



Federal Trade Commission

FTC/HHS Marketing, Self-Regulation, and Childhood Obesity Workshop

Thursday, July 14, 2005

Chairman Majoras

9:00 - 9:15 am

Good morning and welcome to the “Marketing, Self-Regulation, and Childhood Obesity Workshop.” I would like to express my appreciation for the hard work of the staffs of the Department of Health and Human Services and the Federal Trade Commission to make this event possible.

A couple of months ago, Bart Simpson was sent off to “fat camp” after he gorged himself on junk food from school vending machines. And Jay Leno introduced a new version of a wall chart for parents to use to record their children’s growth – horizontally. These were funny sketches, but in truth, childhood obesity is no laughing matter. These popular media segments, as well as the huge crowd we have drawn this morning, illustrate that we all know we have a problem.

What brings us together this morning and over the next two days is, at bottom, a shared concern for the health of our children. Our nation is engaged in a vigorous debate over what factors contribute to childhood obesity. There are many alleged “suspects”: developers for the suburban sprawl that puts us in our cars, not on our feet; schools for cutting physical education programs and meeting budget shortfalls through vending machines sales; video and computer games for competing with more physical play time; parents for over-indulging their children and failing to set a good example and buy healthy foods; restaurants for increasing portion sizes; and

the food industry for an abundance of good-tasting, convenient, affordable, and calorie-laden foods, which often are marketed in ways that directly appeal to children. I am sure some here today could identify other potential causes of obesity.

But we will accomplish little over the next two days if we merely engage in finger-pointing and defense of the status quo. Our goal at this workshop and beyond must be to identify ways we can work together – industry, government, health experts, consumer advocates, and, of course, parents – to teach our kids how to eat better and to encourage them to develop healthy lifestyles. We must look ahead. The HHS knowledge on public health issues is invaluable to our efforts. We are delighted to have them as our co-hosts.

Our primary focus at this Workshop will be on the advertising and marketing of food manufacturers, restaurant chains, food retailers, and media and entertainment companies. There is little question that advertising and marketing can have a powerful influence on consumers' buying patterns. But where some view this as necessarily negative, we see the potential to engage the industry's experience, technical know-how, and creativity. Industry best understands the business consequences of failing to respond to market demands, and it is these market forces that have the best potential to improve the nutritional profile of the marketplace as a whole – product by product, company by company. Industry knows how to inform consumers about the positive nutritional benefits of their products – maybe even to gradually change the ways we approach our diet and health.

Over the next two days, we will have a series of presentations and panel discussions to explore what we know and don't know about childhood obesity and the impact of marketing. We will take a snapshot of the current state of food and beverage marketing to children and

future trends; examine some of the efforts individual companies are making to modify their products or marketing techniques to promote healthier food choices; and review existing industry-wide self-regulatory efforts. Our goal is to share perspectives from a variety of stakeholders and determine whether there are ways to build on and enhance what is already being done.

We will hear two presentations this morning to help set the stage for our discussion. Dr. William Dietz of the Centers for Disease Control and Prevention has closely tracked the research on childhood obesity. As Director of CDC's Division of Nutrition and Physical Activity, he is uniquely qualified to provide us with an overview of the research on rising childhood obesity rates, the causes, and potential strategies for reversing the trend. Dr. Dietz will help us understand what is known and unknown about the many factors that influence children's diet and health. Pauline Ippolito, an Associate Director in the FTC's Bureau of Economics, will describe an ongoing research project comparing current and past television advertising of foods to children. Her work over the years has documented the important role that food labeling and advertising can play, not only in educating consumers about diet and health, but also in spurring competition among food companies to create healthier products.

There is much that the research can tell us and much that it cannot. It may never be possible to reach any irrefutable conclusions about why our children are getting heavier. The research that exists, however, will provide the backdrop for the rest of the workshop sessions.

In our first panel discussion today, we will discuss the scope of food and beverage marketing to kids. Traditional forms of marketing – like television advertising – obviously are part of the picture. But marketers use a variety of channels and techniques to reach children –

both directly and through the parents. We know, for example, that children are spending more time on the Internet, for instance, and that “advergaming” is a new marketing technique. We do not want to overlook product packaging and in-store promotions, or marketing in specific venues, like schools. And we want to learn about the licensing of popular children’s characters. A solid understanding of the scope of marketing and how it has evolved will give us the foundation to evaluate industry efforts and to encourage better nutrition.

With a common understanding of the scope of current marketing, our next two panels will look at the efforts of individual companies to market healthier food choices for children. There are many examples of innovative approaches to the obesity challenge. The first of these two panels will focus on product and packaging changes. Some restaurants are introducing new, lower-calorie options to their menu offerings. Some food and beverage manufacturers have changed the nutritional profile of products, or the overall mix of their product line. Others have repackaged or resized products to discourage overeating. We want to hear about these initiatives, both those that have been successful and those that have not. And we want to explore what it takes to gain consumer acceptance of healthier, lower-calorie options.

Our second panel on industry initiatives will focus on advertising and promotion. From this panel we will hear about decisions that some companies have made to refrain from marketing in certain venues or to limit which products they market to children. We also want to hear about the impact of these actions on their businesses. We will take a look at seal programs and packaging icons as a tool for consumers to evaluate foods and make better nutrition choices. And finally, we will look at examples of advertising and marketing campaigns designed around positive messages on diet and health. The panel will examine what it takes to have an impact

with these positive health messages. How do you reach the parent and how do you engage the child? As part of both panels, we hope to have a candid exchange about the strengths and weaknesses of these various industry efforts.

Next, we will look at the role that the media and entertainment industry can play in engaging children and motivating them. As the Institute of Medicine recognized last year in its report on preventing childhood obesity, “there is great potential for the media and entertainment industries to encourage a balanced diet, healthful eating habits, and regular activity.” We will hear from some media companies about their efforts to make good nutrition a fun and entertaining part of their programming and public service announcements. Our panelists will examine what kinds of messages have the most impact and what has failed in the past.

On the second day, our discussion will turn from the efforts of individual companies to industry-wide programs. We want to examine self-regulatory standards for responsible marketing of foods and beverages to children. We will look at the guidelines enforced by the Better Business Bureau’s Children’s Advertising Review Unit, or CARU. CARU has long played a role on all advertising issues related to children, and we understand that it is actively reviewing the guides. As part of our discussion we will look at alternative approaches that have been suggested by others. We also will hear about what is happening in Europe, which is grappling with the same important issues.

I understand that self-regulation has its share of skeptics. But the FTC’s experience has been that effective self-regulation can have tremendous benefits. Under the right circumstances, industry-generated action can address problems more quickly, creatively, and flexibly than government regulation. And they do not raise the significant constitutional hurdles that

government action carries when we seek to restrict otherwise truthful commercial speech. For all of these reasons, self-regulation is a promising avenue to explore. We need to have a frank and open discussion about how to make self-regulation as effective as possible.

Our closing panel for the workshop will review what we have learned over the two days and try to identify ways we can enhance and replicate the ideas that show the most promise to improve our children's diet and health. I hope that, at the end of these sessions, we will better understand how all stakeholders can collaborate to make real progress in addressing childhood obesity. Both the FTC and HHS are committed to this issue. The Commission will do all it can to facilitate creative, innovative, and effective industry efforts. The challenge for all of us will be to appropriately seize the momentum.

We are well-aware that some already have called on government to regulate rather than facilitate. We believe that government has an important role to play in this important national health issue. But from the FTC's perspective, based on years of experience with advertising, a government ban on children's food advertising is neither wise nor viable. It would be, however, equally unwise for industry to maintain the status quo. Not only is downplaying the concerns of consumers bad business, but if industry fails to demonstrate a good faith commitment to this issue and to take positive steps, others may step in and act in its stead.

In our focus on what industry can and should do, we are not forgetting the key role of parental responsibility and choice. We know that parents must decide what foods their young children eat. And we know that children often follow the example set by their parents – their eating habits and their lifestyles – healthy or not. Unfortunately, obesity rates for adults are also cause for national concern. But all parents – indeed, all Americans – can use some help. What

we would like to see is competition in developing and offering healthier products that taste great, are convenient and affordable, and are fun for kids. We hope that having more attractive choices and more information about healthier, lower-calorie foods will prompt greater demand for these products.

I thank our many distinguished presenters and panelists for coming from all over the country – and even, in one case, from Europe – to share their insights and expertise. I am pleased to have a wide variety of perspectives represented at this workshop. I am encouraged by the large number of you who are participating in this workshop, which I believe demonstrates your concern and determination to find solutions. My hope is that our shared commitment will result in actions that improve the health and well-being of our children. Thank You.

It is now a privilege to turn over the podium to my good friend and valuable partner to the FTC in this and many other important consumer issues, Dr. Lester Crawford, the Acting Administrator of the Food and Drug Administration.

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It is my pleasure to welcome Senator Tom Harkin to our Workshop this morning. He was to be joined this morning by Senator Gordon Smith, but Senator Smith unfortunately has been detained by other obligations. Senator Harkin, as Chairman and now ranking member of the Labor, Health & Human Services, and Education Appropriations Subcommittee, has demonstrated a strong interest in working to improve the diets and health of all Americans, including our children. He has long been a promoter of healthy living, even appearing with Elmo to deliver the message about healthy eating and exercise, and has focused national attention on childhood obesity. Senator, we thank you for being here and welcome your

remarks.