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Loot boxes' virtual items have monetary value: new research shows

New research has shown virtual items, obtained via loot boxes in online video games, have monetary value to gamers irrespective of whether they can be cashed out, and could plausibly be regulated under existing legislation for gambling.

The study analysed items bought and sold on online video game marketplaces which allow people to monetise virtual items, and found \$1.45 billion sales in real currency.

The findings, published in *Nature Human Behaviour*, have renewed calls for games, which contain loot boxes, to be regulated to include warnings of simulated gambling, similar to other content warnings such as violence or language.

"We've previously shown that some loot boxes share important psychological characteristics with conventional forms of gambling," study co-author Dr James Sauer from the University of Tasmania's School of Psychological Sciences said.

"However, some argue that virtual items won from loot boxes have no value, and that loot boxes therefore do not fall within existing frameworks for regulating gambling activity.

"This work refutes that argument. Some loot boxes do meet the 'value criterion' needed to meet legal definitions of gambling in many jurisdictions.

"It's not that all in-game rewards are bad, or that people are paying for rewards, but these particular reward mechanisms share a lot of psychological similarities with conventional forms of gambling.

"We think gamers, and the parents of young gamers, need to be aware that some games contain gambling-like mechanisms."

Loot boxes are digital containers of randomised rewards, available in a number of online video games which were first introduced around 2010, but have increased in popularity since 2015.

“We don’t know what the short or long-term consequences of engaging with loot boxes for gamers and whether it’s going to lead to problematic behaviour, problematic spending or future gambling,” Dr Sauer said.

“But in the mean time we want to allow consumers to make informed choices by encouraging the gaming industry to include content warnings, such as simulated gambling or purchasable randomised rewards, on video games with loot boxes.”

Dr Sauer joined colleagues Aaron Drummond (Massey University), Lauren C. Hall (Massey University), David Zendle (University of York) and Malcolm R. Loudon (Massey University) to conduct the study.

The research, ‘Why loot boxes could be regulated as gambling’, was published in *Nature Human Behaviour*.

Media contact: Dr Jim Sauer (03) 6226 2051/0476 455 828. *****Dr Sauer is available for interviews today from 9am-3pm *****

Information released by:

Communications Office
University of Tasmania
+61 3 6226 2124

Communications.Office@utas.edu.au

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