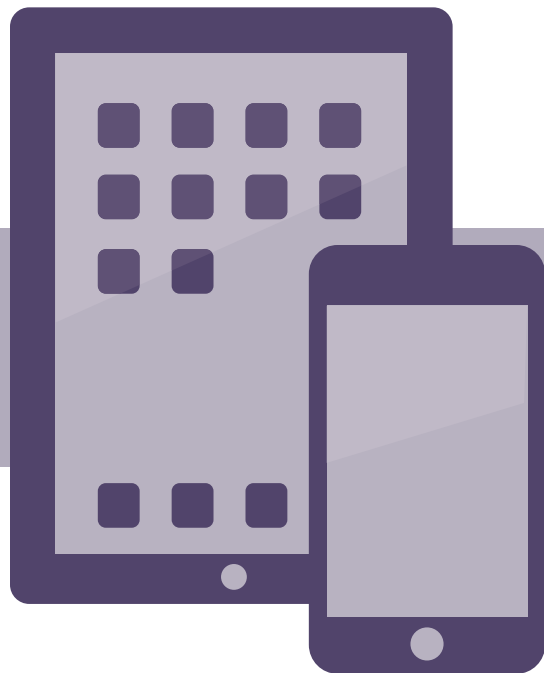


DECONSTRUCTING MOBILE & TABLET GAMING

2014 FREE REPORT



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CONTEXT IS EVERYTHING

THE VIDEOGAME INDUSTRY IS CHANGING FAST.

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- Detailed overviews of the 20 major mobile genres
- New engagement data on 16 of the top mobile genres
- Aggregated data tables and graphs of all funnel data by genre and consumer segmentation

* The 2014 survey was fielded in August 2014 and encompasses the responses from over 3,500 active mobile and tablet gamers in the market.

CONTACT

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Cooper Waddell at strategy@eedar.com or
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2014 REPORT OVERVIEW

The *EEDAR 2014 Deconstructing Mobile & Tablet Gaming Report* focuses on the North American mobile gaming market encompassing smartphone and tablet gamers with four sections:

- I. **Market Sizing & Segmentation**
- II. **Market Demographics and Behavior**
- III. **Mobile Gaming Funnel Analysis**
- IV. **Mobile Genre Analysis**

This **first section** determines the number of North American mobile gamers and segments this market into distinct groups based on mobile spend. The **second section** focuses on gamer activity, demographics, and reasons for mobile gaming. The **third section** analyzes the mobile gaming funnel, from engagement through monetization. The **fourth section** analyzes the market size, player base demographics, and average key performance indicators (KPIs) of the established mobile game genres.

METHODOLOGY

Data in the *2014 Deconstructing Mobile & Tablet Gaming Report* is from a consumer survey measuring the attitudes and behaviors of a representative sample of 3,500 North American (USA and CA) active mobile gamers that played a mobile game within the past 3 months on their smartphone or tablet. EEDAR conducted a consumer survey in July 2014, measuring the attitudes and behaviors of over 3,500 active mobile gamers on over 250 variables related to smartphone games, tablet games, and general gaming behavior. The sample is representative of the mobile gaming landscape, with a large sample size across gender, age groups, hardware platforms, and income levels.

REPORT OVERVIEW

DECONSTRUCTING MOBILE & TABLET GAMING — 2014 FREE REPORT

REPORT TERMINOLOGY

- **SMARTPHONE GAMER:** North American smartphone owners that have played a game on their smartphone in the past 3 months. A smartphone is a cellular telephone with built-in applications and internet access. An iPod Touch is also considered a smartphone.
- **TABLET GAMERS:** North America tablet owners that have played a game on their tablet in the past 3 months. A mobile tablet is a wireless, portable computer with a touchscreen interface that is capable of running applications and accessing the internet.
- **MOBILE GAMER:** Active smartphone and/or tablet gamer.
- **MOBILE GAMER SEGMENT:** Categories of mobile gamers based on spending patterns of overall monthly spend (and on a single game). Mobile Gamer Segments are ranked from lite spending to heavy spending: Non-Payer, Moderate Payer, and Heavy Payer (Whale).
- **OS:** The operating system being run by the smartphone or tablet. The major gaming OS on smartphone and tablets are Apple iOS, Google Android, and Windows Phone. Each OS has a proprietary app store.
- **PREMIUM GAMES:** Games purchased through the App marketplace. Prices range from \$0.99 to \$19.99 and higher.
 - **LITE APPS:** Free versions of premium games designed to influence gamers to purchase a premium App.
- **FREE-TO-PLAY APPS (F2P):** Game is initially free to download from the App marketplace.
 - **IN-APP PURCHASES (IAP):** F2P and Paid Apps have additional content that can be purchased from within the game.
- **DAU:** The number of Daily Active Users. This is calculated as the total number of users who are engaging with the game on a given day.
- **ARPPDAU:** The Average Return Per Daily Active User, and is calculated by dividing the approximate daily revenue by the number of Daily Active Users. As an average, this figure is meant to represent the approximate amount of money being generated per active user on a daily basis, not each user's actual spend.

MOBILE GAMING GENRES

PUZZLE GENRES

PHYSICS PUZZLE: Puzzle Games where gravity, angles, trajectories, and other physics-based variables are key characteristics of gameplay. (*Angry Birds*, *Cut the Rope*, *Where's my Water?*, *Peggle*)

MATCHING PUZZLE: Puzzle Games where players must match like things together through angles, swapping, manipulation, or other mechanisms. (*Candy Crush Saga*, *Bejeweled Blitz*)

BRAIN PUZZLE: Puzzle games that focus on manipulating words and letters, numbers, finding hidden objects, or completing trivia. (*Words with Friends*, *Scramble With Friends*, *Draw Something 2*, *QuizUp*, *Mystery Manor*)

ARCADE GENRES

GENERAL ARCADE: Characterized by an easy to learn interface and rules of play, scoring points, and level progression. (*Fruit Ninja*, *Flick: Homerun*) This genre includes music games in which the player must tap the screen to a beat (*Tap Tap Revenge*).

ENDLESS RUNNER: Characterized by a single avatar, scrolling at a fixed or increasing pace across a vertical or horizontal 2D or 3D space. The object of these games is to prolong gameplay without colliding into obstacles. (*Jetpack Joyride*, *Temple Run*, *Subway Surfers*, *Run with Friends*)

SKILL & CHANCE GENRES

CASINO: This genre includes all games that mimic those games found in a traditional casino that emphasize gambling with real or fake currency. (*Zynga Poker*, *Big Fish Casino*, *Slots*)

NON-CASINO SKILL & CHANCE: This genre includes all traditional card, board and dice games that do not center around gambling. (*Dice with Buddies*, *Monopoly*, *Solitaire*, *Uno*, *Yahtzee*)

SIMULATION/MANAGEMENT

SIMULATION: Characterized by putting the user in control of a confined social environment, acting as leader or planner. (*The Sims FreePlay*, *High School Story*, *Covet Fashion*)

CITY BUILDER/RESOURCE MANAGEMENT: Goal of the game is to build and manage a city. Unlike Combat City Builders, these games do not have combat, although players often compete with each other in other ways. (*DragonVale*, *Hay Day*, *The Simpsons: Tapped Out*, *Smurfs' Village*)

REPORT OVERVIEW

DECONSTRUCTING MOBILE & TABLET GAMING — 2014 FREE REPORT

STRATEGY

GENERAL STRATEGY: Focus of gameplay is combat between many controlled units with skillful planning and tactical thinking. Combat can be either real-time or turn-based. (*Hero Academy*, *Plague Inc.*, *Catan*, *XCOM: Enemy Unknown*)

COMBAT CITY BUILDER: Goal of the game is to build a city and an army. The army is used to attack other players, usually in asynchronous multiplayer combat. (*Clash of Clans*, *Kingdoms of Camelot*, *Modern War*, *Game of War: Fire Age*)

CARD BATTLE: Strategy games that mimic a Collectible Card Game. Many games in other genres have a collection mechanic and elements of this genre, such as the Fighting game *Injustice: Gods Among Us*. (*Rage of Bahamut*, *Magic the Gathering 2014*, *Legend of the Cryptids*, *Heroes of Dragon Age*)

TOWER DEFENSE: Games that are similar to RTS, but the purpose is to defend against waves of spawning enemies. This is primarily done by placing structures between the spawn point of enemies and their goal. (*Plants vs. Zombies*, *Bloons TD*, *Fieldrunners*, *Kingdom Rush*)

CORE GENRES

SHOOTER: The primary action performed by the user's personification is shooting a weapon. (*Frontline Commando*, *NOVA*, *Deer Hunter 2014*, *Modern Combat*)

ACTION: Elements of Action games include movement (running, jumping, swinging, etc.), exploration, and combat. (*Infinity Blade*, *Assassin's Creed*) This genre also includes Fighting games (*Injustice: Gods Among Us*) and Action RPGs in which the primary gameplay is real-time combat (e.g. *Demon Hunter*, *Eternity Warriors*).

ROLE PLAYING GAME (RPG): Gameplay focuses on the advancement of the main character, acquisition of items and an over-arching storyline. (*Chaos Rings*, *Final Fantasy*)

RACING: Allows the user to control a vehicle in a competitive race event. (*Need for Speed*, *Real Racing*, *CSR Racing*, *Fast & Furious*)

SPORTS: Replicate the gameplay of traditional sporting events. (*FIFA 15 Ultimate Team*, *Madden 25*, *NBA Jam*, *Golf Star*)

EXECUTIVE SUMMARY

MARKET SIZING & SEGMENTATION

- The mobile gaming market in North America continues to grow. As of Q3 2014, **there are 141.9MM NA mobile gamers**, up from 111.3MM NA mobile gamers in 2013. These mobile gamers spent an average of \$32.65 in the last year, generating \$4.63B in NA mobile gaming revenue. (pgs. 12-15)
- Mobile gamers that play on both their smartphones and tablets represent a rapidly growing segment of the mobile market (50%), and dramatically exceed those that only play on smartphones (35%). **Mobile gamers that play on both a smartphone and a tablet are driving the majority of mobile game revenues**, as they spend significantly more per year on mobile games (\$48.45) than mobile gamers that only play on a smartphone (\$13.46) or a tablet (\$19.73). (pg.15)
- Segmentation by spend is critical to understanding the mobile gaming market. The majority of mobile gaming revenue is generated by a small percentage of mobile gamers. **The top 6% of spenders (Defined as Heavy Payers) generate about half (51%) of the mobile gaming revenue, while nearly half of all mobile gamers (45.7%) do not pay to play mobile games.** There has been an increase in the percentage of players who fall into the Moderate Payers segment (from 41% to 49%), as players have become more acclimated to the F2P model and are more comfortable spending, at least occasionally, on mobile games. (pg. 14)
- **The 8.0MM NA Heavy Payers (spend >\$10 per month) generate \$2.35B in annual NA revenue, spending an average of \$293.70 per year.** The 69.0MM NA Moderate Payers generate \$2.35B, spending an average of \$33.03 per year. (pg. 15)

MARKET DEMOGRAPHICS AND BEHAVIOR

- The gender segmentations of the gaming landscape have largely stabilized as the growth of the market has been shared evenly across men and women. As of Q3 2014, **there are still more female mobile gamers in NA (56%) than male mobile gamers (44%).**
- **The average age of mobile gamers is approximately 27.7 years old.** This represents a decrease in the average age from previous years, as the availability of more affordable smart devices has meant that more children and teens have become device owners. (pg. 16)

EXECUTIVE SUMMARY

DECONSTRUCTING MOBILE & TABLET GAMING — 2014 FREE REPORT

- There is a strong relationship between mobile gaming spend and mobile gamer demographic profile. **Heavier spenders are more likely to be male, in their mid-twenties to mid-thirties, and are more likely to game on both a tablet and a smartphone.** The greater number of children/teens in the mobile market has meant that the average age for the Non-Payer and Moderate Payer segments have decreased somewhat (as parents limit their children's spending or restrict them to "free" options, pg. 16).
- Although significantly more mobile gamers have access to tablets, they are still finding their **smartphones to be more convenient for playing games when they are out of the house and want to take a quick break or while they are waiting.** Tablets, on the other hand see more use around the house as players use them to **relax and multitask while watching television.** (pg. 18)
- To better index player investment, EEDAR has constructed the Investment Scale which takes into account players' levels of monetary and time spend on mobile gaming, and places them on a scale from Casual to Core. **Casual-leaning gamers make up more than half of the Mobile Market (56%) and represent those who pay and play the least. Core-leaning gamers make up approximately 19% of the Mobile Market and represent those who invest heavily (both in terms of time and spend).**
- Segmenting the Mobile Market via the Investment Scale reveals that the most **Casual mobile gamers tend to be younger (average age is 26) and are more likely to be female (70%). Core gamers tend to be older (average age is 30) and are more likely to be male (58%).**
- **Core mobile gamers are not only more invested in mobile gaming, but also tend to utilize their mobile devices more frequently for a variety of activities.** This is particularly true for tertiary functions (e.g. reading books or magazines, directly communicating on a tablet), and for general tablet usage (pg. 21).
- In addition to being the most heavily engaged within games they enjoy, Core mobile gamers also tend to be the biggest evangelists – **75% of the most invested players are also active sharers (Compared to 23% of the most Casual mobile gamers).**

MOBILE FUNNEL ANALYSIS

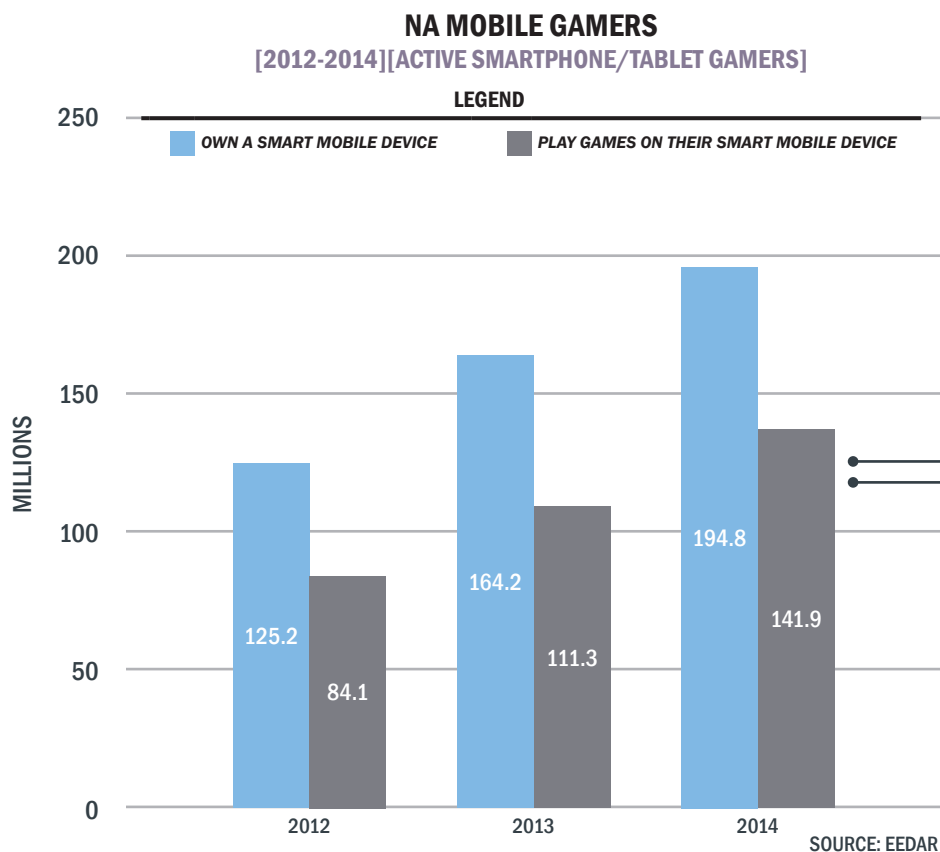
- **DISCOVERY:** Virality and buzz continue to be the best way to inexpensively acquire high-quality users. **Social sources (word of mouth and seeing someone play)** are still among the most highly endorsed discovery sources. In addition to these social sources, users also tend to gravitate toward games that have **high levels of visibility (being featured or near the top of the charts)**. Video services (e.g. YouTube, Everplay) have seen the most dramatic jump in utility, as an increasing number of users are looking to see gameplay firsthand before committing. (pg. 24)
- **INITIAL ENGAGEMENT:** The initial decision to download a game continues to be driven by the cost of the game and the game's genre. Users also look for features that will give them a good idea of what to expect (friend recommendations, reviews/star ratings, demo/lite versions). Branding (particularly strong mobile branding), continues to play a critical role in whether a mobile gamer chooses to download a game, with the relative efficacy of the brand type varying by genre, theme and target demographic. (pg. 26)
- **VIRALITY:** Approximately 40% of users are at least moderate sharers, driving the social virality channels by telling or showing friends about games directly. Users are also responding positively to the easy share opportunities, providing feedback in the app stores or inviting friends through Facebook. Heavy Payers not only spend the most money on a mobile game, they also tend to be the game's strongest evangelists, being significantly more likely to engage in sharing activities than lesser spenders. (pg. 28)
- **MONETIZATION:** The rapid rise of the Free-to-Play model has dramatically shifted mobile gamers' expectations and motivations for in-app purchases (IAPs). Where they were previously purchasing items that would expand their experiences (Level Packs, Permanent Items), the majority have shifted their focus toward purchases that will speed up their progression (resource replenishers, consumable wait reducers or experience boosts). (pg. 30)
- **CHURN:** Although aggressive monetization still remains the top reason for churning, mobile gamers have become slightly less averse to the notion of paying to ease their progression. Most cite game quality issues (repetitious, failed to live up to expectations, long wait times) as equally important when deciding whether to continue playing. (pg. 32)

MARKET SIZING & SEGMENTATION

MARKET SIZING AND SEGMENTATION

THE NA MOBILE GAMING MARKET SIZE

There are 194.8MM consumers in NA (US and CA) ages 13+ that own or have regular access to a smartphone and/or tablet. Almost three-quarters (73%) of smart device owners actively play mobile games. This is 141.9MM NA active mobile gamers.



There has been significant growth in the number of NA mobile gamers from Q3 2012 to Q3 2014 (30.6MM). **This growth has been driven largely by new smart device owners (which have seen a similar increase),** as more affordable smartphone/tablet options have emerged and younger players are gaining access.

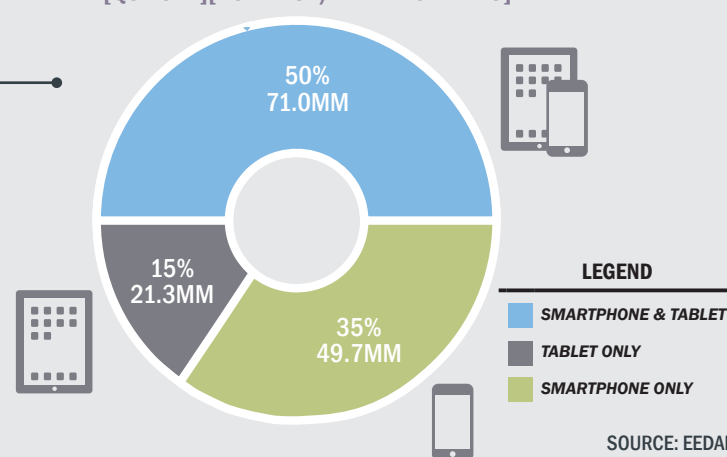
MOBILE GAMER MARKET SIZING

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SMARTPHONE/TABLET & OS SEGMENTATION

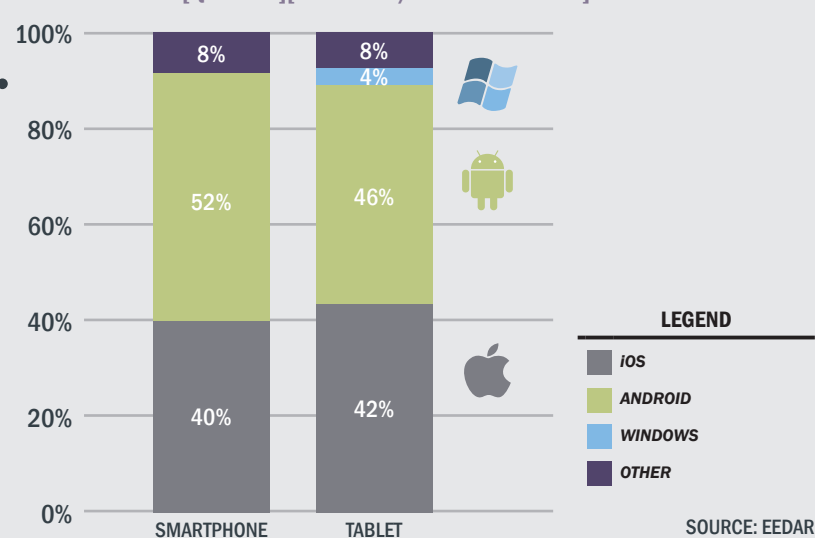
NA MOBILE GAMERS - BY DEVICE

[Q3 2014][ACTIVE SP/TABLET GAMERS]



NA MOBILE GAMERS - BY OS

[Q3 2014][ACTIVE SP/TABLET GAMERS]

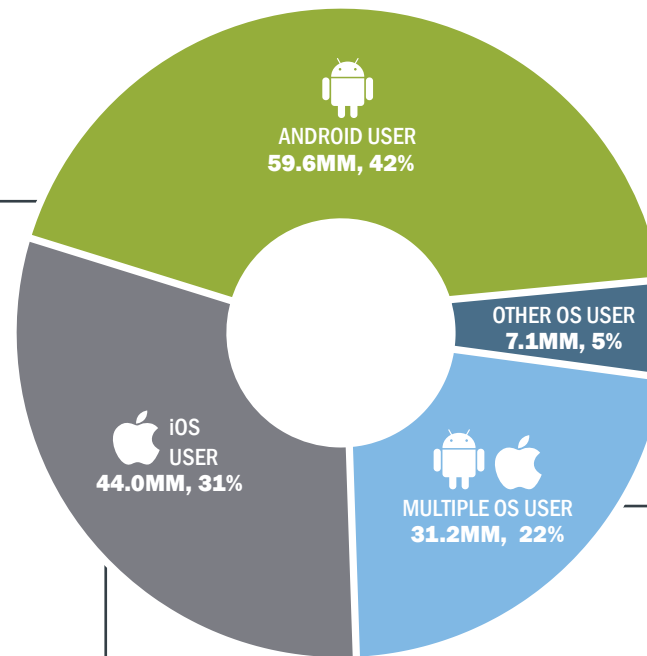


MOBILE GAME OS MARKET SIZING

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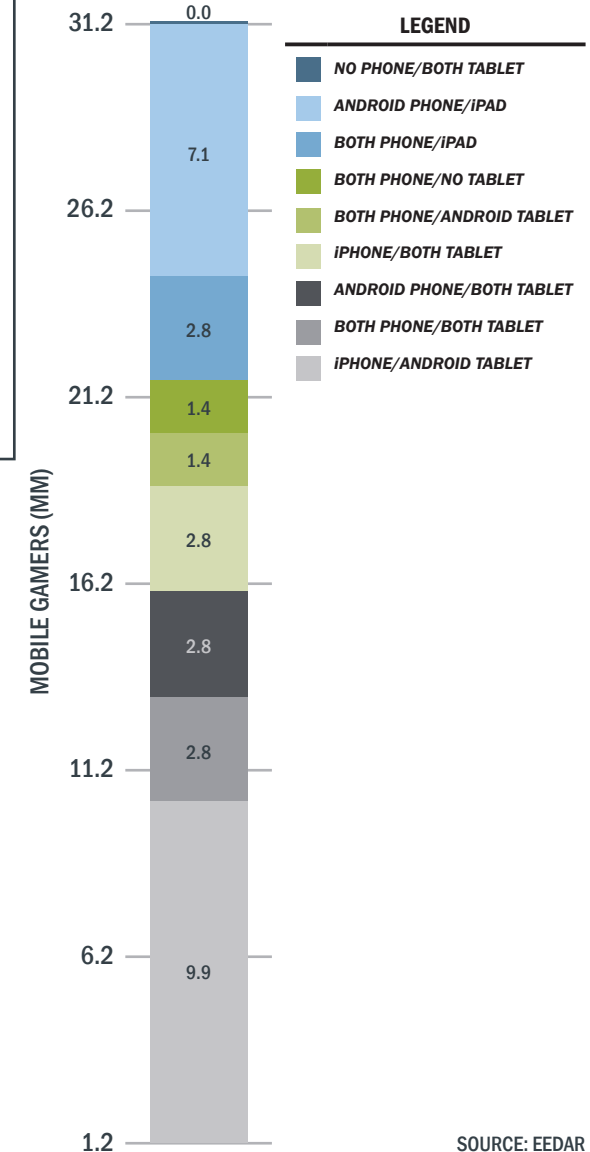
NA MOBILE GAMERS - BY OS

[Q3 2014][ACTIVE SP/TABLET GAMERS][MM]

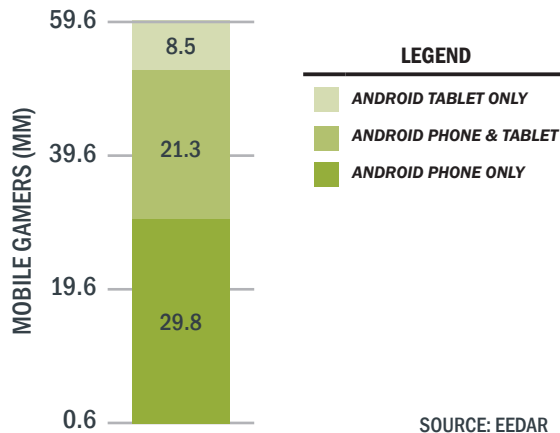


Most mobile gamers choose to operate in only one ecosystem, either the Android ecosystem (42%) or the iOS ecosystem (31%), across their devices. The number of cross-OS users has increased (from 16% in 2013), as more affordable options across the OS' have made dual device ownership more attainable. Despite having a significant advantage in market share over iOS, Android still generates significantly less revenue in North America than iOS (~40%). Apple's successful iPhone 6 launch in Fall 2014 suggests that it will continue to have an advantage in high spend users for at least the next several years.

MULTIPLE OS USERS - BY DEVICE

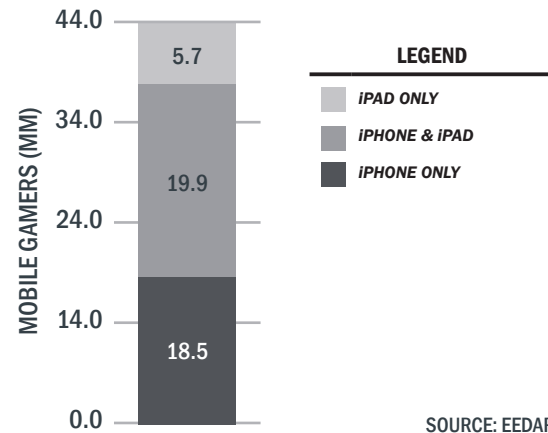


ANDROID GAMERS - BY DEVICE



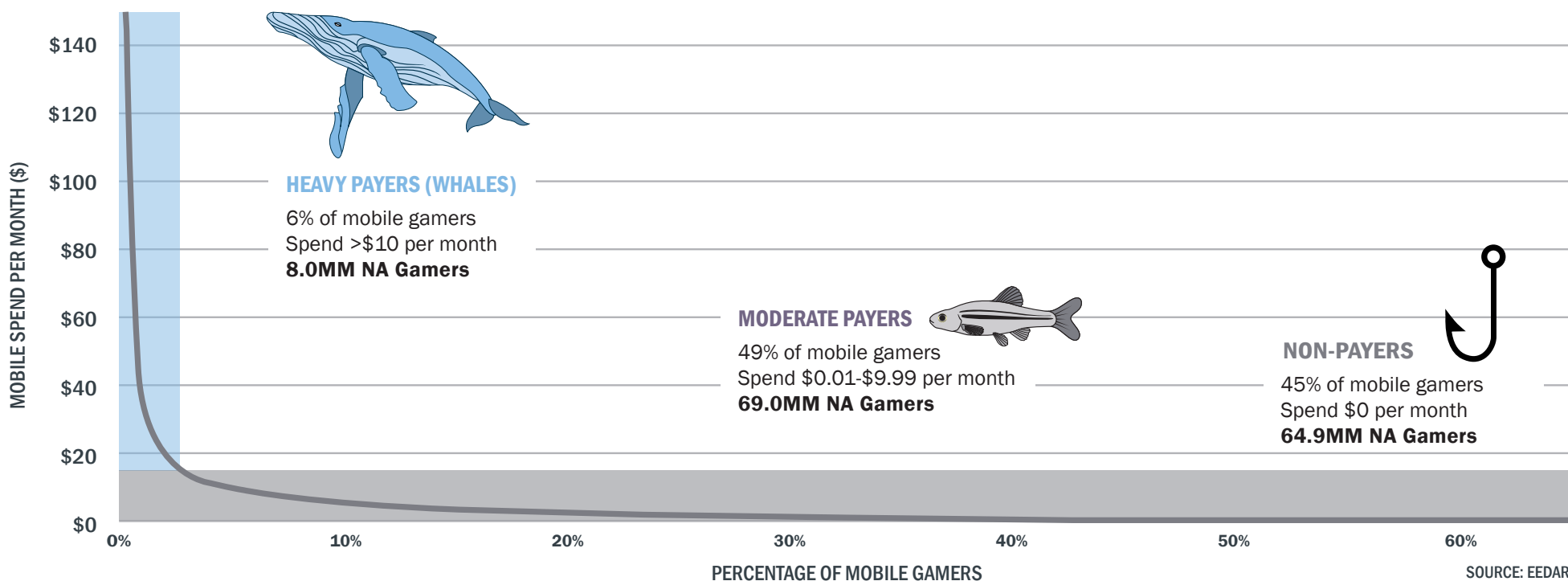
SOURCE: EEDAR

iOS GAMERS - BY DEVICE



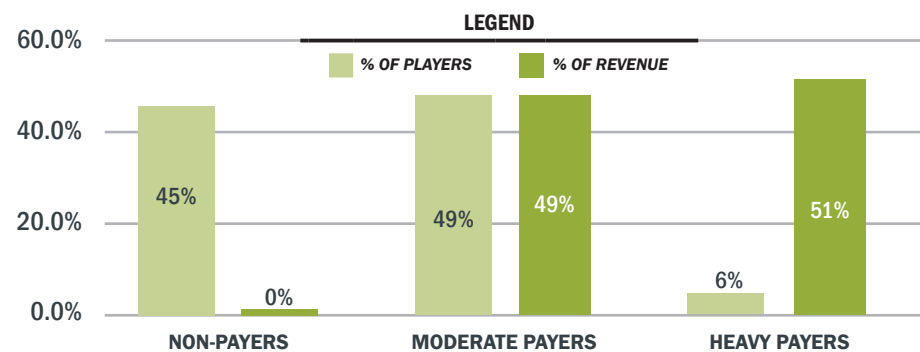
SOURCE: EEDAR

The mobile gaming market can be segmented into 3 distinct groups by spend: **Non-Payers, Moderate Payers, and Heavy Payers** (i.e. Whales). Whales contribute half of the revenue (51%) to the mobile gaming space despite a small player base (6%). It is important to note that this is a segmentation for spend across games. The payer percentage (i.e. conversion rate) is typically much lower for an individual Free-to-Play game (<5%).



SHARE OF PLAYERS AND REVENUE

SHARE OF MOBILE PLAYERS AND REVENUE - BY MOBILE GAMER SEGMENT



2014 NA MOBILE GAMING REVENUE

NA MOBILE GAME MARKET REVENUE

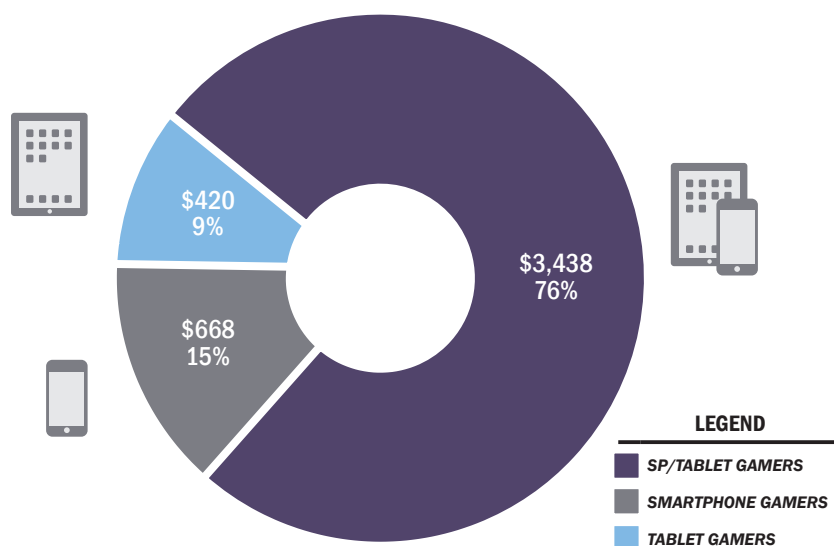
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Total North American mobile gaming revenue across smartphones and tablets is \$4.63B in 2014.

This is an average of \$32.65 per year for each of the 142MM NA mobile gamers.

NA MOBILE GAMING REVENUE (\$MM) - BY DEVICE

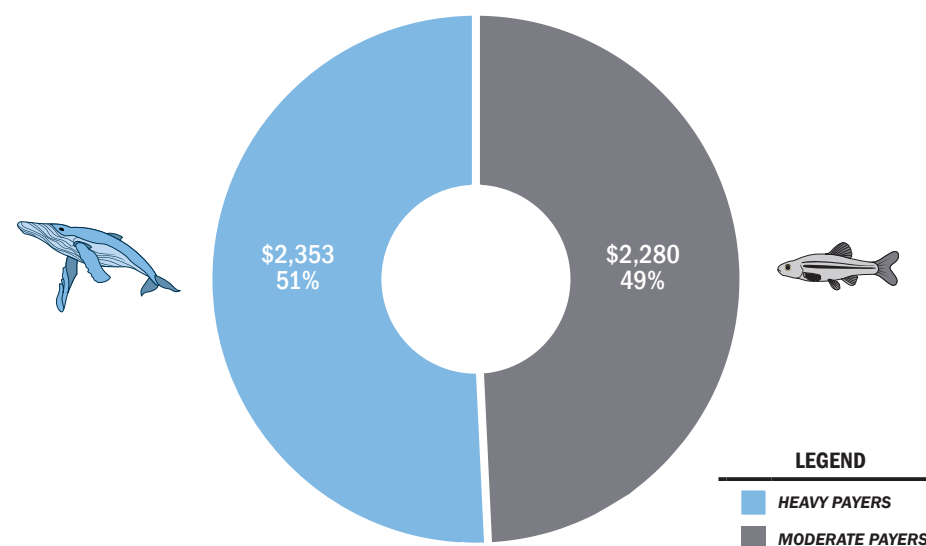


SEGMENTED BY DEVICE USAGE

SEGMENT	AVERAGE MONTHLY SPEND	AVERAGE YEARLY SPEND	GAMERS (MM)	TOTAL SPEND (MM)
SMARTPHONE GAMER	\$1.12	\$13.46	49.7	\$649
TABLET GAMER	\$1.64	\$19.73	21.2	\$449
SP/TABLET GAMER	\$4.04	\$48.45	71.0	\$3,108
TOTAL	\$2.72	\$32.65	141.9	\$4,633

SOURCE: EEDAR

NA MOBILE GAMING REVENUE (\$MM) - BY SEGMENT



SEGMENTED BY MOBILE GAMER SEGMENT

SEGMENT	AVERAGE MONTHLY SPEND	AVERAGE YEARLY SPEND	GAMERS (MM)	TOTAL SPEND (MM)
NON-PAYERS	\$0.00	\$0.00	64.9	\$0
MODERATE PAYERS	\$2.75	\$33.03	69.0	\$2,280
HEAVY PAYERS	\$24.48	\$293.70	8.0	\$2,353
TOTAL	\$2.72	\$32.65	141.9	\$4,633

SOURCE: EEDAR

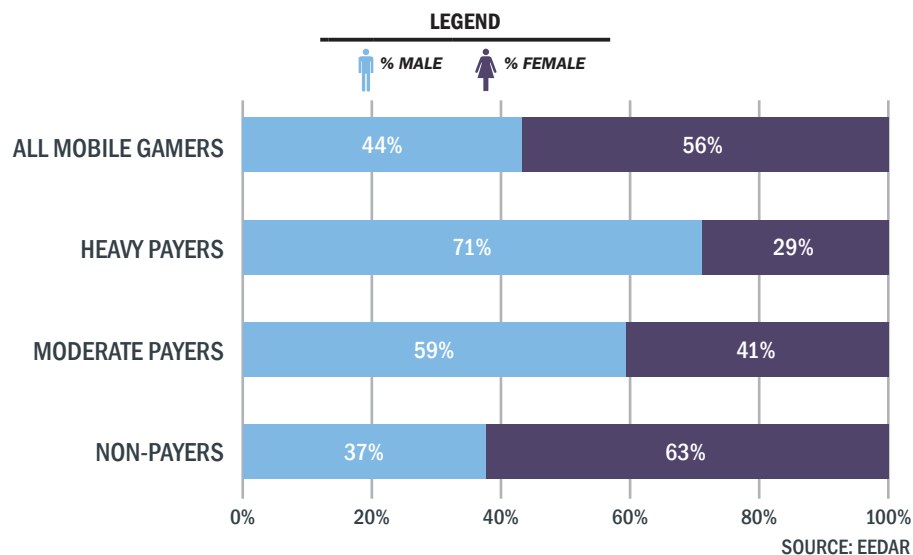
MARKET DEMOGRAPHICS & BEHAVIOR

DEMOGRAPHICS

The different spending segments have different demographic characteristics - heavier spenders are more likely to be male, are older, and are more likely to game on both a tablet and a smartphone.

- As of Q3 2014, there are more females playing mobile games than males in North America (56% vs. 44%). Heavy spenders are more likely to be male (71%), while Non-Payers are more likely to be female (63%).
- The spending differences between males and females are driven in part by the different gameplay experiences (i.e. genres) for which the groups over-index. Males over-index in genres that create deeper engagement and the motivation to purchase high-priced In-App Purchases (e.g. \$99 dollar hard currency packs in Combat City Builders), while females over-index in more casual genres that encourage a higher rate of less expensive In-App Purchases (e.g. \$0.99 purchase of more lives in a Matching Puzzle game).
- The average age of a mobile gamer in North America is 27.7 years old. This is markedly younger than in previous years (34.6 in 2013), as the increase in affordable smartphone and tablet options have resulted in more children/teens becoming device owners. This influx of younger gamers has largely been in the Non-Payer and Moderate Payer segments, as many younger players likely do not have regular access to funds for mobile gaming and/or are restricted to “free” options.
- Half of mobile gamers play on both a smartphone and tablet. Dual device usage dramatically increases with payer status, with 77% of Whales using both a tablet and smartphone.

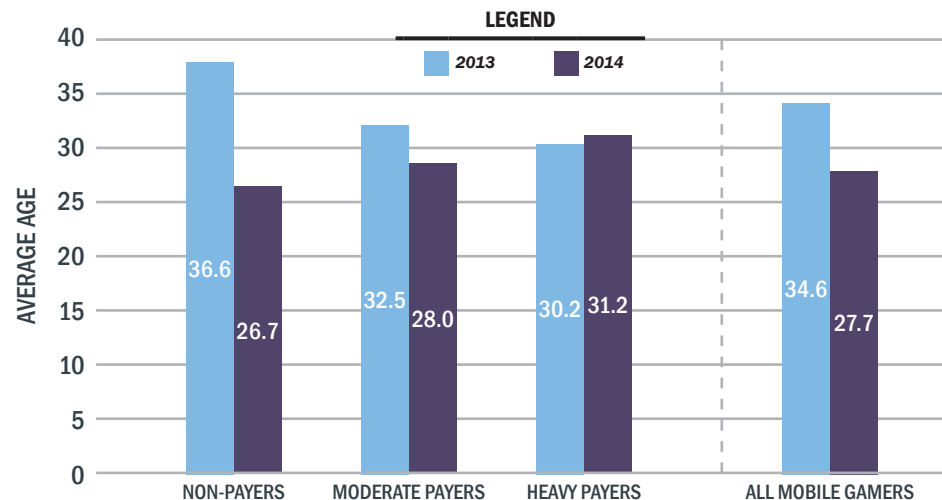
NA MOBILE GAMER GENDER



MOBILE GAMER DEMOGRAPHICS & BEHAVIOR

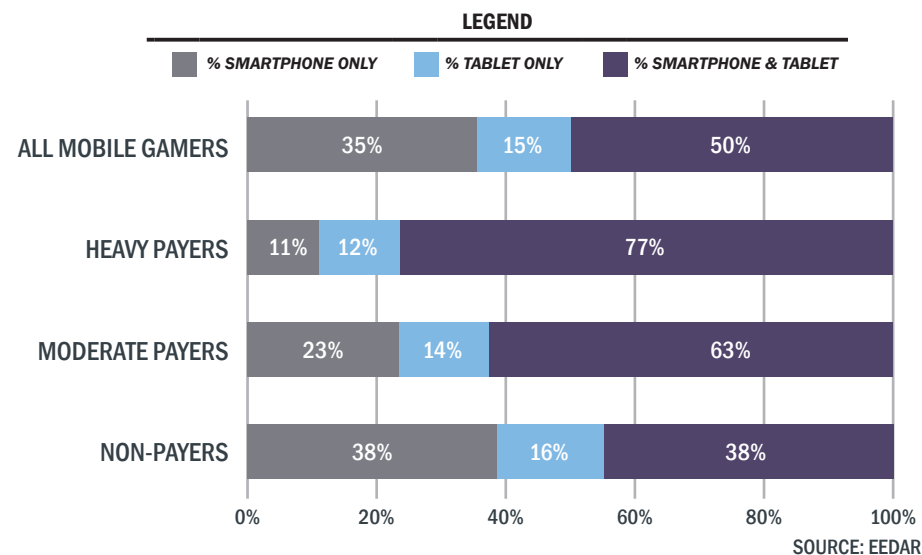
DECONSTRUCTING MOBILE & TABLET GAMING — 2014 FREE REPORT

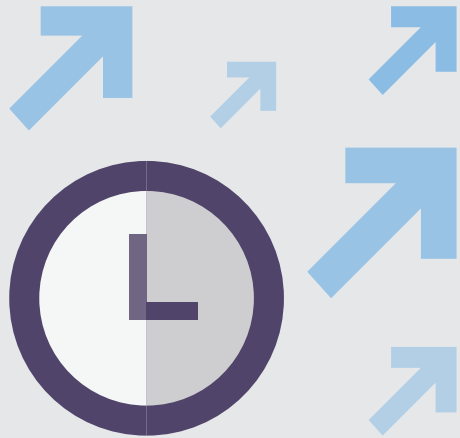
NA MOBILE AGE



SOURCE: EEDAR

NA MOBILE GAMER DEVICE USAGE

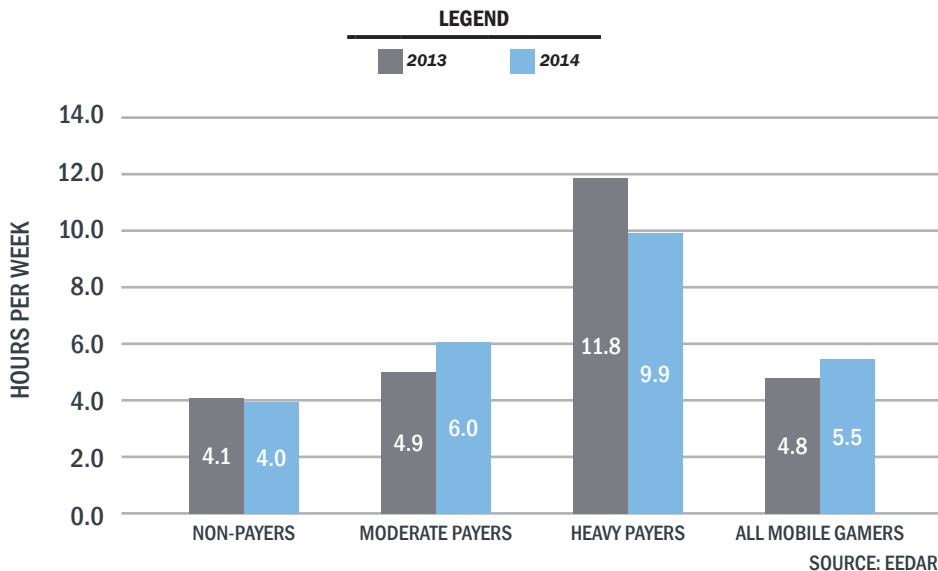




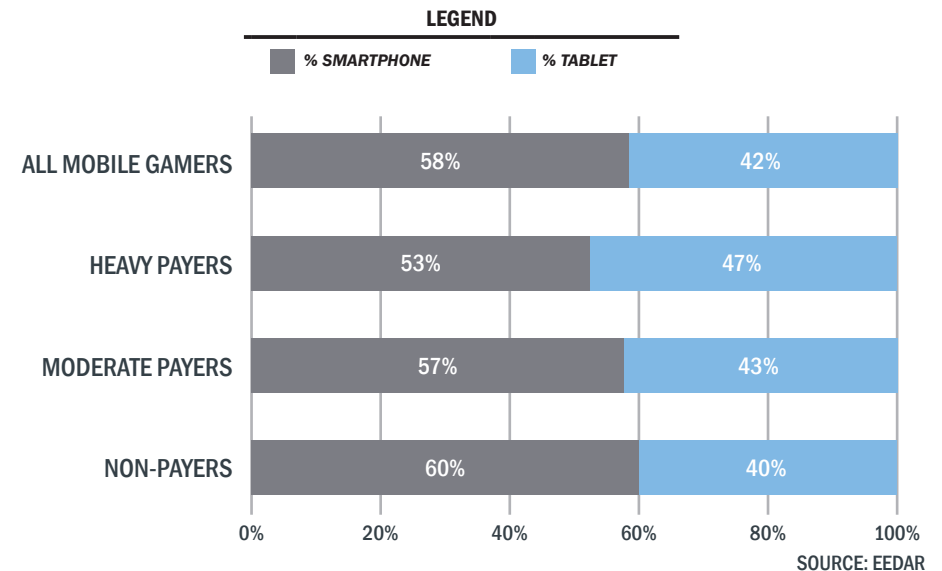
Overall, mobile gamers have been increasing their play time, from an average of 4.8 hours per week in 2013 to 5.5 hours per week in 2014. This increase has primarily been driven by the Moderate Payers, who now spend significantly more time playing games on a mobile device than Non-Payers (whereas in 2013, their play time was nearly identical). Heavy spenders have cut back some in their play time to 9.9 hours (from 11.8 hours per week in 2013), but still represent the heaviest players.

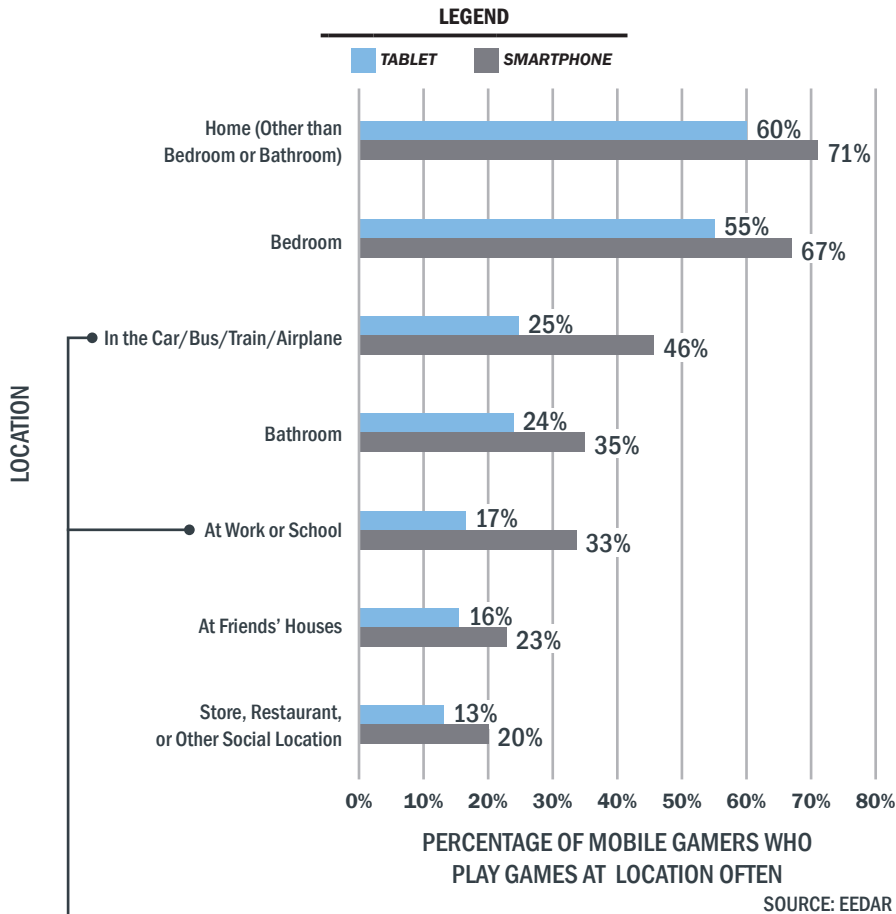
- Heavy Payers still play almost twice as many hours per week (9.9) as Moderate Payers (6.0) and Non-Payers (4.0).
- Mobile gamers that play games on both a smartphone and a tablet spend more of their gaming time on their smartphone (58%), than on their tablet (42%). This is particularly true for Non-Payers, who spend 60% of their gaming time on their smartphones. While the tablet is often the point of purchase and universal apps with both a tablet and smartphone version have significantly higher ARPU on tablet, it is important to remember that smartphones are still the more accessible mobile device and represent the majority of actual play time. The most successful games provide a universal experience that works well on both devices.

MOBILE GAMING HOURS PER WEEK
 [SMARTPHONE AND TABLET GAMING COMBINED][NA]



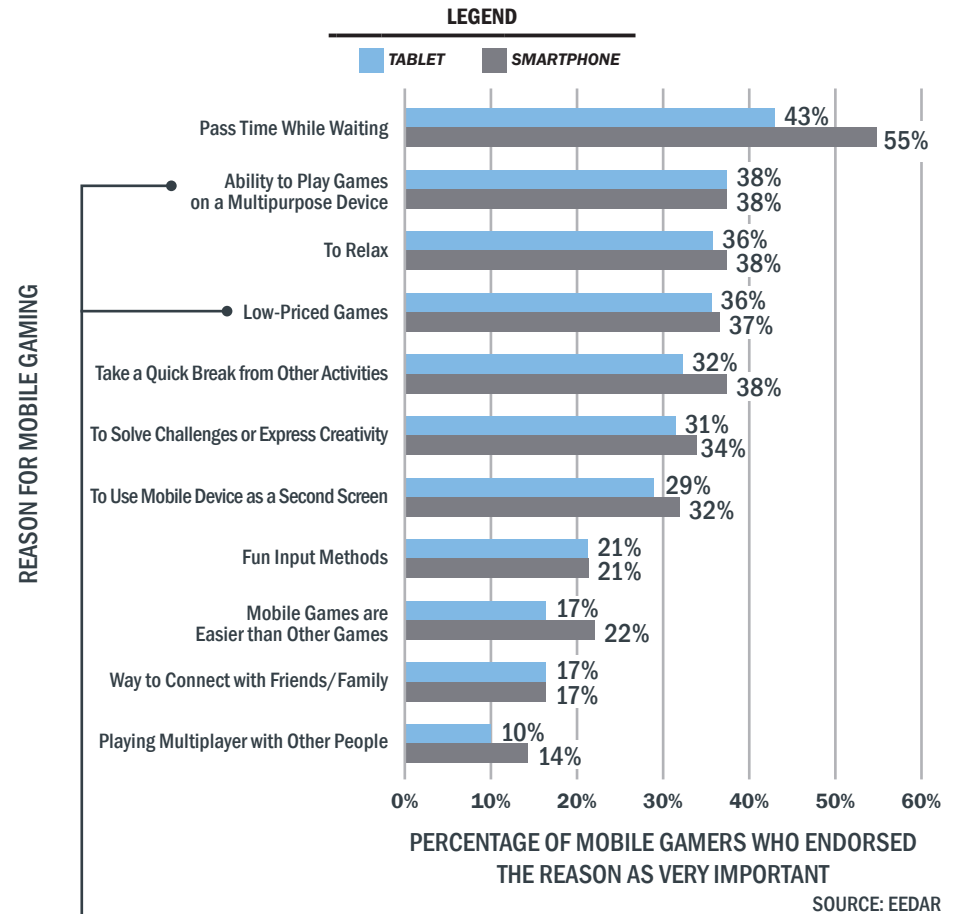
NA MOBILE GAMER SP/TABLET TIMESHARE
 [MOBILE GAMERS THAT USE BOTH DEVICES]



LOCATIONS MOBILE GAMERS PLAY MOBILE GAMES
 [SMARTPHONE VS. TABLET][NA]


Although dual device ownership has seen a marked increase, smartphones remain the go-to device for most mobile gamers.

The portability of smartphones means that mobile gamers are better able to play their games when they are out of the house, particularly when traveling, waiting or during breaks from other activities.

REASON MOBILE GAMERS PLAY MOBILE GAMES
 [SMARTPHONE, TABLET & DUAL DEVICE][NA]


Across both tablet and smartphone gamers, mobile games are attractive because they are accessible - low-priced titles which can be played on a device they already own for other purposes.

INVESTMENT SCALE TERMINOLOGY:

It should be noted that the decision to adopt the oft used, but poorly defined terms “Core” and “Casual” to describe player experience was intentional. By indexing based on investment, EEDAR believes that these terms can be applied in a synergistic manner to both the individual user experience and the overall title/genre experience. This is especially important because many F2P business models motivate purchases by offering a time savings in player advancement (time investment) for money (money investment).

On the user level, this scale allows for assessments of individual differences and broader player behavioral patterns. It assumes that within any given gaming experience (be it title level or genre level) that players will vary in the degree to which they invest, and that certain types of players will be drawn to gaming experiences that best suit their level of investment.

On the title/genre level, the same indices of investment (money and time spent) can be applied, but should be approached as the levels required to meaningfully engage. In short, it is necessary to answer the question: how much time and money do players need to invest to have an enjoyable experience? For Casual experiences, then, investment is low: minimal prior experience is needed to be successful, the controls/mechanics are simple and can be quickly learned, play sessions are short, and an emphasis on single-player experiences allows for a friendlier Non-Payer experience. Core experiences on the other hand require high levels of investment: there is a steeper learning curve, controls/mechanics are difficult to master, longer play sessions are required, and a heavier emphasis on competition necessitates large amounts of grinding or payment to be successful.

Although the use of payer segmentation provides a useful lens for examining financial investment in mobile gaming, this approach neglects other key forms of investment that are crucial for understanding broader patterns of player motivation and behavior. In order to provide a better index of player investment, a more nuanced approach is required.

To fill this need, EEDAR has developed a new method of segmentation – the Investment Scale. The Investment Scale indexes player investment by taking into account two key elements: amount of money spent on mobile gaming, and amount of time spent playing mobile games. Payer status has been indexed using the traditional segmentation model that was described in the previous sections and range from Non-Payer to Heavy Payer. Player status has been indexed based on the approximate number of hours players are engaging with mobile games across all titles played. Utilizing a similar segmentation model, time has been segmented into three classifications where significant intergroup

differences emerge: Light Players, who play less than one hour a week, Moderate Players, who play between 1-5 hours a week, and Heavy Players, who play in excess of 5 hours per week.

Combining these factors results in 9 pairings of behaviors, which ultimately represent 5 types of experiences that range from extremely Casual (i.e. low investment) to extremely Core (i.e. high investment).

Casual gamers fall on the low-investment end - being defined as those who are lightest players and lightest payers. Mid-core gamers fall in the middle, typically playing and paying moderately. This segment also includes those whose play/pay habits diverge widely (i.e. those who spend a lot, but do not play a lot, or vice versa). Finally, Core gamers represent the high-investment end of the scale - being the heaviest players and payers. Rounding out the scale are the “Semis” – mobile gamers whose habits are split between one of the extremes and the Mid-core segment.

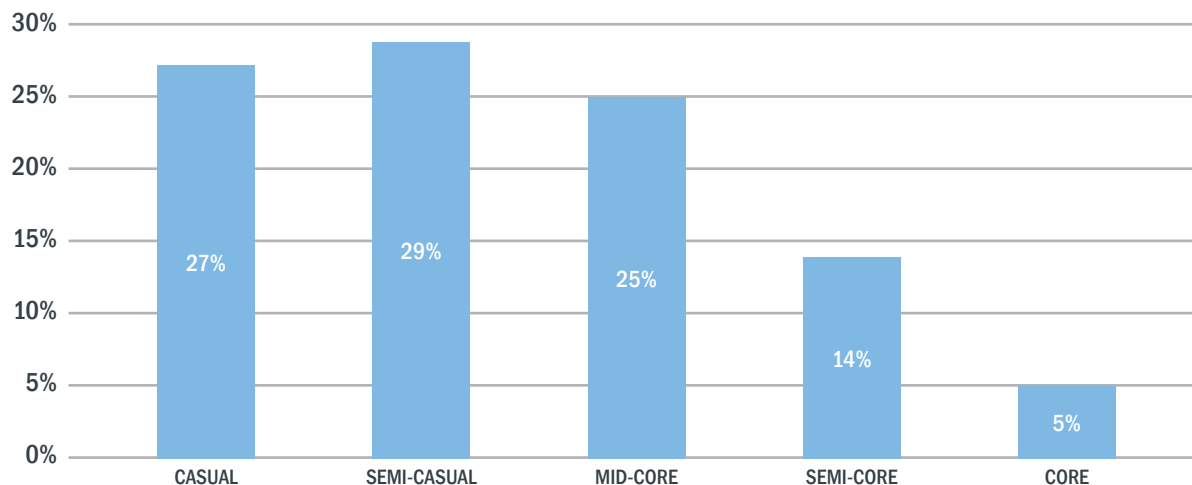
INVESTMENT SCALE BREAKDOWN

	NON-PAYER	MODERATE PAYER	HEAVY PAYER
LIGHT PLAYER (<1HR/WK)	Casual	Semi-Casual	Mid-Core
MODERATE PLAYER (1-5HR/WK)	Semi-Casual	Mid-Core	Semi-Core
HEAVY PLAYER (>5HR/WK)	Mid-Core	Semi-Core	Core

Segmenting the NA mobile market via the Investment scale reveals that **over half of all** mobile gamers (56%) fall on the Casual end of the spectrum. These mobile gamers tend towards light to moderate levels of play and spend – with nearly half (27%) being non-paying gamers who play for less than 1 hour a week. Examining the Core segments reveals that the majority of Heavy Payers also are the heaviest players – 83% of Heavy Payers play mobile games in excess of 5 hours a week.

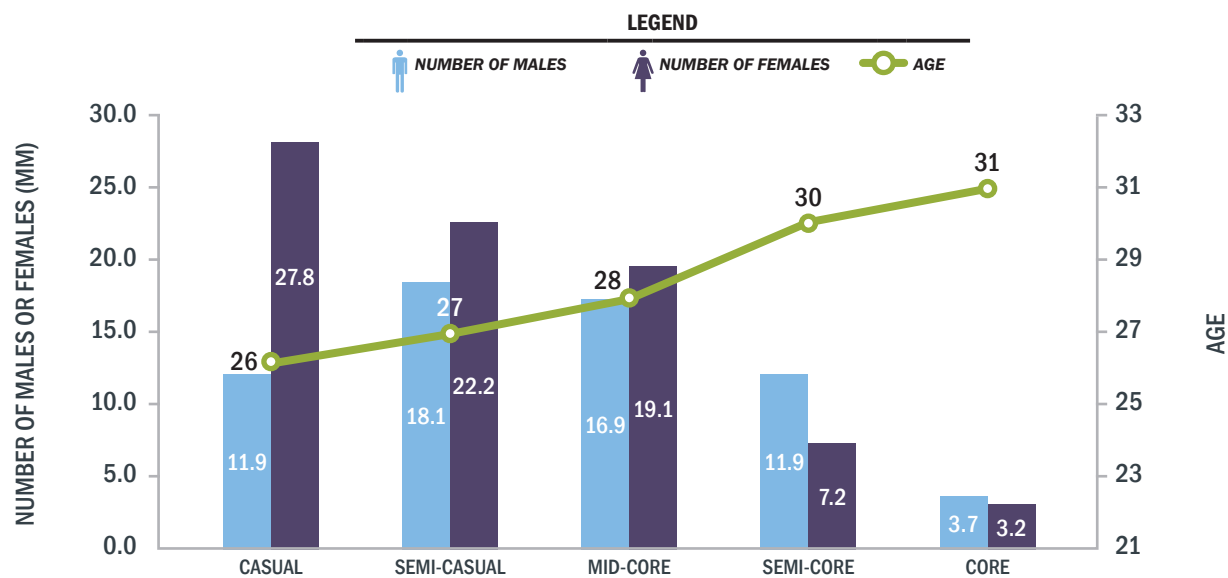
Examining the demographic breakdowns of these segments reveals that **Casual gamers are more likely to be female (making up about 64% of female gamers), and tend to be younger (average age is 27)**. On the other end of the spectrum, **Core-leaning mobile gamers make up less than a quarter of all mobile gamers (19%), are more likely to be male (making up about 24% of male gamers), and tend to be older (average age is 30)**.

NA MOBILE GAMERS BY INVESTMENT LEVEL



SOURCE: EEDAR

NA MOBILE GAMER DEMOGRAPHICS BY INVESTMENT LEVEL



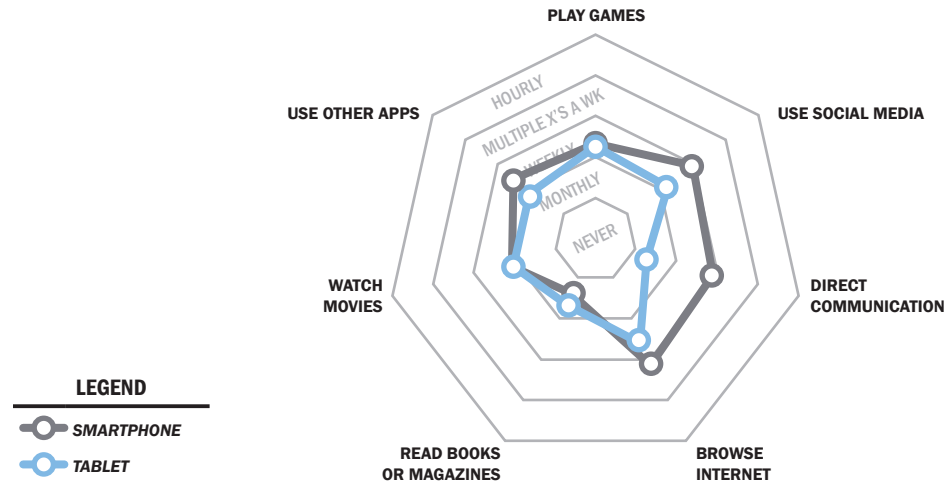
SOURCE: EEDAR

MOBILE DEVICE USAGE BY INVESTMENT SEGMENTATION NA MOBILE GAMERS

On the whole, **Core mobile gamers** use their devices, particularly their **tablets**, more frequently than **Casual mobile gamers**. The notable exceptions to this rule lie among several basic functions of smartphones - the primary function, as a line of direct communication, and secondary functions as a web or social media browsing device - where usage is nearly identical.

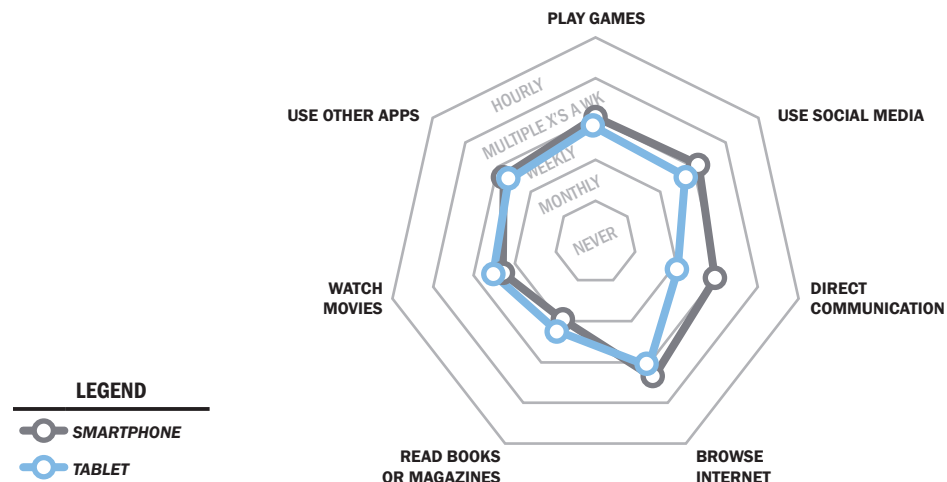
Tertiary functions of both tablets and smartphones (i.e. those pertaining to entertainment) are where the two segments most diverge - with Core mobile gamers more heavily investing in their mobile entertainment sources (games, apps, movies and reading) than Casual mobile gamers.

SMARTPHONE AND TABLET USAGE - CASUAL MOBILE GAMERS



SOURCE: EEDAR

SMARTPHONE AND TABLET USAGE - CORE MOBILE GAMERS



SOURCE: EEDAR

SHARING BY INVESTMENT SEGMENTATION NA MOBILE GAMERS

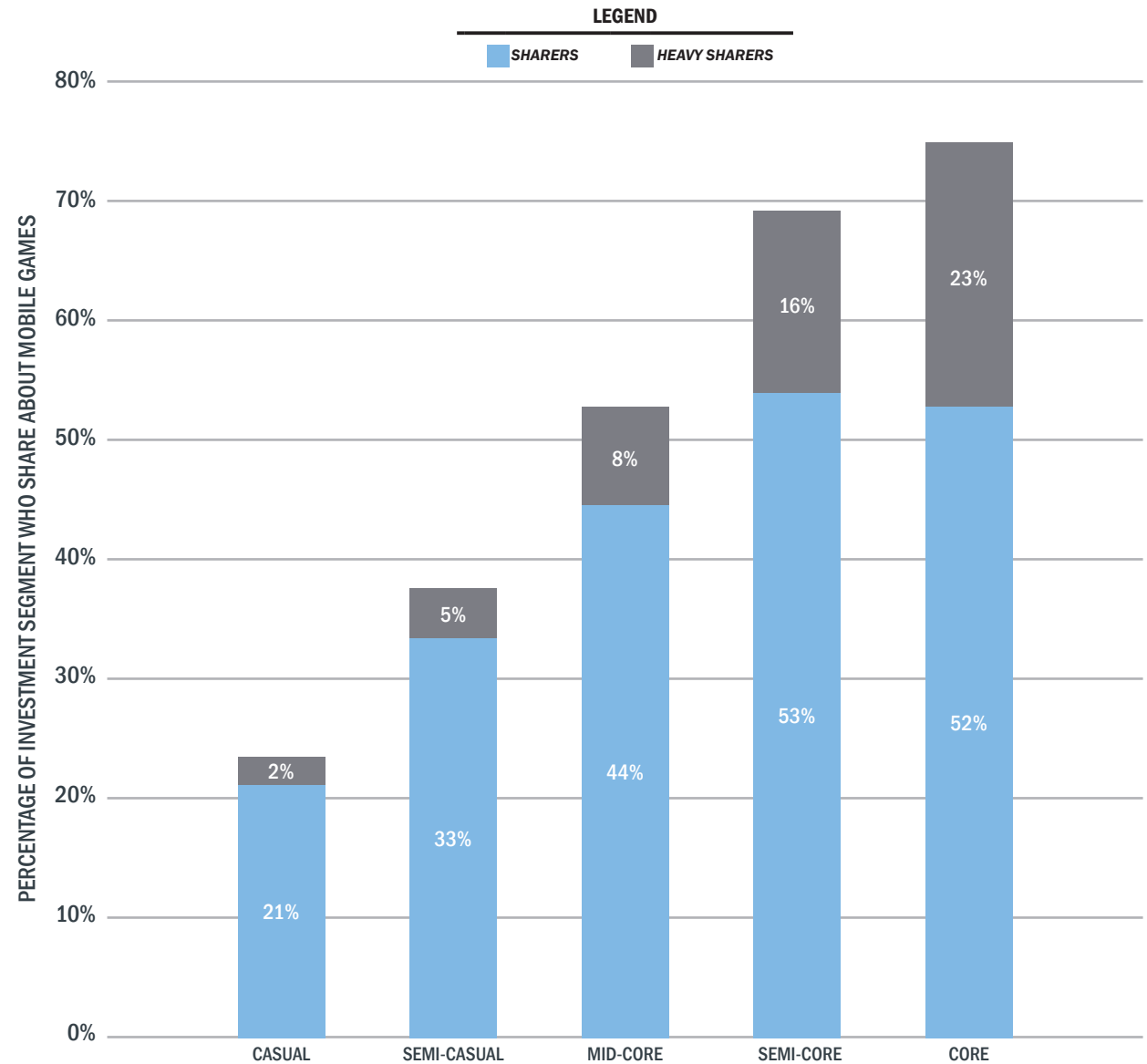
Overall, **40% of NA mobile gamers engage in at least occasional sharing behaviors**, opting primarily for direct social channels – telling a friend verbally or showing a friend the game.

When examining sharing patterns, mobile gamers can be segmented into two groups on the basis of the frequency and breadth of their sharing behaviors. The majority fall into the basic Sharer category – i.e. those who frequently share via one channel, or occasionally share via several channels. On the more extreme side, the most prolific sharers fall into the Heavy Sharer category – i.e. those who frequently share via multiple channels.

Across the Investment segmentations, greater investment in the gaming experience is associated with higher rates of sharing – **among the most Casual gamers, Sharers make up the minority (23%), but among the most Core gamers, they are the majority (75%).**

This suggests that Core mobile gamers are the main drivers of a successful gaming community – not only deeply engaging within the games they enjoy, but also evangelizing to draw additional users in. A game's social features should be designed with this group of players in mind, providing ways to share that are enticing to this core group of players (e.g. ways to show off accomplishments easily).

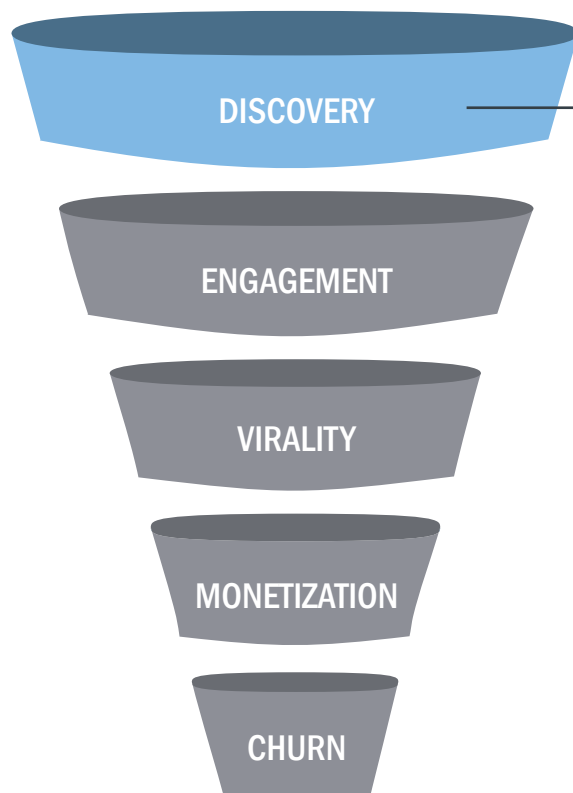
SHARING BY INVESTMENT LEVEL



SOURCE: EEDAR

MOBILE FUNNEL ANALYSIS

THE MOBILE FUNNEL



DISCOVERY

• Virality and buzz continue to be key ways to acquire high-quality users. Although not as strong as in previous years, social sources still rank among the top discovery avenues.

- **WORD OF MOUTH** (36% Endorse often using source)
- **WATCH PERSON PLAYING GAME** (33%)

Overtaking social sources as the top method of finding new games, a high level of visibility on the app stores' front pages is now more crucial than ever to draw in new players:

- **BEING NEAR THE TOP OF THE DOWNLOAD CHARTS** (43%)
- **BEING A FEATURED APP** (35%)

P.25

• Facebook continues to play a key role in user acquisition in 2014 as both a social network and advertising platform. Users remain more responsive to more personalized and indirect forms of advertising - **Friends' Posts about the game on Facebook (21%); but Connect Invitations (18%) and Facebook Advertisements (18%) remain strong sources for discovery too.**

Year over year, the most dramatic shift has centered on the role that video plays in facilitating user sharing and drumming up buzz. **In 2013, Video Services ranked 12th most utilized among the 17 potential discovery sources. As of Q3 2014, the use of services such as Everplay and YouTube to find out about new games has jumped dramatically, now ranking as the 6th most utilized discovery channel.** Moving forward, the integration of easy video sharing options will be crucial to driving organic virality and promoting community engagement.

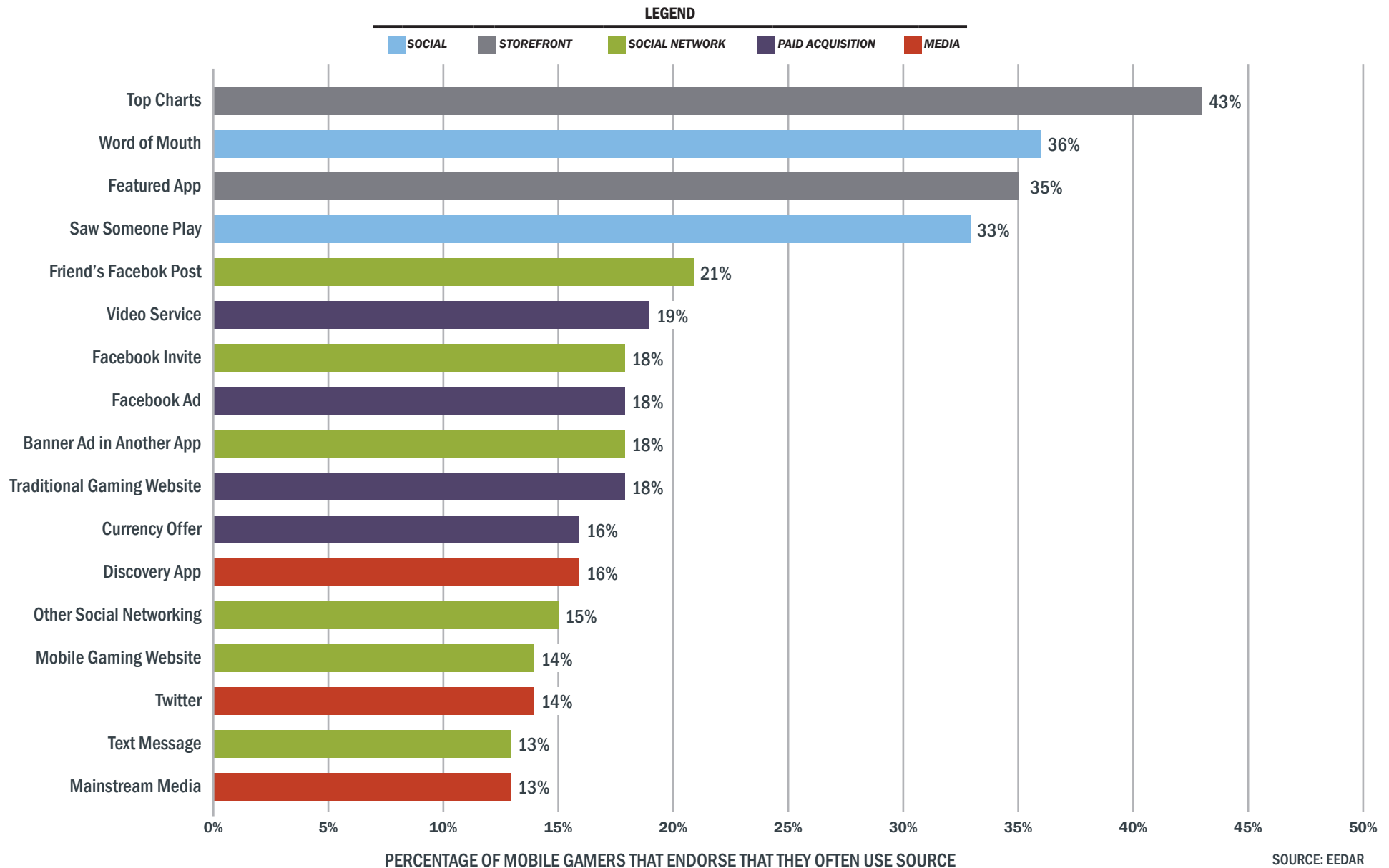
P.25

Traditional and Mobile Gaming Websites, although less endorsed as a source by mobile gamers overall (18% and 14%), over-index for Payers and should not be ignored as a discovery source for heavily engaged mobile gamers.*

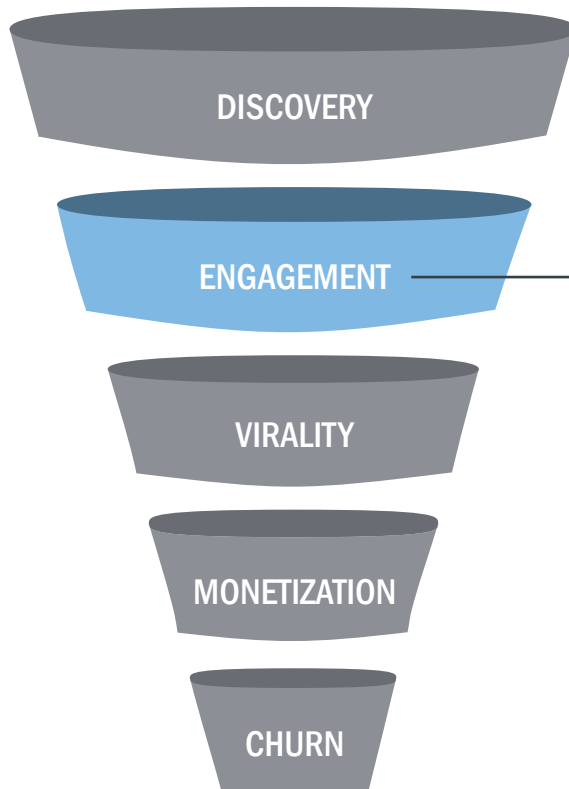
• Android Users continue to endorse the Featured Apps section in the storefront (38%) more than iOS users (32%).*

* More on this can be found in the FULL Report.

SOURCES MOBILE GAMERS USE TO DISCOVER MOBILE GAMES



THE MOBILE FUNNEL



INITIAL ENGAGEMENT

- When a user makes the initial decision to download a game, **the two most endorsed reasons for download continue to be the cost of the game (endorsed as very influential by 66%) and the genre (45%).**

Outside of these factors, users look to trusted sources for recommendation (**42% endorse friend recommendations**) or for games that are generating buzz – **hearing people talk about a game was endorsed by 41%, and being near the top of the download charts by 36%.**

Where direct recommendations may not be available, users seek information about game quality through the storefront itself – **user reviews (39%), star ratings (36%) and screenshots (35%); or they look for games that will allow them to try playing for free (39%).**

P.27

- Branding continues to play a critical role in communicating quality and driving recognition.**

Users continue to be most influenced by the presence of **Established Mobile Branding (61%)**, which helps to establish expectations for quality and content.

Branding is also particularly attractive to users when it entails bringing a traditionally non-mobile gaming experience to a mobile platform:

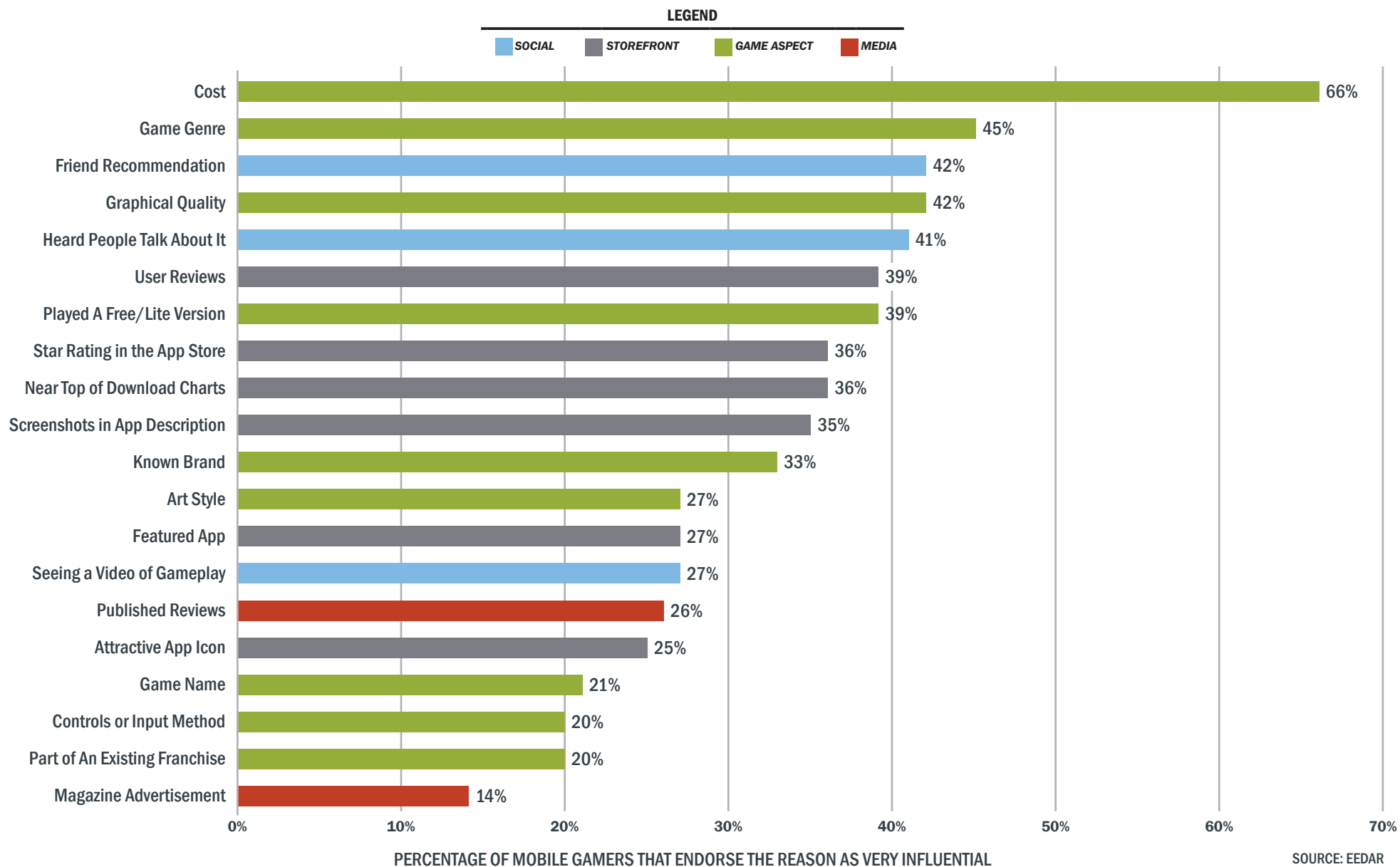
- **OTHER GAME BRANDING (CARD, BOARD, ETC.)** (44%)
- **CONSOLE GAME BRANDING** (39%)

Media branding (Film, TV, etc.) still plays a key role in driving virality, but is most successful when carefully tailored to the gaming experience and target market.*

Heavy Payers are less likely than Moderate Payers and Non-Payers to endorse cost and over-index in endorsing sources that facilitate information gathering: Friend Recommendations, Video Services, and Published Reviews. This suggests that Heavy Payers are more selective, seeking out others' opinions about the quality of games, rather than opting to try out multiple games themselves.*

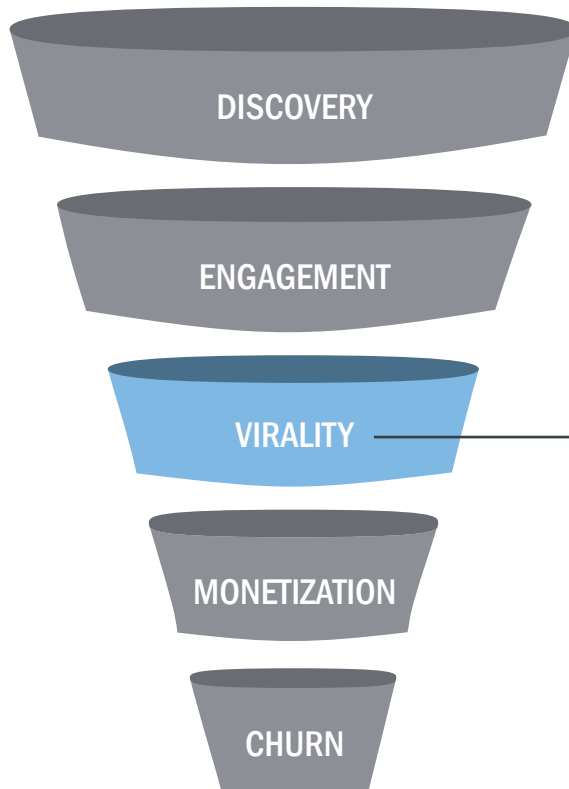
* More on this can be found in the FULL Report.

REASONS MOBILE GAMERS DOWNLOAD MOBILE GAMES



SOURCE: EEDAR

THE MOBILE FUNNEL



VIRALITY

- As User Acquisition costs rise, virality through word of mouth communication and social in-game hooks become increasingly important to keep costs down.

Direct Social Methods (Telling others or Showing others directly) continue to rank among the top sharing activities, helping to drive key discovery channels:

- **38% OF USERS OFTEN SHARE BY TELLING FRIENDS ABOUT A GAME VERBALLY**
- **29% OFTEN SHARE BY SHOWING FRIENDS GAMEPLAY**

Although newer forms of virality, such as posting video footage, are highly endorsed as discovery sources, it should be noted that they remain underutilized as sharing methods. Greater attention needs to be paid to integrating/encouraging easy video sharing options to facilitate this highly effective form of sharing.

P.29

The types of information mobile gamers focus on when encouraging others to play a game reveals a lot about the experiences they seek. **At the top of their list - controls are easy to learn (43% mention often), but gameplay is challenging to master (40%).**

P.29

- Payers continue to be the biggest evangelists for games they enjoy, with 55% of Heavy Sharers being Moderate Payers, and 30% being Heavy Payers.

Heavy Sharers are defined as mobile gamers that endorsed often sharing with others through multiple channels. **Approximately 40% of all NA mobile gamers are at least Moderate Sharers - often sharing through one or more channels.**

P.29

- Heavy Sharers are also more likely to endorse using many different discovery sources to learn about mobile games. This creates a sharing loop. Heavy Sharers are more likely to share information and learn about mobile games from multiple sources. Fostering this segment's interest is critical to the success of a mobile game.*

**HEAVY SHARERS
SHARE INFO ABOUT GAMES
TO ALL MOBILE GAMERS**

**COLLECT INFO FROM OTHER
HEAVY SHARERS**

* More on this can be found in the FULL Report.

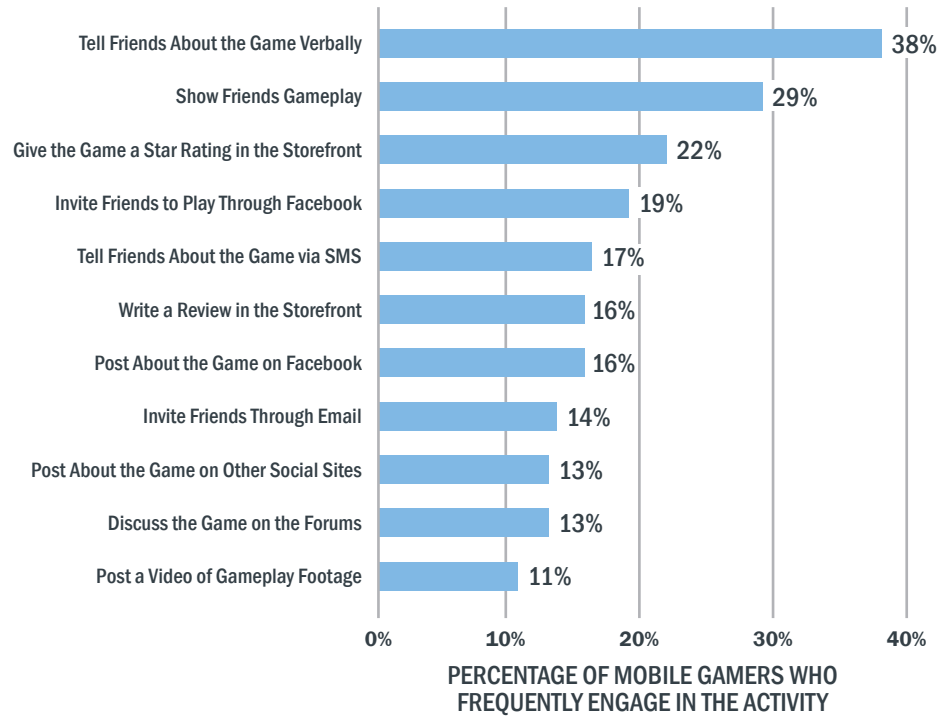
THE MOBILE FUNNEL

DECONSTRUCTING MOBILE & TABLET GAMING — 2014 FREE REPORT

SHARING SOURCES

WORD OF MOUTH SHARING IS MOST ENDORSED TYPE

MOBILE GAMER SHARING ACTIVITIES



**Heavy Sharers make up 40% of mobile gamers.
They spend more on mobile games.**

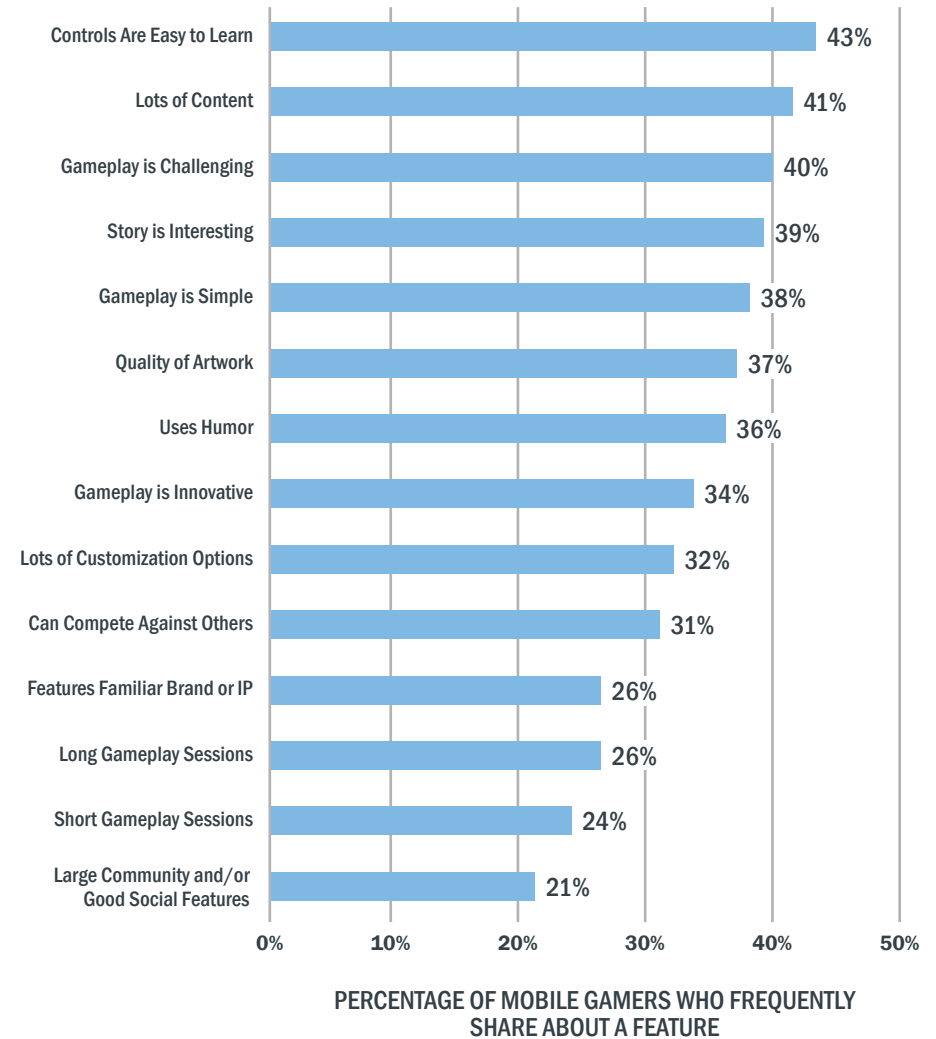
	HEAVY PAYERS	MODERATE PAYERS	NON-PAYERS
ALL MOBILE GAMERS	5%	40%	55%
HEAVY SHARERS	30%	55%	15%

SOURCE: EEDAR

SHARING CONTENT

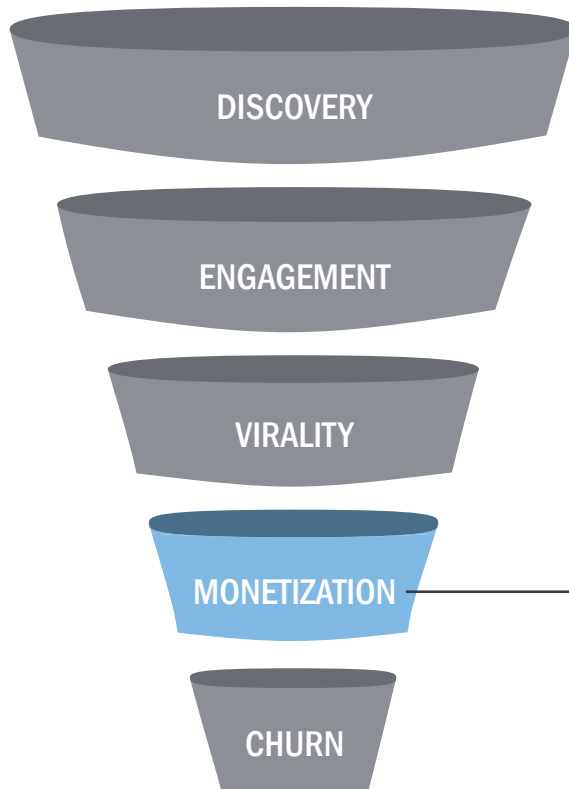
HEAVY SHARERS DISCOVER MORE FROM WORD OF MOUTH

FEATURES MOBILE GAMERS SHARE ABOUT



SOURCE: EEDAR

THE MOBILE FUNNEL



MONETIZATION

- The vast majority of mobile game revenue in NA (over 90%) is generated by in-app purchases, primarily from games that are F2P.

Mobile game revenue is top loaded, with a large percentage of revenue being generated by the top grossing games. In line with this, Heavy Payers spend significantly more than their monthly average on their highest spend games:

Average Money Spent on Game with Highest Spend:

- **MODERATE PAYERS**
(<\$10 PER MONTH): \$20.34
- **HEAVY PAYERS**
(>\$10 PER MONTH): \$48.97

The types of IAPs mobile gamers endorse purchasing are related to the reasons they purchase IAPs. Users have shifted from primarily purchasing **new single-player** levels (top IAP in 2013, now ranks 4th), to focusing on consumable boosts to replenish a resource (22% purchasing them often), or to reduce grinding (20%). Game-affecting permanent items are also highly endorsed (21%). In general, players endorsed IAP item types similarly except for robust game services (16%) and cosmetic items (16%) being purchased least frequently.

- Mobile gamers' expectations regarding in-app purchases (IAPs) have shifted somewhat as they have adapted to F2P monetization strategies. **This is most clearly evidenced in the fact that users now rate Progressing More Quickly (i.e. bypassing gates) as the most important reason for making IAPs (53% endorsed the reason as very important).**

Additionally, users are more comfortable with the notion that IAPs can give them a leg-up in the community:

- **IN MULTIPLAYER COMPETITION** (48%)
- **TO STAND OUT COSMETICALLY** (38%)

Gifting items to friends remains a weak motivator across the board (36%), with players primarily focusing purchases on improving their own experience.

P.31

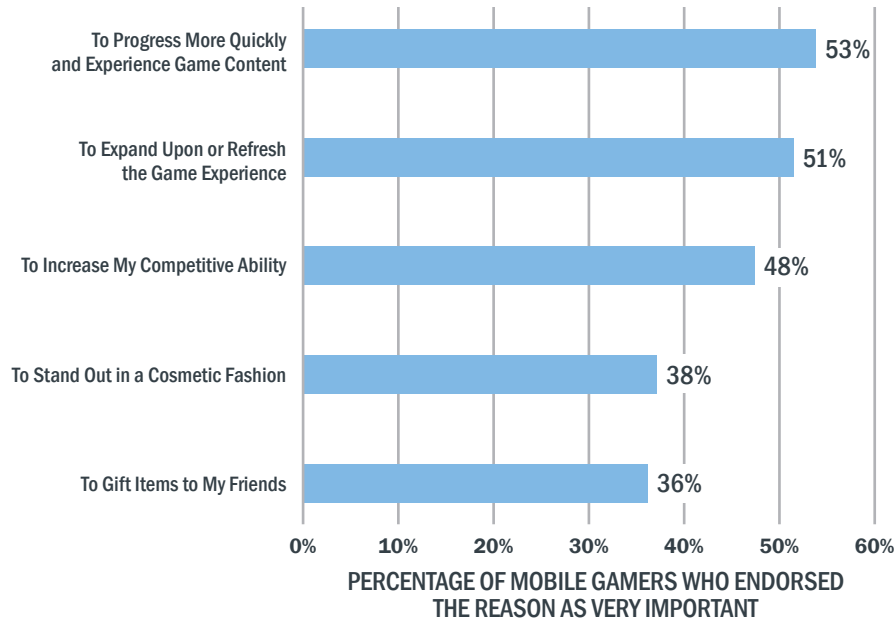
Heavy Payers have a significantly higher percentage of their spend from IAPs (>90%) than lower spending groups. Heavy Payers more strongly endorse all reasons for making IAP purchases than Moderate Payers.*

P.31

* More on this can be found in the FULL Report.

IAP REASONS

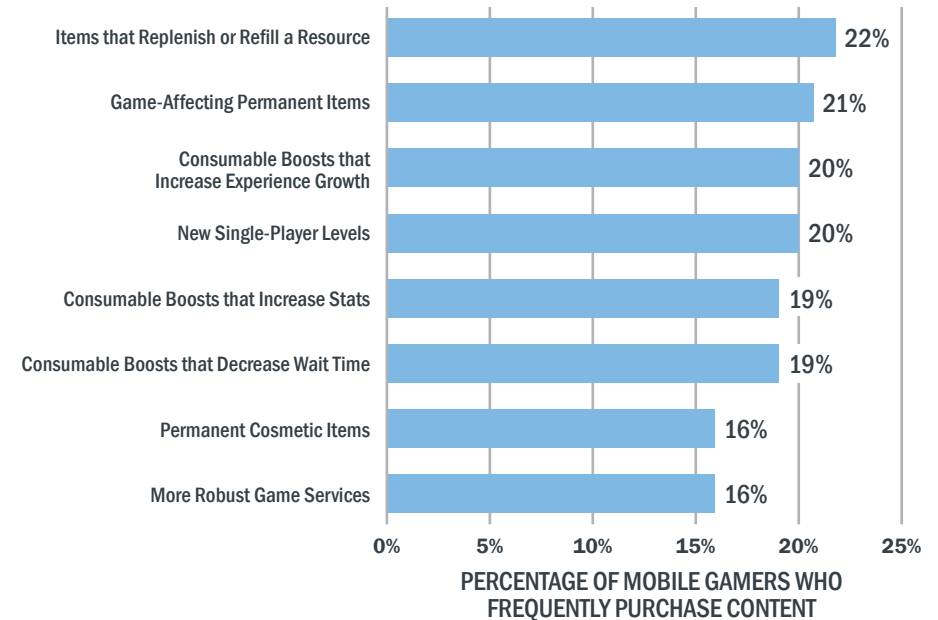
REASONS MOBILE GAMERS MAKE IN-APP PURCHASES



SOURCE: EEDAR

IAP CONTENT TYPES

IN-APP PURCHASE CONTENT PURCHASED BY MOBILE GAMERS

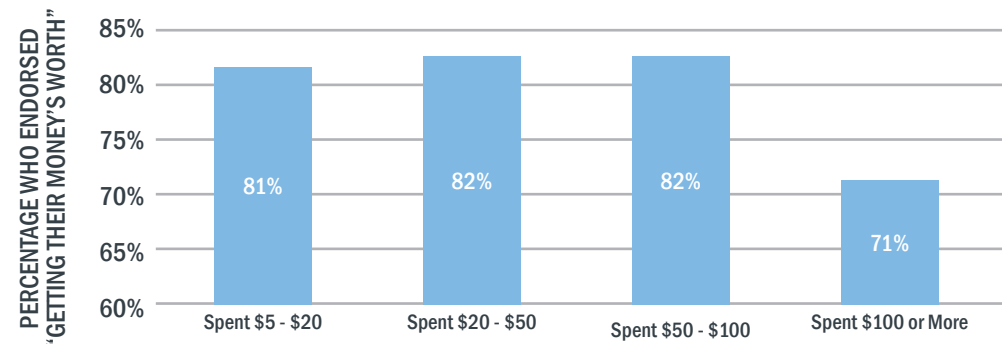


SOURCE: EEDAR

IAP SATISFACTION

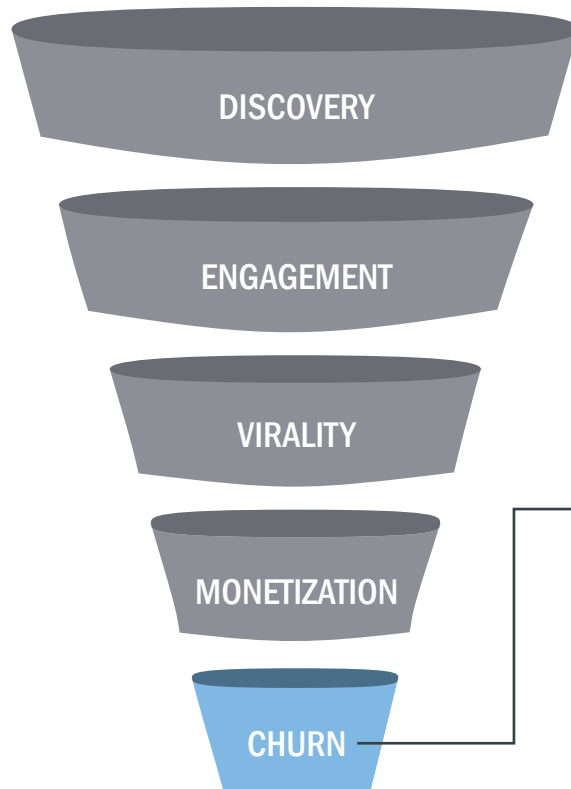
MOBILE GAMERS SATISFIED WITH THEIR SPEND ON THE MOBILE GAME THEY SPENT THE MOST ON

Despite claims that the Free-to-Play business model takes advantage of Heavy Spenders by leveraging impulsive buying behaviors rather than providing true gameplay value, the majority of Moderate to Heavy Spenders endorse that they are satisfied with the purchases made in the mobile games on which they spend the most money.

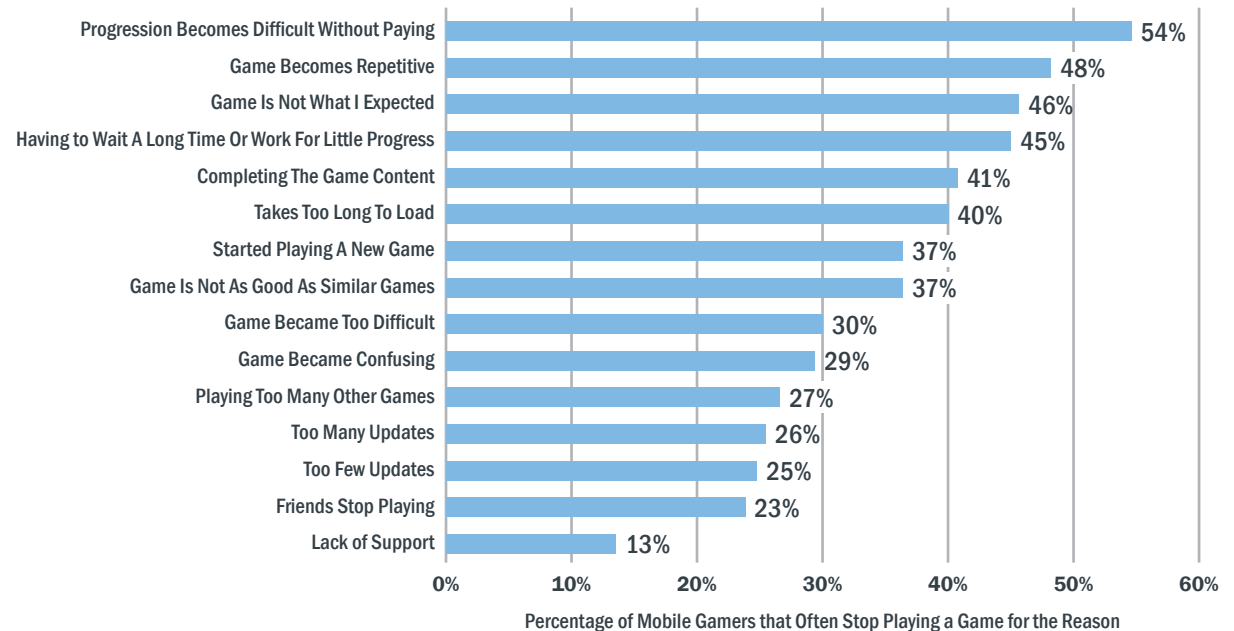


SOURCE: EEDAR

THE MOBILE FUNNEL



REASONS MOBILE GAMERS STOP PLAYING MOBILE GAMES



SOURCE: EEDAR

CHURN

- Mobile gamers endorse a broad variety of reasons for discontinuing a mobile game.

Although users have largely adapted to the F2P business model, they are still likely to react to overly aggressive monetization strategies – **over half (54%) regularly churn when progression becomes difficult without paying.**

Other top reasons for churning are most closely associated with a lack of new experiences or long delays during or between play sessions.

P.32

- Heavy Payers over-index in the reasons related to consuming high volumes of content, such as a game that is not what was expected, is not as good as other games, and/or they are playing too many games.

It should be noted that Moderate Payers over-index in needing to pay real money to progress and that this is still a highly endorsed reason by Heavy Payers. This suggests that these players are making informed decisions regarding which games are enjoyable enough to warrant IAPs.*

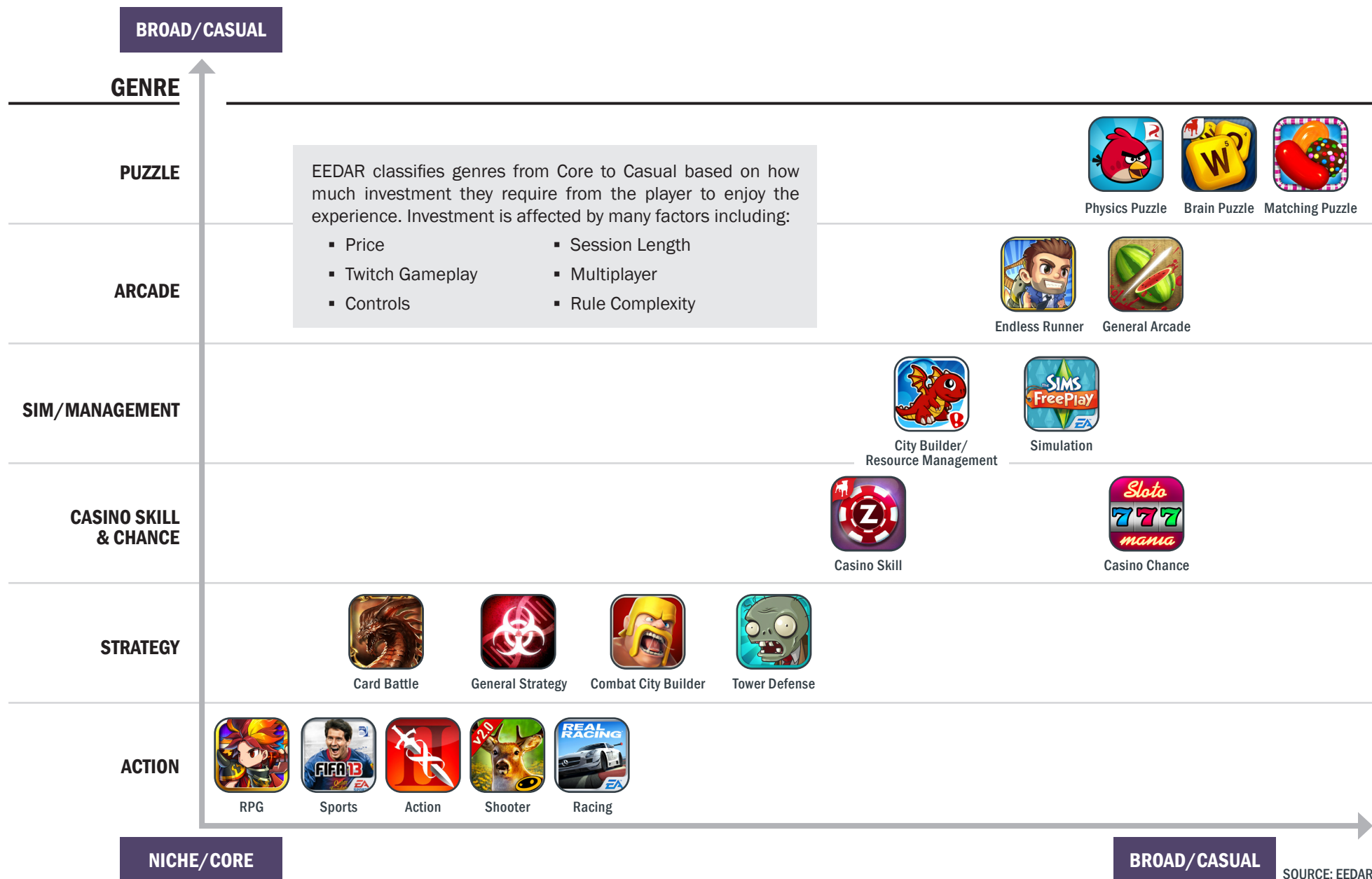
* More on this can be found in the FULL Report.



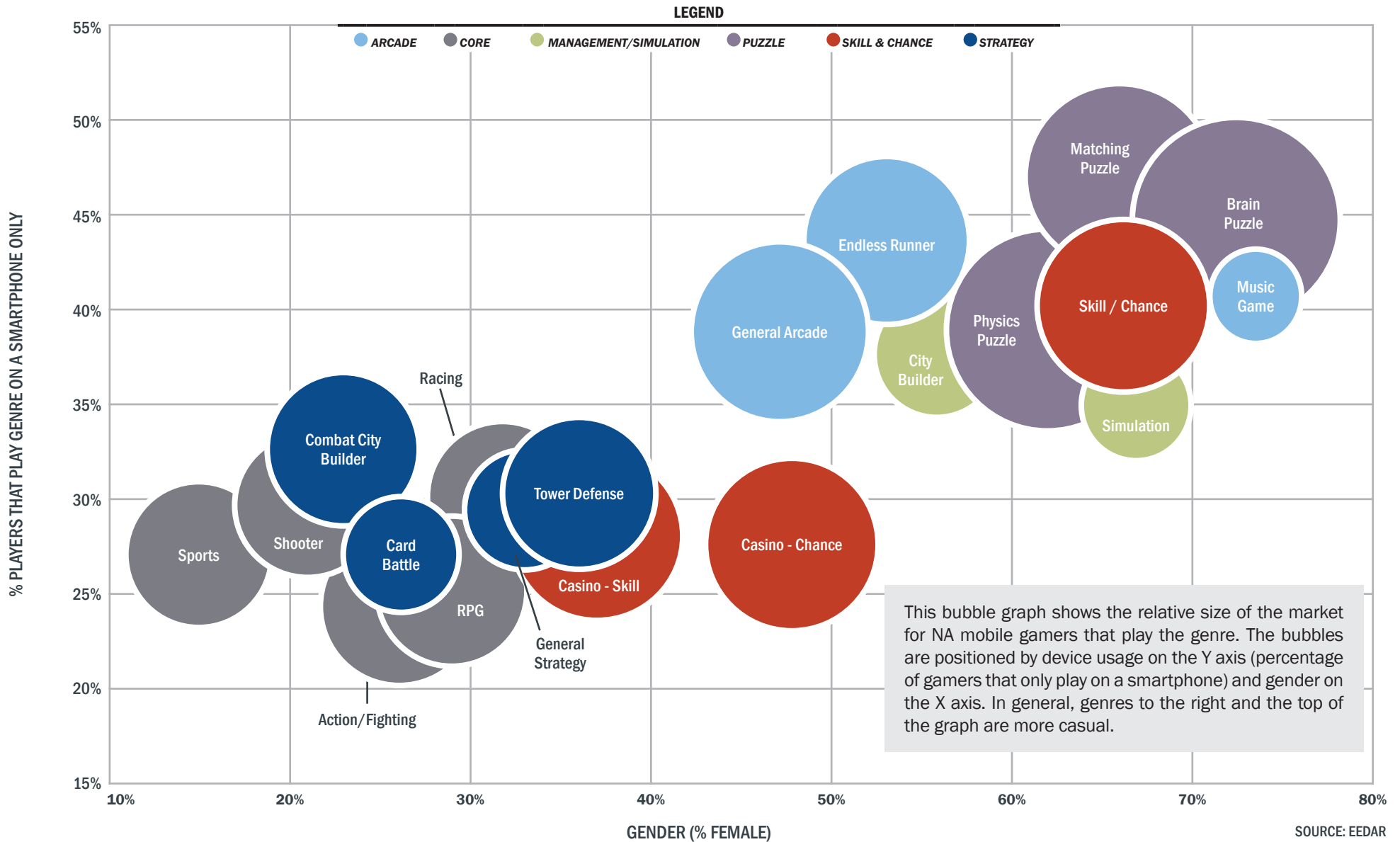
This graphic breaks down key areas of the Mobile Funnel where mobile gamers differ as a function of their Core Status.

The lists reflect the top responses for each of the extremes, indexed and ranked for each group.

MOBILE GENRES OVERVIEW



MOBILE GENRES: PLAYER GENDER, DEVICE, AND MARKET SIZE



SOURCE: EEDAR

OVERLAP IN NUMBER OF PLAYERS BETWEEN GENRES (MM NA MOBILE GAMERS)

LEGEND

● ARCADE ● CORE ● MANAGEMENT/SIMULATION ● PUZZLE ● SKILL AND CHANCE ● STRATEGY

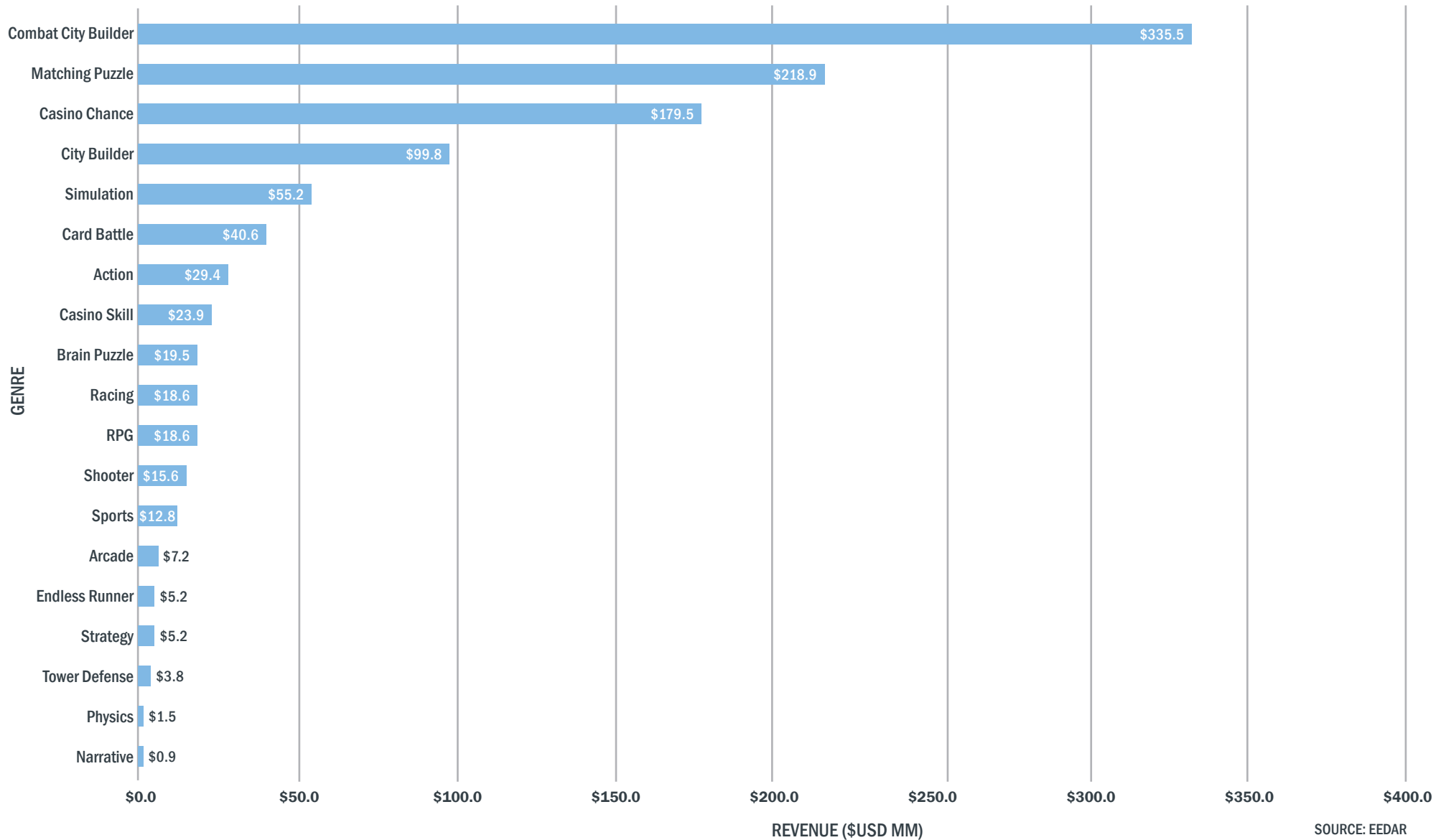
BRAIN PUZZLE		62.6	52.5	41.7	53.6	30.2	30.6	40.5	32.6	14.5	19.3	18.7	13.8	26.9	25.3	25.8	18.6	29.9	28.6
MATCHING PUZZLE	62.6		53.5	41.5	53.6	30.2	31.5	39.8	32.5	12.9	18.5	17.2	13.4	26.6	23.9	25.3	17.3	28.9	29.6
PHYSICS PUZZLE	52.5	53.5		44.6	54.1	30.0	29.1	37.8	32.9	15.2	20.9	19.1	14.5	28.5	25.2	28.7	19.1	30.9	30.3
ENDLESS RUNNER	41.7	41.5	44.6		40.7	24.5	18.4	24.3	26.0	11.7	15.7	14.5	10.5	22.2	19.7	20.9	14.9	24.3	23.0
GENERAL ARCADE	53.6	53.6	54.1	40.7		26.5	22.4	28.9	26.9	12.3	16.0	16.0	11.7	22.9	21.9	23.4	16.4	26.3	24.6
MUSIC GAME	30.2	30.2	30.0	24.5	26.5		11.3	14.1	16.2	7.4	9.2	8.9	6.5	12.5	11.7	13.5	9.6	14.6	13.7
CASINO	30.6	31.5	29.1	18.4	22.4	11.3		28.1	22.7	12.7	16.8	14.9	12.4	19.1	21.3	22.0	18.7	24.1	21.8
SKILL & CHANCE (NON-CASINO)	40.5	39.8	37.8	24.3	28.9	14.1	28.1		24.1	10.9	14.7	15.8	11.9	15.8	19.7	20.5	15.4	23.6	18.8
CITY BUILDER	32.6	32.5	32.9	26.0	26.9	16.2	22.7	24.1		14.8	13.7	14.2	10.0	18.7	16.9	20.2	13.5	19.9	22.8
SIMULATION	14.5	12.9	15.2	11.7	12.3	7.4	12.7	10.9	14.8		17.5	17.3	14.7	20.9	20.7	24.7	15.3	20.6	18.5
COMBAT CITY BUILDER	19.3	18.5	20.9	15.7	16.0	9.2	16.8	14.7	13.7	17.5		16.3	13.4	23.8	22.1	22.8	15.9	20.5	22.1
GENERAL STRATEGY	18.7	17.2	19.1	14.5	16.0	8.9	14.9	15.8	14.2	17.3	16.3		9.4	13.5	14.2	15.5	11.7	13.7	12.4
CARD BATTLE	13.8	13.4	14.5	10.5	11.7	6.5	12.4	11.9	10.0	14.7	13.4	9.4		13.6	13.3	14.6	9.7	14.0	12.7
TOWER DEFENSE	26.9	26.6	28.5	22.2	22.9	12.5	19.1	15.8	18.7	20.9	23.8	13.5	13.6		19.0	20.1	14.6	20.0	19.8
ACTION/FIGHTING	25.3	23.9	25.2	19.7	21.9	11.7	21.3	19.7	16.9	20.7	22.1	14.2	13.3	19.0		24.4	18.6	23.4	18.0
RPG	25.8	25.3	28.7	20.9	23.4	13.5	22.0	20.5	20.2	24.7	22.8	15.5	14.6	20.1	24.4		17.2	22.5	17.8
SHOOTER	18.6	17.3	19.1	14.9	16.4	9.6	18.7	15.4	13.5	15.3	15.9	11.7	9.7	14.6	18.6	17.2		22.1	15.0
RACING	29.9	28.9	30.9	24.3	26.3	14.6	24.1	23.6	19.9	20.6	20.5	13.7	14.0	20.0	23.4	22.5	22.1		16.2
SPORTS	28.6	29.6	30.3	23.0	24.6	13.7	21.8	18.8	22.8	18.5	22.1	12.4	12.7	19.8	18.0	17.8	15.0	16.2	

REVENUE BY MOBILE GENRE

This graph shows the amount of revenue the top 200 grossing iOS games are expected to generate in Q3 2014 in the Western Markets (NA and Western Europe). The graph is segmented by genre.

QUARTER 3 IOS REVENUE BY GENRE






































































[IOS][WESTERN MARKETS][TOP 200 GROSSING GAMES]



MOBILE GAME GENRE OVERVIEW

DECONSTRUCTING MOBILE & TABLET GAMING — 2014 FREE REPORT

MOBILE GENRE MARKET LEADERS

GENRE							 					
MATCHING PUZZLE											    	
BRAIN PUZZLE										  		
PHYSICS PUZZLE									 			
CASINO								 		 		
ARCADE/ ENDLESS RUNNER												
SIMULATION											 	
RESOURCE MANAGEMENT											  	
TOWER DEFENSE												
COMBAT CITY BUILDER					  	  	 					
CARD BATTLE				  								
RACING										 		
SPORTS	 											
SHOOTER		   										
GENERAL ACTION		  										

This chart breaks down some of the consistent market leaders by genre and publisher. It is intended to provide a broad picture of the market, and is by no means all-inclusive or an exhaustive list of leaders.

SOURCE: EEDAR

SURVEY DEMOGRAPHICS

ACTIVE MOBILE GAMERS

N=3685

GENDER

MALE	44%
FEMALE	56%

COUNTRY

UNITED STATES	93%
CANADA	7%

AGE

13-17	13%
18-24	30%
25-34	46%
35-44	3%
45-54	3%
55+	5%

RACE

CAUCASIAN	64%
HISPANIC	12%
AFRICAN AMERICAN	12%
ASIAN	9%
OTHER	3%

MARITAL STATUS

SINGLE	55%
MARRIED	40%
DIVORCED	4%
DECLINED TO STATE	1%

SURVEY DEMOGRAPHICS

DECONSTRUCTING MOBILE & TABLET GAMING — 2014 FREE REPORT

SAMPLE SIZE

N

NO SMART MOBILE DEVICE	2168
OWN SMART MOBILE DEVICE	5058
MOBILE GAMER	3685
NON-MOBILE GAMER	1373
TOTAL	7226

RESEARCH METHODOLOGY

Electronic Entertainment Design and Research (EEDAR) gathers its information from a variety of sources. EEDAR goes to great lengths to verify the accuracy of its information, as detailed below.

Where information is publicly available from an authoritative source, such as the issuer or the responsible industry agency, that data is used as authoritative. All authoritative information is then double checked by an EEDAR researcher through direct observation or by cross referencing the data with other authoritative sources. Where possible, the data that is visible to the consumer is used: this includes information printed on the retail boxed product or displayed on the manufacturer website. When discrepancies arise between authoritative sources, additional sources are checked until a clear consensus emerges.

Where information is not publicly available, EEDAR's internal staff performs directed studies to gather the appropriate data. Our researchers work using custom-built data collection and analysis applications. Each researched fact has an objective observation system which ensures that researcher bias is eliminated. Our data research is performed by multiple researchers simultaneously to ensure that individual facts are cross-checked before being input into the classification system established for that fact. Once information has been entered in the EEDAR Games Database, quality assurance staff reviews the data using boundary analysis tools to identify errors and pinpoint difficulties in the classification systems. Our quality assurance team maintains rigorous performance metrics and ensures that each report is validated to the highest quality standards.

EEDAR attempts to use standard industry vernacular and information classification whenever possible. Where industry standard vernacular or classification structures are not available, EEDAR uses its own vernacular and/or classification systems. This would occur in areas where no industry recognized authoritative body exists, or in areas where multiple authoritative sources use different classification systems. All of the classifications systems created for these reports by EEDAR researchers are detailed in the appendix sections of EEDAR documents. All data from sources other than the EEDAR Games Database are clearly cited.

ABOUT EEDAR

Founded in 2006 by video game industry veterans, EEDAR is the largest specialty video game research firm in the world.

Leveraging a proprietary database of over 80 million internally researched data points from more than 50,000 physical and digital video game products, EEDAR is the sole provider of end-to-end integrated data analysis solutions that allow for the examination of every factor influencing the success of past, present, and future video game titles.

EEDAR's well-known services include GamePulse® (a continuously updated application converging data for physical and digital game industry research), DesignMetrics® (sales forecasting, SWOT analysis and custom research), Editorial Insights (mock reviews and outlet bias), discovery and recommendation technologies, investor due-diligence, expert testimony, and custom research services.

EEDAR is based in Carlsbad, California and has been recognized by Forbes Magazine as one of America's Most Promising Companies and also holds the Guinness World Record for the largest collection of video game facts and information.

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