

SECOND EDITION

# MOBILE & SOCIAL GAME DESIGN

MONETIZATION METHODS AND MECHANICS

TIM FIELDS



CRC Press  
Taylor & Francis Group

AN A K PETERS BOOK

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*Tim would like to dedicate this book to the new generation of gaming mentors  
Hill, Cogburn, Mobley, Decker, Cotton, Maddin, Crow, Klier, and Barton,  
once passionate young men, now the grizzled veterans.  
And always, RS.*

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# Contents

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About the Author, xiii

CHAPTER 1 ■ Introduction	1
1.1 THE CHANGING TIDE	1
1.2 WHAT THIS BOOK IS NOT	5
CHAPTER 2 ■ What Is a Social Game? Are Mobile Games Social?	7
2.1 MEET YOUR COMPETITION	7
2.2 BBS GAMES AND MUDS	9
2.3 MMOS	11
2.4 JUST BEING MULTIPLAYER DOESN'T MAKE YOU SOCIAL	12
2.5 GREAT MOBILE GAMES ARE SOCIAL	13
2.6 INTERVIEW WITH <i>WORDS WITH FRIENDS</i> CREATORS PAUL BETTNER AND DAVID BETTNER OF NEWTOY	16
CHAPTER 3 ■ History of Game Monetization	21
3.1 WHAT DO WE MEAN BY MONETIZATION?	21
3.2 A BRIEF HISTORY OF GAME MONETIZATION	21
3.3 INTERVIEW WITH RICHARD GARRIOTT: "THE THREE GRAND ERAS OF GAMING"	25
CHAPTER 4 ■ Why Create a Social or Mobile Game?	35
4.1 SOCIAL AND MOBILE GAMES PUT A LOT OF POWER IN THE HANDS OF THE DEVELOPERS	35
4.1.1 Smaller Development Teams and Shorter Development Cycles	36
4.1.2 No Need to Ship a Boxed Product	36
4.1.3 Ability to Be Your Own Publisher	37
4.1.4 Faster Payments	37
4.1.5 No Need to Own Your Own Servers	38
4.1.6 Immediate Feedback from Players	38



4.2	SOCIAL GAMES MAKE THE DEVELOPER RESPONSIBLE	39
4.3	SOCIAL GAMES GIVE POWER TO THE USERS	40
4.3.1	Make It Easy to Start Playing	40
4.3.2	Make It Easy to Stop Playing	41
4.3.3	Make It Easy to Play with Friends	43
4.3.4	Let the User Decide How Much Is the Right Amount	44
4.3.5	Make It Easy to Return to the Game	46
4.4	USED RETAIL GAME SALES: FRIEND TO SOCIAL AND MOBILE GAME DEVELOPERS	46
4.5	INTERVIEW WITH JASON DECKER AND POCKET LEGENDS: "LOVE LETTERS FROM YOUR COMMUNITY"	48
CHAPTER 5 ■ Industry Terms and Metrics		57
5.1	INDUSTRY TERMS AND METRICS	57
5.2	MEASURING PLAYER POPULATION	57
5.2.1	Daily Active Users	57
5.2.2	Monthly Active Users	58
5.2.3	Peak Concurrent Users	59
5.3	MEASURING MONETIZATION	59
5.4	SOCIAL NETWORK ADVERTISING	61
5.5	MOBILE TERMS	62
5.6	GENERAL TERMS	62
5.7	WHY THESE METRICS MATTER	65
5.8	CASE STUDY: <i>RAVENWOOD FAIR</i> AND THE USE OF METRICS IN GAME DESIGN	67
5.9	INTERVIEW WITH EVERETT LEE: "THE SCIENCE OF SOCIAL GAME DESIGN"	72
CHAPTER 6 ■ What Is a Social Network?		79
6.1	HOW DO WE MAKE ANY GAME SOCIAL?	79
6.2	WHO IS THE AVERAGE SOCIAL GAMER? WHO IS THE AVERAGE MOBILE GAMER?	81
6.3	WHAT SOCIAL NETWORKS ARE POPULAR TODAY?	86
6.3.1	Top Social Networking Websites of 2013	87
6.4	GAMES ARE GLOBAL	93
6.5	IT'S ALL ABOUT SCALE	94
6.6	USING SOCIAL NETWORKS TO EXTEND TRADITIONAL GAMES	96

6.7	CREATING SOCIAL NETWORKS AS A PLATFORM HOLDER	100
6.8	IS APPLE'S GAME CENTER A SOCIAL NETWORK?	101
6.9	CONCLUSIONS	102
6.10	INTERVIEW WITH JANUS ANDERSON: "GAMING AND THE SOCIAL GRAPH"	102
<b>CHAPTER 7 ■ How to Acquire, Keep, and Regain Users</b>		<b>111</b>
7.1	HOW TO BUILD IT SO THEY'LL COME	111
7.2	THE PURCHASE FUNNEL	111
7.3	ACQUISITION: HOW TO GET PLAYERS	114
7.4	ACQUIRING NEW USERS ON FACEBOOK	116
7.5	ACQUIRING NEW USERS ON MOBILE PLATFORMS	117
7.6	ADVERTISING EFFICIENTLY	118
7.7	THE RISING COST OF CPI	118
7.8	VIRALITY	119
7.9	REDIRECTING USERS FOR INCREASED VIRALITY	120
7.10	HOW TO RETAIN USERS	121
7.11	TRACKING RETENTION	123
7.12	USING LEADERBOARDS AND MESSAGING TO ADD STICKINESS	124
7.13	USING MESSAGES TO REMIND USERS TO RETURN	128
7.14	ONLY THE LAST INCH MATTERS	128
7.15	INTERVIEW WITH EXPLODING BARREL: "GIVE THEM WHAT THEY WANT"	129
<b>CHAPTER 8 ■ Monetization Strategies</b>		<b>139</b>
8.1	SHOW US THE MONEY	139
8.2	CLASSIC PREMIUM DOWNLOAD MODEL	139
8.2.1	Mobile Application Stores	139
8.2.2	Steam	141
8.2.3	Alternatives to Steam	142
8.3	SUBSCRIPTIONS	143
8.4	FREEMIUM	145
8.4.1	Sell Time	145
8.4.2	Sell Virtual Goods	146
8.4.3	Game Content Unlocks & PDLC	146
8.4.4	Cover Charge	148

8.4.5	Sell Your Players' Eyes	148
8.4.6	Offer Walls	148
8.4.7	Popup Ads	150
8.4.8	Ad Placement	150
8.4.9	Advertainment	150
8.4.10	Motivate LTNV	151
8.5	PLAY THE NUMBERS	152
8.6	COMBINATIONS	153
8.7	CASE STUDY: <i>HUNTERS EPISODE ONE</i> AND DIFFERENT MONETIZATION METHODS	153
8.8	WHY YOU SHOULD AVOID GIVING PLAYERS REAL MONEY	157
8.9	TRANSITIONING MODELS	158
8.10	WHICH MODELS FIT BEST FOR WHICH TYPE OF GAME?	160
8.10.1	Role-Playing Games	160
8.10.2	Turn-Based Building Games	161
8.10.3	Simulation Games	162
8.10.4	Virtual Worlds	162
8.10.5	Non-Persistent Action and RTS Games	163
8.10.6	Online Trading Card Games	165
8.11	INTERVIEW WITH RYAN CLEVEN: "SOCIAL PLATFORMS"	166
CHAPTER 9 ■ Virtual Goods		175
9.1	FAKE ESTATES	175
9.2	SELLING PREMIUM GOODS	175
9.3	FUNCTIONAL ADVANTAGES	177
9.4	GAME BALANCE CONSIDERATIONS	179
9.5	AESTHETIC "VANITY" ITEMS	181
9.6	RARITY	182
9.7	INTERVIEW WITH DIMITRI DELATTRE, FOUNDER OF DEADPAN DODO: "INDIE PERSPECTIVE"	183
CHAPTER 10 ■ Currency		189
10.1	GREENSPAN FOR THE WIN	189
10.2	SINGLE CURRENCY MODELS	189
10.3	DUAL CURRENCY MODELS	190
10.3.1	Uses for Soft and Hard Currencies	191
10.3.2	Additional Tips for Running a Dual Currency Game	193

10.4 CLOSED AND OPEN ECONOMIES	195
10.5 ADDRESSING THE MATTER OF “HONEST” GAMEPLAY	196
10.6 INTERVIEW WITH BEN LAMM: “CONTROLLING CHAOS”	197
CHAPTER 11 ■ Conclusions	201
11.1 THE PLENTIFUL TIDE	201
11.2 REVIEW	202
11.3 A FOND FAREWELL TO FRIENDS	209





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# About the Author

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**Tim Fields** has been playing and designing games since the Commodore 64. He has built text adventures, board games, card games, pen-and-paper games, drinking games, RPGs, shooters, 3D engines, squad-based tactical games, sports games, racing games, mobile games, and a few others besides. Tim has been lucky enough to get paid for making games and software since 1995 as a designer, producer, team leader, marketer, and business developer.

He has been involved with several of the top franchises of the last few decades, such as *Halo*, *Need for Speed*, *Call of Duty*, *Brute Force*, *SSX*, and others. In addition to leading teams who make great games and helping companies and teams find partners, Tim is active in the game development and financial community as a consultant, writer, and speaker. He rambles about the world with his wife, cats, and way too many books, trying to help brilliant people make games that will delight millions.



# Introduction

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## 1.1 THE CHANGING TIDE

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A few years ago the war looked like it had been won. Microsoft and Sony had divided up the gaming public into two hostile camps. Nintendo's Wii managed to widen the traditional audience of core gamers to include families, expanding the target audience to both younger and older prospective players. Instead of accepting a third-place to Sony and Microsoft's superior hardware, Nintendo took simpler game mechanics and cheaper hardware and proved that they could expand gaming into a more mainstream market.

In the meantime, while the three console manufacturers continued to focus on living-room experiences, fans lamented the supposed death of PC gaming. Games like *Halo* and *Call of Duty* had moved the traditional first-person shooter (FPS) and action markets toward the consoles, but millions of new players flocked to PC-based online experiences. In particular, thirteen million of them happily shelled out fifteen dollars a month to Blizzard to play *World of Warcraft*, and hundreds of thousands more subscribed to a half dozen or so of the less-successful massively multiplayer online (MMO) games. Most of these MMOs danced happily in the wake of early innovators like *Ultima Online*, *Meridian 59*, and *EverQuest*, and even more ancient MUDs (multi-user dungeons), MOOs (MUD, object oriented), and BBS (bulletin board system) games, forgotten by all but the old sages of game design. The death of PC gaming turned out to have been exaggerated, and the PC remained a viable platform for game development—albeit one that now needed to offer a different type of product, with a different business model. The war for the hearts, minds, and, more importantly, the pocketbooks of gamers seemed likely to settle into a comfortable four-way victory, in which console manufacturers competed with one another for an expanding market, and PC gamers subscribed to one or two of the big MMOs.

However, a quiet, powerful new force was germinating, heralded by companies like PopCap Games, and led by a vanguard of strange, cheap, lo-fi experiences with names like *Habbo Hotel* and *Second Life*. Games like *Puzzle Pirates* and *Bejeweled* demonstrated that there was room for innovation in smaller, more casual games, games for gamers who didn't have hours each day to devote to their hobby. More and more Flash-based games, built to take advantage of the increasingly high bandwidth of the ever-expanding



World Wide Web, appeared on the scene, providing users with quick, cheap experiences just a click away from their favorite website. Yet few of these games made much money or attracted serious notice.

Then, in 2004, a brilliant misfit from Harvard named Mark Zuckerberg turned the geography of the battlefield upside down. A cynical loner, at least according to the award-winning biographical film *The Social Network*, Mr. Zuckerberg managed to take the principles first illustrated by sites like MySpace and transform them into a global empire that connected us all with first our fellow students, then our social circle, and eventually our long-lost friends, family, their neighbors, and even some pets. In so doing, Facebook manifested a new breed of platform that appealed to a new, much larger and diverse user base, rocketing the world of “gaming” far beyond the old console or MMO crowd, and even past the expanded living room audience the Wii commanded. The socially “sticky” elements of the platform made it easier to encourage friends to make connections, join in the fun, and eventually play the games. While first imagined as a platform for Harvard University students, Facebook quickly expanded to accommodate other college students, who signed up by the tens of thousands. In 2006, the network was opened to anyone over the age of thirteen. Within two years, the site had more than 100 million registered users.

Beyond just sending messages to friends and posting pictures, huge numbers of these Facebook users began to use the platform for gaming. More interesting still, many were not people who traditionally spent money on console, handheld, or MMO PC games. Online social networks made a whole new breed of gamer possible, a gamer who wanted to play in bite-sized chunks, in those brief moments while they were online, checking on their friends or updating their own statuses. Many would never have considered spending sixty dollars on a retail game but seemed quite comfortable parting with two or three dollars per day to play games like *Mafia Wars* or *FarmVille*. Facebook didn’t just change the demographics of gamers; it changed the economics of gaming.

At the same time, the rapid adoption of smartphones, first Apple’s staggeringly successful iPhone line, then Google’s Android platform, gave hundreds of millions of users a new way to play online games, and a second, even handier mechanism through which they could “connect” with their friends. These devices let users make calls and text, sure, but they also accessed email, connected to the Internet, and allowed the user to purchase “apps,” which, due to their low (or no) price and abundance of options, helped the user tailor their smart phone to their unique needs. More like tiny handheld PCs, these devices delivered thousands of games, dressed up like apps, which could be played on the phones themselves. More importantly, they swelled the number of users who interacted with Facebook, and the number of hours those users *spent* on Facebook, driving the site to over 600 million users by the beginning of 2011, and passing the one billion user mark in late 2012.

Once apps became games, devices like the iPhone began taking huge chunks of market share from traditional handheld gaming devices like the PlayStation Portable (PSP) and the Nintendo DS (NDS). Handheld devices manufacturers have countered this trend by introducing technological gimmicks like stereoscopic 3D (in the case of the Nintendo 3DS), or ever more full-featured interfaces and software suites (as with the PlayStation Vita), but it’s unclear that these efforts will save the market for dedicated handheld gaming

devices. Social gaming via full-featured smartphones has proven its power and increasingly appears to be the dominant mobile platform going forward. The integration of mobile devices and social networks continued; the Facebook Messenger application lets users call their friends using VOIP technology from their mobile devices. Many mobile games now offer matchmaking services, which allow users to find friends within their social networks to play with. And mobile devices themselves, smartphones are growing in terrific numbers. By the time you read this, there will likely be more mobile phones on Earth than people.\* And the percentage of these which are smartphones is growing rapidly.†

By the beginning of 2013, the clearly defined battle lines in the console wars and the MMO dominance of PC games have become a fractured free-for-all, in which upstart companies like Zynga can go from unknown shops to media powerhouses having more than 250 million monthly users (in Zynga's case, a journey that took them less than one thousand days) and then founder on the rocks of Wall Street just as quickly. Most game designers are no longer able to focus on designing their game for just one system. Even console products are now expected to have social tie-ins, both on Facebook and on mobile platforms, in an effort to drive customer awareness and customer engagement. As Sony and Microsoft gear up for another revision of their home consoles, and Valve's Steam platform makes a play to move into the center of the living room, the mobile platform creators are eyeing the console gamers as well, with Android-based home consoles appearing on Kickstarter, and many tablets and phones offering advanced video output options that let users play a game on the go and then seamlessly connect and keep playing on their HDTV.

Beyond the particulars of the hardware and software that powers this panoply of devices, this kaleidoscope of gaming options all have this in common: All games on all devices can now make use of the interconnectedness of social networks to make stickier, more compelling games. This book will explore how.

This book will also explain how the gaming industry arrived where it is today by giving an overview of the major phases of the evolution of the gaming sector. We'll discuss the way early games were marketed and monetized. We'll talk about how early BBS games and MUDs evolved into the sophisticated subscription-model-based products that *World of Warcraft* and its competitors have become. We'll study the rise of free-to-play models in South Korea and China, brought about by an effort to circumvent rampant piracy. We'll learn how those games managed to retain their customer base by adopting Western designs but simultaneously fitting into the Internet café culture of rented PCs, where users pay a few RMB per hour to smoke cigarettes and while away the hours on first-person shooters, MMOs, and MOBAs (multiplayer online battle arenas). We'll look at how these games ended up paving the way for much of what the West currently understands about microtransaction models (in which users get the client software for free, or at very low cost, and are asked to pay small fees for in-game items, perks, or services), a model that is fast becoming dominant. We'll study the different generations of Facebook games in greater depth and devote a little time to looking at some of the other social media networks, both

\* [http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white\\_paper\\_c11-520862.html](http://www.cisco.com/en/US/solutions/collateral/ns341/ns525/ns537/ns705/ns827/white_paper_c11-520862.html)

† <http://www.nielsen.com/us/en/newswire/2013/mobile-majority—u-s—smartphone-ownership-tops-60-.html>

the all-but-forgotten and the up-and-comers. We'll look at early mobile games that succeeded due to their expert use of social network features, and we'll investigate some of the later waves of mobile and tablet game platforms, which have helped push the convergence of social and mobile gaming. We'll study popular mechanisms for acquiring users, popular dual currency models, and methods of monetizing users once you get them. We'll look at how to put the right kinds of hooks in your games, gather the right kinds of metrics, and evaluate that information to increase the game's overall stickiness and revenue per user. We'll look at games like *Magic: The Gathering*, and how it influenced a generation of online collectible card games, and at other games on platforms ranging from the iPhone and Android to Facebook, to help further illustrate some of our key lessons.

We'll spend time demystifying the alphabet soup of industry terms that have sprouted up around mobile and social game design and monetization like brambles around a castle; we'll teach you how to cut through the jargon to reach the treasures that await within. Confused by DAU, MAU, ARPU, PCU, ARPPU, and the rest? By the time you finish reading this book, you won't be. Would you like to know what social and mobile game designers mean when they talk about "whales" or "gold sinks"? We'll teach you. Whether you're a game designer trying to beat out *FarmVille*, a studio manager looking to take your company in a new direction, or an investor who wants to better understand the financial opportunities in this brave new space, we'll better prepare you to navigate the maze.

Next we'll dive deep into the different strategies for monetizing your games. This isn't a book about how to make "great" games; this is a book about how to make money through brilliant design, flawless execution, and painstaking iteration. As such, we'll spend a lot of time visiting about the different mechanisms for giving users the types of experiences they're willing to pay for. Different approaches can vary in effectiveness for different genres of games, so we'll look at a number of common types of games, both those that treat games as a service and more traditional, one-time purchase products. (If you're still in the console biz, there are ways to use these techniques and mobile companion applications to further monetize your retail customers...if you're clever!) We'll talk through episodic content, advertainment, and optional subscription models.

The sale of virtual goods made \$15 billion in 2012.\* Yeah, that was *billion* with a *b*. This amount has doubled since the first edition of this book. It's not a trend that is going away. So we'll spend a lot of time studying how your game can get a piece of that pie, from markets in Europe, North America, and Asia and even in emerging markets like Russia, Brazil, and Turkey. We'll talk about how to combat the illegal sale of virtual goods that you *don't* want freely traded and how to charge for those you *do*, with either single, dual, or more complex currency systems. We'll give examples of how to make use of instrumentation and analytics to hone these offerings for maximum player value. We'll investigate the challenges of dealing with the volume of "big data" that such analytics can generate and how to mine it for gold. Finally, we'll talk through some of the more interesting balancing issues associated with managing game economies.

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\* <http://www.superdataresearch.com/monetization-is-a-four-letter-word/>

Along the way, we'll consult industry thought-leaders, those who design and produce the games, run the shops, analyze the metrics, and make the deals that motivate these exciting new sectors of the market. Each of these luminaries will discuss one of the above topics, in a Q&A interview format.

At the end of this wild ride, you will know the history of game monetization, from the first cartridge-based games sold through retail in 1981 to the most innovative online mobile and social game monetization tricks from 2013. You'll have a superb working knowledge of industry terminology, both for retail products and for the new-language jargon of MMO and social, mobile, and tablet game metrics and user-tracking data. You'll have learned how more than fifty different games fit into the tapestry of the marketplace, how the companies that create and publish them have sought to innovate, and which have won (and lost) in this high-stakes business. You'll understand the overlap between console, mobile, handheld, PC, MMO, and social games and how to evaluate success in each of these market segments. You'll also understand the ways that the lines can be blurred between these types of products, as well as what design elements can be harvested from major successes in each area to be applied to other types of games. You'll understand the interplay between Asia and the West and why different types of design features work better in different territories. You'll know about the also-ran social networks that pioneered the model that Facebook currently owns, and you'll be familiar with the newcomers worth watching, both in North America and in emerging markets like Brazil and Turkey. You'll get to spend a little time thinking about the coming advancements in mobile and tablet gaming and how these fast-growing market segments all converge in the minds and living rooms of your users. Finally, you'll have been exposed to a dozen or more game design techniques for making your mobile and social games attract users; you'll know how to make money from them by providing superior play experiences and how to retain those players so they don't lose interest and go spend their dollars elsewhere. When you're done, we'll point you to a website and (of course) a Facebook page where you can visit with other designers, product managers, and investors interested in continuing this discussion in an online forum, so the conversation can continue to evolve as new trends and new games appear on the scene.

## 1.2 WHAT THIS BOOK IS NOT

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This is not a book that will teach you how to program games. Even if you are already a skilled software engineer, this book will not teach you how to write code for social or mobile games. There are many fine books on the market that deal with these types of topics, and the SDKs and APIs you'll need to master to succeed in this endeavor evolve too quickly to be well served in print.

This is not a book about project management (though we have written those). To build high-quality mobile and social games you will need expert producers, knowledgeable development managers, and skilled team leads. You'll also need to find a process that works for your staff, be that Scrum, Lean, Kanban, Old-School Waterfall, or something altogether different. Of course, given the relatively low barrier to entry in the mobile space,



you can likely use the lessons herein even if you are just a few good friends making your game out of a dorm room.

This book will not teach you how to lead teams effectively. (We've written a book on that topic, as well.) You'll need to know this—to have a blend of intelligence, charisma, and wisdom that would do a cleric proud—in order to successfully build social games. But we simply don't have the room to teach those skills here, and for mobile games, you may not need them—at least not until after your first hit.

This is not a book that pretends to teach you how to build a social game in three days or even three weeks. While such a feat may be possible, we doubt it and are skeptical of those books that claim to tell you how to do it. In any case, we believe the best games are built over time, by teams led by expert professionals who have a proven track record in making great games.

However, if you are new to game development, do not despair. This book will teach you a great deal about how to think about games as products, how to consider design choices as both a game designer and a businessperson, and how to evaluate your game against the market.

Finally, it's worth mentioning as a caveat that this is an incredibly rapidly evolving space. From the time we began writing this book and the second edition, there have been several major acquisitions of major players in the space, a few implosions, a roller-coaster stock offering and subsequent crash that shook the foundations of the social gaming sector, the introduction of a brand-new social network, and a massive rise in tablet devices. This new and revised edition was written quickly, because we know you need this information in early 2014, not early 2017. As a result, many topics may have only sufficient depth to give you an idea of what to look for; it is our hope that this volume will spark discussion and inspiration among the community and that we can all continue the conversation online in the coming months and years.

So let's dive in.

# What Is a Social Game?

## Are Mobile Games Social?

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### 2.1 MEET YOUR COMPETITION

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There's a strong temptation to imagine that social games should be narrowly defined only to include those games that have infiltrated Facebook, mostly courtesy of Zynga and the like. Certainly, many of those games initially set the gold standard for massive user acquisition in online social gaming. And despite a cooling of the Facebook game sector, these games are played by over a hundred million users per day, according to various metrics-tracking websites. They make a fortune in microtransaction revenues every day. So in writing the first edition of this book, we wrestled with the question, Should we stick to an analysis of how to design Zynga-like games for Facebook and call it a day?

Even a few years ago, the answer was “no.” Such a study would have limited utility and would cease to be topical the minute new social networks eclipsed Facebook, as undoubtedly will happen...eventually. Moreover, as many companies and investors are discovering the hard way, it is extremely difficult to succeed as a “fast-follower” in a space that already moves with a speed and agility that would make a falcon jealous, in an industry that seems to reinvent the “core experiences” it offers to the user every nine months. An intimate dissection of *FarmVille*, *Vampire Wars* (already moribund), *CityVille*, *Candy Crush*, or even *Clash of Clans* might remain current for the next year or two, but little more, and it would be extremely difficult for the lessons learned in such a narrow study to help guide the reader's steps over the next decade. Moreover, as we noted in the first edition of this book, the powerful effects that social games can have also exist quite outside “traditional” social networks. Many of the most successful mobile games have succeeded with designs that take advantage of the network effects that exist in so connected a world. Mobile and tablet games can be social games as well. So can console games.

Indeed, most or all of the really successful social game development companies out there have pivoted toward mobile and tablet gaming in recent years. Virality on the Facebook platform changed and can easily continue to change, ads got more expensive, and constant

changes to the platform forced developers to regularly invest in reengineering parts of their games in ways that may not have paid dividends to the gamers.<sup>\*</sup> Moreover, mobile devices and tablets are quickly taking over the mindshare for many gamers. Indeed, many analysts suggest that phones and tablet devices (or the so-called hybrid “ph-ablet” devices) will be the dominant gaming device within a few years.<sup>†</sup> And these devices all exist as part of online networks that allow them to take advantage of almost all of the features that once defined “social” games. At the same time, users seem to be showing some fatigue with Facebook games themselves,<sup>‡</sup> while the mobile market continues to grow.

So then, let us define social games a bit more broadly, and hopefully in a less arbitrary fashion, in an effort to glean broad principles that will apply to game design and monetization over the next decade, across a variety of platforms. To do this, we’ll look at a few “social games” from the last two decades (yes, there are some!) and hopefully offer an inclusive definition that is still sufficiently narrow that we won’t end up talking about all games on all platforms throughout all of gaming time. Here’s the definition we’ve agreed upon, based on our own understanding of the market and an analysis of the types of games that we believe will benefit you over the course of reading this book:

A social game is one in which the user’s interactions with other players help drive adoption of the game and help retain players and that uses an external social network of some type to facilitate these goals.

Let’s indulge ourselves in a quick dissection of the definition. To be a social game, we believe you need to encourage users to interact with one another. This needn’t necessarily be in a real-time, synchronous manner. In fact, in many of the games we’ll study, user interactions are tangent to the core gameplay. But a purely single-player product without any way of communicating, assisting, or thwarting other players just isn’t going to qualify as social. (Though we may still explore one or two in cases where they nicely illustrate elements of game design that we think can be applied the social and mobile gaming space.)

We believe that new player acquisition and retention are two of the most important things to consider for any game. This is even more critical in games where your users didn’t have to pay you for the product initially. So-called *freemium* games, whose business model is almost synonymous with social and mobile gaming, only return money to the degree that they keep passing users through their funnel and keep them coming back.

Finally, we want to draw a distinction between games that create their own social ecosystem within the game and those that leverage external social networks to achieve their ends. As we’ll discuss, there are many types of social networks, from those that explicitly so identify to far looser collections of communication features that simply help bring gamers together. Most modern smartphones, for example, provide the user with a rich array of tools for social communication but are not social networks in and of themselves. Some

<sup>\*</sup> [http://gamasutra.com/blogs/AndrewChen/20130422/190988/Why\\_developers\\_are\\_leaving\\_the\\_Facebook\\_platform.php](http://gamasutra.com/blogs/AndrewChen/20130422/190988/Why_developers_are_leaving_the_Facebook_platform.php)

<sup>†</sup> <http://techcrunch.com/2013/04/25/juniper-games-downloads-forecast/>

<sup>‡</sup> [http://www.gamasutra.com/view/news/190679/Social\\_games\\_decline\\_is\\_holding\\_digital\\_market\\_back\\_\\_report.php](http://www.gamasutra.com/view/news/190679/Social_games_decline_is_holding_digital_market_back__report.php)