

IN-APPS PURCHASE INTENTION OF CHINESE MOBILE GAME USERS

AI Dehua¹

Faculty of Business, Economics and Communication, Naresuan University,
Phitsanulok, Thailand

ABSTRACT

The purpose of this research is to find the relationship between dimensions of consumption value and purchase intention for the game consumption of game users. The sample of this study will be collected through Chinese internet survey company. The discussion of the study indicated that “game simulator” business model is becoming a new trend to game producers. It is profitable but also controversial. Now there still have many countries have different regulation for this business model. Because of the business model, the result from previous studies on longer fit in new trend of mobile game market. When game users know they pay for odds to get what their want means they may get nothing or something they actually don’t require for. The game producers need to find out what tempt players spending their money for a “lucky draw” in game to make more profit.

Keywords: 1) Mobile Game 2) Consumption Value 3) Purchase Intention 4) Microtransaction

1. Introduction

China’s mobile game market

China has become the world’s largest mobile phone market in recent years. According to the data released by the ministry of industry and information technology, China had total of 950 million 4G network users as of the end of September (2017). Chinese mobile internet subscribers have also increased their use of data services, with an average of 2 gigabytes of data consumed by each subscriber last month, up 140 percent from year 2016.

Based on the data that NewZoo released, China own the world’s largest games market with estimated revenues of over 27.5 billion dollars in 2017 with number of gamers 564.8 million in the same year. The data that published by the Game Publishers Association Publications Committee (GPC), the total revenue of mobile game market is around 18.4 billion dollars (1161.2 RMB), and the share had to rose up to 57% than last year (2016).

The reports from Chinese game industry itself also shows China is a rising market (GPC, 2017; JIGUANG, 2017; CNG Games Research Center, 2016; Chyxx.com, 2017), from the conclusion of these reports defined that China is the largest gaming market in the world, one of the key reasons that make Chinese mobile game market success is online gaming environment. With growth of economy of China and mobile phone industry, Chinese mobile game players could afford to a relatively cheap but high-performance mobile phone. With rising of China’s smartphone industry, the possibilities and developments of China’s mobile gaming market will follow as well.

¹ Email: Guerava09@hotmail.com

Microtransaction: Loot boxes and Gacha.

Today, internet users can purchase virtual goods via internet micropayment system, this business model is called microtransaction. Microtransaction are often used in free-to-play (F2P) games to provide a revenue source for the game developers, especially for the mobile game developers. In recent years, the F2P model has been increasingly used in mobile game industry. In F2P model, game makers allow players into the game for free, and encouraging the latter to buy virtual products to enhance their gaming experience. Therefore, players use “Pay-2-Win” as a derogatory term to refer to game where paying for in-game items can give the player an advantage over others.

In the view of game professionals, there are two reasons that why game companies use the F2P model. First, it offers flexible prices on additional content in games which are designed for players with different levels of paying intention. Second, it enables more players to access the game because of its freemium strategy (Paavilainen, et al., 2013.). Furthermore, mobile games now are adopting new business models with many authors (Parke, 2012; Koeder, et al., 2017; Wood and Griffiths, 2002) came to debate about whether it should be regarded as gambling simulator: Loot boxes and Gacha.

Loot boxes are random award mechanisms, players have to pay real money or in-game currency to have the box, or playing the game long enough to level up and completing certain missions to obtain it (Freeman, 2018). The box contains single or multiple items as awards, the trick of the box is that players never know what's inside before opening it. The items sometimes could be used to improve in-game performance to increase players' competitiveness in game, while others are merely cosmetic which makes no affection to gameplay (Hood, 2017). Furthermore, the player is encouraged to open the box with the press of a button, as carefully designed formulas of animations and sound effects work to create a great sense of anticipation to allow players to receive sensory stimulation. With this stimulation, players will have addiction to push them to try it again (Avard, 2017).

For Gacha, its origin is from one type of capsule machines that started in Japan, and locals call it as Gashapon (or Gachapon) machine, and it draws children and adults alike to spend money to have exclusive collectibles (like toys) randomly by the limited time. This design gave inspiration to mobile game designers to add this feature and call it “the gacha” (Famularo, 2017) an onomatopoeia that imitates the sound of a crank on a capsule machine. Gacha is free for playing, however, the player still can obtain extremely rare and/or valuable gaming items via monetary purchases of online products. It cannot be regarded as gambling, because players cannot obtain real money as a reward within the context of games, even the obtaining of game items has randomness. However, the perception of obtaining rare and special items, such as strong weapons or cards from gacha can be similar to that of gaining large monetary rewards in gambling. Moreover, it is possible for players to seek the sensation of a “big win” by paying increasingly greater amounts of money (Shibuya, et al, 2015).

Purpose of the study

China's mobile game market is becoming saturated, and competition in this industry is getting intense gradually. Therefore, the overarching aim of this study is to explore what is the main perspective factor that most effectively influences customer purchase intention in China's mobile game market, especially for the upcoming customers from the new generation.

The study also will offer guiding significance for game company when they trying to develop and promote their product to their customers. Moreover, the existing literatures doesn't include this game type with gambling feature in. As a consequence of this research, will offer reference significance to later research.

2. Literature Review

This study will go research upon the Chinese mobile game user from the angle of consumption value, explore the purchase motivation from them in their sense of purchase intention.

The research framework was built by Sheth et al. (1991), they identified five consumption values that influencing consumer choice behavior. These five types of value that drive consumer choice are: function value, social value, emotional value, epistemic value and conditional value.

The purpose of their study is to explain why consumer choose to buy (or not buy)/ use (or not use) a specific product, why consumer has preference on certain product, and why consumer choose one brand over another.

Further developers of this framework are Sweeney and Soutar (2001) and Smith and Colgate (2007). The formers developed four-dimensional consumer value scale based on Sheth et al. (1991)'s work: emotional value, social value, quality/performance value, and price/value for money. In their research, they found that quality and price have differential effect on perceived value. The functional value was divided into quality and price, two of these attributes are held to have separate influence on perceived value; the perceived value will be increased by better quality and be reduced by higher price. And latters' purpose of their research is presenting a new conceptual framework for marketers, particularly when developing new products and services or starting new businesses.

3. Methodology

Framework

Based on the Kim et al. (2011)'s research, conditional value and epistemic value not yet to recognized for digital items, and research from WANG et al. (2015) defined the monetary value of gambling by using consumption value theory. Therefore, the framework was used to show Functional value of game items, Monetary value (For price and Gambling), Emotional Value (Playfulness and Aesthetics) and Social Value (Self-image Expression and Social Relation Support) affect intent to purchase virtual goods in online games.

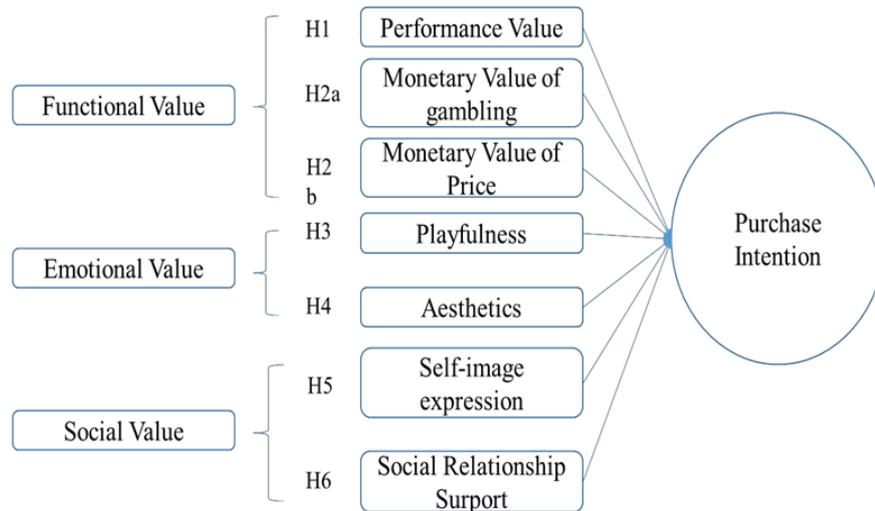


Figure 1: The hypothesis of this research is these variables of consumption value has positive influence to purchase intention of consumption in game.

Instrumentation

In order to make sure most of the respondents can read and understand the questionnaire of this research, it will be designed in a Chinese version. The content of the questionnaire will be divided into four different parts. The first part will solicit relevant personal information, such as participants' age, gender, educational level, job, income and nationality. The second part will measure participants' value perceptions of each variables and their purchase intention for game items. It contains seven attributes which reflect the dimensions of institution. Furthermore, these attributes will be described by the statements that reflect respondents' value perceptions of game items. This will be according to Likert scale a five-point scale range from: 1 (strongly disagree), 2 (disagree), 3 (neutral), 4 (agree), 5 (strongly agree) to be selected as their responses. The third part will be seven dimensions of questions that measure customers' level of perception and purchase intention for game items. The questions are collected and adapted from previous different research.

Sampling and Data collection

A survey will be conducted to test the hypotheses generated for this research. The population frame is 18-35 years old China's mobile game players. And they will be asked about their degree of perception for mobile game item and mobile game itself. The quantitative research methodology approach will be used in this research which conducted by survey. The survey will consider the age, income, employment status and education level, regarding that every element has different standard on the customer to be satisfied. The data collection will be collected through a network questionnaire. The reliable respondents will be screened by asking whether they are playing or ever played mobile game which has gacha or loot box system in the market, the existing and well-known mobile game which contain gacha or loot box system in China are: King of Glory from Tencent, Onmyoji from Netease, Fate/Grand Order and Azur Line from Bilibili, Girl's Frontline from Sunborn Games et al. Those mobile game are famous gacha/ loot box mobile game in China, the respondents who ever play those, can be maximum guaranteed that respondent understand the differences between gacha/ loot box business model and normal model, therefore, answer from them will be reliable for this sample collection.

4. Discussion

The business concept of mobile game market is now changing. Game producers prefer selling a “service” than a “property”. Game users is now enjoying the service from a game, but not own a game. Moreover, the new business model had become a trend which keep games make more profit to producers. Also, controversy of this game model that naturally carries, because this model is quite same with gambling simulator, and children that undiscerning are playing it from their parent’s mobile phone.

5. Conclusion

Although many researches about consumption values have been conducted in the mobile game market, but we still need more studies continue to conduct in order to meet the new changes in game industry. In the future study, the factor of uncertainty of new business model must be took into account. A clearer understanding as to the sequence of relationship between dimensions of consumption value and purchase intention under this new business model, can help to ensure better targeting of customer by game producers.

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