LIQUID&GRIT

Casino Report

Competitive Research and Actionable Product Recommendations

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AUGUST
2018

STRATEGY INSIGHTS

CONTENT IS KING

Two major strategic developments indicate a shift in power from platforms to developers. Epic Games is bypassing the Google Play Store and Netflix is sidestepping the iOS App Store (in testing).[1] If these tactics succeed, this will lead to profit growth for developers

For the past ten years, platforms have exercised their strength over app developers by charging 30% on every in-app transaction. A platform's power is predicated on (1) *user value* ... both population and profit-per-user, and (2) *monopolistic strength* ... or, the number of substitutes for developers.[2]

The history of Facebook PC games illustrates how swiftly platform strength can rise and fall. From 2010-2014, Facebook PC games revenue skyrocketed from $75M to $250M ... due to high value users, limited alternatives, and a 30% cut on each transaction.[3]
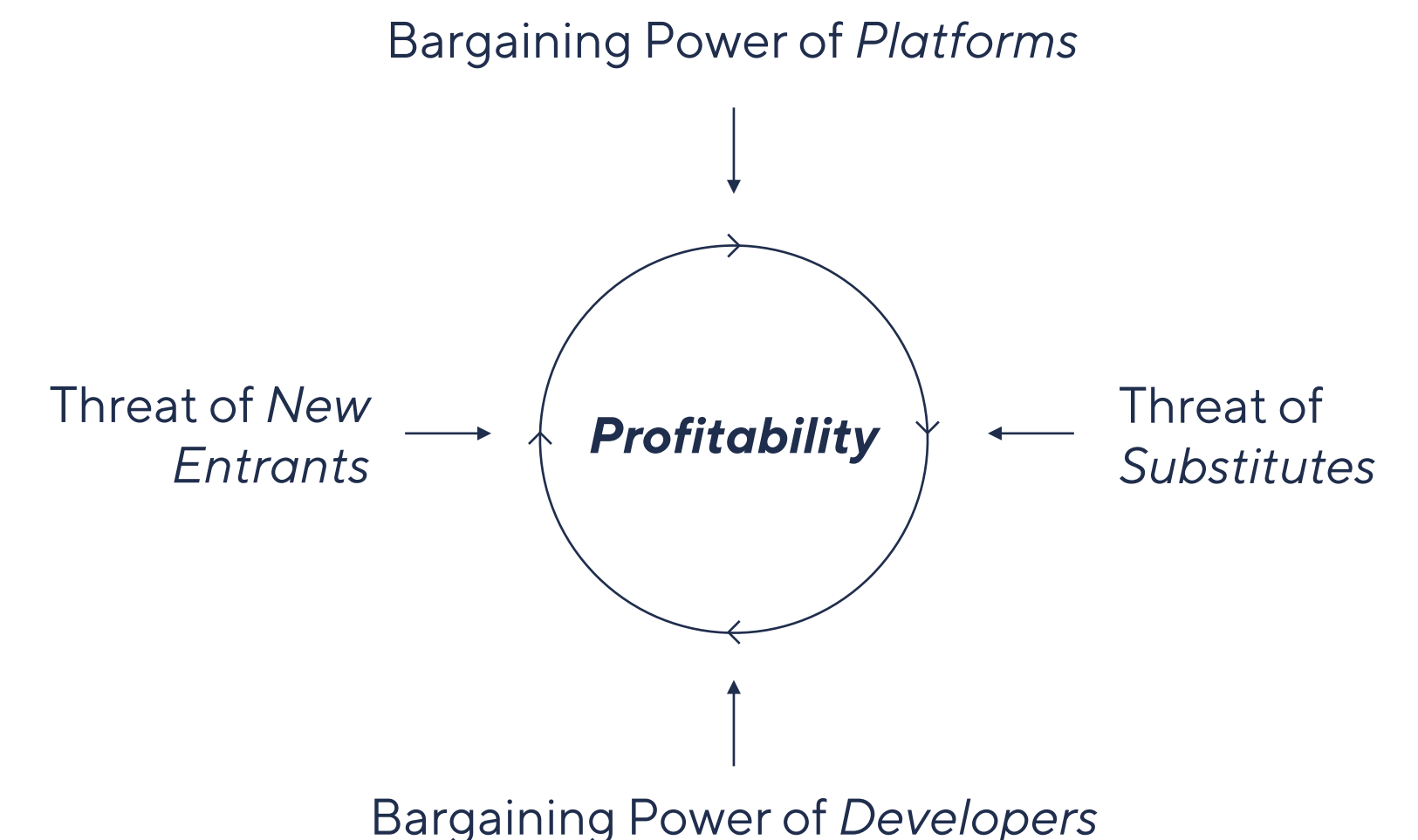
By 2015, the value of Facebook PC users declined and substitutes appeared. Facebook failed to improve their platform for developers and kept their 30% price the same. As a result, off-Facebook investments became more attractive to developers ... and Facebook PC games revenue has declined ever since.

History *will* repeat itself if mobile platforms fail to adjust.

Epic Games and Netflix have chosen to go directly to consumers via the web. The largest hurdle for both developers will be replacing Store infrastructure, namely managing payments and controlling fraud. Expect third-party providers to emerge and help solve direct-to-web issues.

If Epic Games and Netflix are successful, other developers will no-doubt follow ... increasing developer profits with a larger percentage retained for each transaction.
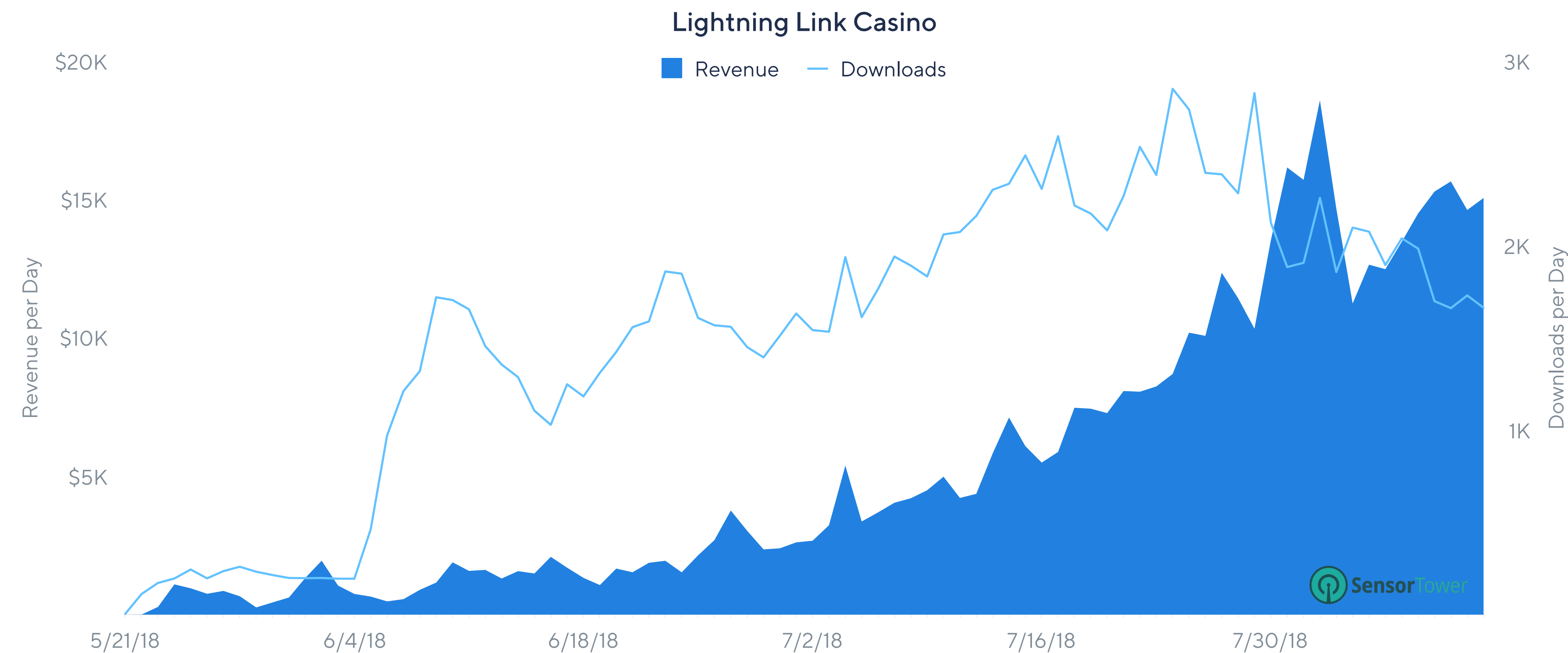
Market Forces

Bargaining Power of *Platforms*

Threat of *New Entrants* → **Profitability** ← Threat of *Substitutes*

Bargaining Power of *Developers*

1. See Netflix tests a bypass of iTunes billing in 33 markets in TechCrunch for more information
2. See Porter's Five Forces Framework for more details on the foundation of this strategic analysis
3. Revenue numbers from *Facebook: In Depth Look at its Games Business in 2Q18,* Eilers & Krejcik Gaming, LLC

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NEW APP: LIGHTNING LINK CASINO

Product Madness' new app, Lightning Link Casino, was hard-launched in May and is now generating over $15K per day in revenue and averaging 2K per day in downloads

Lightning Link Casino

Revenue — Downloads

Graph data is iOS-only in the U.S.

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LIGHTNING LINK CASINO

The app is still testing core features, including a season-based missions system. The daily bonus is a Lightning Link-inspired mechanic

Features (Control Experience)

- New users are placed in a machine and can skip the tutorial (1)
- All released machines are unlocked upon install (2)
- Players progress tiers by completing missions (3)
- Completing missions awards *Lightning Bolts,* which are collected during a 2-week *Stormy Season* (4)
- Advancing to the next tier upgrades the *Hold & Spin* daily bonus and awards a *Badge.* Tier progression resets when the season ends (5)
- There are 17 *Lightning Bolt* goals for each *Tier.* Reaching *Tier 5* unlocks a progressive jackpot (6)
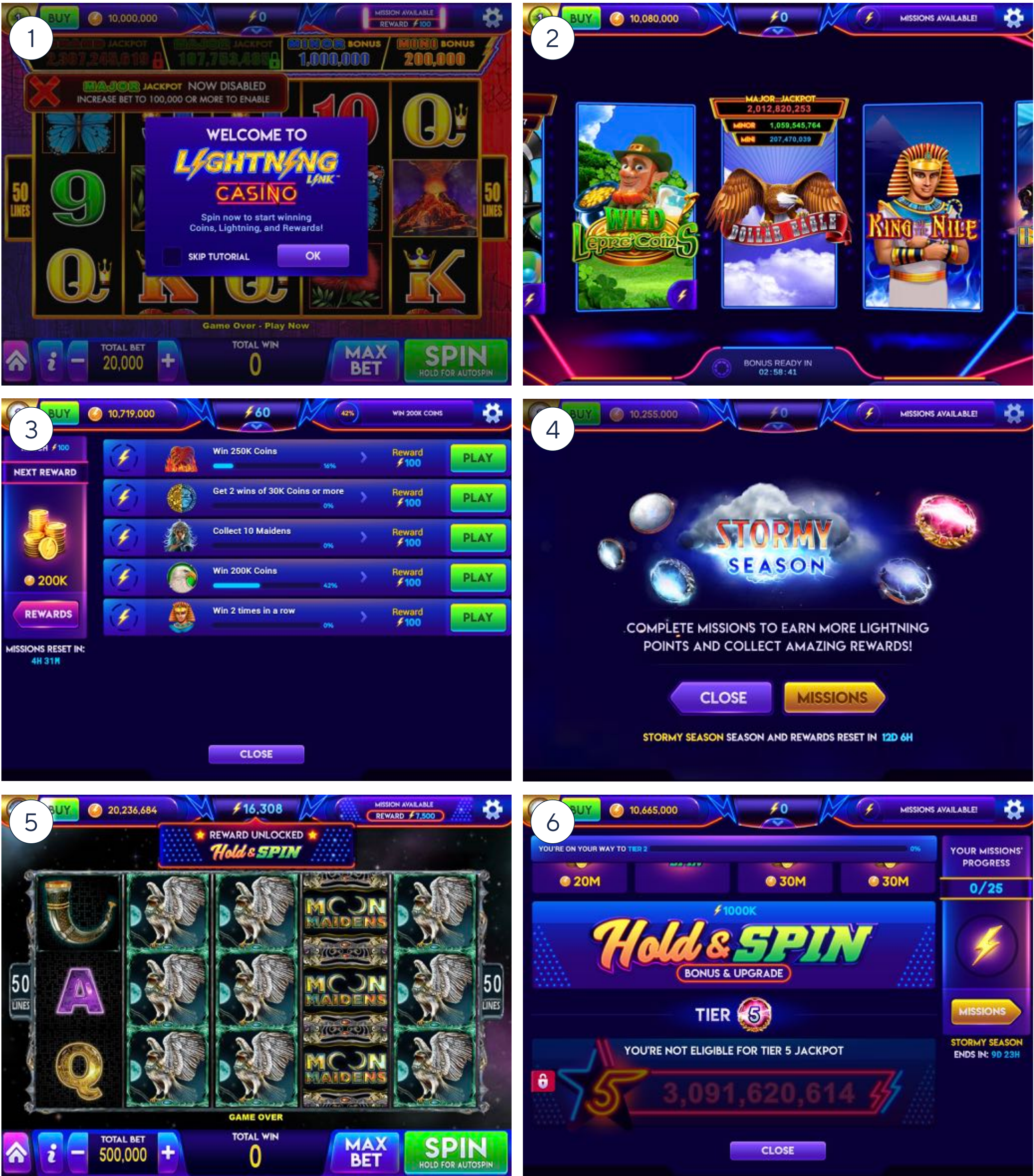
Features (Test Experience)

- There is no tutorial and players land straight in a machine
- There are no missions or *Stormy Season*

Additional Features	
• New User Flow	• Missions
• Hold & Spin	• Tier Levels
• Currency	• Stormy Season
• Misc. Features	• Achievements

Download New User Economy

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FEATURE RECAP

UNLOCKING AVATARS

Big Fish Casino released another avatar-based event that drove a +43% 4Do4D. The original event produced +66% WoW and was detailed in the May 2018 Casino Report

New Feature: *Top Magician* (8/8/18)
- Players have 4 days to earn a frame on the *VIP* or *High Roller* version of *Jackpot City Deluxe* (1)
- There are 3 levels of frames and 6 different frames to unlock (2)
- Frames are showcased at the table around a player's icon (3 & 4)
- When a player with a frame enters a table, all players at the table receive a chip bonus
- The frame is active for 7 days after the event ends
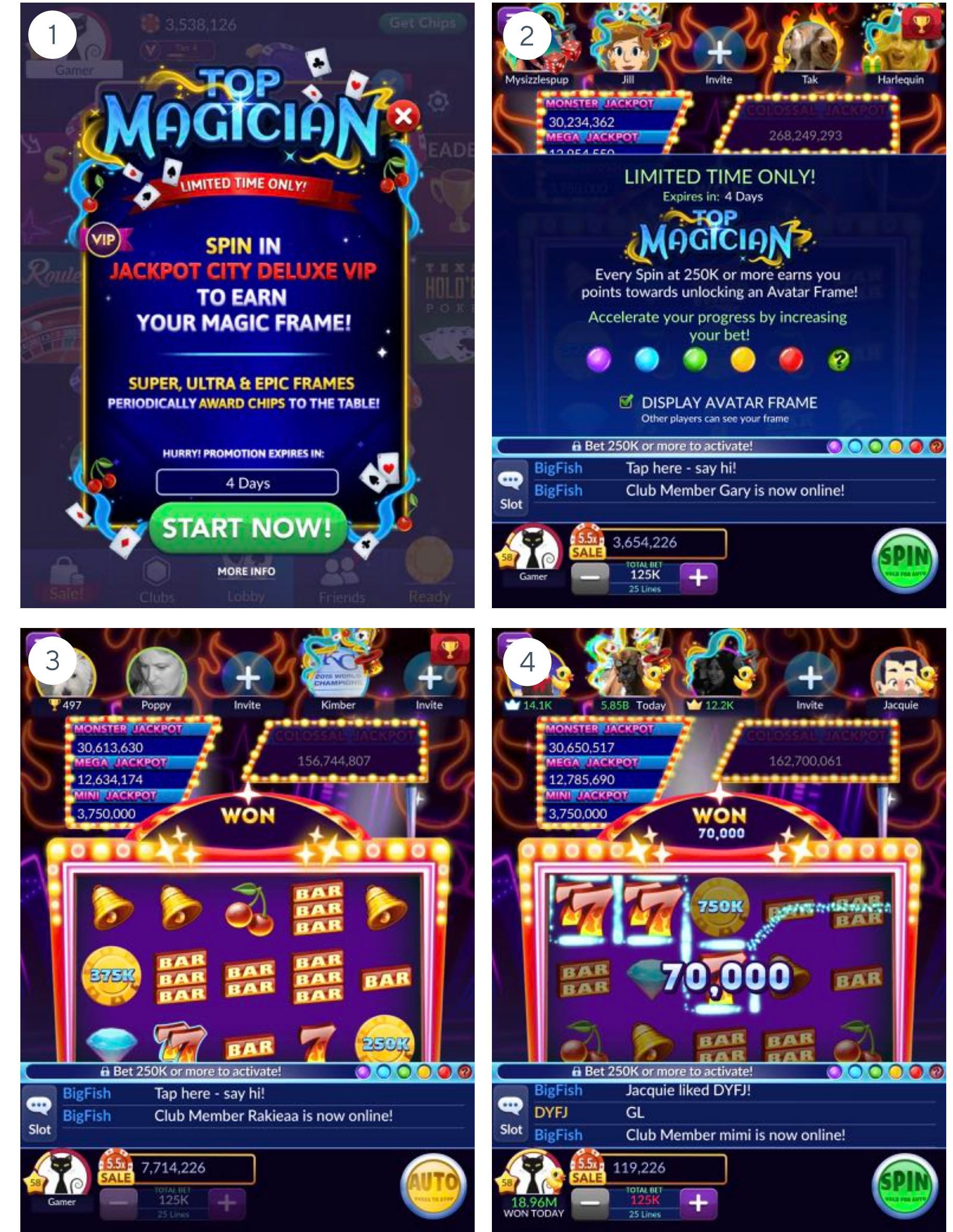
Past Feature: *Awaken Your Dragon* (5/7/18)
- The original *Unlocking Avatar* in Big Fish Casino was Awaken Your Dragon
- Cosmetic-based features was a Revenue Driver in the May 2018 Casino Report
- This mechanic will only work for socially-constructed apps with social lobbies and tables

Takeaways
- Fortnite's success supports the concept that games can monetize a cosmetic-based revenue model to a broader audience of U.S. players
- Tips on cosmetics/avatars: 1) Make cosmetics limited edition, 2) Drop cosmetics frequently, 3) Tie cosmetic rewards to a limited-time challenge card or event, and 4) Add a tiered system to award payers and highly-engaged players more cosmetics
- Pair avatar-unlocks with featured machine releases to both *sink wallets* (with the desire for the new decorations) and *drive engagement* (with a new, well-built machine)

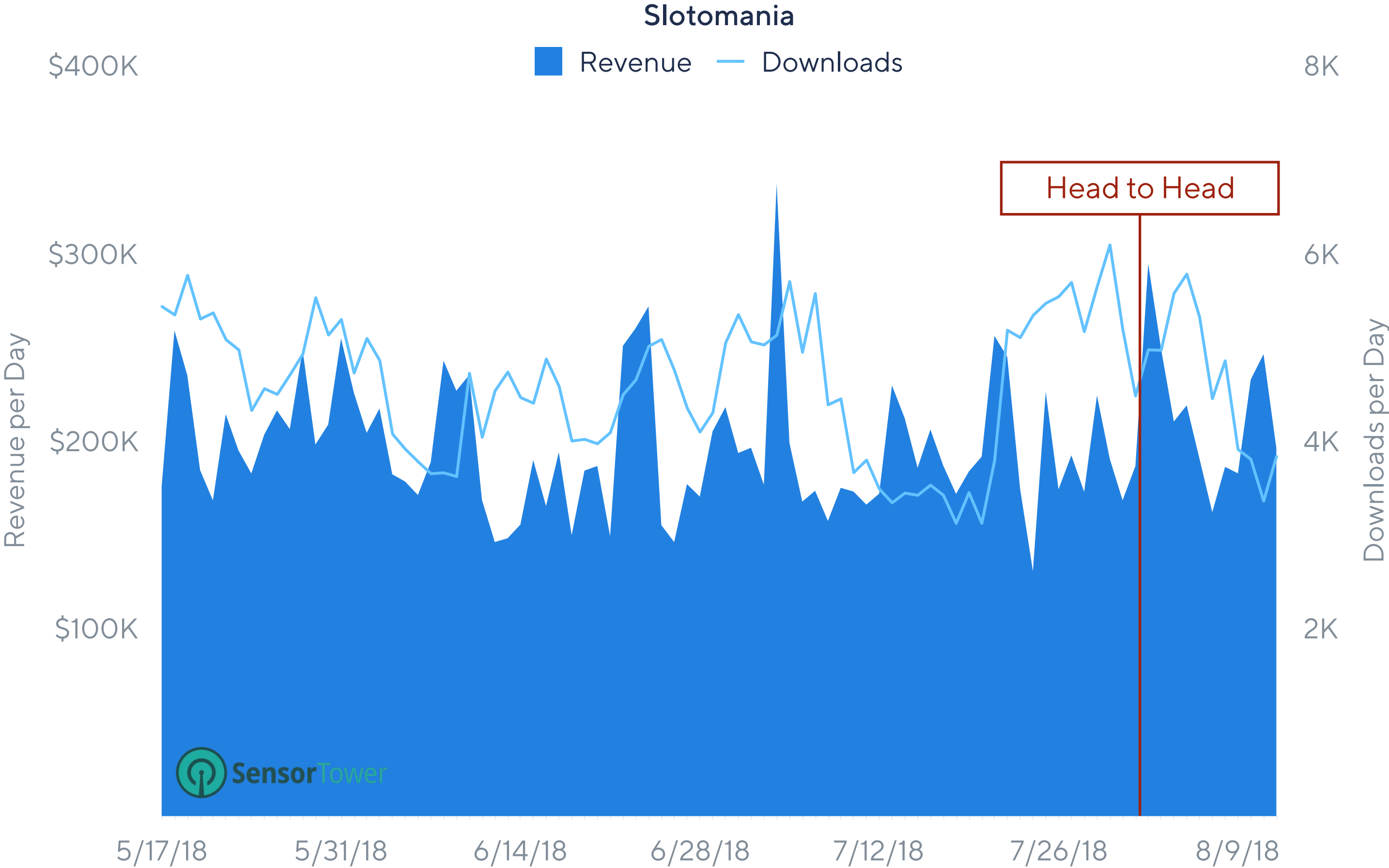See more images and videos | Ask L&G a Question

REVENUE DRIVERS

1-ON-1 TOURNAMENTS

IMPACT ANALYSIS

Slotomania released *Head to Head,* a 1-on-1 competitive event that drove +12% WoW and replaced *Tournamania,* a group-based tournament feature

Slotomania

Impact
- +12% WoW
- +12% Wo2W
- +11% Wo3W

Details
- Date: 8/1/18
- Motivations: Thrill, Achieve
- Personas: Stealthy Steve, Daring Dan

Reports
- 5-Player Tourney – Nov 2017 Casino Report
- PvP Play – Oct 2017 Puzzle Report

Related
- PvP Towers – Legendary Game of Heroes
- Game of Slots – Scatter Slots
- City Challenge – Diamond Diaries Saga

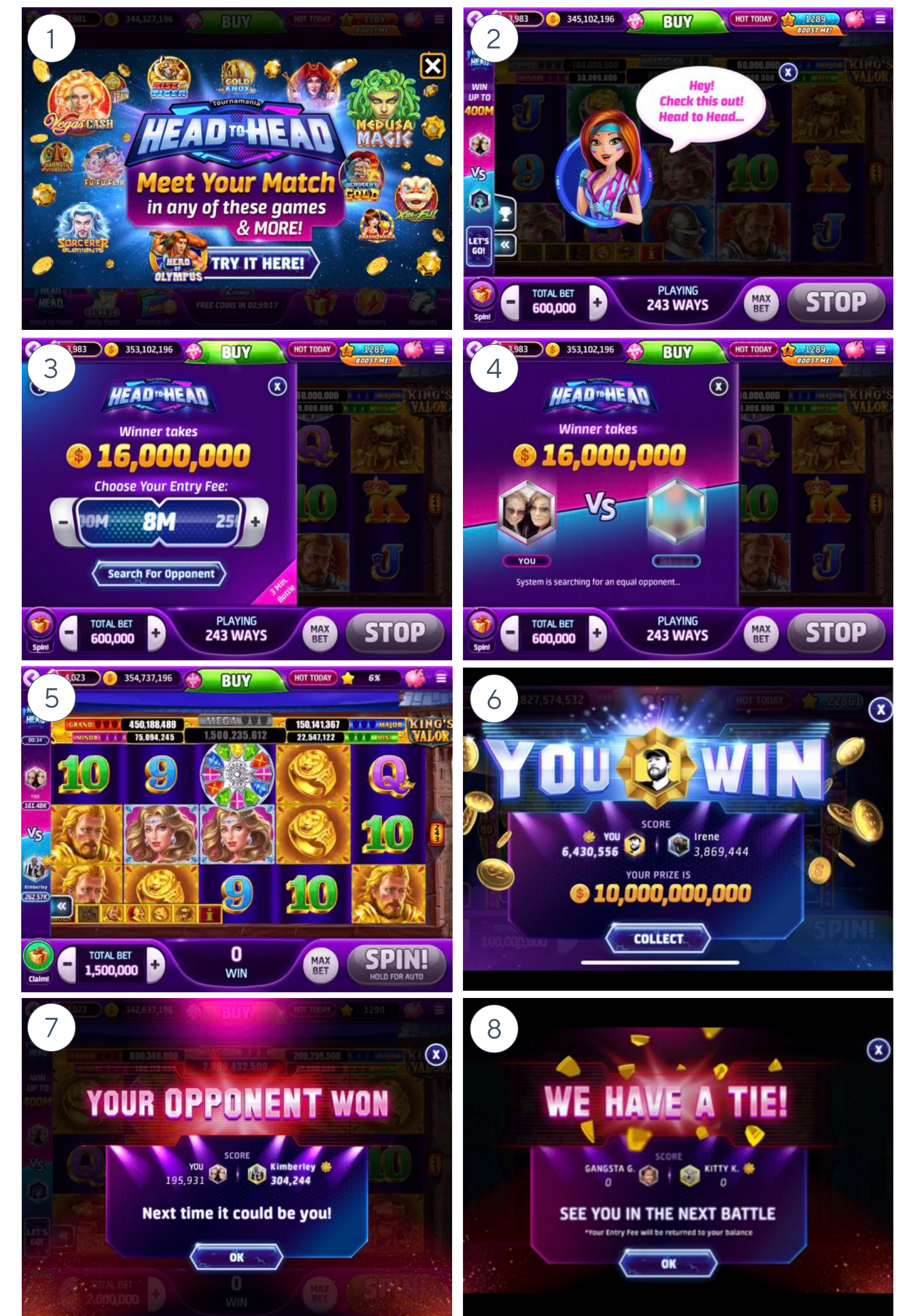Graph data is iOS-only in the U.S.

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INSIGHTS & ADVICE

Feature

- *Head to Head* is marketed on entry and has replaced *Tournamania* on iOS (1)
- In select machines, players receive an automatic tutorial and 1 free entry (2)
- On second play, players pick an entry fee and are matched against an opponent with a similar level and wallet size (3 & 4)
- The battle is 3 minutes long and determined by coins won (5)
- The prize is the total bet amount made by all players. The app takes no rake (6)
- Losers receive a motivational message (7)
- If a tie occurs, players receive back their entry fees (8)

Takeaways

- Event-based competitive features are trending in top grossing games: Toon Blast recently released *Team Tournaments* in the Puzzle category that drove a +9% sustained revenue (see Aug 2018 Puzzle Report or email us for details)
- 1-on-1 battle players experience: 1) the *thrill* of gambling their chips, and 2) the *dread* of losing chips to another player that they 'know' and 'see'. This generates a different *emotional response* from Tournamania, which elicited a feeling of *achievement* over a relatively anonymous group
- Consider showcasing more information about the opponent if implementing a similar feature to amplify the emotional response
- Removing an older feature *while* adding a similar feature will mitigate the negative impact and backlash from the minority of players who still love the removed feature

See more images and videos

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BONUS SPEND BUNDLES

IMPACT ANALYSIS

Governor of Poker 3 released the *Spin Pack* purchasable wheel that drove +97% WoW

Governor of Poker 3

Revenue — Downloads

Spin Pack

$15K
$10K
$5K

300
200
100

5/19/18　6/2/18　6/16/18　6/30/18　7/14/18　7/28/18　8/11/18

Revenue per Day

Downloads per Day

SensorTower

Impact
- +97% WoW
- +133% Wo2W
- +49% Wo3W

Details
- Release: 8/2/18
- Motivations: Ownership
- Personas: All

Reports
- Cash Wheel – Apr 2018 Casino Report

Related
- Mega Bonus Special – WSOP
- Cash Wheel – Pop! Slots
- BOGO – Jackpot Party

Graph data is iOS-only in the U.S.

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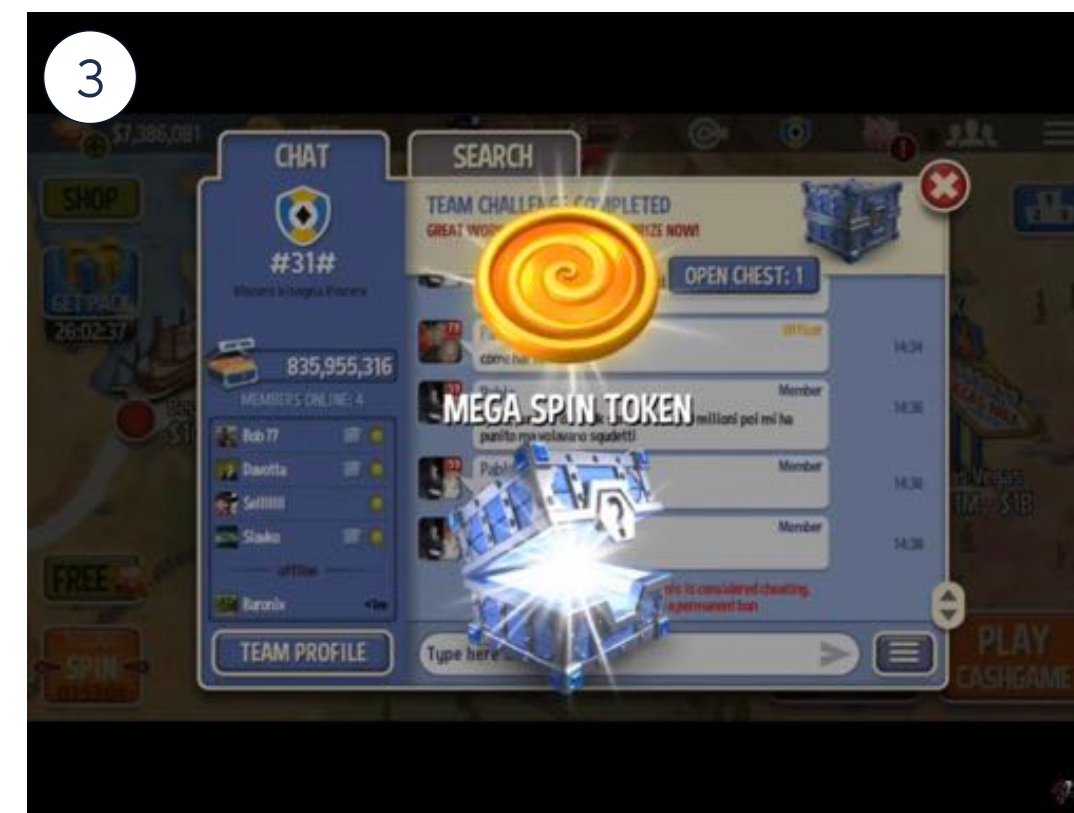# INSIGHTS & ADVICE

Feature

- A *Spin Pack* offers 3 spins for the price of 1 (1)
- There are 3 price points: $0.99, $8.99, and $89.99 (2)
- In addition to direct purchases, players can earn spins through the login bonus and *Team Challenges* (3)
- The *Spin Pack* event includes an icon and timer on the map screen (4)
- If a spin is purchased, players are awarded 3 tokens for the *Wheel* level selected (5)
- In the *Spin Chest* event, players are only offered 3 *Ultra Spins* for $99.99 (6)

Takeaways

- Award purchasable items for free during in-app features enough times for all players to experience the value of receiving paid items … but not so often that they stop purchasing items
- Discount the dollar value down from amounts *above* $99.99 to drive larger transaction purchases
- Don't be afraid to release high-priced offerings … like *Wheel Spins* for $99.99. These larger transactions are key to material revenue-driving features

See more images and videos

Ask L&G a Question

REMOVED FEATURE

TOURNAMANIA

Tournamania was removed on iOS when *Head to Head* was added. *Tournamania* is still available on Android

Feature

- The *Tournamania* icons in the lobby (1 & 2)
- Access the active list of of tournaments (3)
- In-tournament view of the tournament information (4)
- Button to the *Tournamania* screen (5 & 6)

Details

- Release: 10/30/13
- Removed: 8/1/18 (on iOS)

See more images and videos

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MARKET WATCH

7/15/18 – 8/14/18

NOTABLE FEATURES I

App	Name	Description
Slotomania	Golden Summer Album	A new *SlotoCards* album released with changes: 1) players win extra coins for a set amount of time after collecting a *Golden Card,* 2) completing a set awards a *Golden Spin,* and 3) finishing the album awards a *Golden Star Dice* booster for 10 days (1)
WSOP	Sultan of WSOP	Every dollar spent gives players a chance to win a sale, a *Club Up*, *Status Points*, and *Turbo Time* (2)
Huuuge Casino	Experience Something New	[Coming soon] Level up and milestone rewards to make starting new accounts or resetting progress less enticing. New betting system that will be shared across all slots … based on XP and wallet amounts (3)
House of Fun	Happy Birthday	Countdown to a player's birthday awards gifts and special offers
Heart of Vegas	Piggy Bank	*Piggy Bank* event where players complete spin goals to fill the bank, breaking the bank with a $17.99 or higher coin purchase

NOTABLE FEATURES II

App	Name	Description
Bingo Blitz	Blitzy's Dragon	Players daub special Bingo squares to fill a *Dragon* meter. Purchasing boosted cards increases the speed of progression (1)
Wizard of Oz	Lucky Cards 3	A new collection album was released with a scratcher card included in some packs
House of Fun	HoF Legends 3	A new *Legends* collection was released with a *Super Spin* wheel and secondary *Tokens* currency used to spin the *Super Spin* (2)
Bingo Party	Bingo Quest: Sand Kingdom	A quest system was released with an added *Wild Card* that helps complete any collection set (3)

Full list of content released this month

Ask L&G a Question

APPENDIX

PLAYER MOTIVATIONS

Understand emotional motivations to generate growth. The most impactful features are those that trigger strong, positive emotional responses

"Most companies segment their markets by customer demographics or product characteristics and differentiate their offerings by adding features and functions. But the consumer has a different view of the marketplace. She simply has a job to be done and is seeking to 'hire' the best product or service to do it. Jobs aren't just about function —they have powerful social and emotional dimensions." – Clayton Christensen, co-author of the Jobs to be Done

To create new innovations, focus on the emotional jobs that people want to accomplish. This is very applicable to our industry, where there is little practicality about playing a non-paying casino game. Therefore, we have to know the emotional drivers of our players.

Liquid and Grit has formulated key player motivations.

Player Emotional Motivations
- Achieve – Players who want to accomplish a goal
- Thrill – Players who want the excitement and stress of taking a risk
- Surprise – Players who want to uncover an unknown, see new opportunities, and try new things
- Awe – Players who want to experience quality production value
- Flow – Players who want to get into the zone and escape
- Relationship – Players who want to connect with other people
- Association – Players who want to identify with something for familiarity and comfort
- Ownership – Players who want to have things belong to them
- Create – Players who want to be creative and produce something

PLAYER PERSONAS

	Stealthy Steve	Friendly Fran	Destructive Derek	Adventuring Adrian	Prospecting Polly	Daring Dan	Gathering Grace
Gender	76% male	72% female	73% male	55% male	78% female	69% male	71% female
Mean age	31.6	40.8	37.8	31.5	42.3	39.6	45.3
Highest preference(s)	Assault	Care and Manage	Manage	Journey	Journey and Coordinate	Assault and Coordinate	Coordinate
Lowest preference(s)	Care	Assault	Care	Manage and Care	Assault and Care	Journey and Care	All except Coordinate
Gameplay mechanic LIKES	Stealth, strategy, being the protagonist, skill progression, and exploration	Befriending non-playable characters (NPCs), creating an avatar, skill progression, and city or village handling	Strategy, city or base construction, and large-scale handling of NPCs	Creating an avatar, skill progression, being the protagonist, exploration and secrets, and befriending NPCs	Collecting rare items and treasures, exploration, skill progression, and tile matching	Racing, explosions, and stealth	Tile matching, platforming, and collecting rare items
Gameplay mechanic DISLIKES	Rhythm mechanics and pet training	Killing, war, weaponry, and explosions	Theft, illegal activities, stealth, retreating, and rhythm mechanics	Racing, sports, tile matching, instruments, dancing, and pet training	Theft, explosions, and retreating	No strong dislike for any particular mechanic	Killing, theft, destruction, and war

DATA COLLECTION PROCESS

Recommendations, information, and data come from market research, app intelligence tools, and deep analysis of the apps

Market Research

- Each app is reviewed daily for updates, regardless of whether the app has been updated through the App Store
- Transaction information comes from the iOS App Store's In-App Purchases tab. These transactions are ranked based on the number of transactions
- Trending revenue, downloads, and package-rank data come from Sensor Tower Store Intelligence

Game Information

- App information comes from a deep-dive analysis of each app
- In the Economy Analysis and economy-related slides, the currency value is determined by converting currencies into money using $5 worth of non-sale purchasable currencies in each app
- For example, if an item costs 1,000 of the primary currency and players can purchase 500 for $5, the value of the item is $10. For apps without a $5 package, the next closest package is used

"Innovation distinguishes between a leader and a follower."

– Steve Jobs

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