

1 FEDERAL TRADE COMMISSION
2 DEPARTMENT OF HEALTH AND HUMAN SERVICES
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8 WEIGHING IN: MARKETING,
9 REGULATION AND CHILDHOOD OBESITY
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18 Federal Trade Commission
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1 As Mary said and you all know, two years ago
2 the FTC, together with HHS, hosted a joint workshop on
3 marketing, self-regulation and childhood obesity. As
4 the workshop wound to a close, one of the final
5 panelists equated the challenge of tackling childhood
6 obesity to running a marathon. I think that's a good
7 analogy

8 Unfortunately, with the CDC reporting that 10
9 million school-aged children are overweight, or nearly
10 one in five, it may be more like the iron man
11 triathlon. I've never done any of these things, by
12 the way.

13 It will be a long and difficult task,
14 requiring a great deal of stamina and a lot of
15 strategy. From the beginning, the focus of the FTC/HHS
16 joint initiative on childhood obesity has been on
17 marketing and self-regulation.

18 We've always recognized, though, that
19 industry is not the only segment of society that should
20 work to find solutions to this very serious societal
21 problem. We've all been complicit in the decline of
22 our children's health, parents, schools, government,
23 health care, media, food companies. So we all have to
24 take some action, work together to reverse the trend.

25 Now through this initiative, FTC and HHS have

1 explored how we might harness the creative forces, the
2 technical know-how and yes, the financial power of the
3 marketplace to promote healthier eating and to promote
4 exercise habits for our children.

5 We've asked industry to take the lead in
6 providing some solutions to this very complex problem.
7 Today, we're going to look at the progress that's been
8 made over the last two years.

9 Our 2005 workshop brought together academics,
10 consumer advocates, pediatricians, government officials
11 and some of the largest food and beverage
12 manufacturers, restaurant chains and entertainment
13 companies in the country.

14 The dialogue we had there, we thought, was
15 quite encouraging. Despite some initial mistrust and
16 skepticism, participants ultimately did find some
17 common ground. Panelists generated many creative ideas
18 for addressing childhood obesity, and the food industry
19 pledged to implement a major self-regulatory
20 initiative.

21 Our report on the workshop provided a
22 substantial list of recommendations for specific and
23 concrete action. Our report called first and foremost
24 for stronger self-regulation of food marketing to
25 children, working through the Council of Better

1 Business Bureau's Children's Advertising Review Unit,
2 which we all call CARU.

3 We urged CARU to consider minimum nutritional
4 standards for foods marketed to children, and to
5 explore other ways to shift the overall marketing
6 emphasis to healthier food choices. We asked that CARU
7 expand enforcement beyond traditional advertising, to
8 adver gaming, peer-to-peer marketing, product placement
9 and other techniques. We called for more enforcement,
10 tougher sanctions and increased funding to make this
11 possible.

12 Our report also included numerous
13 recommendations directed to food companies, and to
14 media and entertainment. We called for the food
15 industry to expand on product packaging innovations
16 that would provide more nutritious, lower-calorie
17 options and at the same time make those options more
18 appealing to children. Next, we'll ask you to make
19 them more appealing to the rest of us. Just kidding.

20 We asked them to revise their marketing and
21 sales practices in schools, and to consider adopting a
22 simple, uniform label icon that could help consumers
23 make quick, easy and smart food choices.

24 We asked the media and entertainment industry
25 to incorporate nutrition and fitness messages into

1 their programming, and to limit the licensing of
2 children's television and movie characters to more
3 nutritious, lower calorie products.

4 We called on the food and media industries to
5 combine forces, to develop and support public service
6 campaigns on nutrition and fitness, focusing specific
7 outreach efforts on minority populations, where
8 children's obesity rates are highest.

9 Now I recognize that all of this was a tall
10 order. Reconciling these recommendations with the
11 economic realities of an extremely competitive
12 marketplace might seem like a feat requiring super hero
13 powers.

14 But I'm pleased to say in the mold of the
15 Fantastic Four, a new foursome of super heroes is
16 answering the call. Mickey Mouse, SpongeBob, Cookie
17 Monster and yes, the hulking green monster, Shrek. Now
18 you know that all these characters have tremendous
19 popularity with our kids, and they're all harnessing
20 that popularity today, to urge children to eat better
21 and exercise more.

22 Mickey Mouse and his friends now appear only
23 on foods that meet certain nutritional criteria.
24 SpongeBob is shifting away from foods high in sugar or
25 fat to carrots, grapes and green beans.

1 Cookie Monster sings happily that cookies are
2 a sometimes-food, and Shrek urges kids to get up and
3 play an hour a day. Perhaps now that Shrek is a new
4 parent, his perspective on nutrition will further
5 improve.

6 (Laughter.)

7 CHAIRMAN MAJORAS: Now I'm not making light
8 of the commitments that have been made by Disney,
9 Nickelodeon, Sesame Workshop, DreamWorks, the Ad
10 Council or any of the food and beverage companies that
11 have licensed these characters, in an effort to get
12 children to eat more nutritious, lower-calorie foods.

13 I know there are critics that say that these
14 initiatives don't go far enough, and we want to hear
15 about. That's what this forum is for, to showcase the
16 efforts of industry, to hear from the critics, and to
17 assess where things may be falling short of report
18 recommendations.

19 So we're going to look behind the pledges, to
20 identify and explore the programs that have been put
21 into place. First, we're going to hear from the
22 Council of Better Business Bureaus, which last November
23 launched the children's food and beverage advertising
24 initiative.

25 The charter participants, Cadbury-Adams USA,

1 Campbell's Soup Company, the Coca-Cola Company, General
2 Mills, the Hershey Company, Kellogg Company, Kraft
3 Foods, Mars, McDonald's, Pepsico and Unilever, have
4 pledged to change the content of their messages to kids
5 about what they should be consuming, as well as how
6 they communicate those messages.

7 Advertising by these companies accounts for
8 about two-thirds of the television ads that are
9 directed to children under 12. Eight of the companies
10 we've just heard have commitment to tie 100 percent of
11 their advertising directed to kids to nutritional
12 standards, a significant step in making the healthy
13 choice an easy choice for parents and kids.

14 Three of the companies have pledge to cease
15 entirely advertising their products to children under
16 the age of 12.

17 As this BBB program matures and expands, it
18 has the potential to produce real change, I think, in
19 the children's food marketing landscape. I recognize,
20 of course, that the true test will be in the details of
21 the pledges, how they're implemented and whether
22 they're enforced.

23 We'll also watch carefully to see whether
24 this program expands beyond the eleven charter members.
25 For example, we'd love to see other restaurant chains

1 joining in this initiative. I'm confident that BBB is
2 committed to tough enforcement, and the FTC stands
3 ready to work with them.

4 Next today, we're going to hear about some of
5 the food and entertainment industry participants like
6 Kraft and Disney, who got out to an early lead in this
7 race against childhood obesity. These companies were
8 willing to take bold steps to change what products they
9 market to children and how they market them, and
10 they've been joined by others over the past two years.

11 Most recently the Kellogg Company announced
12 plans to dramatically change the products and
13 techniques used in marketing to kids under 12, even
14 committing to reformulate or stop marketing some of
15 their most popular brands, like Pop Tarts and Fruit
16 Loops.

17 General Mills will describe its partnership
18 with Nickelodeon, to promote its frozen vegetable line
19 to kids using Dora the Explorer and other favorites.
20 Sesame Workshop continues to refine their own character
21 licensing guidelines based on their own research, of
22 how pre-school kids select foods, and we'll hear about
23 that today.

24 So there are many examples, and so many, I'm
25 pleased to report, it's not possible to talk about all

1 of them and give folks that recognition.

2 Other efforts we're going to examine today
3 include a program directed at improving the selection
4 of foods marketed in schools, under the direction of
5 the Alliance for a Healthier Generation.

6 HHS will also discuss public education
7 campaigns targeting both general audiences like the HHS
8 Small Steps PSAs, and then efforts by BET to reach out
9 to specific racial and ethnic communities where
10 childhood obesity rates are highest.

11 The FTC's own efforts over the past two years
12 will also come under the spotlight, as they should. As
13 part of this agency's commitment to combating childhood
14 obesity, we're conducting research to determine what
15 exactly is happening the marketplace, and how it's
16 evolving over time.

17 You heard at our 2005 workshop that our
18 Bureau of Economics had described some initial data
19 from a staff study in children's exposure to food
20 advertising on TV, and today, we'll take a closer look
21 at the final results from that study and the findings
22 of other leading researchers.

23 As many of you are aware, the FTC now is
24 engaged in a far more comprehensive study of food
25 industry marketing expenditures, and activities

1 targeted towards children and adolescents.

2 Through this effort, we're exploring not only
3 traditional TV, print and radio advertising, but all of
4 the many other ways that industry reaches children
5 today. In-store promotions, events, packaging, the
6 Internet and product placement in video games, movies
7 and TV programs.

8 We hope to get a far more complete picture of
9 the marketing techniques for which so far publicly-
10 available data has been lacking. We'll submit the
11 aggregated data about children's food marketing and
12 report to Congress, as directed in the conference
13 report, in our 2006 appropriations legislation.

14 So today, we're weighing in on the progress
15 we've made since our 2005 workshop. I've already
16 alluded to many positive examples. I imagine we'll
17 hear some frustration today about what has not been
18 accomplished.

19 So I urge everyone to approach the challenge
20 together, as we would any successful weight loss or
21 fitness program, which anybody who's ever been on one
22 knows that you're much doing it if you have someone
23 enduring the pain right along with you.

24 Whether we're talking about one individual's
25 weight loss goals, completing that triathalon or

1 improving the health of a nation's children, success
2 requires a long-term commitment, requires us to
3 recognize that changes may come in small increments
4 that will add up to meaningful progress over time.

5 We're not going to conquer childhood obesity
6 until we've succeeded in bringing about substantial,
7 lasting and holistic changes in our society by all
8 involved. We must keep our resolve to reach this
9 ultimate goal, even when the process at times is going
10 to seem long and difficult.

11 We didn't get here overnight. We won't fix
12 it overnight. I continue to have confidence that self-
13 reg and industry initiatives can effectively
14 contribute, and to believe that industry action can
15 bring change more quickly and effectively than
16 government regulation of speech.

17 I also recognize, however, that this
18 viewpoint has its share of skeptics, and that the
19 skepticism likely is fueled by a lingering resistance
20 by some to make difficult changes in their business
21 models. I realize that what we're calling on companies
22 to do has economic consequences. But no one should
23 underestimate the potential cost of maintaining the
24 status quo.

25 Our kids are our future. If you want me to

1 put in economic terms, childhood obesity, which
2 significantly increases health risks, is predicted to
3 contribute significantly to already-increasing health
4 care costs, in large part by today's large employer.
5 One can imagine that childhood obesity ultimately will
6 cost us dearly in employee productivity over time.

7 Unfortunately, if this doesn't stir
8 additional firms to act, then ultimately they should be
9 spurred by competition in the marketplace, by those
10 companies who have chosen to act now. The FTC/HHS
11 workshop report in today's forum are providing, we
12 hope, a powerful stimulus, but we know we're not alone
13 in this and we're grateful for that.

14 The Institute of Medicine, the Federal
15 Communications Commission, Members of Congress, many in
16 government have been leading advocates for action.
17 Again, I'm encouraged by the progress and I'm energized
18 to continue this right.

19 You know, who knows? We have this movie
20 that's a hit movie for the summer, "Ratatouille," so
21 maybe it can do for vegetable stew what ET was able to
22 do for Reese's Pieces. You never know.

23 So I want to thank all of you for being here.
24 I'm particularly grateful to all of our panelists, for
25 sharing your time, your wisdom, your experience with us

1 today. Very appreciative of the hard work of our staff
2 at the FTC, our partner HHS.

3 Now I will, without further discussion, turn
4 things back over to Mary Engle. Thanks so much.

5 (Applause.)

6 MS. ENGLE: Thank you, Chairman Majoras, for
7 framing the issues that we'll hear about today. Before
8 I introduce our speakers for the next set of
9 presentations, I need to go over a few housekeeping
10 details.

11 Everyone should have received a badge when
12 they came through security. You need to keep that with
13 you at all times, and remember that even when you leave
14 the building at lunch time, when you come back, you'll
15 have to go back through security even with the badge.

16 In case of emergency, please note the exit
17 signs. We've learned to do that, like flight
18 attendant. If we hear that for some reason there's an
19 emergency and we cannot vacate the building, we'll have
20 security staff come and give us instructions for what
21 to do.

22 We will be having one or two speaker changes
23 on the agenda, which we'll introduce as the day
24 progresses. We hope that you'll participate in the Q
25 and A sessions that we have scheduled throughout the

1 day. You'll find comment cards in your folders.

2 You can write down your questions and give
3 them to FTC staff members, who you'll be able to
4 recognize by the ribbons that they have on their
5 badges.

6 Also, of course, please turn off all cell
7 phones and PBAs. The microphones will be on all day
8 and this event is being recorded. If you need to make
9 a cell phone call, please go out into the lobby or
10 outside the building.

11 Of course, the restrooms are across the
12 lobby. There are signs, so you don't have to go
13 through security to get to them. They're out on the
14 other side of the elevator banks.

15 Finally, when possible, we will be posting
16 the panelists' PowerPoint presentations within the next
17 few days on our website. Now I'd like to welcome two
18 of the distinguished speakers that we have today.

19 First, Elaine Kolish is the Director of the
20 BBB's Children's Food and Beverage Advertising
21 Initiative, and she'll tell us about the changes that
22 companies participating in the initiative are making
23 and how food is marketed to children.

24 Before the joining the BBB's Food and
25 Beverage Advertising Initiative, Elaine was a partner

1 at the law firm of Sonnenschein, Nash and Rosenthal.
2 Before that, she spent 25 years at the FTC and she was
3 Associate Director of the Division of Enforcement.

4 After Elaine, we'll hear from Kimberly
5 Stitzel, who is a Science and Medicine Advisor for the
6 American Heart Association. Your agenda says Dr. David
7 Faxon will be speaking, but he was unable to make it
8 today. So we're happy to Ms. Stitzel coming in his
9 place.

10 Prior to her work with the AHA, Ms. Stitzel
11 served on as a nutrition advisor to the Deputy
12 Assistant Secretary for Health on Federal Nutrition
13 Policy at HHS. She will be speaking about
14 contributions by members of the Alliance for a
15 Healthier Generation, to changes that have been made in
16 food available in schools. So Elaine.

17 (Applause.)

18 **PRESENTATIONS: SELF-REGULATORY INITIATIVES**

19 MS. KOLISH: I have a lot of slides, so I may
20 need this water.

21 (Pause.)

22 MS. KOLISH: Good morning, everyone. Thank
23 you, Mary, for the introduction, and I'd like to thank
24 Chairman Majoras for doing such an outstanding job of
25 laying out the challenge that faces all of us today,

1 and for giving you a preview of the exciting news that
2 I'm so delighted to be able to share with you in more
3 detail today.

4 Meeting the challenge of obesity requires the
5 efforts of so many parents, communities, schools,
6 government and advertisers. As you will hear today,
7 food marketers are responding to consumer interest in
8 health and wellness by developing new products and
9 reformulating existing ones to respond to consumer
10 interest.

11 Participants in the Children's Food and
12 Beverage Advertising Initiative believe that
13 advertising can play an important role in helping to
14 inform consumers about these Better For You products,
15 and about healthy lifestyles.

16 These efforts, in combination with the
17 efforts of others, can help consumers be better-
18 educated about healthy diets and the need for physical
19 activity in our daily lives.

20 I don't know about you, but after hearing
21 Chairman Majoras, I feel like I should go train for a
22 marathon, but I'm not going to.

23 The eleven companies, as you've heard,
24 although the number may sound modest, have a huge
25 impact in the marketplace. They represent an estimated

1 two-thirds of the 2004 children's food and beverage
2 television advertising expenditures.

3 These companies are proud to have responded
4 to the FTC and HHS challenge to contribute their voices
5 to meeting the childhood obesity challenge.

6 Before I launch into the details of the
7 program, I'd like to tell you a little bit about the
8 BBB first.

9 Founded in 1912, the BBB has been a leader in
10 advancing trust in the marketplace for nearly 100
11 years. We take pride in the fact that we serve
12 millions of consumers each year, by for example, giving
13 them information about companies they're thinking about
14 doing business with, and by helping to resolve disputes
15 between consumers and businesses.

16 The BBB also administers two well-known self-
17 regulation programs, the National Advertising Division
18 and the Children's Advertising Review Unit. Those two
19 programs are led by the National Advertising Review
20 Council, which sets their procedures and policies.

21 Oh, I forgot to go down on the slide. So
22 sorry. I'm going to give you just a tiny overview of
23 what I'm going to say. I want to give you some
24 background about the initiative, an overview of the
25 progress that we've made, and then I want to tell you

1 more about the company pledges.

2 Then I'm going to turn to a report on the
3 changes and updates to the CARU program, and I'll end
4 with next steps.

5 First about the initiative's origin. As the
6 Chairman said, two years ago, the FTC and HHS held a
7 workshop on self-regulation in children's marketing.
8 In April 2006, the agency issued a report with many
9 recommendations.

10 After that report, the BBB and the NARC and
11 industry members worked together to address the
12 agency's recommendations, to enhance an existing
13 program, the children's advertising review unit
14 guidelines.

15 They did this by commencing a review of the
16 program, a comprehensive review, and this review was
17 led by one of the nation's preeminent leaders and
18 experts in consumer protection, former director Jody
19 Bernstein.

20 In November 2006, the BBB and the National
21 Advertising Review Council were delighted to announce
22 that this comprehensive review of the CARU program had
23 resulted in updates to the CARU guidelines and other
24 CARU program enhancements, as well as to the creation
25 of the new Children's Food and Beverage Advertising

1 Initiative.

2 At the outset, let me explain that this new
3 initiative, like CARU, addresses advertising directed
4 primarily to children under 12. The difference between
5 the two programs can be stated simply.

6 The initiative focuses on what products are
7 advertised to children, while the CARU guidelines
8 address how food and toys and other products are
9 advertised to children, and is looking to make certain
10 that those advertisements are truthful and fair and
11 appropriate.

12 The new initiative responds directly to the
13 agency's specific call for additional self-regulation,
14 as well as to the Institute of Medicine's
15 recommendation issued in its December 2005 report,
16 "Health Food Marketing to Children Through Other
17 Opportunity," that food and beverage manufacturers
18 should use their creativity and resources to promote
19 and support more healthful diets for children and
20 youth.

21 Under this initiative, the participating
22 companies agree to shift their mix of food and beverage
23 advertising.

24 Specifically, the participants agreed that at
25 least 50 percent of their ads primarily directed to

1 children under 12 in measured media, that is, TV,
2 radio, print and Internet, will be for products that
3 represent healthier dietary choices or advertising that
4 encourages physical activity or good dietary habits.

5 The participants also agreed to five other
6 goals. They would reduce the use of third party
7 licensed characters in advertising primarily directed
8 to children under 12, they committed not to seek for or
9 pay for product placement of any of their foods or
10 beverages in any program or editorial content directed
11 to children under 12, and they committed not to
12 advertise their foods and beverages in elementary
13 schools.

14 Additionally, on company-owned websites, they
15 agreed to meet the 50 percent commitment, and they
16 agreed that on interactive games directed to children
17 under 12, if their food or beverage products were part
18 of those games, that they would now incorporate Better
19 For You products and/or healthy lifestyle messages.

20 Let me tell you some highlights on the
21 initiative's progress. We are very pleased that all
22 eleven companies have pledges that have been approved
23 for our program. As I said before, these eleven
24 companies are going to have a significant impact on the
25 marketplace, because of their share of the marketplace

1 in terms of advertising.

2 These pledges are going to affect both the
3 type of products that children see in advertising
4 directed to them, as well as the number of ads that are
5 directed to children under 12.

6 Now the implementation of these pledges is an
7 ongoing process. Some have already been completely and
8 fully implemented. Others are in the process of being
9 implemented now. For others, their completion will be
10 by the end of December 2008.

11 The changes in child-directed advertising is
12 going to be substantial and dramatic. Virtually all
13 child-directed advertising will be tied to nutrition
14 standards, meaning that you will be seeing -- children
15 will be seeing Better For You products.

16 Eight of the companies have committed that
17 100 percent of their advertising will be for Better For
18 You foods, and three companies have agreed that they
19 will not advertise their candy or their traditional
20 candy or snack products or beverages, and one company
21 is either going to not advertise or it will devote 50
22 percent of its media impressions to a Better For You
23 product.

24 Now of course the basis for what a Better For
25 You product is is very important. These companies have

1 all used nutritionists in-house to develop nutrition
2 criteria, and these criteria are all grounded on the
3 same sound nutritional principles that emerge from
4 government recommendations.

5 In large part, the standards are based on how
6 FDA defines healthy: low, reduced, fat-free products.
7 They're also based largely on the United States 2005
8 dietary guidelines for Americans, which contains
9 recommendations on foods we should eat more of,
10 vegetables, whole grains, low-fat dairy.

11 They also have recommendations on things we
12 should try to consume less of, such as salt and sodium.
13 Now under these companies' nutritional criteria,
14 products may qualify as a Better For You product in one
15 or more ways. Some of the criteria focuses on
16 providing these needed foods and nutrients, such as
17 whole grains.

18 Other have requirements that limit the amount
19 of nutrients, such as sodium, fat and sugar. Other
20 requirements turn to whether the product is a reduced
21 or lower fat or sale or calorie version, or the product
22 provides a functional benefit.

23 I'd like to say that although they're all
24 company-specific nutritional criteria, the differences
25 are small compared to the similarities. But truly the

1 grounding in this same scientific basis means there's
2 more commonality.

3 Other pledge highlights. All the companies
4 that are going to be advertising to children under 12
5 going forward have agreed that they will limit their
6 use of licensed characters, third party licensed
7 characters to their Better For You products.

8 Secondly, they've all agreed they will not be
9 doing product placement for their foods. Whether
10 they're Better For You foods or not, they will not be
11 doing placement in media that is primarily directed to
12 children.

13 And all of the companies will not be
14 advertising to children in schools. Most have already
15 stopped. A few still have some materials out there,
16 but that will all stop by early fall.

17 Similarly, the companies that have sites that
18 are directed to children or content on other sites who
19 are primarily directed to children, have agreed to
20 limit the products shown on those sites to Better For
21 You products, or in some instances they've taken down
22 sites, and in other instances they're going to be
23 included healthy lifestyle messages.

24 That applies to the interactive games as
25 well. To the extent that there are products, there are

1 games directed to children that feature company food
2 products, they will now feature Better For You food
3 products, as well as healthy lifestyle messages.

4 Virtually all the companies are taking
5 advantage of the web to additionally promote healthy
6 lifestyle messages to children.

7 Now here's a breakdown of the companies whose
8 advertising is going to be tied to nutrition standards
9 in the future, and it's also noteworthy, as you'll see
10 on subsequent slides, that although this is not a part
11 of their pledges per se, most of these companies
12 already had existing policies to not advertise to
13 younger children, to children under eight or under six.

14 So I'm going to start and tell you a little
15 bit more about each company's pledge right now.
16 Campbell Soup's nutrition policy is organized around
17 its food product categories, as are a number of other
18 companies. Under its pledge, it's going to limit its
19 advertising of soups to those that contain less sodium
20 and/or contain a full serving of vegetables.

21 It's also going to limit its advertising to
22 crackers that contain less than 35 percent of their
23 calories from fat and sat-fat and have only a little
24 bit of sugar. For them, that will be their baked
25 cheddar goldfish crackers.

1 For canned pasta products, they will be
2 limiting their advertising to those products that have
3 less sodium, that is 25 percent less, and they have
4 reduced amounts -- not reduced amounts -- they have
5 less than 35 percent calories from fat, and they will
6 include a serving of vegetables and other positive
7 nutrients.

8 Under General Mills' pledge, it has committed
9 that all of the products it advertises in the future
10 will have to meet its dietary guidelines. It has
11 recently revised these dietary guidelines to make them
12 even more rigorous, and notably it has added a new
13 limitations, a 12 gram per serving sugar guideline.

14 Between these two criteria, many of their
15 products are affected, and they will be engaged in
16 reformulation efforts that will either lead to products
17 that meet these standards or they will stop advertising
18 them by December of 2008. A representative from
19 General Mills is here and will give you more details
20 about their excellent program.

21 Kellogg just recently announced nutrition
22 criteria that it has incorporated into its pledge.
23 Significantly, this criteria applies across the board
24 to all of its product line, and affects approximately
25 50 percent of its food portfolio globally, including a

1 number of popular cereals such as Apple Jacks, Fruit
2 Loops, Rice Krispies and products such as Pop Tarts and
3 some fruit snacks such as Yogos. Some of the products
4 that will meet their new criteria are Frosted Flakes
5 and Eggo Frozen Waffles.

6 Kraft began using nutrition criteria in 2006,
7 to determine which products it would advertise to
8 children. Its nutritional criterial program is known
9 as the Sensible Solution Program, and its products that
10 meet this criteria actually carry a flag that describes
11 for consumers what, how that product is qualifying.

12 Lance Friedmann from Kraft is going to be
13 addressing the forum later this morning, so I'm going
14 to defer to him to provide more information about
15 Kraft's health and wellness initiative.

16 But I think it's notable that as a result of
17 Kraft's criteria, that it meant they will no longer
18 advertise a number of well-known products to children,
19 including the original versions of Kool-Aid and Capri
20 Sun, Oreo and Chips Ahoy, as well as many varieties of
21 Lunchables.

22 McDonald's, the only quick serve food
23 restaurant in our program, which we hope will change,
24 has adopted nutrition criteria based on the 2005
25 Dietary Guidelines for Americans, as well as other

1 government standards. Its future advertising is going
2 to be based on this criteria.

3 This criteria, as you can see from the slide,
4 contains reasonable limitations on calories and on fat
5 and on sugar. The advertising is going to feature the
6 following Happy Meal of 375 calorie four-piece Chicken
7 McNugget Happy Meal with apple dippers, low-fat caramel
8 dip and one percent low fat white milk.

9 Pepsico is now committing that 100 percent of
10 its advertising will be for products that meet its
11 Smart Spot nutrition criteria. This criteria, which
12 already existed, is divided by product category and
13 contains various requirements for beverages, foods and
14 snacks.

15 For example, one way that a product can
16 qualify if it meets specific limitations for fat,
17 cholesterol, sodium or sugar. Another way it could
18 qualify is if it is a reduced-calorie fat, sugar or
19 sodium product.

20 What's new about Pepsico's product pledge is
21 that it is now committing that all of its advertising
22 to children will be tied to that criteria.

23 Unilever has recently adopted new nutritional
24 criteria for an Eat Smart, Drink Smart logo program.
25 Its program, which also takes international guidelines

1 into account, contains five benchmarks that a product
2 must meet to qualify for the logo.

3 Under its program, only products that meet
4 its reasonable limitations for fat, sodium, sugar and
5 cholesterol, will be allowed to be advertised to
6 children. Currently, this advertising is for certain
7 popsicle varieties and for Skippy peanut butter.

8 Now I'd like to turn to the no advertising
9 group, which consists of Cadbury-Adams, Coca-Cola,
10 Hershey and Mars. I'll start with Cadbury.

11 Cadbury only advertises one product to
12 children under 12 right now, and that's Bubblicious
13 gum. Under its pledge, by March 2008, it will no
14 longer advertise this product, or it will devote at
15 least 50 percent of its media impressions targeting
16 children under two to a version that meets the
17 Initiative's healthier food criteria. They will do
18 this by March 2008.

19 Coca-Cola is now publicly affirming and
20 committing to its long-standing practice of not
21 targeting advertising to children under 12. As an
22 Initiative participant, it is now subjecting itself to
23 the BBB's transparency, its monitoring and its
24 oversight.

25 The Hershey Company stopped advertising its

1 candy products in January of this year. This means
2 that this year, there will be zero media impression for
3 Hershey candy targeting children under 12. In
4 comparison, last year there were 400 million
5 impressions primarily directed at children under 12.
6 So I think you can see just one company's decision to
7 stop advertising will have a significant impact.

8 Mars has its feet in two camps. It has
9 stopped its advertising of traditional candy and snack
10 products to children under 12, and they've accomplished
11 that this spring. It also manufactures several lines
12 of Better For You snacks that are tied to specified
13 nutritional criteria that limit calories and fat and
14 sugar.

15 These products, if they are advertised at
16 all, would be advertised to children over nine. So
17 they're in the no advertising camp and they're in the
18 camp that their advertising will be tied to nutrition
19 criteria in the future. So that sort of completes the
20 food part of the program.

21 I'd like to take a minute to talk to you
22 about the CARU program and the FTC's recommendations
23 for CARU. CARU is a self-regulation program with a
24 long and distinguished history. It looks at all child-
25 directed advertising, as well as the actual products

1 themselves as well as the packaging. As I mentioned at
2 the outset, this program looks at how the ads are
3 communicated to children.

4 For example, you know, ads should not
5 encourage children to ask their mom to buy them
6 something so they can be popular.

7 During the FTC-HHS workshop, a number of
8 specific recommendations were made to improve upon
9 CARU's excellent self-regulation foundation. We are
10 pleased to report that the BBB and the National
11 Advertising Review Council have taken many steps to
12 address the agency's recommendations.

13 First, as suggested by the agencies, the CARU
14 Advisory Board has been expanded. As the name
15 suggests, this is a board that provides guidance to the
16 CARU staff about developments in children's marketing,
17 about how children perceive and understand marketing,
18 and that we now have experts with a background in
19 health and nutritional issues.

20 We also have added an on-line complaint form
21 to the site, to make it easier for parents and other
22 members of the public to file complaints. This has led
23 to an increase in the number of complaints that we're
24 receiving from the public, and in turn, an increase in
25 the number of cases that are being initiated based on

1 complaints filed by the public.

2 In addition, as suggested, the CARU resources
3 have been increased, and the Initiative resources, my
4 position for example, are on top of those.

5 Finally, because of some additional funding
6 or support from the Grocery Manufacturers Association,
7 CARU's ability to do pre-screening of food ads and
8 other ads has increased.

9 This means, though, that in this program,
10 advertisers can submit a story board or another draft
11 of an ad, and get CARU's analysis of that ad before it
12 runs. This way, problems can be nipped in the bud
13 before they are happening.

14 Now the guidelines themselves in November
15 2006 were also updated, to provide additional guidance
16 to advertisers about the actual scope of the
17 guidelines, and to provide some additional further
18 guidance on food and beverage advertising.

19 The guides have always applied to all
20 advertising. But to make this crystal clear, the
21 guidelines now include an expansive definition of
22 national advertising. To hammer home the point even
23 further, a provision of advergaming was added, so that
24 everyone would know that this is advertising as well.

25 In addition, the guidance on food advertising

1 was revised to say that food quantities that are shown
2 being consumed in ads should be tied to the label
3 serving size. In the past, the guidance had said you
4 should show appropriate quantities.

5 Now we've tightened that up and we're tying
6 it back to the label serving size. In addition, a
7 provision was added to say advertisers shouldn't
8 disparage healthy foods, such as fruits and vegetables,
9 or healthy lifestyles.

10 Additionally, meal time depictions of foods
11 should be shown in the context of a nutritionally
12 balanced meal. This is to keep promoting the idea of
13 healthy diets. Finally, what was already in the guides
14 and remains and is an important point is that snacks
15 should be depicted as snacks, not as substitutes for
16 meals.

17 Now our next steps is to take these fine
18 pledges and begin working with the companies to monitor
19 them, to review compliance reports they'll be
20 submitting in the future.

21 We also welcome public comments and feedback
22 on how you think the companies are doing, and to let us
23 know what you think. We'll be publicly reporting on
24 the results in the near future.

25 Additionally, we plan to conduct a

1 comprehensive program review after we've been
2 operational for a couple of years.

3 Finally, we hope to expand the program, as
4 Chairman Majoras hopes as well. We hope that other
5 companies will see the value and benefits of
6 participating in self-regulation. We know that other
7 companies, like some of our own participants, already
8 have existing programs.

9 But we hope that they will see that joining a
10 self-regulation program that provides transparency and
11 accountability, is the best way to have the most
12 powerful impact on the marketplace. So we look forward
13 to talking with more companies in the near future.

14 So let me close by saying thank you for your
15 time and attention. I know it was a lot of slides. We
16 hope that you'll visit us at our website and view the
17 pledges for yourself. If you have comments and
18 inquiries, we hope that you'll send them to our new e-
19 mail box. Thank you very much.

20 (Applause.)

21 MS. ENGLE: Thank you, Elaine. Next, we'll
22 hear from Kimberly Stitzel.

23 MS. STITZEL: Just click on my name. That
24 would be great. Thanks. Or Kim Stitzel. You may be
25 wondering why someone from the American Heart

1 Association is coming to talk to you about the Alliance
2 for a Healthier Generation, and that's because the
3 Alliance is a partnership between the American Heart
4 Association and the Clinton Foundation.

5 The Alliance was created almost two years ago
6 to combat childhood obesity. The goal is to stop the
7 increasing rate of prevalence of childhood obesity by
8 2010, and to reverse that trend by 2015.

9 In looking at our shared capacity, the
10 Alliance chose four directions for our work: industry,
11 kids, schools and health care. The health care pillar
12 work is our newest initiative, and I won't be going
13 into too much detail about that today, other than the
14 few comments I'll make right now.

15 The health care pillar will be our obesity
16 work, working with leading health care insurance
17 companies to help physicians and health care
18 professionals prevent, assess and treat and diagnose
19 childhood obesity.

20 Thanks to generous funding from RWJ
21 Foundation, the schools program launched about a year
22 ago in Little Rock. This is a criteria-based
23 recognition program that offers schools either hands-on
24 assistance or virtual support in reaching the criteria.

25 The areas that the criteria address include

1 school meals, competitive foods and beverage, nutrition
2 education, physical education, health education,
3 employee wellness as well as before and after school
4 programs.

5 We have been working with the industry to
6 support schools in making a healthier environment. We
7 will award the first schools to reach recognition
8 status at the healthy schools forum this summer, and
9 there are about 35 of those schools.

10 The ultimate goal is to help schools make
11 healthy environments and policies the norm. We also
12 want to help make healthier policies easier for
13 schools, and that has led us to our industry
14 initiatives to date. In addition, 20 percent of the
15 funds are dedicated to research and evaluation, so that
16 we can better inform our evidence base.

17 Given the increased challenges in areas with
18 low resources, we are over-sampling in low SES areas,
19 with 70 percent of our hands-on assistance in low SES
20 schools. Currently, we have over 230 schools in our
21 hands-on program, and over 1,000 schools in our virtual
22 program.

23 In May of 2006, we announced a landmark
24 agreement with the beverage industry, and in October we
25 announced a similar agreement with the food

1 manufacturers. These are the signatories for both of
2 those agreements.

3 The beverage companies and the American
4 Beverage Association agreed to fundamentally change
5 what they sold to schools, while the Alliance agreed to
6 promote a standard set of guidelines to help unify
7 healthy standards across schools and districts.

8 Specifically, the industry is committed to
9 change contracts, product mix and machines, while the
10 Alliance has agreed to work with schools to improve
11 their policies, provide technical guidance and to
12 promote the guidelines.

13 The competitive food guidelines or guidelines
14 for all of those foods sold outside the school lunch
15 and breakfast program, are a little more complicated,
16 given the increased complexity of foods versus
17 beverages. But you can find all of the details for
18 those guidelines on-line.

19 The parties in the competitive foods
20 agreement have made similar commitments as those that
21 were made in the beverage agreement.

22 Beyond schools and industry, we are working
23 to inspire kids themselves. In 2006, we launched a
24 partnership with Nickelodeon, leaving to the Let's Just
25 Play Go Healthy Challenge, an on-air, on-line, on the

1 ground youth activation campaign that aims to motivate
2 young people to make healthier changes where they live,
3 learn and play.

4 In 2007, our goal is to have two million
5 young people pledge to go healthy and to actively
6 engage them in doing so in their communities. This
7 year's on-air portion tracks the lives of two young
8 people, April and Kendrick, as they work to go healthy.

9 On-line, youth can find cues, tips and tools
10 to help them go healthy, either on Our Kids' website, I
11 Gohugo.org or on Nickelodeon's website,
12 nick.com\letsgoplay, or let'sjustplay.

13 In the real world, AHA staff in Partner in
14 Youth serving organizations are motivating kids to make
15 healthy choices every day. Pictured here is a kickoff
16 to a walk to school campaign in Boston. We're also
17 engaging in public awareness, working to remind youth
18 to go healthy all over town.

19 Here is a billboard or a bus depot with our
20 mascot Hugo, encouraging youth to take the pledge to go
21 healthy. For more information, I encourage you to go
22 to either of our websites. Thank you.

23 (Applause.)

24 **QUESTIONS FROM AUDIENCE**

25 MS. ENGLE: Now we'll be able to take

1 questions from the audience. I don't see --

2 MALE PARTICIPANT: My question, as far-
3 fetched as this may seem to you, if it is established
4 that a strong, positive correlation exists between
5 children's ability to innovate and start learning and
6 participating in scientific advancement, and a high
7 junk food diet, would you agree that healthy eating
8 initiative should halt? In other words, is the focus
9 on a healthy lifestyle too parochial?

10 MS. ENGLE: Can you clarify that question?

11 MALE PARTICIPANT: Sure. Let me go back. In
12 the Stone Age, children no doubt had healthy eating
13 habits and a lot of physical exercise. Now I don't
14 suggest there's a positive correlation between living
15 in the Stone Age and a healthy diet.

16 But what happens if, as far-fetched as it may
17 seem, and I don't have any basis; it's more a question
18 of potential initiative, between a junk food diet on
19 the part of kids, and a high ability on the part of
20 kids to innovate and advance science, so that future
21 generations, in my far-fetched example, might have a
22 better, more advanced lifestyle if their kids ate junk
23 food today?

24 If that were the case, would you agree that
25 healthy eating initiatives should cease or are you

1 making a broad, moral judgment

2 MS. KOLISH: No, I would not agree that
3 advertising for healthy or Better For You foods should
4 cease. I'm quite confident that our nation's children
5 will continue to be innovators and leaders of the
6 future if they eat a healthy diet.

7 (Applause.)

8 MS. ENGLE: Could the questioners please
9 identify themselves before they speak?

10 DR. MONTGOMERY: I'm Kathryn Montgomery from
11 American University. I will get a chance to respond to
12 -- am I on?

13 VOICES: Yes.

14 DR. MONTGOMERY: All right. Can you hear me?
15 Kathryn Montgomery from American University. I'll have
16 a chance to respond in my formal remarks this
17 afternoon.

18 But I would like to ask Elaine if, with the
19 company initiatives, where individual companies each
20 have sort of a different profile of initiative, was
21 there an effort within the industry, through your
22 organization, to try to create some uniformity there
23 and some standards that would be more easily understood
24 by consumers, for one thing, where companies could
25 agree across the board? If so, what were the

1 challenges you encountered?

2 MS. KOLISH: Thank you, Kathryn, for that
3 question. When the program was established last
4 November after extensive consultation with industry
5 leaders and the BBB and the National Advertising Review
6 Council, it was specifically designed then to encourage
7 as many companies as possible to participate, with
8 their various and varying food portfolios.

9 At that time, the idea of having one
10 nutrition standard would have been counterproductive to
11 that goal, or would have taken months or years longer
12 to reach agreement on that. We think this is a
13 wonderful great step forward, to have companies
14 participating, and for the first time, for many of them
15 tying their advertising in the future to nutritional
16 standards.

17 The fact that the standards may look a little
18 different to all of you doesn't really -- isn't really
19 troublesome in my mind, because they're all rooted in
20 sound, nutritional policies, and they happen to reflect
21 the realities of their own food portfolios.

22 For example, a two gram sat-fat limitation
23 may work wonderfully for one company. It is an
24 excellent goal. But it may not be as appropriate for a
25 company that's selling cheese and meat products and

1 pasta products.

2 MS. ENGLE: There's a question over here.

3 MR. PACKER: Thank you. My name's Dick
4 Packer. I'm the founder of Athletic International
5 Marketing. This one's for you, Kimberly. I noticed on
6 the photograph that you had up there that showed all
7 the kids towards the end of your presentation, it
8 appeared to me that it was kind of a broad spectrum of
9 elementary-aged kids.

10 Is the AMA and Heart Association, is that the
11 focus of this program with the two million children, on
12 the elementary age bracket?

13 Then the follow-up to that would be if that's
14 the case, elementary age kids, having been a former
15 executive director of a school foundation, they're
16 pretty much dependent on their parents having this
17 knowledge, because actually, you know, they're not
18 walking into Publix or Wynn-Dixie buying the products;
19 the parents are.

20 So how do you juxtaposition reaching out to
21 an elementary aged kid, and getting that message to
22 really who the user needs to be, and that's the parent?

23 MS. STITZEL: So the physical activity
24 portion that you saw, the Let's Just Play or Let's Go
25 Play, that was done in one of the elementary schools

1 themselves through our Jump Rope for Hoops Program as
2 well at the American Heart Association.

3 The food and beverage portion is actually
4 across all three schools, elementary, middle and high
5 school, as well. So we are trying to reach the broad
6 spectrum of ages, where we can get to them the best.

7 MS. KOLISH: I would just like to add that I
8 think your question illustrates the need for there to
9 be a multi-faceted solution to the problem of obesity,
10 that it can't just be schools. It has to be parents
11 and communities and government.

12 MS. STITZEL: And I just want to add, I
13 didn't go into our health care pillar, but one of the
14 portions of that will be the discussion with parents
15 when they're in the physician's office as well.

16 MR. CHESTER: Jeff Chester, Center for
17 Digital Democracy. I haven't had time to read indepth
18 all the pledges made, but this is a question for
19 Elaine.

20 To what extent in the announcements today
21 regarding the use of websites, do the companies have
22 committed to not use social networks, mobile and other
23 kinds of marketing, peer-to-peer networks targeting,
24 for example, older sibs, knowing that those peer-to-
25 peer networks or social networks will reach young

1 people, virtual reality?

2 To what extent do these pledges include the
3 full range of digital technologies, which are at the
4 heart of the media experience for America's children?
5 Thanks.

6 MS. KOLISH: Thank you for your question.

7 MR. CHESTER: Behavioral targeting and data
8 collection as well. The full range.

9 (Laughter.)

10 MS. KOLISH: I'm not certain I can address
11 the full range of those issues, but I'm sure the FTC
12 will be able to address the full range of those
13 activities, after it completes its food marketing study
14 that we will read with interest. I'm sure it will
15 provide us food for thought as we conduct our program
16 evaluation.

17 Right now, the pledges are focused on
18 company-owned websites and the depictions of company
19 products. What we've asked the companies to do is to
20 make certain that at least 50 percent of the products
21 that they're advertising and showing or using
22 advergames on those sites, are for Better For You
23 products or healthy lifestyle messages.

24 The companies that are committing to
25 advertise in the future are going to be using Better

1 For You products in those websites. Some of them are
2 going to be limiting access to those websites by using
3 parental controls; others are going to do neat things
4 like have timeouts on their games.

5 So after the end of 15 minutes or 30 minutes,
6 children are going to be encouraged to go to another
7 physical activity. I wouldn't rule out that there's
8 more that could be done, but I think they've gone a
9 really long way with these pledges today.

10 MS. RIDEOUT: Hi. I'm Vickie Rideout with
11 the Kaiser Family Foundation. You mentioned that the
12 companies that are a part of your coalition account for
13 approximately two-thirds of all marketing, food
14 marketing to children.

15 MS. KOLISH: On television.

16 MS. RIDEOUT: Okay. Could you tell us who
17 the biggest companies are that are in the third that
18 won't be covered here? Who are the biggest companies
19 that haven't joined, and what prospects do you have for
20 or plans do you have for reaching out to them and
21 getting them to be part of your coalition?

22 MS. KOLISH: Well, that's a great question
23 that I hope somebody else will answer. But I have lead
24 list for my August activities, which is to follow up on
25 the other companies that currently aren't members.

1 We hope that they will come and join us,
2 because I think, you know, collectively, we will make a
3 bigger impact with having more members.

4 MS. ENGLE: Any other questions?

5 (No response.)

6 MS. ENGLE: Well, if not, I think, you know,
7 we're a little bit ahead of schedule, which is nice.
8 All right, yes. So we can take a break now. It's
9 about ten o'clock now. So if we can come back around
10 10:15.

11 (Applause.)

12 (Whereupon, a short break was taken.)

13 MS. ENGLE: Could everybody take their seats
14 please? We'd like to get the next panel started. As
15 Chairman Majoras mentioned in her remarks this morning,
16 the report from our 2005 workshop encouraged food
17 companies to reformulate their existing products or
18 innovate products, to make them lower calorie, more
19 nutritious and more appealing to children.

20 It also recommended changes in advertising,
21 marketing, labeling and packaging. Some major food
22 companies last year instituted initiatives in this
23 area, and we'd like to showcase those this morning.

24 First we'll hear from Lance Friedmann, the
25 Senior Vice President of Health and Wellness and

1 Sustainability at Kraft Foods.

2 After Lance, we'll hear from Christina Shea,
3 the Senior Vice President of External Relations at
4 General Mills, and President of General Mills Community
5 Action and the General Mills Foundation.

6 **PRESENTATIONS: FOOD COMPANY INITIATIVES**

7 MR. FRIEDMANN: Here we go. There it is.
8 Okay. Good morning. I'd like to thank the Federal
9 Trade Commission and the Department of Health and Human
10 Services for inviting Kraft to this forum. We
11 appreciate the opportunity to share our experiences
12 with self-regulation of marketing to children.

13 As we look at the past several years, I would
14 characterize them as a period of commitments that we've
15 made and kept, commitments that have led to real change
16 at Kraft.

17 We do see growing momentum among food
18 companies to adopt strong self-regulatory practices,
19 and certainly the remarks you heard from Elaine this
20 morning are the latest evidence of that, but that we
21 all still have more work ahead, because it will take
22 time to make progress against childhood obesity. As
23 Chairman Majoras said, this is a marathon.

24 So in the next 15 minutes, I'll describe our
25 commitments, the changes that have happened at Kraft,

1 some of the lessons that we've learned, and where we
2 see things going next.

3 The health and wellness initiative that we
4 announced in 2003 committed us to change what we make
5 and how we market it, and it focused on four key areas.
6 Product nutrition, which is about improving the
7 nutrition profile of our total portfolio; consumer
8 information, providing more information to help
9 consumers make better-informed choices; marketing
10 practices, obviously mostly related to children, and
11 that's the focus of today's discussion; and advocacy
12 and dialogue like what we're doing here today.

13 We announced our Sensible Solution nutrition
14 standards in January 2005, which are the basis for the
15 pledge that Elaine described earlier. They place
16 limits on calories and ingredients of concern like fat,
17 sat and trans fat, sugar and sodium.

18 They emphasize inclusion of beneficial
19 nutrients, and they also consider functional benefits
20 like heart health or bone development. The nutrition
21 standards are guided by recommendations from FDA, USDA
22 and other public health authorities.

23 We now have over 500 Sensible Solution
24 products on shelf in the U.S., and in the past several
25 years, these products have nearly doubled as a portion

1 of our portfolio and now represent about a third of our
2 U.S. sales, and they're growing two to three times
3 faster than the rest of our portfolio. So good
4 nutrition is also proving to be good business.

5 In the area of today's focus, marketing to
6 children, we've taken a series of voluntary actions
7 that have progressively broadened and deepened our
8 commitment to helping kids lead healthier lifestyles.
9 I think you'll see that collectively they touch on
10 virtually all of the FTC report recommendations from a
11 couple of years ago.

12 For many years, we have not advertised in
13 media aimed at kids under six. In 2003, we adopted a
14 total ban on marketing in schools, and applied
15 nutrition standards to foods sold in school vending
16 machines.

17 In 2005, we were the first company to
18 announce that we would advertise only healthier
19 products to kids six to 11, whether it's on TV, radio,
20 print or websites. That's how we've been operating
21 since the end of 2005.

22 Also in 2005, we restricted advertising of
23 products with licensed characters to only permanent,
24 non-promotional items that meet Sensible Solutions
25 standards. We do still permit use of licensed

1 characters on temporary promotions on a broader range
2 of items, but only the Sensible Solution, the Better
3 For You version, can be advertised to children.

4 In 2006, when we joined the Alliance for a
5 Healthier Generation, we added new criteria for sodium
6 and calories to our school nutrition standards, and we
7 extended our policies to cover all foods that are made
8 available in schools, not just vending items.

9 So those are the commitments that we've made,
10 and here are some of the changes that those policies
11 have led to at Kraft.

12 In 2003, none of the products in our
13 Lunchables line met the Sensible Solutions standards.
14 After reformulation and introduction of new items, 35
15 percent of Lunchable sales are now Sensible Solution
16 products.

17 In fact, in the last few years, we've
18 reformulated every single item -- that's about 50 or 60
19 different versions of Lunchables, and significantly
20 reduced the calories, fat, sat-fat and sodium in these
21 products.

22 Reducing sodium has been particularly
23 challenging, because it helps with food safety as well
24 as good taste, and there are very few substitutes. So
25 to help us get to this reduction in sodium, we've spent

1 well over \$20 million in research and development to
2 achieve that.

3 But we're going to keep pushing on sodium
4 levels in our products, and to encourage our businesses
5 to do that, we're going to reduce the Sensible Solution
6 limit for sodium in these products by an additional ten
7 percent in the next two years.

8 In our line of Capri Sun beverages, we've
9 added Roaring Waters, a flavored water product with
10 only 35 calories per pouch, and 100 juice product to
11 deliver more servings of fruit in kids daily diets.

12 On Kool-Aid, we've added a ten calorie
13 version of Kool-Aid Jammers, the ready-to-drink version
14 of Kool-Aid, as well as the popular single serve form
15 for kids to pour into their water bottles, with only 30
16 calories per serving.

17 We've reformulated our two leading kids
18 cereals to reduce sugar and deliver whole grain or
19 fiber. Both Pebbles and Honeycomb have reduced their
20 sugar to between nine and eleven grams per serving,
21 which is at the low end of most kids sweetened cereals.

22 While neither of these products included
23 whole grain or fiber a few years ago, Pebbles is now a
24 good source of fiber, and Honeycomb offers at least 16
25 grams of whole grain in each serving.

1 One of our biggest successes launched in 2004
2 has been our 100 calorie packs. Now consumers love
3 these products because they're portion-controlled, they
4 taste great and they're satisfying, because you get a
5 pretty good number of thin crisps in each bag.

6 Moms definitely like them as a snacking
7 solution for kids. We've learned that about 40 percent
8 of 100 calorie packs are eaten by children 12 and
9 under. Those are a few examples of the reformulations
10 of new products coming out of our focus on product
11 nutrition.

12 Now even with all those new products, our
13 spending on children's advertising has actually gone
14 down over the last few years. These spending levels
15 are indexed to 2003 before we adopted our self-
16 regulatory standards.

17 Spending went down to 65 percent of its
18 previous level in 2005, and it's risen a bit since then
19 as we've added the products that you saw on previous
20 pages.

21 I can also tell you that these changes had a
22 pretty big impact on the business results of several of
23 our brands, but we knew that that would happen going
24 into this. Our hope is that as we add more products
25 that meet our nutrition standards, the spending will

1 get back to or even above its historic levels, and
2 business results will do the same.

3 Now also when it comes to other kinds of
4 marketing to children -- there was a question about
5 that earlier -- like websites, videos, digital
6 marketing events and so on, we look forward to
7 providing data on that in response to the FTC request
8 for information, which we expect to receive shortly.

9 As a result of our self-regulatory policies,
10 several brands are no longer advertised to children at
11 all. You can see the 14 brands here that were
12 advertised in 2003. It is now down to eight brands in
13 2007, all of them meeting our Sensible Solution
14 standard.

15 Similarly, with licensed characters, we had
16 ten that were carried on permanent non-promotional
17 packages in 2003. That's down to six characters in
18 2007. We specifically eliminated characters that
19 appealed to kids under six, like Dora the Explorer.

20 Now I mentioned earlier that we also continue
21 to use licensed characters on temporary promotional
22 packages, on a broader range of items, but again, only
23 the Sensible Solution version is the one that we
24 advertise. Those promotional packages account for
25 about 15 percent of the total packages of those brands,

1 just to give you an idea of the size of that activity.

2 As part of our commitment to children's well-
3 being, since 2003, we've contributed over \$30 million
4 to healthy lifestyle and nutrition programs that
5 primarily reach kids who are most at-risk for childhood
6 obesity. The Salsa, Sabor y Salud and Triple Play
7 programs teach kids the basics of good nutrition and
8 staying active.

9 We develop salsa in partnership with the
10 National Latino Children's Institute and Triple Play
11 with the Boys' and Girls' Clubs and Coca-Cola. These
12 two programs now reach over 100,000 kids a year across
13 America.

14 Second Harvest distributes fresh produce to
15 those in need, and has increased its distribution from
16 seven million pounds ten years ago to nearly 100
17 million pounds today.

18 Now I'd like to describe some of the lessons
19 that we've learned in the last few years about what
20 works, what doesn't work, and when it comes to
21 marketing, healthier foods to children.

22 First, the eternal lesson when it comes to
23 food: taste still rules. It's not enough for a
24 product to deliver great nutrition and great
25 convenience at a great price. If it doesn't taste

1 good, people won't buy it a second time.

2 We reformulated Alpha Bits and developed Kids
3 Sense from scratch, both of them to deliver a very high
4 level of nutrition, which they did. But they didn't
5 meet expectations for taste and we pulled them from the
6 market.

7 Alpha Bits has since been reformulated,
8 tastes better and will be back on the shelf, and Kids
9 Sense has evolved into the kid-friendly 100 calorie
10 packs that I mentioned earlier.

11 When we adopted our self-regulatory policies,
12 we hoped that by creating an incentive to develop more
13 nutritious products, it would stimulate product
14 innovation. As you saw earlier and as dramatized on
15 this slide, it really has.

16 All of these products have been reformulated
17 or developed from scratch over the past few years, in
18 response to that incentive, and we expect more to come
19 in the future.

20 When it comes to communicating with kids, you
21 have to speak their language and focus on the things
22 they care about, like being with their friends, having
23 the energy they need to keep -- whoops, sorry. Can I
24 back up? Okay, sorry.

25 As I was saying, you have to talk to kids in

1 language that they understand, talk about things that
2 they care about, having energy to keep playing and
3 having fun. Once you've done that, sort of gotten
4 their attention in a language they understand, then you
5 can maybe squeeze in a message about nutrition.

6 I think our partners at Nickelodeon do this
7 better than anyone else. We've been working with them
8 for the past three years to support a healthy
9 lifestyles ad campaign that airs on Nickelodeon. The
10 ads are simple profiles of real kids talking about
11 their favorite sports and favorite foods, and here's
12 the most recent spot.

13 (Video plays.)

14 MR. FRIEDMANN: I hope you could hear that.
15 We've also learned that self-regulatory momentum builds
16 over time. You can see on this time line many of the
17 important steps taken by leading companies on marketing
18 to children, all of them participants in the pledge
19 announcements today.

20 Year over year, there's been more and more
21 self-regulatory activity with today's pledges an
22 important milestone. I'm sure there's going to be more
23 milestones in the future.

24 I would like to spend the last couple of
25 minutes describing some of the things that we expect in

1 the future. First, we're obviously committed to
2 continued innovation in healthier products.

3 There will be more foods from Kraft that
4 offer fruits and vegetables, like our Fresh Creations
5 ready to eat salad, Garden Harvest chips, and Jell-O
6 Fruit Passions. Others are going to offer specific
7 wellness benefits like digestive health from our new
8 "Live Active" brand, or Energy and Crystal Lite.

9 We also hope to make more progress in
10 delivering simple, consistent messages to kids about
11 leading healthy lifestyles, since that's the best way
12 to make sure those messages have an impact.

13 GMA/FPA has supported the Ad Council's
14 development of messages like "Be a Player." The Ad
15 Council places them as public service announcements,
16 and food companies will carry these messages onto
17 packages and websites to build more impact, and I know
18 we're going to hear more about this later this morning.

19 We think a very important area for common
20 messaging is nutrition symbols, and there was a
21 question earlier about common standards. Now with more
22 and more of these systems appearing on packet in-store,
23 instead of making it easier for consumers to make
24 healthier choices, they may be making it a bit more
25 confusing, and we recognize that.

1 We've already learned a lot about how
2 consumers respond to these systems. They like the
3 front of pack symbols. But we've also seen in
4 quantitative research that we don't think they're
5 enough by themselves to necessarily change consumers'
6 choices. They prefer a common Better For You symbol,
7 with common, underlying nutrition standards and
8 authoritative endorsement.

9 We also think that the people to aim for with
10 a system like this are not the nutritionally savvy
11 shoppers, who are already using the nutrition facts
12 panel, but the ones who will probably benefit the most,
13 and for whom the system should be designed, are those
14 who want to make healthier choices but aren't sure how.
15 I'm sorry.

16 It will be essential to conduct an education
17 campaign, so consumers know what the symbol means and
18 how they can use it to make healthier choices. We're
19 participating in a broad-based initiative to deliver a
20 common set of nutrition standards and an accompanying
21 Better For You symbol.

22 That effort is facilitated by the Keystone
23 Center, recognized for its skills in bringing together
24 diverse viewpoints on public policy issues, and then
25 helping to develop solutions. The initiative, which

1 began earlier this year, includes food companies,
2 retailers, NGOs, scientific experts and government
3 regulators.

4 Now it will not be easy for all these groups
5 to agree on a common solution, but we hope to make that
6 happen in the near future. Today is an important
7 milestone in marketing to children.

8 We all understand, as Chairman Majoras said,
9 that making progress against childhood obesity will
10 take time and the collective effort of food companies,
11 media companies, schools, communities, regulators and
12 parents.

13 We're glad to see momentum building in this
14 area, and look forward to continuing to play our role.
15 Thank you.

16 (Applause.)

17 MS. SHEA: Hopefully, this is going to come
18 up. Good morning. I'm Chris Shea and I'm pleased to be
19 here today to tell you a little bit about what General
20 Mills is doing to help address the serious problem of
21 childhood obesity. Shall I just wait? Oh, okay.
22 That's what she did.

23 MALE PARTICIPANT: It's coming. It's your 40
24 meg file that's bringing it to its knees.

25 (Pause.)

1 MS. SHEA: All right. There we go. General
2 Mills' mission is to nourish lives by making products
3 that help people. By nourishing communities that help
4 people live better lives in their community, we
5 contribute five percent of our pre-tax profits to help
6 communities, and by nourishing the future, with a focus
7 on health and sustainability.

8 We have a long tradition of nourishing lives.
9 We started canning peas back in 1930, so people could
10 eat vegetables year-round. We came out with the first
11 ready to eat oat cereal in 1941, and in 1950, we helped
12 people learn how to cook with the first picture
13 cookbook from Betty Crocker.

14 Now our goal is to help make people's lives
15 healthier, easier and richer, with a wide variety of
16 food products. We have a lot of products that help
17 people live healthier lives, and help them do it in a
18 convenient way. We have vegetables, fruits, low fat
19 dairy and whole grains, all foods that we know the USDA
20 says we should all be eating more of.

21 We also have the unique capability in that we
22 have our in-house author, Betty Crocker, who has
23 actually teamed up with some medical experts, for
24 people that are dealing with severe health challenges,
25 like living with cancer, heart disease and also

1 diabetes.

2 Most recently, we've come out with a cookbook
3 that is very focused on helping people win at weight
4 loss, the topic we're here to talk about today.

5 I want you to know that we heard loud and
6 clear the call from the Institute of Medicine in
7 September 2004, when they asked for industry to help
8 develop healthier foods, expand nutrition information,
9 and also give clear media messages.

10 We also heard when the FTC asked us to really
11 step up and make nutritious, low calorie food products
12 appealing to children, to adopt nutrition standards and
13 to shift the mix of products that we market to
14 children, and to improve public education.

15 So my focus today is really to help share the
16 progress that we've made since January 2005. We've
17 improved the health profile of 30 percent of our
18 product volume. We've introduced new healthful
19 products, and increased nutrition information.

20 We have shifted the mix of marketing to
21 children with nutrition guidelines. These are
22 guidelines we've been operating under for a year and a
23 half. We've also increased community support to help
24 improve nutrition and fitness behaviors.

25 Now over the last three years, we've improved

1 30 percent of our product portfolio, the health profile
2 of those products, and we have goals to continue to do
3 that. This game is not done yet.

4 This is challenging when you're dealing with
5 some inherently healthy products to start with like
6 cereal and soup and vegetables. In our effort to
7 really ten focus both on decreasing limiters like fat,
8 sodium and sugar, and increasing positives like whole
9 grains, vitamins A and D, calcium and fiber.

10 But we're really focused on trying to help
11 people make good food choices. So we're the biggest
12 vegetable provider in the United States, with packaged
13 vegetables. We know and we talked to people that don't
14 eat enough vegetables. They say they don't taste good
15 and I don't know how to cook them. So these are some
16 of the things we're doing.

17 Simply Steam is a new steam technology that
18 cooks vegetables perfectly; Green Giant Select Blends
19 like Tuscan Herb, which provides a low fat flavorful
20 sauce that makes vegetables taste good to people that
21 don't inherently like the taste.

22 Healthy Way is a natural blend of vegetables
23 that are naturally high in fiber, so they increase
24 satiety and help with weight loss while tasting good.
25 Just for One is a package of four individual containers

1 with low fat sauce on vegetables, that kids can eat as
2 a snack after school for 60 calories.

3 Yes, we've got SpongeBob and Dora vegetables
4 now, with a little sticker that mom or dad can reward
5 their child with once they've eaten their vegetables.

6 Now we're also helping consumers eat more
7 fruit. We sell Cascadian Farms frozen fruit, and we
8 also tried a product called Nature Valley Fruit Crisps.
9 I say "tried" because it's a product that we spent a
10 lot of money to develop. We took it out to the market,
11 but it failed because not enough consumers would buy
12 enough of it.

13 That is just a fact of life. We can spend
14 millions of dollars developing products, putting them
15 out on the shelves. But if they're not tasty enough or
16 they don't meet certain needs, they're not going to
17 sell.

18 Now we haven't given up. We're trying again.
19 We have a new product. It's still a full serving of
20 fruit. It's just lightly sweetened with a little
21 cinnamon. This one has ridges on it, so it's a little
22 crispier and more attuned to kids tastes, and has a
23 little smiley package on it. So we're hoping we'll do
24 better with this one.

25 We're helping consumers eat whole grains. We

1 know that only one in ten Americans gets enough whole
2 grain in their diet. General Mills made an enormous
3 commitment to reformulate all of our Big G cereals to
4 include at least eight grams of whole grain. Some are
5 virtually all whole grain.

6 The result of this was perfect in our
7 society, because consumers didn't have to change a
8 single behavior, and yet they consumed 1.5 billion 16-
9 gram servings of whole grain a year more each and every
10 year, now that we've done this.

11 We're helping kids eat low fat dairy.
12 Products like Trix and Yoplait kids yogurt just have
13 110 or less calories per cup, and Yoplait kids yogurt
14 has 25 percent less sugar than most kids yogurts. All
15 of these contain Vitamin A and D, which is present in
16 milk as well.

17 Now we're helping consumers reduce the amount
18 of sodium, fat and sugar in their diets. We've made
19 silent sodium reductions on some products, and yet
20 we've also introduced other things like 50 percent
21 reduced sodium Progresso soups. We've made significant
22 fat reductions in a number of products, and we've
23 reduced sugar in many of our products.

24 Now once again, you can see the X's here.
25 Some of these products have not made it in the

1 marketplace. But we have had some good successes and
2 again we'll continue.

3 We're also very focused on helping children
4 learn calorie and portion control. Each of the
5 products that's pictured here per unit has 100 calories
6 or less, and many are delivering very important food
7 groups like vegetables, low fat dairy and whole grains.

8 These products can really help teach kids
9 both portion control, in terms of the calories that
10 they have, and help them learn what an appropriate
11 serving size is.

12 Now we're also trying to help children and
13 parents with information about healthy living. A
14 Healthy BET is a partnership with Black Entertainment
15 Television, who you'll hear from later today, to help
16 African-American women learn how to have better
17 nutrition and fitness habits with their families.

18 We're a supporting partner of More Matters,
19 the CDC fruit and vegetable initiative. We carried the
20 new food guide pyramid on 100 million packages when
21 that was first launched. Also most recently, we
22 partnered with Bob Green, who is Oprah's personal
23 trainer -- she has a lot of power -- to promote life
24 long changes in exercise and healthy eating.

25 We're reaching out to children as well,

1 trying to help them improve their nutrition and fitness
2 behaviors, using cereal packages to help again children
3 learn the food guide pyramid, providing nutrition
4 information on whole grains, and using the Green Giant
5 and his little sidekick Sprout, to promote healthy
6 nutrition and fitness on a new website called
7 Mightygiants.com.

8 And we've also partnered with Nickelodeon,
9 with some TV spots that I'd like to show you briefly
10 here.

11 (Video plays.)

12 MS. SHEA: We're also helping children
13 through a special grants program called Champions for
14 Healthy Kids. Over the last five years, we've invested
15 \$eleven million in grants to non-profit organizations
16 across this country, that already work with kids to
17 help improve nutrition and fitness behaviors.

18 These grants are really focused at at-need
19 kids, with the majority of the money going to support
20 kids of color. A recent analysis of the five-year mark
21 showed that these grants are having a major impact.

22 Now we also want to help consumers by
23 increasing transparency about what is in our food
24 products that they buy, and we've done this on package
25 with a program called the Goodness Corner. There are

1 many different approaches and thought philosophies
2 around nutrition labeling, as you just heard about one
3 approach from my colleague Lance.

4 While there's no one answer to what the right
5 labeling is, and what is the best way to help
6 consumers, I would ask that you all remember that the
7 major thing we're focused on here today is obesity.
8 The key with obesity, as we all know, is focusing on
9 calories and energy balance.

10 If we don't learn how many calories we eat
11 and how many calories we burn out, none of us are going
12 to be successful at this. Our philosophy is it's very
13 important that we focus on facts, especially calorie
14 content, and give people those facts and not just our
15 judgments about whether something is Better For You or
16 not.

17 So you can tell we have some concerns about
18 Better For You labels. You know, we've seen and
19 believe that what can happen is sometimes they'll send
20 a message of eat everything that you want.

21 We kind of saw this with Better For You
22 messages about low fat in the 90's, when people thought
23 they could eat all the low fat products they wanted and
24 it would get them too much calories. Or when it was
25 low carb was the Better For You label.

1 So we'd just ask as we go forward in this as
2 an industry together with everyone else, that we make
3 sure that we're really doing the education on calorie
4 consumption and calorie burning. Because until people
5 get that message, they are not going to be successful
6 at controlling their weight.

7 Now we know our system is not perfect as
8 well, with Goodness Corner, and we've heard the
9 criticisms of that, particularly that we haven't
10 labeled the amount of sugar on the front or the amount
11 of sodium.

12 So today we're pleased to announce that on
13 our Big G cereals, we're going to go to a fact-based
14 nutrition program, and this will highlight calories,
15 saturated fat, sodium and sugar.

16 This approach is very similar to the GDA
17 approach that our joint venture on cereals worldwide,
18 which is Cereal Partners Worldwide has been using in
19 the European Union for over a year, and it's also very
20 similar to what Kellogg's announced last month.

21 We believe that this fact-based approach is
22 going to help somebody look at this fruity Cheerios
23 while they're walking the aisle and say "Oops, 100
24 calories per serving. Let's see. There's nine grams
25 of sugar in that product," and decide if they want to

1 pick it up or not.

2 And in conjunction with Kellogg's doing this,
3 I think we're going to have a wonderful experiment with
4 the majority of the cereal in that aisle, to see if
5 this does work in helping consumers.

6 Now we've also shifted the mix of products
7 marketed to children, and to encourage the consumption
8 of lower calorie-higher nutrient items. As I
9 mentioned, a year and a half ago we started
10 implementing these nutrition guidelines, and they are
11 based on FDA and USDA criteria.

12 General Mills has only marketed products to
13 children that are 175 calories or less per serving, and
14 meets an important nutrition guideline. All products
15 have to either have a half serving of a USDA-
16 recommended food; so that's vegetables, fruits, whole
17 grains or low fat dairy, or they need to meet the
18 criteria for FDA Healthy.

19 FDA Healthy is a very strict criteria. You
20 have to have three grams or less of fat; one gram or
21 less of sat fat; 480 milligrams or less of sodium, and
22 also contain a positive nutrient, at least ten percent
23 of Vitamins A, C, calcium, iron, protein or fiber.

24 So under our criteria, any product that we
25 market does have to have a product nutritional benefit

1 for children. Now we've eliminated any marketing for
2 children in elementary schools, in middle schools and
3 in high schools, and we also do not target any
4 advertising to children under six.

5 So we believe these are strong criteria that
6 we've been living with for the last year and a half,
7 and yet we clearly heard the call for more, which we
8 want to acknowledge and want to respond to. And so
9 General Mills will be adding, as you heard earlier, a
10 sugar limit.

11 We will not market any products that have
12 more than 12 grams of sugar per serving. Then we've
13 also said that any of those products that meet that
14 criteria for a half serving USDA of the food group
15 that's recommended, as well as the 175 calories, we'll
16 make sure that they have zero labeled transfat, two
17 grams or less of saturated fat, 230 milligrams or less
18 of sodium for cereals and snacks, and 480 milligrams of
19 sodium or less for main meals and side dishes.

20 These will begin implementation -- frankly
21 the majority of it, probably about 90 percent of all of
22 our advertising will be meeting these requirements by
23 the end of 2007. It will be fully implemented by 2008.

24
25 So I hope you can see that we're committed to

1 healthy products for children. We're going to develop
2 new products. As Lance said, it's a business
3 opportunity, and it's a business opportunity we want to
4 be part of.

5 We know that not all of our efforts that we
6 undertake are going to be successful. But we really
7 believe that many will. Most importantly, we are
8 committed to not being done.

9 We're going to continue at this. We're going
10 to continue to reduce calories, sodium, fat and sugar.
11 We're going to help consumers understand the dietary
12 choices that they're making.

13 We want to be part of the solution in helping
14 people understand energy balance, and understanding the
15 calorie content of the foods that we're providing them.
16 We want to help families.

17 We want to help them achieve healthy weights
18 for themselves, the parents as well as the kids,
19 through increased activities and balanced eating. We
20 really do care about the children in this country, and
21 we really do think that this is a journey, a marathon,
22 and that the only way we're going to do it is by
23 everyone in the room together.

24 We need industry, we need government and we
25 need the public interest groups to work together to

1 make this happen. Thank you.

2 (Applause.)

3 MS. ENGLE: Thank you, Lance and Chris. The
4 FTC/HHS workshop last year report encouraged media
5 companies to explore ways to improve the distribution
6 of clear and effective educational messages to children
7 and parents about nutrition and fitness, and to revise
8 practices regarding character licensing.

9 Here to talk about changes in this area are
10 representatives from the Walt Disney Company and from
11 Sesame Workshop. Our first presenter, Jennifer
12 Anopolsky, is Vice President of Corporate Brand
13 Management at the Walt Disney Company.

14 After we hear from Ms. Anopolsky, we'll hear
15 from Dr. Jennifer Kotler, who's Assistant Vice
16 President of Domestic Research in the Department of
17 Education and Research and Outreach at Sesame Workshop.

18 **PRESENTATIONS: MEDIA/ENTERTAINMENT COMPANY INITIATIVES**

19 MS. ANOPOLSKY: Good morning. Let's see if I
20 can clear this out. Great. As you've all heard, less
21 than a year ago, the Walt Disney Company introduced new
22 food guidelines aimed at giving parents and children
23 healthier eating options.

24 The new policies called for Disney to use our
25 names and characters only on products for kids that

1 meet specific nutritional guidelines. Disney also
2 announced nutritionally beneficial changes in meals
3 served at our theme parks to children, across all of
4 our parks and resorts, and we unveiled a company-wide
5 plan to eliminate trans fats from foods served at our
6 parks and resorts, our licensed products and all of our
7 promotional programs. These efforts were all part of a
8 first step in a long-term commitment to this issue by
9 our company.

10 In making this announcement and putting these
11 policies into practice, we are using the power of our
12 brands and characters to promote foods that kids will
13 want and that parents can feel really good about giving
14 to them.

15 We know that this is the right thing to do
16 for the Walt Disney Company, it's the right thing to do
17 for our business, and we're so pleased to bring
18 children and families these healthier eating options,
19 and that we can contribute to a solution on this issue.

20 Our commitment to this topic and the changes
21 that we're making pertain to all of our business areas,
22 including parks and resorts, studios, licensed products
23 and media networks.

24 Even though it's only been eight months since
25 our announcement, I'm delighted to be here to tell you

1 about the progress that we're already making. I'll
2 begin today by recapping for you the highlights of our
3 nutritional guidelines.

4 Then, I want to show you some examples of how
5 we're starting to implement changes across all of our
6 businesses. Finally, I'll share with you some of our
7 early efforts in the area of consumer education.

8 So let's start with the nutritional
9 guidelines. Our nutritional guidelines were developed
10 with Drs. Keith Ayub (ph) and Dr. Jim Hill. Dr. Ayub
11 is Associate Clinical Professor of Pediatrics at the
12 Albert Einstein College of Medicine in New York. Dr.
13 Hill is Director of the Center for Human Nutrition at
14 the University of Colorado Health Sciences Center.

15 Our guidelines are based on the dietary
16 guidelines for Americans from the Department of Health
17 and Human Services and USDA. Our guidelines feature
18 separate standards for key meal occasions.

19 So for example, main meals have different
20 requirements than snacks or dairy products. They
21 include specific limits by meal occasion for total
22 calories, total fat, saturated fats, sodium and sugar
23 proportion.

24 So for example, our cereal guideline calls
25 for less than ten grams of sugar per ounce, and we

1 commit to zero grams of added transfat across the
2 board.

3 As part of our guidelines for licensing, we
4 will still be licensing special occasion sweets, like
5 birthday cakes and seasonal candies, but we will be
6 limiting them to a minority portion of our overall food
7 portfolio.

8 Our guidelines were developed to anchor our
9 business decisions going forward, and of course
10 implementing them will take time. But we've made so
11 much progress in the last eight months.

12 With that overview as context, I'd like to go
13 business by business and show you how we're string to
14 improve the food options to kids, starting with what's
15 going on in our parks.

16 In the Disney parks, we've already taken
17 significant and systematic steps to make healthy eating
18 options more available and appealing to kids and
19 families. In October 2006, we changed the standard
20 offering in our kids meals to feature the healthy side
21 dishes and beverages.

22 So for example, if you visited our park
23 before the change and ordered the kids meals, you would
24 have had a choice of sides and beverages. But if you
25 didn't specify one, it automatically would have come to

1 you with fries and soda.

2 Today, when order a kid's meal, it
3 automatically comes with either fruit or veggies on the
4 side, and a choice of lowfat milk, water or 100 percent
5 juice to drink. Parents can still order fries and soda
6 for their kids, if they make a special request. But
7 the built-in bias is to offer the healthy options
8 first.

9 I wanted to show you a video now. Take a
10 look at this. So the tape that you're looking at is
11 not highly produced. It's video that we shot in the
12 park last week.

13 Those are real kids eating with their
14 fingers, chewing with their mouths open. But they're
15 clearly enjoying the grapes and carrots that came with
16 their meals. I wanted you to see what this looks like
17 in practice. This is the real deal here.

18 By all measures, the guests seem to love this
19 new approach that we introduced. Since we introduced
20 this change in both Disneyland and Disney World, we're
21 finding the overwhelming majority of our guests are
22 selecting the healthy options, and we're very pleased
23 with the way that they're embracing this change.

24 Another big focus in the parks is snack
25 foods. We want to make sure that in addition to

1 indulgences that people have come to expect in a park
2 environment, that we also have healthy snack food
3 options that are widely available and very appealing to
4 our guests.

5 To that end, we started introducing fruit
6 carts like this a few years ago. Again, pardon the
7 real life footage. This was also from last week. But
8 consumes love the fruit stands.

9 So for the last two years, we've been
10 steadily increasing the number of fruit carts like
11 this, and the variety of other nutritious snacks in the
12 park like nuts and trail mixes and all sorts of things
13 that are nutrition. They're fun and easy to eat during
14 a park visit, and it's turning to be pretty good
15 business for us as well, which is great.

16 finally, we're phasing out added trans-fats
17 from all food items served in our parks. Moving away
18 from trans-fats is a very important priority for us,
19 and right now we are on track to achieve this by the
20 end of 2007. Already we are most of the way there.

21 So the kids meals and healthy snack offerings
22 are important, because they make eating healthfully
23 both easy and appealing for guests when they're at our
24 parks. But we're also focused on daily behavior.

25 So now I'd like to turn to what Disney is

1 doing outside of our parks in the general market, where
2 people live, shop and eat every day. Licensed products
3 account for the bulk of Disney food in the market, and
4 this is an area where we're really changing things.

5 As we announced last October, going forward
6 we are using strict nutritional guidelines to determine
7 which foods we'll license with the Disney brand and
8 characters.

9 Our vision in this area is to make
10 nutritious, everyday foods that are apportioned
11 appropriately and appealing to kids. So now you'll
12 find Disney characters on fresh fruits and veggies like
13 these, and I want to tell you what's here. Some of
14 these are not on the market yet.

15 On the top of the slide, I'm giving you a
16 preview of some new items that are launching this fall.
17 On the upper left, you see a product called "Foodles."
18 It's a personal sized veggie and dip item, with Mickey-
19 shaped packaging, and it will be lots of fun for any
20 kid to pull out of their lunch box.

21 On the upper right is a fresh broccoli
22 product that will also come with other vegetables, but
23 I'm showing the broccoli here. The broccoli steams
24 really easily in just a few minutes, and it comes with
25 light sauces that can be added after cooking.

1 The sauce recipes were developed especially
2 to appeal to kid's pallets. So they're in flavors that
3 you and I might not choose, but they tested really well
4 with kids in research, and of course they're formulated
5 to meet our nutritional guidelines per serving.

6 On the bottom, you see some of our fresh
7 fruit products that are already out on the market.
8 Those have been on the market since last summer, and
9 are doing quite nicely for us.

10 Also, we think it's important to work with
11 consumer behaviors, not against them. As an example,
12 we know that families rely pretty heavily on
13 convenience foods at times.

14 One thing that we can do is bring to market
15 convenience foods with sound nutritional profiles for
16 children. So that's why we're bringing to market
17 Disney versions of kids staple foods, things that are
18 family favorites.

19 They're in most pantries, and now we're
20 formulating them to meet our nutritional guidelines,
21 and we're putting our characters on them so that
22 they'll be the kinds of foods that kids will feel
23 really good about eating, and parents can feel good
24 that they meet nutritional guidelines. So these are
25 some examples here.

1 You can see the Mickey ravioli product is one
2 that meets all of our nutritional guidelines, and is
3 lower in fat content and sodium content than other
4 comparable products on the marketplace.

5 So next I'd like to turn to another area
6 that's being transformed by our guidelines, and that is
7 the area of kid-targeted promotions. These are
8 marketing events, where you might see us partner with
9 another company periodically, to market a Disney
10 product like a movie.

11 Here's one recent example of a promotion that
12 we did behind Ratatouille, which is our new movie.
13 Everyone should go see it. It's about food. Here's
14 our promotion that we did with Intel, obviously in a
15 non-food brand.

16 In this promotional area, again we're
17 applying our guidelines very strictly on kid-targeted
18 promotions as they're planned on a go-forward basis.
19 This means at times that we're looking outside of food
20 categories for new kinds of promotional relationships
21 like Intel.

22 I want to show you some other examples. Our
23 promotional line-up behind Ratatouille featured things
24 that meet our guidelines like bottled water, and those
25 are some fruit stickers that appeared on -- they're

1 probably still in supermarkets right now on watermelon.

2 We also did promotions with airlines and the
3 Department of Energy, among many other partners that we
4 had. So we're really changing how we do our marketing,
5 with an eye towards marketing healthier foods to kids
6 like water and fruit, and also just looking to other
7 means of marketing our movies that have nothing to do
8 with food.

9 So now I'd like to turn to our kids media
10 networks. As you probably know, Disney Channel is a
11 commercial-free platform, but it does accept some brand
12 sponsorship messaging. This is another area where we
13 are applying our nutritional guidelines to determine
14 which foods and brands can qualify for sponsorship on
15 our network.

16 Going forward, if a brand doesn't meet our
17 nutritional guidelines, then it cannot be a Disney
18 Channel sponsor. We're being very strict about that.
19 On our other kids media outlets, we accept regular food
20 advertising from a variety of food and non-food
21 products, that comply with routine standards and
22 practices.

23 However, only foods that meet those very same
24 guidelines can qualify for child-targeted content
25 sponsorship and promotion on or off air. Now as a

1 broader industry-wide issue, we expect that the
2 guidelines for children's advertising, as led by CARU
3 will evolve over time, and we'll be monitoring those
4 developments.

5 But for now, these are our guidelines and we
6 feel really good about them. Okay. So we've talked
7 about how we're starting to change food in the Disney
8 parks and licensing and promotions, and sponsorship on
9 our media networks.

10 Now I want to turn to another important area
11 for us, and talk about how we're starting to use our
12 influence to shape kids preferences. Disney Channel
13 has been and continues to incorporate healthy lifestyle
14 messaging into programming.

15 One example is how we're using our characters
16 as role models, where it fits seamlessly into the
17 story-telling. This means that kids will see episodes
18 of their favorite shows, things like "Hannah Montana,"
19 "The Sweet Life of Zach and Cody," and "Not So Raven,"
20 among others, where the central theme of the episode is
21 about healthy lifestyles, including both nutrition and
22 exercise.

23 I'll show you a clip now from "Not So Raven."
24 In this episode, the cafeteria at Raven's school is
25 turned into a food court. Once Raven gets past the

1 initial novelty of it, she realizes that eating there
2 has some drawbacks. She and a friend leads their peers
3 to take ownership over their own nutritional choices.
4 Let's take a look.

5 (Video plays.)

6 MS. ANOPOLSKY: One of our early efforts in
7 bringing this issue to television and talking to kids
8 through the characters that they really look up to, and
9 we'll be doing more of that.

10 But our focus on role modeling is not just
11 for television. One off-air program that will be seen
12 for the next several months involves "High School
13 Musical," a pre-teen phenomenon right now. The cast of
14 the popular movie is appearing in print ads like this
15 one, to promote milk consumption to kids.

16 Disney Channel also runs a series of short
17 form programming called "Get Your Head in the Game," in
18 which kids tell each other peer to peer about their
19 passion for their own chosen sport, to sponsor both
20 inspirational and aspirational. Let's take a look.

21 (Video plays.)

22 MS. ANOPOLSKY: Beyond offering role models
23 for kids to emulate, we're also starting to empower
24 them with real information and education about healthy
25 lifestyles.

1 Two such examples are Disney Channel's
2 "Adventures in Nutrition" and "Ooh, Ahh and You."
3 Let's watch them now, so you can see how we're using
4 our broad reach to talk to young kids quite directly
5 about healthy lifestyles and what it means for them.

6 (Video plays.)

7 MS. ANOPOLSKY: That's Kevin Carlos. So now
8 "Ooh and Ahh." This is a new one.

9 (Video plays.)

10 MS. ANOPOLSKY: I hope you enjoyed that. I
11 realize now we should have prepared the local
12 restaurants for the rush on blueberries and bananas at
13 lunch time. Oh well.

14 So engaging educational programming such as
15 what I've shown you today airs at least every two hours
16 every day on Disney Channel. As you can see from both
17 the short form and the long form thematic programming
18 like Raven, we're really serious about empowering kids
19 in this area. On Disney Channel alone, messages like
20 these are seen by 25 million kids a month.

21 Beyond TV, we're also finding that as our
22 licensed food business grows, we have lots of
23 opportunity to talk to kids on the back and side panels
24 of food packages. As our first foray into this area,
25 we've been teaching kids the "My Pyramid" curriculum,

1 along with information about important nutrients.

2 Right now, messaging like this can be seen on
3 millions of food packages, and this is a program that
4 we'll look to continue to develop over the coming
5 years.

6 Finally, we also launched an educational
7 website, Disney.com\healthykids, that's also being
8 promoted on millions of packaging. The website teaches
9 kids the principles of My Pyramid, and helps them learn
10 about nutrition and activity through interactive games
11 and their favorite Disney characters.

12 We're so excited about these early efforts on
13 TV, the Internet and packaging, to help educate and
14 empower kids about their health. We look forward to
15 doing much more in this area in the future.

16 So to wrap up today, I've had a chance to
17 tell you about some of the changes we've already made,
18 including our nutritional guidelines, new licensed
19 products that are coming, phasing out of trans-fats
20 across our businesses, kids meals with healthy options
21 as the standard choice at our parks, and our efforts in
22 kids education.

23 These represent only some of our efforts and
24 the initial steps in a long-term commitment by the Walt
25 Disney Company in this area. As you can see, the

1 efforts are comprehensive across all of our business
2 areas. It takes time to implement changes like these,
3 but we're really committed to this for the long term.

4 I look forward to sharing more progress with
5 you as our efforts evolve in this area. So stay tuned.
6 Thank you.

7 (Applause.)

8 DR. KOTLER: Thanks to the FTC and HHS for
9 having Sesame Workshop, especially to Mary Dunson and
10 Jennifer Bishop, who made this happen kind of at the
11 last minute. So I thank you very much.

12 Today I'm going to talk to you about some
13 updates to our healthy habits for life initiative at
14 Sesame Workshop, started in 2004. We are a non-profit
15 educational organization dedicated to making a
16 meaningful difference in children's lives, and we
17 create educational content that maximizes children's
18 potential.

19 We're committed to the fact that children
20 deserve the chance to grow and learn and be better
21 prepared for school, and part of that is developing
22 healthy habits, both physically, mentally, emotionally.

23 So what we did was in 2004, we started our
24 Healthy Habits for Life Initiative. I'm not going to
25 talk too much in depth about each part of our

1 initiative, because I did talk about that at the 2005
2 forum as well. But I just want to talk to you about
3 some of the updates since then.

4 Initially, I presented research showing that
5 when you pair characters with healthy and unhealthy
6 foods, there's an increase in children's appeal to
7 those healthy and unhealthy foods. I'm going to talk
8 to you about the update to that study today, and also
9 about our licensing program and how that has changed.

10 But we also have a lot of content that we've
11 created our Healthy Habits for Life initiative. So on
12 Sesame Street, we have street stories that are
13 dedicated to teaching children about healthy eating,
14 just showing the appeal of all these different fruits
15 and vegetables and how great that can be.

16 We have a Dinner Theater segment to our show,
17 a health module. So for example you'll see a parody of
18 the song "Hair" from the 60's. It's now "Pear," and
19 you see a dancing pear.

20 We have "Man of La Muncha" instead of "Man of
21 La Mancha." There's an Ode to a Zucchini instead of
22 "Maria" from West Side Story. So we have all sorts of
23 content in the show that's really dedicated to eating
24 healthy and being physically active.

25 I want to say what's really important that I

1 think we do is we're really reaching young children and
2 their parents. So as much as we can, we try to really
3 get children to have these healthy habits earlier on in
4 their lives, so that it's not harder as they get older
5 to really change them out of habits.

6 Because we know that it takes sometimes 12 or
7 13 tries for a young child to acclimate to a taste of a
8 particular new food. So if we can do this really early
9 with children by getting them excited about eating well
10 and exercising, then we feel that we can set them on a
11 good trajectory for later on.

12 So on the show we have that going on.
13 Publishing of video, we have Happy Healthy Monsters,
14 which Grover is exercise instructor. On Sesame Street
15 Live, we have "Super Grover Ready for Action," and he's
16 a super hero, but the only way he really can have all
17 super powers is if he eats right, exercises, gets rests
18 and cools down as well.

19 We have public service announcement with
20 celebrities, and we have PSAs with Senators and
21 Governors about different foods from their locales that
22 they talk about that they love so much. We also have
23 really beefed up our outreach in this effort.

24 We have Healthy Habits Caregiver Guides that
25 are accessible on our website. We've distributed to

1 all PBS stations around the country, and we've also
2 just almost completed a tool kit for child care
3 providers, that were funded in part by Nemours. We are
4 distributing this.

5 It's a tool kit of all sorts of activities
6 that can go on in child care centers, and there's also
7 materials for children to take home to the parents.

8 We also have a traveling museum called
9 "Sesame Presents the Body," which teaches children how
10 to enjoy healthy foods and how their body works and
11 exercise. So it's really we're coming at children from
12 all different directions.

13 But specifically, we've reevaluated.
14 Starting in 2005, we really started changing our
15 licensing agreements, based on what was going on in the
16 landscape of childhood obesity. So we worked with
17 advisors from NIH, AAP and IPN, and we looked at the
18 U.S. dietary guidelines.

19 We've really decided that we're going to
20 change how we license the characters. Again, we're a
21 non-profit organization, so we don't advertise per se
22 to children. But we do license our characters out to
23 various partners who use them in responsible ways.

24 So we're really trying to encourage
25 partnerships with food corporations, making a sincere

1 commitment to improving public health, and I think
2 today we've seen a lot of companies that actually are
3 doing that, and we're very happy about that.

4 The licensed foods should contribute to
5 children's overall healthy diet, and portion sizes
6 should be age-appropriate as well.

7 We also care about things like the price of
8 foods. We want to make sure that our characters are
9 associated with foods that are reasonably priced as
10 well, and also every opportunity for food labels to
11 have information to parents and children about those
12 foods we're looking to as well.

13 So we have four different kinds of foods,
14 that we think about foods in four different categories.
15 One is our primary food category, which is really
16 healthy foods based on USDA guidelines. Then there are
17 secondary foods, which is the healthier options of
18 lower, lower in salt, lower in sugar.

19 Then there's special occasions. So you might
20 still see Elmo on a birthday cake, because that's a
21 sometimes food. That's not something that children
22 have all the time. But for example, and then there are
23 restricted foods which we don't -- we will not license
24 our characters on anymore.

25 So for example, fruit snacks or something

1 that doesn't have real nutritional value. We're not
2 going to do that anymore, or anything that's a choking
3 hazard for children as well. So for example, we've
4 created these displays for various produce partners, to
5 highlight how fun it can be to eat healthy.

6 Again, this is targeted to children and their
7 parents. There's usually information for the parents
8 about how children should -- how you can enjoy these
9 foods and how you can do fun things with foods. So for
10 example, we'll have tips like on July 4th, how to make
11 an American flag with blueberries and strawberries and
12 lowfat yogurt or something like that.

13 So there's little tips and little guidelines
14 to go along with that, to really make it fun for the
15 children. We also have other partners, you can see.
16 We've been getting lots of letters from parents saying
17 "I never could get my child to eat green beans before,
18 but I saw that Elmo was on green beans and my child
19 just loves them now."

20 So again, if you start early with children,
21 getting them, encouraging them to eat healthier foods,
22 they're more likely to continue in that vein as they
23 get older, because earlier research shows that the
24 young children don't really have an understanding of
25 the fact that the foods that they like to eat aren't

1 necessarily healthy for them.

2 If you try to explain it's going to help you
3 get big and strong -- for example, my niece, who's two
4 and a half, would say to me "Well only daddy is big and
5 strong, because he's six feet" instead of anyone else
6 who's in the fives apparently is not big and strong,
7 even if they are.

8 So the young children have a really hard time
9 distinguishing, understanding really what that means,
10 and they often think that what they like to eat is
11 healthy. So we really have to instill in them a love
12 of healthy foods earlier on.

13 So now I'm just going to turn to the update
14 on the research. Earlier, I had -- in 2005, I had
15 talked about a small pilot study that we did. We had
16 talked about that study, and the Robert Atkins
17 Foundation said that they wanted to fund us doing a
18 larger study, using similar kind of methodology, as
19 well as including a taste test to see if children
20 actually would practice what they preach in terms of
21 how they would choose foods.

22 So we had 343 children ages two to 5 for
23 Study 1, and a subset of those children in Study 2,
24 which was a taste test, and we just had it from 3 to 5
25 for that. So in this study, children were asked who do

1 you like better? Do you like this one this one?

2 So we asked for Elmo, Grover, Oscar and then
3 three unknown characters. These were characters that
4 were about to be used for a developing television show
5 that actually has not been aired yet, but since they
6 had colors that were similar.

7 What we wanted to do is we didn't really want
8 to -- our argument wasn't pit our characters versus
9 anybody else's characters per se. But rather assuming
10 that children are going to like the known characters
11 and not like the unknown characters, or at least have
12 no feeling towards the unknown. So we wanted to get a
13 sense of how characters really influence children's
14 food choice.

15 So the children who choose all three Sesame
16 characters that they liked better, I'm calling them
17 high fam. Those who didn't choose the unknown, who
18 maybe chose two Sesame but one unknown or anybody who
19 didn't have three, I called them low/medium fans, and I
20 did the analysis differently. I'm only going to
21 present these for the fans. Most of the children were
22 fans.

23 So we had 191 of the children who were all
24 three fans. Not to say that those who didn't choose
25 them aren't fans; I just wanted the data to be as clean

1 as possible to show how characters influence how
2 children might choose.

3 So the study design, for example, we broke
4 the children into three different groups. So we'd ask
5 them what would you like to eat, this food or this
6 food?

7 So we're calling the first food that was
8 shown to them -- they were both shown at the same time,
9 but the one on the left we'll call A, and the one on
10 the right we call the B food.

11 So in the control group there's no pictures
12 on either. So in the first condition we have Sesame
13 Street character on the A and an unknown character on
14 the B, and then the reverse is true for the next
15 condition. Really all we did is we took little
16 stickers.

17 This was not high tech big packaging; it was
18 just showing them a picture of mushrooms and sticking a
19 little Grover there and seeing where their eyes go;
20 where are they looking.

21 So that we're assuming it sort of models what
22 might be going on in grocery stores if children are
23 walking down the aisles and they see a picture of a
24 character. So we had nine different pairs of foods.

25 We tried to have foods that were relatively

1 equal in terms of appeal, and then we had some where we
2 thought children would like some of the foods more than
3 the other. But we tried to do a variety of different
4 foods, and we pre-tested this as well.

5 so we have these nine pairs of foods. So we
6 have the A foods and the B foods. They're just
7 presented in this particular way, and the methodology
8 is just like I showed you with the mushrooms and the
9 peas. It's just that we did this for each food
10 individually.

11 So then if you take all the foods that were
12 sort of relatively both healthy -- I know from a
13 nutritionist's standpoint there's difference. So for
14 example between a grape and a banana, but we're trying
15 to say they're both two fruits or both two vegetables,
16 or we have crackers versus wheat bread.

17 What we find here is that if there are no
18 pictures on anything between relatively healthy foods,
19 there's about an even split. 52 children chose the B
20 foods and 48 percent of the children chose the A
21 foods.

22 But a different group of children were shown
23 with the Sesame Street character on the A foods and
24 unknown on the B foods, and then the reverse for the
25 third.

1 What you see in this slide is that the Sesame
2 Street character, and again this is for the high fans,
3 they are more likely to choose a food that has a Sesame
4 Street character on them. Now I'm just not showing you
5 the low fans, because it gets very confusing with the
6 graphs. But the pattern isn't nearly as strong with
7 the non-high fans.

8 So I'm not saying everybody on the planet, it
9 was a total high fan, and it doesn't work. But it's
10 showing that for -- if you love a character, and we
11 know Elmo is really loved by most children, then in
12 fact that can make a huge difference.

13 So since most of these children were high
14 Sesame fans. You see this strong effect, and again
15 it's not as strong for the low fans, but it's in a
16 similar direction. That's between two relatively
17 healthy options.

18 If you pick a healthy food versus a less
19 nutritious snack; so if you have broccoli, apples and
20 Cheerios versus chocolate, potato chips and donuts,
21 what you see is that again, same pattern. The less
22 nutritious snack is in the orange, and that goes up
23 tremendously when you have a Sesame Street character on
24 it and you are a high Sesame fan.

25 What's slightly discouraging is that you

1 can't really increase the healthy food when they're
2 both pitted against each other. It is the direction as
3 before when I presented the original Elmo broccoli
4 study.

5 You do see that it does increase the healthy
6 food by a little bit, but not significantly. So in
7 fact it's really particularly pernicious to have a
8 beloved character on unhealthy foods, because it really
9 increases from 56 to 74 percent, for example. Doing
10 the reverse isn't nearly as powerful.

11 Now we also -- what we did was we took three
12 out of the nine pairs, and we actually gave children
13 the option to taste each of the foods. We did this
14 only for the Elmo characters, because we knew that he
15 was the character that almost all children chose as
16 being their favorite.

17 So what we did was we gave children each the
18 potential to eat five pieces of each food. We had the
19 A foods and the B foods. So the A foods you have
20 zucchini, grapes and chocolate, and the B foods you had
21 celery, banana and broccoli.

22 So in the control group, you see that
23 children are more likely to eat the greater percentage
24 of the A foods. That was likely due to the chocolate
25 that was in the A foods, and B foods about 48 percent.

1 So they're eating about half of the B foods.

2 But if you put Sesame on the A foods, you see
3 that it does -- the amount that they're eating of those
4 A foods slightly goes up, and the amount that they're
5 eating on the B foods goes down. So this wasn't an
6 either/or, whereas the picture test was which one would
7 you like to eat, this one or this one.

8 You could all of both. You could have some
9 of each. You could have none, whatever you prefer. We
10 just did this with little displays. We'd have a big
11 sort of Elmo cutout with a plate in front of him, and
12 then the other characters with a plate.

13 Then when you reverse it though, here's
14 what's very interesting, is that you got 53 percent of
15 the children to be trying the B foods. So from 48 to
16 53, that was significant, and notice the 40 dip was
17 also significant.

18 So in fact, when you do put a character on a
19 healthier food, it does increase children's (a)
20 preference towards that food, and (b) potential to
21 taste that food. Even though it's not strikingly high,
22 if this happens over and over again, the likelihood
23 that children will acclimate to the taste that
24 healthier food is improved.

25 This is something that we did without real

1 big high tech displays, but it's something that even
2 parents can do at home, where they can take a stuffed
3 animal that the child loves and put it in front of
4 plate with the foods that the child wants to eat.

5 So there's creative ways to promote healthier
6 foods. It doesn't have to be Sesame Street per se. It
7 could be whatever beloved character that is. But we do
8 know that children really love the Sesame Street
9 friends that are consistent in their messaging as well.

10 So the research summary is basically that
11 what I just said, that they're more likely to eat those
12 foods with beloved characters. Again, it's
13 particularly dangerous to put beloved characters on
14 already tasty, non-nutritious foods, because that
15 increases even moreso than putting them just on healthy
16 foods.

17 Putting them on healthy foods is absolutely a
18 step in the right direction, but it's also -- it's
19 really important that we're all doing this together,
20 where we're trying to really put an end to putting the
21 characters on foods that aren't particularly good for
22 kids.

23 So that's that. Thank you very much. If you
24 have any questions, I'll be around for the rest of the
25 afternoon.

1 (Applause.)

2 MS. ENGLE: Now again, if you have a
3 question, raise your hand and someone will bring the
4 mike to you. Please identify yourself first.

5 **QUESTIONS FROM THE AUDIENCE**

6 MR. RUHERFINGER (ph): Hi. My name is Sam
7 Ruherfinger. I'm a student at Duke University. I also
8 work for a program that helps bring physical and health
9 education to school districts that don't have proper
10 funding for them.

11 So this is actually a question for General
12 Mills. I was wondering if you've done anything to look
13 at your imitative to cut advertising in schools,
14 because I know that a lot of underfunded school
15 districts really rely on those revenues.

16 MS. SHEA: Well, we don't advertise in
17 schools. So we're not cutting any funding. I don't
18 know if I'm getting your question. We don't currently
19 fund schools through any type of advertising in
20 schools.

21 We have a program called "Boxtops for
22 Education," that's towards parents and PTAs, that
23 provides funding for schools. But there's no marketing
24 of our products in schools to kids.

25 We do have -- the program I was speaking

1 about earlier is called "Champions for Healthy Kids."
2 It's a grants program. It's open to any non-profit,
3 any schools, activities. They're \$10,000 grants. They
4 go a long way. It's on-line and it's an ongoing
5 program. We've made a ten-year commitment to it. So
6 feel free to apply for that.

7 MS. ENGLE: Margo, you could probably be
8 heard without a mike.

9 FEMALE PARTICIPANT: Actually Jennifer, I had
10 a technical question for you.

11 DR. KOTLER: Yes.

12 FEMALE PARTICIPANT: I was just wondering in
13 that last slide, the numbers for having Sesame Street
14 characters on A and B didn't add up to 100. So I was
15 wondering the kids that taste both foods, is that it?

16 DR. KOTLER: Or neither. So it was the
17 percentage of foods that they, on average they ate. So
18 there were five pieces of chocolate, for example, and
19 five pieces of broccoli. So any one child could have
20 three pieces of chocolate and two pieces of broccoli.
21 So it wouldn't add up to 100.

22 FEMALE PARTICIPANT: Okay.

23 DR. KOTLER: So if you ate all your broccoli
24 and ate all your chocolate, you would get 100 percent
25 for your broccoli and 100 percent for your chocolate.

1 FEMALE PARTICIPANT: Was that the same with
2 choosing a product, because some of what you showed at
3 the workshop two years ago, there was a more dramatic
4 effect.

5 DR. KOTLER: Right, right. We didn't find
6 that this time. It was in the same direction; it just
7 wasn't as dramatic. There were more children. It was
8 also two years later.

9 There was some also evidence that children
10 who were high Sesame fans in another part of the study,
11 that in fact they ate, they choose better foods anyway.
12 So that could lead one to think that children who are
13 watching a lot of Sesame were changing their eating
14 habits.

15 I don't feel totally confident with that
16 statement. So the eating habits look like they did
17 slightly change over the two years, in terms of that.
18 So it could be due to that. I'm not exactly sure why
19 it's not as dramatic, but it is in the same direction.

20 FEMALE PARTICIPANT: Did you look at Sesame
21 characters versus no characters? That's really more
22 what we see out in the marketplace.

23 DR. KOTLER: Right. Well, we weren't sure if
24 -- we could do that. That would be another study. But
25 we were trying to see the effect of beloved character

1 versus a non-beloved character, because we don't know
2 if it's a character that's influencing or could it be
3 any particular character?

4 Yes, presence of a character. So we didn't
5 want to compete character versus nothing, because then
6 we wouldn't be able to say that it's a beloved
7 character. But we could certainly go back and try to
8 do it without any --

9 FEMALE PARTICIPANT: Yes. It might be
10 interesting to look at no character versus beloved
11 character, because that's what's going to happen in the
12 marketplace. A lot of products don't have any
13 characters, and then some will have a beloved character
14 on it.

15 DR. KOTLER: Right, and that's -- right,
16 absolutely we could do that. It's just a slightly
17 different question that we were trying to answer, but
18 certainly yes. Good point.

19 MS. ENGLE: Who has the mike? There's a
20 question in the back.

21 MR. LATTIMER: Hi. I'm Hugh Lattimer from
22 Wiley, Rein. I noticed we've been getting a very
23 significant increase in inquiries from overseas food
24 companies about how to comply with children's --

25 MALE PARTICIPANT: Can't hear you.

1 MR. LATTIMER: About how to comply with
2 children's advertising by European companies and other
3 companies around the world. I was just curious. If
4 you turn that around, are you undertaking similar
5 initiatives overseas with your products?

6 MR. FRIEDMANN: I can answer on behalf of
7 Kraft that the advertising policies that we adopted
8 since the end of 2005 are global policies for us. So
9 we apply the same nutrition standards and the same
10 practices to our advertising everywhere in the world.

11 MS. SHEA: We're similar. We have fewer
12 products marketed to children worldwide. But we are,
13 you know, you have to do something that's country-
14 specific and lines up with the government in those
15 countries. But we are.

16 MS. ANOPOLSKY: And for Disney, we're using
17 the same strategies around the world. We're just in
18 different stages of implementation.

19 MS. PATTON: Hi. My name is Diana Patton.
20 I'm from Toledo, Ohio, and I'm a mother, which is my
21 most important job. But my second most important job
22 is I'm a nutritionalist and a life coach.

23 What I find, because in the trenches my
24 children are only allowed to watch Disney Channel and
25 the public station. The reason for that is because of

1 the advertising.

2 I am really interested to hear about General
3 Mills and of course Kraft, because what I'm seeing on
4 the Cartoon Network and the other stations, which have
5 the hip stuff, you know. They have so many
6 advertisements for the chips and stuff. I am not
7 seeing the advertisements for the fruits and the
8 Cascadian Farms and that kind of stuff.

9 So I guess I'm watching it. So what do you
10 have to say about that? I'm just of curious where
11 that's going.

12 MR. FRIEDMANN: Well, I think on one of the
13 impacts, as you saw in my remarks, of adopting the
14 standards that we adopted, was to encourage development
15 of healthier choices, and that has in fact happened.
16 That's all that we're advertising on the commercial
17 channels that you're referring to.

18 I think you're also seeing things progress
19 over time. I mean we've been operating on that basis
20 since the end of 2005. You've heard the whole range of
21 pledges, many of which are going to be implemented
22 either later this year or into 2008.

23 So I think the picture that you will see a
24 year or a year and a half or so from now, I think, will
25 reflect much more the pledges that you're seeing today.

1 MS. RIDEOUT: Hi. I'm Vickie Rideout from
2 the Kaiser Family Foundation. On the issue of the
3 impact of licensed characters on sales, I was going to
4 ask Ms. Shea.

5 You said that you started licensing
6 characters like Dora on vegetables, and you showed some
7 images of that. Do you guys have any data on impact on
8 sales or anything you can share with us?

9 MS. SHEA: Actually, we don't at this point.
10 Those products just shipped over the last month or so.
11 So we're just getting in there, and likewise the spots
12 that I showed you just started airing in May.

13 So but we're very committed to it. The
14 single unit vegetables that I showed you have been very
15 successful and we know that there's a lot of kid
16 consumption of those as well.

17 MS. ENGLE: Angela?

18 MS. CAMPBELL: Angela Campbell, Georgetown
19 Law Center. This is a question for Disney. I was
20 wondering if you had any -- tell us how much food
21 advertising kids are watching on the ABC Network, which
22 you also own, and whether you have any plans to extend
23 your guidelines to that network and those third party
24 ads?

25 MS. ANOPOLSKY: Our ABC Network has very,

1 very little kids programming on it at all. It airs on
2 Saturday mornings only, and even that, not necessarily
3 every week.

4 It sometimes gets preempted by the local
5 stations. As part of that, we are still taking the
6 regular advertising. So straight advertising we're
7 still accepting.

8 But we are applying our nutritional
9 guidelines, as I discussed, to anything that would be a
10 tie-in sponsorship or promotion of the programming that
11 airs there. We're definitely using our guidelines for
12 that.

13 In addition to that, the programming that
14 airs on ABC on Saturday mornings is programming that is
15 being developed by the Disney Channel. So that episode
16 of Raven that you saw, that's the same programming that
17 goes to ABC. So any positive lifestyle messages that
18 we embed in the Disney Channel programming would also
19 travel to ABC and reach that audience when it airs
20 there.

21 MS. CAMPBELL: Well, what about kids watching
22 other programming or only watching TV on Saturday
23 mornings? Excuse me. I'll repeat the question for the
24 camera, okay?

25 MS. ENGLE: Oh, okay.

1 MS. CAMPBELL: What about programming that
2 airs throughout the week on ABC and not just Saturday
3 morning?

4 MS. ANOPOLSKY: Throughout the week on ABC,
5 it's really adult targeted. We don't have kid's
6 programming.

7 MS. CAMPBELL: (Not on mike)

8 MS. ANOPOLSKY: A name. If you look at the
9 ABC schedule, it's pretty adult-targeted. We just
10 don't have a lot for them. Our premier place for kids
11 to watch is Disney Channel. It's where we have the
12 biggest audience and then we use the same guidelines on
13 all of our kid-targeted programming.

14 MS. ENGLE: Cathy, did you have a question?
15 But we need the mike. We need the mike definitely for
16 the --

17 DR. MONTGOMERY: I'll stand as Margo did, and
18 maybe people can hear me.

19 MS. ENGLE: The camera said they couldn't
20 hear you.

21 DR. MONTGOMERY: I'm sorry. Okay. Catherine
22 Montgomery, American University. I was actually going
23 to ask you the same question that Angela asked, but it
24 really is a bigger question that I want to pose.

25 So you, as the only representative, I guess

1 today, from the broadcast television industry. Just to
2 tell us why we haven't really seen initiatives coming
3 out of broadcast television.

4 If there have been, what they are and what
5 role those companies are making, are playing rather in
6 this very important area, besides the really important
7 initiatives that you've just told us about Disney? So
8 I know I'm kind of putting you on the spot, but I don't
9 know who else to ask this question of.

10 MS. ANOPOLSKY: Well --

11 DR. MONTGOMERY: These are the good guys
12 here.

13 MS. ANOPOLSKY: You ought to ask Viacom and
14 Time Warner. I really can't speak on their behalf. I
15 mean we've stepped up and taken the measures that we
16 feel are important and fit well with our business, and
17 really meet what consumers are looking for in the
18 marketplace.

19 You know, we hope that we can provide
20 leadership in the industry. But it's really for those
21 other companies to step up and help find solutions in
22 the private sector. So we hope that they come with us.

23 One of the reasons we've been very public
24 about what we're doing, we've been out there. We put
25 our guidelines out there. We've shared them with many

1 of you in the room before today, and we will continue
2 to share them and hope to provide leadership in this
3 area.

4 MS. ROSS: Hi. I'm Mimi Ross from National
5 Action Against Obesity. I have another question for
6 you. What I find so striking is that it seems like
7 Disney did things that you didn't have to do. I don't
8 think that you are under as much pressure as a lot of
9 other organizations, yet you still made changes.

10 They probably are more expensive. It's more
11 expensive to provide healthier food than junk food. We
12 know that junk food is very popular, and you made
13 changes that probably may have cost you money. I'm
14 curious how you were able to successfully do that.

15 MS. ANOPOLSKY: I'm sorry, in the microphone.

16 MS. ROSS: I'm curious how you were able to
17 successfully roll this program out, roll this business
18 model out, and have it well-received among your
19 shareholders, because I think it's admirable that you
20 did what you had to do before you really had to do it.
21 Thank you.

22 MS. ANOPOLSKY: Thank you. You know, for us,
23 we really believe -- you know, there are some short-
24 term changes that we need to make in our business, but
25 we really feel that this is something that is good for

1 our business in the long term. This is really honing
2 in on parents want. When Disney delivers what parents
3 want, it is successful for our company.

4 It really is that long-term vision that we've
5 been focused on that we're pursuing. So I mean it's
6 really the only answer there is to that question. We
7 know that it's good for our business when we're
8 delivering what parents and kids can agree on.

9 It's the same approach that we take in all of
10 our Disney-branded businesses.

11 DR. MONTGOMERY: (Not on microphone) So the
12 reason I asked this because so often in some of the
13 environments, finding what is right, finding what is
14 more healthy is countered by what's possible. Every
15 quarter, the companies have to talk to Wall Street and
16 say "We sold more of this product."

17 I'm always curious how a company does the
18 right thing without losing money. So that's why I'm
19 asking the questions I am.

20 MS. ANOPOLSKY: Never wrong by watching your
21 market and staying where your consumers are.

22 MR. GOODWIN: My turn? Which is my point.
23 Where your consumers are.

24 MS. ENGLE: Could you please identify
25 yourself?

1 MR. GOODWIN: My name is Bill Goodwin. I
2 have a youth consultancy in the Philadelphia area. I'm
3 a father of four kids, and I've watched all of this
4 unfold over the last few years, and I want to express
5 some concerns.

6 Three years ago, I spoke in Sweden about
7 childhood marketing at a kid's marketing program. I
8 also speak at Kids Power and IRR's Youth Marketing mega
9 event, and I'm really concerned that no one's looking
10 at the fact that this just doesn't work.

11 It's a parental problem. I would cite a Kato
12 Institute article "Don't Blame SpongeBob for Childhood
13 Obesity," by Radley Balko. Ad bans have failed
14 everywhere they've been tried. The list so far
15 includes Sweden, Quebec and Norway.

16 There's no correlation between ad exposure
17 and childhood obesity. I will amend that point by
18 saying there was a UK study that was recently released,
19 in which they looked at 152 kids and quickly pointed
20 out that it does have an effect on 152 kids in the
21 closed study.

22 You need to ban ads in adult programming. We
23 are a commercial society founded on capitalism, and we
24 keep going. I'm sorry. The ban would cripple
25 children's television. I disagree. I do think that

1 our client's, which include many of the people who has
2 spoken so far, have tried.

3 General Mills with the white X's were a
4 perfect example, that the consumers are simply not
5 ready for what we're trying to force on them. How do
6 we, as marketers, as government and as parents
7 ourselves, address this issue, and how can we meet this
8 as quickly as is being required of us?

9 I know it's a very complex question. It's
10 just the only reason I showed up here today, was to
11 kind of say that. I frankly am at a loss when I'm
12 asked, and I'm really looking at this room. When we as
13 a group of marketers, get together, we struggle too.
14 So how can you help us?

15 MR. FRIEDMANN: Chairman Majoras started
16 today's discussion by saying that it really does --
17 that no one thing is going to turn the tide on this,
18 and I think we all recognize that, that it takes a
19 collective effort. It's companies, it's educators,
20 it's people who lead youth programs like yourselves.
21 It's certainly parents. It's regulators, and it's not
22 going to happen that quickly.

23 But I think as each of us tries to do our
24 part, hopefully that collective effort can start to
25 make change happen. In terms of the commercial side of

1 it, as I mentioned we're finding that the healthier
2 products is, are what are selling faster.

3 As far as IOM report in 2004 said, if you can
4 sort of harness that engine to go in this direction,
5 it's a good thing and becomes self-reinforcing.

6 MS. SHEA: I would just add to that. I mean
7 I think it's about energy balance, and it's about
8 catching parents, you know. It's parents when they're
9 having a kid. It's, you know, getting the message
10 across. It's about catching kids at early ages, as we
11 heard from some of the companies, the media companies
12 doing that.

13 It's about us trying to make sure we're being
14 responsible in how we market. It's going to take all
15 of us together.

16 MS. POMERANTZ: Hi. I'm Jennifer Pomerantz
17 from the Rudd Center of Food Policy and Obesity at Yale
18 University. My question is for General Mills.
19 Regarding your sugar -- sorry.

20 Regarding your cereals, the advertising sugar
21 limit of 12 grams for advertising, I was wondering if
22 that made you have to reformulate your cereals, or if
23 you plan to reformulate them in the future to meet that
24 limit for advertising?

25 MS. SHEA: Well, the answer is yes. I mean a

1 number of our products do meet that guideline already;
2 some don't. That's why we've set a time table, that
3 this will be fully implemented by the end of 2008. As
4 I said, 90 percent of our advertising to children will
5 be compliance with that by the end of 2007.

6 So we certainly intend to reformulate
7 products so that we can advertise them, we can have
8 them on-line. We can use licensed characters on the
9 packaging. We hope we can, but if we can't, then we
10 don't advertise or market them to children.

11 MS. EMMA: Hi. My name's Mary Emma. I'm
12 from the Wade Group. My question is directed to the
13 representatives from Kraft and General Mills. As you
14 speak about future product development and
15 reformulation, are you focusing mainly on food
16 marketing specifically for children or adults as well?
17 What's the split between children, food for children
18 and food for adults for future development?

19 MS. SHEA: Boy, I'll start that. I mean I
20 would say we're doing a lot in the area of adults, and
21 we were asked to focus on kids in the presentation
22 today.

23 But whether it's Yoplait yogurt that's 100
24 calories per container; whether it's Progresso Soups,
25 we have 25 varieties that are 100 calories or less per

1 serving.

2 We know that, I mean this is not just a
3 childhood problem; this is an adult problem. So
4 anything that we can do to help adults understand; you
5 know, eat more Green Giant vegetables, eat more
6 Cascadian Farms fruit, you know, delay the treats or
7 minimize the treats, that's the key messaging.

8 So we're doing everything we can, because as
9 Lance said, it's a great business opportunity as well.

10 MR. FRIEDMANN: Again, similar answer for
11 Kraft. I mean again, I focused today on products that
12 we're reformulated and developed for kids.

13 But some of the ones I mentioned at the end,
14 like the ready to eat meal salads, are clearly targeted
15 at adults and a broad range of products that are
16 targeted to all family occasions too.

17 MS. ENGLE: Any additional questions? Okay.
18 One more question here.

19 MR. SILVERGLADE: Bruce Silverglade, Center
20 for Science in the Public Interest. I'd just like to
21 disagree with the comment that was made from the
22 individual who spoke in Sweden.

23 The literature actually looking at the Quebec
24 advertising ban, I refer to the study by Cathy Baylis
25 that came out this year, shows that the Quebec

1 advertising ban has had effects on children's food
2 eating patterns in Quebec.

3 In Sweden, where there has been a ban on food
4 advertising on their national government station, ads
5 still come into Sweden via cable and satellite and
6 European-wide.

7 So it's just unclear what the obesity levels
8 in Sweden would have been if there was a complete ban
9 on advertising, including cable and satellite, versus
10 no ban at all. It's really wrong to try to draw
11 conclusions from that. But the study from Quebec is
12 quite promising and supportive. Thank you.

13 MS. ENGLE: Okay. I think we can now break
14 for lunch. Thank you to all this morning, presenters.
15 But before we go -- hold on. I have a couple of
16 announcements to make. Remember when you come back
17 from lunch, you will have to go through security again.
18 So please allow time for that.

19 We'll be restarting at one. In your packets
20 are information on local establishments where you can
21 get lunch. In addition, the panel of today will be a
22 Scoring the Progress panel, and you will be able to
23 raise questions for the panelists.

24 If you write them down on the index cards in
25 your folders and give them to FTC staff identified by

1 ribbons on their name tags, we can get those questions
2 in. I think that's it. Okay. Have a good lunch.

3 (Whereupon, at 11:57 a.m., a luncheon recess
4 was taken.)

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A F T E R N O O N S E S S I O N**1:03 p.m.**

MS. ENGLE: All right. I think we'll get started again for the afternoon session. I think some people are still coming through security, but so that we don't get too far behind, we'll get going.

So I'd like to welcome you all back for the public education and research session, as well as the wrap-up panel that will be scoring the progress in summer 2005.

A few reminders to turn off your cell phones and PDAs if you turned them back on during lunch, and also again, we do have index cards in your folders for questioners who are the last panel, and at that -- during that panel, if questions come up as you go along, there will be an FTC staffer with a microphone who will be collecting the index cards.

Moderating the next panel is Lee Wilson, who's the Director of the Division of Public Health Services in the Assistant Secretary for Planning and Evaluation's Office of Health Policy at HHS. He'll moderate the panel and introduce the speakers.

But before that happens, we are pleased to have FTC Commissioner Jon Leibowitz here to offer a few remarks.

REMARKS - JON LEIBOWITZ

1
2 MR. LEIBOWITZ: Thank you, Mary. As Mary
3 pointed out, I am Jon Leibowitz, one of the FTC
4 Commissioners, and I am happy to weigh in at today's
5 forum on childhood obesity and food marketing.

6 Last month, I happened to be listening to C-
7 SPAN radio, and I heard Bill Clinton speak to the
8 National Partnership for Women and Families. Former
9 President Clinton highlighted in dramatic terms just
10 how alarming the health care problem, childhood obesity
11 is becoming.

12 For the first time in history, significant
13 numbers of young people have developed Type 2 diabetes,
14 what used to be called adult onset diabetes but can't
15 be called that accurately anymore. A recent study
16 predicted that one in three children born in this
17 decade will develop diabetes at some point in their
18 lifetime.

19 Most overweight children have at least one
20 major risk factor for cardiovascular disease, such as
21 high cholesterol, high blood pressure or high insulin.
22 This obesity crisis threatens not only to overwhelm our
23 health care system, but to give us the first generation
24 of American children with a shorter life span than
25 their parents.

1 Just think about that for a minute. A
2 shorter life span than their parents. Simply put,
3 children are eating more calories, gaining more weight
4 and developing more chronic diseases earlier than ever
5 before. It would be nice, of course, to have an easy
6 target to blame, but childhood obesity is a complex
7 problem with a variety of causes.

8 A large part of the problem may have to do
9 with changing lifestyles. Children today just aren't
10 getting enough exercise. Sure, some kids play
11 organized sports, but they don't seem to slip out the
12 back door and play outside as much as they used to,
13 perhaps because parents are afraid to leave them
14 unattended.

15 Young people are spending more time inside,
16 engaging in sedentary activities like watching TV,
17 playing video games or going on the computer.
18 Meanwhile, more and more parents are working, and they
19 don't have time to make nutritious home-cooked meals,
20 often relying on restaurants, take-out and quick fix
21 process foods.

22 Half of the American food dollar is spent on
23 eating out, and about 40 percent of that amount is
24 spent on fast food restaurants. It's no wonder whole
25 families are getting supersized. There's no surprise

1 either that there's been a big spotlight on food
2 marketing to children, both as a possible cause and as
3 a potential cure.

4 This morning, we heard about some of the food
5 media companies' commendable efforts to address
6 children's obesity, and I see Jody Bernstein in the
7 audience and she played a critical role in making this
8 happen. This afternoon, the agenda includes a
9 discussion of public outreach and research about the
10 connection between advertising and overweight kids.

11 The FTC staff recently released a report on
12 children's exposure to TV advertising, comparing data
13 from 2004 to data already in our files from 1977.
14 That's before the childhood obesity crisis, but at a
15 time when the agency proposed a rule to ban all
16 children's advertising or almost all children's
17 advertising on TV.

18 The authors of our new study will present the
19 details in a few minutes. But to my mind, the results
20 are of a good news, bad news and more bad news variety.
21 The good news is that compared to 1977, today's
22 children are seeing somewhat fewer paid ads, somewhat
23 fewer food ads, about nine percent fewer, and somewhat
24 fewer total minutes of advertising on TV.

25 The bad news is that today's kids still see a

1 whole lot of commercials. In 2004, children ages two
2 to eleven saw on average more than 25,000 TV ads,
3 including about 5,500 food ads, mostly for junk food.

4 Think of it this way. If right now you
5 started watching just the food ads, one after another,
6 you'd still be sitting here in this lovely auditorium
7 early Friday morning.

8 If you watched all the commercials children
9 see on average in a year, you'd be sitting here for
10 more than a week. Of course, no one's going to make
11 you do that. Even more troubling, compared to the
12 1970's, twice as many of these food commercials are now
13 targeted on children's shows.

14 The FTC study didn't reach whether these
15 child-specific food ads are more effective than ads for
16 a general audience. But food marketers didn't just
17 fall off a turnip truck or a good humor truck. You've
18 got to figure that advertising especially designed for
19 children is more likely to influence their product
20 preferences, purchase requests and eating habits.

21 In these days, of course, TV is only part of
22 the marketing picture. In addition to TV screens,
23 there are also movie screens, video game screens, cell
24 phone screens and computer screens, each a virtual
25 venue and a potential bonanza for advertising to kids.

1 It's estimated that food and beverage
2 companies spend 10 to 12 billion dollars a year. I've
3 seen estimates even up to 15 billion dollars a year,
4 for a broad range of marketing activities directed to
5 children. Of that, more than one billion is spent on
6 media advertising, primarily TV.

7 The remaining billions are spent on youth-
8 targeted promotions, public relations and specially
9 designed packaging. Advertisers are marketing on-line,
10 in stores, in schools, through character licensing and
11 celebrity endorsements, with premiums, prizes,
12 promotions and product placements, and via viral
13 marketing, buzz marketing and even cell phone
14 messaging.

15 Some of these efforts surely are experiments
16 in advertising. But others presumably work, and work
17 effectively. As many of you know, at the request of
18 Senator Harkin and really at the direction of Congress,
19 the FTC is beginning a more comprehensive study of all
20 types of food and beverage marketing activities
21 targeted to children.

22 We're about to send subpoenas to more than 40
23 major food and beverage marketers and fast food chains.
24 This is a tough issue to be sure, but we will try our
25 best to enlighten policymakers, by gathering real facts

1 and figures, as they say, from soup to nuts, and in
2 this case from broadcast to broadband, about the kinds
3 of marketing decisions food companies are making and
4 how they affect the youngest generation of Americans.

5 While it may be debatable whether advertising
6 and marketing are part of the obesity problem, there is
7 no question that they have to be part of the solution.
8 This morning we heard about some promising industry
9 initiatives. Eleven major food and beverage marketers,
10 including Kraft and General Mills, have pledged to
11 shift their product mix advertising to promote
12 healthier food choices to kids.

13 Spurred by the Alliance for a Healthier
14 Generation and other advocacy groups, leading soft
15 drink companies now offer low calorie and more
16 nutritious drinks at schools. To its credit, Disney
17 has taken steps to ensure that its parks and its
18 popular cartoon characters won't be pushing high
19 calorie, low nutrition foods.

20 These are laudable initiatives, but make no
21 mistake: More companies need to be involved, pledging
22 to make meaningful changes in products, in marketing
23 and in media messages.

24 These eleven companies represent, as I
25 understand it, two-thirds of the TV advertising to

1 kids. Where's the other one-third? And for example,
2 there's only one fast food chain participating in the
3 BBB initiative. That's unacceptable. Other companies
4 need to get involved, either by joining some group or
5 by doing it on their own.

6 The companies who are participating have made
7 useful commitments about advertising to children, or
8 not advertising, as the case may be, and to developing
9 more Better For You foods that will appeal to kids.
10 But some of these companies can and should go further.

11 Many spend only a fraction of their food
12 marketing budgets on measured media advertising. So
13 can't they extend at least some of these commitments or
14 their commitments to the rest of their marketing
15 product packaging, point of sale materials and other
16 youth-targeted promotions?

17 And how will companies define advertising
18 primarily directed to children under 12? If a company
19 allows junk food ads to audiences comprised of up to 50
20 percent children ages two to 11, that's not much of a
21 standard at all.

22 You know at the FTC, we've done a series of
23 reports on the marketing of violent entertainment for
24 children. We look at movies, we look at music, we look
25 at computer games.

1 We've always said that a 35 percent underage
2 standard for ads for viewing children may actually be
3 too high. Here, we may have some companies talking
4 about a 50 percent standard, which is even more
5 tolerant.

6 To be sure, I do recognize that many of the
7 details of the company commitments are still in the
8 formative stages, still works in progress. But the
9 Commission will be watching how you industry leaders
10 actually implement your plans, your promises and your
11 pledges in the coming months.

12 Hopefully, we'll continue to see improvements
13 and we'll begin to see more uniformity. As the saying
14 goes, the proof is in the pudding, or in this case in
15 the Pop Tarts. That was a joke. Thank you for
16 laughing.

17 Of course, there are things we can all do,
18 not just industry but also communities and families, to
19 stem the rise in childhood obesity. Parents and
20 schools need to do a better job at selecting healthy
21 foods and encouraging more physical activity for
22 children.

23 Restaurants and food companies need to offer
24 better options, so we can make better food choices.
25 How about posting a little more nutritional information

1 on fast food and restaurant menus?

2 Two of our law clerks this summer, Frederick
3 Law and Cole Smith -- Cole is back over there -- went
4 looking for nutritional information postings at a
5 handful of local fast food restaurants in the FTC area.
6 They tell me that this kind of information was really,
7 really hard to find, kind of a challenge.

8 Now some of you may be thinking that this is
9 just the Washington bureaucracy talking, and that the
10 political heat of July will inevitably cool down in the
11 Congressional recess of winter.

12 Interest in children's health is bipartisan
13 and it is non-partisan. I saw that Congressman Markey
14 had his staffer here today, and just last week the
15 Surgeon General nominee said childhood obesity is his
16 top priority and he could support a ban -- a ban on
17 advertising junk foods to kids. That would include, of
18 course or I assume, the Internet.

19 Look at the slate of candidates for the White
20 House. Which one doesn't care about offering our
21 children healthier food choices and a healthier future?
22 Sam Brownback? He's threatening a regulatory solution
23 if companies don't take substantial steps to curtail
24 junk food marketing to children.

25 Hilary Clinton, if you've seen her latest U-2

1 video, you know she's been feeding her husband carrot
2 sticks instead of the onion rings he truly craves.
3 Thank you for laughing over there. At this point,
4 almost all of us prefer industry self-regulation, and
5 the initiatives discussed today are a healthy start.

6 But as these voluntary programs discussed
7 today are rolled out, they need to measure up and they
8 need to scale down to their promise, because if obesity
9 rates continue to rise, you can be sure that the
10 pressure for government to intervene will be hard to
11 resist.

12 You could call that carrot and stick
13 approach, or you could call it the carrot-stick
14 approach. But whatever you call it, let's hope that
15 with responsible marketing, responsible policymaking,
16 and responsible parenting -- and responsible parenting
17 is a big part of this -- we can start reversing the
18 childhood obesity crisis and put American children on a
19 healthier path to a longer life. Thank you so much.

20 (Applause.)

21 MR. WILSON: Good afternoon. My name is Lee
22 Wilson, and I represent the U.S. Department of Health
23 and Human Services. Thank you for that excellent talk
24 and a little bit of humor there, Commissioner
25 Leibowitz. It's a serious topic, but we need to be --

1 yes. Okay, thank you.

2 One thing I would like to say is I'm pleased
3 to have been invited to participate in this activity,
4 and to represent the Department here. We do want to
5 apologize that there was aq little bit of a human error
6 at getting someone here this morning for the opening
7 session. It was not for want of commitment on this
8 issue.

9 As you know, HHS's primary responsibility is
10 to ensuring and promoting the good health of the
11 nation. We take the issue and the growing issue -- not
12 to have a pun there -- of obesity very seriously, and
13 we have invested a tremendous amount of money, time,
14 resources and thought on issues around the research and
15 development for strategies to prevent and treat
16 problems with obesity, clearing drugs, working on
17 health communications and promotional strategies.

18 Many of you have seen the recent Shrek
19 advertisements that have been put on Nickelodeon and
20 some of the children's TV shows. But there's a lot
21 more behind just that, just those small public
22 education activities. So we are committed, and we look
23 forward to continuing our partnership with the FTC on
24 these activities and with all of you.

25 My charge here today is to try to show you

1 that since the charge was given to advertisers, to
2 businesses and other organizations to work on public
3 education activity, to talk a little bit about the
4 change that has taken place in the last two years since
5 this first meeting was held.

6 So what we've done is tried to identify a
7 number of different public education activities,
8 campaigns that are all targeted at childhood obesity at
9 the national, local and organizational level, so that
10 you can see some of the things that have gone on.

11 There has been change. Granted the change is
12 not, in my opinion, significant enough, and granted we
13 haven't reversed the course that we're going on. One
14 of the key points that the Commissioner just stated
15 that many of you already know, probably know far better
16 than I do since I'm relatively new to this arena, is
17 that if we do see this continue, we will see our
18 children have shorter life expectancies than we will.
19 No parent wants to have that happen.

20 So what I'm going to do is just introduce our
21 very notable panel here, and let them talk to you as
22 the experts on this subject.

23 First we've got Heidi Arthur, who is with the
24 Ad Council, and she has partnered and her organization
25 has partnered with the Department, and many other

1 private and non-profit organizations, to be about good
2 advertising.

3 We've got John McGrath, who Dr. McGrath is
4 with the National Institute of Child Health and Human
5 Development at the National Institutes of Health, and
6 he is Chief of the Public Information and
7 Communications Branch there.

8 Our third speaker is Linda Dorman from Black
9 Entertainment Television Foundation, and they have done
10 a number of special initiatives around healthy
11 lifestyles for African-American youth.

12 Finally, we've got Natasha Lance Rogoff, who
13 represents KidsCOOK, with a very popular show called
14 Finky's Kitchen that some of you may be aware of. So
15 let me turn it over to Heidi.

16 **PRESENTATIONS: PUBLIC EDUCATION**

17 MS. ARTHUR: Thank you. I clicked on my
18 name. Okay. There we go. That was scary. Well thank
19 you for having the Ad Council here today.

20 We actually participated in the workshop two
21 years ago, and it's really good to be up here to share
22 with you the progress that we've been making on several
23 fronts.

24 For those of you who aren't familiar with us,
25 we're a non-profit organization, and we're largely

1 supported by the media, marketing and advertising
2 community. Our mission is essentially grounded in the
3 belief that communications programs really can go a
4 long way to creating social change.

5 We do believe that advertising can have a big
6 impact on the issue of childhood obesity, and in fact
7 we're starting to see some positive signs with the work
8 that we're doing that I'll share with you today.

9 I'm going to focus on two key initiatives.
10 One is our wonderful partnership with the Department of
11 Health and Human Services, which is a multi-media
12 public education campaign, as well as a new
13 collaboration that's really taking off, where we have
14 marketers, media companies, other non-profits working
15 to extend these research-based messages in their own
16 communications programs.

17 So in terms of our PSA campaign, we launched
18 it in 2004. It was created pro bono by McCann-Ericson,
19 and it was based on significant research that showed
20 that parents were essentially overwhelmed.

21 It was a daunting task to think about leading
22 a healthy lifestyle, and the whole notion of small
23 steps, things that you can do everyday that really add
24 up to a big difference, was very motivating to families
25 and parents in particular, who we all know are setting

1 the tone for health and wellness in the home.

2 It consists of television PSAs, significant
3 PR efforts, a very rich and deep website, out of home,
4 Internet and so on. We also have a campaign that
5 targets children ages 6 to 9, and it really is designed
6 to provide them with a more meaningful reason why to
7 make healthy choices.

8 We all know that just touting the health
9 benefits to a child, more often than not, just falls on
10 deaf ears to them. You know, if you throw up after
11 eating that's because it wasn't healthy. It has
12 nothing to do with long-term cardiovascular issues or
13 diabetes.

14 So we have a campaign that's quite extensive,
15 that includes interactive components, an in-school
16 program as well as television PSAs. What I'll do now
17 is just share a sampling of one execution from each of
18 those initiatives.

19 (Videos play.)

20 MS. ARTHUR: That's good, because kids laugh
21 at that one too. The good news here is that we're
22 really seeing the donated media model work hard for
23 this initiative. The media community has clearly
24 embraced this issue.

25 To date, we've had about 325 million dollars

1 in donated media and that's real quality donated media,
2 real commitments from the outdoor industry, from
3 television stations on both the national and local
4 level, as well as the interactive community.

5 So we're really seeing this message getting
6 out there in a significant way. We're also seeing it
7 have an impact on kids and families. We're measuring
8 this through the visits that they make to our website.
9 We've had about 190,000 visits per month, which is very
10 significant for a public education campaign.

11 We've had about 190,000 people sign up for an
12 eNewsletter. They're hungry for more information. They
13 want tips. They want to be able to maintain a healthy
14 lifestyle, and they're also staying on this site, you
15 know, just long enough to get enough information; not
16 too long to be completely sedentary. But six and a
17 half minutes, again, for a public education campaign,
18 is very strong.

19 We're also very disciplined about measuring
20 the impact of our campaign. We do a pre- and post-wave
21 tracking study and this is just a highlight of some of
22 the measures that we've seen over time.

23 Adults who have seen the PSA, more adults who
24 have seen the PSA say they've made changes and have
25 maintained them for at least three months. That's 32

1 percent versus the 25 percent who have not seen the
2 advertising.

3 For kids, more kids who saw or heard the PSA
4 say that it's very important that for them to eat
5 healthy foods every day. So again, we're really seeing
6 some, you know, self-reporting that's indicating that
7 we're moving in the right direction.

8 What's really been interesting is that while
9 this campaign in national in scope, we're actually
10 seeing it being embraced by local communities. We've
11 had requests from governors, from mayors, from
12 Senators, to use it as a framing for local events, to
13 really galvanize the community behind obesity, to shine
14 a spotlight on it, on the local level.

15 So they're able to localize the PSAs, and
16 then they've been having events, "Shaping America's
17 Youth," use the PSAs to get people to attend a town
18 hall event recently in Chicago. Then at these events,
19 we're seeing the local media community again step up to
20 the plate, giving very strong commitments to run the
21 campaign consistently, as well as developing their own
22 materials or adapting them for local use.

23 I'll just share an example of some radio that
24 was developed by Clear Channel in Texas recently.

25 (Audio clip plays.)

1 MS. ARTHUR: So then given the multiple
2 groups that really have a vested interest in this
3 message, we saw a huge opportunity to really get more
4 volume behind the right research-based messages.

5 So with support from the Robert Wood Johnson
6 Foundation, we started the Coalition for Healthy
7 Children, which has really enabled multiple groups to
8 take the messages that we've developed and extend them
9 through their own communications programs.

10 To date, we've had tremendous support and
11 interest from many marketers, media companies and other
12 non-profits. I know you started to hear about some of
13 that earlier this morning.

14 So the premise is very simple. It's
15 providing a unique forum for everybody to collaborate
16 around the same research-based messages, and then more
17 importantly, be able to measure progress and track the
18 impact of a collective effort over time on key
19 attitudes and behaviors related to health and wellness.

20 We developed these messages based on
21 significant input from the members of the coalition, as
22 well as volunteer advertising agencies who have donated
23 significant time up front to really put the best minds
24 behind the right messages.

25 We did exploratory research with parents,

1 children and teachers, as well as quantitative research
2 to make sure that the concepts that we had were
3 actually believable, informative, and we're really
4 going to cut through and make a difference for kids.

5 The key areas that we're focusing on right
6 now are physical activity would be a player, which you
7 heard a little bit about this morning; portion control,
8 which we heard over and over again from the academic,
9 the medical community, that this is something that we
10 really had to address if we were going to start to make
11 a dent in the issue, as well as energy balance, which
12 is largely confusing to many parents and children.

13 So here are some baseline research that we
14 use to make sure that we really saw an opportunity to
15 close the gap between what we know is important and
16 what parents and children are actually doing.

17 So you can see from this research that levels
18 of physical activity two years ago really weren't where
19 we needed it to be. We needed to really ramp it up,
20 and get people up and active on a regular basis.

21 Portion control. You know, many parents
22 don't even think about it. They don't even know what
23 the right portion is. Again, this is from 2005. With
24 kids, we saw more than a third of kids really admitting
25 that sometimes they just sit down and eat the whole bag

1 and drink the whole bottle all by themselves. So
2 again, a big opportunity to push the right messages
3 around portion control.

4 Then energy balance is something that both
5 parents and children say is important. But then when
6 you look at whether or not they're actually doing it,
7 you know, the levels aren't where they need to be.

8 So again, a big opportunity to close the gap
9 between what parents and children think is important
10 and that they want to do, but what they're actually
11 doing on a regular basis.

12 So the way that this works is that the
13 members of the coalition are encouraged to use these
14 messages in their own communications programs. We've
15 had significant commitments to date that I'll talk a
16 little more specifically about up front, to get out
17 there.

18 Whether it's in advertising, on packaging, on
19 location and events, grass roots marketing, websites,
20 newsletters. You know, we have a lot of associations
21 who are members of this. We can give talking points,
22 so that you're starting to frame these concepts in a
23 very consistent way.

24 I want to just walk you through an example of
25 how exactly this program works, through the "Be a

1 Player" program. So the PSA campaign really provided
2 context for framing physical activity as play. So we
3 have two PSAs that I'll show you.

4 One is in partnership with the LPGA, that
5 just launched this at an event with significant
6 commitments from ESPN and others to support it, as well
7 as Shrek and the DreamWorks partnership that you all
8 heard about before.

9 (Videos play.)

10 MS. ARTHUR: We have these available in
11 Spanish as well, so they'll be out there in a very
12 significant way. So the idea is for members of the
13 coalition to then extend this message in their own
14 program, whether it's on packages, at events, on
15 vending machines, on their own websites.

16 This is just an example of a program that
17 Pepsico did in partnership with their Smart Spot
18 products, and I believe it was Wal-Mart. I know that
19 Kraft has done work, McDonald's promoted it through
20 their Happy Meal promotion.

21 Then Subway took the "Be a Player." It's
22 hard to see here, but the logo's on the bottom, and it
23 had nothing to do with, you know, the DreamWorks icons
24 there. But they promoted the Be A Player idea in the
25 newsletter that went out to parents, to really help

1 them understand this in-school program that was being
2 exposed to their children.

3 So measuring whether or not this is really
4 going to make a difference is an important part of this
5 program, and we're doing this in a number of ways.
6 It's not just about who did what and we're getting
7 self-reporting as well as doing a landscape sweep on
8 our own, but being able to measure on a regular basis
9 whether or not we're changing the right attitudes
10 around physical activity, portion control, energy
11 balance and overall health and wellness.

12 We'll be sharing our first post-wave report
13 in about six weeks, which is really starting to show
14 some good movement in the right direction, particularly
15 around physical activity. Kids saying they care more,
16 they're more aware of the messages.

17 It's becoming something that they're
18 reporting doing on a regular basis, as well as things
19 like asking mom and dad for healthy foods when they're
20 shopping together. So we'll be excited to share this
21 report once it's finalized in about six weeks, and
22 really keep the momentum going behind this program.

23 We have a website that's designed to share
24 all of the research that we have with, you know, as
25 many coalition members as possible. If you're

1 interested in hearing more about this, you can contact
2 the Ad Council or visit this website. Thank you.

3 (Applause.)

4 MR. WILSON: Thank you. Dr. McGrath?

5 DR. McGRATH: Well again, thank you very
6 much. Thank you for inviting me to speak here. I'm
7 happy to be here and I'm happy to share the panel today
8 with Linda Dorman and Natasha Rogoff, both of whom we
9 have worked with a lot over the years and will continue
10 to in the coming years.

11 This afternoon, I'd like to give an overview
12 of the product that several organizations within the
13 National Institutes of Health have worked on. First,
14 I'm going to give a very brief overview of the program.

15 Next, I'd like to talk about how the program
16 is being used by various organizations around the
17 country, and finally just say a word to highlight the
18 importance of the program and what it's doing.

19 Before I start, I'd like to give just a
20 little background. This is information that has been
21 discussed before here, but I think putting it on a
22 chart gives it a little bit more perspective.

23 The frightening part of a chart like this is
24 to imagine what the chart would look like five or ten
25 years from now, if we're not successful today in doing

1 what we're doing.

2 The children who are overweight pay a heavy
3 price. They pay a heavy price today in terms of issues
4 such as self-esteem and image. They pay a heavier
5 price down the road in terms of a lifetime of chronic
6 conditions.

7 We have talked here earlier today a couple of
8 times about the fact that there are multiple causes to
9 this increase -- lifestyle, environment and many people
10 are saying genes play a role in this.

11 As we have also heard, for the most part, the
12 bottom line when you reduce all of this to the basic,
13 it's calories in and calories out, and it is a matter
14 of trying to create a balance.

15 What the National Institutes of Health has
16 done is create a program called "We Can: Ways to
17 Enhance Children's Activity and Nutrition." This
18 program was launched in 2005 by Secretary Leavitt at a
19 press conference here in Washington, and it emerged at
20 a time when several forces came together to focus on
21 childhood overweight.

22 Many of these forces were captured in the IOM
23 report that focused on two basic fundamental areas of
24 intervention: home and community.

25 So I'm going to talk about, as I mentioned,

1 the program that we have developed, and like many other
2 programs from the National Institutes of Health, it
3 follows in the footsteps of programs such as the
4 National High Blood Pressure Education Program,
5 Cholesterol Education Program and others, that had
6 these common criteria, that they're built on a strong
7 science base.

8 It's the science that pushes, that science
9 that's NIH-supported, that's conducted around the
10 country, that had results, and these are the results of
11 that science.

12 It's built on effective partnerships. The
13 idea is to develop a program that create value for
14 partners. They involve various communities, geographic
15 communities, social communities, often faith-based
16 communities. They're relying on current communication
17 tactics.

18 So when you put all of these together, the
19 program elements consist of communities, partnership
20 and a strong reliance on media. So what is this
21 program that I'm describing called "We Can"?

22 There are two primary audiences for we can:
23 parents and primary care givers of young people, and
24 youth between the ages of 8 to 13 and some of our
25 programs are skewed to the older part of that, some to

1 the younger part of that age bracket.

2 In terms of the materials for parents, it
3 consists of a curriculum that is a six lesson course
4 that can be developed, and you'll see how it can be
5 given by any one of a variety of community
6 organizations, in a variety of settings.

7 In developing this program, a couple of
8 things came out. One issue was parents were very
9 hungry for useable, down to earth sort of what we call
10 elevator card information that you could take,
11 understand and they could use right away.

12 The other part of the weekend program
13 consists of three youth curricula or youth programs.
14 The Catch Kids Club is an after school program for
15 young children K to 5. SMART is a program that
16 encourages children to find ways to reduce screen time,
17 be it television or game time.

18 The third is a Media Smart Youth, and I'd
19 like to spend just a minute on this third program,
20 because I think it's illustrative of some of the things
21 that we do at the National Institutes of Health.

22 The program consists of ten very interactive
23 lessons for children. This is an after school program.
24 One of the things we found out, as everybody who does
25 this would find out, the first thing kids said in terms

1 of the feedback was if you want us to pay attention to
2 this in so many words, you'd better make this fun. It
3 can't look like school.

4 So we had to develop a program that had lots
5 of different breaks in it, lots of different
6 activities. One of the activities is something called
7 the "Big Production."

8 The Big Production is a program that the
9 children take part in as they go through these ten
10 lessons, in which they develop a message using a media
11 for their peers, usually the younger peers.

12 A key criteria of this program is that we
13 asked children and we asked the facilitators of the
14 program to develop a relationship with a local media in
15 their community, so the children can not only talk
16 about a program but actually go produce a message for
17 their peers.

18 A key aspect of this program is encouraging
19 the older children particularly, eleven to 13 year-
20 olds, to develop critical thinking skills around the
21 messages that they receive, particularly in terms of
22 food and snacks.

23 So that's the We Can program. What are some
24 of the resources? There are resources for communities,
25 there are resources for parents, and there are

1 resources for organizations to implement this program.

2 Just one of the interesting things from our
3 perspective is that each of the Institutes at the
4 National Institutes of Health have a significant
5 research stake, but they also have outreach. In this
6 particular program, four of the Institutes of the
7 National Institutes of Health came together to combine
8 their resources to promote this effort.

9 So in summary, the program offers a turnkey
10 operation for any organization in the community, a
11 school or other setting, to develop, to take the
12 program, develop it for their people, their children or
13 their parents, and carry it out.

14 Okay. Brief overview of what it is. I
15 quickly want to move to different ways this is being
16 used. First, take a look at the different
17 organizations that are using this program. Primarily
18 it's hospital systems, park and recreation and school
19 systems.

20 But several other organizations around the
21 country are using the program. Currently, there are
22 over 20 national partners within the program, and the
23 partners actually just don't sign on. They take an
24 active role in promoting it.

25 There are several participating corporations

1 that are -- with whom we have memorandums of
2 understanding, in which they actually link to our
3 website and promote this within their organization.

4 I mentioned that We Can is a key component of
5 this program is media, and it's media not just for
6 media's sake. It's media to promote the program in the
7 organization. It's been covered on national media, on
8 local media and we have a presence on the web.

9 Let me take a look at how people are using
10 this around the country, and just to give a sense of
11 it. In the Berkshire Medical System, Ed Perlach has
12 been working with this program for over four years, and
13 he has an active person in developing this and
14 implementing it throughout the entire medical system,
15 as is the University of Michigan Health System.

16 In Boston, some of you may know Cathy
17 Cunningham. But Cathy Cunningham has worked with this
18 for several years, bringing the nutrition elements into
19 the various communities that she's involved in.

20 Sally Fogarty, the Deputy Commissioner of
21 Health in Massachusetts, is interested in implementing
22 this throughout the health departments in
23 Massachusetts. There is a coalition in Oregon who is
24 implementing this.

25 Benton County is working with several

1 different organizations within their counties, within
2 the county, working with businesses and others to
3 promote this in the county.

4 What I think is very interesting is Gary,
5 Indiana is an example of a couple of cities that have
6 taken this on city-wide, and the actual mayors have
7 gotten behind this and decided to turn this into a city
8 program for the entire city.

9 In Tennessee, faith-based networks are using
10 the program. Coalitions, in this case a coalition
11 called "Choices," that reaches hundreds of different
12 people, are using the program.

13 Universities, UNLV's Molly Michelson is using
14 this, and for two years in a row, We Can was the focus
15 of a -- was the centerpiece of Henderson City 4th of
16 July celebration. Throughout Pennsylvania, the
17 Advocates for Nutrition and Activity have adopted the
18 program.

19 In terms of businesses, Mutual of Omaha not
20 only is doing it with their employees, but Mutual of
21 Omaha pulled together all of the leaders in Omaha,
22 Nebraska, and encouraged the community leaders to take
23 it on the city.

24 We've recently worked with Wal-Mart, and Wal-
25 Mart not only is a major partner for us in this

1 particular promotion, but they too are trying to
2 implement this not only with their employees, but with
3 the children of the employees.

4 I think one of the most exciting things that
5 we have started is to get something called a Weekend
6 City. In fact, if you drive through either Roswell,
7 Georgia or Gary, Indiana or South Bend, Indiana, some
8 of our early cities, you might see on the way into the
9 city a sign that says "We Can City USA."

10 It's a program in which the mayor of the city
11 has gotten behind the program and encouraged the health
12 department, the Parks and Recreation and all else, all
13 other people in the city, to participate. This works
14 with the proclamation and we think that it's --

15 It turns out that mayors who are balancing a
16 number of things and always many of them find
17 themselves in the midst of some type of controversy or
18 trying to answer charges from the person who wants to
19 be mayor next or whatever, finds that we can and
20 focusing on childhood, promoting child health can be
21 very positive in their community.

22 So I have one final point about whether or
23 not we think this is important. We have evaluated this
24 program, and in fact there will be a presentation in
25 November at the American Public Health Association

1 meeting on the evaluation.

2 But even more than that, one of the issues
3 that I think if you look at everything you've heard
4 here today, is what our program, along with many others
5 that you've heard about today, is pushing this issue on
6 the agenda. We're pushing it in terms of solutions,
7 not just talking about the problem.

8 So when we look at this as part of a much
9 bigger movement in the country, we feel that that curve
10 that I started with earlier can and will turn around
11 fairly soon. So thank you very much, and I'm very
12 happy to have presented today.

13 (Applause.)

14 MS. DORMAN: Okay. Good afternoon. I am
15 delighted to be here this afternoon with you, and to
16 have this very, very special invitation to present the
17 BET Foundation and what we're doing in response to the
18 epidemic of childhood obesity, with the support of BET
19 Networks and our strategic partners.

20 Thank you to the FTC for inviting us and
21 being a part of this program. I appreciate John,
22 because actually what he didn't share is that their
23 program is very wonderful, the Media Smart Program, and
24 the We Can that we've been partnering with for some
25 time. In fact, I'm one of the trainers for Media

1 Smart, so it's a deep relationship that we do
2 appreciate and we're glad to be a part of this esteemed
3 panel.

4 I wanted to -- there we go -- this first
5 slide, when I do presentations about the BET
6 Foundation, I really stick with the Foundation and what
7 we're doing. But I wanted to share this particular
8 slide with respect to BET Networks, which of course has
9 founded our organization, to show in a slide the vast
10 network and the assets that are available to the
11 Foundation in promoting healthy living and healthy
12 lifestyles.

13 For the past 26 years, BET Networks has
14 delivered content that has been demanded, and also pro-
15 social initiatives that have helped to improve the
16 quality of life of African-Americans, and those who are
17 involved in the network, either at the grass roots
18 level or through the network programming, or in any of
19 the special events here in the U.S. or offshore.

20 As you can see with the Third Tier, our Touch
21 BET, which is our overall initiative, our corporate
22 social responsibility initiative in which BET presents
23 its pro-social agenda, including the award-winning Wrap
24 It Up Program, which has certainly brought and shared
25 the issues of HIV awareness and prevention to young

1 people through our teen forums across the country and
2 in the Caribbean.

3 What it also has done is to share also the
4 concerns of access to higher education, voter
5 registration, and has really taken a position to bring
6 to the community those kind of programming, the pro-
7 social initiatives that indeed improve the life of
8 African-Americans.

9 In standing on that particular foundation,
10 the BET Foundation in fact is a brainchild of Bob
11 Johnson. Through a relationship with General Mills, we
12 were able to seed the Foundation in getting it started.
13 So we are grateful to that particular strategic
14 partner.

15 It's a very young organization, so we have
16 done quite a bit in the last four years. We were
17 founded in 2003, again with the support of the General
18 Mills Foundation and several of their brands, Honey Nut
19 Cheerios, Chex and Cheerios specifically.

20 We are actually a 501(c)(3) organization, not
21 the corporate foundation but the separate organization,
22 to bring and use the multi-media relationships that we
23 have to address this issue of childhood obesity and
24 obesity among African-Americans.

25 So our charter of course is to promote health

1 and health awareness and behavioral changes among
2 African-Americans. Again, our mission is to promote
3 healthy lifestyles and to raise awareness.

4 We do this really through three tenets:
5 health education, health literacy and then health
6 action. Those are the areas that we focus in our
7 initiatives on, and we assure that we cover all of
8 those in what we do.

9 As a true non-profit, we are of course
10 outcome-driven, and we measure our results in a number
11 of different ways. We measure our results according to
12 how many people participate, surveying behavioral
13 changes and feedback that we receive through our
14 various research methodologies.

15 We're continuing to do that as we grow. But
16 our outcome-driven focus is to increase understanding
17 of the factors that lead to obesity among African-
18 Americans, obviously to help reduce these health
19 disparities in partnerships with corporations, non-
20 profit, government sectors and to do that very
21 effectively, and to create most importantly new health
22 advocates.

23 It's not so much as just sharing the
24 information as it is creating a voice and new health
25 advocates among African-Americans in particular and

1 their families and their community members. We
2 certainly, like any non-profit, we do not do it alone.
3 We have a diverse mix, and this is certainly just a
4 representative list.

5 We count BET Networks among our supporters.
6 Of course, the General Mills Foundation. We have
7 strategic relationships with a number of different
8 universities.

9 This is an example of the Medical University
10 of South Carolina and national organizations that we
11 tap into for our various speaking and other
12 relationships that we need, the National Medical
13 Association and municipalities.

14 We have just recently signed a Memorandum of
15 Understanding with the District of Columbia to develop
16 and to partner on various health initiatives that
17 impact the citizens of the District of Columbia in
18 particular, and many others.

19 I think this esteemed audience already knows
20 many of the statistics. I won't repeat them back to
21 you, but it's just an emphasis that what we see in
22 adulthood, there is a track obviously when we look at
23 childhood obesity and where it ends up.

24 This is very daunting, particularly in the
25 African-American community, because it's not only

1 generational; it is long, long-standing and it's very
2 difficult to break because there is a lack of trust in
3 large institutions, medical institutions and
4 physicians.

5 So we are looking at things like physician
6 competency modeling, how we can we get African-
7 Americans to appreciate, go to the doctor, follow
8 instructions as an example. Then just simply being
9 self-responsible. If you receive a bad report or you
10 receive a report that you must seek treatment, then go
11 get that treatment.

12 These are the kinds of issues that we're
13 trying to address them on youth, as well as in the
14 adult population that we serve.

15 As a young organization, we have to narrow
16 our target and become very proficient in our messaging.
17 So we have focused on African-American women ages 18 to
18 54, and African-American girls 10 to 18 through our
19 various initiatives.

20 Why women and girls right now in the life of
21 the Foundation? We look forward to expanding our reach
22 to boys and men. But we realize that the heart of the
23 African-American community is in fact women. That is
24 what the research says.

25 Women take care of men and their families,

1 and women influence those kind of decisions. We want
2 to be able to empower girls to make those kinds of
3 health decisions early in life, as an impact on their
4 families later.

5 So our initiatives. Again, as a very young
6 organization, our initiative Healthy BET was designed
7 with the support and very strong input of General Mills
8 and the various brands that we support.

9 It includes a multi-platform media, and I'll
10 explain that later, our National Fitness Challenge, our
11 women's health events, our youth health empowerment,
12 which I will elaborate on in just a minute, and our
13 newest initiative, "Wroth More than Weight" and Healthy
14 Eating Lifetime Partnerships or the acronym HELP.

15 I'll go briefly. I'm at my five minute mark,
16 so I'm going to go a little faster. Our initiative
17 with multi-media. Clearly, we use the BET Network
18 platforms that I shared earlier, which reaches about 83
19 million households, about three to five million
20 visitors on-line.

21 So we have a vast reach in delivering healthy
22 lifestyle messages. We do so every single week of
23 every single day within the year. We are on air with
24 our 30 and 60 second PSAs and our vignettes. We
25 clearly tap into the talent resource that's available

1 to us, to drive home the message to this particular
2 audience that appreciates a celebrity voice.

3 We often will use real women and real girls'
4 talent, because we recognize that this particular
5 community likes to have an "authentic voice," and so
6 we're very mindful of that.

7 Part of this campaign includes a very rich
8 website. We have fitness experts that we engage on a
9 monthly basis. We rely very heavily on the Bell
10 Institute for Nutrition and Health to provide us with
11 health content, and we worked very closely with them in
12 developing our brochures, which are available outside
13 to you.

14 We have special broadband programming that we
15 do make available on-line, and we are featured right on
16 the BET.com health channel. We had have our own
17 separate URL that you can reach through
18 www.ahealthybet.com.

19 We realize that not everyone is part of the
20 digital age, so we have a toll-free hotline, where we
21 have 24 hours scripted telephone service, in terms of
22 getting tips, as well as allowing individuals to leave
23 their name and/or press a button where they can get a
24 live voice recording operator, to request our various
25 brochures that we have available free of charge with

1 the support of our benefactors.

2 The brochures are very critical. We
3 distribute probably close to over 100,000 in a year.
4 So it is a very, very rich program for us to produce
5 and to disseminate brochures through our various
6 databases, through a community event that has asked us
7 to submit them, and through our grass roots programs.

8 We are out in the community every single day.
9 I'm going to be leaving here, taking a flight down to
10 an event in Charleston, South Carolina. We just came
11 back, actually with General Mills last week and we'll
12 be somewhere next week, presenting a Healthy BET to
13 that particular community.

14 Part of our program and our community event
15 is our women's health symposium and our forums. Our
16 healthy lifestyle camp, which I'll explain in just a
17 minute, our healthy life style academies, which I'm
18 pleased to share is an extension of the Media Smart
19 youth program, and various community events that we
20 involved ourselves in and are invited to.

21 We also tap into the rich programming network
22 and our various special events at the network. We
23 bring our program, a Healthy BET, to that particular
24 venue, where we know it's going to be high traffic. A
25 sampling includes our celebration of gospel, Rip the

1 Runway, which is a high energy fashion show, Spring
2 Bling, which is an alternative to the spring break, and
3 our famed BET Awards.

4 Another part of our program is our women's
5 health forum. We've expanded this to address the issue
6 of childhood obesity among adolescent girls. So our
7 program now will include a component to include
8 daughters.

9 The program averages about 800 per event, and
10 it starts out with a master fitness class. If you can
11 imagine seeing 800 women get up at six o'clock in the
12 morning exercising, it's a beautiful sight.

13 We now are so pleased to have, be able to
14 respond to their questions and their desire to
15 incorporate this program to include their daughters.
16 So we of course have health panels and experts and free
17 health screenings.

18 This is a free of charge event, so that we
19 can level the playing field and access to the
20 information needed within this particular community.

21 We also have a national fitness challenge
22 that we run every single year. The big culminating
23 experience here is to be able to walk the red carpet
24 with the new healthy lifestyle goals achieved, as we
25 have worked very closely with our various participants

1 in this program.

2 Our youth health empowerment is one of our
3 -- is our overarching initiative to address childhood
4 obesity. We're working with girls 10 all the way up to
5 18 in a variety of different initiatives, and I'll
6 quickly go through those as well.

7 In our last two initiatives, Worth More Than
8 Weight is the response to the community that says "We
9 want to hear about obesity, but we are very sensitive
10 to the issues of mental health disorders among African-
11 Americans, that give life to obesity and give life to
12 the issues that continue to exacerbate this particular
13 disparity." So we are addressing it very uniquely in
14 this regard.

15 Finally, a very fun program. It's an on-line
16 virtual program called Healthy Eating Lifetime
17 Partnerships. It's designed for you to go out and get
18 your fitness buddy, and to go on-line and to
19 incorporate healthy living strategies and tools, and to
20 let us know how you're doing in a fun, virtual viral
21 marketing environment.

22 Just very briefly, our youth health
23 initiatives. It looks like I'm going to get the two
24 minute mark in just a minute again. Again, our summer
25 camp for girls, and we're developing a partnership with

1 the 4-H Centers across the country.

2 It's a obesity camp, if you will. It's a
3 seven day camp designed to actually teach girls how to
4 improve their health and to engage in dialogue about
5 their health issues and to be empowered.

6 Our young women's health forum again is the
7 component of the women's health forum that we're
8 expanding on, to address the 18 to 21 year olds. Our
9 Healthy Eating Active Lifestyle academies or HEAL is
10 our accredited after-school programs in which we are
11 going to do much of what you hear Jon describe in the
12 Media SMART program.

13 We've very excited, because we are in media,
14 affiliated with the media, where we can actually
15 produce that public service announcement and give a
16 commitment to airing it across the network on behalf of
17 that particular HEAL academy and program. So we're
18 very excited that the network has given us that
19 commitment.

20 Finally, we're bringing to Washington, D.C.,
21 and this is actually ages 10 to 18, a Youth Empowerment
22 Summit YES, we want to empower the girls to come to
23 Washington and share their stories, share their
24 learning and share their interest in helping to shape
25 policy over a two-day summit.

1 The summer camp for girls is really an
2 opportunity for parents to really recognize that they
3 must do something for their children. So we invite
4 parents to actually sign up their daughters, to
5 nominate them. We have an esteemed committee that
6 reviews all of the applications, and then we select the
7 girls.

8 I go to camp every year. I'll be in camp
9 August 4th through the 11th, and it's a wonderful
10 opportunity for the girls to actually really become
11 girls again, versus living in the bodies that
12 oftentimes people interpret as adults, and they're not.
13 They're young people who want to understand how to get
14 healthy, and how to live healthy and make the right
15 choices.

16 I won't go through our campaign component
17 since time is running out. But I do want to at least
18 make sure that you're aware of the camp component.
19 It's built on fitness and nutrition, self-awareness and
20 thinking positive.

21 This is an important component, because we
22 really help girls to identify why they're eating the
23 way they're eating, why are they feeling the way
24 they're feeling, and how to combat the issues that
25 children have to experience in terms of, you know, the

1 very daunting issues that they experience in their
2 school like teasing.

3 We address all of those issues through art
4 therapy, guidance counseling and one-on-one peer
5 interaction. Then at the end of the day, we just
6 simply want the girls to have fun.

7 I'm going to move forward from this, because
8 I want you to see our actual -- I want you to hear from
9 the girls themselves. We have a clip from the camp.

10 (Video plays.)

11 MS. DORMAN: Well, I guess in that clip that
12 says it all.

13 (Applause.)

14 MS. ROGOFF: Hello. I'm Natasha Lance
15 Rogoff, and I am the executive producer of a new
16 television series on nutrition, education and fitness
17 for children, six to 11. I want to thank the FTC and
18 HHS for inviting us from KidsCOOK to come today, myself
19 and my colleague, Jane Albright.

20 We believe that Finky's Kitchen will become a
21 favorite with children, and a significant tool to use
22 in reversing the trends in childhood obesity. I
23 executive produced 182 episodes of Sesame Street in
24 Mexico and Moscow.

25 I've worked with many of the people that you

1 met earlier today from Sesame Street. We've worked
2 with animators who were a part of designing Shrek and
3 when I moved back to the States after living overseas,
4 I was immediately struck by what children were eating,
5 and also what they weren't eating.

6 In response, I assembled a team. Many of the
7 people that I had worked with in the past, Emmy award-
8 winning animators, producers, writers, musicians,
9 Internet game designers, and we worked together to try
10 to create a show on food and nutrition that would
11 appeal to children and parents both.

12 We developed the content for the series with
13 guidance from our experts, a board of advisors from
14 Harvard, Yale University, the Rudd Center for Food
15 Policy and Obesity, Columbia University. We designed
16 the series using cutting edge animation, and our award-
17 winning Internet team developed a fully interactive on-
18 line experience for children.

19 My experience at Sesame Street and as a mom
20 has taught me that humor is really one of the best ways
21 to go in getting children to do anything. We conducted
22 research and focus group testing with D.C. and
23 Massachusetts public schools, in collaboration with
24 researchers from the Rudd Center.

25 We sought children's perspectives on portion

1 control, fats, sugar, eating vegetables and fruit, and
2 through interviews and surveys we evaluated the level
3 of nutrition knowledge of our target audience. We also
4 learned that over 92 percent of children ages six to
5 eleven love to cook, yet few know how.

6 This is not surprising, considering that many
7 two-parent or single parent households have little time
8 to cook, much less teach their children how to cook.
9 But this hunger to learn to cook creates a very
10 exciting opportunity for preventing childhood obesity.

11 As Jon said earlier, we look at the
12 statistics on the dollars that are going towards eating
13 out, the dollars from those dollars that are going
14 towards fast food restaurants.

15 In our conversations with people in
16 developing the show, we saw that when people would look
17 at the pilot that we just finished, they would say
18 "Boy, this is something I could really use," even
19 though the show had really been created for children.
20 It was about at the level that many of the parents felt
21 was just right for them to work, to cook with their
22 children.

23 Everyone knows that the first step to
24 developing healthy eating habits is to learn about
25 foods, its ingredients, its nutrients and how to cook

1 it so it tastes great. We also know that about 35
2 percent of the Food Network viewers are children under
3 11.

4 For all these reasons, we believe that
5 Finky's Kitchen will be a smashing success. Children
6 want it, parents want it and would be grateful to have
7 it. Sponsoring Finky's Kitchen will not only provide
8 corporations an opportunity to be part of a successful
9 TV series, but also demonstrate their commitment to
10 helping parents create a healthier future for their
11 children.

12 So what is Finky's Kitchen. I'm going to
13 show you a clip from the pilot today. Finky's Kitchen
14 is a situation comedy set in a local restaurant café.
15 The series is centered around four children who hang
16 out after school in this high tech, gadget-filled,
17 futuristic kitchen restaurant.

18 The kitchen is owned by Chef Dave, who is the
19 father of one of the children. The kitchen is also
20 inhabited by Finky, a three-D animated Noodle, who is a
21 master chef in a culinary digital software program.
22 Finky appears on screens, across platforms, on I-Pods
23 and cell phones. He even pops up on kitchen
24 appliances.

25 The show presents characters and situations

1 that children will identify with and want to return to
2 again and again. We've also developed outreach
3 materials, curriculum-based mini-videos with companion
4 lesson plans and teacher training guides on health and
5 nutrition subjects for use in schools and after-school
6 programs.

7 We've worked with NIH, with Jon and his
8 colleagues, as part of developing the program's
9 national video competition, so that we can have
10 children who are taking part in the Media SMART youth
11 campaign also contribute their videos to the series,
12 and then they're incorporated into the storyline of the
13 show so that kids can be part of that show, and then
14 also access that and interact with that on-line and
15 pass it to friends.

16 As a media company, we can see that much
17 excellent work has already been done by government and
18 public agencies to promote good nutrition, as well as
19 corporations, and in particular among the TV networks,
20 Disney.

21 What we see our goal as is using these well-
22 researched materials that have been created by the
23 people that we have seen today and all of you, as well
24 as the government materials from USDA, HHS. The
25 materials are there. Parents could access these

1 materials. They exist.

2 So what we see as our role is creating high
3 quality, entertaining, story-driven content that will
4 engage children and their parents in living healthy
5 lives. So we are building upon the materials that have
6 already been created.

7 Ultimately, children must choose for
8 themselves, choosing food that tastes good when they're
9 eating it, and that makes them feel good after they eat
10 it. What we have to do is to provide the opportunities
11 to help children discover what tastes good and feels
12 good.

13 Before showing the video clip, I want you to
14 know that you're the first public audience to view this
15 pilot. It was completed only a few weeks ago and aired
16 at an invitation-only event hosted by Senator Gramm and
17 Congressman Clyburn at the U.S. Senate. We're pleased
18 with the enthusiastic response we've had so far, and
19 we're happy to speak with anyone who's interested in
20 becoming a sponsor.

21 The pilot research and production was
22 supported by the Department of Education, Unilever -- a
23 representative is here today -- Samsung and others, and
24 produced in association with South Carolina Educational
25 Television.

1 We hope you'll agree that Finky's Kitchen has
2 a Great mission, and that the time is right for a
3 national nutrition series for children and parents. If
4 you could roll the video please?

5 (Video plays.)

6 MS. ROGOFF: I think that might be it. So we
7 feel that teaching children how to cook is part of this
8 process too, and that at this point, it's very
9 important to give parents and children a solution to
10 this, to provide them with an alternative for what
11 they're learning is not healthy.

12 So I hope -- we look forward to working with
13 all of you in developing this type of public-private
14 partnership, and thank you for giving us the
15 opportunity to speak today.

16 (Applause.)

17 MS. ENGLE: All right. Thanks to that panel.
18 Because we're running so late, we're not going to have
19 time for questions. So I'd like to move on now to the
20 next panel.

21 The next panel will be looking at two recent
22 studies examining food advertising to children on
23 television. We'll be hearing from Dr. Pauline
24 Ippolito, who is an Associate Director in the FTC's
25 Bureau of Economics.

1 Dr. Ippolito's research and policy work at
2 the FTC has included a wide variety of advertising and
3 marketing matters, including those pertaining to food
4 labeling and advertising.

5 After Dr. Ippolito, we'll hear from Dr. Dale
6 Kunkel, who is a Professor of Communication at the
7 University of Arizona. He's done extensive research on
8 children and media issues, and recently served on a
9 National Academy of Sciences Panel examining food
10 marketing to children and its relationship to childhood
11 obesity.

12 **PRESENTATIONS: NEW RESEARCH ON FOOD MARKETING**

13 DR. IPPOLITO: All right. Well, thank you
14 very much. Two years ago I was here, you were here.
15 We were just beginning at the time. We were just
16 beginning -- oh, the mike. We were just beginning what
17 was supposed to be a major comprehensive review of
18 children's exposure to television advertising.

19 I'm happy to report that a month ago, we
20 released a report based on that study, and it's
21 available outside if any of you haven't seen it. I can
22 assure you we've learned a great deal about children's
23 exposure to television advertising.

24 What I'd like to do today is just give you
25 some types of results that we have in the study.

1 There's lots more in the report, but to give you a
2 flavor of the kinds of information that are in the
3 study.

4 If you have others who are interested,
5 there's -- on the website, there's an e-mail address
6 that other people can get copies of the study.

7 Okay. So the data from the study is from the
8 Nielsen Company. It's very detailed data. We got
9 census, that is, every ad shown on television for four
10 weeks from sweeps months scattered across the year.

11 We were quite concerned that we covered the
12 whole year, including the holiday season, which is a
13 very different pattern of advertising. It's all ad
14 supported television that's monitored by Nielsen.

15 You should be aware that for children,
16 children get substantial exposure to non-ad supported
17 television. Almost 30 percent of what children see is
18 not ad-supported. So that's an important thing as you
19 look across studies.

20 When we talk about ads, we distinguish three
21 types of ads. Probably what you're all thinking of as
22 ads, what we call paid ads, that is, companies buy time
23 to advertise a product.

24 That's distinguished from public service
25 announcements, which you've seen today, and also

1 promotions. That is, the companies using some of their
2 own time to promote their own television programming.
3 That's an important part of the landscape today.

4 In our four-week sample, we had nearly a
5 million national ads and nearly five million local ads.
6 We took those four weeks of data, we waited
7 appropriately, we expanded so that we got national,
8 annual estimates.

9 Okay. For each ad in our data set, we had a
10 variety of information. The most important for our
11 purposes today are we had audience estimates of who was
12 watching the ad. I'm going to focus mostly on children
13 two to eleven today. The report has the breakouts for
14 younger and older children. I'll have a little bit of
15 information on teens and adults as well.

16 The other thing that we used in our
17 assessments is the product code data that comes with
18 the Nielsen data. In a couple of cases, we augmented
19 that because of important characteristics for certain
20 product categories.

21 So for instance, we independently got
22 nutrition data, so that we could separate highly
23 sugared cereals from other cereals, 100 percent juice
24 products from other juice products.

25 Okay. So how many ads did people see in

1 2004? For children, our estimate is that they saw
2 about 18,000 paid ads, 7,300 promos and PSAs, most of
3 which were promos. So that we had a total of over
4 25,000 ads per year.

5 Now I should note that that's considerably
6 less than the 40,000 ads per year you see quoted in the
7 press all the time. But other recent studies are
8 coming out with estimates that are quite consistent
9 with ours. I've also got teens and adults on this
10 table, mostly to show you that teens see more than
11 children, both paid ads and all ads. Adults see even
12 more, considerably more.

13 For food ads, children see about 5,500 food
14 ads, according to our estimates per year; adults about
15 7,200. So obviously children -- food ads are a more
16 important part of the ads that kids see than they are
17 for adults, 21.6 percent in our estimates.

18 Why do adults see more ads than kids? This
19 is most of the answer. This gives you how much TV
20 viewing per day on cable and on broadcast children see,
21 teens and adults. Cable doesn't vary very much.
22 Children see one hour and 31 minutes; adults see one
23 hour and 49 minutes.

24 The big difference is in broadcast viewing.
25 Children see 46 minutes; adults two hours and 21

1 minutes. I know these graphs are hard to read, so
2 don't even try. I just want you to see certain
3 patterns in the data. This is children's TV viewing
4 over the day. So it starts at six in the morning on
5 this graph and goes to midnight.

6 The red line is weekday viewing; the green
7 line is Saturday and the blue line is Sunday, if you
8 can see that. But the important thing is look at
9 cable. Cable doesn't have -- cable is relatively
10 uniform viewing over the day. The only thing that
11 stands out is the red line is a little bit lower during
12 school hours, because part of this group of children is
13 in school.

14 Now we have summer in here, and there are
15 school vacation days, so they're not always in school.
16 But otherwise, it's a pretty uniform distribution of
17 viewing over the day.

18 When you look at broadcast, it's a very
19 different picture. First, for most of the day,
20 broadcast viewing by children is much lower than for
21 cable. The exception is Saturday morning. It's almost
22 at the height of cable, and then prime time. Children
23 get a good deal of their ad exposure from prime time
24 viewing.

25 The reason we looked into this is we were

1 trying to understand some of the different estimates
2 you see in the literature, that are giving you very
3 different pictures of ad exposure. Part of the reason
4 is the sample of ad viewing that they chose.

5 If you simply monitor Saturday morning and
6 after school for children's programming, you're really
7 not going to get a comprehensive picture of what
8 children are seeing for these reasons. Okay.

9 This is I guess what most people are
10 interested in. This is TV ad exposure for children,
11 for select product categories. I have all of the major
12 food categories here. So every food ad appears in one
13 of the first eight bars, and then I have game, toy and
14 hobby, and then screen and audio entertainment.

15 Before I talk about these, I want to talk
16 about what's missing here. There are two categories
17 that are missing. One is promotions, so promos and
18 PSAs, and the reason they're missing is that promotions
19 and PSAs are 7,300 ads. So you know, the bar goes way
20 up into the second floor.

21 If you put them in the same graph, you
22 wouldn't have been able to see any of the variation in
23 these categories. So promotions and PSAs are missing,
24 and that's huge, and then all over non-food advertising
25 is 8,800 ads, which is also huge.

1 But for the food categories, the green on
2 this graph is the ads that come from shows where
3 children are 50 percent of the audience or more, what
4 I'll call children's shows. The blue, the darker blue,
5 is coming from general audience shows. So shows where
6 children are less than 20 percent of the audience, and
7 the bright blue is the between categories.

8 I've arranged the food categories in terms of
9 the number of ads coming from children's shows. So if
10 you know this literature at all, this set of food
11 categories isn't a surprise, especially the big ones.

12 Cereal is the most frequently advertised
13 product on children's shows, followed by deserts and
14 sweets, restaurants and fast foods, snacks, dairy,
15 sweetened drinks, prepared entrees and then everything
16 else.

17 Okay. For many of the categories, children
18 get most of their food ads from children's shows.
19 Cereals is dominant; deserts and sweets and snacks and
20 dairy. Children are getting the majority of their food
21 ads from children's shows.

22 For some categories, that isn't true.
23 Restaurant and fast food, sweetened drinks and the
24 other food category, they're getting the majority of
25 their advertising from general interest programming.

1 So in terms of any effect that you would have by
2 focusing on children's shows, it depends very much on
3 the category.

4 We were in setting out to do this study, our
5 focus was primarily food. But we also wanted to look
6 at what else was being advertised to children, with an
7 eye towards the activity side of the equation. The two
8 major categories advertised to children here are games,
9 toys and hobbies and screen and audio entertainment.

10 We looked carefully at the kinds of products
11 in the toy category. It's all sedentary entertainment,
12 with a few trivial exceptions. The other major
13 category that isn't here is promotions, which is
14 promotions for television programming.

15 So if you take those three major categories
16 of non-food products advertised to children, they're
17 all sedentary entertainment. So that's also a part of
18 the equation here. When you add those three categories
19 up, those three categories alone are more than twice as
20 many ads as all of the food ads put together.

21 Okay. So where this chart was designed to
22 show you where children's food ad exposure is coming
23 from, in terms of audience composition and size of
24 audience. So let me get you to focus on the right
25 three bars.

1 These are three bars giving the percent of
2 the total food ads coming from shows where children are
3 50 percent of the market, 50 percent of the audience,
4 okay. The right bar shows where children are 50
5 percent of the audience and more than three percent of
6 all children in America are watching the show.

7 So these are the high children's share big
8 audience shows. The middle bar is where children are -
9 - where the audience has one to three percent of all
10 children in America, and then the left bar is the small
11 children audience shows.

12 Okay. So these are the big shows where
13 children dominant the audience. The biggest thing to
14 notice here is that the bars are green. Cable owns
15 this category. This little blue on the top of the two
16 right bars, that's broadcast's share. But this ad
17 exposure is coming strictly from cable.

18 If I can get you to focus at the other end of
19 the chart, these are the shows where children are less
20 than 20 percent of the audience. So these are the
21 general audience shows. Here, we're getting quite a
22 bit of exposure. This is where kids are getting a lot
23 of their food advertising.

24 Broadcast is playing a much bigger role here,
25 but cable is still important. The shows where our

1 small audience shows, that is less than one percent of
2 America's children are watching the shows, but there's
3 a lot of these shows.

4 So you know, children are getting a lot of
5 food ad exposure here. This is prime time mostly, or
6 this is where a lot of the prime time viewing is coming
7 from, which you saw was the major component of
8 children's viewing.

9 There really isn't much in between. So
10 children are getting their food ad exposure from the
11 kids shows on cable, and from the general audience
12 shows, especially the small size audience shows. Okay.

13 Well, we were concerned also when we started
14 this project, many people were arguing that the
15 quantity of advertising that children were seeing had
16 really exploded, and that was an important reason that
17 children were getting heavier.

18 So we had data from the 1977 rulemaking that
19 the FTC had initiated. We dug out those old studies.
20 All of our allergies went crazy. We dug them out. We
21 digested them. It turns out they were useful; they did
22 provide a baseline for us. So we designed our current
23 study in part so that we could compare to the old data.

24 We used three major studies from that effort.
25 The first was the Adler study, which was the National

1 Science Foundation review of what was known about
2 children's advertising at the time; the Beales study,
3 which was a study of spot ad exposure on all shows and
4 then on programs with 20 percent, 30 percent and 50
5 percent child shares.

6 Then the Abel study, which was children's ad
7 exposure from national ads, on programs with 20
8 percent, 30 percent and 50 percent child share.
9 Unfortunately, the Abel study didn't do all shows.

10 So we had to use the Adler study, which gave
11 us the total and other information from the period to
12 estimate the breakout of food and non-food ads. Those
13 details are all in the report.

14 So these are our best estimates, we think a
15 pretty conservative estimate for the 1977 data where we
16 had to fill in, which suggests to us that food ads have
17 dropped. Children's exposure to food ads has fallen
18 somewhat in the 30 years since 1977.

19 Paid non-food ads has also dropped.
20 Promotions has exploded. We get more than twice as
21 many exposures to promotions today than we did back
22 then. If you -- those of you who are old like me, if
23 you think back to 1977, it was a very simple world back
24 then.

25 We had three networks, there was one PSA

1 station, one public station in most markets. Cable was
2 in its infancy. It was a very simple market. You
3 didn't have a lot of competition. You didn't have to
4 try to generate that audience. So this isn't a
5 surprise.

6 But the growth in overall ad exposure is
7 primarily coming from the growth in promotions. If you
8 are nervous about our estimates, this is one picture of
9 the underlying data, where we're not filling anything
10 in. It's just the raw data, expressed in terms of the
11 percentage of ads of a given type that were for foods.

12 So if you look at network ads, these are the
13 ads coming directly from the network in 1977 in the
14 Abel study, and you look at children's shows, which are
15 the brown bars here, you can see that food was very
16 important back then in the national advertising.

17 More than 60 percent of all the exposure that
18 children got were for food ads on children's shows.
19 Today, on the comparable network ads, it's down to 32
20 percent or something like that. Then you can see for
21 20 percent shows, that is, all shows where children
22 were at least 20 percent of the audience, both dropped,
23 but the ratio remains about the same.

24 If you look at non-network ads, which are the
25 spot ads, the differences are the same, though not as

1 large. So there's clearly been a reduction in food's
2 dominance in children's programming, children's
3 exposure, I'm sorry.

4 So among our conclusions are that children's
5 exposures to food ads on television has declined
6 modestly since '77. Children are seeing fewer paid
7 ads, but more ads overall because of the increased
8 promotions. Children see twice as many ads for
9 sedentary pursuits as for foods in 2004.

10 A greater proportion of children's ad
11 exposure is from children's programming today compared
12 to 1977. Children's food ad exposure is
13 disproportionately from cable in 2004, and then
14 children's ad exposure is not highly concentrated by
15 time of day or day of the week in 2004. Thanks.

16 (Applause.)

17 DR. KUNKEL: I don't see my cursor. Oh,
18 there it is. It's not surprising that I wouldn't be
19 able to work this. It's not a MacIntosh. I'm in
20 shock.

21 Let's see. If Chairwoman Majoras is right
22 that battling this issue is a marathon or a triathlon,
23 then the point of my presentation today is to give you
24 a report on the race on the 10K mark. What I'm going
25 to do, with the help of several colleagues, one of whom

1 is here, Christopher McKinley, who's a Ph.D. student
2 from the University of Arizona, is a co-author on this
3 paper.

4 We're looking at the advertising environment
5 on children's television programs, which we think is
6 important. Dr. Ippolito's made a number of important
7 points about the diverse nature of children's exposure
8 to food ads on TV.

9 But with that said, if you are going to take
10 industry initiatives, policy or regulatory initiatives,
11 you would focus first on the environment where children
12 are most dense or most concentrated, and that would be
13 programs targeted at children.

14 So that's what we're looking at. What we're
15 doing in this study is at one level we're going to
16 provide some descriptive data, just in terms of the
17 volume of food advertising.

18 We're going to compare 2005, the point in
19 time that is just before the Institute of Medicine
20 released its report on food marketing to children, and
21 as part of that report, a key recommendation, which I
22 know a lot of the policy debate is focused on, a key
23 recommendation was that within two years of the release
24 of that report, there should be at least a balance
25 between healthy foods advertised to children and less

1 healthy or non-nutritious, so-called junk foods
2 advertised to children.

3 That's not a long term goal. I don't think
4 anyone who's a child advocate or a public health
5 professional is going to be very comfortable saying
6 that it's okay to allow America's children to view half
7 of all the foods marketed to them to be foods that are
8 non-nutritious or unhealthy when consumed in abundance.

9 But it's a good near-term goal, and it's the
10 benchmark that was set out in the Institute of Medicine
11 report. So what we wanted to do was to track the food
12 advertising just before the IOM report was released.
13 So that's back in 2005, and to look at it halfway to
14 the point where the recommendation really takes force,
15 because the recommendation from the IOM is rather
16 explicit.

17 It says if the food marketing and advertising
18 industries can't achieve this benchmark, that it is
19 recommended that Congress legislate in this realm to
20 accomplish that outcome.

21 Now what we've heard today suggests -- it's
22 very heartening, and it suggests that the food
23 marketing and advertising industries are moving towards
24 the goal that was set out by the IOM, to achieve in two
25 years that balance.

1 You know, you could quibble over the timing.
2 They've got some implementation and rollout issues.
3 But they're trying to move quickly, it's clear, and
4 they're trying to move in the direction of healthy
5 foods.

6 I think before I'm finished, you will see
7 that a key question that's going to be posed here is
8 the industry is offering Better For You foods. Are
9 Better For You foods good for you, because the IOM
10 recommendation said that there should be healthy foods,
11 at least half of the foods marketed to children should
12 be for healthy foods.

13 So let me explain, you know, just very
14 briefly, because everything we'll do here today is
15 brief. But this is a study where we sampled children's
16 programs on the major broadcast and cable networks.

17 I've actually got one study in press at a
18 journal called Health Communication. That's the 2005
19 data set that you'll see here today, and this has been
20 the overtime comparison that's coming up, based roughly
21 on first quarter data from 2007.

22 What we've done is we've analyzed all the ads
23 on a total of 250 programs. It's a composite weekday
24 and Saturday as a choice of a weekend day design, and I
25 don't have unfortunately the time to go into the

1 details of that. It's our best effort to be
2 representative without getting a million dollar grant
3 from the Kaiser Foundation. Sorry Vickie.

4 But I mean it's not of the caliber of the
5 Kaiser study that you saw released recently. But I
6 think the size of the data set that we have here is
7 pretty solid, appropriate to make some stable
8 estimates.

9 So what we're doing is we're examining
10 product type, the appeals that are used. You probably
11 know that to sell hamburgers and other foods at
12 McDonald's, they don't tell you a lot about the
13 products.

14 They tell you about Ronald McDonald and they
15 say it's fun and happiness, so fun and happiness might
16 be described as the dominant theme, although it's not
17 the data I'm going to go into today here though.

18 Because the focus that I want to share with
19 you today is on this last point on this slide, that we
20 evaluated the products for their nutritional quality,
21 and this is what I told Dr. McGrath he would enjoy. We
22 used a basic consumer-friendly nutritional category
23 scheme that comes from the We Can program devised by
24 the Department of Health and Human Services, and I'll
25 go over that with you very quickly.

1 There are three different food categories
2 that are explained to parents, to help them choose
3 nutritional foods for their family. One is called Go
4 Foods. These are foods that are good for you. You eat
5 them any time. They're rich in nutrients and low in
6 calories.

7 Some examples would include fruits,
8 vegetables, reduced fat milk. As far as getting a
9 little more pragmatic for the advertising industry
10 that's promoting snacks to kids, it would include baked
11 chips, lowfat yogurt, frozen fruit juice bars, fig bars
12 or ginger snaps without added sugar. So there are
13 products that are mass marketed that could be in this
14 category.

15 Then there's a slow category. These are
16 foods that you should eat sometimes, but according to
17 the HHS at most several times a week. They have
18 increased levels of fat, salt and sugar over the Go
19 Foods. Examples of that would be pancakes, waffles,
20 peanut butter, lowfat products that's a little better
21 for you than the high fat version that you might buy.

22 Then finally you have the Whoa category.
23 Whoa products, it's a category that you should only eat
24 once in a while or on special occasions. Somebody
25 mentioned a birthday cake. I think that was Jim

1 Kotler. So a birthday cake would be an example. These
2 are foods that are high in fats, salts and sugars.

3 So we're going to use this frame to look at
4 what's the profile of food marketing to children in '05
5 and '07. But first let's just take stock of what's the
6 volume of food advertising and how has that changed in
7 the time since the IOM report has been released.

8 First, I'm going to break down my data by
9 broadcast versus cable, and then I'll bring it together
10 for overall. I want to note initially in this study,
11 unlike the Federal Trade Commission, we do not count
12 PSAs or program promos as ads. I think that may be
13 consistent with the way the industry defines ads.

14 It certainly is consistent with the statute
15 adopted by Congress, the Children's Television Act,
16 that limits advertising to children. It doesn't apply
17 to PSAs or program promos. So we're only counting paid
18 ads in this analysis.

19 I want to remind you, as Dr. Ippolito said,
20 that children get a minority, only about a third of
21 their ad exposure on broadcast television. But with
22 that said, then you see there's a palpable, a
23 statistically significant decrease in the number of
24 food ads, and you'll see it also down in the bottom
25 half of the table, in the amount of time devoted to

1 food ads in the last two years.

2 There's no question that that looks like a
3 significant decrease. We'll talk in just a moment what
4 it means. But that's all food advertising. Not
5 necessarily good foods or bad foods, but all food
6 advertising is down.

7 That's consistent with what we heard from
8 Kraft earlier today. Kraft said their ad expenditures
9 for TV marketing are down. They're looking towards
10 other media, and there may be some other factors going
11 into play there. I can't say.

12 But in context, there's a slight reduction in
13 the ad time on broadcast television during children.
14 Some people have worried that if food ads are pressured
15 out of the market, that that could lead to reduction in
16 the support for kids programming. There could be a
17 very slight indication of that on broadcast.

18 But I'd caution you, the broadcast data, the
19 N is very small. As everyone is aware, there's a very
20 limited amount of children's programming on broadcast
21 television. The much bigger picture for children's
22 programming comes from cable.

23 Now on cable, you'll see that the patterns
24 I've identified with broadcast are pretty much the
25 same, not quite as marked. That is to say, that there

1 is still a statistically significant reduction in the
2 number of food ads and the amount of time devoted to
3 food ads between '05 and '07 on cable. It's just not
4 as large a decrease as on broadcasting.

5 Here on cable, you should also note that
6 there is a stable ad environment. That is, if you look
7 at the number of minutes per hour devoted to all ads at
8 the very bottom of that column, you'll see that it's a
9 marginal difference. That's essentially a flat line.

10 So as some of the food ads have been, what
11 would you say, migrating away from cable, they're not
12 migrating; there are just fewer food ads on cable, then
13 it seems like they're being filled in by others.

14 What's the overall picture? The overall
15 picture is that there is a reduction in the number of
16 food ads that's shown on television today, as compared
17 to '05. It's gone from 10.9 to 8.5. That's an average
18 per hour. Of course, you're going to see a
19 corresponding decrease in the amount of time devoted to
20 food ads, and that's the top line at the bottom half of
21 the table.

22 Overall, the number of minutes per hour
23 devoted to ads, that's the very bottom entry in that
24 column, is pretty stable. The reduction that you see
25 is a function of broadcasting.

1 All that does is set the foundation for
2 measuring the nutritional quality of the food that's
3 marketed to children. So here what we're going to do
4 is look at three different graphs that show, with the
5 bar on the left in the light blue representing the '05
6 data; the bar in the pink or purple on the right side
7 of each pair showing the '07 data.

8 What you can see, if we just start with the
9 '05 data on broadcast television, Whoa foods
10 predominant. That isn't news to us. I didn't need to
11 do the study in 2005 to document this. This was well-
12 established from previous research when we did the IOM
13 report. So it's a pretty non-surprising or
14 uninteresting finding.

15 I think the more interesting finding is how
16 did things look at year after the IOM report. How do
17 things look a year into the point in time where the
18 industry is making efforts to alter the nutritional
19 profile of the foods marketed to children.

20 The answer is they don't look a lot
21 different. If the goal line in the near term is the 50
22 percentile mark, yes, 76 is closer to 50 than 82, but
23 we've still got quite a ways to go. Then you can see
24 similarly that slow and go, go the really healthy
25 foods, are pretty scant on broadcast television.

1 How does cable television look? Pretty
2 similar. In fact, I'll jump just back and forth for a
3 moment to let you see. It looks really ugly if I put
4 them all on one slide, is why I put them separately.
5 It just gets -- you can't follow it.

6 But you see the pattern is very similar on
7 broadcast to cable. The numbers vary a percent or two,
8 but basically what you see is that there's a slight
9 movement in the desired direction, a reduction in the
10 Whoa foods, a slight increase in the slow or go foods.
11 The healthy foods have gone from three percent to four
12 percent on cable.

13 Then if we look at the overall, this is the
14 bottom line. This is what's going on on the ad
15 environment directed to children on television. We see
16 that we've gone from 84 percent non-nutritious foods to
17 79 percent non-nutritious foods. As far as getting the
18 go category to the 50 percentile, we've moved from
19 three to four.

20 So let's see. Before I wrap up, I just
21 wanted to add one table. I mentioned there are a lot
22 of other data in this study, and we don't have time to
23 go into many of them. But I thought a couple would be
24 interesting, just to look at some of the advertising
25 tactics.

1 Premiums, whether it's a premium as a toy
2 with a Happy Meal or a toy in a cereal or something
3 like that, but the use of premiums to market foods to
4 children, you can see that it's used more frequently
5 with non-nutritious foods, the Whoa foods than it is
6 with healthy foods.

7 You can see that same pattern with licensed
8 characters. There's probably a little less policy
9 concern on physical activity today than there might
10 have been yesterday. I think a lot of people were
11 worried that the industry initiative would use physical
12 activity in lieu of a commitment to market healthier
13 foods to kids. So we wanted to look at that.

14 If you're talking about selling foods to kids
15 and telling them it's just like fruit, it tastes like
16 fruit, again, you can see that's done more commonly
17 with unhealthy rather than with the healthier category
18 of foods.

19 One of the biggest changes that we've seen is
20 that website promos in ads on TV, where you're
21 throwing, the advertiser is throwing the child audience
22 to the web as a function of the TV ad, that's up. It
23 was only 20 percent two years ago, and now at the
24 bottom of that middle column it's nearly half of all
25 ads.

1 So let me just go through a couple of quick
2 conclusions here. Number of food ads is down.
3 Nutritional profile of the foods marketed to children
4 is largely unchanged, and it's certainly largely
5 unbalanced. So we need to go further to achieve that
6 goal. Only about one in 20 or fewer than one in 20
7 foods marketed to children are for truly healthy food
8 products.

9 Licensed characters we identified are most
10 often found in the unhealthy food products. That won't
11 happen in anymore, I think. We'll see. That's the
12 point I want to raise in just a minute at my
13 conclusion. One in three food ads has physical
14 activity or exercise. It's most likely to be
15 associated with a non-nutritious product.

16 I really think this is where things go from
17 here. The industry has made a commitment that they're
18 going to either go 50 percent, 100 percent of foods
19 that are better for you. The analytical framework I'm
20 applying and that I believe is appropriate to apply is
21 are the foods good for you.

22 If you take an Oreo that's essentially a non-
23 nutritious food and you take out 15 percent of the
24 sugar, is that going to be called a Better For You
25 product? Because this analysis, that's from a

1 nutritional perspective, is still going to call it a
2 non-nutritious product.

3 So I think we're going to need to continue to
4 analyze the data and to monitor how things are moving
5 with this initiative. As I said, I'm very heartened by
6 what I've heard today, and I think it's a big step in
7 the right direction by the industry.

8 I think it's going to take some time and some
9 careful scrutiny of the nutritional criteria to
10 determine whether or not it's going to get us to the
11 step that the IOM recommended, of having at least a
12 balance between healthy and unhealthy food to children.
13 Thanks very much.

14 MS. ENGLE: We have time now for just a
15 couple of questions. So if anybody has a question
16 raise their hand, and the microphone will be passed to
17 them.

18 **QUESTIONS FROM THE AUDIENCE**

19 FEMALE PARTICIPANT: Hi. I'm sorry to go
20 backwards in time, but we weren't allowed questions
21 earlier. Is Chris Wilson still here from Health and
22 Human Services. Heidi Arthur, you're here, right?

23 A question for you. Before the deal was done
24 for Shrek to represent, Get Up and Play, did the Ad
25 Council know that the character also would be

1 representing more than 70 junk food products?

2 MS. ARTHUR: I don't know if we knew the
3 exact number. We knew obviously that Shrek did have
4 licensing agreements with other products. But being
5 that we were focusing on physical activity, we really
6 wanted to use the opportunity to shine the spotlight
7 with Shrek.

8 FEMALE PARTICIPANT: (Not on microphone) And
9 my second question is back to your slide where you list
10 all the corporate members of the panel, many of those
11 corporations would be synonymous with the Coalition for
12 Healthy Children.

13 I'm wondering what the standards are to join
14 that coalition? I see that Pepsi and Coca-Cola are
15 both prominent members, and we know that soda is a top
16 causal agent in child obesity. So I'm curious how
17 organizations like that are highly represented in
18 something called Coalition for Healthy Children.

19 MS. ARTHUR: Sure. We have membership
20 guidelines, which basically outlines it's an agreement
21 to use the messages as appropriate, and report back to
22 us how they're being used.

23 We actually have nutritional guidelines that
24 are modeled after, you know, similar to the Clinton
25 initiative, as well as consistent with the U.S. dietary

1 guidelines. So you can't put --

2 FEMALE PARTICIPANT: So any organization can
3 join if they've got the money to pay, and the products
4 are irrelevant?

5 MS. ARTHUR: But I just want to clarify.
6 This is not give us money and join the coalition.
7 There's no funding requirements on the part of the
8 participants.

9 We have a grant from the Robert Wood Johnson
10 Foundation to conduct all of the research that goes
11 into developing messages that are proven to affect the
12 attitudes and behaviors of parents and children, as
13 well as to track whether or not the way they're being
14 used are going to have an ultimate impact on attitudes
15 and behaviors.

16 So there's no funding requirements, and any
17 time the message is used and counted towards a
18 coalition initiative, it follows our nutritional
19 guidelines.

20 FEMALE PARTICIPANT: Well undoubtedly, it's -
21 -

22 MS. ENGLE: Excuse me, I'm sorry. We need to
23 move along now. If there's anybody else who has a
24 question for Drs. Kunkel or Ippolito, could you raise
25 your hand? Otherwise, we'll go to a break, because we

1 are running behind schedule at this time.

2 MS. RIDEOUT: Yes. Vickie Rideout, Kaiser
3 Family Foundation, and the new standards that were
4 announced today are going to apply to ads that are in
5 certain shows only, primarily children's shows or shows
6 where children are a certain percent of the audience.

7 Pauline, your study is the only place I think
8 that we have data that show us how many food ads that
9 kids see, what proportion of their food ad exposure is
10 in those shows; hence, what proportion of their food ad
11 exposure will be affected by these changes.

12 Am I correct, as I looked at your numbers and
13 kind of added them together from some your charts; they
14 went by a little quickly, but it looked like about a
15 third of the food ads that kids two to eleven see are
16 in general audience shows; that is, in programs that
17 would not be affected.

18 DR. IPPOLITO: I wouldn't want to be quoted
19 on the third, but it's in that ballpark.

20 MS. RIDEOUT: Okay, and so that would
21 obviously --

22 DR. IPPOLITO: More than half are coming from
23 children's shows. I'm sure of that.

24 MS. RIDEOUT: Okay, okay, and that would
25 obviously be a little bit more -- for the older kids in

1 the program, fewer ads would be affected by the changes
2 than for the younger kids?

3 DR. IPPOLITO: The 50 percent standard is
4 using an audience of two to eleven year-olds.
5 Obviously, if you take any subportion of that, it's
6 much harder to reach a 50 percent standard.

7 MS. RIDEOUT: When I looked at the -- when I
8 was adding them up and saying like a third seemed to be
9 in shows where kids weren't even 20 percent of the
10 audience, or less than 20 percent of the audience.

11 DR. IPPOLITO: Right, right. That's right.

12 MS. RIDEOUT: Okay, thanks.

13 MALE PARTICIPANT: I know Professor Kunkel,
14 so I'll call you Dale. To what extent will your
15 research be used by the IOM to help evaluate what
16 recommendations at the two year mark may be called for?

17 DR. KUNKEL: Well, I don't think the IOM is
18 engaged in the political process. I mean they're an
19 advisory group that basically puts their positions,
20 their recommendations of their expert bodies out for
21 agencies like the Federal Trade Commission, the
22 Congress and so forth to deal with and to decide how
23 much stock they want to put in that.

24 So I don't think it's going to go back to the
25 IOM. I'm not, you know, really familiar with any

1 ongoing activities that the IOM has. Certainly, if
2 there was another study in this area, it would be data
3 that would be relevant to be considered.

4 MS. ENGLE: Okay. I apologize for having to
5 cut short the Q and A period. Let's take now just a
6 five minute break, so we can reconvene at 3:10. Thank
7 you Pauline and Dale.

8 (Applause.)

9 (Whereupon, a short break was taken.)

10 MS. HARRINGTON: Thank you. We're going to
11 begin the last panel. So if you could all stop talking
12 right now and take your seats please. I'm Eileen
13 Harrington, and the chief quality that I bring to this
14 venture is that I'm very good at keeping things on
15 time. So that's what we're going to do here.

16 We have a wonderful panel. The richest part
17 of this session will be in the discussion among the
18 panelists. So each of the panelists has committed to
19 five minutes, not a second longer, and we will be
20 enforcing that, so that we can get right to the
21 discussion, which really will be the rich part. Wally
22 Snyder, you're up first.

23 **PANEL: SCORING THE PROGRESS SINCE SUMMER 2005**

24 MR. SNYDER: Well, 25 years ago, the Federal
25 Trade Commission set the course of action for

1 children's advertising in America. After an extensive
2 rulemaking proceeding that lasted almost five years,
3 the Commission adopted the FTC staff recommendation to
4 terminate that rule, on both legal and policy grounds.

5 But the conclusion also adopted was that the
6 best way to instruct children about the consumption
7 foods was not through government intervention, but by,
8 I quote from the staff report, "Individual companies,
9 trade associations, self-regulatory groups, interested
10 consumer organizations or a consortia of all of them."

11 This public policy has stood the test of
12 time, and it bodes well for the future. With that
13 beginning 25 years ago, the industry has been following
14 the FTC recommendation that it do more to self-regulate
15 children's advertising, and to respond to concerns
16 about food advertising and childhood obesity.

17 Two years ago, the FTC and HHS reviewed what
18 the industry had accomplished in this important area.
19 At that time, food companies described how they had
20 responded by introducing new product formulas, new
21 packaging and changes in how they advertised to
22 children.

23 CARU gave us a complete report that
24 demonstrated its success in seeking voluntary changes
25 in how individual foods are advertised to children.

1 The industry has continued to act on those
2 recommendations that came out of the 2005 hearing.

3 But as Chairwoman Majoras has noted, the
4 obesity issue, like any other challenge, quote
5 "Requires continued effort and vigilance." As was
6 suggested in the 2005 workshop report, the National
7 Advertiser Review Council conducted an extensive review
8 of the children's advertising review unit, and made a
9 number of important changes to its children's marketing
10 guidelines.

11 For the first time, CARU now has the
12 authority to target advertising to children that is
13 unfair, in addition to misleading. The guidelines
14 prohibit content that blurs the distinction between
15 advertising and programing in misleading ways, and
16 requires advertisers to clearly distinguish advergaming
17 as such.

18 Concerning food advertising, CARU guidelines
19 specifically prohibit ads that disparage healthy foods,
20 like fruits and vegetables, or ads that promote
21 excessive consumption, like ads showing children
22 consuming more than a serving size of a product.

23 Our review of the CARU guidelines also led to
24 the new food and beverage initiative that was agreed
25 upon by food companies that advertise the most,

1 comprising over two-thirds of the children's food and
2 beverage television advertising expenditures.

3 We learned this morning that 11 companies
4 have joined that initiative, and they have agreed to
5 devote at least half their advertising to children, to
6 promote better nutrition and healthy lifestyles. They
7 will limit adver gaming and they will not advertise food
8 or beverages in elementary schools.

9 In fact, they've gone well beyond that now,
10 as announced, that 100 percent of their advertising
11 directed at children will be for Better For You
12 products. So I think there have been significant
13 contributions along that line.

14 In addition, you heard the Ad Council, which
15 has become a major player in educating children and
16 their parents and care givers. This healthy lifestyle
17 campaign, launched in 2004 with HHS, has achieved
18 impressive results, and the Ad Council's Coalition for
19 Healthy Children, initiated in 2005, is providing
20 research and targeted messages to combat childhood
21 obesity.

22 In short, I believe the industry has
23 responded positively and aggressively to the FTC's
24 challenge to improve its self-regulatory response.

25 Now certainly there are critics of this self-

1 regulation, and there should be and there always will
2 be. There are those who do not yet believe that
3 business can be trusted to police itself. But it is
4 the FTC public policy, endorsed 25 years ago and
5 reaffirmed in 2005, that we have been implemented.

6 I believe the industry continues to
7 enthusiastically support this policy, and in fact will
8 continue to do so in the future.

9 You heard this morning something I think was
10 very significant. When one of the panelists said staff
11 regulation drives innovation, and that is what it has
12 done. It has driven innovation in product composition,
13 innovation in how to advertise appropriately to
14 children.

15 He also said self-regulation builds over
16 time. That time is moving very quickly, because since
17 2005, 11 companies representing two-thirds of the
18 industry have agreed to take significant advertising
19 actions on behalf of children.

20 There have been questions about what media
21 will do. Will media be like what is done by Disney? I
22 think it will be for four quick reasons. One is there
23 will be an impact from the advertisers themselves.
24 This initiative will really affect what children see on
25 media.

1 Second, there will be competition in the
2 marketplace, to really want to be like Disney. Third,
3 there will be a great deal of concern from parents and
4 care givers that will continue to be in this area to
5 regulate this area. So you'll see media come along
6 too.

7 Final point. It is the Federal Trade
8 Commission that is the federal body in charge of
9 setting public policy in regard to children's
10 advertising. This institution has decades of
11 experience with advertising regulation; a sophisticated
12 understanding of how advertising can work to respond to
13 the concerns of consumers; improved products and ensure
14 consumers' greater choice in the marketplace.

15 In 2005, the agency challenged us to do
16 better. I feel that we have done so and I really ask
17 for the FTC to retain oversight in this area. Thank
18 you.

19 MS. HARRINGTON: Thank you, Wally.

20 (Applause.)

21 MS. HARRINGTON: The title of this panel is
22 "Scoring the Progress." I'll be scoring the presenters
23 on time. Wally, you got a good solid C plus. About 90
24 seconds too long. Now let's see if we can up the
25 stakes on the panel here.

1 MR. SNYDER: Better give every one that
2 grade.

3 MS. HARRINGTON: No. Everybody's going to
4 get graded here. Scoring the presenters. Mary? Let's
5 see if you can be fast.

6 MS. SOPHOS: All right, but let's see if I
7 can get the technology working here.

8 MS. HARRINGTON: We won't start until your
9 slide starts.

10 MS. SOPHOS: There we go.

11 MS. HARRINGTON: Okay. You're on.

12 MS. SOPHOS: Well, we've heard today from
13 some individual companies about their efforts, but I
14 wanted to give you a sense of the collective efforts of
15 the broader GMA food and beverage membership in a
16 couple of key areas.

17 So over the past several years, we have
18 periodically surveyed our members on their activities
19 to promote health and wellness. Forty-nine companies
20 representing 250 billion in annual sales have
21 responded, and I'm pleased to give you some highlights
22 of our 2006 survey.

23 As you know, advertising of Better For You
24 products is made possible for a company's success and
25 innovation, and that -- and product development. Over

1 the past five years, that innovation has resulted in
2 over 10,000 new or reformulated products with
3 nutritional improvements.

4 In addition, the industry has taken up the
5 challenge to promote healthy choices, through a unique
6 partnership with retailers called "Take a Peek," that
7 brings the U.S. dietary guidelines and My Pyramid into
8 supermarkets across the nation.

9 Finally, we are frequently asked to provide
10 data about trends in marketing and advertising, and
11 trends in the marketplace, and I'm going to provide
12 some highlights of a recent study that we and the
13 Association of National Advertisers commissioned on
14 food and beverage TV advertising trends.

15 So first, through our survey, we've seen some
16 major changes over the past five years, as virtually
17 every company is providing enhanced nutritional
18 choices. These reductions, we've seen reductions in
19 saturated fats, trans-fats, reduction in calories,
20 reduction in sugar, sugar and carbs, increased vitamin
21 and mineral fortification and sodium reduction across
22 the board.

23 In addition, 55 percent of our respondents
24 have created new sizes of packaging for kids or are in
25 the process of doing so.

1 You saw some great examples of how companies
2 are promoting nutrition and health, but this is a
3 phenomenon that is going -- is happening across the
4 industry. Ninety-six percent of respondents are
5 marketing improved products. Ninety percent are
6 conducting healthy lifestyle promotions.

7 Seventy-seven percent are conducting customer
8 health promotions in communities. Eighty-nine percent
9 of companies are supporting national or local
10 initiatives, managing over \$40 million a year in
11 nutrition and health-related activities and grants to
12 communities, representing over 30 percent of the
13 charitable contributions for the industry.

14 As I mentioned, Take a Peek is a landmark
15 effort to move the federal government's dietary advice,
16 from My Pyramid from the Internet to the grocery aisle,
17 where consumers are making choices. It's an in-store
18 promotion program that since its January launch has
19 resulted in 2,300 items featured in 5,000 stores across
20 the nation.

21 Only products that meet specific nutrition
22 criteria and provide a meaningful contribution towards
23 My Pyramid goals are featured.

24 Retailers are signing up for multiple
25 promotions based on success, including record coupon

1 redemptions. It's also driving record traffic to the
2 Mypyramid.gov website. This is also a program that
3 retailers can tailor to the ethnic and cultural needs
4 of their local shoppers.

5 Let me talk a little bit about some of the
6 data and trends, as we are frequently asked what -- how
7 are we tracking the changes. GMA and ANA commissioned
8 the Georgetown Economic Service to look at food and
9 beverage ads on television between 2004 and 2006. This
10 extends the work we began with our study submitted to
11 the FTC in July 2005.

12 What's happening with advertising trends? We
13 compared our study to other studies, and this is based
14 on Nielsen, actual data of impressions. We all agree
15 on the big issue, the number of food and beverage
16 advertisements seen by children two to eleven on all
17 television has decreased over the last 30 years.

18 Since 1994, the Nielsen data shows a 22
19 percent decrease and a third of that decrease, over
20 eight percent, has been in the last two years. On kids
21 TV, the number has declined twice as fast, down 20
22 percent in the last two years.

23 This is important, because as we've heard,
24 more than half of the food and beverage ads that kids
25 see air on kids TV.

1 In beverages, some of the changes that we're
2 seeing are fewer ads for fruit and other drink mixes,
3 fewer ads for regular soft drinks, more ads for diet
4 soft drinks, more ads for fruit and vegetables, juices,
5 and a big increase in ads for bottled water, although
6 bottled water ads are still relatively low. These are
7 all on TV.

8 On kids TV, fruits and other drink mixes and
9 soft drinks got more. Diet soft drinks, which gained
10 on all TV, dropped on kids TV. Juice and bottled water
11 gained much more on kids TV, but they start out very
12 small. This is a small base that we're seeing here.

13 So there's been a lot of discussion about
14 shifting the mix, but we're beginning to see the mix
15 shifting already. In some other categories compared to
16 2006 and 2004, we're seeing fewer ads for cookies,
17 snacks, candy, gums and mints and snacks.

18 On kids TV, cookies, snacks and candy dropped
19 even more. Finally, on the -- in terms of meal
20 components, we're seeing -- there you go, sorry.

21 I'll keep the slides up -- we're seeing drops
22 in ads for cereal, breads, rolls, waffles and pancakes,
23 frozen pizza and more ads for fruits and vegetables,
24 although this starts from a very, very small base.
25 There's no doubt that we're climbing from a small base.

1 On kids TV, the cereal, breads, rolls and pancakes drop
2 even more.

3 Let me conclude by saying that we're hopeful
4 that we will have continued to see these innovations
5 and the advertising to support these products in the
6 marketplace accelerate over time. Thank you.

7 (Applause.)

8 MS. HARRINGTON: B minus. Margo, can you do
9 better?

10 DR. WOOTAN: We'll see. As some of you might
11 remember, the Center for Science in the Public Interest
12 was pretty skeptical about the CBBB announcement for
13 the food and beverage advertising initiative last
14 November. But I am very pleasantly surprised with the
15 commitments that companies have made today.

16 The food company pledges are a really good
17 step forward toward reducing the marketing of the very
18 worse junk food on television, kids' magazines, radio
19 and the Internet. It's terrific to see Hershey, Mars
20 and Coke agree to not target kids under 12 with any
21 advertising, and for other companies to agree to very
22 reasonable nutrition standards for their marketing.

23 Actually, I would say to agree to any
24 nutrition standards for their marketing. I think two
25 years ago, when I was up at this podium, I must have

1 said nutrition standards, nutrition standards a hundred
2 times over and over again.

3 It was hard to get companies to even talk
4 about nutrition standards. Just the fact that they've
5 adopted nutrition standards for marketing at all, I
6 think, is a huge step forward.

7 We were very concerned in November that the
8 initiative was only going to require companies have
9 half of their ads be for healthier products. We're
10 very pleased to see that companies have done the right
11 thing and have agreed to make 100 percent of their
12 advertising be consistent with their nutrition
13 standards.

14 Also, we're very pleased that companies have
15 not chosen to use the loophole of balancing ads for low
16 nutrition foods with healthy lifestyle messages, that
17 we never thought it's a good idea to have physical
18 activity and health messages incorporated into junk
19 food ads. We think that actually does more harm than
20 good. So I'm glad companies have shown a commitment to
21 responsible advertising and not used this loophole.

22 Well, one of the things -- I think one of the
23 negatives of today is who's not at the table. We
24 strongly encourage other food companies to adopt strong
25 policies for food marketing to kids.

1 Burger King, ConAgra, Nestle and Chuck E
2 Cheese are noticeably absent, given the amount of
3 marketing that they're doing to kids. I think I
4 noticed our litigation team jotting down their names.
5 While we heard which companies were participating and
6 which weren't.

7 Also I think missing are the entertainment
8 companies, and I know the initiative was designed
9 mostly for food companies. But there's no reason why
10 it couldn't be expanded to include entertainment
11 companies. We've been impressed with what Disney and
12 Sesame Workshop has done and the nutrition standard
13 that they put into place for their licensed characters,
14 and very pleased to see what Disney has been doing in
15 their theme parks.

16 I know as a mom, there's a noticeable
17 difference in being at Disney theme parks, how many
18 healthy options are there, how attractively they're
19 packaged, and how affordable they are.

20 Nickelodeon and the Cartoon Network are miles
21 behind the pack. Entertainment companies have as much
22 responsibility for responsible food marketing to kids
23 as the food companies do.

24 That may be even more, since they're the ones
25 that are actually airing these ads. So Nick and the

1 Cartoon Network should adopt nutrition standards; they
2 should apply those to the use of their licensed
3 characters.

4 All the entertainment companies, Disney as
5 well, need to apply their nutrition standards or have
6 nutrition standards for their advertising on television
7 and for marketing on their websites.

8 So while the food companies' announcements
9 are a great step in the right direction, I think there
10 are a few places to look at in the future. Maybe not
11 today, but later on.

12 Companies should follow Kraft and General
13 Mills' lead and agree not to market low nutrition foods
14 in any schools. Applying these standards only to
15 elementary schools -- they're not marketing only in
16 elementary schools -- isn't enough.

17 Schools are a different place. We parents
18 entrust our kids into the care of schools for many of
19 their waking hours. We need to cover all schools,
20 elementary, middle and high schools.

21 The sale of foods at vending machines and
22 other venues in schools is an important way that many
23 companies are marketing their products to kids.

24 Coke and Pepsi need to show that they are
25 truly serious about limiting soda sales in schools, in

1 a way that is assured and enforceable. They need to
2 move beyond voluntary guidelines and actively support
3 Senator Harkin's bill to set national nutrition
4 standards for all foods sold in schools.

5 Companies also should follow Kellogg and
6 General Mills' lead and apply their nutrition standards
7 to on-package marketing. Limiting the use of licensed
8 characters in ads is a good start, but it should also
9 apply to on-package.

10 The last concern I'll mention, as I see my
11 time has run out, is that the initiative wasn't able to
12 get industry-wide agreement on national nutrition
13 standards for food marketing to kids, and we need that.
14 This current mix of different nutrition standards by
15 different companies is just way too confusing for
16 parents, and for implementation and monitoring.

17 We need to be able to know what foods can be
18 marketed, and which foods can't. Also, we need to
19 continue to strengthen the nutrition standards over
20 time. That I don't think most health professionals
21 would agree that Rice Krispie Treats, Frosted Flakes,
22 Coca Puffs and Cookie Crisp cereals are health foods.
23 We need to move towards stronger nutrition standards.

24 So get the loopholes out of the standards,
25 which some companies like Kraft and Pepsico have. One

1 would include not allowing foods that provide a
2 functional benefit like sports drinks to be marketed to
3 kids. Coke and Pepsi should stop pushing so hard to
4 keep sports drinks in schools, and Pepsi should agree
5 not to advertise Gatorade on television.

6 So I think as a country, we've made some
7 really good progress over the least three years. I
8 think today is a day to celebrate. But we'll be
9 watching to see if more food and entertainment
10 companies come on board, and also to see how CBBB, the
11 CBBB participating companies fulfill their commitments.
12 Thank you.

13 (Applause.)

14 MS. HARRINGTON: Thank you, Margo. A B
15 performance there. Kathryn.

16 DR. MONTGOMERY: Thank you.

17 MS. HARRINGTON: Make it a solid B.

18 DR. MONTGOMERY: I'm going to try. I'll try
19 my very best to, but I'll do this first though.

20 MS. HARRINGTON: This is a wonderful panel so
21 far, don't you think? We're moving it right along.

22 DR. MONTGOMERY: We're trying to move it
23 along. Okay, so the clock just starts now.

24 MS. HARRINGTON: Yes.

25 DR. MONTGOMERY: All right. I want to make

1 three points basically, and I agree with Margo. I
2 think this is an important moment here. I see some
3 very significant progress today.

4 I do want to remind everyone, however, that
5 these announcements are coming at a time of
6 unprecedented intense legal and political pressure,
7 brought by health advocates, regulatory agencies and
8 Congressional members from both parties, including
9 pressure through threatened lawsuits from some of my
10 colleagues here.

11 As we've seen in the past, for self-
12 regulation to work the most effectively, it really
13 needs to be backed up by government laws and
14 regulations enacted in order to enforce these
15 guidelines, particularly if we're going to establish a
16 level playing field for, of course, the companies and
17 for all consumers, and to establish uniform standards
18 as opposed to the kind of mix of complicated differing
19 standards that we've seen today.

20 I think one good model is the Children's On-
21 line Privacy Protection Act, where the Federal Trade
22 Commission went to Congress to get the authority in
23 order to create a rule, a set of rules that would apply
24 to all of the industry.

25 I also want to remind everyone that times

1 have changed since the 1970's. We didn't have a
2 childhood obesity crisis and we do now and it's very,
3 very serious.

4 My second point is that any guidelines that
5 are developed must address not only television but the
6 full range of new and emerging digital strategies for
7 marketing food.

8 Excuse me a moment. We released a report
9 that I co-authored a couple of months ago on the --
10 documenting the range of marketing techniques that
11 companies are using now, food and beverage companies,
12 to reach young people.

13 These are designed to reach every touchpoint
14 of a person's life, 24-7. It's a fundamental departure
15 from traditional advertising. For example, we see
16 mobile marketing, where they're using cell phones and
17 text messaging to reach young people; behavioral
18 profiling, where they can track every move, on-line or
19 off, and compile elaborate profiles and aggregate that
20 data across different media and over time.

21 Inserting brands in video games and
22 responding to individual players' actions in real time,
23 and giving people the opportunity to order foods on-
24 line. Recruiting teens and kids to create ads
25 themselves and market to each other peer to peer on-

1 line. Making branded profiles for various food
2 products on My Space and other social networks.

3 Then in the newest frontier, using avatars
4 for advertising in Second Life and other three-
5 dimensional virtual environments. That's just a very,
6 very quick fast run-through. I urge you to go to
7 Digitalads.org to see the rest of our report, and we
8 will continue to follow these trends and these
9 practices.

10 Also, we have urged the Federal Trade
11 Commission, in its investigation of food marketing, to
12 look at the full range of these techniques as it
13 investigates marketing practices.

14 Finally, industry guidelines must protect all
15 children, not just the youngest children. Adolescents
16 have to be included. I'm a mother of a teenager
17 myself, and I can tell you that these young people are
18 also very much influenced by marketing, and they are
19 very much at risk for obesity as well.

20 They don't just automatically become immune
21 to marketing when they turn 12. I don't even know why
22 we picked that age. But we've got to look at
23 teenagers. Teens spend their own money on food. They
24 make more of their own food choices independently of
25 their parents. They do more of their food consumption

1 outside of the home. They frequent fast food
2 restaurants.

3 As our research has documented, food
4 marketers can now target teens through a variety of new
5 digital venues, completely bypass, completely under the
6 radar of parental oversight.

7 In anticipation of this meeting, I went on-
8 line to the Wendy's Frostyfloat.com website and entered
9 and said I was 14. Now I'm getting e-mails reminding
10 me to please come back and buy a Frost Float so I can
11 enter the contest and win an Nintendo Wii game console.
12 I don't have a slide for that, but nonetheless, you
13 might try it.

14 Anyway, I think this raises important privacy
15 issues, and it also raises a lot of other serious
16 issues. How are we going to create a healthy media
17 environment for young people, and I hope you'll
18 consider some of these issues. Thank you.

19 (Applause.)

20 MS. HARRINGTON: Thank you, Kathryn. That's
21 an A. That's an A.

22 DR. WARREN: Golly, I didn't dress for a
23 track meet, so --

24 (Laughter.)

25 DR. WARREN: I'm Ron Warren of the University

1 of Arkansas. I just want to start by thanking the FTC
2 for inviting us today. We've already heard about some
3 of the initiatives announced as early as 2005, and most
4 recently the NRC's initiatives.

5 What I wanted to do is just explain a little
6 bit about studies that we did on advertising content at
7 our university, and really set them in sort of a time
8 line. These data are from -- are just past the first
9 wave of initiatives. We analyzed over 7,000 food and
10 beverage advertisements in daytime and prime
11 programming, and did that over two time periods, from
12 November 2004 to February 2005, and then again from
13 January to May of 2006.

14 In the interest of staying within my five
15 minutes and trying for my A, I'll just summarize very
16 quickly. We analyzed product types, types of
17 persuasive appeals used in the ads, and the use of
18 production techniques that in the literature on
19 children and media have shown to sort of both heighten
20 children's attention to comprehension of and recall of
21 television messages, but also potentially distract them
22 from other elements of the message.

23 So things like animation, special visual
24 effects, sound effects, musical jingles, that may
25 distract a child from pertinent product information

1 that an advertiser's trying to communicate. Basically
2 what we found is very little change in the two years of
3 our sample, and the types of products that were
4 advertised, the kinds of appeals that were used to
5 advertise those products.

6 So while I'll certainly provide copies of
7 that research to those who were interested, several
8 people in the room have already read it. One thing I
9 want to underscore from that research is that our
10 concern is that it creates an environment where
11 emotional appeals about food products, the use of these
12 production techniques creates a kind of atmosphere or
13 an attitude about food in children that may not serve
14 them in the long run.

15 So there were two things, though, that I
16 wanted to point out just very quickly. This was the
17 same for all ads in our study, but it was also quite
18 consistent in ads that were targeted at children, and
19 aired during child-rated programs, programs that were
20 rated TV-Y, TV-Y7 and TV-G.

21 But we did notice two improvements in our
22 data. One was that unlike decades past, nutritional
23 claims about the products advertised on television are
24 one of the more frequent appeals that consumers will
25 see now on TV.

1 When you look at only child-rated programs,
2 of course, we found that dairy products have now
3 entered the list of most frequently advertised
4 products. That hasn't been true in decades past.

5 Now the last thing I sort of want to do is
6 just introduce a few questions, and maybe we'll have
7 time to discuss these or maybe not. But some of the
8 potential gaps in self-regulatory efforts, as we see
9 them, is this question we've heard sort of touched on
10 once or twice a day about do we monitor only children's
11 programming, or do we monitor shows that all kids
12 watch?

13 A sizeable number of children watch prime
14 time programming. Some of the most popular programs on
15 TV are prime time programs for kids.

16 Secondly, is it enough to enforce product
17 restrictions or change the product mix that we're
18 advertising to children, which is an excellent and
19 laudable step. But at the time same, can we use the
20 same techniques that we've seen effectively market junk
21 food to children, can we see them used to change kids'
22 attitudes about food?

23 Have we been linking the consumption of food
24 in children's minds to feeling better, and if so, we
25 can turn that around and now tie nutritional

1 information into that same sort of an appeal?

2 So three things that I just want to sort of
3 underscore here for our discussion. First, we think
4 it's absolutely crucial to keep monitoring the
5 industry's efforts to self-regulate food advertising,
6 and I would add that independent evaluation of that
7 will be an important component.

8 That effort to change the kind of content
9 that children will see when they see persuasive
10 messages about food consumption will be important to
11 communicating that information, to helping kids develop
12 better attitudes about food, and doing that within the
13 network of very complicated social circles that kids
14 live in on a day to day basis. That's something we
15 haven't heard too much about today.

16 Children live in cultures that are their own,
17 and while marketing is very effective at reaching those
18 kinds of peer cultures for kids, we need to think of
19 ways that we can also reach those kinds of peer
20 cultures with these kinds of messages.

21 If you have any more questions, I'm certainly
22 free to answer them after the panel or during the
23 discussion, and my colleague, Jan Wicks, is with me
24 today. Either of us can provide more information if
25 you'd like. Thank you.

1 MS. HARRINGTON: Thank you, Ron. Ron
2 finished with a minute left, which he is ceding to the
3 gentlewoman from Senator Harkin's office.

4 DR. KRISHNAMOORTHY: I'm going to be quick.

5 MS. HARRINGTON: Hi Jenelle.

6 DR. KRISHNAMOORTHY: Thank you very much.
7 Senator Harkin very much wanted to come today, but as
8 you may know, we had an all-night vote-a-rama going on
9 or speaking going on, I should say, and we also had
10 several votes today and a committee markup. So he
11 could not make it.

12 However, there are several points he wanted
13 me to make on his behalf this afternoon. He did have
14 the fortunate opportunity to come to the summer
15 workshop in 2005, and I was looking at his remarks. He
16 said to the participants, he encouraged them to put the
17 interests of children first, and to hammer out a
18 meaningful, effective approach to self-regulation.

19 So today is the day we get to see what has
20 happened. He believed that the food and beverage
21 industry are headed in the right direction in the
22 ongoing battle to combat childhood obesity and the
23 surging rates of diabetes in children.

24 By their participation in this effort, the
25 industry has realized that it makes good business sense

1 to provide healthier food options and to use their
2 marketing creativity to help parents and children make
3 better choices.

4 But -- there's always but, and this is key.
5 While some companies have been leading the charge and
6 have come up with bold initiatives, there are others
7 that are still sitting on the sidelines. We need more
8 companies to join this fight and to show real
9 leadership.

10 Senator Harkin encourages more food and
11 beverage companies, quick service restaurants,
12 employers in the media industry to get involved with
13 this initiative, and to make some more innovative
14 pledges.

15 Senator Harkin and Senator Sam Brownback from
16 Kansas have been participating in a complementary
17 initiative over the last several months, the FCC Task
18 Force on Media and Obesity.

19 They hope that these efforts today will lead
20 to media companies stepping up, making commitments to
21 using their marketing creativity to address kids'
22 eating habits, and to also help our children make
23 healthful food choices.

24 In sum, Senator Harkin commends the food and
25 beverage industries for the important and in many cases

1 bold steps that have been taken today. But he will, as
2 always, continue to follow closely the implementation
3 of these pledges, and the enforcement. Thank you.

4 (Applause.)

5 **QUESTIONS FROM THE AUDIENCE**

6 MS. HARRINGTON: Thank you, Jenelle. All
7 right. Now the fun begins, for our panel and for you
8 in the audience. I think we'll have some good
9 interaction on these questions.

10 The first two questions, and if we can have
11 the first one just a popcorn response right down the
12 line. The title of this panel is "Scoring the
13 Progress," scoring the progress that we've made to date
14 on meeting the recommendations from the 2005 workshop.

15 So scoring with letter grades, starting with
16 you, Wally, how do you score the progress?

17 MR. SNYDER: Well, I'm certainly -- you gave
18 me a C plus in my speaking, but I certainly am going to
19 give --

20 MS. HARRINGTON: Your content was excellent.

21 MR. SNYDER: I'm going to go higher than
22 that. I'm certainly going to say it's a B plus,
23 because CARU has been worked over. We also have the
24 initiative and who would have thought we would move
25 this quickly on the initiative with 11 companies. It's

1 really great to get this positive response from
2 consumers groups across the board.

3 So yes, there's more to be done, especially
4 bringing more companies in, more media companies in
5 particular. But it's certainly a B plus and I think
6 it's going up.

7 MS. HARRINGTON: Okay. Let's go to a tougher
8 grader. Kathryn?

9 DR. MONTGOMERY: Well, I'm concerned about
10 grade inflation.

11 (Laughter.)

12 DR. MONTGOMERY: I'd probably say C plus.

13 MS. HARRINGTON: Okay. Mary?

14 MS. SOPHOS: Well, I think if you look at the
15 challenges that we've been addressing, and particularly
16 those that were laid about the FTC and IOM, I think
17 we've made -- we ought to be judged at least a B plus,
18 because I think we've hit almost every single area that
19 we've been asked to address.

20 MS. HARRINGTON: Ron?

21 DR. WARREN: As an academic, I tell my
22 students I never grade first drafts. So in our study,
23 we noted some small steps of progress. But I think I'm
24 encouraged by a lot of what I hear today. So there's
25 excellent promise in the revision.

1 MS. HARRINGTON: Wow, okay. Margo?

2 DR. WOOTAN: I'm going to dodge too, and I'm
3 going to say wait for our grades, because they'll be
4 coming out soon.

5 MS. HARRINGTON: Okay, and Jenelle?

6 DR. KRISHNAMOORTHY: I would say a cautionary
7 B plus, in that we're, you know, really want to --
8 again, the proof will be as we move forward, and to see
9 how these pledges are implemented.

10 MS. HARRINGTON: Okay. Now we're going to
11 poll our audience, but before we do, let me give you
12 the next question to be thinking about. As they say in
13 Great Britain, "mind the gap." Where are the gaps?
14 Where are the gaps?

15 All right. So what do you people think? We
16 have a range here from -- where were you, Wally, a B
17 plus?

18 MR. SNYDER: B plus.

19 MS. HARRINGTON: Anybody out there in the B
20 range? B? The C range, the A range?

21 FEMALE PARTICIPANT: (Not on microphone) I
22 say A minus for the companies that are in the
23 coalition.

24 MS. HARRINGTON: There we go, okay. There's
25 the gap.

1 DR. MONTGOMERY: Can I say something, being a
2 professor too. This is a kind of a group project, you
3 know. So like you all get the grade in a way. I mean
4 if you look at it from the consumer point of view, it's
5 a whole -- we have to look at the whole industry.

6 Yes, the people in this group who have done
7 well would get A's, but we have to give them a group
8 grade. So you know, they've got to get their
9 classmates to come up to speed.

10 MS. SOPHOS: Well, if we do that, we need to
11 reflect that we're talking about two-thirds of the
12 advertising to kids that's in the universe. So it's
13 not simply, you know. We've gotten over half, well
14 over half of the folks involved. So I think you need
15 to factor that in.

16 MS. HARRINGTON: There's a school that I'm a
17 big fan of that gives two grades, an achievement grade
18 and an effort grade. None of the students in the class
19 can get an A if their classmates are failing. I think
20 that's your point.

21 All right. Anyone else in the audience have
22 a comment on scoring the progress to date before we
23 come back to the gaps? Yes.

24 MS. RUBIN: (Not on microphone) My name is
25 Ms. Rubin, and I have to say I'm a hard grader, because

1 my bottom line is my three daughters.

2 MS. HARRINGTON: So what's your grade?

3 MS. RUBIN: My grade is a D, okay. Twenty-
4 five years ago, the FTC possibly could have prevented
5 some of the problem we're dealing with now if it had
6 been a little harder on marketing directly to kids.

7 When my kids watch junk food ads on TV, you
8 undermine my parental authority, and you make my life a
9 lot harder in the market. So I'm going to turn off the
10 TV and I'm going to try to keep my kids away from more
11 and more screens.

12 MS. HARRINGTON: Okay. You know, the
13 interests change over the years. Twenty-five years
14 ago, the issue was cavities, oral hygiene. So we're
15 dealing with a different issue.

16 MS. RUBIN: Ours is a higher objective. We
17 need to go back to school for nutrition, because my
18 kids were eating garbage.

19 MS. HARRINGTON: Okay, thank you. Back to
20 our panel, and we'll come back to you. Don't worry,
21 audience. Where are the gaps? What is the principle
22 gap that you're seeing? Margo?

23 DR. WOOTAN: Well, I mentioned a few. One is
24 the companies that are missing, the food companies, the
25 fast food companies, and some of the entertainment

1 companies, and I think bringing the whole entertainment
2 industry under this.

3 The other is I think we need industry-wide
4 nutrition standards. I can't even keep track of all
5 the different standards. I'm constantly e-mailing
6 different companies about "I saw this ad for this
7 particular cereal. I thought it didn't meet your
8 standards," and then, you know, them getting back to
9 me. Here I am following this as a professional, you
10 know, not only as a mom.

11 It's very confusing. I think we need
12 consistent standards. We need to get rid of loopholes
13 like 25 percent reduced fat, sodium and sugars. The
14 foods need to meet the standards, in a straightforward
15 way. This reduced category or, you know, allowing
16 reduced products. Reduced doesn't mean low enough.

17 Also, the functional benefit, I think
18 especially with sports drinks. You know, if I were the
19 beverage companies, I would just give up on pushing
20 hard on sports drinks and advertising in schools, so
21 that this issue will go away, so that the advocates or
22 parents don't have anything to complain about. Have a
23 nice, clean policy.

24 If the companies keep pushing on sports
25 drinks in school, we're going to keep complaining about

1 sugary beverages in schools. Then on schools overall,
2 I think it has to include middle and high schools,
3 because of that's where the problem is. It's not
4 enough to just address the sale of low nutrition foods
5 or the marketing of low nutrition foods in elementary
6 schools. It needs to be in middle schools and high
7 schools as well.

8 MS. HARRINGTON: Okay, Wally?

9 MR. SNYDER: I think that -- I don't agree
10 that there has to be one standard, one nutritional
11 standard. I think that if we had waited for that, we
12 would not have this progress we have right now. The
13 other thing we have to remember is there's a great deal
14 of transparency here, as to exactly what these
15 companies have promised.

16 They've said exactly what they will do, and
17 there will be oversight of that by the initiative, so
18 we will know where they stand on these issues. I think
19 that's better.

20 I know there's a lot of complication here,
21 but I think parents have to really be able to believe
22 that what the kids see on those ads on children's
23 programming is for better foods, and that progress had
24 been made.

25 MS. HARRINGTON: Do you see gaps?

1 MR. SNYDER: I think the gaps that really can
2 be addressed are not all the companies are in. But
3 when Margo says it, I think that's very positive,
4 because that can be addressed. I think more and more
5 companies will come into this quickly as we move
6 forward. That's a gap right now.

7 MS. HARRINGTON: Jenelle?

8 DR. KRISHNAMOORTHY: I think something that
9 Senator Harkin has definitely been concerned about is
10 getting more of the media companies involved, and with
11 different entertainment, the entertainment companies,
12 as we have more films come out and things like that
13 that we're watching, where licensed characters are
14 going and how they are being used.

15 So we again, you know, we're hoping that with
16 the FCC Task Force and the report due out in early
17 September, that possibly the media companies and the
18 entertainment sector can really step forward with, you
19 know, a bold initiative to follow in suit with the food
20 and beverage companies today.

21 MS. HARRINGTON: Ron?

22 DR. WARREN: I certainly want to underscore
23 some of what Margo has said, you know. In our data,
24 pizza and fast food ads were one in four food ads in
25 over 7,000 ads that we analyzed. So I'd certainly

1 underscore what Margo said a few minutes ago.

2 I would also again just sort of underscore
3 the fact that it is absolutely excellent and laudable
4 that we have self-regulation on programming that's
5 directed at children.

6 I want to underscore the fact that that's not
7 all the programming that children watch even on
8 television, and television is certainly not the only
9 medium that children use. So that's a gap I sort of
10 want to underscore too.

11 One point that I guess I didn't mention in my
12 effort to stay under the five minutes there was that
13 speaking from a research perspective, the literature is
14 not exactly voluminous yet on what's happening with
15 marketing messages when they reach the home, and what
16 parents and children are doing together to sort of
17 negotiate marketing's influence on their diet and
18 what's in their cupboard. So that's a gap I would
19 certainly underscore as well.

20 MS. HARRINGTON: Mary?

21 MS. SOPHOS: Well, I don't know if this is a
22 gap or just an opportunity that we should seize, and
23 that is I go back to what I think Chris Shea was
24 talking about, and that is that there is a unique
25 opportunity for the media and food and public sector to

1 talk a little bit more to the consumer about calories
2 and about energy balance.

3 They need a context for understanding how to
4 manage their diet, and they do not understand calories.
5 They don't understand the concept. I think that this
6 is an opportunity. If you're talking about people in
7 media and entertainment and food and everywhere else
8 stepping up and doing something that's useful, I think
9 that would be a tremendous opportunity.

10 MS. HARRINGTON: Kathryn?

11 DR. MONTGOMERY: Yeah. I've laid out some of
12 mine already. I think there are several key gaps here.
13 First of all, I agree with Margo and others that, as I
14 said, that the standards are very confusing. They're
15 not uniform and I was worried that maybe I have to take
16 a test on it to see who -- which companies had which
17 standards. It's very, very complicated.

18 I think that could be made much simpler and
19 easier to understand, and I would hope that the
20 industry would work toward that and that government
21 could play a role there. I just want to underscore
22 what I said earlier about the nature of the digital
23 media culture. Television is not part of this new
24 culture.

25 It's not something different from it. It's

1 not as if the Internet is something separate. We
2 really have to make sure that we're not just developing
3 guidelines that apply to television. There are some
4 that apply to the Internet, but definitely not enough.
5 I mean some of the advergame requirements, for example,
6 for companies sites, that's very limited.

7 It has gone way beyond that and it's going
8 much, much faster than any of the changes we're seeing
9 industry make, and I think they need to step up to the
10 plate there, and I think the FTC needs to play a strong
11 role and I hope they will.

12 MS. HARRINGTON: Okay.

13 MS. SOPHOS: If I could just add one point --

14 MS. HARRINGTON: Sure.

15 MS. SOPHOS: Or a caution really on the one
16 nutritional standard. I think part of the flexibility
17 that is in place in this is it's actually designed to
18 create the largest possible impact. We're talking
19 about small differences, but to the consumer, the net
20 result is a whole range of improved foods.

21 I think what you've seen is by the data that
22 I laid out, we've seen tremendous innovation and
23 product reformulation driven by competition. If
24 everybody's conforming to a single standard, I'm not
25 sure you would get the broad impact and the variety of

1 engagement from products across the board in terms of
2 this overall improvement.

3 I think that's just a caution, as you look at
4 this, because we should be looking at outcomes, not
5 whether there's differences, minor or otherwise, in
6 nutrition standards across product categories and
7 product portfolios that are very, very different.

8 DR. WOOTAN: I think, you know, that's -- I
9 think the standards for today are great, and today
10 should be mostly about celebrating and companies should
11 feel really good about how far they've come and what
12 they're doing. But I think we should be moving toward
13 a single standard.

14 The hodgepodge of standards is going to be
15 very difficult for monitoring. I mean it's going to be
16 hard enough for CBBB and Elaine to monitor. You know,
17 I find, as a consumer advocate, it very hard to
18 monitor, and I am constantly calling and e-mailing
19 companies, saying I saw this ad.

20 I don't think it met your standards, what's
21 going on, that how complicated some of the standards
22 are and the differences between the different standards
23 and how they're applied make it very difficult for even
24 people who are doing this for a living to monitor, much
25 less for parents to be able to keep an eye on whether

1 or not the companies are following it.

2 So I think to really get the public engaged,
3 to make it easier to monitor, easier to enforce, we
4 should be moving toward a single standard, a strong
5 standard but a single standard.

6 MS. HARRINGTON: Okay. We're going to have a
7 couple of very quick comments from the audience right
8 here.

9 MS. PATTON: First of all, I just want to say
10 that, you know, being a mother and being --

11 MS. HARRINGTON: Can you identify yourself?

12 MS. PATTON: Diana Patton from Toledo, Ohio.

13 MS. HARRINGTON: Thanks.

14 MS. PATTON: I'm a mother/nutritionalist and
15 life coach. Last time, I don't teach calorie counting.
16 I don't know. Does anyone count calories here? You've
17 got a gram counter? Okay. I just want to make
18 certain, because I understand this being the standard,
19 but I just want to say to the youth, this is not
20 something that they are going to relate to.

21 I think the advertisers know that emotion --
22 to what you said Ron -- is what people relate to. So I
23 think if we want to get to these -- to our youth, is
24 having them draw the correlation between what they're
25 doing and what they're eating, to what they're feeling

1 and how they're reacting.

2 Advertisers know that. We know that. So all
3 I'm saying is is going out and just preaching nutrition
4 education is one thing, which tends to fall on deaf
5 ears because we've been doing it for a very, very, very
6 long time, and we are not seeing the results.

7 So I see the gap being on emotion, and making
8 certain that we have our children understand that this
9 leads to chronic disease. One suggestion. Implement
10 some warning labels to these foods, that these foods
11 have been known to contribute to chronic disease. How
12 about that?

13 Okay, because we do it with smoking and
14 cancer is a big issue and so is obesity. So I have one
15 other comment, thank you, and to stop the undermining
16 of deceptive advertising. For example, that licorice
17 is a low fat food. Thank you.

18 MS. HARRINGTON: Thank you. One quick
19 comment back here.

20 DR. KUNKEL: Yes. I'm Dale Kunkel from the
21 University of Arizona, and I wanted to pursue the point
22 that Mary Sophos was making.

23 I appreciate the argument you're offering,
24 which is that companies, for example like Hershey's or
25 Mars, may not be able to be part of this program if you

1 use absolute standards for nutrition.

2 I don't mean to pick on those, because I
3 don't know their nutritional qualities. But candy
4 companies, for example, may have difficulty coming in
5 with one standard. So you're saying that the program
6 has merit because it brings in more participants.

7 But this is a counterpoint that I think is
8 likely to result from having differing standards. In a
9 paper I published in the last few months in the *Journal*
10 *of Nutrition Education and Behavior*, we looked at the
11 early food rating systems like Smart Spot and Sensible
12 Solutions, and we found they're both well-intentioned
13 efforts by different companies, but they employ
14 differing criteria.

15 So what it comes down to is you can find
16 products like one bag of potato chips that qualifies as
17 a healthy food in one framework but not in the other.
18 If you get to the point where consumers, parents then
19 see that reported in the press, if they see that "Oh
20 well, it came from Kellogg's, so for Kellogg's a
21 healthy product but it wouldn't be if it came from
22 Pepsico," I think the public is likely to lose
23 confidence in your program.

24 I think that's the reason why Margo and
25 others are suggesting so strongly that you think about

1 moving towards the prospect of uniform standards. Do
2 you see that point?

3 MS. HARRINGTON: Thank you.

4 DR. KUNKEL: Or do you want to respond, I
5 should say?

6 MR. SNYDER: I think we did.

7 MS. HARRINGTON: Yes, I think we've had a
8 response on that, and I have a new question for the
9 panel. Let's look to 2008 now, you know. Gaze into
10 your crystal ball.

11 What is going to happen in 2008, either
12 broadly in the childhood obesity debate/discussion,
13 initiatives or specifically with regard to food
14 marketing? Where are we going to be? What will happen
15 in 2008 and what are we going to be facing? Because we
16 want to be ready and figure out what we need to score
17 progress on next.

18 MR. SNYDER: I think that what you will see
19 in 2008, additional companies that agree to be part of
20 this initiative. How many, I'm not sure --

21 MS. HARRINGTON: We're going to get the other
22 third, or are we going to get all of them?

23 MR. SNYDER: Well, you're going to get, I
24 think, a substantial number that are going to be coming
25 in, because they're going to see how this works for

1 their competitors. I think they're going to see that
2 it's working well for them.

3 So I believe you'll see more coming in, and I
4 think that once we've started down this road, it's
5 going to continue to expand. There's not going to be a
6 retreat.

7 MS. SOPHOS: I think what we're likely to is
8 the impact of the changes and the implementation of a
9 lot of the initiatives we've seen, and we're going to
10 start to see reports from the CBBB on their monitoring
11 of how effectively the companies are living up to their
12 commitments. I think that will be a key benchmark.

13 MS. HARRINGTON: Margo?

14 DR. WOOTAN: I would agree with Wally. I
15 hope we'll see more companies joining in, especially
16 the entertainment companies. I think that companies
17 that have made pledges today will be working toward
18 implementing those pledges.

19 So I mean it looked like that was going to
20 take through 2008. So then in 2009, I think we'll
21 start to think about enhancements and some of the gaps
22 in the policies. I think the other thing, where
23 parents have really focused on food marketing is in
24 schools, especially on the sale of low nutrition foods
25 and soft drinks in schools.

1 That's the biggest concern of parents.
2 That's been the major focus by the public health
3 community. I think if we don't pass national standards
4 for and get soda and low nutrition foods out of schools
5 nationally, that parents will not see the overall
6 initiative as a success.

7 I think that's the thing they're working on.
8 They're looking at if we don't pass Senator Harkin's
9 bill, parents will think we haven't really begun to
10 address obesity.

11 DR. MONTGOMERY: I know that we will see more
12 and more food and beverage marketing moving further
13 into the digital media, into 3-D virtual reality, into
14 social networks and even newer platforms that are
15 emerging.

16 So I hope we will see from industry some very
17 clear and strong guidelines for addressing those. I
18 haven't yet really heard of that, so I'm looking
19 forward to what you all will bring to the public next
20 year.

21 DR. WARREN: Well, I certainly think that we
22 should see a shift in the types of products that are
23 advertised to children. I certainly hope that. I hope
24 we also see changes in the types of products that are
25 advertised in general, especially in dominant media.

1 I expect that we'll see less of a change in
2 the kinds of persuasive appeals that are used to market
3 products to children, and I certainly don't think food
4 is the only example I could offer of the use of those
5 kinds of appeals. But it would be nice to see those
6 appeals directed towards healthier alternatives.

7 I expect that in -- well, I hope, I hope for
8 all the world that in a year, we're ready to move on
9 and start looking at how policy makes an impact in the
10 home. There's not a lot of attention in this day and
11 age to the way that parents and children can make use
12 of these kinds of policies.

13 I know that it's the FTC's concern and
14 mission to make sure that consumers have as many tools
15 in their arsenal as possible to fight the good fight.
16 So I hope that a year from now, we're ready to focus on
17 those kinds of issues as well.

18 MS. HARRINGTON: Jenelle?

19 DR. KRISHNAMOORTHY: I will just add that I
20 think, as Mary said, you know, hopefully there will be
21 this competition that you're saying, and that this is
22 just the beginning, and that people are going to
23 ratchet it up. There's going to be more reformulation
24 of foods, and those are the foods we're going to see
25 these healthy foods being advertised.

1 I'd also say from Senator Harkin's
2 perspective that we want to reevaluate these and see
3 where are other areas that we can have more public-
4 private partnerships to assist in giving more healthful
5 choices to our kids and to adults.

6 MS. HARRINGTON: We have time for a couple of
7 audience questions. Back here?

8 MR. HOFFMAN: Yes. My name is Adonis
9 Hoffman. I'm a Fellow at the Center for Responsible
10 Media and Marketing at the American Business Leadership
11 Institute.

12 My question goes to, I guess, address the
13 question you posed, Eileen, with respect to gaps.
14 African-Americans and Hispanics are over-indexers.
15 They over-index in media consumption, they over-index
16 in the purchasing of food and grocery products. They
17 over-index in the consumption of the foods in question,
18 and they over-index in health disparities. But they
19 under-index in the dollars that are targeted to efforts
20 to address these problems.

21 The question I have to the panelists, both on
22 the advocacy side and the industry, is what are you
23 doing specifically to address these, the
24 disproportionate impact that obesity has in these
25 particular populations?

1 MS. HARRINGTON: We'll start on the other end
2 this time. Jenelle, can we begin with you and just
3 move down the panel?

4 DR. KRISHNAMOORTHY: That's a very good
5 question. I know that just in the more government
6 arena, we have definitely been trying to find more
7 research in these areas, and trying to examine where
8 the federal government can put more initiatives, so we
9 can -- and we have a minority health bill that we're
10 considering right now on the Health Committee, that
11 would give more attention to these issues.

12 DR. WARREN: I think my first response would
13 be yes to everything that you said, of course. But to
14 also recognize that there's an opportunity now with the
15 sort of media mix that we have available to kids,
16 especially from minority families. There's a real
17 opportunity to start to reach out to those kids, and to
18 reach out to families who, I think, need a lot of help
19 getting these kinds of things done.

20 So you know, earlier today we heard from the
21 folks at the BET Foundation. I would love to see those
22 efforts quadruple. I hope they will. I don't know if
23 they will, but I think that's got to be a primary goal
24 in whatever policy the FTC decides to craft in this
25 area.

1 DR. MONTGOMERY: You've raised a very
2 important point, and I'm sorry that there was no one
3 really on the panel to talk about the marketing part
4 targeted at multicultural target markets of young
5 people.

6 We did cover some of this in our report a
7 couple of months ago, but it's a very, very important
8 area that the FTC needs to look at, because there is a
9 great deal of very aggressive marketing that's aimed
10 specifically at these target demographic groups, where
11 there are particular vulnerabilities. It's got to be
12 on the agenda. It's got to be addressed.

13 DR. WOOTAN: Well, I think the pledges that
14 companies have made today will be of great benefit to
15 low income and minority children, that for children
16 under 12, the kids are all watching the same
17 programming. There isn't black children's television
18 and white children's television. I mean the kids
19 basically all watch the same programming.

20 It's just that lower income and black
21 children watch more of it. So I think by changing the
22 mix of advertising, reducing the marketing of low
23 nutrition foods, that will be a huge benefit to low
24 income children.

25 Also, we're working on improving school

1 nutrition environments, improving school meals, and
2 trying to get the low nutrition foods out of the
3 vending machines at school stores, a la carte. That's
4 going to help all children, low income, high income,
5 all over the country.

6 So I think again, I don't know how many times
7 I've said it, we've got to pass Senator Harkin's bill
8 and get the soda and the low nutrition foods out of
9 schools, because that really undermines children's
10 diets, it undermines nutrition education, it undermines
11 parents' efforts to feed their children healthfully,
12 that it sends the wrong message to children about
13 healthy eating.

14 I think another thing we need to look at is
15 restaurant food consumption and fast food consumption
16 that in a lot of low income neighborhoods families rely
17 a lot on fast food restaurants to feed their families.
18 There aren't supermarkets and there are fast food
19 outlets. That's a key category that's marketed to
20 children.

21 One policy that we're working on to help
22 parents to make better choices for their children in
23 fast food and other chain restaurants is to require
24 chain restaurants to list the calories on the menu
25 board, so that people can make informed decisions.

1 Senator Harkin has a national bill and there
2 are bills that have been introduced in over 20 cities,
3 counties and states across the country. The first to
4 pass is in New York City, and the second to pass, I
5 hope, will be tomorrow in King County in the state of
6 Washington.

7 But this is a growing movement across the
8 country, and I think will really help families for what
9 is a growing and often problematic part of their diet.

10 MS. SOPHOS: Yes. Let me mention just a
11 couple of things, and we know it's documented that
12 certain groups are more vulnerable to the obesity
13 crisis. It's blacks and Hispanic community as well.

14 In 2003, the food and beverage industry
15 established the American Council for Fitness and
16 Nutrition, whose goal was to promote partnership to
17 address childhood obesity.

18 We have partnered with the American Dietetic
19 Association and their practices in black and Hispanic
20 communities, to develop specific blueprints for
21 community engagement, recognizing that you need to talk
22 to folks who are used to building community efforts.
23 We've worked with them to disseminate those blueprints
24 across communities across the country.

25 We've also, when the USDA promoted or first

1 published their new dietary guidelines, we translated
2 those, that curriculum into English and Spanish
3 versions that could be sent out through the *Weekly*
4 *Reader*, and help give teachers some easy curriculum and
5 parents also, so that these had parents take-home
6 projects and so forth.

7 There are a number of other areas that we've
8 tried to focus on, but I think a great deal more needs
9 to be done.

10 MR. SNYDER: I really agree with the way Ron
11 put it. I think that we need to continue to reach out
12 to minority families and children with education, and
13 to do so in relevant ways, culturally and ethically so
14 that really these messages work.

15 I really was very much taken by Linda Dorman
16 on the BET Foundation and all the work that's being
17 done right there. So that's the groups we should be
18 partnering with.

19 MS. HARRINGTON: Well, I think we could
20 probably go all night. But there's one person
21 designated to have the last word today, and that's
22 Lydia Parnes. But let's thank our panel first.

23 (Applause.)

24 **REMARKS - LYDIA PARNES**

25 MS. PARNES: Well, what -- oh. I'm going to

1 just put this down. What a spectacular day this has
2 been. I want to thank all of our speakers, panelists
3 and all of you folks who attended this conference, for
4 participating in today's forum.

5 If you'll indulge me for just a moment, a
6 very special thank you to the FTC staff who did such a
7 fabulous job of putting this forum together.

8 (Applause.)

9 MS. PARNES: I'm going to name names. Mary
10 Johnson, Carol Jennings, Sarah Botha, Keith Fenton-
11 Miller, Dana Feingold, Aaron Malik, our summer college
12 interns and the entire Air Practices support staff. So
13 thank you all for all of the tremendous work that
14 you've done.

15 (Applause.)

16 MS. PARNES: I know we've got a lot of folks
17 here who have traveled and you're eager to get home.
18 So I'm going to talk fast and if Eileen was still here,
19 she would give me an A on this.

20 (Laughter.)

21 MS. PARNES: Some of you, you know, we've
22 been talking about, you know, television and
23 advertising on television. So I'm going to refer back
24 to a television series from the 1970's that some of you
25 may remember, Kung Fu. It starred David Carradine and

1 he was a wondering monk.

2 In a flashback to his childhood, his master
3 unravels a large roll of rice paper along the floor,
4 and asks the young monk to walk on the rice paper. The
5 master says that when he can walk on the rice paper
6 without leaving a trace, he'll be ready to leave the
7 monastery and go out into the world.

8 In a similar way, we in the government,
9 industry, educators, advocates, as parents, we all need
10 to be masters as well. We need to educate and motivate
11 our children to lighten their caloric footprint, so
12 that they can walk through this world without the
13 burdens of overweight and obesity.

14 Childhood obesity is such a difficult problem
15 to tackle, because as all of our panelists today have
16 discussed, it results from a confluence of factors.
17 Less physical activity at home and at school; changes
18 in family eating patterns; competitive foods and
19 beverages in schools; and a popular culture that
20 encourages over-consumption in general, and that's just
21 to name a few.

22 Although food marketing to children also may
23 play a role in childhood obesity, our purpose today was
24 not to debate causation or to assign any blame.
25 Instead, we focused on the strategies that food and the

1 media industry members have adopted or pledged to adopt
2 for our children's health.

3 Based on what I've heard today, I am very
4 optimistic that industry self-regulation will continue
5 to adapt and help make healthy choice the easy choice.

6 Our 2006 report on childhood obesity
7 announced several recommendations to improve self-
8 regulation in the food marketing industry, and as we
9 heard today, there are significant industry members who
10 have stepped up to the plate, most significantly
11 consider the 11 members of the children's food and
12 beverage advertising initiative.

13 Three have pledged not to advertise to kids
14 at all. Eight have adopted minimum nutritional
15 standards for marketing to children under 12. All
16 foods these eight will advertise to children will soon
17 meet Better For You nutritional standards.

18 These companies account for two-thirds of
19 television food ads directed at kids. So in the years
20 to come, as our recent panelists noted, we should see a
21 real change in the types of food ads that our children
22 see.

23 But to the companies responsible to the
24 remaining one-third of ad expenditures, I join our
25 panelists in asking why aren't you here today with your

1 pledges? We expect you to join this self-regulatory
2 effort sooner rather than later.

3 There's been follow-through on several other
4 recommendations from the 2006 report. First, CARU now
5 has the authority to take action against unfair
6 advertising targeted to children, and to address newer
7 forms of marketing, such as advergaming, buzz
8 marketing, enviromarketing.

9 Second, food companies like Kraft, Kellogg's
10 and General Mills have designed packaging to control
11 portion sizes and have reformulated existing products
12 or created new ones that are lower in calories or are
13 more nutritious. Personally, I really love the 100
14 calorie packs of anything. I think they're great.

15 Third, cereal boxes for General Mills and
16 Kellogg's and packaging for many Kraft and Pepsico
17 products among others, carry nutritional information or
18 icons to help consumers easily identify nutritious and
19 lower calorie products.

20 One question that's been discussed today and
21 that remains is whether consumers would benefit from a
22 uniform front of the package seal to identify healthier
23 foods. The Keystone Center for Food and Nutrition
24 Roundtable has begun to explore this very idea, and I
25 am sure that we'll be hearing more on that front.

1 Fourth, leading food manufacturers and the
2 major beverage companies have partnered with the
3 Alliance for a Healthier Generation, to establish
4 nutritional guidelines for beverages and competitive
5 foods in our schools. We've also heard that food
6 companies have enhanced their public education efforts
7 on nutrition and fitness.

8 Fifth, media and entertainment companies like
9 the BET Foundation and corporate partners of the Ad
10 Council have continued to disseminate effective
11 messages to children and parents about nutrition and
12 fitness. The Walt Disney Company and the Sesame
13 Workshop have adopted policies that gear the use of
14 licensed television and movie characters towards more
15 nutritious, lower-calorie products.

16 Their bold new policies are commendable, but
17 the remaining movie studios and television content
18 providers must follow suit. Like Disney and Sesame,
19 these companies well understand the persuasive power of
20 their characters.

21 So we expect that they too will go beyond
22 public service announcements and rein in the use of
23 their licensed characters to sell less nutritious
24 foods. What will the FTC be doing?

25 Well, we'll be carefully scrutinizing the

1 industry pledges announced today. We'll monitor both
2 the level of compliance and if necessary the
3 sufficiency of penalties imposed against members who
4 break their pledges. We'll also assess the quality of
5 the pledges themselves.

6 To assist our analysis, within weeks, we will
7 be serving compulsory process orders on 44 food and
8 beverage companies that market to children and
9 adolescents. The study will establish a baseline of
10 child and adolescent-directed marketing practices by
11 which to measure the success of industry initiatives.

12 It will provide us with a comprehensive look
13 at how the food industry uses measured media, such as
14 television and print advertising, and unmeasured media,
15 such as in-store marketing, character licensing, viral
16 marketing and product placements, to target children
17 and adolescents.

18 Once we've analyzed the data, we will issue a
19 report on these methods and expenditures. In addition,
20 we'll be issuing our own report card on industry
21 responses to the recommendations we made in the 2006
22 report.

23 As Chairman Majoras said this morning, the
24 battle against childhood overweight and obesity is a
25 marathon. I am very encouraged that members of the

1 food marketing industry are on their way in this
2 marathon. It's up to the rest of the industry to join
3 the race.

4 Thank you again so much for attending, and we
5 look forward to seeing you maybe next year.

6 (Whereupon, at 4:26 p.m., the meeting was
7 concluded.)

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C E R T I F I C A T I O N O F R E P O R T E R

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CASE TITLE: WEIGHING IN: MARKETING, REGULATION AND
CHILDHOOD OBESITY

HEARING DATE: JULY 18, 2007

I HEREBY CERTIFY that the transcript contained
herein is a full and accurate transcript of the notes
taken by me at the hearing on the above cause before
the FEDERAL TRADE COMMISSION to the best of my
knowledge and belief.
