

The Ethicality of purchasing loot boxes, a thought experiment

Samuel Nygard

Applied Science, Simon Fraser University

CMPT 376W: Professional Responsibility and Technical Writing

John Edgar and Tara Immell

May 29, 2024

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Loot boxes are a mechanic that is becoming increasingly popular throughout the game industry. Loot boxes were estimated to have generated 15 billion dollars in 2020 alone, and are estimated to generate 20 billion dollars in 2025 (Research, 2021). But what is a loot box? A loot box in this context is something that can be acquired in a game that will give you a reward, but importantly you do not know how good the reward will be when you acquire the loot box. This can lead to some fun moments when you get something really rare from a loot box, but problems start to emerge when you can pay for loot boxes in games, not just acquire them through gameplay. This paper will discuss three ethical theories all three will ask the same question, is purchasing loot boxes ethical? We will walk through a thought experiment for Kantianism, rules utilitarianism and social contract theory, to find out if purchasing loot boxes is ethical.

Kantianism states that if something is moral it must be expressed as a universal law while still being logical (Edgar, 2024). So what would be the universal law for loot boxes? A basic one would be “purchasing loot boxes in games is ethical”. What would this lead to? Since we assume everyone acts ethically in this scenario we could assume that all games that could have loot boxes will have loot boxes. What would be those consequences?

Admittedly those consequences are very hard to imagine. It is not a simple action and thus it is not immediately obvious what the consequences would be. One consequence that is easier to determine is that since all games that can possibly have loot boxes do and loot boxes are something that can be put in lots of different games; people who do not like loot boxes would find it very difficult to find games to play that don’t have them. Other consequences would be more speculative in nature because these things are hard to predict.

One thing that could happen is lots of games could rely on the income from these loot boxes. This could lead to more games being developed to support the implementation of loot boxes instead of different ways to fund games. This would cause a cycle of more money being made from loot boxes and fewer games not having them, leaving players who do not enjoy loot boxes having nothing to play.

Both of these thought experiments suggest that the universal rule “purchasing loot boxes in games is ethical” leads to no hard contradiction, but it does lead to a contradiction in the purpose of games in general. Games are something to entertain people, if this rule were true games would entertain fewer people because some would be excluded. So the goal of games would be harmed if “purchasing of loot boxes in games is ethical” was a universal law.

Rules utilitarianism asks us to make rules that will increase the happiness of society as a whole (Edgar, 2024). As for the rule let us see what happens if we make the rule “purchasing loot boxes in games is ethical”. As usual, calculating the happiness or the utility is the most difficult part when considering the ethics of rule utilitarianism. For example, because loot boxes generate a lot of money “15 billion in 2020” does this money increase the utility by enough to offset any harm they do?

Let us start by not talking about money though. It was said that “About 48% of the participants who bought loot boxes said that loot boxes increased their gaming experience, while 18% said loot boxes decreased their experience” (Li et al., 2019). This would suggest that loot boxes increase the overall happiness of the people who use them. But of course, this is not the whole story. “In one survey that allowed for open-ended answers, only 16% of purchasers reported opening loot boxes for the fun, excitement and thrills of opening the box itself” (Zendle et al., 2019). All the rest of the people who bought loot boxes would have had fun without the

loot box's part, the rewards could have been distributed in a different way, even if they were paid rewards.

So currently loot boxes add utils to about 16% of people and lose utils to 18%, how much of each is impossible for me to say, but overall, they don't seem to add or hurt much. So, let us look from another perspective. Money is a nice tangible thing that we can evaluate. A lot of people spend money on loot boxes. The question is does this money changing hands help or hurt? Well, it funds people making games, and games give a lot of happiness to a lot of people so I would argue that if it helps make more games, I think it adds utils to society.

This brings the next very complex point that will need assumptions, if loot boxes let game companies make more money does that increase utils? The assumption, happiness or utils go down per dollar the more money you have, so giving lots of money to a single person is less effective happiness-wise than splitting that same money to multiple parties. The first situation is small companies or just single people making games and the game doesn't make much money from loot boxes. Does the increase in money for the developer increase or decrease overall utils? I would say it is a net zero some people lose money some gain money, not much difference in utils. The second situation is a public company, these companies need to make money for their shareholders, this makes the money gained from loot boxes automatically be given, after paying employees, to people who can afford to buy shares. Since someone who can afford to buy shares is generally better off than the average person playing a game I would say this is a net negative in utils. The last scenario is a large private company. In this scenario, it really makes a difference how the money gets distributed. The more the money from loot boxes is split evenly to everyone in the company, the closer these loot boxes get to net zero utils.

Overall, I would say the rule “purchasing loot boxes in games is ethical” causes a loss of utility or happiness, so we should not use it. Most games that have loot boxes are large public companies. These companies on average do not distribute the wealth they gain through their games well to their employees. These companies were also making games before loot boxes were in them so the number of games being produced has not increased, from these companies, because of loot boxes.

Loot boxes are very much like gambling. They have highs and lows like gambling. You pay money to potentially receive a reward like gambling. Although there are a lot of legal arguments about how loot boxes aren't gambling, some of these arguments hinge on the fact that you are not getting real-world value from the loot box you are buying. The people making these arguments might be motivated by the fact that loot boxes make 15 billion dollars a year. A number so high partly because they are not considered gambling. Even if loot boxes are not legally gambling, they still bring the same physical and emotional response as gambling (Drummond & Sauer, 2018). Children and people susceptible to gambling habits can be taken advantage of without their knowledge because gambling laws do not apply to loot boxes.

To ensure that a rule is fair in social contract theory we need to make said rule from a random person in society. (Edgar, 2024). Since gambling addicts are people in society we have to take them into account. Let us take the same rule from rules utilitarianism “purchasing loot boxes is ethical”. I would say this rule is neutral for most people. All the above reasons for the utilitarianism arguments apply making it neutral from the average person's perspective. One of the clauses of social contract theory is that if the rule creates any social and economic inequality, the inequality must be to the greatest benefit of the least-advantaged members of society (Edgar, 2024). Someone who is a gambling addict is much more likely to spend money on loot boxes

(Zendle & Cairns, 2019) and will spend much less money if there are no loot boxes in the game (Zendle, 2019). A gambling addict who is already less advantaged is going to be taken advantage of by loot boxes. This is the opposite of what social contract theory is supposed to do.

Loot boxes can be a fun way to distribute rewards in games. They have positive or neutral effects for most people. When you can pay for these loot boxes this line of neutral or better gets crossed. We covered three ethical theories, and they all agree that loot boxes have a negative effect. Kantianism and utilitarianism concluded there only was a small negative effect, and social contract theory concluded there was a large negative ethical implication. Since all theories agree, I would argue that purchased loot boxes are unethical in the state they are in now. They have too many of the same pitfalls as gambling and take advantage of the same people. If games want to continue using purchasable loot boxes, I think they should be subject to similar if not the same rules as casinos and other places where you can gamble. This would allow parents and those who are predisposed to gambling addiction to make more informed decisions.

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