

fair game?

Assessing commercial activity on children's favourite websites and online environments

by **Anna Fielder, Will Gardner, Agnes Nairn, Jillian Pitt**

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The contents of this report and the views expressed within it have been agreed jointly by the National Consumer Council, Childnet International and Dr Agnes Nairn, EM Lyon Business School. All three have long-standing expertise in researching children's experiences, including how children interact with the commercial world and use the internet.

Since its 2005 report, Shopping generation, the National Consumer Council (NCC) has been investigating the children's market in the UK, the attraction of its potential for companies and the attitudes of the young consumers. There are increasing concerns about pressure on children to consume and about intrusive and unsuitable marketing, particularly via new technology. Anna Fielder and Jillian Pitt led the current project for NCC. (a.fielder@ncc.org.uk)

Childnet International is a children's charity which aims to make the internet a great and safe place for children. Childnet is an active member

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This report is available to download in pdf format from both the NCC website, as above, and the Childnet website:

<http://www.childnet.com/publications/policy.aspx>

Field research: Childwise, an independent market research agency specialising in research with children. Its work covers all aspects of children's lives, with particular focus on media behaviour.

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Summary and recommendations



The internet has become an integral part of UK family life, welcomed by parents and children alike. The majority of the country's 7-16-year-olds are established internet users and almost all families have a computer at home.

The internet is also a commercial environment. As young Britons migrate online from other forms of entertainment, so the marketing industry develops sophisticated and innovative techniques to chase their, and their parents', spending power. The majority of sites designed for or popular with children rely on advertising as their source of primary revenue. The borderless nature of the internet means that rules and regulations that exist are more diffuse and difficult to enforce, while exposure to advertising online can be prolonged, interactive, engaging and exciting.

This highlights the need to examine the nature of this commercialism further. Online marketing activities

must be examined to establish what the implications might be for children. In this report we have investigated the practices of online advertising, purchasing and data collection using a sample of 40 websites popular with children. We conducted in-depth group discussions and solicited the views of children and their parents on the subject of online commercialism.

Our findings give us cause for concern. We found examples where:

- ▶ Data protection rules and marketing codes of practice are flouted;
- ▶ Hidden persuasion techniques are employed, in the form of advertisements and commercial messages that cannot be easily identified by children;
- ▶ Products and services that have a legal age limit are advertised, such as gambling and dating;
- ▶ Children get caught out by rip-offs and 'free offers' online;

- ▶ Age rules governed by different jurisdictions confuse children and parents.

Fair game?

We investigated the 40 sites which children themselves use most often. However, less than a third of these websites are actually designed for children. The rest – gaming, entertainment and social networking sites – are targeted at an older, often student, audience. Several are US-based companies and conform to US,¹ rather than UK, regulations and codes. In particular, differing data protection legislation and child-age definitions can cause confusion.

Nearly all sites (95 per cent) had some sort of commercial activity on them, from various forms of marketing and paid-for advertising to the sale of goods and services.

Across the 40 sites, even by searching just two pages (the home and one other) per site, we encountered

211 marketing messages. They were selling, promoting and instilling 'brand buzz'; three were for public information. Three-quarters of the sites collected personal information in some form or another.

Overall we found that commercial content on websites is not a top priority for parents, who focus on other areas of safety online, such as bullying, virus attacks and grooming by paedophiles. The resulting good news is that most children have been briefed, at home and at school, on basic internet rules and concerns. They are well aware of the dangers of talking to strangers online and understand basic internet security. They are also encouraged by their parents to be suspicious of 'too good to be true' offers.

Online advertising

There is general agreement, enshrined in codes of practice, that exposure to adverts promoting gambling, alcohol, sex and, more

Summary and recommendations

recently, obesity-inducing foods, is inappropriate for children. There remains a wider debate on whether children can distinguish and make informed choices between adverts and editorial content, and at what age they can do so. We addressed both these aspects in our research:

- ▶ Most children, even among the youngest, are well aware of the main forms of online advertising. They tend to treat it like an obstacle course: mostly irrelevant, but actively resented when it interferes with their internet use.
- ▶ Children distinguish ads by their position on the web-page and movement, although they can find certain forms of advertising more difficult to recognise, for example adver-games or videos featuring products placements.
- ▶ A quarter of 70 advertisements examined are for products or services that are prohibited for children under 16 in the UK,

including gambling and dating. Parents and children also reported gambling ads, in particular, to be ubiquitous online (see Screenshot 1).

- ▶ More than half of third-party adverts on websites claim to offer something for ‘free’, with no apparent strings attached. Some of these offers are inappropriate for children, such as free credits for gambling or free registration for dating services, while others breach data protection laws. Children are generally aware that free offers come with a catch but a few are tempted.
- ▶ Almost a quarter of adverts examined are integrated into the content pages, as opposed to being on a separate part of the web page. And most of these (73 per cent) are not labelled as an advertisement, making it difficult for children and adults to recognise them.

Online privacy

Although it is standard marketing practice to collect and use personal information, children and parents regard safeguarding personal information as a safety, rather than commercial, consideration. Our survey of sites found that the majority of websites and the majority of advertisers requested personal data. Our research also reveals some poor data-protection practices, particularly by third-party advertisers.

- ▶ Nearly all (92 per cent) of the sites popular with children have a clearly-labelled privacy policy. But a quarter of third-party advertisers do not have a privacy policy on the websites that their adverts link to.
- ▶ None of the children and only a few of the parents in our research had read a privacy policy. Both children and their parents found the small-print off-putting and lacking in relevance.

- ▶ Few websites have privacy policies that children can understand, even if they try to read them; we found only eight policies on the websites popular with children likely to be understood by a 9-13-year-old.
- ▶ Five advertisers encouraged children to give away their friends’ details or send the information to a friend in return for free offers. Children are also encouraged to fill in online surveys in exchange for the chance of winning a free Xbox or plasma screen, for example.

Online purchasing

The internet is a huge market-place and children encounter constant purchasing opportunities. The increasing acceptance of mobile phone credit and new ‘internet currency’ such as Splash Plastic allows children to make online purchases independently, though it is crucial that online retailers ensure that such cards cannot be used to buy age-restricted products.

Summary and recommendations

- ▶ On the whole, children do not associate the internet with spending money. They view it as a place that provides them with things 'for free' and allows them to window shop and research prices for offline purchases.
- ▶ Children are confused by mixes of free and paid-for goods on the same web page. They also find online purchasing procedures unclear.
- ▶ Credit cards are an effective protective mechanism against buying unsuitable items and in ensuring parental involvement and supervision.
- ▶ Purchases by mobile phone, for example of ring-tones, generate most tales of rip-offs among children and parents.

- ▶ Children learn from their own, or their friends', bad experiences and are unlikely to make the same mistake twice.
- ▶ Some own-brand websites encourage children to use 'pester power' by creating wish lists that can be emailed to family and friends.

Recommendations

'If they're going to have adverts, they shouldn't be as big, and should be at the side, and not make your computer freeze'.

Girls aged 11 to 12

To address our concerns we ask the Advertising Standards Authority (ASA) to:

1. Take action to monitor internet advertising practices and be pro-active in enforcing the codes

and regulations. Particular attention should be paid to inappropriate ads (such as gambling), free offers without clear conditions, and encouraging users to enter friends' details or send unsolicited emails on sites that are likely to attract children.

2. Do more to communicate to users online about what the marketing rules are, what they can report and where to report. The enforcement of advertising codes relies on complaints, but it is not clear that users online are aware that they have this right or know how to exercise it.

3. Amend, within the current review, the Code of Advertising Practice, to close existing loopholes which allow companies to promote products that are unsuitable for children within editorial spaces, or by other hidden forms: for example, advertisers taking over whole home pages or within profiles on social networking sites.

We ask the Information Commissioner to:

1. Examine ways of dramatically improving communication to children about privacy protection. These can be explored through discussions with children. Those in our groups suggested a number of prominent bullet points next to the data fields.
2. Pro-actively pursue adoption of short, clear, plain English privacy notices that are accessible to children as well as parents. This was a resolution adopted by privacy commissioners internationally in 2001, but little progress has been made since.
3. Pro-actively pursue serious abuses of data protection rules over the internet, in particular the practice of encouraging children to supply friends' details in exchange for free gifts.



Summary and recommendations

We ask both the information commissioner and the ASA to:

1. Ensure more effective international co-operation on rules and code enforcement, including bilaterally with the United States as many of our children use US-based sites. This could involve closer co-operation between ASA and the Children's Advertising Review Unit of the Council of Better Business Bureaux. We also need more pro-active focus on online marketing to children, within the International Consumer Protection and Enforcement Network.²
2. Conduct an education campaign, targeted at schools and parents, to make children aware of the commercial nature of the online environment, its potential risks, and how to respond to these. Such media education has already been effective for safety issues.

We ask companies operating online, and the business associations representing them internationally, to:

1. Provide privacy policies in clear, plain language which children can understand. Explore other ways to communicate effectively to users about their privacy practices. For example, explain next to the field where the data is entered why it is being collected – linking as necessary with the longer 'blurb'.
2. Take responsibility to prevent poor practices by third-party advertisers; children think adverts on trusted sites are OK.
3. Ensure that the commercial content of their website is appropriate to the age group that uses it in reality, rather than the age group specified by the terms and conditions.

4. Consider providing advertisement-free versions of their websites in return for modest subscription fees.

5. Update voluntary codes of practice, such as that of the International Chamber of Commerce, to reflect new provisions in national marketing codes: for example, on gambling or advertising of unhealthy foods to children.

We ask payment card issuers and Apacs, their trade association, to:

1. Ensure that online retailers of age-restricted products do not accept payment methods that are accessible to children, such as pre-pay cards, Solo cards, or mobile phone credits. Such retailers should also put measures in place to be able to distinguish such cards online.
2. Take steps to inform parents and make them aware of the significance of the credit card as

a means of preventing children purchasing age-restricted goods and services online.

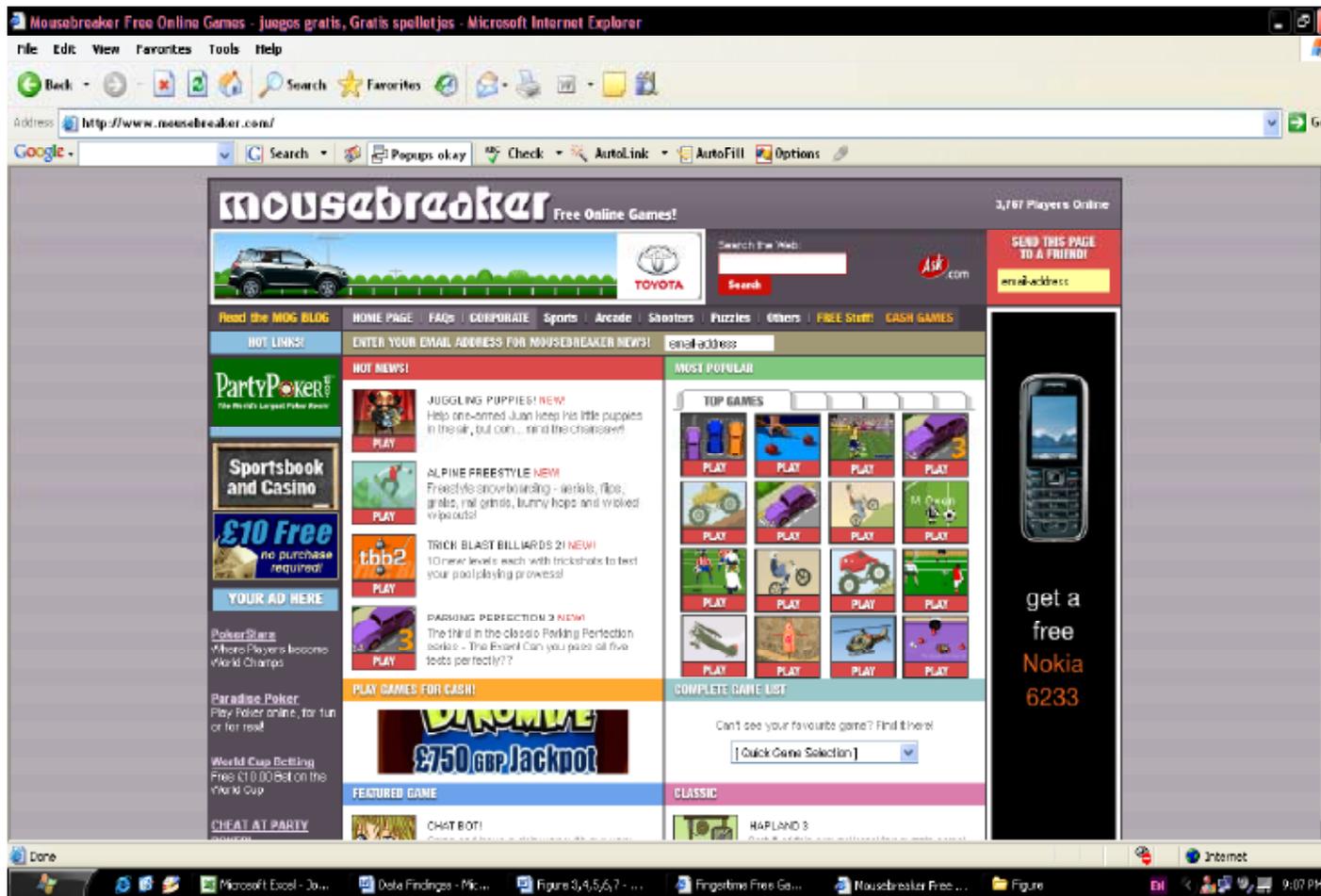
Our research

We combined factual mystery shopper investigations with qualitative discussion groups involving children across a range of age groups. Discussion groups were also conducted among parents. Children interacting directly with the internet were observed and recorded using video. These recordings were subsequently analysed in detail.

The mystery shopping research looked at 40 sites that were known to be popular with children. The extent and nature of commercial activity was examined on each site. A questionnaire was drawn up and applied to each site during the first quarter of 2007, and detailed results were recorded. Further examination of each site was also carried out.

See Appendix 1 for methodology.

Summary and recommendations



Screenshot 1

mousebreaker.com

Example of many gambling ads on a site popular with children.

Children's website experiences: setting the scene

Most of the UK's 7-16-year-olds are established internet users. Most go online from the age of five or younger;³ 93 per cent of children have use of a computer at home and a third have their own. This growth in children's internet usage has led to the development of an array of child-oriented websites, while many other sites appeal to both children and adults. Of the 40 websites most popular with children that we investigated for our study, less than a third were designed specifically for them, with the other two thirds aimed at an older audience. This cross-section includes sites dedicated to gaming, entertainment and social networking.

The internet is an increasingly attractive marketing medium for businesses, with spending increasing exponentially to the detriment of other media.⁴ Some estimates even suggest that two-thirds of websites designed for children rely on advertising for their primary

revenue.⁵ The reasons are obvious: in the UK children spend some £4.2 billion annually, and, according to estimates, their influence over parental spending amounts to a further £30 billion. They are spending more time on the internet and less time watching television.⁶

This picture was reinforced during our investigation of the websites popular with children. Across our forty sites, looking at home pages plus one additional page per site, we encountered an astounding 211 advertisements: selling, promoting or instilling 'brand buzz'; three of these were providing public information. Moreover, enforcement of regulations on the internet is a much bigger challenge than for broadcasting and print media, and the nature of the medium enables advertisers to use increasingly sophisticated persuasion techniques.

Our study shows that while the internet has become an integral

part of UK family life, welcomed by parents and children alike, it is definitely a commercial environment. There is a need to examine the nature of this commercial activity, to look in more detail at online marketing strategies and to examine what the implications might be for children.

What we found – the online environment

A list of the 40 websites most popular with a sample of more than 500 children aged 9 to 13 was taken from previous research.⁷ Less than a third of the sites popular with children are designed specifically for them (see Table 1). Examples include own-brand toy sites such as Barbie and Diddl, television-related sites such as Nickelodeon and CBBC, and games and virtual worlds such as Neopets and Habbo. The other two-thirds are targeted at an older audience, often students. These

include gaming sites (Miniclip), entertainment sites (for example, YouTube), and social networking sites like Bebo or MySpace. Google and eBay also featured among children's favourite sites.

Consequently, both the merchandise and advertising space on many sites used by children are sold with a general audience in mind (for a full list of sites and their addresses, see Appendix 1). It is also worth noting that several of these sites belong to companies based only in the US. As such, they are governed by US regulation, or by self-regulatory codes, which exist outside UK jurisdiction (see Rules and Regulations, box page 21).

Children’s website experiences: setting the scene

Table 1: Forty sites popular with children

Type of Site	Names	%
For children	Cartoon Network, Disney, Habbo, Stardoll, Diddl, Nickelodeon, Neopets, My Scene, Barbie, CBBC, CBeebies, CITV	30%
General online games	Miniclip, Fingertime, RuneScape, FunnyGames, Teagames, Mousebreaker, FreeOnlineGames	18%
General entertainment	Albino Blacksheep, Lime Wire, WorldWrestlingEntertainment (WWE), StupidVideos, The Sims, MSNDollz , FunnyJunk, Cheat Planet, eBaum’s World, Newgrounds, LetsSingIt, YouTube,	30%
Social networks, messaging	Freewebs, Piczo, MySpace, Bebo, MSN Hotmail, Windows Live Messenger (MSN)	15%
Other	eBay	3%
Search engines	Google, Yahoo	5%

Commercialisation of sites

For the purposes of this study, we consider online commercial activity as taking two forms:

- ▶ Sale of goods or services, either by the site itself or with the help of a specialist online retailer. Examples include virtual goods such as software upgrades, ring tones and enhanced game facilities (for example, furniture for your Miniclip penguin’s igloo or branded fashion to dress up the Sims); and physical own-brand merchandise such as Neopets’ cuddly toys or Barbie accessories.
- ▶ Third-party advertising⁸ (host-site selling advertising space).

Children’s website experiences: setting the scene

Although shopping may not be a main feature, overall it is possible to purchase goods and/or services from almost half of the sites, while nearly three-quarters carry third-party advertising. A substantial number of sites we surveyed feature both.

On sites carrying advertising, the average number of advertisements per page was four, although 16 were found on one home page and 17 appeared on a key content page. A range of products and services are marketed, indicating that most of the sites surveyed are targeted at an adult audience (see Table 2).

Table 2: Types of adverts found in the survey

Leisure	holidays, cars, bicycles, DVDs, mobile phone games
Electronics	games consoles, mp3 players, laptops, plasma televisions, cable, broadband, mobile handsets, mobile contracts
Financial services	loans, stock market advice, credit cards, insurance
Body image	laser surgery for eyes, beauty products
Children’s	toys and related accessories
Downloads	avatars, screensavers, customised cursors, toolbars, games
Education	college courses
Clothes	branded clothing
Gambling	online gambling
Dating	online dating
Other	internet safety, environmental protection, US government information about acting in emergencies

What the children say

In-depth discussions with groups of children who use the internet regularly, and parents, also confirm that the web has become an integral part of UK family life, welcomed by parents and children alike.

'Whenever I go on the computer, I always go on the internet'.

Girls aged 7 to 8

'Me and me brothers have a rota, an hour-and-a-half each day'.

Boys aged 10 to 11

Most children have been well briefed, at home and at school, on basic internet rules and concerns. Parents and teachers particularly concentrate on the issues of bullying and online grooming by paedophiles. Children's curiosity and confidence with the use of technology inspire a steep learning curve, with a desire for online independence emerging alongside their expanding freedoms.

The youngest children (7-8-years-old) primarily used television show sites and toy-related sites comprising games and activities. By Year 6 (10-11-year-olds), most children are using MSN and are conducting independent searches via Google and on specialist sites. For 11-12-year-olds, Bebo and MySpace are becoming well established among girls and games are more interesting to the boys. Among 14-15-year-olds social networking sites are extremely popular, as is MSN. Some older girls

use chat rooms, though with caution. Boys enjoy games and online videos. Both sexes visit eBay and other specialist shopping sites.

For the children who took part in the research, the risks associated with the internet revolved around 'stranger danger' and introducing viruses onto the home computer. They spontaneously mentioned conversations with parents and teachers about the dangers of giving out personal information, talking to strangers online and downloading data from unknown sites. Younger children felt that their parents enforced safety rules, while older children seemed to be allowed an element of discretion in judging what may or may not constitute a risk.

Parents are more concerned about, and more likely to be protective towards, younger children and girls. Some girls hid their online activity from their parents, especially their social networking.

'We get the big talks about MSN, the big lectures...'

'They could stalk you and stuff'.

Girls aged 11 to 12

'My mum always asks me what I'm going on to make sure it's ok'.

'As long as it's not rude'.

Boys aged 10 to 11

What parents say

The feedback from our discussion groups with parents was broadly consistent with what the children told us, though inevitably with some shifts in emphasis reflecting their different roles.

We identified four different parenting approaches regarding children's internet use:

- ▶ Protective – especially among those with younger children and girls, and less confident adult internet users: close restrictions on sites visited, signing up and interactive use;
- ▶ Controlling – especially by computer experts and fathers: monitoring and restricting children's use via technical solutions;

- ▶ Permissive – general rules only, leaving children to find out for themselves;
- ▶ Educating – encouraging discussion about internet use and the reasons for rules; allowing different types of use if the child presents a convincing case.

Most parents find parental control software inadequate as they can prohibit access to areas of desirable use.

Overall, the concerns of parents in relation to their children's use of technology focused on the risks of paedophiles and abduction, and virus attacks. The risks associated with commercial activity were less considered or ignored.⁹

'I think there is a lot more greater evils out there than Gillette advertising on Miniclip. There are things that worry me more'.

Dads of 7-11-year-olds, ABC1

'We're normally around. The computer is under the stairs, between the kitchen and the living room, so we keep walking backwards and forwards to see what they're doing'.

Mothers of 7-11-year-olds, C2DE

'(My husband) goes mad if he goes on to play games. You can get viruses and it attacks the computer'.

Mothers of 11-16-year-olds, ABC1

'Mine have both got a PC in their rooms. I've got keyword on the router so I've got control'.

Fathers of 7-11-year-olds, ABC1

Online advertising

The National Consumer Council, and others, have voiced concerns over the ethical implications of internet marketing strategies aimed at children. There is general concern about children's exposure to inappropriate products such as gambling, alcohol and pornography. Some of the older boys in our discussion groups confessed to being curious about the near-ubiquitous adverts for gambling and dating.



The issue of childhood obesity has also put food and drink products high in fat, sugar and salt firmly into this 'inappropriate' category. New rules by the Advertising Standards Agency (ASA) on food promotion came into force recently.¹⁰

However, there is less clarity when it comes to children's ability to distinguish between what is designed to persuade and what is produced to entertain. Research carried out into TV advertising during the 1970s and 80s has shown that children aged 12 and younger cannot make this distinction. Consequently, some European countries have banned, for example, advertising of food and toys during children's programmes.¹¹

The internet is a different medium from television and enables more prolonged, interactive and exciting exposure to online marketing. Advertising influence and the potential to persuade, therefore,

is greater; this is something that marketers themselves are candid about.

'Advertisers such as... Coca Cola, Gillette and Starburst... are taking advantage of the incredible opportunities for game players to interact directly with their brands... Interactivity with the younger demographic is achievable on a very large scale'.

'Double the average exposure and branding time'.

<http://corporate.miniclip.com/advertising/advergames.htm>, accessed 25 Sept 2007

While little is known about the effects of advertising on children in the internet environment, in-depth observations and discussions with groups of 7-15-year-olds suggest

Online advertising

that they are a streetwise and savvy community. Most, even among the youngest, are well aware of the main forms of online advertising and tend to treat it more like an obstacle course, mostly irrelevant to them but actively resented when it interferes with their internet use.

However, and importantly, children's views on what constitutes an advertisement can be different from standard adult definitions, and they find certain forms of online advertising more difficult to recognise. In particular, children often do not consider games or videos featuring products to be adverts as such. They do not expect editorial spaces within a page to include adverts that mimic personal profiles (on social networking sites); significantly, this has become an advertising strategy.

Most children do not understand that advertising supports many of the free sites they use – but few were tempted to respond to the majority

of adverts. The impact of internet advertising on children is more likely to produce an overall perception of a brand or service, through increased exposure, than a direct response.

What we found – online advertising

We investigated how easy it is to distinguish between an advertisement and other website content on the sites we surveyed. This included an examination of the format and wording of advertisements, the way goods are presented and the suitability of the advertised goods for a younger audience.

A maximum of three advertisements was selected from each of the sites that carried advertising. In cases where a site carried multiple adverts, we chose the first three to be seen, though from different locations on the web page where possible. Altogether, we looked at 70 advertisements.

Inconspicuous adverts

Adverts on the internet can appear at any time in any place, but it is not always clear what is and isn't an advert. One way a child can identify an advert is if it is clearly labelled.

- ▶ Only 37 per cent of the advertisements surveyed featured a label such as 'advert', 'advertisement' or 'ad'.

Another way to distinguish persuasion from entertainment and information is to keep adverts on a separate part of the screen from the main content.

- ▶ We found that most of the advertisements were separate from the main content, for example, in the bars or at the top of the page.
- ▶ 21 per cent of advertisements were integrated into the main content of the page; of these, 73 per cent were not labelled (see Screenshots 2 and 3).

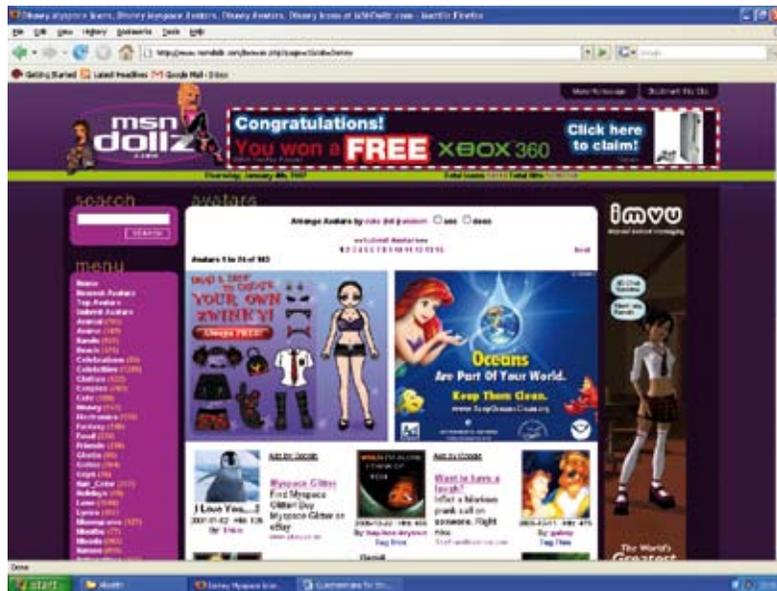
More effort must be made by advertisers and the sites that host

them, to make online advertisements recognisable and clearly identifiable.

What the adverts say

Key information relating to goods and services offered by third-party advertisers – as opposed to merchandise sold directly by host websites – is difficult to find. More than half of advertised items are offered free with, apparently, no strings attached. Some of these offers are inappropriate for children, such as free credits if signing up for gambling or free registration for dating agencies. Others encourage pester power, through for example, free places for kids if accompanied by paying adults. Others contravene data protection regulations by encouraging children to give away their friends' contact details. Children are also encouraged to complete online surveys in exchange for the possibility of a free Xbox or plasma screen television (see Screenshots 2 and 4).

Online advertising



Screenshot 2

msndollz.com

Showing unlabelled advertisements within main content and free XBOX 360 offer.



Screenshot 3

miniclip.com

Taken January 2007. Also showing unlabelled advertisements.

Online advertising

We are particularly concerned about advertisements that explain the terms and conditions in complex language using small, dense type. Children regard them as blurb and do not read them.

Suitable for children?

We assessed whether adverts included, for example, swearing, violence, pornography, dangerous activities or clips from adult films. Only one of the 70 adverts surveyed (an online dating company) contained sexual content. A quarter of surveyed ads offered products or services that had a legal age limit (16, 17 or 18 years), for example, gambling, credit, dating, laser treatment, cars and car insurance. While some of these are irrelevant for children, gambling and dating are not appropriate for younger age groups (see Screenshot 5).



Screenshot 4

freewebs.co.uk
Children are encouraged to complete online surveys in exchange for the possibility of a free Xbox.

Table 3: Unsuitable ads for children

Activity illegal for under 16s in the UK	Related goods and services advertised		As a percentage of 70 advertisements
Gambling in a betting shop or on the lottery or football pools	Online gambling	6	9 per cent
Credit and financial loans	Credit cards Financial loans Mobile phone contract which operates as a form of credit Cable TV contract which operates as a form of credit	4	6 per cent
Sex, marriage	Online dating agencies and sexual content	3	4 per cent
Undergoing surgical, medical or dental treatment without parental consent	Laser treatment for eyes	2	3 per cent
Driving	Cars, car insurance	2	3 per cent
Total		17	25 per cent

Online advertising

The screenshot shows the eBaum's World website in a Mozilla Firefox browser window. The page features a navigation menu on the left with categories like HOME, Video, Pictures, Games, Audio / Prank Calls, Jokes, Celebrity Soundboards, Flash Animation, Blisters, Daily Dump, Forum / Live Chat, and Submit a Video. Below this is a 'Cool Sites' section with links to 'No Girlfriend??', 'Snakes on a Babe', 'Wanna see pics of single girls that live by you?', and 'Hot Local Singles'. The main content area is divided into 'DAILY MEDIA' and 'Most Popular'. The 'DAILY MEDIA' section includes an advertisement for 'mate1' (Intimate Dating) with a search form, and several video thumbnails with titles like 'Spider on Drugs', 'Why Idiots Prevail', 'Heroin Christmas', 'Baby Fart', and 'Hail Storm'. The 'Most Popular' section features thumbnails for 'Saddam Hung', 'Smart Bird', 'Racist GPS', and a large advertisement for 'Knock out Paris' with a 'FREE PS3!' offer. A 'Links' section at the bottom right lists various popular topics like 'Top 10 FX Scenes in Movie History' and 'Largest Human Gathering'. The browser's address bar shows the URL 'http://www.ebaumsworld.com/' and the taskbar at the bottom displays the Windows start button and several open applications.

Screenshot 5

ebaumsworld.com

Dating advertisements that are not appropriate for younger age groups.

Online advertising

None of these advertisements give an age limit up front, although age limits are explained at a later stage in the process and before a purchase could be made.

What the children say

Apart from the most cautious among the youngest children, all those in our discussion groups were familiar with the common types of online advertising and were aware of its purpose. They spontaneously mentioned pop-ups, ads that won't close or go away, 'you have won' ads, false error messages, and conventional banners and 'skyscrapers'. Most children respond by closing adverts down and become irritated when they interfere with their internet use. Some fear computer problems and getting in trouble with parents.

'When it's online, I think it's trying to get you to buy things. It's got animals and on one of them it says shoot 10 ducks and you'll receive a free laptop. When it does it I just click the cross and then they close and I carry on. Because my mum says they're just trying to...they're just pretending'.

'Sometimes I press the cross but it won't go off... I press cancel and it says the system shall now turn off...and then it will come on the next time you put it on. You just need to turn it off'.

'Sometimes you've just got to press OK.I don't really read it, I just press cancel'.

Girls aged 7 to 8

However, a child's perception of what an advertisement is can be different from the standard definitions. Games and videos featuring products are often not considered to be advertising. Games, in particular, are seen as a two-way transaction, a sort of sponsorship (advertising is used to get children to play the game, not necessarily to push the brand or product featured).

Many, especially the youngest, see promotion of a site's own products as advertising too: for example, the promotion of television shows on the Cartoon Network. They do not expect that editorial content can also be used as a type of advertising, as when brands create profiles on networking sites.

Children mostly identify advertisements by their position on the page or because they are animated. Some non-advertising content is mistaken for commercial material because of its position on the page; and when advertising is

labelled, children picked up on the label 'ADVERTISEMENT', but most missed the more unobtrusive label 'AD'.

Boy 1: 'I don't think they should write 'advert' there, because it's a game. It says play'.

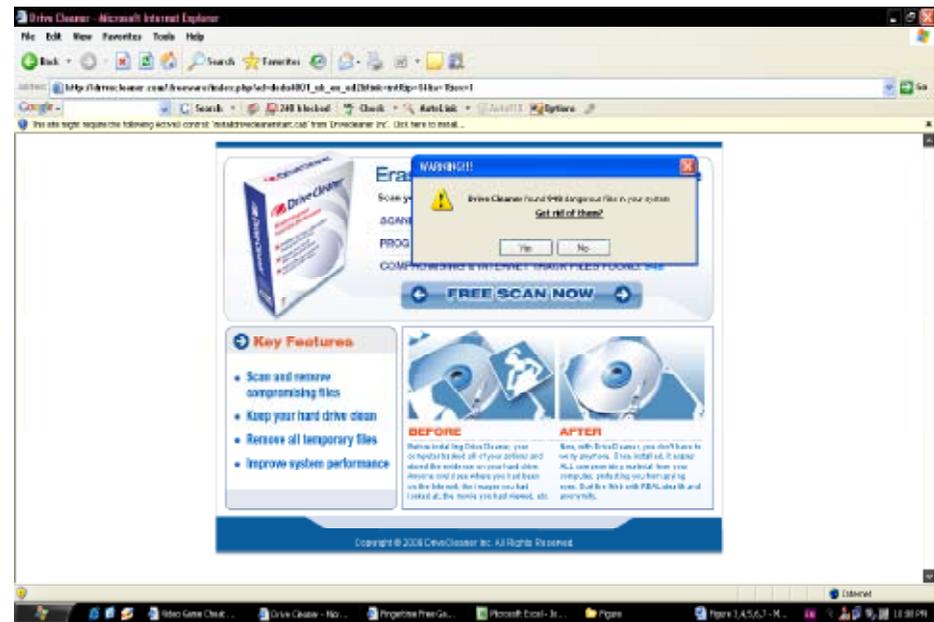
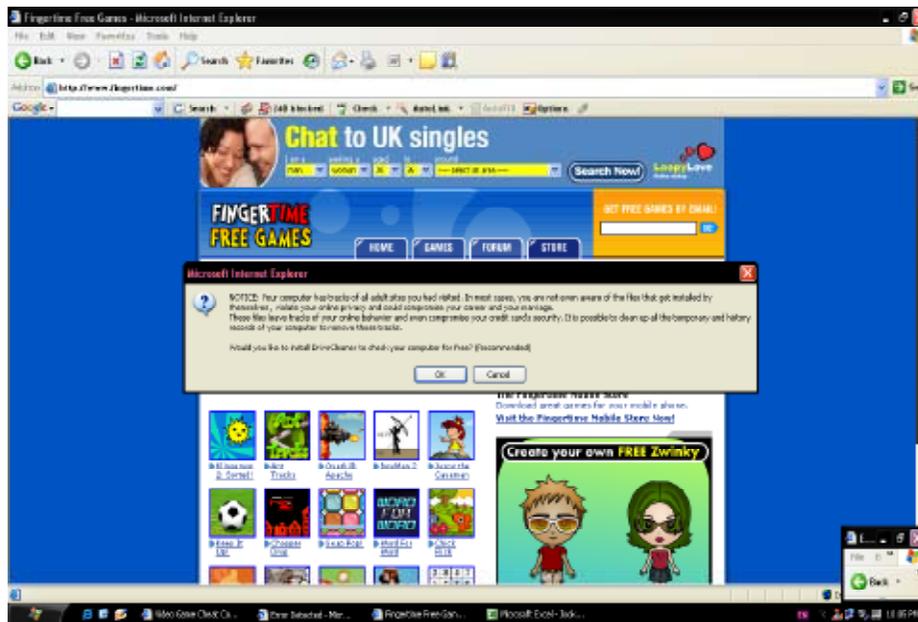
Interviewer: 'Is that advertising?'

Boy 1: 'Yeah, to play it'.

Boy 2: 'I don't think it is, because it's their own site and it should be their own thing'.

Boys aged 10 to 11

Online advertising



Screenshot 6

fingertime.com

Children find this type of ad, disguised as an internet explorer error message, intrusive; some fear computer problems and getting in trouble with parents.

'Well, they kind of are (adverts). Is it all saying to play those games?'

'That's not an advert because it says play'.

'But it says 'ad' – read it, it tricks you in the game. You'd be taken off to that website to play it, so you're off the website you were looking at'.

Boys aged 14 to 15

'The top. And both sides. They look like it (adverts)'.

'It says 'ad'. Yeah, it tells you what it is. Sometimes the ads move'.

Girls aged 7 to 8

Few children were interested in responding to the majority of adverts because they were by and large irrelevant to them (for example, loans, cars or medicines). They were also aware that free offers – mobile phones, plasma screens, 'select your

free laptop' – come with a catch, so mostly they ignore them. A small number of children followed giveaways to see what was behind the offer.

'There was one that said "congratulations, you're 999 thousandth person". I knew it was a scam, that's not going to give away a free laptop just like that'.

Boys aged 10 to 11

'There's one where it says "Pick a Celebrity" and if you pick the right one you win a mobile phone. I haven't done it but my friend did and she got ripped off by it'.

Girls aged 11 to 12

'My mum says no-one should really do competitions on the internet, they're just trying to make money and you won't win'.

Girls aged 7 to 8

Of more concern is the sheer volume of advertising for adult-only services, such as gambling and dating, which some of the boys were tempted to explore.

'Party Poker. Sports Book. £10 free. (Advertise on sites) because it's very rich, they can do what they want'.

Boys aged 10 to 11

'Naked ladies. 888.com. Party Poker'.

'You never win, anyway. We're not allowed. Only if it interests us'.

Boys aged 14 to 15

'It has this lady on, it was rather embarrassing to watch. I don't tell my mum or dad, because they'll say something like, why did you click on it?I might tell my brother or sister'.

Boys aged 10 to 11

What children want

Only a minority of the children in our discussion groups appreciate the link between online advertising and free content online. Many actively dislike internet advertising because it gets in the way of their online activities. Some also question why it is necessary, since there is plenty of advertising on television, and would like to see it banned. Others would like to restrict some of the more intrusive elements. Older boys, for example, commented approvingly on Albino Blacksheep's pop-up free policy. Several children made comments which implied that they assumed some degree of approval by the website of the third-party advertisers. They believed that ads featured on a reputable internet site are probably OK (see Screenshots 1, 5 and 6).

'They're there to persuade you. So they can make money'.

Boys aged 10 to 11

Online advertising



Screenshot 7

barbie.com
An example of a wish list.

'Every 15 minutes on telly, three minutes of advertising are on. Why do you need it on a computer as well as on TV?'

Boys aged 10 to 11

'If they're going to have adverts, they shouldn't be as big, and should be at the side, and not make your computer freeze. Just ads for things that help you – bullying, Childline.'

Girls aged 11 to 12

What the parents say

For most parents in our research, concerns about online advertising came relatively low down the scale of importance; their main focus was on their child's personal safety. On the whole they have better awareness that advertising pays for free sites, but many are particularly disturbed by the high volume of gambling adverts on games sites used by their

children. Parents also disliked pop-ups offering 'freebies' such as laptops, or adverts for mobile phones or mp3 players which might encourage their children to want the latest model. They expressed concerns that repeated exposure could tempt children to try unsuitable content, and that restrictions may be inadequate to prevent them getting too deeply involved. Some fathers see adverts linking to commercial sites as potentially more damaging because they take the child away from the known site.

'Half of the free sites can only be run by having advertising on them. Sports betting – that shouldn't be on a child's thing. They wouldn't advertise that between Postman Pat on telly – that should be regulated, I think.'

Fathers of 11-16-year-olds, C2DE

'There's too much poker. Cars and mobile phones. You'd be disappointed if it was a child's site. It depends on how many times you go on to a site. A seven-year-old on his fifth visit is going to think "what's that 10 quid thing there; I'll have one of them".'

Fathers of 7-11-year-olds, ABC1

'If (the link) catches their eye then I'm worried that they'll go in there and explore more. It can be just the colours or a cartoon character that can pull them in, not necessarily the product.'

Fathers of 7-11-year-olds, ABC1

'Advergames' and branded sites cause relatively little concern to most parents, though a few see that there may be deeper issues involved.

Wish lists on the whole were felt to be relatively harmless, the online equivalent of marking up a mail-order catalogue (see Screenshot 7).

'... I don't think they're doing it because of the product, they're just doing it because it's a game.'

Mothers of 11-16-year-olds, ABC1

'(Play Persil) – if it says "play" then my son is straight onto those. He wouldn't be so impressed once he realised...'

Mothers 7-11-year-olds, C2DE

'My daughter's done the Bratz one (wish list). It's like a wedding list. It's cute and all that... But it's really cynical as well. I think it's really clever. It takes the surprise out of gifts....'

Mothers of 11-16-year-olds, ABC1

Mothers of older children share worries about newer technologies such as wider access to the internet via mobile phones, an area about which they knew very little and over which they have little control.

'I tell you what does disturb me and that's the internet on the mobile phones. Yeah, because you really haven't got a clue and that's open to everything. I look at the internet on my mobile phone just 'cos it was like a novelty and it's all like [advertising] hot babes and girls girls girls stuff. Loads of sex stuff'.

Mothers of 11-16-year-olds, ABC1

Online ads: rules and regulations

Advertising on the internet (as in other media) is currently self-regulated, and a number of national and international codes guide responsible practice. In an effort to achieve consistency between codes in Europe, the European Association of Communication Agencies (EACA) has comprehensive ethical guidelines for advertising to children. The major UK provisions appear in the Advertising Standards Authority's (ASA) Code of Advertising Practice 'CAP code'. This has 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. The CAP code covers advertisements in paid-for space, but not advertisements for and by the website operator; it also covers spamming emails.

Elements of the CAP code relating to privacy are backed by the Data Protection Act 1998. Most importantly, next spring (2008) the EU Unfair Commercial Practices Directive becomes UK law. This covers misleading advertising and will codify the important principle that ads should be identifiable, as well as the discouragement of 'pester power' (through use of 'undue influence' in legal speak).

In the USA the Children's Advertising Review Unit (CARU) provides a self-regulatory programme for advertising to children in any medium.

Finally, the global International Chamber of Commerce (ICC) code of practice forms the basis of national self-regulated marketing and advertising codes in numerous countries.

Privacy

This section focuses on data collection and the extent to which it is collected, as well as the effectiveness of sites communicating their privacy protection policies. We explore the issue of children supplying personal data over the web, together with children's and their parents' attitudes towards privacy policies online.



Children and parents alike are aware of the risks of giving out personal details over the internet, but this is seen as more of a child safety issue than a commercial consideration. Many parents we talked to were unaware that children are a lucrative market for online advertising, and that the collection of their personal data allows marketers to target specific goods and services at them.

'....I don't click on any of them (advertisements). Unless it's something like the football, Xbox, games, Liverpool'.

Boys aged 10 to 11

This marketing information, including tracking children's patterns of online behaviour, is stored in databases that are traded or shared among companies; it contributes greatly to their stock market value.¹²

UK-based sites are subject to UK and European data protection legislation. This protection, while not specifically aimed at children, enshrines basic rights relating to the collection and use of personal information. Other self-regulatory codes of marketing practice, such as the Advertising Standards Authority and the Direct Marketing Association, include sections related to protection of children's data.¹³

Many sites popular with children are run by US-based companies, so they are subject to US rules. There is no general data protection legislation in the US; however, children aged 13 and younger are specifically protected by the Children's Online Privacy Protection Act (COPPA), in which there is a requirement for parents to be notified about information collection practices and give their consent prior to data collection.

Parents and children in our focus groups were confused about the

Privacy

varying parental consent rules and age requirements, so tended to ignore them. And virtually no one reads the privacy policies posted on sites to communicate to users about the use of any data collected. Those who do had difficulty understanding them.

Our survey of the sites also reveals examples of poor data protection practices, particularly by third-party advertisers. Host websites do not accept responsibility for these practices, including privacy.

What we found

We surveyed whether personal details are requested, what kind of data is requested, whether it is clear to the user why this data is being asked for, and whether it is easy to find and understand the privacy policy on the site. We looked for examples of what might be seen as good practice – for example, well-communicated privacy policies – as well as bad practice, typified by, for example, encouraging input of personal data in exchange for a free offer.

Data requested

Close to two thirds (26 out of 40) of the sites surveyed requested personal data, either as an option or as compulsory in order to continue on certain areas of a site. The most common details requested were a name and email address. More than a third of the sites we surveyed asked for a date of birth, age and postcode. Less than a quarter asked for an address, mobile telephone number and/or landline number.

This data is requested for various reasons, not just for selling products but in order to join clubs, enter competitions and create online identities. Requests for a date of birth can be used to assess an individual's suitability for viewing or purchasing certain products online. For example, on a number of the sites surveyed, such as MySpace, Bebo, Habbo and RuneScape, a date of birth serves as confirmation that those registering are 13 or older, a requirement under US law (COPPA).

Privacy policies

Explaining to website users what their personal information will and won't be used for is a key feature of privacy protection. The more effectively this is communicated the better.

More than half of the sites (15 out of 26) where personal information was requested had an explanation next to or near the data field outlining what the information will be used for, for at least some of the data requested. This is an effective means of communicating to users, particularly in light of our group discussions with parents and children, which highlighted how few of them read privacy policies (see Screenshot 8).

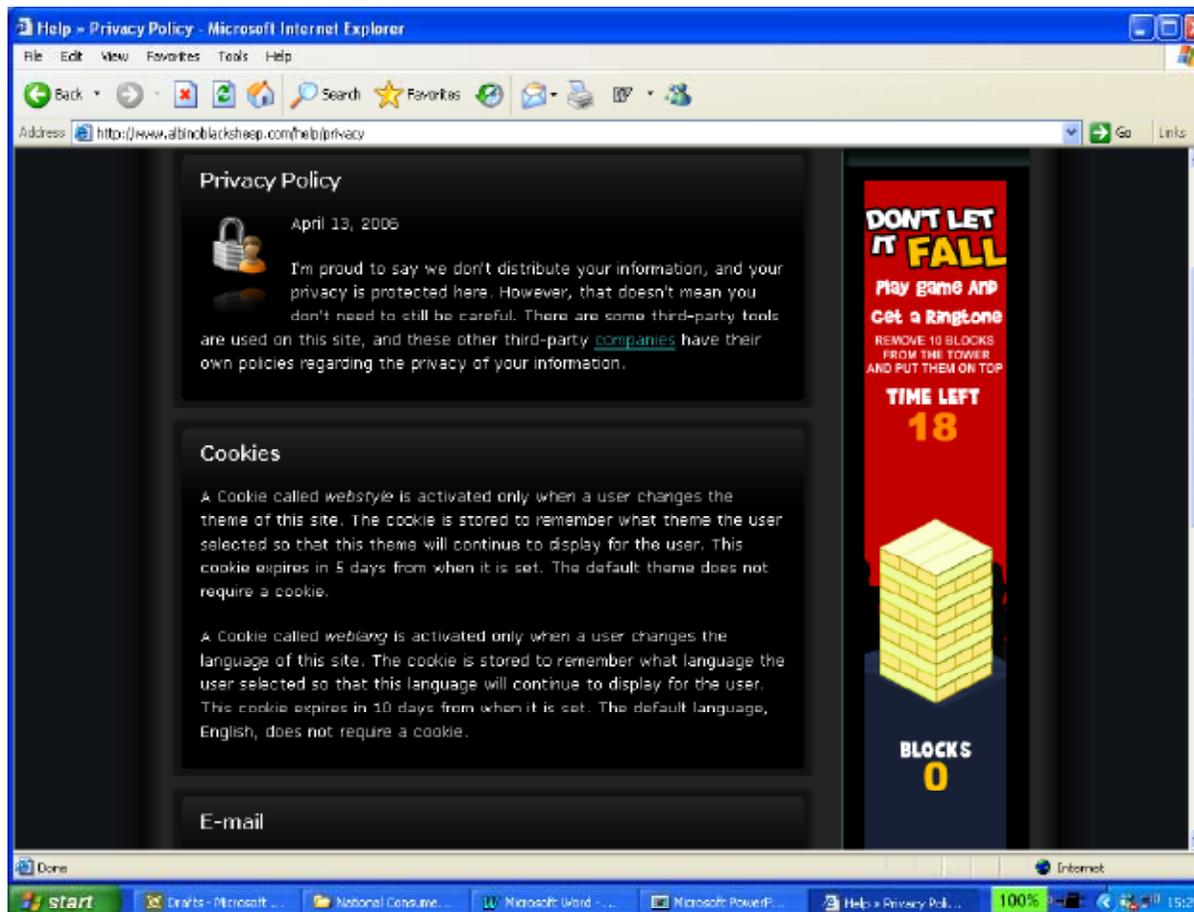
We found privacy policies on 39 out of 40 sites. Most were clearly labelled and accessible from the bottom of the home page. In a few cases the policy was hidden within the wider Terms and Conditions.

We found 34 of the privacy policies to be written in plain English (understandable to an adult), but only eight of these were likely to be understood by a child aged nine to 13. This suggests that while most websites are making an effort to ensure their policies are accessible for adults, few have managed to devise policies that children can understand.

However, we did find sites which managed to communicate privacy information to children briefly and in simple terms. A particularly good example is Albino Blacksheep.

Seven of the sites surveyed offered children the opportunity to tell their friends about the site. MySpace and Piczo, two social networking sites, encouraged users to invite their friends to join. Some sites, for example MySpace, make clear what the friend's details will and won't be used for, but this is not always the case.

Privacy



Screenshot 8

albinoblacksheep.com

A site which manages to communicate privacy information to children briefly.

Table 4: frequency that sites request personal details

Personal details requested	Optional	Compulsory	Total	As percentage of 40 sites
Name (given, family or both)	9	19	26	70 per cent
Email	9	12	21	53 per cent
Date of birth and/or age	5	12	17	43 per cent
Postcode	6	10	16	40 per cent
Address	5	5	10	25 per cent
Mobile	3	2	5	13 per cent
Landline	4	1	5	13 per cent

Sites like FunnyJunk and FreeOnlineGames give users the opportunity to ‘tell a friend’ about content they have just seen on the site by supplying a personal email address on the site’s own form fields. This is bad practice, encouraging children to give friends’ details without consent (see Screenshots 9 and 10).

Third-party advertising

When it comes to communicating about the use of personal data, we generally found that the companies behind the advertisements had poorer standards than the sites on which the adverts appeared. We clicked on all 70 advertisements sampled, and looked for, and examined, the privacy policies of the companies advertising. We found that 17 of these advertisements linked to pages without a privacy policy.

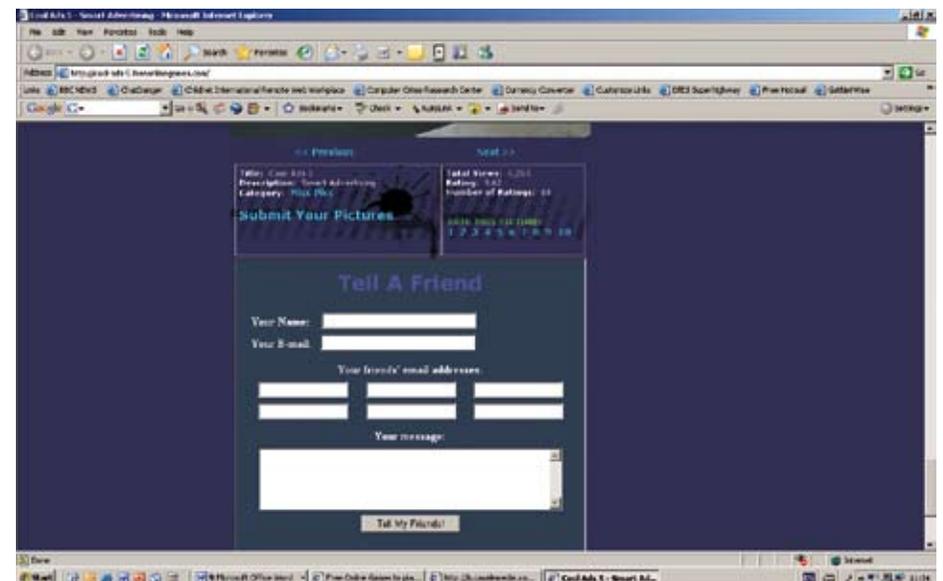
Privacy



Screenshot 9

cartoonnetwork.com

This site gives users the opportunity to 'tell a friend' about content they have just seen on the site.



Screenshot 10

freeonlinegames.com

This site gives users the opportunity to 'tell a friend' about content they have just seen on the site.

Privacy

Of the remaining 53 that did have a privacy policy, two thirds were written in simple prose that could be easily understood by an adult.

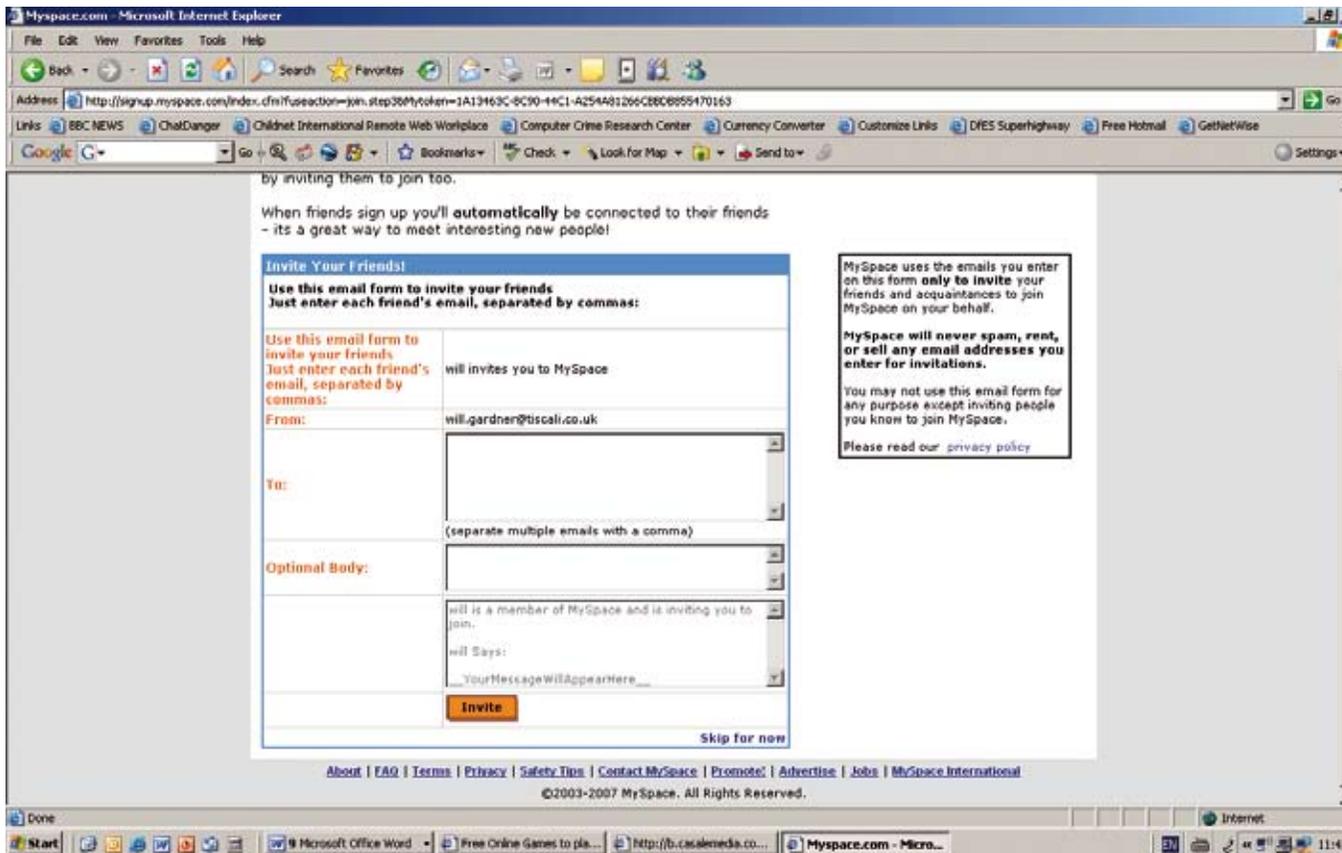
Nearly all of the privacy policies (49 out of the 53) were clearly labelled as such, and most (43) were clearly visible on the site's home pages. A few were less accessibly relegated to subsections of the Terms and Conditions.

Overall, 38 of the 70 companies behind the advertisements we examined requested personal details (54 per cent). About half asked for an email address and name; roughly a third requested a date of birth or age, address and postcode; and more than 10 per cent required landline and/or mobile telephone numbers. Less than half (18 out of 40) of the advertising companies asking for personal details divulged what some of the information would be used for, at the point where data was requested (see Screenshot 11).

Table 5: Personal details requested by third-party advertisers

Details asked by the advertiser	Optional	Compulsory	Total	Total as percentage of 70 adverts
Email	4	32	36	52 per cent
Name	2	31	33	47 per cent
Date of birth or age	2	26	28	40 per cent
Address	1	23	24	34 per cent
Postcode	1	24	25	36 per cent
Landline	3	17	20	29 per cent
Mobile	5	5	10	14 per cent

Privacy



Screenshot 11

myspace.com

Showing explanation next to or near the data field outlining what the information will be used for.

Privacy

Table 6: Privacy policies

	Sites popular with children	Advertisers on sites popular with children
There is a privacy policy	96 per cent	76 per cent
These policies are clearly labelled 'privacy' (or similar)	92 per cent	92 per cent
There is a link to this policy from the homepage	87 per cent	81 per cent
The policy is considered to be written in plain English	87 per cent	68 per cent
The policy is considered likely to be understood by a 9-13-year-old	21 per cent	8 per cent

A small proportion of advertisers (5 out of 70) invited website users to send details to a friend and/or to enter their friends' details. These were often for free offers, including a plasma television, an Xbox and cash games, as well as for free services such as a toolbar to download. This practice, long condemned, runs contrary to data protection rules as it encourages children to enter the details of their friends without consent.

What the children say

Parents of the children we spoke to have instilled ‘stranger danger’ rules into their children, so children are aware of the risks of giving out their personal details over the internet. In general they are unlikely to give details that might identify them in the real world, but they do not exercise the same degree of caution in disclosing details allowing them to be reached online.

Many children claimed to follow the rules, although some were happy to breach them. Some children who said that they never give any details had, in fact, signed up to sites where they have given out personal details. Others gave out phone numbers and provided other details when making a purchase or sending off for a free item.

Some were deterred from giving out their details by anxiety that their parents might find out they had broken the rules.

‘My mum always tells me when you go on the internet and you want to join something, you never put your email address on because someone could go on it’.

Girls aged 7 to 8

Young girls were the most likely to stick firmly to the rules, not giving out any information or signing up to anything. Older girls valued their online privacy and might hide their activities from their parents. Their main fear was the threat of paedophiles. Younger boys were also cautious but less so than the girls. Boys were more interested in exploring the internet and were more tempted to give out more information, negotiating the line between parental control and personal risk. Older boys were fairly confident about their ability to make judgements and understand the risks and their implications.

Familiarity with privacy policies was found to be limited. Children were unsure about the purpose of a privacy policy, tending to link it with the more familiar Terms and Conditions. Both children and their parents found the small print off-putting, hard to understand and lacking in relevance. One group thought that a privacy policy was to protect the site rather than the user. They suggested a number of prominent bullet points as an alternative to having to click on a link.

‘You read the terms and conditions. That just takes so long! I just do an accept. Some things, if you don’t go down the text, they’ll log you off. I started once, on Hotmail. I just look quickly to see if there’s a money sign. When I got my first computer, I checked, then as you get used to it, you just accept, whatever’.

Boys aged 14 to 15

‘I’ve seen it, but I don’t know what it is. You have to agree. I just tick Next. They’re all the same’.

Boys aged 10 to 11

Children admitted to lying about their age online. They felt that age stipulations were for guidance, rather than a legal requirement. Children believed that they could handle any resulting stronger content such as swearing or violence. Some boys gave examples of videos on YouTube where you need to be 18 or older to view them.

Younger girls felt that age guidelines were a good thing and meant that the content of the site could be tailored to their interests and abilities. Older children regularly sign up to social networking sites such as MySpace, Bebo and Piczo claiming to be older than they are. Some of their parents were aware of this.

'On all of my addresses I'm 20. Games, Bebo. If you want to go on a website, you lie about your age. They're not as safe for, like, six-year-olds'.

Girls aged 11 to 12

'If they give you extra for being 18 or over, then I put myself down as over 18'.

Boys aged 14 to 15

If asked to involve their parents when registering on a particular networking site, many children would give up and go elsewhere, as they find this an unnecessary complication. Most would not give their parents' email address without asking, but a few would enter one of their own email addresses or make one up.

'I'd ask my mum if I could do it, but she'd probably say no because it's information about myself'.

Girls aged 7 to 8

'I won't put my parents' email'.

'I normally sign in without asking. Just click to say you've done it'.

Girls aged 11 to 12

What the parents say

The parents' pattern of response to online privacy was similar to that reported by their children. Parents explained to their children what they should and shouldn't disclose online:

- No full name, address or telephone number;
- No email address or pictures;
- No school details (parents put more emphasis on this);
- No details of age;
- Always check with parents first.

Parents acknowledged a few exceptions to this: emailing friends, MSN within an appropriate circle, and MySpace/Bebo for older children. A proportion of parents permitted this, generally assuming that these were closed sites where the details would only be visible to authorised friends.

Some parents are aware that there is scope for their children's details to go further afield, particularly if their friends are careless. Some are unsure what they can do to prevent this. Many parents with younger children couldn't appreciate why sites would want to collect personal details, while others were more relaxed about being asked for email addresses – giving out their own rather than their child's.

Most parents believed their children understood the reason behind the rules, that of protecting themselves against 'stranger danger.'

'As long as they don't give out their mobile number or their address then I don't mind about anything else. Or the school'.

Mothers, ABC1

'They know they're not allowed to give out information. Not without asking us. The only thing we've explained is that you're talking to people and you don't actually know who you're talking to. Adults can pretend to be children. Boys can pretend to be girls. I don't mind them giving their email to their friends and that but not to anybody she doesn't know. (Not) putting pictures of themselves on the internet as well'.

Mothers of 7-11-year-olds, C2DE

Privacy

Parents knew that their children often lied about their age online. The majority may not approve but they understand and don't condemn it. Parents believe that sites view age limits as guidelines and that entering an age older than your real age is unlikely to cause any harm. A minority of parents believe that children should stick to the rules and should not lie. Some parents give their own details when children sign up, or they supervise them. For example, one mother helped her 10-year-old daughter sign up to Bebo because the minimum age to register is 13.

'If you've got to be over 18, then you should be 18'.

'I think if your 16-year-old decided to be 18 to look at bigboobs.com or something, then you'd be a bit nippy about that. If it was just to see a film that was over his age, I think you'd let it slide'.

Fathers of 11-16-year-olds, C2DE

A few parents knew what privacy policies were but felt they were included on sites because they had to be. Some described them as 'blurb', and too long and complicated. Many judge a site on its wider reputation while remaining aware of marketing intent.

'I have actually gone through (one) mainly to see how it's used for marketing purposes. Whether they're going to sell it to third parties'.

Fathers of 7-11-year-olds, ABC1

'Is that the box down the bottom? Ticks. It's whether they keep your information to their company or share it. When you sign up for anything it's right down at the bottom and if you don't tick it you automatically get everything'.

'(It's there) 'cos they have to. By law. It's just blurb isn't it? It's all there. You haven't got time to read it'.

Mothers of 7-11-year-olds, C2DE

'Some of them I do (read). They're so long, aren't they? If I'm giving my card details I usually read them. I signed up to Google mail today. It'll be another account I don't use. You have to tick the terms and conditions and I started off and scrolled all the way down... oh whatever, next. So kids aren't going to read them are they?'

Mothers of 11-16-year-olds, ABC1

Online purchasing

Almost half of the sites we examined engage in e-commerce. A few, targeted specifically at younger children, are 'own-brand' sites and tend to be entertaining shop-fronts for their own branded merchandise. Own brand promotion is not subject to advertising codes of practice but sites still have to conform to rules relating to fair trade. Sites may trade in sterling, dollars or euros, or may sell virtual goods and services for virtual worlds with virtual currencies (but still bought with real money).



'You can use Habbo Credits for buying a Traxmachine, furniture, playing games, becoming a VIP HC member and enhancing your Habbo Home page content'.

www.habbo.co.uk

Generally on the surveyed sites we found fair e-commerce practice. The cost of goods was clearly stated. Only one of the sites we examined sold age-restricted products, and it made efforts – through the use of user agreement and payment methods – to ensure that these were not sold to under-18s.

All but the youngest children are exposed to regular purchasing opportunities, but on the whole they do not associate the internet with spending money. Instead, they view the medium as a space that provides them with things 'for free' or to research for online purchases.

What we found

Pester Power

Two of the sites encouraged children to use 'pester power' by asking parents and others to buy goods and services. These were own-brand Diddl and Barbie sites, both of which allow users to create a wish-list for goods, which can then be emailed to family and friends. The Barbie site suggested titles for the email message such as 'Great birthday ideas from Barbie', and 'These Barbie things make me smile'.¹⁴ (Interestingly, this emailing feature is on the US site only, not on its UK version, though UK children do not necessarily distinguish between the two). Diddl explained the wish-list in similar terms and also encouraged emails to friends and relatives.¹⁵ The promotion of email 'spamming' from the site is a practice that falls foul of the Advertising Standards Authority codes, though the codes do not apply to own-brand promotions.

Online purchasing

Payment methods

Several sites inspected – Fingertime, Habbo, Cartoon Network, Stardoll, WWE and RuneScape – allowed payment by children younger than 18 using mobile phone accounts and Solo cards. Some of the advertisements (Chitchatbingo, Imvu.com and Habbo mobile) permitted payment methods that are usable directly by children younger than 18 once they had clicked on them. In certain circumstances, children are able to purchase suitable items without parental supervision. The credit card is a useful check when purchasing age-restricted goods and services, as only those aged 18 or older can enter into a credit-card agreement.

Recently, the Children's Charities Coalition has expressed concern on internet safety over the emergence of prepaid (or pay-as-you-go) cards which bear the Visa, Mastercard or Maestro symbols. These cards, which can be bought over the counter in

many places, could allow children to access under-age goods and services online unless the retailers have sufficient checks in place to distinguish them from credit or debit cards during the e-purchasing process.¹⁶

It is crucial for those selling products or services that are age-restricted to recognise that pay-as-you-go cards can be used by children, and take effective measures to prevent this.

What the children say

Children are deeply distrustful of many of the things offered for sale on the internet and every group we talked to had a story about internet rip-offs. The boys in particular had a lot of tales to tell.

'My brother bought some Yu-Gi-Oh cards and it said: "You've won this item". He sent his money off and when he looked on there

**again it said: "Ha, ha! You've lost it"'.
Boys aged 10 to 11**

Mainly it is older children who buy online, more often than not with parental knowledge. These are usually planned purchases, partly because they need their parent's permission (and credit card details) to proceed with the sale.

The ubiquitous use of credit cards for buying on the internet is an effective way of maintaining parental control over children's purchases. However, as new methods of payment come into being there is potential for confusion among young people and an increasing risk of unwanted purchases. Some children understand PayPal, but few are aware of Splash Plastic or other prepaid cards. Many had been caught out by payments made on either a landline or mobile phone. In particular, many bought what they thought was a ring tone, only to be charged for a subscription to weekly

or monthly ring tones which wiped out their credit.

Children learn through their own, or their friends', experiences and are unlikely to make the same mistake twice.

'I had £10 credit and I went on this website to get a ring tone, and it took all my money'.

Girls aged 11 to 12

'I'd pay by credit card, because there seems to be more protection over cards than phones. It would be harder for them to get (steal) money off your card than your phone'.

Boys aged 14 to 15

Confusion can be caused when sites flag up a mix of free items alongside items that have a cost. For example, on the Fingertime Free Games site free

Online purchasing

and paid-for items appear on the same page.¹⁷ Children's main complaint concerns the clarity of the purchasing process and its stages. They are unclear about when they commit to buy and the details of further charges they may incur. They also complain about prices being hidden in the small print.

'There's a site store. Selling games. The title is quite misleading because it says Free Games'.

'You might be less likely to look for the amount of money, the price – you might just text your number'.

Boys aged 14 to 15

'Sometimes they say how to get it for a low price and then when you go on the website it's really expensive'.

Boys aged 10 to 11

Children valued involving their parents in an online purchase to ensure that they were following the correct procedures and to get a second opinion. Nearly all the children we spoke to had to ask their parents' permission before making an online purchase.

'I save up and then my mum does it. I have to earn it, or get a good report or something... as a treat'.

Girls aged 11 to 12

Overall, children in our discussion groups were cautious about online purchasing processes and said they rely on parents to help. Main issues that concern them are unclear mixes of free and paid-for goods on web pages, and no clear 'maps' of purchasing procedures.

'I'd make sure I wanted it first. Make sure of what it is. Make sure I have enough money. Check it was in good condition. Find out if it's sold anywhere else'.

Girls aged 11 to 12

What the parents say

Online shopping by children is becoming the subject of increasing family negotiation. Various parenting styles and house rules are applied – ranging from a complete ban (mainly among parents of the youngest children) to assessing children's requests item-by-item, which was the most common approach. Some parents in the higher socio-economic groups had agreements with children that they could spend a certain amount per week or month on the internet, usually using the parents' credit card details.

There were significant differences in attitudes between the socio-

economic groups both for younger and older children. In the lower socio-economic groups, there was relatively little child involvement in online purchasing. Some of the children used eBay to look for things but parents did not encourage it.

'My daughter does look on eBay because she's really into High School Musical at the moment. Bought the t-shirts and all the gumpf that goes with it. She'll call me to look and I'll say "add the postage and packaging on it and no you're not having it". They think you're a money tree'.

Mothers of 7-11-year-olds, C2DE

By contrast, children with parents in the higher socio-economic groups seemed to be more active online purchasers due to greater parental confidence on the internet and more disposable income.

Fathers of younger children mentioned that their children used the internet to research and find items, and were learning how to use the internet responsibly.

'We bought a dog. My daughter was dying for this dog so for a month she was researching eBay – locations, prices, breeders, that sort of thing. E-pups'.

'Mine buys songs – iTunes for the iPod and occasional CDs. I'm involved with the CDs but the tunes, she can buy three a week. That's the limit. A fourth one means she gets none the following week and she's managed to stick to it'.

Fathers of 7-11-year-olds, ABC1

One older boy had his allowance paid into a savings account with a debit card, which he could use for online purchasing. One or two children were allowed to use their

parent's credit card for pre-agreed items, such as school text books.

'Josh ordered all his books to read for his GCSEs. Rather than buying them from WHSmith, we were buying them for 99p from students that were selling them'.

Mothers of 11-16-year-olds, ABC1

Using parents' cards

Children cannot legally own a credit card. In view of this, most children asked their parents' permission to buy online, with parents then entering their credit card details. Parents exercised control, checking that everything was in order before committing themselves and their money to an online purchase.

We found that a surprising number of parents were open about their account details and some would trust their child to use their account or credit card details independently.

According to parents the children only used their cards without specific permission when they thought they were spending small amounts that they could 'get away with'. However, this often backfired when larger amounts showed up on credit cards and parents spotted it. This is an issue for families to think about.

'We were on about having a new computer and I don't know what they're called, the motherboard I think, and he said, "Oh, I've ordered a new one mum. Okay. Off eBay". And it came and we had to pay, I've forgotten how much it was now because it was from America and he failed to tell me that. I think he thought the postage was going to be 20 or 30 quid maybe and it still worked out cheaper. But obviously paying tax as well it was

something silly like £90. He got really upset'.

Mothers of 11-16-year-olds, ABC1

Mobile purchases

Only a few children paid for purchases via their parent's mobile or home phone. A home phone transaction involved a premium rate number so the child's father steered the payment away from this.

'It was the first time my son has come down and said, "Dad can I dial this up". So immediately I knew there was going to be money involved. So I had to enlighten him to the fact that whenever you dial anything which is 090, it's costing you'.

Fathers of 7-11-year-olds, ABC1

There were a number of anecdotes from parents about unwanted ring tone subscriptions paid for via

Online purchasing

children's mobile phones. Often parents had to step in to sort these problems out when it went beyond the child's control.

'I put £10 on his phone and it's all gone and he hasn't used it. He bought a ring tone and suddenly every time there's credit on, the £10 just disappears. I had to ring them up and cancel it so he's learnt his lesson'.

Fathers of 7-11-year-olds, ABC1

One mother reported how her son had come unstuck when he tried to sell his old mobile handset on eBay and was involved in a fraudulent transaction. The buyer defaulted, pushing the son's account into the red and incurring bank surcharges. She had to sort it out.

'I rang the bank up and said look, he's 14 years old, this shouldn't be happening....'

We did start to get debt collectors to ring up. And I was thinking he's not even 18. It's a very grey area though because you're in your own home and it's difficult isn't it? They don't know how old you are. Perhaps he just ticked to say that he was. That's maybe where I should have supervised more'.

Mothers of 11-16-year-olds, ABC1

Access to inappropriate items

In addition to concerns over making online payments, parents were also worried that children could access goods or services inappropriate for their age. Parents were particularly concerned about the growing number of gambling sites that have appeared on the internet. Some were also concerned about their children being able to access prescription drugs and loans. Parents feared that safeguards to ensure that buyers are 18 or older may not be tight enough as they know

how easy it is for children to tick the over-18 box. They are concerned that once children have money of their own, through jobs or pocket and birthday money, they are at risk.

'My eldest son (19) puts £50 into an account each month for gambling. My youngest one watches him do it and says go on the roulette! He hasn't lost yet, he will eventually....but the youngest one is egging him on all the time. I don't like it, but I can't stop it because the oldest one is old enough'.

Fathers of 11-16-year-olds, ABC1

'Pointless' purchases

Another area of concern expressed was children being enticed into making impulse purchases of things they don't really need or want. Many were angry that their children were encouraged to waste money in this way. Types of purchase parents considered 'pointless' included

virtual items bought from Habbo or Club Penguin websites and online/telephone voting and competitions. They worried that buying online made the items too easily available and too tempting.

'The companies are smart in a sense. They know a child is going to pick out certain things, like dial this phone number and you'll automatically get x amount of credits on your account. Then at the bottom there is a paragraph of some sort of legal-looking text. As a child they know they're not going to read that, they're just going to see oh free credit dial this number. Adults get caught out as well. You think you're getting a ring tone cheap or free or whatever without realising you've signed up to a contract'.

Fathers of 7-11-year-olds, ABC1

Conclusions

For this study we combined factual structured observation of website's commercial 'behaviour' and qualitative discussions with children and parents, which gave us great insight into their experiences. While it is clear that the internet is an integral and enjoyable part of family life, there are results that give us cause for concern:

- ▶ Plenty of online rules exist – on fair-trading, advertising and data protection. But we found examples where they are followed by the letter rather than in spirit. At worst these rules are simply flouted.
- ▶ There are examples of advertisements and commercial messages that cannot be easily identified by children, so they cannot judge them or make informed choices.
- ▶ There are plenty of inappropriate ads on websites that are popular with children, such as for gambling and dubious free offers, which appeal particularly to them. Children and parents have many tales about dishonest freebies and rip-offs.
- ▶ Border-limited jurisdictions in a borderless world can be confusing, for example, differing age-related rules. As a result children disregard them and often lie about their

age, with the consent of parents. (Under existing guidelines and laws, in the UK and abroad, a child is considered to be a child anywhere from under 12 to under 16-years-old).¹⁸

One important conclusion is that both parents and children are focused on strangers and the computer-damaging dangers of the internet, and are taking good steps to address these. Commercialism is much less of a priority, if considered at all. It is often dealt with as a result of direct experience, rather than active prevention. Most of the time children are not badly burnt, and experience is a good way to learn, but on occasion the damage may be both upsetting and seriously disruptive.

Another is that privacy and data protection remain a major challenge in the internet environment – neither children nor their parents read privacy policies or know their purpose; nor are they aware why their data is so valuable or how it is

used by commercial companies. The current system is not communicating effectively to users. Clearly years of information campaigns and efforts to get the industry to adopt better practices have not borne much fruit. More effort and imagination are needed to achieve this.

And finally, the current regulatory regime, national and international, is not using its teeth enough to cope with challenges thrown up by the online environment. The Advertising Standards Authority reacts to and investigates complaints for UK-based sites only, but children or parents are far less likely to complain about a website 'pop-up' or 'skyscraper' than they are about an offensive roadside poster. Even if they know they can, or want to, where do they go to complain about a US-based one?

Such a fast-shifting internet environment calls for a more proactive, investigatory approach, as well as a more effective system for international co-operation and action.

Appendix 1: Methodology

(i) Website research

The website research looked at 40 sites that were known to be popular with children,¹⁹ and these were examined with a view to finding out more about the extent and nature of 'commercialism' on these sites. A questionnaire was drawn up and applied to each site during the first quarter of 2007, and the results were recorded. Pilot work on the website research was carried out by students at the University of Bath, as part of their course requirements for MSc in Management (see acknowledgements and footnotes 3 and 5).

The research assessed the number of advertisements on the home page and one other key content page of sites that carried third-party advertising (of other companies).

A few minutes was spent collecting this information, so providing a snapshot of information taken in one visit to the site. In some cases advertising changes frequently, so that visiting a site at a later time will show different adverts. These differentials were not reflected in our survey.

Further examination was carried out on up to three adverts on each site carrying advertising. Some sites carried only one or two advertisements and in cases

where a site carried a lot of adverts, the three adverts selected were those first observed (though from different locations on the webpage where possible). Thus a total of 70 advertisements were selected for further examination.

(ii) Children's experience

There were two aspects used to research children's understanding and experiences of online commercialism:

- ▶ Home observation of eight friendship pairs (boys and girls aged 7 to 15 years) and their interactions with online purchasing, advertising and privacy policies;
- ▶ Four facilitated discussion groups between children of different ages about commercialism on the sites that they visit.

Home observations

The sample was structured to cover age, gender, geographical location and social class. All used the internet at home at least three times a week, all had broadband at home and at least half the sample (mainly older children) had internet access in their own room.

Interviews were video-recorded with the children interacting with a computer. This enabled more accurate analysis at the time of interview. A moderator facilitated all actions and discussions. Each pair was directed to approximately four specific sites appropriate for their age group. Sites were chosen from the list of 40 sites to cover the main examples of commercial activity across different types of sites.

Child groups

Four discussion groups were conducted in schools with children covering a mix of ability levels:

- Girls aged 7 to 8 (Year 3);
- Boys aged 10 to 11 (Year 6);
- Girls aged 11 to 12 (Year 7);
- Boys aged 14 to 15 (Year 10).

Children were all regular internet users, using a computer at home at least three times a week. The children completed a pre-group diary recording internet use for the preceding week. Paper copies of screenshots were used as prompts.

Fieldwork took place in London, East Anglia, the Midlands and the North of England, in March 2007.

(iii) Parental experiences

The research method used with parents was carried out after the observations of children's online activity, and facilitated discussions among children.

Four discussion groups were conducted with parents of children from school years 3 to 11 (aged 7 to 16 years). There were 7 to 8 parents in each group, with separate groups for mothers and fathers of primary and secondary school pupils. Paper copies of screenshots were used as prompts. Three groups were with parents who were heavy internet users (at least three times a week) and one group was with light internet users (once or twice a week).

Fieldwork took place in the South East (C2DE groups) and Midlands (ABC1 groups) in April 2007.

Appendix 2

List of the 40 most popular sites with children.

For children

www.cartoon-network.co.uk
www.disney.co.uk
www.habbo.co.uk
www.stardoll.co.uk
www.diddl.com
www.nick.co.uk
www.neopets.co.uk
www.myscene.com
www.barbie.co.uk
www.bbc.co.uk/cbbc
www.bbc.co.uk/cbeebies
www.citv.co.uk

General online games

www.miniclip.com
www.fingertime.com
www.runescape.co.uk
www.funnygames.co.nz
www.teagames.com
www.mousebreaker.com
www.freeonlinegames.com

General entertainment

www.albinoblacksheep.com
www.limewire.com
www.wwe.com
www.stupidvideos.com
www.thesims.ea.com
www.msndollz.com
www.funnyjunk.com
www.cheatplanet.com
www.ebaumsworld.com
www.newgrounds.com
www.letssingit.com
www.youtube.co.uk

Social networking, messaging

www.freewebs.co.uk
www.piczo.com
www.myspace.com
www.bebo.com
www.hotmail.co.uk
MSN Messenger

Other

www.ebay.co.uk

Search engines

www.google.co.uk
www.yahoo.co.uk

Notes and references

1. Over a quarter of the websites examined belong to companies that have their postal address and servers located in different states of the US; most make clear in the Terms and Conditions that they apply US jurisdictions in case of consumer disputes.
2. See <http://www.caru.org/index.asp>;
3. Childwise, <http://www.childwise.co.uk/trends.htm>, accessed 24 Sept 2007: Eight in ten 5-to-16s have internet access at home and half have broadband. Users spend an average of 1.9-hours-a-day online.
4. See, for example, the Internet Advertising Bureau, www.iabuk.net, Fact Sheet: Online adspend – first half 2006.
5. See for example It's Child's Play: Advergaming and the Online Marketing of Food to Children Kaiser Family foundation, (2006) <http://www.kff.org/entmedia/upload/7536.pdf>, accessed 29 October 2007
6. <http://www.childwise.co.uk/trends.htm>, accessed 17 October 2007.
7. Children and Online Privacy. Agnes Nairn and Dowsiri Monkogol. Journal of Direct, Data and Digital Marketing Practice, Vol 8 No 4 2007.
8. 'Advertising' refers to advertisements for other companies or organisations rather than for promotion of goods and services sold within the site hosting the advertising.
9. This also reflects Childnet's 1999 research findings, see www.netaware.org
10. New ASA regulations regarding promotion of food and drink products came into force in July 2007, while regulations regarding gambling are in force from 1 September 2007.
11. *Pop-Ups, Pop-Unders, Banners and Buttons. The Ethics of Online Advertising to Primary School Children*, Agnes Nairn and Alexander Dew. Journal of Direct, Data and Digital Marketing Practice, Vol. 8 (5) July 2007. For an overview of differing rules and views regarding marketing to children round the world see for example http://www.unesco.org/courier/2001_09/uk/medias.htm
12. *The Glass Consumer: Life in a surveillance society*, chapter 4. Edited by Susanne Lace, National Consumer Council, Policy Press, www.policypress.org.uk 2005. Database practice is covered by section 43 of the CAP code.
13. DMA Code of Practice was updated in 2006 to include Online Marketing to Children, sections 19.25-19.34
14. http://barbie.everythinggirl.com/catalog/wishlist_email.asp?type=200001&subtype=1, accessed 19 October 2007
15. http://www.diddl.com/appgen/index.php?cl=depesche&cp=marketplace&cmd=wish_list&PHPSESSID=a03e0d67d6cd3a26c9117ac95060d293, accessed 19 October 2007
16. <http://www.nch.org.uk/uploads/chis/PrePaidCardsFinal.doc>
17. <http://www.fingertime.com/store/mobile-games-arcade.php>, accessed 3 Oct 2007
18. For example, under US COPPA law children younger than 13 must have parental consent; the ASA code defines children as those under 16; guidance for the UK data protection legislation suggests that children older than 12 can give their own consent to have personal data collected.
19. The list of the popular websites was derived from a question asking children to list their favourite websites, placed in a larger survey carried out by A.Nairn, Jo Ormrod and Paul Bottomley and published by the NCC in the report 'Watching, Wanting and Wellbeing', 2007.

About the National Consumer Council

The NCC makes a practical difference to the lives of consumers around the UK, using its insight into consumer needs to advocate change.

We work with public service providers, businesses and regulators, and our relationship with the Department for Business, Enterprise & Regulatory Reform – our main funder – gives us a strong connection within government.

We conduct rigorous research and policy analysis to investigate key consumer issues, and use this to influence organizations and people that make change happen.

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