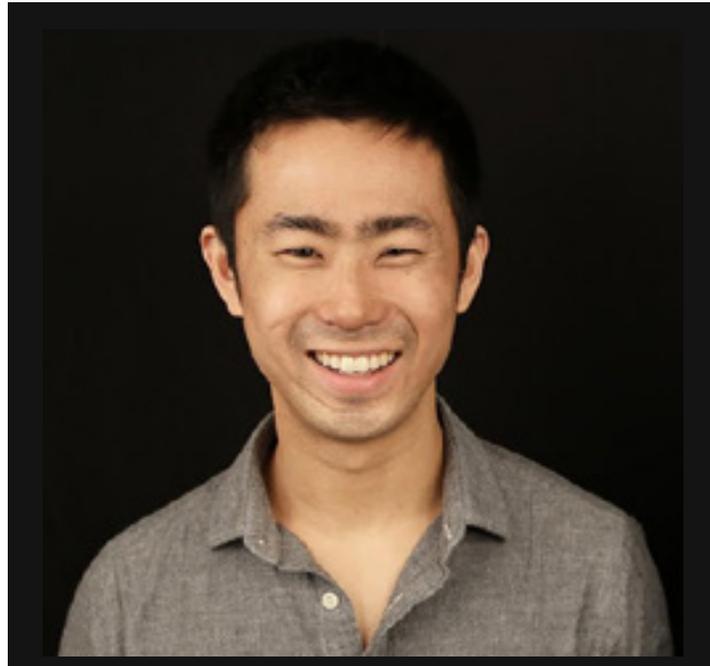# MAU [Talk]

EP. 005

A CONVERSATION WITH:

BLIZZARD ENTERTAINMENT

JOSH LU

VP COMMERCIAL LEADER

MAU[Talk] 00:00

Hey guys! Welcome to MAU [Talk]. A new podcasts from MAU Vegas, the premier mobile acquisition and retention summit. On today's episode, we have Josh Lu, Vice President and Commercial Leader at Blizzard Entertainment. Josh is going to be talking to us about mobile gaming launch strategies, as well as what channels can really help you generate success. Take it away Adam.

Adam Lovallo 00:20

Josh, thank you for doing this podcast. Welcome. I have a very strong suspicion that the majority of you know, downloaders listeners, whatever; will know you at least know you maybe even from some of the MAU events, but just for good measure. Could you speak to at least your current role, and maybe even the trajectory from Zynga to now because that's when we first met maybe? I don't know, five years ago?

Josh Lu 00:45

Yeah, sure. So my job right now I'm at Activision Blizzard. I lead the mobile portfolio for Blizzard. I also have a second day job as the head of analytics at the moment. My previous life, I spent almost six years at Zynga, where I was a head of growth, and then our head of product management and then I ran a division that makes Words of Friends, among other smaller titles. So I've been a product manager or product manager, basically my entire career.

Adam Lovallo 01:14

Okay. And in your current job, could you just throw out some titles that are sizable on the mobile side? I mean, what's like an example, games that they produce, but like what's big in the mobile world for you?

Josh Lu 01:30

All of the stuff I'm doing right now is unreleased. So the game that will come out is a game that we've announced called Diablo Immortal. It is a mobile version of a Diablo game. So one of our biggest franchises, and then we've got a bunch of other stuff in the works.

Adam Lovallo 01:46

Wow. Okay. All right. Cool. I didn't realize that's awesome. Okay, so, Josh, for listeners out there, we compare notes on questions and he had a bunch of stuff to do wanted to talk about what sounded cool to me. Um, so first, let's talk about acquisition mix. Because normally my conversations with people are very much like, how much you spend on Facebook, how much you spend on Google? Do you do anything else? And like that is the nature of the acquisition, mix conversation, maybe a rare brand or game. We'll be doing some TV, you know, and that's like, the third meaningful channel. So as you think about these new games, and launch strategies and stuff, how are you? What is your thinking around acquisition mix? I mean, is it going to be basically the vanilla Facebook ad, you know, blast away strategy? Or are you taking a different approach, particularly given the brand, you know, cache that you're working with?

Josh Lu 02:41

Yeah, totally, I think the way that I think about it is, our base strategy is going to be what you described, which is super performance, heavy, all of the networks that you know, and love and that we all use. But as you mentioned, you know, we've got some tricks up our sleeve when we're working with very large brands and kind

of passionate community and so as we think about saturating through all those channels, you've got a couple other things available to us, that can help unsaturated those channels and keep our scale, our CPI's low and you know, frankly, pair engaged player engagement with our creative, high over time. And those are things like, you know, I call them hybrid performance channels. So, TV is probably like on one end of the spectrum with hyper performance, like, you know, some direct response TV, you can sort of track and like, get a pretty good idea what it's doing. But, you know, we have a ton of content creators that love our games that interact with our games, and interact with our communities. So like, influencers is a really, really big piece of the strategy for us. And, you know, fortunately for us, we've got lots of influencers who want to work with us for free. And they're also folks that, you know, we will pay for, you know, that's sort of like a high performance piece. And then if you think about, you know, our games are not like casual games, they are a little bit more niche, passionate community, well known brands. And so, you know, there are other places that we know, have a high density of highly qualified high intent players, you know, places like Twitch or YouTube Gaming, that, you know, you can do some performance stuff on, you can also do some, you know, home screen takeover stuff, and that'll also generate a lot of high quality impressions. So we're thinking all along that spectrum.

Adam Lovallo 04:32

And is there a large ecosystem of people streaming mobile games? Like, is that a thing? Or is that not really a thing?

Josh Lu 04:42

There are people that stream mobile games. It is significantly smaller than PC or console, but it's getting bigger. And, you know, we think it's an opportunity. This is the first time in ever where phones can start to handle some of the stuff and that game quality isn't the place where streaming, it actually makes a lot of sense and would be a good viewing experience.

Adam Lovallo 05:05

Yeah, yeah. When your team, maybe in this context or even in a prior Zynga life, how are you going about, like even finding the influencer people? Like, would you advise, oh, yeah, you find the right agency, and, you know, they handle everything and because there's a billion influencer agencies out there, or is it been more of a bespoke internal effort to, you know, build the relationships and the lists and so on?

Josh Lu 05:32

Yeah, we've had the fortune of building lots of relationships over a very long time. I mean, we're just starting out, you know, agency is one way to go. But I've always believed in if you have the time, and the resources, you know, going out and doing the stuff organically, I find that you can build really interesting relationships with people that last a lot longer that are perhaps less transactional. And if you really count on influencers, being a part of your acquisition strategy for the very long term, those sorts of, you know, long term, more structured relationships are really useful, right? Because like, you know, if you see what happens with like, you know, agency work, sometimes, especially in games, you'll sign on an influencer and then because of influencers, financially incentivized by, you know, whatever is new and hot and is paying the money, they will jump. And so influencer loyalty is just a little bit lower on when you establish a relationship that way. And so, you know, if you have the resources to do it, you know, doing the work and finding influencers, who you think are going to be a really good fit, who are incentivized to work with you for a long period of time, and then putting them into a relationship with you, you know, that lasts for a long time and has, you know, interesting things, there is a good way to go.

Adam Lovallo 06:51

Do you think that the internal approach, at the end of the day is effectively cheaper to or do you in dollars terms, you end up in the same spot? I mean, it sounds like, obviously, you're in a unique circumstance with the games, your titles working on and stuff, but like, is external, just equal paying more? Because that's basically my assumption, but maybe that's a bad one.

Josh Lu 07:13

It is paying more, but every once in a while, if you do things organically, you'll find, you know, an influencer that with an audience and with a content mix, that actually they're really great fit, and they'll work with you for the long term on perhaps different terms, better terms or, you know, sort of long term terms. And if they're in a relationship like they can actually generate some content that leads to deeper engagement with the playerbase. And, you know, that is where the LTV is, and frankly, you know, fendering installs is fine, but high quality, high intent installs that come back and fern and then reactivate that those are extraordinarily valuable.

Adam Lovallo 07:55

Yeah. When you talk about influencer, I mean, I know you look at the whole game space so even outside of your job. Are we really talking about YouTube? I mean, that seems like that's where a lot of the performance influencer spend that I hear about is really a YouTube thing. Or are you talking about other like more of the social networking type platforms? I mentioned, Twitch--I suppose we'll count that one too. Like, what? Where should one's focus be?

Josh Lu 08:27

YouTube and Twitch, basically, are the two big ones.

Adam Lovallo 08:30

Is that just because the engagement is deeper, as like, the whole premise? Or is it like that because there's lots of gaming people there watching, streaming stuff?

Josh Lu 08:40

I mean, that's where like, gaming content shines best, right? Like, you know, I know, Facebook's been trying to do their own gaming thing as well. And certainly in some near future that might be you know, big enough where, you know, we can see some real engagement but, you know, gamers you know, they want to play and watch games and talk about games and the best medium for that is going to be in a video and interactive video.

Adam Lovallo 09:06

Yeah, yeah. I even heard that. We had an earlier episode, Fintech thing, but it was basically the same argument but it's really just--Well, you know, and a YouTube context influencer has two minutes to talk about the thing on Instagram or anywhere else really, it's gonna be like one static photo and like a couple lines of text. So just the level of information you could even convey is quite limited. Even if there's way more eyeballs. 50,000 view video might yield more installs, then, you know, million impression Instagram post basically. Okay, all right. Cool. So influencer stuff, love it. Awesome. Now, a second topic that you said, which I thought was cool, was like this idea of like platformless or platform agnostic gaming. So first of all, assume that I don't know what you mean, which I don't. What do you mean by that? And how are you thinking about that, I guess?

Josh Lu 10:04

Yes. So what I mean by that is, you know, at the moment, you know, let's say you have like a video game console, you buy a game for that console and you can only really play on that console. But you know, there are other screens that you have available to you, where you could totally interact with that content. We're getting to a place either with cloud streaming, or in the future, you know, there's lots of cross platform games, right? It's been doing a lot of that stuff. You know, Fortnite is a cross platform game, where game developers, I think, in the near future, will just focus on making an awesome experience and let you know, their players choose which screen they want to play on. I think that's the future. And so that's what I mean by platformless.

Adam Lovallo 10:44

Got it. And, okay, so in a platformless environment, which totally makes sense. I mean, I played PUBG on Xbox, I think I played it on a computer, I'm pretty sure I've tried the mobile app. So I guess I'm already doing that, to some extent. What are the implications for growth marketing? I guess, since that's kind of our collective background, like, even something like attribution seemingly is impossible. I mean, all right, I guess based on survey, like, what do you think about that?

Josh Lu 11:16

So I actually think that the stuff that you and I and probably the listeners know, well, and love and are good at doing is going to be a massive advantage in a platformless world. Because, you know, to me, if you think about the stack of platforms, at the moment, mobile is the most accessible by far. It's the one that can generate a ton of installs for you and those installs can then be upsold, into the sort of higher fidelity, bigger screen sort of situations. And so in a platformless world, I actually think that mobile will grow as an acquisition channel for all of games, right? If, in some future, all games are available on all platforms, mobile is going to be the single best way to get an install. And so the stuff that we're doing now, if we get really, really good at it will actually be an advantage, not just in mobile games today, but just in gaming in general in the future. And I'm really excited about and if you think about like acquisition in other platforms, like console, you know, you're selling like, physical things, or like, sometimes digitally through the store, but you know, then you're working with platforms, and there's a whole thing. On PC attribution is really hard, because of all those, you know, and but on mobile attribution is pretty good, despite, I think, what you know, Apple and other folks trying to do, attribution is largely good. The ad networks are really good at what they do. And, you know, the download friction is really low compared to, you know, most other platforms. And so mobile will end up I think, being the engine that drives all of game growth in the future.

Adam Lovallo 12:53

Interesting, interesting. Okay, that makes sense. Yeah, I mean, I guess the fundamental assumption there in is that IDFA, iOS 14, SKAdNetwork, all this buzz, probably still reduces to something that is significantly more trackable than running TV ads to sell discs in a store. I mean, how could it not? Even if they made it way worse than it is today, like, that seems like a pretty reasonable assumption. Interesting. Okay. That's cool. Yeah, that's cool. Okay, so then, the last big topic that I wanted to cover. Because it's sort of in that vein, and it's something you and I have spoken about in the past actually, is like, in your time at Zynga, maybe or even elsewhere. That like the iMessage, Facebook Instant Gaming, Snap Gaming, I know, there's are platforms on like, WeChat and stuff, like what is your experience been maybe on each of those, if any? Like, where did you get to present you can share? And what is your reading of like, where they are now? Maybe you could start with the iMessage piece? Since I know you've done a lot with that.

Josh Lu 14:01

Yeah, so the the reason why we were so excited about iMessage and Facebook Instant. And Snap is, you know, from mobile perspective, it's reaching out to another way to you know, get a massive audience. But, you know, what we've found in games, both at Blizzard and at Zynga and much of the rest of the industry at this point is that, you know, the games, the content is really just a vessel for social experiences. And that the reason people play games are very long time is because of the social interactions, right? Like, you know, checkers is a game that has been mathematically solved for a very long time, but people continue to play, not because the game is particularly complex or exciting, but because there's asymmetry of information, you can see each other's faces and like that's the magic of games. And sorry, this is a very long winded way of saying that we saw these new platform as a way to generate a ton of social interactions and inject them into our game experiences, right? Like iMessage is an experience where you are playing with somebody else, by virtue of like interacting with them, you know, via text. And it's the same with Facebook and same with Snap. So we ended up at Zynga doing games for all three of those platforms, we were very, very early, we were launch partners with all three of those platforms and we found drastically different success on those platforms. And basically the success boiled down to how ready were those platforms to actually become games platforms? And I'll explain a little bit so like, iMessage ended up being a real challenge, we made the game. But you know, Apple has never really made a social network before. And so they did a couple of things that made it really hard one was just discoverability of content was really, really challenging.

Adam Lovallo 15:58

Buried it. I mean, it's impossible. I literally, before we have this conversation, had to remind myself how to find that. And I was like, did they get rid of this? And I found it in the tray, if you click the thing, yeah, yeah, that's definitely true.

Josh Lu 16:13

They made it really hard to do anything social outside of like a one to one relationship, right. Like, if you wanted to do like a group message, it just got really wonky, because like, you know, you maybe did something, you played a movie and flick, you know, somebody else in checkers, but then like, the whole group got a text message was like, super awkward. So iMessage was a really cool idea, I don't think, you know, Apple was, was prepared to really do anything with it, after they had launched it, and hadn't thought through and really deeply understood what makes games tick and how to support that. Facebook did a better job. And so we found a lot more success on Facebook. Facebook did a really good job at getting lots and lots and lots of users and installs and then Facebook did the "Facebook thing" where they went, Oh, crap, actually, by virtue of doing, you know, getting all these installs or generating a lot of games content that people may or may not want to see and ultimately, for Facebook, the feed is king and so they rolled back a lot of things that they told us they were going to do to help with distribution. So we did pretty well on Facebook. But again, like, you know, when it came, push came to shove, you know, feed versus this, like gaming thing they chose feed over and over and over. And so the ceiling on that was only a little bit capped. And then, you know, same with Snap, you know, Snap was very protective of their experience. They had the insight that games could actually be a growth engine for them, instead of--to credit, they actually did a lot more of the thinking behind it than I think Apple or Facebook did. You know, but ultimately, they ended up choosing their their sort of like core experience of our games, as well. And so, you know, we launched stuff on Snap, they did fairly well, I mean, certainly they were like profitable and really great experiences for players and generate a lot of buzz. But you know, none of those platforms ever reached the true potential of being like the new social gaming platform. Because they were tied to these other experiences that were King.

Adam Lovallo 18:17

And do you think, as you got to assume they're going to try again, at some point? Or do you think that Twitch itself, or YouTube itself just remains basically the social network for gaming and the way you interact with the games, maybe, as you said, is platform agnostic, but the community, the communal aspects live like there in? Is that your bet? Or do you think Facebook, take stab number two, and, you know, tries again.

Josh Lu 18:48

I actually think that game developers are taking some of this on, they're making their own games are super broad, super social experiences, right? Like the entire genre of Battle Royale is dumping a bunch of people into an experience, and just letting them like, hang out with each other, interact with each other and do cool things. You know, it's why Fortnite has done incredibly well. It's why Call of Duty Warzone has done incredibly well. It's why there are you know, games like Fall Guys on theme that are doing incredibly well. And you know, that's significantly more casual than the either the the first two games I mentioned. And so, you know, game developers are finally, I mean, Battle Royale is the evolution of social interactions and when the social interaction happens there, I think people want to engage with it, but they also want to watch it and so they're watching it on Twitch, and YouTube. Twitch is a cool social platform too. It's not like a social network. But the best, the best way to think about Twitch, it's sort of like a it's like a stadium, you know, back when we were allowed to like watch sports. It's like a stadium, right? Like everyone's watching the one thing and there's this chat going on, but nobody's really reading the chat because there's so much like velocity of stuff happening. It's just like screaming in a stadium. Like, you don't expect anybody to hear what you have to say you're just contributing to the atmosphere of the stadium. And so there's like these two layers of social interaction happening on. There's one in the game, where game developers have gotten really smart about, like making their games really social. And then there's one outside of the game, where people are watching and commenting and creating just like, there's general noise about the game. And that feeling of presence is also super social.

Adam Lovallo 20:27

That's awesome. Yeah, I was always for a minute, I was super excited about well, just HTML5 gaming in general, but specifically on top of the Facebook platforms, because I don't know if you were at Zynga in the days of the like, Facebook, Canvas page app stuff. But yeah, that that was my personal background. So it's like, yeah, I remember you'd have Canvas page applications, they would crank up the notification volume you could get, or eventually the feed once it existed, and the things would go crazy. And then they would kill them. But like, clearly, if the distribution was there, you could like scale these things like absolutely crazy, like Farmville or whatever. And so I thought, oh, maybe this HTML5 gaming stuff, like maybe it's like that again. But in a way, that's maybe a little bit less spammy and more controlled, and it just doesn't feel like, I don't think there's any company out there, maybe I'm wrong, but it doesn't feel like there's any company that's like, nailed it, and is a viable business on those platforms. But not that I've seen at least,

Josh Lu 21:28

Facebook's got the best shot, but you know, Zynga sort of ruined the party, like, by and, and subsequently, everybody else by saturating the platform with so much game spam, you know, Facebook, had to turn everything off and then became super gun shy about, you know, ever creating the conditions again, where, you know, gaming content distribution could go super viral, just because the platform and the feed became so valuable.

Adam Lovallo 21:57

Yeah, yeah, yeah. Okay, I want to ask one more question. And this may be one you don't have an answer for. But as you're thinking about new titles, is in-app advertising versus IP like, is that that sort of strategic question, part of what you're considering depending on what you're doing? Or is the advertising piece like given the nature of these games completely irrelevant, and you know, that that doesn't fit in the types of games are talking about?

Josh Lu 22:25

For for Blizzard, it probably doesn't fit, at least for a little while. But I think, you know, I've had experience on both sides of this, right, because like, you know, the Blizzard games are very sort of like IP focused, or will be very IP focused. In the last game that I ran Words With Friends, you know, before I joined was, you know, 95% address. And when I joined the team, we made the decision of the leadership group, hey, you know, it's probably not good to be so dependent

on ad rep, like Google was doing some weird stuff with limiting the amount of tags you could do. That was, you know, limiting the upside on the ad revenue that we're getting. And so we actually went about and created from scratch 90 p economy and Words With Friends. It took us two years, and we were able to basically add 25%, almost 25% of incremental revenue that was just from IP, and it was very painful, very, very hard. But now, I think the game is in a much better place from a revenue mix perspective, I imagine that in some future, IP dominant game will want to fortify their revenue mix with stuff. And like, even for super core games, you know, incentivize, like rewarded video can be a really great experience, we ran experiments at Zynga. And, you know, in our broader sort of like company portfolio with rewarded ads, and found that in, in some cases, you can actually increase retention, because what you're doing with rewarded ads is allowing people who will never spend the ability to get some premium stuff, just by interacting with an ad for you. And the tuning of that is extraordinarily difficult. And, you know, we have to be really careful not to mess up the economy of the games. But, you know, there is some near future where, you know, we might consider that as an additional revenue stream.

Adam Lovallo 24:21

I love it. Okay, Josh, this was spectacular. If someone wanted to follow you, let's say, Twitter blog post. I mean, I know you've done some writing over the years, but like, what LinkedIn, I guess, like, what's your platform of choice?

Josh Lu 24:37

LinkedIn is the best way. I'm like, full on just deep and making games at the moment. I've got a bunch of half written blog posts that I haven't published yet. You can, at some point in the future, you can check them out @ josh.lu but for now, it's LinkedIn.

Adam Lovallo 24:54

Okay. All right. LinkedIn. Well, Josh, thank you. This was spectacular.

Josh Lu 24:58

Thanks for having me. It was fun.

MAU[Talk] 25:01

Thanks for joining us. You can find Josh's blog and LinkedIn information in this podcast description or at mauvegas.com. Make sure to subscribe wherever you get your podcasts. Catch on the next episode of MAU [Talk].