Isaac Tandatnick
Dr. Burns

ENGL-1010

8 May 2023

Microtransactions: Predatory, Manipulative, and in Need of Change

Online gaming is an ever-growing industry drawing participation from players across the globe. The developmental trajectory and styles of gaming are fluid, unpredictable at times, and continually evolving. With the introduction of microtransactions in the early 2000s, the thought to be *traditional* gaming experience has changed forever. For many in the modern world of gaming, story-based single-player games are no longer exciting. Users crave competition and achieve this through online head-to-head action. Classified as PVP–or player vs. player–games, this genre has been synonymous with the incorporation of an abundance of microtransactions in recent years. At the most basic level, these microtransactions can be defined as “any instance [of a consumer being able] to pay real money for an in-game item or perk”(Neely). While microtransactions allow game developers to have a steady flow of revenue in addition to a fee that they may charge for the game upon release, the social peril far outweighs the monetary gain for developers. Critics of microtransactions argue that these sales involve a presence of manipulative and predatory marketing and that they are akin to gambling. Based on my own experience, I will add that microtransactions have been invasive, addictive, and discouraging for many other reasons. Due to the extreme prevalence, complexity, and negative impact on consumers that these microtransactions pose, a multi-dimensional course of action involving state and federal legislation, game developer cooperation, ESRB rating adjustments, gamer unification, and parental involvement is required to properly adapt such transactions to make them non-invasive, non-predatory, non-manipulative, non-addictive, and above all fair.

Before delving into potential solutions, it is first necessary to understand the magnitude of the problem. One glaring issue with microtransactions is the audience they intend to target: children. In a broad sense, according to Statista, 24% of all video game users are not legal adults (“U.S. Video Gamers Age”). Additionally, 36% of all users fall under the category of 18-34 years old. Assuming at least 1% of gamers are between 18-21 years old, we can assert that over 25% of all video game users can not even legally gamble.

To get more specific, it is helpful to look at Fortnite, a recently popular game featuring microtransactions as its main source of revenue. CyberCrew UK reports that 62.7% of all Fortnite players are 18-24 years old. More shockingly, it is reported that 77% of all users have completed a minimum of one microtransaction. This information is significant because it shows that the majority of users are children–or at least teenagers and young adults–with brains that not finished developing. Marketing strategies are specifically devised and directed toward a given company's target audience, and in many games today that translates to preying on children for profit. The younger the user, the more susceptible they are to manipulative advertising techniques and purchases because they don’t know any better.

Now, let us consider the power of the desire to win, combined with the impressionability of children and young adults. The gaming company “2K Sports,” has long cultivated a culture centered around paying to win. In this realm of the online universe, gone are the days of putting in the hours to achieve your goal. 2K Sports and companies alike have made it next to impossible to play their games without spending. In NBA2K’s most popular mode, “MyCareer,” users create their own basketball player with unique abilities and attributes. In order to unlock these abilities and attributes, the user must upgrade their character with VC (virtual currency) points. Users may only acquire VC points through two methods: frequent play, or purchases. While an initial response from someone unfamiliar with NBA2K might simply be to “put in the time and play the game,” it isn’t so simple. In fact, it is so complex that renowned 2K YouTuber Agent 00 produced a documentary dedicated to uncovering the math of how hard earning VC really is. In Agent’s 00 YouTube video entitled, “The Tragic Evolution of NBA 2K VC Prices,” he calculates that in order to achieve the max level of 99, a player must spend 170$ on in-game currency. Considering the standard cost of the game of 70 dollars, on top of the additional 170 dollars required to upgrade your character, it would require a total of $240 to simply play and enjoy the game with a high-performing character. But what if you are someone who is unwilling to or cannot afford to spend the 170 dollars on VC? Well, Agent 00 calculated that in order to earn a VC amount equivalent to what you can buy with 170 dollars, a player must complete 369 full “MyCareer” NBA games–or 4 ½ virtual NBA seasons. This figure equates to roughly 250 hours spent on the game. Essentially, someone who plays for 2 hours a day must play for 125 days in a row in order to fully upgrade their character. For most gamers, this would prove to be an infeasible commitment. With most succumbing to the alternative, is spending money even a choice?

Although microtransactions in the NBA2K MyCareer mode are forceful and almost required, at the very least they are transparent. Players know that spending X amount of money will yield X amount of VC. However, in FIFA 20 Ultimate Team this isn’t the case. In Tregel’s et al. “Costs to Compete – Analyzing Pay to Win Aspects in Current Games,” they explain FIFA, and FIFA Ultimate Team, as

an annually released soccer sport simulation game. In the online competitive play mode, called FIFA Ultimate Team (FUT), players are expected to build their own teams and play them, simulating real-life soccer. A team thereby consists of cards, each representing a real soccer player, with different statistics (short: stats), strengths, and weaknesses. How the soccer player performs correlates with its card’s stats, which numerically represent a player’s attributes like shooting, passing, dribbling, or defending, up to a score of 100 each. In general, the higher and more specialized a card’s stats are, the better it performs, and thus, the more valuable it becomes.

These representative cards are mainly acquired through purchasing randomized packs. These randomized packs are commonly referred to and categorized as a “loot box microtransaction”. Loot box microtransactions are defined as “items in video games that may be bought for real-world money, but which provide players with a randomized reward of uncertain value”(Zendle, et al.). Randomization of reward is met with both controversy and excitement. On the one hand, players enjoy the possibility of earning a prize far greater than what they paid for, and on the other hand, when this reward isn’t earned, players feel cheated and scammed. Now consider Oxford Language’s definition of gambling; “take [risky](https://www.google.com/search?sxsrf=APwXEdevq9xcZyntIjLihOlhETnj6CjImA:1680031972515&q=risky&si=AMnBZoGP34IVl-vQ5XB3AyP2dfbg8vg7Oqkb9qn6pVVU3uIE6b9boGnrNIcRyV1uxkgLCeVfjbqJFhQTzVxvl7ejN57g1Y3MUw%3D%3D&expnd=1) action in the hope of a desired result.” This exact definition can be applied to the act of purchasing loot boxes which have led to people questioning its parallels to gambling. Similarly to the other games already discussed, according to an article published by LEVVVEL, “How Many People Play EA Sports FIFA?--2023 Statistics,” the FIFA video game’s target demographic is aged 12-15. With such early exposure to gambling, one may wonder if these loot box purchases encourage future gambling from such impressionable children.

Unsurprisingly, it has been found that these loot box purchases do in fact lead to problem gambling. Researchers have already found that loot box purchases are “psychologically akin” to gambling. In Peter J. Etchells's PubMed Journal article “Loot Box Spending is Associated with Problem Gambling but not Mental Well-Being,” a study involving over 2000 participants was conducted in order to examine the correlation between loot box purchasers and problem gambling. In order to conduct this study, an online survey with a range of questions was given to each participant. Based on their answers, participants would be categorized under four titles: non-problem gamblers, low-risk gamblers, moderate-risk gamblers, and problem gamblers. The results of the study concluded that participants with a high amount of money spent on loot box purchases also were found to be problem gamblers. Conversely, participants who did not spend as much money or any money on loot boxes were categorized as low-risk to non-problem gamblers.

Now that microtransactions have been proven to be akin to gambling, forceful, and predatory towards impressionable children, it would be beneficial to examine the current legislation existing around the world that has attempted to lessen their negative impacts. In Europe, the disclosure of in-game purchases such as loot boxes has been mandated since 2018. Gaming companies must clearly indicate such information on the video game packaging and advertising. Belgium assumed a more restrictive position and publicly declared that loot boxes constituted gambling, and stated that prosecutive action would be enforced for companies that continued to keep loot box purchases. As a result, EA Sports–the company that releases the FIFA video game–disabled all in-game microtransactions in Belgium. As of October 2022, the Netherlands has taken similar action in an attempt to stop these microtransactions. Their government concluded that these loot boxes violated their Gambling Act, and they additionally plan to “authorize the Netherlands Gaming Authority to fine EA between €250,000 and €5,000,000 a week for its continued use of loot boxes in its FIFA games,”(Guillen). Many other countries have also followed this trend and implemented legislation pertaining to microtransactions. It is time for the United States to do the same.

While there may be no singular perfect legislative solution, there are certainly viable options at state and federal lawmakers’ disposal. One legislative solution in 2019 proposed by David J. Castillo in the Santa Clara Law Review, calls for a minimum age requirement of 21 years old for games including loot boxes. If companies decided to continue implementing microtransactions, this barrier to entry would at least ensure that only mature adults are able to purchase these transactions. However, more likely, a minimum age requirement would force developers to consider the erasure of microtransactions altogether. Missing out on title sales from everyone under the age of 21 would certainly be persuasive enough for companies to examine alternatives to microtransactions in order to continue making a profit.

Another viable course of action proposed by Jennifer Guillenin in “Loot Boxes and Potential Regulation as a Form of Gambling,” discusses a possible change in ESRB (Entertainment Software Rating Board) game ratings for games containing loot boxes. Although typically reserved for games containing sexually explicit material, the rating AO or adults only could be newly applied to games including loot box microtransactions. The prospect of receiving this rating could be detrimental to the sales of video games containing these microtransactions. Few parents would be motivated to purchase games for their children that have an adults-only rating and companies would lose significant profits.

In addition to legislative action and ESRB rating changes, older gamers who wish to see microtransactions scaled back must unify. Despite the clear negatives associated with microtransactions, they prevail. Countless blogs, Reddit articles, and YouTube videos have been published condemning microtransactions, yet those same people continue to spend money. In order to invoke any change, gamers must take action. If the gaming community at large ceased to purchase games including microtransactions as a form of protest, companies would have no choice but to make a change. While legislation and rating changes may be helpful, ultimately, companies must be met with some form of a player boycott.

Lastly, parental supervision is essential to diminish the negative effects of microtransactions. Too often news stories run highlighting an underaged child who spent an exorbitant amount of money on microtransactions, placing a significant financial burden on their family. In fact, in 2016, a Canadian teenager was given his father’s credit card for the intended purpose of emergency purchases only. However, within a month’s time, Lance Perkins–the teenager’s father–reported an almost $8,000 charge from Xbox Live, Microsoft’s premiere gaming service. $8,000 in charges had accumulated in one singular month, “all generated through microtransaction[s],”(Thubron) purchased on the FIFA video game. Far too many parents are oblivious to the easily accessible microtransaction purchases that are appearing more and more frequently in video games released today.

Due to the manipulative and predatory nature of microtransactions, these purchases must be regulated, modified, or thwarted completely. Their parallels to gambling and their directedness towards children render them extremely controversial and demand a solution. Unfortunately, because the online-gaming sphere is largely unregulated and complex, a multi-dimensional solution is required to mitigate this problem. Although there is no perfect solution, we can begin with legislative action, age restrictions, ESRB rating changes, gamer unification, and increased parental involvement. Combining all of these aspects may lead to a better tomorrow for gamers, but if not, at the very least it would stop another parent from receiving a surprise $8,000 credit card charge at the end of the month.

**Works Cited**

Agent 00 Gaming. "The Tragic Evolution of 2K VC Prices." *YouTube*, uploaded by Agent 00 Gaming, October 13, 2021, <https://www.youtube.com/watch?v=AdYHvm2tEUM>.

Clement, J. “U.S. Video Gamers Age 2022.” *Statista*, 17 Oct. 2022, www.statista.com/statistics/189582/age-of-us-video-game-players/.

Etchells, Peter, et al. "Loot Box Spending is Associated with Problem Gambling but Not Mental Wellbeing." *Royal Society Open Science*, vol. 9, no. 8, 2022, https://doi.org/10.1098/rsos.220111.

“Gambling. Gambling Noun - Definition, Pictures, Pronunciation and Usage Notes.” *| Oxford Advanced Learner’s Dictionary at OxfordLearnersDictionaries.Com*, www.oxfordlearnersdictionaries.com/us/definition/english/gambling.

Guillen, Jennifer. “Loot Boxes and Potential Regulation as a Form of Gambling.” *IP Technology Law Society*, 14 Jan. 2021, sites.usc.edu/iptls/2021/01/14/loot-boxes-and-potential-regulation-as-a-form-of-gambling/#fn-2008-10.

“How Many People Play EA Sports FIFA? - 2023 Statistics.” *LEVVVEL*, 17 Mar. 2023, levvvel.com/ea-sports-fifa-statistics/.

Neely, Erica L. “Come for the Game, Stay for the Cash Grab: The Ethics of Loot Boxes, Microtransactions, and Freemium Games.” *Games and Culture*, vol. 16, no. 2, 2021, pp. 228–47,<https://doi.org/10.1177/1555412019887658>.

Stojcheva, Ljubica. “How Many People Play Fortnite? [2023].” *CyberCrew*, 30 Mar. 2023, cybercrew.uk/blog/how-many-people-play-fortnite/#:~:text=62.7%25%20of%20the%20total%20amount,a%20large%20sum%20of%20people.

Thubron, Rob. “Teenager Spends Almost $8,000 on Microtransactions without Father’s Knowledge.” *TechSpot*, 13 Jan. 2016, www.techspot.com/news/63454-teenager-spends-almost-8000-microtransactions-without-father-knowledge.html.

Tregel, Thomas, et al. “Costs to Compete - Analyzing Pay to Win Aspects in Current Games.” *Serious Games*, Springer International Publishing, pp. 177–92, <https://doi.org/10.1007/978-3-030-61814-8_14>.

Zendle, David, et al. “The Changing Face of Desktop Video Game Monetization: An Exploration of Exposure to Loot Boxes, Pay to Win, and Cosmetic Microtransactions in the Most-Played Steam Games of 2010-2019.” *PloS One*, vol. 15, no. 5, 2020, pp. e0232780–e0232780,<https://doi.org/10.1371/journal.pone.0232780>.