

# Monetization is the Message: A Historical Examination of Video Game Microtransactions

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## INTRODUCTION

This paper historically examines how video game microtransaction monetization methods fundamentally change game design and potentially player's experience with the medium. By examining the history of video game microtransactions, this paper attempts to show how the rise of "loot boxes" have fundamentally influenced game design and experience. Recently, loot boxes have been referred to as "the video game issue of the year" and the "biggest gaming story of the year" by some commentators (Horti, 2017; Kuchera, 2017) with one journalist going so far as to declare the conflicts over this divisive form of monetization as the "battle for the soul of gaming" (Cross, 2017). Therefore, it is essential that we place "loot boxes" in a historical and cultural context.

The permeation of this potentially predatory form of monetization is increasingly contentious due to player boycotts, press backlash, and political debate (Cross, 2017; Park, 2017; Rosenberg, 2017; Švelch, 2017). The growth and persistence of microtransactions in video games have spawned many debates on their importance, ethics, and effects. For example, research found that, in some cases, players who choose to purchase in-game microtransactions actually lost social status among other players (Evers, de Ven, & Weeda, 2015). Furthermore, microtransaction revenue choices in games have been considered as vices with ethical consequences for developers (Heimo, Harviainen, Kimppa, & Mäkilä, 2016). In essence, microtransaction methods often implement "psychological tricks" and gameplay mechanics in order to encourage player purchases (Kimppa, Heimo, & Harviainen, 2016; Riekk, 2015). As such, some game design choices/tactics have even been referred to as "abusive" and "dark patterns" of design (Wilson & Sicart, 2010; Zagal, Björk, & Lewis, 2013).

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There have been numerous illuminating works which examine both technological and economic shifts in the video game industry from a historical perspective (Chou et al., 2017; Kerr, 2017; Sandqvist, 2015). However, there are far fewer historical examinations which include the impact of such developments on players' fundamental experience with video games (Švelch, 2017). Furthermore, the video games industry is currently experiencing an economic transformational period which may determine the future of video game monetization (Sandqvist, 2015). Therefore, we must establish video game microtransactions, such as loot boxes, in a historical context while also exploring their effects on video game design and subsequent experience. This paper builds on previous works that have attempted to detail monetization strategies (Heimo et al, 2016; Zackariasson & Wilson, 2010). Furthermore, this paper also adopts a theoretical frame built upon the work of Marshall McLuhan (2004) as well as the notion of "dark patterns" in design (Zagal, Björk, & Lewis, 2013). Our historical approach will systematically reflect on both media and player-driven responses to this ever-evolving business model. In the end, this paper attempts to show how microtransactions have shaped video game design and player experiences in fundamental ways.

## **MONETIZATION IS THE MESSAGE**

McLuhan famously declared "the medium is the message" to reference how we often place too much emphasis on studying the content of messages while ignoring the importance of the medium itself (McLuhan, 2004). He articulates how technological shifts can fundamentally change us and our society, regardless of content (McLuhan, 2004). We argue here that the introduction of modern microtransactions has had a fundamental impact on player relationships with video games as a medium. In this sense, the content of the video game, such as genres, story, or gameplay systems attempt to "blind us to the character" of microtransactions (McLuhan, 2004). While the content of video games is important, it is also important to recognize that this content can be reduced to a mere delivery mechanism for microtransactions when such monetization methods are introduced.

## **HISTORICALLY TRACING MICROTRANSACTIONS**

In the early 2000s, the emergence of online microtransactions began to attract the attention of developers and gamers alike. Microtransactions are usually defined as in-game purchases which unlock content for the game and can vary dramatically in price from .99 cents to hundreds of dollars (Agarwal, 2017). It is important to note here that the term "microtransaction" in this context does not necessarily mean a "small" monetary transaction, but rather a "small" content purchase. Companies, such as EA and Square Enix, found that instead of making one-time profits off of a game's release, they could receive a steady stream of revenue by offering "games as a service" (Schreier, 2017). Instead of designing complete game experiences, it became more profitable to craft games with continual play components (i.e., multiplayer elements) and continual releases of "new" content (i.e., downloadable content) accessed via microtransactions. Around this same period, the free-to-play Chinese MMO *ZT Online* is credited with being the first to pioneer the idea of randomizing game content into "virtual treasure boxes" for purchase (Wright, 2017).

Although the notion of "loot boxes" originated in MMORPGs, they quickly became one of the more common forms of monetization implemented into free-to-play mobile-based games. They are now incorporated into a large number of best-selling franchises such as *Call of Duty* and *Destiny*. Furthermore, loot boxes, once relegated to cosmetic items in

multiplayer focused games, have also made their way into primarily single-player experiences as well (i.e., *Middle-Earth: Shadow of War* and *Assassin's Creed: Origins*). Unfortunately, these methods have resulted in a number of player-driven backlashes against seemingly exploitative practices in game design. Some of the more prolific examples include *StarWars Battlefront II*'s system of "pay-to-win" loot boxes which gave players distinct competitive advantages and *Destiny 2* developers' secretly manipulating game systems to push players towards purchases (Park, 2017; Rosenberg, 2017). Negative shifts in player experience as a result of antagonistic game design patterns should not be underestimated because they can have a significant impact on sales (Sarkar, 2018).

## CONCLUSION

This extended abstract gives a brief glimpse into some of the ways game monetization methods, such as microtransactions, are influencing game design and subsequently players' experiences. In a discussion of the importance and effects of video games as a medium, we must always consider the importance and influence of their monetization methods. Monetization methods will always have an impact the content of video games and the ensuing effects they may have. In other words, microtransactions fundamentally change the nature of the content that video games deliver. Games change us. Here we have argued that microtransactions fundamentally change games.

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