

Section 3

Research and analysis

Introduction

3.1 The task for Ofcom is to consider in the light of its statutory duties and regulatory principles whether the evidence justifies changes to the rules governing television advertisements. In this section, we summarise the findings of research into the nature and extent of the influence of television advertising on children's food choices and consumption, the way in which television advertising is evolving, and the impacts upon broadcasters in particular of significant changes to the rules governing advertising. In the following section, we examine the implications this evidence has for the way in which Ofcom should discharge its duties.

Relative influence of television advertising for food

3.2 A major part of Ofcom's July 2004 report comprised a review of available research. In late 2005, we asked Prof. Livingstone to update this work to take account of more recent research. This work led Prof. Livingstone to confirm her original conclusions which were that:³⁶

- multiple factors account for childhood obesity. Television viewing/advertising is one among many influences on children's food choices. These other factors include individual, social, environmental and cultural factors, all of which interact in complex ways not yet well understood. More research is needed into the multiple factors that contribute to children's diet and, within this broader picture, what is the role of food advertising/promotion. Very little is known about forms of food promotion other than in television advertising. This is a crucial gap as promotional strategies diversify;
- although experiments have identified causal relations between advertising and food choice, it remains unclear how these operate under the complex conditions of daily life at home and school. However, there is a growing consensus that advertising works. Given that most food advertising to children is for products high in salt, sugar and fat, this influence is likely to be harmful to children's health. Expert commentators are now convinced that television viewing plays a role in contributing to the problem of children's unhealthy diet;
- the experimental evidence suggests that television advertising has a modest direct effect on children's (age 2-11) food preferences and – under experimental conditions – on their food choices (behaviour). In both experimental and survey studies, the measured effects of advertising/television are small. Estimates vary, but some suggest that such exposure accounts for some 2% of the variation in food choice/obesity. Although small in statistical terms, cumulatively this may make an appreciable difference to the number of children who fall into the 'obese category', and may be no smaller than some other important influences on BMI. For example, one study suggests that the effect on BMI

³⁶ Sonia Livingstone, *New research on advertising foods to children – an updated review of the literature*, 22 January 2006 (see Annex 9)

attributed to television viewing and advertising may be larger than the measurable effect of exercise and dietary intake;

- a growing body of well-conducted national and international surveys show a consistent association between overall television exposure and weight/obesity. This applies among children and teenagers. It remains unclear whether this association reflects the specific influence of exposure to television advertising or whether it is due to increased snacking while viewing or to a sedentary lifestyle with reduced exercise.

Volume and distribution of television advertising for food

- 3.3 A recent detailed analysis (Table 1) of Nielsen food sub-categories carried out by Ofcom³⁷ found that 81% of all food advertising expenditure in children's airtime on terrestrial channels is for HFSS foods, as compared with 94% during all times on children's channels. Overall, expenditure on HFSS advertising accounts for between 80-90% of all food advertising expenditure on television.

Table 1: HFSS advertising as % of all food and drink advertising

	Terrestrial channels	Children's channels	Other satellite and cable channels	Total television
Pre-9.00- pm	81%	N/A	84%	82%
Children's airtime	90%	94%	N/A	92%

- 3.4 While advertising of HFSS foods is an important component of overall HFSS television advertising, it does not include the significant components of advertising for soft drinks and fast food restaurants. For this reason, a better proxy for trends in overall HFSS advertising expenditure is data on so-called 'Core Category' products³⁸, which include all food products, as well as soft drinks and chain restaurants. While this does include some non-HFSS products, we believe on the basis of the data summarised above that HFSS products are likely to account for some 80-90% of expenditure on Core Category advertising.
- 3.5 Between 1999 and 2003, total advertising expenditure on Core Category products decreased gradually, falling from £856 million to £738 million, but rose again in 2004 and 2005 to £778 million and £862 million respectively. As Table 2 shows, however, there has been a steady but gradual decline in the proportion of total television advertising expenditure devoted to Core Category products. 68% of advertising spend on Core Category foods across all media is devoted to television advertising (compared to a market average of 36% for other products³⁹). Corresponding shares

³⁷ Nielsen advertising expenditure statistics. The data covers the period June 2004 – May 2005.

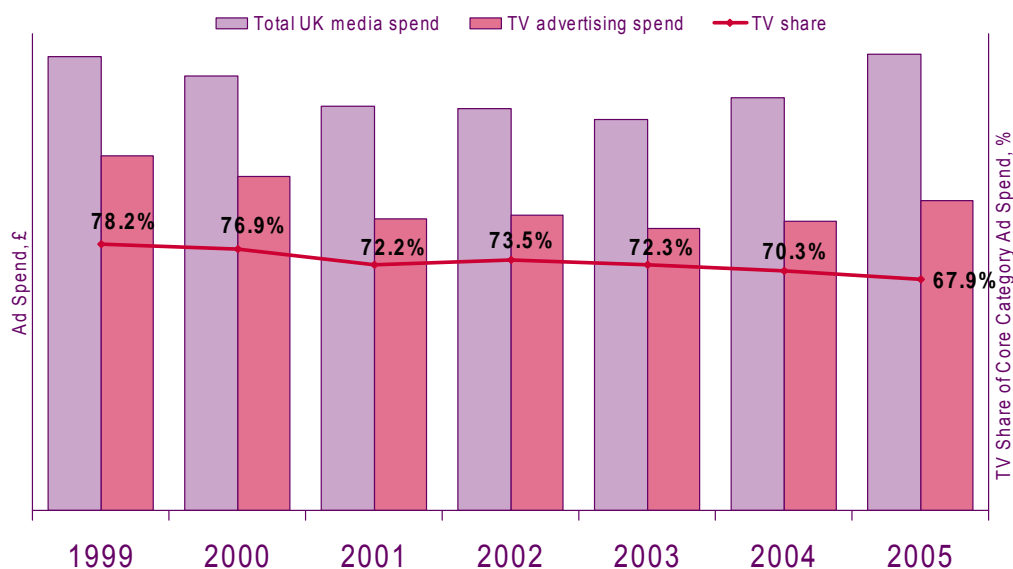
³⁸ Nielsen defines Core Category products as all food products, chain restaurants and soft drinks.

³⁹ Ofcom – *Childhood Obesity*

of total press and radio advertising expenditure rose over the same period - from 11.3% to 16.6% (press) and 2.8% in 1999 to 4.2% in 2005 (radio). While it is clear that television is by far the preferred medium for Core Category advertising, the gradual shift to other media underlines the need for any restrictions on television advertising of food products to be complemented by corresponding restraints on promotion in other media.

Table 2: Value and share of Core Category advertising expenditure as a proportion of total advertising expenditure

Core Category Advertising Activity



Source: Nielsen Media Research. Total spend excludes Direct Mail & Internet spend as continuous data is unavailable

- 3.6 Children’s overall exposure to Core Category advertising, particularly in children’s airtime, has declined in recent years. During 2004, Core Category impacts⁴⁰ accounted for 6.7% of all advertising impacts on children, but this fell to 5.3% in 2005. The reduction in children’s airtime was more marked, although there remains a substantial amount of Core Category advertising to children. Core Category impacts represented 17.6% of total impacts delivered during children’s airtime in 2005 - down from 22.7% in 2004. During the same period, there was a marginal increase in the proportion of child impacts delivered during peak-time as well as an absolute increase in the amount of Core Category child impacts in peak times and later periods.
- 3.7 Although there was less Core Category advertising during children’s airtime, the advertising there was concentrated on HFSS advertising. Table 3 gives a breakdown of advertising impacts secured for different types of food product from 2003 to 2005, which shows that five categories of HFSS product / service accounted for around 70-80% of Core Category impacts during children’s airtime.

⁴⁰ An impact is equivalent to one viewer watching one advertisement, which is usually normalised in terms of a 30 second advertisement. Ten impacts can equate to one viewer watching an advertisement ten times, or ten viewers watching an advertisement once.

Table 3: Breakdown of Core Category TV impacts by sub-category: Children 4-15

	Total airtime			Children's airtime		
	2003	2004	2005	2003	2004	2005
Chain Restaurants	14.8%	14.9%	13.6%	14.4%	16.8%	18.0%
Soft Drinks	10.9%	8.4%	9.1%	11.8%	7.0%	8.2%
Confectionery	22.2%	20.1%	17.6%	22.8%	23.9%	20.3%
Cereals	17.7%	17.4%	14.9%	29.0%	28.3%	23.9%
Savoury snacks	5.2%	4.4%	3.3%	4.0%	3.3%	0.9%
Subtotal	70.8%	65.2%	58.4%	82.0%	79.3%	71.2%
All other prepared & convenience foods	5.1%	6.0%	6.6%	1.4%	2.3%	3.1%
All other Food	24.0%	28.8%	35.0%	16.6%	18.5%	25.7%

Source: Nielsen. Rounded to one decimal place

Advertising techniques

- 3.8 A study was conducted to look at the means used to promote food products to children. The first part analysed current activity across the commercial terrestrial channels and a selection of dedicated children's channels. The second part looked at the most watched commercials in 2003 and 2004 to investigate any changes in creative techniques. This study can be found at Annex 11.
- 3.9 The study of current activity showed that, of the 12,839 adverts screened during the survey period, 2,561 were for Core Category products and 242 programme sponsorship credits involved Core Category products. A further 24 spots featured a programme promotion involving a Core Category sponsor. Most promotion (91%) took the form of conventional advertising. Sponsorship (credits and programme promotions) was seen only on ITV1 (80 cases), Channel 4 (33 cases), Five (94 cases) and Nickelodeon (59 cases). The rate of Core Category advertising on dedicated children's channels in the sample week (5 spots per hour) was higher than in terrestrial children's programming (3.4 spots per hour).
- 3.10 The study of creative techniques showed that while there was little use of celebrities in television advertisements for Core Category products targeted at children, other popular techniques included:
- sponsorship. In 2004, food products accounted for 45% of all programme sponsorship, but less than 1% of all programme promotion involved a food sponsor. Sponsorship activity was limited to ITV1, Channel 4, Five and Nickelodeon;
 - health claims. These were made in almost half of advertisements, with cereals advertising containing proportionately the highest number of health claims (93% of all cereal adverts);

- purchase incentives. Cereals and chain restaurants predominated in those advertisements which offered an incentive to purchase the advertised product – almost always in the form of collectables. Core Category products also use product tie-in's more than other categories (28% of Core Category ads vs. 11% of all ads in children's airtime). However, in a move away from free gifts, four out of the ten cereal commercials analysed in 2004 promoted active pursuits amongst children; and
- animation. As with tie-ins, animation was used more frequently in advertisements for cereals and chain restaurants than with other food products. Core Category advertisers tend to rely more on the use of animation during children's airtime (42% for Core Category ads vs. 9% for all other commercials in children's airtime).

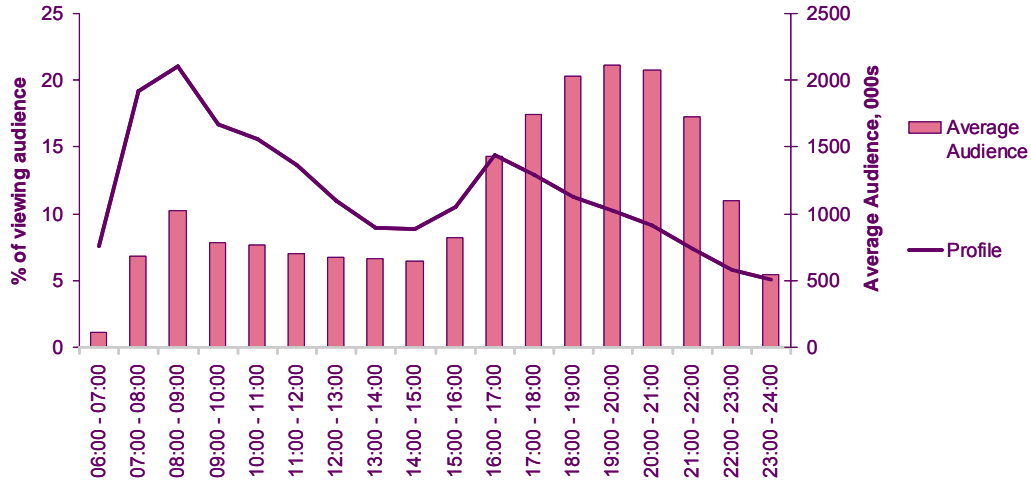
Children's viewing patterns

- 3.11 Analysis of children's viewing behaviour (Annex 10) shows that children's viewing has declined over the last 5 years, and the mix of viewing has also changed. In 2005, the average child watched around 15.8 hours per week, down from 17.4 hours in 2001. Much of that time is spent watching commercial channels (71.6%, or 11.3 hours). Children spend more time watching television (across all channels) during adult airtime (68.9%, or about 10.9 hours a week) than children's airtime (31.1% representing 4.9 hours per week), though the proportion of adult airtime viewing by children has dropped slightly, from 72.9% in 2001 to 68.9% in 2005.
- 3.12 Younger children (aged 4-9) spend more time watching programmes in children's airtime (42.7%) than older children. 10-15 year olds spend 20.6% of viewing time in children's airtime. Over half (55.6%) of Core Category advertisements seen by younger children are in children's airtime (as a proportion of total Core Category TV advertising exposure) as compared with 23.1% for older children (aged 10-15).
- 3.13 Tables 5 and 6 show how viewing varies across the day, for all children and for the key grouping of 4-9 year olds. The peak viewing time for children's viewing occurs during the evening family peak when up to two million children including up to one million 4-9 year olds can be viewing across all channels. Children as a proportion of the audience however decline from 6.00pm onwards as more adults tune in.

Table 5 and 6: Children’s viewing patterns (Base: All Individuals), Monday-Sunday

The presence of children in the viewing audience peaks during the early morning and afternoon

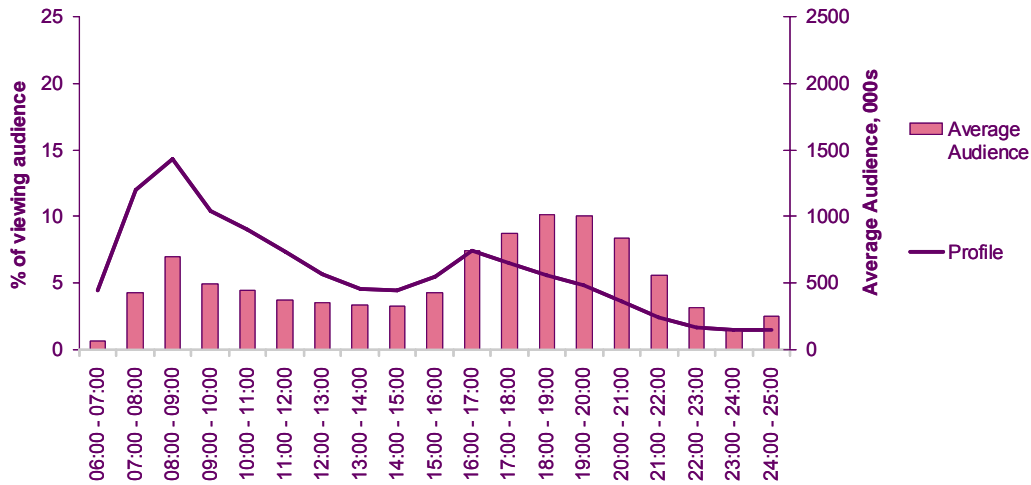
Daypart profile by hour vs. Average Audience (Monday-Sunday), **Children 4-15**



Source: BARB, 2005. TOTAL TV VIEWING.
Profile data calculated on a base of All Individuals

Viewing among children aged 4-9’s peaks between 18:00 and 20:00

Daypart profile by hour vs. Average Audience (Monday-Sunday), **Children 4-9**



Source: BARB, 2005. TOTAL TV VIEWING.
Profile data calculated on a base of All Individuals

Attitudes towards HFSS products and advertising

3.14 Amongst other things, the Ofcom 2004 research⁴¹ shows that:

- the majority of parents saw themselves (55%) as most responsible for their children's diet, followed by food manufacturers (16%) and schools (14%). Significant parental influence was confirmed by qualitative research;
- greater parental knowledge about nutrition, and the parental belief that eating patterns can influence a child's health, diminishes the probability of their children being overweight;
- children appear to prefer the taste of foods that are high in fat, salt or sugar, and are, for the most part, oblivious to health concerns. There is an increasing tendency for children to influence their own diet, particularly in lower income households. The older the child, the more likely he/she will not just choose but also purchase the snack he/she eats;
- media literacy grows with age. Those up to the age of 4 are likely to see advertisements more as entertainment and are influenced primarily by the impact of the commercial (colour, sound, promotional offers - especially giveaways - etc.) and cannot distinguish advertisements from programmes. The advertising message makes little impact. 4 to 7 year olds can make the distinction, and by the age of 8 most children grasp the intention to persuade; by 11-12, children have developed a critical understanding of advertising;
- both parents and children enjoy television advertising, and see it as entertaining and part of a culture shared with family and friends. Very few parents say that they ever discuss the credibility of the advertisement or its motivation.

3.15 The 2004 research also investigated awareness and attitudes towards regulation of advertising and found that:

- parents had a limited awareness of the regulation of advertising generally or food and drink advertising in particular, apart from the belief that advertising is not allowed to make false claims;
- there was little unprompted call for more regulation. Asked whether they felt some change in the rules governing food advertising was needed, just under two thirds of parents (56%) agreed, while just under a third (29%) disagreed - a balance in favour of some change being made to the advertising rules (a further 15% didn't know);
- as regards regulatory options, there was least support for a total ban on HFSS advertising (24%). Just under half (48%) supported a ban on HFSS advertising before 9pm, but support was greatest for a ban on advertising during children's airtime (57%);
- 81% of parents wanted some form of regulation, while just 11% wanted no change at all. There was greatest support for more accurate information. 80% agreed that requiring advertisements to include a nutritional message would be worthwhile, while 65% agreed that health claims should be disallowed if something else about the product was 'unhealthy' (e.g. it was high in fat or salt or sugar);

⁴¹ *Childhood Obesity*, Ofcom, July 2004.

- as regards advertising techniques, 65% wanted to see advertisements for HFSS foods made less appealing to children (though fewer felt very strongly about it – 27%), and about half wanted a ban on the use of cartoon characters (48%) and celebrities (48%). Mothers were likely to take issue with the use of collectables and the use of sports personalities to promote foods which they regard as very ‘unhealthy’.
- 3.16 During the consultation period, Ofcom will be conducting further deliberative (qualitative) research among adults and children across the UK to gauge their views on the proposed policy options. The results will be published following the consultation.

Significance of food advertising revenues to broadcasting

- 3.17 Revenue from food advertising to children is important to both terrestrial and digital channels. In total, commercial terrestrial channels (ITV1, Channel 4 and Five) are estimated to have earned about £18 million from Core Category advertising in children’s airtime (equivalent to 0.6% of their total revenues) during 2005⁴², rather more when advertising around programmes of special appeal to children is included (£28.5 million, or 0.8% of revenues), and very significant when the value of all food advertising before 9pm is analysed – about £291 million or over 9% of all revenues.
- 3.18 While the dedicated children’s channels (e.g. Cartoon Network) have two sources of revenue - subscription revenue and advertising revenue – they rely more heavily on food advertising than on advertising for other products. In consequence, revenues from Core Category advertising account for nearly 10% of total revenues⁴³, or more than £18 million. All of their broadcasting is, in effect, ‘children’s airtime’.
- 3.19 Estimates of the revenue derived by broadcasters from Core Category advertising are set out in Table 7 below. To set these figures in the context of expenditure on children’s programming, the commercial terrestrial channels in 2004 spent c. £145 million (original productions and purchased programmes), and children’s channels spent c. £54 million.

Table 7: Contribution of Core Category advertising to revenues of broadcasters⁴⁴

Revenue from different periods	All terrestrial channels	All children’s channels	Other channels
Children’s airtime	£18 million (0.7% of total revenues)	£18.4 million (15%)	-
Children’s airtime plus programmes of special appeal to children	£28.5 million (1%)	£18.4 million (15%)	£6.5 million (0.3%)
Pre-9pm	£291.3 million (10.6%)	£18.4 million (15%)	£60.9 million (2.4%)

⁴² Source: Nielsen.

⁴³ Total revenues derives from advertising plus sponsorship plus subscription revenues

⁴⁴ Source: Nielson and Ofcom NAR data