1	Assessing compliance with UK loot box industry self-regulation <u>on the Apple</u>
2	App Store
3	
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10	
11	Abstract
12	Loot boxes in video games can be purchased with real-world money in exchange for
13	random rewards. Stakeholders are concerned about loot boxes' similarities with
14	gambling and their potential harms (e.g., overspending). The UK Government has
15	decided to first try relying on industry self-regulation to address the issue, rather
16	than to impose legislation. These self-regulations have since been published by Ukie
17	(UK Interactive Entertainment). Many stakeholders are interested in a transparent
18	and independent assessment of their implementation. Compliance with some of
19	these self-regulatory measures are empirically testable. The highest-grossing iPhone
20	games will be played for up to <u>one</u> 1 hour to confirm whether they contain loot
21	boxes. If they do, probability disclosures will be searched for in-game; presence
22	disclosures will be searched for on the Apple App Store product page; and attempts
23	will be made to purchase loot boxes <u>without parental consent</u> whilst pretending to
24	be under 18 (e.g., entering an appropriate birth date whenever demanded). This will
25	be done six months after the publication of the principles (baseline; to track the
26	implementation progress) and then again 12 months after their publication (follow-
27	up; to check compliance, as by that point all games would be required to comply).
28	Conclusions will be drawn as to whether the measures have been complied with by
29	companies to an adequate degree. In addition, by checking whether the games
30	identified as non-compliant at baseline have since complied or been removed at
31	follow-up, conclusions will be drawn as to whether stakeholders (e.g., Apple) are
32	enforcing the regulations.
33	

34 Keywords:

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

38 Conflict of Interest

39 L.Y.X. was employed by LiveMe, then a subsidiary of Cheetah Mobile 40 (NYSE:CMCM), as an in-house counsel intern from July to August 2019 in Beijing, 41 People's Republic of China. L.Y.X. was not involved with the monetisation of video 42 games by Cheetah Mobile or its subsidiaries. L.Y.X. undertook a brief period of voluntary work experience at Wiggin LLP (Solicitors Regulation Authority (SRA) 43 number: 420659) in London, England in August 2022. L.Y.X. has contributed and 44 45 continues to contribute to research projects that were enabled by data access provided by the video game industry, specifically Unity Technologies (NYSE:U) 46 47 (October 2022 – Present). L.Y.X. has met and discussed policy, regulation, and enforcement with the Belgian Gaming Commission [Belgische Kansspelcommissie] 48 49 (June 2022 & February 2023), the Danish Competition and Consumer Authority [Konkurrence- og Forbrugerstyrelsen] (August 2022), the Department for Digital, 50 51 Culture, Media and Sport (DCMS) and its successor of the UK Government (August 52 2022 & August 2023), PEGI (Pan-European Game Information) (January & March 2023), a member of the European Parliament (February 2023), the US Federal Trade 53 54 Commission (February 2023), the Finnish Gambling Administration at the National Police Board [Poliisihallituksen arpajaishallinto / Polisstyrelsens lotteriförvaltning] 55 (March 2023), the Danish Gambling Authority [Spillemyndigheden] (April 2023), the 56 57 Netherlands Authority for Consumers and Markets [Autoriteit Consument & Markt] 58 (May & June 2023), and the Swedish Gambling Authority [Spelinspektionen] (June 59 2023). L.Y.X. has been invited to provide advice to the DCMS on the technical 60 working group for loot boxes and the Video Games Research Framework. L.Y.X. was 61 the recipient of two AFSG (Academic Forum for the Study of Gambling) 62 Postgraduate Research Support Grants that were derived from 'regulatory settlements applied for socially responsible purposes' received by the UK Gambling 63 64 Commission and administered by Gambling Research Exchange Ontario (GREO) (March 2022 & January 2023). L.Y.X. has accepted funding to publish academic 65 66 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 67 68 accepted conference travel and attendance grants from the Socio-Legal Studies 69 Association (February 2022 & February 2023); the Current Advances in Gambling 70 Research Conference Organising Committee with support from GREO (February 2022); the International Relations Office of The Jagiellonian University (Uniwersytet 71

72 Jagielloński), the Polish National Agency for Academic Exchange (NAWA;

73 Narodowa Agencja Wymiany Akademickiej), and the Republic of Poland 74 (Rzeczpospolita Polska) with co-financing from the European Social Fund of the 75 European Commission of the European Union under the Knowledge Education 76 Development Operational Programme (May 2022); the Society for the Study of Addiction (November 2022 & March 2023); the organisers of the 13th Nordic SNSUS 77 78 (Stiftelsen Nordiska Sällskapet för Upplysning om Spelberoende; the Nordic Society 79 Foundation for Information about Problem Gambling) Conference, which received 80 gambling industry sponsorship (January 2023); and the MiSK Foundation (Prince 81 Mohammed bin Salman bin Abdulaziz Foundation) (November 2023). L.Y.X. has 82 received an honorarium from the Center for Ludomani for contributing a parent 83 guide about a mobile game for Tjekspillet.dk, which is funded by the Danish Ministry of Health's gambling addiction pool (Sundhedsministeriets 84 85 Ludomanipulje) (March 2023). A full gifts and hospitality register-equivalent for 86 L.Y.X. is available via: https://sites.google.com/view/leon-xiao/about/gifts-andhospitality-register. The up-to-date version of L.Y.X.'s conflict-of-interest statement 87 88 is available via: https://sites.google.com/view/leon-xiao/about/conflict-ofinterest.L.Y.X. was employed by LiveMe, then a subsidiary of Cheetah Mobile 89 90 (NYSE:CMCM), as an in-house counsel intern from July to August 2019 in Beijing, 91 People's Republic of China. L.Y.X. was not involved with the monetisation of video 92 games by Cheetah Mobile or its subsidiaries. L.Y.X. undertook a brief period of 93 voluntary work experience at Wiggin LLP (Solicitors Regulation Authority (SRA) 94 number: 420659) in London, England in August 2022. L.Y.X. has contributed and 95 continues to contribute to research projects that were enabled by data access 96 provided by the video game industry, specifically Unity Technologies (NYSE:U) 97 (October 2022 – Present). 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136 **1. Introduction**

- 137 Loot boxes are products inside video games that players can buy to obtain random 138 rewards. Some non-paid loot boxes may be obtained without spending real-world 139 money (*e.g.*, through performing various in-game tasks)^[1]; <u>H</u>however, the present 140 study focuses on paid loot boxes that players spen<u>dt</u> real-world money to purchase 141 either directly or indirectly by spending money to purchase 'premium' in-game 142 currency that can then be used to buy loot boxes. Hereinafter, references to 'loot 143 boxes' refer only to 'paid loot boxes' unless otherwise specified. Importantly, a 'loot box' needs not be visually portrayed as a box: any in-game purchase involving real-144145 world money with any randomised elements satisfies the definition^[2].
- 146

147 Stakeholders (e.g., consumers, parents, and advocacy groups) are concerned about loot boxes' structural and psychological similarities with gambling^[3] and how 148 149 vulnerable consumers (e.g., children and people experiencing problem gambling 150 harms) might be at risk of overspending money^[4-6]. Policymakers around the world are considering potential regulation^[7–10], and a few countries have already taken 151 152 action^[11]. For example, in 2018, Belgium applied pre-existing gambling law to 153 attempt to 'ban' loot boxes as unlicensed illegal gambling^[12]. However, this 154 intervention has been poorly enforced, such that 82 of the 100 highest-grossing 155 iPhone games on the Belgian Apple App Store in mid-2022 continued to sell loot boxes in exchange for real-world money^[13]. The Belgian experience demonstrates 156 157 that a traditional gambling regulator that was originally resourced (e.g., in terms of 158 public funding and manpower) to monitor only the traditional gambling industry 159 would not be capable of also regulating the video game industry (which is 160 composed of many smaller operators often based in foreign jurisdictions) without 161 significantly more additional support, monetary and otherwise. 162

For other countries, amending gambling law to additionally include loot boxes and
thereby place them within the purview of the gambling regulator is therefore likely
unworkable without substantial investments towards that end. Such investments

166 may be viewed as an unjustifiable expenditure of public money^[14(paras 248–250)].

167 Recognising that, the UK Government (specifically, the Department for Culture,

168 Media and Sport (DCMS)) decided in July 2022 to ask the industry to try better self-

169 regulating loot boxes and addressing relevant concerns first, rather than to

170 immediately impose legislation^[14]. The Government did promise that it 'will not

- 171 hesitate to consider legislative options,' if video game companies and platforms do
- 172 not 'improve protections for children, young people and adults' and if 'tangible
- 173 results' cannot 'begin to be seen in the near future'^[14(para. 32)]. These self-regulatory
- 174 rules, presented as 11 principles, have since been published one year later by Ukie
- 175 (UK Interactive Entertainment), the national video game industry trade body, on 18
- 176 July 2023^[15], with support from the Government^[16].
- 177

178 Besides the aforementioned Belgian example, previous research has also found that 179 companies' compliance with various other loot box-related regulation has been poor. 180 In China, where companies are required by law to disclose the probabilities of 181 obtaining various random rewards from loot boxes^[17], most high-grossing games 182 were found to have complied sub-optimally by choosing methods of displaying the 183 disclosures that lacked visual prominence and were difficult to access^[18]. Indeed, 184 industry self-regulation of loot boxes is not a new concept and has already been 185 attempted for several years to dubious benefit. The potential underlying efficacy of 186 the interventions has not been scientifically proven and has never been measured 187 since implementation (although this easily could have, and should have, been done 188 by the industry to inform all stakeholders and improve public confidence). 189 Importantly, many of the highest-grossing games were found to have been non-190 compliant, and relevant platforms and rule-makers did not appear to have actively 191 monitored compliance, nor punished non-compliance, with previous industry self-192 regulation. For example, in mid-2021, 36% of the highest-grossing iPhone games 193 containing loot boxes were found to have failed to disclose probabilities, as required 194 by Apple App Store's platform rules, seemingly with impunity^[19]. 195

196 -The North American (ESRB; the Entertainment Software Rating Board) and 197 European (PEGI; Pan-European Game Information) age rating organisations' 198 mandated loot box presence warning label was not properly implemented through 199 the IARC (International Age Rating Coalition) system, such that 71% of popular 200 games containing loot boxes did not bear the label on the Google Play Store and 201 thereby failed to inform consumers about the potential risks^[20]. Many games were 202 also identified as unlabelled on other storefronts operated by Epic Games, Nintendo, 203 Sony, and Microsoft^[21]. A number of unlabelled games have since been duly labelled, 204 for which some credit is due to the self-regulatory age rating organisations; 205 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^[22].

208

209 UK Component

210 ConsideringPrior research has demonstrated that various cases of poor compliance 211 with loot box regulations, particularly and with industry self-regulatory ones, tion 212 in particular<u>were poorly complied with</u>, in the past. <u>Accordingly</u>, reasonable doubt 213 can, and ought to, be cast on whether companies will comply with the newly 214 proposed UK loot box industry self-regulation. Many stakeholders are interested in 215 a transparent and fair assessment of the implementation of the Ukie self-regulatory 216 principles. Not every principle contained therein is capable of empirical study. For 217 example, Principle 7 is to support the implementation of the *Video Games Research* 218 *Framework*^[23], which is a UK Government document intended to promote better 219 research into video games and related issues. Similarly, Principle 9 is a commitment 220 to adopt more lenient refund policies when it can be demonstrated that in-game 221 purchases were made without parental consent or knowledge. Such principles 222 would be welcomed by all stakeholders without controversy, but compliance with 223 them is difficult to quantify or objectively measure against a predetermined 224 standard.

225

226 However, three principles are empirically testable (and indeed two of them have already previously been so assessed^[18-21]). Firstly, Principle 1 demands that the 227 228 purchase of loot boxes with real-world money by under-18s is to be restricted such 229 that it may only be done with parental consent. (This is the only 'new' requirement 230 that has not already been otherwise introduced; the following two requirements 231 should already have been adopted elsewise as detailed below.) Secondly, Principle 4 232 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 233 234 warning label^[24]. Thirdly, Principle 5 states that companies must make probability 235 disclosures informing players of their likelihood of obtaining various random 236 rewards from loot boxes.

237

238 Companies have been given a 12-month implementation period (starting from 18

- July 2023) to adopt these measures^[15]. In other words, one cannot say that a game
- that continues to permit loot box purchasing by under-18s without parental consent

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241 is actually non-compliant with Principle 1 until 18 July 2024. Notwithstanding, the 242 disclosure of loot box presence to consumers prior to purchasing and downloading 243 on any advertising of a video game (now, arguably misleadingly, presented through Principle 4 as a supposedly new measure) has already been required by advertising 244 regulations, as clarified in the *Guidance on advertising in-game purchases* published in 245 246 September 2021, which is enforced by the relevant regulator, the Advertising Standards Authority^[25]. I have since complained to the Advertising Standards 247 248 Authority about games that were non-compliant, and the Advertising Standards 249 Authority Council has held in two separate rulings that companies that do not disclose the presence of loot boxes on $\mbox{Apple}^{\mbox{\tiny [26]}}$ and $\mbox{Google}^{\mbox{\tiny [27]}}$ store pages are 250 251 breaching advertising law. Therefore, irrespective of the implementation process, 252 games should already be compliant with the essence of Principle 4, otherwise they 253 are advertising illegally. Similarly, many platforms, including the Apple App Store, 254 have required the disclosure of loot box probabilities since 2019, if not earlier^[28–30], as 255 now also expressed through Principle 5 (again, arguably misleadingly as if this is a new proposal). Hence, non-compliance with Principles 4 and 5 at present, even prior 256 257 to the end of the 12-month implementation period or 18 July 2024, would contravene 258 other existing regulation and be reprehensible.

259

260 The UK Government^[16(para. 23)] and Ukie^[15] have both expressed that progress should 261 be monitored and periodically reviewed during the implementation process. 262 Relevant civil servants have informed the author that it would be beneficial for 263 independent, transparent scrutiny of the compliance with these measures (which is 264 one reflection of their potential efficacy, as even an effective measure that is not 265 complied with would be ineffective) to be made six months after the publication of 266 these principles (*i.e.*, around January 2024) and then again following the 267 implementation period (*i.e.*, around July 2024). This would complement any 268 assessments that the industry, represented by Ukie itself, might conduct and 269 publish. 270

271 Research Question 1: Are video the 100 highest-grossing iPhone games complying

- with the UK loot box industry self-regulation?
- 273

- Hypothesis 1: All highest-grossing video <u>iPhone</u> games containing paid loot boxes in
 the <u>18 January 2024 present</u> sample <u>and the 18 July 2024 sample</u> will prevent loot box
- 276 purchasing by under-18s unless parental consent has been provided.
- 277
- 278 Hypothesis 2: All highest-grossing <u>iPhone video</u> games containing paid loot boxes in
- the <u>18 January 2024 sample and the 18 July 2024 present</u> sample will disclose loot
- box presence.
- 281
- Hypothesis 3: All highest-grossing <u>iPhone video</u> games containing paid loot boxes in
 the <u>18 January 2024 sample and the 18 July 2024 present</u> sample will make loot box
 probability disclosures.
- 285
- 286 Research Question 2: Do platforms and rulemakers enforce their own self-regulation287 and punish non-compliant companies?
- 288

Hypothesis 4: All highest-grossing video <u>iPhone</u> games containing paid loot boxes in
the 18 January 2024 sample that will not disclose loot box presence nor make loot
box probability disclosures will either have done both, or have been delisted from
the UK Apple App Store, by 18 July 2024.

293

294 **2. Method**

- 295 The list of the 100 highest-grossing games for the iPhone platform in the UK on 18 296 January 2024 and on 18 July 2024 will be separately collated through data.ai, a 297 leading analytics company. These two lists will form the samples, which will be 298 individually studied at two separate points in time immediately following each 299 aforementioned date. If any game in the 100 highest-grossing lists will no longer be available for download from the UK Apple App Store by the data collection period, 300 301 then it will be excluded from the sample and replaced with the next highest-grossing 302 game (*e.g.*, the first unavailable game will be replaced with the 101st highest-grossing 303 game). The results in relation to each list/sample will be separately reported in two 304 studies in order to ensure that the results may be promptly published to assist in 305 policy implementation when they still remain relevant. 306
- 307 Previous studies assessing loot box prevalence and compliance with presence
- 308 warning and probability disclosure requirements have focused on the 100 highest-

309 grossing games. That sample size and sampling method are reasonable and justified, 310 due to resource constraints (mostly on researcher time) and given that stakeholders 311 (e.g., parents and policymakers) are far more interested in the situation concerning 312 popular games that many players have demonstrably spent money on, rather than 313 that of obscure titles that may only be downloaded a handful of times per year. With 314 that said, a key limitation must now be conceded with this sampling methodology. 315 Previous research has repeatedly focused directly or indirectly on the 100 highest-316 grossing games^[13,18–20]. The games on that list have not changed significantly over the 317 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 highest-318 grossing games), meaning that previous research has studied certain games multiple 319 320 times and, importantly, had publicly identified them as being non-compliant with 321 pre-existing regulatory requirements (that the present study will also assess), such as 322 not making probability disclosures or not disclosing loot box presence. Those 323 previous research efforts are known to have directly caused the companies behind 324 some of those games to take remedial actions, or to be forced to do so by age rating 325 organisations, to become compliant^[22]. Some of these same games will likely be 326 included in the 100 highest-grossing list again on the data collection dates of the 327 present study, meaning that, although they may now be identified as compliant, that 328 was already guaranteed by (and indeed only due to) previous external intervention. 329 It cannot be known whether those now-'compliant' games would have been so 330 without that external interference. This means that the compliance rates amongst the 331 highest-grossing games are likely to now be artificially higher than those amongst all 332 other games. Alternatively, randomly sampling 100 games from the 500 highest-333 grossing games also would not completely remove this bias because some games 334 that were previously studied and whose compliance was artificially affected would 335 have fallen below the 100th rank but still remain within the top 500. Those lower 336 ranking and less popular games would also affect significantly fewer players and 337 therefore be less concerning to stakeholders. Indeed, it remains valid to simply 338 sample the 100 highest-grossing games because the findings would be the most 339 practically informative and relevant as they show the situation as a consumer would 340 encounter it. The artificial interventions have already happened and thereby affected 341 the average consumer experience (hopefully positively), so although any findings 342 would no longer be entirely 'natural,' such findings remain the most useful. The 343 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 wouldhave been had there been no previous intervention.

346

347 The focus on the Apple App Store platform is predominantly due to resource constraints on the author's time. Ideally, the situations on other platforms (e.g., the 348 349 Google Play Store and the stores of consoles like the Sony PlayStation, Microsoft 350 Xbox, and Nintendo Switch) would also be assessed. However, previous research 351 has suggested that the loot box issue is more concerning on mobile platforms than 352 PC and console platforms: this is because there are significantly more content on 353 mobile platforms (which makes compliance and enforcement more difficult), and the prevalence rate of loot boxes is also significantly higher there^[20]. There are also 354 355 further complications with potentially studying the Android mobile platform 356 specifically. Firstly, games can be installed through many different storefronts (e.g., 357 the Samsung Galaxy Store, HUAWEI AppGallery, etc., which are not covered by the 358 self-regulation, as it applies only to certain explicitly listed platforms). Secondly, 359 games may be easily installed directly with a .apk (Android Package) file that may 360 not be the UK-compliant version. Therefore, a study of only the Google Play Store 361 does not fully reflect the experience of a (child) consumer using Android devices. 362 The present study is intended to focus limited resources on providing a fair 363 perspective on the iOS platforms, where the Apple App Store solely dominates as it is the only permitted app store for the operating system^[see 31]. This would also 364 provide data comparable to those of a previous 2021 study on iPhone probability 365 366 disclosures in the UK^[19]. Finally, the versions of the game available on the Apple 367 App Store and Google Play Store should, in theory, be substantively identical, and the highest-grossing lists for the two platforms overlap significantly, so the present 368 369 results should be broadly transferable. For example, if the iPhone version made 370 probability disclosures, then the Google Android version probably would have done 371 as well.

372

373 The following variables will be measured:

- 374
- 375 *Apple age rating*

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

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

378 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 AppStore but are still supposed to be protected by the self-regulation.
- 381
- 382 *Presence of paid loot boxes*

Each game will be downloaded from the UK Apple App Store and played for an
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
in the Introduction section^[2]) are being implemented and sold in exchange for realworld money or premium in-game currency that could in turn be bought with real
money. If multiple loot boxes are found within that hour, then they will each be
separately noted. Screenshots will be taken of any found loot boxes.

390

<u>One hour of 'playing' the game will mean that, from downloading and starting the</u>

- 392 <u>software, I will use my best endeavours for 60 minutes to unlock as many aspects of</u>
- 393 <u>the game and gain access to as many in-game purchasing offers as possible: for</u>

394 <u>example, I will choose to access the in-game store where loot boxes are presumably</u>

- 395 <u>sold as soon as able, including by skipping unnecessary story elements. Our</u>
- 396 previous research using this methodology has acknowledged that the detection rate

<u>of loot boxes is not 100% because there are likely games that only begin to sell loot</u>

boxes many hours after the player starts playing and because loot boxes might

399 <u>simply be missed by the researcher^[19(p. 12)]. This one-hour time limit is justified on</u>

400 resource constraints on my time. In addition, based on previous research, this

401 method should be sufficient to detect at least 80% games with loot boxes (assuming

- 402 <u>that every game contains loot boxes, which is most likely untrue, so the true</u>
- 403 <u>detection rate is higher)^[13]. The percentage rate of games found to contain paid loot</u>

404 <u>boxes within one hour of examination will be referred to as the 'prevalence rate' of</u>

405 <u>loot boxes (as has been done in the past), even though more accurately, it would be</u>

406 <u>the prevalence rate when only one hour has been spent examining the game and the</u>

- 407 <u>true prevalence rate is therefore likely higher.</u>
- 408

409 Presence of technical measures to prevent loot box purchasing by under-18s

- 410 When playing each game, if and whenever prompted by the game to answer any
- 411 questions relating to age (such as 'how old are you?' and 'in which year were you
- 412 born?'), an answer that would make the user appear to be 17 years old will be
- 413 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 414 415 unavailable for download by younger users. A 17-year-old can download and play 416 them, but they also remain under 18 for the purposes of the Ukie loot box industry 417 self-regulation, such that their loot box purchasing should be restricted until 418 parental consent is provided. The purchase of paid loot boxes will be attempted to 419 check whether this could be done without parental consent or knowledge on a user 420 account that will purportedly belong to a 17-year-old. A game will be deemed as 421 having complied with Principle 1 if the aforementioned paid loot box purchasing 422 attempt is unsuccessful.

423

424 Importantly, the operating system-level spending control feature that Apple 425 provides for parents ('Ask to Buy'^[32]) will not be accounted for by the present study. 426 Activating this would blanketly require under-18s to send requests for approval to 427 their parents for *all* in-game purchases (regardless of whether they are loot box 428 purchases), app store purchases, and even app store downloads of 'free' games. 429 Under-18s must wait until these are approved before the transaction can take effect. 430 That feature is undoubtedly valuable for parents and other caretakers wanting to 431 better monitor and manage their child's video game spending and should be used 432 by them, but the present study is concerned with individual game-level compliance 433 and interventions that specifically relate to loot boxes by highlighting that a purchase is potentially problematic because it is a loot box purchase. Broad, 434 435 platform-wide spending control mechanisms like Apple's Ask to Buy often fail to 436 provide specific information about loot boxes because loot boxes are very rarely 437 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 real-438 world money. (Indeed, representatives of the video game industry, including 439 Ukie^[33(p. 9, para 43),see also 34(p. 13)], have previously argued that games that directly sell loot 440 441 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 442 443 Fair Trading's Principles for online and app-based games.^[11,35]) The payment request 444 to parents would therefore merely appear as a request to purchase in-game currency 445 with real-world money and provide no information on what that currency will then 446 be used for (*e.g.*, purchasing loot boxes). No further notification would be provided 447 by the Ask to Buy system to the parent when those Green Gems are then used in-448 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.

451

452 To further illustrate, by relying on platform-level controls only, it would require the 453 parent to ask the child what they intend to spend the Green Gems on (when the Ask 454 to Buy request for that transaction appears), before the real-money-to-Green-Gems 455 transaction takes places, for them to find out that loot boxes will be purchased. The 456 child might be undecided as to how they want to spend the Green Gems, and the 457 child might also not understand that, with those Green Gems, they will be buying a 458 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 459 communicate the fact that loot box purchasing by a child is taking place to the 460 461 parent. Alternatively doing this through the child as an intermediary is not a 462 dependable or acceptable proposal. In short, the platform-level controls (assuming 463 that they are turned on) effectively restrict the first premium currency transaction 464 using real-world money but never the second loot box purchasing transaction using 465 in-game premium currency (which is where the intervention should take place). 466 Platform-level controls may be deemed sufficient for games where the payment 467 request is for loot box-like mechanics directly and that request clearly explains how 468 the mechanic works and any associated concerns. However, given that nearly all 469 games do not offer this, relying solely on this measure would be unwise. For 470 payment requests to purchase premium currency, Apple may consider allowing (but 471 has not yet allowed) games to append information on how that premium currency 472 might then be spent on loot boxes and such mechanics and outline the potential 473 related concerns. However, until that is uniformly and satisfactorily done, a parent 474 cannot trust the Ask to Buy feature alone to protect their child.

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476 Another point is that platform-wide parental control would also require the parent 477 to activate it. These may be turned on by default in some instances, but regulation 478 must not proceed on the unreasonable assumption that all parents already have this 479 turned on for every child. It would not be right to place that burden on parents. A 480 child may also engage with a game downloaded on a parent's or the family device, 481 in which case platform-level controls are not active. Multiple layers of protection 482 should be provided. Indeed, had robust parental controls already been widely 483 utilised, then no further regulation (including the Ukie self-regulation) would be

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- 484 required. It is precisely because of the potential failings of pre-existing parental
- 485 control features that the Ukie self-regulation is being newly introduced to directly
- 486 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-
- 488 regulation surely must not have deemed pre-existing platform-wide parental
- 489 controls to already be sufficient, as those have already been available for many years
- and so the self-regulation would then be proposing nothing new.
- 491

492 Presence of presence disclosures

493 For each game found to contain paid loot boxes, its Apple App Store product page 494 will be reviewed to attempt to find a disclosure of loot box presence, such as the 495 PEGI warning label of 'In-game Purchases (Includes Random Items)'^[20,24] or some 496 text describing the availability of paid loot boxes. Any disclosure, however difficult 497 to find and access and however phrased, will be recognised as a disclosure having 498 been made as long as it can reasonably be so interpreted, because the self-regulation 499 merely requires that this be done and not that it be done visually prominently or 500 informatively^[15(p.5)]. Nonetheless, different methods of disclosure will be categorised. 501 A game will be deemed as having complied with Principle 4 if a loot box presence 502 disclosure can be found.

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504 Presence of probability disclosures

505 In relation to each type of loot box found in each game, a corresponding probability 506 disclosure will be searched for in-game. No external searches will be conducted (e.g., 507 through a search engine) for disclosures that are available only on websites and not 508 linked from within the game because the relevant Ukie guidance makes clear that disclosures should be 'easily [accessible]'^[15(p. 5)] and any website-based disclosures 509 510 (although permitted) should also be sign-posted from within the game itself^[15(p. 15)]. 511 All found probability disclosures will be screenshotted, and the process for accessing 512 them from the loot box purchase screen will be documented. Any disclosure 513 formats, regardless of their visual prominence or ease of access, will be recognised as 514 a disclosure having been made, because even though Principle 5 encourages 'easily 515 [accessible]' and 'clear and simple' probability disclosures, those qualities are subjective to a certain degree. Different methods of disclosure will be categorised. A 516 517 game will be deemed as having complied with Principle 5 only if a corresponding 518 probability disclosure can be found for every identified loot box type.

519 520 Changes in compliance following initial study and reporting to Apple and other stakeholders 521 Any non-compliance with Principles 4 and 5 found amongst the 18 January 2024 522 sample will be reported to Apple and other stakeholders (*e.g.*, DCMS and Ukie) for 523 enforcement actions to be taken (e.g., an ultimatum to comply by a certain date, 524 failing which the game would be removed from the UK Apple App Store for 525 contravening platform rules or advertising regulations). Any non-compliance with 526 Principle 1 will also be reported, but no further action will be requested given that a 527 game is required only to comply with that measure by 18 July 2024. For games that 528 would be included in the 18 January 2024 sample and would be found to have been 529 non-compliant with any one of the three principles, they will be re-examined 530 alongside the 18 July 2024 sample (if they would not already be included in that 531 sample), to check any potential changes in compliance (e.g., (a) having since 532 complied or (b) having since been delisted). 533 534 Date and time of data collection 535 The date and time, based on UK time, on and at which the game was examined, will 536 be recorded. 537 538 The 'compliance rate' with each loot box self-regulatory measure will be calculated 539 as follows: 540 Games containing loot boxes and complying with the relevant measure 541 Games containing loot boxes 542 543 544 Even though some games might be inaccurately marked as not containing loot boxes 545 even though they do using the present methodology of examining the game for one 546 hour only, the compliance rates with various regulatory measures will not be 547 affected because games assumed to not contain loot boxes will be excluded. The 548 relevant compliance rates will reflect the true situation amongst the games 549 containing loot boxes that were actually tested. 550 551 Hypotheses 1 to 3 will each be respectively accepted if at least 95% of games 552 containing loot boxes do comply with the relevant measure (*i.e.*, the compliance rate 553 is \geq 95%). Otherwise, they will be rejected. <u>This 5% of leeway will be permitted as a</u>

554 type 1 error control measure to account for potential false positives. As to the 555 interpretation of different potential results, if the compliance rate for a certain measure is \geq 95%, then it will be interpreted as that measure having been nearly 556 557 perfectly complied with. A compliance rate that is $\ge 80\%$ but < 95\% will be interpreted as a measure having been mostly complied with but needs some 558 559 improvements. A compliance rate that is < 80% will be interpreted as the measure not having been adequately complied with and needs significant improvements to 560 561 achieve the regulatory aim. These cut-offs were used previously and are based on 562 the author's intuition as to what consumers, policymakers, and independent researchers would likely deem acceptable or not^[20,21]. Stakeholders (specifically, the 563 564 DCMS and Ukie) will be invited to preregister how they will interpret different 565 potential results that may be found by the present study. If the compliance rate with a specific measure improves from one band into the next (*e.g.*, from < 80% to $\ge 80\%$) 566 567 when the 18 January 2024 sample is compared with the 18 July 2024 sample, then I 568 will comment positively on how compliance has improved.

569

570 Hypothesis 4 will be accepted if *all* games amongst the 18 January 2024 sample that 571 were non-compliant with either Principle 4 or 5 will have either complied with both 572 measures, or have been delisted from the UK Apple App Store, by 18 July 2024, 573 otherwise it will be rejected. The only exception would be that a game has since stopped selling loot boxes, which would cause that game to be excluded for the 574 575 purposes of Hypothesis 4. The expectation that 100% (rather than 95%) of games will 576 either become compliant or be delisted is justified on the basis that a list containing 577 all relevant games will have been provided to the stakeholders to take enforcement 578 actions. Any potential Type 1 error will be eliminated by how the Apple App Store 579 and/or the relevant video game companies will be given the opportunity to provide 580 evidence that the game does not contain loot boxes or have already made the 581 relevant disclosures, so a further 5% of leeway (given to Hypotheses 1–3) is not appropriate for Hypothesis 4. In the event Hypothesis 4 is rejected, relevant 582 stakeholders will be criticised for not strictly enforcing platform rules, advertising 583 584 regulations, and the Ukie self-regulatory principles. Otherwise, the conclusion will be that the self-regulations are being properly enforced. 585 586

587 <u>To further address the issue of how the compliance rates amongst the highest-</u> 588 <u>grossing games may have been affected by previous external intervention, the</u>

590 <u>reported for games that have previously been s</u>	tudied and those that have not been.
591	
592 In accordance with the <i>Danish Code of Conduct f</i>	or Research Integrity ^[36] , as adopted by
593 the IT University of Copenhagen, the present p	rogrammatic registered report will
594 not require research ethics assessment and app	roval because no human participants
595 or personal data will be involved and only pub	licly available information will be
596 examined and recorded.	
597	
3. Results	
599 tbd	
600	
601 4. Discussion	
602 tbd	
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6045. Conclusion	
605 <mark>tbd</mark>	

606 **Positionality Statement**

- In terms of the author's personal engagement with loot boxes, he plays video games
 containing loot boxes, but he has never purchased any loot boxes with real-world
 money.
- 610

611 Data Availability Statement

- 612 The raw data and a full library of PDF printouts and screenshots showing, *inter alia*,
- 613 the relevant Apple App Store webpage sections and in-game loot box purchase
- 614 pages for each game will be publicly available in the Open Science Framework at
- 615 <u>https://doi.org/10.17605/OSF.IO/YNJ5X</u>.
- 616

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