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FEDERAL TRADE COMMISSION  
DEPARTMENT OF HEALTH & HUMAN SERVICES  
  
PERSPECTIVES ON MARKETING, SELF-REGULATION  
AND CHILDHOOD OBESITY

Thursday, July 14, 2005

9:05 a.m.

Federal Trade Commission  
FTC Conference Center  
601 New Jersey Avenue, N.W.  
Washington, D.C.

## 1 FEDERAL TRADE COMMISSION

2 DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

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3 MS. FAIR: Good morning. On behalf of the  
4 Federal Trade Commission and the Department of Health and  
5 Human Services, I am pleased to welcome you to this two-  
6 day conference, Perspectives on Marketing, Self-  
7 Regulation and Childhood Obesity.

8 My name is Lesley Fair. I'm an attorney with  
9 the Office of Consumer and Business Education in the  
10 FTC's Bureau of Consumer Protection. I have but one job  
11 today, which is to keep us on target and on time, and I  
12 have pledged to do that, if at all possible.

13 There are a few procedures to further that that  
14 I'd like to go through this morning very, very briefly.  
15 First, the question of security. You are required at all  
16 times by the Federal Protective Service to wear the name  
17 tag that you received coming in. Please keep that on at  
18 all times. If, for any reason, you leave the building to  
19 catch a breath of fresh air, to go to lunch, you will  
20 need to go through the security screening process,  
21 through the metal detector again. I will give you more  
22 specifics about that when we leave for lunch today.

23 In case of emergency, please locate now the  
24 nearest exit to you. I've always wanted to do this  
25 (indicating).

1                   **(Laughter.)**

2                   MS. FAIR: If, for any reason, there is an  
3 emergency that would make it unsafe to go outside, we'll  
4 hear from the security staff for what to do.

5                   Let me call your attention, too, to the  
6 literature table of the main lobby area. We have a  
7 number of presentations and pamphlets from interested  
8 groups.

9                   As far as the restrooms go, they are very close  
10 by; however, to describe where they are would take a  
11 global positioning system. I would simply ask you to go  
12 to the FTC lobby, follow the signs, and if necessary,  
13 leave a trail of breadcrumbs to make sure that you get  
14 yourself back.

15                  Cell phone usage, our audio-visual staff asked  
16 me to remind you that our microphones are on all day,  
17 even during breaks, and that since this event is being  
18 recorded, the sound system is very, very sensitive, not  
19 only in this room, but also in that back lobby area which  
20 is very close to where the sound board is located.  
21 Therefore, in the interest of your personal privacy, if  
22 you wish to make a cell phone call, we ask that you step  
23 into the lobby or step outside, unless, of course, you  
24 have no problem with your phone conversation being on the  
25 public record for this event.

1           You have received both the agenda in your  
2 packet, as well as an agenda update. The times remain  
3 the same. We do have some different speakers that are  
4 going to be joining us today. You'll notice, too, during  
5 the agenda some times for audience question and answer.  
6 During those times, staff will be walking up and down the  
7 aisles with question cards like this. Feel free to get a  
8 card from them, fill it out, give it back to them. The  
9 staff member will return your card to the moderator and  
10 we'll start with questions at the end of the session.  
11 We'll do our best to answer as many as we can, but do  
12 bear in mind, we are under a tight time schedule.

13           To ensure that the record reflects as many  
14 viewpoints and perspectives as possible, we are also  
15 having two 30-minute open forum sessions, one from 5:30  
16 to 6:00 today, one from 10:30 to 11:00 tomorrow. These  
17 are brief, as in three-minute sessions, where interested  
18 people can make comments publicly for the record.  
19 Between 10:30 and 1:30 today, you may sign up at the  
20 registration desk at the front of this building if you  
21 wish to speak at one of those public forum sessions. If  
22 you're in the overflow room, just notify a staff member  
23 of your interest. If there are more people interested in  
24 speaking than we have spaces, there will be a lottery.  
25 Folks will be selected at random. We will be announcing

1 and posting later today the lucky winners of that lottery  
2 and when they will be speaking.

3 If, for any reason, there are additional  
4 comments that you would like to make, let me just mention  
5 that the public record will remain open until Friday,  
6 July 29th. We would welcome comments from everyone about  
7 what they hear today and other related issues. You can  
8 either file those comments with the Secretary of the  
9 Federal Trade Commission or go online and file them  
10 through our link at [www.ftc.gov](http://www.ftc.gov).

11 You'll also notice a lot of staff members with  
12 blue ribbons. These are the members of the Host  
13 Committee from HHS and FTC here to make this what we hope  
14 to be an edifying and useful experience.

15 **(Phone ringing.)**

16 MS. FAIR: Hello?

17 Yes, they're here, but they're in the middle of  
18 a two-day conference. Can I pass on a message?

19 Sure, I'll tell them. Bye-bye.

20 It was for you. They asked me to remind you to  
21 please turn off your cell phones and pagers.

22 **(Laughter.)**

23 MS. FAIR: To begin our proceedings today, I am  
24 honored to present the Chairman of the Federal Trade  
25 Commission, Deborah Platt Majoras.

1                   **(Applause.)**

2                   CHAIRMAN MAJORAS: Well, thank you very much,  
3                   Lesley. Good morning and welcome, everyone, to the  
4                   Marketing, Self-Regulation and Childhood Obesity  
5                   Workshop. I would like to express my appreciation for  
6                   the hard work of the staffs of the Department of Health  
7                   and Human Services and the Federal Trade Commission who  
8                   have made this, I see, quite popular event possible.

9                   A couple of months ago, Bart Simpson was sent  
10                  off to fat camp after he gorged himself on junk food from  
11                  the school vending machines, and Jay Leno introduced a  
12                  new version of a wall chart for parents to use to record  
13                  their children's growth, only now horizontally. And  
14                  while these were funny sketches, in truth, childhood  
15                  obesity is no laughing matter. These popular media  
16                  segments, as well as this huge crowd we have drawn today,  
17                  illustrate that we all know we have a problem.

18                 What brings us together this morning and over  
19                 the next two days is, at bottom, a shared concern for the  
20                 health of our children. Our nation is engaged in a  
21                 vigorous debate over what factors contribute to childhood  
22                 obesity. There are many alleged suspects. Developers  
23                 for the suburban sprawl that puts us in our cars rather  
24                 than on our feet; schools for cutting physical education  
25                 programs and meeting budget shortfalls through vending



1 machine sales; video and computer games and television  
2 for competing with more physical playtime; parents for  
3 overindulging children and failing to set a good example  
4 and buy healthy foods; restaurants for increasing portion  
5 sizes; and the food industry for an abundance of good-  
6 tasting, convenient, affordable and calorie-laden foods,  
7 which often are marketed in ways that directly appeal to  
8 children. And I'm sure others here could identify some  
9 other potential causes.

10 But we will accomplish little over the next two  
11 days if we merely engage in finger pointing on the one  
12 hand or defense of the status quo on the other. Our goal  
13 at this workshop and beyond must be to identify ways that  
14 we can work together, industry, government, health  
15 experts, consumer advocates and, of course, parents, to  
16 teach our kids how to eat better and to encourage them to  
17 develop healthy lifestyles. We must look ahead.

18 The HHS knowledge on public health issues, as  
19 well as FDA and the other agencies within that umbrella,  
20 are invaluable to our efforts and we're delighted this  
21 morning to have HHS as a cohost.

22 Our primary focus at this workshop will be on  
23 the advertising and marketing of food manufacturers,  
24 restaurant chains, food retailers and media and  
25 entertainment companies. There is little question that

1 advertising and marketing can have a powerful influence  
2 on consumers' buying patterns. But where some view this  
3 as necessarily negative, we see potential to engage the  
4 industry's experience, technical know-how and creativity.  
5 Industry understands the business consequences of failing  
6 to respond to market demands, and it is these market  
7 forces that have potential to improve the nutritional  
8 profile of the marketplace as a whole, product by  
9 product, company by company.

10 Industry knows how to inform consumers about  
11 positive nutritional benefits, maybe even to gradually  
12 change the way we approach our diet and health.

13 Over the next two days, we will have a series  
14 of presentations and panel discussions to explore what we  
15 know and do not know about childhood obesity and the  
16 impact of marketing. We will take a snapshot of the  
17 current state of food and beverage marketing to kids and  
18 future trends, examine some of the efforts individual  
19 companies are making to modify their products or  
20 marketing techniques to promote healthier food choices  
21 and lifestyles, and review existing industry-wide self-  
22 regulatory efforts.

23 Our goal is to share perspectives from a  
24 variety of stakeholders and determine whether there are  
25 ways to build on and enhance what is already being done.

1           We will hear two presentations this morning to  
2 help set the stage for our discussion. Dr. William Dietz  
3 of the Centers for Disease Control and Prevention has  
4 closely tracked the research on childhood obesity. As  
5 Director of CDC's Division of Nutrition and Physical  
6 Activity, he is uniquely qualified to provide us with an  
7 overview of the research on rising childhood obesity  
8 rates, the causes and potential strategies for reversing  
9 this trend. Dr. Dietz will help us understand what is  
10 known and unknown about the many factors that influence  
11 children's diet and health.

12           Next, Dr. Pauline Ippolito, an Associate  
13 Director in the FTC's Bureau of Economics, will describe  
14 an ongoing research project comparing current and past  
15 television advertising of foods to children. Her work,  
16 over the years, has documented the important role that  
17 food labeling and advertising can play, not only in  
18 educating consumers about diet and health, but in  
19 spurring competition among food companies to create  
20 healthier products.

21           There is much that research can tell us today  
22 and much that it cannot. It may never be possible to  
23 reach an irrefutable conclusion about why our children  
24 are getting heavier. The research that exists, however,  
25 will provide the backdrop for the rest of the sessions

1       which involve taking action.

2                   In our first panel, we will discuss the scope  
3 of food and beverage marketing to kids. Traditional  
4 forms of marketing like television advertising,  
5 obviously, are part of the picture, but marketers today  
6 use a variety of channels and techniques to reach  
7 children, both directly and through their parents. We  
8 know, for example, that children are spending more time  
9 on the Internet, of course, and that advergaming is a new  
10 marketing technique.

11                   We do not want to overlook product packaging  
12 and in-store promotions or marketing in specific venues,  
13 like our schools, and we want to learn about the  
14 licensing of popular children's characters. A solid  
15 understanding of the scope of marketing and how it has  
16 evolved will give us the foundation to evaluate industry  
17 efforts.

18                   With a common understanding of the scope of  
19 current marketing, our next two panels then will look at  
20 the efforts of individual companies to market healthier  
21 food choices for children. There are many examples of  
22 new approaches to this challenge. The first of these two  
23 panels will focus on product and packaging changes. Some  
24 restaurants are introducing new lower-calorie options to  
25 the menu offerings. Some food and beverage manufacturers

1 have changed the nutrition profile of their products or  
2 the overall mix of their product lines. Others have  
3 repackaged or resized products to discourage overeating.  
4 So, we want to hear about these initiatives, what has  
5 been successful and what has not, and we want to explore  
6 what it takes to gain consumer acceptance of healthier,  
7 lower-calorie options.

8 Our second panel on industry initiatives will  
9 focus on advertising and promotion. From this panel, we  
10 will hear about decisions that companies have made to  
11 refrain from marketing in certain venues or to limit the  
12 products they market to children, and we want to hear  
13 about the impact of these actions on their business.  
14 We'll take a look at seal programs and package icons as a  
15 tool for consumers to evaluate foods and make better  
16 nutrition choices. And, finally, we'll look at examples  
17 of advertising in marketing campaigns designed around  
18 positive messages on diet and health. The panel will  
19 examine what it takes to have an impact with these  
20 positive health messages.

21 As part of both panels, we want to have a  
22 candid exchange about the strengths and weaknesses of  
23 these various efforts.

24 Next, we'll take a look at the role that media  
25 and entertainment can play in engaging children and

1 motivating them. As the Institute of Medicine recognized  
2 last year in its report on preventing childhood obesity,  
3 "There is great potential for the media and entertainment  
4 industries to encourage a balanced diet, healthful eating  
5 habits and regular activity."

6 We will hear from some media companies about  
7 their efforts to make good nutrition a fun and  
8 entertaining part of their programs and public service  
9 announcements. Our panelists will examine what kinds of  
10 messages have the most impact and what has failed in the  
11 past.

12 Now, on the second day, our discussion will  
13 turn from the efforts of individual companies to  
14 industry-wide programs. We want to critically examine  
15 self-regulatory standards for responsible marketing of  
16 foods and beverages to children. We will, obviously,  
17 look at the guidelines enforced by the Better Business  
18 Bureau's Children's Advertising Review Unit, CARU. CARU  
19 has long played a role on all advertising issues related  
20 to children and we understand it is actively reviewing  
21 their guides. As part of this discussion, we will look  
22 at alternative approaches that have been presented by  
23 other groups and individuals, and we'll also hear about  
24 what's happening in Europe, which is grappling with many  
25 of these same important issues.

1 I understand that self-regulation has its share  
2 of skeptics. The FTC's experience has been that  
3 effective self-regulation can have tremendous benefits.  
4 Under the right circumstances, industry-generated action  
5 can address problems more quickly, creatively and  
6 flexibly than government regulation, and they do not  
7 raise the significant constitutional hurdles that  
8 government action carries when we seek to restrict  
9 otherwise truthful commercial speech.

10 For all of these reasons, self-regulation is a  
11 promising avenue that we must explore, and we need to  
12 have a frank and open discussion, once again, about how  
13 to make self-regulation as effective as possible.

14 Our closing panel will review what we've  
15 learned over the two days and try to identify ways that  
16 we can enhance and replicate the ideas that show the most  
17 promise to improve our children's diet and health.

18 I hope at the end of these sessions we will  
19 have a better understanding of how all stakeholders can  
20 collaborate to make real progress in addressing childhood  
21 obesity. Both the FTC and HHS are committed to this  
22 issue. We will do all we can to facilitate creative,  
23 innovative and effective industry efforts. But the  
24 challenge for all of us when we leave will be to seize  
25 this momentum.

1                   We are well aware that some already are calling  
2                   on government to regulate rather than facilitate. We  
3                   believe that government has an important role to play in  
4                   this important national health issue. From the FTC's  
5                   perspective, based on years of experience with  
6                   advertising, we believe a government ban on children's  
7                   food advertising is neither wise nor viable. It would  
8                   be, however, equally unwise for industry to maintain the  
9                   status quo. Not only is downplaying the concerns of  
10                  consumers bad business, but if industry fails to  
11                  demonstrate a good faith commitment to this issue and  
12                  take positive steps, others may step in and act in its  
13                  stead.

14                  In our focus on industry and what it can do and  
15                  should do, we are not forgetting the key role of parental  
16                  responsibility and choice. We know that parents must  
17                  decide what foods their young children eat and we know  
18                  that children often follow the example set by their  
19                  parents, their eating habits and lifestyles, healthy or  
20                  not, and unfortunately, obesity rates for adults are also  
21                  cause for national concern. But all parents, indeed all  
22                  Americans, can use some help, and what we'd like to see  
23                  is competition in developing and offering healthier  
24                  products that taste great, are convenient and affordable  
25                  and even can be fun for kids.



1 I thank our many distinguished presenters and  
2 panelists who have come to us today from all over the  
3 country, and even in one instance, from Europe, and we  
4 appreciate the willingness to share insights and  
5 expertise. I'm pleased to have a wide variety of  
6 perspectives for this workshop and I'm encouraged by the  
7 large number of you who have chosen to participate, which  
8 I believe demonstrates your concern, and I do hope,  
9 determination to find viable solutions.

10 My hope is that our shared commitment will  
11 result in actions that improve the health and well-being  
12 of our children. It is, after all, about them. So, I  
13 thank you very much and it is now a privilege to turn  
14 over the podium to my good friend and a valuable partner  
15 to the FTC in this and many other important health and  
16 consumer issues, who's substituting for Secretary Leavitt  
17 this morning who was called away, Dr. Lester Crawford,  
18 the Acting Administrator of the Food and Drug  
19 Administration. Thank you very much.

20 **(Applause.)**

21 DR. CRAWFORD: Thank you very much, Chairman  
22 Majoras. It's always an honor to be with you. In the  
23 comparatively short time the Chairman has been in charge  
24 of the FTC, she has certainly defined the position and  
25 moved it to new heights of wisdom and we at FDA always

1 appreciate that and look for it. So, it's a great  
2 pleasure to be with you, and also with Senator Harkin,  
3 Dr. Dietz and Dr. Ippolito, as we tackle this very  
4 important issue. I am also very happy that as many  
5 people came as have come. For those of you who are  
6 standing beside the wall, I'm going to be leaving shortly  
7 and you can have this seat right here.

8 **(Laughter.)**

9 DR. CRAWFORD: Feel free to sit on each other's  
10 laps, that will be good.

11 **(Laughter.)**

12 DR. CRAWFORD: I was also looking at the flags  
13 here and some of you will have already noticed and made  
14 comment amongst yourself about the fact that there is no  
15 FDA flag. The reason for that is 25 years ago, it was  
16 declared objectionable. We always had this big photo  
17 micrograph of the swine intestinal parasite,  
18 macracanthorhynchus hirudinaceous, and so, we had to take  
19 it down. We can still pronounce it, though.

20 **(Laughter.)**

21 DR. CRAWFORD: Now, the other thing I wanted to  
22 talk about is FDA's perspective on obesity. This is a  
23 complex problem, as you know, that will not disappear  
24 quickly, but it behooves all of us today to put our best  
25 efforts into halting and reversing the trends of obesity,

1 particularly in our children.

2           Among the HHS initiatives that I will talk  
3 about briefly, the good news is that this health crisis  
4 is almost entirely preventable through proper diet and  
5 exercise, and I want to highlight just a few of the major  
6 initiatives currently underway at HHS to get this message  
7 out to our communities. And of course, I bring greetings  
8 from Secretary Leavitt, who, as you know, is a former  
9 head of EPA and then prior to that time, the three-time  
10 governor of Utah, and he is very much invested, as you  
11 know, in the initiative and I'll talk a little bit more  
12 about his particular presentation with respect to that  
13 and also the mantra that he is using in the Department to  
14 get all of us involved.

15           In January of this year, HHS, in conjunction  
16 with USDA, released the sixth edition of the Dietary  
17 Guidelines for Americans. The newly updated guidelines  
18 emphasized balancing caloric consumption with physical  
19 activity. The Surgeon General has issued a call to  
20 action, and you will hear from him tomorrow, to parents  
21 to help prevent and decrease overweight in children and  
22 adolescents by providing a variety of suggestions on  
23 specific ways parents can help their children to increase  
24 physical activity and choose healthy diets.

25           I'm told the Surgeon General will enter the

1 room tomorrow with a sandwich board on and a message I  
2 can't reveal, but you'll be able to tell him, but he will  
3 be completely in uniform.

4 The steps to a healthier U.S. initiative  
5 provides grant funds to states, cities and other local  
6 agencies to implement innovative, community-based  
7 programs to prevent chronic diseases, such as obesity,  
8 diabetes and asthma.

9 On June 1st, as I, more or less, mentioned  
10 earlier, Secretary Leavitt announced the launch of We  
11 Can, a national education program from the National  
12 Institutes of Health to help prevent overweight and  
13 obesity among youth ages 8 to 13. We Can provides  
14 resources and community-based programs for parents,  
15 caregivers and youth that focus on behaviors to encourage  
16 healthy eating, increase physical activity and reduce  
17 sedentary time.

18 Now, specifically FDA initiatives -- let me  
19 take just a moment or two to talk about our agency. We  
20 have initiated areas within the agency's purview to  
21 engage the food and beverage industry to address this  
22 problem. We released a report from our obesity working  
23 group in March of 2004 entitled Calories Count. This  
24 report made a number of recommendations, many of which  
25 have already been implemented.

1                   First, let me talk about food labels. The  
2 report recommended that FDA evaluate how the nutrition  
3 facts panel can be revised to aid the food and beverage  
4 industry in highlighting the critical role calories play  
5 in consumers' diets. The goal in modifying the food  
6 label is to arm consumers with more of the information  
7 they need to make sound food choices.

8                   FDA published, in the Federal Register, two  
9 advanced notices of proposed rule-making in April 2005.  
10 One notice was to seek comment on how to give more  
11 prominence to calories on the food label. Some ideas  
12 include increasing the font size for calories on the  
13 label, adding a percent daily value column for calories  
14 on the nutrition facts panel and possibly eliminating the  
15 column listing calories from fat.

16                  The other asked for comment on issues regarding  
17 the labeling of serving size on food packages.  
18 Suggestions include requiring dual column nutrition  
19 labeling for multiple serving packages that could  
20 reasonably be consumed as a single serving or simply  
21 requiring such packages to be labeled as single servings.  
22 Since serving sizes are based on reference amounts  
23 commonly consumed that were established in the early  
24 1990s, FDA also asked for comments on which, if any, of  
25 these changed the most over the past decade and,

1           therefore, may require updating.

2                       I was involved in the implementation of the  
3           Nutrition Labeling and Education Act some many years ago  
4           and things have certainly changed and we need to be  
5           modifying this based on public input and the best science  
6           available, in my view. We've strongly encouraged food  
7           manufacturers to take advantage of existing flexibility  
8           in the serving size regulations to label as single  
9           servings those packages where the entire contents can  
10          reasonably be consumed in one eating occasion. We've  
11          also encouraged industry to use dietary guidance messages  
12          on food labels, particularly on reduced and low-calorie  
13          foods, and to use appropriate comparative labeling  
14          statements to provide consumers with information on  
15          healthy substitutions.

16                      I can tell you that some manufacturers have  
17          already started to make voluntary label changes. In  
18          fact, Kraft Foods announced last year that beginning in  
19          October 2004, they would provide both single serving and  
20          entire package nutrition labeling for their snack items,  
21          containing up to four servings per package. Now, Coca  
22          Cola Company also plans to provide dual column labeling  
23          for their 20-ounce sodas to display information for both  
24          an eight-ounce serving and the full 20-ounce container.  
25          Pepsi Cola Company has a smart spot program which

1 provides easier choices for consumers to make healthy  
2 decisions.

3 In the field of education, FDA recognizes that  
4 education is an essential component of efforts to address  
5 obesity and we are focusing our education strategies to  
6 impart knowledge and influence behavior in the context of  
7 healthy eating choices for consumers. We are focusing  
8 our education efforts to youth-oriented organizations,  
9 through collaborations with various private and public  
10 sector groups.

11 In October of 2004, the Department signed a  
12 Memorandum of Understanding with the Girl Scouts of  
13 America and the Secretary has asked FDA to take the lead  
14 on this partnership. Our Center for Food Safety and  
15 Applied Nutrition is currently working with the GSA on a  
16 healthy living initiative. I think Barbara Schneeman  
17 from that Center is here. Our Florida District Office is  
18 involved in a Seminole County, Florida, Healthy Kids  
19 Partnership to promote positive opportunities for school-  
20 age children in Seminole County to learn healthy  
21 nutrition and the value of increased physical activity  
22 via Boys and Girls Clubs.

23 In addition to these educational initiatives,  
24 CFSAN has recently revised its website to provide more  
25 information to consumers on using the food label,

1 including the nutrition facts panel, to make more  
2 healthful food choices. FDA has posted a power of choice  
3 link on the CFSAN website and this is a joint USDA  
4 educational program with FDA designed to guide young  
5 adolescents to a healthier lifestyle.

6 In the area of foods eaten away from home,  
7 American consumers now spend approximately 46 percent of  
8 their total food budget on food consumed outside of the  
9 home, and these foods account for a significant portion  
10 of total calories consumed. FDA has urged the restaurant  
11 industry to launch a nationwide voluntary point-of-sale  
12 nutrition campaign for consumers to include information  
13 on calories. We are very pleased with the restaurant  
14 industry is progress to date and encourage them to  
15 continue.

16 As a companion to this effort, FDA continues to  
17 encourage consumers to routinely request nutrition  
18 information when eating out, and this does not spoil your  
19 meal, it informs your choices and is a form of self-help  
20 that I highly appreciate. I don't get many reservations  
21 around town anymore, but I still want you to join me.

22 One of the goals of this dialogue is to develop  
23 a series of options for providing simple and  
24 understandable nutrition information at the point of sale  
25 to consumers in restaurants, and I'm, of course, speaking



1 specifically of FDA's Keystone Center National Dialogue  
2 on Obesity. This is a national policy dialogue that  
3 seeks consensus-based solutions to specific aspects of  
4 the obesity problem involving foods consumed away from  
5 home.

6 Keystone held the first of several forums on  
7 April 26-27 in Washington. The focus of this forum was  
8 an away from home foods program and the opportunities  
9 that exist in the venue for preventing weight gain and  
10 obesity. We had excellent attendance at this forum with  
11 representatives from the food industry, academia,  
12 consumer groups and other federal agencies.

13 Some of the issues that were explored included  
14 market trends, consumer demands and changes in eating out  
15 over time. Nutritional similarities and differences of  
16 at home versus away-from-home foods. Effects of food  
17 composition on energy intake was very important to that  
18 initiative. Effects of food composition on cost and  
19 consumer choice; industry experiences on changing the  
20 industry and nutrient density of a menu or products;  
21 lessons that could be implied to future product  
22 formulation; pricing approaches and portion size  
23 decisions; policies, incentives and other actions that  
24 could have a positive effect on future product  
25 formulations.

1                   Following release of the Calories Count Report  
2                   and FDA's endorsement of its recommendations, it became  
3                   important to keep obesity prevention efforts in the  
4                   forefront of FDA's critical initiatives. FDA convened a  
5                   follow-on obesity working group, which we call OWG-II, in  
6                   August of 2004 to continue the agency's focus on obesity  
7                   efforts and ensure that activities related to the  
8                   implementation of the Calories Count recommendations are  
9                   being addressed in a timely and coordinated fashion. So,  
10                  when you see OWG-II on the front page of most major  
11                  newspapers in America, don't think about it as being  
12                  something that's from out of Phantom of the Opera, it has  
13                  to do with obesity and also the continuing efforts of FDA  
14                  to get this problem under control based on what  
15                  authorities we have in the area.

16                  Now, responsibility for many of the  
17                  recommendations rests with the Center for Food Safety and  
18                  Applied Nutrition, but several recommendations and  
19                  activities involve multiple FDA centers; therapeutics  
20                  recommendations, stakeholder involvement, partnership  
21                  activities and activities surrounding the National Policy  
22                  Dialogue underway with the Keystone Center, for example.

23                  The Committee has met formally twice and  
24                  continues to receive regular updates on the status of the  
25                  implementation of the report recommendations.

1                   So, in closing, let me, once again,  
2           congratulate Chairman Majoras and also all of you that  
3           are here for coming together to deal with this problem.  
4           It is a serious problem. We've had some commentary  
5           lately about exactly how many people are succumbing and  
6           becoming seriously ill each year due to obesity-related  
7           diseases, so-called co-morbidities, and let me tell you  
8           that it -- whether the number is 100,000 per year or  
9           whether it's 112,000 a year or whatever it is, it's  
10          serious. And I think our job would be to understand,  
11          with the limited amount of science that we have available  
12          -- and Bill Dietz is the world's leading expert, as far  
13          as I know, on this subject, and you'll hear more from  
14          him.

15                   But from a regulator's point of view, we can't  
16          make these kind of decisions and we can't make these  
17          kinds of diagnoses in terms of a national count until we  
18          know more about how obesity causes these kinds of  
19          problems, and that's where the science and research comes  
20          in and I expect you'll be hearing a great deal more about  
21          that during this particular session.

22                   So, thanks, once again, for having FDA and good  
23          luck on the remainder of the conference.

24                   **(Applause.)**

25                   CHAIRMAN MAJORAS: It is now my pleasure to

1 welcome Senator Tom Harkin to our workshop. He was to be  
2 joined this morning by Senator Gordon Smith, but Senator  
3 Smith has been detained. We're delighted that Senator  
4 Harkin has not. He is Chairman and now Ranking Member of  
5 the Labor, Health and Human Services and Education  
6 Appropriations Subcommittee. He has demonstrated a  
7 strong interest in working to improve the diets and  
8 health of all Americans, including our children. He's  
9 long been a promoter of healthy living, even, I  
10 understand, appearing with Elmo to deliver the message  
11 about healthy eating and exercise, and has focused  
12 national attention on childhood obesity.

13 Senator, we thank you for being here and  
14 welcome your remarks.

15 **(Applause.)**

16 SENATOR HARKIN: Well, thank you very much,  
17 Chairman Majoras, and Commissioner Crawford, I know, had  
18 to leave, he was here on behalf of Secretary Leavitt.  
19 Let me thank both you, Ms. Majoras, and also Secretary  
20 Leavitt for convening this meeting and for following  
21 through on earlier meetings that we had and that I had  
22 had with Secretary Leavitt earlier this year.

23 Let me thank all of you for coming here today  
24 to Washington, some of you from far afield, for this very  
25 important gathering. Obviously, I can't stay during the

1 day. I've got to get back and vote or something like  
2 that, I guess.

3 **(Laughter.)**

4 SENATOR HARKIN: But I do have two staff people  
5 here who work very hard in this area. Some of you may  
6 know them. Derrick Miller, who's going to be here today,  
7 and Alicia Morris. So, they'll be here today. If you  
8 have anything you want to get to me or ask them, they'll  
9 be here for me today. Quite frankly, they know it better  
10 than I do anyway. I always take my brains with me  
11 wherever I go.

12 As most of you know, I've been highly critical  
13 of the food and advertising industries marketing of junk  
14 food to kids. Now, that said, I appreciated the  
15 opportunity a few months ago to speak to the major  
16 advertising associations in downtown Washington, and I am  
17 eager to maintain a constructive dialogue.

18 Many in the industry have spoken frankly to me  
19 about the need for change, and they agree with me, as  
20 Chairman Majoras said, that this is not about what's in  
21 the best interest of the FTC or Tom Harkin or the  
22 advertising industry or the food industry. There's just  
23 one issue. What's in the best interest of children?  
24 That's it, that's period.

25 So, I hope this is the starting point and the

1 premise for our deliberations here today and tomorrow.  
2 We're not here just to go through the motions or for  
3 purposes of window dressing and public relations, we're  
4 here to make a difference to the children of our country  
5 who face a clear and present danger from an epidemic of  
6 overweight and obesity.

7 Now, I just heard both Chairman Majoras and Dr.  
8 Crawford talk about exercise in school. Yes, there's a  
9 lot of things we need to be doing there, too. Eighty  
10 percent of elementary school kids in America today get  
11 less than one hour of P.E. a week. It's a national  
12 shame. We're having elementary schools being built  
13 without playgrounds now. We're building highways and  
14 streets without sidewalks, housing divisions without  
15 sidewalks, without bike paths. These need to be  
16 addressed, also. But we need to focus on the other end  
17 of it and that is the input end of it in terms of food  
18 and especially how it affects kids.

19 My counsel to you is that old Latin saying,  
20 carpe diem, seize the day. Do what's right for our kids.  
21 I urge you to use this workshop to formulate and  
22 implement a truly independent, rigorous system of self-  
23 regulation for food advertising to children. If you move  
24 ahead boldly with such a system, not only I will applaud  
25 you, but parents will applaud you and the American people

1 will applaud you. But if you fail to do so, you will  
2 have missed a tremendous opportunity. The result, I  
3 predict, will be a public backlash resulting in  
4 Congressional action.

5 According to Yale University polling in 2001,  
6 57 percent of Americans favored restricting children's  
7 food advertising. In 2004, 73 percent of Americans  
8 favored such restrictions. The backlash is building.  
9 It's not just that more and more parents favor  
10 restrictions in food advertising. More to the point,  
11 they're ready to vote with their pocketbooks.

12 So, the choice is in your hands and the stakes  
13 could not be higher for the work that you're doing here  
14 over the next two days.

15 Let me be clear from my standpoint, half  
16 measures are not acceptable. The hour is too late,  
17 children are at risk, and the time to act is now. I  
18 understand that the Grocery Manufacturers of America is  
19 set to unveil new supposedly tougher proposals for  
20 voluntary restrictions. Based on a story in yesterday's  
21 Wall Street Journal, GMA will offer many perfectly fine  
22 ideas. For instance, it would limit product placements  
23 in TV shows and the use of licensed characters in ads and  
24 food packaging. I'm all for it.

25 I have not seen the details of the GMA

1 proposals, so I'll withhold any final judgment. But  
2 based on what I've read so far, there appears to be no  
3 meaningful enforcement mechanism, no truly independent  
4 body with the will and the power to crack down on  
5 offenders.

6 Now, if CARU is the model, that's a non-  
7 starter. CARU, frankly, has become a poster child for  
8 how not to conduct self-regulation. Time and again, it  
9 has shown itself to be a captive of the industry. It has  
10 no real independence, no sanction authority, no teeth.  
11 The current situation is like a game with a rule book but  
12 no referee. CARU is a tiny group tasked with oversight  
13 of a multi-billion-dollar industry, and to me, the deck  
14 seems a little bit stacked. And the proof, as we say, is  
15 in the eating. Look at the deluge of junk food  
16 advertising aimed at kids we see today. CARU has given a  
17 green light to all of it.

18 My understanding is that GMA, apparently, will  
19 propose to give CARU more resources and staff and to make  
20 its process more transparent. But a bigger, more  
21 transparent CARU means nothing if it lacks true  
22 independence and if it lacks any teeth with which to take  
23 action. So, I am respectful of GMA's efforts. Like I  
24 said, I haven't seen the final package, so I can't really  
25 comment on the whole thing.



1           But I believe we must be much more ambitious,  
2 especially when it comes to enforcement. For my part, I  
3 believe that a meaningful system of self-regulation  
4 should include at least four elements. First, it must  
5 encourage, invite and utilize stakeholder input, and by  
6 stakeholder, I don't mean just industry stakeholders  
7 alone. I also include parents, public health experts,  
8 child development experts and others. These people need  
9 to play a meaningful role in creating the system of self-  
10 regulation and they need to have ongoing opportunities  
11 for input and participation.

12           Second, there must be a clear action plan, both  
13 for implementing the self-regulation system and for  
14 ensuring compliance. The system needs independent  
15 monitors. Independent monitors. Now, I digress a little  
16 here. Four years ago, Congressman Engle and I proposed  
17 legislation dealing with the chocolate industry's use --  
18 how they were getting their raw chocolate from Western  
19 Africa and they were utilizing awful forms of child  
20 labor, child slavery. So, we came up with what's called  
21 a Harkin-Engle Protocol, which the chocolate industry  
22 signed onto.

23           We've been working closely together for four  
24 years on this and we're making good progress, not as much  
25 as any of us had hoped, but we're making progress. We

1 had our final meeting -- not our final, but we had a  
2 meeting last month because one of the deadlines was July  
3 of this year and we had not met all the goals, but these  
4 things take time. But at least there was a willingness  
5 on the part of the chocolate industry to do something.  
6 To the extent that they were willing to set up  
7 independent monitoring to monitor what they were doing, I  
8 think that is a great step in the right direction.  
9 That's what I'm suggesting here.

10 These independent monitors need to promulgate  
11 enforceable regulations and requirements. It needs an  
12 independent oversight body with teeth, with the power to  
13 punish bad actors that violate the agreed-to standards.  
14 That's the second element. A clear action plan for  
15 implementing the self-regulation system and for ensuring  
16 compliance with independent monitors.

17 Third, there must be a serious system of self-  
18 regulation -- for a serious system of self-regulation, we  
19 must look at the cumulative effect of food advertisements  
20 directed at kids. Currently, CARU looks at each  
21 advertisement in isolation, determining whether the ad  
22 meets certain standards. We need to consider the  
23 cumulative effect on children of seeing many thousands of  
24 ads every year.

25 Fourth, a system of self-regulation must have

1 purview over the whole range of vehicles by which food  
2 and beverages are marketed to children, not just  
3 television and the print media. Chairman Majoras  
4 mentioned this in her remarks. Marketing has grown  
5 incredibly sophisticated and diverse. Spread to the  
6 Internet, product placements and tie-ins, advergaming and  
7 much more. So, an effective system of self-regulation  
8 cannot be static. It must adapt and evolve to keep up  
9 with rapid changes in advertising and marketing.

10 So, those are the four elements that I believe  
11 are essential for any kind of effective self-regulation.  
12 So, I'm interested in carefully reviewing GMA's proposals  
13 and any others put forward by the food industry, and I'm  
14 keenly interested in proposals that you will hammer out  
15 today and tomorrow. But let me be clear, my evaluation  
16 will be based on the parameters I just set forth.

17 I think the stakes are high for industry, but  
18 the stakes are much higher for our kids and for our  
19 country. Poor nutrition and childhood obesity are not  
20 just problems. They represent a public health crisis of  
21 the first order. Twenty-five percent of our kids between  
22 the ages of five and ten already show early warning signs  
23 of heart disease. We're seeing more and more cases of  
24 adult onset diabetes in kids, something that used to be  
25 extraordinarily rare.

1                   So, as a Senator, I cannot stand idly by as  
2 obesity-related health care costs explode federal and  
3 state budgets. Someone said the other day, if you really  
4 want to get a handle on the future cost of Medicaid and  
5 Medicare, you better get to the front end. You better  
6 start looking at what's happening to our kids today and  
7 obesity and the chronic diseases that it leads to later  
8 on. And I might just say, not just the federal and state  
9 budget, but also corporate and family budgets when they  
10 have to provide for health care plans and things like  
11 that that are exploding in our corporate world.

12                   As New York Times' columnist Paul Krugman  
13 recently put it, "Fat is a fiscal issue." Well, why are  
14 children consuming more calories and more foods high in  
15 sugar and fat and salt? Well, we don't need a Harvard  
16 study really to tell us the answer. Kids are eating more  
17 junk food for, I think, at least three reasons. One,  
18 because it tastes good; two, because it's available  
19 everywhere, even at schools; and three, because it's  
20 being aggressively advertised and marketed.

21                   Some in the food industry insist that there's  
22 no evidence that food marketing is responsible for kids  
23 eating junk food and consuming more calories, but I  
24 submit that corporate America doesn't spend \$12 billion a  
25 year on advertising aimed at kids because it likes to

1        throw money away. No, corporate America spends \$12  
2        billion because that advertising works brilliantly,  
3        because it persuades children to demand, to the point of  
4        throwing tantrums, if necessary, a regular diet of candy  
5        and cookies and sugary cereal and sodas and all manner of  
6        junk food. No wonder parents are getting so exasperated.

7                Young kids are totally vulnerable and  
8        exploitable. Studies show that kids do not understand  
9        that commercials are designed to sell products because  
10       they don't yet possess the cognitive ability to evaluate  
11       advertising. So, it's really absurd to say that young  
12       kids have a "personal responsibility" to resist the lures  
13       of junk food advertising. They can't and they don't with  
14       disastrous consequences.

15                Now, no question, many parents need to make  
16       better choices for their kids, they need to start saying  
17       no. But there are practical limits on what we can  
18       expect. It is just not realistic to think that most  
19       parents are going to deny their children access to TV on  
20       Saturday morning and after school. And for goodness  
21       sake, why do we have a situation where conscientious  
22       parents have to protect their children from ads on  
23       Saturday morning television?

24                Food advertising should not be undermining the  
25       lessons that responsible parents are teaching their kids.

1 It should not be undermining parents' authority. So, if  
2 you hear any impatience in my voice, I'm expressing what  
3 I hear from parents across the country. Because I've  
4 sort of been out in front of this issue, they come up to  
5 me in airports, shopping malls. They tell me they're  
6 mad. They feel that their parental authority is being  
7 undermined by the amount of junk food advertising and  
8 marketing to their kids.

9 Now, you've all, I'm sure, heard this quote. A  
10 senior brand manager at Heinz a couple of years ago was  
11 quoted in the Wall Street Journal. He said, "All of our  
12 advertising is targeted to kids. You want that nag  
13 factor so that seven-year-old Sara is nagging Mom in the  
14 grocery store to buy funky purple. We're not sure Mom  
15 would reach out for it on her own." I have no idea what  
16 funky purple is, but nonetheless, I think that's a moment  
17 of rare candor.

18 So, is it any wonder why a backlash is brewing?  
19 A Wall Street Journal poll in February found that 68  
20 percent of American adults believe that advertising to  
21 kids is a major contributor to the rising tide of poor  
22 nutrition and overweight among America's children. In  
23 the same poll, a clear majority say the government should  
24 do more to regulate food ads directed at children.

25 I personally believe that when private

1 interests conflict with the public good, government has a  
2 responsibility to act. And where corporate  
3 responsibility is absent, federal regulation of food and  
4 marketing directed at children will be necessary.

5 As you know, I have a bill that would take us  
6 in that direction, but it's still my hope that real  
7 restraint and leadership will come from within the food  
8 and advertising industries. Many stakeholders in the  
9 food industry have, in fact, shown a willingness to look  
10 at their own marketing practices and to make changes in  
11 order to protect children's health, and I have publicly  
12 applauded those that have done so.

13 Now, one I just was handed this morning, I  
14 didn't know this. Nickelodeon just announced that they  
15 will be using SpongeBob SquarePants to market packed  
16 vegetables like spinach. So, now, here's SpongeBob  
17 SquarePants spinach. That's good. I like that a lot. I  
18 like that. Of course, that's for kids. Now, for me, if  
19 they had had Popeye, it probably would have been a little  
20 bit better for my age or something like that. But this  
21 is the direction some are going in and I applaud it  
22 wholeheartedly.

23 I have been dismayed, however, that recently  
24 some in the food business have kind of gone in the other  
25 direction. I am concerned about what has happened to

1 those who are responsible in curtailing their advertising  
2 to kids, especially sugary cereals, as I discussed with  
3 them. What happens if you have a board you got to answer  
4 to and what if you start losing market share because you  
5 limited your ads and someone else moves in on you? Well,  
6 they're hoping that wouldn't happen.

7 Well, shortly after that meeting, sure enough,  
8 one other food industry came in with a whole new  
9 advertising scheme about sugary cereals. So, this  
10 concerns me. A good actor, someone who really wants to  
11 do the right thing, may lose market share to someone  
12 who's not so responsible.

13 So, my friends, you have a big job ahead of you  
14 today and tomorrow, but there's no question in my mind  
15 that in this room you have the knowledge, the expertise,  
16 the skills and the will to succeed. Likewise, based on  
17 my talks with all the major groups represented here, I am  
18 hopeful that there is a sincere will and determination to  
19 put the interest of children first and to hammer out a  
20 meaningful, effective approach to self-regulation. In  
21 particular, I am convinced that the food and advertising  
22 industries, with all their resourcefulness and  
23 creativity, can be a powerful force for change and for  
24 doing good.

25 So, I wish you all the best. I will be



1 following your deliberations today and tomorrow very  
2 closely, and I look forward to working closely with all  
3 of you as we go forward. Thanks for having me.

4 **(Applause.)**

5 MS. FAIR: Thank you very much, Chairman  
6 Majoras, Dr. Crawford and Senator Harkin, for putting  
7 this issue into focus this morning as we get ready to  
8 begin. Our first presenter will be addressing an  
9 overview of health risks and the research concerning the  
10 factors related to childhood obesity. Dr. Crawford has  
11 already introduced him. It will be Dr. William Dietz,  
12 Director of the CDC's Division of Nutrition and Physical  
13 Activity.

14 **PRESENTATION: OVERVIEW OF HEALTH RISKS WITH CHILDHOOD**  
15 **OBESITY AND THE RESEARCH CONCERNING THE FACTORS RELATED**  
16 **TO CHILDHOOD OBESITY**

17 DR. DIETZ: Thank you, Lesley. Good morning.  
18 It really is a great pleasure to be here with you this  
19 morning to talk about the overview of health risks  
20 related to childhood obesity, and I think this is an  
21 extraordinarily appropriate forum to do so because it  
22 joins concerns about child health with the effects of  
23 children's advertising on child's health.

24 My talk will consist of three sections. The  
25 first is the burden of adult disease attributable to

1 obesity. The second is the effects on children of  
2 overweight and obesity and the implications that that has  
3 for the burden of adult disease. And I'm going to close  
4 with a brief review of contributory factors with a  
5 particular emphasis on television.

6 You're familiar with the obesity trends among  
7 U.S. adults in the United States. The 2004 map is about  
8 to be released and I can tell you that the major  
9 increases that are represented here between 1991 and 2003  
10 are continuing into 2004. These maps underestimate the  
11 prevalence of adult disease. According to these maps, 22  
12 to 23 percent of the adult population is obese, but  
13 according to direct measurements of weight and height, 30  
14 percent of adults are obese.

15 There are no significant disparities in obesity  
16 among males, but there are very substantial ethnic  
17 differences among females. About 30 percent of Caucasian  
18 women, 40 percent of Mexican American women and 50  
19 percent of African American women are in this category.

20 The changes in the prevalence of severe obesity  
21 among adults have been even more rapid than the changes  
22 in the prevalence of obesity. About 5 percent of adults  
23 now have a body mass index greater than or equal to 40,  
24 which is about 100 pounds overweight and 15 percent of  
25 African American women are in this category.

1           The consequences of adult obesity are well-  
2 recognized. The cardiovascular disease consequences,  
3 such as elevated cholesterol, Type II diabetes,  
4 hypertension and so forth contribute a substantial  
5 proportion of adult cardiovascular disease. But in  
6 addition, obesity is a major driver of Type II diabetes,  
7 which is also increasing rapidly just behind the increase  
8 in prevalence of obesity. And according to a recent  
9 study by the American Cancer Society, about 20 percent of  
10 cancers in women and 15 percent of cancers in men are  
11 attributable to obesity.

12           There's been a lot of controversy recently  
13 about obesity as a cause of death. In 2004, a paper from  
14 the CDC tried to update these causes of death that were  
15 published in the early nineties by McGinnis and Foege,  
16 and you can see, looking at the right-hand column, that  
17 poor diet and lack of exercise then accounted for about  
18 16 percent of all deaths, or about 300,000 deaths per  
19 year.

20           When this was updated a year ago, obesity was  
21 used as a surrogate measure of poor nutrition and  
22 physical activity and I want to emphasize that obesity is  
23 not the only consequence of poor nutrition and  
24 inactivity. It's much harder, I think, to estimate the  
25 contribution, for example, of trans fat to mortality or

1 lack of exercise to mortality. But, nonetheless, the  
2 estimates associated with obesity as a cause of mortality  
3 in the 2004 JAMA paper were that it accounted for about  
4 385,000 deaths per year.

5 This was updated again a year ago -- sorry, in  
6 April of this year in another paper in JAMA that I hope  
7 you all can see, which suggested that the estimates in  
8 using NHANES III, which was 1988 to 1994, were reduced to  
9 112,000 deaths associated with obesity and a reduced  
10 mortality associated with the overweight category.

11 Now, this has been a very controversial paper  
12 and I'd like to just spend a minute or two trying to  
13 clarify some of the issues. One of the curious things  
14 about this study is that NHANES II, which is this shaded  
15 area -- was performed immediately after NHANES I and  
16 there were very substantial differences in the mortality  
17 between NHANES I and NHANES II, which really can't be  
18 accounted for by major improvements in health over that  
19 period of time.

20 Notice, also, that the mortality among the  
21 elderly associated with obesity was minimal. There is no  
22 significant impact of obesity on mortality. But among  
23 those with a BMI greater than or equal to 30 in the age  
24 range of 25 to 59 years, the mortality rates were  
25 estimated to be about 112,000 deaths per year, still a

1 highly significant figure.

2           There are very substantial differences between  
3 the most recent JAMA study and the study which preceded  
4 it and I just want to focus on a couple of these. First,  
5 between the first study, which focused on early data from  
6 NHANES I, that is data from the seventies, and the NHANES  
7 III, which was in the nineties, there has been a  
8 substantial reduction in cardiovascular disease  
9 mortality, attributable, probably, to more aggressive  
10 treatment of hypertension and hyperlipidemia in the  
11 obese.

12           Secondly, the earlier study failed to use age-  
13 specific mortality. It used total mortality which is  
14 disproportionally affected by deaths and people over the  
15 age of 70, and about half of all deaths occur in people  
16 over the age of 70. The failure to use age-specific  
17 mortality accounts for about 20 percent of the  
18 differences between the mortality estimates in the first  
19 and second studies.

20           As I said originally, not all nutrition and  
21 inactivity mortality is accounted for by obesity, but to  
22 me, the most compelling issue here is not the number of  
23 deaths. The costs here are generated by the disease  
24 burden, not by death. Just as an aside, obesity is the  
25 only disease that I know of that costs more after you die

1 than any other disease because of the increased coffin  
2 size and the increased size of burial plots.

3 But for today's purposes, neither of these  
4 studies accounts for the potential impact of childhood  
5 obesity on mortality, which are, I think, likely to be  
6 substantial in the future.

7 Now, there was a perfect storm of articles in  
8 February. One of those articles indicated that the U.S.  
9 trade deficit exceeded \$600 billion, and on that same day  
10 chairman, the CEO of General Motors indicated that about  
11 \$1,500 of the cost of each new car was accounted for by  
12 medical costs and that the costs of chronic disease were  
13 impairing our international competitiveness.

14 I think you're all familiar with the fact that  
15 the health spending, or more appropriately disease  
16 spending in this country, accounts for 15 percent of our  
17 gross domestic product. According to an article in USA  
18 Today shortly after this, those costs are going to rise  
19 to about 19 percent of the gross domestic product. This  
20 is a problem. The cost of the chronic diseases and the  
21 cost of the chronic diseases associated with obesity are  
22 likely to continue to impair not only the quality of life  
23 of our population, but also our international  
24 competitiveness. The recent focus on Medicaid costs, I  
25 think, is pertinent here because 50 percent of the costs

1 of obesity are paid by Medicaid and Medicare.

2 We don't have annual data on the prevalence of  
3 obesity in children and adolescents, but we do have  
4 repeated cross-sectional studies of the U.S. population.  
5 I'm just showing here NHANES III which was completed in  
6 1994 and NHANES -- the current NHANES which is now  
7 continuous. Notice that over this approximately eight-  
8 year period, there was no a major shift in overweight  
9 among Caucasian individuals, but there were marked  
10 increases among non-Hispanic blacks, that is African  
11 Americans, and Mexican Americans. These data emphasize  
12 that the lack of differences that we have previously seen  
13 among adult males is soon going to change as these  
14 individuals mature. But the same disparities that we now  
15 see in women are now going to, I think, be reflected in  
16 the male population.

17 These are females 12 to 19 years old. Notice  
18 that overweight affects disproportionately non-Hispanic  
19 black girls, Mexican girls are rising rapidly.

20 In addition, we've recently begun to look at  
21 the distribution of morbid obesity, and I'm not going to  
22 spend a lot of time on these percentile cuts, but I want  
23 to only call your attention to the middle column.  
24 Remember, this is the category of morbid obesity in  
25 adults. About 2 percent of males and a little more than

1 that, maybe 2-and-a-half percent of females are now in  
2 this category. And these are adolescents, these are not  
3 adults. The natural history of this disease is, as  
4 children become adults, these problems become more  
5 severe.

6 Several people have mentioned this morning  
7 childhood and adolescent obesity is not free of  
8 consequences. About 60 percent of all five to ten-year-  
9 old overweight children have at least one additional  
10 cardiovascular disease risk factor, such as elevated  
11 cholesterol, elevated insulin, elevated glucose or  
12 elevated blood pressure and 25 percent of overweight five  
13 to ten-year-olds have two or more of these complications.  
14 These are the biochemical or metabolic risk factors, if  
15 you will, that go on to become the diseases in adulthood  
16 of atherosclerosis, hypertension and lead to  
17 cardiovascular disease and stroke and Type II diabetes.

18 Senator Harkin mentioned Type II diabetes,  
19 which, in some communities, now accounts for half of all  
20 new cases of diabetes diagnosed in children and  
21 adolescents, and the peak age of diagnosis is about 13  
22 years.

23 The natural history of Type II diabetes in  
24 children and adolescents has not been well-studied, but  
25 there's been one study of Pima Indians, a group which has



1 a very high prevalence of obesity, in which we've  
2 superimposed here the curves that reflect the cumulative  
3 incidence of kidney disease among individuals whose Type  
4 II diabetes was diagnosed at different ages. The ages  
5 here are 15 to 24 years, 25 to 34 years and 35 to 44  
6 years.

7 Notice that these curves are superimposable,  
8 and think of the implications of what this means. Type  
9 II diabetes in an older person, let's say a 65-year-old,  
10 is going to require about a 15-year period before 25  
11 percent of those have kidney disease. As shown here,  
12 about 25 percent have kidney disease by about 15 years  
13 after diagnosis. In a 65-year-old, that means that that  
14 individual is likely to die of other causes before the  
15 complications of Type II diabetes appear. But in a 13-  
16 year-old, that means that by age 28, this individual is  
17 going to likely require dialysis and the other  
18 complications that follow obesity, namely blindness,  
19 amputations and all the other consequences of micro  
20 vascular disease are going to be occurring in early  
21 adulthood, which means that this disease will carry with  
22 it a substantial burden into older adulthood, and as a  
23 result, a substantial cost burden.

24 The other important implication of childhood  
25 obesity is that early childhood onset overweight that

1 persists into adulthood has a disproportionate effect on  
2 the severity of adult disease. These are data from  
3 Bogalusa, Louisiana. Children who have onset of  
4 overweight, less than eight years of age, had a mean BMI  
5 of 41.7 in adulthood. These are data that began to be  
6 collected about 30 years ago. These are data that began  
7 to be collected about 30 years ago.

8           Although only 25 percent of obese adults were  
9 overweight children, these data suggest that childhood  
10 obesity contributes a disproportionate burden of adult  
11 disease, and to the extent that severity reflects risk,  
12 namely cardiovascular disease risks, Type II diabetes,  
13 and cancer, it suggests that children are going to have a  
14 disproportionate impact on adult disease. And, in fact,  
15 50 percent of all individuals, all adults in Bogalusa,  
16 who had a BMI over 40, had childhood onset overweight.

17           Now, coming back to the mortality issue, these  
18 are data from Norway. There are now several studies like  
19 this. This is a 32-year follow-up of a very large sample  
20 of Norwegian adolescents, measured as part of a  
21 tuberculosis screening program between 1963 and 1975.  
22 Notice that the mortality rate for those who have a BMI  
23 above the 95 percentile, which is equivalent to a BMI of  
24 30 in a young adult, the mortality rate is about twice  
25 what's expected. That's consistent with other estimates

1 from other studies of mortality.

2 But notice the difference in distribution of  
3 weight in Norway in 1963 and 1975 and the current  
4 distribution of weight in the United States now in the  
5 1999-2002 continuous NHANES. In Norway in 1963 to 1975,  
6 only 1 percent of the Norwegian population had a BMI  
7 greater than or equal to 30. Today, in the United  
8 States, 16 percent of individuals 17 to 19 years old in  
9 the United States have a BMI greater than or equal to 30.  
10 Although the mortality rate is only twice what's expected  
11 in people with a normal BMI, the number of individuals  
12 who are moving from childhood into adolescence into  
13 adulthood with a BMI of this magnitude suggests that  
14 there is a hidden problem here which is soon going to  
15 boost the mortality rates in adults, that this childhood  
16 onset disease not only is going to be associated with an  
17 increased burden of adult disease, but an increased  
18 mortality rate as these individuals mature.

19 Now, coming to behavior change strategies, this  
20 is an important area for those of us in public health and  
21 those of us committed to reversing the trends in  
22 childhood obesity. These are behavior change strategies  
23 for which we think there's reasonable scientific  
24 certainty, and I'm going to focus primarily on television  
25 viewing in children and adolescents. But certainly,

1 increases in physical activity and the promotion of  
2 breast feeding all are likely to have a positive impact  
3 on obesity and there's reasonable scientific support for  
4 each of those strategies.

5           These are data from the Kaiser Family  
6 Foundation study that was published several months ago  
7 and there are a couple of things to point out from this  
8 study. This is screen media, movies, videos and DVDs.  
9 Television still accounts for the largest proportion of  
10 screen time among children and adolescents. But notice,  
11 also, that the differences in screen time among African  
12 Americans and Hispanics reflects the disparities that we  
13 see in overweight among those groups. That certainly  
14 doesn't mean that they're causal, but their exposure here  
15 could be a contributory factor to the rates of overweight  
16 that we see.

17           There is a direct relationship between  
18 television and the prevalence of childhood overweight  
19 that we established in a study that we published in 1985,  
20 and it has since been replicated. There is a linear  
21 relationship between the amount of television a child or  
22 teenager watches and the severity of their overweight, as  
23 well as the prevalence of overweight.

24           In white, our data from the National Health  
25 Examination Survey, which was the first survey that we

1 examined and completed in 1970, and that was updated with  
2 comparable questions from the National Longitudinal  
3 Survey of Youth in 1990. And notice that in both surveys  
4 there is a linear relationship between television viewing  
5 and overweight.

6 It's not clear how this relationship is  
7 mediated. I used to think more about the displacement of  
8 vigorous physical activity by television time, but what  
9 data now exists suggests more that this relationship is  
10 mediated by the impact of television viewing on  
11 children's food consumption, that there is a direct  
12 relationship between television viewing, the consumption  
13 of foods advertised on television, and equally important,  
14 the consumption of foods while watching television.

15 And there have been now several important  
16 related studies. This slide shows a clinical study, and  
17 there are now two school-based studies, which indicate  
18 that reductions in television viewing are an effective  
19 strategy to control weight or reduce weight than  
20 increases in physical activity. And from both the  
21 population standpoint and the clinical standpoint, these  
22 are important data because we have relatively few other  
23 strategies that we know which have an impact like this on  
24 childhood obesity.

25 Oddly enough, we have very few public health

1 strategies that we can employ or that we know how to  
2 employ with respect to the control of television time.  
3 These are data that were collected by a project that we  
4 funded through RTI and the Annenberg School of  
5 Communication in Philadelphia. These are our synthesis  
6 of 180 parent-child diad interviews to begin to  
7 understand how families viewed television and its  
8 effects.

9 It's clear from the relationship of television  
10 viewing and weight that we need to start early. Sixty-  
11 five percent of all American children have a television  
12 in their room and 25 percent of two-year-olds have a  
13 television in their room and there is a direct  
14 relationship between having a television in your room and  
15 the amount of television that you view. For parents,  
16 interestingly enough, the content of what their children  
17 are viewing is of greater concern than time. What we  
18 know about television viewing is that the time that  
19 children spend watching television is related to  
20 overweight, whereas for parents, the concern about the  
21 exposure of their children to sexuality, to violence or  
22 even to drug and alcohol use on television is a much  
23 greater concern.

24 With respect to family values, families value  
25 family time and the importance of school work for their

1 children. Television, though, precludes family time.  
2 Half of all meals that families consume are consumed  
3 while watching television. This is another logical  
4 target for working on improvements in family time by  
5 turning off television. And families are equally  
6 concerned about the impact of television viewing on  
7 school work and are more concerned about the time their  
8 children spend watching television during the week than  
9 on weekends.

10 For children, television is a default behavior.  
11 It's not something they want to do, it's not at the top  
12 of their list of fun things to do, it's what they do when  
13 they don't have anything else to do. As this slide  
14 indicates, parents may be afraid that if they turn off  
15 the television, this will be the result, that in the days  
16 before television what we did was to stare at the wall.

17 But, in fact, if you ask children what they  
18 would prefer to do other than watching television, they  
19 can provide you with a lengthy list, and one of the most  
20 effective strategies of reducing television time is to do  
21 just that and ask children and parents to pursue other  
22 alternatives to television time.

23 This afternoon, I think, you're also going to  
24 hear about the use of television to change behavior, and  
25 I just want to give you one vignette of this. As you

1 know, the Cookie Monster is reducing his cookie intake.  
2 Cookies have become a sometimes food. And I have a two-  
3 and-a-half-year-old grandson who is a Sesame Street -- I  
4 was about to say addict, but connoisseur is probably a  
5 fairer word -- and I asked him a couple of weeks ago what  
6 the Cookie Monster was eating these days, and he said,  
7 "peaches." Now, I think that's a very important,  
8 although anecdotal, observation about the impact of  
9 product placement and the authority that these characters  
10 on television have to change behavior.

11 Then I applaud Sesame Street for their decision  
12 to shift the Cookie Monster's diet. I didn't hear any  
13 messages about Type II diabetes or obesity and I've  
14 noticed that the Cookie Monster is a little bit  
15 overweight. They may want to think about slimming him  
16 down in association with his reduced cookie intake.

17 But I think that these are strategies that we  
18 need to explore with families and we need better messages  
19 and better strategies around the family values, school  
20 time and content to reduce television time.

21 We also think that these are promising  
22 interventions. These are interventions for which there's  
23 not the same body of evidence that exists for television  
24 viewing, physical activity and breast feeding. But these  
25 are reasonable strategies that can be pursued. Children



1 and adolescents and adults tend to eat volumes of food  
2 not calories, and in that context, fruit and vegetable  
3 consumption may displace higher caloric density foods,  
4 and fruits and vegetables, in addition to their  
5 beneficial effects on cardiovascular disease and  
6 diabetes, really offer another potential opportunity to  
7 reduce weight. But those data are a little softer.

8           Soft drink consumption accounts for 13 percent  
9 of an adolescent's daily calorie consumption if that  
10 adolescent drinks soft drinks. That's an easy target to  
11 reduce or change. And, finally, portion size has a very  
12 robust effect on food intake in children and adolescents,  
13 in adults, in men, in women, boys, girls, overweight and  
14 non-overweight individuals.

15           But the bottom line here, and for today's  
16 conference, is the focus on television viewing. I've  
17 tried to demonstrate, we have a very significant burden  
18 of adult disease that the contribution of childhood and  
19 adolescent onset overweight is likely to increase that  
20 disease burden even further. Among the most important  
21 strategies that we know and that we think has reasonable  
22 scientific certainty is the impact of television viewing  
23 on childhood obesity, although the mechanism for that  
24 relationship remains one of the topics of today's  
25 conference. Thank you.

1                   **(Applause.)**

2                   MS. FAIR: Thank you very much, Dr. Dietz. Our  
3 next speaker will be Dr. Pauline Ippolito, Associate  
4 Director in the FTC's Bureau of Economics. Now is as  
5 good a time as any to remind you that when you are  
6 hearing the opinions of FTC speakers today, the opinions  
7 stated are their own and don't necessarily reflect the  
8 position of the Commission.

9                   Dr. Ippolito.

10                   **PRESENTATION: ONGOING FTC STAFF RESEARCH CONCERNING**  
11                   **FOOD ADVERTISING TO CHILDREN ON TELEVISION**

12                   DR. IPPOLITO: I would like to start by giving  
13 the disclaimer, I'm speaking for myself and not for the  
14 FTC.

15                   As the issue of childhood obesity became a  
16 prominent public health issue and questions were raised  
17 about the role that marketing might be playing in this  
18 concern, we began to survey the literature to try to  
19 educate ourselves on what the world looked like, what we  
20 knew about it and what role, if any, there might be for  
21 the FTC.

22                   There's certainly a lot of literature on  
23 marketing to children, how to do it, what works,  
24 criticisms of various approaches, historical statistics.  
25 But the thing we couldn't find in the literature that

1 exists is consistent, comprehensive, quantitative data on  
2 what is marketed to children, where is it marketed, what  
3 kinds of products, what does the world really look like  
4 today?

5 And so, we proposed to the FTC, and they have  
6 supported us, that we should try to help fill that gap.  
7 This is an ongoing project here at the FTC. What I'm  
8 going to tell you about today is just the project design  
9 and some early statistics from our work. Debra Holt in  
10 the Bureau of Economics is heading up the project.

11 Now, the first thing you have to do if you're  
12 going to talk about changes over time is you have to  
13 establish a benchmark from the past that you can measure  
14 against, and ideally, in this circumstance, we wanted a  
15 benchmark that predated the growth in childhood obesity.  
16 As many of you in this room know, in the late 1970s, the  
17 FTC issued a rule-making on children's advertising, and  
18 for that rule-making two very detailed studies were done  
19 of national and local advertising to children. And we  
20 had access to those studies, of course, and they were  
21 really quite detailed studies, unlike other things in the  
22 literature.

23 Also, at the time, in response to the  
24 pressures, the National Science Foundation had sponsored  
25 a comprehensive review of marketing to children and had

1 compiled a report that had a lot of authoritative  
2 statistics in it. So, we took those three studies as our  
3 benchmarks and then tried to design a study that would be  
4 as comparable as possible to those studies from the  
5 seventies so that we could measure change. Also, we  
6 wanted data that would allow us to do a comprehensive  
7 assessment of the world today.

8 So, we purchased Nielsen data. Let me tell you  
9 just a little bit about that data for people who are not  
10 from the industry. We chose four weeks of data spread  
11 over the year from sweeps weeks, which matched the design  
12 from the seventies. For each week of data, we got every  
13 program and every ad on every program and audience data  
14 for who was watching those programs broken out by age  
15 group. What I'm going to talk about today is the age  
16 group 2 to 11. So, when I say children, I mean children  
17 ages 2 to 11. When we do the final report, we'll break  
18 it out more finely than that.

19 There's basically two types of Nielsen data,  
20 national data and local data. The national data covers  
21 broadcast, cable and syndicated national programming.  
22 The local data fills in local programming and local spots  
23 in national programming.

24 In the ad data, there are basically three types  
25 of ads; paid ads, what you're all probably thinking

1 about, McDonald's, Kellogg's, paid advertising. There's  
2 also promotional advertising, the stations promoting  
3 their own programming, and then there's public service  
4 announcements where the stations donate time to air  
5 public service announcements.

6 So, the first question we asked is, how much  
7 advertising do kids see, how has it changed since '77?  
8 The question, first, is how do you want to measure how  
9 much advertising? So, the first thing we looked at is  
10 the number of ads viewed, which is very common in the  
11 literature. And we looked, first, at paid advertising.

12 The National Science Foundation estimated that  
13 children saw about 20,000 ads per year in 1977, or that  
14 period. I think their estimate was actually '76. We're  
15 estimating a little over 17,000 ads per year, for a  
16 reduction of approximately 12 percent.

17 If you look at promos and PSAs, so that's  
18 promotional advertising and public service announcements,  
19 the picture is quite different. There's been dramatic  
20 growth in that category and I can tell you from knowing a  
21 bit more of the underlying data that it's mostly  
22 promotional advertising, so it's advertising and  
23 television programming to kids. That's not a surprise.  
24 In 1977, there were three networks and a little public  
25 broadcasting television programming. That's not the

1 world today and so there's much more competition across  
2 media for getting the audience. So, together, we're  
3 seeing about a 7 percent growth in the number of ads that  
4 kids see.

5 Now, in 1977, virtually all ads were 30-second  
6 ads. That's not true today. There are shorter ads,  
7 there are longer ads. So, we were concerned that maybe  
8 the number of ads might be down for paid advertising, but  
9 that the number of minutes of advertising might not be.  
10 And so, we looked at that directly. So, this is an  
11 estimate of the number of ad minutes viewed by children,  
12 as measured by Nielsen, first for paid ads, the NSF  
13 estimate would translate to 10,000 minutes of paid  
14 advertising per child per year. In 2004, we're  
15 estimating about 7,600 paid ads per year for a decline of  
16 24 percent. Obviously, that reflects the fact that the  
17 average ad length has fallen since '77 and that's  
18 verified in the data.

19 For promos and PSAs, the increase is not quite  
20 as large as it was before but it's still there and it's  
21 still very big. So, that's still -- you know, children  
22 are seeing a lot more promotion for other TV shows. So  
23 that, overall, the number of ad minutes is down by about  
24 10 percent.

25 Now, I should mention that as an external check

1 on this data, we used the Kaiser Family Foundation  
2 estimates for the amount of time that children are in  
3 front of TV and then got estimates of a broad range of  
4 children's programming, how many ads are on those  
5 programs. Their estimates, using that kind of less  
6 detailed approach, and ours are quite consistent.

7 Now, what I've been talking about is all ads  
8 and we're interested in obesity, and so, we're  
9 particularly interested in food ads and other ads that  
10 might be related to obesity. And so, to get at that, we  
11 need to get into the finer data. So, from here on, as I  
12 break out the composition of ads, I'm talking about the  
13 national data only at this point. We will ultimately do  
14 the local data, but it's a more complicated analysis  
15 because of all the cities we have to deal with. So,  
16 that's not as big of a compromise, though, as you might  
17 expect. I have the data here for you to look at.

18 Eighty-six percent of the ads that kids saw in  
19 2004 were national ads. For food ads, it's even higher.  
20 It's 90 percent of the ads. So, this is the bulk of the  
21 advertising that children see, and we will do local ads  
22 later.

23 Okay, I'll show a graph again. If you look at  
24 the axis, this is the number of food ads per child per  
25 year. The red bars are 1977, the blue bars are 2004.

1 It's broken out by type of show as measured by child  
2 audience share. So, let me direct your attention to the  
3 left two bars. This is the number of ads kids see for  
4 shows in which children are a majority of the audience.  
5 So, more than 50 percent of the audience is children, as  
6 measured by Nielsen, and then we add up all the ads they  
7 see and come up with the annual average. So, in 1977,  
8 children saw over 4,000 food ads on children's shows. In  
9 2004, they're seeing about 2,700 food ads. So, that's a  
10 reduction of about 34 percent on kids' programming.

11 Now, if we take a broader definition of shows,  
12 look at the right two bars, this is all shows where  
13 children are at least 20 percent of the audience. So, it  
14 includes the kids' shows, but it includes situation  
15 comedies, you know, prime time television, a much broader  
16 group of programming.

17 In '77, children saw about 6,600 food ads; in  
18 2004, they saw a little over 3,000 food ads for a decline  
19 of about 50 percent. A 30 percent cut-off is in the  
20 middle.

21 Unfortunately, in the '77 study, the authors  
22 didn't have data on all shows, but we have that for 2004,  
23 so I put this here so you could see it. In 2004, from  
24 all shows, children saw nearly 5,000 food ads per year.  
25 If you compare that to the kids' shows, 56 percent of



1 food ads were coming from kids' shows.

2 Now, this is the same picture, and I'm not  
3 going to walk you through all this again. The difference  
4 is that the number of paid ads that kids see on all  
5 products from these different types of shows. The  
6 primary thing that I want you to notice here is that the  
7 reductions in 2004 are not as large as they were for food  
8 ads. So, it's 10 percent if you look at kids' shows,  
9 it's 33 percent if you look at the broader, let's call  
10 them, family shows and about the same for the middle  
11 group. But the point is that in the flow of advertising,  
12 there is apparently a shift away from food towards other  
13 goods. And so, we wanted to probe both the type of foods  
14 that kids see and then what other goods are being  
15 advertised to children.

16 This is, again, '77 is in red; 2004 is in blue.  
17 This is the number of ads that kids see by product  
18 category. So, cereals, candy, restaurants and fast  
19 foods, sweetened drinks, which includes both carbonated  
20 and non-carbonated, and then all other foods, and then  
21 toys and hobbies, movies, DVDs and video games, et  
22 cetera, and then all other non-food ads.

23 If I direct your attention to the big red bars,  
24 in 1977, the top three categories advertised to children  
25 were toys, cereals and candy in that order. Lots of

1 other studies found exactly the same thing using  
2 different methodologies. All of those categories have  
3 dropped in terms of the number of ads that kids see. So,  
4 clearly, there's more diversity in the kinds of products  
5 that are advertised to children today than there were in  
6 1977.

7 The drop for cereals is huge. Sixty-five  
8 percent down. Candy is 73 percent down. There's some  
9 growth in restaurant and fast food and sweetened drinks,  
10 though those categories are still relatively small. All  
11 other food is where there's a major growth. We're going  
12 to break that apart more to get more detail on what's  
13 going on there. It includes things like snacks, it  
14 includes dairy foods, you know, milk, yogurt, that sort  
15 of thing, entrees, all kinds of other foods. Toys and  
16 hobbies are down quite substantially, but it's still a  
17 major category advertised to children.

18 We created a new category that wasn't included  
19 or broken out in the '77 analysis because it's become  
20 such an important category of advertising to children,  
21 and that's movies, DVDs, video games and related  
22 sedentary entertainment type products. And then all  
23 other non-foods is also a growth category.

24 I'm changing the colors here so that you know  
25 we're comparing different things. The blue bars are what

1       you just saw in the previous chart. The green bars are  
2       the number of ads kids saw from all shows in 2004. This  
3       is just to show you how much of advertising for various  
4       categories of products is coming through the children's  
5       programs. For cereals, it's 82 percent; for candy and  
6       other foods, it's about 55 percent; for restaurants and  
7       sweetened drinks, it's about 40 percent; and then there's  
8       the child green bar on the right edge that's the vast  
9       majority of other non-food advertising that kids are  
10      seeing from all of the other programming that they watch.  
11      And we will hope to provide some more detail on that in  
12      the report.

13                 The one thing these figures don't show,  
14      remember, is it doesn't show the promotional advertising.  
15      This is the paid advertising. Twenty-eight percent of  
16      the ads that kids saw on children's programs are ads for  
17      other programs. So, if you put that together with the  
18      movies, DVDs, that's a big category of entertainment  
19      being advertised to children.

20                 So, summing up, our estimates on children's  
21      exposure to advertising indicate that paid ads are down  
22      by 24 percent for ad minutes, by 12 percent for the  
23      number of ads. Promotional TV ads are up by 124 percent  
24      for minutes and 200 percent for number of ads. Food ads  
25      are down on national TV shows by 34 percent on kids'

1 shows, 50 percent on family shows. Fifty-six percent of  
2 all the food ads that kids see are still coming from  
3 kids' shows.

4 Now, this is all TV. As you'll hear from a  
5 variety of other speakers today, there's a lot going on  
6 as marketing moves away from TV. TV is still the biggest  
7 category by far in terms of spending. So, it's still  
8 very important and nobody should think it isn't. But  
9 there's a lot of change as firms experiment with other  
10 means of reaching their target audiences. But I think  
11 the lesson I've learned from this exercise so far and  
12 that I'd like to leave you with is that advertising is  
13 also changing on TV. It isn't a static situation.  
14 Change has happened. With market pressure and societal  
15 pressure, more change will happen, and that's really the  
16 promise of this workshop.

17 Thank you very much.

18 **(Applause.)**

19 MS. FAIR: Thank you very much, Dr. Ippolito.  
20 Operators are standing by for those of you who would like  
21 to sign up for a spot in our open forum today or  
22 tomorrow. Please sign up at the registration table  
23 outside here. If you're in the overflow room, just let a  
24 staff member know. We do request, in the interest of  
25 getting as many viewpoints and perspectives as possible,

1 that no more than one person per organization or business  
2 sign up, and that panelists and presenters, who already  
3 have an opportunity to speak, step aside and allow others  
4 to present their points of view.

5 We're ready for that now. We will take a break  
6 and reconvene at 10:50, which is 12 minutes from now.

7 Thank you very much.

8 **(Whereupon, a brief break was taken.)**

9 MS. FAIR: Thank you. We're ready to begin the  
10 first panel, which will discuss the past, present and  
11 future of marketing of foods to children. After the end  
12 of this panel, there will be a question and answer  
13 session. Staff members will be walking through the  
14 aisles with these cards. Raise your hand if you'd like a  
15 card and they will get the card from you and bring the  
16 questions to the moderators.

17 I also want to make it clear, since we're  
18 beginning panels with a lot of different speakers, that  
19 all comments heard today from anyone at any federal  
20 agency is the opinion of that individual and not  
21 necessarily the official position of the agency.

22 Could you close the doors back there, please,  
23 so we can start? Thank you.

24 Let me turn things over to the moderators of  
25 this panel, Tom Pahl, Assistant Director of the FTC's

1 Division of Advertising Practices, and Dr. Van Hubbard,  
2 who is the Director of the Division of Nutrition Research  
3 Coordination at the National Institutes of Health. Thank  
4 you.

5 **PANEL 1: THE PAST, PRESENT, AND FUTURE OF MARKETING**  
6 **OF FOODS TO CHILDREN**

7 DR. HUBBARD: Thank you, Lesley, and I think  
8 I'll share the comments of me and Tom Pahl at this  
9 moment. But we don't want to take a lot of time.  
10 Basically, our charge is to offer a few words while  
11 people are returning to their seats so that we can get to  
12 the business of hearing the panel members.

13 Just briefly, I'd like to thank Lesley and the  
14 FTC, as well as my partners in HHS, for allowing me to  
15 take part in this effort. As we have heard, the  
16 prevalence of childhood overweight and obesity in the  
17 U.S. has been increasing in recent years and, thereby,  
18 has been raising the public health concerns related to  
19 this major problem.

20 As you are all quite aware, our objective  
21 throughout the workshop is to try to estimate the  
22 influence of food marketing on food choices and answer  
23 the question as to whether changes in how food is  
24 marketed, including incorporating marketing of healthier  
25 foods to children and their parents, can reduce the

1 prevalence of obesity and, thus, our concerns about their  
2 health.

3 To try to answer this question, we need to have  
4 a clear understanding of the past, present and the future  
5 characteristics of marketing of food products to children  
6 as well as their parents. Thus, the primary purpose of  
7 our panel is to elicit some of the facts that we need to  
8 develop this understanding so that we can take these  
9 facts and see how we need to modify our actions in order  
10 to do better in the future.

11 At this point, I'd like to turn the podium over  
12 to Tom Pahl who will give some further introductions of  
13 the panel members.

14 MR. PAHL: Thank you, Dr. Hubbard, for  
15 articulating the objective of our panel so clearly and  
16 precisely. Fortunately, in answering some of these  
17 difficult questions, we have a great and experienced  
18 group of panelists to help us out here today and I'd like  
19 to briefly introduce each of them to you, although I'd  
20 also note for everyone that in the folders you receive  
21 today are complete biographies of all of our panelists  
22 and members of other panels. So, if you want more  
23 information about their backgrounds, it is included  
24 there.

25 The first panelist immediately to the left of

1 Dr. Hubbard is Dick O'Brien, who is the Executive Vice  
2 President and Director of the American Association of  
3 Advertising Agencies, and he'll discuss today how foods  
4 are marketed to children with particular emphasis on how  
5 advertising of foods to children has changed over the  
6 last few decades.

7 Immediately to his left is Dr. Nancy Childs,  
8 who's a Professor of Food Marketing at the Haub School of  
9 Business at St. Joseph's University, and she'll talk  
10 about the marketing of foods at the retail level.

11 Immediately to her left is Jeffrey McIntyre,  
12 who's a Senior Legislative and Federal Affairs Officer at  
13 the American Psychological Association, and he'll discuss  
14 the findings of an APA report from last year concerning  
15 how food is marketed to children with a special emphasis  
16 on the role of television advertising in marketing foods  
17 to children.

18 Immediately to his left is Dr. Elizabeth Moore,  
19 who's an Associate Professor of Marketing at the  
20 University of Notre Dame, and she'll focus on how foods  
21 are marketed to children on the Internet.

22 Proceeding down the panel, the next person is  
23 Dr. Sonya Grier, who's a Robert Wood Johnson Health and  
24 Society Scholar at the University of Pennsylvania, and  
25 she'll be discussing the marketing of food to minority



1 children, especially whether such marketing differs in  
2 the marketing of food to children in general.

3 And, finally, at the end of the table is Brady  
4 Darwin, who is a Senior Director at Strotzman  
5 International, a family marketing agency, and he will  
6 discuss some of the challenges that food companies face  
7 in marketing healthier foods to parents and children.

8 A couple of things to note before each of our  
9 panelists gives some opening remarks. One is that we are  
10 very interested in empirical information about a lot of  
11 the issues involved in marketing to kids. So, if any of  
12 you have empirical data that bears on any of the issues  
13 that we discuss, I'd encourage you to file a public  
14 comment with the FTC so we can consider that and evaluate  
15 it along with the other information that we've got.

16 Also, after our panelists' introductory remarks  
17 and some questions from the moderators, we will be taking  
18 questions from the audience for this panel. So, if any  
19 of you are interested in posing questions to the  
20 panelists, we will have you complete a card, and we have  
21 some staff people who will be circulating with cards to  
22 write questions on, and then those will be given to the  
23 moderators who will read as many of those as we can,  
24 time-permitting.

25 So, without further ado, I'd like to introduce

1 Dick O'Brien from the American Association of Advertising  
2 Agencies.

3 MR. O'BRIEN: Well, thank you, Tom, and good  
4 morning, all. First, let me express our thanks and our  
5 gratitude to both FTC and HHS for this opportunity to  
6 bring us all together here to talk about a subject that I  
7 know we're all actively engaged in and very concerned  
8 about. I'm hoping we can all find the right answer to  
9 the whole issue of childhood obesity.

10 Just by way of background, Tom mentioned that I  
11 represent the American Association of Advertising  
12 Agencies, and it really means advertising agencies.  
13 We're a trade association of about 450 members, and we  
14 represent the largest communications conglomerates in the  
15 world; Omnicom, Interpublic, WPP, and also mom-and-pop  
16 operations across the United States of America. So,  
17 about 1,200 regional offices we have are just tiny little  
18 agencies. So, we have both a global spread but also a  
19 broad regional local swath as well.

20 One of the pieces of background I want to give  
21 on myself, I actually came down to Washington about five  
22 years ago. Prior to that, I spent 30 years in the  
23 advertising business in New York City. So, I have  
24 actually been involved in an advertising agency creating  
25 and placing ads, which is one of the subjects we will no

1 doubt talk about today.

2 After doing that for 30 years, I did come down  
3 to D.C. and was asked to run the Government Affairs  
4 Office of the industry association. I came here in 2001,  
5 and 2001, of course, to those of you who recall, was the  
6 year that the Surgeon General issued sort of a landmark  
7 report on obesity in America and obesity among children.  
8 That was quite a sobering report. Among other things, I  
9 remember General Carmona making the observation that this  
10 could all be the first generation where children pre-  
11 decease their parents. If we needed to have any kind of  
12 a sobering call to action on a problem that needed to be  
13 dealt with, that had to be it.

14 In hearing that call to action, our members,  
15 the advertising agency professionals, really responded to  
16 it in a most positive way. The overwhelming reaction I  
17 got from our members was, how do we help, what do we do,  
18 how do we get in there and try to be part of the solution  
19 to this problem?

20 What I'd like to talk to you about today is  
21 sort of a two-pronged approach to how we feel we in the  
22 advertising agency business can help. First, there's  
23 promoting healthier lifestyle initiatives. We have a  
24 thing called the Advertising Council, the Ad Council,  
25 which many of you, I'm sure, are aware of, and the Ad

1 Council, at the moment, is actively working with HHS on a  
2 campaign called Small Steps, which I'm sure many of you  
3 are aware of and have seen, which basically is sort of  
4 trying to get the American public to understand that  
5 through better eating, through greater physical activity,  
6 they can make great progress in curing this problem of  
7 obesity.

8 We talked a little bit this morning. We heard  
9 about the use of advertising to persuade, to teach, to  
10 inform. This is advertising in its most persuasive, most  
11 educational mode. It's basically telling the public  
12 there are ways you can deal with obesity that don't  
13 require you to join a gym and work out six days a week  
14 for half an hour at a time. You can really make some  
15 progress here. So, that's one effort where the industry  
16 came together and wanted to do something to help.

17 Another is CDC. You may be aware of the VERB  
18 campaign, which is actually not a pro bono public service  
19 campaign, it's a paid government campaign, and that's a  
20 campaign single-mindedly designed to get children out  
21 playing again, playing sports again, playing basketball  
22 again. We heard a bit this morning about one of the  
23 great needs is to try to reduce the amount of time  
24 children spend in front of television. The VERB campaign  
25 almost single-mindedly aims to do that by basically

1 getting the kids out and getting them active again. So,  
2 again, this is the industry stepping up trying to do its  
3 educational persuasive way to help the public take on  
4 more productive behaviors.

5 Third, the Ad Council -- just yesterday I came  
6 from a meeting of a group called the Coalition for  
7 Healthy Children. The Coalition for Healthy Children is  
8 a coalition of the major food, beverage advertisers, of  
9 the media, advertising professionals. It's the Ad  
10 Council, actually in conjunction with Time Magazine. And  
11 it's a group that's been brought together now to conduct  
12 primary research into crafting messages on how to get the  
13 public to understand and buy into the notion that they  
14 have to eat more wisely and that they have to do more  
15 physical activity.

16 You can present those two stories in a number  
17 of different ways. Some the public will respond to, some  
18 they won't. This group is actually doing the research on  
19 finding out what's the most persuasive way of telling  
20 that story to the public. So, again, these are just  
21 three examples of the industry trying to step up and be  
22 part of solving this national epidemic of obesity we  
23 have.

24 Now, the second part, of course, is advertising  
25 products responsibly to children. Now, you heard earlier

1 this morning about the 1970s, the whole KidVid issue that  
2 came up, and in the seventies, at that point in time, in  
3 fact, I was working in the advertising business. One of  
4 my first accounts was Kool-Aid, a later account was  
5 Honeycomb Cereals. So, you know, there are no more  
6 mainstream children's advertisers than those two. And it  
7 was a simpler time. In point of view, what we did is we  
8 planned advertising on three Saturday morning networks,  
9 we knew the three networks, we knew where it was. There  
10 was some ancillary time after school when the kids could  
11 get local programming in markets, and if you really  
12 wanted to be fancy, you could actually do something in  
13 the comics, the newspapers. But that's what the world  
14 looked like in the seventies.

15 That said, there was still some feeling in the  
16 country that even that was probably wrong. We probably  
17 shouldn't be doing that kind of advertising because  
18 perhaps the kids didn't have the equipment and the  
19 ability to distinguish between an advertising selling  
20 message and the programming they were watching. Those of  
21 you who lived through it, particularly here at the FTC,  
22 know that that subject got a great deal of examination,  
23 scrutiny, and eventually FTC and the Congress basically  
24 decided that, in point of fact, advertising to children  
25 could go forward. You really couldn't ban it. You

1           couldn't ban it for a couple of reasons.

2                         One, you couldn't really isolate advertising  
3 just to children's programming. Children, actually, even  
4 then, watched all types of programming, all kinds of  
5 family programming. So, there was really no way to sort  
6 of isolate taking advertising away from them by just  
7 taking it out of children's programming.

8                         Second, as Chairman Majoras said this morning,  
9 there was an issue of the constitutionality of it. I  
10 think many people felt it was just a violation of the  
11 First Amendment to try to restrict or ban that type of  
12 legal speech.

13                         So, at that point, that whole issue of banning  
14 or regulating children's advertising sort of receded.  
15 But that is not to say that the industry wasn't asked to  
16 do something about the whole notion of children. In the  
17 advertising business as well as you all we all have  
18 children. We're parents, we're grandparents, we're  
19 aunts, we're uncles, we have children, and we do  
20 understand that they are a special audience and that they  
21 do have special needs.

22                         As a result, we were asked, and the industry  
23 quickly stepped up to, developing a very muscular and  
24 robust self-regulatory mechanism to be sure that the  
25 special needs of children were being accommodated in a

1 voluntary and self-regulatory basis by the industry.

2 Now, that being done -- again, remember, I was  
3 a young man in the advertising business at that point and  
4 I actually would live through this self-regulatory system  
5 as it started standing up and as it came on stream. One  
6 thing I think we should all be clear on is, we've heard a  
7 lot of talk this morning about CARU, the Children's  
8 Advertising Review Unit. CARU is but one piece of the  
9 self-regulatory mechanism that the advertising industry  
10 follows.

11 When I was a young account executive and doing  
12 Kool-Aid and all those other types of products, there was  
13 a set of standards my advertising agency maintained that  
14 I had to be sure we were meeting to be sure we were being  
15 responsible to kids. Then my client, the advertiser, had  
16 a set of standards we also had to meet. The networks had  
17 a set of standards we also had to meet. And they were  
18 usually different, they usually didn't all agree. And  
19 then, finally, only at the end after a piece of  
20 advertising was created and aired, if it appeared that it  
21 was inappropriate, did it go to CARU for resolution. And  
22 CARU would judge on whether the advertising was correct  
23 or not correct.

24 And if, in point of fact, it appeared that the  
25 advertising was not correct, didn't protect the interests



1 of children, CARU would uniformly turn it over to the FTC  
2 for investigation and enforcement.

3 So, the self-regulatory mechanism in the agency  
4 business is quite robust and quite muscular. Now, it is  
5 also one that changes with the times. It evolves.  
6 Again, as a young account person, what I dealt with  
7 mainly was television ads, maybe an occasional print ad.  
8 But, of course, the world has changed, the media world  
9 has changed. Today, CARU is involved with television,  
10 cable, print, the Internet. They're looking at  
11 advergames, and I think we'll be hearing probably a  
12 little bit more about that tomorrow, and on the horizon,  
13 probably down the future it will be things like licensed  
14 characters. It's meant to be a living organism. It's  
15 meant to evolve and it has and it does.

16 So, in order to try to help make sure that the  
17 children of America are being served well, and  
18 particularly to do a productive part in this whole war on  
19 childhood obesity, you have advertisers and their  
20 agencies and their surrogates and their agents building  
21 very strong, clear, concrete codes to be sure that food  
22 and beverage products are presented them in a reasonable,  
23 balanced way so that the kids understand the proper use  
24 of those products.

25 The self-regulatory mechanism that I'm

1 referring to is, of course, also the one that Senator  
2 Harkin, this morning, felt the need to be quite critical  
3 of, and I'd like to just actually give you two other  
4 quotes, since he went on the record and made some quotes.

5 The first one is going to come from Chairman  
6 Pitofsky, two Chairmen of the FTC ago. When asked to  
7 talk about the self-regulatory profile of the advertising  
8 business, he said, "It was the best example of self-  
9 regulation that I am aware of in American history." In  
10 American history. He said that in 1996, about halfway  
11 through the Clinton Administration.

12 The second one I want to give you is a quote  
13 from Chairman Muris, the Chairman immediately preceding  
14 the current one. He said, "The advertising industry  
15 today remains a model of self-regulation." So, here we  
16 have the two immediate preceding Chairmen of the FTC, one  
17 calling it the best system in American history; the other  
18 one calling it a model, and it is a little bit of a  
19 disconnect to people in my business who really do care a  
20 lot and try very hard to be sure we are doing right by  
21 America's kids to have Senator Harkin, for instance, make  
22 that comment, understanding that a mere four to eight  
23 years ago, people were holding this up as an icon of  
24 self-regulation.

25 Now, I think you will hear more from CARU in

1 the next day or so, but I think you just need to know  
2 that within the industry, there's a great deal of pride  
3 about our self-regulatory posture and we feel very good  
4 about it.

5 Now, the final thing I'll add, and I know that  
6 I'm probably a couple minutes overtime here. You know,  
7 we do talk about what we can do with kids and how we can  
8 sort of make sure that they are being served correctly.  
9 There is one initiative that will be coming out of the Ad  
10 Council probably sometime in the next six months. That's  
11 on the area of media literacy. How do we get the  
12 children of America to better understand, to be more  
13 critical consumers of the many different types of media  
14 that comes at them that they consume?

15 There's a program in Canada right now, it's a  
16 wonderful program, it's Canada-wide, and it basically  
17 spends time both on the airways and in schools basically  
18 teaching kids how to discriminate between what they see  
19 on TV or in other media. It is time to do that in this  
20 country as well, mainly because the kids have so many  
21 choices over so many different kinds of media to choose  
22 from. They really do need some help from us in becoming  
23 discriminating consumers of the media.

24 So, I leave that just as sort of the next  
25 horizon or the next challenge that we're going to try to

1 step up to and to reach for as we do try to help the kids  
2 of America, particularly on this issue of childhood  
3 obesity. Thank you.

4 MR. PAHL: Thank you, Dick. Next, we'll hear  
5 from Dr. Childs.

6 DR. CHILDS: Thank you. I want to thank you  
7 for the opportunity to speak today on this important  
8 topic. I'm going to address some industry statistics,  
9 but I'm also going to be citing some of my ongoing work  
10 looking at retailer practices addressing obesity, which  
11 is funded by the CDC.

12 I'm asked to speak on food marketing at retail  
13 in five minutes. Food marketing at retail is the  
14 intersection with the consumer and the products, and this  
15 is a very competitive, aggressive marketplace. This is a  
16 \$500 billion industry that operates on 1 percent margins.  
17 Very difficult to be strategic there.

18 I want to put this in perspective. WalMart  
19 operates at about a three-and-a-half percent margin and  
20 our retailers in the U.K. operate at about a 5 percent  
21 margin, also do their financial reporting two times a  
22 year. More reason for them to have opportunities to be  
23 strategic.

24 I want to first address what I think are some  
25 changes that have been going on in food marketing at

1 retail. If you take a long look, the biggest and most  
2 overriding change for our retailers is the arrival of  
3 WalMart as a purveyor of food stuffs. That has very much  
4 changed and pressured the ways in which this retail  
5 environment operates, why it is such an economically  
6 driven marketplace.

7 Along with that has been a tremendous amount of  
8 retailer and manufacturer consolidation. So, we have  
9 larger and larger players selling foods in the  
10 marketplace.

11 Other changes in your supermarket are the  
12 growth of the departments around the perimeter. We're  
13 talking about the produce sections, the bakery sections,  
14 floral sections, prepared foods, et cetera. These are  
15 all now changes in your marketplace, including the advent  
16 of the pharmacy and that being a forefront for providing  
17 a rationale for health in the marketplace.

18 Along with all of that, we've had some major  
19 changes in that consumers have brought a demand for  
20 entertainment into the retail format at grocery and  
21 across many other forums. This means that when you enter  
22 a new grocery store, it's going to be dramatic,  
23 theatrical. It's going to be very sensory. There's a  
24 lot of visual impact of food now. There's a lot of  
25 smelling, tasting, sampling. Kids love this.

1 I'm going to just touch a bit on promotions and  
2 trade, and this is the largest expense after cost of  
3 goods for your manufacturer. It's about 25 percent. It  
4 is a very growing area and of this amount, 40 percent is  
5 spent on advertising, 60 percent on what we call trade  
6 spent, on all those other activities in the retailer's  
7 marketplace. The amount on advertising has been  
8 decreasing and I think that was reflected in Pauline's  
9 statistics just earlier.

10 How the manufacturer and the retailer engage in  
11 trade spend is very variable. It varies by retailer, it  
12 varies by manufacturer, it varies by category. It's an  
13 area that if you address the retailers and the  
14 manufacturers on the same question, you'll get different  
15 answers. It's an area that's not well understood.

16 One thing that is well understood and  
17 documented is that both retailers and manufacturers  
18 believe that promotion efficiency and category management  
19 is their top concern, and they will tell you, like the  
20 problem of obesity itself, it's too big. It's a problem,  
21 but we don't know how to change behavior.

22 This is an area that is driving volume, but it is not  
23 necessarily delivering profit, and hence, it is an issue.

24 To very much simplify this, as a manufacturer,  
25 your trade dollars go into two buckets. It's the money

1 for introducing new products and it's the money to  
2 support your existing brands. If you look at it in that  
3 sense, there are many ways in which you can spend  
4 dollars, whether you call them invoice allowances,  
5 payment terms, market development funds, co-op  
6 advertising, accrual programs, scan-downs, price  
7 reductions, these are all incentives paid to the retailer  
8 to deliver performance, which include things like buying  
9 in advance, setting prices, authorizing new items,  
10 developing planograms, which is category management, and  
11 paying to merchandise those products through ads,  
12 displays, coupons, shelving, shelf location, price  
13 reduction and cross merchandising. All of these factors  
14 are in place, and really, it's the retailer, based on  
15 their strategy, whether they're a low price retailer or  
16 whether they're an EDLP retailer, whether they're a  
17 specialty retailer, how they wish to utilize those funds  
18 and which ways they choose to merchandise products.

19 What this means is, if you are a food  
20 manufacturer and you want to introduce a new product,  
21 this is your dilemma. You will pay some of your trade  
22 funds to sell in your new product. We refer to it as  
23 slotting allowances, but there are many other expenses to  
24 get the product listed, to have the marketing launch for  
25 the product. Your retailer may say, if you want to enter

1 this category, which of your existing products, which SKU  
2 do you want to pull, which may be a preexisting revenue  
3 stream you'll be asked to pull. You're going to be a  
4 gambler at this point. Odds of new product success in  
5 the food industry run around 80 percent failure. So,  
6 you're running a gamble, and if you fail, you will pay to  
7 have your product disengaged from the retailer's system.

8 If you are the product brand portfolio manager,  
9 you've got to be very confident that this new product's  
10 going to succeed and you're going to seek every edge you  
11 have in marketing, whether it's a licensed character,  
12 what type of packaging, et cetera, that you'll engage in.  
13 And I wanted to at least explain the dilemma, the tension  
14 between launching new product in a very economically  
15 driven environment.

16 If you look at in-store techniques of marketing  
17 to kids, there's a great deal that hasn't changed. You  
18 go back 30 years ago, we still cared about shelf  
19 location. If it's a product for kids, you want to put it  
20 low where the child can see it, where the child might  
21 even be able to pick it up. You care about store  
22 location. Is it in the aisle, is it on the end cap?  
23 Perhaps, if it's appropriate, is it at check-out?

24 You care about whether the product is launched  
25 by a character because this really resonates with kids.



1 This tells kids this product is for me. And I think one  
2 of the best examples of this right now are actually in  
3 the orange juice category. If you look at Tropicana Pure  
4 Premium for Kids, Healthy Kids orange juice product, it's  
5 the one with the orange kind of spiffy set of shades on  
6 it. If kids go up to an orange juice category, that is  
7 the product that they'll point out and say is for them.

8 What I'm trying to say is these techniques in  
9 marketing food for kids are not, themselves, inherently  
10 evil. They can play advantages for healthy, as well as  
11 unhealthy, products, and I think that there is much to be  
12 learned here.

13 Kids like bright colors, they like cartoons.  
14 Thirty years ago, we were doing integrated marketing with  
15 brands and toys. Now, more recently, with movies.  
16 Premiums in pack, which was the forerunner of bringing  
17 fun into food, which has really been one of the more  
18 recent changes in recent years. Suddenly, food is fun.  
19 We have purple ketchup. We have lots of handheld food  
20 items to make food more tactile and more fun, new shapes  
21 for food that are fun, food in miniature, portable food.  
22 Again, issues that can be utilized to make healthy foods  
23 equally engaging.

24 My slide simply, in closing, is to show you  
25 that there are some retailers who are stepping forward

1 and doing thing specifically for kid appeal. There are  
2 retailers who are doing kid products that are marketed to  
3 moms. I just wanted to identify some that are really  
4 going straight to the kids.

5 If we look at the upper right for you, ASDA in  
6 the U.K., that is WalMart in the U.K. More For Kids is  
7 their new brand. It is for kids by kids. Kids have  
8 designed the packages, kids have taste-tested the  
9 products, and now, they're moving towards putting out a  
10 kids' cooking line where kids are assembling their meal.  
11 All of these are products that have a healthier product  
12 profile, ingredient profile than the market standard  
13 products. So, they have engaged kids, in a big way, to  
14 be involved here.

15 Sainsbury has introduced the Blue Parrot Café  
16 line, about 150 items and, again, targeted to moms and  
17 kids. I'm told the blue parrot is quite a character over  
18 there. And, again, foods with very preferred nutrition  
19 profiles for kids. You will notice on the front of those  
20 packages, the vertical panel which highlights nutritional  
21 aspects of those products. Again, examples of where the  
22 food retailers stepped forward to fill the gap with  
23 healthier products.

24 Wegman's in the U.S. has a W Kids Line, but I  
25 want to focus right now on H.E.B., H.E. Butts out of

1 Texas, because they're doing a great deal in addressing  
2 kids. They have their own line of Buddy foods and the  
3 example right there has to do with the cut apples. We  
4 see the cartoon character, but he also exists as a mascot  
5 and he shows up at community events, schools, and he is  
6 promoting physical activity. They've instituted a Buddy  
7 Bucks Program, which is a premium program. If you are  
8 purchasing the healthier foods, you collect so many  
9 bucks. If you are engaging in their advergaming on the  
10 website, which is with educational messages, you can  
11 collect more Buddy Bucks. If you do a treasure hunt in  
12 the store to go to certain locations, and again, to learn  
13 educational items about food and food choices, you can  
14 get Buddy Bucks. Buddy Bucks are redeemed for sports  
15 equipment and sports apparel. It doesn't take a lot of  
16 Buddy Bucks to get something.

17 In conclusion, I just wanted to show some  
18 interesting techniques that we see retailers taking to  
19 the marketplace for kids. I have a hand-out with other  
20 ideas in the back and I also want to restate something  
21 that Les Crawford said. Again, 46 percent of food  
22 consumption is occurring outside of the home, as we look  
23 at all of this today. Thank you.

24 MR. PAHL: Thank you, Dr. Childs. Next, we'll  
25 hear from Jeff McIntyre from the American Psychological

1 Association.

2 MR. McINTYRE: Good morning. I am Jeff  
3 McIntyre with the American Psychological Association.  
4 I'm also one of the co-chairs of the Children's Media  
5 Policy Coalition. This is a national coalition of public  
6 health organizations and child advocates, such as the  
7 American Academy of Pediatrics, the National PTA and  
8 Children Now, that are interested in the role of all  
9 media in our children's lives.

10 Now, in response to the rising concerns over  
11 commercialism in children, the American Psychological  
12 Association appointed a team of psychologists with  
13 expertise in child development, cognitive psychology and  
14 social psychology to conduct an extensive review of the  
15 research literature in the area of advertising media and  
16 its effects on children.

17 At this confluence of marketing and child  
18 development, the task force conducted an exhaustive  
19 review of the academic literature on advertising  
20 practices and child development. It is the view of the  
21 American Psychological Association that while older  
22 children and adults understand the inherent bias of  
23 advertising, younger children do not, and therefore, tend  
24 to interpret commercial claims and appeals as accurate  
25 and truthful information.

1           Now, because younger children do not understand  
2 persuasive intent in advertising, they are easy targets  
3 for commercial persuasion. This is a critical concern  
4 because the most common products, as we've seen here in  
5 the slides earlier, the most common products marketed to  
6 children are cereals, candy, sweets, sodas, snack foods.  
7 Such advertising of unhealthy food products to young  
8 children contributes to poor nutritional habits that may  
9 last a lifetime and may be a variable in the current  
10 epidemic of obesity among children.

11           Now, the research we've reviewed on children's  
12 commercial recall and product preferences confirms that  
13 advertising does typically get young consumers to buy  
14 their products. Advertising works. From a series of  
15 studies examining product choices, the findings show that  
16 children recall content from the ads to which they've  
17 been exposed and preference for a product has been shown  
18 to occur with as little as a single commercial exposure  
19 and is only strengthened by repeated exposure. I'm sure  
20 that's not news to many of the industry folks in the room  
21 today.

22           Now, for those of us, however, that depend on  
23 public research to guide our national policies and  
24 regulations, this is an important point to note. So, in  
25 light of these findings, the American Psychological

1 Association makes these recommendations. This was  
2 published in 2004, last year, and you can find these and  
3 this report on APA's website, APA.org.

4 The first recommendation, we call on  
5 restricting advertising primarily directed at young  
6 children ages eight years and under. Policymakers need  
7 to take steps to better protect young children from  
8 exposure to advertising because of the inherent  
9 unfairness and deceptive nature of advertising to  
10 audiences who lack the capability to evaluate biased  
11 sources of information.

12 Please ensure that disclosures and disclaimers  
13 in advertising directed to children are conveyed in  
14 language clearly comprehensible to the intended audience.  
15 An example of this would say, "you have to put it  
16 together," as opposed to, "some assembly required."

17 We ask that there is an investigation of how  
18 young children comprehend and are influenced by  
19 advertising in new interactive media environments, such  
20 as the Internet or virtual environments. This is a great  
21 concern for psychologists. For psychologists,  
22 interactive environments represent a brand new model of  
23 learning. We need more public research that policymakers  
24 and government officials and the American public can call  
25 on that shows how learning occurs in virtual

1 environments, and the implications of that, certainly,  
2 are much broader than children in advertising effects  
3 that can extend into distance education, world health  
4 care models. There's a real need for this sort of  
5 research to be done.

6 We ask that there is an examination of the  
7 influence of advertising directed to children in the  
8 school and the classroom. Such advertising may exert  
9 more powerful influence because of greater attention to  
10 the message or because of an implicit endorsement effect  
11 associated with advertising viewed in a school setting.

12 Children in the United States deserve the same  
13 protection against advertising as that afforded to  
14 adults. The existing law is specific in requiring that  
15 commercial messages be clearly identifiable, as such, to  
16 their intended audience. Certainly, it would be  
17 impossible to protect young children from exposure to all  
18 advertising, and we're not asking for that. However, as  
19 the American Psychological Association has documented,  
20 there is a significant amount of advertising uniquely  
21 designed for and specifically directed to young children.  
22 Such advertising efforts, in our view as psychologists  
23 and child development experts, are fundamentally unfair  
24 because of young children's limited comprehension of the  
25 nature and purpose of advertising.

1                   This is a significant and most elemental  
2 failure of self-regulation and merits a stern examination  
3 by the industry, the Federal Trade Commission, the U.S.  
4 Congress and the American public. Thank you.

5                   MR. PAHL: Thank you, Jeff. And next, we'll  
6 hear from Dr. Betsy Moore.

7                   DR. MOORE: Good morning. What I'd like to do  
8 is just spend a minute to give you a little bit of  
9 background as to how I look at this as a marketing  
10 academic. I'm an Associate Professor of Marketing at  
11 Notre Dame, which may be a little bit different. So, I  
12 want to make a couple of quick points and then I'll turn  
13 to the topic that I've been assigned to today.

14                   The first thing, I think we've heard this  
15 several times today already, that children are being  
16 exposed to an array of influences beyond advertising, and  
17 we've heard about what some of those are, and I won't  
18 list those for you. Some of them we haven't talked about  
19 yet are things like viral marketing, product placements,  
20 which I think we'll talk more about during the panel.  
21 But what does this mean?

22                   I think what this means in terms of thinking  
23 about bans and those sorts of issues is that marketing  
24 stimuli are not necessarily easy to characterize or to  
25 isolate causal relationships between particular forms of



1 marketing. I think we need to take that into account.

2 At the same time much marketing is not  
3 advertising. In addition to that, children are clearly  
4 being, in terms of communications, exposed to a wide  
5 variety of media. I used to teach courses in  
6 advertising, I don't teach those anymore. I teach  
7 courses in integrated marketing communications, which is  
8 the synergistic effect of many media and how we can do  
9 that to be more effective communicators both to children  
10 and to adults.

11 When we think about this with respect to  
12 children, a lot of the research on children has tended to  
13 look at advertising's effect, kind of a single exposure  
14 and then impacts on children, and in thinking about this  
15 issue, we really need to be thinking about the full  
16 decision process. Children don't just experience  
17 advertising in isolation. They use these products, they  
18 make judgments about them, they see advertising again.  
19 So, in thinking about these issues in terms of research  
20 needs, I think we need to be looking at the role of  
21 product usage on later behavior because it does have an  
22 influence. It's part of their everyday lives and we need  
23 to be kind of thinking about in those terms.

24 In terms of development differences -- and I  
25 bring up this point, actually, I think following up with

1 Jeff, we need to be taking into account development  
2 differences. Part of the reason that I bring this up  
3 here is that a lot of the concerns and some of the  
4 proposals here are looking at children under eight and I  
5 guess there's with the idea essentially that older  
6 children have cognitive defenses in place so that they're  
7 not as at risk. One of the things that we want to be  
8 thinking about is having cognitive defenses and using  
9 them are not necessarily the same thing.

10 There's research evidence that suggests that 8  
11 to 11-year-old children have cognitive defenses, but they  
12 don't spontaneously use them unless you encourage them to  
13 do that or cue them to do that. So, I think those  
14 cognitive differences are important.

15 The last thing, just quickly, is clearly  
16 children's decision processes are being influenced by a  
17 variety of factors. We've heard about family. I guess  
18 one thing that I would point out to you, some of my own  
19 research, we look at what we call inter-generational  
20 influences, which is essentially how do the impacts of  
21 parents' brand preferences and product preferences, how  
22 do they translate to children? And we have data that  
23 shows that young adults have more than a chance degree of  
24 similarity to the parents in terms of their brand  
25 preferences. So, these are young adults that have moved

1 out of the household and lived on their own for a couple  
2 of years who still have many of the preferences that they  
3 learned as a child.

4 If I turn to what I was asked to talk about  
5 today, I'll kind of go back to the media issues. As  
6 Professor Childs mentioned, the emphasis on promotional  
7 activity is increasing relative to advertising. In many  
8 packaged goods, it exceeds 50 percent of the budget and  
9 that's both consumer and trade promotions. So, consumer  
10 promotion would be things like contests, sweepstakes,  
11 those sorts of things. And people are making more  
12 decisions in-store.

13 I think when we talk about media specifically,  
14 it's not just a question of there's more media out there.  
15 I think another thing that's happening that we need to be  
16 thinking about is that the technological advancements  
17 that are occurring are actually blurring the boundaries  
18 between media. We have things like we're now seeing  
19 video appearing on the Internet. So, we have video  
20 streaming or video ads that are appearing on the  
21 Internet. We can listen to the radio on the Internet.  
22 So, you know, what's one media and what's another, that's  
23 changing and that's going to continue to change as we go  
24 forward.

25 One of the things that we've seen in terms of

1 children, if we sort of focus in on the online  
2 environment, computers, is that there's been a  
3 significant growth in children's recreational computer  
4 use. This is based on a study that was done by the  
5 Kaiser Family Foundation. They found between 1999 and  
6 2004 that among children, and this is obviously a broader  
7 age group than what we're talking about today, is that  
8 it's increased pretty dramatically over that period.

9 At the same time, TV, print, and magazine  
10 exposures remained constant. So, this new environment,  
11 online environment, in particular, is an important one.

12 One of the things that we're observing, and  
13 this is both children and adults, is that people are  
14 using media simultaneously. So, the way that we're using  
15 media, we used to sit down and watch television. Now, we  
16 may be sitting down watching television, but at the same  
17 time using the Internet or using the Internet while we're  
18 listening to the radio. And more and more people are  
19 doing it. The data there that they had say that most  
20 children multi-task, and they estimated for children in  
21 this age group, 8 to 18, spend approximately 25 percent  
22 of their time using two or more media. So, we're using  
23 media simultaneously and I think that's a whole new way  
24 of thinking about this and that we need to be thinking  
25 about what does that mean and what do we need to

1 understand about this.

2 In terms of the Internet, you can see here that  
3 a substantial portion of children have access to the  
4 Internet, and this is at home, we're not talking about  
5 school here. It varies by age. But one thing I would  
6 like to point out is that these numbers are changing  
7 continuously. This is a Corporation for Public  
8 Broadcasting study that compared 2000 and 2002. Dramatic  
9 increases over that period of time, and that's the most  
10 recent data that I've seen and I suspect that these  
11 numbers are even higher.

12 Of the kids that have access to the Internet,  
13 about two-thirds of them report that they're going on the  
14 Internet to play games. We've heard the word  
15 "advergames" mentioned several times already this  
16 morning. Some of the concerns there are that kind of the  
17 level of engagement when children play advergames. When  
18 people -- not just children -- get on the Internet to  
19 play these games or get on these gaming sites, they're  
20 spending an average of 26 minutes on the more popular  
21 sites.

22 Now, when we think about this, I've actually  
23 seen some data recently that was equating television  
24 impressions or web impressions or Internet impressions  
25 and saying this is minor, this is really insignificant,

1 but I think we have to be careful not to equate TV  
2 impressions with impressions on these advergaming sites  
3 because people are spending more time. If you think  
4 about this in terms of the nature of exposure, it's a  
5 much more focused attention, more time is being spent  
6 there. So, it's a different kind of interaction that a  
7 child or an adult is having with this media. So, I think  
8 we need to be careful not to equate them.

9 A lot of the concern here that has been raised  
10 is on adver-tainment, and if you think about children and  
11 their ability to use their cognitive defenses are there  
12 questions here that we need to understand in terms of  
13 their ability to distinguish between content and  
14 advertising? Where are the lines between those and is  
15 this more difficult for children?

16 I guess the last thing that I would say is if  
17 we look at the empirical research, we're seeing a lot of  
18 change in terms of kids' media use. The online  
19 environment is becoming very important. We know very  
20 little about it in terms of children's responses to that.  
21 What I will leave you with is most of the research --  
22 empirical research is focused on television and we're  
23 currently engaged, in cooperation with the Kaiser Family  
24 Foundation, on a study of advergaming, which we can talk  
25 about during the Q&A if you'd like to. Thanks very much.

1 MR. PAHL: Thank you. Next, we have Sonya  
2 Grier. Dr. Grier?

3 DR. GRIER: Good afternoon. My research looks  
4 at how marketing may serve as part of the solution to  
5 health challenges and social challenges, such as obesity.  
6 But today I've been asked to describe the strategies the  
7 market has used to reach ethnic minority children and how  
8 this may differ from the strategies that target children  
9 generally, and this is a big task for five minutes, but  
10 I'm going to try.

11 What is different about marketing to ethnic  
12 minority children is not only the types of advertisements  
13 and promotions that are directed to them, but also how  
14 often they respond to these strategies and how they  
15 respond to them. I'm going to go through four key points  
16 with you. First, from a practical perspective, ethnic  
17 minority youth are an especially attractive segment for  
18 food and beverage marketers. Minority youth are growing  
19 faster than other youth and are predicted to comprise  
20 almost half of all U.S. children in the next five years,  
21 by the year 2010. So, from a business perspective,  
22 minority youth are important to marketers.

23 Second, ethnic minority children have higher  
24 exposure to marketing promotions because they spend  
25 significantly more time with media. As Dr. Dietz showed

1 you, there are significant differences in the amount of  
2 media that is consumed by ethnic minority youth. One  
3 Kaiser Foundation report, the 1999 Report found that both  
4 black and Hispanic children, age two to seven years old,  
5 spent at least two more hours per week with media than  
6 white children. That's with all media. The recent  
7 report in 2005 found that 8 to 18-year-old black youths  
8 spent 14-and-a-half more hours per week watching TV,  
9 DVDs, and movies than white youth, and that Hispanic  
10 youth spent six more hours per week.

11 Further, minority children are exposed and  
12 respond to promotions that are targeted to all children,  
13 those targeted specifically to minority children and also  
14 those targeted to minority teenagers and adults.

15 The third point, ethnic minority children have  
16 been found to respond more favorably to ethnically  
17 targeted marketing strategies than do white children.  
18 For example, black adolescents are more likely to pay  
19 attention to and identify with black characters and to  
20 respond more favorably to black ads. Some research has  
21 also shown that minority children have less understanding  
22 of the persuasive intent of advertising, but this  
23 research is somewhat old.

24 Finally, I'm going to talk about the specific  
25 types of marketing strategies that ethnic minority



1 children respond to more favorably. In terms of  
2 promotions, advertisers use racial and ethnic cues, such  
3 as minority models, ethnic symbols, linguistic styles and  
4 music to link cultural values, beliefs and norms with  
5 brand names or with the consumption of specific food  
6 products. For example, one campaign co-sponsored by a  
7 fast food company and a beverage company distributes  
8 black history materials in schools to black children.

9 Research also suggests that the number of ads  
10 and the products advertised to black children differ  
11 significantly from what is promoted to white children.  
12 Black TV shows have more food commercials than general  
13 market shows and these commercials feature more candy,  
14 sodas and snacks than other shows.

15 Minority-targeted advertising has also been  
16 found to be less likely to contain health-oriented  
17 messages. However, future studies may capture the  
18 emerging health-supportive strategies.

19 As you have also heard, promotional strategies  
20 also include food industry sponsorships, partnerships  
21 with community-based organizations, in-school marketing  
22 and street marketing. So, for example, most of the major  
23 soft drink companies have or have had street marketing  
24 campaigns where they send vans with teens into minority  
25 neighborhoods to give out free samples of their products.

1           These techniques are used by the marketer to  
2           create long-term favorable associations with brands by  
3           embedding the products into the children's lives. These  
4           techniques may not fall under the rubric of typical  
5           advertising and marketing guidelines, but are a huge part  
6           of marketing strategy. Marketers also develop customized  
7           products, such as sweeter fruit-flavored beverages, to  
8           appeal to the tastes of black and Hispanic youth.

9           Thus far, the research suggests differences in  
10          minority children's exposure to advertising, the salience  
11          of this advertising and the amount and types of food  
12          products that are advertised. But marketing strategy is  
13          not just advertising, as you have heard, but I'm going to  
14          go even further than saying it's also promotions. It  
15          also encompasses how accessible products are and what  
16          they cost. So, many ethnic minority communities have  
17          fewer supermarkets and more fast food restaurants than  
18          white communities.

19          For example, the Food Trust in Philadelphia  
20          evaluated the snacks available in the corner stores in  
21          five minority communities that children frequent on their  
22          way to and from school. They found that only one carried  
23          low fat milk and none had fresh fruits. So, there were  
24          very few healthy snack options available.

25          Generally, minority children are more likely to

1 live in communities with limited access to healthful food  
2 options. So, these elements of marketing strategy work  
3 together to create different marketing environments for  
4 ethnic minority children and these environments have many  
5 signals to eat less healthy food and few signals to eat  
6 healthy food. These marketing environments also  
7 challenge parents' awareness of and ability to provide  
8 healthier options for their families.

9 And I've got a hand-out outside with these key  
10 points on them. Thank you.

11 MR. PAHL: Thank you. And lastly, we'll hear  
12 from Brady Darwin.

13 MR. DARVIN: Strottman is a family promotions  
14 agency. We're not an advertising agency. We don't  
15 actually create television or print advertising. We  
16 study kids and their parents, and from the insights we  
17 gain, we create promotional strategies, creative  
18 platforms, premiums, toys, sweepstakes, a variety of  
19 other things. About half our clients are in the food  
20 service or package goods industries. But we also do  
21 family promotions in the hospitality industry, the toy  
22 industry, and a couple mentions have been made of the Ad  
23 Council's Coalition for Healthy Children. We're actually  
24 helping them lead the strategic development of their  
25 platforms for communicating healthy messages. The

1 American Heart Association is also one of our clients.

2 A main goal of our agency has been to help our  
3 clients provide incrementally healthier options. It's  
4 about small steps. It's not always healthy, but it's  
5 healthier. There always has to be that intermediary  
6 step. This is a long process.

7 I think that the reason we were invited here  
8 today and the difference between our research and a lot  
9 of the research that's been talked about is that we talk  
10 to kids and we talk to moms. We have a panel of 350 kids  
11 we call kid engineers in three different cities. We have  
12 a couple hundred moms and we even talk to teachers.  
13 These are not focus groups. We don't create ideas and  
14 then run them by the kids for a thumbs up or thumbs down.  
15 The kids and the moms work with us in ideating from the  
16 initial ideation all the way through product development.

17 As part of our efforts to better understand the  
18 health and wellness issue, we did study a year-and-a-half  
19 ago called Nutrition from a Kids Perspective that we  
20 presented many places. If anyone's interested in seeing  
21 that, you can give me your card during lunch.

22 But a couple things from some of our research.  
23 When you talk to kids, there is no obesity epidemic to a  
24 nine-year-old. Oh, sure. There's no obesity epidemic to  
25 a nine-year-old. If you ask kids what they think is

1 dangerous, they get the smoking message, they get the  
2 seatbelt message, they get the dental hygiene message  
3 even. But being overweight and not exercising enough to  
4 a nine-year-old, that's not what they're thinking about.

5 If you're talking about where a kid is getting  
6 information, we focus a lot today on television. Mom is  
7 the number one source of information for kids, and I  
8 think we really have to find more tools to offer mom to  
9 help her teach those lessons. The moms we talk to tell  
10 us they know they're not always serving healthy dinners,  
11 but they have jobs, they have after-school activities,  
12 they're begging us for help. When they go out to  
13 restaurants, because these consumers are leading these  
14 busy lives, healthy food is literally at the bottom of  
15 their list of things they're thinking about when they got  
16 to restaurants. And they really want help to know what  
17 can they do differently.

18 And in terms of kids, kids, from the youngest  
19 age, when they hear healthy, what they hear is tastes  
20 bad. And, you know, maybe this is an obvious point, yet  
21 it's something that we haven't successfully addressed.  
22 We've got to address that perception. If kids think  
23 healthy food tastes bad, then everything else we do is  
24 moot.

25 I went to dinner last week -- we do something

1 called dine-alongs, and three nights last week -- three  
2 nights in a row, I went to dinner with three different  
3 families where we watch how they order, how they decide  
4 what restaurant to go to, if the kid gets to decide what  
5 he's ordering, if mom is talking to him. And I think a  
6 lot of the research that's been presented today is great,  
7 but I think it's very important that we don't lose the  
8 perspective of what the kids and the moms think.

9 Just as an example of giving moms healthier  
10 tools, right now, as we speak, for the American Heart  
11 Association, we have two groups of our kid engineers and  
12 their moms in some test kitchens that are actually  
13 testing recipes for a new American Heart Association  
14 family cookbook to see if these recipes resonate with  
15 kids and moms, if they taste good to them. I think  
16 that's the kind of activity we need to see from  
17 researchers and markets to make sure that we really  
18 understand what the issue is and don't get too focused on  
19 the numbers.

20 Thank you very much.

21 MR. PAHL: Thank you. Now, we'll have some  
22 questions from the moderators to the panelists. I would  
23 encourage anyone from the audience who'd like to ask a  
24 question to get a card from one of the people who are  
25 circulating about and write their question down so that

1 we can pose them after a few questions from the  
2 moderators.

3 DR. HUBBARD: I'll start out with an initial  
4 question based on many of your comments. What I'd like  
5 to do is see your reaction or recommendation as to how  
6 grocery stores, food retailers or the food industry in  
7 general, actually, how can we do a better job of  
8 marketing the healthier products to children or their  
9 parents? A lot of the marketing goes to, I mean, one  
10 snack food versus another snack food or one comparable  
11 food to another comparable food, and I think what we need  
12 to do is also change the distribution of the foods, not  
13 only for the children but for families. I'd like to have  
14 your reaction to that.

15 DR. CHILDS: I think there are a lot of  
16 techniques that work in marketing foods specifically to  
17 kids and these are the foods that the kids then initiate  
18 their requests for. And these techniques can apply to  
19 healthier food choices. We're seeing a lot going on in  
20 the U.K. right now. First of all, you have stronger  
21 private label programs there and they're doing some very  
22 interesting stuff, more than I had up there, but also  
23 because I think they're anticipating an advertising ban  
24 and point-of-purchase brands will have a lot of impact  
25 then.

1                   They're showing that they can initiate  
2 excitement around products that have a better nutrition  
3 profile and initiate excitement around fruits and  
4 vegetables. So, in that sense, these techniques, if  
5 they're utilized -- and that means bringing in mascots,  
6 that means bringing in colorful, we may say silly, kinds  
7 of presentations of food. This is what kids like. So,  
8 this would be one way of directing techniques that we  
9 know work.

10                   MR. O'BRIEN: If I could add to that as well,  
11 it seems to me that there's a bit of a false dichotomy  
12 between foods that get promoted and foods that are good  
13 for you. I think one of the things that Chairman Majoras  
14 said this morning was that we all, in the business  
15 community, are aware of where the consumer is going and  
16 what the consumer wants, and we had better, well, deliver  
17 that to the consumer.

18                   There are products right now the food companies  
19 are coming out with. One example, General Mills has a  
20 product called Go-Gurt. It's a wonderful product. It's  
21 a kids' product. Kids love it, it's fun, and it gets the  
22 same sort of marketing support that any other type of  
23 food product would get. I guess the lesson in that is,  
24 it is possible to create foods with a good profile that  
25 kids will like that are not broccoli. I mean, you can



1 really do that, and I think that's one of the trends you  
2 will see increasingly. You've seen it strongly over the  
3 past couple of years with the food companies and I think  
4 you're going to see more and more really for the reason  
5 that Chairman Majoras suggested, which is, you know,  
6 business goes where the market is and the market right  
7 now is going toward healthier foods, I believe.

8 MR. PAHL: I'd like to pose a question that  
9 relates to television advertising just to ask all the  
10 members of the panel to comment on whether they have any  
11 reactions to the presentations by Dr. Dietz and Dr.  
12 Ippolito with regard to television advertising, in  
13 particular the impression that television advertising of  
14 foods to kids appears to have been decreasing.

15 MR. McINTYRE: Well, I'll jump in there and say  
16 that it is certainly remarkable to see the figures that  
17 she put up.

18 I think that they're kind of two different  
19 tacks that we can take for those of us that consistently  
20 review the research in this area. One is that Dr.  
21 Ippolito's results, since she doesn't speak for the FTC,  
22 contradicts, by and large, the significant body of  
23 academic research in this area. I'm only aware of one  
24 other study that has been done that exists that shows  
25 similar numbers and we've yet to see the numbers for

1 that. I'm aware of a couple of Congressional offices and  
2 some government agencies, the Institute of Medicine and  
3 whatnot, that have actually called for the methodologies  
4 and the data that's been used on the previous study, and  
5 we're still looking for that. So, perhaps as the Federal  
6 Trade Commission or Dr. Ippolito does this study, that we  
7 can get the data and actually kind of see what the  
8 definitions are, how it's done.

9           There are concerns that it's done in a vacuum;  
10 as we've just heard most children used media  
11 simultaneously and so narrowly defining television as  
12 three or four networks and a couple of cable stations, I  
13 think, is probably very unfair to children.

14           The flip side of this, the other tack that we  
15 can take on this is that perhaps these results are, in  
16 fact, representative of a good methodology design and are  
17 good data to take a look at. If, in fact, that is true,  
18 then I think that we have to seriously consider -- now  
19 I've lost my train of thought here, forgive me.

20           That for us, as psychologists especially, that  
21 even if those results are true, that those -- a lesser  
22 amount -- she said, I forget what, 5,000, 5,200 or so  
23 commercials over a certain amount of study that are aimed  
24 at children under the age of eight, we still consider  
25 that to be unfair and deceptive.

1 MR. O'BRIEN: Also, I guess, I was not  
2 surprised by the data Dr. Ippolito showed. First of all,  
3 it conforms to the data we see coming out of Nielsen.  
4 Nielsen is, of course, the gold standard of measurement  
5 for the advertising community. The prices we pay for the  
6 advertising time that runs on the different programs is  
7 literally defined by what Nielsen says the audience for  
8 that program is. So, to us, it is the unquestionable  
9 gold standard.

10 As I said in my remarks I'm old enough to  
11 remember the seventies, I marketed and advertised during  
12 the seventies. And in those days you really got more for  
13 your money when you advertised than you do today. In the  
14 children's market, there were only three television  
15 networks on Saturday morning, there was a little bit of  
16 after-school stuff, there were comics in newspapers, but  
17 in point of fact, you could reach an audience of children  
18 for a rather low expenditure. That's not true today.

19 Today, all media has become more expensive. It  
20 has become more fractionated. The reach that existed in  
21 1975 does not exist in 2005. You'd be hard-pressed to  
22 deliver the kinds of reach numbers today that you could  
23 30 years ago, and as a result, what you're buying is  
24 fractionated audiences and you're paying a lot more money  
25 to do it. I think it's a matter of simple economics of

1 supply and demand. If the cost of media has now gotten  
2 that expensive, something has to give and what will give  
3 is people will either buy less of it, which I think in  
4 this case is happening, they are buying less television,  
5 and I think the other things they'll do is they'll put  
6 the money into other outlets.

7 I think possibly one of the more important  
8 things that's been brought up this morning is Dr. Childs  
9 and her good analysis of the whole retail situation.  
10 WalMart didn't exist to the power base that it was 30  
11 years ago. I mean, it didn't exist like that 30 years  
12 ago. And, today, manufacturers really have to put a lot  
13 of money into programs designed to placate WalMart, and  
14 something has to give. It's a fixed sum amount of money  
15 that goes into marketing. You can't do incredible media  
16 budgets and do incredible trade promotion budgets and  
17 also spread your media dollars over a fractionated media  
18 environment. Something has to give, and it appears what  
19 has truly given is the amount of advertising to kids, in  
20 particular the amount of food advertising to kids, since  
21 food advertisers are under the heaviest pressure to meet  
22 trade considerations, much as Dr. Childs has outlined.

23 DR. HUBBARD: Related to some of the comments  
24 that were made during each of your presentations, I'd  
25 like to have a little bit further comment with regard to

1 the role that product placement plays in marketing of  
2 foods to children and, also, perhaps even a clarification  
3 as to -- I know that there are costs involved in product  
4 placement, and just to reiterate, I think it was implied  
5 that 40 percent of some of the expenditures for marketing  
6 goes to what is known as trade, which incorporates  
7 positioning, I think, in retail outlets.

8 But if you could also comment upon the dollar  
9 figure, once again, so that people know whether the  
10 dollar figure is applied to positioning are included  
11 under ad dollars or needs to be asked separately.

12 DR. CHILDS: At first, I wasn't sure, do you  
13 mean product placement at retail, not in a movie?

14 DR. HUBBARD: At retail.

15 DR. CHILDS: At retail, okay. That would not  
16 be considered dollars devoted to advertising.

17 DR. HUBBARD: Okay. And what role do you think  
18 that plays or how could it -- I mean, how might it be  
19 modified to help us do what we are trying to achieve here  
20 in terms of improving the diets and the intakes of our  
21 youth?

22 DR. CHILDS: The product placement dollars?

23 DR. HUBBARD: Just product placement. Brady, I  
24 think you were --

25 MR. DARVIN: I think one great example of what

1 the organization has done, grocery retail is the Produce  
2 for Better Health Foundation -- I think they're here  
3 today -- and they did a program called 5-A-Day the Color  
4 Way that involved signage in the product section of  
5 thousands of grocery stores, floor graphics, which we  
6 found in our research that floor graphics are the most  
7 effective medium for kids in grocery stores.

8 I also think grocers could try experimenting a  
9 little bit more with how product is shelved. There are  
10 very fixed traditional ways that grocers and the rack  
11 jobbers have. Right now if you go into a regular grocery  
12 store, all the organic and natural products are in an  
13 aisle called Organic and Natural, instead of dispersed  
14 throughout the store in their own categories.

15 I also think a lot of grocers could take  
16 lessons from Trader Joe's. Our moms love Trader Joe's  
17 and some of the methods Trader Joe's uses; they have  
18 recipe cards right on the shelf tags. They have  
19 employees that are personally interested in cooking and  
20 healthy foods. You know, they have cashiers that can  
21 tell a mom whether a child is more likely to like the  
22 flavor of saffron rice versus basmati rice. That's the  
23 kind of service that, I think, grocery stores can provide  
24 either through point-of-purchase materials in the stores  
25 or through employees.

1 MR. PAHL: I think it might be helpful to see  
2 if Dr. Moore could amplify a little bit on her comments  
3 about advergaming. I know that's something she started  
4 to talk about in her introductory remarks and was cut  
5 short. So, if you could expand on that a little bit,  
6 that would be helpful.

7 DR. MOORE: Well, actually, advergaming is  
8 defined in a couple of ways. Oftentimes, we're talking  
9 about websites with games on them that are specifically  
10 designed with the brand embedded in them. People have  
11 also been talking about advergaming as the placement of  
12 ads within existing video games, and then we're seeing  
13 more and more of that. So, placing billboard ads within  
14 a game that exists. Like the Sims online game, for  
15 example, had some McDonald's kinds of advertising  
16 embedded within that game.

17 But when we're talking about advergaming, we're  
18 talking about games that are specifically designed for  
19 the brand. I'm working on a project with the Kaiser  
20 Family Foundation where, because we know very little  
21 about this, both in terms of how much of it's out there,  
22 one, and second, how are kids responding to this, because  
23 I think if you look at the nature of this exposure, as I  
24 mentioned, I think is very, very different. Kids are  
25 spending a lot of time, but also if you think about this

1 in terms of this is not a passive medium. It's not like  
2 kids could walk out of the room or kind of be half paying  
3 attention. The nature of the medium, itself, this is  
4 interactive, it demands focused attention.

5 So, in terms of how children are responding to  
6 advergaming, we don't know very much, but I think we do  
7 need to know how that works. Also, as I mentioned, I  
8 think we need to be very careful about equating TV  
9 impressions and web-based impressions because of that.

10 One of the things that we're doing with the  
11 Kaiser Family Foundation studies is a content analysis of  
12 major food advertisers' websites and we're currently in  
13 data collection. I have research assistants that, at  
14 this moment, are busily engaged at looking at these  
15 websites and playing games, which they love, by the way.  
16 They think they have the greatest research job ever.

17 And one of the things that 90 brands who  
18 account for 80 percent of the ad spending in their  
19 categories during children's television programming, that  
20 78 out of the 90 brands have some sort of web presence  
21 that's targeted at kids or targeted at kids and teens and  
22 likely to appeal to children.

23 So, what we're initially seeing is that it's  
24 prevalent. These sites vary tremendously in terms of  
25 their complexity. Some are simple. Some have over 70



1 games, 100 games on them. Other ones have one game on  
2 them. The sites are not just games. There are viral  
3 marketing kinds of things here, which is essentially  
4 invite your friend to come play on the site with you by  
5 sending your friend a greeting. So, there are ways that  
6 we're encouraging children to communicate with other  
7 children about these brands. There is information about  
8 the products. There are things that can be downloaded  
9 and saved for later.

10 So, the sites are actually more complex than --  
11 advergaming, in some sense, I think maybe simplifies kind  
12 of what these sites are about, and we're also looking at  
13 the games in terms of how embedded is the brand within  
14 these games in a number of ways and we're clearly seeing  
15 evidence of the brand characters and things like that as  
16 a major component of the games.

17 MR. O'BRIEN: And the term "advergaming"  
18 shouldn't immediately connote a negative. A game can be  
19 designed responsibly. If you had to move a cookie  
20 through a maze, maybe after you lose three cookies, you  
21 can't get through the maze anymore, teaching a lesson of  
22 portion control because a serving size is three cookies.  
23 For every online game out there that promotes a brand,  
24 there are just as many games that purely teach lessons.  
25 Kidnetic.com is the International Food Information

1 Council's website that has probably the best flash-based  
2 online games relating to youth and wellness that are out  
3 there.

4 So, I wouldn't use the term "advergaming" and  
5 immediately think negative. I think there are good ways  
6 to do it.

7 DR. MOORE: Yes, I guess what I would say is  
8 that we are specifically looking at corporate-sponsored  
9 websites with these games on them. There certainly are  
10 game sites that have games that are not commercial.  
11 There are also game sites where there are games by  
12 corporate sponsors on those sites. So, they're general  
13 game sites with some of the kind of commercial games  
14 added to those. And I agree with you, they're not  
15 necessarily negative.

16 I think part of this research is really what  
17 are these games, what do these sites look like what can  
18 we understand about them I don't think we know the answer  
19 to these questions. That's exactly why we're doing this  
20 study and that's why we're starting with a content  
21 analysis.

22 DR. HUBBARD: I'd like to actually allow Dr.  
23 Grier to expand on some of her comments and specifically  
24 address an issue about ads, through what media are being  
25 used, that may be targeting minorities and whether or not

1       there are specific foods that are being targeted  
2       specifically to minority populations, and how you think  
3       that should be addressed.

4                 DR. GRIER: Well, there are two very recent  
5       content analyses that have looked at programming and  
6       there are several that have looked at magazines looking  
7       at primarily ethnically targeted magazines versus general  
8       mainstream magazines that have a predominantly white  
9       readership or a predominantly white viewership. And all  
10      of those, although small, have the same consistent  
11      message that there's a bias towards low nutrition  
12      products, such as snacks, desserts, candies, chips and  
13      soda and fast food advertisements targeted towards ethnic  
14      minorities, especially African Americans.

15                In terms of how that might be dealt with, I  
16      mean, one factor is consciousness, and in most marketing  
17      studies, most of the academic studies don't include  
18      ethnic minority youth or ethnic minority subjects as one  
19      part. So, I think that there has to be a consciousness-  
20      raising part of it so that we look specifically at the  
21      impact of these strategies on ethnic minority  
22      communities. These health outcomes that emerge from  
23      collective efforts and collective strategies are very  
24      important to think about in that way.

25                The second thing is to target minorities

1 proactively with more healthy products, to try to balance  
2 out this biased nutritional message environment that  
3 we're seeing. At the same time, it's also important to  
4 increase food access so that it's not just fast food  
5 restaurants and convenience stores that are in an area so  
6 that people can buy quality fruits and vegetables.  
7 People can't get five a day if they can't buy them in  
8 their local grocery stores.

9 MR. DARVIN: I think another big challenge to  
10 lower income kids, I had an opportunity a couple of weeks  
11 ago to spend an entire day in a very low income  
12 elementary school in Southern California, a Title I  
13 designated school, 100 percent of the kids qualify for  
14 federally supported free lunch and free breakfast, and  
15 the most stunning thing about the day to me, when we were  
16 talking to them about what they ate, the kids at this  
17 school, they're not concerned about eating healthy,  
18 they're concerned about eating and their moms are  
19 concerned about eating and they're just glad that they're  
20 getting a meal. It's a whole other step to get them to  
21 think about eating healthy.

22 MR. PAHL: Well, thank you. We have about 10  
23 minutes left on our panel and I'd like to turn to some  
24 questions from the audience. I think we've got about 10  
25 questions from the audience in 10 minutes and we'll get

1 through as many of them as we can in the remaining 10  
2 minutes.

3 The first question is, what is the private  
4 sector doing to self-regulate and self-enforce  
5 responsible marketing practices in schools where children  
6 spend most of their time; for example, pouring rights  
7 contracts in schools, soft drink advertising, et cetera?  
8 So, if people could speak to the role of in-school  
9 promotions and marketing as part of marketing foods to  
10 children, that would be great.

11 MR. DARVIN: I think one reason it's hard to  
12 comment on it is that in the last few years, we have zero  
13 clients that are doing in-school marketing activities.  
14 When it comes to food, it's become a taboo area. There  
15 are plenty of other media channels out there and I think  
16 schools are falling out of favor as an advertising  
17 medium.

18 MR. O'BRIEN: I think, also, what you're seeing  
19 here is the institutional structure of corporate America.  
20 I think basically just about everybody on this panel  
21 deals with food and beverage products from the commercial  
22 from the even non-institutional, non-school setting.  
23 Most companies that I'm aware of their advertising and  
24 marketing through supermarkets is totally divorced from  
25 what goes through the institutions. So, I see what you

1           may be seeing here is just a little bit of a knowledge  
2           vacuum on the school subject from this panel.

3                     MR. PAHL:   Okay, the next question, in Sweden,  
4           by law, there is no TV advertising allowed to children  
5           below 12.  Could this ever become reality here?

6                     MR. O'BRIEN:  Who wants to say no first?

7                     MR. McINTYRE:  Not me.

8                     MR. O'BRIEN:  Well, I think Sweden's an  
9           interesting example.  There's all kinds of studies now  
10          that compare Sweden to other European countries where  
11          advertising is allowed and, of course, it's no surprise  
12          that the obesity rates among kids are pretty much the  
13          same whether the advertising is allowed or not allowed.  
14          So, I mean, Sweden's sort of a loaded example.

15                    But I think in this country, for all the  
16          reasons that I sort of touched on in the beginning, you  
17          know, this was looked at very seriously in the seventies.  
18          In fact, the FTC came quite close to trying to put forth  
19          a ban on advertising in kids programming, and at the last  
20          minute, rethought it with the assistance of the Congress.  
21          And I think the reason that they walked away from it,  
22          Chairman Muris once said the problem with a ban on  
23          advertising is one, it doesn't work, it's ineffective  
24          because, in point of fact, kids don't only watch kids'  
25          shows, they watch all shows.  And so, how are you going

1 to possibly put them in this protective bubble by taking  
2 advertising away from the kids' shows when they're just  
3 going to turn around and they're going to watch Seventh  
4 Heaven or some other show?

5 So, A, it doesn't work and, B, there are real  
6 constitutional issues with it. I think those in the room  
7 who know about the Central Hudson test probably know that  
8 it just would not pass constitutional muster.

9 MR. McINTYRE: I'll disagree with that. I  
10 think that most parents do want to put their kids in a  
11 protective bubble, actually, that they are really  
12 striving for that, and any help that they can get from  
13 the industry, the government or any sort of community  
14 organization to help give parents better information so  
15 that they can put their kids in a protective bubble to  
16 guide them to make healthier decisions is where the  
17 parents want to be on this.

18 I think the constitutionality on this still is  
19 yet to be proven, frankly. Most constitutional measures  
20 are based on demonstrated harm and I think the large body  
21 of academic research certainly shows that this  
22 advertising medium is certainly a risk factor to be  
23 considered among many other factors for obesity in  
24 children's health in general.

25 The Central Hudson case is based -- the outcome

1 of that is that it can't be based on an illegal action or  
2 it can't be based on something that's deceitful. We  
3 believe that if the intended audience does not understand  
4 the purposes of the message sent to them and they are  
5 taken advantage of, that that is, in fact, unfair and  
6 deceitful. So, we'll be interested to see how that plays  
7 out should it come to that.

8 MR. PAHL: Okay, the next question is  
9 specifically directed to you, Jeff, and it's, would the  
10 American Psychological Association consider a PSA, public  
11 service announcement, urging kids under eight to eat more  
12 vegetables unfair because the child cannot understand the  
13 PSA's persuasive intent?

14 MR. McINTYRE: Is that a foundation? Is  
15 somebody offering money?

16 MR. O'BRIEN: You want me to help you with  
17 that?

18 MR. McINTYRE: Yeah. I mean, frankly, you  
19 know, any sort of advertising message aimed at kids under  
20 eight, what we'd be hoping for in that instance is that  
21 the message is going to actually be aimed at the parents  
22 and so the parents can make the decision about what is  
23 going to be healthy for their children. We're not  
24 arguing against all marketing to kids under eight.  
25 Certainly, there are great designs that can help kids



1 under the age of eight better appreciate things that they  
2 need to in their lives. Bicycle helmets would be a great  
3 example of that. But in an instance where something is  
4 going to have a negative effect on their health, then  
5 certainly we have a great concern for those sort of  
6 advertisements.

7 MR. PAHL: Here's the next question. When do  
8 children become kids? Does this switch imply something  
9 about our own attitude towards children, that is we take  
10 them less seriously now than we used to?

11 MR. O'BRIEN: My kids were always kids.

12 MR. McINTYRE: I used to be a kid.

13 MR. O'BRIEN: I used to be a kid, too, yeah.

14 MR. PAHL: Okay, let's move on to the next one.  
15 Advertising during children's programming is limited by  
16 the Children's Television Act of 1990. Is this  
17 limitation a reason why the amount of children's  
18 advertising might have decreased as reflected in Dr.  
19 Ippolito's study?

20 MR. DARVIN: In my mind, I was not surprised by  
21 that data mostly because of the increase in different  
22 media vehicles. Plenty of our kid engineers tell us they  
23 spend more time on the Internet and instant messaging and  
24 playing video games than they do watching TV. And I  
25 think to what Jeff said, that parents would love their

1 kids to live in a protective bubble, I agree, they would  
2 love it, but I think most parents accept that that's not  
3 realistic. It would be nice if we didn't live in a media  
4 prolific society, but we do. Restrictions on television  
5 would result in advertising and promotional dollars  
6 transferring to the little screens at the supermarket  
7 check-out counter and the little screens they now have at  
8 the gas station pump and now even TiVo is putting in  
9 still ads so that when you skip the commercials, there's  
10 a still screen of an ad.

11 So, I think perhaps one explanation of that  
12 research is that there's just more media out there that  
13 kids are exposed to now.

14 MR. McINTYRE: Yeah, I totally agree with that.  
15 We're probably not reflected in the numbers that Dr.  
16 Ippolito put up there, but it's our understanding that  
17 marketing budgets have actually gone up over years, and  
18 so, in the same amount of time that this study that she's  
19 quoting has come from. So, we think that there's a wide  
20 array of channels that they're using to be able to do  
21 that. I think the Children's Television Act is  
22 definitely a great thing, but to draw a causal  
23 relationship is probably a little short-sighted.

24 MR. PAHL: Okay, the next question is  
25 specifically directed to Dr. Moore. Can you explain the

1 synergistic impact of various marketing methods and how  
2 viral marketing operates with food products?

3 DR. MOORE: I don't know that it's specific to  
4 food products. When I teach an integrated marketing  
5 communications class, essentially what I'm telling MBA  
6 students and undergraduate students is that when you're  
7 thinking about communicating with consumers that there  
8 are multiple ways that you do that and because of the  
9 fractionalization of media, that we try to provide a  
10 consistent, coherent, synergistic message across  
11 different media. So, that's going to be television,  
12 print, Internet, and viral marketing. Viral marketing --  
13 you may have heard of the term "buzz marketing" -- is  
14 essentially a way to get consumers to talk to other  
15 consumers, and it has been written about extensively in  
16 the business press.

17 The first example I've seen of this with  
18 respect to children is on these websites. Generally,  
19 when people are talking about that, they're talking about  
20 adults. So, essentially using a whole variety of tools  
21 to reach consumers. And I'm not even discussing product  
22 placements. Actually, when you used the term "product  
23 placements" earlier, I thought you meant product  
24 placements in television or in films or in music or in  
25 books even, which is clearly on the rise, particularly

1 because of TiVo or people kind of flipping away. So,  
2 we're seeing more and more dollars being invested in  
3 product placements, which is putting the product right  
4 into the TV show, right into the film or right into the  
5 music.

6 So, I'm kind of sort of dancing around the  
7 question here, but I think it's using all of these tools  
8 in a way to reach consumers with messages that they want  
9 to hear. I think we're focusing on the negative here.  
10 We learn things from advertising. We find out about  
11 products that we wouldn't otherwise know about from  
12 advertising and from some of these other media. So,  
13 there are good things with learning about these things.  
14 We have choices as consumers that we wouldn't have.  
15 There are better products on the market because of  
16 competition that's brought about by communication.

17 MR. DARVIN: What Dr. Moore said about the  
18 importance of consistent messaging across platforms, that  
19 is what the --

20 DR. MOORE: That's what I am saying.

21 MR. DARVIN: That is what the Ad Council  
22 Coalition is about. Heidi Arthur from the Ad Council  
23 will talk about this more later, but we're creating  
24 consistent messages that whether you're McDonald's or  
25 Kraft or Nike, if you want to, for example, talk about

1       portion control to kids, we are creating language that  
2       says here's language that we've tested with kids that  
3       works if you want to talk about portion control, whether  
4       it's on a shoebox or a package of cheese or on a  
5       restaurant menu board. So, consistent messaging is very  
6       important.

7                   MR. O'BRIEN: If I could also just add one  
8       thought to both what Dr. Moore said and also what Jeff  
9       said. I mentioned, briefly because we were all sort of  
10      under the gun for time, this media literacy campaign that  
11      the industry's about to launch through the good offices  
12      of the Ad Council.

13                   The whole notion of product placement and I  
14      think the very sincere belief that kids under a certain  
15      age can't separate a commercial message from a  
16      programming message -- I don't know if you're familiar  
17      with these literacy programs that exist in Canada or in  
18      Europe. What they do is there's a broadcast part to it,  
19      but there's also a curriculum part in the schools and I  
20      know that only goes down to a certain age, but they do go  
21      through the schools. And they are designed exactly to  
22      make kids more savvy about how to understand what a  
23      product placement is, that product's in there because it  
24      wants to be sold, and also to kids who are under a  
25      certain age, it tries to start giving them information

1 about what's commercial and what's not.

2 This is going to be an important initiative  
3 from our industry for the American public and we'd  
4 welcome both of you helping with that if you would. I  
5 think that would be a good thing.

6 MR. PAHL: I'd like to thank all of you. I  
7 think that's all the time we have for questions.

8 **(Applause.)**

9 MR. PAHL: The questions that we did not have  
10 an opportunity to pose to the audience, we definitely  
11 will consider. I'll turn the floor over to Lesley.

12 MS. FAIR: We have just one hour scheduled for  
13 lunch, which gives new meaning to the phrase fast food.  
14 There is a list of local eateries you should have  
15 received when you came in. If not, there are more copies  
16 on the table. There is no reserved seating, so please  
17 take your belongings with you and bring them back. We'll  
18 begin promptly at 1:15. You must retain your name tag in  
19 order to get back into the building. Please bear in mind  
20 that you will have to go through the metal detector,  
21 through security screening again. So, bear that in mind  
22 if you decide to leave the building. And the deadline  
23 for signing up for the open forum is 1:30 p.m. We look  
24 forward to seeing you at 1:15. Thank you.

25 **(Whereupon, at 12:18 p.m., a luncheon break was taken.)**



1 National Heart, Lung and Blood Institute showed that  
2 children under 12 years old who participated in a  
3 behaviorally-oriented nutrition education program adopted  
4 significantly better dietary habits over several years.

5 HHS's National Institutes of Health recently  
6 announced it's We Can National Education Campaign, which  
7 uses some of the findings of that study to help parents  
8 and children make the right eating choices. The  
9 education campaign designates foods as go, slow and whoa  
10 foods, as we heard. Go foods are the healthiest foods  
11 and are good to eat almost any time, such as fresh  
12 vegetables, fruits, whole grain breads and chicken and  
13 turkey without the skin. Slow foods are described as  
14 sometime foods, which should be eaten only a few times a  
15 week, such as dried fruits, white bread, pancakes,  
16 processed cheese spreads or lean ground beef. Whoa foods  
17 are those that can seriously slow one down and should be  
18 eaten only once in a while, such as french fries,  
19 doughnuts or fried chicken.

20 Consumer education groups, such as the Nemours  
21 Foundation, are now using the go, slow and whoa foods to  
22 explain to parents and children how to eat healthily. A  
23 famous popular children's character that we heard from  
24 Dr. Dietz this morning has recently changed his tune, and  
25 that's the Cookie Monster from Sesame Street. He's now



1       singing a new song called a Cookie is a Sometimes Food.  
2       In the song, Cookie Monster learns that there are anytime  
3       foods, including foods starting with the letter C, such  
4       as carrots and celery, and sometimes foods, such as  
5       cookie, as he says.

6                Many children and parents may not be aware that  
7       certain foods can slow us down, or if they are eaten too  
8       frequently, can increase the risk of obesity, heart  
9       disease or diabetes. Thus, education can play a key part  
10      in helping parents and children take responsibility for  
11      smart eating choices.

12              Industry can also help parents and their  
13      children make the right and smart eating choices. This  
14      afternoon's panelists will discuss industry efforts to  
15      change product and packaging, change advertising and  
16      marketing and foster healthier choices for children. The  
17      panelists will include representatives from the food and  
18      drink companies, non-profit educational organizations, a  
19      quick service fast food provider, food and nutrition  
20      professionals, marketing and media consultants and  
21      representatives.

22              Some contend that marketers and the media are  
23      at least partially at fault for children's rising obesity  
24      rates. Senator Harkin, as we heard this morning, asserts  
25      that advertising junk food to children has allowed the

1 epidemic of childhood obesity to grow rapidly. Others  
2 contend that serving sizes of foods sold in stores and  
3 restaurants have increased significantly from the 1960s.  
4 They contend that consumers eat the sizes put in front of  
5 them without realizing that serving sizes may be double  
6 or triple the size that such foods used to be or should  
7 be.

8           Some critics claim that the Children's  
9 Advertising Review Unit's guidelines are not as strong or  
10 as effective as they should be and have called for these  
11 standards to be updated or supplemented by additional  
12 standards for food marketers.

13           This afternoon, however, we will hear about  
14 positive measures being taken to change food products and  
15 advertising and to educate children. Various companies  
16 have undertaken a variety of initiatives which our  
17 panelists will discuss. Such initiatives may include  
18 voluntary advertising restrictions, such as not  
19 advertising food products to children under the age of  
20 six or not advertising less healthy food choices to  
21 children under the age of 12 and not advertising the less  
22 healthy food choices in schools. Such initiatives may  
23 also involve changing food products or options by  
24 improving the healthfulness of existing products by, for  
25 example, removing fat or calories or using more whole

1 grains or fibers, making the packaging or portion sizes  
2 smaller and making healthier products specifically for  
3 children or adding healthy items, such as fruit or lowfat  
4 yogurt as available food options.

5 Some companies also have seal or icon programs  
6 which alert consumers to healthier or smarter food  
7 choices. Other companies or organizations may also use  
8 advertising to promote the consumption of more fruits and  
9 vegetables. Still, others may sponsor educational  
10 programs designed to promote healthy lifestyles for  
11 children. Television networks may also encourage  
12 marketers to advertise healthy food products to children.

13 I believe that competition among food companies  
14 can help foster best practices in marketing healthy food  
15 choices to children. If a company adopts healthy food  
16 practices, others may follow. I understand that some  
17 critics may contend that not enough is being done by  
18 individual marketers. Others may want industry-wide  
19 guidelines because not all marketers have initiated  
20 voluntary programs to alter their products or advertising  
21 to present children with these healthier choices. Still,  
22 others may want laws, such as those recently enacted in  
23 France and Ireland, which will restrict food advertising.  
24 I believe, however, that companies should be encouraged  
25 and applauded when they do the right thing.

1           Many of the initiatives that will be discussed  
2 this afternoon may lead to healthier eating choices for  
3 children and, ultimately, to less obesity. I believe  
4 that competition will lead to healthier food choices and  
5 marketing, and I also encourage food marketers and the  
6 media to consider adopting a set of best practices. I  
7 hope that this afternoon's panelists can provide us with  
8 some examples of what these practices might include.

9           For example, they may offer ideas on portion  
10 sizes, products offered, how products are advertised to  
11 children, when products are advertised, the use of icons  
12 or seals to alert customers about healthier products and  
13 whether characters from television or movies should be  
14 used to advertise food items.

15           Some of the later panelists this afternoon will  
16 specifically address specific challenges, such as how to  
17 educate children from particular ethnic backgrounds.

18           I hope that we all, especially parents, can  
19 educate children so that they will understand that what  
20 some call junk food is sometimes or only occasional food  
21 that should be savored as special treats rather than  
22 eaten at every meal.

23           Let me close by saying how very pleased I am by  
24 your interest and by your participation in this workshop,  
25 and on behalf of the Commission, I offer my sincere

1 thanks to all of the panelists here today and tomorrow,  
2 and I hope that you will enjoy the rest of this  
3 afternoon's program. Thank you.

4 **(Applause.)**

5 MS. FAIR: Thank you very much, Commissioner.  
6 I think Commissioner Harbour has put into perspective the  
7 next two panels, both of which will be discussing current  
8 industry efforts to market foods to help improve  
9 children's health, including changes in product and  
10 packaging.

11 We're going to be using the same question  
12 method that we used for the last time. Just raise your  
13 hand if you want a question card and someone will  
14 approach you.

15 Just a final announcement that there are a few  
16 additional slots open for the open forum today and  
17 tomorrow. Do feel free to sign up now if you are  
18 interested in that.

19 Turning to our next panel, the panel will be  
20 moderated by Dr. Mary Mazanec, Director of the Division  
21 of Public Health Services in the Office of Assistant  
22 Secretary for Planning and Evaluation at the HHS, and  
23 Maureen Ohlhausen, Director of the Office of Policy  
24 Planning at the FTC.

25 **PANEL 2-A: CURRENT INDUSTRY EFFORTS TO MARKET FOODS**

1           **TO HELP IMPROVE CHILDREN'S HEALTH, INCLUDING CHANGES**  
2                           **IN PRODUCTS AND PACKAGING**

3           DR. MAZANEC: Good afternoon and welcome back  
4 from what I hope was a very healthy and tasty lunch. I  
5 am very pleased to be here today with my co-moderator,  
6 Maureen Ohlhausen, to host this next panel. Our panel  
7 will focus on recent industry efforts to help improve the  
8 diets and health of our children.

9           You may have noticed, as you've wandered the  
10 grocery store aisle and have gone out to eat, that there  
11 have been some significant changes in product lines and  
12 in product packaging. We will hear about some of these  
13 efforts from our panelists. We will also hear about and  
14 discuss other strategies and approaches that the food and  
15 beverage industry have taken to inform and educate  
16 consumers about healthy eating as part of an overall  
17 healthy and active lifestyle. And we will hear about how  
18 well these efforts have been received by consumers, what  
19 sort of an impact they have had and were they effective.

20           In addition, we will also hear from our  
21 distinguished panelists about their research into what  
22 consumers need and what they would like from us. They  
23 will also tell us what we know and what we don't know  
24 about this area, where our knowledge gaps are, and what  
25 further research we need in order to better inform our

1 decisions.

2 We hope to have a very lively and animated  
3 discussion, but our time is very short. We only have an  
4 hour. So, I'm going to turn the mic over to Maureen to  
5 introduce our panelists.

6 MS. OHLHAUSEN: Thank you, Mary. It's my  
7 pleasure to introduce this panel. We really have a great  
8 bunch of people and we're so pleased that they're able to  
9 join us today. First, we'll be hearing from Kendall J.  
10 Powell, who is the Executive Vice President and Chief  
11 Operating Officer of U.S. Retail for General Mills. Mr.  
12 Powell has overall responsibility for oversight of all of  
13 General Mills' U.S. retail business.

14 Next, we'll be hearing from Abigail L. Rodgers,  
15 who is Vice President of Wellness Strategies and  
16 Communication for the Coca-Cola Company, leading the  
17 development of the company's strategies for wellness and  
18 wellness programs.

19 Then we'll hear from Mike Donahue, who is Vice  
20 President of U.S. Communications and Customer  
21 Satisfaction for McDonald's. Mr. Donahue oversees the  
22 development and execution of all external and internal  
23 U.S. communication strategies.

24 Then we'll hear from Bob Goldin, who is an  
25 Executive Vice President of Technomic, Inc. and Director

1 of the Food Supplier Practice. He's responsible for  
2 directing and conducting consulting programs that provide  
3 important market information, strategy and analysis to  
4 Technomic clients.

5 Then we'll hear from Dr. Lisa Sutherland, who  
6 is an Assistant Professor in the Department of Nutrition  
7 at the University of North Carolina's School of Public  
8 Health. Dr. Sutherland also serves as Co-Director and  
9 Health Communications Specialist for the Clinical  
10 Nutrition Research Center.

11 Then, finally, we'll be hearing from Dr.  
12 Rebecca Reeves, who is President of the American Dietetic  
13 Association. The American Dietetic Association is the  
14 nation's largest organization of food and nutrition  
15 professionals.

16 Thank you.

17 MR. POWELL: Good afternoon to one and all, and  
18 I'd like to share three strategies for creating healthy  
19 choices over the next few minutes. The first is how  
20 General Mills has improved and continues to improve  
21 breakfast cereal, the second is in the area of  
22 portionability, and then finally I want to say a few  
23 words on how -- what we're learning on how to communicate  
24 nutrition information to our consumers.

25 But, first, cereal, which is a great way to



1 start the day because it is low in fat, low in calories  
2 and rich in nutrients. For example, Cheerios, with a  
3 gram of sugar, has 110 calories a serving or 150 calories  
4 with a half cup of skim milk, which is as served. Trix,  
5 a pre-sweet, has 120 calories a serving or 160 calories  
6 when served with milk. Obesity is about calories and  
7 cereal is a low-calorie way to start the day.

8 In fact, many dietary intake studies show that  
9 regular cereal consumption is associated with healthier  
10 body weights. This is true of adults. It's also true of  
11 kids in every age group. Kids who eat four to seven  
12 servings of cereal over a two-week period are less likely  
13 to be overweight than kids who eat fewer than four, and  
14 kids who eat cereal even more frequently, more than seven  
15 servings in 14 days, are even less likely to be  
16 overweight.

17 And General Mills has been improving cereal for  
18 decades. In the seventies, we led in fortifying cereals  
19 with key nutrients lacking in the diets, like B vitamins  
20 and iron. In the eighties, we added folic acid to our  
21 cereals and promoted its importance, especially for women  
22 of child-bearing age. In the nineties, General Mills  
23 added calcium fortification to nearly all of its kids'  
24 cereals in response to data that calcium consumption was  
25 declining in kids. And most recently, we've reformulated

1 our cereal lines so that all General Mills' cereals now  
2 provide either a good or an excellent source of whole  
3 grain. Half of our cereals already were a good source,  
4 now all of them are a good source of whole grain. And  
5 this kind of thing has a big impact.

6 General Mills' whole grain initiative will  
7 provide 26 million servings of whole grain per day across  
8 the country and kids in America are going to get 12  
9 million servings of whole grain thanks to these products,  
10 and this is with no change in consumer behavior and  
11 without consuming a single extra calorie. And this is  
12 important because whole grain consumption can reduce the  
13 incidence of heart disease, diabetes, certain cancers and  
14 may help consumers better manage their weight, and we're  
15 extending this whole grain formulation strategy to other  
16 categories like bread, rolls and cereal bars.

17 A second very important way to help consumers  
18 is through portionability and portion control, and Dr.  
19 Dietz mentioned this this morning. Historically,  
20 companies like General Mills made products for family  
21 consumption and new larger size was the order of the day.  
22 Increasingly, though, our consumer is a single mother or  
23 an empty nester, many are cooking for one or two or  
24 three. So, whether it is a 100-calorie bag of Pop Secret  
25 Popcorn or our new Perfect Portion products, which allow

1       you to bake biscuits or dinner rolls two at a time, or  
2       resealable packages of frozen Pillsbury dinner rolls,  
3       consumers tell us these products help them control  
4       portions and control calories.

5               Our Green Giant vegetable business is a good  
6       example of how we apply these ideas. We've only had this  
7       business for a few years, but already, we have moved well  
8       beyond that frozen bag or brick of vegetables that you  
9       remember. First, to microwave pouches; then we  
10      introduced resealable bags, which include frozen sauce  
11      cubes so that consumers can control both the amount of  
12      vegetable and the amount of sauce; and now, we've moved  
13      on to single serve microwavable vegetable bowls, which we  
14      currently have in test for both adults and kids.  
15      Basically, all of these ideas make vegetables more  
16      convenient and the response to these ideas is very, very  
17      positive.

18             A third example is how we're informing  
19      consumers about the nutrition content of the choices they  
20      make. We leverage our packages right up front with an  
21      icon system we call the Goodness Corner. It's based on  
22      FDA criteria and guidelines for different nutrients and  
23      benefits. To be labeled a good source of calcium in the  
24      Goodness Corner, a product must contain at least the  
25      amount of calcium the FDA would require of something

1 labeled a good source, and consumers tell us they like  
2 this.

3 The other way we use our packages to  
4 communicate is in this following example where we put the  
5 USDA mypyramid.gov information on 100 million boxes of  
6 cereal starting the day after this new initiative was  
7 announced by the USDA.

8 Finally, while I've been focusing mostly on  
9 calories, I showed that General Mills is very involved in  
10 advancing youth nutrition and fitness through our  
11 foundation. We've spent over \$6 million over the last  
12 three years in this area. There's quite a bit of  
13 information in the back of the hall if you're interested  
14 in picking this up.

15 In summary, we talk with our consumers, we know  
16 they want health control in calories and we believe these  
17 strategies are very effective. Thank you.

18 MS. OHLHAUSEN: Thanks so much, Ken. And now,  
19 we'll hear from Abby Rodgers.

20 MS. RODGERS: I have here in my hand the latest  
21 copy of our Wellness Beverage Guide that's recently been  
22 in Oprah and Good Housekeeping. This was actually the  
23 highest rated advertorial insert ever in Good  
24 Housekeeping and it helps teach people how to make better  
25 choices with beverages. This is just one example within

1 a myriad of programs that the Coca-Cola Company is  
2 working on to help promote healthier lifestyles.

3 I'm Abby Rodgers. Thank you to the FTC and the  
4 HSS for having us here today. I'm going to share a  
5 highlight of some of our programs, learnings and product  
6 development in this whole area of children and their  
7 efforts to create better choices.

8 The Coca-Cola Company sells over 50 brands in  
9 the United States and you may not be aware that over half  
10 of what we sell is zero-calorie soft drinks, non-  
11 carbonated beverages like water, sports drinks and  
12 juices. In fact, water is the fastest-growing portfolio  
13 of brands within our entire company.

14 In the area of innovation, we are focused on  
15 two specific consumer needs. The first is reducing  
16 calories. In the last 12 months, we have launched over  
17 15 new low and zero-calorie beverages. We're also  
18 focused on adding nutrition in the areas that are showing  
19 gaps. Today, we market products that have natural  
20 phytosterols to help reduce cholesterol, calcium, Vitamin  
21 D and antioxidants.

22 In the area of children, in addition to the  
23 things I mentioned on the prior page, we are also  
24 launching an array of smaller sizes, more kid-appropriate  
25 packages, in addition to lowering calories and adding

1 nutrition.

2 We also have a number of programs. I want to  
3 mention just a little bit more about the Wellness  
4 Beverage Guide. The highest interest within that guide  
5 was the low-down on low-cal sweeteners. We have a real  
6 opportunity to help educate parents around the important  
7 role zero-calorie beverages can play in maintaining and  
8 managing the weight of their children. We are preparing  
9 this Wellness Guide for Seventeen Magazine in the fall  
10 and we're also talking about putting it into Spanish-  
11 language magazines.

12 We also have a number of programs which combine  
13 nutrition education with physical education programs.  
14 Today we will reach or this fall we will reach over seven  
15 million children with a number of programs. One I want  
16 to mention is Live-It. This is a program that we'll roll  
17 out in about a third of middle schools this fall, and it  
18 combines nutrition education with a physical education  
19 program. We will give out over two million step-o-meters  
20 in this program, which many of you have probably seen or  
21 are actually using.

22 We also leverage our inspirational sports  
23 properties, like Lebron James, Lance Armstrong, to help  
24 bring these messages to the kids.

25 We also have a number of policies, and I know

1       there was a question earlier about our school policies.  
2       We believe that the decisions of what is served to  
3       children should be made at the local level. However, we  
4       have guidelines that are used to lead those discussions.  
5       In elementary schools, we do not sell carbonated soft  
6       drinks. In middle schools and high schools, over half of  
7       what we sell are zero-calorie beverages and non-  
8       carbonated beverages. We believe the classroom should be  
9       commercial-free. Hence, programs like Live-It are not  
10      branded programs.

11               We also have had a policy of not advertising  
12      carbonated soft drinks to kids, and we've had that policy  
13      for over 50 years.

14               A little bit about our research, while kids  
15      consume a lot of different things, and that changes from  
16      ages 2 to 12, even at age 12, over half of what kids  
17      today are consuming is milk, juice and water, and this  
18      does not include tap water. We've also recently done  
19      research with parents, and overwhelmingly, they have told  
20      us that they would appreciate us marketing products like  
21      milk, juice and water to their kids. Qualitatively,  
22      they've told us, we want all the help we can get in  
23      helping to make these products more cool for our kids.  
24      As a parent of two preschool kids, I can certainly relate  
25      to those comments.

1           We've also heard that the majority of parents  
2           are asking for help from industry and from the Coca-Cola  
3           Company to reinforce nutrition education and the  
4           importance of physical education.

5           In summary, we look forward to working with our  
6           industry colleagues and the health community to help our  
7           children to make better lifestyle choices. Thank you.

8           MS. OHLHAUSEN: Thank you very much, Abby.  
9           Now, we'll hear from Mike Donahue.

10          MR. DONAHUE: Thank you very much and good  
11          afternoon. It's busy schedules like yours and  
12          conferences like this with such short lunch hours that  
13          make McDonald's such an important part of our fabric and  
14          society.

15          **(Laughter.)**

16          MR. DONAHUE: And by the way, we don't call it  
17          fast food, we call it quick service restaurants. How  
18          many of you had a fruit walnut or a Paul Newman salad  
19          with his -- a Premium salad with Paul Newman Original  
20          Dressing on it for lunch? Hopefully, you had a chance  
21          to.

22          We want to join the others and thank the FTC  
23          and U.S. Department of Health and Human Services for this  
24          very important forum on such an important topic.

25          McDonald's is honored to be part of this panel,



1 an equally important participant and leader on this very  
2 important issue.

3 We take our leadership, our role and our  
4 responsibility very seriously and believe we have a track  
5 record that demonstrates the same. As the father of two  
6 young boys, I'm proud to be here today representing  
7 McDonald's and turning on my slides.

8 **(Laughter.)**

9 MR. DONAHUE: Thank you, Maureen. We had two  
10 commercials that we were going to show you. We had to  
11 change the format, but I'll tell you about them briefly  
12 in a minute, that talks about some of the things that  
13 we're doing with respect to children's advertising and  
14 communications that I think you'll find of interest. But  
15 as I said, as the father of two young boys, ages seven  
16 and five myself, I'm proud to be here today not only  
17 representing McDonald's but the thousands of parents who  
18 work at McDonald's who, like all of you, believe  
19 passionately that nothing is more important than the  
20 well-being of our children.

21 Like speakers before, we also believe that the  
22 trust we have with consumers is the ultimate barometer  
23 with how we are doing with respect to today's most  
24 pressing issues.

25 And just to show you some of our examples, time

1 doesn't allow us to get into it, but McDonald's has been  
2 proud of a heritage of leadership. For the last 30  
3 years, we've led the QSR industry, not just responding in  
4 times of crisis, but more importantly, being there as  
5 leaders in the community, addressing major nutritional  
6 issues, balance, choice, consumer education issues.  
7 Starting over 30 years ago, we started with the first  
8 nutritional brochures and helped lead the industry so  
9 that all of our competitors and others would do the same,  
10 and some day we'd love to discuss with you so many of  
11 these initiatives, not only through our 50-year history,  
12 but throughout the last several years and some of the  
13 important things that we're doing now.

14 We also believe, as Chairman Majoras said  
15 today, that advertising is so much more than commercials,  
16 and we've heard many people speak about that. And this  
17 whole entire area of communicating with the consumer,  
18 community-based programs and events, public service  
19 announcements, community sponsorships, print ads,  
20 websites are so important as we communicate not just  
21 about our products, but about so many of these important  
22 products we're talking about today.

23 We believe in providing our youngest customers  
24 in part with many other educational programs as well, and  
25 in many cases, we've used our icons and spokespeople,

1       like Ronald McDonald, to help tell these stories, whether  
2       it was providing millions of children with fire  
3       prevention training, teaching bike and bike helmet  
4       safety, teaching children the importance of energy  
5       balance, and numerous other programs that time doesn't  
6       allow us to address, and working with so many partners  
7       that are so important to this, as you see listed here.

8               We're also pleased to mention that Sesame  
9       Street -- McDonald's is one of the three national  
10       underwriters of Sesame Street on PBS in a non-branded way  
11       so that programs like that can exist, and you'll see that  
12       those are advertising resources and others that go to  
13       such important sponsorships, and often people don't  
14       realize that the private sector is doing those types of  
15       initiatives.

16              Throughout our history with these types of  
17       partners shown here today, experts, as you heard recently  
18       with the Produce for Better Health Foundation, helping us  
19       with our fruit and walnut and Premium salads, working  
20       with Bob Green, as America's trainer, getting out and  
21       talking about balanced lifestyles. Dr. Dean Ornish, the  
22       number one person in preventative medicine, is a  
23       consultant to McDonald's now to help us as we form our  
24       messages for children and talk in so many important ways.  
25       We also partner with diverse experts to address all of

1 our ethnic markets as well.

2 McDonald's utilizes a Blue Ribbon Global  
3 Advisory Panel from around the world to help us in many  
4 of our programs that you'll see here as well. We also  
5 feel strongly that children's well-being goes beyond what  
6 we say and do in our restaurants, it has to do with the  
7 creation of Ronald McDonald House charities since 1974,  
8 which has provided a home away from home for 10 million  
9 families and millions of children who have been helped  
10 through our RMHC and our Care Mobile Program.

11 Our commitment to children and well-being is  
12 very important and we just want to put in perspective to  
13 you some of the things that we see as we look at this  
14 information. First and foremost, where do people eat?  
15 You've heard some of this earlier today. But the  
16 percentage of total eating out occasions. Seventy-six  
17 percent still eat at home despite what we may think or  
18 hear when you look at all the data that's out there. You  
19 see the red there is 2 percent, which is McDonald's. So,  
20 if the average individual eats 90 meals, occasions per  
21 month, 87 meals are being eaten somewhere else, just to  
22 put it in perspective. But that doesn't not abdicate  
23 McDonald's or any of us from our leadership  
24 responsibility, our responsible leadership to be partners  
25 in this overall effort.

1           McDonald's strategy, like the ones before, is  
2 divided into three areas. Our focus is on food choice,  
3 menu, our physical activity, and education, and many  
4 tactics under each one of those. I'll just highlight a  
5 few.

6           First, in the area of food choices. You've  
7 seen many of the innovative products that we've come out  
8 with over the last few years. Chicken McNuggets made  
9 with real 100 percent white meat, repackaging our milk  
10 into the new milk jug bottles, providing Happy Meal  
11 choice, Apple Dippers and apple slices rather than french  
12 fries, the new fruit and walnut salad. It's available  
13 all day long, that provides that.

14           With the introduction of these new products,  
15 we've become the largest purchaser of apples in the  
16 United States -- purchaser and provider of apples in the  
17 United States.

18           Since repackaging our milk, featuring  
19 prominently Ronald McDonald on that, the sales of milk at  
20 McDonald's has more than doubled, and we believe now we  
21 serve over 300 million salads a year of our Premium  
22 salads, which each salad contains two servings, meaning  
23 over 600 million servings of vegetables, which is why we  
24 work so closely with 5-A-Day and others to talk about  
25 that, being the number one provider, we believe, of

1 produce in the QSR industry and in much of the industry  
2 out there.

3 We'll continue to look at new ways, we'll  
4 continue to look at new food innovation and anything we  
5 can do that's compelling for the marketplace. You also  
6 know that we've tried and have had many failures. The  
7 Go-Gurts that you heard about before, we tried them in a  
8 McDonald's and it didn't apply, much to my chagrin were  
9 always selling the Go-Gurts and we love them, General  
10 Mills. But the fact of the matter is, in a McDonald's,  
11 it just didn't translate. I thought mothers on their way  
12 to soccer practice would be picking them up.

13 We had drinkable yogurts. We had the McLean  
14 Burger that was 93 percent fat-free. We've had a number  
15 of products that we've tried and have not worked in the  
16 marketplace. We'll continue to experiment and innovate  
17 in this area.

18 In the second area of physical activity, we've  
19 done a number of things, sporting for years all the way  
20 from Little League to the Olympics. Since 2003, Ronald  
21 McDonald's programs have changed and have inspired  
22 millions of children to be more active with our Get  
23 Moving, Ronald program shown in communities around the  
24 country. They also aired on Nickelodeon and Cartoon  
25 Network. And in 2004, we sponsored the McDonald's Go

1 Active American Challenge across America for 36 straight  
2 days, educating in every community as we went along with  
3 Bob Green and other nutritional fitness experts, giving  
4 out in our Adult Happy Meal, with a Premium salad and  
5 water, 15 million step-o-meters, and with Coca-Cola  
6 partnering to give millions of step-o-meters away in  
7 schools as well and encourage physical activity.

8 And then, finally, the third area of balanced  
9 active lifestyles, we do a number of things in our  
10 nutritional brochures in all of our restaurants. Every  
11 single McDonald's tray liner has now all of our  
12 nutritional information on the back. We believe  
13 transparency is good for us. We believe the more people  
14 that know about our food, the better we'll size up based  
15 on some of the misconceptions out there that they hear  
16 about our food.

17 We have a number of other things and tactics  
18 that I could go through, but I just want to conclude by  
19 telling you that recently, our Chief Marketing Officer,  
20 Larry Light, made a presentation to a worldwide  
21 advertising leadership group and he outlined a seven-  
22 point charter of what McDonald's will do to continue to  
23 lead in this area, and I just give you the headlines from  
24 that quickly.

25 First and foremost, we will use marketing

1 resources to educate consumers to eat right and be more  
2 active, whether they eat at McDonald's or anywhere else.  
3 Secondly, we will apply our food development skills to  
4 provide even more choice, more variety and more options.  
5 Thirdly, we will become a leading nutritional information  
6 resource, as we have before, for our customers and we  
7 will continue to lead the QSR industry in nutrition  
8 literacy. We will focus particularly on children's well-  
9 being, which is so important. These commercials that we  
10 wanted to show you support our new theme, which is What I  
11 Eat and What I Do. It shows Ronald McDonald encouraging  
12 people to get up and move and be active and get  
13 physically active in their communities.

14 We will be open and honest regarding our food,  
15 including the quality ingredients we use and how it is  
16 prepared. Six, we will continue to work collaboratively  
17 with experts and key organizations to learn and develop  
18 effective programs. And seven, we will continue to  
19 create sports programs designed to improve the health and  
20 well-being of children, bettering the lives of children  
21 and their families around the world.

22 Thank you so much. We look forward to talking  
23 to you in the Q&A.

24 MS. OHLHAUSEN: Thank you, Mike. And now,  
25 we'll hear from Bob Goldin.



1                   **(Whereupon, there was a brief pause in the**  
2                   **proceedings.)**

3                   MR. GOLDIN: I'm the lucky one that has to  
4 follow the communication snafues.

5                   My name is Bob Goldin. I'm with a firm called  
6 Technomic and I suspect most of you don't know who we  
7 are. We're a 40-year-old industry research firm based in  
8 Chicago. We're very fortunate, we work with a large  
9 range of clients, both food manufacturers, beverage  
10 companies, restaurant chains and distributors, and lucky  
11 enough to say that everyone on this panel, all the food  
12 companies represented on this panel are our clients.  
13 And, importantly, we've been tracking food service  
14 specifics, and I will continue to focus on that because  
15 that is our area of expertise, health and nutrition for  
16 quite a long time, and it's become an increasing focus of  
17 our firm.

18                   So, all my remarks -- brief remarks -- will be  
19 very much focused on the food service consumer, what  
20 they're doing, and our tracking really does try to get  
21 behind behavior, because what we find is a very large  
22 divergence between especially food service, and I'll  
23 explain some of the reasons momentarily, but a very large  
24 divergence between what people say they're doing and what  
25 they're actually doing.

1                   What we do find from all the qualitative -- and  
2 we do do statistical work as well, I didn't throw a whole  
3 bunch of numbers at you, but I can certainly back many of  
4 these up -- is when we talk about obesity in general,  
5 there is a very broad recognition, incredibly to the fact  
6 that we do have a serious problem. So, the food service  
7 consumers, when they're eating away from home, say, yes,  
8 we realize obesity is a real problem.

9                   Interestingly, we've talked several times  
10 throughout the day about promoting an active lifestyle  
11 and we certainly understand medically how important that  
12 is. I guess our industry has a real challenge because  
13 almost all the food service consumer perspective is that  
14 obesity is really a function of diet. So, we're kind of  
15 pushing all the issues relating to exercise and lifestyle  
16 under the rug. I think there's a lot of reasons for  
17 that. It's perhaps more tangible. We tend to look for  
18 simple solutions to complicated problems through fad  
19 diets. But, nonetheless, it really puts us at a real  
20 challenge with respect to health and nutrition.

21                   We've gone on record and we firmly believe, as  
22 I believe some of my fellow panel members, that health  
23 and nutrition is truly going to be a driving force, and  
24 perhaps the driving force of the industry, going forward.  
25 But with that said, it is a trend, but like many trends

1 this one's a very situational and very nuanced trend.  
2 So, I think we really have to try to get behind the  
3 situations and the consumer groups.

4 The one thing we find is with respect to health  
5 and nutrition, it really is not strictly about obesity.  
6 It is about broad health and nutrition concerns,  
7 preservatives, et cetera, et cetera. So, what we're  
8 finding is a very broad range of consumer issues.  
9 Importantly, as I said earlier, food service consumer  
10 behavior away from home, very, very different. People  
11 eat differently, there's an affordability issue,  
12 convenience issue that drives a lot of food service  
13 occasions. As Mike said, 25 percent of the meals are  
14 away from home. Of those meals, at least half of them  
15 are driven by fast, need for quick fuel, very much like  
16 we all experienced this afternoon.

17 Then what we're also finding in our research is  
18 that there are different influences than we all think.  
19 We confined most of our children's research to 12 and  
20 above, and what we really find is in the food service  
21 setting, parental influence is very, very minimal. What  
22 is much more influential is educators, nutrition classes  
23 in particular, coaches and peers. So, we really do have  
24 a very different set and the influences change as the  
25 children age.

1           And, finally, what we are picking up for the  
2 first time is there is, quite frankly, a bit of a  
3 consumer backlash against what are called fat police,  
4 telling me what I should and shouldn't eat, even though  
5 there is a recognition that we are overweight and it's a  
6 serious problem.

7           Interesting statistic I'll share with you, it's  
8 the only number I think I want to flash, is when we asked  
9 consumers -- this is self-reported, this doesn't tie to  
10 any actual obesity statistics or diet statistics. We  
11 asked consumers, is your diet good or excellent at home  
12 versus away from home? Sixty-one percent of consumers  
13 said, I have a good or excellent diet at home; away from  
14 home, 31 percent. Same kind of pattern. So, we see  
15 consumers eating differently away from home.

16           Why is that? We like to splurge, food tastes  
17 good, they tell us it's what they like. We do not find  
18 statistically any evidence that there is a lack of  
19 available healthy options or venues that sell healthy  
20 options. So, it really is driven much more so by desire  
21 to eat these kind of foods.

22           With that being said, there are some things  
23 that consumers continue to hear that very much dovetails  
24 with what our other panelists have already talked about.  
25 First and foremost, consumers want options in an away-

1 from-home setting. It doesn't necessarily mean they're  
2 going to eat them in necessarily the quantities that we  
3 would like. As Mike pointed out in his dialogue about  
4 some of McDonald's new product failures, what they want  
5 in terms of preparation methods, grilled, baked versus  
6 fried, different portion sizes, new menu items that  
7 target -- healthier menu items, lighter breadings, things  
8 along those lines. Again, my point being here, getting  
9 people to eat these is going to be an ongoing challenge.

10 Consumers also are asking for more nutrition --  
11 making nutritional information more readily available.  
12 Again, whether they pay attention to it or read it is  
13 another story, but what they say is I want it readily  
14 available because the amount of mis-information in  
15 nutritional literacy is staggering low among the consumer  
16 group at large.

17 And, finally, what consumers do say when you  
18 probe them is they want food companies and restaurant  
19 change to market responsibly, less promoting large  
20 portions, bundled meals, certain bad for you foods, using  
21 athletes and endorsements differently to promote things  
22 differently. So, I think we're seeing kind of a  
23 dichotomist viewpoint here. By and large, though, we do  
24 have consumers that do feel the industry has been  
25 responsive, they are satisfied, but are looking for

1 continued improvement in the area.

2 MS. OHLHAUSEN: Thank you very much, Bob. And  
3 now, we'll hear from Dr. Lisa Sutherland.

4 DR. SUTHERLAND: Thank you. I want to thank  
5 the FTC and DHHS for having me here today. It's an honor  
6 to sit on a panel that is so diverse. I do not have any  
7 slides because -- I know I have colleagues in this room  
8 and anybody who knows me knows I've never said anything  
9 in less than two minutes. So, we're just going to go for  
10 this.

11 What I want to talk about just briefly is a  
12 piece of research that we're now completing, actually  
13 we're still working on it, but in partnership, actually,  
14 with a generous gift from Gatorade, we've been able to  
15 look at some of the messaging that families need to help  
16 make healthy lifestyle decisions, whether it's media,  
17 food, physical activity, and we were really interested in  
18 how those messages may differ by race ethnicity and  
19 socioeconomic status.

20 We've talked to more than 150 now primarily  
21 moms from each of those domains and what we quickly  
22 learned around, again, physical activity, media and diet  
23 were five constructs really resonated as -- they really  
24 wanted some messages and some help with decision-making,  
25 and that was choice, planning, negotiation, respect and

1 guidance.

2 We also heard from the groups -- and again, you  
3 know, there were some differences based on race ethnicity  
4 and SES, that there was a difference in whether they  
5 needed a basic parenting skill, it's okay that my child  
6 can have a choice, versus the guidance. You know, we  
7 quickly heard from our Hispanic moms, they don't even  
8 know how many fruits and vegetables their children should  
9 be eating every day or the media limits that they should  
10 be setting. You know, we heard from some of our African  
11 American moms that negotiating food ways in the household  
12 is an issue, particularly with the elders that may be  
13 living in the same household. So, we heard some very  
14 different messages.

15 We also heard differences in SES, where  
16 regardless of race ethnicity, the parenting skill issue  
17 wasn't -- you know, they didn't want messages about  
18 parenting skills for the upper SES, but they needed some  
19 very situational specific messaging. When I'm in the  
20 grocery store and I have my four-year-old and I'm in the  
21 cereal aisle, how do I negotiate the healthy choice when  
22 I'm there?

23 So, we're just starting to get through that  
24 research, but we think it has important implications  
25 because as all these companies have talked about, they're

1 great purveyors and, you know, channels for nutrition  
2 education and other types of education to the parents,  
3 but we believe that there's not maybe this kind of one  
4 message fits all anymore and that perhaps there's some  
5 potential for -- you know, cereal, I think, is a great  
6 example.

7           You have a market in Detroit, maybe a market in  
8 Southern L.A. and rural Maine, maybe what's on the cereal  
9 box needs to be different in the different markets based  
10 on the different populations because that's what we're  
11 hearing from our participants in the studies. So, that's  
12 just one and I'll be happy to answer more in the Q&A.

13           Another study that we're working on, it's  
14 called Fat Facts and it's with middle school kids and  
15 they came up with actually the name of it and it's very  
16 much based on the Truth campaign methodology from  
17 tobacco, for all of you who are aware of that. And we're  
18 really letting the kids identify the foods that they want  
19 more information on and pieces of education they want  
20 more information on and how they would put that out into  
21 an education campaign.

22           So, one example -- and I'm not making fun of  
23 french fries, but that was a food that over and over  
24 again we kept hearing from them were french fries. So,  
25 they wanted a picture of french fries, and my graphic



1 designer could not punch it up for today, wringing like a  
2 towel with oil coming out of them, wringing out the  
3 facts, and they wanted to know, you know, like how many  
4 calories, how many grams of fat, just different things  
5 that could help them make a more informed decision.

6 And similarly, there were very some positive  
7 messaging around fruit and vegetables. You know, again,  
8 they don't know how many they should be eating a day,  
9 they're confused. So, we're working on that right now  
10 with a group of middle schoolers. It's very funny.  
11 We've learned some things that I'm sure my panelists  
12 know. You know, the boys are gross and the girls want to  
13 be cool. We're working very closely with Legal at UNC so  
14 that we're not sued, you know. So, it's been an  
15 interesting venture.

16 But, I think, you know, my take-away message  
17 is, we really believe there's not a one size fits all  
18 message. We believe that there is some variation and  
19 we're seeing it by race ethnicity and SES. All parents,  
20 regardless of any of that, they want it simple, they want  
21 it positive, they don't want to be blamed. They want it  
22 consistent and they want directive. They just want to  
23 know what to do.

24 I've already said we see an opportunity for  
25 industry to partner in some of that messaging and get

1 that out and to help us educate at the very basic level.  
2 I think these are things that, to most of us in the room,  
3 seem very basic and we sometimes forget that there's a  
4 whole population of parents that need guidance and don't  
5 always know, you know, some of the information that we  
6 do. And we need messages for parents, particularly moms,  
7 that they can work with their children as they get older  
8 so that those children can go out and they can make  
9 healthy choices in the marketplace as well.

10 Thank you.

11 MS. OHLHAUSEN: Thank you very much, Lisa. And  
12 now, we'll hear from Dr. Rebecca Reeves.

13 DR. REEVES: Thank you. It is a pleasure to be  
14 here today and I do want to thank the Federal Trade  
15 Commission and Health and Human Services for inviting me  
16 to participate in this very energetic and challenging  
17 panel and symposium.

18 I am Rebecca Reeves and I am the President of  
19 the American Dietetic Association, and what was said  
20 earlier is that we are the largest organization of food  
21 and nutrition professionals in this country. We number  
22 about 65,000 across the United States and members in  
23 Europe and it is our goal to translate these difficult  
24 science principles into messages that consumers can  
25 understand.

1                   Now, besides this role that I am playing this  
2 year, I actually have another job. I am an Assistant  
3 Professor at Baylor College of Medicine and the Managing  
4 Director of the Behavioral Medicine Research Center of  
5 the Department of Medicine. And in the last 25 years, I  
6 have been conducting studies in obesity, trying to help  
7 people change to a healthier lifestyle. And in the last  
8 several years, we have really been focusing our attention  
9 on conducting trials with ethnic minorities, primarily  
10 with Hispanic and African American groups.

11                   In all of the studies that we've conducted and  
12 designed within our intervention component, we always  
13 include diet, nutrition, physical activity and behavior  
14 modification and cognitive behavioral therapy because we  
15 know that by using these different methods, by including  
16 these different components in our intervention, we're  
17 able to help people see how they can really achieve a  
18 healthier lifestyle and help them understand what are the  
19 behaviors that they are using that are probably leading  
20 to a more unhealthy state. And we know that clear,  
21 concise messages are a very important part of all of our  
22 interventions.

23                   We also know in our sessions that in order for  
24 persons to understand and adopt new foods, which is  
25 important, that they have to taste them. Many of our

1 consumers will say, you know, I'm not going to try that  
2 food until I know what it tastes like, and so, therefore,  
3 because of this, we incorporate tasting sessions. We  
4 bring the food out. If it's a new food for them, we  
5 allow them in our classes to actually taste the food.

6 We have done numerous cooking demonstrations,  
7 trying to help people learn these new cooking methods,  
8 teaching them how they can prepare tasty food without  
9 using higher fat methods. Helping them to understand how  
10 to take some of their own ethnic favorites and adapt them  
11 into a healthier food, a healthier presentation that will  
12 be better for their families.

13 In many cases, we have taken some of our  
14 participants on grocery store tours. We did this in one  
15 of our studies which we did conduct in the valley, this  
16 is -- I have to admit, this is the Rio Grande Valley --  
17 and many of the women had just walked by these products  
18 in the aisles without even noticing them because they  
19 didn't understand them, they didn't know what they were  
20 like, they had no idea the taste of them. So, through  
21 this constant messaging, we were able to take them to the  
22 grocery store, allow them to see the food that we've been  
23 talking about in our classes, allow them to see where  
24 they can find it in the grocery stores and then help them  
25 to select those foods for their families and for their

1 children in the later times.

2 So, we do believe that it's constant and it is  
3 constant messaging. You don't say it once, you have to  
4 consistently take these messages that we're all talking  
5 about, these healthy messages and repeat them and repeat  
6 them and clarify them and repeat them again because  
7 people become confused, and they need to hear it  
8 consistently. As we're saying, across all these  
9 different medias, the same consistent message should be  
10 presented.

11 Now, what I'd also like to do in my last few  
12 minutes is to kind of summarize some of this that we've  
13 been talking about and hearing because we, as the  
14 American Dietetic Association, favored ourselves in  
15 believing that we are a science-based organization and  
16 what our messages are are based on science. And so, as  
17 we approach this panel today, we looked over the  
18 literature to kind of say, what do we really know about  
19 what is true about advertising to children, what are some  
20 of these key points that are already published?

21 And so, we know, and it's been said this  
22 morning that television is the primary source of  
23 nutrition information for all ages. We're constantly  
24 going to have the television. It's not going away. And  
25 advertising on television isn't going to go away either.

1 So, what we are trying to help is to promote better  
2 nutrition messages, better education of nutrition on the  
3 television. Use the messages, use what our industries  
4 are doing, but make sure that there are sound nutrition  
5 messages for all of us.

6 We know that the food advertising targeted to  
7 children is well-funded. We understand that. Compared  
8 to like teen nutrition out of USDA, you know, you  
9 couldn't compare it at all. The principal goal of food  
10 advertising and marketing is aimed at children to  
11 influence them, as we've been saying, for brand awareness  
12 and preferences and loyalty in food purchases. That's  
13 what they're doing.

14 And the thing we need to be aware of is that  
15 the time spent watching television is directly associated  
16 with obesity prevalence and total exposure to food  
17 advertising, but it is not causality. Food marketing to  
18 children is happening at a virtual absence of balanced  
19 and accurate nutrition education messages and this was  
20 taken from the Kaiser Permanente Report. There's just  
21 not good nutrition education messages being promoted out  
22 there.

23 We also know that, as was said this morning on  
24 the panel, that younger children are developmentally  
25 unable to understand the intent of advertisements, and

1 one thing that we know, based on the research that we've  
2 done, is that parents play a vital role in modeling the  
3 behavior that children should adopt. We really need to  
4 perhaps work more, or let's say jointly with parents  
5 and children so that they understand what kind of  
6 behaviors -- what are healthier behaviors for their  
7 children to be adopting.

8 But what is it that we don't know? We know  
9 those things. We know what research should try to  
10 determine is more stringent regulation of television food  
11 advertising to children. Will it result in more  
12 healthful food choices and eating behaviors? Will  
13 stringent regulation really reduce childhood obesity?  
14 See, this is where the literature is not very well-  
15 defined.

16 Will eating a nutrient poor diet drive  
17 preferences for higher fat and sugar foods? And then,  
18 will food advertising really cause an increase in  
19 obesity? Does food advertising actually cause an  
20 increase in childhood obesity? And that is where we know  
21 that the media may contribute to childhood obesity, but  
22 the documentation has not been consistent in this. But  
23 we know that advertising is important and we know that  
24 the influence of advertisers is there.

25 So, what we, as an organization, would like to

1 recommend is that the Federal Trade Commission should  
2 require that food advertising aimed at pre and school  
3 aged children include a science-based nutrition education  
4 message about the food product.

5 Thank you very much.

6 MS. OHLHAUSEN: Thank you very much, Dr.  
7 Reeves. Right now, we're going to turn to the discussion  
8 part of the panel and Mary and I are going to take turns  
9 asking questions, and then there will also be a time at  
10 the end for the audience questions. So, if you have  
11 questions, we've got our people walking around with the  
12 cards. So, feel free to fill them out and they'll bring  
13 them up to us. Thank you.

14 DR. MAZANEC: And I'll start with my first  
15 question. I'm intrigued by the yogurt story, that General  
16 Mills had such great success with yogurt where McDonald's  
17 had less than that success, and I was wondering what  
18 lessons we learned from that. Why in one venue it seemed  
19 to be a success and in another venue it was not? And  
20 more generally, what have we learned from our product  
21 changes? What appeals to kids? What works to get them  
22 to eat healthier foods and choose healthier foods? So,  
23 it's not directed to any specific person, but --

24 MR. DONAHUE: Well, I can start from McDonald's  
25 perspective. First and foremost, we were very excited



1 about it. We launched it much the same way we do all of  
2 our products, with significant promotion, and multi-  
3 dimensional promotion. I'll tell you what my wife told  
4 me and then I can tell you what the consumers told us.

5 My wife told us that we had a box of Go-Gurts  
6 in our refrigerator every week all week, that she would  
7 provide those snacks for our children on the go and take  
8 them with them and that was, you know, what she was going  
9 to do. She was the one that told me it wouldn't work  
10 when I was so excited about it, and I thought, I see the  
11 kids eating them all day every day, I thought for sure,  
12 you know, that was a dessert for them.

13 But then, later, when we did some of the  
14 research and we looked at it, it's the same phenomena  
15 that we had with pizza. When you would do blind taste  
16 tests with pizza in a McDonald's or outside of a  
17 McDonald's, people would rate our pizza at the top. When  
18 you put applicability into a McDonald's, it would clearly  
19 go to a different level. And the same is true with other  
20 types of products. I think we've had veggie burgers in  
21 600, 700 restaurants in the United States, that's not  
22 where people that want a veggie burger are going to go,  
23 to McDonald's.

24 We've had other products in the restaurants  
25 that we've tried that we thought would be tremendous

1 successes and they just don't have that same  
2 applicability. I think that was one. Mothers, the  
3 number one purchasers, felt that they could handle and  
4 the applicability wasn't necessarily a McDonald's.

5 MR. POWELL: Yeah, I mean, I honestly don't  
6 know why it didn't work in McDonald's. I'll tell you,  
7 it's been a fabulous success for General Mills through  
8 the traditional retail channels. It's a product that is  
9 three-and-a-half ounces of yogurt, so it's portion-  
10 controlled, it's 70 calories, it's fun, kids like the  
11 flavors, it's grab-and-go, and you can freeze it and  
12 stick it in a lunch pail so that it thaws over the  
13 morning and eat it. So, it's a very versatile, portion-  
14 controlled product that kids like to eat and it's turned  
15 into a marvelous success for us.

16 MS. OHLHAUSEN: This morning, Dr. Dietz  
17 mentioned that the incidence of obesity in women and  
18 children varies markedly by race, and I was wondering if  
19 -- initially, I was going to ask Lisa and Rebecca this  
20 question, but certainly anyone else can jump in as well.  
21 Are there differences in how minority groups perceive  
22 issues involving obesity and children's obesity? Do they  
23 perceive obesity differently than other population  
24 groups? And then, as a follow-on, if that's true, what  
25 kind of strategy, particularly packaging or product

1 formulation, can be used to account for these  
2 differences, to make a difference in the overall rates of  
3 obesity?

4 DR. REEVES: Well, we do believe that there are  
5 ethnic differences in the way people perceive or the way  
6 different ethnic groups perceive obesity, and these are,  
7 of course, anecdotal views that we've had from some of  
8 our studies. But within our Hispanic populations, we  
9 know that as many of our women became slimmer as they  
10 reduced weight, many times their husbands became very  
11 defensive. They were concerned that the wives were  
12 becoming slimmer because they were afraid that the women  
13 were becoming much more attractive to other men. And so,  
14 at a certain point, they would become -- they would try  
15 to disrupt their programs, they would work against them,  
16 even, at some times, preventing them from coming to the  
17 class.

18 There was one occasion, I remember distinctly,  
19 where we -- of course, we always promote physical  
20 activity, and the husband didn't want this woman to be  
21 going out and walking. So, what she did is when she took  
22 her children to the park to play, she walked around  
23 the perimeter of the park. Therefore, her husband  
24 realized -- you know, he didn't realize that. He thought  
25 that she was just being with her kids at the park. So,

1       there are some of these mechanisms that go on within  
2       relationships, and also, we understand that some of our  
3       African American women believe that a larger shape is  
4       more beautiful, that curves are really a nice thing to  
5       have, and it just -- so, we understand that this is some  
6       of the differences that occur.

7                 DR. SUTHERLAND:  Yeah.  And I think just to  
8       follow that up, you know, again, in both the Hispanic and  
9       the African American communities, you know, we found the  
10      exact same thing regarding shape and weight, but where  
11      the issues -- where we kind of hone in is that,  
12      particularly in the African American community we hear  
13      it, they're really concerned about diabetes and they're  
14      really concerned about heart disease.  So, even if we  
15      don't go after the weight issue or the shape issue, it's  
16      kind of, you know, the secondary -- you know, the  
17      morbidity that go with being overweight and that  
18      they're really concerned about their children and passing  
19      this to their children and they see kind of, you know,  
20      the mom, you know, the aunt.  And so, that's where we  
21      tend to intervene in terms of messaging is more at that  
22      level in terms of the prevention for that.  And it all  
23      goes hand-in-hand.

24                You know, in terms of the packaging, you asked  
25      about that.  You know, I don't know, per se -- I think

1 one thing that we hear quite often is how expensive it is  
2 to eat healthy. We hear that regardless of race  
3 ethnicity, it's kind of an SES issue. And what we find  
4 is that, you know, the higher SES families, they actually  
5 buy into the same thing, but they ignore it because, you  
6 know, they can afford it and they can achieve it.

7 But I think what we really have strived to do  
8 with some of our intervention work is to really show that  
9 it's not expensive to eat healthy and that, you know, if  
10 you look at nutrient density, the cost to buy a \$1.29  
11 two-bag thing of carrots, when you slice them up and put  
12 them in lunches, it's actually much cheaper than maybe a  
13 four-portion serving size bag of chips. So, I think that  
14 that's -- I think packaging has been crucial to that and  
15 I think pricing will continue to be crucial to that for,  
16 particularly, the low SES families.

17 DR. REEVES: There's one other attitude I think  
18 that -- we found this in our Hispanic populations down in  
19 the Rio Grande family -- is the fatalism. Diabetes is so  
20 prevalent, they have amputee clinics along the streets,  
21 and they just have accepted the fact that, you know, at a  
22 certain age they're going to get diabetes and they'll  
23 probably have an amputation, so therefore, I just accept  
24 it. So, therefore, it rolls over to their food attitudes  
25 and says, so why should I eat any different, you know,

1           that's my life's role.

2                       So, you really have to understand where a lot  
3 of these people are coming from as they begin to try and  
4 change some of their behaviors in food.

5                       DR. MAZANEC: Let me ask a follow-up question.  
6 We know that different ethnic groups have different  
7 perceptions about body image and that may influence what  
8 they eat. How do we change the message to overcome some  
9 of these ideas or opinions? How do we reach these  
10 specific ethnic groups to get them to adopt healthier  
11 behaviors, whether it's healthy eating or exercise?

12                      DR. REEVES: Well, we -- as I support Lisa, we  
13 approach that you're doing this for your health and that  
14 you're doing it for your children and many of our clients  
15 will buy into this because they don't want their children  
16 to have to look forward to the future that they've had.  
17 So, we truly try to make it more of a family focus type  
18 of approach and try to make them realize that their  
19 children do not have to experience the health that they  
20 have had. So, if they can do something -- again, the  
21 role-modeling, if I can show you how to lead a healthier  
22 life. So, somehow, it's reaching out -- and the health,  
23 I think, is, of course, much better than just the weight  
24 all the time.

25                      DR. SUTHERLAND: And I think as just a follow-

1 up, it's also the community. I think it's who delivers  
2 the message. We certainly focus on, you know, parents as  
3 role models for their children. But we've done a lot of  
4 work, particularly my colleagues at UNC, in the black  
5 churches and, I mean, sermon after sermon that the  
6 pastors have done to reach the congregations in terms of,  
7 you know -- in using Biblical references, it's been very  
8 powerful in changing behavior.

9 So, I think, again, who's delivering the  
10 message is very important and that's part of the whole  
11 communication model.

12 MR. POWELL: Mary, I'll offer a small example  
13 of how product adaptation can also work in here, and it  
14 is one example, but hopefully a model. As most people  
15 know, yellow box Cheerios is an excellent source of  
16 soluble fiber, which has been clinically shown over many  
17 studies to reduce cholesterol, and this is something  
18 we've been promoting for many years. What we observed is  
19 that consumption of that product within the African  
20 American community was relatively low while consumption  
21 of Honey Nut Cheerios was very high.

22 And so, what we did was we reformulated,  
23 basically, Honey Nut Cheerios, made it also an excellent  
24 source of soluble fiber, extended that benefit to a  
25 community that wasn't getting the same access and

1 promoted it heavily. And so, again, that is a small  
2 example, but I think focusing on the preferences of these  
3 different communities and formulating accordingly can be  
4 powerful.

5 DR. MAZANEC: Thank you. I'm going to go ahead  
6 with another question. I think most parents would  
7 acknowledge that they have responsibility for their  
8 children's diet and physical activity, but they also  
9 realize that a child is influenced by a lot of different  
10 people throughout their life. Who are these influences,  
11 who are the people that have an impact on their  
12 children's behavior, and how can we support parents as  
13 they try to guide their children to eat healthy and live  
14 a healthy lifestyle? Anybody who wants to voice an  
15 opinion.

16 MR. GOLDIN: Well, as I said in my remarks,  
17 Mary, we're finding in the high school or even pre-high  
18 school, seventh, eighth grade, is that the parents  
19 influence, they don't listen to the -- you know, it's  
20 part of the growing up process, what do your parents  
21 know? It really is the educators, peer groups, coaches.  
22 Sports figures seem to be very, very influential and I  
23 think -- as I said earlier, alluded to earlier, they've  
24 probably been misused in advertising over time. I think  
25 what McDonald's is doing now with Ronald and going out



1 and showing skiing, I think is a step more along the  
2 direction. I think we do see a lot of pressure.

3 On the multi-cultural point, we haven't found  
4 anybody in our research -- and we talked to teenagers in  
5 particular -- that is particularly happy about being  
6 overweight. I mean, not necessarily saying they're doing  
7 something actively to change it, but they aren't happy  
8 about it because the societal ideal, at least in mass  
9 media, is supermodel thin and so on and so forth, and for  
10 males, it's athletic. So, I think it does get back to  
11 reaching different influencers as the children mature.

12 DR. MAZANEC: Anybody else want to --

13 MR. DONAHUE: I'd just mention there's a lot of  
14 controversy about the industry and working with the  
15 schools. Ironically, it's often the schools that  
16 approach us first, and they're so strapped for resources  
17 and alternative programs for physical education and other  
18 things. And I know this is a role where others have  
19 played much more aggressively than McDonald's. I know  
20 that Ithaca has been very informed in intervention  
21 programs and working with ILSI and other groups and  
22 there's been a number of different activities that have  
23 been developed to get into the schools, which are so  
24 critical because we hear that very few states -- in fact,  
25 maybe only one -- require physical fitness and some of

1 these other issues.

2 It doesn't mean that we're not talking about  
3 the menu choice and other issues, but it means that we  
4 have to talk and work with these schools. We've designed  
5 programs to go into the schools, non-branded in many  
6 cases, but to go in there and to help with physical  
7 education and energy balance and some of those important  
8 things. We have a big program that we'll be starting  
9 next year with the National Education Organization to go  
10 into three to five graders to do this type of thing,  
11 14,000, 15,000 schools. Just encourage both sort of a  
12 historical play as well as a geographic from around the  
13 world, different kind of play opportunities that will get  
14 kids moving.

15 The other thing is transparency, and going back  
16 to that, advertising is not about commercials,  
17 advertising is about multi-dimensional promotions. And  
18 we have 11 million or more moms that we try to get  
19 information into their hands on a regular basis through a  
20 program that they can sign up for, McMom's Program,  
21 things of this nature. We have on our website all of our  
22 nutrition information available in great detail,  
23 everything that you could ask for. You can click on it  
24 and we have a Bag A McMeal Program where they can take  
25 ingredients off and find out what the choice would be

1 because our Made For You System allows a media choice.

2 We have simple steps toward smart choices for  
3 kids, for allergens, all fact sheets that are available.  
4 And the more we can educate and get those materials out,  
5 the better we'll all be.

6 DR. SUTHERLAND: Can I just add one thing? I  
7 wouldn't underestimate the role of parents and older  
8 children. I mean, there are numerous studies -- I mean,  
9 there's a number of studies out of Minnesota and the work  
10 that they've done out there that still shows that even in  
11 the teen years, the parents are the number one -- and the  
12 mom in particular -- you know, after adjusting for a  
13 number of factors, are still the greatest influence on  
14 their children's diet. So, I would not -- I think as  
15 children spend time away from the home, it's important to  
16 identify who they're spending time with and who's  
17 influencing them, whether it's, you know, peers or  
18 coaches or after-school programs.

19 But I think the parents -- you know, we still  
20 know that even at 15, 16 years old, they're a major  
21 influence.

22 MR. DONAHUE: We used the expertise of Baylor  
23 with respect to some of our Happy Meal and children's  
24 messaging that we did as well.

25 MS. OHLHAUSEN: I wanted to ask a question

1 about portion size. I know that one of the changes I've  
2 certainly seen in the marketplace is smaller packaging,  
3 and certainly, if you put it out there and consumers  
4 don't respond to it, you can kind of get a signal whether  
5 it's important to them or not.

6 So, Abby, I actually wanted to ask you, with  
7 the smaller ounce cans, how is that?

8 MS. RODGERS: It's going well.

9 MS. OHLHAUSEN: Is it?

10 MS. RODGERS: Yeah, yeah. And we're moving  
11 into the small contoured glass bottles again as well, so,  
12 yeah, I think -- the waters, we've downsized juices,  
13 juice drinks. So, it's good.

14 MR. POWELL: If I could just add to that, I  
15 really do think that all of us people who consume  
16 products and those of us who are marketing products, we  
17 did, in fact, grow up in a world that was larger families  
18 and large sizes and that was a direction of marketing. I  
19 think we're finding that we're developing some new  
20 muscles. We're going in the reverse direction. I mean,  
21 it takes you in surprising ways. There are obvious  
22 things that we've done by controlling calories, as I  
23 mentioned, 100-calorie packages of popcorn and this sort  
24 of thing. But there are many ways to skin this cat and I  
25 think we're just starting to do it.

1           I mean, we've had women in focus groups tell  
2 us, I love your biscuits, these Pillsbury products that  
3 we sell. We've all popped that can open and made them,  
4 they've been around for years. They tell us, the problem  
5 with that can is I have to bake 10 of them and it just  
6 doesn't work for me anymore. So, honestly, who would  
7 have thought five years ago that we could sell these  
8 biscuits two at a time and these are a success? People  
9 want these products and they're in -- single parents,  
10 empty nest, they really want these smaller portion sizes  
11 and we have many successful examples of this strategy  
12 now.

13           MR. GOLDIN: Unfortunately, that's where the  
14 dynamic of food service tends to be a little different --  
15 dramatically different in that large portion size connote  
16 value to the consumer. All too often, you go to a  
17 restaurant and you judge your meal by how large a portion  
18 it is, and the restaurant operators are really struggling  
19 with how to handle that issue from a P&L point of view  
20 and so on, so forth. So, we've been so accustomed to  
21 mass quantities, huge portions in restaurants, relative  
22 to other countries and just over time, we've become --  
23 we've trained our consumers to expect very large  
24 portions.

25           When you start offering options or even scaling

1 back the portions, consumers seem to resist that and you  
2 can see that going on now in the steakhouses and the  
3 Cheesecake Factory phenomenon and the large coffees and  
4 so on, so forth. So, it's a real challenge there.

5 MS. OHLHAUSEN: So, consumers' attitudes,  
6 between what they buy to eat at home -- I mean, you had  
7 mentioned this earlier. They have different attitudes.  
8 But even on something like portion, that's very --

9 MR. GOLDIN: They have different expectations,  
10 sure. If you get a small portion, you're not getting  
11 good value. They work the mental math in their head and  
12 it's -- even when they don't eat the whole portion, they  
13 just feel like -- they usually do, of course, but they  
14 feel like they're getting short-changed.

15 DR. REEVES: We use the slogan, what you don't  
16 eat at your dinner is your lunch tomorrow. So, think of  
17 it in that way. So, divide up what you've got at the  
18 restaurant because we know the portions are so large and  
19 just think of it as your tomorrow's lunch.

20 MR. DONAHUE: You know, there's a lot of  
21 voluntary portion control that goes on in industry that  
22 people don't give credit to or recognize because it's not  
23 worded in the terms of the NGO community or the activist  
24 community or whatever the case may be. But when you  
25 advertise, if it's Burger King a Big Kids Meal, or

1 McDonald's a Mighty Kids Meal, what that is is voluntary  
2 portion control.

3 There was a time when if you didn't have more  
4 choice, you would leave from a Happy Meal and move up to  
5 the larger sandwiches, the premium sandwiches. The  
6 industry realized that, the marketplace predicted it, the  
7 promotion allowed it to come up with an in-between meal  
8 that was right-sized, if you will, for that market base.

9 DR. MAZANEC: Thank you. I have one last very  
10 quick question for all the panelists and then we'll move  
11 into questions from the audience. If you had to name or  
12 just list the top three areas where we have significant  
13 knowledge gaps, where we could do more research to better  
14 inform our decisions here, what would those be? Why  
15 don't you start, Lisa?

16 DR. SUTHERLAND: Oh, thanks. I would say that  
17 we still don't know enough about the differences between  
18 different race ethnicities and between different socio-  
19 economic statuses and we tend to treat the messaging and,  
20 I think, you know, the product the same to some degree  
21 and I think one thing that's nice is that industry has  
22 access to the market segmentation data. So, if we can  
23 develop different messaging and different education, we  
24 can actually get that out better than we can do in  
25 research. So, I think, for me, that would be the number

1 one.

2 DR. MAZANEC: Okay, anybody else?

3 MS. RODGERS: Well, I would say that I think  
4 it's through our products that we're going to make the  
5 biggest difference and through new science and new great-  
6 tasting products that are lower in calories and higher in  
7 nutrition. That's, I think, where we ought to all be  
8 headed and it's that technology that I think is going to  
9 make the biggest impact going forward.

10 DR. MAZANEC: Anybody else?

11 MR. DONAHUE: I was just going to say, as I  
12 listened to some of the messages today and I was hearing  
13 all that was going on and the reduction and some of the  
14 things that we saw is, first of all, the effects -- the  
15 Nielsen rating didn't take into account that McDonald's  
16 has made commitments that a significant percentage of our  
17 advertising would be on balanced lifestyles, whether it's  
18 Tony Hawk, whether it's Ronald McDonald Get Moving,  
19 whether it's What I Eat and What I Do commercials. So, a  
20 lot of the research that was shown today talked about  
21 QSR, quick service restaurant advertisements, but they  
22 didn't put the percentages that were in the balanced  
23 lifestyle, which is what we've been asked to do. So, I  
24 think if we could dissect that a little more and go into  
25 that, I think that would be very important.



1 DR. REEVES: And I would just like to add again  
2 that we really need to know more about what is the real  
3 effect of advertising. Is it truly a causal factor? So,  
4 we need more research on what is the total impact of all  
5 of this media advertising on kids. Is it truly promoting  
6 it or is it just causing -- you know, they're sitting in  
7 front of a screen and they're not being active. The  
8 literature is not definitive. There's no real clear  
9 answer out there about what is the true impact of  
10 advertising.

11 DR. SUTHERLAND: Just to follow that up, I  
12 think that we need to be able to differentiate, and  
13 that's an important fact, between the advertising on  
14 television which we know and other marketing strategies.  
15 I have to say, I mean, I'm the mother of a four-year-old  
16 and a 12-year-old and I was telling the story last night,  
17 you know, we went from drinking one diet product, or at  
18 least my 11-year-old did, and there was a promotion going  
19 on by another company to drinking the other company's and  
20 we had 8,000 bottle top caps in his room and I only think  
21 he drank the product because we were trying to match two  
22 together. And I think that had -- I said, we can go to  
23 the store and buy what you want, it's way cheaper. But I  
24 think that the impact of that, we don't know what the  
25 promotional and some of that is and how that confounds

1 what's happening from advertising on television.

2 MR. POWELL: I would just want to enlarge on  
3 Dr. Reeves' point and just, too, the whole area of  
4 sedentary behaviors and the sedentary lives that our kids  
5 lead, whether they're watching TV or doing video games or  
6 listening to the CD player or -- I mean, it would appear  
7 that those kinds of behaviors have all increased  
8 dramatically over the years and we don't really  
9 understand, you know, the full impact of that.

10 MS. OHLHAUSEN: Well, at this point, we're  
11 going to turn to some of the questions we received from  
12 the audience. We got a large number of them. I don't  
13 think we're going to be able to go through all of them,  
14 but we'll go through a selection of them. I'm going to  
15 lead off. This question is directed to Mike and the  
16 question is, why do parents have to choose the healthier  
17 options? Could you structure kids' meals so they would  
18 have to choose their less healthy options? I guess  
19 meaning would the healthier options be the default on the  
20 kids menu?

21 MR. DONAHUE: We believe that that's the case  
22 now. As part of our overall effort, we've simplified our  
23 menu. We've reduced the number of units, stock-keeping  
24 units, whatever you call them, in the restaurants. So,  
25 we've taken a number of steps to do that already, and

1 everything is provided a la carte and we have put it into  
2 the choice areas, and some of it's in the dollar menu.  
3 So, we've done a lot of that, and we've also promoted it,  
4 by the way, in our Happy Meal choice advertising and a  
5 lot of our efforts that you can substitute the apple  
6 slices or the milk for the beverages or the Dasani water  
7 or anything else that is available. Maybe we haven't  
8 done as effective a job, maybe we have to do more of  
9 that. But that choice is available today.

10 DR. MAZANEC: This question is directed to  
11 Abigail. There were quite a few questions about Coca-  
12 Cola's policy about marketing in schools. They want some  
13 clarification on that. What does it really mean as  
14 related to the banks of vending machines in schools?  
15 And, also, what efforts has Coke undertaken to market  
16 their healthier products in schools or elsewhere?

17 MS. RODGERS: As I said, we have got a number  
18 of guidelines that help school administrators make  
19 decisions for what they put in schools. School  
20 administrators are changing what they are choosing to put  
21 in schools. Water's the fastest-growing product in  
22 middle schools and high schools. We are encouraging  
23 having lower-calorie options. We are developing vend  
24 fronts that are not branded, that would be lifestyle-  
25 oriented or it would encourage physical activity and

1 provide more nutrition education. We do not market these  
2 products in schools, but they are available.

3 Vending machines are turned off, in many cases,  
4 during the school day, but in all cases because of  
5 regulation in and around meal times. Our data, because  
6 we've tried to understand what the consumption habits are  
7 of full-calorie soft drinks in schools, our data tells us  
8 that in high schools, kids are consuming a couple ounces  
9 a day on average. So, it is not the kind of extremes  
10 that we sometimes think it might be. Does that help?

11 MS. OHLHAUSEN: This is a question -- I think  
12 maybe first we'll ask Dr. Reeves to weigh in on this, but  
13 then also others feel free to jump in. Would you  
14 entertain correlating calorie counts with activity levels  
15 to burn off those calories? So, you know, 150 calories,  
16 you would need to --

17 DR. REEVES: A mile-and-a-half.

18 MS. OHLHAUSEN: Okay, walk a mile-and-a-half.

19 DR. REEVES: Well, there are various ways to  
20 try and balance your energy intake and output and a lot  
21 of people do look at physical activity and see how many  
22 calories that they're burning as they're engaged in  
23 physical activity. But we should remember that if you  
24 only do physical activity, you're not going to lose that  
25 much weight. You know, what is it, it's only 100

1 calories per mile and what's 100 calories is about a  
2 slice-and-a-half of bread. But we know that it's a  
3 surrogate for many other things, which we're not going  
4 into.

5 So, definitely, I think it's important that  
6 people understand, you know, how much activity you have  
7 to engage in to burn so many calories, and I think some  
8 of these lists of calories for physical activity can be  
9 at least illustrative to help a person know what they're  
10 doing.

11 MR. GOLDIN: Maureen, one thing I'd add on  
12 that, a lot of the sense we get is, I think I mentioned,  
13 many consumers are so woefully nutritionally illiterate  
14 that almost -- these things we're almost over-informing  
15 about too many things. So, I think to the extent we have  
16 to do that, we need a really simplified focus on a couple  
17 of the core indicators or core activities, because  
18 otherwise, I think we're really confusing the consumer.

19 MS. OHLHAUSEN: That's a good point, Bob.

20 MR. GOLDIN: And things change frequently.

21 MS. RODGERS: Just to build on that, I think  
22 we've learned in the beverage world that too many people  
23 don't even associate calories with beverages. So, our  
24 move to make Diet Sprite, which people didn't even know  
25 had zero calories, so now we're calling it Coke Zero --

1       pardon me, Sprite Zero. Coke Zero, we're calling it out,  
2       Coke Zero, it doesn't have calories, because of the  
3       misinformation.

4                 DR. REEVES: There's another point to the  
5       physical activity, the pedometers. I mean, they have  
6       taken off with a craze. Everyone -- I'm not sure how  
7       many people in this room are wearing their pedometers,  
8       but we know that by giving people pedometers, it makes a  
9       great fascination with how many steps they're going to  
10      take. Now, we know there's a variation in pedometers,  
11      you know, they're not always that accurate, but at least  
12      we say you get in the ballpark, and we've had many  
13      clients who just love to wear those things, just to see  
14      how many steps they're walking a day and do they really  
15      increase because everybody thinks they're doing more  
16      activity than they're truly doing. When you truly put on  
17      a pedometer, you understand, you know, how many steps it  
18      is.

19                So, I think a pedometer is kind of a really  
20      kind of clean message. It's simple and easy. So, we  
21      loved it when McDonald's was handing out pedometers.

22                MS. OHLHAUSEN: We actually handed out  
23      pedometers at the FTC recently.

24                DR. MAZANEC: We have them all over HHS.

25                **(Laughter.)**

1 MR. DONAHUE: They ought to build a pedometer  
2 into a Blackberry.

3 DR. MAZANEC: I have a question for Dr.  
4 Sutherland. We've had several questions about other  
5 ethnic groups, such as Native Americans, Asians and -- or  
6 other populations where English may not be their first  
7 language. First of all, the question is about whether or  
8 not obesity is a problem in these groups, and if so, what  
9 efforts or what approaches can we take to address it in  
10 these populations?

11 DR. SUTHERLAND: That's a great question. I  
12 wasn't here from all of Dr. Dietz's talk, so I'm not sure  
13 if it was in any of the slides, but we know that obesity  
14 has been a huge problem, especially in the Native  
15 American population, and then it's even disparate within  
16 the Native American population that some groups are  
17 affected more than others.

18 In terms of the Asian population, we know that  
19 a culture, Asian Americans, second, third generation,  
20 that their children are more likely to be overweight than  
21 their parents kind of as you go generationally. So, it's  
22 certainly increasing across all populations.

23 In terms of intervention, I think that was the  
24 second part of the question, again, you know, I haven't  
25 done research with those specific populations, but we do

1 know -- you know, my colleagues have done research that,  
2 again, is to look at the social and environment factors  
3 within the population and to not treat them or lump them  
4 with others. So, I think some of the studies that have  
5 gone on in the Midwest and Arizona and in Colorado with  
6 the Native American children have been successful, and  
7 we'll have to keep looking at, you know, again, what do  
8 they need.

9 We know -- I was looking, actually, at a study  
10 on advertising that compared white children to actually  
11 Asian children in Japan and in terms of their  
12 understanding of advertising. What they actually found  
13 is that the children who were in Japan actually didn't at  
14 all understand advertising or that maybe it was  
15 persuasive and part of that was because they were such a  
16 sheltered community that they lived in and that, you  
17 know, their mothers tightly controlled what they watched  
18 and they watched very little TV and they weren't exposed  
19 to it. So, there was kind of this cultural protection  
20 around the kids that we don't see, necessarily, in this  
21 country. So, we know there are some differences just at  
22 that level and we need to continue to identify those as  
23 we create intervention and outreach.

24 MS. OHLHAUSEN: This will be the final  
25 question. It kind of circles back to something we heard



1 this morning. Anyone can jump in on this one. Is the  
2 data presented by Dr. Ippolito consistent with what you  
3 all are seeing in the industry?

4 MR. POWELL: Yeah, it's very consistent with  
5 what we are seeing. We commented that the Institute of  
6 Medicine workshop that we were seeing -- we had 10 years  
7 of data, basically from two very -- what we think are  
8 very good sources that we're showing to clients, and her  
9 data is very consistent with that, just over a longer  
10 period of time. So, not surprised.

11 MR. DONAHUE: That's what we've seen, as well,  
12 and I would just say this, though. One of the things  
13 that we've learned in working with Dr. Dean Ornish and  
14 the Preventative Medicine Research Institute, it's not  
15 just talking about those foods and advertising those  
16 foods that -- or trends that you should avoid, but it's  
17 over the thousands of ingredients and nutrients and other  
18 things that exist in foods that are healthful for disease  
19 and cancer and other issues.

20 And I think you will see this, and I think this  
21 is an area where the FTC and others will be very  
22 interested in, the industry talking more about functional  
23 foods, about the types of things that are naturally  
24 occurring in food. And this is an area where, as we look  
25 at this issue, we want to make sure that we're not

1           forgetting that, you know, whether it's blueberries or  
2           walnuts or strawberries or salads or apple slices,  
3           whatever the case may be, there's a lot of good positive  
4           food that we need to be talking about more as we're  
5           working on, all of us, with nutritional education and  
6           literacy.

7                       MS. OHLHAUSEN: Well, I hope you all will join  
8           me in thanking our panel who's done such a wonderful job  
9           today.

10                      **(Applause.)**

11                     MS. FAIR: Rather than take a break now, we're  
12           going to have a two-minute in place break to allow the  
13           next panel to situate itself. And in honor of HHS's  
14           phenomenal Small Steps Program, this may be the time to  
15           engage in two minutes of stretches and calisthenics in  
16           your place. Thank you.

17                      **(Whereupon, there was a brief pause in the**  
18           **proceedings.)**

19                     MS. FAIR: Thank you for taking your seats,  
20           please. This next panel is a continuation of the one we  
21           just had the pleasure to hear. They will, too, be  
22           discussing industry efforts to market foods to help  
23           improve children's health. Our moderators are Dr. Howard  
24           Zucker, Deputy Assistant Secretary for Health at HHS, and  
25           Michelle Rusk, a Senior Attorney with the FTC's Division

1 of Advertising Practices.

2 **PANEL 2-B: CURRENT INDUSTRY EFFORTS TO MARKET FOODS**  
3 **TO HELP IMPROVE CHILDREN'S HEALTH, INCLUDING**  
4 **CHANGES IN ADVERTISING AND MARKETING**

5 MS. RUSK: Good afternoon. It is my pleasure  
6 today to be moderating the second panel on industry  
7 initiatives, along with my very distinguished colleague  
8 from HHS, Dr. Howard Zucker. Like the previous panel, we  
9 will take a look at what food and beverage marketers are  
10 doing to try to improve the diet and health of children.

11 Our previous panel's discussion was focused  
12 more on product reformulation, portion size and package  
13 initiatives. This panel will focus on advertising and  
14 marketing techniques. We will hear about the changes  
15 companies are making in their television advertising, in  
16 labeling, in the school venue and in the community, and  
17 we want to hear why these companies chose their approach,  
18 what challenges they've encountered and what it has meant  
19 for their business, good or bad. Most importantly, we  
20 want to know about the impact these efforts are having on  
21 children. What is really working to get kids to eat  
22 better?

23 We hope to have an honest exchange of views on  
24 the value and the limitations of these approaches and see  
25 if we can build on the panelists' experiences. And

1 since, like the other panels, we only have an hour to do  
2 this, let me introduce the panelists and we'll get  
3 started.

4 Dan Acuff is Co-Founder and Director of Youth  
5 Market Systems and the Character Lab. His work as a  
6 marketing expert focuses on development and marketing of  
7 products and programs that promote healthy growth and  
8 development of children and teens.

9 Mark Berlind is Executive Vice President,  
10 Global Corporate Affairs for Kraft Foods, whose brands  
11 include Nabisco, Oscar Mayer, Lunchables, Post Cereals,  
12 Kool-Aid and a few others.

13 Linda Brugler is the Manager of Nutrition  
14 Marketing of the Produce for Better Health Foundation, a  
15 non-profit organization whose mission is to promote  
16 health through increased consumption of fruit and  
17 vegetables.

18 Dr. Carol Byrd-Bredbenner is a Professor of  
19 Nutrition at Rutgers University where she does research  
20 on how various environmental factors, including  
21 television advertising, programming, labeling and portion  
22 size affect dietary choices and health.

23 Alan Harris, Executive Vice President, Chief  
24 Marketing and Customer Officer of the Kellogg Company,  
25 with brands including Kellogg's Cereal, Keebler,

1 Poptarts, Nutrigrain, Kashi and others.

2 Brock Leach is Senior Vice President, New  
3 Growth Platforms and Chief Innovation Officer for  
4 PepsiCo, whose brands include Tropicana, Quaker Oats,  
5 Frito Lay, Gatorade, Dole and others.

6 Bob McKinnon is Founder and President of  
7 YELLOWBRICKROAD Communications, a youth-oriented  
8 communications company. He was formerly with the  
9 advertising agency, Saatch & Saatchi, where he helped to  
10 design the CDC VERB campaign.

11 And now, I'd like to turn this over to my co-  
12 moderator, Dr. Howard Zucker.

13 DR. ZUCKER: Thank you very much. It's a  
14 pleasure to be here and a pleasure to share in the panels  
15 and to listen to the experts that we have heard this  
16 morning and this afternoon, as well as tomorrow. I think  
17 this is a very important issue, as we all know, about  
18 obesity and it's a pleasure to share the moderating panel  
19 with my colleague from the FTC, Michelle.

20 What I thought we would do is put a little  
21 challenge out to the panelists by using an opening  
22 scenario. I don't know if you've had a chance to read  
23 through this, but let me throw it out to the whole  
24 audience and this is something that I'd like to come back  
25 to after you've done your presentations. It's a scenario

1           which probably many people are familiar with.

2                        Sam is an eight-year-old and he's in second  
3           grade. In the afternoon, he goes to an after-school  
4           program where he has a snack, he plays computer games  
5           online in the computer lab and sometimes heads outside to  
6           shoot hoops on the playground. His mother picks him up  
7           around 4:45 in the afternoon, stops by to pick up an 11-  
8           year-old sister named Alex from middle school and they  
9           head home.

10                      When they walk in the door, both children head  
11           for the kitchen, they get themselves a snack and a drink  
12           and Sam turns on the TV in the family room to watch some  
13           cartoons, flips through a sports magazine before getting  
14           down to doing his homework. Alex heads for her room to  
15           listen to the latest music downloads that are on her  
16           computer, as a way to also IM her friends while she does  
17           her school assignments. Mom heads upstairs to change,  
18           turns on the television to catch the 5:00 local news. In  
19           an hour, they will all head back downstairs, out for the  
20           evening since Alex has band practice -- she plays the  
21           tuba -- and Sam has a baseball game because he's a  
22           reserve outfielder.

23                      They're in a hurry and the refrigerator is  
24           empty, so Sam suggests pizza delivery and Alex says, we  
25           had a pizza party in school today. So, they settle on a

1 drive-through, they eat in the car on the way to the  
2 night's events, and dad will be home a little later, so  
3 he says he will grab something on the way home.

4 So, keeping this whole thing -- just so you  
5 know, the names have been changed to protect the  
6 innocent.

7 **(Laughter.)**

8 DR. ZUCKER: Keeping this family in mind, what  
9 can the food industry do, using their marketing know-how  
10 and their creativity and the various media and venues and  
11 techniques available to them, in an effort to motivate a  
12 parent to be a better gatekeeper and role model and to  
13 engage children to eat better and to get more exercise?  
14 So, we'll first hear the opening thoughts and then we'll  
15 keep this whole scenario in mind and we'll come back to  
16 it after that. Thank you.

17 MR. BERLIND: Well, thanks, Howard. I am  
18 absolutely delighted to be here on behalf of Kraft's  
19 100,000 employees around the world and just want to  
20 thank, as everyone else has done, the FTC and HHS for  
21 convening this panel and giving us the opportunity to  
22 participate in this discussion.

23 Now, we hadn't done any advance prep on the  
24 scenario, Howard, that you laid out, but I suppose it is  
25 possible, if you think about it from a Kraft perspective,

1 that Sam and Alex, when they get home and they have that  
2 snack, maybe they'll choose a new 100-calorie pack of  
3 Oreo's or other kinds of trail mix, which is a nice  
4 portion-controlled snack, and then maybe instead of going  
5 out to the drive-through, maybe they could prepare  
6 something easy at home, like our new macaroni and cheese  
7 with the light preparation, which has significantly  
8 reduced calories and sodium and fat from the classic  
9 preparation. So, that's one way we could start out.

10 I'll try to stay very close to the three  
11 minutes that we've been asked to stay within at this  
12 point for the opening and then look forward to the Q&A  
13 afterwards.

14 At Kraft, we listen to our consumers very  
15 carefully and have heard from them over the past few  
16 years that they want us to take meaningful steps to help  
17 them address their health and wellness needs, including  
18 their concerns over obesity, in this research that we  
19 conducted last year. You can see if you can read it. I  
20 know some of it's kind of small. That many believe that  
21 the food industry is not doing enough to address these  
22 concerns, with marketing being identified as a particular  
23 area that we should focus on, as Bob Goldin pointed out  
24 earlier.

25 We've taken many steps in response, including



1       some that are relevant to children. For example, in the  
2       area of advertising to younger children, we've decided to  
3       eliminate all of our in-school advertising and promotion  
4       and have articulated nutritional guidelines such as 10  
5       percent or less total calories from a combination of  
6       saturated fat and trans fat regarding which of our  
7       products we feel are appropriate for sale in school  
8       vending machines.

9               In addition, earlier this year, we strengthened  
10       our long-standing policy of not advertising in media  
11       targeted at kids under six by shifting the mix of  
12       products that we advertise on TV, radio and print that  
13       are seen primarily by children ages 6 to 11.

14              Oops, I'm one slide ahead. By year end, we'll  
15       only be advertising products in those media that qualify  
16       for our sensible solution program, which means that they  
17       meet category-specific, better-for-you nutritional  
18       criteria that Kraft developed based on authoritative  
19       public health recommendations. At the same time, we have  
20       phased out advertising in these media for all of our  
21       products that don't qualify for the program, including  
22       regular Oreo and Chips Ahoy cookies, several of our Post  
23       Cereals and most varieties of our Lunchables line.

24              This approach has two benefits. First, it  
25       encourages kids to make better food choices, and second,

1 and this is very important, it creates an internal  
2 incentive for our business units to develop products that  
3 both appeal to kids and qualify as a sensible solution.  
4 So, they'll be able to advertise them to the 6 to 11 age  
5 group under our new policy. This is helping to improve  
6 the nutritional profile of our overall portfolio and  
7 we're very pleased with the results.

8 In the past year, for example, the better for  
9 you products in our portfolio have grown at a rate three  
10 to four times faster than those that don't qualify for  
11 those criteria.

12 In terms of the question about what works and  
13 what doesn't, what do we think is the best way to  
14 advertise a better for you product to younger children?  
15 Our research has taught us that lecturing kids about  
16 better nutrition or talking about health benefits that  
17 may be relevant to parents but not to kids do not  
18 effectively sell our products, and I think this echos  
19 somewhat what Brady Darvin said earlier this morning.

20 However, if we can find ways to stress  
21 benefits, like being your best, having the energy you  
22 need to do well in school, having fun with your friends,  
23 and keeping the messages cool and fun, we think we can  
24 have an impact.

25 As the year goes on, we hope to be introducing

1 more new products that qualify as a sensible solution and  
2 are supported by effective advertising that will convince  
3 parents and their kids to give them a try.

4 Thanks again for inviting me here today and I  
5 look forward to participating in the questions that are  
6 coming up. Thanks.

7 MR. LEACH: I don't know about you, but I could  
8 use an ice cold Diet Pepsi right now. I wish I could  
9 sell them to all of you.

10 **(Laughter.)**

11 MR. LEACH: My name is Brock Leach. I'm Chief  
12 Innovation Officer for PepsiCo and because so much of our  
13 work is focused on better for you and good for you  
14 products, I also head up our Health and Wellness  
15 Initiative for the company.

16 You know, much of the discussion in these two  
17 days appropriately is about marketing practices, the what  
18 not to dos, and that's important and it's obviously  
19 something that this group, in particular, can talk to.  
20 And there's a lot to be done and we're doing it and  
21 there's more that we need to do. I want to submit that  
22 that is the first 20 percent, perhaps, of what needs to  
23 get done.

24 On the 80/20 rule, the 80 percent is what are  
25 the to-dos. And the reason I say that is because any way

1       you cut this, the solution involves empowering individual  
2       consumers with a little bit of knowledge, with really  
3       great choices, and maybe, most importantly, the  
4       encouragement to change, and that's where marketing comes  
5       in.

6                   I'm excited because I see evidence that  
7       consumers are ready to change and they're, in fact,  
8       changing and I want to share that with you for my brief  
9       time.

10                   With that in mind, you know, our focus at  
11       PepsiCo has been on two things. It's been providing  
12       consumers with great product choices they really want to  
13       eat and marketing those in ways that promote healthy  
14       lifestyles. You know, happily, those two things are at  
15       the intersection of business interest and public  
16       interest. They're places where we can put a lot of our  
17       resources for bigger impact. But more importantly,  
18       they're things we know how to do. And we think, as a  
19       company, our unique spin is going to be making it fun and  
20       easier and more convenient to be healthy.

21                   So, the vast majority of our work is on the  
22       product end. About 70 percent of our new product  
23       portfolio in the pipeline for the next three years is  
24       better for you or good for you, better for you meaning  
25       it's better by the fact of reduced calories, sugar or

1 fat, good for you meaning it's made of essentially  
2 healthy ingredients, like oatmeal and water and orange  
3 juice.

4 We've been working diligently to improve  
5 existing products. We've taken trans fats out of all of  
6 our foods actually worldwide. We're moving to portion-  
7 controlled packages, we're moving to dual column  
8 labeling, all of our single serving products. We're very  
9 focused on developing and emphasizing healthier choices  
10 for kids in schools.

11 But the subject of this is marketing, so I'm  
12 going to spend my time talking about an update on our  
13 program called Smart Spot. Hopefully, by now, you have  
14 seen those. This is a little green dot that's appearing  
15 on all of our packaging for our better for you and good  
16 for you products that meet nutrition standards, and as  
17 the labels says, it's just a little shortcut to healthier  
18 choices, or as we say, smart choices made easy.

19 We started this idea as a way of collecting our  
20 healthier products so that we could get our arms around  
21 it, but we stumbled across a great consumer idea. From  
22 the very first focus groups, we had moms, in particular,  
23 standing up and saying, if I could direct my family to  
24 those things with that little green dot, that simple  
25 green dot, I would be a friend of yours for life. And,

1           you know, what marketer does not want to hear that?

2                       So, that evolved into quite a bit of work. We  
3 have now done something like 30 focus groups, four  
4 quantitative studies. The messages we've heard about  
5 this are incredibly consistent. We've heard them over  
6 and over again. The first message is be simple, do not  
7 make me a nutrition expert, just point me in the right  
8 direction and encourage me. To that point, don't tell me  
9 what not to do, I am laden with guilt to begin with,  
10 particularly moms, particularly in relation to their  
11 kids. Help me feel like I can get started in doing  
12 something productive with this. Make it real. Do not  
13 get hung up on diet fads. Tell me in one shorthand what  
14 is it that makes this a smart choice. We do that on all  
15 of the products on the back panel. We have a one-liner.  
16 It cuts to the chase. And they said, if we want more  
17 information, where can we go to get it, about nutrition  
18 standards. We did that with smartspot.com.

19                       This evolved into a major marketing program  
20 that we launched nine months ago. It runs across our  
21 entire company. We ran a national campaign that started  
22 in the fall. We've been supported by a media partnership  
23 with Discovery Communications. That includes healthy  
24 snack PSAs at 3:00 p.m. that are roadblocked across all  
25 their channels, healthy breakfast reminders in prime

1 time, and in the first quarter, we executed our first  
2 national retail promotion with our 16 largest customers  
3 and this is the first time we've ever done this across  
4 all of the divisions of PepsiCo at once, and that was  
5 incredibly challenging.

6 But the results of it were that the retailers  
7 responded very positively. We saw great growth, and the  
8 proof of that is in our total company performance. In  
9 the first half of this year, we just released quarterly  
10 earnings for the second quarter, year-to-date, Smart Spot  
11 products were 39 percent of our mix and they had moved  
12 two points in the mix. If you look over to the right,  
13 they were growing at 10 percent. That was three times  
14 the rate of our growth of the rest of our product  
15 portfolio and was 65 percent of our revenue growth in  
16 North America. We had a great quarter, by the way.

17 So, if you're wondering, are people willing to  
18 buy healthier choices, can they get excited about them,  
19 is there really a growth opportunity for a company, a  
20 business incentive, the answer is yes.

21 More than that, Smart Spot for us is  
22 centerpiecing a lot of our other activities. The fact  
23 that, as Mark talked about, that we have nutrition  
24 standards is pushing product development from all of our  
25 business units. We have management objectives. All of

1 us are on 10 percent growth, and as you can see, we're  
2 getting that for the first half and I'm sure that we're  
3 going to get there for the rest of the year. It's a  
4 focal point of what we recommend in schools. We're  
5 saying to our school customers, we recommend 100 percent  
6 Smart Spot products in elementary and we recommend a  
7 majority of Smart Spot products in other schools. We're  
8 committing, as is Kraft, that the majority of our kids  
9 targeted media will be for Smart Spot products.

10 The last thing I wanted to say is that we think  
11 the next step in this is to go beyond marketing just the  
12 products and the choices, the product choices, but to go  
13 into marketing healthy lifestyle tips. So, we're working  
14 on a program that will produce five smart steps, these  
15 are simple ways for people to get started. Most people  
16 are kind of paralyzed, they're sitting on the couch.  
17 This is a way to get moving. Start with a healthy  
18 breakfast; move more; add more fruits, vegetables, and  
19 whole grains; remember to hydrate; try lower calorie and  
20 lower fat options. All five of these things are going to  
21 be supported directly as messages and our products will  
22 play a supporting role, but not the primary role.

23 So, hopefully, this is one example, back to the  
24 80/20 rule, of how by focusing on the what-to-dos and  
25 leveraging marketing resources, we can actually make



1 change happen.

2 I look forward to your comments.

3 MR. HARRIS: Good afternoon, everybody. I just  
4 wanted to see what color my shirt came out on that --  
5 this is the weirdest system I've ever seen.

6 Good afternoon, my name is Alan Harris. I'm  
7 the Chief Marketing Officer at the Kellogg Company. I'd  
8 firstly like to thank the FTC and HHS for the invitation  
9 to be part of this workshop. We, at Kellogg's, very much  
10 want to be an active partner with you, with industry, and  
11 most importantly, with parents and kids in this fight  
12 against obesity.

13 Childhood obesity is, as a number of people  
14 have said, a complex issue. For our part, we certainly  
15 don't claim to have all of the answers. But when it  
16 comes to kids and cereal -- I shouldn't have made a joke  
17 about the system. These people have a way of getting you  
18 back, I tell you.

19 **(Laughter.)**

20 MR. HARRIS: When it comes to Kellogg's, and I  
21 know this won't surprise everybody, we continue to  
22 believe very much in the importance of breakfast. The  
23 fact is that a good breakfast is a great start to the day  
24 and breakfast cereal and milk can help to provide a very  
25 healthy morning meal.

1           In our written comments, we've listed the many  
2 changes that we've made and we are making to our products  
3 in order to broaden the choices available, but I think in  
4 dealing with childhood obesity, it's not just about  
5 calories in, as we've heard, it's also about calories  
6 out. And that means, I think, that we all have a  
7 responsibility to help our children embrace a more  
8 healthy lifestyle.

9           At Kellogg's, we try to use our knowledge, our  
10 brains and, indeed, our characters to promote active  
11 lifestyles, and we do that by trying to make those  
12 lifestyles more appealing to kids and their parents, and  
13 we've initiated a number of programs, some of which  
14 you'll see here, programs like Earn Your Stripes, an  
15 initiative with Tony the Tiger and some celebrities,  
16 Zumba, which is an Hispanic dance program, and we've just  
17 begun a very exciting partnership with an organization  
18 called Girls On The Run, which is a 12-week program that  
19 is currently active in over 100 cities in America.

20           Actually, we're also very much involved  
21 globally in many fitness and health initiatives, and we  
22 believe that we can learn a lot from those initiatives  
23 and those different programs and apply that learning here  
24 in America.

25           I think what's also important is that we

1 believe that it's very important how we use our packaging  
2 to understand and to help consumers understand the  
3 benefits of the product choices we offer. At Kellogg's,  
4 we have been at the forefront of clear labeling for many  
5 years and we're striving to make further improvements.  
6 We, too, have developed nutrition icons, which appear on  
7 our cereal packaging, and we have a lot of other  
8 initiatives, such as one like Healthy Beginnings, which  
9 we have on many of our packages now, and that allows  
10 consumers to make informed healthy choices.

11 I would agree with some of the comments that  
12 were made before. Consumers don't necessarily want more  
13 detail. What they really want is clear, tangible  
14 messages on packages to allow them to make those  
15 decisions easily.

16 So, in summary, at Kellogg's, we're very  
17 actively engaged in the fight against childhood obesity.  
18 We're very, very committed to, firstly, producing good-  
19 tasting foods that can contribute to a healthy and  
20 balanced diet, and that's important because mothers and  
21 fathers tell us this, foods that stay in the cupboard  
22 don't make healthy kids. So, it's very, very important  
23 that we strike the right balance.

24 We're committed to programs that will help our  
25 kids embrace a more active lifestyle. We're committed to

1 responsible marketing and advertising. We're committed  
2 to providing helpful nutritional information and very  
3 much in partnering with all of you here to address this  
4 challenge.

5 As I said earlier, we don't profess to know all  
6 of the answers, but we do hope through discussions like  
7 these that we can share what we know to learn from others  
8 and work together to raise happy, healthy kids.

9 Thanks again for allowing Kellogg's to be part  
10 of this conference.

11 MS. BRUGLER: I always said that I would walk a  
12 mile for a smoothie and I think I did today, but I'm not  
13 sure because I didn't have my pedometer with me, so I  
14 probably overestimated how far I went.

15 **(Laughter.)**

16 MS. BRUGLER: But it just made me mindful, as  
17 we've been talking today and especially just now, that  
18 exercise is an equally important part of this equation,  
19 and we're talking an awful lot about diet today, but we  
20 can't really talk about one in isolation from the other  
21 because it's really about energy balance. And even  
22 though we've heard wonderful examples today of how the  
23 industry is providing healthier, more convenient options  
24 for people, I think on a daily basis most consumers are  
25 still struggling with making the daily choices that allow

1           them to get the recommended amounts of fruits and  
2           vegetables and whole grains and dairy products in their  
3           diets that they need for optimal health.

4                        I'm here today to share experiences and make  
5           recommendations about marketing fruits and vegetables to  
6           children. PBH is best known for its 5-A-Day the Color  
7           Way Health Marketing Campaign that is proudly promoted in  
8           supermarkets across America every day. The campaign  
9           promotes eating more fruits and vegetables in fun and  
10          appealing ways to improve health. It targets moms ages  
11          24 to 54 and children ages 2 to 11. PBH leads a national  
12          coalition of public agencies and produce industry  
13          organizations that work collaboratively to increase fruit  
14          and vegetable consumption through the 5-A-Day for Better  
15          Health Program.

16                       Despite these efforts, the sad truth is that on  
17          any given day, almost half of all children eat no fruit  
18          and 20 percent eat less than one serving of vegetables.  
19          Intake has to more than double for kids to get  
20          recommended amounts. For that to happen, the food  
21          marketing playing field must be leveled in favor of  
22          healthier food choices.

23                       PBH is proud to present several healthy food  
24          marketing initiatives that offer models for duplication.  
25          PBH and Wal\*Mart partnered to conduct a series of in-

1 store fruit and vegetable promotional events reaching  
2 large consumer audiences with the Color Way message and  
3 providing moms with healthy, fun, kid-inspired and kid-  
4 tested recipes. PBH received the 2004 National Cause  
5 Marketing Halo Award for this unique collaboration,  
6 recognizing outstanding marketing efforts in which non-  
7 profit organizations and corporate partners team up to  
8 spread important messages for the greater good.

9 PBH, Dole and Crayola partnered to provide  
10 retailers with an in-store program educating consumers  
11 and children on the benefits of Color Way while driving  
12 increased produce sales. The one-year program, now in  
13 its third year, also distributes Color Way curriculum to  
14 local retailer school districts, reaching 1.5 million  
15 children in 12,000 schools.

16 PBH and Sesame Street partnered to feature  
17 Sesame's characters in marketing programs where fruits  
18 and vegetables are not only delicious and fun to eat, but  
19 good for you, too. I'm sure you're going to hear more  
20 about Sesame Street's Healthy Habits for Life Initiative  
21 later in the program.

22 PBH and Shoney's partnered to integrate the  
23 Color Way Campaign into their existing children's  
24 marketing program. A joint recipe contest resulted in a  
25 cool fuel cookbook of kid-developed and tested recipes.

1 PBH and McDonald's partnered to add more fruits  
2 and vegetables to the nation's menus. The new fruit and  
3 walnut salad meets 5-A-Day's health criteria and the  
4 innovative fruit buzz promotion is creating demand for an  
5 offering that is, by the way, good for you, too. Now,  
6 the point I'd like to make about this is we've heard  
7 today about availability being a problem. With  
8 McDonald's reach into all communities across the country,  
9 this is one example of how a fruit product is being made  
10 available equally to all Americans.

11 As awareness of 5-A-Day increases, so does the  
12 fruit and vegetable consumption needle, A.C. Nielsen  
13 home scan research indicates 5-A-Day awareness is  
14 increasing, especially since the introduction of the  
15 Color Way in 2003. It also indicates that those who are  
16 aware eat more fruits and vegetables on a daily basis.

17 We have examples that societal norms do change,  
18 but they don't change without action. To level the  
19 marketing playing field, PBH's National Action Plan  
20 recommends nutrition standards for foods that can be  
21 advertised to children, incentives that reward marketing  
22 healthy foods, including fruits and vegetables to  
23 children, and that encourage promoting healthy foods,  
24 including fruits and vegetables, in the programming and  
25 product tie-in promotions of entertainment media

1 targeting children, the funding of a national healthy  
2 eating advertising campaign. PBH recognizes that  
3 challenge is great, but the need to do so even greater.

4 Thank you.

5 DR. ACUFF: Thank you. Hello, everyone. I'm  
6 Dan Acuff, President of Youth Market Systems Consulting,  
7 and I'm a Director of the Character Lab and E-Smart  
8 Choice, and I really represent the support industry  
9 really to manufacturers and marketers, that is  
10 consultants, ad agencies, all the support people that  
11 come into play. I'm also co-author of What Kids Buy and  
12 Why with Bob Reiher, who's here today with us, Dr. Bob  
13 Reiher. And this has become the foundational book in the  
14 marketing to youth industry and focuses heavily on age  
15 segmentation and what works and what doesn't work with  
16 kids and why. Chapter 2, importantly, is dedicated, even  
17 back in 1997, to responsible marketing.

18 For the last 25 years, Dr. Reiher and I have  
19 worked with a variety of companies in all kinds of  
20 venues, toys, games, cartoon shows, as you can see there,  
21 food and beverage. We've always had a policy from the  
22 very beginning never to work on anything harmful to kids,  
23 such as violent toys, violent video games and so forth.  
24 Since our inception, we've had that policy and we've  
25 stuck to it. And now, with clear evidence to the harmful



1 effects of many foods and beverages, we no longer work  
2 with companies on those types of products, whereas before  
3 we did.

4 Now, we have a new book that just came out this  
5 month called "Kidnapped: How Irresponsible Marketers are  
6 Stealing the Minds of Your Children." It's for parents,  
7 primarily, to help them better protect and nurture their  
8 children in these more dangerous times on many levels,  
9 and we don't certainly only focus on food and beverage;  
10 in fact, the food and beverage is a mild culprit in some  
11 cases compared to the violence in video games, compared  
12 to guns, compared to, still, tobacco and alcohol  
13 companies are promoting alcohol and tobacco, hooking kids  
14 young on their products. And there's some silent  
15 enemies, if you will, out there, such as the  
16 proliferation of technology that is pervasive in  
17 children's lives these days, such that certain family  
18 rituals are going by the wayside. Kids are going off to  
19 their rooms, parents are going with their technology and  
20 there's less communication occurring across the board  
21 and, of course, less activity outside and all that you  
22 know that goes with that.

23 So, the real culprits are violence in video  
24 games, proliferation of technology, drugs, alcohol,  
25 tobacco, guns, the Internet dangers, and even now, it

1       hasn't really been mentioned yet, but in keeping with the  
2       panel discussion here, neuro-marketing. Neuro-marketing,  
3       in its worst case, is using -- actually mapping the brain  
4       with MRI and different strategies that are available now  
5       and watching the brain fire away as stimuli is being  
6       presented and they're doing qualitative focus groups  
7       occasionally with children as well, wiring them up to see  
8       what they're responding to. This is irresponsible, in  
9       our view.

10                 At its best, marketing, at the same time neuro-  
11       marketing or otherwise, uses information effectively to  
12       put positive messages across, and certainly that's what  
13       we saw just now with Linda's presentation and Product for  
14       Better Health is using packaging, using characters to  
15       promote better health.

16                 In this new book, "Kidnapped," we deal --  
17       there's a lot of information on age segmentation, which,  
18       again, is important and hasn't been discussed much in  
19       this conference, that is what is the difference between  
20       birth to three-year-olds, three to seven, 8 to 12, 13 to  
21       15 and 16 to 19, and how do we deal with each of those  
22       segments more effectively. And it also deals with kids  
23       as sitting ducks and making them more vulnerable because  
24       of some of the things that the APA was talking about  
25       about lack of cognitive skills.

1           It's important to categorize products as good,  
2           that is that they're healthy for everyone, healthy for  
3           children; neutral, meaning they need to be monitored and  
4           are okay if they're used appropriately and in moderation;  
5           and then those that are really bad, harmful, violence in  
6           video games and so forth. And as a consulting company,  
7           we have, in the past, worked on -- back in 1997 when  
8           obesity wasn't such an issue or back in, excuse me, '79  
9           when we first started, we, in the past, have worked with  
10          cereal companies and other companies and helped with  
11          packaging. We created the M&M characters.

12                 But what I'm saying today is that we no longer  
13          will work on that part of the problem, we'll work on the  
14          solution with companies. In fact, we'll work with only  
15          two kinds of companies, and that is companies who have  
16          healthy products and programs and those kinds of  
17          companies that are committed to being part of the  
18          solution instead of the problem, and we certainly have  
19          seen lots of examples of that today, and we applaud that.

20                 There's two examples I want to give of how  
21          characters can be used in a positive way. We're working  
22          on, with the United States Department of Agriculture Food  
23          and Nutrition Services, Power Panther, which is a walk-  
24          around costume character who visits schools and helps  
25          kids learn how to eat better and exercise more, and so,

1 we're involved in maximizing that character. And,  
2 secondly, Baylor University has a trial program to use  
3 advertising, video, in particular, and television  
4 advertising with preschoolers and we're creating little  
5 characters, Judy-Fruity and Reggie-Veggie, and their  
6 little friend, Juicer, to help kids do that. So,  
7 certainly, advertising -- and my major theme today is  
8 that consultants and advertisers and the support industry  
9 use all that techniques and all that strategies and all  
10 that advertising know-how and marketing know-how and use  
11 it for the betterment and for positive messages and  
12 positive products and programs.

13 So, thank you for including YMS on the panel.  
14 Thank you to the FTC and HHS, and in particular, also,  
15 thank you to all for your commitment to healthier choices  
16 for children and families.

17 MR. MCKINNON: Thank you. As was stated  
18 earlier, my name is Bob McKinnon. I'm the Founder of a  
19 small company called YELLOWBRICKROAD, so on behalf of the  
20 10 employees, we'd like to thank you for being here  
21 today.

22 **(Laughter.)**

23 MR. MCKINNON: Thank you for the laugh. You  
24 know, we, at YELLOWBRICKROAD, believe that cause,  
25 commerce and communication come together for mutual

1 purpose and benefit, and as such, we work with non-  
2 profits, government organizations and companies and non-  
3 profits to basically create similar programs to what  
4 you've seen today. We believe wholeheartedly that  
5 communication is the engine for business and can be the  
6 engine for change.

7           And such is the case in the experience that we  
8 had on the CDC VERB campaign, which for those of you who  
9 are unfamiliar with it, was a campaign designed to get  
10 children to be more physically active. It was supported  
11 with a paid media campaign and I can say, without any  
12 inhibition, I believe it's the most successful campaign  
13 of its kind. National research tells us that both the  
14 most at-risk populations, as well as the nation as a  
15 whole, is getting more active as a direct result of  
16 seeing this campaign.

17           What we also do at YELLOWBRICKROAD is we create  
18 communications and research on our own, predominantly in  
19 the area of documentary film. Touching on something that  
20 Dr. Dietz had said earlier today, our latest project is  
21 called Remote Control, which tries to reframe the issue  
22 of media consumption away from the trendy content issues  
23 and onto the broader scope of just the total amount  
24 that's being spent and the sedentary activity as a result  
25 of that. And having gone into people's homes and filmed

1 their families while they're eating and while they're  
2 watching media and while they're doing nothing else, it's  
3 really a profound statement that hopefully the film  
4 ultimately will make when it's finished.

5 What I'd like to do with my last minute here is  
6 to think about how we frame the discussion today. You  
7 know, I think that Howard began this discussion by  
8 talking about a scenario involving Sam, and I'm not sure  
9 if I'm in a position to comment on whether everything  
10 we're doing is going to make a difference to Sam, and the  
11 reason why I say that is I don't think we've framed the  
12 debate in a large enough way to say, what is our goal,  
13 what is our ambition, what is the line in the sand that  
14 we're drawing? Are we saying that in five years, we want  
15 childhood obesity to be going down? We should. In 10  
16 years, are we saying it should be eradicated? Maybe it  
17 should. I don't know if we sort of framed that broad a  
18 discussion.

19 If we frame it, then we can ask each of the  
20 stakeholders here that are present today to ask  
21 themselves, are we doing enough? I've seen so many  
22 wonderful programs today and a wonderful commitment from  
23 corporations, from groups like 5-A-Day, from people I've  
24 spoken to in the crowd, but I don't have the context of,  
25 are we doing enough?

1                   And I start first with the government. Are we  
2                   doing enough? Our national government spends roughly  
3                   \$600 million a year in marketing programs. That's across  
4                   300 different enterprises. You take away the military,  
5                   you take away the drug campaign and you have about a  
6                   million dollars per campaign. Now, any marketer here  
7                   will tell you it's difficult to make a difference with  
8                   that kind of money. When are we going to go ahead and  
9                   put our money where our mouth is in communicating these  
10                  important messages beginning with nutritional literacy,  
11                  the importance of getting active? Even the campaign,  
12                  like VERB, which I mentioned a moment ago, which has  
13                  unquestioned results, is fighting every day for its  
14                  funding, and I think that's borderline criminal.

15                  For corporations, you know, I think that we've  
16                  seen, again, a lot of wonderful and innovative programs,  
17                  but what is the context for that? In an industry that  
18                  spends \$12 billion marketing to kids, how much of that  
19                  should be spent towards healthy programs?

20                  And, finally, as it relates to the media, I  
21                  fear that when this session ends in two days -- and some  
22                  stories have probably been written as we sit in here --  
23                  that we'll either hear that, oh, the number of TV  
24                  commercials is down by 24 percent or we'll hear that a  
25                  couple of companies are doing some new things that's

1 interesting, and I wonder how do we frame the debate to  
2 create the momentum to make the change so that when  
3 someone asks how is Sam doing, we're able to say, hey,  
4 Sam's on his way to a healthier life and we're making  
5 sure that we're all doing enough.

6 Thank you.

7 DR. BYRD-BREDBENNER: Good afternoon, everyone.  
8 Just to refresh your memory, my name is Carol Byrd-  
9 Bredbenner from Rutgers University. I'm an Applied  
10 Nutrition Researcher. The assignment that I was given  
11 today is to respond somewhat to the kinds of initiatives  
12 that we've heard about today from industry.

13 Before we get started talking about that,  
14 though, I think there are a couple of points that we need  
15 to make. One is this industry is funded very well in  
16 terms of food advertising, about \$12 billion a year are  
17 spent, in contrast to the about \$300 million that we  
18 spend on nutrition education that's funded through  
19 government programs. So, we're talking about apples and  
20 oranges in a sense, but I think we can work together as  
21 we go through this and talk more about it.

22 There are a couple of other points that I think  
23 are very important to point out and that is that research  
24 tells us that we can affect health and nutrition  
25 knowledge and beliefs via food advertising. We can also



1       increase the number of food requests that children make  
2       for foods, for specific foods through advertising. We  
3       can affect the food choices that they make and the  
4       preferences. We also may be able to influence the  
5       snacking frequency, as well as their calorie and nutrient  
6       intake. So, essentially, marketing can influence dietary  
7       choices by teaching us about nutrition and health and  
8       also establishing norms regarding food intake.

9               Kids, as we've heard numerous times today, are  
10       especially vulnerable to advertising because of their  
11       cognitive immaturity, and it's particularly prevalent at  
12       younger ages than at older ages. But there's tremendous  
13       potential for the food industry to promote healthy eating  
14       and I think we've heard some really excellent examples  
15       today regarding product formulation, food packaging,  
16       portion sizes, marketing, branded products and social  
17       marketing for behavior change.

18              Based on the work that I've done as a nutrition  
19       educator, in view of the literature, I want to commend  
20       the industry for what they're doing so far and, of  
21       course, I want to also encourage them to increase the  
22       efforts and to stick with these efforts. If they  
23       experience short-term shortfalls on their profit and loss  
24       statements, please stick with it. Don't abandon a  
25       campaign. Rethink what's going on, revamp the products

1 as necessary, always keeping in mind that food  
2 preferences and social norms take time to change.

3 The other thing that I would encourage industry  
4 to do is to share their lessons. Much of the research  
5 they do is proprietary and it never makes it out there to  
6 nutrition researchers who are trying to develop nutrition  
7 education programs to make changes, and there's a lot we  
8 can learn from you. I would also like to encourage the  
9 panel members and the food industry in general to  
10 identify new ways they can promote healthy eating,  
11 perhaps by drafting more comprehensive advertising  
12 policies for children, as well as for parents, including  
13 all types of advertising and marketing, cross promotions,  
14 licensing and product placement.

15 Also, think about limiting your in-school  
16 marketing and what's going on there. Introduce new and  
17 healthier products and packaging options that can help  
18 people control their portion sizes. There's a tremendous  
19 amount of research that's emerging telling us that  
20 there's a lot of portion distortion out there. Make food  
21 labels and food advertisements more informative. We do  
22 know that advertising can provide real benefits to  
23 parents and other consumers when it comes to helping them  
24 make healthy choices.

25 Make healthy, good-to-eat foods fast, easy,

1 convenient so that parents can put a meal on the table as  
2 quickly as they need to, which is usually in about 30  
3 minutes. Make nutrition information in restaurants more  
4 readily available and accessible and keep adding those  
5 healthy eating options in the restaurants. Also, I would  
6 encourage them to work with nutrition educators to teach  
7 us the methods that you've used that have been so  
8 effective in getting people to adopt and eat your  
9 products so that perhaps we can help people to consume  
10 more healthy foods and promote healthy eating. Clearly,  
11 food marketing works and it can work to promote healthy  
12 eating as well.

13 Thank you.

14 MS. RUSK: Thank you, all. I think a lot of  
15 good points were raised in those presentations. I  
16 appreciate everybody being brief. We have, I think,  
17 about 20 minutes for discussion on the panel and then we  
18 will take question cards from the audience if you are  
19 interested in asking a question of any of these  
20 panelists.

21 I guess I would like to start with something  
22 that Bob raised in his presentation, which is that we're  
23 hearing a lot about wonderful initiatives and very  
24 creative approaches and a wide range of approaches and  
25 I'd like to have a little discussion on what is having an

1 impact and whether your companies have any data or are  
2 doing any research about trying to track consumer  
3 response to some of these initiatives and what you're  
4 seeing that's working and what maybe you tried that  
5 didn't really have much of an impact on the market and  
6 consumer decisions.

7 MR. LEACH: I guess I'd volunteer that in our  
8 experience in trying to market healthy foods, trying to  
9 talk to people about the nutrition facts is -- it's a  
10 flatliner. Talking to them about how a product can help  
11 them feel better and give them more energy and power them  
12 through the day is a really positive thing. So, we've  
13 warned that in things like the Smart Spot Program. If  
14 you talk to people not about the nutrition education in  
15 its dry scientific form, but you talk to them about a way  
16 to get started that you can feel better about, it goes a  
17 long way, and over and over again we've heard that theme.

18 MR. HARRIS: I'd just add to that that one of  
19 the things that we've learned is just a simple message, I  
20 don't think, is going to get the job done. People  
21 definitely need more encouragement and the more that you  
22 can provide supports, particularly from a community point  
23 of view. We found a lot of the programs that we take  
24 into the community and we give tangible goals -- when we  
25 give tangible goals to consumers, whether it's parents or

1 kids, they respond to goals, challenges, even causes. If  
2 you can give the support at the community level, that  
3 really makes a big difference. Thinking that a TV  
4 commercial just saying get active is going to make the  
5 difference probably isn't going to do it.

6 MR. BERLIND: I guess I'd chime in by saying  
7 one thing that's critically important, and it was raised  
8 earlier this morning, for us, it's principally about the  
9 food. If we can come up with a great new product for  
10 kids that they just love the taste of and they think is  
11 cool, and the example I put up as a picture is the  
12 Chicken Dunks line of Lunchables, that is now our  
13 fastest-selling variety of Lunchables, and it's white  
14 meat chicken, it's got significantly improved  
15 nutritionals compared to some of the other varieties, but  
16 it's hitting upon that right combination of something  
17 that kids are really going to like and want and also have  
18 some nutrition that goes with it. If we can do that  
19 across our portfolio, that's how we're going to both win  
20 in the marketplace and also we think really have an  
21 impact on people's health.

22 MS. BRUGLER: I'd just like to add that the  
23 majority of meals are still eaten in the home and what we  
24 know from consumer research is that many people don't  
25 make up their mind what they're going to have for dinner

1       until they started thinking about it on the way home, and  
2       then they stop in the grocery store and it's a lot to  
3       think about at the time that you're in the grocery store.  
4       So, consumers are looking for solutions and we have to  
5       try to have solutions for them at the point where they're  
6       making their decisions, and they're making their  
7       decisions about dinner in the grocery store.

8                So, programs where we can provide support for  
9       them to make it easy for them to choose healthier foods  
10      and give them tips and ideas for preparing them, so that  
11      Sam doesn't have to eat dinner on the road, but maybe  
12      there's a simple meal that can be made at that hour at  
13      home or pre-preparation could be done, it can be finished  
14      up at home. But we have to help consumers get to the  
15      point where they understand how to do that and would make  
16      it easy for them to do that.

17               DR. ZUCKER: I just want to chime in and say  
18      that part of the problem seems to be that to get fruits  
19      and vegetables, let's say, that are going to not last as  
20      long as that processed food that's going to sit in the  
21      refrigerator. So, you have to sort of figure out a way  
22      to make sure that that's more quickly available and much  
23      more accessible, and that's the reason a lot of these  
24      things, I think, kids go for them, it's quickly  
25      accessible. And then you have to sort of change their

1           mindset.

2                         So, I throw out the question to all of you, how  
3           come there are a lot of environments where a lot of  
4           children are and yet the concept of processed kind of  
5           foods are still -- or not the healthiest foods, I should  
6           say instead of that, is not really being utilized? For  
7           example, in the ballpark, if you walk into the ballpark,  
8           you will never hear people sort of screaming anything but  
9           hot dogs, right? You don't hear, fruits, vegetables,  
10          whatever. How come the environment -- the food industry  
11          hasn't sort of partnered with the baseball stadiums,  
12          partnered with the movie theaters so that the trailers  
13          are a little bit more about this, so that where kids  
14          gather, they are much more prone to see that kind of a  
15          message?

16                        MR. LEACH: I would just offer that I think the  
17          key to the whole thing is convenience and part of the way  
18          to do that is to figure out how you process and package  
19          these things differently, and the packaging technologies  
20          are coming to the point where there's many more options  
21          than there used to be. So, the ability to take fruit,  
22          for example, and put it in a convenient package and have  
23          it be 100 percent fruit is actually a huge consumer idea.  
24          We find consumers like the idea of packaged fruit better  
25          than they like fresh fruit because they know it's going

1 to taste good and they know it's going to be hygienic.

2 So, there are ideas like that that I think the  
3 food industry has yet to really capitalize on, but can,  
4 all about whole grains, fruits, vegetables, lowfat  
5 proteins. And I think, you know, as Mark said, if you  
6 get the product right, the marketing will follow. We  
7 haven't quite gotten -- you know, my pet peeve is  
8 airports. I can't find what I really want to snack on in  
9 an airport usually. But there are solutions to that and  
10 I -- we're working on it diligently and I'm sure many  
11 other companies are.

12 MS. BRUGLER: I think this morning Mr. Darwin  
13 was making the point about when people go out to eat and,  
14 of course, going to the ballpark would be going out to  
15 eat, but they look at it more as an opportunity to treat  
16 themselves. It's somewhere where they don't want to be  
17 reminded about any of their responsibilities, including  
18 health responsibilities. The problem is, people are  
19 eating out so much more that it's not just a treat  
20 anymore, it's almost like it's part of their way of life.  
21 So, you know, that mindset, some way we have to find an  
22 effective way to communicate that, you know, they have to  
23 start making healthier choices and part of that is having  
24 healthier choices available to make.

25 MR. BERLIND: Yeah, and the ballpark is maybe



1 not the best example, but echoing a little what Brock  
2 said and, again, going back to this morning, one of the  
3 great unanswered questions, there's a lot of  
4 technological questions that we at Kraft are working on,  
5 and the idea of delivering servings of fruits and  
6 vegetables within the products that we make is, to us, an  
7 incredibly powerful one and we think that there's huge  
8 consumer interest in.

9 So, it's something that we're not as far along  
10 as we'd like to be, but we're working on very hard,  
11 because if we can start doing that, you'll get the  
12 convenience because convenience is a huge part of the  
13 consumer brand value equation. And if we can deliver  
14 good-tasting servings of fruits and vegetables in a  
15 convenient way using technology, again, we think it's a  
16 win-win situation.

17 DR. ACUFF: It's important, I think, to  
18 separate, too, product from process. The product and  
19 product ingredients and improving all of that is one  
20 thing, and how you serve it is part of that. The  
21 process, itself, of how a family, a culture, an  
22 individual relates to different foods is learned. And  
23 so, a part of psychology is learning theory, and in this  
24 sense, we have conditioned ways of responses to certain  
25 kinds of foods and environments. So, the question is,

1 first of all, how do you help kids and families learn  
2 from the beginning, better learning, and secondly, how do  
3 you decondition some of that bad learning and bad habits,  
4 and that's a tough cookie and it can be done through a  
5 lot of effort.

6 We're terming this approach to marketing  
7 enrichment marketing, and really it has four parts to it.  
8 One is understanding your consumer, age segmentation,  
9 moms, what are they about, dads, what's the family  
10 dynamic, what's going on economically, socially,  
11 ethnically? The second one is learning theory, how do  
12 people learn, how can they re-learn, how can they un-  
13 learn, and learn better ways and form new habits. That's  
14 very difficult and challenging, and yet, that's very  
15 rich. And then, of course, neuro-science, like I said,  
16 and using the best and the newest tools to get marketing  
17 messages across. So, we call it enrichment marketing and  
18 it is about making smart choices.

19 MR. HARRIS: Just one final set of points echo,  
20 which is I think that in doing this, what we've always  
21 got to do for kids is to strike the right balance between  
22 taste and fun. I think that's really critical. We've  
23 tried before to have products that are kind of  
24 nutritionally worthy and if we don't make it fun for  
25 kids, it doesn't come out of the cupboard. As I said

1 before, foods that stay in the cupboard don't make  
2 healthy kids.

3 I think the point that was made before was  
4 right, getting the product right is absolutely key. I  
5 actually think after that, the marketing isn't  
6 necessarily that difficult. What we have to do is make  
7 sure that we strike the right balance and make it as much  
8 fun for kids as we can. And I think we've got the  
9 abilities to do that.

10 MS. RUSK: I'd like to ask a question about the  
11 product icons and the seal programs. I think all of the  
12 companies on this panel are doing something along that  
13 line and they sound like they're a really useful way to  
14 communicate to consumers. One of the concerns that I've  
15 heard raised about it is that each company has its own  
16 icon, with its own meaning and its own message. How much  
17 of a concern is that when you have multiple health  
18 nutrition icons in the marketplace with different formats  
19 and different information? I guess one question for the  
20 companies is, have you done any consumer research on  
21 whether consumers are understanding what the message is  
22 and whether they're using these seals for their purchase  
23 decisions?

24 MR. BERLIND: Well, we have done some research.  
25 It's pretty preliminary at this stage and our Sensible

1 Solution Program only was rolled out at the beginning of  
2 this year. We find consumers like it a lot. Consumers  
3 like it a lot. And some of the research I've seen is  
4 interesting because we get an even stronger response to  
5 the flag that calls out the better for you  
6 characteristics of a product in some of the lower  
7 socioeconomic groups. In other words, people who are not  
8 as prone or as willing maybe to spend a lot of time  
9 reading the nutrition facts panel really like the flag  
10 and it's an easy kind of sign to them.

11 But, yeah, we have talked about it. I mean,  
12 you know, we were not the first company to come out with  
13 the system. Brock, your company may have been. But  
14 there is a bit of an issue that we can see down the road  
15 just from a policy perspective, and we'd be interested in  
16 the feedback from this workshop and everyone around the  
17 table here. Because if you look to a time five years  
18 down the road where every company has their own better  
19 for you marker and they're all based on somewhat  
20 different criteria, we'd have to acknowledge there's a  
21 possibility of some consumer confusion.

22 MR. LEACH: I would agree with that. I don't  
23 think we know enough yet about how these things are going  
24 to be perceived together. We had the same research  
25 learning. Our research learning, by the way, is that it

1 varies a little bit by brand, but between -- I forget the  
2 numbers exactly, but 60 percent roughly of consumers said  
3 that just by seeing the symbol, they'd be more inclined  
4 to purchase a product because it was so helpful to them,  
5 and that was disproportionately higher in ethnic  
6 communities. The idea of simply directing people is a  
7 big idea.

8 I guess what I would say is we're in a period  
9 of experimentation. Lots of companies are doing lots of  
10 things. We're going to learn as we go. I think it's  
11 likely that at some point we'll say, hey, it makes sense  
12 to combine efforts here. I think we're not at a point  
13 where we know enough to know which of the various  
14 experiments is going to be the most powerful. But  
15 there's clearly an idea here.

16 MR. MCKINNON: If I could chime in for a  
17 moment. You know, the fact that these guys are  
18 mentioning that down the road there should be some  
19 collaboration and consistency amongst the standards by  
20 which these are created, I think, is an excellent  
21 suggestion. I think that in a situation like that, the  
22 sooner, the better, only in that there seems to be a  
23 tremendous amount of consumer confusion already, not only  
24 about those kinds of labels but about nutritional  
25 information in general. It seems as if every

1 organization that has like three letters in its name  
2 comes out with something that's good for you or bad for  
3 you. You know, one day, all of a sudden, someone comes  
4 out with a fad diet that says carbs are bad and sends  
5 entire industries reeling.

6 I think that, again, that's where, if we went  
7 back to some kind of basic fundamental nutritional  
8 literacy that we say should be a part of either education  
9 to parents or communication to children and via a  
10 national nutritional campaign, at least then the public  
11 has a framework to evaluate all these messages,  
12 regardless of whether it's on a package or whether it's  
13 some group coming out with a new sort of, you know, treat  
14 of the week in terms of what should or shouldn't you eat.

15 MR. HARRIS: From some of the research that  
16 we've done, I take a little bit of issue with one of the  
17 previous panels in that I think it was said that the  
18 consumer was illiterate in terms of nutrition.  
19 Certainly, what we've found is that people have a pretty  
20 good basic understanding of nutrition. When you ask them  
21 what they want, they don't want too much information,  
22 they don't want too much detail. They want a very clear  
23 signaling, which I think would support the learning that  
24 we've all seen.

25 The only thing that I think may be potentially

1 concerning, when you look at what some of the folks, for  
2 instance, in the U.K. are considering, I think this was  
3 mentioned in the opening comments, where they're looking  
4 at a one size fits all traffic light system, you know,  
5 red for bad, amber for medium, green for good, I think  
6 that sounds very fine in theory, but trying to  
7 operationalize that I think is a lot harder than people  
8 realize. I think that's true because there are so many  
9 different products, there are so many different consumers  
10 with different needs at different times that a one size  
11 fits all approach I think actually may be more misleading  
12 than helpful. I think that the challenge here is to do  
13 something in a clear and simple way that explains what  
14 the nutrition profiles are to consumers.

15 MR. LEACH: I just want to add one thing  
16 about the stoplight thing, if I can. We tested that as  
17 an idea when we were developing the Smart Spot Program.  
18 We weren't really keen on it, to be truthful, but we  
19 fairly tested it. Consumers hated it. They hated it.  
20 They hated the idea that you were going to put warning  
21 signals on certain products because they said, I know  
22 that nacho cheese Doritos is not a health food, but don't  
23 make me feel guilty about it, show me what I can do  
24 that's better. So, to Al's point, it's not about  
25 identifying the stuff not to eat, it's about identifying

1 the stuff to eat.

2 MR. BERLIND: Yeah, we certainly agree with  
3 that, and at the very least, and going back to Alan's  
4 point about what's going on in the U.K., if you're going  
5 to start having systems one size fits all, our research  
6 shows it really doesn't work and you really need to look  
7 at this by category. It just goes to the complexity of  
8 the food industry. People are going to want cookies, you  
9 know, and we think that's a good thing and we sell a lot  
10 of them, but we think there's a lot of value in  
11 differentiating for consumers. If they're looking for a  
12 cookie that might have a better nutritional profile than  
13 some other cookies, we think that it -- that has a lot of  
14 power in terms of the research that we've done and  
15 consumers like that.

16 DR. ZUCKER: I'd like to just modify our  
17 scenario a little bit with Sam and Alex and one point.  
18 Sam, let's say, is in the grocery store, and I've seen  
19 this scenario in aisle four, you know, the small meltdown  
20 that Sam has because the bright-colored box on the bottom  
21 shelf, you know, he wants. I want to really throw this  
22 out to Dan because it's sort of more a psychology  
23 question. I have found in my experience, prior to being  
24 in Washington, I did pediatric anesthesia, and I found  
25 one thing that worked, when kids had a choice in an



1 operating room where either choice was acceptable to the  
2 adult, it worked better because they felt they had  
3 control. So, isn't there a way to put that same control  
4 factor into a child's life when he's standing in aisle  
5 four or will that not be as effective because --

6 DR. ACUFF: No, it's absolutely a workable  
7 procedure for any parent or anybody in charge. A teacher  
8 could give students more choices and they feel in  
9 control, they don't feel like they're being dominated.  
10 Now, in terms of temper tantrums in aisle four, that's a  
11 little bit different issue and that's parent education  
12 and standing firm. If there's pester power or nag  
13 factor, there needs to be no power as well and no, thank  
14 you, and because I said so, thank you.

15 DR. ZUCKER: But the thing is, if the box --  
16 children will respond to these bright colors is part of  
17 the reason why cribs are the way they are, is that if you  
18 have products that aren't really as healthy for children  
19 with colors that are not as attractive to children,  
20 whereas adults realize they're not the ideal product,  
21 isn't that a way to sort of draw the attention of kids to  
22 some of those other products?

23 DR. ACUFF: Well, absolutely, and it's also an  
24 age segmentation question, because for the younger child,  
25 certain colors are going to be important and more

1 brighter, more primary colors, and for the older child,  
2 it's going to be different colors. So, it can be tricky.  
3 So, it's an age segmentation question. But the bottom  
4 line of what you're saying is providing children with  
5 choices whether they're four years old or 14 is a very  
6 good idea, and if you can do it through color or some  
7 other means, great.

8 MS. RUSK: We have about five more minutes for  
9 the moderators to ask questions, so I'd like to ask each  
10 of the panelists for sort of a final recommendation  
11 before we go to questions from the audience. My question  
12 is, what one recommendation, if you had to pick one, do  
13 each of you have for something concrete that the food and  
14 beverage industry could do through its marketing and  
15 advertising that would have the most benefit on  
16 children's choices? Anybody who wants to start?

17 DR. ACUFF: Do you want to just go down the  
18 line?

19 MS. RUSK: Sure, let's do it that way.

20 DR. BYRD-BREDBENNER: Well, I guess it's to  
21 keep in mind that consumers do have basic nutrition  
22 knowledge, but operationalizing it is a real challenge.  
23 So, if there's some way we can give cues in the  
24 supermarket or in the restaurants to help lead parents to  
25 the wiser choice, could go a long way in improving

1 dietary intake.

2 MR. MCKINNON: My suggestion would be, as I  
3 alluded to before, is if corporations could individually  
4 and collectively make long-term goals based off of the  
5 kinds of foods they want to market, how much they want to  
6 spend on those kinds of initiatives, so that what we're  
7 seeing is a lot of long-term strategic thinking and a  
8 shift that is deliberate, not accidental.

9 What I mean by that is, many of us were  
10 surprised by the results of the Nielsen thing. We may  
11 agree with it, we may not agree with it. But it wasn't  
12 as if it was by design, it was by market. So, I would  
13 say I would hope that coming out of a session like today,  
14 we would all sort of say, what can we be doing to move in  
15 the correct direction, and in addition to the wonderful  
16 programs we see, establish long-term objectives to get us  
17 to a better place, some of which the companies, like the  
18 ones represented here, have already begun to do.

19 DR. ACUFF: I couldn't agree more with starting  
20 with a goal, and I think that's an excellent suggestion,  
21 Bob. So, to have that goal collectively of by when will  
22 we decrease obesity by how much is excellent and that  
23 would be a starting place. And then, the commitment  
24 comes next, the commitment to do that. And we hear that  
25 from many of the companies here and we applaud that,

1 cereal companies and other food companies and beverage  
2 companies, a real commitment to provide enrichment, if  
3 you will, enrichment marketing, enrichment products. So,  
4 it starts with a product and it also includes the  
5 process.

6 So, my final thing to leave people with would  
7 be to use all the resources that have been so successful  
8 up to now to sell what we've been selling and to use that  
9 to sell better products, more nutritional products, and  
10 to sell them in a more effective, enriching way.

11 MR. HARRIS: I'll cheat and give you two. The  
12 first is, I think, don't underestimate the value of  
13 packaging. I think we've all watched -- a lot of  
14 marketers have genuinely underestimated the value of  
15 packaging. I think it can make a phenomenal difference.

16 The other thing I'd say is something somebody  
17 else referred to is, I think, one of the most productive  
18 things we could do would be to share the learning and  
19 knowledge that a lot of different people have on what  
20 makes the healthy eating and fitness programs really  
21 work. We often tend to work in isolation, as somebody  
22 said. There's some great experience from VERB, there's  
23 some great experience from some of the other companies  
24 that we've heard from. If we could find a way of pooling  
25 that, it would make all of those programs work much more

1 effectively and that would have to be a very positive  
2 thing.

3 MS. BRUGLER: I have two thoughts. One would  
4 be to make healthy foods fun and appealing and  
5 convenient, and the other would be balancing the messages  
6 that are being given, balance between product promotion  
7 and fitting the product within the context of a healthy  
8 lifestyle. There's just a disproportionate amount of  
9 advertising now that doesn't have a health component to  
10 it and there needs to be a better balance.

11 MR. LEACH: I think that the solution  
12 ultimately lies in product development and focusing  
13 efforts on bringing whole grains, fruits and vegetables  
14 and lowfat proteins into convenient forms is going to be  
15 a big part of it.

16 On the marketing side, I think there is a real  
17 need to get consistent lifestyle messages, to surround  
18 families with those messages so that parents have some  
19 help, and I think we're hunting around the right  
20 territory but we haven't landed on the consistent  
21 messages, the work that the Ad Council and the Coalition  
22 is doing could be the way to get there. I hope it is.

23 MR. BERLIND: I wouldn't have wanted to go  
24 first, but going last isn't so great either. There's  
25 been a lot of good ideas put out here. But I would say,

1 as an industry, if we could -- if the question was a  
2 recommendation for what we, as a food industry, can do is  
3 to work together as much as possible with parents, with  
4 educators, with government to create a climate where  
5 there's incentives to make and sell and market healthier  
6 foods, because we're eager to compete in that kind of  
7 environment. If kids can be motivated, they want to eat  
8 healthy; parents can be motivated to buy those products;  
9 we can come up with products that satisfy those needs,  
10 and it becomes a question of positive market incentives.  
11 We think a lot of companies are more than capable of  
12 putting significant effort into making a big difference  
13 here.

14 DR. ZUCKER: We could ask so many questions,  
15 but we're going to go to the audience's questions. The  
16 first one is, there have been a number of questions on  
17 industry's efforts lobbying against state bills on school  
18 food and beverage policies. Would anyone want to comment  
19 on this? And with that question, I'm just going to also  
20 throw out the second part of the question we had before  
21 which was, are there things that the government could do  
22 that would create incentives that would remove some of  
23 the barriers that exist, and here's the bill issues that  
24 we're talking about, but then what are the other things  
25 that could exist?

1                   MR. LEACH: I'll take that one. We have been  
2 in opposition to some bills that are out there, as a  
3 company, and the reason is because we, in some cases, we  
4 don't like the idea that we're going to single out  
5 specific categories of food and beverages to blame for  
6 obesity. We think it's a fairly shallow response.

7                   DR. ZUCKER: Get closer to the mic.

8                   MR. LEACH: Oh, sorry. I said that we have  
9 opposed some bills as a company, but in general, really  
10 exclusively, it's been because we don't like the idea of  
11 singling out specific categories of foods and beverages.  
12 We do believe, and our recommendations are -- first of  
13 all, we serve our customers in the schools. So, whatever  
14 the customer wants, we're going to provide them, and we  
15 are recommending that the mix shift -- we, in fact, have  
16 shifted the mix pretty significantly and we are  
17 distinguishing between elementary schools, middle schools  
18 and high schools, and we are promoting, exclusively, our  
19 healthier choices in schools as we change out our  
20 marketing tactic.

21                   So, part of our logic is also we don't think it  
22 needs to be regulated. We think it's already happening,  
23 and certainly, we're hearing that from our school  
24 customers.

25                   DR. ZUCKER: Others?

1 MR. MCKINNON: If I could just add for a  
2 moment, I think that -- on a broad level, I think that,  
3 generally speaking, it's sort of sad that there is so  
4 much controversy and political aspect in nature to this  
5 discussion. It's one that's driven by fear and  
6 territorial nature than I think trying to work together  
7 in a collaborative way. Every time a company tries to  
8 put an initiative out there, it's immediately criticized  
9 in a way by which they wonder almost why bother.

10 And at the same time, as it relates to, you  
11 know, the underlying factors, again, in a sort of broader  
12 view, if we're going to ask why someone questions how you  
13 legislate things going in schools, we have to ask and  
14 address the underlying issue of why is there commerce in  
15 school to begin with, and that's a fundamental funding  
16 issue as it relates to education which needs to be  
17 addressed before almost every single time someone tries  
18 to be critical of these products being in school in the  
19 first place because it's a much more important one.

20 MS. RUSK: This question is for Mark. It says,  
21 CARU primarily focuses on the content of ads, marketing  
22 aimed at kids while virtually ignoring the nutritional  
23 quality of the product. Isn't it necessary to address  
24 the nutritional quality of the advertised product in  
25 order to be a responsible marketer? And I guess Mark and



1 Brock, you both talked about your own company's decisions  
2 to have nutritional standards for what you advertise to  
3 kids. And anybody else who wants to respond?

4 AUDIENCE MEMBER: You need a microphone.

5 MS. RUSK: Sorry. Do you want me to repeat the  
6 question?

7 MR. BERLIND: The question was about  
8 nutritional standards in marketing. As I had said in my  
9 presentation, we've tried something new this year where,  
10 for our company, we are working with the nutritional  
11 standards for what we're advertising in TV, radio and  
12 print to the 6 to 11-year-old group, and that, we think,  
13 is a good business decision for our company and we've  
14 gotten good response to it. We decided to do that in  
15 response to concerns, as I think I had said in the brief  
16 overview, to concerns that they expressed to us. So, for  
17 us, it's a good business decision, and again, as I  
18 alluded to, it's really driving product development  
19 within our company. So, we think it's a smart business  
20 decision and it's getting us to where we need to be as a  
21 company.

22 In terms of regulatory standards or CARU  
23 standards, I think a group of companies, and we'll talk  
24 more about this tomorrow, have come up with a good start  
25 in terms of suggesting ways to strengthen CARU, but what

1 I think is very important is that strengthening self-  
2 regulation requires broad industry support. So, our  
3 belief is that the more success that, hopefully, we have  
4 and other companies have in marketing better for you  
5 products to children than the -- you know, that kind of  
6 issue will gain broader support over time. But we think  
7 that there's some good proposals being put on the table  
8 right now.

9 MR. LEACH: I would just say that nutrition  
10 standards are useful for us in ensuring that we have a  
11 balance of marketing to kids, and we think offering kids  
12 options is important. We didn't have any mechanism to  
13 stipulate that to ourselves so the nutrition standards  
14 give us the ability to do that. But we think it's about  
15 marketing a spectrum of choices and educating kids that  
16 are at an age enough to understand the commercial  
17 messages, not kids under eight. That helping them  
18 understand the choices and be excited about the healthier  
19 choices is the way to go rather than eliminating it  
20 entirely.

21 MR. HARRIS: Can I have one point on CARU?  
22 CARU took some criticism, I think, earlier this morning  
23 and I think some of that was unjustified. Personally, I  
24 think that CARU's done a very, very good job over the  
25 last 30 years in sometimes some very difficult

1       circumstances. I've worked in the U.K., I've worked in  
2       Canada, I've worked in different advertising systems, and  
3       I believe that we can get everything that we want from a  
4       self-regulatory system providing that we have the right  
5       guidelines and the right practices and processes in  
6       place. And I think some of the things that we're going  
7       to put on the table, that GMA is going to put on the  
8       table, is just going to help CARU evolve because there  
9       are a lot of new challenges out there from a new media  
10      point of view, and I think the sort of initiatives that  
11      we're talking about will make a real difference.

12                 DR. BYRD-BREDBENNER: Can I comment on that?  
13      We completed a study looking at television commercials  
14      that were directed mainly to children and found that the  
15      vast majority of them complied with the CARU guidelines.  
16      But there is an issue with the nutrition aspects of foods  
17      that, as a nutritionist, I think really does need to be  
18      investigated because there are a number of images that  
19      show up on these commercials that are misleading, and our  
20      studies that we have going on at this point are telling  
21      us that that's the case.

22                 For example, there is -- fruit juice is being  
23      used in a lot of products, but it's fruit juice  
24      concentrate. So, it's legal to say that this product  
25      contains fruit or was made with real fruit juice, but if

1       you look at the bricks content of fruit juice  
2       concentrate, for example, compared to just plain fruit  
3       juice, we've got a three or four or five-fold increase in  
4       the amount of sugar that would normally be found in plain  
5       old fruit juice.

6                 The other issue is the way in which it's  
7       depicted on television can be what we're finding to be as  
8       somewhat misleading. For example, having dancing fruits  
9       and vegetables dissolve into a gummy bear, for example.  
10      What message does that send to the very young viewers who  
11      are cognitively immature? So, as far as CARU goes, at  
12      this point, there aren't nutritional standards, and as a  
13      responsible citizen and as a nutritionist, I really think  
14      that's something that CARU needs to look at. But,  
15      otherwise, I have to agree that I think it's doing quite  
16      a good job for what it has been set up to do thus far.

17                MS. RUSK: One question that I think we touched  
18      on a little bit in our discussion and I think someone  
19      alluded to the fact that we'd hear more about this in a  
20      later panel, but all of the companies that we've heard  
21      present on these past two panels have a pretty wide  
22      variety of health and lifestyle initiatives and programs,  
23      and we've also heard a lot of talk about the need for  
24      simple, clear, concise messages. And the question is, is  
25      there any definitive data that all of these clear, simple

1 programs are helping consumers or are they further  
2 confusing them and what thoughts do you have about a  
3 unified message?

4 MS. BRUGLER: Well, I presented a little bit of  
5 data about the Color Way. We've tested the Color Way  
6 concept with consumers and there is general  
7 acknowledgment from the consumers that they understand  
8 the message being five color groups, you know, you're  
9 supposed to get five servings of fruits and vegetables  
10 every day, and we showed some data that said that at  
11 awareness of 5-A-Day is increasing, so is the consumption  
12 of fruits and vegetables.

13 So, if we accept that there is a relationship  
14 between those two facts, then it appears as though as  
15 least Color Way as a concept is a consumer campaign that  
16 is resonating with the consumers and is helping with  
17 their -- increasing their intake of fruits and  
18 vegetables.

19 There's a long way to go. Consumers are still  
20 -- you know, have -- there's a big difference between  
21 what is the recommended amount, which is, as you know  
22 with the dietary guideline, has just gone up in what  
23 they're doing, but it is a message that they are getting.

24 MR. BERLIND: I can't support this with any  
25 data, which was the question. So, no, I'm not citing any

1 data. But I think it's got to be clear and it's  
2 certainly intuitive that the messaging around health and  
3 nutrition and all is perhaps necessarily complex. I  
4 mean, if you think about public health campaigns that  
5 have been very successful, like whether it's don't drink  
6 and drive or stop smoking or whatever, you're talking  
7 about a very clear, very simple message, and the messages  
8 around nutrition, whether it relates to fat and sodium  
9 and portion control and exercise and there's all these  
10 different dos and don'ts, it's a complicated subject.

11 So, I don't sit here with any answers about how  
12 to bring clarity to it, but to the extent that it can be  
13 done and the industry and the public health community can  
14 get behind it, it sure sounds like a powerful kind of  
15 idea.

16 MR. MCKINNON: If I could just chime in, I  
17 think the other thing to ask ourselves as it relates to  
18 these programs, especially those that are coming from the  
19 public health sector is, how significant is the  
20 investment? There was some discussion earlier that  
21 suggested that with just one viewing a child could  
22 understand a message, but we have to understand the  
23 perspective in which they're seeing these things. And  
24 many of the programs that we've discussed, whether it was  
25 the Steps Program or, increasingly so, VERB, or some of

1 the other programs that are out there, like PSAs, which  
2 were mentioned earlier, are running at levels that, by  
3 fair marketing standards, people would describe as  
4 ineffective levels.

5 I think that we need to be -- you know, and I  
6 speak specifically for public health messages and PSAs  
7 and things like that, is we need to be careful not to  
8 feel good about what we're doing just because the message  
9 may resonate and it may look like a wonderful ad or a  
10 promotion or something like that. We need to ask, is the  
11 investment being made to make a significant difference?  
12 And in probably 95 percent of the public health messages  
13 out there, the answer is probably no.

14 DR. ACUFF: Back to Sam in the grocery store,  
15 too, and with his family going out for fast food, it  
16 really is learning. A piece needs to be added to what  
17 the gentleman from the APA said before about eight and  
18 below, and that is that, yes, it is difficult for sevens,  
19 sixes, fives, fours to understand cognitively many  
20 messages. At the same time, learning occurs before birth  
21 and learning, very powerfully, continues with each  
22 passing year.

23 So, part of the solution for Sam and for  
24 reconditioning society is to get as much early, early,  
25 early training in as possible and early education with

1 children.

2 DR. ZUCKER: Isn't part of it also repetition  
3 in early learning?

4 DR. ACUFF: It's repetition, but we have to  
5 make a distinction between the different brains that are  
6 operating and listening in this learning process.  
7 There's the cognitive brain, yes, but there's also the  
8 basic reptilian brain, the reflexive brain, which is sort  
9 of just taking care of your heart and breathing. But the  
10 emotional part, though, the emotional brain is the one  
11 that's being impacted with emotional messages and also  
12 taste and pleasure and all of those elements that add up  
13 to habit formation with foods and beverages.

14 So, if we can get in there at that emotional  
15 brain -- we're doing it now with certain messages and  
16 very effectively. If we can get in there with positive  
17 messages and habit formation, it would be a big deal.

18 MS. RUSK: Okay, we have many, many more  
19 questions than we could get to before midnight. So,  
20 since we've already run 15 minutes over our time, I think  
21 I'm going to end it there and thank all of our panelists  
22 today for some very useful insights.

23 **(Applause.)**

24 MS. FAIR: Let's take a short break. We'll  
25 reconvene at 25 after for our last panel. For those of



1 you who signed up for the open forum, we would ask you to  
2 sit by the microphone on the far side of the room so we  
3 can go immediately to that. The good news is we will be  
4 adjourning before 6:00 p.m.

5 **(Whereupon, a brief break was taken.)**

6 MS. FAIR: Would you please take your seats?  
7 We're ready to begin the final panel. Please, could you  
8 take your seats?

9 Panel Number 3 today deals with media efforts  
10 to foster healthier choices for children. The two  
11 moderators will be Dr. Elizabeth Edgerton, Director of  
12 Clinical Prevention at the Agency for Health Care  
13 Research Quality at HHS, and Rielle Montague, Attorney  
14 with the FTC's Division of Advertising Practices.

15 **PANEL 3: CURRENT MEDIA EFFORTS TO FOSTER**  
16 **HEALTHIER CHOICES FOR CHILDREN**

17 MS. MONTAGUE: Good afternoon. Thank you for  
18 joining us for the last panel of the day, Current Media  
19 Efforts to Foster Healthier Choices for Children.  
20 Earlier today, we heard about some of the initiatives by  
21 the food industry to provide healthier choices to  
22 children and improve their diets, as well as the various  
23 marketing techniques that are being employed to reach  
24 children. Now, let's turn to the media's role in all of  
25 this.

1                   This afternoon, we'll discuss what media  
2 outlets are doing to address childhood obesity and how  
3 the media can be used to educate children and parents  
4 about nutrition and healthier lifestyle choices.

5                   Our panelists, who bring together a wealth of  
6 experience and knowledge in this field are Heidi Arthur,  
7 Group Campaign Director of the Advertising Council. Ms.  
8 Arthur oversees the development of all the ad campaigns  
9 from the New York Office of the Ad Council.

10                  Jorge Daboub is Vice President of Marketing and  
11 Business Development for the Univision Television Group  
12 and is responsible for developing marketing platforms and  
13 strategic partnerships with current and potential clients  
14 and partners.

15                  Ivan Juzang is the Founder of MEE Productions,  
16 a unique market research and communications company that  
17 is committed to developing socially responsible campaigns  
18 to reach urban youth and ethnic minority populations.

19                  Jennifer Kotler is the Director for Knowledge  
20 Management in the Department of Education and Research at  
21 Sesame Workshop. She develops and executes research  
22 studies to assess media's influence on children and  
23 children's response to Sesame's programming.

24                  Victoria Rideout is a Vice President at the  
25 Kaiser Family Foundation and Director for the

1 Foundation's Program for the Study of Entertainment Media  
2 and Health. She creates public service campaigns in  
3 partnership with television networks and directs numerous  
4 media-related studies.

5 And, finally, Marva Smalls is Executive Vice  
6 President of Public Affairs and Chief of Staff for  
7 Nickelodeon, Nick-At-Nite, TV Land, Noggin and Spike TV.  
8 She is the Chief Administrative Officer for the networks  
9 and oversees all of their pro-social and corporate  
10 responsibility initiatives.

11 Following brief introductory remarks and  
12 presentations from our panelists, we'll begin a  
13 discussion about media's role in responding to the  
14 problem of childhood obesity. So, let's go ahead and get  
15 started with Ms. Arthur.

16 MS. ARTHUR: Well, first, I'd like to thank the  
17 FTC and HHS for inviting the Ad Council to be here today.  
18 We're really proud to be part of the solution for the  
19 crisis that's facing the children in this country, and I  
20 think a lot of what I'll talk about today will echo much  
21 of what you've heard and hopefully infuse some new  
22 information, particularly as it pertains to how effective  
23 public service advertising and communications really can  
24 be in this space with all the noise that's out there.

25 So, what I'm going to talk to you about is

1 first an initiative that we have with the Department of  
2 Health and Human Services, which is a PSA campaign, and  
3 then a new collaboration. Essentially, the Ad Council's  
4 whole mission is based in the premise that advertising  
5 and marketing can affect social change, particularly as  
6 it pertains to the tough issues facing many parents and  
7 children.

8 And if you think about campaigns over the  
9 years, it boils down to simple messages, like buckle your  
10 seatbelt, or more complex situations, like getting busy,  
11 active people to really take out time and mentor at-risk  
12 youth or tackling the complex web of high school dropout  
13 prevention. And as Mark Berlind just alluded to, obesity  
14 is far more in the complex camp than it is in the simple  
15 individual action.

16 So, the first presentation will focus on a  
17 campaign that we've had out there in the field since  
18 March of last year. So, it's a little over a year-and-a-  
19 half now. And our first campaign targets parents  
20 directly, acknowledging how important they are in setting  
21 the tone for the house and the role-modeling and  
22 everything else that you heard about this morning.

23 I'm going to boil this down into quick research  
24 just in the interest of time, but basically what we all  
25 know is that parents know what to do, but they simply

1 lack the motivation, discipline and conviction. They're  
2 very busy. Changing your life and becoming fit and  
3 healthy is a daunting task from their perception. They  
4 think, I have to make sweeping life changes, and in the  
5 end, there's little or no reward because I'm going to end  
6 up going back to my old habits anyway. And what this  
7 nets out to be is sporadic dieting and occasional  
8 exercise and no real, you know, long-term sustainable  
9 healthy lifestyle for them or their families.

10 But what we also know is that eating healthy  
11 and getting regular exercise are viewed as very difficult  
12 have-to-dos. It requires going to the gym, something  
13 very formal, and the word "exercise" has a certain set of  
14 connotation for many parents. Also, people think that if  
15 I do little things along the way, it's not really going  
16 to add up to much anyway, so why bother? And they,  
17 again, you know, resume their old lifestyles and nothing  
18 changes.

19 So, the real opportunity here was, how do you  
20 take that information, simplify it, have a single-minded  
21 message and inspire massive behavioral change among  
22 Americans so that they could become healthier and  
23 actually have healthier habits throughout their whole  
24 homes? Again a very daunting task for marketing.

25 Our target for this, we identified them as

1 family builders. These are men and women, ages 20 to 49,  
2 they may already have children or they're just starting  
3 out and forming household habits on their own. We talked  
4 to both general market, as well as Hispanic consumers in  
5 Spanish language, as well as African Americans. We did a  
6 lot of research among many of these different  
7 populations, acknowledging much of what was said earlier,  
8 that you really have to talk to people on their own  
9 cultural terms.

10 And our creative strategy boiled down to really  
11 creating some news value in that eating healthy and  
12 getting active are easier than you think, really dispel  
13 that ongoing myth that it's really difficult, it's  
14 overwhelming, I couldn't possibly do it, and then letting  
15 them know that it doesn't involve wholesale changes, that  
16 there are really things that you could be doing every day  
17 that can add up and make a big difference.

18 The PSAs that we have, but in the interest of  
19 time, I'm not showing them to you today, demonstrate  
20 people actually losing body parts because they've  
21 actually taken small steps, and it shows that there is a  
22 surprise, it really can make a difference.

23 And the good news is that we saw enormous  
24 support by the media community, in particular. We  
25 actually had upfront commitments for this campaign and

1 this permeated the national media, the local media and it  
2 goes well beyond just television, particularly for some  
3 other communities who really get a lot of their health  
4 information from the Internet, as well as the radio. So,  
5 \$106 million, that's a lot of noise behind a media  
6 campaign. And I also know that when you have a message  
7 that's really single-minded and focused, it can make a  
8 difference, even if it is in the midst of a lot of  
9 clutter and confusion.

10 We see it in the pull-through to the website.  
11 You know, this is a complex issue, so you can't imagine  
12 that you'd put up a commercial and everybody would just  
13 all of a sudden become healthy. You have to deliver on  
14 the back-end, too. And we developed a website that gets  
15 about 80,000 unique visitors a month which gives a host  
16 of lifestyle tips and things that really are manageable  
17 for people, and they also have the ability to opt-in to  
18 an e-newsletter, where we can send out monthly here's  
19 what's new and different, here's some more helpful tips  
20 for you, and they're proactively seeking out information  
21 because we know the interest is there. This whole  
22 campaign was done in partnership with McCann Erickson in  
23 New York, who has been truly committed to this issue.

24 What we also do with many of our campaigns is  
25 we take the pulse before the campaign launches, really

1       trying to hone in on those key attitudes and behaviors  
2       that can be directly tied to the campaign, because we all  
3       know developing or connecting advertising to what's  
4       actually happening on the back end is often very  
5       difficult. But what we did see was awareness of the  
6       actual PSAs, themselves, more than doubled, which after  
7       10 months is very impressive, and when we went back in  
8       and did our post wave tracking study, awareness of the  
9       small step messages did grow. It grew from 79 percent to  
10      86 percent.

11                 And then we also had a significant increase in  
12      people reporting that they were actually going to do  
13      something about it. Eating right and getting active is  
14      very important to me and I'm already doing something or  
15      considering doing something about it. From 29 to 35  
16      percent. Again, it's moving it all in the right  
17      direction. This is not going to change overnight, but  
18      we're starting to see that you can make inroads with  
19      strong media campaigns.

20                 We also saw that the campaign resonated very  
21      well with the Hispanic community and also had good  
22      support from Hispanic media. The report of significant  
23      increase in Hispanics agreeing that small changes in your  
24      eating habits and physical activities can have an impact  
25      on your weight and health grew significantly and it kind



1 of remained flat for the general population so far, but  
2 that increased from 56 percent to 63 percent, which again  
3 is showing that the campaign is on the right direction  
4 and we truly see a long-term commitment from the media  
5 community to support messages like this, both nationally  
6 and locally.

7 So, when you have evidence that if you get the  
8 right messages out there, we can really impact this  
9 issue. You have to start thinking about how can we apply  
10 this learning to other communications channels that are  
11 out there. So, what we did was we looked at our own  
12 partners, the Ad Council is a coalition in and of itself,  
13 you know, it's marketers, it's media, it's non-profit,  
14 it's government agencies. That's how these messages get  
15 out there on these important pressing public health  
16 issues. So, how can we use these communication channels  
17 to further the cause for obesity prevention and get some  
18 real research-based messaging out there across the board  
19 and the multiple channels that are out there?

20 So, the premise behind this whole notion is  
21 very simple and clear. It's really about collaboration,  
22 providing forums like this, but in a smaller, more  
23 intimate setting, where you can exchange best practices,  
24 you can have common messaging, you can get consistency  
25 out there to the American public. So, what we're hoping

1 to do is really address the nation's obesity crisis with  
2 unified research-based communication strategy, which you  
3 all know, as marketers, makes good sense.

4 And then, how do you know if this is making a  
5 difference? You have to have metrics in place so we're  
6 fielding an ongoing tracking study to measure progress  
7 against the key attitudes and behaviors that are attached  
8 to these specific messages.

9 So, the outcomes are actual messages, and I'll  
10 take you through them in just a minute, and we actually  
11 developed them, as Brady Darvin told you earlier, in  
12 partnership with the Strottman Group, as well as McCann  
13 Erickson. It was, again, you know, a six-month  
14 collaborative effort going out there, talking to  
15 consumers and doing a lot of good research. So, we'll  
16 have messages, we have developed a website where there's  
17 a forum for sharing best practices. And then in  
18 partnership with Yankelovich, we're going to field our  
19 tracking study on an ongoing basis and then hopefully  
20 we'll have something positive to report back to everybody  
21 at forums like this.

22 So, what we know from the research that we did  
23 was, you know, the stuff that you've heard earlier today,  
24 that parents do know that they have a role in this. They  
25 do want to be part of the solution, but they're confused.

1       There's a lot of conflicting information out there, and  
2       you can just look at headlines or pick up a women's  
3       service book. There's lots of fad diets. They're not  
4       quite sure what's right for their family, and they're  
5       also sending mixed messages to their kids about health  
6       and nutrition when kids are, in fact, in control of a lot  
7       of the purchasing, again information you heard earlier  
8       today, and they struggle. They really struggle between  
9       complete freedom over restriction as well as being a good  
10      parent. The research that we did says that they  
11      sometimes feel guilty that they're not doing the right  
12      thing and that they do really view the foods and  
13      beverages that their children take in as part of being a  
14      responsible parent.

15                 And kids, you know, they really don't  
16      understand how their weight is connected to health. They  
17      view good health as not being sick and they don't  
18      understand the long-term benefits. To them, a negative  
19      health consequence is, I might explode or throw up. It's  
20      not, I'm going to get diabetes, and that's what they'll  
21      tell you.

22                         **(Laughter.)**

23                 MS. ARTHUR: And they also don't understand key  
24      nutrition ideas, and we heard a lot of this earlier  
25      before. My time's up, so I'm going to run through stuff

1 that you've already heard today. And they also don't see  
2 healthy choices as necessarily good-tasting and fun.  
3 They also don't really consider physical play, everyday  
4 play as real physical activity and that's true for  
5 parents, too, and there's an opportunity to reframe the  
6 whole physical activity end of the equation through  
7 togetherness and play with your family.

8 So, with this, we saw a clear opportunity for  
9 communications platforms. One is focusing on parents as  
10 being a big influence, and secondly, connecting kids to  
11 healthy choices in a way that really means something to  
12 them beyond the health benefits that they already know  
13 and giving them more ideas about what physical activity  
14 really means.

15 So, here is the snapshot of the headlines for  
16 parents, Playing With Your Kids, the Best Exercise of  
17 All. This, again, reframes what physical activity means.  
18 The whole idea of energy balance, tell your kids eat  
19 right, play hard and repeat. Is your kid eating a home  
20 run or a strike-out? Keep portions in check. Size does  
21 matter, something you heard about today that's a very  
22 important messaging opportunity. And then the whole  
23 notion of role-modeling. And for kids, again, the whole  
24 idea of healthy choices, are you eating a home run or a  
25 strike-out? Eating right and playing hard go together

1       like best friends. They could visualize and understand  
2       what that means. Sitting around is for wimps. That  
3       really resonated with them. It wasn't viewed as, you  
4       know, you're finger-pointing, they connected. And for  
5       portion control, being stuffed only makes sense if you're  
6       a turkey. They got it, they really got it.

7                We quantitatively tested this and did a lot of  
8       qualitative research, which we can share at a later date.  
9       But these messages were proven to be motivating,  
10      comprehensible and really had the potential to move the  
11      needle.

12              So, the research that we did with Yankelovich  
13      recently, and we launched yesterday and announced it to  
14      the public, took a sample of a thousand parents and  
15      children and really looked at the attitudes and behaviors  
16      that are attached to those key message areas. Clearly,  
17      there's an opportunity to get everybody on a healthier  
18      path, whether it's through physical activity, portion  
19      control or modeling.

20              And here are some of the statistics that we  
21      saw. There's a really good opportunity to motivate  
22      parents to raise the level of activity in the family. If  
23      you look at some of these statistics here, you know, only  
24      35 percent say exercise or actively play together with my  
25      child often. And we thought it was important to look at

1 top box here, because we really need people to take this  
2 seriously, and kids really -- you know, a lot of them  
3 aren't really concerned about physical activity. If you  
4 look at why kids are choosing healthy foods, it's not  
5 because I mostly like them, it's more often because, I  
6 know they're healthy or my mom and dad gave them to me.

7 The concept of energy, that's a tool that  
8 parents can really use to help foster healthy choices for  
9 their children because if any of you have children that  
10 play soccer, if the coach gives them an orange, they eat  
11 it. If you came in while your kids were playing video  
12 games and gave them an orange, they'd look at you like  
13 you have four eyes and it just doesn't work. So, we need  
14 to change the dialogue.

15 And, again, on portion control, you know, an  
16 alarming number of children will say that I sometimes eat  
17 a large bag of snacks or drink a large bottle of soda  
18 myself and parents aren't really limiting the calorie  
19 consumption, they're confused about portion sizes for  
20 their children. So, again, an opportunity to really  
21 focus messaging here on these issue buckets.

22 And role-modeling, they clearly need help  
23 walking the walk. You know, the metrics really aren't  
24 where they need to be right now.

25 So, we really view this coalition as an

1 opportunity to really get out there with clear and  
2 consistent messages that are research-based, that can be  
3 used on packages, they can be used in advertising, they  
4 can be used in websites, whether explicitly or  
5 implicitly. And if anybody has any follow-up questions  
6 on this, I'm very happy to answer them. Thank you.

7 MS. MONTAGUE: Thank you, Heidi. Next, we'll  
8 hear from Marva Smalls.

9 MS. SMALLS: Good afternoon. Let me begin by  
10 saying, we're, too, pleased that the FTC and HHS have  
11 decided to hold this workshop and we look forward to  
12 answering your questions later today.

13 The health and wellness issue for Nickelodeon  
14 is very important because it's important facing kids.  
15 We've been in an ongoing discussion with many of the  
16 stakeholders on this issue, kids, parents, marketers,  
17 advertisers, advocates, you name it. We believe that  
18 Nick can play a major role and is playing a major role in  
19 providing solutions to this issue.

20 On this issue, Nickelodeon chose to take part  
21 in addressing it because we know that this issue is  
22 important for kids, and we believe, based on past  
23 history, that once kids are empowered with information,  
24 they will be change agents in their own right. So, for  
25 us, this is a continual process, one that involves

1 continual dialogue with all of the leading stakeholders,  
2 one that will be grounded in research and one that will  
3 allow for a continual examination of how we integrate  
4 learning into our business practices.

5 Since this panel is a continuation of the IOM,  
6 I chose not to bring tape. This visual is on because  
7 Senator Harkin unveiled it this morning, and secondly,  
8 after my last presentation to IOM, I received, based on  
9 one spot, a cease and desist letter from one trade  
10 organization and I received a call from a Congressman  
11 based on a flash on the spot who, you know, said, "Why  
12 are you making me talk to my kids about farting?"

13 **(Laughter.)**

14 MS. SMALLS: So, I decided today to just keep  
15 it simple and focus on the words. So, I will describe,  
16 you know, some of the current efforts we are engaging in  
17 to foster healthier choices for kids.

18 So, to that point, one of the many  
19 conversations we've had with members of the advocacy  
20 community has been, why can't you use your characters  
21 with fruits and vegetables? You know, in particular,  
22 this was a point that was made by Margo and Kelly. So,  
23 after more than a year of trying to license our  
24 characters for good for you products, we've just  
25 announced the new partnership including Carrots with



1       SpongeBob, Dora and Lazy Town, Spinach with SpongeBob.  
2       We're going to do fruit, in terms of oranges, with Blue's  
3       Clues, Dora, the Backyardigans, again, all of our  
4       favorite characters, and then we're also partners with  
5       the Produce for Better Health Foundation on their 5-A-Day  
6       health plan. So, you will see our characters in stores,  
7       on pamphlets, in retailers, highlighting the importance  
8       of 5-A-Day for kids.

9                 In addition, in all of our sports and athletic  
10       equipment, with our consumer products packaging, you will  
11       see activity and health tips included on tennis rackets,  
12       sports balls, active wear and including now DVDs.

13                And not unlike the Ad Council, we've launched  
14       research to educate ourselves about the complex  
15       relationship between kids, parents, food and the media.  
16       The findings aren't unlike those you heard a few minutes  
17       ago. You know, for example, we found only 50 percent of  
18       kids said that they eat breakfast every day and 74  
19       percent of kids told us they decide, all or most of the  
20       time, what they eat for breakfast. So, in response to  
21       those findings, later this month, we will begin rolling  
22       out PSAs talking to kids about the importance of eating  
23       breakfast. Our goal is to create messaging in a fun,  
24       creative, tone-appropriate way to the importance of kids  
25       beginning their day with a healthy start.

1           This just complements the program we've had all  
2 year with our shows, Nick News, healthy eating shows, our  
3 highly acclaimed series, Lazy Town, as well as, you know,  
4 the Backyardigans. Ten percent of our air time is  
5 devoted to health and wellness messaging. We're showing  
6 real kids adjacent to our programming and our bumpers,  
7 and we're currently hosting PowerPlay Summer on Nick Jr.  
8 where kids can actually see a meter move as they get up  
9 during a show and move and jump and, you know, have the  
10 illusion of they're making the meter move.

11           Online, we're empowering kids and parents with  
12 information to help them navigate good nutrition. We  
13 have healthy recipes from the nutritionists, inspired by  
14 the nutritionists we've hired. We've posted portion  
15 control guideposts, like a deck of cards is three ounces  
16 of meat. In our Nick Jr. Magazine, we're regularly  
17 focusing on fitness issues.

18           I've been told I have one minute. Our Let's  
19 Just Play Campaign, this year we gave away \$600,000 in  
20 grants directly to communities across the nation. Some  
21 communities it was as simple as they needed a lawnmower  
22 to mow the lawn to create a soccer field. This year,  
23 we're doubling that amount to \$1.5M and, quite frankly,  
24 some of our marketing partners have come forth and said  
25 we will match what you're doing. So, we're hoping by the

1 end of the year to give away \$3 million in direct money  
2 to impact community-based programs in school and after-  
3 school around the country, and we will, again, in October  
4 go off the air, go dark, tell kids to get up, go outside  
5 and go play instead of sitting in front of the TV  
6 watching Nickelodeon or anything else. And we're  
7 continuing to work with our advertisers and marketing  
8 partners on many of the issues you've heard talked about  
9 here today.

10 So, in short, we're excited about this effort.  
11 We come from a place of optimism. We really do believe  
12 that kids can be agents of change, they aren't just  
13 adults in training, and we look forward to having a  
14 healthy dialogue about moving the needle forward in a  
15 constructive way. Thank you.

16 MS. MONTAGUE: Thank you, Marva. Next, we'll  
17 hear from Jennifer Kotler.

18 DR. KOTLER: I know Dr. Dietz earlier said  
19 something about maybe Cookie Monster needs to be a little  
20 thinner, but I'm pretty sure he swallowed an oblong table  
21 at some point, which is the reason his body is in that  
22 shape.

23 **(Laughter.)**

24 DR. KOTLER: I'm going to describe the Healthy  
25 Habits for Life initiative. There's been allusions to it

1 throughout the day. But I'm going to start with a video  
2 so you can get an overview of what the initiative is  
3 about.

4 **(Video segment on Healthy Habits for Life**  
5 **played.)**

6 DR. KOTLER: So, that's a real overview of the  
7 Healthy Habits for Life initiative. Sesame Workshop is a  
8 non-profit organization. I think, oftentimes, people  
9 don't realize that we are, in fact, a non-profit and that  
10 we -- our content for Sesame Street is placed on PBS, and  
11 our goal is to create content that maximizes the  
12 educational potential of children and we're committed to  
13 all children. We are actually in 120 countries around  
14 the world, so this is not just specific to the United  
15 States, but we are really dedicated to different issues  
16 around the world and we realized that this was a  
17 particular issue that we needed to address.

18 The Healthy Habits for Life initiative is a  
19 multi-year content-driven initiative to help children and  
20 their caregivers -- because we've all heard how important  
21 it is for parents to be involved -- to help establish  
22 early foundations of healthy habits that can last a  
23 lifetime. We are really focusing on younger children  
24 than I think what a lot of other initiatives are working  
25 on. We're really trying to focus on that three to five,

1 that preschool age, and I'll explain why in a second.

2 It's not just about nutrition, it's about  
3 exercise, it's about sleep, it's about hygiene, it's  
4 about everything that makes a child healthy.

5 Overview of the initiative, we have the Sesame  
6 Street friends who model fun ways to move and play. We  
7 encourage the children to explore and enjoy healthy foods  
8 and opportunity to build self-confidence and feel good  
9 about themselves. We're not focusing so much on what the  
10 children shouldn't do because we know with preschoolers  
11 that if you focus a lot on don't do this, don't do this,  
12 but do that, they'll also remember what they're not  
13 supposed to do, and we're not talking about limiting or  
14 taking away any particular foods, we're talking about  
15 there are sometimes foods and there are everyday foods as  
16 well.

17 We also offer parents and caregivers  
18 information and fun ways to help them try different  
19 strategies at home. So, we do, in fact, come up with  
20 ways for if you're in aisle four and the child is asking  
21 about why they can't have a particular food, how to  
22 actually talk about that or how to actually come up with  
23 games in the grocery store that the child can participate  
24 in. So, we have tips for the adults as well.

25 The reason we feel particularly well-suited to

1 addressing the area of obesity is that we reach an under-  
2 served target, the preschoolers, and also we try to reach  
3 those most in need. We are trying to package these  
4 materials to distribute them to day care centers around  
5 the country.

6 We've done some preliminary research to inform  
7 the initiative, which is why we are really confident that  
8 we think the three to five age group is important, as  
9 well as why we think that we are particularly suited to  
10 it. First, we just wanted to know what three to five-  
11 year-olds knew about health, what does the word "healthy"  
12 mean, and only about half knew what it was. It was food  
13 mostly, that they talked about. They didn't talk --  
14 exercise was not really up there, it was really more  
15 about food. So, that's what they knew. They knew it had  
16 something to do with food. How does someone get healthy?  
17 Here, almost the vast majority mentioned something food.  
18 So, this is the kind of thing that a three to five-year-  
19 old would say when we ask what does healthy mean.

20 You're smart and you can do a lot of things  
21 like move if you get fat and you can't move, that's not  
22 healthy, and you can run fast to do karate. So, those  
23 are the kind of things that children will say.

24 I want to show you a few things in terms of the  
25 data. We wanted to know whether children actually

1 understood that the kinds of foods that they liked to eat  
2 were, indeed, not necessarily healthy foods. Is the  
3 issue that children know they're not eating healthy foods  
4 or that they know but they don't care? We weren't sure  
5 what the story was. We found that -- we asked children,  
6 we gave them a series of pictures to choose from pairs,  
7 to pick a healthy choice and a less healthy option, and  
8 we summed up their responses.

9 We found that the three-year-olds, what they  
10 wanted to eat and what they thought was healthy was about  
11 the same. By five, children knew what was healthy, but  
12 they -- and they knew that they were choosing the less  
13 healthy option. So, you see that knowledge increases  
14 with age, but preferences for healthy foods remain  
15 constant. So, we think that there's something in this  
16 three to four age group that we can really address early  
17 on to help children appreciate and like healthy foods.  
18 We know that the earlier this starts, the better, and it  
19 often takes children about 12 to 15 times before they  
20 actually like a new food. We work with nutritionists,  
21 dieticians, endocrinologists and exercise physiologists  
22 as well.

23 We also tried to see whether our characters  
24 would, in fact, influence food choice. So, we did a  
25 series of studies where we paired food with our

1 characters. So, we had a control group of children, for  
2 example, and we said, which one do you want to eat, the  
3 grapes or the banana, for example, and the children in  
4 the control group, 61 percent chose the grapes over the  
5 banana. We then put an Elmo on the grapes, just a little  
6 sticker and another red character from a show that hasn't  
7 been produced yet of ours, so there was an unfamiliar  
8 character. So, the appeal of the grapes went up and the  
9 banana went slightly down. Now, if you flip that, you  
10 see that Elmo raises the appeal of the banana and Cludge  
11 -- his name is Cludge -- lowers it. So, in fact, you  
12 have two competing fruits. Fruits are okay, you could  
13 argue one is better than the other, but just in a child's  
14 mind, they're both fruits.

15 What if you do it with broccoli and chocolate?  
16 You have 22 percent choosing the broccoli. Their parents  
17 are doing something right. Seventy-eight percent  
18 choosing the Hershey bar. And I'm not saying any of  
19 these are, you know -- I'm not saying anything bad about  
20 Hershey, it's clearly a food that children do not like  
21 and clearly a food that children do like. You add a  
22 little Elmo sticker to the broccoli and you get the  
23 appeal of broccoli going up, and if you flip it, you've  
24 got the Hershey bar going up.

25 So, we replicated this with several other of



1 our characters. Elmo was the strongest one, but we also  
2 found even Oscar can change the appeal of different kinds  
3 of foods as well.

4 So, that's pretty much it. I think my time is  
5 up. If you have any questions, I'll be glad to answer  
6 them.

7 MS. MONTAGUE: Thank you, Jennifer. Next,  
8 we'll hear from Jorge Daboub.

9 MR. DABOUB: Good afternoon. For those of you  
10 not familiar with Univision, Univision is dedicated to  
11 serving the needs of the Hispanic marketplace. We're  
12 actually -- what's interesting is I've been with  
13 Univision since 1992 and it is the most trusted  
14 institution in the hearts and minds of the Hispanic  
15 marketplace. With that comes great responsibility. So,  
16 not only is it about entertaining and informing, but it's  
17 also about really empowering our community.

18 From a health standpoint, we know there's a  
19 lack of relevant objective and accessible information  
20 which we, as a company, are really dedicating a  
21 tremendous amount of resources to empower our community  
22 with. What we did was, how do we structure a program?

23 About two-and-a-half years ago, we actually put  
24 together a roundtable discussion. It included  
25 government, Department of Health and Human Services,

1 Office of Minority Health, numerous health organizations,  
2 such as the Kaiser Family Foundation that we've been  
3 working with on sexual health, HIV awareness. We also  
4 worked with the ADA and numerous other health foundations  
5 and organizations, community organizations. And we said,  
6 here's our core competency, it's communication. We are  
7 not health experts, so guide us, lend us your expertise.  
8 How do we create a program that's going to create impact  
9 and really change attitudes, perceptions and health  
10 behavior? And this is something that we're committed to  
11 long-term. This is not a short-term program.

12 So, from these discussions came the framework  
13 of our health platform. The platform is titled "Salud Es  
14 Vida...Enterate," Lead a Healthy Life, Get the Facts. It  
15 was launched November 2003 and we're very happy to say  
16 we're starting to change attitudes and perceptions and  
17 health behavior in our community. Our mission is to  
18 affect positive change in health behavior by focusing on,  
19 first and foremost, health and wellness, focusing on  
20 disease management or access to care, which includes  
21 disease management compliance, and also providing  
22 motivational encouragement for the early detection and  
23 aggressive management of the chronic illnesses and risk  
24 factors that impact our marketplace. The biggest risk  
25 factor impacting our marketplace is, obviously, obesity,

1       which impacts our marketplace probably at the highest  
2       incidence of any other ethnic group.

3               Our goals really are very ambitious. First and  
4       foremost, it's about education, it's about providing the  
5       motivational encouragement, it's about linking our market  
6       to available health resources. It's also driving  
7       consumers to their health providers and strengthening  
8       that relationship, that bond with their health providers.

9               Again, we're not the health experts. We're  
10      seeking the guidance and expertise of our health expert  
11      partners, which range from the Department of Health and  
12      Human Services to the Kaiser Family Foundation to  
13      numerous other health organizations and foundations,  
14      including community organizations, as well as  
15      professional organizations. We're also working with the  
16      Association of Academic Health Centers which are most of  
17      the medical universities in the country and working on  
18      implementing programs in communities that have  
19      continuity, that really touch people and really educate  
20      and empower our community from a health standpoint.

21              All of our messages are integrated across all  
22      of our mediums, which include two networks, Univision as  
23      well as Telefutera, two television groups of 55 owned and  
24      operated stations, a radio division with 72 owned and  
25      operated stations, as well as online. Not only are we

1       leveraging these assets and playing to the strengths of  
2       each one of our divisions, but what we're also doing is  
3       leveraging our talent, and our market still believes.  
4       It's not as cynical as the general market viewers. Media  
5       plays a very important role in the education of our  
6       community. So, we're leveraging the assets from a media  
7       standpoint, we're leveraging our talent. We're also  
8       highly regarded and esteemed in our community. Through  
9       these messages, we're really starting to empower and  
10      create change in our marketplace.

11               MS. MONTAGUE: Thank you, Jorge. Next, we'll  
12      hear from Victoria Rideout.

13               MS. RIDEOUT: Well, thank you. My assigned  
14      topic today is to speak about the challenges of doing  
15      pro-social campaigns, whether they're through public  
16      service advertising or through messages in commercial  
17      advertising. But before I do that, I want to say -- I  
18      need to say that at the Kaiser Family Foundation, we  
19      definitely do believe in the power of media, and  
20      specifically, public education campaigns to positively  
21      affect the public health, especially young people. And  
22      we have, indeed, partnered not only with Univision on  
23      that campaign that Jorge was just speaking about, but  
24      also with Nickelodeon and with many other networks to do  
25      that.

1           Having said that, there's certainly a multitude  
2 of challenges to effectively conducting such a campaign,  
3 particularly with regard to this topic, I think, because  
4 trying to get kids to eat healthy foods and exercise more  
5 is just a much tougher sell than the advertising that  
6 you're competing against, which has to do with trying to  
7 get them to eat a cereal that tastes like a candy bar or  
8 something. That's just an easier sell. So, I think it's  
9 a tough job because of the scope and the amount of food  
10 advertising that you're competing with and because it's a  
11 harder sell.

12           We've talked a bit here today about things like  
13 the seatbelt and the drinking and driving campaigns and  
14 the success of those campaigns and that's important, but  
15 they also, in those cases, had laws behind them that made  
16 it illegal to do the -- you know, it was a requirement  
17 that you had to do the behavior that they were promoting.  
18 Obviously, that's not going to be the case here. And  
19 they didn't have counter-advertising, you know,  
20 running -- we heard the Nielsen data that FTC put out  
21 earlier today. If you divide that 4,800 food ads that  
22 kids 2 to 11 see in a year today, if you divide that up  
23 by 365 days in the year, I think it means they're seeing  
24 13 or 14 food ads a day, every day, 365 days a year, and  
25 a 14, 15, 16-year-old has been seeing that for, I guess,

1 more every day, every year of their lives. So, there is  
2 a lot of counter-advertising that's going on and that's  
3 not the case with something like seatbelts. People  
4 aren't seeing 14, 15 ads a day that say don't wear your  
5 seatbelt.

6 So, it's a tough job and I think it's important  
7 that we be realistic about it because if we set the  
8 expectations too high and say, oh, we'll do a public  
9 service campaign and that will solve the problem, we're  
10 setting ourselves up for a failure.

11 I'm going to show a few ads, food ads just to  
12 help us get a sense of what it is we are competing with  
13 in the market out there today, and I'm going to talk a  
14 little bit through them. The first one is going to give  
15 you a little example of how it is. . .

16 **(Video segment played.)**

17 MS. RIDEOUT: Again, a little bit easier sell  
18 than eating something or. . .

19 **(Video segment played.)**

20 MS. RIDEOUT: Again, emphasizing the fun of the  
21 food and the free gift.

22 **(Video segment played.)**

23 MS. RIDEOUT: So, while there's a lot of ads  
24 that are out there focusing on the taste, that food is  
25 like candy, et cetera, there's others that focus on an

1 active lifestyle and health that may pose their own  
2 issues.

3 (Video segment played.)

4 MS. RIDEOUT: So, I think as we are encouraging  
5 commercial marketers to emphasize servings of fruits and  
6 vegetables in health messages, it could prove confusing  
7 to some kids.

8 (Video segment played.)

9 MS. RIDEOUT: Here we see examples of the gift.

10 (Video segment played.)

11 MS. RIDEOUT: There's also the issue of product  
12 placement, not only in TV like Coke and American Idol,  
13 but also in movies.

14 (Video segment played.)

15 MS. RIDEOUT: This is a McDonald's product  
16 placement in Spy Kids.

17 (Video segment played.)

18 MS. RIDEOUT: And then another feature of a lot  
19 of the ads that we're seeing today is the push to the web  
20 for kids.

21 (Video segment played.)

22 MS. RIDEOUT: So, again, the point I'm just  
23 making is that these are a lot of the types of techniques  
24 of commercial food advertising that we're going to need  
25 to be aware of as we launch a public service campaign, if

1 we move in that direction, and also to be aware of issues  
2 like, if you see a blender and fruit going into a blender  
3 and the message to the kids, you know, an active  
4 lifestyle and so on, but what's coming out is a candy on  
5 the other end, then I think we need to be thinking about  
6 the possibilities for confusion for kids.

7 I was going to real quickly show you some of  
8 the examples of web -- some of the places that kids are  
9 going to on the web. There's things like -- sites like  
10 Hershey's Kids Town that are full of games. This is the  
11 Hershey's Syrup squirt game. You can see the different  
12 product placements on the website here. There's play and  
13 learn, Ronald McDonald, there's McDonald's Happy Meal  
14 Workshop. And, of course, I guess the bottom line then,  
15 I'll close with this, is that to the extent that we're  
16 going to be turning to public education efforts, I think  
17 they have to be substantial. They have to be sustained.  
18 They have to be multi-platform. They need to be  
19 competitive with commercial marketing in terms of issues  
20 like premiums and licensing and we need to take care with  
21 messages that are incorporated into commercial marketing  
22 with regard to energy and health and nutrition and be  
23 monitoring what messages the kids are taking from those  
24 messages.

25 Finally, we need to be realistic about the



1 impact and our expectations. Something like this is  
2 going to need to be part of a broader effort as opposed  
3 to being the whole solution. Thanks very much.

4 DR. EDGERTON: Thank you, Vicky. Lastly, we'll  
5 hear from Ivan Juzang.

6 MR. JUZANG: Good evening. I also want to  
7 thank the FTC and the Department of Health and Human  
8 Services for inviting me to present on this panel. I'm  
9 going to share with you MEE Productions -- MEE stands for  
10 Motivational Educational Entertainment -- our perspective  
11 on the challenges of messaging and advertising healthier  
12 choices to the low-income urban minority audience,  
13 particularly children, adolescents and parents. So, I'm  
14 going to talk about some of the things that we've learned  
15 focusing on social marketing campaigns over the last six  
16 years, particularly a lot of the health communications  
17 that we've done.

18 My comments are going to be based on some  
19 research that's available right outside called Urban  
20 Trends Research on Physical Activity and Nutrition with  
21 Low-Income African Americans. So, if you're interested  
22 in that, I don't have a PowerPoint, but I do actually  
23 have a piece of research that you can refer to outside.

24 We're also embarking on a series of workshops  
25 called Preventing Obesity in the Hip-Hop Generation. We

1 just completed our first one last month and we'll be  
2 announcing the rest of them, that will go national.

3 An interesting thing that we focus on as a  
4 company, looking at advertising, is that for low-income  
5 audiences, we're really at the point now where we have to  
6 figure out how we move the audience from living to eat to  
7 eating to live. And that's a different challenge in  
8 terms of understanding what it's going to take to do  
9 that. So, we're focusing on how do we not only impact  
10 individual behavior change, but also focusing on how we  
11 get our low-income audiences to focus on environmental  
12 and policy changes as well, because that's really the  
13 only way we're going to do it. It can't just be the  
14 individual aspects of it.

15 Interesting thing, we use terms like healthier  
16 choices, informed choices, and I think we're really doing  
17 a disservice to the community by kind of simplifying it  
18 like that because you can't really make informed choices  
19 without understanding or being informed about the  
20 consequences. And in terms of low-income audiences, they  
21 really do not know or have enough information about both  
22 healthier choices and they really don't know the  
23 consequences of unhealthier choices or even healthier  
24 choices. So, we have to look at trying to provide more  
25 information about the consequences.

1                   Our focus is on what to say with low income  
2 audiences and how to say it. It's not enough just to put  
3 advertising out there, it's not enough to do just public  
4 health intervention. You have to look at the content and  
5 you have to look at the delivery. So, when we're talking  
6 about intervention opportunities targeting low-income  
7 audiences, we're focusing on how do you address the  
8 arguments.

9                   See, it's important to understand in low-income  
10 communities, they have a number of arguments on why  
11 they're not eating right and they have a number of  
12 arguments on why they're not being physically active, and  
13 we don't understand the arguments, nor are we countering  
14 these arguments with pro-social messages. So, the key  
15 thing is we have to look at addressing these arguments on  
16 the why behind their behaviors, why they're not eating  
17 right or eating healthier and why they're not increasing  
18 their physical activity.

19                   Our focus is that if we're going to do business  
20 as a social marketing firm or even as a food marketer in  
21 Japan or Germany, there would be two things that we'd  
22 focus on. We'd focus on understanding both the language  
23 and the culture of audiences that we're working with.  
24 But with low-income, particularly African American  
25 communities, we really don't take the time to do that.

1 We tend to think that they're just super-consumers and  
2 that we can just put out whatever we want and it's going  
3 to be impactful.

4 Two things that we want to focus on, there's  
5 really four pillars that we base our work on and I'll  
6 share two with you. One is that we have to understand  
7 that in our work that we're dealing with an audience  
8 that's what we call oral-based. They subscribe to the  
9 oral communication culture, they are storytellers and  
10 part of the storytelling process, as I just mentioned, is  
11 understanding the arguments of the why behind the  
12 behaviors in terms of certain issues. So, again,  
13 physical activity and nutrition.

14 And what we focus on is where do those  
15 arguments come from and we don't spend enough time trying  
16 to understand both the context and the environment that's  
17 impacting the decision-making of low-income audiences.  
18 So, we have to look at issues around the legacy of  
19 slavery, we have to look at the issues of poverty, we  
20 have to look at issues around poor schools and unsafe  
21 communities, we have to understand what the impact of  
22 government programs being cut means to these communities,  
23 we have to understand the impact of hip-hop culture, we  
24 have to look at media advertising, which I'm glad we're  
25 spending some time on, we have to understand that young

1 people are not growing up in traditional households,  
2 traditional family settings. We don't understand the  
3 impact of peer acceptance, beyond peer pressure, peer  
4 acceptance, and we don't understand family culture and  
5 lifestyle and the issues around food and food  
6 preparation, what food actually means to low-income  
7 communities, not only in terms of physical activity and  
8 nutrition, but also in terms of mental health issues.

9 So, there's a lot of issues that we're really  
10 not really probing deeper on to understand the arguments  
11 around this community in terms of being able to  
12 effectively move them to change their behavior.

13 So, ultimately, we're going to have to deal  
14 with the media, which we're talking about, but we're also  
15 going to have to deal with what we're going to do in the  
16 community. So, we have to focus on the environment, we  
17 have to focus on parenting, and we have to focus on the  
18 peer group dynamics.

19 We can, once we understand what to say and how  
20 to say it, then we can start -- which is kind of the  
21 discussion we tend to be having prematurely here. We  
22 then can talk about how we put that out through the  
23 appropriate media channels and how we develop specific  
24 programming to address those issues.

25 So, with that, as we continue to discuss these

1 issues, I just hope we keep those kinds of perspectives  
2 and those kinds of issues, particularly with low-income  
3 minority communities, in mind as we develop public health  
4 interventions. Thank you.

5 DR. EDGERTON: Thank you, Ivan. I want to  
6 thank our panelists for a nice overview, and I think a  
7 few themes have come up from all of the speakers' short  
8 and concise presentations. I know they would all have  
9 liked to have a few more minutes, but I think issues of  
10 simple messages and kind of that push-pull of how simple  
11 do we get, issues of partnership of whether that is with  
12 different groups of ad and government or non-profits  
13 versus those with the marketing industry. Another theme  
14 that I heard coming out with our speakers is dispelling  
15 the myths or, again, as our last speaker noted,  
16 addressing the arguments, what's the story behind the  
17 rationale for the behavior. And then another theme that  
18 came out was kind of the background noise of the  
19 marketing industry and do you compete or do you partner  
20 in the sense of how much noise is back there in those  
21 public service announcements or those educational  
22 messages.

23 So, I'd kind of like to just throw out to all  
24 of the panel members of where they think the next steps  
25 are in the sense of in their sector or making steps

1 towards integrating with the other sectors that have been  
2 representative throughout the day.

3 MS. ARTHUR: Well, I'd like to say I think  
4 there's clearly an opportunity, and I think you heard it  
5 throughout the day today, to collaborate, and I heard,  
6 way before I got up there, a lot about consistency and  
7 the need to clear up the confusion and provide families  
8 with real information that's simple, digestible and, you  
9 know, happening a very real way that I can relate to and  
10 not hear something different two weeks later. So, I  
11 think there's a real opportunity for that.

12 MS. SMALLS: I would just say clearly  
13 collaboration is something we've long sought. I think  
14 just listening to the presentations by the many food  
15 companies with the new product offerings and campaigns  
16 they have, those are clearly opportunities to help  
17 connect both those products and that messaging. As we  
18 hear from many of the other experts on the panels, I  
19 mean, this isn't -- health and wellness isn't the core  
20 business we're in, but it is a process of continued  
21 learning, and as I said, integrating that learning into  
22 our business practices to help move the needle for kids  
23 on this issue.

24 MR. DABOUB: From the Hispanic market  
25 perspective, when you're looking at some of these urban

1 areas, we can provide the motivational encouragement, we  
2 can empower our community, but if they don't have safe  
3 neighborhoods to play in, safe parks, if they don't have  
4 access to fresh fruits and vegetables, there really needs  
5 to be alignment and there needs to be a solution so that  
6 these individuals, these families have a place to be more  
7 physical and eat better food.

8 MS. RIDEOUT: I guess I'd say that the main  
9 thing I would like to see is a commitment of a  
10 significant amount of air time, just making sure that  
11 there is enough time on the air and on the Internet and  
12 so on for the messages to penetrate to the audience in a  
13 sustained way. And the second thing is that the  
14 messaging around the new healthier products, and I think  
15 that's something that I heard all day today and it sounds  
16 like that's what the Ad Council has been working on and  
17 Sesame Workshop and others, are what are the effective  
18 ways to market healthier foods to kids, and I think fun  
19 is going to have to have a lot to do with it.

20 DR. KOTLER: And I would say you really have to  
21 start early so that the messages -- it's more about  
22 prevention not intervention as children get older.

23 MS. MONTAGUE: To follow up on some of the  
24 remarks made during the presentations about the tools  
25 that are being used to determine what messages to put out



1       there to kids, I wanted to know what efforts either the  
2       networks or programs are taking to evaluate the  
3       effectiveness of the campaigns or initiatives that we've  
4       been discussing, and after that, if there's been  
5       evaluation done or what's being done to evaluate those  
6       and to what extent those findings are being used and  
7       integrated into future efforts.

8               MS. SMALLS: Well, at Nickelodeon, you know,  
9       with all of our campaigns from the Big Help on, we try to  
10      continue to go back out to our audience, both with  
11      tracking studies, focus groups, to see what's really  
12      resonating, as well as having the creative informed on  
13      the front end to make sure that it is a message that will  
14      resonate with our audience. Our campaign that we'll roll  
15      out later this month, for example, focusing on breakfast,  
16      is directly in response to research from talking to both  
17      kids and parents about that's the meal kids seem to  
18      disproportionately have control of, you know, that's the  
19      meal that parents say in the scheme of things that -- you  
20      know, if it's about the four things they look at in  
21      parenting, does it make their life easy or does it make  
22      their kids happy, you know, what are the long-term  
23      consequences and how much does it cost, we believe that  
24      research has informed that campaign that will allow us to  
25      continue to test the results.

1           The other thing we've learned from research is  
2 kids say -- it's not unlike what Heidi pointed out --  
3 tell us how it helps us have more energy, you know, jump  
4 around, help us with sports. So, we're constantly  
5 talking to kids, both with qualitative, quantitative  
6 research and with ongoing focus groups, because  
7 otherwise, if the message doesn't resonate with them,  
8 then there's no need to put it on the air, in print or  
9 online.

10           MS. ARTHUR: And if I can just add to that a  
11 little bit, I think all of that's exactly the process  
12 that we go through and then having tracking mechanisms in  
13 place and being clear on the front end, what is it that  
14 you're trying to affect here, because again, you can't do  
15 everything. Pick one thing and do it well and then  
16 measure it on an ongoing basis and then evolve your  
17 campaigns based on what you've learned from step one.  
18 So, that's an important part.

19           DR. KOTLER: At Sesame, we do extensive  
20 formative testing. We go into many different preschools  
21 with diverse populations of children. So, we test things  
22 on the front end, and then we also do small scale  
23 projects and we're currently seeking funding in a few  
24 different areas to work with different universities to  
25 evaluate like a summative impact of the package of what

1 we can deliver. So, we really want our stuff to be  
2 evaluated, and we find that when we studied the impact of  
3 various shows that are increased -- that are talking to  
4 children about healthy foods and how fun they are and how  
5 exciting, we do often a pre-test/post-test kind of thing  
6 where we show children options of foods and ask them what  
7 they would like before and after and what they know about  
8 healthy foods and we see increases over time.

9 We also have worked on a new show, Happy,  
10 Healthy Monsters, and it's about -- it's Grover doing --  
11 it's sort of a workout video and we found that children  
12 would get up and move a lot, but it had to be Grover  
13 accompanied with children in the background mirroring  
14 what he was doing. So, when he was just by himself, it  
15 didn't work as effectively as if there were children.  
16 So, we look for things like that.

17 Also, we share our research with the world and  
18 we present it at conferences. So, we do try to get those  
19 kinds of messages out there, and at each phase, we will  
20 disseminate that as well.

21 MS. RIDEOUT: I wanted to say I think it's so  
22 fascinating what Nickelodeon is doing with the spinach  
23 and carrots and so on and that will be a really excellent  
24 case study to see whether that kind of licensing to these  
25 types of foods, what will happen to the sales of those

1 foods.

2 MS. SMALLS: Well, to that end, you know, one  
3 of the next steps will be, since it's one of the things  
4 that has been called for, use of characters and messaging  
5 with healthier products, you know, immediately we want to  
6 go out so we can get the question answered on, you know,  
7 if SpongeBob can do with spinach and Elmo can move the  
8 needle on broccoli, you know, we might be --

9 MS. RIDEOUT: I knew Elmo was popular, but that  
10 was amazing.

11 DR. EDGERTON: And maybe you can address even  
12 the issue of how you made those choices or the process  
13 your organizations go through, who to partner with in  
14 those senses when you're using characters to endorse  
15 foods in the sense of, obviously, the spinach or the  
16 broccoli start out natural, but for those that are  
17 healthier choices and may not be just the simple fruits  
18 or vegetables. Have you thought about that process or  
19 how you're going to make those partnerships?

20 MS. SMALLS: Well, first and foremost, the  
21 business we're in, when we partner with our characters or  
22 shows with either food or a toy or a movie company, it is  
23 about expanding the reach of that product, broadening the  
24 reach of that character or that show. I mean, that's  
25 what all media companies -- that's what it's about. With

1           that said, we went out and active -- so, we know  
2           marketing works.

3                         The question becomes, we've also known because  
4           we have the audience of kids that we have an opportunity  
5           and, to some degree, a responsibility to also connect  
6           this audience to useful information that can help them  
7           navigate the many circumstances in their lives. So, as  
8           we continued to hear more about the issue of health and  
9           wellness, quite frankly, we went out and aggressively  
10          sought the food and vegetable partnership. It was not  
11          one that readily came to us because here was an  
12          opportunity to begin to start trending and looking at  
13          some data as to whether or not -- you know, beyond just  
14          the traditional marketing approach. We could help move  
15          the needle in this area.

16                        But at the same time, I have to say that many  
17          of the food companies who are our marketing and  
18          advertising partners are also exploring ways on how to  
19          use shows and characters to put their better for you  
20          products out there if they're going to be in the game at  
21          all.

22                        I mean, we start from the premise, this is the  
23          business we're in, but does that mean we can't use the  
24          power of this medium to effect positive change and do  
25          good? So, that's the balance we strike.

1 DR. KOTLER: I'm not involved specifically with  
2 licensing decisions because I'm in research, but my  
3 understanding is that there's an ongoing evaluation of  
4 the partnerships that we're in and that we have extensive  
5 consultation from nutritionists and dieticians, and we  
6 have the American Dietetic book that has like rules and  
7 regulations and we really are trying to follow that, so  
8 that if Elmo is put on something that we feel good about,  
9 that Elmo is supporting that kind of product.

10 MS. SMALLS: And might I just add because my  
11 standards and practices people are here and, I mean, they  
12 really do hold a tough line for us as a company, so even  
13 when we partner with characters, our characters, you  
14 won't see them eating and endorsing and interacting. So,  
15 we still have a filter on -- in addition to just the  
16 partnership, our Standards and Practices Department  
17 Switzerland, so they can make a decision to go or not go  
18 without having to seek counsel from senior management or  
19 from the business involved with the partnership. So, we  
20 have another sort of filter there to make sure we are  
21 maintaining the trust, you know, especially with our  
22 audience of kids and their parents.

23 MS. MONTAGUE: Thank you. Just to shift gears  
24 a little bit, we've heard a lot today about the  
25 disparities that exist with ethnic minority groups and

1 the rates of obesity among children. I was wondering a  
2 couple of things. I know we've touched on this in some  
3 of the remarks. But what role do the cultural  
4 differences in the use of media to seek information play  
5 in efforts to reach minority populations and what are the  
6 particular challenges, sort of a two-part question, in  
7 reaching minority groups, particularly the African  
8 American community and Hispanic community?

9 MR. DABOUB: I think from a media standpoint,  
10 reaching out to the Hispanic community, media plays an  
11 even more important role with our community than it does,  
12 I think, in a general market. People are not as cynical  
13 as they are, they haven't been lied to, and they really  
14 use media as a way of gaining more information.

15 We've done studies with Nielsen, for example,  
16 where we analyze how our community interacts with  
17 commercials, and over 50 percent of our viewers actually  
18 discuss commercials, versus 6 percent for the non-  
19 Hispanic population. So, from a cultururation standpoint  
20 or assimilation standpoint, that's how they assimilate,  
21 that's how they get information. So, it's a very  
22 powerful tool in providing motivational encouragement.

23 The challenges that we have with our community  
24 is, one, a genetic predisposition towards obesity;  
25 cultural issues where, for example, the misconception

1 that the bigger the girth of my baby, the healthier the  
2 baby. So, we need to dispel those myths and break those  
3 stereotypes and really educate our marketplace. And then  
4 another challenge is the infrastructure that's currently  
5 in place in some of these urban areas where, yes, we're  
6 talking about make sure there's enough physical activity  
7 and proper nutrition, but the kids have nowhere safe  
8 where they can play. So, how do we excite these people  
9 to do something when they don't have access to these safe  
10 neighborhoods or safe areas? So, that's a challenge that  
11 we face in our community.

12 MR. JUZANG: Yeah, from a message, not a  
13 channel perspective, but from a message content  
14 perspective, in the African American community,  
15 particularly a low-income community, there's a number of  
16 cultural and lifestyle challenges. You have to realize  
17 the audience that I work with is in a situation where  
18 they're living for the moment, they're super-consumers of  
19 fast food and junk food. It's highly marketed to them.  
20 They're stressed. They're in single-parent households.  
21 So, one of the things that we're focusing on is where do  
22 you actually intervene. There is a segment of the  
23 audience that is in contemplation. It's not as large as  
24 people think, but even in the lowest income communities,  
25 people are trying to contemplate how do they change



1 around physical activity and nutrition.

2 There's a much larger segment, though, that's  
3 in pre-contemplation. I mean, they're in dire denial  
4 about these kinds of issues. And so, we have to look at  
5 different types of messages that are going to intervene  
6 with them.

7 How do we compete? Again, it's not only about  
8 understanding the arguments in terms of the why behind  
9 the behavior, but it's also including those arguments in  
10 programming and advertising. Why? Because our audiences  
11 tell us that if you don't, then they can opt out of the  
12 message. They can say, you're not talking to me because  
13 you're not including the arguments in your messaging.  
14 And then it's critical to include the counter-arguments.  
15 Why? Because you can't get folks from a contemplation  
16 stage to a preparation stage unless you include those  
17 counter-arguments, the modeling, the information that  
18 will enable them to do that.

19 And then, most importantly, they're, again,  
20 living in low-income communities where once you try to  
21 get these low-income audiences to consider changing their  
22 behavior, they go right back out into their communities  
23 where their peer group, families and other folks give  
24 them those same arguments on why they should change the  
25 behavior. So, if you don't arm them with good,

1 persuasive, culturally relevant counter-arguments, they  
2 can't make the message shareable.

3 So, one of the things that we're focusing on is  
4 that we don't have large budgeted campaigns. So, we're  
5 focused on how do you create community ownership, how do  
6 you create word-of-mouth with these kinds of messages  
7 that are going to be impacted?

8 DR. EDGERTON: We have a few questions from the  
9 audience, one for Victoria regarding does the Kaiser  
10 Family Foundation have plans to support a substantial,  
11 sustained multi-platform media campaign?

12 MS. RIDEOUT: Well, let's see, there's 12  
13 billion in foods ads a year aimed at kids. No, the size  
14 and scope of this type of campaign is far beyond the type  
15 of budget that we have, and unfortunately, we don't have  
16 plans to do that. Currently, our focus of our public  
17 education campaigns is on HIV/AIDS prevention and that's  
18 what we work with. We have a major partnership with  
19 Viacom, so we work with CBS, UPN, MTV, Univision,  
20 Showtime, a lot of other networks, but we're just  
21 concentrating all our efforts on that right now.

22 MS. MONTAGUE: I have a question for  
23 Nickelodeon and the question is -- I'm not sure if I'm  
24 going to read this correctly, I'm going to try to  
25 summarize it. Are you charging the produce companies or

1 industry anything for the use of the licensed characters  
2 like SpongeBob or is this a donated type of arrangement?

3 MS. SMALLS: No, we offered it a year ago free,  
4 but this one isn't donated. So, a year -- what a  
5 difference a year makes.

6 DR. EDGERTON: And maybe just, in closing, if  
7 each panelist could just take a moment of kind of where  
8 they see the next steps are from their viewpoint. I know  
9 we've discussed a lot of different issues, but it would  
10 be nice to kind of leave on an optimistic note of what we  
11 can think about before we return tomorrow.

12 MR. DABOUB: From Univision's perspective,  
13 we're investing literally tens of millions, if not  
14 hundreds of millions of dollars towards educating and  
15 empowering our community from a health standpoint. It  
16 would be nice -- when we look at some of our  
17 partnerships, for example, NIH/NHLB, we can -- ways to  
18 enhance children's activity and nutrition. We're charged  
19 with bringing that to life in our community and we're  
20 always challenged with, obviously, resources for one,  
21 measurement in terms of pre and post-campaign, and from a  
22 grandstand point, the challenges that a lot of the  
23 organizations have submitted for grants are not in the  
24 high-density Hispanic marketplace. So, the measurement  
25 is not going to take place in markets where you're really

1 measuring the impact of a communication campaign in our  
2 marketplace. So, that's unfortunate.

3 Again, this is an issue that is near and dear  
4 to our hearts. It's something that we're very aware of  
5 and we're looking for links where we can really get into  
6 the community. We have PSAs, we have health segments, we  
7 have half-hour specials that are dedicated to obesity.  
8 What we need are community programs where our community  
9 can enroll and can be measured.

10 MS. RIDEOUT: My optimistic note would be to  
11 say that it is possible to mount a public education -- to  
12 leverage vast amounts of media time for public education  
13 campaigns that can have an impact, and we've seen that  
14 with Univision and the hundreds of millions of dollars  
15 worth of air time that you guys are making available. So  
16 are the other networks that we work on our HIV prevention  
17 campaigns. Nickelodeon is dedicating 10 percent of its  
18 non-programming air time to messages on fitness and  
19 nutrition. I think there are really encouraging steps  
20 and, you know, the Ad Council bringing together a  
21 coalition of folks to incorporate such messages, not just  
22 in public service programming, but also in commercial  
23 ads. I feel that there is a lot happening that is moving  
24 in a positive direction.

25 MR. JUZANG: MEE Productions is going to

1 continue to focus on identifying persuasive appeals. You  
2 know, we're going to have to sell this. And then,  
3 secondly, what we're realizing in low-income communities,  
4 you know, you don't have money. So, what do you have?  
5 You have people. So, you have to figure out how to do  
6 community organizing, community mobilizing so we can  
7 figure out how to develop community ownership.

8 DR. KOTLER: I think it's going to really take  
9 all of the large companies, the Cokes, Pepsi, McDonald's,  
10 those companies, along with places like Nickelodeon,  
11 Sesame, Disney, Univision, places that really have the  
12 reach because when we're -- especially if we're talking  
13 about low-income communities. Mass media has the reach  
14 and these large companies have the reach, and I think if  
15 we can all come together and figure out what the few key  
16 messages we want to do and all hone in on a few different  
17 outcomes I think altogether instead of -- because right  
18 now, it's very fragmented. There's lots of different  
19 intervention programs all around the country. There's  
20 some people who create their own characters for these  
21 kinds of interventions, which is fabulous and they seem  
22 to be very effective. But those are new characters,  
23 they're unknown. We already have the impact. SpongeBob  
24 is extremely popular, Elmo is extremely popular, and  
25 every child knows who Ronald McDonald is.

1                   So, it really, I think, is going to take the  
2 larger companies to do that. We know that Popeye was  
3 heralded as saving the spinach industry in the twenties  
4 and thirties. So, just for that, that just shows  
5 evidence. And we know that when the Fonz applied for a  
6 library card, it increased library card applications 500  
7 percent the following week. So, if we can all do  
8 something like that together, I think that's really going  
9 to make a difference.

10                   MS. SMALLS: Now, I'm optimistic that, you  
11 know, from a year ago or 18 months ago, even when I was  
12 first hearing that Kaiser did the subsequent meetings,  
13 that if you just listen to what has happened in the eight  
14 hours, seven hours since this workshop started today, the  
15 movement that has happened among companies, the  
16 collaborative efforts, you know, based on research. A  
17 number of us have said that, you know, it's not a sprint,  
18 it's a marathon and it's a thoughtful, collaborative  
19 process and I think we've seen evidence of that, you  
20 know, today. I can totally appreciate Vicky's point  
21 about Kaiser, you know, focusing, staying true to what  
22 they have been focused on, HIV and AIDS, because it is  
23 about continuing to influence on scale.

24                   A number of the conversations we've had, again,  
25 with our advertising and marketing partners are, how we

1 can all intersect with this issue to impact on scale. I  
2 think an accumulation effort of all those efforts, you  
3 are beginning to see an impact on scale. Just the number  
4 of people who have talked about breakfast as a focus  
5 today in terms of jumpstarting campaigns and  
6 communicating with kids.

7 So, I'm extremely optimistic that while, you  
8 know, we may sometimes agree to disagree about what  
9 approach we take and that, you know, all of us, first and  
10 foremost, have to stay true to the businesses we're in,  
11 that, in no way, is a contradiction that you can't stand  
12 and do good by your business and not do well by the  
13 public. So, I'm incredibly optimistic just on what's  
14 happened in the hours of this workshop today.

15 MS. ARTHUR: That's exactly how I feel after  
16 sitting through this since early this morning. As far as  
17 public service advertising goes, there is truth in the  
18 fact that you can't change the world with one commercial  
19 and I don't think we can blame the crisis on just  
20 advertising or on advertising. And for us at the Ad  
21 Council, we're learning more and more that you have to  
22 get into the community, you know, as Ivan just said, and  
23 we're partnering with organizations that have that  
24 grassroots component. We're working with -- another nice  
25 collaboration with the American Heart Association, the

1 American Diabetes Association and the American Cancer  
2 Society who have come together to recognize that, you  
3 know, we need to get people to do the same exact things  
4 in order to prevent two out of three deaths in this  
5 country, and it's about eating better, getting more  
6 active, not smoking and seeing your doctor, and then  
7 feeding this message out to their network which runs rich  
8 and deep all across the country into the communities  
9 where the people are actually living and need the help.

10 So, we're very optimistic that we're all  
11 getting smarter about how we do this.

12 MS. MONTAGUE: I just wanted to thank our  
13 panelists for their participation in joining us today.

14 **(Applause.)**

15 MR. PAHL: Thank you. Would the audience  
16 please remain in their seats? We're going to move  
17 directly to the open forum part of our program and thank  
18 you to all of the panelists. If you could take a seat in  
19 the audience, that would be great.

20 I would ask the people who have signed up to  
21 speak at the open mic to come forward now.

22 Actually, I guess we'll just go ahead. The  
23 first speaker is Michelle Simon for the Center for  
24 Informed Food Choices. Michelle, if you could just go  
25 ahead and begin with your remarks, that would be great.



1 Thank you.

2 MS. SIMON: Thank you. Thanks for this  
3 opportunity.

4 **(Whereupon, there was a brief pause in the**  
5 **proceedings.)**

6 MS. SIMON: Hi, everyone, thanks for hanging  
7 around. My name is Michelle Simon and I'm a public  
8 health lawyer and a freelance writer. I specialize in  
9 nutrition policy and I monitor closely the food industry.  
10 I also direct a non-profit organization called the Center  
11 for Informed Food Choices that's been closely tracking  
12 what's going on in schools.

13 So, I just really wanted to suggest that we all  
14 kind of have a healthy dose of skepticism as we listen to  
15 the food industry representatives here today and  
16 tomorrow. I have found that sometimes what they say  
17 doesn't quite match what they do. So, I wanted to give  
18 you a couple of examples of the things I have noticed.

19 For example, we heard from General Mills about  
20 their whole grain cereals and that's great. I wanted to  
21 give you what we didn't hear was that several of their  
22 whole grain products include whole grain Reese's Puffs,  
23 whole grain Cocoa Puffs, whole grain Cookie Crisps and  
24 whole grain Chocolate Lucky Charms. It's really not just  
25 about calories, it's about the content of the food, too.

1 And the label can't really change the content.

2 Next, General Mills, along with Kellogg,  
3 PepsiCo and Kraft, back in January, formed the Alliance  
4 for American Advertising to, in their words, fight for  
5 their right to advertise.

6 Next, Kraft says that their policy is no  
7 promotion in schools, but they still sell products in  
8 schools with their self-defined nutrition guidelines.

9 Finally, Coca-Cola, unfortunately, we didn't  
10 really hear the entire story earlier. Coca-Cola does, in  
11 fact, sell soda in elementary schools, and they have a  
12 policy on paper to not do so, but there seems to be a  
13 disconnect between the national policy and what actually  
14 goes on in the actual schools. They also do market to  
15 young children despite their saying that they have a  
16 policy not to market to children under 12. Moreover,  
17 they lobby very hard against school-related nutrition  
18 bills all over the country and they're basically  
19 thwarting local nutrition advocates.

20 So, for example, Coke has helped to either kill  
21 or weaken bills in Connecticut, Washington State, Oregon,  
22 Arizona, Kentucky, Indiana and New Mexico, just to name a  
23 few.

24 Similarly, the Grocery Manufacturers of  
25 America, who we'll hear from tomorrow, also lobby

1 strongly against nutrition bills all over the country.  
2 And all of the packaged food companies who are presented  
3 here today are members of the GMA.

4 So, I just want to point that out, and finally,  
5 what I think we need is a serious discussion of actually  
6 restricting and even banning junk food advertising to  
7 children, and in order to help do that, I'm actually  
8 coordinating a symposium -- some of you might have picked  
9 up these postcards outside -- which is going to be held  
10 at Loyola Law School in October in Los Angeles, where the  
11 weather's nicer, and so, feel free to pick up a postcard  
12 or ask me about it.

13 I just want to leave you with the thought that  
14 as you continue to listen, don't just listen to what they  
15 say, but take a close look at what they do. Thanks very  
16 much.

17 MR. PAHL: Thank you, Michelle. Is John Warden  
18 here? He's the other person -- one of the two brave  
19 souls who had signed up to speak at the open forum.

20 I have two quick announcements before we --  
21 okay, sure. This is Vicky Beck from USC who's going to  
22 speak as well.

23 MS. BECK: Thank you. My name is Vicky Beck  
24 and I'm Director of the USC Annenberg School Norman Lear  
25 Center Hollywood Health and Society Project. That's a

1 mouthful.

2 We are funded as a cooperative agreement by the  
3 Centers for Disease Control and Prevention and the  
4 National Cancer Institute, and we have just learned that  
5 we're receiving funding from AHRQ. Our mandate is to  
6 establish, to develop, maintain and evaluate an  
7 entertainment education program for public health. And I  
8 just wanted to share a couple of results that we have  
9 gotten in the past year working with TV story lines  
10 because I think this is an area of development around  
11 obesity and nutrition, physical activity messages that  
12 should not be overlooked.

13 The same media users, the same audiences that  
14 we're concerned about who are seeing the TV ads are also  
15 watching TV story lines and other programming. But  
16 because we work specifically with the story lines and we  
17 also understand the impact they have on audiences, due to  
18 character identification and modeling behavior, we focus  
19 on the story lines.

20 I think one that I'd like to mention is that ER  
21 actually developed a story line about an obese youth  
22 named Elgin who came into the ER with burns on his hands  
23 because he had gotten some burns working in a fast food  
24 joint. While he was in the ER, it was discovered that he  
25 had high blood pressure, and of course, he was very

1       overweight and he was the kind of youth that Ivan was  
2       describing. He lived in the inner city, he had many  
3       stresses, single-parent family, he had responsibilities  
4       with young children, and he ate a lot of fast food. He  
5       ends up having a cardiac event.

6                But what's important about this story line is  
7       that Dr. George Mensa from CDC's Cardiovascular Health  
8       Department consulted on it and encouraged them to use the  
9       messages about 5-A-Day and changing his habits so that he  
10      would be exercising more and eating more fruits and  
11      vegetables, and there were three mentions of fruits and  
12      vegetables and 5-A-Day in the story line.

13              Another story line that is unfolding this  
14      summer will be in a Spanish-language telenovela and it  
15      will address diabetes, obesity and lifestyle habits for  
16      the Hispanic market. So, there were just two successes I  
17      wanted to share and I wanted to encourage everyone not to  
18      overlook that, that that is also a medium that we need to  
19      be paying attention to.

20              MR. PAHL: Thank you very much. Now, two very  
21      brief announcements, the first, someone has told me, in  
22      case any of you are interested, that there will be  
23      coverage of this event on the 6:30 ABC News. So, if  
24      anyone wants to see some coverage of the workshop today,  
25      you can check that out.

1                   The other is that the workshop starts at 8:30  
2 a.m. tomorrow, earlier than today and, of course, you  
3 will have to go back through the security screening  
4 again. So, plan ahead in terms of time and bring an  
5 umbrella. Thank you very much and have a good evening.

6                   **(Whereupon, at 5:50 p.m., the workshop was**  
7 **adjourned.)**

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