

From Tamagotchi to Nintendogs: How video games became a \$100 billion industry

By: Joost Rietveld

As an outsider, one can only speculate how the international pet industry responded to the craze of the late 90s: Tamagotchi. The handheld digital pet video game took the world by storm as young people took great pleasure in nurturing their digital pets into adulthood. My guess is that most firms in the pet industry labelled Tamagotchis as a passing fad not worthy of their time and resources. To date, however, over 76 million Tamagotchis have been sold worldwide.

Game scenes from Kinectimals, Nintendogs and Animal Crossing (top to bottom):



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Video games, in general, have proven to be much more than a passing fad as market analyst Gartner predicts the worldwide market for video games in 2014 to be worth north of \$100 billion (€80 billion). Over 70% of that value comes from the sale of games for dedicated video game consoles (e.g. PlayStations or Nintendos), and non-dedicated gaming devices such as smartphones and social media platforms. In this first article in a series of three, I will outline some of the video game industry's features and appeal as a marketing vehicle for the international pet industry.

Some facts

Video games are no longer a form of entertainment mainly for male consumers between the ages of 18 and 34. The demographics of the 'typical gamer' have shifted with the advent of video games on non-dedicated gaming devices such as Apple's iOS, Google Play, and Facebook – a movement set in motion by the launch of Nintendo's Wii console in 2006. In fact, one can no longer speak of a typical gamer now that the medium has obtained somewhat of a ubiquitous status. Bejeweled, Minecraft, Words with Friends, Call of Duty, Angry Birds, and Super Mario all have carved out large and diverse markets with their own specific features. Chances are that two persons in your household have played at least one of the games listed above.

According to the video game industry's trade association, the Entertainment Software Association (ESA), 59% of all Americans play video games. What's more, the average US household owns at least one gaming device, and there are on average two gamers in each game-playing US household. 48% of all video game players are female, and women aged 18 or over represent a significantly greater portion of the game-playing

population (36%) than men aged 18 and under (17%). While blockbuster games such as Grand Theft Auto and Call of Duty still generate the bulk of the economic value in the industry, the ESA has found that 44% of all US gamers play games on their mobile devices and that they tend to play smaller bite-sized video games such as the numerous virtual pet simulators available in the digital app stores of Google and Apple.

The glut of virtual pets games

Indeed, 'pet games' have their very own category in Google Play, and a quick search generates an excess of hundred results. Large firms such as Disney, Sony PlayStation and Gameloft all have their own pet games that offer cute graphics, a plethora of pets to collect and take care of, aimed at a broad target audience of non-traditional – or 'casual' – gamers. Many of these games are offered at no cost to the end-user and derive income either from product placements, in-app purchases of vanity items sold at low prices, or a combination of the above.

User engagement data or sales performance from these services are, unfortunately, hard to come by given their proprietary nature. A quick look, however, at the traditional games market offers a valuable insight into the popularity of pet and animal-related video games. In 2005, Nintendo published Nintendogs, a dog simulation game for the Nintendo DS (a dedicated handheld video game console). The immensely popular video game sold more than 24 million units worldwide according to sales tracking database VGChartz. The game's popularity stands not in isolation. Other pet games that sold in excess of one million units – the industry's threshold for a hit – include Animal Crossing (DS; 12.01 million units); Nintendogs + Cats (DS; 3.40 million units); Kinectimals (Xbox 360; 1.51 million units);

and, Petz Wild Animals: Dolphinz (DS; 1.31 million units).

Looking ahead

Notwithstanding the competitive forces that underlie the industry, video games as a form of entertainment and as a cultural phenomenon offer potentially lucrative business opportunities to firms in the international pet industry. In the last decade, video games have become ubiquitous and easily accessible to people of various demographics (i.e. age, income, gender, location, etc.). What's more, the market for video games has low barriers to market entry both from a producer's perspective as well as from an advertising perspective. On top of these permeable and far reaching market conditions, I have offered case-based evidence for the popularity and mass-market appeal of the pet genre games category.

In the next two issues of PETS International I will delve into two strategic uses of video games:

1. the use of existing video games as a marketing or advertising vehicle through product placements and in-game advertising, and
2. the contracted development of bespoke video games for the purpose of advertising products, creating brand awareness and brand value, and even for the purpose of industry-wide legitimacy.

These much-used practices are well-established in certain brands and industries including fast food (Burger King and McDonald's), soda (Coca-Cola), and non-consumables such as hospitals. In sum, we may have played with Tamagotchis as a child, but video games are much more than mere child's play. ■