

Mobile Gaming

2012

CASUAL GAMES SECTOR REPORT



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ASSOCIATION

What are mobile games?



Games that run on a mobile device such as a mobile phone, smartphone or tablet computer.

Devices such as iPhone, Playbook, Galaxy Tab, Windows Phone and Android devices.

What makes mobile games special?

- 1.** Mobile games can integrate GPS, camera, microphone, position sensors and video.
 - 2.** Mobile devices are always on and always within arms reach.
 - 3.** Potential audience is enormous with nearly one mobile device per person.
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Keep in mind

Smartphones don't rule the world... yet. As smartphone penetration increases, so will the potential audience for high value games.



smartphone penetration

Global 15%

feature phone penetration

Global 85%

**MOBILE
GAMES**



smartphone penetration

China (urban) 35%



smartphone penetration

U.S. 31%



smartphone penetration

Russia 25%



smartphone penetration

India (urban) 23%



smartphone penetration

Turkey 14%

source: ourmobileplanet.com

Device Fragmentation

Lots of different phones, means varying gaming capabilities, operating systems, processing power, screen sizes and graphics.



KINDLE FIRE

7" screen

OS: Andriod OS 2.3



IPHONE 4S

3.5" screen

OS: iOS 5



XIAOMI M1

4" screen

OS: Andriod OS 2.3



SAMSUNG WAVE Y

3.2" screen

OS: Bada 2.0 OS



NOKIA

3.2" screen

OS: Symbian Belle

iOS dominates mobile gaming but Android will claim the top spot in the near future as developers embrace Android and Google continues to iron out its payment process.

Revenue by smartphone OS

iOS	50%
Android	30%
others	20%

iOS



The Players

mobile social games - avg. player

Female

ages **25-34**



USA eCPM = \$12.92

eCPM source Flurry

mobile games - avg. player

Male

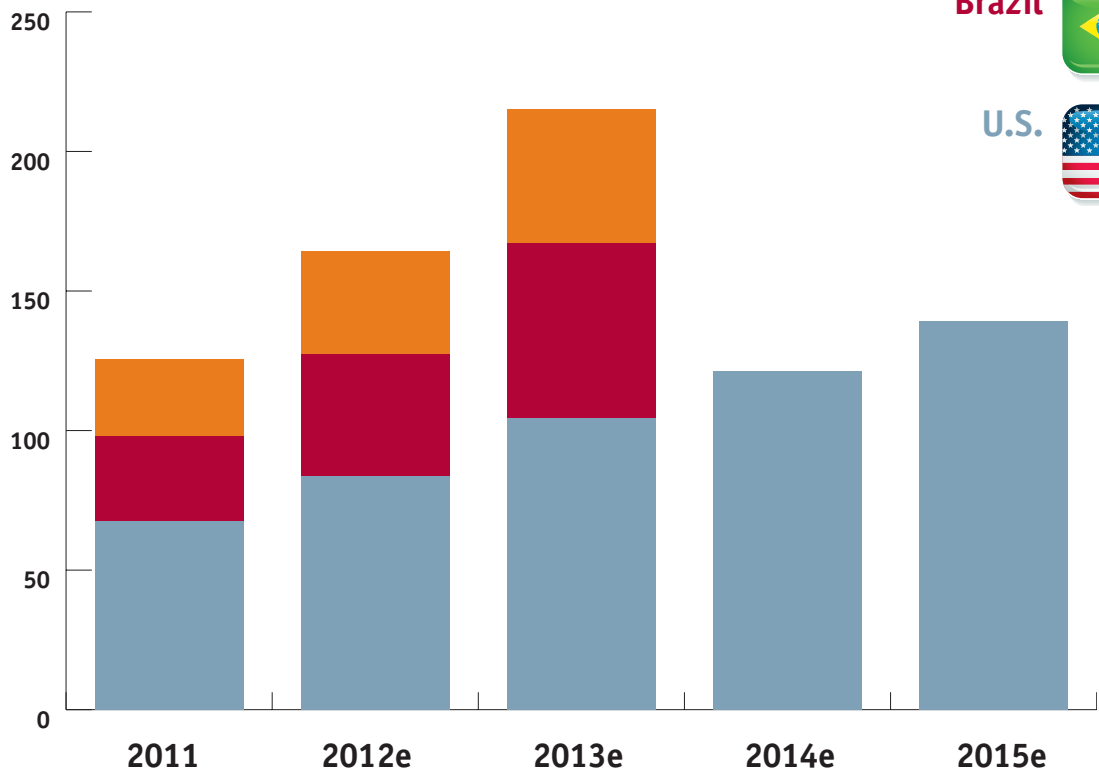
ages **25-34**



USA eCPM = \$7.80

eCPM source Flurry

mobile gaming audience - size and projections (millions)



Russia



Brazil



U.S.



The Payers

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How Mobile Games are Monetized

Revenue Models:

1. Ad supported.

Example: Angry Birds on Android devices.
Reported \$1 to 6 million per month in revenue.

2. Microtransactions & Virtual Goods.

Example: Tiny Tower.
Reported \$3 million in first year from in-app purchases of in-game currency.

3. Paid download.

Example: Fruit Ninja in Apple App Store for 99¢.
Reported 200,000 sales in first month of release.

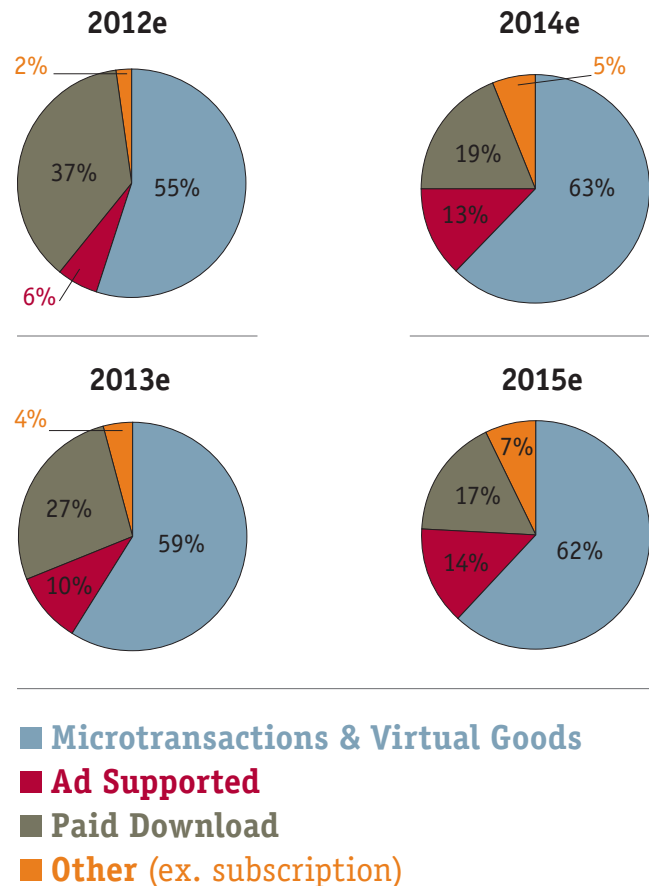
4. Subscription.

Example: Gameloft Subscription.
In the U.S., \$7/month for two games per month, in the U.K., £.99/week for one game per week.

5. Hybrids.

Example: Infinity Blade.
Paymium: paid download and microtransactions. In Apple App Store for \$5.99 and players can make in-app purchases such as a Bag of 150K Gold Coins for \$4.99. Reported revenue of \$23 million within first year of release.

revenue models % of market



Between 3.5% and 10% of a Mobile Free-to-Play game audience will convert to paying users.

Most users spend between \$8 and \$15 per month.

Notable Content Providers

EA Mobile

www.eamobile.com

EA has been very vocal about their aggressive mobile gaming strategy. And their aggressiveness is paying off. They recently reported that mobile gaming revenues are up 19% from 2010 to 2011.

Gameloft

www.gameloft.com

Gameloft primarily develops for mobile platforms. They recently reported a 18% YoY sales increase (2010 to 2011). Currently, Gameloft is developing games for GREE, as the mobile gaming network moves west.

Zynga

company.zynga.com/games/mobile-games

Industry insiders speculate that mobile is Zynga's weak spot since Facebook doesn't dominate and competitors are already gaining market share. As of January, Zynga reached 15 million daily active mobile gamers and have plans to roll out more mobile than Facebook games this year. To help with that effort, they acquired four mobile gaming companies.

Rovio

www.rovio.com

Rovio's success with Angry Birds is phenomenal. They continue to release new Angry Birds installments and now their game comes pre-installed on the Nokia C7 and LG Optimus. But it looks like it's time to diversify. Rovio states that a new non-Angry Birds game will be released in 2012.

Nexon

www.nexon.net

Nexon is also gearing up for the mobile gaming battle. They recently merged with Nexon Mobile in order to streamline operations and bought a 20% stake in a mobile gaming company. Nexon plans to launch more than 10 smartphone games this year.

NOTABLE PLATFORMS

GREE

gree-corp.com

DeNA (ngmoco)

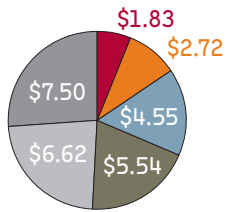
dena.jp/intl and blog.ngmoco.com

Right now there is an intense race to become the top mobile gaming platform. DeNA and GREE are two of the biggest contenders. Both companies originated in Japan and have upwards of 30 million subscribers to their mobile gaming networks. They also both opened global offices in North America and Singapore.

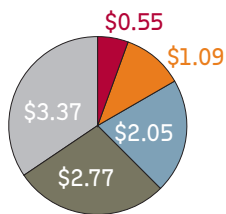
Revenue

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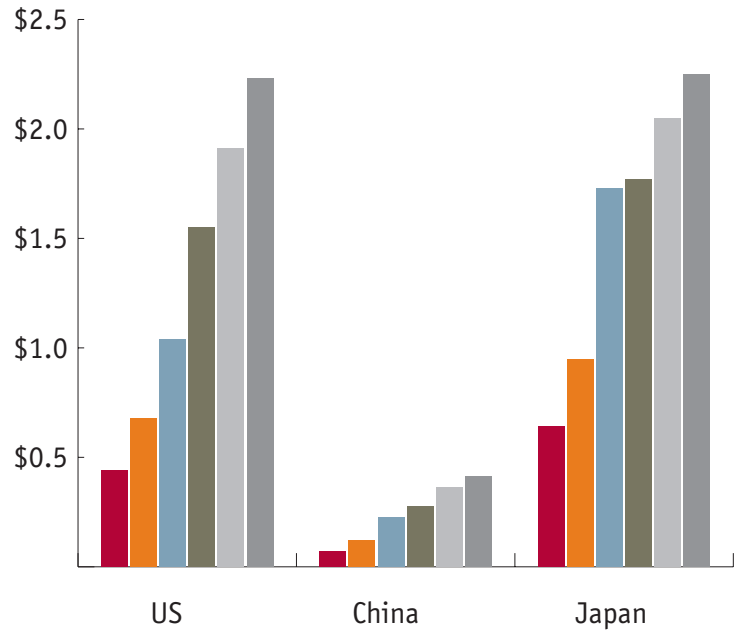
revenues - worldwide (billions)



revenues - mobile social (billions)

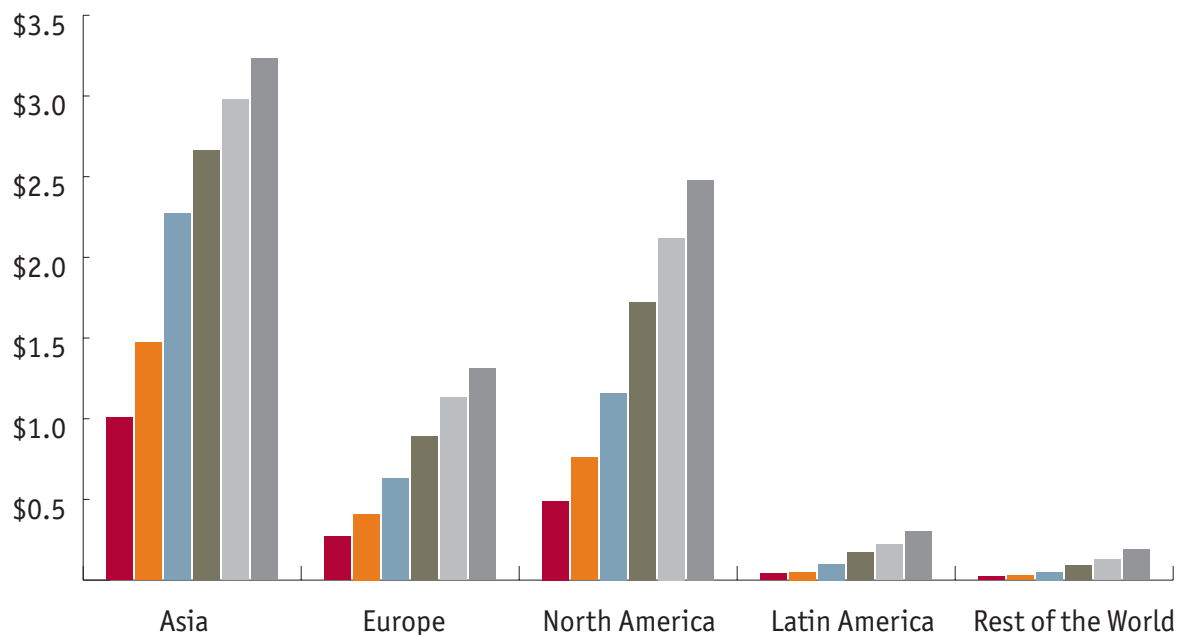


revenues by individual market (billions)



revenues by region (billions)

■ 2010
■ 2011
■ 2012e
■ 2013e
■ 2014e
■ 2015e



Key Terminology

ARPPU Average Revenue Per Paying User.

ARPU Average Revenue Per User.

COST PER ACQUISITION (CPA)/ CUSTOMER ACQUISITION COST

Cost of acquiring leads or customers. CPA is calculated by dividing the cost of a campaign by the number of new application installs attributable to that campaign.

DAILY ACTIVE USERS (DAU)

The number of unique users that have used an application at least once over the course of a day.

DLC

Downloadable Content.

eCPM

Effective Cost per Thousand Impressions is a measure of total revenue (or cost) per impression. eCPM is calculated by dividing total earnings (or total costs) by total number of impressions.

FEATURE PHONE

Category between mobile phone and smartphone. These devices have more features than a standard call and text capable mobile but less features than a smartphone. Feature phones tend to be less expensive than smartphones and have limited third party application support and integration.

FREEMIUM

Offering a game, product or service free of charge (such as software, web services or other) while charging a premium for advanced features, functionality, or related products and services.

LIFETIME VALUE (LTV)

Total amount that a player will spend with a particular game during his or her lifetime with the game.

MICROTRANSACTIONS

Low value transactions at a high volume.

MONTHLY ACTIVE USERS (MAU)

The number of unique users that have used an application at least once over the course of a month.

SMARTPHONE

Mobile phone with computer enabled features, such as data storage, high speed internet access, media players and e-mail capability. Smartphones also support third party application integration.

VIRTUAL GOODS

In-game items or game-related services, such as virtual currency, premium content, or a temporary subscription, that enable or enhance game play.

ABOUT THE CASUAL GAMES ASSOCIATION

When it comes to the health of your business, the more things that work together, the better. Which is why the Casual Games Association is a critical portion of the success of your company and the industry as a whole. It means that you and your team have access to cutting edge educational resources and are connected to thousands of other game industry professionals, members of the press and service providers around the globe. Learn more at <http://www.casualgamesassociation.org/>



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For press inquiries, please email
jessica@casualconnect.org

Learn more about the mobile games industry with the best speakers, networking, lectures and data to help you succeed in a crowded market at
Casual Connect Asia: May 22-24 and
Casual Connect Seattle: July 24-26.