

Steam propels game software sales online

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Walking into a store, snagging a piece of game software from the shelves and purchasing it at the register may be about to change in the next few years. Recently, several firms have broken away from traditional retail models and begun developing technologies that move licensing, sales, distribution and security of their products online.

Leading the pack is Steam, a software client by Valve, makers of the best-selling Half-Life videogame series. Steam, which initially began as an add-on component to the second Half-Life game that allowed players to find online multiplayer matches, quickly grew as the company added features such as auto-update and anti-cheat measures that seemed necessary.

Steam now functions as both the back end to the Half-Life game series as well as the sales point through which the game and third-party games based on the Half-Life series are sold, supported and authorized for use through a secure connection over the Internet. The program can also help avoid the retail store rush to buy a newly released game title that might not be in stock by downloading the game to a user's hard drive, then "releasing" it by granted access to the program once the game's launch date arrives.

"For publishers, they were very skeptical at first," said Doug Lombardi, director of marketing for Valve, commenting on initial reluctance within the software industry to the software's intended use. "However, now that we've shipped a few of our games and some games from third parties via Steam, they're warming up to the idea."

Steam has also helped Valve keep tabs on digital piracy, which traditionally threatens the bottom line for software firms and leads to the development of anti-piracy technologies.

"What we do know is that if and when your application appears on a pirate site, the application is gone and there's nothing you can do to 'stop the presses.' The most opportune window for pirates is after the game or application has been completed but has not yet made it through manufacturing and into retail-industry jargon, for this is called 'zero day piracy,'" said Lombardi. "Half-Life 2, however, was the only title of the 2004 holiday season containing Steam encryption that required players to unlock the game through Steam and was the only title in this group to avoid 'zero day piracy.'"

Other firms may soon follow this example. In the case of Stardock, an online software distributor with a strong focus on the games market through its totalgaming.net Web site, the firm has begun using a similar strategy.

Stardock's customers may purchase games individually for a set price or pay for a premier membership to the site, which awards them 10 digital tokens that can be spent towards programs available through totalgaming.net. These programs are then downloaded through the firm's Stardock Central application, which installs the application and removes the DRM (Digital Rights Management) wrapper, a piece of software that prevents the illegal copying of the purchased software.

"Stardock has been selling our products online directly to the consumers for five years, and we think people just want an easier way to get the game they want quickly," said Kristin Hatcher, marketing coordinator for Stardock. "People want the game they want now, and it's becoming easier to do this online."

The Stardock Central application has also allowed the firm to closely track the purchase patterns of its customer base.

"When we launched totalgaming.net, we used a flat fee for everything that was on there. This didn't attract game developers, which wanted to follow specific numbers," commented Hatcher. "They like the membership model wherein customers buy tokens, which allows us to pay the game developers."

"Some of the biggest threats to the health of the videogame industry are marketing and distribution," said Kurt Squire, assistant professor of curriculum and instruction at the University of Wisconsin. "I see Steam as really pushing the envelope as to how we distribute, license and market software, which is a challenge to other models.

"I think that the main players like Electronic Arts can definitely afford to invest along these lines, but right now I think it'd only be a welcome thing if other firms create similar technologies," said Squire. "If this happens, do we have to run five different programs like Steam on our computers? This is where trust comes in."

Sales and retail models will always change to best fit their environment, and Steam and similar technologies demonstrate this.

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