

## **CONTRIBUTION BY THE ADVERTISING ASSOCIATION TO DCSF ASSESSMENT OF THE IMPACT OF THE COMMERCIAL WORLD ON CHILDHOOD**

The Advertising Association welcomes the opportunity to submit comments to the panel responsible for assessing the impact of the commercial world on children's well-being.

### **1. *About the Advertising Association***

The Advertising Association is the policy formulator and lobbying organisation uniquely representing advertisers, agencies and media owners. It is the only organisation representing the entirety of the advertising business. More information about the Advertising Association and its members can be found at <http://www.adassoc.org.uk/>

### **2. *Summary***

- 2.1 Advertising has a positive role to play in everybody's lives. It drives brand competition and consumer choice, and funds a diverse and pluralistic media enjoyed by children and young people, as well as adults.
- 2.2 There are many influences on children in today's consumer society, of which advertising and marketing are just a small part; children's attitudes and values are primarily formed by the culture they live in and their personal contacts, their families and friends.
- 2.3 It is not possible to shield children from promotional activity in the world around them. But it is important to ensure that advertising is responsible and ethical.
- 2.4 This is why it is important to have strong and effective advertising controls that require special care to be taken as regards children.
- 2.5 It is also important to ensure that children understand the role and persuasive nature of advertising, which is why media literacy initiatives like Media Smart are of value.
- 2.6 In addition, voluntary best practice CSR initiatives by industry should also be encouraged as they can enhance the self-regulatory approach and deliver added value to communities.
- 2.7 A robust and independent self-regulatory system with effective compliance and enforcement procedures is crucial which is why the advertising industry is so supportive of a strong Advertising Standards Authority (ASA).

- 2.8 The advertising industry is committed to ensuring that the self-regulatory system remains fit for purpose and that advertisers market responsibly to children in digital as well as traditional media.
- 2.9 This is why the Advertising Association has convened the Digital Media Group of stakeholders across the industry to respond to the challenges of the rapidly evolving online market and to ensure that advertising standards are upheld.
- 2.10 Its work will be cognizant of the recommendations of the Byron Review.

### **3. *The consumer generation***

- 3.1. Children in the UK today are part of a consumer generation with a proliferation of child and youth-focused media and unprecedented online access to entertainment and information. Children and young people have much more consumer choice and opportunities than earlier generations, but there are some public concerns about the effect this is having on their well-being. The current enquiry is to assess what effects the commercial world in the broadest sense has on children, including children's entertainment and publishing (print, music, new media), shopping, the market for children's goods and services, and products and commercial messages.
- 3.2. The Children's Plan rightly reflects the fact that there are many influences on children in today's consumer society, of which advertising and marketing are just a small part. Today, many children have spending power from a young age. Children are a technology- and media-literate group that cannot be completely shielded from advertising; indeed, exposure to advertising is part of growing up and learning how to deal with the real world. Therefore the emphasis has to be on:
  - positive educational strategies to promote media literacy and understanding of the role and persuasive nature of advertising, and
  - ensuring, via the rules, that advertising is responsible and ethical.
- 3.3. Recent reports such as the UNICEF report on childhood underline the pressures facing young people today. Some campaigners argue on the basis of very questionable figures<sup>1</sup> that children today are deluged with advertising and that ads cause children to "pester". They say that this places unwarranted pressure on parents and families. But children have always wanted things they see or that their friends have, irrespective of them being advertised. Although children today live in a consumer

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<sup>1</sup> Page 6, *Kids Industries' report* (Annex 1 attached) questions statistics in the Compass report *'The Commercialisation of Childhood'* stating that children are seeing between 20,000-40,000 TV ads a year

society, there is no evidence of which we are aware to demonstrate that advertising itself increases their materialism. Indeed, according to the 2007-8 Childwise Monitor Report, the main purpose children aged 7-16 go online is to communicate; only a quarter could recall seeing any advertising on the Internet, and only 2% use it for buying products and services<sup>2</sup>.

- 3.4. The effect of advertising must be put in context. Children's attitudes and values are formed by the culture they are brought up in, ie families and friends. Children become consumers when their parents give them pocket money, and when they start to earn. The amount of pocket money they receive and what they spend it on is ultimately a matter of parental boundaries and guidance<sup>3</sup>. Playground pressure is also very important in children's lives, but playground crazes are not always advertised (the craze for Yo Yos is one example of this).

#### **4. *The Positive Contribution of advertising and marketing***

- 4.1. Advertising is portrayed by some campaign groups as having an adverse effect in terms of influencing children's preferences, etc, but it has many positive outcomes for society as well as for children.
- 4.2. Advertising revenue plays a crucial role in funding magazines, newspapers, commercial radio, commercial TV and the internet. Without advertising, only publicly-funded media such as the BBC would exist and this would narrow editorial and programme choice available to all sectors of society. Advertising therefore plays an important role in supporting a wide breadth of media in this country, and this is key to the democratic values of our society because it allows for pluralism of news and information, as well as entertainment.
- 4.3. Thus advertising facilitates media pluralism, which in turn encourages competition and quality in the media. This acts to the benefit of readers, listeners, viewers and users, providing people of all ages with a wide choice of "free" content and media innovation that would otherwise not exist. For children and young people, the growth in child-centred media, from TV programmes to magazines and newspapers such as *First News* has enriched lives and opened up new sources of information and learning opportunities about our world today. Magazines, for example, which are totally reliant on advertising revenues, are important in stimulating literacy amongst children. The National Year of Reading has flagged up that magazines are important as a way of encouraging children to read - a

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<sup>2</sup> Page 13, ChildWise Monitor Report 2007-8

<sup>3</sup> According to the ChildWise Monitor Report, 2007-8, the average weekly pocket money for 5-16 year olds is £9.90, and for 5-10 year olds, it is £4.60 a week.

magazine can be seen as less daunting than a book and is more effective in getting more reluctant readers interested.

- 4.4. Advertising can also play a positive role in changing consumer attitudes and behaviour. There are many Government campaigns using advertising in this way (for example the successful drink driving campaigns, watch your speed, etc). There are also many examples where companies themselves use advertising for social marketing purposes. For example, a number of food companies are running healthy lifestyle campaigns and community initiatives<sup>4</sup>.
- 4.5. Advertising also has wider benefits for society as a whole because it stimulates competition between companies on grounds of brand quality and price, and drives product improvements and innovation. Thus advertising has been crucial to the growth of economic prosperity and consumer choice.
- 4.6. The role of advertising in influencing children has been much discussed in recent years in the context of food and soft drink advertising and its possible links to childhood obesity. In general, companies advertise to promote their brands against other brands in the same sector, rather than with the intention of growing the sector as a whole. Ofcom's research shows that advertising has a very modest direct effect (around 2%) on children's food preferences, but that other factors such as exercise, portion sizes, peer pressure, trends in family eating habits, school policy and food labelling are far more important.
- 4.7. Strict scheduling and content restrictions on food advertising to under 16s have already been put in place and are being extended from January to dedicated children's channels. Ofcom's view, based on its recent analysis of the impact of the new rules so far, is that there are clear signs of responsible behaviour by advertisers and broadcasters, and that the restrictions are having the intended effect in reducing the overall amount of HFSS food and drink advertising that children see on television in line with the intended levels set by Ofcom. There is also evidence from the Advertising Association's analysis of Neilson data on ad spend and BARB data on TV commercial impacts that between 2003 and 2006 – even before the introduction of the new rules - the market was responding to changes in consumer demand and ad spend in various product categories was already shifting to “better for you” products<sup>5</sup>.

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<sup>4</sup> Pages 38 onwards in above report [http://www.adassoc.org.uk/Interim\\_Review\\_of\\_Media\\_Landscape.pdf](http://www.adassoc.org.uk/Interim_Review_of_Media_Landscape.pdf)

<sup>5</sup> Food Advertising Changes in Context, published by The Advertising Association, September 2007  
[http://www.adassoc.org.uk/Interim\\_Review\\_of\\_Media\\_Landscape.pdf](http://www.adassoc.org.uk/Interim_Review_of_Media_Landscape.pdf)

## **5. Children's understanding of advertising**

- 5.1. There is a considerable amount of academic literature that has been written over the last 20 years looking at children's understanding of advertising. It is clear that understanding of the role and purposes of advertising increases proportionately with age, but many academics point to the fact that this starts younger than the age of 11 or 12 – the age when campaign group, Compass, argues that children develop the capacity to understand marketing messages.
- 5.2. The report by Kids Industries (attached as Annex 1) covers some of the academic research<sup>6</sup> which suggests that children can distinguish between advertising and programmes when they are as young as three<sup>7</sup> or four years old<sup>8</sup>, though they cannot necessarily explain the differences between them. Their ability to understand the persuasive nature of advertising increases by age 7 or 8. According to various academics, by this time, children generally understand the commercial intent and advocatory nature of advertising, can apply this knowledge and critically evaluate advertisements<sup>9</sup>.
- 5.3. In research about food advertising for Ofcom, Professor Livingstone also explains the stages of children's cognitive development, saying that, before 4 or 5 years old, children regard advertising as simply entertainment, while between 4 and 7, they begin to distinguish advertising from programmes. The majority has generally grasped the intention to persuade by the age of 8, while after 11 or 12 they can articulate a critical understanding of advertising.
- 5.4. It is not possible completely to shield children from promotional activity in the world around them. But it is important to ensure that advertising is responsible and ethical (see rules, section 6 below). Media literacy also plays an important role in providing children with critical tools of evaluation. For this reason the industry funds Media Smart – a non-branded, non-profit, educational programme for schools for children aged 6-11.
- 5.5. Understanding the role of marketing and advertising is an essential part of growing up and becoming a citizen in a free market economy. It helps children develop their ability to make critical comparisons and be able to

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<sup>6</sup> Page 7, Kids Industries analysis, Annex 1 attached

<sup>7</sup> Levin et al, 1982

<sup>8</sup> Children and television advertising: when do they understand persuasive intent? Oates, Blades, Gunter – Journal of Consumer Behaviour, February 2002

<sup>9</sup> Such academic research includes, for example: Children's Perceptions of Advertising, by Sandy Bulmer, for the Department of Commerce, Massey University, Auckland, New Zealand, Working Paper Series No 01.05 (2001); Report for ITC by Brian Young, University of Exeter, 'Emulation, Fears and Understanding: a review of recent research on children and television advertising (March 1998)

make informed decisions, which is why awareness and understanding of commercial influences is important.

- 5.6. Media Smart develops and provides, free of charge and only on request, educational materials to primary schools that teach children to think critically about advertising. The materials use real examples of advertising to teach core media literacy skills. New materials will include online advertising.

## **6. *Responsibility in Advertising – the advertising rules***

- 6.1. The advertising industry recognizes that children, particularly younger children, are a special case and should be treated as such. This is why extensive and stringent rules are in place across broadcast and non-broadcast, and why particular care is taken in advertising in and around children's TV programmes and in other children's media.
- 6.2. The advertising industry set up the Advertising Standards Authority (ASA) around 50 years ago in order to ensure consumer confidence in advertising. The ASA has a reputation throughout Europe as an outstanding example of successful and robust self-regulation. The highest standards are enforced via the independently-appointed ASA Chairman and Council. The ASA can take action on only one complaint and there is considerable emphasis on compliance, which is not far off 100%.
- 6.3. The advertising industry takes a very responsible approach towards children. Within the ASA system, the Codes are the responsibility of the (non-broadcast) Committee of Advertising Practice (CAP), and the Broadcast Committee of Advertising Practice (BCAP). The Codes are required to have special concern for the protection of children and this is reflected in the rules<sup>10</sup>.
- 6.4. For example, the Codes require that advertisements must not take advantage of children's inexperience, avoid arousing unrealistic expectations, avoid anything likely to encourage poor nutritional habits or an unhealthy lifestyle in children and must not directly advise or ask children to buy or to ask their parents or other adults to make enquiries or purchases. The BCAP code states that "Nothing in an advertisement may

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<sup>10</sup>[http://www.asa.org.uk/asa/codes/tv\\_code/tv\\_codes/Section+7+-+Children.htm](http://www.asa.org.uk/asa/codes/tv_code/tv_codes/Section+7+-+Children.htm)

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

[http://www.asa.org.uk/asa/codes/radio\\_code/Radio+Code+General+Rules+Children+and+Younger+Listeners.htm](http://www.asa.org.uk/asa/codes/radio_code/Radio+Code+General+Rules+Children+and+Younger+Listeners.htm)

seem to encourage children to pester or make a nuisance of themselves". This is one of the rules aiming to prevent ads encouraging "pester power" that also extend to behaviour. This means that, today, advertising jingles such as "Don't forget the fruit gums Mum", where a child is portrayed as asking or pestering for sweets, would not be allowed.

- 6.5. On television, there are also strict rules controlling the scheduling and content of advertisements around children's programmes. Appropriate timing restrictions can be placed on advertisements deemed as being unsuitable to children. In addition, the following may not be advertised to children:
- Alcoholic drinks and liqueur chocolates
  - Condoms
  - Lotteries, pools or bingo
  - Matches
  - Medicines, vitamins or other dietary supplements
  - Religious faiths or beliefs
  - Sanitary protection
  - Slimming products, treatments or clinics
  - 15- and 18- rated films or videos
  - Personalities or other characters who appear regularly in a current or recent children's programme may not endorse products or services of particular interest to children.
- 6.6. In addition TV and radio ads are subject to pre-clearance (vetting the ads before they go on air). This is conducted by the industry-funded bodies, Clearcast and RACC (Radio Advertising Clearance Centre). Compliance reports by the ASA and BCAP demonstrate the effectiveness of the pre-clearance system. For example, there were only 54 cases upheld on 52,300 TV ads submitted to Clearcast in 2007.
- 6.7. In the light of the current debate about the role of advertising in commercialization of childhood, it is interesting to note that the level of complaints to the ASA about advertising to children or pester power are very low. In 2007, 2,623 complaints to the ASA referenced children as part of the complaint. This is not that high, considering that the total number of complaints the ASA received numbered nearly 25,000. Many of the complaints were about individual campaigns. For example, the Department of Health campaign encouraging smokers to quit (the fishhooks ad) generated 774 complaints, on the grounds that the ads were offensive, frightening and distressing. The poster ads generated the most complaints with objections that they could frighten or distress children.

6.8. The concerns raised regarding top ten most complained about ads of 2007<sup>11</sup> focused on issues such as the danger of harm and distress to children, or in other cases offence and misleadingness of the ad, but not about advertising to children or pester power. Two food and soft drink ads were also in the top ten most complained about ads. But complainants were not objecting to them on the grounds of their appeal to children, but because one was regarded as distressing<sup>12</sup>, whilst another was regarded as offensive and racist<sup>13</sup>.

## **7. Voluntary best practice initiatives**

7.1. In addition to supporting the advertising self-regulatory system, advertisers continually demonstrate their responsiveness to public attitudes to their advertising. The view that somehow consumers and markets have opposing interests is far from the truth because a brand is strong when there is consumer confidence and trust in it. Reputation is important and often companies and markets will lead, rather than wait for regulation. This is why, for example, in December 2007, eleven major food companies representing more than 50% of the food and beverage advertising spend in the EU, launched the EU Pledge<sup>14</sup> to change the way they advertise to children on TV, in print and on the internet in the European Union. This includes a commitment not to advertise products to children under 12 years old, which means no advertising to media audiences with a minimum of 50% of children under 12, and no communication related to products in primary schools.

7.2. We also welcome the best practice advice regarding commercial activity in schools that the DCSF and ISBA (The Voice of British Advertisers) have co-produced.

## **8. Digital Future-proofing of the self-regulatory system**

8.1. The rules of the CAP Code apply to all paid-for space on the internet and other digital media.

8.2. The advertising industry has always invested time and resources in ensuring that the self regulatory system ensures that advertising is decent, honest and truthful. In response to the rapidly evolving online market, the advertising industry has convened the Digital Media Group<sup>15</sup> at the

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<sup>11</sup> [http://www.asa.org.uk/NR/rdonlyres/03BAB9F7-CDD8-4B9B-B572-FA497D43001E/0/ASA\\_CAP\\_annual\\_report\\_07.pdf](http://www.asa.org.uk/NR/rdonlyres/03BAB9F7-CDD8-4B9B-B572-FA497D43001E/0/ASA_CAP_annual_report_07.pdf)

<sup>12</sup> Coca-Cola ad for the soft drink Oasis – 180 complaints, not upheld (ASA Annual Report 2007)

<sup>13</sup> Cadbury Trebor Bassett Services – TV and cinema ads for chewing gum – 519 complaints, upheld (ASA Annual Report 2007)

<sup>14</sup> For more details, see this website: <http://www.eu-pledge.eu/>

<sup>15</sup> For more details about the Digital Media Group, go to: <http://www.digitalmediagroup.co.uk/?q=frontpage>

Advertising Association to ensure that advertising standards are upheld on all advertising online, whether in paid-for space or not.

- 8.3. The Digital Media Group is one Corporate Social Responsibility initiative amongst many within industry to ensure that high standards in digital advertising are maintained. Other industry initiatives include the Audiovisual Content Information Good Practice Principles, supported by leading content providers, which ensure that audiovisual media content is correctly labelled, the IAB IASH scheme which ensures that advertisements are not placed in unsuitable contexts, and ISBA's best practice guidance on company website content.
- 8.4. The Digital Media Group is deliberating on and will recommend a revised remit for the advertising self-regulatory system to determine those communications which should (and can) be included. The issue is to decide where to draw the line between editorial and advertising, which is no easy task. The DMG expects to recommend an extension of the ASA's CAP Code remit and will therefore lead to a key set of standards for online marketers, including a specific set of standards for children.
- 8.5. The advertising industry is committed through the self-regulatory system to ensuring that advertisers market responsibly to children and within contexts that, whilst not targeted at children, may be viewed by them. It is heartening that with regard to complaints concerning material online that are out of the ASA's remit in 2006, 84% of complaints were regarding misleading claims online, whereas under 2% of out-of-remit complaints regarded content directed at children.
- 8.6. It should be noted that the work of the Digital Media Group will be cognisant of the recommendations of the Byron Review.

## **9. Conclusions**

- 9.1. The terms of reference for the Government's assessment of the impact of the commercial world on childhood acknowledges that the evidence about the effects is unclear and that there is a gap in understanding the impact that cumulative exposure to shopping, advertising and commercial messaging may have on children's well-being.
- 9.2. Children in the UK today live in a consumer society and have a high awareness of brands. But advertising has a positive role to play in everybody's lives. It brings many benefits, acting as a driver of brand competition and consumer choice, and funding a diverse and pluralistic media providing both children and adults with a wealth of programming and editorial. This provides entertainment but also brings children many unprecedented learning and literacy opportunities.

- 9.3. The research on the effects of food advertising on children, conducted in recent years on behalf of Ofcom and other organizations, demonstrates conclusively that the influence of advertising on children must be considered alongside other more powerful forces shaping society today, and that parents, siblings and peer groups are key in shaping the behaviour, outlook, expectations and well-being of children.
- 9.4. There is already a tried and tested system in place to ensure that advertising is responsible in its approach to children. Extensive rules are in place, they are regularly reviewed, updated and consulted upon, and the advertising self-regulatory system is publicly well-known and seen to work.

**June 2008**

## **ANNEX 1**

**A Report by Kids Industries including critique of NUT and Compass Reports**