

# King.com reigns over social gaming on Facebook

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King.com is beating Zynga, EA, Disney and others at their own games. While competitors are reeling, retrenching or redefining themselves in an estimated \$12.1 billion casual-gaming market, King has side-stepped the carnage by making mobile games that can be played simultaneously - the industry buzzword is synchronized - on multiple computing platforms such as the Facebook website, Apple iPhones, Android devices, and iPad tablets.

Some call King Europe's answer to Zynga. In addition to its headquarters here, King has major operations in Stockholm and Barcelona. (The U.S. office is in San Francisco.)

The bustling London office - in the heart of the trendy SoHo neighborhood - sardines in nearly 100 people, who share walls with storyboards of new games. A mural depicting characters from the popular game "Bubble Witch Saga" dominates one wall.

King's games are "tremendously simple to pick up and play, yet difficult to master," said Scott Steinberg, CEO and lead analyst of TechSavvy Global, a gaming researcher.

King executives refer to the recent success - its last two titles have been its two most popular - as Facebook gaming version 2.0, a blend of video magic and data-analysis mathematics.

King CEO Riccardo Zacconi says he has seen the future of social

gaming, and it's on the screen of a smartphone or tablet. "Play anywhere, anytime," he said.

"I believe that in a year from now, this is going to be a standard," Zacconi said.

Advertising revenue and in-game purchases from King's social games have soared into the millions since the private company went mobile. Its workforce has tripled, to 365, this year. Breakneck adoption of wildly popular casual game "Candy Crush Saga" - it has 8.1 million daily active users, according to AppData - has vaulted King to the second-largest [game developer](#) on Facebook, behind Zynga, with 46 million daily active users. There are even murmurings of a King IPO next year.

Facebook noticed. It's embracing its new friend. "Eighteen months ago, (King) did not have a game on Facebook," said Sean Ryan, Facebook's director of games partnerships. "(King) took the arcade and casual category, and developed rich content with a social component, to what was a single-player approach."

King's new favored status included a recent dinner where Facebook CEO Mark Zuckerberg hosted Ryan and Zacconi.

At the same time, Facebook's fissure with Zynga over their partnership has plunged their relationship into murky status. In a regulatory filing in late November, Zynga said it will no longer have to display Facebook ads or use Facebook payments on its own properties, such as Zynga.com.

Zynga will no longer be required to use Facebook as the exclusive social site for its games, or to grant Facebook exclusive games. Facebook, which filed a similar disclosure, will also be able to develop its own games after the end of March. Its deal with Zynga previously prohibited that. Facebook has said it has no plans to make games.

"Our amended agreement with Facebook continues our long and successful partnership," Zynga Chief Revenue Officer Barry Cottle said in a statement.

Zynga and EA had no public comment on King.

The nearly decade-old King, with offices in Europe and the U.S., is not "a flash in the pan," Ryan said. "But they came out of nowhere in an area that was unexpected."

When it started in 2003, King gained a strong following for its games on Yahoo. By 2009, however, King's growth flattened because Facebook had badly battered Yahoo.

So King pivoted, and shifted its attention to Facebook.

Its franchise title, "Candy Crush Saga," has been nothing short of sweet, with 7.9 million "likes" on Facebook and some 66.4 million monthly active users. In November, it became King's second Facebook game that has gone mobile. (The other, "Bubble Witch Saga," has 16.7 million monthly active users on Facebook.)

Its appeal lies in its Sudoku-like puzzle and 265 levels that each take a few minutes to play, said Tobias Nyblom, product manager of "Candy Crush Saga." More than 60 percent of its players are women, ages 25 to 45, he said.

King's gains come as games continue to gain traction on Facebook. In September, Zuckerberg said more than 235 million people each month play games on Facebook. (It's now more than 251 million.) A year earlier, it was about 200 million - more than the top three consoles - Xbox, Playstation and Wii - combined.

Zuckerberg pointedly added that while some developers are drawing fewer players, King, Wooga ("Diamond Dash" and "Bubble Island"), Kixeye ("Backyard Monsters" and "Battle Pirates") and others are making gains in players and revenue.

"What King.com is doing particularly well is delivering a multiscreen experience," said Paul Verna, an analyst at eMarketer. King "realized it needed a platform-agnostic strategy to succeed in today's gaming industry."

"Other companies have tended to emphasize one platform over another," Verna says. "Zynga built its strength on PC-based access and is now scrambling to get traction in mobile. Rovio (creator of mega-hit 'Angry Birds') has been a mobile specialist from the beginning."

The challenge for King, Verna says, is building a galaxy of games around "Candy Crush Saga."

King continues to pump out all manner of games. Teams of two to 10 conjure titles at the rate of one a month. By comparison, titles such as Zynga's "CityVille" might require 200 people to create.

Rather than spend months developing a single game, King builds basic versions of numerous games that it makes available on its King.com site for users to try in their experimental phase. The company watches to see which ones take off, and then focuses resources on expanding and developing them.

Despite executive defections, a languid stock and layoffs, Zynga still easily dwarfs King. It has 267 million monthly active users on Facebook, and four of the top 15 games on that computing platform, according to AppData. Still, Zynga's revenue has hit a wall. Zynga reported a third-quarter net loss of \$52.7 million on revenue that was up just 3 percent, to

\$316.6 million, from a year ago.

In its third-quarter earnings call in October, Facebook said that while Zynga's numbers fell, monthly payment revenue from other games, including King's, increased 40 percent since last year.

"The relationship with Zynga has cooled considerably, and Facebook is concentrating more on King and Kixeye," said A.J. Glasser, managing editor of Inside Network, publisher of AppData, which tracks the most popular apps on iOS, [Android](#) and Facebook.

Although Zynga built a multibillion-dollar business bringing social games to a mass audience, Glasser said, it overemphasized "resource management" games, such as "FarmVille," that fell out of fashion.

"Games are like a subset of the world of entertainment," Zacconi said. "If you watch the same movie over and over, it gets stale."

Zynga is expanding its portfolio - with hidden-object games, casual arcade games and plans to go into so-called midcore battle types - but Zacconi said King has a wider range of games and on multiple platforms.

Like a multilevel game that quickly transitions to a new setting, so, too, is the social-gaming field.

A year ago, most [social games](#) on Facebook were played from a PC or laptop, and the setting was a farm, city or restaurant. Today, more smartphone and tablet users are indulging in skill-based games. By next year, it could shift to core and midcore fare like "World of Warcraft," thanks to advances in technology, said Ryan.

Still, it all comes down to two types of games: hit-based and long term, Ryan says. Both succeed on Facebook, but the pressure is on developers

of hit-based games - Zynga, for example - to consistently churn them out to maintain momentum. "We want to see more games with long-term growth" - such as games from King, Kixeye and FreshPlanet.com ("SongPop"), Ryan said.

About 60 percent of Facebook's members - 600 million people - access it through mobile devices.

"Facebook is trying to attract more of the core and midcore players," said Joe Kaminkow, CEO of Spooky Cool Labs, whose first adventure [game](#), "The Wizard of Oz," is available on [Facebook](#).

"Mobile is bringing in new players," Kaminkow said. "It's soft, easy and casual. And there are gigantic amounts of players."

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