

## Chapter 14


# Navigating Mobile Marketing: Unveiling Mobile Game In-App Purchase Intentions of Gen-Ys

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### ABSTRACT

*In the dynamic landscape of mobile marketing, understanding the intricate factors that drive in-app purchase decisions is pivotal for crafting effective strategies. The sale of virtual objects has become a key driver of revenue in the mobile gaming industry. This study focuses on the Malaysian Gen-Y mobile gamers, exploring the key drivers influencing their in-game purchase intention underpinned by perceived value theory and theory of planned behavior. An online survey was conducted among 470 respondents and analysed using partial least squared structural equation modelling. As the digital realm continues to evolve, decoding these motivations behind consumer behavior becomes paramount for marketers seeking to tailor their approaches. Drawing from the empirical findings, this chapter offers valuable insights that contribute to the academic knowledge of mobile marketing dynamics, including practical implications of this strategic monetization initiative for marketers to resonate with the discerning Gen-Y mobile gamers.*

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## **INTRODUCTION**

The global games market has experienced substantial growth, reaching a sales figure of US\$347 billion in 2022 with mobile gaming itself generating an estimated of US\$248 billion. The growing demand for digital entertainment has elevated mobile games to become one of the most favored pastimes for individuals to spend their leisure time as is projected to reach a revenue of US\$627 billion by 2028 (Statista, 2023). The global mobile gaming industry is experiencing significant growth due to various factors, including the increasing purchasing power of young people and the burgeoning internet penetration rate (Salehudin and Alpert, 2022).

As per Marder (2019), the advent of ‘free-to-play’ games marked the onset of a new economy in the internet era, especially as users invest actual money in virtual products. This is commonly known as an in-game purchase facilitated through real-world monetary transactions. In recent years, an increasing number of game developers have embraced the “free-to-play” model, enabling users to download and play games without charge. Meanwhile, developers leverage in-game items and services as a source of revenue or monetization (Syed et al., 2020). What were once online games primarily offering entertainment services have evolved in the contemporary era. They now incorporate features such as selling virtual objects within the game or facilitating item transfers between players, aiming to enhance user engagement and retention (Kosa and Uysal, 2021). As game producers recognized a lucrative opportunity in the online gaming industry, the popularity of in-game purchases within online games has surged. Sambe and Haryanto (2021) emphasized the emergence of a contemporary economy that draws a significant number of individuals to utilize cash for the acquisition of virtual goods. Virtual goods fulfill various roles within the game, such as enhancing the game’s capabilities, fulfilling player needs and desires, and unlocking exclusive elements. These items, ranging from special products to seasonal items, often constitute a vital aspect of the gaming experience (Jang et al., 2018). Over time, virtual commodities have evolved to include aesthetic items like customizable costumes for avatars. Additionally, as highlighted by Newzoo (2021), in-game goods encompass a wide array of digital items within the virtual environment of games including spanning expansion packs, skins, power-ups, time savers, weapons exchange, in-game currency, and more.

Based on Newzoo’s Global Game Market Report (2021), a staggering 87% of the 20.1 million gamers in Malaysia collectively invested US\$673 million through in-game purchases or virtual goods. This substantial expenditure solidifies Malaysia’s position as one of the largest gaming markets in Southeast Asia. The government has actively endorsed and regulated the online gaming industry or e-sports, recognizing its potential for job creation and economic growth, thereby affirming its commitment to supporting this burgeoning sector, particularly for the youth in Malaysia (Ministry of Youth and Sports, 2020). Following the Strategic Plan for Esports Development (2020-2025), the Malaysian government has designated RM30 million in total investment to establish Malaysia as the epicenter of esports in Southeast Asia. Malaysian gaming preferences often align with those of audiences in other Asian countries, including PUBG, Mobile Legends: Bang Bang (MLBB), DOTA 2, League of Legends, and Clash Royale are popular examples of this shared interest. Expanding on this trend, certain higher education institutions in Malaysia and the Philippines are now offering Bachelor’s Degree programs and Short Course Certifications focused on game-based education and esports. According to Statista (2023), Generation Y demographic exhibited the highest percentage of daily engagement with mobile games in Malaysia. Generation Y comprises those who were born between 1981 to 1996 (27 – 42 years old as at

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