From Web to Mobile in the Kids Game Market

Clark Stacey
CEO, WildWorks



GAME DEVELOPERS CONFERENCE EUROPE

CONGRESS-CENTRUM OST KOELNMESSE · COLOGNE, GERMANY
AUGUST 3-4, 2015



clark stacey ceo, wildworks @clarkstacey

Let's talk about monetizing games for children.

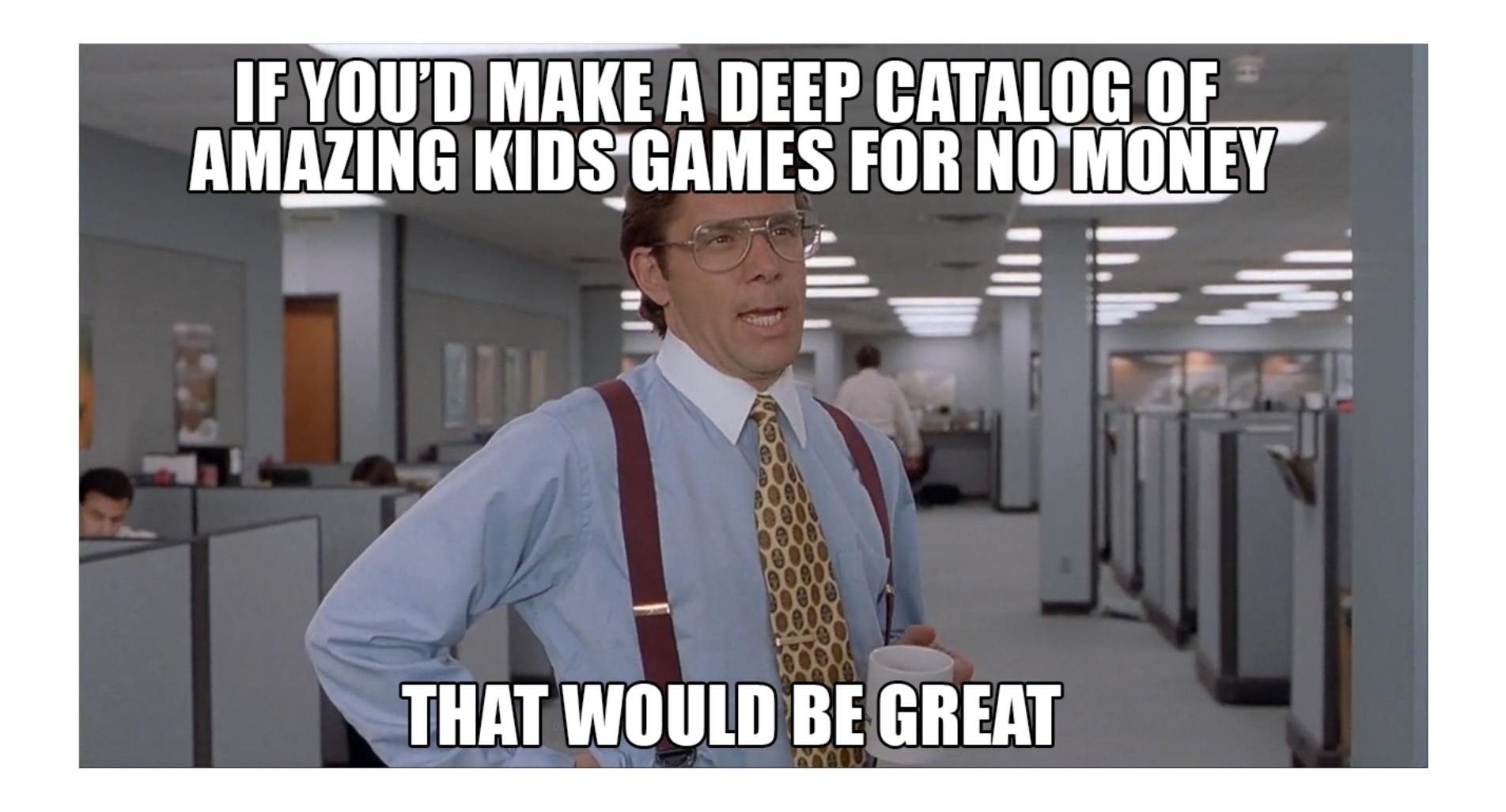


- 125 animals, mostly primates
- Studios in 2 countries
- Used to be called Smart Bomb
- Cat thing doesn't have a name yet



- #1 online social game for kids
- 100+ million animals
- Revenue from 165 countries
- 500k DAU / 9M MAU





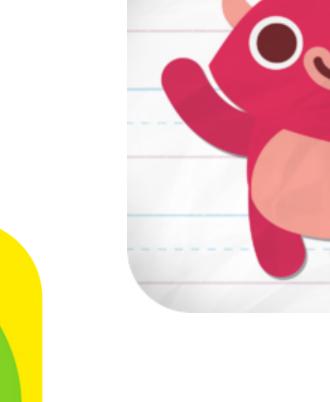


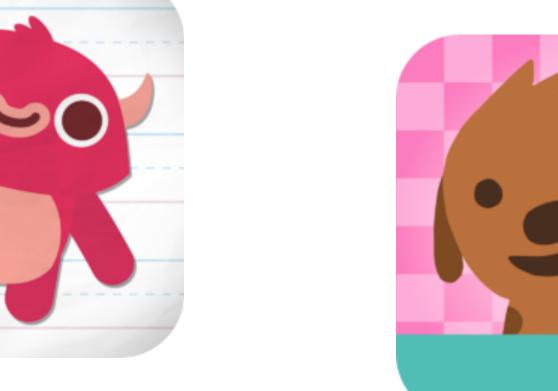
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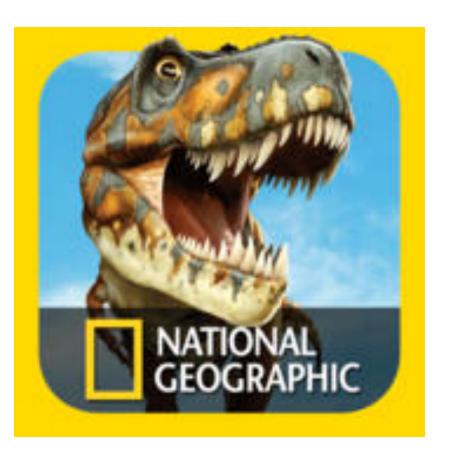












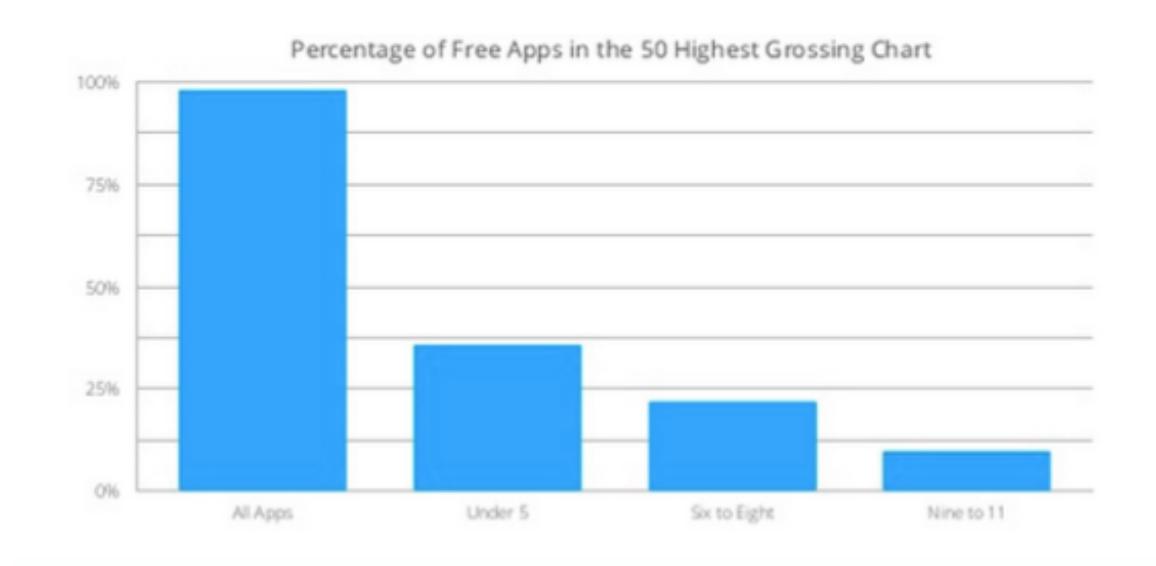


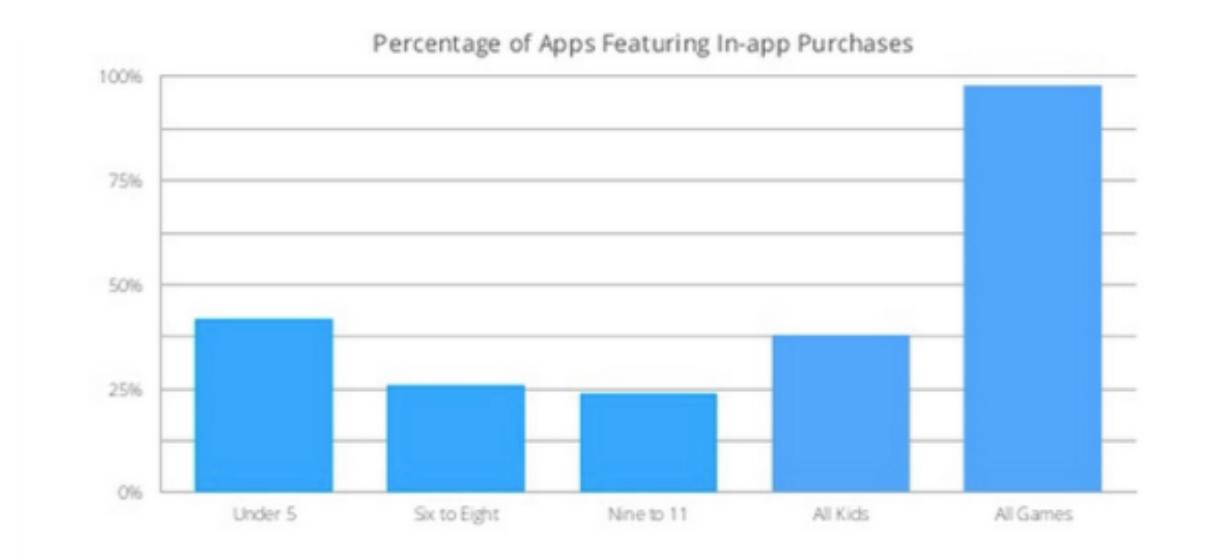






Parents' Guide to iTunes





Dubit - Pricing of Kids' Games on the App Store

A n

Dubit - Pricing of Kids' Games on the App Store

Most top grossing Kids apps aren't free

Fewer than half offer IAP

"Kidsappsdonithave to be free to be successful"

@clarkstacey

But...what does it mean to be successful in the Kids category?



\$1,599,512 #1



\$1,118,238

#2

\$954,372

#3



\$388,100

#4



\$306,280

#5



Daily revenue, U.S. iPhone only, 28 June

This is what success looks like in the Games category.

Games category

Top Grossing iPhone Apps

Paid Free Top Grossing

Games ~

Top Grossing iPhone Apps

Paid Apps Free Apps Top Grossing Apps

Kids category



Kids ~



1. Clash of Clans Games Games + Download In-App Purchases



Fire Age + Get V In-App Purchases



Saga Games † Download V In-App Purchases



Games

4. Boom Beach + Download ~ In-App Purchases



Games

5. Candy Crush Soda Saga Games + Get V In-App Purchases



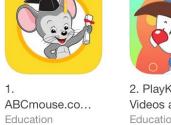
6. Fallout Shelter 7. Big Fish Casino - Free... Games + Get V + Get V In-App Purchases In-App Purchases



8. MARVEL Contest of... Games + Get V In-App Purchases



9. Jurassic World™: The... Games + Download ~ In-App Purchases



2. PlayKids -Videos and... Education + Get V In-App Purchases



3. Toca Kitchen 2 Education + \$2.99 ~



4. NOGGIN -Preschool sho... Education + Get V In-App Purchases



5. Disney Junior Appisodes Entertainment + Get V In-App Purchases



6. Epic! -Unlimited Book... Education + Get V In-App Purchases



Games

Education

+ Get V

+ Download

In-App Purchases

8. SpongeBob's Game Frenzy Games + \$2.99 ~ In-App Purchases



9. PAW Patrol Rescue Run Education \$3.99 ~ In-App Purchases



10. DoubleDown Casino - Free... Games + Get V

In-App Purchases



11. Hay Day Games + Download

In-App Purchases





Games

+ Get

In-App Purchases

free slots games!



Summoners War Games + Get V

In-App Purchases



14. 8 Ball Pool™ Games + Get V In-App Purchases



16. Farm Heroes Saga Games + Get ~

In-App Purchases





In-App Purchases



18. Puzzle & Dragons (English) Games





+ Get V

Salon 2

Education

+ \$2.99 ~

In-App Purchases

11. BabyFirst Video:... Education Get V

In-App Purchases



Magical Fashio.. Entertainment + Get V

In-App Purchases

Games



14. Endless Light - Steven. Alphabet Education + \$2.99 ~ ⁺ Download ∨



15. Endless Reader Education + Get V In-App Purchases



17. Disney Color Phonics Learn ... and Play - now... Entertainment + Get V In-App Purchases In-App Purchases



18. Toca Lab Entertainment + \$2.99 ~



19. SimCity BuildIt Games + Get V







In-App Purchases

29. myVEGAS

Games

+ Get | ~

In-App Purchases

Slots - Free La...



21. Hearthstone: Heroes of... Games † Download | v |

In-App Purchases

30. 梦幻西

+ Get V

In-App Purchases

Games

游-2015国民手...



+ Get V

In-App Purchases

23. The Sims™ FreePlay Games

+ Get V

In-App Purchases



24. Gummy Drop! Games + Get V

In-App Purchases

Pocket Edition

+ Download

In-App Purchases

Games









+ Get V

In-App Purchases



Games

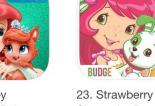
19. Kids Puzzles Puzzingo -... Education + Get V + Get V In-App Purchases In-App Purchases

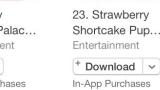






22. Disney Movie of the... Princess Palac... Education Entertainment + Get V † Get 🗸 In-App Purchases In-App Purchases











Neighborhood:...

Education

+ \$2.99 ~

26. Sesame Street Go Education + Get ~ In-App Purchases





In-App Purchases



In-App Purchases

28. Wizard of Oz Free Slots Vega.. + Get V

In-App Purchases



Games



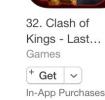


Games

of Fun! Play La...

Games









Games + Get V In-App Purchases



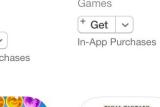
+ Get V

In-App Purchases





35. Empires & Games + Get ~ In-App Purchases





45. FINAL FANTASY Reco.. Games

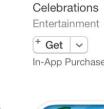
+ Got





Boats

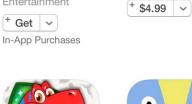
Education



29. Disney Royal

Education









Books



34. Elmo Calls Games Entertainment + \$1.99 ~ + Get V In-App Purchases In-App Purchases



† Download V







On The Bus - A.. Education









+ Get V

In-App Purchases



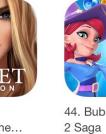




Games



Games



Games







36. Racing Rivals

+ Get V





Dino World: Sin...

Education

by YATATOY

31. My Om Nom



800+ Award-...

32. Speakaboos

Stories: 150+...

Books

+ Get V

In-App Purchases

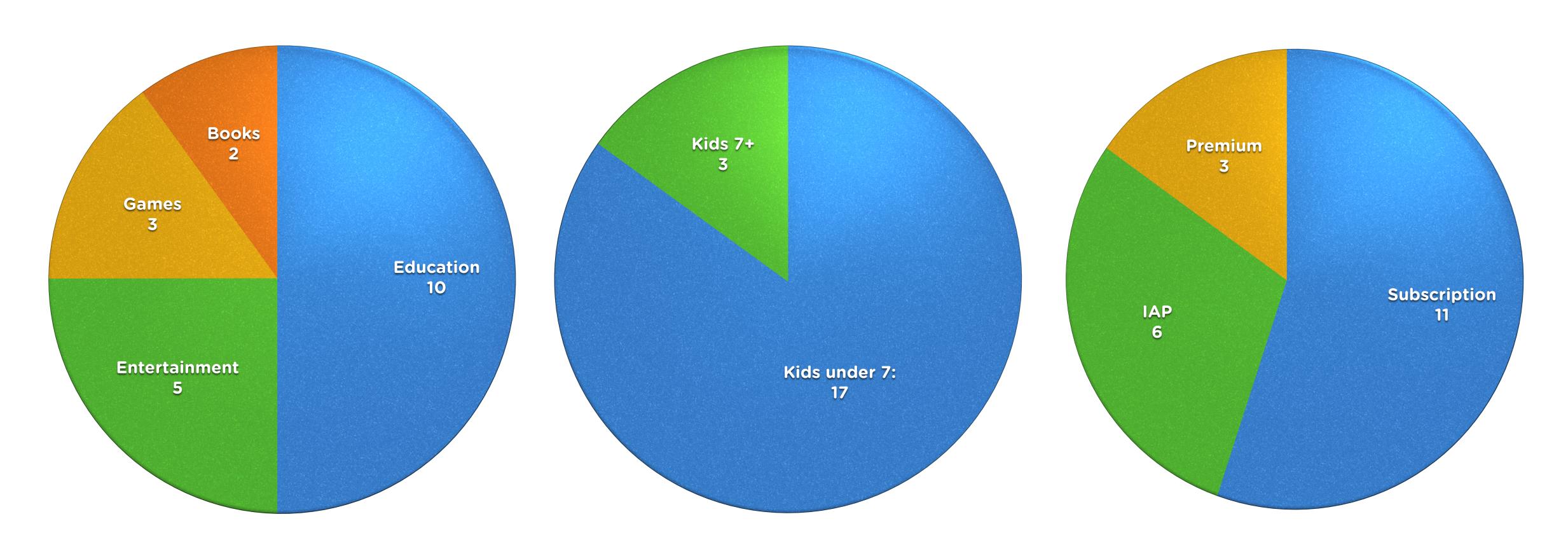


나라 포인포 BY ... Education





The Kids Category: Top 20 Grossing iPhone Apps



- Mostly not games
- Mostly for younger children
- Mostly subscription-based books or video

















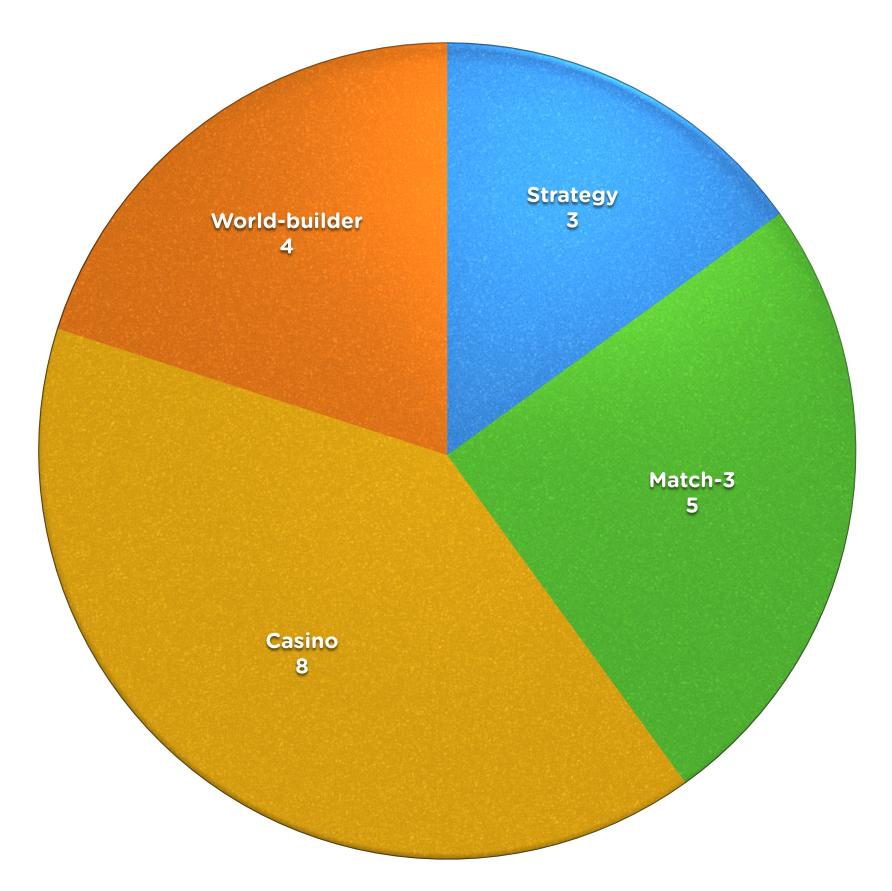




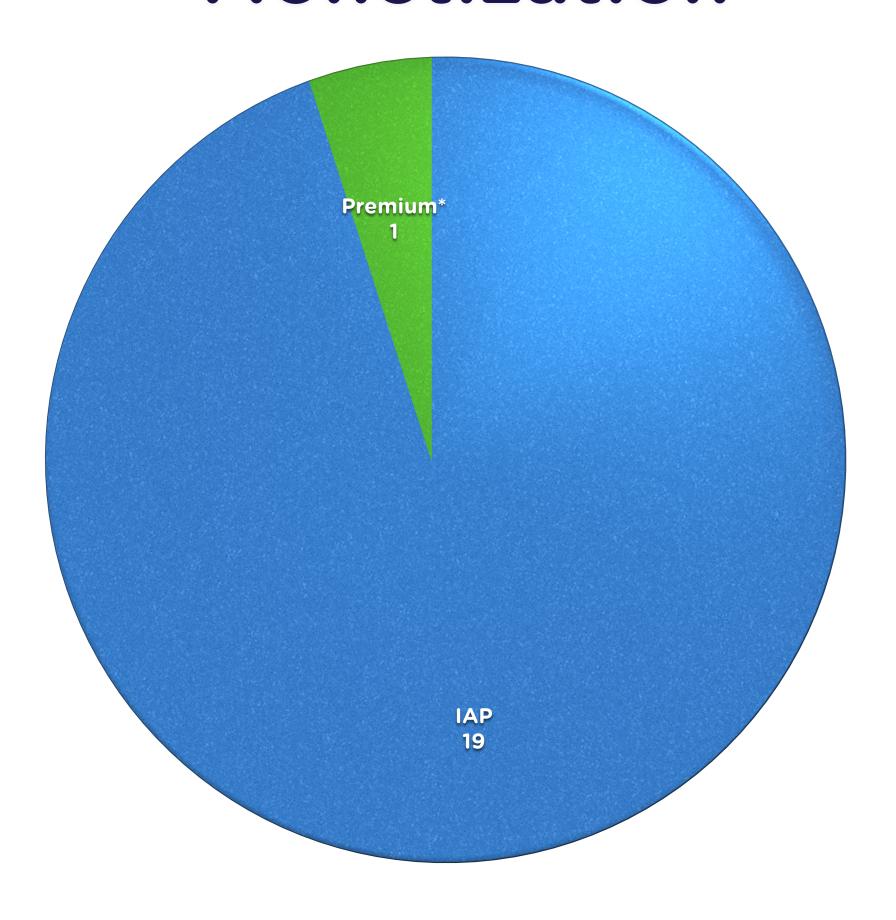
The top grossing games for kids are not in the Kids category...

The Games Category: Top 20 Grossing iPad Games





Monetization









\$1,118,238



\$954,372



\$388,100

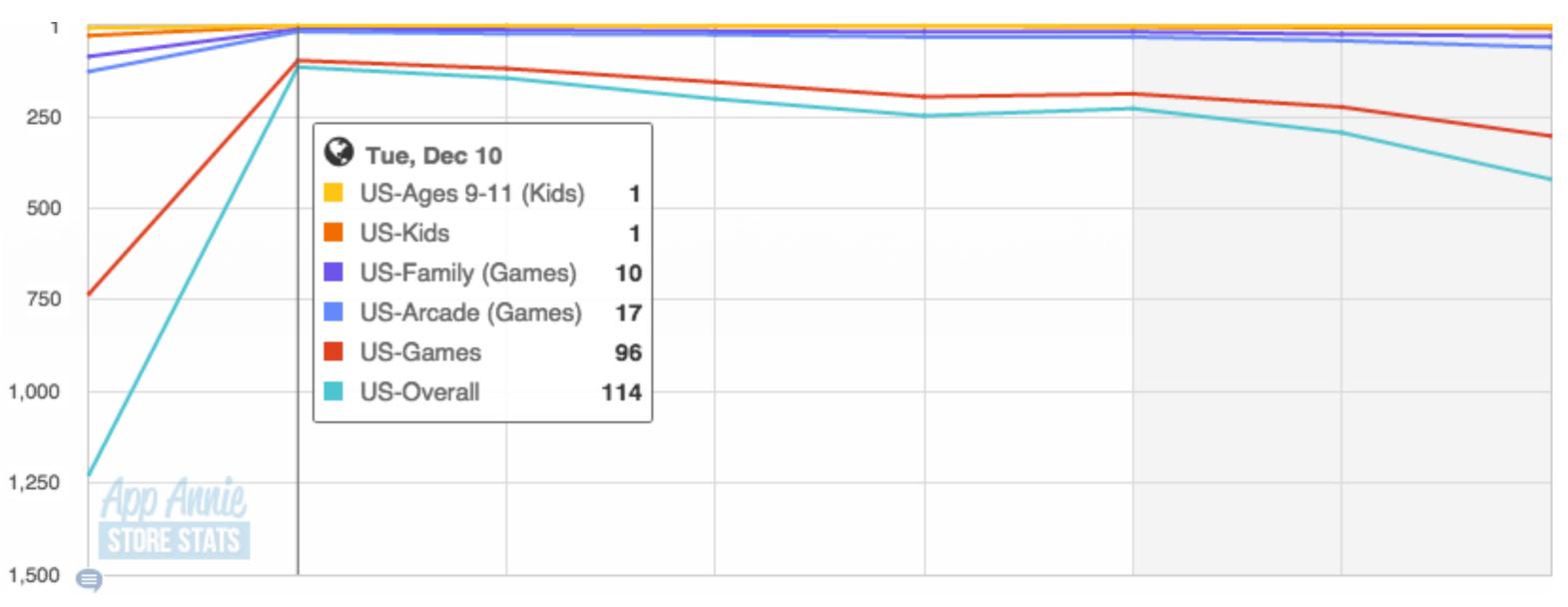


\$306,280

Daily revenue, U.S. iPhone only, 28 June



\$8,730





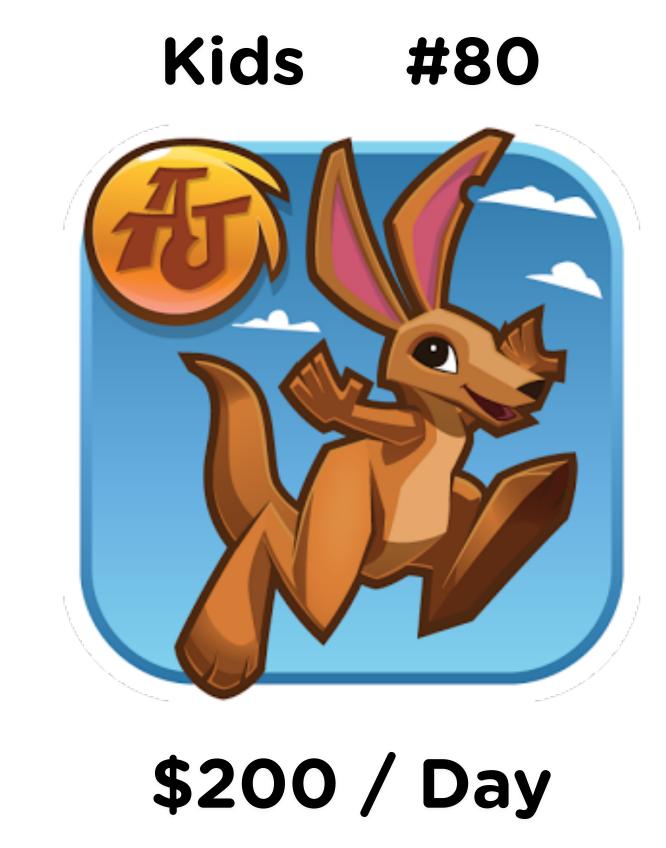
Daily revenue, U.S. iPhone only, 28 June

Games #80



\$21,077 / Day

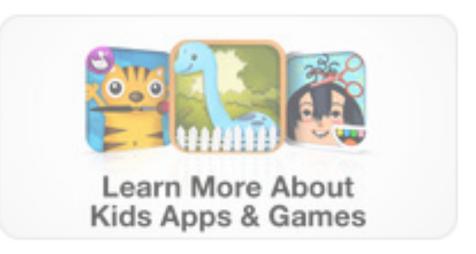
THINK GAMING











Parents' Guide to iTunes

Bottom Line: the Kids Category will never be home to \$1M/day games





Sandbox games









What are the options?

Subscription







Premium







Advertising















What about subscriptions?





Pro	Con
Used by top-grossing Kids apps	Works for young kids & education apps
Understood by kids & parents	Not permitted for games
Predictable recurring revenue	Requires server setup
Ethical, sustainable	Less pricing flexibility

Mobile gamers age 2-12 are playing more game titles per day (5) than any other demographic.

-NPD Group

Premium

Pro	Con
Easiest to understand	Price sensitivity
Subject to least regulation	Doesn't fund ongoing dev & support
Pricing flexibility	Requires cross-promoted
	Finite RPU

Premium Plus

(Paid download + Ads and/or IAP)

Pro	Con
Unlimited RPU potential	Counter to customer expectation
Pricing flexibility	Ethically grey (?)
	Regulatory risk
	Difficult UA

Advertising

(Free download + in-game ads)

Pro	Con
Familiar to parents, regulators	Familiar to parents, regulators
Rewards engagement, good design	No targeting = lower revenue
Free download = more users	Advertisers slow to adopt
Guidelines exist	Guidelines vary geographically



Freemium

(Free download + IAP)

Pro	Con
Free download = more users	Requires churn volume for success
Unlimited RPU	Regulatory risk
Pricing flexibility	Ethically fraught
Users "pay for what they use"	Potential for unauthorized charges
	Dependent on "Whales"

Freemium works by enabling big spenders to spend big.

Freemium

(Free download + IAP)

Pro	Con
Free download = more users	Requires churn volume for success
Potentially infinite RPU	Regulatory risk
Pricing flexibility	Ethically fraught
Users "pay for what they use"	Potential for unauthorized charges
	Dependent on "Whales"

The problems with Freemium in children's games derive from what is sold, and why the player buys it.

Consumable Freemium

(Free download + compulsion loop IAP)

Monetization loops	"I want to keep playing"
Loss aversion	"I don't want my pet unicorn to die"
Sunk cost fallacy	"I've already spent \$100, I can't give up now"
Currency abstraction	"I didn't spend \$5, I spent 875 Coins"

Monetization loops = appointment mechanics, energy meters

Loss aversion = pay to avoid experiencing loss

Sunk cost fallacy = if I've paid once, I'm likely to continue paying

Currency abstraction = true cost hidden by virtual currency with non-obvious exchange rate

Consumable Freemium

(Free download + compulsion loop IAP)

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Loss aversion	"I don't want my pet unicorn to die"
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Currency abstraction	"I didn't spend \$5, I spent 875 Sparkles"

Content Freemium

(Free download + content IAP)

Additional levels, chapters, etc.	"I want to keep playing"
Durable items	"This chainmail hat will make me a rock star"
Durable buffs	"A double XP powerup will level me up faster"
Keys	"I can't beat the Gorgon until I buy the mirror shield"

Content Freemium

(Free download + content IAP)

Pro	Con
Free download = more users	Requires constant content updates
Transparent	Potential for unauthorized charges
Pricing flexibility	You'll never make \$1M / day
Users "pay for what they use"	

Still has potential for abuse. Some guidelines are needed.

e...immature cognition is characterized by an enhanced sensitivity to interference from competing sources?

TRENDS in Cognitive Sciences Vol.9 No.3 March 2005



- · Be very wary of consumables
- · Don't try to redefine "free"
- Don't sell Sea Monkeys
- · When a child buys something, it's theirs
- Be transparent

- · Be very wary of consumables
- · Don't try to redefine "free"

"I can play this every day without spending money and without running out of fun stuff to do."

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- Don't sell Sea Monkeys



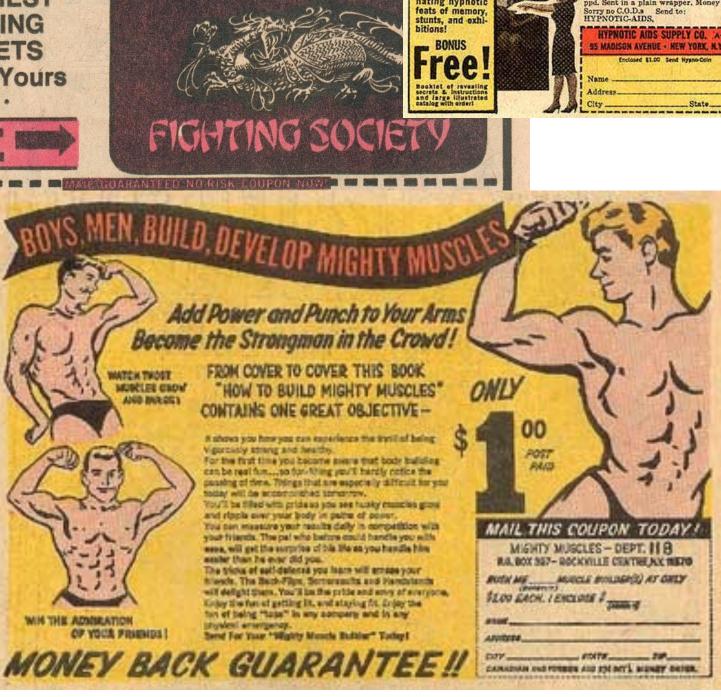
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NAME OF

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1000





HYPNO-COIN

HELPS HYPNOTIZE IN MINUTES



bition is to keep going until I reach the six feet mark." "Your NEW HEIGHT course is worth ten times your cost. My life has changed since I gained 4%". 'GE' New York, N.Y.

"I gained a full inch the first 4 days" says JFG of LA, Calif. "I have no hesitation in recommending NEW HEIGHT to anyone who wants to be taller".

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inches in height. Enclosed \$7.98 (money
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checks for bank deerance)

\$7.98

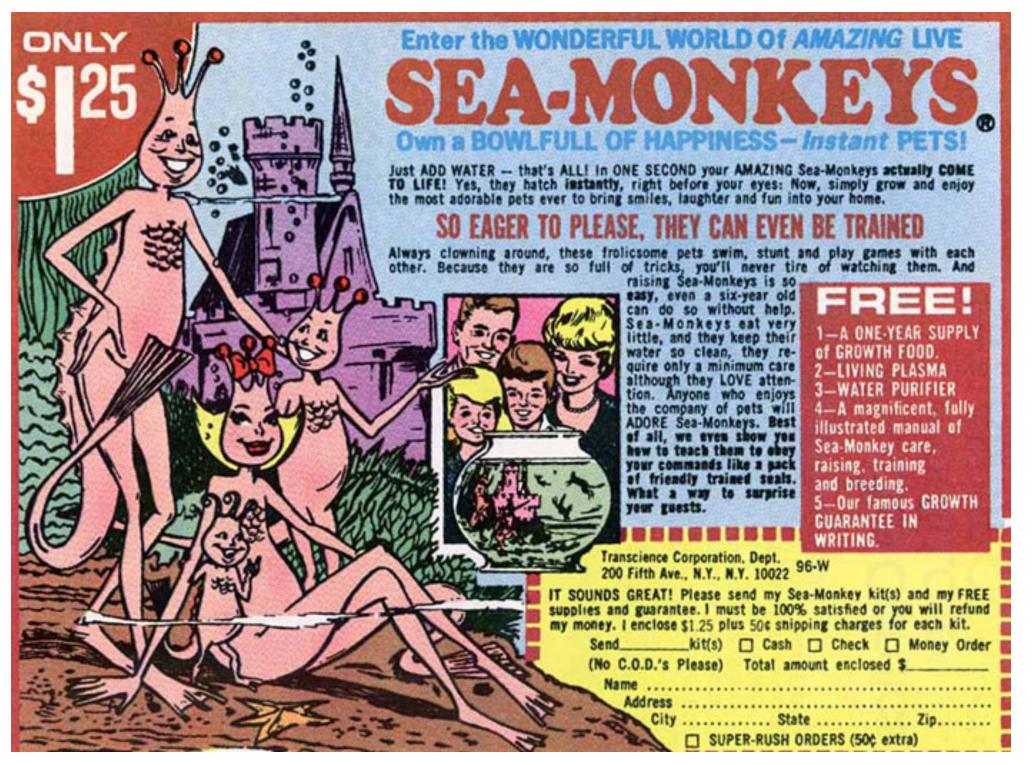


















Scary, Giant Size

FOR A WORLD OF FUN...GROW AMAZING LIVE

SEA-MORKEYS

CREATE THESE REAL LIVE PETS WITH BIO-CRYSTALS!

JUST ADD WATER and before YOUR VERY EYES, you'll see adorable baby Sea-Monkeys being BORN ALIVE! Created with NEW, patented Bio-Crystals. Sea-Monkeys are ABSOLUTELY GUARANTEED to GROW! Millions of boys and girls have already tried it at OUR RISK, and pasped in amazement as IT WORKED! Now YOU TOO can own DOZENS and DOZENS of these CRAZY lovesble FUN-PETS*!

plus postage

WORLD-FAMOUS PETS ARE A UNIQUE SPECIES!

Your pel Sea-Monkeys* will arrive safely in "time capsule" eggs that work like something out of SCIENCE-FICTION! They travel through time, hatching ONLY when soaked in a paterned "INSTANT LIFE"* formula! A unique species of brine shrimp, Sea-Monkeys are the ONLY ones that are LABORATORY HYBRIDIZED! They not only LIVE up to 40 TIMES LONGER, they can GROW up to % inch long.

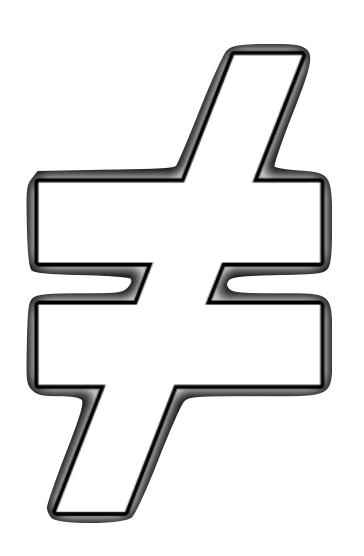
Right In YOUR Home - A LIVE "SEA-CIRCUS" SHOW!

Sea-Monkeys ACTUALLY appear TO OBEY YOUR COMMANDS! The 16-page Sea-Monkey manual that comes with your order SHOWS you how to "hypnotize" them, make them appear to "dance" to music, follow a beam of light, "koop-the-koop", ride on each others backs like cowboys at a rodeo, and MUCH mare! BEST OF ALL, you get BOTH males AND females so when grown, you can BREED ALL THE SEA-MONKEYS YOU WILL EVER WANT—to keep, or even SELL!

A LIFETIME GUARANTEE!

NOTE: Sea-Monkeys* are so EASY to keep alive, you even get a REAL Sea-Monkey Life-Insurance Policy that GUARANTEES a NEW supply of Sea-Monkeys FREE (except for postage and handling) if their life-cycle is EVER broken —regardless of cause!

Mankey kit containing LIVE Eggs, Matching Crystals and Water Partities, we will
ALSO send these valuables ABSOLUTELY FREE:
Sea-Mankey GROWTH FOOD, ACCU-MEASURE
Feeding Spoon, a Magnificent, Fally-Itlastrated
Book of Care, Feeding, Training, Breeding
and Life-Mistary of Pet Sea-Monkeys,
Plus-NEW Sea-Glamonds*--specifying
pksy-jeweis for Sea-Monkeys)





- Be very wary of consumables
- · Don't try to redefine "free"
- Don't sell Sea Monkeys
 - Deliver and demonstrate value:
 - Education
 - Entertainment
 - Family engagement
 - · Social development



PARENT and PLAYER must both see value in the purchase.

@clarkstacey

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Monetization = sale of avatars & durable items

Players use avatars to earn in-game currency

Core features and gameplay are free

If this was a toy and I sold it to a parent, would I want to run away before they opened it?

Bibliography & further reading

Ramin Shokrizade's papers

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Imaging the developing brain: what have we learned about cognitive development? Casey, Tottenham, Liston, Durston: TREND, in Cognitive Sciences Vol.9 No.3 March 2005

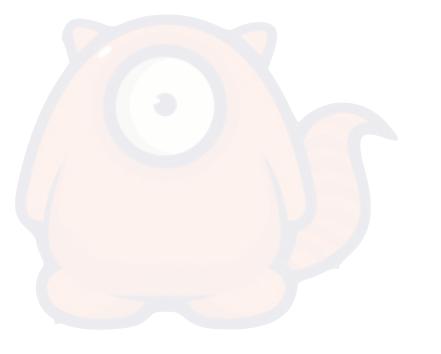
http://community.mdecgateway.org/olms/data/resource/8700/Week%209_Imaging%20the%20developing%20brain.pdf

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The most effective kind of education is that a child should play amidst beautiful things.

-Plato



clark stacey ceo, wildworks @clarkstacey