1	Assessing compliance with UK loot box industry self-regulation on the Apple
2	App Store: a 6-month longitudinal study on the implementation process
3	
4	Leon Y. Xiao***¶ [0000-0003-0709-0777] $<$ lexi@itu.dk $>$
5 6	*: Center for Digital Play, IT University of Copenhagen, Denmark
7	†: Department of Computer ScienceSociology, Manchester Metropolitan University
8	of York, UK
9	*: Transatlantic Technology Law Forum, Stanford Law School, CA, USA
10	E: The Honourable Society of Lincoln's Inn, UK
11	
12	Abstract
13	Loot boxes in video games can be purchased with real-world money in exchange for
14	random rewards. Stakeholders are concerned about loot boxes' similarities with
15	gambling and their potential harms (e.g., overspending). The UK Government has
16	decided to first try relying on industry self-regulation to address the issue, rather
17	than to impose legislation. These self-regulations have since been published by Ukie
18	(UK Interactive Entertainment). Many stakeholders are interested in a transparent
19	and independent assessment of their implementation. Compliance with some of
20	these self-regulatory measures are empirically testable. The highest-grossing iPhone
21	games will be played for up to one hour to confirm whether they contain loot boxes.
22	If they do, probability disclosures will be searched for in-game; presence disclosures
23	will be searched for on the Apple App Store product page; and attempts will be
24	made to purchase loot boxes without parental consent whilst pretending to be under
25	18 (e.g., entering an appropriate birth date whenever demanded). This will be done
26	six months after the publication of the principles (baseline; to track the
27	implementation progress) and then again 12 months after their publication (follow-
28	up; to check compliance, as by that point all games would be required to comply).
29	Conclusions will be drawn as to whether the measures have been complied with by
30	companies to an adequate degree. In addition, by checking whether the games
31	identified as non-compliant at baseline have since complied or been removed at
32	follow-up, conclusions will be drawn as to whether stakeholders (e.g., Apple) are
33	enforcing the regulations.
34	
35	Keywords:

- 36 Loot boxes; Video games; Video gaming regulation; Interactive entertainment law;
- 37 Information technology law; Consumer protection; Industry self-regulation; Social
- 38 corporate responsibility

## 39 Conflict of Interest

- 40 L.Y.X. was employed by LiveMe, then a subsidiary of Cheetah Mobile
- 41 (NYSE:CMCM), as an in-house counsel intern from July to August 2019 in Beijing,
- 42 People's Republic of China. L.Y.X. was not involved with the monetisation of video
- 43 games by Cheetah Mobile or its subsidiaries. L.Y.X. undertook a brief period of
- 44 voluntary work experience at Wiggin LLP (Solicitors Regulation Authority (SRA)
- 45 number: 420659) in London, England in August 2022. L.Y.X. has contributed and
- 46 continues to contribute to research projects that were enabled by data access
- 47 provided by the video game industry, specifically Unity Technologies (NYSE:U)
- 48 (October 2022 Present). L.Y.X. has met and discussed policy, regulation, and
- 49 enforcement with the Belgian Gaming Commission [Belgische Kansspelcommissie]
- 50 (June 2022 & February 2023), the Danish Competition and Consumer Authority
- 51 [Konkurrence- og Forbrugerstyrelsen] (August 2022), the Department for Digital,
- 52 Culture, Media and Sport (DCMS) and its successor of the UK Government (August
- 53 2022 & August 2023), PEGI (Pan-European Game Information) (January & March
- 54 2023), a member of the European Parliament (February 2023), the US Federal Trade
- 55 Commission (February 2023), the Finnish Gambling Administration at the National
- 56 Police Board [Poliisihallituksen arpajaishallinto / Polisstyrelsens lotteriförvaltning]
- 57 (March 2023), the Danish Gambling Authority [Spillemyndigheden] (April 2023), the
- 58 Netherlands Authority for Consumers and Markets [Autoriteit Consument & Markt]
- 59 (May & June 2023), and the Swedish Gambling Authority [Spelinspektionen] (June
- 60 2023). L.Y.X. has been invited to provide advice to the DCMS on the technical
- 61 working group for loot boxes and the Video Games Research Framework. L.Y.X. was
- 62 the recipient of two AFSG (Academic Forum for the Study of Gambling)
- 63 Postgraduate Research Support Grants that were derived from 'regulatory
- 64 settlements applied for socially responsible purposes' received by the UK Gambling
- 65 Commission and administered by Gambling Research Exchange Ontario (GREO)
- 66 (March 2022 & January 2023). L.Y.X. has accepted funding to publish academic
- 67 papers open access from GREO that was received by the UK Gambling Commission
- as above (October, November, & December 2022 & November 2023). L.Y.X. has
- 69 accepted conference travel and attendance grants from the Socio-Legal Studies
- 70 Association (February 2022 & February 2023); the Current Advances in Gambling
- 71 Research Conference Organising Committee with support from GREO (February
- 72 2022); the International Relations Office of The Jagiellonian University (Uniwersytet
- 73 Jagielloński), the Polish National Agency for Academic Exchange (NAWA;

- 74 Narodowa Agencja Wymiany Akademickiej), and the Republic of Poland
- 75 (Rzeczpospolita Polska) with co-financing from the European Social Fund of the
- 76 European Commission of the European Union under the Knowledge Education
- 77 Development Operational Programme (May 2022); the Society for the Study of
- 78 Addiction (November 2022 & March 2023); the organisers of the 13th Nordic SNSUS
- 79 (Stiftelsen Nordiska Sällskapet för Upplysning om Spelberoende; the Nordic Society
- 80 Foundation for Information about Problem Gambling) Conference, which received
- 81 gambling industry sponsorship (January 2023); and the MiSK Foundation (Prince
- 82 Mohammed bin Salman bin Abdulaziz Foundation) (November 2023). L.Y.X. has
- received an honorarium from the Center for Ludomani for contributing a parent
- 84 guide about a mobile game for Tjekspillet.dk, which is funded by the Danish
- 85 Ministry of Health's gambling addiction pool (Sundhedsministeriets
- 86 Ludomanipulje) (March 2023). A full gifts and hospitality register-equivalent for
- 87 L.Y.X. is available via: <a href="https://sites.google.com/view/leon-xiao/about/gifts-and-">https://sites.google.com/view/leon-xiao/about/gifts-and-</a>
- 88 <u>hospitality-register</u>. The up-to-date version of L.Y.X.'s conflict-of-interest statement
- 89 is available via: <a href="https://sites.google.com/view/leon-xiao/about/conflict-of-">https://sites.google.com/view/leon-xiao/about/conflict-of-</a>
- 90 interest.

## 91 1. Introduction 92 Loot boxes are products inside video games that players can buy to obtain random 93 rewards. Some non-paid loot boxes may be obtained without spending real-world 94 money (e.g., through performing various in-game tasks)<sup>[1]</sup>. However, the present 95 study focuses on paid loot boxes that players spend real-world money to purchase 96 either directly or indirectly by spending money to purchase 'premium' in-game 97 currency that can then be used to buy loot boxes. Hereinafter, references to 'loot 98 boxes' refer only to 'paid loot boxes' unless otherwise specified. Importantly, a 'loot 99 box' needs not be visually portrayed as a box: any in-game purchase involving real-100 world money with any randomised elements satisfies the definition<sup>[2]</sup>. 101 102 Stakeholders (e.g., consumers, parents, and advocacy groups) are concerned about loot boxes' structural and psychological similarities with gambling[3] and how 103 104 vulnerable consumers (e.g., children and people experiencing problem gambling 105 harms) might be at risk of overspending money<sup>[4-6]</sup>. Policymakers around the world are considering potential regulation<sup>[7–10]</sup>, and a few countries have already taken 106 107 action<sup>[11]</sup>. For example, in 2018, Belgium applied pre-existing gambling law to 108 attempt to 'ban' loot boxes as unlicensed illegal gambling<sup>[12]</sup>. However, this 109 intervention has been poorly enforced, such that 82 of the 100 highest-grossing 110 iPhone games on the Belgian Apple App Store in mid-2022 continued to sell loot boxes in exchange for real-world money<sup>[13]</sup>. The Belgian experience demonstrates 111 112 that a traditional gambling regulator that was originally resourced (e.g., in terms of 113 public funding and manpower) to monitor only the traditional gambling industry 114 would not be capable of also regulating the video game industry (which is 115 composed of many smaller operators often based in foreign jurisdictions) without significantly more additional support, monetary and otherwise. 116 117 118 For other countries, amending gambling law to additionally include loot boxes and 119 thereby place them within the purview of the gambling regulator is therefore likely 120 unworkable without substantial investments towards that end. Such investments may be viewed as an unjustifiable expenditure of public money $^{[14(paras\ 248-250)]}$ . 121 122 Recognising that, the UK Government (specifically, the Department for Culture, 123 Media and Sport (DCMS)) decided in July 2022 to ask the industry to try better self-124 regulating loot boxes and addressing relevant concerns first, rather than to

immediately impose legislation<sup>[14]</sup>. The Government did promise that it 'will not

126 hesitate to consider legislative options,' if video game companies and platforms do not 'improve protections for children, young people and adults' and if 'tangible 127 128 results' cannot 'begin to be seen in the near future' [14(para. 32)]. These self-regulatory 129 rules, presented as 11 principles, have since been published one year later by Ukie 130 (UK Interactive Entertainment), the national video game industry trade body, on 18 131 July 2023<sup>[15]</sup>, with support from the Government<sup>[16]</sup>. 132 133 Besides the aforementioned Belgian example, previous research has also found that 134 companies' compliance with various other loot box-related regulation has been poor. 135 In China, where companies are required by law to disclose the probabilities of 136 obtaining various random rewards from loot boxes<sup>[17]</sup>, most high-grossing games 137 were found to have complied sub-optimally by choosing methods of displaying the 138 disclosures that lacked visual prominence and were difficult to access<sup>[18]</sup>. Indeed, 139 industry self-regulation of loot boxes is not a new concept and has already been 140 attempted for several years to dubious benefit. The potential underlying efficacy of 141 the interventions has not been scientifically proven and has never been measured 142 since implementation (although this easily could have, and should have, been done 143 by the industry to inform all stakeholders and improve public confidence). 144 Importantly, many of the highest-grossing games were found to have been non-145 compliant, and relevant platforms and rule-makers did not appear to have actively monitored compliance, nor punished non-compliance, with previous industry self-146 regulation. For example, in mid-2021, 36% of the highest-grossing iPhone games 147 148 containing loot boxes were found to have failed to disclose probabilities, as required 149 by Apple App Store's platform rules, seemingly with impunity<sup>[19]</sup>. 150 151 The North American (ESRB; the Entertainment Software Rating Board) and 152 European (PEGI; Pan-European Game Information) age rating organisations' 153 mandated loot box presence warning label was not properly implemented through 154 the IARC (International Age Rating Coalition) system, such that 71% of popular 155 games containing loot boxes did not bear the label on the Google Play Store and 156 thereby failed to inform consumers about the potential risks<sup>[20]</sup>. Many games were 157 also identified as unlabelled on other storefronts operated by Epic Games, Nintendo, Sony, and Microsoft<sup>[21]</sup>. A number of unlabelled games have since been duly labelled, 158 159 for which some credit is due to the self-regulatory age rating organisations; 160 however, that was done only in response to external academic scrutiny and after

being explicitly requested, in the absence of which, those games would likely have remained incorrectly unlabelled even today<sup>[22]</sup>.

Prior research has demonstrated that loot box regulations, particularly industry self-regulatory ones, were poorly complied with in the past. Accordingly, reasonable doubt can, and ought to, be cast on whether companies will comply with the newly proposed UK loot box industry self-regulation. Many stakeholders are interested in a transparent and fair assessment of the implementation of the Ukie self-regulatory principles. Not every principle contained therein is capable of empirical study. For example, Principle 7 is to support the implementation of the *Video Games Research Framework*<sup>[23]</sup>, which is a UK Government document intended to promote better research into video games and related issues. Similarly, Principle 9 is a commitment to adopt more lenient refund policies when it can be demonstrated that in-game purchases were made without parental consent or knowledge. Such principles would be welcomed by all stakeholders without controversy, but compliance with them is difficult to quantify or objectively measure against a predetermined standard.

However, three principles are empirically testable (and indeed two of them have already previously been so assessed<sup>[18-21]</sup>). Firstly, Principle 1 demands that the purchase of loot boxes with real-world money by under-18s is to be restricted such that it may only be done with parental consent. (This is the only 'new' requirement that has not already been otherwise introduced; the following two requirements should already have been adopted elsewise as detailed below.) Secondly, Principle 4 requires companies to disclose the presence of paid loot boxes to consumers prior to purchasing or downloading the game using, *inter alia*, the relevant PEGI presence warning label<sup>[24]</sup>. Thirdly, Principle 5 states that companies must make probability disclosures informing players of their likelihood of obtaining various random rewards from loot boxes.

Companies have been given a 12-month implementation period (starting from 18 July 2023) to adopt these measures<sup>[15]</sup>. In other words, one cannot say that a game that continues to permit loot box purchasing by under-18s without parental consent is actually non-compliant with Principle 1 until 18 July 2024. Notwithstanding, the disclosure of loot box presence to consumers prior to purchasing and downloading

196 on any advertising of a video game (now, arguably misleadingly, presented through 197 Principle 4 as a supposedly new measure) has already been required by advertising 198 regulations, as clarified in the *Guidance on advertising in-game purchases* published in 199 September 2021, which is enforced by the relevant regulator, the Advertising Standards Authority<sup>[25]</sup>. I have since complained to the Advertising Standards 200 201 Authority about games that were non-compliant, and the Advertising Standards 202 Authority Council has held in two separate rulings that companies that do not disclose the presence of loot boxes on Apple<sup>[26]</sup> and Google<sup>[27]</sup> store pages are 203 204 breaching advertising *law*. Therefore, irrespective of the implementation process, 205 games should already be compliant with the essence of Principle 4, otherwise they 206 are advertising illegally. Similarly, many platforms, including the Apple App Store, 207 have required the disclosure of loot box probabilities since 2019, if not earlier<sup>[28–30]</sup>, as 208 now also expressed through Principle 5 (again, arguably misleadingly as if this is a 209 new proposal). Hence, non-compliance with Principles 4 and 5 at present, even prior 210 to the end of the 12-month implementation period or 18 July 2024, would contravene 211 other existing regulation and be reprehensible. 212 The UK Government<sup>[16(para. 23)]</sup> and Ukie<sup>[15]</sup> have both expressed that progress should 213 be monitored and periodically reviewed during the implementation process. 214 215 Relevant civil servants have informed the author that it would be beneficial for 216 independent, transparent scrutiny of the compliance with these measures (which is 217 one reflection of their potential efficacy, as even an effective measure that is not 218 complied with would be ineffective) to be made six months after the publication of 219 these principles (i.e., around January 2024) and then again following the 220 implementation period (*i.e.*, around July 2024). This would complement any assessments that the industry, represented by Ukie itself, might conduct and 221 222 publish. 223 224 Research Question 1: Are the 100 highest-grossing iPhone games complying with 225 three separate aspects of the UK loot box industry self-regulation? 226 Hypothesis This will be assessed by checking whether 1: Aall highest-grossing 227 228 iPhone games containing paid loot boxes in the 18 January 2024 sample and the 18 229 July 2024 sample will (i) prevent loot box purchasing by under-18s unless parental 230 consent has been provided; (ii) -

231 232 Hypothesis 2: All highest-grossing iPhone games containing paid loot boxes in the 233 18 January 2024 sample and the 18 July 2024 sample will disclose loot box presence; 234 235 Hypothesis 3: All highest-grossing iPhone games containing paid loot boxes in the 236 18 January 2024 sample and the 18 July 2024 sample wil and (iii) make loot box 237 probability disclosures. 238 239 Research Question 2: Do platforms and rulemakers enforce their own self-regulation 240 and punish non-compliant companies? 241 242 This will be assessed by checking whether Hypothesis 4: a All highest-grossing 243 iPhone games containing paid loot boxes in the 18 January 2024 sample that will not 244 disclose loot box presence nor make loot box probability disclosures will either have 245 done both, or have been delisted from the UK Apple App Store, by 18 July 2024. 246 247 2. Method 248 The list of the 100 highest-grossing games for the iPhone platform in the UK on 18 249 January 2024 and on 18 July 2024 will be separately collated through data.ai, a 250 leading analytics company. These two lists will form the samples, which will be individually studied at two separate points in time immediately following each 251 252 aforementioned date. If any game in the 100 highest-grossing lists will no longer be 253 available for download from the UK Apple App Store by the data collection period, 254 then it will be excluded from the sample and replaced with the next highest-grossing 255 game (e.g., the first unavailable game will be replaced with the 101st highest-grossing 256 game). The results in relation to each list/sample will be separately reported in two 257 studies in order to ensure that the results may be promptly published to assist in 258 policy implementation when they still remain relevant. 259 260 Previous studies assessing loot box prevalence and compliance with presence 261 warning and probability disclosure requirements have focused on the 100 highest-262 grossing games. That sample size and sampling method are reasonable and justified, due to resource constraints (mostly on researcher time) and given that stakeholders 263 264 (e.g., parents and policymakers) are far more interested in the situation concerning 265 popular games that many players have demonstrably spent money on, rather than

that of obscure titles that may only be downloaded a handful of times per year. With that said, a key limitation must now be conceded with this sampling methodology. Previous research has repeatedly focused directly or indirectly on the 100 highestgrossing games<sup>[13,18–20]</sup>. The games on that list have not changed significantly over the years (although some entries do get replaced by newly released titles occasionally, they would still be relatively high-grossing games, e.g., be within the 500 highestgrossing games), meaning that previous research has studied certain games multiple times and, importantly, had publicly identified them as being non-compliant with pre-existing regulatory requirements (that the present study will also assess), such as not making probability disclosures or not disclosing loot box presence. Those previous research efforts are known to have directly caused the companies behind some of those games to take remedial actions, or to be forced to do so by age rating organisations, to become compliant<sup>[22]</sup>. Some of these same games will likely be included in the 100 highest-grossing list again on the data collection dates of the present study, meaning that, although they may now be identified as compliant, that was already guaranteed by (and indeed only due to) previous external intervention. It cannot be known whether those now-'compliant' games would have been so without that external interference. This means that the compliance rates amongst the highest-grossing games are likely to now be artificially higher than those amongst all other games. Alternatively, randomly sampling 100 games from the 500 highestgrossing games also would not completely remove this bias because some games that were previously studied and whose compliance was artificially affected would have fallen below the 100<sup>th</sup> rank but still remain within the top 500. Those lower ranking and less popular games would also affect significantly fewer players and therefore be less concerning to stakeholders. Indeed, it remains valid to simply sample the 100 highest-grossing games because the findings would be the most practically informative and relevant as they show the situation as a consumer would encounter it. The artificial interventions have already happened and thereby affected the average consumer experience (hopefully positively), so although any findings would no longer be entirely 'natural,' such findings remain the most useful. The present results simply must not be overinterpreted as indictive of the compliance rates amongst less popular games (which are likely to be lower) or how they would have been had there been no previous intervention.

266267

268

269

270

271

272

273

274

275

276

277

278279

280281

282

283

284

285286

287

288

289

290

291

292

293

294

295

296

297

298299

300 The focus on the Apple App Store platform is predominantly due to resource 301 constraints on the author's time. Ideally, the situations on other platforms (e.g., the 302 Google Play Store and the stores of consoles like the Sony PlayStation, Microsoft 303 Xbox, and Nintendo Switch) would also be assessed. However, previous research 304 has suggested that the loot box issue is more concerning on mobile platforms than 305 PC and console platforms: this is because there are significantly more content on 306 mobile platforms (which makes compliance and enforcement more difficult), and the 307 prevalence rate of loot boxes is also significantly higher there<sup>[20]</sup>. There are also 308 further complications with potentially studying the Android mobile platform specifically. Firstly, games can be installed through many different storefronts (e.g., 309 the Samsung Galaxy Store, HUAWEI AppGallery, etc., which are not covered by the 310 311 self-regulation, as it applies only to certain explicitly listed platforms). Secondly, 312 games may be easily installed directly with a .apk (Android Package) file that may 313 not be the UK-compliant version. Therefore, a study of only the Google Play Store 314 does not fully reflect the experience of a (child) consumer using Android devices. 315 The present study is intended to focus limited resources on providing a fair 316 perspective on the iOS platforms, where the Apple App Store solely dominates as it 317 is the only permitted app store for the operating system<sup>[see 31]</sup>. This would also 318 provide data comparable to those of a previous 2021 study on iPhone probability 319 disclosures in the UK<sup>[19]</sup>. Finally, the versions of the game available on the Apple 320 App Store and Google Play Store should, in theory, be substantively identical, and 321 the highest-grossing lists for the two platforms overlap significantly, so the present 322 results should be broadly transferable. For example, if the iPhone version made 323 probability disclosures, then the Google Android version probably would have done 324 as well.

325326

The following variables will be measured:

327

328 Apple age rating

329 This will be copied from the relevant age rating information displayed on the game's

330 UK Apple App Store page. No game will be excluded due to its age rating because

331 Apple's highest age rating is 17+ and the Ukie principles apply to all young people

under 18. Therefore, 17-year-olds can play all games available on the Apple App

Store but are still supposed to be protected by the self-regulation.

335 *Presence of paid loot boxes* Each game will be downloaded from the UK Apple App Store and played for an 336 337 hour to identify whether paid loot boxes (as defined in Annex B of the Ukie selfregulation, which aligns with the present study's and the ESRB's definition as set out 338 339 in the Introduction section<sup>[2]</sup>) are being implemented and sold in exchange for real-340 world money or premium in-game currency that could in turn be bought with real 341 money. If multiple loot boxes are found within that hour, then they will each be 342 separately noted. Screenshots will be taken of any found loot boxes. 343 344 One hour of 'playing' the game will mean that, from downloading and starting the 345 software, I will use my best endeavours for 60 minutes to unlock as many aspects of the game and gain access to as many in-game purchasing offers as possible: for 346 347 example, I will choose to access the in-game store where loot boxes are presumably 348 sold as soon as able, including by skipping unnecessary story elements. Our 349 previous research using this methodology has acknowledged that the detection rate 350 of loot boxes is not 100% because there are likely games that only begin to sell loot 351 boxes many hours after the player starts playing and because loot boxes might 352 simply be missed by the researcher<sup>[19(p. 12)]</sup>. This one-hour time limit is justified on 353 resource constraints on my time. In addition, based on previous research, this 354 method should be sufficient to detect at least 80% games with loot boxes (assuming 355 that every game contains loot boxes, which is most likely untrue, so the true 356 detection rate is higher)<sup>[13]</sup>. The percentage rate of games found to contain paid loot 357 boxes within one hour of examination will be referred to as the 'prevalence rate' of 358 loot boxes (as has been done in the past), even though more accurately, it would be 359 the prevalence rate when only one hour has been spent examining the game and the 360 true prevalence rate is therefore likely higher. 361 362 Presence of technical measures to prevent loot box purchasing by under-18s 363 When playing each game, if and whenever prompted by the game to answer any 364 questions relating to age (such as 'how old are you?' and 'in which year were you 365 born?'), an answer that would make the user appear to be 17 years old will be 366 provided. This age was chosen because some games on the Apple App Store platform are given the highest age rating of 17+, which should render them 367 368 unavailable for download by younger users. A 17-year-old can download and play 369 them, but they also remain under 18 for the purposes of the Ukie loot box industry

self-regulation, such that their loot box purchasing should be restricted until parental consent is provided. The purchase of paid loot boxes will be attempted to check whether this could be done without parental consent or knowledge on a user account that will purportedly belong to a 17-year-old. A game will be deemed as having complied with Principle 1 if the aforementioned paid loot box purchasing attempt is unsuccessful. Importantly, the operating system-level spending control feature that Apple provides for parents ('Ask to Buy'[32]) will not be accounted for by the present study. Activating this would blanketly require under-18s to send requests for approval to their parents for all in-game purchases (regardless of whether they are loot box purchases), app store purchases, and even app store downloads of 'free' games. Under-18s must wait until these are approved before the transaction can take effect. That feature is undoubtedly valuable for parents and other caretakers wanting to better monitor and manage their child's video game spending and should be used by them, but the present study is concerned with individual game-level compliance and interventions that specifically relate to loot boxes by highlighting that a purchase is potentially problematic because it is a loot box purchase. Broad, platform-wide spending control mechanisms like Apple's Ask to Buy often fail to provide specific information about loot boxes because loot boxes are very rarely directly purchased with real-world money and often must be purchased using (premium) in-game currency (e.g., 'Green Gems') that is in turn bought using realworld money. (Indeed, representatives of the video game industry, including  $Ukie^{[33(p.\,9,\,para\,43),see\,also\,34(p.\,13)]}\text{, have previously argued that games that directly sell loot}$ 

Ukie<sup>[33(p. 9, para 43),see also 34(p. 13)]</sup>, have previously argued that games that directly sell loot boxes, rather than sell them through an intermediary premium currency, are confusing for the player and arguably in contravention of Principle 4 of the Office of Fair Trading's Principles for online and app-based games.<sup>[11,35]</sup>) The payment request to parents would therefore merely appear as a request to purchase in-game currency with real-world money and provide no information on what that currency will then be used for (*e.g.*, purchasing loot boxes). No further notification would be provided by the Ask to Buy system to the parent when those Green Gems are then used in-

game to purchase loot boxes. This latter instance is where an in-game intervention

asking for parental consent to a loot box purchase (as envisioned by the Ukie self-

regulation) is expected to occur.

370

371

372

373

374

375

376

377

378

379

380

381

382

383

384

385

386

387

388

389

390

391392

393

394

395

396

397398

399

400

401

402

403

To further illustrate, by relying on platform-level controls only, it would require the parent to ask the child what they intend to spend the Green Gems on (when the Ask to Buy request for that transaction appears), before the real-money-to-Green-Gems transaction takes places, for them to find out that loot boxes will be purchased. The child might be undecided as to how they want to spend the Green Gems, and the child might also not understand that, with those Green Gems, they will be buying a gambling-like 'loot box' that is seen as problematic (as many of these products are not advertised as such) or be untruthful. The game company must directly communicate the fact that loot box purchasing by a child is taking place to the parent. Alternatively doing this through the child as an intermediary is not a dependable or acceptable proposal. In short, the platform-level controls (assuming that they are turned on) effectively restrict the first premium currency transaction using real-world money but never the second loot box purchasing transaction using in-game premium currency (which is where the intervention should take place). Platform-level controls may be deemed sufficient for games where the payment request is for loot box-like mechanics directly and that request clearly explains how the mechanic works and any associated concerns. However, given that nearly all games do not offer this, relying solely on this measure would be unwise. For payment requests to purchase premium currency, Apple may consider allowing (but has not yet allowed) games to append information on how that premium currency might then be spent on loot boxes and such mechanics and outline the potential related concerns. However, until that is uniformly and satisfactorily done, a parent cannot trust the Ask to Buy feature alone to protect their child.

428429

430

431

432

433

434

435

436

437

438

439

405

406

407

408

409

410

411

412

413

414

415

416 417

418419

420

421

422

423

424

425

426

427

Another point is that platform-wide parental control would also require the parent to activate it. These may be turned on by default in some instances, but regulation must not proceed on the unreasonable assumption that all parents already have this turned on for every child. It would not be right to place that burden on parents. A child may also engage with a game downloaded on a parent's or the family device, in which case platform-level controls are not active. Multiple layers of protection should be provided. Indeed, had robust parental controls already been widely utilised, then no further regulation (including the Ukie self-regulation) would be required. It is precisely because of the potential failings of pre-existing parental control features that the Ukie self-regulation is being newly introduced to directly address the loot box issue. It is therefore reasonable to expect individual games to be

taking action and making interventions inside the game. The drafters of the self-440 441 regulation surely must not have deemed pre-existing platform-wide parental 442 controls to already be sufficient, as those have already been available for many years 443 and so the self-regulation would then be proposing nothing new. 444 445 Presence of presence disclosures 446 For each game found to contain paid loot boxes, its Apple App Store product page 447 will be reviewed to attempt to find a disclosure of loot box presence, such as the PEGI warning label of 'In-game Purchases (Includes Random Items)' [20,24] or some 448 449 text describing the availability of paid loot boxes. Any disclosure, however difficult 450 to find and access and however phrased, will be recognised as a disclosure having 451 been made as long as it can reasonably be so interpreted, because the self-regulation 452 merely requires that this be done and not that it be done visually prominently or informatively<sup>[15(p. 5)]</sup>. Nonetheless, different methods of disclosure will be categorised. 453 454 A game will be deemed as having complied with Principle 4 if a loot box presence 455 disclosure can be found. 456 457 Presence of probability disclosures 458 In relation to each type of loot box found in each game, a corresponding probability 459 disclosure will be searched for in-game. No external searches will be conducted (e.g., through a search engine) for disclosures that are available only on websites and not 460 linked from within the game because the relevant Ukie guidance makes clear that 461 disclosures should be 'easily [accessible]'[15(p. 5)] and any website-based disclosures 462 463 (although permitted) should also be sign-posted from within the game itself<sup>[15(p. 15)]</sup>. All found probability disclosures will be screenshotted, and the process for accessing 464 them from the loot box purchase screen will be documented. Any disclosure 465 formats, regardless of their visual prominence or ease of access, will be recognised as 466 467 a disclosure having been made, because even though Principle 5 encourages 'easily 468 [accessible]' and 'clear and simple' probability disclosures, those qualities are 469 subjective to a certain degree. Different methods of disclosure will be categorised. A 470 game will be deemed as having complied with Principle 5 only if a corresponding 471 probability disclosure can be found for every identified loot box type. 472

Changes in compliance following initial study and reporting to Apple and other stakeholders

474 Any non-compliance with Principles 4 and 5 found amongst the 18 January 2024 475 sample will be reported to Apple and other stakeholders (e.g., DCMS and Ukie) for 476 enforcement actions to be taken (e.g., an ultimatum to comply by a certain date, 477 failing which the game would be removed from the UK Apple App Store for 478 contravening platform rules or advertising regulations). Any non-compliance with 479 Principle 1 will also be reported, but no further action will be requested given that a 480 game is required only to comply with that measure by 18 July 2024. For games that 481 would be included in the 18 January 2024 sample and would be found to have been 482 non-compliant with any one of the three principles, they will be re-examined alongside the 18 July 2024 sample (if they would not already be included in that 483 484 sample), to check any potential changes in compliance (e.g., (a) having since 485 complied or (b) having since been delisted). 486 487 Date and time of data collection 488 The date and time, based on UK time, on and at which the game was examined, will 489 be recorded. 490 491 The 'compliance rate' with each loot box self-regulatory measure will be calculated 492 as follows: 493 Games containing loot boxes and complying with the relevant measure 494 Games containing loot boxes 495 496 497 Even though some games might be inaccurately marked as not containing loot boxes 498 even though they do using the present methodology of examining the game for one 499 hour only (because the loot boxes would only become available for purchase after 500 more than one hour of gameplay), the compliance rates with various regulatory 501 measures will not be affected because games assumed to not contain loot boxes will 502 be excluded. The relevant compliance rates will reflect the true situation amongst the 503 games containing loot boxes that were actually tested. 504 For each measure assessed for Research Question 1, a compliance rate of Hypotheses 505 506 1 to 3 will each be respectively accepted if at least 95% of games containing loot 507 boxes do comply with the relevant measure (*i.e.*, the compliance rate is  $\geq$  95%) will

be interpreted in the Discussion section as near perfect and satisfactory compliance.

509 Otherwise, they will be rejected. This 5% of leeway (from a perfect compliance of 510 100%) will be permitted as a type 1 error control measure to account for potential 511 false positives. As to the interpretation of different potential results, if the 512 compliance rate for a certain measure is  $\geq$  95%, then it will be interpreted as that 513 measure having been nearly perfectly complied with. A compliance rate that is ≥ 514 80% but < 95% will be interpreted as a measure having been mostly complied with 515 but needs some improvements. A compliance rate that is < 80% will be interpreted 516 as the measure not having been adequately complied with and needs significant 517 improvements to achieve the regulatory aim. <u>In addition, if the compliance rate with</u> 518 a specific measure improves from one band into the next (e.g., from < 80% to  $\ge 80\%$ ) 519 when the 18 January 2024 sample is compared with the 18 July 2024 sample, then I will comment positively on how compliance has improved. These cut-offs were used 520 521 previously and are based on the author's intuition as to what consumers, 522 policymakers, and independent researchers would likely deem acceptable or not<sup>[20,21]</sup>. 523 These cut-offs are being preregistered to ensure that the author's subsequent 524 interpretation will not be affected by the compliance rates that will eventually be found. This is because a certain compliance rate is open to multiple interpretations 525 526 by various stakeholders and indeed by the same person. For example, one might 527 subjectively interpret a 60% compliance rate as either poor or satisfactory: an 528 industry representative might say it is good, whilst an advocacy group in favour of 529 banning loot boxes might view it as terrible; both sides are arguable. However, any 530 flexibility in potential interpretation by the author is hereby eliminated through 531 preregistration of the aforementioned cut-offs. 532 533 For that same reason, the author invited sStakeholders (specifically, the DCMS and 534 Ukie) will be invited to preregister how they will interpret different potential results 535 that may be found by the present study. <u>However</u>, both have refused. <u>DCMS stated</u> 536 in response to the author's request that it is 'extremely cognisant of the need for a 537 high rate of compliance and suitable tracking of it, but [DCMS has] made a recent public statement on loot boxes [referring to its 18 July 2023 statement supporting 538 539 and approving the Ukie self-regulations upon their publication, which did not set 540 out what degree of compliance would be deemed satisfactory by the UK Government<sup>[16]</sup> and are not planning to say anything further publicly at this point 541 542 while [it continues] to work behind the scenes with academics and industry.' The 543 author also understands that there might also be some hesitancy on the parts of civil

544 servants in purporting to bind not just the current government's interpretation but 545 also the next government's (which might well be formed by the opposing political 546 party with different views on what degree of compliance is acceptable). 547 548 <u>Ukie's refusal of the author's request stated, firstly, that it does not think the</u> 549 assessment should occur before the end of the 12-month implementation period and, 550 secondly, that the author's proposed method of testing Principle 1, which 551 specifically excludes platform-level controls, is unacceptable. The author is willing to 552 accept Ukie's refusal in relation to Principle 1 (prevent under-18s from purchasing 553 <u>loot boxes</u> without parental consent). However, the reasons provided by Ukie does 554 not apply to the testing of Principles 4 (presence disclosures) and 5 (probability disclosures), which are both already required by other regulations, irrespective of 555 556 the implementation period of the Ukie self-regulatory principles, and whose 557 assessment methods are objective and have not been objected to. The author 558 therefore replied and asked Ukie to then instead preregister its potential 559 interpretations for Principles 4 and 5 only. Ukie has not responded after one month. 560 Unfortunately, these negative responses mean that there is a lack of transparency and accountability to the public. It is also unfortunate for the industry that it does 561 562 not have a clear target to meet and may still be regulated against despite many 563 members having used their best endeavours. If the compliance rate with a specific measure improves from one band into the next (e.g., from < 80% to  $\ge 80\%$ ) when the 564 18 January 2024 sample is compared with the 18 July 2024 sample, then I will 565 566 comment positively on how compliance has improved. 567 568 569 For Research Question 2, I will conclude that the self-regulations are being properly enforced Hypothesis 4 will be accepted if all games amongst the 18 January 2024 570 571 sample that were non-compliant with either Principle 4 or 5 will have either complied with both measures, or have been delisted from the UK Apple App Store, 572 573 by 18 July 2024. Ootherwise, I will make the opposite conclusion and criticise 574 relevant stakeholders for not strictly enforcing platform rules, advertising 575 regulations, and the Ukie self-regulatory principlesit will be rejected. The only 576 exception would be that if a game has since stopped selling loot boxes, in which case 577 that would cause that game willto be excluded when answering Research Question 578 2 for the purposes of Hypothesis 4. The expectation that 100% (rather than 95%) of

games will either become compliant or be delisted is justified on the basis that a list containing all relevant games will have been provided to the stakeholders to take enforcement actions. Any potential Type 1 error will be eliminated by how the Apple App Store and/or the relevant video game companies will be given the opportunity to provide evidence that the game does not contain loot boxes or have already made the relevant disclosures, so a further 5% of leeway (given above for other assessments to Hypotheses 1–3) is not appropriate herefor Hypothesis 4. In the event Hypothesis 4 is rejected, relevant stakeholders will be criticised for not strictly enforcing platform rules, advertising regulations, and the Ukie self-regulatory principles. Otherwise, the conclusion will be that the self-regulations are being properly enforced.

To further address the issue of how the compliance rates amongst the highest-grossing games may have been affected by previous external intervention, the compliance rates for each loot box self-regulatory measure will also be separately reported for games that have previously been studied and those that have not been.

In accordance with the *Danish Code of Conduct for Research Integrity*<sup>[36]</sup>, as adopted by the IT University of Copenhagen, the present programmatic registered report will not require research ethics assessment and approval because no human participants or personal data will be involved and only publicly available information will be examined and recorded.

- **3. Results**
- **tbd**

- 605 4. Discussion
- **tbd**

- 608 5. Conclusion
- **tbd**

610 **Positionality Statement** 611 In terms of the author's personal engagement with loot boxes, he plays video games 612 containing loot boxes, but he has never purchased any loot boxes with real-world 613 money. 614 615 **Data Availability Statement** 616 The raw data and a full library of PDF printouts and screenshots showing, inter alia, 617 the relevant Apple App Store webpage sections and in-game loot box purchase 618 pages for each game will be publicly available in the Open Science Framework at 619 https://doi.org/10.17605/OSF.IO/YNJ5X. 620 621 Acknowledgement 622 Thanks to Laura L. Henderson for helpful comments on earlier drafts of this 623 manuscript. 624 625 **Funding Information** 626 L.Y.X. is supported by a PhD Fellowship funded by the IT University of Copenhagen 627 (IT-Universitetet i København), which is publicly funded by the Kingdom of 628 Denmark (Kongeriget Danmark).

- 629 References
- 630 1. Larche, C. J., Chini, K., Lee, C., & Dixon, M. J. (2022). To Pay or Just Play?
- Examining Individual Differences Between Purchasers and Earners of Loot
- Boxes in Overwatch. *Journal of Gambling Studies*.
- 633 https://doi.org/10.1007/s10899-022-10127-5
- 634 2. Entertainment Software Rating Board (ESRB). (2020, April 13). Introducing a New
- Interactive Element: In-Game Purchases (Includes Random Items). ESRB
- 636 Official Website. https://www.esrb.org/blog/in-game-purchases-includes-
- 637 random-items/
- 638 3. Drummond, A., & Sauer, J. D. (2018). Video Game Loot Boxes Are Psychologically
- Akin to Gambling. *Nature Human Behaviour*, 2(8), 530–532.
- 640 https://doi.org/10.1038/s41562-018-0360-1
- 641 4. Zendle, D., & Cairns, P. (2018). Video game loot boxes are linked to problem
- gambling: Results of a large-scale survey. *PLOS ONE*, 13(11), e0206767.
- 643 https://doi.org/10.1371/journal.pone.0206767
- 644 5. Spicer, S. G., Nicklin, L. L., Uther, M., Lloyd, J., Lloyd, H., & Close, J. (2022). Loot
- boxes, problem gambling and problem video gaming: A systematic review
- and meta-synthesis. New Media & Society, 24(4), 1001–1022.
- 647 https://doi.org/10.1177/14614448211027175
- 6. Close, J., Spicer, S. G., Nicklin, L. L., Uther, M., Lloyd, J., & Lloyd, H. (2021).
- Secondary analysis of loot box data: Are high-spending "whales" wealthy
- gamers or problem gamblers? *Addictive Behaviors*, 117, 106851.
- 651 https://doi.org/10.1016/j.addbeh.2021.106851
- 652 7. Xiao, L. Y. (2021). Regulating Loot Boxes as Gambling? Towards a Combined
- Legal and Self-Regulatory Consumer Protection Approach. *Interactive*
- 654 Entertainment Law Review, 4(1), 27–47. https://doi.org/10.4337/ielr.2021.01.02
- 8. Moshirnia, A. (2018). Precious and Worthless: A Comparative Perspective on Loot
- Boxes and Gambling. Minnesota Journal of Law, Science & Technology, 20(1), 77–
- 657 114.
- 658 9. Xiao, L. Y., Henderson, L. L., Nielsen, R. K. L., & Newall, P. W. S. (2022).
- Regulating gambling-like video game loot boxes: A public health framework
- comparing industry self-regulation, existing national legal approaches, and
- other potential approaches. *Current Addiction Reports*, 9(3), 163–178.
- https://doi.org/10.1007/s40429-022-00424-9

10. Leahy, D. (2022). Rocking the Boat: Loot Boxes in Online Digital Games, the 663 664 Regulatory Challenge, and the EU's Unfair Commercial Practices Directive. 665 *Journal of Consumer Policy*, 45, 561–592. https://doi.org/10.1007/s10603-022-666 09522-7 667 11. Xiao, L. Y. (2023). Loot Box State of Play 2023: Law, Regulation, Policy, and 668 *Enforcement Around the World.* OSF Preprints. 669 https://doi.org/10.31219/osf.io/q2yv6 670 12. Belgische Kansspelcommissie [Belgian Gaming Commission]. (2018). 671 Onderzoeksrapport loot boxen [Research Report on Loot Boxes]. 672 https://web.archive.org/web/20200414184710/https://www.gamingcommi 673 ssion.be/opencms/export/sites/default/jhksweb\_nl/documents/onderzoek 674 srapport-loot-boxen-final-publicatie.pdf 675 13. Xiao, L. Y. (2023). Breaking Ban: Belgium's Ineffective Gambling Law Regulation 676 of Video Game Loot Boxes. Collabra: Psychology, 9(1), Article 57641. 677 https://doi.org/10.1525/collabra.57641 678 14. Department for Digital, Culture, Media & Sport (UK). (2022, July 17). Government 679 response to the call for evidence on loot boxes in video games. GOV.UK. 680 https://www.gov.uk/government/consultations/loot-boxes-in-video-681 games-call-for-evidence/outcome/government-response-to-the-call-for-682 evidence-on-loot-boxes-in-video-games 683 15. Ukie (UK Interactive Entertainment). (2023, July 18). New Principles and Guidance 684 on Paid Loot Boxes. https://ukie.org.uk/loot-boxes 685 16. Department for Culture, Media and Sport (UK). (2023, July 18). Loot boxes in video 686 games: Update on improvements to industry-led protections. GOV.UK. 687 https://www.gov.uk/guidance/loot-boxes-in-video-games-update-onimprovements-to-industry-led-protections 688 689 17. 文化部 [Ministry of Culture] (PRC). (2016, December 1). 文化部关于规范网络游戏 运营加强事中事后监管工作的通知[Notice of the Ministry of Culture on 690 691 Regulating the Operation of Online Games and Strengthening Concurrent and Ex-692 Post Supervisions] 文市发 (2016) 32 号. 693 https://web.archive.org/web/20171220060527/http://www.mcprc.gov.cn:8 694 0/whzx/bnsjdt/whscs/201612/t20161205\_464422.html

18. Xiao, L. Y., Henderson, L. L., Yang, Y., & Newall, P. W. S. (2021). Gaming the

system: Suboptimal compliance with loot box probability disclosure

695

- regulations in China. *Behavioural Public Policy, Advance Online Publication*, 1– 27. https://doi.org/10.1017/bpp.2021.23
- 19. Xiao, L. Y., Henderson, L. L., & Newall, P. (2023). What are the odds? Lower compliance with Western loot box probability disclosure industry self-
- regulation than Chinese legal regulation. *PLOS ONE*, *18*(9), Article e0286681.
- 702 https://doi.org/10.1371/journal.pone.0286681
- 703 20. Xiao, L. Y. (2023). Beneath the label: Unsatisfactory compliance with ESRB, PEGI,
- and IARC industry self-regulation requiring loot box presence warning labels
- by video game companies. Royal Society Open Science, 10(3), Article 230270.
- 706 https://doi.org/10.1098/rsos.230270
- 707 21. Xiao, L. Y. (2023). Shopping Around for Loot Box Presence Warning Labels:
- 708 Unsatisfactory Compliance on Epic, Nintendo, Sony, and Microsoft Platforms.
- 709 *ACM Games: Research and Practice, 1*(4), Article 25.
- 710 https://doi.org/10.1145/3630631
- 711 22. Xiao, L. Y. (2023). Opening the compliance and enforcement loot box: A
- retrospective on some practice and policy impacts achieved through academic
- 713 research. *Societal Impacts*, 1(1–2), Article 100018.
- 714 https://doi.org/10.1016/j.socimp.2023.100018
- 715 23. Department for Culture, Media & Sport (UK). (2023, May 30). *Video Games*
- 716 Research Framework. GOV.UK.
- 717 https://www.gov.uk/government/publications/video-games-research-
- framework/video-games-research-framework
- 719 24. Pan European Game Information (PEGI). (2020, April 13). PEGI Introduces Notice
- 720 To Inform About Presence of Paid Random Items. PEGI Official Website.
- 721 https://pegi.info/news/pegi-introduces-feature-notice
- 722 25. Committee of Advertising Practice & Broadcast Committee of Advertising
- 723 Practice. (2021, September 20). Guidance on advertising in-game purchases.
- https://www.asa.org.uk/resource/guidance-on-advertising-in-game-
- 725 purchases.html
- 726 26. Advertising Standards Authority. (2023, October 4). ASA Ruling on Hutch Games
- 727 Ltd [concerning F1 Clash on the Apple App Store] A23-1196857.
- 728 https://www.asa.org.uk/rulings/hutch-games-ltd-a23-1196857-hutch-
- 729 games-ltd.html
- 730 27. Advertising Standards Authority. (2023, October 4). ASA Ruling on Hutch Games
- 731 Ltd [concerning Rebel Racing on the Google Play Store] A23-1196862.

732	https://www.asa.org.uk/rulings/hutch-games-ltd-a23-1196862-hutch-
733	games-ltd.html
734	28. Kuchera, B. (2017, December 21). <i>Apple adds new rules for loot boxes, requires</i>
735	disclosure of probabilities. Polygon.
736	https://www.polygon.com/2017/12/21/16805392/loot-box-odds-rules-
737	apple-app-store
738	29. Gach, E. (2019, May 30). Google Now Requires App Makers to Disclose Loot Box Odds.
739	Kotaku. https://kotaku.com/google-now-requires-app-makers-to-disclose-
740	loot-box-odd-1835134642
741	30. Entertainment Software Association (ESA). (2019, August 7). Video Game
742	Industry Commitments to Further Inform Consumer Purchases. ESA Official
743	Website. https://www.theesa.com/perspectives/video-game-industry-
744	commitments-to-further-inform-consumer-purchases/
745	31. Gurman, M. (2022, December 13). Apple to Allow Outside App Stores in
746	Overhaul Spurred by EU Laws. Bloomberg.Com.
747	https://www.bloomberg.com/news/articles/2022-12-13/will-apple-allow-
748	users-to-install-third-party-app-stores-sideload-in-europe
749	32. Apple. (2022, December 20). Approve what kids buy with Ask to Buy. Apple
750	Support. https://support.apple.com/en-gb/HT201089
751	33. Ukie (UK Interactive Entertainment), & Scott, T. (2021, January 21). Response to the
752	Committee of Advertising Practice and the Broadcast Committee of Advertising
753	Practice consultation on 'Guidance on advertising in-game purchases'.
754	https://ukie.org.uk/resources/ukie-response-to-the-committee-of-
755	advertising-practice-and-the-broadcast-committee-of-advertising-practice-
756	consultation-on-guidance-on-advertising-in-game-purchases
757	34. Committee of Advertising Practice & Broadcast Committee of Advertising
758	Practice. (2021, September 20). Guidance on advertising in-game purchases: CAP
759	and BCAP's evaluation of responses. https://www.asa.org.uk/static/8dd057b6-
760	f9a2-4456-af1c90e3c6400a14/In-game-ads-guidance-Evaluation-table.pdf
761	35. Office of Fair Trading (UK). (2014, January 30). Principles for online and app-based
762	games: OFT1519. https://www.gov.uk/government/publications/principles-
763	for-online-and-app-based-games
764	36. Ministry of Higher Education and Science (Denmark). (2014). Danish Code of
765	Conduct for Research Integrity. https://ufm.dk/en/publications/2014/the-
766	danish-code-of-conduct-for-research-integrity