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ADVERTISING AND THE FOOD SYSTEM

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VOLUNTARY APPROACHES TO INCREASING NUTRITION INFORMATION IN THE MASS MEDIA

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In November 1974, the Federal Trade Commission initiated a rule-making proceeding for the promulgation of a Trade Regulation Rule (TRR) on food advertising (Fed. Reg. 1974). It was the beginning of a process that would examine the need for industry-wide regulation of certain types of claims about the nutritional value or health-related properties of advertised foods. At the same time, the Commissioners published for comment, but did not endorse, a staff proposal addressing the idea of mandatory disclosure of nutrition information in all food advertisements. In March 1976, the Presiding Officer for the TRR divided the proceeding into three phases. Phase I focused on claims about energy and calories; fats, fatty acids, and cholesterol; and, "natural", "organic", and "health" foods. Phase II dealt with emphatic nutritional claims, comparative claims, and setting standards for such claims. Phase III was the staff proposal to require some nutritional information in all food advertising. Following extensive hearings on Phase I, the Presiding Officer published his report in March 1978 (FTC 1978). The Commission is now in the last stages of considering a final rule on the Phase I issues.

In the meantime, Phase II of the rule was undergoing careful scrutiny and rewriting to assure technical accuracy and reflect the most recent thinking in the nutrition field. However, while these activities progressed, changes were occurring in the level of consciousness and concern about what constituted the important nutritional issues of the day. Emphasis was moving from the findings of vitamin and mineral deficiencies in nutrition surveys of the 1960's to the issue of dietary excesses and their relationship to disease. Claims for new dietary factors were being made at the same time that many nutritionists were making recommendations to lower the amounts of certain substances in the diet. Also, consumer interest in and request for information on food, nutrition, and health were soaring.

The Commission recognized that its current rulemaking proposals addressed some aspects of the general information problem. But it was not clear that advertising claims being made at that time were readily susceptible to the across-the-board remedies that had been proposed, or that the approach of a trade regulation rule represented the ideal solution for remedying deceptiveness and unfairness. In addition, despite its broad statutory mandate, the Commission recognized that traditional regulatory and law enforcement techniques did not offer the only approaches for dealing with deficiencies in the commercial advertising of food products. So, the Commission announced in the April 8, 1980 Federal Register that it was disposed to terminate Phase II and Phase III, the staff proposal for mandatory affirmative disclosure (Fed. Reg. 1980). In their place the Commission announced that it was interested in exploring a wider range of options with respect to the problems of food advertising, the mass media, and nutrition information.

Those problems encompass a wide range of matters the foremost of which is the mix of advertisements for food products. Of the \$2.5 billion

spent on food advertising, the largest expenditures on any one food group is the \$190 million spent by the cereal industry. This class accounts for 10% of all food advertising expenditures, and by our calculations about half of that is for presweetened cereals. Next, carbonated beverages, candy and gum, and coffee, tea, and cocoa account for approximately 30% of all advertising expenditures. After these classes no other class accounts for more than 5% of total advertising dollars, most of them being between one and three percent. Meat, poultry, and fish account for 5% of the total and about half of that is advertising for products like lunch meat or sausages. Perishables or relatively unprocessed foods take a very small portion of advertising expenditures. Combined advertising in all media for unprocessed meats, poultry, fresh eggs, dairy products, and fruits and vegetables was about \$140 million, less than what was spent on carbonated beverages alone. Again, perishables, which account for about 50% of the consumer's food budget comprise only 8% of the six media advertising expenditures (Leading Nat'l. Advertisers and Gallo, et al. 1980).

The implicit message in this skewed mix, besides the obvious one promoting consumption, is that lightly processed or commodity type foods are worth less attention. Furthermore, the mix presents neither a balanced diet nor a balanced "information environment" as Jim Turner (1978) has named it. What it does represent is a decision, and here I quote Richard Manoff (1979), President of a New York advertising agency, "to focus advertising . . . increasingly on high profit margin products because the higher the margin, the more money there is for advertising." Advertisements for these products are not, on the whole, very good candidates for the inclusion of nutrition information because the foods are not very nutrient dense. At the same time, there is a tendency to exploit, but not explain, new nutrition findings, such as the fiber issue. But even with products for which it would be appropriate to include nutrition information, manufacturers still apparently believe "nutrition won't sell."

Three years ago, an attempt was made by Jim Austin (1977) of the Harvard Business School to explain these problems as well as the reluctance on the part of food advertisers to do more. He identified 4 key obstacles: (1) that consumers are ignorant of nutrition facts, that many manufacturers are ignorant of the nutrient content of their products, and that this state of affairs can lead to consumer exploitation and ineffectual marketing efforts; (2) that the lack of consensus in the scientific community is confusing and clouding the decision making environment; (3) that institutional barriers exist because of the fact that each of the main groups involved in nutrition marketing (food companies, government agencies, nutrition scientists, consumer advocates, and consumers) have different objectives, organizational structures, and resources which make it difficult to work together and in fact usually lead to conflict; and, (4) that because there is no stated national food and nutrition policy, corporate nutrition policies are formed in an environment of uncertainty.

Clearly, if these obstacles were insurmountable there would be no reason to undertake an effort to increase the amount of nutrition information in the media. But Austin did not have that opinion then and we do not have it now. I think that there is less nutrition ignorance now and probably more confusion. Messages about nutrition, many of them from less trust-

worthy scientific sources, have been widely disseminated and some people have learned a lot. A greater number of manufacturers know more about the nutrient content of their products—nutrition labeling has obviously been an enormous spur to that. Better communications channels have been opened between the various interested parties. Although there is still not a stated national nutrition policy, the HEW/USDA dietary guidelines promulgated at the time of the tri-agency food labeling project, demonstrates a much clearer set of common goals and a stronger commitment to agency interaction than has formerly existed (USDA-USDHEW 1980).

Armed with this analysis and the growing requests by consumers for more nutrition information, the Commission has decided to pursue a novel approach in this area. Even though the idea of considering voluntary approaches to increase the dissemination of general nutrition information is new to the FTC, this idea has a long history outside the agency and among manufacturers, advertisers, and consumers.

At the 1969 White House Conference on Food, Nutrition and Health, Dick Manoff suggested the creation of a Time Bank of media time from all television and radio stations across the country specifically allocated for public service nutrition education messages. In 1974, a report prepared for the hearings on National Nutrition Policy of the Senate Select Committee on Nutrition and Human Needs recommended that an increased allotment of the public service time in the electronic media be devoted to nutrition matters and that this time be based on some specific fraction of the time devoted to commercial messages for food or beverages. In 1979, Manoff (1980), speaking at the National Nutrition Education Conference repeated his call for a Time Bank and went further to say that a fixed share of radio and TV time should be mandated for health and nutrition education.

In 1975, critics of the FTC's plan had suggested voluntary approaches in response to, and as an alternative to, the proposed food rule. The Grocery Manufacturers of America (GMA) funded a study which resulted in the proposal (which was not supported by GMA) of a massive Consumer Education Foundation to be funded by a tax on advertising (*Advertising Age* 1975). The Joint Committee, an alliance of advertising industry groups, was considering a proposal for a campaign that would spend large amounts of money on various nutrition education efforts (*CNI Weekly Report* 1975).

Industry persons as well as academics have been encouraging food industry members to become more aggressive in their use of nutrition information. Jim Austin (1977) exhorted manufacturers to use nutrition as a selling point and to take actions at the executive level to accelerate efforts to increase the public's nutritional knowledge. Donald Kennedy (1977), former FDA Commissioner, stated in several speeches that positive and voluntary steps in the areas of labeling and advertising would serve the industry well. In spring 1979, Manny Raices (1979) from the ad agency Ruder and Finn told a group of his industry colleagues that they should "demonstrate a greater sensitivity to consumer wants and recover territory from consumer advocates by greatly expanding nutritional information." William Smithburg (1979), Chief Executive Officer of the Quaker Oats Company said a year ago at the CNI/FMI Conference on the American Food System that industry can and should develop more informational advertising,

packaging, and other communication materials for consumers. Most recently, Donald Sullivan (1980), President of the Botsford Ketchum Agency, stated that "it is important and necessary for the food industry to make a major long term commitment to improving consumer nutritional habits."

Encouraged by these statements and others, the staff of the Division of Food and Drug Advertising, as well as Chairman Pertschuck, have been meeting with various food company executives to measure their responses to the idea of a voluntary program. When we first started the dialogue, we were aware of the number of different ideas put forth in the past, but had no particular structure in mind. It has become increasingly clear that the idea most people would like to consider in depth is that of a council-type organization composed of representatives from food producers and manufacturers, advertisers, government agencies and consumers. Such a group would continuously disseminate health and nutrition messages through the mass media. Obviously, a number of policy and efficacy questions are raised. For example, what should be the result of the dissemination of such information—knowledge acquisition or beyond that to behavior change? What kinds of messages should be developed? What themes will be most effective with different audiences? What type of media and forms are the best conveyors of different kinds of information (e.g. intra-advertisement vs. extra-advertisement, shorter messages, longer mini programs, etc)? What is the minimum amount of resources needed to carry out effective campaigns? What types of evaluation should be undertaken?

Of course, the really major questions regarding the funding and structure of such a council remain to be answered and we expect that process to begin soon. November 1, 1980 was the deadline for comments to the Commission on the potential for voluntary action to address the nutrition information issue. Various network representatives and retailers have responded favorably to the notion and have committed themselves publicly to the hard work of hammering out a new system.

This "experiment in deregulation", as it has been called, presents an interesting model for other agencies and other situations. Certainly, we cannot at this point in time say that it has worked, but so far the willingness of the major parties to become involved has been encouraging. The goal of the FTC is to promote the flow of useful food and nutrition information to enable consumers to make better informed food purchasing decisions. This action is being taken by the Commission to serve as an indirect remedy for unfairness and deception and to assist the market to operate in a freer manner and to affirmatively promote the public interest. It does not mean that the Commission is abandoning more traditional regulatory actions in the area of food and nutrition, but it does add to the repertory of useful government actions in consumer protection.

FOOTNOTES

¹These remarks are the author's and do not necessarily reflect the view of the Federal Trade Commission or of individual Commissioners.

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