

IN-GAME PURCHASES



Today's video games present expansive worlds that evolve over time in fresh and exciting ways to create ever-changing stories that delight consumers. The game experience is far different than from decades past, in which the full extent of the game was limited to the software in the box. Not so today, as publishers routinely provide online enhancements, such as updated team rosters, additional kingdoms to explore, refreshed inventories of virtual items, seasonal events and daring new missions to enthrall players. Despite publishers providing a wealth of new content post-launch, and live services to connect players across the world, the initial purchase price of the industry's most popular games has remained stable over the past decade. In-game purchases help make additional content and ongoing online services possible in a way that provides consumers the option to pay for what they want and skip what they don't—all while keeping the initial purchase price of games moderate or, in some cases, free.

Empowering Consumers with Market-Driven Choices on How to Access Game Content

Video games are a great value for the money. Since 2005, a Netflix subscription has increased 100%, and a cable TV package 107%—while the price of popular video games has remained nearly the same. This has happened despite production costs for the most popular video games soaring past \$100 million—an increase of between 200% and 300% over the last 15 years. The initial purchase price of video games remains one of the single best values in today's entertainment marketplace. Because of the interactive nature of video games, players expect a living, persistent world with refreshed content and new experiences. In-game purchases make possible both this wealth of content as well as a host of live services, which keep the games fresh and interesting. Game publishers have provided consumers with choice to meet this demand in a cost-effective manner. Players who want to purchase optional content can do so, and those who do not can continue to enjoy the core game without making additional purchases. In either case, the player can obtain the same or comparable items through successful gameplay. In the case of mobile games, the option to purchase virtual items and other game enhancements enables publishers to offer consumers—some of whom may be new to video games—a low-cost entry point for experimenting with them. In addition to these purchase options, players also expect a host of live services to be provided long after the game's launch. These live services, such as matchmaking and leaderboards, are available to all players, not just those who make purchases.

These purchase options, which have been common across a wide variety of video games for a number of years, can include season passes, new characters, outfits, in-game currency, extra lives, boosts to new levels or randomized virtual items (i.e., often called "loot boxes," where the consumer acquires a virtual box, container or card pack, but does not know which items are inside until after the purchase).

Equipping Consumers with Information and Tools to Control Their Game Experience

Consumers deserve to know the key features of a game before they buy it, including whether that game offers in-game purchases. That is why all video games published on game consoles

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and sold in stores in the U.S. display ratings assigned by the Entertainment Software Rating Board (ESRB), which include notices about the presence of in-game purchases and other key interactive features. In addition to the ESRB rating information, publishers provide additional disclosures about randomized virtual items. Taken together, players, parents and caregivers can use this information in conjunction with the platform's player and parental controls to set spending limits.

- **ESRB Rating Information:** One component of the ESRB rating system is the disclosure of various Interactive Elements that may be present in a given game, including whether a game incorporates "in-game purchases." These disclosures appear on product packaging, advertisements, websites and wherever games are downloaded or sold.
- The ESRB assigns one of two Interactive elements depending upon the type of in-game purchases offered in a game:
 - **In-Game Purchases:** Contains in-game offers to purchase digital goods or premiums with real world currency, including but not limited to bonus levels, skins, music, virtual coins and other forms of in-game currency, subscriptions, season passes and upgrades (e.g., to disable ads).
 - **In-Game Purchases (Includes Random Items):** Contains in-game offers to purchase digital goods or premiums with real world currency (or with virtual coins or other forms of in-game currency that can be purchased with real world currency) for which the player doesn't know prior to purchase the specific digital goods or premiums they will be receiving (e.g., loot boxes, item packs, mystery awards).
- **Voluntary Commitment to Disclose Probabilities:** When players purchase randomized virtual items, they always receive something that they can use in the game. Still, some consumers have found it helpful to know what the odds or probabilities are for obtaining more sought-after items, similar to how a pack of baseball cards might disclose the odds of getting a premium foil card. To respond to this, in the fall of 2019, all three of the console makers and many of the leading publishers made a voluntary commitment to provide enhanced transparency about randomized in-game purchases, starting in 2020. Specifically, they committed to disclose the relative rarity or probability of obtaining randomized virtual items in new or updated games that offer that purchase experience.
- **Spending Controls:** All three of the major console platforms, plus PC and mobile devices, have the ability to manage spending in games available on those platforms. Depending upon the platform, the user can set spending limits or block spending altogether. In fact, when it comes to child accounts, some platforms have a default spending limit set to zero. Additionally, each of the console platforms have a simple-to-use companion mobile app that enables parents to control and monitor remotely from their smartphone what, when and with whom their children play.
 - According to a recent study commissioned by the ESRB and conducted by Hart Research Associates, 90% of parents said that they require permission before allowing their kids to make any in-game purchases with real money, and 74% said there is no flexibility with this rule. While laying down the law is important, so is enforcement, with 82% of parents using parental controls to limit (or block) in-game purchases.