

The Daily: October's great big monthly advertising, media, and retail quiz— Second Prime Day, AI rules, and Netflix

Audio

On today's special podcast episode, we continue our monthly show where we discuss the biggest trends of the moment and the newest research, sprinkle in some analysis, and bundle it up into a quiz. Every month, three of our analysts representing their respective coverage area teams compete against each other. (We also encourage you to play along at home.) We keep a running score and will crown a winning team at the end of the year. Today, we cover how Amazon's second Prime Day got on, how Americans feel about AI rules, and all the ways Netflix is trying to make money. Tune in to the discussion with this month's contestants: our analysts Sky Canaves, Daniel Konstantinovic, and Yory Wurmser.

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Episode Transcript:

Marcus Johnson:

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Sky Cnaves:

And I think that \$7 price was still a great value for ad free. But clearly as they move to an ad-supported tier, they need to get more customers to sign onto that, and raising the price of the ad-free tier is one way to push those who don't want to pay that much into the ad-supported tier.

Marcus Johnson:

Hello, everyone. Happy Halloween and welcome to the great big advertising media and retail quiz of the month, October 2023. A special episode of the Behind the Numbers Daily, an eMarketer podcast, this is our monthly show that discusses the biggest trends of the moment and newest research and bundles it up into a quiz with some analysis sprinkled in.

I'm your host, Marcus Johnson. How does this episode work? It's a big game show. You may have listened to this one before. We play it every month, and three of our analyst teams; media and advertising, that's one of them; retail, that's another; and social and tech, that's a third; they face off. We're keeping a running score. At the end of the year, we crown a winning team who will win a gift card each. That'd be brutal if we just gave you one \$20 gift card to share between eight people. A gift card each. That's right. We splurge. And of course, you claim the Pulitzer Prize of the analyst world, the Victoria Cup, a trophy designed in pottery class by our very own Victoria, who edits the show V, how's it coming?

Victoria:

She's a work in progress, but she's a beauty.

Marcus Johnson:

Have you started yet? You haven't started, have you?

Victoria:

Maybe.

Marcus Johnson:

Okay, good. Perfect. All right, we'll buy something from somewhere because V hasn't begun.

The quiz has three rounds. Whoever has the most points wins the gold medal and three super-duper points for your team's running total. Second place takes the silver and two super-duper points. Third place gets you a look of disbelief and just one super-duper point.

Daniel Konstantinovic:

That's much better than shame.

Marcus Johnson:

Yeah. What a waste of everyone's time. Just the one point. Let's meet this month's contestants who are trying to compete for that one point and two and perhaps even three. They're representing the different teams. We start with a chap who's repping the digital advertising and media team. Our briefings analyst based in New York City, it's Daniel Konstantinovic.

Daniel Konstantinovic:

Hello. I'm excited to hopefully not embarrass myself.

Marcus Johnson:

Hey, fella. Welcome to the quiz. Danny's first time on the quiz. We're also joined by two of the folks who've been on before. One of them is representing the retail team. Senior analyst based in Austin, Texas, it's Sky Cnaves.

Sky Cnaves:

Hey, Marcus. Great to be back and hopefully repeat.

Marcus Johnson:

Hello, hello. Yes, you guys been crushing. Thank God, because Suzy's on their team and she's been abysmal. We're also joined by the captain of the social and tech team. Principal analyst based in New Jersey, it's Yory Wurmser.

Yory Wurmser:

Hey, Marcus. Hey, everyone. I will not do any trash talk.

Marcus Johnson:

You can. Yours been killing it an all star of sorts for the quiz. They're the three people we have for you today. Listeners, you can be your own team if you like. Keep track of your points total and match your score against these three folks at the end to see if you beat them.

Before we start, we check in on the overall team scores thus far. We started the quiz in April. So after six months, six quizzes, we have the digital ads and media team, that's Danny's team, and the retail team, that Sky's team, they're both in joint second place with 11 super-duper points apiece. And currently out in first place, mainly thanks to Yory, is the social and tech team with 14 super-duper points. So that's the overall super-duper point scores, but we of course start the in-game scores with everyone on zero. Victoria who edits the show, produces the show, will be also keeping score of the show because Stuart again has shirked his responsibilities. What does he do all day? Answer, very little.

Let's move to our first round, I Never News That. In this round, we discuss the biggest stories of the moment with a question tied to each. Folks have five seconds to send me their answers via Slack. One point if you're correct. You get nothing if you're not. Four questions. Let's start.

First story, first related question. So number one, folks, talking about AI rules. Senator Richard Blumenthal, Democrat of Connecticut, and Senator Josh Hawley, Republican of Missouri, are preparing to announce a sweeping framework apparently to regulate AI, and Americans seem like they're ready for it. 56% said they supported federal regulation, according to the Artificial Intelligence Policy Institute. The question is, folks, at the start of the month, start of October, which American actor warned that an ad that appears to be fronted by them was in fact an AI fake? Which actor warned that an ad that appeared to be fronted by them was an AI fake? Answers coming in. Yory, did you send yours in, Yory? Oh, you're typing.

Yory Wurmser:

[inaudible 00:05:27].

Daniel Konstantinovic:

I had to think about it for a second. I was like, "Oh, I know it. I know it."

Sky Cnaves:

It's on the tip of my tongue, but I don't know if I got it.

Marcus Johnson:

So Danny says Tom Hanks, Sky says Bradley Cooper, and Yory says, "No idea. Denzel Washington."

Yory Wurmser:

I threw out just a random actor.

Marcus Johnson:

The answer is Tom Hanks.

Daniel Konstantinovic:

Hey.

Marcus Johnson:

Tom Hanks is the correct answer, so one point to Danny. So staying on this for a second on the AI rules thing, it does seem like things are moving too fast. Apparently, for every nine American voters who want to slow down the development of AI, just one of them wants to speed it up. So for every nine who say, "Slow things down," one says, "Speed it up." That's according to the AI Policy Institute as well. Any thoughts, folks, on the state of AI, how it's taken over particularly our industry and what we think of when, if ever, we'll see some kind of regulation?

Daniel Konstantinovic:

I think the of AI regulation is going to be pretty slow, especially with the current lockup that the House just went through. Federal regulation around tech has just always been slow in the US, and we're seeing a lot more action on a state level which could lead to these really fractured, scattered rules like the ones that exist around data privacy.

Marcus Johnson:

Everything else.

Daniel Konstantinovic:

But to your point, yeah, AI is not a very popular technology. In a lot of industries, the primary feeling around AI is concern that it's going to take jobs, replace jobs. That's certainly what I see in digital advertising, is a lot of fear that it's going to lead to a lot of job losses. So yeah, it doesn't surprise me that a lot of people want the pace of development to slow down. But I feel like once it's out the gate, it's really hard to rein something like that in.

Marcus Johnson:

Yeah.

Yory Wurmser:

Yeah, I basically agree with that. I think one difference between data privacy and AI is the national security issue. I think a lot of people are worried about China and how algorithms could be leaky with their data or have biases or stuff like that. So I think you're going to have some sort of regulation around AI technology and the spread of AI technology and also around data security. I think that there'll be consensus around that, but some of the other stuff might take longer.

Marcus Johnson:

Mm-hmm. Yeah, no one's holding their breath with some AI rules even if we perhaps need them sooner rather than later. Let's move to our second question talking about second Prime Day. I didn't even mean to do that. Second question, second Prime Day. Moving on.

Amazon's second Prime event of the year, Prime Big Deals Days took place on October 10th and 11th in an attempt to kick off the holiday shopping season. This year's event sales grew 16% year on year versus last year's October event. According to a BeautyMatter piece, advertisers spend grew 30%. The article noted that these fall Prime events still not reached the size of the main July Prime Day, which had sales that were over 50% as large.

But the question is, this year's event was called Prime Big Deals Days. What was last year's event called? Last year's fall Prime event. What was it called? Answers are coming in. So Danny says, "Prime Day II: The Sequel," apparently.

Daniel Konstantinovic:

With a question mark.

Marcus Johnson:

Question mark. Sky says Early Access and Yory says, "Prime Little Deals?" Question mark. I wish I could give you a point for that answer to you and to Danny, but Sky is correct. Prime Early Access Sale, so Sky gets the point. [inaudible 00:09:21]. Sky, you cover retail for us. Any thoughts on maybe even not how this event went, but just the positioning of this event after the second year, where we're at?

Sky Cnaves:

Well, I think it's permanently reset the holiday calendar to get consumers conditioned to start shopping and looking for deals in October and earlier in October, not even after Halloween or towards Halloween, but now with the Prime Deal Day starting October 10th. And we saw competing retailers, like Target and Walmart, launching their sales around the same time or a few days earlier to try to get in on the consumer anticipation for deals.

I think it's a big part of Amazon's future e-commerce plans. And they will continue to do this, and that's going to continue to reset the holiday calendar push at least some of the shopping forward. But still, the vast majority of consumers do wait a little bit longer to do most of their shopping towards the Cyber Five, Black Friday, and after Black Friday and into the last couple of weeks of the holidays. Especially when budgets are tighter, I think more consumers will be willing to wait longer to see when they can get the best deal. And the way Amazon sets up with its holiday returns period, which I think can run into January, that will certainly give consumers the impetus maybe to buy earlier, but also if they find a better deal later to take advantage of that.

Marcus Johnson:

Mm-hmm. Yeah, that's a great take. Let's move to our third question, folks. Microsoft finally bought Activision Blizzard. Microsoft, who owns Xbox, has completed its \$70 billion takeover of Call of Duty maker Activision Blizzard in the gaming industry's biggest ever deal. This was the largest consumer tech acquisition since AOL bought Time Warner in January, 2000. If you can't remember back that far, January 2000 Stuart Little topped the US box office. Great movie. The deal was first announced in January 2022, so closing on two years ago, and we'll see Activision's bestselling franchises, Call of Duty, World of Warcraft, and Candy Crush, help to bolster Microsoft's video game business.

The question is, as part of the reworked deal, Microsoft handed some of the rights to distribute Activision's cloud games outside the EU to which French video game publisher for the next 15 years? As part of the reworked deal, Microsoft handed some of the rights to distribute Activision's cloud games to which French video game publisher for the next 15 years? Any thoughts from Sky or Yory? Yory's [inaudible 00:11:53].

Daniel Konstantinovic:

Yory looks stressed.

Yory Wurmser:

Oh, this is one I know. I just can't remember the name of... What is the [inaudible 00:12:03].

Sky Cnaves:

I'm also just trying to think of which one is the French video game publisher, which there is one. That's the big one, right?

Daniel Konstantinovic:

There is. Yeah.

Yory Wurmser:

Whitefly for me on this.

Sky Cnaves:

Oh, yeah.

Marcus Johnson:

Yory's going to come out of this looking like he's just done two terms of a US presidency. All right. We've got Danny who has the correct answer, which is Ubisoft. It's Ubisoft, which I can see Yory and Sky knew, but couldn't think of Ubisoft as the answer.

Yeah, a huge deal, Microsoft's deal. It's nearly three times bigger than when Microsoft bought LinkedIn, which was a big enough deal. So this is, yeah, it's an absolute huge deal.

Yory Wurmser:

I wrote about this. I just couldn't remember [inaudible 00:12:56].

Marcus Johnson:

No trouble. You write about a lot, Yory. I don't know how you guys remember anything, to be perfectly honest, in the pace of things. Let's move to our final question of the round, Netflix. The streaming giant's recent earnings show that the company is working on a number of initiatives to try and make more money. They're raising the prices of its streaming tiers by a few dollars. Some of them. It's getting ready to roll out a new ad initiative, where users binging a show can watch a commercial-free episode sponsored by an advertiser. That's supposed to be coming. They're building Netflix house venues that will feature a mix of retail, dining, and live experiences. Netflix is also getting ready to stream its first live sporting event, but what is it? What is the sporting event it is getting ready to live stream?

Yory. Why is this not a video podcast? My God, this is so good. So Danny's in. Sky's in. Yory's in.

So Danny says, "A mix of golf and Formula 1 players. Are they golfing?" And Sky says, "Baseball?" Yory says, "Cricket World Cup." The answer is the Netflix Cup, which is a golf tournament. So Danny gets the point. Featuring golf pros and F1 drivers, airing November 14th on 6:00 PM Eastern if you want to watch, taking place at the Wynn Golf Club in Las Vegas.

Daniel Konstantinovic:

I couldn't remember if it was just golfing or if it was a swap, so the F1 drivers are golfing and the golfers are driving really fast cars.

Marcus Johnson:

That would be cool.

Daniel Konstantinovic:

That would be pretty funny.

Marcus Johnson:

Dangerous, but very cool. But they should look into that. I'd watch that. I'm not watching a golf tournament. I'm not Blake. Jesus. That's right, Blake. Nobody watches golf. It's a terrible sport. I respect it. Probably the most difficult thing in the world, but also terrible to watch.

Okay, after the first round we look at the scores. Danny jumps out to an early lead. Three points for him. One for Sky. And Yory, if you'd seen his face, you would know that he has zero points. But he is really trying to get on the board. We'll see if he can in the second round.

Round two, Spoiled for Multiple Choice. This is the multiple choice round where we dig a little deeper into one of the topics from round one. This month, we'll focus this round on Netflix. So all Netflix-related questions in this multiple choice round. One point for correct answer. Three questions in the round.

So question one, Netflix is raising its prices standard and standard with ads. They're going to stay the same, but basic is going from 10 to 12 and premium will go from 20 to \$23. Question is, which major streaming service has raised the price of its ad-free, the ad-free US subscription service the most since 2019? Which major streaming service has raised the price of its ad-free US subscription service the most since 2019? The answers are is it A, Apple TV+; B, Disney+; or C, Peacock? Apple TV+, Disney+, or Peacock?

Okay, so Danny says B. Sky says B. That's Disney+. Yory says Apple TV+. The correct answer is Disney+. Disney+ has the... Yory is [inaudible 00:16:30].

Disney+ has... The price has actually doubled from seven bucks to 14 bucks. We have a really good chart on this, which I think featured in Ross's report. It might've featured other places as well. But Ross Benes, who covers a lot for us, but also writes about TV and video. And yeah, it shows all the price changes from basically 2010 up until now how that ad-free tier has changed price over time. And yeah, they've all gone up, that's for sure, but Disney+ has gone up the most.

Sky Cnaves:

Disney+ was a great deal. They launched right before the pandemic. And when everyone had their kids stuck at home, paying \$7 a month for some entertainment here and there was really good value. And I think that \$7 price was still a great value for ad free. But clearly as they move to an ad-supported tier, they need to get more customers to sign onto that, and raising the price of the ad-free tier is one way to push those who don't want to pay that much into the ad-supported tier.

Daniel Konstantinovic:

Yeah. Apple is an interesting one. That was A, right, was Apple TV. Right? Was that-

Marcus Johnson:

Yes. Yeah, they went from five bucks in 2019 to seven today.

Daniel Konstantinovic:

Yeah. And they actually just raised it again, so now it's 10. So this past week it was.

Marcus Johnson:

Ah. Now it's 10. Interesting.

Daniel Konstantinovic:

So they've only gone up about \$5 a month in all that time, and still no ad-supported tier. If they keep making the ad-free version more expensive, that could be an indicator that an ad-supported tier is coming. They've also started doing... They've made big hires for an ad-supported tier. They've made advertising around their multi-billion deal with Major League Soccer, like a major focus for the company. So it could still be on the way, but as of yet still no ad-supported tier on Apple TV. They're the last holdout.

Marcus Johnson:

Yeah. All right, folks. Let's move to question two. Still about Netflix.

They just reported their Q3 earnings, and the company noted that revenue grew 8%. That's the fastest it's grown in a quarter in the last year and a half, so pretty good. We think Netflix will make \$800 million from ads this year, but the question is, how much does our forecast team expect Netflix to make from ads next year? So 800 million this year. How much next year? Is it A, 1.1 billion; B, 1.8 billion; or C, 2.3 billion? 1.1, 1.8, or 2.3? This year, we think it's 800 mil.

So Danny says A, Sky says A, and Yory says A. The correct answer is A, 1.1 billion. Well played, folks. Good guesses.

I don't think I would've guessed that. I mean, I've seen the numbers so much that I might have because we talked about Netflix recently and I've seen this before. But surprising, though, that... I mean, 800 million, it's not nothing. It's 800 million. And 1.1 billion next year is not nothing. It's 1.1. But with Netflix, and they got off to a bit of a shaky start, are we surprised that it's just 1.1 billion next year from ads?

Daniel Konstantinovic:

I mean, I'd say yes and no. There was a lot of demand for Netflix to launch an ad-supported tier, and advertisers had been pressuring the company to do it for years and years and years, but they launched it at a tough time. Several months after they launched, there's a major writers and actors strike that makes it hard to produce new content and sell ads on it. At the same time that they launch it, just about every other streaming service is launching an ad-supported tier. So there's a lot more competition-

Marcus Johnson:

Good point.

Daniel Konstantinovic:

... in the market suddenly. And interest rates are higher, so spending is not as fast and loose on advertising. So all these things have made it slower than I think even Netflix wanted. There were some stories around the spring that they were frustrated with the pace of sales. They had to lower the cost of their ad slots, of their CPMs. They were around 55. They had to lower them to 45 or lower. Yeah, I think they certainly want it to be higher and are frustrated that it's not higher. But I don't know. It's not that surprising that it hasn't reached a meteoric number yet.

Marcus Johnson:

Yeah, that's a great point.

Sky Cnaves:

Yeah, and I think in the context of the overall digital ad market that they will be doing pretty well and outpacing growth in digital ad spend on video.

Marcus Johnson:

Mm-hmm. Yeah, yeah. That's very true. According to Antenna, from June to September of this year, Netflix's ad-supported tier has gone from 3% of total US subscriptions to six. So it's going up. Still small. We'll see where it can get to.

We move to our final question of the round, question three. Still on Netflix. During Netflix's earnings, the streamer said that it had added nearly 9 million new subscribers in July, August,

and September. 9 million across those three months. That's the most in three years in a quarter since the windfall of Q2 2020 when we were all trapped inside. But despite this, our senior director of briefings, Jeremy Goldman, notes that YouTube now eclipses Netflix as the preferred platform for teen video consumption. Netflix has been eclipsed by YouTube as the preferred platform for teen video consumption, according to a Piper Sandler survey.

The question is, how much time do Netflix-viewing adults spend watching Netflix per day? How much time do Netflix-viewing adults spend watching Netflix per day according to our forecasts? Is it one hour, one hour and 10 minutes, or one hour and 23 minutes? How much time do Netflix-viewing adults spend watching Netflix per day? One hour, one hour and 10, one hour and 23?

Daniel Konstantinovic:

Thank God this is multiple choice, by the way, because the number I was thinking was nowhere close.

Marcus Johnson:

Danny says... What were you thinking?

Daniel Konstantinovic:

I was like, "47 minutes?"

Marcus Johnson:

Oh, lower. Oh, interesting. Lower. So Danny says one 10. That's B. Sky says one 23. That's C. And Yory also joins Danny by saying B. The correct answer is A, one hour, somehow. I thought it was... I'm surprised you said 47 minutes, Danny, because I was like, "Can I choose five hours a day?" Because one, yeah, one seems low and it's not really moving that much at all. So yeah, one hour a day for Netflix viewership.

All right, folks. We are at the end of round two, Spoiled for Multiple Choice. If we check in on the scores, Danny still out in front with five, Sky with three, Yory on the board with one. Yes.

Yory Wurmser:

Progress. I'm tough [inaudible 00:22:49].

Daniel Konstantinovic:

There's a comeback brewing.

Yory Wurmser:

That's right.

Marcus Johnson:

It's true. All to play for in round three. Lots of points to give away. So let's get there. Round three is Closest Wins.

This is the round where the closest guest wins the most points. Three questions. Closest guess for each gets three points. Second closest, two. Furthest gets one. And we are revisiting some of the topics from round one. So no more Netflix, but we are going to talk about AI, shopping, and Microsoft and Activision.

The first question, though, is on AI rules and regulating AI development. So here's the question. Closest wins. What share of Americans believe the US should have already begun regulating AI development and use? So I'll say that question again, then there are a few notes. So what share of Americans believe the US should have already begun regulating AI development and use?

So a few notes here. One, 13% of folks said don't know, so you're guessing out of 87. So don't go higher than 87. And some of the options here people could've chosen, should've already started within the next year, within the next five, within the next 10, within the next 20, more than 20, or never. So there are the options, just to give you some context, but what share of Americans believe they should have already begun regulating AI developments and use? In the US, that is.

Sky Cnaves:

So wait, that's out of-

Marcus Johnson:

87%.

Sky Cnaves:

And out of those different options, that-

Marcus Johnson:

Yes. Yep.

Sky Cnaves:

... some were forward looking and some were past looking. Okay.

Marcus Johnson:

Exactly. Yeah, yeah. So different shares for each. 13% of people said don't know, so get rid of that 13% from your answer. It's an overly complicated question, I will admit.

Okay, so Danny says 60%, Sky says 75, and Yory says 46. The correct answer is 50%, so Yory is closest. He takes three points. Danny is second closest. He takes two. And Sky takes one with her answer for 75. Yeah, 50% of people.

So some of the other options. Within the next year was 13%. Within the next five was 12, and then some smaller shares for some of the others. What do you guys make of it? I was surprised to see just half of people. I mean, 13% said don't know, but half of people are saying they should have already started. It seems like some folks, a quarter of people, said within the next year to five years. Very patient.

Yory Wurmser:

I think people are just getting a handle right now on AI. So I think that obviously a lot of people want some sort of regulation, but it doesn't surprise me the majority don't yet.

Sky Cnaves:

And maybe that quarter understand Danny's point, that regulation moves pretty slowly and might not have been expected to have already been in place given that the recent AI boom is just about a year old.

Marcus Johnson:

Yeah, that's a good point. Some interesting numbers by the demographics as well. Baby boomers, so 59% of them, 24 percentage points more likely than the younger folks, the Gen Zers, to believe the US should have already begun regulating AI developments and use. So baby boomers, 59% of them said it should've already started versus just 35% of the Gen Zers.

Let's move to our second question here. How are we looking on the scores? Yory and Sky are now tied with four. Danny out in front with seven, though, so still all to play for. Move to our second question, and we're talking about... Well, we were talking about second Prime Day. Now, we're going to be talking about holiday expectations.

So last year, holiday season sales grew 3.9%. But what do we expect from holiday season sales this year? To the nearest decimal please. So 3.9% growth in holiday season sales last year. What do we expect this year to the nearest decimal?

Okay, so Danny says 4.1%, Sky says 4.5%, and Yory very pessimistically says 2.1%. Yory, I would've guessed that too, to be honest, mate, given a lot of the headlines that you read about how bad things seem to be at the moment. But Sky is closest. She might've actually conducted the forecast because it is 4.5% on the nose. So Sky gets three points. Danny, second place with 4.1, and then Yory gets to the last point with 2.1%. Sky, talk us through that number and why you think our forecasting team landed on that rather hopeful number. A bit higher than last year.

Sky Cnaves:

Yeah, the 4.5% number, it's one I look at on a regular basis, which is how I know it off the top of my head. But things are looking a little bit better. The consumer has been very resilient this year. The jobs market is still holding steady. Inflation has eased off, even though prices are higher than they were pre-pandemic, by a significant amount in a lot of categories. But I think the early results we've seen from Amazon's Big Deals Day and continued resilience in consumer spending, and we now have data that consumer savings have not been quite as depleted as they were previously thought to have been. So there's still a good cushion of cash that American consumers, particularly higher-income consumers, are sitting on and will continue to spend over the holidays.

Marcus Johnson:

Interesting. Okay. All right, folks. Let's move to our final question. And we check the scores. So Danny, nine; Sky, seven; and Yory, five. So Yory could steal second, Sky could steal first, and Danny could fall from the top spot. So there could still be some movement. Places aren't locked up yet. Let's see how it goes.

Question three of this round, Microsoft-Activision Blizzard. We're revisiting that story and we're talking about gaming's share. So what do I mean by that? Well, Sarah E. Needleman and

Tom Dotan of the Wall Street Journal round the numbers, and adding Activision would've made gaming overall about what percent of Microsoft's revenue in its latest fiscal year? So Microsoft added Activision, and so how much would that have swelled its gaming revenues to if you take its last fiscal year? So basically, what share of Microsoft is gaming as a result of this deal?

Okay. All right, so Danny says 15%, Sky says 27, and Yory says 22. The correct answer is 10%. Correct answer is 10%, so Danny takes three, Yory takes two, and Sky takes one. Yeah, it's shockingly low given that this was the biggest consumer tech deal in the last 23 years and it's the biggest deal in Microsoft's 50-year history. Yes, 7% of the company was gaming, and it went up to 10% with this deal. So large consumer tech acquisition in over 20 years, Microsoft's largest deal in 50-year history, but only bumps gaming revenue from 7% of the company's total to 10. [inaudible 00:30:13] imagining that things will improve.

Yory Wurmser:

Soon as I put down 22%, I was thinking that's going to be high. And the reason is that Microsoft just has these user revenues from cloud and productivity tools and advertising. So.

Marcus Johnson:

Yeah.

Daniel Konstantinovic:

Yeah. And I think gaming is a really huge market and there's a lot of spending there, but I think the major impact of the acquisition is going to be felt out over several years. Gaming is a really high-cost sector. Really long production times on games. Maybe mobile games can be considered separately. But I think it also shows that these tech mergers are just inflating a lot in value. And I'm sure that there's a lot of behind-the-numbers, probably, negotiations.

Marcus Johnson:

You said behind the numbers. Pun intended.

Daniel Konstantinovic:

Yeah, there we go.

Marcus Johnson:

Yes.

Daniel Konstantinovic:

I'll take it.

Yory Wurmser:

Yeah, I think Microsoft also is willing to pay a premium because they're trying to shift to cloud computing, cloud gaming, and I think having [inaudible 00:31:07] Activision titles was going to be a pretty fundamental part of that. So definitely, we're willing to pay a lot, probably more than most other people for it. So.

Marcus Johnson:

Yeah.

Daniel Konstantinovic:

Yeah. And M&A in the video game industry has also ramped up a lot in the last several years. Microsoft has acquired a lot of companies outside of Activision Blizzard, so wouldn't surprise me if a company's looking to be acquired or make a deal like this or pumping the price up to try and get the most they can because clearly, there's demand for acquisitions.

Marcus Johnson:

Mm-hmm, mm-hmm. Very nice, folks. Well, that is the end of the quiz of the month. We check the scores. And I always get so confused with these scores. Oh. So V, what's this?

Victoria:

So the total after round three is just round three, and then the final total is rounds one, two, and three put together. So, okay. so-

Marcus Johnson:

Oh, running total.

Victoria:

This is running total, and then this is final total. Because we don't need a tie break.

Marcus Johnson:

Okay. Yeah, we don't.

Victoria:

There's a very clear winner today.

Marcus Johnson:

There is a very clear winner today. It's Yory. I'm kidding. Yes, there is a very clear winner, and we can tell you that that very clear winner is Danny. Congratulations to Danny.

Daniel Konstantinovic:

Thank you, thank you.

Marcus Johnson:

He had 20 points. Sky had 12. And Yory, slow out the gate, but came up with eight points. Respectable eight.

Yory Wurmser:

Got the constant pace.

Marcus Johnson:

Yeah, exactly. Congratulations to Danny for bringing home three super-duper points. Let's check the leaderboard. So Danny brings the gold medal and three super-duper points to advertising and media. Sky brings two super-duper points to her retail team and the silver. And then Yory brings one super-duper point and the bronze to social and tech.

So the totals. Retail is currently in third place. Suzy's going to be furious. Yes. Third place, 13 points for retail. Second place, 14 points for advertising and media. And in first place still, social and tech with 15 points. So really close. 13, 14, and 15 points respectively. Social and tech out in front. Advertising and media in second. Retail is in third. So all to play for.

Fantastic game this month, folks. We will see you in November. We've got two months left to see who's going to win the Victoria Cup, which hasn't even been started. But the gift cards do exist, I think. We probably haven't bought those either. Maybe we'll just say thanks for playing.

But thank you for playing for this month's episode to all my guests. Thank you, of course, to Yory.

Yory Wurmser:

Glad to be here.

Marcus Johnson:

He took the...

Yory Wurmser:

Actually, I'll take that back.

Marcus Johnson:

Yeah, yeah. Your face said otherwise. And I could see in your tone you were trying your hardest to be genuine, and I completely understand. Thank you to Sky, who came in second.

Sky Cnaves:

Thanks, Marcus. Hope to be back.

Marcus Johnson:

She took the silver. Absolutely. Thank you to Danny, who took home the gold for advertising and media.

Daniel Konstantinovic:

Thank you. Yeah, I'll send you my address for you to send the extremely large check.

Marcus Johnson:

Can we talk about that?

Daniel Konstantinovic:

Yeah.

Marcus Johnson:

Okay. Stuart, get on that.

Daniel Konstantinovic:

Well, we'll talk about it after.

Marcus Johnson:

We don't have to. That's all we've got time for. Thank you so much to those folks. Thank you to Victoria, who apparently does everything because Stuart constantly is on vacation. I thought he was working. What is he doing? Nobody knows. Thank you to James. He does some stuff. Appreciate him. Thanks to everyone listening to the Behind the Numbers Daily, eMarketer podcast made possible by Intuit Mailchimp.

This Thursday, we'll tell you all about our giveaway, so make sure you tune in for free things on Thursday. We'll be back in November for the next quiz at the end of November. You can hang out with Sara Lebow tomorrow, if you'd like, for the Behind the Numbers Reimagining Retail show, where she'll be speaking with Jeremy Goldman and also Sky, who you just heard from, all about how search is changing how we shop.

Victoria:

I would just like to state that I did make a Victoria Cup.

Marcus Johnson:

Did you?

Victoria:

I was a little bit too ambitious, and I have to-

Marcus Johnson:

What did you do?

Victoria:

... revisit my original sketch-

Marcus Johnson:

Oh, some earlier designs.

Victoria:

... and have somebody help me with the geometry because it was a little too top-heavy. I was trying to figure out/have somebody at the studio teach me how to do plaster molds.

Marcus Johnson:

Hello.

Victoria:

So I was just going to buy a plastic microphone and then submerge my hand and make a plaster mold of my hand holding a microphone. But I think that's a little bit too ambitious also-

Marcus Johnson:

So good.

Victoria:

... and already complicates the issues I'm having with the base. There's a reason I'm not an engineer. Let's just put it that way.