

## Microtransactions: Bane or Boon?

Forgive me Father for I have sinned. I sold virtual armor and weapons for cash on *e-Bay*. It all started early, with my affinity for role-playing games on the computer. In the 80s it was *The Bard's Tale*, then in the 90s *Diablo* and *Baldur's Gate*. And then, at the turn of the millennium *Diablo 2* entered into my life. It pretty much shook the foundations of the gaming industry, so much so that people now use "*Diablo*" as a reference to an entire game genre. For my part I was pretty good at the game. It was online, which was new at the time, so new in fact that many people were still using dial-up. What was fascinating was that you could interact with other players in the game. Specifically, you could finally show off your characters to other players. This led to a whole lot of trading for hard to get items, which is where I began (continued?) my path of sin.

To put it in context, in 2000 video games still belonged to the young. There were very few "middle-aged" gamers, much less any senior citizens playing. And when you are young, you generally, like me at the time, have more time on your hands than money. With not a whole lot of disposable income, budgets get pretty tight (although plenty of ramen and cheap beer to go around). So for me, when the summer of 2001 rolled around *Diablo 2* had already been out for a while, and I had gathered quite a few valuable items through playing and trading. I wanted to make my characters the best they could be, and in doing so I quickly discovered that the game had evolved its own in-game currency. The "Stone of Jordan" ring, which granted +1 to all skills in the game, became the base unit of currency. This developed more-or-less organically, and *Blizzard* (makers of *Diablo 2*) had no control over things. Nonetheless, the trading system was consistent. For example, you could count on one SOJ to be equal to two Iceblink armors. At the same time two other new factors came into play: *e-Bay* and *PayPal*. The idea of "buying" items for your character with "real-world" money was laughable to most back then, yet somehow, through the miracle of online commerce, it became possible. Items from the game were selling on *e-Bay*, and people were paying with *PayPal*, which in turn could be transferred to a real bank account (my bank account!). I noticed that I had accumulated quite a few of these items, and some were selling high. I thought it over (not for long), and then Sin City baby, the sales spigot was open! And it didn't take me long to realize that a Stone of Jordan sold for \$4.99 on *e-Bay*, and an Iceblink armor sold for the same price. I knew that that same SOJ would get me two Iceblinks in an in-game trade, which meant that I didn't even really need to play the game to make money, I could just exploit the variations in the respective (unregulated) markets. Buy two SOJs on *e-Bay* for \$8.99, trade them for four Iceblinks in-game, sell them back on *e-Bay* for \$4.99 each. I just made 10 bucks. No big deal, but you start adding things up (I kept a spreadsheet record of my sales), and I started to make quite a bit of money. Most of my sales were in the five to twenty dollar range, but I did manage to fetch \$65 for an "IST" rune, and another \$60 for an Oculus wand. At one point I read about a man who made hundreds of thousands of dollars buying lots, splitting them up, and selling the individual items for profit. I thought this was a clever idea and gave it a shot. I purchased a lot on *e-Bay* for \$190, and turned it around for \$350, netting a \$70 profit (only \$70 because I promised my wife a \$90 pair of leather boots as a bribe to get the all clear for the purchase in the first place).

I give you this “origins” story in the form of a confession because at the time, in 2001, it was a “dirty” game I was playing. At first people didn’t understand what I was doing, then when they did understand they didn’t believe it. When I showed them my *PayPal* receipts (it got into the thousands), they both impressed and disgusted. “How could this possibly be?” was the typical reaction, “How could people possibly spend real money for virtual swords?” And after *Diablo 2* it was *Guild Wars*, and still thousands more in profit for me. The rest, if you will, is history. While things started out relatively harmlessly, it got pretty bad, pretty quickly as unscrupulous 3rd parties entered into the fray. Stories came out about Chinese *World of Warcraft* gold farmers living in abandoned airport bunkers, working 16 hours a day farming gold to sell back to players. *Diablo 2* was flooded with 3rd party vendors, spamming you at every turn to go to their website to purchase in game items. I got out of the selling game to avoid the mess that had evolved, and game manufacturers got into this game to fix things, and at the same time make more money for themselves.

Today “Microtransactions” are incorporated into most games, regardless of genre. This has led to some very positive developments as far as gamers are concerned, most noteworthy being the new “free to play” model, with the game supported completely by in-game purchases. Perhaps the most successful is *The League of Legends (LOL)*, although many MMOs have transitioned from subscription models to free to play/microtransaction models (*Lord of the Rings Online*, *The Old Republic*, and *DC Universe Online* to name a few). There are some serious upsides to these trends, like the ability to try a game before investing in it, scaled payment options for different players, and perhaps best of all: no more horrible copy protection schemes (DRM). And so long as microtransactions don’t upset the power balance with the players, it is now seen by most gamers as pretty much harmless.

Unfortunately, many gaming companies see microtransactions as a way of bleeding more money out of consumers, leading to after-the-fact transactional overlays that compromise the player experience for those either unwilling or unable to pay for in-game purchases. Even worse are games that are designed with the primary intent to make money through microtransactions, rather than for the game experience itself. Producers like *Zynga* are resented by many gamers, and even by other game developers, for cheapening the art form with their shamelessly commercial games (*Farmville*, *Mafia Wars*, etc...). And yes, I do think overall microtransactions and companies like *Zynga* have cheapened gaming, but so what? Not everything we do has to be high art. I could right now head down to the Dollar Store to buy a \$1.00 box of *Raisinets* to munch on while I watch my \$1.50 Red Box rental of *Battleship* the movie. I could instead use that \$2.50 to buy a “Warlord Shen” skin and show it off to my LOL friends. Many people might call these a waste, others might see view them as money well spent. In either case I don’t think my priest will be expecting a confession.

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