Illegal Loot Box Advertising on Social Media An Empirical Study Using the Meta and TikTok ad Transparency Repositories

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Loot boxes are gambling-like products inside video games that can be bought with real-world money to obtain random rewards in about 80% of top mobile games (Xiao et al., 2023). Loot boxes are widely accessible to minors under 18, unlike traditional gambling (Zendle et al., 2020). Loot box spending has been linked to problem gambling (Garea et al., 2021; Spicer et al., 2022; Zendle C Cairns, 2018), and stakeholders are concerned about potential financial harms, *e.g.*, overspending (*e.g.*, Department for Digital, Culture, Media C Sport (UK), 2022; House of Representatives Standing Committee on Social Policy and Legal Affairs (Australia), 2023). Gambling law cannot be used to address the issue because most loot boxes do not satisfy the narrow legal definition of 'gambling' in most countries (Xiao et al., 2022). The UK advertising regulator has held that video game advertising must disclose, if relevant, that a game contains (i) in-game purchases (*i.e.*, the possibility to spend real-world money) and (ii) loot boxes in particular (Committee of Advertising Practice C Broadcast Committee of Advertising Practice, 2021). The regulator has also previously taken enforcement actions to punish companies that have breached this rule (Advertising Standards Authority, 2023a, 2023b). Two studies were conducted using the ad repositories provided by Meta and TikTok. Content analysis was conducted on advertising materials to attempt to identify disclosures for ingame purchases and loot boxes. Study 1 focused on Meta-owned platforms (*i.e.*, Facebook, Instagram, and Messenger). Amongst 188 adverts for popular games known to contain loot boxes examined, 167 (88.8%) failed to disclose the presence of generic in-game purchases and 175 (93.1%) did not disclose loot box presence. These adverts related to 63 game titles, of which the vast majority did not ever disclose either type of content. Even amongst the small minority that did make disclosures, most did not do so consistently, meaning that some adverts for the game were compliant, whilst others not. Only the adverts of two games (3.1%) consistently disclosed in-game purchases, and only those of one single game (1.6%) always disclosed loot boxes. Study 2 examined TikTok. Amongst the most viewed 920 TikTok adverts, 130 (14.1%) pertained to games with in-game purchasing and 100 (10.9%) were for games also selling loot boxes. Only 9 of 130 ads (6.9%) disclosed the presence of in-game purchasing, and just 7 of 100 ads (7.0%) disclosed loot box presence as required. The vast majority of social media adverts across various platforms were therefore non-compliant with UK advertising regulations and presumably also EU consumer protection law (upon which the UK advertising rules were based). The illegal TikTok adverts that failed to disclose loot boxes were viewed a total of 292,641,000 times in the UK alone,

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which is approximately 10 impressions per active user. Many people have therefore been repeatedly exposed to prohibited and socially irresponsible advertising that failed to provide important and mandated information. Additional advertising rule violations, such as inaccurate gameplay depiction and objectification of women, were observed. Implementation deficiencies with ad repositories, which must comply with transparency obligations imposed by the EU Digital Services Act, are also highlighted, *e.g.*, not disclosing the beneficiary. The present study demonstrates that information disclosure requirements imposed by law empower the public with data access, which can and should be used by researchers. Policymakers beyond the EU should consider enabling more such opportunities for the public benefit.

Postscript: Since this study was conducted, the UK advertising regulator has upheld three complaints made against illegal ads identified by the present study, thus conclusively determining that these ads indeed broke advertising rules for failing to disclose loot box presence (Advertising Standards Authority, 2024a, 2024b, 2024c).

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