



# Business thinks family

**Agnes Nairn**

RESEARCH & POLICY FOR THE REAL WORLD

Websites change on a daily and sometimes hourly basis. All the information contained in this report was accurate at the time of going to press on 27 November 2008 and all screenshots, unless otherwise stated, were taken on this day.

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## About the author

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# Foreword

The Family and Parenting Institute (FPI), since its inception, has been concerned with the commercial pressure on parents and their children.

The report *Hard sell, soft targets?*, which we published in 2004, drew on surveys and focus groups with parents and showed enormous concern from families about the amount of advertising on television.

Some 84 per cent of parents in the MORI poll we commissioned said they thought that companies targeted their children too much.

Parents were particularly worried about television adverts with which they complained their children were bombarded on Saturdays and after school. They said even their youngest children were being treated as potential consumers. They complained of family rows and of being constantly pestered for the latest gear and the unhealthiest food in supermarkets.

Compass published a similar report three years later. The Children's Society, Care for the Family, Which and others have all highlighted parents' anxiety about the effects of commercialisation on family life.

Interestingly, though, parents are realistic. In 2004 they were sceptical about legislation, and felt that probably the only place where regulation could be properly applied was to 'junk food' advertising. It is in this area that the Office of Communications (Ofcom) and the Government have acted.

Since 2008, food and drink high in fat, salt and sugar have been banned in TV programmes aimed at children aged 4–15 or in programmes attracting disproportionately high audiences of such children. From January 2009, all such advertising on children's channels will be stopped.

But the Government has also picked up on the effect that the commercial world may be having on children's wellbeing and commissioned an analysis of evidence about this as part of the Children's Plan. This work is still ongoing and the Family and Parenting Institute is actively engaged with the Government in its work.

The Family and Parenting Institute has continued to voice parents' concerns about marketing to children and decided to commission this report by Dr Agnes Nairn, *Business thinks family*, as a further contribution to the debate. The report concentrates particularly on

the internet. More and more companies are using websites to collect data about customers, directly market to niche audiences and get round legislation on traditional forms of media, like television.

Many parents feel less confident about internet material. Yet the internet is a medium that more and more children and young people are using: to watch TV programmes, view video clips, listen to music, play games, learn new facts and communicate with their friends and the wider world.

It opens the world for children, in ways that we value enormously; it also lets the world into children's lives in ways that parents find difficult to navigate.

So we feel it is timely to talk to business about what it is doing on the internet, why it is there, and how it is helping to shape our and our children's online experiences. We hope that business will join us in 'thinking family' and building family-friendly media and online environments.

**Mary MacLeod OBE**  
**Chief Executive**  
**Family and Parenting Institute**

# Introduction



Across the years the commercial world has offered children fun: from the space hoppers, pogo sticks and chopper bikes of the author's youth to the Wii, camera phones and iPods of today. Advertising funds a host of children's TV, from Scooby-Doo to SpongeBob SquarePants, and young people are active in the commercial world as they earn money on paper rounds or even start their own businesses.

However, concerns about the commercialisation of childhood have recently moved to centre stage as growing evidence points to the adverse effects for children and their families of living in a culture that seems to have become increasingly dominated by consuming.

Globally, the UNICEF report in 2007<sup>1</sup> painted a bleak picture for the psychological welfare of children living in the world's most materially rich countries. Best sellers from North America (e.g. Susan Linn's *Consuming kids*<sup>2</sup> and Juliet Schor's *Born to buy*<sup>3</sup>) and the UK (e.g. Sue Palmer's *Toxic childhood*<sup>4</sup> and Ed Mayo and Agnes Nairn's *Consumer kids*<sup>5</sup>) go further by criticising how marketing organisations are affecting contemporary family values by encouraging children to consume more and be less satisfied with what they have. Compass,<sup>6</sup> the National Consumer Council,<sup>7</sup> and the Family and Parenting Institute<sup>8</sup> itself have all produced research highlighting cause for concern.

Whilst families enjoy the offerings of the commercial world, from trips to Disneyland to parent-child contests on the PlayStation, there is also a strong feeling that it's all getting too much. A MORI poll in 2003<sup>9</sup> reported that 84 per cent of parents thought companies targeted children too much with advertising. A smaller 2006 survey by Care for the Family<sup>10</sup> found that 97 per cent of its membership believed their children were being increasingly commercially targeted, and in Autumn 2008, a ComRes poll<sup>11</sup> of a random sample of the British public showed 83 per cent felt that children and young people in the UK have too many commercial pressures put on them. Interestingly, a gigantic 94 per cent of MPs also agreed with this statement.

Over the next six months the Children's Society will report on its Good Childhood Inquiry and the Government will produce a review of the evidence on the impact of the commercial world on children.

It is a topic of our times.

# Open invitation

This report is an open invitation to commercial enterprises to engage honestly, constructively and seriously with those representing the interests of our families.

The Family and Parenting Institute invites business to:

- **inform and educate employees, children and parents about their rights in the commercial world**

Families have a right to protection from:

- deception
- damage
- disruption to family life.

- **ensure that self-regulatory codes are continually updated and policed**

As technology moves on and new forms of marketing are developed in a competitive marketplace, the codes must be actively and constantly rethought and refined.

- **actively encourage non-commercial pursuits and non-materialistic values**

Non-commercial community activities, such as volunteering, are likely to improve children's wellbeing just as holding non-materialistic values, such as sharing, giving and altruism, are likely to lead to greater personal fulfilment. Business plays a part in creating materialism and so may like to play a part in mitigating it.

With this invitation in mind, this report has three specific objectives:

1. To highlight the proven downsides for families of 'cumulative commercialism'.
2. To review current codes regulating marketing to children using what we have termed the '3D Framework' (protecting families from deception, damage and disruption to family life), and to draw attention to the gaps – particularly in digital marketing.
3. To propose a practical, forward-looking agenda for the way in which business thinks family.



# Current situation

The spotlight is glaring with increasing intensity on business practices that affect children. Some detractors of marketing to children point out that young people are encouraged to buy more than they need and more than their families can afford, whilst others criticise the heavy promotion of undesirable products such as suggestive lingerie for six-year-olds and unhealthy foods and drinks.

To date, the sphere of debate has been extremely narrow, with undue attention focused on the impact of TV advertising on the attitudes and behaviours of children. In a way this is understandable as TV advertising is relatively straightforward to regulate and it does take a large share of corporate communications budgets.

This focus has had some unexpected consequences, however. For example, the recent Office of Communications (Ofcom) decision to ban TV advertising of high fat, salt and sugar (HFSS) foods in programmes of particular appeal to the under-16s has led to a decrease in funding for some children's TV programmes.

Such restricted scope has not served families particularly well, for the impact of business on family lives goes well beyond TV advertising. The internet is a heavily commercialised environment<sup>12</sup> that is taking up an increasing number of hours of children's time<sup>13</sup> yet remains (as we shall see in this report) much less well-regulated than TV. It is estimated that spending on internet advertising will overtake spending on TV advertising in 2009.<sup>14</sup>

Ambient marketing, peer-to-peer techniques, selling in schools and other, more 'under the radar', methods have also received much less public attention despite their increasing prevalence. ITV, for example, has recently tested 'automatically placed overlay advertising': this uses computer programmes to seek out blank walls or blue sky in programmes, which can then be automatically covered by commercial logos.<sup>15</sup>

More importantly, the debate has yet to engage with the cumulative effect of commercialism on families as opposed to the isolated effect of one single advertising campaign on one individual child.



## Opposing views

As the debate heats up, two entrenched camps have emerged, with inflated and unfortunate consequences. Detractors of the commercialisation of childhood often get caught up in blaming business for a vast range of social ills, whilst defenders of the 'right' of business to advertise can be led into making extravagant claims for the social benefits of advertising. The language surrounding the debate has taken on a distinctly hostile tone.

But where does this leave families? Their interests are unlikely to be well-served by mud slinging. Indeed, parents in the Family and Parenting Institute surveys have explained that whilst they do accept a responsibility to say "no" this can exact a heavy price in terms of aggravation and argument, tears and tantrums, and in the words of one mum: "I need to ask if the advertising industry are comfortable spending millions of pounds targeting children direct and then saying it's down to mum and dad to stand up to them?"

The purpose of this report is to lay some foundations for a more constructive engagement between the parties defending the interests of businesses and those defending the interests of families.

# Cumulative commercialism

The role of business in the commercialisation of childhood stretches way beyond the effects of a 30-second advertisement. Our 'consumer culture' enmeshes families in a much more pervasive way. The diagram below shows a series of effects that have been established through the findings of several recent research studies with children and parents in the UK, the USA and other parts of Europe.<sup>16</sup> It shows how commercialism affects the wide range of facets of a child's life, from relationships with parents and peers, to self-esteem and life satisfaction.

Empirical studies have established with remarkable consistency the links between crucial areas of family dynamics. The story of how cumulative commercialism affects children is a complex and interactive one, and our understanding of it is still incomplete in that the pattern of cause and effect between the different parts of this diagram has not yet been definitively established.

However, a coherent picture is emerging. The clearest aspect of this picture shows that a cultivation and internalisation of materialistic values in childhood is strongly related to a number of negative phenomena. It is this cumulative effect on values that is central to

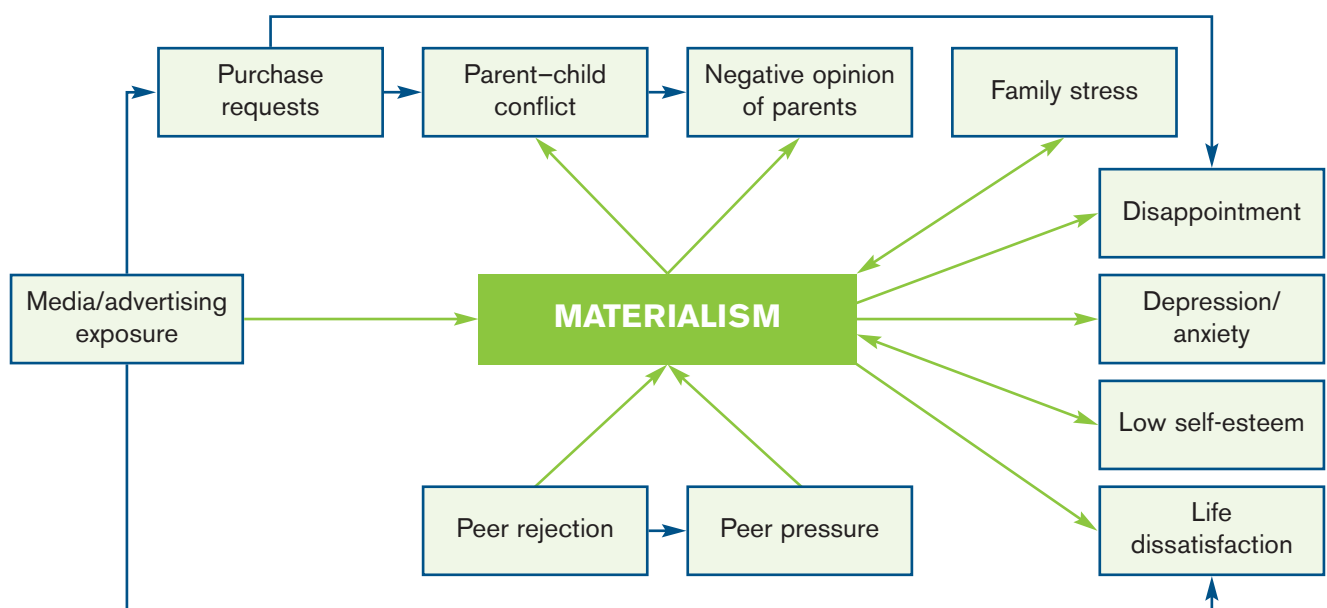
the negative relationship between commercialism and wellbeing.

## Materialistic values in childhood

Materialism in children has been measured in a number of ways but, by and large, children who hold strong materialistic values believe that money and cool things are an important part of life, that money and cool things will make them happy and that money and cool things will signal their social success. Children who spend a lot of time watching TV, playing on the computer and engaging with adverts have been shown to be significantly more materialistic than children who engage in other activities.

Materialistic children also tend to do less well at school and are less likely to help around the house. Perhaps because of the lack of funds and opportunities to take part in sports, music, drama etc., children from more deprived backgrounds have consistently been shown to spend dramatically more time in front of the TV or computer screen, to be much more heavily involved in consumer culture and to hold stronger materialistic values.

### The cumulative effect of commercialism





Tim Kasser, Associate Professor of Psychology at Knox College, Illinois, USA, and probably the most prolific writer on the social consequences of materialism, has found evidence for two pathways by which we internalise materialistic values. The first is through insecurities and the second is through socialisation.

In the first path, children develop a belief that new possessions will cheer them up if they have had a negative experience such as bullying, disheartening results at school or conflict in the family. Having stuff is used to compensate for feeling down. In the second path, children acquire materialistic values through heavy exposure to commercialised media or through the materialistic values of their immediate social circle (parents and peers). Here materialism isn't developed in reaction to specific circumstances but is gradually learned through a process of osmosis.

These paths are neither mutually exclusive nor unrelated. A mother who has had an insecure childhood may place high value on a showy car and new clothes and these material aspirations are likely, in turn, to be adopted by her children. Thus the effects of marketing to previous generations are displayed in today's children.

### Materialism and family

Materialistic values operate in a number of ways within family relationships. At its most straightforward, children who watch a lot of TV adverts ask their parents to buy them more stuff (purchase requests). In turn, those who make more requests suffer more often from feelings of disappointment (because there is a limit to how many requests a parent can fulfill).

Purchase requests not only relate to disappointment but also to arguments between parents and children. Constant pestering rarely results in family harmony. Materialistic children tend to think of their parents as boring, not cool and no fun to be around. This may be partly because these children are more often disappointed by their parents' unwillingness to keep them supplied with toys and cash, and partly because they are more immersed in a consumer culture where adults are often portrayed as putting a damper on fun.

Materialism also has a role to play in divorced families.<sup>17</sup> Studies have shown that after divorce adolescents tend to place more value on material objects, perhaps in an effort to compensate for disruption. However, it is also the case that children who think money and new gear will make them happy

report the highest levels of family stress. An interesting, and perhaps counterintuitive, finding from one study is that young people in divorced households who think cool stuff confers social status (as opposed to happiness) do not report the highest levels of stress. This is an area that needs more research.

### Materialism and friends

It is well established that peer acceptance becomes increasingly important to children as they move through junior school towards the teenage years. Adhering to or rejecting the norms of peer groups is a distinctive feature of being a 'tweenager' and teenager. Research has confirmed that children who feel under greater pressure to conform to peer norms are more likely to value money and possessions. These children believe that, effectively, they can buy acceptance by a group.

Popularity is also part of the story. A UK study published this year<sup>18</sup> showed that the least popular children felt the most susceptible to peer pressure and these children, in turn, put the greatest store by cool stuff and money. More than simple group acceptance, these unpopular children believe they can buy the friendship and popularity they lack.

The links between insecurity and materialism were clear in this study. The most materialistic children felt extremely sensitive. They believed that other children would laugh at them for not having the right stuff and they specifically asked their parents for things so that they would not be left out. Here we can see the two paths to materialism operating in tandem: social insecurities about peer acceptance and rejection are bound up with buying the right stuff, and at the same time, children are socialised into a peer culture where 'you are what you own'.

### Materialism and child wellbeing

The prognosis for materialism is not encouraging. In adulthood, it is evident that it has a high correlation with negative psychological outcomes such as low self-esteem and life dissatisfaction.<sup>19</sup> Tim Kasser explains these findings largely in terms of his Aspiration Index<sup>20</sup> where undue focus on extrinsic goals, such as making money and acquiring status possessions, inhibit satisfaction of intrinsic needs, such as friendship and community feeling. Ultimately, satisfying these intrinsic needs leads to greater wellbeing. This point is elaborated and backed up with substantial empirical evidence in Lord Layard's recent book *Happiness*.<sup>21</sup>

Whilst the negative emotional and psychological effects of materialism on adults have been studied for some time, it is a relatively new area for study on children. However, studies to date have shown remarkable consistency in results. High levels of materialism have repeatedly been shown to correlate with life dissatisfaction, low self-esteem, depression and anxiety. As yet, these statistical relationships are correlations, not causations, and we await longitudinal research to show which way the correlations work.

It is highly likely that this dynamic works both ways. The Aspiration Index would point to materialism resulting in less personal satisfaction. But another US researcher, Lan Chaplin, claimed recently that variations in children's materialism levels are caused by age-related changes in self-esteem.<sup>22</sup> She argues that as teenagers become more self-conscious with the onset of puberty they seek to redress uncertainties about themselves with money and possessions. So materialism doesn't make you unhappy but being unhappy makes you materialistic.

Be that as it may, given what we know about adults, and about the way materialism operates in families, it seems unlikely that high attachment to cool stuff and hard cash will serve as an effective long-term antidote to depression in children, particularly in households where the funds to procure the goods are in short supply. It seems most likely that the interaction between

wellbeing and materialism works in both directions and that this interaction is unlikely to tell a positive story.

Of course, both children and adults experience great pleasure from the giving and receiving of material goods. Treats in the form of toys or sweets are used to thank, encourage or reward children. Gifts are purchased and exchanged as tokens of love, affection and appreciation, and the commercial world can supply experiences that create family bonds – from watching the *X Factor* together on the sofa to screaming together at Alton Towers.

There is a balance to be struck, however, and we can see that, whilst there is still research to be done, a picture is emerging where a society whose children attach too high a value to material objects, whether as a means to happiness, as a way to gain status in the playground or simply as a way of life, is a society whose families function less well.

Strong attachment to material values is associated in complex ways with family conflict, peer pressure and negative wellbeing. We would like to suggest that businesses, which market the material goods that serve as beacons of desire, peer reference points in the playground or bones of contention in families, have some responsibility for the cumulative effects of our material culture.



# Current regulation

As yet, we suspect that few businesses marketing to children would be prepared to accept much responsibility for the nurturing of materialistic values in our young people. We hope that this may change. In the meantime, businesses are concentrating their responsibilities to families on regulating discrete marketing communications techniques and specific trading practices. The codes in place are well thought-out and regulated.

However, these regulations are complex and not readily accessible to the general public – and families are unlikely to be aware of these rules or of the rights to protection they can expect for their children.

In this part of the report we review the current regulation processes and suggest a framework that businesses marketing to children could perhaps use to make the spirit of current codes more accessible to families (and, indeed, to their employees).

The role that commercial communications are allowed to play in children's lives is mainly self-regulated by industry bodies, a number of national and international codes having evolved over time to guide responsible business practice. Unfortunately, given the fast-moving nature of technology and the communications industry, this is currently not a totally coherent or unified process. Moreover, the treatment of differences in the offline and online environments is far from complete.

## Right to privacy

It is also important to note that regulation covers both communication practices and privacy issues related to collecting personal data for marketing purposes. Historically, the advent of direct marketing necessitated a series of codes to protect consumer information, including that of children. However, the ease with which children's information can now be collected on the internet has raised a whole new series of privacy issues which still require coherent attention.<sup>23</sup>

Families technically have the right to complain to regulating bodies about marketing communications or privacy issues but in practice few of them do – partly, we suspect, because they are unaware of the codes, who oversees them or where to find information.

Currently, the International Chamber of Commerce (ICC) oversees marketing communication codes

across the world, and both the European Association of Communications Agencies (EACA) and the European Advertising Standards Alliance (EASA) provide pretty comprehensive guidelines to promote a uniform understanding and implementation of existing codes across Europe. The main codes are shown on page 21.

Specific UK provisions for children appear in:

- sections 8.11–8.23 and 19.25–19.34 of the Direct Marketing Association's (DMA) Code
- section 47 of the Advertising Standards Authority's (ASA) Committee of Advertising Practice Code – CAP Code – for non-broadcast media
- section 7 of the ASA BCAP Code (broadcast media).

These codes are, of course, constantly evolving in response to emerging social issues, public debate and technological innovations. The CAP Code, for example, incorporated new rules for food and soft drink advertisements to children from 1 July 2007, and new provisions governing promotion of gambling from 1 September 2007, to conform to the provisions of the new Gambling Act.

Meanwhile, the Advertising Association has a Digital Media Group working on new online codes and the Internet Advertising Bureau is running a Behavioural Targeting Taskforce to address concerns over personally targeted internet advertising.

## New legislation

Whilst self-regulation remains the norm, an increasing amount of legislation has been passed in this area. In Spring 2008 the EU Unfair Commercial Practices Directive became UK law (as in other Member States). This covers misleading advertising and specifically bans hidden advertising such as:

- unlabelled advertorials
- falsely creating the impression of free offers
- "including in an advertisement a direct exhortation to children to buy advertised products or persuade their parents or other adults to buy advertised products for them".

## 3D Framework

Ofcom imposed a 3-phase ban on the advertising of HFSS foods around TV programmes of particular appeal to children, starting in April 2007 with 4- to 9-year-olds, moving in January 2008 to 4- to 15-year-olds, and including a total ban on advertising for HFSS foods on all children's channels by January 2009.

Legislation is one thing; enforcement, however, is another. In particular, the borderless nature of the internet makes it difficult to regulate online marketing communications. For example, sites whose headquarters are in the USA will not be subject to the new EU Directive on Unfair Practice.

It is also the case that the existing guidelines and legislation do not agree on the definition of a child. The UK Children and Young Person's Act defines a 'minor' as under 14 and a 'young person' as aged 14–18; the CAP Code considers a child as anyone under 16, while the Information Commissioner – responsible for regulating UK data protection – takes the view that children over 12 are capable of giving their consent to their details being collected by third parties.

Importantly, families are currently unaware of many marketing tactics or unsure how widespread particular undesirable practices may be. With the advent of the internet parents often feel powerless, as their children know more about the medium than they do.

It can be hard for parents to help their children learn how to cross this particular road when they themselves are unable to recognise what the traffic looks like.



The regulatory environment is set to become even more complex as industry bodies issue new guidelines for digital marketing to children and as new legislation is passed in response to specific social issues such as obesity, gambling and binge drinking. This will make it increasingly difficult for families and the bodies that represent them to know what businesses should be doing and why. It will also make it harder for businesses themselves to keep tabs on all their operations.

If a productive dialogue between business and families is to be opened up then we thought it might be helpful to crystallise the spirit of regulation into a simple framework to create a common, easy-to-understand basis for discussion. This may also help identify ways in which the cumulative effects of commercialism might be addressed.

Having reviewed the content of the current codes, we propose what we have termed the '3D Framework' as a potential basis for ongoing debate. The term reflects the underlying aim of the current industry and legislative guidelines, which appears to be the protection of children from three things: deception, damage and disruption.

For example, the CAP Code section 47.3 states that: "marketing communications addressed to, targeted at or featuring children should not exploit their credulity, loyalty, vulnerability or lack of experience".

***In other words, business should not deceive.***

BCAP notes in section 7.4 that advertisements should not contain material that could lead to social, moral, psychological or physical harm.

***In other words, business should not damage.***

Article 18 of the ICC Consolidated Code contains a series of points under the heading 'Social Values' where practices that undermine parental authority, impact on family budgets or interfere with peer relationships are discouraged.

***In other words, business should not disrupt relationships with family and friends.***

Arguably, most of the current regulations could be classified under one of these headings. In the next part of the report we show some current examples in online marketing where, we believe, these principles are not upheld.



# Loopholes – online marketing

The internet has become a feature of almost every family home in the UK. In 2007 over 80 per cent of all families went online each week, with the average weekly time spent online being 11.6 hours.<sup>24</sup>

As companies redirect their spending towards online activities it is becoming increasingly difficult for regulators to keep tabs on commercial practice directed at children – and more and more bewildering for parents trying to steer their children through the commercial world. A lot of undesirable activity is slipping through the net.

We invite business to consider the following illustrative cases, which we believe are examples of commercial activities that might be interpreted as deceiving and damaging children, and disrupting family or peer relationships.

We should point out that gathering evidence of undesirable activity is a difficult process as web pages here today are gone tomorrow. During the few months taken to write this report, at least one company we were researching completely changed its terms and conditions. We would therefore like to point out that the examples below are accurate at the time of going to press on 27 November 2008, but may have changed by the time you read this. It is gratifying to see that companies are engaging seriously with these questions.

## Deception

It is well documented that younger children find it hard to distinguish advertising from content on TV<sup>25</sup> and it is also becoming clear that even much older children have difficulty distinguishing some forms of internet advertising from content.<sup>26</sup> Whilst on TV there are clear demarcations between the advertisement break and the programme, such distinctions often do not exist online.

If children are unable to tell that a business is trying to persuade them to change their mind about a product or service then they are unable to make a truly informed choice. This may be considered a form of deception.

Almost a third of www.stardoll.com's UK audience is under 12 (108,000 children).<sup>27</sup> The website, which is headquartered in Stockholm, offers girls (its users are 93 per cent female) the chance to



Source: [www.stardoll.com](http://www.stardoll.com)

dress up celebrities and their own dolls (MeDolls) in a host of fashion items. Like most sites, it makes some of its profits from selling advertising space. However, some adverts are firmly embedded in the content, making it hard for children to employ any sort of scepticism about the brands they encounter. It can be difficult to tell where content ends and advertising begins.

The site also creates subtle inducements to purchase. As an industry commentator, Ravi Mehta, recently put it: "The ... key to Stardoll's success is that they provide an incredibly rich platform with which fashion brands can reach their demographic. As soon as the fashion hits the runway or the retail shelf they are available in Stardoll. If a girl thinks her MeDoll looks cute in that new pencil skirt from DKNY, she can run out that day and grab that very same skirt from her local bricks and mortar mall."<sup>28</sup>

As an average DKNY skirt retails at around £150<sup>29</sup> we would suggest that this might fall foul of the ICC Code, which states that: "Marketing communication should not imply that the product being promoted is immediately within the reach of every family budget".

## Advergaming

In a recent US study, advergaming have been described as follows: "These advertising-sponsored video games embed brand messages in entertaining animated adventures. They are created by a firm for the explicit purpose of promoting one or more of its brands."<sup>30</sup> This study of food websites targeted at children found 546 advergaming on 77 sites.



The games have attracted criticism when directed at children as they work at an implicit level that does not allow children to employ scepticism or rational evaluation. Indeed, research in the UK last year<sup>31</sup> showed that even 15-year-old 'net-savvy' boys did not really understand the persuasive intent of these prevalent advergames.

Miniclip has 239,000 UK users who are under 12 years old (15 per cent of its audience)<sup>32</sup> and its site is dedicated to fun and games. Many of the 'games' are advergames, such as the 'Starburst Waterslide Slalom'.

Mars (which owns the Starburst brand) has paid Miniclip to place a game on its site. Players must navigate their character down a waterslide, collecting Starbursts on the way, to accumulate maximum bonus points. Although this is a commercially sponsored communication it is not labelled as such and health and nutrition information does not appear to be given.

On the Disney website, very young children can play an engaging game called 'Catfish Club Concentration' where they have to remember the sequence of a tune played by a range of *The Little Mermaid* characters and play it back by clicking the characters in the right order. Above the immediate game screen a large caption reads 'Out on Disney DVD now' beside a shot of the cover of the new *The Little Mermaid* DVD *Ariel's beginning*.

Children may associate the fun of playing the game with the product purchase prompt, but children are not explicitly told on the webpage that the game is an advertisement.

We believe that children should be alerted to the fact that advergames are designed with selling intent and, in particular, games positioned adjacent to sales promotions should be clearly identified as advertising.

Researchers in Australia and the USA have called for advergames to be clearly labelled as advertising and to be subject to other advertising codes. We would echo this call and invite high profile businesses to spearhead this change in business culture.

### Clear message

Some advertisers have begun to label marketing messages in a way that makes it quite clear to children that someone is trying to sell them



Source: [www.miniclip.com](http://www.miniclip.com)



Source: [www.disney.co.uk/DisneyDVDs/games/little\\_mermaid\\_ariels\\_beginning/game\\_concentration.html](http://www.disney.co.uk/DisneyDVDs/games/little_mermaid_ariels_beginning/game_concentration.html)

something or influence them in some way. Here are two examples from USA sites. We would welcome suggestions from UK business on suitable alerts to avoid the potential deception of children.



Hi kids, when you see “Ad Break” it means you are viewing a commercial message designed to sell you something. Remember, if you are under 18 years old, you should get a parent's permission before you submit any information about yourself or try to buy anything online.

Source: [www.nabiscoworld.com](http://www.nabiscoworld.com)



“Ad Alert” is our way of telling you that the website you’re viewing may be trying to sell you something. If you are under the age of 18 always get permission from your parents or guardian before you make a purchase or even submit any information about yourself online. Thanks!

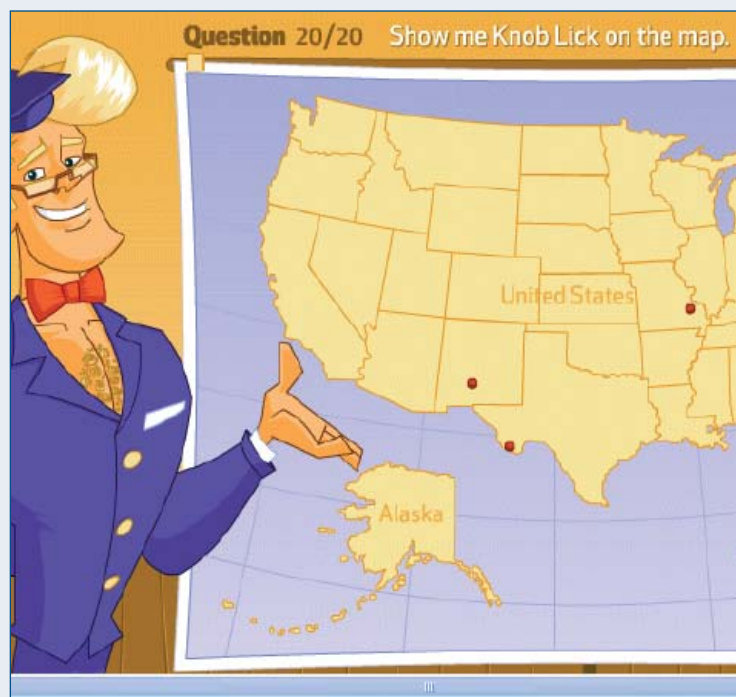
Source: [www.hersheys.com](http://www.hersheys.com)

## Damage

Figures show that 17 per cent of the AddictingGames' website audience is 12–17 years old (100,000 young people).<sup>33</sup> The content of many of the most prominently displayed games are clearly not suitable for this age range. For example, the game 'Naughty Maps' invites players to find towns such as 'Knob Lick' and Wanker's Corner'. Whilst there is a small warning 'timebomb' symbol indicating 'mature theme' in small letters at the top of the game page there is no such indication on the 'most popular games' page, which lists amongst the favourites 'Naughty Starlets', 'Naughty Supermarket', 'Vanessa's Naughty Pics' and 'Perry the Perv'.

This site carries advertising for Habbo Hotel, a chatroom site popular with primary school children and young teens.<sup>34</sup> This suggests that the owner, Viacom, may be aware of the age profile of its audience (which most probably includes children below 12). Indeed, the bottom right-hand side of the home page bears the logo of 'Nickelodeon Kids and Family'.

A cynic might impute that these sorts of 'rude games' are a perfect way of attracting some children and



Source: [www.addictinggames.com](http://www.addictinggames.com)



Source: [www.addictinggames.com](http://www.addictinggames.com)

teenagers to the site. Here they can become the targets of advertising messages which, as it happens, are mainly for products and services for other Viacom companies such as MTV video collections or new Nickelodeon movies. Using titillating material to 'drive teenage traffic' to websites to boost exposure to products and services is surely not protecting under-16s from moral damage.

Data on the size and composition of the audiences of individual websites is now readily available from companies such as comScore Networks or from corporations' own analytics departments. We suggest that websites declare clearly on the home page both the percentage of their audience who are under 16 and the numbers of young people that involves. This would provide some way of regulating the suitability of content to audience being attracted and signposting it for families.

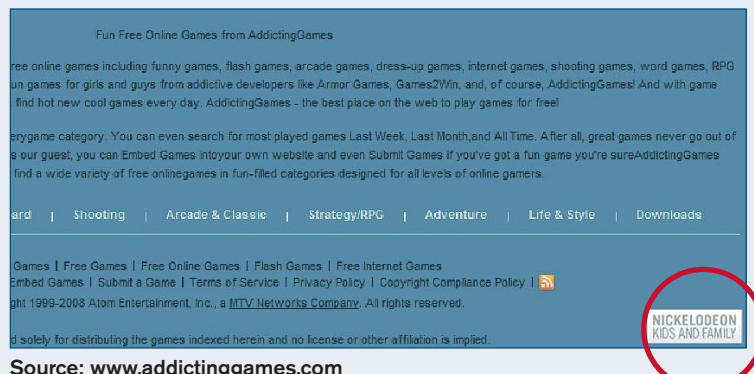
## Disruption to family

We have seen that purchase requests are associated with family arguments, disappointments and negative consequences for children. Section 7.3 of the BCAP Code notes that "advertisements must not directly advise or ask children to buy or to ask their parents or others to make enquiries or purchases". We think companies should look very carefully at what they do on the internet with this in mind and we wonder if the practice of 'wishlists' abides by the spirit of the BCAP Code?

Visitors to [www.barbie.com](http://www.barbie.com) (a site used almost exclusively by children) are encouraged to browse through catalogues of all the Barbie products for sale and then, with a click of the mouse, place products on to a 'wishlist', which they can email to family and friends.

## Disruption to friendships

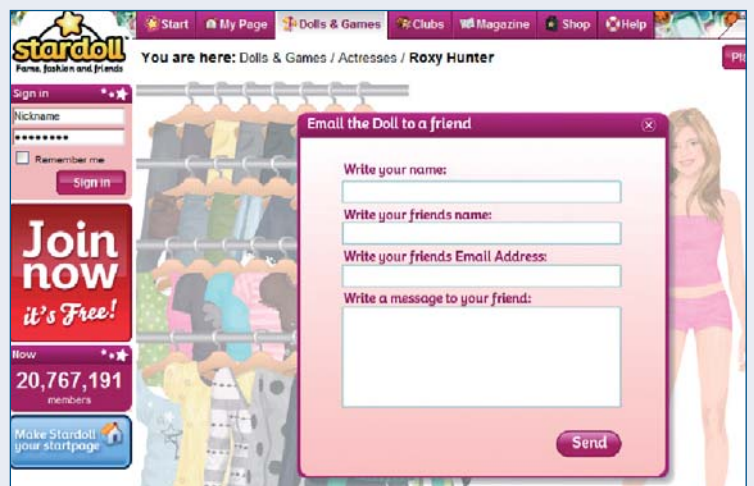
We have seen that peer relationships form a vital part of children's lives and are intricately bound up with their emotional wellbeing. The exploitation of peer relationships for commercial gain is unlikely to have positive outcomes for children themselves. Yet the use of viral or peer marketing, which facilitates and encourages the passing on of marketing messages to others, appears to be on the increase as it is cheap and much more credible to sceptical young people than straightforward traditional advertising.



Source: [www.addictinggames.com](http://www.addictinggames.com)



Source: [www.barbie.com](http://www.barbie.com)



Source: [www.stardoll.com](http://www.stardoll.com)



Recent figures show that 76 per cent of consumers don't believe the information in advertisements but 68 per cent of consumers do trust the advice of their peers.<sup>35</sup>

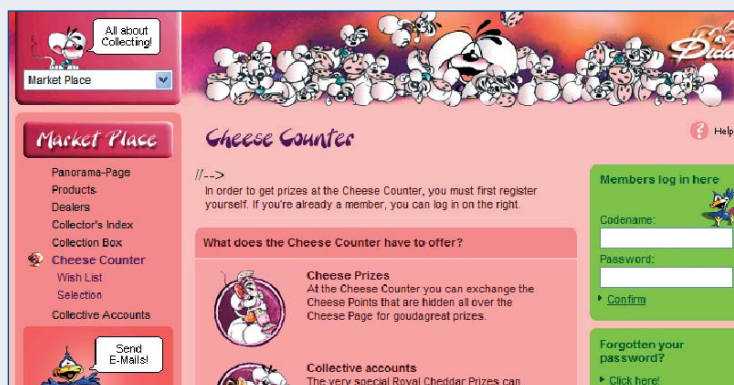
Getting children to pass on commercial messages to each other starts at a very young age, and most children's websites contain some mechanism for peer marketing. Stardoll encourages children to email their dressed-up doll to friends and Diddl encourages emails promoting the latest cute mouse products.

As well as implicating children in marketing to each other, these activities may also infringe the privacy of peers who have probably not authorised the divulging of their information to a commercial company. Children are supplying each other's names and contact details without any advice (or at least any clear advice) about where the information will go or how it will be used. We wonder whether both this practice and the practice of wishlists may fall foul of the DMA Code 19.33, which states: "Personal information relating to other people (for example, parents) must not be collected from children"?

Some sites are going beyond the use of viral marketing as a means of spreading the word about the site and beyond the collection of email addresses for marketing purposes. Sites such as those of Bratz and Frengo offer children rewards for supplying friends' details. On the Bratz site, members can earn 'Bratz Party Points' and on Frengo (26 per cent of its audience is 12- to 17-year-olds) the equation is made graphically clear: 'Get Buzz + Get Friends = Get Points'.

This could be interpreted as the commercialisation of friendship, which is not only a disruption of peer relationships for profit but may also go against the DMA Code 19.32: "Advertisers must not ... entice a child to divulge personal information with the prospect of a special prize or other offer".

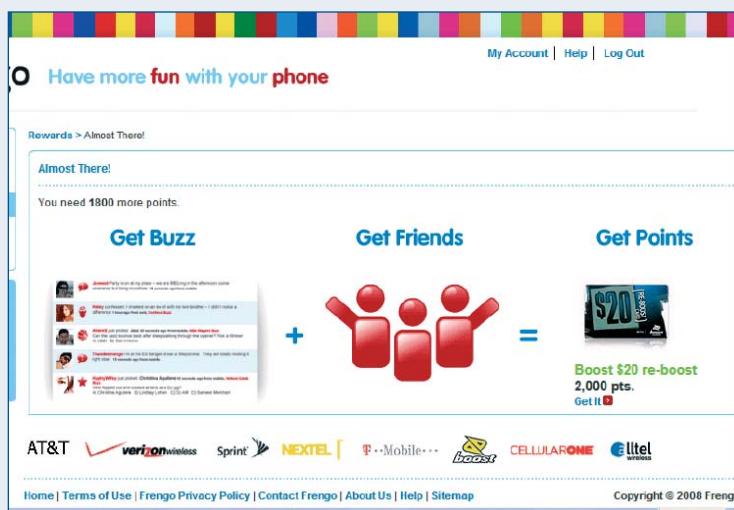
It is clear that the current codes contain loopholes in relation to the internet. Even a cursory look at the most popular UK children's sites shows how some activities can potentially deceive, damage and disrupt family and peer relationships.



Source: [www.diddl.com](http://www.diddl.com)



Source: [www.bratz.com](http://www.bratz.com) accessed 19/9/08



Source: [www.frengo.com/rewards](http://www.frengo.com/rewards) accessed 19/9/08

# A 'compensatory approach'?

Beyond clarifying family rights to protection from deception, damage and disruption, and ensuring that online marketing affords the same protection as other media, we also ask businesses to encourage children to consider other social values besides the accumulation of material goods. This may provide a step in the direction of potentially offsetting the damaging cycle of materialism and negative wellbeing.

An example of this kind of 'compensatory' initiative has recently been witnessed in both the USA and France in response to the obesity debate.

In the USA the Council of Better Business Bureaus<sup>36</sup> launched its Children's Food and Beverage Advertising Initiative in November 2006. So far, 15 food advertisers have signed up: between them they accounted for an estimated two-thirds of children's food and drink TV advertising expenditure in 2004. The aim of the initiative is to provide a transparent self-regulatory mechanism, which shifts the mix of advertising messaging to encourage healthier food and lifestyle choices.

The companies participating make a number of pledges, including a pledge to dedicate half of the advertising expenditure targeting children to communications that promote healthy eating and lifestyles. Kellogg's, for example, includes a message on its site for kids, encouraging them to go out and play.

The companies also pledge not to use product placement, advergames or third-party licensed characters for food and drink products that do not meet certain healthy eating guidelines. Whilst many would like to ban the use of 'own brand' characters, such as Kellogg's Tony the Tiger, in addition to third-party licensed characters, this sort of initiative does demonstrate some commitment not to use techniques considered deceptive to children when overuse of the product may have negative health consequences.

A similar initiative is in place in France, but here it is state-regulated rather than self-regulated.<sup>37</sup> Since March 2007 any advertisements in France on television, radio, billboards and the internet for processed, sweetened or salted food and drinks must carry a positive health message. The Health Ministry designed the measure to "help children make healthy eating decisions".

Advertisers who refuse to run the messages are fined 1.5 per cent of the cost of the advertisement, to be paid to the National Institute for Health Education.

There is currently a choice of four messages:

1. For your health, eat at least five fruits and vegetables a day.
2. For your health, undertake regular physical activity.
3. For your health, avoid eating too much fat, too much sugar, too much salt.
4. For your health, avoid snacking between meals.



Source: [www.poptarts.com](http://www.poptarts.com)





Whilst such initiatives do not currently exist in either statutory or self-regulatory format in the UK, some global companies appear to have already adopted this sort of 'compensatory advertising' practice here. For example, Kellogg's has long sponsored swimming badges for children, thus encouraging exercise, while the advergames on its website are promoting the '5 a Day' healthy eating message.

## Redressing the balance

The values of many children's brands in the UK seem to revolve around cool stuff and money – the core of materialistic values, which we have seen are associated with negative outcomes for families.

For example, on [www.barbie.com](http://www.barbie.com) girls can move their avatar around a virtual world with a room, a closet, mail, games and a shopping centre. They can earn Barbie Bucks, shop at Furnifever, visit the Cafe, Cinema (only showing Barbie DVDs), Posh Pets, Park, Stylin' Shop, and Club Beauty. When we looked at this site in November 2008, some of these areas could only be entered by buying a subscription to the VIP club.

Girls are also offered a Barbie pre-paid Visa card, although this is not yet available in the UK. Eligibility for the card is determined by spending \$100 on Barbie products.

Whilst Barbie used to be a girl with career aspirations, whether as a doctor, a pilot or lawyer, now some may argue that she seems more concerned with shopping and looking good.

Along the same lines as the healthy eating and living initiatives in the USA and France, it is not hard to envision a similar scheme run by the brands that children find cool and desirable. Whilst Kellogg's urges kids to get out and play, other brands could suggest that "Shopping isn't everything. Why not see if you can help with the washing up?" or "Having cool stuff isn't what's really important; it's also cool to be a volunteer in your community". Kids are still joiners: half of 11- to 18-year-olds belong to a youth or community group, with sports, Girl Guides/Scouts and arts being the most common.<sup>38</sup>



Source: [www.kelloggs.co.uk/whatson/headstarters](http://www.kelloggs.co.uk/whatson/headstarters)



Source: [www.barbie.com](http://www.barbie.com)

# Agenda for the future

The commercial world brings fun and excitement for families, but immersion in a commercial culture where materialistic values are internalised as part of growing up is also associated with negative effects for children: increased family conflict, damage to peer relationships and emotional and psychological problems. Businesses that serve families are an inextricable part of this dynamic.

We have seen in this report that companies vary in the responsibility they take for children's wellbeing, with most business response to date concentrating on regulating particular marketing techniques and promotion practices. These, by and large, do afford families the right to protection from deception, damage and disruption. However, as the internet has become a crucial vehicle for business to reach children, these codes are beginning to creak at the seams and must be updated and more vigorously policed.

In the area of food and drink marketing (where criticism has been heaviest over the past few years) we have seen imaginative compensatory initiatives in France and the USA. We suggest that business in the UK could use these as models to encourage values that promote family and peer harmony to counterbalance those which promote materialism.

We hope that business will accept our invitation to join a debate on making the commercial world a positive world for families.

## **We ask business to consider the following:**

- to commit to an information programme to raise awareness amongst parents and children of their rights to be protected from deception, damage and disruption through marketing activities in all media (this could be done in conjunction with the Central Office of Information)
- to clearly label all advertising on websites used by children, especially embedded techniques such as advergames and product placements
- to be particularly sensitive to these implicit techniques when advertising designer or expensive brands outside the financial reach of most children and their families
- to be transparent about advertising spend targeted at children
- to make it absolutely clear to children why information is being collected from them and where it will go
- not to encourage children to market to each other or to 'sell' information about their peers
- not to offer children e-wishlists to be sent to friends and families
- not to use salacious content to attract teenagers to commercialised sites
- to make public the number and percentage of under-16s using their sites (e.g. using comScore statistics)
- to sign up to compensatory initiatives promoting prosocial messages.

## **We would also ask regulators to join the debate and to consider these points:**

- to treat brand websites as advertising and thus subject to the same regulations as advertising in paid-for space (including labelling)
- to provide public clarification around best practice concerning the regulation of selling children's data to third parties
- to consider a uniform, easily recognisable signposting system for internet adverts with a clear, large and prominent logo
- to require advertising spend targeted at children to be declared.

# Where to find the rules for marketing to children

## UK self-regulatory codes

ASA, CAP Code (non-broadcast communications), 2003 (Section 47)

ASA, BCAP Code (broadcast communications), 2003 (Section 7)

[www.cap.org.uk/cap/codes/cap\\_code/ShowCode.htm?clause\\_id=1731](http://www.cap.org.uk/cap/codes/cap_code/ShowCode.htm?clause_id=1731)

DMA, *Direct Marketing Code of Practice*, 2003

[www.dma.org.uk/DocFrame/DocView.asp?id=45&sec=-1](http://www.dma.org.uk/DocFrame/DocView.asp?id=45&sec=-1)

## European and international self-regulatory codes

EACA, 2002

[www.eaca.be/documentation/results.asp?type=6](http://www.eaca.be/documentation/results.asp?type=6)

EASA, *Blue Book*, 2007

[www.easa-alliance.org](http://www.easa-alliance.org)

ICC, *Advertising and Marketing Communication Practice, ICC Consolidated Code*, 2006

[www.iccwbo.org/uploadedFiles/ICC/policy/marketing/Statements/330%20Final%20version%20of%20the%20Consolidated%20Code%20with%20covers.pdf](http://www.iccwbo.org/uploadedFiles/ICC/policy/marketing/Statements/330%20Final%20version%20of%20the%20Consolidated%20Code%20with%20covers.pdf)

## UK legislation

The Data Protection Act, 1988 (from the Information Commissioner's Office)

[www.ico.gov.uk/what\\_we\\_cover/data\\_protection.aspx](http://www.ico.gov.uk/what_we_cover/data_protection.aspx)

Ofcom Ruling on HFSS foods

[www.ofcom.org.uk/research/tv/reports/update](http://www.ofcom.org.uk/research/tv/reports/update)

## EU legislation

EU Unfair Commercial Practices Directive, 2005

[www.eur-lex.europa.eu/LexUriServ/site/en/oj/2005/L\\_149/L\\_14920050611en00220039.pdf](http://www.eur-lex.europa.eu/LexUriServ/site/en/oj/2005/L_149/L_14920050611en00220039.pdf)

Lay version prepared by EU Health and Consumer Protection Directorate-General

[www.ec.europa.eu/consumers/cons\\_int/safe\\_shop/fair\\_bus\\_pract/ucp\\_en.pdf](http://www.ec.europa.eu/consumers/cons_int/safe_shop/fair_bus_pract/ucp_en.pdf)

The Privacy and Electronic Communications Directive (2003) – currently being revised

[www.opsi.gov.uk/si/si2003/20032426.htm](http://www.opsi.gov.uk/si/si2003/20032426.htm)

## USA self-regulatory codes

Children's Advertising Review Unit, *Self-Regulatory Program for Children's Advertising*, 2006

[www.caru.org/guidelines/guidelines.pdf](http://www.caru.org/guidelines/guidelines.pdf)

## USA legislation

Children's Online Privacy Protection Act, 1998

[www.coppa.org](http://www.coppa.org)

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**The commercial world offers children fun and excitement from games, TV shows, music and fashion, but parents are becoming concerned about increased commercial pressures on family life.**

**This report presents the findings of recent research on families living in a materialistic culture and looks at regulation on the internet. It issues an open invitation to commercial enterprises to engage with those representing the interests of families in working towards a society where 'business thinks family'.**

The Family and Parenting Institute researches what matters to families and parents. We use our knowledge to influence policymakers and foster public debate. We develop ideas to improve the services families use and the environment in which children grow up.

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