it. It's in the best interests of the developer to take promotion of the studio upon themselves (includes to both end users and press)
- Developers can add in their publisher contracts that their logo and name will be present on box and marketing
- Good for developer functions to interface with publisher functions (e.g. if you have a marketing director at a developer who can help fill in the gaps that a publisher's marketing/PR group can't fulfill due to time constraints).

- Developer needs to be aware of two (three) main customer groups (direct customer - publisher, and indirect customers – retailer and end-users)
- It may occasionally be advantageous to develop a secondary brand to protect the primary brand – i.e. flanker brand for products that may not help build the primary brand.
- Relationship with the publisher will affect how they relate with and promote the developer
- Some parallels to music, although in music, people identify more to the artist (developer) than the publisher
- Community management can help to establish brand
- Potentially, offer to give up logo on the box in favor of sequel rights – this does have potential downsides (e.g. Warcraft 2 expansions where one attendee, the developer of same, was not branded at all)

E) Community development – maintenance

Description: Ongoing community management (ensuring key messages are always in front of your community), providing the community with new content and features and transitioning the community from product to product. Refreshable, ongoing content one key way to ensure the community remains vibrant. Frequency of refreshing content varies between every week to every few months (participants felt this depended on the type of game – MMOG's require more frequent content upgrades compared with single player games).

Pros: Maintaining a community can help transition users between products and help sell sequels, expansion packs etc.

Cons: Maintaining a community can be expensive and if not maintained with due attention the community members can become upset.

Other successful alternatives or variations:

- Forums - a fast way to get direct feedback
- Community maintenance, like initiation, needs a dedicated person to manage the community (community manager)
- Voting: allows direct input. Voting and polls to help direct product development
- Importance of good technology behind this

F) Press relationship management

Description: How to obtain good stories and coverage - building and maintaining relationships with key press (opinion leaders).

Pros: PR can be effective and cheap form of communication with end-users. Can be time intensive process involving multiple members of dev teams. Not all development team members should be put in front of press (potential danger of the wrong things being said).

Cons: Must have a good story to tell otherwise press will not want to carry story.

Other successful alternatives or variations:

- Get your development team out there. Coach the team in how to manage press.
- Prepare a short summary (elevator “VC pitch” analogy is appropriate here) and be ready to use it
- Limit to 3-5 key PR points
- Have printed materials that convey the points you would like to pass along. This can also be given to teams for usage.
- Look for other things to brand (technology, etc)

G) Publisher relationship management

Description: Discuss implementation of a marketing department that integrates publisher and developer activities. Publisher promotional objectives are not always consistent with individual studio objectives; however, an active marketing function in a developer can maximize utilization of the publisher's resources and capitalize on opportunities not addressed by the publisher. The in-house marketing function is also critical in maintenance of the developer brand through public relations activities.

Pros: Better relationships with publishers can lead to increased likelihood of developer objectives in PR and marketing being met (can act as valued information filter to their PR/marketing groups especially when they are busy). This helps get publisher PR/marketing groups' attention more readily and helps control and ensure the quality of marketing/PR assets better from start to finish.

Cons: Having an internal marketing department may not be feasible due to cost, for many developers.

Other successful alternatives or variations:

- As developers, bring on resources to help manage PR and interface with publishers' PR efforts (perhaps an ex-publishing person). This leads to more attention from the publisher. This can also lead to better control over your assets.
- Try to see marketing plan from publisher to be able to influence it. Important to see it as early as possible or publisher may be resistant to changes.
- Try to speak directly to publisher marketing – having a marketing or PR manager at the developer can be helpful in this process.

H) Post-release management

Description: Extend the purchase value. Promotional activities should not end with shipment of the product but rather maintain an active user population that can be converted into expansion packs, sequels and new products. The most obvious after sales promotional

mechanism is the community site, where new content, forums, guild development and maintenance, mods etc keep the product and developer brand fresh.

Pros: A customer that does not require re-introduction to the developer when a new product enters the market is a higher opportunity sales prospect.

Cons: Many developers may not have the resources to apply to projects post-release (instead having to put their staff on their next project).

I) Decrease post purchase cognitive dissonance

Description: Prevent your customers from forgetting about you e.g. by making sure your products and company are nominated for as many awards as possible. This is an area that should receive active attention, similar to the efforts film studios undertake when seeking Oscar nominations for their assets.

Pros: Annual awards etc not only generate incremental sales and extend the life of the product, they also reinforce with customers the quality of their gaming experience with your product.

Cons: Time required to apply for awards and publicize awards that are received can be prohibitive for many developers.

J) Practice preparation of high quality marketing and promotional art

Description: Preparing production quality art for use in magazine covers, advertisements, and the like. Assigning specific specialists to this area can be one way to ensure that there is always a constant flow of promotional and marketing art in the pipe. Assigning a marketing/PR manager full time at a developer can help improve communications between developer and press/publisher.

Pros: Assigning specific specialists to this area can be one way to ensure that there is always a constant flow of promotional and marketing art in the pipe.

Cons: Preparing production quality art for use in magazine covers, advertisements, and the like can take time out of a development team's schedule. Figuring out what to make can be difficult with requests coming in at the last minute and frequent requests for changes from press and marketing folk

Other successful alternatives or variations:

- Measure benefits – balance financial cost versus artistic value of having control.
- Helpful to have multiple projects to allow for this – spreads cost over multiple projects.
- Build it into the schedule as the publisher tends to ask for this when the crunch is on. Best to discuss with the publisher early on to get an idea when they want it. Consider billing

publisher for reasonable costs of completion of promo art. Put in contract what art assets the developer is responsible for versus what the publisher is responsible for

- Proactively stock up on marketing/PR materials in order to anticipate the publishers' requests.
- Regular contact with the publisher can help enormously to stay on top of the asset delivery schedule. This avoids last-minute surprises. Allow publisher input, this has the benefit of helping relationship maintenance, however, you do not want the publisher to handle the asset development for you as you will tend to be disappointed with the result.
- Try to re-use art assets wherever possible; have a long term asset plan.

3. Pricing

Understand pricing issues

Description: Try to understand where the prices are coming from; try to get publisher to share pricing thoughts with you esp. during contract time. Publisher should explain the reasoning for pricing decisions (their margins are often behind it) – important here to try to think from the publisher's perspective and look for win-win strategies.

Pros: Understanding how a product will be priced can lead to better prediction of product sales and profitability for a developer, and better matching of development budgets and product scope to the ultimate return on the product for the developer.

Cons: Publishers may not want initially to share information of this sort with a developer, at least not until they understand the benefits of doing so.

Other successful alternatives or variations:

- Publisher sets the price based on what the market will buy it at (i.e. Product X was \$29, so it was clear that a copy-cat product would likely be sold at the same price)
- Understanding publisher costs (manufacturing, distribution), can improve chance of successfully pitching the product (i.e. understand the business case for the product. Try to be able to demonstrate financially your case to the publisher)
- Get all the information you can from the publisher on their financial and marketing numbers; use every opportunity to get info – often times not all information will be provided at the outset but small bits can be obtained during multiple interactions.

4. Distribution (Place)

On this topic no specific best practices were identified (electronic distribution was felt to be an important distribution channel for the future for developers, however).

However, a list of variables that participants felt that developers should try to understand when they enter into negotiations with a publisher was identified. It was felt by the participants that if

developers learn some or all of the following items during negotiations with a publisher, it will improve their chances of making a successful deal (one where both sides make a profit. I.e. if you understand the profit dynamic on a given title you can try to maximize profits for both the developer and publisher).

- Wholesale price
- Markup by retailers
- Any incentives offered to retailers
- Licensing fee paid to consoles
- What deductions are taken off of wholesale price to result in net revenue/net receipts definition?
- Planned marketing budget for the product
- Cost of capital for the publisher
- Manufacturing costs
- Cost of goods
- Other licensing fees, if any
- Percentage of overhead applied to each title by publisher
- Reasonable profit for developer as seen by the publisher
- Numbers on last deal for similar company or product (breakdown by type)
- Forecasted value of the asset (if a new intellectual property is being created, what can the developer or publisher sell it for at a later date?)
- How does the publisher measure success – which metric is used (NPV, ROI, ROA, IRR, etc). Some participants noted the importance of using time value of money to work out profits on a title.
- Net Revenue – how is it defined?
- What happens later on in the product sale to price (discounting schedule) and resulting royalties?

List of participants

(note – more people attended the sessions than are listed below, but not all filled out the sign-in sheet)

Name	Job Title	Company
Aaron Davey	Director of Product Management	NGRAIN
Liz Allen	Director of Marketing	LucasArts
Chelsea Reeves	Senior Manager	Cartoon Network
Josh Druckman	CEO/Lead Designer	Dark Matter Entertainment
Verin Loes	CKO	Microcomputer Res
Leah Rubin	Director, HR	Radical Entertainment
Scott Wills	CEO	Tritocal Interactive
Katie Bazor	Producer	Dragon's Eye Productions
Chris Evenden	PR Director	ATI Technologies
Mark Noseworthy	Student	Asper School of Business

Mike Koenigs	Founder	Elluminati
Won Il Sue	Director of Business Development	Hexon Corp
Michel Allard	VP of Continuous Improvement	Ubisoft Entertainment
Clarinda Merripen	HR Manager	Cyberlore Studios
Veysi Isler	Director	Mobilsoft
Chris Oltyan	CEO	Qove Studios
James Dunham	CEO	Image Games
Brian Dunham	Founder	Image Games
Denise Lamacte	General Manager	GoGames 247
Katie Porter Maxwell	President	Loud Louder Loudest Music
SG Popoff	Managing Director	Wunderkind
Chris Oltam	CEO	Qove Studios
Ricardo Andrade	Marketing Director	YDreams
Pravin Dudhe	CEO	Octoplus Entertainment
Hank Howie	President	Blue Fang Games
Samuel Espy	Program Manager	Physitron Inc
Markus Maki	Development Director	Remedy Entertainment
Vikas Gupta	President and Co-Ceo	Transgaming
John Young	Senior Associate	Easton Hunt Corporate Partners
Dave Losapio	Quality Control Manager	Red Storm Entertainment
Ken Demarest	Founder	Terra Byte
Rod Abernethy	President	Slack Mates
Joseph Ganetakos	Art Lead/PR	Pseudo Interactive
Coner Patterson	Managing Director	Protean Vision Quest
Palel Marchealea	Managing Director	Techland
DT Holder	Special Projects Director	Clickteam
Scott McLaughlan	Director of Marketing	Bioware
Nicole Dolensky	Director of Operations	Unlikely Heroes
Mark Tyminski	CEO	City Interactive

About the IGDA

The International Game Developers Association is the independent, non-profit association established by game developers to foster the creation of a worldwide game development community. The IGDA's mission is to build a community of game developers that leverages the expertise of our members for the betterment of the industry and the development of the art form.

Visit www.igda.org for more information.