

De-mystifying in-game spending and loot boxes

Video games use diverse and innovative revenue models to meet the different preferences and budgets of players. Some games, including many successful Australian games, use in-game spending. All gaming platforms provide controls for players and parents to manage in-game spending. Loot boxes (which contain randomised digital items) were reviewed by an Australian Senate Committee in 2018 that found that they were adequately regulated. Regardless, our industry continues to listen and implement new measures to increase the transparency of loot boxes. Further, as our industry naturally evolves, we're seeing that loot boxes are becoming less common as publishers adopt new and different revenue models.

Why do some games have in-game spending?

Some games are supported by in-game advertising, subscription models, seasonal or downloadable content, or in-game spending, which is where players buy digital items that can be used within a game. Players support the vast majority of games that use in-game spending because they help to keep the cost of games low, with many of the most popular games that use it able to be played for free, while giving players the option to directly support the games they love. These days, players expect games to be an ongoing service with well-maintained servers and regular new content. Revenue generated by in-game spending helps to fund these costs.

What about the comparisons of loot boxes to gambling?

Loot boxes are a kind of in-game spending where the items that the player receives is randomised. While loot boxes have received some media attention, we believe that this is largely a result of misunderstandings about what they are. Loot boxes are a prize mechanic for in-game virtual items with no external monetary value. Players are guaranteed to win items from loot boxes, and while there is an element of chance, this characteristic is shared with many other products like card game packs, surprise toys, and blind boxes that, unlike loot boxes, actually contain resalable items with monetary value. Loot boxes are always optional and are not needed to play the game. Many only contain cosmetic items that provide no competitive advantages. In-game purchases, like any other product, are protected by all relevant consumer laws and guarantees.

How has industry responded to criticism around in-game spending and loot boxes?

Our industry provides transparency around in-game spending via the International Age Rating Coalition (IARC) classification tool, which gives consumer guidance of 'in-game spending'. All major gaming devices also enable players and their parents and carers to easily restrict or turn off in-game spending. Our industry has committed to disclosing the probabilities, or 'drop rates', of loot box items, and some developers have formalised principles around how loot boxes are used. We research community views on loot boxes, which enables industry to listen and learn, and will continue to work with governments on ways to make them better understood (eg. industry-led ratings bodies overseas now use guidance of 'includes random items' for games with loot boxes).

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