Chairman Blumenthal, Ranking Member Blackburn, and Distinguished Members of the Subcommittee: Thank you for inviting me to testify about protecting children online. I am pleased that the Subcommittee is focusing on the important issues of children’s online privacy and manipulative marketing to children.

I am here in my role as the Chair of the Board of the Campaign for a Commercial-Free Childhood. CCFC is the leading watchdog of the children’s media and marketing industries. CCFC’s advocacy is grounded in the overwhelming evidence that child-targeted marketing – and the excessive screen time it encourages – undermines kids’ healthy development. Through corporate campaigns and strategic legal filings, CCFC has changed the child-targeted marketing and data collection practices of some of the world’s biggest companies. Most notably, CCFC’s 2018 complaint filed with the FTC against YouTube ultimately led to the 2019 FTC settlement that required YouTube to pay a record fine and to limit data collection and targeted advertising on child-directed content. CCFC is currently leading a large coalition of parents, advocates and child development experts urging Facebook to abandon its plans for a kids’ version of Instagram.¹

My testimony also draws on my over 30 years as the director of a clinical program at Georgetown Law that represents nonprofit organizations, including CCFC and the Center for Digital Democracy, advocating for media policies in the public interest. In this capacity, I supervised the drafting of numerous comments and requests for investigation filed with the FTC concerning children’s advertising and privacy.² In 1996, the clinic filed the first complaint alleging that a website directed to children was engaging in unfair and deceptive practices. This complaint that focused attention on the need to protect children’s online privacy, and with much hard work by many people including then-Representative Markey, Congress passed the Children’s Online Privacy Protection Act (COPPA) in 1998. I am extremely proud of this accomplishment and the important safeguards COPPA has provided for children. Today, however, COPPA badly needs updating.
In this testimony I addresses three issues. First, I will discuss why it is urgent to update COPPA and the key areas where the current protections have fallen short. Next, I will explain why we need greater protections for children and teens against unfair and deceptive advertising practices online. Finally, I offer suggestions about how the FTC could better protect children.

I. New privacy legislation is needed to protect children and teens

When COPPA was adopted in 1998, there was no YouTube, no social media, no smartphones, no smart speakers in children’s bedrooms, and no toys connected to the internet. Today, children and adolescents increasingly use digital media for education, entertainment, and socializing. Prior to the pandemic, research by Common Sense found children in the US from birth to age 8 consumed an average of two and a half hours of screen media a day, while 8- to 12-year-olds averaged just under five day, and teens averaged about seven and a half hours – and these figures do not include use for school or homework. The pandemic has accelerated these trends, with studies reporting screen time up as much as 50%.

Moreover, over the last twenty years, an incredibly sophisticated and elaborate digital marketing ecosystem has developed. The boundaries between programming and marketing have completely eroded so that even discerning adults have difficulty identifying what is sponsored content. In addition, no longer do viewers of the same content see the same ads, as they did with traditional television and print advertising. Marketing has become personalized to appeal to the particular interests of individuals. This type of marketing, often called targeted or behavioral advertising, is made possible by tracking users’ online activity across multiple devices, combining data from multiple sources, and using algorithms and machine learning to make inferences about what users want or are likely to respond to.

Targeted marketing makes it harder for parents to monitor what their children are seeing. Moreover, most Americans are not aware of the extent of data collected online and how it can be used to manipulate them. Because the problems are system-wide, there is little parents can do on their own to protect their children. Thus, regulatory intervention is urgently needed. I am pleased that the subcommittee is considering legislation to better protect children.

A. The unregulated system of digital media is harmful to children

The largely unregulated business model for digital media subjects young people to three types of interrelated harms.

First, a large body of research demonstrates that children’s and adolescent’s developing cognitive capacities are no match for today’s highly sophisticated digital marketing tactics, which leverage enormous data sets, machine learning, and the most powerful persuasive technologies ever created, to deliver in real time an advertisement that a young person is most vulnerable to at a given moment. As Common Sense notes, “Kids may be profiled as gamers,
impulsive purchasers, or anxious oversharers—and then unfairly targeted by ads that encourage more of these things.5

These concerns are not theoretical. In 2017, leaked documents revealed that Facebook boasted to advertisers that it could target teens at the exact moment they were feeling bad about themselves, including when they have negative thoughts about their bodies.6 This year, advocates were able buy Facebook ads targeted to teens who are interested in alcohol, gambling and extreme weight loss.7 Not surprisingly, given both the inherent unfairness of personalized marketing to children and the fact that kids and teens are often targeted with ads for harmful products, marketing is a factor in many of the most pressing problems facing children today, including childhood obesity, body image issues, a rise in materialistic values and family conflict.

A second harm is that the vast amount of data collected from young people is used to deliver the personalized content that is most likely to keep them on a platform. While maximizing engagement generates profits for platforms, the overuse of digital media it encourages is particularly harmful to young people. It has been associated with, among other things, depression and mental health problems, poor nutrition, problems in school, cyberbullying, insufficient sleep, and online sexual abuse.

Finally, spending so much time using digital devices exposes young people to harmful and inappropriate content. The platforms want young people to stay online as long as possible because it increases their profits. They use algorithms to recommend the content that is most likely to keep kids engaged, regardless of whether that content is educational, age-appropriate or promotes prosocial behavior. As a former YouTube engineer explains, "Recommendations are designed to optimize watch time, there is no reason that it shows content that is actually good for kids."8

B. In practice, COPPA’s actual knowledge standard permits the collection of personal information from children and is difficult to apply

COPPA needs to be amended to address these harms. Experience over the last twenty years has shown that a significant weakness of COPPA is that its protections apply only to websites and online services that are considered directed to children, or where the operator has actual knowledge that a child or children under thirteen is using their site or service. Yet many sites and services directed to mixed and general audiences are nonetheless used by many children.

COPPA’s actual knowledge standard creates a giant loophole that undermines children’s safety. It incentivizes platforms to avoid COPPA compliance by not knowing – or pretending not to know – that children under thirteen are using their platforms. For example, even though YouTube is the most popular online destination for children, Google insisted for years that YouTube had no COPPA obligations because the platform’s Terms of Service said it was for ages thirteen and up. Similarly, TikTok continues to claim it lacks actual knowledge of accounts

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belonging to children under thirteen – despite that fact that TikTok has used machine learning to classify one-third of its users as younger than fourteen.9

While YouTube and TikTok clearly had actual knowledge of children using their platforms, the FTC had to conduct investigations to prove it. Companies know that the FTC rarely initiates investigations. Moreover, even when the FTC investigates, it can be difficult to prove “actual knowledge.” A single child-directed app, for example, may be sending a child’s personal information to dozens of firms that engage in targeted advertising, monetization and analysis.10 Because of the many parties involved in online data collection and marketing and because many decisions are made by algorithms rather than humans, the actual knowledge standard, which requires the FTC to show what operators actually know, is unworkable.

The Children and Teens’ Online Privacy Protection Act, introduced by Senators Markey and Cassidy, would close this loophole in COPPA by making an operator liable if it has “constructive knowledge that personal information is being collected from a child or minor.” “Constructive knowledge” is an often-used legal concept that generally means that one “knew or should have known.” Constructive knowledge is an objective standard, and it relies on facts ascertainable by the FTC and the public and can be determined without needing to know what the party in question was actually aware of or intending to do. A constructive knowledge standard would impose a reasonable duty of care on operators to determine whether they are collecting data from children, and if so, provide appropriate safeguards.

C. COPPA lacks any protections for adolescents

Another huge loophole in COPPA is that it only applies for children under age 13. Once a child turns 13, he or she is treated the same as an adult. I am not aware of any other legal context in which thirteen-year-olds are treated as adults. Increasingly, the US’ lack of protections for teens puts it at odds with the trend in Europe and elsewhere to offer special data protections for young people until they turn at least 16, and in some cases, up to 18. More than 90% of US parents believe COPPA’s protections for children should be expanded to teens.

Teens are vulnerable online for different reasons than younger children. Not only do they spend more time online, but adolescence is the period of personal and social identity formation. Much of this development is now reliant on social media. Because teens have a limited capacity for self-regulation compared to adults and are vulnerable to peer pressure, they often find it difficult to identify and respond appropriately to online risks. Excessive social media use by teens has been associated with a wide variety of public health issues including depression and mental disorders, exposure to unwanted to explicit content, harassment, sexual solicitation, bullying, self-harm, and even suicide.

The Children and Teens’ Online Privacy Protection Act, as well as the KIDS Act, which I discuss below, would extend developmentally-appropriate protections to minors, defined as ages 13 to 15. Specifically, it would prohibit operators from collecting personal data from minors unless the operator adopts and follows a Digital Marketing Bill of Rights for Minors that is consistent with the Fair Information Practices Principles set forth in Section 4 of the bill. It
would prohibit targeted advertising to minors unless the minor is given notice and gives affirmative consent. Minors would also have the right to delete personal information displayed on a website, online service, and online or mobile apps, which they had submitted.

D. Targeted advertising to children should not be permitted

COPPA currently allows parents, after receiving appropriate notice and granting affirmative verifiable consent, to permit the collection of a child’s data for the purposes identified in the notice. The FTC’s COPPA Rule as amended in 2013 prohibits targeted advertising to and profiling of children absent parental notice and consent. However, in practice, targeted advertising to children remains widespread.

As described above, the harms from targeted advertising – both from the ads themselves and the ways behavioral advertising shape children’s online experiences – are serious enough that Congress should explicitly prohibit the practice when aimed at children. The Children and Teens’ Online Privacy Protection Act would do just that by making it unlawful for operators to use, disclose, or compile children’s personal information for the purposes of targeted marketing.

I hope that the subcommittee will quickly adopt these important revisions to COPPA as set forth in the in Children and Teens’ Online Privacy Protection Act.

II. Legislation is needed to prevent unfair and deceptive marketing to children and teens

I hope that the subcommittee will also consider legislation similar to the KIDS Act (S. 3411) introduced by Senators Markey and Blumenthal in the last session. The KIDS Act would offer children protections from unfair and deceptive marketing on online platforms, similar to those that currently exist for television and discourage certain other practices harmful for children.

It has been understood since the mid-1970s that children are more vulnerable to advertising than adults. Research on television advertising has consistently found that children under the age of 8 have difficulty understanding advertising’s persuasive intent and it is not until around age 12 that children begin to understand that advertising is designed to change their behavior. When advertising is embedded in programming – which is often the case on the Internet – children’s and teens ability to even identify advertising, let alone think critically about it, is likely to emerge even later. More than 90% of US parents believe COPPA’s protections for children should be expanded to teens.

For this reason, the Federal Communications Commission has long required restrictions on advertising on children’s television programming to help mitigate young people’s vulnerabilities to marketing. These include a clear separation between program content and advertising, a prohibition of the use of certain unfair and deceptive advertising methods such as host selling and embedded advertising, and limits on the total amount of advertising that can be shown.
Over the years, however, children’s viewing behavior has changed. They are watching less traditional broadcast and cable television and spending more time online watching online videos, playing Internet and mobile games, and interacting on social media. Unfortunately, there is no equivalent to the FCC policies for children’s television on the internet.

As a result, much of the content that children and teens view online today is marketing. In addition to pop-up and banner ads, marketing is embedded into content in such a way that children don’t recognize that they are being marketed to. And that is the point. Children and teens say they don’t like advertising, and embedded content can’t be blocked by ad blockers. Thus, covert advertising is more effective than traditional forms of advertising.

Covert advertising occurs in many forms and is known by different names such as influencer marketing, native advertising, product placements, and unboxing videos. Influencer marketing, for example, takes place when brands pay or reward social media influencers for promoting their products online.

Influencer marketing is a huge business. It is prevalent on virtually all digital media platforms, and popular influencers often appear on multiple platforms. Social media influencers are extremely popular with children and teens. Many influencers are under age 18, and some are much younger. During the week of May 3, 2021, for example, 3 of the top-5 most viewed US-based YouTube channels featured child influencers in videos directed to children. For example, the second-ranked *Kids Diana Show* was viewed 379.5 million times. This channel features 7-year old Diana promoting the “Love Diana” lifestyle product line, which includes dolls, hair accessories, jewelry, and beauty products. These videos are available on both YouTube and YouTube Kids despite Google’s claims that they do not allow product placement on the YouTube Kids app. One-third of children under the age of eight regularly watch “unboxing” or “product demonstration” videos, where influencers talk excitedly about toys or other products they have been compensated to promote. These videos which often run more than 10-minutes in length are essentially one long ad. Research has found that children are more likely to nag their parents for products—and to throw a tantrum if they say “no”– after watching unboxing videos than after watching traditional television commercials.

In addition to YouTube, other sites popular with children and teens are rife with influencer marketing. On TikTok, well-known brands including Doritos, Burger King, KoolAid and McDonalds, have sponsored TikTok Hashtag Challenges in which users create and upload promotions for their brand. On Instagram, one-third of the most viewed Stories came from brands. An investigation by Public Citizen found that many Instagram influencers popular with young were promoting alcohol, cosmetics, and clothing without disclosing they were compensated for their posts. TikTok and Instagram are among the most popular social media sites with teens and, despite Terms of Service that their sites are for thirteen and up, they are also used by millions of younger children.

In short, regardless of platform, much of the digital content seen by children and teens is marketing products to them in a way that is inherently misleading and unfair. Children deserve the same protections from unfair and manipulative marketing regardless of whether they are
consuming media on television, a computer, tablet, or mobile phone. Passage of the KIDS Act would apply the traditional protections for kids against covert, unfair and manipulative advertising to the media that young people use today.

The KIDS Act would also address some other harms to children made possible by digital media. For example, it would prohibit certain “nudging” practices, such as autoplay, automatic notifications, and rewards, that make it hard for children to stop using their devices even when it is in their best interest to do so. And in spending so much time online, children are often exposed to inappropriate content, disinformation, bullying, risky behavior, and sexual exploitation.

III. The FTC should do more to protect children

Congress could also help protect children by giving the FTC the encouragement and resources that it needs to do its job. The Children and Teen Online Privacy Act, for instance, would create a much-needed Division of Youth Privacy and Marketing within the FTC.

I am pleased that in 2020, the FTC initiated an investigation under its Section 6(b) authority that will allow it to better understand the digital advertising ecosystem and how it affects children.18 This investigation should provide invaluable information for the FTC to assess and improve its existing rules. I also hope that the FTC will share its findings with the public so that it can better understand how personal data is collected and used. In the meantime, it is important that the FTC vigorously enforce its existing policies to protect children.

A. The FTC should bring enforcement actions to prevent unfair and deceptive marketing to children and teens

Under its Section 5 authority to prevent unfair and deceptive acts or practices, the FTC has long issued guidance to advertisers regarding endorsements. The Endorsement Guide generally states that product endorsements must not be deceptive, meaning that the endorsements must be truthful, and any sponsorships must be clearly disclosed to consumers. The FTC has already revised the Enforcement Guide to make clear that these requirements apply when advertisers provide financial or other incentives for social media influencers to promote their products online.19 Yet, the FTC has brought few enforcement actions for online advertising and none involving social media influencers targeted to those most vulnerable, that is, children. This is the case, despite that fact that in 2015, the Georgetown clinic, acting on behalf of the Campaign for a Commercial-Free Childhood and Center for Digital Democracy, documented numerous videos shown on YouTube Kids in which kid influencers promoted toys and unhealthy food and beverages, and asked the FTC to investigate whether this marketing was unfair or deceptive.20

While influencer advertising often fails to disclose its sponsorships, even when provided, disclosure does not prevent children from being misled or taken unfair advantage of. Often, disclosures are made in ways children can’t understand: for example, a small written disclosure appears in the corner of the screen of an unboxing video aimed at preliterate children.21 But even when sponsorships are disclosed orally in child-friendly language, they are ineffective for young children because they view the child influencers or product spokes-characters online as
their friends. Last year, the FTC took a positive step by asking in its endorsement guide review whether children are capable of understanding these disclosures. Research clearly shows that children do not.

In sum, the FTC can and should bring enforcement actions against both high-profile influencers that target children, as well as the companies that use influencers to manipulate young people. It should also update the endorsement guidelines to state clearly that unboxing videos and other form of influencer marketing aimed at children is unfair and deceptive regardless of whether sponsorship is disclosed.

B. The FTC should vigorously enforce the COPPA Rule

The FTC should also enforce the existing COPPA Rule more vigorously. Noncompliance with COPPA is rampant. For instance, studies by Professor Serge Engelman found that thousands of children’s apps in the Designed for Families section of the Google Play Store were sharing children’s personal information with third parties without getting verified parental consent as required by COPPA. The CCFC and others cited this study in a petition asking the FTC to investigate whether Google Play violated Section 5 of the FTC Act by claiming that these apps were appropriate for children when they did not comply with COPPA. Yet again, the FTC did nothing.

In fact, in the 21 years that the COPPA Rule has been in effect, the FTC has brought only 34 enforcement actions, mostly against smaller companies. All were settled without litigation by consent decrees. Often, settlements merely required the defendant to comply with the law and file periodic reports with the FTC. When the FTC has assessed civil penalties, they have been woefully insufficient to incentivize compliance with COPPA.

To change an ecosystem where noncompliance with a law designed to protect children’s is the norm, the FTC must engage in much more rigorous enforcement action. The Commission should both bring more COPPA cases and seek much stiffer penalties so it is no longer in companies’ interest to ignore the law.

C. The FTC should hold safe harbors accountable

The FTC has also failed to use the enforcement tools available to it in an effective manner. For example, Section 6502 of COPPA established a “safe harbor” regime intended to incentivize compliance with COPPA. Under this provision, third parties can design a compliance program that meets or exceeds the COPPA protections, apply to the FTC for approval, and if approved, the FTC will deem members that follow the approved guidelines to have complied with COPPA.

Unfortunately, as analysis by both Commissioner Chopra and Professor Egelman shows, COPPA safe harbor programs are not enforcing their guidelines. Instead of incentivizing compliance, safe harbors appear to provide a way for companies to avoid complying simply by
paying a safe harbor to certify them. Either the FTC should take steps to ensure that COPPA safe harbors programs are kept up to date and enforced, or it should revoke their approval.²³

IV. Conclusion

The largely unregulated monetization practices of digital media are both unfair and harmful to young people. Congress could take huge strides towards creating a healthier media environment for children and teens by expanding COPPA’s protections to teens and closing some of its loopholes such as the actual knowledge standard. Congress could also protect children from unfair and deceptive marketing and many of the most pernicious design features in digital media by passing the KIDS Act or similar legislation.

I appreciate this opportunity to present these recommendations to the Committee on behalf of CCFC and am happy to answer any questions.
Endnotes


4 Parenting Children in the Age of Screens, Pew Research Center, (July 2020).


8 *Children’s YouTube is still churning out blood, suicide and cannibalism*, Wired, Mar. 23, 2018, https://www.wired.co.uk/article/youtube-for-kids-videos-problems-algorithm-recommend. The former YouTube engineer Guillaume Chaslot quote continues: “It might sometimes, but if it does it is coincidence. Working at YouTube on recommendations, I felt I was the bad guy in Pinocchio: showing kids a colourful and fun world, but actually turning them into donkeys to maximise revenue.”


10 See, e.g., *McDonald v. Kiloo*, N.D. Cal. No.17-cv-04344-JD, Plaintiffs’Motion for Preliminary Approval of Class Action Settlements, (filed Aug. 5, 2020). This case involved a class action against 16 mobile advertising and app monetization companies, referred to as Software Development Kits (“SDKs”). Plaintiffs alleged that the SDKs embedded code into children’s games available on the Google Play Store and the Apple App Store to gather and transmit “persistent identifiers” and personal data for tracking, profiling and ad targeting.
McDonald v. Kiloo, 385 F.Supp.3d 1022, 1028 (N.D. Ca. 2019). Most people are not aware that children’s apps are often embedded with multiple SDK from companies they likely have never heard of such as AdColony, ChartBoost, inMobi, ironSource, Unity Ads, and Vungle.


Here is are some recent screen shots showing the Kids Diana Show and influencers promoting sugary cereals:
15 Victoria Rideout & Michael B. Robb, *The Common Sense Census: Media Use by Kids Age Zero to Eight* at 23 (2020). This study also found that 18% of all 0- to 8-year-olds follow or subscribe to certain YouTube personalities, celebrities, or influencers, ranging from 4% of children under 2, to 16% of 2- to 4-year-olds, and 27% of all 5- to 8-year-olds. *Id.*


18 https://www.ftc.gov/reports/6b-orders-file-special-reports-technology-platform-companies.


21 Example of a disclosure notice on a video directed to children.