

**National College of Ireland  
Project Submission Sheet – 2020/2021**

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# National College *of* Ireland

Customer Behaviour of Microtransactions consumption amongst males 18-30  
years of age.

A Dissertation Presented by  
Gary Farrell, MSc in Marketing, National College of Ireland

Submitted to the National College of Ireland in partial fulfilment of the  
requirements for the degree of Master of Business Administration

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## Abstract

Customer Behaviour of Microtransactions consumption amongst males 18-30 years of age.

Gary Farrell, MSc in Marketing, National College of Ireland

Video Game publishers and the video game industry have been focusing more and more on integrating microtransactions into their games. “What is the economic rationale for microtransactions and loot box revenue models, and are these models viable in the long term?” (McCaffery, 2019). These microtransactions can come in a number of forms such as season passes, loot boxes, player packs and many more. Season passes have become somewhat the norm in video games that are ‘free to play’ (games that are free to download and play) popular games such as Fortnite and Call of Duty Warzone use this module.

Chua et al. (2019) study looked at the consumer preference on paid game microtransactions. To determine any sort of consumer preference they looked into online game. The research then examined what genre of video games are sold in the mainstream market and how gamers play the games. From their research observations, they concluded that there are five categories of video games that can involve the use of microtransactions that can effect consumer experience and preference. The five attributes are mode, Genre, microtransactions, price and payment method.

The below study will be looking at five hypotheses 1: The effects of microtransactions on the video game industry from a consumer’s point of view. 2: Do consumers gain benefits from purchasing microtransactions? 3: Microtransactions a form of pay to win. 4: Microtransactions that consumers purchase & prefer 5: Microtransactions has increased gambling habits of gamers.

Key findings such as consumers preference in microtransactions are Season/Battle Pass where players are reward for game time as they unlock tiers in the pass that has be purchased. Consumer are willing to pay more for microtransactions in a free to play game compared to a purchased. These key findings are more are discussed later on in the study.

The biggest limitation during the study was the lack of academic journals. Further research is needed in the topic to get a better understanding in the future.

# Submission of Thesis and Dissertation

National College of Ireland  
Research Students Declaration Form  
(Thesis/Author Declaration Form)

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Title of Thesis: Customer Behaviour of Microtransactions consumption amongst males 18-30 years of age.

Date: 18 August 2021

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## Chapter 1. Introduction

### 1.0 Introduction

Chua et al. (2019) study looked at the consumer preference on paid game microtransactions. To determine any sort of consumer preference they looked into online game. The research then examined what genre of video games are sold in the mainstream market and how gamers play the games. From their research observations, they concluded that there are five categories of video games that can involve the use of microtransactions that can effect consumer experience and preference. The five attributes are mode, Genre, microtransactions, price and payment method. Kain (2017) discussed how companies can get in hot water if they don't have a model that is seen by the consumer as friendly. The example used in article was Star Wars Battlefront 2 game which saw consumers actively needing to purchase microtransactions to play the game. The game publisher EA used Loot Boxes, which give a random generate reward. The system was already coming under scrutiny for an issue involving famous YouTube influencers promoting a gambling site which helped promote, trade and alter Loot Boxes on another game called CS:GO. The growth of income for companies is reason for them implementing a number of models around microtransactions. Activision Blizzard hold quarterly and yearly investors calls where they discuss microtransactions and the revenue they bring to the business. In the Activision Blizzard (2020) earnings call for 2019 they announced in game net bookings worth \$3.37 billion across all their titles such as Call of Duty, Overwatch and many more.

### 1.1 Gaps in literature

There is a major gap in the literature at present, the lack of academic journals from academics in relation to the topic of microtransactions, video game industry is where the major gap is. This study used academic journals on consumer behaviour, some on microtransactions and published documents from trading businesses in the industry. The 2019 paper was exploratory which meant that any of the findings could not be used in a practical way. However it was useful as a groundwork for future studies.

### 1.2 Academic justification

As mentioned, there is a gap in the academic literature of this niche topic. The popularity growth of gaming and the industry as whole deserves an investigation and study findings presented so in the future more and more academics have resources to base their studies off. The lack of research may mean that in the future academics may argue for and against my results and findings as the industry is forever evolving. This academic study and paper wishes



to provide some clarity on the topic of microtransaction and encourage future academic research.

To achieve this, this academic study will examine previous research which has come before, such as articles on the value of microtransactions to industry. It will specifically use a 2019 research of marketing journal as guideline which examined consumer preference on microtransactions (Chua et al., 2012).

### 1.3 Research Aims

This study aims to contribute information for industry insiders and future academics that wish to study and understand such a niche academic written topic in a growing industry. Its aim is to not replicate the results of the Chua et al. (2019) paper which is being used as a guidance but to find new and updated findings whether or not actual differences exist in these will be seen. This study wishes to open the door into a deeper discussion of elements often ignored in the gaming industry. It hopes there can be more discussion around affordable games and free to play model which can help potential consumer enter the hobby while industry see profit and business benefits.

### 1.4 Research Question

As this paper and study will look to previous research for guidance, the research questions are similar to those from the original 2019 paper on consumer preference on microtransactions (Chua et al., 2012). The research questions are broken into 5 main hypothesis/objectives. Research objective/hypotheses hypotheses 1: The effects of microtransactions on the video game industry from a consumer's point of view. 2: Do consumers gain benefits from purchasing microtransactions? 3: Microtransactions a form of pay to win. 4: Microtransactions that consumers purchase & prefer 5: Microtransactions has increased gambling habits of gamers.

### 1.5 Methods and Scope

The research methods employed in this study aims to replicate parts of the original study by Chua et al. (2019). A sample of 63 individuals was collected using on platforms such as reddit, twitter and email. The hope was to have 100 but there was number of spoiled surveys and people declining to take part. Secondly, this research and paper was written during the COVID-19 pandemic, which restricted and hindered the ability to perform an in person questionnaire which led to an online survey. The sample does however include individuals from a number of geographic backgrounds to get wider look of consumers feelings towards microtransactions. The participants were asked to answer an online survey based of the hypothesis set out in the research aims. Demographic and Geographic information attained

were used to get a better understanding of the participant and their gaming habits. Despite the fact this research paper is limited in scope due to the nature of the topic and using previous research as a based, it will discuss the above results and attempt to bring context of the wider academic literature and link them back together. Recommendations to expand on the research can be conducted for the future are also made at the very end of this study.

## 1.6 Dissertation structure

### Chapter 1- Introduction:

This chapter supplies an in-depth summary of the research topic chosen by the researcher. It also presents an overview while briefly explaining the current gaps present in the current literature. It will also present an overall justifications of researching the topic.

### Chapter 2 - Literature Review:

A review of the existing literature is carried out to inform the reader of a background and substantial information to the chosen industry of study. It will use critical analysis on the current literature and explore previous literature findings. It then examines consumer behaviour as topic, then focus on gaming industry, microtransactions and consumer preference of microtransactions.

### Chapter 3 - Research methodology and methods:

The case is argued in relation to the methodology chosen by the researcher, which also considers the overall aims and objectives of the research topic primarily based on a past study into a similar topic. It details the methods used by the researcher to gather the quantitative data eg survey responses. It discuss how this data is analysed and any limitations or ethical concerns which are present throughout the studying and research into the topic.

### Chapter 4 – Results:

Results of the quantitative research and date analysis are presented. Ultimately helping answer the hypotheses set out in the research questions section.

### Chapter 5 – Discussion:

The results from the study are discussed in relation to the previous limited literature. Critical analysis of the results will also be applied with an elaboration on the limitations of the literature scope of what this paper can answer and what is recommended for future study.

## Chapter 6 – Conclusion and Recommendations:

The main points of the results and discussion are summarised and presented to inform potential future academic study into the topic. It will also explain any practical implications for professionals in the gaming industry.

## Chapter 2 Literature Review

### 1.1 Consumer Behaviour

Consumer Behaviour can be broken down into a number of key areas that we as marketer's and academics study to get a better understanding of the consumer. It can be the study of groups, organisations or individuals and the activities involved in the process of purchasing, using and disposal of goods and services. We as marketers can influence the buying behaviour of consumers however we cannot control the behaviour.

It takes into account the consumers attitudes, emotions and preference's and how these can affect the consumers buying behaviour. Consumer's consumption of goods or services can have more value to them beyond the functional value offered by the goods or services.

“Consumer goods and services have psychological value that can equal or exceed their functional value.”(Mandel, 2016). Previous academia research has found a variety of deeper psychological motives behind consumption.

Consumer Behaviour can be divided into 3 interdependent dimensions:

Study of Culture

Study of Social Groups

Studies of Individuals

#### 1.1.1 Culture

Culture can be a fundamental factor and impact on a consumers wants, needs & behaviour.

In a culture values and norms can be developed that serve as guidance for human behaviour.

“Culture is the sum of a shared purpose among members of society, customs, norms and traditions”(Durmaz et al 2011).

Culture can also have a smaller more sufficient subcultures that focus more on specific identification and socialisation of the culture group which includes nationalities, religions, sporting groups and many more. Subculture can also include some of the most popular or up and coming culture trends such as vegans, hipsters.

There can be some cultural differences among consumers in the same country based on religion beliefs, history etc. The differences in that one country compared with consumers outside in another will usually be less. This is because when we compare cultural differences impacting consumer behaviour internationally there are huge impacts and difference's for example Ireland and Hungary. For business to operate in global markets it is important that they overcome these cultural boundaries.

For this reason it is important for business and marketers learn the cultural properties in the country market as well they must analysis the resulting consumer behaviour. The resulting

behaviour from consumers is important, as it is a variable in how our marketing plans are designed and communicated. Especially in designing segments, target audience and how we wish to position our product.

### 1.1.2 Sub Culture

Sub Culture is a smaller group of people with similar values and beliefs. Leartowicz & Roth (2001) Argue that subculture needs to be examined when looking at the management of marketing campaigns. For example in some video games there is a sub culture that focus on competitive play also known as E-Sports. There does be marketing campaigns focused at this sub culture from with-in the industry.

### 1.1.3 Effects of Sub Culture

The formation of a sub-culture can come from geographical regions, religions, beliefs and many other impacts. The preference of individuals who have same interests, hobbies, live in same or similar region can be in fact very different which helps in creating a sub culture. Some individual's may seek the feeling of belonging. This can lead them to having a different belief or stance on issues creating subculture values, attitudes and social structures. When these values, attitudes etc are examined and compared to wider culture or even in when they are compared to a different sub culture. There may be vast differences in the stance of values and attitudes. The subcultural segmentation of a market has become an important variable for marketers to investigate. Marketers and business need know what are the characteristics of the sub-culture using their brands, products, services when they are developing the marketing mix. The price, brand name, product/service positioning will all impact the purchasing behaviour of the sub culture.

### 1.1.4 Social Class

There are a number features in what creates a social class. First, the behaviour of members with in the social class structure. The education achieved, attitudes, values and communication styles are similar. These characteristics can be different from other social classes with in the same region. According to Williams (2002) social class is a significant predictor of evaluative criterion importance for a number of products. Henry (2005) argues that social class is an individual's status that determined according to their societies. Allen (2002) believes that social classes can be determined not just by one variable but also by variables such as the education, income, living area, activities and values of individuals.

### 1.1.5 Effects of Social Class

Social classes are groups of like-minded people who share similar values, interests and behaviours. Social classes can have distinct preferences in clothing, home furnishing and

design, entertainment and gaming activities, certain product and brand. Example of this can be the Hamish communities in America. There are many types of social class. Some marketers focus their efforts on only one social class instead of trying to impact other classes. Social classes can also have a different choice of media outlets. Durmaz (2011) argues that the upper-class consumers consume more reading material such as books and magazines while sub-class consumers consume more electronic devices such television. The upper class consumers watch more news and dramas when compared to low-class consumers that watch films and sport. Durmaz (2011) argues language differences between social classes. This can be seen for example in Dublin the way a consumer of a social class in D4 speaks and communicates compared a member of a social class in Ballymun. Advertisers should be aware these language differences which is spoken in the social class. “Therefore, marketers should appeal communication channels and communication styles by determining by social class.”(Durmaz, 2011).

#### 1.1.6 Consumer Preference & Decision Behaviour:

Consumer decision behaviour has been recognised for a long time as an important consideration in marketing and the planning of communications. This brings said analyses of marketing strategy make strong assumptions about consumers. Consumer decision making is the process by which consumers identify their needs, collect information, evaluate choices, and, finally, make a purchase decision. These actions are determined by psychological and economic factors and can be influenced by environmental factors such as cultural, group, and social values.

#### 1.1.7 ‘Mental availability’ aids decision-making for both ‘maximising’ and ‘satisficing’ shoppers

Mental availability: This is about a brand be accessible from the memory for consumers across a number of situations and encounters. With the growth of online shopping due to Covid-19 it matters more now than ever that consumers can pin point your brand from memory. Online shopping encourages consumers to make the best choice however with so many option online consumers and get frustrated and purchase the wrong brand.

“‘maximising’ decision-making – where people compare lots of options to seek out the best one, but this can lead to ‘choice overload’.”(WARC, 2020). Brands can help shoppers by reducing the risk of uncertainty in the absence of a physical shop experience. Brands can satisfy their consumer by reducing the effort it takes online shopping and finding products.

### 1.1.8 Six key biases can influence online purchase decisions

The Behavioural Architects is the study of how consumers choose to buy one product over another. This can be in an online or physical store environment. The architects are underpinned by six identifiers that influence the purchase decisions:

- Category heuristics– This is about the product specs that help the decision process eg the specs of a laptop A compared to laptop B.
- Power of now– the longer the consumer waits, the weaker the purchase decision becomes.
- Social proof– this is how recommendations from peers effect the purchase process.
- Scarcity bias– as availability of products/services decreases, desire for them increases eg limited edition products
- Authority bias– trust and expertise from social influencers, peers, family can sway decisions
- Power of free– Consumer’s love getting something for nothing. For this reason, a free sometimes unrelated gift with a purchase can be a motivator in the decision making.

### 1.1.9 Behavioural triggers that address key barriers help shoppers make a purchase decision

Brand equity does not mean products of the brand will be bought or even in the consumers consideration set. Brands need to understand the importance of converting awareness into sales “Brands understand the importance of investing in awareness but often forget to create a behavioural trigger, without which conversion does not happen.”(WARC, 2020). Behavioural triggers help in establishing the role that brand’s have in consumers lives and how they make brand relevant for consumers. The success of consumers completing your marketing plan lies in creating an experience and co creation opportunity for consumers e.g. Share a Coke campaign. There are five key barriers to purchase that brands need to understand:

- Time: Is the time being spent with a brand rewarding for the consumer.
- Convenience: How easy is it to access the correct information, solutions, touchpoints at the right on a chosen platform for consumers.
- Relevance: how brands can increase the relevance of product/services to meet consumers demands at the right time.
- Trust: Can the brand build trust with the consumer and their social circle or influencer/celebrities

- Emotional connection: Can a brand build a relationship through emotion which can help repurchase behaviour.

#### 1.1.10 Emotional advertising is effective by tapping into how the brain makes decisions

Emotional advertising can help businesses create memories for their consumers. These can be good feelings towards a brand. These emotions can act as a shortcut which in return can influence future decision-making. However, businesses need to understand that while emotional communication is an effective tool. It can increase attention, recall etc and help to influence consumer decision making. It needs to also speak to the consumer's motivation for that moment and that purchases. Businesses can do this by understanding the consumers desires, needs etc.

#### 1.1.13 Decisions are taken at many different points along the customer journey

Businesses focus their consumer decision making analysis on a specific touchpoint be that in a physical store, online retail or elsewhere eg amazon, shopify. The modern consumers purchase journey is hugely iterative meaning business current ways at analysis can be out dated and misleading. Businesses need to update how they look at consumer decision making analysis and use multiple touchpoints. Businesses will have the opportunity to understand decision making, the influence of issues such as competitors and emotion. One major barrier to this happening is a focus on the KPIs rather than the potential customer journey.

### 1.2 Video Game Industry

The video game industry can be split into hardware and software. The hardware of the industry is the gaming consoles, handheld devices, accessories, graphics cards for gaming PC's and other products. The software in the industry are the games, online services, streaming platforms. The industry has developed and innovated vastly since its video games first emerged in the 1970's. Today games can be developed for consoles, smartphones, tablets, PC's and even through social network functions.

According to Clement (2021) the industry is billion-dollar business and has been for number of years. The same Statista report estimated that PC gaming was worth at almost 37 billion dollars while mobile gaming seen income of nearly double PC at over 77 billion dollars in 2020. The first generation of gamers have now grown up which has led them to have a significant spending power at its disposal. Which has led to increase in console, custom PC and other industry related purchases. The hobby of gaming should no longer be considered solely as a child's hobby. The three main hardware business in the industry are PlayStation, Xbox and Nintendo



### 1.2.1 PlayStation

The PlayStation brand is part of Sony Corporation, which saw a 14% growth in market share in 2020 despite the coronavirus pandemic, according to Interbrand (2020) best global brand 2020 report. This surprising growth can be put down to the increased number of consumers at home gaming on the platform as well as the successful launch of the PlayStation 5 in November 2020. Sony Corporation is a Japanese company which has headquarters located in several different regions across the globe, however the main HQ is based in Tokyo Japan. PlayStation has a number of additional bases which include locations in London and California. Sony Interactive Entertainment (SIE) is the subdivision that oversees the PlayStation brand and the studios that develop games for a number of PlayStation console's and handheld platforms. The first PlayStation console launched 26 years ago back in 1995. This came after the original plan to collaborate with Nintendo to develop and manufacture a gaming console to compete with the Sega fell through.

Employees at Sony working on this collaborative project were told to stop any development and focus on product R&D after the original plan and deal fell through. However, some of the employees' part of the team kept developing the idea and product after hours to show to their bosses. The original PlayStation sold 100 million units worldwide during its lifecycle.

The PlayStation 2 was launched in late 2000 it is the most successful gaming console to ever launch by console units sold. With the last official figure given in 2011. Sony stated that it sold 150 million units on the PS2. Key industry insiders believe that this number has since reached in and around 159 million units. "PlayStation 2 remains the best-selling video game console of all time. Sony's beloved system tops Nintendo DS by roughly 5 million units sold, while handily outselling every other console in existence." (Sirani 2021).

The PlayStation 3 failed to see the same heights of success due to a number of reasons. It reached 87.4 million units sold by March 2017. The PS3 had a number of issues from the start. It launched a whole year later their main competitors console, it was more costly the other gaming console's on the market and game developers found it hard to optimise its tech.

The PlayStation 4 was launched in 2013 it was seen as the new favourite console to go on and possible reach the success of the PS2. When the console launched in the US it sold over 1 million units in 24 hours. The lasted figure given by Sony Corporation (2021) for the number of PS4 units sold yearly in 2020 was is 5.7 million. The PS4 console is still in manufacturing at reduced numbers despite the launch of the PlayStation 5.

The PlayStation 5 was released in November 2020 with 4.5 million units sold worldwide by the of 2020 published by Sony Corporation earnings report. A more recent

Sony Corporation (2021) earnings report that had information up to 31<sup>st</sup> March 2021 stated that 7.8 million PS5 have been sold to date.

There has been several additional PlayStation products sold such as the PSP and PS Vita these were both handheld platforms that launch in 2004 and 2011. They were designed to compete with Nintendo's handheld platforms such as the Gameboy and DS. Sony has also gone into the virtual reality market with the release of the PS VR headset in 2016 and set to release PSVR 2 in 2022 for PlayStation 5.

The PlayStation brand currently have three products in mainstream manufacturing with a 4<sup>th</sup> hardware product set to launch with a window being given has end 2021 or 2021. They also have a number software services that are provided and sold to consumers such as first party developed games and services such as PS Now, PS Plus and more.

#### 1.2.1.1 PlayStation Hardware Sales

PlayStation VR: Is a virtual reality headset developed by the PlayStation brand that was released for sale in October 2016. The headset works on both the PlayStation 4 and on the PlayStation 5. PlayStation senior Vice President Nishino (2021) has also given a window of 2022 for new and update version of the VR headset native to PlayStation 5 via a press and blog release. The piece of hardware has sold around 5 million units.

PS4: The base version of PlayStation 4 was released in 2013. It was the most powerful console on the market at its launch. The console had since seen two more editions go on sale in 2016. A slimmer version with all the same specs and hardware and a Pro version which was more powerful the original console. The console has seen over 100 million estimate units sold. The last official figure was given in 2019 by Sony Interactive Entertainment (SIE).

“PS4 has now cumulatively sold through more than 91.6 million units globally as of December 31, 2018.” (SIE, 2019). Sony Corporation and PlayStation have both stated that they still see a short to medium term future for the console despite the PlayStation 5 on general sale since November 2020. Retails at around €299 depending on store.

PS5: The PlayStation 5 was launched in November 2020. For the first time in PlayStation history they launched two editions of a console. The consoles have a 100 euro price difference. The cheaper option being an all-digital console where you buy and download your games for the PlayStation store. The second edition having a more traditional disc drive that consumers can use physical game copies. There is no difference in the power and specs of the console editions. The console has sold over 4 million units since its launch. Digital console retails at €399 while base disc edition retails at €499

PS Vita: is a handheld game console that was released in 2011 in Japan and worldwide in 2012. It was developed as a successor to the PSP. There was a redesigned and update model release in 2014. The device seen poor sales figures of sales are unsure as PlayStation combined the PSP sales with vita in Press releases. The device was discontinued in 2019 in all markets apart from Japan.

#### 1.2.1.2 Software: Services & Studios:

PlayStation Network & PS Plus: These two services go hand in hand, PlayStation Network better known as PSN is the network that allows consumers to play online games on all PlayStation platforms with family and friends. A PS Plus subscription is required to connect to online servers for most games expect those that are free to play.

PS Now: Is a streaming platform that consumers can sign up to. It releases new and sometimes limited time option games that players can stream to their PS4, PS5 and PC. This Service is mainly popular in the US compared to EU and other markets.

PS Music: This is a service on the PS4 and PS5 consoles in partnership with Spotify. This service is free and allows PlayStation consumers to listen to music while gaming.

Studios:

SIE have a number of studios that develop games for the PlayStation brand these include studios such as Naughty Dog, Insomniac games, Guerrilla etc. These studios are funded by PlayStation to create and develop games otherwise known as software. In more recent times these studios have release games such as the Last of Us 2 which according to PlayStation Blog (2020) went on to sell over 4 million copies in its opening weekend.

#### 1.2.2 Nintendo

Nintendo is a Japanese multinational consumer electronics and video game company with its headquarters located in Kyoto. The company was founded in 1889. The company has produced some of the most successful handheld and more traditional consoles in the gaming industry. These include the super Nintendo, Game Boy, Nintendo DS, Wii and more recently the Nintendo Switch. It can be argued that the Wii is the more successful console out of these listed. The Nintendo Wii launched in 2006 in the middle of a console generation that had seen Xbox overtake the PlayStation brand as the must have and most popular console in the marketplace. The Wii changed how games could be played and opened the market to involve users of all ages. It had an emphasis on party games that could be played by family's and groups of friends. According to Gough (2020) the Wii sold 101.64 million units of the console with 33 million of them being in Europe. Nintendo argument for using the branding Wii came from 3 main points (Hollensen,2013). It sounds like 'we' which emphasised it was

for everyone, can be remembered universal no matter language spoken and finally the “ii” symbolizing people together playing and the motion controllers used.

Nintendo has a number of well-known franchises that includes Mario, Donkey Kong, Zelda and many more.

Nintendo were brave and ambitious with the release of the Wii in the mid 2000’s.

The key challenge for Nintendo was that they were looking to launch their next gaming console into a market that was being dominated by Microsoft’s Xbox 360 that came out a year earlier. They also faced competition from fellow Japanese company Sony that planned to launch the PlayStation 3 just days before the Nintendo Wii. The Xbox 360 was seeing strong sale numbers as it was out in the market by itself for a year, while the PlayStation 3 was expected to before well after the huge success of PlayStation 2.

For the Nintendo Wii to be successful they had to overcome the above challenges from Microsoft and Sony. The two competitors consoles where aiming at the same target market of a male gamer, the style of gaming where also both the same of a controller in hand sitting down to play watching a tv screen on pc monitor. Nintendo decided to get both creative and innovate the idea of gaming and what the gamer is for the launch of the Wii console Nintendo as a company also faced the problem of overcoming the decreasing market share in the US hardware sales of the GameCube. The loss of market share came when there was a growth in the gaming industry of 30 billion dollars ”Nintendo had just experienced its U.S. hardware sales tumble to nearly half of what they had been almost 20 years earlier. This ironically happened when the video game category had grown to a \$30 billion global industry” (Warc, 2008).

By choosing to target a new market and different one compared to the Xbox and PlayStation 3, the Wii changed the rules of gaming and invented a new type of gaming with massively enhanced interaction between player and game. This was done through motion control and party based games that could involve all demographics.

Nintendo’s new direction was clear to see, it was offering consumers a new way to play video games and play as some of the most beloved characters. The Wii involved the gamers more in a way that differentiated them from Xbox and PlayStation. The console was the first major console to involve innovation that was not graphical or power based. This innovation meant that Nintendo could disrupt the market. This innovation was motion sensors in the controller and motion sensor that the consumer placed in front of their tv that the console was running on.

Nintendo was attempting to create a blue ocean with the Wii console so they could gain a new market share of the gaming industry. Kim et al describe a blue ocean as a new way of competing with the possibility of high profitability and long-term market growth (2005). Nintendo's Wii console create a blue ocean by creating a unique gaming experience via the controller and party based games. At the same time the financial and business strategy of keeping the cost of its system lower than Sony's and Microsoft's. The company was able to keep costs down by not having the graphical and performance power of the PlayStation or Xbox.

Nintendo's PR company state that Wii came to live by focusing on 4 areas invitation, association, participation and education. Invitation, they choose a new market and created a new tone of voice in communications, innovating from the past console and marketing material. They believed that turning an exclusive category into an inclusive social entertainment that there would be success for the Wii. The console was seen as approachable and it reached out to people, there was an emphasis on playing with people in the same room compared to the marketing material of PlayStation and Xbox focused on online gaming. Association, the console was launched in mass places, they held a launch date event that dominated YouTube's homepage and was on TV.

Participation: Nintendo went to where the people went, they gave them a chance to experience the console first hand before the launch. They also partnered up with Norwegian Cruises and brought the experience of the Wii onboard the cruise.

Education: To get the Wii into families homes they focused on aiming the console at mothers. They used printed material to describe how the Wii could improve the family time. The console became a market leader as it was able to access new consumers by breaking the barriers such as costs and wants in a console. The launch marketing material emphasised this as it featured a number of demographics enjoying the console. This helped with Nintendo being able to target the less traditional consumer via print ads and television. "Nintendo has attracted non-traditional users, including women and those over 60 years old, with easy-to-play titles such as Brain Training and Wii Fit launched in April/May 2008" (Reynolds, 2010). Nintendo at the time of the Wii launch were depending on sub-suppliers both for hardware manufacturing and game development. Nintendo allowed a number of suppliers and manufactures produce key components in the manufacturing processes of the Wii. However after the launch of the console Nintendo couldn't keep up with the demand for the console, there was a shortage in key parts which had a negative impact on the console manufacturing process. There was not such a problem though when it came to the development of software

for the console, with first party and exclusive games planned to launch early in the lifecycle of the console. For example brain training and Wii fit.

The brain training game came out on both the Wii and Nintendo's handheld device DS. It was target at middle aged people, the game was used to stimulate the brain. The Wii fit game came out with an additional piece of hardware needed to use the game. The Wii balance board. This hardware contacted wirelessly to the console it allowed players to sit, stand and even lie down on the board and complete a number of yoga exercises. In 2013 researchers such as Susman hoped to determine the effectiveness of computer games in developing muscle strength and coordination and reducing the risk of falls for people with Parkinson's disease.

Following the success of the Wii Fit game, Nintendo launched Wii Fit Plus and updated version of game that had new exercises and mini games built into the game. It also used all the same features of the original and allowed users of the game to use the Wii Fit board. To help extend the reach of the market Nintendo launched a number of advertising around the Wii Fit Plus game including a tv advertisement that featured actress Helen Mirren.

It didn't take long for Nintendo's competitors to react to the newly created market space that Nintendo created with the innovation of motion controlled and party based games. "Sony's new-generation PS3 did not translate into the immediate success that the company had hoped for." (Hollensen, 2013). This led to Sony launching the PlayStation Move in 2010 to try and gain some of the attractiveness of the market Nintendo created. Based on a handheld motion controller wand, PlayStation Move uses the PlayStation Eye camera to track the wand's position and sensors in the wand to detect its motion (Sony Computer Entertainment, 2010). 2010 also seen Xbox Kinect launch on the Xbox 360 from Microsoft. This device was a motion-sensing camera it did not use a controller unlike the Wii and PlayStation move. It enabled users of the console to control and interact with their Xbox 360 without the need of a controller instead the Kinect used voice commands.

### 1.3 Microtransactions

Video Game publishers and the video game industry have been focusing more and more on integrating microtransactions into their games. "What is the economic rationale for microtransactions and loot box revenue models, and are these models viable in the long term?" (McCaffery, 2019). These microtransactions can come in a number of forms such as season passes, loot boxes, player packs and many more. Season passes have become somewhat the norm in video games that are 'free to play' (games that are free to download and play) popular games such as Fortnite and Call of Duty Warzone use this module.

Activision Blizzard hold quarterly and yearly investors calls where they discuss microtransactions and the revenue they bring to the business. In the Activision Blizzard (2020) earnings call for 2019 they announced in game net bookings worth \$3.37 billion across all their titles such as Call of Duty, Overwatch and many more. “The company announced that they have generated \$3.3 billion in revenue from MTX sales from all their titles, including Call of Duty, Overwatch, Hearthstone, Warcraft, and more.”(Bhat, 2020). Activision changed how the in-game revenue system worked in the Call of Duty franchise. The previous model of supply drops to a new cosmetic battle pass tier system. Which led to an increase in profits. However, according to Activision Blizzard (2020) in game transactions were \$1.2 billion in Q3 2020, as compared with \$709 million for the Q3 of 2019. McCaffery (2019) states that the size of the gaming industry and its economic impact is worth studying in its own right. Publishers such as EA, Valve and many more add into their games loot boxes. “Loot boxes are virtual items that players can find or purchase within a game and that given them prizes and advantages in gameplay”(Kerr, 2019). Microtransactions can come in a number of forms such as loot-boxes, downloadable content (DLC), season pass, and many more versions based on the published game and or the genre of the game. “To increase the longevity and profitability of their products, video game developers are, with increasing frequency, incorporating purchasable randomized rewards — commonly referred to as ‘loot boxes’ — in their games.” (Newman, 2017).

#### 1.4 Consumer preferences on types of microtransactions

Electronic Arts or better known as EA removed it’s in game loot box system from the Star Wars Battlefront 2 game before its full release. “The firm ended up scrapping the microtransaction system just before final release due to consumer out- rage during the testing period, but not before it caused a storm of controversy among gamers and policymakers” (Kain, 2017). This came after a number social media post from the public criticised the game system. There was also a number of courtiers governments, gambling regulators and commissions looking into the issue at hand, as players needed to use real life money to level up in the game. “Australian gambling regulators are considering whether pay-to-win “loot boxes” in video games constitute gambling and may be in breach of state laws.” (Knaus, 2017). The Australian government later brought in laws to protect consumers through online purchases and gambling. According to Drummond and Sauer (2018) Consumers of games are becoming more concerned that these randomised reward systems are an unregulated gambling tool aimed at minors. EA have also come under fire in the past for two franchise in FIFA and Madden. These games have a mode called ‘Ultimate Team’ that allow gamers to

bid with other gamers for professional players. These players can then be added to the individuals ultimate team. EA also allow gamers to buy random generated packs using real money where they are giving a number of players per pack, training cards are more. Some consumer believe that this is promoting a pay to win feature as well as gambling to minors as the game is rated 3+ by the ESRB.



## Chapter 3. Research Methodology and Methods

### 3.0 Introduction

Research is the events in which an individual or a group of researchers primary aim is to gain an understanding or/and awareness of an aera of key interests. Research can be defined “As something that people undertake in order to find out things in a systematic way, thereby increasing their knowledge.” (Saunders et al, 2009).

Kothari (2004) describes research as the academic search for knowledge through an objective method.

The reasoning behind research is to increase the overall knowledge of a topic or interest a person or group of people has on that topic or interest. The research being investigated can be impacted and effected by the researcher and their behaviour towards the research.

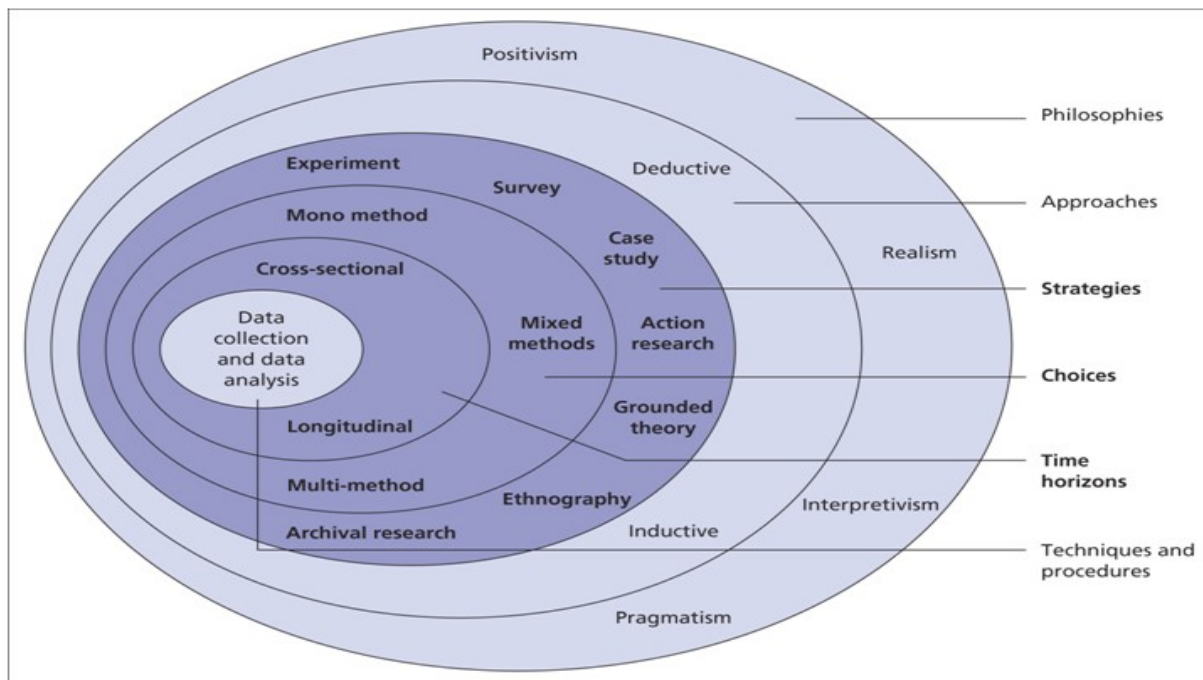
These behaviours can be based on relationships that need to described, explained, understood, analysed and more. Researchers need to provide the answer’s to the question that was originally being investigated to gain a better understanding. The collection of data and the interpretation of this data can ensure that research is based of frameworks and not beliefs of the researcher. Resulting in more factual findings and results

The literature review discussed the concept of consumer behaviour and microtransactions in video games. However further research is needed in the area and the surrounding areas of microtransactions in video games as there is lacking academic articles in this aera.

The methodology section aims to discuss and provide the primary research methods and tools that have been optimised in investigating the gaps discovered in academic literature.

The research ‘onion’ developed by Saunders, et al.,(2009) will assist the researcher in providing an answer to the proposed research questions and hypotheses. The research onion is made up of 6 layers that has been used over time to develop the research methodology conducted. These 6 layers are research philosophy, research approach, research strategy, choices, time horizon and techniques & procedures.

Figure 1: The Research ‘ONION’



### 3.1 Research Aims and Objectives

This research topic for my dissertation will be looking at Marketing and Advertising of Microtransactions in video games with subtitle and main focus of Customer Behaviour of Microtransactions consumption amongst males 18-30 years of age. The research will look closely at the marketing & advertising of these microtransactions, in the video games themselves and also the use of digital marketing platforms to sell these digital products to consumers and how consumer behaviour can affect the purchasing decision, opinions and more on these microtransactions. The research will investigate the benefits that consumers get from purchasing these microtransactions if any, how they feel, opinions on cost, module used for selling the microtransactions and more. Microtransactions are used by big game publishers and developers to give themselves the extra ability to increase the game profitability over its life cycle in the market. Microtransactions can have a number of effects on video games such as economic benefits for publishers, social effects for consumers and the ethical problems of selling these microtransaction to an audience that can be as young as 7 years old.

The hypotheses of the research are as follows

1: The effects of microtransactions on the video game industry from a consumer's point of view? This will be focused on 3 areas, the economics of microtransactions, they must be of benefit if the industry are using them, why are they working for the industry and how much money are they worth for the industry. How are the games content marketed and advertised to consumers and the effects it has on the industry as a whole?

2: Microtransactions that consumers purchase & prefer? I will look at what are the types of microtransactions purchased by consumers. What type of microtransaction they prefer and are they the same ones as purchased.

3: Do consumers gain benefits from purchasing microtransactions?

This question will be looking at how the consumer gains benefits from buying these microtransactions if any. Do they feel there is a need to buy the microtransactions? Do they buy them because they see a benefit or additional enjoyment from the game?

4: Are microtransactions a form of pay to win and do players see them as pay to win?

I will look at the common feeling among gamers that microtransaction is a 'pay to win' method. I will use it as a chance to ask gamers in depth their feelings on microtransactions.

5: Do the consumers think microtransactions has increased their gambling habits and what does other academia say. With some games using crates and loot boxes (random generated prizes/content) as their model of microtransactions, example of this being FIFA and getting players in packs. I wish to understand if there is any links between consumers buying these microtransactions and gambling.

### 3.2 Proposed Research Methodology

This dissertation cannot be built on the back of research as there is not enough existing research by academics on this topic currently. Even though with the above reason the research methodology will implement and be described using the 'research onion,'. Saunders et al. (2009) argues that it is important as researcher to peel away methodological layers which may justify our reasoning for the research decisions before we as researchers consider the methods of data collection and the analysis proves. The research onion will encourage the researcher to think about the broader underpinnings of the research being carried out before coming up with aim, guidelines and strategies to use in the process of the research and study.

### 3.3 Research Philosophy

According to Saunders, Lewis, and Thornhill (2016), research philosophy is primarily concerned with developing an individual's knowledge. Research philosophy can also be described as questions the nature of the researchers previous knowledge. This can be

constructed primarily on the values and views of the researcher. These values and views can alter and effect the decision made by the researcher on strategies and methods. The outer layer of the previously discussed research 'onion' influences the use of philosophy regarding to the research process carried out in this dissertation. According to researchers such as Burrell & Morgan (1979) whilst advancing through each stage of the research process, researchers will undoubtedly generate their own assumptions. We as academic researcher's need to be aware of such assumptions being generated. For these reasons it is important that as a researcher we can critically construct and evaluate the applicable research philosophies being used. There is great value in considering these philosophies. These can help the researcher consider the choices made and alternatively create updated study designs. "There are three main concepts; ontology, epistemology, and axiology to the research philosophy." (Saunders et al., 2009).

1. Ontology; This is the researcher's view in regard to the nature of reality which can massively determine the epistemological approaches considered by the researcher. Saunders et al.,(2009) also suggests that the researchers ontological assumptions shape the persons interpretation of the research process itself.
2. Epistemology; Epistemology is the assumptions the researcher has around knowledge and how the best way to go about acquiring the knowledge. Epistemology also looks at what knowledge can be deemed as acceptable, sufficient, and justifiable, and how researchers can spread the knowledge gathered to other researchers or academics. Researchers have a much more wider selection of methods compared to the other concepts. However, there is crucial burden on the researcher to understand the suggestions that epistemologies have in the greater selection process of the methods used in the research carried out. "It is essential that the researcher identifies the strengths and weaknesses of each established method" (Saunders, et al., 2009).
3. Axiology; Axiology this concept relates to the values and ethics within the research itself. The researcher's decisions regarding the methodology & methods should be constructed on what is more valuable for the research and follows values and ethics.

### 3.4 Research Approach

Building on the research philosophy previously discussed above, the next step in the research onion encourages the researcher to examine the approach they will use and adapt in their research. When we look at the research onion we see there are two potential research approaches that can be used by a researcher, deductive or inductive approaches.

An inductive approach is best used if there is little or no existing current literature on a topic/industry being studied. It can be a common approach for researcher's as there is no current theory to test against. The approach has 3 stages observation, observe a pattern and develop a theory.

According to Saunders et al., (2009) inductive approach consists of collecting data, usually from techniques such as interviews and surveys. The analysing of data is trying to come across a pattern or theory to help in explaining the observations.

Deductive approach is the development of a theory or hypothesis. It looks at the connection between the theory and the data collected by a researcher. Previous theory is used to construct a foundation for researcher's to build their hypotheses on. If there is yet to be any theory on. The topic being researched a deductive approach cannot be conducted. The deductive research approach has 4 stages to it. Start with the currently existing theory, formulation of a hypothesis or research objective based on the theory, collection of data to test hypothesis research objective and Analyse the results. Does the data collected during the research support the hypothesis or research objectives. This study will follow an inductive approach. The decision was made to follow this approach due to the lack of research in this area currently. Since a inductive approach is about the collection and testing of data to develop a hypothesis, it is with great importance for the researcher to collect a sufficient sample of data. This will help the researcher find a clear pattern if any can be found. It was decided that a deductive approach was unsuitable to this research as there is currently a lack of academic theory on the research topic currently.

### 3.5 Research Strategy

A research strategy is used to create a devise a plan. This plan will set out how the researcher can provide an answer to the proposed research hypothesis. As there is no previous research on the topic there is no way to determine if the approach is appropriate for the current study. Saunders et al., (2009) argues that the research 'onion' should be used as a guide to the questions and objectives. The research strategy must also look at other factors that will influence the researcher. These include and not limited to time, resources at hand, availability of participants. There a number of strategies that are layout out in the research 'onion', these

are as set out by Saunders in his research. “experiment, survey, archival research, case study, ethnography, action research, grounded theory and narrative inquiry.” (Saunders et al., 2009). For the purpose of this research dissertation, the researcher has designed a survey to collect quantitative data to analysis and to attempt to find any patterns and the creation of a number of hypothesis. The survey which the research strategy is based on, will be a useful tool to collect quantitative data. This survey will require a large sample size to assemble a sufficient quantitative data. This is so it can represent a population size that is being studied in the research. Surveys also offered the researcher many other advantages for the purpose of this study these include, surveys can be cheap to design, easy to distribute be it online via websites or email etc, can gather a quick return in data.

Despite the above advantages it is essential that we look at the limitations of conducting survey research. Sorry should maximize the reliability of data so it is with great importance that we ensure questionnaires are designed well quick clear and simple statements there should be no room for ambiguity. Secondly it is important to receive a suitable sample size, in doing this researcher need to make the survey is not complicated or time consuming for the

### 3.6 Quantitative Primary Data Research

The survey was created using survey monkey. The survey on average took between 10 to 15 minutes for participants to complete. The survey had a introduction page explaining the purpose and nature of the research being carried out in behave of the researcher. There was also the contact details of the researcher with in this. A consent form was created with a yes I agree button needing to be confirmed before entering rest of the survey. The survey consisted of 7 pages 1 which was the consent form and information and 5 pages which are focused on the research hypothesis.

Page 2: consisted of demographic and geographic questions. The first question asked the participants their gender, second question asked their age there was age groups to select form. Question three as the participant their geographical location there was four answers to choose from UK & Ireland, Central Europe, North America and Other (please specify). Question 4 and 5 where about getting to know the participant as a gamer. These questions asked for the platforms used to game on and the average hours weekly spent gaming.

Page 3: Hypothesis, The effects of microtransactions on the video game industry from a consumer’s point of view. This page consisted of 5 questions. 1 Strongly agree to strongly disagree scale, 2 Yes No Neutral, 3 had participants select the microtransactions they purchase from a list. 4 & 5 was how much the participant is willing to spend on microtransactions, a number of cost brackets was given.

Page 4: Hypothesis, Do consumers gain benefits from purchasing microtransactions? This consisted of 3 questions. A scale of Always to Never on if consumers gain benefits purchasing microtransactions. Extremely important to Not at all important scale on how important that the participant gains benefits for purchasing microtransactions. Yes No Other(please specify) on if consumers who purchase microtransactions gain benefits over those who don't buy microtransactions.

Page 5: Hypothesis, Microtransaction a form of pay to win. This section of the survey consisted of 3 questions to try understand from a consumers point of view if they believe microtransactions are pay to win. The research was also looking to find out which types microtransactions consumers felt are pay to win. The first and second question was a scale of Always to never. Question one was in regard if they felt microtransactions give consumers unfair advantage. Question two was in regard if they felt microtransactions are pay to win. The third question was a list question where participants could select the type or types of microtransactions they believe are pay to win.

Page 6: Hypothesis, Microtransactions that consumers purchase & prefer. This section of the survey consisted of 4 questions to try understand what type of microtransactions consumers purchase and which ones they prefer. Question one looks at the participants current consumption of microtransactions by asking if they purchase any from a list provided. There was also an other option in case any type was left out by the researcher. The second question in this section used the same list and asked which type of microtransaction the consumer preferred. The third question was a ranking question, it asked participants to rank the list based on their favoured to least favoured. The last question than asked participants to rank the type of microtransactions in the above lists out of 5, 1 being very bad 5 being very good.

Page 7: Hypothesis, Microtransactions has increased consumer gambling habits. This section of the survey consisted of 3 questions to try understand what are the impacts of microtransactions on consumers/participants gambling habits if any and if the participants as consumers feel microtransaction is a form of gambling. The first question was a simple Yes or No asking participants if they gamble on a regular basis. The second question was also a Yes or No question asking consumers if they felt the purchasing of microtransactions is a form of gambling. The final question in the section was looking if the consumers gambling habits has increased due to purchasing microtransaction. This was a scale question from strongly agree to strongly disagree.

Using a survey like this is beneficial for several reasons as a researcher during Covid-19. It is a low cost to upgrade the platform package to grant use more tools in creating an effective

survey. Can be a useful way to widely distribute and share to the target participants with a quick return time in completed surveys. The third reason is that it can eliminate bias, meaning the responses from participants are more likely to be truthful. “The Likert scale questions are appropriate as they are used mainstream to measure attitudes of the participants.” (Bordens and Abbott, 2011).

It is with great importance that as a researcher that we ensure the survey is easy to follow, and simple for participants to use so it can help increase the likely hood of an overall response conversion rate. This study design is influenced from an original study by Chua et al. (2019) consumer preference on microtransaction. The reason for this was to help in investigating the hypothesis and to improve the flow of the survey by using it as a guideline. While similar the survey questions and topics are focused in different areas on the impact of microtransactions and consumer behaviour.

### 3.7 Sample

It is by large not possible for a researcher to investigate an entire population or target audience. This is a result of numerous factors such as the feasibility and cost. So instead researchers can use a subpopulation. A subpopulation requirement’s will change study to study. Subpopulations are based on the requirements for the research being conducted. Subpopulations allow the researcher to make educated generalisations about a population as a whole.

Saunders et al., (2009) states that judgements should be based on statistic’s, to help reduce the possibility of any errors, randomised samples are best used for this reason by researcher’s. Non-probability sampling was used during this research paper. A preferred sample size could be collected in a shorter widow of time.

Secondly, due to the on-going impact of the COVID-19 pandemic. The main objective is to keep all participants safe and comfortable. For this reasoning the survey was distributed via an URL sent to friends and family of the researcher.

Snowball sampling was also suggested to the researcher, Saunders et al., (2009) discusses this as way for generating participants through promoting the secondary sharing of a survey from one participant to another. In this case the researcher promoted the use of participants sharing the link online with their family or friends with in the same segment. The Link was also shared in a number of online platforms such as reddit, discord and twitch tv. The researcher also contacted the gaming and esports club & society from the National College of Ireland.



### 3.8 Analysing Quantitative Data

Data was collected from the survey using the Survey Monkey platform and its premium package to allow certain designed questions and analysis. The data was then downloaded and exported into an excel file. The researcher then coded the spreadsheet to create a data matrix and remove any words. After, the data matrix was imported into SPSS for statistical analysis which was provided from the college IT team and research team. The results were analysed using Conjoint analysis and regression analysis where suitable. The original study by Chua et al. (2019), used a conjoint analysis approach. For this reasoning it was decided it would be good method to follow and adapt to use other methods as the research was similar in nature.

### 3.9 Ethical Issues

Research ethics based on the behaviour of the researcher. They also relate to whether the researcher actions caused no harm to those participating in the research process.

For this reasoning the research and the design was based on the code of ethics from the National College of Ireland (National College of Ireland, 2018).

The survey was created with a page introducing the research topic. This introduction helped explain to the participant, the purpose and reasoning behind the content and questions asked within research and survey. The participants were informed from the beginning that their participation was strictly voluntary and they could exit the survey at any time.

Following this information a consent form would appear on screen. This form which was used a force-answer question. This meant that the participant would have to confirm their consent to continue into the survey. If the participant did not confirm their consent the survey would not continue on. The survey itself was distributed using an URL generated from the Survey Monkey platform. Additional information about the participant was not collected in this research. Measures were taken in the designing of the survey to not offend, harm etc the research population. When asking for the gender of participants, there was a number of options such as transgender, non-binary and prefer not to say. These were included to ensure inclusivity and diversity.

### 3.10 Limitations to Research

The research and method suffered from number of limitations which should be taken into consideration when engaging with the results of this study. This study also gathered data from participants across different geographical regions. As a result there was a small sample of each region not giving a true reflection of the overall population of that region and the consumer opinions of microtransaction from those regions. The most significant limitations was the lack academic research and findings from other researcher's on this topic as it's such

a new feature in video games, the feature is forever innovating and changing based on the demands from consumers and industry demands.

## Chapter Results

### 4.0 Results

The following chapter of this dissertation will detail the results of the analyses carried out on the completed survey. The survey demographics will be outlined and presented via an exploratory factor analysis. The survey will also be analysed via regression module and conjoint analysis.

#### 4.1 Demographic and Geographic Background

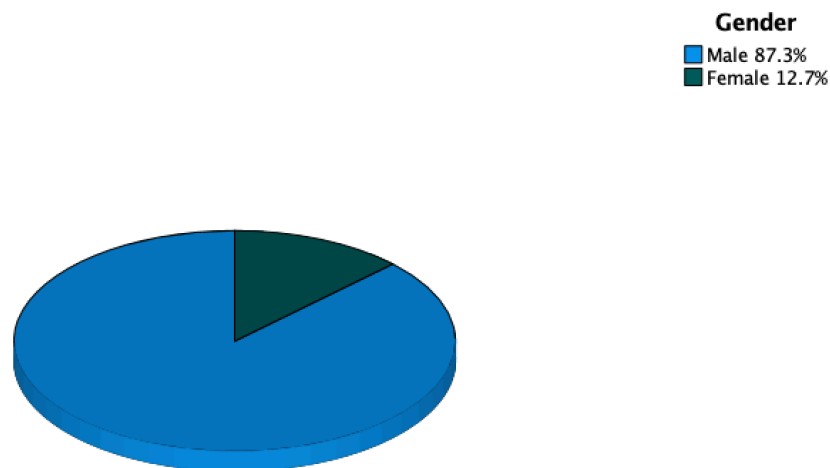
Out of the 63 participants that's fully completed the survey 55 of those were male and the remaining 8 were female. While another 20 participants results were disposed of as they failed to complete the survey. The breakdown of gender can be seen visually in the below graph.

Graph 1: Gender Breakdown

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▶ **Graph 1: Pie Chart Of Gender Breakdown**

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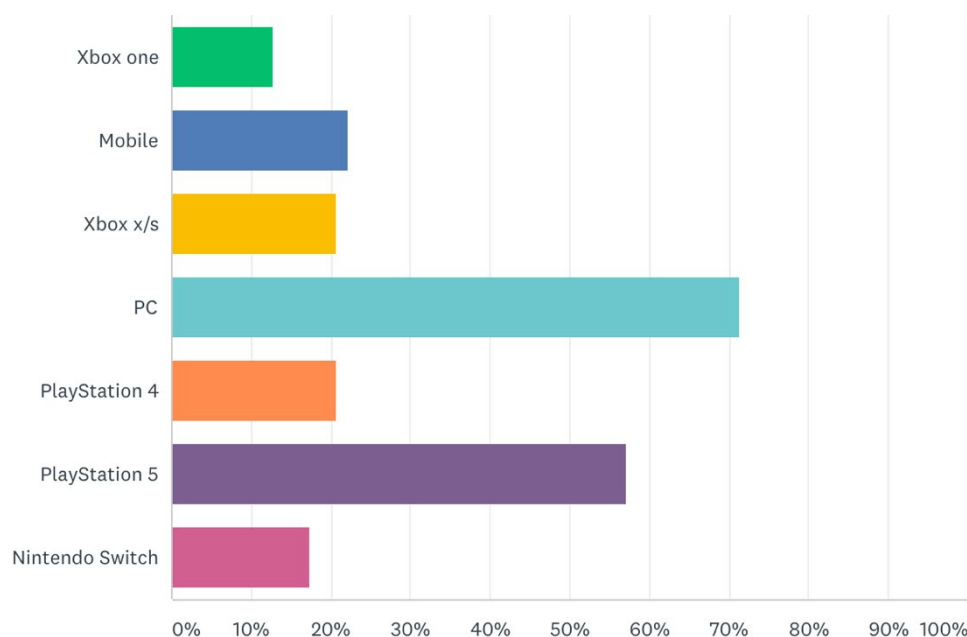


When we look at the age breakdown we can see 30% of those that took part in the research are between the ages of 18 to 21. While the 22 to 25 age group was responsible of 41% of those that participated in the research. With the remaining 28 or so % was the 26 to 30 year old group.

In relation to the geographical background of those that filled out the survey there was an even spread between the options. 26 people selected the UK & Ireland option, 15 choice the Central Europe while the remaining 22 participants choice the North America option.

As a researcher it was important to understand the gaming habits of participants as these factors could have an impact of the behaviour and opinions towards microtransactions in video games. Two key factors are the platform of choice and hours spent gaming weekly. Participants had a number of popular gaming platforms to choose from and could select multiple options. There was an even spread among the platforms in general expect the two platforms that were the most popular had real number advantage over the other platforms. PC platform used for gaming was the most popular option getting picked by 71% of participants. The PlayStation 5 was picked by 57% of the participants. Mobile gaming was the third most popular platform with 22% of those surveyed selecting it. The Xbox X/S and PlayStation 4 both got selected by just over 20.6% of those that took the survey. The Nintendo Switch platform was selected by 17% of the participant's. The Xbox One got selected by 12.7% of those that took the survey.

Graph 2: Platform Choice

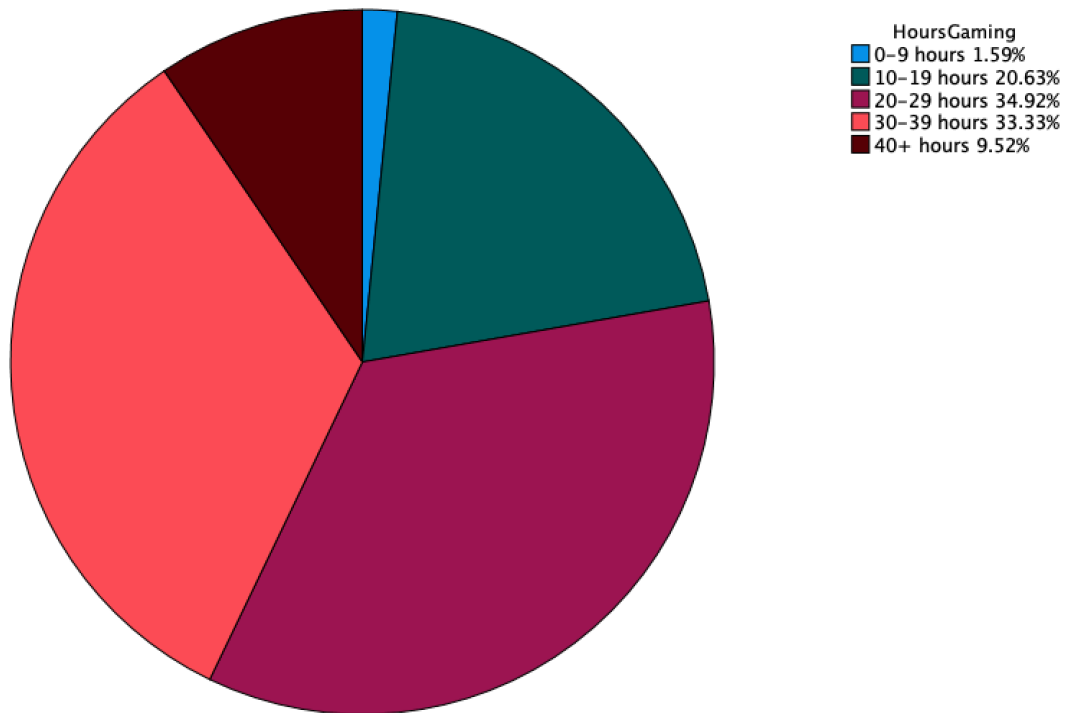


When we look at the results for the average time spent gaming the two most picked responses were separate by one participants selection. The mode group was the third option group of 20-29 hours on average a week spent gaming, this option was selected 22 times. Second most popular group was 30-39 hours on average spent gaming. As mentioned above this received 1

less selection than the most popular with 21 of the participants picking it. 10-19 hours was selected by 13 people, 40+ hours was selected 6 times and the 0-9 hours was selected once.

Graph 3: Hours Spent Gaming

**Graph 3: Hours Spent Gaming**

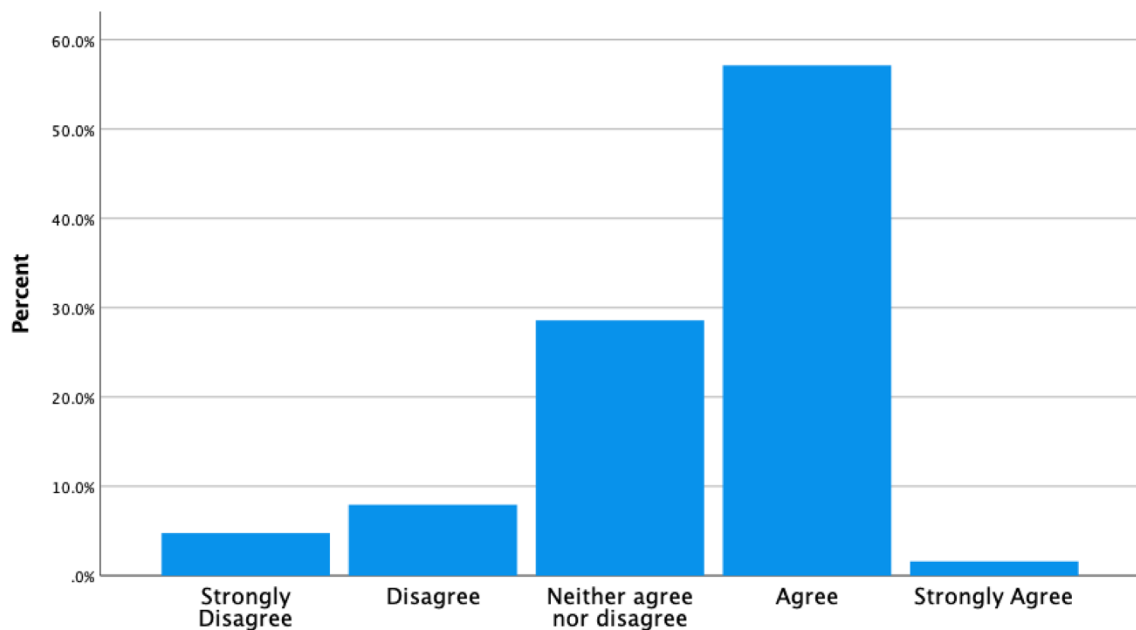


#### 4.2 Hypothesis 1: The effects of microtransactions on the video game industry from a consumer's point of view.

This section asked a number of questions and how the consumer felt games are impacted by microtransactions. We asked the following question: Do you believe microtransactions have impacted your gaming experience positively? It was based on a scale of strongly agree to strongly disagree. The most popular answer was Agree with 36 participant's selecting this option. Neither agree nor disagree received 18 votes. Disagree received 8 votes while Strongly Disagree was picked 3 times. Strongly Agree received the least amount votes only receiving 1 vote.

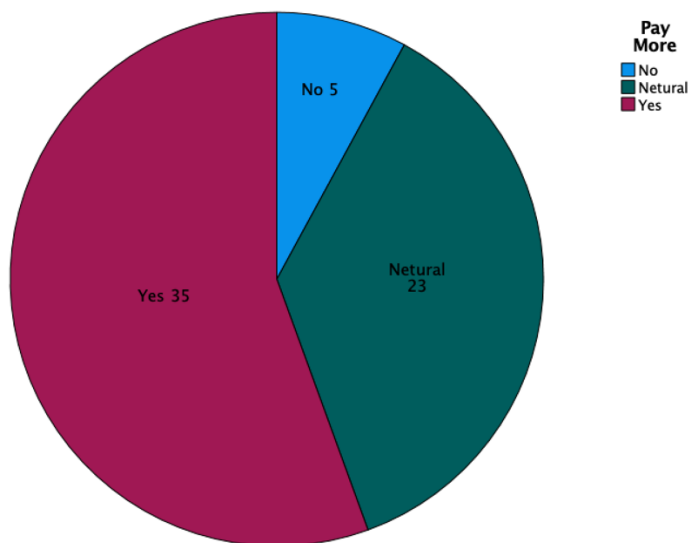
Graph 4: Positive Impact of Microtransactions

→ Graph 4: Positive Impact



Graph 5: Pie Chart Free to Play Vs Purchased

Graph 5: Pie Chart Free to Play Vs Purchased

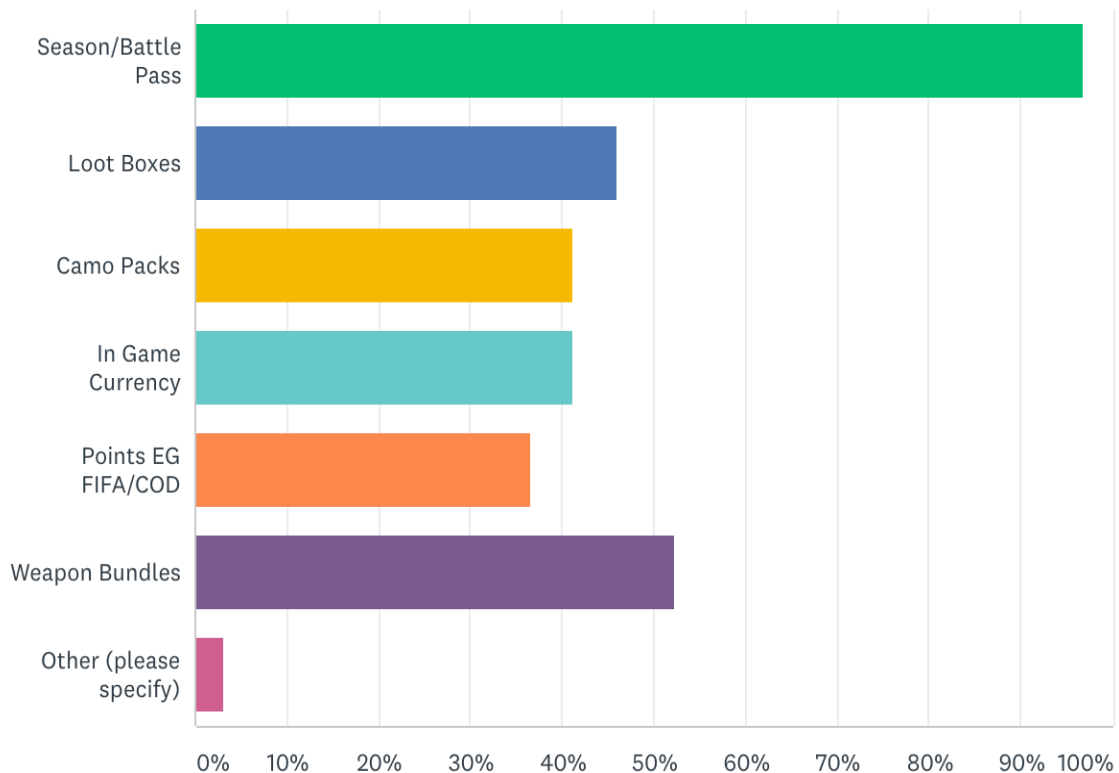


Are you willing to pay more for microtransactions on a free to play game compared to a purchased game? This question asked was regarding free to play game vs a bought game as shown by the graph above. Yes option received 35 votes followed by Neutral on 23 and No option on 5 votes.

The next question asked was: What type of microtransactions do you purchase? The researcher gave a list of options that could be selected. Multiple options could be selected as well as option other with a comment box. Season/Battle Pass was selected by over 96% of

those that took part in the survey. Weapon bundles was selected by over 52%. Loot Boxes was the third most popular option with 46% of those surveyed selecting it. Both in game currency and camo packs got selected by just over 41% of those who took part in the survey. In game points system got selected by 36.5% of participant's. Other received two responses, one stating that the participant also buy's character skins while the other said whatever the game offers them.

Graph 6: What type of microtransactions purchased.

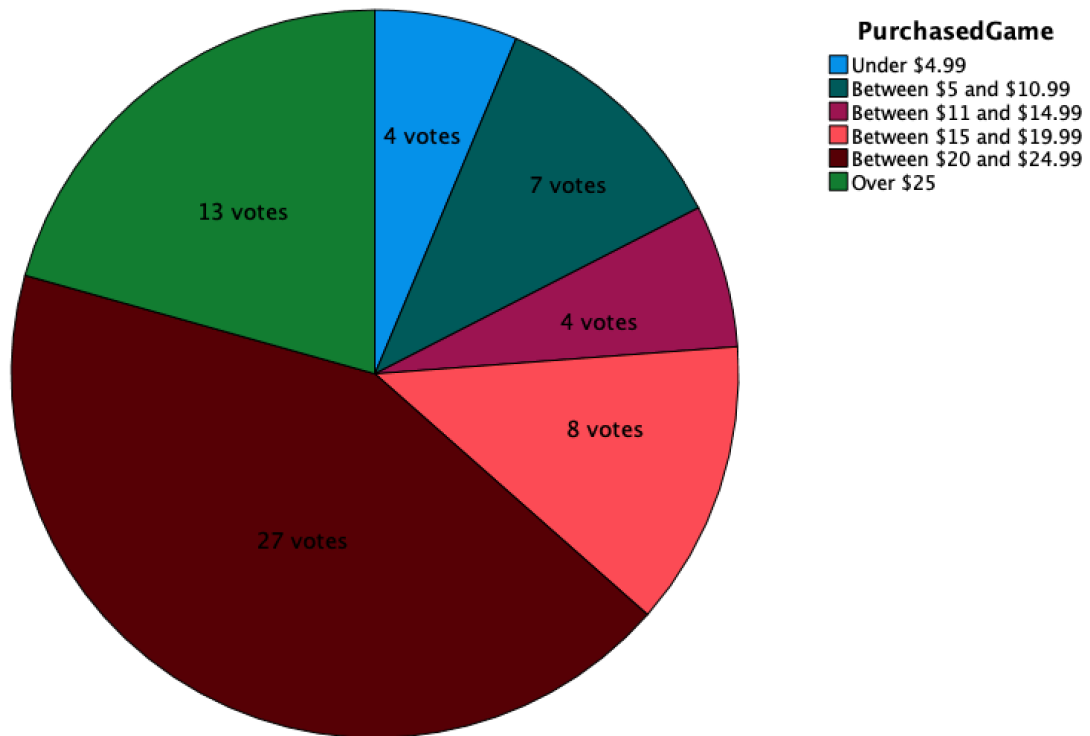


The next two questions were looking at how much consumers were willing to pay on microtransactions. One asked about a free to play game and the other asked about a purchased game.

On average how much are you willing to pay for microtransactions per transaction for a purchased game? The participant had six options and could select only one. The options came as follows. Under \$4.99, between \$5 and \$10.99, between \$11 and \$14.99, between \$15 and \$19.99, between \$20 and \$24.99 and over \$24.99. The most popular answer with 27 votes was between \$20 and \$24.99. Over \$25 was the second most popular with 13 votes. Between \$15 and \$19.99 received 8, then Between \$5 and \$10.99 got 7 votes. While both Under \$4.99 and between \$11 and \$14.99 got 4 votes.

Graph 7: Breakdown of Purchased Game Microtransactions \$.

**Graph 7: Breakdown of Purchased Game Microtransactions \$**

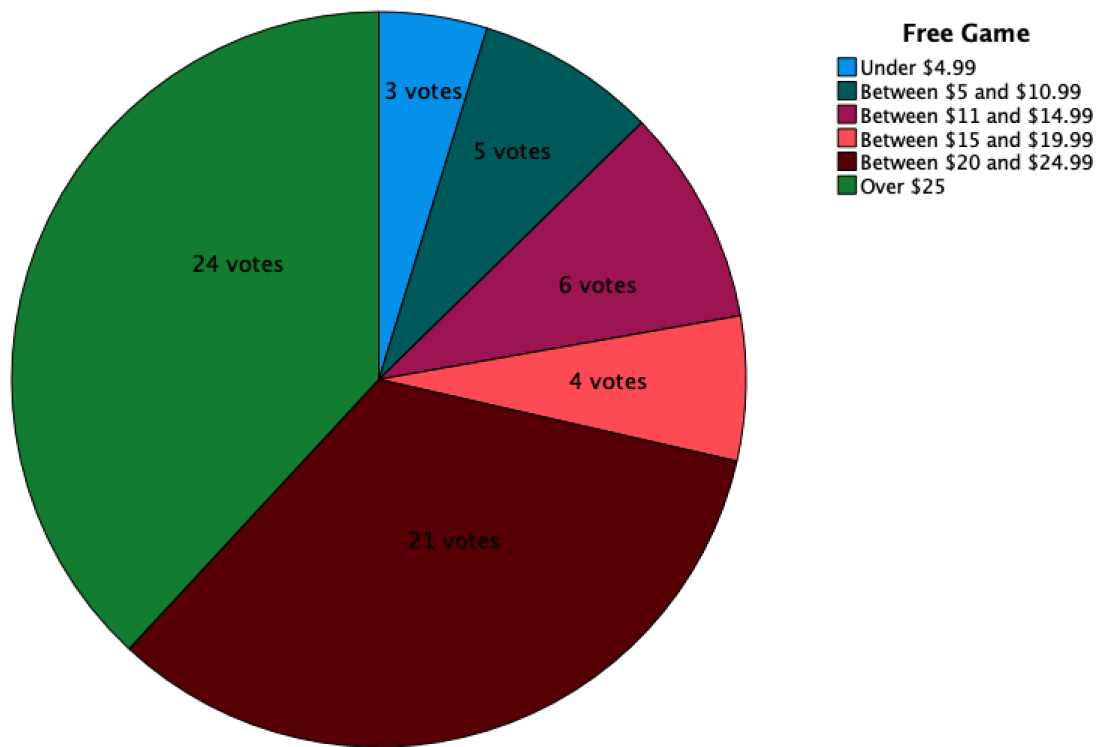


On average how much are you willing to pay for microtransactions per transaction for a free to download game? The participant had six options and could select only one. The option came as follows. Under \$4.99, between \$5 and \$10.99, between \$11 and \$14.99, between \$15 and \$19.99, between \$20 and \$24.99 and over \$24.99. The most selected option was over \$25 with 24 votes. Between \$20 and \$24.99 was picked 21 times. The third most popular was between \$11 and \$14.99 with 6 votes, 5 participants selected between \$5 and \$10.99. Between \$15 and \$19.99 was picked 4 times and the remaining 3 participants pick under \$4.99.



Graph 8: Breakdown of Free Game Microtransactions \$.

**Graph 8: Breakdown of Free Game Microtransactions \$**



#### 4.3 Hypothesis 2: Do consumers gain benefits from purchasing microtransactions?

First question in this hypothesis asked those who took the survey if they felt microtransactions offered them benefits in game. It was carried on a scale of always to never. The most selected option in the scale was usually with 34 votes. Sometimes got 21 votes followed by always that received 6 votes. The negative side of the scale on received two votes. This was the rarely option with 2 and never was not selected.

The next question asked, How important is it that you gain benefits from purchasing microtransactions? This was also a scale question from extremely important to not at all important. The most popular vote was very important on 29 votes. Somewhat important was selected 18 times followed by extremely important on 11. Not at all important was voted 3 times while not so important got picked twice.

The final question in this hypothesis was, Do gamers that purchase microtransactions gain benefits over those that don't purchase microtransactions? The participant's had three options to choose from Yes, No and Other please specify. 53 of the participants selected Yes, while only 4 selected No and the remain 6 selected other. There was comments such as in FIFA yes

but other games not really, depends on the game some are just cosmetic while others aren't, Yes if it's a newer or better gun in certain games that can be purchased instead of unlocked.

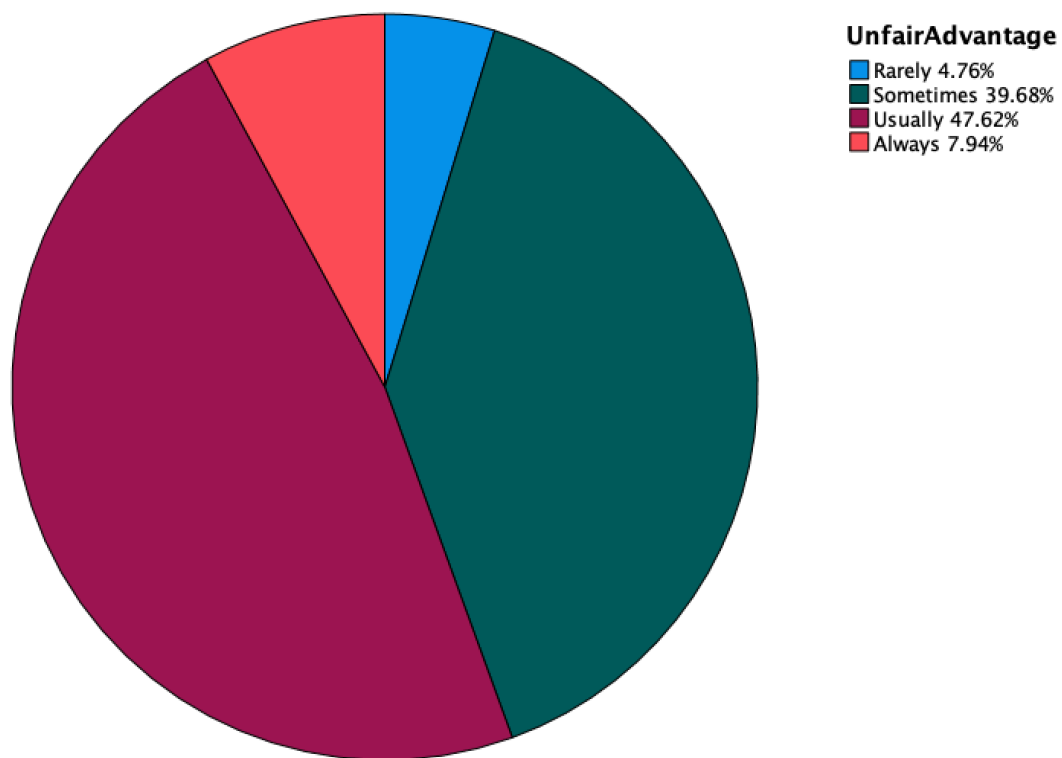
#### 4.4 Hypothesis 3: Microtransactions a form of pay to win

This hypothesis had 3 questions in trying to understand if microtransactions are a form of pay to win and what ones are seen as pay to win from a consumers point of view. The first question was around an unfair advantage. Second questions was if consumers consider them pay to win and the third was asking them to select the types they believed was pay to win.

Do gamers that purchase microtransactions get an unfair advantage? This was a scale option vote from always to never. The most selected option was usually with 30 participants selecting it. Sometimes received 25 votes, always got 5 votes while rarely received 3 and finally never was not selected by any of the participants.

Graph 9: Microtransactions Give Unfair Advantage

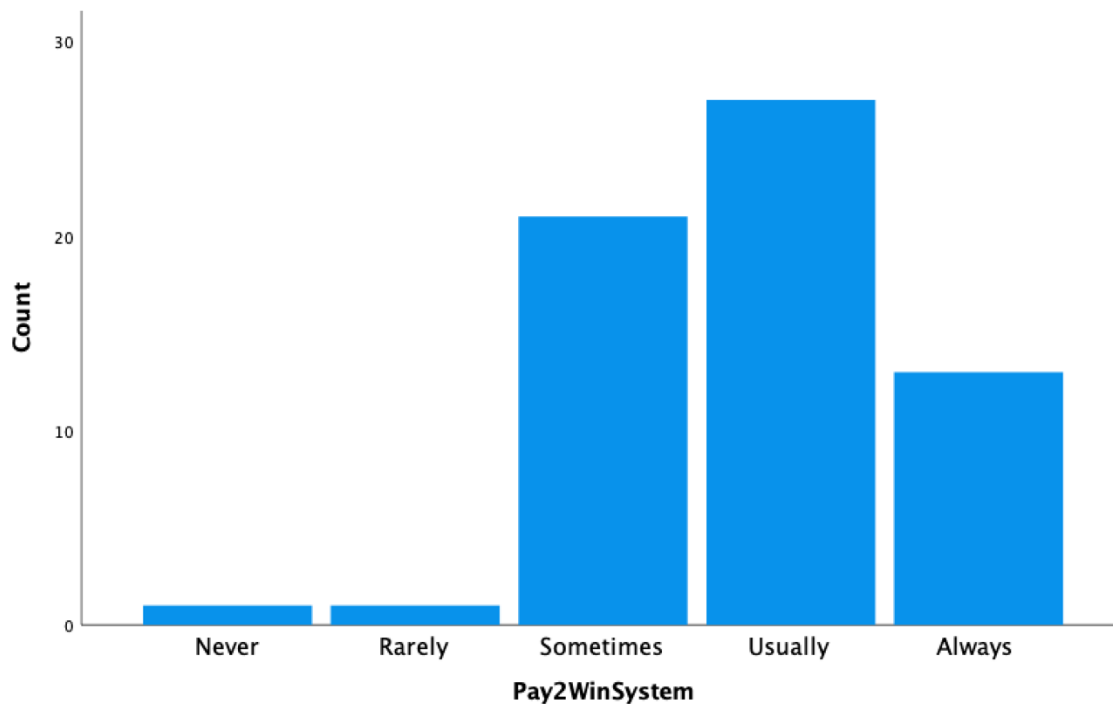
**Graph 9: Microtransaction Give Unfair Advantage**



Do you consider microtransactions a pay to win system? This was a scale option vote from always to never. Usually was voted 27 times, Sometimes was voted 21 times. Always was voted for 13 times while both Rarely and Never received 1 vote each.

Graph 10: Microtransactions are a Pay to Win System

**Graph 10: Microtransactions are a Pay to Win System**



The final question in this section, Do you consider any of the below options paid to win microtransactions? There was a list of options that could be chosen from and more than one could be selected. Weapon variants got voted by over 96.8% of those that took the survey with 61 people selecting it. Loot Box and Supply Box both got selected by 43 participants. Weapon bundle packs received 42 votes. Game currency received 30 votes, 25 participants selected player packs. 18 participants believe Season/Battle Pass is pay to win. While 5 of the participants selected camo bundles. The other option was selected two times on stating none of the options was pay to win and the other stating that the battle pass isn't meant to be however it can be if it includes a weapon variant in games such as Call of Duty.

#### 4.5 Hypothesis 4: Microtransactions that consumers purchase & prefer

To investigate this hypothesis four questions were designed in understanding what consumers think of certain microtransactions and which ones they actually purchased.

Do you purchase any of the below options of microtransactions? There was a list of microtransaction options that participants could select from and an option for them to input an answer that may not have been listed. The most popular microtransaction was Season/Battle Pass this was selected by 59 of the participants. Weapon bundle pack was selected 43 times followed by weapon variants with 36 participants choosing it. Camo bundles were picked 33 times, game currency was selected 28 times. Loot Boxes were selected

25 times followed by player packs on 23 and then finally Supply Box on 20. No participant choose to input their on answer.

The next question then asked participants, What type of microtransactions do you prefer from the below list? This question used the same list as the previous questions, it also allowed participants to select more than one option. Season/Battle Pass was selected by over 77% of the participants. Weapon bundle packs was selected by just under 40% of the participants. Camo bundles was chosen by 36.5 % of the participants. Weapon variants was selected by just under 24% of the participants. Player packs was selected 14.3% while game currency was selected 12.7%. The final two options of Loot box and Supply Box both got selected by 7.94% of the participants.

The next question was about rating those microtransactions on the list. Please rank the type of microtransactions you prefer from the below list. Highest in your list being you most favoured down to your least favoured. Based on the average rating the results came in as Season/Battle Pass was the most preferred. Weapon variants was second followed by weapon bundle packs. Fourth place was loot box then in fifth was camo bundles followed by supply box. Seventh place in the list was player packs and last was game currency.

The next question was about rating those microtransactions on the list out of a scale of 5. Please rate the following type of microtransactions out of 5. 1 being not very bad to 5 very good. Weapon Variants received 11 no.1 ratings, 3 no.2 ratings, 32 no.3 ratings, 14 no.4 ratings and 3 no.5 ratings giving it a weighted average of 2.92 round up to 3 average. Weapon bundle packs received 7 no.1 ratings, 7 no.2 ratings, 18 no.3 ratings, 25 no.4 ratings and 6 no.5 ratings giving it a weighted average of 3.25 round down to 3. Loot box received 10 no.1 ratings, 8 no.2 ratings, 39 no.3 ratings, 5 no.4 ratings and 1 no.5 ratings giving it a weighted average of 2.67 round up to 3. Supply box received 10 no.1 ratings, 8 no.2 ratings, 39 no.3 ratings, 4 no.4 ratings and 2 no.5 ratings giving it a weighted average of 2.68 round up to 3. Season/Battle Pass received 3 no.1 ratings, 2 no.2 ratings, 12 no.3 ratings, 32 no.4 ratings and 14 no.5 ratings giving it a weighted average of 3.83 round up to 4. Player Pack received 9 no.1 ratings, 12 no.2 ratings, 29 no.3 ratings, 11 no.4 ratings and 2 no.5 ratings giving it a weighted average of 2.76 round up to 3. Game Currency received 7 no.1 ratings, 14 no.2 ratings, 27 no.3 ratings, 12 no.4 ratings and 3 no.5 ratings giving it a weighted average of 2.84 round up to 3. Game Currency received 7 no.1 ratings, 14 no.2 ratings, 27 no.3 ratings, 12 no.4 ratings and 3 no.5 ratings giving it a weighted average of 2.84 round up to 3. Camo Bundles received 3 no.1 ratings, 4 no.2 ratings, 25 no.3 ratings, 25 no.4 ratings and 6 no.5 ratings giving it a weighted average of 3.43 round up to 4.

Graph 11: Rating out of 5

	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
Weapon variants	17.46% 11	4.76% 3	50.79% 32	22.22% 14	4.76% 3	63	2.92
Weapon bundle packs	11.11% 7	11.11% 7	28.57% 18	39.68% 25	9.52% 6	63	3.25
Loot box	15.87% 10	12.70% 8	61.90% 39	7.94% 5	1.59% 1	63	2.67
Supply box	15.87% 10	12.70% 8	61.90% 39	6.35% 4	3.17% 2	63	2.68
Season/Battle Pass	4.76% 3	3.17% 2	19.05% 12	50.79% 32	22.22% 14	63	3.83
Player Packs	14.29% 9	19.05% 12	46.03% 29	17.46% 11	3.17% 2	63	2.76
Game Currency	11.11% 7	22.22% 14	42.86% 27	19.05% 12	4.76% 3	63	2.84
Camo bundles	4.76% 3	6.35% 4	39.68% 25	39.68% 25	9.52% 6	63	3.43

#### 4.6 Hypothesis 5: Microtransactions has increased gambling habits.

This hypothesis had 3 questions in trying to understand if microtransactions are seen as gambling and if they have effect the gambling habits of consumers of video games.

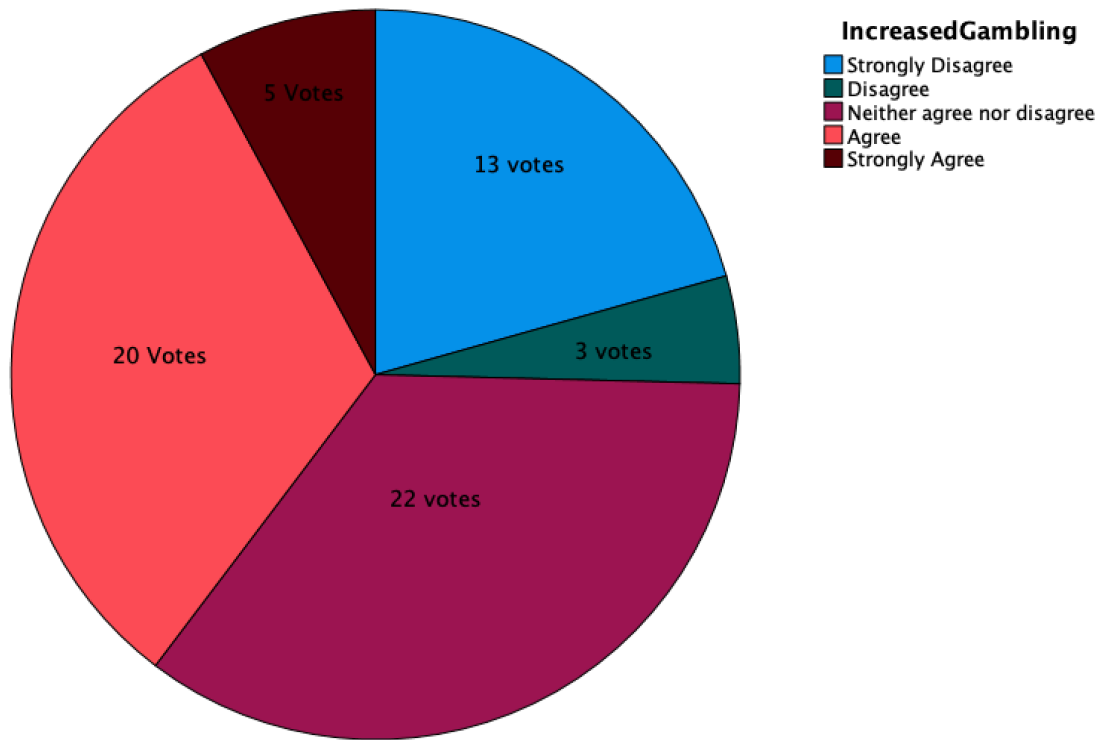
Do you gamble on a regular basis? 26 participants selected that they do gamble on a regular basis while 37 selected that they don't gamble on regular basis.

Do you view purchasing microtransactions as a form of gambling? 48 participants voted that yes purchasing microtransactions is a form of gambling. While 15 participants voted No if purchasing microtransactions is a form of gambling.

Has purchasing microtransactions also increased your gambling habits? This was done by a scale of strongly agree to strongly disagree. Strongly agree was selected 5 times, agree was selected 20 times. 22 participants choose Neither agree nor disagree. Disagree was selected by 3 participants and the final 13 participants picked strongly disagree.

Graph 12: Microtransaction has increased gambling habits.

**Graph 12: Microtransactions has increased gambling habits**



## Chapter 5 Discussion

### 5.0 Chapter Introduction

This chapter looks at the findings more in-depth that were presented in the above chapter 4. As this topic is very niche and not a great deal of academic writing to back up the findings, the researcher won't be able to bring up previous findings to confirm the findings in chapter 4. The reasoning of this section is to verify or even falsify the proposed hypothesis.

### 5.1 Hypothesis 1: The effects of microtransactions on the video game industry from a consumer's point of view.

From this research it is clear that consumers feel that microtransactions have affected their gaming experience in a more positive way. This can be seen in the first question of the hypothesis. It was based on a scale, strongly agree to strongly disagree the impact of microtransactions. The most popular side of the scale was a positive response. This had 37 participants vote a positive feeling towards microtransactions. Neither agree nor disagree received 18 votes these participants could be described as having a neutral experience with microtransactions in video games. The negative side of the scale received 11 votes so these participants either do not enjoy microtransaction or have a negative experience in relation to microtransactions.

The will of consumers to pay more for microtransactions on a free to play game compared to a purchased game may lead to the gaming industry to switch business models. The majority of participants voted they would spend more money on microtransactions free to play game. This matches what industry is seeing it popular games like Call of Duty seeing increased revenue after implementing free to play model into their mobile games and WarZone. Season/Battle Pass was selected by over 96% of the participants as a microtransaction that they purchase. This type of microtransaction is mainly found in a free to play game or game with some sort of free to play feature implemented. This shows the impact this model can have on consumers and the industry. Weapon bundles was selected by over 52% showing that these microtransaction are very popular and that a large number of participants in the research must play FPS games.

Consumers also showed that they are willing to pay more for microtransactions in a free to play game compared to a paid game when we compare their answers to an average amount they would spend on microtransactions. In a paid game 27 participants would spend \$20 to \$24.99 and 13 would spend over \$25 while in a free game 21 participants would spend \$20 to

\$24.99 and 24 would spend over \$25. This matches the research found by Chua et al (2019) where they look at consumer preference on paid games microtransactions.

### 5.2 Hypothesis 2: Do consumers gain benefits from purchasing microtransactions?

From this research we can see that most consumers of microtransactions in video games believe they gain a benefit for the purchase. The positive feeling of gaining a benefit had 40 participants they selected the options in the scale usually with 34 votes and always with 6. Participants with a neutral feeling voted for sometimes with 21 votes. The negative side of the scale on received two votes. This was the rarely option with 2 and never was not selected. The next question asked, How important is it that you gain benefits from purchasing microtransactions? This was also a scale question from extremely important to not at all important. Participants clearly showed that it is important that they gain benefits as a total of 40 participants voted in this way, the most popular vote was very important on 29 votes and extremely important on 11. Somewhat important was selected 18 times these participants are neutral and more likely to buy if there are benefits but it's not a must need. While there a small number of participants that will buy microtransactions even if they don't receive any benefits. There was a total of 5 in this category, as not at all important was voted 3 times while not so important got picked twice.

The final question in this hypothesis was, Do gamers that purchase microtransactions gain benefits over those that don't purchase microtransactions? The participant's had three options to choose from Yes, No and Other please specify. There is a clear feeling among consumers and the participants that took part in this research that the above statement is true. 53 of the participants who took part in the research answered Yes while only 4 answered No. There was 6 participants that selected other. However in their comments it clear to see that they also do believe yes gamers that purchase microtransactions gain benefits over those that don't purchase microtransactions this is back by comments such as if it's a newer or better gun in certain games that can be purchased instead of unlocked.

### 5.3 Hypothesis 3: Microtransactions a form of pay to win

This hypothesis had 3 questions in trying to understand if microtransactions are a form of pay to win and what ones are seen as pay to win from a consumers point of view. The first question was around an unfair advantage. Second questions was if consumers consider them pay to win and the third was asking them to select the types they believed was pay to win. Results from the first question showed that consumers do believe that those who purchase microtransactions get an unfair advantage. In total 35 of the 63 participants believe this to be true. Always option had 5 participants votes while the usually option 30 participants selecting



it. There were a number of participants either unsure or felt neutral towards the possible unfair advantage as they voted for the sometimes option, in total this option received 25 votes while those participants who felt the statement was untrue was a very small sample with the rarely option only receiving 3 votes and the never option was not selected by any of the participants.

Do you consider microtransactions a pay to win system? This showed that the majority of participants do not consider microtransactions as a pay to win system. In total 40 participants voted it was pay to win by selecting Always option 13 times and the Usually option was voted 27 times. There was a high number of participants that felt microtransactions were sometimes pay to win and other times not as these participants voted 21 times for the sometimes option. While there was only 2 participants that felt microtransaction was not a pay to win system as they voted Rarely and Never both received 1 vote each.

The final question in this section was relating to what type of microtransaction consumers felt was pay to win. It is very clear that consumers and the participants of this research felt that weapon variants in games were a pay to win microtransaction. This option got voted by over 96.8% of the participants in the research study. Other microtransactions such as Loot Box, Supply Box and Weapon bundle packs were seen as pay to win from participants as over 65% of them voted for these options. Game currency was seen as pay to win by around 46% of the participants believing it to be pay to win, just under 40% of participants selected player packs as a pay to win system. Less than 30% of participants believe Season/Battle Pass is pay to win microtransaction. Some may feel it is pay to win due to the weapon variants that can come with these microtransactions in certain FPS games. While less than 10% of the participants selected camo bundles. The other option was selected two times on stating none of the options was pay to win and the other stating that the battle pass isn't meant to be however it can be if it includes a weapon variant in games such as Call of Duty. This statement may also be the reason for the 28% or so vote for the battle pass.

#### 5.4 Hypothesis 4: Microtransactions that consumers purchase & prefer

To investigate this hypothesis four questions were designed in understanding what consumers think of certain microtransactions and which ones they actually purchased and their preference in microtransactions.

The list of microtransaction options that participants could choose from showed that Season/Battle Pass was the most popular by far with 59 of the participants selecting it. The next two microtransactions picked was Weapon bundle pack was selected 43 times followed by weapon variants with 36 participants choosing it. These high results could show us that

consumer feel they need to be purchased in order to compete in game. This is due to participants earlier suggestion those microtransactions where pay to win options. Camo bundles was picked 33 times, game currency was selected 28 times. Loot Boxes was selected 25 times followed by player packs on 23 and then finally Supply Box on 20. These were also seen as pay to win but not voted as highly as the weapon bundle or variants. Participants may not purchase them as much due to seeing them not as useful for them in game.

The next question then asked participants, What type of microtransactions do you prefer from the below list? Similar results and a pattern can start to be seen regarding how the participants viewed Season/Battle Pass. In this question the Season/Battle Pass was selected by over 77% of the participants. Weapon bundle packs result was strong despite previously participants viewing it as a pay to win option. Weapon bundles was selected by just under 40% of the participants. Camo bundles was chosen by 36.5 % of the participants, this may be due to players wanting to create unique looking characters or guns in game that won't affect the gameplay. The remaining breakdown of numbers is where we can see a small number of people liking the style of microtransaction despite its impact on the game experience positively or negatively. Weapon variants was selected by just under 24% of the participants. Player packs was selected 14.3% while game currency was selected 12.7%. The final two options of Loot box and Supply Box both got selected by 7.94% of the participants.

The next question asked participants to rate those microtransactions on the list. They ranked them by type of microtransactions they preferred from top to bottom out of a list the below. Based on the average rating Season/Battle Pass was the most preferred which is not surprising based on all the previous questions and findings throughout the research. Weapon variants coming in second was somewhat a surprise based on the previous questions followed by weapon bundle packs. The rest of this list was expected as the way it was ranked from the participants. Fourth place was loot box then in fifth was camo bundles followed by supply box. Seventh place in the list was player packs and last was game currency. It is also possible that participants didn't read the question correctly or failed to answer correctly on the survey software.

The next question was about rating those microtransactions on the list out of a scale of 5. Please rate the following type of microtransactions out of 5. 1 being not very bad to 5 very good. The results were as follows Weapon Variants received average of 3. Weapon bundle packs received 3 average. Loot box received average of 3. Supply box average of 3. Season/Battle Pass average of 4. Player Pack average of 3. Game Currency average of 3. Game Currency received average of 3. Camo Bundles average of 4. This list shows that the

Season/Battle pass keeps coming out on top in the mind of the consumer and the participants that took part in the research. This newer model of microtransactions has been welcomed by consumers and it is shown by their behaviour towards it. Camo bundles why not purchased as frequently as the other microtransactions on offered score well from the participants. This means that the participants may have never had a bad experience when purchasing this microtransaction and/or games don't offer them to consumers as much as they offer other microtransactions. The rest of them all scored in the average section of the scale.

#### 5.5 Hypothesis 5: Microtransactions has increased gambling habits.

This hypothesis had 3 questions in trying to understand if microtransactions are seen as gambling and if they have effect the gambling habits of consumers of video games.

The majority of participants that took part in the survey did not gamble of a regular occurrence. 37 of the participants selected that they don't gamble on regular basis. The remaining 26 participants selected that they do gamble on a regular basis. 48 participants voted that yes they believe purchasing microtransactions is a form of gambling. While 15 participants voted No to purchasing microtransactions is a form of gambling. This means that 11 participants who believe purchasing microtransactions is a form of gambling don't believe they gamble on a regular basis. This would mean they either don't fully believe that it's a form of gambling or they don't purchases microtransactions on a regular basis.

The final question in this section asked participants if purchasing microtransactions also increased their gambling habits? This was done by a scale of strongly agree to strongly disagree. There was an even spread of participants across all 3 options. 25 participants did believe their gambling habits was impacted by microtransactions in video games. With Strongly agree being selected by 5 participants and agree was selected by 20 participants. 22 participants choose felt neutral on gambling habits being impacted by microtransactions in video games as they selected the Neither agree nor disagree option. In total 15 participants felt their gambling habits was not impacted by microtransactions. Disagree was selected by 3 participants and the final 13 participants picked strongly disagree. There is no previous research that can be used 100% to confirm these findings however some industry insiders have suggested gambling habits has increased due to microtransactions.

## Chapter 6. Conclusion and recommendations

### 6.0 Conclusion

This study found that there is a real need for investment into academic research of the gaming industry and the effects it has on consumers and how consumers feel about the industry itself. From previous interactions via platforms such as reddit and twitter consumers feel that the industry leaders don't understand the wishes and demand of consumers to help elevate their gaming experience. Throughout the research and identified hypothesis it shows how consumers feel towards the industry and microtransactions.

The first hypothesis questioned: The effects of microtransactions on the video game industry from a consumer's point of view? Consumers feel that microtransactions have affected their gaming experience in a more positive way. The evidence of this shown by the majority of participants voting in favour of a positive impact on their gaming experience in question one of this hypothesis. The study also showed us that consumers are willing to pay more for microtransactions on a free to play game compared to a purchased game. Chua et al. (2019) study looked at paid games so when we compare the costs mentioned in the survey it not surprising there is some differences. The participants also made us aware that the consumer is willing to pay more for microtransactions in a free to play game compared to a paid game when we compare the answers to an average amount per transaction. This would mean business and industry could make more money in the long run through a free to play and additional microtransactions for sale compared to launching a game for \$80 and hoping there will be additional software sales via microtransactions.

The second hypothesis: Do consumers gain benefits from purchasing microtransactions? It can be argued that yes consumer do gain benefits for purchasing microtransactions. These benefits might not always be clear to the more casual or less informed gamer. The research found a strong positive feeling and an overall majority felt that they set to gain a benefit for purchasing a microtransaction. It was also clear that it was important for gamers that they gain some kind of benefits from purchasing microtransactions. Participants in the research made it that they believe gamers that purchase microtransactions gain benefits over those that don't purchase microtransactions.

The third hypothesis: Microtransactions are a form of pay to win and what ones are seen as pay to win from a consumers point of view. Results from the survey showed the researcher that participants/consumers believe that those who purchase microtransactions get an unfair advantage. While presenting the idea that microtransactions are in fact a pay to win system.

40 participants out of 63 voted it was pay to win system. While a large group of 20 or participants felt that it was a pay to win sometimes and deepened on the type of microtransaction. It is very clear that consumers and the participants of this research felt that weapon variants in games where a pay to win microtransaction. Other microtransactions such as Loot Box, Supply Box and Weapon bundle packs were seen as pay to win from participants as over.

The fourth hypothesis was designed in understanding what consumers think of certain microtransactions and which ones they actually purchased and their preference in microtransactions. The list of microtransaction options that participants could choose from showed that Season/Battle Pass was the most popular by far. The next two microtransactions picked was Weapon bundle and weapon variants currently purchased. The type of microtransactions consumers preferred showed a similar results and a pattern can start to be seen regarding how the participants viewed Season/Battle Pass. Weapon bundle packs result was strong despite previously participants viewing it as a pay to win option. After the top 3 the remaining breakdown of numbers is where we can see a small number of people liking the style of microtransaction despite its impact on the game experience positively or negatively. Based on the average rating Season/Battle Pass was the most preferred which is not surprising based on all the previous questions and findings throughout the research. Weapon variants coming in second was somewhat a surprise based on the previous questions. Battle/Season Pass and Camo pack received the best score out of 5 from consumer.

The fifth hypothesis: microtransactions are seen as gambling and if they have effect the gambling habits of consumers of video games. The majority of participants that took part in the survey did not gamble of a regular occurrence. When we looked if consumers believe that the purchasing of microtransactions is form of gambling we can see a vast majority do. The final question in this section asked participants if purchasing microtransactions also increased their gambling habits. The research found that there was an even spread of participants across all 3 options. 25 participants did believe their gambling habits was impacted by microtransactions in video games. 22 participants choose neutral feeling on gambling habits being impacted by microtransactions in video games. 15 participants felt their gambling habits was not impacted by microtransactions. This means we cannot come up with a clear result that microtransactions leads to more gambling among gamers. There is also no previous research that can be used 100% to confirm these findings.

## 6.1 Recommendations

### 6.1.1 Recommendations for future research

It is recommended that future researchers delve further into the demographic statistics of their participants. With age comes a greater possibility of a disposable income meaning consumers may be willing to purchase more expensive options of microtransactions.

It is recommended that future researchers look deeper into certain genre of games and compare the spending on microtransactions as well as the different options for consumers. If the researcher were to pick one big name publisher/game studio for genre and compare them to competing genres may get a different outlook on the findings.

The biggest limitation during the study was the lack of academic journals, articles etc in relation to microtransactions. This means further research and identifying public trading publisher and studios is important as they share their financial projections and reports. In these financial reports key information can be found regarding microtransactions.

### 6.1.2 Recommendations for professionals

Current research cannot provide professionals such as marketers, game developers and higher ups alike with concrete recommendations on microtransactions. The research can only show what consumers currently feel about microtransaction and not how they will feel 2-5 years' time and beyond. The primary function of this study was to get an understanding how consumers feel about microtransactions in video games. As such this paper can presume that consumers prefer a free to play model of games with microtransactions such as a Season/Battle pass, consumers also hold camo packs in high regard.

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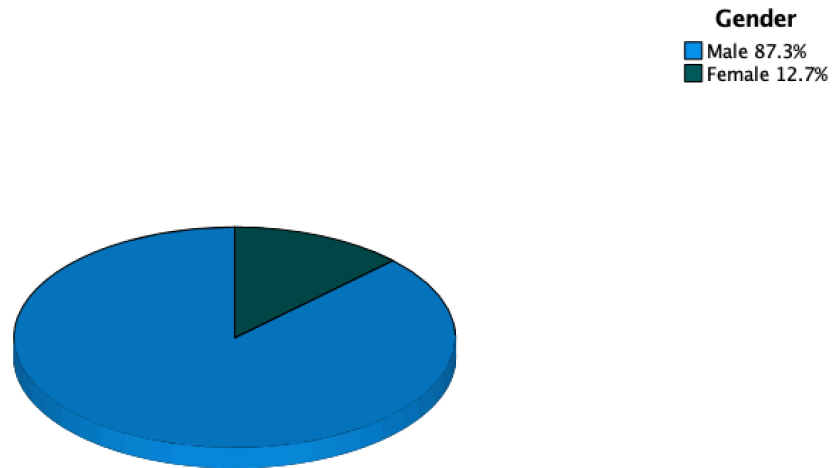
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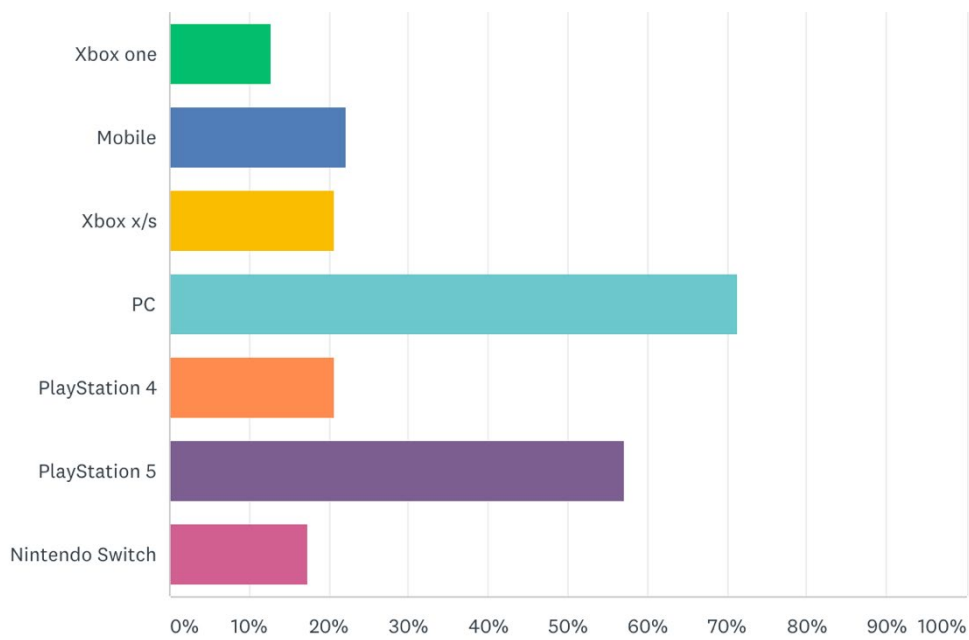
Appendix

Graph 1: Gender Breakdown

Graph 1: Pie Chart Of Gender Breakdown

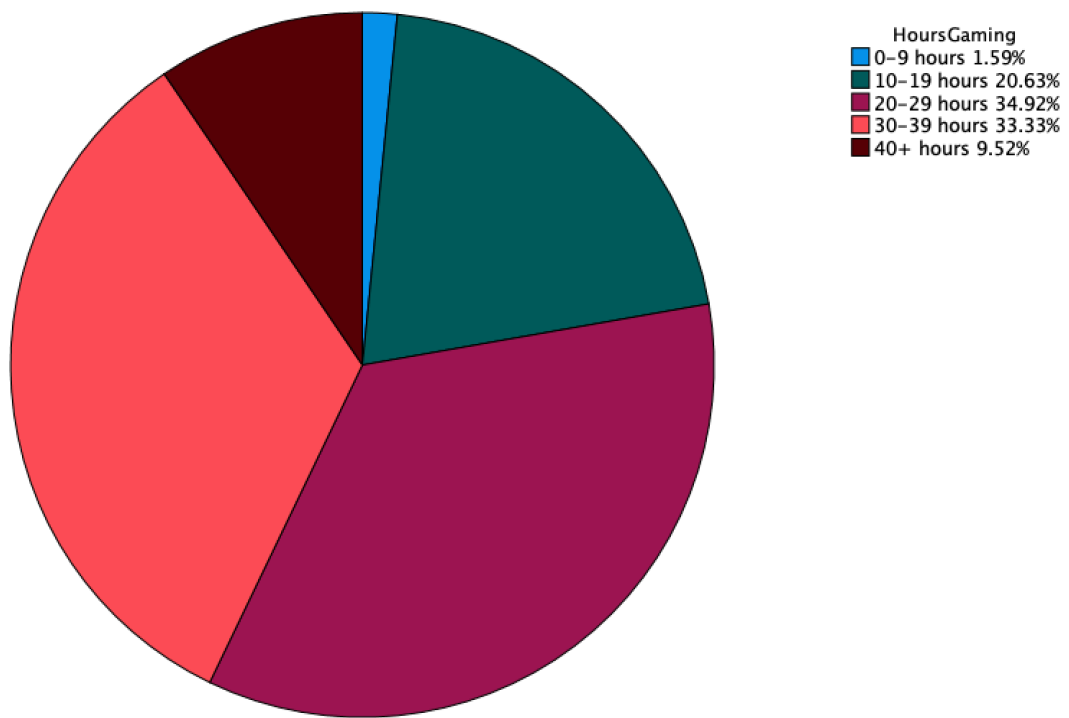


Graph 2: Platform Choice



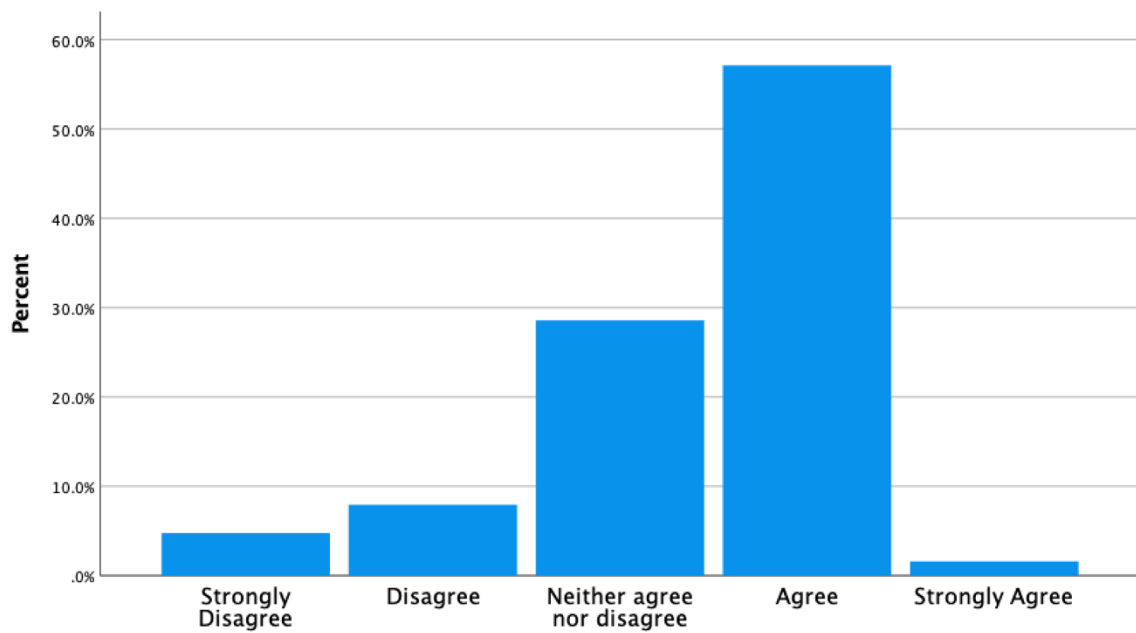
Graph 3: Hours Spent Gaming

**Graph 3: Hours Spent Gaming**



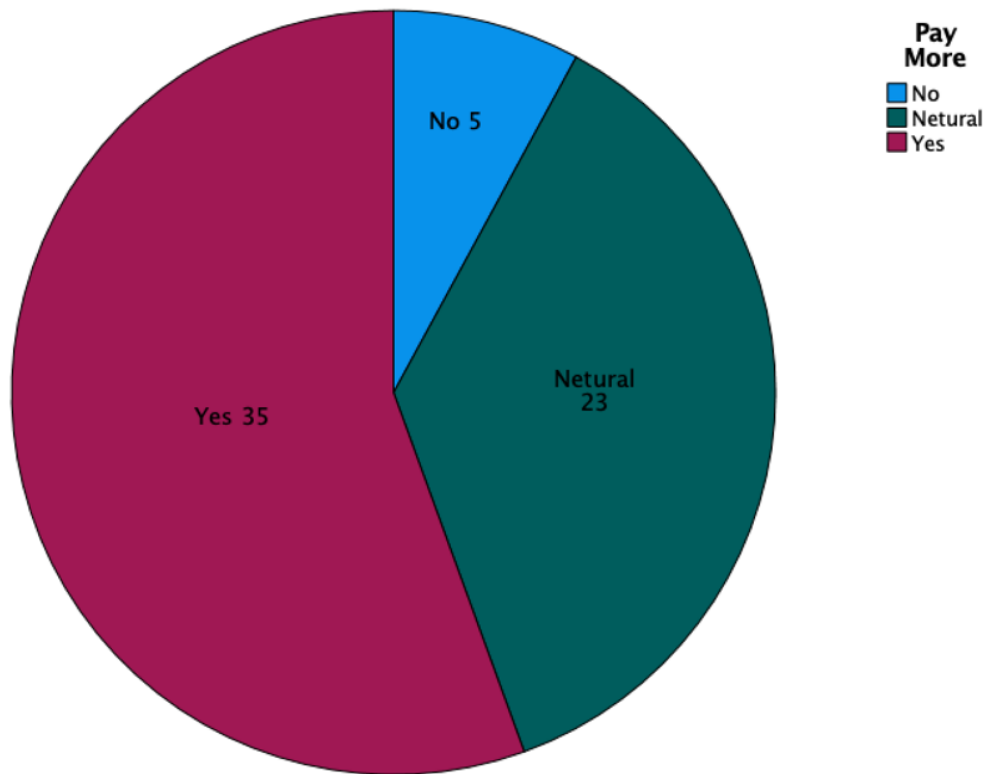
Graph 4: Positive Impact of Microtransactions

**Graph 4: Positive Impact**

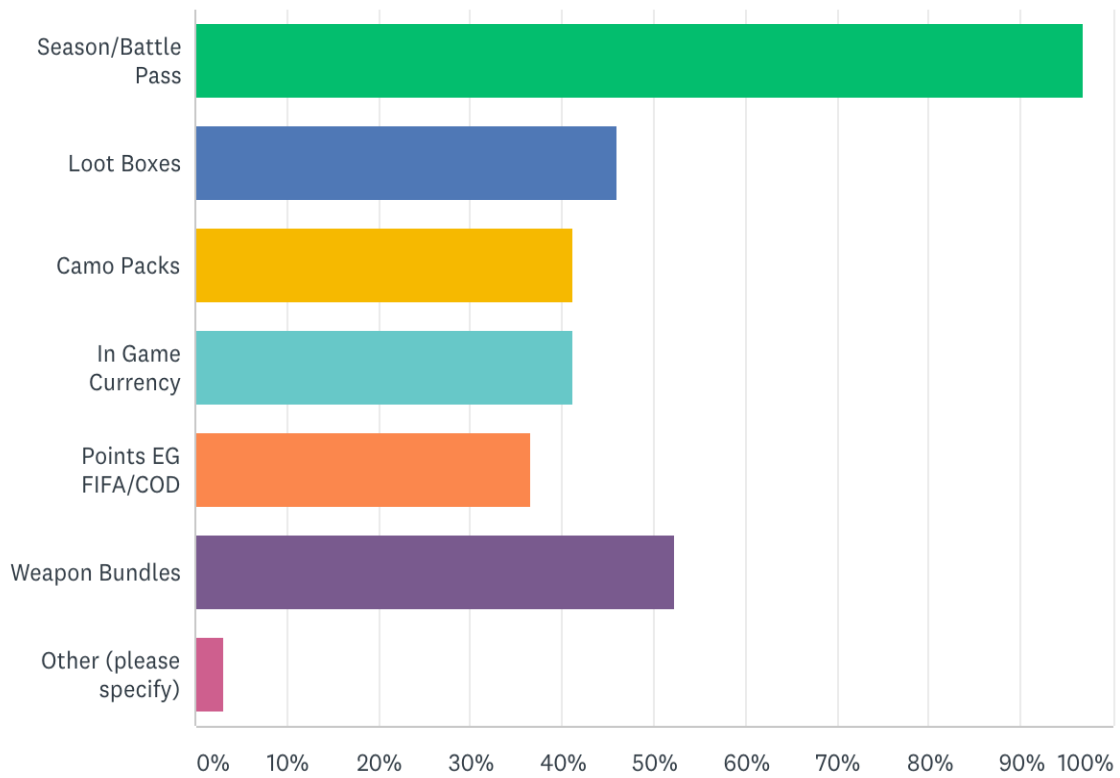


Graph 5: Pie Chart Free to Play Vs Purchased

**Graph 5: Pie Chart Free to Play Vs Purchased**

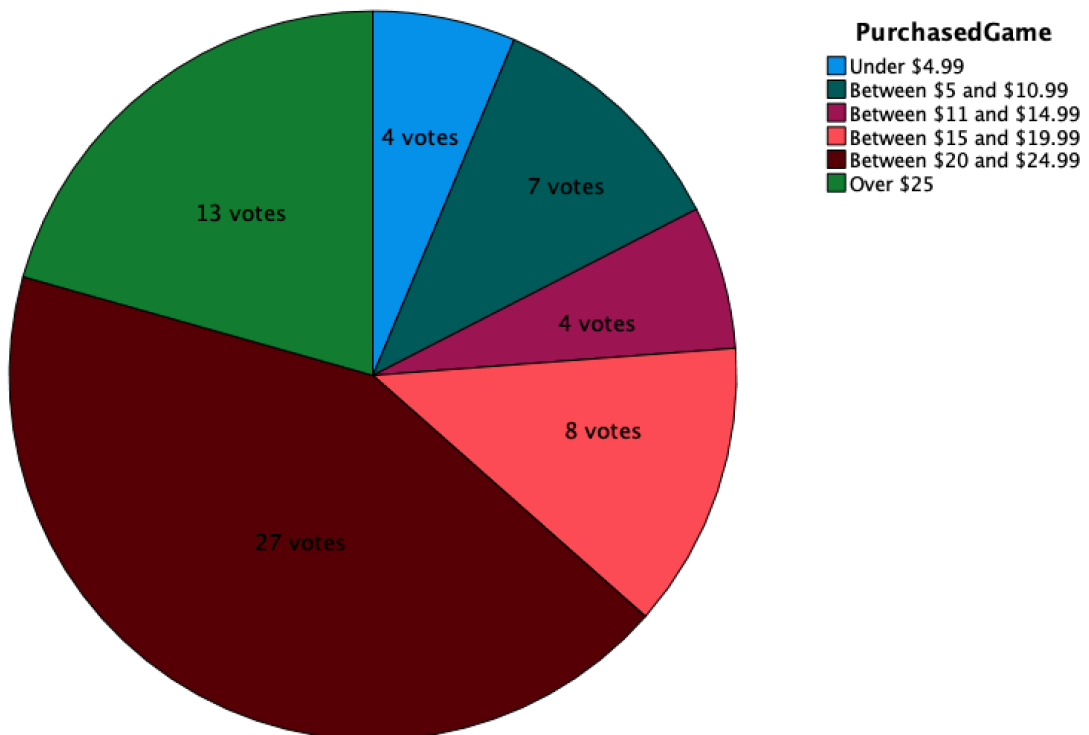


Graph 6: What type of microtransactions purchased.



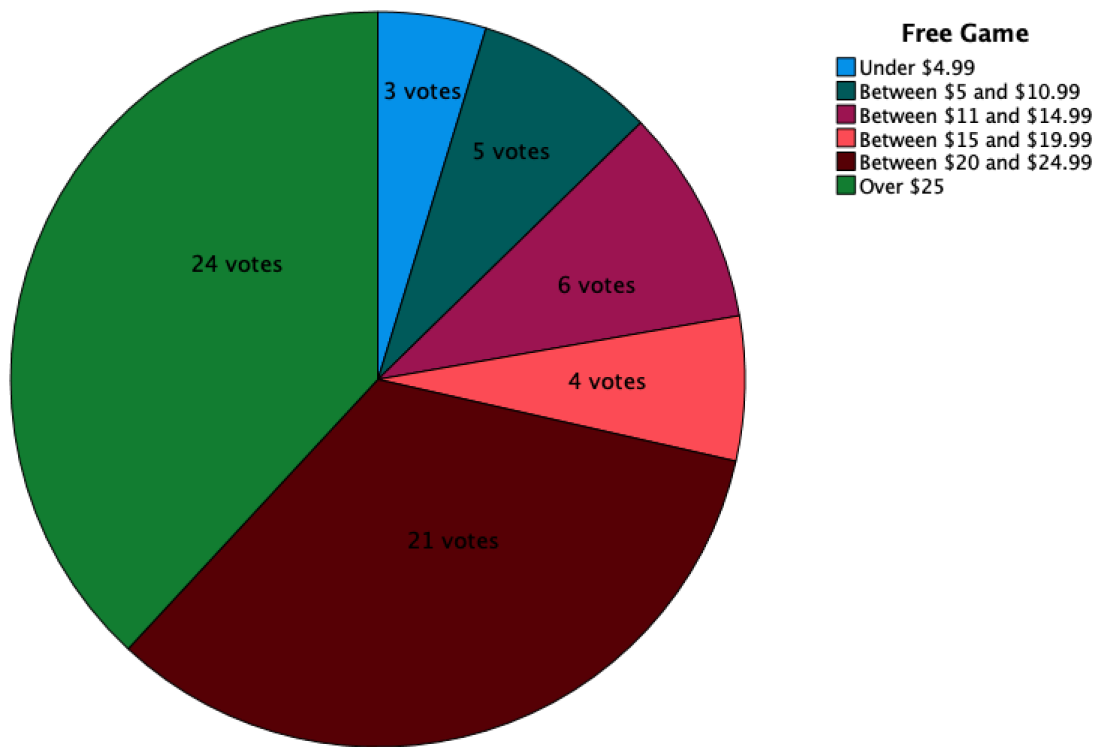
Graph 7: Breakdown of Purchased Game Microtransactions \$.

**Graph 7: Breakdown of Purchased Game Microtransactions \$**



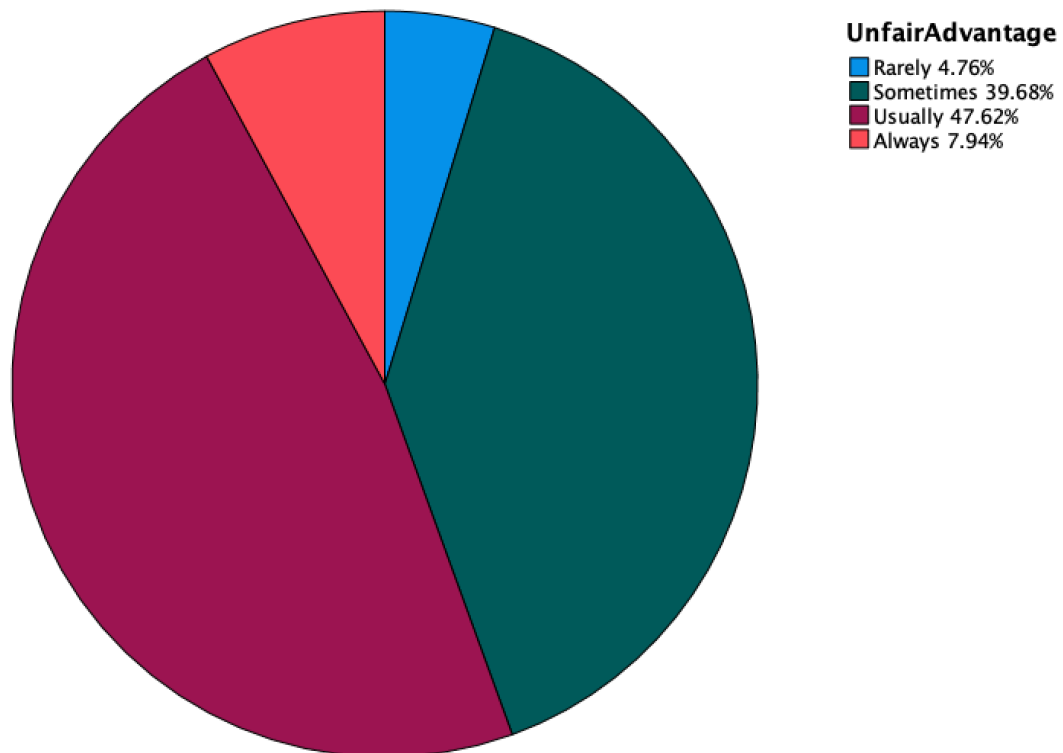
Graph 8: Breakdown of Free Game Microtransactions \$.

**Graph 8: Breakdown of Free Game Microtransactions \$**



Graph 9: Microtransactions Give Unfair Advantage

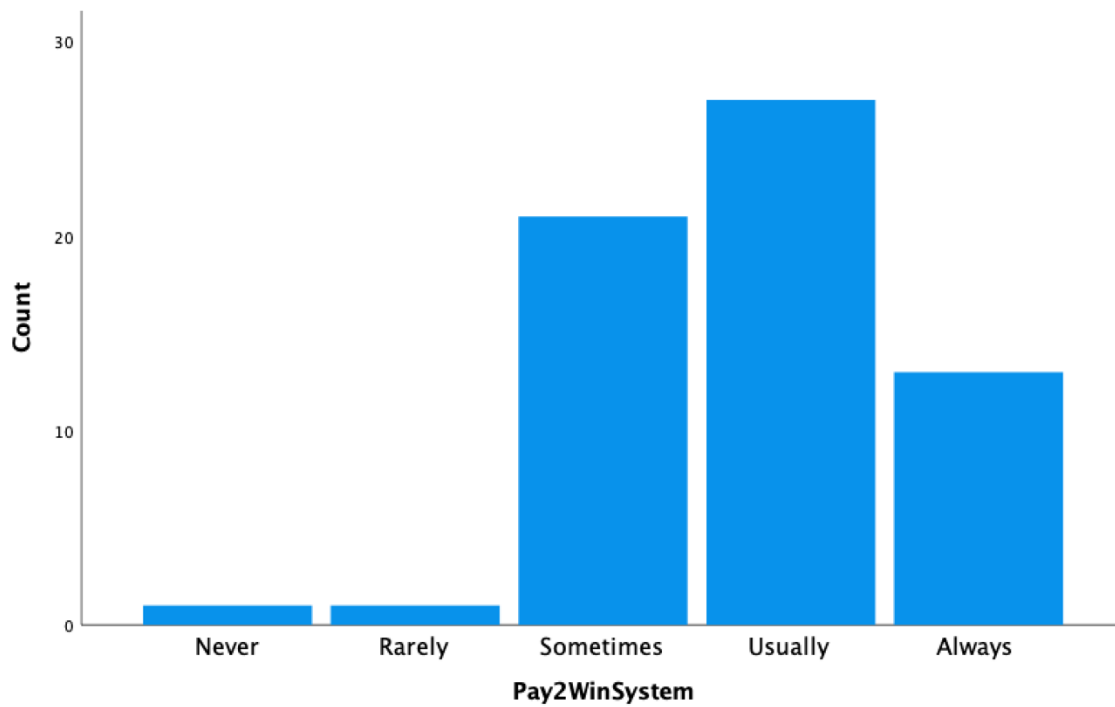
**Graph 9: Microtransaction Give Unfair Advantage**





Graph 10: Microtransactions are a Pay to Win System

**Graph 10: Microtransactions are a Pay to Win System**



Graph 11: Rating out of 5

	1	2	3	4	5	TOTAL	WEIGHTED AVERAGE
Weapon variants	17.46% 11	4.76% 3	50.79% 32	22.22% 14	4.76% 3	63	2.92
Weapon bundle packs	11.11% 7	11.11% 7	28.57% 18	39.68% 25	9.52% 6	63	3.25
Loot box	15.87% 10	12.70% 8	61.90% 39	7.94% 5	1.59% 1	63	2.67
Supply box	15.87% 10	12.70% 8	61.90% 39	6.35% 4	3.17% 2	63	2.68
Season/Battle Pass	4.76% 3	3.17% 2	19.05% 12	50.79% 32	22.22% 14	63	3.83
Player Packs	14.29% 9	19.05% 12	46.03% 29	17.46% 11	3.17% 2	63	2.76
Game Currency	11.11% 7	22.22% 14	42.86% 27	19.05% 12	4.76% 3	63	2.84
Camo bundles	4.76% 3	6.35% 4	39.68% 25	39.68% 25	9.52% 6	63	3.43

Graph 12: Microtransaction has increased gambling habits.

**Graph 12: Microtransactions has increased gambling habits**

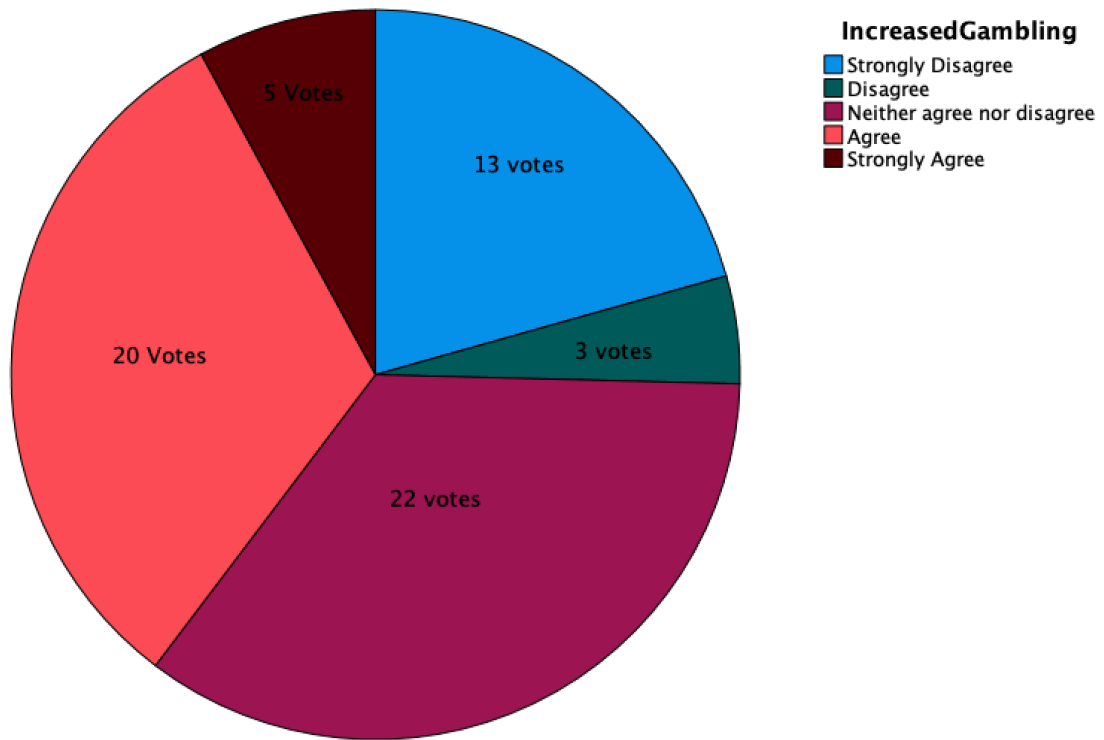
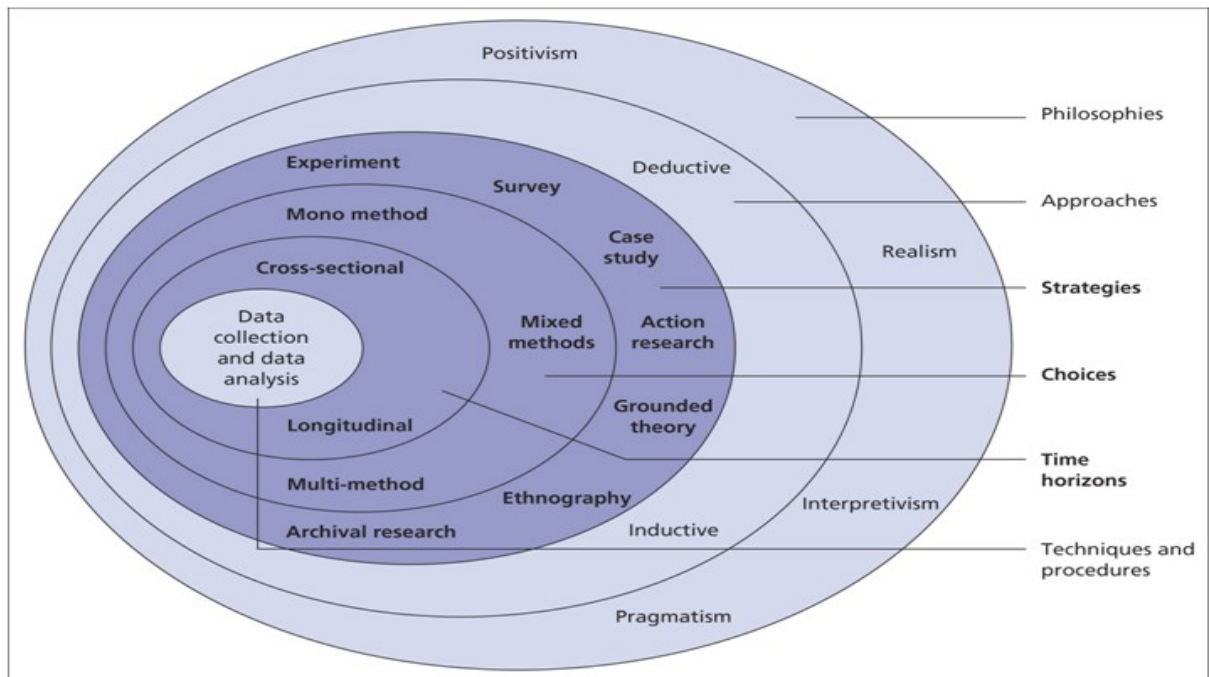


Figure 1: The Research 'ONION'

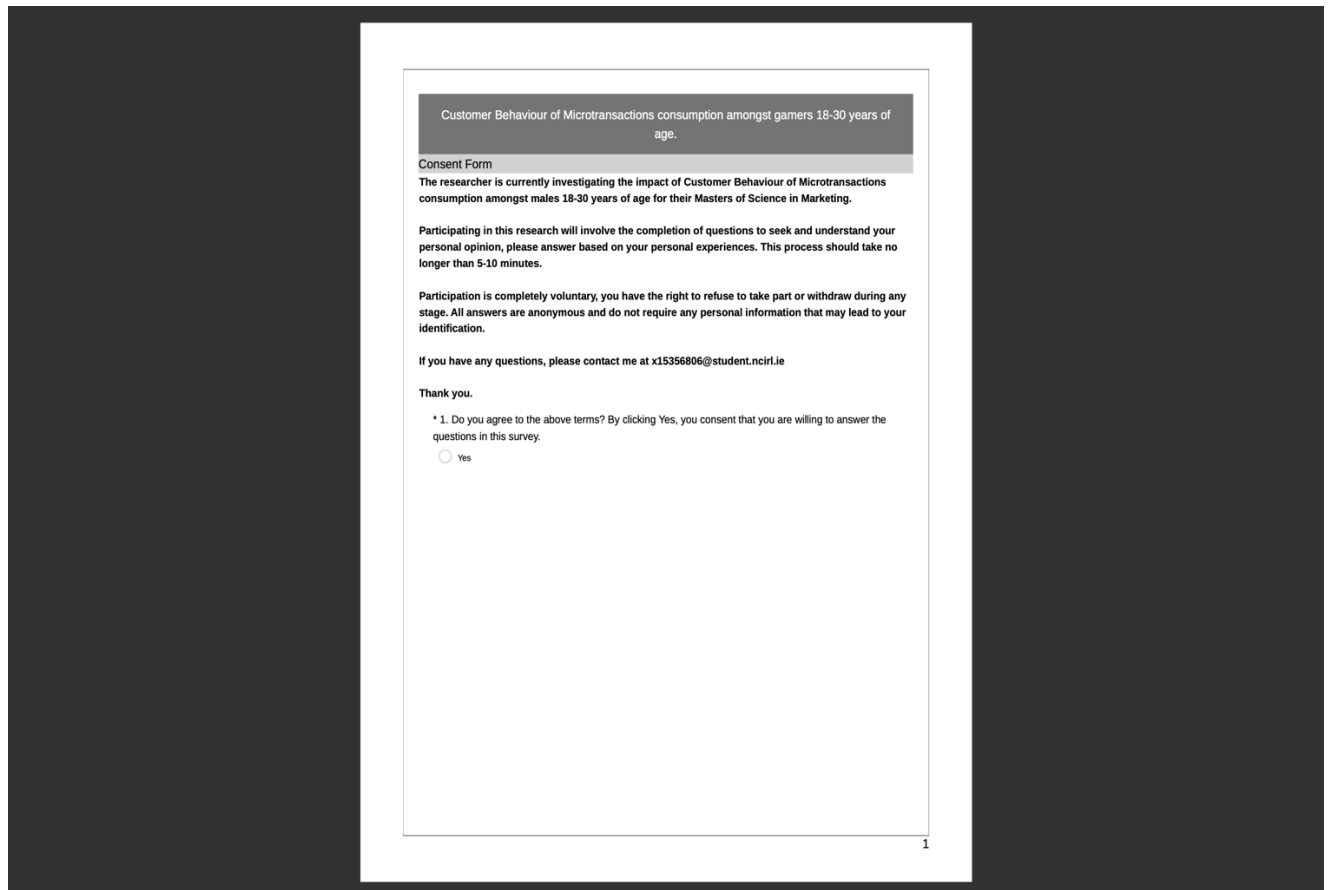


Survey PDF: I have attached a pdf file of the survey design. As I used Survey Monkey online there was no way to download a word version of the file. When I converted the pdf to word the design did not match that of the experience of participants. I have also attached images of survey if pdfs fail to open.

Pilot Survey: [../../../../Downloads/SurveyMonkey\\_Pilot.pdf](../../../../Downloads/SurveyMonkey_Pilot.pdf)

Sent out Survey: [../../../../Downloads/SurveyMonkey\\_SentOut.pdf](../../../../Downloads/SurveyMonkey_SentOut.pdf)

Image 1 Survey:



## Image 2 Survey:

**Customer Behaviour of Microtransactions consumption amongst gamers 18-30 years of age.**

**Demographic & Geographic Background**

\* 2. What gender do you identify as?

Female  
 Male  
 Transgender  
 Non-binary  
 Prefer not to say

\* 3. What is your age?

18 to 21  
 22 to 25  
 26 to 30

\* 4. What is your geographical location

UK & Ireland  
 Central Europe  
 North America  
 Other (please specify)

\* 5. What platform(s) do you game on?

Xbox one  
 Mobile  
 Xbox x/s  
 PC  
 PlayStation 4  
 PlayStation 5  
 Nintendo Switch

\* 6. On average how many hours weekly do you spend gaming?

0-9 hours     10-19 hours     20-29 hours     30-39 hours  
 40+ hours

## Image 3 Survey:

**Customer Behaviour of Microtransactions consumption amongst gamers 18-30 years of age.**

**The effects of microtransactions on the video game industry from a consumer's point of view.**

\* 7. Do you believe microtransactions have impacted your gaming experience positively?

Strongly agree     Agree     Neither agree nor disagree     Disagree  
 Strongly disagree

\* 8. Are you willing to pay more for microtransactions on a free to download game compared to a purchased game?

Yes  
 No  
 Neutral

\* 9. What type of microtransactions do you purchase?

Season/Battle Pass     Camo Packs     Points EG FIFA/COD  
 Loot Boxes     In Game Currency     Weapon Bundles  
 Other (please specify)

\* 10. On average how much are you willing to pay for microtransactions per transaction for a purchased game?

Under \$4.99  
 Between \$5 and \$10.99  
 Between \$11 and \$14.99  
 Between \$15 and \$19.99  
 Between \$20.00 and \$24.99  
 Over \$25.00

\* 11. On average how much are you willing to pay for microtransactions per transaction for a free to download game?

Under \$4.99  
 Between \$5 and \$10.99  
 Between \$11 and \$14.99  
 Between \$15 and \$19.99  
 Between \$20.00 and \$24.99  
 Over \$25.00

Image 4 Survey:

Customer Behaviour of Microtransactions consumption amongst gamers 18-30 years of age.

**Do consumers gain benefits from purchasing microtransactions?**

\* 12. Do you believe games offer you benefits from purchasing microtransactions?  
 Always  Usually  Sometimes  Rarely  Never

\* 13. How important is it that you gain benefits from purchasing microtransactions?  
 Extremely important  Very important  Somewhat important  Not so important  
 Not at all important

\* 14. Do gamers that purchase microtransactions gain benefits over those that don't purchase microtransactions?  
 Yes  
 No  
 Other (please specify)

6

Customer Behaviour of Microtransactions consumption amongst gamers 18-30 years of age.

**microtransactions a form of pay to win**

\* 15. Do gamers that purchase microtransactions get an unfair advantage?  
 Always  Usually  Sometimes  Rarely  
 Never

\* 16. Do you consider microtransactions a pay to win system?  
 Always  Usually  Sometimes  Rarely  
 Never

\* 17. Do you consider any of the below options paid to win microtransactions?  
 Weapon variants  Supply box  Game Currency  
 Weapon bundle packs  Season/Battle Pass  Camo bundles  
 Loot box  Player Packs  
 Other (please specify)

7

Image 5 Survey:

Customer Behaviour of Microtransactions consumption amongst gamers 18-30 years of age.

**microtransactions that consumers purchase & prefer**

\* 18. Do you purchase any of the below options of microtransactions?  
 Weapon variants  Season/Battle Pass  
 Weapon bundle packs  Player Packs  
 Loot box  Game Currency  
 Supply box  Camo bundles  
 Other (please specify)

\* 19. What type of microtransactions do you prefer from the below list?  
 Weapon variants  Season/Battle Pass  
 Weapon bundle packs  Player Packs  
 Loot box  Game Currency  
 Supply box  Camo bundles  
 Other (please specify)

8

\* 20. Please rank the type of microtransactions you prefer from the below list. Highest in your list being you most favoured down to your least favoured.

Weapon variants

Weapon bundle packs

Loot box

Supply box

Season/Battle Pass

Player Packs

Game Currency

Camo bundles

9

## Image 6 Survey:

* 21. Please rate the following type of microtransactions out of 5.					
	1	2	3	4	5
Weapon variants	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Weapon bundle packs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Loot box	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Supply box	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Season/Battle Pass	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Player Packs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Game Currency	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Camo bundles	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10

Customer Behaviour of Microtransactions consumption amongst gamers 18-30 years of age.

microtransactions has increased gambling habits.

\* 22. Do you gamble on a regular basis?

Yes  
 No

\* 23. Do you view purchasing microtransactions as a form of gambling?

Yes  
 No

\* 24. Has purchasing microtransactions also increased your gambling habits?

Strongly agree  Agree  Neither agree nor disagree  Disagree  Strongly disagree

11