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Beyond Voice-Comment, Project No. P074403

Federal Trade Commission

Office of the Secretary

Room H-135 (Annex A)

600 Pennsylvania Ave. NW

Washington, D.C. 20580

The American Academy of Pediatrics (AAP) applauds the Federal Trade Commission (FTC) for examining the issues raised by mobile advertising and appreciates the opportunity to submit comments for the May 6-7, 2008, Town Hall meeting, "Beyond Voice: Mapping the Mobile Marketplace." Focusing on the impact of mobile advertising on children and adolescents—particularly as it relates to their health and wellbeing—will raise awareness of this emerging technology, its potential and its pitfalls.

The AAP, an organization representing more than 60,000 pediatricians and pediatric and surgical subspecialists, is committed to protecting the health, safety and wellbeing of our nation's children. This commitment goes well beyond preventing and treating disease and injury. The AAP supports limits on advertising directed to children, including strong restrictions on advertising of alcohol, tobacco and junk food.

Issues the FTC Needs to Consider

In deciding how to handle mobile commerce, the FTC needs to consider these key issues affecting children and adolescents:

- The health risks of increased exposure to advertising—such as unhealthy food ads and how they contribute to the increasing prevalence of obesity as well as how the images children and adolescents view affect their self-esteem and body image;
- The impact of seeing advertising for products detrimental to health and well-being, including, but not limited to, alcohol, tobacco, sexually explicit and implicit materials, gambling and violent gaming;
- The erosion of parents' ability to protect their children from being targeted by advertisers and receiving objectionable messages, as well as the erosion of their ability to monitor those messages and educate their children on how to interpret them;
- The health and financial risks of being able to use mobile phones to download questionable material and, in the future, as portable debit cards;
- The risks to privacy and safety, particularly relating to data-tracking the online activities of minors, including purchase histories, sharing that information and developing a database to target ads to them;
- The limits of children's and adolescents' cognitive ability to realize they are being targeted, interpret what they are seeing and avoid being manipulated;
- The abilities of children and adolescents to understand disclosure statements and privacy policies, and to give legal consent for data collection and purchasing.

Advertisers Target Children and Teens

It is no mystery why children and teens appeal to advertisers: Studies show that not only do they influence as much as \$200 billion a year of purchases made by their parents, teenagers directly spend \$175 billion a year while those ages 6 to 12 spend another \$40 billion. (Bishop T, "Sites aimed at preteens gaining in popularity," *Chicago Tribune*, April 8, 2007; Teenage Research Unlimited)

Teenagers now account for some \$1 billion in e-commerce spending. (Montgomery K, *Digital Kids: The new online children's consumer culture*, 2001) As a result, advertisers are actively seeking new and innovative ways to reach these young consumers, to both influence their spending choices now and create brand loyalty at an early age.

Research has shown that children are a poor match for the manipulations, subtle and otherwise, utilized by advertisers. Those under age 8 don't understand the concept of marketing and are likely to take ads at face value. The FTC itself has concluded it is unfair and deceptive to advertise to children under age 6. One study of Internet users between the ages of 6 and 12 found that children were more likely to click on ads, and were unable to distinguish between content and advertising. (Gilutz, S and Nielsen, J, *Usability of Websites for Children*, 2002). Even more savvy adolescents are highly susceptible to such advertising techniques as product placement, celebrity endorsements and tie-ins between products (toys, fast food) and media (TV shows, movies, Web sites).

In addition, the Internet—with its ability to allow companies to engage in "behavioral advertising" by tracking online activities of consumers—has raised a new set of concerns related to children and teens. They have a hard time understanding privacy policies, don't realize that Web sites collect personal information for advertising purposes and don't understand the implications of data-tracking. Marketers monitoring purchasing habits can more precisely target advertising, making it harder for them to resist.

The Pervasiveness and Invasiveness of Cell Phones

Cell phones rapidly are becoming a must-have accessory of childhood, for reasons ranging from safety to staying connected in fast-paced family life and pressure for kids to keep up with their peers. Between 2002 and 2004, cell phone ownership nearly quadrupled among 12- to 14-year-olds, from 13% to 40%; in 2002, less than half of older teens (15 to 17) had cell phones but two years later, three out of every four older teens had one. (NOP World Technology, March 2005) The growth in cell phone ownership has continued unabated since then, according to experts. Some 31 million more 'tweens and teens are predicted to get cell phones between 2005 and 2010. The average age of first-time cell phone users dropped to age 10 last year and experts expect as many as 9 million children under age 10 will have cell phones by 2010. (New York Times, March 8, 2008). Some cell companies market little-kid-friendly phones to children as young as age 5.

Children and teens, typically more tech-savvy than adults, are a ready-made audience for the mobile technologies that are going far beyond voice. A group of teens from Bethesda-Chevy Chase High School in Chevy Chase, Md., explaining new technologies to a local PTA, said they text message more than they use the phone application. Teens and young adults also are much more likely than older adults to use their cell phones for text promotions, mobile coupons and mobile search services. (*USA Today*, Dec. 24, 2007)

Advertising companies seeking ways to capitalize on the ubiquitous nature of cell phones, see them as a tool to reach consumers—including children and teens—in places where they once were inaccessible—on the walk to school, at the playground, in their bedrooms late at night. Some current examples of mobile advertising: Cellfire pushes out mobile coupons, offering discounts to more than 250 retail and restaurant chains; mPoria is a mobile retailing site offering cell phone users access to more than 130 stores; social networking sites like Facebook and MySpace have added mobile applications. McDonald's created a McFlurry mobile marketing campaign, urging young cell phone users in California to text message a special number to get a free McFlurry. The Kellogg Company sent trivia contests via text messaging after collecting mobile contact information via a "Gotta Be Connected" Web site marketed on the back of the kids' cereal, Corn Pops. (Chester, J and Montgomery, K, *Interactive Food & Beverage Marketing: Targeting Children and Youth in the Digital Age*, Center for Digital Democracy)

A federal ban on sending unsolicited e-mails and text messages to mobile phones has been in place since 2005. Consumers typically have to text message a code to the company in order to "opt in" to receive promotions. In an era when children and teens are increasingly leading and sharing their lives online, it is questionable whether children and adolescents who text to participate in contests or get free goods understand all the implications of opening themselves up to mobile advertising and giving away some of their privacy.

Protections Needed to Limit Advertising to Children Via Mobile Technology

In its 2007 policy statement, "Children, Adolescents and Advertising," the AAP offers ways to help combat the potential negative impacts of advertising. The Academy counsels parents to limit screen time, monitor what their children watch, write letters of protest to advertisers if they air objectionable content, and educate their children about advertising. The AAP also urges the federal government to limit commercial advertising to children, ban junk-food advertising to children, limit ads for erectile dysfunction drugs to after-hours, and ban advertising of violent media. Some restrictions are in place—the FCC for instance limits how many advertising minutes can be shown during children's programming.

But the very nature of mobile commerce bypasses many of those recommendations and protections: By their very nature, cell phones are often used by children and adolescents while they are *not* with their parents; therefore monitoring content is very difficult. And since text messages can be retrieved at any time of day or night, the only way to protect children and teens from inappropriate advertising would be to ban it altogether or create some application capable of blocking it.

While advertising can be used to promote healthy messages and cell phones are a valuable tool for families who want to stay in touch with their children, particularly for safety reasons, the Academy feels strongly that children and adolescents need to be protected from relentless advertising, data-tracking and invasion of privacy that is becoming an integral part of mobile commerce. The AAP looks forward to lending its expertise and resources to the FTC as it considers the possibilities and potential risks of mobile commerce and its impact on children's and adolescents' health and wellbeing.

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