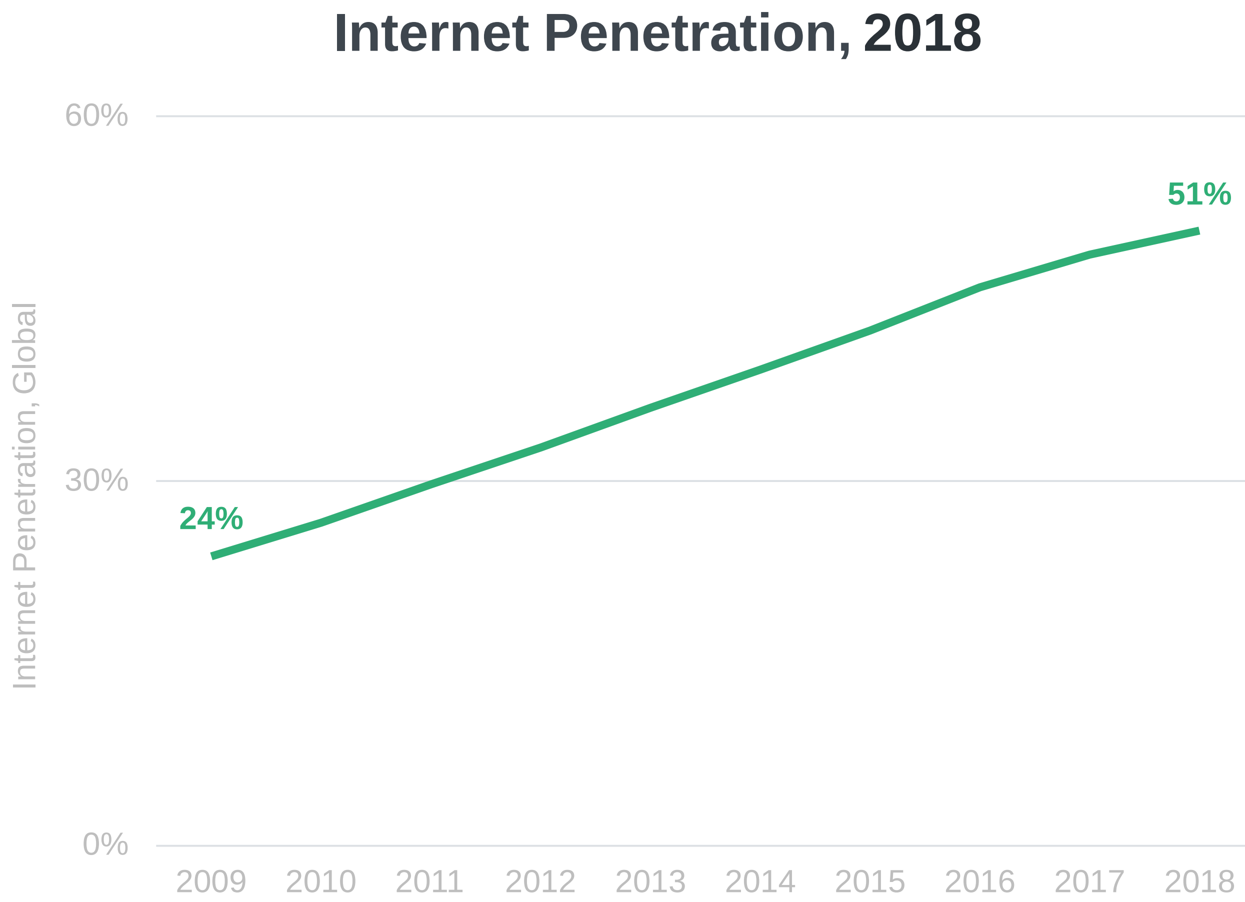
FIPP WORLD MEDIA CONGRESS
LAS VEGAS 12-14 NOVEMBER 2019

- The meshing of entertainment and gaming – and what media can learn from the communities they form -

PANEL OVERVIEW: *"CHANGE"*

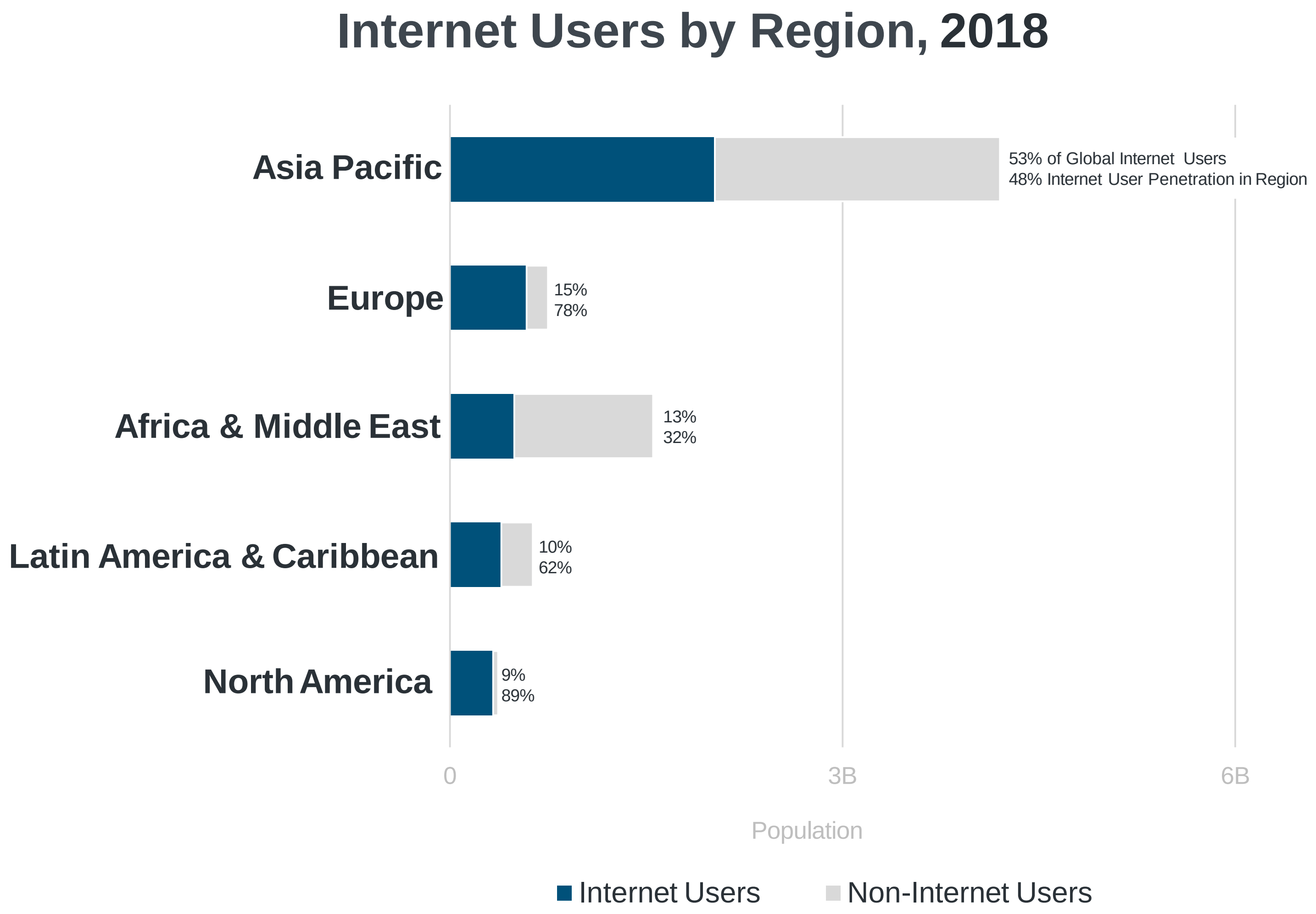
Mobile, Social, Digital, Interactive, Authenticity, Influencer, Discoverability, Freemium

More Than Half of Humanity (& Rising) = Online



Source: CIA World Factbook, United Nations / International Telecommunications Union, USA Census Bureau. Internet user data is as of mid-year. Internet user data: Pew Research (USA), China Internet Network Information Center (China), Islamic Republic News Agency / InternetWorldStats / Bond estimates (Iran), Bond estimates based on IAMAI data (India), & APJII / GlobalWebIndex (Indonesia).

Global Internet Users =
Asia Pacific Leads in Users + Potential



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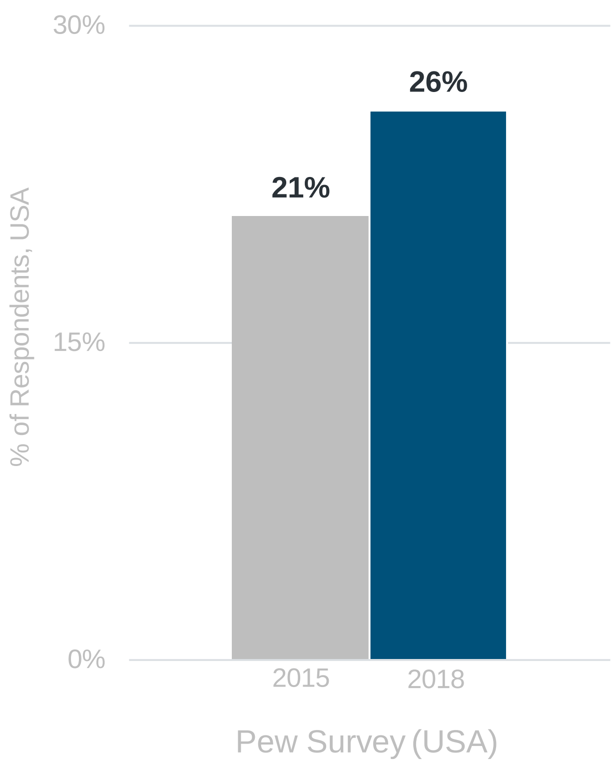
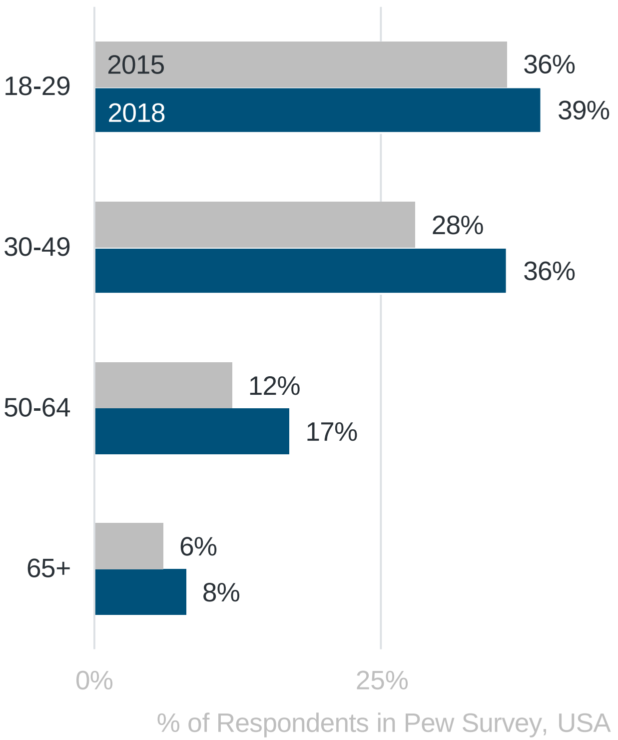
Adults 'Almost Constantly' Online = 26% vs. 21% Three Years Ago

% of Adults Online 'Almost Constantly'

Overall



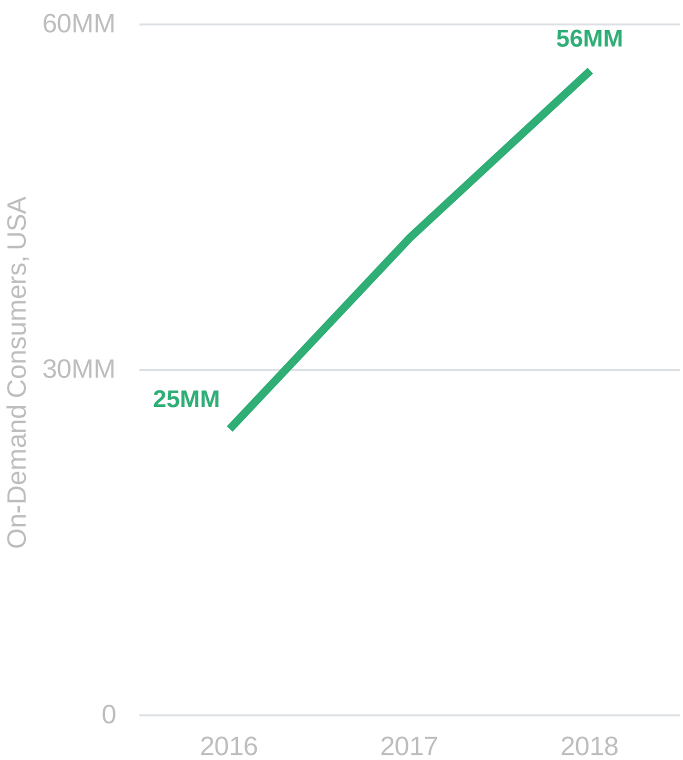
By Age Group



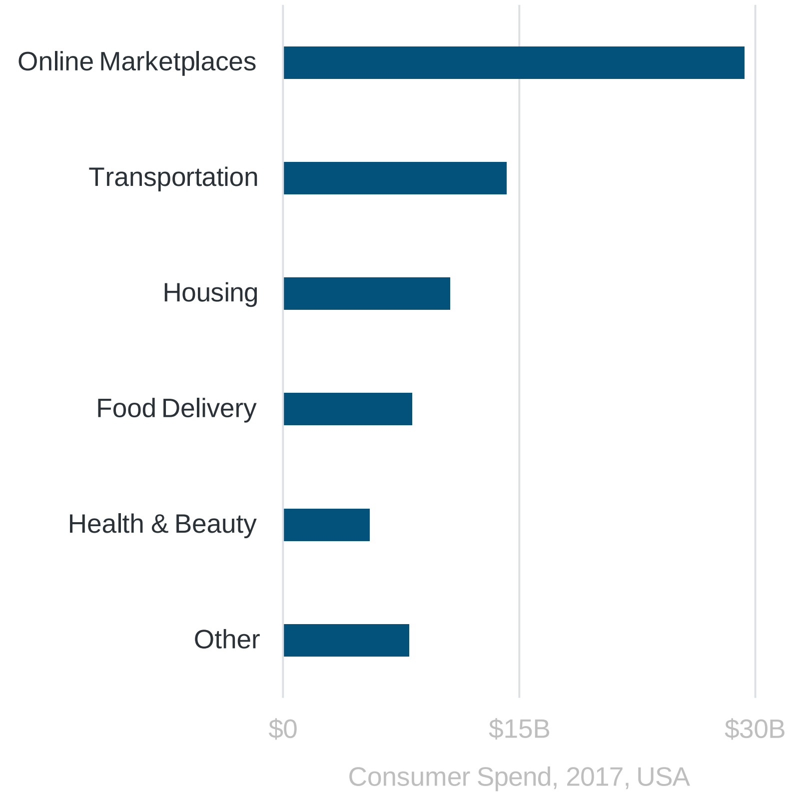
Source: Pew Research (7/15 + 1/18)

On-Demand = 56MM Consumers + ~2x in Two Years

On-Demand Consumers, USA



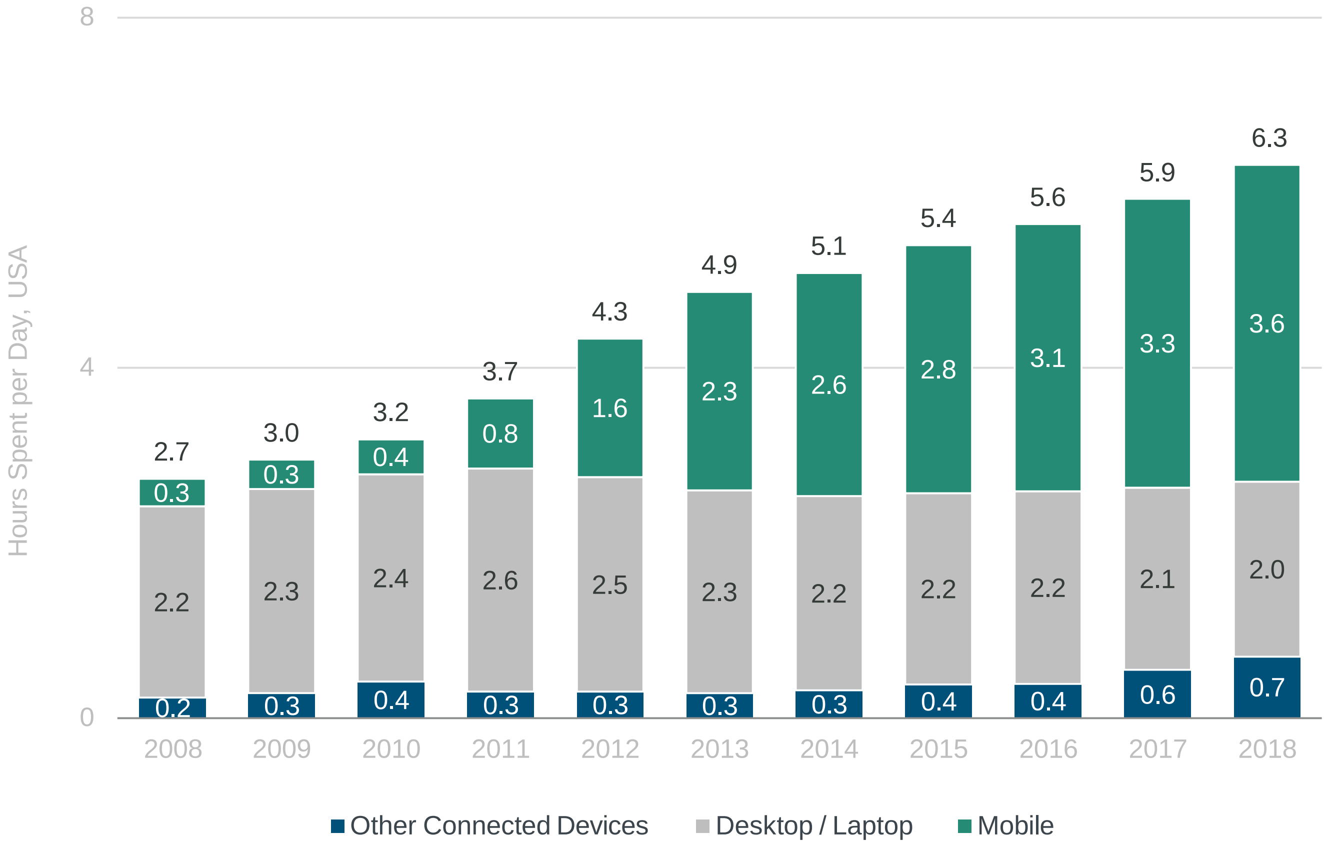
On-Demand Products / Services – Consumer Spend, 2017, USA



Source: National Technology Readiness Survey (4/18). Note: authored by Rockbridge Associates, Inc. & A. Parasuraman, & is co-sponsored by the Center for Excellence in Service, Robert H. Smith School of Business, University of Maryland. The study is conducted online among a representative sample of consumers in a national panel, & represents the views of U.S. adults ages 18 & older. The sample size was 1,032 in 2016 & 1,004 in 2017. The margin of error is +/- 3 percentage points. 2018 figures are estimates.

Digital Media Usage = Accelerating +7% vs. +5% Y/Y

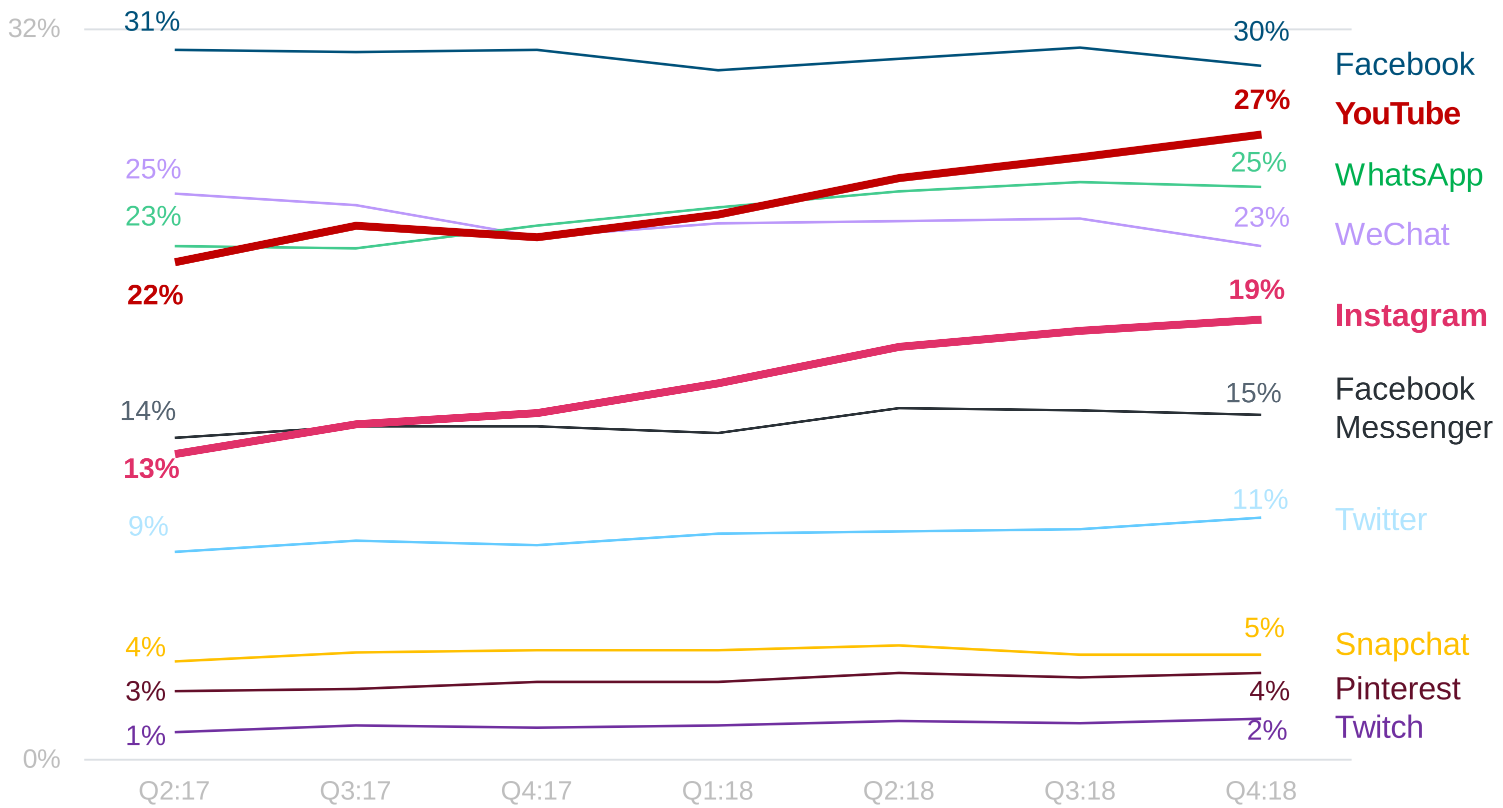
Daily Hours Spent with Digital Media per Adult User, USA



Source: eMarketer 9/14 (2008-2010), eMarketer 4/15 (2011-2013), eMarketer 4/17 (2014-2015), eMarketer 10/18 (2016-2018).
Note: Other connected devices include OTT & game consoles. Mobile includes smartphone & tablet. Usage includes both home & work for consumers 18+. Non deduped defined as time spent with each medium individually, regardless of multitasking.

Online Platform Time = YouTube + Instagram Gaining Most

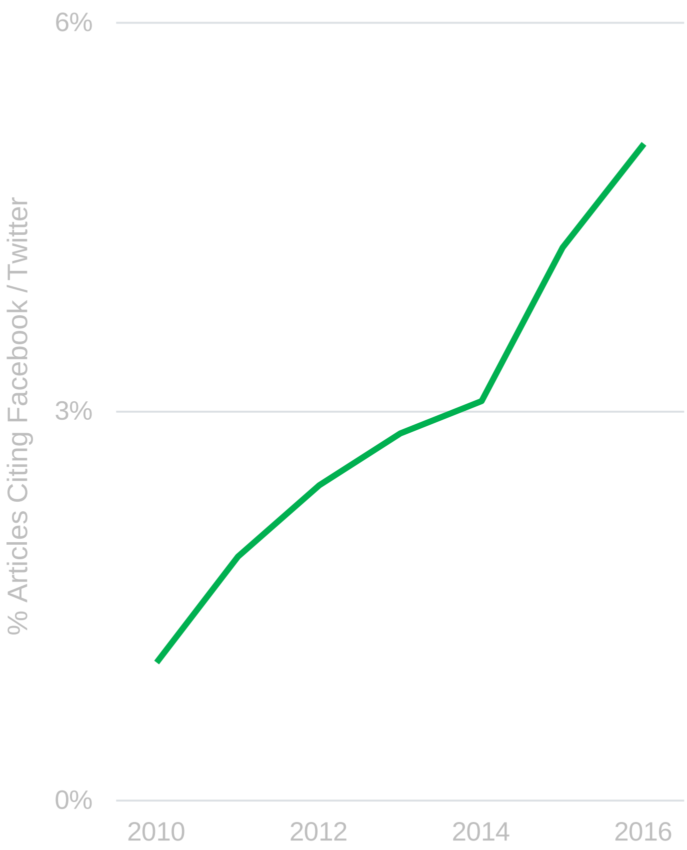
% Internet Users Using Select Platforms > 1x per Day, Global*



Source: Global Web Index Survey of 50K+ Global Internet users aged 16-64 (3/2017-12/2018). Note: WeChat is displayed as "Weixin" in China. *Countries surveyed include major Internet populations – Argentina, Australia, Austria, Belgium, Brazil, Canada, China, Colombia, Denmark, Egypt, France, Germany, Hong Kong, India, Indonesia, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Philippines, Poland, Portugal, Romania, Russia, Saudi Arabia, Singapore, South Africa, South Korea, Spain, Sweden, Switzerland, Taiwan, Thailand, Turkey, UK, USA, United Arab Emirates, Vietnam. Toutiao estimate = ~4% of Internet users using Douyin in 2018….Not included owing to lack of trend data & regulatory action in period.

Traditional Media Platforms =
Can Amplify Social Media Trending Topics

% Articles Citing Content Originally Posted To Facebook / Twitter (Leading Newspapers*)



The topics for which Facebook & Twitter are most commonly sourced [in newspaper articles] are similar across all countries – among them are soft news topics as well as hard news topics such as ***domestic & international politics, breaking-news events or reporting on movements, the last of which highlights the relative advantages of social media as a source for journalists.***

Gerret von Nordheim et al. – *Sourcing the Sources,* 6/18

Source: Sourcing the Sources – Bournemouth University. *An analysis of the use of Twitter & Facebook as a journalistic source over 10 years in The New York Times, The Guardian, & Süddeutsche Zeitung (leading newspapers in USA / UK / Germany). Analysis conducted by collecting articles from 2006-2016 across all 3 newspapers & running natural language processing models on the text to identify articles that mention Facebook or Twitter as sources

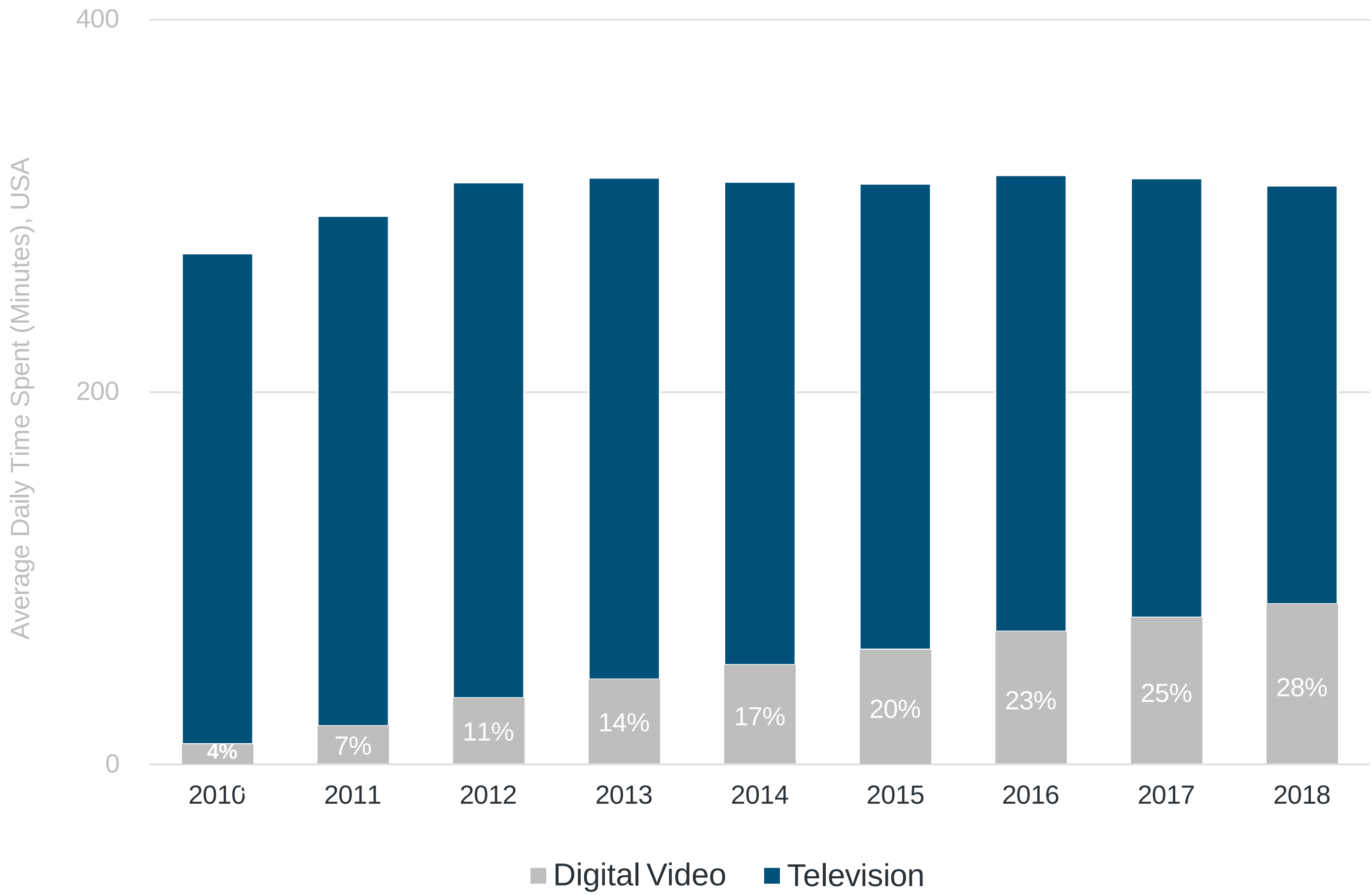
55% of U.S. Adults Get News From Social Media Sites

*Pew Survey, July 2019

52% - Facebook
28% - YouTube
17% - Twitter
14% - Instagram

Video Time =
Digital +2x in Five Years @ 28% of Total (vs. TV)

Video Watching Daily Minutes – Digital vs. TV, USA



Source: eMarketer (10/18). Usage includes both home & work for consumers 18+. Non de-duplicated defined as time spent with each medium individually, regardless of multitasking.

74% of all U.S. households have at least one SVOD service, and 33% stream an SVOD service daily, including half of all ages 18-34

**Leichtman Research Group, Inc. – August 2019*

- 64% of all adults stream an SVOD service at least monthly, and 41% stream more than one SVOD service at least monthly

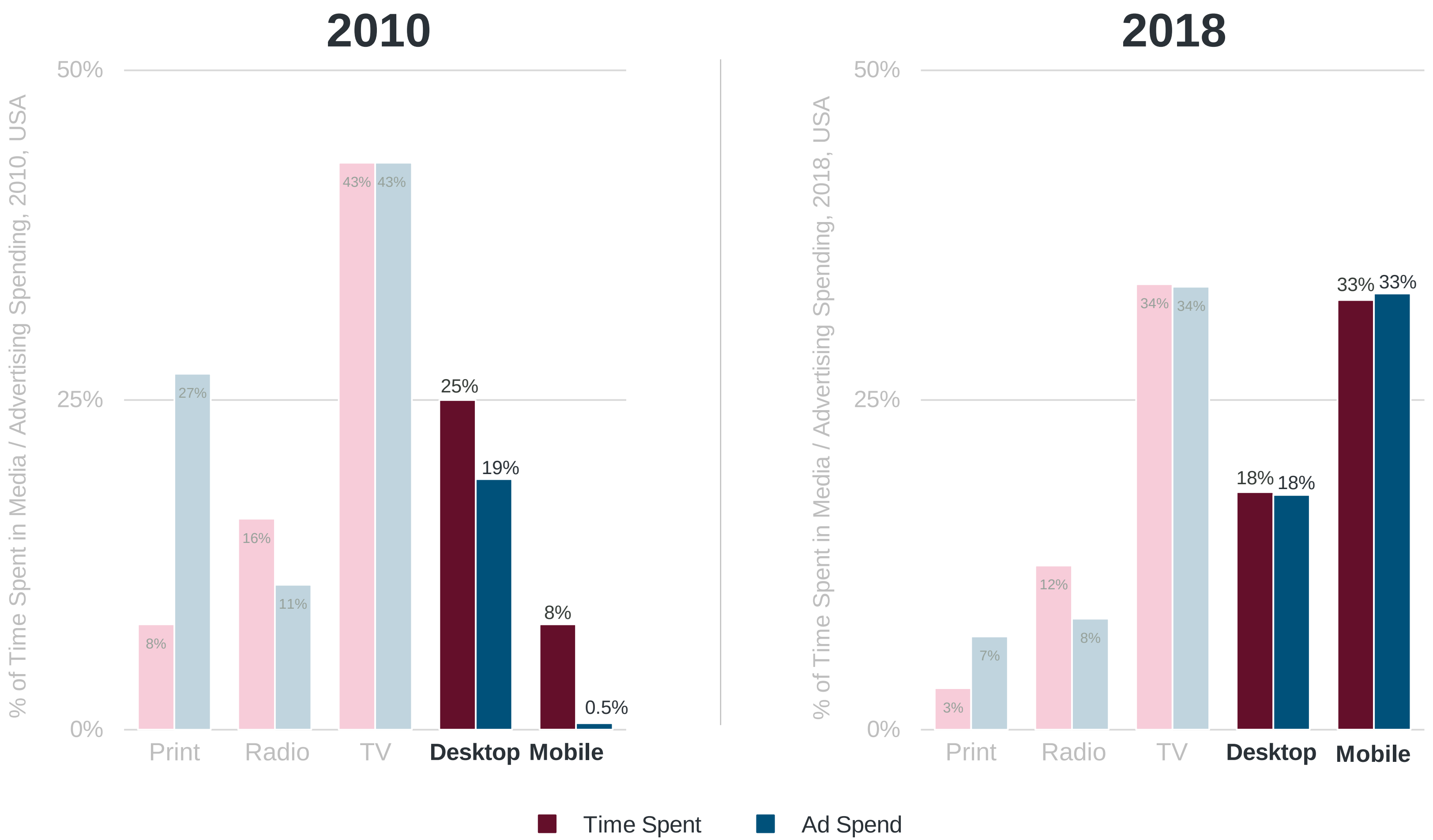
- 33% of adults stream an SVOD service daily – compared to 29% in 2017, and 16% in 2015

- 51% of ages 18-34 stream an SVOD service daily – compared to 34% of ages 35-54, and 15% of ages 55+

- 51% of adults watch video on non-TV devices (including mobile phones, home computers, tablets, and eReaders) daily – up from 43% in 2017, and 31% in 2014

Media Time vs. Advertising Spending = Mobile @ Equilibrium (2018)…Desktop (2015)

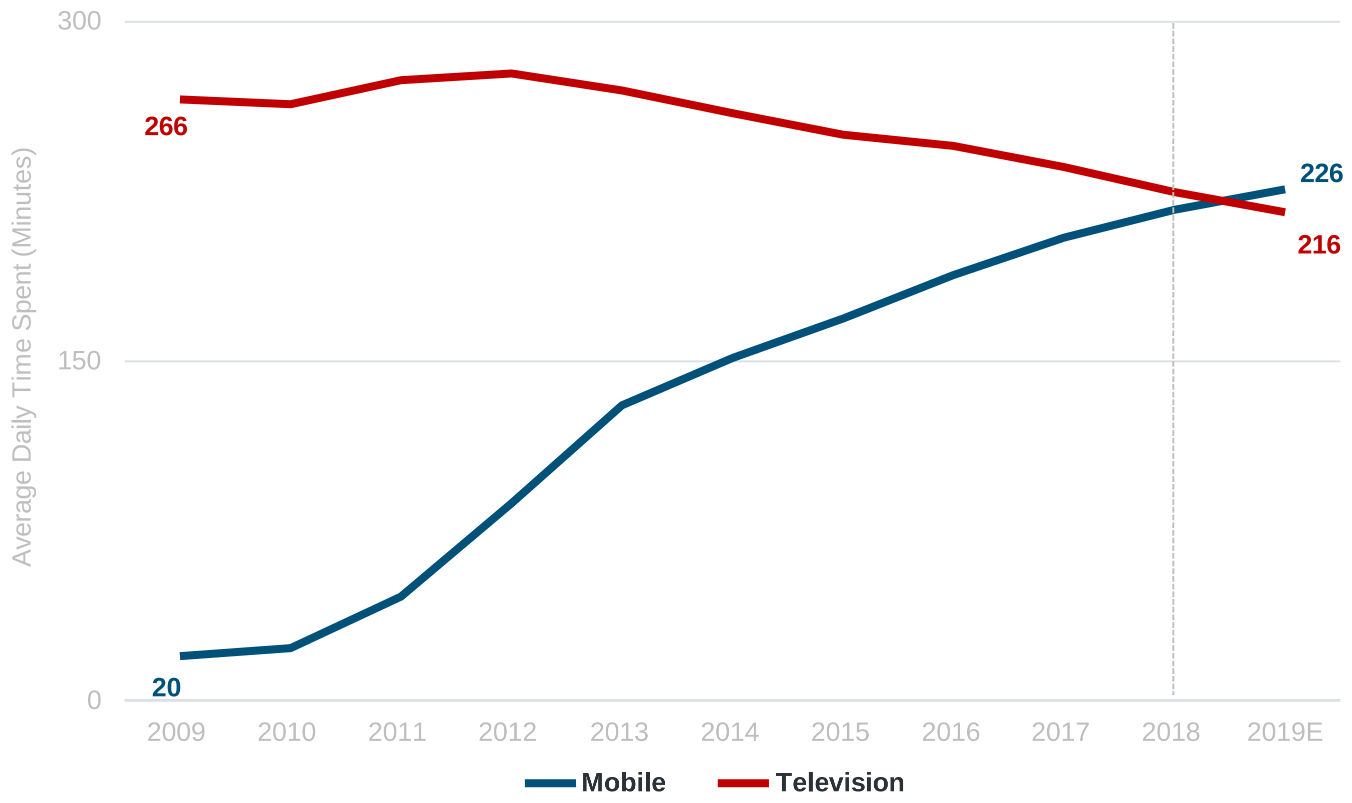
% Time Spent in Media vs. % Advertising Spending



Source: Internet & Mobile advertising spend based on IAB & PwC data for full year 2018 & 2010. Print advertising spend based on Magna Global estimates for full year 2018 & 2010. Print includes newspaper & magazine. Time spent share data based on eMarketer (10/18). Excludes out-of-home, video game & cinema advertising.

Device Time = Mobile > TV

Television & Mobile Daily Time Spent (Non-Deduped), USA



Source: eMarketer (10/18). Usage includes both home & work for consumers 18+.
Non-deduped defined as time spent with each medium individually, regardless of multitasking. Updated from original 4/18 release in 10/18 by eMarketer

Consumer Behavior Is Changing

GenZ and Millennials don't watch video ads. Average attention span for GenZ is 8 seconds.

Statistic Brain. March 2, 2018

SO HOW DO YOU REACH THEM?

ADVERTISING INDUSTRY

$546 Billion worldwide
$140 Billion worldwide in linear tv

Plunkett Research

Linear TV Median Age 56

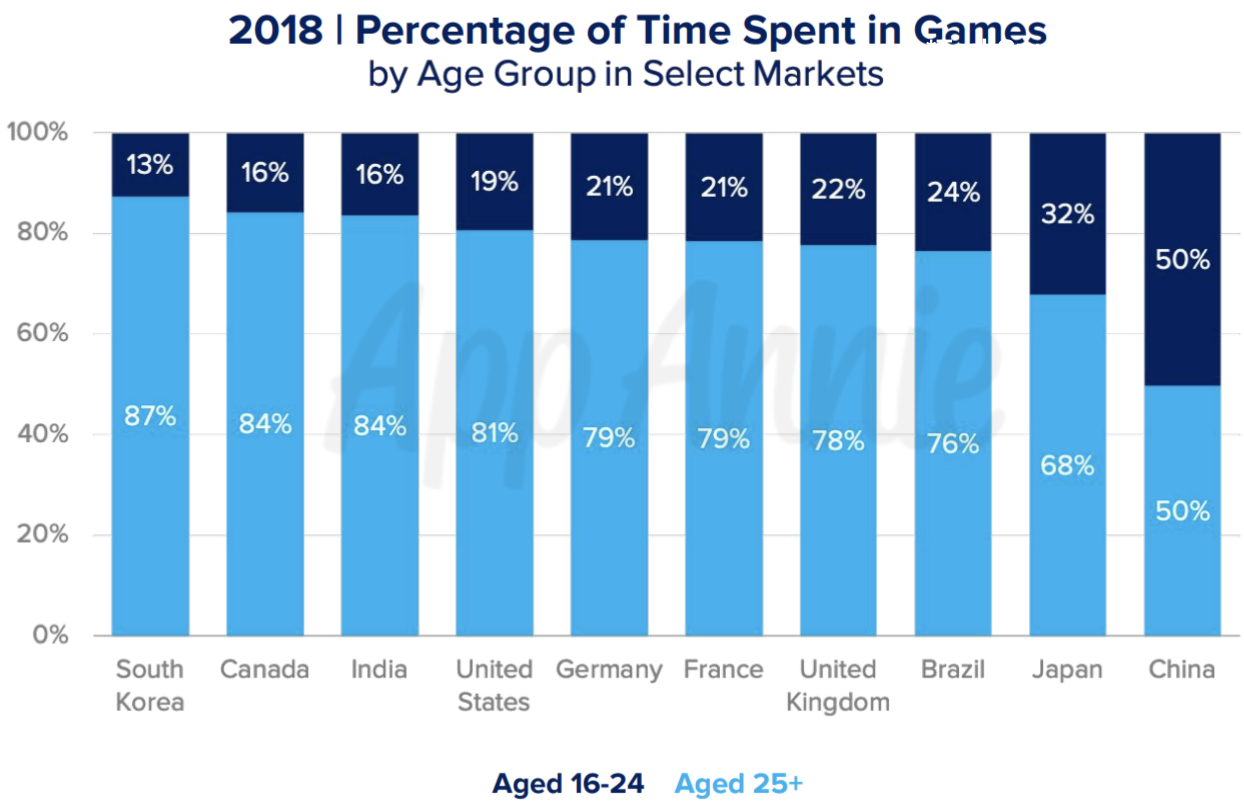
GAMES INDUSTRY

Already $152 Billion worldwide
> 2 Billion gamers
~46% of American gamers are female

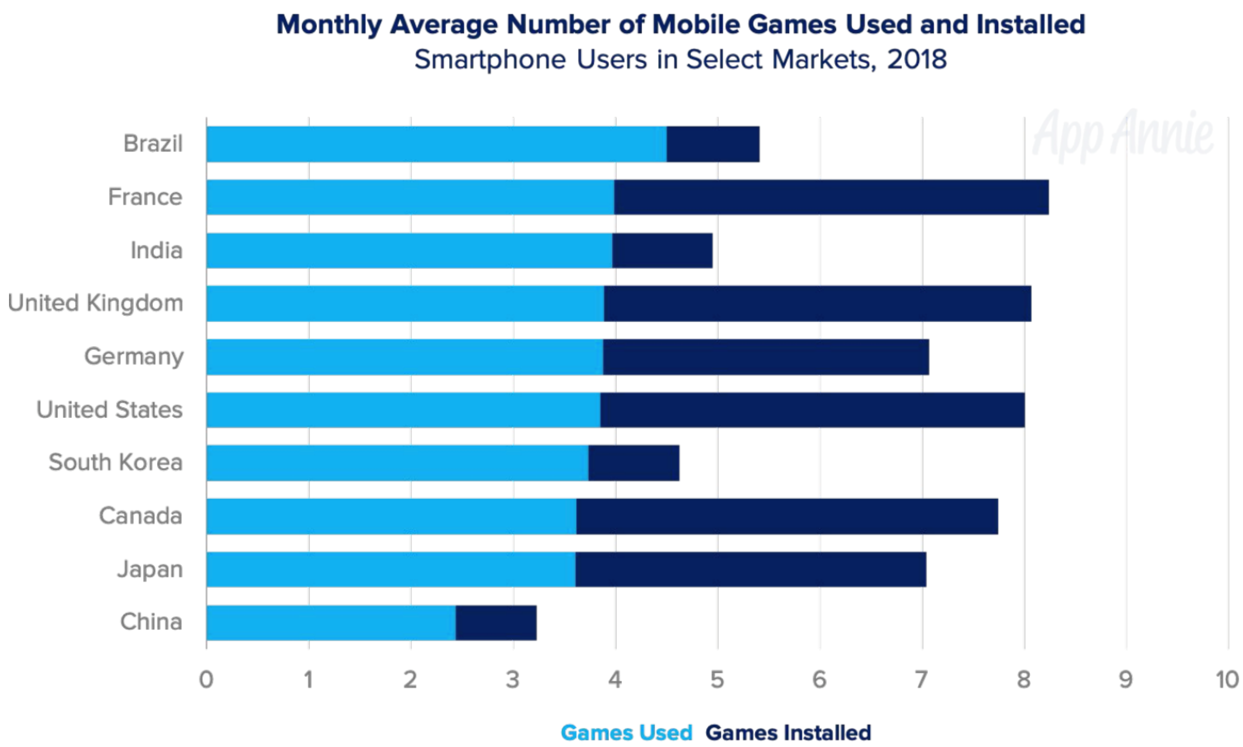
Newzoo Global Games Market Report

Gamer Median Age 35.2

Worldwide Games Audience Age Differences By Country



Mobile games now account for 33% of installs, 10% of time and 74% of consumer spend - TechCrunch June 2019



Usage =

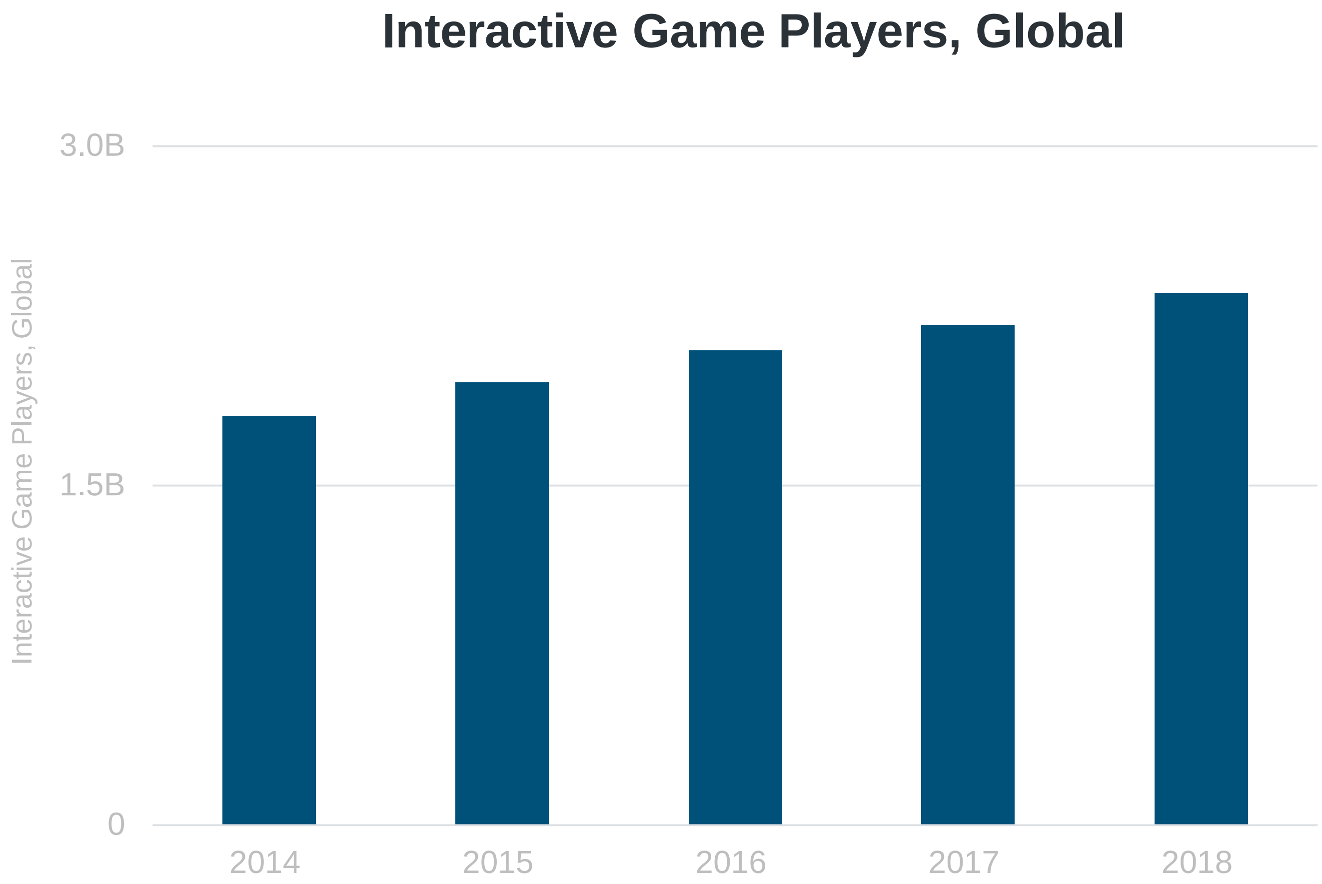
Interactive Gaming…
Increasingly Relevant Way to Communicate

Interactive Gaming =

Real-Time
Play + Talk / Text + Watch…

Social in Nearly All Ways

Interactive Gaming Players = Accelerating @ 2.4B +6% vs. +5% Y/Y



Source: Newzoo Global Games Market Reports (2016-2018).
Interactive Game Players = People who have played a game across console / PC / mobile platforms in the past year.

Interactive Gaming…

Shared Environments
With Collective Purpose / Goals =

The New Social / Friend Networks?

Recreating Reality Around
Play + Problem Solving

Interactive Gaming (Play) = Fortnite @ 250MM+ Users + ~2x Y/Y Across Seven Platforms

Epic Fortnite Cross-Platform Evolution vs. Registered Users

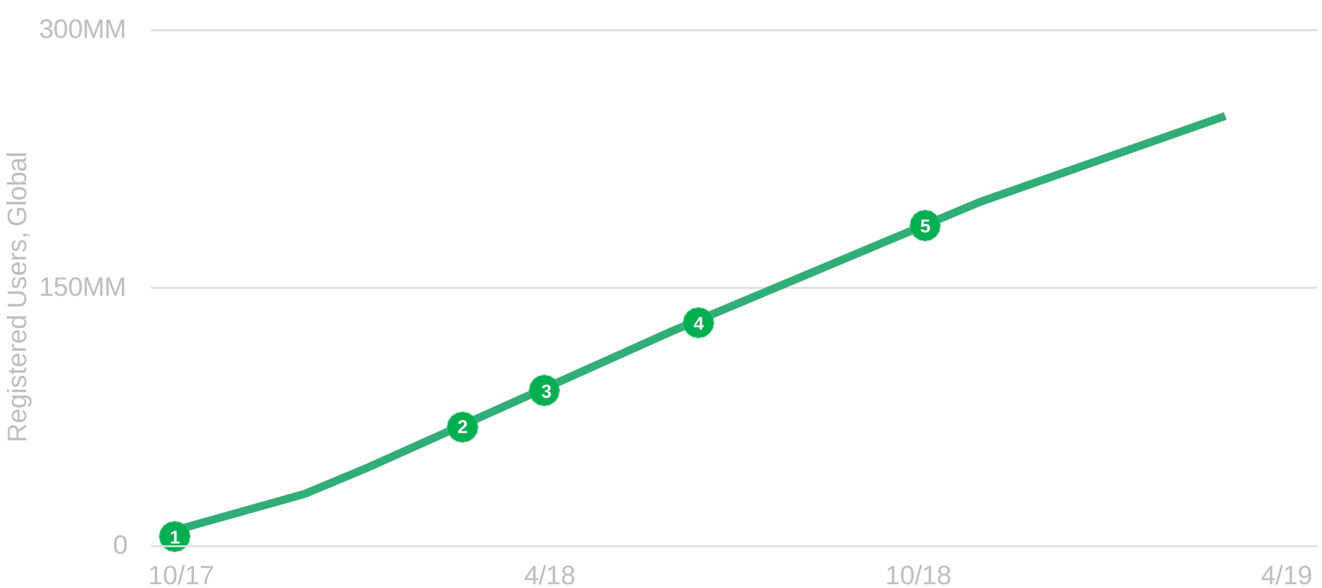
1 **September 2017**
Fortnite Battle Royale Launches on PC / Mac / PS4 / Xbox One With Limited Cross Platform Support

2 **March 2018**
V3.4 Patch is Released Allowing Users to Send & Receive Squad Invites Cross-Platform

3 **April 2018**
Fortnite Launches to Public in iOS App Store, Allowing Cross-Platform Mobile Play

4 **June 2018**
Fortnite Launches on Nintendo Switch… Available on All Major Current Generation Consoles

5 **October 2018**
Fortnite for Android Launches to Public



Source: Epic Games (9/17-3/19)

Freemium Business Evolution =

Started in Gaming
Evolving / Emerging in
Enterprise + Consumer…

All In…Just Getting Started

Freemium Business Models = All In…Just Getting Started

Select Publicly Traded *Pure-Play* Freemium Businesses*

>10MM Paid Subscribers (3/19)

Gaming	**Epic Games** (Private Company)	27MM**
Enterprise	**Dropbox**	13MM
Consumer	**Spotify**	100MM

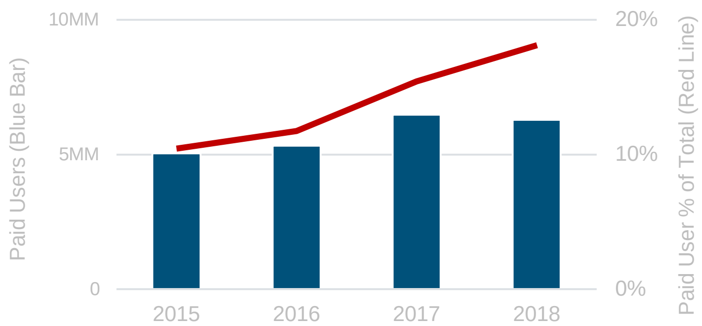
>$1B Annual Revenue (2018)

		$1B+ Revenue 1st Year	Primary Monetization Drivers
Gaming	Nexon	2011	Paid Items / Ads / Subscriptions
	King Digital	2013	Paid Items / Ads / Subscriptions
	Supercell	2014	Paid Items / Subscriptions
	Mixi	2015	Paid Items
	Netmarble	2016	Paid Items
	Epic Games (Private Company)	2018	Paid Items / Subscriptions
Enterprise	**Dropbox**	2017	Subscriptions
Consumer	**Spotify**	2014	Subscription / Ads
	Pandora	2015	Subscription / Ads
	Match Group	2016	Subscription / Ads

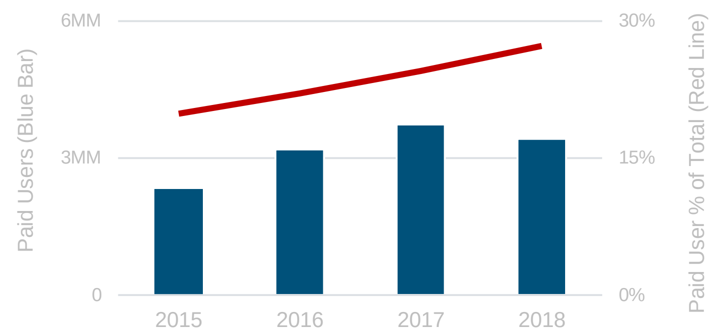
*Excluding China companies where Freemium business models are more mature owing to higher maturity of digital payments, parti cularly microtransactions / Excludes diversified companies (such as Apple / Amazon / Microsoft) owing to significant revenue contribution from non-freemium businesses / Includes private company Epic owing to scale. **Epic = Midpoint of 23-31MM estimate for Battle Pass subscribers per Timothy O'Shea @ Jefferies (3/19)…not confirmed by Epic Games. Source: CapitalIQ (including currency conversion) = Nexon / King (2018 Revenue as part of Activision) / Pandora / Mixi / Match Group / Dropbox / Netmarble. Spotify = Wall Street Journal / Company reports. Supercell = Venture Beat.

Freemium Gaming = Social / Often Mobile / Can Be Transient

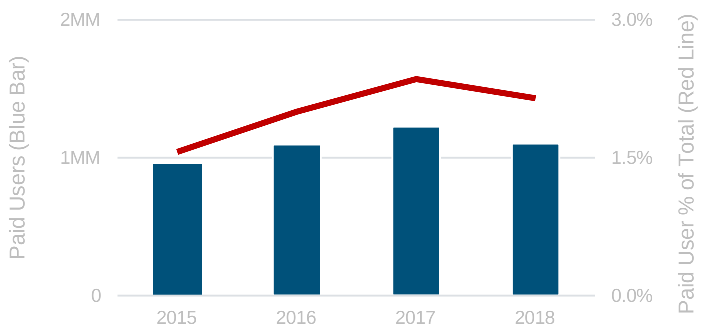
Nexon



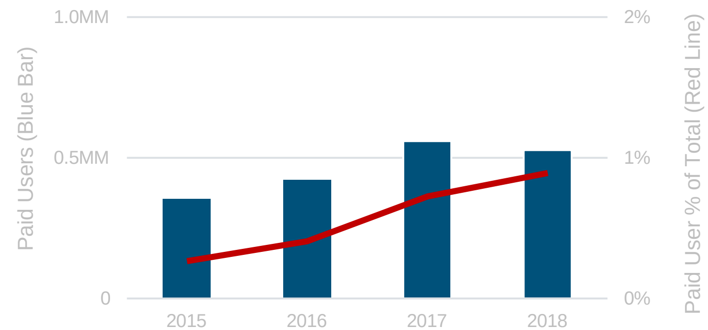
HearthStone



Zynga



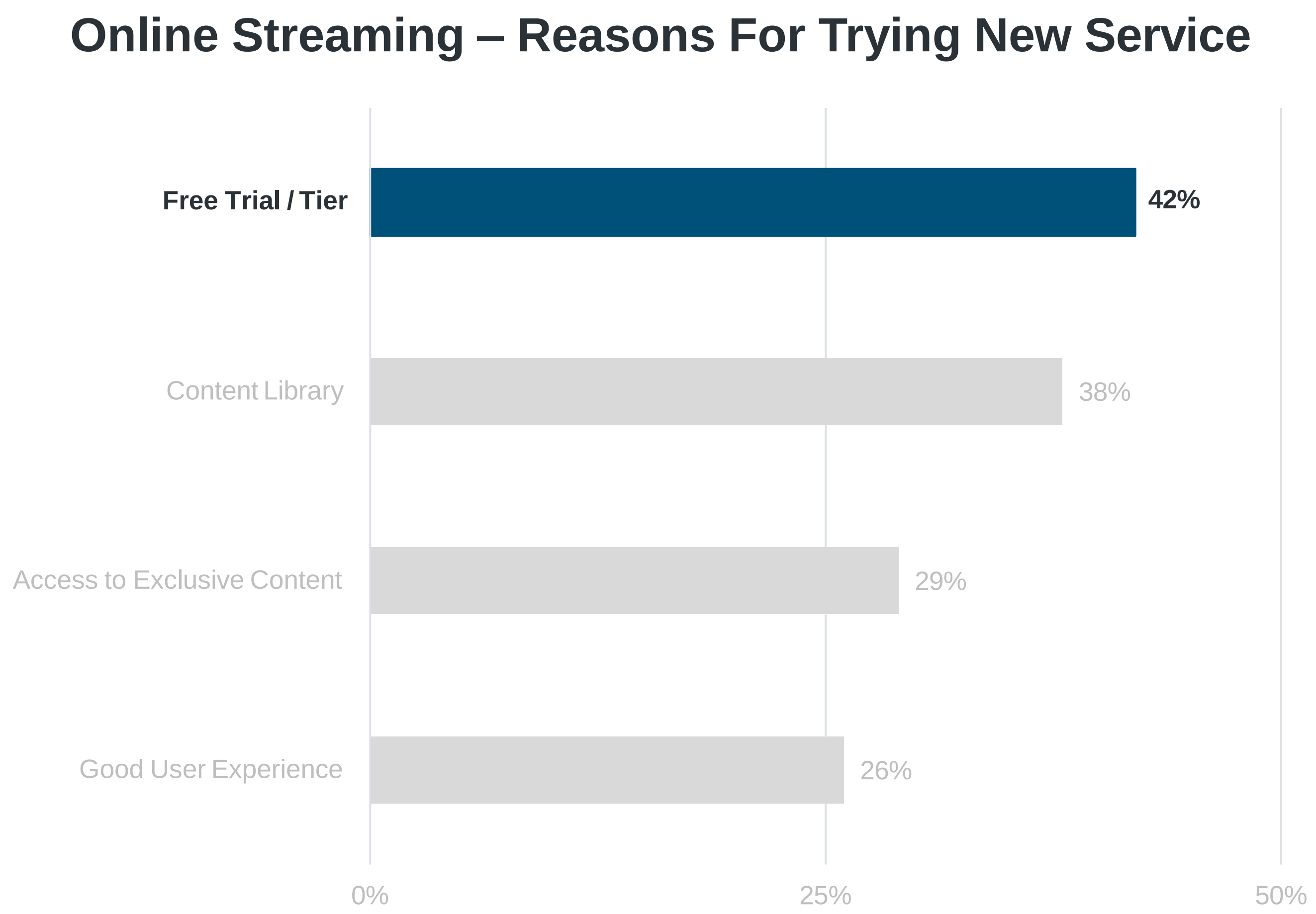
Rovio



Paid Users — Paid % of Total Users

Source: Nexon = Annual Company Filings. HearthStone = Activision Blizzard Filings + Morgan Stanley estimates. Zynga = Zynga Annual Filings. Rovio = Rovio Annual Reporting. Note Paid users refers to users who upgrade to unlock premium features such as ad-free game play. Paid Users % of Total = share of payers in a period divided by total active users in the same period.

Effective + Efficient Marketing = Can Be Free Trial / Tier



Source: 2BrightCove / YouGov survey of 10,502 adults in USA, UK, France, Australia, Germany, Canada & UAE, 9/18.

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