

# CHAPTER I

## INTRODUCTION

The antecedents of Satisfaction and Loyalty towards Purchase Intention of In-App Purchases is important to be studied and analyzed. The influence might show positive or negative effects towards Purchase Intention. If the influence shows a negative effect, then consumers will not have any purchase intentions. Mobile gaming industries will have to compete with other competitors in certain areas where they can make customers purchase in-game items on their respective games. For the purpose of this research paper, the researcher focuses primarily on Genshin Impact Mobile Games users in Indonesia.

### 1.1 Background

Mobile Internet and mobile technology have had a significant impact on our daily lives and our behaviors. Many activities can be performed with the help of mobile devices such as smartphones, tablets, and e-book readers, which can be accessed at anytime from anywhere. The development of online games is expected to grow rapidly to 50% from year 2017 to 2023 with the amount of Rp 11.3 billion or Rp 11.3 trillion rupiah (statista.com).

The game industry only developed after the 2000s which then grew rapidly. This figure is considered very good for the category of industry that has only developed in the last decade. The game industry recorded a very fast growth of 50% in just 5 years, and this figure does not include supporting industries, such as gadgets. The small size and limited visual effects of mobile devices make them less

than ideal gaming platforms when compared to personal computers and game consoles. Mobile games are popular because of their portability, convenience, and low cost (Bose and Yang 2011). In-app ads subsidize the cost of most mobile games, which are usually free to download and play. During the first half of 2020, Sensor Tower estimated that global app revenue from purchases would increase by 23.4% year-over-year. Game in-app purchases accounted for \$36.6 billion of the \$50.1 billion, representing a 21.2 percent increase year-over-year (eMarketer, 2020).

No.	Mobile Game	Company
1	Free Fire	SEA
2	Mobile Legends: Bang Bang	ByteDance
3	Higgs Domino Island	Boke
4	Genshin Impact	Mihoyo
5	State of Survival	Funplus
6	Rise of Kingdoms	Lilith
7	Roblox	Roblox
8	PUBG Mobile	Tencent
9	Clash of Clans	Supercell
10	Ragnarok X: Next Generation	ByteDance

*Table 1.1 App Annie App Ranking: Consumer Spend in 2021*  
 Source: [datareportal.com](http://datareportal.com)

Seeing the enormous potential for developing a very large mobile game business, of course, the competition in the mobile game business is also getting higher. One of the mobile game developers who compete in the world of mobile game competition is Hoyoverse (previously known as miHoYo) which brings Genshin Impact, which is one of the most popular online games today that is in great demand by Indonesian gamers. Genshin Impact is a gacha game that swiftly came to notoriety, earning \$1 billion in revenue in its first six months of existence

(Chapple, 2021). This game was named the best game of 2020 on Google Play and the best game of 2020 on the App Store. In Genshin Impact, players explore Teyvat, an open-world realm, and may acquire several characters they encounter along the way using the game's digital gacha system. This mechanism, which emulates the mechanics of real-life gachapon machines, is a distinguishing element of gacha games. Characters are divided into two rarity levels: 5-stars and 4-stars. Weapons may also be gained through gacha, and they come in five rarities ranging from 5-stars to 1-stars. Many of Genshin Impact's 5-star characters and weaponry are only available for a limited period. Players must "pull" or "wish" for characters or weapons by spending premium cash (called "fates") on the gacha "banner" in order to receive them. In gacha games, a banner is essentially the screen on which players spend their premium cash, and these limited banners often endure for 21 days. This is when the virtual object comes into play. To be able to wish, users must have the game money, Primogems. Primogems may be gained in two ways: by playing the game extensively or by making top-up/in-game purchases with real money. According to SensorTower, Genshin Impact has earned more than \$1 billion USD in revenue in just six months, outpacing other megahits such as PokemonGO and Clash Royale. Currently it is the number one top grossing gacha-based mobile game worldwide in the first quarter of 2022 (SensorTower, 2022). However besides Hoyoverse, there are still many developers who participate in the mobile game business competition, such as Tencent, Moonton, GARENA and many other game developers. Therefore, to be able to win the competition in the online game business world, the Genshin Impact developer certainly needs to know more clearly what

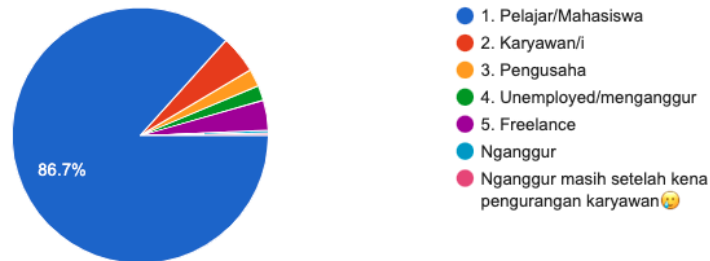
factors are the triggers for the intentions of mobile game consumers themselves. In Indonesia, according to datareportal.com in their report titled Digital 2022: Indonesia, it was revealed that Genshin Impact placed 4<sup>th</sup> in the mobile game app ranking for consumer spend, placed after Higgs Domino Island, Mobile Legends: Bang Bang, and Free Fire at the first place, as shown in Table 1.1 above. Due to the increasing growth of mobile game consumers every year, the increasingly fierce competition between mobile game developers and the fact that the largest income of mobile game developers is from the sale of virtual products, this study aims to examine the relationship between a number of variables that can shape purchase intention against virtual goods in mobile games.

Although there have been significant developments in the mobile game sector, this does not change the fact that there are still many difficulties and challenges faced by mobile game businesses. One of the difficulties and challenges occurs in product monetization activities on mobile games. According to businessofapps.com, most mobile game companies with superior revenue depend heavily on in-app purchases (Boxall, 2017), but in reality the number of users who make in-app purchases is still very small. Currently, out of 100% of application users, only about 5% make in-app purchases (Asper, 2017).

Studies on mobile games from a variety of perspectives have examined factors that influence adoption, loyalty and addiction, as well as the relationship between in-game purchases and gaming experiences. Perceived value and loyalty are recognized as the primary predictors of payment intention in payment behavior

studies (Choi and Kim 2004; Rauyruen and Miller 2009; Lu and Hsiao 2010; Hsu and Lin 2015). Purchase behaviors are influenced by the perceived value of the service and loyalty to the provider. Rauyruen and Miller (2009), for example, proved that loyalty to business-to-business services leads to future transactions. According to Hsiao (2013), the perceived value of having the Internet on a mobile device influences smartphone users' willingness to pay for mobile services. However, according to Lu and Hsiao (2010), overall contentment with social networking services does not influence consumers' willingness to pay, but perceived value does. Also while according to Constantin (2013) and Molinillo et al. (2017) that satisfaction has been established as a significant influencer of purchase intentions. However, contradicting to the previous statement, according to the findings of a previous study by Hsu and Lin (2015), satisfaction did not inspire users to purchase paid apps. Thus further research in the perspective of in-app purchases in mobile games will be required and might produce a different result.

Even though these variables are important in predicting gamers' purchase behavior (Hsiao & Chen, 2016), there are still few studies that examine the relationship between perceived values, game player loyalty and satisfaction, and in-app purchase intention simultaneously, especially from the perspective of the Genshin Impact game and Indonesian students.



*Figure 1.1 Pilot Study on Genshin Impact Players*

The main focus respondents of this study, will be centered among Indonesian students. It was found from a pilot survey conducted by the researcher (Figure 1.1), the main Genshin Impact players are students including school and university. Accordingly, the researcher will examine the relationship between perceived values, gamer loyalty, gamer satisfaction, and in-app purchase intention by modifying Chuang's (2020) and Hsiao & Chen's (2016) conceptual models.

## 1.2 Research Problem

With the business in the mobile gaming industry keeps on evolving with the growing competitions in the purchasing of Genesis Crystals (virtual currency of Genshin Impact) from third-party shops that will be a disadvantage to Hoyoverse's direct income, the researcher will conduct a study on the variables that can affect the in-app purchase intention in the community of Genshin Impact mobile players. From the modified research model, therefore, the research questions formulated are:

1. Does Hedonic Value have a positive influence on Satisfaction?

2. Does Utilitarian Value have a positive influence on Satisfaction?
3. Does Economic Value have a positive influence on Satisfaction?
4. Does Emotional Value have a positive influence on Satisfaction?
5. Does Social Value have a positive influence on Satisfaction?
6. Does Hedonic Value have a positive influence on Loyalty?
7. Does Utilitarian Value have a positive influence on Loyalty?
8. Does Economic Value have a positive influence on Loyalty?
9. Does Emotional Value have a positive influence on Loyalty?
10. Does Social Value have a positive influence on Loyalty?
11. Does Satisfaction have a positive influence on Loyalty?
12. Does Satisfaction have a positive influence on Purchase Intention?
13. Does Loyalty have a positive influence on Purchase Intention?

### **1.3 Research Objective**

Based on the problems above, the aims of this research are:

1. To examine whether Hedonic Value have a positive influence on Satisfaction.
2. To examine whether Utilitarian Value have a positive influence on Satisfaction.
3. To examine whether Economic Value have a positive influence on Satisfaction.
4. To examine whether Emotional Value have a positive influence on Satisfaction.
5. To examine whether Social Value have a positive influence on Satisfaction.

6. To examine whether Hedonic Value have a positive influence on Loyalty.
7. To examine whether Utilitarian Value have a positive influence on Loyalty.
8. To examine whether Economic Value have a positive influence on Loyalty.
9. To examine whether Emotional Value have a positive influence on Loyalty.
10. To examine whether Social Value have a positive influence on Loyalty.
11. To examine whether Satisfaction have a positive influence on Loyalty.
12. To examine whether Satisfaction have a positive influence on Purchase Intention.
13. To examine whether Loyalty have a positive influence on Purchase Intention.

#### **1.4 Research Contribution**

1. Managerial: For managerial purposes, mobile games companies and developers, and/or other companies can implement the results of this research for its digital products or services they offer, to increase their income from in-app purchases.
2. Theoretical: For academic purposes, this research could add reference and literature and enhance the theoretical understanding about the relationship of perceived values and customer purchase intention alongside satisfaction and loyalty variables, for fellow researchers and scholars.

#### **1.5 Research Limitation**

- The research will be limited to the student gamers of Genshin Impact.



- The research will be conducted in 3-month time hence the result could be enhanced in another study.
- This research will focused on Perceived Values as the antecedents of Satisfaction and Loyalty towards purchase intention of In-App Purchases of Genshin Impact Mobile Game in Indonesia.

### **1.6 Thesis Outline**

#### **CHAPTER I: INTRODUCTION**

In this chapter, the researcher will mention and explain about the background of the study, research problem, problem limitations, research objectives, and the thesis outline.

#### **CHAPTER II: LITERATURE REVIEW**

In this chapter, both the dependent and independent variables, the linkages, propositions, models, and hypotheses will be mentioned and explained along with the theories that support the variables.

#### **CHAPTER III: RESEARCH METHOD**

This chapter describes the analytical methods used in the research that are attached with data and data sources.

#### **CHAPTER IV: DISCUSSION AND ANALYSIS**

This chapter outlines the results of data analysis which have been obtained and explained about the results of statistical calculations of the relationship of each variable including the testing of hypotheses.

## CHAPTER V: CONCLUSION AND SUGGESTION

This chapter contains the conclusions of the result of analytical calculations and the implications which are appropriate with the problem.

