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Working Draft of Proposal

In the current age of gaming, microtransaction began to appear more frequently to the point that almost every game has included some sort microtransaction. Microtransaction is a form of financial transaction of using money in a online video game to obtain a virtual item.but Microtransaction can also be associated with loot boxes.

Loot boxes are in-game items which are randomized to allow the gamers to get a chance to obtain a cosmetic, skin, emote and etc item. To be able to open a loot box you'll will either grind the game to use the in-game currency to open a loot box or use real-world currency to pay your way straight to opening a loot box, but it’s not likely that you’re going to get the item. Game manufacturers make game items have as low as a 0.1% rate, to obtaining high-end items or the most desirable items. Gamers believed that it is a paywall to unlock the better item since people that spend money will be able to get these items faster than those who grind.

Before Loot Boxes was a trending feature to be added nearly to every game. There was a time where games would implement additional content called add-ons AKA, DLC (downloadable content). DLC provided for a straightforward way for the consumer to be able to purchase an item such as cosmetic, new weapons, skin, emote, more content, boost and etc.. However, the current state of gaming has shifted from DLC to Loot boxes.

Gaming Corporations are shifting from DLC to loot boxes and microtransaction as it shows to be much profitable than developing a game. The reason for this is Video games are a multi-billion dollar industry in the United States. There are thousands of companies developing and publishing games in all 50 states and around the world. These companies are able to compete in a world market by utilizing continuous innovation and highly skilled/educated workers. getting a job in this industry can be very challenging because the field of interest is a highly competitive. companies want to on top of innovation, imagination, knowledge of the industry and continuously changing markets( Kevin Anderton). David Mullich (a video game producer who has worked at Activision, Disney, and Cyberdreams) told his students who wanted to become graphic designers,to create their own videos games, that “ most computer games do not make any money in terms of a profit”. Most games earn money by being bought in a “brick & mortar” store (such as GameStop) or downloaded from a virtual store, like App Store, and the developer receives a percentage of the sales. This being said, many gamers ( game developers) that want to make a profit for their hard work, adopted a “free-to-play” model, allowing gamers to download their games and play them for free. Then if that gamer loves the game then, they’re three basic techniques that makes the gamer interested to stay: sell additional levels, assets or features, sell virtual goods (such as power-ups and decorative items) as micro transactions, sell eyeballs (incorporate advertising). Which bring up the topic, “loot boxes”.

For activision-Blizzard’s 2017 fiscal year, they generated $7.1 billion in revenue, however of this $7.1 billion gained $4 billion of it came from ingame purchases (microtransactions). Activision-Blizzard is one of the biggest corporations in all of gaming and is driven by investors. The fact that microtransactions made up more than half of their total earnings proves just how lucrative microtransaction models can be. Because of the effectiveness of microtransactions, investors are also more willing to invest in companies that employ these tactics.

However the microtransaction model isn't without its issues. These same monetization schemes can become become very dangerous and predatory schemes such as loot boxes which exploit the consumers. It has been found that monetization schemes like loot boxing has been linked to things like mental illness and gambling addiction as well as poses a genuine danger to children and encourages them to turn to gambling.

The UK’s Gambling Commission has found that over the last two years, the number of children not just gambling, but classed as having gambling problems has quadrupled. Amongst all the information that was provided by the commission, there were four important points to take away

* Over the past 12 months, 39% of 11-16 year olds have spent their own money on gambling and 14% in the previous week
* Young people who have gambled in the past week spent an average of £16
* 6% had gambled online using a parent or guardian’s account
* 60% of young people think their parents would prefer them not to gamble at all, however only 19% said their parents set strict rules about gambling (Geoffrey)

While these numbers by themselves apply to gambling in general, its a symptom of the problem that loot boxes pose. Its been found that the more children open loot boxes in any game the more likely they will develop gambling addiction as the whole lootbox mechanic triggers the same response from the brain as gambling and winning in a casino does (Zendle).

In addition microtransion and loot boxes can be associated with an addiction. In “Predatory monetization schemes in video games (e.g. ‘loot boxes’) and internet gaming disorder” by Daniel L King and Paul H Delfabbro states that “micortransion is a concept of entrapment where the Gamers invested too much money to quit” This conveys that Gamers can form a addictive condition where they squander so much money that they can sense a form of guilty to quit because of the desirable virtual items which later can be seen as an investment to increase the possibility of obtaining these items.Furthermore this is a instance how Gaming Corporation utilized Predatory monetization schemes in video games to exploit their consumer since the Gamer would continually spend money on loot boxes which affects gamers mentally and later lead to a gambling addiction.

Also Another example that gaming corporation is using predatory monetization scheme is that Daniel L King and Paul H Delfabbro states in “Predatory monetization schemes in video games (e.g. ‘loot boxes’) and internet gaming disorder” that “the collection and use of individual player data to manipulate the nature and presentation of purchasing offers in ways that maximize the likelihood of the player spending money." This statement means gaming corporation are exploiting their consumers to an extent that they will use the data gained to maximize it profit by assimilating the consumer to purchasing the loot boxes.

Many game developers are conscious of this fact and intend to make as much as they can off of children. Through platforms like Google Play, the Apple App Store, And Facebook, developers structure their mechanics in a way that once a single purchase has been authorized, future purchases no longer require authorization. This leads to many accidental purchases where a parent allows one transaction but then down the line the child is suggested to purchase other things at the tap of a button and then accrues more charges without the parent finding out. Recently facebook lost 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.When a charge happens in this manner, they are denied a refund by Facebook’s Terms of Service.

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.

Therefore the issues that gamers are facing in the current era of gaming shouldn't be taking lightly as loot boxes can lead to an addiction and also be associated with gambling. Moreover the solution to solve these problems is having government intervene and regulate the gaming corporation predatory monetization schemes as it is harming children have an addiction and is participating in a form of gambling.

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