

INTERIM REVIEW OF THE MEDIA LANDSCAPE

FOOD ADVERTISING CHANGES IN CONTEXT



Industry submission by the AA's Food Advertising Unit

September 2007

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FOREWORD

Obesity is a hugely important and multi-faceted social issue that must be taken seriously. The increase in obesity can be attributed to a complex range of inter-relating causal factors including changes in lifestyle and diet and social, environmental and cultural factors. Both Ofcom and the Food Standards Agency have acknowledged this. Indeed recommendations on advertising only comprised three of the 91 recommendations in the Government's 2004 *Choosing Health* White Paper.

Advertising is an easy target, but advertising bans have unintended consequences and will not tackle the root causes of the problem of obesity. Ofcom has already ruled out imposing a pre-9pm watershed ban on grounds of proportionality. Recent research by Ofcom into children's viewing patterns shows that a watershed ban would be ineffective.

This paper forms the food and advertising industry's contribution to the Government's 2007 interim review of food and soft drink advertising and promotions. The Government's review is intended to assess changes that have taken place in the nature and balance of food promotion, in line with the objectives of the 2004 *Choosing Health* White Paper.

Ofcom was asked in 2004 to research the impact of television advertising of food and drink to children; and to consider proposals on tightening the rules on television advertising. Ofcom's comprehensive and evidence-based report in July 2004 concluded that food advertising has "*modest direct effect*" – around 2% - on children's food choices. It also said that indirect effects are likely to be larger but that there was insufficient evidence to quantify the indirect effect of TV advertising on children's food preferences, consumption and behaviour; by comparison with other relevant factors such as exercise, portion sizes, peer pressure, trends in family eating habits, school policy and food labelling.

Changes in the nature and balance of food and soft drink advertising since 2003 should be evaluated in this wider context. This paper clearly demonstrates that advertising is a responsible industry and that self-regulation of the advertising industry works. It shows the significant attempts made by advertisers to modify the content and volume of food advertising even before Ofcom and the broadcast and non-broadcast Codes of Advertising Practice introduced new rules in 2007.

This paper shows that there have been clear and consistent falls in TV food ad spend for the last 3 years and that many food manufacturers have significantly re-formulated their products to reduce salt, fat or sugar content. In many cases, the product being advertised is very different from before.

It is right and proper that the advertising industry should demonstrate that it is responding in a proactive and responsible way to social issues and problems, based on an effective self-regulatory system. It is right too that the advertising industry must address the issue of how to regulate digital media as technological advances, digitization and the convergence of media will change the nature of advertising. This is much broader than the issue of food advertising and is being addressed by the advertising industry as a whole. That is why the Advertising Association has brought together a group of representatives with specialist knowledge and expertise from all relevant sectors (i.e. agencies, digital media platforms, advertisers, and traditional media) to work together to find a long-term solution that is robust, fair and workable.

So a lot has been done but the work goes on. This paper shows the progress made by a self-disciplined and responsible food and soft drink advertising industry. The future solution too must be better self-regulation and restraint by the advertising industry and not unwelcome and restrictive legislation.

Baroness Peta Buscombe
Chief Executive

BACKGROUND

Although there is little evidence of a direct link between advertising and obesity levels, new regulatory and self-regulatory restrictions on food and soft drink advertising have been put in place for television and paid-for space in all other media as required by the 2004 *Choosing Health* White Paper. The Government stated that there should be a proportionate regulatory response focused on protecting primary school children. Ofcom responded by introducing far-reaching volume and scheduling restrictions on TV advertising intended to reduce children's exposure to advertisements for foods high in fat, salt and sugar (hereafter HFSS¹) which, together with the content restrictions proposed by the industry, have just come into force.

In addition, the new CAP² content rules set important new boundaries on the use of messages and creative techniques in non-broadcast advertising to protect all children under the age of 16. Additional rules restrict techniques considered to have a greater appeal to under 12's. These prevent the use of celebrities, promotional offers and licensed cartoon characters in food or drink ads (except those for fresh fruit or vegetables) directly targeted at pre-school and primary school children, regardless of the time of broadcast or the positioning of the ad³. Nutritional claims in ads targeted at this age group are also not allowed. In fact, from 1 July 2007 all health and nutritional claims are covered by the new rules governing health and nutritional claims made on foods in line with *Regulation (EC) No 1924/2006 of the European Parliament and of the Council*.

Advertising activity is ultimately subject to the provisions of the *Control of Misleading Advertisements Regulations*. These will be superseded on 6 April 2008 in respect of companies' business-to-consumer commercial practices by the *Unfair Commercial Practices Directive*, which is currently being implemented as the *Consumer Protection from Unfair Trading Regulations* into UK law. These will further enhance consumer protection from unfair commercial practices.

¹ As defined by the model developed by the Food Standards Agency for this purpose.

² The CAP Code applies to advertisements in newspapers, magazines, brochures, leaflets, circulars, mailings, e-mails, text transmissions, fax transmissions, catalogues, follow-up literature and other electronic and printed material; posters and other promotional media in public places, including moving images; cinema and video commercials; advertisements in non-broadcast electronic media, including texts or SMS messages and online advertisements in paid-for space (e.g. banner and pop-up advertisements); viewdata services, marketing databases containing consumers' personal information; sales promotions, including those on company websites and advertisement promotions.

³ These restrictions do not apply to fresh fruit and vegetable ads.

INTRODUCTION

The challenge set by the 2004 White Paper was to change the nature and balance of food advertising and promotions. It is too early to evaluate comprehensively the effect of the new restrictions that only came into force on 1 July. This report therefore provides a market analysis of food advertising trends in the three years up to the end of last year, **before** the rule changes were introduced, and leads to the conclusion that there is clear evidence of a significant change in the nature and balance of food advertising to children between 2003 and 2006.

We anticipate that the 2008 reviews conducted separately by the Department of Health and Ofcom will show that further changes happened in 2007, as the new restrictions started to take effect, and 2008 – with the rules being extended to advertising to all children under the age of 16. There will be further changes again from 1 January 2009, when all HFSS food advertising stops on dedicated children's channels.

The key question is: are there any signs that the regulatory/self-regulatory solutions introduced in the last few months are working (i.e. have reduced children's exposure to HFSS advertising)? The answer is yes.

In the first seven weeks since the new restrictions came into force the number of core category⁴ ads watched by 4 to 9 year-olds has declined by 29%, as compared to the same period in 2006⁵.

The evidence in this paper shows that there have been clear and consistent falls in TV food and soft drink ad spend between 2003 and 2006 and reductions in children's exposure to food and drink advertising, reflecting the fact that advertisers started to modify their promotional practices even before the Codes changed.

In addition, companies are taking a proactive responsible approach. Many major food manufacturers have put their own company guidelines in place and have significantly reformulated their products to reduce salt, fat or sugar content. In many cases, the product being advertised is very different from before.

⁴ Core categories: all food, soft drinks (including mineral water and fruit juice) and fast food chains.

⁵ Based on Nielsen's Ratecard Weighted Impacts on children aged 4-9 across all commercial channels for the periods 01/07/07 - 19/08/07 and 01/07/06 - 19/08/06.

In contrast, Government data demonstrates that obesity levels, particularly in younger children, continue to rise.

This bears out the point that there is little correlation between advertising and total consumption. In general, companies advertise not to increase consumption of the category as a whole, but to improve their brand share against other brands in the category. Effective advertising depends on consumer trust and the advertising industry has long regarded responsible self-regulation as key to this. That is why the advertising industry continues to be committed to a strong, independent and effective self-regulatory system.

In relation to food advertising, ISBA, the Voice of British Advertisers, has responded to the public debate by publishing best practice guidelines for company websites (see Annex 3), designed to transpose key principles from the CAP Code into the internet environment.

Separately, the Advertising Association, in recognition of changing consumer habits and rapid changes in the media, is leading an industry-wide review of the advertising self-regulatory system to explore whether there are any gaps that need to be filled as technology changes the media.

TELEVISION ADVERTISING AND OBESITY AMONGST CHILDREN

OBESITY TRENDS

Obesity is a major public health problem and there are increased concerns about obesity levels amongst children not only in England but also in most parts of the world. The Department of Health’s Health Survey for England found that from 1995 to 2005 obesity amongst children increased consistently (see Chart 1). This increase has been most pronounced amongst children aged 2-10.

Chart 1

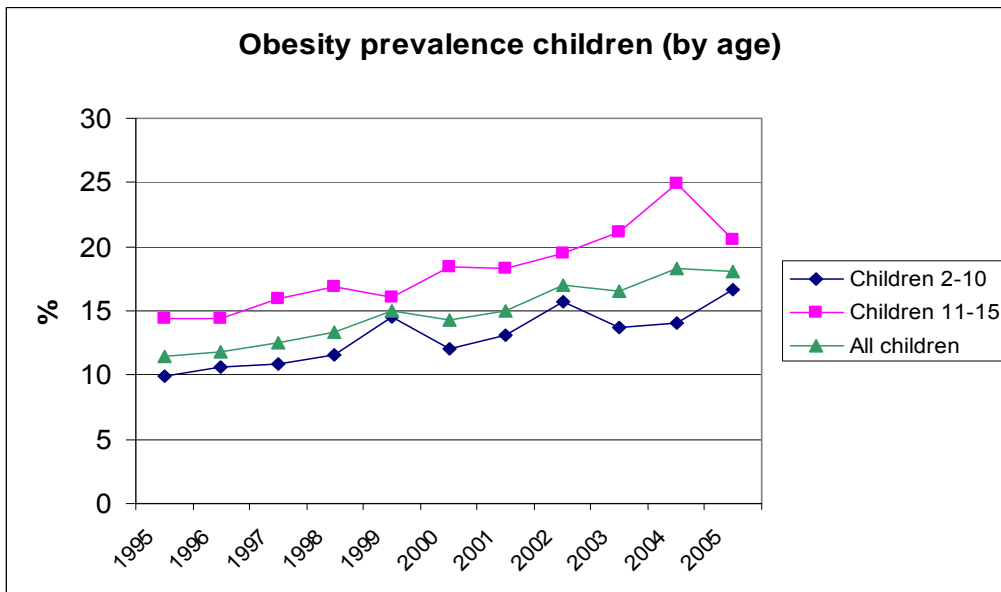
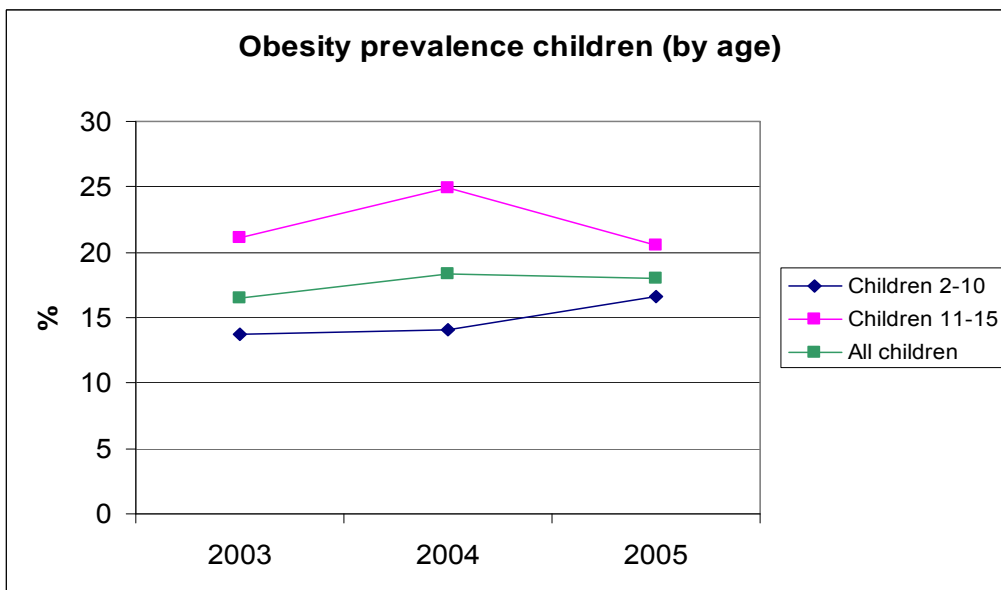


Chart 2



Obesity charts source: Health Survey for England.

Between 2003 and 2005 obesity amongst children under the age of 10 rose by almost 22%, whilst obesity amongst children aged 11-15 fell by almost 3%. The most dramatic change amongst 11-15 year olds took place between the years 2004 and 2005 when obesity levels for this particular age group fell by 17.5% (see Chart 2).

However, overall trends for 2-15 year olds seem to have stabilised and show a modest decline between 2004 and 2005.

2005 data is the latest data available so it is difficult to predict whether obesity trends will follow a similar pattern in 2006 and 2007 and whether the significant drop amongst 11-15 in 2005 will continue.

THE ROLE OF TV ADVERTISING

There is little evidence of a direct link between obesity levels and advertising. Multiple factors account for childhood obesity. Television advertising is one among many influences on children's food choices, partly due to the sedentary nature of television viewing which is associated with frequent snacking, pre-prepared meals and/or fast food consumption. These other more significant factors include individual, social, environmental and cultural factors, all of which interact in complex ways not yet well understood.

The report published by Ofcom in July 2004, building on extensive previous research, showed that television food advertising has a modest direct effect (2%) and a larger but unquantifiable indirect effect on children's preferences.

However modest the direct effect of advertising is on children's food preferences, some still think that advertising is to blame for the year-on-year rise in childhood obesity.

But how much time do children spend watching commercial television? How much television advertising are they really exposed to, both during dedicated children's airtime and during all other times of the day when they may be watching? How much HFSS product advertising do they actually see? In order to build a fully comprehensive picture of children's exposure to HFSS advertising, it is important to analyse the three following factors:

- amount of time spent by children in a commercial viewing environment
- advertising size and spend
- number of impacts

CHILDREN'S VIEWING PATTERNS

Ofcom has produced various analyses of children's television viewing patterns which provide an important context to understanding changes in their exposure to food advertisements.

Children in the UK now have a greater choice of media they can use at home than ever before and while **television is still the dominant media platform** in terms of regular usage, the internet, gaming and mobile phones are increasingly competing for children's attention.

As a result, **children are watching less television.**

BARB (Broadcasters' Audience Research Board) shows that viewing amongst children under the age of 16 has gone down from just under 17 hours per week in 2002 to **15.5 hours** in 2006⁶ or 2.2 hours per day – nearly one tenth less.

So children are watching less TV but what are they watching?

Research Annex 10 to Ofcom's consultation on food advertising to children⁷ shows that, in 2005, 68.9% of children's viewing was to adult programmes, of which 17.8% was to the advertising-free BBC, and therefore only 51.1% (and not the popularly quoted figure of over 70%) was in commercial adult airtime. For 4-9 year olds, the figure was actually less than half of their total viewing at 42.1%.

Figure 3, also in Annex 10, shows that although 68.9% of viewing is in 'adult' airtime, viewing during children's airtime is showing signs of increase over time. Indeed, in a more recent analysis of children's viewing patterns as part of its PSB review, Ofcom has concluded that "**it is viewing to adult programmes that is in decline**"⁸.

According to Ofcom, children are not watching less children's programmes. In fact, **the proportion of children's viewing to children's programmes has increased** since 2002, to around 30% of total viewing, or 4.7 hours per week in 2006.

⁶ Ofcom's PSB Annual Report, 2007. BARB 2002-2006, children 4-15.

⁷ *Television advertising of food and drink products to children. Options for new restrictions*, Annex 10, Figure 7, Ofcom, 28 March 2006.

⁸ *Ofcom and the future of children's programming*, James Thickett, Voice of the Listener and Viewer, 15 May 2007.

In summary, there is an overall decline in children's TV viewing hours and when they are watching television, their viewing habits are shifting. Their viewing of adult programming is declining and there is a substantial increase to the children's channels (where restrictions on the advertising of HFSS foods are being phased in), which are also available for children to watch in early and late evening peak time.

ADVERTISING SIZE AND SPEND

How much do advertisers invest in TV advertising?

It is a fact that the total TV advertising expenditure on ALL types of food, soft drinks and chain restaurants has decreased considerably over time. In fact, Ofcom measured a 15% decline between 1999 and 2003 in their 2004 research report.

For this review, we have taken the categories of confectionery, potato crisps & snacks, carbonated full sugar soft drinks, fast food restaurants and breakfast cereals (those with a higher than average consumption by children) and charted trends in TV advertising and other marketing activities during the years 2003 to 2006. The charts below illustrate the changes in all ad spend for the above scrutiny product categories, which are based on Nielsen product categories rather than the nutrient profiling (NP) model.

Television advertising of scrutiny products has experienced a significant decline of almost 18% since 2003. This means that food and drink manufacturers have voluntarily reduced their advertising expenditure on these products by £42m in the last three years (see Chart 3), from £231m⁹ down to just under £190m.

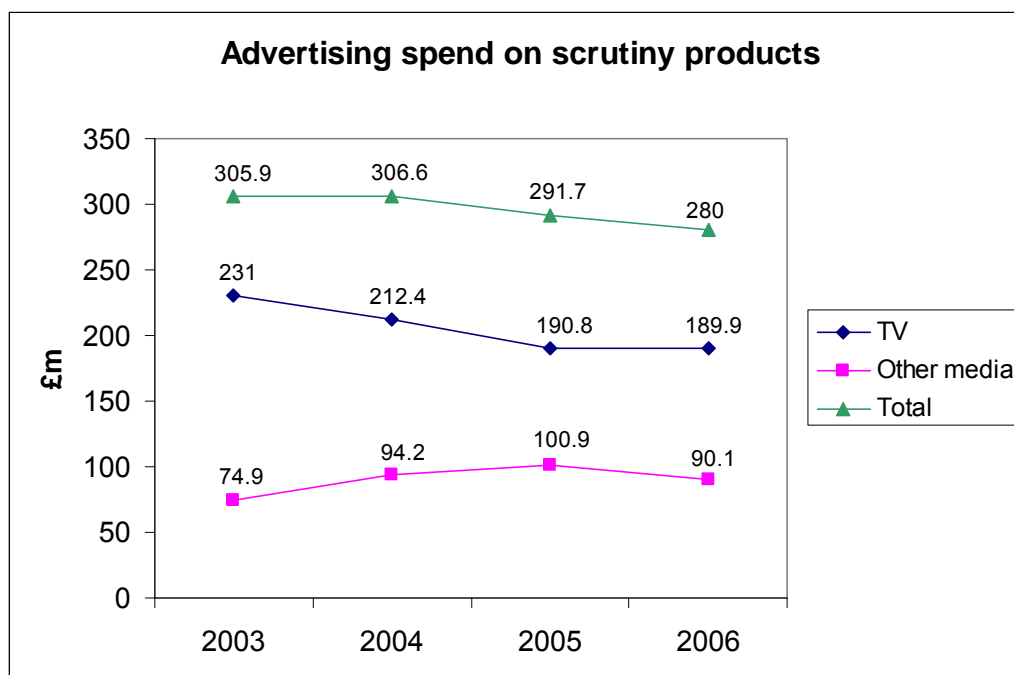
This decline does not take into account the impact that the new restrictions have had on HFSS ad spend since 1 April 2007, which we believe will be substantial. However, we have decided not to extend our analysis to 2007 because not only would it not be a full-year analysis but also because both the grace period and phased-in character of the restrictions mean that the new measures have only been fully in force since 1 July 2007 and only apply to HFSS advertising to children under the age of 10.

⁹ The often quoted 2003 ad spend figure of £522m published by Ofcom in 2004 is based on an all foods approach and includes ad spend on dairy products, meat, fish and poultry, fruit and vegetables, etc. Advertising spend on scrutiny products in 2003 is 60% less.

Extending the analysis to include the first half of the year would involve applying the NP model backwards to the rest of the data to make it consistent, which is virtually impossible given product reformulation, product line discontinuity and launch of new products which did not exist in 2003.

Chart 3 shows the decrease of TV advertising expenditure on scrutiny products, partially offset by a £15m ad spend increase in other media¹⁰ over a period of three years.

Chart 3



Source: Nielsen Ad Dynamics.

However, the increase in other media is less than half of the decrease in TV ad spend and is not enough to suggest that there has been a real shift to other media. Indeed, the 2006 figure for all ad spend on all media shows a drop of £26m, almost 9%, since 2003.

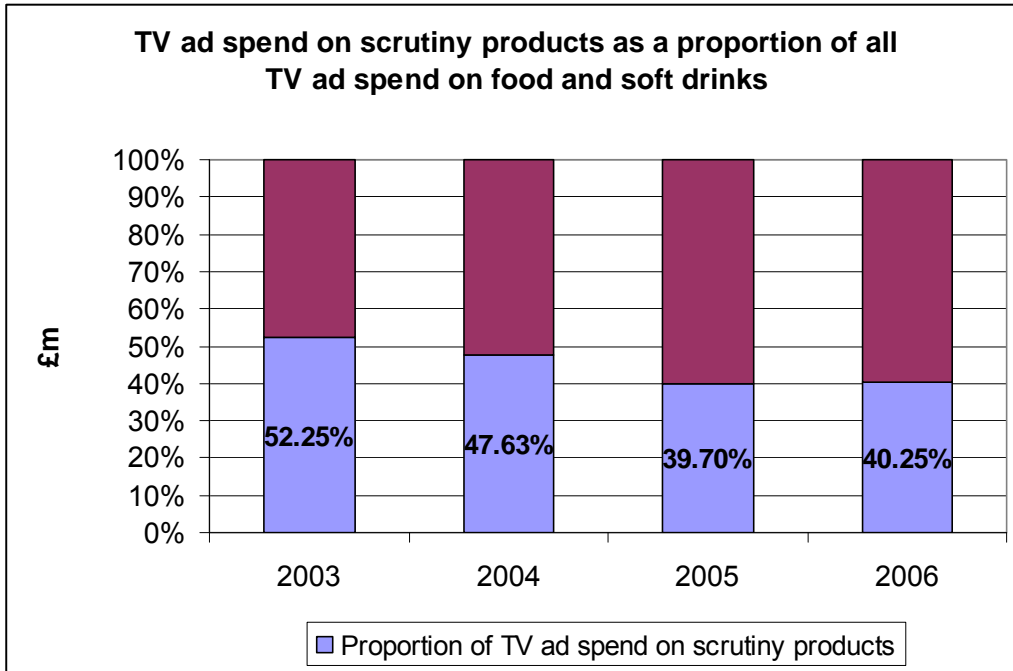
But what is the proportion of advertising expenditure on scrutiny products as compared to all food and drink advertising and how has it changed since 2003?

Chart 4 shows the decline in TV ad spend on scrutiny products as a proportion of all TV ad spend on food and soft drinks between 2003 and 2006. Since 2003, the proportion of TV ad spend on scrutiny products has been reduced by 23% (see Chart 4). This could suggest that, as a consequence, there has been an increase in the proportion of ad

¹⁰ For the purposes of this report all references to other media include press, radio, outdoor, cinema, direct mail and internet. However, internet is not included at the product category level.

spend on scrutiny products in other media. However, ad spend in other media has actually gone down by 4.35% since 2004, which rebuts claims of such a shift.

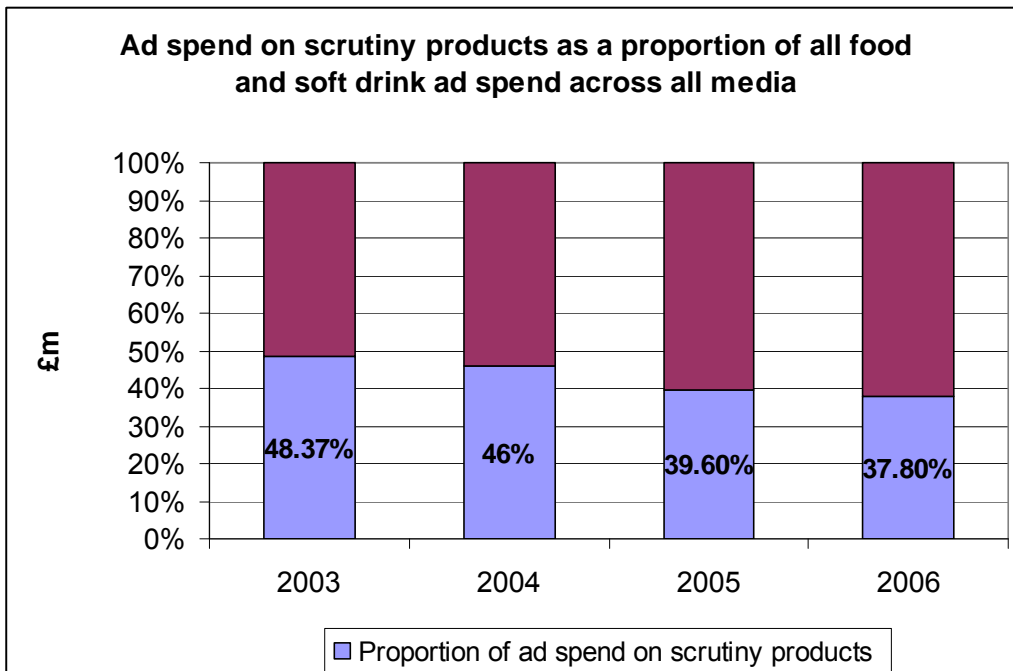
Chart 4



Source: Nielsen Media Research.

Advertising expenditure on scrutiny products as a proportion of all food and soft drink ad spend across all media has declined by almost 22% since 2003 (see Chart 5).

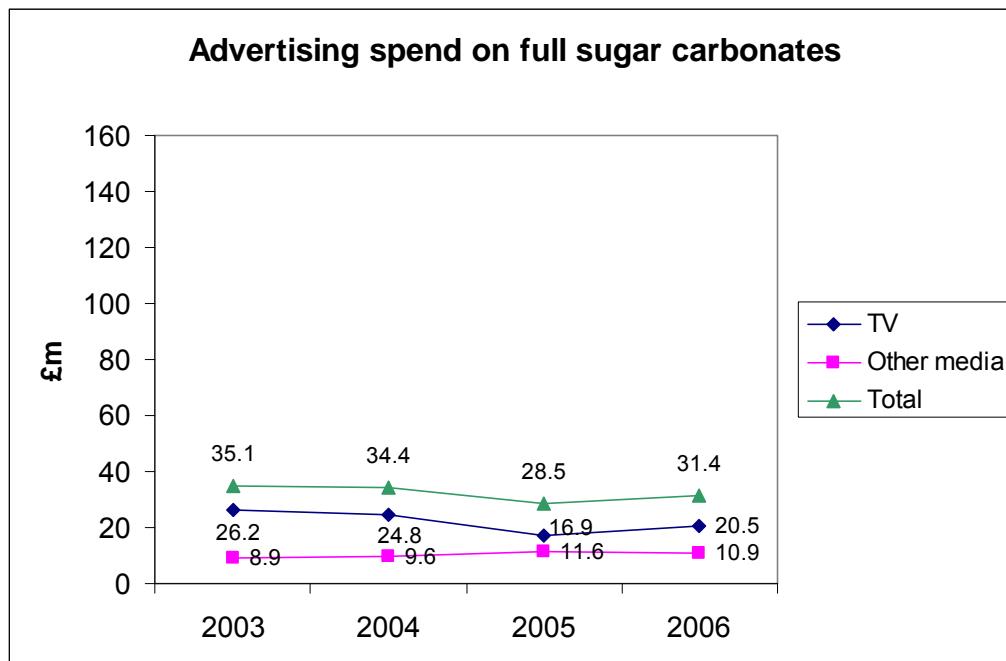
Chart 5



Source: Nielsen Media Research.

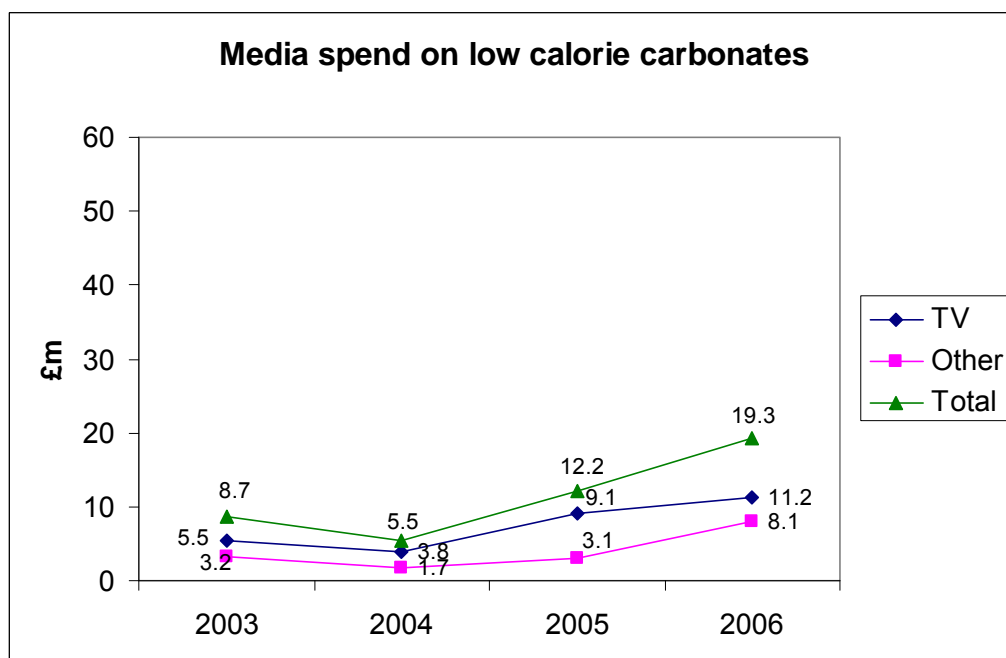
TV ad spend on full sugar carbonates¹¹ has fallen by almost 22% (£5.7m) in the last three years, resulting in an overall reduction of more than 10% across all media (see Chart 6).

Chart 6



Source: Nielsen Ad Dynamics.

Chart 7



Source: Nielsen Ad Dynamics.

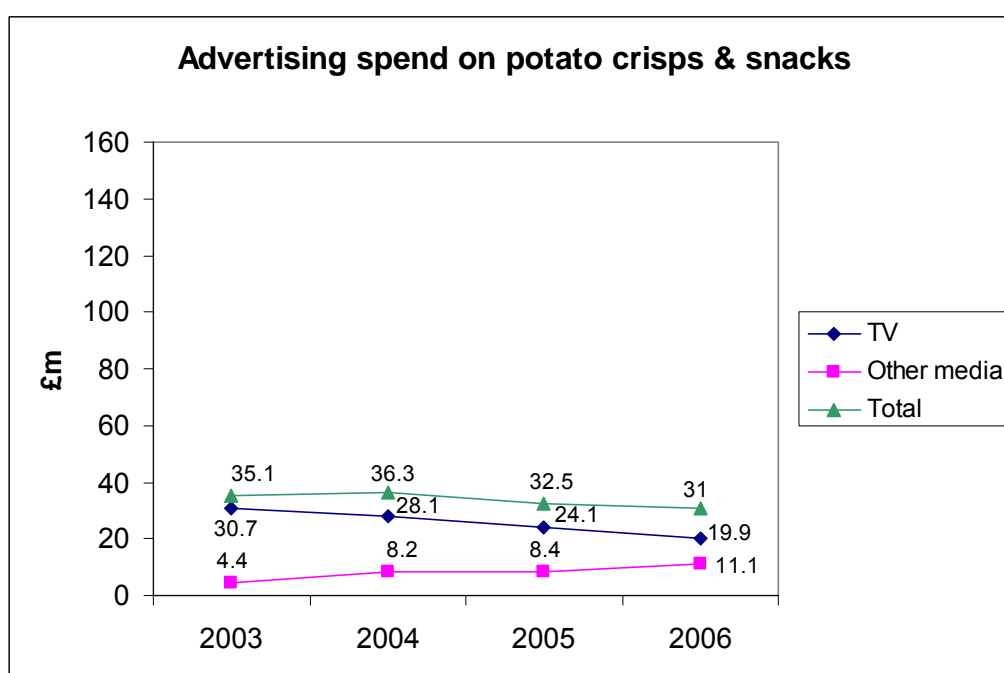
¹¹ Brands/ranges include Irn Bru, Tango, Coca Cola, Fanta, Lucozade, Pepsi Cola, Tizer, Lilt, Sprite and Vimto.

If we compare the ad spend on full sugar carbonates with the ad spend on low calorie carbonates, the trends are reversed.

TV ad spend on low calorie carbonates¹² has doubled in the last three years, whilst spend in other media has trebled, resulting in an overall spend increase of £10.6m since 2003 (see Chart 7). This suggests that advertisers have shifted ad spend on full sugar carbonates towards low calorie (sugar-free) carbonates.

Chart 8 shows a 35% drop in TV advertising expenditure on potato crisps & snacks¹³, down by almost £11m since 2003.

Chart 8



Source: Nielsen Ad Dynamics.

The decrease in TV ad spend has been partially offset by an increase of £6.7m in other media. However, overall ad spend on this product category has fallen by £4m since 2003 (almost 12%). In addition, the potato crisps & snacks market has considerably reformulated its products since 2003, which means that many of the products advertised in 2006 contain far less salt and fat (see 'product reformulation').

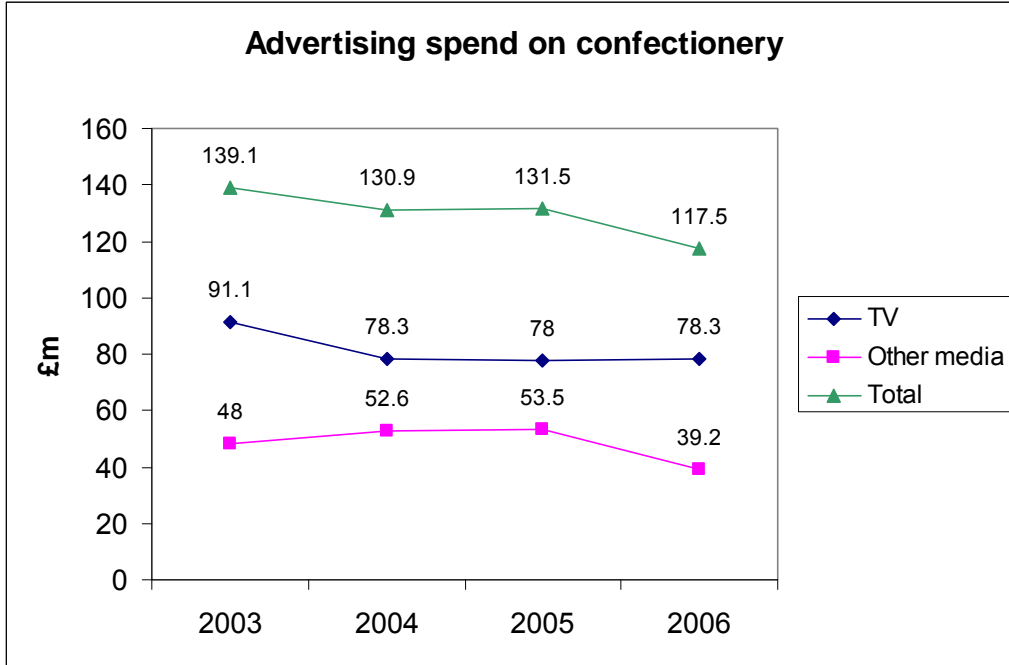
TV advertising spend on confectionery¹⁴ has experienced a significant reduction of £13m since 2003 and a drop of almost £9m in the rest of media (see Chart 9), resulting in an

¹² Low calorie carbonates contain no sugar and use aspartame as the sweetening agent (e.g. Diet Coke, Coca-Cola Zero, Pepsi Max, etc.).

¹³ Potato crisps & snacks reflect all brands as reported by Nielsen Ad Dynamics and include crisps, extruded snacks (e.g. Wotsits and Hoops) and all variants of these.

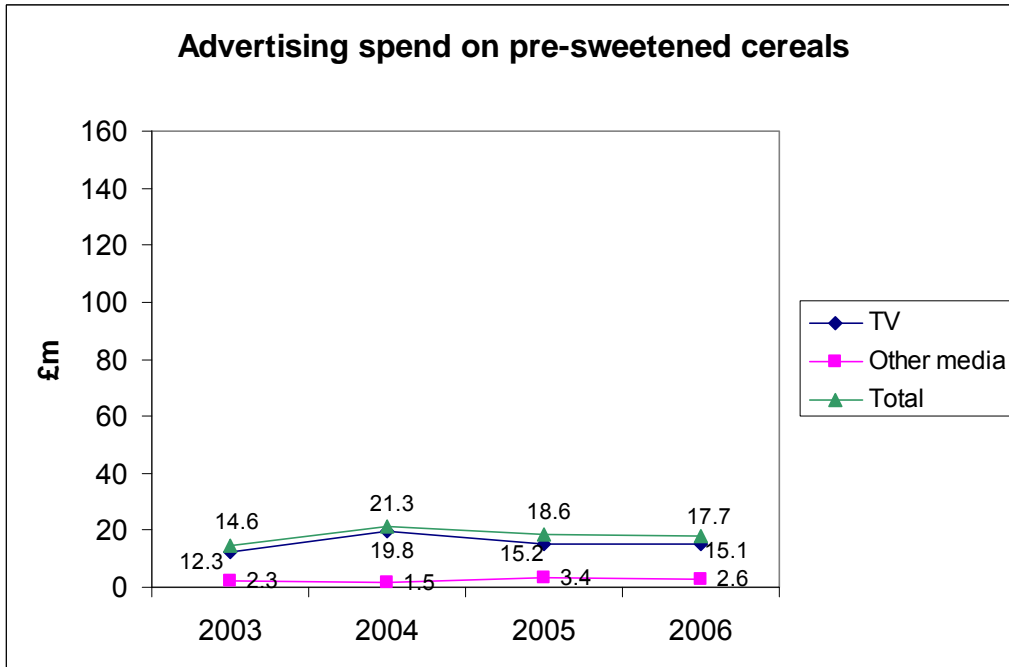
overall reduction of almost £22m (a decline of 15.5% in three years). It is also important to note that a high proportion of confectionery advertising does not target children through its content which is mostly directed at adults (see ‘case studies’).

Chart 9



Source: Nielsen Ad Dynamics.

Chart 10



Source: Nielsen Ad Dynamics.

¹⁴ Confectionery includes all sugar, chocolate, chewing gum and cereal bars – boxed and countlines.

Advertising expenditure on pre-sweetened breakfast cereals¹⁵ has declined year on year since 2004 and whilst ad spend in other media has remained flat since 2003, TV ad spend has dropped by almost 24% since 2004 (see Chart 10).

Since 2004 there has been a general breakfast cereal sector shift from advertising to children to advertising to adults/housewives (with or without children). This becomes evident through television rating (TVR¹⁶) percentages at different times of the day, with a pre-peak decline of 30% from 3.30pm to 5.30pm, a static early peak from 5.30pm to 8pm and an increase in late peak from 8pm to 10.30pm¹⁷. Since adults' airtime costs considerably more than children's airtime, the above 24% decline in TV ad spend is even more significant in terms of the decrease that this shift represents in children's airtime impacts.

In addition, the late peak increase shows that concerns about children being exposed to HFSS advertising targeting adults during early evening hours (6pm to 8pm) are overstated since the early peak period has remained static and the increase in the late peak period can partly be attributed to an increase in advertising of all family brands and NPDP (new product development).

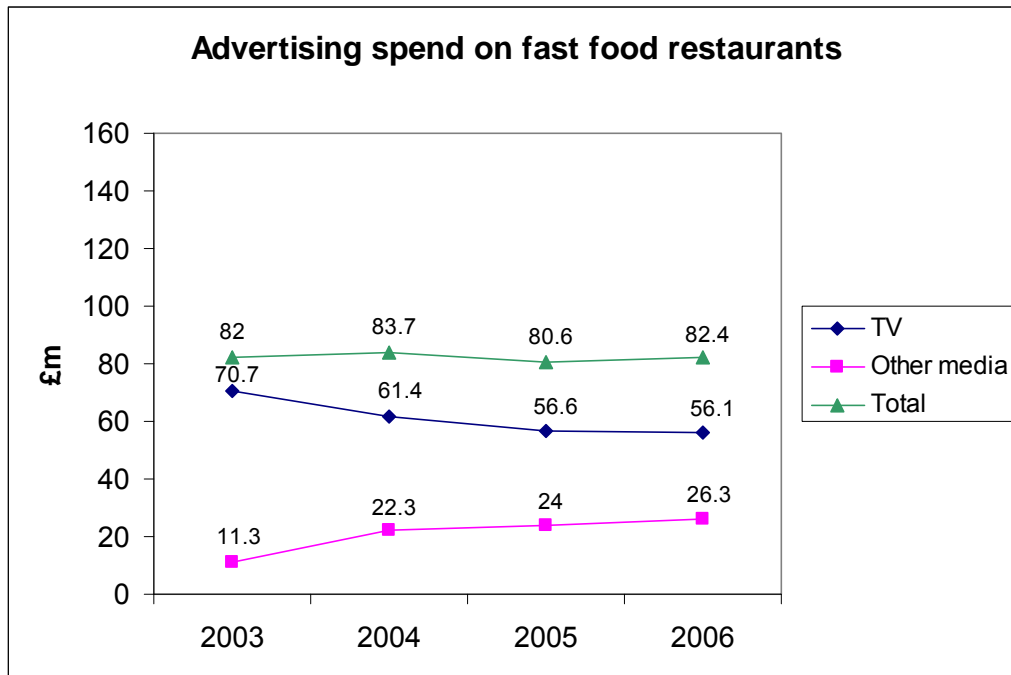
It is also important to emphasize that any 'shifts' from advertising to children to advertising to housewives or adults must also be analysed from the point of view of the ad content. Indeed, not only the ad does not target children but also its content is designed to be of interest to adults, not to appeal to children. In other words, the advertiser would not simply air the same ad during adult airtime but would change the ad to direct it to adults.

¹⁵ The pre-sweetened cereals definition includes Nielsen's 'children's cereals' + Frosties and Cheerios.

¹⁶ The TVR is used by the broadcasting industry to measure the audience for a programme or a commercial break. It is done by comparing the audience to the population as a whole. If, for example, a soap opera achieves a 'Housewife TVR of 30 in Yorkshire', this means that 30% of all Housewives in the Yorkshire region watched an average minute of that episode, while the other 70% watched another channel or were not watching television at all. TVRs are calculated for each minute of all channels measured. Programmes and commercial breaks take their TVRs from the average TVR for the relevant minutes.

¹⁷ Data source: DDS/BARB.

Chart 11



Source: Nielsen Ad Dynamics.

TV advertising expenditure on fast food restaurants has experienced a reduction of 20% since 2003 (see Chart 11). Ad spend in other media doubled from 2003 to 2004 but has only increased by £4m since then, resulting in a total increase of £15m since 2003. Total ad spend on this category shows a relatively flat trend even though there has been a reduction in real terms due to inflation.

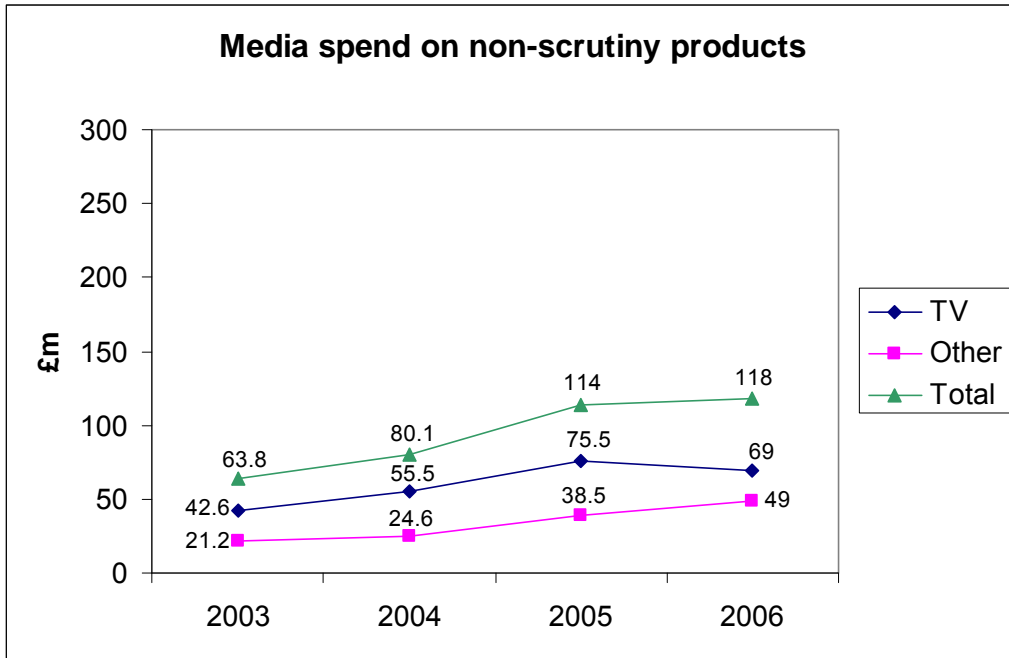
It is important to take into account that these figures cover all ad spend on any products sold in fast food restaurants both individually or as part of their menus, whether these are burgers, chips, salads, juice or fresh fruit bags. However, since these figures are based on Nielsen data, it is not possible to differentiate between products.

ADVERTISING 'BETTER FOR YOU' PRODUCTS

Television advertising expenditure on non-scrutiny products¹⁸ has increased by £26m (61%) since 2003. The biggest growth is that of ad spend in other media, experiencing an uplift of £28m – more than 130% between 2003 and 2006 (see Chart 12). In total, ad spend on non-scrutiny products has increased by almost £55m (86%).

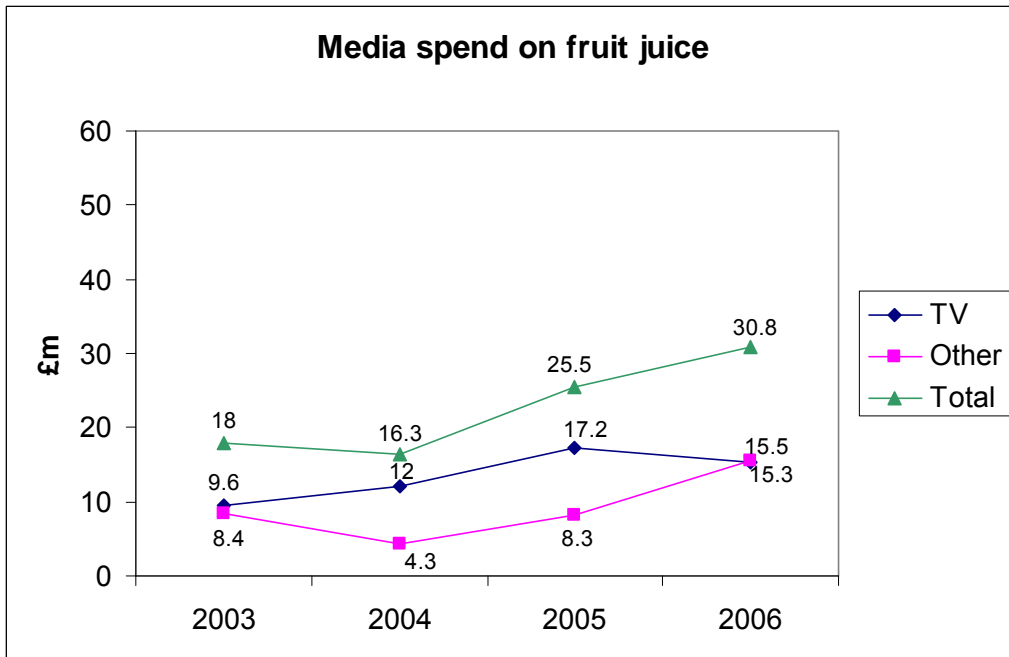
¹⁸ For the purposes of this analysis, non-scrutiny products include fruit juice, mineral water, yogurt/fromage frais and fresh fruit and vegetables.

Chart 12



Source: Nielsen Ad Dynamics.

Chart 13



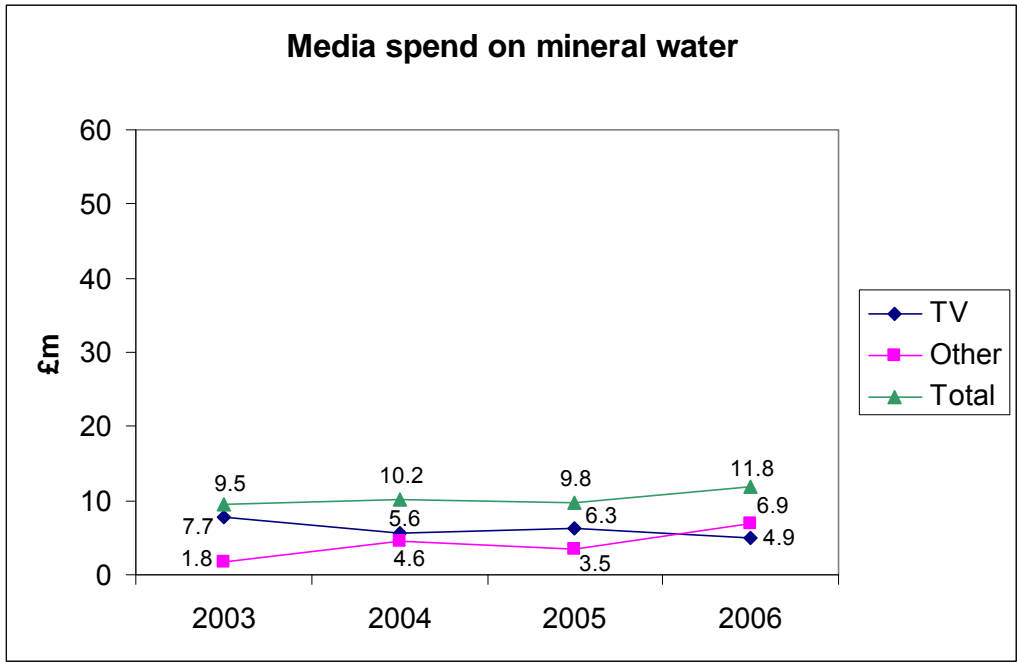
Source: Nielsen Ad Dynamics.

Chart 13 shows that since 2003 ad spend on fruit juice has increased by 60% for TV and 80% for other media, resulting in a total increase of 70%.

TV ad spend on mineral water has been up and down by an average of £1.4m between 2003 and 2006, experiencing a small total decline of less than £3m since 2003.

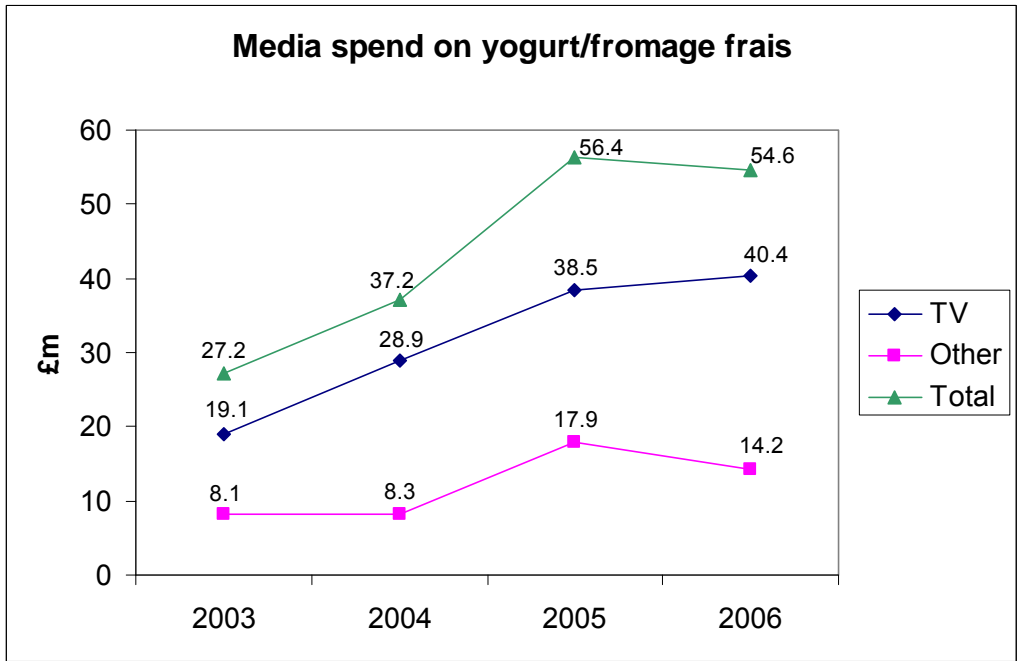
However, ad spend in other media has significantly increased by almost 300% since 2003 (see Chart 14).

Chart 14



TV ad spend on yogurt/fromage frais¹⁹ has more than doubled since 2003 and ad spend in other media has risen by 75% (see Chart 15).

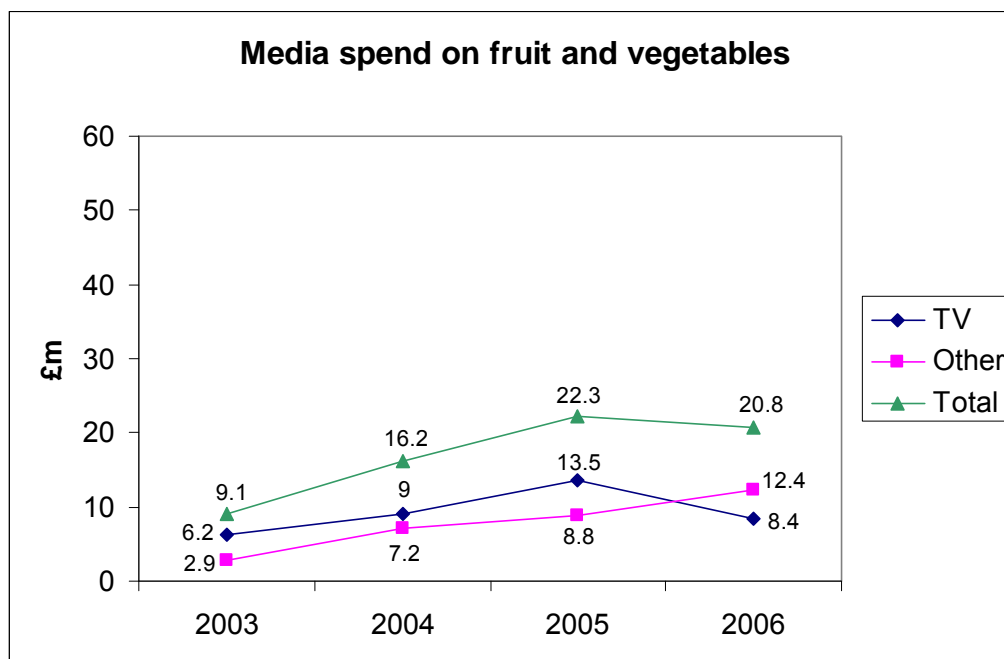
Chart 15



Charts source: Nielsen Ad Dynamics.

¹⁹ The yogurt covered is traditional yogurt (i.e. Greek style, pots and drinking yogurts). Yakult and other probiotic are not included.

Chart 16



Source: Nielsen Ad Dynamics.

Finally, advertising expenditure on fresh fruit and vegetables²⁰ has more than doubled to over £20m since 2003. TV ad spend has increased by 35% and spend in other media has soared by 327% between 2003 and 2006 (see Chart 16).

The end result is a general increase in ad spend on non-scrutiny products as part of an effort by industry to promote a nutritionally balanced diet and a distinctive change in trends.

²⁰ Not including frozen fruit and/or vegetables.

ONLINE ADVERTISING EXPENDITURE

Internet advertising has recently caused much furore and subsequent press coverage. Advertising in paid-for space on the internet (e.g. pop-ups and banner ads) is regulated by the ASA and must comply with the CAP Code. It is a self-regulatory system so the primary responsibility for complying with the Code rests with the advertiser but the ASA will investigate and adjudicate on any complaints received about UK-based advertisers.

When an advertiser refuses to comply with an ASA adjudication, CAP relies on the media owner to act as a gatekeeper and enforce ASA rulings by withholding space.

If the ad is placed by a non-UK advertiser in non-UK media then the country of origin principle applies and the ASA will ask the relevant self-regulatory body (SRO) to deal with the ad.

If there is no SRO covering that country the ASA will do its best to sort out the problem, particularly if the advertiser is deliberately targeting UK consumers.

The ASA does not regulate editorial content on the internet – including commercial editorial content (e.g. a supermarket's website) – but regulates sales promotions wherever they appear, including those on company websites.

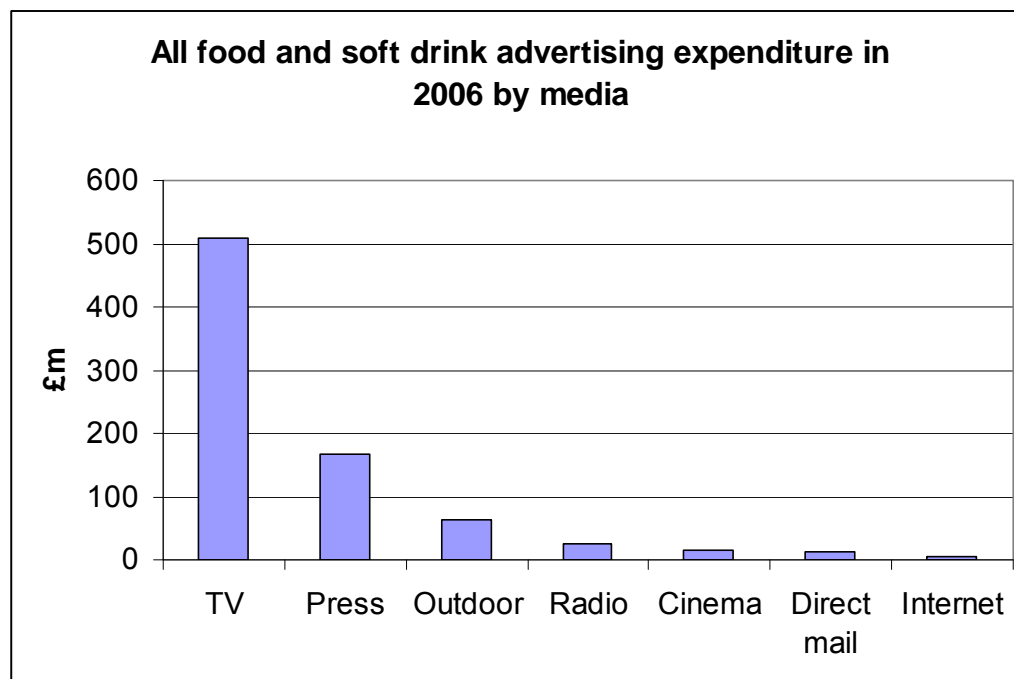
Commercial editorial content (i.e. company websites) is not advertising and therefore the costs that marketing departments may budget for the creation and maintenance of company websites is not measured by Nielsen's internet food and drink advertising expenditure.

Internet advertising has increased in the last few years mostly as a result of a shift in consumers' preferences towards new technologies and trends in the UK's communications market.

However, television remains the most popular medium for food and drink advertising²¹ followed by press, outdoor and radio, whilst the internet is still last in the list (see Chart 17).

²¹ "68% of advertising spend on core category foods across all media is devoted to television advertising (compared to a market average of 36% for other products)", *Television advertising of food and drink products to children*, Ofcom, 28 March 2006, page 21.

Chart 17



Source: Nielsen Media Research.

To put it in proportion, internet advertising in 2006 represented only 0.83% as compared to the total TV advertising expenditure on food and soft drinks for that year and was only 0.53% of all advertising spend.

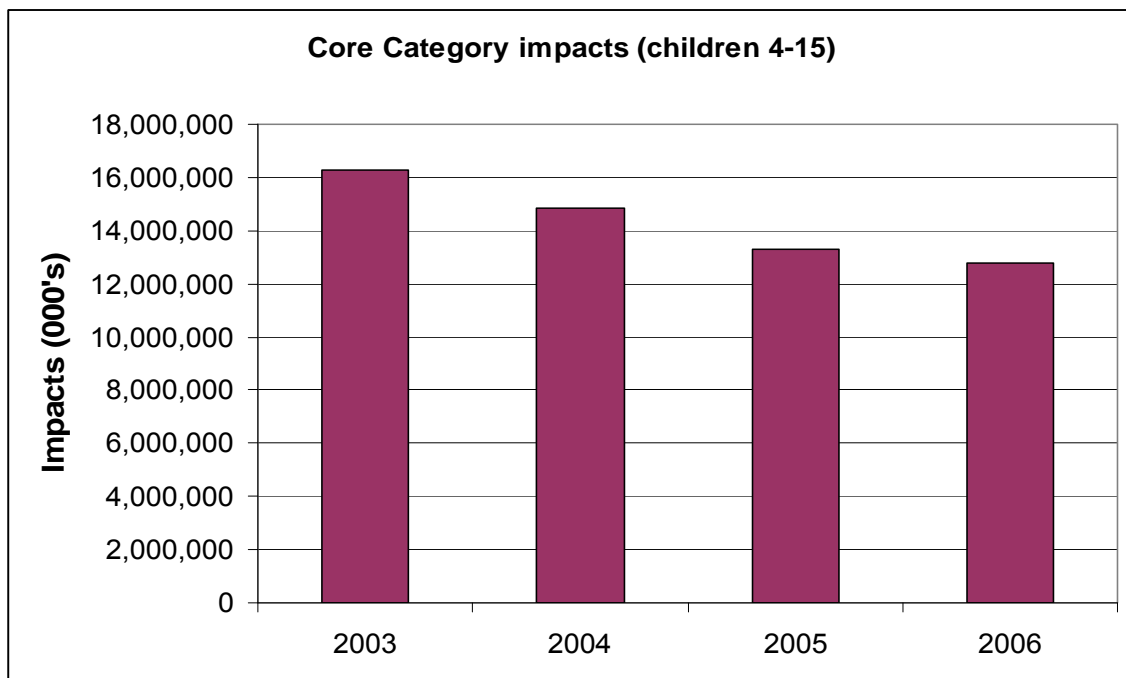
IMPACTS: TV ADVERTISING SEEN BY CHILDREN

Advertising seen is measured by looking at impacts because they provide a measure of exposure to advertising. One impact is equivalent to one child viewing one commercial spot.

Since 2005 figures show that 51.1% of television advertising seen by children under 16 is outside of children's airtime (42.1% for under 10's) and given that from 1 July 2007 HFSS ads cannot be aired in children's airtime on terrestrial channels, the charts below show changes in core category²² advertising seen by children at any time, both in children's and adults' airtime, for the period 2003 to 2006. The period does not include 2007 because data for the full year is not available yet and the new scheduling restrictions only apply to 4-9 year olds (until they are extended in 2008).

The purpose of this section is to demonstrate that there was a decline in core category TV ad exposure of children under 16, as a result of the industry's already proactive actions, even before Ofcom's restrictions came into force on 1 July. Even if we run the data search across all content, not just across children's airtime, core category impacts on children aged 4-15 have gone down by 21.64% since 2003 (see Chart 18).

Chart 18



Source: Nielsen Media Research Television System.

²² Core categories: all food, soft drinks (including mineral water and fruit juice) and fast food chains.

The decrease in impacts is greatest for the under 10's where there is a 25.44% fall between 2003 and 2006 (see Chart 19). This is important as the Government's PSA target for reducing the year on year rise in childhood obesity is focused on pre-school and primary school children, as addressed in the *Choosing Health* White Paper.

Chart 19

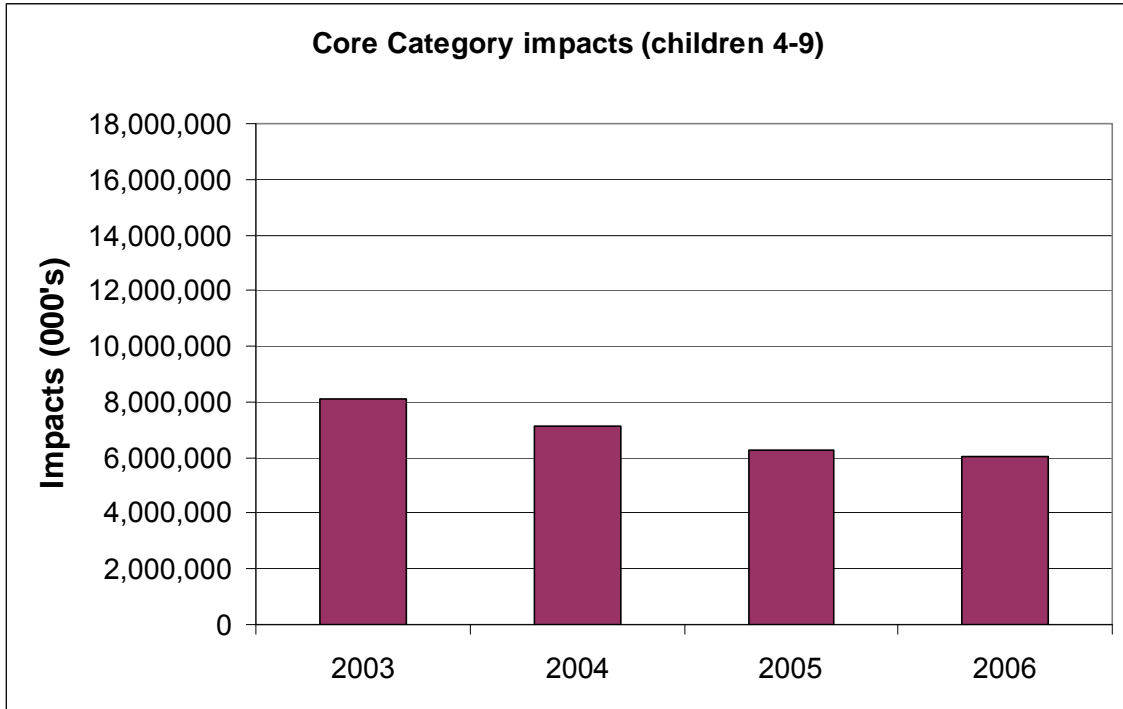
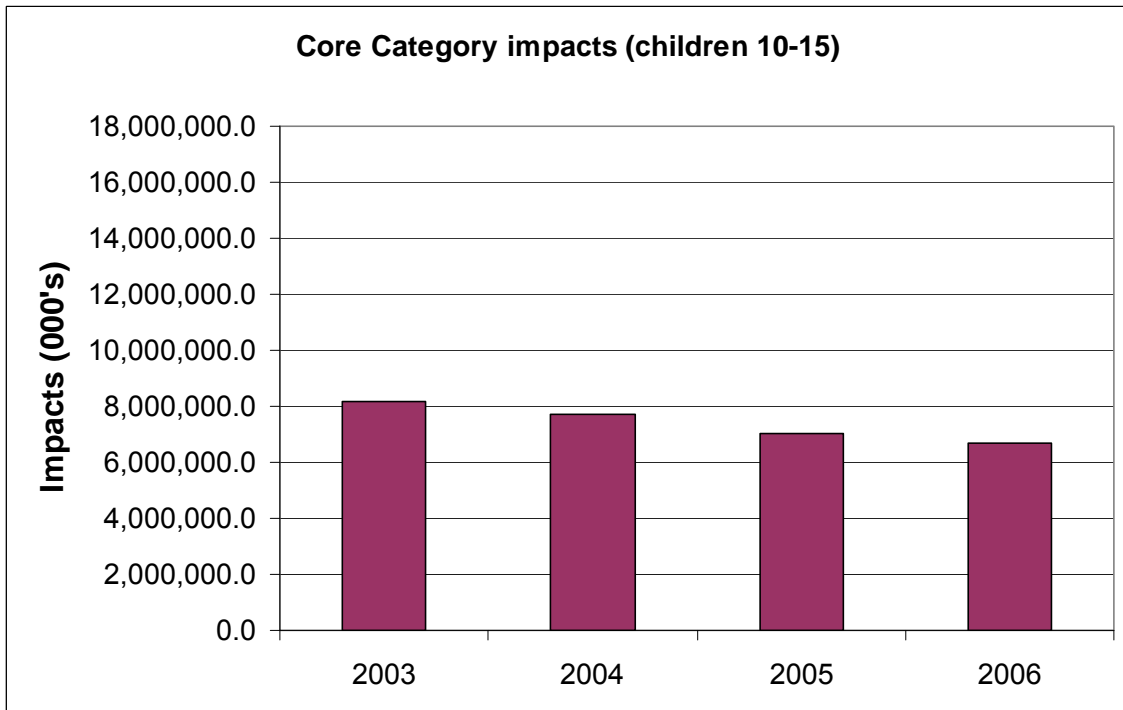


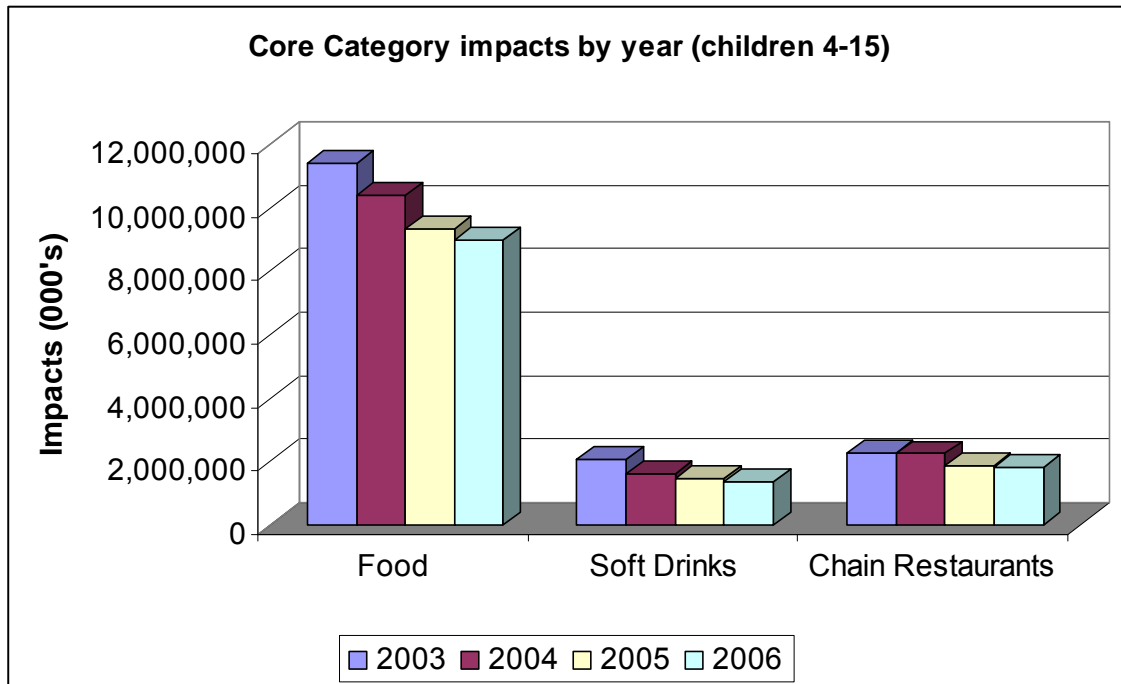
Chart 20



Charts source: Nielsen Media Research Television System.

Nevertheless, impacts on 10-15s have also decreased considerably, showing a reduction of 17.85% over three years (see Chart 20).

Chart 21



Source: Nielsen Media Research Television System.

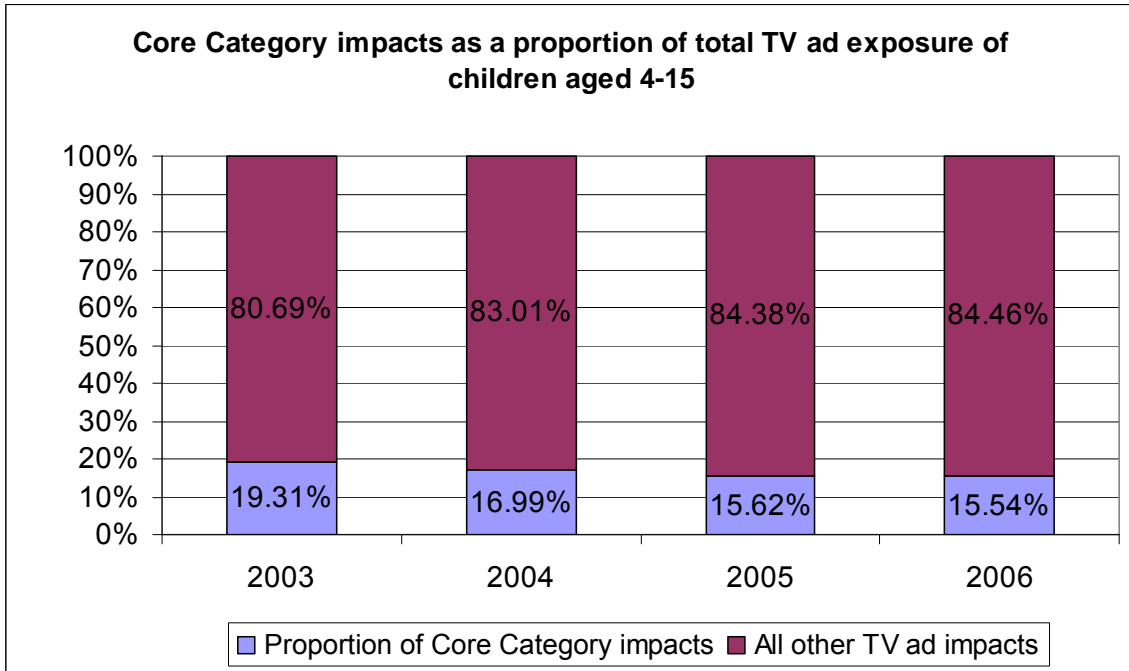
Chart 21 shows how each of the core categories has performed year on year for all impacts on children under 16 during the period 2003 to 2006. In 2006, children under 16 were watching 21% less food advertising (25.84% for under 10s), 34.4% less soft drink advertising (36.54% for under 10s) and 19% less chain restaurant advertising (19.4% for under 10s).

It is important to note that **the food and soft drink categories also include non-HFSS products such as fresh fruit and vegetables, meat, fish and poultry, eggs, milk, mineral water and fruit juice.** If the NP model was to be applied to the figures, the number of impacts would be even lower.

Core category impacts represent a small proportion of total TV ad exposure.

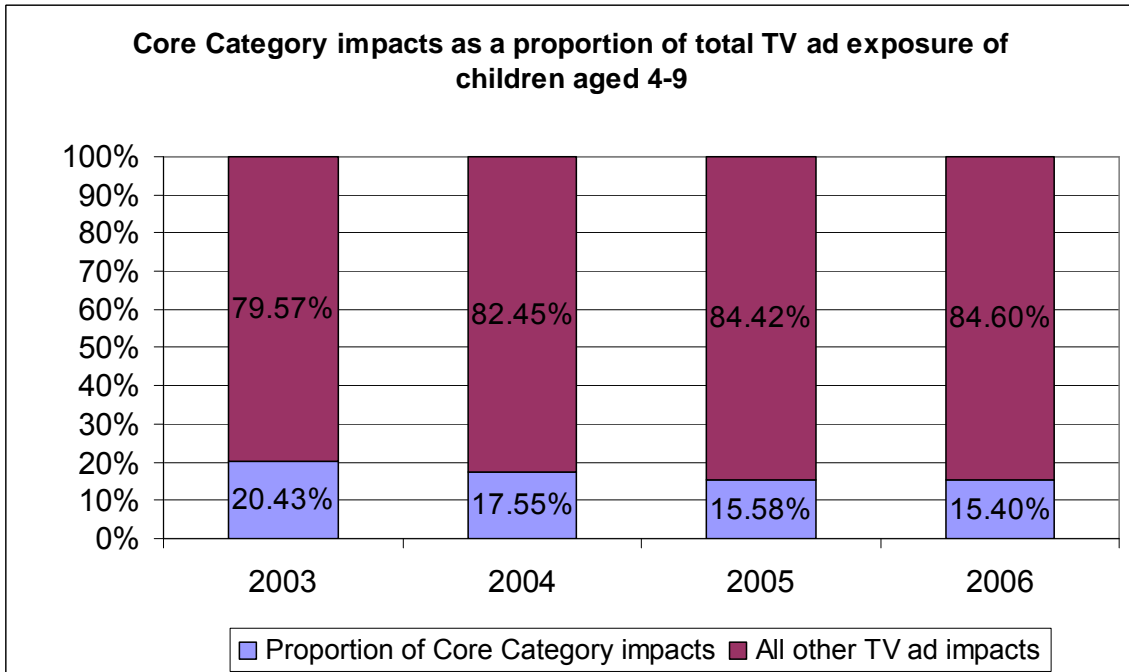
Chart 22 shows that the proportion of core category impacts has declined over the years from 19.31% in 2003 to 15.54% in 2006. This means that of all the TV ads that children aged 4-15 may see only 15.54% are core category product ads and these include HFSS as well as non-HFSS food and drink products. This decline is even more evident in the case of children aged 4-9, from 20.43% in 2003 to 15.40% in 2006 (see Chart 23).

Chart 22



Source: Nielsen Media Research Television System.

Chart 23



Source: Nielsen Media Research Television System.

BEING RESPONSIBLE: VOLUNTARY INITIATIVES

The food and soft drink advertising industry (hereafter 'industry') acknowledges that obesity in general, and especially obesity amongst children, is a hugely important and multi-faceted social issue which must be taken seriously and addressed in a holistic way.

Although advertising only has a modest direct effect on children's food preferences and there is insufficient evidence to determine the relative size of the indirect effects of TV advertising on children's food choices by comparison with other relevant factors, industry has consistently listened to and worked in partnership with Government, strengthening the self-regulatory Codes and developing voluntary initiatives to promote healthy lifestyles as its contribution to driving down the levels of childhood obesity.

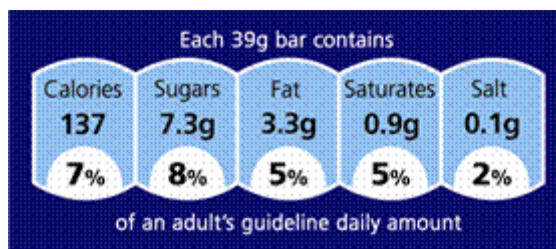
Since 2003, industry has proactively introduced significant changes at four different levels: product reformulation, labelling information and packaging, food promotion and healthy living campaigns.

In 2004 the Food and Drink Federation (FDF) launched a seven point *Food and Health Manifesto* committing food and drink manufacturers to playing its part in tackling obesity. FDF published a progress report, *Delivering on Our Commitments*, in September 2005.

The following four sections contain examples and case studies that illustrate some of the changes. Most companies in our membership are running educational campaigns and introducing voluntary changes to their products and/or their promotion so we can only name a few. The following case scenarios are not necessarily more representative than others' but are examples of what industry is doing for the common good.

LABELLING INFORMATION AND PACKAGING

Labelling changes introduced by industry have had a key role in influencing the



environment. Front of pack labelling schemes, designed to give simple, at-a-glance, objective information on the levels of nutrients in a portion of the product, have helped the public make informed choices

about the foods they choose to buy. There are several different schemes in the market, including the Guideline Daily Amount (GDA) labels favoured by many food manufacturers and retailers and a variety of traffic light schemes which are used by other retailers and some manufacturers. The FSA has acknowledged all the work that industry has done to adopt front of pack labelling in line with their nutritional criteria and has set up an independent project management panel to evaluate the impact of ‘front of label’ signpost labelling schemes operating in the UK on purchasing behaviour and consumer knowledge by the end of 2008.

		per 135g serving oven cooked	% of GDA
MED	FAT	6.6g	9%
LOW	SATURATES	0.8g	4%
LOW	SUGAR	0.8g	1%
LOW	SALT	0.3g	5%

Packaging has changed considerably in the last decade and FDF is working on a set of principles for on-pack communications.

Some leading manufacturers have already started to introduce changes to their on-pack promotions to include healthy eating and exercise messages (see Annex 4).

PRODUCT REFORMULATION

Positive consumer education, combined with ongoing product reformulation, presents the greatest opportunity for enabling consumers to balance their diet and eat more healthily.

The food and drink industry has an impressive ongoing record in working to reformulate products to reduce salt, fat and sugar and to provide consumers with a wider range of options so that they can choose the right product for them.

In late 2005 FDF surveyed its leading members and found that 36% of products, worth around £7.4bn at retail value, had a lower level of salt than in 2004. FDF and leading food companies have been consistent supporters of the FSA’s consumer education campaigns on salt.

For example, between 2005 and 2007, Nestlé reduced the use of salt in its food manufacture by 13.6%, the volume of sugar by 12.3% and the volume of fat by 15.6%. Additionally, Nestlé have moved to a position whereby 84% of range now have no added TFAs (trans fatty acids), while in the remaining 16%, TFA levels have been successfully reduced to below 1%, in line with WHO recommendations. Overall, this has resulted in a reduction in sugars, fats and saturated fats used in reformulated products (excluding foodservice) of **1200 tonnes**, since 2004.

In February 2006, Walkers went through the biggest product change in its almost 60-year history with the introduction of healthier sunseed oil for the production of its crisps. The switch, which cost the company an initial £20m-plus and £6m per year in production costs, reduced the saturated fat content of its crisps by 70% and sodium content by 25%. In March 2007, the use of sunseed oil – claimed to be one of the healthiest oils there is – was extended to other Walkers snack brands including Quavers and Monster Munch. Late last year, the company also launched a range called Walkers Baked, which Walkers claim contains less than 10% total fat.



Walkers French Fries now contain at least 25% less salt.

Walkers is continually working to reduce the salt in its snacks. So, a packet of French Fries now has 11% or less of an adult's guideline daily amount. Just thought you'd like to know.



That's how much we've reduced the saturated fat in Walkers Quavers.

All Walkers Snacks are now made with Sunseed* oil. So, a packet of Quavers now has only 2% of a child's guideline daily amount of saturated fat. Just thought you'd like to know.

Mars has reviewed its snack portfolio since 2002, focusing on major brands and products with levels of TFA greater than 1%, and implemented a TFA reduction programme. This has resulted in an average reduction of 72% in TFA levels. More than 99% of its snack food sales contain less than 0.5%, with the remainder containing less

than 1%. These changes have resulted in a reduction in use of more than 3500 tonnes of TFA across its UK snack food portfolio.

In February 2007, Mars announced that, in future, it would be seeking to bring new, innovative products to the market place that meet the nutritional interests of children as defined by regulatory authorities. When marketing such products, Mars will adopt a cut-off age of nine years which will be fully compliant with the requirements of such regulatory bodies.

Kellogg's has adopted new nutritional criteria. Kellogg's Global Nutrient Criteria has set an upper threshold per serving of ≤ 200 calories, ≤ 2 grams of saturated fat, no added hydrogenated vegetable oils, ≤ 230 milligrams of sodium and ≤ 12 grams of sugar, as labelled.

Cereal Partners UK have reformulated breakfast cereals by reducing salt and sugar content, increasing wholegrain and removing hydrogenated vegetable oils from all Nestlé cereal product ranges.

McDonald's has made significant reductions in sugar, salt and fat across its menu. For example, since 2004 the amount of salt in French Fries has been reduced by 25 per cent and in Chicken McNuggets by 30 per cent. There have also been across-the-board reductions in salt in its sauces and cooking oil now contains less than 2 per cent Trans Fatty Acids.

FOOD ADVERTISING AND PROMOTION

Industry is always abreast of public concerns about marketing to children and, in addition to all the examples set in this section, companies continually re-examine their advertising and marketing practices.

In November 2006, Burger King announced that it would no longer create or show television advertisements to children and would no longer advertise during children's TV programming in the UK. This decision was made prior to the publication of any regulatory changes regarding advertising to children. This announcement has been further supported by the decision in June 2007 to remove all children's content from the Burger King UK corporate website. The company's above-the-line marketing strategy is now targeted at an adult audience, with initiatives previously targeted at children now aimed at parents.

In February 2007, Masterfoods (now Mars) announced a review of its global marketing policy, including the decision to phase out the advertising and marketing of its core snack food and confectionery brands, including Mars and Snickers, to children aged 12 and under by the end of 2007. Mars new global marketing code will apply across all marketing channels, including online and new marketing techniques by the end of 2007.

Kellogg's has a global marketing code in place incorporating a decision not to direct any advertisements at children under the age of 6 and a longstanding commitment to advertising to children in a responsible manner, strengthened in June 2007 when Kellogg's announced that any products that do not meet its new science-based Global Nutrient Criteria²³ by the end of 2008 will either be reformulated to meet the criteria or will no longer be marketed to children under 12 (see Annex 1). Kellogg's have taken its global marketing code further in the UK, making content enhancements to its child-directed websites. Kellogg's is also developing mechanisms to limit access by children under 12 to brand websites for products that do not meet the nutrient criteria (see Annex 2).

HEALTHY LIVING CAMPAIGNS

Promoting active lifestyles



²³ See product reformulation section.

Schools and community partnership programmes



Health 4 schools is a community project, funded by Kraft Cares and supported by Gloucestershire County Council, Business in the Community, Gloucestershire NHS Health Community, FDF and Learning through Landscapes. The programme launched in September 2004, runs on an annual basis, reflecting the school year and focuses on four strands of activity: growing and learning about food; learning to cook; eating breakfast and active play. Health 4 schools seeks to involve the whole school in developing and enjoying activities which encourage a healthy lifestyle. Participating schools receive a wide range of support including funding, voluntary employee support, teacher training and a comprehensive resource pack.

Nutritional education

In February 2006 Cadbury Trebor Bassett, Masterfoods UK (Mars) and the Biscuit, Cake, Chocolate and Confectionery Association (BCCCA), launched a major consumer education campaign, *Be treatwise*, to help consumers understand the role of treats such as chocolate bars and sweets in the diet. The initiative encourages people to think about the treats they are eating and to use the Guideline Daily Amounts (GDAs) table on the back of pack to help them make informed choices and consume treats as part of a diet which is healthy and well balanced. As part of the initiative, from October 2006 the 'Be treatwise' logo can be found on the front of millions of chocolate and sweets packs across the UK.



A specific 'Be treatwise' website at www.betreatwise.org.uk provides information on such topics as the importance of moderate consumption and activity and understanding guideline daily amounts.

Both McDonald's and Burger King's websites (See www.mcdonalds.co.uk and www.burgerking.co.uk) allow users to build meals and then see nutritional information about their particular meal.



Kraft has launched a new healthy living website (www.krafthealthyliving.co.uk) which emphasises the concept of balance between food intake and physical activity and provides information tailored to the specific needs of women, men and children, regardless of their food and health knowledge. The website has featured on Philadelphia and Dairylea packs. Kraft has also launched a Dairylea website that teaches children about leading a healthy active lifestyle. See: www.dairylea.co.uk.

CONTENT AND PERSUASION: CHANGES IN ADVERTISING TECHNIQUES

Advertising techniques used in ads targeted directly at children have always been subject to public scrutiny.

Industry has voluntarily adopted advertising Codes which make it clear that advertisers should not put children under pressure to purchase their products and/or encourage excessive consumption. However, it can be difficult to remember what advertising to children was like in the past and therefore to assess how much it has changed since then. Children see food and soft drink advertising on television but in many cases the content of the ad is not targeted at children and does not directly appeal to them. Many advertisers have stopped advertising to children under the age of 6 or 12 and some have put in place global marketing codes to make sure they advertise to children in a responsible manner.

The following case studies intend to illustrate these changes and are indicative of a wider trend.

CASE STUDIES

Cadbury's

Cadbury's ads are an example of how confectionery advertising has stopped targeting children and is now directed at adults.

Dairy Milk 1950's



Crème Eggs 1970's



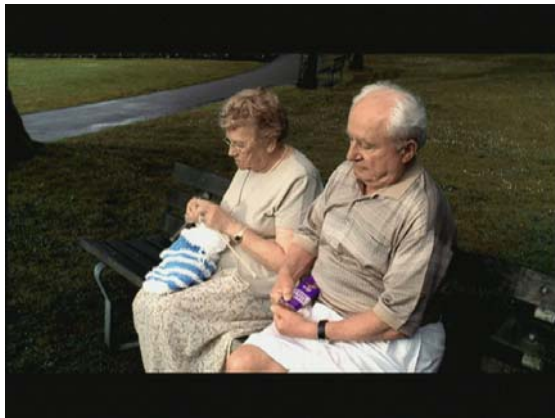
In the 1980's Cadbury's started to promote the role of teachers, parents and guardians as gatekeepers to promote responsible consumption by children.

Jelly Babies 1980's



The newer ads are created to appeal more to adults and are more directed at the general population. Cadbury's have had a global marketing code since 2004. They have not advertised to children under the age of 12 in the UK for a couple of years.

Dairy Milk 2000



Jelly Babies 2004



McDonald's

McDonald's has chosen the three following advertisements because they demonstrate the progressive changes McDonald's has been making to its advertising, especially in its use of licensed characters and tie-ins with children and family films. These changes move the central advertising focus away from the toy and licence, and progressively

towards encouraging imaginative play, helping children to have fun, eat well and learn a little bit more.

The Incredibles - December 2004



- The emphasis of the commercial is the film's close association with McDonald's.
- The Incredibles children are animated to feature in McDonald's restaurants, and play with the McDonald's toys.
- The food featured is a non-HFSS combination of fruit bag, Chicken McNuggets and Fruit Shoot. This was the beginning of a commitment by McDonald's to feature fruit or vegetables and non-carbonated soft drinks within its advertising to children.

Cars - July/August 2006



- A representative ad from a period where key themes from licensed properties were used to draw positive messages – in this case encouraging friendship and socialisation.

- The themes are directly drawn from the action in the film being translated into everyday play and interaction thus providing endorsement and positive role models.
- The importance of socialisation is further demonstrated by the fun the children share in a McDonald's restaurant where they also share the experience of eating a meal together.
- Whilst the toy is prominent in this execution is featured less than in previous executions.
- All the food featured continued to be non-HFSS.

Shrek - June/July 2007



- In 2007 and going forward McDonald's is increasingly using licensed properties to brand and support 5-a-day and non-HFSS beverage options (such as Princess Fiona Fruit Bags, Puss In Boots Milk and Donkey Carrot Sticks for their Shrek The Third promotion). **This approach has resulted in a sales uplift of these menu items.**
- For Shrek, McDonald's has created two ads supporting its association with Shrek the Third. The first ad encourages participation with the promotion in restaurants where the focus is on imaginative play. The second ad leverages the positive endorsement provided by the Shrek characters to encourage children to eat Donkey carrot sticks as one of their portions of 5 A Day.
- Research demonstrated that children enjoy and accept the messages and mums appreciate the help in encouraging healthy choices.
- All variations in the Shrek ads focus on imaginative play, helping children to have fun, eat well and learn a little bit more.

Pizza Hut

Since changing its communications policy no longer to target children directly, Pizza Hut has changed the nature of their promotions. Pizza Hut's brand positioning is about giving families the freedom to enjoy a great meal shared together. Pizza Hut has therefore changed promotions from ones that directly appealed to children exclusively, to promotions that reinforce the brand positioning and have appeal for the family as a whole.

For example, in 1997 Pizza Hut ran a promotion tied into the launch of the latest Star Wars film. Children could collect free Star Wars games with selected meal deals purchased. The promotion was designed to appeal directly to children.



In 2007, Pizza Hut offered a family-focused promotion instead. Two free children's cinema tickets were offered with a meal deal but rather than appealing directly to children or being designed purely for their benefit, the promotion focused on helping families to achieve a fun night out together, as the images suggest.



Pizza Hut “Cheesy Bites” 2006

Showing how children can be featured in advertising without specifically targeting them. Pizza Hut’s positioning is about giving families the freedom to enjoy a meal together. In this context, it is important to show children as part of the family having a great experience with their parents, but as a policy Pizza Hut does not exclusively or directly target children.



The family arrives in Pizza Hut, but Dad’s stress after a working day is obvious and brings the whole family down.



The Cheesy Bites pizza is delivered and everyone dives in.



Even Dad realizes that the Cheesy Bites pizza is fun and starts to get into the mood and plays with the bites.



With Dad relaxed, the whole family is able to have fun together.

Cereal Partners UK

Since 2005, Cereal Partners UK has started to promote generic health messages about wholegrain under the Nestlé portfolio. The following ad features children but it is aimed at adults in adult airtime and does not target children (Ctrl + click on the picture below to play the ad).



The following examples show how promotions have changed in 2005 and 2006 compared to 2003 and 2004. The content has changed, the type of premium has changed and the audience and airtime have changed. Today the focus is on encouraging education through books to CDs, and activity (lifestyle messages) through "have a go" promotions. In 2003 and 2004 most promotions linked to licensed and animated characters and targeted kids in children's airtime (Ctrl + click on each of the pictures below to watch the ads).

2003



2004



2005



2006

