

THE HONG KONG UNIVERSITY OF SCIENCE AND TECHNOLOGY

Department of Information Systems, Business Statistics and Operations Management

IS SEMINAR ANNOUNCEMENT



Money for Fun or Fun for Money? How Financial Rewards Reshape Digital Hedonic Service Engagement

by

Dr. Hyeokkoo Eric KWON
Associate Professor, Nanyang Technological University

DATE 3 September 2025 (Wednesday)
TIME 2:30 pm - 4:00 pm
VENUE 4/F Meeting Room (Room 4047), LSK Business Building

ABSTRACT

Facing rapid user churn, game developers are turning to an age-old remedy: paying players to play. Play-to-Earn (P2E) introduces sustained cryptocurrency rewards into gaming environments typically driven by enjoyment rather than monetary gain. Prior research on financial incentives has largely examined activities with low intrinsic appeal, such as exercise or studying, and found two consistent patterns: incentives raise engagement while offered but trigger an even steeper decline once removed, and they are costly to sustain. P2E differs in two important ways. First, because rewards are in cryptocurrency rather than real currency, they can be provided indefinitely without budgetary constraints—raising the question of whether perpetual incentives can avoid the post-removal backfire effect. Second, P2E applies incentives to an activity that is already highly intrinsically motivating, like gaming—prompting the question of whether such incentives amplify engagement or instead crowd out the enjoyment that drives it. We address these questions through a natural experiment in a global mobile game that added P2E mechanics for a subset of players while leaving the original design intact for others. Using a three-year panel of behavioral data, we estimate the causal effect of sustained incentives. The results are striking: although a small group of players who actively used P2E rewards increased their engagement, the vast majority—who were merely exposed to but did not utilize these rewards—played less, spent less, and churned earlier. These negative effects outweighed the gains among active P2E participants. Granular behavioral analysis reveals a motivational shift: even without claiming rewards, exposure to P2E reoriented players' focus from hedonic enjoyment to extrinsic, gain-oriented goals. Players prioritized efficient progression (e.g., leveling, quest completion) over exploratory, social, and competitive play. This shift reduced retention, as gain-oriented motivation—tied to delayed and uncertain rewards—felt psychologically distant compared to the immediate gratification of play for fun. This study extends financial incentive theory by showing that even sustained rewards can crowd out strong intrinsic motivation in hedonic settings. The findings offer practical guidance for digital platforms: incentive structures that work for utilitarian tasks may undermine long-term engagement in hedonic services.

BIOGRAPHY

Eric Kwon is an Associate Professor with Tenure in the Department of Information Technology and Operations Management at Nanyang Business School (NBS), Nanyang Technological University (NTU), Singapore. He is the Director of the Nanyang Fellows MBA and the Double Degree in Business and Computing and serves on the Senate Committee on Research & Innovation. His research interests primarily encompass mobile analytics for FinTech, digital healthcare, AdTech, and digital platforms and extend into broader domains such as digital and AI-Powered transformation. He has been closely working with a number of leading companies across a broad spectrum of industries for business analytics-related projects and consulting work. He currently advises Nexon Korea and AB180 on experimentation and analytics strategies in the digital advertising space. He also serves as an advisor for the TBZ Partners (formerly MUST Accelerator), a prominent Google-partnered tech startup accelerator in Korea, fostering connections between the innovation ecosystems of Singapore and Korea. Building upon these industry-academic partnerships, he has contributed research articles to premier journals, including *Marketing Science*, *Information Systems Research (ISR)*, *Management Information Systems Quarterly (MISQ)*, *Journal of Management Information Systems (JMIS)*, *Journal of Operations Management (JOM)*, and *Production and Operations Management (POM)*. In addition, he engages actively in the peer-review process, contributing his expertise to premier journals. Specifically, he is a member of the Editorial Review Board (ERB) of *Information Systems Research (ISR)* and serves as a Guest Associate Editor (AE) for *Information Systems Research (ISR)* – Special Issue on Compassionate AI. He is one of the few scholars to have received both the INFORMS ISS Gordon B. Davis Young Scholar Award and the AIS Early Career Award, the two most prestigious accolades for emerging scholars in the Information Systems field. Additionally, he won the Nanyang Research Award (Young Investigator), the university's highest recognition for individuals under 39 who have made outstanding contributions to extending the frontiers of knowledge. Furthermore, his dedication to teaching has been equally acknowledged with multiple accolades, including the Teaching Excellence Award from Nanyang Business School and the Koh Boon Hwee Scholars Award from Nanyang Technological University.