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THE STEAM PLATFORM ECONOMY: CAPITALISING FROM PLAYER-DRIVEN ECONOMIES ON THE INTERNET

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Introduction

With this paper I aim to analyse and discuss the *Steam* game platform in a platform economic perspective. I will argue that *Steam* represents a special type of platform economy due to its roots in gaming economies: *Steam*'s platform economy can be seen as a specific way of capitalising on the player-driven economies that arise within and beyond key game titles offered on the platform.

Steam

Steam was launched by the game developer Valve in 2003 as a download client for Valve's games, including the hugely popular *Counterstrike*. Yet, already by 2005 *Steam* was used for distributing game titles developed by third party developers as well (Joseph, 2018). Within the following decade a number of features were added including *Steamworks*, an API for third party game developers, *Steam workshop*, a set of publishing and distribution tools aimed at the modding communities and *Steam community market*, a market where players can sell and buy items. Throughout this development Valve has gradually moved from the business of selling games to the business of taxing transactions on the platform. Moreover, this business is not limited to *Steam* as a retail or marketing window, but is deeply embedded into the way games are played and game items are traded between players.

Platform economies

The importance of platforms to economic, cultural and political processes in modern society has been widely addressed (Van Dijck, Poell, & De Waal, 2018) and the platform can indeed be seen as a key economic principle in the age of 'surveillance capitalism' (Zuboff, 2019). One key aspect of platforms as economic principles is the way their APIs enable a decentralization of data production along with a recentralisation of data collection (Helmond, 2015) with wider implications for the production of cultural content (Nieborg & Poell, 2018). This perspective has also been applied to the field of gaming. For instance, Nieborg analyse how free-to-play games as represented by *Candy-Crush*, cover a range of monetization strategies that reflect the wider economic

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logics of the platforms in which they are situated (Nieborg, 2015). In a similar manner, the Steam platform offers a number of monetization strategies, that move well beyond the retail and marketing aspects of the platform, and include player-driven economies as an alternative source of income. Moreover, the different games offered at the platform combine these monetization strategies in a number of ways.

Steam as a platform for economic transactions

As mentioned in the introduction, with *Steam* Valve has moved well beyond the business of selling games and into the business of taxing transactions on their platform in the same manner as online market places like Appstore and Google play. However, a closer look at the platform interface and API reveals that this is not limited to retail and marketing. Indeed, the platform interface covers a number of diverse markets or sites of economic transaction including the *Game store*, where game developers sell their games to players, the *Steam workshop* where modders may or may not engage in economic transactions with developers and the *Steam community market* where players can trade game items between them. The introduction of direct economic transactions between game developers and modders in the context of the *Steam workshop* has given rise to some controversy between modders and game developers on the ideal 'non-capitalist' nature of modding (Joseph, 2018). In comparison, the *Steam community market* addresses players as economic actors or capitalists *per se* and turn their strategic economic action into an alternative source of income (Thorhauge and Nielsen, forthcoming). Indeed, the API offered to third party developers on Steams websites can be described as a 'palette of monetization strategies' that run from simple retail models in the *game store*, over various ways of integrating user generated content in the *Steam Workshop* to harnessing and capitalising from players' strategic economic action in the *Community market*.

A closer look at some of the most popular games titles on the platform shows that this gives rise to a variety of diverse monetization strategies. *Counterstrike*, which is provided by the platform owner itself, seems to have its major emphasis on player-trades on the *Steam community market* in combination with a relatively sophisticated use of features in the *Steam Workshop*. On the other hand, the game is offered for free in the *Game store*. Accordingly, in this business model retail is skipped entirely and income is generated by way of micro-transactions within the game as well as taxing player-trades on the market. The game items ('skins') bought and sold in this manner is created by the game developer itself as well as by players in the *Steam Workshop*. At the other end of the spectrum we find *Grand Theft Auto* which is another absolute top-scorer measured in player numbers, but remarkably absent from the *Steam Workshop* as well as the *Steam community market*. This is very likely due to *GTA* running on its own powerful engine with its own ingame store and trading system rendering a 'retail only' strategy on the Steam platform more obvious. Finally, *Skyrim* is an example of a game with a relatively high activity in the *Steam Workshop*, yet absent from the *Steam community market*. Like *GTA* this game seem to have its business emphasis on retail, yet, use the Steam community features to support and harness is following of dedicated player-modders. In my presentation I will describe in more detail how these strategies are distributed across Steams' top hundred most played games and suggest a typology of Steam-based business models on this basis.

Conclusion

In conclusion, the Steam platform offers a palette of possible monetization strategies which are combined in different ways by different game titles. Many of those monetization strategies move beyond advertising and the attention economy, making players trade another potential source of income. In all cases, of course, Steam gets its share.

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