GAMBLING RESEARCH REVEALS

Loot Boxes: A Striking New Element in the Ongoing Gamblification of Video Games *by Dr. Mark R. Johnson*

A loot box is a virtual container which, when opened, will yield an unknown set of virtual items. Most loot boxes cost real-world money to purchase, resulting in a situation where video game players are spending money in order to gamble on their success or social status within virtual worlds. This has led to concerns by regulators over the possibility of underage players gambling through loot boxes by circumventing existing age restrictions on more traditional forms of gambling play. Gamers themselves are also concerned that game play is undermined by this ability to use money to buy their way to victory rather than rely on skill. Policymakers, meanwhile, are trying to decide whether existing gambling regulation should address loot boxes, or new regulation might be needed.

Dr. Mark R. Johnson, U. of Alberta

In each of these controversies, game players and policymakers with an interest in video games have offered their input. In the first instance, some players accept loot boxes as means to speed up their game play or compete with more skillful players, while others reject them for corrupting the "purity" of game play. In the second, policymakers in North America, Europe, Asia, and Oceania are now starting to keep a closer eye on the issues surrounding loot boxes, with several countries having banned them or begun the process of legislation.

However, a missing voice from the ongoing loot box debate has been that of the developers responsible for actually creating the games and shaping their content. Little is known about their opinions and perspectives regarding loot boxes, and it is the goal of our research investigation to further explore this topic.

The primary aim of the Alberta Gambling Research Institute, a consortium of the Universities of Alberta, Calgary, and Lethbridge, is to support academic research related to gambling.

MISSION

To facilitate evidence-based broad research that informs gambling public policy and educates Albertans and the wider audience about the effects of gambling.

What Does a Loot Box Contain?

The items that loot boxes contain can be of two sorts. There are "cosmetic" items, which affect how one's avatar within a virtual world looks (e.g., items of clothing, appearance of weapons, etc.). These items do not affect game play but are strongly sought after by gamers as they are crucial indicators of social status and achievement in video game worlds.

Loot boxes can also contain items that will directly affect game play, such as items that make a player's character faster, stronger, or tougher, or unlock new abilities or options that were not previously available.

Researching Perspectives of Game Developers on the Loot Box Phenomenon

My colleagues[1] and I received funding from Alberta Health Services (AHS) and Gambling Research Exchange Ontario (GREO) to investigate the perspectives of game developers on what we consider to be the four main components of the loot box phenomenon. These include:

1. **Ethics** – What ideas do game developers have about the ethics (or not) of loot box implementation, and how are these perspectives shaping their actions?

2. **Gambling** – What do game developers understand about gambling, and do they consider loot boxes to be a form of gambling?

3. **Law & Regulation** – How aware are game developers of ongoing loot box controversies, and how do they perceive legal and regulatory challenges?

4. **Design** – How central are loot boxes becoming to video game design and development, and what does this mean for the future of the industry?

To date we have conducted twenty-five in-depth interviews with game developers. Interviewees ranged from employees of major "Triple-A" games companies[2] to one-person bedroom programmers. We achieved significant geographical variation in these interviews with respondents hailing from Canada, the United States, the United Kingdom, Poland, Taiwan, and Singapore. Our data analyses of interview transcriptions has revealed the following preliminary findings:

Game Developers Are "Sleepwalking" into Potential Issues

The overwhelming impression gathered from these interviews is that game developers are "sleepwalking" into major potential issues regarding loot boxes. Developers display minimal awareness of issues surrounding the ethics of gambling and the potential for psychological exploitation of players through gambling systems. They also have some difficulty articulating a definition of gambling and, perhaps most strikingly, describing or relating to the laws around gambling in their respective jurisdictions.

Few developers are aware of the status of current legal debates which are expected to shape the future of their own game design practices, and fewer still have plans for what to do if loot boxes are declared illegal within major markets. This is a highly unusual situation for designers of "gambling" experiences to be finding themselves in – which is to say, they are building gambling-related systems while being largely unaware of the legal contexts in which they are permitted to operate. We hope to further understand the present and future state of knowledge within the games industry on loot boxes and gambling by further analyzing developer interview responses.

Attitudes toward Loot Boxes Differ between Game Developers

We have found that a greater proportion of older developers looked favourably upon loot boxes in comparison to their younger colleagues. Older developers tended to hold managerial positions and were more concerned with profitability and sustainability than "ethical" design. Younger, and perhaps more idealistic, game developers were generally more concerned with questions of ethical design and user experience. In both cases the precariousness of careers within the games industry was a central element of our findings, with even the young "anti-loot box" developers acknowledging that games industry employment is highly competitive and precarious. If forced, many would likely also consider implementing loot box models into their games. This sheds light on the politics of the games industry, how these politics are shaping the uptake of loot boxes, and draws our attention to potential generational conflicts that might divide a sector dealing with ongoing issues surrounding developer demographics, labour conditions, and game design.

Loot Boxes Have Become a Major Element of Game Design

Developers expressed a belief that loot boxes were "here to stay" and essential to profitable game monetization. They expected loot boxes to be optimized over time to extract additional money from players. Opinions were also offered on a range of descriptions regarding how loot boxes were designed, how they could or should be designed, the various ways in which they were inserted into games, and the effects they were having on players (although these effects are not always framed in terms of "gambling"). By improving our understanding of how those within the games industry have come to accept loot boxes, we can begin to assess the direction that loot box developments are likely to take in the coming years, and the effects this might have on one of the world's largest entertainment sectors.

Research Investigation Next Steps

Over the course of the next six to twelve months, we plan to pursue further funding for the project, carry out additional interviews with game developers, and begin interviewing players about their loot box consumption patterns. We hope to further unpack our four key research areas and seek to understand how loot box consumption habits intersect with the gaming and life histories of gamers. In 2019, we will be presenting our data at numerous conferences within game studies, gambling studies, and Internet studies more broadly, and initial journal publications are presently forthcoming. We welcome any interest in the project, and we are keen to build further connections for both conducting the research and disseminating our findings.

Dr. Mark R. Johnson is a Killam Postdoctoral Fellow in the Department of Political Science at the University of Alberta. His research focuses on the intersections between games, play, work, labour, and money such as Esports, live streaming, fantasy sports, gamification, and skin betting.

1 *Dr. Tom Brock (Department of Sociology, Manchester Metropolitan University) and Dr. Fiona Nicoll (Department of Political Science, University of Alberta).*

2 *Triple-A is a classification term used for games with the highest development budgets and levels of promotion. A title considered to be AAA is therefore expected to be a high quality game or to be among the year's bestsellers.*

FROM THE LIBRARY:

World Health Organization (WHO) Adds Gaming Disorder to New International Classification of Diseases, ICD-11

What is the International Classification of Diseases (ICD)?

The ICD serves as a foundation for identifying global health trends and statistics. It contains approximately 55,000 unique codes for injuries, diseases, and causes of death, and provides a common language for health care providers to share information around the world. The last revision of the ICD occurred in 1990. ICD-11 is to be presented for adoption by member states at the World Health Assembly in May 2019 and will take effect on January 1, 2022.

How is Gaming Disorder Defined in the ICD-11?

Gaming disorder is defined in the draft of the 11th Revision of the International Classification of Diseases (ICD-11) as a pattern of gaming behaviour ("digital-gaming" or "video-gaming") characterized by impaired control over gaming, increasing priority given to gaming over other activities to the extent that gaming takes precedence over other interests and daily activities, and continuation or escalation of gaming despite the occurrence of negative consequences.

GAMING DISORDER
CODE 6C51

For the first time, WHO is classifying gaming disorder as an addictive behaviour disorder – now we can measure how many people are affected

World Health Organization

#ICD11

Why is Gaming Disorder Being Included in the ICD-11?

A series of annual WHO expert meetings held since 2014 provided the rationale and justification for the recommendation to include Gaming Disorder (GD) in the section for disorders due to addictive behaviours. A group of 66 experts from 25 countries made this decision based on their review of the available evidence in the scientific literature, case studies, and clinical practice. Dr. David Hodgins, Institute Research Coordinator at the U. of Calgary, was a member of this panel of international experts.

For Additional Information:

Byrne, Jennifer. (2018, June 18). ICD-11 updates resistance codes, adds gaming as addictive disorder. *Healio.com*.

Rumpf, H.-J. et al. (2018). Including gaming disorder in the ICD-11: The need to do so from a clinical and public health perspective. *Journal of Behavioral Addictions*, 1-6. https://doi.org/10.1556/2006.7.2018.59

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Vishous. (2018). Video game addiction and the WHO—where is the controversy? *Medium.com*.

Vishous. (2018). The WHO and video game addiction—part 2. *Medium.com*.

World Health Organization. (2018, September). Gaming disorder: Online Q&A.

World Health Organization. (2018). *ICD-11*: Classifying disease to map the way we live and die.

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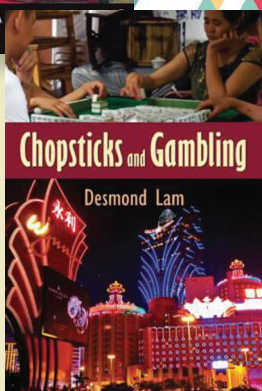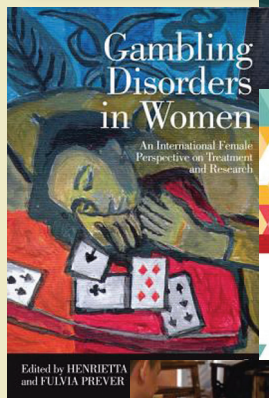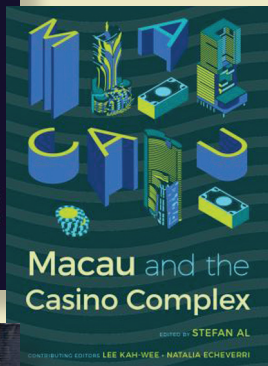
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Supervisor: Dr. David Euston

Nathan Wispinski
Program: PhD (Psychology, U. of Alberta)
Supervisors: Drs. Craig Chapman and Anthony Singhal

Did You Know?

Every year the Institute distributes funds for libraries at the U. of Alberta, U. of Calgary, and U. of Lethbridge to purchase gambling-related books, E-books, journal titles, and other research materials. For more information or to recommend a title please contact Institute Librarian Rhys Stevens (rhys.stevens@uleth.ca).

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