Google

Gsearch

Industry Perspectives and Insights

September 2011

Kinecting the Click

Analysis of game consumption through the lens of search and opportunities for publishers to better engage audiences

- The proliferation of game platforms over the past few years has led to an evolution in the way gamers consume video game content. As a result, publishers have strategically transformed themselves into integrated digital entertainment companies that develop intellectual property to be exploited year-round and across multiple platforms.
- Analysis of search behavior indicates a surge of consumer interest in gaming genres including football games, basketball games, Disney games, and MMOs among others. There is an opportunity for publishers transitioning from "games-as-product" to "games-as-service" companies to capitalize on the growing interest in these video game categories.
- For core games, search activity is shifting from generic to title terms as average title searches per unit sold grew significantly in 2010. Increased searches per unit sold illustrate the success of downloadable content in encouraging search activity and online engagement of a game title post-launch. It also points to opportunity to better convert searchers into gamers for the lower tier titles.
- YouTube searches represent close to a third of total search activity for game titles. While searches are an indicator of awareness, trailer views signal interest and consideration. Trailer viewership and engagement remains strong.
- Gamers watching YouTube trailers engage with a greater depth of content for a single title than in other entertainment categories.
- Overall, rising search and YouTube trends present significant opportunity for publishers to better understand the gamers' purchase path and capture potential gamers.

Industry: Media & Entertainment
Subsector: Gaming

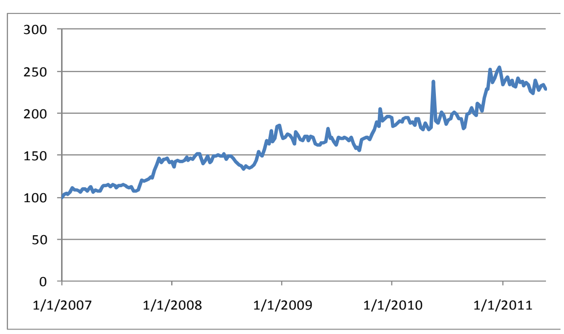
Key Metrics:

Query Volume YoY:	QTD	YTD
Gaming	27%	26%
Movies	34%	32%
Broadcast and Cable	25%	27%
Cable & Satellite	30%	33%
Publishing	34%	40%

Top Sector Queries (week of 8/21)

Games
Addicting Games
GameStop
Club Penguin
Pogo
Free Online Games

Indexed Query Volume: Gaming



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5 Key Trends in Gamer Search Behavior:

***#1:** The gamer purchase path online is becoming more robust as publishers release assets pre and post launch.*

***#2:** Gamer search activity on Google is growing in aggregate, but shifting across categories:*

- Growth in generic video game searches, game title searches, and sports and kids genres.

- Declines in generic game for platform searches and generic genre searches for core game categories.

***#3:** Search activity is highly correlated to game sales.*

***#4:** With the proliferation of DLC, search activity per unit sold is increasing.*

***#5:** Game searches and video viewing on YouTube, which represent awareness, interest, and consideration, is growing significantly.*

Introduction

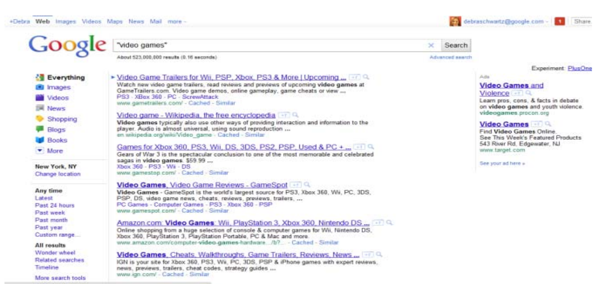
The video game industry is forecasted to grow at a 5% CAGR from 2010-2014, according to industry sources. New platforms – mobile, social, and online – are poised to take share from traditional packaged console and PC games.

With the emergence of new gaming platforms over the past few years, major game publishers were on the defensive. In response to increased competition, publishers reduced titles and cut costs. The posturing of incumbent publishers has since changed and they are now strategically transforming themselves into integrated digital entertainment companies that view gaming as a service rather than a product. The strategy is to develop intellectual property that can be exploited year-round and across multiple platforms. Search behavior sheds insight into the progress of these initiatives on gamer engagement.

Kinecting the Click: Insights into the Evolution of Gaming through Search

A search for the term “video games” on Google returns a comprehensive information-set for a gamer.

Figure 1: Google Search Results: “Video Game”



Source: Google.com

While 523 million results return, the first page alone satisfies each stage of a gamer’s purchase funnel – awareness (links to trailers), discovery and consideration (links to research sites) and purchase (links to retailers).

As the video game market transforms from console and PC games to multiplatform, multiplayer experiences, the stakes for publishers to capture the searcher typing “video games” into the Google search bar become much greater. As new forms of video gaming broaden the industry, the way gamers engage with content online is evolving. While gamers are active online on various sites and platforms at every stage of the game purchase funnel (researching, watching and sharing trailers, pre-ordering, and buying), we isolate our analysis to gamer search and trailer-viewing behavior on Google and YouTube.

We analyze search behavior as it is a strong barometer of awareness and intent, and oftentimes represents a point of decision.

In this paper, we:

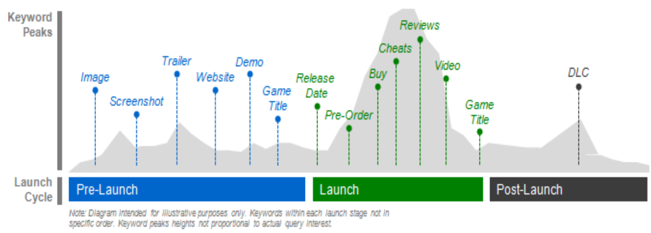
1) Analyze shifts in search behavior resulting from more focused game development, distribution and marketing strategies, and the extended console cycle.
2) Identify opportunities for publishers to capture user interest through business model or marketing initiatives.
3) Compare gamer engagement across Google and YouTube.

The Gamer Purchase Journey

Gamers are savvy searchers. Gamers frequently use search as a research tool throughout each of the three phases of a game launch: pre-launch, launch, and post-launch, and they use search differently throughout each stage. With publishers broadening their suite of complimentary online assets – including trailers, images, screenshots, and more – over the past two years, consumers are changing the way they search for game content. These changes provide valuable insights into how gamers engage and want to engage with video game content.

We analyzed search behavior as gamers progress through the purchase path to draw insights into how purchase behavior and engagement is evolving. We compared search data across top-selling core titles from 2010 and 2008 and analyzed game title keywords concatenated with a variety of behavioral qualifying search terms - such as “trailer,” “preview,” “buy,” “pre-order,” “DLC,” and more - to help identify gamer search patterns. Figure 2 below illustrates the search path in 2010 of the average gamer.

Figure 2: The Gamer Purchase Path



Note: Represents core gaming, not casual or online.

Source: Google internal data.

I. Pre-Launch: The Journey Begins with Publisher Asset Releases

During pre-launch (often several months prior to the title release), gamers are most interested in engaging with publisher-released video game assets to research upcoming titles. Game asset engagement terms, including “trailer,” “demo,” “image,” “screenshot,” and “website,” either peak or display a search spike secondary only to launch week during the months leading up to launch. Search activity in the pre-launch phase correlates strongly with publisher-released game assets, a relationship likely due to combination of two phenomena: 1) publisher asset releases are powerful external stimuli causing gamers to search, and 2) gamers have learned that publishers typically reveal assets several weeks ahead of launch and actively search the web to discover this content.

Gamers search consistently for both “trailer” terms and “screenshot / image” terms in the 4 months prior to release, but we see a much more pronounced spike in trailer searches upon the release of trailer assets than we do for screenshots or images. Additionally, search activity in 2010 for trailer terms was significantly stronger throughout the four months of pre-launch as compared to 2008.

Gamers are also expressing increased interest in finding online demos of upcoming releases. In both 2008 and 2010, searches for “demo” terms were strong during release week and the two weeks following. In 2010, demo searches increased 3X in the 4 months prior to release as compared to 2008, indicating that demos are the next step from watching trailers as a hook to purchase the game.

II. Launch: Purchasing and Progressing

In the week prior to game launch, search activity shifts from asset engagement terms to purchase-related queries. Search volume for “release date” and “pre-order” are active in the four weeks prior to release and peak in the last week before release, indicating gamers’ interest in verifying title release dates and determining the availability to pre-order high-demand titles that could potentially be sold out at release. Searches for “release date” terms are 5-10x higher than “pre-order” terms. This trend in 2010 was consistent with 2008 search behavior.

At launch week, search activity for standalone game title terms peak (i.e., *Call of Duty* with no qualifiers). While brand term volume begins to accelerate in the ten weeks prior to release, it reaches 10x the volume at launch for top core titles on average.

“Buy” terms also peak during launch week, a sign that gamers are interested in purchasing a title as soon as it is released. And for gamers who make a purchase, we found that they are quickly looking for help and tips that will enable them to progress through the game. Terms like "walkthroughs" and "cheats" begin and peak during launch week, then modestly decelerate each following week over the several months post launch. Volume trends for “walkthroughs” and “cheats” were similar in 2010 as 2008.

For gamers who are still undecided at launch week, search patterns suggest that they tend to rely on game reviews and user-generated gameplay video to help inform their decision. Search volume for “reviews” is heavy during a three-week period: one week before launch, launch week, and one week post-launch. “Reviews” peak during launch week, indicating that gamers use reviews, either peer-based or professional, as a contributing factor in their purchase decision. Queries for “reviews” in all three weeks were significantly higher in 2010 than 2008.

There is also a peak in the keyword “video” at this stage, which signals gamers’ desire to view user-generated gameplay video, an organic and trusted indicator of game quality that can help shape the purchase choice.

III. Post-Launch: Hungry for More

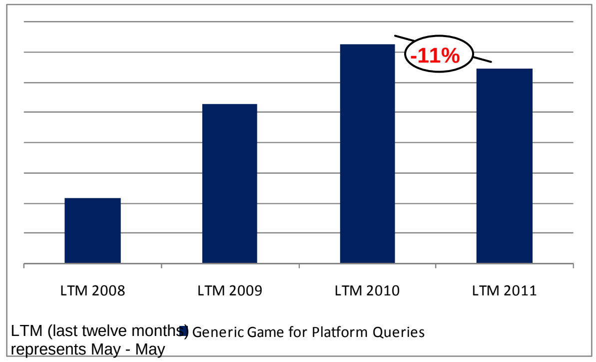
Once a game is released, gamers are immediately hungry for additional game content. Search interest in the keyword “downloadable content” or “DLC” quickly ramps during the week of launch. DLC search volume typically peaks subsequent to release, and often during the week of a major DLC announcement or an actual DLC release. Trends in DLC searches illustrate the most dramatic increase since 2008 when the market for downloadable content was nascent. In 2008, searches for DLC terms at launch and beyond were fairly insignificant, generating only modest volume in the weeks post-release when content was made available.

The Extended Console Cycle Influencing Search Activity for Video Games

While search activity is shifting as a result of changes in game development strategies, industry factors are also influencing behavior. The video game industry is seeing of one of the longest console cycles in its history; the last series of consoles was released in 2005-2006 and this cycle is likely to be extended through 2013. (While the WiiU was recently unveiled at E3, it is not considered a next level change for consoles.) The extended duration of the cycle has likely been influenced by digital distribution whereby the proliferation of online, social, and mobile game content has both fostered new competition and introduced new development paths for the next generation of consoles. With consumer gaming behavior evolving and the competitive landscape uncertain, it's not surprising that hardware developers would forestall the significant investment required to launch a new console cycle.

We can see the effects of a long console cycle through search behavior. We analyzed a basket of generic keywords ['generic game for platform queries'] indicating intent to discover and purchase games on each of the three leading game platforms, Xbox, PlayStation, and Wii. The basket was comprised of the highest volume generic terms for each platform including "Xbox game," "new Xbox game," "good Xbox game," among others, as well as the standalone generic term "video game(s)." As Figure 3 illustrates, generic game for platform queries grew at an 83% CAGR from 2008, the middle of the console cycle, to 2010. After the peak in 2010, five years into the cycle, gamers searched 11% less for new games on the existing consoles. Despite the recent decline in generic game for platform searches, the aggregate volume of search activity over the last twelve months ending May 2011 was 2.9X query volume in 2008.

Figure 3: Generic Game for Platform Queries: 2008-Present



Source: Google internal data.

Given that search was early stage at outset of the last console launch, a comparison of search trends between the two cycles would not be meaningful. We therefore make sense of this cycle's trends in query activity by analyzing shifts in search behavior horizontally across the video game space.

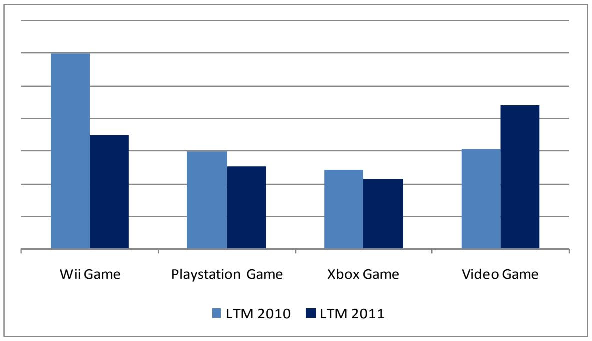
While the category of generic game for platform queries is declining, standalone generic video game searches are growing significantly. As illustrated in Figure 4 below, there is a shift in searches from generic game searches tied to a specific platform to platform agnostic generic game searches. Over the past 12 months, searches for the generic term "video game(s)" have grown 44% making it now one of the highest categories of generic video game searches. Game searches associated with a specific platform have declined for both Xbox and PlayStation. Over the last twelve months, game searches declined 9% and 13% for Xbox and PlayStation game terms, respectively. We offer three explanations for the shift in search behavior:

1) Owing to the late stage of this console cycle, game searches are beginning to decouple from the platform causing a decline in generic game for platform queries.

2) The rise of massive franchises is driving more title specific than generic searches.
See section "Core Games: Stronger Engagement with Each Title" for more detail.

3) The rise of social and casual gaming has brought new and potentially less savvy searchers into the market driving up volume for the query "video game."

Figure 4: Search Activity Generic Game Terms: Last Twelve Months 2011 vs. 2010

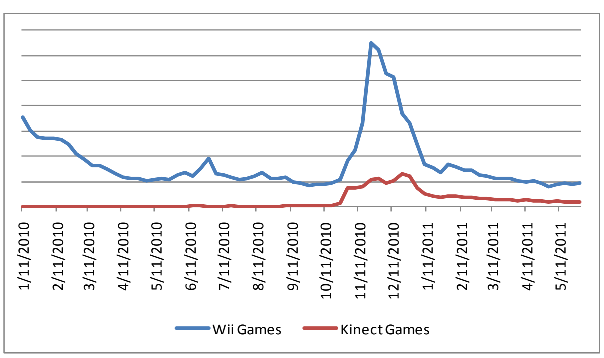


Source: Google internal data.

The growth in video game searches more than offset the decline in Xbox and PlayStation searches. In fact, the incremental searches were 2.2X the decline of game searches for those two platforms in aggregate. However, declines in search activity for Wii games were much more precipitous. While there were moderate declines in searches for Xbox and PlayStation games, searches for Wii games declined 40% over the last twelve months. That said, the total volume of Wii game searches still remains higher than either Xbox or PlayStation game searches. In aggregate, the bucket of video game and game for platform searches were down 11%.

The audiences for Xbox/PlayStation and Wii games are different - core gamers vs. casual gamers - which explains the variance in absolute search volume between the Wii and the other two platforms. The recent declines in Wii searches, however, are likely driven by the introduction of Kinect. Searches for the generic bucket of Kinect games have reached 25% of Wii game volume. Figure 5 below illustrates the narrowing gap of Wii vs. Kinect games since Kinect's launch.

Figure 5: Search Activity: Wii Games vs. Kinect Games



Source: Google internal data.

Growth in Genre Terms Signal Opportunity for Publishers

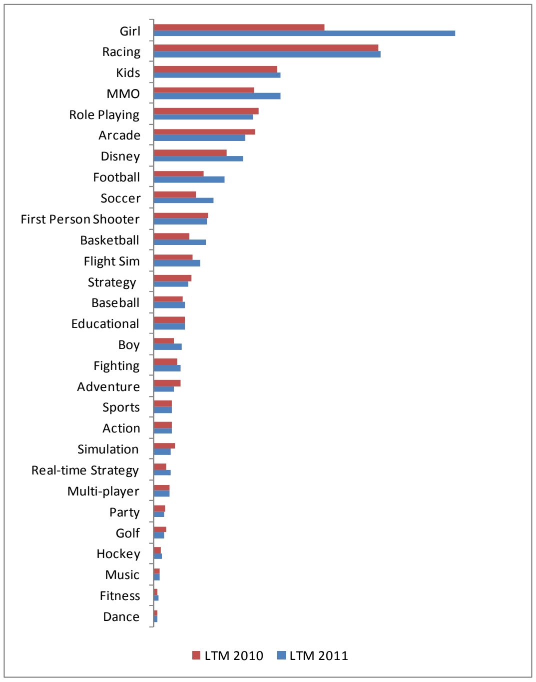
The mindset of game publishers is evolving. Having once identified with packaged goods companies, publishers are now transforming their business from a "games-as-product" to a "games-as-service" model. The service model encourages the development of year-round businesses for each piece of intellectual property driven by multi-platform distribution.

Trends in generic searches for game genres illustrate the growing interest for certain categories of video games that could support a service oriented model. We analyzed search activity indicating intent to find or purchase games relating to the top 30 gaming genres (e.g. "football video games," "buy racing games," and "find dancing games," among others). This basket did not include any brand terms (e.g. "Madden 11"). In the last twelve months ending May 30, searches for generic genre terms in aggregate grew 15.3% YoY versus a modest 2.8% in the prior 12 month period. Search trends of the top 30 genres are illustrated in Figure 6 below.

The categories illustrating the strongest growth present opportunity for publishers to capitalize on rising gamer interest through new business models and marketing initiatives. The strongest query growth is coming from sports categories including basketball (+47% YoY), football (+43% YoY), soccer (+41% YoY), and fighting (+15% YoY), games for girls (+76% YoY), MMOs (+26% YoY), and Disney games (+23% YoY). While there are highly successful individual titles in each of these categories, gamers are increasingly searching to find new games in these genres. This search trend indicates gamers' interest to find a breadth of games within each category.

The genres experiencing declines in generic queries are the action-oriented genres where dominant titles in the category have developed into major franchises, and require many hours to complete (e.g. *Call of Duty*). Role playing, first person shooter, and strategy games declined 5%, 2% and 18% YoY, respectively, over the last twelve months.

Figure 6: Query Volume: Genre Terms - LTM 2011 vs. 2010



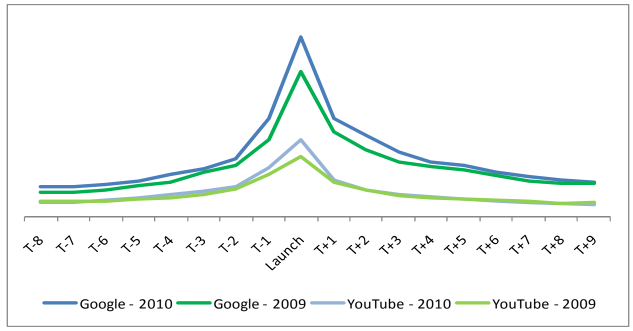
Source: Google internal data.

Core Games: Stronger Engagement with Each Title

Search activity for generic genre terms is increasing for sports and kids genres but softening for core games. In core games, publishers have been reducing title count and focusing investment on the strongest titles and franchises. Analyzing this strategy through search activity highlights the success this initiative has had in deepening audience engagement with each title. Search activity for title terms of core games is growing significantly, indicating a shift in search behavior from generic genre searches to more specific game title terms.

We analyzed search activity for title terms of the top 15 games of 2010 and 2009 (e.g. "Call of Duty," "Black Ops," and "COD Black Ops" among other high volume variations) on Google and YouTube. In 2010, average search activity per title increased 24% on Google and 28% on YouTube, yielding a 25% increase in overall search activity.

Figure 7: Average Query Volume: Top 15 Game Titles 2010 vs. 2009

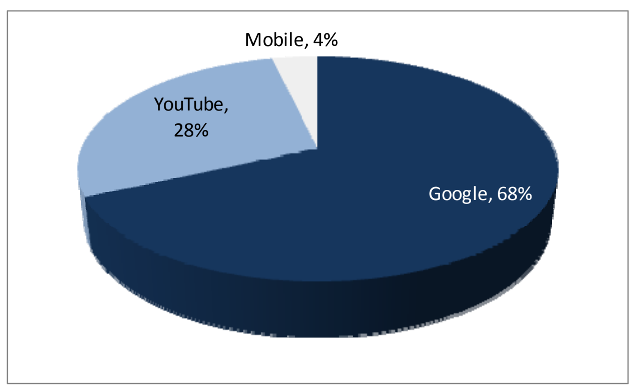


Source: Google internal data.

Awareness to Engagement: Google vs. YouTube

The increased search activity for game titles on Google and YouTube not only demonstrates increased awareness and engagement with top titles, but also provides positive signals for game sales. According to a study by MarketShare Partners, queries on Google and YouTube signal awareness of game titles. Searches are highly correlated with sales particularly during launch and weeks 1-3 post-launch.[i] In 2010, for the 4-week launch and post-launch period, Google searches represented 68% of total Google and YouTube search activity for the top 15 games.

Figure 8: 2010 Search Share Game Title Terms: Google vs. YouTube vs. Mobile

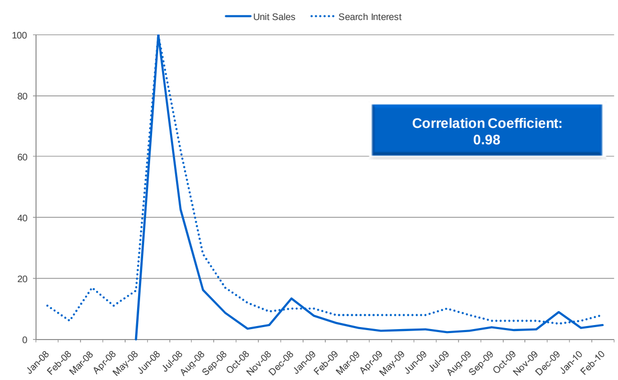


Source: Google internal data.

Regression analysis further illustrates that search activity is highly correlated to game sales and can be used as a predictive sales metric. In an analysis of brand searches to unit sales of over 20 top titles across game genres, Google's economics team found a correlation of 0.80-0.95. Figure 9 below illustrates weekly trends of console unit sales from

NPD compared to Google searches for brand and related terms for *Battlefield Bad Company*.

Figure 9: Search Interest and Sales: Battlefield Bad Company

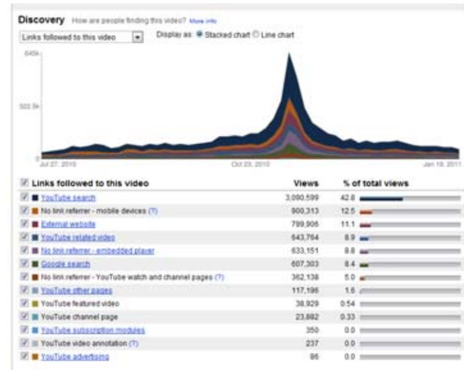


Engagement on YouTube

Activity on YouTube also provides insights into gamer behavior. Searches per title on YouTube grew 28% in 2010. Search activity alone understates the level of engagement gamers have on YouTube. Searches on YouTube are upper funnel awareness metrics for title launches while views on YouTube also measure interest and consideration.[ii] For the top game trailers and walkthroughs on YouTube, only 52% of views came from YouTube search. The remaining 48% of views were derived from other YouTube segments including Watch Pages, Channel Pages and related videos (16%), Google search (9%), mobile devices, and other websites. Figure 10 below illustrates discovery sources of a representative top ranked game trailer on YouTube.

Analyzing YouTube video view data also illustrates that gamers are more highly engaged with each specific title than in other entertainment categories. In both gaming and movies, 11% of views come from YouTube related videos. However, significantly more of the referring videos in gaming come from videos related to the same title / intellectual property whereas the related videos of a movie trailer are movie trailers of competing titles. There is extensive content on YouTube relating to each game including multiple official trailers, gameplay, DLC, and contests, among others, and YouTube referral data provides evidence that gamers are engaging with several YouTube assets for a single title before moving on to a different games' content. Moviegoers tend to engage with a breadth of content whereas gamers additionally seek out greater depth of content relating to one title.

Figure 10: YouTube Insights for Representative Top Selling Game Trailer



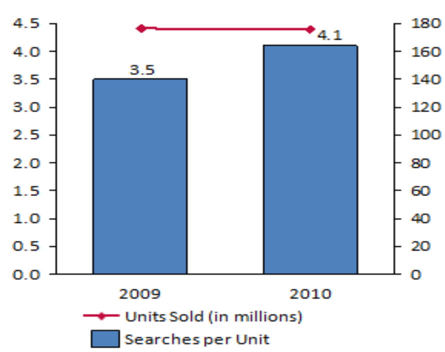
Source: YouTube Insights.

Core Games and DLC

In the section titled "Core Games: Stronger Engagement with Each Title," we illustrated that average searches per title are increasing. With publishers' focus on developing strong IP that can be exploited on multiple platforms year-round, we analyzed search activity per unit sold for each of the top 30 titles to better understand changes in consumer online engagement for the more persistent titles.

Console game sales for the top 30 titles were flat in 2010 at 176.4 million units.[iii] To compare searches to sales, we analyzed search activity for game title terms over a six-month period including 6 weeks prior to release and 18 weeks post release. Overall, search activity per unit has increased. In 2010, there were 4.1 searches per unit on average versus 3.5 in 2009, up 21%. Additionally, for each of the franchises that had both a 2009 and 2010 release (*Call of Duty, Madden,* among others), searches per unit for each title were higher in 2010.

Figure 11: Units Sold vs. Searches per Unit - 2010 vs. 2009



Source: NPD, Google internal data.

We attribute the increase in searches per unit sold to two factors:

1) Searches for the lowest tier of top 30 games convert at a lower rate than top selling titles.

2) The growing availability of downloadable content is encouraging search activity and online engagement of a game title post-launch.

Opportunity to Improve Sales for Mid Tier Titles

Searches per unit for the middle tier of games in 2010 were significantly higher than the upper tiers. Games ranked 25-30 by unit sales (e.g. *Final Fantasy XIII* and *Fallout: New Vegas)* generated comparable query volume to titles ranked 5-20. However, the two titles mentioned above sold approximately half the units as *Red Dead Redemption* (ranked 9th) despite generating a similar level of search activity.

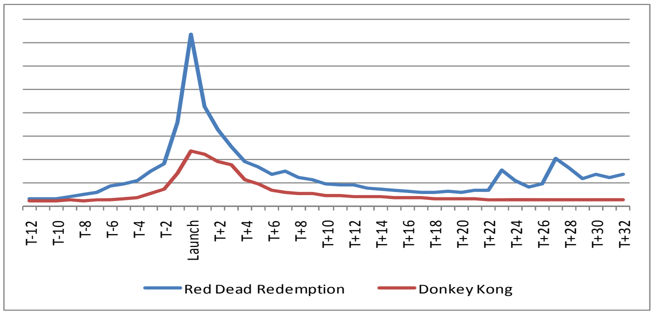
Consumers are indicating a high level of interest in these games, but are converting at a lower rate. There is significant opportunity to improve console sales for mid tier titles by better engaging these searchers.

Downloadable Content Extending Searches Through a Game's Lifecycle

Publishers are increasingly offering downloadable content to drive sales and improve the stickiness of each title, in fact, *FIFA 10* generated more revenue from DLC than the physical game.[iv] With the growing market acceptance of DLC, consumers' online engagement with each title post-launch is increasing. As shown in Figure 12 below, the typical search curve of a game title shows a slow build of queries prior to release, peak at release, and slow return to pre-release level after week 10. The *Donkey Kong* curve in red illustrates this trend.

We contrast the *Donkey Kong* curve with that of *Red Dead Redemption*, a title that offered several DLC packs in the months following release. After the initial post-launch decline in search activity, queries spiked again at the time of DLC release. The peak was less pronounced at the DLC launch, but reached 20-25% of launch volume. At the DLC release, gamers search for both the title *Red Dead Redemption* as well as the terms relating solely to the DLC (e.g., *Undead Nightmare*).

Figure 12: Query Volume: Red Dead Redemption vs. Donkey Kong



Source: Google internal data.

Conclusions and Recommendations

With the proliferation of mobile, online, and social gaming, gamers today have significantly more choice than they did three years ago. Because they are also increasingly using search as a research tool throughout their purchase path, we can develop much more insight today into their consumption behavior by analyzing search activity.

Distinct trends are emerging across the industry that publishers can capitalize on. In core franchise games, consumers are engaging more deeply with individual titles than they had in the past. The purchase funnel is lengthening both prior to release with trailer engagement and post release with DLC. Searches are shifting from generic genre terms where consumers tend to be more upper funnel looking for new or good games in the category to lower funnel searches for specific titles. The growth in search activity for these titles points to an opportunity for publishers to further engage audiences with the distribution and marketing of content before and after the game launch. Mid tier games, where searches per unit are higher than top tier games, point to an additional opportunity to augment pre-release assets to engage audiences while they make the purchase decision.

Publishers looking to evolve business models and capture audiences based on broad categories of gameplay should look to sports and kids categories. Search activity, a proxy for interest, is on the rise for genre terms within these categories.

Finally, publishers and marketers should take a multiplatform approach to audience engagement. Search activity for video game titles is growing on both Google and YouTube, presenting an opportunity to capture audiences at the awareness phase of the purchase cycle as well as further along the path in the interest and consideration phases.

Endnotes

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[i] MarketShare Partners.
[ii] Ibid
[iii] NPD
[iv] "EA: DLC revenue "above and beyond" physical sales; FIFA DLC earned $30m," Game Industry Biz.