

CHAPTER I

INTRODUCTION

1.1 Background

One of the fastest and continuously growing industries in recent times is the video game industry that has continued to dominate digital entertainment due to the result of continuous innovation (R. Baltezarevic, B. Baltezarevic, & V. Baltezarevic, 2018). Inside of the massive scope of the video game industry, exists the flourishing mobile gaming market that has continued to display its success through the popularity of mobile games (Furini, 2007). While computer and console gaming used to be the characterizing forms of video games, in recent times, mobile gaming has established itself as the dominant form of digital gaming (Mäyrä & Kati, 2020). In 2012, mobile gaming was only responsible towards 18 percent of the total overall revenue within the video game industry. However, in a short amount of time that percentage share has increased to about 50 percent in 2018 and nowadays, revenues soar up to \$93.2 billion which make other digital entertainment markets such as box office with \$21.4 billion and global music with \$57.05 billion revenues pale in comparison (Tom W., 2018). Truly, mobile gaming has evolved into a wealthy segment of video games and its potential continues to grow as the years past. In the past, mobile devices available to the public were unreliable and ineffectual. Nowadays, mobile games take advantage of powerful mobile devices to provide impressive and exhilarating games. In a way, mobile devices in the modern age act as a hand-held console with advanced graphics and communication features (Furini, 2007). With powerful cellular networks, powerful

devices, and constant updates of software, the mobile gaming landscape has evolved into its own unique form (Mäyrä & Kati, 2020). What distinguishes mobile gaming from video games in computers and consoles is its portability, emphasis on short events, as well as easy to pick up gameplay and availability of in-app purchases (Syvertsen et al., 2022). The most important factor of disparity between mobile games and console and computer video games is how much important capturing an audience's intent to purchase additional content or virtual goods is as that is the main way of generating profit (Boghe, 2020). Such purchases are done through in-game transactions commonly referred as microtransactions

Microtransactions are payments that are done within a mobile application. Usually, microtransactions are done to purchase additional content that will enhance user experience (Luton, 2013; Hamari et al., 2017). Due to the success microtransactions does in bringing profit, developers have continue allocating their cash flows into microtransactions (Tomić, 2017). The monetization strategies of implementing microtransactions continue to be implemented in the various types of revenue generating models such as free to play (F2P), pay to play (P2P), freemium, and paymium (Alomari, 2016; Boghe, 2020). Among these models, the freemium or F2P model is generally the top choice for online services to use and is where most microtransactions are found as a form of direct monetization (Kumar, 2014; Alomari, 2016). By integrating microtransactions and in-game purchases, game developers can effectively generate revenue despite a game's experience being accessible for "free". (Hamari, 2015; Hamari et al., 2017; Alha, 2016). In such a model, it is crucial for developers and publishers of the game to balance the free services alongside the paid content so that players may enjoy the free portion of the game yet still desire the

premium content (Hamari et al., 2017). Often, freemium and F2P games are structurally designed to slow down game progress if a player is playing free with only their time invested into the game (Syversten et al., 2022). This can be done through creating obstacles and minimizing access to rewards and resources during a player's playthrough in which players would feel the need to spend money to alleviate the dissatisfaction of going through obstacles and lack of rewards. As a result, these practices may generate desirable revenue but have often been considered to be manipulative and predatory (King & Delfabbro, 2018; Alha et al., 2014). Microtransactions exist to bring value to the gaming experience ranging from cosmetic changes, game design changes, additional content separate from the free game, as well as providing advantageous gameplay positions (Tomić, 2017). With the value microtransactions bring combined with the developers awareness to design games around it, it is not difficult to see why microtransactions are extremely popular in the current mobile gaming market.

Among the sea of mobile games in the market, exists Mobile Legends: Bang Bang which is one of the most popular freemium games in the world. Like many freemium games, it also contains microtransactions. Mobile Legends: Bang Bang commonly known as just Mobile Legends and abbreviated as ML or MLBB, is a mobile multiplayer game developed and published by the chinese video game developer Moonton. It was first released on the 14th of July 2016 in the Chinese, Indonesian, and Malaysian Google Playstore and was a huge success; amassing a huge following with great popularity especially from players from South East Asia. Most likely, this is due to the popularity of Multiplayer Online Battle Arena (MOBA) genre games in SEA alongside the convenience of a mobile platform as well as its accessibility as most SEA citizens have access to adequate mobile phones but consider gaming PCs and consoles a

luxury (Racoma, 2021). Countries that were most profitable for Mobile Legends were Malaysia, Indonesia, and the United States of America responsible for 17 percent, 14 percent, and 12.8 percent of the game's revenue sum respectively (Craig C., 2020). Aside from the excellent value the game itself provides, within Mobile Legends there were also other features such as voice chat, chat, groups, teams, skin purchases, and more that brought value to players and boosted the number of plays exceptionally high (Mawalia, 2020). As one of the highest grossing mobile game in the world, researching what player's value from the gaming experience to develop purchase intention may demonstrate characteristics of mobile games that incentivize players to purchase microtransactions.

Various researches have analyzed the determinants of players to play freemium games and purchase premium items from factors such as perceived value (Hamari, 2019). Similarly to previous researches, this research explores the affects factors of enjoyment, social value, quality, and economic value has towards satisfaction and continued use intention of players playing Mobile Legends which serve as antecedents for purchase intention so that a better understanding of factors influencing purchase intention can be achieved.

1.2 Problem Formulation

Many organizations focusing on integrating microtransactions towards their game's business model has always failed to entice users to purchase virtual goods through in-app purchases. They lack understanding on variables that drive users' purchase intention of microtransactions. Based on the variables to be analyzed in the

research model, several research questions can be asked regarding the bonds and influence of variables towards each other:

1. Does enjoyment positively affects satisfaction?
2. Does enjoyment positively affects continued use intention?
3. Does social value positively affects satisfaction?
4. Does social value positively affects continued use intention?
5. Does quality positively affects satisfaction?
6. Does quality positively affects continued use intention?
7. Does economic value positively affects satisfaction?
8. Does economic value positively affects continued use intention?
9. Does satisfaction positively affects continued use intention?
10. Does satisfaction positively affects purchase intention?
11. Does continued use intention positively affects purchase intention?

1.3 Research Objective

Based on the 11 research questions formed, the following research objectives can be identified:

1. To understand the positive effect of enjoyment towards satisfaction of playing Mobile Legends
2. To understand the positive effect of enjoyment towards continued use intention of playing Mobile Legends
3. To understand the positive effect of social value towards satisfaction of playing Mobile Legends

4. To understand the positive effect of social value towards continued use intention of playing Mobile Legends

5. To understand the positive effect of quality towards satisfaction of playing Mobile Legends

6. To understand the positive effect of quality towards continued use intention of playing Mobile Legends

7. To understand the positive effect of economic value towards satisfaction of playing Mobile Legends

8. To understand the positive effect of economic value towards continued use intention of playing Mobile Legends

9. To understand the positive effect of satisfaction towards continued use intention of playing Mobile Legends

10. To understand the positive effect of satisfaction towards purchase intention of microtransactions in Mobile Legends

11. To understand the positive effect of continued use intention towards purchase intention of microtransactions in Mobile Legends

1.4 Research Benefits

Research benefits describe the event which will occur on the condition of research objective fulfillment. The benefits of the research are as follows:

1. Theoretical benefits due to the emergence of new research model to determine the antecedents of satisfaction and continued use intention as well as their effects on purchase intention for players playing Mobile Legends.

2. Managerial benefits that provide enlightenment for managers on what factors of playing mobile games need to be fulfilled to positively affect the satisfaction and continued use intention as well as purchase intention by extension so that managers may find the best improvements areas needed to ensure healthy user purchase intention.

1.5 Writing Structure

This research consists of five interconnected chapters that will be the items necessary comprised for this one whole unit of research paper. The followings are the explanations for the structure within this research paper:

CHAPTER I INTRODUCTION

This chapter consists of the background of this research as well as the formulation of problems and general explanations of variables included in this research. Moreover the research questions, objectives, and benefits are also defined.

CHAPTER II LITERATURE REVIEW

This chapter consists of descriptions of studies and theories that serve as the basis of this research. The many variables in this research are explained as well as the research model used. Hypothesis formulation is also explained in this chapter.

CHAPTER III METHODOLOGY

This chapter consists of explanations of the research objects that exist within this research. Operational variables, population, sampling, type of research, data collection methods, and data analyzing methods are explained in this chapter as well.

CHAPTER IV RESULTS AND DISCUSSION

This chapter consists of the results from the analysis of research data. The data obtained from respondent profile, measurement model, and structural model are presented and discussed.

CHAPTER V CONCLUSION

This chapter consists of explanation regarding the conclusions formed based on the results and discussion found. Moreover, the managerial implications, theoretical implications, limitations, and advice are also given in this chapter.

