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Current Gaming Issues

In the current age of gaming, gaming corporation is shifting to a monetization approach and participating in the profitable scheme known as a microtransaction. Microtransactions are appearing more frequently to the point that almost every game has included some sort of microtransaction. Microtransactions are a form of financial transaction of using money in an online video game to obtain a virtual item, but a microtransaction can also be associated with loot boxes. We are motivated to bring awareness to the gaming community and expose the shady predatory monetization scheme known as a microtransaction. The problem is microtransaction as a whole and that it can lead the gaming community to the path of gambling addiction.

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 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. Loot-boxes can lead to addiction, gamers young and old are spending a lot of money repeatedly, to the point whereby they're not aware of the addiction they have. Gaming corporations are doing a form of predatory that they can believe they can get the most desirable items as this is a form of a predatory scheme done by gaming corporation, but it's not likely that you're going to get the item. Gamers are being affected on an international scale since games can be played around the world. In addition 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 became a trending feature to be added nearly to every game, games would implement additional content called 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.

The reason for this is that it shows to be much profitable than developing a game with an upfront sales price. Video games are a multi-billion dollar industry. 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. In addition in “Economics of

Microtransactions in Video Games” by Prateek Agarwal state that the history of microtransaction “been around since 2010 and was viewed as a new business model”. The reason behind this is that since microtransaction is a profitable gaming corporation are shifting to microtransaction since this new business model will provide a better revenue than creating a game. Furthermore, this could be the reason that microtransaction such as loot boxes to be implemented in almost every games since gaming corporation view the possibility of endless profits.

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, there are 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). In “Activision-Blizzard. Activision Blizzard record quarterly and full year revenues” by Acquire Media states 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. This proves that microtransaction is better than selling games up front as this new business model is more profitable.

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. To support my statement is in "Loot Boxes Are Designed To Exploit Us" by Heather Alexandra states "Most games don't tell you the odds governing their loot boxes, though some do." this statement explains that loot boxes are created to encourage the gamers that there's a chance of obtaining the best item but sadly they can't which creates the exploitation as they keep opening the loot boxes hoping for a good and the process repeat and continuously spending money.

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 the gamer but for this instance the children. In addition, it encourages them to turn to gamble, In "Loot Boxes Are Again Linked to Problem Gambling: Results of a Replication Study." by Zendle, David, and Paul Cairns claims that 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). Also, these numbers convey that there's a connection relating to loot boxes and gambling. These connection has caused a gambling addiction without the awareness and that it's getting stronger because gamers are encouraged to spend on loot boxes.

In addition, microtransaction and loot boxes can be associated with addiction. the differences between microtransactions and loot boxes are that microtransactions are spending real money to obtain games items and loot box is spending money to get a chance or a randomized chance to obtain a game item. The cause of addiction is view with the chance of obtaining a game item through loot boxes however the chances of getting them are low so gamers would not realize that they continue spending money to obtain an item they may not get. 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 "microtransaction 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. This is dangerous because with this found guilty gamers

would continue to spend thinking that they invested so much to the point they can stop which would increase the gambling condition to be worst. Furthermore leading to the gaming community to be a risk.

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 purchases 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 in the US 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 taken lightly as, Microtransaction such as loot boxes can lead to an addiction that's associated with gambling. This being said, a solution to end (stop) microtransactions is by having government regulations on loot-boxes or simply put an end to the transactions and ban the transactions. Belgium is the first and only country that banned microtransactions because it's a form of gambling and many kids and young adults are becoming addicted. Game producers that refuse to obey the law and continue to make a profit off of microtransactions can face a fine of \$800,000, 5 years of jail and charges double when minors are involved. It's important that we let the government get involved and try to control microtransaction or put a stop to it as Belgium did. The benefits of controlling/banning microtransactions outweigh the advantages of keeping the transactions going. We still have a chance to change the future, save more money, and protect gamers.

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