

The myths of social gaming

Evolving from social media and the expansion of mobile devices, social gaming has emerged as another line of business for gambling companies. New technologies, real-time communications and shifting regulatory and operational models are driving innovative thinking and industry transformation. But with these opportunities, comes misconceptions and lack of understanding on what social gaming is and the role it plays in the gaming industry.



Myth 1: Social gaming is gambling

Social gaming is about playing something just for fun, socializing, entertainment and a sense of achievement with no expectation of winning real world goods or money. Gambling requires the opportunity for buy-in, chance and prize. Although some social games accept payment for elements in a game, you can't win a prize or cash out winnings—the main incentive for gambling. Players are rewarded with additional time or free currency to play. Social games can be simulations of bricks-and-mortar casino-style games, just delivered in an innovative way or something completely different (e.g. FarmVille on Facebook).



Myth 2: Social gaming was created to hook kids into becoming gamblers

Social gaming emerged almost as a natural evolution from social media and the expansion of mobile devices. As such, it's often wrongly regarded as facilitating the first steps into the world of gambling; a legitimized gateway experience where kids knowing or unknowingly run up huge bills on their parent's credit cards. But this is far from the truth. Instead, social gaming offers a customer-centric approach that suits the wants of the next and Facebook generations. As with all social media, social gaming is trying to become a viable, profitable and long-term business.



Myth 3: Gambling companies own and operate all social gaming enterprises

Fully diversified gambling companies do have operational control over some social gaming companies, but it's not blanket across the industry. There are numerous independently developed and operated social gaming enterprises.

As traditional gaming companies look to expand and grow market ownership and revenue, social gaming is a natural fit. Similarities include structure, format and the monetization of social gaming. Seen as the “next big thing”, traditional gaming companies can hedge their bets by partnering with social gaming enterprises. A partnership can make this potential a reality and a good fit—both offering many lessons to be shared (e.g. regulatory compliance, branding, player rewards, e-commerce and operational efficiency).

Social gaming concerns

There are many concerns and varying perspectives on the social gaming industry, including around IT security and data management of player information; targeting and monitoring underage players; and the addictiveness of social gaming. Additional concerns include how to rate social gaming (i.e. like consoles or films); the location of games and who's operating them; and corporate transparency and accountability.

How we can help

We've worked with regulators, operators, vendors, service providers and other bodies across Canada and globally. Our team provides a range of consulting, tax and audit services to help you achieve significant benefits (including in areas such as legal and regulatory response, third-party improvements, testing of games and systems, reducing operational costs, implementing technology and managing risk).

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