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Achieving Sustainable Success in Japan's Mobile Gaming Market Investigation by Mixed-Methods

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Abstract

Japan's mobile gaming market has the world's highest in-app purchase rates, yet many games shut down prematurely and numerous companies report declining revenues. This study examines conditions for sustainable success across three levels—player, game, and company—using factor analysis of a 500-player survey, Qualitative Comparative Analysis (QCA) of 104 games across 18 companies, and case studies spanning 2014–2023. Six purchase motivation factors and seven churn factors have been identified by factor analysis. Critically, high-revenue motivations such as seeking social status, collecting characters through random reward mechanisms, and enhancing game efficiency showed positive correlations with churn risk ($r = .314–.376$). By contrast, motivations rooted in playing with friends, supporting developers, and leisure showed negligible churn correlations, suggesting more sustainable monetization potential. QCA identified two success patterns for long-term mobile game operations. Small-to-medium enterprises succeeded in long-term mobile game operations through unique strengths, conservative development, social features, and RPG genres. Large enterprises succeeded in long-term operations through unique strengths, innovation, and non-RPG non-casual genres. Social features enabling player interaction showed negligible churn correlations in factor analysis and were commonly included across all condition combinations of long-term operational success patterns in QCA. These converging findings from multiple methods support network effects as a foundational retention mechanism. Counter-intuitively, long-term mobile game survival does not predict corporate profit growth. QCA suggests that long-term app survival is neither sufficient nor necessary for revenue growth. These findings offer practical implications for business leaders in freemium digital markets.

Keywords: churn; freemium; monetization; network effects; QCA