

## The Fame Game

G3i talks to Paul Kanareck, Head of FremantleMedia Ventures, about the value of branding in the online gaming marketplace and what the future holds

Branding is a big issue online right now. Despite the relative immaturity of the online gaming market as compared to land-based, there have already been high profile branding failures, legal disputes and high court settlements. Cost, usage restrictions and long-term value are defining factors in the way that Intellectual Property is currently being exploited in online gaming from the operator's point-of-view, but there are also much wider considerations. G3i talks to Paul Kanareck, FremantleMedia's Head of Ventures, to separate out the gaming equivalents of Celebrity A-listers from the Big Brother wannabes.

### VALUE ADDED

In a market that's constantly vying for player attention, the cost of acquisition and methods of retention are fundamental to the operation of a successful online gaming business. Big brands deliver great recognition, but their price tags must be balanced against their potential for revenue generation. So how do you quantify that value in a gaming context? "The criteria used to decide whether to bring a brand into gaming always includes whether it feels 'a fit' with the type of game we want to make and an understanding of who the game is for," explains Mr. Kanareck. "It also includes the question of what branded elements can be leveraged... are there photos, classic theme tunes or characters that will enrich the impact of the brand on the player and on the game play? A brand has to be much more than just a logo in order to perform at the level we would expect."

FremantleMedia's view is that branded games allow for increased profit and greater marketing creativity. But is it an outcome that's worth the licensing cost, the adherence to strict usage rules and game design restrictions? "While it's true that licensing fees represent an additional cost to the operator, a well-executed branded game makes up for this cost by helping to acquire new customers and keeping the site competitive, increasing the likelihood of player retention," states

Paul. Analysis of operators' Net Gaming Revenue numbers has shown that adding a premium branded game does not merely move money around by cannibalising existing games but rather generates incremental revenue on the site. On the marketing and promotions side, strong brands lend themselves to exciting and effective promotional campaigns. "We've seen great returns from ticket giveaways for The X Factor Live Tour for example," says Mr. Kanareck. "Also, we're able to provide great support to an operator's marketing team with brand style guides and graphics packs."

### UNIVERSAL APPEAL

FremantleMedia is in the fortunate position of having international formats with the same branding globally (such as Baywatch) as well as those that are localised for different countries beyond just language (such as Family Fortunes/Family Feud). Europe is a particularly tricky market to satisfy by a universal brand, due to the diversity of languages and cultures and there's an argument that specificity is more important than broad acceptance. In addition to global formats FremantleMedia can also offer those that are much stronger in particular markets—FremantleMedia, for example, has huge hits across key markets in Europe. This means that FremantleMedia is able to work with operators to target specific markets and is another example of the company's belief in portfolio diversification.

"Building a games portfolio is like building a financial portfolio - it's about diversification and recognising that a one-size-fits-all approach won't work," explains Mr. Kanareck. "While it is possible to identify brands that will appeal to a relatively broad demographic, it's savvy to take a chance with brands that might have slightly more 'niche' appeal and thus provide something more targeted to a particular player type or profile. This broadens the operators customer base."



Paul is Head of FremantleMedia Ventures. FremantleMedia is a global entertainment business with formats such as The X Factor, American Idol and The Apprentice and is owned by RTL Group and Bertelsmann.

### ROBOCOP VS. LEGALLY BLONDE

The most obvious sort of segmentation is in terms of brands that are primarily male-oriented vs. primarily female-oriented, for example RoboCop vs. Legally Blonde. On the other hand, some brands effectively bridge the gender divide - Baywatch and Stargate SG-1 are certainly in this category. On a more complex level there is the important distinction between casual players who want a high win frequency type of experience compared to those who appreciate a greater level of volatility - long dry periods offset by

impactful large wins - to keep from getting bored. The character of a particular brand might be seen as being more consistent with one or the other of these desired play experiences. So, a brand that evokes fast action in the spirit of a first-person shooter such as RoboCop is likely to appeal more to someone who enjoys lots of rapid-fire winning events rather than a patient march to a single big return.

"It's the operators who decide what their players are likely to find compelling so we

simply present our online gaming brands catalogue and leave it to them to pick," describes Mr. Kanareck of the purchasing process. "Clearly the operators have recognised the value of brands as demonstrated by the fact that they get a lot of visibility on the site and are actively used in promotions. This recognition comes from seeing branded games outperform non-branded games in terms of revenue by a factor of five in some cases."

Land-based operators have become

FM Ventures is responsible for driving business diversification beyond FremantleMedia's core TV business through strategic investments and the launch of new internal start-ups.

acutely brand savvy in their traditional locations as a glut of slot manufacturers raced to sign IP deals over the last decade and the same care and attention must be afforded to your online offer. At one time exhibitions such as G2E descended into PR announcements that concentrated on the sheer volume of brands, rather than the quality of the game. Cloning became a well travelled path in land-based slot portfolios, with brands masking over games with the copy-cat maths. There's a fine line to be trod between giving the player a new gaming experience as



opposed to expecting the player to be enticed by and remain interested in the brand for its own sake.

#### CLONE WARS

According to Doug Schwarz, FremantleMedia's Executive Producer, cloning has shown itself to be an unsuccessful approach in online gaming. Players generally become aware quickly when the only difference between games is the visual treatment and don't view the clone as an exciting new game that will induce them to play longer and spend more. Also, it is often the case that a brand is 'shoe-horned' on top of an existing set of features and doesn't really fit. So in general it makes more sense to design the game play experience (in terms of specific features and overall maths profile) around the brand.

In some instances however, an existing game and a brand clearly resonate with each other. "We made the decision to create a Blockbusters themed game on OpenBet's proprietary 'Cash Drop' engine, precisely because they seemed made for each other and the result has been fantastic," explains Mr. Schwarz. "Similarly, we felt that there was a huge potential win in combining video poker with the Play Your Cards Right Brand. Firstly, the brand is a natural fit for a cards-based main game. We believed also that video poker was a game type that might be slightly intimidating to a segment of the online gaming audience and that a familiar and friendly brand could help to make it more widely accessible. Finally, the brand is all about Hi-Lo, and so the Gamble Bonus feature in OpenBet's video poker format was a perfect context for the brand, complete

with Dollie Dealer."

#### LOYALTY ISSUES

Brands have also proven their value as a tool to help acquire new customers or to renew lapsed players. They provide a very powerful focus point as a call to action, create excitement on the site and help establish the quality and credibility of the casino operator in the minds of players. "While it's true that the brand alone won't maintain a player's loyalty and continued interest, an appropriate and well executed brand serves as a solid showcase for the game's intrinsic value," comments Mr. Kanareck. "The brand, as a sort of 'packaging' can strengthen the player's positive feelings towards the game. The association of a certain bit of familiar and exciting theme music with a winning event for example reinforces the enjoyment of the experience beyond the financial gain alone."

Striking the right balance between branded gaming content and generic games isn't just about cost, it's also an issue for the game developer looking to establish their own label, their own stamp of quality on a game. "I think the game creator's brand has a valid place in the overall identity of the game, but not in the sense of a visible logo or title—this risks diluting the integrity of the main brand, which should be the focus," outlines Mr. Kanareck. "Instead, creators can establish their brand through consistency in their approach to game design elements such as messaging and game control conventions, and through a track record of creating high quality games."

The importance of a creator's signature

The Freemantle team is based in London and New York and has done deals in areas as diverse as online gambling, social gaming and TV production. FM Ventures was an early stage investor in Ludia, now one of the leading casual games publishers in North America and in which FremantleMedia recently secured a majority stake. Paul started his career as an investment banker at NM Rothschild before riding the dotcom wave as one of the first employees at boo.com. He subsequently built new businesses at Vodafone and Channel 4 and was most recently Founder and MD of TV Nation.

style of gameplay, a particular maths-model for example, is moving much more to the fore as operators want not only to admire their beautifully themed cake, but to eat it too. At the same time players come to understand, appreciate and expect the unique characteristics of certain game developers and this in turn frees them to focus on and better enjoy the primary branding of the game without distraction. Likewise, operators come to trust that certain game developers will provide a great gaming experience for their customers and highly profitable games for them.

#### THE EXECUTIONER

At the other end of the spectrum, licensors also value the game as much as they value the licence fee. A poor game reflects badly not just on that operator and developer, but on the brand itself. "I can only speak for FremantleMedia when I say that as licensors we are extremely focused on the quality of the execution of games based on our brands," stated Mr. Kanareck. "As a huge global entertainment company we are very aware of the investment of time, effort and money that goes into the development of a strong and well-regarded brand. So, we're absolutely unwilling to risk undermining the value that has been built up by allowing shoddy quality or inappropriate products (gaming or otherwise) to be placed in the market carrying our brand. In fact, one of the primary reasons that we were able to reach an agreement to represent the MGM global television and movie brands in this space is precisely because we have demonstrated our attentiveness to quality and ability to protect the brand values in the games we publish."