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Lecture 4

Monetization

Source for Today's Talk

- Skaff Elias and Richard Garfield
  - *Lessons from CCGs*
  - At GDC 2011 and presented two years ago
  - Relevant to certain kinds of monetization

- Various talks at **GDC Online** (R.I.P.)
  - Nothing specific that needs a shout-out
  - Monetization is a major conference topic
  - Still not well understood…

Monetization

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Monetization vs Downloadable Content

- These two are often lumped together
  - In-game purchases that can enhance play
  - Revenue stream after game initial purchase

- But makes a big difference to the designer
  - DLC does not (typically) alter the core game
    - **Exception**: Can alter level progression in RPGs
  - Monetization is extremely distortionary
    - Must be designed from the **beginning**

Some Words on DLC

- Different design philosophy from monetization
  - Target audience is player **finished** with main game
  - Can break the balance of core game
  - Challenge is making sure people still playing

- Pricing is based on how much extra play added
  - **Rule**: $5 per hour (comes from movies)
  - But historically much resistance to this pricing
  - Harder to gauge in multiplayer settings

Episodic Content

- Grey area between DLC and monetization
  - Designed as classic, self-contained content
  - But game is "incomplete" without it

- Business model often not very successful
  - Does not benefit from economies of scale
  - Cost to produce content >> price point of game
  - Only recoup investment after many episodes

- Need loyal audience or established franchise
  - **Example**: Telltale Games

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Modern Game Monetization

- Adding *real world currency* to game economy
  - Money becomes a game resource
  - Must be balanced like any other

- Primarily works as a resource **source**
  - Players buy game objects or other resources
  - The new "insert quarter to play"

- But it can also be a resource **drain**
  - Creators of user-created content can get paid
  - Only in apps with heavy user content (e.g. IMVU)
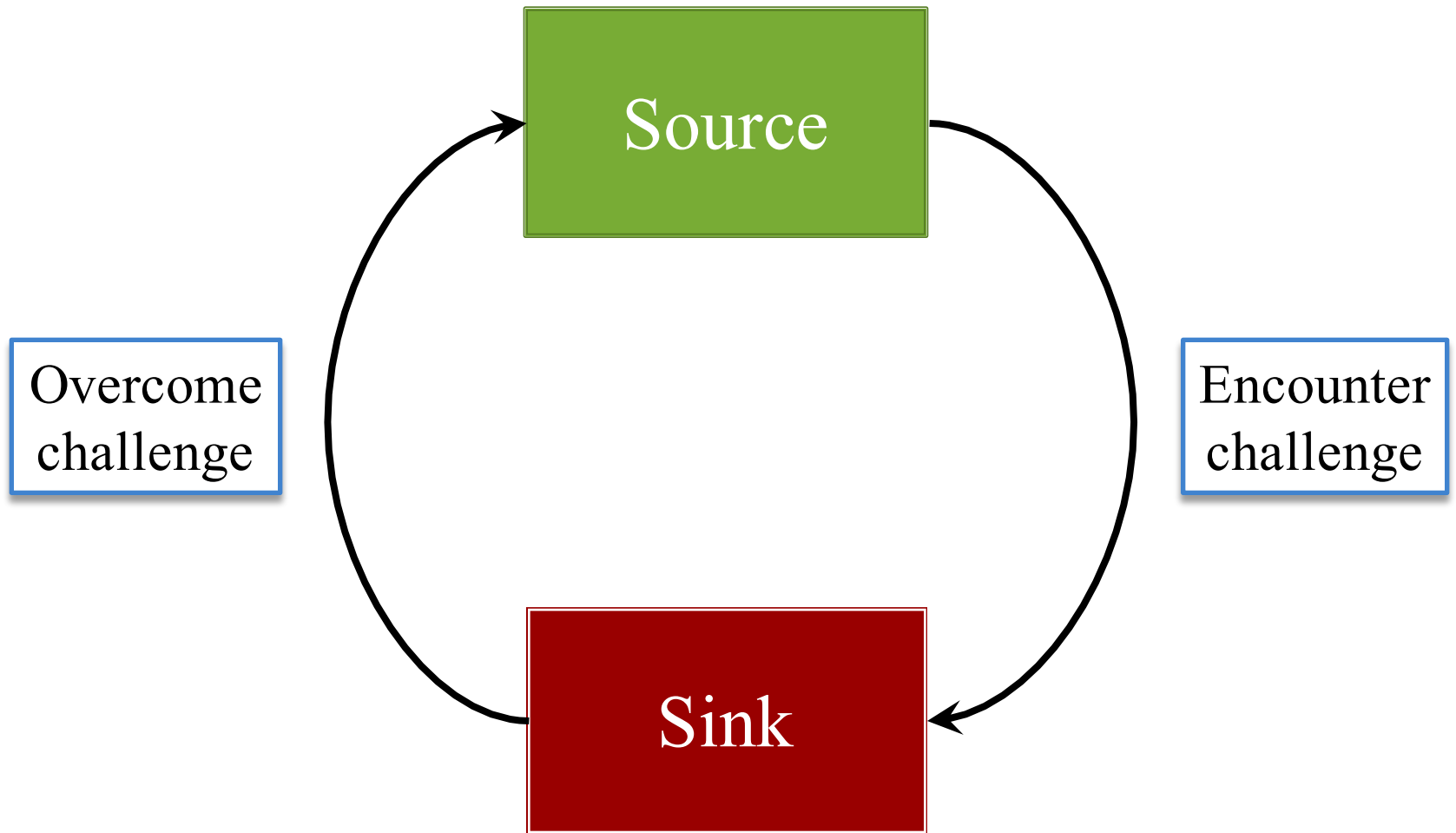
Components of a Game Economy

- **Sources**: How a resource can increase
  - **Examples**: ammunition clips, health packs

- **Drains**: How a resource can decrease
  - **Examples**: firing weapon, player damage

- **Converters**: Changes one resource to another
  - **Example**: vendors, *Starcraft* barracks

- **Traders**: Exchange resources between entities
  - Mainly (but not always) in multiplayer games

Monetization

Components of a Game Economy

- **Sources**: How a resource can increase
  - **Examples**: ammunition clips, health packs

- **Drains**: How a [resource can decrease]se
  - **Examples**: firi[ng]nage

- **Converters**: Changes one resource to another

> Used to bring money into the game economy.

  - **Example**: vendors, *Starcraft* barracks

- **Traders**: Exchange resources between entities
  - Mainly (but not always) in multiplayer games

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The "Core Loop"

Source

Overcome
challenge

Encounter
challenge

Sink

Monetization

Examples of Monetization

- **Resources**
  - Gold, Zynga coins, just about any currency
  - Energy bars (to perform activities)
  - Time limits (insert quarter to continue)

- **Entities**
  - **Examples**: weapons, armor, cool hats
  - This requires a complete in-game store
  - Designing and balancing this is *very* difficult

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Types of Game Monetization

- **Gating**
  - Limit how often the game can be played
  - Player can pay to play immediately

- **Boosting**
  - Resources/entities to reduce game difficulty
  - Can be permanent or consumable

- **Differentiating**
  - Game has multiple ways to play/succeed
  - Resources/entities unlock alternate play modes

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Types of Game Monetization

- **Gating**
  - Lim...
  - Pl... ...ediately

- **Boosting**
  - Res...
  - Ca... ...nable

- **Differentiating**
  - Ga...
  - Re... ...ternate play modes

Every Zynga game ever made

Any game with upgrades

True CCG-style games

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Case Study: *Candy Crush Saga*

Monetization

Case Study: *Candy Crush Saga*

Monetized

Monetized

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Monetization in *Candy Crush Saga*

Gating

- Lives limit level retries
  - Lost each time you fail
  - Heal every 30 minutes
  - Pay for more lives now

- Quests unlock levels
  - Need 3 quests to unlock
  - Limited to 1 per 24 hours
  - Pay to do quests sooner

Boosting

- Temporary (Boosters)
  - Extra moves
  - Special candies
  - Lost when level is over

- Permanent (Charms)
  - Striped paint brush
  - Freeze time
  - No longer available

Case Study: *Plants vs. Zombies 2*

Monetization

Case Study: *Plants vs. Zombies 2*

Monetization

Monetization in *PvZ 2*

Boosting

- Consumable attacks
  - Pinching
  - Flicking
  - Electrocuting

- Permanent modifiers
  - # of seeds per game
  - Starting sun/plant food

- New plant types

Differentiating

- Optional plant types
  - Squash
  - Potato
  - Torchwood

- Not required to play
  - Do not add more power
  - Replaced by new plants
  - Restore **classic PvZ** style

Case Study: *Fairway Solitaire*

Monetization

Case Study: *Fairway Solitaire*

Monetization

Monetization in *Fairway Solitaire*

Boosting

- Consumable abilities
  - Golf club irons
  - Extra moves
  - Minigame cheats

- Permanent modifiers
  - Remove cards at start
  - See cards remaining
  - Peak at next card

Downloadable Content

- Extra golf courses
  - Three courses per day
  - Permanent courses
  - Both free & purchasable

- Cosmetic packs
  - New card backs
  - New card fronts
  - New backgrounds

Some Common Patterns

- **Gating**
  - Almost always resources, not entities
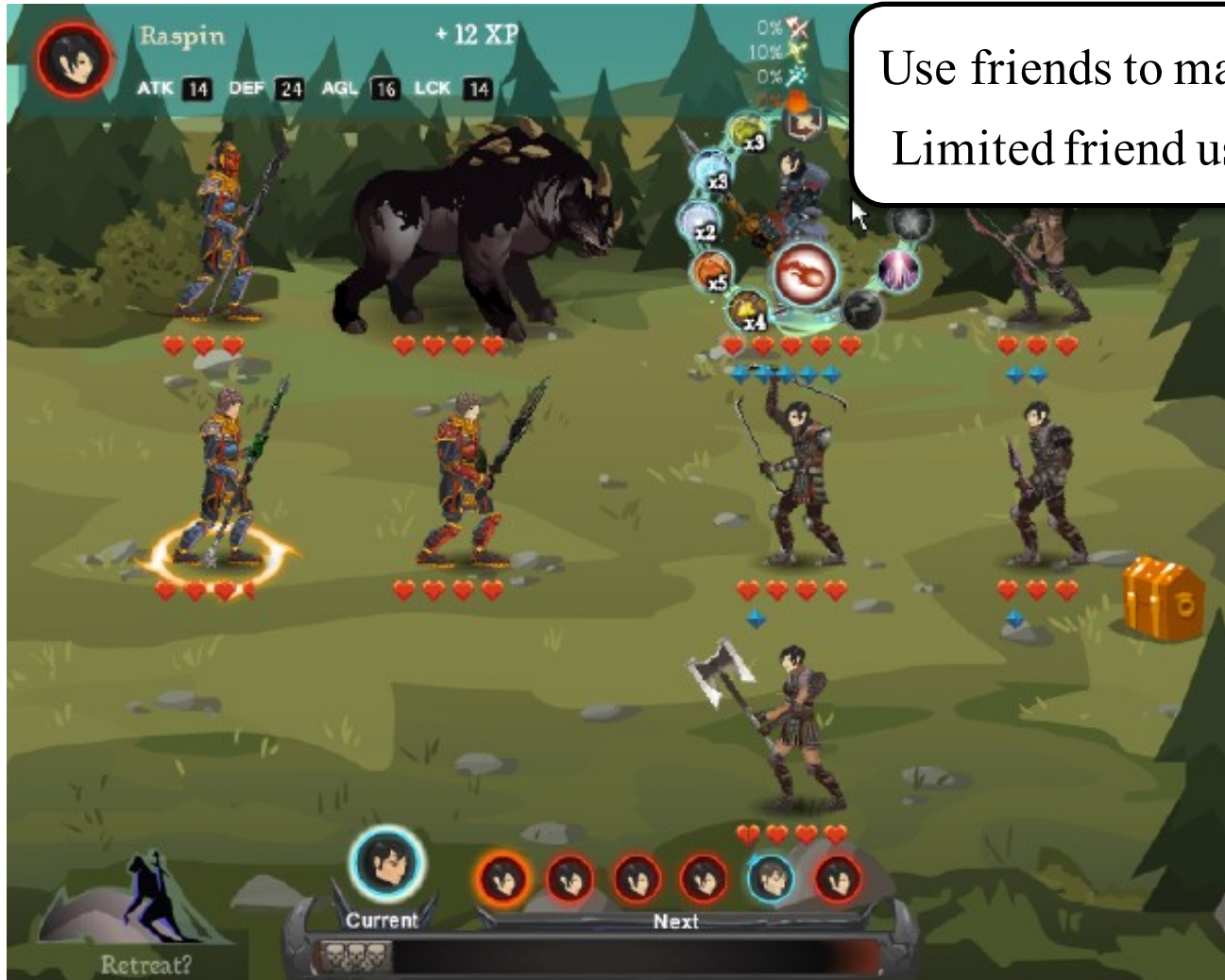 - Resource must have time-based recharge

- **Boosting**
  - Either resources or entities
  - Either consumable or permanent

- **Differentiating**
  - Always entities, but might purchase with resource
  - Close in spirit/design to DLC

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Gating Entities: *DA Legends*

Use friends to make a party

Limited friend use per day

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Resource Monetization

- Entities are typically not bought directly
  - Money buys the **resource**, not the entities

- Resource monetization can lead to *grinding*
  - User can get the resource, but it takes (much) time
  - User is paying money to get back their free time
  - **Goal**: Get to the good bits of gameplay

- *Gating* is an extreme version of grinding
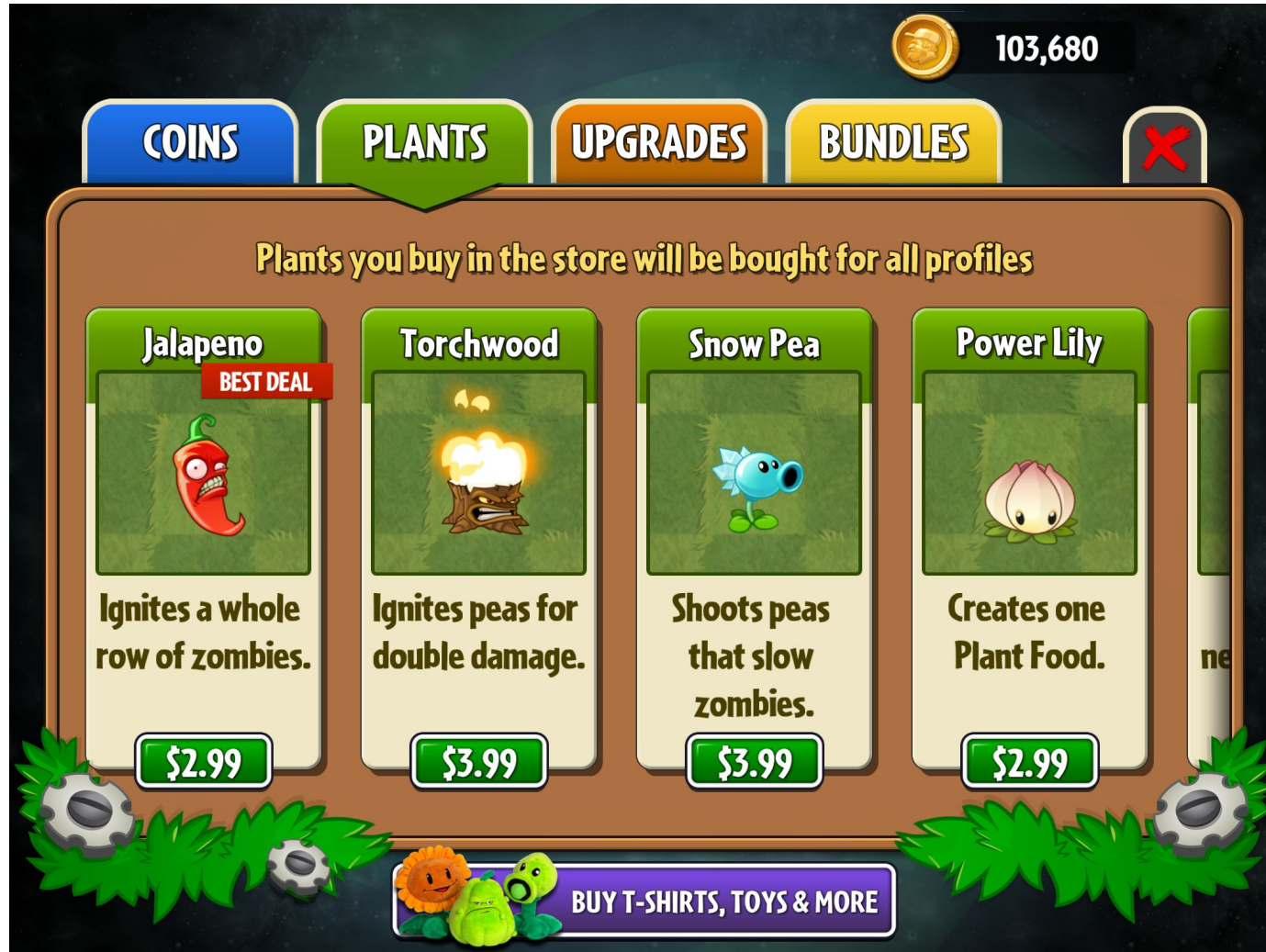 - Pay to not have to wait for the delay

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Resource Monetization in *PvZ 2*

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Entity Monetization

- Money buys entity directly (not resources)
  - Feels a lot more like traditional DLC

- Excludes gameplay from non-paying players
  - Cannot grind for entity with in-game resource
  - Ideal for differentiating gameplay

- Classic variation: **randomization**
  - Player buys a "box"; opens it to get entities
  - Virtual version of the CCG business model

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Entity Monetization in *PvZ 2*

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Entity Monetization in *Lara Croft Go*

Classic Equipped — Bomber Jacket — Area 51 — Antarctica — Wetsuit — Catsuit — Midas Lara
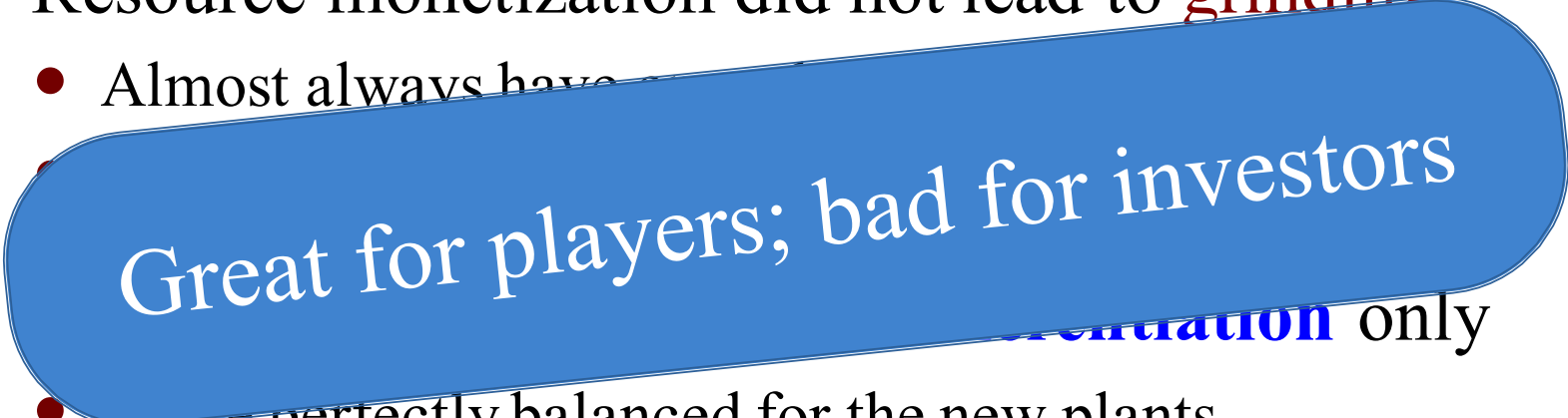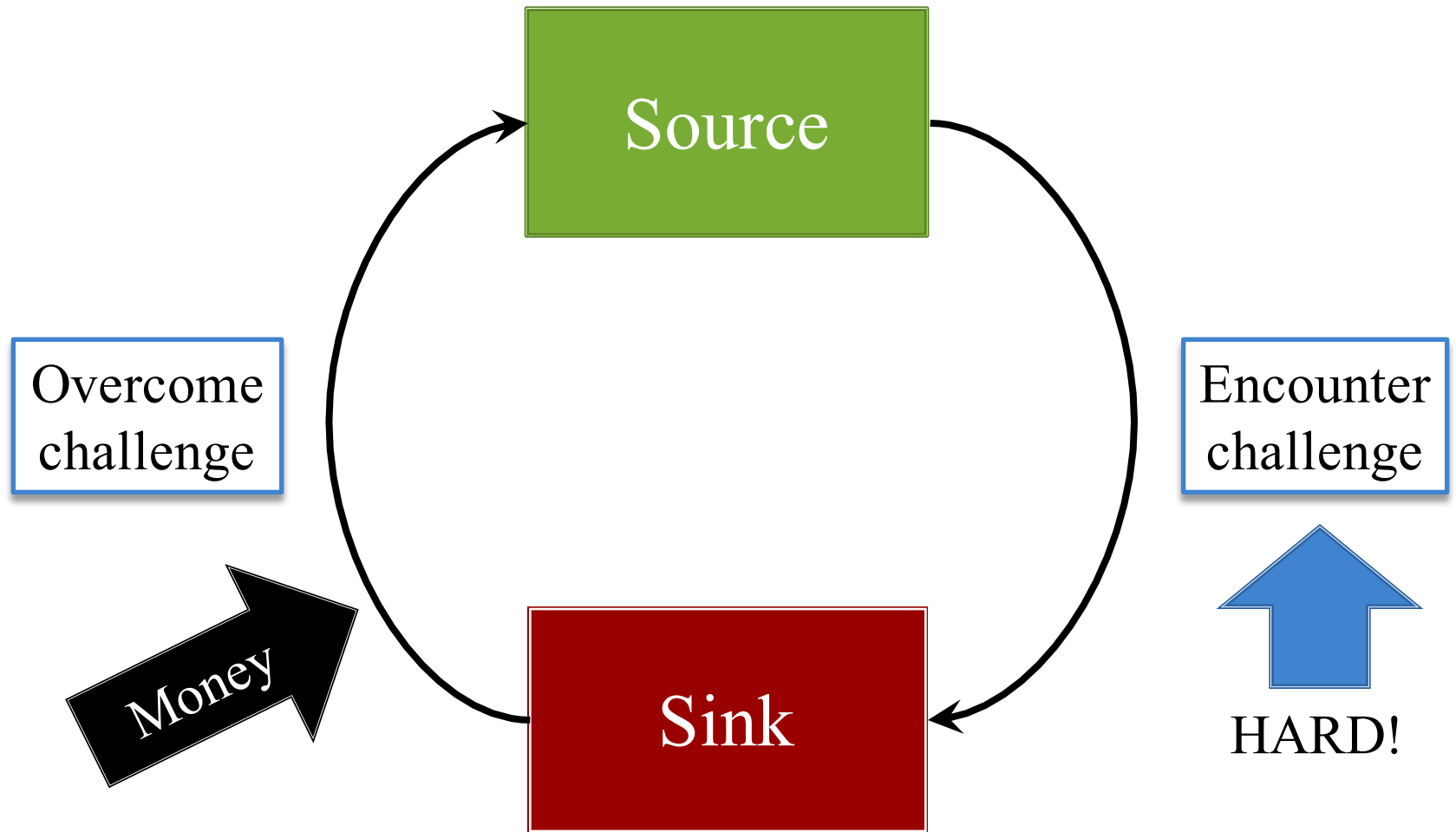
Monetization

When is Monetization Successful?

- *Plants vs. Zombies 2* got great reviews on Kotaku

- Resource monetization did not lead to grinding
  - Almost always have enough coins for boosts
  - Only a problem with heavy, heavy boost usage

- Entity monetization was for **differentiation** only
  - Game perfectly balanced for the new plants

- But it is a monetization **failure**
  - Good players never need to spend a dime
  - Never cracked revenue top 10; fell out of top 40

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When is Monetization Successful?

- *Plants vs. Zombies 2* got great reviews on Kotaku

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  - ~~~~

- ~~~~ **~~~~** only
  - Game perfectly balanced for the new plants

Great for players; bad for investors

- But it is a monetization **failure**
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Top Apps Exploit the Core Loop

Monetization

The Monetization Holy Grail

- Want to please gamers, but also make money
  - Players should *want* to give you money
  - But should not feel like they *have* to give money

- Requires monetization outside of the core loop
  - PvZ 2: monetized core loop, but loop was too easy

- Successful business model: **Magic CCG**
  - Need a small amount of cash to get started
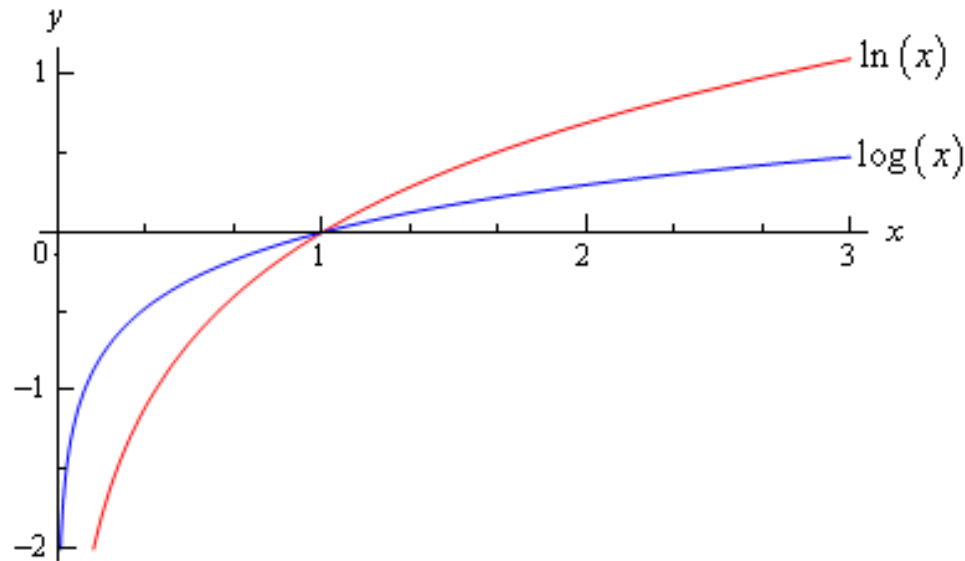 - Everything spent after that is for **differentiation**

Monetizing Differentiation

- Purchases should not be an **arms race**
  - Players should not have to spend money to excel
  - Want different items, not better
  - *Randomness* helps a lot here

- **Reconfiguration** is important
  - Limit number of items at a time
  - Large part of gameplay is choosing which items
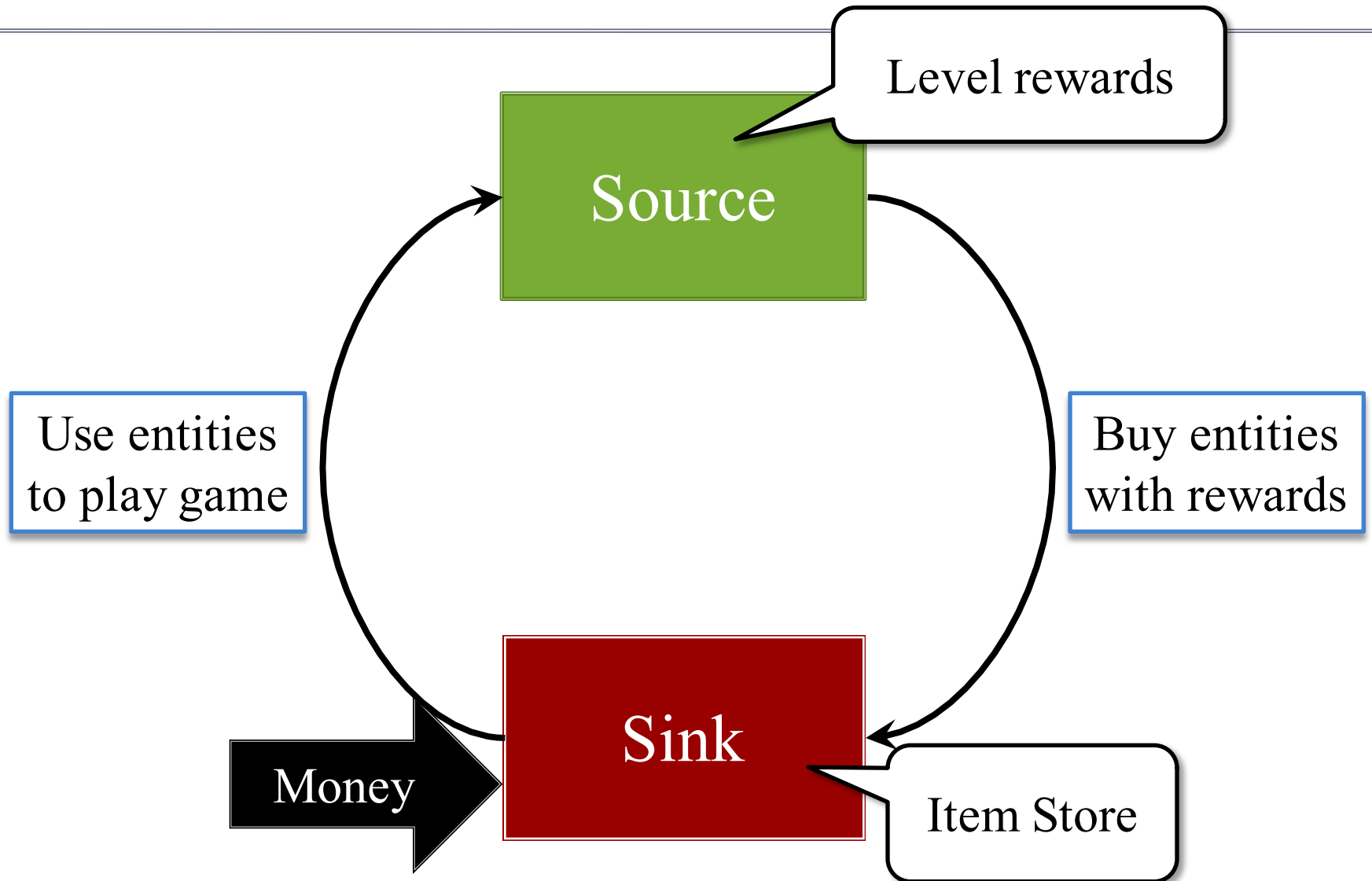 - "Strategy" discussion keep your community lively

Entity Value Should Be Logarithmic

- Value is measured by % boost to player success
  - Early value to get initial purchases
  - But drop off so that money != success

- Leads to a new notion of "balance"

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But Still Part of Core Loop

Level rewards

Source

Use entities
to play game

Buy entities
with rewards

Sink

Money

Item Store

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Case Study: *Mass Effect 3* Multiplayer

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Case Study: *Pocket Tanks*

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Designing for Differentiation

- **Repeat purchase** revenue model
  - Huge benefit to not have to purchase all at once
  - Robust enough for long-term involvement
  - But this is difficult for players and designers

- Designing for the **long-term**
  - Helps to rotate items (not just out, but in and out)
  - Avoid *complexity creep*; keep core mechanics small
  - Items should just be exploration of *possibility space*

Importance of Rotating Out

- **Power creep** is a danger
  - Want players to buy new items
  - Easy way is to make an item "better" than existing items
  - But value of the old items is shot

- Rotation allows **alternatives**
  - New item is "like" previous item
  - But item is different enough to encourage experimentation

Virtual Property vs. Experiences

- How do you rotate items out?
  - Is it enough not to offer it for sale?
  - Can you actually revoke the items?

- Is revoking a "violation of contract"?
  - Is player paying to have the item forever?
  - Or just paying to have it right now?

- In *Magic*, enforced by **tournaments**
  - What is analogue for computer games?
  - Does this only work with multiplayer?

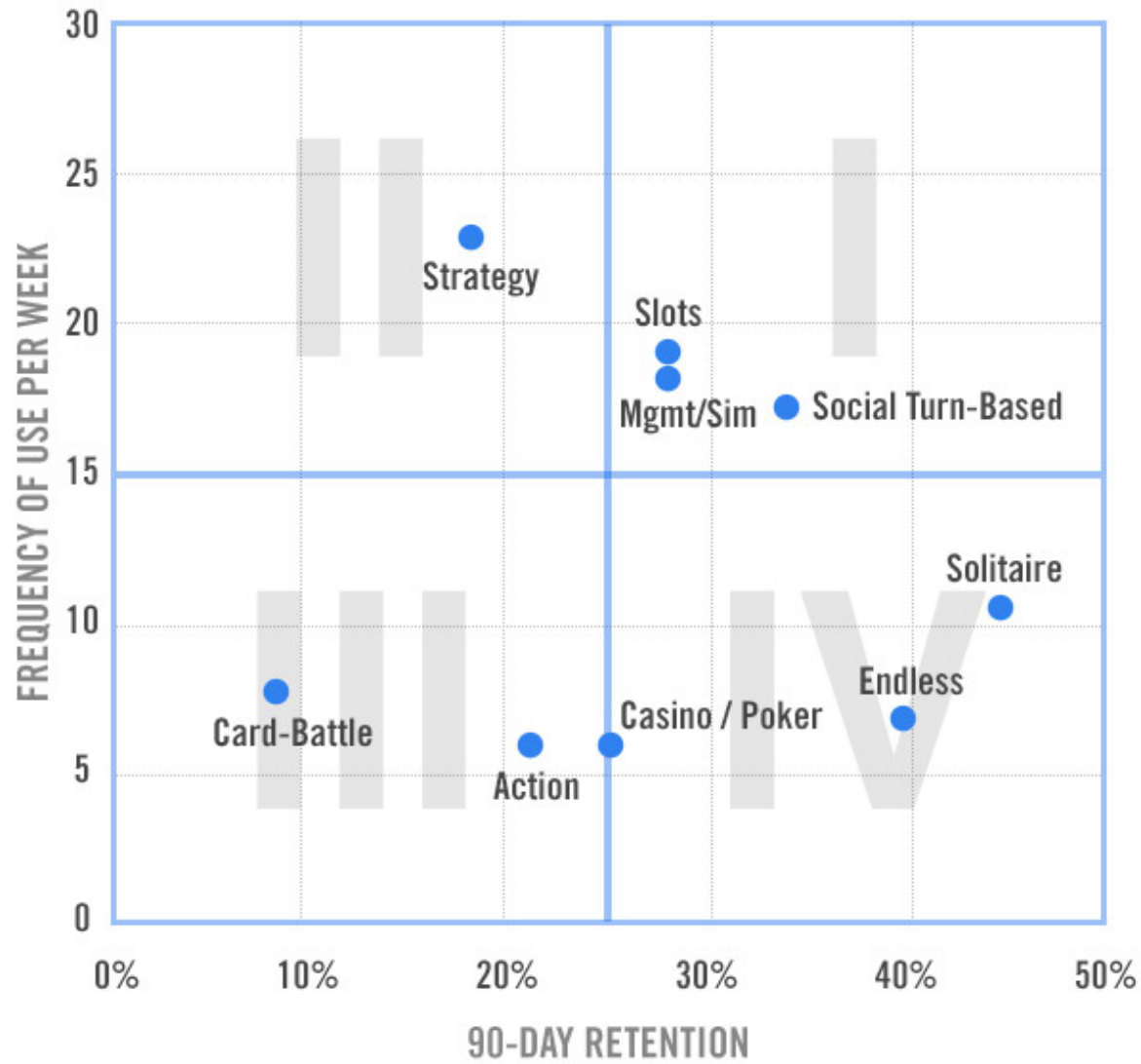Item degradation
is undesirable…

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Other Lessons from CCGs

- How should items be purchased?
  - **Individually** at different prices?
  - **Randomized packs** of different rarity?
  - Combination of the two?

  } No one Agrees

- What about **player trading**?
  - Particularly valuable if using randomized packs
  - Might get a rare item that does not fit your style
  - Can players "cash out" when they leave?

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Difficulties of the Freemium Model

- **Freemium**: free except for item purchases
  - Will have a lot of players that spend nothing!
  - Purchases will be by a small number of players
  - …and good content is expensive to make

- **Rule**: first purchase is the hardest
  - Once player buys, later purchases are easier
  - So goal is often to encourage just one purchase

- Also, try to minimize player *turnover*
  - Longer they play, more likely to buy

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Mobile Game Loyalty Matrix

Source: blog.flurry.com

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Final Words: Is Freemium a Bubble?

- Fremium games depend heavily on *whales*
  - Gambling term: players that pay a lot
  - Whales subsidize game for everyone else

- Recruiting whales is becoming harder and harder
  - Person can only be a whale of one game at a time
  - Early freemium games had no competition at all
  - Cost to recruit is now twice the revenue of the whale

- **Bad News**: Freemium is not viable for everyone

- **Good News**: Paid apps can succeed in some markets

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  > The most important reason for your competitive analysis

- **Bad News**: Freemium is not viable for everyone

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Summary

- Monetization is distinct from downloadable content
  - DLC is for after player has completed main game
  - Monetization is integrated into the "core loop"

- Monetization must be integrated into design early
  - Can distort economy and threaten balance
  - Need to ensure player has proper incentives

- **Differentiation** is the most interesting variation
  - Player is paying for new play styles
  - Essentially a digital form of the CCG market

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