**Zynga Product Exercise**

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1. **Describe key systems or features that must be implemented properly in a free-to-play mobile game in order to have a successful product. Please provide specific examples.**
   * + 1. Users and Customers
2. When will they use this product?
   * + - * Not willing to invest a lot of money in games
         * When bored or stress and want something light to do that’s accessible enough with their phones (for casual leisure or for killing time)
         * Can access something fun remotely (i.e. no need for Internet)
3. Why this over other games?
   * + - * Free and low cost
         * Easily accessible on mobile anytime, anywhere
         * Get to try out the game first before thinking about investing money
         * Possibility to play it with others (social)
4. Sample use cases?
   * + - * College student who uses it to take breaks from studying for a test
         * Parents who want to keep their children occupied with a game during dinner parties
         * A younger kid who wants to play against their friend
       1. Company Needs
5. What is the company prioritizing? Assume the company is prioritizing total revenue.
6. Criteria for success and advantages for mobile free-to-play:
   * + - Reach: mostly utilize network effects and less on advertising. easy set-up and installation (low barrier to entry)
       - Revenue: monetization through compelling spending opportunities such as in-app purchases, ads, and premium downloads; majority are in freemium model
       - Retention: social aspect (competition against constants or other people in the world), unlocked achievements to keep engagement
7. What are some metrics used?
   * + - * Reach: # of downloads, # of users, how much it’s mentioned in social networks
         * Revenue: revenue per category (in-app vs. ads vs. downloads), average bookings per user
         * Retention: how long users play, average users per day, average users for a time frame, # of levels/achievements unlocked, # of points accumulated
       1. Features

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| CATEGORY | DESCRIPTION | GAME EXAMPLES |
| **Limitations** – used to 1) keep engagement, 2) incentivize users to buy add-ons (plays into retention and revenue) | Time constraints | FarmVille – when crops need to get harvested before an expiry time |
| Energy/lives – unlimited strength is no fun | Final Fantasy Brave Exvius, Candy Crush |
| **Monetization Techniques** – these techniques need to sync well with the limitations so that users are incentivized to buy more add-ons or a premium version (plays mostly into revenue) | Proper Placement and Balance of Ads – need to be at the right times that don’t totally interrupt the gaming experience |  |
| Discounts – show discounts juxtaposed to previous prices to make it feel as if they’re saving money |  |
| In-App Purchases – need correct pricing model and proper visibility and incentives so users are compelled to buy the add-ons | Willy Wonka Slots –examples pricing tier: 0.99 for 1 token, 99.99 for 100 🡪 might as well buy 1 token 100 times; pricing tiers need improvement |
| Proper Balance of Freemium Model – give enough free features that users feel happy with the experience, but not too many that there are no incentives to buy the premium one |  |
| Avoiding Pay-To-Win – if people who pay have too high a chance of winning, new customers won’t enter because they’ll get frustrated; but paying has to have enough rewards as well |  |
| **Quantifiable achievements/Rewards system** – need to feel an apparent sense of achievement (plays mostly into retention) | Points System – the more you play, the more you get to practice and beat your highest score | Doodle Jump |
| Badges – as you progress through certain levels or perform certain habits, you unlock achievements or badges, which you can collect throughout | Tilt to Live |
| Items/Objects Accumulated – as you progress, you see how you’ve created an entire ecosystem, and how you can create bigger things as you keep playing | FarmVille – the more you play, the more you’re able to cultivate your farm |
| **Ability to Compete/Challenge** – (plays mostly into reach and retention) | With self – see progress and try to beat own high scores | Doodle Jump – points system or beat own high score |
| With others – people like a little competition, either by directly competing in a game or by comparing own stats to another player’s stats; Also creates network effects important to reach a wider audience | Draw Something |
| **Simplified Complexity/Instructions** – games can sometimes get complex, so initial onboarding is important to make sure users have good impressions of the app; instructions for in-app purchases also need to be clear (plays into retention and revenue) | Onboarding – learn as you play would be ideal, so users have a good experience as they’re already playing the app | Pokemon Go – first version was a bad example because it was hard to understand what to do |
| Mechanics for Game and for In-App Purchases – need to clearly state game mechanics, functionalities of add-ons and how to purchase them smoothly |  |

1. **Breakdown three key features for one of the Zynga titles. How is the player experience driving Reach, Revenue, and Retention of the game?** 
   * + 1. Zynga Title: Words With Friends
       2. What It Does:
2. Able to play Scrabble-like game with friends
3. Need to unscramble a set of letters and plot them on a board, earning specific points and rewards for specific placements and words
   * + 1. Main Features (Pros & Cons):

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|  | PROS | CONS |
| Ability to compete / challenge | * + - * + Statistics page for self – able to “compete with self” or improve one’s self. This feature makes it apparent how you progress or how you can improve         + Statistics page against opponent – able to see how you fare with components and how you can capitalize on yours vs. their strengths and weaknesses         + Chat feature – human connection with opponent         + Simultaneous competition – improve yourself on leadership boards and play with other games all at one time; things are happening offline as well | * + - * + Too many pauses in between games if other player is not online – gets boring if player wants something more dynamic         + Previous bullet combatted with “play with self” feature, but there are still bugs that need to be fixed with it (i.e. slow loading times) |
| Monetization techniques | * + - * + Ad bait – innovative way of luring clicks: not just an image but a demo         + Several techniques, not just one – premium, in-app ads, in-app purchases | * + - * + Ads – customers say there are too many and take away from the experience         + Visibility of other monetizing techniques – no redirection to buying premium; no apparent way of purchasing in-app (confusing to find) |
| Quantifiable achievements | * + - * + Statistics page – blatant way of monitoring self achievements and compare achievements with others         + Leaderboard – able to compare success vis a vis other players; incentive to rise up the ranks         + Badges to keep engagement – pops out when you unlock a specific achievement         + Increasing level of difficulty – people can choose to play with more experienced players if they wish; decreases plateau of engagement | * + - * + Badges/achievements difficult to find – no immediately apparent hub to see all achievements or badges unlocked; difficult to keep track of with these key feature missing |

* + - 1. Success Metrics

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|  | Pros | Cons |
| Reach | * + - * Facebook-compatible – ability to share and spread game via network       * Contacts and network effects create organic reach results | * + - * Seems to be reliant on just one social platform (FB); if ties are severed, how will it affect revenue?       * Competes with other Zynga brands; prioritization with new brands may cannibalize sales for this app       * Competes with other digital games and apps       * Competes with other digital word games (ex. TextTwist)       * Competes with other word games, even the non-digital ones (ex. Scrabble, Bananagrams) |
| Revenue | * + - * Lure of ads: not just static picture but dynamic game demo       * The cumbersomeness of ads can drive you to download the premium version       * Compelling incentives to get in-app purchases (i.e. before, “Word Strength” was a feature you could buy on the app) | * + - * No quick and easy way to view in-app purchases       * Doesn’t seem to be a straightforward redirection to download premium version       * Premium version doesn’t seem compelling enough to buy (seems to just take away ad experience, but is there more?) |
| Retention | * + - * Network effects of the game make you want to stay if most others are also playing       * Notifications keep users wanting to check back for any changes with their games       * Achieve higher scores on leadership board as you play | * + - * Can easily forget game if no one else is responding – huge reliance on network effects.       * Design is a bit difficult to navigate through – a bit cluttered |

1. **Assuming your selected (from previous question) game’s revenue is declining; what might be the cause of this decline. Provide specific examples.**

* Competition
  + With other games
    - Other non-digital word games (Scrabble, Bananagrams)
    - Other digital word games (TextTwist)
    - Other mobile games
  + Within the company - new versions or products that come out may cannibalize sales of older products (i.e. prioritize featuring of newer products as opposed to older products)
* Trends
  + Network effects may decline as less and less people use it
  + Less exposure or less people will also create a decline in the sponsors who want to pay for this – gather less data about users that ad payers want to bank on
  + Changing graphics and aesthetic tastes in line with changing demographic
  + Rise of new technologies (ex. Virtual Reality/Augmented Reality game formats)
* Novelty
  + Not much differentiation from other products
  + Took a game that’s been around for years and digitalized – what new thing can it add as users get accustomed to it?

1. **Create a hypothetical model and showcase the decline in revenue mentioned in previous question. Utilize as many assumptions as necessary.** 
   * + 1. Current Revenue Streams & Assumptions of % per Revenue Stream – given the Zynga total revenue is approximately $200,000 ($213,425):
2. Premium model ($4.99 per purchase)
   * + - * 20% of $200,000 (20% as most downloads on the app store are on free apps) = $40,000
3. Free, unpaid version (80% of $200,000 = $160,000)
   * + - * In-App Purchases: 30% of $160,000 (in-app ads usually makes less revenue than ads) = $48,000
         * In-App Ads: 70% of $160,000 (in-app ads make more revenue than in-app purchases) = $112,000
       1. Causes for Decline

The percentages above are based on game industry trend estimates on mobile app purchases, and on the current financials of Zynga. With decline in revenue, given the causes stated earlier, the metrics for our different revenue streams will showcase a decline. If we see a shift in trends, we might see a decline in the number of installations, which impacts the revenue numbers for the premium model. However, a bigger decline might be seen in aspects that affect in-app purchases or in-app ads, as together, they account for 80% of total revenue. For example, because of increased competition, we may see a decline in the number of daily active users, which takes away the revenue we get from in-app purchases or in-app ads.

* + - 1. Suggestions for Innovation
         * Move credits/virtual currency from one Zynga game to the other – reduce cannibalization of sales so that credits can still be used across all Zynga products; increase # of users per game because of this discoverability
         * Competitions against other players that allow you to accumulate coins for purchases – let’s a person feel the benefits of receiving coins so they can eventually purchase real ones after
         * Improve in-app purchase discoverability – make it more visible and apparent how people can purchase new features or see how beneficial accumulating credits is