



## **SKY UK'S RESPONSE TO THE GOVERNMENT'S CALL FOR EVIDENCE: REVIEW OF GAMING MACHINES AND SOCIAL RESPONSIBILITY MEASURES**

### **EXECUTIVE SUMMARY**

1. Sky welcomes the opportunity to respond to the Government's call for evidence on gaming machines and social responsibility measures. We are responding to the call for evidence specifically on Q7: *Is there any evidence on whether existing rules on gambling advertising are appropriate to protect children and vulnerable people from the possible harmful impact of gambling advertising?*
2. The focus of this review is quite rightly the incidence of problem gambling and whether the gambling industry is behaving in a socially responsible way to protect consumers and communities. Advertising (and television advertising in particular) is an important part of the gambling industry, but it is a part where there are strict rules in place to prevent potential harm to children and vulnerable adults.
3. Sky broadcasts a number of commercial television channels in the UK. Our advertising sales house, Sky Media, represents all of Sky's television channels and sells on behalf of a range of broadcasters and channels including Channel 5, Discovery, National Geographic, HISTORY, MTV, FOX, Universal, and Comedy Central. Sky Media represents over 130 channels reaching 80% of the UK population each week. Gambling advertising ranges from lottery and bingo, to online poker and sports betting.
4. Sky has contributed to a number of advertising reviews since the liberalisation of gambling advertising in 2007. We were closely involved in the last multi-agency review in 2014 that resulted in new scheduling restrictions around pre-watershed sign-up offers, which were implemented in February 2016. The impact of these measures has yet to be fully realised and assessed.
5. We have examined a wide range of evidence, and it consistently demonstrates that exposure to gambling advertising among children and young adults is not only low, but has declined significantly since the last time Ofcom reviewed the evidence on exposure in 2013. In 2014 CAP and BCAP, found that 'the evidence shows that the impact of gambling advertising on these areas is limited.
6. We're confident that the strict content and scheduling rules in place set the right level of protection for young and vulnerable people.<sup>1</sup> In the two years since the CAP and BCAP review, exposure to gambling advertising has fallen significantly among children and young adults, and there is no new evidence to suggest advertising is contributing to problem gambling.

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<sup>1</sup> <https://www.cap.org.uk/News-reports/Media-Centre/2014/Gambling-advertising-review.aspx>

## **Recreating Ofcom's evidence from 2013 shows children's exposure to gambling advertising has fallen significantly<sup>2</sup>**

7. The key findings of our review of the available evidence on exposure on television are:
- Gambling advertising makes up 3.5% of all adults advertising impacts on commercial television, with sports betting only making up 0.6% of impacts.<sup>3</sup>
  - To put that in perspective 8.21% of impacts are to cosmetics and personal care and financial services make up 12% of ads seen by adults. Adults see as many sports betting ads as they see ads for toothpaste.<sup>4</sup>
  - Children in 2015 were exposed to around 5.5% less television advertising than they were in 2012. The change has been even more pronounced among children aged 10-15 who saw 16.4% less television advertising.
  - Children saw far fewer gambling ads in 2015 than in 2012. The average number of gambling ads seen by children aged 4-15 each week fell by 16.4% between 2012 and 2015.
  - In 2015 children on average saw 3.4 gambling advertisements each week, down from 4.1 in 2012.
  - Two-thirds of the betting adverts children see are after the 9pm watershed.<sup>5</sup>
  - In 2015 adults aged 16-24 saw 6.1% fewer gambling ads than they did in 2012. The average 16-24 year old sees 7.8 gambling ads per week.
  - Although men are much more likely to be problem gamblers than women, girls are equally as likely to be exposed to gambling advertising and sports betting as boys.
8. The Government should also note that while television still remains a powerful advertising medium, for children online activities overtook television watching for the first time in 2015.<sup>6</sup> A decrease in exposure to television advertising should be seen as a corresponding decrease in the potential for television advertising to cause social harms.

## **The most recent advertising exposure data from October 2015 to September 2016 shows an even more dramatic drop in exposure to gambling advertising**

9. If we look at the most recent data available from the 12 months between October 2015 and September 2016, there is an even more pronounced fall in children's exposure to gambling advertising. Children's gambling impacts have fallen 26% since the period between October 2012 and September 2013; 10-15 year old children's impacts have dropped 30% in the same period.<sup>7</sup>

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<sup>2</sup> ITV have replicated the methodology used by Ofcom in their review of trend in gambling advertising in 2013. Using BARB/Nielsen AdDynamix they have compared the change in impacts in each of the years from 2012 to 2015. See annex 1 for full data set.

<sup>3</sup> One commercial impact is defined as one viewer watching one 30-second television ad. Impacts are the main currency sold and purchased in the TV advertising market rather than slots, although some slots, 'specials' are sold individually. Sky Media bundles impacts across a channel schedule and across channels.

<sup>4</sup> Source: BARB/TechEdge; R/W Impacts; Oct 2015 - Sept 2016. 0.58% of advertising impacts were to sports betting ads and toothpaste/polish ads made up 0.65% of ad impacts.

<sup>5</sup> Betting includes sports betting, online poker and casino advertising, but excludes lottery and bingo.

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

<sup>7</sup> Our television advertising data is based on the BARB TechEdge system. Unless otherwise stated we have used the latest available evidence in our analysis, October 2015 to September 2016, and have compared it with the equivalent period in preceding years. Children are defined as between the ages 4 and 15.

## **A TV gambling advertising watershed would pose a significant financial threat to UK broadcasters, who will bear the brunt of any new restrictions**

10. []
11. As a highly successful sports broadcaster, there would be a material impact on Sky's business with new advertising restrictions. There is a significant premium associated with the advertising around live sporting events and further advertising restrictions would remove that premium. For example, advertisers such as sports betting companies pay an additional premium to place highly targeted advertising (i.e. based on scores and players) around live football matches.
12. The revenues from gambling advertising would not be directly replaced. By removing this specific genre of advertising from the ad breaks, broadcasters would have to fill vacant airtime. As there is no latent demand for TV advertising in the market, broadcasters would have to redistribute existing advertising across their schedules. This effectively decreases the demand for advertising airtime and with a fixed supply of airtime, creates price deflation.
13. Television advertising is far more heavily regulated than any other medium. Imposing additional regulation could erode the long-term competitiveness of television as an advertising medium and is likely to drive advertisers to less regulated areas online or to below the line marketing such as offers. The Government should note that the TV advertising market is already under significant pressure this year as a result of economic pressures; TV market revenues are set to be down 5-6% in the last quarter in 2016.<sup>8</sup> There is a risk further regulation would compound this.

## **New advertising restrictions threaten the health of the creative industries**

14. There is a virtuous circle of content investment where advertising revenue drives investment in programming and original content, which in turn drives increased viewing figures generating more advertising revenue.
15. []

## **Robust age verification systems are in place to prevent children from gambling<sup>9</sup>**

16. In spite of the increase in gambling advertising on television since 2007, the evidence on children's participation in gambling shows a substantial decline. The Gambling Commission's research, published in September 2016, shows that participation among 11-15 year olds is down by almost a third between 2011 and 2016.
17. In 2008/9 the Gambling Commission found that around 2% of children aged 12-15 were problem gamblers with 3.4% at risk. In 2016 0.4% of 12-15 year olds were deemed to be problem gamblers and the 12-15 year olds assessed to be at risk had halved to 1.6%.

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<sup>8</sup> Financial Times. TV advertising woes leave UK executives pining for Christmas past. 30 October 2016. <https://www.ft.com/content/8e1e3e1a-9c71-11e6-8324-be63473ce146>

<sup>9</sup> <http://www.gamblingcommission.gov.uk/docs/Young-People-and-Gambling-2016-Statistics-on-behalf-of-the-Commission.xlsx>

**There has not been a discernible increase in problem gambling in any age group in the last three years and there is no evidence to suggest television advertising causes an increase in problem gambling**

18. The Gambling Commission published its latest survey data on gambling participation in November 2016. The latest information shows there has been no statistically significant change in the rates of problem gamblers or moderate risk gamblers. Rates of problem gambling in the Gambling Commission's words remains 'relatively low' at between 0.3% and 0.7% of the population.<sup>10</sup>
19. The Gambling Commission research does show that those aged 18-24 are more likely to be problem gamblers. This is an area worth exploring more, but where the gambling industry is already taking action on areas such as responsible gambling messaging and tools.
20. Gambling Commission research published in November 2016 shows that only 1% of children were prompted to start gambling for the first time or prompted to increase the amount that they gamble.<sup>11</sup> The Gambling Commission found little evidence 'of a direct influence on gambling activity' and the majority (61%) of respondents to the survey said they had never gambled or seen adverts for gambling.
21. It is 'very unlikely that advertising is a major cause of problem gambling'.<sup>12</sup> The University of Gothenburg and the Responsible Gambling Trust reviewed the research around gambling advertising in 2014 and found that while advertising can have some impact in specific instances, 'in general, the impact of advertising on the prevalence of problem gambling is relatively small'.<sup>13</sup>

**Sky stands ready to work with the Government, the gambling industry and the regulatory authorities to tackle concerns about social harms**

22. Sky does recognise that concerns have been raised about the content and tone of some gambling advertising. This is an area that could warrant further examination. The Broadcast Committee for Advertising Practice and the Advertising Standards Authority have proved themselves as competent, evidence-based regulators. They have taken steps to address consumer concerns with advertising across all sectors and are best placed to review both the enforcement of current rules and any potential future changes to advertising codes.
23. While there are inevitably instances where some children see gambling adverts during sports programming, the evidence suggests this is not causing harm. This can partly be attributed to the falling incidences of gambling among children<sup>14</sup>, and suggests that the adverts themselves are not attractive to children or vulnerable groups in a way which encourages them to gamble, but they do target responsible adults, as intended by the rules.

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<sup>10</sup> <http://www.gamblingcommission.gov.uk/docs/Survey-data-on-gambling-participation-YEAR-TO-September-2016.xlsx>

<sup>11</sup> <http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf>

<sup>12</sup> The Responsible Gambling Trust and Per Binde, Gambling Advertising: A critical research review. 2014. pp19. [http://about.gambleaware.org/media/1165/binde\\_rgt\\_report\\_gambling\\_advertising\\_2014\\_final\\_color\\_115p.pdf](http://about.gambleaware.org/media/1165/binde_rgt_report_gambling_advertising_2014_final_color_115p.pdf)

<sup>13</sup> Ibid. pp 19.

<sup>14</sup> <http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf>

## SECTION 1: CURRENT REGULATION OF GAMBLING ADVERTISING

### Gambling advertising is already extensively regulated to avoid harm to young people

- 1.1 Gambling advertising is one of the most strictly regulated categories on television. There are both scheduling and content rules in place to ensure gambling ads are socially responsible and in particular protect children and vulnerable persons from potential harm. These rules are enforced both through the BCAP code that applies to broadcasters and through gambling operator licences issued by the Gambling Commission.
- 1.2 In summary the rules are<sup>15</sup>:
- (a) **Scheduling:** Gambling advertising is only allowed on TV before 9pm for the national lottery, bingo and sports betting only around televised sporting events.<sup>16</sup> It is also restricted around programmes with a disproportionately high child audience.
  - (b) **Scheduling:** Gambling advertising (except lotteries, football pools and equal chance gaming or prize gaming) cannot be shown around programmes made for children, or programmes likely to particularly appeal to people under 18. All gambling advertising is restricted around programmes made for, or of direct appeal to under-16s. Appeal is measured by an audience index.
  - (c) **Content:** Ads must not portray, condone or encourage socially irresponsible or harmful behaviour. They must not suggest gambling is an escape or a solution to financial or social concerns or that it can enhance personal qualities. Ads cannot link gambling to sexual success, toughness, resilience or recklessness.
  - (d) **Content:** Specifically for children and vulnerable people, ads must not: exploit the susceptibilities, aspirations, credulity, inexperience or lack of knowledge of under-18s or other vulnerable persons; be associated with youth culture; or feature anyone who is, or seems to be, under 25 years old gambling or playing a significant role. No-one may behave in an adolescent, juvenile or loutish way.

### Sky Media also voluntarily apply strict rules to gambling advertising around video on demand programming

- 1.3 Video on demand (VOD) is subject to a lower regulatory standard in the UK there are rules equivalent to the BCAP code around the content of gambling advertising, but no rules around the scheduling or placement of gambling advertising.<sup>17</sup>
- 1.4 Sky Media does place gambling advertising around its video on demand services both on the Sky+HD and Sky Q boxes, and on Sky Go. However, we have taken a precautionary approach and have strict internal policies to ensure gambling advertising does not target children:
- (a) Sky Media voluntarily enforces BCAP code regulations when booking advertising. An assessment is made to work out if a gambling product can be scheduled. We analyse the rating performance of the programme for the previous four weeks to

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<sup>15</sup> <https://www.cap.org.uk/Advertising-Codes/~media/Files/CAP/Codes%20BCAP%20pdf/The%20BCAP%20Code.ashx>

<sup>16</sup> <http://www.gamblingcommission.gov.uk/pdf/Industry-code-of-practice.pdf>

<sup>17</sup> <https://www.cap.org.uk/Advertising-Codes/~media/Files/CAP/Codes%20CAP%20pdf/The%20CAP%20Code.ashx> Chapter 16: Gambling, pp75.

work out an audience index of individuals against children 10-15 audience. The commonly accepted threshold is an index of 120 (i.e. if 20% more children aged 10-15 are watching the programme than would be expected if the audience of the programme matched the age distribution of the UK audience). We only allow gambling advertising bookings if the rating is well below the 120 ratings index.

- (b) On push VOD (on demand programmes that are automatically downloaded onto the customers set top box) only 18 rated films and approved adult programmes are allowed to have gambling advertising booked.
- (c) For pull VOD (on demand programmes that the customer chooses to download onto their set top box) we have replicated the linear television scheduling rules on-demand. Gambling products are only placed in content that is downloaded after 9pm, and in programming that has a mature adult theme and high adult proportion of viewing.

## SECTION 2: PREVIOUS REVIEWS AND CHANGES TO THE REGULATORY FRAMEWORK

### Multiple recent reviews have examined gambling advertising and shown only minor areas of concern resulting in the industry taking action to ensure it is socially responsible

- 2.1 There have been a number of reviews of gambling advertising since the Gambling Act 2005 liberalised the rules that restricted gambling advertising on television. The ASA has periodically reviewed the rules surrounding the placement and content of ads, the Gambling Commission has published quarterly figures on problem gambling, Ofcom has reviewed the evidence for exposure to advertising and the Government has conducted a number of reviews along with regulatory and industry bodies.

### 2014 multi-agency review of gambling advertising

- 2.2 The Government commissioned a four strand review of advertising in 2014. This included:
- (a) A review of recent ASA rulings and public views on gambling advertising
  - (b) A CAP and BCAP review of the evidence base on harms related to gambling advertising
  - (c) A review of the Gambling Industry Code for Socially Responsible Advertising
  - (d) A review of the Gambling Commission's Licensing Conditions.
- 2.3 The review of the code for socially responsible advertising confirmed the effectiveness of the regime, but identified areas of concern. As a result of the review the Industry Group for Responsible Gambling (IGRG) announced that the gambling industry would no longer advertise sign-up offers on television before the watershed.<sup>18</sup> This was welcomed by the government and implemented in February 2016.<sup>19</sup>
- 2.4 In BCAP and CAP's review of gambling advertising they found that the rules and codes were working well, but they would remain vigilant to ensure gambling advertising remained responsible. In particular the review found:

*The two key indicators of gambling-related harm – problem gambling and underage participation – are at low levels and trends suggest they have been in decline since 2007 during a period of very significant growth in advertising volumes. The academic literature points to gambling advertising having a potential impact but, in relation to problem gambling, the impact is found to be relatively small. CAP and BCAP are confident that the evidence does not present a case for tighter restrictions, such as broader prohibitions on advertising in certain media.<sup>20</sup>*

- 2.5 The ASA reviewed its complaints data, commissioned new qualitative research into the public's view's on gambling advertising and reviewed its own adjudications on complaints.<sup>21</sup>

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<sup>18</sup> Compliance with the 'Gambling industry code for socially responsible advertising' is enforced through operator licences issued by the Gambling Commission.

<sup>19</sup> <https://www.gov.uk/government/news/gambling-industry-toughens-code-on-television-adverts>

<sup>20</sup> <https://www.cap.org.uk/News-reports/Media-Centre/2014/~media/Files/CAP/Reports%20and%20surveys/CAP%20and%20BCAP%20Gambling%20Review.ashx>

<sup>21</sup> <https://www.asa.org.uk/~media/Files/ASA/Reports/Review%20of%20the%20ASA's%20application%20of%20the%20UK%20Advertising%20Codes%20to%20gambling%20advertising.ashx>

It found that viewers were most concerned about misleading advertising, that research showed 'a 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 or was not specifically targeted at children' and that 'children's exposure to sports betting was not seen as a significant problem.'

2.6 The review did identify a number of concerns around offers and sales promotions, 'toughness' in gambling ads and other concerns about the content of some ads. The ASA resolved to review its approach to enforcement of the advertising codes and to take proactive action on social responsibility. The industry decision to ban pre-watershed sign-up offers was taken as a step to tackle concerns about sales promotions.

2.7 It is worth noting that:

- (a) most participants in the qualitative research thought that it was the responsibility of parents to control what their children saw on TV and that sports betting ads should not be restricted around sporting events, particularly as children would be unable to take action based on the ads they saw i.e. the age verification systems in place to prevent underage gambling are robust.
- (b) While participants recognised gambling advertising 'might affect vulnerable individuals in a negative way' most felt virtually all ads could lead to the same dangers and that censorship of media on these grounds was unacceptable.

#### Ofcom research on TV gambling advertising<sup>22</sup>

2.8 As part of the multi-agency review of gambling advertising Ofcom published audience research into gambling advertising on television. It found that the number of gambling ads on television had increased significantly since 2007, although this was to be expected given they were not allowed on TV before then. They made no judgement on the amount of advertising people were exposed to, but the numbers published showed that gambling advertising made up a small proportion of total advertising seen on television.

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<sup>22</sup> <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2013/ofcom-publishes-research-on-tv-gambling-adverts>



### SECTION 3: EXPOSURE TO GAMBLING ADVERTISING – SUMMARY OF THE EVIDENCE

- 3.1 In order to understand how much gambling advertising children and adults are seeing compared to 2012 we have conducted a number of pieces of analysis:
- (a) Using the same systems as Ofcom used in 2013, ITV have recreated Ofcom's analysis and updated it for 2013, 2014 and 2015. ITV have shared this analysis with other commercial broadcasters as it is not proprietary information.
  - (b) Using Sky's own analytical tools we have looked at the most recent television advertising data (October 2015 to September 2016), to understand some of the most recent trends. This is based on the BARB TechEdge system.<sup>23</sup>
- 3.2 The two data sets are not directly comparable. Although they are both based on BARB data<sup>24</sup> the overall number of impacts both to total all commercial TV and to gambling advertising varies. This can be due to different categorisations and weighting of audience numbers. Nevertheless the two data sets do show the same trends on exposure. Both data sets presented below are used by the advertising sales houses to make commercial decisions and to negotiate deals with broadcasters, agencies and advertisers.
- 3.3 We are very happy to provide further detail on our research methodology and to replicate the data for further analysis with Ofcom, for example.

#### Updated Ofcom 2013 analysis of the trends in gambling advertising

- Although the trend to 2012 was a large increase in the volume of and exposure to gambling advertising, since then exposure has fallen among 18-24s and children.
- In 2012 the average number of gambling impacts per child was 4.1 a week, a number of which were after 9pm. Since the study, the number of gambling advertising impacts to children has declined 15.9% to around 3.4 ads a week on average in 2015. On average children saw 202 ads (of all categories) a week in 2015.
- Adults aged 16-24 were exposed to 6.3% fewer gambling ads in 2015 than they were in 2012. In 2012 16-24 year olds saw 8.25 ads on average each week and in 2015 they saw 7.75. 16-24 year olds saw an average of 229 ads of all categories each week.

#### Analysis of the most recent viewing data shows an even greater drop in exposure in 2016

- 3.4 The latest data shows a significant decline in exposure across all demographics from October 2014 to September 2016 compared to October 2015 to September 2016.<sup>25</sup>

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<sup>23</sup> <http://www.grouptechedge.com/>

<sup>24</sup> BARB is the Broadcasters' Audience Research Board (BARB) which delivers the official viewing figures for UK television audiences. BARB commission research companies Ipsos MORI, Kantar Media and RSMB to collect data that represent the viewing behaviour of the UK's 26 million TV households. <http://www.barb.co.uk/about-us/how-we-do-what-we-do/>

<sup>25</sup> Source: BARB/TechEdge; Years: Sept 2014 – Oct 2016

**Figure: The change in levels of exposure to gambling advertising and all advertising in the two years between October 2014 and September 2016**

% change Oct 15 to Sept16 / year to Oct 14 Sept 15	Adults	Adults 16-24	Children 4-15	Children 10-15
Gambling impacts	-4%	-10%	-11%	-12%
All commercial impacts	0%	-9%	-4%	-8%

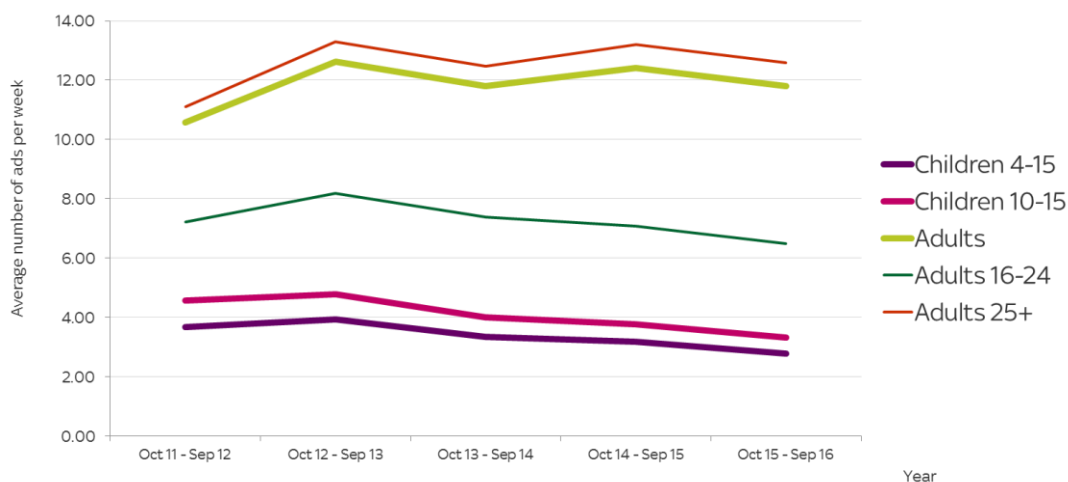
- 3.5 A large part of this decline is due to falling television viewing, particularly among children and young people. Children's viewing has fallen significantly since 2011/12 and a number of advertising categories have seen similar declines in impacts.

**Figure: The change in in levels of exposure to advertising among children aged 10-15 in the five years since October 2011**

% change Oct 15 to Sept16 / Oct 11 to Sept 12	All	Gambling	Games software	Home entertainment
Children 10-15	-23%	-28%	-33%	-36%

- 3.6 The figure below shows how the average number of gambling ads viewed each week has changed over time. While there was a rapid growth in television advertising after liberalisation of gambling advertising, the peak of this growth was in 2012 since when the average gambling ads seen by adults has been consistent, but young adults and children saw a significant decline in the number of ads seen.
- 3.7 One possible explanation for the decline in gambling advertising impacts being greater than commercial impacts is that while new operators such as Betway and BetVictor fuelled the growth in spend on television advertising, since then the number of gambling advertisers on television has stabilised. There have been several mergers in the gambling sector including Paddy Power and Betfair and most recently Ladbrokes and Gala Coral. Over the past five years some of the bigger advertisers have also reduced their investment in television advertising.

**Figure: Trends in viewing of gambling impacts October 2011 to September 2016**



Source: BARB/TechEdge

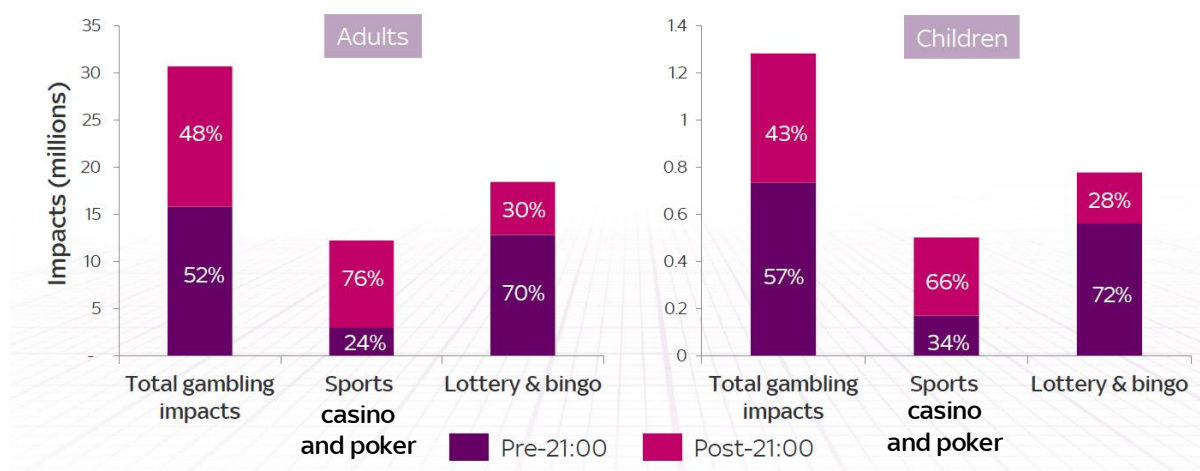
## Children's television viewing has fallen significantly since 2012

- 3.8 Children are watching far less television than they did in 2012. They are therefore also exposed to many fewer television advertisements than five years ago. In 2012 the average child watched 138 minutes of television each day and this has fallen to 104 minutes in past 12 months. The decline in viewing is much more pronounced among children aged 10-15 whose viewing has dropped by a third to 93 minutes each day in the last 12 months.
- 3.9 Ofcom research published in November 2016 found that the internet has overtaken television as the top media pastime for the UK's children.<sup>26</sup> This trend looks set to continue as according to Ofcom's data, children aged 5-15 have increased their weekly online time by an hour and 18 minutes in the last year to 15 hours.
- 3.10 The same research found that around 61% of parents are not very concerned or not at all concerned about the amount of TV advertising their children see, with only one in four actually expressing concern. Similar proportions of parents are not concerned about the content of TV advertising.<sup>27</sup>

## Two thirds of the betting advertising children see is after the watershed

- 3.11 It is important to emphasise that gambling operators have no intention of targeting under-18s with gambling advertising. With the exception of the National Lottery under-18s are unable to gamble, and there are strict and robust age verification systems in place to prevent them from gambling. In fact two thirds of sports betting advertisements seen by children are seen after the watershed, in time that is widely acknowledged to be adult

Gambling impacts split pre & post 21:00



- 3.12 A majority of the sports betting, casino and poker impacts that children see are after the watershed and therefore around programmes aimed at an adult audience. There are also scheduling restrictions in place which means gambling adverts are not allowed around programmes like to appeal to children.

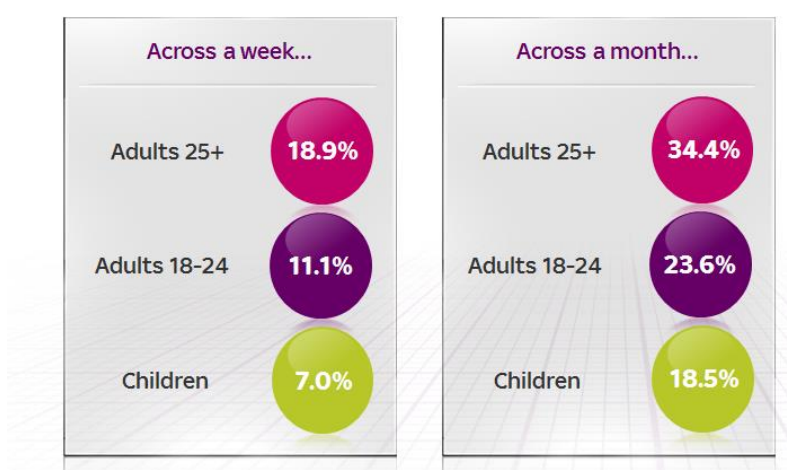
<sup>26</sup> [Ofcom. Children and Parents: Media Use and Attitudes. Nov 2016.](#)

<sup>27</sup> [https://www.ofcom.org.uk/data/assets/pdf\\_file/0034/93976/Children-Parents-Media-Use-Attitudes-Report-2016.pdf](https://www.ofcom.org.uk/data/assets/pdf_file/0034/93976/Children-Parents-Media-Use-Attitudes-Report-2016.pdf)

## Gambling advertising around sports programming is a small proportion of total advertising and of gambling advertising overall

- 3.13 Across a week, fewer than 1 in 10 children will see gambling adverts around sports programming.<sup>28</sup>
- 3.14 Concern has been expressed in particular about betting ads around domestic football. In terms of commercial viewing, domestic football makes up a small proportion of adults and children's overall TV viewing. As shown above, before 9pm sports betting advertising is only allowed to be shown around televised sporting events. Therefore the actual exposure is limited to a few channels and events.
- 3.15 Gambling advertising around sports programming makes up only 12% of all gambling advertising impacts on television. As gambling impacts were 3.5% of total commercial impacts between October 2015 and September 2016 this means gambling around sports programming only accounts for 0.4% of advertising seen by adults.
- 3.16 Looking at the reach of gambling advertising (excluding bingo and lottery in this instance) fewer than 1 in 10 children will see gambling advertising around sports programming in a week.

**Figure: Proportion of adults and children who will see more than one gambling ad around the sports genre**



- 3.17 Last season the Premier League on Sky had a reach of 19% of children and 22% of adults aged 18-24.<sup>29</sup> As a genre, sports programming delivers 2.5% of all commercial impacts viewed by children each year and only 3.3% of the commercial impacts viewed by 18-24s.<sup>30</sup>

## All demographics are less likely to be exposed to high numbers of gambling advertisements in 2016 than they were in 2011

- 3.18 In our analysis we have sought to understand the changes in exposure to gambling advertising over the past five years. In particular we wanted to understand how exposure

<sup>28</sup> Source: BARB/TechEdge; Year: Oct 2015 – Sep 2016

<sup>29</sup> Source: BARB/TechEdge; Based on total reach (3+ mins) across duration of Premier League season (Aug 2015 – May 2016)

<sup>30</sup> Source: BARB/TechEdge; Year: Oct 2015 – Sept 2016; Month: 4 w/e 16 Oct 2016; Week: w/e 16 Oct 2016; Gambling: sports gambling, gambling other, tipsters, online casino, poker (excludes lottery & bingo)

has changed among the people who see more than the average number of gambling ads each week.

- 3.19 We have analysed two four-week periods in 2016 and in 2011 to compare the exposure television viewers have to gambling advertising and how it has changed over five years.<sup>31</sup> Both periods are within the football season.
- 3.20 Across all levels of exposure we looked at, including among the people who see the most gambling advertisements, we found people were less likely to be exposed to gambling advertisements in 2016 than they were in 2011.
- 3.21 Over 80% of children see fewer than 5 gambling ads each week and the majority (63%) of adults aged 16-24 see fewer than 5 gambling ads each week. This is a significant decrease in exposure from 2011 as shown in the table below

**Figure: The relative frequency of children seeing gambling adverts<sup>32</sup>**

	More than 1 ad a month			More than 1 ad a week			More than 5 ads a week		
	2011 (%)	2016 (%)	%change	2011 (%)	2016 (%)	%change	2011 (%)	2016 (%)	%change
<b>Adults</b>	96.4	92.9	-4%	91.4	86.4	-6%	67.1	61.5	-9%
<b>Children</b>	88.1	78.0	-13%	73.4	56.0	-24%	30.3	18.5	-40%
<b>16-24s</b>	92.6	81.8	-13%	83.9	70.5	-16%	54.0	37.2	-31%

- 3.22 Boys in particular are much less likely to be exposed to gambling advertisements in 2016 than in 2011. Boys aged 10-15 are around 16% less likely to see more than one gambling ad a month than they were in 2011.

### **Other advertising categories have seen similar declines in exposure, but not to the extent that gambling advertising has seen**

- 3.23 As a comparator we looked at exposure to advertisements in the finance category, for example banks or insurance products. Similar to gambling operators, financial service providers are not looking to advertise to under-18s who, for the most part, cannot use their services. Unlike gambling advertisements there are no scheduling restrictions for financial service advertisements, so they are a good proxy for the reach of advertising aimed at over 18s without restrictions.
- 3.24 We found that in the same 4-week period adults saw an average of 183 financial services advertisements and children saw 51 advertisements. This compares to an average of 20 sports betting, poker & casino gambling ads per adult and 7 ads per child in the same period.
- 3.25 The decline in children's exposure to gambling ads is more marked than one might expect when looking at a proxy such as financial services ads, which can be attributed to the strict regulatory framework around gambling advertising, which prevents children from seeing gambling ads. Children are 20% less likely to see more than five financial service ads in a week compared to 2011, whereas they are 39% less likely to see the same amount of

<sup>31</sup> BARB/TechEdge (4 w/e 16 Oct 16 and 4 w/e 16 Oct 11)

<sup>32</sup> Source: BARB/TechEdge; Year: Oct 2015 – Sept 2016; Month: 4 w/e 16 Oct 2016; Week: w/e 16 Oct 2016; Gambling: sports gambling, gambling other, tipsters, online casino, poker (excludes lottery & bingo)

gambling advertising. Adults aged 16-24 were 7% less likely to see more than one financial service ad a week in 2016 than in 2011, but 12% less likely to see the same number of gambling ads.

#### **SECTION 4: THE POTENTIAL FINANCIAL IMPACT OF ANY NEW RESTRICTIONS ON GAMBLING ADVERTISING**

- 4.1 Advertising revenue is one of the most important revenue streams for the creative industries. It enables investment in content, particularly original programming. If advertising restrictions resulted in a proportional loss in revenue this would have an impact on the whole of the commercial television industry.
- 4.2 Liberalisation of television advertising rules around gambling in 2007 created a new market for advertising sports betting and other gambling products in addition to lottery advertising, which was already allowed.
- 4.3 Sky has built a very successful sports business based around premium sports. The ability to invest in the long-tail of sports programming beyond the high profile sports such as football, F1 and cricket has been supported in a large part by advertising revenue. For sports channels sports betting makes up a significant proportion of this advertising revenue. Gambling advertising accounts for a small amount of the total Sky Media advertising inventory, but generates a large amount of revenue. This is due to the premium associated with advertising around popular sporting events such as Premier League football. Sky Media can provide gambling operators and viewers with highly relevant advertising opportunities such as live odds.
- 4.4 There is not latent demand in the market for advertising airtime, so Sky Media fully books its airtime. The premium paid to advertise gambling products around live sports does not apply to other products that could fill that airtime. If a whole category of advertising, such as gambling products, were to be restricted before 9pm that investment would disappear from the market. Sky Media would have to spread other advertising spend to the vacant slots. Advertisers would therefore pay less per advertising impact i.e. deflation in prices.
- 4.5 The revenue lost would be spread across all the channels for which Sky Media sells advertising airtime and have a knock-on effect on the rest of the advertising value chain including advertising agencies and creative agencies that produce the ads.
- 4.6 []

## SECTION 5: PROBLEM GAMBLING RATES AND ADVERTISING

- 5.1 Gambling Commission statistics show that rates of problem and harmful gambling are relatively low and have remained stable since 2013, at between 0.4%-0.7% of the adult population.<sup>33</sup>
- 5.2 The latest Gambling Commission data (year to June 2016) shows the overall problem gambling rate to be 0.7%. This is comparable with the 2012 combined Health Survey in which the overall problem gambling rate was 0.6%<sup>34</sup>; a figure that has been referenced in recent authoritative studies of the issue which equates to around 280,000 people.<sup>35</sup>
- 5.3 Gambling Commission research shows a substantial decline in the rates of "at risk" and "problem" gambling amongst 11-15 year olds between 2008/9 and 2016. The proportion of 12-15 year olds classified as problem gamblers is 0.4%, a similar figure to the previous year (0.6% in the 2015 study).<sup>36</sup>
- 5.4 Research has identified that 18-24 year olds are at higher risk of problem gambling than other age groups. According to Gambling Commission data, the problem gambling rate amongst 16-24 year olds is at 1.5%.
- 5.5 The key conclusion of Seabury and Wardle (2014)<sup>37</sup> was that, overall, problem gambling rates in Britain appeared to be relatively stable. This observation is echoed in the NatCen report commissioned by the Gambling Commission (2014).<sup>38</sup>

### **The gambling industry has taken action to promote responsible gambling**

- 5.6 All gambling operators licensed by the Gambling Commission have policies and procedures in place to promote socially responsible gambling and help customers stay in control of their betting; for example, through age verification; enabling breaks in play and providing options for self-exclusion.
- 5.7 Gambling Commission research demonstrates that the majority of 11-15 year olds have a good understanding of the potential risks associated with gambling<sup>39</sup>.
- 5.8 There is collective industry effort to tackle issues relating to problem gambling. For example;
  - (a) Remote Gambling Association Code on Social Responsibility encourages socially responsibility within the betting and gaming industry, effected through various means including support for charities and initiatives to help those with gambling problems.

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<sup>33</sup> <http://www.gamblingcommission.gov.uk/docs/Survey-data-on-gambling-participation-YEAR-TO-June-2016.xlsx>

<sup>34</sup> <http://www.gamblingcommission.gov.uk/PDF/Gambling%20behaviour%20in%20England%20Scotland%2010072014.pdf>

<sup>35</sup> Seabury, C and Wardle H (2014), Gambling behaviour in England and Scotland: Headline findings from the Health Survey for England 2012 and Scottish Health Survey 2012.

<sup>36</sup> <http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf> page 22

<sup>37</sup> Seabury, C and Wardle H (2014) *ibid*

<sup>38</sup>

<http://www.gamblingcommission.gov.uk/PDF/Gambling%20behaviour%20in%20England%20Scotland%2010072014.pdf>

<sup>39</sup> *Ibid* pp 15



- (b) The Senet Group is an independent body set up to promote responsible gambling standards and ensure that the marketing of gambling is socially responsible.
- (c) Gamble Aware, funded by donations from the gambling industry is committed to minimising gambling-related harm, supporting education, prevention and treatment of problem gambling.

**There is little evidence to suggest a link between problem gambling and television advertising**

- 5.9 It is not possible to directly link levels of exposure to gambling advertising with rates of problem gambling, owing to a lack of evidence. However, there is consensus in the academic studies that the likely effect of gambling advertising on problem gambling is small.<sup>40</sup>
- 5.10 Furthermore, The Gambling Commission's research published in November 2016 demonstrates that exposure to gambling advertisements has little to no impact on a young person's decision to gamble; just 1% of respondents stated that seeing gambling advertisements prompted them to start gambling for the first time.<sup>41</sup> The Gambling Commission points out that 'the survey does not uncover the potential subconscious effects of advertising ... which may or may not be influencing young people's gambling behaviour.' However, it would be extremely difficult to separate the sub-conscious influence of advertising in this way. The best available proxy would be comparing rates of exposure to advertising against proclivity to problem gambling or at risk gambling behaviour as defined by the Gambling Commission. As shown by the evidence in this submission there is not a correlation between exposure to advertising and problem gambling.
- 5.11 The ASA's qualitative research in 2014 concluded that children's exposure to sports betting is "not seen as a significant problem"<sup>42</sup>.

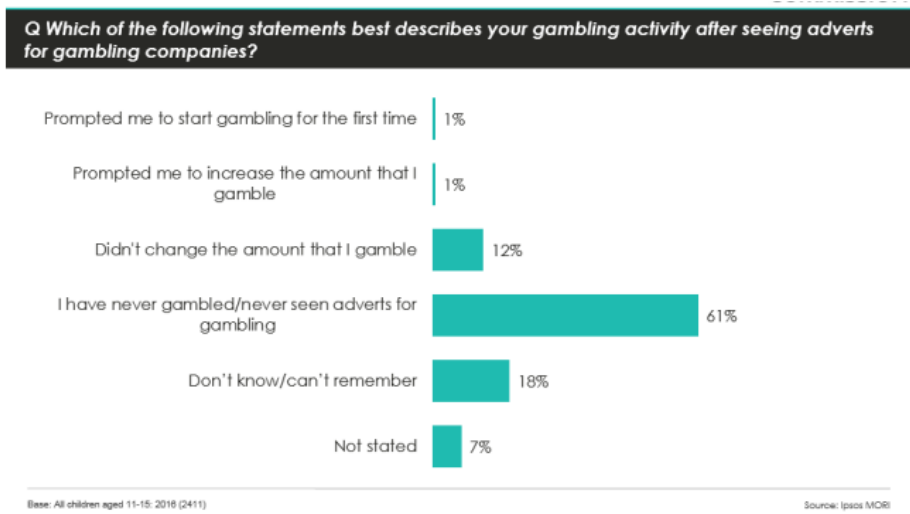
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<sup>40</sup> See The Responsible Gambling Trust and Per Binde. Gambling Advertising: A critical research review. 2014. [http://about.gambleaware.org/media/1165/binde\\_rgt\\_report\\_gambling\\_advertising\\_2014\\_final\\_color\\_115p.pdf](http://about.gambleaware.org/media/1165/binde_rgt_report_gambling_advertising_2014_final_color_115p.pdf)

<sup>41</sup> <http://www.gamblingcommission.gov.uk/pdf/Young-people-and-gambling-2016.pdf> page 19

<sup>42</sup> <https://www.asa.org.uk/News-resources/Media-Centre/2014/~media/Files/ASA/Reports/Review%20of%20the%20ASA's%20application%20of%20the%20UK%20Advertising%20Codes%20to%20gambling%20advertising.ashx> page 15

**Figure: Research by the Gambling Commission into the influence of gambling advertising on children**



5.12 This is further evidenced in the comparison of problem gambling rates; despite an increase in the volume of and exposure to gambling advertising since 2007 (when only lottery advertising was permitted), the rates of problem gambling have not shown a corresponding change and in fact have fallen since 2008. There is not a discernible correlation between the volume of advertising seen on television with at risk or problem gambling.

**Sky**

**December 2016**

## ANNEX 1: CHILDREN AND YOUNG IMPACT DATA

Source: ITV analysis from BARB/Nielsen AdDynamix TV+. Based on Mid Product category: Gambling

<b>Children 4-15 impacts</b>					<b>% change 2012-15</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	
Gambling impacts (billions)	1.802	1.996	1.595	1.565	<b>-13.2%</b>
Total impacts - all advertising categories (billions)	97.366	101.955	94.851	91.965	<b>-5.5%</b>
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	
Gambling impacts per child aged 4-15 per year	214	234	183	179	<b>-16.4%</b>
<b>Gambling impacts per child aged 4-15 per week</b>	<b>4.09</b>	<b>4.48</b>	<b>3.50</b>	<b>3.44</b>	<b>-15.9%</b>

<b>Children 10-15</b>					<b>% change 2012-15</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	
<b>Gambling impacts (billions)</b>	<b>1.099</b>	<b>1.165</b>	<b>0.913</b>	<b>0.873</b>	<b>-20.6%</b>
Total impacts - all advertising categories (billions)	47.959	47.319	42.711	40.098	<b>-16.4%</b>
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	<b>-20.1%</b>
<b>Gambling impacts per child aged 10-15 per week</b>	<b>5.05</b>	<b>5.41</b>	<b>4.19</b>	<b>4.05</b>	<b>-19.8%</b>

<b>Adults 16-24</b>					<b>% change 2012-15</b>
	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	
Gambling impacts (billions)	2.859	3.228	2.744	2.636	<b>-7.8%</b>
Total impacts - all advertising categories (billions)	92.910	92.746	89.364	77.897	<b>-16.2%</b>
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	<b>-6.3%</b>
Gambling impacts per adult aged 16-24 per week	8.25	9.32	7.86	7.75	<b>-6.1%</b>

