Video Game Microtransaction Ethics

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Abstract

In our research presentation, we define the terms video game, microtransaction, and loot-box, among others. We differentiate the types of microtransactions, such as what kind of transactions affect the progression of the game. We also comment on the history of how microtransactions have been used and the public's reaction to their use, how current laws could affect microtransactions, and attempts to introduce laws and regulations for video games. Our presentation covers whether or not all, some, or none of the current uses of microtransactions are legal and/or ethical using our own deductions along with a short survey we have distributed among the Valdosta State University students. We concluded that there are no laws specifically applying to microtransactions or loot-boxes in gaming in the United States, and that video game players currently do not mind microtransactions as long as they do not feel pressured or give another player an unfair advantage.

Definitions

- A video game is any type of entertainment that is interactive and displayed on some sort of digital screen.
- Microtransactions are a business model in which users can purchase virtual goods with micropayments. Anything purchased within a video game is usually considered a microtransaction. However, there are many types of microtransactions:
  - Down-Loadable Content(DLC) is a microtransaction in which the user purchases a substantial amount of new content for their video game, usually including items such as new levels to play through, new characters to play as, and a continuation of the game's story.
  - Virtual currency is some item carrying value within a video game, but does not have a value in the real world. However, these are usually purchased with real world money, although some games allow users to acquire virtual currency for free by playing the game.
  - Loot-boxes are a microtransaction in which the user opens a "box" of some type, usually done via a "key" purchased separately with real or virtual currency. Once opened, the user receives a randomized item or assortment of items, and then both the box and the key are no longer useable and must be acquired again. These items almost never have a value assigned by the company that owns the game, and usually cannot be exchanged for money. However, users can often trade items with each other.

History

Microtransactions have existed since video games first became popular, in the form of Arcade machines. Players did not own the game itself, but instead paid to have one try at the game. In the mid-1990s, the internet had become publicly available, and with it came DLC, which at the time was known as an Expansion Pack. The first instance of a microtransaction receiving large public backlash was in 2006, when *The Elder Scrolls: Oblivion* released its "Horse Armor" DLC for $2.50 that didn't actually provide any advantage for buying it; the armor was only cosmetic. Players were angry that there was even a price tag attached to such a small addition to the game, even if the price itself was low.

In 2011, the game *Team Fortress 2* re-released as a Free-to-Play game, meaning it was free for anyone to play, with no time limit. *Team Fortress 2* brought Loot-boxes to the United States. It did so successfully. It is still generating a sizeable amount of profit today.

In contrast to *Oblivion's* Horse Armor, *Star Wars: Battlefront 2*, released in 2017, had "pay-to-win" microtransactions. This meant that those who bought the items had a statistical advantage over those who didn't purchase them. To get every item that affected how the game was played, it would cost about $2,100. However, there was a method to get the items for free by playing the game, but it would take over 4,000 hours. Players were outraged yet again, not because of the lack of value from their purchase but the unfair bias and statistical advantage those with a larger wallet had, even when both players paid the original $60 for the game.

Fortnite released as a Free-to-Play game in July of 2017. Within 10 months, the free game had profits in excess of $1.2 billion. *Fortnite* was the first Free-to-Play game to do this within its first year.

Survey

In addition to researching the literature, a survey was prepared and distributed. The survey was distributed using the student email announcement service of Valdosta State University. The distribution of the invitation to participate was randomized. It is not known how many students received the invitation to participate. In all, there were 84 participants. All participants were volunteers and required to be at least 18 years of age.

The format of the survey was kept simple to not discourage recipients of the invitation from participating. The format of questions were kept to a binary answer selection where possible. Of the binary questions, all received 84 responses with one receiving 83. For analysis, the respondents were split into two groups- those who make in-game purchases and those who do not. Of the 84 respondents, 45 (54.22%) had made in-game purchases with 39 (46.43%) responding that they do not. Respondents that fall into the purchasers group were asked about the types of purchases that they make. They were also asked if they often experience regret after making those purchases.with 42.68% responding "yes" and 57.32% responding "no".

Have you paid real money to…? (Select all that apply)		
Advance through game content	29	23.77%
Gain an advantage over other player	17	13.93%
Obtain new characters or appearances	46	37.70%
I have not used money for the choices above	30	24.59%

Table 1. Respondents that have made in-game transactions (n = 45) were asked what types of transactions they made. Respondents were allowed to select more answer as players can make different types of purchases. The most common response was purchases to obtain new characters or appearances for characters.

The comparison of the two groups was limited to questions that were considered relevant to non-purchasers. These questions dealt with the opinions of the respondents regarding in-game purchases. Overall, comparing the purchasers and non-purchasers groups did not yield a correlation between the views of the respondents and their purchasing status.
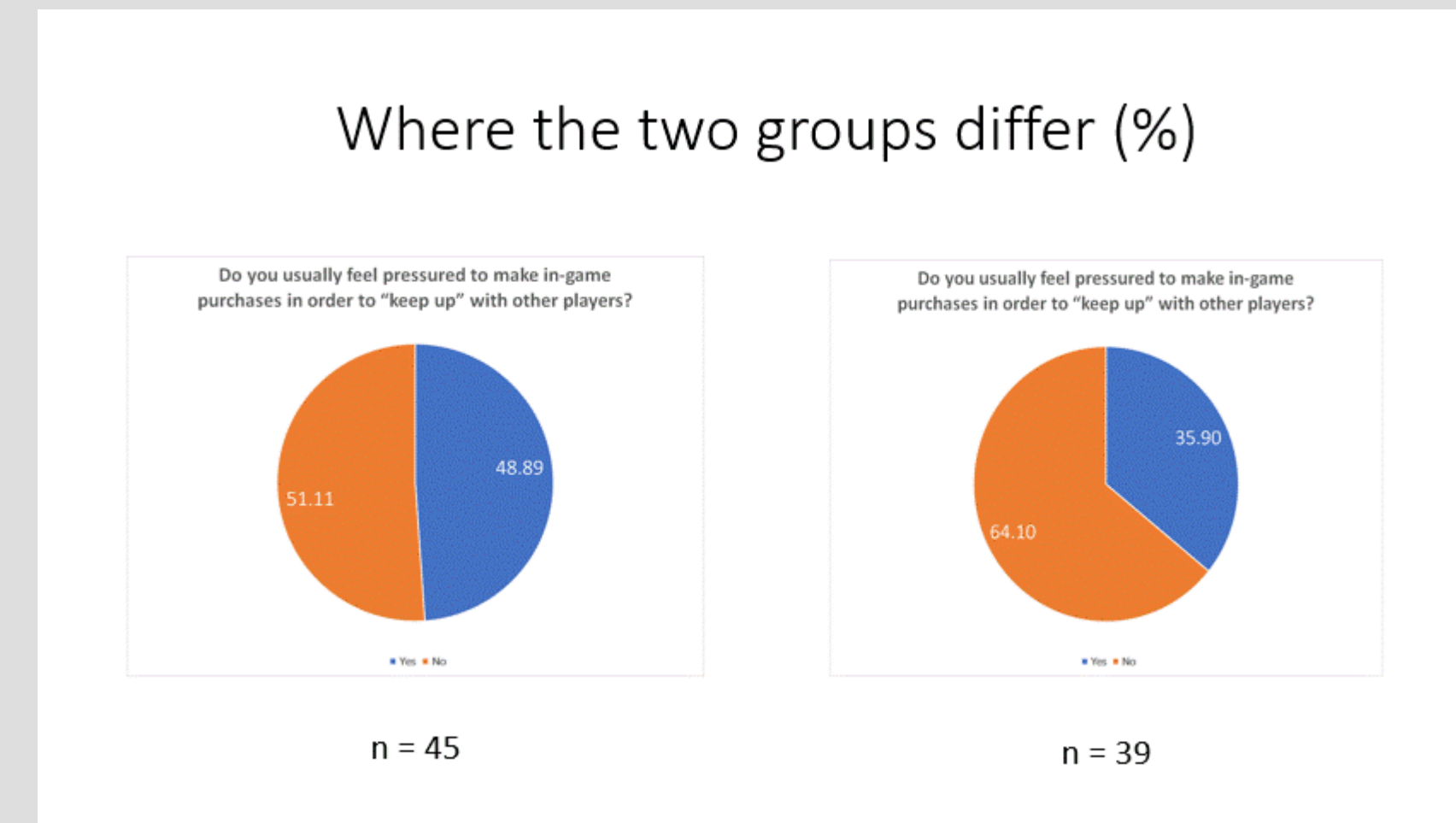

Figure 1. Comparing the responses of the group of purchasers (n = 45) and non-purchasers (n = 39) when asked if they feel pressured to make purchasers in order to keep up with other players. Whether a player makes in-game purchases seems to correlate with the response of some players.
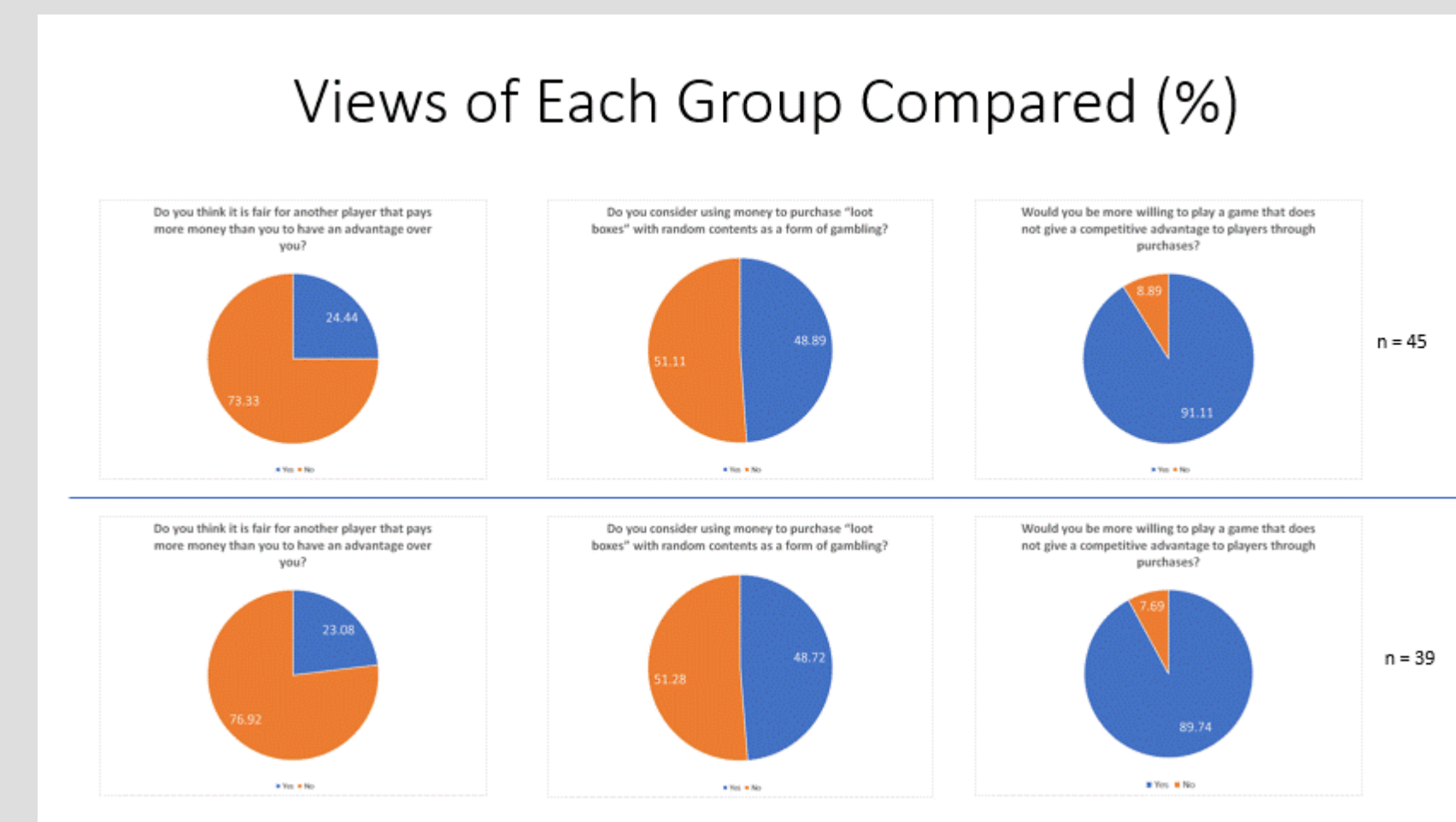

Figure 2. Comparing the responses of the group of purchasers (n = 45) and non-purchasers (n = 39) when asked questions about fairness, gambling, and alternative games "without pay-to-win". Unlike the question about pressure, there is no distinct difference between the two groups.

Ethics

According to Dictionary.com, ethics are a system of moral principles. This implies that ethics are derived from the moral ideals of a population or culture. These guiding principles, in turn, are used at times to determine laws in that legal system. There are several different types of ethical guidelines. One of the most workable ethical guidelines is kantianism. The basic idea behind kantianism is a sense of duty (perfect and imperfect) and goodwill of actions.[11] One must be willing to let others do to them as they would do to others.

Micro-transactions can be completely ethical and cause no problems in the gaming community, while on the other end they can be the reason a game is unsuccessful. There have been many ethical issues that have risen due to the issue of micro-transactions. This includes but is not limited to problem gambling, children making microtransactions, pay-to-win items, and development issues.

Games that give an advantage through in-game purchases haven't been received well with players around the world. One example is the *Star Wars Battlefront 2* (2017) disaster. Many players were outraged and called the microtransactions in the game unethical due to the time needed to unlock the most wanted characters in the game. Players and governments are no longer willing to sit back and let companies like EA (Electronic Arts) force players to overspend on games they have already paid for.

Video games with loot-box mechanics have also been known to have players that develop problems with gambling [10]. Loot-boxes that have premium items that can heavily influence "gambler's fallacy". Gambler's fallacy is the belief that increasing the frequency of betting increases the likelihood of reward based on previous events.[13] This is unethical because a player with a gambling issue that wants to get the highest level of player statistics or skills for their character would find it extremely difficult to not keep buying loot-boxes until they received all the top premium items in the game. Most players don't like this method of gaming because it takes the skill aspect out and replaces it with how much money you are willing to spend on a game of chance. Children and video games are a long-standing issue. Recent issues that involve micro-transactions make it an even more difficult problem to solve. the ESRB has started to add an "In-Game Purchases" label to its rating sticker on video game cases.

Some people even suggest to add a warning message every time the game is accessed, similar to what certain other sensitive internet content does, warning that the game contains In-game purchases, because it can encourage gambling behavior when they grow up as well. A study done in Great Britain on kids ages 11-16 reveals that, along with the rise in popularity of loot-boxes, the percent of child problem-gamblers has more than doubled from 0.4% to 0.9%. Compared with the 1.5% in adults, this number is not insignificant [12].

Conclusion

Most gaming companies have turned to microtransactions as a major part of their business model. Any time a new concept or technology comes into the market, the current laws in place may not be enough to properly regulate them. Most governmental systems are slow to adapt while technology grows at a fast pace. With microtransactions creating so much profit, it has attracted the attention of governments and consumers in many countries.

Most attempts within the United States of America to categorize and regulate certain microtransactions have failed to gain momentum. The category of loot-boxes with randomized content, in particular, is difficult to define. There are current and past examples that would classify it as gambling. There are also examples that are similar and not considered gambling by law. Under current federal and state laws, loot-boxes are not classified as gambling. For now, consumer reactions may be the greatest tool in regulating games with microtransactions. We do, however, believe that laws should be enacted to prohibit individuals below a certain age from engaging in the practice as it has been shown that certain games of chance can lead to a gambling addiction in adulthood. Unfortunately, there is only a certain level of restriction that gaming companies can enact. The main burden to ensure that children do not engage in harmful activities usually falls to the parents and guardians.

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