



Universal Studios
Strategic Alliance Proposal



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Brand Identification

Who is Activision?

Activision has been driving the video game industry for over 29 years with the latest and greatest releases. Activision began in October of 1979 as the first third party video game publisher and has grown to the largest in the world. Spanning all seven continents, Activision has a firm hold on today's youth oriented market and annual net revenue just under \$3 Billion.

Activision's lineup is impressive, with some of the decade's most popular and influential video games to date. World of Warcraft memberships reached 8 million in January 2007 as the largest online role play game. Other hit titles include Guitar Hero which just released the entire Metallica album, Death Magnetic and Aerosmith classics, Tony Hawks Pro Skater going on its ninth year running, Call of Duty, Activision's award winning third player shooter, and other movies turned video game such as Transformers, Spider-Man, Kung Fu Panda, Madagascar, just to name a few.

Activision, being third party software, has the ability to reach a variety of consumers with releases on Xbox, Playstation, Nintendo, Sega and even the PC. This edge gives them the advantage of reaching all video game players and gives the ability to customize software to the console and the end consumer. Examples of this are: Playstation's Blue Ray technology can be used to establish games and movies that are high definition and extremely interactive, the ease of online access of the PC aiding in W.O.W.'s popularity, Nintendo Wii's wireless capabilities, Xbox's ability to download games and connect users using the internet, the possibilities are endless.

Not only does Activision have extensive possibilities through a variety of games and media platforms but also has a global reach and influence on today's youthful minded consumer. With a consumer base ranging from young children to adults, a majority being male, and all with the interest in entertainment, music, movies, games; mid to upper income, with power to spend and travel. This reach operates on an international level throughout N. and S. America, Europe, Asia, Australia and anywhere with a booming technological society.

Activision has worked with multiple companies on many different media types making future ideas, partnerships, sponsorships, and even co advertising possibilities endless.

Relevancy

Why Activision?

It's quite simple, we know that the new generation is far more computer and gaming literate than past generations. Thanks to this knowledge, we were able to find an opportunity within the market for interactive software. The public seems to be inclined towards the newest high-tech products and since Activision is leading the way in interactive entertainment software products, we decided that by using them we can use their reputation to bring out new ideas. These ideas range from theme park contests, interactive games, and product placements, to even newly designed arcades for our theme parks.

Another benefit is that Activision has developed some of the most popular video games that are out in today's market, one of which being Guitar Hero. Guitar Hero is one of their best sellers and it does not only sell great but it is also used by a variety of consumers whose age

range is quite extensive. This is probably due to the fact that they use a wide range of target markets when dealing with products that belong to different categories. This type of marketing can be considered mass marketing and in our case is a benefit since we are focusing on a specific target market which they have prior experience with. Their consumer base is typically anyone from a casual gamer to an experienced every-day using gamer. This is ideal for our current target market of young adults since some spend more time than others playing video games.

One benefit that stands out the most is their power over their market. Being the leading company with interactive software, they are increasing their strengths yearly and are up to date with the latest “buzz.” In fact, their fiscal year ending in 2008 was their best year in the company’s history and also the 16th consecutive year with a revenue growth. How does this help us? It proves how committed they are to excel in every aspect of video game production they are currently part of. By working out a three year marketing plan with the company, we are assuring hard work from both our company in promoting their skills as gaming software designers and we are being assured that they will focus on our new opportunities and find ways to quickly excel in those areas.

Aside from their benefits, Activision is constantly searching for new investment opportunities in different markets they feel have a potential to be part of the gaming industry. They are especially fond of partnerships that they can benefit from and create a franchise with. This means that they would be thrilled to be part of a game that would be able to profitably create a series of sequels or a prequel. Since Universal Production has created a numerous of

sequels, including Hellboy and Fast and the Furious, it would be a great opportunity to work with Activision in creating a new series of sequels to one or a few of its movies.

Differences: Opposites Attract

Although both Activision and Universal Studios are two very unique companies with different products, by working together they are both able to explore different fields aside from what they are currently part of. This would be an advantage for both sides; Activision would be able to venture into the market of interactive Blu-Ray and DVD movies and Universal would gain possession of a competitive advantage over its competitors by adding interactive features to its new releases.

Together As One

<u>Activision</u>	<u>Universal</u>	<u>In Unity</u>
Focus their attention on creating new And remaking old entertainment software	Have a wide variety of divisions including their theme park, movie production and premiers, DVD releases, city walk shops, etc.	<p>Universal will have the benefit of working with a software company that is considered an expert in their field of gaming.</p> <p>Activision will benefit from the variety of advertising or product placement opportunities that can be provided by Universal</p>
Their 2008 portfolio includes titles such as Tony Hawk's Proving Ground, Guitar Hero, Call of Duty 4, and Spiderman: friend or foe	Their 2007-08 portfolio includes Knocked Up, the Bourne Ultimatum, Breach, The Kingdom, Forgetting Sarah Marshall, Hellboy 2, and Wanted among many more	Both companies are equally diverse in the types of categories they are affiliated with.
Strategy: they have entered into a number of strategic relationships with owners of intellectual property where they are the exclusive makers of their published video games	Over the years has been part of partnerships where they have benefited, but never one with an interactive software company.	The company would gain a competitive advantage over its competitors by joining a new market.
They believe in creating and maintaining diversity within their product mix, platforms, and markets	Their target markets are diverse, yet some of their partner companies are conservative and don't apply to the youth.	By joining with Activision they are diversifying their market and adding a new partner that widely known within its target market.
Want growth through the use of continued strategic alliances	Use a variety of alliances in order to achieve great performance; attributes include creativity and experience	Both companies are looking for company alliances where they can benefit from. Combined attributes bring a fresh outlook on creativity.

Marketing Proposal

Theme Park Attractions

Guitar Hero Contest:

Activision will sponsor a series of Guitar Hero Contests that will take place in both of the Universal Studios theme parks. Each contest will yield a winner that will receive prizes such as Guitar Hero games, Custom Guitar Controllers, Posters, CDs, and other Guitar Hero gear. The winners with the top 10 Guitar Hero scores will be invited to Universal Studios Los Angeles for the *Guitar Hero: World Tour Tournament of Champions*. The Guitar Hero Champion will receive a golden Guitar Hero trophy and will become the inspiration for a character in the next Guitar Hero video game. The winner will also receive special credit on the next game as the Guitar Hero World Champion.

Activision Arcades:

Activision will receive the exclusive rights to manage the existing video arcades in both of the Universal Studios theme parks. This will allow Activision to “upgrade the facilities” featuring their logos and signature video game characters painted on the wall. Activision will also have authority to determine which video games will be available in the arcade and where they will be placed. This will give Activision the ability to ensure that competing games are not featured in the theme parks. This will also allow Activision prominently place video games which they would like to promote.

Interactive Rides:

Since Activision already has exclusive rights to the production of Shrek video games, there is a natural incentive to cross promote with the existing Shrek 4D. Activision will have signs posted in the theater promoting the existing and upcoming Shrek video games. Shrek arcade games will also be located just outside of the theater to allow people to continue their interactive Shrek experience.

Activision Signs throughout the park:

Simple, yet effective: Activision will post logos and posters throughout the park.

Exclusive Agreements

Activision will also have the opportunity to receive exclusive rights to produce video games for upcoming Universal Studios releases. The upcoming release, Wolfman, featuring Benecio Del Toro will be produced as first person action role playing game. Fast and the Furious is another title that will be sought by Activision; however, Namco produced the previous version of the game and thus Universal will first have to review the existing arrangement with Namco-Bandai.

Product Placement

Activision logos and video game products can be featured in upcoming movies and home video releases. Movies can also feature people playing Activision signature games such as Guitar Hero and World of Warcraft.

Publicity Opportunities

Movie premiers will provide many publicity opportunities for Activision; especially for those movies in which a game was also released. Activision can have signage and arcade games placed at the premier. Logos and advertisements can also be incorporated into the trailers that play prior to the start of the movie.

The Guitar Hero Contest will also present many publicity opportunities. Press coverage can be arranged for the *Tournament of Champions* so that both Universal Studios and Activision receive publicity on televised broadcasts, magazine and newspaper articles, and internet blogs and postings.

Home Video Releases

Interactive Home Videos:

The invention of Blu Ray has dramatically increased the possibilities for home video releases. A partnership between Universal and Activision will allow for an exciting new concept to come to fruition: Interactive Home Videos. At certain sections of the movie, the scene will pause and offer you a chance to "take control" of the movie by playing a game. This can be featured in a movie such as *Fast & the Furious 4* to allow the consumer to participate in races in various scenes during the movie, or in *Wolfman* allowing the user to engage in fights throughout the movie. This will not only increase the appeal of owning v.s. renting a Blu-Ray disk, it will also allow for an extremely effective cross promotion for the video game release of the movie.

Bundled Products:

DVDs and Blu Ray disks can be sold bundled with the video game release of the movie. This will result in an increase in both movie and game sales. It will also serve to increase the overall experience of playing the game since the consumer will be able to watch the movie prior to paying the game, thus getting them in the right mindset for the game.

Video Game Promotions:

Home video releases will also include trailers for the accompanying video game. Select movie releases will also include an on-pack promotional coupon for a discount on the game and other Activision merchandise.

Marketing Proposal Timeline

<i>Year 1: Promotions</i>	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Theme Park Attractions:												
Guitar Hero - World Tour Contest						Orange	Orange	Orange				Orange
Activision Arcades	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Interactive Rides	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
Activision Signage throughout Park	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
Exclusive Agreements:												
Various Video Game Releases	Purple	Purple	Purple	Purple	White	Purple	White	White	Purple	Purple	Purple	Purple
Product Placement:												
Activision Logo and Game	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Advertising:												
Tournament of Champions	White	White	White	White	White	Blue	Blue	Blue	White	White	White	White
Home Video Releases:												
Interactive Home Videos	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green
Bundled Products	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Video Game Promotions	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green

Year 2: Promotions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Theme Park Attractions:												
Guitar Hero - World Tour Contest	Orange	Orange				Orange	Orange	Orange				Orange
Activision Arcades	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Interactive Rides	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
Activision Signage throughout Park	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
Exclusive Agreements:												
Various Video Game Releases	Purple	Purple	Purple	Purple	Purple				Purple	Purple	Purple	Purple
Product Placement:												
Activision Logo and Game	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Advertising:												
Tournament of Champions						Blue	Blue	Blue				
Home Video Releases:												
Interactive Home Videos	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green
Bundled Products	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Video Game Promotions	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green

Year 3: Promotions	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Theme Park Attractions:												
Guitar Hero - World Tour Contest	Orange	Orange				Orange	Orange	Orange				Orange
Activision Arcades	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Interactive Rides	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red	Red
Activision Signage throughout Park	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green	Light Green
Exclusive Agreements:												
Various Video Game Releases	Purple	Purple	Purple	Purple	White	White	Purple	White	Purple	Purple	Purple	Purple
Product Placement:												
Activision Logo and Game	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue	Dark Blue
Advertising:												
Tournament of Champions	White	White	White	White	White	Blue	Blue	Blue	White	White	White	White
Home Video Releases:												
Interactive Home Videos	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green	Dark Green
Bundled Products	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow	Light Yellow
Video Game Promotions	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green	Olive Green

Cost Analysis

Activision has experienced sixteen years of consecutive revenue growth and ended the 2008 fiscal year with net revenues of \$2.90 Billion. This figure is up 92% from the 2007 fiscal year when they reported net revenues of \$1.51 Billion. Activision had extraordinary operating profits in May of 2008 at roughly \$344 Million. Because revenue has increased by a stunning 92% in one year, Activision has seen a jump in market share from 7.2% in 2007 to where it is currently at 17.3% in one year alone. It is clear that once the cost of the skilled labor is deducted from the operating profits, and the cost accounting sheet is balanced, Activision enjoys a relatively high level of discretionary income at the end of each fiscal year. In the event that Universal Studios is willing to go into partnership with Activision, we feel that it is more than acceptable to believe that Activision is capable of allocating a \$14.3 Million towards the promotional budget over the course of a three year relationship.

We feel that the value of exposure Universal will provide in exchange for the partnership dollars will equate to an increase of 2% market share for Activision over the next 3 years. A jump of two market shares would give Activision a 19.3% market share and will help insure that they stay in the driver's seat as the number one, third-party gaming publisher in the United States. Along with that, Activision will gain a tangible relationship with the Universal and will secure its name in the film and entertainment industry for years to come.

PROMOTION	YEAR 1	YEAR 2	YEAR 3	NET COST
<i>Theme Park Attractions:</i>				
Guitar Hero - World Tour Contest	500K	500K	500K	1.5M
Activision Arcades	1.0M	250K	250K	1.5M
Interactive Rides	300K	50K	50K	400K
Activision Signage throughout Park	50K	25K	25K	100K
<i>Exclusive Agreements:</i>				
Various Video Game Releases	300K	300K	300K	900K
<i>Product Placement:</i>				
Activision Logo and Game	300K	300K	300K	900K
<i>Home Video Releases:</i>				
Interactive Home Videos	1.5M	1.5M	1.5M	4.5M
Bundled Products	500K	500K	500K	1.5M
Video Game Promotions	1.0M	1.0M	1.0M	3.0M
TOTAL:	\$5.45M	\$4.425M	\$4.425M	\$14.3M