

# New Payment Models for Modern Games

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## Abstract

A description of new payment models for games and their advantages.

## 1 Introduction

When the game industry was founded some thirty years ago, there was only one viable payment model for software products: full-price. You paid a certain price for a game and then you “fully” owned it. It has been kept this way (except for the usual minor exceptions) for a long time.

This practice has only been suspended in a short period of time when shareware payment models were attractive but with current AAA game titles those haven’t promised profitable for the big publishers for the last decade.

Only recently developers have found their way back to alternative models of payment and distribution. Some examples are e. g. Steam, the distribution service of VALVE, and the mean of the producing games episodic, that is, release them with less content but also cheaper in short intervals as Episodes, which tell the story of the game episode by episode — thus the name. This is also used by Valve for some of the newer products (the HALF-LIFE episodes) or by TELLTALE GAMES and their products (SAM&MAX, BONES, etc.).

All these new models have only been made possible for the developers of games by the use of the Internet as distribution media and by

sidestepping the big publishers whose main interest still lies in retail products.

Nevertheless even publishers have started to jump on the new bandwagon of Internet distribution and alternative selling methods as can be seen by the late offers to directly buy games online (through eStores).

Additionally an important decisive factor for the development of new distribution and payment models has been the big impact warez — illegally downloading games — had on the game industry and the damage it causes every year which goes into billions of dollars.

This article will present some new models and ideas and compare them to old, traditional pay (and distribution) models.

## 2 Traditional Payment Models

### Full-price Model

The game is sold full-price in a shop (or can alternatively be downloaded nowadays). The buyer has no right to return the game or get some of his money back once the package has been opened (or if it has been bought online, once the transaction has been completed).

Additionally demonstrations (demos) of the games are offered for free, so that the players can test some of the game’s content to help them decide whether to buy a game or not. Demos are also, of course, a mean of advertising, since they allow for word-

of-mouth advertising in the player communities and general talk.

### Shareware Model

The players can download the whole game, but only play a fraction of the content for free. They need to buy the rest of the game to unlock the content they have downloaded. Because of Warez and the existence of cracks shareware models are hardly used for AAA game titles anymore.

## 3 Modern Payment Models

### Episodes

To shorten the development time some developers have switched to creating game episodes instead of entire games which they sell for a fraction of a full-price game to appeal to casual and/or indecisive gamers. Since it doesn't make sense to sell those games in retail stores (TELLTALE GAMES releases new episodes every month or two), the Internet is used as mean of distribution.

### Key-based Games

To fight warez many developers and publishers have gone over to using serial keys for their products in conjuncture with online checks for valid keys. Especially multiplayer games have profited from this practice as they tie serial number to the specific users tightly and thus discourage giving away one's key, respectively make it impossible to play online without a valid one.

## 4 Disadvantages

All these models have some disadvantages in common:

- They don't fit into the otherwise service-oriented Internet application landscape.
- They don't solve the problem Warez causes effectively. They try to prevent it from happening at most, but they don't try to fight the root causes that make people want to warez games.
- They are not fair, in that they protect the developer's and publisher's rights by limiting the buyer's rights (e. g. buyers may not return the games later or get refunds normally).

## 5 Solution Attempt

A possible solution is, what easily could be called, a *Pay-Per-Use Model*:

Imitating the new approach companies like MICROSOFT or GOOGLE take, who plan to let you pay to use their applications for a certain time, one should research the possibility of applying this to games, too. This would make games a lot "fairer" since players who play more (or play the game at all) would pay more compared to players who lose interest in a specific game quickly/after a few hours or don't like it and should consequently pay less.

To make such a payment model attractive over currently existing payment models, a *pay limit* needs to be inserted. *Pay limit* refers to a maximum amount of money a player can pay for a game. For example a normal game costs about 45 USD, then a concurrent *Pay-Per-Use* model would set the *pay limit* to 45 USD. This way players would still pay at most the full-price for the game but only if they want to and if they like the game. Of course, for MMORPGs like WORLD OF WARCRAFT it doesn't make sense to set a *pay limit* as there isn't one currently either.

*Pay-Per-Use* would mean that a player would only have to pay for a game when he

is really playing it. Here two distinctions can be made:

- paying per time one is playing
- paying for progress one is making in a game

Both distinctions are valid and could be called “fair” for different types of games.

*Pay-Per-Progress* would make sense for singleplayer games, where players shouldn’t have to pay extra if they get stuck in a level and can’t continue.

*Pay-Per-Time*, on the other hand, would be useful for multiplayer games, where progress can’t really be measured.

Of course, this is a very blurry attempt to describe the approach, but the main idea can be summed up with:

*Pay-Per-Use* refers to a payment model, through which players incrementally/linearly pay for the amount of time or progress they make in a game until they own the specific game just as if they had bought it full-price in the first place. Players can stop playing the game any time without having to pay any additional money.

It’s important to note that this payment model doesn’t enforce any additional costs for the players. They simply can play as long as they want while paying for it and if they play enough, they will finally fully own the game without having to pay anything else. Of course, this model is only feasible through Internet platforms and copy/warez-protection through serial keys and account coupling (or maybe tying the serial key to the credit card number or something similar).

Using an existing online game distribution platform like STEAM or game accounts from GAMESPY might be a good starting point for deploying such a payment model.

## 6 Fictional Examples

To show, how *Pay-Per-Use* payment models could look like, a few purely fictional examples will be presented.

### 6.1 DOOM 3

ID SOFTWARE’S DOOM 3 is a typical single-player game and thus a perfect case study. It has a length of about 15-20 hours, a very linear level design and repetitive gameplay elements — not a miracle if its main theme are undead monsters from hell.

A good way to sell it using a *Pay-Per-Use* model would be, if the full-price version costs 40 USD, to let the players pay 40 USD/75% of the game, which would be about 5.3 USD per 10% of the game content, and have a *pay limit* of 40 USD. This way players will have paid for the full game when they have completed it by 75%. Additionally since it also has got multiplayer support, it may be wise to let the players pay a certain amount, maybe 1 USD/hour, in multiplayer mode. So independent of the way gamers play the game, they will eventually hit the *pay limit* and own the full version of it. On the other hand if someone loses interest after having played the game for a few hours in multiplayer and some levels in singleplayer, he or she will have payed maybe 10 USD but that’s it and there aren’t any additional fees or costs hidden somewhere. The gamer will stay a happy player and not bash the publishers or developers for not developing *his* game but making him pay something he didn’t want full-price.

### 6.2 ENEMY TERRITORY: QUAKE WARS

ID SOFTWARE’S ENEMY TERRITORY: QUAKE WARS (and SPLASHDAMAGE’S) is the other extreme. It’s a pure multiplayer game and a suffi-

cient pay model would consist of simply paying for the time spent fighting actively on servers until the pay limit is hit...

## **7 Outlook**

Some companies already use similar models on some continents, like EA for FIFA in Asia.