

# [The philippine gaming industry](https://assignbuster.com/the-philippine-gaming-industry/)

THE PHILIPPINE GAMING INDUSTRYThe Philippine online gaming market is experiencing spectacular growth, reaching US$10 million and 350, 000 subscribers in 2004 (up from $3 million and 60, 000 subscribers in 2003), according to International Data Corp. With an estimated 40% annual increase in subscribers, online gaming has ceased to be just an ordinary pastime or amusement, it has become the most dynamic segment of the entertainment software industry in the Philippines. Opportunities abound for U. S.

online game content developers, broadband service providers, and suppliers of servers, switches, new and refurbished PCs, and gaming and PC accessories. At the end of 2004, PC penetration in the Philippines stood at 1. 82%, or 1. 53 million PCs for a population of 84 million, according to data from the National Telecommunications Commission (NTC) and key industry players. Five million people are estimated to have Internet access through PCs at home, schools, corporate offices and Internet cafes. 80% of Internet users still access the netthrough dial-up connections. As of 2004, there were approximately 300 Internet Service Providers (ISPs) and ISP Value-Added Resellers (VARs) registered with the NTC.

10 to 15 of these are major players, including the large telecommunications operators. ISP market leaders are Infocomm, a subsidiary of the Philippine Long Distance Telephone Company (PLDT); GlobeNet, under Globe Telecom; Pacific Internet, a Singapore-based ISP; Mosaic Communications and Tridel Technologies. As shown below, online gaming market growth is expected to accelerate in coming years. In January 2003 the first commercial online game was released, but real growth has been and will continue to be driven by massively multiplayer online role-playing games (MMORPGs), the first of which was released in September 2003. Today, MMORPGs dominate the industry. MMORPGS are ??? sprawling virtual worlds in which players interact with fellow players by controlling one or more characters.

??? 2 They allow multiple individuals from all over the country (in some cases, from different parts of the world) and from different walks of life to interact in dynamic, virtual communities. Because they serve as a venue for community building and self-expression by immersing thousands of gamers into ??? socially interactive virtual gaming adventure worlds,??? MMORPGs represent the next generation in digital entertainment in the Philippines. For the foreseeable future, online gaming will remain the trend in the Philippine digital entertainment industry (as opposed to PC-based games).

This trend is predicted grow stronger for the following reasons: Online games are interactive, unpredictable, all-inclusive, and continue to evolve even when the player logs off. By the time a player longs on again, real time has elapsed. This draws the typical Philippine player to log on as often as possible, as not to be left behind. Also, because content providers allow the Philippine publishers to localize the games, they can adapt them to Filipino preferences. PC based games are prone to piracy. In fact, some estimate that 90% of PC games sold in the Philippines are pirated copies. Online gaming content providers address piracy by providing the interface software for free or selling it at a relatively low price.

(i. e. Users download the game from the Web or from CDs distributed for free in Internet cafes, in magazines or during events.) In order to play the game, however, users must log on to a secure Internet site and pay the associated fee. Since the game software cannot be played without logging on to the website, it is of little worth to pirate the interface software. \* The Philippine preference for ??? sachet??? marketing, or purchasing small potions one at a time. ??? There is no front-end cost for the customer??? is how one industry insider describes the sachet marketing approach to online gaming.

In short, the game is distributed for free to potential end users, who purchase access to the game in short snippets, via a pre-paid access card. Because the consumer spends less at the time of purchase, his purchase is viewed as being economical. In reality however, consumers end up spending more by buying smaller portions one at a time. Market Opportunities ??? To a certain degree, gaming will help us achieve our goal of developing the Philippine digital infrastructure,??? claims Mr. Virgilio Pena, Chairman of the Commission on Information Technology and Communications Technology (CICT), the Philippine government??™s highest policy-making body on ICT matters.

As a catalyst for growing the Philippine IT infrastructure, online gaming is providing market opportunities in the following local sub sectors: \* The Internet Cafe Industry Online gaming has revived the Philippine Internet Cafe industry. Apart from its business and educational uses, Internet Cafes used to survive on network games. Owners typically paid a licensing fee for network games to be available in their facilities. Over time however, the number of players declined, as users got too familiar with the games and eventually lost interest in playing. The Internet cafe business suffered greatly as a result. In 2004, however, due to the popularity of online gaming, the Internet Cafe industry grew revenues by an estimated 75%.

They were able to double their revenue streams by charging for computer usage (average of PHP30 per hour) and selling pre-paid game cards. This fact caused one pundit to call online gaming ??? the next killer application for the RP3 Internet and related industries???.