Top Three Reasons to Pay More Attention to Women in the Video Game Industry

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Gamers aren't who they used to be. The industry is evolving – are you?

INTRODUCTION

In 2001, veteran video game producer, Lisa Hudson, President of Black Sun Productions, noted that "women are not the focus in the video gaming industry; but if someone could tap into the mindset of the young female video game player, they would have a tremendous advantage over their competitors. It is a much wider market than what currently exists."[i]

The video game industry has undergone intense growth in the decade since. According to a 2010 Entertainment Software Association (ESA) report, the American computer and video game publishing industry grew at a rate of 10.6% per year between 2005 and 2009 – more than seven times the annual growth rate of the U.S. gross domestic product in the same period.[ii] On a global scale, the world market revenue for video games was $52 billion in 2009, and is expected to grow to $86 billion by next year.[iii]

A big part of this growth has been the rise of women as gamers and influencers within the client community. Women now account for almost 50% of all video game players and purchasers,[iv] and between 40% - 60% of most major sub-markets[v].

Despite these statistics, the industry has proven reluctant to broaden their idea of the "core" gamer to include women. Less than 4% of games with a discernibly gendered protagonist feature a female lead, and they receive less than 40% of the marketing budget of male-led games.[vi] Companies are choosing to exclude women from marketing research,[vii] and a high rate of sexism and harassment are keeping women from pursuing careers in the video game industry.

This lack of female representation, whether on the screen, in industry data, or in industry jobs, is holding the industry – and your company – back. It is damaging reputations, stifling innovation, compromising the integrity of your decision-making process, and limiting your company's potential growth.

The solution is to pay more attention to women.

REASON 1 – ALMOST **HALF** OF YOUR CLIENT BASE IS **FEMALE**

The "core gamers" to which the industry has traditionally catered are white males between 16- and 35-years-old. Developers are still designing the majority of big-budget titles and a large number of indie games with this demographic in mind.[viii]

Yet in the ESA's video game demographic and usage data report for 2013, Michael D. Gallager, President and CEO of the ESA, recognizes the "progression of an expanding and diversified consumer base." [ix] This idea of the stereotypical gamer as a young white male is no longer consistent with market demographics – and has not been for years.

In 2013, according to the ESA, 45% of all gamers are female. From a target demographic perspective, women aged 18 or older actually represent a greater portion of the game playing population than boys aged 17 or younger (31% versus 19%). Furthermore, 46% of the most frequent game purchasers are women.[x]

MORE THAN MOBILE

Traditional ideas about the kinds of games women play make it tempting to credit these numbers solely to the rise of the mobile gaming market and the increase in "casual-friendly" games; however, the picture is more complex than that.

The NPD group (formerly National Purchase Diary) published a report in 2009 that found that 44% of current-generation console users are female.[xi] This number is not limited to the casual-friendly Nintendo Wii system (for which 49% of users are female[xii]). A 2010 Nielsen report found that 52% of PlayStation Portable owners were female[xiii], and numbers published by Microsoft last year indicate that almost 40% of Xbox-live users are female[xiv].

> **44%** of current-generation **console users are female**.

In other words, no matter what corner of the video game market you are competing in – whether it's PC, console, or mobile – anywhere from 40% to 60% of your customers are probably female.

NOT EXACTLY NICHE

This is not a "niche" market, and it has grown steadily over the years despite a lack of targeted marketing – despite marketing and content that is often alienating for female gamers. A shift in the way you approach these customers can position you to collect significant returns on your investment.

There are a growing number of industry examples

that demonstrate this. The mobile gaming market (60% female) provides a number of case studies. For example, Germany-based company kr3m is investing heavily in the female gamer market, in terms of both game development and advertising, and is seeing significant returns on their investment.[xv]

In the console market, Nintendo made a deliberate effort to court women (and other non-traditional demographics) when they launched their Wii system in 2006. By 2007, it was outselling Sony's PlayStation 3 (PS3) three to one. By 2008, it was outselling both the PS3 and Microsoft's Xbox, and Nintendo's shares had quadrupled in value.[xvi]

Whether or not you are paying attention to them, these women are already playing your games. There is a clear and demonstrated opportunity for revenue growth for your company if you invest in them.

The key to capitalizing on this potential is to upgrade your understanding of your core gamers. Use current demographic data for your customer base to update your company's core gamer profile. Implement a process to ensure both your data and your core gamer profile continue to evolve as your customers do. Use this profile to drive your development and engagement strategies. This broadens your market reach, increases your marketing precision, and improves your return on investment.

REASON 2 – NO DATA? BIG PROBLEM

Good business decisions are based on good data. Having high-quality data means knowing how to keep or gain customers, when to launch a product, and what kinds of products are likely to succeed.

Having bad or no data jeopardizes your decision-making capacity, and can cost you a significant amount of money in terms of corrective action and lost potential revenue. In the U.S. alone, poor data quality costs businesses $600 billion a year, and can

cost an estimated 10%-25% of total company revenue to rectify.[xvii]

Yet the sales and marketing data available to you is largely limited to the male half of your customers. It is difficult for you to upgrade your core gamer profile, or make solid investment decisions without an understanding of your entire consumer base and product sub-markets. You need to identify and address gaps and biases in your data gathering in order to maximize your competitiveness.

SALES DATA INTEGRITY ISSUES

When Dontnod Entertainment was pitching *Remember Me* (female protagonist) to prospective publishers, the publishers turned them down repeatedly because of a long-standing industry assumption: "games starring women don't sell."[xviii]

Industry decision makers are basing this assumption on a flawed comparison of sales data. If you directly compare the sales of male-led games to female-led games (75% better for the male-led games[xix]), you fail to take into account the full market context.

Last year the Penny Arcade Report published an article about research done by Electronic Entertainment Design and Research (EEDAR) to assess the validity of this type of comparison. They found that out of 669 games with protagonists of discernible gender, less than 300 had the option to play as female or male, and only 24 had exclusively female protagonists.[xx]

Gender of Game Protagonists

- Exclusively Male
- Either
- Exclusively Female
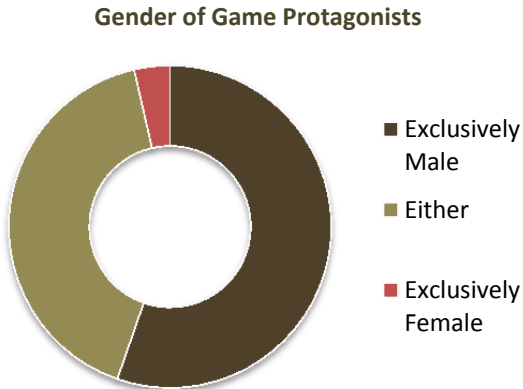
Additionally, the marketing budget for games with a female protagonist is less than 40% of that spent on games with male protagonists, despite the fact that marketing spend is a higher factor on sales than game quality.[xxi]

With a sample size of less than thirty games (out of nearly 700), all with a fraction of the marketing budget of the male-led games, any comparative analysis is too flawed to use.[xxii] In short, the industry does not actually know how and whether games starring women sell.

MARKET RESEARCH GAPS

This lack of data integrity is not limited to sales data. Inaccurate demographic assumptions and biased data are also affecting marketing research strategies.

> Poor data quality costs businesses $600 billion a year.

While no specific information is available at time of writing on how prevalent this issue is, less than a year ago, Escapist Magazine published an interview with Neil Druckmann (Creative Director, Naughty Dog, Inc.) about it. In the interview, he spoke about his experience with the marketing research firm that Naughty Dog hired for *The Last of Us*.

When the unnamed firm began focus group testing for the game, it deliberately excluded women, despite the large number of female players, and the fact that a female character co-stars in the game. Based on this skewed perspective, the firm recommended that Naughty Dog move images of the female character to the back of the game's box.

When Naughty Dog realized this gap existed, they made an explicit request that the firm modify their approach to include women, and rejected the biased advice regarding images of the female character.[xxiii]

(It is worth noting that *The Last of Us* went on to become the fastest-selling PS3 title of 2013, selling over 34 million copies in three weeks).[xxiv]

INABILITY TO CAPITALIZE

These issues and others like them have created a situation where almost 50% of your customers are female, but you do not have access to data that would tell you how to attract and keep them. The

data that *is* available is biased or otherwise unreliable.

Furthermore, you do not have the data required to get a true sense of the potential market for female-lead games, or the kind of revenue they might generate for your company.

This is a major gap in your business data and is skewing the analytics you rely on to make business and investment decisions.

To address this limitation, take a closer look at your company-specific sales data and identify areas where you have insufficient information to make comparisons or draw conclusions. Additionally, be explicit in your marketing strategies – directly identify feedback from female players as part of your desired outcomes. This allows you to develop targeted strategies for resolving data integrity issues and improve the integrity of your investment decisions by ensuring you have the full market context when you make them.

REASON 3 – DIVERSITY IS **PROFITABLE**

The video game industry is inarguably male-dominated – even for a technology-related field. While women make up about 25% of the broader technology sector[xxv], they account for only 11% of the video game workforce.[xxvi]

Though the total number of women in the industry has increased in recent years, nearly all the growth has been in nontechnical fields. Women account for 11% of designers and only 3% of programmers.[xxvii]

#1REASONWHY

Given the higher number of women employed by the tech sector at large, why are there so few women employed in the video game industry?

Games specialist Luke Crane asked that question on Twitter in November of 2012, and received hundreds of replies from industry insiders (male and female) on the hashtag #1reasonwhy. The comments and anecdotes revealed a high level of sexism and harassment in the industry, and flagged it as a major barrier to the recruitment and retention of women.[xxviii]

Themes included women's work being dismissed and ignored, rejected designs for non-sexualised female characters, women's appearance being used to dismiss them, and sexual harassment.[xxix]

Tara J. Brannigan
@kindofstrange

My own #1reasonwhy - I busted my ass to get a promotion. First response to it happening was that I only got it because I 'have nice tits'

↩ Reply   ⇄ Retweet   ★ Favorite

Nor is the evidence of sexism in the video games industry purely anecdotal. A salary survey published by Game Developer Magazine in 2011 found that female video game programmers earn an average of $10,000 a year less than male programmers, and female designers make $12,000 less.[xxx]

These "hidden" biases and barriers are expensive for companies in any industry. Conservative estimates put the cost to corporate America at $64 billion per year in employee turnover related to biases like sexism – without factoring in the additional intangible damage to company reputation, ability to recruit new talent, and the silencing of employees who stay despite the barriers.[xxxi]

DIVERSE PERSPECTIVES ARE PROFITABLE

The benefits of diverse perspectives in the technology sector are well documented. Multiple

studies have shown that they increase innovation, productivity, and competitiveness.[xxxii]

Teams composed of both women and men produce IT patents that are cited 26% to 42% percent more often than the norm for similar types of patents. Teams with equal numbers of women and men are more likely to experiment, be creative, share knowledge, and fulfill tasks. Under the right conditions, teams with diverse members outperform teams with "highest-ability" members.[xxxiii]

Additional research shows that companies with the highest representation of women on their senior management teams had a 35% higher return on equity and a 34% higher return to shareholders.[xxxiv]

With regard to the video game industry specifically, one of the major recognized benefits of including women in technical roles on your development teams is increased accessibility to the 50% of your client base that is female. Pocket Gems CEO, Ben Liu, for example, recognizes the presence of female engineers in his company as instrumental to their success. It enables them to create games that are "mass market and accessible to all people."[xxxv]

> Teams with **equal numbers of women and men** are more likely to experiment, and be creative.

To be truly competitive in a market where 50% of your client base is women, you have to hire women. Develop staffing strategies that include active recruitment of women, and review your HR policies to eliminate gender-based barriers to retention. This broadens the appeal of your products, improves the reputation of your company, and ultimately improves your bottom line.

CONCLUSION

Women play games. Women buy games. Women make up close to half of your client base. Capitalizing on their presence is in the best interests of your bottom line.

To maximize your revenue potential, you need to begin gathering more data about the women playing your games. Include women in your research and testing, and use the information you gather to modify your development and marketing strategies to accommodate them.

Revise your HR strategies with a view to hiring technical women for your development teams, and take advantage of their input. Review your HR policies to ensure your company is not inadvertently creating barriers to retention by fostering a sexist work-culture. Doing so increases your talent pool, stimulates innovation, and gives you an advantage over your competitors in a market that has been slow to recognize the benefits of diverse perspectives.

There are a growing number of video game companies that recognize the same thing that Lisa Hudson did in 2001. They have put aside the outdated idea that women do not play video games, and made significant gains by investing in marketing and game development targeted at their female customers.

The video game industry is fiercely competitive, and the landscape has shifted significantly in recent years. No matter what corner of the market you serve, women represent a badly neglected revenue source, and a largely untapped potential for growth.

In other words – it pays to pay attention to women.

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