

## The Birds have flown the Coop

I am not a gamer. I have never really understood how or why people became self-proclaimed “addicts” of these games like *Angry Birds*, *Candy Crush* or the *Clash of Clans*. But after much research into the world of mobile gaming and learning more about the industry, I have a better understanding of why these games, especially *Angry Birds*, are wildly successful, and so appealing to its audience, who, by the way, is EVERYONE! Simple, easy to play, funny characters, rewarding at every level...it had me at hello.

The success and phenomenon of *Angry Birds* is inescapable. The Finnish company, Rovio launched the wildly appealing game in 2009 and hasn't looked back since. In fact, Rovio has just added the 9<sup>th</sup> addition of the sling-shot, pig-crushing game at the end of last year, with *Angry Birds Go!*, introducing a new game and entering the market of “freemium” games for the very first time.



But let's focus on the good stuff for now...how this very tiny, unknown game developer went from almost bankrupt in 2009 to a "global gaming phenom", with revenue of \$195 million, in just 3 short years.

It wasn't all fun & games in the beginning for Rovio. They had a few roadblocks along the way, actually 51, if we're counting. Finally winning it big with the launch of Angry Birds in 2009, this widely appealing, simple-play game was #1 on Apple's app store within 6 months and held the top spot for 275 days. Michael Hed, CEO, stated in an interview that he knew they had a winner when he tested the game on his Mother, knowing she was not a "gamer" and an hour later her roasted chicken was burning in the oven because she could not put the game down.

For Rovio, it seems like the old adage rings very true, “why change a good thing”? The Birds characters are appealing and loved by the billions of people who have downloaded the app. Yes, that’s right, I said *billions*, it just hit the 2 billion download mark (this is across all platforms) surpassing many competitors in the app game world.

The original app is available on a dizzying array of platforms; from all of the major smart phone platforms and several of the minor ones, two generations of home consoles, two generations of portable consoles, Mac OS X, Windows and even a web app, exclusive to Google Chrome. It has spawned six sequels, including tie-ins with Star Wars and the Dreamcast movie Rio, and a spin-off, Bad Piggies.

The trouble for mobile game companies was that the market soon saw a flood of hundreds of thousands of free-to-play titles. These studios had to take the risk of spending money to acquire users or face obscurity. Yet Angry Birds stood out as the first immediately recognizable brand among the pack. It could promote itself in a viral fashion, without spending much on ads at all. That became a powerful financial engine for

Rovio and they continue to ride this wave of disruption of the traditional game industry.

But Birds isn't just a fun distraction -- it actually taught many iPhone owners how to use their toy. James McQuivey is an analyst in digital entertainment at Forrester: "We only just learned how to do touch-based computing. It's such an intuitive experience that we get hungry for that. And Angry Birds trains a deep part of your brain and rewards you every time you succeed."

You certainly don't have to be a "gamer" to have been affected by the characters mass appeal. All you have to do is walk into Wal-Mart, the largest seller of Angry Birds merchandise in the US, to see the explosion of items, from board games to bedding. Leaving its little nest in Helsinki, Finland for bigger and better things, Rovio is looking to take on Mickey Mouse and become a titan in the entertainment industry. The Angry Birds empire includes games, books, plush toys, clothing, cartoons, and movies. The "ultimate goal is to surprise and delight the world with new forms of entertainment as a global media-and-entertainment company".

In March 2011, the company raised \$42 million in venture funding from Accel Partners and Felicis Ventures. The firm then changed its name from *Rovio Mobile* to *Rovio Entertainment* in 2011 and embarked upon the strategy to make the world into an Angry Birds universe. In 2012, Rovio saw revenue of \$195 million dollars, with over 50% of it coming from the sale of over 30,000 individual pieces of licensed merchandise.

After launching 2 spinoff's that flopped, *Amazing Alex* and *Bad Piggies*, Rovio made a crucial decision that may have put them on the "one-hit" list, but is setting them up for the future and putting a lot of money in their pockets. They realized they needed to stick with the stickiness of Angry Birds, expand their audience and broaden the brand. This was a defining moment.

Not just an app anymore...these little, birds have literally, "flown the coop" and landed Rovio in a position to broaden their fan-base and widen brand recognition with the addition of Angry Birds Toons. ToonsTV is a multiplatform channel owned by the company and is available via Rovio apps, video-on-demand providers, smart TVs and connected devices. Not stopping there, a 3D computer-animated film has

been officially announced for release on July 1, 2016. The film will be developed, produced and financed by Rovio and distributed by Sony Pictures.

Mikael Hed says he is in no rush. "We will continue on our path. We are focusing on strong IP, strong brands." "We are not building this for 100 days but for 100 years, so this is only the very beginning... Next year we will be doing bigger things than this year", says Rovio's marketing Chief Peter Vesterbacka.

It will be interesting to watch the progression of Rovio and how high the little angry birds can soar and just where they might land in this vast, ever-changing, light-speed, uber-competitive world of global gaming and entertainment.

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