



Monetizing Social Games

Pauline Reader, Senior Director, International
pauline.reader@rockyou.com

Agenda



- 1) Brief Introduction to RockYou
- 2) Making A Good Game
 - A. Network Effect
 - B. Engagement
 - C. Arbitrage
- 3) The Future of Monetization

RockYou Overview



RockYou, Inc.

**Engaging the world through
social applications!**

2007

**Reach
Applications**

2008

**Network
Installs**

2009

**Brand
Integration**

2010

**Social
Gaming**

RockYou Overview



Social Application
Developer

+

Social Media Ad
Network

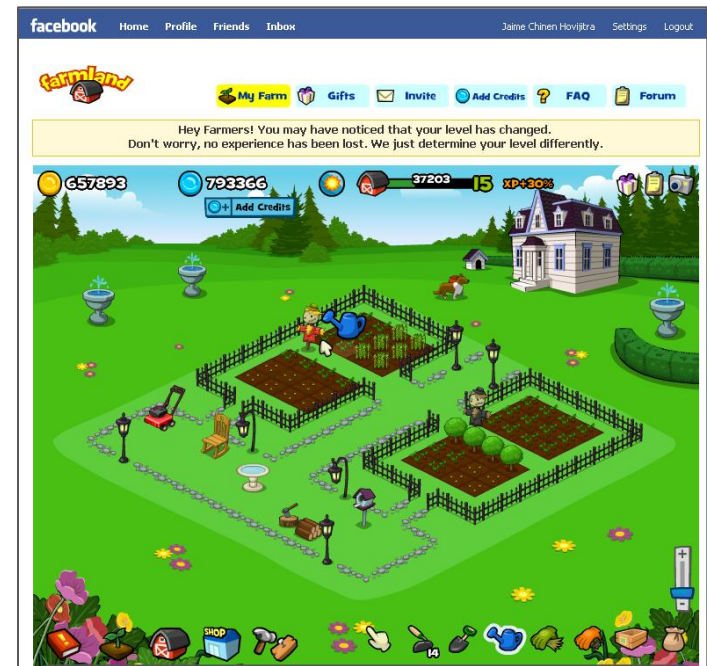
- Birthday Cards (~15mn uniques)
- Zoo World (~8mn)
- Pieces of Flair (3.5mn)
- RockYou Live (2.3mn)
- Hug Me (2.0mn)
- Likeness (1.3mn)

- Over 1000 publishers
- Over 5000 games & applications
- 12B impressions per month
- 208 M unique visitors

Why Social Gaming is Succeeding



Simplicity + Free + Relative Ease of Innovation=
Large Addressable Market



DAUs are Everything!



Key Threshold:
 $0.2 < \text{DAU/MAU}$



**Network
Effect**



Monetization

Engagement



Network Effect: DAU Growth and Re-engagement



User Acquisition/Reengagement Channel	Key Thresholds
Feed Posts	<ul style="list-style-type: none">• 3 FB users should click on every feed post created
Requests	<ul style="list-style-type: none">• Expect a 70% CTR on requests if friend already in game
Book Marks	<ul style="list-style-type: none">• Expect 20% of DAUs to enter through bookmarks

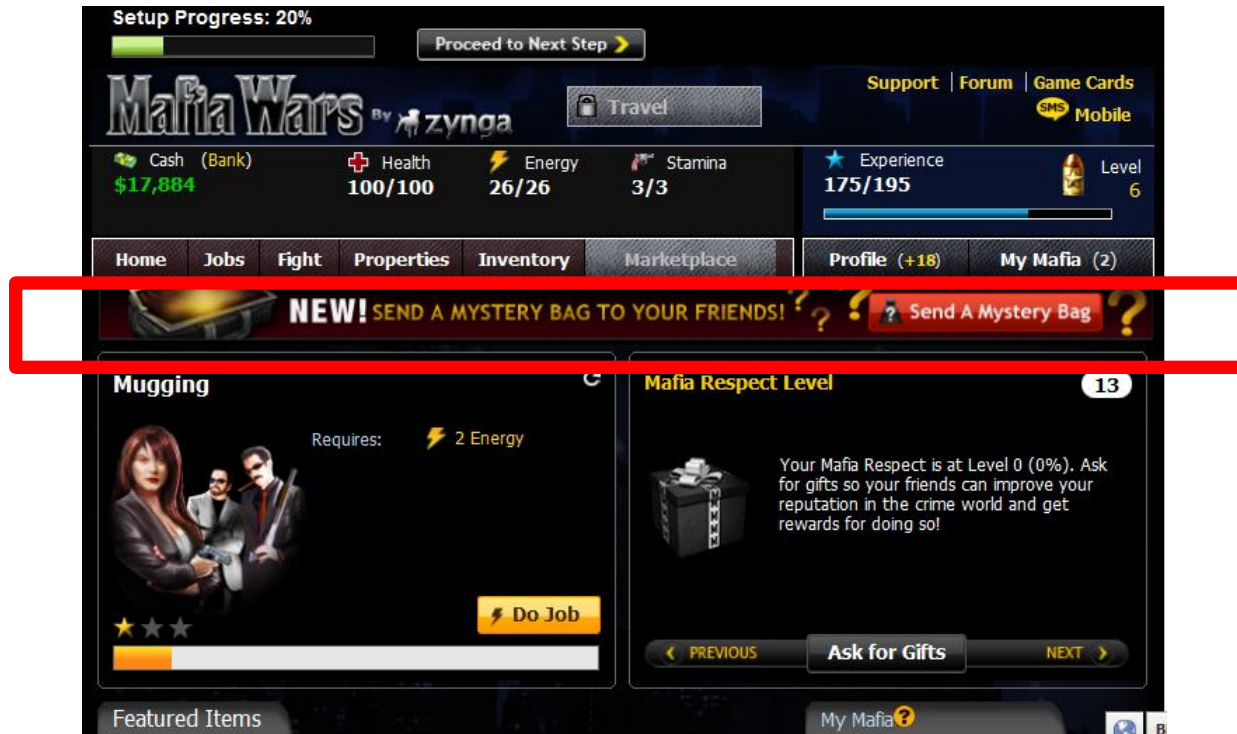
Engagement: What Have You Done for Me Lately?



Innovate! Innovate! Innovate!

5 weekly releases:

3 content, 1 viral event, 1 game play feature



Engagement: Competition Rules



- Create competition among friends using visible metrics
- Customizations: Who is cooler?
- Friend Walls: Who is winning?



Engagement: Get Friends To Help



- Increase Re-engagement rates by sending requests calling friends for help
- All Users helping get the prize



Monetization: Time to Make Money



Freemium

Monetization: How Many Users Pay



Amount Spent on Select Social Games According to US Social Gamers, March 2010 (% of respondents)

	None	\$1-\$5	\$6-\$10	\$11-\$20	\$20+
Mobsters	72%	6%	7%	6%	11%
Texas Hold'em Poker	71%	8%	5%	7%	9%
Pet Society	68%	12%	11%	6%	4%
Happy Aquarium	75%	10%	6%	4%	4%
PetVille	74%	10%	8%	5%	3%
Zoo World	75%	10%	6%	5%	3%
FarmVille	82%	6%	6%	3%	3%
FishVille	83%	7%	4%	4%	2%
Mafia Wars	84%	7%	4%	3%	2%
Café World	85%	6%	6%	3%	1%

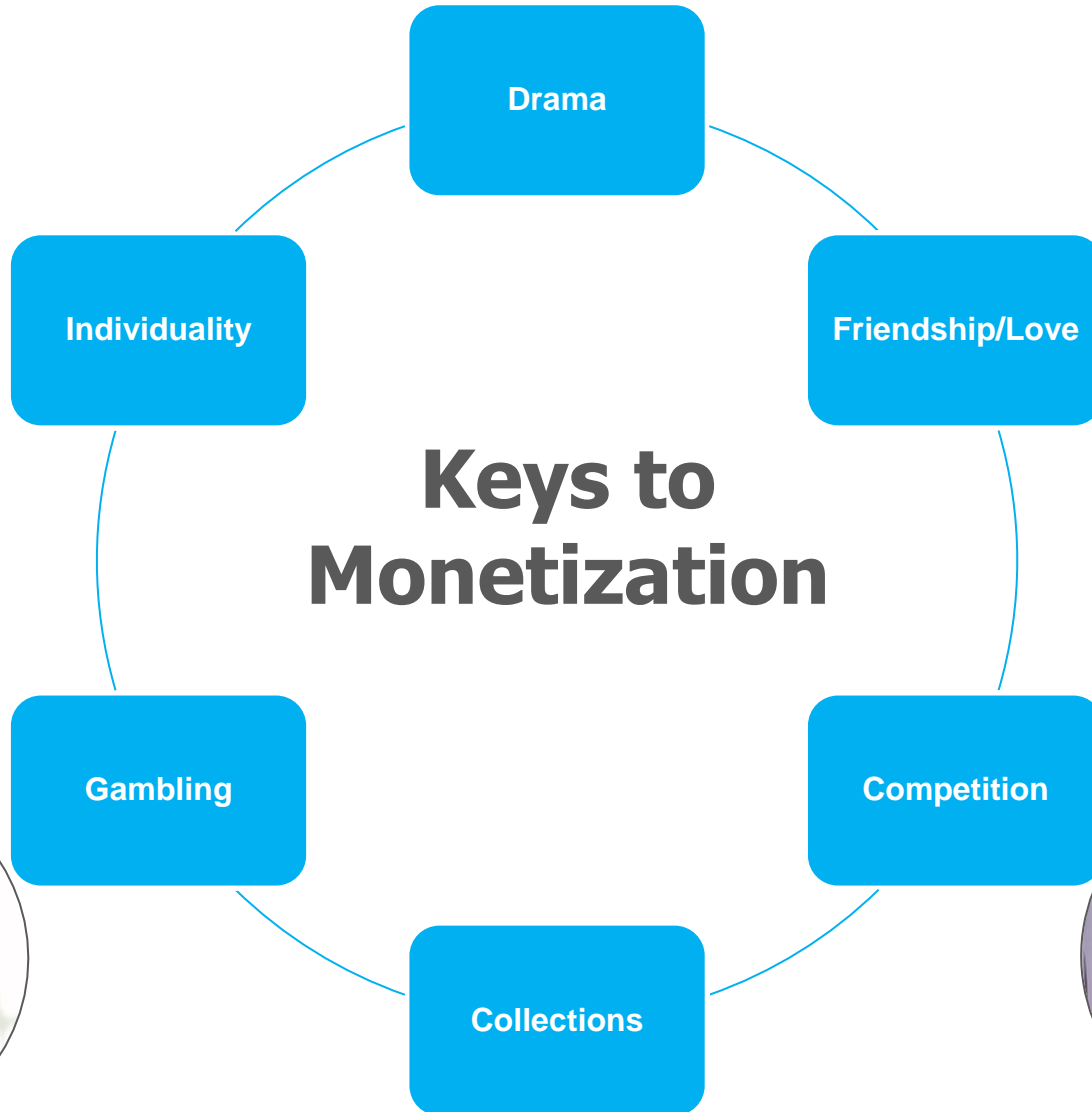
Note: numbers may not add up to 100% due to rounding

Source: Ipsos OTX MediaCT, "Maximizing Marketing and Monetization Opportunities in Social Gaming," April 1, 2010

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www.eMarketer.com

Monetization: Keys To Success



Monetization: Know Your Key Demographic



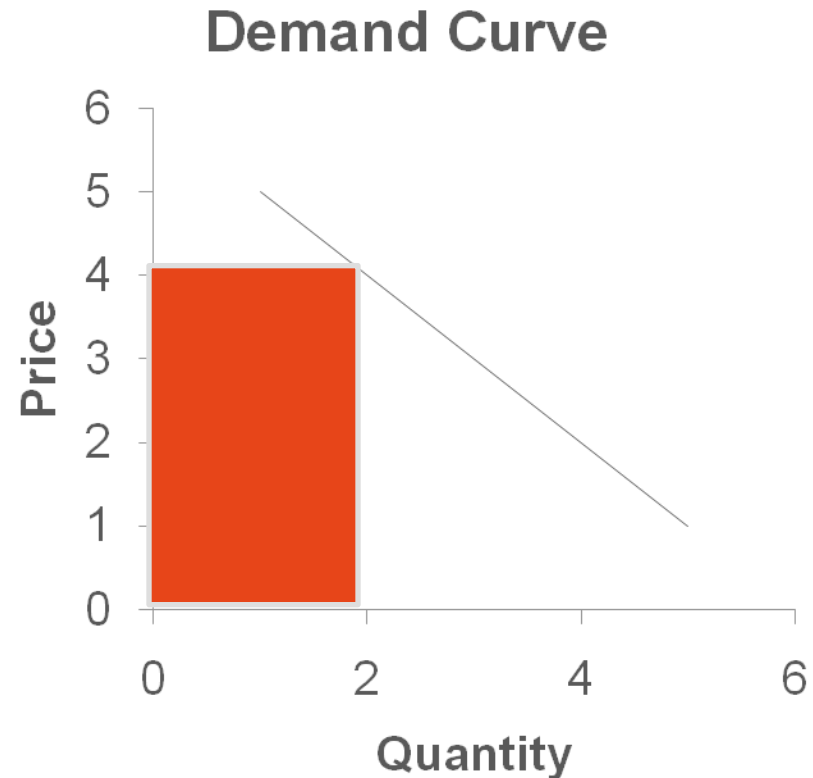
- Focus Tools on Your Primary Users
 - Geography
 - Age
 - Gender
 - Time Of Week
 - Time Of Day



Monetization: Understand Your Economy



- Revenue and costs should be aligned
- Premium products should have premium prices
- Price discrimination



Monetization: Optimize Direct Payments



- 1-3% of DAU's Are Paying Customers
- Payment Methods Biased to Default Method.
 - Usually Defaulted to Best Converting Method.

The screenshot shows the payment interface for the game Café World. It is divided into three main sections: 1) Select Currency, 2) Select Package, and 3) Select Payment Method. The 'Select Payment Method' section is highlighted with a red box. The interface includes a 'Continue >' button and a link to 'Sign into Your Zynga Account'.

1) Select Currency US Dollar (USD) NEW GBP, EUR, CAD, AUD + 20 Currencies

2) Select Package

Café Cash		Café Coins	
Get Cafe Cash to buy special items		Need more coins? Buy some now!	
<input type="radio"/> 310	\$49.99 USD Best Value!	<input type="radio"/> 1,000,000	\$149.99 USD Best Value!
<input checked="" type="radio"/> 120	\$19.99 USD	<input type="radio"/> 333,300	\$49.99 USD
<input type="radio"/> 85	\$14.99 USD	<input type="radio"/> 125,280	\$19.99 USD
<input type="radio"/> 55	\$9.99 USD	<input type="radio"/> 45,240	\$9.99 USD
<input type="radio"/> 25	\$4.99 USD	<input type="radio"/> 15,280	\$4.99 USD

3) Select Payment Method

☒ Credit Card

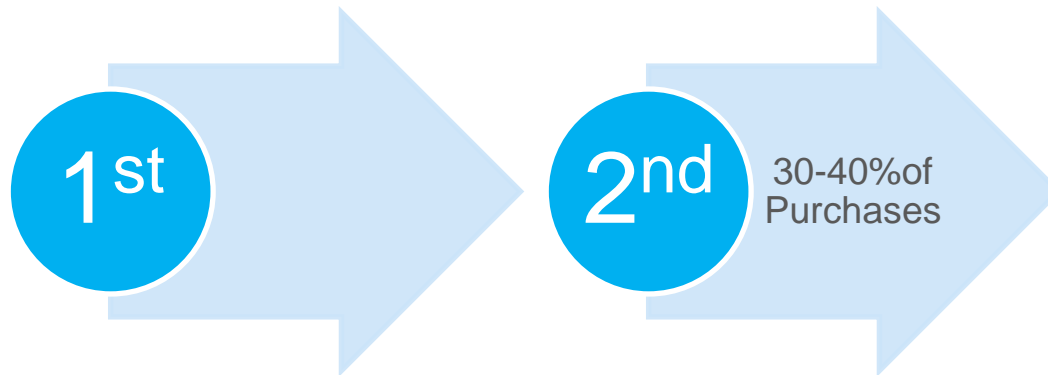
☐ PayPal

Continue > or [Sign into Your Zynga Account](#)

Monetization: Capitalize On Your Existing Consumers



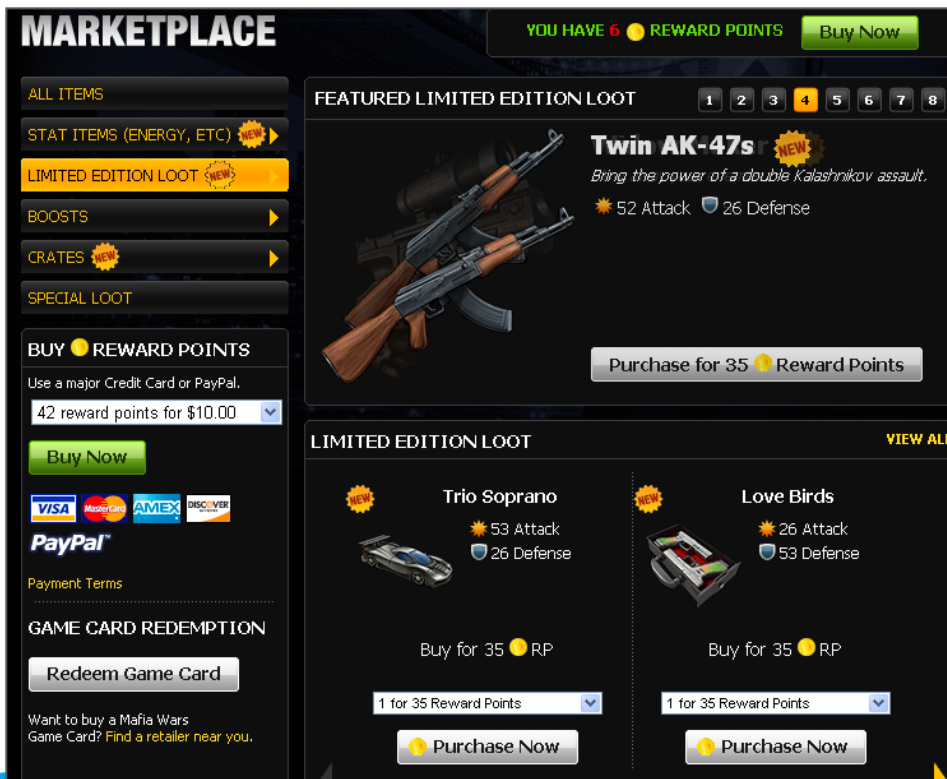
- Entice Users to Re-Purchase Premium Currency
- Conversion Rates for Repeat Consumers are Higher
- >50% of Total Revenue Should be Repeat Consumers



Monetization: Is Your Game Monetizing Well?



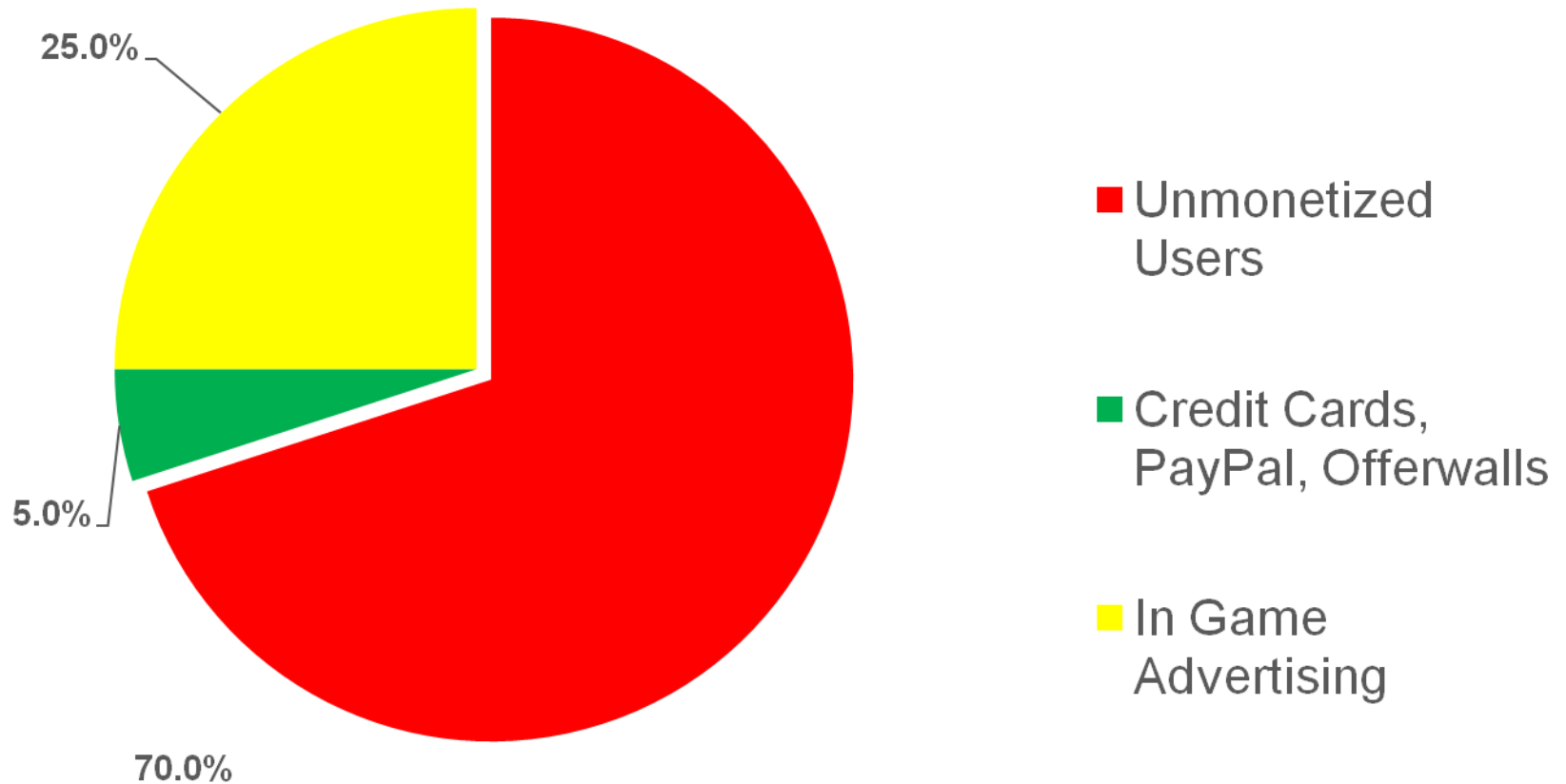
- Measure on Revenue/1,000 DAU's
- Best Monetizing Apps \$100+/1,000 DAU's
- On Average, Apps Monetize \$10-30/1,000 DAU's
- \$30+/1,000 DAU's → On the right track



Future of Monetization: Expand the Digital Goods Pie



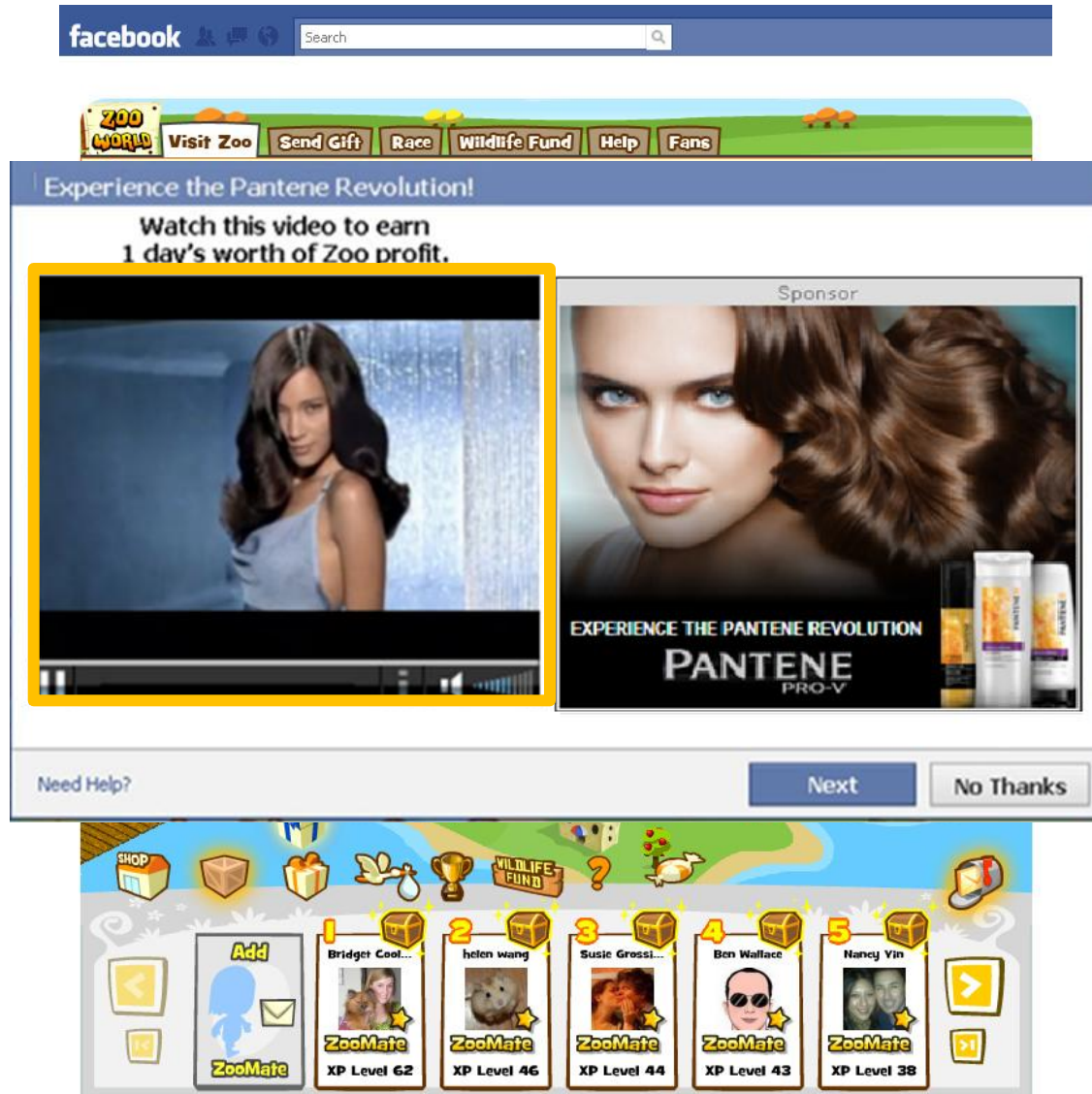
% of Users That Can Be Monetized



Future of Monetization: In-Game Advertising



- User plays Zoo
- User clicks on “Free Cash” button
- User sees deal



- User views video
- User earns reward

Future Monetization: In-Game Advertising



- User plays Zoo
- User clicks on “Free Cash” button
- User sees deal

The screenshot shows a Facebook game interface. At the top, there's a Facebook search bar. Below it, a game banner for "Zoo" is displayed. The banner features a blue squirrel character holding a stack of money. A yellow box highlights the text "You earned \$84,496 zoo dollars." The main advertisement is for HP ink cartridges, with the text "BUY ONE GET ONE HALF OFF on ALL Quality Original HP Ink Cartridges" and a "shop NOW" button. To the right, it shows "YOUR SCORE 083" and a "TOP SCORES" table. Below the ad, there's a "Close" button. At the bottom of the game interface, there's a "SHOP" button and a "WILDLIFE FUND" button. A list of players is shown, including Bridget Cool... (XP Level 62), helen wang (XP Level 46), Susie Gross... (XP Level 44), Ben Wallace (XP Level 43), and Nancy Yin (XP Level 38).

facebook

Search

HP PRINT INTELLIGENTLY

HP PRINT INTELLIGENTLY

You earned \$84,496 zoo dollars.

I'm not gonna last the winter with this score!

BUY ONE GET ONE HALF OFF
on ALL Quality Original HP Ink Cartridges

shop NOW »

HIT PRINT INTELLIGENTLY hp

YOUR SCORE 083

TOP SCORES

165	SKY
164	AMS
163	MAE
161	AMS
161	RYG

play AGAIN »

Get & Share

Close

SHOP

WILDLIFE FUND

Add

ZooMate

Bridget Cool...
ZooMate
XP Level 62

helen wang
ZooMate
XP Level 46

Susie Gross...
ZooMate
XP Level 44

Ben Wallace
ZooMate
XP Level 43

Nancy Yin
ZooMate
XP Level 38

- User chooses to play game
- User plays game
- User receives reward

Future of Monetization: Advertising



Why Advertising will be Successful

- Games have huge user bases so brands need to be there
- Users want to level up and not pay for it
- Expands Monetization rates of user base
- Safe and Clean Advertising Environment



Pauline Reader
Senior Director, International
pauline.reader@rockyou.com
1 415 238 0124
Based in California

Gilles Storme
Head of EMEA
gilles.storme@rockyou.com
44 7826 787107
Based in London

Questions?