

**Neopian Economics of Play:
Children's Cyberpets and Online Communities as Immersive Advertising in
NeoPets.com**

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The International Journal of Media and Cultural Politics 1(2) (2005): 181-198.

Abstract

This paper examines NeoPets, an online community for children where members create or adopt a virtual pet. The NeoPets Corporation is examined, with attention paid to their practice of "immersive advertising" amidst concerns over the increasing commercialization and branding of children's web-based content and culture. Ethical issues explored include privacy and intellectual property.

Keywords

Children and Internet, Children's Media Commercialization, Children's Media Culture, Immersive Advertising, Marketing Towards Children, Online Games

Introduction

In Western countries, children and youth are accessing the internet from a home computer at increasing rates. The Pew Internet and American Life Project estimates that in 2001 17 million U.S. youth between 12-17 years of age used the internet, representing 73% of that age bracket. Often dubbed "Generation Y" (those born between 1978 and 2000) this large group are avid users of the internet, considering it "an information resource, an entertainment utility, and a tool for social connection" (Pew Internet and American Life 2001). Similar figures are evident in the UK, where the *UK Children Go Online* survey estimated that 75% of all 9-19 year olds have accessed the internet from a home computer (Livingstone and Bober 2004: 9). Concurrently, children's 'consumer power' has reached unprecedented heights in recent years. Sutherland and Thompson propose that children's spending has "doubled during each decade of the 1960s, 1970s and 1980s and has tripled in the 1990s" (2001: 79). Market researchers estimate the value of the children's market at around \$115 billion USD (\$1.8 billion for the Canadian "tween" market alone), including both the money children spend themselves and the influence they exert over family purchases (Sutherland and Thompson 2001). As a result, children's culture is increasingly dominated and defined by market interests, as advertisers, children's industries, and other producers of consumer goods clamor to capture the hearts, minds and pocketbooks of this profitable demographic.

The creation of online communities and spaces for children and youth has thus become a growing and lucrative endeavor for many media, toy and food companies. This paper provides a critical analysis of one such online community called NeoPets, whose premise is that users create or adopt a virtual pet to nurture. Acquisition of currency (called "NeoPoints"), gained by playing various games, exchanging or selling items,

filling out marketing surveys, and entering contests and games of chance, allows for the purchase of petfood and other virtual consumer products. NeoPets borrows from previous cyberpets such as the Japanese Tamagotchi, a small interactive handheld game popular in the 1990s, as well as character-based collection narratives such as Pokémon and Yu-Gi-Oh! (also of Japanese origin). Cyberpets demand a level of playful nurturing, more typical of games and toys targeting both male and female audiences. Similar to Pokémon cards and plush toy Beanie Babies, NeoPets emphasizes what Cook calls an “ethos of acquisition for acquisition’s sake” (2001: 81). As users learn about each of the various species of NeoPets—their particular attributes, accessories and storylines—they are encouraged to buy related merchandise and collectibles, which includes trading cards, plush toys, and numerous product tie-ins and licensed media spin-offs.

NeoPets is part of a landscape of global youthful digital entertainment products that have emerged with the internet and technological convergence. In its few years of operation, 16-million users have created NeoPets. According to promotional material, NeoPets is one of the fastest growing internet youth communities. NeoPets is also financially successful, with \$6-million annual revenues for 2000, and estimates of \$12-15 million in revenues for 2001 (Bowman 2002). But instead of subscription fees, the NeoPets site generates revenue through a strategy it calls “immersive advertising”, a scheme similar to product placement in films. Food manufacturers and entertainment giants have thus flocked to NeoPets, eager to reach this youthful market through insinuation of their brand in games and activities on the site. NeoPets generates a substantial part of its revenue by providing market research and consumer studies of its users. With an executive team drawn from the online marketing research industry, NeoPets executives boast that their “Youth Pulse” research reports have become a staple resource for Fortune 1000 companies targeting children and youth (NeoPets Press Kit 2004).

Livingstone (2003), in surveying the burgeoning research on children and new media, points out that research on content has paid scant attention to the ethics of internet commercialization, whereas the problematic and perils of online pornography have dominated policy discussions. It is also stunning to note how policymakers have typically neglected children and youth, despite their growing online presence, as a viable constituency when dealing with e-commerce discussions amidst the overall political economic framework of the internet. Furthermore, as Langer (2004: 255) demonstrates, the emergence of ‘commoditoys’ characterized by “a capacity to stimulate rather than satisfy longing”, and the notions of childhood that these embody, are closely linked to the global expansion of the child consumer market. This case study of NeoPets thus offers a modest contribution to the emerging issue of the ethics of web commercialization for children and to the global culture of children’s branded entertainment. The methodology consists of a textual analysis of the NeoPets website, as well as a political economic analysis of the corporate strategies of NeoPets.com, Inc. The NeoPets site exemplifies what Montgomery (2000) terms the new “children’s digital media culture”—a culture which fosters deepening levels of intimacy between marketers and children by dissolving traditional barriers between ‘content and commerce’. By highlighting the nature and underlying business practices of the NeoPets.com webspace we hope to provide an overview and discussion of debates surrounding the ethics of new online marketing practices targeting children and youth—and the overwhelming branding of Generation Y.

NeoPets.com – Gameplay, Design and Capitalist Ideology

NeoPets (www.neopets.com) is a free online site where members create or adopt their own NeoPets (each has a unique name and characteristics), look after their health and welfare, explore the community of Neopia, and in the process earn and spend NeoPoints – Neopian currency necessary to buy food and sustenance for their NeoPet. In lieu of a subscription fee, the NeoPets site generates revenue from immersive advertising™ (the term has been trademarked), a practice akin to product placement techniques deployed in films and television. In Neopia, products and brand names are integrated within the many games and features that are part of the rich content on the site. Advertisers and entertainment companies – including Mattel, Walt Disney, Kraft, McDonald's, and Proctor & Gamble – have flocked to NeoPets, eager to reach the tween and teen market.

Created in 1999 by two British students, Adam Powell and Donna Williams, as a way to “keep university students entertained, and possibly make some cash from banner advertising” (Headon 2002), the site quickly became popular. Realizing its commercial potential, NeoPets was purchased by American market researcher Doug Dohring the same year. NeoPets is now a privately held corporation based in Glendale, California. Company literature boasts more than 50 million registered accounts over the past three years, more than two billion page views per month, and ranking as one of the top 10 “stickiest sites” by Nielsen/NetRatings (NeoPets Press Kit 2003). The company estimates that there are more than 60,000 account registrations per day, with anticipated registrations reaching 60-million by the end of 2003. However, these accounts do not necessarily represent individual users – individuals can and often do have more than one account. As of April 2003, the site administrators estimated that there were 16 million NeoPet users.

The majority of NeoPets users are under 18 years of age, with 39% below the age of twelve and 40% between 13-17 years. The gender breakdown is 57% female and 43% male. Most users are located in the U.S., the U.K. and Canada (i.e. English language countries), but the company's goal is to “continue development as the largest global youth entertainment network on the Internet, accessible in more than seven languages by 2004” (NeoPets Press Kit 2003).

For many children, NeoPets is an entertaining and significantly complex online community where members can interact, construct projects, play games, and engage in various activities. The site melds elements of popular culture genres, appealing to children of both genders and recreating the concepts of “segmentation” and “specialization,” akin in design to Disney theme-parks and Gymboree play centres. There is Faerieland, the medieval town of Meridell, the creepy Haunted Woods, and the pirate-ridden Mystery Island, among others. Many of the games are also familiar – adapted versions of Minesweeper, Tetris, and Solitaire. Gameplay occurs in real-time, so that the plot lines and characters develop continuously. The members themselves, who contribute articles and stories for *The Neopian Times* and other interactive and collaborative features of the site, create much of the storyline. In order to participate in the creation of content on NeoPets.com, however, children (and their parents if the child is under 13) must first agree to a sweeping end-user license agreement (EULA) or ‘terms of use’ (TOU), that eliminate any claim children may otherwise have over their creative contributions.

NeoPets Design and Gameplay

The design of the NeoPets site is that of the standard website ‘look and feel’, featuring toolbars and menus. It is primarily a static, non-animated, click-through trajectory, although the more complex aspects (such as games and animated short-films) must be downloaded or appear in pop-ups. NeoPets conforms to modern conventions found in Saturday morning cartoon series, comics, children’s advertising and product design: the use of a brightly colored palate, with a predominance of primary and secondary colours, and highly-stylized, “bubbly” graphics. The pets themselves represent a hybrid of traditional Disney-style, anthropomorphic animals with elements of Japanese animé traditions made famous by other popular children’s brands such as Pokémon and Sailor Moon.

To sign up, a member creates a user name and password, and an activation code is then forwarded to their (or their parent’s) e-mail address. Gameplay starts with the creation of a pet: one either adopts one that is already made or creates a customized “newborn,” with each account holding up to four different pets at a time. Members choose from 46 different pet species, selecting the name, gender, colour, and general personality of the pet. Pets have some set attributes, while others are selected from a limited range of options. Players are then able to participate in various activities, most of which revolve around the following four major themes (as listed in Table 1): sociability, entertainment, exploration and creativity.

Table 1: NeoPets.com Gameplay Themes

Sociability	Chatrooms, instant messaging, forums, e-mail. Role-playing in chat rooms and multiplayer games. Bartering: placing items for sale in the Trading Post or in the Auction. Guilds (clubs) are grouped under themes, hobbies, or popular culture. Children under 13 must have their parent’s permission to interact with others.
Entertainment	Developing storylines for NeoPets characters. Gameplaying (puzzles, shooters, strategy games, games of chance, contests). Downloading movie clips related to Neopia or feature movie trailers.
Exploration	Quests are provided by Guilds and core characters that require in-depth exploration of Neopia, locating rare items or shopping for items in Neoshops, the Marketplace, or the Trading Post.
Creativity	Creation of personal pet websites. Art Gallery and Poetry Center for original drawings/paintings/poems about personal pets.

NeoPets Ideology: Consumerism R Us

NeoPets play takes place in the fantastical community of Neopia, which provides a facsimile of suburban communities – neighborhoods and regions, retail services, and entertainment facilities. It features institutions and services that propel a virtual economy, complete with a “NeoPoints” (NP) currency system that closely mirrors the capitalist currency system, with daily inflation reports, a stock market, and accrued interest on NeoPoints deposited into bank accounts. Because one of the main goals of the game is to sustain your pet’s health and well being, feeding, grooming and amusing them are key activities, all of which require the ongoing acquisition of virtual “items” (such as food, clothes, and toys) and NeoPoints. A fairly complex system of commerce supports these activities, including shops, a service industry, employment opportunities, and other forms of trade. Interspersed throughout these features are numerous branding initiatives,

embedded advertisements, and links to real-world online stores. Table 2 provides an overview of these various commerce themed activities, and any related, “real-life” marketing and e-commerce features that appear within NeoPets.com.

Table 2: In-game and real world activities relating to commerce in Neopets.com

	Game Activities	Real World Activities
Shopping	NeoPets Marketplace (Official Items stores); NeoPets Bazaar (User-generated Items stores); Auction House (small scale eBay auction for Items); Specialty Shops (Items shops particular to certain theme areas); Real Estate (Homes for pets)	NeoPets Merchandise (Product announcements, catalogue); 99 Dogs.com (Online store, NeoPets merchandise); Thinkway Toys (Online store, NeoPets merchandise); Limited Too (Online catalogue for NeoPets merchandise)
Service Industry	Neolodge Hotel (Users pay for room and board for their pet at the hotel) Beauty Shop (Beauty and grooming products)	General Mills Cereal Adventure (Sponsored movies, games, activities, General Mills cereal for pets) Disney Theatre (Advertising, movies, games, Disney pet food) McDonald's (Ads, games, pet food)
Trade	Trading Post (Users can organize Items trades)	
Investing	Rare Items; Collector's Cards; Post Office (Virtual stamp collecting) Coin Shop (Virtual coin collecting); Stock Market (Neodaq Index); Bank and Safety Deposit Box (To store NP, accrue interest)	NeoPets Trading Card Game (Product announcements, input codes from card purchases into website for extra level); NeoPets Collectibles (Product announcements, store locator, online catalogue)
Employment	Employment Agency; Faerie Quests (Users are sent to retrieve/purchase Items in exchange for NP or rewards)	Polls/surveys; Special Offers (Fill out surveys, click on ads in exchange for NP)
Entrepreneurialism	User Shops (Users create a shop, sell items); Plushie Tycoon (Users run a simulation toy manufacturing company)	
Training/Education	Battledome (Battle other players for experience points); Swashbuckling Academy (Users pay “tuition” to have experience increased)	
Social Services	The Money Tree (Donate or receive donated items); Soup Kitchen (Free food); Neopian Hospital (Lists Items needed to cure pet illnesses); Adoption Centre (Get rid of/adopt unwanted pets)	General Mills Cereal Adventure (Free cereal for your pet upon completion of product preference survey)

Participation in this economy is a necessary part of gameplay, not only in terms of the survival and maintenance of the NeoPets, but also as a result of the enormous focus placed on exchange and acquisition that pervades the game's activities and features. Thus, a member's economic status can significantly limit or greatly enhance access and enjoyment of the site. While acquiring NeoPoints is a perpetual pursuit, obtaining items is almost just as important, as they serve a variety of purposes: to maintain pets (grooming, dressing, acquiring weapons, etc.), to establish collectibles, sales and exchanges, quests, and prestige. Items can be acquired by winning them on games, via

random exploratory events, and through purchase in shops, auctions and trades. Impulse shopping is an especially easy and rewarding way to acquire new items in Neopia: users sell items at high prices and often the marketplace sells very limited quantities and assortments at limited times (for instance, every ten minutes). Entire inventories sell out in seconds, so purchases must be made quickly and impulsively. There is thus a strong incentive for members to stock up on regular items, and particularly to seek out and collect specialty items, as any item available today might become rare and valuable later.

NeoEconomics is thus based on a strong ethos of exchange value as entertainment. Embedded throughout NeoPets is a strong culture of consumerism and acquisition. Gameplay, as described above, depends on gaining as many NeoPoints as possible, participating in ongoing economic exchange, and understanding a fairly complex currency system. Gameplay also encourages entrepreneurialism. This feature of the site is reminiscent of Cook’s (2001) analysis of Pokémon and similar collection-based games and toys. Cook warns that the emergent ethos established through the commercial construction of childhood is one that promotes capitalist exchange value as the very objective of play and cultural exchange. This development is crucial, he argues, because the children’s commercial media is essentially “instructional”—teaching children models for being and experiencing the world.

In their corporate relations materials, NeoPets brags of a viable internet business model in terms of advertising, generating ad revenues and possibly influencing consumer behaviours. They describe their trademarked term “Immersive Advertising®” as “similar to the concept of product placement,...Immersive Advertising directly integrates a sponsor’s product or service into the activities available within the site.” NeoPets sponsors include consumer clients, entertainment and publishing industry giants and advertising agencies, such as Kraft, Mattel, McDonald’s, Disney, and MGM. Lee Borth, the Chief Operating Officer, claims that immersive advertising is more efficacious in reaching children than magazine or television ads, and creates a more lasting impression: “The opportunities with this form of advertising are unlimited” (“Advertisers Reach Generation Y” 2001).

Immersive advertising works by integrating advertising as spaces or components throughout Neopia. Table 3 illustrates some of these branding strategies.

Table 3: Neopets.com Immersive Advertising Co-Branding Strategies

Neopets shops feature branded products	Examples : the Disney theatre featuring movie trailers and play games; the McDonald’s restaurant to purchase pet food, play games, or read a story; General Mills’ ‘public service’ area for members to feed pets free cereal by selecting their favorite type.
Food promotions	Example : the Honey Nut Cheerios promotion in 2002, with “rare item codes” found in all boxes of the cereal (Dobson 2002).
Neopets Games	Example : Mattel/Barbie’s “My Scene” and Disney’s Princess line joint game where players must match images of actual products with the product name. McDonalds: sponsored Pacman-type hamburger game and integration of 109 plushy toys and 15 trading cards into their Happy Meals (Hopkins, 2004).

Merchandising	Through Walmart, Thinkway Toys, and the Limited Too (pre-teen clothing store) : plush toys, voice activated toys, notepads, stickers, clothing, accessories (earrings, keyrings, pendants, temporary tattoos, bracelets, charms, magnets), NeoPets Trading Card Game.
New Products	Comic books. Playstation 2 video game. Through Viacom, CD-ROMS, books.

Advertisers hope that immersive advertising campaigns will encourage children to play with their products, thus enabling them to later identify the brand. In order to promote its new DivaStarz dolls, Mattel allowed NeoPets users to purchase a doll for their pet. According to Courtney Lane, director of the girls' inter-active division, this limited-time offering allowed Mattel to "create a strong brand impression and generate real excitement around the characters...that's very hard to do in a 15-second TV commercial" (Inside Track 2002). Immersive advertising campaigns for General Mills have been so successful in the past that the company has signed a multi-year partnership with NeoPets to continue promotions for its child-targeted cereals (such as Lucky Charms and Trix) (Kim 2004). Said Kathy Pyle, McDonald's Director of Family and Kids Marketing on the 'synergistic' integration of NeoPets plushies and trading cards into Happy Meals, "We always look for what's hot and new for kids...Neopets definitely came to the top of the list: new, fresh, interactive and different" (Hopkins 2004).

Branding Kids

The ethos of the "child consumer" is hardly limited to NeoPets and other forms of online "advertainment". Kapur argues that contemporary notions about children are the result of deliberate efforts by industry forces and the commercial media to "transform the twentieth-century notion of children as innocents in need of protection to one of children as sovereign, playful, thinking consumers" (1999: 125). Concurrently, the custom of the "weekly allowance" and the "newly perceived need to teach children how to spend money and derive personal meaning and satisfaction through the use of goods" (Kline 1993: 182) has become a predominant feature in Western families. The annual buying power of the tween market in North America is estimated to be between \$41 billion and \$260 billion – a figure which reflects money spent on them by parents and relatives, and their influence in family purchasing decisions. In Canada, children between the ages of 9-14 spend nearly \$1.7B of their own money and further influence \$20B in household purchases (Snider 2002).

This group challenges marketers; as the tween years are perceived to be the most impressionable in terms of awareness of consumer goods, peer pressure, and cultivation of brand loyalty and appeal. Tweens become aware of what clothes, music, and products are cool – and, just as important, what is *not* cool. But despite this challenge, marketers have jostled to create the most innovative campaigns to capture the hearts and pocketbooks of North American tweens. NeoPets.com can therefore be seen as just one of the newest players in a huge marketing industry devoted to child and youth marketing. The psychographics of the tween market have been laboriously analyzed, from gendered assumptions to age segmentation. Studies have indicated that reaching youth through online advertising is more difficult than with older consumers (Gardyn 2002). Targeting innovatively via the internet has thus become a necessary line of attack, and "if you can get someone to click to your site, it creates a relationship between product and consumer" (Snider 2002).

NeoPets is thus “hoping to build a children’s media empire – including an eventual foray into film and television” (Bowman 2002). This is also a global plan, reflected in the establishment of a NeoPets Asia Division based in Singapore in anticipation of their expansion of the site into Chinese, Japanese, and Korean. By 2002, NeoPets had already attracted over 600,000 users in Singapore alone and was negotiating partnerships and brand expansion opportunities with local businesses. NeoPets’ expansion into the Asian market has led to a deal with Micromax, a company that produces educational software for children at the elementary level. Their collaboration combines the NeoPets game with an academic reward system, wherein “children can get special items for their NeoPets by scoring well in [tests]” (Soh 2002). NeoPets also appeals to different age groups by creating distinct levels of ability through age differentiation, and licensing different toys to appeal to both girls and boys (charm bracelets, stickers, and plushies for girls; collecting cards for boys).

NeoPets conducts in-house studies on the effectiveness of immersive advertising campaigns, measuring awareness, preference and consumption. In one instance, Kraft introduced their new drink, Capri Sun, via immersive advertising. According to NeoPets executives, research revealed that more than 35.8% of NeoPets members had tried the drink, which rose to 43% six months after its presence in Neopia’s marketplace (Weingarten 2002). With Heinz EZ Squirt Ketchup, NeoPets boasted of increasing trials of the product by 18% (Inside Track 2002). Youth attitudes towards advertising, social issues, finance, and investment were the focus of a 2003 NeoPets research report meant to help marketers identify various strategies for attracting youth. Some of the findings of the online survey were that male tweens are especially interested in collecting items that gain in value over a period of time, with the recommendation that marketers create collectibles; and that the most important social issue for youth was “problems with other countries” (NeoPets Youth Study 2003). The barefaced glee of NeoPets executives in touting the efficacy of immersive advertising is countered by critics who decry what they see as a blatant example of commodified play. Inserting advertising into digital games has been a common practice in recent years. For instance, the videogame *The Getaway* for the Sony PlayStation 2 features realistic racing scenes in East End London, where familiar stores are displayed (The Body Shop) and players can choose from brand cars (including Lexus and Audi).

Referring to this trend in the context of videogames, Kline, Dyer-Witford and de Peuter comment on how “free play has been subject to the enclosures of digital commodity forms offered by the interactive entertainment industry” (2003: 244). Aside from its more palpable displays, advergaming is presented by marketing executives as a “for kids by kids” space – the argument is that children are not compelled to play the sponsored games or use sponsored items. Says NeoPets Executive VP Rik Kinney: “the games are very popular and kids like that stuff. We get comments like, ‘I love Capri Sun and my pet loves it too’” (Snider 2002). When Miramax approached NeoPets to promote their new movie release *Spy Kids*, NeoPets created the ‘*Spy Kids Theater*’ which featured a trailer of the film: “If the users want to go there, they go there. It’s not forced on the user in any way. So we integrate the advertiser’s product into the content”, commented Dohring (Gordon 2002).

Integrated marketing through cross-licensing and cross-media merchandising has been a staple of North American children’s media culture for decades, reaching a threshold in the 1980s Reagan era, with the manic merging of commercial television culture and the toy industry, the introduction of specialty children’s cable channels, and the deregulation

of children's television by the Federal Communications Commission (FCC). (Kline 1993). As Seiter (1993) has recounted, many critics were concerned about the over-commercialization of children's television content, such as *Action for Children's Television* which led a campaign to increase regulation of the television industry through coaxing parents to pressure television producers to create quality programming, and to push for governmental legislation.

The debates surrounding children and media in the 1980s are similar to contemporary concerns over advergames. Some claim that children are vulnerable and thus exploited by commercial interests. Kline argues that "advertisements acquaint children with the basic framework of consumer behavior—with the need for money to purchase things they want in the stores" (1993: 347-8). To these theorists, marketing puts kids in a flow state where they become more vulnerable and suggestive to advertising; it increases the 'Pester Power' children bestow upon parents to acquire the goods advertised to them. Media education and literacy groups have also criticized the commercialization of websites for children and youth (Center for Media Education 2001). Montgomery has called for a broadened research agenda to analyze the impact of a commercial media landscape on the development of children and youth, and has also called for the "development of a healthy, noncommercial civic sector in the new media landscape" (2000: 648).

Others confer upon children a set of critical faculties that allows them to look at media commercialism with a more nuanced edge. Seiter and Buckingham both contend that many of the arguments against commercialism are "elitist moral judgments" which distract from more important issues such as gender, race and class stereotyping or their absence altogether (Seiter 1993: 6). Rather than protecting children from commercialism, these critics say, let's instead give them the tools for critical assessment through media literacy programs. Indeed, many children are active agents in their media participation – through alternate readings, subversive practices, or ironic posturing towards the media messages. Rather than being gullible, many children are downright cynical about how media addresses them. As Willis (1991) proposes, children have the ability to extract individual use value from commodities—using them as tools for self-expression, for articulating social relationships, and for understanding the world around them. Children's play and interpretations of society, their "negotiated" and "resistant" readings, are thus perceived as legitimate sources of empowerment, whereas children's preferences and knowledge serve as "cultural capital" to distinguish themselves from other children and age groups (Kinder 1999).

Neopian Ethics and Terms of Play

Aside from the ethos of the gameplay and narrative itself, NeoPets raises many salient issues about the ethical nature of immersive advertising, including children's privacy rights amidst embedded data mining strategies, and their intellectual property rights in creating online content. If contemporary children's culture is truly "inseparable from media use", it is also intimately familiar with emerging forms of media surveillance (Cook 2001: 82). The prominence of media surveillance in NeoPets is illustrated by the substantive role played by marketing research and immersive advertising practices in the development and management of the site and related products. "Instead of selling a media product itself," Seiter observes, "NeoPets is selling information about the children and young adults who are its fans" (2004: 98). This general process is increasingly common in kids' commercial culture, and has only "intensified with the newer, more elaborate tracking techniques and organization of data made available through

computers” (Kapur 1999: 126). New technologies and tools, such as data mining, are changing the very nature of consumer research through the application of increasingly unobtrusive, yet highly *intrusive*, ethnographic research and the collection of enormous amounts of data on children’s consumer habits, preferences and daily activities. Schor (2004) highlights the complex ethical lapses such practices embody: “who is benefiting financially from the information being elicited from children?”, she asks. Research and client companies gain the most from a “form of financial exploitation we tolerate because it’s kids, rather than adults, whose ideas, creativity, and labor are being shortchanged” (2004: 117).

Youth marketing researchers have been especially creative in finding new ways to study and understand their audience, sending teams of anthropologists to children’s homes to study their interactions with digital technologies (Russakoff 1999), and hiring “trend-setting” teens to spy and report on their peers (Goodman and Dretzin 2001). These tactics, often termed “cool-hunting” (Russakoff 1999) or “profiling” (Montgomery 2000), demand an increasingly invasive approach. When applied to the internet, youth market research often translates to the “ongoing collection of personal information and tracking of on-line behaviour” (Montgomery 2000: 639). This phenomenon has manifested itself in various forms, including the FreeZone Network’s “branded chats” with young consumers (hosted online chats with celebrities, athletes, and game developers) and the innumerable contests and games that require participants to fill out surveys before entering. Although many of these activities have fallen under the mounting scrutiny of consumer watchdogs and child advocacy groups—as well as the U.S. government’s Children’s Online Privacy Protection Act—more subtle methods of data mining remain for the most part unregulated and unrestricted.

Privacy Problematics

In the United States, all children’s websites must adhere to the Children’s Online Privacy Protection Act established in April 2000 (COPPA). Under the jurisdiction of the Federal Trade Commission (FTC), COPPA requires website operators that target children or that knowingly collect information from children thirteen years of age or under to post a privacy policy. The privacy policy must include information on the types of personal information collected from children (name, home address, or e-mail address); how the website will use the information; whether personal information is forwarded to advertisers or other third parties; and a contact at the site. Often, websites must obtain parental consent before collecting, using or disclosing personal information about a child. Consent is not required when websites collect an e-mail address in a one-time request from a child; to provide parental notice; to ensure child safety; or to send a newsletter or other information on a regular basis as long as there is parental notification and a chance of refusal (see COPPA at <http://www.ftc.gov/privacy/privacyinitiatives/childrens.html>).

Critics of COPPA are concerned that the FTC methods for verification of children under 13 (sending or faxing signed printed forms, calling toll-free numbers, or forwarding digital signatures through e-mail) are unwieldy. Allen (2001) has criticized COPPA for its arbitrary distinction of age thirteen as being “sufficiently adult”. Many young teenagers, she argues, need parental guidance. Turow and Nir’s survey of parental and kids attitudes toward online privacy revealed that, while young people are very concerned with protecting their personal information, “when we give them specific opportunities to get a free gift in exchange for personal or family information, a much larger proportion of kids than parents are ready to do it” (2003: 187).

NeoPets generates a substantial amount of marketing research and publishes various reports – demographics, user preferences, an annual “Youth Pulse” study, and advertising efficacy analysis – for sponsors and partners. For instance, the NeoPets Press Kit boasts:

Neopets has the largest COPPA compliant [...] online market research panel in the world, containing more than 50,000 12 and younger panelists complete with written parental permission. (Frequently Asked Questions 2004).

The NeoPets COPPA-compliant privacy policy states that the collection of non-personally identifiable information is used “to improve the design and content of our site, to personalize our visitors’ experience on NeoPets.com, and to offer products, programs, and services. We also may use this information in the aggregate to analyze site usage, as well as to offer products, programs, or services” (Privacy Policy 2003). Cookies are used to count numbers of visitors and to determine which sections of the site they visit most often. While not an uncommon practice, data mining to benefit marketers who then use this information to feed into content creation perpetuates branded unimaginativeness. These contentious industry practices also have important ethical repercussions in terms of children’s rights to privacy and freedom of expression. Although the majority of the literature and policies on children’s privacy issues has been limited to the protection of personally identifiable information (such as name, home address, etc.), little attention is paid to information collected and stored in aggregate form. The fact remains, however, that detailed studies generalizable to whole demographics and interest groups (such as the ones found in the NeoPets Youth Pulse studies) are often what marketers and advertisers value most (Lindstrom, 2003; Sutherland and Thompson, 2001). Hidden data mining technologies on children’s websites allow market researchers to construct richly detailed consumer profiles of a demographic group that is otherwise extremely difficult to gain access to.

While the NeoPets privacy policy appears to comply with COPPA and is very specific about certain practices (for instance, asking children under the age of 13 who wish to enter contests to provide their parents e-mail address), the language of the privacy policy appears to be directed towards parents, or older teens, rather than the young NeoPets user. Even though new users are asked to pick an age category, there is no guarantee, of course, that children are the age they claim to be online. Do children have an expectation of privacy? Do they understand the nuances of privacy? Though several recent studies have touched upon privacy related to young internet users, research often focuses more on personal privacy and anonymity in informal personal communication, rather than perceptions about privacy in commercial sites. The *UK Children Go Online* study of over 1500 15-19 year olds revealed that children are more concerned about maintaining their privacy from people they know, rather than from commercial sites. Young people devise a variety of strategies to protect their computer and online privacy within the home, such as deleting emails, history files and cookies so family members couldn’t read them, or minimizing computer windows when family members walked into the room (Livingstone and Bober, 2004, 45-46).

The Canadian-based Media Awareness Network (MNet) study, *Young Canadians in a Wired World II* (2004), measured changes and attitudes in the use of online technology through twelve focus groups of 62 young people aged 11-17 years. Several questions focused on personal privacy related to use of instant messaging (IM) and on whether or

not young people divulged personal information online. Similar to the UK study, respondents described that IM provided a way for them to achieve privacy and intimacy through community creation, maintaining buddy lists and blocking unwanted communication. Although young people felt that it was important to keep personal data private, often substituting false information, they were more concerned about identity theft than in divulging intimate thoughts.

Focusing instead on young people's attitudes towards advertising and perceptions on privacy in commercial websites, Shade, Porter and Sanchez (2004) interviewed 35 young people aged 7-17 in several eastern Canadian cities. Many of the respondents were not perturbed at all by the immersion of brand names into online games and stories, even finding it natural. Among those respondents who did find branding annoying or gratuitous, most tended to ignore these commercial elements in favor of playing the games. Their notion of online privacy was also weak. For some young people, there was no fear of giving out personal information online, although their responses revealed caution as to how much personal information they would reveal about themselves or their family. Furthermore, the young people interviewed tended to ignore privacy statements found on websites and in accessing services such as Hotmail and MSN.

Whose Intellectual Property?

Debates over peer-to-peer file sharing have pitted commercial versus non-commercial content, consumer versus corporate interests, and the rights of property over piracy. Typically when these debates have involved youth culture, they have swirled over the practices of music and movie downloading, with the stakeholders including the Motion Picture Association of America (MPAA) and the Recording Industry Association of America (RIAA). Rarely, if ever, do intellectual property debates position or consider children as cultural producers in their own right. Yet, marketing research practices can be seen as infringing upon children's potential intellectual property rights, through their appropriation of the ideas, creativeness, and cultural artifacts children produce and distribute online. NeoPets users create characters, artwork, storylines, and websites that are then extracted, compiled and sold by the NeoPets corporation. Although a substantial proportion of the site's pages and activities are generated and sustained by the users, NeoPets claims full ownership over any content that appears within the confines of the Neopian community.

In the Terms and Conditions posted on the site, presented in a child-friendly style, NeoPets says that any and all written material posted on chats or message boards "means we can use it in any way we want, anywhere, until the end of time. If you're under age 18, remember to ALWAYS ALWAYS check with your parents before you send anything to us or post anything on the site!" and "By submitting material in any manner to NeoPets, you (and your parents) are automatically granting us permission to use those materials for free in any manner we can think of forever throughout the universe." These practices go against Lessig's notion of a 'free culture' which "supports and protects creators and innovators" through intellectual property rights that guarantee that "follow-on creators and innovators remain *as free as possible* from the control of the past" (2004: 13). It remains unclear, however, if these claims of intellectual property ownership are truly fair and legitimate under current national and international law. Where do the users' property rights over their own creations and creative works begin and end? What are the implications of children and youth being used for these purposes?

Conclusion

As children and youth continue to expand their access and presence on the internet, they adopt participatory roles in the creation of online content and contribute in meaningful ways to online environments, including games and communities. The fact remains, however, that when popular children's arenas are owned and operated under the sole prerogative of industry interests, the best interests of young users are at risk of being suppressed and exploited. Although NeoPets claims to foster a space "for kids, by kids," their sweeping intellectual property claims over children's online contributions greatly restricts and undermines children's cultural participation. Further research on the relationship between children and the legal contracts found on children's websites would allow a better understanding of the impact Terms and Conditions contracts might have on children's experience and autonomy online.

The failure of judicial entities to adequately address issues surrounding widespread file-sharing activities has perhaps forced realignment in industry business practices and the wider development of "open-source" commercialized models of various internet applications. Although the realm of online games and communities has not received the same level of public attention or political contestation as music sharing and piracy, it nonetheless remains a dynamic and relevant site of study in the ongoing negotiation between user agency and industry interests that is shaping the course of new media technologies. This exchange is all the more pertinent when the user group in question consists predominantly of minors—children who are largely ignorant of the labour relations and legal implications of the activities and agreements they are engaging with.

As children are sucked into the commercial market in an increasingly competitive cradle-to-grave branding strategy (Linn 2004), NeoPets' strategy of immersive advertising amidst a fantastical community concerned with the ethos of acquisition and entrepreneurialism as entertainment provides a salient example of "childhood as a cultural space constituted by consumerism" (Langer 2004: 260), fortified by the global children's culture industry that depends on manufacturing an incessant need for children to consume 'commoditoys' (2004: 255). NeoPets global marketing strategy of cross-media licensing and integrated marketing is a blatant example of branding children's media environments, a trend many parents, media educators, and policymakers find disturbing. Children and youth are a very desirable market for producers of packaged and fast food products, entertainment, and clothing, but in slapping consumer culture onto children's culture, we are denying children a degree of autonomy and agency in creating their own spaces.

This case study is part of a larger project funded by the Social Sciences and Humanities Research Council of Canada (SSHRC), Children, Young People and New Media in the Home. Many thanks for their generous support.

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