

GAMING – UNDERSTANDING MICROTRANSACTIONS

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As a parent, you will likely have heard of “Loot Boxes” and can name some of the games in which they feature. The concern is that with the use of Loot Boxes can blur the distinction between gaming and gambling.

What is a microtransaction?

Loot boxes are virtual items that can be purchased in games using real money or in-game currency. Once purchased and opened, users will find a randomised selection of items that customise or alter the user’s experience of the game. The user will not receive any physical objects in the offline world.

The use of in-game currencies has expanded into a wide range of gaming titles, including single player games that would not traditionally have included these features. One of the main benefits of in-game currencies for game developers/publishers is that they can create a sense of separation from real-life value and real-world money. If a player were to purchase £20 worth of in-game currency to spend on cosmetic items such as character skins or appearance modifiers, they are less likely to think about the ‘value for money’ of each individual item they buy. It also allows developers to structure their pricing within digital marketplaces and stores, to encourage more real-world money to be spent on credits, tokens, or whatever form their in-game currency may take.

In research published by the Gambling Commission in 2019, of the 52% of 11–16-year-olds who were aware of what loot boxes were, just under half (44%) said they had paid money to open one.

How microtransactions work

Much has been made of the similarities between these games of chance and the mechanics used on digital gambling platforms. However, the world of microtransactions and in-game purchases is a complex one, often being navigated by children and teenagers who have a very basic understanding of how money works.

We are aware of the powerful influence our child’s friends can have on them, especially when it comes to buying new items, from toys and technology to fashion and fads. The same experience happens online. In games where character “skins” are visible to friends, or items that denote the ‘cool-factor’ or skill level of an avatar, this peer pressure can be a powerful motivator to encourage children and young people to obtain the same, or even better items.

With many of these items accessible through in-game marketplaces, children want to spend money on in-game currencies.

Whilst loot boxes have been the catalyst for action, it is becoming increasingly clear they are only the tip of the iceberg. Understanding the world of in-game currencies and microtransactions is essential in educating and safeguarding your children.

Video games can use a variety of ways to make money

1. Upfront purchase (as well as pre-orders which may give you 'exclusive' content)
2. Add ons/DLCs (Down Loadable Content)
3. Loot Box/Gacha System (systems that promote winning in-game assets through a draw or a lottery)
4. Subscriptions
5. In Game store or marketplace
6. In Game currency
7. In Game advertising