

Saimaa University of Applied Sciences
Faculty of Business Administration Lappeenranta
Degree Program in International Business
Specialization in Marketing

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Microtransactions as a way of monetization in the video game industry

Thesis 2019

Abstract

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Microtransactions as a way of monetization in the video game industry, 62 pages, 2 appendices

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The purpose of the study was to gather and analyze which feelings gamers and journalists have towards the implementation of microtransactions in video games.

The information for the study was mostly gathered from online articles, academic literature and journal articles. The empirical research was designed and implemented with the qualitative approach. Repeated in-depth interviews were conducted using 12 interviewees. Furthermore, an expert semi-structured interview with video game journalist was conducted. Finally, a cross-case analysis was implemented in order to analyze several ways of implementation of microtransactions in a video game.

Based on the findings, it became clear that journalists and influencers have harsher opinions about microtransaction that do not necessarily reflect the views of the common gamer. Players are mostly displeased with the pay-to-win mechanics and fine with the cosmetics.

Keywords: video game marketing, monetization, microtransactions, consumer behaviour, media relations, e-commerce

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1 Introduction

1.1 Background

The video game industry is growing with swiftness unparalleled by the other industries in the entertainment segment. One of the factors of this growth is how closely it entwines with a rapidly changing world of technology. The rapid advancement in technology allows not only for hardware advances such as better graphics and improved performance but for software ones as well. One of the new opportunities such advancements can provide is expanding the ways in which customers can interact with publishers.

The introduction of online marketplaces during the Xbox 360 and PlayStation 3 video game console generation made sales of little small additional content possible. This practice which evolved from add-on sales latter pawed the way for the microtransactions in games. The rising cost of game production also attributed to the fact of developing of the microtransaction monetization model. Nowadays, the video game industry is the most profitable entertainment industry producing an estimated revenue of \$116 billion, beating TV and TV streaming services of \$105 billion (D'Argenio 2018 a).

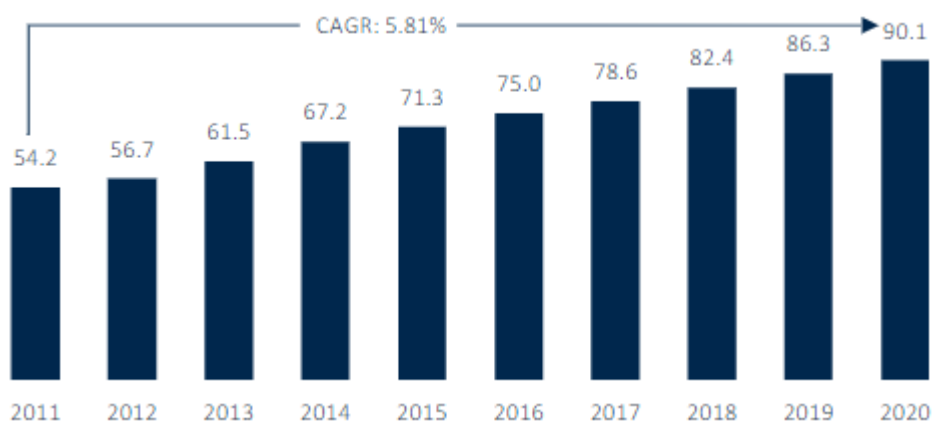


Figure 1. Value of global video games market in USD bil (Clairfield International 2018)

The digitalization of today's world impacts videogames significantly. Players do not need to buy retail copies of videogames, as almost 80 percent of all video

game sales is digital now and analysts forecast that it will be 100% in 2022 (Burks 2018). As a result, the monetization of videogames is constantly changing. At the inception of the industry, the main monetization model was P2P (Pay to Play). This revenue model entails that consumers pay an upfront single price to obtain a fully functional video game, a sum of money for a physical copy of a product in retail. (Osathanunkul 2015.)

The development of such a monetization strategy was the introduction of expansion packs and DLC (Downloadable Content). Players could expand their playing experience by adding some additional content that could add some cosmetic changes that do not intervene in the balance of the game and do not give any advantages in either single-player or multiplayer modes of the videogame. The logical development of such a strategy was the implementation of MTX (microtransactions). MTX are small purchases of virtual items and goods inside a video game that has already been purchased or acquired for free. Loot boxes are the recent form of MTX that becomes very popular among the developers in recent years.

A loot box is an in-game purchase consisting of a virtual container that awards players with items and modifications based on chance. A lot of video-game publishers are using this strategy, such as Electronic Arts, Activision Blizzard, Ubisoft and Valve. Most of the revenue from the games comes from MTX. Loot boxes will earn \$50bn annually in global consumer spending by 2022, according to Juniper Research. At the moment, the current state of the loot box market is estimated to be about 30\$ bn. (Juniper Research 2018.) Some governments initiated investigations regarding the legality of such a monetization system. It was even banned in the Netherlands and Belgium. (Webb 2018.)

Furthermore, using such a model sometimes could harm the customer loyalty of the companies. Players could feel like cash cows or even betrayed. In spite of such controversy, this model is still very profitable and promising for developers as it geometrically increases the profits of the companies.

Massive implementation of such monetization models by video game development companies in their products resulted in a backlash from the customers and journalists and bloggers.

From feature stories to quick mentions in relevant articles, getting online content covered by a popular newspaper, magazine or blog is a great way to strengthen a brand and reach a large online audience.

Online coverage of a new product is a great way to strengthen the brand if the company is new, and is a way to reach a global online audience for the industry veterans. However, if the product is exposed in a negative way because of the microtransactions in it that journalists disliked it can hinder sales and be detrimental to reaching the sales goals. That effect occurred in the Star Wars Battlefront II case when the game underperformed and some claim that the negative coverage may be to blame (Makuch 2018.)

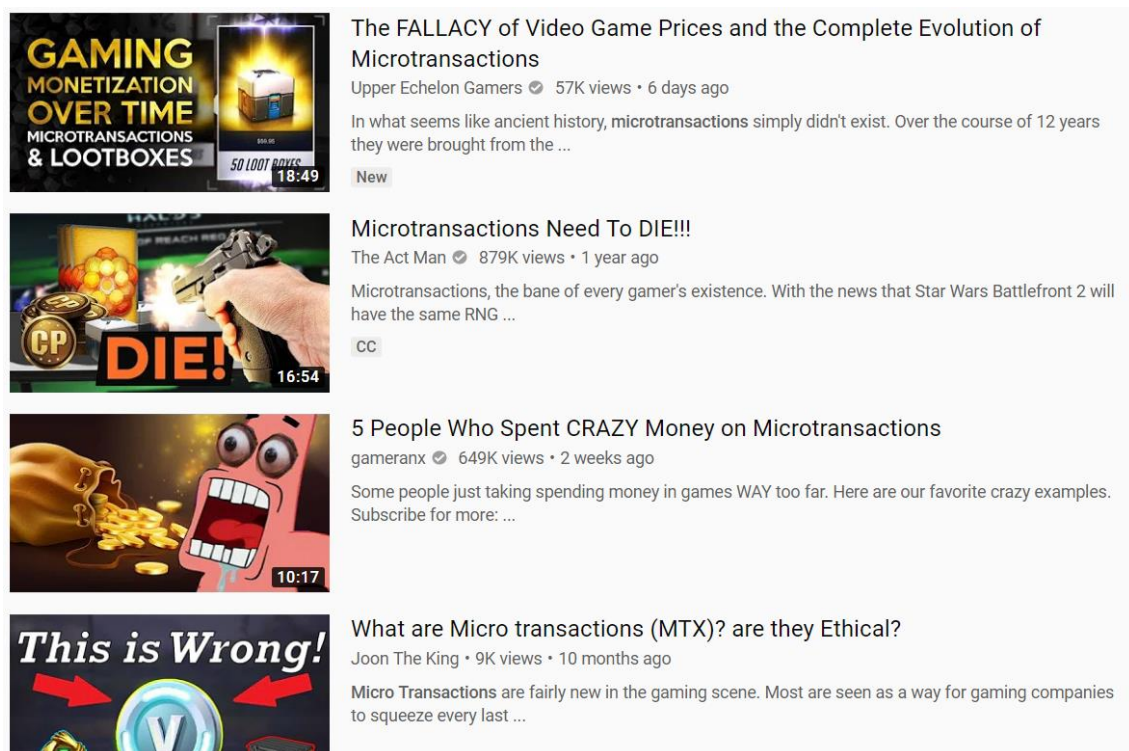


Figure 2. Example of microtransaction backlash on YouTube (Google 2019)

This thesis emphasizes the change of the microtransaction monetization model to lessen the harm that could potentially result in the loss of customer loyalty and public image of companies.

1.2 Purpose of the study

There are several objectives for this study:

- to gather and analyze gamers' and journalists' views and attitudes towards microtransactions.
- to make a suggestion on how companies can utilize MTX in a way that is acceptable by both gamers and media.

Moreover, another objective is to contribute to future studies in the field of video game monetization.

1.3 Research questions

There are three research questions that will be answered in this study:

Research question 1: What are the gamers' views and attitudes towards the topic?

Research question 2: What are journalists' views and attitudes towards the topic?

Research question 3: How companies can utilize microtransactions in a way that is acceptable by both gamers and the media?

1.4 Research design

After a thorough studying of research methodologies and studies, the author decided that the study will be designed and implemented as an explorative study with descriptive elements.

The objective is to get the attitude of media and gamers towards the topic of study and, based on the empirical data, compose a conclusion that will present a compromise in the relationship of such views. This implies that the best approach is combining a deductive and inductive approach. The deductive side of the study

is focused on testing the existing data and theory on the topic, while the inductive is focused on exploring the possibility of generating a new theory or taking a different approach to the already existing one (Saunders et al. 2009).

There are three main components of the research that were attributed to this study that describe it as an explorative.

- research of the literature
- expert interviews
- case studies
- in-depth interviews (Saunders 2009).

The most suitable research approach for this study is qualitative, as it is focused on evaluation the attitude and emotions towards the subject. In-depth interviews are organized among the group of active video game enthusiasts, to explore their personal views on the topic, to understand the feelings toward the subject and to find out what they tolerate and do not like about the microtransaction monetization system.

An expert interview is conducted to investigate the insights and forecasts of an expert regarding the objective of the research.

Finally, a cross-case study is implemented in order to get the key points regarding the reactions of journalists and gamers towards the topic of the study.

All of the methods are of the qualitative type as the study emphasizes the emotional characteristics such as feelings and attitudes towards the topic of study. (Saunders et al. 2009)

As a result, the data collected is used to find out the feelings of gamers towards microtransactions and to find out what they like and do not like about such monetization system.

The author seeks to get valid and reliable results from the research and therefore considers the possible misleads and possible false assumptions. To reduce these consequences, the author pays considerable attention to view in the sample the

most appropriate way and to design the interview framework and questions to be asked to achieve the most reliable and accurate results (Saunders et al. 2009)

1.4.1 Literature review

The literature review is included in the theory part of the study. It reviews concepts regarding video game marketing and e-commerce and concepts regarding consumer behaviour.

1.4.2 Repeated in-depth interviews

In-depth interviews are conducted with a defined group Russian video game enthusiasts who spend at least 300 euros a year on video games.

The in-depth interview method was chosen for the reason of getting candid opinions of gamers towards the implementation of a microtransaction monetization system.

Achieving the reliability of in-depth interviews could be quite challenging because of the nature of the method. According to Conway et al. (1995), the problems of reliability with in-depth interviews could be minimized through implementation of one-on-one interviews with standardized questions. Such a method appears to have the highest reliability. So, it could be stated that the reliability of research is assured by implementing an element of repetition in in-depth interviewing.

Repeated in-depth interview means that the same questions is distributed among the interviewees with the possibility to go deeper into the subject. Although it does not give the whole representation of the population, it gives each subject's responses an equal weight. (Flaim 2016.)

The validity of the research is assured by a member check. Member check involves research participants responding either to forms of initial data, e.g. transcripts of interviews, to check them for accuracy, or to first drafts of interpretive reports to respond, again, to their accuracy, but also to the interpretive claims that are being made. (Bloor 1978)

Interviews in this study are conducted in Russian and then translated to English, interpreted and analyzed.

This research method has its advantages such as:

- more detailed information over other data collection methods
- more relaxed atmosphere to collect information as respondents are more comfortable with an interviewer than with filling a survey (Boyce & Neale 2006).

However, in-depth interviews have some limitation points, such as:

- time-intensity
- need for a skillful interviewer (Alshenqeeti 2014.)

Despite such limitations, the author tries to conduct the in-depth interviews as professionally and unbiasedly as possible.

Purposeful sampling is used in in-depth interviews, as it promotes the identification and selection of information-rich cases for the most effective use of limited resources (Patton 2015). Furthermore, it involves identifying and selecting individuals or groups of individuals who are especially knowledgeable about or experienced with a phenomenon of interest (Cresswell & Plano Clark 2011). In addition to knowledge and experience, there is an importance of availability and willingness to participate, and the ability to communicate experiences and opinions in an articulate, expressive, and reflective manner (Bernard 2002; Spradley 1979).

The homogenous purposive sampling technique is used in the research. Such a sampling method is usually used when researchers want to look at the subject with the focus on candidates who share similar traits or specific characteristics. (Etikan et al. 2016) The author wants to gain the data from the group with similar characteristics such as age, affiliation to video gaming culture but to gain the data from a population with different attitudes towards the topic.

1.4.3 Expert interviews

A semi-structured expert interview with a video game journalist is conducted to get the insight and predictions regarding the market of video game monetization. Generally, journalists are chosen as subjects of interviews, because they, as professionals, can see a bigger objective picture of the current state of video game monetization. (Perks 2019)

The expert in this study is Vladislav Krasilnikov. He is a video game journalist, media researcher, and publicist. He was a winner and participant of several conferences such as Lomonosov in Moscow State University and Double Game Philosophy. Furthermore, he is a member of LIKI, a video game research laboratory acquainted with Saint Petersburg State University.

1.4.4 Cross-case analysis

The research uses an observational exploratory cross-case study model. Cases are chosen to represent the diversity of the phenomenon.

The author believes that he lacks the resources needed for large scale investigation into the matter, which is why, he uses the exploratory case study approach to identify key issues.

Cross-case studies as a model of qualitative research are used when there is a need to describe and analyze multiple cases without generalizations, but with an illustration of key cases to help understand the situation and get insight into it (Gerring 2016).

Relying on the literature review, the author analyzes the instances of microtransactions that are hindering the sales and brand image instead of promoting them as well as cases in which microtransactions augment the product. Case analysis is made according to a structured framework. As stated by Gerring (2016) well-structured framework is useful in making the analysis clearer and more useful in implementation in business.

The author uses these following steps to structure the analysis and identify the situation surrounding the case:

1. Describe the facts surrounding the case.
2. From the theoretical framework, the author knows that it is important to analyze the case from the perspective of commercial (the types of microtransactions), media relations (the reaction of journalists) and consumer behaviour (post-purchase behaviour of consumers online) parts of the case.

This case analysis is limited in its scope. Being the explorative type of case study, it serves to detect key issues and problematic areas and not analyze the whole market and make precise statements or generalizations.

1.5 Delimitations of the study

There are several delimitations for the thesis that should be considered while reading. First of all, the research is limited to the marketing perspective and is focused on customers' perception of the microtransaction model. Consumer behaviour and user experience are held in mind.

Secondly, the research is focused on P2P (Pay to Play) and F2P (Free to Play) games on consoles and PC (Personal Computers), ignoring the mobile video game industry, as it is a completely independent and differently developing market.

Also, in-depth interviews are arranged with customers who spend at least 300 euros a year on video games.

Furthermore, academic research in video game marketing is still in its infancy, which is why some concepts and data may be vague or poorly presented.

1.6 Limitations

The study, unfortunately, has a couple of weak points. First of all, given the fact how rapidly the video game industry is changing because of various factors, including the development of video game monetization strategies, changing buying behaviour of players, new trends in video game design, the results of the study and the conclusion may be valuable only for a designated period on time. Furthermore, the conclusion presented in the study might be too demanding and vague for some companies to apply.

There are some limitations in the research design. First, due to the chosen method and the limit of resources and time, the sample size is quite small. Furthermore, the author is not a professional interviewer, and therefore some shortcomings during the interview implementation and interpretation could be presented.

Finally, video game studies began its inception in the 1990s. In 2003 it became obvious that video game studies needed to become a field of its own, such as film studies for example. Being a new scientific field, researches are coming from completely different backgrounds: from psychology to economy. Hence, because of such circumstances, there is no one clearly defined approach or a number of approaches. Because of the immaturity of the discourse, there is also no central theory that would help decide the place of this thesis. However, this thesis gives a commentary on a contemporary issue and shows the attitude of players and journalists towards it. Such documentation alone is important in the rapidly changing scientific field. (Mayer 2016)

1.7 Review of sources

Various sources are used to write this study. They consist of academic literature on several subjects such as video game marketing, research methods, e-commerce, and consumer behaviour. Most of the information that is used for the study is collected online. The author tries to use the most updated sources in order to present the most viable and up to date information regarding the topic of the study.

Online sources provide the most information regarding the development of video game monetization and business models. Furthermore, information is gathered from business and video game magazines and blogs. Discussions on online forums and other platforms are used in order to retrieve the discourse of customers regarding the interested topics.

1.8 Structure of the thesis

The thesis is divided into four main parts. Those parts are extended with subchapters, which develop the topic more extensively.

The first part is Introduction. It gives an overview of the topic to the reader. The background information is given. Furthermore, some important aspects such as delimitations, arguments for choosing the topics and research methods, for example, are presented.

The next part is Theory framework. It includes a literature review in order to familiarize the reader with the development of monetization in the video game industry and the microtransaction model in particular. Furthermore, the main concepts and theories regarding the topic are presented in this chapter.

The third part is called Empirical findings and analysis. It consists of the research part itself: in-depth interviews with gamers, an expert interview with a video game journalist, and case analysis. Furthermore, an analysis of the findings is presented in this chapter.

The last part is a Conclusion. It summarizes all the results and concludes the thesis.

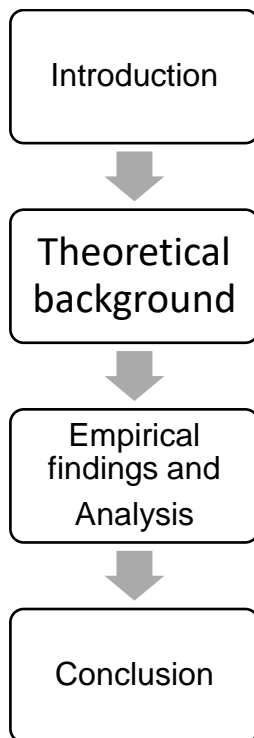


Figure 3. Structure of the thesis

2 Theoretical background

The theoretical framework of the thesis reviews the topics of e-commerce, media relations and consumer behaviour. E-commerce is about how game publishers conduct their business with customers selling them virtual goods online. The media relations part covers the role the journalists play in creating a public image of the product for customers. The consumer behaviour part describes how consumers react to media influence, how the consumers' purchase decision process goes concerning the subject of the thesis: video games. All the themes are important for a better understanding of the empirical part.

2.1 E-commerce

E-commerce involves digital transactions between organizations and individuals, which includes all commercial transactions made using digital technology over the internet. Commercial transactions involve the exchange of money for products or services. Some of the defying unique features of e-commerce are ubiquity (e-commerce is available from everywhere), global reach (available across the

globe) and information density (amount of information available to customers is higher than in other markets). (Laudon & Traver 2019)

Ubiquity, global reach, and information density are important features to the customers of the video game market because they purchase microtransactions from any place in the world and collect information online before the purchase or are exposed to the advertising.

There are six major types of e-commerce described by Laudon & Traver (2019):

- B2B – Business to Business

B2B e-commerce involves businesses selling to other businesses and it is the largest form of e-commerce today.

- B2C – Business to Consumer

B2C e-commerce involves businesses selling to customers, the type of operation that is most customers are likely to encounter.

- C2C – Consumer to Consumer

C2C is a type of e-commerce where consumers sell to each other on the marketplaces provided to them, for example eBay.

- Social e-commerce

Social e-commerce is a type of commerce that is enabled by social media.

- M-commerce

M-commerce relies on mobile devices to enable transactions.

- Local e-commerce

Local e-commerce is a form of e-commerce that is based on the geographical location of actors.

In this thesis, the author is focusing on business to customer commerce as it is the type used in microtransactions: users buy virtual items from publishers.

2.1.1 Video game e-commerce

In the thesis, the term "video game" is used to describe Personal Computer and Console video games, excluding mobile games. The author relies on Beyton-Davies's (2012) system for definition of the phases of electronic commerce's phases as and what he describes as After Sale and Pre phases. The author is concentrated on both phases because he is concerned about taking a look both into how the media image of a game in relation to microtransactions outcry affected customers and how willing they are to buy microtransactions.

The phases of commerce are:

- Pre-sale describes activities that take place before the sale happens.
- Sale execution covers the activities of the actual sale of a product or service between parties involved.
- Sale settlement involves those activities that finalize the sale of a product or a service.
- After-Sale describes those activities that take place after the buyer has received the product or service, after the monetary exchange. (Beyton-Davies 2012)

The phases of commerce can be described with the following basic illustration of generic video game consumer behaviour:

- Pre-sale: the customer sees an online advertisement of a game i.e. a video trailer
- Sale execution: the customer purchases that game in the way most suitable to him: on the online marketplace or in retail
- Sale settlement: the period during which the customer may return the purchased product back and ask for money back

- After-Sale: involves activities that take place after the purchase is finalized, for example buying additional content for example (Beyton-Davies 2012)

Pre-Sale is the phase affected by the bad press journalists produce when they are displeased with microtransactions.

The after-sale phase is the zone in which the industry is trying to expand its engagement currently. It is the phase that was scarily attended until recent years; some companies even want to expand the after-sale phase indefinitely by transforming their games from on-off products to the services that can run forever if supported, updated and popular with the consumers. (Cook 2018.)

The times when games were bought like commodities and often in the same stores exclusively via retail are passed. Nowadays, there are various ways for the companies in the business to earn money. The rapid advancement of the internet, computers and video games and how closely intertwined they are with each other have made some very interesting business models possible (Sharp & Rowe 2006).

Björn Olsson and Louise Sidenblom in their heavily cited work “Business Models for Video Games” based on David Perry’s research described six core business models for video games.

The six-core video game business models that they describe are:

- retail
- digital distribution
- subscription
- player to player trading
- microtransactions
- in-game advertising (Olsson & Sidenblom 2010)

The main focus of the study is Microtransactions. Microtransaction is a business to customer type of commerce with online delivery, involving content-based and

mostly online service-oriented digital products. The main type of revenue is sales. (Olsson & Sidenblom 2010.)

2.1.1 The two primary models

In addition to the previously named six major models for monetization there are two different types of games divided by how they are positioned in the market. Some games are pay to play only, although this type is losing popularity now. Some are free to play, which make money back via an advertisement or with microtransactions. Some games start as a pay to play and then transition to free to play (i.e. Star Wars: Old Republic).

2.1.1.1 Pay-to-play

Pay-to-play is used to refer to the traditional model of selling games. This type of consumer-company relationship is quite self-explanatory and has been in use since the first game was sold both in retail and in the arcade: customer pays either for the time on the arcade or for the copy of the game which becomes his possession. This is similar in the online gaming genre where the customer pays to maintain a playing account usually on a subscription basis. Lately, this business model has started being less popular with only the most popular of online games refraining from upgrading to a free to play model. Many of the games that were paid subscriptions are now free to play, for example EverQuest, Star Wars: The Old Republic, and The Lord of the Rings Online. Nowadays some also use combined models with both free option and pay-to-play accounts such as the now closed Hellgate London.

2.1.1.2 Free-to-play

Also referred to as the free-to-start model the free-to-play model originated in the late 1990s and early 2000s, coming from a series of highly successful massive multiplayer online games (MMO) targeted towards children and casual gamers, including Furcadia, Neopets and RuneScape. Those were mainly supported by the advertisements on the websites of the mentioned products. In the late 2000s, many MMOs transitioned to the free-to-play model from subscriptions, including

subscription-based games such as *The Lord of the Rings Online: Shadows*. Instead of requiring users to buy the game or to pay the subscription fee, the games were free to play by all people interested in game stores filled with in-game goods that can be purchased for real money. The concept is that when the game is free, then it is approachable for a large number of new players and some of the new players will purchase goods in in-game stores, thus supporting the game (Nojima 2007.)

Those titles transitioned to a free-to-play model in the hope of increasing the number of players. The named games were not only supported by the influx of new users but became more successful than previously with the money that selling virtual goods generated. (Nojima 2007.)

2.1.2 Video game monetization

Video game monetization is a process of generating revenue from video games to profit publishers. The methods of monetization vary between different games and platforms and are getting more diverse with time. As stated above several business models can be categorized into six major models. However, games usually use more than one model. This chapter focuses on After-Sale methods of monetization but pay more attention to microtransactions as it is the theme of the thesis to show how advertisements, a form of after-sale monetization, work and compare it with a different form of after-sale monetization: microtransactions.

2.1.2.1 Advergaming

Advergaming is a form of monetization in video games that can generate additional revenue. In-game advertisement generated 56 million dollars in 2005, 699 million dollars in 2009, 1 billion dollars by 2014 and 7.2 billion dollars in 2016 (Burns 2006; Burns 2009; Tassi 2011). It is similar to product placement in TV-shows and movies, but it is different because games require more attention from players than TV or movies from the watchers. (Grodal 2000.)



Figure 4. US presidential campaigns advertising in Burnout Paradise (Gonzalez 2010)

Such form of monetization can be integrated through a static display in a form of a billboard as shown in Figure 4, in which one can see Barack Obama advertising his political campaign in the game Burnout Paradise. This is an example of static advergaming. This type of visual background advertisement can also enhance the realism of cityscapes. (Howard nd)



Figure 5. iPod in Metal Gear Solid 4 (Metal Gear Wiki nd)

Advergaming can be an intractable part of the game as shown in Figure 5, in which one can see an audio player iPod that the controllable character can use to listen to music in-game. It is an example of dynamic advergaming. (Howard nd)

Advergaming can also be a mix between the two previously described styles: static advertisement as a non-interactable part of game world and being dynamic as a part of a game character.

Although advergaming has become much more prevalent nowadays, it was part of the gaming world for decades. Figures 6 and 7 show the game FIFA International Soccer released in 1993 and PEPSI MAN released in 1999 respectively. FIFA International Soccer is an example of early advergaming and PEPSI MAN is an example of early dynamic advergaming.



Figure 6. An Adidas billboard is in FIFA International Soccer (MobyGames)



Figure 7. A character buying a can of Pepsi (Pinsof 2011)

As a whole, advergaming provides a way to expose players to long hours of advertisement as games usually take from 10 to 30 hours, can boost realism and also be more subliminal than, for example, 30-second advertisements mid-game. (Lewis & Porter 2010)

2.1.2.2 Microtransactions

Unlike in-game advertisement, microtransactions only became possible recently with the development of digital marketplaces and digitalization of video games retail.

Microtransactions have undoubtedly been one of the most popular ways to raise profits in recent years, becoming the norm in social and casual gaming with the most popular of models being digitally distributed freemium model (Hart 2017). That was made possible with the digitalization of customer-publisher relations over the last 20 years and with forecasts that predict full digitalization of video game market by 2022 (Burks 2018).

However, one must be very meticulous while choosing to trust similar forecasts. Some publications take a deeper look at the situation and can help broaden the understanding of it. While seemingly following the digitalization trend the UK video

games market became 80% digital in 2019. However, when it comes to AAA releases (games with big development and marketing budgets such as FIFA2019 and Red Dead Redemption 2), only 25% of the units sold are digital (Dring 2019). Consequently, it might be too early to expect physical media to cease its relevance in the games' retail business.

Although the above-mentioned change is quite drastic, it is a recent development. Only in 2013, the number of games sold digitally exceeded the amount sold physically in the USA, as described in Figure 8 below.

Breakdown of U.S. computer and video game sales from 2009 to 2017, by delivery format

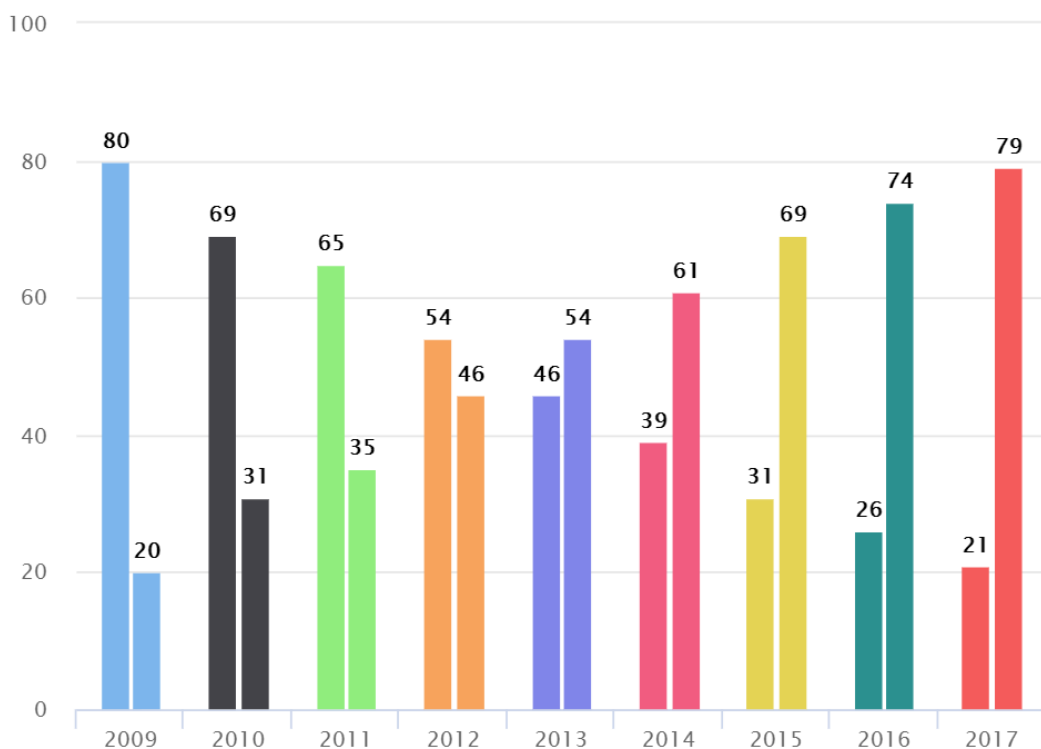


Figure 8. Digital and physical game sales in the United States from 2009 to 2017. (Statinvestor.com 2018)

The change from physical to digital distribution is an extremely cost-effective and very fortunate for publishers. This change is important to note because the cost of developing games has been rising for a long time now. Because of that, the gaming industry is looking for a way to lower costs for publishers: the price of physical distribution not only had been a heavy burden for publishers but also allowed for the rental business and used games market to thrive. Both of those practices, which are out of publishers' full control, are unprofitable and by some even considered to be as harmful to profits as piracy. The UK based studio Lionhead claims that second-hand sales cost them more than piracy in lost earnings (Devine 2012.) Kohler (2016) also argues that digitalization and in-game monetization are effective in cutting losses from piracy and increasing profits from retail sold games.

From that one can generalize that the gaming industry is a fast-growing, constantly changing, challenging and competitive market: the companies are constantly looking for new ways to cut losses and stay ahead of competition because the gaming development for the contemporary systems is more expensive than ever but the cost of a game (often 60 dollars) has mostly remained the same for the last 30 years (Yan & Gilbert 2018). New methods of creating revenue are not only in service of making additional money but also a strategy to ensure survival of the companies in today's competitive market. From an outsider's point of view, it may seem the companies are acting reckless with "predatory monetization" and risky moves, such as an attempt at prohibiting used games that Microsoft made in 2013. But after the massive outcry, Microsoft decided not to implement such tactic. But actions like those are the only way to survive in the market as challenging as video games. (Arora 2013)

The logical outcome of this is the development of new ways to create profit. The traditional B2C retail model (pay-to-play) is not becoming obsolete but is being used as one of the alternatives to other models.

One of the monetization strategies that were to complement pay to play was the introduction of expansion packs in the late 1990s. Expansion packs are add-ons that expand the original title by adding new items, characters, game mods or maps, in some cases expansion packs may have included a whole additional story

campaign. Those were sold separately and would usually cost only a fraction of the original game. Expansion packs were created by the company that made the original game although there are exceptions such as Half-Life: Opposing Force. (Cook 2016)

Opposing Force is an add-on developed by a studio previously uninvolved with the studio that made the original Half-Life game, Valve. It was sold separately, cost only a fraction of the original game and required that game to play. This add-on was first truly great additional content, received universal praise and in the year 1999, it was nominated as the overall best game of the year despite not being a full game. (PC Gamer 2018)

The first downloadable content on consoles was introduced on the SEGA's console Dreamcast. However, there were limitations dictated by narrowband connection and the size limitations of memory card. The practice became truly popular in the next generation of consoles, taking advantage of the internet capabilities of Xbox 360 and PlayStation 3 consoles. (gamesindustry.biz 2002)

Furthermore, Microsoft implemented a "microtransactions" feature planned out. In 2005 the term microtransactions was so new that journalists used quotation marks (Wired 2005). The idea of microtransactions consisted of two major steps. The first was cutting out the bank so that customer (or the publisher) would not have to spend additional 3 dollars on every 5 dollars spent on transaction fees. It was achieved with implementation of, a generation later abandoned, Microsoft Points system that would allow customers to buy, for example, 2400 Microsoft Points for 20 dollars to then spend them on items that cost from 1 to 5 dollars in Xbox Live Marketplace. The second step was to make people make small purchases to generate additional revenue; the expected potential was an additional 5 million dollars per game. It is safe to say that both steps were implemented successfully, later exceeding all expectations. (Wired 2005)

Starting from 2005 buying additional content online became easier than ever. The whole section of Xbox Live Marketplace was dedicated to the downloadable content costing from 1 to 20 dollars. Customers could expand their playing experience by buying some additional content that could add some cosmetic

changes that did not intervene in the balance of the game and did not give any advantages in multilayer modes of the videogame if a game had an online mode of course. (Lim 2018) Microsoft was first to offer a DLC pack on its own marketplace. It was a winter-themed outfit for Kameo: Elements of Power for \$2.50, (Figure 9). Though, never really gaining popularity, it was a proof of concept to other publishers. (Lim 2018)



Figure 9. Winter-themed outfit from winter warrior pack for Kameo: Elements of Power sold for \$2.50 (Microsoft nd b)

One of the first popular microtransactions was released in Xbox Live Marketplace by Bethesda in April 2006. It was the infamous Horse Armour Pack sold for 2.49 dollars (Figure 10). The description read like this: *Tamriel is a dangerous place. Protect your horse from danger with this beautiful handcrafted armor. There are no refunds for this item.* This is still available for purchase almost 15 years later. (Microsoft 2019.)



Figure 10. Horse Armour in The Elder Scrolls IV: Oblivion (Microsoft nd a)

The gamers were outraged by pricing policies expressing their dissatisfaction on forums: *This month, \$3 for horse armor, next month \$3 for the guy that cleans up after the horse: lol. It's insane!* (Sysgen 2006). Since that DLC is regarded as one of the early examples of microtransactions gone wrong. Despite the public outcry, the DLC sold very well making it in the top 10 DLCs of 2006 (Mc Whertor 2009).

Nowadays, the microtransactions are normalized and people happily pay additional costs for similar content.



Figure 11. EA SPORTS online passcode to unlock online team play (Wilson 2013)

As previously stated, the gaming industry had a problem with second-hand games. One of the attempts at nullifying this problem was online pass (Figure 11). If a customer was to buy a used copy of the game, that he would have to purchase an Online Pass online for 10 dollars to unlock online play. In 2011 an online pass was offered for NCAA Football 11, Madden 11, NBA 11, NHL 11, EA Sports MMA and FIFA 11. (Wilson 2013) Publishers such as Activision, Warner Bros, THQ and Ubisoft, and others followed EA's example.

Three years later EA decided to terminate such a strategy based on negative reception from the gaming community: *We've listened to the feedback and decided to do away with it moving forward.* EA senior director of corporate communications John Reseburg described in 2013 (Wilson 2013)

The L.A. Noire Rockstar Pass was a downloadable content that allowed customers to download all L.A. Noire pre-order bonuses and two additional bonuses. All additional content the Season Pass provides access can be purchased separately for 20 dollars, or as a bundle with a season pass for only 12 saving 8 dollars. It was the first Online Pass, and that model was later used by other publishers such as Activision and Ubisoft. Currently, the most popular mechanic is a loot box model. A loot box is a system which rewards recurring use and utilizes luck. With in-game currency, progression or real money the gamer can obtain a Loot Box that can contain virtual goods from most rare and valuable

to less popular common items. Loot boxes can contain many features, depending on the game: cosmetic changes, in-game items and voice changes. (Dingman 2017)

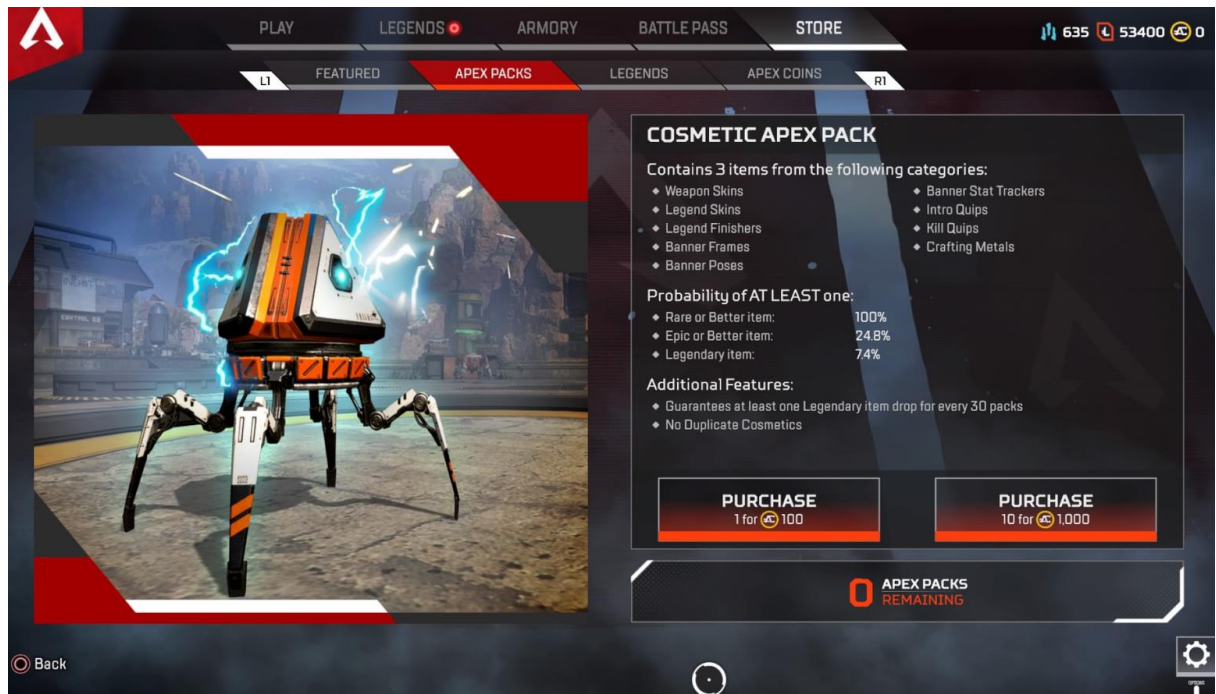


Figure 12. Example of a Loot Box that can be bought for in-game currency from Apex Legends (Halliday 2019)

The loot Box model originated in Asian markets and the first appearance in the West was in the free-to-play game Team Fortress 2 in June 2011 (Williams 2017). Later loot boxes appeared in full-price retail releases as well, like in infamous for its use of loot boxes Middle-Earth: Shadow of War where such monetization strategy directly impacted single-player gameplay effectively making game pay-to-win. (Moyse 2018)

2.2 Consumer behaviour

Consumer behaviour is the study of how people or groups associated with the process of purchase act and of all activities involved in the process. Consumer behaviour is an interdisciplinary social science that uses elements from many social sciences such as psychology, sociology and behaviour economics. Formal studies of consumer behaviour investigate characteristics of individual consumers, behavioural variables, demographics, personality traits, how a

consumers' surroundings affect him or her: family, friends, reference groups and society in general (Mishra 2017). The study of consumer behaviour covers all aspects of consumers' actions: before, after and during the purchase.

2.2.1 Consumer decision-making process

According to Khosla (2010), a consumer is a person who follows five stages of the decision-making process: problem or need recognition, information search, evaluation of alternatives, purchase, and post-purchase behaviour.

- Need recognition

Firstly, the person recognizes a problem in need of solving: a need or desire. It is usually recognized as the most crucial step of the process because if an individual does not see something as a problem or does not feel desire, he or she will not consider solving their problem or satisfying their desire with a purchase. It can be triggered by internal stimuli such as hunger or and external stimuli such as advertising.

- Information search

The need or desire then provokes the second stage: information search in order to satisfy one's interest. Throughout the information search the person analyses the options available to him or her in the external sources such as websites and magazines, and internal sources such as memory. External search may occur in one of two types of sources: marketer dominated, and non-marketer dominated.

Marketer dominated sources include salespeople in retail stores and advertising. Non-marketer sources include one's friends and family and online forums.

- Evaluation of alternatives

During the third stage, the consumer evaluates all available alternatives in terms of their function and by how personally appealing they are to the consumer.

- Purchase

This is stage during which the actual purchase takes place. The consumer has evaluated all the alternatives and will proceed to form the purchase decision. During this stage, the negative feedback from others may hinder one's desire to finalize the purchase. For example, a consumer may be ready to buy a new videogame, but a close friend might stop him or her from doing that by sharing his negative experience with the game.

- Post-purchase behaviour

A consumer dissatisfied with a product he or she purchased will be able to negatively influence the purchase decision of others

The video game industry is one where a community of gamers and media influencers and game publishers are in close relationships with each other because nowadays all three groups (publishers, gamers, media) have a strong presence on the internet. For the longest time, the gamers were communicating with each other on forums creating a community that influences each other (McCall 2018). Also now gamers communicate with each other creating their own media to influence each other on video-hosting sites like Youtube (Auerbach 2014).

The most important stages of consumption for the study are information search, purchase, and post-purchase behaviour: when gamers are displeased with a game they bought because of microtransactions, they sometimes go to the review aggregator sites like Metacritic to voice their opinion which later influences the consumers who are only considering a purchase.

In the cross-case analysis, part of the thesis, the author will evaluate the post-purchase behaviour of consumers online that may influence other consumers who are at the information search stage.

2.2.2 Demand for virtual goods

Virtual items take many different forms: they can be a virtual currency, weapons, armor, clothes (also called skins) for in-game avatars or other purposes.

Those items can be used in gameplay to expand the range of abilities of the hero or purely in an aesthetical sense, just like in real life (Nakajima, Lehdonvirta, Tokunaga & Kimura 2008).

There are different explanations for why people would participate in buying virtual goods. Some findings suggest that by purchasing an item players increase their level of immersion in a game. Nojima (2007) and others suggest that there are diverse reasons that influence the user simultaneously: advancement in a status hierarchy, advantage in competitive settings, keeping up with co-players, experiencing new content, customization, and self-expression (Lehdonvirta, Wilska & Johansson 2009).

Researchers have identified the distinction between ornamental items, those that only affect appearance, and functional items, those that provide a clear benefit in the game (Oh & Ryu 2007; Lehdonvirta 2009). Decorative items do not provide any in-game benefit except for increased visual uniqueness and the deeper ability for customization and therefore improved personalization. Functional items provide clear in-game benefits and not only transform the game for the buyer but also create a threat to the position of the player that did not purchase the same item. In short, players buy decorative items because they like how they look and function because they want their experience to be better than standard. (Oh & Ryu 2007.)

The first recorded instance of trade of virtual goods for real-life money was recorded in 1999 between two players in the massively multiplayer online game Ultima Online. Users would put their in-game possessions on eBay and let others bid for them. (Lehdonvirta 2009.)

Virtual goods are becoming an exciting commodity in online and single-player games. In 2015 PC gamers spent \$5.3 billion on virtual content, while console gamers spent up to \$6.4 billion (WAX.IO 2017).

Even though online game players do not spend more than 2 dollars on average on virtual goods, the free-to-play model that is supported by the said virtual goods

generate more profit than the traditional subscription model that required users to pay something around 10-15 dollars a month (Hamari & Lehdonvirta 2010).

Despite how widely used the virtual property is and the relative oldness of the phenomenon, in comparison with the other phenomena of the video games industry, there is an important point to be made: the concept of virtual property is uncertain in law. The concept of virtual property is very new when compared to private property or intellectual property, for example, and there are not many precedents, either in law or in practice. (Bartle 2004.)

2.3 Media relations

Media relations involve companies working with media such as news outlets and journalists to inform the public in interest of the organization that initiates the communication. Usually, this means that the organization or business initiates dialog with the people responsible for producing the news and media. The main goal of media relations is to maximize positive effects of coverage without additional costs of advertising. (Graham 2005.)

Game publishers see game journalists as valuable assets in building brands and in creating a better image with auditory (Auerbach 2014).

Work with media can be very helpful in raising awareness during the launch of a new product, which is great for game publishers as the cost of advertising is already very high: only during July 2018 eight game publishers spend an estimated \$6.1 million advertising games (Semeraro 2019).

The author believes that the failures of media relations are important to consider in relation to microtransactions as they have become a sensitive topic for many people. Media influencers such as journalists can hinder both the sales and public image of a new product, hence it, is an important factor to consider.

Lately, some publishers have adopted the tactic of postponing the implementation of microtransactions in games so that they can reap the benefits of positive media coverage while avoiding the bad press that occurs when journalists dislike the microtransactions they encounter in a game (Venter 2019). Such behavior can be

described as malicious and deceptive and raises ethical concerns. Some authors believe that during the era of “fake news” public relations auctioneers could be more truthful, honest and accurate than ever and that kind of behaviour, lack of information on latter inclusion of microtransactions, is an ethical problem (Johnston 2019).

2.4 Summary of findings

Microtransactions are a video game business model; it also is business to customer type of e-commerce. The author mainly focuses on the pre-sale and after-sale phases of commerce as those phases are ones during which customers share opinions with each other and the author will use that information during the cross-case study. In the cross-case study part, the author assesses which type of microtransactions the game uses and what is the reaction of the public and journalists on it.

Game journalists are important in shaping customers' opinions. This especially applies to the Information Collection phase of consumers' decision-making process. Their opinions will be reviewed in the case study.

The customers in the after-purchase phase of decision-making process tend to leave reviews and opinions on web platforms such as Metacritic. Their posts can influence other consumers during the information collection phase, which the author reviews in the case study part.

3 Empirical research

The following chapter consists of the aspects related to the empirical part of the study. It contains in-depth interviews with gamers and semi-structured expert interviews with video game journalists. This part includes justification for using such research methods, steps of developing and implementing the research and the results that are then highlighted in key findings.

3.1 Repeated in-depth interviews

As stated, in-depth interviews are used in order to develop a deeper understanding of the feelings of gamers towards microtransactions. The chapter is divided into two subchapters. In-depth interviews preparation describes how the in-depth interviews were designed. The second part, in-depth interviews analysis, examines the results that were gathered during in-depth interviews and what those results mean to the study.

Repeated in-depth interviews are used in order to get generalized information for a later analysis.

3.1.1 Repeated in-depth interviews preparation

The in-depth interview preparation was started after choosing the right tool for acquiring the data. The author decided that conducting repeated in-depth interviews would benefit the research the most, as this method would allow the researcher to delve into asking interviewees about their personal feelings and stance towards the topic even though securing the validity of research by making repetition.

It was decided that in-depth interviews would be conducted in a face-to-face manner, using audio recording hardware.

As it was mentioned above, purposive homogenous sampling was used for this study in order to engage the most suitable interviewees.

This study followed 12 gamers. The participants were recruited from places of a congregation of gamers such as Comic-Con and Geek. The inclusion criteria were as follows: Participants must be older than 18 years of age and spend at least 300 euros on video games annually. The sample consists of 8 men and 4 women from Saint-Petersburg and Moscow, aged from 18 to 31.

Interviews were held at the interviewees' and the author's homes in order to provide a relaxed and productive atmosphere.

The author chose not to disclose the names of the participants in order to provide anonymity to the interviewees, enabling them to speak openly and not feel any pressure.

The list of questions prepared in advance is available as a framework in Appendix 1.

3.1.2 Repeated in-depth interviews analysis

The author asked this question to understand if the participants understand that microtransactions save their money and to find out if there is aversion towards them as a concept:

- Would you rather be faced with a possibility of game costing up to 100\$ or would you prefer it to have microtransactions instead?

None of those questioned were pleased with the idea of spending much more money on video games because of conceivable microtransaction prohibition. It deserves to note that some interviewees were surprised to learn that microtransactions actually keep costs down, prohibition of which can actually lead to an increase in prices. This describes the questioned as, in the author's view, reasonable people with no clear antipathy towards microtransactions.

The author asks the following question to find out how participants think of ornamental microtransactions:

- Are cosmetic only micropayments okay? What do you think of people who use them, do you use them?

Nine out of the twelve questioned believed that cosmetic microtransactions are not a deal-breaker and do not spark aversion in them. Most do not think anything at all about those who use them, but two stated that it is good that this feature entertains those who choose to buy that.

The purpose of the following question is to find out if people would buy a microtransaction to help the developer and not for exclusively personal reasons.

- Would you consider being a microtransaction in a game if you knew it would directly support the developer you like? What about the free-to-play game?

Three participants said that they would like to additionally support the developer this way.

Among influencers there is a consensus that pay-to-win models are bad and unfair. The following question helps understand how common gamers think:

- What do you think of a game in which one player can gain an advantage over another by purchasing special items or abilities?

Every participant said that they find pay to win style of games unfair and were strongly against the model of games that benefits those with higher amounts of disposable income

The opinions on the following question among influencers varied. The author wanted to understand the point of view of players:

- What do you think of microtransactions that can give you virtual items that make a single-player game easier? Do you use them, what do you think of people who use them?

None used virtual items to make their single-player games easier, some (5) even never heard of them. Ten participants mostly accepted people who use this virtual item to make their games easier, others think that those items should not be a part of the game.

The author wanted to understand if some people do not accept the microtransactions as a concept:

- Would you consider it your strong principle to avoid microtransaction?

Only one stated that it is their principle to never purchase a microtransaction.

3.1.3 Key findings

- None of the gamers would prefer to pay a higher price to avoid microtransactions.
- Most people are fine with ornamental microtransactions, some are even happy for those who like them.
- The participants would like to support the studio that created the game they like with microtransactions.
- All interviewees stated that they dislike the pay-to-win mechanics
- Not everyone knew about virtual items that can make single-player more accessible, but most people do not mind.
- None of the people questioned had a strong principal stand against microtransactions.

3.2 Expert interview

The author conducted a face-to-face semi-structured interview with a video game journalist as a part of the empirical research. As stated earlier, the expert is a video game journalist, media researcher, and publicist. Description of the interview in this chapter is divided into two parts. The first one is the expert interview preparation. It describes the way the interviews were supposed to be conducted and executed. The second part is expert interview analysing, which is the interpretation of the discussion that was conducted with expert.

3.2.1 Expert interview preparation

Interview was planned in the form of a semi-structured one with the framework prepared that is available in Appendix 2 with the emphasis on the microtransactions and the future of the video game monetization, for example. The interviews were conducted in the Russian language and recorded with hardware in order to make interpreting and analysing easier.

3.2.2 Expert interviews analysis

The interview began with an introduction and an inquiry about the interviewee's academic and personal past. The interviewee studied history in Higher School of Economy Saint Petersburg, where he first began writing about the philosophy of video games, being a part of seminars on the culture of video games in Saint-Petersburg and later attending academic conferences with his works on the subject. He now works as a freelance journalist writing about games for many outlets.

Almost every major company today has been keeping itself busy integrating manipulative monetization mechanics in full-priced games ever since Microsoft invited them to do so in freshly opened Xbox Live Marketplace. The console creator has started said marketplace to squeeze additional money from gamers and to benefit from every DLC sold by a separate entity simultaneously. In a sense, it was a perfect deal: studios would get additional financing, Microsoft would earn its share, and gamers would get additional content for their favorite game. The situation was quite enriching for a few years, but things started to spiral into exploitation soon because it is much more lucrative to manipulate gamers into buying a hundred cheaply made hats one dollar each for the game's main hero make a high-quality 20\$ expansion.

That worldview later evolved into an idea to create games that already call for additional content by their design; one example of this is Dead Space 3. The creators were convinced by EA's management to add crafting in the game so that EA could sell crafting materials in the in-game store as virtual goods for real money. In brief, the biggest, wealthiest of companies of companies will include as much monetization mechanics as they can to make as much money as they can, even to the point of changing the core of the game to make it more compatible with microtransactions.

For a long-time the Star Wars II: Battlefront situation was considered horrible. Even an attempt at damage control from the EA in Reddit's comment section became the most downvoted comment of all time. Almost everyone hated what the game had become, except for the people pay-to-win mechanics were geared

towards. Predatory monetization pay-to-win, loot boxes, got so bad that controversy went global forcing EA to turn monetization off completely. For a long-time people believed that it was the worst occurrence and people would learn from that, but recently Activision managed to surprise the gaming community with something even worse, an action that can be described only as cowardly and malicious. Activision published the game Crash Team Racing: Nitro-Fueled without microtransactions, waited for a few weeks for reviews to be published, for influencers to post their opinions and for the game itself to sell among consumers and only after three weeks the publisher unveiled the store with all predatory techniques journalists, influencers and sophisticated gamers do not like. Battlefield II had horrible microtransactions out of the box and had to take them out of the game after a few weeks. Crash Team Racing came to the buyers without them and microtransactions were added after a few weeks. This is a harmony of exploitative business practices of publishers that do not respect the consumers they supported them for decades.

Although the situation seems controversial, there are ways to improve the current monetization situation. Games should not be tailored to create a scarcity of some resource in order to manipulate players into purchasing said resource for real money as the case was with Dead Space 3. Loot boxes should be prohibited. This monetization practice clearly mimics the gambling mechanics and should be seen as such with similar governmental regulations implemented. Governmental regulations are already implemented in Belgium where loot boxes became a problem of the past after the Battlefield II controversy.

If very strict manipulations are implemented with haste, games will completely switch from the pay-to-play model to the games as a service model. Asserting from how the situation has developed in recent years, it will not be a leap to suggest that this new way of perceiving what games are will not be beneficial to anyone except to publishers. Games should be seen for what they are, art, not a service or a committee-approved product. Moreover, a piece of art cannot be considered a service. Without draconian regulations, publishers will continue to evolve games into malicious products with the intention not to entertain or enrich a person's life, but to lure him or her into a gambling addiction.

3.3 Cross-case analysis

To better understand the existing situation and how customers perceive the monetization innovations in games, the author reviews a number of cases. Knowing that there are too many videogames with microtransactions in them to cover all, the author mainly focuses on popular recent titles. The description of the video game, the type or the game it is, the kind of microtransactions it uses and public opinion on it, if it is evaluable, is provided.

3.3.1 Middle-earth: Shadow of War

Shadow of War is a full-priced high budget game developed by Monolith Productions and published by Warner Bros. Interactive Entertainment. It is an active single-player game with limited online capabilities based on the popular universe of The Lord of the Rings.

3.3.1.1 Types of microtransactions

There is a few types of loot boxes (common, rare and very rare), some of which has additional characteristics and three types of currencies (Figure 13). The game revolves around the army the player builds with enemies he captures. That activity being difficult, the player can simply buy the soldiers he or she needs from the in-game marketplace. Also the gear, such as swords also can be either earned or bought. There are also in-game experience boosters in some of the chests. (XP-booster is an in-game item that increases the rate at which the in-game character advances). The microtransactions in the game are of a functional type and transformative of the original game experience.

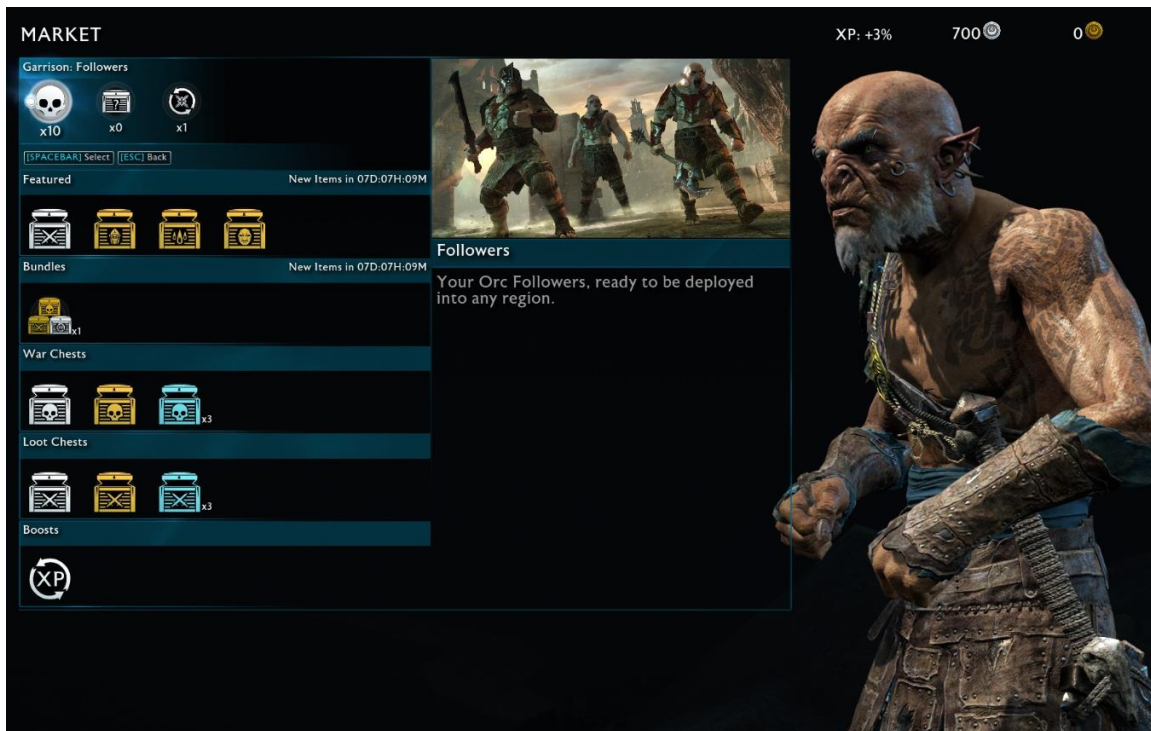


Figure 13. Loot boxes in Middle-earth: Shadow of War (Krivov 2017)

3.3.1.2 The reaction of journalists

This amount of microtransactions the public deemed confusing and for some, it was even been degrading (Hernandez 2017). After the removal of microtransactions in the game, some journalists suggested that it could be a signal of the development of the future model of microtransactions. Schreier (2018) supposes that publishing companies would make microtransactions and other monetization models more subtle.

3.3.1.3 Post-purchase behaviour of consumers online

The microtransactions being the functional type made customers very upset and eventually the publisher listened to the critique and half a year after launch, deleted microtransactions from the game. A community representative for Monoliths Pr. agreed with gamers: *Simply being aware that they are [microtransactions] available for purchase reduces the immersion in the world and takes away from the challenge of building your personal army and your fortresses.* (Middle-Earth Game Support. 2018.)

3.3.2 Star Wars: Battlefront II

Star Wars: Battlefront II is a full-price release from a major publisher, AAA game. With high marketing and production budgets, it was developed by EA DICE and published by EA. It is an online game with a single-player campaign set in the popular Star Wars universe.

3.3.2.1 The types of microtransactions

There are a few types of microtransactions in that game: loot boxes and in-game currency. A player would buy “the Crystals” currency and then use it to purchase the loot boxes. The player’s progress in the game is regulated by Star Cards. Star cards are upgrades that grant special abilities to the generic classes of the multiplayer element. By purchasing loot boxes, the player can eventually complete a deck of cards that gives him competitive advantage to other players who do not have those upgrade cards. The cards can also be earned without spending real-life money, but it is very time-consuming. One Reddit user made an analysis estimating that the gamer would need to have spent 40 hours of standard gameplay to earn virtual currency needed to let him or her play as hero characters from the movies, such as Emperor Palpatine. (TheHotterPotato 2017.)



Figure 14. Hero character that can be made available with purchase (Jackson 2017)

Players can also customize their appearance with items they get from Cosmetics Crates: loot boxes that only contain cosmetics items. But clearly, most of the microtransactions are functional and aim to give advantage to the players who bought them.

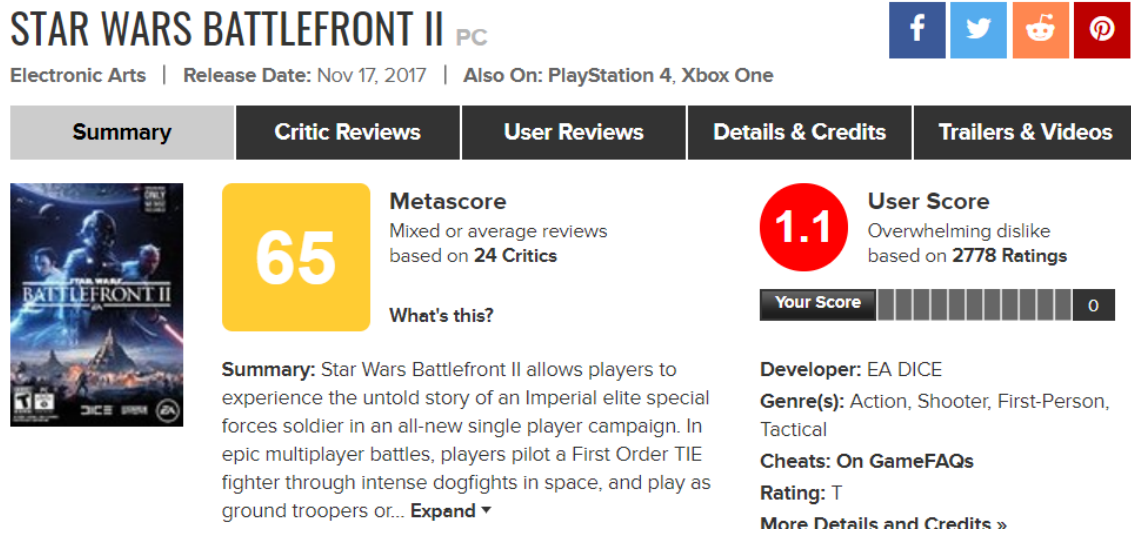
3.3.2.2 The reaction of journalists

Battlefront II has been in the public eye ever since its release, being a target for criticism for its pay-to-win mechanics and exploitative monetization. The gamers and media have been outraged by its blatant endorsement of functional items that give paying players an advantage over others (Alexandra 2017). The publisher was forced to agree with the displeased public after the intense, reputation-damaging online campaign against microtransactions and EA. The publisher firstly decreased the time needed to obtain virtual goods and then completely removed microtransactions. (Schreier 2017.)

3.3.2.3 Post-purchase behaviour of consumers online

On the popular review-aggregator website, Metacritic the user score (the score consisting of all review scores on the site, currently 2778) sits at 1.1 out of 10 (Figure 14). Users comment on the product in this way: *Game about donate, not*

star wars (SamSWAT 2017), Great game plagued by pay-to-win microtransactions (Superchamp 2017). Showing their dissatisfaction with the product.



STAR WARS BATTLEFRONT II PC

Electronic Arts | Release Date: Nov 17, 2017 | Also On: PlayStation 4, Xbox One

Summary | Critic Reviews | User Reviews | Details & Credits | Trailers & Videos

Metascore
65
Mixed or average reviews based on **24 Critics**
[What's this?](#)

User Score
1.1
Overwhelming dislike based on **2778 Ratings**
Your Score: 0

Summary: Star Wars Battlefront II allows players to experience the untold story of an Imperial elite special forces soldier in an all-new single player campaign. In epic multiplayer battles, players pilot a First Order TIE fighter through intense dogfights in space, and play as ground troopers or... [Expand](#)

Developer: EA DICE
Genre(s): Action, Shooter, First-Person, Tactical
Cheats: [On GameFAQs](#)
Rating: T
[More Details and Credits](#)

Figure 15. User Score of Star Wars Battlefront 2 (Metacritic nd)

3.3.3 Devil May Cry 5

Devil May Cry 5 is a full-price AAA, high budget game. It is the sixth entry in a series of highly acclaimed action single-player games. It was developed and published by Capcom. It is a hack-and-slash game with no online capabilities.

3.3.3.1 The types of microtransactions

There are two types of microtransactions in the game: ornamental, costumes, and virtual currency referred as Red Orbs. The Red Orbs are the only form of virtual currency in the game. The player gains it by defeating enemies and uses it to upgrade the character and unlock new moves. If the player decides so, he or she can buy the red orbs to make progression faster.

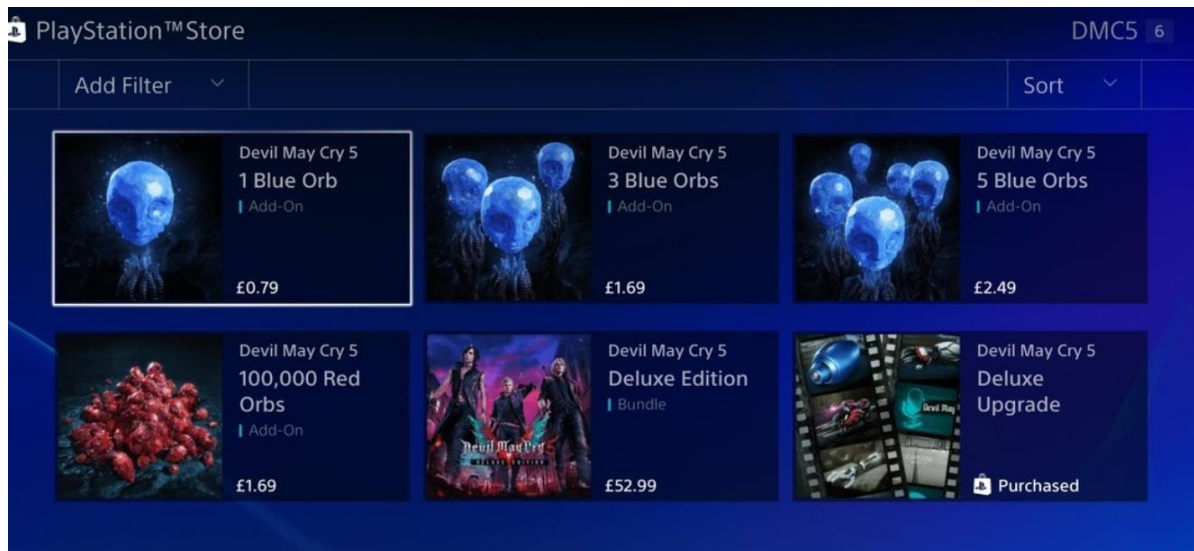


Figure 16. Virtual currency in Devil May Cry 5 (D'Argenio 2018 b)

3.3.3.2 Post-purchase behaviour of consumers online

The fans were split on the microtransaction issue: Some argued that casual players may use and need that opportunity that microtransaction gives the to get through the tough level. Others said that the ability to buy in-game items with that kind of functionality is detrimental to the balance (Prell 2018).

3.3.3.3 The reaction of journalists

Writing on the issue, one journalist stated his opinion that the author believes captures the feelings of the community quite well: *I'll buy the option to put Dante in his classic DMC 1,2, and 3 costumes. I'll buy the ability to dress Lady up like Chun-Li from Street Fighter. You put any number of stupid aesthetic purchases in front of me and I'll throw money on my TV. But asking me to pay for the privilege of not playing your game and then saying it's because you wanted to grant customers a choice in customizing their gameplay experience? Come on.* (D'Argenio 2018 b).

Another journalist supposed that even though the implementation of microtransactions in a pay-to-play game is "antagonizing monetization", at the moment using of them is not necessary for semi-competent players and could be avoided without any frustration (Fox 2019)

3.3.4 Overwatch

Overwatch is an online-only full-price release with high production and marketing budgets, developed by blizzard entertainment and published by Activision Blizzard. It is a character-based online shooter.

3.3.4.1 The types of microtransactions

Overwatch only supports ornamental items such as costumes. Players can get them via loot boxes.



Figure 17. Loot boxes in Overwatch (Dedmon 2017)

3.3.4.2 The reaction of journalists

Overwatch has never encountered a massive media criticism or ever has been in a center on a controversy. Yet some publications believe that public consensus on overwatch is not right and the game should still be for blame for the popularization of “gambling mechanics”. (Garst 2017.)

3.3.4.3 Post-purchase behaviour of consumers online

Many people agree that Overwatch is a great example of a game ‘doing microtransactions right’ (Garst 2017). Some players suppose that the microtransactions of Overwatch are on a less offensive side of the scale even

though there are still some negative attitudes towards the microtransactions in the pay-to-play game (BT160526 2017).

3.3.5 The Elder Scrolls IV: Oblivion

The Elder Scrolls IV: Oblivion is a single-player only full-price title with high production and marketing budgets, developed and published by Bethesda. It is a role-playing game with no online mode.

3.3.5.1 The types of microtransactions

The virtual item was only cosmetic (Figure 10) but that still has made fans not happy. Many were mocking the publisher and the game for having such useless DLC. But it has sold fairly well nonetheless.

3.3.5.2 The reaction of journalists

James Ransom-Wiley (2006) wrote during the release to show how displeased he was: **we're not itching to hand over additional cash for an item that was supposed to be included in the game's initial release** (2006)

3.3.5.3 Post-purchase behaviour of consumers online

After purchases the customers have been showing their dissatisfaction on online forums: *This month, \$3 for horse armor, next month \$3 for the guy that cleans up after the horse: lol. It's insane!* (Sysgen 2006).

3.3.6 Warframe

Warframe is a free-to-play game published and produced by Digital Extremes. It has a high production budget and a low marketing budget. It is a massively multiplayer online shooter game.

3.3.6.1 The types of microtransactions

Players can spend real money to skip waiting times (some processes in the game can take more than 24 hours of real-time, and money can help players speed it up), buy cosmetics and to buy extra inventory space. Players cannot buy weapons but can only use them if their skill is high enough and skills can only be upgraded through gameplay. The game does not have loot boxes.

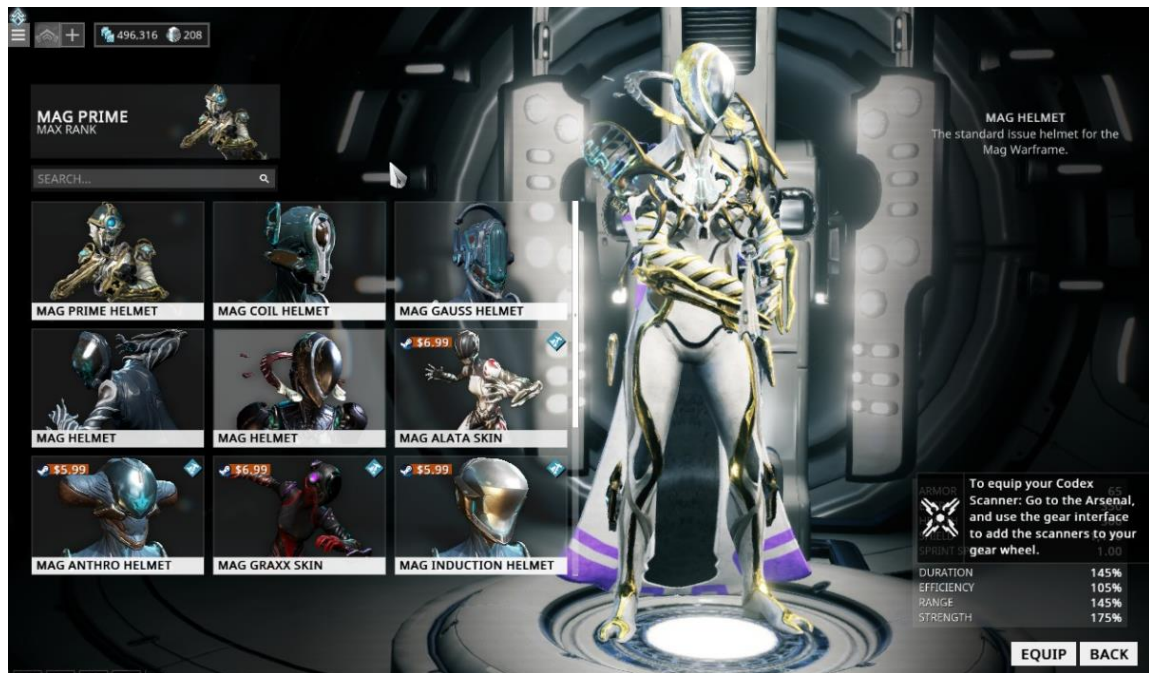


Figure 18. Cosmetics in WarFrame (WARFRAME Wiki nd)

The studio even removed the only microtransaction they implemented after one day of operation because it was based on chance and when they saw one player use it 200 times (Gach 2018).

3.3.6.2 The reaction of journalists

The game has not only avoided being caught up in the discussion of controversial games, but it has also been praised by the journalists, some of which even declared that Warframe is a game that made everything right (Gach 2018).

3.3.6.3 Post-purchase behaviour of consumers online

Customers who gave to game the highest score of 10 out of 10 on Metacritic commented their purchase publicly in ways similar to this: *Micro transactions are mostly aesthetic based and premium currency can be earned in game through its own trading system (Gigabiter 2018) and Warframe does offer Micro transactions and has a premium currency called plat but unlike other games they are not exploitative when compared to the loot boxes of AAA developers. If you see something you want you can get that item no random chance involved. But at no point does this game make you feel like you have to buy anything with your real world money (Deigh 2019).* Consumers seem to be very pleased with the implementation of microtransactions in the game (LtJace 2017).

4 Conclusion

The main objective of this study was to gather the opinions of players and journalists towards the implementation of microtransactions to contribute to finding a way to implement microtransactions that will be accepted by everyone.

The theory part was used as a framework for the empirical research that covered the topic. The research questions which were stated at the beginning of the study, now can be answered

- Research question 1: What are the gamers' views and attitudes towards the topic?

Gamers may like microtransactions because they keep the price of the games down. Some find ornamental virtual objects pretty and enjoy having them. Furthermore, some gamers would like to give additional support to the studio that made the game they like. Virtual items that make a game more accessible are easy to tolerate for proficient gamers but help gamers who struggle with the game's difficulty. People, do not have strong principles against microtransactions. On the other hand, some ways of implementation of the model might serve to benefit a paying gamer over a non-paying one and that

displeases gamers. That pay-to-win model creates a “toxic” environment that people usually do not like.

- Research question 2: What are journalists’ views and attitudes towards the topic?

Journalists make a point of disliking the fully priced games that use microtransactions to create a “pay to win” online system. They also dislike the single-player games where one can buy virtual items to gain advantage, though there is less hate towards that. They tolerate the cosmetics obtained via loot boxes in online games but praise the games that sell cosmetics without the loot box system. They seem to look most favorably towards buying ornamental items in single-player games. It is quite a change from 2006 when people were eager to show how much they dislike the directly sold cosmetic elements in *The Elder Scrolls IV: Oblivion*. Those findings cannot be used as generalizations because not a significant amount of articles were reviewed, but they still serve as valuable information.

- Research question 3: How companies can utilize microtransactions in a way that is acceptable by both gamers and the media?

After analysing the interviews and cross-case review, it became clear that journalists and customers are displeased with microtransactions such as loot boxes. They might use media resources to display their opinions that they can create controversies on the Internet that can hinder the sales.

However, none of the people questioned had strong principles against microtransactions the type of investigation prohibits the author from making a generalizing statement.

The empirical part suggests that microtransactions with only ornamental virtual objects create the least discontent with both groups observed. Virtual items that

can make single-player more accessible are also do not seem to create discontent either.

For future research, the author would suggest inspecting how big is the difference in opinions on major topics between internet critics, influencers, journalists and gamers, and also creating a more focused case study, using quantitative methods.

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Appendix 1. Basic Framework for Repeated In-Depth Interviews

- Would you rather be faced with a possibility of game costing up to 100\$ or would you prefer it to have microtransactions instead?
- Are cosmetic only micropayment okay? What do you think of people who use them, do you use them?
- Would you consider being a microtransaction in a game if you knew it would directly support the developer you like? What about the free-to-play game?
- What do you think of a game in which one player can gain advantage over another by purchasing special items or abilities?
- What do you think of microtransactions that can give you virtual items that make a single player game easier? Do you use them, what do you think of people who use them?
- Would you consider it your strong principle to avoid microtransaction?

Appendix 2. Basic framework for the expert interview

1. Background of the expert
2. Why it is very popular among companies to include microtransactions in a pay-to-play game?
3. Tell about the most outrageous case of the backlash of implementing microtransactions in a videogame?
4. What could be done to improve current monetization situation?
5. What is your opinion on government regulations upon microtransactions?
6. What are your suggestions on the future of the monetization in future years?