Free-to-Play 101

Free-to-Play Summit
Game Developers Conference
March 14, 2016

Stuff

- Turn off your phones
- Fill out your evaluations
- Eat your vegetables

PART 1: INTRO

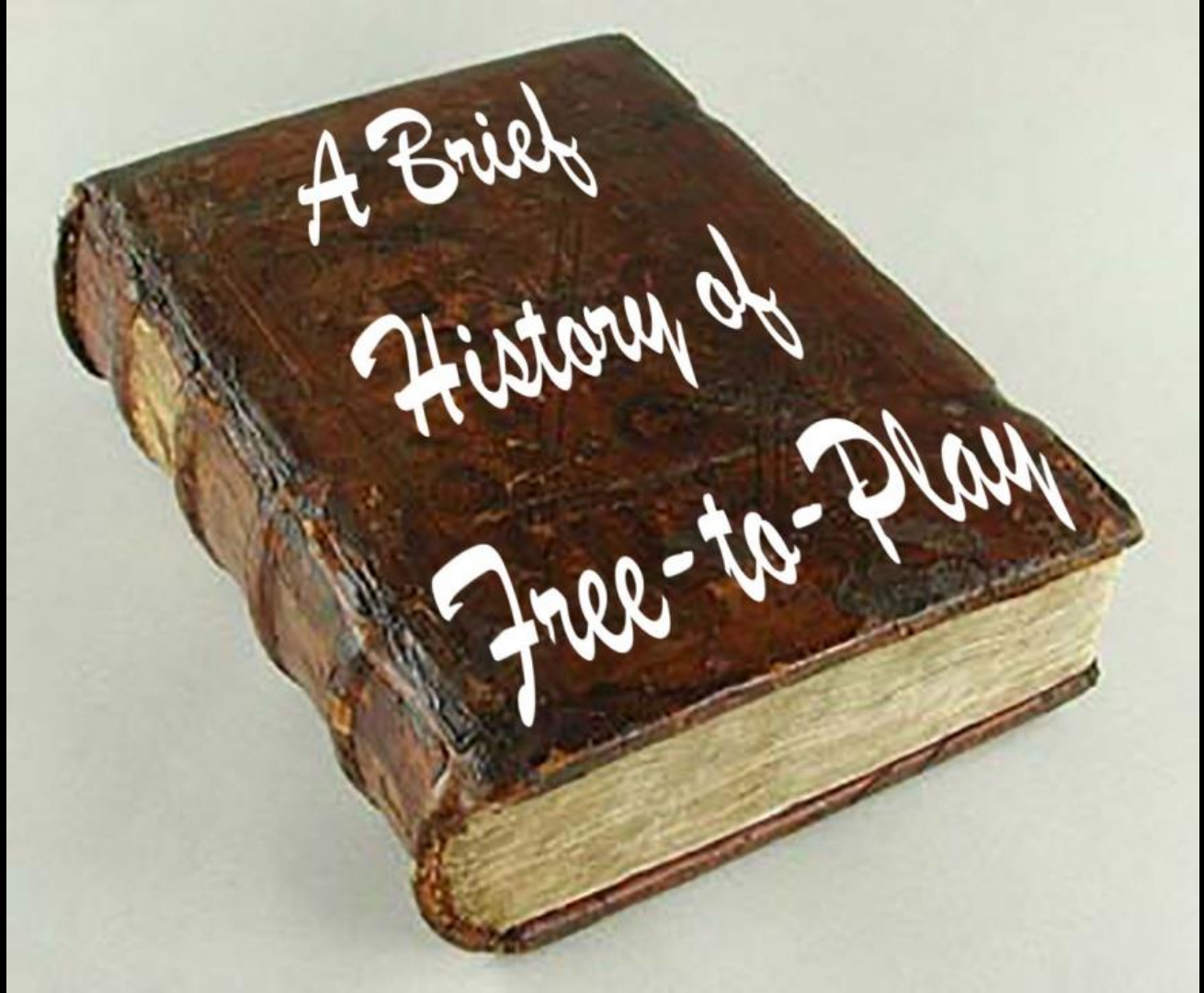
Steve Meretzky

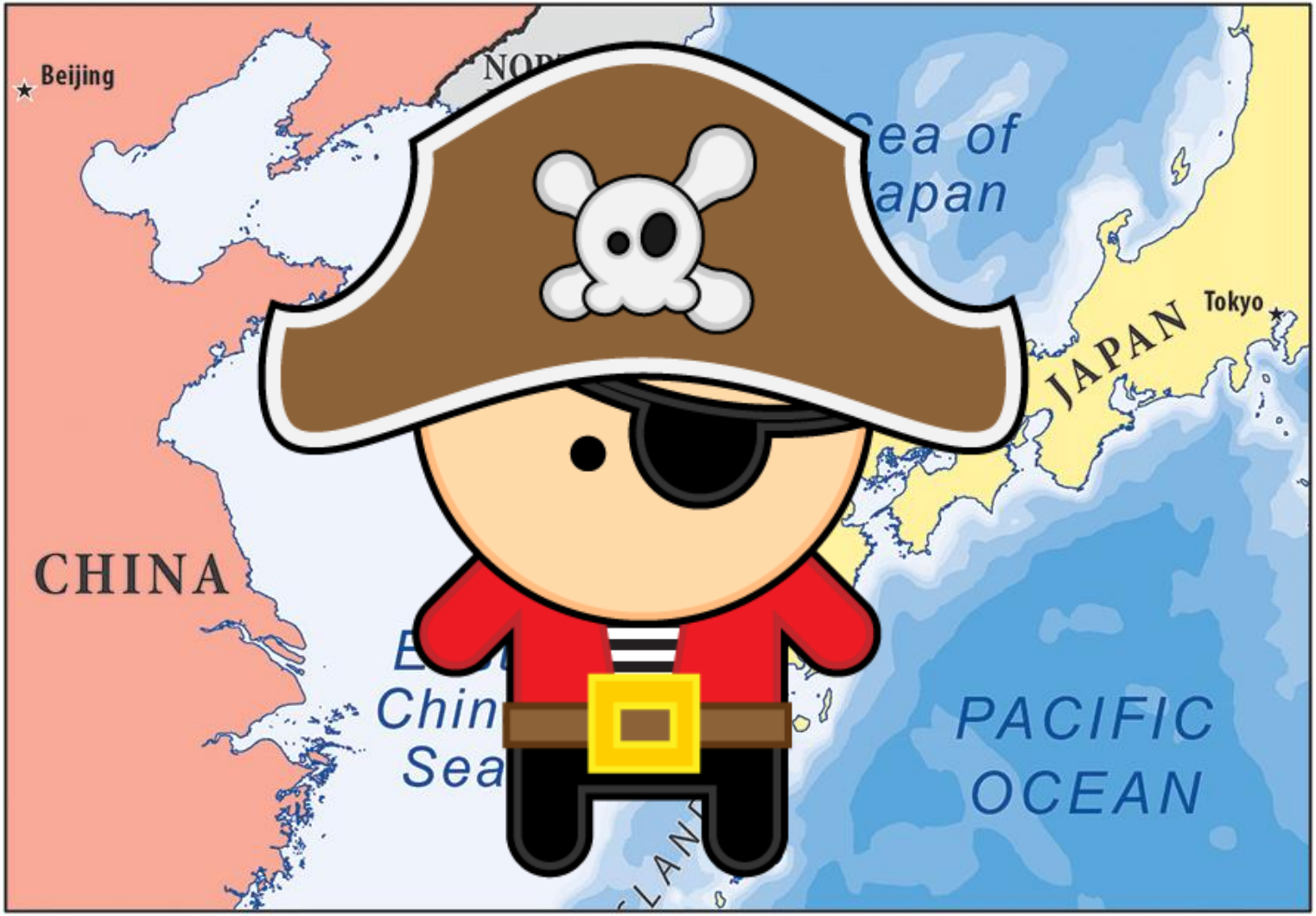
VP of Creative

GSN Games

Arp Pa Poo?

Arp Wad!


A Brief
History of
Free-to-Play

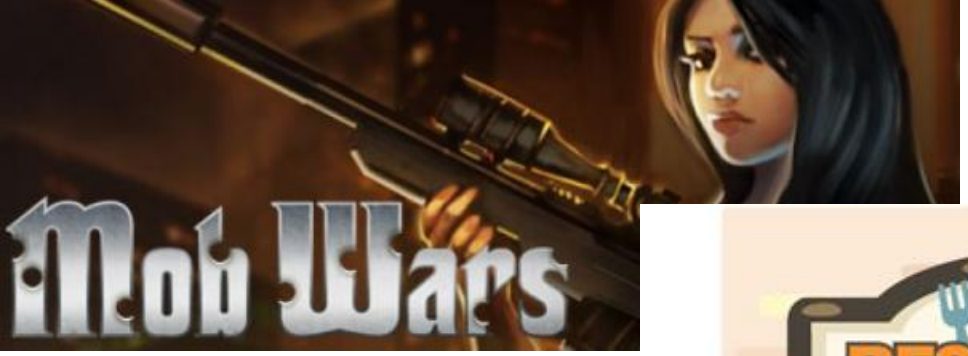

Beijing
Sea of
Japan
JAPAN
Tokyo
CHINA
Chin
Sea
PACIFIC
OCEAN

MapleStory

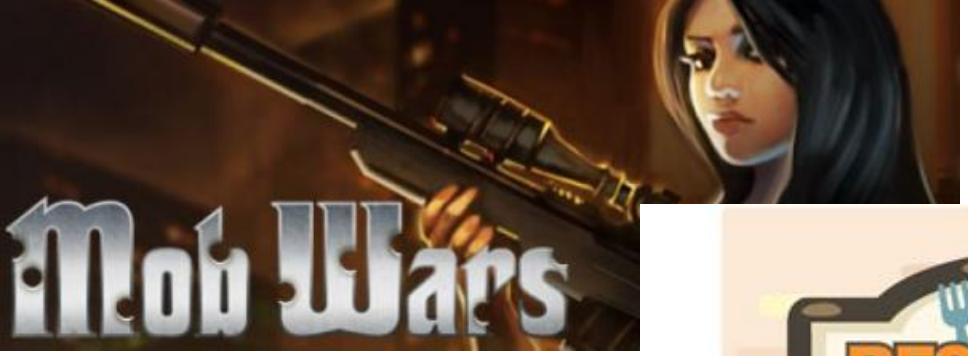
myspace

facebook

Mob Wars


Mob Wars

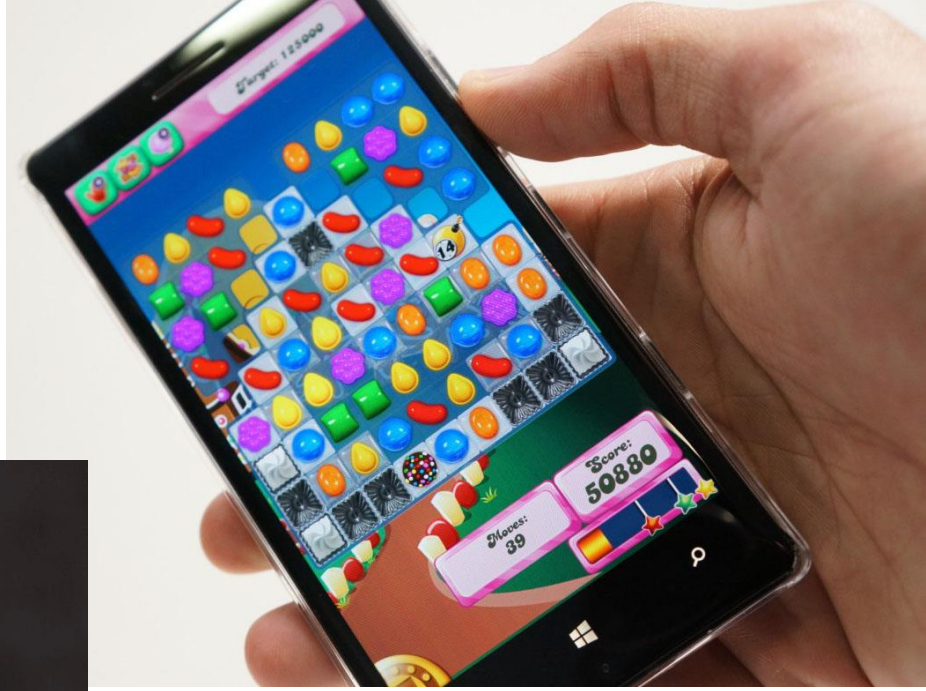
RESTAURANT
CITY

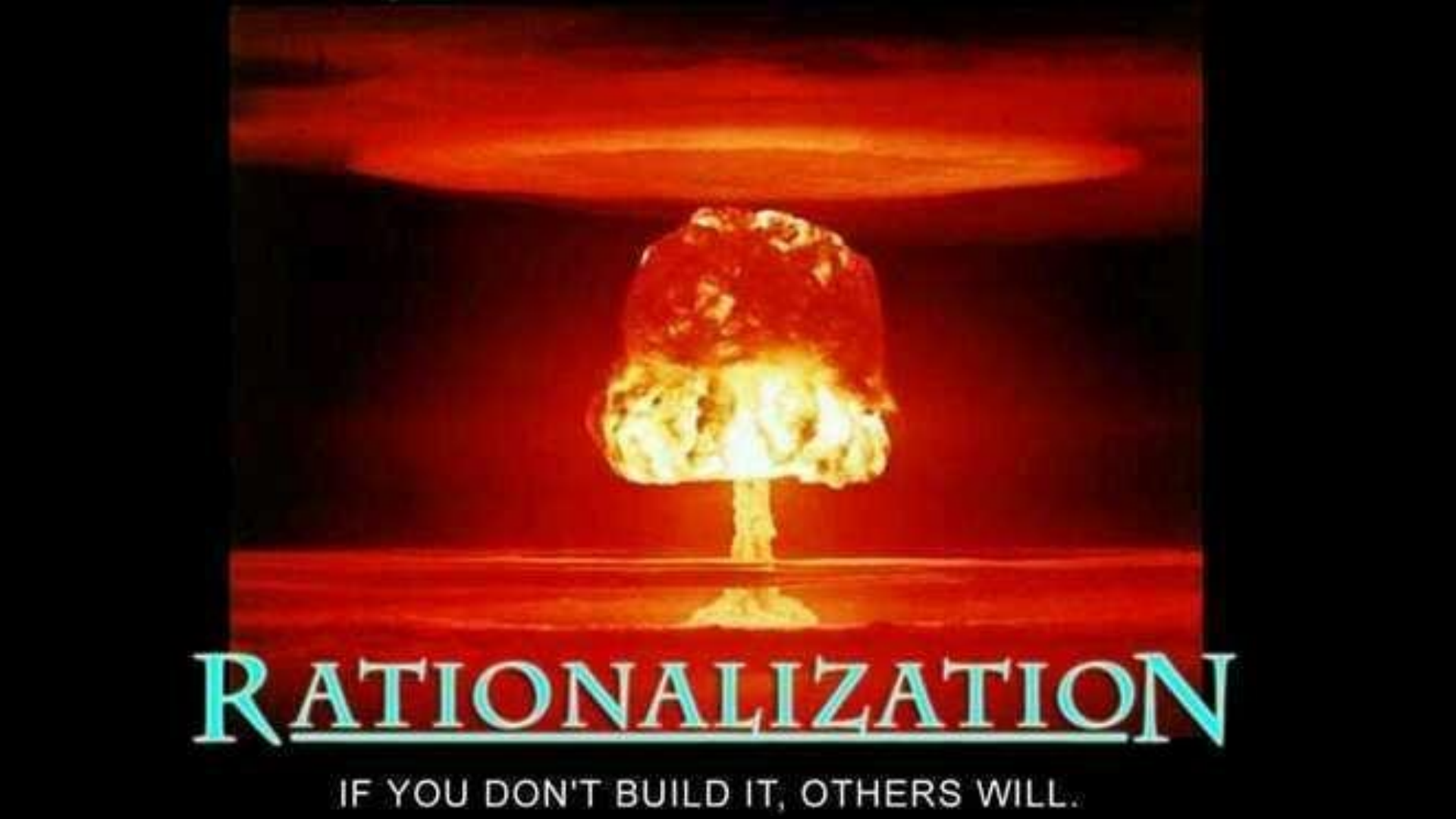

Mob Wars

FARMVILLE

RESTAURANT
CITY

Shield:
None
Builder:
1/5
richard
96 2 220
1602
Shop


Target: 125000
Score:
50880
Moves:
39


RATIONALIZATION
IF YOU DON'T BUILD IT, OTHERS WILL.

FREE

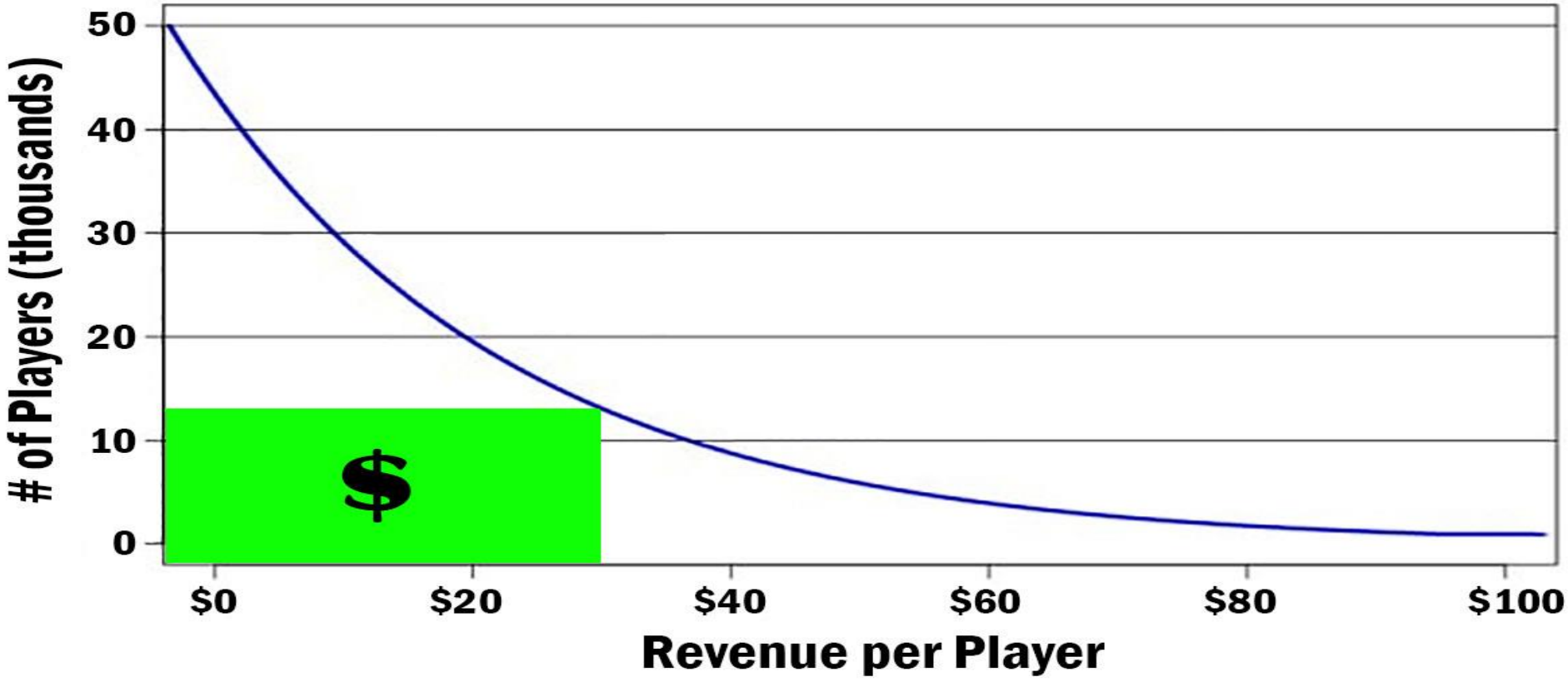
FR

Dior
© Getty Images

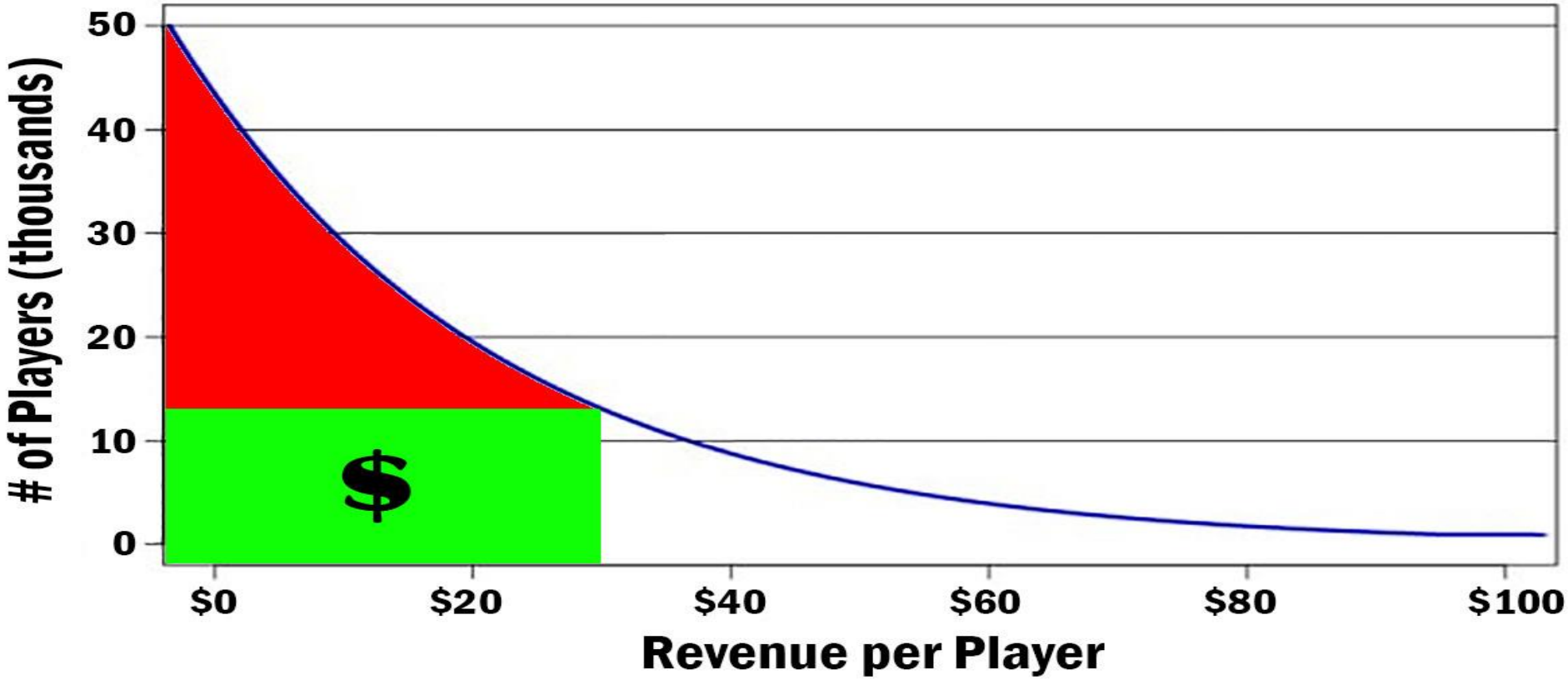
FREE

FREE

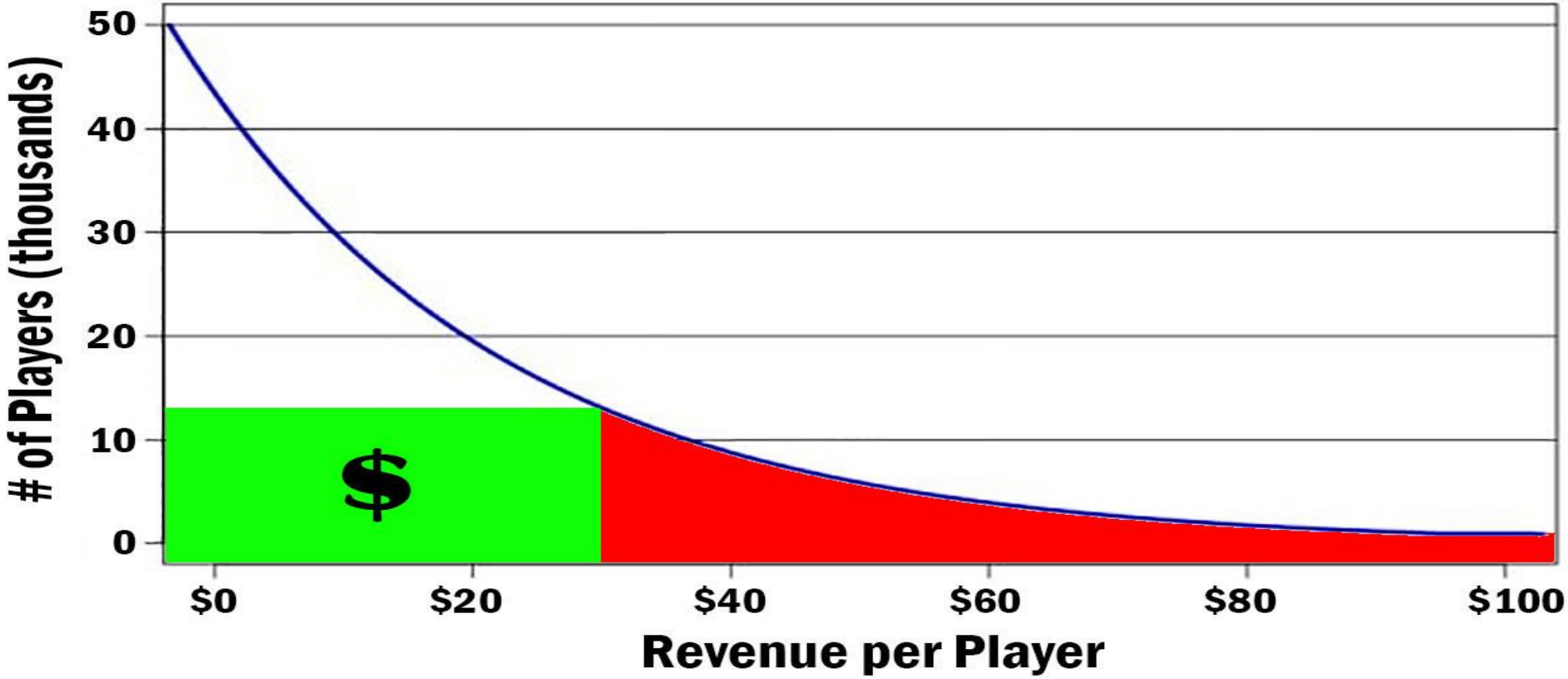
Revenue: Traditional Retail Model



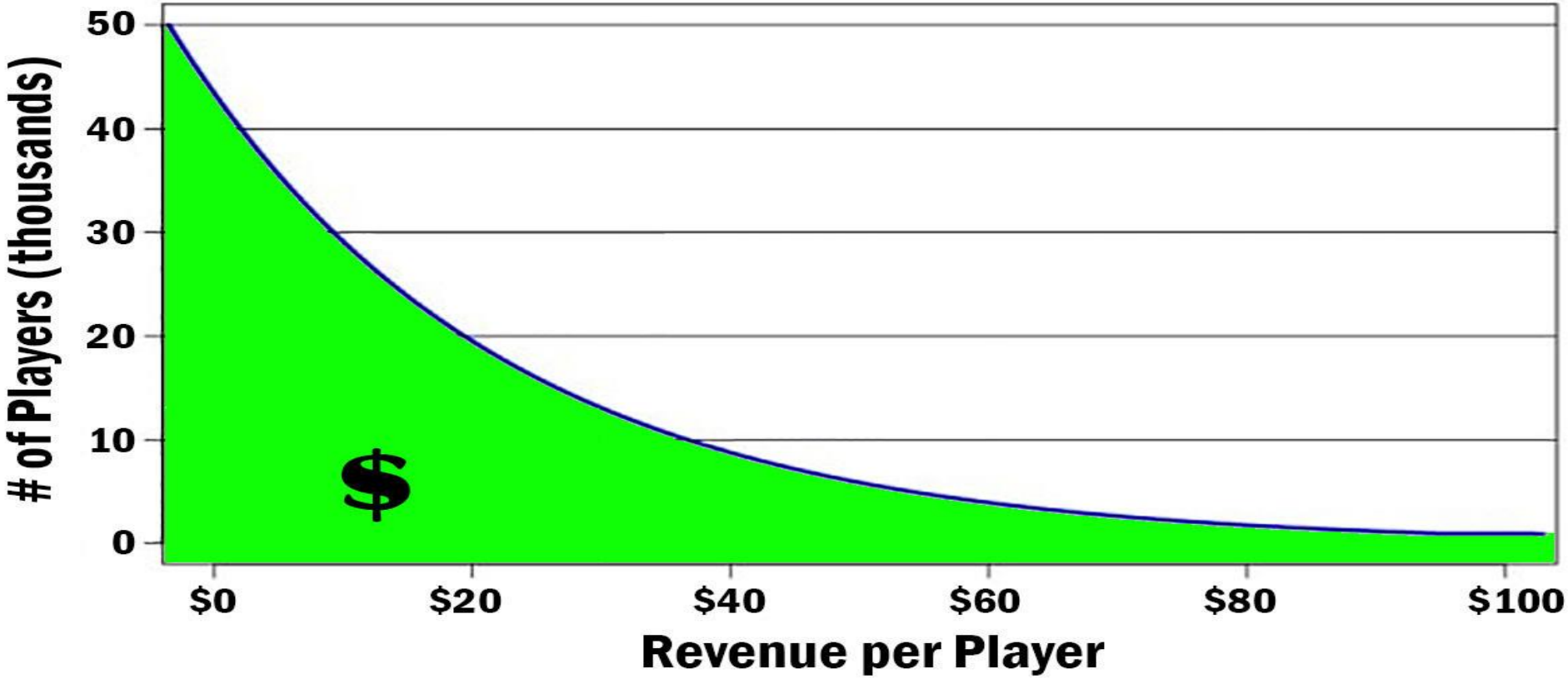
Revenue: Traditional Retail Model



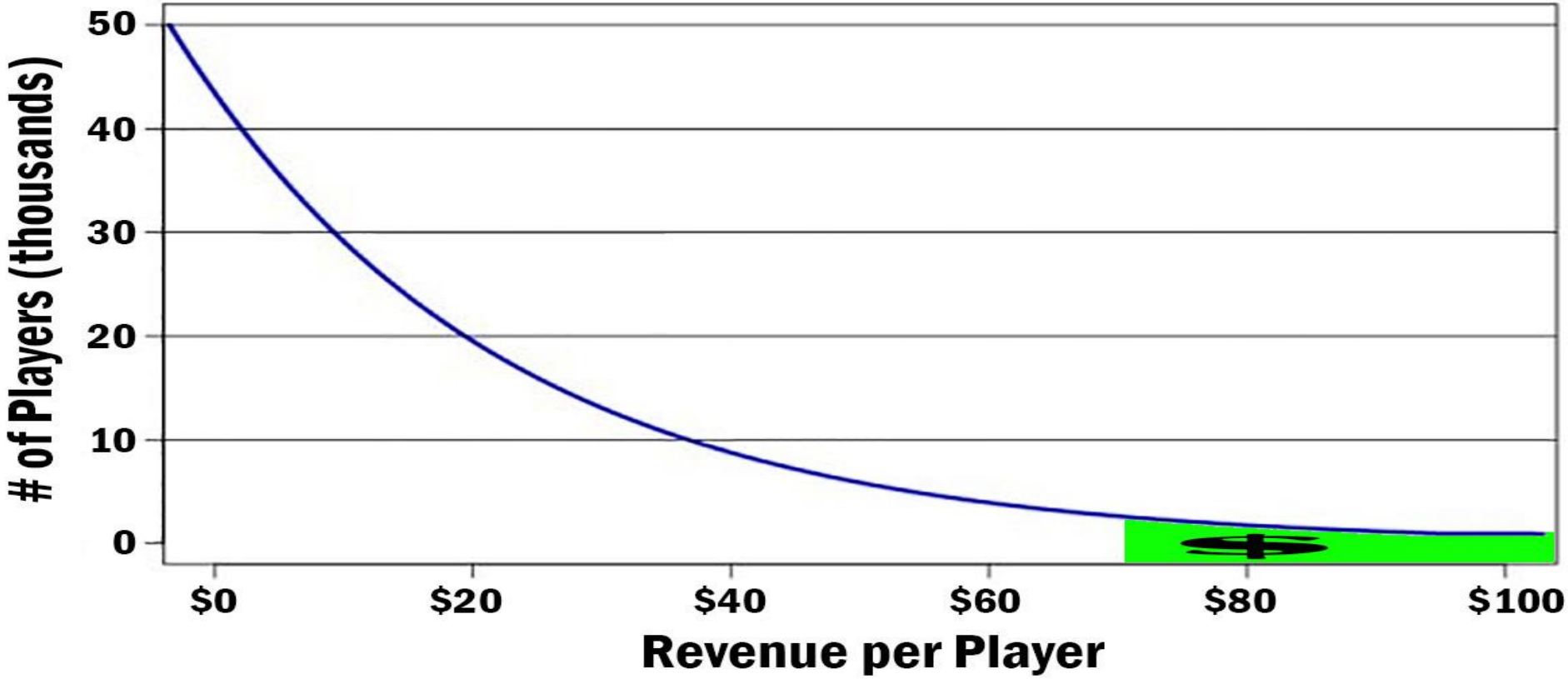
Revenue: Traditional Retail Model



Revenue: F2P Model (in theory)

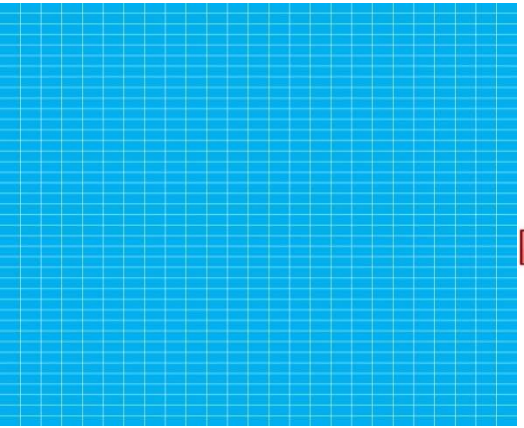


Revenue: F2P Model (in practice)

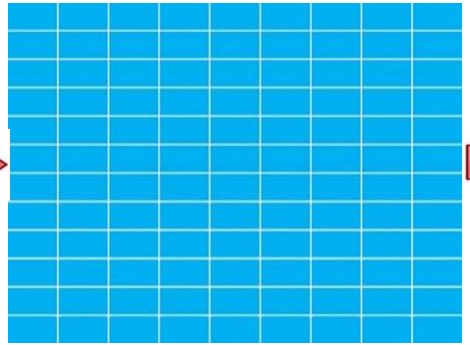


The Brutality of The Funnel

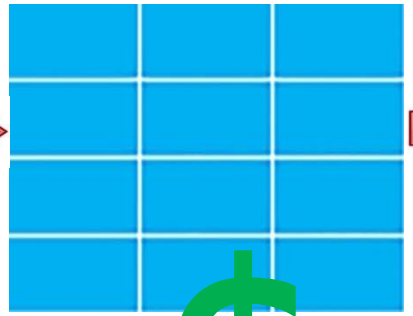
7.5 million



3,000



70



1

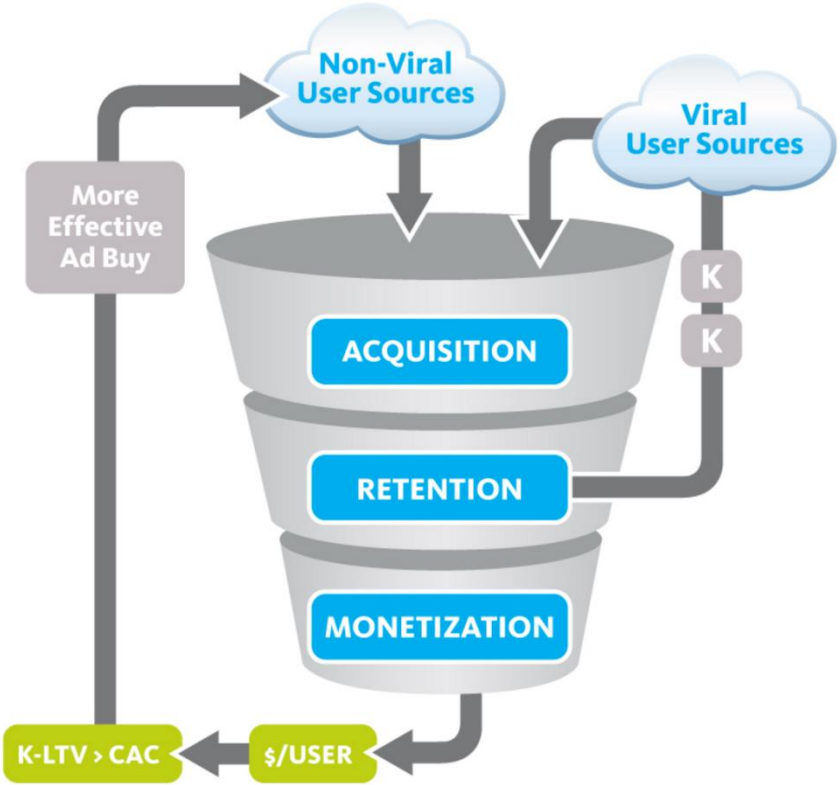
PART 2: PAID USER ACQUISITION

Eyal Grundstein

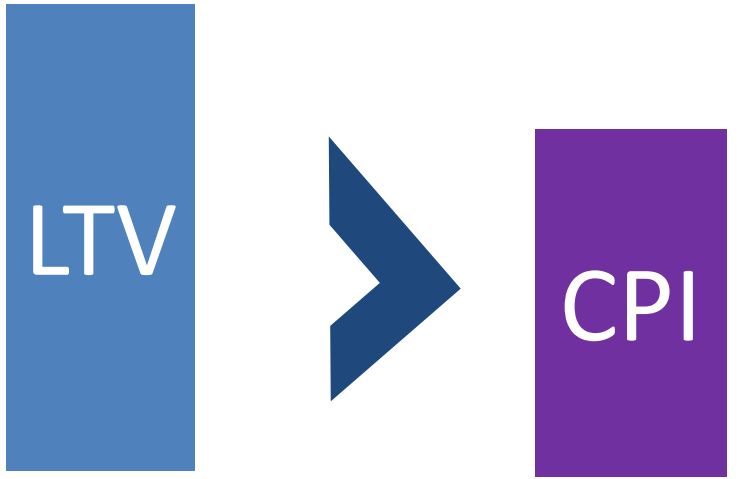
VP of User Acquisition

GSN Games

User Acquisition Funnel



User Acquisition Thesis



ROAS > 100%

A Huge UA industry has emerged

$72B and counting!

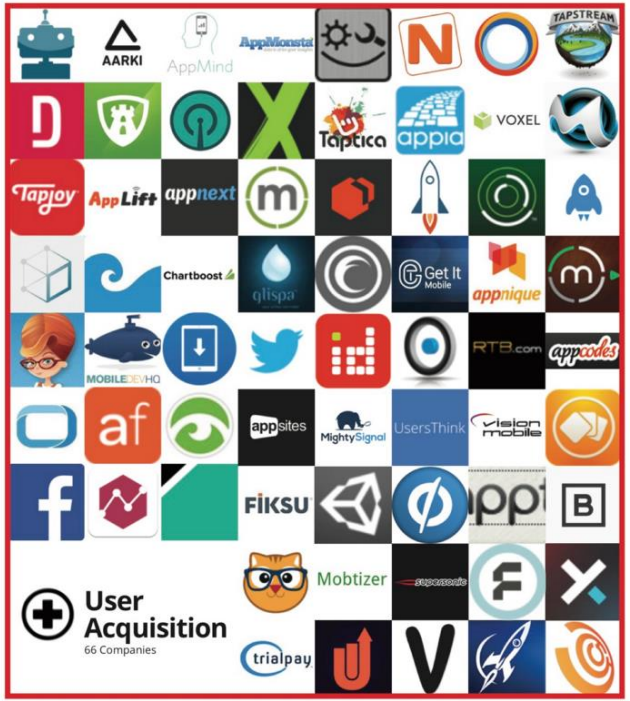
Mobile Internet Ad Spending Worldwide, 2014-2019

	2014	2015	2016	2017	2018	2019
Mobile internet ad spending (billions)	**$42.35**	**$72.06**	**$104.96**	**$136.70**	**$169.11**	**$198.81**
—% change	122.3%	70.1%	45.7%	30.2%	23.7%	17.6%
—% of digital ad spending	29.4%	42.3%	52.9%	60.3%	66.2%	70.2%
—% of total media ad spending	7.9%	12.7%	17.3%	21.3%	24.8%	27.6%

Note: includes display (banners, video and rich media) and search; excludes SMS, MMS and P2P messaging-based advertising; ad spending on tablets is included
Source: eMarketer, Sep 2015

195654 www.eMarketer.com

Many channels to choose from



CPIs Are Creeping Up

Paid Channel types

Social

Display

Video

Affiliates

Influencers

Offline

Campaign Types, Cost Types

Burst

Sustained

Test

Cost Type

CPI

CPC

CPM

Ad to App Install to Conversion

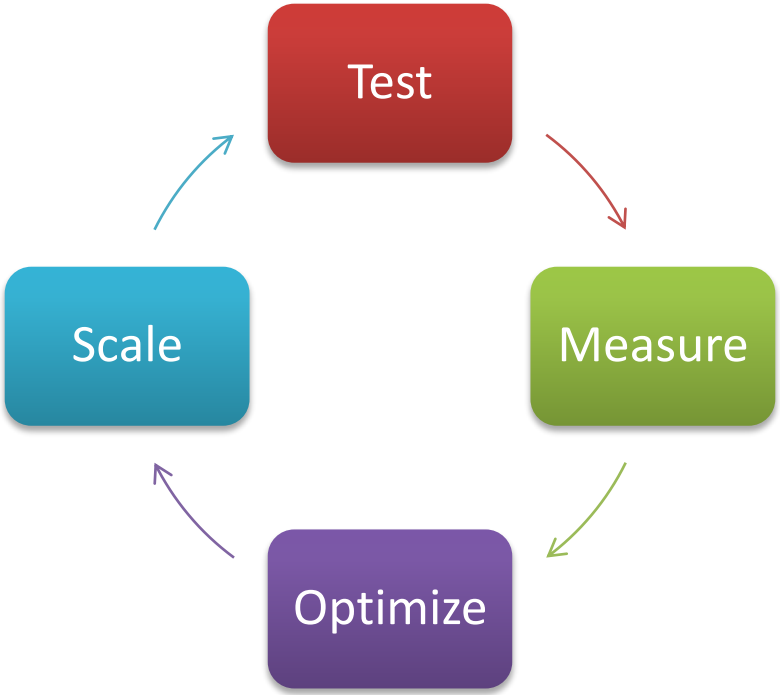
Monetization, Engagement

UA KPIs

- Click-through rates (CTR)
- Install-rates (IR)
- Impressions to Installs
- Cost per Install (CPI)

- D1, D3, D7 Retention
- D1, D3, D7 ARPU
- Payer Conversion %
- Cost per Payer (CPP)

UA Cycle

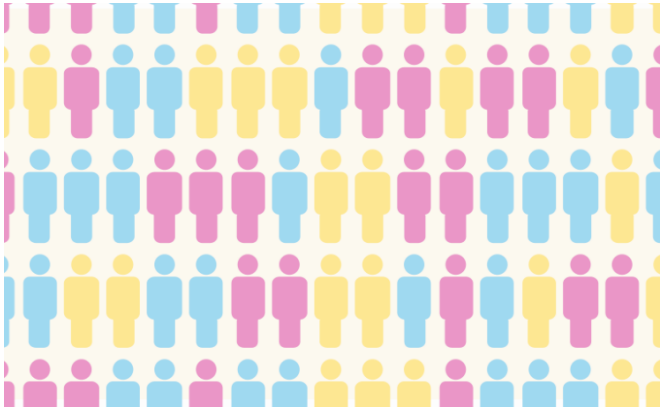


Measure - Attribution

- Click-based attribution - last click gets the install
- Post-install events can be shared with trusted partners for further optimizations

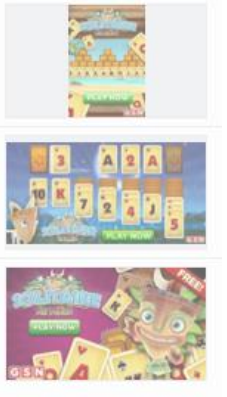
Optimize

USER SEGMENTATION

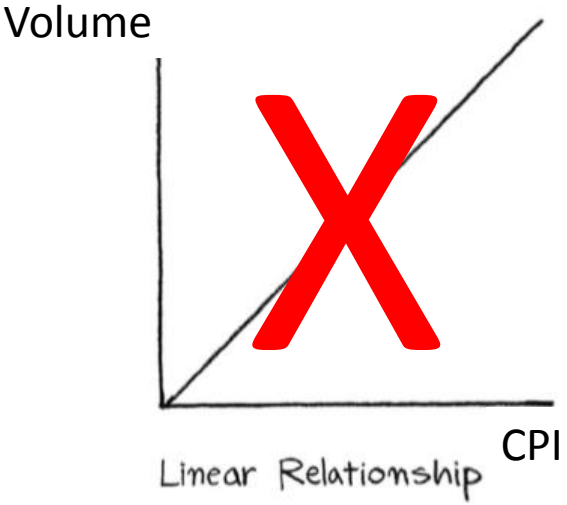


CHANNEL

CREATIVE



Scale



- Non-linear relationship between CPI and volume
  - 2X CPI doesn't mean 2X Installs
- Scalable channels are rare
  - Follow user behavior
  - 80/20 rule applies

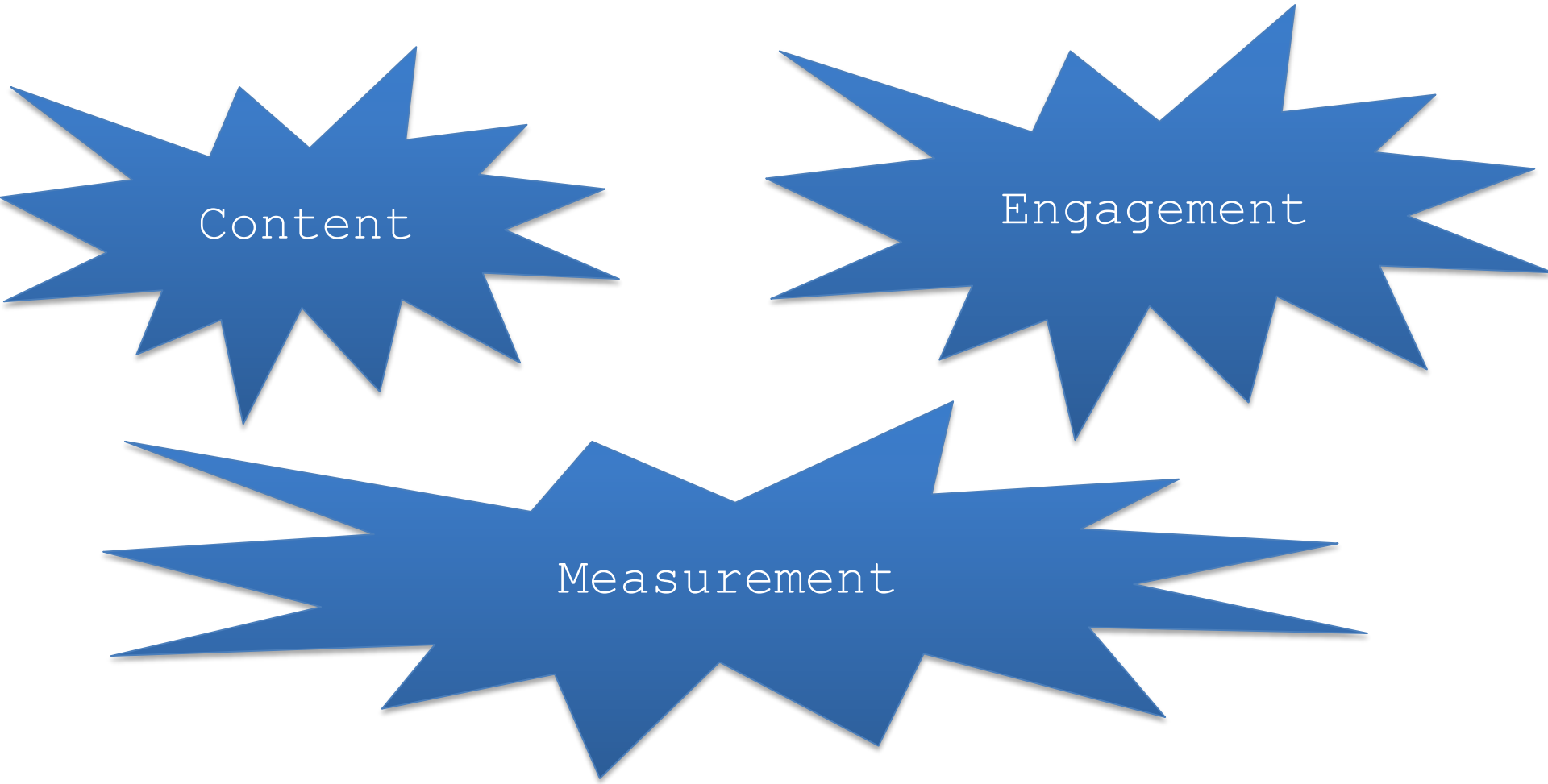
PART 3: ORGANIC USER ACQUISITION

AJ Glasser

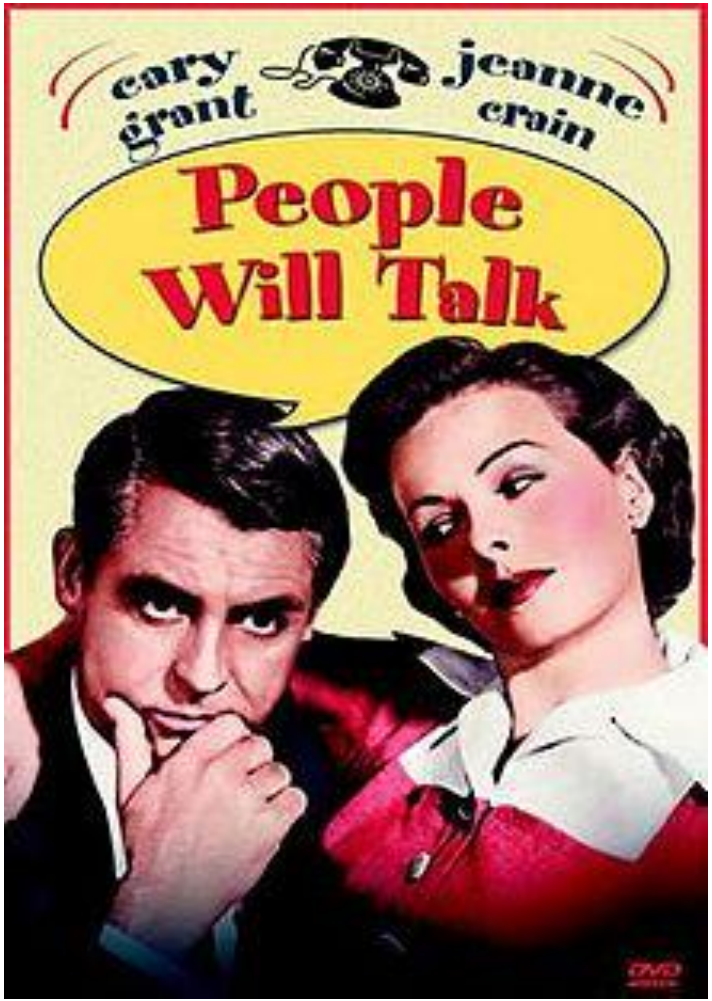
Games Product

Facebook

CERTIFIED
Organic
Learn more at
ChiquitaBananas.com
USDA
ORGANIC


Content
Engagement
Measurement

Thing happens!



4
1

January 22

AJ Glasser 1/22, 6:48pm

Did you know in the Witcher 3, you can get shitfaced and put on Yennifer's clothes...?

Susan Arendt 1/22, 7:49pm

...GOTY

AJ Glasser 1/22, 8:15pm

Yah

February 3

January 22

AJ Glasser 1/22, 6:48pm

Did you know in the Witcher 3, you can get shitfaced and put on Yennifer's clothes...?

Susan Arendt

...GOTY

AJ Glasser

Yah

Feb

January 22

AJ Glasser 1/22, 6:48pm

Did you know in the Witcher 3, you can get shitfaced and put on Yennifer's clothes...?

Susan Arendt

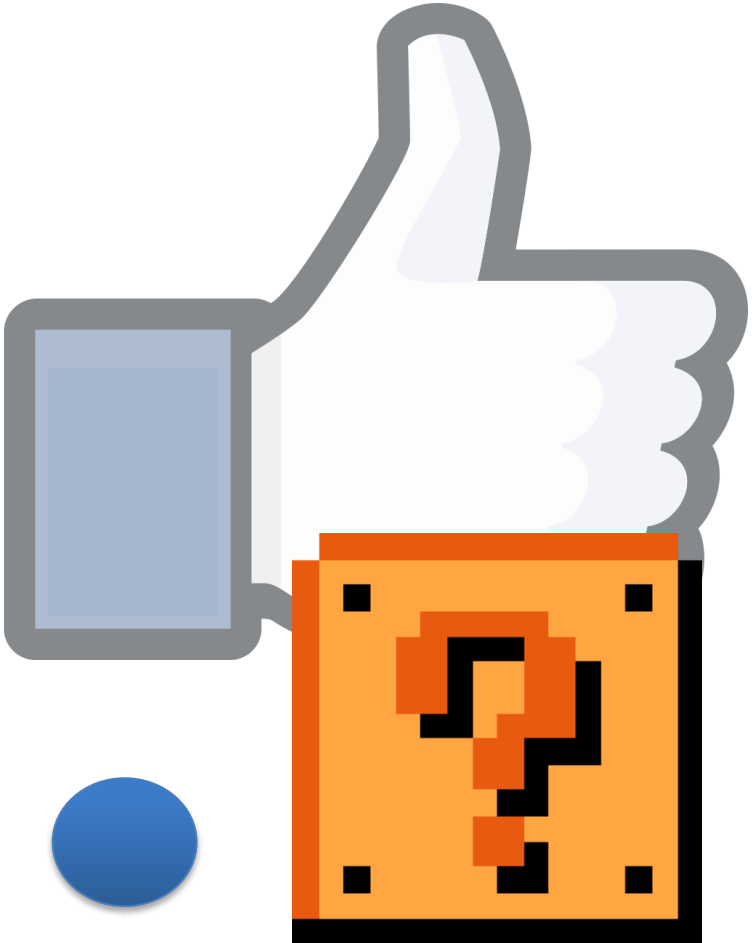
...GOTY

AJ Glasser

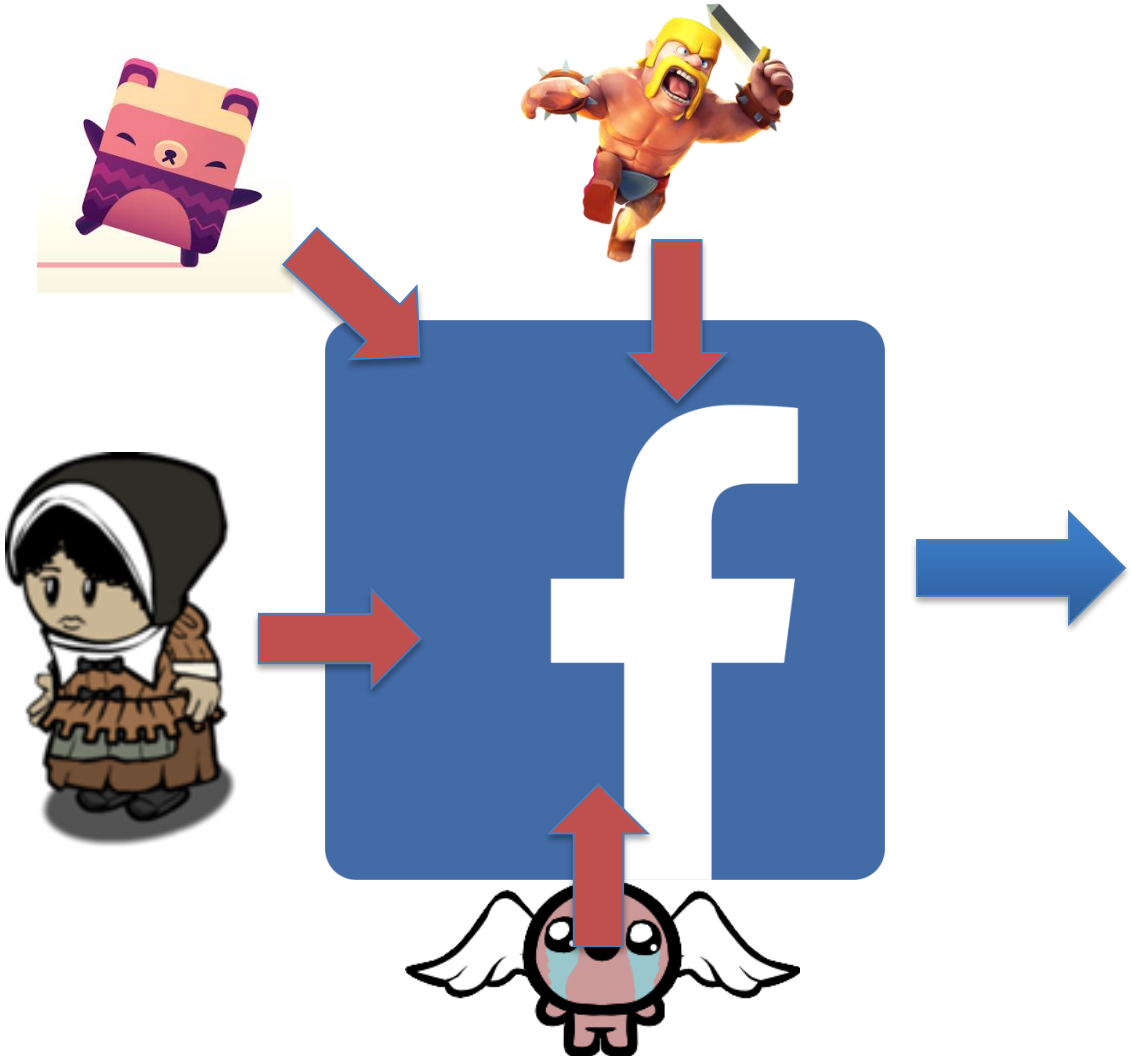
Yah

FTW

FTW



I played that!
OMG, THIS GAME!
Which game?
Your Game
I played it BETTER
THAT game!
I played it FIRST
Oh... THAT game!


Kevin Thai
REC
Alright sounds good. We should definitely figure this out earlier than later.
11:24AM
Hey, what are you playing?
Clash of Clans!
Type a message...
GIF

AJ Glasser
April 9, 2015 ·

＿人人人人人人＿
＞Sudden death＜
￣Y Y Y Y Y Y￣
Cause:[Plastic bag]
11.4kg #MolaMola
DAMMIT

Tag Photo | Add Location | Edit

Like · Comment · Share

Ryo Ikeda, Betty Halpern and 5 others

Christopher Street What game is this from?
April 9, 2015 at 10:48pm · Like

AJ Glasser Survive! Mola Mola
April 9, 2015 at 10:59pm · Like

Shachar Gershoni Pre-fill makes me a sad Mola Mola
April 9, 2015 at 11:53pm · Like

Betty Halpern And why do we not have ability to recycle these? And why are six packs of beverages in those horrible round plastic things that kill critters tens of thousands of miles from anv humans?

Write a comment...

00:08
ROUND 1
LIVE
twitch
MAD CAT 2
#DARB
2D "Link" ever, next up: @locat's Sonic
Tim Schafer (@TimOfLegend) Maybe if you freeze frame you car
PENALTY BOX

YOU CAN DO

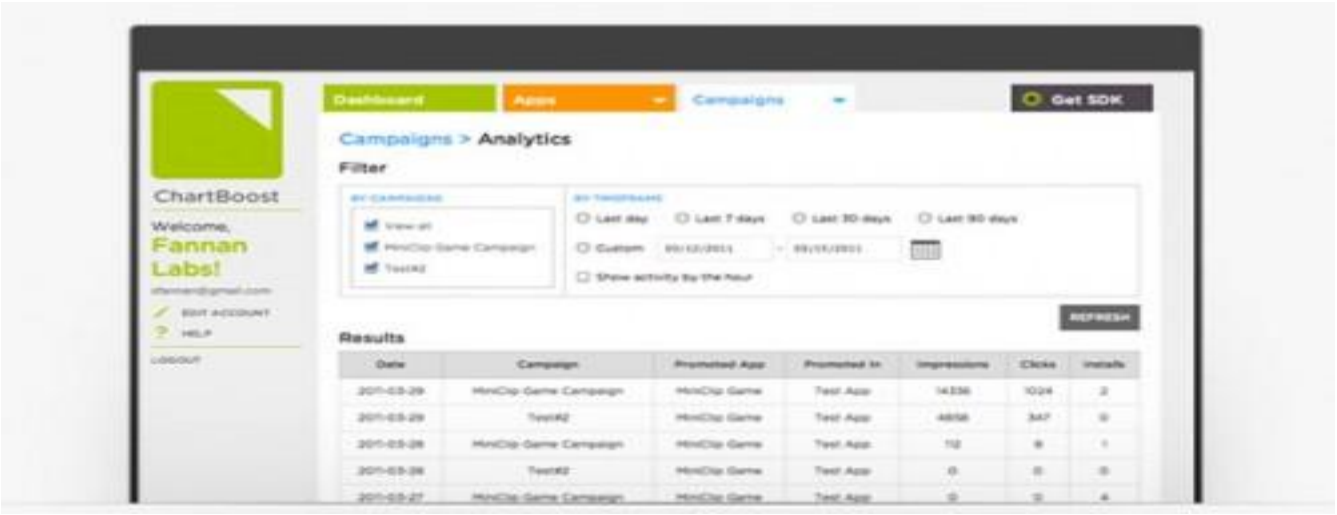
ANYTHING,

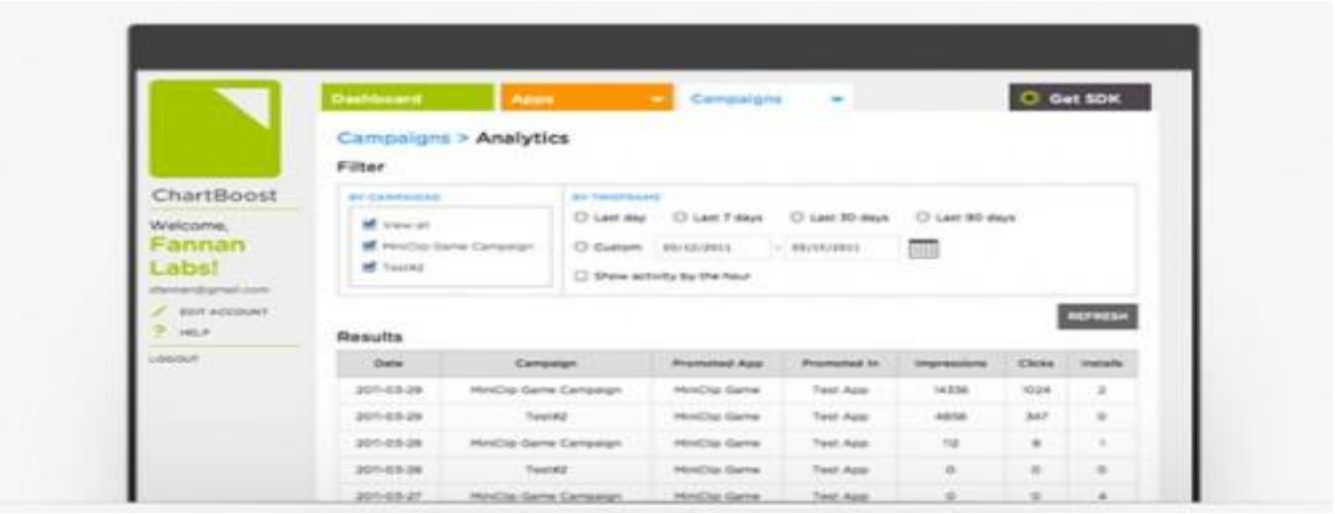
-BUT YOU CAN'T DO EVERYTHING.-

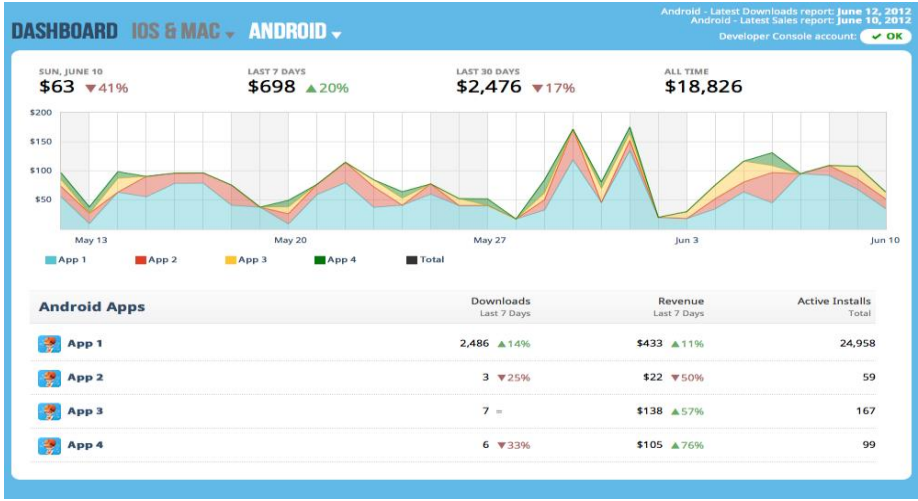
DAVID ALLEN

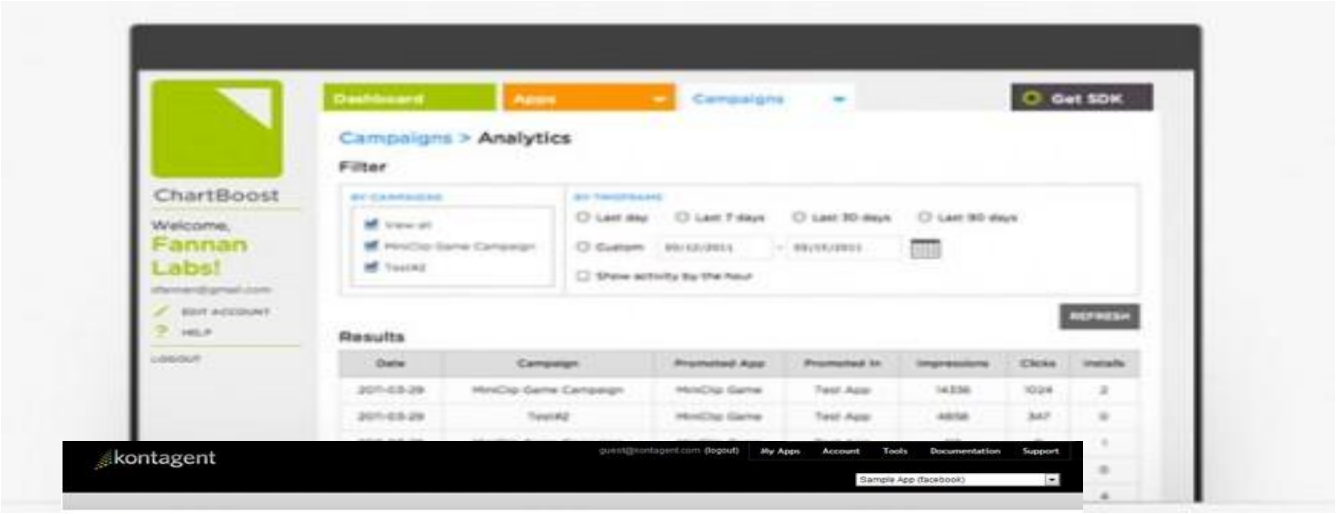
COST
VALUE

How much do I need to spend on my game?


Dashboard
Apps
Campaigns
Get SDK
ChartBoost
Welcome,
Fannan
Labs!
EDIT ACCOUNT
HELP
LOGOUT
Campaigns > Analytics
Filter
Last day
Last 7 days
Last 30 days
Last 90 days
Custom
Show activity by the hour
REFRESH
Results
Date
Campaign
Promoted App
Promoted In
Impressions
Clicks
Installs


Dashboard
Apps
Campaigns
Get SDK
Campaigns > Analytics
Filter
ChartBoost
Welcome,
Fannan
Labs!
EDIT ACCOUNT
HELP
LOGOUT
Last day
Last 7 days
Last 30 days
Last 90 days
Custom
REFRESH
Results
Date
Campaign
Promoted App
Promoted In
Impressions
Clicks
Installs

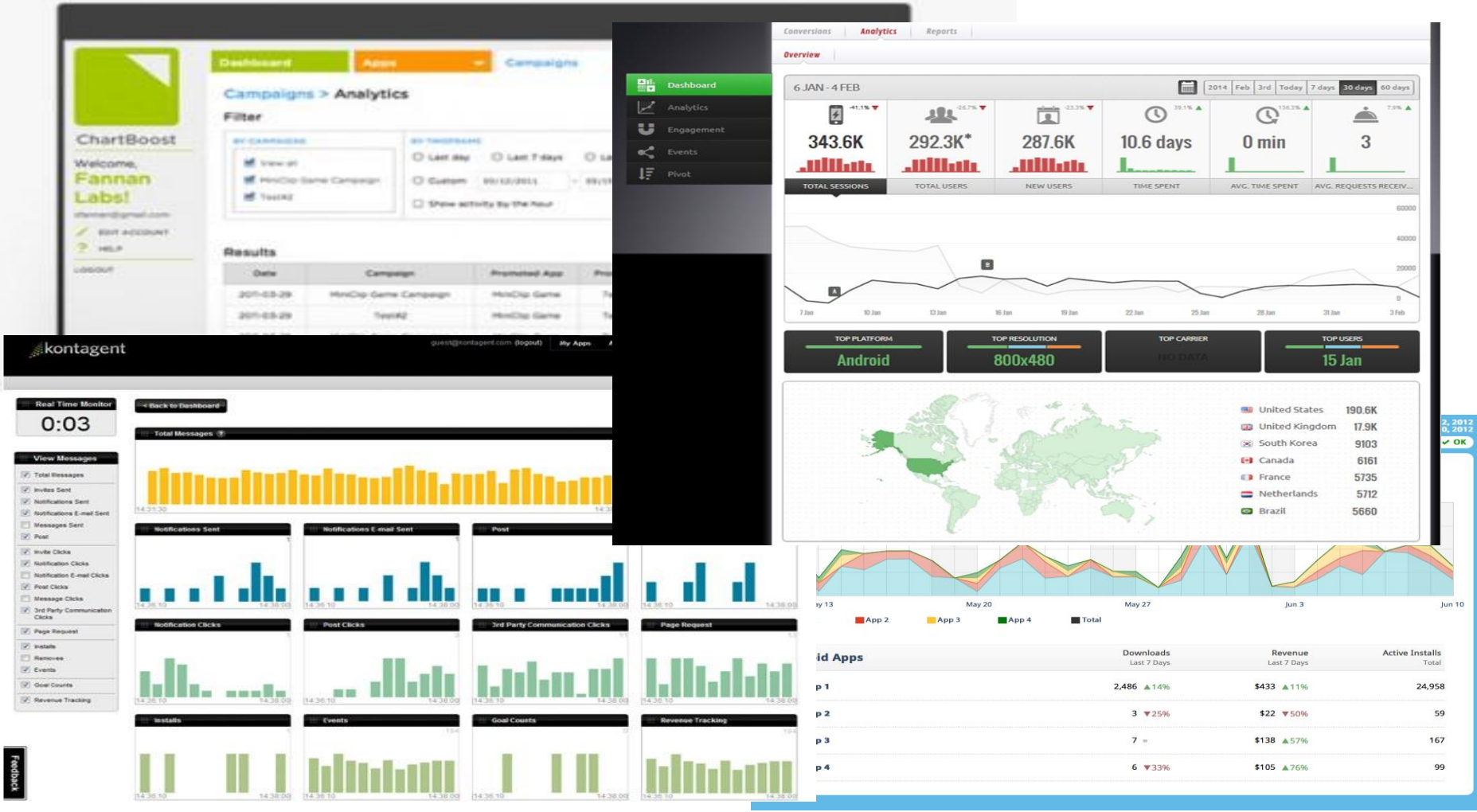

DASHBOARD
IOS & MAC
ANDROID
Android - Latest Downloads report: June 12, 2012
Android - Latest Sales report: June 10, 2012
Developer Console account:
OK
SUN, JUNE 10
$63 ▼41%
LAST 7 DAYS
$698 ▲20%
LAST 30 DAYS
$2,476 ▼17%
ALL TIME
$18,826
$200
$150
$100
$50
May 13
May 20
May 27
Jun 3
Jun 10
App 1
App 2
App 3
App 4
Total
Android Apps
Downloads
Last 7 Days
Revenue
Last 7 Days
Active Installs
Total
App 1
2,486 ▲14%
$433 ▲11%
24,958
App 2
3 ▼25%
$22 ▼50%
59
App 3
7 –
$138 ▲57%
167
App 4
6 ▼33%
$105 ▲76%
99

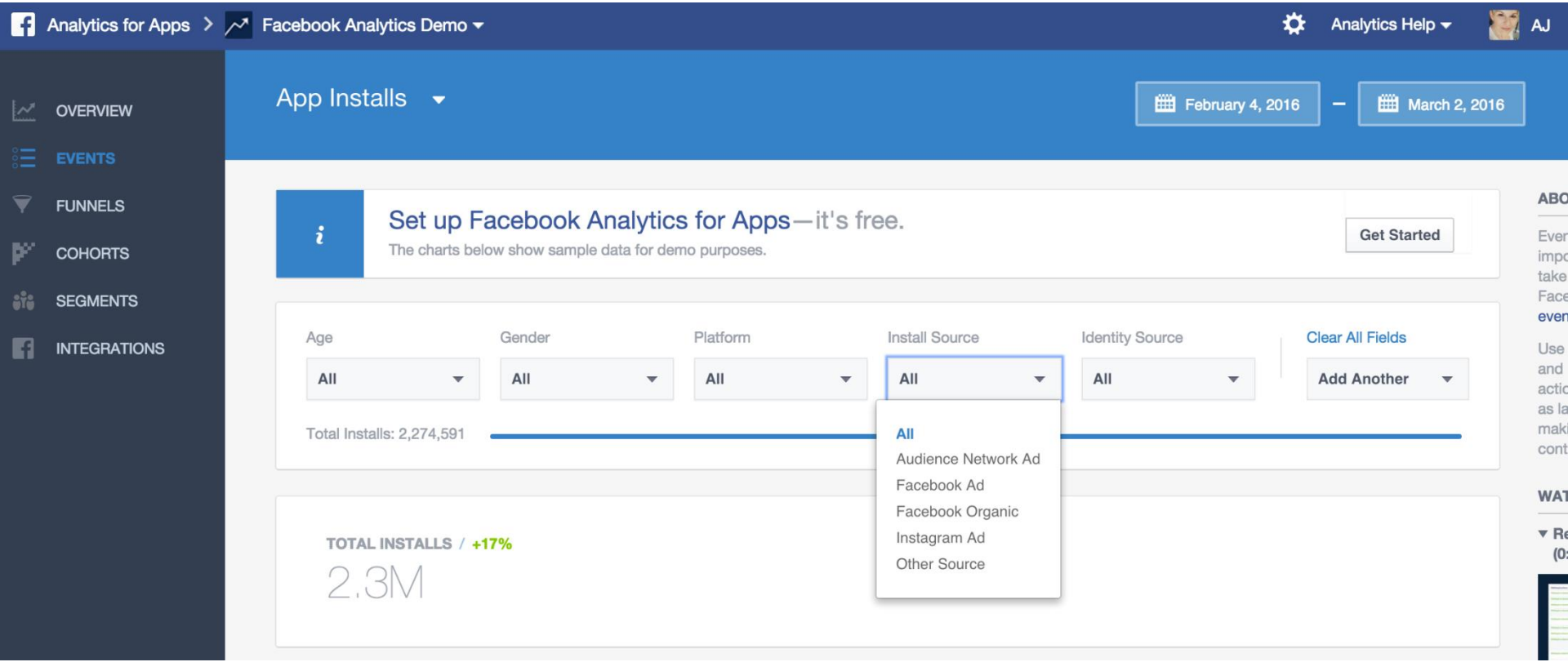

Dashboard
Apps
Campaigns
Get SDK
Campaigns > Analytics
Filter
ChartBoost
Welcome,
Fannan
Labs!
EDIT ACCOUNT
HELP
LOGOUT
Last day
Last 7 days
Last 30 days
Last 90 days
Custom
REFRESH
Results
Date
Campaign
Promoted App
Promoted In
Impressions
Clicks
Installs

kontagent
guest@kontagent.com (logout)
My Apps
Account
Tools
Documentation
Support
Sample App (facebook)

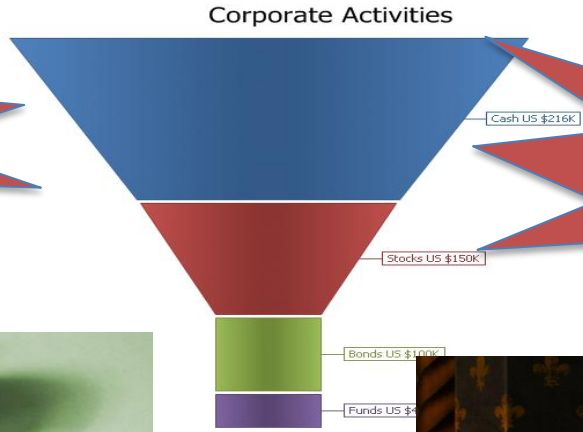
Real Time Monitor
0:03
Back to Dashboard
View Messages
Total Messages
Invites Sent
Notifications Sent
Notifications E-mail Sent
Post
Invite Clicks
Notification Clicks
Post Clicks
3rd Party Communication Clicks
Page Request
Installs
Events
Goal Counts
Revenue Tracking
Feedback

IOS & MAC
ANDROID
Android - Latest Downloads report: June 12, 2012
Android - Latest Sales report: June 10, 2012
Developer Console account: OK
LAST 7 DAYS
$698 ▲20%
LAST 30 DAYS
$2,476 ▼17%
ALL TIME
$18,826
May 20
May 27
Jun 3
Jun 10
App 2
App 3
App 4
Total
Downloads
Last 7 Days
Revenue
Last 7 Days
Active Installs
Total
2,486 ▲14%
$433 ▲11%
24,958
3 ▼25%
$22 ▼50%
59
7 –
$138 ▲57%
167
6 ▼33%
$105 ▲76%
99


Dashboard
Apps
Campaigns
Campaigns > Analytics
Filter
ChartBoost
Welcome,
Fannan
Labs!
Results
Conversions
Analytics
Reports
Overview
Dashboard
Analytics
Engagement
Events
Pivot
6 JAN - 4 FEB
343.6K
292.3K*
287.6K
10.6 days
0 min
3
TOTAL SESSIONS
TOTAL USERS
NEW USERS
TIME SPENT
AVG. TIME SPENT
TOP PLATFORM
Android
TOP RESOLUTION
800x480
TOP CARRIER
TOP USERS
15 Jan
kontagent
Real Time Monitor
0:03
Back to Dashboard
View Messages
Total Messages
Notifications Sent
Notifications E-mail Sent
Post
Notification Clicks
Post Clicks
3rd Party Communication Clicks
Page Request
Installs
Events
Goal Counts
Revenue Tracking
United States 190.6K
United Kingdom 17.9K
South Korea 9103
Canada 6161
France 5735
Netherlands 5712
Brazil 5660
May 20
May 27
Jun 3
Jun 10
App 2
App 3
App 4
Total
id Apps
Downloads
Last 7 Days
Revenue
Last 7 Days
Active Installs
Total
p 1 2,486 ▲14% $433 ▲11% 24,958
p 2 3 ▼25% $22 ▼50% 59
p 3 7 = $138 ▲57% 167
p 4 6 ▼33% $105 ▲76% 99
Feedback


Analytics for Apps
Facebook Analytics Demo
Analytics Help
AJ
OVERVIEW
EVENTS
FUNNELS
COHORTS
SEGMENTS
INTEGRATIONS
App Installs
February 4, 2016
March 2, 2016
Set up Facebook Analytics for Apps—it's free.
The charts below show sample data for demo purposes.
Get Started
Age
Gender
Platform
Install Source
Identity Source
Clear All Fields
All
All
All
All
All
Add Another
Total Installs: 2,274,591
All
Audience Network Ad
Facebook Ad
Facebook Organic
Instagram Ad
Other Source
TOTAL INSTALLS / +17%
2.3M

Buy Ads



Make Content

PART 3: ORGANIC USER ACQUISITION

AJ Glasser

Games Product

Facebook

PART 4: RETENTION

Bob Bates

Independent Game Designer, Writer, Producer

WHAT IS RETENTION?

- Day One (D1)
- Day Seven (D7)
- Day Thirty (D30)

- 40%
- 20%
- 10%

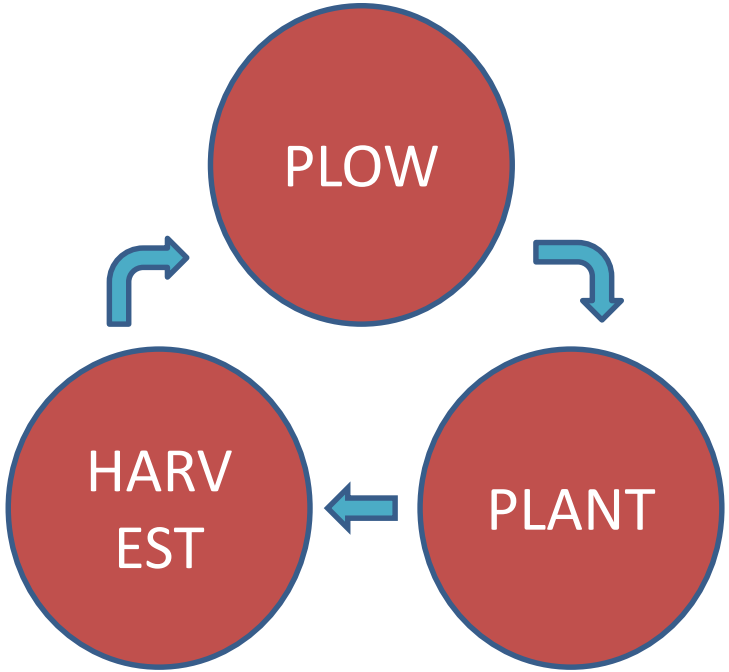
Why Do We Try to Increase Retention?

- The longer they stay, the more likely they are to pay
- The longer they stay, the more likely they are to evangelize and be viral
- If your monetization is based on selling ads, the longer they stay, the more ad revenue you will generate

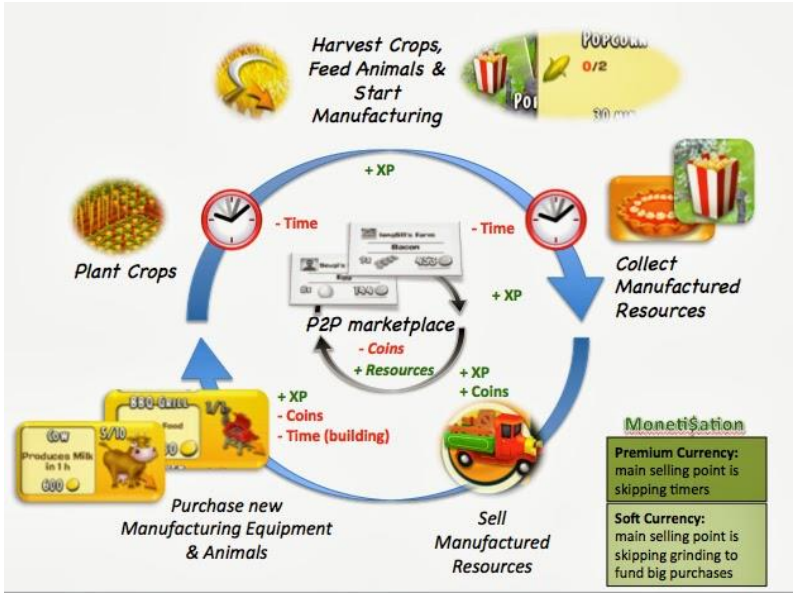
Designing for Retention

- Give your players a fun experience quickly, and give them LOTS and LOTS of reasons to come back again.
- Keep players in your game longer
- Stay in their head, and remind them to come back
- Reward them when they do

Keep Players in the Game: Deeper Loops



FARMVILLE



HAY DAY

Keep Players in the Game: On-screen Timers

Keep Players in the Game: Animated Screens

Keep Players in the Game: Multiple Goals

Keep Players in the Game: Session Lengths

Keep Players in the Game: Clans and Guilds

Retention: When they're NOT playing, stay in their head, and then remind them to come back

- Appointment mechanics
  - "I must remember to log in after breakfast and collect my shipment of widgets."
- Timer notifications
  - "Your dragon is ready for battle"
  - "Your crops are about to wither."
- Turn-based notifications
  - "Your opponent has made a move."

Retention: When they're NOT playing, stay in their head, and then remind them to come back

- Bonuses for frequent play and streaks
  - "Play now and collect your daily bonus"
- Time-Limited Events and Tournaments
  - "Special limited-edition item available only through Thursday"
- General reminders
  - "Your villagers miss you!"

Retention: Reward Players When They Return

- Rewards and Aspirations
  - Show players their progress
  - Show players their investment
  - Show empty slots of things they can acquire
  - Titles and Leaderboards

Rewards and Aspiration: Visual Progress

Cognitive Dissonance: Show Investment

Rewards and Aspiration: Show Progress on the Gameboard

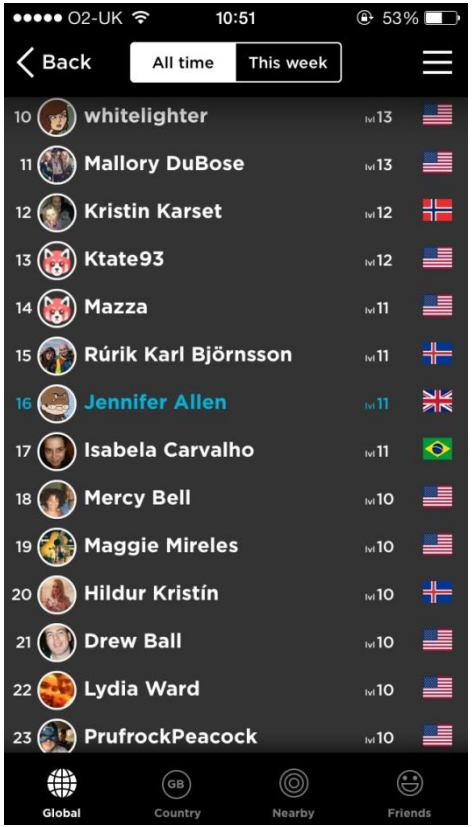
Rewards and Aspiration: Slots to Fill

Rewards and Aspiration: Titles & Leaderboards

LITERATURE

Search within this category:

Topic	Level 10	Level 20	Level 30	Level 40	Level 50
Literature: General	Pulp Fiction Writer	Historical Novelist	Crime Novel Author	Hard Boiled Detective	Nobel Prize Winner
Batman	Boy Wonder	Joker	Batmaniac	Gotham City Avenger	The Caped Crusader
The Bible	Good Samaritan	Wise Man	Peace Maker	Apostle	The Messiah
Book Quotes	Punch Line	Newspeak Novelist	Shakespearean Insult	Bestselling Author	Quotezilla
Children's Literature	Crime Solving Adolescent	In Sixth grade, Spies Full Time	Anthropomorphic Train	Marmelade Muncher	Fairest of Them All
Classics	Heart of Darkness	de la Mancha	King of the Dipsodes	Pequod Skipper	Teller of 1001 Tales



Secret Weapon #1: Narrative

Secret Weapon #2: Humor

Aishah just got wood!

Aishah can get wood on a daily basis now, with the new sawmill. There's more wood than Aishah bargained for if you want some too.

Recap: The Retention Takeaway

- Keep players in your game longer
- Stay in their head, and remind them to come back
- Reward them when they do

PART 5: MONETIZATION

Eric Todd

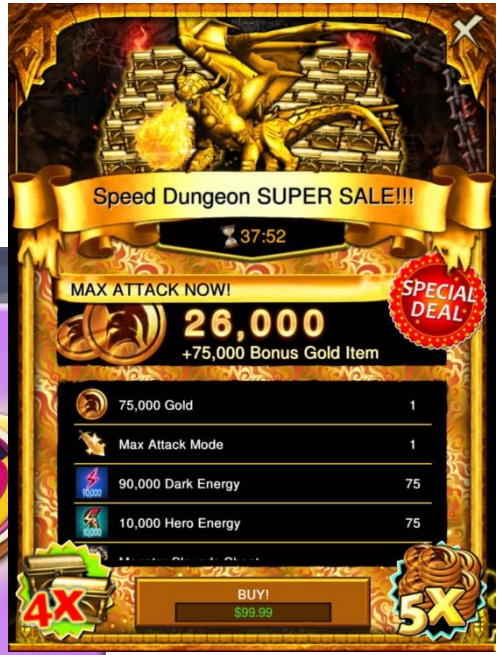
Founder

Orange Monkey Games

WHAT IS MONETIZATION?

1. Acquire players
2. Retain players
3. …
4. Profit?

WHAT IS MONETIZATION?



WHAT IS MONETIZATION?

Necessary and Sufficient Conditions

Fanatical Players

Long-Term Retention

Motivation and Opportunity to Pay

Level of Engagement

Non-Payer	*Least engaged*
Potential Payer	*More engaged*
Payer	*Most Engaged*

Level of Engagement

Non-Payer	*45 min Time on Site*
Potential Payer	*2 hour Time on Site*
Payer	*5 hour Time on Site*

Level of Engagement

Non-Payer	*Interested*
Potential Payer	*Excited*
Payer	*F'ing INSANE*

Fanatical Players

Universal?

- Unsurprisingly, true for hardcore games
- Also true for “casual” games

Fanatical Players

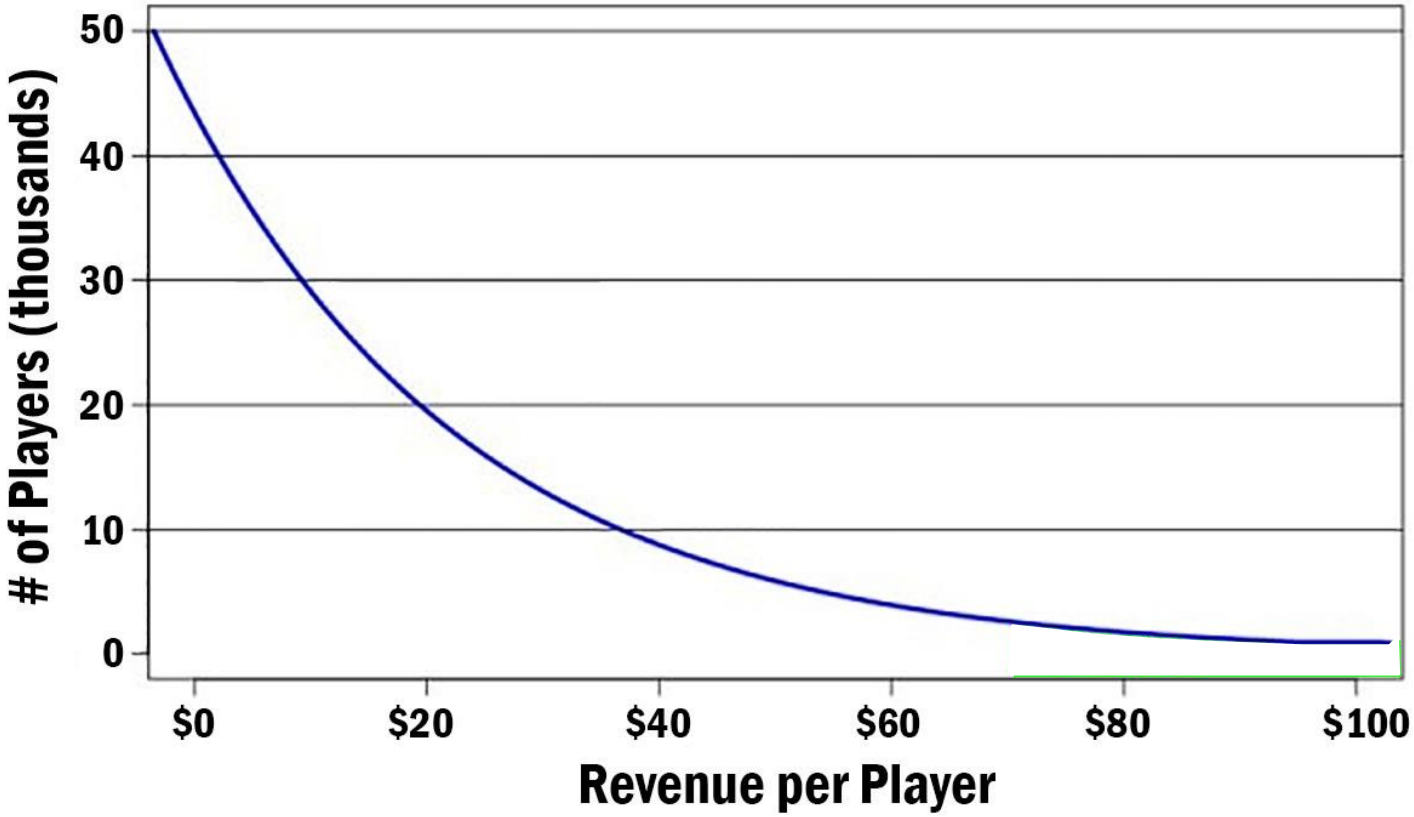
Universal?

- Unsurprisingly, true for hardcore games
- Also true for “casual” games

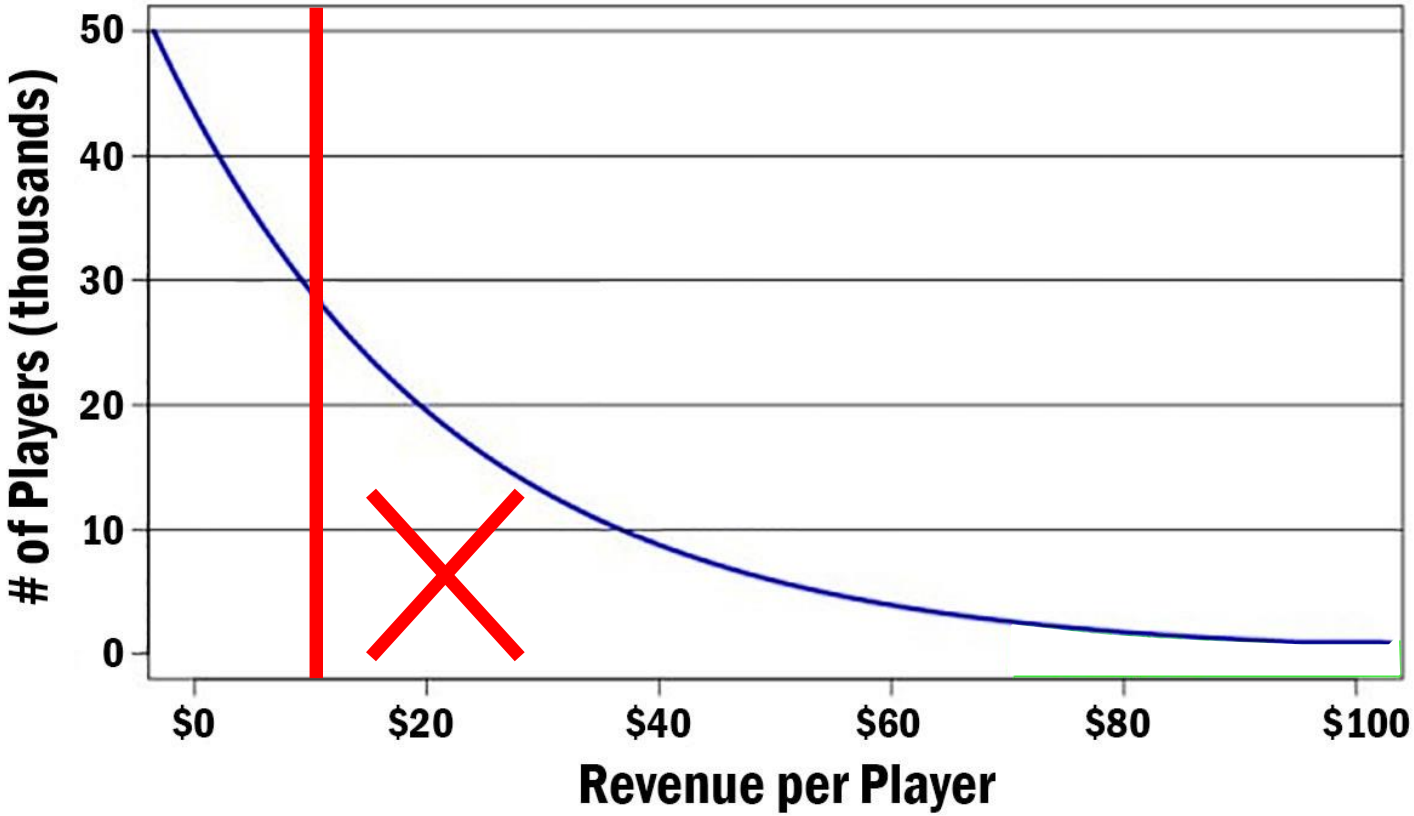
MUST

- Support and reward fanatical play
- Build into core of game’s design
- Cannot be retrofitted

Long Term Retention



Long Term Retention



Long Term Retention

Why?

- Area under the curve
- Conversion to payer
- Escalating probability of payment
- Golden cohorts

Long Term Retention

Why?

- Area under the curve
- Conversion to payer
- Escalating probability of payment
- Golden cohorts

MUST

- Provide on-going novelty
  - Content
  - Mechanics
  - Social Interaction
- Build into core of game's design

Motivation and Opportunity to Pay

- Fanatical players + Long term retention = Easy mode
- Anything else = Permadeath Mode

Motivation and Opportunity to Pay

- Fanatical players + Long term retention = Easy mode
- Anything else = Permadeath Mode

- Opportunity is obvious
- Motivation is where variation arrives

Common Motivations to Pay

Accelerate progress

Tweak gameplay difficulty

Common Motivations to Pay

Accelerate progress

Tweak gameplay difficulty

Competitive advantage

Common Motivations to Pay

Unlock content

Self expression

Gifting

Fairness

(AKA Enlightened Self-Interest)

- Short-term $ *versus* long term retention
- Payers *versus* non-payers
- Extrinsic *versus* intrinsic motivation

Reason and Opportunity to Pay

MUST

- Be tailored to your game
- Feel fair to your players
- Build into core of game’s design
- Cannot be retrofitted

RECAP: MONETIZATION TAKEAWAYS

Create fanatical players

Retain your fanatics indefinitely

Provide fair reasons to pay

Part of core game design

Optimization: easy or pointless

PART 6: LAUNCHING

John Welch

CEO

Making Fun Games

Launching a F2P (Mobile) Game

1. Good game
2. Testing
3. Community
4. Geo-locked testing
5. Often overlooked
6. Feature
7. Launch
8. Now the work begins
9. Things to skip

MAGE AND MINIONS

928
2048
Frost Nova Ready
3,068
60
44

1. Have a Good Game

- Good, not great
  - MVP
  - Squash bugs but don’t polish forever
  - Nothing can help a bad game
- Specific, well-understood risks
  - Ideally related to your key innovation
  - Plan B
- GENEROUS economy
  - Retention >> Monetization

2. Testing

- USE GOOGLE ALPHA / BETA
  - Fast/easy updates
  - PERSON-based free purchases (so actually release betas!)
- USE BUILD #’s DILIGENTLY!!!!!
  - Else you will waste time testing old builds
- TestFlight is perfect… with serious limitations
- Amazon’s Live App Testing is great but notifications are terrible

3. Community

- How will you converse with players? (critical even for 1-P games)
  - Built-in feedback mechanism
  - Forum
  - Facebook, Twitter
  - 3rd party sites
- Support Tools

4. Geo-locked Pre-Release

- Test KPIs
- Utility?
- Where?
  - Canada, Australia are typical
  - Be more creative if you don’t care about monetization data

5. Easily Overlooked

- Metrics
  - Retention: D1, 7, 14, 30, 60, 90
  - ARPPU x % purchasing = ARPDAU
  - CLV
- Login / Persistence
- Don’t release on a Friday

6. Getting Featured

- Plan Ahead
  - Innovate.
  - What platform features will you embrace?
  - Art & video assets
- Work personal connections
  - Ask what would maximize chances
  - Set a release date 4+ weeks out. Hit it. With quality.
- If at first you don’t succeed
  - Parity on big stuff -- but focus where you have traction
  - Don’t harass your contact
- Amazon w/ feature >> Apple w/out feature or ads

7. Launch

- Woo!

8. Now the (different) work begins

- Magic equation: CLV >? CPI
- Read & respond to reviews
- Compete on quality
  - Slower road. More sustainable?
  - Bug-fix sprints
  - Complete re-write of graphics engine, redesigned many levels
  - Ongoing tweaks to prevent OP, exploits
  - Diligent community support, periodic bug fix sprints
  - 90% quality, 10% monetization
  - 4.7+ rating (all platforms)

9. Skip for now

- New features – bucket to maximize featuring
- How to get CLV > blended CPI?
  - Multiplayer, limited-time events
- Localization
- Protect best platform – launch more slowly
- X-platform

Questions?

Steve Meretzky
VP of Creative, GSN Games
smeretzky@gsngames.com

Eyal Grundstein
VP of User Acquisition, GSN Games
egrundstein@gsngames.com

AJ Glasser
Games Product, Facebook
ajglasser@fb.com

Bob Bates
Independent Designer, Writer, Producer
bobbates@bobbates.com

Eric Todd
Founder, Orange Monkey Games
erictodd@gmail.com

John Welch
CEO/Founder, Making Fun
john@makingfun.com