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Gaming the Gamers: Using Experience Maps to Develop Revenue-Generating Insights

In mid-2011 Daniel Axelrod, senior product manager at Internet service provider WebTel, was given the assignment to capture more of the \$7 billion that home video gamers spent each year. Gamers who played on home console and PC systems were among the heaviest users of WebTel's broadband Internet services, and Evelyn Tutipass, WebTel's vice president of marketing and Axelrod's boss, was convinced there was an opportunity to engage them more deeply and generate more revenue.

WebTel had commissioned market research on gamers, the central component of which was a tool it had not used in the past: "experience maps." Experience maps document and illustrate how consumers consider, purchase, and use a product or service. Tutipass asked Axelrod to use the experience maps to generate recommendations for new WebTel products and services—including entertainment content—that might appeal to one or more key gamer segments and that might give WebTel a valuable first-mover advantage in this highly competitive market. Axelrod was to present his insights and recommendations to Tutipass the following week.

WebTel and the Telecommunications Industry

By mid-2011, WebTel (NYSE: WBT) had become the fifth-largest U.S. Internet services company, rubbing shoulders with industry giants including AT&T, Verizon, and Comcast.

WebTel: Then and Now

WebTel was founded in Houston in 1996 by Arnold "Tex" Daley, an engineer and serial entrepreneur whose previous ventures had included a semiconductor design firm and a home-security technology company. After selling those firms in the early 1990s, Daley was eager to ride the e-commerce wave that had recently begun. He and a group of partners invested in several regional online media organizations, then broadened their focus to include telecommunications infrastructure and services.

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WebTel grew quickly as a regional telephony and Internet services provider, operating in Texas and surrounding states. Following a successful IPO in 2000—just before the tech bubble burst—CEO Daley and his team pumped large amounts of capital into expanding the firm’s U.S. footprint and offerings, especially in the broadband and entertainment domains. WebTel was among the first companies to bundle Internet, TV, and phone services, which quickly became a standard industry offering. By 2011, though still headquartered in Houston, WebTel had operations in twenty-two states, including most of the southern half of the United States, with particularly strong market share in Texas, Oklahoma, Colorado, and New Mexico. The company boasted 19,000 employees and 5.5 million customers.

In 2010 WebTel had \$8.5 billion in revenues. Broadband and telephony services represented about two-thirds of that figure; the other third came from the sale of entertainment content, including on-demand cable TV programs. Entertainment-content revenues were growing at a rate two to three times that of broadband and telephony, so WebTel’s executive team was particularly interested in leading innovation in this market—and knew its rivals had similar aims.

The Telecommunications Industry in 2011

The U.S. telecommunications market was large, diversified, and growing, with an estimated total value of \$985 billion in 2010. Market subsectors included telephony (landline and wireless) services, along with TV, cable, and Internet offerings. The subsector of most relevance to Axelrod was Internet offerings, which generated revenues for Internet service providers like WebTel in return for their delivery of narrowband and broadband Internet connections to residential and commercial customers. In 2010 this subsector had \$39.5 billion in annual sales, and the market had grown 3.9 percent annually since 2005. Annual growth was expected to decelerate to 1.5 percent due to increasing saturation, leading to a projected total market value of \$41.9 billion in 2014. In 2010 there were an estimated 94.4 million Internet subscribers in the United States, representing a 4.4 percent annual growth rate since 2005. Subscribers were seen as having fairly low switching costs, leading to high customer “churn.” However, an increase in volume of customer complaints across the industry in recent years had boosted the importance of brand image and brand loyalty as a tool for maintaining and increasing revenue.

In 2010 the top four Internet service providers accounted for 50 percent of the market. **Exhibit 1** provides information on major players in the Internet provider and entertainment-content market, including WebTel.

To generate and maintain revenue, the top players typically relied on monthly subscription fees for individual or bundled services (e.g., Internet, phone, TV), along with add-on fees for entertainment content (e.g., on-demand movies). Although companies had historically offered subscriptions that put little or no limits on the amount of time customers could use the service, some firms were experimenting with the idea of charging customers based on the volume of data they used. This approach—sometimes called “usage-based pricing”—had already been successfully implemented for many years in the cell phone industry. However, companies that had experimented with pricing Internet services this way faced some resistance from both consumers and content providers, neither of whom wanted to see an increase in the customer’s cost to download movies and TV shows. Evelyn Tutipass had made it clear to Axelrod that because WebTel was already experimenting with usage-based pricing, he was to propose alternative revenue sources. While Tutipass emphasized that she was looking for ideas that fit nicely within the company’s existing product line, she also encouraged Axelrod to be as creative

as possible, and even to consider product offerings in categories for which WebTel did not currently have offerings.

Video Games and Gamer Segments

To help develop potential new revenue-generation drivers related to digital entertainment content, WebTel management commissioned a quantitative segmentation study of its existing Internet subscribers. Among the largest segments identified were family users, home business and telecommuting users, and gaming users.

The Gaming Industry

Of the three segments identified by the market research firm, WebTel was most intrigued by the gaming user segment, given its growth and profile. Starting with the explosion of interest in arcade games and home video game consoles in the 1970s and 1980s, gaming had grown into a multibillion-dollar industry in the United States that was fueled initially by legions of young males, but subsequently extended into other demographic groups. Video games could be played on gaming consoles (e.g., Microsoft's Xbox) or on PCs. The market had been dominated by console systems until the mid-1990s, when the growth rate of PC-based games outstripped consoles for the first time. The total U.S. video gaming market was estimated at more than \$7 billion in early 2011. The worldwide video gaming market was expected to grow about 16 percent annually, to a total of \$70 billion by 2015.

Consumers and producers of video games tended to distinguish among games based on the "genre," or type of gameplay it involved. Genres included fighting games (in which players operated avatars who competed in hand-to-hand combat), first-person shooter games (in which players competed using guns and other projectile weapons), sports games (in which players took on the role of coach, manager, and/or a team or player), racing games (which put players in the driver's seat of a car), and music games (in which players interacted with a musical score or songs by top artists). In the PC game subsector, massively multiplayer online role-playing games (MMORPGs) exploded in popularity in the new millennium. MMORPG players interacted with thousands of other players online in a virtual game world. World of Warcraft, the best-selling MMORPG, was approaching 10 million users in 2011.

Gaming: Consumer Trends and Segments

To better understand consumer gaming habits, WebTel secured additional market research on industry-level trends and segmentation.

The research highlighted several important trends. By 2011, an estimated 70 percent of U.S. adults with an Internet connection had played at least one video game on a console or PC in the last six months. More than 60 million U.S. adults had purchased a video game in the past twelve months. Moreover, gaming had diversified well beyond young males. For example, retirees comprised 12 percent of all gamers, and women comprised about 50 percent. Women were the fastest-growing gamer segment, with nearly 10 million female gamers ages 18 to 24. The average gamer spent thirteen hours per week playing. The total income of all gamers was estimated at

more than \$4 trillion. Gamers were more likely to live in a household with more than \$75,000 in annual income. About 47 percent of gamer households had children under 18, compared to 30 percent of nongamer households. Video game buyers with children accounted for about 60 percent of all game purchases.

As far as behavioral patterns, gamers shopped more frequently than nongamers, were more likely to make online purchases, were less likely to have healthy eating habits, and, not surprisingly, were more likely to buy consumer electronics. About 20 percent of gamers agreed that the Internet is their prime source of entertainment, compared to 10 percent of nongamers. Nearly a quarter of gamers reported going online twenty-five or more times in an average week. Gamers were also more likely than others to subscribe to premium cable channels (e.g., HBO).

The fast increase in gaming was linked to high levels of PC (84 percent) and game console (51 percent) household penetration. There was also a rising trend of gaming on nondedicated platforms such as cell phones. Some of the demographic trends had been driven by the growing popularity of game consoles (e.g., Nintendo Wii, Microsoft Xbox) that featured highly interactive games and new technologies such as the Xbox Kinect, which allowed users to navigate and play games using body movements and gestures, rather than relying exclusively on a handheld controller. Similarly, popular games such as Rock Band (distributed by Electronic Arts) and the increased availability of puzzle, word, and simple action games made it easy for families to enjoy games together, while other offerings such as Wii Fit encouraged players to engage in physical activity. Another attractive new gaming feature—of particular relevance to companies such as WebTel—was the ability to connect with other players online through features such as Xbox Live, for which consumers paid a small monthly subscription fee (e.g., \$5 to \$10); the fee went to the console manufacturer (Microsoft, in the case of Xbox Live), rather than the Internet service provider.

Customer Insight Generation

Since her arrival as WebTel's vice president of marketing several years ago, Tutipass had championed the role of customer insights in providing a competitive advantage, especially in the increasingly commoditized telecommunications industry. As she defined it, customer insight was a deep understanding of customer feelings, beliefs, and motivations. Tutipass argued that only a truly deep understanding of WebTel's customers could give a smaller company like hers an edge against its bigger competitors. Tutipass also believed that any firm seeking customer insights needed to research the customer using multiple methods, not all of them quantitative. For example, when developing a new tier-based subscription system for TV subscribers, Tutipass hired a market research firm to observe WebTel consumers watching TV in their homes to see how different kinds of users decided on the stations and on-demand content they watched.

"Our customers are not going to tell us what product to produce or what ad campaign to develop," she had once told her marketing managers, including Axelrod. "But if we understand what customers like and dislike about our services—and what they like and dislike about our competitors—we'll be in a better position to create services and communication that will influence customers to come to us and stay with us." Tutipass had also emphasized the importance of looking beyond simply what the customer says or does and trying to infer (based on the data) what motivates the consumer to say or do something. "Our competitors already know the obvious stuff," Tutipass told them. "Your job is to delve into the data and come away with an understanding of the customer that is deeper than what our competitors have."

Subsegmenting the Gamer Segment


Because of its interest in the gamer segment, WebTel commissioned its market research firm to determine whether gamers differed from one another on important dimensions, and therefore whether the gamer segment could be subsegmented into useful and actionable segments.

The segmentation research returned five segments. Solitary Gamers, Genre Gamers, and Multiplayer Gamers represented 88 percent of all gamers studied by the firm, whereas Occasional Gamers and Reluctant Gamers were smaller segments. **Exhibit 2** and **Exhibit 3** present more information about the segments.

nForm and Experience Maps

To gain a deeper understanding of consumers in the top three gamer segments, Axelrod received approval from Tutipass to fund an in-depth analysis of consumers in each segment. To acquire this deep understanding, Axelrod decided to commission the development of experience maps for each of the segments. An experience map is a graphic illustration of the typical experience a consumer has in relation to the product or product category. Experience maps capture not only the experience of buying a product or service but also how customers decide they need or want a product, what information sources they use when deciding, and how they use the product after purchasing.

To develop experience maps for the three key segments, Axelrod hired nForm, a Canadian user experience research and design firm. nForm helped its clients create new digital products and services, such as websites and mobile applications, based on a deep understanding of the clients' customers.

nForm used a variety of research techniques to understand gamers. First, it conducted "usability testing" on WebTel's existing gamer portal, which involved researching actual customers as they performed different functions on WebTel's website. nForm also surveyed consumers and asked them to rank potential features for games and gaming technology, and it visited forums where gamers shared tips and insights about games. Most important, the firm conducted telephone interviews with approximately fifty gamers from across North America. Participants were recruited through online forums and classified sites (e.g., Craigslist) and offered a small incentive for participation. 

The interviews focused on the lifecycle of a gamer, including everything from how a consumer selects his or her first gaming console to how a consumer evaluates, plays, and talks about games that he or she has already purchased. This included investigating what factors influence purchase decisions and in what contexts consumers play games.

Based on these interviews, nForm developed "personas" for each of the three segments that interested WebTel. Personas are descriptions of a typical member of a target segment, and they are used by market research professionals and market practitioners to bring segment members to life and to better envision how a customer might think or feel. For example, because the typical Genre Gamer was a male in his late twenties, nForm developed a persona of the Genre Gamer whose name was "Ian" and who was 28 years old. The Genre Gamer persona included a number

of other typical attitudes and behaviors that tended to be common to Genre Gamers. Personas for each of the three segments are incorporated into **Exhibit 4** through **Exhibit 6**.

Using the data collected on Solitary Gamers, Genre Gamers, and Multiplayer Gamers, nForm then set out to map the typical lifecycle experience for each segment. To develop these maps, the nForm team wrote individual quotes and observations on Post-it notes and clustered them on a boardroom wall over a two-week period. As patterns of behavior were identified, the team started to build a rough version of the experience map.

During the analysis, the team found that all of the gamers interviewed would move through discrete stages: first, choosing a game, then purchasing it, playing it, and finally sharing their experiences.

The team also learned that participants engaged in different kinds of processes at each stage. For example, choosing a game was often an exploratory process in which a gamer weighed different factors—such as reviews, genre, similarity to other games in his or her collection, and opportunities to play with friends—for several games before making a purchasing decision. Once a game was chosen, the gamer usually moved quickly to select a store and buy the game.

The channels used for each stage were also considered in the analysis. Multiplayer gamers were more likely to download games, to play online, and to share their experiences on forums or blogs. Genre gamers liked to try a game in a store or through a rental, and to play with friends in their own homes.

All of these details—the stages, processes, channels, and personas—were assembled into the experience map. When the analysis was complete, a visual designer translated the rough experience maps into an illustration. The final experience maps produced by nForm are reproduced in Exhibit 4 through Exhibit 6.

Translating Experience Maps into Revenue-Generating Insights

This was Axelrod's first time using experience maps and he was excited by the challenge of figuring out how to analyze this unstructured data.

He decided he would start by identifying how the maps for the key gamer segments—Solitary Gamers, Genre Gamers, and Multiplayer Gamers—differed and how they were similar. Each time he found an important similarity or difference, he would use his understanding of each segment to infer what the similarity or difference might mean about how and why gamers felt, thought, or behaved. When he had inferred the motivation underpinning each gamer segment's behavior, he would generate ideas for products or services WebTel could offer that would uniquely satisfy one or more of the segments.

He pushed his other work aside and began to study the first image.

Exhibit 1: Top Companies in the Internet Services Market

	Offerings	2010 Revenues (Growth from 2009) (\$ in billions)	Number of Internet Subscribers in 2010 (in millions)
AT&T	<ul style="list-style-type: none"> Wireline services (e.g., local/long-distance phone, digital TV, Internet) Wireless phone 	\$124.3 (1.5%)	16.0
Verizon	<ul style="list-style-type: none"> Wireline services (e.g., local/long-distance phone, digital TV, Internet) Wireless phone Directories 	\$106.6 (-1.2%)	9.3
Comcast	<ul style="list-style-type: none"> Cable services including phone, Internet, and TV Video services including HDTV and DVRs^a National TV programming networks (e.g., E!, Versus) 	\$37.9 (6.9%)	17.0
Time Warner AOL	<ul style="list-style-type: none"> TV networks Filmed entertainment Publishing Interactive services 	\$18.9 (5.6%)	9.9
WebTel	<ul style="list-style-type: none"> Cable services including phone, Internet, and TV Video services including HDTV and DVRs 	\$8.5 (3.7%)	3.9

^a DVRs are digital video recording devices that allow the recording of TV programs onto set-top hard drives for later viewing.

Exhibit 2: Distribution of Gamers by Segment

Multiplayer Gamers	Solitary Gamer	Genre Gamer	Occasional Gamer	Reluctant Gamer	Vacation Gamer	Other
28%	19%	25%	11%	7%	7%	3%

Note: N=1,887

Exhibit 3: Gamer Segment Demographics

	Male/Female (%)	Average Age	Annual Spend on Gaming (\$)	Avg. Hours/Week Gaming
Multiplayer	88/12	21.3	225	13
Solitary	67/23	33.7	272	5
Genre	84/16	28.1	358	9

Exhibit 4: Experience Map for Solitary Gamer

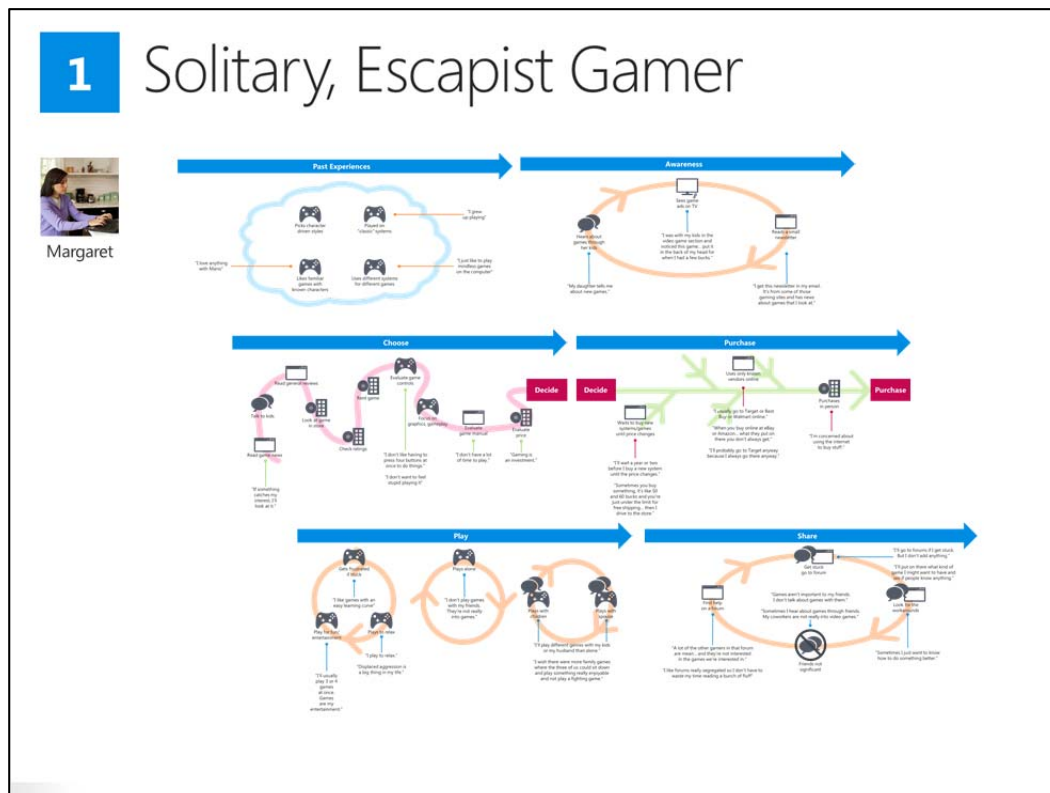
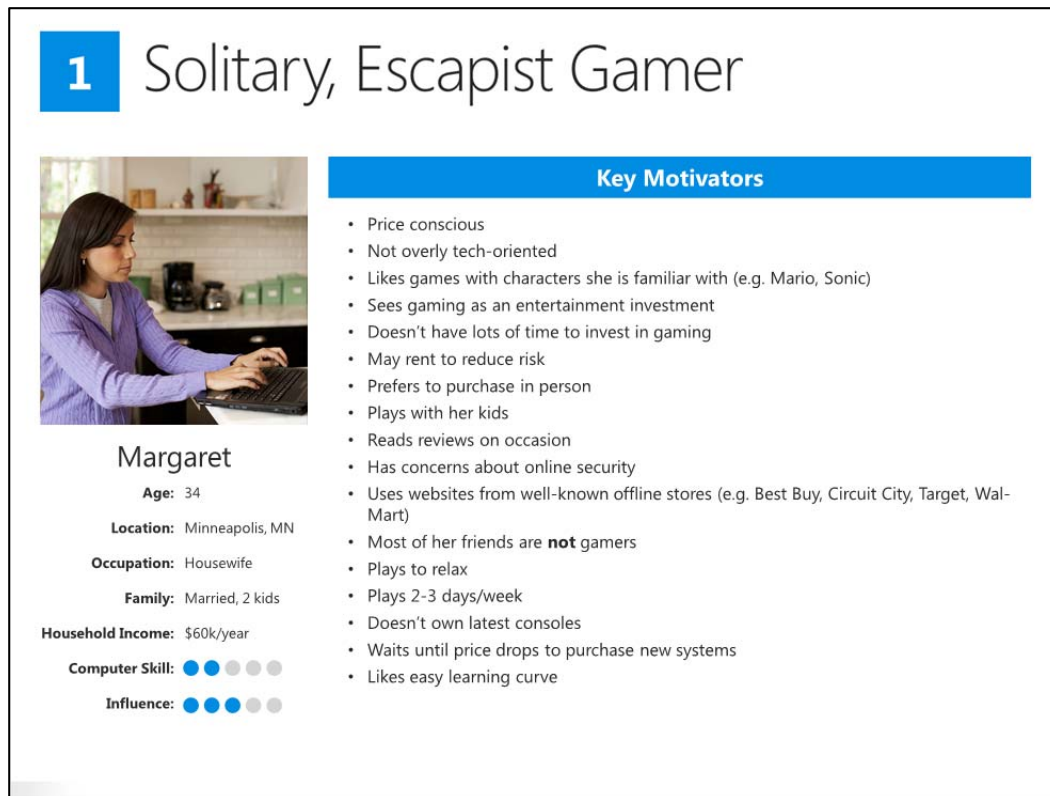


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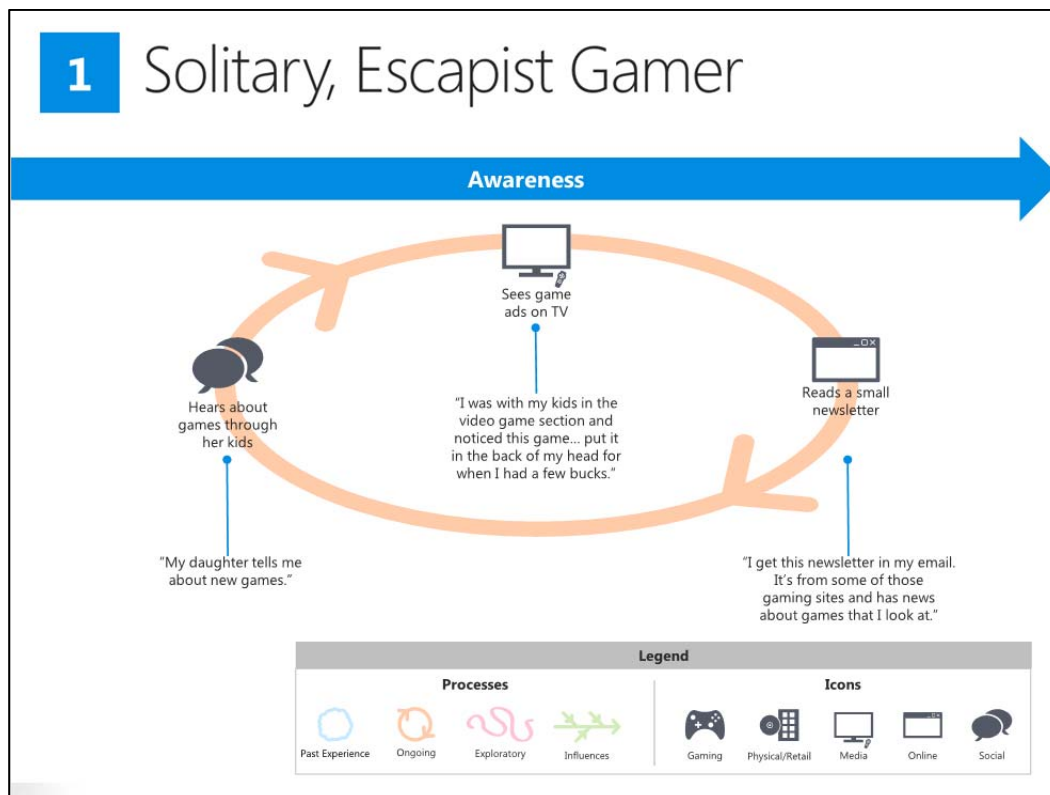
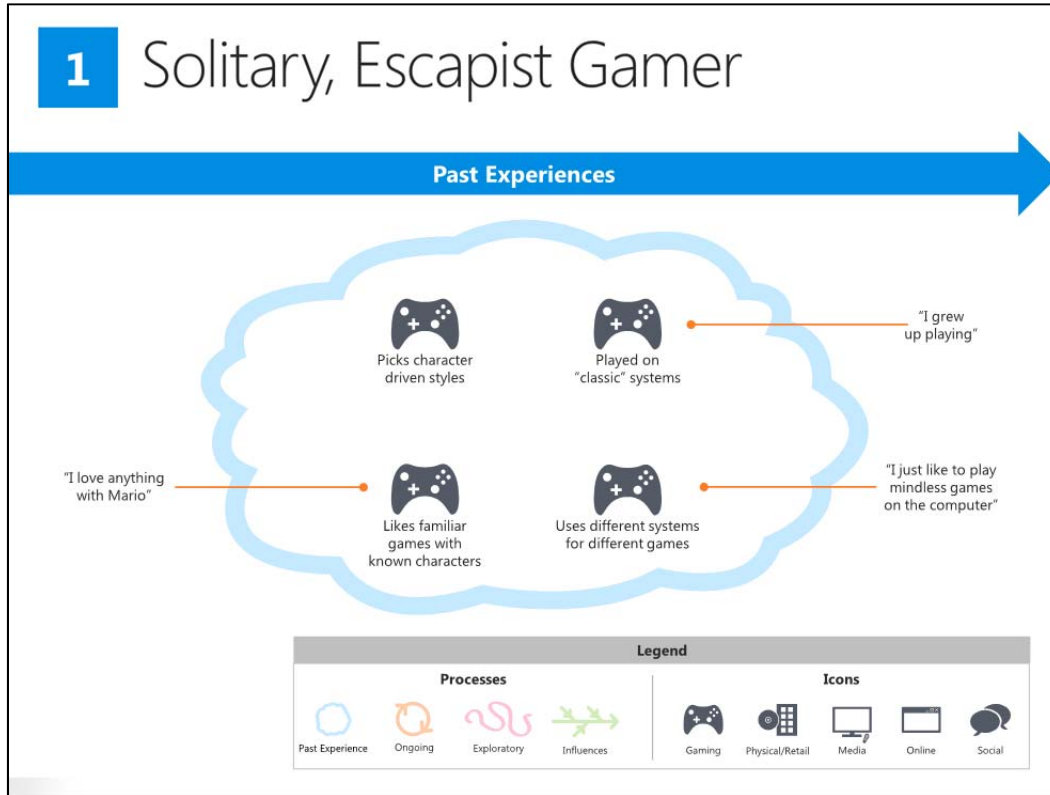


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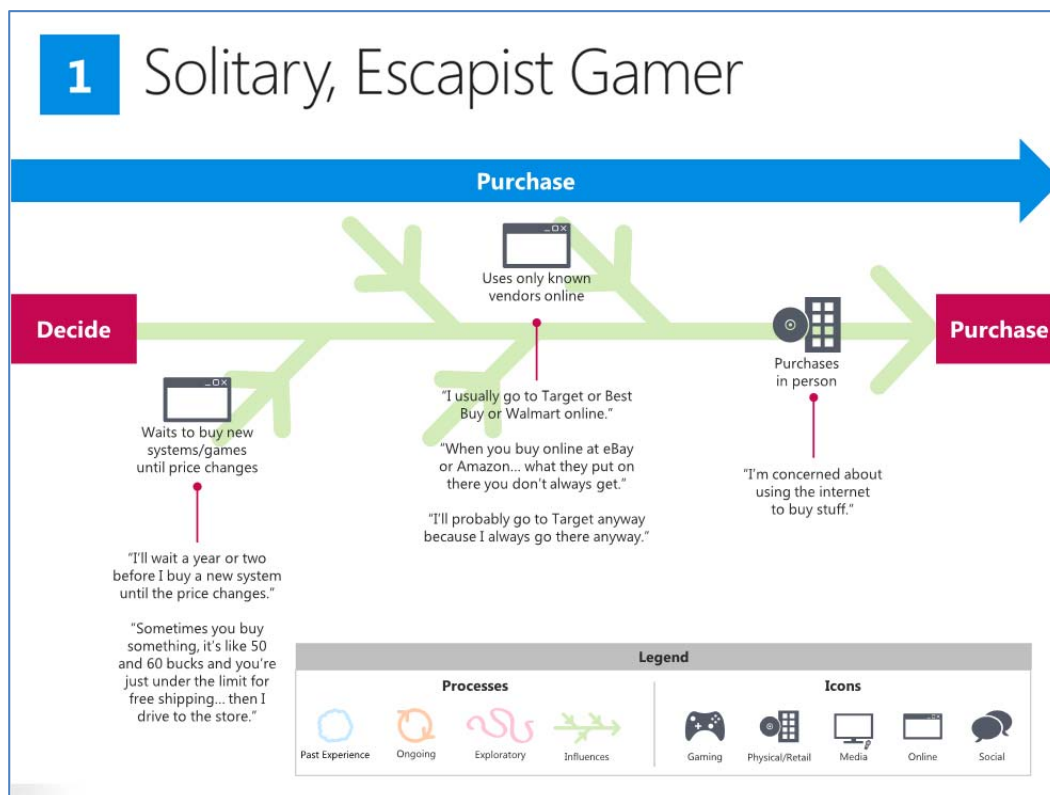
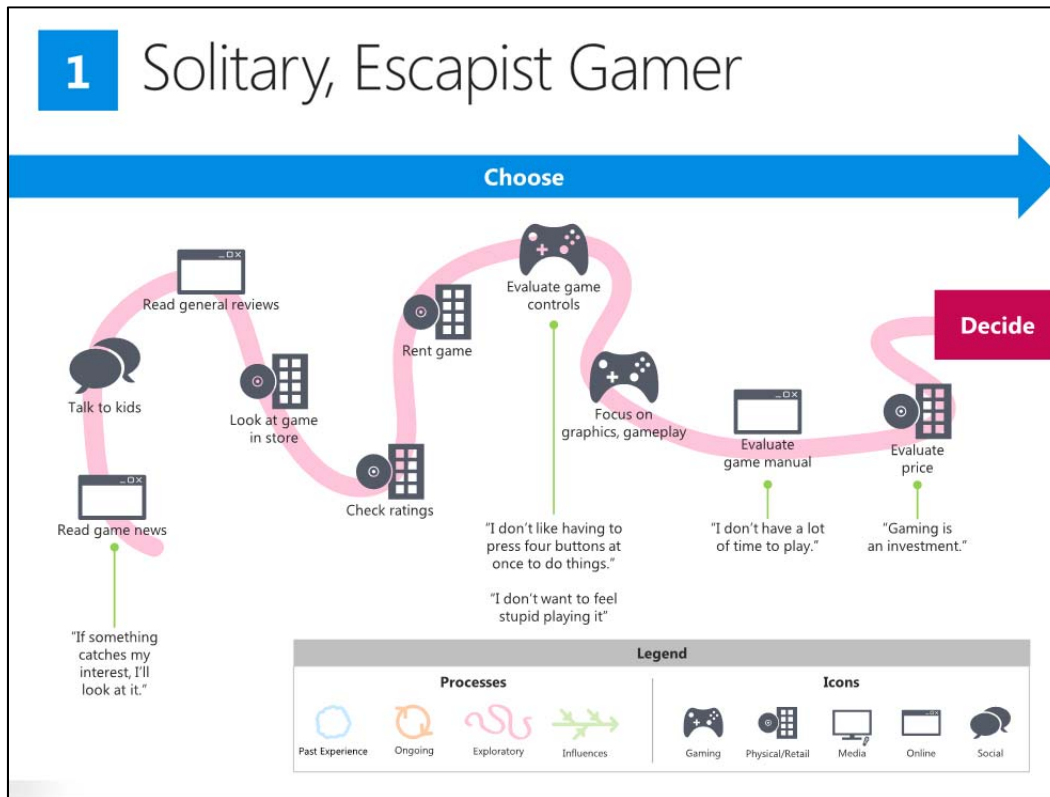


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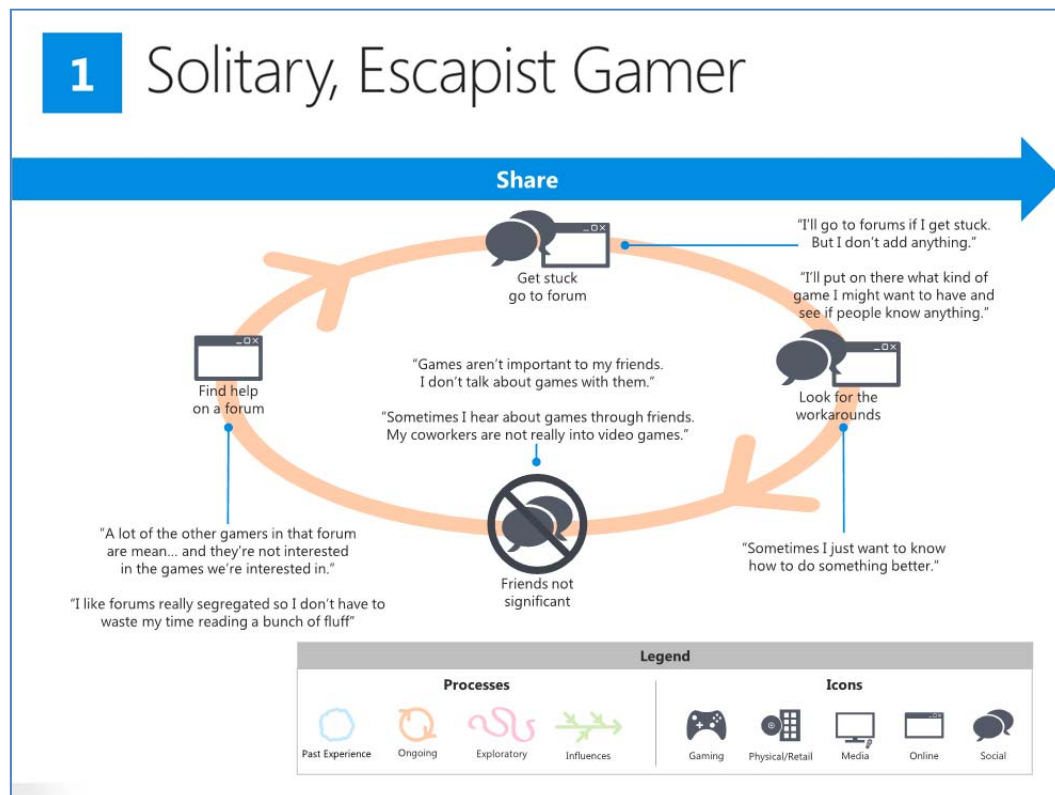


Exhibit 5: Experience Map for Genre Specific Gamer

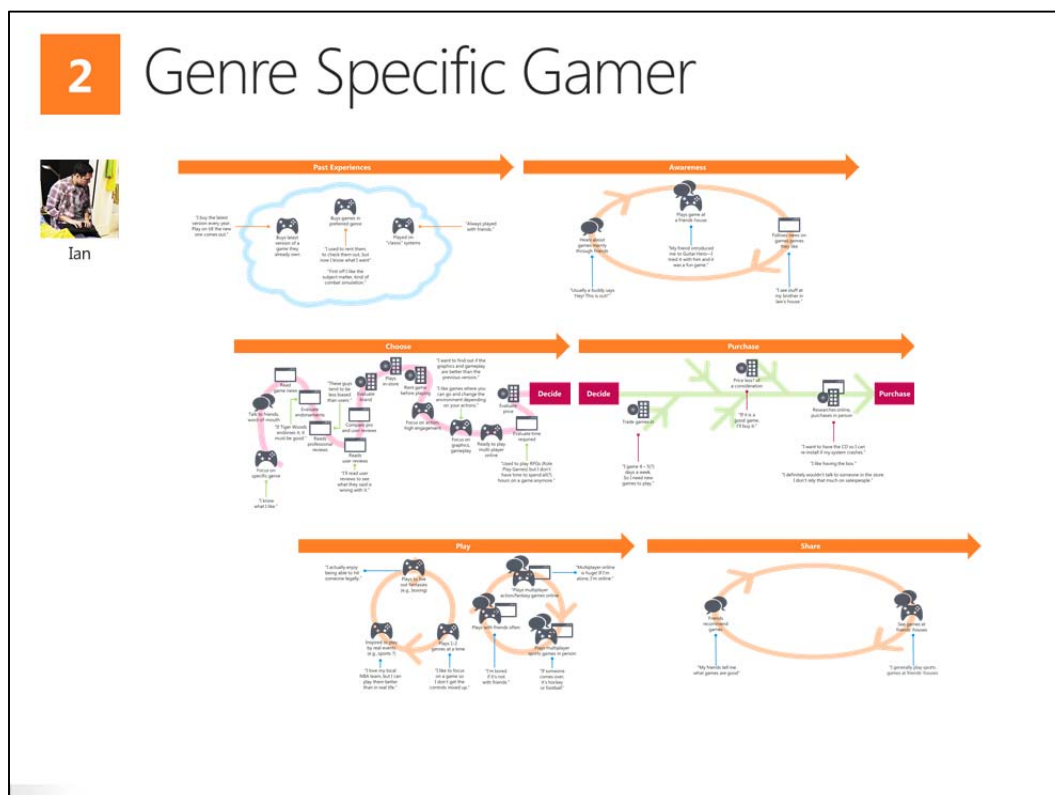
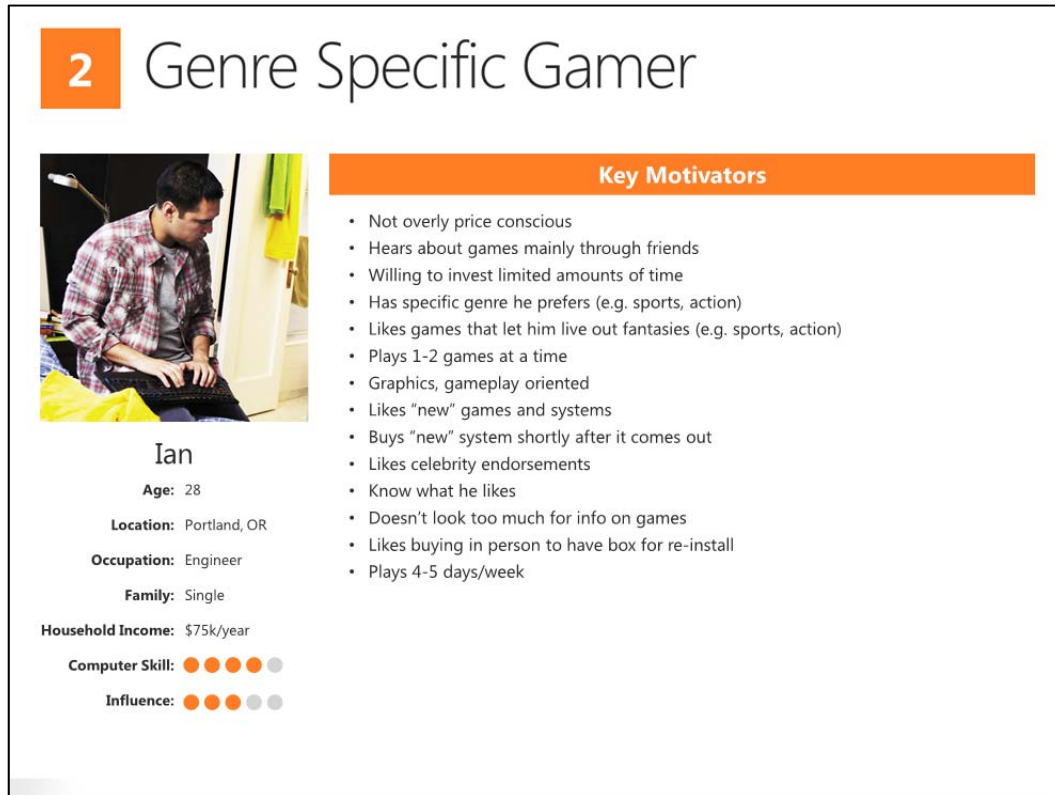


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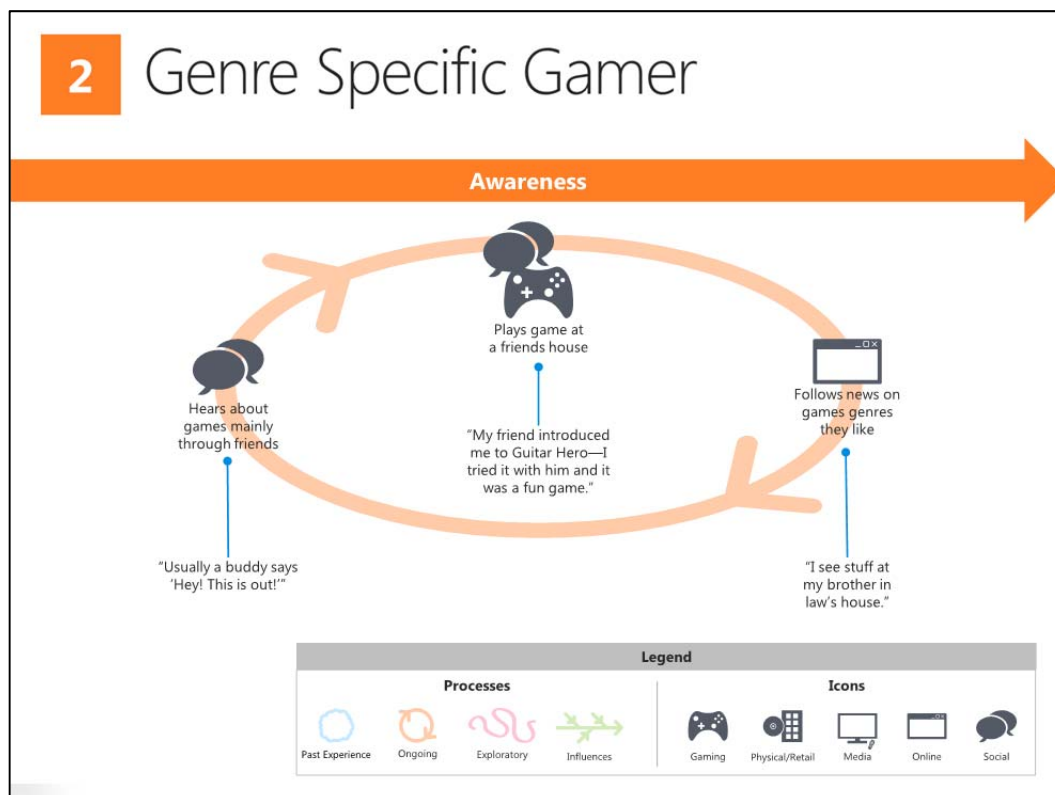
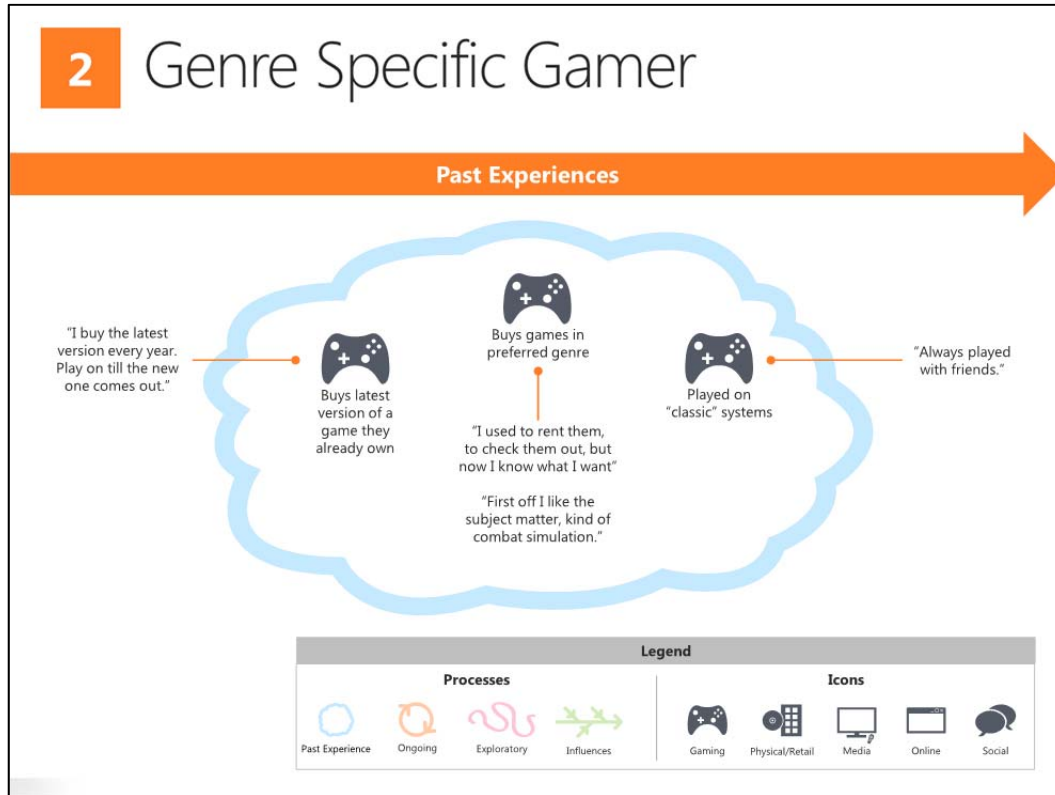


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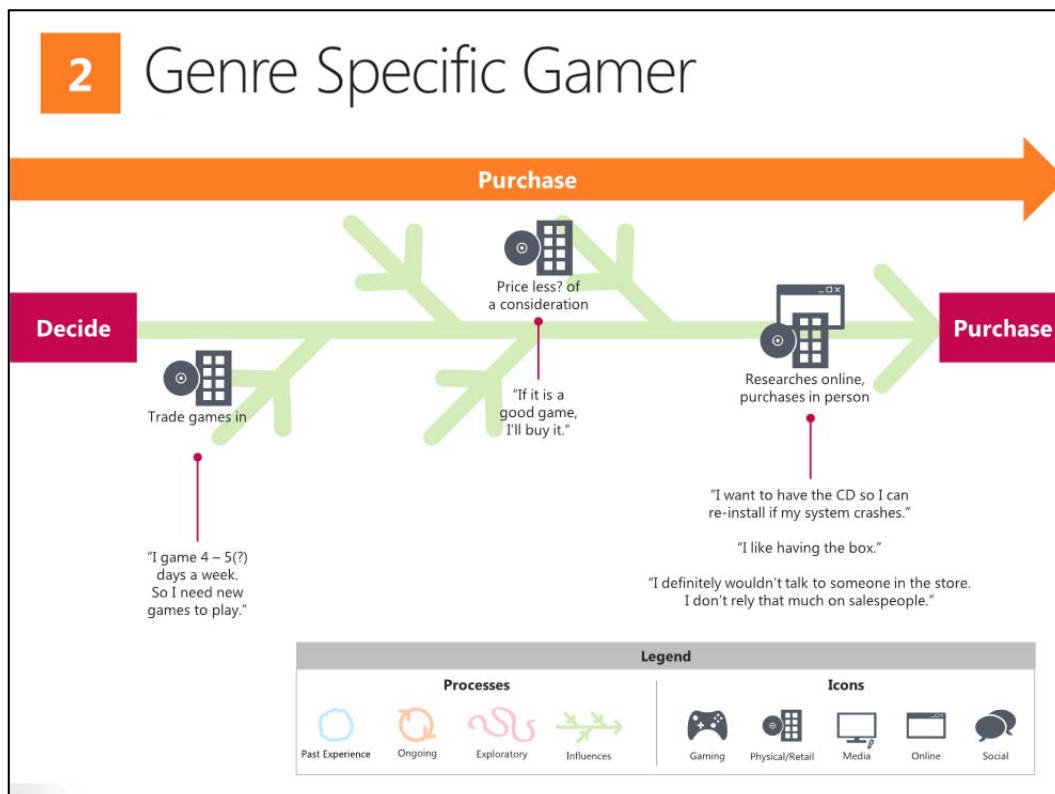
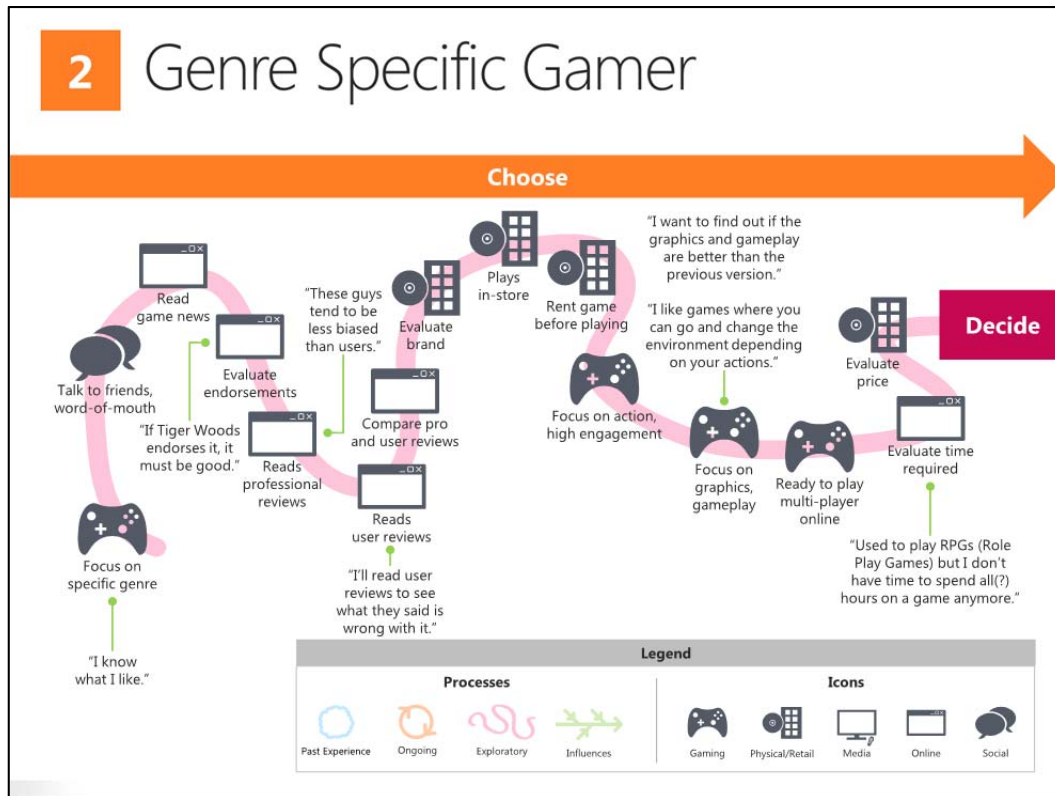


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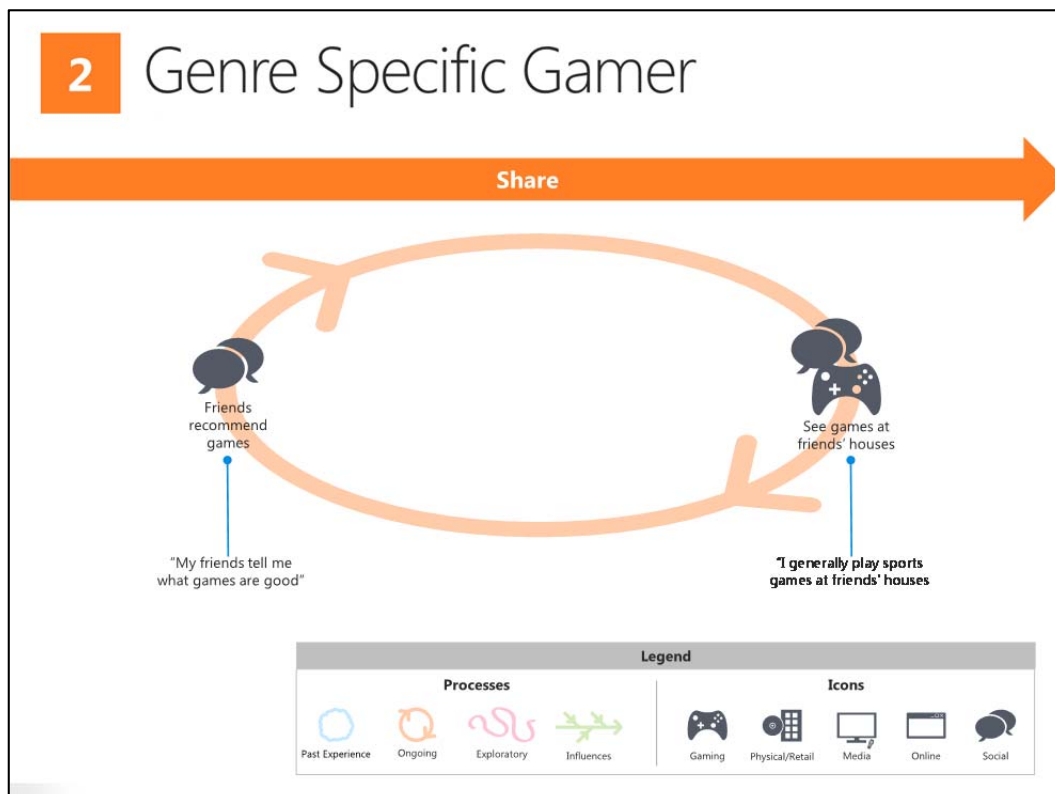
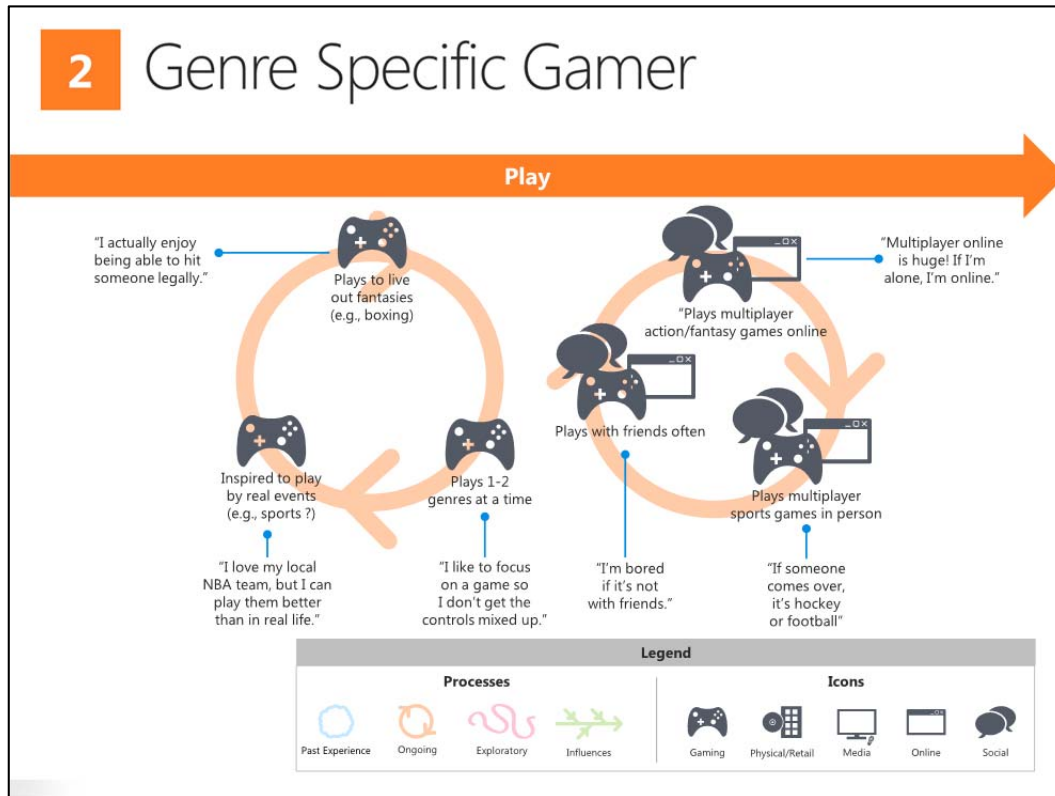


Exhibit 6: Experience Map for Multiplayer Gamer

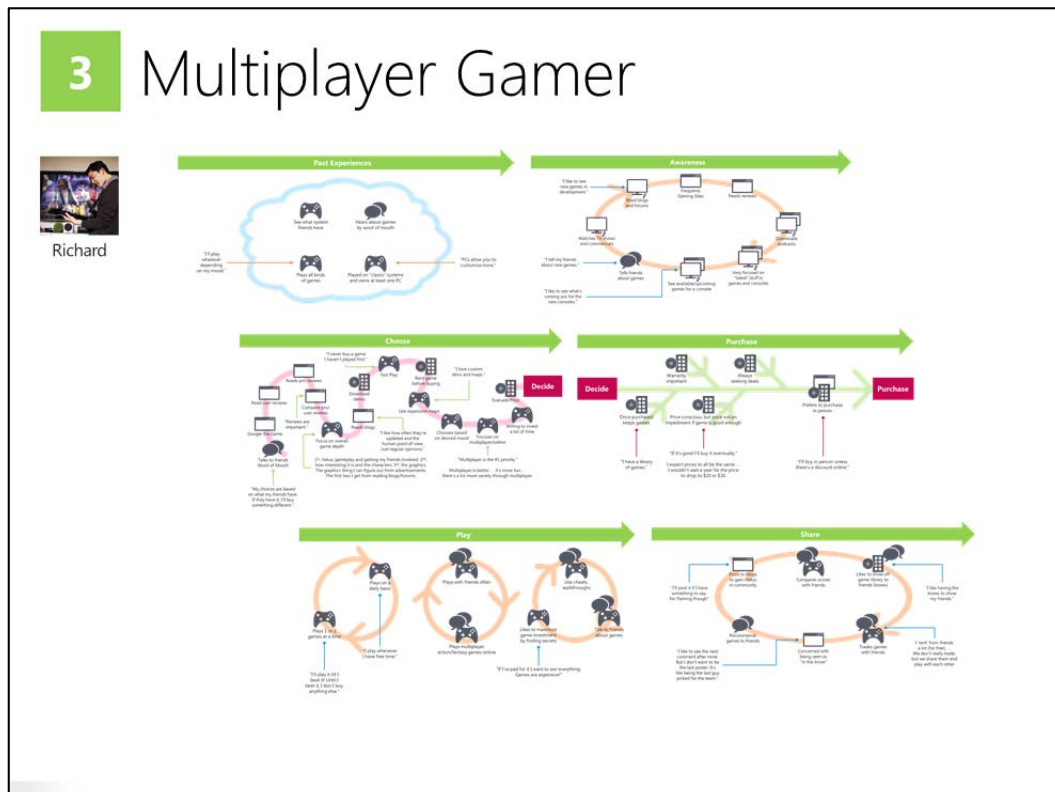


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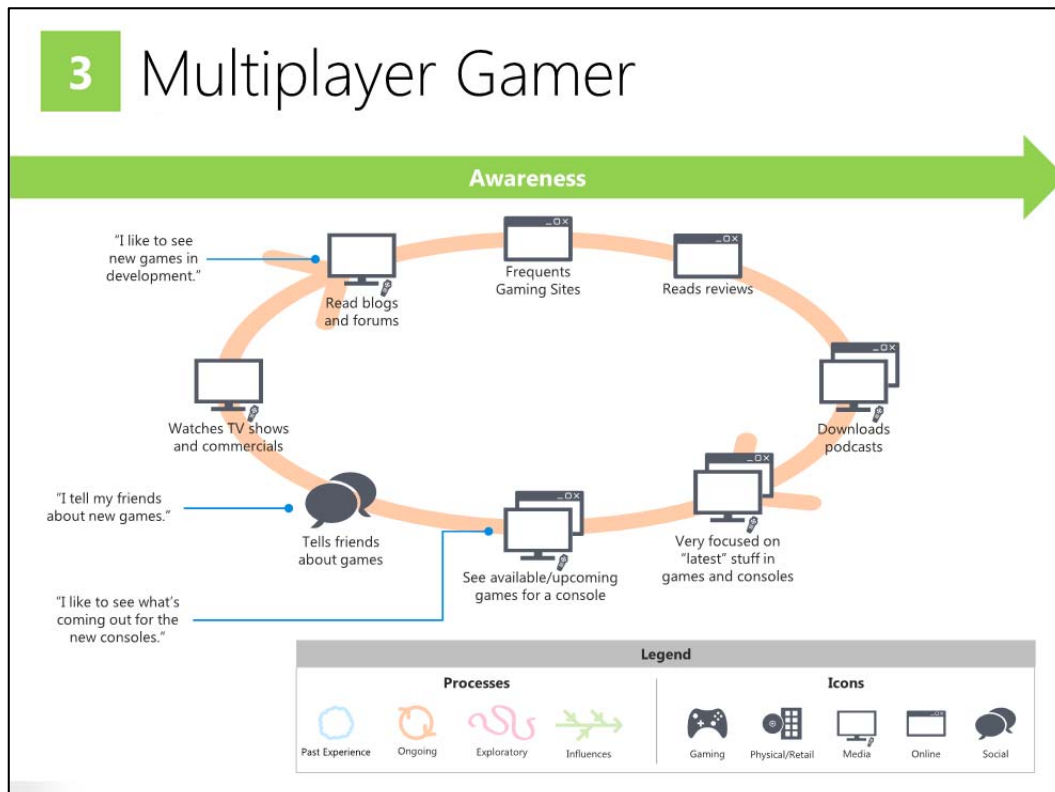
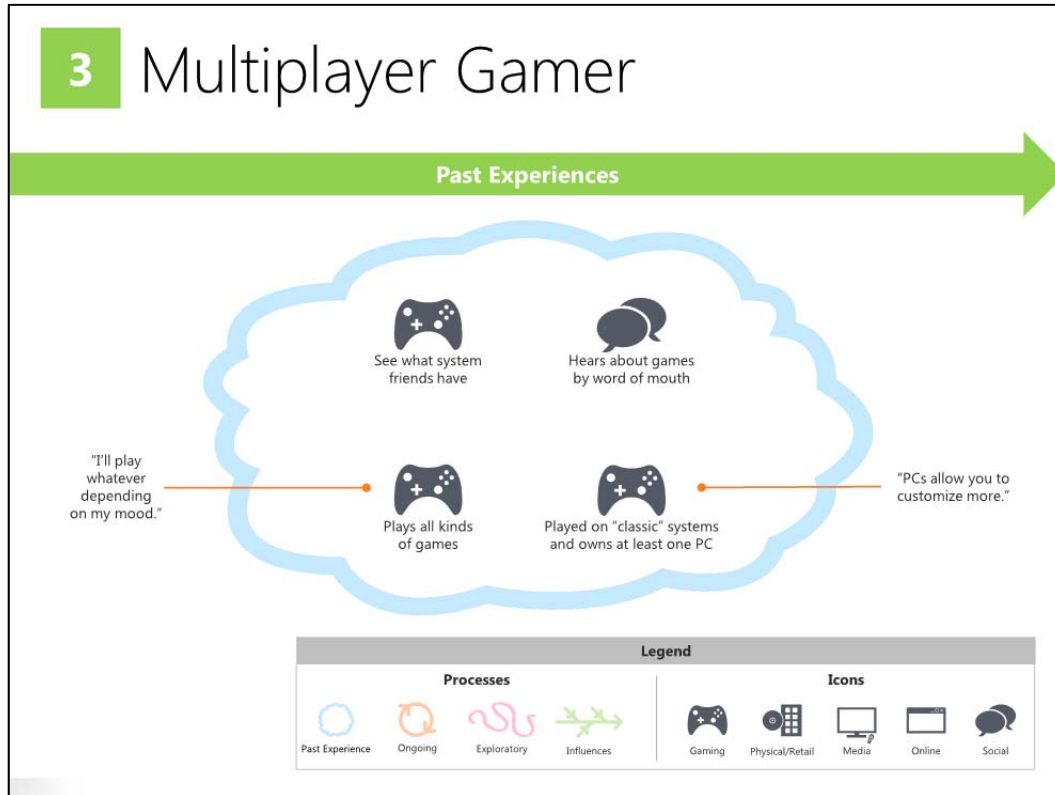


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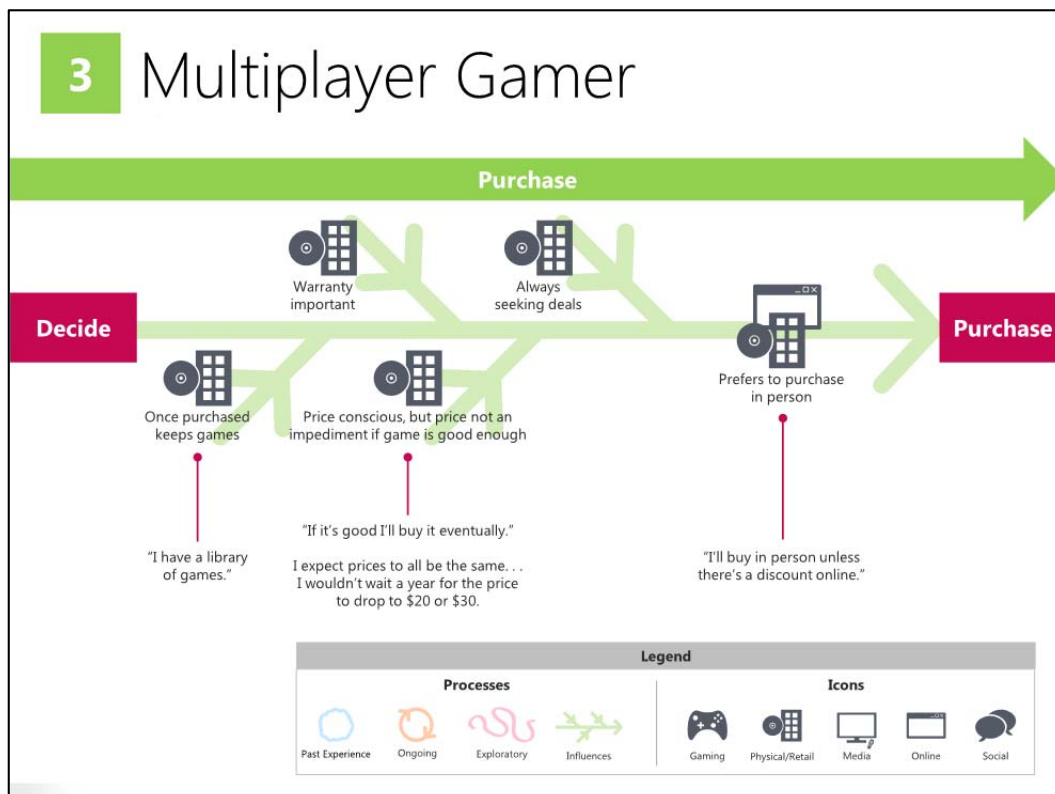
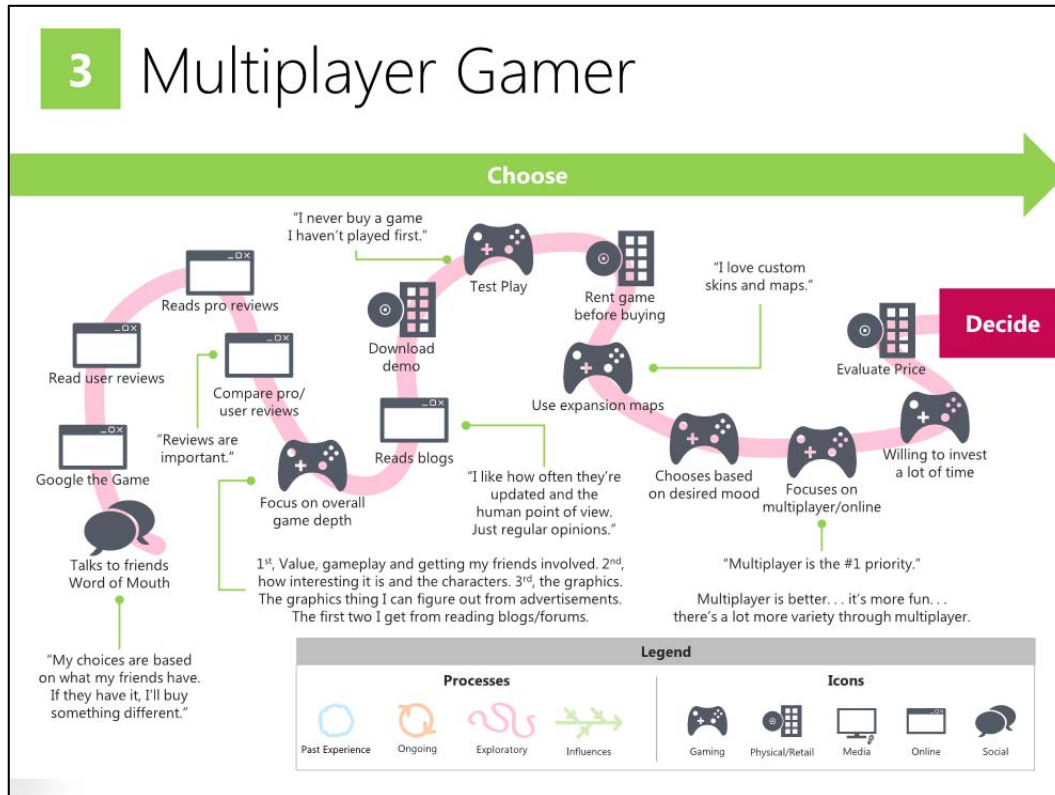


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