

The uncertain future of gaming's 'loot boxes'

Article

The story: Even as mobile and free-to-play gaming exploded during the pandemic, the advent of iOS 14 means that the ad-dependent revenue model that sustains them is in question. In this weekend edition of the eMarketer Briefing, we'll be taking a look at **loot boxes**, one of the biggest—and most fraught—drivers of revenue in video games in the last several years.

By now, you may have heard of **Genshin Impact**, the free-to-play video game that was released just last year across gaming devices and has [already made \\$2 billion on mobile devices](#) alone, in large part thanks to loot boxes.

What it is: A loot box is an in-game item that players can either purchase or obtain through regular gameplay.

- It contains a random selection of in-game items of varying rarity, including cosmetics, weapons, and characters.

How it works: The way loot boxes are doled out varies across titles.

- Most games, including **Genshin Impact**, give them to players both for free upon meeting various in-game goals.
- But in other games, loot boxes, or other items required to open them, are only available by paying.

Legal battles: If loot boxes sound a little too much like gambling to you, you're not alone. Though there is no legislation specifically dealing with loot boxes in the US, their biggest beneficiaries have faced questions of legality.

- **Electronic Arts**, which made **\$1.62 billion** in 2020 through loot boxes in its **FIFA** soccer games, has run into legal trouble across the world. Belgium took one of the most aggressive stances against the practice: In 2018, the **Belgian Gaming Commission** called for EA and other publishers to remove loot boxes from their games.
- **Valve**, creator of games marketplace **Steam** and shooter **Counter Strike: Global Offensive**, came under fire in 2016 for a third-party gambling market that had emerged around items obtained through Global Offensive's loot boxes which allowed minors to bet real-world money.

What players think: It's generally easier for fans to get on board with loot boxes when they're in a free game, but the addition of loot boxes to fully-priced games has prompted strong fan backlash.

- EA's **Star Wars: Battlefront II** generated controversy in 2017 for its loot boxes and microtransactions, which heavily incentivized players to pay extra for a chance to unlock characters and advantageous weapons which would otherwise take dozens of hours of playtime to obtain.

The takeaway: Loot boxes may be a major driver of revenue for the industry, but their murky legality and unpopularity with fans show that publishers can't slap it onto a product as an easy

revenue stream.

- Brands hoping to partner with these games should be knowledgeable about how loot boxes function in and affect players of a specific title, and how their brand will interact with the system.
- Loot box regulations may not be far off either, and regulators are paying more attention. In 2019, Senator **Josh Hawley** (R-MO) introduced the **Protecting Children from Abusive Games Act**, which sought to prevent games “played by minors” to contain loot boxes—though it was never passed.