

**Conceptualising the Loot Box Transaction as a Gamble between the Purchasing Player
and the Video Game Company**

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To the Editor:

Loot boxes represent a popularly implemented randomised monetisation method in video games, which offers purchasing players virtual rewards of varying value (Zendle et al., 2020). Multiple popular implementations of loot boxes have been argued to be structurally and psychologically similar to gambling (Drummond & Sauer, 2018). The potential gambling-related harms of loot boxes, and the relationship between loot boxes and gambling have been identified and established in the literature to a limited extent (Brooks & Clark, 2019; Drummond & Sauer, 2018; King & Delfabbro, 2018, 2019; Kristiansen & Severin, 2019; Larche et al., 2019; Li et al., 2019; Nielsen & Grabarczyk, 2019; Xiao & Henderson, 2019; Zendle, Cairns, et al., 2019; Zendle, Meyer, et al., 2019; Zendle & Cairns, 2018, 2019). These remain areas of active academic research and debate. National gambling regulators have considered whether or not loot boxes constitute gambling under their national laws (Autorité de regulation des jeux en ligne [ARJEL; Regulatory Authority for Online Games] (France), 2018; Belgische Kansspelcommissie [Belgian Gaming Commission], 2018; Digital, Culture, Media and Sport Committee of the House of Commons [DCMS Committee] (UK), 2019; Federal Trade Commission (US), 2019; Kansspelautoriteit [The Netherlands Gaming Authority], 2018; Senate Environment and Communications References Committee (Australia), 2018; UK Gambling Commission, 2017). China has restricted the sale of loot boxes to children by imposing maximum monthly spending limits (Xiao, 2020). Regulatory policies on loot boxes remain forthcoming in many countries and are presently being considered and debated by policy-makers (e.g., in the UK see Prime Minister's Office, 2019).

A conceptual gap in the literature which misleads academics and regulators alike, and which prevents them from evaluating the issue comprehensively, must be clarified. The conceptualisation of the loot box transaction as a gamble has not yet been specified by the literature. The participating parties to this gamble have not been explicitly identified: it is unclear whether it is a gamble between various players, or between a player and the game company. Papers in the literature would generally cite Drummond and Sauer (2018) to assert that loot boxes are structurally similar to gambling (e.g., Zendle, 2019, p. 2; Zendle, Cairns, et al., 2019, p. 184; Zendle, Meyer, et al., 2019, pp. 2–3; Zendle & Cairns, 2018, p. 2, 2019,

p. 2). However, the criteria presented in Drummond and Sauer's preliminary paper (2018), if applied presently, in light of subsequent research, would be more restrictive than necessary and potentially misleading.

Academics and regulators currently working on this issue would benefit from being informed by a more inclusive perspective, which specifies that the loot box transaction should be conceptualised as *a gamble between the purchasing player and the video game company*, rather than conceptualised using the overly restrictive criteria applied by Drummond and Sauer (2018) which included in-game 'Competitive Advantage' as a criterion. The unnecessary consideration of this additional criterion had meant that only loot boxes which provided the purchasing player with some 'competitive advantage' over other players (in multiplayer games), or over a hypothetical comparative version of the purchasing player who did not purchase the loot boxes (in single-player games), were determined to be structurally similar to gambling.

The more inclusive conceptualisation of the loot box transaction as a gamble adheres more to and does not adapt Griffiths' definitional framework for gambling (1995, pp. 1–2), and explicitly identifies the participating parties of the gamble as the player purchasing the loot box and the video game company offering it for sale. The player is risking losing money (when they obtain worthless in-game items) for a chance to obtain rare and valuable items at very little cost, whilst the company is risking having to immediately provide the player with rare and valuable items at an undervalue, and losing out on additional potential sales, for a chance to instead provide the player with worthless in-game items even though they have paid money.

Loot boxes remain the subject of ongoing research and academic debate, and prospective regulation. The more inclusive conceptualisation presented by this Letter does not require a 'competitive advantage' to be provided to the purchasing player by the game company for a gamble to be identified. Accordingly, it would conclude that a higher proportion of loot boxes is structurally similar to gambling, thus allowing academics and regulators to fully assess the true extent of the potential consumer harms caused by loot boxes.

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