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## **ZYNGA INC. SWOT & PESTLE ANALYSIS**

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Company Name: Zynga Inc.

**Company Sector:** Gaming, Online Social Gaming, Interactive Home Entertainment

Operating Geography: United States, North America, Global

About the Company: Zynga Inc. is a social video game developer headquartered in San Francisco, California. Mobile and social networking sites are the company's key areas of focus. Under the name Presidio Media, Zynga was founded in April 2007 by Mark Pincus, Eric Schiermeyer, Justin Waldron, Michael Luxton, Steve Schoettler, and Andrew Trader. In July 2007,

the company's name was changed to Zynga. The business model used by Zynga is "free-to-play." Direct credit card purchases and revenue from partner companies are the two main sources of

revenue. It supports in-game advertising and has banner advertising featured on its game

portals. Zynga also sells virtual goods in-game as people play its games. Zynga games are also

related to deals from a variety of partners. To earn game credits, players can accept credit card

deals, complete surveys, or purchase services from Zynga's partners. Zynga allows players to buy

game credits directly from the company. Players can buy points in the game for a fee. FarmVille,

Zynga Poker, Words With Friends, Hit it Rich! Slots, and CSR are some of the popular web and

mobile games from Zynga's stable. Puzzle Combat, a new mobile match-3 action role-playing

game (RPG) where players recruit heroes, create bases, and compete in player-vs-player (PvP)

battles in a zombie-themed environment, will scheduled for a worldwide release on April 8,

2021.

Zynga's Unique Selling Point or USP lies in it being the leading developer of the world's most popular social games that are played by millions of people around the world each day. Zynga's mission statement reads, " To connect the world through games. We deliver fun, social entertainment experiences to people around the world. In pursuit of our mission, we collect and use certain information from our players".

Revenue:

\$1974.8 million USD – FY ended 31st December, 2020

\$1321.66 million USD– FY ended 31st December, 2019



### SWOT Analysis:

The SWOT Analysis for Zynga Inc. is given below:

Strengths	Weaknesses
1. One of the world's largest social game	1. Consistent innovation and new releases are
developer, available on multiple platforms	obligatory to sustain the fad of the game
2. Strong Revenue generating model	2. Pricing controlled by Google and Apple store, which impacts the revenue of business
3. Incentive based advertising is the most	3. Has poor operating margin and profitability
effective methodology of advertising	in its respective industry
	4. Unable to deliver better products to remain
4. Has 13 game studios which helps them in	in competition
launching many new games simultaneously	
5. Consistently low debt-to-Equity ratio \u2013	
debt free with an overall healthy balance sheet	
Opportunities	Threats

- Strategic acquiring of other gaming platforms having increased advertising capability
- 2. Buoyed by Bitcoin payments and block chain technology, gaming industry will balloon beyond developer's design restrictions.
- 3. Ability to self-market itself by connecting their games for social cause and supporting relevant non-profit organization
- 4. Cloud services, 5G, Virtual reality, AI and other technologies to further enhance gaming experience

- 1. Same user logging in form two different accounts-impacts revenue
- 2. Constantly evolving technology can hinder investments and existing product lineage
- 3. Cyber-attacks, data breach and privacy concerns\u2013 have put reliability of the platform at risk



#### **PESTLE Analysis:**

The PESTLE Analysis for Zynga Inc. is given below:

Political	Economical
1.Political parties are now riding on online	1.A high growth trajectory is forecasted for
video gaming platforms for election	social gaming platform across the globe
campaigning	2.Asia Pacific region has seen a huge surge in
2.Governments of several nations have	gaming consumers
realized the potential of gaming industry and	
are endorsing the same to boost revenue	
Social	Technological

1.Role play games are the rising trend in the	1.Piracy and copyright issues have dearly
society	costed the gaming industry
2. Gamers are more engaged towards politics	2. Near term roll out of regulations for the
	online gaming industry can hurt revenues
	3. Games considered to be gambling are likely
	to be banned
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Legal	Environmental
1.Video games can be used to inculcate a sense	1.
of environmental sustainability and promote	
awareness about existing environmental	
issues"]]	

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