



AN INVESTIGATION AND EVALUATION OF MICROTRANSACTIONS BOTH FROM A COMMERCIAL AND A PSYCHOLOGICAL VIEW

A research proposal for Level 6 Individual Project

Abstract

Whether it is buying a brand new skin for an in-game cosmetic or a life in-game so the player can carry on playing, Micro-transactions play an important role in making sure a company receives financial income from a game that they have released.

This research proposal will detail what is a Micro-transaction and how they are used in the gaming industry, looking at the psychological thinking of customers/players when they are going to engage with real life money in an online virtual world.

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Introduction



Figure 1 Micro transactions on the Steam Store

Micro transactions were originally used on the Apple and Google play stores to allow players to buy lives to be able to complete a level or to buy extra power ups that would give the player the upper hand in the game. Micro transactions have rapidly expanded onto the AAA Games market and has only recently been deployed into Indie Games that allows developers to release games for free and then make revenue of the game by selling additional content. This is what the industry call a “Freemium / Pay-to-win game” where players are

paying for in-game items that either give the characters the advantage over other players which cannot be unlocked or gained by grinding the game or by free means. The Micro transaction business model is built on giving consumers a free game which they can play for hundreds of hours to unlock and try to beat their counter-parts or they can spend real life money to gain an advantage in a virtual world. Micro transactions are provided via a custom online store that is designed in a way to market the “best featured” items in the game that gives the player the best advantage over other players and these items are normally on sale so the developer generates a lot of revenue on that item, However the custom store will also display the in-game items that won’t give the player a great advantage over other players but will contribute to the game one way or another. Items bought through micro transactions will either be delivered to the account virtually in-game or an email will be sent containing a code to redeem in-game which will then unlock that item. Some companies such as Valve have an online distribution platform called “Steam” which takes 30% of any purchase made on their distribution platform, that’s every sale from an AAA Game, Indie Game, Marketplace Sale or direct Micro transactions sold in-games, not only is it just Valve who take a 30% commission from any sale, Google who own the “Google Store” and Apple who own the “App Store” also take a 30% commission from any sale made on their distribution platforms.

The nature of this research project will be looking at 3 different case studies that will cover mobile games, AAA games and online distribution stores that give players access to games instantly. Furthermore, it will also be looking at the “Value for Money” for the consumer and the “Consumption of Goods” because in reality, is it actually improving the players experience or is it restraining the player to buy products to beat their friends at a game.

Background

The computer games industry over the last decade has under-gone substantial changes to how it delivers us digital content. Consumers used to have to go and buy a game from a local retailer and it would only be a single player game with no interaction with anyone because of the lack of internet capabilities. However, in this current generation of games there is some sort of social interaction with other players and the need to be the best at the game whether it be farming for items to get good items to beat friends or family members or to buy upgrades using “Micro transactions”. Gamers will buy cosmetic items to show off to other players which adds a some -what competitive element of “Look at me, I’m wearing better cosmetic items” or because the gamer wants to invest not only time into the game, but also their money to show appreciation to the developer because

most games currently on digital marketplaces / distribution stores are “Free 2 Play” the only way the developer gets any money is through Micro transactions and we know automatically the distributor will take a 30% take cut on any purchases made on the store.

There are multiple forms of Micro transactions in the games industry and it can come from a number of different methodologies. For example, World of Warcraft has a “Subscription Model” which is where the player pays for the game on a monthly basis in order to play the game, if they do not renew their subscription their right to play the game is revoked. On the other hand, there is a monetization method called “Indirect



Figure 2 Ad displaying after player goes to the main menu

Monetization” where a developer releases their game for free and extracts revenue that does not come from the players directly, a common example of “Indirect Monetization” is where players are playing a game and advertisements pop up mid-game and the player is forced to watch the ad for 30 seconds, the developer is getting money from you watching this.

Aims

- 1) The first aim of the research project is to extend and exhibit further knowledge to publishers and game developers alike regarding other models of monetization that can be used in the Games Industry.
- 2) The second aim of the research project is to conduct three case studies that encompass;
 - a. Mobile Games (As a form of digital media that utilizes micro-transactions and other methodologies)
 - b. Valve (As a digital distribution platform)
 - c. Grand Theft Auto 5 (As a game that trades real life money for virtual money—Is the “Value for money” and “Consumption of Goods” worth it)

Objectives

- 1) Conduct a literature review on Micro transactions and the monetization models that already exist and support the video games industry.
- 2) Conduct a survey of at least 100 gamers across all platforms asking about why they spend money on games – is it to further enhance the experience or is it to be better than everyone else? Is there an addiction in buying Micro transactions? Are we subconsciously making decisions in our mind that “we are going to buy this item whatever the price”?
- 3) Research 1-2 mobile games that have used the Micro transaction business model correctly that works for the player and the company. *(The survey will link to this Objective)*
- 4) Research Valve’s “Steam” distribution platform that generates millions of dollars a day from player-player trading and the selling of games and applications on the “Steam Market”

- 5) Research Rockstar Games’ Grand Theft Auto 5 Micro transaction economy. The game trades real life currency into virtual currency to buy apartments, ships and new cars. *(The survey will link to this Objective)*

Methodologies

Qualitative Research Method

The researcher will be using the Quantitative Research method to explore books, journals, papers, thesis, peer reviewed work and other literature documents to uncover the thoughts and opinions of other researchers that will allow the researcher to dive deeper into the hypothesis of Micro transactions and their “Value for Money” in the virtual world. The researcher will be using Bournemouth University’s library to locate literature and will be using other online resources to find more literature reviews, typically from the AEM digital library and the IEEE electronic library.

Quantitative Research Method

The researcher will also be using Quantitative Research techniques to gather data to understand what players and gamers feel in comparison to what the literature reviews show. The researcher will be conducting a survey that will be posted on online gaming forums that target players on mobile devices, AAA game forums and also the Steam discussions page for players to fill out which will assist in data collection and to uncover patterns in why people pay for cosmetically items in game (or any item) and will also be conducting face to face interviews to see first-hand people’s addictions in micro-transactions.

These observations made through the qualitative research and quantitative research will allow the researcher to discuss, evaluate and conclude the project thoroughly by taking into account the findings of other researchers looking into the Micro transaction and their growth within the games industry. The three case studies of Mobile Games, Valve (Steam) and Grand Theft Auto 5 that use some sort of micro transaction business model that generates revenue for the company and the researchers own surveys and face to face interviews that will provide data that will either support or contradict the findings made in the project.

Planning

Tasks	Week Number / Beginning																												
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	
	31/10/2016	07/11/2016	14/11/2016	21/11/2016	28/11/2016	05/12/2016	12/12/2016	19/12/2016	26/12/2016	02/01/2017	09/01/2017	16/01/2017	23/01/2017	30/01/2017	06/02/2017	13/02/2017	20/02/2017	27/02/2017	06/03/2017	13/03/2017	20/03/2017	27/03/2017	03/04/2017	10/04/2017	17/04/2017	24/04/2017	01/05/2017	08/05/2017	
1 Weekly Supervisor Meetings	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	
2 Full Project Proposal	X																												
3 Ethics and Risk completion				X																									
4 Literature Review			X	X	X				X	X									X	X									
5 Progress Presentation							X										X												
6 Case Study: Mobile Games						X	X	X																					
7 Case Study: Valve / Steam									X	X	X																		
8 Case Study: R* GTA 5												X	X	X															
9 Survey Posting & Data Collection								X	X	X	X	X	X	X	X														
10 Face to Face Interviews																	X	X	X										
12 Dissertation Writing																					X	X	X	X	X	X			
13 Review of Dissertation + Polishing																											X	X	X
14 Finalise and Print																											X	X	X

Ensuing that the research proposal is approved and the supervisors are happy, a critical literature review will be organised promptly to gather important data and information that will be relayed in the first progress presentation which will allow me to get feedback to make sure that I am heading in the right direction of research and if anything needs to be changed, I can do that promptly without delay to make sure that I am reaching my objectives to achieve my aims. I will be requesting bi-weekly meetings with my supervisor(s) if they are available to review my work and to also get their opinions on what I have found and researched. I hope to have the literature review completed by mid-December as this will give me time to sit down and critically review and analyse the case studies which should be completed by the end of January. After this, I should then be able to concentrate on the direct data collection of surveys and face to face interviews which can then be written up, discussed, evaluated and concluded. If everything has gone to plan, the dissertation write up should be finished just in time for submission to the conference, if not, it will give me plenty of time to polish the dissertation up.

References

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