



The Federal Trade Commission

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**“Weighing In: Steady Progress”
FTC/HHS Forum on Childhood Obesity
Washington, D.C.**

July 18, 2007

Introduction

Good morning and welcome to “Weighing In: A Check-Up on Marketing, Self-Regulation, & Childhood Obesity.” I am pleased that you are here and look forward to a productive discussion. It appears that we have had even more interest generated today by press reports of the food company’s advertising pledges for their food advertising directed to children, which are a significant step forward in industry self regulation.

Two years ago, the FTC and HHS hosted a joint workshop on “Marketing, Self-Regulation, and Childhood Obesity.” As the workshop wound to a close, one of the final panelists equated the challenge of tackling childhood obesity to running a marathon. I like that

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

analogy. Unfortunately, with the CDC reporting that 10 million school-age children are overweight, or nearly 1 in 5,² it may be more like an Iron Man Triathlon. It will be a long and difficult task requiring a great deal of stamina and strategy.

From the beginning, the focus of the FTC/HHS joint initiative on childhood obesity has been on marketing and industry self-regulation. But we have always recognized that industry is not the only segment of society that should work to find solve this serious societal problem. We all have been complicit in the decline of our children’s health – parents, schools, government, healthcare, media, food companies – and we all must take action to reverse the trend. Through this initiative, FTC and HHS have explored how we may harness the creative forces, technical know-how, and financial power of the marketplace to promote healthier eating and exercise habits for our children. We have asked industry to take the lead in providing solutions to this very complex problem. Today we will look at the progress that has been made over the past two years.

The FTC/HHS Workshop and Report Recommendations

Our 2005 workshop brought together academics, consumer advocates, pediatricians, government officials, and some of the largest food and beverage manufacturers, restaurant chains, and entertainment companies in the country, and the dialogue was encouraging. Despite some initial mistrust and skepticism, participants found common ground. Panelists generated many creative ideas for addressing childhood obesity, and the food industry pledged to implement a major self-regulatory initiative.

² Centers for Disease Control and Prevention, “Overweight and Obesity: Childhood Overweight: Overweight Prevalence,” *available at* <http://www.cdc.gov/nccdphp/dnpa/obesity/childhood/prevalence.htm>

The FTC/HHS report on the workshop provided a substantial list of recommendations for specific and concrete action by industry.³ Our report called first and foremost for stronger self-regulation of food marketing to children, working through the Council of Better Business Bureaus' Children's Advertising Review Unit, or CARU. We urged CARU to consider minimum nutritional standards for foods marketed to children and to explore other ways to shift the overall marketing emphasis to healthier food choices. We asked that CARU expand enforcement beyond traditional advertising to advergames, peer-to-peer marketing, product placement, and other techniques. And we called for more enforcement, tougher sanctions, and increased funding to make that possible.

Our report also included numerous recommendations directed to food companies and to the media and entertainment industry. We called for the food industry to expand on product and packaging innovations that would provide more nutritious, lower-calorie options and, at the same time, make those options more appealing to children. We asked them to revise their marketing and sales practices in schools, and to consider adopting a simple, uniform label icon that would help consumers make quick, easy, and smart food choices. We asked the media and entertainment industry to incorporate nutrition and fitness messages into their programming and to limit the licensing of children's television and movie characters to more nutritious, lower-calorie products. And we called on the food and media industries to combine forces to develop and support public service campaigns on nutrition and fitness, focusing specific outreach efforts

³ *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/os/2006/05/PerspectivesOnMarketingSelf-Regulation&ChildhoodObesityFTCandHHSReportonJointWorkshop.pdf>.

on minority populations where childhood obesity rates are highest.

I recognize that all of this was a tall order. Reconciling these recommendations with the economic realities of an extremely competitive marketplace might even seem like a feat requiring super hero powers. I am pleased to say that, in the mold of the Fantastic Four, a new foursome of super heroes is answering the call – Mickey Mouse, SpongeBob, Cookie Monster and that hulking green monster, Shrek. All of these characters have tremendous popularity with children, and all are harnessing that popularity to urge children to eat better and exercise more. Mickey Mouse and his friends now appear only on foods that meet certain nutritional criteria. SpongeBob is shifting away from foods high in sugar or fat, to carrots, grapes and green beans. Cookie Monster sings happily that cookies are a “sometimes food.” And Shrek urges kids to “get up and play an hour a day.” And perhaps now that he is a new parent, his perspective on nutrition will also improve!

I am not making light of the significant commitment it took by Disney, Nickelodeon, Sesame Workshop, Dreamworks, the Ad Council, or any of the food and beverage companies that have licensed these characters in an effort to get children to eat nutritious, lower-calorie foods. And I know that there are critics of these initiatives who say they do not go far enough. This forum is intended to showcase the efforts of industry, hear from the critics, and assess where we are still falling short of the report recommendations.

“Weighing-In” Forum

Today we will look behind the pledges to identify and explore the programs that have been put into place and, where possible, what the impact has been or is expected to be.

First, we will hear from the Council of Better Business Bureaus, which last November

launched the “Children’s Food and Beverage Advertising Initiative.”⁴ The charter participants – Cadbury Adams USA, Campbell Soup Company, The Coca-Cola Company, General Mills, The Hershey Company, Kellogg Company, Kraft Foods, Mars, McDonald’s, PepsiCo, and Unilever – have pledged to change the content of their messages to kids about what they should be consuming, as well as how they communicate those messages. Advertising by these companies accounts for about two-thirds of the television ads directed to children under 12. Eight of the companies have committed to tie 100 percent of their advertising directed to kids to nutritional standards – a significant step in making the healthy choice the easy choice for parents and kids. Three of the companies have pledged to cease entirely advertising their products to children under 12. As this BBB program matures and expands, it has the potential to produce real change in the children’s food marketing landscape. I recognize, of course, that the true test of this initiative will be in the details of the pledges, how they are implemented, and whether they are enforced. We also will watch to see whether the program will grow beyond these 11 charter companies; for example, we would love to see other restaurant chains join this initiative. I am confident that the BBB is committed to tough enforcement, and the FTC stands ready to work with them.

Next, we will hear from some of the food and entertainment industry participants, like Kraft and Disney, who got out to an early lead in the race against childhood obesity. These companies took bold steps to change what products they market to children and how they market them. They have been joined by others over the past two years. Most recently, the Kellogg

⁴ “New Food, Beverage Initiative to Focus Kids’ Ads on Healthy Choices; Revised Guidelines Strengthen CARU’s Guidance to Food Advertisers,” (Nov. 14, 2006), *available at* <http://www.bbb.org/alerts/article.asp?ID=728>.

Company announced plans to dramatically change the products and techniques used in marketing to children under 12, even committing to reformulate or stop marketing some of their most popular brands, like PopTarts and Froot Loops. General Mills will describe its partnership with Nickelodeon to promote its frozen vegetable line to kids using Dora the Explorer and other favorite characters. Sesame Workshop continues to refine their own character licensing guidelines based on their own research of how preschool children select foods, and we will hear about that today. There are many other examples. So many, I am pleased to report, that it is not possible for us to give them all the recognition they deserve in the course of today's discussion.

Other efforts we will examine today include a program directed at improving the selection of foods marketed in schools, under the direction of the Alliance for a Healthier Generation. HHS will also discuss various public education campaigns, targeting both general audiences, like the HHS Small Steps PSAs, as well as efforts by BET to reach out to specific racial and ethnic communities where childhood obesity rates are highest.

The FTC's own efforts over the past two years will also come under the spotlight. As part of this agency's commitment to combat childhood obesity, we are conducting research to determine exactly what is happening in the marketplace and how it is evolving over time. At our 2005 workshop, our Bureau of Economics described some initial data from a staff study on children's exposure to food advertising on TV. Today we will be taking a closer look at the final results from that study and at the findings of other leading researchers.

In addition, as many of you are aware, the FTC is also engaged in a far more comprehensive study of food industry marketing expenditures and activities targeted toward children and adolescents. Through this effort, we are exploring not only traditional TV, print,

and radio advertising, but all of the many other ways that the industry reaches children – through in-store promotions, events, packaging, the Internet, and product placement in video games, movies, and television programs. We hope to get a more complete picture of marketing techniques for which publicly available data have so far been lacking. We will submit the aggregated data about children’s food marketing in a report to Congress, as directed in the conference report on our 2006 appropriations legislation. This endeavor will be an important tool for tracking the progress of the marketplace to respond to childhood obesity and identifying where more action is needed.

Conclusion

Thus, today we are “weighing in” on the progress we have made since our 2005 workshop. I have already alluded to the many examples of positive initiatives we will be hearing about. I imagine we will also hear frustration that more has not been accomplished. I would urge all of us to approach this challenge as we would any successful weight loss or fitness program. Whether we are talking about one individual’s weight loss goals, completing a triathlon, or improving the health of the nation’s children, success requires a long-term commitment. It also requires us to recognize that changes may come in small increments that will add up to meaningful progress over time. We will not conquer childhood obesity until we have succeeded in bringing about substantial, lasting, and holistic changes by all involved – the food industry, the media, schools, doctors, communities, parents, and government. We must keep our resolve to reach our ultimate goal, even when the process to get us there seems long and difficult.

I continue to have confidence that self-regulation and industry initiatives can effectively

contribute and to believe that industry action can bring change more quickly and effectively than government regulation of speech. I also recognize, however, that this viewpoint has its share of skeptics, and that the skepticism likely is fueled by a lingering resistance by some in industry to make the difficult changes to their business models. I realize that what we are calling on companies to do has economic consequences, but no one should underestimate the potential costs of maintaining the status quo. Our kids are our future. And if you want to put it in economic terms, childhood obesity, which significantly increases health risks, is predicted to contribute significantly to already increasing health care costs, borne in large part today by employers, and one can imagine that childhood obesity ultimately will cost us dearly in employee productivity. Fortunately, if this does not stir additional firms to act, they ultimately should be spurred by competition in the marketplace from those who are acting now.

The FTC/HHS workshop, report, and today's forum are providing a powerful stimulus for industry action. But we are by no means the only voices calling for change. The Institute of Medicine, the Federal Communications Commission, and Members of Congress have also been leading advocates for action. Again, I am encouraged by the progress we are seeing and energized to continue this fight. Who knows, maybe this summer's hit movie "Ratatouille" will even do for vegetable stew what "E.T." did for Reese's Pieces.

I thank you all for being here. I am particularly grateful to our panelists for sharing their time, experience, and wisdom. And I am most appreciative of the hard work of the staffs of the Federal Trade Commission and the Department of Health and Human Services. And now I would like to turn things over to the FTC's Associate Director for Advertising Practices, Mary Engle. Thank you.

