



The impact of online marketing on children's behaviour

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Children spend increasing amounts of time online, and television has to a great extent been replaced by Internet both as an information source and a leisure activity among youngsters. The Internet has also overtaken television as the medium for advertising in Europe, and children are increasingly exposed to problematic online marketing practices.

To better understand the scope and effects of online marketing on children, the European Commission has funded an extensive research project. The study provides novel insights into **the prevalence and characteristics of online marketing targeting children, how children's behaviour is influenced by these marketing practices, and how online marketing is regulated across Europe.**

The findings are based on data collected through various methods including behavioural experiments with children in two countries; focus groups with children and with parents in eight countries; a survey with parents in eight countries; an in-depth analysis of the most popular games in the main online platforms; a literature review, and a regulatory review covering the 28 EU Member States, Norway and Iceland.



KEY FINDINGS

Sophisticated and non-transparent marketing techniques are common



Children are exposed to a number of problematic marketing practices in online games, mobile applications and social media sites, which are not always understood by the child consumer.

- An in-depth study of 25 of the most popular online games revealed that all advergimes⁽¹⁾, all social media games and half of the games provided through popular application platforms contained embedded⁽²⁾ or contextual⁽³⁾ advertisements.
- A common feature in games provided through application platforms was the availability and/or requirement to pay in order to continue and/or accelerate game play. Often, the users also had to pay extra fees to avoid exposure to advertising (however, in the case of games provided through social media, users continued to be exposed to contextual advertisements even when they did pay). Most of the games actively encouraged users to spend more time playing and prompted them to make in-app purchases in order to continue and/or improve the game experience.

Marketing practices have clear impacts on children's behaviour

Two behavioural experiments with children from 6 to 12 years old found that online marketing practices have significant effects on children's behaviour.

- The first experiment found that **embedded advertisements have a subliminal effect on children** – they affect children's behaviour without them being aware of it.
- The second experiment found that **exposure to prompts to make in-app purchases has a significant impact on children's purchasing behaviour**. The European Commission together with national consumer protection authorities from EU countries⁽⁴⁾ obtained from the main app stores a clear labelling of games which offer in-app purchases and also that they raise the awareness of game developers on the need to avoid exhorting children to purchase, as required by the Unfair Commercial Practices Directive.

Children do not receive equal protection against online marketing across the EU

The study finds that across Europe children do not receive an equal level of protection from the adverse effects of online marketing. This is because marketing to children is regulated in a slightly different manner between countries and because parents apply different models of oversight of their children's online activities.

(1) Advergimes are games specifically designed for advertising. These games are explicitly marketing communication, developed by companies or organisations to promote their brand or product.

(2) The embedded advertisement often came in the form of a picture of the product, a logo, a product symbol and so on.

(3) Contextual advertisement is a form of targeted advertisement appearing on websites and other media.

(4) More information: http://ec.europa.eu/justice/newsroom/consumer-marketing/news/1401222_en.htm

- Despite a broad legal framework, developments in technology and online social environments may easily outpace provisions of existing laws. Self-regulation has been put forward as a way to respond flexibly to technological advancements, and **industry self-regulatory initiatives** on online marketing to children are prevalent in almost all EU member states. These initiatives are sometimes criticised **for failing to adequately restrict the use of marketing practices that do not transparently disclose their commercial intent**, and for the fact that **their outreach varies from country to country**. This is where EU level endorsement of self-regulatory initiatives can be an effective avenue.
- **Most parents do not see online marketing targeting their children as a major risk**, and think that their children are not affected. Thus, although parents have an important role in protecting their children online, **they are often not prepared to do so**. The **ways parents regulate children's online behaviour also differ between countries**. For example, parents in France intervene less in their children's online activities, while Swedish parents are more actively engaged in their children's online activities and apply more restrictions.

HOW IS THIS STUDY USEFUL?

The study is relevant in particular because it confirms the need for a strong and harmonised protection of children as consumers, and it brings new evidence that advances the understanding of children as potentially vulnerable consumers and of marketing practices that can be considered unfair from the perspective of child consumers. It will inform the revision of the UCPD Guidance and the ongoing review⁽⁵⁾ of EU consumer and marketing law. It also provides evidence to support the ban on product placement in programmes with a significant children audience in the proposed Directive on Audio-Visual Media Services. By pointing to online marketing practices that affect children, the study has broader relevance in the context of the Digital Single Market, as the uneven protection of children online across the EU might affect consumer trust in cross-border providers of online content.



Not least, the study is relevant for the enforcement of consumer rights. The Commission and enforcement authorities in Member States have had a consistent focus on online marketing, and in 2013-2014 successfully took joint action to improve transparency on in-app purchases by the main industry players⁽⁶⁾. By flagging and documenting problematic marketing practices to which children are exposed online, the study will further inform enforcement activities in this area.

More information:

http://ec.europa.eu/consumers/consumer_evidence/behavioural_research/impact_media_marketing_study/index_en.htm

(5) http://ec.europa.eu/consumers/consumer_rights/review/index_en.htm

(6) http://ec.europa.eu/justice/newsroom/consumer-marketing/news/1401222_en.htm