

Monetization of Redemption: How a new set is priced

I posed a question on the Cactus Game Design Message Boards a couple weeks ago.

"I am thinking about writing an article for LoR that talks about how a set is priced and what the first month (pre-orders and sale) has looked like and where the value of CoW cards seem to be headed. Would there be any interest in that side of things?"

After I saw that there was interest, I began to put together the statistics for Cloud of Witnesses and in so doing, became very curious about how other games accomplish a similar task. The following is the product of experience and research; being largely borrowed and adapted from articles I have found on this topic online. If you need to, grab a glass of water and get comfortable: this post is a long one but it's a good one, and well worth the read.

At first glance, it would seem to be easy to answer the question "What is the monetization method of Redemption?" "Simple," you might say, "They sell packs of cards," which is true of course, but there is a lot of nuance rolled up in those packs of cards. The rules are public knowledge, as are all of the cards, so there is nothing to stop a player from writing down the information of cards on note cards or printing off scans of cards. In a sense, Redemption is even more pirate-able than a normal game. So why is Redemption still around almost 20 years later? I believe that there are three main reasons why people buy Redemption cards when they could so easily avoid it or just play with the cards they have.

Community -- People don't want to do something they perceive as wrong, i.e. "steal" from the game. More importantly, there is also a peer pressure aspect because pirated goods are looked down upon in the player community. Notwithstanding these moral reasons, it seems the Redemption community takes pride in supporting Cactus and the secondary sellers to keep the game going.

Collectivity -- People are attracted to the collectible aspects of the game and get satisfaction from having a scarce product. This drives consumer demand for cards long after they have bought enough cards to make a successful deck.

Competitive Play -- Organized competition from the casual to the professional level has been a huge driver for Redemption's long-term success and I believe that expanding more aggressively in this direction will provide even greater return.

Let me explore these three ideas below:

Competitive Play is an engine for sustained growth

One of the methods used to spur interest in Collectible Card Games (CCGs here on out) has been the tournament scene. Most competitive gaming tournaments have sprung up around preexisting games, e.g. Chess, Poker, etc. Rarely is the competitive gaming scene developed in conjunction with the game itself. Now, while a kitchen table Redemption player might be able to get away with a scribbled on note card, a player who wishes to play in an official, sanctioned tournament has to have legitimate copies of all the cards that he/she wishes to play.

This leads to the second aspect of competitive play that Redemption has not tapped into very deeply yet: hardcore players. Catering to the hardcore player segment can be tricky, but it is necessary if you want to build a successful, lasting CCG franchise. Engaging hardcore players is often a challenge of giving them something to do even though they've invested significantly more time and resources into the game than the average player. Competitive play is a great outlet for this time and energy, giving players a way to hone their skills against the most challenging, dynamic opponent available to game developers: other players. To grow and promote competitive play, we need to ensure that hardcore players will see their deep investment in Redemption rewarded with status and prizes. Things like special winner only promo cards and play mats would be the first steps in this direction for Redemption.

Lesson: Make game accessible to casual players but make sure that there are depths available for serious players to explore. In modern social gaming speak, this means designing your game for both hardcore and casual players. For hardcore players, a sustainable competitive system will keep them coming back. If it is possible to "top-out", hardcore players will eventually get bored and leave which we have seen in the past.

Actual versus Perceived Value

The Redemption economy is fueled mainly by “booster packs” and “box packs”, a collection of 8-15 cards. Although the contents of each set’s pack makeup is different, generally speaking there are a variety of cards including Common, Uncommon, Rare, and Ultra Rare cards in each “pack” with some sets including cards of specific rarity from previous sets to bolster the pack size. This "Mystery Box" approach is a powerful one: 37% of all virtual goods purchases by males were for randomly determined prizes. Since players always have the potential to open a powerful and valuable Ultra Rare, each pack is like a tiny gamble on the value of the cards inside. But the question remains: "How can this be the basis of our game economy, not just a lottery held on the side?" Let's look at the current value of Redemption packs which sell for between \$1 and \$12. Let’s look at the actual value of the “packs” available (not necessarily in print still) for Redemption versus its perceived value among players. For this next part, we will use the following variables

C_avg = Average cost of a common card in that set. C_qty = Quantity of common cards per pack in that set.

Un_avg = Average cost of an uncommon card in that set. Un_qty = Quantity of uncommon cards per pack in that set.

R_avg = Average cost of a rare card in that set. R_qty = Quantity of rare cards per pack in that set.

UR_avg = Average cost of an ultra rare card in that set. UR_qty = Quantity of ultra rare cards per pack in that set.

Ignoring any error/misprints/etc, this means that the upper bound value of a pack of Redemption should be equal to or lower than:
 Perceived Value = C_qty * C_avg + Un_qty * Un_avg + R_qty * R_avg + UR_qty * UR_avg

Now, if we look at the average cost of Redemption cards of each set on Three Lions Gaming as of June 1st, 2016 and the rarity distribution of each pack as listed on Cactus Game Design or from just opening packs to see, we get the following numbers:

Pack	C_qty	C_avg	Un_qty	Un_avg	R_qty	R_avg	UR_qty	UR_avg	PV	TLG Price
Limited	4	.10	3	.25	1	.81	0	0	1.96	.90
Unlimited	4	.10	3	.25	1	.70	0	0	1.85	.90
Prophets	4	.10	3	.25	1	.52	0	0	1.67	.90
Women	8	.47	0	0	0	0	0	0	3.76	4.00
Warriors	5	.17	4	.43	.85	1.09	.15	5.93	4.39	12.00
Apostles	5	.13	4	.27	.85	.51	.15	1.56	2.40	1.80
Patriarchs	5	.24	4	.30	.85	.58	.15	1.55	3.13	1.80
Kings	5	.23	4	.34	.85	1.67	.15	3.28	4.42	1.80
Angel Wars	8	.22	0	0	1.7	1.06	.3	4.00	4.76	1.80
Priests	5	.21	4	.35	.85	1.13	.15	5.98	4.31	1.80

Box Packs are a bit trickier since they include a mix of cards from previous sets and so the nice and neat equation above gets a bit messier when calculating their value. Here is the breakdown for the five box packs now currently available:

Box Pack	Contents	Rarity	Qty	Avg	Value	PV	TLG
Thesaurus ex Preteritus						8.89	3.60
	New Set cards	(C)	2	1.58	3.16		
	Apostles cards	(R/UR)	4	.67	2.68		
	Patriarchs cards	(Un/R/UR)	5	.39	1.95		
	Warriors card	(C/Un/R/UR)	1	.44	.44		
	Prophets/Limited cards	(C/Un/R)	3	.22	.66		

The Disciples						10.05	3.60
	New Set cards	(C)	4	1.52	3.04		
	Apostles cards	(R/UR)	4	.67	2.68		
	Patriarchs cards	(R/UR)	4	.73	2.92		
	Angel Wars cards	(C/R/UR)	3	.47	1.41		
The Early Church						14.49	4.50
	New Set cards	(C/4—R/.96—UR/.04)	5	.62/3.75/35	7.48		
	Kings cards	(ANY)	4	.44	1.76		
	Rock of Ages cards	(ANY)	3	.90	2.70		
	Faith of Our Fathers cards	(ANY)	3	.85	2.55		
The Persecuted Church						11.79	4.50
	New Set cards	(C/3—R/.96—UR/.04)	4	1.14/3.29/26.67	7.65		
	Warriors card	(R usually)	1	.44	.44		
	Ap—Pa—Ki—AW cards	(ANY)	10	.37	3.70		
Cloud of Witnesses						13.41	4.50
	New Set cards	(C/3—R/.96—UR/.04)	4	1/3.83/30	7.88		
	Warriors card	(ANY)	1	.44	.44		
	Angel Wars cards	(ANY)	3	.47	1.41		
	Kings cards	(ANY)	2	.44	.88		
	Apostles cards	(R/UR)	2	.67	1.34		
	Patriarchs cards	(R/UR)	2	.73	1.46		

When we plug in the numbers we can begin to see the perceived value of the randomized packs. For instance, the most recent release, Cloud of Witnesses has an expected value of \$13.41. You may dispute that number because the other cards in the pack are not really what you are buying when you buy a CoW pack. So let's say that you are a seasoned player who doesn't get giddy over getting a single Warriors card. Your perceived value for the pack would then be just the new cards, or \$7.88 per pack.

That means that even a veteran Redemption players' perceived value per Cloud of Witnesses box pack is 75% more than the retail price (assuming we are working from the TLG price of \$4.50 per pack)! That is even higher for a new player who doesn't have thousands of cards clogging their closets at home.

Due to this phenomenon, the average players' expectation is that opening a pack of CoW will be worth the money. Now, this assumes that there are no transaction costs and that all cards are perfectly liquid, neither of which is a reasonable assumption. However, it is still a better value for a player to open a pack of CoW than it is for them to buy the cards on the open market, and the end result is that players buy more packs. That said, it is important to note the confluence of events that has led to this overvaluation of CoW cards:

CoW has only been out for almost a month. This means that supply of cards is very low.

We are getting into big tournament season here in the coming weeks. This means that demand is very high right now (a particularly inelastic demand, since the higher level tournaments attract those who want to use the new cards and are more willing to ignore price than normal).

The novelty of new cards almost always leads to a higher price for all singles right after a new set is launched, which then smooths out over time with lesser used cards going down in value and only a few superstar cards rising up.

Lesson: The beautiful thing for Cactus is that regardless what the after-market perceived value of a pack of CoW is, they will make their money selling packs at wholesale/retail. The after-market value is entirely created by their active player base. And with the new print on demand service, Cactus does not have to make the enormous investment that characterized the printing of each of the booster pack sets in the past. They can be more flexible and respond to the demand as it fluctuates.

Let the Invisible Hand guide you

When players are trying to adapt to new cards and evaluate new strategies for gameplay, the Internet acts as a hive-mind, accelerating the process of deck creation far beyond what a small set of humans (e.g. Play Testers and Elders) is capable of doing. The same is true for the evaluation and pricing of cards. The Invisible Hand of Adam Smith is going to do a much better job pricing cards than Cactus could ever do, so they do the smart thing and let the Invisible Hand run the after-market.

Lesson: First, you can define rough market values by giving items a determined rarity (e.g. assigning the odds of a specific good being awarded). Second, you must make sure your goods are liquid, and this doesn't just mean letting players pay for items. Instead, through the gameplay value of the different items, you can provide a value currency that allows for them to go beyond price-based bartering. You price your goods through second order effects: gameplay function, flavor resonance, aesthetics, etc., and let the market handle the rest.

With CoW, the rough market values follows the rarity divides with Common cards being valued at \$1.00, Rares being valued at between \$3.00 and \$5.00 a piece based on their initial perceived playability, and Ultra Rares being priced individually but staying between the initial \$20.00 to \$40.00 range that has been the limitations used in the past few sets. Where those cards will go in value through the upcoming tournament season and beyond will be determined by their sales. We have predetermined sales benchmarks and inventory levels at which we will raise or lower a cards value. So far the clear best sellers from CoW have been, in no particular order; The Second Coming (highest dollar amount sold), Broken Covenant, Confusion, Dull Lost Soul, Lawless Lost Soul, Coliseum, Deceitful Sin (highest number of cards sold), The Angel of the Winds, David the Shepherd, Faith of Gideon, Medium of Endor, Eternal Covenant, You Will Remain, Moses, Joshua Son of Nun, and Samuel.

Leveraging the "Mystery Box"

Another key for Redemption is using the randomness of the "Mystery Box" delivery method to your benefit. Certainly, a big part of the appeal of opening a random pack of cards is the lottery aspect. You never know when you are going to hit it big and open up a card worth \$80 (the current value of Shipwreck in the Early Church set). That's almost an 18X return on your investment! There is a whole subset of Redemption devoted to the opening of packs of cards and the subsequent variance called Sealed. In Sealed formats, each player starts with a set amount of packs and must use whatever they get to build the best possible deck. Personally, I think this is probably the most genius form of Redemption. It perfectly encapsulates everything about Redemption that makes it interesting and exciting for players: the randomness of cracking open a pack, the game knowledge of which cards to use, the skill of constructing a deck, and the tactical test of playing competitively with the deck. Sealed is also great for Cactus and the players for the following reasons: 1) It connects players by bringing them together around the game. Considering that Redemption is a competitive game, multiple players are required to play and the more players that are in the field, the more interesting the game gets. An event that takes place in a central location on a consistent schedule (I believe this would be a great idea for more playgroups to do and has worked for us at local gaming stores to spread the word about Redemption) provides a "home base" for a playgroup. 2) It gives any player the chance to win, regardless of skill, because they can open the best cards out of the group and be at an advantage. This encourages participation from players that are not as skilled or experienced as others in the group. 3) It encourages players to open more cards, because opening new cards is required to play in the Sealed tournament. This helps Cactus's bottom line and helps keep the Redemption economic machine running. 4) The winners of the Sealed tournament could even get prizes in the form of more card packs. This means that if a player wants to support their hobby, i.e. use their winnings to keep playing, they either need to convert the cards they open or excess packs they win into money via the game's secondary economy.

Lesson: First, there is a definite benefit when you make the act of opening a "Mystery Box" into an integral part of your game instead of just using it as a lottery system. This can mean more money going to Cactus so that Redemption remains profitable and a more interesting game for the player. Second, this mechanic has been leveraged further by basing an entire gameplay format around the Mystery Box functionality. Doing this has helped bridge the gap between casual and hardcore gamers while keeping both engaged.

Conclusion:

An interesting thing to note after all of this has been said is that although the hype surrounding the CoW release has been greater than any other set, and deservedly so, it has underperformed its predecessor The Persecuted Church. In pre-orders alone, there were twice as many TPC sets sold prior to its release last year than CoW sets sold prior to its release last month (boxes were sold at about the same rate give or take a box). The reasons for that may include a different release schedule or higher price for the set among others; but my anticipation is that the sustained sales of CoW singles and packs will more than make up for that initial shortfall.

I can say as a play tester, card designer, and lover of Redemption; things are looking better now for the game than they have in quite a few years. The more we, as the Redemption community, are willing to put in work to spread the word about our CCG, the better things will continue to look, not just financially, but competitively as well. Games only get healthier as their player base grows and as more decks are made and played. Many of the current rulings and discussions that are happening now will pave the way to the game to being even more accessible to the average collectible card gamer.

A few more final thoughts...

Now that has been said, I would like to make a few observations about the Perceived Values and TLG Prices listed above since I am fairly sure you will be thinking it anyway. There are a few places on the list that just don't add up and I would like to give my thoughts as to why and what Cactus has done and what TLG will be doing to address the disparity.

Women and Warriors packs are the only two booster packs that have a higher TLG Price than what their PV is. Obviously the Women packs have a much smaller disparity with a gap of only \$.24 while the Warriors packs have a much larger disparity with TLG Price almost triple the PV given. Several things have contributed to this difference. Women packs have really only a few playable cards in the current meta, and many of those have been reprinted with better abilities recently. Even though it is a retired pack, Women has retained very little value to the average player and only a small amount of interest from collectors who want OOP sealed product. Warriors is a bit different in that when it was released, the game changed dramatically for the better. On top of that, even though many Warriors cards have been reprinted, their original print has remained highly sought after for playing and collecting. Ultimately, I see Warriors packs coming down in value in the next year to get closer to their PV as more cards from it get quality reprints and as more singles hit the market as filler in card boxes.

All the other booster packs are being sold on TLG below their PV. The TLG price has recently changed though. For each pack, add about \$.90 and you will get what the TLG price was a little over a month ago. So what happened? Cactus lowered their MSRP on all of the in print foil booster packs by \$1 (as well as the price of TeP and Disciples boxes). That move has been a good one for the game, including those who choose to host events that requires sealed product. Not only that, but each time you open one of the aforementioned packs, you will almost certainly be getting more than you paid for. That is a climate in which more product and be sold to current players as well as making it more affordable for new players to make an initial buy-in with Redemption.

Thanks for reading this lengthy article. I hope you have a better understanding of the economics of Redemption now than before. Please feel free to post feedback below to these thoughts. I would love to know your reactions, comments, and questions.