

# Monetizing Casual Games

*The Right Way*



 **APPODEAL**

**newzoo**

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# Introduction

**C**asual games are shaking up the top app charts in 2018. Games like Playrix's Homescapes, Design Home by Glu Mobile, and Pixelberry's Choices all hold high positions in "top grossing" charts above many midcore titles.

Why is this genre so popular? How exactly do developers monetize their casual games? What techniques do they use in order to keep users engaged and earn money simultaneously?

We made this report to help mobile app publishers get the answers. Whether you have some casual games developed already, or you're just planning to make one, you'll find some useful tips on localization, market trends, and monetization within this report.

*Casual games are typically distinguished by their simple rules and reduced demand on time in contrast to more complex hardcore games.*

# Localization Challenges

**INLINGO**  
game localization studio

Despite certain similarities, working with small casual games is still different from working on “big projects” in a number of ways. Dealing with a limited amount of space has more significance here due to the specific nature of the interfaces used in casual mobile games.



Challenge #1

## Limited Space

Space is usually very limited, and the localization has to fit without sacrificing clarity. Due to this factor, the studios tend to use short words, abbreviations, and special characters. For example, they might change the UI to make a necessary word fit within a given area.



Challenge #2

## Wider Target Audience

Casual games are intended for a wider audience than games in other genres. Therefore, there's no need for the complex special terms used in “hardcore” genres. Nevertheless, developers face another challenge: they have to make their texts comprehensible to wide audiences of various ages to reach the largest segment of players possible. To accomplish this, casual games often use simple language and simplified syntactic constructions.



Challenge #3

## Fast and Furious

Developers try to make play sessions as short as possible. A player has to immediately figure out the mechanics, as well as the essence of the message. Whether it be a tutorial or a narrative section, a player shouldn't encounter any obstacle whatsoever, especially when it comes to “translation difficulties.”

# Market Trends



## Increasing Market Value

Newzoo's 2018 revenue estimate for the games market is \$137.9Bn. Of this, mobile takes just over half, or \$70.3Bn. As for casual games, in 2017 and the beginning of 2018 the market experienced a significant revenue increase. It may be explained by advanced casual mechanics that highly increase engagement: adding more sophisticated features to the game pushes players to complete more levels and do it faster (read: Toon Blast and the Death of Saga). It's also becoming more common to make small transactions in mobile games in general. The casual genre benefits most of this fact as it typically has a large player base but, up until recently, very few payers.

## The Rising Cost of User Acquisition

The cost of UA reportedly exceeds \$10 per install nowadays. This is adding pressure for casual game developers to find and engage the correct audience. It's causing established mobile game developers all sorts of trouble.

## Hyper Casual is Where the Growth is

Short, accessible, widely appealing gameplay makes these games faster to create and easier to cast away in case the game fails. Their hyper-simplicity allows the user to grasp the game mechanics in a single screenshot. Balancing between straightforwardness and deep engagement is one of the core challenges for developers.

## Top 10 Casual Games By Revenue

Global | March 2018

iOS

#	Game	Publisher
1	Candy Crush Saga	King
2	Gardenscapes	Playrix Games
3	Candy Crush Soda Saga	King
4	Dragon Ball Z	BANDAI NAMCO Entertainment Inc.
5	Puzzle & Dragons	GungHo Online Entertainment, Inc.
6	Homescapes	Playrix Games
7	DoubleDown Casino Slots & More	Double Down Interactive LLC
8	QQ Dance	Tencent Mobile Games
9	Heart of Vegas - Slots Casino	Product Madness
10	Toy Blast	Peak Games

Android

#	Game	Publisher
1	Candy Crush Saga	King
2	Gardenscapes	Playrix Games
3	Candy Crush Soda Saga	King
4	Homescapes	Playrix Games
5	Township	Playrix Games
6	Hay Day	Supercell
7	Farm Heroes Saga	King
8	Coin Master	Moon Active
9	Angry Birds 2	Rovio Entertainment Corporation
10	LINE POP2	LINE Corporation



## Lifestyle Market is Growing

Story-based games like Choices by Pixelberry and Gardenscapes by Playrix are booming. These are great examples of users being retained primarily out of interest in a storyline, rather than by gameplay alone. Therefore, publishers will probably focus more on adding IPs (Intellectual Property) to compete more effectively. That's what Telltale games is already doing with their titles like Batman, Minecraft, The Walking Dead and Game of Thrones.

## Instant Games' Growth

Messenger games is a great way to give people something to do between chat conversations and to monetize a huge Messengers' audience. As the main example, Facebook has already allowed developers to monetize with in-app purchases as well as employ ad monetization.

## Ad-based Monetization has Grown Dramatically

Developers' experience demonstrates that among all game genres, casual games are the best for ad implementation. Such genre specifics as simple mechanics with more ad placements to use, shorter game session, and a bigger audience make the ad integration more relevant and natural.

# Ad Monetization Metrics for Casual Games in US and Europe



Ad Type	Fillrate	eCPM
Static Interstitial	98%	\$3.42
Video Interstitial	91%	\$7.54
Banner	95%	\$0.48
Rewarded Video	92%	\$11.67



Ad Type	Fillrate	eCPM
Static Interstitial	94%	\$1.87
Video Interstitial	92%	\$5.51
Banner	90%	\$0.38
Rewarded Video	91%	\$9.37

Appodeal Jan - Mar 2018

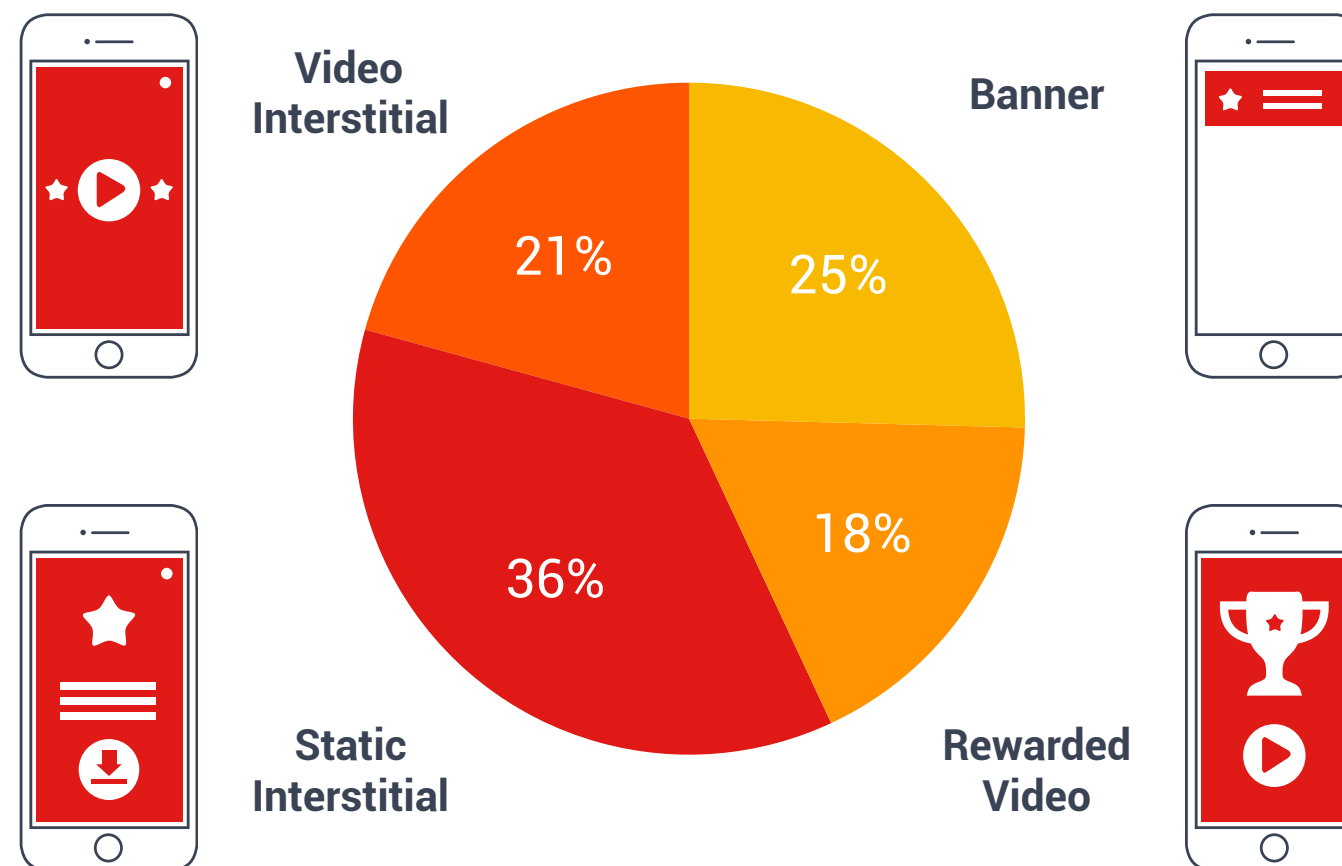
Rewarded video has the biggest eCPM both in US and Europe. By offering users an in-app reward in exchange for watching an ad, this format is the most irresistible way to introduce ads while still prioritizing user experience. Casual games offer many instances where rewarded videos could be highly applicable: an opportunity to extend the game after the user's health runs out, a free hint in exchange for watching a video in a Quiz game, the possibility to

speed up the game and get a second chance like in arcade or simulation games. Yet among the main benefits for casual game developers is an opportunity to monetize players that don't make in-app purchases.

Meanwhile, static interstitials prevail in impression share in both regions. This format performs best in games with different levels and may be implemented into a natural break between the levels, taking advantage of gameplay pauses. Therefore, it doesn't interrupt the overall user experience, which is good for any game genre, including casual one.

Nevertheless, banners can still perform well due to high fill rate and huge demand.

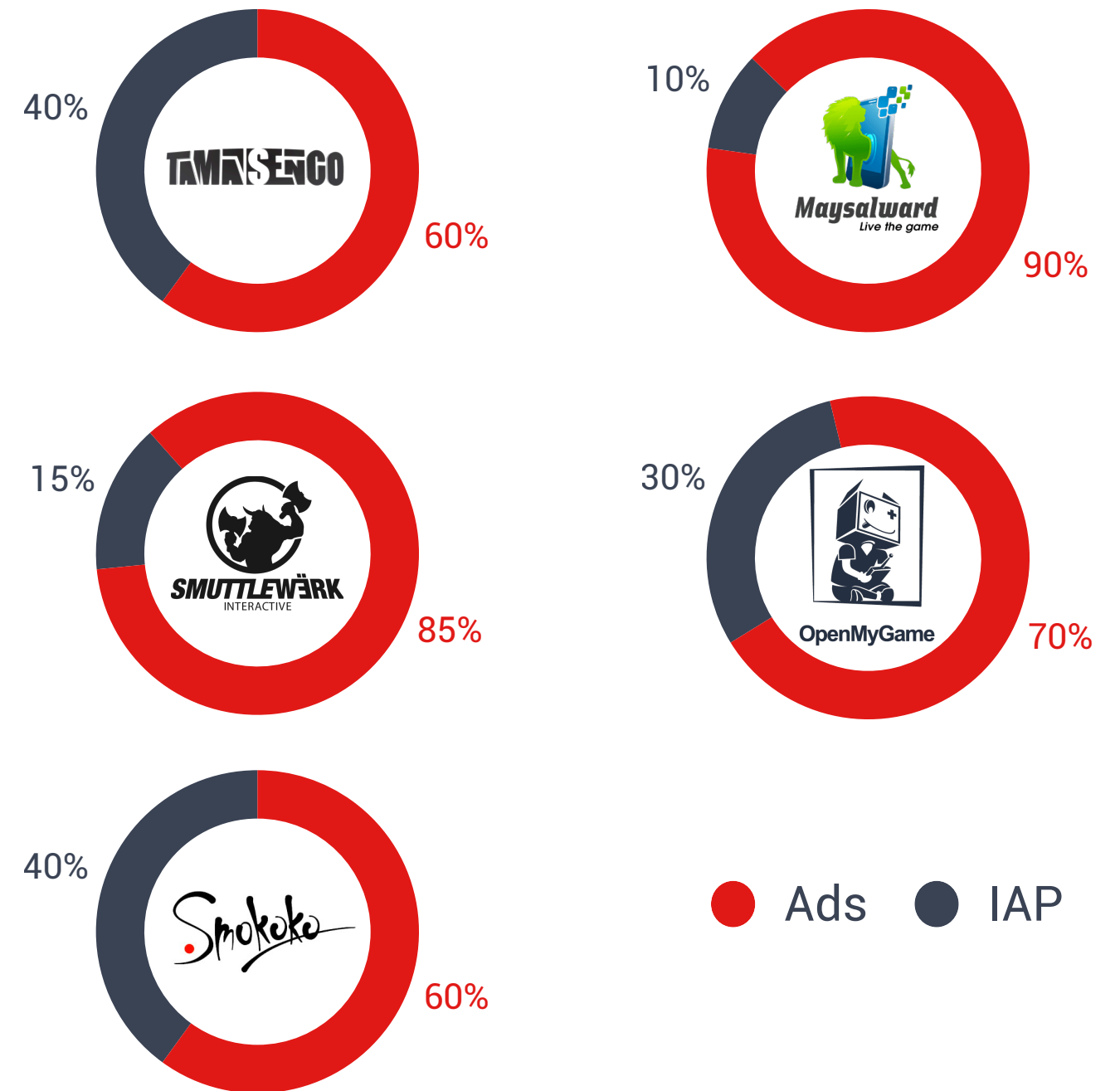
## Average Revenue Percentage by Ad Format



# Ads/In-app Purchases Break Down

Most casual games successfully combine in-app purchases with advertising and keep user retention at the satisfactory level at the same time. In most of the cases ad monetization is a priority for publishers (we explained the reasons for that above).

Here are the numbers from some of our partners, who've been working with casual games for years.





# Publishers Share Their Story



**TAMASENCO**

## Games

An Idle game, 2 Puzzle games and a runner.

## Why Casual?

"One of the advantages of the genre is that it gives the opportunity to create many different and interesting type of games for which there is a large player pool. Plus, there are lots of creative ways to use ad monetization and not to depend on IAP so much"

## Most Effective Ad Format

"Rewarded video"

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*"We try to improve our team skills with better marketing and mechanisms that will maintain the interest of the players, creating better retention so that the LTV of a player will get higher, giving us the opportunity to conduct some paid UA"*

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### Games

Own IP's, games like Dominoes, Trix, Tarneeb

### Why Casual?

"This market competition is fun because it keeps pushing you to work on more innovative ideas"

### Most Effective Ad Format

"Rewarded videos perform best for us. As for Interstitial ones, we also keep them as good and stable source of revenue"

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*"Casual gamers tend to zap from one game to another especially in the Free to Play era. It looks like free to air TV channels and the remote control in your hand. As a result, this challenges our revenues and monetization. The advantage is having a big wide range of audience, and especially embracing the female gamers"*

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### Games

Turn-based strategy games, a dungeon-crawler, a horror game, a dice game, two endless-runners, a puzzle game and the series of "Battle" games, of which "Fleet Battle" is the most prominent one.

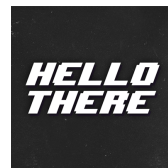
### Why Casual?

"We learned the hard way that PC-like games don't work well on mobile. Our first two games were hardcore strategy/role-playing games. We had to succeed or we would have been bankrupt"

### Most Effective Ad Format

"We use small banners, interstitials and rewarded video. For us, the good old full screen ads are the most effective."

*"Quality and fun  
are still the most  
important factors  
for a successful  
game"*



### Games

Developing games together with strong IP's or brands, like with Kung Fury: Street Rage. Avicii Gravity HD is a brand new way to enjoy the catalogue of world star Avicii's music.

### Why Casual?

"One of the main advantages is a big audience. That opens huge opportunities: more money, different target groups to try, easier mechanics. Besides, it's an accessible genre and requires less budget"

### Most Effective Ad Format

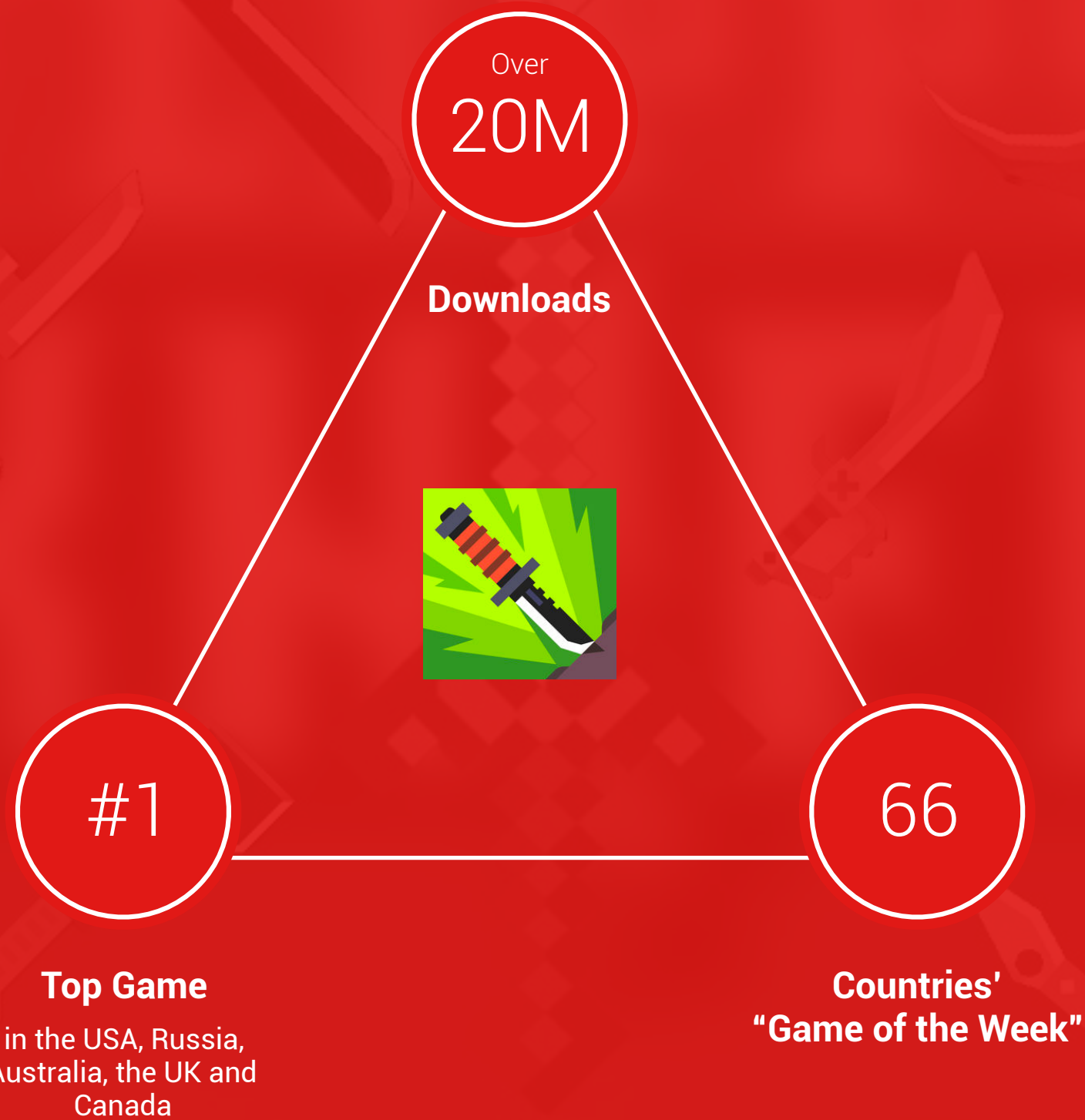
"We've tried rewarded videos as well as static and video interstitials, and they all have their uses"

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*"One clear and present trend that we see is that a growing number of players are requesting multiplayer features of various kinds. Everything from chat to synchronous co-op"*

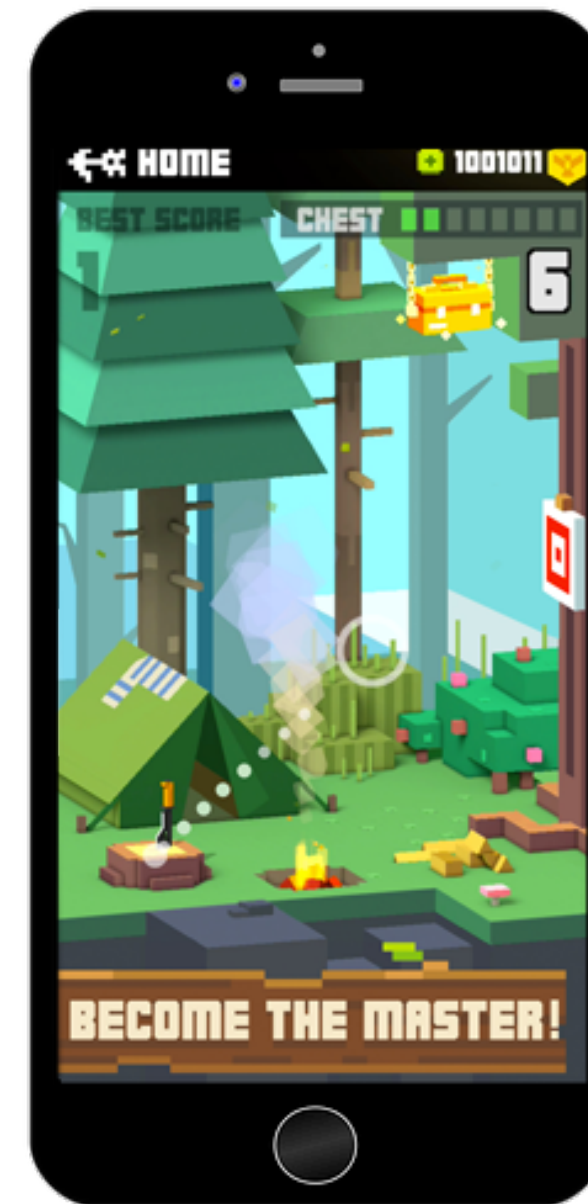
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# A Case Study: Flippy Knife By Beresnev Games



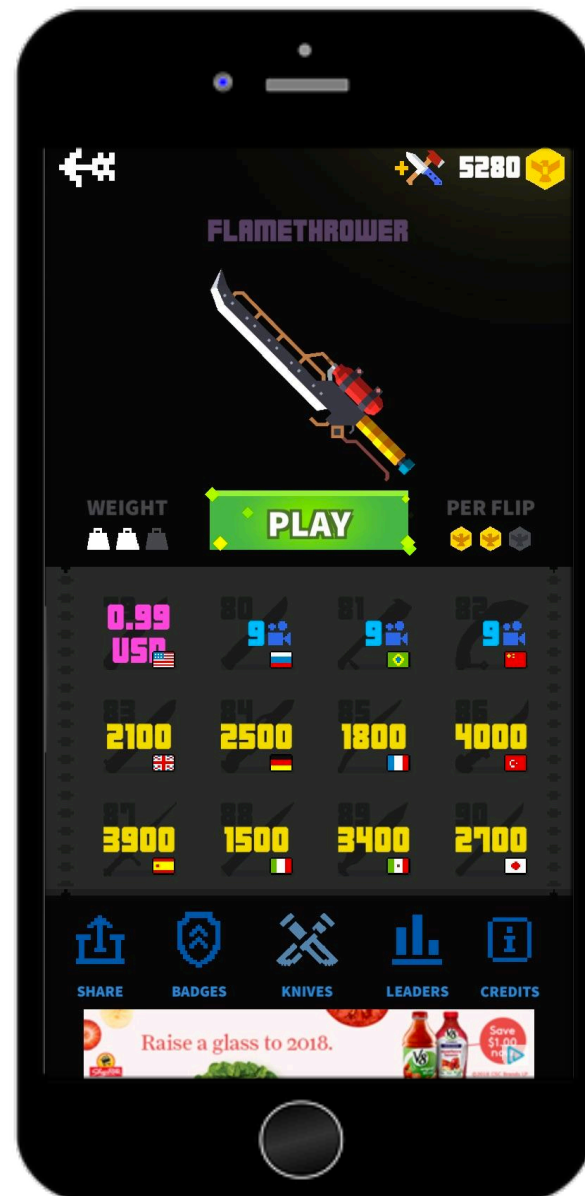
## What the Game's About

The game involves throwing knives in several locations, encouraging players to improve their skills and overall accuracy in order to build their collection of knives, axes, swords and weapons.



## Monetization Strategy

The studio thought through a sophisticated monetization strategy that closely connected in-app purchases and ads.

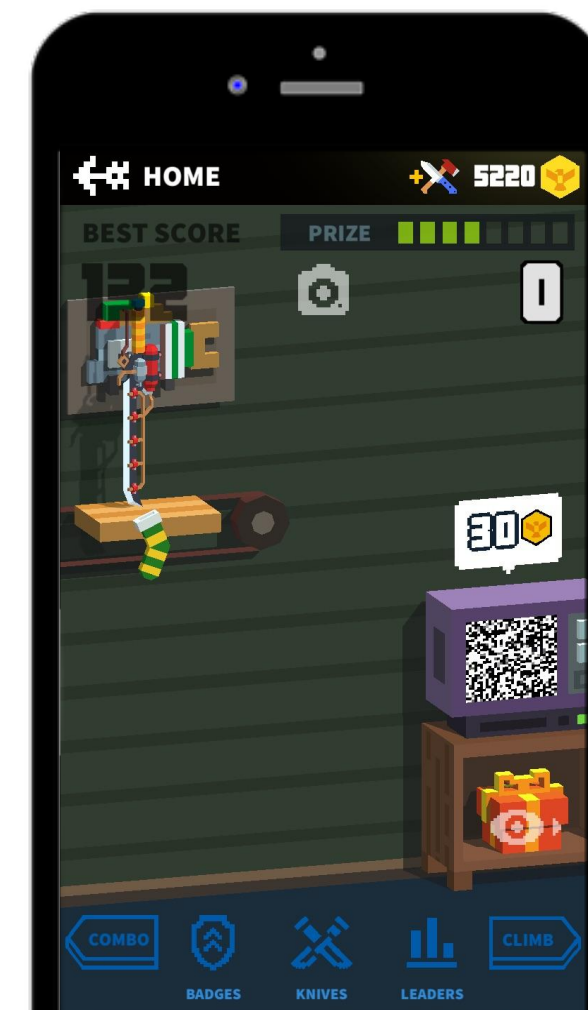


Rewarded Video happened to be the most effective ad format for Flippy Knife. Advertisements are shown in exchange for cool new knives – now there are more than 102 of them. The reward varies depending on the knife type: for

example, you have to watch 49 videos to get a “fancy” knife, but for some average knives 20 videos are enough.

Watching ads also allows players to recover after a failure – this classic method works great in line with the engaging gameplay. Besides these options, a player can watch videos and get a treasure chest for it.

The developers came up with a special event within the “Home” location: when throwing the knife from one platform to another a gamer sees a TV. As users hit the spot, they watch a rewarded video ad and get additional coins for doing that. However, this event doesn't annoy users since they get the reward. In fact, this is a cool way to avoid any negative reviews. Now, this “TV idea” generates half of the game's revenue. Aside from Rewarded Video, the developers utilize banners but Rewarded Video remains the most profitable ad type.



Experiments with different ad types demonstrated that organic ad placements decrease the level of user dissatisfaction significantly. To give you an example: initially, ad impressions were rather random – users would watch interstitial videos after every five rounds of play mode. As a result, the developers were swamped with negative reviews because of illogically placed ads. When they made the advertising in gameplay more natural, the amount of negative feedback dropped in half.

As a result, ads outperform in-app purchases. According to the publishers, in-app purchases caused way more negative reviews than watching ads for a new type of a knife. It appears that players prefer to spend their time on ads rather than pay even little money for turning it off. To be able to access to many ad demand sources at the same time, currently, the developers utilize the ad mediation solution from Appodeal.

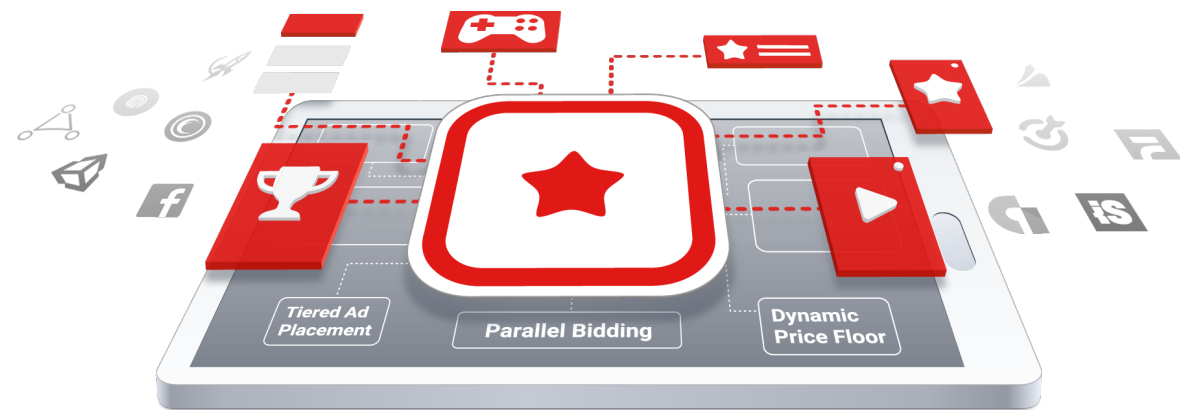
## Main Insights

Be creative about your content, so users will feel motivated to watch in exchange for cool boosts and objects

Think about unusual ad placements that will seem natural in your game (like rewarded video on an in-app TV)

Make sure to find a good balance between in-apps and ads so both monetization methods look organic

## Publishers First Ad Monetization



Unleash The Ad Mediation Power of...



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Global Monetizing Reach



Over 60 Ad Demand Sources



Cutting-Edge Mediation Solutions

...with One SDK



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