



Loot Boxes and Industry Best Practice

Can the video games industry prevent legislation by showcasing best practice?

Regulator: Entertainment Software Rating Board (ESRB)

RISK BAROMETER:



JURISDICTION RELEVANCE:

Global

TIMELINE:

ASAP

WHAT YOU SHOULD KNOW:

- In 2018, in the wake of the loot box furore, the Entertainment Software Ratings Board (ESRB)¹ [introduced](#) an “in-game purchases” label.
- It was too little, too late, according to US Senator Maggie Hassan (Dem) who led a public campaign for legislative action.
- The US consumer regulator, the Federal Trade Commission (FTC), buckled and, short of launching a formal investigation, settled on a workshop: [“Inside the Game: Unlocking the Consumer Issues Surrounding Loot Boxes”](#) (August 2019).
- As a result of the workshop, several console platforms - Nintendo, Sony, and Microsoft - alongside a host of high-profile developers [committed](#) to publishing their drop rates by the end of 2020.
- In April 2020, the ratings agencies, [ESRB](#) and [PEGI](#)² introduced “randomised” in-game purchase labels. At the same time, after eight months of internal discussions, Microsoft is the first to publish loot box guidelines for Xbox, including for content probability disclosure.

MOST TELLING:

“Despite PEGI’s adamance that their new label is not just about loot boxes, the BBC covered the development as [“Loot box warnings to be added to video games.”](#)”

DELANY & CO HOT TAKE:

Drop rate disclosure is likely to be next on the agenda for PEGI and ESRB, directly impacting the mobile game ecosystem. But, with the wheels of policy implementation in gear in the UK, and prosecutions launched against developers in Belgium and Holland some time ago, has an old-fashioned industry self-regulatory apparatus moved too slowly?

Endnotes

- 1 The Entertainment Software Ratings Board “ESRB” informs ratings for Google Play in North America
- 2 The Pan European Game Information “PEGI” informs ratings for Google Play in Europe