Mobile Games Publishing Part 1:

The Current State of the Market

As I mentioned in the UA series last week, launching a game has become significantly more challenging this year, especially on iOS after the IDFA deprecation. If you take a look at the top 100 games in the US, you'll notice a few key trends:

1. The familiar classics still maintain their positions; these are the evergreen games you've likely encountered and enjoyed over the years.
2. Many of the studio names remain consistent, signifying a reduction in the number of successful companies (including multiple appearances by the same publishers throughout the charts).
3. Hyper-casual games are still present but no longer as dominant as they were two years ago. Games are returning to being more intricate, with deeper meta, longer LTV, and extended shelf lives.
4. Fewer new games are breaking into the top 20, and even fewer new studios are achieving success. Unlike two years ago, it's mainly the larger players who are dominating the market.

There are, of course, exceptions to these observations, but these are the overarching trends I've been witnessing. Over the past six weeks, I've had discussions with approximately 70-80 C-level executives from studios of varying sizes and locations, and there is genuine concern about the survival of their businesses.

The reasons for this concern are evident:
- Game launches have become more challenging, providing fewer opportunities for success and profit.
- Operating costs have significantly risen due to various macroeconomic factors affecting the world.
- User Acquisition (UA) has become a more refined art, with companies that excel in this field having large teams of experts, the resources to test more aggressively across various channels.
- Marketability is no longer the sole determinant of success. Two years ago, a game with a 40-50 IPM would ensure a top chart position and profitability, but that's no longer the case.
- VCs are not investing in gaming as aggressively as they once did.

From a publishing perspective, I can share some insights:
- We are testing fewer games now, focusing more on those we believe can become tier 1 launches generating $5-10 million or more in lifetime revenue.
- We are dedicating 3-4 times more effort to working closely with studios we believe have a chance at success.
- On average, we are investing 25 times more in user acquisition per title, prioritizing an understanding of monetization results over marketability (with retention being a starting point for all tests).

In summary, 2023 is shaping up to be a year where big companies and publishers lead the charge, and this trend is likely to continue in 2024. Small studios that self-publish will continue to face challenges, except for the fortunate few who achieve exceptional success. Many companies

that previously found success on their own are likely to form closer partnerships with publishers, leading to a market dominated by fewer and more established names.

Mobile Games Publishing Part 2

The Increased Difficulty in Finding Successful Games.

See below what I see as 3 main reasons for this:

1. Evolution of the Market: Over the years, the gaming market has evolved. It has shifted from uber-simplistic core mechanics and a continuous stream of quick, bite-sized content-based games to a place where users are demanding more from their gaming experiences.

2. Extended Development Timelines: Developing games now takes considerably more time. Gone are the days of creating a new prototype weekly or even a few each month. Teams are now investing more time in research, ideation, and game development, resulting in fewer opportunities.

3. Challenges in UA: As reiterated numerous times in recent weeks, UA has become significantly more challenging. The primary challenge lies in conducting effective UA at scale while ensuring profitability. Improving LTV and refining monetization strategies are crucial for marketing teams to achieve success.

One of the most frustrating aspects of this changing landscape is the shift in what defines success.

Let me share an example from Kwalee:

We recently worked with a studio for about six weeks. While testing one of their older titles, which was less engaging, we obtained unfavourable results. However, they had a new game that was initially underdeveloped but now had a proper MVP with 60 minutes of gameplay, which we wanted to test. We spent hours advising them on monetization strategies, the placement of RVs, interstitial frequency, shop construction, and the use of soft and hard currency etc.

The initial test results seemed promising to me, with an impressive 40+ IPM and a pLTV of 0.55 cents. I was excited about these results, and during the hyper-casual gaming boom, this game might have ranked in the top 5 charts globally.

However, the current gaming landscape is markedly different, and what signifies success has changed. Upon reviewing the data from our testing campaign with our marketing team, I realized that our average CPI exceeded 0.80 cents, even with an IPM of 40. This meant that to achieve profitability, we needed to reach target eCPM rates of $32 or even more, likely closer to $40 in the US/iOS market.

This revelation indicated that the game, which I initially believed would be a hit, was far from being ready for a profitable launch.

This was just the first round of tests. At Kwalee, we are committed to thorough efforts, and we will continue to collaborate with this developer in the coming weeks to enhance all metrics. It won't be a quick, easy, or inexpensive process.

My best advice at this moment is not to lose hope. As a developer, it's easy to feel disheartened when the path to success seems elusive. It's even more challenging when you achieve what you believe are great metrics, only to discover that they fall short of ensuring success, make sure that you keep your head high and find a publisher who see's the long term vision with you.

Mobile Games Publishing Part 3

The Importance of Good Game Mechanics and a Robust Meta

In this instalment, I will delve into the critical components that make a game appealing to both players and publishers alike. Rather than focusing on sales pitches, let's objectively examine what publishers are currently seeking in the gaming landscape.

1. The Power of Good Game Mechanics and Engaging Meta:
Games must possess enjoyable and engaging core loop mechanics alongside a compelling meta, providing users with progression and reasons to return repeatedly. Established gaming giants focusing on casual, mid-core, and hardcore strategy games, continued refining these elements during the hyper-casual boom. This dedication allowed them to remain evergreen in 2023, and will remain so in 2024 (as I mentioned in my part 1 post).

2. Hyper-Casual Boom and Evolution:
The hyper-casual trend revealed the potential of creating something fun, engaging, and addictive, reaching audiences previously untouched by gaming. The emphasis shifted from targeting "gamers" to appealing to "non-gamers," resulting in a decrease to average LTV across the industry, my estimates is that we went from about $2-4 to $0.30-0.50c overall. When we add in the combination of marketability and the "covid effect" this fostered exponential growth for this new genre. The "crack" of gaming as a friend once told me.

3. Rise of Hybrid Casual Games:
Enter the era of "Hybrid Casual," the new poster child of gaming, representing what most publishers desire right now. This category emphasizes the evolution of fun core loop mechanics into a more comprehensive experience. Developers are now striving to create content compelling enough for players to return for at least 30 days, integrating a strong meta from the game's inception.

4. The Role of Meta in Success:
Building games with integrated meta features from the beginning has become crucial. Meta not only enhances player engagement but also increases opportunities for monetization, boosts In-App Purchase (IAP) amounts, and ultimately raises LTV while counteracting escalating CAC. Achieving success in the hybrid gaming landscape requires studios to showcase vision and adaptability. If developers want to succeed now, they must leverage their knowledge of core mechanics from the hyper-casual era and incorporate the meta layer to optimize monetization performance.

In conclusion, the studios that publishers are eager to collaborate with are those demonstrating the ability to evolve and innovate. Success in the hybrid gaming realm hinges on the fusion of well-crafted core mechanics with a thoughtfully designed meta layer. While this approach results in more complex and enjoyable games, it also means fewer games entering the market, refining the user mix to a more dedicated gaming audience.

Whilst this is most publishers core focus, it's important to mention that it's quickly becoming a red ocean and developers should also think outside the box.

Mobile Games Publishing Part 4

The Coveted and Ever-Elusive Blue Ocean

In yesterday's discussion, I emphasized the growing prominence of Hybrid-Casual games, which have become the current favourites among publishers. This genre boasts hyper-casual style marketability, robust LTVs, extended user lifecycles, increased IAP contributions (SOV), and overall higher revenues per title. However, it's essential to acknowledge that the Hybrid-Casual market is quickly becoming oversaturated and intensely competitive, reminiscent of the hyper-casual boom.

At Kwalee, I am actively encouraging our teams to have conversations with numerous exceptional studios, regardless of the game genres they're working on. It's crucial to evaluate all opportunities and not limit ourselves to formulas just because they have a current perceived higher chance of success. Falling into this narrow mindset can lead developers and publishers alike to a situation akin to the challenges faced during the evolution from Hyper-Casual to the current gaming landscape.

It's worth noting that the most dominant games in the industry have not always emerged from these high-growth areas. Studios like King, Dream Games, Scopely, Moon Active, and Zynga (excluding Rollic) have thrived by focusing on more intricate games, including puzzle games, which are comparatively complex in comparison to hyper and hybrid. Additionally, consider giants like Activision, InnerSloth, Niantic, or Roblox, each with their unique focus, boasting some of the highest-grossing games globally, ever.

A compelling example of strategic evolution is [Madbox](#), a company that excelled in hyper-casual gaming. [Maxime DEMEURE](#) and [Jean-Nicolas Vernin](#), the founders, anticipated the industry's evolution and reinvested their earnings from successful hyper-casual games into building a evergreen casual game. Their dedication resulted in "Pocket Champs," arguably one of the most significant recent successes in the casual gaming sphere, particularly outside the realm of established industry leaders. This to me shows huge payback on their investment in to a long-term strategic vision.

My advice to everyone in the industry is not to concentrate all efforts in one direction. Think long-term and explore innovative ways to redefine industry norms. While developing Hybrid-Casual games is valuable, being open-minded and embracing innovation can lead to unexpected successes. By venturing beyond established trends, you might discover that ever-elusive blue ocean and achieve even bigger industry-level success, just like "Pocket

Champs." Stay creative, stay innovative, and keep pushing the boundaries of what our industry can achieve.

Mobile Games Publishing Part 5

Finding the Right Publisher and Summary

In this final instalment, we address a crucial topic: selecting the right publisher, a vital partner in your game's success.

It's paramount to ensure shared vision and mutual investment in your project to prevent potential setbacks, and ultimately missed opportunity's (the killer of businesses)

Each publisher offers unique strengths – platform access, technological support, streamlined resources and services, UA and monetisation expertise, or even favourable deals. Studio compatibility with a publisher's ethos matters; consider all of this when making a decision.

Something that is sometimes overlooked is building a personal relationship with your dedicated publishing manager; their belief in your game can significantly impact deals. In fact, I've personally seen deals closed off the back of one person's belief in a studio or game, creating an internal publishing advocate should definitely be part of your strategy.

I would also say go with your gut, if you feel like the publisher doesn't really care from the start then I doubt that will change with time (unless the testing metrics are outstanding and then you'll get the white glove treatment!)

To sum up this week's key points:

- The mobile game industry faces challenges: tough launches, high costs, intricate metrics. Larger players continue to dominate, while smaller studios struggle. Publishing partnerships will be pivotal in shaping 2024's landscape.

- Finding successful games is harder due to market evolution, longer development cycles, and challenging user acquisition. Persistence and collaboration with supportive publishers are essential for long-term success.

- The industry values robust core mechanics and engaging meta. Hybrid Casual games necessitate innovative gameplay and integrated meta features. Success demands adaptation and creativity, leading to fewer but more dedicated gaming experiences than a few years ago.

- Hybrid-Casual games are rising in popularity due to marketability and revenue. Industry leaders stress diverse game genres, encouraging developers to explore new avenues. Strategic evolution underscores the importance of long-term vision and creativity. Stay open-minded and innovative for industry breakthroughs, don't be afraid to think outside the box and aim for that blue ocean.

- Choosing the right publisher is pivotal. Align your vision, garner support, and prioritize a strong 1-2-1 relationship with the publisher. Explore options thoughtfully to ensure your game's successful launch.

As usual, I wasn't able to cover everything on this huge subject but I hope that these posts continue to educate everyone interested in working with a publisher like Kwalee. If you want to learn more, or have a game you want someone to take a look at, I'm more than happy for us to do so.