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Introduction

- Purpose
 - Insight into micro-transactions in online games
 - Exploration of techniques in incorporating micro-transactions into the economic design of online games
- Detailed description
 - Concept of two main payment models in online games
 - Surveys of micro-transaction based online games in Korea
 - Review of the design of several profitable micro-transaction games
 - Game design issues to efficiently accommodate microtransactions in online games

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Payment Systems for Online Games

- Two main payment models
 - Subscription Model
 - Micro-transaction



Subscription Model

- Description
 - Prepaid method for a limited term of service in exchange for a set payment
 - Commonly used by most MMORPGs







"World of Warcraft" (Korea) 19,800 KRW



"Final Fantasy 11" (Japan) 1,280 JPY



"Eve Online" (Worldwide) 14.95 USD

(Note : 940 KRW ≒ 1 USD, 1 Billion KRW ≒ 1.06 Million USD)

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GameDevelopers'

Micro-transaction

- Description
 - Paying per items or game assets
 - Commonly used by casual-style online games
 - Examples: "KartRider", "Maple Story", "Special Force"
 - MMORPGs, recently.



"KartRider" Free to play



"Maple Story" Free to play



"Special Force" Free to play



Subscription Model: Drawbacks

- Drawbacks
 - Introducing of free to play casual-style online games has accelerated fee discounts.



"KartRider" Free to play



"Maple Story" Free to play



"CrazyArcade BnB" Free to play

 Introducing free MMORGs accelerates the rate of fee discounts in subscription based games



"World of Warcraft" 24,750KRW → 19,800KRW



"ROHAN" 19,800KRW



"RAPPELS"
Free of Charge



"Mabinogi online Free to play for 2 hours a day

(Note : 940 KRW ≒ 1 USD, 1 Billion KRW ≒ 1.06 Million USD)

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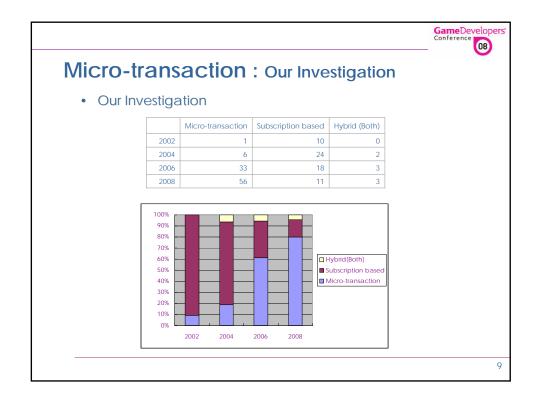
Micro-transaction: Purchasing Power

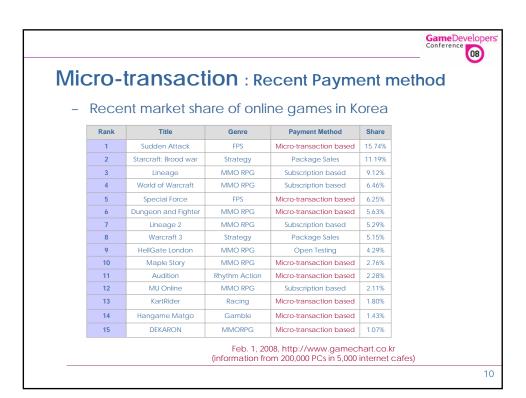
- · Power of micro-transaction in Korean online games
 - *In the article of "The New Avatar In Town" on Mar. 26th, 2007:
 - "... The companies behind them have a novel way of making money, selling digital goods such as avatars and their outfits. The games themselves are free... In 2005, Nexon had worldwide revenues of \$230 million, 85% of it from virtual items."

BusinessWeek



 In the article of the Business Wook, "The new Avatar in Town": http://www.businessweek.com/magazine/content/07_13/b4027047.htm?chan=search







Micro-transaction: Success Factors

- Low barrier to entry*
- Choice / low switching cost*
- Customization*
- · Various online games of various genre
- Expanding game market

 In the article of the GAMSUTRA on Feb. 2007, "Q&A: Nexon America Talks Maple Story" http://www.gamasutra.com/php-bin/news_index.php?story=12928

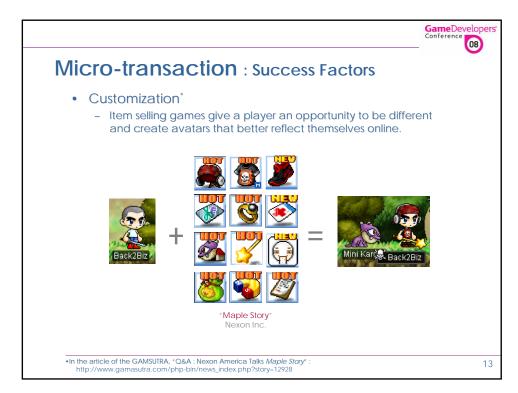
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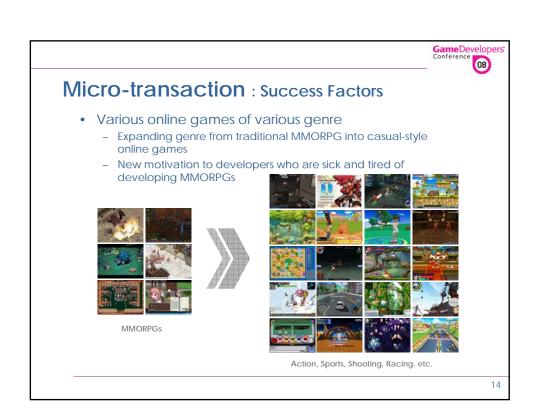


Micro-transaction: Success Factors

- Low barrier to entry*
 - Allowing gamers to enjoy rich online experiences without the financial and psychological burden of upfront fees.
- Choice / low switching cost*
 - Players do not have to choose between one subscription game over another.

•In the article of the GAMSUTRA, *Q&A : Nexon America Talks *Maple Story** : http://www.gamasutra.com/php-bin/news_index.php?story=12928







Micro-transaction: Success Factors

- The weapon to fight against major game companies
 - Casual-style game + free to play and pay for in-game items.
 - Startup Companies



"Maple Story" Wizet Corp.



"Audition" T3 Entertainment



"Grand Chase" KOG Studios



"GetAmped" WindySoft

Semi-established companies



"Free Style" JC Entertainment



"MaguMagu" AniPark



"Dungeon and Fighter" Neople



"Sudden Attack" GameHigh

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Game Survey : QuizQuiz(Qplay)



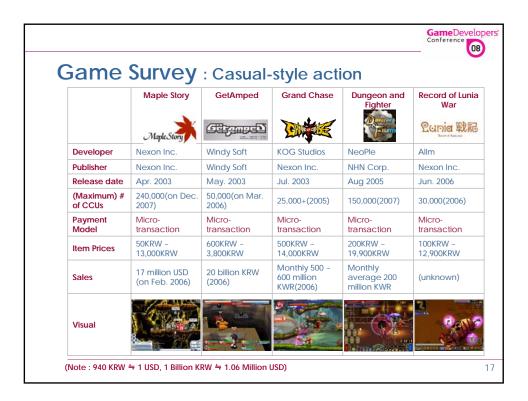
- The first micro-transaction based online game in Korea
 - Developer : Nexon (MPLAY)
 - The first graphical quiz solving online game
 - Game launching on Oct. 1999
 - Apr. 2001 : selling in-game items
 - Avatar sales revenue (accumulation)
 - 10 billion KRW (~ Oct. 2002), 40 billion KRW (~ Jan. 2007)
 - # of CCUs
 - 350,000 CCUs in Korea (Feb. 2002), 700,000 CCUs in China (Sep. 2004)
 - 80.000+ CCUs, now
 - 38 million active game accounts in Korea (Oct. 2007)







(Note : 940 KRW ≒ 1 USD, 1 Billion KRW ≒ 1.06 Million USD)





Game Survey: "Maple Story"

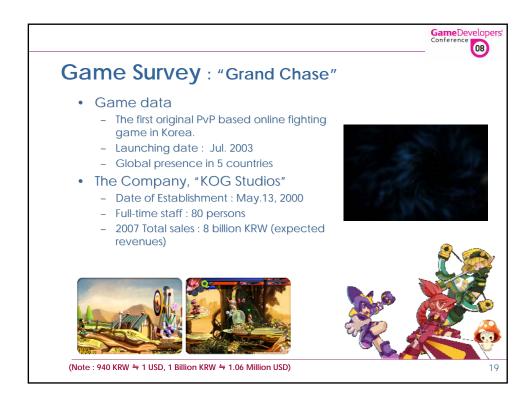
- Game data
 - The first side-scrolling 2D online game(MMORPG)
 - First released in April, 2003 in Korea
 - Highly popular among teenagers in Korea (68% under age 15)
 - Over 60 million subscribers worldwide, reached 240,000 CCUs in Korea
 - Global presence in 60 countries: Korea, Japan, China, Taiwan, Singapore, Malaysia, USA, Thailand, Europe
 - Feb. 2006: Recording 16 billion KRW (approx. 17million USD) in monthly worldwide revenue



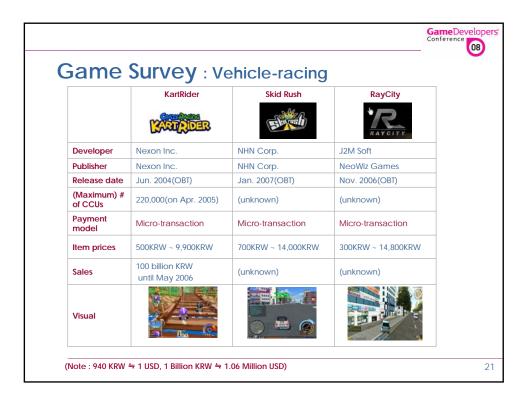




(Note : 940 KRW ≒ 1 USD, 1 Billion KRW ≒ 1.06 Million USD)









Game Survey: "KartRider"

- Launching data
 - Mar. 2004 : Game ReleaseJun. 1, 2004 : Open testing
 - Aug. 18, 2004: Item-selling system launched
- Development data
 - Development periods: 19 months (Nov. 2002 ~ Jun. 2004)
 - Development cost : 4 billion KRW
- Game date
 - The most-played online game in Korea: 16 million subscribers (1/3 of population)
 - 130 million subscribers, reached 800,000 CCUs in China (Sep. 2006)
 - KRW 100 billion in sales until 2006







(Note : 940 KRW ≒ 1 USD, 1 Billion KRW ≒ 1.06 Million USD)







Game Survey: Micro-transaction in MMORPG

- · Changing payment policy into micro-transaction
 - Aug. 1, 2005, free play of 5 MMORPGs
 - 'The Kingdom of the Wind', "Legend of darkness", "Elancia", "Asgard", and "Tales Weaver"
 - Changing into micro-transaction (free to play and pay for ingame items) from subscription fee based model









Open on Apr. 1996



"Asgard" "T Open on Nov. 2001 Open

Nov. 2002

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Game Survey : Micro-transaction in MMORPG

- The Results
 - Aug. 4, 2005
 - Maximum # of CCUs is 180,000+
 - "The Kingdom of the Winds"
 - Maximum # of CCUs is 90,000+
 - "Asgard" and "Tales Weaver"
 - The # of CCUs are growing 100% ~ 200% from a month ago
 - Aug. 7, 2005
 - "Tales Weaver"
 - 40,000+ CCUs, growing 100% from a month ago
 - Aug. 16, 2005
 - "Asgard"
 - 27,000+ CCUs, growing 120% from a month ago
 - Aug. 19, 2005
 - "The Kingdom of the Winds"
 - Recording 110,000 Maximum # of CCUs
 - Later,
 - "The Kingdom of the Winds"
 - Recording 130,000 Maximum # of CCUs



Game Survey: Micro-transaction in MMORPG

• MMORPGs in Other companies



"Priston Tale"
yedang online
Free play on Nov. 8, 2005
(Before, 25,000 KRW per a



RF Online CCR Inc Free play on Sep. 27, 2006 (Before, 16,500 KRW per a month)



"Granado Espada" Imc GAMES Free play on Nov. 19, 2006 (Before, 19,800 KRW per a month)



"Legend of Mir 2, 3" WeMade Entertainment Co. Free play on Jun. 19, 2007 (Before, 27,500 KRW per a month)

(Note : 940 KRW ≒ 1 USD, 1 Billion KRW ≒ 1.06 Million USD)

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Game Survey: Micro-transaction in MMORPG

· Launching MMORPG with free of charge



"SUN Online"



"ZERA" WEBZEN Inc.
Open testing from Nov. 14, 2006
Sales in-game items from Nov. 19, 2006

Nexon Inc.
Nexo



"Atlantica"



Game Survey: Micro-transaction in MMORPG

• Monthly subscription fees in Korea

Game Title(Developer)	Subscription Fee (Monthly Fee)
Lineage(NCSoft)	29,700 KRW
Lineage 2(NCSoft)	29,700 KRW
Mu Online(WEBZEN)	27,500 KRW
Ragnarok Online(GRAVITY)	22.000 KRW
World of Warcraft(Blizzard Entertainment)	19,800 KRW
Uncharted Waters Online(KOEI)	19,800 KRW
Mabinogi Online(Nexon)	18,480 KRW
Guild War(NCSoft)	9,900 KRW

"World of Warcraft" subscription fee change

wow	1 month fee	3 months fee
Jan-2005	24,750 KRW	64,900 KRW
Apr-2006	24,750 KRW	59,400 KRW
Apr-2006	19,800 KRW	47,520 KRW

(Note : 940 KRW ≒ 1 USD, 1 Billion KRW ≒ 1.06 Million USD)





Game Design: Analysis of Micro-transaction

- · How to buy items in a game?
 - Shop on Website: Players can buy items with cash.
 - Shop in Game: Players can buy items with cash and in-game money.





(Shop on the website of "Grand Chase")

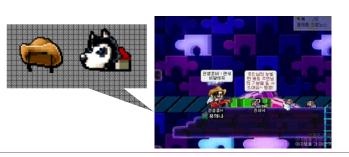
(Shop in the game of "Grand Chase")

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Game Design: Analysis of Micro-transaction

- Premium elements in micro-transaction games
 - Items
 - Users purchase items and use it in the game
 - Types: Accessories, special items, characters, weapons, pets, etc
 - **Duration**: Consumable, fixed-term, or permanent
 - The durrability of an item is determined by the item's function.
 - example: Items in "Maple Story"





Game Design: Analysis of Micro-transactions

- Premium elements in micro-transaction games
 - Services
 - · Various premium services can be offered.
 - · Don't have direct effects on the balance of games.
 - Types: game modes, tools, mini games, quests etc
 - Duration: Fixed-term
 - Example: Special quests in "Grand Chase"



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Game Design: Analysis of Micro-transaction

- · Pre-paid game points
 - Game players purchase game points through various vendors and consume the points by purchasing game elements online.
 - Features
 - Pre-paid game point system allows game players to buy game elements of provider's entire online games. by purchasing and spending this ubiquitous currency.
 - Game points purchased online allow players to use diverse payment methods.



(Various payment methods in "GetAmped")



Game Design: Case Studies < Casual Games>

- "KartRider"
 - Efficient Micro-transaction policy
 - Nexon Cash
 - Definition

All the items sold in KartRider can be purchased by using. Nexon Cash which is pre-paid.

Users can purchase Nexon Cash through various vendors.

Advantages

KartRider is targeted at younger players. Payment by credit card has age restrictions.

Users can purchase Nexon Cash through various vendors.

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Game Design: Case Studies < Casual Games >

- "KartRider"
 - Efficient Micro-transaction policy cont.



(Various Nexon Cash Cards)

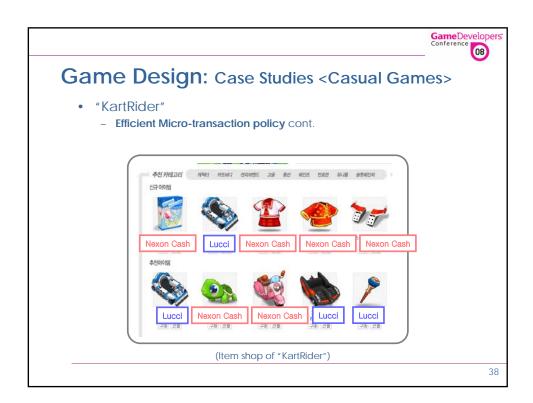


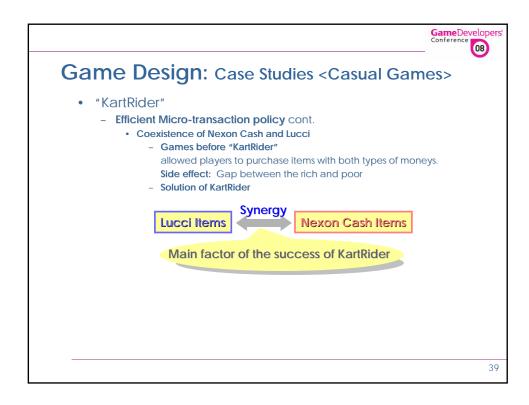
Game Design: Case Studies < Casual Games>

- "KartRider"
 - Efficient Micro-transaction policy cont.
 - Lucci
 - Definition

the game money earned in the game itself.

Separation of Nexon Cash items and Lucci items
 The items that could be purchased with the Nexon Cash and Lucci are completely separate.







Game Design: Case Studies < Casual Games >

- "KartRider"
 - Balancing Nexon Cash and Lucci
 - · Features of Nexon Cash Items
 - Ornaments for avatars
 - Provide a game advantage to the player.
 - Generally available for a limited period
 - Features of Lucci Items
 - Stylize the appearance of a kart
 - Special effects and enhancements
 - Objectives that players pursue



Game Design: Case Studies < Casual Games >

- "KartRider"
 - Balancing Nexon Cash and Lucci cont.
 - · Interaction between Cash items and Lucci items
 - Players purchase cash items to enhance their game abilities, in order to obtain Lucci and more easily raise their level.
 - Players buy more cash items because of the existence of Lucci items



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Game Design: Case Studies < Casual Games>

- "KartRider"
 - Examples of items

Examples of Cash Items



(Plazma PT)

It has better capability than Lucci vehicles that lower level players can purchase, hence increasing the winning odds in the game.

It has an expiration date.

(Red Missile Balloon)

It is a decoration that can be mounted on the vehicle. Once this item is mounted it will automatically obtain Lucci when attacked by missiles.

It is consumable.

Examples of Lucci Items



(Lunar Rabbit)

It is an attractive vehicle which enhances the gaming capability of players and has a special function which deletes items that deter players during game.

It has a high price.



Game Design: Case Studies < Casual Games>

- "Grand Chase"
 - Various currencies
 - Netmarble Cash
 - All the items sold in Grand Chase can be purchased by using Netmarble Cash which is pre-paid.
 - Users can purchase Netmarble Cash through various vendors.
 - GP
 - In-game currency
 - Point
 - Players can receive Points in proportion to the hours of continuous game play.
 - Point can be a motivation of continuous game play for players.

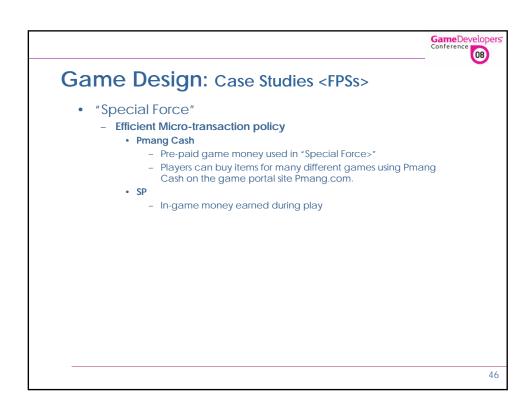
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Game Design: Case Studies < MMO RPGs>

- "Maple Story"
 - Optimal item design for micro-transactions
 - Nexon Cash Items
 - don't have direct effect on game play.
 - decorate player's avatar.
 - have various functions.
 - Messo Items
 - influence the balance of game play.
 - make player stronger.
 - hard to get.







Game Design: Case Studies <FPSs>

- "Special Force"
 - Efficient Micro-transaction policy
 - Coexistence of Pmang Cash and SP
 - Relationship between Pmang Cash and SP
 The relationship between Pmang Cash and SP is similar to that of Nexon Cash and Lucci.
 - Differences between Micro-transaction models of "KartRider" and "Special Force"

Pmang Cash items emphasize the capability to obtain SP. An FPS game and a casual game have a different psychology.

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Game Design: Case Studies <FPSs>

- "Special Force"
 - Efficient Micro-transaction policy cont.
 - Coexistence of Pmang Cash and SP



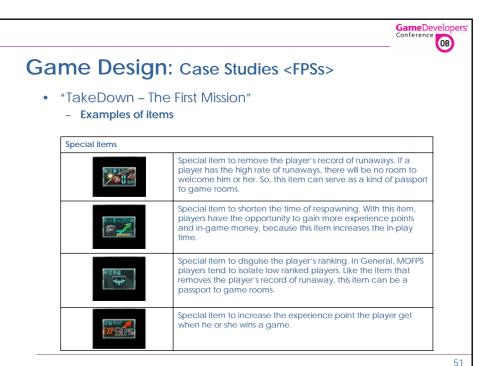
(Weapon shop)

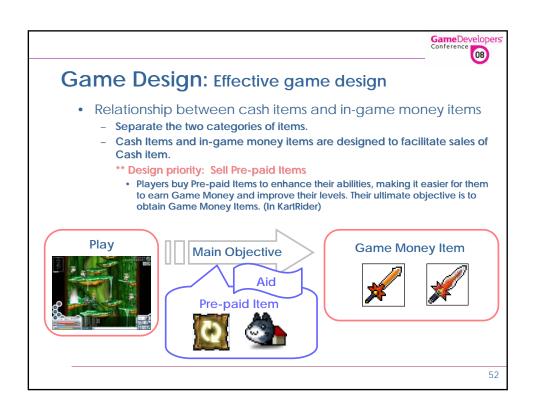


(Item shop on the web site)











Game Design: Effective game design

- Introduction to various systems for selling items
 - Limited duration
 - 1 day, 3 day, a week, a month, or a year depending on the price paid.
 - Limited number of uses
 - Single, 10 times, 30 times, or 100 times depending on the price paid.
 - Bundle of items







(Fantasy life club)

(Extra storage service)

(Support service)









Game Design: Effective game design

- Game design specialized in Internet Cafes
 - Additional in-game money and Experience Points
 - Exclusive items for an internet café
 - Special game modes playable only at internet cafes



(Special character and kart in "KartRider")





(Additional experience points in "FIFA Online")

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Conclusions: Micro-transactions in USA

KartRider & Maple Story & Audition







Free Style



Soldier Front & Gunbound







Conclusions: Outlook on Revenue Models

- The expansion of micro-transactions in online games is expected to change aspects of games development, such as game design, sales, distribution etc.
- Xbox 360, PlayStation 3, and Wii are all expected to use micro-transactions in distributing a variety of content and software online.
 - Marketplace "Xbox 360 –Xbox LIVE"
 - E-Distribution Initiative "PlayStation 3"





(Map Pack of "Call of Duty 3")

(Speed Pack of "PGR 3")

