



UK consultation on guidance for advertising in-game purchases

The UK's advertising code-setters cross paths with the DCMS call for evidence on loot boxes.

Regulator(s): Committee of Advertising Practice (CAP); Broadcast Committee of Advertising Practice (BCAP); Advertising Standards Authority (ASA)

RISK BAROMETER:



JURISDICTION RELEVANCE:

UK

TIMELINE:

The consultation runs until January 28th 2021.

WHAT YOU SHOULD KNOW:

- ASA/CAP/BCAP¹ have released [draft 'formal' guidance](#) for consultation, whose stated aim is to express how existing advertising codes should apply to in-app purchases.
- Whilst acknowledging that many concerns about in-app purchases 'relate to the product themselves' and are therefore 'out of scope', there is overlap with [DCMS's ongoing call for evidence on loot boxes](#) and the 2014 OFT principles on in-app purchases².
- A consultation document contains largely non-judgemental definitions and explorations of features including 'in-game purchasing,' 'proprietary and premium currency' and 'random-item purchases (loot boxes).' Exceptions are references to 'odd pricing' whereby 'increments of currency bundles do not match the increments of the currency price for items' which may confuse consumers and the assertion that correlative evidence of problem gambling justifies greater protection from loot boxes.
- Briefly summarized below, draft guidance encompasses the presentation, pricing and advertising of in-game purchases, specifically addressing:
 - » **In-game purchases paid with premium currency:** Equivalent real-world prices must be clear (e.g. via an exchange rate).
 - » **Odd pricing:** The cost of currency bundles should be

clearly and prominently displayed so that the consumer can get it right vis a vis the cost of virtual items.

- » **Immersive marketing messages:** Excessively short countdown timers linked to costly in-app purchases should be avoided.
- » **Messaging relating to random-item purchasing (and other gambling-like activity):** The near miss effect should be avoided.
- » **Advertising featuring in-game purchased content:** Content requiring purchases, or a significant investment of game time should not be presented as easily or quickly obtainable through standard play.

MOST TELLING:

"Rather than implementing new rules, we think that the issues in question can be suitably addressed through specific formal guidance on existing rules."

DELANY & CO HOT TAKE:

There are areas of concern with the draft guidance, notably in its effort to police virtual currency at a micro level according to an understanding which may not stand up to scrutiny. However, the draft guidance should be broadly welcomed as a clear statement of support for a holistic and measured approach to in-app purchases, including loot boxes, based upon existing regulation.

[1] In the UK, BCAP and CAP are set the codes for broadcast and non-broadcast media, enforced by the ASA, the independent self-regulatory advertising body. Whilst the ASA lacks statutory authority, if companies do not comply with its adjudications, the ASA has the power to make referrals to bodies that can impose sanctions - Ofcom and the Competition and Markets Authority (CMA).

[2] Children's online games summary. Available from: <https://www.gov.uk/cma-cases/children-s-online-games> Published by the CMA, 2015.