

Walmart's Partnership with Roblox Ends in Quiet Removal of Game

The retail chain's controversial venture into online gaming sparked debate about children's privacy and stealth marketing before it was thwarted.

On September 26, 2022, Walmart [announced](#) its partnership with Roblox, an online gaming platform, to launch two projects – “Walmart Land” and “Universe of Play.” By March of 2023, the latter was abruptly wiped from Roblox without so much as a press release.

Laura Smith, who advocated for Universe of Play's removal, was as surprised as anyone.

Smith is the legal director of Truth in Advertising, a watchdog group that combats deceptive marketing, especially when directed at children. After months of campaigning against Universe of Play, Smith saw no indication that Walmart, Roblox or the oversight groups responsible for keeping them in check planned to remove it.

“There were so many issues in that game. There were so many deceptive marketing issues that targeted young children in addition to privacy concerns. It's possible they just did a cost benefit analysis [and removed it],” Smith said.

It isn't uncommon for real-life stores to partner with Roblox; Nike, Forever 21 and even Gucci have taken on partnerships with the platform. What concerned Smith was not the collaboration, but rather Universe of Play's extremely young target audience.

Initially, Walmart's goal was to create two separate virtual worlds. Walmart Land was designed for an older demographic, geared toward teens and young adults, and is meant to mimic the experience of shopping in a real store interspersed with games. Universe of Play, however, was geared rather clearly towards young children.

Inside Universe of Play, kids saw a number of familiar faces. The game featured characters from Paw Patrol and L.O.L. Surprise, two popular children's shows, alongside virtual prizes like Razor Scooters and Magic Mixies's popular toy cauldrons.

“Kids that like Paw Patrol and Magic Mixies tend to be very, very young. Like, four or five years old,” said Smith. She believes research shows that kids that young cannot conceptualize what marketing actually is.

All toys shown or “rewarded” in Universe of Play were digital versions of those sold in Walmart stores. Kids could add them to their wishlist and keep finding new ones as they played. In the initial [press release](#) last September, Walmart described the game as “the ultimate virtual toy destination in Roblox, just in time for those oh-so-real holiday wish lists.”

As the alarm bells sounded, Smith put pressure on the Children's Advertising Review Unit (CARU) to review Universe of Play. CARU is what's known as a Federal Trade Commission (FTC) Safe Harbor program— an oversight organization that audits online games to ensure that they are not breaking marketing or privacy laws.

When Smith asked CARU to look into the issue, they told her they already did.

“I was surprised by the response. In sum and substance, they said, ‘We checked it out and everything’s fine.’ That’s really concerning coming from an organization whose mission is to ensure that the law is being followed,” said Smith.

Games within Roblox can join Safe Harbor programs by passing an initial audit. Unless something egregious is brought to light, this membership can offer protection from additional government oversight. Smith said this is a problem because games can maintain their Safe Harbor membership even if they change the game.

“Originally, Universe of Play had these gift boxes that your avatar could walk up to. When you clicked on them, an advertisement popped up for a toy and in tiny writing it said ‘This is an advertisement.’ But three weeks later we went back to audit, and that disclosure was gone,” Smith said. “There is so much research that shows parents will buy what their kids want. What kids are being marketed, kids will get.”

Angela Campbell, a lawyer and chairperson on the board of Fairplay, a non profit organization working to ensure child cybersafety, is equally concerned.

Campbell said that the Children's Online Privacy Protection Act, or COPPA, isn't doing enough to protect kids from privacy attacks. COPPA originally passed in 1998, but “COPPA 2.0”, aimed at modernizing online privacy protections, is currently up for [Senate consideration](#). Campbell said that even as an adult, she finds it difficult to know what she’s agreeing to when logging onto Roblox. This, she feels, is a strong indicator that kids can’t either.

“You have to have a privacy policy that’s easy for parents to find. I did not find that – It wasn’t even clear what their children’s privacy policy was. Roblox is just so broad,” said Campbell.

Universe of Play isn’t Smith and Campbell’s only concern with Roblox. In recent years, Roblox has come under fire for various problems, primarily regarding [privacy worries](#) and its [lack of moderation and age restrictions](#). The platform boasts [59 million daily users](#).

As of May 4, 2023, Roblox's market capitalization stands at \$21.18 billion, marking a 1.62 percent increase in the last year. Despite this feat, the company's market cap has suffered a 25 percent decrease since Walmart withdrew its Universe of Play experience from Roblox in March. Research does not confirm if Universe of Play had a direct impact on the stock.

The report showed a decrease in daily active users (DAUs) from 67.3 million DAUs in February to 66.2 million DAUs in March. These numbers are still impressive, especially when compared with the 56 million DAUs in 2022.

Walmart does not seem to be suffering either. Walmart’s (WMT) market cap is \$405.87 billion as of May 4. Over the past month, since Universe of Play's shutdown, shares increased by 1.95 percent. During the same period, the Retail-Wholesale sector saw a decline of 0.6 percent, while the S&P 500 rose by 1.53 percent.

Though the market has not reacted to Walmart and Roblox's marketing error, Smith is hopeful that they will face consequences.

"Their past actions can absolutely be legally pursued. In our letters to CARU we copy the FTC every time," she said.