

**CFA/GMA Food Policy Conference
Sept. 23, 2010**

Thank you for inviting me to participate. I welcome the opportunity to summarize the progress and changes in the children's food marketing landscape that have occurred under self regulation. I also have several announcements to make today, and I will start with those.

Sara Lee Joins CFBAI. First, I am delighted to announce that Sara Lee Corporation has joined the CFBAI, becoming our 17th participant. In fall 2006, when the program principles were first announced, the Initiative had 10 participants, so we have increased the participation level substantially.

Under its pledge, Sara Lee is agreeing to limit its advertising to kids to products that meet FDA's regulations defining the term "healthy," or meet the criteria of the American Heart Association for its HeartCheck mark program.¹ Additionally, any product that is advertised would have to fill a recognized nutritional need in children's diets. For instance, the Sara Lee bread advertised on children's programming meets FDA's definition for "healthy" and contains at least 8 grams of whole grain per serving.

Harmonization of Definitions of Advertising Primarily Directed to Children Under 12.

Second, I am pleased to announce that we have achieved very substantial harmonization of the definitions of "advertising primarily directed to children under

¹ Under FDA regulations, "healthy" for an individual food means a product that is low in fat (≤ 3 grams), low sat fat (≤ 1 gram), ≤ 480 mg of sodium, ≤ 20 mg cholesterol, and provides 10% DV of one or more of Vitamins A or C, iron, calcium, protein or fiber. Under AHA's Heart-Check criteria for meat products, a product must have less than 5 grams of fat, less than 2 grams of sat fat and no more than 95 mg of cholesterol. It also must contain no more than 480 mg of sodium and provide 10% DV of one or more of Vitamins A or C, iron, calcium, protein or fiber.

12.” Now, virtually all participants are using an under 12 audience threshold of no higher than 35% for their commitments to apply.

Since the program’s inception we have permitted participants to use their existing definitions of child-directed advertising, as long as the definition was reasonable. The reason we did so was that virtually all of the participants had been long-standing supporters of the Children’s Advertising Review Unit, BBB’s other self regulation program for children, and they were experienced at distinguishing child-directed advertising from adult-directed advertising. The vast majority of the participants’ definitions were based on the percentage of children under 12 in the audience of a daypart or program on TV – still the principal medium used for advertising to kids. The percentages used ranged from 25% to 50%, with the mostly frequently used percentage being 35%, the percentage that CARU informally, but historically, has used as a factor in determining whether advertising is child directed.

In our view these definitions have been working well, and the participants have worked hard to honor not just the letter of their pledge definitions but the spirit of them too. Nevertheless, we have been urged to adopt a standard definition to make it easier for the public to know and understand when advertising would be considered child-directed and subject to the companies’ pledges. As a result, we asked our participants who were using a percentage higher than 35% to consider revising their definitions, and they have done so. The Coca-Cola Company, Dannon, and Kellogg’s are now using 35% children under 12 in the audience, rather than 50%, to define child-directed advertising. Additionally, Campbell’s, which had been using an “index” approach, and was the only company doing so, is now using a 35% of the audience approach so that its definition is more harmonious with the others. Unilever, which uses a multi-factorial approach that always has included

consideration of the percentage of children in the audience, amended its definition to specifically reference 35% of the audience as the demographic threshold to consider. Now, all but two participants use a threshold no higher than 35% of kids in the audience to define child-directed advertising.²

We appreciate the efforts that the participants have made to provide even greater clarity and certainty to what we mean by child-directed advertising. At a minimum, advertising on children's programming on cable networks,³ and on broadcast networks on Saturday mornings, is virtually always going to be covered by the participants' commitments.

CFBAI Agrees to Monitor and Report on Participant Policies on Not Advertising to Kids

Under Six. Our third announcement is that we are expanding the scope of our monitoring and reporting to reflect that most of our participants now have policies to not to engage in advertising primarily directed to children under age six. The CFBAI does not require that participants adopt policies regarding not advertising to children under age six. However, prior to the creation of the CFBAI a number of participants had corporate policies that prohibited advertising directed to children under six years old, and they maintained these policies after becoming participants in the CFBAI. During 2010, five other participants individually adopted such a policy or codified an existing policy into their pledges. Two participants further strengthened their existing policies by revising their definitions to be at the 35% level, down from 50% of the audience.

² One participant, PepsiCo, continues to use a multi-factorial analysis, which explicitly considers audience demographics. Cadbury, which is using a 50% definition, has been acquired by Kraft Foods and will be subsumed by Kraft Food's pledge, which uses a 35% definition, no later than January 1, 2012.

³ Nick, Nick Junior, Nicktoons, Cartoon Network and Disney XD.

Now 11 participants have policies that are reflected in their CFBAI pledges on not engaging in advertising primarily directed to children under six. Consequently, although we do not require a participant to have such a policy, because they are now prevalent, CFBAI has agreed to monitor and report on compliance with such policies when they are incorporated into a participant's pledge.⁴

It is worth noting that four other participants have pledged not to engage in any child-directed advertising, and thus do not engage in advertising primarily directed to children under six either. Accordingly, 15 participants have policies not to engage in advertising primarily directed to children under six.

Review of Prior Program Changes. These program changes are not the only ones that have occurred this year. On January 1, 2010 other significant program changes went into effect. Those changes occurred as the result of an extensive program review we conducted during 2009.

First, CFBAI participants changed the program's key requirement to require that participants commit to devote 100% of their child-directed advertising in covered media to better-for-you products. As you may recall, our original goal was to shift the mix of advertising directed to children under 12 to include healthier products,⁵ and thus we required a 50% commitment. All participants, however, exceeded the baseline requirement and pledged that 100% of their advertising would be for

⁴ The effective dates of new policies vary by participant. By January 1, 2011 all new policies will be in effect.

⁵ Products that are lower in calories, fats, sugars and sodium and that are more nutrient dense.

healthier products, or not to engage in child-directed advertising. So we have now codified that practice as a program requirement.⁶

Second, the program's Core Principles were significantly expanded to cover newer and emerging social media. Now the Core Principles cover child-directed interactive games provided free or at nominal charge; video and computer games that are rated "Early Childhood" or that are labeled for children under 12; DVDs of G-rated movies and other non-rated DVDs that are primarily directed to children under 12; and child-directed advertising in mobile media, such as iphones, and word-of-mouth advertising.

Nutrition Science Review Scheduled For Feb. 2-3, 2011. Our fourth announcement is that we have set a date and an informal agenda for a nutrition science review. Last December, at the FTC's Forum, we stated that our future plans included conducting a nutrition science review after the Dietary Guidelines for Americans 2010 were issued. The reason we are going to conduct a review is that our policy always has been that our participants' nutrition standards must be consistent with established scientific and/or government standards. Currently, most of our participants base their standards on the 2005 version of the Dietary Guidelines. Thus, if the guidance in the 2010 version changes we want to consider the implications for our standards. Because the guidelines are expected to be issued by the end of the year, as required by law, we have decided to conduct our review on Feb. 2-3, 2011.

⁶ Additionally, now the advertising commitment can be met solely through healthier dietary choices or better-for-you products. Healthy lifestyle messaging is no longer an option for meeting the 100% commitment requirement, although the participants will continue to support and promote healthy lifestyles.

During this review we also will consider other important developments and reports on nutrition science and diet. Most importantly, we will review the work of the Interagency Working Group, whether that is a Federal Register Notice or Report to Congress at that point. We also will consider the Institute of Medicine's Report on Front of Pack labeling issues, which is expected to be issued this fall. Additionally, we will look at the government's latest pronouncements or proposed regulations on sodium, and school meals and other foods sold in schools.

We also will consider the feedback that we have received encouraging the development of uniform nutrition standards. Although the companies' individual standards already have much in common this review gives us an opportunity to consider that feedback in a thoughtful, methodical way in conjunction with the most current nutrition science and diet knowledge, and government recommendations.

On February 2 we plan to have experts present summaries of the reports or developments at issue and share their views on nutrition standards for food marketing to children. On February 3, the participants will discuss all that they have heard and the implications for our program. Obviously, the outcome cannot be predicted before the review is done. At a minimum, we will have increased our knowledge, as a group, of the current nutrition landscape and be able to factor that knowledge into our collective and individual decision making going forward.

Review of Current Advertising. As I mentioned, the company-specific nutrition criteria that are in place now have much in common. But what is more important than their commonalities or differences is that they have been instrumental in driving change. Under the program, at least 100 products have had their recipes changed or

have been newly developed to meet the participant's criteria. Because of this we've seen reductions in calories, fat, sugars and sodium.

As important as those changes are, we also like to see the presence of positive nutrients. We were pleased that an analyses we conducted of participant ads on kids programming on TV this past spring⁷ showed the vast majority provide at least 10% DV of a nutrient shortfall for kids⁸ or half serving of a fruit, vegetables, low-fat dairy, or a significant amount of whole grains⁹— all food groups that the DGAs encourage us to eat more frequently.¹⁰ Products that did not meet our study criteria generally provided food groups to encourage in smaller amounts or other important nutrients, such as Vitamin D, which according to the Advisory Committee for the Dietary Guidelines for Americans 2010 is under consumed by both kids and adults.

Conclusion. While certainly there is room for further improvement, the participants' pledges are making a difference in the types of products that are advertised to kids. For example, looking just at calories, under the program no individual foods exceed 200 calories, no entrees exceed 350 calories and no meals exceed 600 calories. It's also important to bear in mind that Coca-Cola, Cadbury, Hershey and Mars are not engaging in any child-directed advertising and Nestle is no longer advertising its confections to children.

⁷ We looked at ads appearing on 38.5 hours of child-directed programming. We found that food ads were less than a quarter of the ads airing (24%), and ads for sedentary entertainment were the most common type of ad. Of the food ads shown, we found our participants accounted for 79% of the *ads*, up from 70% last year, and 73% of the *products* advertised, up from 68% in 2009.

⁸ These nutrients are: Vitamin E, magnesium, potassium, calcium and fiber.

⁹ Specifically, 8 grams or whether whole grains were at least 50% of the grains.

¹⁰ We found that 71% of the *products* (30 out of 42) and 87% of the *ads* (229 ads out of 264) showed products that met our criteria. This year we also found that more than half of these products met our study criteria in at least two ways. This means that they provided at least a good source of two shortfall nutrients or two half servings of food groups to encourage or a combination of shortfall nutrients and food groups.

The program also has shown that it is living up to its commitment to be a dynamic one that would evolve over time. The CFBAI's participation rate has grown significantly, the Core Principles have been refined and expanded, the scope of media covered by participants' commitments has increased, nutrition standards and products have changed, and substantial harmonization of the definitions of advertising primarily directed to children under 12 has occurred.

Finally, we continue to be mindful that childhood obesity and children's health are at stake here. Although advertising directed to kids is only one of the many complex factors that influence or affect whether children have healthy body weights, the participants' ongoing efforts show they are committed to being a part of the solution.

Thank you. I also want to note that we are posting a chart about the audience definition changes and will soon be posting our 2010 Nutrition Snapshot analysis.