PULL, PUSH AND KPIS IN THE GAMING INDUSTRY

INTRODUCTION

- Long history of personal gaming experience
  - Both mobile and console
  - Both multiplayer and single player
  - Including freemium (Clash of Clans, Hearthstone, Fortnite, Overwatch etc.) and "premium" (Call of Duty, Battlefield, various single player games (Alan Wakes, Control, God of Wars, Hogwarts Legacys etc.)
- Evolution of games
  - Example Call of Duty
- Product sales vs in-game sales
  - How revenue generation has shifted in the last 15 years
  - Due to this I thought it would be interesting to delve a bit deeper on the subject

FINANCIAL STATEMENTS OF ACTIVION BLIZZARD
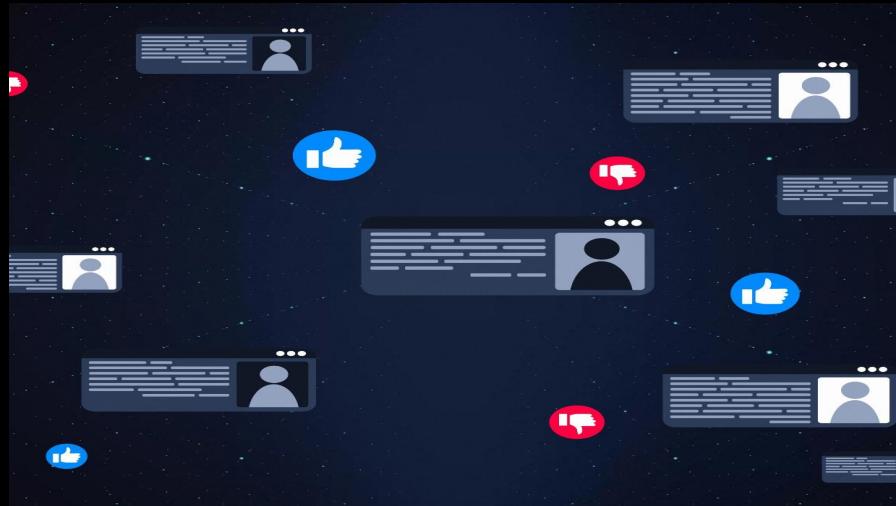
2010

	For the Years Ended December 31,					
	2010		**2009**		**2008**	
Net revenues:						
Product sales	$3,087	69%	$3,080	72%	$1,872	62%
Subscription, licensing, and other revenues............	1,360	31	1,199	28	1,154	38
Total net revenues..	4,447	100	4,279	100	3,026	100

2022

|	For the Years Ended December 31,				
	2022			**2021**	
Net revenues					
Product sales	$	1,642	22 %	$ 2,311	26 %
In-game, subscription, and other revenues		5,886	78	6,492	74
Total net revenues		7,528	100	8,803	100
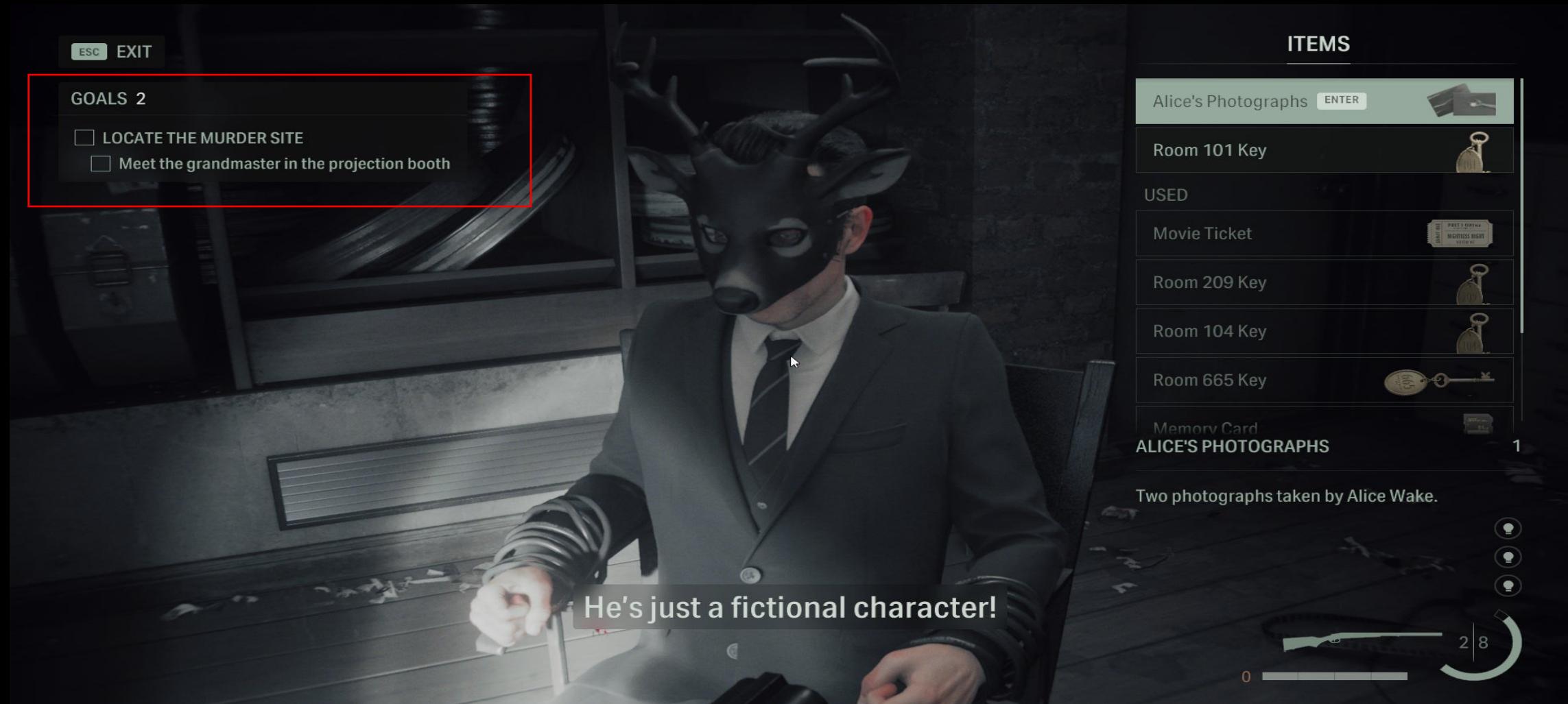
USER RETENTION &
ACQUISITION

BEHAVIORAL FOUNDATIONS FOR LONG-TERM ENGAGEMENT

- **Self-determination theory concepts**
  - Competence
  - Autonomy
  - Relatedness

- **Flow state and skill balance**
  - Maintaining flow balances challenge and skill to prevent boredom or anxiety
  - Skill-based matchmaking in multiplayer games
 - Visual and audio cues in single player games
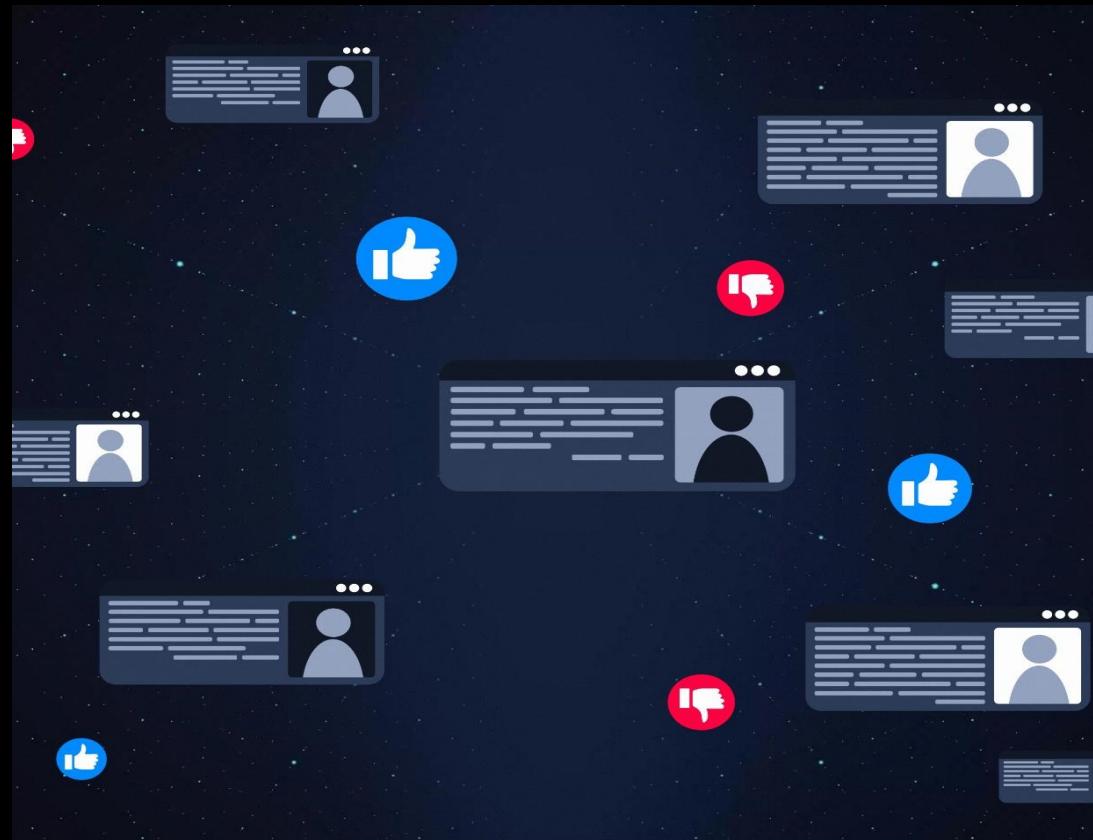
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Professor Weasley: The Guide will give you opportunities to practise your magic – and educate yourself about wizarding lore.

Follow Professor Weasley

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BEHAVIORAL FOUNDATIONS FOR LONG-TERM ENGAGEMENT
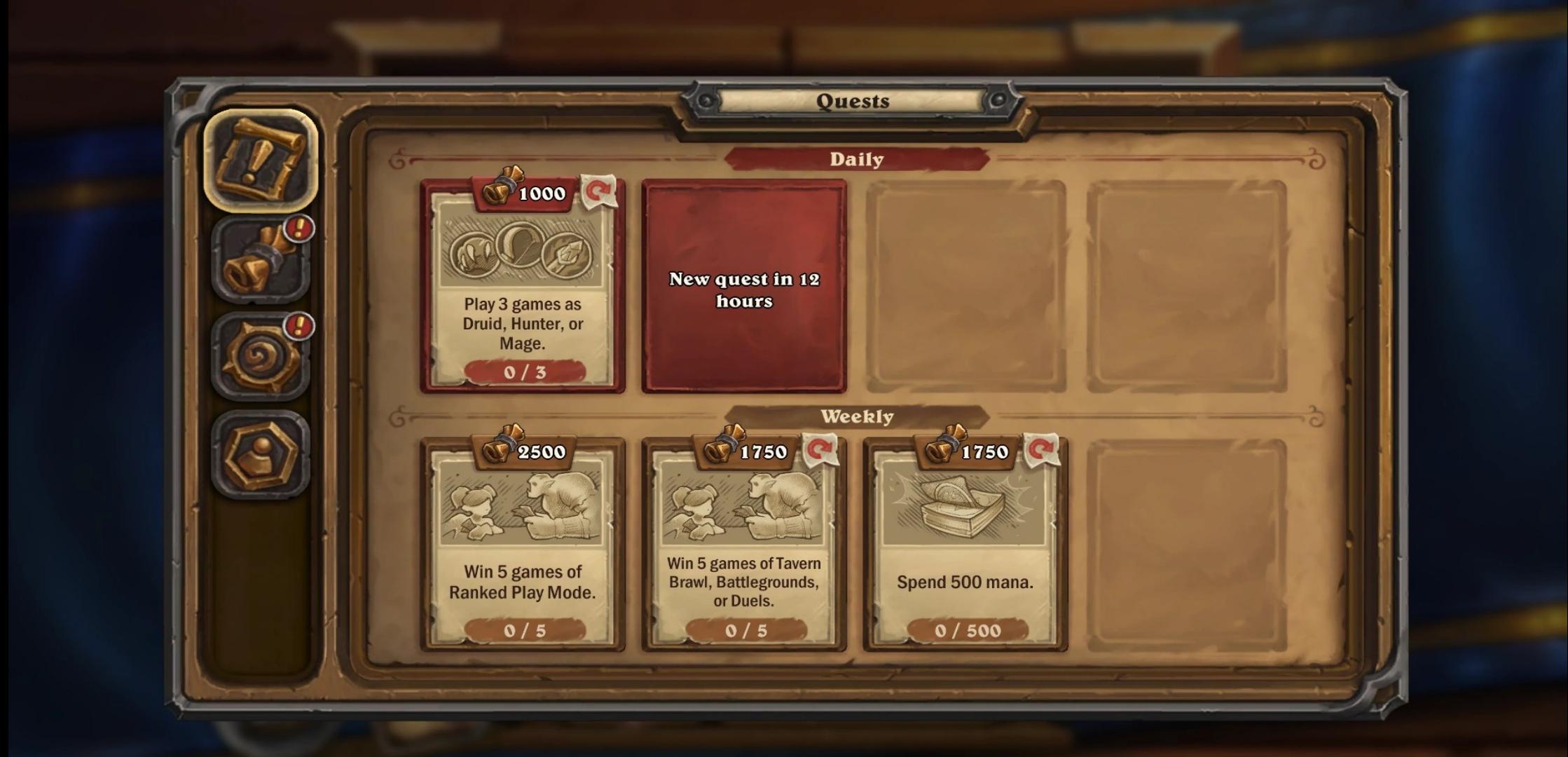
- **Zeigarnik effect**
  - Unfinished tasks motivate users to continue engagement
    - Quest logs
    - Progress trackers

- **Social cohesion and reciprocity**
  - Features promoting resource sharing and cooperative play foster community bonds
    - Shared emotes in Fortnite, troop donation in CoC

MONETIZATION STRATEGIES

BEHAVIORAL ECONOMICS IN PRICING MODELS

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- **Pricing models are not video game industry specific, so they apply on e.g. retail as well**

- **In-game currency**
  - Reduce the psychological pain of spending real money
  - E.g. gems in Clash of Clans, V-bucks in Fortnite, runestones in Hearthstone, FIFA points in EA Sports FC
  - Money illusion

- **Pricing techniques**

  - Decoy effect

  - Bonus packs

DECOY EFFECT EXAMPLE

BONUS EXAMPLE

THE OFFER YOU WERE VIEWING:

CHAMPION PJ

Ⓥ 1,000

Ⓥ 600
player_username

9% EXTRA*

22% EXTRA*

35% EXTRA*

EXACT AMOUNT
needed to complete purchase

400 V-BUCKS

$3.99

1,000 V-BUCKS

$8.99

2,800 V-BUCKS

$22.99

5,000 V-BUCKS

$36.99

13,500 V-BUCKS

$89.99

*Extra V-Bucks percentage shown as compared to price of 1,000 V-Bucks pack.

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BEHAVIORAL ECONOMICS IN (MINI) BATTLE PASSES

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- **Battle pass engagement**

  - Artificial scarcity

    - Battle pass rewards available for limited time only

  - Fear of missing out

  - Endowed progress effect

    - E.g. your tenth lunch is free

  - Same apply on "mini" battle passes as well

    - E.g. limited time events in Hearthstone or Clash of Clans offering rewards such as skins

ENDOWED PROGRESS EFFECT

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BEHAVIORAL ECONOMICS IN LOOT BOXES

- Dopamine responses by randomized rewards

- Near miss effect

- Escalation tendency

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NEAR MISS EFFECT EXAMPLE

BEHAVIORAL ECONOMICS IN LIMITED TIME OFFERS

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- **Limited time offers**

  - E.g. rotating shops with skins or limited time offers on in-game currency

    - Create a sense of urgency

    - Fear of missing out

BEHAVIORAL ECONOMICS IN PERSONALIZED DEALS

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- **Different people get different deals on same items**

  - Depending on various factors, e.g. playtime and history of purchases

    - Teleoperators give better deals for new customers

    - E.g. my price for purchasing a gold pass in CoC is 3,49€ (original 7,99€)

  - Anchoring

- **Based on data analytics**

  - E.g. players are divided into low spenders, high spenders, offer takers etc. Countless possibilities how to divide players

PERSONALIZED DEAL EXAMPLE

KEY PERFORMANCE INDICATORS

RETENTION AND ENGAGEMENT METRICS

- **Retention metrics overview**

  - D1, D7 and D30 retention

- **Significance**

  - D1 retention reflects first-time user experience

  - D7 indicates early habit formation in users

  - D30 starts to indicate lifetime value

- **Different benchmarks on what values are considered good**

  - E.g. target could be 50 % D1, 20 % D7 and 10 % D30

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RETENTION AND ENGAGEMENT METRICS

- **Engagement metrics importance**
  - Average session length and session frequency assess flow state and overall user satisfaction

- **Using metrics for optimization**
  - Monitoring these KPIs helps identify friction points, optimize onboarding, and improve content strategies

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MONETIZATION AND CONVERSION ANALYSIS

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- **Conversion rate importance**

  - Conversion rate tracks users converting from free to paying customers, reflecting pricing and value perception

- **Average revenue per user**

  - ARPPU reveals spending levels among paying users, highlighting revenue depth within the core audience

MONETIZATION AND CONVERSION ANALYSIS

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- **Offer take rate metrics**

  - Offer take rate measures success of personalized deals and promotions, showing alignment with user preferences

- **Holistic product performance**

  - Combining monetization KPIs with engagement and retention data creates a comprehensive performance analysis

DEMO ON HOW TO UTILIZE DATA ANALYTICS TO GET INSIGHTS

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