



Research Briefing 2

Game on? Online gaming and digital micropayments

Female and smart, young and well-off – the online pay-to-play gamer

The profile of the adult pay-to-play online gamer is not as male orientated as might be expected. The majority of adult gamers in the Jigsaw Research survey for PhonepayPlus, *Online Gaming & Payment Platforms* are female (52%), educated to at least degree level (26%, with 1 in 10 gamers holding a masters or PhD), are under 35 years of age (45%) and come from well-off socio-economic backgrounds (36% are in the AB SEG).

75% of adult respondents to the survey said they had played online games in the past six months, with 25% paying to play games and 2% paying by premium rate text or call.

Virtual towns or shoot 'em up?

The most popular online games for adults were challenge games (such as Scrabble) played by 2 in 5 adults, followed by virtual towns and villages (such as Farmville) played by 28%. This was followed closely by shooting games at 25%.

There was a clear gender division amongst adults in relation to the games played. Shooting was by far the most popular game type with adult males, with almost 70% having played a shooting game in the last six months. For men, the next most popular game category was role play and strategy games at 59%.

It was a different story for women, with challenge (59%) and virtual towns/villages (55%) being the most popular game categories for females, followed by role play/strategy at 41%. One in three adults played virtual towns/villages games at least once a day.

Pay-to-play versus 'freemium'

73% of pay-to-play adult gamers pay by single transactions, with 13% having ongoing subscriptions to games.

Online gamers use a diverse variety of micropayments when they pay-to-play – out of both adults and children who pay-to-play, 1 in 5 use more than one payment micropayment method.

The two key purchases for adults who pay-to-play are for the game itself and add-ons/upgrades within games.

The add-ons and upgrades are an important way in which game providers can monetise initially free games and apps, with gamers saying they could "Buy more gold & energy so I could keep playing otherwise you have to wait" through upgrades as well as paying to convert trial games into the full versions this way.

PhonepayPlus' annual market review, *Current & Future Market for PRS, 2011* identifies this 'freemium' model as increasingly important in the world of digital micropayments, with free services putting pressure on paid-for digital content – 39% of consumers who had used fewer premium rate services in the last six months said it was because they were now using free services instead, with 35% of other micropayment users saying that they were now using free services. In online gaming, as in other digital services and content, how users are attracted to and are engaged with content is increasingly important.

PhonepayPlus Research Briefings

This briefing is part of a series that presents key findings from our research, including the annual market review.

This briefing deals with research PhonepayPlus has recently conducted on online gaming.

To find out more about our research, go to: www.phonepayplus.org.uk



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The social network – rewards and risk in promoting online gaming and other digital services

Current & Future Market for PRS, 2011 also shows significant changes in the way consumers discover premium rate digital services, including online games. In 2010 only 4.3% of users said they found services through social networks. In 2011, 23% of users said this is how they discovered a service. Similarly, internet advertisements are cited much more frequently as a source of discovery – 41% in 2011, compared with just under 20% in 2010.

However they discover and engage in games, the Jigsaw Research piece for PhonepayPlus shows that the vast majority of online play-to-pay gamers are happy with their experience, with 8 in 10 adults being satisfied with their gaming experience. This is the sort of consumer confidence that will help to build and sustain growth in the digital market via digital micropayments, such as premium rate.

But, PhonepayPlus' monitoring and enforcement action also highlight some new risks to this burgeoning economy and consumer confidence. The promotion of services on social networks and the internet, while opening up new distribution channels for providers and being an essential way in which many gamers experience and engage with the games they enjoy, is not without risks, some of which are relatively new.

PhonepayPlus has taken action against and issued guidance to premium rate and digital providers on misleading digital marketing including: **'typosquatting'** (the practice of registering domain names which are misspellings of widely known and trusted internet brands – 'Dacebook' instead of 'Facebook', for example – with the intention of misleading consumers into accepting digital purchases they believe to be associated with the brand they were searching for). Other misleading promotions on social networking sites include **'clickjacking'** (the practice of using graphics coding on a website to disguise a link that takes the user to a website that offers premium rate services and which the user can unwittingly sign up for; and **'likejacking'** (the practice of manipulating social media sites so that consumers believe a link or other advertising has been endorsed by a friend or contact, when this is not the case).

Sometimes, the trust that is an inherent part of social networking and online forums is traded on for financial gain. In one case investigated and adjudicated on by PhonepayPlus, users on forums were encouraged by other 'forum users' to text premium rate shortcodes to receive extra credits for games without being told that they would be charged for these texts.

PhonepayPlus believes that online gaming and its promotion on social networks is in many ways a model of digital micropayments. However, the regulator also considers there to be risks to consumer as the market develops and aims to work with industry to prevent consumer harm and damage to the online gaming industry.