**Gambling Health Alliance response to CAP and BCAP consultation on guidance on advertising in-game purchases**

*The* [*Gambling Health Alliance*](https://www.rsph.org.uk/our-work/alliances/the-gambling-health-alliance.html) *(GHA) is a coalition of 50 organisations and individuals with a shared interest in reducing the damage caused to health and wellbeing from gambling. The secretariat is provided by the* [*Royal Society for Public Health*](https://www.rsph.org.uk/) *(RSPH). The objective of the Alliance is to support policy-making to address the social, economic and cultural factors that contribute to gambling harm and the inequalities in health caused by it. We do this by highlighting gambling-related harm, engaging with policy-makers, and promoting evidence that can be translated into reducing gambling harms.*

*We welcome the Committee of Advertising Practice (CAP) and the Broadcast Committee of Advertising Practice (BCAP) consultation on guidance on advertising in-game purchases. We consider loot boxes, a highly common form of in-game purchase, to be a form of gambling. When we surveyed young gamers in the UK, 91% of them agreed that loot boxes are a form of gambling. We believe, therefore, that the marketing and advertising of loot boxes should be subject to the same advertising regulations as other gambling products and, accordingly, not directed at children under the age of 18.*

*Exposure to gambling advertising normalises participation in gambling and gambling-like activity, and the merging of gambling and gaming can be a route for young people into harmful gambling. We are pleased to respond to this consultation, particularly following our recent campaign, ‘*[*#LidOnLoots*](https://www.rsph.org.uk/our-work/campaigns/lid-on-loots.html)*’, which called for loot boxes to be legally classified as a form of gambling. The campaign was developed following discussion with our members who agreed that loot boxes are a major problem and should be the focus of the GHA’s work in 2020.*

*This response draws upon a survey of 611 British gamers aged 13-24, conducted between October and November 2020 by the GHA. The survey was hosted by SurveyMonkey and promoted through social media. It was designed to inform our response to the DCMS call for evidence on the impact of loot boxes, and to shape our campaign activity.*

*That survey found the severe financial impact that loot boxes can have on young people with 13% saying they had got into debt because of their spending on loot boxes. We therefore hope that the CAP and BCAP will use the opportunity of this consultation to provide some much-needed protection for these easily preyed-upon consumers.*

*Recommendations*

* *Put regulations in place to help children understand and control their in-game spending.*
* *Make the cost of in-game currency and purchases clear, including bundles, and for players based in the UK, presented in British Pound Sterling.*
* *Remove countdown timers designed to encourage in-game purchases in games played by under-18s.*
* *Adverts should not encourage under-18s to make in-game purchases, and therefore these types of adverts should only be permitted in games with a PEGI rating of 18.*
* *Adverts related to random-item purchasing should be banned.*
* *Marketing should make it clear when there are in-game purchases, and whether these are for random items.*
* *Information on total in-game spending and parental controls should be made clear from the outset of the game.*
* *For random-item purchases, the odds of getting an item should be displayed at the point of purchase.*
* *Further consideration should be given to restrict influencer marketing of in-game purchases.*
* *Consumers should be made aware of how games developers use their personal data for marketing purposes.*
* *Regulations should be put in place to prevent accidental in-app purchases being made.*

**The degree to which respondents consider the guidance addresses concerns about advertising for in-game purchasing, including whether there are any other factors that should be included**

* Purchasing in-game currency is likely to lead to increased spending by separating the psychological pain associated with spending money from the psychological pleasure of acquiring a desired item in the same way that buying on credit has been found to do so.[[1]](#footnote-1) Compared to paying with cash, purchasing in-game currency using a debit or credit card to spend on an in-game purchase at a later date puts the player two or three steps removed from the psychological pain-point. Therefore, to protect children from spending more than they can afford to, regulations must be in place to help children understand and control their spending.
* We support proposals to make the cost of in-game currency clear and not marketed in a misleading way. We believe the clearest way to represent this information is by price-per-unit for all bundles e.g. 100 credits for £5 (5p per credit), or 200 credits for £7 (3.5p per credit).
* We support the proposal that where in-game purchases must be paid for with premium currency, rather than ‘real’ money, it must be clear to consumers what the equivalent real-world price is for the item. In our survey, almost one in ten (9%) respondents said that it was not possible to calculate the value of a loot box, and 31% said they struggled to keep track of their spending on loot boxes, demonstrating the need for easily understandable currency conversions. We know that adults also struggle to correctly judge the value of items costed in an unfamiliar foreign currency[[2]](#footnote-2) and that young children are still learning to differentiate between play money and real money.[[3]](#footnote-3) This is made even more challenging when games obfuscate how much loot boxes really cost.. Even when the transaction amount is clear, other factors such as the relative lack of friction to make such a purchase or the fact that the price may appear small may confuse or trick children into spending more than they intended, or without thinking.
* We support proposals on odd-pricing.
* We support changes to savings claims on bundled items.
* We query the suggestion that ‘what constitutes a short countdown timer and a significant sum of money’ should vary by ‘style of game and the usual cost of items for that game’. It is more important to consider the experience of the user, and the psychological impact of countdown timers upon those who play the game, and the risk they present to their overspending, than it is to consider the flow or integrity of the game from the designers’ point of view. Countdown timers are a well-known pressure-selling tactic, creating a sense of urgency, of scarcity and fear of missing out (FOMO) in consumers.[[4]](#footnote-4) CAP has cautioned marketers against using countdown clocks within gambling marketing, and we therefore argue that these techniques should be banned in the marketing of loot boxes in games with an audience of under-18s.[[5]](#footnote-5) Children and adolescents are especially susceptible to feelings of FOMO, and therefore marketing which incites fear of scarcity should not be used in games where they make up part of the consumer base.[[6]](#footnote-6) In games aimed at adults, we recommend a consistent approach to the length of countdown timers, so that it is easier for players, regulators and third sector organisations to hold the games industry to account.
* We agree that advertisers should not directly encourage children to make in-game purchases. The ability of games developers to manipulate young players, such as by having a favourite character look upset when players do not make an in-game purchase, should not be underestimated. Therefore, adverts encouraging in-game purchasing should only be permitted in games with a PEGI rating of 18. There needs to be greater enforcement on who can purchase PEGI 18+ games, as we found that the majority (83%) of survey respondents reported playing games when they were below the PEGI recommended age rating.
* Proposals under messaging relating to random-item purchasing are weakly worded. We suggest ‘explicit or implicit links to real-world gambling’, ‘encouragements to ‘try one more time’ or suggestions that the next purchase could result in a rare item’, and ‘where the outcome is based on chance rather than skill, suggestions that the player almost obtained a rare/wanted item’ should be banned rather than considered 'unlikely to be acceptable'. Regarding pay-to-win loot boxes, it is not just the messaging that compels players to buy them, the entire design of the game strongly favours making in-game purchases to complete gameplay. For instance, rather than buy loot boxes, a player may have to spend hours engaging in repetitive gameplay known as ‘the grind’. As one survey respondent put it: “*I would love to see loot boxes and all other micro-transactions gone from video games completely. They ruin games. Companies will purposely make their games "grindy" to entice you to buy loot boxes or micro-transactions to essentially skip the grind. There's less sense of reward from playing games these days because of this.”* Over half (58%) of respondents told us that it was either ‘difficult’ or ‘very difficult’ to obtain high-value loot boxes through ‘the grind’, compared to just a fifth (21%) of young people who told us that it was either ‘easy’ or ‘very easy’. For example, in Overwatch, to acquire five loot boxes would take 4.3 hours of playing matches, with an average match lasting seven minutes, and there is only a one in 21 chance of any of those loot boxes containing the skin of a player’s favourite hero. To acquire 22 loot boxes would take over 20 hours of seven minute matches; more time would be needed to look for the match and the ceremonies involved after each. The attraction of paying for those loot boxes instead is compelling.[[7]](#footnote-7) Similarly, in multiplayer games, there can be pressure from one's team to buy loot boxes in order to have the best weapons, so there is social pressure at play that drives in-game purchasing.
* We support the proposal that marketers should make it clear when advertising games that they contain in-game purchases, including random-item purchases. In our survey young gamers reported that only one in ten games make it clear from the start that they contain paid-for loot boxes. Marketers should have to prove that the way in which they present this information has a protective effect on those most vulnerable consumers. Using ‘in-game purchases’ as a standalone term in advertising is not sufficient because it can mean anything from the option to buy a new character in a one-off payment to randomised loot boxes – consumers need to know in advance why they might need to spend further money if they buy the game.
* We agree that marketers should be encouraged to provide further information about the type of in-game purchase contained within a game, and believe this should be mandatory rather than ‘encouraged’. An overwhelming number of gamers we surveyed disliked games in which loot boxes create a ‘pay-to-win’ mechanic, whereby those who pay for loot boxes are at a competitive advantage to those who earn them through gameplay. Therefore, it is highly likely that marketers will not choose to display this information unless legally obliged to do so. We suggest that games publishers are required to disclose the average spend required to complete the game, or the average amount spent by players for those games where it is not ‘pay-to-win’. We also recommend adverts include information about parental controls on spending limits so parents know they have the option to control their child’s spending.

**Other factors that should be included**

* The odds of getting a valuable item from each loot box should be published at the point of purchase within the game and before the game itself is purchased, in an easy-to-understand format, to enable each purchase to be an adequately informed decision. This information should be understandable to the youngest customers of that game, based on the game company's data. Some publishers have pledged to do this, though the timescale they agreed to do it by has since lapsed (including Nintendo, Sony, Microsoft, EA, Activision Blizzard, Bethesda). Players should also be aware that the odds of getting a specific item inside a loot box are not necessarily the same as getting another item in the same ‘rarity class’.
* Influencer marketing – many of our survey respondents noted that they watch unpacking of loot boxes by streamers on YouTube or Twitch. Where these influencers are being sponsored by games companies, they need to fall under the same marketing regulations as other forms of publicity. These connections to industry must be disclosed. Footage should not be edited, and the odds of getting the unboxed item should be included alongside the content. There was some suspicion amongst survey respondents that these videos are manipulated to make the most valuable items appear within easy reach of all players.
* We recommend disclosure of how games publishers use player information for marketing purposes. The way in-app purchases are advertised in games may exploit inequalities in information between purchaser and provider, such as when the industry uses knowledge of the player's game‐related preferences, available funds and/or playing and spending habits, to present offers predetermined to maximise the likelihood of eliciting player spending. Consumers should be aware of how their personal data is used to affect their gaming experience, including how in-game purchases are promoted and priced.
* We recommend regulations be put in place to prevent accidental in-app purchases being made, for instance with a pop-up asking for confirmation before an in-app purchase is processed and parental controls to prevent in-app purchases being made without a passcode. It should also be clear to users how to cancel and refund a purchase, as an online survey with 1,058 young people by Childnet found nearly a third of those who had spent money on an in-app purchase had done so accidentally and around a fifth had received a large phone bill has a result of accidental in-app purchases.[[8]](#footnote-8) In a survey of 2,000 parents in the UK, 45% said they had accidentally made purchases through the app service.[[9]](#footnote-9) Therefore there should be protections for consumers of all ages against unintentionally making purchases.

*For more information on this response please contact Louisa Mason, Alliance Lead:* [*gha@rsph.org.uk*](mailto:gha@rsph.org.uk)*.*

*These recommendations reflect priority areas for action agreed by GHA members. Individual members may submit their own recommendations with their organisational priorities. A full list of GHA members can be found* [*here*](https://www.rsph.org.uk/our-work/alliances/the-gambling-health-alliance/members-of-the-gambling-health-alliance.html)*.*

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9. https://www.money.co.uk/guides/in-app-purchases-hidden-cost [↑](#footnote-ref-9)