**The Ethicality of purchasing loot boxes, a thought experiment**

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Loot boxes are a mechanic that is becoming increasingly popular throughout the game industry. Loot box 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 game, not just acquire them through game play. This paper will discus three ethical theories all three will ask the same question, is purchasing loot boxes ethical? We will walk through a though 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 all purchasing of 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 game 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 a something that can be put in lots of different game; people that 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. Which would cause a cycle of more money being made from loot boxes and less game not having them, leaving players that don’t enjoy loot boxes having nothing to play.

**Apply loot boxes to everything in life. … but that’s gambling**

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

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 that 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 that bought loot boxes could have had fun without the loot box’s part, if the rewards were distributed differently even if they were paid rewards.

So currently loot boxes add utils to about 16% of people and loose utils on 18% how much of each is impossible for me to say, but overall, they don’t seems to add or hurt much. So, lets look from another perspective. Money, the 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 bring 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 goes 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. First situation, 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 lost money some gain money, not much difference in utils. Second situation is a public company, these companies need to make money for their share holders, this make the money gained from loot boxes automatically be given, after paying employees, to people that can afford to buy shares. Since someone who can afford to buy shares are generally better off than the average person playing a game I would say this is a net negative in utils. The last scenario is large private company. In this scenario it really makes a difference how the money gets distributed. The more the money is split evenly the closer to net zero the change in utils from money gained through loot boxes is net zero.

Overall, I would say the rule of loot boxes being ethical cause a loss of utils or happiness. Most games that have loot boxes are large public companies. This companies on average do not distribute the wealth they gain through their games well to their employees, and have been making games even before loot boxes were in games so the amount of games being produced has not increased from these companies because of loot boxes.

Strangely social contract theory creates a perfect situation to talk about how loot boxes are gambling. Loot boxes are very much like gambling. They have highs and lows like gambling. You pay money to potentially receive a reward like gambling. They create the same feeling in people as gambling. There is a lot of legal arguments about how loot boxes aren’t gambling, some of them hinge on since you are not getting real world value from the loot boxes you are buying.

This is a good spot to discuss social contract theory because we get to assume that loot boxes being in games are good for a random person in society. I would say loot boxes are pretty neutral for most people that purchase them. All the above reasons for the utilitarianism arguments apply making it neutral for the average person perspective. But one of the clauses of social contract theory is if any social and economic inequality must be to the greatest benefit of the least-advantaged members of society (slides). Someone who is a gambling addict is much more likely to spend money on loot boxes (Zendle & Cairns, 2019) so this person that is currently less advantaged is going to be taken advantage of by loot boxes because they are more addictive for them. This is the opposite of what social justice theory is supposed to do.

Even if loot boxes aren’t technically or legally gambling they still bring the same physical and emotional response as gambling (Drummond & Sauer, 2018). Children and people susceptible to gambling habits are going to be taken advantage of without their knowledge.

Even if the law doesn’t classify loot boxes as gambling they do share a lot of similarity to slot machines. You pay money for a chance to win something. Some loot boxes are more similar to slot machines than others. For example, some loot boxes can sometimes return some of the currency used to purchase said loot box, this is a classic slot machine tactic that makes you want to play and pay more because you don’t think you are loosing every time.

Loot boxes can be a fun way to distribute your 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 concluded there only was a small negative effect, utilitarianism concluded there was a larger negative effect and lastly 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 to many of the same pitfalls as gambling and take advantage of the same people. If game 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 that are predisposed to gambling addiction to make more informed decisions.

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*Our results do not support arguments that links between loot box spending and problem gambling are simply a consequence of general dysregulation in in-game spending amongst problem gamblers. When loot boxes were removed from Heroes of the Storm, problem gamblers spent significantly less money in-game. Furthermore, exploratory analyses revealed that there was a significant link between problem gambling severity and percentile reduction in spending when loot boxes were removed from a game: the more severe an individual’s problem gambling, the more their spending was reduced when loot boxes were removed from a game.*

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