

Compliance with loot box regulation in the UK, the Netherlands, China, South Korea, and Taiwan

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EXTENDED ABSTRACT

Data for this project will gradually be made publicly available via: <https://doi.org/10.17605/OSF.IO/XWUSP>.

Loot boxes are products inside video games that can be purchased with real-world money to obtain random rewards (Drummond and Sauer 2018). They are psychologically gambling-like and spending on them has been linked to problem gambling (Zendle and Cairns 2018; Spicer et al. 2022; Garea et al. 2021). However, most loot boxes are not regulable under the gambling laws of nearly all countries (Leahy 2022; Moshirnia 2018). Various regions have therefore attempted other ways to regulate them.

In China, companies are required to disclose the likelihood of obtaining various rewards. In 2020, it was found that although nearly all companies did comply, many chose to disclose using methods that were difficult for consumers to access (Xiao et al. 2021). By 2024, four years would have passed since then. It would be interesting to reassess the situation to see whether companies' compliance has improved through a replication of the original study. Newer games, which are presumably more likely to comply better, may also have replaced some of the older games.

South Korea and Taiwan have also adopted similar measures concerning probability disclosures, although with unique additional requirements (such as the need in Taiwan to attach an additional statement saying: 'This is a product with a chance to win prizes. Consumers' purchase or participation in the event does not mean that they will obtain specific products.') (Xiao 2023). South Korea is expected to also set out more specific rules about how disclosures should be made in due course. Whether companies would be aware of and comply with such localised requirements remains to be seen.

In the UK, the government has asked the industry trade body to better self-regulate (Department for Digital, Culture, Media & Sport (UK) 2022). These self-regulations include, amongst others, probability disclosure requirements, presence warning

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labels and preventing under-18s from purchasing loot boxes without parental consent (Ukie (UK Interactive Entertainment) 2023). That last industry commitment may be complied with by different companies through varying technical means.

In the Netherlands, the consumer protection regulator, the Autoriteit Consument & Markt (ACM), has actively enforced EU consumer protection law by demanding probability disclosures (for each individual item that could potentially be obtained) and that all in-game purchases be priced in terms of euros, rather than an invented in-game currency (Autoriteit Consument & Markt [Authority for Consumers & Markets] (The Netherlands) 2023). The ACM is the only regulator to require video games to disclose the pricing of all in-game purchases using euros, rather than, for example, '100 magical purple gems,' which is most games do. Indeed, this regulatory advice is contrary to that of the UK advertising regulator, for example (Committee of Advertising Practice and Broadcast Committee of Advertising Practice 2021). It would be interesting to see whether the most popular games in the Netherlands are complying with this measure by playing them and examining them. The main insight that can be derived is whether companies have taken specific action to comply with Dutch rules by making a dedicated national version of the game.

Few studies have been conducted on companies' compliance with these requirements, and a considerable length of time (in the context of the rapidly developing video game industry) has passed since those few studies were conducted (e.g. Xiao, Henderson, and Newall 2023). The results of companies' compliance with the aforementioned requirements will be assessed through fieldwork in five regions (China, South Korea, Taiwan, the UK, and the Netherlands) examining the 100 highest-grossing games in each of those regions. The highest-grossing games in each region will be analysed in detail to identify loot boxes and any compliance measures that have been implemented.

We would be able to learn how prevalent loot boxes are across different regions, which helps our international understanding of the issue. Importantly, the results can inform the policymakers of those regions whether their rules are being effectively complied with and enforced. In addition, the lawmakers of other countries considering similar regulations could also benefit from these insights on implementation, compliance, and enforcement.

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