VIDEO GAME MONETZATION MODELS AND THE SHIFT TO A SEASONAL MODEL

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PURPOSE:

I am writing to you today to ask for $5,000 to research the question of “How have video games have moved to a seasonal business model?”

THE QUESTION:

This question has always perplexed me? Why would a game that was created with a finite story and development cycle shift into an ongoing game, where consistent updates and development are needed to sustain that format? And how have they been able to pursue this course while not isolating their communities and customers?

WORKING THESIS:

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. The main way companies have been able to pursue this is by producing and releasing smaller amounts of content in predictable schedules to drive player engagement over a long period of time.

SIGNIFICANCE:

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. I believe that one of the main factors for this shift is an increase in player engagement and interaction within the community surrounding those 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.

BACKGROUND:

I have spent most of my life enjoying and consuming many different varieties and genres of games. From role playing games to first person shooters, I have noticed a shift in the way that many of those games either moved to, or were created, to a live service model with a seasonal content.

One of my favorite video game franchises, *Overwatch,* was one such example of this shift. As a player of this game for over 8 years at this point, I have seen the game’s high and low points with player engagement and satisfaction. And after the shift to a free-to-play seasonal business model, I have observed that player engagement has increased and the barrier to entry has been reduced. I have been an active member of the game community as well, engaging in a variety of different content and social media platforms surrounding the game.

THE PLAN:

My plan is to use the funding you would provide to research the effects and profits of a seasonal business model and how you might be able to shift into that style of monetization to further grow your company.

Some of the tools that I will use include but are not limited to, the Utah Valley University Fulton Library and the internet. I will use these tools to help me research peer reviewed and academic papers on the topic to create a better understanding of my working thesis.

By using detailed search terms such as “Monetization and Video Games” and “Business Models” I will use the tools listed above to find journals and studies conducted by researchers to further prove my working thesis.

With my personal experience and the use of different sources such as a study conducted and published in PLoS One, a San Francisco scholarly journal exploring the correlation of microtransactions and when they started to become popular and widespread.

PROBLEMS:

There may be some problems and hiccups along the way. I expect that I may run into an issue of not being able to find many studies done on this topic due to the new and unique nature of this question.

Over the next few months, I will conduct research and a report of my findings according to this tentative schedule. By finding annotated references by September 24th, 2025. Observing different perspectives, no later than October the 17th and returning with a researched argument about why I think you should shift your intellectual properties to a seasonal business model to potentially maximize profits and increase player satisfaction.

REFERENCES:

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.

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.

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, players wanted to play the game to get those rewards. Leading 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. With new games consistently releasing and capturing different audiences, I noticed a shift away from a higher box price to a free-to-play model. With the goal of introducing as many people as possible into their community as fast as possible with the hope to drive engagement and sales.

An example of this principle is the game *Genshin Impact.* This game was released with a free-to-play seasonal business model in the form of a battle pass, in-game store, and consistent updates. However, the game also offered an in-game store, in which players could buy various items. While it was possible for players to earn this currency via game activities, it was often time consuming and tedious. With the ability to pay your way to the rewards and characters released, often it became a tempting idea to skip the time and work and pay to have the item you wanted.

This was such a profitable tactic for the company that there is even a sub community that will consistently spend thousands of dollars every few months whenever a new collectable comes out.

THE FUTURE:

How can this research benefit you in the long run? By pursuing the reason behind this shift, I can bring back a researched based answer to the question of how you can shift your products to a seasonal model to engage your player base in a meaningful and more profitable business model.

References

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