

Q&A ICCP-XX Fuel and Land Economy Integration

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Why use land plot sales?

Instead of creating a new mechanic to increase the fuel supply, the DAO should leverage the ready-made mechanic that is already in place via additional land plots. The simplest approach to do this in a non-dilutive way is to gradually mint new land plots as paying players enter the ecosystem. This allows relatively stable fuel supply growth for many months.

The other proposals in front of the DAO would attempt to solve this by either automatically or manually adjusting fuel production of the existing 20K player owned plots. This proposal acknowledges one of those solutions will eventually be necessary, but would wait to implement one until all land plots have been sold. A transparent and gradual land sale process as the revenue from fuel sales for use in the Overworld increases is much better for Illuvium Zero player sentiment than unknown and unstructured future land sales that could instantly halve the value of land plots.

How could this look in practice?

Suppose the following two key parameters are decided upon by the DAO:

Land Sale Threshold - 200,000

Land Release Ratio - 10:1

The DAO therefore sets a threshold of 200K monthly paying players. In May of 2024, that number is exceeded for the first time with 205K monthly paying players, triggering the activation of a land auction. The land release ratio has been set to 10:1. For every 10 fuel purchasing players in the month preceding, one additional land plot will be released. Since 5,000 more paying players have joined beyond the threshold, an additional 500 land plots will be sold on June 15 at a Dutch auction.

In June, due to lower player volume in the Northern Hemisphere's summer, the monthly paying player base falls to 190K. No additional plots are sold.

In July, the monthly paying player base rises to 204K. No additional plots are sold.

In August, the monthly paying player base rises to 207K. An additional 200 land plots are sold on September 15 as the difference between 207K and 205K (from the highest player base size previously recorded) is 2,000 players.

The process continues until 1M monthly paying players is reached and all 100,000 land plots have been sold. At this time, additional mechanics to increase the fuel production on land plots would need to be introduced as the player base continues to grow.

Why a Dutch auction?

Each land plot is not fungible based on its unique location. A Dutch auction allows price discoverability for the unique plot allowing maximized revenue for the DAO. Having an auction avoids gas wars when a group of plots might come up for sale all at the same price at the same time. It is also less disruptive to existing secondary markets because the DAO isn't artificially creating an 'entry-price ceiling' where players know they can purchase upcoming plots at a certain price thus limiting land plot value. The sale mechanics are already in place from the initial land sale so development time should be fairly minimal.

What about drops in demand?

No system will allow Illuvium Zero players not to experience a drop in fuel revenue if the quantity & price of fuel being purchased falls. The order book pricing mechanism allows quickly finding an equilibrium through the beauty of the free market. In this proposal, the impact to landowners of drops in demand will be in-line with the overall increase in land plots. Meaning if an additional 5% of land plots have been sold, the supply of fuel will be ~5% higher than if not, resulting in a similar revenue reduction. While not ideal for the average landowner, this risk is better than the unknown of a major land sale that could dilute the value and revenue of a land plot by 50 or 100%.

What about the impact on Zero gameplay? Can we still raise the building level caps?

If many players have maxed out their land plots and the DAO believes a level cap increase is warranted (say to provide a 5% boost to maximum fuel production per plot), a pause could be instituted via ICCP to set a new Land Sale Threshold before further Dutch Auctions restart.

Why fractionalize land plots?

If Illuvium can interest and engage hundreds of thousands of paying gamers in Illuvium Zero, many possibilities exist to expand the gameplay of Zero both for a richer world with more experiences and gameplay mechanics, further monetization, and a broader user base for expansionary and user-generated content. This method avoids dilution of the revenue-sharing structure and minimizes development and re-balancing time. Many different entry points into the paid Illuvium Zero gameplay mean a wide range of price points for entry for players who may want to start small and work their way up to more expensive plots.

How do you handle blueprints with land fractionalization?

Blueprints are more challenging than fuel as they are not easily fractionalized. Two mechanics could be utilized, or other ideas shared by the community and team. Firstly, a partial research approach could be utilized where 1/2 or 1/4 or 1/10 of a finished blueprint is finished after each successful research. The remainder of the blueprint would then be automatically become the next research successes for a given Illuvial. This ensures that the land plot is able to generate finished blueprints at the same fractionalized rate as fuel and that players aren't stuck with unfinished blueprints.

Alternately, the price and time of research could be increased by 2x, 4x or 10x. This is a less optimal solution as it likely means additional balancing needs to be performed in the area of storage on these fractionalized land plots.