

Game Dev Dialogs episode 2: Ethical Monetization

Link: Welcome to Episode 2 of Game Dev Dialogues. I'm Link Hughes, a game designer here at Google. I'm here with Crystin Cox, who's the Director of Live Operations at Xbox Game Studios. Crystin is a former lead game designer and head of commerce on *Guild Wars 2* at ArenaNet, former game director on *MapleStory* at Nexon and an expert on ethical monetization. She's also one of the hosts of Microsoft's *The Art of LiveOps* podcast. Welcome to the show, Crystin.

Crystin: Thank you very much, Link.

Link: Tell us a little bit about your path into game design and how you ended up with this special insight into monetization.

Crystin: I got into games fairly quickly coming from a background in theater, film, and television, just other collaborative, multidisciplinary creative industries. But games was where my heart was at. I absolutely adore games. I don't think anybody really gets in the industry unless they do. But fairly quickly and largely by chance really, I ended up working in MMOs really early in my career. I worked for Disney with the team that made *Toontown Online* and I was helping them make their second MMO, which was *Pirates of the Caribbean Online*. This was very early 2000s, and I was looking at competitive games. At that point, the Internet had become available enough and powerful enough that we had started to get more games from Asia show up in the West. And so when I was looking at competitors to ours, I was actually playing a lot of games that came out of Korea. And at the time, all of those experiences were free to play. Coming from a world where we were totally devoted to a subscription model, it seemed really revolutionary. So I actually left and sought out one of those companies that I thought did this well, which is Nexon, and I went to work for Nexon. I got a lot of training there on how to do monetization design, and how to interact a lot more closely with business than I had ever really considered doing before, coming from the creative side of game development.

Link: Something I'm curious about: I think there's a lot of free to play games that have a bit of a bad reputation here in the West for being very exploitative. Do you think that monetization is inherently exploitative?

Crystin: Working at Nexon, I was probably exposed to safety measures and policies that were really designed to prevent players from doing things that were really out of the norm, like aggressive spending or really out-of-control spending or gambling-style behavior. They were more sophisticated than a lot of the things that I see, like really large, well-established publishers and developers do now, which I think is somewhat ironic, because I think technology has gotten so much better, data has gotten better and yet I still don't see a lot of people come up to the standards that we had, and that Nexon had implemented, coming over from their home base in Korea, even now.

Link: Coming to your next project, Guild Wars 2, to what degree is there difference around the ethics of monetization as applied to adults versus children?

Crystin: I think we would be better off if we treated everybody with the care that we treated younger players, because within any age group, there's vulnerable groups and vulnerable for a variety of reasons, but still vulnerable. When I came to work on Guild Wars 2, I very much had the feeling that this is going to be a very different demographic, and a very different player base than I've been used to working with. But I wanted to approach it from the point of view that they would express themselves differently and they would have different preferences, but they would not have different needs as far as respect and our accountability to them. At the end of the day, when we're talking about the ethics that was driving it, in a lot of ways, they weren't that different. They wanted things to be fair. They wanted things to be transparent. They wanted things to be predictable. All of those things were pretty universal. And, as I said, there is always going to be vulnerable populations that you're dealing with. Usually, when we talk about dealing with vulnerable populations, to me, the best approach is to make sure you're accounting for those edge cases. It's easier to just accommodate them than it is to deal with the consequences of not taking into consideration how you're going to manage the more vulnerable population.

Because even if I remove ethics from this conversation and we just talk hard business, there's nothing good about having thousands of thousands of dollars or tens of thousands of dollars charged back onto credit cards and then getting fined by credit card payment companies. So there's tons of risk associated with allowing things like exploitative spending or binge spending. There's a ton of risk you're taking on by doing that, if we're just talking from a business perspective. There's a ton of ethical risk as well, and there's a perception risk, but there's also just business risk. Oftentimes in the industry, even now, we're getting way better at this, but even now, I do encounter teams that are just not well aware of that risk.

Link: What are some ethical guidelines that you advise your teams to operate under?

Crystin: One of the biggest pieces of advice I give to teams who are working through this is that we should get to the core of where their ethics are. Often when I sit down with the development team for the first time to talk about this, first, we have a lot of conversations about what the players want, and what the player expectation is, and sometimes even what the players will tolerate as far as monetization. I try to move us past that, because approaching the ethics of monetization for your game, from the point of view of, well, *I'm just going to be reactive. Whatever players say they want, we'll do. Whatever players say they'll tolerate, we'll do*, I think is going to put you on the wrong foot. A lot of that initial work is actually just getting developers to get into touch with their own ethics and ask the question: *what if players would tolerate anything? What if your players would be happy with anything you did? What would you do then? Where are your lines?* Not just, where are you worried about displeasing your player base, but what do you really feel is ethical?

It's a hard conversation. I really encourage developers to go through the difficulty with it, though. The reason I do is because you can operate from a place of saying: *we just want to do whatever our players say they want*, or *we just want to not upset them*. That comes up a lot. I always have to dig into that, because the problem with that as an ethical pillar is that it logically flows: *which players?* and *how will you know?*

So, if you really are willing to just do whatever doesn't upset your players, can you ever speak to your player base with conviction? Can you ever stand up for yourself?

Because these are things that can really happen. You can really get into a situation where you've made a decision and you might be in a position where one of your developers is going to sort of get thrown under a bus. Are you going to stand up for them? If you don't come from a place of having your own solid ethical guidelines that you really feel and that you are true to, it can be very challenging to actually work through those problems. You can also end up in a situation where you're very biased, as I said. It's actually difficult to know what your players want.

Link: So, would you tell us a little bit about ethical monetization in general and why you think it's important?

Crystin: Ethical monetization, to me, really means working in an ethical way with your community. Ethics are the guidelines that lead or allow us to operate inside a prosocial framework, meaning: I do things that are social positive as opposed to antisocial or aim to undermine the society that I'm in. Ethics are the guidelines that build that scaffolding, that tell us all, what is it okay to do, what is it not okay to do. When we talk about doing ethical monetization, we are talking about applying those principles to our monetization.

I think in the industry too often people are: oh, monetization. You mean microtransactions or free-to-play. Monetization is any time you take money from players, whether it's one time at a \$60 price point upfront or it's an ongoing set of purchases, subscriptions... but ethical monetization is applying the lens to all of those decisions that ask: is this action, is this request to trade money for some content or service, is that prosocial? Is that within the bounds of my community's guidelines of what is ethical?

To answer that question you'd have to understand what community you're operating in. Ethics are not universal. They actually change quite a bit. It really is just a request for developers to think very intentionally about every decision they make and ask that question: is this actually going to be ethical? You're looking for a win-win.

Ideally, every monetization transaction that's happening is benefiting you, and it's also benefiting the player. On both sides of the transaction, there's a benefit. They're getting something they want. You're getting paid. Everything is functioning in an ethical way. Of course, for people to be happy on both sides of that equation, there's a bunch of really basic human things they need.

They need to feel like it's fair. They need to feel it's transparent. They need to feel like there's trust between you. All of those things go into it. Ethical monetization is a term I prefer to use some other terms, like "fair" or "player-positive monetization." I prefer ethics because I think it really drives home the fact that there is not one set of things that we all should do and that's going to be like I checked the ethical box there, I did it. It's actually really about understanding your community and making sure the things that you're doing are positive for that community and that there's a virtuous cycle happening between you and your players.

To me the big difference between ethical monetization and traditional monetization is mostly intent. Almost every developer I've ever talked to about this subject has not been malicious. There's very little actual malicious actions going on in this space. Largely, a lot of the issues we see have come from lack of intentionality and lack of access to information. I've sat with people who have just had a total disaster from a community perspective and said, "Why did you do this?" And they have said things to me like, "Well, we looked at this other game that we all liked, and we thought, we like that, why don't we do that?"

Link: The secret underlying pattern of all game design. We looked at this other game we liked and they're doing this thing.

Crystin: It takes a lot of effort, over and over and over again, to keep that intentionality in everything you do. I spend a lot of time advocating for this with developers because monetization is deeply, deeply important to your players. It's a very highly charged activity and they are going to care a lot about it. You can't really get away with just deciding you don't want to care or that it's not that big of a deal. Because your players are just not going to meet you there. They're not going to be like, "Oh, yeah, you're right, who cares?" When they open their wallet, it's a very intense situation to buy. Even though it is quite a lot of work to try to maintain that intentionality across everything you do, it's worth it. It has so much to do with the health of your business and the health of your player community. I think we're mostly past the point where I hear designers say, I don't want to think about monetization, can't that be someone else's job? There are still some holdouts on that and the answer is no, it can't be. If you care about your players, you need to care about this because it's something that's very important to them.

Link: But I think if you don't carefully consider monetization, you're setting up a situation where players potentially become very attached to your game, do incorporate that group membership into their identity, and then your game can't sustain itself. And so ultimately you fail them in this other way where because you didn't monetize effectively, you created something that ultimately was just going to pass from this earth, as it were.

Crystin: I certainly had this conversation with developers recently, where when we discuss their monetization strategy, I sometimes have to ask: why do you think your work is not worth anything? I want to understand why you think that the work of your team, which I know are a bunch of talented people who work really, really hard, should be just free and should be given to players for no money.

And that is not to say that there's never a reason to give things to players for free--there obviously is. It's often complicated. But I still want to ask the question, because you're pointing at something that is a potentially very tricky situation for a developer to get into, which is: when we say we need to operate ethically, we are looking for that win-win. But we also need to have a fair exchange happening between us, because if we don't, if we go the other way, we can be incredibly generous and give everything away. But there are going to be really negative long-term consequences because of that.

I mean, even trends that have happened in the mobile industry, making it very difficult for developers to charge money upfront for any game experiences, are some of the consequences of things like this, where we're not honest with our players about the cost of what it takes to bring things to them, then we can really hurt ourselves. This is very complicated, though, because the games industry is a lot of things and every individual developer is in a different situation. The way that sometimes the industry is perceived because we hear things like, *it's \$180 billion in revenue and it's making more money than anyone else has ever made ever*, might give people a very unrealistic expectation of what's actually going on, which is that it's a classic entertainment industry in which a very, very tiny number of people are making the vast majority of the money. Most games are not in a position to exploit anybody for a large sum of money because they're just trying to get by. But even if you are in a situation where your game is making profit, there is still this question of: what is the value of your work, and are you comfortable actually being honest with your players about the value of that work and what it takes to produce it?

Link: What are some high-integrity patterns that you've found work well?

Crystin: Usually, my response is to give them the hard news upfront that there are no easy answers to these questions. It is a little bit like asking: what are some design patterns that produce fun? If we actually dig into specific genres or specific situations, yes, there's great best practices that exist for monetization, and we can absolutely help each other to do better in those spaces. But we're talking like games in general. It's really, really, really not cut and dry. The best general advice I can give is: think about regret, and design to reduce regret. Walk through your player experiences, anything you purchase. Is this likely to produce regret? Regret is a good red flag for something that's going on that isn't right and probably isn't going to pass the long-term test for being sustainable, or fair, or easy to understand.

The other one, which is a little bit more nebulous, is to just be aware of your position of power in the relationship between you and the player. You control something that's very, very important to them, which is their game. They don't really have a lot of direct control over this, and you do, and you get to decide things like: hey, you made this thing they really want and you decide whether they can afford it. You decide whether it's feasible for them to get that thing. This often leads into pricing strategy and things like that. You really want to be careful to avoid getting stuck in the high spender paradox, which is: if you focus on high spenders, then you will design

all your monetization to appeal only to high spenders. Then you will only have high spenders and then you will create this constant cycle that you can't get out of.

For a long time, people were like: "Well, only this tiny single digit percentage of people pay, and they pay lots and lots and lots." It was really interesting to me because that was very much not true in the work that I did early in my career, both in Asia and in the end in the West. If you only measure the things that will produce the highest amount of spending, and then you only devote resources to making the things that will produce the highest amount of spending, you've created a monetization design that only people who can spend a lot can engage with it all. So of course, the only spenders are going to be people who spend a lot, and there isn't going to be very many of them. And it's easy to fall into that trap because you just start optimizing, optimizing, optimizing before, you know, you're like, "Wow, if I'm a new player to this game and I come in, it's very clear to me right away, there's no place for me in this game unless I'm willing to drop a thousand dollars". That's not going to cut it for a lot of people who are looking to have a casual game experience.

It's sometimes easier to identify things to avoid. One of the worst things you can do is be like, "Hi, you just lost. Hey, would you like to give me some money? You're real frustrated right now--wouldn't you like to buy something that'll make this easier?" Just psychologically, it's one of those things that's really designed to spike spending in the short term and then lead to players churning out of the game completely. It doesn't create positive associations with spending.

Link: In the best possible circumstances, you would have players who are like, "You know, I just love this game and I've been playing it for so long, I really just feel good about supporting it."

Crystin: If I had just general advice to every developer, it would just be: be more patient and trusting. This is a trust relationship that we're building with our players, and so if you can't respect them and you can't, give them some time to come to enjoy the experience and want to purchase, but instead you're immediately like, "What about this? You want to buy this? Are you interested in this? Can you give me more money? I need more money." It comes through very strong and people read it very strongly. There's a very human reaction to that when it happens. If you can, in any way that you can, be a little bit more patient and a little bit more trusting that if your players love the game, they will come to a place where they want to pay. This is not me saying, like, you can never ask, or don't make it easy to discover. Yes, make it easy to discover your monetization. Yes, don't be shy about charging for things if you need to. But recognize that it is a relationship that you're building and that you're going to get it back, if you put the investment in upfront and you build the trust before you start asking people for things. Now, completely understand that many developers are not, don't have the luxury to execute on that plan to its fullest. I completely understand that--you've got to make the tradeoffs that you can. But I still think it's worth thinking about.

Link: I mean, on that front, to what degree is monetization strategy at some level a social design question where you're looking to establish the expectations and boundaries of a

relationship as early as possible? Can you come into a game that has sort of a negative relationship paradigm around its MTX and fix that or is that really like trying to push a boulder up a hill?

Crystin: I believe it can be done. I do believe if you're in that situation, you should stop and have a very honest conversation with yourself about whether or not it's worth it. But people are actually pretty adaptable and quick to forgive, especially when forgiveness is asked for. I think of it as a contract. You forge a contract with your players when they come to play your game. Some of those things, you have a lot of control over the stipulations in that contract. Some, you're saddled with. Like, if you're a franchise or you belong to a genre with a strong history, players are coming with a particular expectation to this contract that you're going to have a difficult time renegotiating. But the point is, it is a contract. If you would like to change it, you should enter renegotiation, and it is a negotiation. The best way I can say it is just like any other contract negotiation, if you want to get something, you're going to have to give something, and you're going to have to engage in that back and forth with your players over time to change that contract.

Link: I'm reminded of an example from *Guild Wars 2*, actually. What was the trade-off?

Crystin: That was a bit of a complicated contract rewriting because there was actually a number of things happening. But one of the big ones was that we changed the dye system to be across the entire account instead of character-based. On paper it was like: well, this is just so much better. It's a better value now. But in reality, it's complicated because people had already signed on to the old contract and they'd invested in that contract, and they'd done things assuming that contract was going to be true. And so we had to do quite a lot of things in order to compensate people for that or to give a little bit, because we're making this pretty significant change to the way that we operate this system.

Link: If there's one thing you wish you could see in games or in a game, what would it be?

Crystin: I wish I could see a totally different approach to Guilds. I would like to see somebody build a guild system that was fully supported inside of their game, that actually functioned around the real way that humans interact with each other and form social groups. I would lean towards systems that are nested and really, really small, close-knit groups with lots of ability to interact with each other freely, growing out into larger and larger groups that are more loosely affiliated. It's the kind of thing that's weird, that definitely existed in the MUD days and has existed in various other niche places, but gosh, especially with every game nowadays being multiplayer, I really wish we saw more support for guilds or just groups in games.

Link: That's a fantastic point. Thank you. Where can people go to learn more about your work?

Crystin: I have a podcast called *The Art of LiveOps*, LiveOps is one word. You can find some of my work on the GDC vault. I've given some presentations or if you want to see me talk about

ethical monetization at a couple of different conferences, you can search for me on YouTube. And I've got some articles up on Gamasutra and Medium as well.

Link: Thank you so much for joining us. This has been episode two of Game Dev Dialogues, and we really appreciate all of you out there listening. Thanks so much.