



Call for Evidence: Review of Gaming Machines and Social Responsibility Measures

4 December 2016

Viacom International Media Networks (VIMN) welcomes the opportunity to respond to the government's call for evidence on gaming machines and social responsibility measures. As a broadcaster and content creator this response offers the company's views on question 7, "Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?"

VIMN has been providing television services in the UK since 1987; it now employs over 1000. The UK is an international hub for VIMN and as a reflection of its commitment it has spent more than £20 million developing its Camden HQ. VIMN owns or part-owns and operates more than 25 TV channels in the UK attracting close to 12% of viewing among 16-34 year-olds, and making it the third-biggest privately held broadcast media group in the UK market (after Sky and ITV). VIMN UK invests £150 million p.a. in original UK content.

1. Summary

- Existing regulation that restricts gambling advertising exposure to young viewers and prevents harm to vulnerable individuals is robust. The evidence suggests that it is working.
- Exposure to gambling advertising before 9pm is very limited and viewing of gambling adverts among children is decreasing.
- Problem gambling is in decline.
- There is no evidence of a correlation between gambling advertising and problem gambling.
- The revenue impact on broadcasters of any further advertising restrictions would damage investment and content creation in the UK without a significant impact on problem gambling.

2. Current regulation is robust and has been recently reviewed

The gambling industry is highly regulated. Individuals under the age of 18 may not bet on sports, bingo, or casino type games; lottery participation is limited to individuals over 16 years old. These rules are enforced by the gambling regulator, the Gambling Commission.

Rules on advertising for broadcasters are enforced by the ASA with Ofcom as the powerful backstop regulator. Gambling and bingo adverts may not be placed around programming that is directed at or is likely to appeal to under-18s (under 16s for lottery advertising)¹. Furthermore a series of rules govern the content of gambling advertising to protect young and vulnerable viewers. For example, these rules prohibit portrayal of gambling as improving self-esteem or as being a part of youth culture². Compliance with rules on gambling advertising is a condition of our Ofcom licences.

The Industry Group for Responsible Gambling (IGRG) is the self-regulatory body for gambling providers. Since the liberalisation of gambling in 2005 it has overseen a prohibition on gambling (excluding lotteries and bingo) adverts pre-9pm except around live sporting events. In addition, after lengthy negotiations with government in 2014 and 2015 a prohibition on sign-up offers pre-9pm was incorporated into IGRG rules. This change came into effect in February 2016.

A condition of Gambling Commission licences is that gambling providers adhere to the IGRG self-regulatory codes on gambling advertising. If an operator is in breach of the IGRG codes the Gambling Commission has the power to withdraw an operator's licence.

In 2014 there was a series of major gambling reviews carried out by the Gambling Commission, the ASA, BCAP and the IGRG respectively. The review, which was overseen by the DCMS, concluded that the BCAP codes were robust and that there was no evidence to support any significant rule changes. The ASA clarified its approach to the portrayal of 'toughness' in gambling adverts. The Gambling Commission enhanced its rules on age verification, and the IGRG prohibited sign-up offers pre-9pm as a result of the review³.

VIMN internal policies

In addition to the strict regulation that exists, VIMN must also bear in mind its brand reputation and the expectations of viewers and corporate partners when placing adverts for certain products such as gambling. We therefore have internal codes that we provide to our ad sales partners (Sky Media) to ensure we meet their expectations. For example, we do not allow gambling advertising around our flagship music events such as the EMAs, Live Sessions, MTV Unplugged, Digital Days, and Isle of Malta. In many instances these events may be broadcast either partially or entirely after 9pm but our decision to restrict advertising is based on consumer expectation.

¹ 'Identifying TV programmes likely to appeal to children; Advertising Guidance (broadcast)', CAP, <https://www.cap.org.uk>

² 'The BCAP Code', <https://www.cap.org.uk>

³ 'Gambling industry toughens code on television adverts', <https://www.gov.uk/government/news/gambling-industry-toughens-code-on-television-adverts>, 20 August 2015

Consumer expectations

In 2014 the ASA carried out market research on UK citizens' attitudes to all forms of gambling advertising as part of the broader government review⁴. The review found that "children's exposure to sports betting was not seen as a significant problem, and their exposure to bingo ads was likewise seen as unlikely to cause harm". The same research also found that: "Participants generally considered that the UK advertising rules appropriately covered their concerns about where and how gambling ads can appear".

The ASA research is reflected in the experience of our own complaints and enquiries teams who believe it to be an accurate summary of viewer attitudes to gambling advertising. The VIMN group of channels has received no significant complaints about the content of gambling advertising in the past five years.

3. Exposure to gambling advertising is falling

There have been a significant number of press articles, many negative, that have drawn attention to the increasing number of advertising spots on linear television since the liberalisation of gambling advertising in the 2005 Gambling Act⁵. The increase in spots is a natural consequence of market liberalisation and growth in the commercial TV market in the UK. Rather, advertising impacts, a measure of the number of individual views of an advert are the key metric to determine exposure to advertising of any sort, including gambling.

Exposure of gambling advertising to young people is falling

In 2013 Ofcom carried out a study into the number of advertising impacts seen by children (under 16) and found that on average they viewed 211 adverts per year, around 4 adverts per week⁶. This figure is low due to increasingly accurate techniques by sales houses and broadcasters to place adverts in front of target consumers (i.e. not children) coupled with strong enforcement of the rules by the ASA and the Gambling Commission.

On behalf of the industry ITV has replicated the Ofcom analysis using the previous Nielson system used by Ofcom in 2013⁷ and carried out further analysis using the Neilson AdDynamix TV+ that is a direct replacement for the old system. Key insights are as follows:

- the number of advertising impacts for children under the age of 16 has reduced by 12% to 185 adverts per year. This equates to around 3.6 adverts per week. It is worth noting that many of these will be after 9pm.

⁴ ASA, 'Gambling Advertising, Review of the ASA's application of the UK Advertising Codes', Oct 2014, page 4.

⁵ Rob Davies, 'Betting firms spent half a billion pounds on TV adverts since 2012', *The Guardian*, 15 July 2016

⁶ <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2013/ofcom-publishes-research-on-tv-gambling-adverts>

⁷ 'Children's gambling exposure evidence', *BARB/Neilson Media Research & ITV*, November 2016

- viewing of gambling advertising by children 4-15 has declined at a greater rate (-13.2%) than the general decline in viewing of TV adverts by children (-5.5%)⁸.
- gambling exposure is also down for 16-24 years olds with a 7.8% reduction in the number of ads seen between 2012 and 2015⁹.

VIMN

VIMN has a daily reach of almost 19 million viewers. The vast majority are viewers to Channel 5 which reaches 13.3 million viewers each day. VIMN has 6.2 million spots across the year. Channel 5 has 1.4 million spots across the year.

Across the year we deliver over 128.4 billion advertising impacts across all VIMN channels. 4.8% of these impacts are for gambling, bingo and lottery advertising. 60% of the impacts for gambling, bingo and lottery take place after 9pm.

VIMN's portfolio of channels has very little sport before the watershed so there is only a small amount of impacts for sports betting pre-9pm. In our financial year 2016 (October – September) there were just 70 spots for sports advertisements pre-9pm, and these were on Channel 5.

Exposure analysis on VIMN's key channels is set out below:

Channel 5

- On Channel 5 the average viewer could expect to see 32.7 ads per week including 1.28 gambling ads before 9pm. Of the gambling ads pre-9pm 1.24 are lottery and bingo. There are no gambling adverts around the Milkshake block of kids TV each morning due to the BCAP codes mentioned previously in this document.
- Exposure to gambling adverts for 4-15 year old Channel 5 viewers pre 9pm is 0.53 gambling ads per week.
- Exposure to gambling adverts for 16-24 year old Channel 5 viewers pre 9pm is 0.85 gambling ads per week.

⁸ Source BARB/Nielsen AdDynamix TV+. Based on Mid Product category: Gambling

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Comedy Central

- On Comedy Central the average viewer could expect to see 23.0 ads per week with an average of close to zero gambling adverts per week.
- 4-15 year old Comedy Central viewers could expect to see no gambling adverts pre 9pm, and one advert every ten weeks post 9pm.
- Exposure to gambling adverts for 16-24 years olds watching Comedy Central is almost zero before 9pm, but around 2 adverts per week post 9pm.

MTV

- On MTV the average viewer could expect to see 13.3 ads per week including 0.20 gambling ads before 9pm. Of the gambling ads pre-9pm 95% are for lottery and bingo.
- Exposure to gambling adverts for 4-15 year olds watching MTV is 0.18 gambling ads per week before 9pm and 0.13 gambling ads per week post 9pm.
- Exposure to gambling adverts for 16-24 years olds watching MTV is 0.20 gambling ads per week before 9pm and 0.25 gambling ads per week post 9pm.

All data has been sourced from BARB, TechEdge. Full data is available if required.

4. Problem gambling rates do not correlate to falling advertising exposure

A review of the academic literature and publications by BCAP does not appear to show a relationship between problem gambling and the amount of exposure to gambling advertising. Key points are as follows:

- A report by the Gambling Commission on gambling participation and rates of problem gambling published in 2015 notes that, "*Problem gambling rates amongst the population are relatively low*" and showed that rates of problem gambling across the population had remained flat at 0.5% between 2013 and 2015¹⁰. This is in keeping with the conclusions of a 2014 study by Seabury and Wardle into gambling behavior in England and Scotland that suggested problem gambling affects around 280,000 people or 0.6% of the population¹¹. The study stated that, "*overall, problem gambling rates in Britain appeared to be relatively stable*"¹².

¹⁰ Gambling Commission, Participation in gambling and rates of problem gambling – 2015 Headline Findings

¹¹ Seabury, C and Wardle H (2014), Gambling behavior in England and Scotland: Headline findings from the Health Survey for England 2012 and Scottish Health Survey 2012.

¹² Seabury, C and Wardle H (2014) *ibid*

- Whilst problem gambling has remained stable, general participation in gambling is in decline. There was a 12% drop in gambling participation between 2012 and 2015¹³.
- A National Lottery Commission study in 2013¹⁴ revealed that illicit gambling amongst 11-16 year olds had declined substantially between 2007 and 2013.
- One exception to the general trend observed by the Gambling Commission is the 16-24 age category where it has recorded an increase in problem gambling rates from 0.8% in 2013 to 1.8% in 2016. It is not yet clear whether this is significant or not. Gambling participation for 16-24 year olds fell 11.2% across the same period.
- Authoritative academic on gambling, Per Binde, has found that advertising only influences “some disordered gamblers”, with other environmental factors being more important in pushing a gambler who is at risk to have a gambling problem¹⁵.

Thus whilst the exposure of children and young people to gambling advertising has fallen the rates of problem gambling have remained stable. This would suggest a lack of correlation between the viewing of gambling adverts and problem gambling.

Perhaps most noticeable in the data is the slight increase in problem gambling rates for 16-24 year olds as this is not matched by increasing exposure to gambling advertising but a decrease of -7.8% since 2013. This would suggest that it is factors other than advertising that are the primary influences of gambling behavior – this is corroborated by the academic literature.

5. Financial impact of increased regulation

Whilst there is no indication in the call for evidence that suggests that the Government aims to propose new restrictions on gambling advertising in the New Year, given recent press coverage on the topic¹⁶, we feel it may be useful to provide some thoughts in this area. We have therefore considered the potential impact of a pre-9pm ban on gambling advertising. Our analysis, as well as that of the broader industry is as follows:

- Revenue at risk across the market is significant. A figure has been compiled by the Advertising Association who have received impact data from all commercial broadcasters and is shared in their submission.

¹³ ASA, 'Gambling advertising: Review of the ASA's application of the UK Advertising Codes' October 2014

¹⁴ National Lottery Commission (2013), Young People Omnibus 2013: A research study on gambling amongst 11-16 year olds.

¹⁵ Per Binde (2009), 'Exploring the impact of gambling advertising: An interview study of problem gamblers', *International Journal of Mental Health and Addiction*, 2009, vol. 7(4): 541-554.

¹⁶ 'Gambling adverts face ban from daytime TV: Government to crack down on betting industry', Matt Chorley & Andrew Ellson, October 7 2016, The Times, UK

Thus any decision to restrict gambling advertising could do significant damage to the UK broadcasting industry without addressing policy concerns around problem gambling.

