

FEARLESS



GREED IS GOOD?

The Gordon Gekko Issue



What Does CCP sell?

By
Kjartan Emilsson

The simple question of “what does CCP sell?” may sound a little trivial to some, but many will actually find themselves faltering when challenged to answer it at their family reunion or when trying to impress some romantic prospect.

Obviously we sell games, as we are a game company. But what exactly is a game?



**I shop
therefore
I am**

The English word game is derived from the Icelandic word *gaman*, which actually means fun. Furthermore, the gothic etymology of the word *gaman* is ‘people together’. That is actually not a bad definition for us: people having fun together.

More generally a game could be said to involve people performing some kind of formalized activity and deriving a certain amount of emotions from it, usually positive ones.

So when we say that we are selling games what exactly are we selling? Is it the activity, the rules or the emotions? We do create some of the rules and they certainly affect a fraction of the activities and emotions you will experience, but we will never cover them all. In fact, people will also create their own rules, thus enriching further the game experience.

In the case of an online game like EVE it is more correct to say that we are really selling access to tools and social environments allowing you to perform certain activities and experience emotions resulting from them rather than selling the emotions themselves. As people use those services we could argue that we are selling people emotionally laden time, or more succinctly, an experience.

But this is time they could easily choose to spend differently. Indeed, people’s time is a limited resource and thus extremely valuable. We are in direct competition with other activities, and must make sure that the experience we offer is more engaging and meaningful than the alternatives.

This doesn’t mean that we are in competition with all of a person’s time because most people compartmentalize their life for different functions, but we are

certainly competing for the time that people allocate for leisure and pleasure.

Another important factor to consider, especially in the context of social games, is that people are participating and thus representing themselves to others in one way or another. The importance of appearance ties directly into our notion of vanity, recognition and validation. This again heavily influences your potential emotional response of the experience.

So we are also selling people a social identity or a persona. Again here we are in competition with the many roles that a person might have during a day. Some they might be happy to leave behind temporarily, like their work identity, but others they might be less interested in abandoning, like their role as parents or lovers. Now compare the two following different people:

“I am an EVE space pirate that blows up innocent wayfarers for loot”

And

“I am a golfer that likes to finish 18 holes on Saturdays”

Both of these will pay money to access this experience. Both will spend a significant amount of time doing it and will have strong emotional moments doing so. The latter, though, will probably spend much more money indulging in his pastime. He will spend a lot of time researching and buying various different clubs, balls, gloves and shoes. He will spend money in the club house socializing with other golfers, travel, etc. In fact the average golfer spends \$3,000 a year on his pastime with about half of it being the actual access fee to the experience. Most

Buy me

I’ll change

your life

expenditures will actually improve their experience of the game and make them feel better about it and about themselves.

Now does this mean that we should go for unbridled evil consumerism, trying to squeeze every single penny from our hapless customers? Of course not. Summarily:

will thoroughly enjoy this extra expenditure. Why is that?

An interesting aspect of selling experience and identity is that the actual action of paying for it can strengthen their perceived value. This is in many ways because of the way we are raised as consumers: We shop therefore we are. Fashion is a beautiful example of this: it is an endless source of creativity, seems completely unpredictable and can fetch incredible prices yet is deceptively fleeting. When buying nice clothes we might feel more desirable and confident and in this way the act of buying can actually be a factor to make your experience more meaningful or your identity stronger and as such it becomes more competitive with other alternatives. The act of buying is a powerful psychological pattern deeply rooted in all of us whether we like it or not.

The pure subscription model for games, even though quite well suited for the selling of holistic experiences, takes little advantage of this part of human nature. Many players will actually voice the opinion that adding any kind of consumerism to such a game will ruin their experience. Those same players will buy PLEX without any qualms to get instant access to that ship they just “need to have right now” and they might even go as far as buying a \$500 leather jacket that matches the one their avatar is wearing. And all of these

- CCP is selling people experiences and identity
- In this, we are in competition with people’s limited time for other experiences and identities
- Consumerism can, up to a certain level, improve experience and strengthen identity, making us more competitive
- Too much consumerism will ruin the experience (think tourist traps)

A balanced approach should acknowledge consumerism as a powerful game design tool (amongst others) that we need to get familiar with and that should be used carefully and with respect to create more enjoyable experiences and stronger identities for our players. If successful, this will result in their increased emotional attachment to our product and services for the benefit of all. If not, we run the risk of sucking our customers dry and leaving their shriveled corpses by the side of the road to the benefit of none.

Are virtual goods sales in EVE a good thing?

Moderated by
Sean Conover

Virtual goods sales can be viewed by some as a nuclear issue. In many cases it may be that the conversation itself could be better managed. It is easy to make decisions without debate, but CCP espouses transparency and unity – two values integral to the recent Economic and Microtransaction Summit held in Reykjavik, which focused on the viability of the virtual goods sales model in all our games.

Fearlessness is as much an inherent company value as any other. It follows then that we need to have a healthy conversation about an issue such as microtransactions. The inevitable tension between monetization and design is an obvious red flag when it comes to introducing a whole new way of playing a game. A great deal of the perceived angst seems to come from a deeply-seated concern for the very real virtual worlds we're all creating rather than that corporate greed is defining the direction of development.

Yes Kristoffer Touborg wants you to show him the money:

I would like virtual goods sales in EVE. In fact, I'd like to sell a lot more than vanity items. Does this mean I'm an evil capitalist that, unless stopped, will cause the entire company to catch fire and be buried at sea by a secret team of Navy SEALs?

Let's hope not, although that's the impression I get sometimes when interacting with our customers. There is a pretty overwhelming perception amongst EVE players that these changes are bad. I think they're brilliant, but our players

No John Turbfield is worried that the rules are changing:

Virtual goods sales can be positive in certain circumstances. However, when you introduce something that can create an imbalance where others can't compete with their spending power, you inevitably decrease their satisfaction with your product. As such it is essential that a game is designed from the ground up to incorporate any major virtual goods sales that fall outside of this. PLEX (and time codes before that) work extremely well as they not only largely replace a black market for ISK, but provide substantial benefits to other players in the form of offering

don't. We're going to face an uphill struggle, and the reason many of us never talk about this publicly is that we'd be burned at the stake by the players.

I don't really understand the logic behind it, but that's probably because I've been using virtual goods sales for a long time now and actually prefer them over subscriptions. Why? Because they let me manage my spending, and I'll sometimes prefer to buy a better experience when engaging in my hobby.

Does that mean that they're universally good, and we should slap a price-tag on everything? Probably not, and like any other change we make to our game, they need to be well thought out and

well executed. But most important of all, they need to provide value to our customer.

I'll give you an example of something I think provides value to our customer, which I'd like to sell. Right now, you can store 50 personal fittings on our servers. That's more than enough for the average EVE player, but for a subset of our users, it's too small a number. Why not be able to add more storage space for a small amount of money? You'd even be able to upgrade it multiple times if you needed and permanently add this benefit to your character, making it even more valuable. And you know what? If you don't like paying for this, you can always buy a PLEX off the market, and never have to get your credit card

out. I think that's pretty goddamn cool, and I'm not entirely sure why that makes me Hitler to some EVE players.

Now this shouldn't be a one way street; I think we should be giving money away too. Giving people small amounts of micro-currency for being loyal subscribers, or even as a reward for high level gameplay like taking sovereignty should be just as legitimate a part of the business model as charging players.



Kristoffer is a driving force in CCP's Game Design department. The vast majority of his free time is spent buying dresses for his characters (using microtransactions) in League of Legends and reading authentic Japanese Manga comic books.

Two CCPers from each end of the spectrum of this topic vocalise their thoughts on it.

additional subscription options. The negatives caused from the ISK for real money trade such as hacking and botting are reduced as their profitability declines. PLEX differs from typical virtual goods sales because we allow players to pay their subscriptions this way using in-game currency.

To me, virtual goods sales are far less appealing when the gameplay is affected and they aren't replacing a black market. When we're adding additional things into the game that enable users to gain an advantage over other people for real money in a way they simply wouldn't be able to if we hadn't done so, then it becomes an issue. I feel that if people have already paid a subscription fee then unless there is a good reason for the overall community to introduce a gameplay-affecting virtual goods

sales (such as with PLEX), then gaining an in-game advantage isn't justifiable. More revenue is of course an aim, but making our customers feel like they are being 'double billed' to be able to play on the same level as others is just a step too far.

The most visible example of another game introducing virtual goods sales is certainly LOTRO. It is worth pointing out though that they made almost everything microtransaction based and at the same time removed subscription fees. Because other games with very different communities and very different gameplay styles are able to do something it doesn't mean we can do the same thing with the same levels of success. EVE is a far more complex game with significantly more social interaction, which changes a great

deal about how you can approach virtual goods sales. While it's true that others, such as Blizzard have gone down the microtransaction path, they have not implemented any gameplay affecting items. They also do not offer a microtransaction to gold conversion as we do with PLEX.

I don't oppose the concept of virtual goods in the case of vanity items, merely in cases where the monetization of items impacts the balance of the game.



John Turbfield is a renowned master of spreadsheets and works his Excel wizardry in the Research and Statistics department. In-game he has led large alliances to war in EVE, balancing that with the real life courage of moving to a rock in the middle of the North Atlantic.

FEATURE VIRTUAL GOODS SALES

EVE: Delivering the goods: virtual sales in Incarna

By **Scott Holden**

CCP is in the process of adopting a virtual sales model for its game products. While this model has always been intended for World of Darkness and DUST 514, you may be wondering how this will work in EVE Online. Specifically, how will this new strategy unfold in Incarna?

In short, it's the same in Incarna as elsewhere: we give players the means to buy stuff in addition to their base subscription, offering things like new "nano-paints" that allow one to customize ships while docked; new articles of virtual clothing, tattoos, and other avatar customizations; tokens for customizing Captain's Quarters and so on. Not all virtual purchases will focus on customization: some will simply be new items, ammunition, ships, etc. that can be purchased outright. The devil, as always, is in the details.

First, we don't want to glut the virtual market with too many offers right out of the gate. Instead, we want to provide a steady stream of digestible goods and services over a long period of time, allowing customers to sample and purchase as they get used to the new model. We want to cater to long-term customers who will gradually acquire a taste for our wares.

Second, we must sell our units of virtual currency - the AUR - at appropriate rates. No pair of pants,

no matter how cool, should cost the same as a new Maserati; similarly, it would be silly to buy sunglasses for my avatar and pay the same price that I would for a faction battleship. So we might sell tiny things or batches of consumable goods for just a few "micro-PLEX," but we would have the option to sell premium content and services at a much higher price point.

Consumable goods raise a unique problem. In EVE today, once a player buys a blueprint original (BPO) or a new skill, that asset or benefit cannot really be taken away; the asset neither depreciates in value nor degrades. Destroyed ships and modules must be replaced, though, and we want to ensure that the market for most virtual purchases is similarly renewable. And in cases where a virtual item or service is perpetual or unchanging, such as with avatar recustomization, for example, we will most likely levy a small broker's fee or tax on the sale.

One other service we're looking at is selling faction standings. We want to offer convenience for a price. As an example, your friend might give you free tickets to see her band play simply because the two of you are friends; meanwhile, other fans have to pay for a ticket because, well, that's how it normally works. The more noteworthy the band, the more those friendships (and thus the tickets) are worth. If that doesn't seem quite an accu-

rate analogy, think of it like this: you can develop a friendship by "spending" your time, or you can pay to get the same benefits that friendship would otherwise allow. (I'm sure you can think of a few other situations where one might temporarily "buy" services otherwise gained only through social interaction.)

And that's really about all there is to it. Regarding the notion of "virtual sales in Incarna," though, I'd like to elucidate one point before closing: Incarna cannot be considered a product distinct from other parts of EVE. Incarna and "flying-in-space" (and in due course DUST 514) are merely aspects of the EVE Online experience; in virtual sales, as in development as a whole, we must all adopt this way of thinking. Thus, we will not and cannot focus on virtual sales only within the Incarna environment, nor build that environment around such sales; rather, we will effect a universal strategy of micro-sales throughout the EVE experience. So, as a player, while you are inside a station, you will find gameplay that links to other aspects of the game and that also presents you with virtual purchasing opportunities — just as you will while you are in space or on a planet fighting as a DUST merc.

You can develop a friendship by "spending" your time, or you can pay to get the same benefits that friendship would otherwise allow.

FEATURE VIRTUAL GOODS SALES



DUST:

Fighting wars with perseverance and real money

By Eino Joas

Summer is coming and people are flocking to swimming pools. You usually have to pay an entrance fee, but at least in Reykjavik you get free towels now, I hear.

Next summer people will be flocking to play DUST 514. There will be an entrance fee, but we will make sure to also provide some proverbial free towels. We will be charging for the swimming goggles, though.

As you probably know, DUST will operate under a virtual goods sales model. To offset the cost of ‘freeloading spectators’ DUST will have a nominal cover charge, one we believe is highly attractive for an AAA F2P game. After the cover charge you can play for free, but there are certain things that are only available for a currency that derives from real money. That is how the business model functions: people spending real money on all things virtual. Spending your own money is optional, however. If you happen to be economically challenged or just don’t trust the PlayStation Network with your credit card details, you can trade ISK with other players for some real-money currency, just like you can with PLEX today. You can also do the opposite and exchange purchased real-money currency for ISK, too. Both work for us as long as money is being spent.

The above builds, of course, on the assumption that people actually want to spend real money. To achieve this, one thing is very important: people have to be captivated by the game. Emotion and engagement are the fundamental foundation for virtual goods sales. Having interesting virtual goods to sell means nothing until the customers are engaged and involved in the game. In terms of the swimming pools of Reykjavik, engagement equates to the water in the swimming pool. If we don’t have enough to swim in or if it’s bloody cold, it will be really hard to sell those goggles. Spiking the water with tons of chlorine is

not going to spur sales either.

I don’t mean to say that sensible monetization mechanics and interesting virtual goods are not important – they certainly play a key role in maximizing the monetization potential that we have pent up in our engaged playerbase. We want to see our monetization techniques blend seamlessly into the game mechanics and establish themselves as a part of the fiction. They need to feel natural and in accordance with players’ expectations. Perhaps the principle of verisimilitude that defines EVE and DUST will prove useful to us in this – by functioning so much like the real world, real world conventions become easier to accept.

One such convention is of special importance to us: cyclical consumption. In EVE, the monthly

Emotion and engagement are the fundamental foundation for virtual goods sales.

subscription takes care of this. With no subscriptions in DUST, we have to be careful about selling permanent awesomeness, as there’s a danger of saturating the market. When everyone has everything, there’s no reason to buy anything anymore. Concepts such as planned obsolescence and perceived obsolescence thus play a key role (obsolescence referring to the deliberate shortening of a product’s lifespan). In the real world, light bulbs are engineered to last for a thousand hours and fashion cycles get people to buy new stuff season after season. If we are in this for the long run, we have to be thinking in similar terms

regarding virtual goods. Fashion in vanity goods, for one, remains grossly underutilized across the board but contains great potential. If anyone in the real world knows how to turn people’s longing to be unique into recurring wants it is the fashion industry.

On the opposite end of the scale to vanity goods are performance-based items such as weapons. They are consumed through gameplay, making them a potentially powerful source of renewable income. Selling them for real money is very tempting. They are highly desired by the player audience and yield lower development costs, as variation can be achieved through numbers rather than unique art assets. Selling them though, is highly controversial. We are planning on doing so. I would be tempted to say it is because we are fearless, but the real reason is that we have strong evidence that selling performance enhancers, in moderation, works. Korean developers have capitalized on performance-enhancing items for a long time, but it took a leap of faith from the people developing Battlefield: Heroes to show that the same principles that work in Korea apply for the western market as well.

The market is changing and has been for years now. And like everyone else we’re looking to adapt and change with it. Adapting to a business model that is not only becoming increasingly commonplace, but fast-becoming the de-facto standard, is essential, but we can do so much more. We can figure out how to step ahead of the curve and do more than merely sell some swimming goggles... group buying power, deep discounts, flash sales, dynamic pricing and monetizing social acceptance in online games... and maybe just a tiny bit of that chlorine after all.

FEATURE VIRTUAL GOODS SALES

WORLD OF DARKNESS: More than fashionable Blood Dolls

By Priscilla Kim

Virtual goods sales are a hot topic these days, and more and more companies are moving toward them, CCP included. If handled well, virtual goods sales are far from a greedy money-grab that impoverishes the players. At its most elementary, “the king and the land are one.” When CCP has more money to put into development, the players get more goodies to play with. World of Darkness itself wouldn’t be in development if we didn’t have the revenue to support it.



At a more detailed level, virtual goods sales give a direct, unmistakable line of feedback into what players want. If we build a feature or items that nobody likes, everyone will just use the features they already have and like and give us no more development money. It puts pressure on us to develop things players actually use, in a way that a subscription-based model doesn’t.

“Escalation of commitment” is another key concept for the value of virtual goods sales. When a person has put time, effort, or money into something, she’s more likely to be attached. If players can spend money more directly on our game, their enjoyment will heighten and they’ll bond more strongly with it.

Given that World of Darkness is in pre-production status, specifics on virtual goods sales are hard to assess. Broadly speaking, there are three main areas that virtual goods sales will focus on in the game: cosmetics, items of convenience (or “concierge services”), and items of power.

Cosmetic items will definitely be a major focal point, with everything from clothing, accessories, Haven furnishings and decorations, tattoos, hair, etc. being available for purchase. New collections could be released with each expansion. Particularly luxurious items could have a limit on online purchases. The rarity of the item would then become a point of pride for those who own it.

Cosmetics are the easiest form of virtual goods sales to discuss, but they’re not the only ones. Items that improve the player character’s capabilities are some of the most effective at converting free or trial players into paying ones. According to Jon Selin, Lead Designer on World of Darkness, metrics from other games that sell virtual goods indicate that overall enjoyment increases – up to a point. Two types of items appear to create the most enjoyment: equalizers and merit-driven items. Equalizers are items that allow the players to play with or against substantially more powerful characters without completely eliminating the advantage of the powerful. Merit-driven items are locked from purchase until the player achieves specific criteria, hence having to earn the item as well as pay money for it.

After a certain point of power, though, the enjoyment goes down (after all, how fun is it to have a “win button” that allows you to kill everything in sight with just one click?). When the mechanical power of microtransactable items scales too high, player resentment goes up and players start abandoning the game or avoiding it, and the company ultimately suffers. There is a sweet spot on the scale of empowerment that will only be found via experimentation. Right now,

The question of virtual goods sales is not “to do, or not to do?” Rather, it’s “how do we do this?”

however, final gameplay is too uncertain to pinpoint specific possibilities.

Concierge services are similarly hazy as far as specific implementation goes, but offer a midpoint between cosmetics and power-purchasing. These are the items that simply make life easier for the player, without directly bettering the character’s potency in the game. Service items might increase inventory size or increase the amount of blood your Blood Doll can hold.

One important aspect of CCP’s virtual goods sales philosophy, though, is that any item bought for use in-game can also be sold on the market in-game. Due to this, a sufficiently determined and wealthy player can buy any item purchasable for real money with only in-game resources, if it is put on the market. In practice, such an exchange would work much like PLEX does today in EVE. No one will be locked out of accessing something if they don’t want to spend additional money on it – the virtual goods sales possibility exists so that players who don’t want to invest the time can instead invest the money.

The question of virtual goods sales is not “to do, or not to do?” Rather, it’s “how do we do this?” For the yet unpublished World of Darkness, the details are foggy, but the philosophy is strong.