

Children and Online Advertising

Forms of Internet Advertising, Perception by Children and Regulatory Context

Summary

What forms of advertising do children encounter on the Internet? How do children interpret online advertising and how do they handle it? What problems and demands for action are identifiable? The study "*Children and Online Advertising*" ("Kinder und Onlinewerbung") addresses these questions from the perspectives of Communication Studies, Media Education and Law – and points out possible courses of action for different groups of stakeholders.

Advertising is ubiquitous in children's everyday life. They come across advertising on leaflets, advertising columns on their way to kindergarten, at train stations, on television – and on the internet. For children, it is quite easy to identify posters on an advertising column as advertising material, and the same is true for clear-cut commercial breaks on TV. For online services, it's not always that simple: The existing forms of online advertising require previous knowledge and are also quite diverse, which is why children are especially likely to have difficulties in recognising commercial communication.

From the perspectives of Law and Media Education, the question arises whether children are able to identify online advertising as such and to understand its intention. A basic understanding of advertising and reliable labelling of advertising material are seen as fundamental requirements for children to be able to handle advertising in an adequate manner. If these requirements are not – or only partly – met, this calls for measures concerning either the design of such contents or an improvement of media literacy.

The Media Authority of North Rhine-Westphalia (*Landesanstalt für Medien Nordrhein-Westfalen, LFM*) and the Federal Ministry for Family Affairs, Senior Citizens, Women and Youth (*Bundesministerium für Familie, Senioren, Frauen und Jugend, BMFSFJ*) assigned the Hans Bredow Institute for Media Research to examine the current advertising practice on 100 websites that children referred to as their favourite online presences, to analyse how children deal with online advertising and to assess the advertising regulations in view of the findings. This summary provides an overview of the core findings. The results of the three modules serve as a basis for policy options and recommendations that – following a multi-governance approach – take various groups of actors into account.

Online advertising is ubiquitous

The analysis focused primarily on forms of commercial advertising that can unmistakably be identified as such by a label or specific features of design ("clear-cut advertising segments"). In order to also include contents that children could interpret as (supposed) forms of advertising, the coding procedure also featured the category "other segments".

The results of the analysis showed the following:

50 of the 100 considered websites' front pages contained advertisements; 191 clear-cut advertising segments were found in total. Considering only those offers that featured at least one clear-cut advertising segment, the average amount is 3.8 segments per page – 5 segments on websites for youths and 2.9 segments on websites specifically aimed at children.

A deeper analysis of the Top-50 website front-pages and four sub-pages each revealed that – in general – there are **only few differences regarding the forms of advertising** on online offers for different age groups: regardless of the specific target groups, typical advertising segments are banners in various sizes, consisting of a combination of an image and text, sometimes animated. More rarely, cinematic forms of advertising could be found, usually as introductions to movies or games. Also, the ratio of labelled to unlabelled advertising segments is similar for all product groups: about two-thirds of the ads are labelled, about one third is not. However, there are differences concerning the various terms used to identify advertising. Many of the offers that are aimed at all ages groups are labelled with e.g. "Ad", "-W-" (for "Werbung", meaning "advertisement", "Werbespot" ("advertising spot") or "promotion", while pages that are primarily aimed at children use the words "Werbespot" or "Anzeige" ("commercial ad") almost exclusively.

The various forms of advertising on children's websites hardly differ from those on websites for all age groups.

Most commonly, online advertising addresses consumers directly and in a prompting manner: 52 percent of the advertising segments use formulations that are directly addressed the user. Here, the imperatives don't encourage the user to buy certain products, but to interact with the advertising segment by clicking on a link (e.g. "click here!", "learn more!" or "Got a moment to check out our offer?").

It is common practice for providers of online advertising to address children directly.

Unlike traditional forms of advertising, online advertising features a backward channel. Cookies that are saved to a user's computer offer a possibility for profiling. Depending on their market power service providers can draw on special monitoring tools to track individual browsing sessions almost completely.

In this context, the analysis of the offers also included an analysis of the **profiling-tools**, for example by investigating how many cookies were placed on a user's computer – and which providers they belonged to. This showed that almost all of the Top-50 websites included cookies by (mostly several) advertising-related providers. One of the offers even reached a total number of 82 so-called “third party cookies”.

Technologies for tracking and profiling users are omnipresent.

Advertising law as a cross-sectoral matter

Generally, advertising is a **heavily regulated field**: key legal requirements for advertising communication are to be found in competition law, media/broadcasting laws and youth protection law – and there are many sector-specific regulations in special laws. Secondary to the legal requirements, state media authorities set media guidelines that also include requirements for advertising. Advertising in general is also an area in which the industry's self-regulation has adopted variety of guidelines and codes of conduct that exceed the legal requirements, supervised by the German advertising council *Deutscher Werberat*.

The legal analysis serves to describe the specifications and requirements of the diverse framework and to outline the central prohibitions and obligations of the different legal norms, including disclosure and labelling duties, distinguishability requirements as well as rules to inhibit attempts to deceive or take advantage of children or to confront them with straightforward exhortations to purchase. The relevant laws contain several indefinite legal terms that need to be substantiated by individual cases, drawing on the areas of application of law and case law. Due to the fact that advertising law is based on different criteria to assess which forms of advertising are suitable for which target groups, the authorities and courts are confronted with complex provisions to identify, select and implement certain standards. If problems arise, this is mostly not so much due to the existing legal requirements, but a consequence of the fact that case law tends to focus more on individual decisions concerning child-related forms of advertising than on systematic or coherent standards.

Advertising Law is a patchwork of many provisions within a vast array of legal sectors.

The legal analysis also shows that the existing laws can not yet live up to the hybridization of services and offerings on the Internet and the differentiation between advertising and content: Advertising is becoming more and more independent from its surrounding, with a tendency of focusing more on the users' individual interests. (Example: If I am a customer of a shoe-mailorder or an online travel agent – or if I previously visited their websites – the chances are good that I might also be shown according advertisements later on, regardless of the actual content) Advertising law must therefore be able to consider new types of actors systematically, e.g. advertising networks that provide advertising content or providers that pre-select advertisements. Furthermore, the existing advertising laws still follow the traditional dichotomy of content and advertising, while many internet presences can either be seen as entirely com-

The regulatory framework is becoming less and less suitable to govern the dynamics of the advertising market and the various advertising actors.

mercial (e.g. websites of manufacturers or product-pages) or as conglomerates of highly diverse modules.

The legal part of the study discusses typical forms of online advertising found in the analysis of the offers and to identify legal grey areas in which children might be confronted with unsuitable forms of online advertising. This, for example, might include a legal assessment of direct exhortations that lead to product-related or brand-related content (with purchase-options) or attempts to exploit the children's play instinct to confront them with advertising content.

Ways children handle online advertising are dependent on several factors

The results of the reception analysis are based on a representative survey of 633 children **aged six to eleven years** as well as on qualitative interviews and observations with 100 children. Interviews with parents, teachers and group interviews provided additional information on how children deal with online advertising.

Knowledge and assessment of online advertising

Almost all children are familiar with the term "advertising" in different contexts, especially concerning TV. In this respect, there are only slight differences concerning the age groups.

Children see advertising as a source of information, but are also aware of its commercial nature and can comprehend – at least to some extent – that advertising works as a purchasing incentive. Some children also understand the persuasive nature of advertising, the fact that advertising is supposed to draw attention to certain products or to highlight their advantages. However, when children try to define the nature of advertising, they usually don't mention all these characteristics, but mostly only one of these aspects.

Children are familiar with the term "advertising", but do not always have a conception of the economical backgrounds and motives.

The attitude of children towards online advertising is ambiguous: 40 percent of the children have negative connotations with online advertising; about a quarter interpret online advertising as something positive, while about a third show an ambivalent attitude. It is especially the informative and orientation-related characteristics of advertising that are seen as positive, especially when referring to a product that appeals to the child or that it is interested in. Criticism mainly refers to action-related aspects: advertising is seen as a potential distraction from playing or from watching movies. It can be annoying or distracting, and all the more so if the children feel that the advertising content is irrelevant or of no interest to them. Furthermore, there is a fear of accidentally clicking on advertisements and buying something unintentionally that has a negative effect on the attitude towards advertising, often due to parental warnings.

Recognition of advertising contents

Three quarters of the interviewed children said that they had already come across advertising content on the Internet. In order to recognize online advertising, children draw on different distinguishing features. For the children, important criteria are the design (27%), labelling (26%), knowledge about the advertised product from other media (21%), or a mentioned purchase price (21%). Apart from that, 20% rely on their own experience with a product as an identifying trigger, 15% look out for “close”-buttons (“X”) and six percent rely on their knowledge that advertising contents tends to appear in a certain screen area, depending on the offer. The older the children, the more distinguishing marks they can rely on to recognize advertising offers.

84 percent of the children managed to recognize more than half of the clear-cut commercial segments in the representative survey (18% managed to recognize all). By implication, this also means that – despite labelling and a design that differed from the actual content – 82 percent of the children did not manage to identify all advertisements as such (16% managed to recognize less than half, 2% spotted none at all). Here, it was confirmed once again that older children are more likely to be able to identify at least the clear-cut advertising content.

The older and the more internet-savvy the children, the better they are at recognizing advertising content.

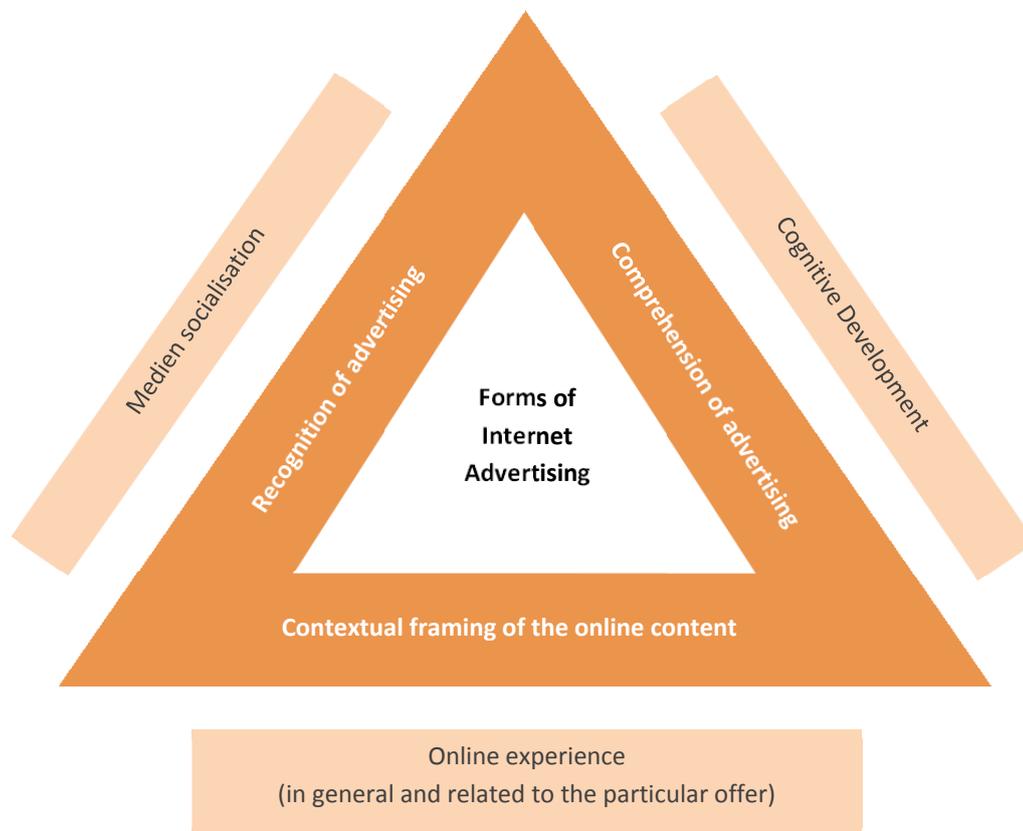
What differed in the results of the unaided observations in the context of the qualitative interviews was that the children’s distinguishing marks were not always suitable enough; in consequence, not all of the advertisements were spotted. Difficulties – and, in consequence, false attributions – showed when children tried to rely on advertising characteristics they knew from other media sectors (e.g. advertising on TV) and to apply this knowledge to online advertising unquestioned. In some cases, children mistook highlighted or eye-catching editorial contents as advertisements.

Pop-ups and pre-rolls belong to the forms of advertising that children are able to recognise as advertising well (also because they are similar to television advertising). Thus, if possible, they often close them even before the actual commercial content of the window becomes visible. The majority of the children see such forms of advertising as a hindrance because they prevent them from doing what they had intended to. They feel distracted – and sometimes, it’s all about losing some of their precious online time.

Children draw on a whole range of distinguishing marks to identify online advertising (learned from other media environments).

All in all, the results of the reception studies show that it is highly demanding for children to deal with online advertising competently. This is dependent on several factors: the degree of being able to recognize advertising, the individual conceptions of advertising, as well as the ability to recognize the contextual frame of an offer. In turn, all of these factors are subject to the individual cognitive development, the general online-experience and knowledge of specific forms of online contents – but also media socialization in general, including the children’s former advertising and consumer socialization (and thus also their parents’ online consumer behaviour), see Fig. 1.

Figure 1: Reception model for forms of online advertising



Specific problems from the perspectives of Law and Media Education

In order to identify problematic situations the theoretical approach of the study starts from the normative goals concerning children's development phases and advertising, drawing on constitutional protective obligations focusing on personality rights and youth protection, consumer protection and privacy policy. This includes ensuring autonomy of action, informational self-determination and social competence – objectives that, from the perspective of Media Education, should allow for literate media usage. In turn, there are sub-goals for each of these fields (see Fig. 2.).

Figure 2: Key goals concerning child development and advertising

Autonomy of action:	recognition of advertising
	understanding the intention
	reflective conduct (incl. the ability to withstand persuasion and pressure)
Informational self-determination:	awareness of the passive acquisition of data
	awareness of the active data input
Social competence:	placidity
	social interaction
	respect
	sexual-ethical orientation

Based on the findings of the individual research modules, different problematic areas can be identified in view of these objectives.

Autonomy of action: Children are unable to correctly identify forms of advertising that are **designed to match the content** (and content with similarities to popular forms of advertising). **Incoherent or indistinct labelling** will weaken an important distinguishing characteristic in cases where children cannot rely on the advertising content or on the design of the advertisement for identification. While viewing online content, children also learn in which screen areas advertisements are commonly placed (e.g. at the top of the page, at the right margin or as an introduction to a game or movie). Therefore, a **change of placement** is counterproductive for attaining advertising literacy. Further, **strong incentives** for attention towards advertising content seem problematic. **Direct exhortations** (such as “click here” or “check it out now”) are invitations to visit trendy brand worlds with purchase options – and can thus be seen indirect solicitation.

Informational self-determination: The results from the analysis show that the children’s user behaviour is monitored by **tracking services**, meaning that there are also **pseudonymous profiles of usage patterns and interests** for minors, even if these are not explicitly child-specific. It is worth noting that **if parents and children share devices or accounts**, this can lead to user profiles with a mixture of adult- and child-specific data. Children are generally unaware of the problematic nature of online traceability. Some of the children might have been warned about the risks of disclosing personal data by their parents, but they are often unable to judge these risks or to link them to advertising processes.

Social competence: In the context of the study, hardly any advertising content was found that would be seen as problematic from the perspective of traditional youth protection regulations. However, problems might arise from **customer-independent advertising spaces** if a content provider cooperates with an advertising platform. Such “black sheep” could potentially book ads for which the content provider is partly responsible too. Moreover, **dating-portals and matchmaking agencies** or (in the context of youth websites) depictions of **perfect beauty or stereotypical role models** might seem questionable from the perspective of society as a

whole or regarding advertising ethics. It should also be mentioned that sharing devices or accounts with parents or older brothers and sisters might confront children with **advertising content that is not suitable for minors**.

Apart from the problems immediately connected to the target areas, there also appear to be deeper, structural challenges related to online advertising. So far, new types of advertising intermediaries do not play a significant role from the perspective of regulation and media education. As a consequence of the fragmented advertising regulations, there are currently different self-conceptions and regulatory cultures in the various law sectors, e.g. the state media authorities, the tele-media supervision authorities, data protection authorities and consumer associations. Systematic cooperation between these actors and exchange between these entities and the industry are uncommon. Also, public debates sometimes reveal a misunderstanding of the conception of self-monitoring in the field of advertising, which focuses exclusively on self-regulatory guidelines that are stricter than the legal requirements, whereas enforcing the legal specifications is governed by the government bodies only.

With regard to the promotion of advertising literacy, it must be noted that the specific characteristics of online advertising – with particular emphasis on informational self-determination – are not yet adequately represented in (media-) educational contexts and approaches to promote advertising literacy. Currently, there are neither enough incentives for content providers to become actively involved in promoting advertising literacy, nor to develop appropriate offers.

Conclusions and development of graded courses of action

The study concludes with a range of possible courses of action that seem suitable to respect children's advertising-related development stages. Here, the authors follow the principle that the restrictions for providers must be linked to the different target groups, connecting certain options with stakeholders that appear to be especially promising concerning actual implementations. For instance, the selected problems and courses of action for the three target areas mentioned above include:

Ensuring autonomy of action concerning advertising perception and purchase decisions:

Here, particularly intrusive forms of advertising (pre-rolls, for example) appear to be especially problematic. They compromise the children's online usage (e.g. if an advertising banner covers up the actual content and the child is unsure how to close it) or leave the child with a feeling of heteronomy and incapacitation. Furthermore, problems arise from advertising content that matches the website design – as well as from inconsistent labelling.

Visibility and a consistent design of advertising on children's websites are important for kids to acquire advertising literacy.

- ▶ Courses of action (excerpt): clear indicators for a website's commercial nature; consistent, target-group-specific labelling and placement; avoiding advertising-designs that match the editorial content, especially on websites for children; disuse of forms of advertising that are especially tempting for children; advertising limits on children's websites.

Allowing informational self-determination with respect to information flow and data processing by third parties in connection with online advertising: Areas in which behaviour- and interest-specific data can easily be collected without the user's knowledge are considered to be especially problematic. This also includes cookies that help to assemble and display personalized forms of advertising. If parents and children share a device, the resulting user data could be inconsistent, thus confronting children with unsuitable content. Also, there are offers that require children to enter personal data, without asking for parental permission.

- ▶ Courses of action (excerpt): Emphasizing the benefits and (protective) possibilities of own accounts for children (from the perspective of Media Education); questioning profiling of very young consumers in the scope of advertising-related self-regulation; disuse of incentives for entering personal data.

Enabling personality development towards self-responsibility and social competence: The current youth-protection system guarantees an adequate protection of personal development. However, situations may occur in which children or adolescents are confronted with inappropriate advertising content that might affect their socio-cognitive development (e.g. sexual content, violence, strong gender stereotypes), which are, however, rarely to be found in practice.

- ▶ Courses of action (excerpt): Systematic introduction of possibilities to report unsuitable advertising content; inclusion of advertising networks in supervisory procedures to enable higher-level shutdowns in case of violations; ensuring that providers of children's websites don't display advertisements that are questionable regarding ethics or personal development; modernizing industry's codes of conduct in the field of advertising.

With regard to **structural problems**, the study suggests attempts towards including new advertising intermediaries in the multi-stakeholder dialogue, a permanent exchange between supervisory and self-regulatory bodies as well as measures to further the development of coherent legal standards.

With regard to media education, the authors advocate for an improvement of the general and content provider-specific competencies and transparency provisions as well as for attempts to create more awareness for online advertising and data protection issues among the various groups of stakeholders – including educators, parents and children.

Overview of the empirical study's conception

Commissioned by	State Media Authority of North Rhine-Westphalia (LfM) Federal Ministry of Family, Senior Citizens, Women and Youth (BMFSFJ)
Authors	Stephan Dreyer (Hans Bredow Institute) Dr. Claudia Lampert (Hans Bredow Institute) Dr. Anne Schulze (Hans Bredow Institute)
Project duration	December 2012 to July 2014
Offer analysis	Analysis of 100 favourite websites of children (+ a deeper analysis focusing on sub-pages of certain websites)
Sample survey	Face-to-face survey with children aged 6 to 11 (n=633) Field phase: November 11, 2013, to December 08, 2013 Conducted by GfK Enigma
Qualitative sub-study	Guided interviews with children aged 6 to 11 (n=100) Qualitative group interviews (n=6) Standardised parent interviews (n=100) Interviews with teachers (n=4)

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