

HOW TO REACH NEW AUDIENCES AND INCREASE YOUR REVENUES WITH VR + ESPORTS



OMNIARENA™

CONTENTS

- ESPORTS FOR FECS: KEY INSIGHTS AND DATA 3
- 6 LESSONS LEARNED FROM 1 MILLION OMNIVERSE PLAYS 7
- 5 TIPS FOR LAUNCHING AND MARKETING A VR ATTRACTION 13
- OPERATING VR: WHY THROUGHPUT ISN'T KING 18

ESPORTS FOR FECS: KEY INSIGHTS AND DATA

How can esports grow your business?



ESPORTS IS BECOMING A BUZZWORD FOR FECS, AND FOR GOOD REASON. WITH NEARLY 70% OF ESPORTS FANS AGED BETWEEN 18 AND 34 YEARS OLD, ESPORTS OFFERS A WAY FOR FEC OPERATORS TO ATTRACT A NEW GENERATION OF GAMERS THAT HASN'T TRADITIONALLY VISITED FECS.

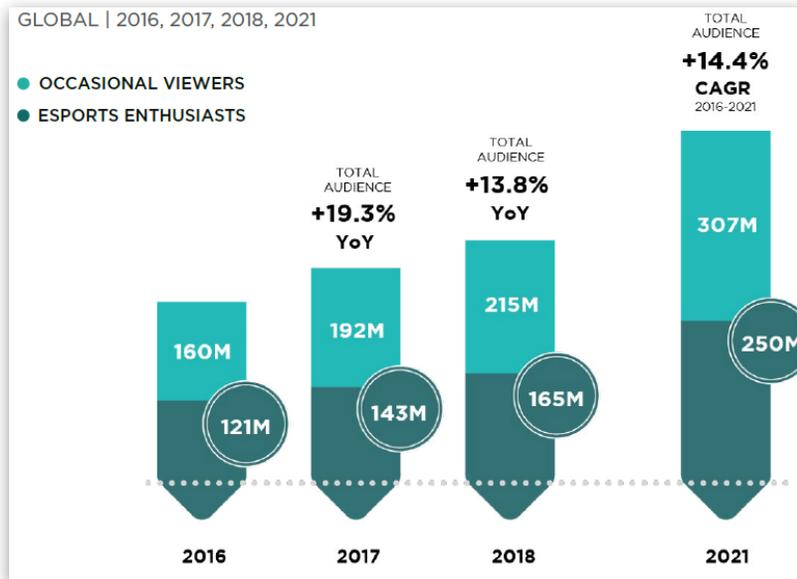
Have you heard about esports and wondered how this new phenomenon can help your business grow? Esports is a general term used to describe various forms of competitive video gaming. Though it may evoke images of large arenas packed with spectators, you can actually host your own continuous tournaments at your venue – no stadium seats or event planning required. The data below shows how esports attractions can drive repeat gameplay and build a local community of players, bringing more revenue to your venue.



» *Esports setup for location-based entertainment (ggLeap)*

Esports: What's in It for Me?

Esports may be the biggest phenomenon that many people haven't heard of. In 2018, more than 200 million live viewers watched the world championship of League of Legends, a popular esports video game. Last year's total esports audience reached 380 million viewers, with revenues nearing \$1 billion.



» Source: Newzoo 2018 Esports Global Market Report

Data from Omni Arena™ tournaments indicate that regular esports contests can drive repeat play and build a community of regular players, increasing revenues for FECS. The key is to organize contests regularly and consistently. Here are stats from Omni Arena gameplay:

- **Repeat Play.** Thanks to ongoing esports contests, the repeat play rate of Omni Arena averages 30%. More than a dozen players have played more than 20 times.
- **New Audience of Gamers.** 40% of players report they visit the FEC specifically to play Omni Arena, underscoring Omni Arena's role as an anchor attraction for a new audience of gamers.



Esports at FECs

Virtuix launched its esports series in late 2018 as a schedule of weekly and monthly contests held at FECs. Operators don't have to organize anything and don't need to change their operational processes. Participants simply play the game at their local FEC. Their scores are added automatically to the global leaderboard, and at the end of the contest, Virtuix distributes prizes to the top ten scorers. The total prize pool in 2019 is \$50,000 in cash plus VR gear and gaming accessories contributed by the series' sponsors, HP and HTC.



» November 2018 Omniverse ESPORTS™ winners: two New Jersey teenagers, player names JustJared0 and Spartan24, who practiced at their local arcade for weeks leading up to the contest.

The Omni Arena esports attraction features both weekly and monthly contests. The monthly contests offer a top prize of \$1,000 plus an HTC Vive VR system. The weekly contests run continuously throughout the week, and every Sunday night, the top three teams win a cash prize of \$600.



» Omni Arena Esports Attraction

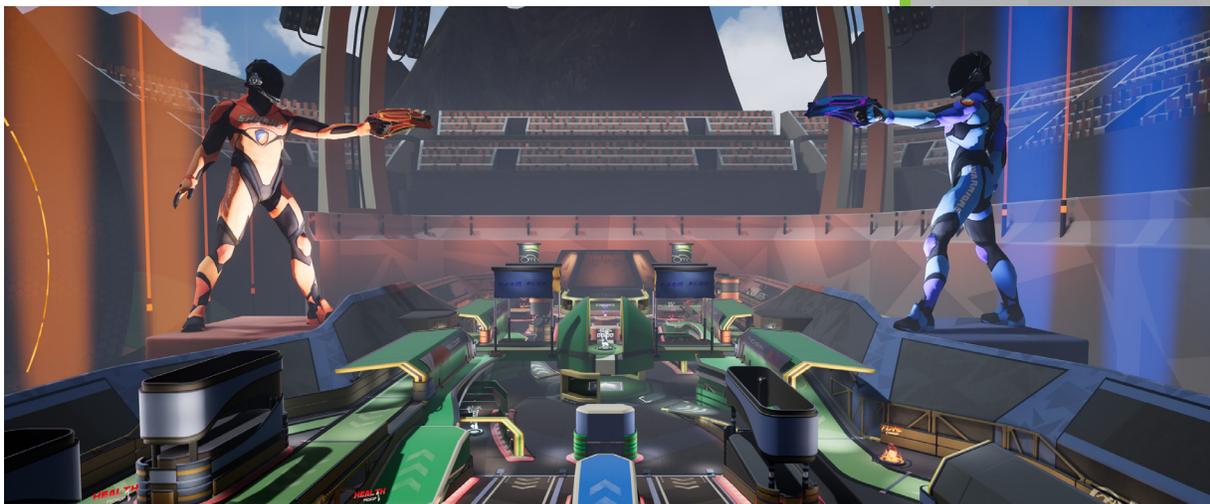
Putting “Sport” into Esports

Virtuix started organizing esports tournaments for the Omni motion platform in 2016. Unlike passive videogames, esports on the Omni adds physical exertion, putting true “sport” into esports and delivering more excitement to both players and viewers.

In 2016, Virtuix organized an Omni-based esports tournament at CES in Las Vegas. That same year, Huawei sponsored a large Omni esports event in Shenzhen, China, that captured an audience of 11 million viewers.



» Hero Pro League esports event in Shenzhen, China, which captured 11 million viewers.



6 LESSONS LEARNED FROM 1 MILLION OMNIVERSE PLAYS



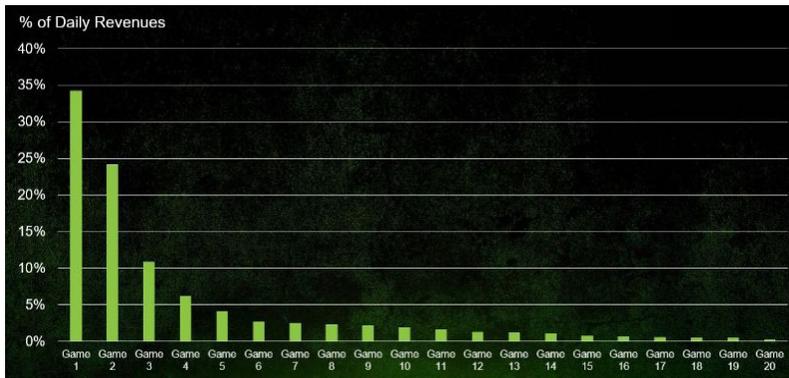
OPERATING A VIRTUAL REALITY (VR) ATTRACTION AT AN ENTERTAINMENT VENUE CAN BE DAUNTING. WHAT ARE THE INGREDIENTS FOR SUCCESS? EARLIER THIS YEAR, VIRTUIX'S "OMNIVERSE" VR GAMING PLATFORM SAILED PAST ONE MILLION PLAYS. WITH THIS MILESTONE ACHIEVED, WE DECIDED TO SHARE THE SIX MAJOR LESSONS THAT VIRTUIX AND OUR OPERATORS LEARNED ALONG THE WAY.

Lesson 1: Offer Fewer Games Than You Think You Need

Although operators tend to ask for more and more games, the greatest revenue boost comes from a few hit games, not more games. Our data indicates that **5 to 10 games** are optimal. Beyond 10 titles, additional games do not add value to players and offer little extra return to operators.

Virtuix's Omniverse content platform includes 20 optimized games. Gameplay data shows that four games account for 80% of plays. In other words, 80% of revenue comes from only 20% of games. The 10 least popular games on the platform generate only 6% of plays.

6 LESSONS LEARNED FROM 1 MILLION OMNIVERSE PLAYS



» Winner-takes-all: the top 4 Omniverse games account for 80% of daily revenues

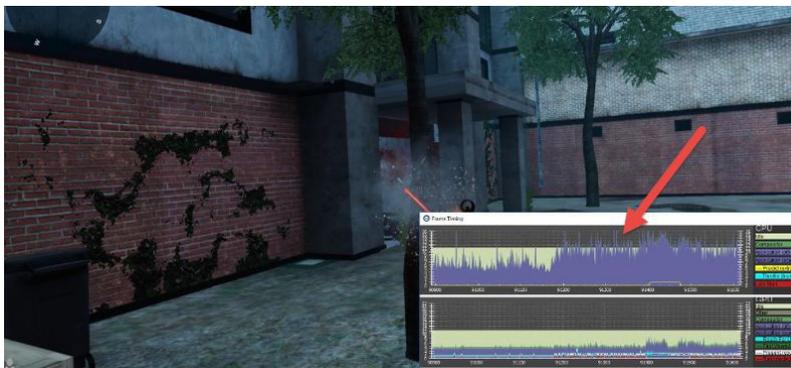
Though games outside the platform's top five may not be the initial draw, they still have a benefit: stimulating repeat play. 55% of return visitors reported that they returned specifically to try games they hadn't played before.

An ideal VR game library comprises 5 to 10 games, including two or more shooter games, two horror games, and one kid's game. For VR's target age range (13-29), shooters are king. Eight of the ten most popular Omniverse games are shooter games. The second most requested genre is horror, the top choice among women. In third place are kid's games.

Lesson 2: Simplify Controls and Don't Make Your Players Sick

The most important factor in successful plays, reported by 79% of Omni operators, is simple, easy-to-learn controls. Location-based entertainment (LBE) games must be easy to play for inexperienced guests, while still fun for proficient gamers. As Atari founder Nolan Bushnell believed, the ideal game is "easy to play, difficult to master."

Optimization against motion sickness is also crucial. Inadequate frame rate is the number-one cause of motion sickness in VR games. To avoid it, games must maintain a frame rate of **90 frames per second or higher**. Visible frame rate problems in a game (a stuttering screen, for example) mean your guests are nearly guaranteed to get sick.



» Use the SteamVR framerate tool to verify a game's framerate. Any spikes above the green zone indicate a framerate of less than 90 frames per second.

Lesson 3: Recognize Players' Self-Consciousness

VR attractions typically attract a steady audience of onlookers. However, not all seemingly interested guests decide to play. What hesitation drives them away without trying?

The number-one answer, from a survey of 80 Virtuix operators, is that **“guests are shy or uncomfortable about playing while people are watching.”**

Although putting VR players on a stage or in view of an audience may attract onlookers and potential players, such a public display turns off guests who are self-conscious and afraid to look silly. Although providing more privacy for players may diminish an attraction's visual draw, it may actually increase the number of guests who end up trying it.



» *Recognize that not every guest is comfortable playing in front of a big crowd.*

Lesson 4: Select the Right Staff Personalities as Attendants

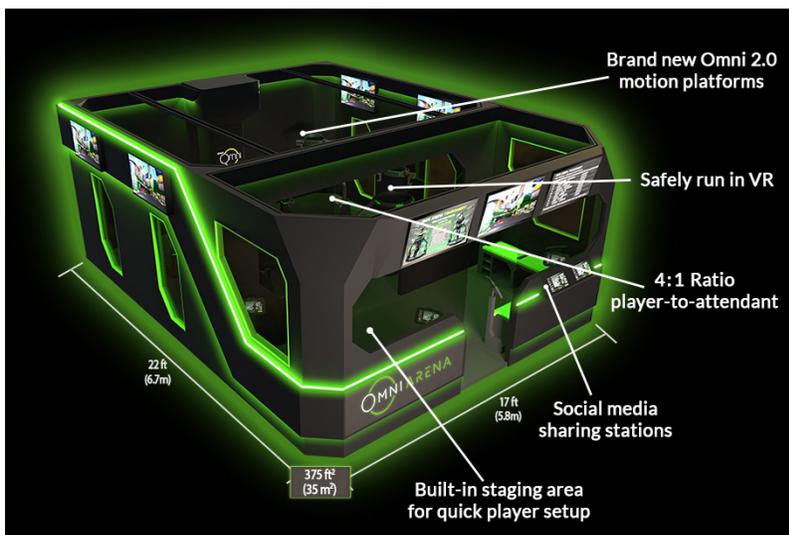
VR is new not only to operators, but also to most of your guests. As well as feeling self-conscious and afraid to look silly, many guests lack experience playing VR video games. As a result, throughout their VR experience, guests need lots of handholding by attendants who are socially engaging and comforting to players.

Many operators assign their most technically-minded staff or their resident gaming fanatics as VR attendants. This choice may be a mistake, as these employees may not be the most personable. Instead, assign VR attendants who are good with people first, tech-savvy second. The quality of your VR attendants will increase your revenues by easing players' nervousness and encouraging repeat plays.



» Assign VR attendants who are socially engaged and comforting to players.

Offering guests a complete start-to-finish experience with an engaging attendant sets the attraction apart. It allows you to raise ticket prices because you are providing a more satisfying and memorable guest experience. Omni Arena™, for example, includes a pre-game staging area with curated social interactions and a post-game area with social sharing stations. These fun additional elements lengthen the guest experience from a five-minute game to a **complete 20-minute experience** during which guests interact with the game, other players, and the attendant.



» Omni Arena includes a built-in staging area and a postgame area with social sharing stations.

Lesson 5: Simple Operation is Necessary

Operating VR can be messy. Many hardware and software components need to be managed, maintained, and troubleshooted. Operational simplicity is required to keep throughput up and labor costs down.

Virtuix's first foray into the entertainment market, a stage-style product with five Omnis placed in a small area, had suboptimal throughput, flow, and labor cost. Two years of customer feedback informed the design of Virtuix's new attraction, Omni Arena, which incorporates several key lessons:

- The optimal **player-to-attendant ratio is 4:1** (4+ players to 1 attendant). If more than one attendant is required for four or fewer players, then ROI will suffer.
- Consistent player throughput keeps players and operators happy. Well-designed attractions are intuitive to operate and follow a steady cadence, with player groups entering and exiting in a synchronous manner. Semi-automated operation and consistent, systematic flow of players are essential to keeping throughput high (at least 20 players per hour).
- Do-It-Yourself setups are not worth it. Don't fall into the trap of "DIY VR." Cobbling together cheap components bought individually so often results in high-tech messes with never-ending glitches and errors. The player experience is disjointed, and the headache for operators far outweighs any reduction in upfront hardware cost. Choose a turnkey solution from a proven, reputable vendor who bundles all components in a complete, stable, high-tech attraction that "just works."



» The Omni Arena esports attraction is a 4-player turnkey system that can be operated by 1 attendant.

Lesson 6: Ultimately, It's Not About VR (Our Most Surprising Lesson of All)

Who cares about VR? Although guests may be initially curious to try it, the novelty wears off fast. Ultimately, guests want to have fun, and VR is just a medium to experience that fun. Players' frequent use of a VR attraction requires genuinely fun gameplay, not just a novel one-time VR experience.

Popular anchor attractions that do attract regular, repeat players (bowling, laser tag, go-karting) share three common characteristics:

- **Active** — a physical activity is involved
- **Multiplayer** — you can play with friends
- **Competitive** — players compete head-to-head or on a leaderboard

To attract repeat players and outlast VR's novelty effects, an anchor VR attraction needs all three of these characteristics.



» Active VR: Two players battle against each other in a shooter videogame using Omni motion platforms.

Esports combined with the Omni motion platform is an explosive new phenomenon that adds the three characteristics of an anchor attraction to VR. Featuring addictive, competitive gaming and physical running inside videogames, the Omni Arena esports attraction stimulates repeat play and enables operators to build a local community of return players.

5 tips for launching and marketing a VR attraction

How Pinballz generated \$10,000 of VR revenues in the first 10 days



IN MARCH VIRTUIX INSTALLED THE WORLD'S FIRST OMNI ARENA ESPORTS ATTRACTION AT PINBALLZ, A FAMILY ENTERTAINMENT CENTER IN AUSTIN, TEXAS. A TOTAL OF 820 GUESTS PLAYED IN THE FIRST 10 DAYS, GENERATING REVENUES OF MORE THAN \$10,000.

These numbers illustrate how proper marketing around an attraction's launch can attract a new audience and new money to your FEC: gamers!



Tip 1. Attract New Players with Facebook and Instagram Ads

VR can attract a new audience of gamers to your FEC that may rarely or never have visited before. The advertised launch event for Omni Arena at Pinballz produced 170 pre-registered guests who came specifically to try it out. **45% of these guests had never visited Pinballz before.**

Virtuix spent a total of \$120 on Facebook and Instagram ads for the launch of Omni Arena at Pinballz. Using an exciting 60-second video clip, Virtuix targeted people aged 16-50, living within 30 miles of Pinballz, whose interests included *gaming, virtual reality, Virtuix Omni, or PlayStation VR.*



The results were impressive. The campaign reached 20,200 impressions, a 10% video watch rate, and 200 clicks. 42 guests at the opening event reported that they came because of social media ads (30 Facebook, 12 Instagram). In short, \$120 of advertising drew 42 guests to the FEC, an acquisition cost of only \$3 per guest!

Tip 2. Directly Email Customers to Entice Them to Return

Email addresses prove to be valuable marketing assets. At Omni Arena's opening night, 69 guests (38%) reported attending in response to a direct email they received.

Thanks to Omni Arena's cloud-based infrastructure, on average **70% of Omni Arena players create a user account.** This means that Omni Arena operators will receive an estimated 1,000 to 1,500 unique email addresses each month, including birthdays. This data creates direct email opportunities like birthday rewards and touchpoint campaigns.

» *Omni Arena™ account creation screen*

Unique to Omni Arena, these newly acquired email addresses can be used for direct emailing campaigns focused on advertising the attraction's weekly and monthly esports competitions. These campaigns, enhanced by the draw of big prize money to be won each week, can get repeat players to your venue several times per month.

Tip 3. Encourage Repeat Plays with On-Site Advertising

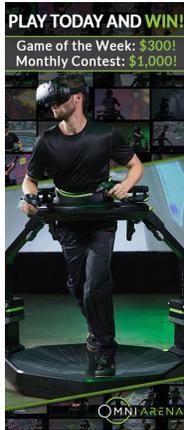


After guests arrive at your venue, esports-based prize contests are a great way to entice them to spend more money. At Pinballz, on-site ads for Omni Arena's esports contests included attraction-side banners, venue entrance flyers, restaurant TV videos, and restaurant napkin holder inserts.

Omni Arena features cloud-based Omniverse ESPORTS™ infrastructure that stimulates repeat play (30% repeat play rate) with an annual prize pool of \$50,000 in cash, plus product giveaways by our sponsors HP and HTC. On-site advertising alerts guests to these contests and prizes, and prompt them to play (and replay!).

5 TIPS FOR MARKETING A VR ATTRACTION AT YOUR FEC

In the FEC business, new attractions have a track record of cannibalizing revenue from existing attractions, resulting in a minimal net revenue gain. In contrast, well-managed esports tournaments – such as Omni Arena’s prize contests – entice your customers to spend more money (money they wouldn’t otherwise spend).

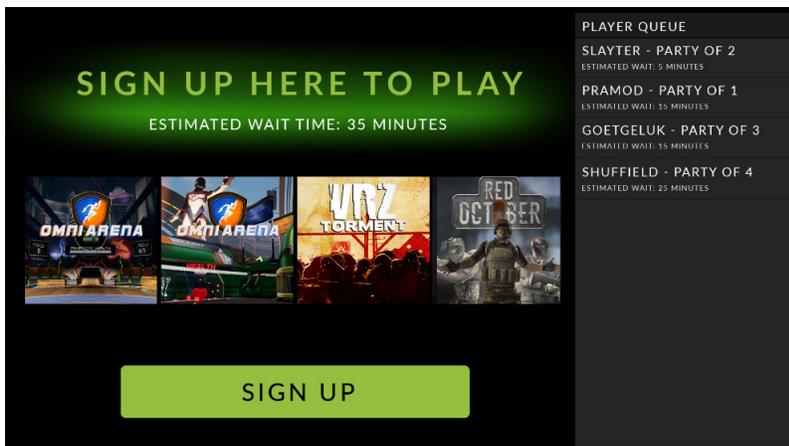


Banner advertisement for Omniverse ESPORTS™ prize contest

Tip 4. Charge More Because You Offer More

When you offer a truly fun and unique experience, why discount? Pinballz charges guests **\$15 per play** for Omni Arena (\$12 in a combo package). The ticket price includes not just the VR game, but incorporates a complete guest experience that gives players that feeling of value. The attraction features a pre-game staging area and post-game social sharing stations that lengthen the experience to 20 minutes, during which guests interact with the game, other players, and the attendant.

To accommodate large numbers of guests without waiting-time complaints that may put downward pressure on ticket prices, an effective queuing system is essential. Omni Arena achieves a steady throughput of 20 players per hour, and thanks to our custom-designed queuing app, guests don’t need to wait in line. Instead, they receive a text message when it’s their turn to play. The queue fills up quickly during weekends, keeping the attraction at 100% utilization for hours on end at a price of \$15/play.



» Omni Arena™ sign-up screen

Tip 5. Excite Your Staff!

Finally, the success of any attraction rides on the excitement of the staff who run it. An excited operator takes game experiences from good to great with their infectious enthusiasm. Fortunately, good VR games offer a thrilling experience that staff themselves enjoy, so most are eager to operate the attraction – exciting your staff about VR is as easy as strapping them into the VR attraction itself.



At Pinballz, Virtuix spent ample time ensuring that all staff, including the restaurant and bar staff, played Omni Arena at least once. It's important that all staff members – not just the attendants – can explain the experience to guests with enthusiasm and confidence. Potential players sitting at the restaurant asking the bar staff, “What’s that new attraction?” will receive a much more enticing answer if staff can speak from personal experience instead of just speculation.



Operating VR: Why throughput isn't King

\$25K/Month with One Attendant: Prioritize Utilization, Efficiency, and Pricing



A LOT HAS BEEN SAID AND WRITTEN ABOUT POOR THROUGHPUT OF VR ATTRACTIONS. BUT IN MANY LOCATIONS, THROUGHPUT IS NOT THE MOST IMPORTANT METRIC.

In March, Virtuix installed the world's first Omni Arena™ at Pinballz, a family entertainment center (FEC) in Austin, Texas, where it earned **\$100,000 in revenue** in its first 4 months of operation. Of more than 5,000 plays, 30% were repeat plays Ages of players ranged from 5 to 65 (average 26).



Omni Arena can be operated by one attendant at a steady throughput of 20 players per hour. Would a throughput of 30 or even 40 players per hour have increased revenues? The surprising answer is no. The three pillars of a VR attraction's financial success are **utilization**, **efficiency**, and **pricing** – not throughput.

Utilization: Use a Queuing App

The challenge of many VR attractions isn't throughput, it's utilization: the attraction remains unoccupied for long periods. The key to maximize revenues is to run the attraction at 100% utilization for long stretches and avoid revenue-wasting breaks in player activity.



One way to maintain a constant flow of players, while minimizing player wait time, is with a queuing app. In Omni Arena, guests don't have to wait in line. They sign up, pay, and **receive a text message** when their turn comes. This convenience means Omni Arena doesn't discourage potential players with a long visible line. Instead, while they wait, guests can play other attractions– increasing the FEC's total revenues.



At Pinballz, the Omni Arena queue filled up quickly during weekends, keeping utilization at 100% during peak periods. Because an average FEC visit lasts 2.6 hours, even when wait times reached 45-60 minutes, customers stayed at Pinballz to take their turn to play.

Efficiency: Use One Attendant

With labor accounting for 26% of overhead at the average FEC, it is critical that a VR attraction require **only one attendant**.

Even on busy weekends, Pinballz runs Omni Arena with a single attendant. Although adding an extra attendant might increase throughput slightly, data shows that revenue would remain constant. Guests may have a shorter wait, but thanks to the queuing app, while waiting they're busy having fun elsewhere. The extra labor cost doesn't increase revenue.



One of Pinballz's top VR operators, Taylor B., has hosted up to 140 guests on Omni Arena during an 8-hour shift.

"Operating Omni Arena by myself is intense but doable," says Taylor. "The attraction has a steady rhythm to it, so I just follow the cadence and stay focused on working my way through the queue that's displayed on the operator screen."



» See how an attendant completes a four-player cycle: <https://youtu.be/JVjixA9ljyY>

Pricing: Charge More (not Less!) to Play

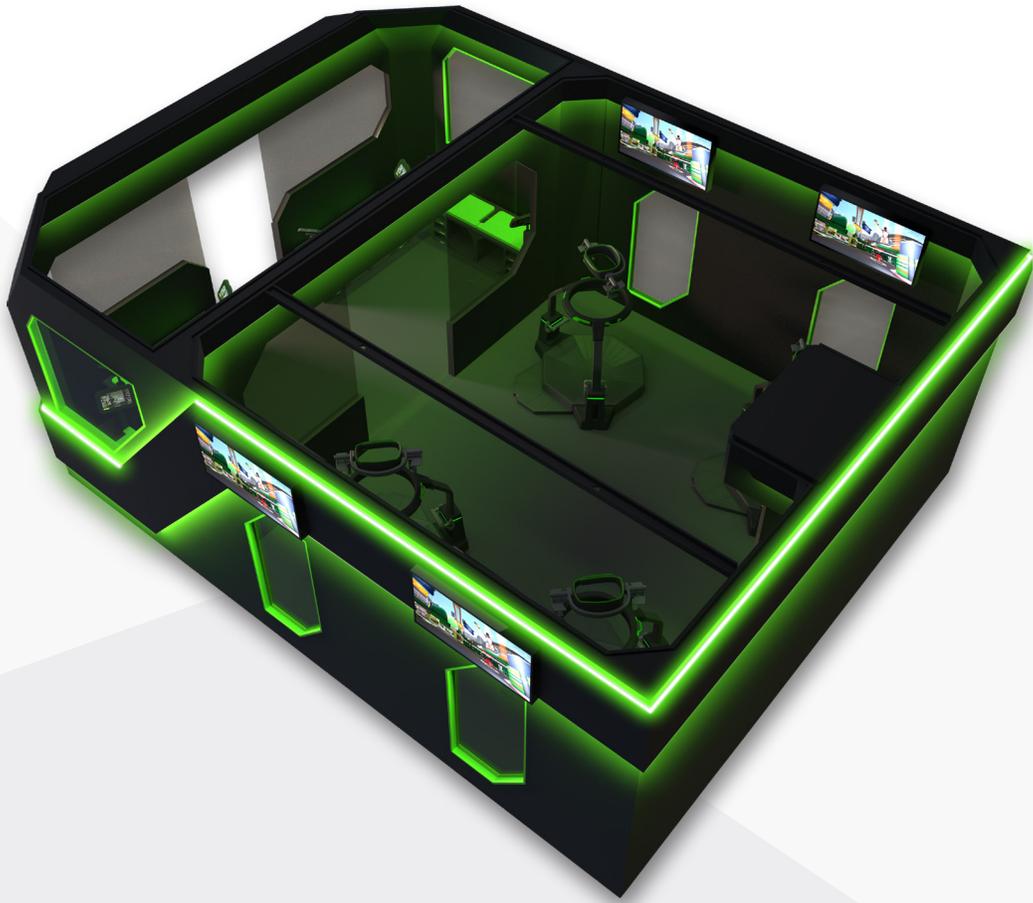
Keeping price per play high is essential to driving healthy revenues from an attraction. To justify high prices, an attraction has to offer a complete guest experience, not just a quick 5-minute game.

When pricing VR attractions, many operators use a “per minute of VR” model. Because most attractions lack pre- and post-game experiences, these operators consider only the time players spend inside the VR experience itself. This failure to deliver a complete guest experience leaves money on the table.

Pinballz charges a healthy **\$15 per play per person** for Omni Arena (\$12 as part of a combo package). Guests overwhelmingly report they got their money’s worth, having run around in VR with their friends and enjoyed a total experience of 20 minutes, even though the time spent in VR is only 5-7 minutes. The physically exerting gameplay is bookended by time spent preparing for the game in the staging area and viewing post-gameplay videos at the social sharing stations. As a finishing touch, guests receive a follow-up email with a link to their live play video (embedded with the Pinballz logo) that they can share on social media.



» Watch a group of players go through Omni Arena’s complete guest experience:
<https://youtu.be/F0IjlwREkYQ>



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