

Loot Boxes in Video Games

Call for Evidence - September 2020

1 Introduction

The UK has played an important role in the development of the global video games sector. The creativity and innovation of our pioneering games designers helped lead to pivotal series such as Lemmings, Tomb Raider and Grand Theft Auto. More recent examples of the high-quality output from the British games industry includes the BAFTA award winning Lego series, the Forza Horizon games and Dreams.

This has helped to establish the UK as one of the major centres of the global video games industry. As a result, the UK's world-class video games sector is now one of the key components in our influential creative industries. Video games in the UK contributed £2.6bn in gross value added (GVA) in 2018 and employed 27,000 people in 2019.

The audience for video games in the UK has also continued to grow. Now played by over half the population in the UK¹, games allow people to enjoy fun and exciting play, find moments of relaxation, socialise, and learn new skills.

However, whilst video games have become an important part of the economic and social fabric of the UK, they undoubtedly also present new responsibilities for everyone including the government to ensure that players - particularly children and young people - are not exposed to harm. Given the pace of evolution in this sector, the government's challenge is to create policies that are effective within the context of constant innovation.

The government wants the UK to be the safest place to be online in the world. This involves leading efforts to set a coherent, proportionate and effective approach to online safety, while taking action where necessary. Specifically in relation to video games, the government is aware of concerns around loot boxes and takes them very seriously.

Loot boxes (see Box 1 below) are a feature in video games containing randomised items in which the player does not know what they are going to get until they have opened the loot box (see Box 2 below). They are not a new addition in games but they have grown in profile in recent years.

In 2019, the government committed to review the Gambling Act 2005 with a particular focus on tackling issues around online loot boxes. This was followed by the announcement on 8 June 2020 in the government's response to the DCMS Select Committee Immersive and Addictive Technologies Inquiry² that the government will launch a call for evidence to gather evidence and understand the impact of loot boxes.

The results from this call for evidence will be considered alongside the review of the Gambling Act 2005 and will inform future actions in regard to loot boxes. The government stands ready to take action should the outcomes of the call for evidence support taking a new approach to ensure users, and particularly children and young people, are protected.

¹ [Newzoo, U.K. Games Market 2018 \(2018\)](#)

² [Government response to the DCMS Select Committee Immersive and Addictive Technologies Inquiry, June 2020](#)

BOX 1 - DEFINING LOOT BOXES

Loot boxes are features in video games which may be accessed through gameplay, or purchased with in-game items, virtual currencies, or directly with real-world money. They contain randomised items, so players do not know what they will get before opening them, but they will get something. The items are usually either cosmetic i.e. items of clothing for avatars etc, or power-ups to improve the playing experience. Loot boxes vary in the way they are accessed, their cost, how the random reward is selected and in the content they return. They are a form of microtransaction where they are available as an in-game purchase. However, loot boxes are only one part of the in-game purchase market. Their unique element is the chance mechanism. For other forms of in-game purchase, players will know what item they will receive in advance of purchase.

BOX 2 - PROBABILITY RATES

The probability rate, or the drop rate is the probability of receiving a certain item in each loot box. For example, where an item has a 5% probability rate, there is a 5% chance the loot box will yield that item on each opening. Probability rates may be variable per loot box opening or fixed. On a voluntary basis, the video games industry is taking steps to improve transparency by making probability rates accessible for players. Games available on the Apple App Store and Google Play are required to display probability rates for loot boxes. Major platform operators Sony Interactive Entertainment, Microsoft and Nintendo announced that they will introduce in 2020 a requirement that any new games on their platforms will have to display the relative probability of receiving the randomised virtual item.³ This was followed by a commitment made by several major publishers in the UK, through their trade association Ukie, to do the same in their games by the end of 2020.

2 Call for Evidence

2.1 What is the purpose of this document?

This document aims to gather information on the use and impact of loot boxes in video games in the UK. It seeks to understand:

- The experience of video games players;
- The impact of loot boxes, including any evidence of potential harms;
- The size, scale and functioning of the loot box and in-game purchases market in the UK; and
- The impact of current voluntary and statutory protections such as controls to manage spending and access, video games labels, and consumer regulations.

³[Ukie: video games industry commitment to further inform consumer purchases \(2019\)](#)

2.2 How should I provide feedback?

This call for evidence is targeted at two groups with separate questions for each group:

- Video games players aged 16+ and adults responsible for children and young people who play video games; and
- Video games businesses, and researchers and organisations interested in video games and loot boxes.

If you are a video game player, or an adult responsible for a child or young person who plays video games, please go to the link [here](#) to provide information on your personal experiences. Alternatively, respondents can download and populate the Loot Box Call for Evidence - Player Experience Questions feedback form on the main page and email responses directly to lootbox.responses@dcms.gov.uk.

For video games businesses, researchers and all other organisations and individuals interested in video games and loot boxes, we welcome written submissions to the questions below by email to lootbox.responses@dcms.gov.uk.

If you are unable to submit your response using the provided survey or via email, you can post your response to: Video Games Team, Media and Creative Industries Directorate, DCMS, 4th Floor, 100 Parliament Street, Westminster, London, SW1A 2BQ.

In your response, please clarify:

- *if you are responding on behalf of an organisation or in a personal capacity;*
- *if you are responding to the Player Experience Questions or the questions aimed at video games businesses, researchers and all other organisations and individuals interested in video games and loot boxes;*
- *which questions you are answering (there is no need to respond to all of the questions if they are not all relevant to you);*
- *whether you are willing to be contacted by DCMS about your response (if so, please provide contact details); and*
- *whether you prefer for your response to remain confidential and non-attributable for commercial or other reasons (if so, please specify).*

All responses should be submitted in advance of the closing date for this Call for Evidence, which is **23:59 on 22 November 2020**.

3 Questions

The government encourages the submission of scientifically rigorous evidence and data-backed information to support submissions where possible, particularly in relation to concerns around potential harm. You do not need to complete every question for your response to be considered. If you are a video games developer, or a video games platform or device operator, please provide information in relation to your products/products available on your platform or device. Questions cover:

- **Loot box harms**
 - To understand if and how loot boxes may cause harm
- **In-game purchases market**
 - To understand the loot box and wider in-game purchases market and how it operates
- **Current protections**
 - To understand how and why protections such as parental controls and tools to manage spending and access in video games, video games labels and consumer regulations are applied to loot boxes, and how effective they are.

If you are a video games player or an adult responsible for a child or young person who plays video games, and would like to provide information on your own experiences, please go to the link [here](#) or download and populate the Loot Box Call for Evidence - Player Experience Questions feedback form on the main page and email responses directly to [**lootbox.responses@dcms.gov.uk**](mailto:lootbox.responses@dcms.gov.uk).

3.1 Loot box harms questions

1. Do loot boxes cause any harm to players and what evidence is there to support this?
Issues to consider include:
 - a. *What are the harms and how are they caused by loot boxes?*
 - b. *Whether young people are impacted differently to adults, and if so, how?*
 - c. *Whether any harms identified also apply to offline equivalents of chance mechanisms, such as buying packs of trading cards.*
 - d. *Whether any harms identified may also apply to other types of in-game purchases.*

3.2 In-game purchases market questions

2. How many and what kind of video games contain loot boxes? *Information that would be useful to receive includes:*
 - a. *How often paid and free loot boxes appear in popular and bestselling games.*
 - b. *Whether loot boxes are more likely to be found on certain platforms and devices/within specific genres of game/within games using certain payment models (free to play, subscription etc) and if so, which platforms or device/genres/payment models?*



3. How are loot boxes used in games? *Information that would be useful to receive includes:*
 - a. *How loot boxes are deployed in games e.g. through time specific offers, part of games involving the performance of repetitive tasks known as “grind”, a combination of paid and free loot boxes, whether items provided are cosmetic or substantial items to enhance gameplay.*
 - b. *The way loot boxes work alongside other in-game purchases in video games e.g. can items normally be purchased directly, can they be gained for free?*
4. How do loot boxes contribute to the market for in-game purchases? *Information that would be useful to receive includes:*
 - a. *The percentage of in-game purchase revenue from UK customers that comes from loot boxes in the UK.*
 - b. *The percentage of revenue from UK customers that comes from all in-game purchases.*
 - c. *The value of loot boxes to different business models e.g. free to play.*
 - d. *The average spend and frequency of loot box purchase per customer in the UK.*
 - e. *The average price of loot boxes available in the UK and the average price of the most popular loot boxes in the UK including:*
 - i. *Loot boxes with the highest number of total purchases*
 - ii. *Loot boxes purchased by the highest number of individual players*
5. How do loot boxes work in conjunction with the wider in-game purchases market? *Information that would be useful to receive includes:*
 - a. *Whether people buying loot boxes in the UK spend more than the average for players who purchase any type of in-game purchase in the UK.*
 - b. *The percentage of players in the UK buying a loot box who will also make another type of in-game purchase in the same session.*
6. To what extent are items received in loot boxes tradable? *Information that would be useful to receive includes:*
 - a. *How often items from loot boxes are tradable for other in-game items, including those which might have been purchased with real money?*
 - b. *How often items from loot boxes are bought or sold for real money, including which games and platforms this may be easier and more prevalent on?*
 - c. *What actions have been taken by industry to prevent the trading of items outside of games and how successful have these been?*

3.3 Current protections questions

7. Please provide any evidence relating to the use and impact of restrictions/protections introduced directly into video games or on video games platforms and devices. *Information that would be useful to receive includes:*
 - a. *Where video games companies have introduced restrictions/protections in relation to loot boxes, why were these introduced, what measures were used and what impact have they had on sales and the behaviour of players?*
 - b. *Where video games companies have not introduced restrictions/protections in relation to loot boxes, why were they deemed unnecessary?*

8. Please provide any evidence relating to the use and impact of video games information labels such as the Pan European Game Information rating system (PEGI) in-game purchases and paid random item labels (see Box 3 below). *Information that would be useful to receive includes:*
 - a. *Impacts on behaviour when purchasing games / in game content.*
9. Please provide any evidence relating to the use, impact and understanding of consumer rights legislation. *Information that would be useful to receive includes:*
 - a. *How do company policies align with existing consumer rights legislation and what options are available to players if they are not satisfied with their purchase of a loot box?*
 - b. *What rights do players have when purchasing loot boxes and how is this information made available?*
 - c. *Are you aware of any action having been taken in relation to loot boxes on consumer rights grounds in the UK and/or internationally, and if so, what were the reasons for and outcome of this action?*
10. Please provide any evidence of the effectiveness of mandatory and voluntary measures relating to the use and purchase of loot boxes in other jurisdictions.

BOX 3 - PEGI RATINGS AND LABELS

The Pan European Game Information (PEGI) rating system was introduced for video games in the UK in 2003. The age ratings are PEGI 3, PEGI 7, PEGI 12, PEGI 16 and PEGI 18. The system is administered in the UK by the Video Standards Council Rating Board. Since 2012 PEGI ratings have been a legal requirement under the Video Recordings Act 1984 in the UK for any games supplied in physical formats - generally boxed games on discs and cartridges - which are unsuitable for younger children. It is an offence for anyone to sell a physical format game that is rated PEGI 12, 16 or 18 to someone younger than the set age limit for the game.

PEGI ratings are also applied voluntarily by industry to many games supplied directly to connected devices, for example downloadable games and browser-based games. The government is working to encourage games publishers and platforms to sign up to this system and ensure that all of their online games carry the appropriate PEGI age ratings.

Alongside the age ratings symbols, PEGI also applies descriptor labels to video games to provide additional information on the content within games. These labels indicate where games include the following elements:

- Violence
- Bad language
- Fear (content that may be frightening for some players)
- Sex
- Drugs
- Discrimination
- Gambling (depictions that encourage or teach gambling)
- In-game purchases

In April 2020, PEGI introduced additional information to the in-game purchase label to note where games contain “paid random items”.⁴ This was introduced to indicate when loot boxes are available to buy in games.

⁴[PEGI: Notice to inform about presence of paid random items \(2020\)](#)

4. Privacy Notice

The following is to explain your rights and give you the information you are entitled to under the Data Protection Act 2018 and the General Data Protection Regulation (“the Data Protection Legislation”). This notice only refers to your personal data (e.g. your name, email address, and anything that could be used to identify you personally) not the content of your response to the survey.

4.1 - The identity of the data controller and contact details of our Data Protection Officer

The Department for Digital, Culture, Media and Sport (“DCMS”) is the data controller. The Data Protection Officer can be contacted at dcmsdataprotection@dcms.gov.uk.

You can visit the [DCMS website](#)⁵ to find out more about how DCMS uses and protects your information.

4.2 - Why we are collecting your personal data

Your personal data is being collected as an essential part of the Call for Evidence process, so that we can contact you regarding your response and for statistical purposes such as to ensure individuals cannot complete the survey more than once.

4.3 - Our legal basis for processing your personal data

The Data Protection Legislation states that, as a government department, DCMS may process personal data as necessary for the effective performance of a task carried out in the public interest. i.e. a Call for Evidence.

4.4 - With whom we will be sharing your personal data

Copies of responses may be published after the survey closes. If we do so, we will ensure that neither you nor the organisation you represent are identifiable, and any response used to illustrate findings will be anonymised.

Qualtrics is the online survey platform used to conduct this survey. They will store the data in accordance with DCMS instructions and their privacy policy can be found here: [Qualtrics' Privacy Statement](#).

If you want the information that you provide to be treated as confidential, please be aware that, under the Freedom of Information Act 2000 (“FOIA”), there is a statutory Code of Practice with which public authorities must comply and which deals, amongst other things, with obligations of confidence. In view of this, it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on DCMS.

⁵ *DCMS Personal Information Charter*
[Personal information charter - Department for Digital, Culture, Media & Sport](#)

4.5 - For how long we will keep your personal data, or criteria used to determine the retention period

Your personal data will be held for two years after the survey is closed. This is so that DCMS is able to contact you regarding the result of the survey following analysis of the responses.

4.6 - Your rights, e.g. access, rectification, erasure

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- *to see what data we have about you;*
- *to ask us to stop using your data, but keep it on record;*
- *to have all or some of your data deleted or corrected; and*
- *to lodge a complaint with the independent Information Commissioner if you think we are not handling your data fairly or in accordance with the law.*

You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113. ICO, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.

4.7 - Additional notifications

Further to the above, you should also be aware of the following:

- *Your personal data will not be sent outside the EEA;*
- *Your personal data will not be used for any automated decision making; and*
- *Your personal data will be stored in a secure Government IT system and the Qualtrics server.*