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# IMPORTANCE OF MICRO-TRANSACTIONS IN FREE-TO-PLAY GAMES

DETERMINE HOW MICRO-TRANSACTION ALTERS THE PRESENCE OF APPEAL FOR THE GAME

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## Introduction

The gaming industry is an enormous market as millions of people consume games daily on all-different kinds of platforms, generating a substantial amount of money for businesses. Micro-transactions are one of the main sources of cashflow in games and its looked very down upon by consumers as well as the society due to many controversial scandals and laws surrounding the topic. Micro-transactions have increased in popularity as it's featured in many world-renowned titles and free-to-play games to date regularly. During the Covid-19 lockdown, 47% of gamers expenditure has increased during the pandemic, 16% being doubled and 11% being tripled. (WePc, 2020)

Modern games are becoming more F2P (free-to-play) as the traditional business model of paying for games are slowly fading. Charging consumers, a box standard rate of £50-60 for games are fading away as more and more games adopt the style of F2P (free-to-play). As a result, micro-transactions have become the heart of income for game businesses by offering players exclusive contents such as cosmetics items or dlcs (downloadable content). CS:GO(counterstrike-global offensive) recently transitioned from being purchased at £11.99 to now being free for everyone to play. Although adding micro-transactions leaves many people having a negative view resulting in popularity decline. CS:GO has not only managed to stop the popularity from declining, yet it has managed to increase their popularity substantially, reaching one million concurrent player to maintain/fight against other popular games. I will be evaluating whether micro-transaction influences the appeal for games. (SteamCharts, 2022)

For the project I will be developing a game which will mimic micro-transactions within the game by allowing the player to change character's looks. This will aid me on my research as player's playtime can be monitored to see if they'd spend more time on the game when given the option to change cosmetics within the game.

## Research Question

Importance of micro-transactions in free-to-play games

## Aims and objectives

### Aims

The aim of this project is to develop a game and evaluate the use of micro-transactions/cosmetics to see if it makes the game more appealing to consumers.

### Objectives

- Investigate publications made in similar/same area
- Collect data about micro-transactions
- Build a prototype of the game
- Develop a game with C++ that'll feature cosmetic items
- Asses the users review after playing the game

## Literature Review

Previously, when the Internet was just starting out, gamers had to resort to arcade machines to play games. Although they did not feature micro-transactions to alter the player's appearance, some games like Metal Slug would allow players to purchase extra lives by inserting coins in the machines. This could be viewed as micro-transactions as the consumer is paying to receive in-game benefits that will ultimately aid the player to unlock the next level of the map. As stated in the journal: "Could be comparable to a feature in some modern mobile and social games, where you have limited actions you can perform in the game, and if you want to refill your actions, you have to use or purchase an in-game item that will allow you to do so" (Kokkonen, 2014)

Micro-transactions have changed throughout history as before it'd explicitly required money to play since it's an arcade machine. In modern times games are turning into free-to-play, resulting in the consumer to pay nothing at all in-order to play the game. However, the money does go into the game later down the line in form of dlcs (downloadable contents) and in-game cosmetic items depending on the genre of the game. Clash of Clans is one of many mobile games to include micro-transactions that consumers can spend real money to speed up their gameplay. This allows the player to avoid tedious tasks allowing them to spend their resources elsewhere to upgrade their base.

(Kokkonen, 2014) states: "The design could be hyperbolically summarized as making the player play the game as little as possible and favour the made-up benefits that save them time in real life"

"Pay-to-win games that create extreme imbalance over a time via microtransactions are boycotted by a large number of players. Sense of justice and fairness takes a high place in the gamers' code of conduct, so these players tend to move to other games that are close substitutes." (Nenad, 2017)

Pay-to-win games are starting to become less appealing for consumers as they don't find enjoyment playing the game as some games forces you to pay for premium items to get an advantage over other players. Games are slowly progressively straying away from pay-to-win mechanic and relying more on cosmetic changes as consumers are more into PvP (player versus player), thus making the game competitive. As a result, we are more inclined to see cosmetic items that doesn't influence nor impact the gameplay. "Careful attention must be paid while designing microtransaction-equipped games to what the game offers, as the items you can acquire with microtransactions have to be tempting enough and make a big enough impact to the gameplay experience for it to be worth the price, but at the same time has to be bound by the game balance in order for it not to trivialize the game content, causing the player to get bored of the game and stop playing and spending more money on the game." (Kokkonen, 2014)

"For the first time in series history, [CS:GO] weapon skins provided a means for players to individualize themselves beyond just their control mannerisms. Ostentatious players could equip themselves with one of a number of colorful skins, while classy players opted for more realistic configurations." (Leack, 2016)

Giving a variety of choices between in-game cosmetic items for players appeals to them as they'd want to customise their gameplay. In this scenario, "CS:GO peaked around 26,000 to 40,000 players per day" (Leack, 2016). Due to the popularity of skins being added in CS:GO, the community market within Steam also boomed to life, resulting in multiple transactions between players. People were trading high rarity skins that were highly sought after for real money within Steam community market. This is crucial for Steam as they have generated cashflow into the business by creating an ecosystem of in-

game cosmetics by creating a market. Steam takes 5% fee of every transaction that occurs in their market, resulting in them reaping the benefits of micro-transactions within the games.

“Instead of designing complete game experiences, it became more profitable to craft games with continual play components (i.e., multiplayer elements) and continual releases of “new” content (i.e., downloadable content) accessed via microtransactions” (Christopher & Fordham, 2018)

Game companies such as EA (Electronic Arts) have continually released their game yearly to earn one-time profits from the game’s releases. However, they also include extra contents throughout the year by offering games as a service. As consumers are more focused on multiplayer aspects of the game, companies are releasing the game with limited components for consumers to play. Later down the life cycle, the intended components are released as “free” dlcs (downloadable contents). As (Christopher & Fordham, 2018) states: “In other words, microtransactions fundamentally change the nature of the content that video games deliver.” This impacts the popularity of the game during new content releases and more people are willing to check out new things. Consumers are more likely to purchase micro-transactions as new and updated cosmetics could be added within the free dlc update.

In my experience, games are starting to give the players some starter benefits where they automatically receive a few amounts of in-game premium currencies. They also include some scheme such as challenges where they allow players to earn in-game premium currencies by completing certain objectives within the game. As a result, this creates incentives for consumers to grind out the game so they can spend their premium currencies on any cosmetics they’d like. Ultimately, consumers are spending more time on the product therefore they are more likely to like the game thus allowing them to be exposed to more in-game cosmetic items which they may like as the game would get regular updates. Overtime consumers are likely to purchase micro-transactions this way as spending more time within the game makes it more appealing for consumers. “The in-game currency can also be used to unlock different characters. These options can often be unlocked with extended gameplay, but the microtransactions offer an incentive to unlock them quickly.” (Colagrossi & Boyle, 2021)

## Research

My research methods will consist of the following:

- Questionnaires
- User Feedback

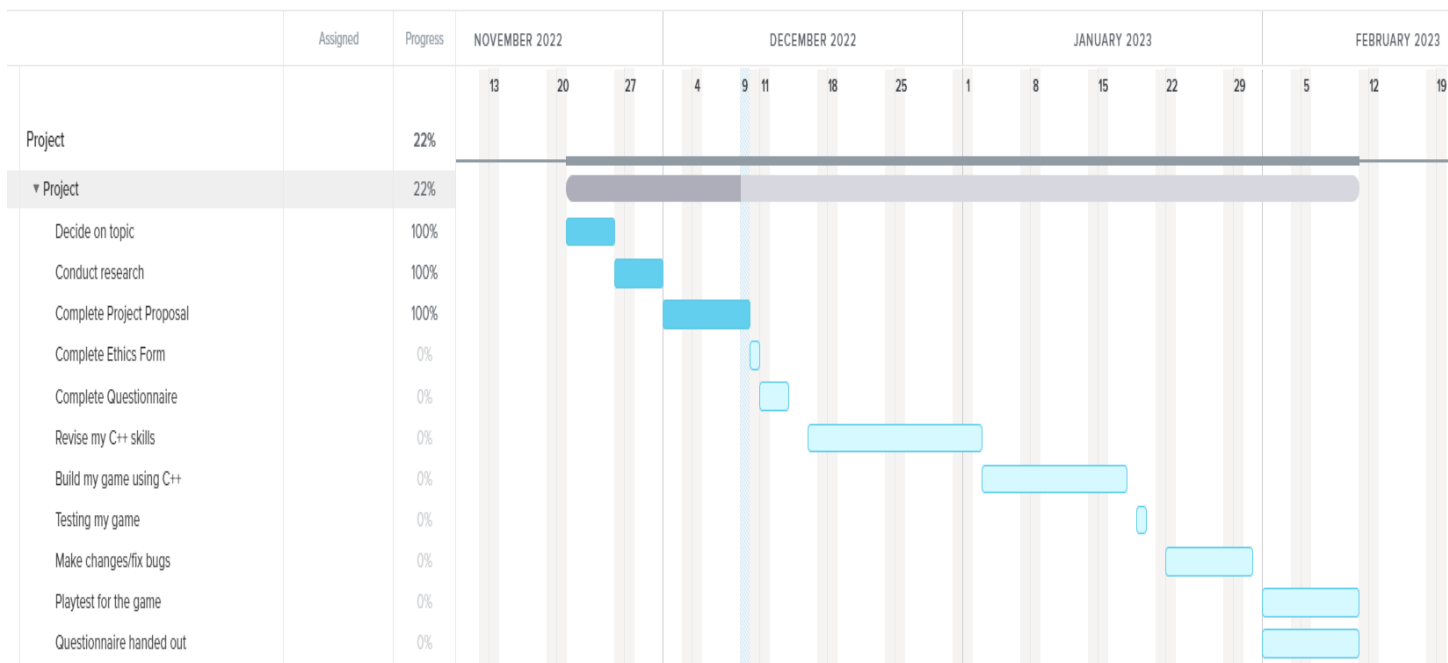
My research method will include both quantitative and qualitative research as this will allow me to acquire more insights on my research goal. Reading the results of the questionnaire I will consider the popular answers in mind as it’ll present me with general trends when collecting the data. Questionnaires will be done before the playtest for the game while the user feedback will be taken after they have played the game.

## Plan

### Tasks

- Create questionnaire about micro-transaction to see the appeal for the game
- Using C++ create a game where players can change cosmetics of the character
- Make sure the game runs smoothly without any issues
- Collect User feedback after playtesting the game

## Gantt Chart



## Conclusion

There's a lot of work to be done for this project therefore doing things early will allow me to give time to fix things if anything goes wrong. Giving out the game and letting people playtest it could cause problems as it may not run properly, therefore I'd need to provide them with a clear instruction on how to access/launch the game.

Coding the game in C++ will take the most time as I'd have to go back and revisit the C++ language after getting used to unreal engine. However, I am confident in the C++ area since I've made multiple small games. I would also need to have a decent sample size for my questionnaires and feedback to have some concrete information in-order for me to answer my scope.

Time management will be crucial; therefore, I will be following my gantt chart throughout my project to keep me in check as it'll also tell me what tasks I should be focusing on. This will ensure me that I'll focus on task at hand during different periods as well as how long I should be working on it.

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