

How do Play-to-Earn Games Work?

It's not surprising to see how gaming has transformed from a passive leisure to a multibillion industry. It is reported that the gaming business is valued around \$300 billion globally at present. This is primarily due to the rapid influx of new gamers who are looking for interaction and socializing with like-minded.

With the rise of the blockchain, the industry paradigm has changed. Instead of money going only to game developers and distributors, players can now generate an income from cryptocurrencies or non-fungible tokens (NFTs) using their computer or smartphone in play-to-earn games. The trend has even reached the major game distributors, with Ubisoft announcing plans to launch NFTs into the next Ghost Recon game.

A lot of progress and transformation has been made in the lane of blockchain games since the days early of trading NFTs (Non-fungible tokens) collectibles, thanks to its growing popularity. People can now have the opportunity to earn rewards and money, without possessing the rarest NFTs in their wallets.

In the past, video games rarely gave any chance to make real money by trading digital assets or in-game commodities. However, with the advancement in blockchain, it sounds quite appealing to make money by simply playing games. People are now able to make money with the new play-to-earn game model in the crypto space.

So, let's find out more about this exciting new change

What are Play-to-Earn Games?

The gaming industry is witnessing the latest development with the embracement of the play-to-earn game model. Play-to-earn model provides users the opportunity of gaining financial benefits by contributing to such games. In addition, this business model supports the concept of an open economy. This exciting new change in modern gaming will likely introduce new retention models and gaming concepts.

Gamers and ordinary folks are equally excited about this new phase in the gaming space as they can earn money and rewards by simply playing and having fun. The play-to-earn games started turning heads after the massive success of the Axie Infinity, developed by Vietnam's Sky Mavis. This blockchain game also introduced NFTs, further contributing to its growth. Sky Mavis was able to raise \$153 million at a \$3 billion valuation, all thanks to the thriving business of the Axie Infinity.

The promising future of the gaming industry has been set in the right direction with the expansion of the play-to-earn business model. So, what makes play-to-earn unique or different compared to traditional games? Find this now in our next section!

What Makes Play-to-Earn Model Different than Traditional Games?

The evolving technology has also left its mark on the models around video games, where users are now more accessible and connected than before. Traditionally, games are built on centralised business models where only publishers or game developers have the rights to distribute the in-game assets and legal entitlement to all in-game economy items.

This can be seen from the fact that only developers enjoy the authority to allow a player to own any in-game assets or skins. In case, they decide to strip away any features of the games or shut away from the game all together then it will affect the items owned by a user. As the player cannot access that specific game feature or the game altogether where they own those in-game assets, eventually losing the items and having no recourse to get them back either.

The play-to-earn game model entitles players to have complete ownership of the digital assets earned through it and users can do whatever they want with them.

How to Make Money with Crypto Games?

The unique play-to-learn games are also known as crypto games, another good reason for people to pause and try their hands on them. As people have another good reason to go for play-to-earn games and earn cryptocurrency, making it one of its major selling points.

In the minds of the gamers, play-to-earn games offer them a chance of earning cryptocurrency, which might rise in value overnight and make them rich! However, a person's level of motivation also matters along with the knowledge of some other basic things.

It is essential to understand that crypto games enable users to earn small amounts of cryptocurrency at a time. Essentially, crypto-based games reward players in small amounts of cryptocurrency. Players can be rewarded by taking part in contests, game tasks, missions, and other game-related activities.

The play-to-earn business model can be applied more successfully by game developers by taking either of the following approaches:

Native Cryptocurrency

Game developers can simply introduce their own native cryptocurrency in the form of NFTs or tokenization. These NFTs act similarly to any other in-game currency but they have real-world value, unlike the currency in regular games.

Some of the popular examples of this can be AXS and SLP, which are part of the popular blockchain game; Axie Infinity. In addition, other famous native cryptocurrencies are SAND from The Sandbox and MANA from Decentraland. The value of these currencies goes up and down in value, however, players can sell or trade them anytime they want.

Existing Cryptocurrencies

The second approach that can be used by developers is to rely on the cryptocurrencies that are available such as Cardano, Ethereum, and Bitcoin. Due to this reason, names of the many play-to-earn games are based on their cryptocurrencies (Bitcoin Pop, Bitcoin Tycoon, etc.) and even many have the term 'crypto' in the name (Crypto Dragons, CryptoKitties, etc.).

How do NFTs Bring More Value?

Non-fungible tokens or NFTs are digital collectible assets that come in different forms, from music, images to in-game items. Therefore, NFTs in games can be collected by players through in-game assets such as virtual lands, skins, characters, or other items.

It may sound like any other typical in-game asset but the catch about NFTs is that they have unique properties. So, what makes NFTs unique you may think! NFTs are unique because they cannot be duplicated, and they are irreplaceable assets.

For instance, you can think of NFTs like the Mona Lisa painting, but they are placed on the blockchain. These in-game assets in the form of NFTs hold specific values and are stored on the blockchain.

Are Play-to-Earn Games Free to Play?

The last thing that one may wonder about after knowing all about play-to-earn games is whether these in-game assets or NFTs are given freely to users, or they have to pay for them.

Essentially, it all depends on the game developer as some of them make their games free-to-play. In such games, people can earn rewards in the form of NFTs by only playing the game. On the other hand, some games may require players to make an upfront investment to play the game. Precisely, the developers of these games want players to buy NFTs from other gamers. Such games are referred to as pay-to-earn games.

Nevertheless, these games fall into the same category even though they have some core differences. Players have a chance in both game models to generate some rewards that can be turned into a real-world profit or value.

