



Monetization guide

Essential tips for all game-makers



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Foreword

It's all about balance. Maintaining equilibrium on the high wire takes practice, dedication, and precision. It is only in recent years that the games industry has truly embraced mobile gaming and Free-to-Play (F2P) has undergone something of a sea change. Once notorious for frustrating and fleeting player experiences, F2P's big hitters have thrown out blunt and ineffective promotions in favor of sophisticated and responsive monetization strategies.



Analytics, segmentation and player management drive success in games - well-developed games walk the tightrope between delivering engagement and generating revenues. We have seen games succeed and fail in every phase of F2P, so we know how to strike that balance. Sharing our knowledge is central to the Unity philosophy and, with insight and best practice weaving the safety net below, you can proceed with confidence.

Mark Robinson, GM deltaDNA, Unity

If you would like to know more or talk specifics about your own game, contact info@deltadna.com

Introduction

Back in the early days of F2P, a game's monetization strategy extended as far as the price of In-App Purchases. Effective monetization in 2018 incorporates messaging, onboarding, timed promotions, cross-promotion and User Acquisition (UA) spend. In-game advertising accounts for a higher fraction of total publisher revenues in today's F2P landscape than ever before. As such, non-spenders prove just as significant an income stream as their purchase-happy counterparts.

The number of F2P games out there that have nailed their monetization strategy constitutes a very small minority in the grand scheme of things. Poorly-made, buggy or unenjoyable games fare predictably badly but even fan-favorites can underperform. Why? Because they either fail to do the basics, fall into common traps, or both.

Detailed knowledge of players gives game-makers the foundation to create the personalized experience at the heart of every successful game. Effective monetization is all about doing many little things really well – combining game mechanics with precisely targeted messaging to give each and every player a compelling experience. This document sets out the golden rules for making a big impact with the little things.

Dos, don'ts and KPIs

A game can perform well in metrics such as engagement and retention and still struggle to monetize. In fact, we see it often. Worse still, many publishers struggle to accurately assess the performance of their game's monetization mechanics. An Average Revenue Per Daily Active User (ARPDau) of 10¢ is the perfect benchmark for an F2P game. Through analysis of the thousands of games that have used deltaDNA over the last 8 years, we have calculated some universal target KPIs for game-makers looking to monetize and hit that golden figure.

Read on to find out what you should be aiming for and how to hit your mark.

Day 7 (D7) retention > 10%

DO 

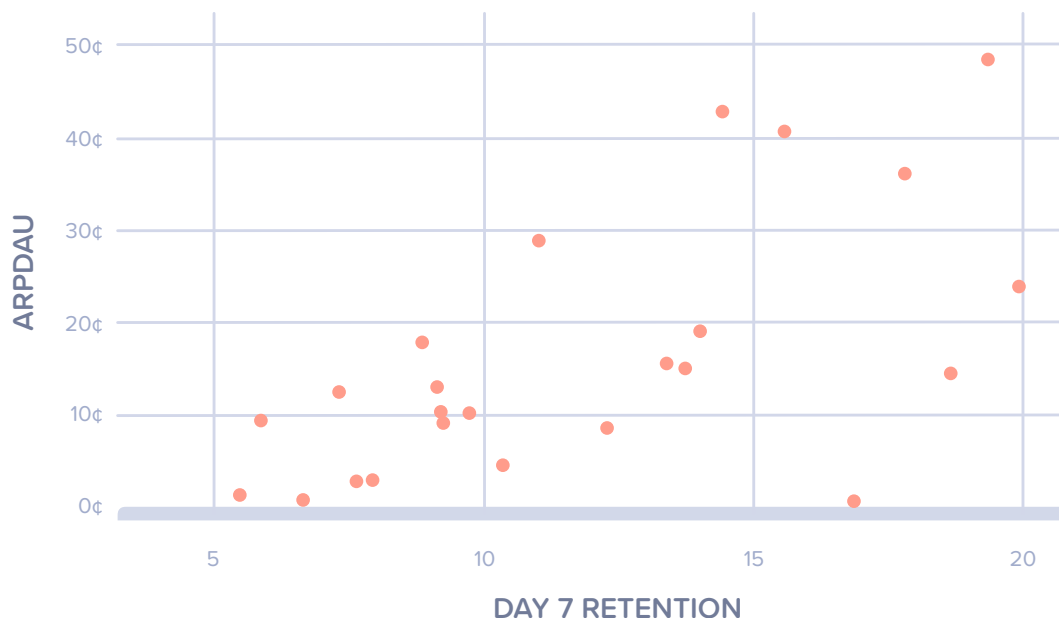
Integrate offers smoothly and unobtrusively

Make the browsing experience as smooth and enjoyable as possible, separating content honestly and obviously. A player tricked into beginning a purchase is highly unlikely to complete it. You can, however, count on them being annoyed by the mechanic. Drawing players to content intuitively, at opportune moments, without setting them down a compulsory navigation path is the best way to maximize their likelihood of engagement.

DON'T 

Bombard players with offers

Not only do endless aggressive pop-ups, messages and push notifications impinge upon the player's enjoyment and increase their likelihood of churn, it encourages them to start dismissing offers out of habit without ever engaging. The same goes for cluttered UIs and storefronts. Frustrated by overexposure, players can miss even well-targeted 'no-brainer' offers.



D7 payer fraction > 10%

DO 

Onboard effectively, make first purchase a ‘no-brainer’

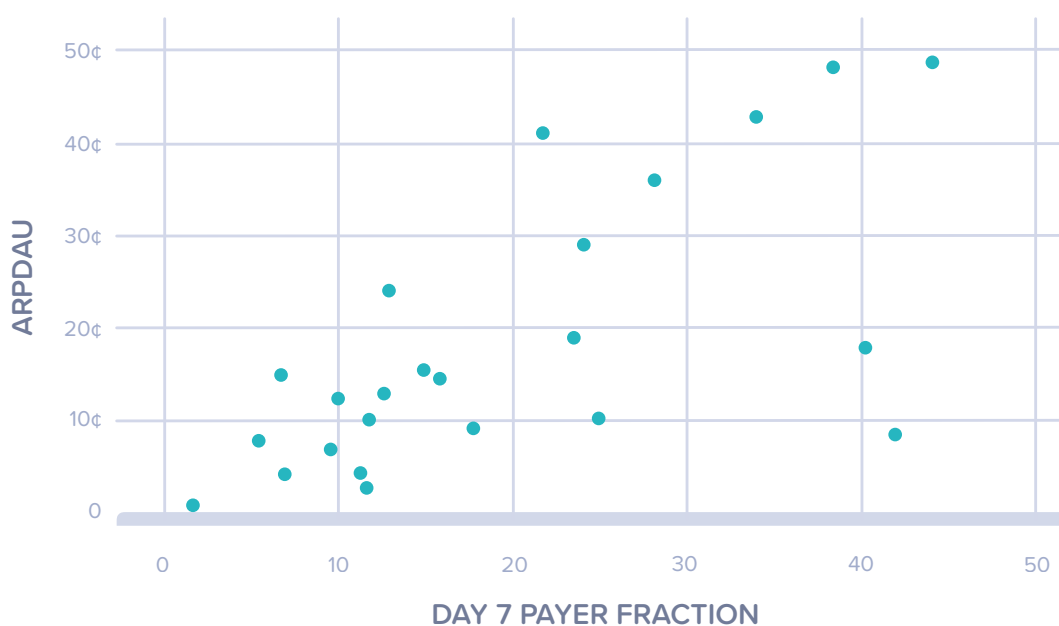
The tutorial should always include some reference to IAPs and a short, simple tour of the store mechanic. Keep the storefront clean, informative and engaging, with easy access at all time from the main User Interface (UI).

Having been introduced to the economy and store in simple terms during the onboarding/tutorial phase, the player should be presented with an offer that they can't refuse. Selling starter bundles or other such conditional packs is a great way to give players the chance to get good value for money whilst also creating a sense of urgency - these deals won't be here forever!

DON'T 

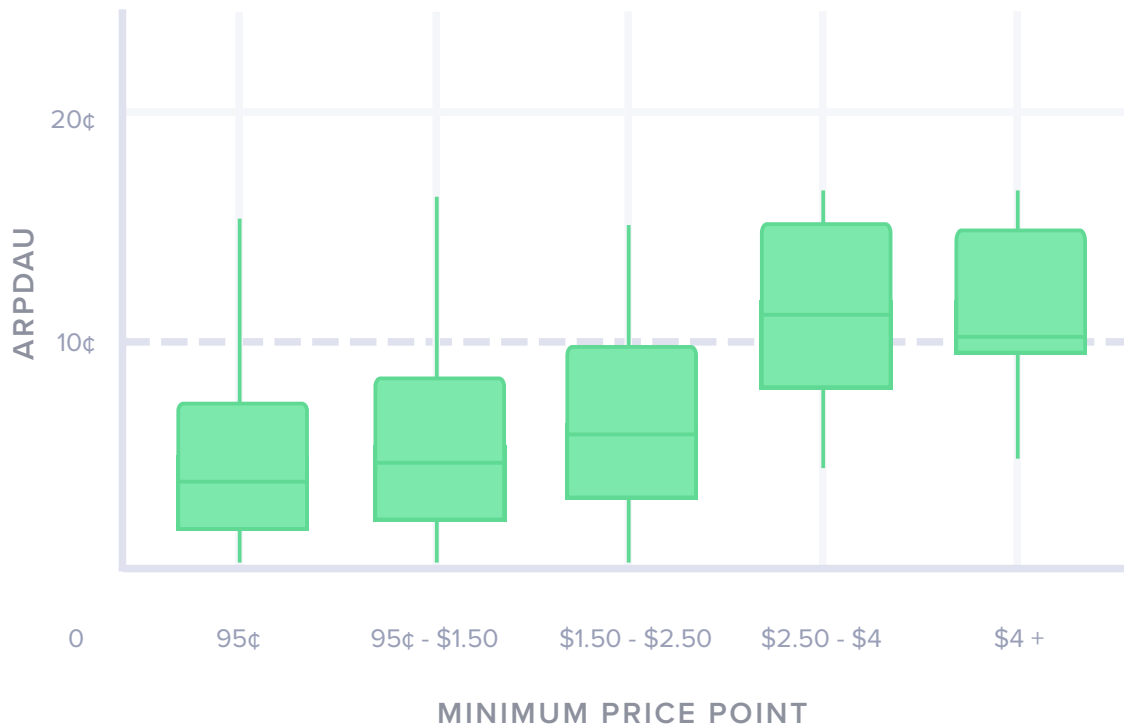
Make first purchase underwhelming, or always ‘sell’

It is vital that a player's first experience of the in-game economy is a positive one. It is true that pushing too hard on monetization early on, before the player has had a chance to explore the game and get used to the economy, creates a very high risk of churn. However, fear of impacting retention causes some game-makers to be far too cautious with their signposting and introduction of IAPs. Furthermore, should their first browse of the store or interaction with an offer message not be enticing, a player's likelihood of future engagement is hugely compromised. Use your engagement to nurture players with advice and point out aspects of the game so that players see messaging as a relationship builder rather than just a sales tool.



Minimum IAP price point > \$2

As the graph below illustrates, having a minimum price point lower than \$2 significantly devalues a game. Increasing the minimum price point does not harm conversion, but it causes ARPDAU to increase dramatically.



DO

Always offer money savings on higher-tiered items and currency packs

It seems obvious, but your more expensive items and currency packs must convert at a better rate than those lower down the pyramid. Players should never be discouraged from spending more currency but we see it all too often. More spend needs to mean more bang for your buck(s)!

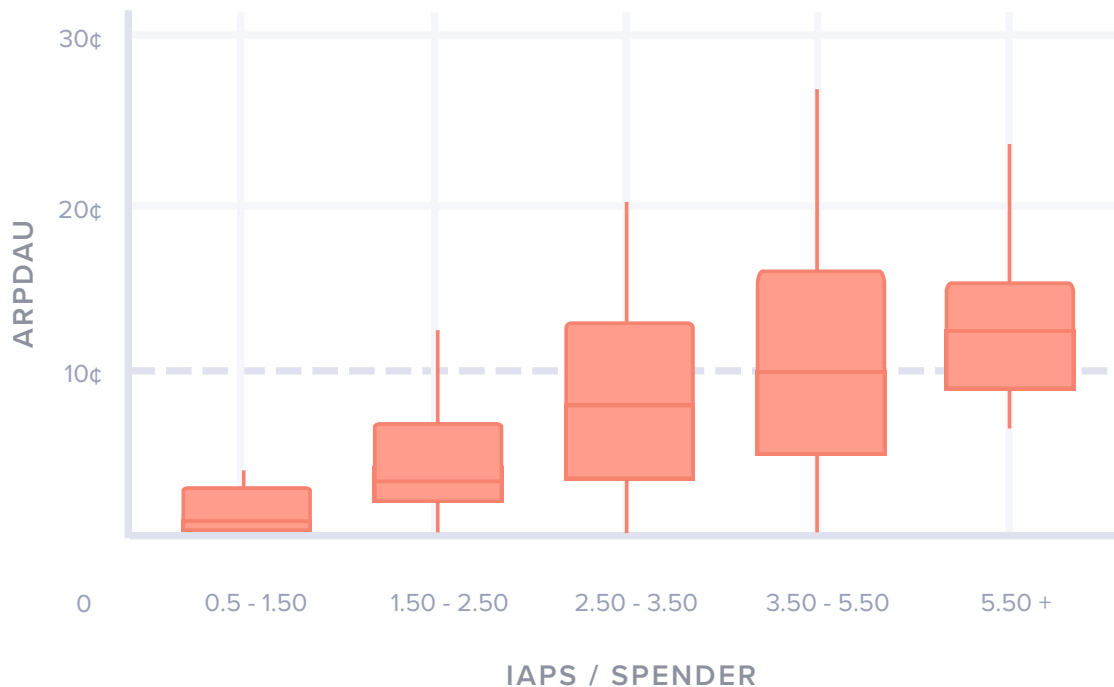
DON'T

Equate cheap with valuable

Many developers make the common mistakes of either positioning their minimum price point too low (below \$2) or making their cheaper IAPs/bundles/currency packs better value than those at higher price tiers.

At least 3 individual spends per spender

Because the payer fraction of any F2P title is invariably small, it is repeat spend from the minority of payers that bumps up your ARPDau. The chart below shows that only 3 spends or above per paying user can reliably bring in 10¢ ARPDau.



DO 

Make monetization central to the core game loop

Introducing monetization very early on, and as a central element of the core game loop, makes it seem a much more natural part of gameplay. The longer that players are allowed to settle into a play style and build habits without exposure to spending opportunities or offers, the less responsive they will become.

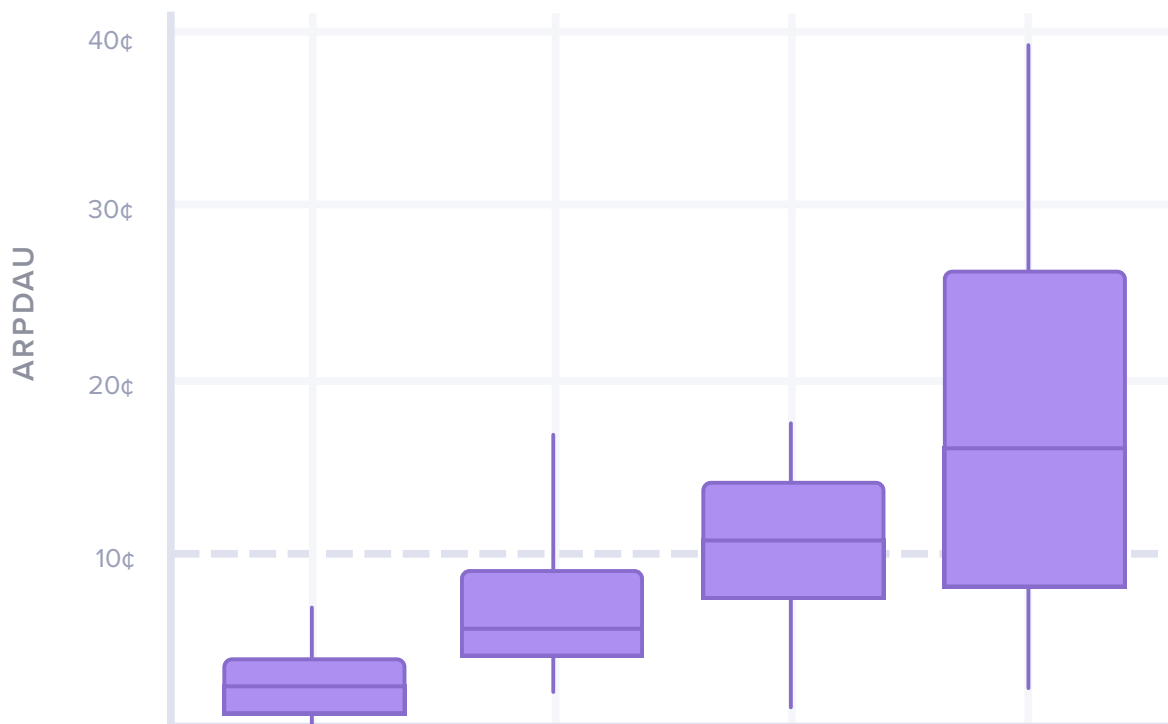
DON'T 

Always 'sell' or send offers indiscriminately

Other than certain seasonal promotions and event-triggered offers (first session etc.) players should not all receive generic offers as a matter of course. Blindly sending all offers to all players irrespective of behavior, play style, and engagement history is pointless. A great offer to one player is irrelevant or even annoying to another.

At least 5% of spenders becoming whales (> \$100 lifetime spend)

As a minority within a minority, whales are truly precious. Their impact, however, is massive (and crucial). Spending \$100+ over their player lifecycle, a small difference in the number of whales loyal to your game can push you considerably far - on both sides of your target 10¢.



DO ✓

Think long-term

Focus on building better long-term engagement and creating a rewarding experience for all spenders as an effective strategy to maximize the potential of whales. Across all IAPs made by whales, the typical transaction size is \$20. This tells us that whales are, on average, purchasing modest bundles.

DON'T ✗

Chase massive individual payments

Over half (54%) of whales have never made an individual transaction worth more than \$50. Developers should use this insight to optimize monetization. Very expensive individual items or bundles will not make an impact.

We stress the importance of these D7 metrics but good retention alone is no guarantee of good monetization and high-level data from our platform proves that point emphatically.

- Only 38% of games with D7 retention of 10%+ achieve 10¢ ARPDAU.
- Only 54% of games with a D7 payer fraction of 10%+ achieve 10¢ ARPDAU.

The KPIs above outline the F2P monetization foundation but the recipe for a game with high Lifetime Value (LTV) is more complex. Ads are next on the agenda but, for a start, it's important to remember that a good monetization strategy uses the core game to drive players towards IAPs, priced intelligently, with a heavy emphasis on repeat conversion.

Ads

As referenced at the start of this guide, ads are rapidly growing more important as a part of the monetization puzzle. This final section of the guide will take an in-depth look at the cornerstone elements of an effective monetization strategy in the age of in-game ads.

Unique ad viewers > 30% of DAU

DO 

Introduce ads correctly

Introduce players to rewarded ads either through the tutorial or a task that incentivizes them to interact with rewarded ads for the first time.

Interstitials should be served to players in moments of transition such as when they are navigating between screens or have just finished a mission.

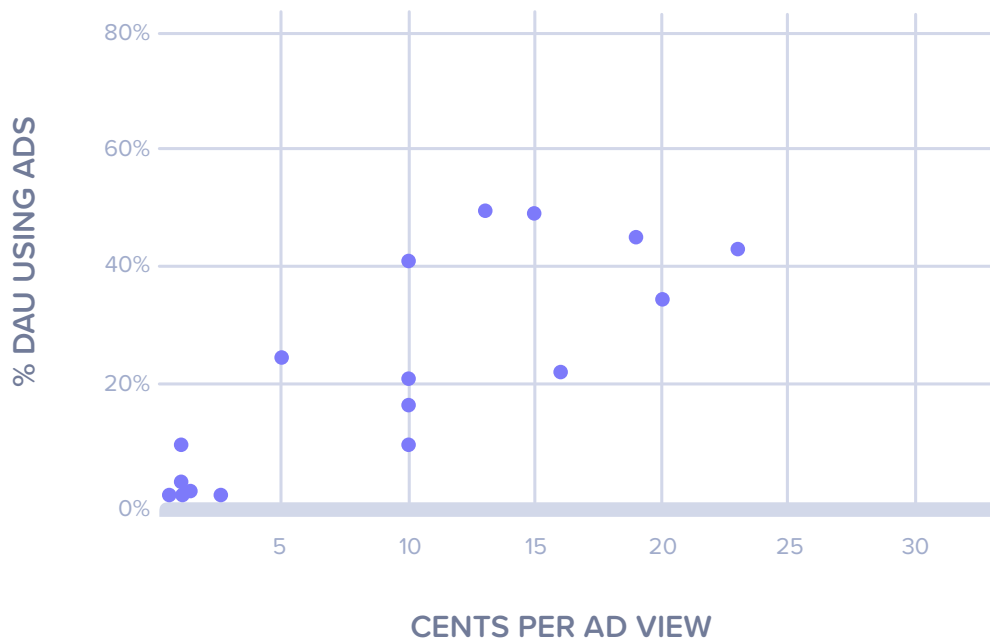
DON'T 

Place ads indiscriminately

One of the biggest mistakes developers make is placing rewarded ads within the store or other secondary parts of the UI (sub menus) that non-paying players will simply not explore. Rewarded ads need to be obvious within the standard core loop for a large fraction of players to interact with them.

It is extremely important to time interstitial ads so that they do not disturb the game 'flow', but artificially limiting the number of ads in this way will inevitably cap revenue potential. Likewise, changing gameplay to cram in more transition points (and therefore ads) will have an adverse effect on retention.

Rewarded ad value > \$0,05



DO 

Give generous rewards

Players only interact with rewarded ads when they are motivated via obviously meaningful rewards. Unfortunately, this almost always means giving away more value than you are actually getting from the ads. Each video impression is likely worth 2-3¢, while players will only engage with ads in meaningful numbers when they are offered at least 5¢ of value.

DON'T 

Be too cautious with your rewards

Without an adequate incentive to engage, players will simply ignore the opportunities presented by rewarded ads and render them completely ineffective. Rather than offering meager rewards, it is far better to prevent ads from cannibalizing IAP revenues by limiting the number of ads available to players within a certain time frame or session.

Competitor ads

DO 

Show competitor ads to appropriate users

Show competitor ads to low-value cohorts at appropriate times. You can use multiple ad placements to configure your ad strategy to be dynamic. Target competitor ads infrequently and towards the end of sessions to minimize the impact on player retention.

DON'T 

Show irrelevant ads to your players

Avoid showing completely irrelevant ads to your players. This will not only generate paltry revenue but also annoy them immensely – possibly to the point of churn.

Ad-aware UA

DO 

Measure Ad LTV

Ignoring ad revenue in LTV forecasting excludes the potential that non-spenders have to contribute to the game economy. This can lead not only to poor design choices focusing only on IAP but, in the most extreme cases, potentially to viable games being shut down.

DON'T 

Assume that all players have equal ad potential

Many players will actively avoid ads regardless of the reward. In addition, the eCPM of an individual player can be 10x higher than average or even more. This makes user-level ad data vital - ad whales are real and can be the cornerstone of an ad monetization model.

Conclusion

The monetization puzzle contains many moving parts. It was never easy to achieve consistent revenues in F2P and doing so today involves spinning more plates than it ever used to. More variables, sure, but higher stakes mean bigger potential rewards. There are unprecedented revenues available to games that manage both spenders and non-spenders effectively - using the tactics outlined above - through a long-term player lifecycle.

If you would like to know more about how you can use deltaDNA by Unity to monetize your game(s), visit unity.com/products/deltadna or email info@deltadna.com