Monetizing Economy based free to play games

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Blue Byte
A UBISOFT STUDIO

Who am I:

- Working on Games since the 80' (yes I mean 1980)

- Over 100 titles on C64, Amiga, Atari ST, PC, Consoles, Online …

- Jobs: Graphic Artist, Programmer, Designer, Development Director, CEO, CTO

- Now Senior Online Games Supervisor @ Ubisoft Blue Byte

- Also teaching "games" at Universities

- Companies: Rainbow Arts, Softgold, Lucasfilm Games, Apple, Microsoft, Wings Simulations, Psygnosis, Jowood, CDV, Ubisoft
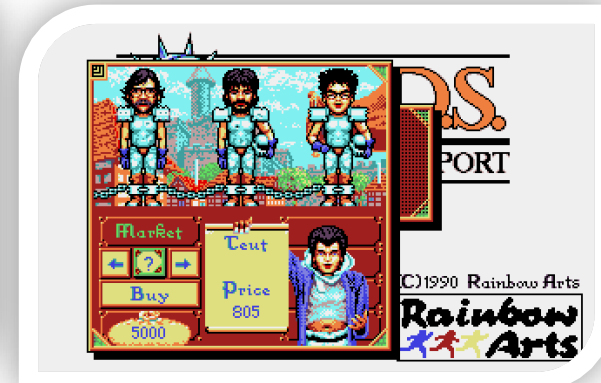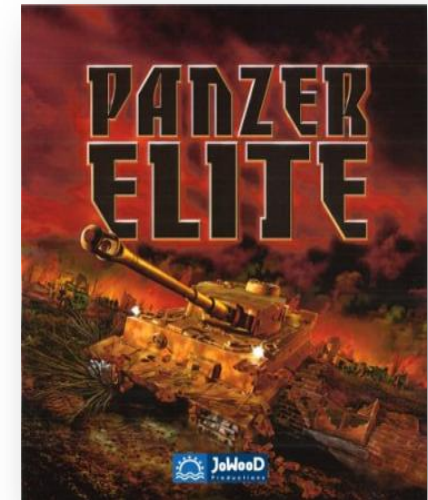
Going Online f2p

TheSettlersOnline.net

- All free to play MMO's
- Running in all internet browses
- Technology: Adobe Flash

The Settlers Online

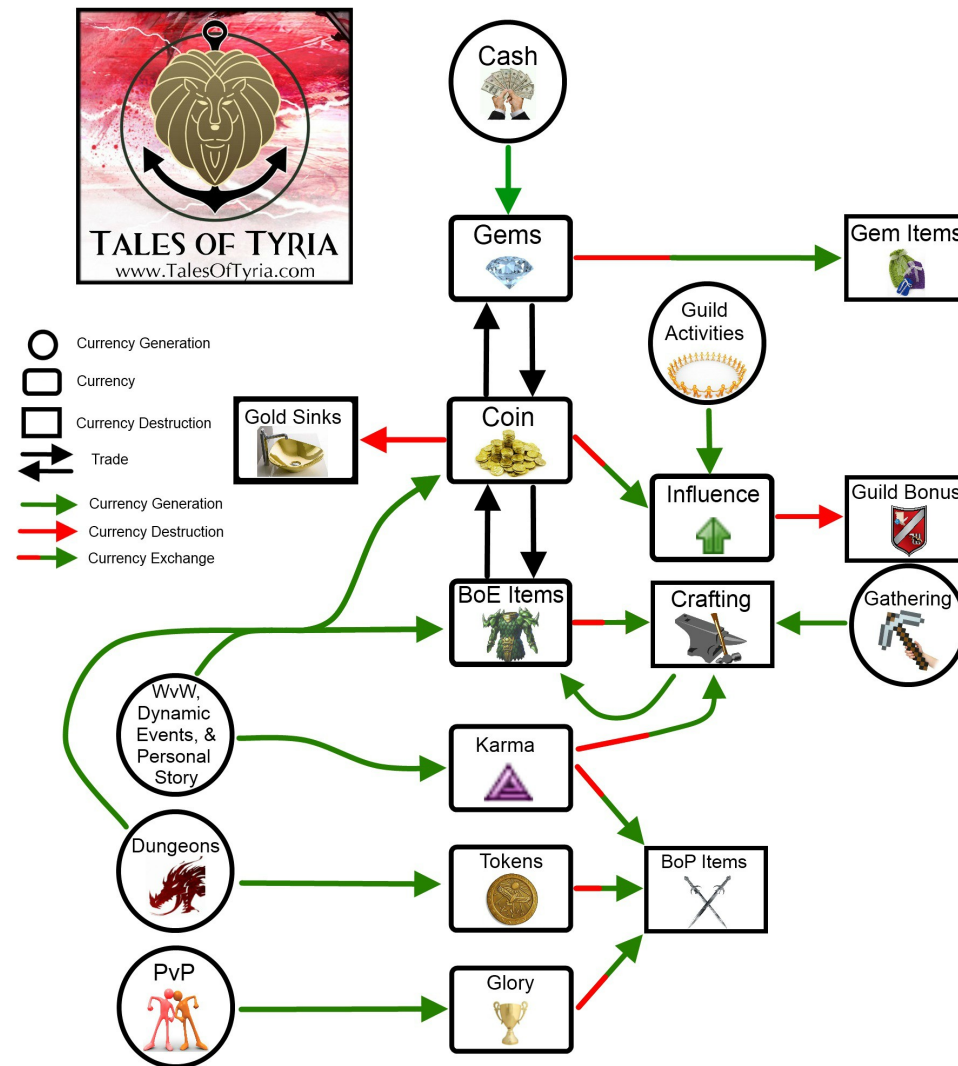"The Settlers Online is set to make more money in four years than the Settlers brand did on PC over nine years …"

Requirements

Req: Dual Currency System

- <u>Coins</u> are earned through game mechanics
    - = in game currency, drives economy
- <u>„Gems"</u> are earned by spending money
    - = premium currency, drives sales
- Coins are used for trade & game mechanics
- Gems are spend mostly in the item shop
- Fair play: gems can be earned in game as well
- Attention: conversion must be one way*

Req: Item shop

- A place where you can buy items
    - For premium currency
    - <u>And</u> in game currency:
- Make shop a natural part of the game play

Req: Player Progress – Player Level

1. "Leveling"*
2. Can unlock items, mechanics, content
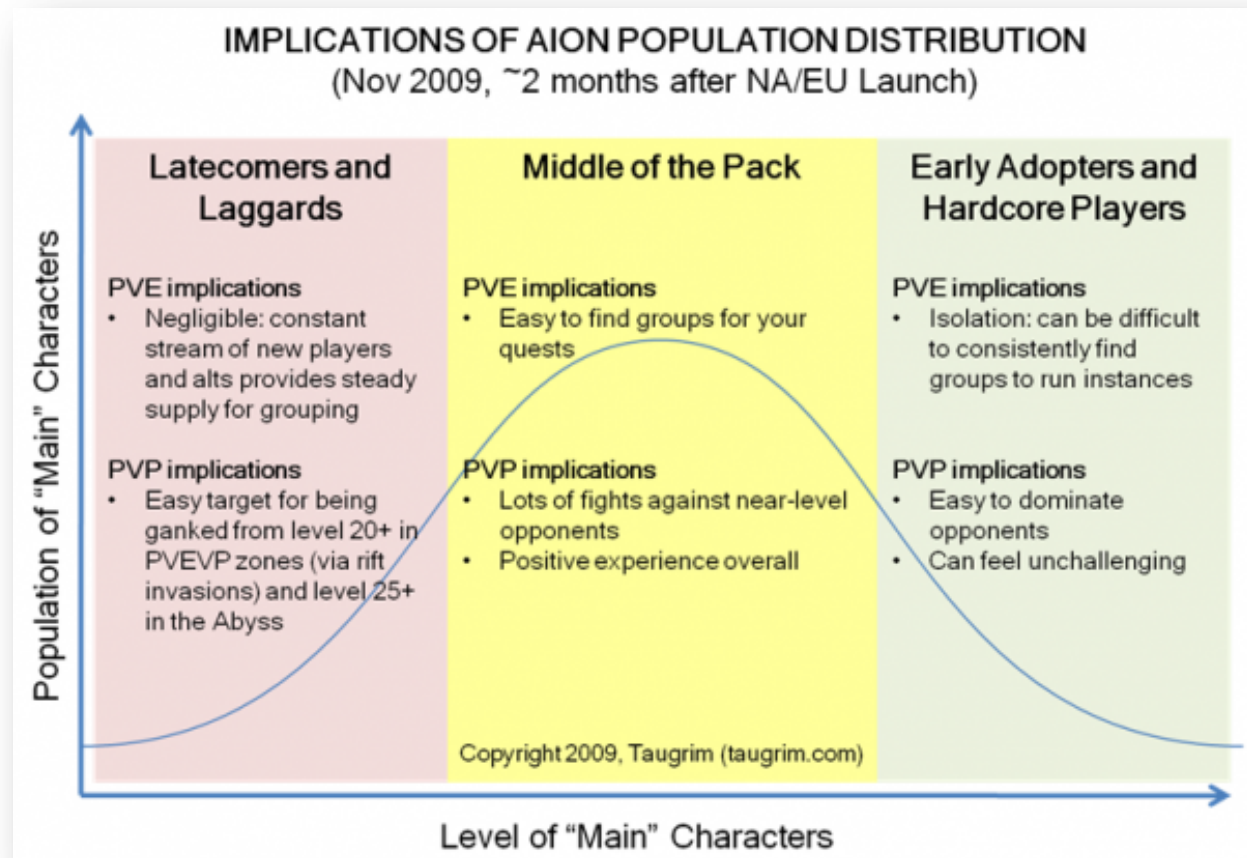3. Is key to monetization

Early Game
- Learning
- Discovering
- Exploring

Mid Game
- Progressing
- Optimizing
- Socializing

End Game
- Raiding
- Perfectionism
- Escapism

IMPLICATIONS OF AION POPULATION DISTRIBUTION
(Nov 2009, ~2 months after NA/EU Launch)

Population of "Main" Characters

Latecomers and Laggards

PVE implications
- Negligible: constant stream of new players and alts provides steady supply for grouping

PVP implications
- Easy target for being ganked from level 20+ in PVEVP zones (via rift invasions) and level 25+ in the Abyss

Middle of the Pack

PVE implications
- Easy to find groups for your quests

PVP implications
- Lots of fights against near-level opponents
- Positive experience overall

Early Adopters and Hardcore Players

PVE implications
- Isolation: can be difficult to consistently find groups to run instances

PVP implications
- Easy to dominate opponents
- Can feel unchallenging

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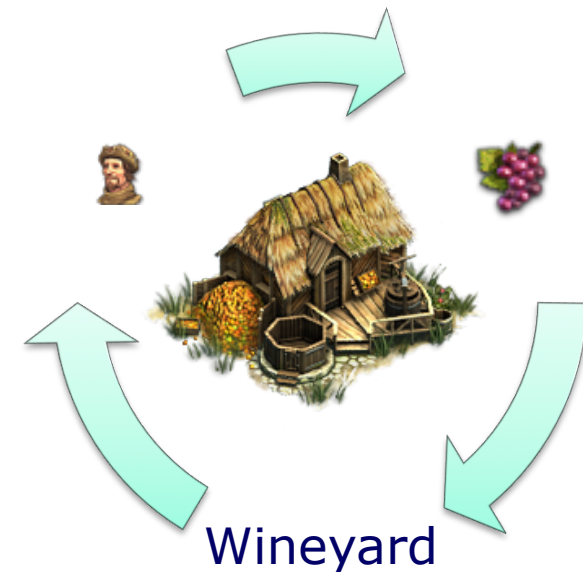
Level of "Main" Characters

*Thanx to Zynga my mom knows what a level is

Req: Economy

Economy featured in game

- *Sources*: where items get produced or created
- *Drains*: where items are consumed
- *Converters*: where items are changed
- *Traders*: where items are moved from one entity to another

> *A game economy with* <u>*trade*</u> *'auto balances' your game through supply and demand*

Wineyard

Source of Economy Definition: Game Mechanics, Advanced Game Design from <u>Ernest Adams</u>   <u>Joris Dormans</u>

Req: Itemized

- "Powers" & Monetization mechanics are inside items
- Items are graphically represented resembling its worth
- Items manageable by the player → Inventory
  - Feel of ownership
  - Able to be used & stack & sort
  - Able to brag about & equip

Req: 'Tier' based

- Tier / slice based game mechanics
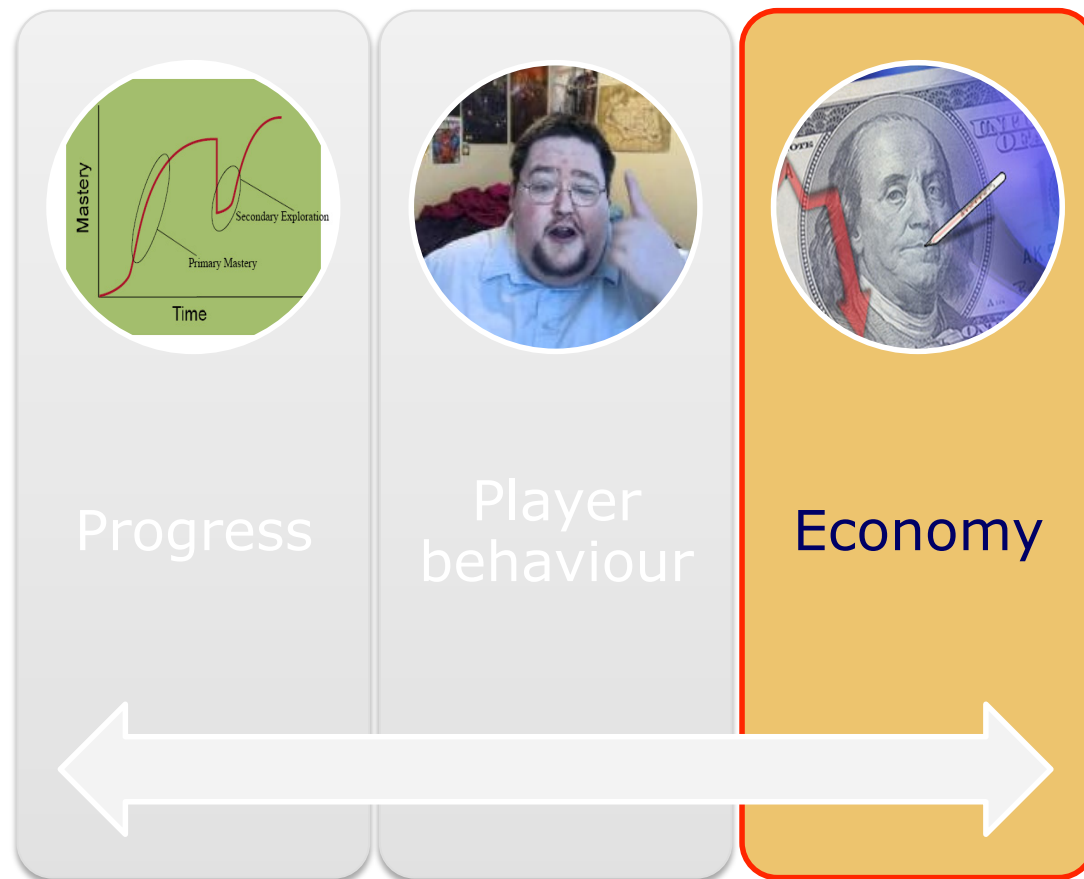- Each tier multiplies factors by x^2 or even x^3

1. Balancing much easier
2. Inflation/deflation/mistakes don't hit all tiers
3. Expandable without upsetting previous tiers

Progress

Player behaviour

Economy

Monetization Methods

Progress

Player behaviour

Economy
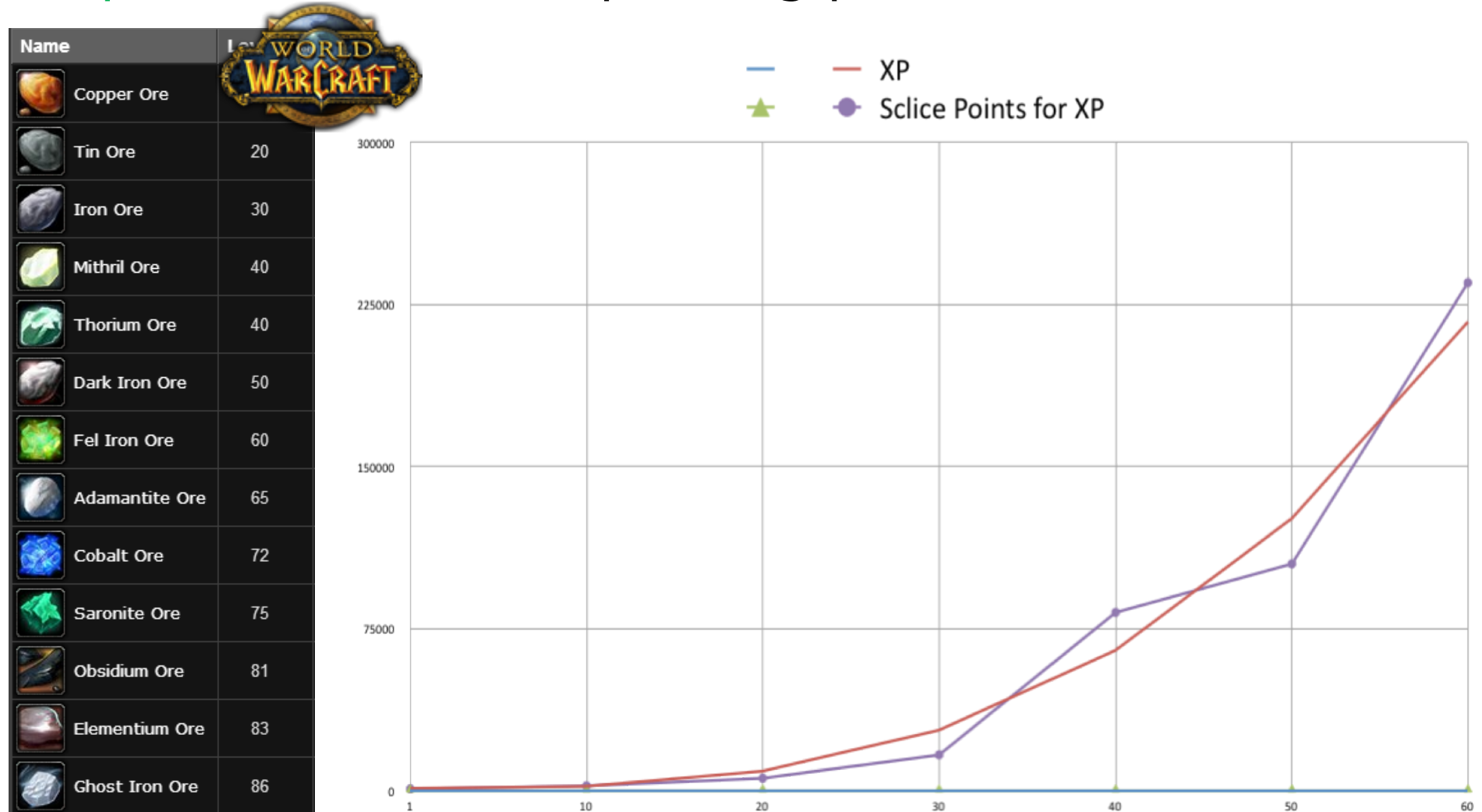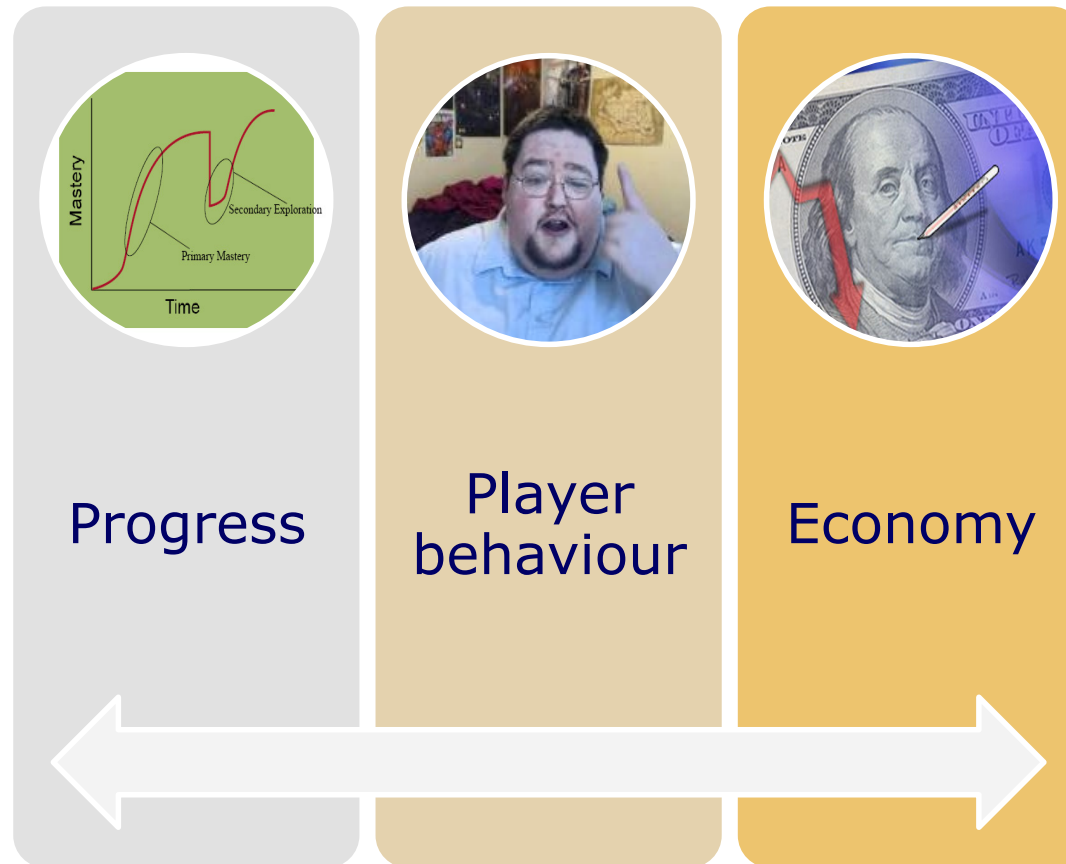
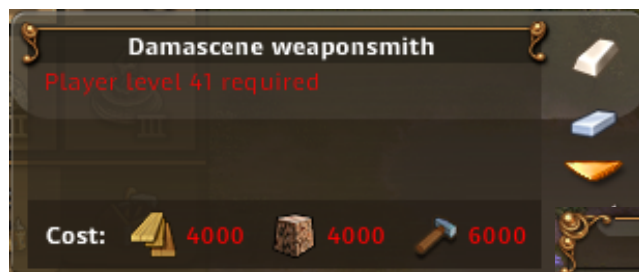# Monetization Methods

Method: Unlocks*

- Monetize unlock & access to higher tier
- Monetize rarity: Sell rare resources

*Usually a progression monetization method

Name	Level
Linen Cloth	5
Wool Cloth	15
Spider's Silk	20
Silk Cloth	30
Thick Spider's Silk	35
Mageweave Cloth	40
Shadow Silk	40
Runecloth	50
Ironweb Spider Silk	50
Felcloth	50
Netherweave Cloth	60
Netherweb Spider Silk	60
Frostweave Cloth	70
Iceweb Spider Silk	75
Embersilk Cloth	
Windwool Cloth	

Method: Limits

- Monetize storage or inventory size
- Monetize limits of economy power
- Monetize items with less limits

Limiting the unlimiter!?

Method: by Tier number

- Monetize accelerated needs of tiers
- Monetize value of higher tiers

Mason Produces stone.	**Hunter** Produces meat.	**Crossbowsmith** Player level 36 required
Cost: 40 30	Cost: 500 300 200	Cost: 5000 2500 6000

Item		Gems		Gems	Item		Gems	
Wood	🪵	35	Wood planks	65	Stone	⬜	75	
Hardwood		65	Hard planks	100	Marble		125	
Exotic wood		95	Exotic planks	160	Granite		195	

Method: by power variants

- Monetize similar but better items
- Use 3 or more power variables

In game

Fish platter
A tasty fish platter.
Fish pl... can be given to

2x Production
30 Min Duration

Solid Sandwich
A solid sandwich.
Can be given to workers of
your o...

2x Production
2h Duration

Event only!

80

4x Production
12h Duration

In shop

t Basket   Re

99

3x Production
12h Duration

Red Flying Settler

199

3x Production
24h Duration

1. Price
2. Duration
3. Power

Method: Time

- Universal monetizer in f2p
- Here: economy - recap:
  - *Sources*: increase output per $
  - *Drains*: lessen costs per $
  - *Converters*: lessen conversion costs & duration
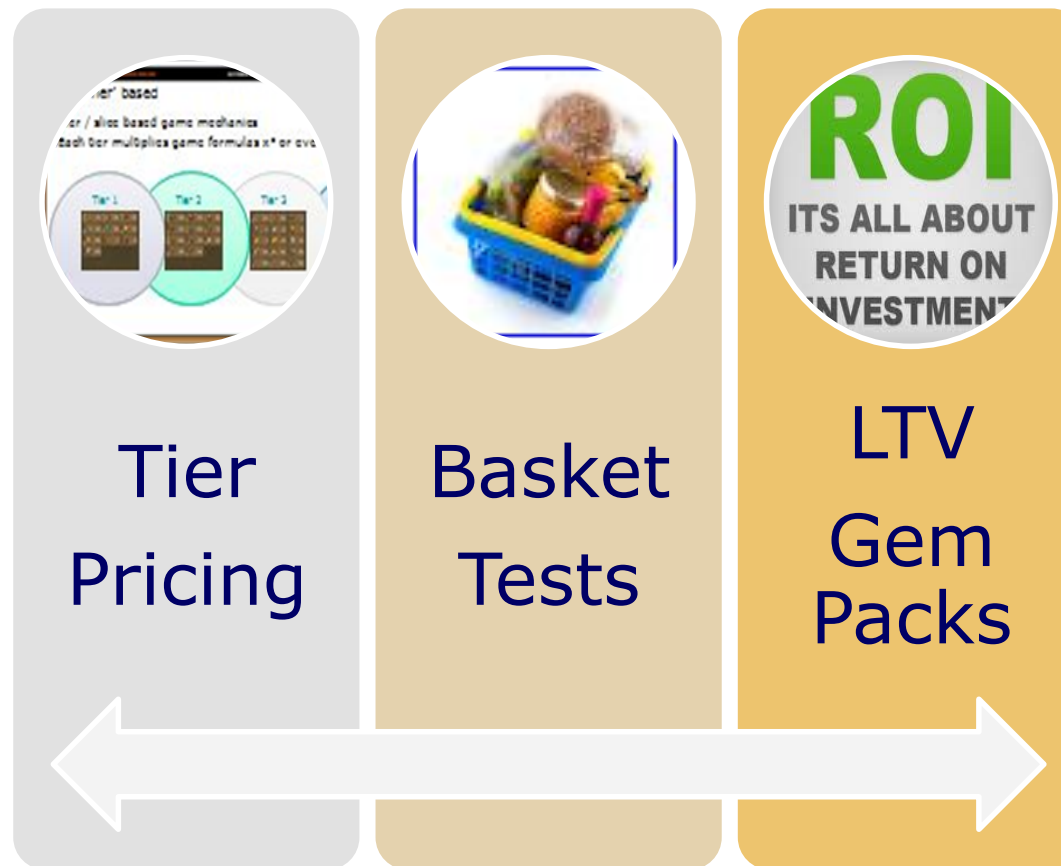 - *Traders*: see trade

Method: Trade

- Trade is important to game economies
- Possible monetizers:
    - Amount & slots
    - Frequency
    - Time

Careful:

Limiting trade too much destroys its benefits to your economy

Tier Pricing   Basket Tests   LTV Gem Packs

Bottom Up Item Pricing

"But how much Gems I sell per dollar?"

Step 1: Assign price to lowest tier

- 100 Wood 🪵
- Assign price* = i.e. 35 💎

* 1) Price should be >= 25 Gems
Reason: any adjustment of +/- 1 need to be a small change. "10" would mean a 10% change for +/- 1
→ price flexibility for better balancing

2) Price has to have enough distance from cheaper service prices (<10)
3) less than 50, which is → a psychological price barrier as otherwise you break 49->99->100 barriers too soon

Step 2: Define higher tier pricing

Wood per tier price = 30 gems

#	Item	Gems		#	Item	Gems	
100	Wood	35	🪵	100	Wood planks	65	
100	Hardwood	65		100	Hardwood planks	100	
100	Exotic Wood	95		100	Exotic planks	160	

Tier

One production cycle   Two production cycles

Wood: 35+30=65+30=95, this was the 3 slice wood pricing
Planks: add 30/35/65 as its one additional converter

Step 3: Adapt other tiers

Stone per <u>tier</u> price +50 gems

#	Item	Gems		
100	Stone	75		-
100	Marble	125		+50
100	Granite	195		+70

←Price jump as it's not mineable

Stone is a tier 1 resource (direct mineable)
But we noticed people see it on par with wooden planks
Reason: equal construction resource on most buildings
So we put it on par with planks

Results in basic cost matrix

Item		Gems		Gems	Item	Gems	
Wood		35	Wood planks	65	Stone	75	
Hardwood		65	Hard planks	100	Marble	125	
Exotic wood		95	Exotic planks	160	Granite	195	

Tier Table	Tier:	1	2	3	4
Production	1	35	65	95	125
	2	65	100	160	250
	3	95	170	225	325
	4	125	205	290	400

1. Most items can be related to in game power
2. Matrix allows calculation of gem price even for items not related to tiers

Step 4: pricing non tier items

- Non tier items can be measured relative to tier item powers
- This dictates their price
- Add fee's for "powers" like
  - Comfort (less work)
  - Time savers (speeds up)
  - Loss of item limit

Tier Table	Tier:	1	2	3	4
Production	1	35	65	95	125
	2	65	100	160	250
	3	95	170	225	325
	4	125	205	290	400

- Examples follows – with a pricing mistake we did

Pricing mistake: Noble Residence (NR)

- Proper calculation:

Gems	Power
80	40 planks + 60 stones
+25	Uses no building license
+10	Doesn't use building queue (comfort)
+30	Offers more inhabitants
=145	Or 149 after price point adjustment

GEBÄUDESTUFE 1
GEHOBENES WOHNHAUS

Noble Residence

- We priced the NR at 95 = mistake by 54 gems
- Does this mean we are losing 50% per day?*

1. NR is most traded pay item resource
2. Equals roughly 500+ coins in trade
3. NR did make payers „good friends"
4. NR balanced the "population storage" problem

*No

Pricing Guidelines

Take psychological price barriers into account:
49, 99, >100, >1000 etc.

These are important barriers you need to use for grouping items into price categories or tiers.

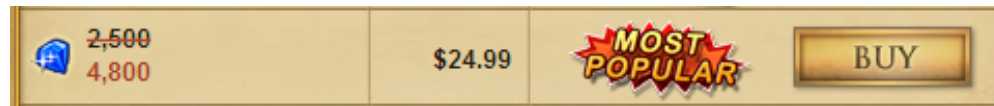Take number similarities into account.
889, 899 and 999 are all similar prices in the users mind as they look similar
(so use 999)

Users don't seem to care if they pay 449 or 490, but they do care between a 449 or 549 price point

Whales do care as much about price levels.

That lead to the Zynga evil policy to increase prices for whales as on FB people don't notice/talk.

In MMO's like TSO they do notice

| | 2,500
4,800 | | $24.99 | | MOST POPULAR | BUY |

GEM PACKAGE PRICING

Question:
How many "Gems" do I get per 1$?

Gem Package Pricing

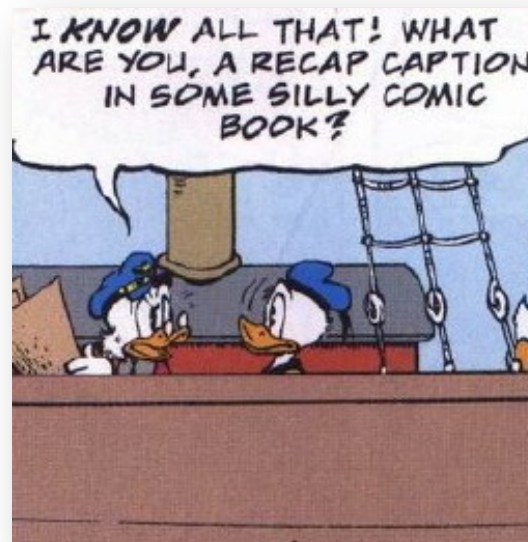|		
Shopping basket tests: Low – medium – high spender	→ Sales from tests: Gem spends totals	→ Define Goal LTV i.e. $150
Accelerated packages i.e. $25, $49, $99	← $10 Package size	← Gem costs
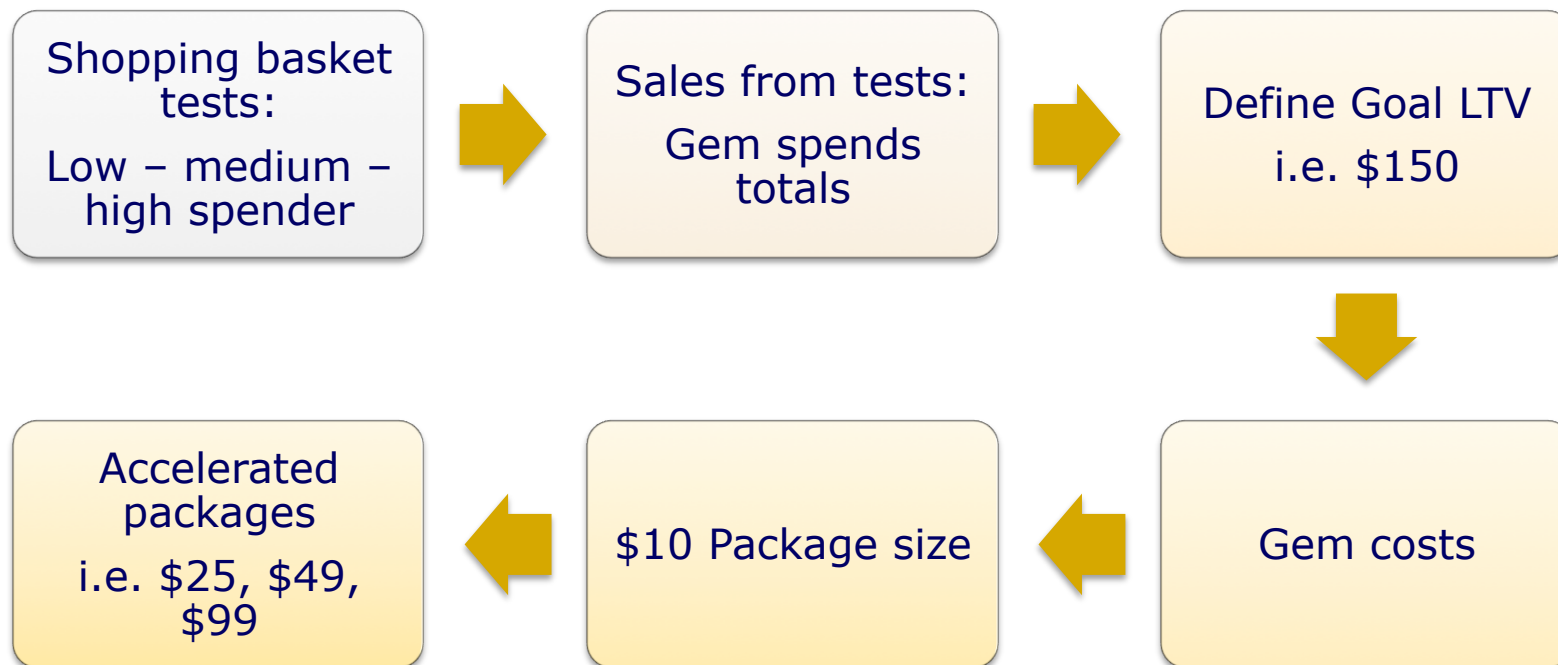
Example from TSO early days

Ratio of player types	Player Type	Gems expenditure	LTV Value	Gems per 1€	Discount	€ per 1 GEM
60	Light Player	3000	50,00 €	60		0,0167 €
30	Median Player	9000	150,00 €	60		0,0167 €
10	Heavy Player	30000	500,00 €	60		0,0167 €
			125,00 €			0,017 €

Price per Gem (SMS/Other)			0,012 €	Discount in %	€ per 1 GEM	Final
Gems per SMS	2,00 €		162	0,00%	0,0123 €	200
Mini Gem Pack	5,00 €		414	2,00%	0,0121 €	600
Small Gem Pack	10,00 €		843	4,00%	0,0119 €	1700
Medium Gem Pack	25,00 €		2189	8,00%	0,0114 €	4800
Big Gem Pack	49,00 €		4370	10,00%	0,0112 €	11000
Mega Gem Pack	99,00 €		8990	12,00%	0,0110 €	24000

go online expensive: as going cheaper is good, going expensive is not

RECAP

Item
- Price by tier
- Price inc for additional powers

Tests
- Make spending tests
- Low – med – high spenders

$ pricing
- Define LTV
- Price one package
- Accelerate the rest

Stable

Conversion rate of $ to Gems adjustable without effort

Dynamic
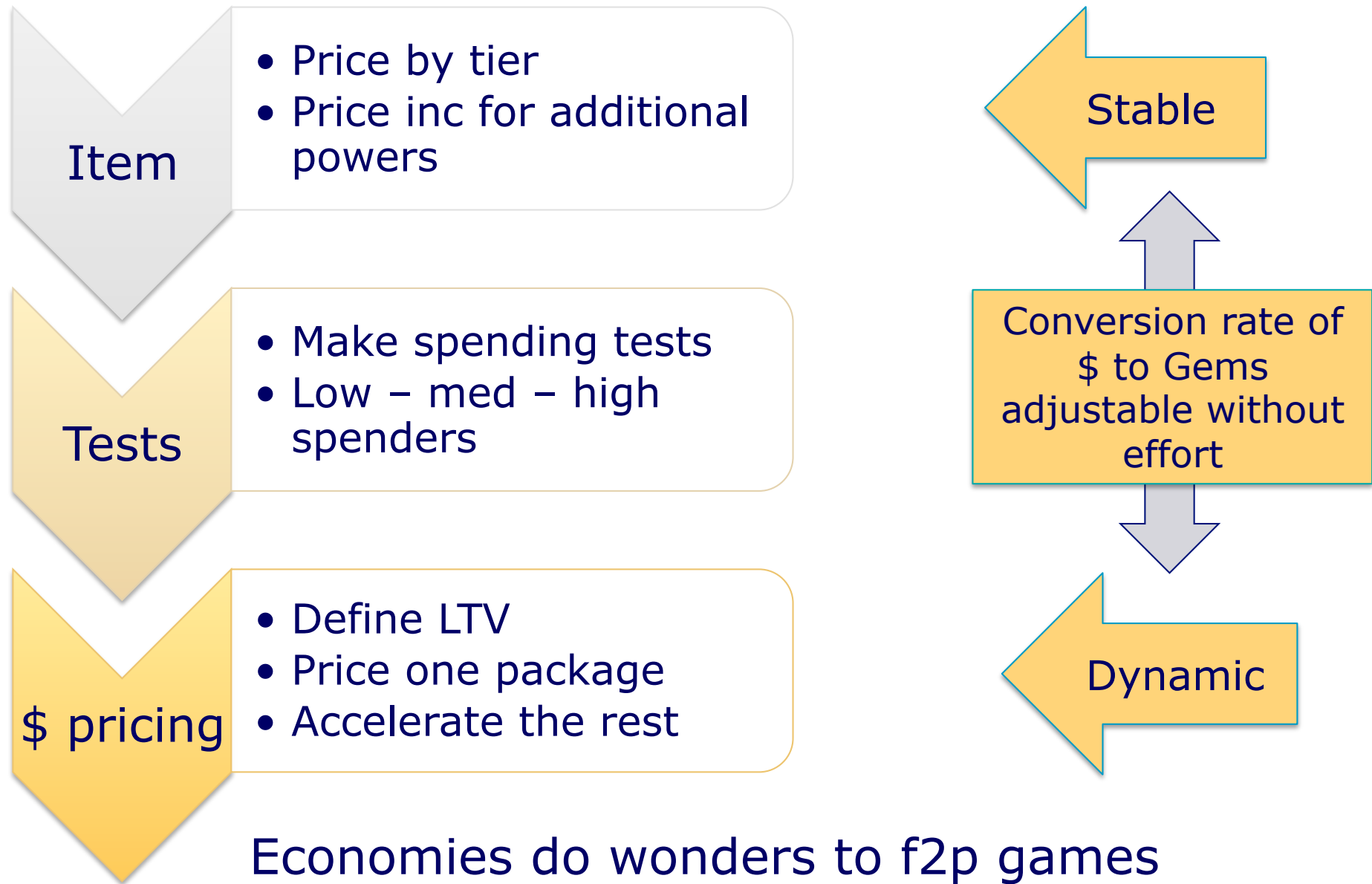
Economies do wonders to f2p games
Free trade auto balances the game

Q&A

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