

In video games, spectating is the new advertising

July 13 2016, by Derrik J. Lang



In this June 15, 2016 file photo, a spectator watches players trying out the PlayStation "Gravity Rush 2" video game at the Electronic Entertainment Expo in Los Angeles. The boost in sales from viewers watching online streaming video isn't merely changing how game makers market and promote their latest creations. It's also reshaping how they design games from the outset. (AP Photo/Nick Ut, File)

The rise of online audiences watching video gamers stream themselves

playing isn't simply a new form of entertainment seen by millions. It's also driving video game sales, and drawing the attention of federal regulators.

A study released Wednesday by live streaming company Twitch attributed 25 percent of sales of releases like the fighting simulator "Punch Club" and the kill-or-be-killed multiplayer [game](#) "The Culling" to those games being played on Twitch. The study found that viewers were more likely to buy a game within 24 hours of watching a stream of the game in action.

"There's a clear relationship between viewing and purchasing behavior," said Twitch data scientist Danny Hernandez, who studied users who connected their Twitch account to online game retailer Steam for increased social interaction.

And it's not only the most popular online players who influence sales. Hernandez found that mid-tier Twitch streamers—those with audiences between 33 and 3,333 concurrent viewers—are responsible for 46 percent of game sales.

While the majority of online gamers freely stream themselves playing, many of the most popular streamers with millions of followers are now regularly paid or sponsored by game publishers, a practice that was recently investigated by the Federal Trade Commission.

The FTC said on Monday that Warner Bros. will settle charges it deceived consumers by not properly disclosing it paid influencers with big followings on YouTube to promote the action game "Middle-earth: Shadow of Mordor" in 2014.

The government said Warner Bros. hired YouTubers such as Felix "PewDiePie" Kjellberg, who boasts over 46 million subscribers, through

an advertising agency and instructed them to publish the sponsorship disclosure where consumers couldn't easily spot it.

As many outside the gaming realm continue to wonder why anyone would want to watch someone else play a video game online, the audience for such content continues to swell to staggering heights. Twitch's daily active users have grown this year from 8.9 to 9.6 million.

The interactive industry tracker Newzoo said in a February report that over 470 million gamers watch online gaming content on a regular basis and that number is expected to surpass 500 million viewers in 2016.

"The convergence of video and games means game companies can now entertain people across all screens at every moment of the day," said Peter Warman, CEO of Newzoo. "I think game companies are realizing this opens up new revenue possibilities—not just selling games—but advertising and content rights."

Warman noted that online video is more than twice as effective to reach consumers as TV. He said 35 percent of gamers use YouTube to discover new titles, while only 14 percent do through TV commercials.

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As the developers at Ready at Dawn games were crafting their upcoming multiplayer game "Deformers," a smash-'em-up brawler in which players controlling squishy characters attempt to push each other off a platform, they realized the action wasn't always easy for spectators to follow. For the end of every match, they created an instant replay feature that shows strands of different colored lines to illustrate where players had moved.



In this June 12, 2014 file photo, people watch the "Call of Duty: Advanced Warfare" video game trailer at the Activision booth at the Electronic Entertainment Expo, in Los Angeles. A study by live streaming company Twitch attributed 25 percent of sales of recent releases to online broadcasts by video gamers. While most broadcasters freely stream themselves playing games, many influencers with millions of followers are now regularly sponsored or paid by game publishers. (AP Photo/Jae C. Hong, File)

"For us, watchability is a massive consideration," said Ru Weerasuriya, co-founder at Ready at Dawn. "Our players are no longer the traditional players that we were designing games for 10 years ago. They are grandmas, school kids and spectators who all want to play—and watch—in very different ways."

While most online gaming content is viewed on YouTube and Twitch, Facebook is now attempting to lure gamers to its own streaming service,

Facebook Live. The social media giant partnered earlier this summer with "Overwatch" and "Call of Duty" publisher Activision Blizzard Inc. to broadcast live games and e-sports events on the social network.

The medium also no longer seems relegated to the indoors anymore. A few savvy gamers have begun streaming themselves playing mobile games like "Pokemon Go," the augmented reality sensation that's played on smartphones in the real world.

More information: www.twitch.tv
gaming.youtube.com
live.fb.com

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