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Deceptive Advertising in Video Games

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Introduction

As of 2021, the market size of the video games industry has reached a figure of more than \$110 billion.¹ On top of this, the total revenue of streaming services in the video game industry reached \$78 million in 2021.² The data compiled by IBISWorld shows that the given figures have grown over the past decade and are predicted to continue growing, as shown in Figure 1. The growth of the video game industry and the increasing size of the streaming industry lead to the possibility that the industry could greatly impact people's financial decisions, given its size and power. Therefore, it is important to understand how consumers' decisions are affecting the market so that they can make better financial decisions. In order to understand consumers' decisions, the first step would be to analyze previous instances of companies abusing advertising strategies, such as those through streaming services, which unethically influence consumers' decisions to invest money or not invest money in their product.

In the case of Battlefield 2042, for example, the publisher, Electronic Arts (EA), produced and distributed advertisements on sites such as YouTube, which misrepresented the state of the game and led to a discrepancy between a large number of sales and the consumer perception of the game. They stated that the game was "way ahead of where we were in prior product cycles," according to Tom Ivan of VGC in February of 2021.³ However, the game was released in an unfinished, unpolished state. The players perceived the game to be bad, with a current average user score of 2.1 out of 10 on Metacritic, an online forum where consumers and

critics can post reviews.⁴ Despite the poor release, *Battlefield 2042* had earned a spot among the top 5 most pre-ordered games on Steam, the most popular digital video game distributor on PC, by the end of the first week of October 2021.⁵ On its first week of sales, the game had reached a figure of more than 4.2 million total players cumulatively.⁶ This discrepancy in sales and perception of a video game is prevalent with too much regularity in the industry and is not looked at with a critical lens enough. *Battlefield 2042* serves as an example of how video game developers and publishers are using deceptive advertising to manipulate consumers' financial decisions in an unethical manner, that is a manner which is detrimental to a consumer's ability to rely on facts in order to make financial decisions, such as lying to a consumer about what a product provides. That is what this paper plans to look at. Does deceptive advertising influence a consumer's willingness to buy a video game, willingness to play a video game, and perception of the video game? The research in this paper suggests that deceptive advertising is not guaranteed to increase or even stabilize video game player counts when looking over a 1 to 3-month period after release and may lead to negativity surrounding a video game.

define deceptive advertising but has ruled that “unfair or deceptive acts or practices” are unlawful.⁸ Given the discrepancies between the advertisements of games such as Battlefield 2042 and their performance, combined with the lack of attention by the FTC on deceptive advertising in the video game industry, deceptive advertising in the video game industry should be given more attention than it currently is. Deceptive advertising is unethical and could have a negative impact on a company’s health. Raymond Chimezie Ukaegbu, the Managing Director and CEO of Supreme Events in Nigeria, found that in the soap industry, 73% of consumers care about whether or not a product was accompanied by deceptive advertising.⁹ This indicates that a majority of consumers care about deceptive advertising. Even consumers who are not initially affected by deceptive advertising or do not care may still be affected in the future. Therefore, deceptive advertising affects consumers' perception of a product, which contradicts a company’s goals. A company wants to sell products to consumers and bring in as much revenue as possible. Building a positive relationship with consumers benefits companies as consumers are more likely to buy products they like.

Deceptive advertising, as per the FTC, does not require an “‘actual’ effect on purchase behavior to prove the adverse impact of a claim.”¹⁰ Therefore, in the eyes of the FTC, it does not matter whether or not consumers buy a product due to deceptive advertising. Deceptive advertising is bad regardless of the actual effect on consumer behavior. Deceiving consumers to gain revenue is unethical and harmful to consumers and the future of the industry. If consumers

Kenneth Clarkson and Timothy Muris, *The Federal Trade Commission*, 234

Ukaegbu, “Deceptive Advertising,”

Richards, *Deceptive Advertising*, 98

people liked the game of those who gave a review in a given time frame. Player counts for each video game were pulled from SteamDB, a site that gives “more insight into the Steam database... [which tracks] updates for both applications and packages... [and keeps] a history of all changes made to both applications and packages.”¹¹ Steamdb is mostly accurate, but naad ml (i)-2(ons)-1 (a)

that include 2 to 4, 5 to 9, or 10 or more positive results give the video game a DAR of 1, 2, or 3, respectively.

No Man's Sky

One of the most significant examples of deceptive advertising is the video game No Man's Sky by Hello Games. Trailers for the game were shown at E3, an event to show off and experience new video games. The trailers were presented as gameplay with no notice that said trailers were, in fact, pre-rendered scenes. Therefore, people perceived the trailers to display an experience that would vary greatly from the final product. Sean Murray, the founder and managing director of Hello Games, gave statements regarding the features that would be present in the game. No Man's Sky was stated to have multiplayer features and large-scale battles.

sometimes referred to as a triple-A game, is a game that has a high budget, high-profile, and is developed by a large studio. These classifications are generalized, and it has been accepted to classify a game by its price tag due to the assumed relationship between a game's price and its value. No Man's Sky was sold for \$60 despite not meeting all the requirements of a triple-A game, which created the impression that the game was going to have the quality of a triple-A game. The game did not release in the state it was expected to. This translated to the game having a DAR of 3, with 57 positive results of deceptive advertising on Google. Thus, No Man's Sky is a perfect example of how deceptively advertising a game, intentionally or not, can generate a large profit at the expense of the consumer.

Fallout 76

During his speech at E3 2018, Todd Howard revealed Fallout 76 and made numerous claims regarding the game. Fallout 76 was claimed to have all-new rendering, lighting, and landscape technology. The game would have sixteen times the detail compared to previous games, and the player would be able to view distant weather systems across the map. While these claims were not false, they did not paint the full picture of the game. The game was released in an objectively broken state with no prior warning. Of course, a company would not claim that its game is unfinished when releasing it to the public. However, the omission of the state of the game and the inclusion of the praise given to the game created a lopsided perspective.

This could lean towards deceptive advertising, as the Supreme Court ruled in *P. Lorillard Co v. FTC* “[t]o tell less than the whole truth is a well-known method of deception... and he who deceives by resorting to such a method cannot excuse the deception by relying upon the

truthfulness per se of the partial truth.”¹⁴ Deceptive advertising was also found in the merchandising surrounding the game, the bundles of the game, and in-game microtransactions. Bethesda, the publishing company, marketed and sold a nuka cola bottle of rum, a real-life replica of an iconic in-game item, alongside the sale of the game. The advertising material and video implied that the bottle was made of glass and showcased it alongside other glass products.¹⁵ The bottle was instead a plastic mold shaped to look like the in-game item. On top of this, a \$200 edition of the game promised the consumer a copy of the game, a wearable power armor helmet, a terrain map, twenty-four figurines, a steel book, in-game items, and a canvas

level of sixty frames when the game does not. As a result, the game would have 29 positive results of deceptive advertising on Google and give the game a DAR of 3.

Research and Analysis

These three games show how companies abuse deceptive advertising in the video game industry and how it can affect a consumer's decision to purchase a video game, which gives a

decrease in the mean from Figure 2 by 5.2205 positive results and a decrease in the standard deviation by 12.2511. The mean decreased by approximately 64.7% and the standard deviation decreased by approximately 86.6% from Figure 2. This shows that the 4 games with a DAR of 3 were significant outliers in the sample. Therefore, the games with a DAR of 3 should be closely compared with those with a DAR of 0, 1, and 2.

Figure 4 shows the mean average change in player count per day over the first 7 days

would be better for video game companies not to utilize deceptive advertising, as games perceived as less deceptive tend to gain players over the first 30 days of their release.

Figure 6 and Figure 7 show the mean user rating score on Steam of the games in each DAR group. These figures were calculated by dividing the total positive reviews for the given period by the total number of reviews and multiplying by 100 to get the percentage of reviews that are positive for each game. Then, the mean was found for the games in each DAR group. Figure 6 shows the mean over a period of 1 month after each game's release, and Figure 7 shows the mean over a period of 3 months after each game's release. For both figures, there is a steady decrease in the mean user rating for games as they move from a DAR rating of 0 to 1, 1 to 2, and 2 to 3. As both figures show the same pattern, it is possible to conjecture that as games are perceived to be more deceptive they are received worse compared to games that are perceived to be less deceptive in their advertising, irrespective of the period after a game's release. This conjecture would hold that the games with more deceptive advertising continued to utilize deceptive advertising or did not change their advertising methods. If a game changed its advertising, it would not be held back from increased positive ratings. A similar conjecture can be made using Figure 8 and Figure 9 as both figures show a similar trend using Metacritic user and critic scores. However, Metacritic is a site that shows scores for media at the time of

been goliaths in the industry for well over two decades. They have been known for creating great games in the past, and they may have built too good of a reputation to fail. Consumers may get upset, however, these companies still publish the highest-selling games each year, and their history could be a large factor. Call of Duty, a game published by Activision since 2003, has been the top-selling game nine times from 2009 until 2019, only beat by Grand Theft Auto V in 2013.²¹ Complaints about Call of Duty have been made for numerous years, yet these games continue to succeed and break records. These companies show how powerful a few select companies can be even when a large number of people dislike their products.

Conclusion

The data in Figures 4 through 9 indicate that the more a game is perceived to be deceptive in advertising, the player count is more likely to decline over a 7-day and 30-day period from the game's release, and the game is more likely to be disliked by players. These two aspects are important for the success of a video game. A successful video game in the long term more often than not has a healthy player count and decent reviews. If a video game does not have these aspects, it would be reasonable to conclude that consumers will eventually stop buying video games from the respective producer, and revenue will decrease for the company. While a video game with deceptive advertising practices is not guaranteed to lose players faster or slower than a game without such practices, the data proposes that it is more likely. Consumers may feel cheated when they buy a game that utilizes deceptive advertising and receive a product different than expected. This will lead to a drop in consumers, a drop in revenue and video game sales,

Webb, "The Best-Selling,"

and resentment towards the respective game by the consumers as suggested by the data.

Therefore, it is not only unethical to participate in deceptive advertising practices, but it can also be bad for businesses.

Figure 1: Shows the market size of the video game industry in billions of USD for each year starting in 2013. Sourced from IBISWorld. "Market size"

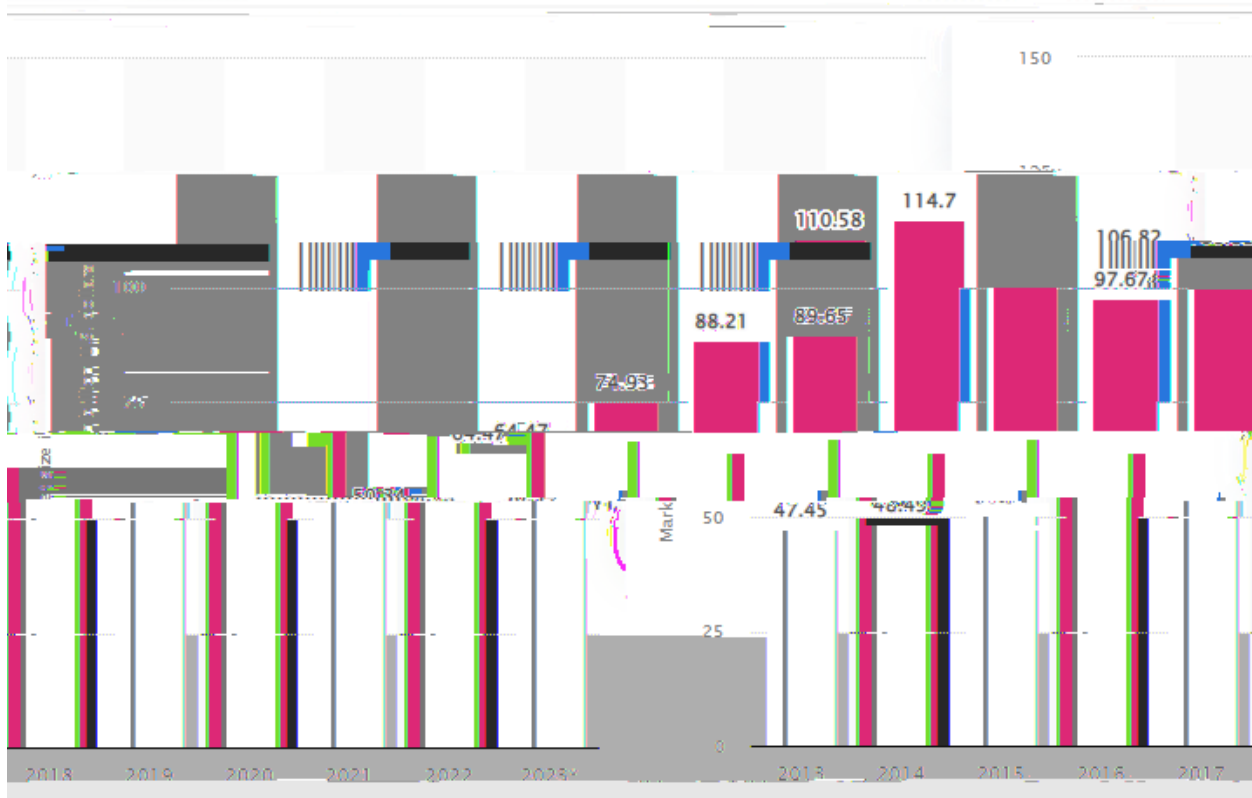


Figure 2: Shows the one-sample t-test for the sample of each video game’s deceptive advertising rating positive results.

One-Sample Statistics

| | N | Mean | Std. Deviation | Std. Error Mean |
|------------------------------|----|--------|----------------|-----------------|
| Deceptive advertising rating | 30 | 8.0667 | 14.14197 | 2.58196 |

Figure 3: Shows the one-sample t-test for the sample of each video game's deceptive advertising rating positive results excluding those with a deceptive advertising rating of 3.

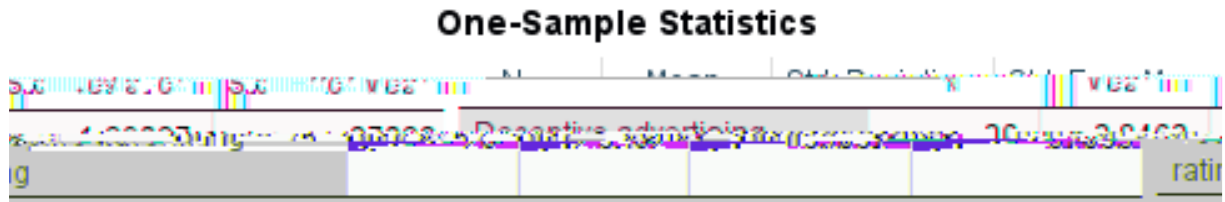


Figure 4: Shows the average mean change in player count per day over the first 7 days of the video games in each deceptive advertising rating category.

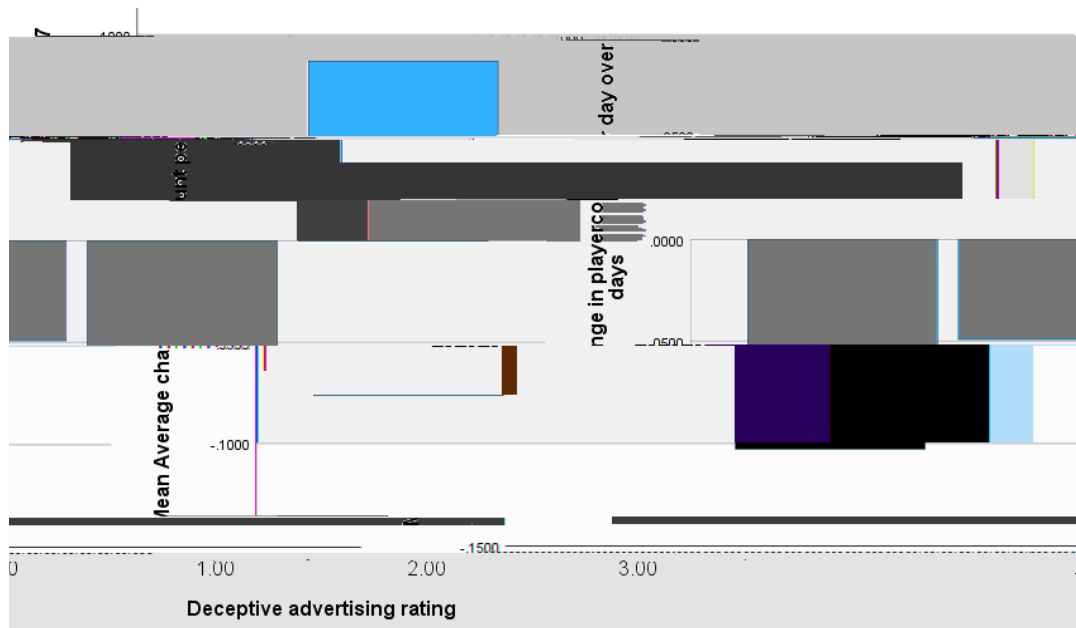


Figure 5: Shows the average mean change in player count per day over the first 30 days of the video games in each deceptive advertising rating category.

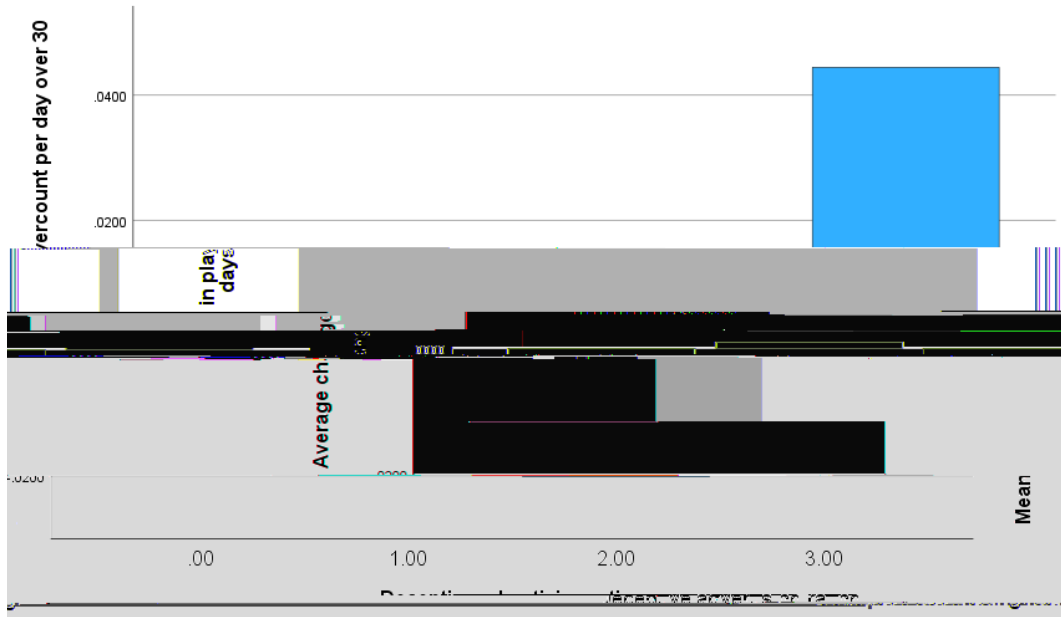


Figure 6: Shows the mean user rating on Steam of the video games in each deceptive advertising rating category for the first month after launch.

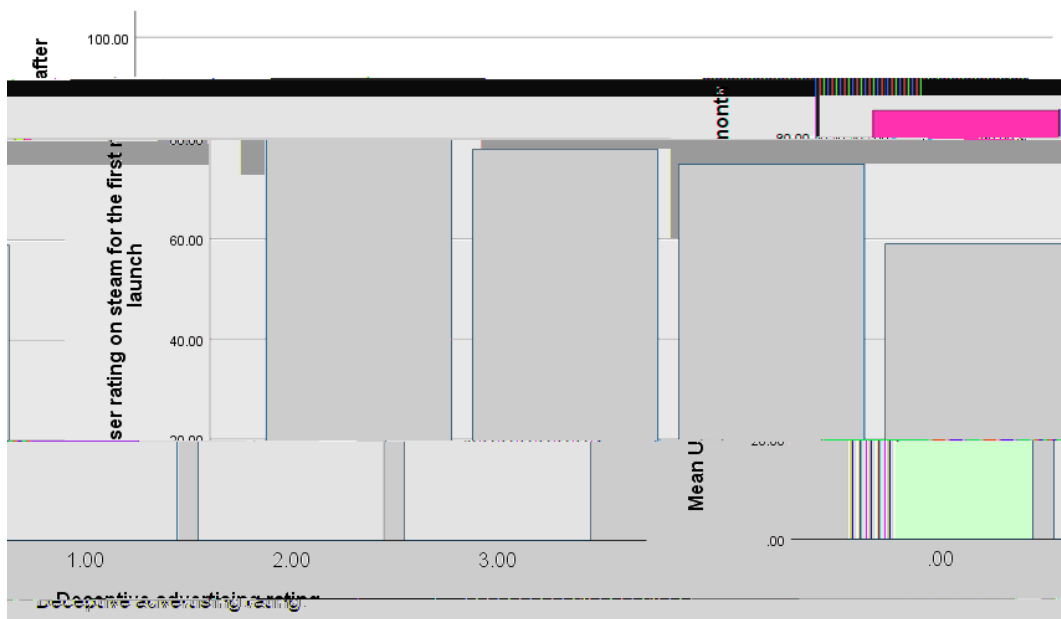


Figure 7: Shows the mean user rating on Steam of the video games in each deceptive advertising rating category for the first 3 months after launch.

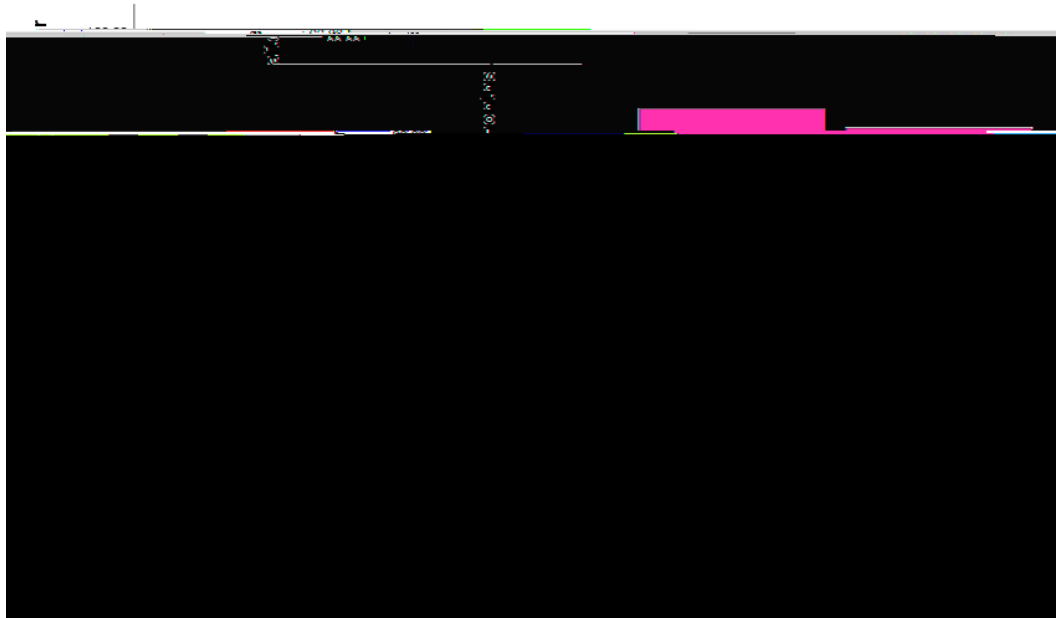


Figure 8: Shows the mean Metacritic critic score of the video games in each deceptive advertising rating category.

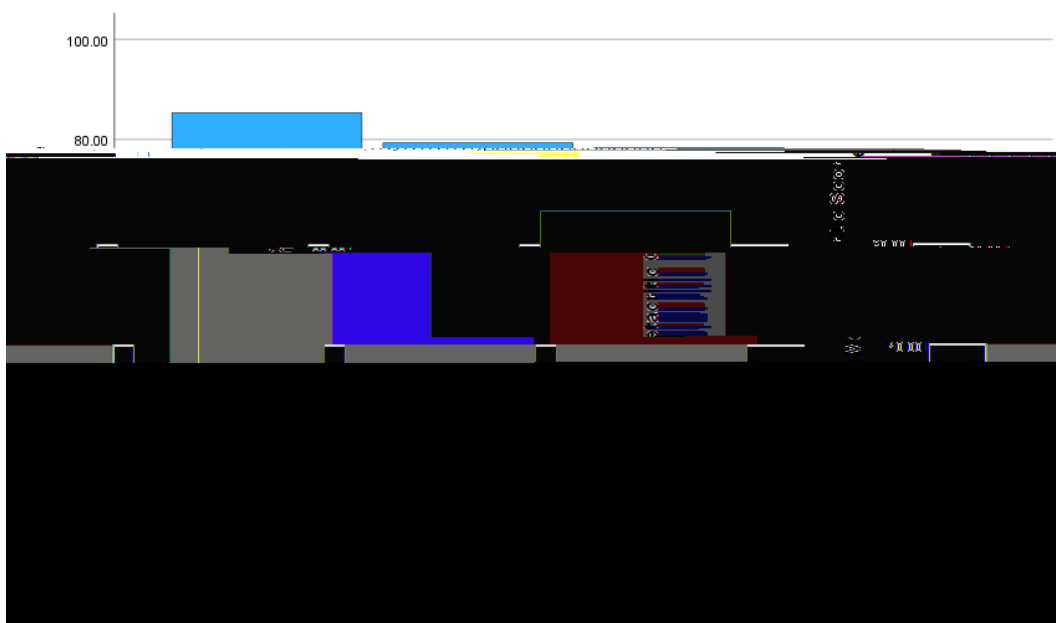
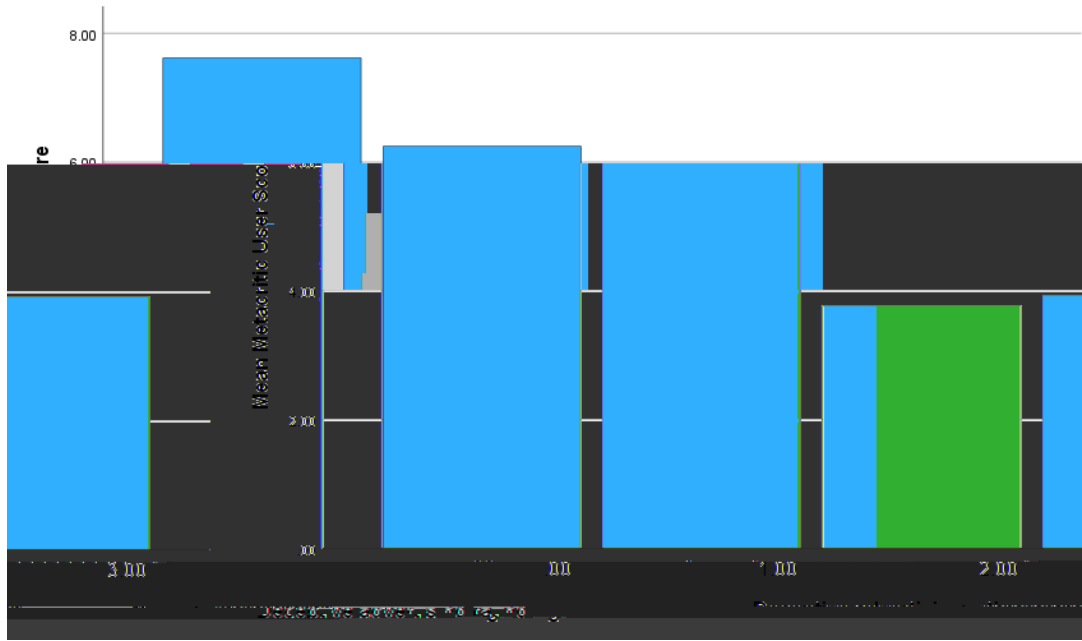


Figure 9: Shows the mean Metacritic user score of the video games in each deceptive advertising rating category.



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