

Deonte Browne  
Prof. Kim  
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Eng 1126  
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It's time to admit that there is a problem in the gaming industry and its time to fix it. Loot Boxes and microtransactions are getting out of hand now as the gaming industry is flooded with video games containing loot box mechanics and other forms of microtransactions. These practices are just a means to get extra revenue on top of the already hefty price tag of \$60 for AAA games as well as being the justification towards 'Freemium' games model and the whole Gacha genre of video games. Without regulation it may prove to be one of the most dangerous means of monetization for the consumer to have ever been used in any market.

For the unengaged, loot boxes refer to the business model where instead of buying something you want directly, you buy something with the *chance* to contain what you want. This leads to consumers who want a specific thing to not be guaranteed to get what they want, leading to a higher profit off of them based off of how much they are willing to spend. This is the reason why it's such a profitable method of generating money for big game developers. The whole loot box transaction model has been described by many as predatory, as the ultimate goal of it is to find the whale - a casino term describing a customer with deep pockets. In every game that use the loot box model, the majority of the money obtained is received from the whale minority who whether its because of bad impulse control, "Collectors Addiction", or having too much money are willing to spend thousands every week on these games.

In an interview by Polygon a man who on reddit who goes by the name of Nothing024 gives his tales about the time that he for a short time became a whale on Final Fantasy Brave Exvius, One of the most popular gacha games on the google play store at the time of writing. He said,

“It was my birthday and I had to have Elza.”

“I charged \$1500 that day to get her,”

In Final Fantasy Brave Exvius, People spend “Lapis”, an ingame currency that is bought with real money to get characters. The the event that Nothing024 refers to is the limited Final Fantasy Brave Exvius X Brave frontier crossover event where 5 characters from Brave Frontier (A gacha game that was wildly popular from 2013 to 2016 and slowly dwindled as the player base moved on to Final Fantasy Brave Exvius which was made by the same company) were available for only a total of 14 days and would never be available again. The character that Nothing024 mentions, Elza, had a .5% chance on every attempt to be obtained with each attempt costing the equivalent of \$5 in lapis. As a player, it's only possible to earn \$1 of lapis by playing every day. I remember this event specifically because the more of these units you had on your team meant the more bonuses you had gotten from the missions introduced by the event. The main incentive for people to spend on these limited banners besides the idea of never being able to add them to your collection after the two week event period was that you could save days of working on these missions by having a couple of these characters.

Aside from touching the raw nerve that is the compulsion to have something that you really desire and preying on those with bad impulse control and low inhibitions, the

loot box model and the microtransaction model microtransaction is also normally accompanied with shady policies. Facebook comes as a prominent example of of this. Recently facebook was forced to reveal documents showing how they handle transactions and where they get their revenue after losing a lawsuit where the plaintiff; who only authorized one transaction once for their child in a videogame was charged multiple times later without any prompt. Once Facebook saves bank card information and receives authorization to make charges the first time, it doesn't ask for verification for future charges ,which is what allowed for the multiple charges to be put through in the first place. When a charge happens in this manner, they are denied a refund by Facebook's Terms of Service. A snippet of a conversation between two employees that was unearthed when these documents were released to the public goes on to show that facebook knows about and thrives on kids overspending on their parents cards without authorization and instead of taking any preventative measure against this, they enable it.

***“Michael: What’s the users total lifetime spend?”***

***Gillian: It’s \$6,545 – but card was just added on Sept. 2. They are disputing all of it I believe. That user looks underage as well. Well, maybe not under 13.***

***Michael: Is the user writing in a parent, or is this user a 13ish year old***

***Gillian: It’s a 13ish yr old. says its 15. looks a bit younger. she\* not its. Lol.***

***Michael: ... I wouldn’t refund”***

These documents that have been released only reinforced what people had already saying about microtransaction systems being a danger to kids. On top of companies like Facebook preying on these kids for money, in a UK study its been revealed that gambling amongst kids in the UK has increased exponentially over the last two years. What does this have to do with loot boxes being a danger to kids? While loot box gambling is not considered to be gambling in the UK except for in Belgium. Its been shown that there are ties between a kid's likelihood to gamble and the amount of money that they've spent on lootboxes in their lives.

The problem of microtransactions and loot boxes in gaming has gotten to the point that governments and distribution platforms are intervening in their operations. In 2017 changes to the apple store and google play store have been made that required apps to disclose the rates for getting any specific result from a loot box because of increasing consumer demand and outrage over not knowing the chances but being encouraged to spend. In the UK and US it's been ruled that loot boxes don't count as being a form of gambling but in Belgium not only has it been ruled as gambling but it also comes with a fine of \$800,000 and 5 years of jail time for publishers and these charges double when minors are involved. In response to this, games with these systems were either removed from Belgium or had those systems removed for those who live in Belgium. While government regulation is an extreme response to correct this problem, its what happens then these systems are implemented without restraint and allowed to proliferate. However if enough public outcry is garnered, we may be able to

influence companies to not include these practices in future games and avoid having the government step in.

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