

Put the "Payer" in Player: Monetizing Games thru Scalable Advertising

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Today's Agenda

- Life's Big Questions: Why Ads?
- Advertising 101
- Zynga's Advertising Journey
- Designing your Ad Solution
- What Success Looks Like



Why Advertising?



Ads in Games

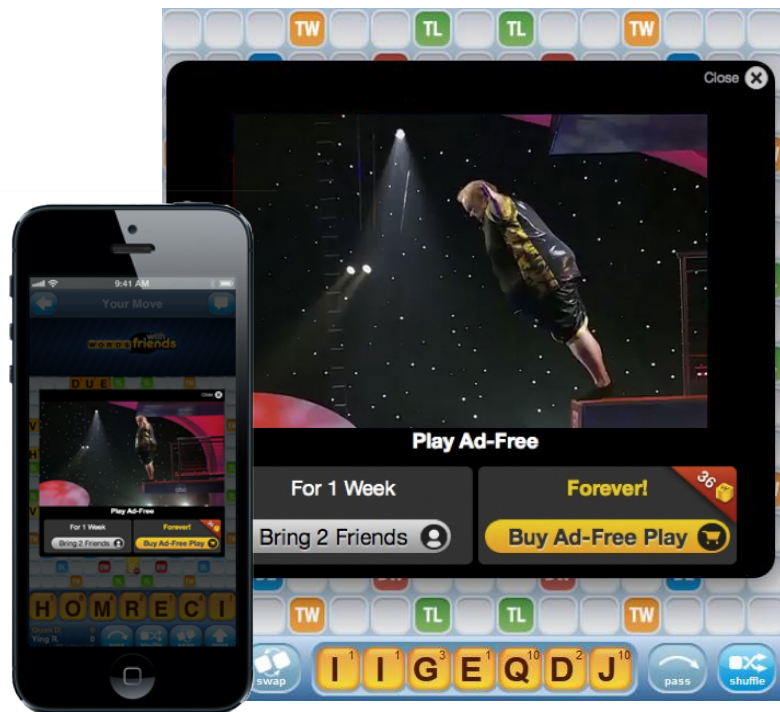


Dollars



More Games

Advertising = Consumer Choice



Let Players know it's
in their control:

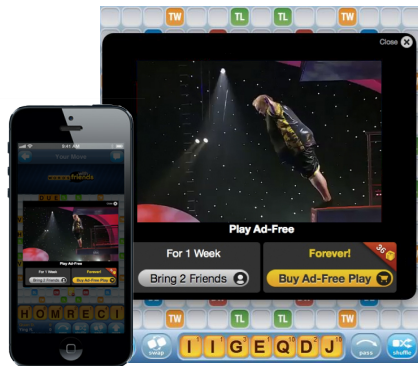
- Free & Paid SKUs
- IAP for Ad-free play
- Subscription services

“Value Exchange”

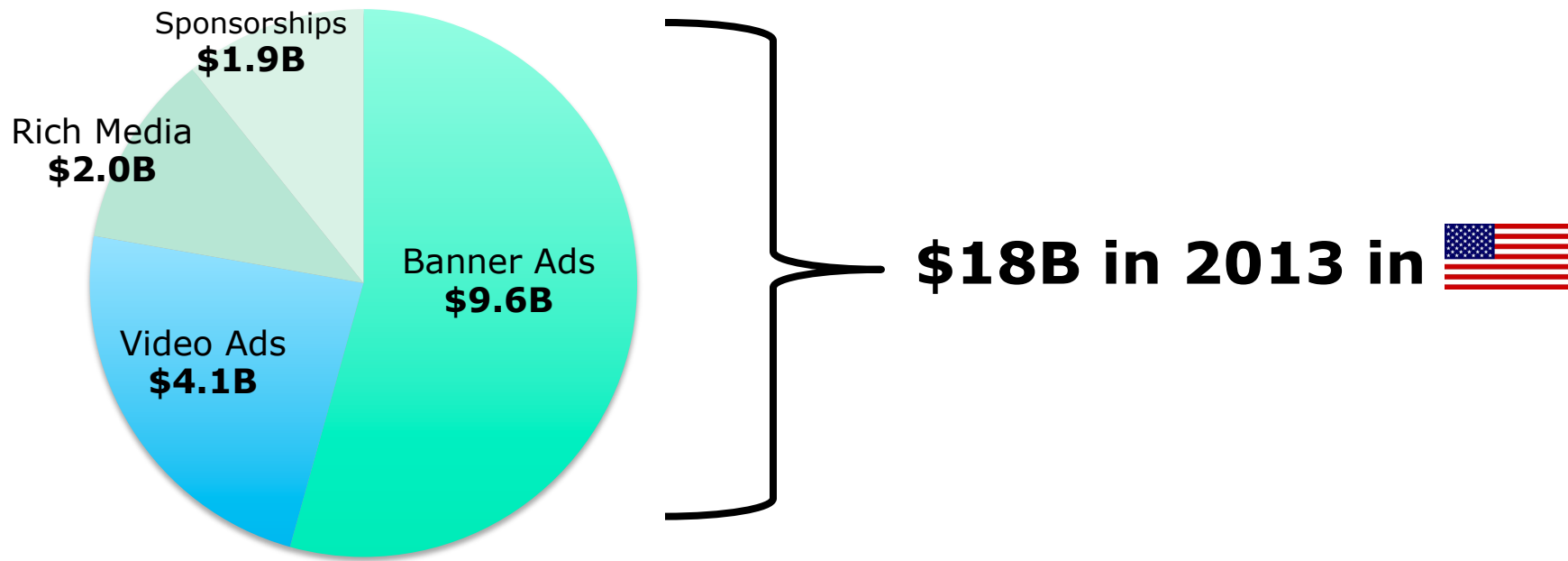
THEN



NOW



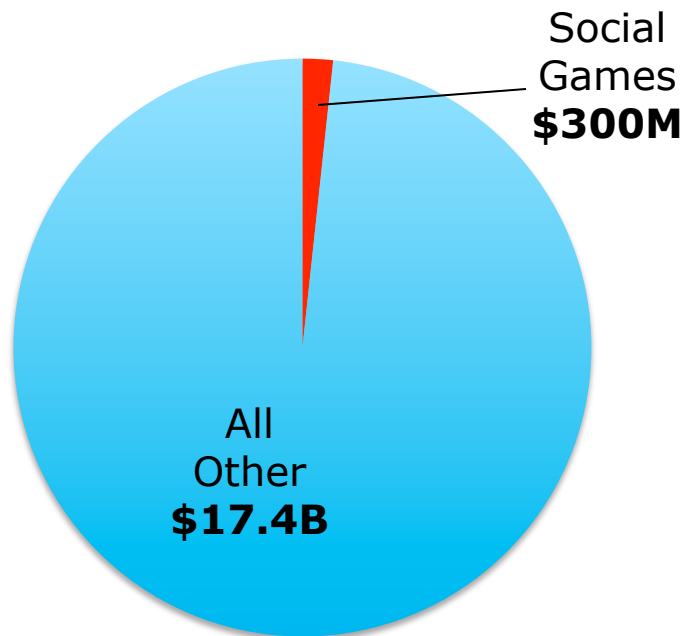
A BIG Potential Market



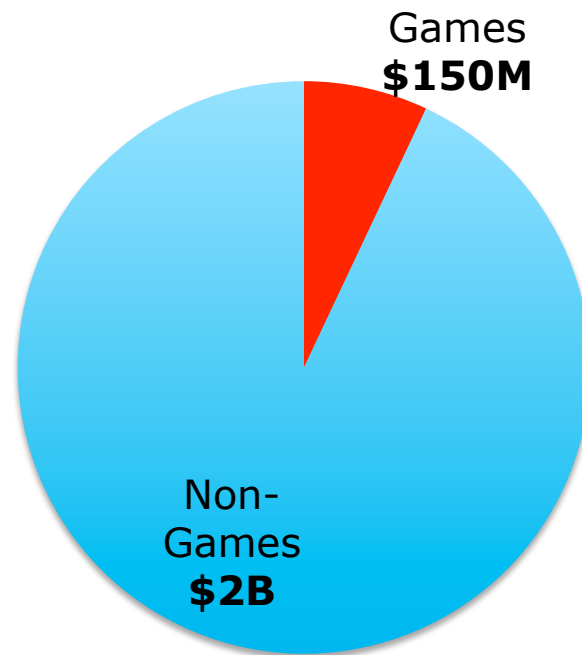
... and \$50B Across 

But Games Only Capture a Small Little Piece

Web

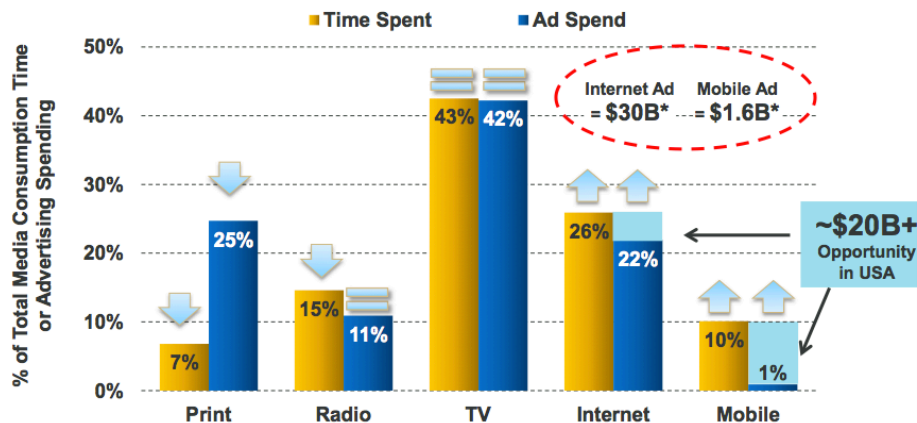


Mobile



Money Goes Where Eyeballs Are

% of Time Spent in Media vs. % of Advertising Spending, USA 2011



Note: *Internet (excl. mobile) advertising reached \$30B in USA in 2011 per IAB, Mobile advertising reached \$1.6B per IAB. Print includes newspaper and magazine. \$20B opportunity calculated assuming Internet and Mobile ad spend share equal their respective time spent share. Source: Time spent and ad spend share data eMarketer, 12/11, Internet and mobile ad dollar spent amount per IAB.

KPCB

Above chart by Mary Meeker, KPCB

Takeaways:

- **Direct correlation** between % time spent and % ad spend in mature media
- In emerging media, there is **opportunity** when ad spend is less than time spent



Games Could Own Much More of Ad Spend

#1 Time Spent in Mobile Apps

Time Spent with Smartphone and Tablet Apps Worldwide, by Category, Sep 2012

% of total

	Smartphone apps		Tablet apps
Games	39%	Games	67%
Social networking	24%	Social networking	10%
Utilities	17%	Entertainment	9%
Health & fitness	3%	Utilities	4%
Lifestyle	3%	News	2%
Entertainment	3%	Productivity	1%
Other	11%	Other	7%

Note: activity via Flurry's network

Source: Flurry Analytics as cited in company blog, Oct 29, 2012

147030

www.eMarketer.com

#1 Time Spent on PC's

Daily Time Spent Using a PC According to US Internet Users, by Activity, 2011

minutes

Entertainment

Playing games*

51

Editing documents, photos, etc.

19

Watching TV show/movies/sports

15

Listening to downloaded music

15

Online streaming music/videos

14

Watching video clips (e.g., YouTube)

11

Watching movies from DVDs/CDs

7

Watching downloaded videos

5

Communication

Reading/writing email

41

Social networking**

37

Instant messaging

13

VoIP/voice chat/video chat

9

Browsing

Internet browsing (excluding social networking sites)***

36

Search engine

23

Online shopping and research

12

Total

308

Note: *includes offline games and browser games inside and outside of social networks; **includes Twitter; ***includes posting comments (e.g., blogs)

Source: McKinsey & Company, "Minute by minute: How do global digital consumers spend their tech time?" Oct 13, 2011

133869

www.eMarketer.com

2 Main Market Segments

BRAND ADVERTISING

Drive Sales “TOMORROW”

Priced on # of Exposures (CPM/CPV)

Examples:

- Old Spice video ads
- Apple NY Times pushdown

PERFORMANCE ADVERTISING

Drive Sales or Action “TODAY”

Priced on # of User Actions (CPC/CPI)

Examples:

- Netflix signup banners
- Google AdWords campaigns



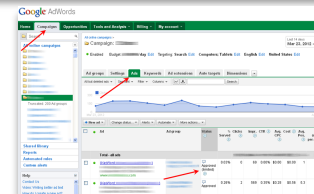
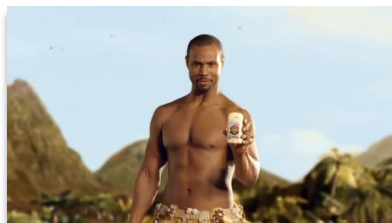
Buying Spectrum

BRAND ADVERTISING

PERFORMANCE ADVERTISING

Buy
Experiences

Buy
Metrics

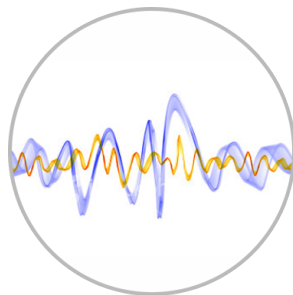


Brand Advertiser's Checklist



Reach

(Unique monthly players
in their target demo)



Frequency

(Exposures per user
per campaign)



Targeting

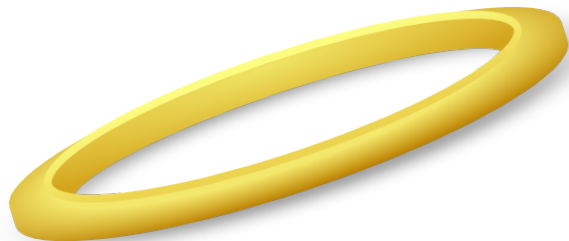
(Efficiency of hitting
the right players)



Engagement

(Interaction with brand &
its message)

What They Also Want from Games



Titles with Cachet

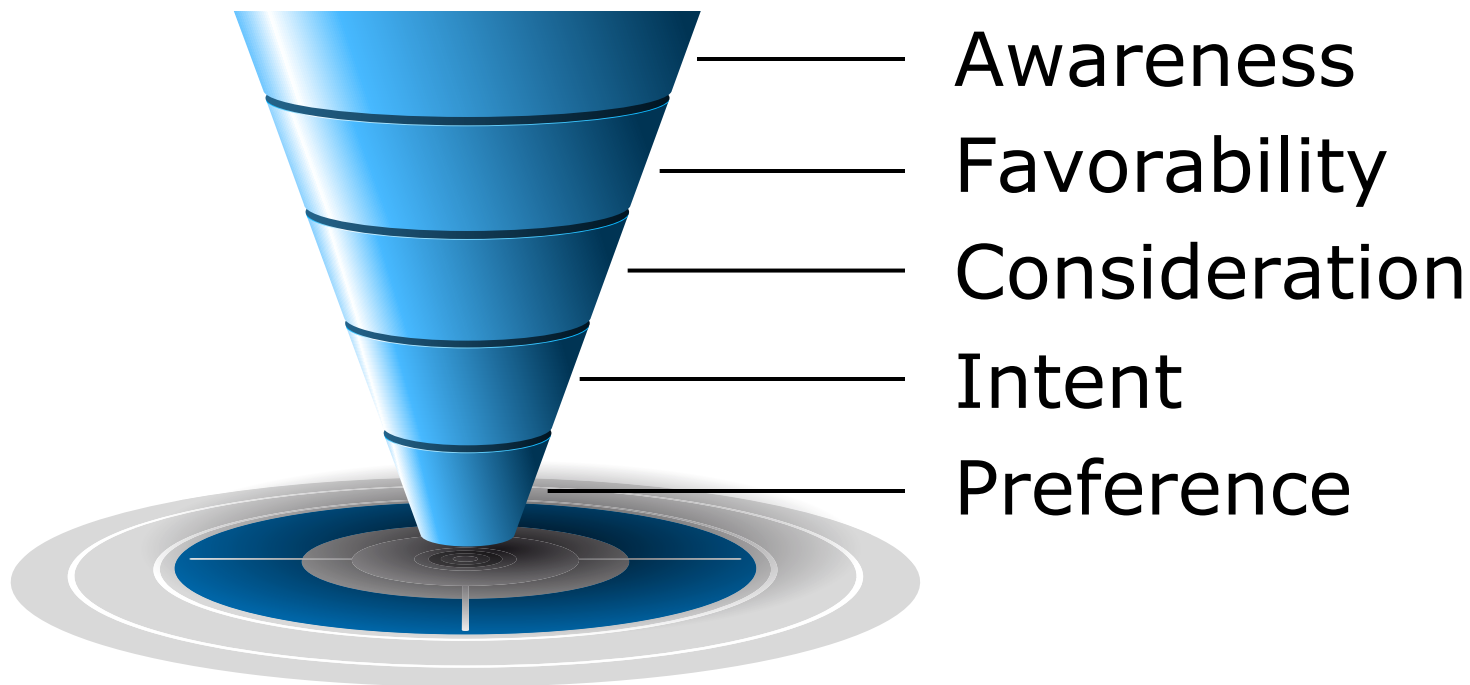
(Franchises with media buzz/
high rankings)



Uniqueness

(Launch partnerships,
never-been-done-befores)

Brand Metrics



Top-Spending Verticals in Digital

Auto



Entertainment



Insurance & Financial Services



Tech/Telco



CPG



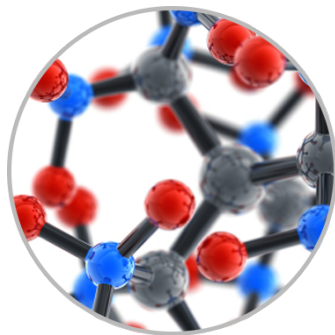
Food/Beverage



Vertical-Specific Needs

	Examples
Auto	Promote vehicle launch
Entertainment	“Butts in seats” and driving TV tune-in
Insurance/ Fin. Serv.	Get quotes & signups
Tech/ Telco	Raise awareness & get subscribers
CPG + Food/Bev	Product flying off shelves; couponing

How to Sell to Brands



Ad Networks

(Sell your inventory in a bucket with many others)



Rep Firms

(Sell your inventory specifically)



Direct

(Your own in-house team)

Many Developers Mix and Match

Considerations for Developers

	Ad Networks	Rep Firms	Direct
Minimum Audience Size	Low/None	Millions	10M+
Key Benefits	Immediate \$	Dedicated Sellers & Low Overhead	Best Margins & Scalability
Display Products	✓	Likely Not Necessary	Likely Not Necessary
Standard Video	✓	✓	✓
Sponsorships & Custom Rich Media	-	✓	✓

If You Want to Sell Direct...



Ad Agency Media Planner

Request for Proposal

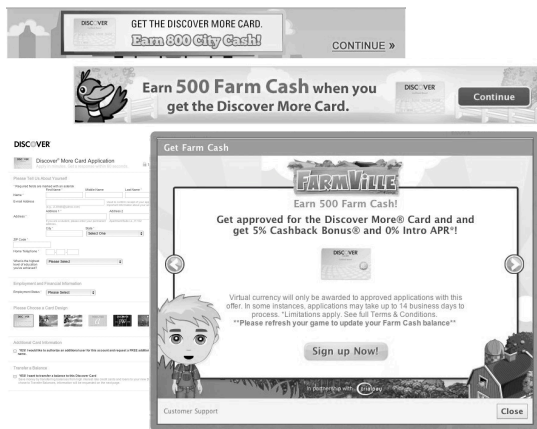
- Objectives
- Target Audience
- Success Metrics



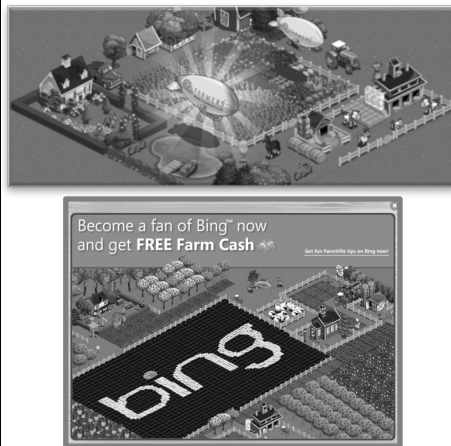
Our Journey

A History of Advertising at Zynga

THEN



2008
*CPA-Based
Offerwalls*



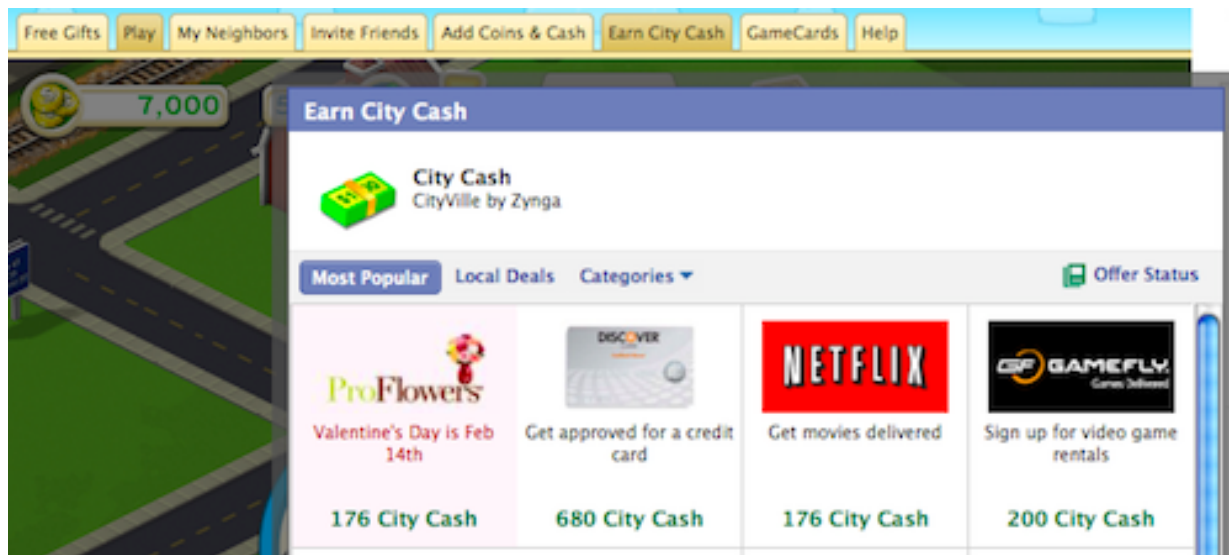
2010
*Sponsorships
& Banners*

NOW



2012
*Full Suite of Scalable Media
Products and Sponsorships*

Offerwall Limitations: UX & Market



- Not optimal user experience; saturation
- Small total market size

Sponsorships Don't Scale...

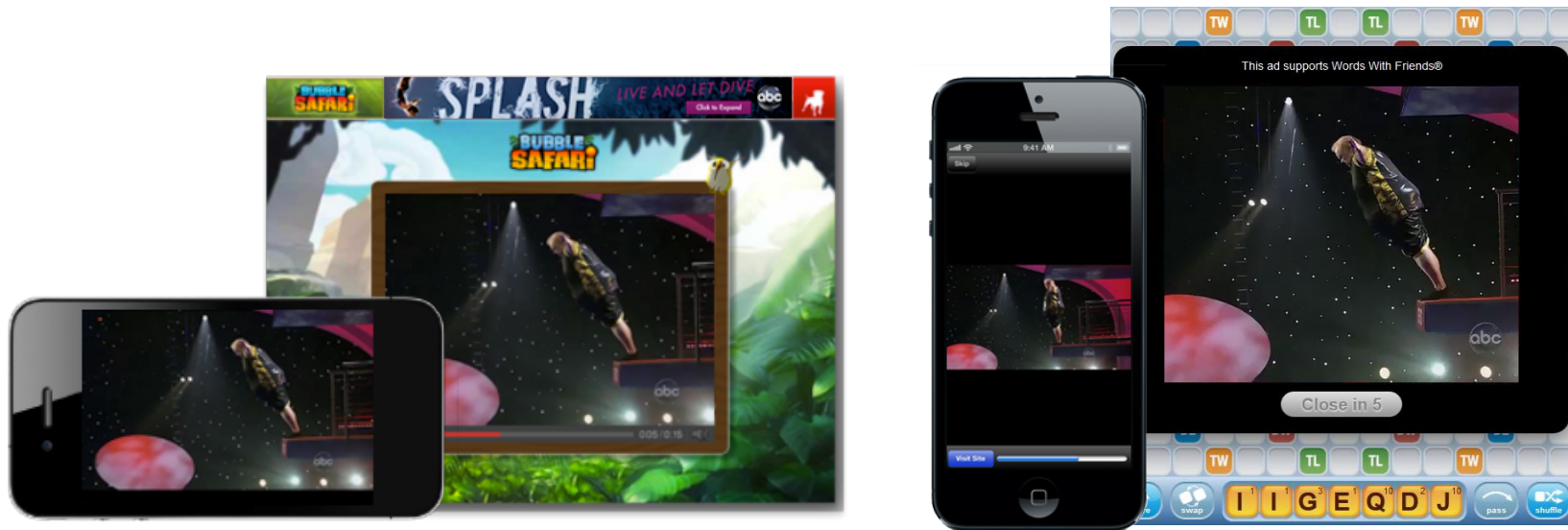


- High-touch
- Often not target-able
- Small market size (\$1.9B)

...*BUT* they're important as a **differentiator**

Video is **KEY**

- Scalable & high-value
- Brands already have budgets for it



So is **BUNDLING**



**Mini-Game
Scavenger Hunt**



Interstitial



Banner

MAGIC

Games' Secret Sauce: Engagement



"Get players as engaged with the ads as they are with the game, and you have a home run." –Agency CEO

Challenge: Educate Advertisers Gaming *Mainstream*

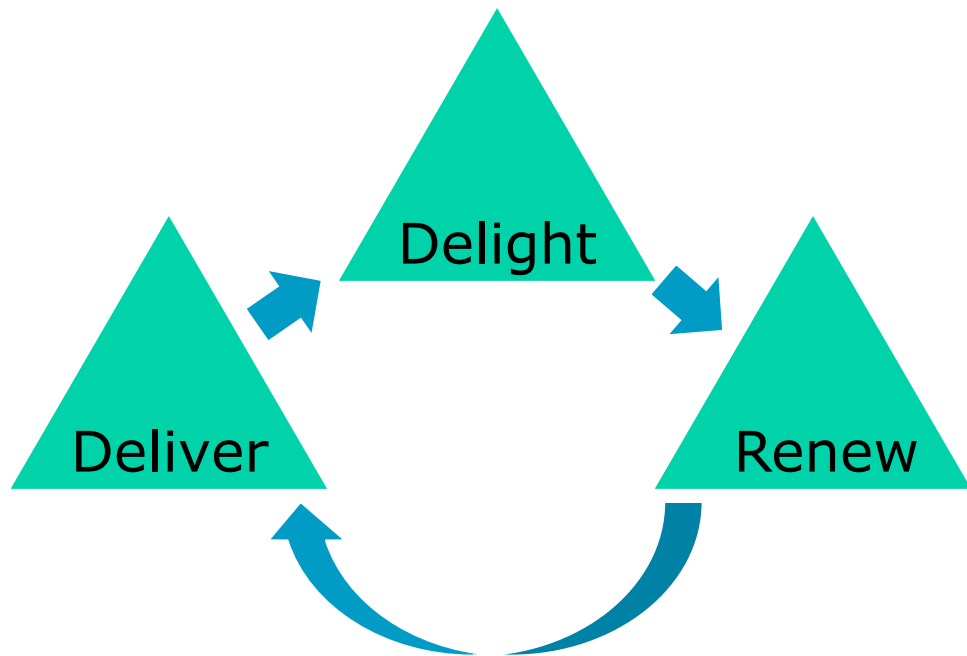
THIS



NOT THIS



It's All About the Renewals



Summary: What We've Learned

- **Offerwalls: quick \$ but limited market & growth**
- **Sponsorships: great differentiator, but don't scale**
- **Video: terrific combo of scalability & value to advertisers**
- **BUNDLE, BUNDLE, BUNDLE**
- **Sell ENGAGEMENT & MAINSTREAM AUDIENCE**

Designing your Ad Solution

Define Goals



Start in Design

Experiment & Validate



Details to Consider

Audience?



Game experience?



How big?



Competitors?

Ad Formats – Display

The image displays a collage of various display advertisements. The primary ad is for CDW, featuring the text "Custom configuration from CDW turns new technology into your technology" and a "Learn More" button. It includes images of several products: a Lenovo ThinkVision L193p monitor, Kingston Traveler 4GB USB drives, Kingston 2GB Memory modules, Symantec Endpoint Protection 11.0 software boxes, Xerox Phaser 6180N printers, and Cisco ASA 5510 routers. The CDW logo is visible in the top right and bottom right corners of the ad. To the right of the CDW ad is a Forbes Attaché advertisement. It features the Forbes logo, the text "Attaché", a "Personalize Now!" button, and the tagline "THE SMART WAY TO FIND SOFTWARE FOR YOUR BUSINESS". Below this is another Forbes Attaché section with a "Personalize Now!" button and a list of links: "Weather", "Sports", "Watch List", "Industry News", and "Authors", each with a "Select Your City", "Select Your Teams", "Select Companies", "Choose Industry", and "Choose Favorites" link respectively. The Forbes logo is also present in the top left of the Forbes section.

Custom configuration from CDW turns new technology into your technology

Learn More

CDW

Forbes Attaché

Personalize Now!

PRESENTED BY

THE SMART WAY TO FIND SOFTWARE FOR YOUR BUSINESS

learn more

Forbes Attaché

Personalize Now!

Weather Select Your City

Sports Select Your Teams

Watch List Select Companies XYZ +5.87

Industry News Choose Industry

Authors Choose Favorites

Small Business Attaché

Custom configuration from CDW turns new technology into your technology

Learn More

CDW

Forbes Attaché

Personalize Now!

Weather Select Your City

Sports Select Your Teams

Watch List Select Companies XYZ +5.87

Industry News Choose Industry

Authors Choose Favorites

Small Business Attaché

**Is this
enough
Ads?**

Ad Formats – Display



3 Simple Rules

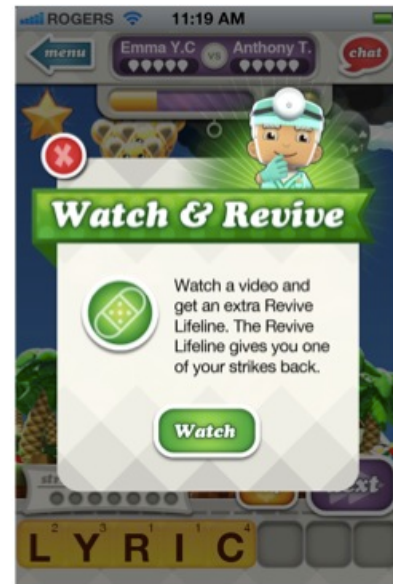
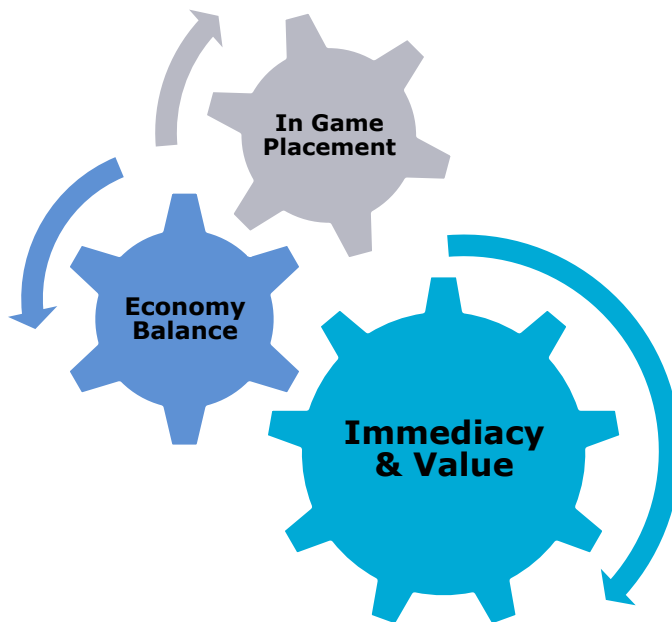
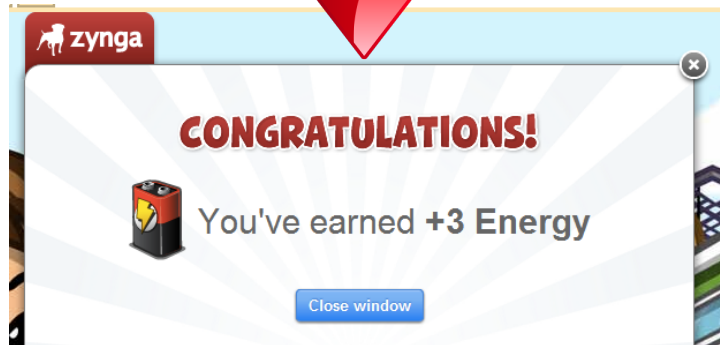
- Content is king
- Don't make the ads invisible
- Leave room for standard IAB sizes



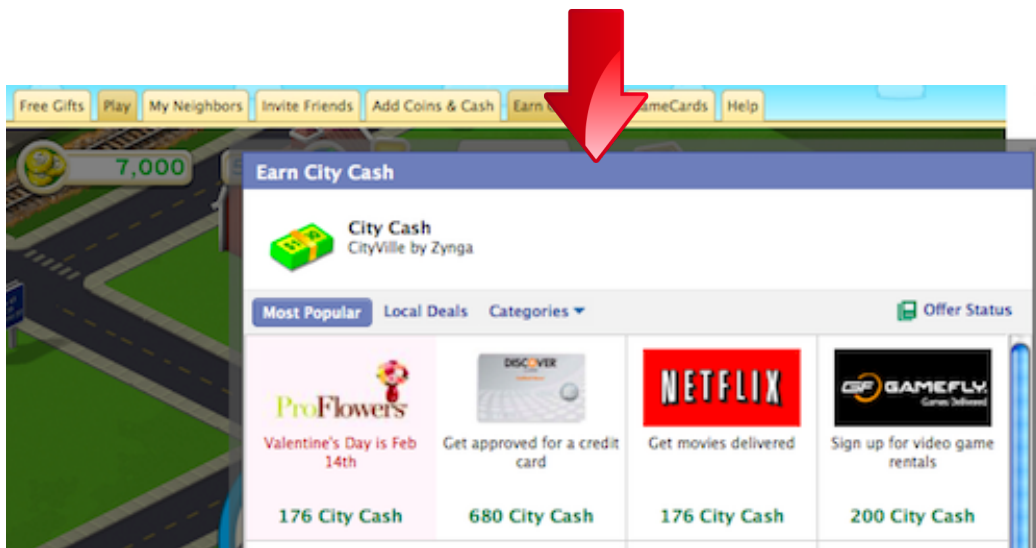
Ad Formats – Video



Ad Formats- In-Game Reward



Ad Formats - Offerwall



Rules: Always Partner; Be careful about burnout

Ad Formats – Cross Promo/Install



- Full Screen Interstitials
- Promote your own apps, others, or both

Ad Formats - Sponsorship



Know:

- Your Players
- The Brand
- Your Game

Ad Formats – Native Ads



Examples: FB, Twitter, BuzzFeed

Pros: Seamless integration with consumption experience

Cons:

- Relevancy for most games
- Potential for Confusion
- Demand sources

Ad Formats – Brand & Performance


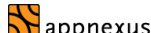











































Format	Brand	Performance
Display	✓	✓
Video	✓	
Reward	✓	
Offerwall		✓
Cross Promo		✓
Sponsorship	✓	
Native Ads	✓	✓

Evaluating Vendors – Decision Criteria

- Formats Supported
- Revenue Potential
- Integration & SDK support
- Analytics



Vendor Landscape

	Display		Video		Reward		Offer Wall		Cross Promo
Web	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>		
Mobile	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>	<div></div>			

What Success Looks Like

LISTENS TO ZYNGA AT GDC



FEELS GREAT ABOUT ADS

- Mix of scalable, differentiated and unique Ad experiences
- Players love ads sometimes and accept value exchange always
- You're as money-driven or meaning-driven as you want!