

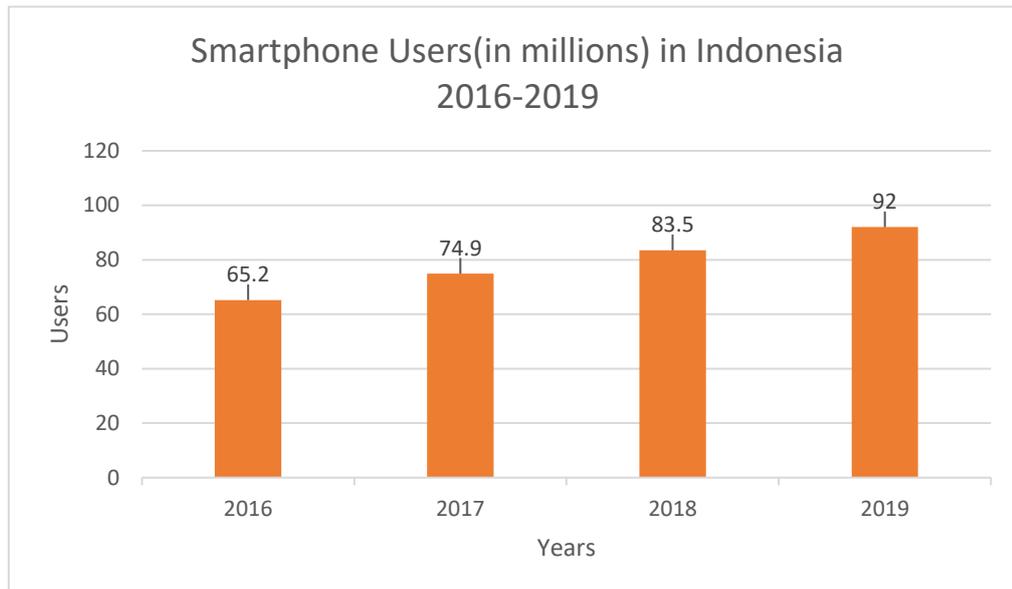
CHAPTER 1

BACKGROUND

1.1 Background

Living in a world that has the fastest development of its technology, will make people tried to follow it. The technology has changed the behavior of a human's life, like help people's daily activities such as studying, working, social interaction, refreshing, and also as the assistant. Technology has changed them all and made everyone in the world rely on technology. One of the greatest development of technology is a mobile device. Where the mobile devices already exist in era 1990s, but it has changed of the way we used it. Mobile devices were only used for making a call, but now people can do lots of things and the human called it smartphone.

According to the latest statistic by Statista, in 2018 smartphone users in the world approximately reach 2.53 billion users. Whereas, according to Katadata, in Indonesia there are 83.5 million smartphone users in 2018. The number of smartphone user will keep rising up and estimated in 2019 will be around 92 million users. It means, the appearance of smartphone in human's life is really important, people rely on smartphone a lot. The evolution of mobile phone also followed by the development of the internet. Some survey done by (Katadata, 2016), it said that around 32% of people in Indonesia using smartphone more than 8 hours per day. The new design of mobile devices offers lots of features that makes people easy to use it. Such as the touch screen phone, higher quality of the screen display, larger storage, and also camera. Moreover, people that using smartphone could do communication via social media application (i.e WhatsApp, Instagram, Line, Telegram), taking notes, listening to music, reading, and also playing games.



Graphic 1.1 Smartphone Users in Indonesia 2016-2019 (Forecast)

Source: databoks.katadata.co.id

Playing games is one of the most favorite activities from kids to elders. That's why people spent more time to play games than ever. Games have lots of variety, from arcade, action, strategy, music and many more. By playing games, people could relax their brain because of a heavy day, killing time when they have to wait or nothing to do, and even improve their creative skills. In the past, lots of people playing a console game and PC game. But, by the development of technology, especially internet connection and also smartphone changed them all. According to (Warman, 2017), mobile gaming (i.e smartphone), took over 42% of the total of global market and console is the second-largest which is 31% of total global market. It means, the era of console gaming began to be replaced by mobile gaming. Even if we compared playing games on console and PC will be more ideal as gaming platform, because of the bigger size of resolution provided. But, the convenience, portability and usefulness of smartphone took over them all. One of the largest market in mobile gaming is the Asia-Pacific. According to (Warman, 2017), 47% of the total global revenue was from Asia, it's accounted around \$51.2 billion.

The increased of the mobile gaming also happening in Indonesia. Indonesia is one of the biggest and the fastest growing market in South-East Asia. In 2017, Indonesia generated around \$880 million total revenue from 72 million population

that play games on their smartphone (Warman, 2017). According to Warman (2016), Indonesia has potential to be top 10 countries in the world based on the mobile game revenue in 2019, while in 2017 Indonesia was in number 16. The mobile developers and publishers have seen the potential market in Indonesia, because Indonesia has a large population. International mobile developers and publishers will start putting more effort into capitalizing on this opportunities, for instance with more sophisticated localization and targeted advertising (Warman, 2016). The developers and publishers have to meet the most suits games for Indonesian gamers.

In the past, where the development of the internet still growing, players have to go to a physical store to buy games that they want. Nowadays the way that players get the games changed. Players could download greater variety games from an online application stores, such as Apple store and Google Playstore (Feijoo et al 2012). Many gaming developers seeing this new platform game as a new marketplace. In the application store, many developers offer a free-to-play application but offer in-app purchase intention. Purchase intention is a kind of decision making to buy a particular brand by decision making (Shah et al., 2012). Hsu & Lin (2015) found that, purchase intention appear when consumer found that it'll be satisfying. As mobile games, be able to satisfy their players is the most important. If consumer or player feel satisfied with the products or the games, the intention to purchase in games will appear. Having purchase in-apps, like games, players will be perceived lots of value. On this research, perceived value consists of good price, playfulness and reward that influence in-app purchase intention through mobile loyalty.

Perceived value often plays an important role in the market (Hsu & Lin, 2015). Past research found that the perceived value significantly influence purchase intention for mobile internet services (Hsiao & Chen, 2016). It means that the perceived value will influence the purchase intention, also in mobile games. One of the parts of the perceived value is a good price. To build a purchase intention, the good price is one of the reasons players or consumer do purchasing. That's why if good price will affect the purchase intention. Some of the price, will affect the

quality of the game's brand (Mirabi et al, 2015). It means, if the price is low, consumers will also consider the perceived quality. Because, quality is the indicator of price. If players/customers feel that the mobile game service was worth with the price they paid, it means the perception value they received will be high. Others consideration by player is reward they receive in mobile game. Many in mobile games offers higher virtual rewards, such as virtual money on game (Hsiao & Chen, 2016). The virtual money is important for player to buys items, decorate their character on game or do some upgrade. Those things will enhance their performance on game even better. It will create a good emotional value on that game, game loyalty and even desired to purchase in that game.

Emotional value refers to the playfulness. The playfulness of some games will connected to build game loyalty and also purchase intention. Playing games with playfulness refers to the enjoyment of players to playing and also interacting with others in the mobile game. If they perceived more playfulness in the mobile game, they will spend more time on playing that game. It means, the probability to increase in-app purchase will also increase and other than that will create mobile game loyalty (Colwell, 2007; Wei & Lu, 2014). Having a loyal player in game will give a good impact to both player and gaming platform. If a player or consumer has loyal to the game, they will reduce time to search and evaluating to purchase or play some game. Therefore, loyal mobile game players are expected to have a greater purchase intention in game (Hsiao & Chen, 2016).

Most of the game was only player versus computer or bot, except games for 2 or more players. Because of the development of internet, developers create a social games. So, players could have new friends from playing games without meeting them and also team up to against other players. Players are able to compete with other players around the world. These innovation started from console and PC games that has player versus player or multiplayer via offline and it is online, where mobile game also follow it. Games have various genre such as action, role-playing, music, strategy, sport and etc. According to Google Playstore (2018) Android OS

there are 5 top free games, Mobile Legends, Helix Jump, Hello Stars, Garena Free Fire, and Temple Run 2.

	TOP FREE	TOP GROSSING	TRENDING	TOP PAID
1		Mobile Legends: Bang Bang Moonton 4.4 ★		INSTALLED
2		Helix Jump VOODOO 38 MB • 4.2 ★		
3		Hello Stars Fastone Games 44 MB • 4.5 ★		
4		Garena Free Fire GARENA INTERNATIONAL I PRIVATE LIMITED 354 MB • 4.5 ★		
5		Temple Run 2 Imangi Studios 64 MB • EDITORS' CHOICE		

Figure 1.1 Google Playstore Top Free Games on September 2018

Source: play.google.com

Mobile Legends is an online mobile game that published by Moonton on 2016. Mobile Legends is free-to play application and MOBA (Multiplayer Online Battle Arena) 5 players versus 5 players genre that categorized as action game. Mobile Legends is a team game, every match is battle between 2 teams that each teams consist of 5 players. In Mobile Legends players can choose whether role that they want to play like *Fighter*, *Tank*, *Assassin*, *Mage*, *Marksman* and *Support*.

The MOBA games that similar to Mobile Legends is Arena of Valor (AOV), which is also the competitor. AOV was published by Garena in 2015, but release in Indonesia on June 2017. Although the release date of AOV was a year later from Mobile Legends, AOV has grabbed attention from mobile MOBA games and made it one of the most popular mobile MOBA along with Mobile Legends. According to Google Playstore on Android OS, Mobile Legends has been downloaded more than 100 million users whereas, AOV has been downloaded more than 10 million

users. Based on total apps downloaded, Mobile Legends generated more revenues than AOV.

Seeing that opportunities, the large amount of people downloaded, Mobile Legends offers in-app purchase that sells certain items that will drives purchase intention and also game loyalty by players. Mobile Legends utilize this opportunity as best as possible and be number 1 top grossing games application followed with Garena Free Fire, Lords Mobile, PUBG Mobile and Lineage2 Revolution (Google Playstore, 2018).

TOP FREE	TOP GROSSING	TRENDING	TOP PAID
	1		
		Mobile Legends: Bang Bang Moonton 4.4 ★	INSTALLED
	2		
		Garena Free Fire GARENA INTERNATIONAL I PRIVATE LIMITED 354 MB • 4.5 ★	
	3		
		Lineage2 Revolution Netmarble 105 MB • EDITORS' CHOICE	
	4		
		Lords Mobile: Battle of the Empires - Str.. IGG.COM 149 MB • EDITORS' CHOICE	
	5		
		PUBG MOBILE Tencent Games EDITORS' CHOICE	INSTALLED

Figure 1.2 Google Playstore Top Grossing Games on September 2018

Source: play.google.com

This study, therefore, will research on how Mobile Legends as the game platform that offer perceived values that consist of good prices, playfulness to play game and also reward that players obtained from purchasing, have an effect to in-app purchase intention through loyalty of players. Hence, the title of this research is “The Influence of Perceived Value to In-App Purchase Intention through Mobile Game Loyalty of Mobile Legends Player”.

1.2 Research Questions

From the background above, the following research questions can be formulated as follows:

1. Does playfulness influence mobile game loyalty?
2. Does good price influence mobile game loyalty?
3. Does reward influence mobile game loyalty?
4. Does loyalty to mobile game influence in-app purchase intention?

1.3 Objectives of The Study

The purpose of this study will explore:

1. The influence of playfulness on mobile game loyalty
2. The influence of good price on mobile game loyalty
3. The influence of reward on mobile game loyalty
4. The influence of mobile game loyalty on in-app purchase intention

1.4 Significance Advantages of The Study

This study is expected to provide the academic significance advantages and practical significance advantages as the elaboration of this study objectives.

1.4.1 Academic Advantage

The results of this study is expected to provide further information, references and insight to other researchers about influences of perceived value to purchase intention through mobile game loyalty.

1.4.2 Practical Advantage

The result of this study is expected to help Moonton, as Mobile Legends' developer give information, references and insights to maximizing the purchase intention through mobile game loyalty of Mobile Legends player.

1.5 Outline of The Thesis

This thesis consists of five chapters, there are:

CHAPTER 1 BACKGROUND

Chapter 1 is consists of background, research questions, objectives of study, significant advantage of the study and outline of the thesis.

CHAPTER 2 LITERATURE REVIEW

This chapter explained about grand theory of this research, basic theory of playfulness, good price, reward, mobile game loyalty and in-app purchase intention, previous researches that conducted in this study, relationship among variables, research hypothesis and theoretical framework.

CHAPTER 3 RESEARCH METHODOLOGY

Research design, identification of variables, operational definition, variable measurement, type and sources of data, data collection tools and method, population, sample and sample technique, and data analysis technique are going to be explained in this chapter.

CHAPTER 4 ANALYSIS AND DISCUSSION

In this discussion will explained about respondent characteristic, descriptive data, data testing analysis and discussion.

CHAPTER 5 CONCLUSION AND SUGGESTION

In this last chapter will contains of conclusion based on previous chapters and suggestion.