



# Federal Trade Commission

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## **THE UNITED STATES FEDERAL TRADE COMMISSION PROMOTING SOLUTIONS TO CHILDHOOD OBESITY: Perspectives on Food Marketing and Self-Regulation**

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**European Union Platform on Diet, Physical Activity and Health  
Joint EU-US Meeting**

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Good afternoon. It is a privilege to have the opportunity to take part in this transatlantic meeting to discuss the good practices underway on both continents to promote diet, physical activity, and health. I would like to thank Commissioner Kyprianou and Director General Madelin for their vision in developing this event, and the European Commission staff for gathering an impressive group of stakeholders to participate.

I begin with the history of the lowly tomato.<sup>2</sup> As some of you may know, tomatoes originated in Central America as a weed in maize and bean fields. Despite this humble origin, they were the foundation of the Mexican diet when Cortez arrived in Mexico in 1519. Shortly thereafter, two Jesuit missionaries brought red tomatoes back to Italy. In the mid 18<sup>th</sup> Century, Italians began using tomato sauce as an accompaniment to pastas like ravioli and tortellini that

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<sup>1</sup> The views expressed herein are my own and do not necessarily represent the views of the Federal Trade Commission or of any other individual Commissioner.

<sup>2</sup> See R. Tannahill, *Food in History* (2<sup>nd</sup> ed. 1988).

they had developed during the Middle Ages. In the late 19<sup>th</sup> Century, Italian immigrants brought a taste for pasta with tomato sauce with them to the United States. Over the past century, pasta with tomato sauce has become an important staple of the American diet, thus returning the tomato to an important place in the diet of the New World.

So, what's my point? First, to the Italians in the audience, we thank you! Second, and more seriously, Americans and Europeans have shared foods and ideas about food for centuries. Today, I share my thoughts about recent American experience with an important idea concerning food – namely, the role of food industry self-regulation in helping to address obesity. By sharing ideas about industry self-regulation in a candid dialogue among industry, government, consumer groups, health NGOs (non-government organizations), and others, we can learn more about its potential for combating obesity – which I know is our common goal and our common challenge. Working together, across public and private sectors and across borders, will help us empower people to make positive changes in how they eat and how they live.

### **Childhood Obesity**

By now, everyone in this room is familiar with the sobering statistics on obesity and its impact on public health. In the United States, more than 60 million adults are obese. The trend among children is even more disheartening. Nine million American children between the ages of 6 and 19 are obese. The percentage of overweight children has tripled in the U.S. since 1980.<sup>3</sup> And one prediction recently estimated that by 2010, nearly half of the children in North and

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<sup>3</sup> “Overweight and Obesity: Home,” Division of Nutrition and Physical Activity, Centers for Disease Control and Prevention (Apr. 29, 2005), <http://www.cdc.gov/nccdphp/dnpa/obesity>.

South America will be overweight.<sup>4</sup> But our problem is not unique. We now have much company around the world. The same models predict that 38 percent of all children in the European Union will soon be overweight, and the percentage of overweight children in the Middle East and Southeast Asia will also increase significantly.<sup>5</sup>

This brings discouraging news about the health consequences for our children. More of them are developing serious conditions like diabetes. Some in the medical community believe this will be the first generation that will have a shorter life expectancy than their parents.<sup>6</sup>

Obesity has even reached the youngest of our children. Just this April, a study found that more than a quarter of a million U.S. children under the age of 6 – and nearly 5 percent of all 3-year-olds – are too heavy for their car safety seats.<sup>7</sup> Manufacturers are now making child safety seats that are 4 inches wider than standard seats. This news has provided fodder for the late-night comedians, but it is a serious matter.

Many in the U.S. and around the world are engaged in a vigorous debate about who is to blame for rising childhood obesity rates. Some blame city planners for failing to provide bike paths and sidewalks for our children. Some blame schools for cutting physical education classes. Some blame television and video games for enticing our children indoors and keeping them

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<sup>4</sup> Y. Wang & T. Lobstein, “Worldwide Trends in Childhood Overweight and Obesity,” 1 Int’l. J. of Pediatric Obesity 11 (Jan. 2006).

<sup>5</sup> *Id.*

<sup>6</sup> See “Study: Child Obesity Expected to Soar Worldwide,” The Associated Press (Mar. 7, 2006), reprinted at <http://www.msnbc.msn.com/id/11694799/>.

<sup>7</sup> L. Trifiletti *et al.*, “Tipping the Scales: Obese Children and Child Safety Seats,” 117 Pediatrics 1197 (April 2006).

sedentary. Some blame families in which both parents work outside the home, leaving no time for either parent to prepare nutritious meals. Some blame restaurants for larger portion sizes. Some blame the food and beverage industry for offering too many good-tasting, convenient foods that are too high in calories and marketing them in ways that are too appealing to our children. The only point on which there may be consensus is that obesity is a complex problem with many contributing factors.

I do not believe that we will ever fully resolve the debate about how we have arrived at this public health crisis and who is most to blame. But I am not interested in blame. I am interested in action. All segments of society – government, schools, parents, doctors, food companies, and the media – need to take a hard look at what we can do to help improve our children’s health.

And it is critical that our efforts, and the efforts of all stakeholders, be collaborative, not combative. Too much is at stake here for any one sector to assume all of the blame, or take on all of the burden, of reversing childhood obesity. I know that some would like to lay our current problems primarily at the feet of food advertising and marketing. Under this view, the proposed fix is class action lawsuits and government bans on marketing certain foods to children. But such government bans are neither wise nor workable. Moreover, such bans may not even be legal in the United States where truthful commercial speech enjoys constitutional protections. It would be, however, equally unwise and unworkable for industry to maintain the status quo. Ignoring the health needs of children would be risky business. Industry must respond to the genuine public concerns surrounding food advertising and marketing by taking strong action to

modify their products, their marketing techniques, and their messages. I believe, however, that those actions should be industry-initiated, not government-imposed.

Although some here may doubt the commitment of industry to self-regulate in any meaningful way, I have seen examples of successful self-regulation and the advantages it can offer. Under the right circumstances, industry-generated solutions can address problems more quickly, creatively, and flexibly than government regulation can. Industry measures can be put in place without extended delays and litigation that government action often entails, and they can be modified more quickly if they do not work. That does not mean that government has no role. We can and should encourage, guide, and push the private sector in the right direction. We can do this by keeping a close watch on their progress, by being vocal and candid in our assessments, and by being ready to take other steps if warranted.

In the United States, just last week we saw a powerful example of the ability of industry to self-regulate. On May 3, representatives of Cadbury Schweppes, Coca-Cola, PepsiCo, and the American Beverage Association announced that they had established new guidelines to limit portion sizes and reduce the number of calories available to children during the school day. Under these guidelines, only lower calorie and nutritious beverages will be sold in schools. Such initiatives show the ability of industries to encourage healthier habits, and forming these habits can have long-term positive consequences for children and teenagers.<sup>8</sup>

### **FTC/HHS Workshop**

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<sup>8</sup> See “Bottlers Agree to a School Ban on Sweet Drinks,” *New York Times* (May 4, 2006).

Putting the challenge to industry was, in fact, the primary goal of the joint workshop that the Federal Trade Commission and the Department of Health and Human Services hosted last July.<sup>9</sup> The U.S. federal government has undertaken many initiatives to reverse rising obesity rates, particularly among children, many of which the U.S. Department of Health and Human Services and its agencies described earlier today.

The purpose of our workshop, however, was to encourage the private sector to take the initiative. We asked the food and beverage manufacturers, restaurants, and the media and entertainment industry to tell us what they are doing to address obesity. Clearly, one effective way to reach children and persuade them to eat better and exercise more is to harness the tremendous knowledge, creativity, and marketing power of these industries. The industry has the ability to effect real change in the public's food choices. Our workshop provided a jump start for that change.

Our two-day public workshop brought together a diverse mix of participants – food companies, advertising agencies, media, consumer and public health groups, academics, government, and others. A representative from the European Commission also participated. The workshop panels reviewed current marketing practices and surveyed the actions that the food industry and media are taking to create and market healthier foods to children and to encourage positive changes in children's diets and health. The agencies also devoted a significant portion of the workshop to scrutinizing current self-regulatory programs governing how foods are marketed to children. Workshop participants expressed both praise and criticism of existing

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<sup>9</sup> See Marketing, Self-Regulation, and Childhood Obesity: A Joint Workshop of the Federal Trade Commission and the Department of Health and Human Services (July 14-15, 2005), <http://www.ftc.gov/bcp/workshops/foodmarketintokids/index.htm>.

industry practices and self-regulatory efforts, and several specific recommendations developed from the discussion.

The FTC and HHS recently released a report on the workshop, explaining our findings and specific recommendations we have made for changes in industry's marketing practices and self-regulatory efforts.<sup>10</sup> I am pleased that in the months following our workshop we are already seeing many of these recommendations being implemented.

### Workshop Findings

New Marketing Methods: The first thing that became clear at our workshop is that food companies are using a wide variety of marketing techniques and media to reach children. Traditional advertising in television and print remains important, as does packaging and in-store promotions. There is some indication, however, that food advertising in children's television has declined somewhat, and that companies are also turning to newer marketing techniques, both high-tech and low-tech.

Much of what we know about food marketing to children comes from research on television advertising. We know less about the extent and variety of other marketing techniques. For that reason, at the direction of the U.S. Congress, the FTC recently began a comprehensive study of food marketing activities and expenditures directed at children and adolescents. When completed, our study should provide a better understanding of the full extent and variety of techniques used in children's food marketing.

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<sup>10</sup> See Perspectives On Marketing, Self-Regulation, & Childhood Obesity: A Report on a Joint Workshop of the Federal Trade Commission and the Department of Health and Human Services (April 2006), available at <http://www.ftc.gov/opa/2006/05/childhoodobesity.htm>.

In the interim, the joint workshop provided a general sense of the variety of methods industry uses to reach children. Participants at the workshop pointed to product placement in movies, electronic games, and television shows that are popular with children, including “American Idol,” the most popular TV show in the U.S. Companies are even paying popular music artists to mention fast food in their songs. The industry also uses tie-ins and licensing of popular cartoon characters, like Nickelodeon’s “SpongeBob SquarePants,” to make food products more appealing to children. Other examples of newer marketing venues include “advergaming” on the Internet and marketing via cell phone. Finally, we know that companies are using word-of-mouth or “viral” marketing – enlisting teenagers to create a “buzz” about a product by talking about it to their friends. While the ingenuity and variety of the industry’s efforts to market food to children may seem discouraging to those who believe it should be reined in or eliminated, it is precisely that creative energy that we should harness to supply a positive influence on children’s eating habits.

Company Initiatives: In fact, the industry has begun to use marketing techniques popular with children to promote good nutrition. Character licensing is just one example. SpongeBob, for instance, now appears on packages of carrots and frozen spinach. We heard from several large food marketers about new and reformulated food products that are more nutritious and lower in calories, positive shifts in marketing messages to foster better diets, and packaging changes that encourage portion control, such as 100-calorie packs for some snack food products. Indeed, these 100-calorie packs have been so successful that a recent AdAge article stated that other companies are now developing their own 100-calorie snack packs. With respect to packaging changes, one company reported that milk sales doubled when it repackaged its milk



from traditional hard-to-open wax cartons to brightly decorated and easily opened small plastic jugs. Since last July, the momentum has continued, as more product innovations and marketing shifts have been introduced.

Of course, I appreciate that, in the long run, the food industry's efforts to market better nutrition will only be successful if consumers embrace the new and improved products. So far the anecdotal evidence has been mixed. Although consumers say that they want healthy options, they often do not choose those options. Some companies have seen products fail in the market. Others, however, have reported that their new, healthier lines are generating healthy revenue growth for their companies.

We also heard from children's entertainment companies about their efforts to incorporate healthy diet and exercise messages into programming and public service announcements. In addition, the Ad Council, a coalition of advertisers, described its commitment to develop and fund a sustained social marketing campaign to motivate children to eat better. The Ad Council spearheads "The Coalition for Healthy Children" initiative – a campaign with simple messages researched and designed to resonate with children and to shape healthy attitudes about nutrition and diet.

All of these developments are positive, but consumer groups and public health advocates voiced their skepticism about the limitations of what industry has done so far. The main concern is that the positive messages and healthier offerings are still overwhelmingly outweighed by marketing to children of products that are high in calories and low in nutrition. I agree that there is still much room for progress, and the FTC will continue to do all in its power to encourage that progress.

Self-Regulatory Efforts: I was encouraged that several industry members now recognize that they need to change the existing self-regulatory structure if they are to respond to concerns about the relationship between childhood obesity and food advertising and marketing. At the workshop, the Grocery Manufacturers of America, an association of food companies, made a series of specific proposals for improvements. The proposals moved beyond the efforts of individual companies to consider what industry as a whole should do to market more responsibly. It included a specific plan to update, expand, and strengthen self-regulation. The subject of the proposal was the Children’s Advertising Review Unit (or “CARU”) of the Council of Better Business Bureaus. CARU has a longstanding program of enforcing guides requiring that advertising to children be truthful, accurate, and developmentally appropriate.

Participants at the workshop made specific suggestions, among other things, to increase staffing and resources of CARU, to make the self-regulatory process more accessible to the public, and to update the CARU guides to address new forms of marketing. Some participants also insisted that, to make a difference, self-regulation should include minimum nutrition standards or other measures to improve the overall nutritional profile of foods marketed to children.

The attention that the FTC and HHS have given this issue, through the workshop and otherwise, appears to have given industry the incentive it needed to come together and draw up the proposals presented by GMA. Since our workshop, industry has begun to implement some of these proposals. And, significantly, industry has begun a comprehensive review of the CARU self-regulatory program – a review that I hope will tackle the tough issues. It must consider, for instance, how to bring about a meaningful shift in the nutritional mix of foods marketed to

children.

### Report Recommendations and Next Steps

The agencies' joint report included a number of specific recommendations for action directed at food companies, the media and entertainment industry, and the self-regulatory program of CARU. These recommendations include several specific steps to be taken as soon as practicable to expand CARU and strengthen its enforcement efforts. The report urges individual food companies to continue to create healthier new and reformulated products that are appealing to children; to use packaging to help children control portion size; to develop simple ways to help consumers use labels to make better food choices; and to improve the nutritional profile of the food they market to children and the foods they sell in schools. It calls on the media and entertainment companies to revise their licensing of children's characters to promote healthier foods, and to disseminate clear nutrition and fitness messages to children through programming and other means. It recommends that all in industry work together to develop and support a substantial public education campaign on nutrition and fitness, and to create specific strategies to promote nutrition and health in racial and ethnic populations where childhood obesity rates are particularly high.

The recommendations build on a variety of promising initiatives already being implemented by industry. They focus on the power of the marketplace to encourage children to eat better and exercise more. They recognize the potential advantages of a vigorous self-regulatory system over government regulation.

I do not want to leave anyone with the impression that I consider our work done. The FTC/HHS workshop and the action that it prompted was only the first step toward what our

agencies hope to accomplish. I am optimistic that we have generated real momentum for change. But I am also committed to making sure that this momentum translates into real progress. The two agencies will be monitoring industry's response to these recommendations closely. After allowing time for the private sector to respond, we will issue a follow-up report assessing the extent to which positive, concrete steps have been taken and what additional actions are warranted.

In these efforts, we appreciate the opportunity to learn from you. I congratulate Commissioner Kyprianou for creating the EU Platform for Action on Diet, Physical Activity and Health. As I understand, this initiative aims primarily to encourage concrete, practical action by the private sector. In this sense, we have been involved in similar exercises on both sides of the Atlantic. This meeting is particularly timely – we can take what we have learned, share it, and go back with new ideas to implement.

### **Conclusion**

I want to thank you again for including the Federal Trade Commission in this important dialogue. We will continue to work with industry to push for changes in products and marketing to help our children become healthier. The global attention that this meeting brings to the issue will help sustain the momentum we have built.