WORKING TITLE:

VIDEO GAME MONITZATION MODELS AND WHY THEY SHIFTED TO A SEASONAL MODEL

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I am writing to you today to ask for funding to research the question of “Why video games have moved to a seasonal business model?”

This question has always perplexed me? Why would you take a game that was created with a finite story and development cycle, and shift that into an ongoing game, where consistent updates and development are needed to sustain that style of game. From what I have experienced and observed so far, my working thesis is that the move to an ongoing development cycle, or “live service”, is mainly pushed forward by an ever-present need for profits, as well as an easier development pipeline.

Why does this matter to you? As a developer of many high rated games and intellectual properties, I am sure you are aware that many development studios have shifted to this live services model. One of the main factors for this shift is an increase in player engagement and interaction within the community surrounding your products. A more engaged community not only grows the game in unimaginable ways but increases profits from a higher market of people to sell to.

From my observations as a member of communities surrounding games that have moved to this live service model, I have noticed an increase in player engagement or spending as well as overall satisfaction with a product.

For example, near the end of 2022, the game *Overwatch* released a sequel. Named “*Overwatch 2”,* the development company Activision-Blizzard movedthe monetization model from a loot box lottery system to a seasonal system that rewarded the player for playing the game. As well as introducing an in-game shop, selling cosmetics.

As a long time, player of *Overwatch,* now referred to as *Overwatch 1,* the previous monetization model encouraged players to purchase a loot box that would act as a lottery system that would randomly award higher quality items. This system encouraged players to spend on the chance to receive the product that they wanted. From what I observed through interacting with the community in-game, as well as on social media and public forums, this system was regarded extremely negatively within the community as it was the only way to receive items and rewards.

However, when *Overwatch 2* was released, the game shifted their monetization model to a seasonal approach and an in-game store. With typically lower quality items being awarded on a “Battle Pass” this allowed the development team to put the high-quality items on the in-game store where players could directly purchase the items that they were interested in.

This shift resulted in higher player engagement and collaboration. With the battle pass awarding players items based on missions or objectives that could only be achieved by playing the game, players wanted to play the game to get those rewards. Causing them to spend more time in the game interacting with other players and seeing those higher quality items that are on the in-game shop.

This is not the only example of a shift in monetization and community development I have noticed, however. As a member of many different game communities, I have noticed this happening increasingly more often, where games are shifting away from a higher box price, and shifting to a free to play model. With the goal of introducing as many people as possible into their community to hopefully drive engagement and sales.

Another example of this trend is the game *Genshin Impact.* While this game was released with a seasonal business model