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Monetization in games

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ABSTRACT

Computer game is a product that is meant for entertainment purposes. Like any product or a service, it needs to be properly monetized by the company in order to gain revenue. Monetization system has a direct influence over the game's content and the value that it provides. The key problem in modern games is the loss of value, where core gamers, which are also the main consumers of the product, do not see the value in games that they buy, feeling that it is the system that affects the value.

The objective of this thesis is to look at existing business models, such as Free-To-Play, DLC and In-App-Purchases, to determine the reason why, despite being successful in terms revenue, the end user's value suffers.

Keywords: The Value, Monetization, Business Models, Games

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1 INTRODUCTION

”Completing in-game activities and exploring an in-game world can be very entertaining, but ultimately that is all it boils down to, is pure entertainment” (Forey, 2013). That is the foundation of any game. As technology progressed, more people gained access to computer devices, should it be phone, tablet, laptop or a PC. Gaming industries needed to evolve in order to adapt to the fast growing market to accommodate needs of their potential customers. As a result, multiple monetization models have been introduced:

- F2P - Free-to-Play
- IAP - In-App-Purchases
- DLC – Downloadable Content

Gaming communities expressed concerns about monetization models ruining the value in games which incorporated aforementioned models. We have reached a point in which Free-to-Play mobile games cannot even be said to be a game anymore. ”Playing a game means that you have fun. It doesn't mean that you sit around and wait for the game to annoy you for so long that you decide to pay credits to speed it up” (Baekdal, 2014a). Downloadable content also affects the sense of value to customers, by creating a feeling of an incomplete game when introduced right after the release. Core gamers no longer see DLC as a way to extend the entertainment that they have bought, but rather a way for companies to generate more revenue. DLC doesn't mean that the publisher can take a game, place a \$60 price tag and sell it to the customer, it has to have a value worth of said price otherwise player will not buy it (GameIndustry International, 2012).

However, there are cases of different business models done right. League of Legends, created by RIOT Company, is a game where F2P model is used to generate revenue. The main selling point is playable characters and cosmetic items to the game that do not affect the gameplay directly. ”League of Legends is one of the most successful free to play games in the world, making an estimated \$1.3 billion in revenue from 80 million players last year, and seeing as it's often held up as an example of "free to play done right"” (Nelson, 2015).

DLC is not an exception in this case. A prime example of DLC done right would

be the game called Borderlands 2. ”The first downloadable add-on for Borderlands 2, Captain Scarlett and her Pirate's Booty, is a categorical example of downloadable content done right. (James Cullinane, 2012.) In other words, the player gets value in a form of new content, new in-game mechanics, terrains, and a whole new set of minor features by purchasing DLCs to the game.

The purpose of this study is to analyze success and failure of each system, implemented in different games, in an attempt to understand why the value has been lost for the customer in certain scenarios.

2 RESEARCH TASK

2.1 Questions

This study answers the following questions

- Is there something wrong with current monetization systems?
- Why value suffers in current monetization systems?
- What could be done?

2.2 Goals

The aim of this study is to analyze, understand, and provide a solution to an existing and developing problem of product pricing model not being justified to the content it provides. The objective is to look at existing business models such as Free-To-Play, DLC and In-App-Purchases, to determine the reason why despite being successful, in terms revenue, in certain games, in other instances the end user's value suffers.

The second goal of this study is to analyze how each business model affects the end product in different cases. It is no secret that when the game is in development, one of the concerning questions for the developers is how to monetize the product, especially if it is a non-physical product which does not require a manufacturing process, like physical product for example.

The third goal is to analyze actual 4 cases of games, where monetization system has been done right and wrong to determine the factor, to generate positive and negative outcomes of each system.

The fourth goal is to either confirm the theory that it is not the monetization systems that are ruining the value for the customer, but the companies.

To support the theory, interviews were conducted in order to provide insight on how core gamers feel about current business models and support online articles covered later in this study.

3 FRAMEWORK

In this study, an explanation of game related terms, as well as background information about game development, must be given, in order to fully assess and understand the nature of business models and monetization decisions associated with them.

Downloadable content (DLC) is additional content created for a released video game. It is distributed through the Internet by the game's official publisher or other third party content producers.

Free-to-play (F2P) refers to video games which give players access to a significant portion of their content without paying.

In-App-Purchases (IAP) or Microtransactions is a way of exchange of real money for in-game goods or services.

In this context, **cosmetics** is a gaming term for content that does not provide any in-game value in a form of in-game advantage, content or additional features, but instead adds new visual enhancements to the game.

Core gamer, in this context, is a person who seeks value in games to justify the price.

Expansion pack is an additional content to the game that brings major changes, often changes to the core gameplay mechanics, systems, new in-game items.

Pay-to-Win is a slang definition used by gamers which describes a Free-to-Play game where user have to spend real money on IAP in order to be competitive or advance in the game.

The word **value**, in this context, means content or features within the game.

3.1 Game Development Process

In the article The Game Production Pipeline, Edwards (2006) covers fundamental stages in the game development process. For the sake of simplicity, in this study, in order to provide a clear understanding of how distribution of labour works in

the game development company, a more generalized development team groups will be used. The core development team consists of;

- Game Designers
- Artists
- Programmers
- Testers
- Marketing staff

3.1.1 Concept Development

Concept is the first step in game development. Edwards (2006) states that the original concept is just an idea of what the game can be about. For instance, it can be a turn based strategy game based on a real historic events that happened. The game concept is not constrained by real life characters or events, unless based on them.

Typically, Game Designers and Artist teams are involved in the Concept Development process.

3.1.2 Pre-Production

The next step is pre-production phase. In this particular stage, a game storyline and design document are created. Design document contains game's goals, level design, gameplay mechanics, and blueprints. The only limitation, at this stage of development, is the boundaries set by the concept created earlier. For example, if the game is based on real-life events, the development team is limited to what is acceptable within the scope of events.

All existing teams, except for marketing team, are involved in the pre-production phase.

3.1.3 Production

When the concept is done and the design document is made, the production of the actual game begins. At this time, the programming team are working on coding the game. Most of the artist's work is done by now, as Artist team usually finishes faster than the programming team, since the actual development process takes a lot more than the development of the artwork, depending on the size of the game. This is a phase where, mainly, programming team is involved the most throughout the entire production phase.

The most active point of development in the production phase for artist team is at the beginning. During it, most of the artwork, in-game models, and all related work are done.

Both, artists and programmers, work closely together, along with the Marketing team, since Marketing team should be aware of the game concept, what features are included, what are the requirements and details about the availability on the market.

3.1.4 Post Production

The final stage, where a game is considered complete, code has been written, and the art has been completed. At this point, a game enters a testing phase, and it is supplied to the testing team to find all errors, mistakes, and other related issues in the game to ensure quality and stability for the consumer, when the game is published.

3.2 Monetization

A proper monetization method has to be selected in advance, before the concept phase, in order for a game developers to adapt features accordingly. *"When you're outlining your mobile game on a napkin (OR a notepad or iPad) – this is the time to incorporate monetization into your game design"* (Natanson, 2013).

The first method is to sell the game with the fixed price, with no additional fees after. This was, and still is, a common practice for many games published by various companies.

The second method is a Free-to-Play game with In-App-Purchases. The game is publicly available for anyone to download and play, it does not require any money to enter the game, and it provides access to the base or the entire content of the game depending on the developer's decision. Usually, certain features are locked behind In-App-Purchases where users are asked to purchase for a certain amount, in order to gain access to said features or services.

The third method is the Downloadable Content route, where game developers release major update to an already existing game which provides new in-game content, features, and improvements. Downloadable Content can be considered a supplementary method to the previous two, as it usually helps to provide continuous support to a published game.

3.3 Online Articles

3.3.1 The F2P Concept with IAP and issues with it

In the article *What's With All The Hate For The Industrious IAP*, Faust (2012) describes IAP as a viable model for games, especially for mobile. The author lists a number of possible ways how IAPs can be used to monetize the product by introducing choice to the end user in a form of features.

The author gives examples of how a company can use IAP to;

- Purchase In-game currency
- Unlock New levels
- Remove Ads
- Unlock Utility Features
- Subscription Service
- Multi-User License

”Still, I can’t blame anyone for keeping their eyes closed. After all, there’s a reason IAPs get such a bad rap: unethical developers” (Faust, 2012.) The author points out that one of the reasons why people hate F2P model with IAP is the overuse of concept of attaching real monetary value to digital value.

This study introduces two case studies representing free-to-play monetization: Dungeon Keeper in which it is done wrong and Hearthstone in which is done right.

3.3.2 Example with Dungeon Keeper

The prime example of F2P game gone wrong is Dungeon Keeper on mobile. According to the article *How In-app Purchases Have Destroyed the Industry* by Thomas Baekdal (2014a), Dungeon Keeper, from 1997, is a game which can be purchased today for 5.99\$. For this price, a player gets a full game, plus all the expansions, expansion, in this context, is another form of DLC. The action takes place underground where the idea of the game is to build up a dungeon, dig tunnels through the underground, and decimate other dungeons owned by other players. The map is divided into tiles. A tile is a piece of underground that a player can dig through in order to create a room. The time needed to dig one tile is around 3 seconds.

The game has resource mechanics in the form of treasures. To store treasures, the player needs a treasure room in the game. According to Baekdal (2014a), it takes 45 tiles to create a big treasure room, which would take roughly 2 minutes of real time to create.

In summary, according to the author:

- Full game price + expansion packs included: **\$5.99**
- Build a large treasure room of **45 squares in just 2 minutes**.

The same exact game later introduced for Android and iOS. The game for mobile is free. Free as in Free-to-Play with IAP. The game introduces player to the game through the tutorial. During the tutorial, an in-game currency, gems, used to purchase various boost and work orders in the game, is offered to a player. In this

particular case, EA, the company behind the mobile version, decided to monetize the game by locking down tiles, which you are digging, behind time frames. It takes up to 24 real time to dig through one tile, with the hardest rock structure. The game offers you to rush orders by spending gems. In order to obtain more gems, player needs to buy them. The lowest price for a bag of gems is 3 pounds, which is roughly 4 €, and a player would get 500 gems out of it. Rushing a tile costs 250 gems.

”Attempt to play Dungeon Keeper at the pace of the 1997 version, and you'd find that your bank account drains faster than your dungeon's gold hoards after heroes reach them. Having any fun in this game would cost a fortune” (Johnson, 2014.) The issue that author describes is a poor value management which means that the game loses its value to the point of no interest to the core gamer, since the game content is locked. “The content is free, however the progression is slowed down drastically, to the point where in-game content has no value to the customer. There is no game here”.

3.3.3 Example with Hearthstone

Hearthstone is a relatively new collectible, free-to-play, card game created by Blizzard Entertainment, where players compete against each other with their decks. It is a turn based game, where two players take turns drawing cards from their decks, playing cards, and trying to deplete the other player's 30 hit points.

Cards have different rarity in the game, in order of rarity; common, rare, epic, and legendary. Each card rarity has different value to the player which will be covered later in the chapter 5.1.1 of this thesis.

Hearthstone has an in-game currency that is used to purchase various in-game goods, which is gold. Player earns gold by playing games, 3 wins offer player 10 gold, and by completing daily quests.

Player can purchase card packs for gold or real money. The smallest price starts from 2.99€ and offers 2 packs to the player. Purchasing a pack, either with gold or real money, guarantees 5 cards, one of which will be at least rare quality.

Multiple options with different amount of card packs available, the greater the

amount, the smaller the price per pack. Cards, that player unlocks, are permanent, and non-transferable.

”What makes Hearthstone so fair, and so different from the majority of free-to-play games, is that the system is applied to all players evenly” (Crider, 2014). One player cannot have a competitive advantage over another player if he purchase more packs with real money. Each pack has the same probability of getting a rare, an epic or a legendary card, regardless, was it purchase for gold or real life currency. ”There are no premium currencies, special packs, no way of getting cards that you actually want for your deck” (Crider, 2014). The only deciding factor is random nature of packs.

According to Crider (2014), Hearthstone isn't perfect as a free-to-play game either. “While player has to spend time, put some effort into the game, and have a bit of luck, to be competitive, it is still a fare environment for everyone. “If you're making a free-to-play game, you need to take a look at what Blizzard's done for the model””.

3.3.4 The DLC Concept and Issues with it

Downloadable Content in that of itself is not an evil concept. Rumphol-Janc (2011) mentions that DLC is a valid way of providing additional content to a released game. According to Shea (2011), there are different types of DLC available: pre-orders, zero day DLC, and new content (missions, characters, items).

DLC concept is not exactly new, but new variations of it emerge on the market. The one, particular, concept that gained the most attention is DLC Season Pass, which allows to pay upfront for all future DLC at a reduced price overall rather than purchasing DLCs separately, according to Game Bomb (2015).

Zero Day DLC is essentially a DLC released at the same time with the actual game, hence the name Zero Day. According to Shea (2011), Zero DLC is used to stop the resell of the boxed games as each individual player must have Zero DLC attached to his or her account in order to access the game. ”*However, modern gamers view Zero day DLC as how game developers add their own tax to their*

retail price” (McKinney, 2015). This creates uneasy feeling for the player since company misuses Zero Day DLC in order to go around tax laws and not provide additional day one content.

In the article *Why Are Activision and EA Falling Behind in the DLC Market* (Sun, 2014), the author raises the point that gamers are willing to purchase DLCs, and as the concept there is nothing wrong with it, but gamers are selective in their purchase. According to Shea (2011), gamers are ready and willing to pay for DLC as a way to get extra content, however game that offers DLC, which contains 2 hours of gameplay for \$8, where original game offers 20 hours makes a user question its worth.

”Yet the GameTrax survey also revealed that gamers are still downloading plenty of additional downloadable content (DLC) for their games, adding to companies’ revenue and gameplayers’ fun” (Sun, 2014). Which further solidifies the point of DLC concept being valid implementation to monetize games, however certain implementations possess no value to the end user. In this study, two cases are used to represent DLC done wrong, *Evolve*, and DLC done right, *Borderlands 2*.

3.3.5 Example with *Evolve*

Evolve is a cooperative shooter where players are pitched against each other in a form of 2 teams in a form of battle between 4 Hunters and a Monster. There is no campaign or any solo content of any kind present in the game, as instead the game fully focuses on multiplayer aspect.

There are 4 different Hunter classes in the base game. Each class has access to a specific set of weapons, which player unlocks by playing the game. Player can unlock additional hunters for specific class by purchasing them through the in-game store. The objective of Hunters is to search and destroy the Monster.

There are 3 different Monsters in the base game, with additional monsters to come through DLCs. Each Monster possesses a unique set of abilities in order to evade, track and kill wildlife and the enemy team. The objective of a Monster is to hunt wildlife, consume, evolve, and kill hunters.

Apart from the base game, which costs 49.99 € if a player purchases it within EU region, the game also offers Digital Deluxe edition for 64.99 € and PC Master Race edition for 79.99 €. Tassi (2015) states that there are 20 different DLCs offered in the game but there is hardly anyone who purchased all of them.

According to Tassi (2015), the game feels like a missed opportunity. While certain maps and locations lack diversity, the game genre is definitely something new, fresh and appealing to the core gamers. According to Ryan, one of the staff members, "I think it's a one-of-a-kind experience that has thrilled me unlike any game I've played within the last five or so years" (Gamegrin, 2015). Overall, it is safe to assume that the concept of the game is certainly something new, fresh, and bold. The game certainly has respect from players all around the world.

Tassi (2015) expresses concern that the game may not be worth it. The entire game is based on multiplayer and according to the author, there simply isn't enough content to justify the price of 60 dollars (49.99 €) for a copy, on top of the fact that the game does not have any offline or solo content.

Tassi (2015) writes that the game would feel much more natural, if it incorporated a Free-to-Play model instead, as the sheer amount of DLCs, aside from base game, Season Pass, and microtransactions, makes people question, where is the value in product?

3.3.6 Example with Borderlands 2

Borderlands 2 is an action first person shooter. The game takes place on a planet Pandora, where player must fight through the waves of monsters and enemies, to stop the villain, Handsome Jack.

The base game, at the moment of release, cost 49.99 € and had no DLCs initially available upon release. Upon purchase, the player gets 4 vault hunters to choose from.

The objective of the game is rather simple. Shoot, collect loot, proceed with the story. Players are able to complete the game in a cooperative mode, up to 4 participants in 1 game session.

"The first downloadable add-on for Borderlands 2, Captain Scarlett and her Pirate's Booty, is a categorical example of downloadable content done right" (Cullinane, 2012). In the article *Shiver me timbers, DLC done right*, Cullinane (2012) points out that the DLC to the game was released in concern of development of Borderlands 2, but it offers more content to the player than any other single player games alone.

In the article, the author proceeds to give a detailed view of what a player can expect from the DLC. Player gets a new set of weapons, redesigned enemies to keep with the Pirate theme of the DLC, new in-game mechanics, and much more. The player gets an entirely new game for the price of 9.99 €.

4 RESEARCH METHODS

In this paper, a qualitative research method is used because the focus of this study is proof the presumed theory, which requires a strong and broad understanding of the underlying topic in order to find a solution. The data in this thesis is qualitative by nature, however a quantitative approach has been used to collect opinions of the core gamers through the interview to support the theory.

Interviews were conducted in order to support earlier findings and improve the reliability of the information presented in the online articles. A total of nine people were questioned. Ideally, a person, participating in the interview, should be a gamer who is directly affected by the monetization systems.

This study uses deductive approach and presumes a theory of gaming companies abusing monetization models in order to gain more revenue out of confused customers, instead of implementing different systems where it makes sense, to provide additional value to the customer.

First, the data collected from online articles is analyzed to identify the issues with same systems implemented in different cases. Second, the data from interviews is analyzed to collect to overall opinion of core gamers about the current monetization systems. Third, confirm the theory and develop a solution on how the situation can be improved.

5 ANALYSIS

5.1 Collected data

In this study, two business model combinations are covered, Free-to-Play games with In-App-Purchases and games where DLCs were used. In each combination, successful and unsuccessful implementation are introduced.

In the case A, the game Dungeon Keeper represents an example of IAP gone wrong. Hearthstone represents IAP done right.

In the case B, the game Evolve represents DLC model done wrong and Borderlands 2 represents DLC model done right.

To support the theory, a total of nine core gamers were interviewed. Interviewees were asked 3 leading questions in order to analyze the reaction to each business model in use:

- Have you ever felt like the game is limiting your actions by "forcing" you to spend money to achieve certain goal faster? Why yes or Why not?
- Do you think DLC is valid way to provide extra content and additional features in the already made product?
- Do you feel like F2P model in games feels too punishing if you are not spending any money?

Interviews were conducted online using Google Forms to reach each core gamer regardless of the location.

5.1.1 Case A

In this case, Dungeon Keeper represents system done wrong and Hearthstone represent system done right.

Dungeon Keeper

Dungeon Keeper, as any F2P game, is available to anyone to download and play. The game offers player to purchase in-game currency, gems, for real money as a

form of IAP. The game offers 6 different gem packs. The game for EU shows the price in pounds.

- 500 gems - 2,99£
- 900 gems – 5,49£
- 1,200 gems – 6,99£
- 1,399 gems – 13,99£ advertised as Most Popular
- 6,500 gems – 34,99£
- 14,000 gems – 69,99£ advertised as Best Value

The gems that player spends are non-refundable, meaning that as soon as the player spends gems, they are gone.

As mentioned in the chapter 3.3.2 of this thesis, to dig the hardest piece of land, it would take player 24 hours in real time and an available miner to dig a piece of land. Alternatively, player can rush the order by spending gems. To rush the order, player must spend, roughly, 250 gems.

One of the many objectives of the game is to dig through underground, player uses minions to dig tiles, and build structures from the dug tiles. There is no limit on rush orders and the player can rush the digging for any number of times, as long as there is enough gems to cover the rush order.

On top of that, the game offers various boosts which player can also purchase for gems.

While player has a possibility to gather gems from dug tiles, the amount of gems recovered through the process is not enough to purchase anything, and it would require multiple tiles to dig in order to retrieve sufficient amount of gems for the next rush order or boost.

Apart from dungeon construction, game offers battles with other players through multiplayer, but that is the end of it. So, between periods of waiting, player has only one thing left to do, to fight. However, it takes time to assemble the army before a player can raid another player's dungeon. Depending on creatures, player wishes to train, the wait time ranges from few minutes to half an hour or more.

The player is limited in actions by the waiting times. Every bit of content is locked behind the time limit, which in order to bypass, a player needs to spend real money. More importantly, the gems that the player gets are not permanent, meaning that as soon as the player spends them on temporary boosts or rush orders, they are gone.

However, despite all of that, the biggest concern is the pricing model in this game. It takes roughly 1.5£ to rush one tile order. The game advertises 14,000 gems for 70£ as the best value. This gem pack would allow player to rush

$14,000 \text{ gems} / 250 \text{ gems/tile} = 56 \text{ tiles.}$

Granting that game has nearly twice as many tiles, not taking into account temporary boosts player can also purchase for gems, it would take player 140£ pounds alone to unlock the entire dungeon for construction purposes. That translates into roughly

$56 \text{ tiles} * 24\text{h/tile} = 1344 \text{ hours}$ or simply put 1 day per 1 tile to dig all tiles, if player wishes to dig a tile with the hardest rock structure, using 1 minion to mine.

The player simply does not see the value in this, because apart from tiles that player needs to dig, there are buildings to be constructed, armies to be trained, boosts to be purchased in order to gain advantage over opponents and for those a player will need additional gems, on top of 140£ needed to unlock, potentially, all tiles.

Hearthstone

Hearthstone uses 2 methods to purchase value, either with in-game gold earned through playing the game and completing daily quests or real money. Hearthstone main IAP is card packs. The game offers

- 1 – 50 packs for 100g per pack.
- 2 packs – 2,69€
- 7 packs – 8,99€
- 15 packs – 17,99€
- 40 packs – 44,99€

- 60 packs – 62,99€ (only available on desktop client, due to Google Play Store and Apple Store pricing regulations)

Hearthstone also offers Adventure expansion which player can purchased for a set price for real money or for gold, set by Blizzard during the release.

Player has access to Arenas, which player can buy for 150 gold or 1.79€. The player creates a deck out of random cards, then player is pitched against other players with random created decks. Arena run ends when player reaches 12 wins or 3 loses, after which, depending on the amount of won matches, player gets a reward in a form of guaranteed Card Pack and random in-game items, such as gold, dust (which is used to craft cards player need), additional card pack, and specific cards.

Hearthstone's only limitation is the amount of gold earned through matches. Every 3 wins, player gets 10 gold. Maximum daily amount of gold earned by winning through matches is 100 gold. It would take player 30 won matches to hit the limit cap of 100 gold, after which the player will not receive any additional gold each 3 won matches same day. At the end of the day the limit resets. Player can also earn gold by completing quests, gold from which does not count towards 100 daily gold limit.

All cards that player gets through any of these methods are permanent. Player is free to use them in any number of decks. There is also a chance of getting a golden card that has a fancy animation, simply serving as a vanity item.

Hearthstone has a crafting system. Player uses dust to craft cards. Dust can be obtained by disenchanting cards or getting a random amount of dust from arena caches. The amount of dust player gains by disenchanting a card depends on the rarity of the card.

Table 1. Disenchanted values for various cards (**not sourced because the author created it**)

Rarity	Crafting		Disenchanted	
	Cost	Golden	Reward	Golden
Common (White)	40	400	5	50
Rare (Blue)	100	800	20	100
Epic (Purple)	400	1600	100	400
Legendary (Orange)	1600	3200	400	1600

5.1.2 Case B

The price for Evolve base game is 49.99€. The game offers different editions of the game, which are

- Evolve Digital Deluxe Edition 64.99€, which includes base game and Hunting Season pass.
- Evolve PC Master Race 79.99€, which includes base game, Hunting Season pass, fifth playable monster, two additional hunters, and four monster skins.

The game also has special offer for the Xbox player, but in the scope of this thesis is not relevant to the subject, thus this offer is not included into the list.

Day One DLC was offered to players which introduced various cosmetic items during the launch.

The game offers Hunting Season Pass, a form of DLC, which player can purchase separately or through Master race or Digital Deluxe editions.

The base game has 12 hunters and 3 monsters. All maps are available to all players regardless of the game edition bought. Every game mode is available after purchase with no additional cost.

Evolve sells 1 monster for 14.99€ and 4 hunters for 7.49€ each, not included into the base game.

The Hunting Season Pass has 4 hunters and 3 monster skins for 19.99€, which player has to buy separately with the base game.

The game contains a variety of Cosmetic DLCs, ranging from 4.99€ - 6.99€, purchased separately regardless of the edition bought.

There are no restrictions on the gameplay. Evolve doesn't offer any DLCs that would grant player an advantage over other players.

Borderlands 2

Borderlands 2 is quite an old game and the price for the base game has dropped significantly over the years. In this study, the original price during the release will be used which is 49.99€ in order to compare the game to Evolve with its initial price points in the fair manner.

The game offers Season Pass for the price of 29.99€. The pass includes all 4 planned major DLCs, which introduce new skills, increased level limit, locations, monsters, and weapons to toy with. DLCs included into the Pass can be purchased separately at 9.99€ per DLC.

The game has loads of style packs to customize character's look & feel for 0.99€ per cosmetic DLC.

Game also offers DLCs that do not bring any enhancements into the game. They simply serve as a mean to provide additional content to play, as a side content.

5.1.3 Interviews

Have you ever felt like the game is limiting your actions by "forcing" you to spend money to achieve certain goal faster? Why yes or Why not?

1. Interviewee is concerned that “freemium” or “pay-to-win”, which stands for free game with in-app-purchases, have a tendency of being unfair unless said in-app-purchases have been made to progress further.
2. Interviewee expressed a concern that mostly tablet games or games made by the EA Company are limiting the gameplay, while other computer and console games only introduced cosmetics which didn't have an impact on the actual Value.
3. Interviewee claims that the in-game progress feels unreasonably slow unless he pays for it. He gives the game Clash of Clans, made by Supercell, as an example of slow progression.
4. Interviewee number four gives a more detailed concern about the current status of the DLC model. He expressed concern that “Day-Zero DLC” leaves the feeling of unfinished, cut down product, making him feel that he only purchased part of the game. Interviewee suggests that it has been done to increase initial sales only, for the in-game goods player could have had from the beginning.
5. Interviewee expressed neutral feelings about current systems. While he states that games do indeed ask players to purchase additional in-game services, he has not been affected by it and continued to ignore said “attempts” of games.
6. Interviewee feels that it is impossible to continue playing certain games without paying additional money.
7. Interviewee has the same feeling as interviewee number six.
8. Interviewee states the same issue of progression feeling slow when not purchasing in-game items which lead to two possible scenarios. Accept the slow play or delete the game. Interviewee does not feel the necessity of purchasing in-game goods and as the result, he is punished for it.
9. Interviewee feels that current games do not limit the end user in any way.

A preliminary conclusion can be drawn from here that 8 out of 9 users feel limited in their actions when they purchase the game, especially on mobile devices.

Do you think DLC is valid way to provide extra content and additional features in the already made product?

1. The person has not provided any input, as he is not aware of the DLC concept.
2. The person suggests that it greatly depends on the situation, if DLC is used to expand content inside the game or it is something that should have been at the start.
3. The person shares the opinion with the interviewee number 2. He thinks it's a valid way, in some cases, to provide additional content in the form of DLC, but a lot of games use DLC as a method of locking content. The person brings as an example the game Evolve, made by EA, as an example of DLC content lock.

Another issue that the person identifies is the Season Pass and Pre-order bonuses which are another form of DLC. The person suggests that Season Pass is used to ensure that gamers, who are not willing to purchase all DLCs separately as soon as they become available, would get them if they purchase all, even unreleased and unplanned, DLCs in the future.

4. The person states that DLC is a welcome addition to the games, it is the business model that is crooked by companies which creates the feeling of unfinished product.
5. The person suggests that DLCs can be implemented in the game as an extra content, but the main game should be playable without them, and must not affect the actual gameplay.
6. The person has no provided any input, as she is not aware of the DLC concept.
7. The person feels that DLCs are minor additions to the game compared to expansion packs and they are just an easy way of making money of the same game.

8. The person claims that he is able to get enough from the game, without purchasing any DLCs. However, before purchasing the game, the person read the reviews online and if a lot of negative feedback is published about DLCs, accompanying the game, the person does not buy the game.

9. While the person suggests that DLC is a valid way to provide additional content, he states that there are cases where it has been used as a profit generator.

Do you feel like F2P model in games feels too punishing if you are not spending any money or it is a great way to enjoy a free game because there are in-game options to achieve certain goals?

1. The person considers IAP "cheats", as a way to bypass an in-game progression.

2. The person states that as long as the F2P game does not turn into a Pay-to-Win, he is fine with the F2P business model in games.

3. The person shares similar thoughts with the interviewee number 2. The person also brings examples of successful implementation of F2P concept in games such as League of Legends. He states that the progress in those games, such as collecting characters, feels easy and quite realistic to complete without the need of IAP.

4. The person suggests that microtransactions in the games are fine, as long as they make sense and do not ruin the competitive nature of the game or services that they offer are purely of a cosmetic value.

5. The person agrees that F2P model is a perfect way to play for free.

6. The person abstained from giving any feedback she was not aware of the F2P concept.

7. The person suggests that F2P concept might be a future of the gaming industry. Companies are able to make profit out of it, while not crippling the value for the customer, by following the steps of the RIOT, company behind League of Legends, the person claims.

8. The person states that he regularly plays F2P games, but should game enforce IAP on him, he immediately switches it to another game.

9. The person finds F2P games rather fun, as long as they do not turn into Pay-to-Win.

5.2 Analysis of the data

Using reviewed articles earlier, the data from the articles is carefully analyzed to list key points of success and failure of each monetization system case implementation, answering following questions:

- Is there something wrong with current monetization systems?
- Why value suffers in current monetization systems?
- What could be done?

The data from the interviews is used to support earlier findings in order to improve reliability of the information.

5.2.1 Case A Analysis

What went wrong with the monetization system in Dungeon Keeper?

In the case of Dungeon Keeper, the pricing model as well as limitations placed on the gameplay itself were the demise of the game.

While the game was free-to-play, past the tutorial the player would have to wait to progress further in order to be competitive at the game, since the main objective is to build the dungeon and conquer other dungeons.

The value that the customer gets through buying gems is not permanent, apart from tiles that the player digs. The player does not understand or see the value in the gems that player purchases since there is no real attachment of the real currency to digital in a form of content. The only way player can evaluate the value of gems is by attaching it to the tile rush orders which is the permanent value that player gets, which as mentioned in the chapter 5.1.1 of this thesis is 1,5£ per tile. Granting that this is the price player pays for the digital service, it

may be considered as too much because to unlock all tiles, it would require play nearly 140£ to just have access to the entire underground.

Another point that could contribute to the system's fail is in-game currency generation. Player had no way of reliably getting, using in-game methods, gems through tile digging in order to progress the game at a normal or acceptable pace. Moreover, boosts introduced into the game gave player, who purchased them, an in-game advantage during raids on other player's dungeon who didn't, which created an unfair game positions, since the play who didn't purchase boosts was punished for not doing so.

As mentioned in the chapter 3.3.2 of this thesis, eventually the game's progression is so slow that unless player purchases tile rush orders and boosts, it renders the game unplayable, thus losing the value to the customer because the main purpose of the game is to provide entertainment to the person playing the game (Forey, 2013).

In this scenario, the player did not see the value or need to purchase additional value because the game was locked behind all the payments that player must complete in order to start enjoying in-game content.

What went right with the monetization system in Hearthstone?

One of the main advantages that Hearthstone has over other F2P games is permanent value. Player can purchase card packs for various prices, see the pricing model in chapter 5.1.1 of this thesis, however cards that player purchases are permanent. Player can use cards retrieved through packs in as many decks as player desires.

There are no restrictions on the gameplay, player doesn't need to wait more than a few seconds for the match to start. Player can participate in any number of matches, without any limit on the amount played.

However, the biggest issue that Hearthstone addresses over other F2P games is balance. All cards from card packs, purchased with gold or real life currency, are of a random value. The only guarantee that the player gets from the system is that 1 card pack will contain at least 1 card of a rare quality. To put things in

perspective, player A purchases 2 card packs for real money for 2,69€, where player B purchases 2 card packs for in-game gold for 200 gold. Player A opens 2 packs and gets the following content.

- 2 Cards of Rare quality (guaranteed by the system)
- 8 cards of common quality (lowest quality)

Player B gets

- 1 Legendary card (random card)
- 2 Cards of Rare quality (guaranteed by the system)
- 7 Cards of Common quality (lowest quality).

Player's A pack is less valuable than Player's B pack, despite the fact that Player A purchased packs for real money and Player B purchased packs for gold. The random nature of the cards received from the pack makes everybody equal. The only determining fact is luck.

Player also has ways to purchase at least 1 card pack a day by just playing the game. As mentioned before, there are no restrictions on the game, player can play for as much and as long as player wants.

To summarize, the main issues that Hearthstone addressed are:

- Availability of the gameplay
- Equal grounds for all players
- In-game ways to purchase extra content in form of cards, arenas, and adventures.

These 3 points contributed to the success of the Hearthstone as a Free-to-Play game, as the content is easily achievable through in-game methods.

5.2.2 Case B Analysis

What went wrong with the monetization system in Evolve?

Evolve is a game that swarmed with the options before the launch. Apart from the base game itself, a player could choose from variety of options, perhaps too many. Currently there are 3 different editions of game to choose from for PC version of Evolve. During the launch Evolve offered additional bonuses, on top of advertised editions, covered earlier in this study:

- Monster Race Edition which would give player 2 additional monsters
- Various pre-order bonuses, depending on region and whether player purchased a digital copy or physical box from the retail shop.

At the launch, Evolve offered 5 different editions to choose from. Players always seek value in products and services, as any consumers, so the main question that was racing through people's minds was, do I need it? This can be considered more of a PR problem, but, inevitably, the DLC system took the blame for it, as company bombarded players with choice.

The pricing model also contributed to the game's overall experience. The base game for 49.99€ offers 4 hunters, 3 monsters, all maps available, and multiplayer mode only. To unlock all hunters, a player must either purchase each one separately for 7.49€ in total 29.96€ or buy Hunting Season Pass for 19.99€. On top of that, the game also offers additional monster for 14.99€. To purchase all 4 hunters and a monster, without buying Hunting Season Pass, a player must spend 44.95€ on top of 49.99€ paid for the game. It is safe to assume that the pricing model is rather harsh, because purchasing all DLCs, which are not meant for cosmetic purposes, cost nearly the same amount as the base game, yet the amount of value player gets from said DLCs is much less.

What went right with the monetization system in Borderlands 2?

Borderlands 2, at the beginning, offered a base game for the price of 49.99€. Upon purchase, player gets 4 playable characters to choose from, 30+hours of gameplay, access to every aspect of the game for no additional price.

The game also offered Season Pass which would give access to the next 4 major DLCs described in the Season Pass description. Company explicitly stated these are the only major content patches and if player were to purchase Season Pass it

would guarantee access to them as soon as they become available. The price for the season pass is 29.99€, with a possibility of purchasing each major DLC individually for the price of 9.99€ per DLC.

What went right, in this case, is the amount of value player got from purchasing said DLCs. 9,99€ for new weapons, locations, quests, features would provide enough additional content for few hours, as well as help the company to provide updates to an existing game. If a player were to purchase each DLC separately, it would cost 39.96€ however for that price, player would get loads of content to play as if it were a totally new game.

So what went right is the actual content distribution. DLCs were not enforced upon the player, by not purchasing them, the base content of the game wasn't crippled in any way as the player did not need to make any additional purchases to get something from the base game and the value from the DLCs was nearly equal to the value of the base game.

5.2.3 Interviews Analysis

Have you ever felt like the game is limiting your actions by "forcing" you to spend money to achieve certain goal faster? Why yes or Why not?

Out of 9 participants only 1 participant did not feel that games forced him to spend money. The main concern interviewees expressed is in regards to F2P system being Pay-to-Win. This proves the point in the chapter 5.2.1 with Dungeon Keeper case where system feels like Pay-to-Win due to micro transactions focusing on rushing the game progression.

Do you think DLC is valid way to provide extra content and additional features in the already made product?

Interviewees mostly welcomed DLC as a way to provide extra content and that also can be seen from the example of Borderlands 2 game. However, few interviewees pointed out that certain games are using this concept to lock the content behind, like the game Evolve, where overall feeling was, is it worth it?

Do you feel like F2P model in games feels too punishing if you are not spending any money or it is a great way to enjoy a free game because there are in-game options to achieve certain goals?

The same answers as with DLC model were concluded. Nearly all interviewees consider F2P as a viable model to monetize games, as long as the game itself does not turn into a Pay-to-Win. One of the interviewee went as far as claiming that F2P is a future of the game industry and he may not be wrong, but this is not the scope of the thesis to cover this subject.

CONCLUSION

Is there something wrong with current monetization systems?

The information gathered from articles coincides with the personal findings and interviews collected there is nothing wrong with the current monetization systems. They serve the purpose they are designed to do. In a case of DLC, system provides additional content to an existing game. F2P with IAP offers players free game that allows player to support the game development by purchasing in-game services which they are interested in.

In case of Dungeon Keeper, the pricing model and the way company decided to monetize the game affected the value. ~~Player could~~ enjoy the content because the game would constantly engage and promote player to in-game currency in order to enjoy the game, due to the slow progression. In the case of Hearthstone, the content ~~wasn't~~ **was not** locked. Players can play the game for as long as they want and that is exactly the point of F2P concept, that Dungeon Keeper otherwise missed.

Information collected from the interviews supports the theory. Core gamers do not see anything wrong with systems existing in various games, problem lies within the implementation of said systems. According to Forey (2013), the game should serve its purpose and it is to provide entertainment, which in the case of Dungeon Keeper it did not.

The game Evolve, on the other hand, was and still is very interesting to players, but yet again, the pricing model feels out of hand. With the game concept being awfully similar to League of Legends:

- Both games are multiplayer only
- Both games offer playable characters for purchase
- Both games offer cosmetic items

The only difference being that Evolve must be purchased and League of Legends is a F2P game.

With merit of cosmetics, Evolve feels like a missed F2P opportunity. Players do not see the value in the game with the DLC model being used as it felt like the content is locked behind the DLC wall. The player already must purchase the game itself for 49.99€, which raises the question, why he should spend more? Moreover, lack of explanation why the game content is worth so much contributed to the overall mixed feelings about the game.

In the case of Borderlands 2, DLC model actually made sense. The game offers base game with loads of content to play. There is nothing locked in the base game that would otherwise require players to own DLC to access it, and all DLCs serve their purpose. Provide continuous content to an existing game.

Why value suffers in current monetization systems?

The implementation, improperly placed systems in different games, wrongly calculated pricing model, and overall PR miscommunication contribute to the loss of value. The actual systems are valid methods of monetization according to various articles and personal analysis of the cases. Furthermore, interviews gathered from core gamers show that players prove that current monetization systems are perfectly viable, in fact, some players claim that models like F2P are the future of the gaming industry. Common and main concern expressed by nearly all interviewees is the implementation of the system, where it is used to either gain in-game advantage over players, case of Dungeon Keeper, or lock an existing content behind DLCs, case of Evolve.

What could be done?

As a consumer, when a player purchases a game or completes an in-game transaction, he supports gaming companies that way. While there are games that certainly are worth spending money on, as long as they do what they were intended to do, provide entertainment, there are cases where companies make games just for the sake of revenue. As a consumer, players have way of telling that what companies do is wrong. Simply put, players need to stop making any purchases within games they do not find entertaining to play, as the main reason why such games as Dungeon Keeper exist is that there are people who spend money and support these gaming companies, thinking that this is OK.

The faster the majority of players realize that this is not OK and that companies are just scamming people to get their revenue, the faster industry will shift focus towards creating more content worth spending money on.

Limitations, reliability, validity, and generalizability

The perception of monetization systems comes from consumer point of view only. Additional interviews from various gaming companies would have provided a more accurate information on how games are actually developed.

The information in this study may not be entirely reliable, as the entire thesis is based on overall response on current systems from the internet articles.

6 DISCUSSION

Overall, responses from the interviews and analysis of each case combination coincide with the information gathered from online articles regarding different monetization systems.

The key problem that was identified in all monetization systems is poor implementation by companies. Regardless of the system introduced in games, poorly priced or wrongly implemented monetization model served as a main reason for value loss in various games where successful implementations helped companies provide more content to players in the games they enjoy playing.

This study is very important as it covers a major issue in today's world, consumer rights. People do not like to be scammed and expect the product that they buy provide the value that its worth. It is no different for digital services. People must be aware when the product they buying from in a digital form is not worth the value it provides.

For future research on this study, a business side could be analyzed in a greater detail. This study only covers points concerning consumer point of view and does not cover business point of view.

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