BRAZILIAN GAMING MARKET: AN OVERVIEW

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ABSTRACT

In this paper we seek to observe the Brazilian gaming market with special emphasis on its potential and peculiar characteristics. Videogames are leading and intertwining landmarks of contemporary culture and, in Brazil, they develop a special role inside the entertainment industry. The Brazilian gaming scenario has a great number of obstacles and difficulties in production and development and is characterized by its high taxes and the absence of big players in gaming industry producing games locally. This results in expensive games that can be bought mostly by the richer classes, which leads, in turn, to high levels of piracy. Despite these challenges, the Brazilian market promises enormous potential for exploring games in many different areas, mostly through digital informational/ educational games. We intend to discuss this scenario observing some data and researches, establishing some directions for broader discussions about this promising and complicated communicational ecosystem.

Keywords: communication; Brazil; consumption; games; videogames; media;

1. A WORD ABOUT BRAZIL

As an emergent country, Brazil is a land of contrasts. The country is the fifth largest in the world, it has the sixth largest population and it ranks seventh in terms of Internet usage. Brazilians are heavy Internet users, spending the largest average number of hours online[1], mainly in social network websites like Facebook, Instagram and Twitter.

It may sound curious, but it is a fact: the number of mobile phones in Brazil nowadays is larger than the size of its population. In the beginning of 2014, more than 270 million phone lines were in activity in the country and more than 30 million of smartphones are expected to be working[2]. This is an important point to highlight because in the last five years mobile Internet access has become the dominant in Brazil. A recent study from Nielsen has found that Brazilian mobile users mainly download games, social network and video applications[3].

Acknowledging the prominence of digital culture in today's *mediapolis* (SILVERSTONE 2007), the large amount of videogames and digital platforms can be considered a privileged space for communication and marketing researchers of all kinds.

This kind of information helps us understand some features of the potential for a gaming market. Although we have no extensive research about the subject, there are some research efforts to better understand the Brazilian gaming market. One research presented in an important Brazilian videogame fair named "GameWorld" revealed that 60 million people have at least one videogame console at home. It is almost 33% of Brazil's population. The research revealed another curious fact: 48% of the players buy illegal games and only 17% of the sales occur at game shops[4].

With this brief overview of the Brazilian gaming ecosystem, we will show deeper impressions, numbers and perceptions that we hope to help us broaden the discussion of this subject.

[1] 23 hours a week, according to the latest available figures.
[2] Source: <http://teleco.com.br/> (last access: May, 2014) Source:
[3] Source: <http://www.nielsen.com/content/dam/corporate/us/en/reports-downloads/2013%20Reports/Mobile-Consumer-Report-2013.pdf> (last access: May, 2014)
[4] Source: <http://jogos.uol.com.br/ultimas-noticias/2012/03/31/segundo-ibope-mais-de-60-milhoes-de-brasileiros-possuem-videogame-em-casa.htm> (last access: May, 2014)

2. BRAZILIAN GAMING MARKET: FROM ORIGINS UNTIL TODAY

Videogames are a reality in Brazil since the late 1970s. At that time we had very few Brazilian programmers making games, but we had a lot of small industries copying games, but they could be regarded as "legally pirated" games. This began with a government practice in 1977 - and became an actual law in 1984, with the Federal Law 7.232/84 according to Chiado (2011:13) - in which government prohibits all computer hardware and software importation, as well as the establishment of foreign computer companies in the country – and that included videogames as well. With time, this law eventually opened a gap in the legal system which allowed domestic companies to copy the original hardware and software "adjusting" them to the Brazilian market, which basically consists in keeping the software intact and changing their titles, and making some minor changes in hardware (mostly aesthetic, but sometimes they were simpler versions of their original North American counterparts), and then releasing them without paying anything in royalties or copyright. This allowed many games to be released in the Brazilian market.

This situation may look a lot like the recent strategies of many Chinese industries, but with one major difference: the price of videogames for consumers in Brazil were very high - something between US$600.00 and US$1,000.00 for one videogame console. At that time, videogames were a product for the Brazilian richest – just a few could pay this much for electronic entertainment. This "legal piracy" kept going for some time, and only in 1983 Brazilian people saw the first official videogame in the country: The Atari 2600, known locally only as "Atari" and distributed by a Brazilian company called Polyvox, officially representing the American company in country.

In the late 1980s and 1990s this "legal piracy" was slowly losing its power and, at the same time, other brands officially arrived in Brazil: Nintendo and Sega first, and XBOX (Microsoft) and Sony later. However, games prices were kept very expensive - both consoles and software. Even when we observe the PC's market, hardware and software appear as expensive goods. In the 2000s, PC games cost about US$ 70.00, and videogames about US$110.00. If we consider that the Brazilian family income per person of the 20% richest[5] is, today, approximately US$ 1200.00, it is possible to realize that games have always been an entertainment for few people.

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[5] Source: <http://www.ibge.gov.br/home/estatistica/populacao/condicaodevida/indicadoresminimos/sinteseindicsociais2013/default_tab_xls.shtm> (last access: May, 2014)

Despite being a very expensive product, a common practice in Brazil is the special financing offer of dividing the payment of the product among months, adding interest. It may be too difficult for an average Brazilian to pay US$1,000.00 for an XBOX ONE, but when one divides its payment equally into twelve months with one's credit card, it gets a lot easier. This financial practice helped games became more and more a common practice among Brazilians, especially children and teenagers, which received these so desired expensive machines of entertainment mostly on commemorative days such as birthdays or Christmas gifts from their parents.

But what helped gaming culture spread through Brazilian media repertoire was piracy. Many people, until today, buy pirated goods or download it from the Internet. A researcher from MIT GAMBIT GameLab[6] made it clear:

> "Piracy begins when the system reaches an extreme point where it is more convenient and cheaper (than the correct, legal system). If 'games' are sold at a fair price and if they are accessible; if the distribution model is efficient and cheap and well done, no one will have a reason to go Pirate. Give people fair prices for products and make them more accessible – that is one way to combat piracy. If it's accessible and the price is not abusive... What matters is convenience, and it has to surpass piracy. Then, it is not a problem anymore".

In Brazil, piracy is quite high, but this looks like a consequence of the characteristics of the domestic market, which suffers mainly from high taxes, concentration of wealth, and lack of infrastructure. Certainly, that is something to be understood and dealt with, if any gaming company thinks of beginning operations locally.

More recently the gaming culture has emerged in other social classes. That happens due to the high market penetration of smartphones in the middle class (as we saw in the previous topic). Because of that, mobile gaming is increasingly becoming more present among the entertainment habits of Brazilian people. The mobile gaming market is a kind of "escape route" for game developers in Brazil, which have the possibility to create games and – effectively – make them available for download to the entire world. That is why many national companies are making games for tablets and smartphones, knowing that they can be more competitive in this market, and that is a good way to expand their business overseas.

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[6] CTS GAME STUDIES. Relatório de Investigação Preliminar: O Mercado Brasileiro de Jogos Eletrônicos. Sourec: <http://www.scribd.com/doc/95100688/Relatorio-Preliminar-do-Mercado-Brasileiro-Jogos-CTS-Game-Studies-FGV-RJ> (last access: May, 2014)

3. POSSIBILITIES AND EXPECTATIONS

As we have discussed previously, the Brazilian gaming market is challenging for companies to establish operations, and for consumers who do not want (or cannot) pay high prices for games. But national companies are finding ways to contour difficulties and sustainably grow. If we observe some of the main products/services offered by national game companies we can find four main operations: 1) Mobile gaming; 2) Social media games and advergames; 3) Serious games and games for corporate training; 4) A small but emergent board/card games market. We will discuss each one in detail below:

1) Mobile gaming is a true emergent market for Brazilian developers. As mentioned before, the country has a wide base of mobile devices many of them included in the smartphone category with the feature of app downloading. Casual games deserve a highlight inside this context, and they can be defined, according to Trefay and Kaufmann (2010:1), as games that are quick to play, accessible and with simple mechanics. In this kind of game: the rules and goals must be clear; players need to be able to quickly reach proficiency; casual game play adapts to a player´s life and schedule; game concepts borrow familiar content and themes from life.

Lots of small publishers and studios are arising in the Brazilian mobile gaming scenario. Many mobile powerhouses are creating spaces for game developing inside their structures. As an example, we can bring the company named PontoMobi, that created in 2013 one game for a popular TV showman named Danilo Gentili; the game "The World Vs. Danilo Gentili[7]". The game reached more than 100,000 download in few weeks and was offered to the users in a freemium model; Freemium (free + premium) is a business model by which a proprietary product or service (typically a digital offering such as software, media, games or web services) is provided free of charge, but money (premium) is charged for advanced features, functionality, or virtual goods (in that case, extra stages for the game).

Another example is the not-so-small company called Sioux, who has developed some mobile apps in partnership with "Grow", a Brazilian company of toys and board games. One of their successes is the board game "Perfil" (which can be translated as Profile) where the player gets tips on famous people, places, things and years, and have to guess among some alternatives which is the right one – a classic Quiz Game. The mobile version made by Sioux

[7] The game can be downloaded at https://itunes.apple.com/us/app/omvsdg-td/id473979611?mt=8

received 70,000 downloads in the first month, was among the top five in the AppStore Brazil and became one of the highlights in the Samsung Store.

2) Social media games and advergames are another way that Brazilian game designers found to make their games profit. The contemporary multiplatform environment, with so many connections between different devices, became a privileged ambient for the wide use of digital social networks and other technologies. In this context, all kinds of content can be consumed, shared and modified by the users, who also control their own modes of distribution.

Before we move on, it is important to explain that, in this context, we define social network sites in the words of Boyd and Ellison[8] (2007), as web-based services that allow individuals to A) construct a public or semi-public profile within a bounded system, B) articulate a list of other users with whom they share a connection, and C) view and traverse their list of connections and those made by others within the system. The nature and nomenclature of these connections may vary from site to site.

It is also equally important to bring a definition of advergaming in this context. As we already discussed (BERIMBAU 2010: 61), there are many strategies in which brands can buy advertising space in the cyberspace of the game, like in-game advertising, dynamic in-game, game skinning, pre-game and post-game, static in-game and so on. More than to define the ever changing meaning of these practices, we need to understand that these communication strategies in videogames do not differ much from newspapers, TV programs, radio etc., in terms of media usage by ad makers. Here, brands too buy a place in a media that can (but not will) offer a content that is pertinent both to the media consumer and to the brand. Here, the relation of the brand with the game content looks more distant than the strategy of the advergame, that are, as defined by IAB[9], games created specifically for a brand, built from start to finish about a product or service. Here, the brand is not placed like an ad or a sponsor, somewhat dislocated from the experience generated through the game rules and aesthetics. In advergames, the fabric of meanings that constitute a brand are materialized within the dynamic and aesthetic of the game, producing experiences for the player that are uniquely relevant to that brand. Sports games, on the other hand, may seem as an exception, but they are not. It may seem that way because the sponsoring brands in racing cars or the ads on the edges of the soccer fields or tennis courts seem to give the player a better sense of reality,

[8] This content is available at: http://jcmc.indiana.edu/vol13/issue1/boyd.ellison.html (last access: May, 2014)
[9] INTERACTIVE ADVERTISING BUREAU. Game advertising platform status report: let the games begin. In: IAB. Source: <http://www.iab.net/media/file/games-reportv4.pdf> (last access: May, 2014)

trying to make the environment less fictitious to the player while simulating the experience of the consumption of the sport. In these cases, brands can be noted as “in the game”, and maybe even making it better somehow, but a game where Coke is present is not a game about Coke. The brand is not materializing its own semantic universe through the constituting elements of the game, but they are buying space (in this case, digital space) to be seen and remembered. In this sense, the game Doritos Crash Course looks more like a pertinent advergaming example as the constitutive elements of the game (rules and aesthetics) seek to give experiences to the player that promotes the symbolic consumption of the brand.

Digital environments are great places to simulate this type of advertising. Internet and videogames already have many games like that, and Mobile media (cellphones, iPads, iPhones) are increasingly being used by brands that choose this marketing strategy. Also, the evergrowing social networks like Facebook created a market for companies to develop games to social media and advergames. A company named Hive (www.hive.com.br) is one good example of an enterprise engaged in creating social games and advergames for global brands like Procter & Gamble and some local famous Brazilian brands, like the Skol beer.

3) Serious games and games for corporate training: following the thoughts of Nick Iuppa and Terry Borst (2007), this mode of game may be explained as games with a professional, educational or pedagogical use. Among electronic games, these serious games are the ones that most looks like advergames, in sense of its strategic use: in both, entertainment is the mean why the player is playing, but it is not why the game exists. There is the clear intention to communicate or teach something to the user. There are many companies like Games For Business (http://www.games4b.com.br/) that created many games for corporate training and ecological thinking. Some other are Aennova 360 (http://www.aennova.com/blog), E-Guru (http://www.e-guru.com.br/index.php/home) and OGG Corporate Simulations (http://www.ogg.com.br/index.php)

4) Board/card games market: This is still a fairly small market in Brazil, with some major players selling mostly traditional games. But since 2012 it is taking its first steps to new and creative products. Some of these big players are introducing European titles to the market and a still small company called “Galapagos jogos” is bringing some of the new successes of the United States and Europe board/ card game industry. Although we have not found any research on the subject, we can find some local evidence that this kind of gaming is showing signs of growing interest. Some of these evidences are the growth of local offer of new products, appearance of communities in social networks to arrange gamedays, promote trades and meetings; opening of board/ card games theme pubs etc. This kind of hobby is slowly

getting a wider base of fans. Also, many of the companies listed on topic 3 also work with board and card games while using this format for training and education, and we can also see some small independent game designers using crowdfunding to put their ideas in the market.

Thus, we could observe movements of industrial development and consumption of games on the national scene, but there is still much in potential. The question that emerges from this situation is: what does it take to make that potential become a fact? As noted in a Brazilian news site named http://convergecom.com.br/, based on a recent research made by BNDES[10] (National Bank for Economic and Social Development), gaming industry in the country needs more *business experience*. Brazil has lots of talents for programming, 3D design, game writing and sound design, but still has a lack of professionals to consistently and sustainably develop the field. Still, it's a seemingly ordinary idea in the national industry that most of the newly graduated game designers dream of making their own God of War game, or work in the next Call of Duty project – and that is something that he will not find here. As we have seen the local industry demands for people who THINK games, they are quick in solving production issues with simple and straightforward ideas and know how to use them as a means of communication, if necessary. It may not be a job that will offer all the glamour of having your name in the credits of a super-production, but by no means is it less challenging, demanding and interesting.

These main operation types of Brazilian companies and freelancers should be understood as illustrations of the national producer/ consumer scenery. In no way we seek to include all the strategies of Brazilian gaming companies or exhaust the possibilities of activities on national or international gaming markets. We wish here to point to some characteristics of the national scene looking to shed light on the common sense that the "game industry" refers only to videogame consoles or mainstream PC games. This perception is something that specialized media seems to emphasize, because that seems to be the preference of games heavy users - although, as seen through research, the casual gamer plays more games and for longer than the hardcore gamer, as Juul (2010) says. For local producers, perhaps Steam, Apple Store, Google Play and gaming portals are more suitable as distribution channels, while research and development focused on training/ education games seem to be a more fertile market.

[10] Source: http://goo.gl/00Wi1X (last access: May, 2014)

4. IN SHORT

By discussing this overview about the Brazilian gaming market, we hope to demonstrate the different strategies that some companies utilize to explore the market and excel in this contemporary digital ecosystem.

The delicate relationship between consumers and brands/companies in a digital environment requires special care on both sides. Marketing and technology are no longer separate worlds and we can see it clearly in the videogames universe.

We welcome the opportunity to present this relevant discussion as a means of contributing to the ongoing efforts in exploring the Brazilian gaming market in contemporary media and consumption culture. We hope this brief paper inspires other researches and new ways to find answers in this prosperous and complicated entertainment market.

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