Stakeholder briefing

HFSS advertising restrictions - experience to date and next steps

12 December 2007

Contents

Background: current and planned restrictions

- Phase 1 (March 2007):
  - end to HFSS advertising in programmes made for / of particular appeal to children aged **4-9** on all channels except children's channels
  - on children's channels, cut in HFSS advertising to **75%** of 2005 levels (pro-rated)
  - Stricter content rules: any HFSS advertising targeted at primary school children must not use celebrities and characters licensed from third parties (e.g. cartoons), refer to promotions (e.g. toys) or incorporate health or nutritional claims

- Phase 2 (January 2008):
  - extension of HFSS advertising restrictions to cover programmes made for / of particular appeal to children aged **4-15** on all channels except children's channels
  - on children's channels, cut in HFSS advertising to **50%** of 2005 levels

- Phase 3 (January 2009). End to all HFSS advertising on children's channels.

- Definition: programmes of particular appeal to children are those where the proportion of children in the audience is 20% or more higher than their proportion in the available TV audience

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Data and definitions

Data

- The data analysed in this report uses the Nielsen Media database and is based on all food & drink advertising (referred to as Core Categories). As this analysis does not specifically look at HFSS advertising there may be some Core Category advertising in children's airtime as non-HFSS foods continue to advertise
- All analysis is based on April-September 2007, the first full six months since the restrictions came into operation. Comparisons made to the same period in 2005 and 2006
- Reliable, detailed data on food & drink advertising spend on the internet is not available

Definitions

- Core Category definition:
  - Total Food (including all sub-categories)
  - Total Soft Drinks (including all sub-categories)
  - Total Beverages (previously included in the Food category, now moved to Drinks category
  - Chain Restaurants
  - Analysis is based on Nielsen Media 'product' categories - a product category is allocated to the product being advertised rather than the advertiser, for example an advertisement for Sainsbury's chocolate is found in the product category 'Food' rather than 'Retail'.
  - see following slide for details
- Impacts provide a measure of advertising exposure. One impact is equivalent to one member of the target audience viewing one commercial spot

Definitions: Core categories

Nielsen sub-categories

02 FOOD
- 01 Bakery Goods
  - 05 Biscuits
  - 10 Bread & Bakeries
  - 15 Cakes & Fruit Pies
  - 20 Cakes (Frozen)
  - 25 Crispbread/Crackers
- 02 Confectionery
  - 05 Cereal Bars
  - 10 Chewing Gum
  - 15 Chocolate-Bars & Countlines
  - 20 Chocolate-Boxed
  - 25 Chocolate-Other
  - 30 Ice Cream & Lollies
  - 35 Sugar Confectionery
  - 40 Mixed/General Confectionery
- 03 Cooking Products & Seasoning
  - 05 Cakes & Pastry Mixes
  - 10 Condiments
  - 15 Cooking Fats
  - 25 Meat & Vegetable Extracts
  - 30 Sauces (Cooking & Mixes)
  - 35 Sauces
  - 46 Artificial Sweeteners

02 FOOD cont.
- 04 Dairy Products & Substitutes
  - 05 Butter
  - 10 Cheese
  - 15 Cream & Substitutes
  - 20 Eggs
  - 25 Margarine
  - 30 Milk & Milk Products
  - 35 Yoghurt/Fromage Frais
  - 99 Dairy Range
- 06 Fruit, Vegetables, Pasta
  - 15 Fruit(Fresh)
  - 25 Rice & Pasta(Dried & Fresh)
  - 30 Vegetables & Pasta (Canned)
  - 35 Vegetables(Fresh)
  - 40 Vegetables(Frozen)
- 07 Meat, Fish & Poultry
  - 05 Bacon
  - 10 Fish(Canned)
  - 15 Fish(Fresh & Frozen)
  - 20 Slice Meat,Meat/Fish Sprd,Pate
  - 25 Meat & Poultry(Canned)
  - 30 Meat(Fresh & Frozen)
  - 35 Meat Pies & Sausages
  - 40 Poultry(Fresh & Frozen)

02 FOOD cont.
- 08 Prepared & Convenience Foods
  - 05 Baby Foods
  - 10 Cereals(Ready To Eat)
  - 15 Cereals(Requiring Preparation)
  - 20 Convenience Desserts
  - 25 Dehydrated,Canned Ready To Eat
  - 27 Pizza - Frozen
  - 30 Prepared Food Range
  - 35 Frozen Ready To Eat Meals
  - 40 Jam & Spreads
  - 45 Soup (Canned)
  - 50 Soup (Packet) Dry & Fresh
  - 55 Potato Crisps & Snacks
  - 56 Dips/Dippers Snacks
- 09 Organic Foods Rge
  - 05 Organic Foods
- 99 Food Corporate
  - 99 Food Corporate

04 DRINK
- 02 Soft Drinks
  - 05 Soft Drink Mixer
  - 07 Mineral Water
  - 10 Cordials
  - 15 Fruit Juices/Still Fruit Drink
  - 20 Other Carbonated
  - 25 Athletes/Health/Energy Drinks
  - 95 Soft Drinks Genl
- 04 Beverages
  - 05 Coffee (Fresh)
  - 10 Coffee (Instant)
  - 15 Health Drinks
  - 20 Tea
  - 25 Other Beverages

30 RETAIL
- 01 Entertainment & Leisure
  - 15 Chain Restaurants

Definitions: Children's airtime

Channels

Cbeebies
CBBC
Boomerang
Boomerang +1
Cartoon Network
Cartoon Network Plus
Cartoon Network Too
CITV
Discovery Kids
Jetix
Jetix+1
Nick Jr
Nick Jr 2
Nickelodeon
Nickelodeon Replay
Nicktoons
Disney Cinemagic
Disney Cinemagic +1
Disney Channel
Disney Channel +1
Toon Disney
Playhouse Disney
Trouble
Trouble +1
POP
Tiny POP
Toonami./Cartoonito

2005		2006		2007	
ITV1	Mon-Fri 1515-1700	ITV1	Mon-Fri 1500-1630	ITV1	Sat 0600-1200
ITV1	Sat 0600-1300	ITV1	Sat 0600-1130	ITV1	Sun 0600-1130
ITV1	Sun 0600-1100	ITV1	Sun 0700-1030		
C4	Mon-Fri 0600-0700	C4	Mon-Fri 0600-0700	C4	Mon-Fri 0600-0700
C4	Sat 0600-0700	C4	Sat 0600-0700	C4	Sat 0600-0700
C4	Sun 0600-0700	C4	Sun 0600-0700	C4	Sun 0600-0700
Five	Mon-Fri 0630-0930	Five	Mon-Fri 0600-0900	Five	Mon-Fri 0600-0900
Five	Sat 0700-1330	Five	Sat 0700-1130	Five	Sat 0700-1000
Five	Sun 0630-1230	Five	Sun 0600-1230	Five	Sun 0600-1000

Note: Children's slots may vary throughout the year. Also, dayparts during which children's programmes are shown may be treated as slots targeted at 'housewives with children' by advertising agencies based on the audience against which advertising is sold – we have included these dayparts based on the programming shown. Disney Channels do not carry commercial advertising.

Definitions: Channel groups

Music channels

B4	MTV R
Bliss	MTV Two
Bubble Hits	Musflash TV
Channel Fizz	Music Choice
Channel U	p-rock
Chart Show TV	Q Channel
Classic FM TV	Rockworld TV
Flaunt	Scuzz
Kerrang	Smash Hits
Kiss TV	The Box
MTV Base	The Hits
MTV Dance	The Vault
MTV Flux	TMF
MTV Hits	VH1
MTV One	VH1 Classic

PSB and PSB related digital channels (spin-off channels)

BBC	ITV	Channel 4	Five
BBC1	**ITV1**	**Channel 4**	**Five**
BBC2	ITV2	Channel 4+1	Five Life
BBC3	ITV2 +1	Film4	Five Life +1
BBC4	ITV3	Film4 +1	Five US
BBC News 24	ITV3 +1	FilmFour Extreme	Five US +1
CBBC	ITV4	FilmFour Weekly	
Cbeebies	ITV Play	FilmFour World	
BBC Parliament	CITV	E4	
		E4+1	
		More4	
		More4 +1	

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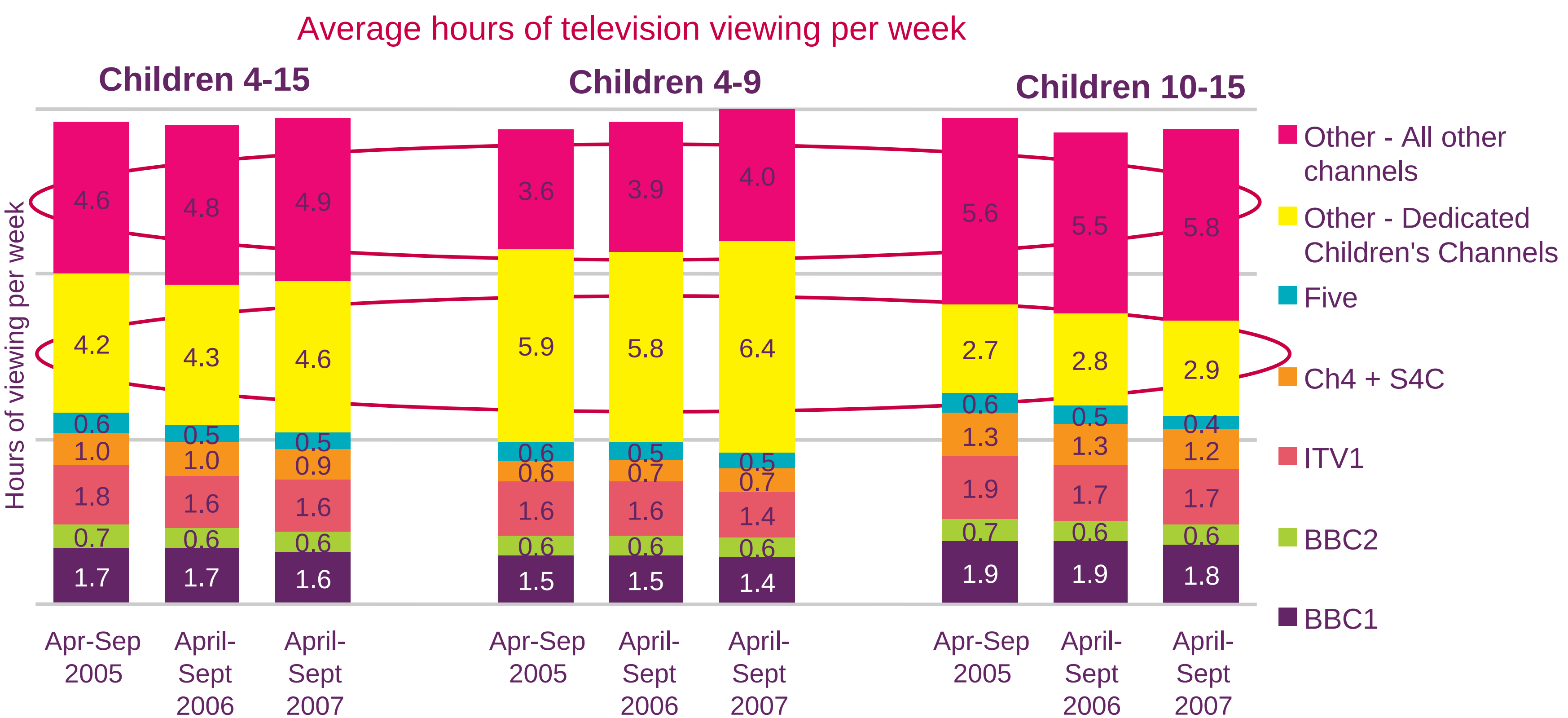
Viewing to non-terrestrial channels has increased year-on-year across both dedicated children's channels and 'adult' channels

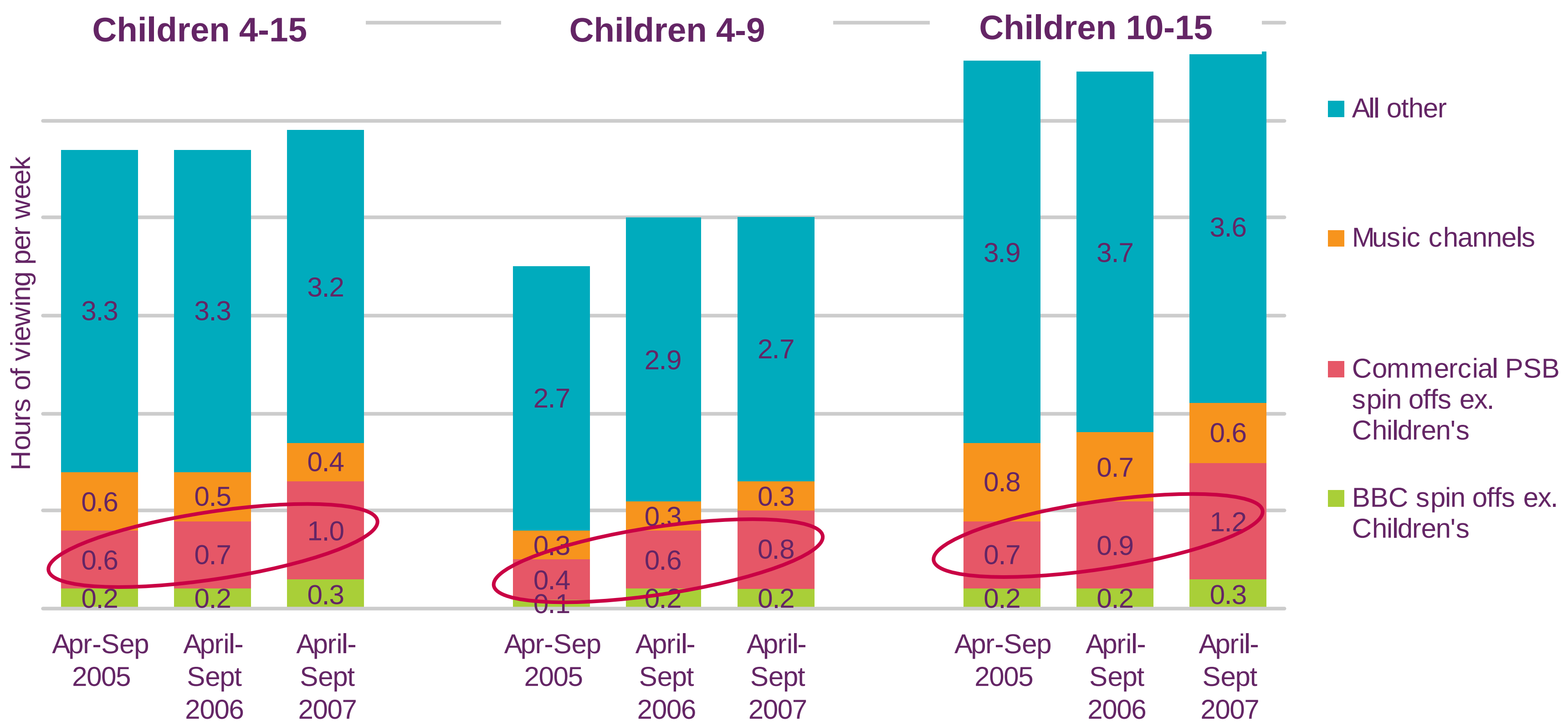


Total	14.5	14.6	14.7	14.4	14.8	15.0	14.6	14.4	14.4

Source: BARB
Note: Minor variations due to rounding

The increase in non-terrestrial viewing during 'adult' airtime has been driven by the increase in viewing to PSB digital channels – at the same time viewing to music channels has fallen

Average hours of television viewing per week :
Non terrestrial channels excluding Children's Channels



Source: BARB
Note: Minor variations due to rounding

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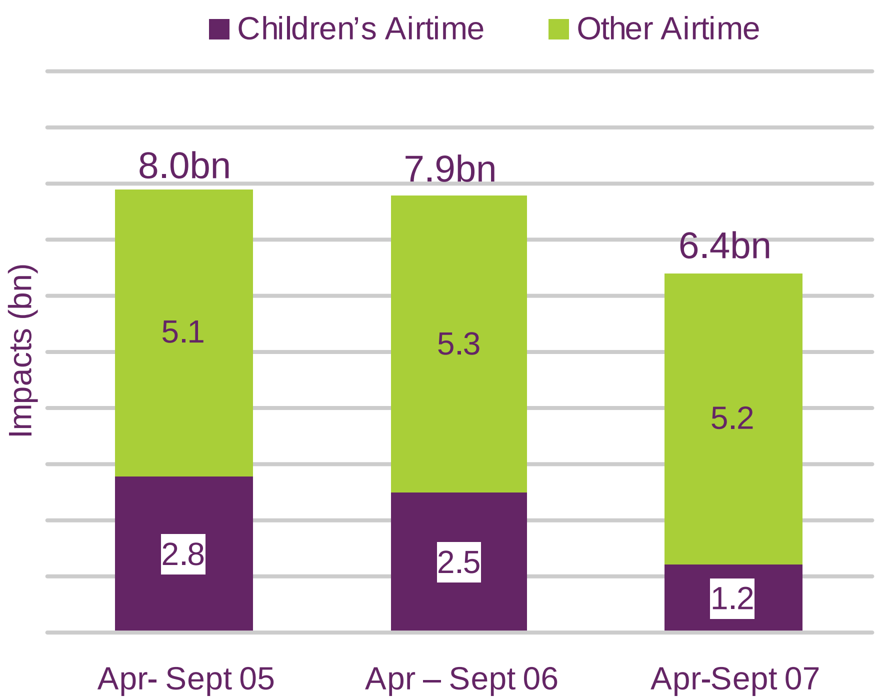
Has exposure to Core Category television advertising changed?

Core Category impacts fell 20% from 8bn in 2005 to 6.4bn in 2007 - driven by 59% decline in children's airtime

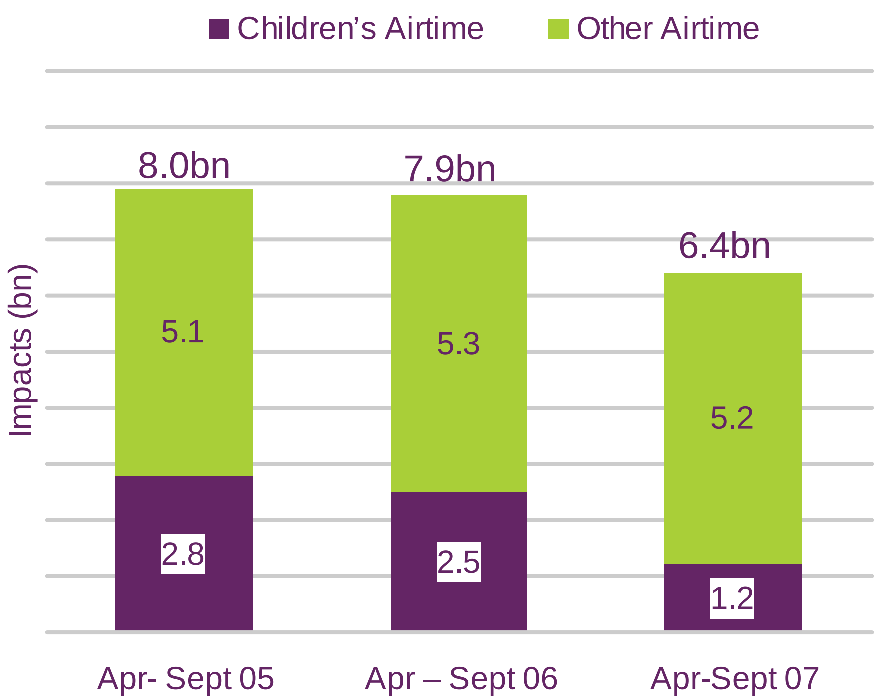
Core Category Impacts: Children 4-15

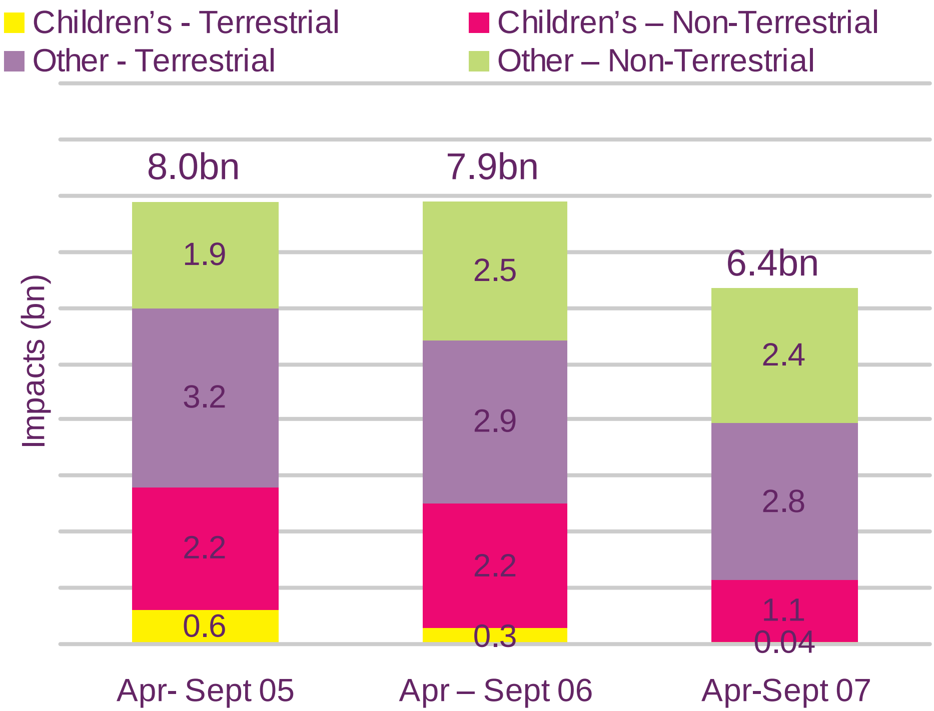


Source: Nielsen Media
Note: Minor variations due to rounding

Core Category impacts fell 20% from 8bn in 2005 to 6.4bn in 2007
- driven by 59% decline in children's airtime
- and in particular in children's non-terrestrial airtime (49%)

Core Category Impacts: Children 4-15





Source: Nielsen Media
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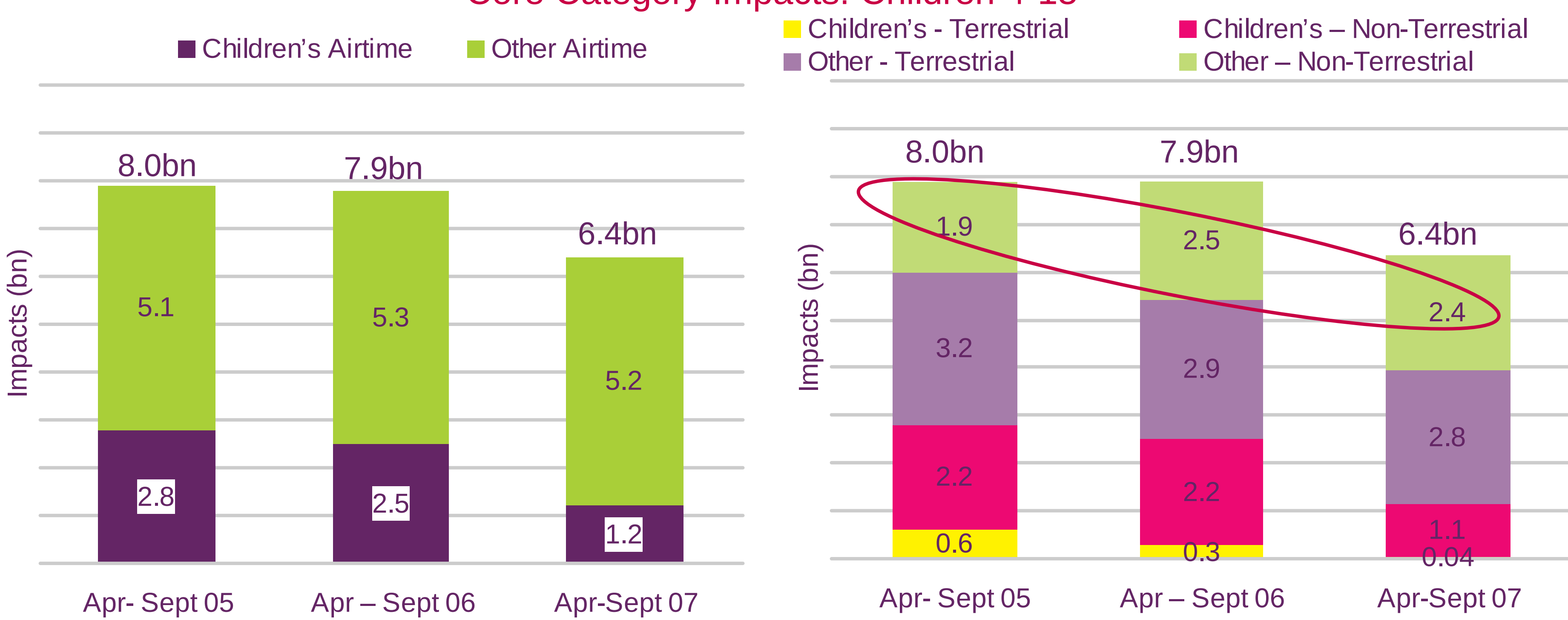
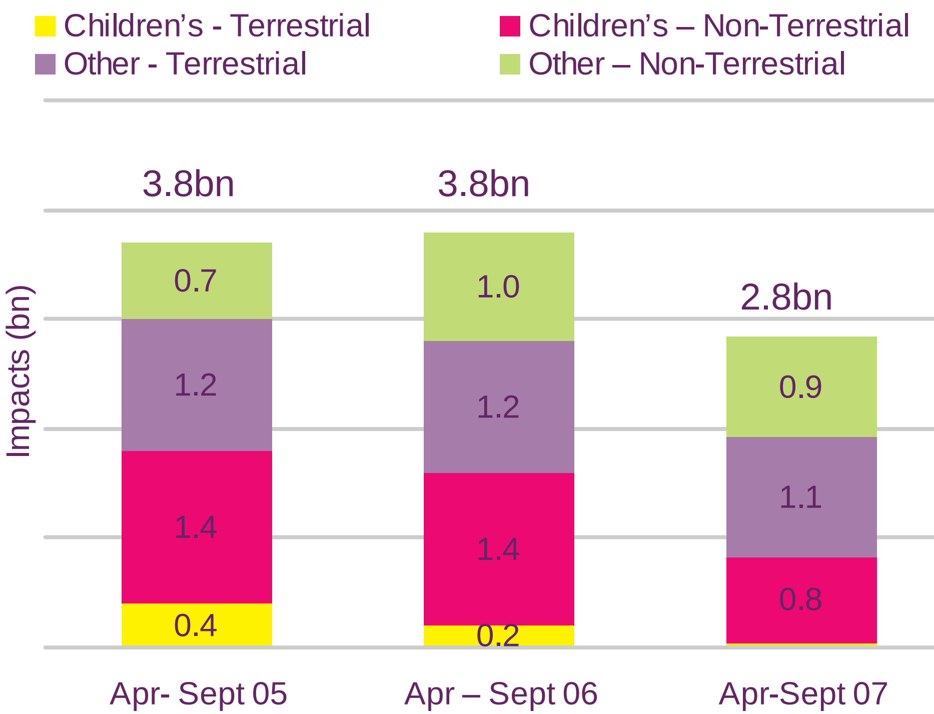
Core Category impacts fell 20% from 8bn in 2005 to 6.4bn in 2007
- driven by 59% decline in children's airtime
- and in particular in children's non-terrestrial airtime (49%)
Core Category impacts increased by 26% in 'adult' non-terrestrial airtime

Core Category Impacts: Children 4-15



Source: Nielsen Media
Note: Minor variations due to rounding

The fall in CC impacts was higher for 4-9 year olds:
- minus 27% between 2005-7
- especially in children's airtime (minus 57%)
Core Category impacts increased by 24% in 'adult' non-terrestrial airtime



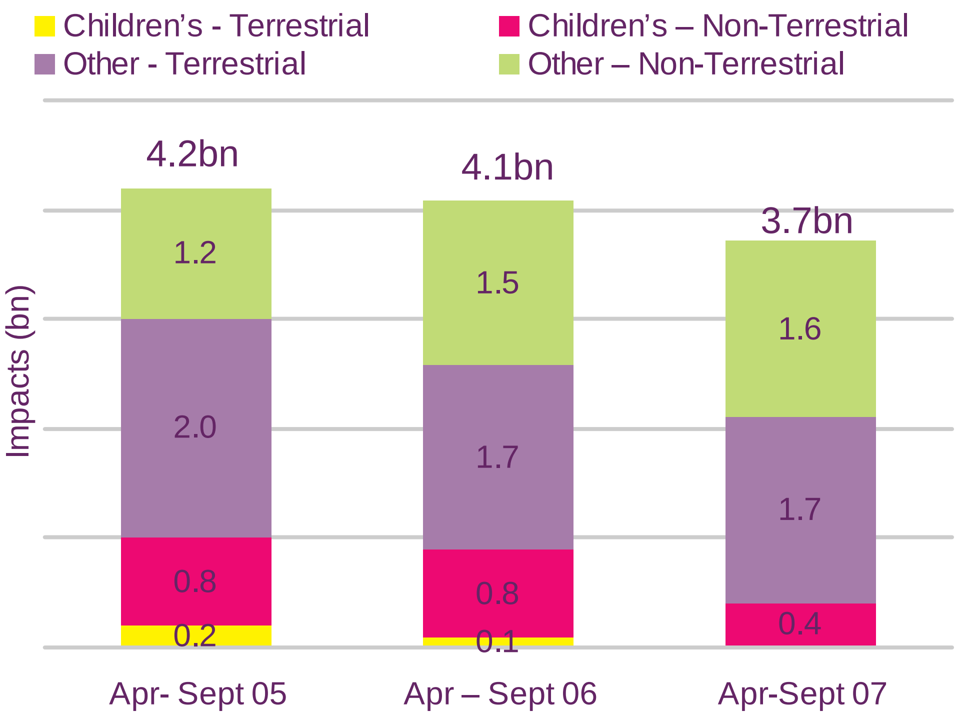
Children aged 4-9	% change (05 vs 07)	% change (06 vs 07)
Change in Core Category impacts		
All Airtime	-26.9	-26.8
Children's Airtime	-56.8	-51.5
Other Airtime	**+0.4**	-8.2
All terrestrial	-32.4	-18.5
All non-terrestrial	-23.1	-31.7
Children's Airtime - Terrestrial	-92.2	-84.4
Children's Airtime – Non-Terrestrial	-46.8	-46.9
Other Airtime - Terrestrial	-13.0	-7.2
Other Airtime – Non-Terrestrial	**+24.0**	-9.5

Source: Nielsen Media
Note: Minor variations due to rounding

The fall in CC impacts was lower for 10-15 year olds:

- minus 13% between 2005-7
- especially in children's airtime (minus 63%)

Core Category impacts increased by 31% in 'adult' non-terrestrial airtime



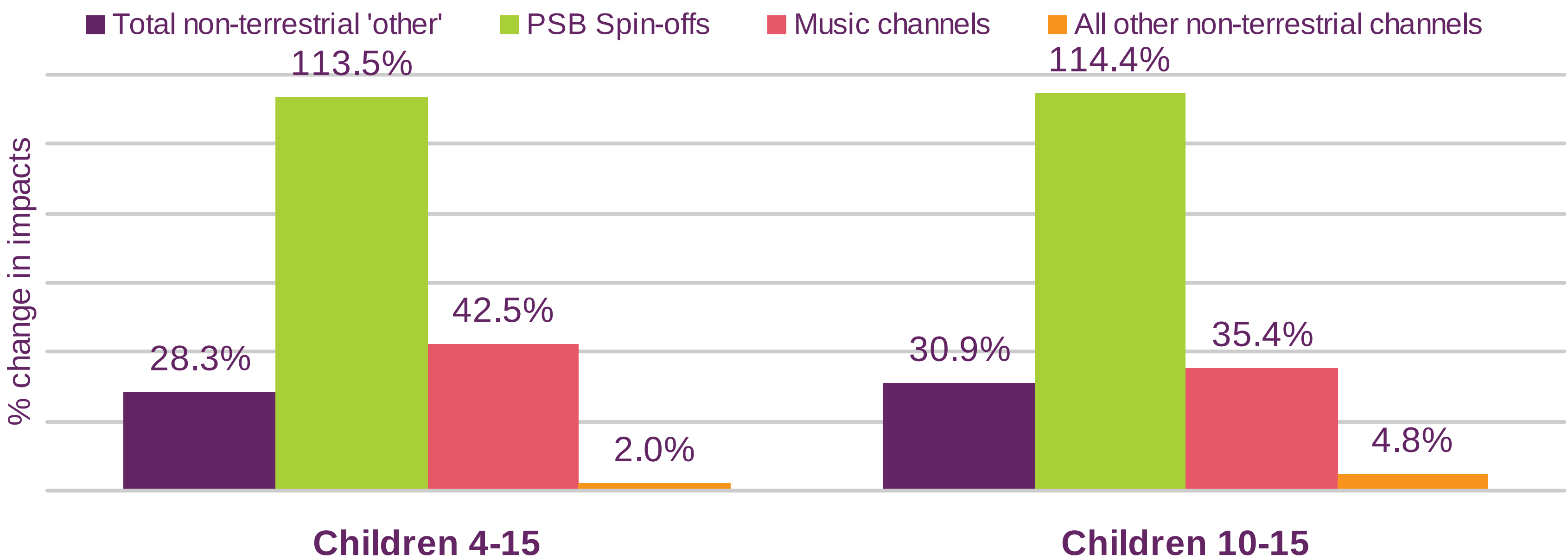
Children aged 10-15	% change (05 vs 07)	% change (06 vs 07)
Change in Core Category impacts		
All Airtime	-13.0	-10.2
Children's Airtime	-62.7	-56.0
Other Airtime	**+2.6**	**+2.0**
All terrestrial	-23.0	-3.8
All non-terrestrial	-2.3	-15.5
Children's Airtime - Terrestrial	-94.9	-86.3
Children's Airtime – Non-Terrestrial	-52.9	-52.6
Other Airtime - Terrestrial	-14.4	**+0.5**
Other Airtime – Non-Terrestrial	**+30.9**	**+3.6**

Source: Nielsen Media
Note: Minor variations due to rounding

Which channels are driving the increase in Core Category impacts seen during ‘adult’ non-terrestrial airtime?

PSB spin-off channels and music channels are behind the growth in impacts on non-terrestrial 'adult' channels between 2005-2007

Change in Core Category impacts on non-terrestrial channels: April-Sept 05 vs April-Sept 07

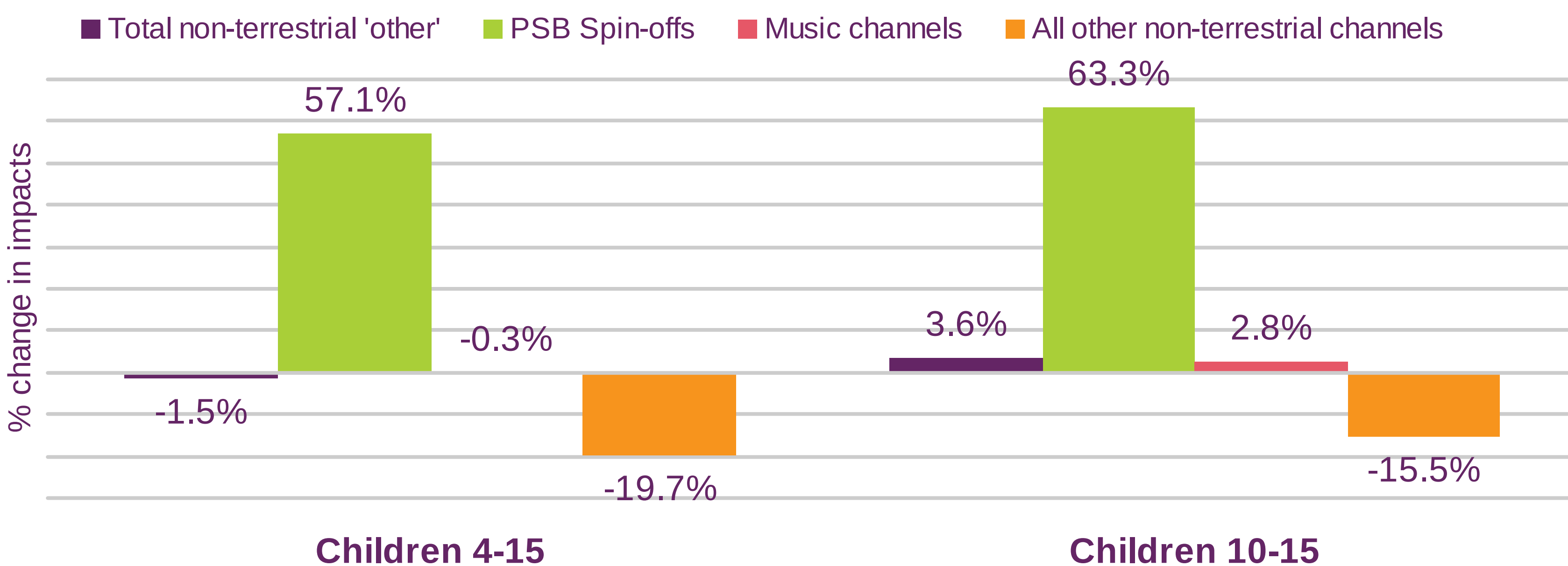


Apr-Sept 2007 impacts:	2.4bn(100%)	821m (34%)	267m (11%)	1,360m(56%)	1.6bn(100%)	532m (34%)	185m(12%)	848m (54%)

Source: Nielsen Media – analysis excludes dedicated children's channels

However, between 2006 and 2007 the growth in impacts delivered on music channels appears to have slowed down while impacts continue to grow on PSB spin offs

Change in Core Category impacts on non-terrestrial channels: April-Sept 06 vs April-Sept 07



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Source: Nielsen Media – analysis excludes dedicated children's channels

Top 20 rating programmes on PSB digital channels: Children 4-15

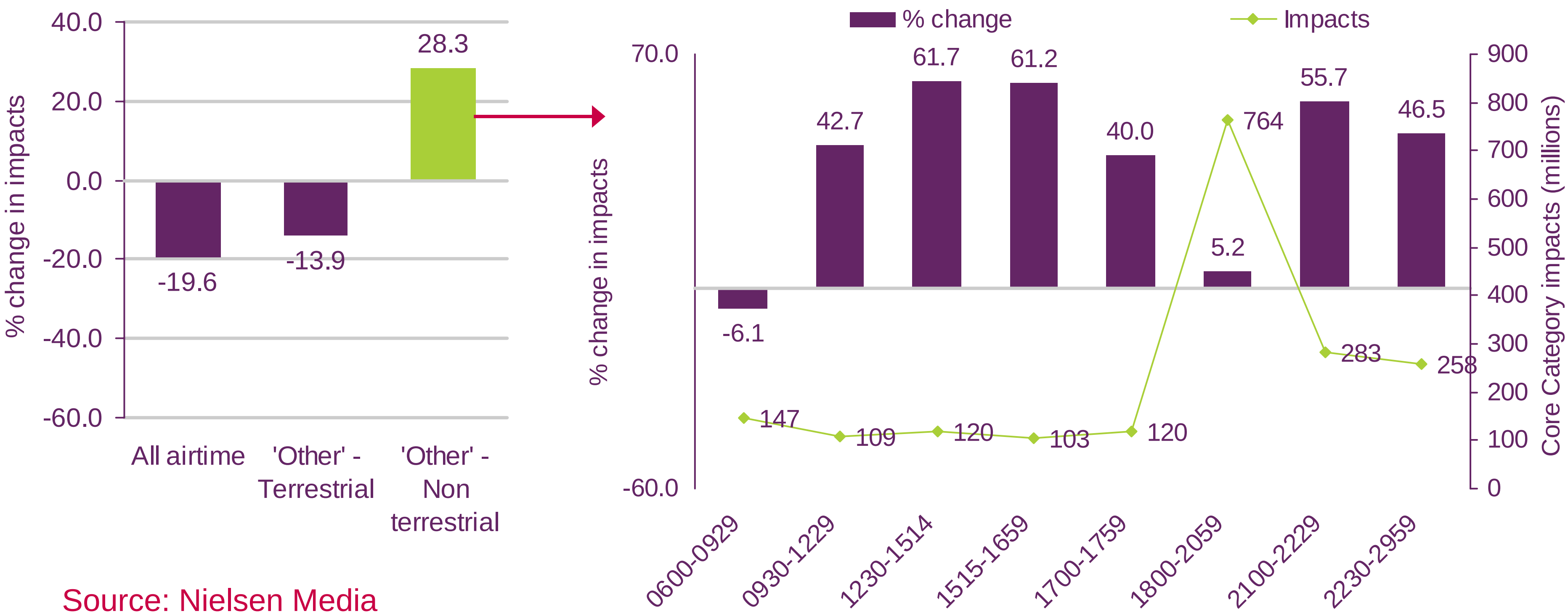
Title	Channel	Average Audience (000s)	Index[1]
FILM: WILLY WONKA AND THE CHOCOLATE FACTORY	ITV3	274	153
THE X FACTOR	ITV2	244	110
BIG BROTHER'S BIG MOUTH	E4	207	81
XTRA FACTOR	ITV2	194	96
KATIE & PETER: THE BABY DIARIES	ITV2	178	79
HOME AND AWAY	Five Life	166	111
KATIE AND PETER: THE NEXT CHAPTER	ITV2	165	71
HOLLYOAKS	E4	144	78
FILM: CHITTY CHITTY BANG BANG	ITV3	144	163
MEN IN BLACK (TOON)	ITV2	143	96
AMERICA'S GOT TALENT (2007)	ITV2	130	78
FRIENDS	E4	129	145
BRITAIN'S GOT MORE TALENT	ITV2	125	80
UGLY BETTY	E4	116	96
FILM: LETHAL WEAPON 3	ITV2	113	86
FILM: COYOTE UGLY	ITV2	107	68
FILM: SPACE JAM (1996)	ITV2	102	150
FILM: THE MUMMY RETURNS	ITV2	99	89
FILM: THE FLINTSTONES	ITV2	98	131
FILM: SISTER ACT	ITV2	97	102

Source: BARB – April-Sept 2007, based on multichannel individuals 1.

1. Where BARB data indicates the child component of the audience is 20% higher than its representation in the total viewing population, the programme is deemed to be of particular interest to children.

Between 05-07 CC impacts have increased across almost all dayparts - with above average increases during daytime and late night

Change in Core Category impacts by daypart: Children 4-15, April-September 05 vs April – September 07



Source: Nielsen Media

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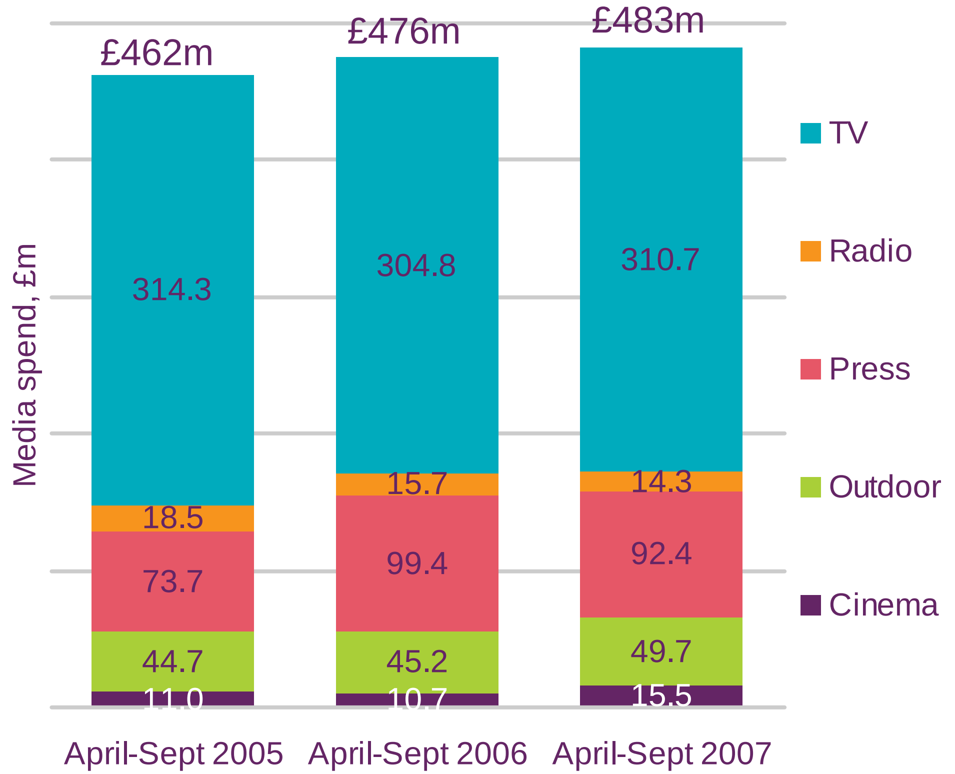
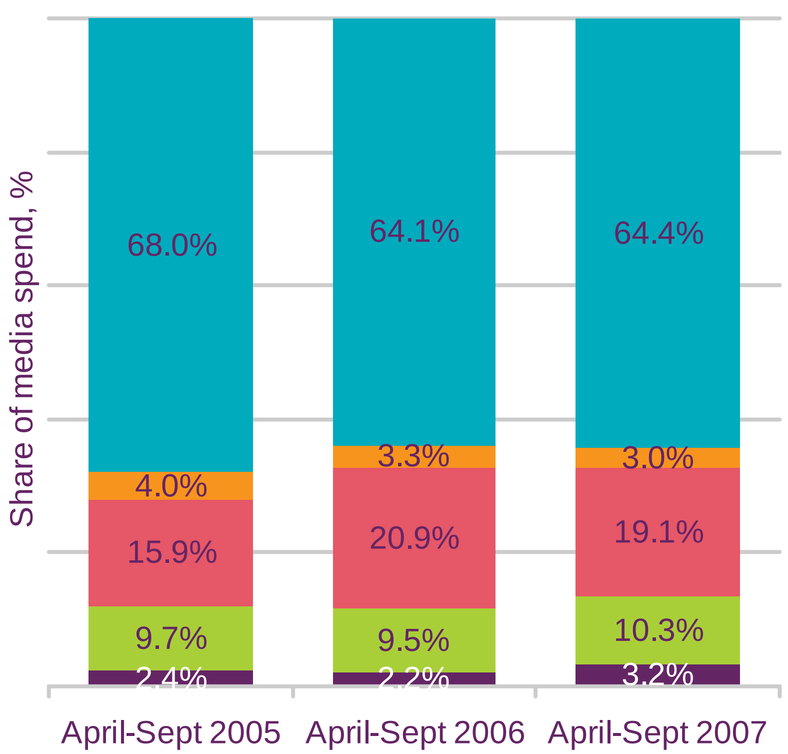
Core Category advertising spend has increased since 2005 - Television's share of spend has fallen from 68% to 64%

Core Categories: Spend by media



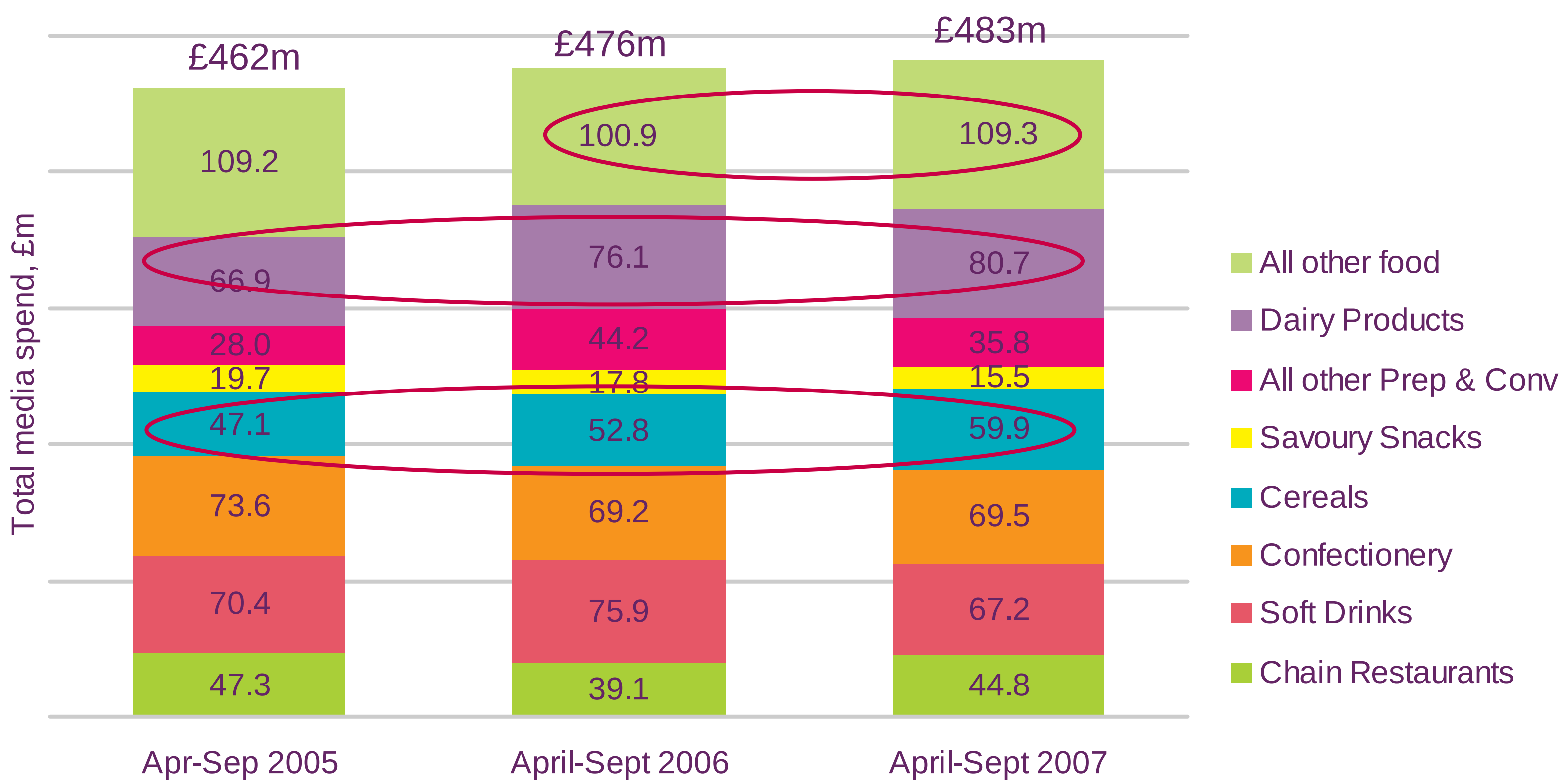
Core Categories: Share of spend by media



Source: Nielsen Media

Cereal and dairy product manufacturers have increased total media spend since 2005

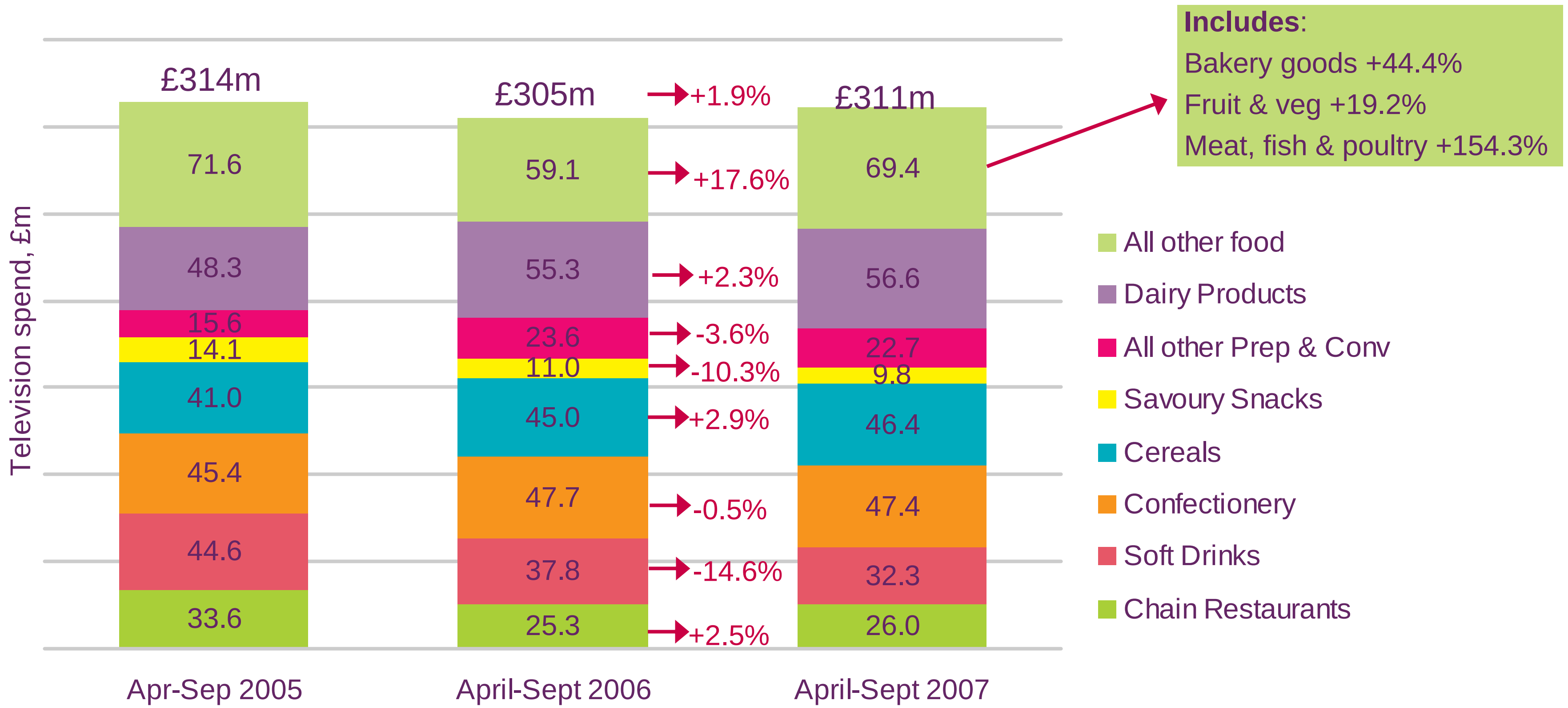
Total media spend by sub-category



Source: Nielsen Media

The marginal growth in television spend between 2006-7 was driven by categories such as meat/fish/poultry and bakery goods

Television advertising spend by sub-category



Source: Nielsen Media

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Conclusions

- Core Category impacts fell by 20% between April-September 2005-2007, driven by the 59% decline during children's airtime:
  - Impacts during children's airtime on the terrestrial channels have fallen to a negligible amount
  - Accompanied by a marked decline in impacts on dedicated children's channels
- There has been an increase in exposure during 'adult' non-terrestrial airtime
- The fall in impacts has been greater amongst children aged 4-9
- the 57% decline in 4-9 year old impacts during children's airtime contributed heavily to the overall 27% decline in exposure among this group
  - the increase in exposure during 'adult' airtime has been driven by the non-terrestrial channels
- 10-15 year old Core Category impacts fell 13%
  - impacts during children's airtime have dropped 63%
  - there has been a 31% rise during 'adult' airtime on non-terrestrial channels

Conclusions

- Entertainment channels are driving the increase in exposure to Core Category advertising on non-terrestrial channels

  - PSB digital channels and music channels have been behind the growth in impacts on non-terrestrial 'adult' channels
  - However, between 2006 and 2007 the growth in impacts delivered on music channels appears to have slowed down while impacts continue to grow on PSB spin offs
  - This is in line with trends in television viewing as children have been increasing the time spent watching PSB digital channels since 2005 with a marginal drop in viewing to music channels

- Non-terrestrial 'adult' airtime activity has increased between 2005-2007 across almost all dayparts with above average increases during daytime and late night

Next steps

- Phase 2 (January 2008) will extend the restrictions to cover advertising in programmes aimed at older children and further reduce the amount of HFSS advertising allowed on children's channels. Phase 3 (January 2009) will eliminate HFSS advertising from children's channels

- Ofcom will continue to monitor effects of these restrictions, and will share the results with stakeholders. In particular, we shall look closely at:

  – what the trends are in HFSS advertising in adult airtime before 9pm, and what effects these are having on children's exposure to HFSS advertising

  – the distribution of HFSS advertising across different types of channel

- Ofcom will be carrying out a review of its restrictions in July 2008 (see following slide)

Ofcom's review

2008 review to look at whether:

- Scheduling restrictions are achieving the objective of reducing significantly the number of HFSS product advertising impacts (i.e. each occasion when a viewer sees an advert) among children aged 4-15 years
- The impact on broadcasters has been broadly consistent with the effects that both Ofcom and the broadcasters expected
- Scheduling restrictions and revised content rules are being implemented as intended, or whether unexpected difficulties have emerged in interpretation, implementation and enforcement
- Advertisers are evading the spirit of the restrictions, by airing advertising and sponsorship in the names of brands commonly associated with HFSS products in children's airtime
- Advertisers have (contrary to our expectations) significantly increased the amount of HFSS advertising and sponsorship in periods outside children's airtime, at times when significant numbers of children may be watching

Other reviews

Department of Health

- Department of Health has commissioned consultants (Thomson Intermedia) to look broadly at expenditure and advertising behaviour across all media. Includes work on the techniques adopted by advertisers in TV and other media

- Aim is to publish a report during 2008, with a progress report in the next few weeks

Food Standards Agency

- FSA has commissioned an independent panel to review the nutrient profiling scheme. The panel has held a number of meetings, and has taken evidence from stakeholders.

- Further meetings are planned during the course of 2008, leading to a recommendation from the panel to the FSA in early 2009. The FSA will then consider the recommendations before reaching a conclusion, probably in the first quarter of 2009