



PRIMER ON SOCIAL CASINO GAMING AND ITS VALUE TO REAL MONEY GAMING OPERATIONS

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Abstract: Social casino gaming has grown substantially in recent years, predominantly on social platforms like Facebook. This development has created new avenues for the casino industry to interact with a vast new audience, establish partnerships with land-based casinos, and foster socially driven promotional activities. In this research brief, we will investigate the factors propelling the ascent of social casino gaming, assess its ramifications for the industry, and propose strategies for leveraging this social driven game platform in service of the wider gaming industry.

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Introduction to Social Casino Gaming

Social casino gaming, a distinct blend of social gaming and traditional casino games, has come a long way since its inception. Its origins can be traced back to the early Internet era when social interaction and games started to converge on digital platforms. As the internet became more accessible, social gaming began to take hold. Social networks and online communities started offering media for games where players could interact, compete, and share their experiences, eventually giving birth to the concept of social casino gaming.

In the mid to late 2000s, social gaming platforms like Facebook started hosting casino-style games, marking the beginning of the social casino gaming era. Companies like Zynga launched games such as "Texas Hold 'em Poker," which emulated the traditional casino experience in a social environment. The simplicity of these games, coupled with their social aspects, attracted a broad audience. This resulted in a surge of similar games, thereby establishing social casino gaming as a substantial segment of the wider gaming industry.

The advent and subsequent popularity of smartphones further boosted social casino gaming. Mobile devices allow users to engage in gaming anytime, anywhere, thus increasing convenience. Developers swiftly moved to capitalize on this trend, creating mobile versions of their popular games and exploring the potential of app-based platforms for hosting social casino games.

Social casino gaming is a significant part of the multi-billion-dollar social gaming industry. The social casino gaming sector has witnessed steady growth with a broad range of games that appeal to a diverse audience. Games are no longer restricted to

traditional casino favorites like poker and slots but include various other genres to keep the user base engaged and entertained.

The evolution of social casino gaming has opened up new avenues for the traditional casino industry. By offering casino-style games in a more casual, low-risk environment, social casino gaming platforms attract players who might not typically visit a conventional casino. This widened reach creates new opportunities for user engagement and paves the way for potential collaborations between online platforms and land-based casinos, leading to further growth avenues for the entire casino industry.

Why social casino gaming is vital to the casino industry

Social casino gaming holds substantial importance to the casino industry, acting as a driving force for both market expansion and revenue growth. Through social casino games, the industry reaches a broader demographic than traditional land-based or online casinos can target due to the widespread popularity and accessibility of social media platforms. The introduction of casino-like games on these platforms enables people who may not have traditionally engaged with casino gambling to experience it in a low-stakes, casual environment.

This audience diversification is critical to the growth and sustainability of the casino industry. Unlike traditional gambling, which often requires commitment, financial investment, and understanding of the games, social casino gaming is easily accessible and less intimidating for newcomers. As such, it can serve as a point of introduction,

leading casual social gamers to become paying customers of the casino industry, whether online or in physical establishments.

Furthermore, social casino gaming has opened new avenues for monetization and partnerships within the casino industry. In-game purchases and advertising are two significant revenue streams that have emerged from this segment. Moreover, the cross-promotion opportunities between social casino gaming platforms and land-based casinos have led to mutually beneficial partnerships, increasing customer engagement and loyalty.

Lastly, social casino gaming provides invaluable data and insights into consumer habits and preferences. It allows the casino industry to analyze trends and behaviors in a less formal environment, which can be used to refine their offerings in social gaming and traditional gambling settings. It provides opportunities for testing new concepts and games, ensuring that potential consumers have already validated products brought to the market. This consumer-driven product development can provide a crucial edge in a highly competitive industry.

The purpose and scope of this brief

The primary purpose of this research brief is to examine the evolution and growth of social casino gaming, specifically within the context of social media platforms like Facebook, and to understand its impact on the broader casino industry. We aim to provide a comprehensive overview of this industry segment, exploring its genesis, present state, and potential future. By doing so, we aim to illuminate how social casino gaming is reshaping the industry and creating new opportunities for growth and customer engagement.

Our investigation into social casino gaming will delve into various critical aspects of this emerging trend. We will explore the factors that have contributed to the rise of social casino gaming, how it influences consumer behavior, and the strategies traditional casino operators can employ to leverage this trend for their benefit. Furthermore, the brief aims to highlight the synergies that can be created between social casino gaming platforms and traditional land-based or online casinos, demonstrating the potential for collaboration and mutual growth.

The scope of this research brief is broad but focused. We are interested in all forms of social casino gaming, whether on dedicated platforms or integrated into more extensive social media networks. We seek to understand the individual gamer's perspective and the strategic viewpoint of industry stakeholders. The research will analyze data from various sources, including industry reports, academic studies, and case studies, to provide a comprehensive picture of the current landscape of social casino gaming.

Ultimately, this research brief seeks to provide a valuable resource for industry stakeholders, policymakers, academics, and anyone interested in understanding the rapidly evolving world of social casino gaming. We aim to inform strategic decision-making and stimulate further research by providing a detailed analysis of this trend and offering actionable insights.

Sweepstakes casinos excluded

This brief does not cover sweepstakes casinos, as they operate under a different model than social casinos, though both exist in the online gaming space and can appear similar at first glance. The differences lie primarily in the legal and operational frameworks.

Sweepstakes casinos are online platforms that offer casino-style games but operate under sweepstakes law. This allows them to function legally in many jurisdictions where traditional online gambling might be prohibited.

Here's how it works: Players don't directly bet with real money on these platforms. Instead, they purchase a product, often "sweepstakes credits" or virtual currency, which they can use to play games. Each play represents an entry into a sweepstake, and prizes are awarded randomly.

Sweepstakes credits or virtual currency can't be redeemed directly for cash, but winnings from the sweepstakes can be, making it possible for players to win real money. This aspect is what separates sweepstakes casinos from traditional social casinos.

Factors driving the popularity of social casino gaming

Accessibility and convenience

The surge in popularity of social casino gaming can be primarily attributed to its accessibility and convenience. Unlike land-based casinos, which often require travel and planning, or even traditional online casinos, which require a certain level of commitment to set up an account and deposit funds, social casino games are readily available on platforms millions of people use daily. Whether on a social media site like Facebook, or a dedicated mobile app, these games can be accessed with just a few

taps or clicks, anytime and anywhere. This accessibility dramatically reduces the barriers to entry, allowing more people to engage in casino gaming than ever before.

Another crucial aspect of accessibility is that social casino games are often free to play. Unlike traditional gambling, users can start playing without any upfront investment, where one must risk money to participate. In-app purchases are available for those who wish to enhance their gaming experience but are no longer necessary to play. This free-to-play model opens the doors to individuals who may be hesitant to risk money on traditional casino games but are curious about the experience.

Furthermore, social casino games offer convenience that fits seamlessly into modern lifestyles. Players can engage with these games during their commute, on lunch break, or in the comfort of their homes. There is no need to set aside large blocks of time as one might for a trip to a physical casino or even an extended session at an online casino. Instead, players can engage in gaming in small, manageable bursts of time that can easily fit into their daily routine.

Finally, integrating these games with social media platforms has also contributed significantly to their popularity. They come with a built-in social component, such as leaderboards, sharing of achievements, or even cooperative gameplay, that fosters a sense of community and competition. This social aspect enhances the gaming experience and promotes the organic growth of the games as players invite their friends to join them, making the games even more accessible to a broader audience.

Demographics and player preferences

Understanding the demographics and player preferences of social gambling consumers is crucial to comprehend the potential of this industry segment. A diverse array of

individuals participate in social casino gaming, demonstrating a widespread appeal that spans various demographics.

Contrary to some stereotypes about gamers or gamblers, social casino gaming has proven especially popular among middle-aged adults. Various industry reports indicate that most social casino gamers are women aged 35-65. This demographic trend differs markedly from traditional land-based and online gambling, where men often represent the majority of players. It underscores the broad appeal and accessibility of social casino gaming, reaching a demographic often less represented in traditional gambling spaces.

Regarding player preferences, social casino gamers tend to favor easy-to-learn and play games but also offer opportunities for mastery over time. Slot games are top-rated due to their simplicity and familiarity, but other casino games like poker and blackjack also have a significant presence in the social casino gaming space. Some social casino games also incorporate elements from popular casual games, such as progression systems or puzzle elements, adding another layer of engagement.

Social aspects also significantly influence player preferences in social casino gaming. Features that allow interaction with other players, like chat functions, collaborative events, or competitive leaderboards, are popular among social casino gamers. These social features mimic the social interactions found in land-based casinos and leverage the unique possibilities of digital platforms to create new social experiences.

Notably, while social casino games often use virtual currency, many players still value the opportunity to make in-game purchases to enhance their gaming experience. These purchases might provide additional gameplay benefits, like access to new games or features, or cosmetic enhancements. It's essential to understand that even though these

games are free-to-play, some players are willing to spend money for a more premium experience.

The role of social media and online communities

The role of social media and online communities in social casino gaming cannot be overstated. These platforms and communities form the backbone of the social casino experience, providing the channels through which these games reach players and fostering the social interactions that make these games engaging and unique.

Social media platforms, particularly Facebook, have been instrumental in the growth and popularity of social casino games. By hosting these games, social media platforms offer an accessible and familiar environment where players can easily engage with these games. It allows users to play games within the same interface where they interact with friends, browse content, and participate in other leisure activities, reducing the barriers to entry for new players.

Online communities also contribute significantly to the social casino gaming experience. These communities, whether they exist within the games themselves, on social media platforms, or independent online forums, offer players a space to interact with each other outside of the games. Players can share tips and strategies, celebrate achievements, and even form friendships and alliances that carry over into the games.

Social features often encourage players to engage with their online communities in the games. Features like leaderboards, tournaments, and cooperative challenges incentivize players to interact with others and contribute to the community. Some games also offer social rewards, such as bonus items or currency, for inviting friends to play the game, further encouraging growth and interaction within these communities.

Moreover, social media and online communities provide valuable feedback channels for game developers and operators. By monitoring player discussions and feedback, developers can gain insights into player preferences, potential issues or bugs, and ideas for new features or games. This feedback can guide the development and refinement of social casino games, ensuring they continue to meet and exceed player expectations.

Key platforms for social casino gaming

Facebook

As one of the world's most popular social media platforms, Facebook has played a crucial role in the emergence and growth of social casino gaming. With billions of active users, Facebook provides a broad, diverse, and engaged user base, making it an ideal platform for these games.

The history of Facebook as a social casino gaming platform can be traced back to the late 2000s, following the launch of Facebook's application programming interface (API) in 2007. This allowed third-party developers to create games and applications that could be integrated with Facebook, marking the beginning of Facebook as a gaming platform. Early successes like Farmville by Zynga demonstrated the potential for games on Facebook, including the capacity for viral growth, social interaction, and monetization.

The rise of social casino games on Facebook began in earnest in the early 2010s. Companies like Playtika, with their flagship game "Slotomania," started to harness the

platform's potential, offering casino-style games that could be played for free with friends. These games quickly gained popularity due to their accessibility, social features, and familiar gameplay mechanics. The ability to share progress, send gifts to friends, and compete on leaderboards made these games not just about playing casino games but also about social interaction.

Over time, the role of Facebook as a platform for social casino gaming has evolved. While it remains a powerful platform for these games, changes to Facebook's policies and the growth of mobile gaming have led many developers to expand beyond Facebook.

Facebook's policies have influenced how developers distribute and monetize social casino games. Several vital changes and policies have prompted developers to consider alternatives or additions to Facebook as a platform for their games.

Firstly, Facebook has taken a significant share of the revenue generated from in-game purchases. Historically, this has been as high as 30%. This relatively high commission and Facebook's sizeable user base initially made it an attractive developer platform. However, as alternative platforms, particularly mobile app stores, became more prevalent, many developers expanded to diversify their revenue streams and reduce dependence on a single platform.

Secondly, changes in Facebook's News Feed algorithm have impacted the visibility of social games. Earlier, games could reach users organically through News Feed updates about friends' activities in these games. However, to improve the user experience and reduce spam, Facebook has de-emphasized these types of updates in the News Feed, making it harder for games to achieve organic growth and engagement on the platform.

Moreover, Facebook's policy towards real-money gambling has been somewhat restrictive. While social casino games, which typically use virtual currency, are allowed, Facebook has tighter controls on games that involve real money. These policies can limit how social casino game developers can monetize and innovate within their games.

Developers have found ways to mitigate the limitations of Facebook as a platform and increase their games' reach and revenue by expanding outside its walled garden. Social casino game developers have chosen to develop standalone mobile apps for their games. These apps can be distributed through app stores like Apple's App Store and Google Play, providing access to a broad user base. The control over the game environment, more favorable revenue-sharing agreements, and the explosive growth of mobile gaming have made this a popular choice for developers. Now, most social casino games are available as standalone mobile apps besides their presence on Facebook.

However, social integration remains a crucial aspect of these games, with many still offering features like progress synchronization, social interaction, and user acquisition through Facebook's platform. Facebook's vast user base and robust social networking features have made it a pivotal element for social casino gaming. Its history in social gaming has paved the way for the emergence of a multibillion-dollar social casino industry, changing the landscape of online gaming and gambling.

Mobile applications

Several mobile applications have significantly impacted social casino gaming, becoming famous for their entertaining and interactive designs. These apps offer multiple casino games, including slots, Poker, blackjack, roulette, and more. Here are a few notable examples:

Slotomania

Developed by Playtika, Slotomania is one of the most popular social casino games on mobile platforms. The app provides various slot games with themes, graphics, and bonus features. Players can play alone or join live tournaments against other players worldwide.

Zynga Poker

Zynga, known for creating popular Facebook games, offers this poker app where players can participate in different poker styles like Texas Hold 'em. The game integrates with social media, allowing players to invite friends, send virtual chips as gifts, and play in various tournament styles.

DoubleDown Casino

Developed by DoubleDown Interactive, this app offers a variety of casino games, including slots, video poker, blackjack, and roulette. DoubleDown Casino is known for its daily slot tournaments and frequent updates with new games.

Big Fish Casino

Big Fish Games app offers several casino games, including slots, blackjack, Texas Hold 'em poker, roulette, and more. One notable feature of Big Fish Casino is its social aspect, as players can join clubs, compete in tournaments, and chat with other players.

Huuuge Casino

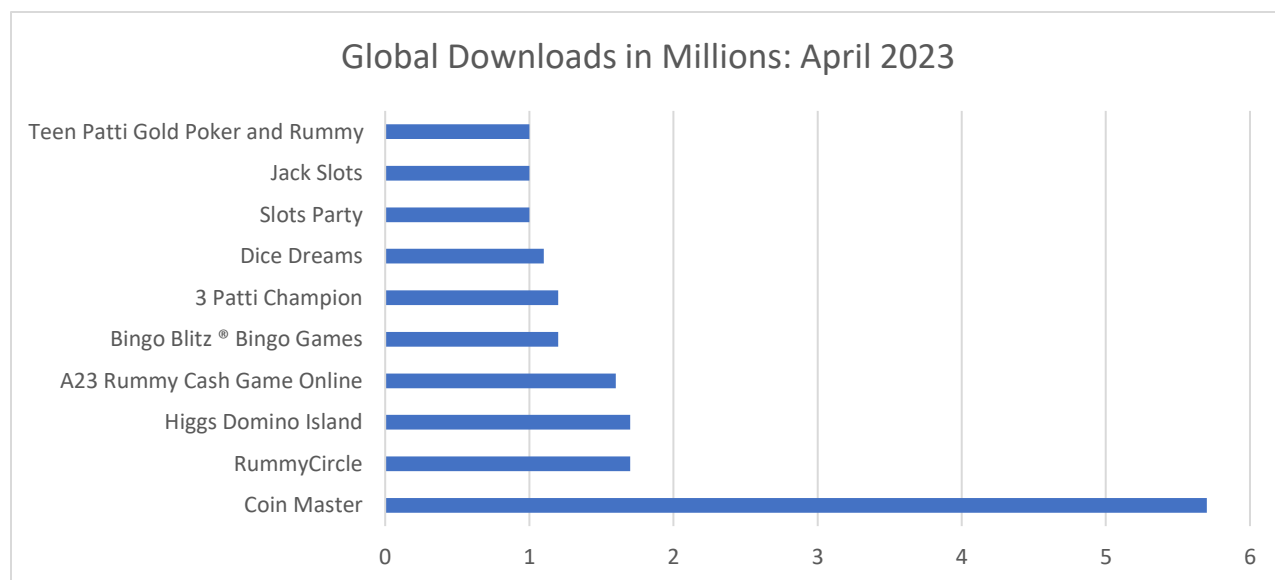
Huuuge Games developed this app, which offers various games, including slots, baccarat, roulette, and poker. Players can join clubs to play with friends, compete in league play, and participate in different challenges.

Jackpot Party Casino

Developed by Light and Wonder (previously, Scientific Games), this app features over 200 slot games featuring unique themes and gameplay mechanics. The app also includes daily bonuses, tournaments, and opportunities for players to win real-world prizes.

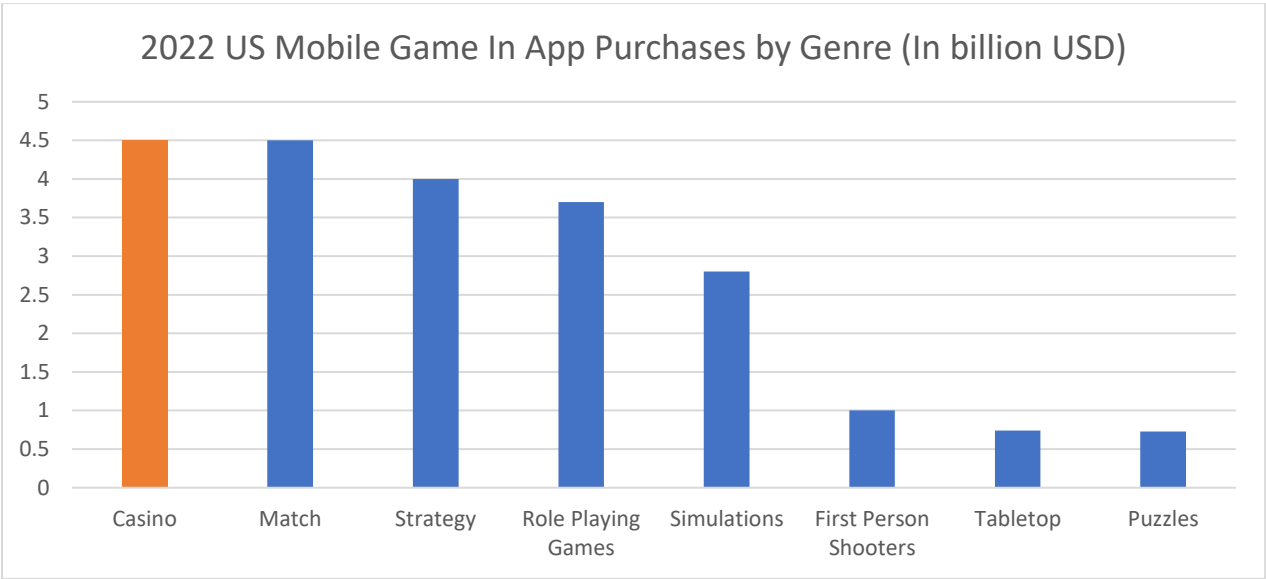
GSN Casino

GSN's casino app offers game show-themed slot machine games and card games such as poker and solitaire. This app is unique because it integrates game show experiences into the gameplay.



Mobile In-App Purchases

The role of mobile applications in social casino gaming extends beyond the mere provision of gaming platforms. In-app purchases, a key feature in many mobile applications, significantly contribute to the revenue generated within the mobile gaming genre. This feature allows users to buy virtual items or services within the game, enhancing their gaming experience and potentially increasing their success in the game.



Based on 2022 data, in-app purchases within the Casino genre in the U.S. are a significant revenue generator. The revenue from in-app purchases for Casino games stood at an impressive \$4.5 billion, putting it at the top of the list alongside Match games, which also generated \$4.5 billion. This revenue level indicates users' willingness to spend within these applications, a factor that is encouraging the growth and sustainability of the industry.

Strategy games followed closely, generating \$4 billion, while Role Playing Games (RPGs) generated \$3.7 billion. This reflects the diversity in player preferences and the wide range of options available to mobile game consumers. Simulations came next with a revenue of \$2.8 billion, followed by First Person Shooters with a revenue of \$1 billion.

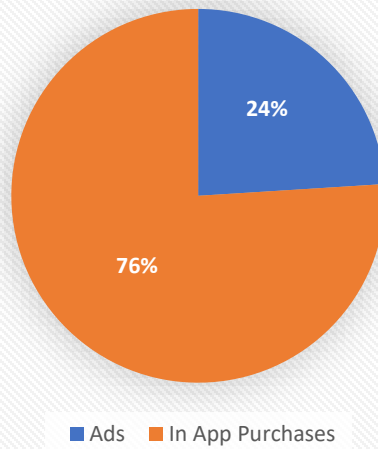
Tabletop games and Puzzle games generated the least revenue from in-app purchases, with respective figures of \$0.74 billion and \$0.73 billion. However, these figures still represent significant revenue, showcasing the widespread acceptance and use of in-app purchases across different game genres.

The robust revenue from in-app purchases in Casino games and other genres underscores the monetization potential of mobile applications in the social casino gaming space. This potential, coupled with the increasing popularity of mobile gaming, bodes well for future growth in the industry. It also suggests opportunities for developers to create engaging and appealing in-app purchase options to enhance the player experience and increase revenue.

Advertising vs. in-app purchases

The revenue distribution between ads and in-app purchases in the social casino gaming space is significantly skewed towards the latter. In-app purchases account for a substantial 76% of the total revenue. This is a clear indicator of the strong player engagement, and the perceived value players associate with in-game purchases, as they willingly spend money to enhance their gaming experiences. On the other hand, advertisements contribute a smaller but still significant share of 24% to the total revenue.

In-App Purchase vs Advertising Revenue



While this indicates the importance of ad revenue for these platforms, it also highlights the delicate balance required to ensure ads do not disrupt gameplay and deter users. This distribution reflects the revenue potential of both in-app purchases and ads but underscores the dominant role of in-app purchases in the revenue model of social casino gaming.

Virtual and Augmented Reality

In addition to traditional platforms like Facebook and mobile applications, several emerging media are significantly impacting the social casino gaming landscape. These new platforms are broadening the scope of social casino gaming, providing new avenues for developers and more options for players.

V.R. is an immersive technology that has the potential to revolutionize social casino gaming. With VR, players can experience a casino environment from the comfort of their own homes, interacting with games and other players in a natural, three-

dimensional space. While still relatively nascent in the social casino gaming industry, V.R. represents a promising future direction, offering an experience that can closely mimic or surpass real-world casino gaming.

As Virtual Reality (V.R.) technology continues to evolve, it's becoming adopted by the social casino gaming industry. A few noteworthy applications include:

PokerStars V.R.

This V.R. version of the popular online poker platform provides an immersive gaming experience where players can handle chips and cards just like in a real poker game. The highly social game allows players to communicate through voice chat, use interactive props, and read other players' body language, replicating a real-life poker table experience.

SlotsMillion VR

SlotsMillion VR is one of the first V.R. casinos, allowing players to walk around a virtual casino and play various slot games. The V.R. environment is detailed, including other players walking around, giving a sense of an active, bustling casino.

Casino V.R. Poker

This virtual reality poker game provides an immersive environment where players can play poker in a casino-style setting with players worldwide. The game focuses on creating a realistic poker game experience, including the ability to communicate with other players at the table.

NetEnt's V.R. Slots

NetEnt, a leading provider of premium gaming solutions to online casino operators, has begun exploring V.R. technology with a few of its popular slot games. For example, their Gonzo's Quest Slot has a V.R. version that offers immersive gameplay, transporting players to the ancient Peruvian ruins where the slot game is set.

These products have begun unlocking V.R.'s potential in social casino gaming for players equipped to consume their content. By creating immersive, realistic gaming environments, V.R. technology can enhance player engagement, offer novel gameplay experiences, and provide players with a more social and interactive platform. As V.R. technology matures, we'll likely see further innovation and growth in this area.

Augmented reality

Virtual reality's partner in technology, Augmented Reality (A.R.), overlays virtual elements onto the real world, creating a blended environment. Social casinos have not widely leveraged A.R. technology, but the areas in which it has been contemplated for product commercialization are as follows:

Virtual Casino Environment

Through AR, players could see a virtual casino overlaid on their physical environment. This could create a more immersive and engaging experience, as players could 'walk' around the virtual casino, select different games to play and interact with other players in a realistic 3D space.

Enhanced Table Games

A.R. could improve the gameplay with special visual effects in games like Poker or Blackjack. For example, a celebratory animation could appear on the table when a player gets a blackjack. This could make the games more exciting and visually appealing.

Interactive Slot Machines

A.R. could create a more interactive slot machine experience. For example, players could 'pull' the lever on a virtual slot machine to spin the reels, or bonus rounds could involve interactive A.R. mini-games.

A.R. Marketing

Casinos could use A.R. to promote social casino games in the real world. For example, they could create A.R. posters or billboards that come to life when viewed through a smartphone, providing a unique and memorable advertisement for their games.

Supporting Technologies and Platforms, Blockchain, and Cryptocurrencies

Blockchain technology and cryptocurrencies like Bitcoin and Ethereum are beginning to be used in social casino gaming. Blockchain can provide a secure, transparent transaction platform, including in-game purchases. Meanwhile, cryptocurrencies can be used as an in-game currency, opening up opportunities for cross-game economies and enabling players to earn real-world value from their in-game activities. Specific examples include:

FunFair

This blockchain-based platform aims to make online gaming more transparent and efficient. Their platform allows developers to create decentralized games, and players can participate in these games using FunFair's native FUN tokens. FunFair's games use smart contracts to ensure that all transactions, such as placing a bet or receiving winnings, are secure, transparent, and tamper-proof.

TruePlay

TruePlay is a blockchain solution designed to provide transparency and fairness to the online gaming industry, including social casino gaming. It provides a platform for creating and running games, with all transactions recorded on the blockchain. This allows players to verify that the games are fair and that their winnings are correctly calculated and paid out.

CasinoCoin

CasinoCoin is a digital currency designed specifically for the regulated online gambling industry. It offers numerous advantages, such as faster transfers, lower fees, and greater transparency. Players can use CasinoCoin to play games at online casinos that accept it, and all transactions are recorded on the blockchain, allowing for easy tracking and verification.

CryptoCasino

CryptoCasino is a platform that uses FunFair's blockchain technology. Here, players can play various casino games, including slots, blackjack, and roulette, using the platform's native FUN tokens. CryptoCasino aims to provide a fair and transparent gaming experience, and all transactions are recorded on the blockchain.

Edgeless

Edgeless was one of the first Ethereum-based casinos. Edgeless offers games like Blackjack, Dice, and Baccarat, and it has its own EDG token for placing bets and receiving winnings. The use of blockchain technology ensures that the games are transparent and fair.

Decentral Games

Decentral Games provides blockchain-based virtual reality games. Players can earn the platform's native D.G. tokens by playing games and use these tokens to stake in the platform's governance and revenue streams.

Cross-Platform Play

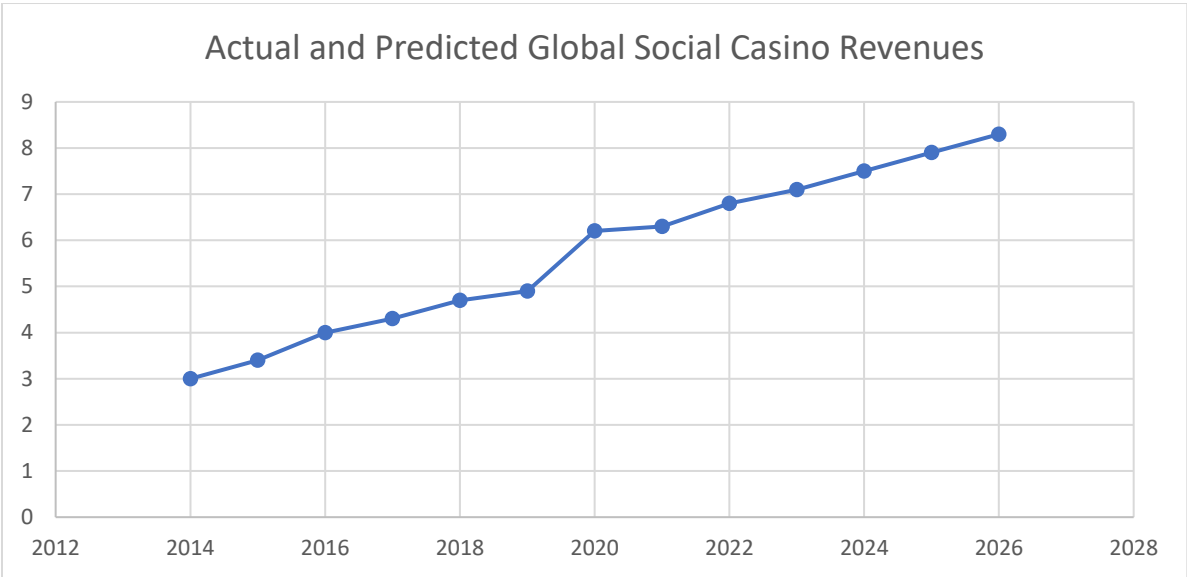
While not a platform, it is an important trend in the gaming industry that's also impacting social casino gaming. This involves enabling players to use the same account to play a game on multiple platforms, such as a computer, smartphone, tablet, or Smart T.V. This enhances the convenience and accessibility of games, allowing players to switch between devices as convenient or necessary.

These emerging platforms and technologies are pushing the boundaries of what's possible in social casino gaming, offering new ways for players to engage with games and each other. As they continue to evolve and mature, they're likely to drive significant innovation and growth in the industry.

Social casino market size and revenue generation

The global social casino gaming market has grown significantly over the years.

In 2014, the industry had revenue of **\$3 billion**, a figure that steadily increased year-on-year. By 2015, the revenue had grown to **\$3.4 billion**, representing an increase of approximately 13%.



Growth continued into 2016, when the revenue increased to **\$4 billion**, showing a further expansion of around 18%. By 2017, the revenue from the social casino gaming industry was **\$4.3 billion**, marking an increase of about 7.5% from the previous year.

In 2018, we saw the industry revenue climb to **\$4.7 billion**, reflecting a growth rate of about 9%. In 2019, the revenue was **\$4.9 billion**, indicating a modest increase of approximately 4%.

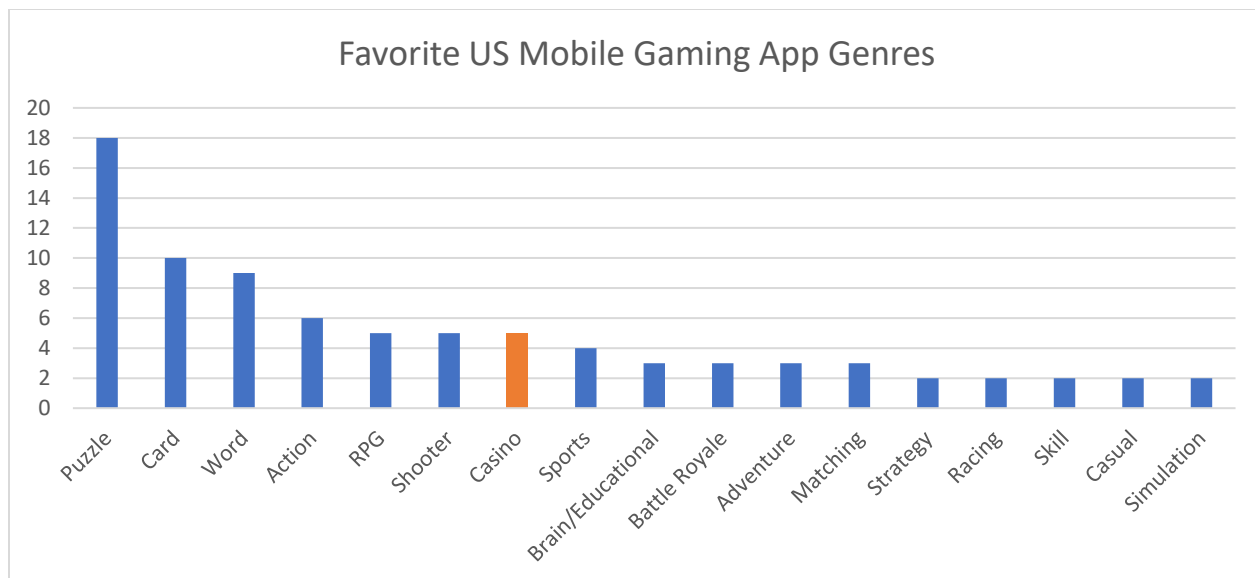
However, the industry experienced a significant leap in 2020, with revenue hitting \$6.2 billion, an increase of over 26% from 2019. This could be attributed to the impact of the COVID-19 pandemic, which led to a surge in online gaming activities as more people stayed home.

In 2021, the revenue slightly increased to \$6.3 billion and is projected to grow further to \$6.8 billion in 2022, \$7.1 billion in 2023, \$7.5 billion in 2024, \$7.9 billion in 2025, and eventually reaching \$8.3 billion in 2026.

This data reflects a positive trend in social casino gaming revenue generation globally. It illustrates how this industry segment is expanding and becoming an increasingly integral part of the wider gaming industry. The consistent growth underscores the popularity and appeal of social casino games and suggests a promising outlook for the industry in the future.

New customer segments and demographics

In examining the favorite mobile gaming genres in the U.S. as of 2022, it is clear that diverse interests exist among mobile gamers, indicating the significance of different genres within this market. Puzzle games lead the pack, with 18% of players citing this genre as their favorite. The popularity of puzzle games could be attributed to their ability to engage players in cognitive challenges while providing entertainment, appealing to a broader age range. Card games are the second most popular, with a 10% preference, followed by word games at 9%.

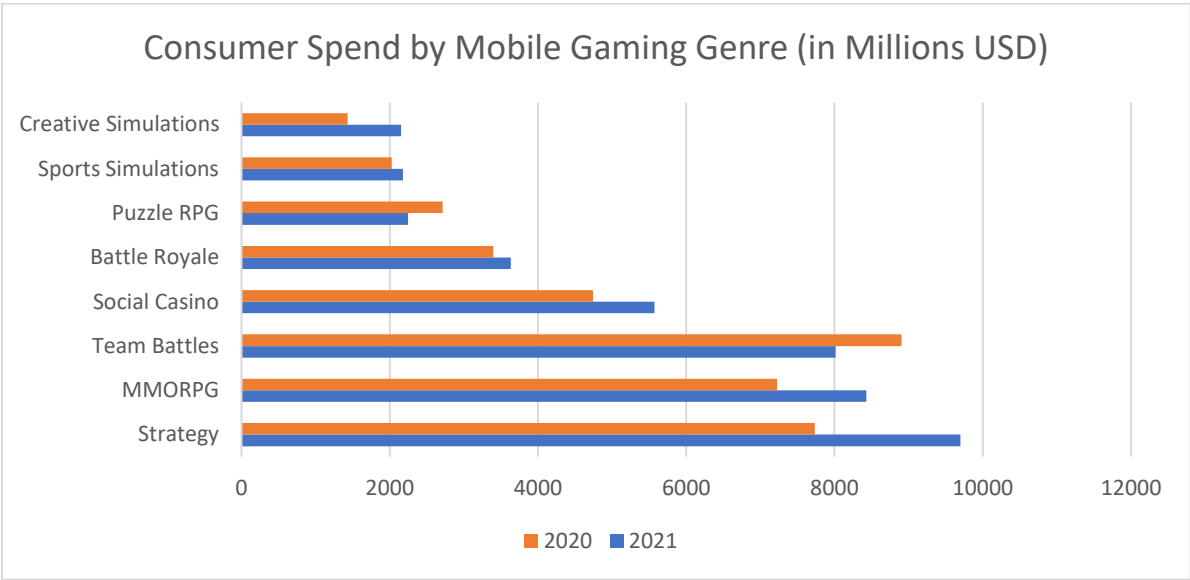


Casino games, which form the focus of this brief, command a 5% preference, equal to that of RPGs (Role-Playing Games) and shooter games. Despite seeming modest, this 5% is significant given the competitive nature of the mobile gaming landscape. A considerable segment of mobile gamers is interested in the thrill, strategy, and potential rewards of casino games, emphasizing the potential for growth and sustained interest in the social casino gaming industry.

Expressed Favorite Genres vs. Actual Consumer Spend

The 5% of the population expressing social casinos as their favorite genre should be considered in relation to the consumer spending data provided. In 2021, social casino games accounted for a consumer spend of 5572.01 million U.S. dollars globally; in 2020, it was 4743.85 million U.S. dollars. Although the 5% preference for social casino

games may seem relatively small compared to other genres, the consumer spending data suggests a significant monetary value associated with this genre.

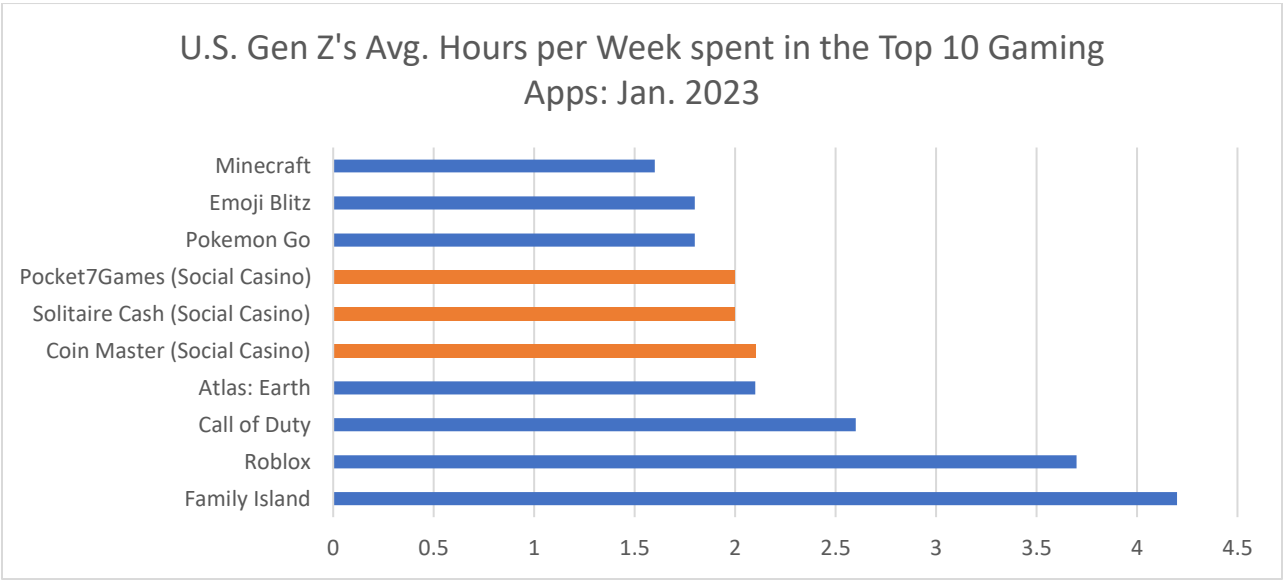


When comparing consumer spending data across genres, it becomes evident that social casino games are a noteworthy contributor to the overall mobile gaming industry. In 2020 and 2021, social casino games ranked fourth in consumer spending. This highlights social casino games' substantial financial impact and engagement, demonstrating their relevance and appeal within the broader gaming market.

It is worth noting that consumer spend can be influenced by various factors, including the monetization models adopted by different genres and the specific spending habits of players within each genre. Therefore, even with a smaller percentage of the population indicating a preference for social casino games, the significant consumer spending figures show a strong market demand and revenue potential within the social casino gaming industry.

Social Casino Engagement among Generation Z

The data on average weekly hours spent on select gaming apps by Gen Z users in the United States as of January 2023 provides valuable insights. Among the top gaming apps, social casino games such as Coin Master, Solitaire Cash, and Pocket7Games are included, with an average weekly usage ranging from 2 to 2.1 hours.

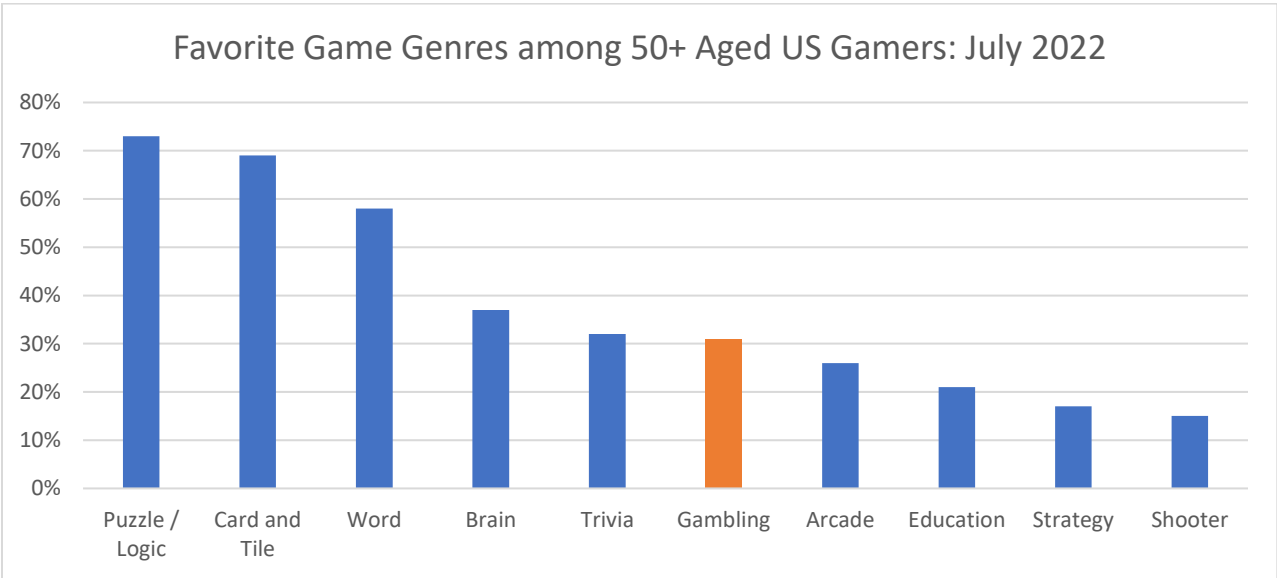


This data highlights the significant engagement of Gen Z users with social casino games, indicating a substantial level of interest and time spent on these types of games within the demographic.

Social Casino Engagement among 50+ Gamers

The data on favorite game genres among people aged 50 and above in the U.S. provides insights into the engagement of this demographic with social casino gaming. While genres such as puzzle/logic and card/tile games take the lead with shares of 73%

and 69%, respectively, the data reveals a significant interest in gambling games with a share of 31%.



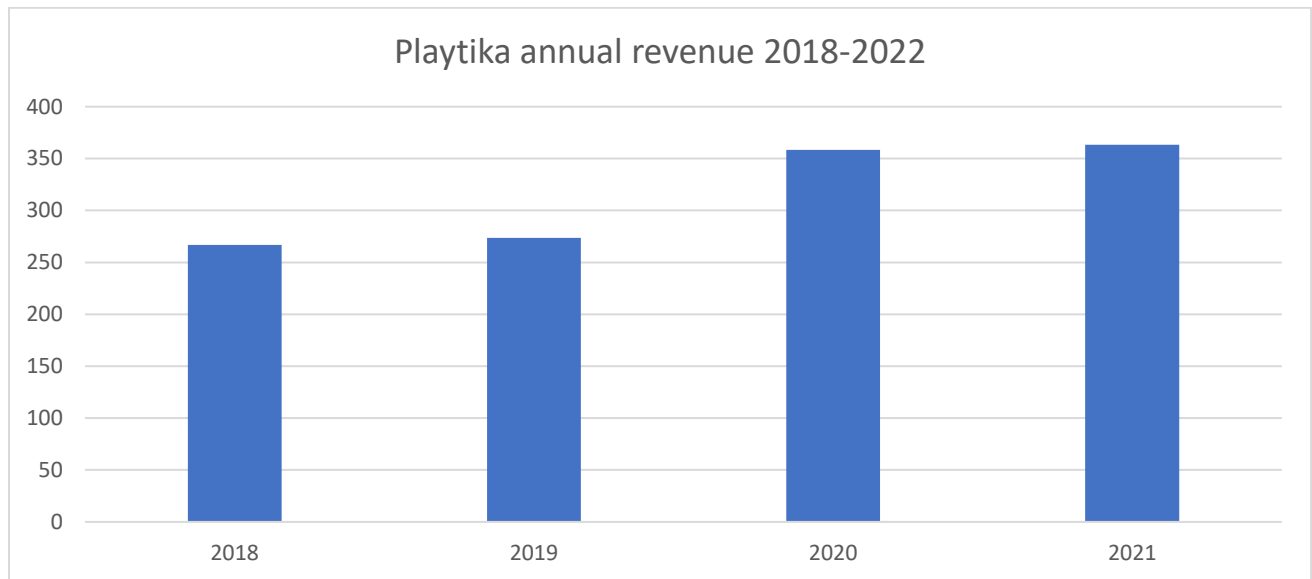
This suggests that a substantial portion of the 50+ aged U.S. gamers enjoy social casino games and actively participate in the gambling genre. The data highlights the potential for social casino gaming to engage and cater to the interests of older adults, indicating a promising market opportunity within this demographic.

Major Social Casino Players

Playtika

Playtika is a leading mobile gaming company specializing in developing and publishing social casino games. The company was founded in 2010 and has become one of the world's largest social casino gaming companies. Playtika is known for its popular

games, such as Slotomania, Caesars Slots, and Bingo Blitz. The company has a global presence with offices in various parts of the world, including the United States, Canada, Argentina, and Ukraine.



- **Slotomania**, developed by Playtika, is a top-rated casino game in the slots genre. It offers a variety of casino slots with adventure themes, and players start with 1 million free coins. The game includes different mini-games to add more excitement. Slotomania has been downloaded over 70 million times and has generated over **\$1.9 billion** in revenue. It attracts a broad audience, including Generation X and Baby Boomers, motivated by escapism, exploration, and social competition. Playtika has employed advertising with actor John Goodman and showcasing gameplay and unique slots.

Lessons from Slotomania's success include:

- The effectiveness of influencer marketing.
- Expanding the target audience.

- Creating diverse creatives to appeal to different types of gamers.

Key Gameplay Features:

- Huge variety of over 160 free slot games to choose from
- Players start with 1 million free coins
- Exciting adventure-themed casino slots
- Progress through the game to unlock rewards and bonuses
- Multiple mini-games available for added entertainment
- Opportunity to turn free coins into bigger winnings
- Social competition element for players to compete against others
- Accessible on various devices, including P.C., laptop, tablet, and mobile phones
- Continuous updates and new slot games are added regularly
- In-game events and promotions for additional rewards and bonuses
- Option to connect with friends and share gifts
- Loyalty program with different tiers and perks based on gameplay and purchases
- Easy login through Facebook or email registration
- The support section and customer service are available for assistance.

Caesars Slots by Playtika is a mobile casino game with a Las Vegas theme. With a wide range of themed slot machines, players can enjoy spinning the reels and aiming for big wins. The game offers bonuses, free spins, unique rewards, and social features that allow players to connect with friends and compete in tournaments. With visually appealing graphics and a user-friendly interface, Caesars Slots provides an immersive and engaging casino experience on mobile devices.

Key Gameplay Features:

- Wide selection of over 1,000 casino games, including slots, table games, and live casino games

- Games from top-class software providers, including IGT
- Variety of slot games, ranging from classic three-reel slots to modern multi-reel 3D slots
- Extensive collection of table games, such as blackjack, roulette, video poker, baccarat, and keno
- A dedicated section for high-limit tables catering to high rollers
- Live dealer options with professional dealers and intuitive software
- Generous welcome bonus of 100% match on first deposit up to \$500 with low 4x wagering requirements
- Ongoing promotions and events, including daily bonuses, happy hour slots, and bonus bet Thursdays
- Exclusive VIP program, Caesars Rewards, offering loyalty points, bonuses, and the ability to link with real-life spending at Caesars resort locations
- Multiple banking options for deposits and withdrawals, including bank cards, ACH Transfer, PayPal, Play+ Card, and more
- Secure encryption for user data protection and reliable customer support with a live chat option
- Mobile-optimized platform with downloadable apps for Android and iOS devices, as well as access via mobile browser
- Smooth mobile experience with all games functioning well on mobile devices

Bingo Blitz is a top-rated online bingo game available on various platforms, including Facebook, iOS, and Android. With over a million daily active players worldwide, it offers an immersive bingo experience with themed virtual rooms that take players on a global journey. The gameplay involves marking off numbers on bingo cards to achieve winning patterns such as vertical, horizontal, diagonal lines, or all four corners. The game features Power-Ups and Bonus Squares that enhance the gameplay and offer additional in-game prizes. Bingo Blitz also includes map rooms for players to travel

through different cities, seasonal rooms with changing themes, and regular events tied to holidays and special occasions.

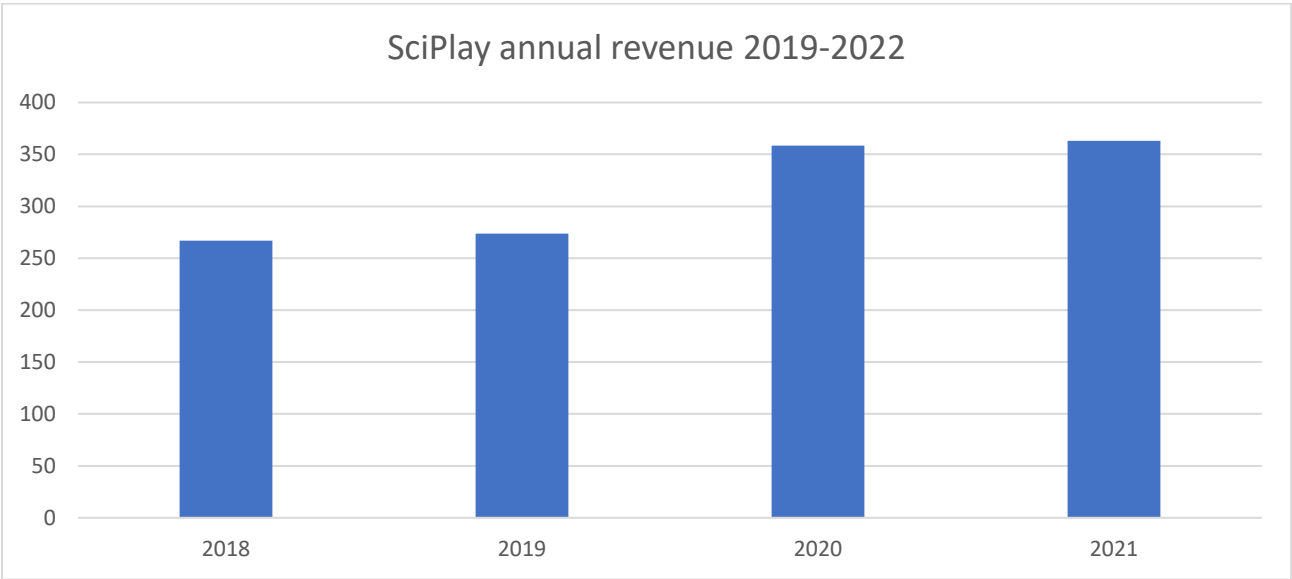
Beyond the game, Bingo Blitz has shown its philanthropic side by donating one million meals through a collaboration with Feeding America to help those affected by the COVID-19 pandemic.

Key Gameplay Features:

- The game allows users to purchase up to four bingo cards at a time using credits, and the total number of participants determines the game's length.
- Players can earn coins to spend in the in-game shop and credits to purchase more games, in addition to collecting unique items.
- Bingo Blitz introduces variations to the traditional bingo rules and incorporates power-ups to enhance the gameplay.
- Certain tiles on each card yield coin bonuses or a treasure chest, which players can open with keys earned through playing rounds or purchased with coins.
- Treasure chests may contain bonus coins, credits, power-ups, or collectibles, usually obtained by achieving a bingo in a specific location.
- Multiple locations named after a major world city are available for play, each offering 12 unique collectibles.
- Power-ups, which can fill random spaces on your card, and create more coin-granting tiles, among other effects, are activated by a meter that charges whenever a match is made.
- Power-ups can be purchased when the meter is fully charged or can be won by unlocking treasure chests.
- The game features a number caller who reads off the numbers in a regionally-appropriate accent, adding to the authenticity of the bingo experience.
- Bingo Blitz requires a longer session-based play, with a recommended engagement period of 20 to 30 minutes.

SciPlay

SciPlay, whose parent company is Light and Wonder (previously known as Scientific Games), is a prominent developer and publisher of digital games specializing in creating engaging social casino games. The company was established as a subsidiary of Scientific Games, a global leader in the gaming industry. In 2019, SciPlay became an independent entity through its initial public offering (IPO).



The core focus of SciPlay is to develop and deliver immersive social casino games that provide players with an entertaining and interactive gaming experience. The company's portfolio features a range of popular titles, including Jackpot Party Casino, Gold Fish Casino Slots, Quick Hit Slots, and more.

Jackpot Party Casino is one of SciPlay's flagship games, offering players a vibrant and exciting virtual casino environment. The game provides an extensive selection of slot

machines with various themes and gameplay mechanics, delivering a thrilling experience to players.

Key Gameplay Features:

- **Slot Machine Gameplay:** At the core of Jackpot Party Casino is its extensive collection of slot machines. The game provides many themed slot games with different reel configurations, pay lines, and bonus features. Players spin the reels and aim to land winning combinations of symbols to earn virtual currency rewards.
- **Bonus Rounds:** Jackpot Party Casino incorporates various bonus rounds to enhance the gameplay experience. Specific symbols or combinations trigger these bonus rounds, allowing players to receive additional rewards. Bonus rounds often include interactive mini-games, free spins, or special features that can boost winnings.
- **The game features progressive jackpots and continuously growing prize pools** that players can win. These jackpots increase over time as players make bets on the game. The advanced jackpot feature adds an element of excitement and the potential for significant winnings.
- **Daily Challenges and Quests:** Jackpot Party Casino includes daily challenges and quests that provide players with specific objectives. By accomplishing these tasks, players can earn extra rewards and bonuses or unlock new content within the game. Daily challenges and quests add a layer of progression and goals for players to strive for.
- **Social Features:** As a social casino game, Jackpot Party Casino incorporates social features to foster a sense of community and interaction among players. It allows players to connect with friends, send and receive gifts, and compete on leaderboards. Social features encourage engagement and create a more interactive gaming experience.

- **In-Game Events and Tournaments:** Jackpot Party Casino often hosts in-game events and tournaments where players can compete against each other for prizes and glory. These events typically have limited-time challenges or unique game modes, adding a competitive element and creating a sense of urgency and excitement.
- **Leveling and Rewards:** The game employs a leveling system where players earn experience points (XP) as they play. Players can level up and unlock new games, features, and rewards by accumulating XP. The leveling system provides a sense of progression and rewards players for investing time in the game.

Gold Fish Casino Slots is another popular offering from SciPlay, known for its immersive underwater theme and engaging gameplay. The game features a wide range of slot machines. Gold Fish Casino Slots offers several key gameplay features contributing to its engaging and entertaining social casino experience.

Key Gameplay Features:

- **Diverse Slot Machine Collection:** Gold Fish Casino Slots boasts a diverse collection of slot machines with various themes, designs, and gameplay mechanics. Players can choose from multiple slot games offering unique features, symbols, and bonus rounds. The game provides an immersive slot machine experience with visually appealing graphics and audio effects.
- **Fish Food Bonus:** One of the standout features in Gold Fish Casino Slots is the Fish Food Bonus. Specific symbols on the reels trigger this bonus round and allow players to pick from a selection of fish food cans. Each can contain a different reward, such as bonus credits, free spins, or multipliers. The Fish Food Bonus adds excitement and extra winning opportunities to the gameplay.
- **Free Spin Features:** Gold Fish Casino Slots includes various free spin features within its slot games. These features are typically activated by landing specific

scatter symbols on the reels. Free spins allow players to spin the reels without using their credits, giving them more chances to win. Some free spin features may include additional bonuses, such as expanding wild symbols or increased multipliers.

- **Progressive Jackpot Opportunities:** The game offers the possibility of winning progressive jackpots through this feature. These jackpots can be won randomly during gameplay, providing players with the potential for substantial rewards. The presence of these jackpots adds excitement and anticipation to the gameplay experience.
- **Social Interactions:** Gold Fish Casino Slots incorporates social features to enhance the game's social aspect. Players can connect with friends, send and receive virtual gifts, and participate in social activities within the game. These social interactions foster a sense of community and allow players to share their achievements and progress with others.
- **Leveling and Rewards:** Gold Fish Casino Slots implements a leveling system that rewards players as they progress through the game. By earning experience points (XP) through gameplay, players can level up and unlock new slot games, features, and rewards. Leveling up provides a sense of achievement and encourages players to continue playing and exploring new content.
- **Daily Bonuses and Challenges:** The game offers daily bonuses and challenges that provide players additional rewards and incentives to keep playing. Daily prizes may include free credits, extra spins, or special promotions. Challenges often involve specific goals or tasks that players can complete for extra rewards, adding a layer of excitement and motivation.

Quick Hit Slots is a highly successful series of social casino games developed by SciPlay. These games offer fast-paced slot action with the iconic Quick Hit symbol, allowing players to win big through exciting bonuses.

Key Gameplay Features:

- **Classic Slot Machine Gameplay:** Quick Hit Slots follows the traditional slot machine gameplay format. Players spin the reels and aim to land winning combinations of symbols across the pay lines. The game features a variety of classic slot machine themes, marks, and graphics, providing a nostalgic casino experience.
- **Quick Hit Scatter Pays:** One of the standout features in Quick Hit Slots is the Quick Hit Scatter Pays. These special symbols can appear anywhere on the reels, and when three or more of them land, they award instant cash prizes—the more Quick Hit symbols that occur, the higher the payout.
- **Free Spins Bonus:** Quick Hit Slots includes a Free Spins Bonus feature triggered by landing three or more Free Games symbols on the reels. This bonus round awards players with a certain number of free spins, during which they can win additional prizes without placing other bets.
- **Progressive Jackpots:** The game features progressive jackpots that players can win. These jackpots continuously increase as players make bets on the game, offering the potential for substantial winnings. The advanced jackpot feature adds excitement and the possibility of hitting a life-changing prize.
- **Scatter Multipliers:** In addition to the Quick Hit Scatter Pays, Quick Hit Slots offers Scatter Multipliers. These are special symbols that multiply the total bet when they appear on the reels, even if they are not on a pay line. Scatter Multipliers can significantly boost winnings and add more anticipation to each spin.
- **Quick Hit Fever Bonus:** The Quick Hit Fever Bonus feature can be randomly triggered during the base game. When activated, additional Quick Hit symbols are added to the reels, increasing the chances of landing more Scatter Pays and higher payouts.

- **Unlockable Slot Machines:** Quick Hit Slots offers various slot machines with different themes and features. Players can unlock new slot machines and explore fresh gameplay experiences as they progress and accumulate winnings. This adds a sense of progression and variety to the game.
- **Daily Challenges and Rewards:** The game includes daily challenges and rewards that provide players with different goals and incentives to keep playing. By completing daily challenges, players can earn extra coins and bonuses or unlock special features within the game.

SciPlay's games are designed to be accessible on both mobile devices and web platforms, allowing players to enjoy casino games anytime and anywhere. The company leverages its technology and game design to create visually appealing graphics, engaging animations, and intuitive gameplay mechanics.

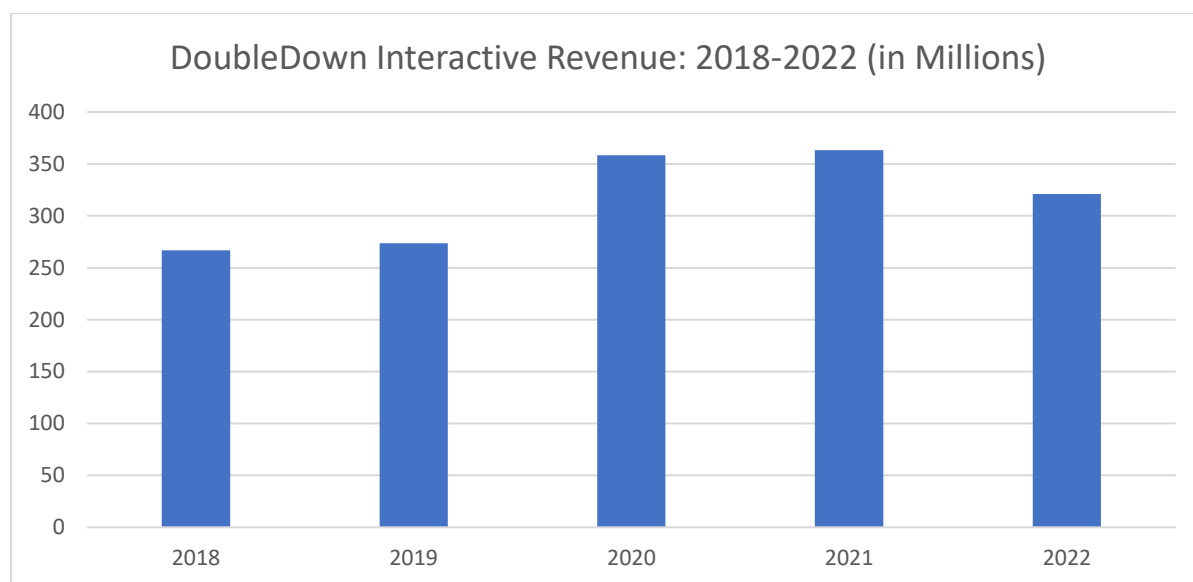
As a social casino game developer, SciPlay incorporates social features into its games, enabling players to connect, compete, and interact with friends and other players. The games often include multiplayer modes, leaderboards, and social gifting, fostering a sense of community and enhancing the overall gaming experience.

Double Down Interactive

Double Down Interactive is a leading social and mobile game company headquartered in Seattle, Washington. The company has gained recognition for its highly successful social casino game, DoubleDown Casino.

DoubleDown Casino offers players a virtual casino experience with various popular casino games, including blackjack, slots, poker, and more. The game provides a realistic and immersive environment where players can enjoy their favorite casino

games without visiting a physical casino. It is described as the largest social gaming site, offering a wide variety of slots and table games. It provides players with a diverse selection of high-quality online casino games. The site is accessible through Facebook, allowing players to enjoy their favorite games on the platform without downloading additional software.



DoubleDown Casino also offers mobile apps for iOS and Android devices, ensuring players can play on the go. There are plenty of options, with over 60 free slots, bingo, video poker, multiplayer poker, blackjack, and roulette. The casino provides enticing daily promotions, a referral bonus, and a rewards program called the Diamond Club, where players can earn loyalty points and progress through different tiers for additional perks.

The site offers a user-friendly interface and provides support through a detailed support section and email.

Key Gameplay Features:

- Various slots and table games, including free versions of popular titles.
- Immediate access to all games upon signing up.
- User-friendly and attractive interface.
- One million dollar referral bonus.
- Mobile apps are available for iOS and Android devices.
- No risk of losing real money.
- Detailed user guides on how to play each game.
- Diamond Club rewards program with six different tiers and increasing perks.
- Daily bonuses and incentives for players.
- Support is available through the support section and email.

Aristocrat Leisure

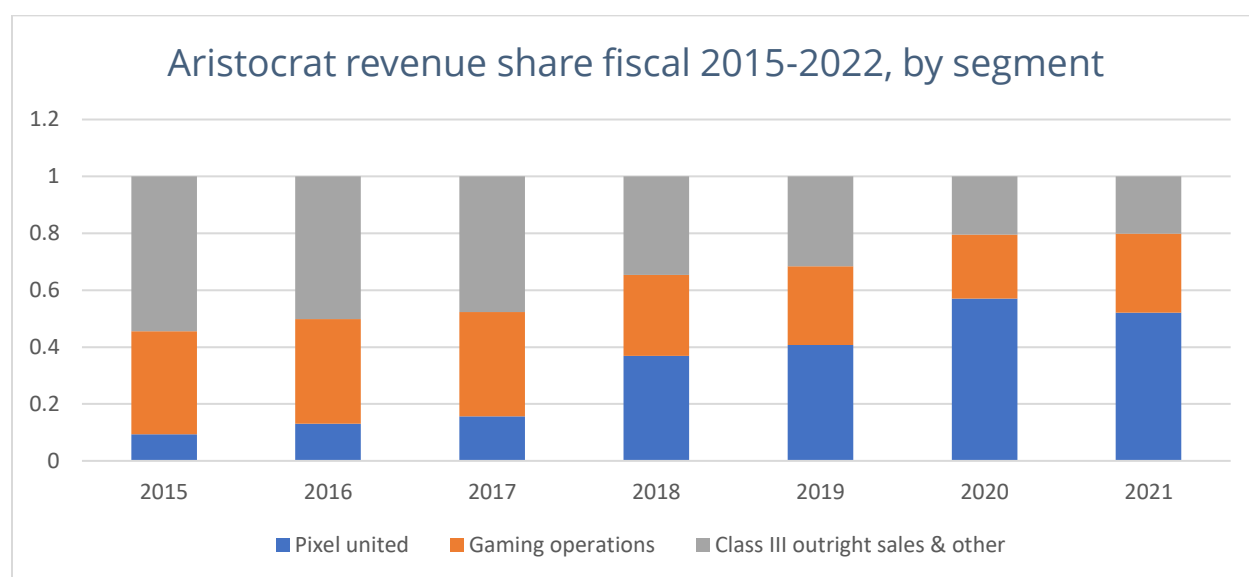
Aristocrat Leisure, founded in 1953, is an Australian gaming company specializing in developing and distributing gaming content, online systems, and technology solutions, and includes gaming machines, casino management systems, and digital social casino games.

Aristocrat is known for its popular titles "Queen of the Nile," "Buffalo," and "More Chilli," which have achieved significant success in land-based casinos around the world.

In addition to its land-based gaming offerings, Aristocrat has expanded into online and mobile gaming. The company has developed a strong presence in the social casino gaming market, creating social casino games that provide an entertaining and immersive gaming experience. Aristocrat's notable social casino games include "Heart of Vegas" and "Cashman Casino."

Aristocrat describes Pixel United™ (Formerly Aristocrat Digital) as, “.. a mobile-first games powerhouse, boasting three world-leading publishers in Product Madness, Plarium and Big Fish Games that entertain millions of players every day.” It boasts its statistical placement in the market as the #2 Social Casino Worldwide with 18 global studios, and the #5 Mobile Game Publisher with approximately 20 million monthly users.

Pixel United is made up of **Product Madness**, their social casino publisher, with hits such as Lightning Link and Cashman Casino. **Plarium** is their mid-core game publisher with global smash hit RAID: Shadow Legends, and Vikings: War of Clans. **Big Fish** is the casual game publisher with titles such as EverMerge, Gummy Drop! And Cooking Craze.



Cashman Casino is a social casino that focuses solely on slots. It offers a range of popular Aristocrat titles, including free versions of classics like African Dusk and Where's the Gold. The site provides a generous welcome bonus and various daily and surprise bonuses, ensuring players have plenty of coins to play with. While the social features are limited compared to other social casinos, Cashman Casino offers a

straightforward and immersive gameplay experience. It has positive user reviews on mobile platforms, with dedicated apps available for iOS and Android devices. The casino is accessible through Facebook, and players can connect their accounts to the mobile app for seamless gameplay. Cashman Casino is a good choice for newcomers to social casinos, with its user-friendly interface and selection of popular slot games.

Key Gameplay Features:

- Wide range of Aristocrat slot games, including free versions of popular titles.
- Generous welcome bonuses and daily bonuses provide players with plenty of coins.
- Cashman Rewards program with various perks and surprise rewards.
- No restrictions on accessing multiple slot games immediately without leveling up.
- Easy login via Facebook, with the option to connect the Facebook account to the mobile app.
- With positive user ratings, mobile casino versions are available for iOS and Android devices.
- Limited social features, focusing more on straightforward gameplay.
- Kindle version available for Amazon users.
- Good choice for players seeking an easy-to-use social casino with great mobile apps.

Aristocrat has embraced technological advancements and has been at the forefront of incorporating new technologies into its gaming products. The company has focused on enhancing player experiences through features like high-definition graphics, interactive gameplay, and innovative bonus feature.

As a global gaming company, Aristocrat operates in various regions, including the Americas, Asia-Pacific, Europe, and Africa. The company has a strong distribution network enables it to reach casinos, gaming venues, and online platforms worldwide.

Take-Two Interactive / Zynga

Zynga describes itself as "Zynga is a global leader in interactive entertainment with a mission to connect the world through games and a wholly-owned subsidiary of Take-Two Interactive Software, Inc. With massive global reach in more than 175 countries and regions, Zynga has a diverse portfolio of popular game franchises downloaded more than four billion times on mobile. With Chartboost, a leading mobile advertising and monetization platform, Zynga is an industry-leading next-generation platform with the ability to optimize programmatic advertising and yields at scale. Founded in 2007 and acquired by Take-Two Interactive in May 2022, Zynga is headquartered in California with locations in North America, Europe and Asia." Zynga's most well-known social casino games include Zynga Poker, Black Diamond Casino, and Game of Thrones Slots Casino.

Black Diamond Casino provides a Las Vegas-style experience through free social casino slots. Players can access VIP benefits and personalized concierge services in its online environment. The casino offers slot machines featuring themes such as Shanghai, unicorns, and Morocco's black diamond. Players can access high-value progressive and personal jackpots and compete on the leaderboard. Free coin offers are available every 2 hours, with more rewards given for frequent play. The casino also emphasizes social interaction, allowing players to share coin gifts with friends.

Key Gameplay Features:

- Sleek and stunning Black Diamond slot machines with high-quality graphics
- Enormous progressive and personal jackpots
- Leaderboard to showcase successes and compete with other players
- Free coin offers every 2 hours, with more rewards for frequent play
- Exclusive VIP experience with personalized services

- Social interaction to share coin gifts with friends

Recent Additions:

- Lonestar Jack game with Texas-sized wins and two bonus games, including the Shooting Gallery
- High Roller Room with the opportunity to collect High Roller Chips and spin the Prize Wheel for enormous jackpots
- Classic-style 3-reel games with jackpots and bonus features

Zynga Poker, a social game designed by Zynga, was introduced in July 2007 and offered on numerous platforms such as Facebook, Android, iPhone, Windows Phone, MySpace, Tagged, and Google+. The game saw its zenith in 2011, becoming the most prominent global poker site with a player base of 38 million. However, as of 2018, its dominance in the social casino games market diminished to 6.1% due to growing competition. Zynga Poker's design revolves around the social gaming simulation of a Texas Hold 'em setting where Facebook users can join. Players can join tables, enter tournaments, or play with friends with a leaderboard to keep track of chip rankings and enable gifting among players.

Key Gameplay Features:

- Free chip gift every 24 hours
- Purchases in the Zynga store receive a 20% discount
- Reward cards connected to the Zynga poker account earn rewards with five qualifying purchases
- Online Zynga Store Help
- Poker League plays with millions of global players competing on a weekly leaderboard

- Weekly fast cash events against worldwide players to win prizes
- New Jackpots every week with larger payouts with higher stakes

Game of Thrones Slots is a 243-way slot game developed by Microgaming, themed on the well-known television series, Game of Thrones. In the game, players can choose a house and navigate through the Seven Kingdoms of Westeros. The game includes various features such as house-specific free spins, multipliers, and a gambling option after every win.

The gameplay requires the identification of four main house symbols: Baratheon, Lannister, Stark, and Targaryen. A Free Spins round is activated by obtaining two or more scatter symbols on the reels. This round presents one of four packages, each offering a different combination of multipliers, spins, and symbol stacks. The Game of Thrones logo is the game's wild symbol, and the Iron Throne symbol acts as the scatter symbol. A distinctive feature of the game allows players to gamble their winnings for a chance to double the amount.

Key Gameplay Features:

- Choice of house and progression through the Seven Kingdoms of Westeros
- House-specific free spins: Baratheon, Lannister, Stark, and Targaryen
- Opportunity to gamble winnings after each win
- Utilization of Microgaming's 243-way payout system
- Use of special symbols and bonus features, including wilds and scatters
- Compatibility with Android and iPhone devices
- Absence of a progressive jackpot, but the inclusion of various special symbols and bonus features
- Non-availability of the gamble feature in the mobile version
- Option to play Game of Thrones slot without any charge

Game publisher value driving massive acquisitions

Zynga and Take-Two Interactive

Zynga is a social gaming pioneer known for popular games like FarmVille, Words With Friends, and Zynga Poker. Zynga's portfolio also includes social casino games such as Hit it Rich! Slots and Black Diamond Casino. In September 2021, Take-Two Interactive, a leading global developer, publisher, and marketer of interactive entertainment, was in talks to acquire Zynga. The acquisition was completed in May 2022, for USD 12.7 billion, with shareholders receiving 0.0406 shares of Take-Two common stock and USD 3.50 in cash for each share in Zynga common stock.

Bungie and Sony

Sony has officially completed its acquisition of Bungie, the gaming company responsible for creating successful sci-fi franchises such as Halo and Destiny. The deal, valued at \$3.6 billion, was announced by both companies on Twitter, marking the successful conclusion of the transaction without any unexpected developments. Although substantial, the merger was small enough to avoid the antitrust issues that arose from Microsoft's concurrent plan to acquire Activision Blizzard for \$69 billion.

Despite being smaller than Activision Blizzard, Bungie is set to influence Sony's upcoming gaming lineup significantly. Although Bungie will continue to operate independently, its expertise will be integrated into Sony's strategic plan for PlayStation Studios, a division of Sony Interactive Entertainment dedicated to developing high-

profile games that showcase Sony's technological advancements. Sony aims to use Bungie's well-honed model for a range of live service games, which are online multiplayer games that often involve selling virtual goods and evolving, potentially charging players monthly fees for access or unique benefits. In an investor presentation in May, Sony Interactive Entertainment CEO Jim Ryan revealed the company's plan to allocate 49% of its PlayStation Studios development budget towards live service games by the end of 2022. Moreover, Sony plans to launch and maintain 12 in-house live service games within three years.

Activision Blizzard and Microsoft

Microsoft is facing regulatory challenges worldwide as it seeks approval for its \$68.7 billion acquisition of Activision Blizzard – the largest-ever deal in the gaming industry. The tech giant is grappling with concerns about the acquisition's impact on industry competition, particularly in the burgeoning cloud gaming sector. The U.K.'s Competition and Markets Authority (CMA) has decided to block the acquisition, a decision Microsoft and Activision have vowed to appeal. Meanwhile, the U.S. Federal Trade Commission has indicated it will attempt to obstruct the deal legally but may lack the authority to prevent the transaction. In contrast, the European Union has seemingly relaxed its stance.

The European Commission, the E.U.'s governing body, confirmed its approval of Microsoft's acquisition of Activision Blizzard on May 15, claiming that Microsoft's commitments supporting the deal represented "a significant improvement for cloud gaming." This approval directly opposes the stance of the U.K. regulator, which has decided to block the deal over fears it could harm competition in the cloud gaming market. Nevertheless, the U.K.'s CMA still holds the power to prevent the merger, leaving Microsoft in a challenging position. Amid these hurdles, Microsoft has expressed

its discontent with the U.K. decision, with its President Brad Smith stating that it has severely shaken Microsoft's confidence in doing business in the U.K. In contrast, South Africa's Competition Commission has approved the deal, citing it as unlikely to result in substantial prevention or lessening of competition in any relevant markets.

Strategies for attracting and retaining social casino gaming players

Attracting and retaining players in the social casino gaming industry requires a multifaceted approach. A mix of innovative game design, compelling in-app purchases, and active community engagement are vital strategies. By leveraging social media and influencers, companies can increase their reach and create a strong brand presence. Personalization and data-driven marketing approaches can further enhance player engagement and foster loyalty.

Innovative game design and content

Innovation in game design is critical for attracting and retaining players. This could include incorporating cutting-edge technologies such as augmented reality (A.R.) and virtual reality (V.R.), enhancing graphics and animation quality, and constantly introducing new and engaging content. Creative storylines, challenging gameplay mechanics, and various game modes can help maintain players' interest.

How social casinos benefit game development studios

Direct Benefits:

- **Revenue Generation:** Social casino games are free to play but generate revenue through in-app purchases and advertising. Game developers often enter into revenue-sharing agreements with social casino operators, providing a steady income stream based on the success of their games. These agreements are also driven by user engagement, with higher active user numbers generally translating into increased revenue.
- **User Engagement:** Casino games are popular and addictive due to their game mechanics, such as anticipating rewards. High user engagement—meaning players who spend much time in the game and return often—can lead to more in-app purchases, further boosting revenue, especially when revenue-sharing agreements are in place.
- **Data Collection:** Studios can gather a wealth of data on player behavior to inform current and future game development. However, developers must work closely with social casino operators to ensure their APIs and contract terms support robust data collection. This will allow studios to learn what works and what doesn't in their games, so they can continually optimize their offerings.
- **Brand Building:** Social casino games can allow studios to establish a recognizable brand in the crowded online gaming market. Developers must seek opportunities to associate their game concepts and brands with their development studio, creating a distinctive identity beyond being a white-label game developer. This can attract players to their other games and make it easier to launch new ones.
- **Partnerships and Advertising:** Studios can form alliances with real-world casinos and other businesses, leading to additional revenue streams. They can also sell in-game advertising space, further monetizing user engagement.

Indirect Benefits:

- **Cross-Promotion Opportunities:** A diverse portfolio of games allows studios to cross-promote their offerings, driving players from one game to another.
- **Talent Attraction:** The success of a studio's games can attract talented developers and designers who want to work on popular and profitable projects.
- **Platform Relationships:** Successful games can enhance a studio's relationships with platform providers (like Apple, Google, and Facebook), leading to better promotion and distribution opportunities.
- **Investment Opportunities:** The success of a studio's games and the size of its player base can make it more appealing to investors.
- **Licensing Opportunities:** The success of social casino games can lead to opportunities to license game content to other businesses or platforms, creating another income stream.
- **Testing Ground:** Social casino games can act as a testing ground for new game mechanics or features, which can then be applied to other games in a studio's portfolio, optimizing the success of the entire studio's game lineup.

In-app purchases and monetization strategies

In-app purchases are a primary revenue stream for social casino gaming. Offering exclusive content, special abilities, or virtual currencies for real money can encourage players to spend. A common and effective monetization strategy is offering 'freemium' models, where the basic game is free, but additional content or benefits can be purchased.

Community-building and player engagement

Community-building is essential for creating a loyal player base. This can be achieved through in-game chat functions, forums, and community events. Encouraging player interaction and cooperation through multiplayer modes or team challenges can boost engagement and increase playtime.

Integrating social casino gaming into the overall marketing strategy

Promoting social casino games as part of a broader marketing strategy can help reach a wider audience. This could include advertising on social media platforms, leveraging email marketing campaigns, offering special promotions or discounts, and cross-promotion with other games or products.

Building brand awareness and loyalty

Creating a strong brand presence can help attract and retain players. This can be achieved through consistent messaging, unique and recognizable game aesthetics, and maintaining a high standard of quality and service. Loyalty programs, offering rewards for continued play or in-game achievements, can also foster a sense of loyalty among players.

Leveraging social media and influencers

Social media and influencers can be powerful tools for promotion. By collaborating with influencers with a significant following, companies can reach potential players that might not be achieved through traditional marketing channels. Regularly posting engaging content on social media platforms helps maintain interest and foster a sense of community.

Data-driven marketing and personalization

Data-driven marketing can enhance player engagement and retention. Companies can tailor their marketing efforts to individual players by analyzing player behavior and preferences. Personalization can also be integrated into the game experience, with tailored game recommendations, personalized in-game offers, or content adapted to unique play styles.

Future outlook and trends in social casino gaming

Social casino gaming is the future and will likely see further growth and evolution. Trends such as increased mobile gaming, blockchain technology integration, and esports' growing popularity could all significantly impact the industry.

Additionally, as technologies like A.R. and V.R. become more mainstream, we expect to see these integrated into social casino games to create more immersive experiences. The use of artificial intelligence (A.I.) and machine learning could also lead to more personalized gaming experiences, further driving player engagement and revenue for the industry.

Furthermore, regulatory changes will continue to play a significant role in shaping the industry's future. As countries worldwide continue to revise their gaming laws, the landscape of social casino gaming will undoubtedly continue to evolve.

The social casino gaming industry is poised for continued growth and innovation, offering exciting opportunities for players, developers, and investors.

In conclusion, social casino gaming has emerged as a popular and lucrative segment within the broader gaming industry. Its accessibility, convenience, and integration with social media platforms have contributed to its widespread appeal and growth. The availability of free-to-play models, in-app purchases, and engaging gameplay experiences have attracted diverse demographics, including middle-aged adults and older adults. Major platforms like Facebook and mobile applications have played a crucial role in driving the popularity of social casino gaming while emerging technologies like virtual reality and augmented reality present exciting opportunities for further innovation.

Key Findings

- Accessibility and convenience, along with the free-to-play model, have been key factors driving the popularity of social casino gaming.
- Social casino games have found significant appeal among middle-aged adults and have successfully engaged demographics typically less represented in traditional gambling spaces.
- Social media platforms, particularly Facebook, have played a pivotal role in the growth of social casino gaming, offering an accessible and familiar environment for players.

- In-app purchases have become a significant source of revenue, with players willingly spending money to enhance their gaming experience.
- Virtual reality and augmented reality technologies show promise for immersive and realistic social casino gaming experiences.
- The social casino gaming industry has witnessed substantial revenue growth. Despite a relatively small percentage of players expressing a preference for the genre, the consumer spending data reflects its significant financial impact.
- The engagement of Generation Z and the 50+ age group with social casino games highlights the broad appeal and potential for market expansion within different demographics.

Why and how to act on this information

The rise of social casino gaming presents both opportunities and challenges for the casino industry. It provides a new avenue for engaging with players and attracting a wider audience, particularly those who may be hesitant to participate in traditional gambling. Social casino gaming is a gateway for introducing players to the casino experience, potentially driving future land-based or online gambling engagement. However, the industry should also be mindful of the potential impact of social casino gaming on traditional casino revenue streams, as it provides an alternative entertainment option for players.

Industry stakeholders, including casinos, game developers, and operators, should capitalize on the growth and potential of social casino gaming by taking the following actions:

Embrace and invest in social casino gaming

Recognize the value and popularity of social casino gaming as a significant market segment. Allocate resources and expertise to develop high-quality social casino games that offer immersive experiences and cater to the preferences of diverse player demographics.

Leverage emerging technologies

Embrace virtual and augmented reality to enhance social casino gaming experiences. Explore opportunities to create innovative and immersive gameplay environments that set social casino games apart from traditional gambling options.

Foster player engagement and community-building

- Build strong communities around social casino games.
- Encourage social interaction, cooperation, and competition among players through in-game features and external platforms.
- Regularly engage with players, gather feedback, and incorporate player suggestions to improve the gaming experience.

Adopt data-driven marketing strategies

Employ data analytics to gain insights into player preferences, behaviors, and spending patterns. Tailor marketing efforts and in-game offers to individual players to maximize engagement and revenue. Personalization and targeted promotions can help retain players and foster loyalty.

Collaborate with social media influencers

Collaborate with popular social media influencers with a significant following to promote social casino games. Leverage their reach and influence to expand the player base and increase brand awareness.

Monitor regulatory developments

- Stay informed about social casino gaming industry regulatory changes.
- Comply with applicable laws and regulations to ensure a responsible and sustainable gaming environment.
- Engage in discussions and advocacy efforts to shape rules that support the growth and development of the industry.

By embracing the opportunities presented by social casino gaming and continuing to innovate and engage players, industry stakeholders can capitalize on the growth and potential of social casino gaming. This includes casino operators, game developers, platform providers, and other relevant parties.

The significance of social casino gaming for the casino industry must be addressed. It offers unique and accessible entertainment that attracts many players, including those who may not typically engage in traditional gambling activities. By leveraging the popularity and engagement of social casino games, industry stakeholders can introduce new players to the gambling world, potentially driving future engagement with land-based or online casinos.

To seize these opportunities, industry stakeholders must invest in developing high-quality social casino games, embracing emerging technologies like virtual and augmented reality to enhance the gaming experience. Building strong communities and fostering player engagement through social features, competitions, and interactive elements are vital strategies for retaining and attracting players. Data-driven marketing and personalization can help optimize player experiences and maximize revenue potential.

Collaborating with social media influencers and leveraging their reach and influence can expand the player base and increase brand awareness. Additionally, staying informed about regulatory developments and actively participating in shaping regulations can contribute to a responsible and sustainable social casino gaming environment.

The growth and potential of social casino gaming present significant opportunities for industry stakeholders. By embracing these opportunities, investing in innovation, fostering player engagement, and staying ahead of regulatory changes, stakeholders can position themselves to capitalize on the continued growth of social casino gaming and shape the industry's future.