Welcome
Letter from the Director

It has been an exciting year for casual games—not only are more and more people playing, but casual games have become the subject of mainstream news articles and large media companies have become interested in the space with more fervor than ever. The buzz is not surprising, of course. Many following the industry have known for some time that more people play casual games than any other type of video game. Now in 2007, this fact has become widespread knowledge. In addition, the industry has started to attract new platforms, studios and publishers. What was once an industry centered around PC and online web games has grown over the past couple of years into emerging casual areas, such as the Xbox LIVE Arcade and the Wii.

Right now, the market signs are good for casual games. Luckily the industry has remained stable due in part to casual games being available on a wide range of platforms with the most successful business models encouraging high quality and innovative game content.

The connected casual games industry is a “multi billion dollar industry,” as you will see in detail later in this report – but what does that really mean? Ultimately, projections on the total industry size are of little use other than pleasant conversations with relatives. No matter the exact sizing or growth rate, the importance of casual games is unchanged—consumers love casual games and will continue to play casual games.

Which brings us to the true measure of the industry: the millions of people casual games reach with high quality entertaining products that enrich their lives.

This report is focused on presenting the inner workings of the casual games industry as a central place for key information with existing CGA educational materials cross referenced throughout the report. For the purpose of this report, primary emphasis is placed on the online and connected markets of PC, with secondary focus on Xbox LIVE and Mobile. Detailed workings of emerging Wii and PS3 casual console markets and handhelds will be addressed in later reports. Research data from the online casual games market has been collected directly from a variety of large casual game portals, publishers and developers by the Casual Games Association through Pearl Research and Screen Digest.

Enjoy!

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All About Casual

What Are Casual Games?

Casual games are video games developed for the mass consumer, even those who would not normally regard themselves as a "gamer."

Casual games are fun, quick to access, easy to learn and require no previous special video game skills, expertise or regular time commitment to play. Many of these games are based around familiar game concepts that consumers played in arcades or the family Atari from childhood. In addition, casual games are usually easy to pause, stop and restart with little consequence to the player's enjoyment. The most common introduction to casual games for most consumers is via Microsoft Solitaire for Windows, which is the most commonly opened application on Windows XP.1 200 million people play casual games online each month over the internet and the wide reach of pre-installed casual games bundled with personal computers are contributing to casual games becoming one of the most common past times—so it is not surprising that for many consumers casual games are replacing television for relaxing after work.

Recently, electronic games have developed a stigma as being for young teenagers, but this year's research shows that an ever increasing percentage of those with online connections young and old, male and female are playing casual games.

Casual gaming is about more than a consumer demographic or a genre of games, casual games are defined by gameplay behavior

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Casual games may not have the sexy marketing and production budgets of the hardcore enthusiast market, but casual games reach an ever widening consumer base. This reach to a broad demographic has made casual games a highly desirable advertising mechanism.

The Casual Games Association expects 2008 to bring casual games into the everyday lives of consumers with stand alone massively multiplayer casual games and the integration of gaming into existing social networking websites.

Nearly everyone plays casual games at work and at home—even if they do not admit it to their boss and friends.
### All About Casual

**Online Consumer Profile**

#### Top Reasons To Play Casual Games

<table>
<thead>
<tr>
<th>Reason</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Casual games appeal to people of all ages, gender and nationalities</td>
<td>62%</td>
<td>51%</td>
</tr>
<tr>
<td>Most casual gamers do not identify themselves as gamers. &quot;I'm so ashamed, I just played for four hours, but I can't stop!&quot;</td>
<td>51%</td>
<td>49%</td>
</tr>
</tbody>
</table>

#### Gender & Age

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Female</th>
<th>Male</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 35 yrs old</td>
<td>72%</td>
<td>51%</td>
</tr>
<tr>
<td>Under 35</td>
<td>28%</td>
<td>49%</td>
</tr>
</tbody>
</table>

#### Internet Usage (USA)

<table>
<thead>
<tr>
<th>Gender</th>
<th>Under 35</th>
<th>Over 35 yrs old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>74%</td>
<td>59%</td>
</tr>
</tbody>
</table>

#### All Casual Games Consumers

<table>
<thead>
<tr>
<th>Gender</th>
<th>Under 35</th>
<th>Over 35 yrs old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>57%</td>
<td>59%</td>
</tr>
<tr>
<td>Male</td>
<td>51%</td>
<td>59%</td>
</tr>
</tbody>
</table>

#### Paying Casual Games Customers

<table>
<thead>
<tr>
<th>Gender</th>
<th>Under 35</th>
<th>Over 35 yrs old</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>71%</td>
<td>59%</td>
</tr>
<tr>
<td>Male</td>
<td>72%</td>
<td>59%</td>
</tr>
</tbody>
</table>

#### Under 21: Tweens & Teens

- Heaviest play times are right after dinner from 7pm – 9pm and during lunch from 11am – 2pm
- Casual games are usually played in a series of short time increments, from five minutes to 20 minutes—it’s common for people to play one level after another for many hours
- Casual games appeal to people of all ages, gender and nationalities

#### 35 - 50: Middle Aged

- Most casual gamers do not identify themselves as gamers. "I’m so ashamed, I just played for four hours, but I can’t stop!"

#### 50 - 103: Golden

- Middle aged consumers spend more time online than any other demographic—and they spend more time playing online casual games. These consumers were teenagers and young adults during the 1970s and were the original consumers of the Atari. Thus they are most comfortable and open to the similar casual game play from the Arcades and Atari. These consumers have been raised and conditioned to spend money on games.

#### 21 - 35: Young Adults

- The enthusiast console business has all the money, the casual business has all the players. The core console market only has 15 million members but they happen to have a $1,000 a year habit.”

- The enthusiast gaming market, comprised mostly of young males, almost universally play casual games—but casual gamers rarely play the violent games favored by the enthusiasts

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1. Internet usage straight average of public research from: Arbitron & Edison, Nielsen, Mediamark, eMarketer, Harris Interactive, comScore Media Metrix.
2. Quote from Peggle player Heidi Jensen, this is indicative of many casual gamers.
3. From major online portals. Subscription play time varies significantly based on method of distribution and community features.

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R

ased surrounded by technology and computers, today’s youth have no concept of life without the internet, video game consoles, DVD’s, Wi-Fi or Facebook. This generation was raised with electronic toys that linked with games, such as V Tech and Leapfrog, and toys that link to online virtual worlds. Their parents were teenagers in the 1970s when the first video game consoles hit the market, so the entire family is technology literate.

Websites: Neopets, Club Penguin, Nick.com, MiniClip, Kongregate, AddictingGames, Cartoon Network, The N.

Monetization: With less access to online payment mechanisms and watchful parents, advertising, subscriptions and micropayments have become the dominant business model with this demographic.


3. For more on the demographics of online websites, see company profiles on pages 39-54.

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Monetization: Big Money. Middle aged consumers are the cash cow of the casual games industry—not only do they play online, they are more likely to purchase high value items.

Websites: ClubPogo, PopCap.com, RealArcade.

Monetization: While young adults are not quite the free-loaders their younger counterparts are, young adults do like to play for free. Many males in this demographic are game enthusiasts and spend most of their gaming dollar on more intense games.

Monetization: Consumers in their Golden years are drawn to strong community and packaged deals due to having time on their hands and being used to paying for entertainment.

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3. For more on the demographics of online websites, see company profiles on pages 39-54.
The Art of Casual

History of Casual Games

The casual games market and video game industry began with the launch of a simple "bat and ball" video game, Pong which launched in coin-op arcades in 1972, as a home console in 1974 and then on the Atari 2600 in 1977. Both Pong and the Atari became a staple in homes across Europe and North America. Arcade games were institutionalized in 1978 with the advent of Asteroids, the first of a series of space shooter arcades. At the same time, the Apple II, the first computer with color graphics is launched, Nintendo opens up shop and the release of Pac-Man solidifies the casual games market. As the 1980s evolve, large scale shopping malls spread across America, each with an arcade filled with teenagers. Those arcade teenagers of the 1980s are today's 30-40 year olds, developing the next casual market wave.

"1981 was a huge year for the game business—100 million people self identified themselves as a gamer-player—either playing at home or in coin-op arcades. There were 600,000 coin-op arcade games in the US. In a three year period, the market shrunk. Games got violent and we lost women gamers, games got too complex and we lost the casual player. Unfortunately, we have a lot of amnesia when it comes to our history."

Nolan Bushnell, founder of Atari

Following the great North American video game crash of 1983 and eventually the decline of the arcade by the early 1990s, casual games found success in the PC market with Solitaire and Freecell packaged with Microsoft Windows, the adventure game, Myst, and later The Sims. During that time, Tetris brought casual gaming from Russia to the handheld market on the Game Boy, and later a wave of virtual pets expanded the view and potential of casual electronic games. However, one of the biggest impacts on the casual games market came not from within but from another genre. ID Software’s Wolfenstein 3D changed the face of video gaming for a generation. With the inception of the first person shooter, a new generation of gamers were born and violent games began the rise to take over the console and PC world.

Casual games found successes on PC and handhelds, but were relegated to obscurity. That all changed with the advent of the internet. Casual gaming had a new platform and a new opportunity to reach fans that had been dormant for over a decade. The internet, online payment transactions, and the mobile phone brought life back to the industry and in 2001, the first modern casual gaming classic was born in Bejeweled. Since then, the casual games market has had wave after wave of successes. In 1999, online casual game portals were taking hold, and consumers could access a suite of games at home or at their desks at work. With the recent launch of Xbox LIVE Arcade and the Wii, and the future release of PS3 Home, casual games look like they have settled in for the long haul.

"While we are not strictly a casual developer, we’re noting a lot of convergence opportunities, and Xbox 360 LIVE Arcade/PS3 digital platforms are the start of that."

Martyn Brown, Studio Director, Team 17, Creators of Worms


1972 - Present

1972
Atari launches the coin operated arcade craze with Pong

1977
Apple II is launched, first computer with color graphics

1979
Atari launches Asteroids and starts the Golden Age of the Arcade

1980
Pac-Man is released on the arcade

1981
Nintendo launches Donkey Kong for the arcade

1983
Great North American Video Game Crash makes way for games from Japan

1983
Nintendo launches the NES with Super Mario Brothers

1985
Microsoft packages Solitaire and Freecell with its MS Windows software

1986
The success of the arcade begins to wane

1989
Nintendo launches the Game Boy with casual hit Tetris

1990
Microsoft packages an updated Solitaire with Windows 3.0

1992
ID Software launches Wolfenstein 3D and creates the reign of the first person shooter

1993
Myst launches and becomes a phenomenon on PC

1994
Sony launches the PlayStation

1995
The virtual pet phenomenon begins with the launch of Tamagotchi

1996
The Internet booms and becomes a household success

1996
Total Entertainment Network gaming portal launched

1996
Paypal is launched

1998
Mobile gaming launches with the i-mode service by NTT DoCoMo

1999
The Sims become a PC best seller

2000
PopCap Games launches the first modern casual game, Bejeweled

2001
Microsoft launches Xbox LIVE and the online console multiplayer world is born

2002
ScreenLife introduces the first DVD board game with Scene It

2003
MySpace is launched and online social networking blossoms

2004
Microsoft launches Xbox LIVE Arcade

2004
Nintendo launches the DS

2005
Sony launches PSP with casual hit Lumines

2005
Microsoft launches Xbox 360 LIVE Arcade

2006
Nintendo launches the Wii with Wii Sports

2006
Casual hit Brain Age soars

2006
Microsoft expands operating system games on Vista to include Chess Titans and Mahjong
The Art of Casual

Online Content Trends

Over the past couple of years, several sociological and recreational trends have occurred that have affected both the size of the casual games market and its consumer demographics. Many of these trends are North America specific, but their effects can be felt throughout the world.

Over the past few years, gaming has become a part of everyday vocabulary and has made its way back into mainstream culture. With the advent of WiFi and the upgrades in mobile and PDA technology, people are spending more of their time online and connected by technology.

"The basic underlying goal of our industry's recent innovative offerings is to move casual games from being a secret industry to becoming a true mass market phenomenon."

Paul Thelen, Founder of Big Fish Games

Since the inception of MySpace, social networking sites have boomed and online identities and rankings have been a test of "cool." The growth of the recreational seniors market has created a new media consumer, whose grandchildren introduced them to email, the internet, digital photography, and now gaming.

"Cool." The growth of the recreational seniors market has created a new media consumer, whose grandchildren introduced them to email, the internet, digital photography, and now gaming.

Online Content Trends

2007

Digital Distribution!
Casual gamers were everywhere at the turn of the century - they were just in hiding. Many who had been exposed to video games in the 70's & 80's had fond memories, but video games were something from their childhood. Many who had been exposed to video games in the 70's & 80's had fond memories, but video games were something from their childhood. Since after the North American video game industry crash there was little game content which appealed to young and old alike. Widespread internet access and ecommerce technology of the new millennium created a fertile ground for the wild growth of the casual genre - bringing new high quality and innovative content such as Bejeweled directly to consumers' PCs which they could not find anywhere else via a consumer friendly trial-to-purchase or free-to-play advertising supported delivery mechanism.

Community: Club Pogo
Club Pogo, a premium subscription-based service, launched in July 2003 to augment the existing Pogo.com was an important step in integrating community interaction with the online gaming world - proving a strong and loyal customer base is possible for online portals. While many have tried to create online communities to pursue lucrative subscriptions, Club Pogo remains one of the strongest subscription based communities on the internet. They achieve this by offering strong social rewards and community features for players returning to the service and allowing members to play exclusive content without advertising or intermissions.

Microtransactions: Nexon’s Kartrider & MapleStory, IT Territory
Microtransactions cemented itself as a viable and very lucrative business model in 2004 initially designed to avoid rampant piracy - where the game is free and users are encouraged to purchase virtual items for small increments of money. Microtransactions have proven very successful in Asia and Russia, but have yet to take a strong hold in Western Europe and North America. 2007 saw significant investment into virtual currency gaming, so look for maturation in Western markets in 2008 & 2009.

Monetizing the Male Casual Gamer
Before 2006, if you had asked any casual games professional - they would have told you that casual games were for grandmas or bored housewives. Few realized at the time, that men and teenagers were also playing - they were just not paying directly. While those new to the casual games industry may not be shocked, we assure you this was big news. Boys defiantly play casual games, even if they don’t admit it. The turning point was Xbox LIVE Arcade where online casual games were being swooped up by male teenagers and young adults.

User Generated Games: Indie & FunWare
Virtual Worlds, Electronic Networks, Community Games, no matter what you call it — casual games are taking the lead in monetizing the non-paying online userbase who create their own fun. User generated games range from online games people create themselves - "Indie Games" (AlinkingGames, New Grounds) - to the game of life as shown in your online credibility board: "FunWare" (FaceBook, MySpace).

Content Trends

2001
The Online Craze: Bejeweled

2002
Legitimacy: Scrabble

2003
Microtransactions: MapleStory

2004
Story Mode: Jewel Quest

2005
Character Development: Diner Dash

2006
Hidden Object: Mystery Case Files

1. While bored housewives are mentioned frequently with relation to casual games - we assure you that from the women we know raising children - they are anything but bored. Recent research leads to stress reduction and needing a break is the primary motivational factor for playing casual games.
PopCap Games launched Diamond Mine in 2001 which has proven to be the most successful online download-driven casual games franchise to date. Diamond Mine was re-named to Bejeweled for distribution on the Microsoft Zone where it out performed all other titles at a rate of five to one. At the time of Bejeweled’s launch, most online websites did not realize the primary customer was not teenage boys and even though Bejeweled was flying off the virtual shelves many didn’t understand or want to admit this was the future of online games.

Bejeweled paved the way for thousands of games, with the revolutionary mantra of fun. Mass market friendly games for everyone. Bejeweled paved the way for the online casual game craze. Bejeweled, only “extremely bad.” It was so crude, in fact, that the page had to be manually refreshed every time a move was made. Unfortunately, casual games historians who might like to go take a look at this cave drawing version of the game are completely out of luck. We’ve since tried to go back and find that page, for historical purposes, but no one’s been able to find it. PopCap Chief Creative Officer Kapalka said. “This legendary proto-Bejeweled thing has never actually been proven to exist. I believe it was there, but no one’s been able to identify it.”

No matter what its origins, the game was badly in need of an overhaul if it was to be a viable product. Fiete began updating the game-play to something more fluid, and Kapalka thought about what could replace the colored blocks that the game had been using as pieces. “The idea was to find something that you could have seven of that clearly all belong together, and yet are sort of different in terms of color and shape,” Kapalka said. “Jewels came to me right off of the bat.”

Numerous other enhancements had to also be put in place, like the inclusion of a meter that lets players progress between levels, and a timer that ticked down and added more pressure to the game. Of course the un-timed version was included in the final product—something that Kapalka suggests might have been integral to its success. He said that many of the companies they showed the game to were alarmed by the un-timed mode, which they believed didn’t require any skill. For this particular quandary though, Kapalka decided that mother knew best. “We were having fun playing it and my mom was having fun playing it,” he said. “Our theory was, if my mom likes it, who doesn’t normally like games, there must be something there. She may not know good game design, but she knows what she likes.”

Although the Web-based application was popular, PopCap still had one major problem. It had no way to make money from it. This was at a time when the dot-com boom was ending and advertising revenues were swiftly tanking. PopCap’s plan had been to license the game to high-traffic sites and then make some revenue from the advertising visitors would see as they played. Of 2001, that plan was no longer viable.

When PopCap started, we used the “Mom Test.” If our own moms could figure out a game without our help, that was a good sign. If they kept playing it after we left the room, that was even better.

PopCap then decided to take a risk—and the repercussions are still being felt to this day. They created a deluxe version of their already popular Web game with better graphics, better sound and more modes that they would sell. But in 2001, there was no set path or pricing structure for this sort of venture. E-commerce was in its infancy, and it was unclear whether people would be willing to whip out their credit cards to buy an intangible product online. How much they would charge for their product was crucial. A friend in the industry had suggested that they price the game at $20, but that seemed high even to the guys who created it. “He said that the cheaper a game is, the less people think of its worth,” Kapalka said. Trusting his advice, they settled on the two-sawbuck price tag, put Bejeweled Deluxe online and held their breath.

To help track their progress, Fiete created a small desktop application that made a “ka-ching” sound every time someone purchased Bejeweled Deluxe. At first, the ka-chings were dishearteningly slow. But slowly, they began to mount, one every couple of hours, one every minute. Before long, the halls of the PopCap offices were rarely without the public’s ringing endorsement of their game.

“Eventually, it got so annoying that we had to turn it off,” Kapalka said.

Editor’s Note: A version of this interview originally appeared on www.gamezebo.com.
Dave Walls did something amazing in 2002—he created a Scrabble game to be distributed online via the trial-to-purchase distribution method. Scrabble was licensed from Hasbro by Atari and developed by Funkitron. In retrospect, with what we know now about the ability for online casual games to reach consumers this may seem like an obvious development, but back then, creating a downloadable game based on a big brand, where up until then no big branded games existed was a huge step in legitimizing this new emerging market.

Scrabble's success showed that in addition to consoles and CD-ROMs, a game property could be developed for online consumption. Scrabble not only sold well, but it brought in new consumers to the marketplace who would have otherwise not ventured to online casual portal websites. After a good consumer experience of an easy download and the ability to try a product fully before purchasing, consumers returned to purchase more products online. The success of the Scrabble brand game is still a lesson for the casual games industry in the appeal of a known brand coupled with high production values.

Published in 2003 by Nexon in Korea, Maple Story quickly emerged as one of the top casual games in Korea with over 1.4 million users. The game was then launched in most Asian countries in the following years and expanded globally to US and Europe. As of October 2007, the game has over 67 million registered players worldwide.

Microtransactions are an important development inside the casual games space to monetize consumers who would otherwise not pay for content. For a more detailed report on the Asian games market, visit Pearl Research: http://www.pearlresearch.com/.
The Art of Casual

2004: Jewel Quest

In 2004 Jewel Quest, developed by iWin.com, revolutionized online casual games by successfully integrating storytelling and a greater purpose into a casual game. Using a proven gameplay mechanic, designer Warren Schwader used this greater purpose to keep people playing and playing.

2004 & 2005 saw a flurry of developers integrating quests into their gameplay mechanic in an attempt to capitalize the rapidly emerging market in much the same way Jewel Quest and Mahjong Quest did. After four years, the quest mechanic has become such an integral part of the casual games industry, many forget that at one time quest mechanics were not common.

Jewel Quest brought a greater purpose to the gameplay— which kept people playing and playing

Over the life of the franchise, Jewel Quest has generated more than $27 million in consumer spending, spawning sequels, launching on multiple platforms, and continually attracting new customers from around the world to the addictive gameplay. Jewel Quest has shipped more than four million units across platforms, including about two million on PC, to two million mobile units, and more than 100,000 via Xbox LIVE Arcade.

Jewel Quest shipped over 4 million units

The Art of Casual

2005: Diner Dash

Diner Dash was an unexpected hit of 2005 and the first casual game title to introduce a character-driven story which strongly appealed to the female demographic purchasing casual games. Over the period of 2005 - 2007, the Diner Dash games have been one of the most downloaded series on personal computers with over 200 million downloads worldwide and $35 million in consumer spending. 2006 saw the genre mature with strong sequels and spin-offs from PlayFirst as well as a flurry of games from the industry attempting to replicate the click management mechanic and the strong female character.

Diner Dash introduced strategy through chaining of actions and prioritizing customer types based on their personality.

Diner Dash-Hometown Hero expanded gameplay to include avatars. With My Waiter, players can dress up their in-game server.

Diner Dash 2 introduced more complex strategy including new tasks such as the mop and bucket and twists on gameplay.

If imitation is the sincerest form of flattery,
Diner Dash should considered itself overly flattered

In addition to the character driven story and click management gameplay mechanic, Diner Dash also pioneered the role of the dedicated publisher in casual games with Gamelab filling the role of the developer and PlayFirst acting as the publisher.

Traditional publishing models were a revolutionary concept at a time when most developers were self-funded and distributed their wares directly to online portals. In the four years which have passed since the founding of PlayFirst, the publishing model has proven successful—with many new publishers entering the market.

In September 2007, PlayFirst launched the fourth episode in the Diner Dash series, Diner Dash: Hometown Hero, which added avatars, multiplayer, microtransactions, level packs and user-generated content. It was a bold move to bring community features which have been proven successful in the Asian and Russian markets to the Western markets.

PlayFirst’s creative director Kenny Shea Dinkin strongly believes that we are just at the beginning of appealing to the mass market consumer—and it is our responsibility to create content that taps through the notion that video games are just for teenage enthusiasts. He compares video games today with Vaudeville entertainment of last century:

“Vaudeville—with its cheap budgets and fast, zippy creative cycles (sound familiar anyone?)—managed to be a rich ground for experimentation, and it ultimately influenced the songwriters who broke through the barriers and gave us the first mainstream, mass-market, popular musicals.”

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most games now integrate quests
Mystery Case Files took 2006 by storm, an exciting new genre for the casual game consumer to enjoy—along with a rich and flexible game mechanic to stimulate and inspire new games that weren’t just theme packs of the original blockbuster. With this new standard for polish, 2007 saw the maturation of this game genre and the return of what many would call the adventure game.

After the success of Mystery Case Files, Big Fish Games released six sequels and iterations in 2006 and 2007. Not only was each successive game well received with steadily increasing popularity, sequels were released at an almost unheard of speed, with the franchise now boasting over 1.2 million copies sold. Pictured above: Hidden Expedition: Everest and Titanic.

The series inspired numerous other games and while many were successful, Oberon Media’s adaptations Dream Day Wedding (February 2007) designed by Cara Ely, and Agatha Christie: Death on the Nile (May 2007) designed by Jane Jensen, developed by Flood Light Games in Belarus were the most successful commercially with over 30 million downloads for Oberon’s hidden object casual game titles as of fall of 2007.

Dream Chronicles, developed by Kat Games in Spain, uses a mechanic similar to Mystery Case Files where the user solves puzzles using items found in the scene to advance the detailed and compelling story. It is in a way a resurgence of the old Lucas and Sierra style adventure games which appealed to a similar demographic. Weeks after Dream Chronicles was released, Big Fish Games released their next step in the Mystery Case Files mechanic: Azada—a series of puzzles intertwined with an entertaining story.
The fact that women are buying casual games in such large numbers is especially significant considering that electronic games have traditionally been associated with young males.
The core of the casual games industry is made up of two groupings: content creators and content distributors. Content creators include developers and publishers: the developers create the idea and build the game; publishers provide funding, help polish game, shop it around for distribution, and provide marketing assistance. Content distributors include portals and traditional brick-and-mortar retailers: the portals are websites or console interfaces that enable consumers to access the games; retailers are traditional stores that typically sell the games on a disc inside a retail box. As with any creative industry, the majority of professionals are involved with the creation of content. This section provides details about the professional content creators and content distributors which comprise the casual games industry.

100 employees = median size of reported casual game division or company

1100 = number of divisions or companies with active strategies to address the casual games market

Company Growth: Leading Independents Located in the Pacific Northwest


= 15 employees worldwide employees for independent companies located in or with major offices in the Pacific Northwest: RealNetworks, Big Fish Games, PopCap Games & Obtron Media.

$77,000 = average game developer salary in Pacific Northwest

1. From Casual Games Association records
Inside Casual

Casual Content Creation

One of the biggest attractions to new developers looking at entering the casual games industry is the low development cost in comparison to the potentially high return on investment—a top ten casual games franchise can generate upwards of $10 million. Casual games cost far less to make than the typical hard-core game, and have a much shorter development cycle. In addition, many casual developers start online because of the ease and flexibility of updating versions, in comparison to other platforms.

Developers usually have one hit for every five to ten failures. Only an average of 25 percent of games submitted to the average portal and distributors are accepted for distribution.

A top quality, online download game usually requires one to three programmers and one or two artists over the course of 6 months.

There are lots of choices in terms of programming tools, but the most popular are PopCap’s C++ Framework, C++, Microsoft’s Visual Studio, Adobe Director and Adobe Flash. Recently, Microsoft XNA is beginning to pick up supporters. All of these tools are fairly inexpensive which lowers the barrier to entry and ensures gameplay is given top priority.

Microsoft’s Visual Studio, Adobe Director and Adobe Flash. Recently, Microsoft XNA is beginning to pick up supporters. All

Most successful developers initially develop online downloadable casual games first—and then when they are blessed with a hit, port to other platforms.

Just because casual games take less time to develop, have less technological requirements, and are cheaper to make, don’t mean they are easier to make—they just require a different skill set. Typically casual games require a higher percentage of development time to be spent on design and usability and artistic iteration than hard-core video games.

90% = revenue from trial-to-purchase and advertising which developers receive from the Top 15 retailers in western markets

The Casual Games Association estimates the release of over 500 commercially viable casual game titles distributed online each year.

These commercially viable games are often able to repay prudent development budgets and represent approximately 25% of the completed casual game titles.

The majority of online portals feature active catalogs of over 1,000 completed casual game titles.

Development teams value generalists who can work in many styles and many systems.

6 month to 1 year production cycles mean less room for error on each project, but with multiple projects, your eggs aren’t all in one basket.

Casual and core developers have similar salaries at established studios, casual bonuses are larger.

Gameplay perfection is important: on release, portals usually give new games three days to move from “New Games” to “Top 10”, in a catalog of 1,000 games, not being on the Top 10 generally means very few sales.

Production values are strong predictors of sales, hype and licenses have less of an impact. Initial recognition doesn’t always equate to more sales because consumers are able to try before they purchase.

The average casual game development team is similar to a sub-team in the core space working on a level or a major gameplay feature.

Programmers: 2 full-time, 1 part-time

There are typically 1-2 gameplay programmers as well as shared engine and tools programmers.

Artists: 2 full-time, 1 part-time

Artists typically help create placeholder gameplay art and then join the project after the prototypes have been completed to create final art.

Producer: 1 part-time

Producers guide the original development process and then see the project on through usability, user-testing and porting. Producers (if not also designing) will typically work on 2-3 projects at a time.

Designer: 1 part-time

Designers have a more pivotal role on day-to-day production than in a core project—because the game is so focused on gameplay.

Testers: 3.5 part-time

Testers typically join the process at major milestones and near the end of development to ensure levels are the right mix of challenge and fun. Because of the strong focus on gameplay, testers take a pivotal role.

Online trial-to-purchase casual game production budgets typically range between $50,000 and $500,000

Add: iPod, Mobile, PDA 1

$20,000

Add: Set-top Box (Hotel) 1

$10,000

Add: Xbox LIVE Arcade

$250,000

Add: Handheld (DS, PSP)

$300,000

Add: Wii

$300,000 to $2 million

Add: Next-gen Console Game

$15 million

Developers Report

1. From data reported to the Casual Games Association by casual developers and publishers.

2. Game release numbers calculated by submission and acceptance ratios reported directly to the CGA by major online portals and content creators.

3. Cost to create basic reference build port, this does not include the numerous builds required for each handset or handset compatibility issues.

4. Most successful developers initially develop online downloadable casual games first—and then when they are blessed with a hit, port to other platforms.

5. The inevitable result will be healthy, sustainable growth for many years to come.

6. I suppose then, that it’s not surprising that we’re starting to see our industry really take shape. Although casual games have been the ugly stepchild in the gaming industry for many years, our recent, impressive growth has enabled us to begin connecting the various links in the value chain, turning once what was a scattered handful of independent developers, publishers and distributors into a vibrant, self-sufficient, professional community. And the pay-off for all of us is that we are doing better work—and making more money—than ever before.

7. What we’re seeing is that when all of us come together—developers, publishers, distributors—we strengthen the links in the value chain and improve our chances of connecting with an ever-expanding consumer base. And if we do that, the inevitable result will be healthy, sustainable growth for many years to come.

Pre-print preview. Do not distribute. Do not quote.
Global Market Opportunities: Western Europe

The Western European casual games market is stable with a well established value chain. Western Europe offers an important development center for the casual games industry and a strong consumer base with a number of large portals including AOL, MSN, Orange and the Zybox network delivering significant revenue. Western Europe saw a significant customer base increase in recent years when content was fully localized into French, Italian, German and Spanish (FIGS).

Consumers in Western Europe respond well to mobile offerings. We are unsure why consumers in the USA do not react the same way, but it might be something ingrained into the culture such as the prevalence of mass-transit or the carriers lack of standardization of delivery and payment systems. Skillgaming is very strong in Europe, with a majority of the revenue from microtransactions and virtual currency have increased in recent years when content was fully localized into French, Italian, German and Spanish (FIGS).

Western Europe Hot Spots

Germany
- Germany's largest city is a mix of old and new—a center for politics and research science along with artists seeking a liberal community with low cost of living. GameDuell (more information on page 31) a prominent skill-based gaming company operates in the area.
- In-spite of the high cost of living, Copenhagen is a desirable city to live in because of their family friendly and equal rights culture. RealNetwork's GameTrust development studio (profile on page 46), and Unity 3d, a toolset for developers are both located in Copenhagen.
- Ireland has long been a hot spot for language localization for the gaming industry. This industry has a rising profile as well, due to agreeable tax advantages and a reasonable cost of living making Dublin a prime location for international operations. PopCap Games (more information on pages 11 and 12) mobile, localization and European support are located in Dublin.
- RealNetwork's ZyVolume (profile on page 46), the leading localization and distribution entity in Western Europe operates out of Einhoven. Also located in The Netherlands is Game Distribution Studios, Chello Media, Spill Group, Endemol, SkillHill, TMG Company, and ZC Funware.
- Germany, outside of Berlin and Hamburg, is also home to many new media and game developers including TOnline, Edius (who purchased Blue Fish Media in Spring of 2007), Chick and Buy, Wirecard, Phemomedia Publishing, Vodafone, and Gamehotel.
- Helsinki is a center for innovative new media businesses in Europe including microtransactions from Apisto, the developer of Habbo Hotel, and mobile gaming content from Digital Chocolate, RealNetwork's Mr.Goodliving (profiles on page 46) and the developer of Sparkle, Myth People.
- The new media center of Germany geographically between Copenhagen & Amsterdam has new media companies including Alawar Entertainment,指甲游戏，- developers of the 7 Wonders series, purchased by MumboJumbo on 31 July 2007.- game development studio for Hamburg based publisher.
- IT Territory Nord (Alterlab)- content development, porting and outsourcing.- content development, porting and outsourcing.- content development, porting and outsourcing.
- The developer of Magic Ball and Stand O' Food - developer of Agatha Christie: Death on the Nile.
- The largest Russian online games portals are located in Moscow including Mail.ru, Yandex, Rambler, and the content creators Gajin Entertainment, 1C Publishing, and Shage Games.
- All Top 10 calculations have been calculated using data from http://www.game-sales-charts.com/.

Eastern Europe & Russia Hot Spots

Russia
- Russia's largest city is a mix of old and new—a center for politics and research science along with artists seeking a liberal community with low cost of living. GameDuell (more information on page 31) a prominent skill-based gaming company operates in the area.
- St. Petersburg is the developer of Worms, developer of Scrubs.
- Frozen Alawar’s operations and publishing arm.
- Moscow is the developer of Magic Match.
- Sandlot Games - Sandlot's development studio for Cake Mania, the #1 downloaded game of 2006, IT Territory Nord (Alterlab) - developers of Breakout, developer of Magic Ball and Stand O' Food - developer of Agatha Christie: Death on the Nile.
- IT Territory - Russian distributor and publisher of online games (profile on page 49). The largest Russian online games portals are located in Moscow including Mail.ru, Yandex, Rambler, and the content creators Gajin Entertainment, 1C Publishing, and Shage Games.
- Alawar Entertainment - publishers of many hit games including Magic Ball and Stand O' Food which was on RealArcade’s Top 10 list for 42 weeks in 2007. Funding in 2007 has strengthened operations and publishing arm.
- CTXM - leading development house for Xbox LIVE Arcade platform with 14 released titles offers publishing and development services on variety of consoles, also provides producing services for Eastern European developers.

Eastern Europe
- Kaliningrad - developer of Jane’s Hotel & Turtle Odyssey Platformer.
- Krakow - game development studio for Hamburg based publisher.
- Prague - developers of the hits Puzzle and Magic Inlay, which are #9 and #10 in the overall Top 10 list for RealArcade, with 550 weeks combined.
- Kiev - development studio for Cake Mania, the #1 downloaded game of 2006, IT Territory Nord (Alterlab) - developers of Breakout, developer of Magic Ball and Stand O' Food - developer of Agatha Christie: Death on the Nile.
-敖德萨 - developers of Bullfight which in 2004 was on RealArcade’s Top 10 list for 70 weeks.
- Kyiv - development studio for Hamburg based publisher.
- Katowice - well known for its film industry.
- Brest - well known for its industrial equipment and aviation industries.
- Warsaw - Codemion - developer of Magic Match.
North American development is centered in the Pacific Northwest; Vancouver and Montreal, Canada; New York; and throughout Los Angeles and San Francisco Bay Area, California.

Pacific Northwest. With RealNetworks (profile page 46), Big Fish Games (profile page 39), Oberon Media (profile page 45) and Microsoft Casual Games (profile page 42), Nexon (more information on page 14) and WildTangent, the Pacific Northwest is home to many all-in-one casual game companies—those who have development, publishing, and distribution all under one umbrella. A number of well respected development studios are located in the area including PopCap Games (more information on pages 11 and 12) and Sandlott Games, with many up and coming developers releasing solid titles into the market in 2007 such as GoBolt who released Burger Shop, HiSoft, who released Build-A-Lot, Gogii Games, developers of Nanny Mania, Toybox, SpinTop, Article 19, developers of Carrie the Caregiver; Livia and Threewise Software.

Canada: Montreal and Toronto. Ubisoft made headlines in 2007 with it’s announcement of opening a casual games division, located in Montreal. VMC (profile page 53), the company which certifies XBox LIVE Arcade, has over 300 employees in the Montreal office.

New York. With the solid base of advertising and games as media in New York, companies in this area are generally focused on branded content and high-quality pop casual games. MTV Networks, Nickelodeon (profile page 43), Oberon Media (profile page 45), GameLab (profile page 48), LargeAnimal (profile page 50), RealNetwork’s Game Trust (profile pg 46) and Slingo (profile page 55) are in the New York City area.

California: Los Angeles and San Francisco Bay Area. California is a central location for technology and media innovation and is a hotspot for content creation with Last Day of Work, Wiii.com (more information page 15), PlayFirst (more information page 16) and Shockwave (MTV profile page 43), Glo-MoDe, GSN, iPlay (Oberon Media profile page 45), Electronic Arts Casual (profile page 40), Digital Chocolate, Macrovision’s Thymedia, Activision (profile page 47), and Mumbojumbo.

Mid-West & South: Texas, Chicago and North Carolina have been long-time game development hubs, so these are locations which tend well to developers and those distributing games at retail such as Mumbojumbo (profile page 44) and Merscom, which are both developers and retail distributors. Porting and advergaming companies also thrive in these areas because of the strong local bases of knowledgeable game developers.

Economic Impact

Often when technology companies think about relocating to an area which will provide an environment for solid growth, the first thought is Scotland or Ireland, areas which have made great strides in recruiting technology companies with impressive offers. In North America, the Canadian government has taken the lead to encourage technology companies to invest in the technology sector. This investment has proven successful with major developers opening up development companies in Montreal and Vancouver, Canada. There are over 6,000 game developers in Vancouver and 5,100 in Montreal.

China

The Chinese gaming industry has already seen remarkable growth, from an insignificant market in 2000 to in excess of $1 billion in 2007. The casual games market is intensely competitive, with portals such as Netease, Sina, Sohu, and Tencent all offering a similar offering of games. Casual and web games in China are played by nearly 47 percent of online gamers and top casual games average 800,000 users at a time. Like Eastern Europe, internet and broadband growth has the most impact on the growth of this market. Approximately 54 percent of internet users in China are under the age of 30.

While China has a robust games market, most of the top advanced casual games played in China are actually developed in Korea due in part to many of the locally-created titles emerging as clones of existing products which lack the innovation required to be a hit. Additionally even those developed in Korean have a distinctly uniform look. These factors mean potential for Western publishers with new content to enter the market if they keep in mind the need for Chinese localization, content, multiplayer offerings (single player is much less popular with Chinese users) and are willing to deal with the challenges related to intellectual property protection and an ever changing regulatory system.

India

2008 is expected to be a pivotal year for the India games market for a variety of reasons including that international companies are now considering combining their offerings in China with expansion into a nearby country. India has a large middle class population of 81 million, with growing Internet and broadband consumption. In addition the recent Xbox360 launch in India combined with local and international players experimenting with different business models is encouraging. Another key reason is the launch of the gaming portal zapak.com by Reliance, one of the largest business groups in India. Zapak plans to offer free casual games, downloadable for $1 to $5, email, blogging, TV, and forums. The revenue model will be based on a mix of advertisements, subscription, and pay-per-use fees. In addition, Zapak plans to offer an in-game economy allowing for the selling and trading of virtual items. Still India can be an extremely challenging market with game operators struggling to monetize games and one must deal with infrastructure issues that plague the country as well as price sensitive consumers.
Over 200 million people play casual games each month over the internet

imagine if everyone in...

Shanghai, Paris, Mexico City, New York City, London, Tokyo, Los Angeles, Beijing, Moscow, Amsterdam, São Paulo, Siberia, Canada and Australia *

sitting down at a computer
opened an internet browser
and played an online casual game

*we know you are thinking about the kangaroos taking over Australia

Business of Casual
Market Business Overview

To be successful, any industry has to figure out how to make money from its products or services. The question of how much to charge is a critical one since to a large degree it determines the viability of the industry: Charge too much and you may scare away your customers forever; charge too little and you may predispose consumers to paying less than your products are worth.

Of equal importance is the question of how to make money. Choosing the right business model may mean the difference between effective long-term monetization, on the one hand, and a rapid descent into oblivion on the other.

One of the interesting things about the casual games market is its ability to maintain and foster many different business models. Some websites charge per downloaded game, others offer unlimited subscriptions for a set fee per month, and some supply advertising supported games for free. Many of these online casual games can also be purchased at retail stores for the PC, as well as in Wii, DS and PSP versions.

Most of the casual games business models fit within two main groupings:

Retail
Consumers purchase boxed products from retail outlets at a price ranging from $5.00 to $35.00. In addition to the retail transaction, game developers can make additional money through in-game advertising and advergames.

Online
Most portals offer a choice to the consumer of multiple ways to pay based on many different business models. Online business models include: advertising supported online games, skill games, in-game advertising, micropayment transactions, and advergaming. Some games mix retail and online monetization by offering the base game in retail and then offering consumers additional content through online transactions.

Casual Market Share by Connected Business Model

<table>
<thead>
<tr>
<th>Business Model</th>
<th>Market Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Western Skill-based</td>
<td>30%</td>
</tr>
<tr>
<td>Western Subscription</td>
<td>23%</td>
</tr>
<tr>
<td>Western Trial-to-Purchase (Online PC &amp; Console)</td>
<td>20%</td>
</tr>
<tr>
<td>Western Advertising</td>
<td>23%</td>
</tr>
<tr>
<td>Worldwide Mobile</td>
<td>45%</td>
</tr>
<tr>
<td>Asian Casual (Microtransaction &amp; Subscription)</td>
<td>5%</td>
</tr>
</tbody>
</table>

1. A note: Microtransactions and subscriptions are typically the dominant business model for online games in Asia and the dominate model in Russia, with many reports focusing so directly on Western Countries. Business models for Western Countries were often extrapolated to include the entire market. In Western Markets, games will often employ Skill, Subscription, Trial-to-Purchase, Advertising, Retail and Mobile—all for one game. Thus each game will recognize revenue from many sections of the pie.

2. Skill-based, Subscription, Trial-to-Purchase & Advertising revenue calculated by the CGA based on revenues from major online portals and publishers.

3. Mobile revenue calculated by Screen Digest include card, board, and puzzle games only—this does not represent the entire mobile market. Although as the market matures and consumers are given content proven to have a high customer satisfaction, the CGA believes the casual market share will increase.

4. Microtransaction & Subscription revenue in Asia calculated by Pearl Research. Calculation includes some advanced casual games.

5. Total market includes casual games for all PC and console (Xbox LIVE Arcade) including when those games originally for online distribution are packaged and sold in brick-and-mortar retailers.

Source: CGA, Pearl Research, Screen Digest, CGA

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Business of Casual

Business Model: Skill-based Games

With skill-based games, players pay a small entrance fee to participate and compete against other consumers in a game of skill. (Note: If it is purely a game of chance, with little or no skill required, it would be considered gambling.) The player who wins the contest is awarded the collection of entrance fees minus a small transaction fee retained by the operator.

Since real money is involved, games are played directly in the consumer’s web browser using a secure connection with code in place to prevent cheating.

Skill-based games provide a very strong community element because of the interactive nature of the head-to-head competition and tournaments.

In order to have enough liquidity or people competing in each match or tournament (to make the venture both viable and profitable), companies must scale to a significant player base. Because of the requirements for a large player base, only three main skill-based gaming operators have emerged. Fun Technologies is based and operates mainly in Northern America under the brand name WorldWinner. King.com is based in the United Kingdom and operates in Europe and North America. GameDuell is based in Berlin and operates mainly in Germany.

User experience is somewhat akin to gambling, which makes some a bit uneasy. While perfectly legal in most states in the USA—Alaska, Arizona, Connecticut, Delaware, Florida, Illinois, Iowa, Louisiana, Maryland, Missouri, Montana, South Carolina, South Dakota, Tennessee, and Vermont have limited the ability of skill-based gaming companies to operate for cash.

"Our skill-based gaming platform is free to play and is expected to generate revenue from a variety of sources, including advertising, subscription fees, virtual goods and purchases, and tournaments." - Piers Harding-Rolls

The top three vendors hold a 76% share of the market. Requirements for liquidity create a market which is difficult to enter. Although, markets without much exposure to skill gaming may allow more operators to enter.

Skill-based games consumer spending

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>$315 million</td>
</tr>
<tr>
<td>2005</td>
<td>$210 million</td>
</tr>
</tbody>
</table>

Skill-based games market share

- King.com
- Bulk Technologies
- GameDuell

The top three vendors hold a 76% share of the market. Requirements for liquidity create a market which is difficult to enter. Although, markets without much exposure to skill gaming may allow more operators to enter.

Free Pogo.com

- Under 18
- 18 – 34
- 35 – 49
- 50 +

Club Pogo Subscribers

- Under 18
- 18 – 34
- 35 – 49
- 50 +

Club Pogo subscribers are older and spend more money than those who participate in the free Pogo.com offering.

Electronic Arts is the envy of the casual games industry. In July 2003 Club Pogo was launched, and has proceeded to attract over 1.5 million subscribers, each paying $5.99/month or $34.99/year for advertisement free play and community features. Success inside subscription services depends heavily on creating a large community of subscribers. To date, shockingly few have been successful generating sufficient revenue from this model.

Currently there are two main subscription models:

1. Consumers typically pay a set fee to play all the online games they want—much like a premium cable subscription. Trial-to-Purchase quality games often represent part of “premium” content, along with access to message boards, community features and player profiles. Club Pogo and Shockscape UNLIMITED use this subscription model.

2. Consumers subscribe to a bulk game package where they pay a fixed amount each month for a predefined number of games along with a discount for additional games purchased—similar to the mail-order “album of the week” popular a decade ago. Typically consumers who purchase a large number of games participate in subscription programs. RealArcade and Big Fish Games offer these monthly bulk subscriptions.

More Information


Females 35 – 49 are the biggest spenders on Club Pogo

Persons over 50 spend the most time on Club Pogo

Business Model: Subscription

Much of the online Trial-to-Purchase content offered is identical across multiple websites, subscription programs offer a key advantage in that they encourage customer loyalty by creating differentiation. While this is great for online websites, because of varying multiplayer technologies, it becomes difficult for developers to distribute gaming content on a wide variety of websites—which has been key to sufficient revenue for developers.

Competed to other models, subscriptions normally generate a large amount of revenue per customer and encourage community interaction, increasing the stickiness of the website.
Business of Casual
Business Model: Trial-to-Purchase

Trial-to-Purchase is the de facto monetization method of online casual games. While many other methods bring in significant revenue, historically this is how royalties to developers were calculated, hence the high level of attention inside the industry. Games are downloaded using a web browser or a console browser such as Xbox LIVE Arcade. Consumers are allowed to play these games for a limited trial period, typically 60 minutes for online games, and feature limitations for console games. After the trial has expired, consumers may purchase the game. Games sell between $5 and $30—those with longer trials and from premiere studios sell on the upper end, those with shorter trials or lower production values on the lower end. Many portals offer the consumer an option to continue playing with high-CPM embedded advertisements. One important note is that just because consumers do not purchase a game after a 60 minute trial, does not mean that these are “lost revenue opportunities”. Much to the contrary, because consumers spend so much time with each game—they will want to make sure they have the perfect game for them before purchasing. Furthermore, many of the non-paying consumers are younger and thus do not have the disposable income, but when they do they will turn into paying customers. 

Game Performance | Launch Position | Average Time in Top 10 | Revenue Multiplier | Trial-to-Purchase Consumer Spend
--- | --- | --- | --- | ---
Blockbuster | #1 | 100 weeks | 20X | $10 million
Hit | #1, 2 | 20 weeks | 8X | $4 million
Good | #3, 4, 5 | 8 weeks | 4X | $2 million
Above Average | #6, 7, 8 | 5 weeks | 1X | $500,000
Average | #9, 10 | 2 weeks | 1X | $100,000

In a hit driven business, it is not wise to release products before adequate usability & user testing

THE 2% Myth

Online casual games have only a 1-4 percent conversion rate of consumers buying the game after the trial. While this is technically true, most casual game players download multiple games. To understand this distinction, let us assume 10 games were downloaded by 5 consumers and 1 purchase resulted, this would be a 10 percent conversion rate. However, this would also mean that 30 percent of consumers purchased a game.

5 happy consumers 10% conversion of trial to purchase 30% of consumers purchased a game

More Information
1. All statistics on this page are reported directly to the CGA by major online portals and top tier developers. Because of limited distribution, Top 10 lists and revenue are becoming increasingly independent. Average time on the Top 10 should be used as a guide, not a rule.

Business of Casual
Business Model: Advertising Supported

Consumers visit online destinations that offer casual video games which they may play directly within their web browsers or online application. Games may be singleplayer or played with other consumers online in a multiplayer arrangement. Online web games are created by either professional developers or are user-generated. Those created by professionals are sometimes pared-down versions of more fully-featurered games used to upsell a more fully featured trial-to-purchase version. Those produced by users are normally created and shared “just for fun”, although many online portals have recently begun rewarding the creator by sharing advertising revenue. Consumers may play the games online for free—for as long as they want. Large portals with their well-established consumer bases have the most success with advertising supported web games; those most popular with consumers include Yahoo! Games and MSN Games. Websites popular for user generated web games include AddictingGames, Newgrounds and Miniclip. Since there is no download required, there is little risk that a consumer will inadvertently download malicious software such as spyware or adware.

Advertising supported online offerings

<table>
<thead>
<tr>
<th>unique users demographic</th>
<th>unique users demographic</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>AddictingGames</strong></td>
<td>23 million</td>
</tr>
<tr>
<td><strong>Neopets</strong></td>
<td>19 million</td>
</tr>
<tr>
<td><strong>New Grounds</strong></td>
<td>500,000/day</td>
</tr>
<tr>
<td><strong>Kongregate</strong></td>
<td>1 million</td>
</tr>
<tr>
<td><strong>Microsoft LIVE</strong></td>
<td>13 million</td>
</tr>
<tr>
<td><strong>Miniclip</strong></td>
<td>34 million</td>
</tr>
</tbody>
</table>

^ Users playing advertising supported web games are more likely to be male and are significantly younger than other online casual gamers.

More Information
1. Casual games sites—which often represent just a portion of a larger portal—often generate the majority of their revenue from advertising. Shockwave has long shared advertising revenue with developers. Microsoft and RealNetworks announced they would begin sharing advertising revenue at CGA’s conference in Seattle in June 2006.

^ Microsoft LIVE Messenger offers online games to over 15 million players each month. Titles range from card & board games to multiplayer games.
Business of Casual

Business Model: Mobile

Mobile phone games are typically downloaded from the mobile “deck” or are pre-installed on mobile phones. Consumers may purchase downloadable games based either on a one-time fee, a monthly subscription, or as a pay-for-play arrangement. The potential for mobile distribution is high as penetration of mobile phones is also high—nearly every consumer in many parts of Asia, Europe and North America have mobile phones. Additionally, consumers in developing countries will acquire a mobile phone before more expensive gaming platforms or personal computers.

Mobile phones are well suited to delivering casual games to consumers at moments—when on the train or in a waiting room, for example—when they are likely to have time and be open to playing games. While mobile phones are suited to delivering content easily—they are often not ideal for playing games—the small screen and small buttons can be difficult for many consumers. However it is this small form factor which many consumers find appealing—because it allows them to play games without bothering others around them. Like when the family is watching television or right before falling asleep in bed.

The mobile industry has been shaking off a bad name recently, early mobile game offerings were often marketed poorly with consumers purchasing games based solely on a cryptic description—without the benefit of a free trial demo. Post dot-com crash description—without the benefit of a free trial demo. Post dot-com crash speculation coupled with inconsistent merchandising of the carrier decks caused consolidation and limited the number of smaller developers able to compete in the market. As demonstrated with the strong launch of Bejeweled, Jesse Quest and more recently Diner Dash, the mobile market has emerged as an important revenue source for casual game developers and publishers.

Mobile platforms have the possibility to enjoy strong growth as consumers rediscover mobile games; this can be observed through the excellent customer satisfaction that high quality casual games enjoy on mobile platforms and the influx of consumer behavior information that the casual industry brings to game merchandising.

Card, puzzle, and board casual games represent nearly half of the Top 10 games on mobile phones but only 28% of the games offered on operators’ decks.

Mobile handset are one of many distribution platforms for casual games

Business of Casual

Business Model: Microtransactions

Microtransactions are big business. The concept is familiar to most businesses: small charges are a very effective way to generate money from consumers. It is what makes McDonald’s “Super Size Me” so effective: consumers are more likely to add just a little bit more—than to purchase two items. Consumers download or purchase at retail a game which features the option for them to purchase gameplay items for a small (micro) amount of money (payments/transactions). Consumers have the opportunity to purchase items inside of the game, which enables them to increase the pleasure of the game experience.

In-game items for purchase may serve both decorative and functional purposes. Common items available for purchase include power-ups, more powerful game-play objects and adornments for characters. Consumers typically accumulate virtual currency in two ways. Virtual currency can be “earned” based on time and/or performance within the game, or it can be “purchased” using real money.

Players who do not have large amounts of time to “invest” in a game may advance more quickly by purchasing skill rather than earning it. As a result, such players will stay engaged in the game longer than they would otherwise. In a way, this allows consumers to make a game more or less casual depending on their desired play style.

Since the game is typically given away for free, piracy is not an issue. In the Western markets, online music and ringtones have made many consumers familiar with the idea of micropayments—and with strong investment into casual MMO’s in 2007, we expect to see a maturation of the market in Western markets in 2008 and 2009.

The lion’s share of the revenue for Asian publishers is through microtransactions. According to Pearl Research1, ten online game publishers in Asia crossed the $100 million revenue mark in 2006, a huge milestone for the industry.

These companies include: China: Shanda, NetEase, The9 Korea: Nexon, NCSoft, CJ Internet, NHN, Neowiz Taiwan: SoftWorld, Gamanja

Microtransactions were originally launched as a way to avoid rampant piracy in Asia and Russia. While the Asian market has benefited from high broadband penetration rates, the Russian market has been slower to develop, but has the same dominance in the online market. While Eastern Russian and Eastern European online downloadable casual games generate $10 million in yearly revenue, the online microtransaction market generates over $24 million mainly from IT Territory’s offerings.2

Korea, one of the largest markets for casual games with microtransactions, has a nearly 75% internet broadband penetration rate with 46 mbps average internet broadband speed. 1.5 mbps is considered broadband in the USA.

More Information

1 For more information on mobile games, to ask permission to use the data or to purchase a full report on Mobile Games, contact Piers Harding-Rolls at Screen Digest http://www.screendigest.com/ , +44 (0)20 7424 2820.
2 According to the Korea Ministry of Information and Communications as of June 2007, provided by Pearl Research.
3 From data reported directly to the Casual Games Association by major portals in Eastern Europe & Russia.
The casual retail consumer experience is similar to the stereotypical game purchasing experience where consumers view a large display at a brick-and-mortar retailer. The store's merchandising decisions are often indicative of consumer satisfaction of a title, such data determines both which products to offer and how much shelf-space to allocate to each title. Dell games with broad appeal include card and board games as well as titles you can also download from a casual games portal (such as Diner Dash, Bejeweled or Solitaire).

Developers report an additional 10% in revenue from offering their trial-to-purchase games to brick-and-mortar retailers. Although some potential customers never venture down the game aisle, it is very easy for customers to process a large amount of games and categories of games for those that do. Hundreds of games are easily displayed on a shelf, whereas an online storefront might only show at most a couple dozen options on-screen at a time. Because consumers cannot try a game before buying and retailers typically do not offer ratings of each product alongside boxes, consumer satisfaction is difficult to gauge and the most enjoyable products are not always the best selling products. Keep in mind though that the lower development costs for casual games also come with lower price points than their hard-core counterparts, while maintaining many of the same cost associated with retail. In fact, many casual game companies have chosen to focus solely on online distribution due to the high costs associated with retail. Which also be paid in advance, before any revenue has actually been realized.

Typical Expenditures Associated With Retail Distribution

<table>
<thead>
<tr>
<th>Add:</th>
<th>$19.99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retailer’s Cut</td>
<td>30%</td>
</tr>
<tr>
<td>Box Disc</td>
<td>$3</td>
</tr>
<tr>
<td>Fulfillment</td>
<td>$3</td>
</tr>
<tr>
<td>Marketing</td>
<td>$2</td>
</tr>
<tr>
<td>Do the math:</td>
<td></td>
</tr>
<tr>
<td>$8.00 + $19.99 x 30%</td>
<td></td>
</tr>
<tr>
<td>To Content Creators</td>
<td>$6.00</td>
</tr>
</tbody>
</table>

2007 Video Game Console Install Base

- Sony PlayStation 2 (112.6M)
- Nintendo DS (60.5M)
- Sony PSP (29.8M)
- Microsoft Xbox 360 (13.9M)
- Microsoft Windows 7.7M
- Sony PlayStation 3 (7.7M)

^By the end of 2007, ScreenGist estimates there will be a total of 241.6 million consoles sold which are actively supported by manufacturers.

Advergaming is a tricky business for both the developer and the brand owner as advergames can be expensive to create and market and the general effectiveness at building brand awareness is largely unproven—there is not a lot of evidence that advergames have a significant impact on product sales. Burger King’s “Sneak King” – A Success Story

The most well known and successful advergame to date might be Burger King’s “Sneak King.” In November, 2006, Burger King released branded video games for Xbox/Xbox 360. By the end of December 2006, Burger King announced a 41 percent increase in its second-quarter fiscal year net income, which was attributed to the immense popularity of its cheap, branded Xbox 360 games—which sold well over 3.2 million copies. Net Income leapt from $57 million to $38 million.

More Information

1. Sneak King facts are from corporate Burger King press releases.
2. Search for Sneak King, Eat Like A Snake and Subservient Chicken on YouTube, it won’t disappoint.
3. Burger King released three immensely popular advergames in November 2006. The Sneak King targeted 18 - 35 year olds was invented to help revitalize the BK brand. For more information visit: http://www.bkgamer.com/SneakKing.aspx, click “trailer.”

Consumers have reacted very positively to initial offerings of in-game advertising for casual games. Additionally, gamers report high recall compared to the in-game product placement advertising favored by core game publishers. In contrast, numerous studies indicate that core gamers’ recall and recognition of in-game ads—which typically appear on posters and billboards within the core games—are surprisingly low.

“Advertising when done right, is changing the revenue model for developers. In-game, video streaming ads placed in natural breaks to the games are increasing some developers revenue per-game-played threefold, and game players are embracing the ads because they are getting unlimited free play on our network.” Rob Glaser, CEO, RealNetworks

More Information

6. Search for Sneak King, Eat Like A Snake and Subservient Chicken on YouTube, it won’t disappoint.

1. Sneak King facts are from corporate Burger King press releases.
Big Fish Games

1501 4th Ave
Seattle, WA 98101
http://www.bigfishgames.com/  sbigfishgames#casualconnect.org

Paul Thelen, Founder & CEO

Joel Brodie, "Interview with Paul Thelen". http://www.gamezebo.com/

Paul Thelen & Mark Robben, "Surviving a Hit Driven Market"

Paul Thelen, "Bringing Your Games to Market"

Funding:
- 1 March 2002 $10,000, Paul Thelen
- 2005 $ 5.7 million, angel investment
- 2 December 2005 $ 5 million, angel investment

Acquisitions:
- 6 January 2006 FunPause EURU, French casual game developer

Company:
- Founded: 1 March 2002 Paul Thelen
- Employees: 200 up 68% from 119 in 2006
- Acquisitions: 6 January 2006 FunPause EURU, French casual game developer
- Funding: 1 March 2002 $10,000, Paul Thelen
- Acquisitions: 2005 $ 5.7 million, angel investment
- Funding: 2 December 2005 $ 5 million, angel investment

Distribution:
- Online Distributor | MyGameSpace & Principal Network Partners
- Content Publisher | Virtual Villagers, Fish Tycoon
- Content Developer | Mystery Case Files
- Online Distributor | www.bigfishgames.com, My Game Space & Principal Network Partners
- Content Developer | Virtual Villagers, Fish Tycoon were developed by Last Day of Work, an independent California developer, and published by Big Fish Games. Virtual Villagers and Fish Tycoon were genre defining casual games which topped the charts in 2006 and 2007.

Content:
- Big Fish Games is known for progressive publishing and distribution agreements with developers, with a focus on mentorship and open knowledge exchange about preferences of consumers and distribution portals, helping developers to create high quality products. Stable and close partnerships with casual games websites allow Big Fish Games to distribute casual game content to most of the large game distribution portals on the Internet.

Content Developer | Mystery Case Files
- Mystery Case Files took 2006 by storm, defining a new genre of games inside of the casual games space. Five sequels and extensions of the core game play mechanic have launched in 2006 and 2007 including Hidden Expedition and Travolgue 360.

Content Publisher | Virtual Villagers, Fish Tycoon
- Virtual Villagers and Fish Tycoon were developed by Last Day of Work, an independent California developer, and published by Big Fish Games. Virtual Villagers and Fish Tycoon were genre defining casual games which topped the charts in 2006 and 2007.

Distribution:
- Online Distributor | www.bigfishgames.com, My Game Space & Principal Network Partners
- Content Publisher | Virtual Villagers, Fish Tycoon
- Content Developer | Mystery Case Files

Our Take:
- Big Fish Games has consistently delivered innovative creative products and expertly executed business and distribution offerings which has afforded them explosive organic growth with minimal outside funding. In June 2006, Jeremy Lewis was hired as President and COO (appointed to CEO in October of 2007) signaling an era of acceptance of casual games by the mainstream financial industry.

More Information:
- 60 minute trials of BFG games available online: http://www.bigfishgames.com/

Electronic Arts Casual Entertainment

503 NE 10th St
Redmond, WA 98052
Redwood City, CA 94065

EA SPORTS PGA TOUR GOLF

Kathy Vrabeck
President, EA Casual
Andrew Pedersen
Vice President, Pogo

Key Employees:
- Kathy Vrabeck, President, EA Casual
- Andrew Pedersen, Vice President, Pogo

Company:
- Key Dates: 1982 Electronic Arts founded
- 2 Sept 1999 Pogo.com launched from T.E. Network
- March 2000 JAMDAT founded by Lahman, Norman, Murray, Lasky
- 5 June 2007 EA Casual Entertainment division formed
- Acquisitions: 28 February 2001 Pogo.com for $50 million (approx)
- 14 February 2006 JAMDAT for $80 million
- Employees: 140 Pogo, 400 EA Mobile
- Nasdaq: ERTS

Content:
- Content Developer | Online, Download
  - Over 20 games per year are developed internally for online web and download distributed in retail, on pogo.com and other online portals. Pogo games are also popular on Xbox Live Arcade and Nintendo DS platforms.
  - Electronic Arts has a long history of successfully creating licensed products from top brands including a myriad of sports licenses under the EA SPORTS brand and Hashbro titles under the EA Casual Division.

Distribution:

Unique Users: 35.8 million unique users per month
Play Time: Pogo.com users average 7 hours per week online, Club Pogo users average 12 hours per week online
Club Pogo Subscribers: 1.5 million subscribers, up 200% from July 2004. 90% of Club Pogo trials result in a full subscription
Virtual Currency: 100 million Club Pogo Gems purchased within 8 months of launch
Paying Customers: 75% Female, 77% over 35 years old
Playing Consumers: 58% Female, 56% over 35 years old

Our Take:
- Two major developments this year have put EA in the spotlight: the official creation of EA Casual Entertainment which includes Pogo and EA Mobile headed by Kathy Vrabeck and the licensing of the Hashbro brand which has yet to see its full potential with electronic renditions. Given the great success of Pogo connecting with the casual consumer, we have high hopes for EA Casual Entertainment.

More Information:
- Online versions and 60 minute trials of Pogo’s games can be found on their website: http://www.pogo.com/
King.com

62 Shaftesbury Avenue
London W1D 5LT, UK
http://www.king.com/
sking@casualconnect.org

**company**

**Founded:** August 2003
**Riccardo Zacconi, Toby Rowland**

**Employees:** 60
UK, Germany, Sweden and Los Angeles

**Funding/Exit:** September 2005 $45 million (54€), Apax Partners & Index Ventures
unisclosed, Klaus Hommels

**Revenue:** 2006 $27.7 million, profitable

**value proposition**

King.com has a slick interface, great community features and a solid handle on the casual games demographic.

**content**

King.com’s content follows three broad categories: custom themed games with broad demographic appeal, licensed pop properties and popular casual games. Because of security and customization requirements, games are developed by their studios in Stockholm, Sweden and Hamburg, Germany. King.com does not publish content.

**Content Publisher | Licensed Properties**

Content Developer | Custom Games

Games with accessible themes such as goldfish, polar bears and gems integrated with simple and addictive gameplay representing 80% of available games are the cornerstone of the playing experience. While fewer, licensed properties compose a large percentage of the play time on King.com including pop licenses from NBC, Endemol, FremantleMedia: Black Widow Jeanette Lee, The Quiz Queen, American Idol, Deal or No Deal, and 1 vs 100. Pop licenses with demographics similar to the gaming audience have proven very successful not only in continued interest from players, but from the initial boost in exposure when games are highlighted during primetime.

**distribution**

Online Distributor | www.king.com

King.com offers online games where users join a competition of skill submitting a small amount of money - the player who performs the best during the competition is awarded the pot minus a small administrative fee. Entry fees typically range from $5 to $20 per game played. King.com’s distribution network includes King.com and white label solutions for Yahoo!, Real Networks, Microsoft and Orange.

**our take**

King.com has a slick interface, great community features and a solid handle on the casual games demographic.

**more information**

Nickelodeon Kids and Family Group, MTN Networks

**company**

**Key Dates:**
- Nov 1999: Neopets.com website launched
- Jan 2001: AtomFilms and Shockwave.com merge
- July 2005: Nick Arcade relaunched
- Nov 2005: Neopets, Inc acquired for $160 million
- Jan 2006: Nick.com's launch of New Game of the Week Franchise
- Aug 2006: AtomEntertainment, Inc acquired for $250 million

**Nasdaq:** VIAB (Viacom Inc)

**Online Distributor | Publisher | Portal**

**Nick.com**
Nick.com, a premier destination for kids to play the latest games, watch videos, create their own content and interact with villains, superheroes and favorite Nickelodeon characters. In addition, many of Nickelodeon's most popular TV shows have games available on the site.

**Online Distributor | NOGGIN.com**
NOGGIN.com offers free educational games for preschoolers. NOGGIN's original programming as well as the first broadband video player for preschoolers. Nick Jr. also offers premium downloadable games for kids at NickArcade.com.

**Online Distributor | Shockwave.com**
Shockwave.com is a leading destination for online and downloadable games, serving a large, loyal audience since 1998. Reaching an audience of over 17 million people each month, Shockwave has a library of more than 400 games, with new games added weekly.

**Online Community | AddictingGames.com**
AddictingGames is a free online entertainment destination for casual gamers, delivering more than 10 million unique visitors each month. AddictingGames is the largest source of free online games on the Web where fans play, share and submit their own game creations.

**Online Community | Neopets.com**
On Neopets, players create a Neopet as their companion that they can dress and care for while exploring the world of Neopia, rich with 54 species, 16 lands and numerous characters, stories and plotlines.

**Online Community | Nicktropolis.com**
At Nicktropolis kids have their own virtual community where they will have the opportunity to play their favorite web-based activities. Nicktropolis is one of the largest virtual worlds for kids, with more than 50 million registered users.

**Online Community | AddictingGames.com**
AddictingGames is a free online entertainment destination for casual gamers, delivering more than 10 million unique visitors each month. AddictingGames is the largest source of free online games on the Web where fans play, share and submit their own game creations.

**Online Community | Nicktropolis.com**
At Nicktropolis kids have their own virtual community where they will have the opportunity to play their favorite web-based activities. Nicktropolis is one of the largest virtual worlds for kids, with more than 50 million registered users.

**statistics**
- **AddictingGames:**
  - 20 million unique users per month
  - 95% under 18 years old
- **Neopets:**
  - 10 million unique users per month
  - 95% under 18 years old
- **Nick.com:**
  - 14.8 million unique users per month
  - 95% under 18 years old
- **Shockwave:**
  - 5.7 million registered users
  - 42% Female, 41% over 35 years old

**content**
- **The LUXOR Franchise:**
  - The LUXOR Franchise is one of the better followups to Puuza Loop (aka Ballística, an action-artronic puzzle game popular in 1998-1999).
  - The key mechanic of match-three game play has proven to be one of the most popular gameplay mechanics in the residualization of casual games on the PC. The LUXOR series was the best selling casual game of 2005 on most online portals with over 50 million downloads.

**distribution**
- **Retail Distributor:**
  - MumboJumbo played a pivotal role in repositioning the retail market for casual games developed in North America and Western Europe. In early 2000, retail shelf space for "hardcore" PC games was shrinking - and through the efforts of MumboJumbo much of this shelf space was set aside for casual games. MumboJumbo always used content they knew would appeal to the consumer by taking titles that had performed well on online retailers.

**our take**
- North American and European content creators and publishers owe MumboJumbo for paving the way with retail in the United States and Europe. Because MumboJumbo was good at pushing quality content, retailers have begun to see casual games content on their shelves.
- Now that other players have entered the retail market, it is unknown if MumboJumbo's large market share will continue.

**more information**
Oberon Media

Founded: 2003
Oberon Media founded by Tal Kerret, Tomer Ben-Kiki, Ofer Leidner, and Jane Jensen

Acquisitions:
15 Jan 2005 Canute SA, mobile game developer and technology
21 Nov 2006 Blaze Mobile, mobile game developer and technology
17 July 2007 PixelPlay, Interactive TV developer and distributor
31 May 2007 Iplay, mobile game publisher
17 Oct 2007 Kerjitsu, casual game development studio, St Petersburg
17 Oct 2007 Friends Games, casual game developer, Rivne, Ukraine

Funding/Exit:
June 2006 & 2007 Goldman Sachs, Morgan Stanley, Oak Investment and many other high profile investors

Employees: 500+

Content

Content Publisher: Magic Match, Xbox LIVE Arcade, Saints and Sinners Bingo and MS Vista Games
Oberon Games published 19 of the 27 original titles for Xbox LIVE Arcade launched in 2004 including Bejeweled, Zuma, Feeding frenzy, Super Collapse II, Marble Blast and Raceroch Lost Worlds. Following the success of the Xbox Live Arcade titles, Microsoft contracted Oberon to create the bundled games for Windows Vista adding Chess and Mahjong. The Oberon Games Publishing group quickly followed the launch of the Xbox Live Arcade titles with the strong selling titles Saints and Sinners Bingo (March 2005), developed by Large Animal Games and Magic Match (December 2005) developed by Codemion.

Content Developer: Inspector Parker, Dream Day Wedding, Agatha Christie: Death on the Nile
Inspector Parker (October 2004) and BeTrapped! (March 2005) were Oberon’s first game releases. Designed by Jane Jensen both games proved great successes. Jane’s more recent projects include Agatha Christie: Death on the Nile (April 2007) a seek and find game based on the classic Agatha Christie novel. The Dream Day Wedding Series (February 2007) designed by Cara Ely also proved a huge hit with 50 million downloads for the hidden object games Dream Day Wedding and Dream Day Honeymoon.

Content Publisher: Mobile

Iplay publishes games for mobile phones and works with a broad range of context partners and sales channels. Mobile content includes The Fast and The Furious and Final Four Games’ Jewel Quest and Mahjong Quest. Iplay also works with top media and entertainment brands, including Twentieth Century Fox, Universal Pictures, World Rally Championship, Warner Bros., and BBC Worldwide, as well as leading publishers of both console and online games.

Distribution

Online Distribution: 123Games, Yahoo! 123Games, MSN Games, GameHouse, Zylom, Atrativa
Oberon Games have a strong portfolio of games with wide distribution. Oberon’s games are hosted on leading online websites including 123Games, Yahoo! 123Games, MSN Games, GameHouse, Zylom and Atrativa. Oberon works with over 200 distribution partners and has seen consistent growth in downloads and revenue from these partnerships.

Our take

Oberon Media is one of the most successful and largest casual game publishers in the world. The company has a strong focus on development and publishing, with a portfolio of over 200 games across multiple platforms. Oberon Media has partnerships with major online distributors, including Yahoo! 123Games and MSN Games, and has seen consistent growth in downloads and revenue from these partnerships.

More information

http://podcasts.casualconnect.org/

http://mag.casualconnect.org/

http://mag.casualconnect.org/


RealNetworks

Founded: 1999
Rob Glaser

Employees: 500 in games over 2,000 total staff at Real

Acquisitions:
January 2004 $55.6 million GameHouse: Developer & publisher
May 11, 2005 $15 million Mr Goodliving: Mobile distributor & developer
February 2006 $21 million Zylom: European distributor & developer
November 2006 Atrativa: Latin America distributor
September 2007 GameTrust: Community services

Content

Content Developer

When Real acquired GameHouse in 2004, GameHouse was a leading content developer - two years later Real acquired Zylom which in addition to distribution and localization services also created first and second party content. These two acquisitions have enabled Real to own a steady stream of casual game content for distribution on their websites and via distribution partners.

High Profile:
Habros and Mattel licence their properties for casual game development overseen by Real including Scrabble, Monopoly, UNO.

First Party: GameHouse and Zylom have directly created content such as Super Collapse!, Little Shop of Treasures, Delicious Deluxe, Text Twist and Puzzle Island.

Content Publisher

Real has an active game publishing department with general strong results including I-Spy, Trigon, Sally’s Salon, Burger Rush, Mysterville & Mortimer Becket and The Secrets of Spooky Manor.

Distribution

Online Distributor: realarcade.com, gamehouse.com, zylom.com, atraivia.com
RealNetworks has an active game publishing department with general strong results including I-Spy, Trigon, Sally’s Salon, Burger Rush, Mysterville & Mortimer Becket and The Secrets of Spooky Manor.

Our Take

RealArcade was the largest online retailer of casual games at the time of the strategic purchases of GameHouse and Zylom. This has enabled Real to control significant properties in both content development and distribution in North America and Europe. Growth by acquisition is an effective way to build out business models, but it is a strain on company culture - we have yet to see how these will pan out in the long term.

More Information

This section includes profiles of companies who participated in the Casual Games Market Report 2007 using information supplied to the CGA during data collection. Information and images included in profiles are the property of their respective owners.

Alawar Entertainment
http://www.alawargroup.com/, http://www.alawar.com/ s-alawar@casualconnect.org

Alawar Entertainment has specialized in the development, publishing and distribution of casual games since 1999. The company has published more than 150 titles, won fans all over the world and is the biggest provider of casual games in Eastern Europe. Many of Alawar’s games, including the Magic Ball series, Stand o’ Food and The Treasures of Montezuma, are among the most popular online offerings. Today, Alawar works with more than 50 developers, providing a full range of services that includes product development, distribution and marketing for their titles. The company also develops its own games through three internal studios: Alawar Stargaze, Alawar DreamDale and Alawar gameSTUDIO.

Alawar distributes its offerings via an exclusive network of Websites (www.alawar.com, www.alawar.ru and www.gamecenter.com) and an end-user application that provides free downloads and product updates (Alawar GameBox). The company’s releases can also be found on the Websites of numerous online portals, including RealNetworks, Okeren Media, Big Fish, Yahoo! Games, AOL, Reflexive, WIN, Boonty, PlayFirst, Shockwave and others. Alawar NewEdge Mobile provides content for the portable gaming market, while many of the company’s offerings have made their way onto cable set-top boxes.

Arkadium
http://www.arkadium.com/ s-arkadium@casualconnect.org

Founded in September 2001 by Kenny Rosenblatt, Jessica Rovello. Arkadium has 49 employees, with 50% them based out of Simferopol, Ukraine. Arkadium’s “single” game engine, Adobe Flash, is a library of over 250 game engines are developed using Adobe Flash, do not require a download, operate on 99% of all computers and can be customized to meet any client’s specific needs. Arkadium is deeply involved with the casual games community in the NYC area, and is co-host to the Casual Games Association’s NYC Mingles. More information about Arkadium: Kate Connally, Kyra Reppen, Kenny Rosenblatt, Sion Lenton, “Teens & Twens”, Casual Connect Seattle 2007, http://podcasts.casualconnect.org/

Bamtang Games
http://www.bamtang.com/ s-bamtang@casualconnect.org

Bamtang Games is the Persian developer that the major TV networks and North American publishers turn to for creative and quality development. Bamtang has a staff of over 35 talented professionals working behind the scenes on some of the most popular web casual games online.

Bitcasters Inc.
http://www.bitgames.com/ s-bitcasters@casualconnect.org

Founded in 1996, Bitcasters is an innovation-driven international media production firm that produces Internet, film and television-based entertainment properties. The company has produced top-rated and award winning games for clients such as Disney, Family Channel, Miramax, the Charles R. Bronfman Foundation, Cartoon Network and others which have been played over 50-million times. The company’s growing library of over 250 game engines are developed using Adobe Flash, do not require a download, operate on 99% of all computers and can be customized to meet any client’s specific needs. Arkadium is deeply involved with the casual games community in the NYC area, and is co-host to the Casual Games Association’s NYC Mingles. More information about Arkadium: Kate Connally, Kyra Reppen, Kenny Rosenblatt, Sion Lenton, “Teens & Twens”, Casual Connect Seattle 2007, http://podcasts.casualconnect.org/

Boonty, Cafe
http://www.boonty.com/, http://www.boonty.net/ s-boonty@casualconnect.org

Boonty is the one of the leading casual game platforms in the world. Selling games in 28 countries in the Americas, Europe and Asia, with a catalog of over 1,000,000, over 100 billing systems, more than 250 partners. Boonty recently launched www.boonty.com, a new solution based around multiplier and social casual gaming with innovative business models based around earning and item buying paid with micro-transactions (MTX). Games are developed by Boonty’s game studio out of Beijing.

Corbomite Games
http://www.corbomitegames.com/ s-corbomite@casualconnect.org

Corbomite Games is a young and innovative independent Israeli game developer, located in Tel-Aviv, Israel. We believe that games should inspire the mind, and soul, and we much prefer to have you laugh and love than shoot stuff, so we’re creating exactly those kinds of games. Corbomite Games is working on three advanced casual game titles: Zhang, Pizza Morgana, and Fadell man, all based on successful Israeli comics series.

Casual Connect Magazine

Gameland
http://www.gamelab.com/ s-gamelab@casualconnect.org

Glu Mobile

http://www.glumobile.com/

Glu is a leading global publisher of mobile games. Its portfolio of top-rated games includes original titles Super K.O. Boxing!, Stranded and Brain Genius, and titles based on major brands from partners including Atari, Activision, Big Fish Games, Konami, Harrison, Harbro, Warner Bros., Microsoft, PlanFirst, PopCap Games, SEGA and Sony.

Founded in 2001, Glu is based San Mateo, California and has offices in London, France, Germany, Spain, Italy, Hong Kong, Beijing and Sao Paulo.

http://www.glumobile.com/

s-glu@casualconnect.org

Glu Mobile

IT Territory has successfully launched 13 online games including Legend: Legacy of Dragons, do 277,200 players. Along with being Russia’s number one publisher, IT Territory has successfully launched 13 online games including Legend: Legacy of Dragons, do 277,200 players. Along with being Russia’s number one publisher, IT Territory has successfully launched 13 online games including Legend: Legacy of Dragons, do 277,200 players. Along with being Russia’s number one publisher, IT Territory has successfully launched 13 online games including Legend: Legacy of Dragons, do 277,200 players. Along with being Russia’s number one publisher, IT Territory has successfully launched 13 online games including Legend: Legacy of Dragons, do 277,200 players. Along with being Russia’s number one publisher, IT Territory has successfully launched 13 online games including Legend: Legacy of Dragons, do 277,200 players. 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Mystery Studio

http://www.mysterystudio.com/  s-mysterystudio@casualconnect.org

A technology and engineering oriented game developer with a 5-year track record. We develop and publish our in-house games while also offering art, programming, and full "design document to finished game" services. Mystery Studio has developed several hit casual games, including Betty’s Beer Bar (one of the first Time Management games online). Wild West Wendy and Picnic Poppers.

Ocean Media

http://www.oceannedia.hu/  s-oceannedia@casualconnect.org

Ocean Media was founded in summer 2006, with its office in Croatia. The company is dedicated to developing awesome games, always bringing something new to the gameplay. Their games feature nice graphics and sound, but they are also determined to always push the technology beyond established standards. Ocean Media team have developed probably the best 2D physics engine for casual games.

Orange

http://jeu.orange.fr/, http://www.francetelecom.com/  s-orange@casualconnect.org

Orange-fr is the n°1 casual gaming portal in France, according to Nielsen. Backed up by Orange’s massive reach (9M broadband customers, 92M mobile customers worldwide), we also benefit from a very user friendly system which recognizes our portal customers automatically and allows them to purchase in just a few clicks through ISP invoice.

Outrix Corp.

http://www.outrix.com/  s-outrix@casualconnect.org

Outrix Corporation is a distributor and developer of casual games and other multimedia products. It was founded in 2005 and since then its products have successfully entered American, Japanese, German, Canadian, Russian and other PC product markets. Outrix distributes games and other multimedia products through online and offline channels, including company portals Gambana (http://www.gambana.com/) and Lacombo (http://www.lacombo.com/ and its affiliate network. To present day, Outrix created 3 games and over 20 screeners on different themes.

PRIZEE.COM S.A.R.L.

http://www.prizee.com/  s-prizee@casualconnect.org

Prizee.com, founded in 2000, is a portal in which: 1. 50 games are available, 2. For each game played, Bubi (our virtual money) can be won and converted into presents through our Gift Shop. 3. A special event takes place every week and new games are launched regularly. 4. Our business model is based on the resale of extragos for games through several types of micro payment. Prizee.com counts over 15 million registered players and 2.5 million visitors per month. According to Panel Nielsen Source (Feb. 2007), we are the second best on the market.

PiddlePup Games

http://www.piddlepup.com/  s-piddlepup@casualconnect.org

Small game developer with focus on family friendly games.

Playrix (Terminal Studio)

http://www.playrix.com/  s-playrix@casualconnect.org

Playrix was founded in November 2001 as Terminal Studio, and is an independent casual game developer and publisher. The company has built its own good reputation among game fans with some innovative and successful puzzle titles, such as Atlantis Quest, Brickshooter Egypt, The Rise of Atlantis, etc. By closely following the developments in the industry and the market we are able to embrace the changes and deliver the most relevant product using our flexibility and expertise. The current strategy is to continue to pick up the production level and introduce innovation in the "well-tested" casual game genres. We are always open to new partnerships and business ideas.

QuizArt

http://www.triviabox.com/, http://www.quizart.com/  s-quizart@casualconnect.org

QuizArt is a skill games solution provider. In operation since 2004, QuizArt provides skill game platforms that support the operation of multiplayer gaming websites for fun and for cash play. The QuizArt technology includes support for rich content games such as trivia games. QuizArt is constantly developing new and unique games.

Rebel Monkey

http://www.rebelmonkey.com/  s-rebelmonkey@casualconnect.org

Rebel Monkey, Inc. is a new casual games company with headquarters in New York City. Founded by a couple of casual game industry vets, the focus of Rebel Monkey is on creating the next generation of original, high quality games to entertain and entice audiences worldwide. The Rebel Monkey founders are both actively involved in the casual game development community. Nick Fortugno is best known as Lead Designer on the original Diner Dash. Margaret Wallace was previously Co-Founder and CEO of Skunk Studios in San Francisco.

Refractive Entertainment

http://www.reflexive.com/  s-reflexive@casualconnect.org

Founded in October of 1997 by Jon Hardie, Ernie Ramirez, Lars Brubaker, and James C. Smith, with one goal in mind, to make great games, Reflexive Entertainment’s passionate focus on game design has led to the creation of many top-selling and award-winning games including the Ricochet and the Big Kahuna franchises (with over 40 million total downloads) and the 2006 Downloadable Game of the Year, Wilk: Fable of Souls.

In addition to developing games, Reflexive has created one of the largest casual game distribution networks in existence with more than 500 affiliates distributing a huge catalog of over 800 games to a rapidly growing audience that downloads millions of games each week.

Reach Media Ltd.

http://www.reachgames.com/  s-reachgames@casualconnect.org

Reach Games develops, often with other developers on a co-development basis, casual games for the online and download play space. Reach Games prides itself on delivering high quality work at cost efficient prices to other developers and publishers that require reliable delivery dates for their modelling, art, and animation game assets. We are both a service company to other developers, and a co-developer of our own intellectual property in the casual games space.

Sarbakan

http://www.sarbakane.com/  s-sarbakane@casualconnect.org

Sarbakan is an original and licensed online/casual game developer based in Quebec City, Quebec, Canada. Founded in 1998 by Guy Boucher and Richard Vallerand, Sarbakan has so far delivered 500 games to clients such as Warner Bros. Online, Nickelodeon, MTV, Sony Group TFI, and Vriendi-Universal. Sarbakan’s most widely known original properties are Steppenwolf, a 28 episode Web game licensed exclusively to Warner Bros. Online; Arcane (a Warner Bros. Online exclusive), Good Night Mr. Snoozedberg, and FireChild (an AOL RED exclusive). In 2006, Sarbakan launched a new division to tackle advergame projects, SBRK Interactive. SBRK Interactive has developed many projects for major international companies such as Hasbro, Mattel, Chrysler, Nestlé, Volkswagen, and Kraft. Sarbakan also offers PC and Nintendo DS development services. Sarbakan currently employs 100 people, making them one of the largest independent developers.

SDA Software Associates Inc.

http://www.sdadsoft.com/  s-sdadsoft@casualconnect.org

Outsourced software development done well. SDA Software Associates specializes in outsourced product development and outsourced business software development. We provide solutions to many industries, including the casual games industry. We offer commercial middleware (SDA Game Framework tools and libraries) as well as full-service outsourced casual game development.
Podcast and Presentation,

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**Teravision Games**

create audio for downloadable/casual games on the PC, XBLA, Wii, DS, Mobile, etc.

Through our studios and a staff of 24 composers and 10 sound designers, we are experts at knowing how to appropriately and effectively engineer the sfx, VO and integration services for most of the top publishers and big developers. With over 150 downloadable games a year coming out of our studios, this is a tremendous opportunity and we're excited to bring developers to create long lasting and lucrative brands.

**SomaTone Interactive Audio**

SomaTone Interactive Audio, founded in 2003, is the #1 provider of audio for Downloadable Games. We provide original music scores, sound effects, voice overs and integration services for most of the top publishers and big developers. With over 150 downloadable games a year coming out of our studios, this is a tremendous opportunity and we're excited to bring developers to create long lasting and lucrative brands.

**Slingo**

Slingo was founded in October of 1994 by a retired real estate developer. The original Slingo game concept took over one year to develop and was done in the basement of the CEO (usually in the wee hours of the morning) on a mechanical 5 reel slot machine with dry erase boards and over 2500 pages of looseleaf paper. The hard work paid off, Slingo has become one of the most played casual games on the internet - with over 5 billions games played. With partners America Online, IGT, Funktronic, Obertect Gaming Technologies, Pixel Plus, The United States Playing Card Company, 14Play Technologies and TVcompass, Slingo has a broad and evergreen brand recognition.


**Teravision Games**

Teravision Games (http://www.teravisiongames.com/) is a spin-off created from Teravision Technologies (http://www.teravisiontech.com/) which was created in 1998 as a software development outsourcing company. For the last 6 years Teravision Technologies has worked with important clients both in North America and Latin America providing top quality web-based business applications. As products developed and skills evolved new areas of expertise started to emerge resulting in the creation of Teravision Games back in 2004, a division dedicated to providing 3D art and gaming outsourcing initially for mobile and online casual games and now for current and next generation consoles and PC. Teravision Games’ headquarters are located in Orlando, FL with a development center located in Latin America (Caracas, Venezuela), having an ideal near-shore/in-shore combination and giving clients the advantages of dealing with a local American company with the cost savings of the off-shore approach. In addition to this big advantage the time zone in Caracas is EST allowing us to have a maximum of 3-4 hours difference with any client in North America. All artists and programmers are well versed in English and most of them have studied in the US reducing to a minimum any cultural gap or language barrier. Besides these competitive advantages the skills and quality meet worldwide standards, the communications process is very stretch, fluid, and continuous.

**Wahoo Studios, Inc., NinjaBee**

Wahoo Studios, Inc., founded in 2001, established NinjaBee as a brand name in 2004 to showcase our independent, self-published games. The NinjaBee label was first placed on our award-winning PC game, Outpost Kaloki. We have gone on to create several games for the Xbox Live Arcade service, including Outpost Kaloki X, Cloning Clyde and Band of Bugs. With 35 employees, Wahoo Studios continues to do work for hire development contracts with leading publishers.

**Word of Mouse Games, Snoon**

Word of Mouse Games, founded in 1996, is the publisher of Snoon, Snoon Towers, Snoonoku and several other great games. We merchandise the Snoon characters and license our games for various platforms. Our “Snoon” brand is unique in a marketplace filled with colored stones, balls and marbles. Snoon is one of the most popular computer games in the world. We like to tell newcomers that Snoon is the most popular game they’ve never heard of! :-)

**XGen Studios**

XGen Studios is an independent developer/publisher focused on the casual games market. Committed to delivering highly addictive and viral gaming experiences, XGen works with an internal team as well as external developers to bring innovative games to an international audience of millions. Since its inception in 2003, XGen Studios has launched 5 highly successful in-house titles in addition to publishing dozens of third party titles. XGen currently employs an internal team of 7 developers, artists & marketing staff and maintains active partnerships in a publishing role with numerous other studios and teams. XGen has received three of FHM Magazine’s “100 Greatest Games” awards for Defend Your Castle, Floor, and Stick RPG. XGen games are featured on the web’s largest portals including MTV, Shockwave.com, Mining.com, Virgin Games, FHM and Channel4.

**Zapak Digital Entertainment Limited**

Zapak Digital Entertainment Limited (http://www.zapak.com/) is a part of the Reliance ADA Group. Zapak Digital Entertainment Ltd intends a complete roll out of its services in 3 phases. The first phase of the portfolio has witnessed the launch of Zapak.com - India’s largest gaming portal. The second phase saw the roll out of Zapak Gameplexes – exclusive gaming café’s across the country which is already operational in 10 cities and looking to expand to 20 cities in next 5 months and in the third phase Zapak Digital Entertainment Ltd would introduce Massively Multiplayer Online Games (MMOG) – the rage in online gaming worldwide. Zapak presents India’s largest and highest-quality game catalog with over 500 games on offer. The site is designed to offer an exciting gaming experience across multiple genres, suitable for all age groups, for free. From world-class content to innovative Indian titles it’s all there at www.zapak.com, making playing online games an exciting experience. Zapak provides opportunity to developers worldwide to develop online/downloadable games for Indian audience. Zapak plans to spend $10 million in content acquisition in year 2007-2008.

**GET INVOLVED NEXT YEAR**

The profiles in this section represent the subset of the companies who participated in this year’s survey who indicated they could publish information about their company: Participation by companies in the casual games industry makes our research reports as accurate as possible, so we thank everyone who gave us this valuable information.

You can email us at datastudy@casualgamesassociation.org for more information about participating in the Casual Games Market Report 2008.

**PROFILE CONTENT**

Full page profiles were written by and edited for content by the Casual Games Association. Partial page profiles were written by the presenting company, the reader should verify the content of the partial page profiles.
The Casual Games Association is an international organization with a membership of more than 4,000 gaming executives, publishers and developers. Dedicated to promoting casual games for general consumers and providing educational resources for game development, the association hosts annual conferences in Seattle, Kyiv, Amsterdam (moving to Hamburg in 2009), publishes a magazine three times a year, and issues research reports on the industry. The association was founded in 2005 by members of the casual games industry.

The Casual Games Association is focused on providing educational resources and community support for the entire gaming industry—to bring together developers, publishers, and distributors in order to achieve the common goal of a stable and healthy global casual games market.

The Casual Games Association is focused on the long-term growth of creating games for a diverse demographic, with primary emphasis on:

1. Educational Resources to ensure that our industry has an effective and productive workforce.
2. Community Support to help get deals done and to ensure that everyone has the network and resources to succeed.
3. Visibility to encourage professionals to view casual games as a viable career option; and members of the public to view casual games as a viable pastime.
4. Promote Collaboration to encourage industry standards and efficiency.

Membership
Membership in the Casual Games Association is open to those interested in electronic games for the mass market consumer. There are a number of different membership options:

1. Corporate Membership. Companies may join the Casual Games Association by participating in an industry initiative with financial support or volunteering corporate staff. We advise companies to contribute in line with their prominence in the casual games space, but no level of payments are forced. All employees of the company are given full membership access. Contact Luke Burtis for more information.
2. Personal Community Membership. Community Memberships are available for free to anyone interested in games for the mass market. Programs and services offered to community members are paid for from the Corporate Membership fund. Community Members receive three magazine issues each year and full access to conference slides and podcasts. To register as a Community Member visit: http://www.casualgamesassociation.org/or_professionals_sign_up.php.
3. Personal Supporting Membership. Supporting Memberships are available for professionals inside of electronic media who are interested in doing their part to support the Casual Games Association. Supporting Memberships are included with all conference passes or by volunteering for an industry initiative. Supporting Members receive three magazine issues each year, yearly Casual Games Market Reports and full access to conference slides and podcasts. Those who are interested should sign up for the mailing list for notifications of events and initiatives. http://www.casualgamesassociation.org/or_professionals_sign_up.php.

Methods
This report’s analysis is generated through an exclusive online survey conducted by Pearl Research on behalf of the Casual Games Association, in-depth interviews with industry stakeholders, extensive online and offline data collection, and the Casual Games Association’s vast knowledge base and cultural understanding of the interactive entertainment markets.

Primary Research: A representative group composed of corporate members of the Casual Games Association and other companies within the casual games industry were assembled in early 2007. A significant portion of the group was recruited through personal contacts with industry stakeholders to ensure the fullest participation possible. Using these resources, the Casual Games Association hopes to create representation which reflects the wide range of companies currently operating within the casual games space.

Secondary Research: The data used in this study was collected through questions in this password-protected online survey. Questions covered relevant issues and metrics within the industry including company profiles, revenue, costs, top titles, number of casual game downloads at portals and similar information. The survey was maintained and the raw data was compiled by an independent research firm Pearl Research to avoid any conflicts of interest. Relevant data points were provided to the Casual Games Association for inclusion in the report. The Casual Games Association employees, advisors and directors did not handle any confidential data directly.

Special thanks to Big Fish Games for having the best screenshots online, we used many of them.

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Advergame
An electronic game with integrated branding or text messages from an advertiser. Typically, advergames are created around just one brand and offered to consumers for little or no money in an attempt to build brand awareness.

Aggregator
A company who gathers the rights to distribute games from many different developers and publishers for distribution on websites, mobile phones or in retail. Distributors and portals then may work with just one point of contact to acquire a plethora of content.

Conversion Rate
Ratio of downloads to purchases. For example, if a casual game is downloaded 100 times from a website and has 2 purchases, the game is said to have a 2/100 = 2% conversion rate.

CPM
“Cost Per Thousand”. Cost to advertiser per thousand online ad impressions. Advertisements can be either graphical or text. (Note: the Roman Numeral for thousand is M)

Developer
Individuals or companies that dream up the concepts, write the code, concept, the object code, the source code, and all the legal assets such as copyrights, trademarks, and occasionally patents.

Merchandising
The act of selecting which merchandise to display to the end consumer.

Monetize, Monetization
How the supplier and creator of goods or services receives money from the consumer.

Publisher
Companies that pay developers to build games—either to their specifications or to the developer’s—and in return own the resulting IP.

Mass Market
The general consumer—not discriminating or targeting any one demographic.

Portal
Companies with websites that focus on the delivery of casual games to consumers via digital distribution.

Subscription
Unlimited play in exchange for a fixed monthly fee. May also refer to the ability to select one game for purchase each month for a set fee.

Skill-based Games
Players pay a small entrance fee to participate and compete against other consumers in a game of skill. The player who wins the contest is awarded the collection of entrance fees minus a small transaction fee retained by the operator.

Value Chain
The abstract term for the flow of resources, money, responsibility and workload among the entire industry.

Web Game
Games which run directly from a consumer’s web browser. While Java, Flash, or an ActiveX control such as igLoader may need to be installed for the game to be functional, no files from the game are typically stored on the consumer’s local computer.
we are ALL CASUAL GAMERS
conversations with casual gamers

Q: Why do you play?
   Amy, 62, F (amy116): I play to keep my mind sharp.
   Brandon, 37, M (gocubs): I play solitaire to pass time at work.
   Stacy, 46, F (lolcatz): I play for relaxation and some “me time”.
   Bjorn, 23, M (aggie65): I play for the challenge.
   Christian, 29, M (seriens): I’m addicted to Zuma. (p.s. I tell my co-workers it is my wife playing)

Q: Who in your family is a gamer?
   Diane: I’m not a gamer, but my grandson plays his Xbox and Nintendo DS a lot, he is a gamer.

Q: What games have you played this year?
   Diane: Word Whomp, Cake Mania, Diner Dash, Mystery Case Files Huntsville, Prime Suspects, Ravenhurst, Slingo... (and this list goes on)

Q: Wait! You said you weren’t a gamer, how many hours a week do you play?
   Diane: Oh, not much, maybe 10 hours a week. Is that a lot?

Q: What are your favorite games?
   wendy: Card games like bridge, solitaire and hearts with my friends online.
   juiles: Cake Mania, Diner Dash—games where I can take charge!
   laurel: In grad school, I was totally addicted to Diner Dash.
   kev: All of the Mystery Case File games.

Our last word: Everyone knows casual games are big business—don’t get too caught up in the hype trying to figure out how much money you can make or definitions and stereotypes of what a casual gamer should be. Creating and distributing games with fun and accessible gameplay is what casual games are all about—and what the consumers are screaming for.

Focus on Fun and the rest will come naturally.

note: names have been changed to protect the not-so-innocent