Cinema!:
A Proposition on How to Design and Position the Game in the Digital Boardgame Market

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Abstract

Dissertation Title: "*Cinema!*: A Proposition on How to Design and Position the Game in the Digital Boardgame Market"
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This master thesis evaluates the potential of a new product, a Digital Boardgame named *Cinema!*. The main objective of this study is to design and position the game in the Digital Boardgame market. The dissertation defines *Cinema!* relevant market, presents its main competitors, specifies its competitive advantages, proposes a segmentation and targeting strategies and, finally, suggests a go-to-market plan.

The methodology included the development of interviews and an online questionnaire, the testing of the game prototype and *Cinema!*'s competitors with three focus groups, as well as, an analysis of the product development costs.

Cinema! intends to be an original party game to play with friends and family. The game is the result of the founder's passion for cinema and combines the best of the traditional boardgame and the digital markets. The long term vision is to go beyond cinema and extend this innovative digital boardgame to other areas, such as, sports and cooking.

The size of the business opportunity is estimated to be 41,5 million potential users, in a market for game Apps valued at \$1,629 billion (2016) and with an annual growth rate of 6,275%.

The success of *Cinema!* depends on two key activies: product development and marketing. The prototype gameplay tests showed *Cinema!* has a great potential, presenting a challenging game mechanics and an appealing game design. However, every day 500 new Apps are launched, making it difiicult to stand out in such a competitive environment. Thus, the importance of the strategic marketing positioning developed in this thesis.

Resumo

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A presente tese avalia o potencial de um novo produto, um *Digital Boardgame - Cinema!*. O objetivo da dissertação é sugerir uma forma de desenvolver o *design* e posicionar o jogo no mercado *Digital Boardgame.* O estudo define o mercado relevante do *Cinema!,* apresenta os seus concorrentes, especifica as suas vantagens competitivas, propõe uma estratégia de segmentação e *targeting* e sugere um *go-to-market plan.*

A metodologia compreendeu o desenvolvimento de entrevistas e de um questionário *online.* Incluiu também o teste do protótipo do jogo e dos concorrentes com três *focus groups,* bem como uma análise dos custos de desenvolvimento do jogo.

Cinema! é um *party game* para jogar com amigos e familiares. O jogo é o resultado da paixão do fundador por cinema e combina o melhor do mercado tradicional dos jogos de tabuleiro e do mundo digital. A visão de longo prazo é ir para além do cinema e estender a outras áreas de interesse, como o desporto.

O potencial de utilizadores está estimado em 41,5 milhões, num mercado de *game Apps* avaliado em $1,43 biliões (2016), com uma taxa de crescimento de 6,275%.

O sucesso do jogo depende de duas actividades chave: desenvolvimento do produto e *marketing.* A experimentação do protótipo mostrou que o *Cinema!* tem um grande potencial, apresentando uma mecânica de jogo desafiante e um *game design* apelativo. Contudo, cerca de 500 *Apps* são lançadas diariamente, fazendo com que seja difícil destacar-se da concorrência. Daí a importância da estratégia de posicionamento de mercado desenvolvida nesta tese.

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1. **Introduction**

The purpose of this dissertation is to design and position a new product in the Toy and Game sector: *Cinema!*. By applying different management disciplines such as marketing, strategic innovation or entrepreneurship into a practical case, it was possible to come up with a solid proposal for an innovative offer in the Digital Boardgame market. Digital Boardgame is a very promising segment, which results form the convergence between the traditional games and the digital world.

After carrying out market research, the creator of the game found an opportunity: the concept of a game that brings together all the advantages of a typical boardgame (spending time with family and friends, developing several social skills, such as, communicating, sharing, interacting with others or learning how to win or lose, strengthening the bonds among players and having fun[1]) and, at the same time, benefits from the practical side of a digital interface. By using a Tablet, a PC or a TV screen as the "board" of the game and the Smartphones to answer the questions, it will be possible to accomplish this.

Cinema! is a challenging and original Digital Boardgame to play with friends and family that allows participants to combine different actors in their favorite movies.

The game idea was born by observing different people who like the seventh art. The founder noticed they all have something in common: they all love to think about which actors/actresses appeared in which movies. For example, if a person is trying to explain a movie to a friend, many times he starts like this: "It is that movie that stars Julia Roberts and Richard Gere". After realizing this, he came up with the "core" of his game, completely innovative when compared with what already exists in the market: by giving the players actor images, they must combine the different Hollywood stars in the different movies they appeared in together. During the game trials, the entrepreneur noticed a very interesting effect: when people tried to combine the actors/actresses, they started sharing their cinematographic knowledge. We will call this effect, the Cinema Interaction Factor.

Thus, *Cinema!* will be launched in 2017 as a way to provide cinema appreciators a game that is different from all others, in a market valued at $ 1,629 billions (2016) and with a mature compound annual growth rate of 6,275% (Takahashi, 2015).

The problem this thesis strives to understand is: how to design and position *Cinema!* in the Digital Boardgame market? To solve this problem statement, it was carried out a thorough research around four different questions:

Q1: What is the relevant market?

Q2: What is the competitive advantage?

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[1] Mesaboardgames In-person Interview

Q3: How to segment and target the market?

Q4: What is the go-to-market-plan?

With this work, it will be possible to map out a strategy, structure the business and operate through unexplored territory. Defining a strategy and choosing a direction for the business will clarify the steps to take in the future. By committing one's thoughts to paper, it will be possible to have a much better understanding of the business. Moreover, by organizing facts, tables, figures statistics in a written document, the potential business gains the coherence and credibility necessary to attract the right stakeholders, who may wish to invest in the business or partner with the founder.

The current study is sectioned into seven chapters, starting with a brief overview of the dissertation's context and its main goals. The second chapter describes the methodology applied in the study. The next four chapters are reserved for each of the research questions. For each of them, the findings from the literature review, as well as, the data results are presented. Finally, chapter seven exposes the main conclusions, next steps and limitations of this dissertation.

2. Methodology

To address the proposed research questions, primary and secondary data were collected.

The development of primary research included both qualitative and quantitative data gathering and analysis. The qualitative research featured several in-person interviews with different companies belonging to the Toys and Games sector – Mattel, Nerdmonkeys, Mesaboardgames and BicaStudios. These interviews were conducted using a semi-structured interview guide and are presented in the form of a DVD. An in-person interview with an attorney to clarify the actors images copyrights issue was also conducted. Furthermore, structured written interviews to QuizTix and RedBeach, two digital players in the market, were gathered. Moreover, the testing of *Cinema!* prototype was done in three different focus group, each composed of five people. The ages of participants varied from 22 to 55 years old. The experiment of playing *Cinema!*'s main competitors was also done in one focus group. Finally, an analysis of the product development costs was carried out.

To develop quantitative research, an online questionnaire was created using Freeonlinesurveys and afterwards distributed through email and social networks. To ensure full understanding, the questionnaire was launched in English. The target respondents were all people interested in the cinema topic. In total, 79 answers were validated. The final data was analyzed and its main conclusions are written throughout the whole study.

Concerning the secondary data, it was gathered mainly through the development of the literature review, presented along the whole dissertation, ranging from academic papers, books and competition annual reports. The relevant topics covered by the literature review were: Relevant Market, Competitive Advantage, Segmentation, Segmentation in Gaming, Successful International Start-up, The Lean-Startup Model, Successful App and Freemium Model.

Primary and secondary data were divided in four main groups of research questions: Relevant Market, Competitive Advantage, Customers and Go-to-Market Plan, according to the following figure:

Figure 1 – Data Division per RQ

RQs	Literature Review	Online Questionnaire	Interviews	Focus Group	Budgets
Relevant Market (RQ1)	Relevant Market	Questions: 1	Market Players Interviews	--------------------	--------------------
Competitive Advantage (RQ2)	Competitive Advantage	Questions: 2;3;4;5	Attorney Interview	Strategic Groups; SWOT Analysis	--------------------
Customers (RQ3)	Positioning; Positioning in Gaming	Questions: 6	Market Players Interviews	--------------------	--------------------
Go-to-Market Plan (RQ4)	Successful Start-up; The Lean-Start-up Model; Successful App; Freemium Model	Questions: 7;8	Market Players Interviews	Go-to-Market Plan	Sensitivity Analysis (TheCodeVentures)

Source: Author

3. What is the Relevant Market?

In this section, we define the boundaries of *Cinema!* relevant market in order to study the different types of competitors.

3.1. Industry Overview

Before answering the research question, it is important to take into account the industry that *Cinema!* belongs to – American Toys and Games Industry.[2]

This industry includes all electronic and non-electronic toys and games - from video game consoles to stuffed animals or even boardgames - that are commercialized inside the USA territory (Hoovers, 2016). The low barriers to entry, the variety in consumer preferences with respect to family entertainment and the emergence of new technologies continuously generate opportunities for new entrants in the industry (Hasbro, 2015).

The players in the industry span from large toy, board and digital game companies, to small American and international toy and game designers, manufacturers and marketers, as well as several firms offering branded entertainment specifically to children and families. Competition is based mainly on the quality and play value of the products available, on meeting consumer entertainment preferences and, to a lesser extent, on product pricing (Hasbro, 2015).

The industry is highly competitive (Hasbro, 2015) and its major players include Mattel, Hasbro, JAKKS Pacific (all based in the USA), Microsoft, Nintendo and Sony (Hoovers, 2016).

The target market for toys is the population of children aged 12 or younger, while the demand for electronic gaming products is driven by product innovation and personal income (Hoovers, 2016). Big players, such as Hasbro, offer a wide array of toys. They have scale advantages in manufacturing, distributing, selling and marketing and they have grown by acquiring other firms and licenses throughout the years. In turn, small companies compete effectively by specializing in a product segment. Indeed, the profitability in this industry depends on anticipating the future trends and marketing accordingly (Hoovers, 2016).

The global toy industry had an outstanding performance in 2015 (Euromonitor, 2016) and it is now projected to grow further. The top 13 markets all grew in 2015. Russia, Mexico and Poland grew double digits (Hasbro, 2015) and several developed economies, like the USA, registered strong growth as well: in 2015, the USA toy sales reached $19.4

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[2] From the moment an App becomes available in digital stores, there are no limitations regarding its global reach. However, for this dissertation a more conservative approach was applied, thus limiting the potential customers and sales estimations to the North-American market only.

billion, a 6.7% increase when compared to the previous year (Gustafson, 2016).

On the other hand, it is estimated that the USA electronic games industry will grow 30% from $15 billion in 2014 to $19.6 billion in 2019, which represents a considerable annual growth rate of 5.5%. (Takahashi, 2015). The App games segment, where *Cinema!* will compete, is contributing for the overall growth of the games industry - in 2016, it reached $1,629 billion and it is expected to grow at 6,275% until 2019 (Takahashi, 2015).

3.2. Relevant market – Literature Review

Ideally, we would like to estimate directly the extent to which *Cinema!* is able to establish market power. In reality, this requires defining the relevant market, that is, the set of products and geographical areas that might create competitive constraints to the company under analysis (Motta, 2004). In other words, the relevant market for one product includes all products that significantly limit the price or consumption of this product.

By answering the first research question, it will be possible to define the boundaries of the relevant market and understand the direct, indirect and replacement competitors of *Cinema!*.

Let us first make the distinction between these three types of competitors:

1.   Direct competition: we consider a firm as being a direct competitor of another when a strategic choice of the first directly affects the performance of the second one. This means, both firms offer substitute products (Besanko, Dranove, Shanley & Schaefer, 2012);

2.   Indirect competition: indirect competitors are those who attract the same customers, however, they offer different products or services (Besanko et al., 2012);

3.   Replacement competition: it refers to those companies which offer a product or a service that a consumer could use instead of buying the products or services of one's firm (Burstein, 2012).

According to Besanko et al. (2012), the relevant market for *Cinema!* includes all substitute games offered by its direct competitors, since these are the ones that might significantly limit its price. In order to identify the direct competitors, we need to define substitute goods. Two products are said to be close substitutes when three conditions hold:

1.   They have similar performance characteristics;

2.   They have similar occasion for use;

3.   They are sold in the same geographic areas.

3.3. *Cinema!* Relevant Market

In this chapter, we will give an overview of the four different groups of competitors. Figure 2 groups the different competitors based on the three conditions described in 3.2. - Party Cinema Quiz Games market, Party Games market, Boardgames market and Non- Boardgames market.

Figure 2 - Definition of Cinema! Relevant Market

Toys Industry	Party Cinema Quiz Games (Relevant Market)	Party Games (Relevant Market)	Boardgames (excluding Party Games)	Non-Boardgames
Similar Performance Characteristics	✔	✔	✖	✖
Similar Occasions for Use	✔	✔	✔	✖
Sold in the Same Geographic Area	✔	✔	✔	✔
Competitor type:	Direct Competition	Direct Competition	Indirect Competition	Replacement Competition

Source: Besanko et al., 2012

Figure 3 shows a representation of the American Toys and Games Industry and the boundaries of each market, first by products, then by companies. To simplify, it was only considered games, other toys were not included. Furthemore, *Cinema!* is represented by the Oscar Image.

Figure 3 - Representation of the American Toys Industry by Products and by Firms

TOYS AND GAMES INDUSTRY (Firms)

Source: Author

From both figures, we can conclude the relevant market for *Cinema!* is the Party Games market, since the three conditions verify:

1. Similar performance characteristics: *Cinema!* falls into the Party game category. Party games are boardgames in which its success is measured more by how much players laugh and connect with each other than how well they score in the game. Usually, this type of games take 30min-40min and are played among friends or family to promote entertainment and fun (Boardgamegeek, 2000). According to the online survey, most respondents admitted they would play the game with friends and family.

Figure 4 - Survey Results for Question 1
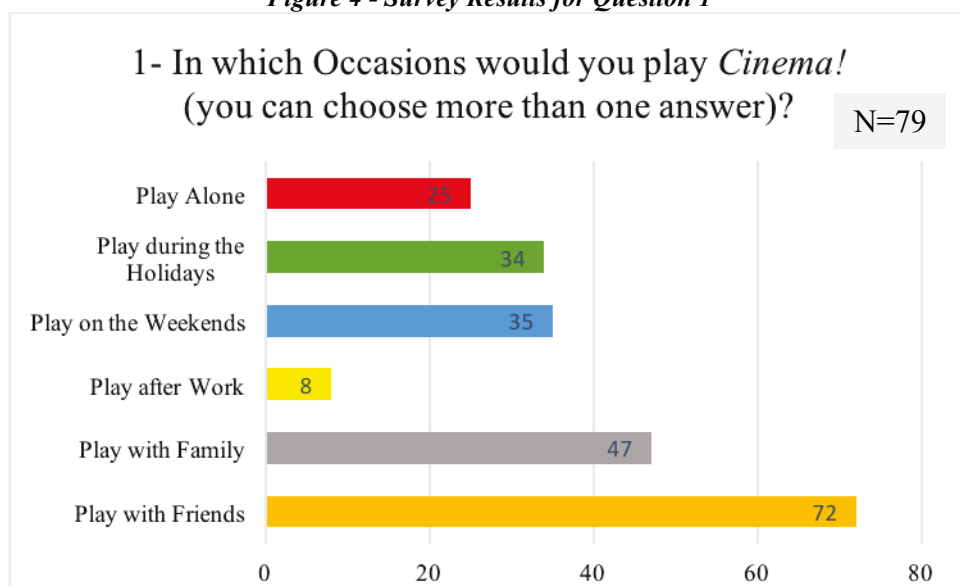
Source: Survey Data

2.	Similar occasions for use: social gatherings to promote interaction and provide entertainment and fun (Boardgamegeek, 2000);

3.	Sold in the the same geographic area: the games are sold in the USA.

This means all games that can be found inside the Party Games market are close substitutes to *Cinema!* and, thus, represent its direct competition. Pictionary or Trivial Pursuit are good examples.

It should be noted the highlight given to the Party Cinema Quiz Games group (figure 3). This market contains the closest substitute games of *Cinema!*: Movie Sceneit?, or Hollywood Quiz Buzz[3], for example, are quiz party games around Hollywood Cinema topic.

If we increase the sphere of analysis, we can find the Boardgames Market. Monopoly or Risk, for instances, can attract the same customers, however, they belong to different boardgame categories – Family and War respectively. Since the first condition (similar performance characteristics) does not hold, the boardgame firms inside this market represent the indirect competition of *Cinema!*.

Finally, if we keep enlarging the market scope, we reach out all non-boardgames existent in the USA market. This includes all Smartphone, Tablet, Handheld, TV/consoles, Casual web games and PC games. These products are also relevant to analyze, since a consumer could buy them instead of spending their money or time on *Cinema!*. For this reason, they are considered as replacement competitors.

Note: the definition of relevant market would change if we described differently each of the three criteria below:

1.	Similar performance characteristics: Digital Quiz games

2.	Similar Occasions for Use: Leisure

3.	Sold in the same geographic Area: USA

In this case, the direct competitors would be all digital games in the form of a Quiz, as represented in figure 5. Although, *Cinema!* is competing in the digital market, we believe this relevant market definition is much broader than the previous one. All in all, as long as all competitors (boardgames and digital) are properly taken into account, both market definition should work out fine.

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[3] Although Hollywood Quiz Game is not a boardgame, it was considered as part of Party Cinema Quiz Games group. This is because the video-game for PlayStation2 can, actually, fall into this category: Buzz is presented in a TV game show format, which can be played by either four or eight players. Besides this, it is a fun, challenging, easy to play and a simple to understand game that takes no more than 40 minutes to play.

Figure 5 - Representation of the American Toys Industry by Products
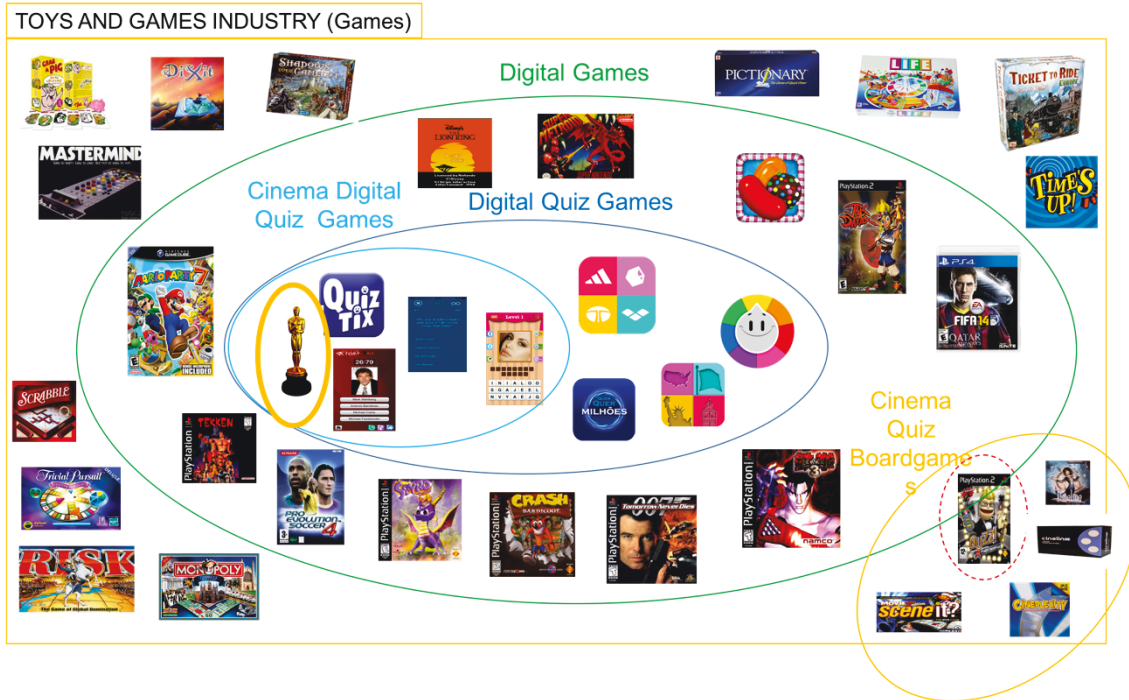
Source: Author

3.3.1. Competition Analysis

In this chapter, we present all types of cinema quiz games ever created. Evidently, there are more games in the market, specifically game Apps. However, those games offer very similar mechanics as the ones described here.

3.3.1.1. Direct Competition

Movie Sceneit? is a cinema quiz boardgame where contestants travel around the game board and must be the first to enter the winner's circle, by successfully answering random questions. The first edition of the game was launched in 2002 and the second one came out in 2007. The game is very innovative, because it presents a mixture of 500 trivia card questions and several DVD challenges about specific movie clips. This means players need a DVD player to be able to enjoy the game. (Boardgamegeek, 2000). Movie Sceneit? was developed by Mattel (appendix 8.1.1.).

Figure 6 - Movie Sceneit?

Source: Boardgamegeek, 2000

3.3.1.1.2. Hollywood Quiz, Buzz! (2007)

This Hollywood Cinema quiz video-game was developed for the PlayStation2. Launched in 2007, Hollywood Buzz! makes part of one of the gaming's biggest franchises, Buzz!™. Buzz!™ is the BAFTA award winning multi-million selling social gaming experience. The game was on sale in the top ten in the UK for 12 months and it sold more than 10 million copies worldwide (Phillips, 2016).

Hollywood Quiz is presented in a TV game show format with several mini-games. Players use a buzzer to answer the questions asked by the quiz master (Buzz), thus collecting the maximum points possible.

Relentless Software, its creator, managed to come up with a game which was fun for everyone, challenging, easy to play and simple to understand (Relentless Software, 2013). It presents more than 5,000 questions and contains a huge database of movie clips, celebrity photos and sounds (MTV, 2014). For more detailed information regarding Relentless Software, please refer to appendix 8.1.2.

Figure 7 -Hollywood Quiz, Buzz

Source: Relentless Software, 2013

3.3.1.1.3. Cineplexity (2007)

In this game, "players try to be the first to name a movie that meets the criteria on two different cards. Each of the 315 cards has a description from one of nine categories: Actors, Characters, Critiques, Genre, Production, Props, Scenes, Setting and Theme. Two cards are shown at a time (…). If you come up with a name that players agree satisfies both cards, you win the oldest of the two cards, and a new card is added" (Boardgamegeek, 2000). The game was created in 2007 by Out of the Box Publishing (Mortensen, 2014). For more information, please refer to appendix 8.1.3.

Figure 8 - Cineplexity

Source: Boardgamegeek, 2000

3.3.1.1.4. Timeline Music & Cinema Boardgame (2013)

"Timeline: Music & Cinema is a card game played using 110 cards. Each card depicts a historical event on both sides, with the year in which that event occurred on only one side. Players take turns placing a card from their hand in a row on the table. After placing the card, the player reveals the date on it. If the card was placed correctly with the date in chronological order, the card stays in place; otherwise the card is removed from play and the player takes another card from the deck" (Boardgamegeek, 2000). The game was published by Asmodee (appendix 8.1.4.).

Figure 9 - Timeline: Music & Cinema

Source: Boardgamegeek, 2000

3.3.1.1.5. Cinelinx (2014)

"Cinelinx is a fast paced card game of connecting movies, actors, genres and more together to form cohesive links between them. With a dynamic play area based on every card played, the game constantly adapts itself to film fans of any level of skill or knowledge" (Boardgamegeek, 2000).

Cinelinx was published in 2014 by Cinelinx Media LLC (8.1.5.).

Figure 10 - Cinelinx

Source: Boardgamegeek, 2000

3.3.1.2. Cinema Quiz Apps Niche

Although these Apps might not be seen as direct threats to *Cinema!* according to the first relevant market definition, it is still pertinent to be aware of what has been done so far in digital platforms concerning cinema quiz's.

3.3.1.2.1. Guess the Hollywood Star

In this game, players are shown a series of Hollywood celebrity pictures and their goal is to complete the name of the stars by filling in the spaces with the correct letters of their names. The game was created by KS-Play (appendix 8.1.7.).

Figure 11 - Guess the Hollywood Star

Source: KS-Play, 2012

3.3.1.2.2. Who is the Actor?

Who is the Actor? game shows a picture of one celebrity and the goal is to guess who he or she is, with four multiple choice options. The App offers 100 levels with unique objectives on each level and increasing difficulties, more than 600 different actors and actresses from movies and TV series and aid buttons to provide help when it is needed (Red Beach, 2012). This App was created by Red Beach Games. (appendix 8.1.8.).

Figure 12 - Who is the Actor?

Source: Red Beach, 2012

3.3.1.2.3. QuizTix Movies

It is a Quiztix game only about Hollywood cinema. The game belongs to a collection of eight multiple choice quiz games which combine the fun of the traditional quizzes with fun characters, stunning visuals and social interaction. The original high quality multiple choice questions that are entertaining and informative is part of what makes this game unique. The game was created by QuizTix (appendix 8.1.9.).

Figure 13 - QuizTix
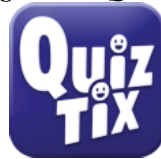
Source: Quiztix, 2014

3.3.2. Conclusion

In this analysis, we presented the market positioning strategy of all cinema games – either they position themselves in the boardgame market or in the digital world. The *Digital Boardgame* market niche can, thus, represent an appealing opportunity to explore at the convergence of two more mature markets. This idea will be reinforced in the next section.

4.What is the Competitive Advantage?

In this section, we start by providing a product description. We then apply two distinct perspectives to prove *Cinema!* achieves a competitive advantage: the Porter's View, through Strategic Groups, and the Resource View, through SWOT analysis. In both cases, we present a small conclusion. Finally, a wrap-up concerning all players existent in the market is given.

4.1. Product Description

Cinema! pretends to be more challenging and appealing cinema quiz than the games existent in the market, by allowing contestants to combine their favorite actors in different movies. It has a fun Digital Boardgame component to play with friends and family. The game comes in the form of an App that can be downloaded in any Smartphone (Android or iOS) device. In order to play it, a Mother Device (ideally Tablet, PC or Television set) - which will serve as the "board" of the game - and a Smartphone for each player are required.

Each player will use his mobile phone where he will have control over the input of his answer and his personal progress. An online application will be created, to be run within the Mother Device. The players will connect the mobile devices with the online application. After the players connect to the online application, the board will be shown and the game starts. All the interaction between the user and the game will be executed via mobile application, and the result of that interaction will be shown in the online application.

This party game takes around 30 minutes and targets all cinema appreciators. The goal of the game is to take the Oscar home! To accomplish this, players must win the four different mini-games and collect the four different coloured Popcorn Markers (Blue, Yellow, Red and Green). Mini-games are played by all players in their Smartphones. To read the complete rules, please refer to appendix 8.2.

4.2. Competitive Advantage – Literature Review

According to Besanko et al. (2012), when a firm earns a higher profit rate than the average profit of other companies competing in the same industry, this firm benefits from a competitive advantage. Indeed, that same firm will only generate a positive profit if the value added is positive. The value added for the clients can be defined as the difference between the value created by transacting with the firm and the value created by transacting with its competitors.

There are two big views regarding the source of competitive advantage. The first one is defended by Porter (1985, cited by Powell, 1992), who believes the competitive

advantage is not generated internally. Instead, it depends on the firm's ability to position itself in structurally-profitable industries and strategic groups.

The second one is the Resource View, which believes that "…a firm's competitive advantage may arise from idiosyncratic, firm-specific differences that produce persistent, supernormal profits (Teece, 1982, cited by Powell, 1992).This means, that superiority is generated by the firm itself and, generally speaking, it can come from two main ways: either the firm differentiates itself with an innovative product/service, increasing customers' willingness to pay (differentiation), or it reduces costs more than its competitors do (cost leadership) (Wheelen & Hunger, 2012).

Concerning the question: "how to sustain a competitive advantage?", we can also find different perspectives. Jacobsen (1988) has suggested that when a firm is able to make a competitive advantage lasting for a long period of time, it then conquers a sustained competitive advantage. In turn, Barney (1991) defends the ability to sustain a competitive advantage depends upon the possibility of competitive duplication. Similarly, Lippman & Rumelt (1982) believe that "…a competitive advantage is sustained only if it continues to exist after efforts to duplicate that advantage have ceased".

4.3. Strategic Groups

To have a deeper understanding on how *Cinema!* creates a competitive advantage, it was first applied, the Porter's View. Like mentioned previously, Porter (1985) believes companies achieve a competitive advantage when they position themselves in structurally-profitable industries and strategic groups. A strategic group is a set of companies from a specific industry which undertake similar strategies (Wheelen & Hunger, 2012). The firms, which are represented by its games, can be found on the following perceptual map:

Figure 14 - Strategic Groups
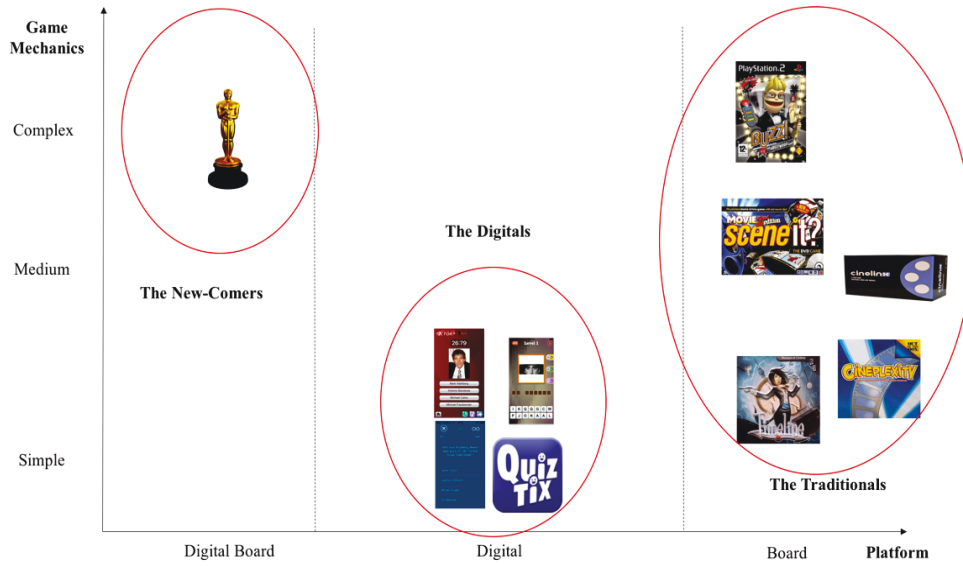
Source: Focus Group and Survey Data

The map positions *Cinema!* and its competitors in aspects such as Game Mechanics and Platform used. To simplify, only cinema quiz games were considered, other games were not included. To evaluate the mechanics of each game, they were all tested in one focus group. The participants then provided feedback about each cinema quiz.

The Game Mechanics variable encompasses all methods designed to create interaction between the game and the players. Game mechanics includes things such as levels, points, virtual goods and spaces or even challenges (Seaborn & Fels, 2015). All these elements combined should be able to provide a challenging, creative, fun and entertaining cinema quiz game,the four most valued features in a quiz game type, as reported by the online survey results, shown in figure 15.

Figure 15 - Survey Results for Question 2
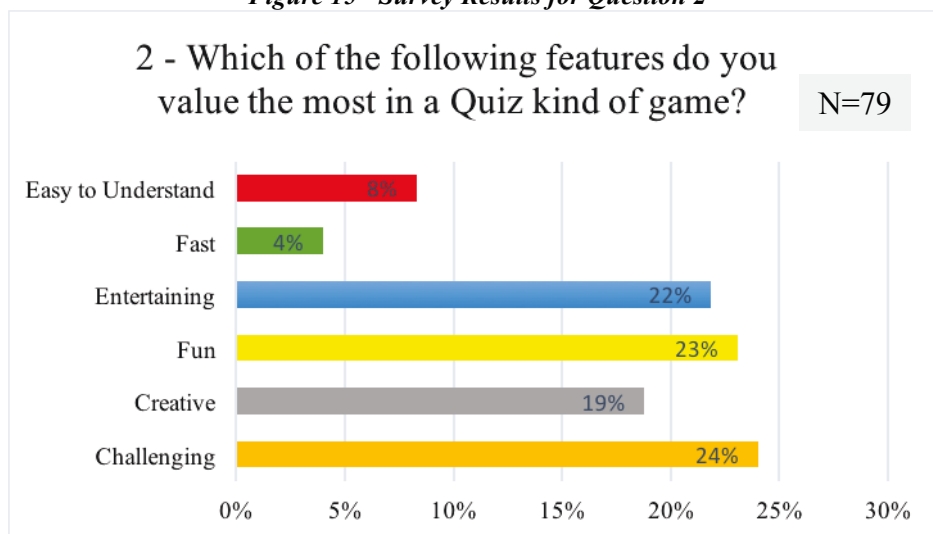
Source: Survey Data

According to the focus group feedback, all cinema Apps present really simple game mechanics – levels with a picture of an actor/ actress to guess his/her name or multiple-choice challenges. Also, all these games target individuals, so they prevent Cinema Interaction Factor to happen.

"Buzz" and "Sceneit?" overcame this monotonous quiz format by placing the game in digital interfaces. "Scene it?" presents half of the challenges in trivia cards and the other half in DVD specific movies challenges. This option showed to be confusing, especially for the older participants. "Buzz!", on the other hand, is 100% digital and presents a great rhythm and variety of challenges, where contestants must collect points in order to compete against each other. This was the most appreciated game by the focus group, along with *Cinema!*.

"Cineplexity" and "Cinelinx" present a similar game mechanics to *Cinema!* - the idea of matching different ideas to come up with a movie or to form cohesive links between them. For both, the gaming experience was challenging, however too monotonous. In turn, *Cinema!* offers four different mini-games and the possibility to match several actors with real images, amplifying the combination possibilities.

Finally, "Timeline" idea of placing events in chronological order was considered to be too simple and easy, because it relies much on luck.

Regarding Platform variable, it refers to the type of support behind the game – Board, Digital or Digital Board. This is an important variable to consider as it might translate a possible evolution of the Toys and Games Industry Life Cycle (Figure 16)[4].

Figure 16 – Toys and Games Industry Life Cycle
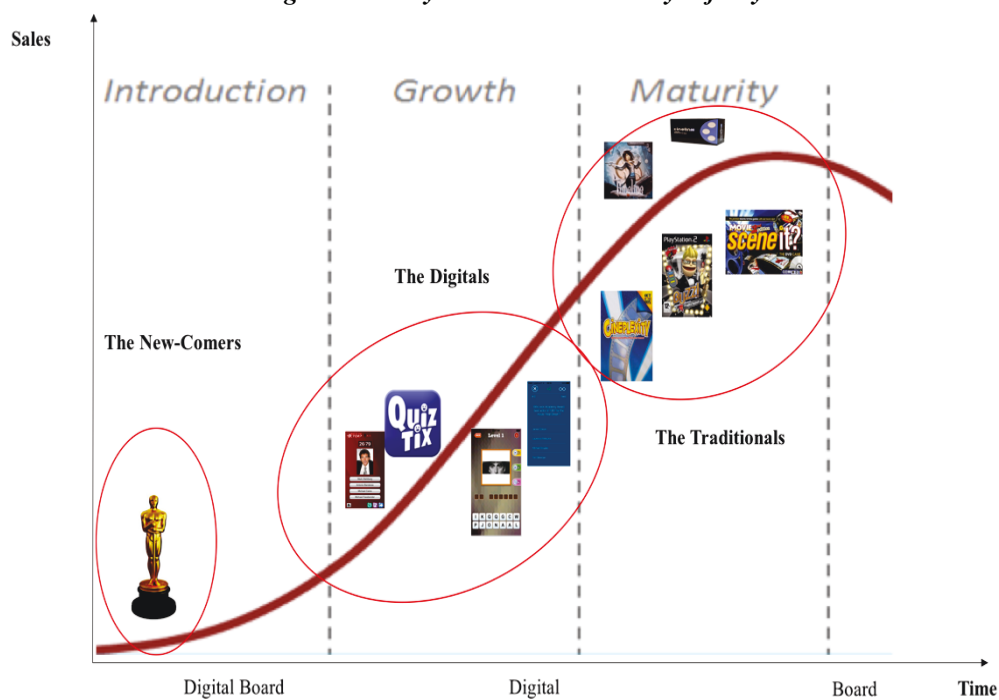
Source: Author

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[4] For this analysis, only cinema games were considered

It is possible to find three different strategic groups:

1. The Traditionals – games belonging to this group, such as, Sceneit? or Cineplexity are in the category of Party Quiz Games. They provide a lot of fun and entertainment to every one who plays them and usually they take around 30-40 minutes. They are based on the traditional way of playing games, which means players must meet physically in one place to enjoy it. Customers are usually charged a high price to offset the production costs. These games can be found on the industry life cycle third stage, maturity (Bentley, 2013). Mature markets are established and predictable[5]. Products are well-known to both suppliers, who know what the market needs, and buyers, who know what they are looking for. Market shares are established, with the big companies, like Mattel, dominating, and many times, acquiring smaller players. Innovation levels tend to be low (Keppler, 1997).

2. The Digitals– this group contains all Cinema Quiz Apps available in the digital market. Most of them are free of charge and make money out of advertising. They are targeted to individuals who can play the games in a flexible way (e.g. at home, at work). The quizzes are simple to understand and very user friendly. These games can be found on the growth stage. In growing markets, the number of participants reaches a peak, after which there is a shake-out. Before this happens, buyers find the market flooded with game Apps. According to Statista (2016), as of June 2016, there were more than 4 million Apps just in the App and Android Stores. Furthermore, the annual growth rate for the USA Games Industry is expected to be 5.5% from 2014 to 2019 (Takahashi, 2015). This can be explained by the rapid output increase in response to newly recognized applications and unsatisfied market demands. Finally, market shares are variable and there is some degree of uncertainty (Keppler, 1997).

3. The New-Comers – the new-comers arise from the merging of the two other groups. *Cinema!* can be found alone here, demonstrating a first-mover advantage. The new concept behind this game is to recreate a traditional movie themed boardgame into digital format, benefiting from the best of the two worlds. Concerning the monetization policy, *Cinema!* offers a freemium model, allowing the customers to try out the product freely and later on decide whether they want to upgrade the game or not. *Cinema!* is in the introduction phase of the life cycle, which is characterized by a high level of uncertainty, no major barriers to entry and a big unpredictability of the market (Keppler, 1997).

4.3.1. Conclusion

With this analysis, we could recommend one possible future strategy to enter in the games industry. The new market trends present a mixture between boardgames and

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[5] Mattel In-person Interview

digital games. This mixture can take several forms:

1. Turning boardgames into digital games, e.g. Ticket to Ride (Daysofwonder, 2016);

2. Creating a full digital game with boardgame characteristics, e.g. *Cinema!*;

3. Mixturing the physical world with the digital one, e.g. Osmo (Playosmo, 2016).

According to Porter's View, *Cinema!* achieves a competitive advantage, as the Toys and Games Industry is structurally profitable (Shaftoe, 2016) and the game is the only cinema themed one that can be found in the New-comers strategic group.

4.4. SWOT Analysis

Let us now focus on the Resource View, which believes the source of competitive advantage is generated by the firm's resources and capabilities (Barney, 1991). The value added of *Cinema!* comes from differentiation. In fact, this innovative game is able to increase customers' willingness to pay. Intending to prove this point, a SWOT analysis was carried out. The internal strengths and weaknesses, as well as the external opportunities and threats faced by *Cinema!* are shown in the table below.

Figure 17 - Cinema! SWOT Analysis

Cinema! Strengths		Cinema! Weaknesses	
. Innovative Game Concept – first cinema Digital Boardgame . Challenging Game Mechanics – combining actors in movies . Appealing Game Design – real images of actors and actresses		. Lack of Brand Awareness	
Boardgame Strengths: . Quick game – 30 minutes . Cinema Interaction Factor	**Digital Game Strengths:** . Easy to update . Personalize the game . Transparency in mini-games solutions . Easy to carry the game . Zero acquisition costs . No limit of players	**Boardgame Weaknesses:** . Appealing to a small group of people . Rules too long	**Digital Game Weaknesses:** . Smartphones + Mother device are necessary to play Cinema!
Cinema! Opportunities . Digital Era is growing . Possibility to serve the worldwide Cinema Fans Community		**Cinema! Threats** . Images Copyrights . Idea cannot be protected	

Source: Focus Group and Survey Data

Cinema! **Strengths:** they were divided into three groups: general strengths are part of the game's core; boardgame strengths include those ones that *Cinema!* benefits from for being a boardgame; digital game strengths are the attributes that *Cinema!* benefits from for also being a digital game. The strengths worth mentioning are:

Easy to update – the game software is prepared to automatically account for the new actors' combinations every time a new movie comes out.

Possibility to personalize the game – it is possible to do so according to players preferences. For example, before the game starts, contestants are able to decide which actors they want for the mini-games and which ones they wish to exclude. Indeed, the goal of *Cinema!* founder is to create a game capable of meeting each groups' preferences, offering a tailored-made solution - Design for Each (Martinho, Santos, & Prada, 2014).

Zero Acquisition Costs – *Cinema!* takes advantage of the devices (Smartphones and Mother Device) already detained by its potential customers. Plus, the business model of *Cinema!* is a freemium one. This means, players download the App for free and later on they have the possibility to buy virtual goods or services in exchange for real money (Shi, Xia, & Huang, 2016).

Cinema! **Weaknesses:** weaknesses were also divided into core weaknesses, boardgame weaknesses and digital game weaknesses. The weaknesses worth mentioning are:

Lack of Brand Awareness - according to the online survey, 72% of the participants are not aware of any cinema quiz game existent in the market (figure 18). Moreover, every day, around 500 new Apps are launched[6]. This means, marketing activity plays a critical role for *Cinema!* success.

Figure 18 - Survey Results for Question 3
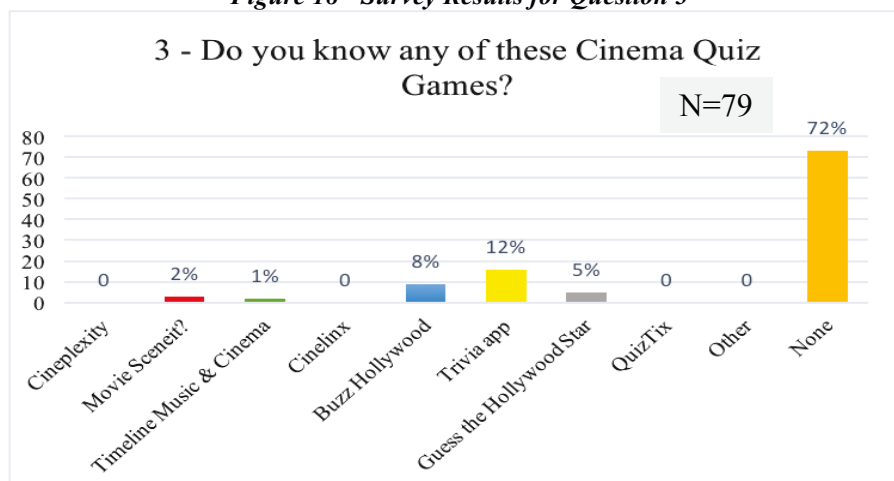
Source: Survey Data

It might only appeal to a small group of people – by testing the game in three focus groups, the founder understood the mini-game challenges require a certain level of cinematographic knowledge not possessed by everybody who enjoys cinema. Furthermore, the users must like games, as well.

Cinema! **opportunities**: the opportunities worth mentioning are:

Rising of the digital era: "The increasing penetration of Smartphones and Tablets, an

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[6] BicaStudios In-person Interview

improved gaming experience on these devices, as well as new game launches..." all contributed to the rise of digital gaming in the overall play industry (Tansel, 2014). In 2018 it is expected that almost 1,800 millions of people will own a Smartphone device and more than 250 million will have a Tablet.

Possiblity to serve the Worldwide Cinema Fans Community – in the future, the idea is to create new editions according to the different geographic target markets needs and preferences. For example, create a Bollywood edition for India.

Cinema! **threats:** the threats worth mentioning are:

Idea cannot be protected – although the entrepreneur had already registered the rules of *Cinema!* (appendix 8.3.) in *Inspeção Geral das Actividades Culturais,* it is not possible to protect the idea and the concept themselves. According to law, only the concrete expression of the game, either in the form of prototype or artistic resources, are protected under copyrights (Martinho et al., 2014). This means, there is a huge risk of the idea being copied by third parties.

Actor images copyrights – using public figure images for selling purposes rises a series of legal issues which can seriously jeopardize the viability of the game. After reaching out to several attorneys, App developers and image banks, the founder understood the general rule regarding this topic: the use of public figure images for commercial purposes must be authorized by the entity or the agent who represents that person, because one cannot simply earn money from exploiting somebody's image without receiving his consent or giving that person part of the revenues. Indeed, the founder faced two big challenges: 1) the rights that the photographers hold as the owner of the images and 2) the rights that the actors themselves hold, which many times are represented by their agents or other entities. His goal was then to find the best solution, meaning, a way in which it would be possible to minimize both these risks at the minimum cost possible. From his research, he found out three possible solutions:

1) GettyImages – it is an American image supplier for firms and individuals. The user has the right to download the images existent on its websiste and the copyright issues are solved between Gettyimages and the person who appears on the images. After requesting a budget per image to Gettyimages, the price estimated was around €922,50 (appendix 8.4.). This constitutes a very costly solution and somehow time-consuming, as the product would need to choose 100 images from the bank (Gettyimages, 2016).

2) The MovieDatabase (TMDb) – an user editable database for movies and TV shows, which allows the user to choose and use its images for free, as long as, *Cinema!* attributes TMDb as the source of the data. However, every App developer is the ultimate responsible for getting the rights from the actors. TMDb is not liable for any legal problem that might arise from using public figure images for commercial purposes. Worst case scenario, the product could pay a monetary compensation for each actor that complains about the use of his image on the App.

Besides this, with such a high level of risk, it would be very difficult (if not impossible) to find investors who were willing to come on board. Indeed, TMDb only solves half of the copyrights issue (photographer copyrights), proving to be a very poor alternative. (Themoviedb, 2016).

3) <u>Creative Commons</u> - It is an American non-profit organization with the mission of expanding the range of creative works available for others to build upon legally and to share. Creative Commons has released five copyright-licenses - 1.0; 2.0; 2.5; 3.0; 4.0[7], free of charge to the public and each version contemplates a specific legal scope. The idea would be to negotiate with an entity, which has already the licenses at its disposal, for using the images of the actors. The founder of *Cinema!* reached out for legal advice to understand which versions were applicable to his project. The recommendation was to use photos that were licensed under version 4.0 - denominated international version – that are not exclusively for non-commercial purposes. Furthermore, similarly to TMDb, *Cinema!* must attribute Creative Commons as the source of the data. Concerning time consumption, since Creative Commons is not a search engine, but rather offers access to search services provided by other independent organizations (e.g. Google Images), it has no control over the results that are returned. Thus, this solution takes a lot of time, as one should always verify that the work is actually under a CC license by following the link (CreativeCommons, 2016).

Figure 19 briefly summarizes each of the three solutions in terms of legal risks, expenses and time-consumption. Based on this clarification, we decided to choose Creative Commons, a free, legal secure solution, although the most time consuming one.

Figure 19 - Legal Solutions for Copyrights

Options	Legal Risk	Expenses	Time-Consumption
Getty Images	Inexistent	High	Medium
TMDb	High	Inexistent	Medium
Creative Commons	Inexistent	Inexistent	High

Source: Attorney Interview Data

4.4.1. Conclusion

Cinema!'s competitive advantage is assured by its strengths. The core strengths constitute the most relevant key success factors - it is the first Cinema game in a Digital Boardgame format allowing users to interact on-site with each others. Furthermore, it reveals such an appealing game design (focus groups feedback) and challenging mechanics that it offers the four most appreciated features by the contestants in a quiz game - challenging, creative, fun and entertaining (survey results shown in figure 20). This means, there is no actual competitor in the market, because the existent players, already analyzed in chapter 3.3.1., either do not owe a software capable of updating the

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[7] Please refer to appendix 8.5.

movie information or allow the players to interact between themselves.

Figure 20 - Survey Results for Question 4
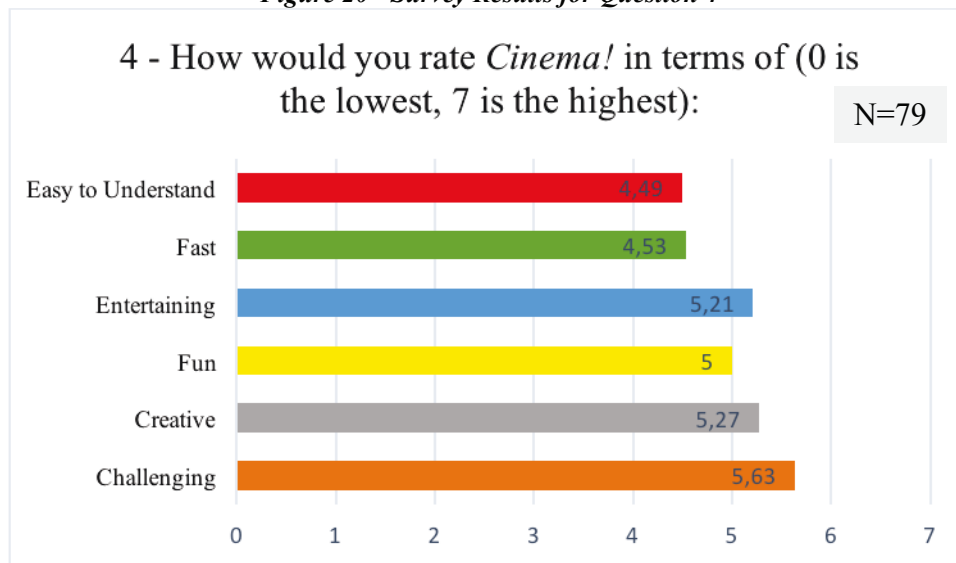
Source: Survey Data

4.5. Wrap-up

Throughout sections 3 and 4 we presented all types of cinema games existent in the market. The figure below categorizes those games according to the following characteristics: platform, interaction, game mechanics, game design, price, game type and software.

Figure 21 - Cinema Games Analysis

Name	Game	Platform	Interaction	Game Mechanics	Game Design	Price	Game Type	Software
Movie Sceneit?		Board	yes	Mutiple choice questions + DVD questions (Roll and Move)		$	Party	No
Hollywood Quiz, Buzz		Board (Video)	yes	Different mini-games (Points)		$	Party	No
Cineplexity		Board	yes	Matching ideas to come up with a movie title (Points)		$	Party	No
Cinelinx		Board	yes	Matching ideas (Tile Placement)		$	Party	No
Timeline		Board	yes	Placing events in chronological order (Card Placement)		$	Party	No
Guess the Hollywood Star		Digital	no	Mutiple choice questions (Levels)		Free	1 Player	Yes
Who is the Actor?		Digital	no	Mutiple choice questions (Levels)		Free	1 Player	Yes
QuizTix Movies		Digital	no	Mutiple choice questions (Levels)		Free	1 Player	Yes
Cinema!		Digital Board	yes	Matching Actors to come up with a movie title (Roll and Play)		Free	Party	Yes

Source: Author

With this analysis it is, thus, possible to come up with a value proposition for *Cinema!*. "The value proposition consists of the whole cluster of benefits the company promises to deliver" (Kotler & Keller, 2009).

Value Proposition: "*Cinema!* is the <u>first Digital Boardgame</u> for Cinema Fans to <u>play with friends and family</u> that will allow you to <u>combine your favourite actors in your favourite movies</u>. It is a <u>challenging online free</u> <u>Party Cinema Quiz</u>, offering a <u>software capable of automatically updating all movie information</u>".

5. How to Segment and Target the Market?

In this section, we estimate *Cinema!* total number of potential customers. Afterwards, we segment the market and decide which segments to serve.

5.1. *Cinema!*'s Potential Customers

To discover the size of *Cinema!* market, we first need to understand who is eligible to play the game.

First of all, we will limit our geographic market to the USA territory. Indeed, for this dissertation a more conservative approach was applied, thus limiting the potential customers and sales estimations to the United States market only. In 2016, the USA population reached 324 Million (Populationpyramid, 2016).

Secondly, the behavioral variable "cinema appreciator" is fundamental to consider as, *Cinema!* is only suitable for people who appreciate the seventh art. According to Moskowitz (2016), the three main streaming services in the USA households are, respectively, Netflix, with a market share of 36%, Amazon presenting a market share of 13% and Hulu Plus with only 6,5% of the market. By knowing the Netflix users number by April 2016 - 47 million members (Expandedramblings, 2016), it is possible to estimate the number of users for the other two companies – 17 millions and 8,5 millions, respectively. If we consider these three companies are the only ones serving the USA population, then the total amount of cinema appreciators is 72,5 millions, according to the figure below.

Figure 22 - Streaming Services in the USA, by Market Share and Number of Users

Streaming Service	Market Share	Users (Millions)
Netflix	36%	47M
Amazon	13%	17M
Hulu Plus	6,5%	8,5M
Total:	55,5%	72,5M

Source: Moskowitz, 2016

Thirdly, technological orientation. Customers need to have Internet access in order to download and play the game, as well as, a Smartphone and a Mother Device. In 2016, 88,5% of American adults used the Internet (Internetlivestats, 2016) and 63,92% of American owned a Smartphone (Statista, 2016).

Let us assume all Netflix, Amazon and Hulu Plus users have Internet access and a PC, TV screen or a Tablet, which they use to watch their favourite movies. This means, the players of *Cinema!* just need a Smartphone. From the 72,5 Millions cinema appreciators, 46,34 Millions have a Smartphone (figure 23).

	Total
Total Streaming Service Users	72,5M
% Smartphone Usage	63,92%
Total:	46,34M

Source: Author

We, thus, conclude the market for *Cinema!* has a potential of 46,34 million people.

5.2. Segmentation – Literature Review

Market segmentation is crucial for marketing strategy and it has grown in its relevance throughout the years.

Dickson & Ginter (1987) define market segmentation as "...a state of demand heterogeneity such that the total market demand can be broken up into segments with different demand functions". In fact, each firm's approach to this demand heterogeneity will give origin to its unique marketing strategy. This means the accuracy of the company's awareness of market segmentation constitutes a key determinant of competitive advantage.

Similarly, on Kotler & Keller (2009) view, a market segment consists of a group of customers who share a similar set of wants, needs and demands. Indeed, segmentation is the process by which marketers start with a big heterogeneous market and break it into several homogeneous ones. Certainly, grouping together consumers with similar buying behaviors and product preferences helps firms to handle market heterogeneity. Companies focus their resources on homogeneous customers' segments, guaranteeing, in that way, an efficient allocation of those resources (Smith, 1956). Furthermore, if the marketer can capture the personal variables which influence a buyer's willingness to purchase a certain product, companies can better understand why buyers act the way they do and adapt both their communication styles and value propositions (Barry & Weinstein, 2009).

All in all, it is extremely important to understand market segmentation is not a uniform approach. Instead, it represents several approaches dependent upon marketing objectives (Assael & Roscoe, 1976).

5.3. Segmentation in Gaming – Literature Review

According to Crawford (1984), the audience of a game includes the groups of players for whom the game is being developed. In other words, audience is the group of players a developer should please with his game in order for this to be successful.

The decision about selecting the right target markets is one of the most important steps in the development of any game kind and it must be taken into consideration from the beginning of the process. Indeed, the game developer must consider the impact of his decisions on the players. By considering the introduction or removal of some game elements, he should try to understand what type of players like (and do not like) the changes implemented and in which ways those changes provide fun for the players (Martinho et al., 2014).

Defining an audience means necessarily choosing a group of players based on their most common characteristics. Those characteristics might be directly related to games (for example, enjoying quiz games), however this might not always be the case. The choice might be based on demographic psychographics and geographic characteristics, among others (Novak, 2008). Ideally, the goal of a game developer is to create a game capable of meeting each one of the individual preferences, offering a tailored-made solution, perfectly adapted to his needs and characteristics. This concept is called Design for Each, as opposed to Design for All, when a general solution is developed for every player (Martinho et al., 2014).

After selecting the audience, he/she should try to know better each of the chosen groups. Firstly, the developer should understand the motivational characteristics, which includes the needs, preferences, interests, expectations, values, fears and dreams of each player. After that, he should try to understand the limitations and the knowledge level of the customers. Finally, he should pay attention to the game context - understanding who plays it, where to play it and when to play it. All these items form the profile of a player (Martinho et al., 2014).

There are many tools we can use to define the profile of a player: (1) the Myers-Briggs (McCrae & Costa, 1989) personality types contain four letters, each corresponding to one of two opposing personality characteristics. Introversion Vs Extraversion; Sensing Vs Intuitive; Thinking vs Feeling; Perceiving vs Judging. Each one of these dichotomies exerts a different influence in the gaming activity. For example, the first dimension, Introversion vs Extraversion affects the duration of each game session or the degree of socialization in a game. For people with extraversion preferences, games shall be of small duration and the level of interaction should be high.

(2) Bartle (1996) categorized the players of MUD (Multi-user Dungeon) games into four types, according to two dimensions. The first one distinguishes the players according to their way of approaching the game: either they prefer to manipulate it or to interact with its elements; the second dimension distinguishes them according to their preferential target of their actions: if their focus is on the other players or in the game context. The four types of players are achievers, explorers, socializers and killers.

(3) Martinho et al. (2014) state one of the primary ways the game development community has segmented the player market has been by frequency. Traditionally, a "Casual" player is one who plays only occasionally, focusing on games which take a relatively short amount of time to play. For these kind of players, games do not make part of their daily-life. The game must adapt to their routine, as they are not available to make

changes in their timetables. The typical games for this kind of audience are short, easy-to-learn and consist of entertaining ways to pass the time. On the other hand, Hardcore players are more likely to immerse themselves in a game that might last weeks or months (rather than hours or minutes). They are extremely into the gaming industry, they are familiar with the jargons and they usually participate in game conventions (Martinho et al., 2014). Games that might require a lot of social interaction or detailed storylines with complex character development are often ideal for these players.

5.4. Variables to Segment *Cinema!* Market

To segment the market, we considered two behavioral variables: cinema passion and gamer type.

"Cinema passion' expresses the extent to which a person appreciates the seventh art. This variable includes "cinema adepts", the ones who watch movies once in a while and for whom cinema represents a hobby, and "cinema fans", the cinephiles, who show a very high cinematographic culture and for whom cinema is a passion. It is important to make the distinction between these two groups, as they will probably demonstrate different consumption patterns. Cinephiles will be the ones who spend more money on the game, while cinema adepts will be more moderate in their purchases. According to the online survey, only 14% of the respondents assumed themselves as cinephiles, while 86% admitted to be cinema adepts.

Figure 24 - Survey Results for Question 5
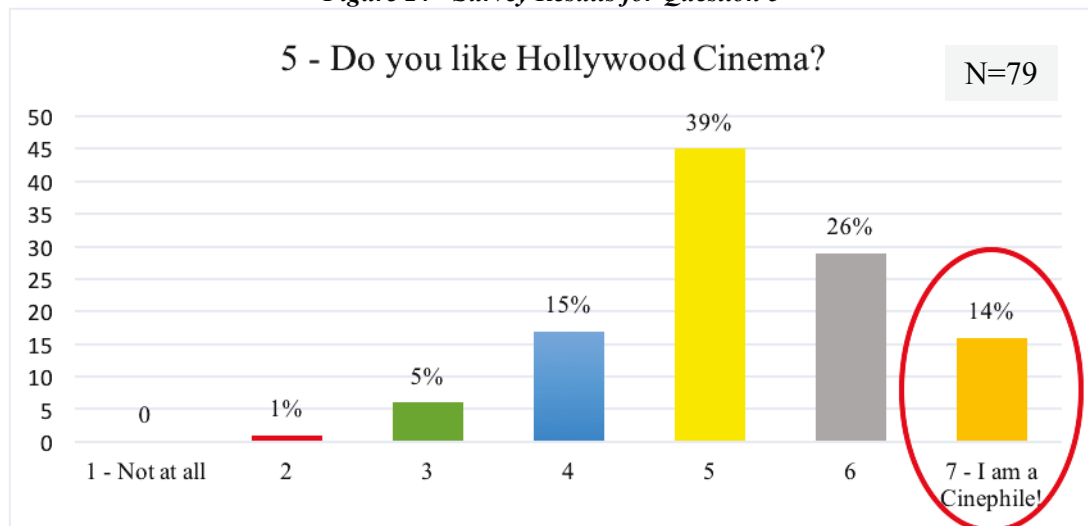
Source: Survey Data

"Gamer type" categorizes the different users in different kinds of players, who will also demonstrate specific consumption patterns. In order to distinguish the gamers, we will use the Ihobo Model. This model choice can be explained by the simplicity in which it does the categorization. Figure 25 shows the description of the four different gamer types.

Figure 25 - IHobo Model (2003)

	Hardcore Gamer	Testosterone Gamer	Lifestyle Gamer	Familiar Gamer
Gamer Type	. Looks for challenges . Favors games with high levels of complexity . Tolerant to complex controls . Has the "Word-of-Mouth" role . Plays games very often	.Usually male . Gives high importance to competition (Player vs player) . Loves games with a lot of action . Tolerates complex controls . Plays games very often	. Looks for fun and experiences . Favors games with low difficulty . Gives importance to the narrative . Does not play "socially unacceptable" games . Does not tolerate complex controls . Plays games occasionally	. Mostly parents that buy games for their children . Looks for fun . Give importance to the narrative . Rather play games within their reality . Needs simple controls . Plays games occasionally
Overall Potential Players	2%	8%	24%	66%

Source: Martinho et al. (2014)

The estimations were done based on the European and North-American markets. A distribution for the several groups was estimated as following: 2% are Hardcore gamers, 8% Testosterone gamers, 24% Lifestyle gamers and 66% Familiar gamers. However, these values refer to both continents (Martinho et al., 2014). Let us assume the North-American potential players rates are the same as the overall potential players rates. We, thus, can segment *Cinema!* North American market into eight different segments, according to the the following figure:

Figure 26 - Market Segmentation
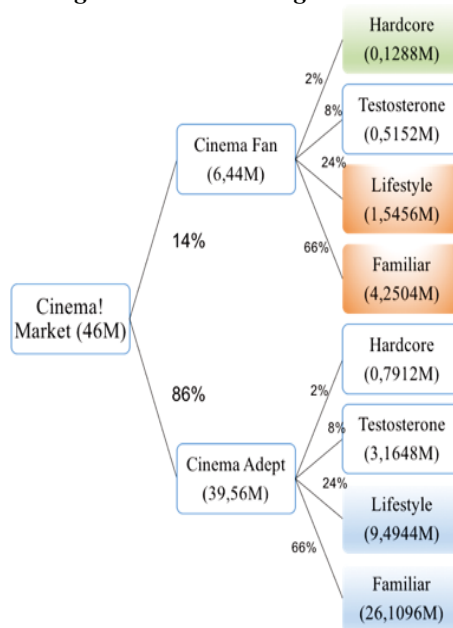
Source: Author

5.5. Targeting

After identifying the market segments, we decide which ones present the greatest opportunities, constituting the target markets (Kotler & Keller, 2009). We will apply a multiple target market approach. This means, we will target several segments.

Cinema! will fist target all Hardcore Cinema Fans, the early adopters of the game.

Identifying this group of users since the beginning is key for the success of the game, as they usually provide more fruitful insights and are able to grasp a product vision from an early prototype (Ries, 2012). Furthermore, they might play a critical role in the construction of *Cinema!*'s brand awareness, through word-of-mouth, usually influencing their families and friends (Martinho et al., 2014). Finally, as Cinema Lovers, they are willing to play the game more frequently and spend more money on it (Whales) (ThinkManagement, 2014).

Cinema! will also serve all American Lifestyle and Familiar Gamers. In general, these people are unaware of what is going on inside the gaming industry. They usually play few games and these must adapt to their lifestyle (most times they play to relax and "kill time"); furthermore, the games must be simple to follow and fast (Martinho et al., 2014).

Lifestyle and Familiar Cinema Appreciators see the seventh art as a hobby. For that reason, they will not spend much money or time on the game (Minnows). For Lifestyle and Familiar Cinema Fans, on the other hand, Cinema is a passion, thus being more likely to pay more and spend more time on it - Dolphins (ThinkManagement, 2014).

5.5.1. Target Markets

***Cinema!*'s primary target market:** All American Men and Women Hardcore Cinema Fans who have access to Internet and own a Smartphone (Whales).

***Cinema!*'s secondary target market:** All American Men and Women Lifestyle and Familiar Gamers Cinema Fans who have access to Internet and own a Smartphone (Dolphins).

***Cinema!*'s terciary target market:** All American Men and Women Lifestyle and Familiar Gamers Cinema Adepts who have access to Internet and own a Smartphone (Minnows).

5.6. Conclusion

The three target markets combined account for 41,5 million potential users. The primary market represents 0,3%, the secondary market represents 14% and the terciary market corresponds to 85,7% of the total market. In the next chapter, we will explain how to reach the customers.

6. What is the Go-to-Market Plan?

In this section, we first expose the go-to-market plan, which includes the idea generation, idea selection and product development and commercialization. Afterwards, we define a monetization policy for the game. Finally, we present a strategic plan for the start-up.

6.1. Successful International Start-up in Theory - Literature Review

"International entrepreneurship is the discovery, enactment, evaluation, and exploitation of opportunities - across national borders - to create future goods and services" (Oviatt & McDougall, 2005). Over the last 50 years, many authors have studied the reasons that lead to successful international entrepreneurship. The studies conducted have proven to be of extremely importance, since the launch of a new product is both costly and risky and it presents a failure rate between 40% and 75% (Stevens & Burley, 2003).

The majority of those studies have concluded the number one success factor at the project level is "product superiority" or "product advantage" (Oviatt & McDougall, 2005). In fact, the lack of meaningful product uniqueness has been found to be the number one reason why new products fail (Crawford, 1977). That is why, creating a successful product requires information-gathering activities, which means, a firm should always be customer-oriented, instead of product-oriented, so that the profits come from customer satisfaction. Companies should always focus on benefits, not on features of the products (Levitt, 2004).

Romanelli (1989), however, goes beyond this simplistic view of "product superiority" and states the probability of a start-up surviving in its early years is influenced not only by 1) the environmental resources and competitive conditions at the time of funding, but also 2) the strategies adopted by the start-up during its early years to exploit environmental conditions.

Other studies have shown that the most significant differences between successful and unsuccessful products lie in the quality of execution of the first few stages of New Business Development (NBD). For example, launch timing is a critical factor. If firms wait too long to develop or test their products, then competitors might launch a similar product first successfully (Griffin, 1997).

Finally, the personalities of individuals involved in the early stages of new business development have been found to be as important as the process itself. Indeed, creativity is frequently seen as an important personality trait for NBD analysts (Stevens & Burley, 2003). Besides creativity, market research for NBD requires individuals with high risk tolerance and openness to the "irrational" process of NBD (Crawford, 1977).

6.2. Successful International Start-up in Practice - The Lean-Start-up Model – Literature Review

"Lean Start-up is a set of practices for helping entrepreneurs increase their odds of building a successful start-up".

This method is designed to teach individuals on how to drive a start-up. It proposes making constant adjustments with a steering wheel called the Build-Measure-Learn feedback loop. Throughout the steering process, we can learn when and if it is time to make a sharp turn (pivot) or whether we should keep heading along one steady path. Once we have an engine that is revved up, the Lean Start-up offers methods to scale and grow the business with maximum acceleration.

Thus, in the Lean Start-up Model everything a start-up does is seen to be an experiment designed to achieve validated learning. We must learn what customers really want, not what they say they want or what we think they should want. We must learn the truth about which elements of our strategy are working to realize our vision and which are inappropriate or unnecessary.

According to this model, a true experiment follows a scientific method. It begins with a clear hypothesis that makes predictions about what is supposed to happen. It then tests those predictions empirically, and reaches a conclusion.

All in all, the goal of every start-up is to discover how to build a sustainable business around that vision. Through validated learning, entrepreneurs can discover whether they are on a path that will lead to growing a sustainable business (Ries, 2012).

Figure 27 - Build-Measure-Learn Feedback Loop
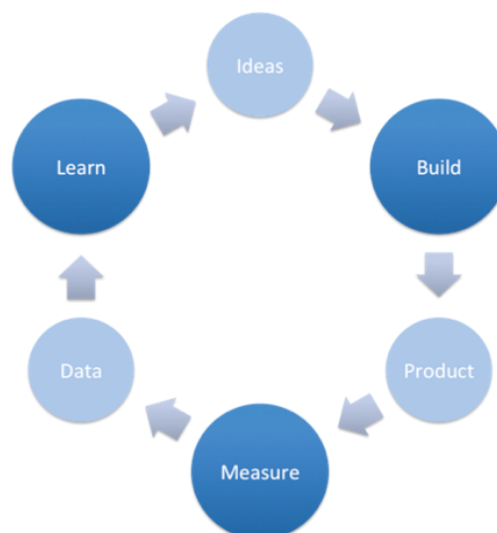
Source: Ries, 2012

6.3. Go-to-Market Plan

Figure 28 - Cinema! Go-to-Market Plan

Idea Generation | Idea Selection | Development and Market Commercialization

Crowdsourcing: test the prototype with potential customers | *Cinema!* was born | MVP - CinePoker

March/2015 | October/2016 | September/2017

Author: Shilling, 2007
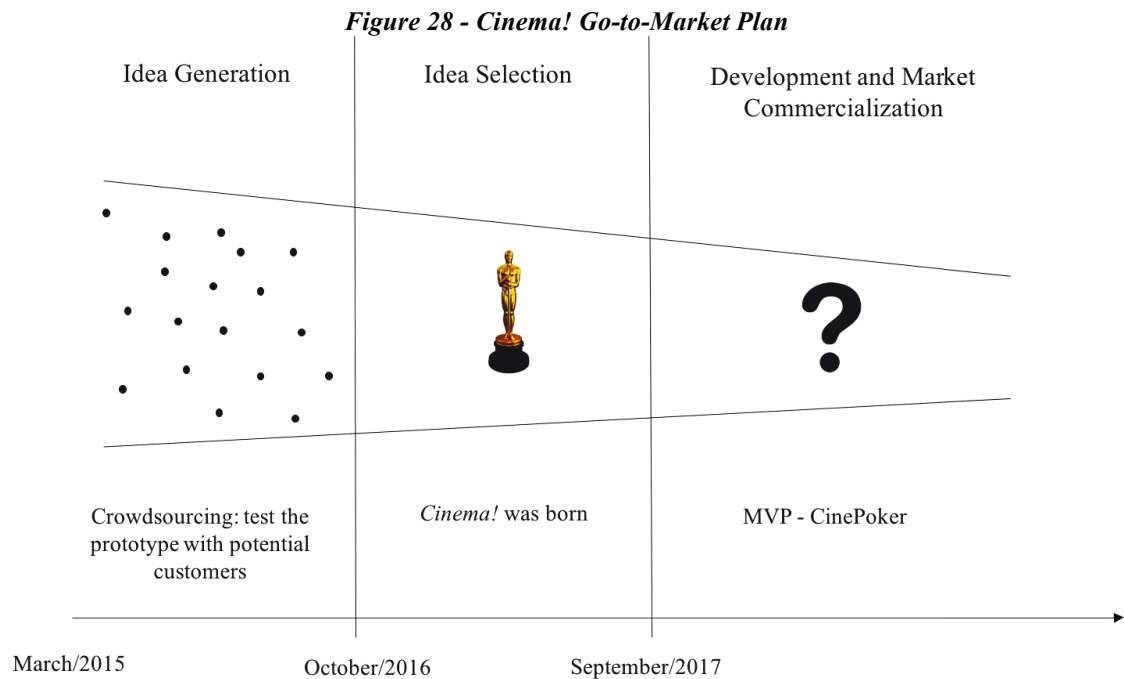
Above, we can find *Cinema!*'s go-to-market plan. The **idea generation** was a long process taking more than one year. *Cinema!* project was only possible thanks to a widely open idea generation process. By testing the prototype of the game[8] with three different focus groups, it was easier to understand the needs, preferences, concerns and suggestions of customers. The process of optimization allowed to attain a bigger pool of ideas with a higher average quality and variety. Indeed, the founder made use of knowledge inflows and outflows to accelerate the innovation process. Instead of developing everything inhouse, he tapped into the ideas cloud of possible users to develop *Cinema!* (King & Lakhani, 2013).

The **idea selection** happened at the beginning of October. After conducting trials with three different focus groups, the entrepreneur, based on users' feedback, decided to pivot his initial idea. The three main transformations during this evolutionary process were:

Coming up with the concept of a "Digital Boardgame": the burning desire to create a boardgame was the driving factor behind this project. Ever since the *Cinema!* founder can remember, he has been passionate about boardgames and the social interaction and fun around them, which is why it was a hard decision to relinquish the physical board. However, going with a physical platform raised two complex issues:

1. User interface - for a boardgame, this proved to be less intuitive than what he had initially conceived. For example, when replacing the used cards in order to move

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[8] The prototype comes in the form of a boardgame.

from a mini-game to another, the rest of the deck would be accidentally misplaced, which implied wasting time rearranging cards in order to put them back in order.

2. <u>Movies Database</u> – printing out a booklet for players to check their answers would be time-consuming and impractical, as well as hard to continuously update.

That is how the concept of Digital Boardgame was born, in an attempt to bring together all the advantages of a typical boardgame with the benefits of a much more practical digital interface.

<u>Change the game concept from strategy to party game</u> – In its first version, the game was a complex boardgame in the shape of a star, where players would move around the board to gather the five most prestigious Academy awards (Best Actor, Best Actress, Best Screenplay, Best Director and Best Picture). The game involved not only actor cards but also movie posters. In order to play the Oscar challenges, contestants needed to earn money by winning the four different mini-games (the same as the current mini-games). The contestants could trade actor cards between them as part of their strategy. However, the feedback received was not the best, as the game was deemed too long (it took practically 1h30min), too confusing and not very exciting. *Cinema!'s* concept was then redesigned to become a simple yet challenging 30-minute party game to play with friends and family.

<u>No usage of movie posters in the game, only actors images</u> – This decision was taken for two reasons: avoiding players being overloaded by too much information and minimizing potential legal issues.

Concerning *Cinema!* **development and market commercialization**, the minimum valuable product (MVP) will be created (Ries, 2012).

6.3.1. MVP

The MVP is the product with just the smallest features set, which allows to validate the game by testing it with a small group of possible future customers. The focus group is commonly composed of early adopters, who usually provide more fruitful insights and use their imagination to fill in what a product is missing.

The MVP helps entrepreneurs begin the process of learning as quickly as possible. It is the fastest way to get through the Build-Measure-Learn feedback loop with the minimum account of effort. Indeed, the goal of the MVP is to begin the process of learning about customers - what attributes they care about, conversion rates, sign-up, trial rates, customer lifetime value, etc (Ries, 2012).

There are three main reasons which justify the development of MVP:

1. We enquired about an App development budget to TheCodeVentures, a company specialized in providing technical support to early-stage start-ups. However, it would be too costly to create the game in its final version right away. The total amount to develop the game would be 37,440 € + VAT (appendix 8.7.). Indeed,

this presented a serious risk, which the entrepreneur was not willing to take. The CodeVentures also presented a budget for just one of the mini-games – 8,000 € + VAT (appendix 8.8.), a much conservative value to a "firsky" entrepreneur;

2. According to the online survey, there were some respondents who complained about the complexity of the rules. By creating just one of the mini-games at the beginning, this complexity would be highly reduced and users could start engaging and getting familiar with the game;

3. For funding purposes, it is much easier to raise 8,000 € than 37,400 €.

6.3.1.1.CinePoker

Deciding exactly how complex a MVP needs to be cannot be done formulaically. It requires judgment (Ries, 2012). The MVP for *Cinema!* corresponds to an adapted version of one of the mini-games, the Green mini-game. The choice of the Green mini-game as the MVP is not by chance, as it is the only one out of the four existing ones capable of adapting itself in such a way it is possible to turn it into a party game. To read the rules of the game, please refer to appendix 8.6.

6.4. Successful App – Literature Review

The adoption of mobile Apps depends critically on two important factors: product visibility and product quality (Liu, Au, & Choi, 2014). The importance of these two elements can be explained in the context of a new product adoption process, which is composed of five different steps (Webster, 1969 cited by Liu et al., 2014):

(1) awareness

(2) interest

 (3) evaluation

(4) trial

(5) adoption

Awareness is when consumers are informed about the product attributes (Kalish, 1985). The competition in the digital market is fierce for two main reasons: firstly, there are more than 5 million Apps in Digital Stores (Google Play, Apple App store, Window store, (Statista, 2016); secondly, every day, around 500 new Apps are launched. This means generating awareness for a new product becomes extremely difficult (Johnstone & Dodd, 2000).

For these reasons, product visibility, measured by the rank of the App, becomes critical in generating a high level of awareness. Indeed, most customers check the ranking list published by online marketplaces, like Google Play (AdMob, 2010). Besides this, especially for highly ranked App, the peer-influence is a reality, which means they attract

more potential users, since they reflect the interest of other consumers. This phenomenon has been proved to be one of the primary drivers of purchase decisions in online shopping (Brynjolfsson, Hu, & Smith, 2003).

Concerning the product's evaluation and trial steps, product quality is crucial in determining whether potential users will buy it or not. In the digital market, most times customers evaluate the quality of an App on the basis of the quality of the free trial version (Shi, Xia, & Huang, 2016). The main reason for purchasing paid Apps is that users enjoyed the free version and decided to upgrade to the paid version (AdMob, 2010).

Product quality can also be perceived from online customer reviews, which are usually written by users who have already downloaded the App. In fact, online reviews have become a primary source of information for consumers to reduce purchase uncertainty, because they are extremely relevant and informative (Martinho et al., 2014). The quality and quantity of reviews influence the sales volume (App adoption). Most users tend to rely on online reviews that are more meticulously written (Kalish, 1985) and those with a higher number of reviews (Jiang & Sarkar, 2009-10).

6.5. Freemium Model – a Combination of Free and Premium – Literature Review

Freemium model represents a fast-growing business model in many digital fields. According to Kumar (2014), Freemium model has become the dominant business model between Smartphone App developers.

In this model, "...a company provides a free version of the App and then offers value-added services, additional product features, or virtual goods that users can purchase to enhance their usage experience" (Shi et al., 2016).

Specifically to digital games, users playing freemium games do not have to pay to play a fully functional game. Instead, customers are given multiple purchase opportunities (microtransactions) to optimise their playing experience.

Naturally, the free features offered in the first version work as a powerful marketing tool, allowing the start-up to scale up its business and attract a user base in almost a costless way. Indeed, social networks are powerful drivers, as many services offer incentives for referring friends (Kumar, 2014).

Freemium models present several advantages: firstly, by offering a free product, it allows to develop loyalty and engagement, convert new users to being premium users, and attract more customers through word-of-mouth; secondly, it creates opportunities for future advertising; thirdly, it enables multiple revenue streams through several micro transactions, which removes the upper limit of user spending (Shi et al., 2016).

Freemium models present challenges, as well: one of the main goals of freemium is to attract new users. This means, the developer's free version must be compelling enough to get the audience's interest (Kumar, 2014). Also, it is important for the users to clearly understand the benefits of upgrading the App, otherwise, the conversion rate,

meaning, the percentage of free users who have upgraded to a premium plan, will remain really small. In fact, only 1% to 5 % of users purchase virtual items, indicating a very low conversion rate. (Shi et al., 2016). The majority of converted players, or " Minnows," pay only $1 to $5 a month for the game and represent 60% of the total spenders. The "Whales," who spend more than $25 per month on average account for only 15% of players. The 25% of the remaining users are Dolphins, who pay between $5-$10 (ThinkManagement, 2014).

Finally, developers should pay attention to why and how satisfied customers might help the App go viral (Kumar, 2014). Google Play, for example, plays a critical role in this matter. It allows users to share their feedback through ratings and reviews. Furthermore, it also publishes ranking lists of free and paid Apps based on various factors including average rating, the number of downloads and the number of reviews (Liu et al., 2014).

All in all, the key to success of this business model is to encourage customers to make continued, large purchases even though they could enjoy the product for free.

6.6. *Cinema!* Monetization Policy

In order to monetize, *Cinema!* will apply a freemium model. The idea behind this model is to distribute freely versions with limited functionalities, helping these versions to disseminate more easily. Ideally, users will then be more likely to be willing to pay for the whole game. The decision of choosing this model can be explained by two reasons:

1. From figure 18 analyzed in section 4.4., we know 73% of the participants are not aware of any Cinema quiz game in the market, which means the first version of the game should be free to increase its diffusion;

2. According to the online survey, 26% of the individuals admitted they are not prepared to pay for the game, while 74% of the respondents revealed they are willing to do so (figure 29). Thus, this model can capture both groups and for the bigger one, it can exploit the potential of the micro-transactions inside the game.

Figure 29 - Survey Results for Question 6

6 - How much would you be willing to pay for the game?

N=79

21% 26% 15% 38%

■ 0 ■ [$0,99 - $2,99[■ [$3 - $4,99[■ $5+
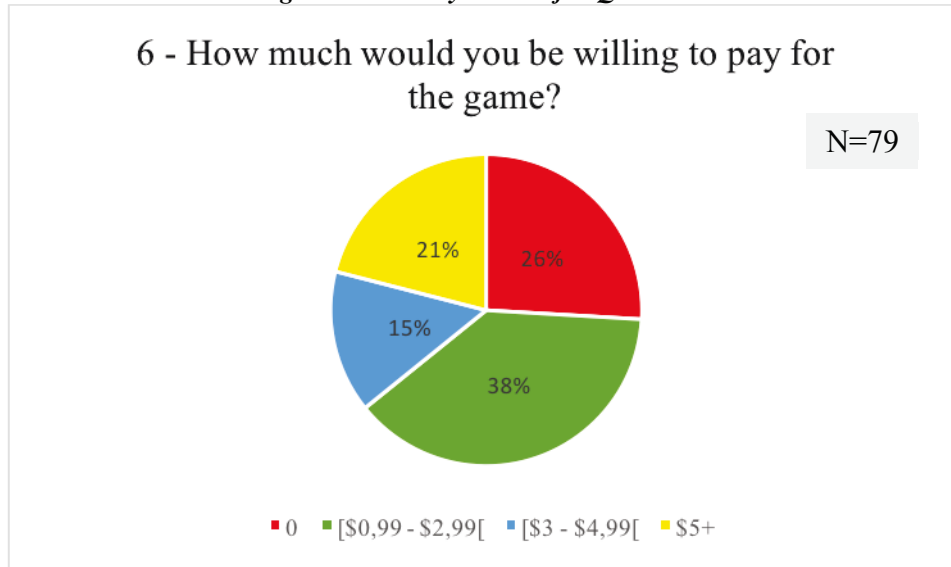
Source: Survey Data

The annually revenue of *Cinema!* is given by the following formula (Martinho et al., 2014):

$$Revenues = AAU{\times}CR{\times}ARPPU \ [1]$$

Where:

Annually Active Users (AAU) - this metric represents the number of unique users, who played the game at least once, during that year. The evolution of this indicator provides information regarding the players' database growth. Regarding this metric, product awareness and interest play a critical role. There are two main ways to create product awareness for *Cinema!*: the first one is to score high in the ranking list published by online marketplaces, such as the App Store, as most customers check these lists. The quality of the App, measured by its design and game mechanics, is determinant to be considered for the feature section.[9] The second one is the peer-influence, which means users attract more potential users. According to the online survey, more than 80% of the respondents would be likely to recommend the game to their friends and families (figure 30).

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[9] Nerdmonkeys In-person Interview

Figure 30 - Survey Results for Question 7
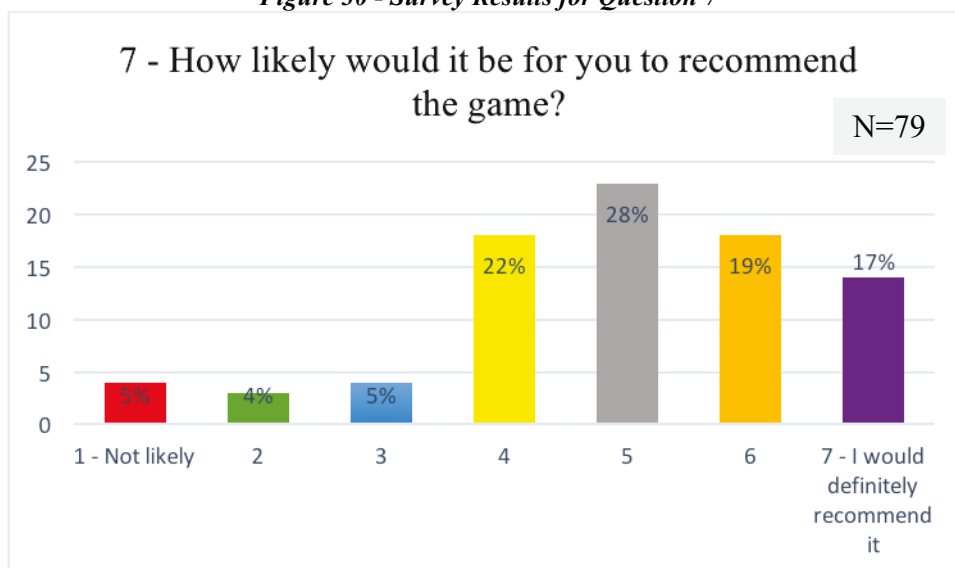
Conversion Rate (CR) – this metric is defined as being the percentage of players who spend real money on the game.

Average Revenue Per Paying User (ARPPU) – this metric indicates the ratio between the generated revenue and the number of users who pay. Also, it provides information regarding individual expenditures.

Figure 31 explains in which way *Cinema!* will guarantee revenue streams.

Figure 31 - Cinema! Monetization Policy

Free Model	Premium Model	Game	Network
	Buy Credits	CinePoker	Individual
	Play with real contestants	CinePoker	First Level
Publicity	Buy Unlimited Credits	CinePoker	First Level
	Play with Real Contestants	*Cinema!*	Second Level

A Freemium model is composed of two parts: the free model and the premium model. For the first model, the revenues are generated through publicity. In this way, from the customer perspective, the App download is free of charge, although they do not have access to the final game form.

To have access to a fully-functional game and eliminate the ads from the game, it is necessary to purchase virtual goods. In this phase, the MVP quality is essential to start converting users and generating revenues. The additional product features are:

1.   The opportunity to buy credits to continue playing against the PC. When

downloading CinePoker, the contestant begins with 5 lives. For every fixed amount of time (e.g. 30 minutes) playing the game, he is given an extra life. If the user loses all his lives, he can either wait a pre-established amount of time to be able to play again or he can buy lives in the App. In this version, there is advertising.

2. The chance to play CinePoker with real contestants face-to-face[10] and to be connected to a network. The value of connecting to this network depends on the number of other users already connected to it – concept of network externalities. This upgrade creates peer-pressure in the sense it is better to belong to a network than not (Shapiro & Varian, 1999), as it increases the possibility to play with more people. From this upgrade on, there is no advertising anymore.

3. The possibility to have unlimited credits. Now that contestants must meet physically to play CinePoker, there is once more group-pressure to eliminate the time restrictions and be able to play the game with friends and family without interruptions.

4. Upgrade the game to its final version. The network effects are present again. The more people connected to this network, the more value it has. Players are now in the second and final level of the network, being able to enjoy the game in its full potential.

6.7. *Cinema!* Strategic Plan

After presenting the go-to-market plan and defining a pricing model for the game, we elaborated a strategic plan for *Cinema!,* which includes:

1. <u>Mission</u>: "To bring all buffs around *Cinema!"*

2. <u>Vision</u>: "Creating such an innovative cinema quiz game that even Hollwood stars will be compelled to play it!"

3. <u>Values</u>: Innovation; Sustainability; Ethics; Personal Development; Learning; Professionalism; Commitment

4. <u>Strategic objectives</u> from 2017 to 2020. The four different strategic objectives – Start-up Set-up, Brand Awareness, Revenues and Financial Sustainability - were decomposed into eleven operational goals. To measure *Cinema!* level of performance, it was defined a KPI for each operational goal (figure 32). A chronogram was also created to illustrate the operational goals implementation (figure 33).

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[10] Although there might also be the possibility to play with real contestants virtually, that hypothesis will not be considered in this analysis

Figure 32 - Cinema! Strategic Objectives

I. Start-up Set-up			
Operational Goals	**KPI's**	**Metric**	**Goal**
1. Find the Right Partners	Date of Team-up	Date	Mar/2017
2. Get Funded	Monetary Amount	Number	$ 30,500
3. Create MVP	Date of Creation	Date	Sep/2017
4. Test MVP Focus Groups	Nº Users	Number	1,000
5. Register MVP	Date of Registration	Date	Dec/2017
II. Build up Brand Awareness			
Operational Goals	**KPI's**	**Metric**	**Goal**
1. Create Facebook Page	Nº Likes on Facebook Page	Number	20,000
2. Apply Email Marketing	Nº emails	Number	10,000
3. Apply Other Marketing Techniques	Monetary Amount	Number	25% sales
III. Generate Revenues			
Operational Goals	**KPI's**	**Metric**	**Goal**
1. Advertising	Starting Date	Date	1º Tri 2018
2. Micro-Transactions	Starting Date	Date	3º Tri 2018
IV. Attain Financial Sustainability			
Operational Goals	**KPI's**	**Metric**	**Goal**
2. Profitability	EBIT	Number	$,05M

Source: Author

Figure 33 - Cinema! Chronogram

Chronogram (2017-2020)																
1. Start-up Set-up																
Operational Goals	1º Tri	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.
Year	2017				2018				2019				2020			
Partners	■	■														
Funding		■														
MVP Creation			■													
MVP Testing				■												
MVP Registration				■												
2. Brand Awareness																
Operational Goals	1º Tri	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.
Year	2017				2018				2019				2020			
Facebook Page Creation					■	■	■	■								
Email Marketing					■	■	■	■								
Other Marketing Techniques					■	■	■	■								
3. Revenues																
Operational Goals	1º Tri	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.
Year	2017				2018				2019				2020			
Advertising					■	■	■	■	■	■	■	■	■	■	■	■
Micro-Transactions					■	■	■	■	■	■	■	■	■	■	■	■
4. Financial Sustainability																
Operational Goals	1º Tri	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.	1º Tri.	2º Tri.	3º Tri.	4º Tri.
Year	2017				2018				2019				2020			
Profitability					■	■	■	■	■	■	■	■	■	■	■	■

Source: Author

At the end of the third trimester of 2017, the founder expects to find the right partners and the funding needed to create the MVP and to register it. The value for funding, $30,500, includes the App development (appendix 9.8.), the idea registration (appendix 8.3.) and the initial marketing expenses, which will occur at the beginning of 2018. The conversion rate € to $ US used was 1,062339. (X-rates, 2016). In the fourth trimester of 2017, the founder will test the MVP with several focus groups, who will provide fruitful insights and use their feedback to fill in what the game is missing. The MVP test will occur in Portugal and the goal is to reach at least 1,000 potential users.

2018 will be dedicated to build brand awareness. The idea is to increase product awareness through several marketing techniques, such as, Google Ads or marketing campaigns (e.g. product endorsements). Since marketing is a critical activity, it is expected to be allocated 25% of the total revenues every year. At the beginning of 2018, an additional marketing investment of $20,00 will be made. On the same year, the founder expects to start generating revenues from advertising. Paid users will only appear in the third trimester of 2018.

6.7.1. Financial Sustainability - *Cinema!* Sensitivity Analysis

In an attempt to prove *Cinema!* will achieve financial sustainability by 2020, we developed a sensitivity analysis from 2017 to 2020 (figure 34), based on the chorogram shown in figure 33. Two scenarios were considered, a conservative one, with a conversion rate of 1%, and an optimistic one, with a conversion rate of 5%. The assumptions that supported this analysis can be found in appendix 8.9. The target EBIT, according to the KPI for strategic goal 4 (figure 32) is $0,5M. For the conservative scenario, this value is attained in 2020. For the optimistic scenario, *Cinema!* reaches $0,5M in 2019. Based solely on this indicator, it is thus suggested that *Cinema!* will be financially sustainable at the end of the period.

Figure 34 – Cinema! Sensitivity Analysis

Sensitivity Analysis – Conservative Scenario				
	2017	2018	2019	2020
1. Initial Investment	$10 485,07	-	-	-
2. Revenues (CR 1%)				
2.1. Advertising Revenues	-	$274 950,00	$824 850,00	$1 649 700,00
2.2. Micro-Transactions Revenues				
2.2.1.Whales	-	$450,00	$1 350,00	$2 700,00
2.2.2. Dolphins	-	$4 200,00	$12 600,00	$25 200,00
2.2.3. Minnows	-	$5 142,00	$15 426,00	$30 852,00
Total Revenues	-	$284 742,00	$854 226,00	$1 708 452,00
% Digital Stores Sales	30%			
Cinema! Revenues		$199 319,40	$597 958,20	$1 195 916,40
3. Costs				
3.1. App Development	-	-	$48 921,99	-
3.2. App Maintenance	-	$5 099,23	$5 099,23	$5 099,23
3.3. Hosting	-	$4 587,72	$5 046,49	$5 551,14
3.4. Marketing Expenses	-	$69 829,85	$149 489,55	$298 979,10
3.5. Other Costs	-	$19 931,94	$59 795,82	$119 591,64
Cinema! Costs		$99 448,74	$268 353,07	$429 221,11
EBIT	$(10 485,07)	$99 870,66	$329 605,13	$766 695,29

Sensitivity Analysis – Optimistic Scenario				
	2017	2018	2019	2020
1. Initial Investment	$10 485,07	-	-	-
2. Revenues (CR 5%)				
2.1. Advertising Revenues	-	$549 900,00	$1 649 700,00	$2 749 500,00
2.2. Micro-Transactions Revenues				
2.2.1.Whales	-	$4 500,00	$13 500,00	$22 500,00
2.2.2. Dolphins	-	$42 000,00	$126 000,00	$210 000,00
2.2.3. Minnows	-	$51 420,00	$154 260,00	$257 100,00
Total Revenues	-	$647 820,00	$1 943 460,00	$3 239 100,00
% Digital Stores Sales	30%			
Cinema! Revenues		$453 474,00	$1 360 422,00	$2 267 370,00
3. Costs				
3.1. App Development	-	-	$48 921,99	-
3.2. App Maintenance	-	$5 099,23	$5 099,23	$5 099,23
3.3. Hosting	–	$4 587,72	$5 505,26	$6 606,32
3.4. Marketing Expenses	-	$133 368,50	$340 105,50	$566 842,50
3.5. Other Costs	-	$45 347,40	$136 042,20	$226 737,00
Cinema! Costs	-	$188 402,85	$486 752,19	$805 285,04
EBIT	$(10 485,07)	$265 071,15	$873 669,81	$1 462 084,96

Source: Author

7. Conclusions, Next Steps and Limitations

Throughout this dissertation, it was made clear there is great potential for *Cinema!* to succeed in the market:

Firstly, the game proposed is not presented in a format like any other cinema quiz game ever created. Instead, the idea was to merge the best of traditional games and the digital market to exploit the opportunities of a promising segment, Digital Board, where *Cinema!* does not face any credible competitor.

Secondly, the legal aspects of the game, which represented the biggest challenge for the project, were overcome by the possibility of negotiating freely the use of actors' images with an entity which already has the appropriate licenses at its disposal.

Thirdly, the prototype of the game was validated in focus groups and the MVP will also be validated. The Lean-Startup model, a model proven to be extremely successful in the art of creating and sustaining start-ups, has been implemented to fully understand the customers. Thus, "…validated learning is backed up by empirical data collected from real users". (Ries, 2012).

Finally, the sensitivity analysis seems promising, considering it was based on real values and on moderate assumptions. For example, the predictions were only targeted to the USA market. These predictions can attract possible investors who might be willing to come on board.

It seems the founder has assembled all the necessary conditions to proceed with his project. The three next steps are, according to the chronogram, to find the right partners, to raise the money needed to create the App and to register the prototype of the game, after testing it with several focus groups. Regarding the money raising, there are two main financing sources that would be relevant in such an early stage of the project: the first one is FFF (Friends, Family and Fools). Through this method, the founder should make use of his personal network to reach out the biggest possible number of people who believe in his idea and who are willing to donate a monetary amount to his project. The second one is Crowdfunding. This consists of collecting substantial sums of money by relying on a big crowd of people that contribute relatively small amounts of money to a project. In most occasions, online crowdfunding platforms are used to present the project to crowds of potential contributors (Social Impact Investment Taskforce, 2014). Either method can be used as a validation step for the project - through the announcement of the game, the founder of *Cinema!* can understand if his solution is approved by the general public.

This validation is essential as very few people actually had contact with the game. The prototype was only tested with three different focus groups, including a total of 12 people. Moreover, the online survey registered a dropout rate of 31% due to the fact that it was most likely too long for most. Indeed, only 79 people completed it, which forms a relatively small sample. This means, several conclusions taken from the survey might be

biased, e.g. the percentage of cinephiles being 14%. Furthermore, it was not possible to gather responses from American citizens with the online survey. Thus, the answers collected do not represent any target markets defined in this study. Additionally, the population was very homogeneous with more than 60% of the respondents being 20-25 years old, most of which were undergraduate and masters students. The survey also proved that 73% of the participants were not aware of any cinema quiz game in the market. Product development and marketing are, thus, key for its success.

8. Appendix

8.1. Competition Analysis

8.1.1. Mattel

Mattel is a giant North-American toy manufacturing company founded in 1945 with headquarters in California. Nowadays, it is a big multinational, employing 28,000 workers worldwide. The firm offers a wide range of products, from dolls to boardgames. Its main brands are Barbie and Wheels. (Mattel, 2015).

The mission of the company is to be the recognized leader in play, learning and development worldwide. Its vision is "Creating the Future of Play."

Throughout the years, Mattel has been building up a solid reputation by acquiring recognized brands in the toy market. In fact, nowadays it is the world's largest player in terms of revenue and market capitalization, selling directly in most Europe, Latin America and Asia, either through retailers and wholesalers, or agents and distributors in those countries where Mattel has no direct presence. In 2015, Mattel's overall revenue reached $6,283.6M. This value represented a decrease of 6% when compared to the previous year, explained by the 15% fall of the International segment, during the same period. Curiously, the North-American segment registered a small increase of 2%, from 2014 to 2015 (Mattel, 2015).

All in all, Mattel's strategy will continue to focus on exploiting the franchise strength of core brands, solidifying global supply chain, driving cost improvement, expanding in emerging markets and achieving distinctiveness and excellence in commercial organization. (Mattel, 2015).

8.1.1.1. Mattel Boardgames Segment

The company positions itself as a "Family Boardgames" seller. It distributes classic games such as Pictionary, which stand out for their innovative play patterns.

8.1.2. Relentless Software

The firm was set up in 2003 and it is situated in Brighton, the UK. Relentless Software was created with the goal of making games for everybody. It has been accomplishing this objective by first focusing on social play in the living room and subsequently delivering high quality mobile games. (Relentless Software, 2013). The company is specially known for its biggest franchise, Buzz!™, which started in 2004.

Relentless employs around 30 workers and uses several platforms to reach its clients: PlayStation, Mobile, Chrome, XBOX and Apple TV. Indeed, Relentless success

was mainly due to the strong relationships it established with key players, such as Sony, Amazon, Apple, Google, Microsoft and Hasbro.

However, more recently, the firm has shifted its corporate strategy drastically. Andrew Eades, the owner of Relentless, believes the company should bet more in owning its own IP and publishing its own games, instead of relying just on historic business relationships. According to him, "...the whole publishing of games is becoming more democratized". Ideally, we wishes to balance it more 50/50 to self-publishing and third parties relationships, compared to 90/10 before.

Indeed, Relentless has abandoned its old retail business, that implied needing millions of sales in order to call it a success, and it is now focused on digital platforms (Tablets, Mobiles). Being digital means there's a huge shelf and customers might not find Relentless games on it. (Pearson, 2013).

8.1.3. Out of the Box

The firm was founded in 1998, however, it shut down its business on October 2015, after selling all of its inventory, part of which to Mattel. The firm was based in Wisconsin, the USA, and it specialized in party, family and card games, known for being innovative, easy to learn and quick to play. Out of the Box sold more than 50 games during its existence. (Boardgamegeek, 2000).

8.1.4. Asmodee

Founded in 1995, this French boardgame publisher with operations located in Europe, North America and China, positions itself as a seller of"...fun family games, hilarious party games and gorgeous hobby games".

The firm publishes most of its own games and distributes games for many different publishers in different countries. Several Asmodee's games have won prestigious awards, such as, Dixit (Spiel des Jahres 2010) and 7 Wonders (Kennerspiel des Jahres 2011). (Asmodee, 2016).

On November 2013, Eurazeo, a French investment company, acquired 83.5% of Asmodee's capital, redefining the strategy of the boardgame firm[11]. Eurazeo backs Asmodee in all its projects, by supporting external growth, as well as, supplying expertise to all its teams. Indeed, Eurazeo aims to establish the group as a global player in game publishing and distribution. To accomplish this, Eurazeo will help Asmodee continue its expansion in France and internationally.

Nowadays, Asmodee presents a 24% market share in the French games segment. It is also a dominant player in party games and cards. In the toy segment in France, the

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[11] Mesaboardgames In-person Interview

group has maintained its 7th position.

In 2014, Asmodee entered the USA market with the acquisition of two emblematic publishers, Days of Wonder and FFG, which accelerated its international development and entry into digital games. The acquisition of Asmodee by Eurazeo was very beneficial for the financials of the firm. 2015 revenues reached 270M €, an increase of 55% when compared to the previous year, while the EBITDA rose 92% (Eurazeo, 2016).

8.1.5. Cinelinx

This North-American company was founded in 2010 by Gabriel Barboza and Jordan Maison, who had the vision to create "...a hub for people who saw film the way they did...". (Cinelinx, 2015).

Since the creation of the game, four new editions have been launched (Boardgamegeek, 2000). Furthermore, the founders wish to create a digital version for iOs and Android (Cinelinx, 2015).

8.1.6. Hasbro

Hasbro is another American giant toy company founded in 1923 and committed to "Creating the World's Best Play Experiences". The company operates in more than 40 countries worldwide and employs 5,000 workers. The firm's products vary from television programming and digital gaming, to toys and boardgames. The highest priority brands are Monopoly, Littlest Pet Shop, Transformers, Play-Doh, Magic: The Gathering, My Little Pony and Nerf.

The firm is proud to be globally recognized for its accomplishments in ethical manufacturing, environmental sustainability, product safety and philanthropy. In 2015, Hasbro provided more than $14 million in philanthropic support, impacting more than three million children and their families worldwide. (Hasbro, 2016).

In 2015, Hasbro overall revenues increased 4% to $4.45 billion when compared to 2014. Revenues in the USA & Canada segment increased 10%, the International Segment grew up 16% and the Entertainment and Licensing Segment grew 11%.

Concerning its current and future strategy, Hasbro wishes to focus on innovation and development of its world-class brand portfolio, including Monopoly, Play-Doh and Transformers. Also, the firm will continue investing in emergent markets. Recently, it opened new offices in Dubai, South Africa and Thailand.

All in all, "from award winning, innovative toys & games, to a broadening array of consumer products, to digital gaming across all major platforms, to a wide range of entertainment experiences, Hasbro's brands are connecting with more consumers, across more demographics, more deeply and in more ways than ever before" (Hasbro, 2015).

8.1.6.1. Harsbo Boardgames

Hasbro has created a vast portfolio of worldwide recognized boardgames brands through invention, innovation and acquisition. Similar to Mattel, Harsbo positions itself as a Family Boardgames' seller. The company commercializes some of the most emblematic boardgames ever, including Monopoly.

According to 2015 Harsbo Financial Report, "To successfully execute our gaming strategy, we consider brands which may capitalize on existing trends while evolving our approach to gaming using consumer insights and offering gaming experiences relevant to consumer demand for face-to-face, board, (...), card, (...) including the launch of new play patterns" (Hasbro, 2015).

8.1.7. Ks-Play

KS-Play is a small and independent German mobile App development company, founded in 2012 and specialized in quiz games. Its mission is "... to provide a number of games, which convince by being visually pleasing, highly engaging and which convey a sense of quality from front to back." The firm has already developed seven different games, all of them free of charge. The monetization policy is based on publicity. (KS-Play, 2012).

8.1.8. Red Beach Games

Red Beach Games is a premium studio founded in 2012 which develops high quality mobile Apps and games. The studio employs five people in total: one CEO/CTO and four developers and has developed 20 Apps/games. It counts with more than 400,000 downloads so far (Red Beach, 2012).

The firm's mission is: "Deliver fun while having fun" and it differentiates itself from the other game studios by creating creative and innovative games. Concerning its monetization policy, it applies a freemium strategy. The games are available on App Store and Google Play Store worldwide. (Red Beach, 2012).

8.1.8.1. Red Beach Games – Written Interview

1) How did the idea of creating your company come up?

The market outlook (growth and potential revenue) was very attractive.

2) What is the mission of your firm?

Deliver fun while having fun.

3) How many people work at your company and what positions do they occupy?

> 1   *CEO/CTO; 4 developers*

4) Which platforms do you use to develop your games?

Corona SDK

5) I am aware that for your *Who is the Actor?* App you make use of Actor Photos and their names. How does that work in legal terms? Did you have to pay for the image rights? Can you use them with no legal restrictions?

All photos and names are provided to us by TheMovieDB (http://themoviedb.org) which has its own set of terms regarding the use of its data.

6) What type of games do you sell?

Freemium.

7) How do you differentiate from your competitors?

Make creative and innovative games.

8) What is your marketing strategy?

Test the game concepts in a limited set of countries in order to assess and fine tune the metrics before realizing it globally.

9) Who are your clients? Who is your target?

iOS and Android users.

10) Which variables do you use to segment the market?

Age, Gender, Country.

11) How do you keep track of your clients?

Using analytics tools (as Flurry)

12) How do you receive feedback from your clients?

In-store reviews and emails.

13) Who are your competitors?

Any game studio.

14) What do you think it can be seen as a "threat" to your business?

Low entry barrier and too many competitors.

15) How do you look at the market outside? Do you have any company where you get inspiration from?

No.

16) In which countries do you operate?

All countries available on App Store and Google Play store.

17) Is this Industry growing?

Yes.

18)You first identify a need in the market and try to fulfill it, or you first create the game and after that, try to adapt it into the market?

We brainstorm game ideas and select a few to test with beta test users and then on selected countries.

19)What are the costs of your business?

People and infrastructure.

20)How do you make money?

Advertisement and In-app purchases.

21)What are your funding sources?

Founders' money.

22)If you had an unlimited budget, what would you do differently?

Hire more people to develop more games to test.

8.1.9. QuizTix

QuizTix is a start-up which was founded on 2013 and currently has a team of four people (creative director, commercial director and two programmers) and six part-time contractors who work when needed on: art, audio, questions, QA & additional code. The start-up is focused on ad revenue. (Quiztix, 2014). The firm offers a collection of eight multiple choice quiz games (Pop Music, Movies, World Football, Video Games, Musicals, International Rugby, Comedy Genious and International Cricket) which combine the fun of the traditional quizzes with fun characters, stunning visuals and social interaction. The games are free of charge and they are present in iOS Android: Google Play & Amazon Appstore (inc. Fire TV).

8.1.9.1. QuizTix - Written Interview

1) How many people work at your company and what positions do they occupy?

Ian Masters - Co-founder & Creative Director

Albert Marshall - Co-founder & Commercial Director

Alan Thomson - Programmer

In addition we have about 6 part time contractors who work when needed on: art, audio, questions, QA & additional code.

2) Which platforms do you use to develop your video-games?

iOS

Android: Google Play & Amazon Appstore (inc. Fire TV)

3) How do you come up with the cinema questions? Do you search online? Did you create a data-base?

Our original high quality questions that are entertaining and informative is part of what makes the QuizTix games unique. Also in our game the wrong answers are as important to us as the right answers as they help provide the challenge and often humour. To create the questions we work with some very experienced professional question writers as well as experts in each field. We have no 'database' as such, at least not the real sense of the word.

4) What is your marketing strategy?

Mobile games is dominated by companies playing the LTV > CPI game. As a company focused on ad revenue we're never going to be competing in that space, at least not in a big way. Our focus is on:

Cross-promotion within the QuizTix catalogue is very effective, meaning that people who like the game go on to play several more QuizTix games.

Regular releases bring in new audiences, provide more content for current players and provide re-engagement opportunities for lapsed players.

Brand partnerships (e.g. QuizTix: BBC Comedy Genius, and more in the pipeline) provide access large numbers of players cost effectively.

Creating a high quality innovative quiz experience to maximise our chances of store featuring. We've done ok so far and hope that as we continue to invest in and improve the games that the stores will continue to support us.

5) How do you reach your clients (meaning, which platforms do you use)?

Not sure I understand the question.

6) How do you keep track of your clients?

Clients meaning players or brand partners or ad networks or ... ?

7) Who are your competitors?

Trivia Crack, Scimob, QuizUp, and many of the low-quality 'picture/logo' quizzes that the stores are flooded with.

8) You first identify a need in the market and try to fulfill it, or you first create the game and after that, try to adapt it into the market?

It could be either. When I came up with the idea for QuizTix I prototyped it and tested it on non-gamer friends. They looked at it politely at first and ended up really enjoying it. I knew we had something special and realizing that there was a lack of quality original quiz games I saw a gap in the market too.

9) If I ever have an idea for a game App, could I speak with you? How would that work?

I'm happy to give you feedback. Just be aware that everyone has an App idea and it's the execution that counts in the end. Ideas are also very hard to protect. I'm not saying keep it to yourself, that's the worst thing you can do, just be careful.

10) Is it a common practice to steal ideas inside this industry?

Ideas no, definitely not. What is stolen is successful game designs. There are many, many examples, sadly often from large companies.

http://kotaku.com/5879046/zynga-totally-rips-off-tiny-tower

11) What are the costs of your business?

Salaries of the team account for the majority of the costs. We don't yet have an office and do not have a marketing budge to speak of. This will change throughout 2016.

12) How do you make money?

We are focused on ad revenue and it now accounts for >80% resulting in a healthy APRDAU for such a casual game. With the exception of 2 daily interstitials (that be immediately dismissed), and native ads around the in-game venue, all other ads are opt-in. We also care about the quality of the ads and have previously removed well-performing networks because the ads didn't look great.

Most successful free-to-play games make over 50% of their revenue from 0.5% of their players. Some of these players can and do spend thousands of dollars. We do not believe this is a healthy model or one that would work well for such a casual game as ours.

13) What are your funding sources?

We received £150k SEIS investment from Jenson Funding partners in Nov 2013. We are currently raising a second larger round of seed funding.

8.2.*Cinema!* Rules

As a Hollywood Star, it is your goal to win the most prestigious prize in Cinema!. After a decade of hard work, the moment you dreamed of is here! This has been an incredible year for your career. Some critics would say you delivered "...The most outstanding performance ever!" Indeed, rumour has it you have high chances of winning the golden statuette! But watch out - competition is fierce! Do you have the talent and film culture it takes to impress the Academy and scoop the Oscar?

The goal of the game is to take the Oscar home! To accomplish this, players must win the 4 different mini-games and collect the 4 different coloured Popcorn Markers (Blue, Yellow, Red and Green). Mini-games are played by all players in their Smartphones.

The Mother Device (e.g. Ipad) is placed on the center of the table, effectively serving as the board of the game.

The Ipad shows a 6X6 matrix where contestants can find 36 random actors' images. Every time an actor image is used for a mini-game, it is then replaced by a new one.

Figure 35 - Game Set-up
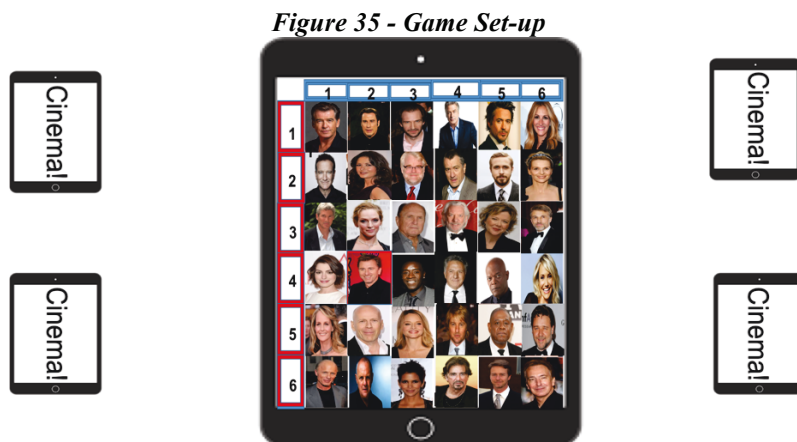
Source: Author

To decide who goes first, the youngest player in the table touches the Ipad and a random actor image will appear highlighted. The first player to shout a movie starring that actor/actress, starts the game! Player one chooses which mini-game he wants to play on the Ipad screen. He then touches the screen and two dice are rolled. The blue dice corresponds to the column number and the red dice to the row number. Whichever game is chosen, all contestants must play and compete for the correspondent Popcorn marker.

If a player wins a mini-game for the first time, he receives a colored Popcorn Marker correspondent to that mini-game. If a player wins the same mini-game more than once, he then collects a Clipboard Marker. When he manages to gather three Clipboards, he can trade them for a Popcorn Marker of his choice. After player one has completed his play, the next turn will be of the first player to his/her left (clockwise), who must select a different mini-game.

Note: It is possible for more than one player to win the same mini-game, in which case the tie is settled by having a random actor pop up on the screen, and the first one of the two players to shout out a movie where that actor was cast, wins.

Below you can find a brief summary of the four mini-games:

Blue mini-game
Player one touches the screen and both dice are rolled. One actor image is highlighted. All players are given one minute to list, on their Smartphones, the maximum number of films they can think of starring the actor (sequels are not allowed)! After one minute, the system checks all of the contestants' answers and shows all possible movies. The player with the longest list wins the Blue Popcorn Marker. The image used is then replaced by a new one.

Example: A blue two and a red four are rolled. Edward Norton's image is highlighted. All players must come up with the longest possible list of Edward Norton's movies!

Figure 36 - Blue Mini-game Example

Source: Author

<u>Green mini-game</u>

Player one touches the screen and both dice are rolled. A full column and a full row are highlighted. Out of the eleven images, players are given one minute to pick the five actors group they think it creates the best combination. After one minute, the system checks the answers and shows all possible combinations. The player with the best combination wins the Green Popcorn Marker. The images used are then replaced by new ones.

Example: A blue two and a red four are rolled. Row two and column four are both highlighted. Players are given one minute to select a group of five actors which they think constitutes the best possible combination.
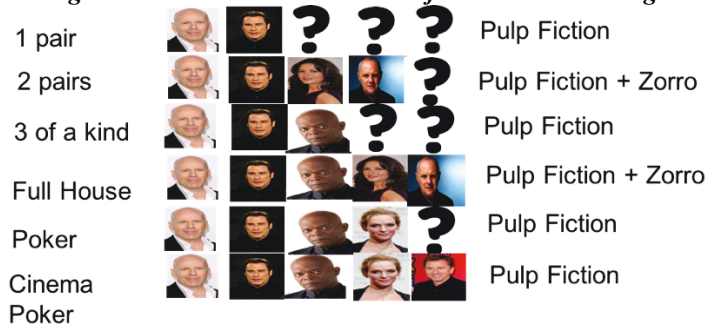
Figure 37 - Green Mini-game Example

Source: Author

On the figure below we can find the possible combinations and an example for each:

Figure 38 - Possible combinations for the Green Mini-game

Source: Author

<u>Red mini-Game</u>

Player one touches the screen and both dice are rolled. One actor image is highlighted. All players are given one minute to pair the actor/actress that came up with others from the matrix and to write down the respective movie they starred in together. After one minute, the system checks all of the contestants' answers and shows all possible pairings. The player with the biggest number of pairings wins the Red Popcorn Marker. The images used are then replaced by new ones.

Example: A blue two and a red four are rolled. Kate Winslet image is highlighted. Players are given one minute to pair Kate Winslet with other actors from the matrix and list the respective movies.

Kate Winslet + Leonardo DiCaprio = Titanic

Kate Winslet + Ralph Phiennes = The Reader

Figure 39 - Red Mini-game Example

Source: Author

Yellow mini-game

Player one touches the screen and both die are rolled. One actor image is highlighted. All players have one minute to create the biggest pairing sequence starting with the actor that came up and continuing with whoever he is initially paired with, and so on. After one minute, the system checks all of the contestants' answers and shows all possible sequences. The player with the best performance wins the Yellow Popcorn Marker. The images used are then replaced by new ones.

Example: A blue two and a red four are rolled. Kevin Bacon's image is highlighted. Players are given 1 minute to come up with the biggest pairing sequence possible starting with Kevin Bacon. For example:

Kevin Bacon+ Meryl Streep= The River Wild

Meryl Streep + Julia Roberts= August: Osage County

Julia Roberts + Richard Gere= Pretty Woman

Figure 40 - Yellow Mini-game Example

Source: Author

8.3. Idea Registration

8.4. GettyImages Budget

gettyimages®

Caro Lourenço Pinto,

Este documento é um orçamento com os
preços das imagens, vídeos, Pacotes
Premium ou faixas de áudio que especificou,
de acordo com as utilizações que solicitou.
Este orçamento é válido até 22 Set 2016.
Contacte-nos para uma revisão do
orçamento se os detalhes abaixo não
corresponderem à finalidade pretendida.

Veja os contactos da Getty Images em
Portugal. E-
mail: Roxana.Wegner@gettyimages.com

Nome do orçamento:	LPintoLeite_tabuleiro cartas de actores
ID do orçamento:	2196550
Local	Getty Images
Nome de utilizador:	lpintoleite1992@gmail.com
Data da criação:	23 Ago 2016
Expiração do orçamento:	22 Set 2016
Subtotal:	C 750,00 EUR
Imposto aplicável:	C 172,50 EUR
Total:	C 922,50 EUR
Orçamento para:	Lourenço Pinto Portugal

Detalhes do orçamento

453510740 (Getty Images Entertainment) Premiere Of Lionsgate Films' "The Expendables 3" - Arrivals
Rights-managed image

Preço:
C 750,00 EUR

Fotógrafo:	David Livingston
Informação sobre a autorização:	Sem autorização
Restrições:	Contact your [local office] for all commercial or promotional uses.
Utilização:	Concepção de produto - jogos, brinquedos e outros
Tamanho do ficheiro/DPI:	19,3 MB - 2243 x 3000 px (18,99 x 25,40 cm) - 300 dpi - RGB
Circulação:	Até 10.000
Data de início:	23 Ago 2016
Data de término:	23 Ago 2026
Território:	Estados Unidos da América, Portugal
Indústria:	Arte e entretenimento
Duração:	Até 10 anos
Exclusividade:	Sem exclusividade
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Subtotal: C 750,00 EUR

Imposto aplicável: C 172,50 EUR

Total: C 922,50 EUR
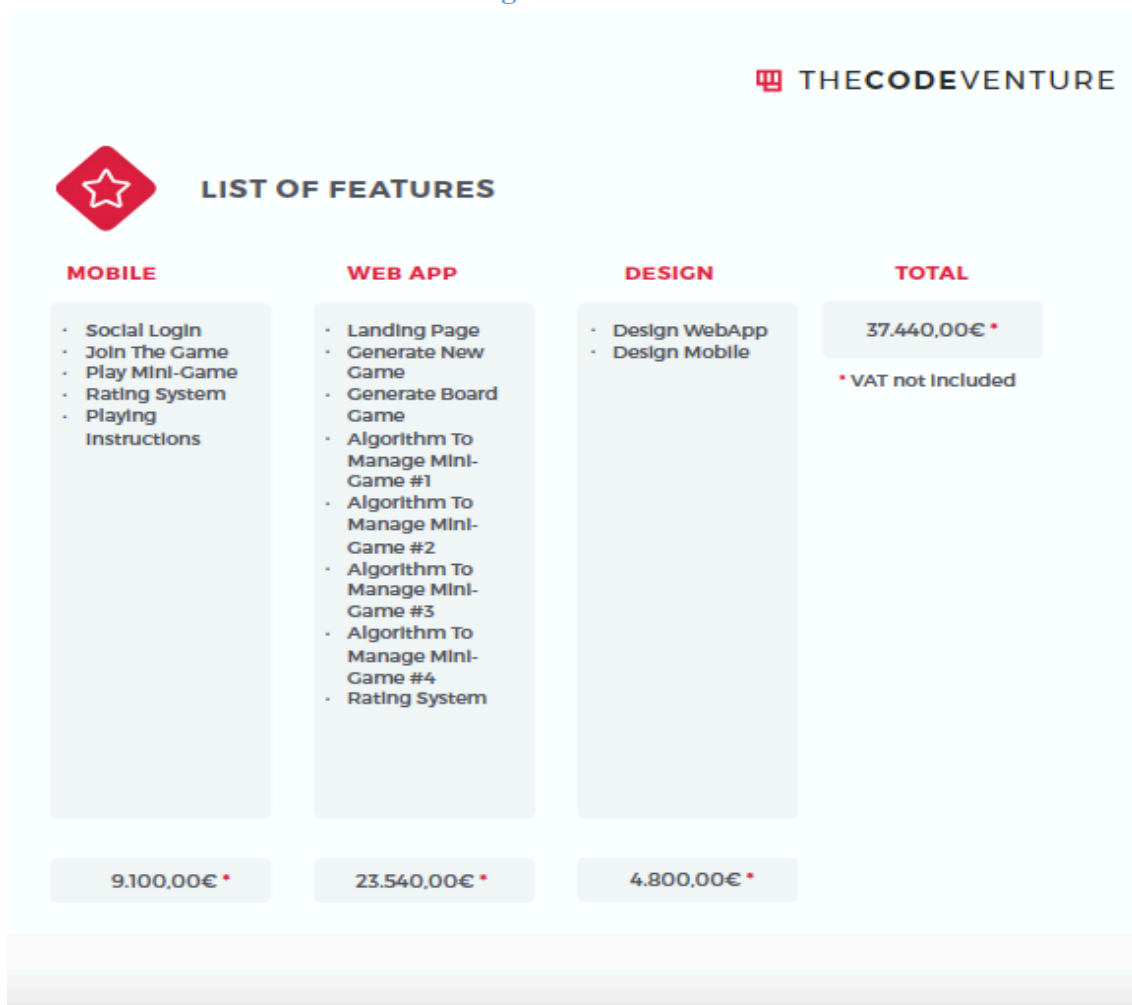
8.5. Creative Commons Licenses Table

License Suite Version	1.0	2.0	2.5	3.0	4.0
All international (unported/generic) and ported licenses					
Nomenclature (for unported licenses)	Generic license	Generic license	Generic license	International (unported) license	International license
License scope (beyond copyright)					
Express permission granted under sui generis database rights	No	No	No	EU ports only	Yes
License conditions apply to sui generis database rights	No	Few ports only	Few ports only	No	Yes
Treatment of moral rights	Not addressed	Not addressed	Not addressed	Varied	Waived/not asserted
Trademark and patent explicitly reserved	No	No	No	No	Yes
Other license features					
Representations and warranties from licensor included	Yes	No	No	No	No
Licensor expressly waives rights to enforce, and grants permission to circumvent, technological protection measures	No	No	No	No	Yes
Automatic reinstatement after termination if violations corrected	No	No	No	No	Yes, if corrected within 30 days
Express reservation of right by collecting society to collect royalty	Not addressed	Expressly waived where possible	Expressly waived where possible	Expressly waived where possible	Expressly waived where possible
Element-specific features					
Compatibility mechanism in BY-SA licenses	same license only	same license, later versions, or ports	same license, later versions, or ports	same license, later versions, ports, or CC-designated compatible licenses	same license, later versions, CC-designated compatible licenses (including designated ports)
Compatibility mechanism in BY-NC-SA licenses	No	No	No	No	Yes
Adaptations of SA material usable under conditions of adapter's license	Yes (because adapter's license had to be same license)	No	No	No	Yes
Adaptations of NoDerivatives material permitted when not shared	No	No	No	No	Yes

Attribution-specific elements

8.6. Cinepoker – Rules

For the first prototype the game will include a Poker mini-game. Players must use their mobiles to roll the dice and according to the numbers drawn, a specific column and row will be highlighted. From there, players are given one minute to select five actors and form the best combination. Players will be able to do this via there mobile and watch the results on the Mother Device. Players will be awarded points accordingly, with the player who has the most points after a couple of rounds being awarded the final prize - the Oscar. The possible combinations are tne same as the ones presented for Green mini-game.

8.7. TheCodeVentures *Cinema!* Budget

8.8. TheCodeVentures CinePoker Budget

Olá Lourenço,

Em anexo tens a proposal completa para desenvolver o jogo todo.

Para desenvolvermos a tecnologia base e um mini-jogo, conseguimos fazê-lo com um valor muito mais baixo e num período de cerca de 15 dias úteis. Para esta modalidade, serão utilizados 2 developers. A nossa rate/h normalmente são 50€/h, mas sugeria fazermos isto por 8,000 € + IVA.

Um abraço

8.9. *Cinema!* Sensitivity Analysis Assumptions

The sensitivity analysis was based on the following assumptions:

1.   The number of downloads for the optimistic scenario in 2020 is the same as the number of downloads of a well established digital competitor, Guess the Celeb App, 500,000;

Figure 41 - Number of Downloads

Number Downloads	2017	2018	2019	2020
Conservative Scenario	1000	50000	150000	300000
Optimistic Scenario	1000	100000	300000	500000

Source: Author

2.   The percentage of Whales, Dolphins and Minnows are, respectively, 0,3%, 14% and 85,7%;

Figure 42 - Number of Users (Conservative and Optimistic Scenarios)

Users	2017	2018	2019	2020
Whales	0	150	450	900
Dolphins	0	7000	21000	42000
Minnows	0	42850	128550	257100

Users	2017	2018	2019	2020
Whales	0	300	900	1500
Dolphins	0	14000	42000	70000
Minnows	0	85700	257100	428500

Source: Author

3.   The conversion rate for the conservative scenario is 1% and 5% for the optimistic scenario;

Figure 43 - Number of Paid Users (Conservative and Optimistic Scenarios)

Users	2017	2018	2019	2020
Whales	0	2	5	9
Dolphins	0	70	210	420
Minnows	0	429	1286	2571

Users	2017	2018	2019	2020
Whales	0	15	45	75
Dolphins	0	700	2100	3500
Minnows	0	4285	12855	21425

Source: Author

4. Revenues are generated by mobile advertising and the purchase of virtual goods;

5. Ad revenues/year for each scenario were estimated based on following formula:

$$Ad\ Revenues = \#Users \times \#App\ Usage \times Page\ CTR \times CPC\ [2]$$

6. The App usage/year per user type is indicated in figure 44; page CTR (10%), and CPC ($1,5) were estimated in GoogleAdsense Calculator, in figure 45;

Figure 44 - App Usage/Year

User Type	App Usage/year
Whales	150
Dolphins	75
Minnows	30

Source: Author

Figure 45 - Google Adsense Calculator Example

Google Adsense Calculator

Fill in any three to calculate the fourth field:

Page impressions: 1000
Page CTR: 10 %
Cost per click ($): 1.5
Earnings ($):
Calculate

2CHECKOUT
Easily Accept Credit, Debit & PayPal

Result

Page impressions	1000
Page CTR	10%
Cost per click	$1.5
Earnings	$150.0
Clicks	100
Page eCPM	$150.0

Source: Google

7. Whales spend $25/month, Dolphins spend $5/month and Minnows spend $1/month (ThinkManagement, 2014);

8. App store and Google store take 30% of the total sales (Martinho et al., 2014);

9. The App development costs, $48921,99 include *Cinema!* coding, which will occur in 2019 (appendix 8.7.);

10. The software maintenance service is guaranteed by the App developer for a period of 12 months. From 2018 onwards, it it necessary to sub-contract a firm in order to guarantee this service. This will cost 400€/month (both scenarios) and includes:

a. Back-up;

b. Bugs protection;

c. Data-base maintenance: index rebuilding + house cleaning.

9. Hosting costs/month are $382,31 (2018). In the conservative scenario, they will increase 10%/year. In the optimistic scenario, they will increase 20%/year. These costs were estimated based on Google Clouding Platform and include:

a. App engine standard environment instances – $322,44

b. App engine flexible environment instances - $21,80

c. App engine APIs and services - $3,55

d. Cloud datastore - $34,52

Figure 46 - Hosting Costs

Source: Author

10. Marketing expenses represent 25% of *Cinema!* revenues in both scenarios. In 2018, an extra $20,000 was added;

11. Other costs represent 10% of *Cinema!* revenues in both scenarios and include expenses such as gas, meals and rent;

12.   Labor costs were not considered as all services will be outsourced and the executive team, as founders, will be working without compensation in the initial years;

13.   The initial investment is composed of two elements: App development and idea registration. The App Development is estimated to cost 9,840 € (VAT included), according to TheCodeVentures. The idea registration will cost 29,8 € (appendix 8.3.);

14.   We considered the inflation rate will be constant throughout the years;

15.   Discount rate was not considered;

16.   The conversion rate from € to US$ is: 1,062339. (X-rates, 2016);

8.10. Game Prototype
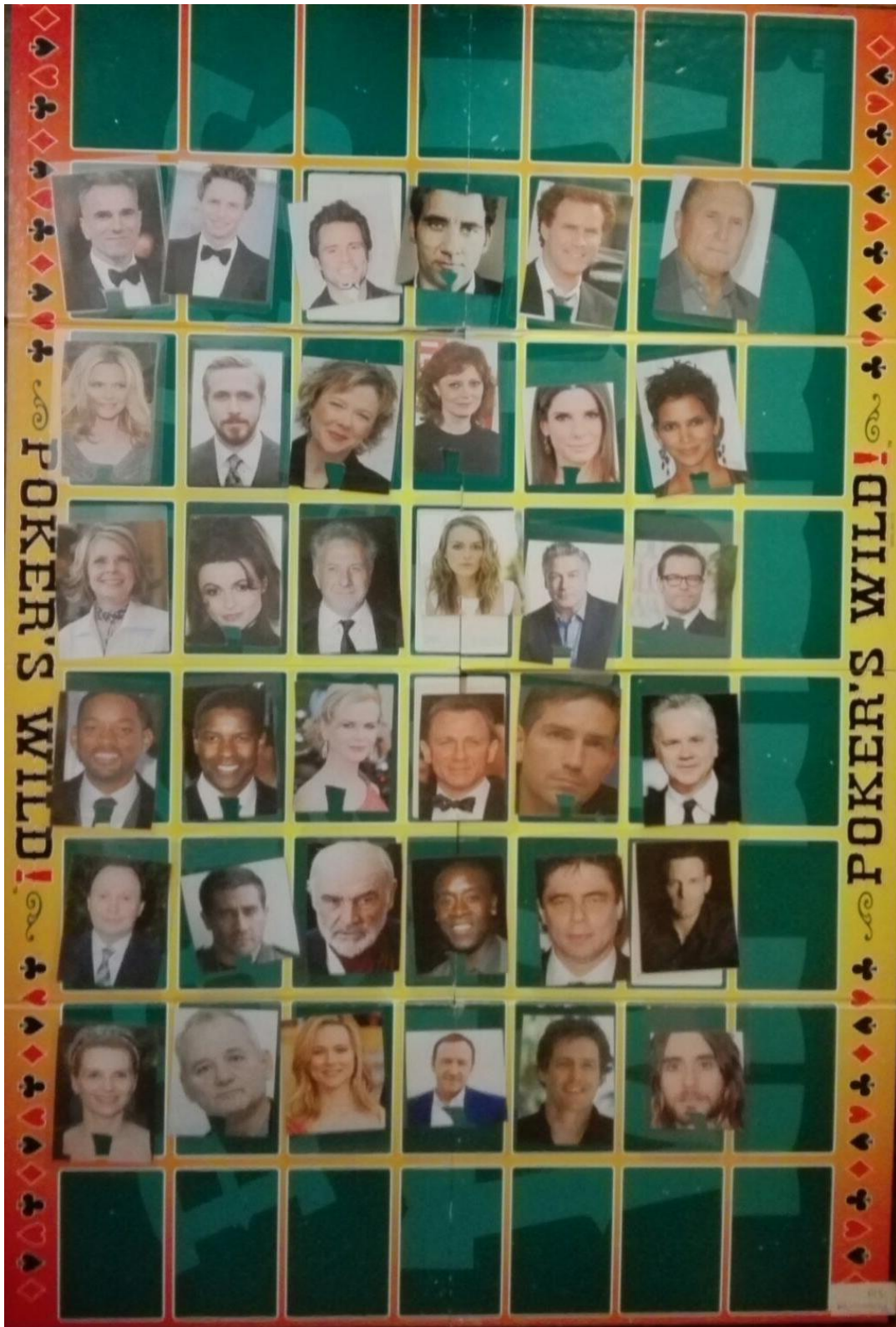
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