

# Common Sense on Money Lessons in Online Worlds

## What are your kids learning about money online?

Remember those marathon Monopoly games? We stacked up piles of cash and property, and when it was finally over, we put it all away in a box. Well, there's a new game in town, and it deals with money, too. But it's ongoing and anytime your children at the computer it picks right up where they left off. It's an online world that's teaching your kids how to value money and the things it can buy.

### Some facts

Companies spend about \$17 billion each year marketing to children (*McNeal in USA Today, 2006*).

“Viral marketing” is a technique that takes advantage of children’s friendships by encouraging them to promote products to their friends (*Horovitz in USA Today, 2005*).

Very young children can’t distinguish between commercials and program content; even older children sometimes fail to recognize product placement as advertising (*Atkin, 1982*).

Kids ages 13 to 17 have 145 conversations about product brands per week (*Corcoran, 2007*).

## What are money lessons in online worlds?

Sites like Club Penguin, Toontown, WeeWorld, Webkinz, and BarbieGirls are social networking spots for the preteen set (6- to 12-year-olds). These sites have fictional coins and economic systems that are used as player rewards. Kids both “earn” money and search for it so they can upgrade their characters’ wardrobes, abilities, and environments. On Club Penguin, each game awards players with virtual coins — which paid members can use to purchase virtual clothes and outfit their “igloos” with the latest gear. Kids can also go to an online store to buy real T-shirts, hats, and key chains.

### Why they matter

Every family has different values about money, and it's important for parents to give their own advice to their kids. Online sites can complicate how kids learn about money because their main purpose is to encourage getting and spending. On something as important as personal finance, the best messages should come from parents, not Web sites that are in the business of making money by keeping kids online and ensuring repeat visitors.

In these games, kids learn to assess their own value by how much money they have. This can get out of hand — so much so that some kids go online to find “cheats” to get more currency. This is the ideal time for parents to step in and have a conversation about earning, saving, budgeting, and spending. An 8-year-old left to figure it out for herself probably won't get it right.

## Parent tips for all kids

- » **Use the virtual currency to teach the value of money.** Point out that money isn't gained without effort. While kids trade tips and tricks for getting more money on the sites, you can explain how a job is also an excellent source of income. Since these kids are too young for real paid employment, consider letting them earn an allowance for doing chores around the house.
- » **Point out that spending is optional.** Even though the sites make it unappealing to play without purchasing, tell your kids that they can still do it.
- » **Explain how spending is encouraged.** Show your kids all the ways the sites encourage them to "buy." Kids quickly figure out that the more time they spend on a site, the more money they eventually get.
- » **Detach purchase from pleasure.** Ask your children whether they feel they have more fun when they're buying and spending. Try to detach the act of purchasing from pleasure. Remember, kids become teens all too quickly, and you don't want spending to be one of their emotional coping skills.
- » **Point out greed.** When someone's more motivated by the desire to get more than play more, there's a word for that. And you might as well teach it to your child. Greedy behavior has been known to occur on these sites and has even resulted in cheating.
- » **Talk about saving versus spending.** Help kids feel good about saving for things. Talk about your own values when it comes to saving and spending.
- » **Envy is real.** Just sit with an 8-year-old who's walked into another girl's igloo on Club Penguin and sees everything she dreams of owning. The urge to keep up with the Joneses starts young. Talk to your kids about times when you've felt envy about someone else's home or possessions, and how you coped with it. This lesson will need repeating in some way every year, but it's never too early to start.