

DCMS REVIEW OF GAMING MACHINES AND SOCIAL RESPONSIBILITY MEASURES

RESPONSE TO CALL FOR EVIDENCE FROM ITV PLC

EXECUTIVE SUMMARY

Gambling is rightly one of the most tightly regulated product categories permitted to advertise on television. The current rules apply both to the editorial content of adverts and to the scheduling of those adverts with the very specific aim of protecting children and young people in particular. ITV is supportive of the current strict rules around gambling advertising which are important in protecting the young and vulnerable. These rules are in addition to the significant social responsibility measures taken by the gambling industry itself.

Clearly, the current regime for TV advertising reflects the fact that under the general law in the UK under 18s are not permitted to gamble (under 16 for the lottery and pools). This participation rule must be strictly enforced by gambling operators as a key part of the licensing regime, enforced by the Gambling Commission.

However, gambling is also a legitimate pastime for adults and it is very important when reviewing the current regime for gambling advertising on TV, so soon after the previous review, that the government focuses on assessing the evidence. Accordingly, we welcome the fact that the government has issued an open call for such evidence. Clearly, it is also very important that the government acts proportionately.

In 2014, the government initiated a four strand-review of gambling advertising with separate reviews by the Gambling Commission, the Advertising Standards Authority, the Committees on Advertising Practice and the Industry Group on Responsible Gambling. In broad terms, this review found that the current rules were effective, that non-compliance was low and that the regime was broadly in step with public opinion. There was decisive action on the key issue of concern which did emerge from the review and free sign-up offers on TV were effectively prohibited pre-9pm. The changes coming out of the 2014 review were only implemented last year.

Quite apart from the fact that the issue of gambling advertising on TV has only just been comprehensively reviewed, the evidence in our submission demonstrates that on all the key relevant metrics there is even less of a case for further action now.

Young people's exposure to gambling advertising on TV is very limited has been in decline in recent years and has little effect on children's behaviour in any event

Ofcom carried out extensive analysis of gambling advertising on television in 2013. This work showed that annual gambling advertising impacts for children (under 16) were on average 211 - around 4 adverts per week, a number of which are post 9pm in

any event.¹ We have updated that exposure information to the end of 2015 using the same methodology and sources as Ofcom in 2013. As the data tables in our submission show:

- Since Ofcom's study in 2013, the number of advertising impacts for children under 16 has declined by 12% to 185 per year in 2015 – i.e. to around 3.6 ads per week.
- 3.6 adverts represent around 1.8% of all children's advertising impacts and approximately 0.2% of the average 779 minutes of weekly total TV viewing for 4-15 year olds.
- The fall in exposure was more pronounced than the average amongst the older age group – the 10-15 year olds. Here, gambling impacts have declined from 261 per year to 218, in other words a fall from 5 adverts a week in 2012 to just over 4 in 2015.
- The data also shows that children's exposure to gambling adverts has declined significantly more over the period than the decline in their exposure to all television advertising in general, indicating that the existing regime to protect children from exposure to gambling advertising is working effectively. In fact, for all children aged 4-15, the number of gambling impacts has declined more than twice as much between 2012 and 2015 as the total number of advertising impacts (-13.2% vs -5.5%).

Whilst advertising exposure data is of interest, it is clearly also important to look at whether that advertising (which cannot be designed to be attractive to children) has any effect on them. In this context, as can be seen from the table below, the latest Gambling Commission research indicates that the small and declining exposure of children to gambling advertising has a vanishingly small impact on their actual participation in gambling. This is consistent with the fact that, as we set out below, both participation in gambling and problem gambling amongst young people have been in decline since 2007 (the year when the liberalization of gambling advertising on TV came into force following the 2005 Act). As the Gambling Commission report says:

*"Based on the claims of respondents, we found little evidence of a direct influence on gambling activity. When presented with a set of statements describing the impact on their gambling activity, for both gambling adverts and social media posts, no more than 1% of all 11-15 year olds selected "It prompted me to start gambling for the first time" or "it promoted me to increase the amount that I gamble"*².

¹ <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2013/ofcom-publishes-research-on-tv-gambling-adverts>

² Gambling Commission, Young People and Gambling, November 2016, page 19

Impact of seeing gambling advertisements

GAMBLING
COMMISSION

Q Which of the following statements best describes your gambling activity after seeing adverts for gambling companies?



Base: All children aged 11-15: 2016 (2411)

Source: Ipsos MORi

In other words, some exposure of children to gambling advertising which is not targeted at them has not driven participation.

Furthermore, if an argument were to be advanced that there is a social issue around rates of problem gambling amongst young adults (notwithstanding that the rates of problem gambling in that group, as with all others, are low) it would be very hard to argue that exposure to gambling advertising on television was driving this. This is case because the data shows that there has been a significant decline in the number of gambling adverts that age group has seen on television, with the total number of gambling impacts amongst 16-24 year olds down by 7.8% between 2012 and 2015.

Children's TV consumption is declining -- they are increasingly consuming less broadcast TV and more online media.

There is no evidence to suggest that these exposure trends will not continue. The latest detailed Ofcom research³ (published last month) shows that children are moving away from linear television and towards online media. The Ofcom research shows, for example, that for the first time 5-15 year olds spend more time online than they do watching TV. This has been driven both by a decrease in the amount of time children are spending watching TV and a significant increase in the amount of time they spend online. These conclusions are clearly supported by the Barb data around children's viewing over the past few years.

Tightening the already strict linear broadcasting regime will not address the large and growing amount of online activity by children. But nor would it address the part of

³ Ofcom: Children and Parents: Media Use and Attitudes report 2016

<https://www.ofcom.org.uk/research-and-data/media-literacy-research/children/children-parents-nov16>

the media landscape that parents are actually most concerned about in relation to their children.

The Ofcom research shows that parents are more concerned about the time their child spends online than the time they spend with any other medium, with television the medium that parents are the least worried about. In fact, the Ofcom research shows that parents are less likely to even consider TV viewing ‘screen time’ in the way that smartphone, tablet or gaming usage is, since “*watching TV is increasingly seen as a family activity*”⁴

This concern perhaps reflects, in part, the fact that a substantial proportion of children now have a social media profile, including 50% of all UK 12-year-olds, despite the fact that the minimum age for having a profile on Facebook, Instagram, Snapchat, YouTube, Twitter and Google+ is 13⁵ – and close to three in ten 12-15 year olds visit their main social media account more than 10 times a day⁶. Content on these sites, which operate in a very different regulatory environment, is therefore likely to be increasingly influential to children.

Against this backdrop, we are concerned that the government is focusing increasingly on the wrong medium, potentially seeking to intervene where it is easiest and not where intervention might be needed and on the basis of a historical view rather than an evidence based assessment of the issue today. In this context, we would note that in announcing the conclusion of the previous review on gambling advertising the minister said that:

“I want to see gambling operators, regulators and social media firms come together to examine if more needs to be done to ensure that marketing for gambling products is not reaching young people through social media”⁷

It would seem appropriate for this examination to begin in the near future given current media trends.

Underage participation in gambling has fallen steadily since 2007 and rates of problem gambling by under 16s have decreased dramatically since 2008/9 to very low levels

The available evidence shows that children’s actual participation in gambling is declining, notwithstanding the arrival of gambling advertising on TV when the law changed in 2005.

For instance, the National Lottery Commission study in 2013⁸ found that gambling amongst 11-16 year olds had declined substantially between 2007 and 2013. The

⁴ Ibid, page 11

⁵ Ibid, footnote 36, page 74

⁶ Ibid, page 76

⁷ Gov.uk, “Gambling Industry Toughens code on television adverts”, Press Release, 20 August 2015

⁸ National Lottery Commission (2013), Young People Omnibus 2013: A research study on gambling amongst 11-16 year olds.

most significant contributor to the remaining participation was via an adult purchasing a national lottery ticket which is permitted in law.

Similarly, the Gambling Commission's own research shows a 27% decline in participation rates for 11-15 year olds between 2007 and 2016⁹. This is significant as it covers the period immediately after the liberalization of gambling advertising on TV which came into force in 2007 (following the 2005 Act).

Amongst those children who have participated, the frequency of participation is very low – as the Gambling Commission report says:

*"The most common frequency of 11-15 year olds spending their own money on each of these types of gambling is once or twice a year"*¹⁰

and within that, the activities with the greatest frequency are National Lottery Scratchcards and Lotto, (both being overwhelmingly bought by parents¹¹) along with betting amongst friends.

As is illustrated below, the Gambling Commission's research also shows a very substantial decline in the rates of "problem" gambling amongst 11-15 year olds between 2008/9 and 2016, with problem gambling amongst that age group at just 0.4% in 2016¹². Again, this time series is important as it covers the period immediately following liberalisation of gambling advertising on TV.

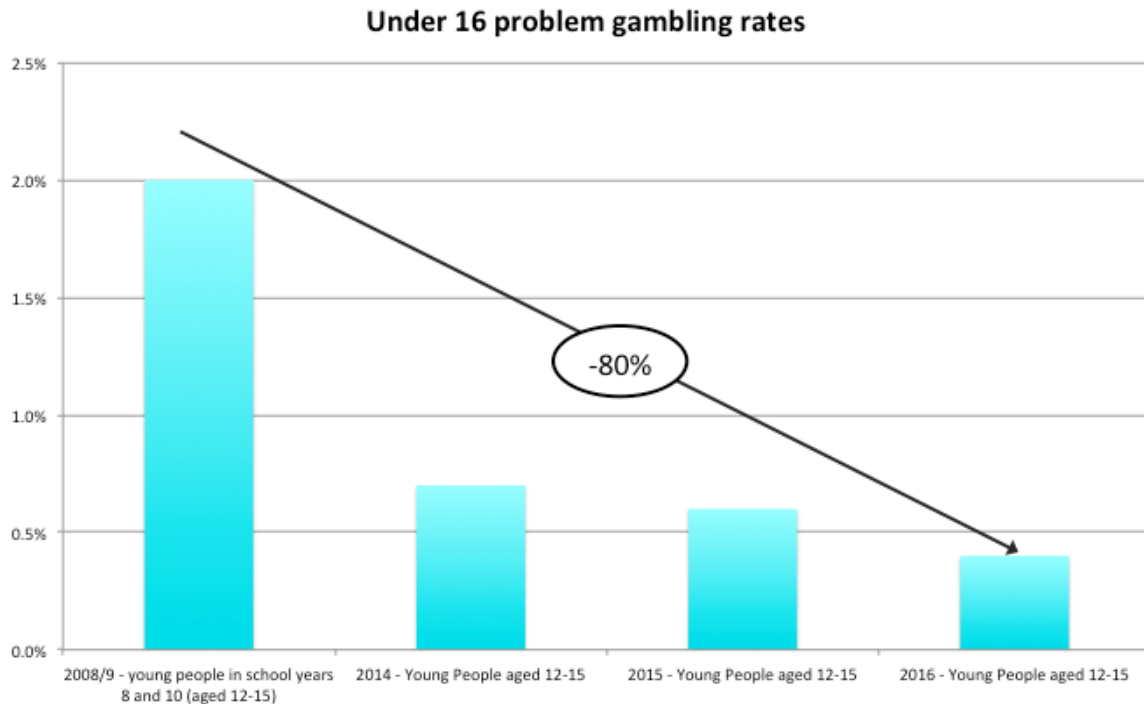
⁹ Gambling Commission, The Prevalence of Underage Gambling 2016. Page 7, Data shows the proportion of 11-15 year olds who had participated in any form of gambling in the past week.

¹⁰ Ibid p.10

¹¹ Ibid p.26 and 27

¹² Gambling Commission, The Prevalence of Underage Gambling 2016

<http://www.gamblingcommission.gov.uk/docs/The-Prevalence-of-Underage-Gambling-2016.xlsx>



Gambling advertising helps to fund free to air TV (particularly free to air sport)

Gambling advertising, targeted at adults (as the only group allowed to gamble) is an integral part of funding free to air TV in the UK, including the content offered by the commercial public service broadcasters such as ITV. Gambling advertising revenue plays a particular role in funding free to air sport on TV, and therefore helping to drive grassroots sport across the UK. Such advertising also enhances audience enjoyment of programming and helps broadcasters secure the rights to broadcast sports such as football and rugby for everyone in the UK to enjoy for free in an increasingly competitive rights market.

In this context, ITV has recently bought the main TV rights for racing in the UK with plans to give extensive coverage to the sport across our channel portfolio. Our ambition and that of the rights holders is to grow the audience for and interest in the sport, through exposure to a broader audience. This is a challenge for ITV but one that we are keen to take on.

Whilst we are very conscious of the sensitivity of gambling advertising and the potential harm that could result if such advertising is not properly regulated, there does need to be some recognition of the need for industry (including sports, broadcasters, advertisers etc) to be able to plan with some certainty for a few years at least between reviews.

Conclusion: A 9pm ban on all TV advertising for gambling would be disproportionate and impossible to justify with the evidence

As we have set out in detail in this submission, we do not believe that there is an evidence based case for any further restrictions on the TV advertising of gambling

products. Given the lack of an obvious public interest in more regulation of gambling advertising, it is even more important to take full account of the economic impact of further restrictions.

Advertising is a critical revenue stream for commercial broadcast media. Advertising sustains investment in many forms of content – including for children – and supports media plurality in news and maintains competition in the market place. The commercial public service broadcast channels depend, in particular, almost entirely on advertising revenues. The revenue loss from a 9pm watershed is likely to have a significant impact on the overall viewing experience on offer to the public.

On behalf of a group of the UK's principal broadcasters, the Advertising Association has collated the aggregate TV revenue at risk number from a 9pm ban on any gambling advertising. [] Whilst it is possible that not all this revenue would be lost to TV altogether, we believe that a very substantial portion would be since there is little relevant mass market sport after 9pm and peak time advertising will be far more expensive than the daytime advertising which is currently purchased. Accordingly, the likelihood is that the revenue at risk would go to less regulated platforms and media, particularly online.

Introduction

ITV is the UK's leading commercial broadcaster with a suite of terrestrial TV channels but also a significant online TV presence. As a trusted brand whose main product is consumed by virtually every household in the UK, it is vital that we are responsible in everything we do, in step with the views and concerns of our audience.

For this reason, ITV recognizes the importance of the current strict editorial and scheduling rules around gambling advertising. We are committed to continuing to observe those rules so as to protect the young and vulnerable.

However, it is very important when reviewing the current regime for gambling advertising on TV, so soon after the previous review, that the government focuses on assessing the evidence – hence we welcome the fact that the government has issued an open call for such evidence. Clearly, it is also very important that the government acts proportionately. We hope that this submission and supporting annexes are a helpful contribution to the evidence gathering process.

1. Gambling advertising is very strictly regulated, to avoid harm to young people

Gambling is rightly one of the most tightly regulated product categories permitted to advertise on television. In a sense this reflects the fact that under the general law in the UK under 18s are not permitted to gamble (under 16 for the lottery). This participation rule must be strictly enforced by gambling operators as a key part of the licensing regime, enforced by the Gambling Commission.

The only forms of gambling advertising permitted before 9pm on TV are for bingo, the national lottery and sports betting (only around live sporting events) and even here not in programmes with a disproportionately high audience of children.

With very limited exceptions (primarily the national lottery) broadcast gambling adverts may not be placed in or adjacent to programmes commissioned for, principally directed at or likely to appeal particularly to audiences below the age of 18 (the prohibition is below 16 in the case of lotteries and pools).

The advertising rules also prohibit a broad range of editorial approaches to the adverts themselves which might exploit the susceptibilities of the young or vulnerable. So, for example, the rules prohibit:

- Suggestions that gambling can provide an escape from educational problems
- Portrayals of gambling as indispensable or taking priority in life including educational commitments
- Suggestions that gambling can improve self image or self esteem
- Suggestions that gambling is a rite of passage
- Portrayals of gambling in a context of toughness or linking it to resilience or recklessness
- Content appealing particularly to young people especially by reflecting or being associated with youth culture
- The use of those who are (or seem to be) under 25s in adverts.

Compliance with the rules on gambling advertising is a binding licence condition for both gambling providers and broadcasters, ultimately policed by the Gambling Commission and Ofcom. The ASA's records show that rates of compliance are very high as a result.

2. A major multi-agency regulatory review of gambling advertising commissioned by the government in 2014/15 confirmed the effectiveness of the regime

In 2014, the government initiated a four strand-review of gambling advertising with separate reviews by the Gambling Commission, the Advertising Standards Authority, the Committees on Advertising Practice and the Industry Group on Responsible Gambling.¹³

The ASA concluded its comprehensive and considered review by stating that it was satisfied that it had been meeting its key objectives of protecting young people and vulnerable adults and that, in nearly all instances, its decision making was in line with public opinion, based on the significant market research it carried out.¹⁴

In 2013 (the latest year considered in the 2014 ASA review) gambling ads accounted for less than 3% of the total number of ads amended or withdrawn following an ASA investigation. Only a small number of complainants raised concerns around the scheduling or content of adverts vis a vis children.

Overall, the ASA's market research (conducted as part of its review) found that the majority of participants considered gambling to be a normal leisure pursuit and were relaxed about the concept of gambling advertising, provided it did not mislead and was not specifically targeted at children.

As the government itself noted in 2015, following a review of the most recent evidence, the Committees of Advertising Practice was also satisfied that the evidence did not provide a significant case for changes to the rules.¹⁵

There was decisive action on the key issue of concern which did emerge from the review and the gambling industry ended free sign-up offers on television before 9pm in 2015 in a move welcomed by the government¹⁶.

In 2015, the Gambling Commission implemented the findings of its review around strengthening Social Responsibility in gambling, including further strengthening of age verification, and an enhanced approach to tackling under age gambling and

¹³ See Gambling Protections and Controls, DCMS, April 2014

¹⁴ See Gambling Advertising a Review of the Application of the UK Advertising Codes, ASA, October 2014

¹⁵ See Cap and BCAP Gambling Review, An assessment of the regulatory implications of new and emerging evidence for the UK advertising code, 2014

¹⁶ Sports minister Tracey Crouch welcomed the gambling industry's announcement that it will no longer advertise sign-up offers on TV before 9pm (Gov.uk news story, 20 August 2015)

<https://www.gov.uk/government/news/gambling-industry-toughens-code-on-television-adverts>

protecting the vulnerable (including cross-industry self-exclusion schemes and enhanced player monitoring with time and spend limit options for players of B2 gaming machines).

3. Young people's exposure to gambling advertising on TV is very limited has been in decline in recent years and has little effect on children's behaviour in any event

Ofcom carried out extensive analysis of gambling advertising on television in 2013. This work showed that annual gambling advertising impacts for children (under 16) were on average 211 - around 4 adverts per week, a number of which are post 9pm in any event.¹⁷ We have updated that exposure information to the end of 2015. In doing this, we have had to contend with the fact that Nielson (the standard data source used by both us and Ofcom) moved to a new system (called AdDynamix TV+) for aggregating and processing the data earlier this year, and no longer supports access to the old system.

Notwithstanding this change, we have managed to extract basic high level data from the old system for the years 2012-2015 to continue the work done by Ofcom on precisely the same basis. In addition, however, we have also run the impact analysis for the same years based on the new AdDynamix TV+ system. The differences between the two sets of results are minimal (which should be the case given AdDynamix TV+ is a direct replacement for the old system, with the key difference being that the AdDynamix TV+ data should be more accurate and up-to-date) and we set out both sets of results below for completeness.

Updated numbers on children's exposure to gambling advertising on TV (using old Nielson system used by Ofcom in 2013).

We set out below the latest data showing children's exposure to gambling advertising on TV using the same methodology and sources as Ofcom in 2013. As the tables below show:

- Since Ofcom's study in 2013, the number of advertising impacts for children under 16 has declined by 12% to 185 per year in 2015 – i.e. to around 3.6 ads per week.
- 3.6 adverts represent around 1.8% of all children's advertising impacts and approximately 0.2% of the average 779 minutes of weekly total TV viewing for 4-15 year olds.
- The fall in exposure has in fact been more pronounced than the average amongst the older age group – the 10-15 year olds. Here, gambling impacts have declined from 261 per year to 218, in other words a fall from 5 adverts a week in 2012 to just over 4 in 2015.

¹⁷ <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2013/ofcom-publishes-research-on-tv-gambling-adverts>

Gambling advertising impacts: all children (aged 4-15)

Impacts¹⁸ (old system)				
Children 4-15				
	2012	2013	2014	2015
Gambling impacts (billions)	1.782	1.977	1.608	1.616
Total impacts - all advertising categories (billions)	97.366	101.955	94.851	91.965
Gambling impacts as % total impacts	1.8%	1.9%	1.7%	1.8%
Universe (number of children aged 4-15)	8,431,440	8,544,419	8,730,127	8,730,004
Days	366	365	365	365
Gambling impacts per child aged 4-15 per year	211	231	184	185
Gambling impacts per child aged 4-15 per week	4.04	4.44	3.53	3.55

Gambling advertising impacts: older children (aged 10-15)

Impacts¹⁹ (old system)				
Children 10-15				
	2012	2013	2014	2015
Gambling impacts (billions)	1.087	1.153	0.924	0.902
Total impacts – all advertising categories (billions)	47.691	47.081	42.746	39.955
Gambling impacts as % total impacts	2.3%	2.4%	2.2%	2.3%
Universe (number of children aged 10-15)	4,160,154	4,132,215	4,183,393	4,134,553
Days	366	365	365	365
Gambling impacts per child aged 10-15 per year	261	279	221	218
Gambling impacts per child aged 10-15 per week	5.00	5.35	4.24	4.19

Updated numbers on children's exposure to gambling advertising on TV (new Nielsen AdDynamix TV+ system).

For completeness, we also set out below the same analysis for the same time period using the new Nielsen AdDynamix TV+ system which has replaced the old Nielsen system used by Ofcom in 2013. As can be seen below, the results are only marginally different (Nielsen says that this is because any updates to the data that affect historical information will have been updated to AdDynamix TV+ only, and not to the

¹⁸ Source BARB/Nielson Media Research. Based on Mid Product category 22.01 Gambling

¹⁹ Source BARB/Nielson Media Research. Based on Mid Product category 22.01 Gambling

old Nielsen system since it has been decommissioned) but the results suggest even lower exposure amongst children to gambling adverts.

Gambling impacts: all children (aged 4-15)

Impacts²⁰					
Children 4-15					% change 2012-15
	2012	2013	2014	2015	
Gambling impacts (billions)	1.802	1.996	1.595	1.565	-13.2%
Total impacts - all advertising categories (billions)	97.366	101.955	94.851	91.965	-5.5%
Gambling impacts as % total impacts	1.8%	1.9%	1.7%	1.7%	
Universe (number of children aged 4-15)	8,431,440	8,544,419	8,730,127	8,730,004	
Days	366	365	365	365	
Gambling impacts per child aged 4-15 per year	214	234	183	179	-16.4%
Gambling impacts per child aged 4-15 per week	4.09	4.48	3.50	3.44	-15.9%

Gambling impacts: older children (aged 10-15)

Impacts²¹					
Children 10-15					% change 2012-15
	2012	2013	2014	2015	
Gambling impacts (billions)	1.099	1.165	0.913	0.873	-20.6%
Total Impacts - all advertising categories (billions)	47.959	47.319	42.711	40.098	-16.4%
Gambling impacts as % total impacts	2.3%	2.5%	2.1%	2.2%	
Universe (number of children aged 10-15)	4,160,154	4,132,215	4,183,393	4,134,553	
Days	366	365	365	365	
Gambling impacts per child aged 10-15 per year	264	282	218	211	-20.1%
Gambling impacts per child aged 10-15 per week	5.05	5.41	4.19	4.05	-19.8%

The data also shows that children's exposure to gambling adverts has declined significantly more over the period than the decline in their exposure to all television advertising in general, indicating that the existing regime to protect children from exposure to gambling advertising is working effectively. In fact, for all children aged 4-15, the number of gambling impacts has declined more than twice as much between

²⁰ Source BARB/Nielsen AdDynamix TV+. Based on Mid Product category: Gambling

²¹ Source BARB/Nielsen AdDynamix TV+. Based on Mid Product category: Gambling

2012 and 2015 as the number of total advertising impacts as a whole (-13.2% vs -5.5%).

We have additionally analysed the relative decline of children's gambling impacts both before and after 9pm. This too supports the fact that the existing strict advertising regime is very effective, since the decline in children's gambling impacts is largely driven by the pre-9pm daypart (with the number of children's gambling impacts per week that were before 9pm decreasing by 18.5%, compared to the post-9pm decrease of 7.1%).

This evidence all indicates that the existing regulatory regime around gambling advertising on television is highly effective, and that the amount of gambling advertising that children see is both very low and diminishing quickly.

If an argument were to be advanced that there is a social issue around rates of problem gambling amongst young adults (notwithstanding that the rates of problem gambling in that group as with all others are low) it would be very hard to argue that exposure to gambling advertising on television was driving this. This is case because the data shows that there has been a significant decline in the number of gambling adverts that age group has seen on television, with the total number of gambling impacts amongst 16-24 year olds down by 7.8% between 2012 and 2015:

Gambling impacts: young adults (aged 16-24)

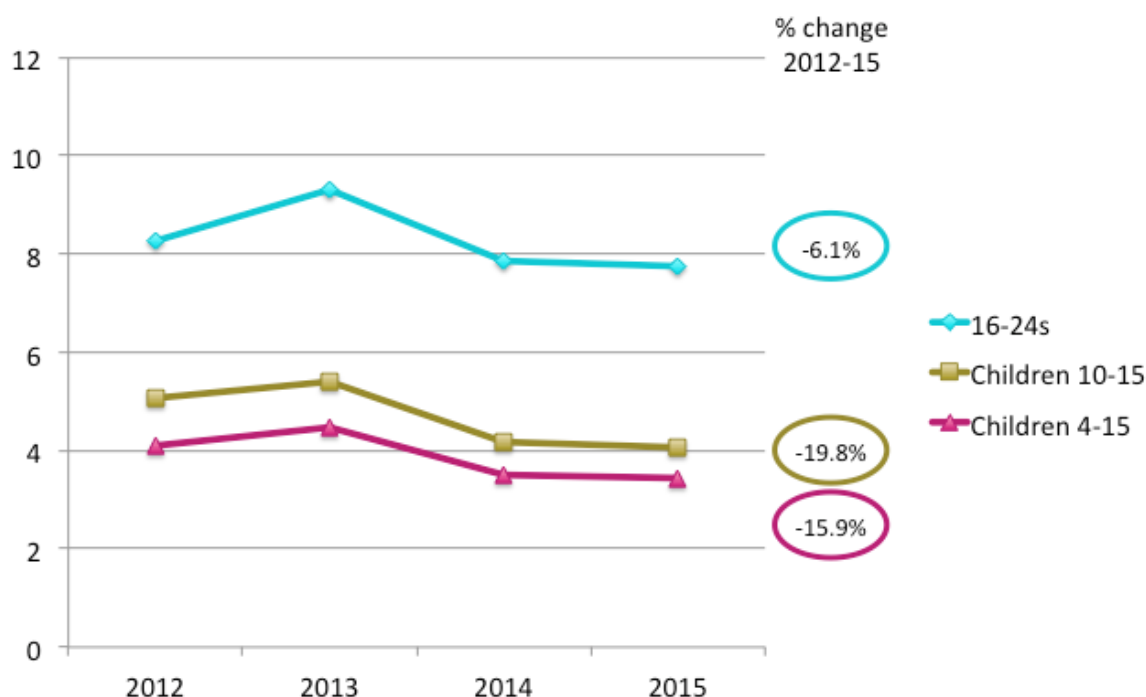
Impacts²²				
Adults 16-24				
	2012	2013	2014	2015
Gambling impacts (billions)	2.859	3.228	2.744	2.636
Total impacts - all advertising categories (billions)	92.910	92.746	89.364	77.897
Gambling impacts as % total impacts	3.1%	3.5%	3.1%	3.4%
Universe (number of people aged 16-24)	6,628,170	6,640,287	6,695,397	6,520,539
Days	366	365	365	365
Gambling impacts per adult aged 16-24 per year	431	486	410	404
Gambling impacts per adult aged 16-24 per week	8.25	9.32	7.86	7.75

The evidence therefore demonstrates significant declines in gambling advertising impacts on television amongst all children aged 4-15, older children aged 10-15, and young adults aged 16-24.

Gambling impacts per person per week, by age group²³

²² Source BARB/Nielsen AdDynamix TV+. Based on Mid Product category: Gambling

²³ Source BARB/Nielsen AdDynamix TV+. Based on Mid Product category: Gambling



Whilst advertising exposure data is of interest, it is clearly also important to look at whether that advertising (which cannot be designed to be attractive to children) has any effect on them. In this context, as can be seen from the table below, the latest Gambling Commission research indicates that the small and declining exposure of children to gambling advertising has a vanishingly small impact on their actual participation in gambling. This is consistent with the fact that, as we set out below, both participation in gambling and problem gambling amongst young people have been in decline since 2007 (the year when the liberalization of gambling advertising on TV came into force following the 2005 Act). As the Gambling Commission report says:

“Based on the claims of respondents, we found little evidence of a direct influence on gambling activity. When presented with a set of statements describing the impact on their gambling activity, for both gambling adverts and social media posts, no more than 1% of all 11-15 year olds selected “It prompted me to start gambling for the first time” or “it promoted me to increase the amount that I gamble”²⁴.

²⁴ Gambling Commission, Young People and Gambling, November 2016, page 19

Impact of seeing gambling advertisements

GAMBLING
COMMISSION

Q Which of the following statements best describes your gambling activity after seeing adverts for gambling companies?



Base: All children aged 11-15: 2016 (2411)

Source: Ipsos MORi

This is supported by the fact that, when asked what first made them try gambling, 'because I'd seen adverts for it' was given as a reason by only a very small minority of 11-15 year olds (4%, as opposed to the top three reasons which were given by 21-24%), and was one of the least common reasons on the list.

Reasons for gambling for the first time

GAMBLING
COMMISSION

Q Thinking about the first time you ever gambled for money, what made you try it?



Base: All children aged 11-15, except those who say they have never gambled: 2016 (468)

Source: Ipsos MORi

In other words, some exposure of children to gambling advertising which is not targeted at them has not driven participation.

4. Children's TV consumption is declining -- they are increasingly consuming less broadcast TV and more online media.

We set out above the very clear evidence that children are exposed to less and less gambling advertising, even starting from a low base. As we explained above, whilst children's exposure to TV advertising in general has been in decline, exposure to gambling advertising has declined more quickly.

There is no evidence to suggest that these exposure trends will not continue. The latest detailed Ofcom research²⁵ (published last month) shows that children are moving away from linear television and towards online media. The Ofcom research shows, for example, that for the first time 5-15 year olds spend more time online than they do watching TV. This has been driven both by a decrease in the amount of time children are spending watching TV and a significant increase in the amount of time they spend online. As the Ofcom report said:

".....the amount of time children spend watching the TV set is decreasing...

The number of 5-15s who say they use a TV set almost every day has decreased since 2015 (80% vs 87%), as has the amount of time they say they spend watching TV on a TV set, falling from 14 hours 48 minutes in 2015 to 13 hours 36 minutes. This is reflected in the BARB data; children aged 4-15 watched an average of 13 hours of broadcast television per week in 2015, down by 42 minutes since 2014, continuing a longer-term trend in falls in weekly viewing. Digital Day tells a similar story, with 77% of 6-15s watching live in an average week in 2016, compared to 85% in 2015.

...and for the first time, 5-15s now spend more time online

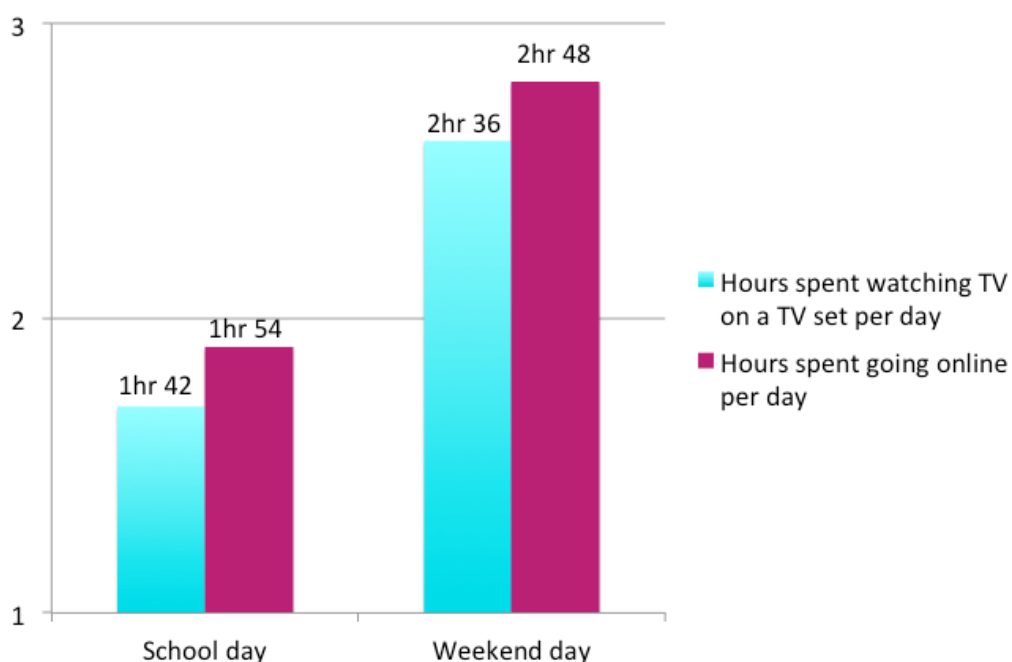
As TV viewing time falls, children are spending more time online, with the estimated time both 3-4s and 5-15s spend online increasing (6 hours 48 minutes to 8 hours 18 minutes for 3-4s and 13 hours 42 minutes to 15 hours for 5-15s), with the latter driven by an increase among 8-11s. As a result, for the first time 5-15s now spend more time online than watching television on a TV set (15 hours vs 13 hours 36 minutes)."

As Ofcom notes, this is the first time that has been the case: in previous years, 5-15s had always spent more time watching television than using other media. The fact that children aged 5-15 now spend more time online is now the case on both school days and weekend days, as the Ofcom data shows²⁶:

²⁵ Ofcom: Children and Parents: Media Use and Attitudes report 2016

<https://www.ofcom.org.uk/research-and-data/media-literacy-research/children/children-parents-nov16>

²⁶ Ibid, data from page 45



These conclusions are clearly supported by the Barb data around children's viewing over the past few years which we set out below:

Change in Children's Viewing Over Time ²⁷				
Children 4-15				
	2012	2013	2014	2015
Average total viewing mins per child aged 4-15 per day	142	134	118	111
Average total viewing mins per child aged 4-15 per week	997	940	824	779

Change in Children's Viewing Over Time ²⁸				
Children 10-15				
	2012	2013	2014	2015
Average total viewing mins per child aged 10-15 per day	141	128	110	101
Average total viewing mins per child aged 10-15 per week	985	895	773	710

The shift amongst children from TV to online is demonstrated not just by the relative amount of time they are spending on each medium, but by their stated preference. Ofcom reports that:

"Older children prefer YouTube to watching TV on the TV set..."

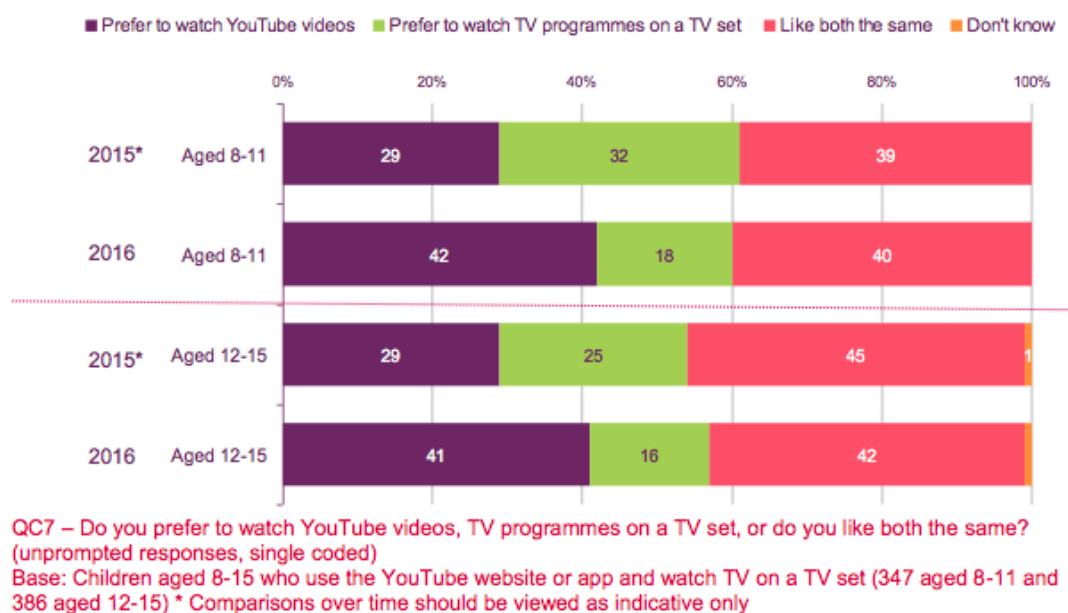
²⁷ All data from Barb

²⁸ All data from Barb

When asked whether they prefer watching YouTube or watching TV programmes on a TV set, both 8-11s and 12-15s are much more likely to opt for YouTube (42% vs 18% for 8-11s and 41% vs 16% for 12-15s)."²⁹ and that

"Twice as many 8-11s and 12-15s say they prefer to watch YouTube videos than programmes on a TV set"³⁰.

Figure 33: Preference for watching TV programmes on a TV set and YouTube videos, among 8-11s and 12-15s: 2015 and 2016



Tightening the already strict linear broadcasting regime will not address the large and growing amount of online viewing by children. But nor would it address the part of the media landscape that parents are actually most concerned about in relation to their children.

The Ofcom research shows that parents are more concerned about the time their child spends online than the time they spend with any other medium, with television the medium that parents are the least worried about. In fact, the Ofcom research shows that parents are less likely to even consider TV viewing 'screen time' in the way that smartphone, tablet or gaming usage is, since *"watching TV is increasingly seen as a family activity"*³¹:

"Parents are more likely to be concerned about the time their child spends online, playing games or using their mobile than watching TV"

²⁹ Ibid, page 5

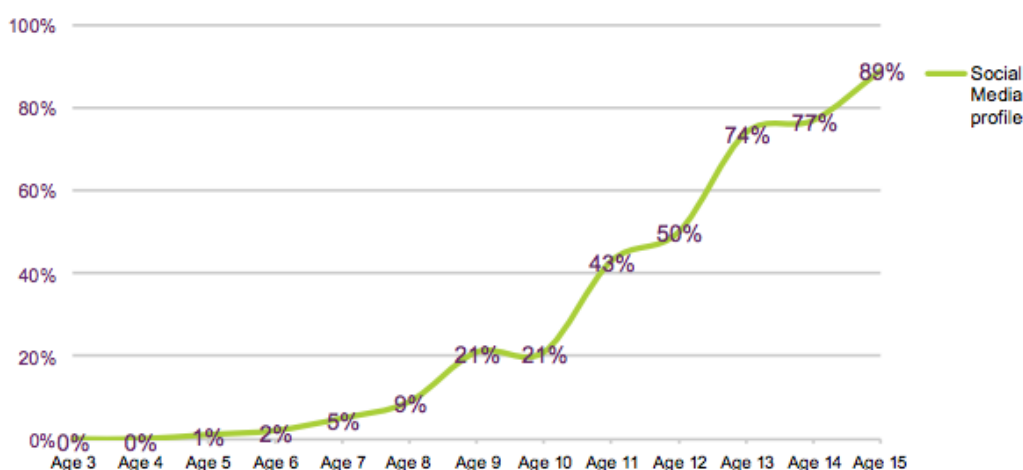
³⁰ Ibid, page 68

³¹ Ibid, page 11

In 2016 more than one in three parents of 5-15s whose child goes online (35%) are concerned about the time their child spends online while fewer parents are concerned about the time their child spend playing games (29%) or using a mobile phone (29%). Parents are least likely to be concerned about the time their child spends watching television (23%). The qualitative research supports this. Parents were less likely than in previous years to include the TV set in their definition of screen time, as watching TV is increasingly seen as a family activity, and were more concerned with managing the smartphone, tablet or, for boys in particular, the games console.”

This concern perhaps reflects, in part, the fact that a substantial proportion of children now have a social media profile, including 50% of all UK 12-year-olds, despite the fact that the minimum age for having a profile on Facebook, Instagram, Snapchat, YouTube, Twitter and Google+ is 13³² – and close to three in ten 12-15 year olds visit their main social media account more than 10 times a day³³. Content on these sites, which operate in a very different regulatory environment, is therefore likely to be increasingly influential to children.

Figure 37: Incidence of having a social media profile, by age of child: 2016



QP43/ QC19 – I'd now like to ask you some questions about your child's use of social media - so websites or apps like Facebook, Twitter, Instagram, Tumblr, Snapchat, WhatsApp and some activities on YouTube. Does your child have a social media profile or account on any sites or apps? (prompted responses, single coded). Responses from parents for 3-7 year olds and from children aged 8-15.
Base: Parents of children aged 3-4 or 5-15 (3961 aged 3, 288 aged 4, 157 aged 5, 140 aged 6, 101 aged 7, 181 aged 8, 129 aged 9, 92 aged 10, 101 aged 11, 143 aged 12, 108 aged 13, 105 aged 14, 118 aged 15)

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Against this backdrop, we are concerned that the government is focusing increasingly on the wrong medium, potentially seeking to intervene where it is easiest and not where intervention might be needed and on the basis of a historical view rather than an evidence based assessment of the issue today. In this context, we would note that

³² Ibid, footnote 36, page 74

³³ Ibid, page 76

³⁴ Ibid, page 73

in announcing the conclusion of the previous review on gambling advertising the minister said that:

"I want to see gambling operators, regulators and social media firms come together to examine if more needs to be done to ensure that marketing for gambling products is not reaching young people through social media"³⁵

It would seem appropriate for this examination to begin in the near future, given current media trends.

5. Underage participation in gambling has fallen steadily since 2007, and rates of problem gambling by under 16s have decreased dramatically since 2008/9 to very low levels

The available evidence shows that children's actual participation in gambling is declining, notwithstanding the liberalization of gambling advertising on TV from 2007.

For instance, the National Lottery Commission study in 2013³⁶ found that gambling amongst 11-16 year olds had declined substantially between 2007 and 2013. The most significant contributor to the remaining participation was via an adult purchasing a national lottery ticket which is permitted in law.

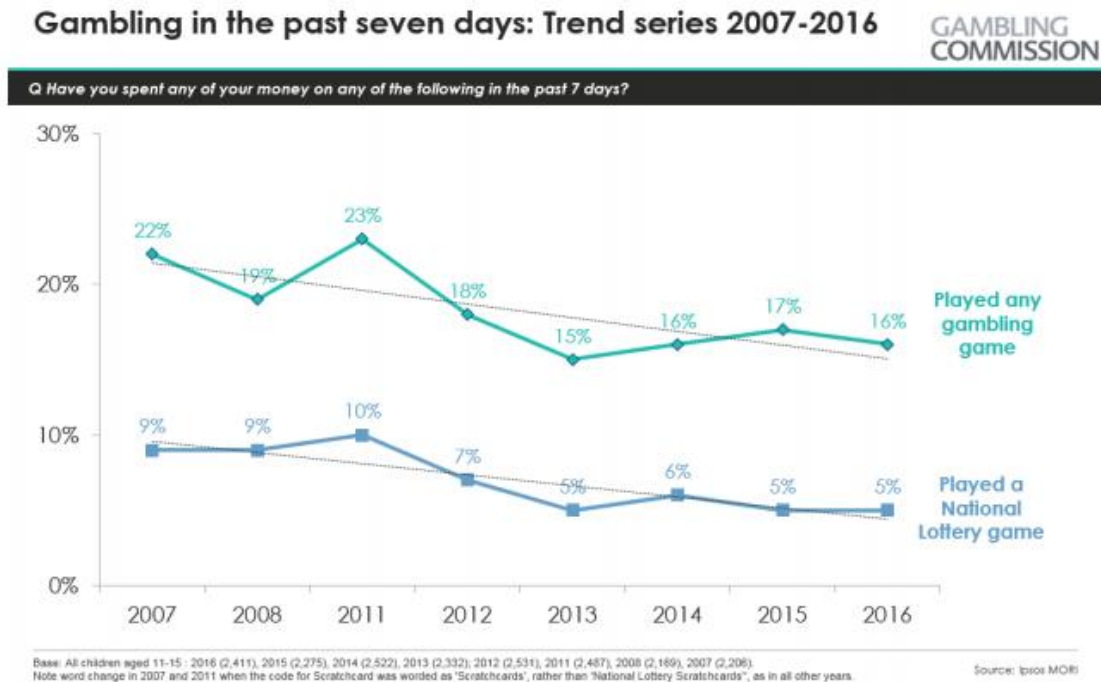
Similarly, as can be seen from the chart below, the Gambling Commission's own research shows a significant decline in participation rates for 11-15 year olds between 2007 and 2016³⁷, with participation down by 27% over that period. This is significant as it covers the period immediately following liberalisation of TV advertising in 2007 (following the 2005 Act) when the volume of gambling advertising on TV increased.

To reiterate therefore, some exposure of children to gambling advertising which is not targeted at them has not driven participation, consistent with the Gambling Commission's own survey findings around the triggers for participation.

³⁵ Gov.uk, "Gambling Industry Toughens code on television adverts", Press Release, 20 August 2015

³⁶ National Lottery Commission (2013), Young People Omnibus 2013: A research study on gambling amongst 11-16 year olds.

³⁷ Gambling Commission, Young People and Gambling, November 2016, page 7



Amongst those who have participated, the frequency of participation is very low – as the Gambling Commission report says:

“The most common frequency of 11-15 year olds spending their own money on each of these types of gambling is once or twice a year”³⁸

and within that, the activities with the greatest frequency are National Lottery Scratchcards, Lotto, (both being overwhelmingly bought by parents³⁹) and betting amongst friends (something that, intuitively, does not feel like a recent development). This is illustrated in the recent Gambling Commission chart below⁴⁰:

³⁸ Ibid p.10

³⁹ Ibid p.26 and 27

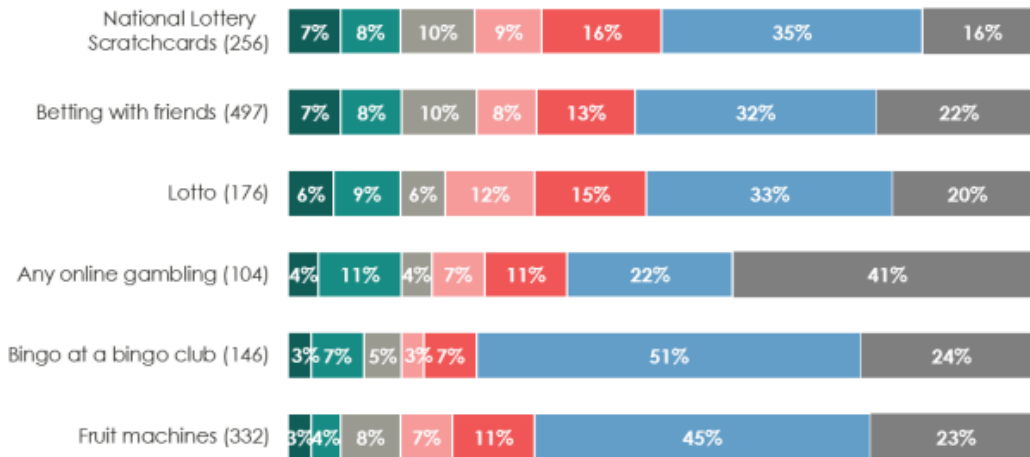
⁴⁰ Ibid, p.10

Frequency of play

GAMBLING
COMMISSION

Q. Can you tell us how often, if at all, you spend your own money on the following games?

■ 2 or more times a week ■ Once a week ■ 2-3 times a month ■ Once a month ■ Every 2-3 months ■ Once or twice a year ■ Don't know



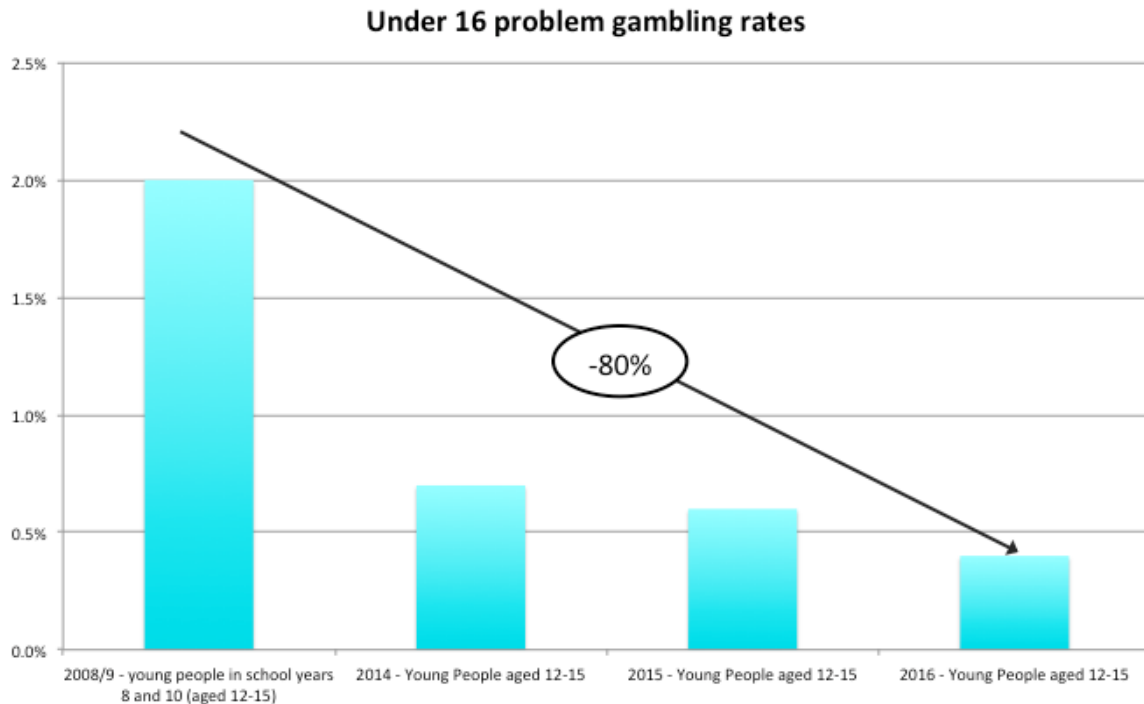
Base: All children aged 11-15 who have played... (individual bases for each gambling activity shown in brackets)

Source: Ipsos MORi

As the chart below shows, the Gambling Commission's research also shows a very substantial decline in the rates of "problem" gambling amongst 11-15 year olds between 2008/9 and 2016, with problem gambling amongst that age group at just 0.4% in 2016⁴¹.

⁴¹ Gambling Commission, The Prevalence of Underage Gambling 2016.

<http://www.gamblingcommission.gov.uk/docs/The-Prevalence-of-Underage-Gambling-2016.xlsx>



The ASA carried out market research on UK citizens' attitudes to gambling advertising as part of its review in 2014, which 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"⁴².

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"⁴³

Accordingly, the research found that participants were reluctant to support further restrictions.

As we have set out in this submission, young and vulnerable people are properly protected not just by the existing strict television advertising regime with its scheduling and editorial rules, but also by the many steps the gambling industry takes to prevent it at the point of use including age verification as well as self-exclusion policies and player monitoring for those legally permitted to gamble.

6. Problem and harmful gambling in the general population is relatively low and relatively stable

⁴² See Gambling Advertising, Review of the ASA's application of the UK Advertising Codes, Oct 2014, page 4.

⁴³ Ibid, page 4

Although the focus of the current review is, rightly, children and the vulnerable, more generally, recent authoritative studies of the issue suggest that problem gambling in the UK affects around 0.6% of the population – around 280,000 people.⁴⁴

The most recent full year (2015) report from the Gambling Commission on participation and rates of problem gambling stated 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 2015⁴⁵.

The key conclusion of Seabury and Wardle (2014)⁴⁶ was that “*overall, problem gambling rates in Britain appeared to be relatively stable*”. There is also a consensus in the academic studies that the likely effect of gambling advertising on problem gambling is small.

Of course it is possible for the statistics to fluctuate over time but they appear to do so within relatively narrow bounds off a very low overall base.

7. A strong self-regulatory regime complements statutory regulation

Quite apart from the extensive rules governing gambling advertising on TV, there is a strong self-regulatory code (the Industry Code for Socially Responsible Gambling) which goes beyond the relevant regulatory codes, particularly in relation to warnings and social responsibility messaging.

8. Gambling advertising helps to fund free to air TV (particularly free to air sport)

Gambling advertising, targeted at adults (as the only group allowed to gamble) is an integral part of funding free to air TV in the UK, including the content offered by the commercial public service broadcasters such as ITV. Gambling advertising revenue plays a particularly key role in funding free to air sport on TV, and therefore helping to drive grassroots sport across the UK. Such advertising also enhances audience enjoyment of programming and helps broadcasters secure the rights to broadcast sports such as football and rugby for everyone in the UK to enjoy for free in an increasingly competitive rights market.

In this context, ITV has recently bought the main TV rights for racing in the UK with plans to give extensive coverage to the sport across our channel portfolio. Our ambition and that of the rights holders is to grow the audience for and interest in the sport, through exposure to a broader audience. This is a challenge for ITV but one that we are keen to take on.

It is worth pointing out that the overwhelming majority of the audience for live sports coverage (and daytime programming more generally) is adult. For example, for the

⁴⁴ 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.

⁴⁵ Gambling Commission, Participation in gambling and rates of problem gambling – 2015 Headline Findings

⁴⁶ Seabury, C and Wardle H (2014) *ibid*

live horse racing broadcast on Channel 4 in the last 12 months, only 2.8% of the total audience was made up of children⁴⁷.

However, given the close connection between racing and betting, it is simply impossible to imagine significant free to air coverage of racing on commercial channels without betting advertising and sponsorship. Yet without such commercial partnerships, the sport would get less and less TV exposure and, over time, its overall economics would be imperiled. ITV bought the rights to racing on the not unreasonable assumptions that:

(a) following the last DCMS review of betting advertising which finished very recently there would be some sort of period of certainty in the regulatory regime and

(b) given the positive direction of travel on the variety of indicators around children's exposure etc set out above there were no plausible grounds on which to launch a new review, particularly so soon after the previous one.

Whilst we are very conscious of the sensitivity of gambling advertising and the potential harm that could result if such advertising is not properly regulated, there does need to be some recognition of the need for industry (including sports, broadcasters, advertisers etc) to be able to plan with some certainty for a few years at least between reviews.

Conclusion: A 9pm ban on all TV advertising for gambling would be disproportionate and impossible to justify with the evidence

As we have set out in detail in this submission, we do not believe that there is an evidence based case for any further restrictions on the TV advertising of gambling products.

By contrast, it is very easy to identify the downside risk in terms of investment in programming and the provision of major live sports coverage on free to air television, available to everyone in the UK for free. Advertising is a critical revenue stream for commercial broadcast media. Advertising sustains investment in many forms of content – including for children – and supports media plurality and maintains competition in the market place. The commercial public service broadcast channels, in particular, depend almost entirely on advertising revenues. The revenue loss from a 9pm watershed is likely to have a significant impact on the overall viewing experience on offer to the public.

Given the lack of an obvious public interest in more regulation of gambling advertising, it is important to take full account of the economic impact of further restrictions. On behalf of a group of the UK's principal broadcasters, the Advertising Association has collated the aggregate TV revenue at risk number from a 9pm ban on any gambling advertising. [] Whilst it is possible that not all this revenue would be lost to TV altogether, we believe that a very substantial portion would be since there

⁴⁷ Source: BARB, average of Channel 4 Racing audiences over the past year (28/11/2015 – 19/11/2016)

is little relevant mass market sport after 9pm and peak time advertising will be far more expensive than the daytime advertising which is currently purchased. Accordingly, the likelihood is that the revenue at risk would go to less regulated platforms and media, particularly online.