

Has 'Fortnite' peaked? As season 8 arrives, research suggests revenue dipped in January

March 1 2019, by Mike Snider, Usa Today

Could "Fortnite" be losing its mojo?

The hugely popular online [game](#) saw its revenue fall 48 percent in January from the previous month, according to estimates from research firm SuperData.

And that happened before a new challenger, "Apex Legends," appeared on the scene, potentially stealing some thunder.

That doesn't necessarily concern Epic Games, publisher of "Fortnite," which is played by more than 200 million. That's because December is historically a big spending month for games, so that could contribute to a January dip.

And so could the short attention span of casual gamers, says Joost van Dreunen, co-founder of SuperData, a New York-headquartered research firm, acquired by Nielsen last September.

"Fortnite" has a free battle royale mode that lets players compete to be the last person standing in the game. With many free-to-play games, "there's a core user base that would spend a lot of time and a smaller base that would spend a lot of money," van Dreunen said. "And there is a layer that comes and plays the game (and) they cycle out and move onto the next thing."

While some casual players may come and go, "Fortnite" has a stable

audience, and revenue from that segment continues to grow, he says.

Even though "Fortnite" saw a revenue decline from December 2018 to January 2019, the game's revenue increased 85 percent year-over-year, says SuperData, which tracks monthly spending of more than 160 million players to achieve its estimates.

Epic Games' revenue "tends to fluctuate from one month to the next," van Druenen said.

That's because players' spending is increasingly tied to the "battle passes," which Epic Games sells within the game for about \$10.

You buy items using the game's virtual currency, called "V-bucks," which can be purchased with real-world money and earned by in-game achievements. In addition to a battle pass, which gives players a dozen items over time, players can also buy individual items to upgrade their game, such as new costumes, weapons and celebration dances called "emotes," ranging from \$2 to \$15.

Players want to update their game because they always see their character in the game's third-person perspective, says Michael Pachter, managing director of equity research for Wedbush Securities and a longtime industry analyst.

In-game items are only available for a limited amount of time, which drives players to purchase them, he says. "Fortnite" battle passes can have a dozen items "so people feel like it's a good deal," Pachter said.

Until now, "Fortnite" has outperformed as a revenue generator, in comparison to other free-to-play games, he says. A typical successful free-to-play game gets \$10-\$15 per each monthly active user. "Fortnite" approaches about \$40 per monthly average user with its "very unique

monetization scheme," Pachter said.

A [private company](#), Epic Games has not released revenue figures for "Fortnite," but the game reportedly helped fuel \$3 billion in profit for the company in 2018, according to TechCrunch, which cited a source knowledgeable of the business in a December 2018 story. SuperData estimated "Fortnite" earned \$2.4 billion in 2018.

Epic Games did not return a request for comment about SuperData's projections.

For February, Pachter thinks "Fortnite" revenues may be down 10 percent, due to the arrival of "Apex Legends." That game, from the studio that developed the "Titanfall" games and published by Electronic Arts, arrived Feb. 4. The game "took share from 'Fortnite,' that happened for sure," Pachter said.

Epic is making moves to stoke its audience. Over the past two weeks, the publisher has run a promotion, which ended Wednesday, awarding a free Season 8 Battle Pass for players who complete various in-game challenges.

The new season of the game begins Thursday, which will likely boost interest.

Still, the game recently set two landmarks for activity. It had its biggest event ever on Feb. 2 when 10.7 million players were online for a live in-game concert performed by electronic music maestro and DJ Marshmello. More recently, on Feb. 16, the game had its largest non-event day with 7.6 million players at the same time.

And Epic just began promoting this year's inaugural Fortnite World Cup and the \$100 million in prizes that will be awarded during that

competition and weekly accompanying tournaments.

Whether "Fortnite" may be losing some of its cultural clout, however, remains to be seen.

"Apex Legends" is only expected to gain players. And other games such as "Call of Duty: Black Ops 4" have added new attractions for online games including its "Fortnite" rival "Blackout" mode.

"Fortnite" is now a "firmly established franchise," van Dreunen said. But it may not remain the hippest.

If "Fortnite" is to video games what, say rapper Cardi B is to music, "whatever is hot and hip right now," he said, "next season is different."

(c)2019 USA Today

Distributed by Tribune Content Agency, LLC.

Citation: Has 'Fortnite' peaked? As season 8 arrives, research suggests revenue dipped in January (2019, March 1) retrieved 7 May 2024 from <https://phys.org/news/2019-03-fortnite-peaked-season-revenue-dipped.html>

<p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p>
--