

Kabam Collider Competition

Eve 2.0

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Role: Methodology and Data Analysis,
Perceived Value Factor

Jason Hu

Role: Purchasing Power Parity,
Implementation

Jin Park

Role: Hypotheses and Use Case, Market
Analysis

Summary

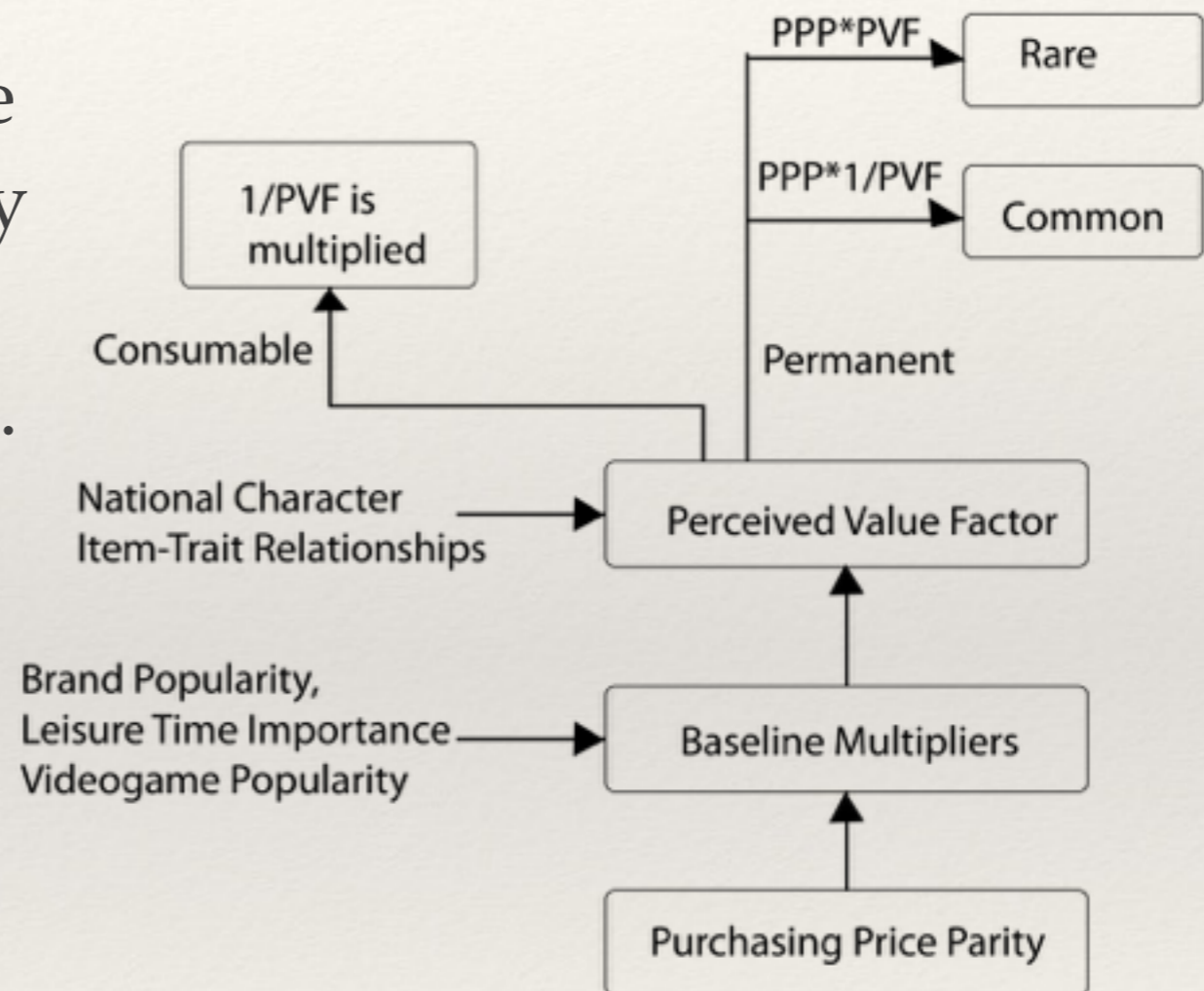
Prompt:

To design and implement a
in game regional market system

- ❖ Hypothesis / Use Case
- ❖ Assumptions
- ❖ Methodology- Purchasing Power Parity (PPP) and Perceived Value Factor (PVF)
- ❖ Implementation- Location Services
- ❖ Key Findings
- ❖ Recommendations

Hypotheses and Use Cases

- ❖ Hypothesis 1: Price parity rate is more accurate than currency conversion rate as a baseline conversion between countries.
- ❖ Hypothesis 2: A freemium model can target and should take advantage of targeting specific values and characteristics of the consumers.



$$PPP * Multipliers_{base} * (PVF)^i = Cost$$

Assumptions and Background

- ❖ Assumption #1: U.S. pricing of in-game items is correct.
- ❖ Assumption #2: The values of a country translate to the values of gamers in that country
- ❖ Background
 - ❖ Restaurant in college towns vs. in suburban areas
 - ❖ Matching the values of customers matters!

Methods: Purchasing Power Parity

- ❖ PPP Vs Exchange Rate

- ❖ Advantages

 - ❖ Accounts for socioeconomic differences

 - ❖ Closer to a person's actual inclination to buying

- ❖ Examples

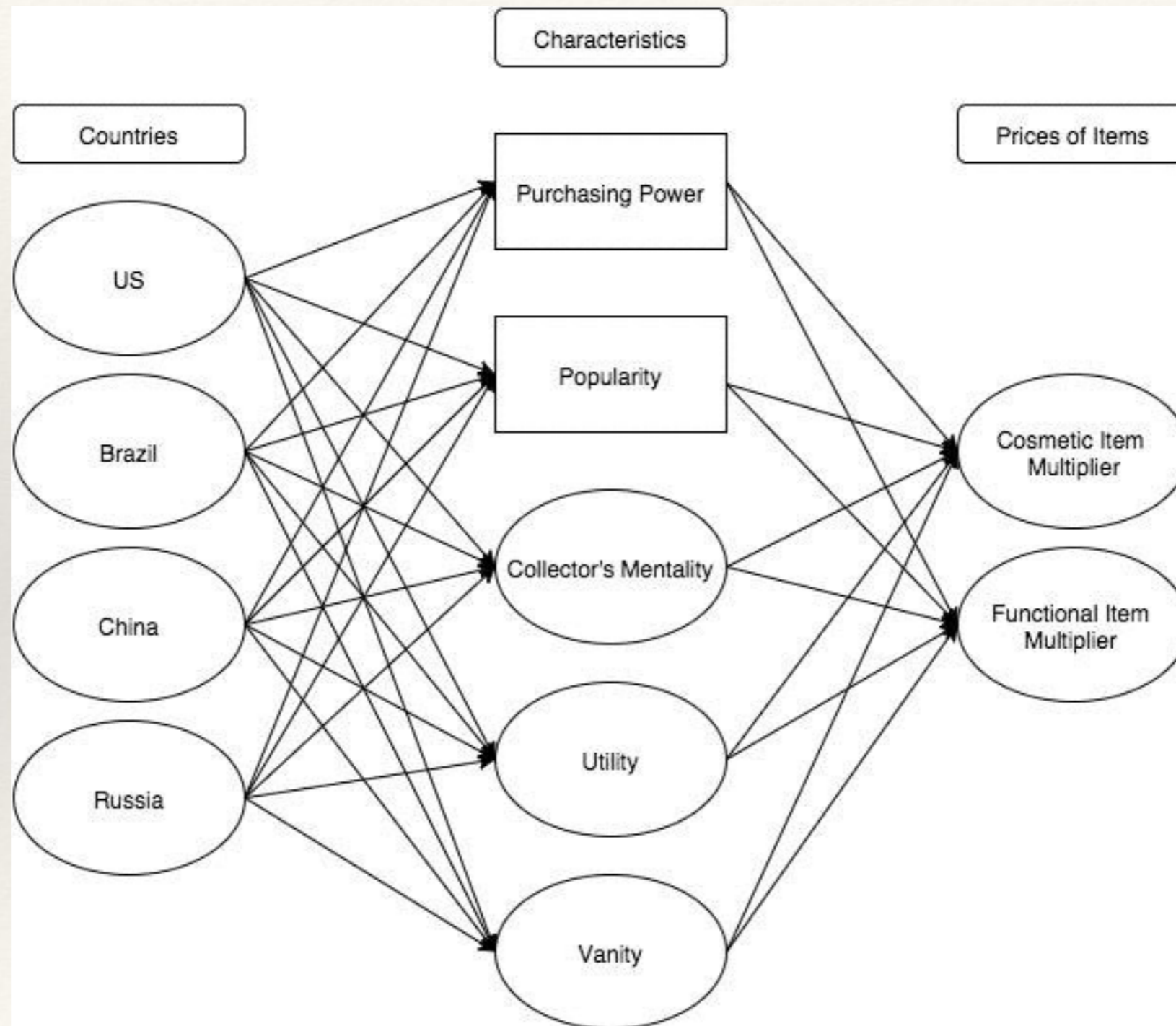
 - ❖ World Bank PPP- baseline

 - ❖ Steam / Valve PPP

 - ❖ Gaming equivalent to “Big Mac Index”

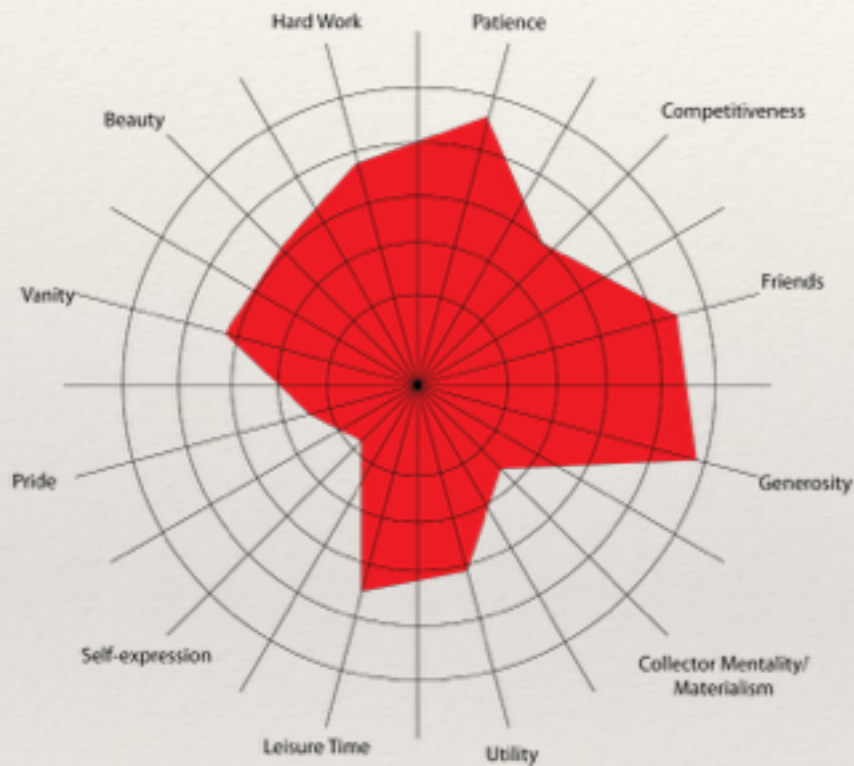
5 USD =	Brazil	China
Direct Currency	19.25	31.8
World Bank PPP	8.45	17.65
PPP-PVF Model	9.55	17.83

Methods: Perceived Value Factor (PVF)



PVF: National Character

US



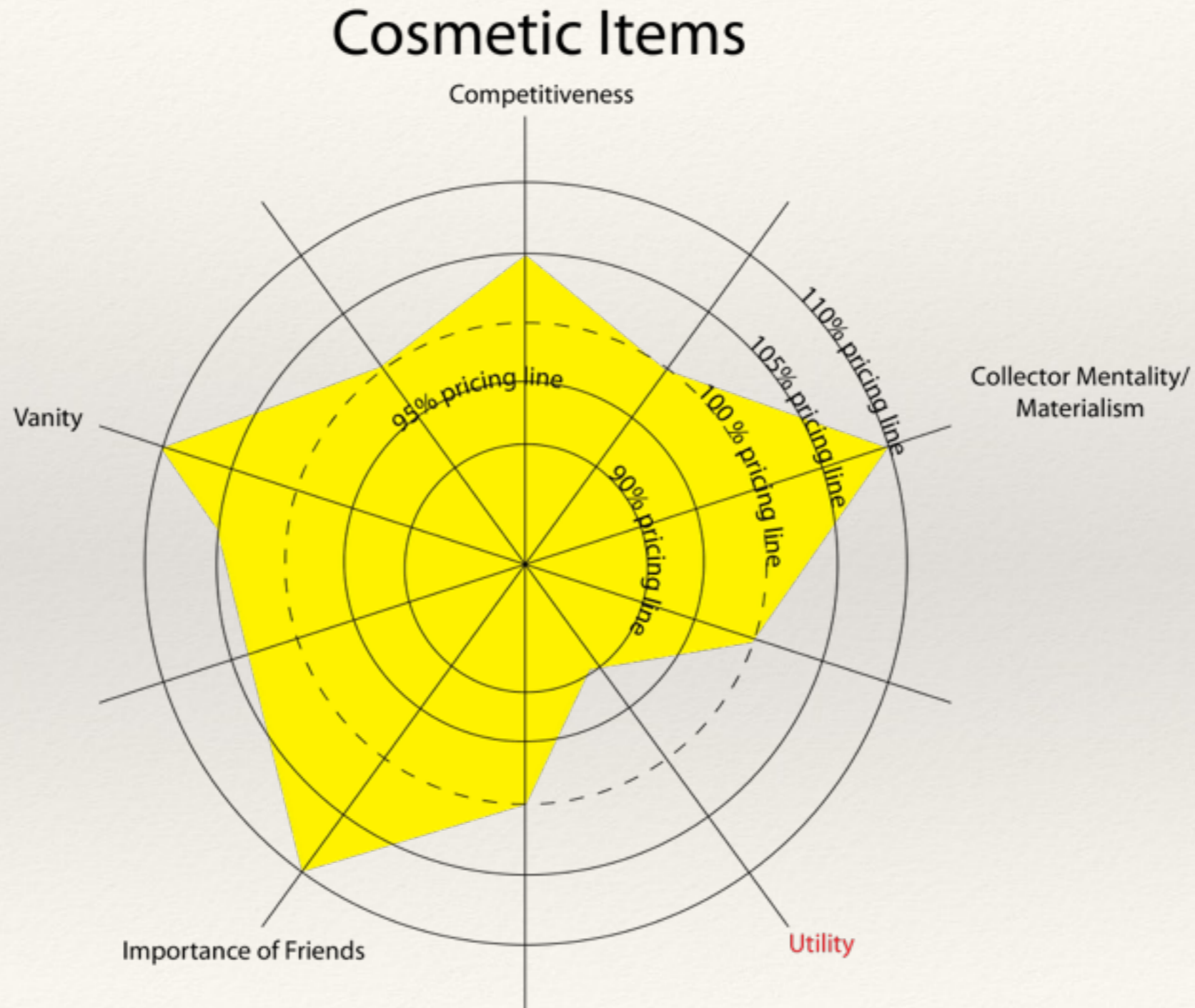
Brazil



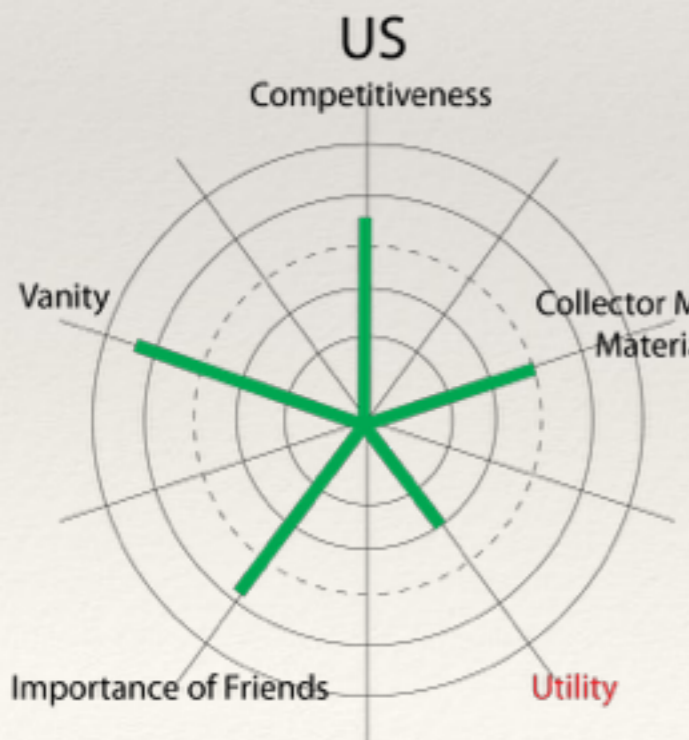
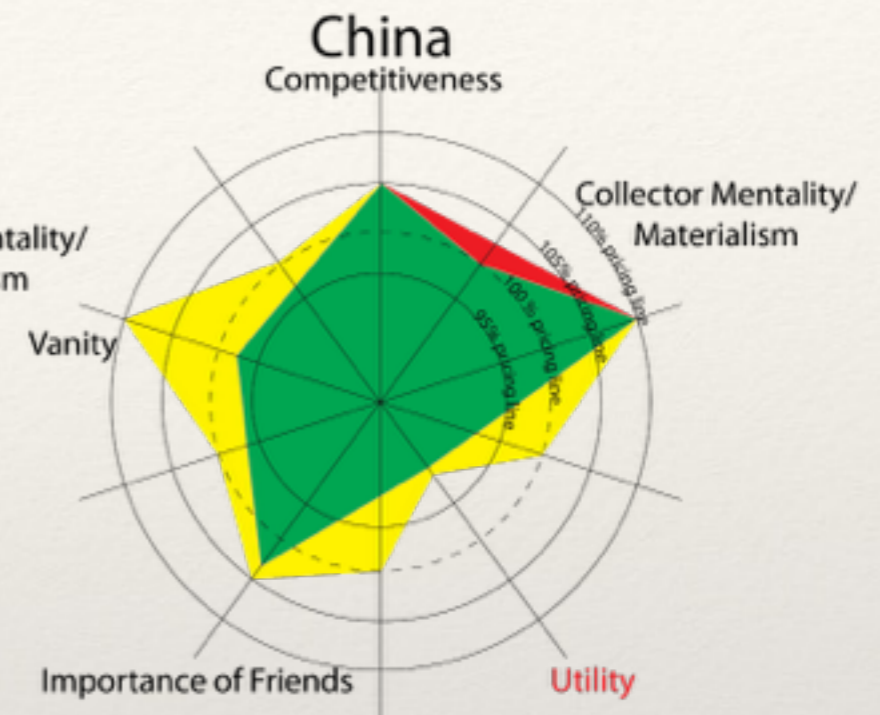
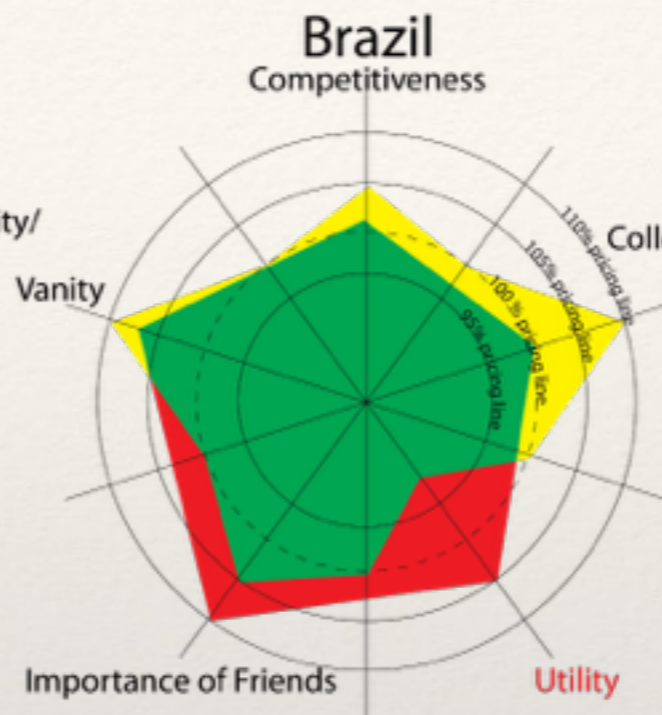
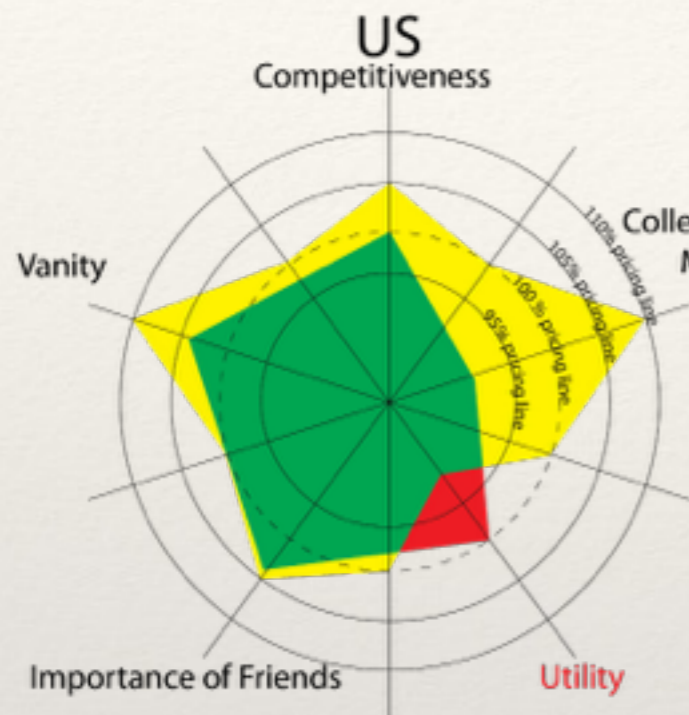
China



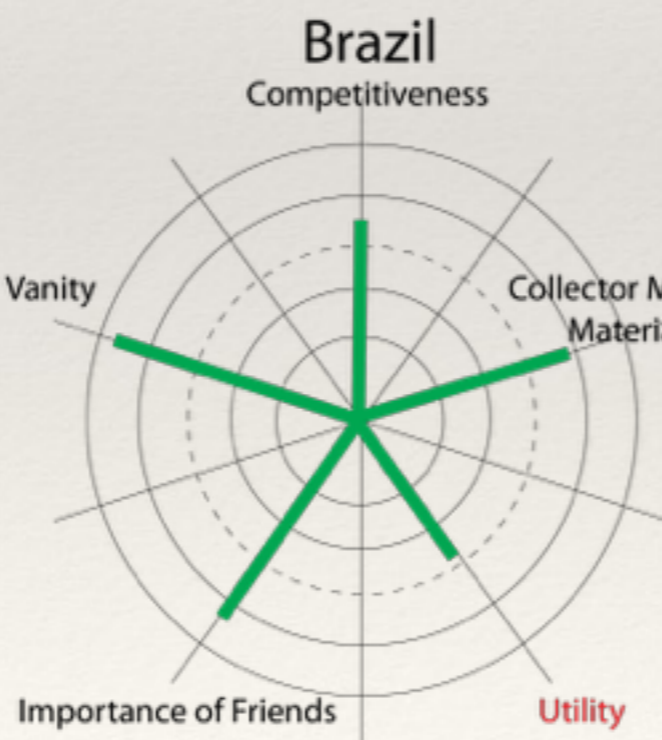
PVF: Item-Trait



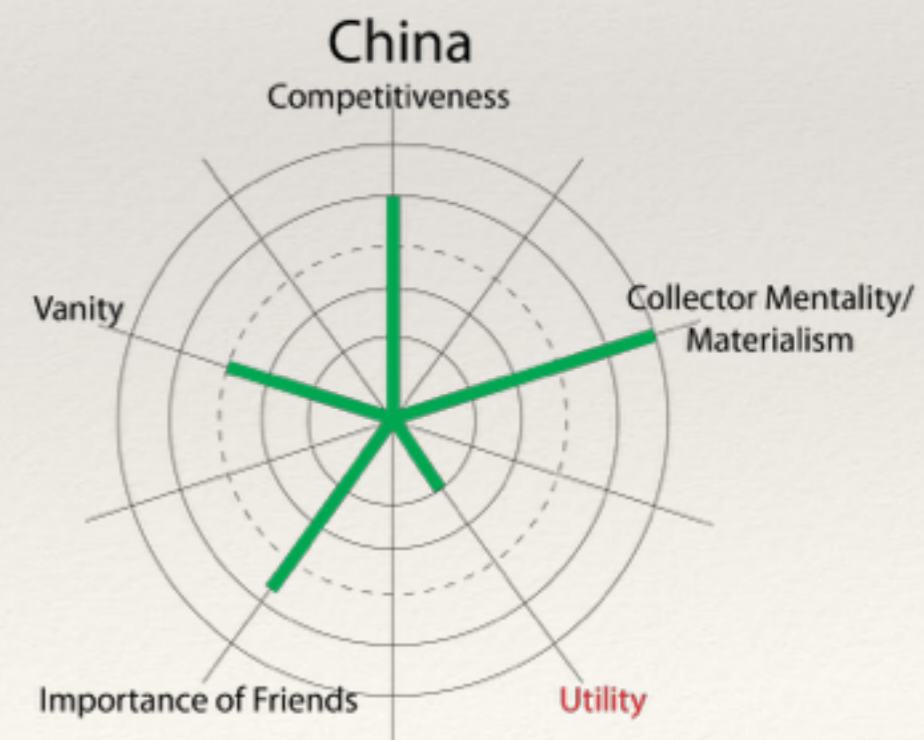
PVF: Synthesis



PVF = 100%

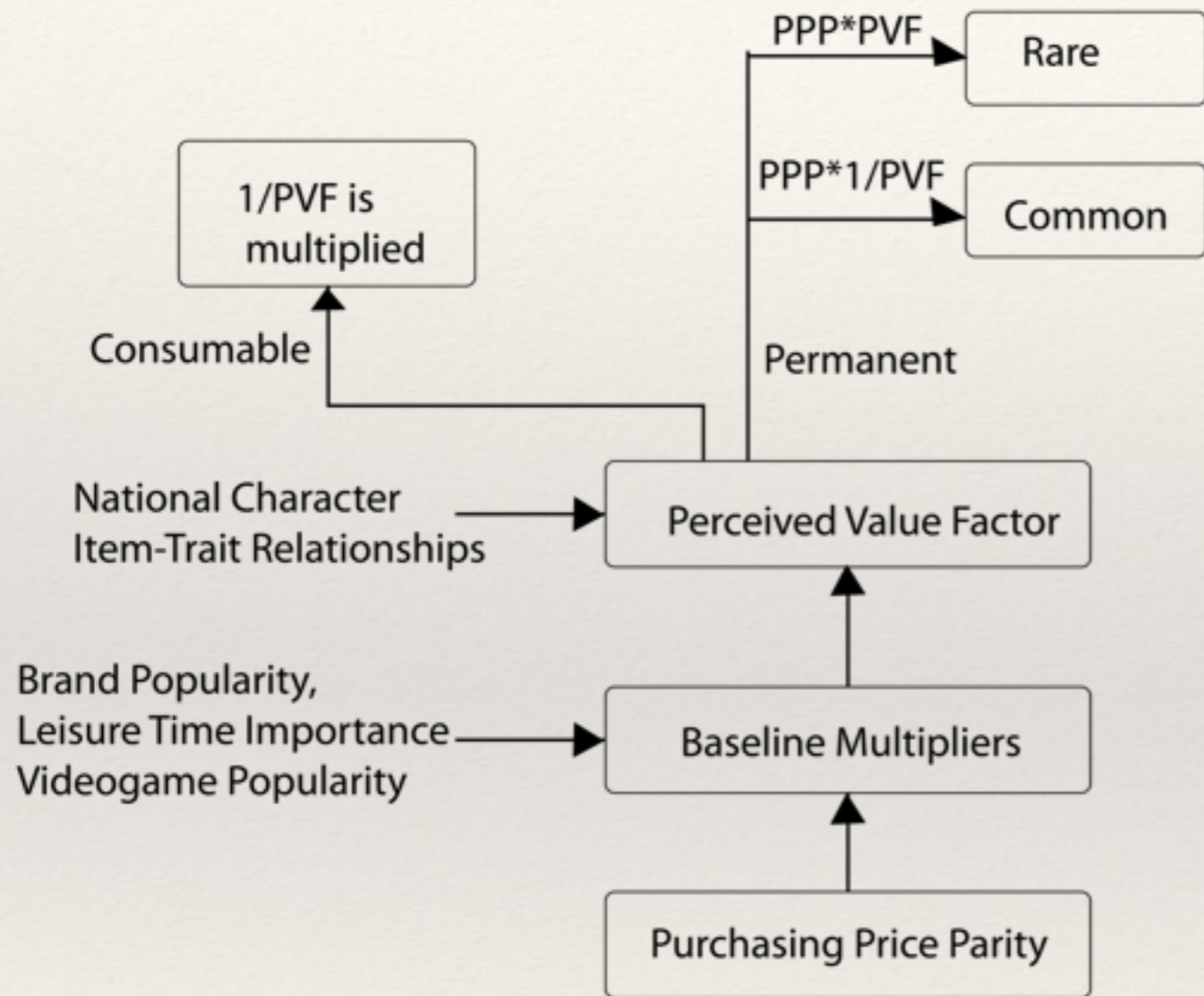


PVF = 113%



PVF = 101%

PPP + PVF: Overall Model



$$PPP * Multiplier_{base} * (PVF)^i = Cost$$

		USD	BR	CN
Currency Conversion	1	1	3.85	6.36
	5	5	19.25	31.80
	10	10	38.50	63.60
PPP Conversion	1	1.69	1.69	3.53
	5	8.45	8.45	17.65
	10	16.9	16.9	35.30
PPP x PVF Conversion	1	1.50	1.50	3.50
	5	9.55	9.55	17.82
	10	19.10	19.10	37.77

Implementation

- ❖ Mobile device requests to use location services
- ❖ Adjust price based on location registered
- ❖ Can be specified to desired level
- ❖ Advantages
 - ❖ Hard to exploit
 - ❖ Prevents cannibalization
- ❖ Concern over use of location services
 - ❖ Common request from games
 - ❖ Company transparency reveals fair ends

Key Findings

- ❖ Adaptability / flexibility
 - ❖ Multiple levels of adjustment
 - ❖ Volatility of market (developing nations, gaming)
- ❖ Model naturally improves
 - ❖ Contextual data that improves model has extrinsic benefits
- ❖ Conversion > revenue per player
 - ❖ Higher player engagement
 - ❖ Higher referral numbers

Recommendations

- ❖ Create internal software tool representing the three-tiered graph and rose diagrams for data analysis
- ❖ Collect market data on trait importance
- ❖ Create country-specific items
- ❖ Require Location Services for Region Assignment
- ❖ Transparent Postings on Pricing

References

Refer to report for corresponding area

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