

**Supporting Statement Part A for a Paperwork Reduction Act**  
**Submission to OMB**  
**FTC Consumer Research on MPAA Movie Rating on DVD Packaging and on Parental**  
**Attitudes Toward Marketing of Unrated DVDs**  
**OMB Control No. 3084-NEW**

The Federal Trade Commission (“FTC” or “Commission”) proposes to conduct consumer research on two issues relating to the Motion Picture Association of America (“MPAA”) movie ratings and DVD home video releases of rated motion pictures. The FTC proposes to examine how the placement and size of MPAA rating information on DVD packaging affects parental use of the rating. The FTC also proposes to conduct consumer research on parental attitudes toward the marketing of unrated DVD versions of rated motion pictures. The proposed consumer research will be useful to the FTC’s ongoing efforts to monitor and assess the progress of the movie industry’s self-regulatory efforts to limit the advertising and marketing of violent movies to children. The research will be used in the next FTC report regarding the marketing of violent entertainment media to children.

**A. JUSTIFICATION**

1. & 2. Necessity for Information Collection and How the Data Will Be Used

In September 2000, the Commission issued a report requested by the President and Congress entitled, *Marketing Violent Entertainment to Children: A Review of Self-Regulation and Industry Practices in the Motion Picture, Music Recording & Electronic Game Industries* (“2000 Report”).<sup>1</sup> That report found that the entertainment industry had engaged in widespread marketing of violent movies, video games, and music to children in a manner that was inconsistent with the industry’s own rating systems and that undermined parents’ attempts to make informed decisions about their children’s exposure to violent content. Beginning with the 2000 Report, the Commission has made a series of recommendations to the industry regarding the disclosure of rating information, placement of advertising in media popular with children, and other aspects of marketing violent entertainment to children. The Commission has now issued five follow-up reports on the industry’s progress toward implementing those recommendations.<sup>2</sup> The Commission continues to monitor and report on industry’s self-regulatory efforts at the direction of Congress and in response to inquiries from Congressional committees and individual members of Congress.<sup>3</sup>

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<sup>1</sup> Available at <http://www.ftc.gov/bcp/online/edcams/ratings/reports.htm>.

<sup>2</sup> The follow-up reports were issued in April 2001, December 2001, June 2002, July 2004, and April 2007. They are available at <http://www.ftc.gov/bcp/online/edcams/ratings/reports.htm>.

<sup>3</sup> Most recently, Senate Report 110-129, incorporated by reference into the Consolidated Appropriations Act, 2008, noted concern about the entertainment media’s marketing practices to children and encouraged the FTC to continue and expand its efforts in this area, further directing it to “continue to engage in consumer research and workshops, underage shopper-retailer compliance surveys, and marketing data collection.” S. Rep. No. 110-129, at 74 (2007).

As one aspect of its ongoing monitoring, the Commission has examined the disclosure of MPAA ratings and rating reasons on DVD packaging for home video releases of MPAA-rated motion pictures. The Commission found that the rating information is typically displayed in small size and poor contrast, with inconsistent positioning on the back of the DVD package, and recommended that the movie industry make changes to make the rating information more visible to parents and children and to assist retail store clerks in enforcing policies on DVD sales to children. Specifically, the Commission recommended that all rating information be placed prominently on the front of the packaging.<sup>4</sup> The Commission renewed this recommendation in its April 2007 report.<sup>5</sup>

In addition, as part of its April 2007 Report, the Commission also reviewed the movie industry's practice of releasing unrated DVD versions of movies that were rated R when they were first released in theaters.<sup>6</sup> The Commission expressed concern that these unrated, or so-called "Director's Cut," home video releases sometimes contain additional footage that would result in a more restrictive rating if resubmitted for review by the MPAA. The Commission questioned whether the marketing of these unrated DVDs undermines the self-regulatory rating system and recommended that the MPAA and DVD retailers establish policies on the advertising and sale of these DVDs to children.<sup>7</sup>

The FTC intends to conduct consumer research in support of these recommendations for improved industry self-regulation on MPAA rating of DVD home video releases. Specifically, the Commission intends to conduct two consumer studies using different methodologies best suited to obtaining reliable results: (1) a survey to assess how the placement and size of MPAA rating information on DVD packaging affects parental use of the rating; and (2) a survey to assess parental awareness and attitudes about the marketing of unrated DVDs.

In order to assess the effect of placement and size of MPAA rating information on DVD packaging, the FTC intends to conduct a mall intercept survey. This method is preferable since it allows respondents to physically examine the DVD packaging as they would when actually purchasing or renting a movie for their children. The survey will employ an experimental design with respondents randomly assigned to different treatment groups. The sample will consist of 400 parents, with children ages 7 to 16, who have bought or rented a DVD movie for their children within the past year. Half of respondents will be exposed to DVD packaging with the rating information as it actually appears on current packaging in the marketplace, and the other half will be exposed to the same DVD packaging with the exception that the rating information will be graphically altered to appear on the front panel and in a larger size. This survey will provide

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<sup>4</sup> See June 2002 Report at 10-11 and July 2004 Report at 29, *available at* <http://www.ftc.gov/bcp/online/edcams/ratings/reports.htm>.

<sup>5</sup> April 2007 Report at 32, *available at* <http://www.ftc.gov/bcp/online/edcams/ratings/reports.htm>.

<sup>6</sup> *Id.* at 8-11.

<sup>7</sup> *Id.* at 33.

valuable information about whether the size and placement of the rating affects how much parents notice and use the rating in choosing a DVD for their children.

In order to assess parental awareness and attitudes about the marketing of unrated DVDs, the FTC intends to conduct a nationally representative telephone survey. The FTC will survey 1,000 parents of children ages 7 to 16, who have bought or rented a DVD movie for their children within the past year. The survey questions will be incorporated into a contractor's pre-existing weekly omnibus survey.<sup>8</sup> Given the size of the survey and staff's estimate that it will be necessary to screen approximately 9,000 respondents, incorporation of the questions into an existing omnibus survey will be substantially more cost-effective than a customized telephone survey. The results of the survey will assist the FTC in assessing how the marketing of unrated DVDs impacts parents' decisions about what movies they will allow their children to watch. It will also help the FTC in forming recommendations about retail policies for the sale of unrated DVDs directly to children.

### 3. Information Technology

Though use of electronic media to conduct the surveys is theoretically possible, it would not be feasible. Many households surveyed may lack a computer. In addition, a mall intercept survey allows respondents to examine the DVD package as they would when actually purchasing or renting a DVD. An online survey would not provide as realistic a simulation of how parents actually respond to textual and graphic elements of the DVD packaging. With respect to the proposed telephone survey, the questionnaire will be brief; additional time saved responding through electronic media would be minimal, if any. Thus, use of electronic methods pursuant to the Government Paperwork Elimination Act, 44 U.S.C. § 3502 note, would be impractical.

### 4. Efforts to Identify Duplication/Availability of Similar Information

The FTC staff's efforts to identify duplicate sources of information included a general review of consumer studies, data, news articles, and information found through contacts with industry trade associations, consumer groups, governmental agencies, and academic researchers.

The Electronic Merchants Association (EMA), a trade association that represents retail outlets that sell or rent DVDs and video games, advised staff that it has done general research on parent satisfaction with movie ratings but has not studied the impact of placement and size of MPAA rating information or parental awareness and attitudes about unrated DVDs. The MPAA also advised staff that it has not conducted any studies relevant to these two research questions. Staff also contacted the Electronic Software Rating Board ("ESRB"), the self-regulatory body overseeing the rating and marketing of video games. ESRB requires a rating icon and content descriptors on all video game packaging and has specific requirements for the placement and size

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<sup>8</sup> The telephone survey is part of a pre-existing weekly omnibus survey that is conducted independently of the instant project. It likely will take between 9-12 weeks to compile the required sample size. The survey, however, will be subcontracted to a company that conducts several ongoing omnibus surveys and works regularly with the FTC contractor, Synovate.

of rating information. The ESRB indicated that it does not have research on how placement or size of rating information affects parental use of ratings for video games.

There are examples in the literature of consumer research done on placement or prominence of disclaimers and other information on product labeling in other contexts. None of this research, however, is sufficiently similar to the labeling of DVD packaging to draw any meaningful conclusions about parental use of the MPAA rating. There is no known research that specifically addresses either the placement and prominence of the MPAA rating information on DVD packaging or the marketing of unrated DVD versions of movies.

5. Efforts to Minimize Small Organization Burden

Not applicable. The questions are being asked only of individual consumers.

6. Consequences to Federal Program and Policy Activities/Obstacles to Reducing Burden

If this information is not collected, the FTC will lack information to address important issues in its forthcoming report on the marketing of violent entertainment to children. The mall intercept survey and telephone survey are being designed to minimize burden on respondents without sacrificing the statistical value of the information to be collected.

7. Circumstances Requiring Collection Inconsistent with Guidelines

The collection of information in the proposed survey is consistent with all applicable guidelines contained in 5 C.F.R. § 1320.5(d)(2).

8. Public Comments/Consultation Outside the Agency

As required by section 3506(c)(2) of the Paperwork Reduction Act (“PRA”), 44 U.S.C. §§ 3501-3521, the FTC published a notice seeking public comment on the proposed collection of information. *See* 73 Fed. Reg. 32026 (June 5, 2008). The FTC received no comments. Pursuant to OMB regulations (5 CFR Part 1320) that implement the PRA, the FTC is providing a second opportunity for public comment while seeking OMB approval for the mall intercept and telephone surveys.

9. Payments or Gifts to Respondents

Qualified respondents for the mall intercept survey will be offered a \$5.00 payment for their cooperation. No payment or gifts will be given for the telephone survey.

10. & 11. Assurances of Confidentiality/Matters of a Sensitive Nature

Neither the mall intercept survey nor the telephone survey will ask any questions of a sensitive nature. The only collection of personal identifying information will be for the purpose of validating interviews in the mall intercept survey. For this survey, first name, telephone

number and key screening information will be collected and sent to a third party subcontractor for the sole purpose of validating that interviews were conducted at each mall facility. A comprehensive program of safeguards will be implemented to protect the confidentiality of this data. Paper files with identifying information will be accessible only to those who must use them in the validation process. The documents will be kept in a locked storage area and will be destroyed one week after the validation interviews. At no time will the FTC receive any identifying information about respondents.

For the telephone survey, no identifying information, including telephone numbers, will be directly collected from respondents or other individuals. The phone numbers for consumers will be randomly generated from a database. At no time will the FTC receive any identifying information about respondents.

12. Estimated Annual Hours Burden

Subject to OMB approval, the FTC has contracted with a consumer research firm to conduct both the mall intercept and telephone surveys.

Mall Intercept Survey: For the mall intercept survey and related pretest, the contractor will screen respondents to identify parents with children ages 7 to 16 who have bought or rented a DVD movie for their child within the past year. Allowing for non-response, FTC staff estimates that the screening questions will be asked of approximately 2,000 respondents in order to obtain a large enough sample for the pretest of up to 15 respondents and the survey of 400 respondents. The FTC staff estimates that the screening questions will require no more than two minutes per person. The FTC staff intends to pretest the questionnaire on up to 15 parents to ensure that all questions are easily understood. Staff anticipates that the pretest will and the survey of 400 respondents will each require no more than 10 minutes per person.

Thus, the total hours burden attributable to the mall intercept survey will be approximately 136 hours, determined as follows:

Activity	# Respondents	# Minutes/activity	Total hours
Screening	2,000	2	66.7
Pretest	15	10	2.5
Mall Intercept Survey	400	10	66.7
Total			135.9

Telephone Survey: For the telephone survey and a pretest of the survey the contractor will apply the same screening threshold, identifying respondents who are parents with children ages 7 to 16 who have bought or rented a DVD movie for their child within the past year. Allowing for non-response, the FTC staff estimates that the screening questions will be asked of approximately 9,000 respondents in order to obtain a large enough sample for the survey of 1,000 respondents and the pretest of up to 15. The FTC staff estimates that the screening will require no more than one

minute per person. The FTC intends to pretest the questions on up to 15 parents to ensure that all questions are easily understood. The FTC staff expects that the pretest will require no more than 5 minutes per person. The survey questions for the 1,000 respondent test will be incorporated into a weekly omnibus telephone survey. The FTC staff estimates that the FTC survey portion of the omnibus telephone survey will require no more than 5 minutes per person.

Thus, the total hours burden attributable to the telephone survey will be approximately 235 hours, determined as follows:

Activity	# Respondents	# Minutes/activity	Total hours
Screening	9,000	1	150
Pretest	15	5	1.3
Telephone Survey	1,000	5	83.3
Total			234.6

The combined total hours burden attributable to both research projects is 371 hours (136 + 235).

13. Estimated Annual Cost Burden

The cost per respondent should be negligible. Participation is voluntary, and will not require any labor expenditures by respondents. There are no capital, start-up, operation, maintenance, or other similar costs to the respondents.

14. Estimate of Cost to Federal Government

The total cost to the Federal Government for the information collection will be approximately \$117,500. To obtain a contractor to refine questionnaires, identify consumers, conduct pretests, conduct the interviews, and analyze the data for both the mall intercept and telephone surveys, will cost \$107,000. In addition, the FTC staff time necessary to identify a contractor and to assist the contractor in completing its duties is estimated to require approximately 150 professional hours and cost approximately \$10,500. The cost of FTC staff time is necessarily an estimate because several factors in this calculation may vary, including the number of staff involved and the actual amount of time required. Clerical and other support services and costs of conducting the study are included in this estimate.

15. Program Changes or Adjustments

Not applicable. This is new information collection.

16. Plans for Tabulation and Publication

The FTC staff intends to use the results of the surveys to monitor and assess the progress of the movie industry's self-regulatory efforts to limit the advertising and marketing of violent movies to children. The information will help to guide the FTC's recommendations for more effective self-regulation. The collection of the information will begin after the completion of the OMB review process. The projected duration of the information collection is approximately 4 months. The estimated date for the completion of the report is Fall 2009.

17. Display of Expiration Date for OMB Approval

Not applicable.

18. Exceptions to Certification

Not applicable.