

Marketers target kids with tech

September 13 2011, By Bruce Horovitz

Isabella Sweet doesn't wear a target on her chest. But kid marketers covet this 9-year-old as if she does. Perhaps it's because she's a techie.

The fourth-grader from Davis, Calif., spends almost an hour a day on the Webkinz website. The site charms [kids](#) by linking Webkinz plush animals - of which she owns 18 - with online games that encourage kids to earn and spend virtual money so they can create elaborate rooms for virtual versions of their Webkinz pets.

The site does one more thing: It posts ads that reward kids with [virtual currency](#) when they click. Every time a kid clicks on an ad, there's a virtual ka-ching at the other end for Ganz, which owns Webkinz.

At issue: With the use of new, kid-enchanted technologies, are savvy marketers gaining the upper hand on parents? Are toy marketers such as Ganz, food marketers such as McDonald's and kid-coddling apparel retailers such as 77kids by American Eagle too eager to target kids?

At stake: \$1.12 trillion. That's the amount that kids influenced last year in overall family spending, says James McNeal, a kid marketing consultant and author of "Kids as Consumers: A Handbook of Marketing to Children." "Up to age 16, kids are determining most expenditures in the household," he says. "This is very attractive to marketers."

It used to be so simple. A well-placed TV spot on a Saturday-morning cartoon show or a kid-friendly image on a cereal box was all it took. No longer. The world of marketing to kids has grown extremely complex

and tech-heavy. Marketers that seek new ways to target kids are aware of new calls for federal action - including voluntary marketing guidelines that would affect food marketers. Kids, who are spending less time watching TV and more time on computers or smartphones, are becoming targets online.

"Marketers are getting more and more devious," says Susan Linn, director of Campaign for a Commercial-Free Childhood, a [watchdog group](#). With the growing use of smartphones and social media, she says, "They have new avenues for targeting children" that parents might miss.

Even ad-savvy parents are sometimes unaware how marketers are reaching out to their children.

While on the Webkinz site, Sweet recently clicked once a day for seven days on an ad for a film trailer that was posted for "Judy Moody and the NOT Bummer Summer." She says that she wasn't really interested in the movie. But each day that she clicked it and answered three questions, she earned a virtual lime-green dresser and bulletin board for the rooms she created online for her Webkinz.

"I've got five dressers and seven bulletin boards," says the girl. "I don't have enough rooms to fit them all in."

This kind of marketing to kids drives Isabella's mother crazy. "They're doing this right under the noses of parents," says Elizabeth Sweet, a doctoral student at University of California-Davis doing her dissertation on the marketing of kid's toys. Even so, she says, she had no idea about the video ads on Webkinz until her daughter told her.

"This whole planting of movie videos in the online game experience is new to me," Sweet says. "What bothers me most is that when she first signed up for the site, I thought it was OK."

Sweet has an ad-blocker app on her browser. These movie ads are woven into the site content in such a way that her daughter sees - and responds to them - anyway, she says.

"We occasionally introduce limited-time promotions so that our Webkinz World members can enjoy fun, unique activities and events," says Susan McVeigh, a Ganz spokeswoman, in an e-mail.

But Elizabeth Sweet isn't the only parent who's unhappy with how and what Webkinz markets to kids.

In July, Christina Cunningham, a full-time mother from Port St. Lucie, Fla., happened to look over as two of her daughters - ages 9 and 7 - were signing onto the Webkinz website. On the log-in screen, an ad flashed for BabyPictureMaker.com, which nudges consumers to download pictures of two people - promising to send back a picture of what a baby they might have together would look like.

"This is not acceptable," says Cunningham, who shooed her kids away from the site and fired off an e-mail to Webkinz. When she didn't hear back, she sent another. Again, she says, she received no response. But McVeigh says Webkinz e-mailed Cunningham responses, twice. A frustrated Cunningham contacted Campaign for a Commercial-Free Childhood. The group contacted Webkinz, which removed the ad. "We will make sure to open an investigation into the matter and take the appropriate steps," spokeswoman McVeigh assured the group in a letter.

Webkinz declined to share the outcome of this investigation with USA Today - nor would it explain how the ad got on the site. "We're fully committed to a responsible approach regarding advertising and the advertisers we allow on the site," says McVeigh, in an e-mail.

But in the eyes of some parents, no one goes more over the top in

marketing to kids than the big food sellers - particularly sellers of high-sugar cereals and high-fat, high-calorie fast food.

That's one reason the Obama administration is proposing that foodmakers adopt voluntary limits on the way they market to kids.

These proposed voluntary guidelines, to be written by a team from four federal agencies, have set the food and ad industries howling - even before they've been completed.

"I can't imagine any mom in America who thinks stripping tigers and toucans off cereal boxes will do anything to address obesity," said Scott Faber, a spokesman for the Grocery Manufacturers Association, at a May hearing.

But Wayne Altman thinks the voluntary guidelines are critical.

He's a family physician in the Boston area who has three sons ages 13, 5 and 4. He's particularly concerned about Ronald McDonald. "We know that children under 8 have no ability to establish between truth and advertising," he says. "So, to have this clown get a new generation hooked on a bad product just isn't right."

Because of the obesity, heart disease and food-related illnesses fed partly by savvy food marketers such as McDonald's, Altman says, "We have a generation of children that is first to have a life expectancy less than its parents."

Plenty of others think as Altman does, even though Ronald is regularly used to promote Ronald McDonald House Charities. Ronald also shows up in schools. He's got his own website, Ronald.com, where the clown promises that kids can "learn, play and create while having fun." And he's the focal point of a new social-media campaign that nudges kids to

download their own photos with images of Ronald and share them with friends.

More than 1,000 doctors, including Altman, recently signed a petition that asked McDonald's to stop using Ronald to market to kids. "People have a right to sell and advertise," he says. "But where do we draw the line?"

McDonald's - which recently announced it will modify its Happy Meals in September by reducing the number of fries and adding apple slices - has no plans to dump Ronald. "Ronald McDonald is an ambassador for McDonald's and an ambassador for good," CEO Jim Skinner told shareholders in May at the company's annual meeting. "Ronald McDonald is going nowhere."

But American Eagle is going somewhere. And if any retailer exemplifies the techie new world of marketing to kids, it may be 77kids by American Eagle.

The outside-the-box store that it just opened at New York's Times Square sells mid-priced clothing targeting boys and girls from toddler to 12. But the heart of the target is the 10-year-old.

Getting a 10-year-old's attention is all about whiz-bang technology - like the chain's virtual ticket to rock stardom.

In the center of the Times Square store sits a "Be a Rock Star" photo booth. It's all about music and tech. The booth has a big-screen TV that shows a video of a rock band composed of 10- to 12-year-old kids singing "I Wanna Rock" by Twisted Sister. Any tween, with parental permission, can download his or her photo and substitute it on the screen for one of the rock stars.

"Our brand ideology is: Think like a mom, see like a kid," explains Betsy Schumacher, chief merchandising officer at 77kids. "It made sense to us to have technology in the store that speaks to a kid's experience - and how they play."

Each 77kids store also has two iPad-like touch-screens that allow kids to virtually try on most of the clothing in the store. Who needs a dressing room when you can download your own photo and have it instantly matched online with that cool motorcycle vest or hip pair of distressed jeans? The same touch-screen also allows kids to play instant DJ, where they can mess online with the very same music that's being played in the store - slowing it down, speeding it up or even voting it off the playlist.

Nearly nine in 10 kids who shop at 77kids try one of these technologies while visiting the store, Schumacher estimates.

The company makes no bones about laser-targeting 10-year-olds. "The point is to keep a kid engaged so that shopping is enjoyable," Schumacher says. "Kids are looking for entertainment when they come to the mall."

Marketers, in turn, are looking for kids. And profits.

It isn't just advertising watchdogs who think it's time for a change. So does the guy who two years ago was arguably the ad world's the top creative executive, Alex Bogusky. The agency that he has since left, Crispin Porter + Bogusky, has created campaigns for such kid-craving companies as Burger King and Domino's. Now, with the ad biz in his rearview mirror, Bogusky suggests it may be time for marketers to rethink.

"So what if we stopped it?" he recently posed on his personal blog.

"What if we decided that advertising to children was something none of

us would engage in anymore? What would happen? A lot of things would happen, and almost all seem to be for the good of society."

Babies as young as 6 months old can form mental images of logos and mascots - and brand loyalties can be established as early as 2, says the watchdog group Center for a New American Dream. McNeal, the kids marketing guru, says he consults with companies that are constantly trying to figure out how to get inside day care centers and bore their images inside the minds of preschoolers.

Back at Isabella Sweet's Webkinz-filled home, she's still saving her weekly \$1 allowance to buy yet more. She can't help it, she says, even though each one costs \$5 to \$13. Even the family cats drag out her Webkinz to play.

"I wish I had a favorite Webkinz, but I don't," says Isabella. "I love them all."

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