

Associate Parliamentary Food and Health Forum

Ofcom's review of the effects of the HFSS advertising restrictions

23 February 2009

Background

HFSS advertising restrictions

From April 2007, new rules came into effect restricting:

- the scheduling of TV adverts for products that are high in fat or salt or sugar (HFSS), according to the nutrient profiling (NP) scheme developed by the Food Standards Agency (FSA)
- the techniques that could be used to advertise all food and drink products (e.g. film-based cartoon characters and other celebrities, references to free gifts, health claims)

The scheduling rules prohibit HFSS advertisements from appearing:

- in and around children's programmes
- in and around programmes for which the child audience is disproportionately high

HFSS advertising restrictions - timetable

Phase 1 – April 2007

- HFSS advertising ended in children's programmes and programmes of particular appeal to children (4-9) on all except children's channels, where advertising was scaled back to 75% of 2005 levels
- BCAP code rules introduced on advertising treatments

Phase 2 – January 2008

- Phase 1 restrictions extended to programmes for children aged 4-15 on all except children's channels, where HFSS advertising was scaled back to 50% of 2005 levels
- **July – Dec 2008: review of the effects of partial HFSS restrictions**

Phase 3 – January 2009

- End to all HFSS advertising on dedicated children's channels
- **Early 2010: review of the effects of full HFSS restrictions**

Review of HFSS restrictions

Objectives

- To see if the advertising restrictions were having the expected effects in terms of reducing the advertising impacts seen by children, securing compliance by broadcasters with both scheduling and content rules, and impact on broadcasters' revenues

Data sources

- Nielsen Media, Billets Media (formerly Thomson Intermedia) and BARB viewing data

Measuring change

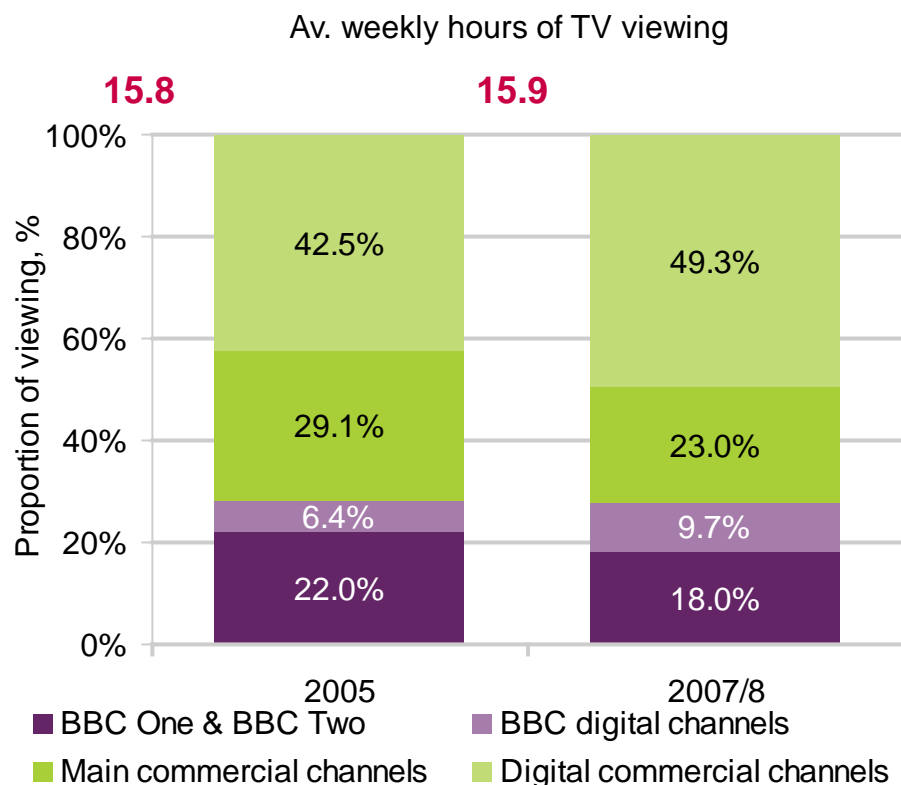
- Ofcom made separate assessments (proxies) of HFSS advertising in 2005 and 2007/08. There was no absolutely reliable data for either year, but data for 2007/08 was better
- We compared the results to ascertain the scale of change in the amount of food advertising impacts

The changing context

2005 to 2007/8

Children are watching broadly the same amount of TV, but spending more time viewing digital channels

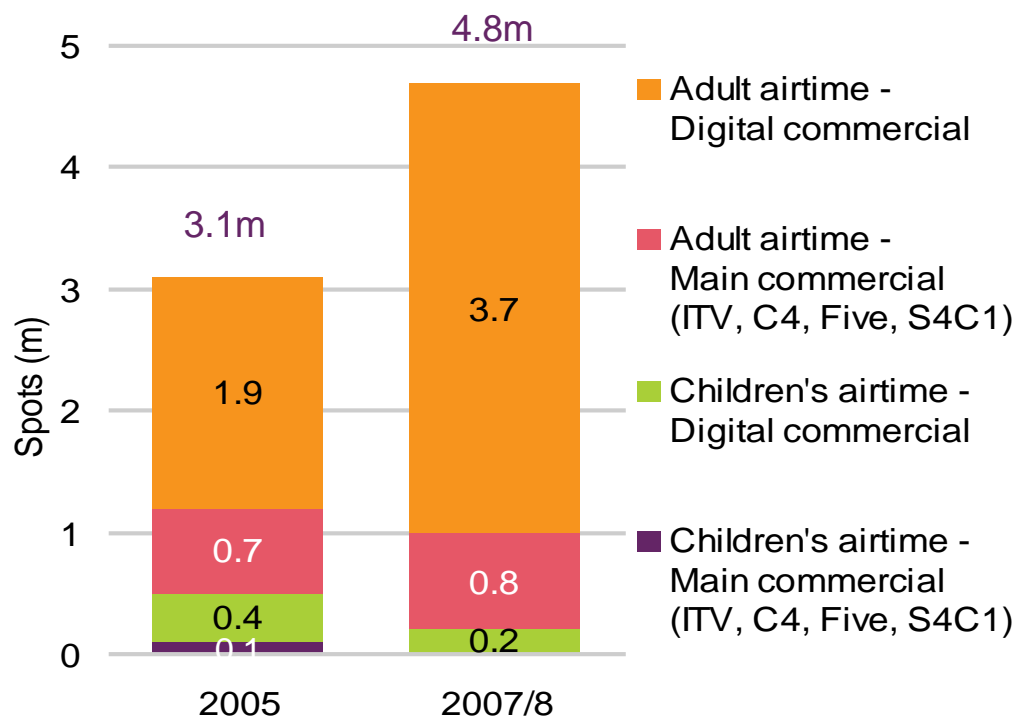
Split in total weekly viewing: Children 4-15 (BARB)



- More viewing in digital airtime (both commercial and non commercial)
- More viewing of children's channels, and digital commercial adult airtime (particularly spin-off channels, such as ITV2)
- Less viewing of the main commercial channels, (ITV1, C4, Five)
- Same proportion of viewing in adult airtime vs. children's airtime

More food and drink advertising, but most growth is in adult airtime on digital commercial channels

Food and drink spots (Nielsen)



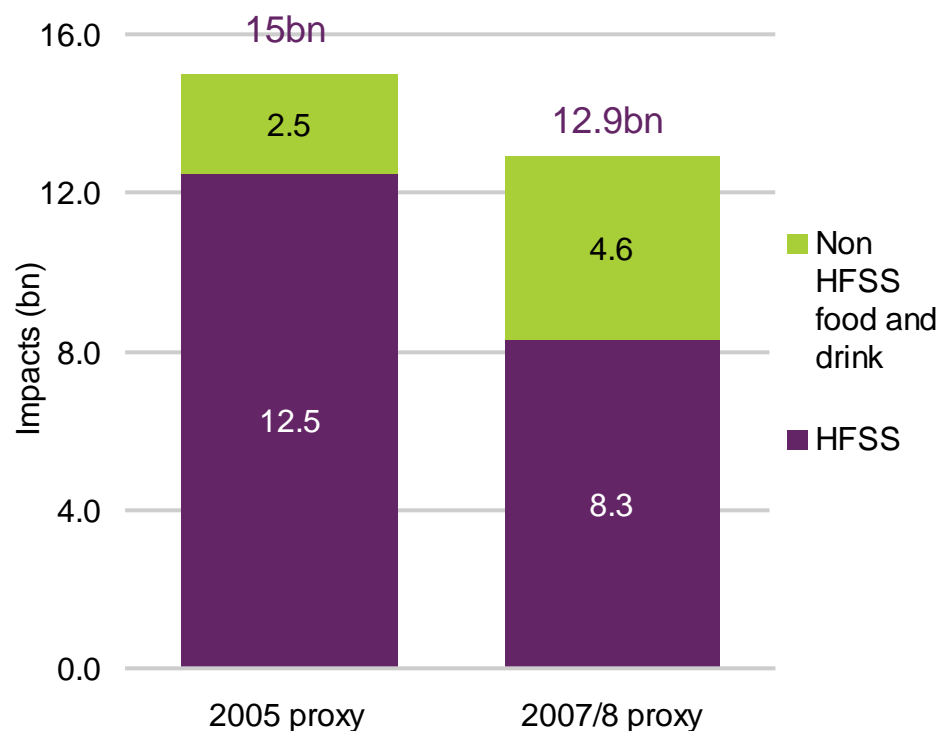
- The number of food and drink spots has increased, but is spread across more channels
- Advertising has shifted from children's airtime into adult airtime
- Food & drink advertising as a proportion of all advertising is largely unchanged

Changes in the amount of HFSS advertising seen by children (impacts)

2005 to 2007/8

Children saw significantly less HFSS advertising in 2007/8 than in 2005

All TV food and drink impacts: Children 4-15 (Nielsen)

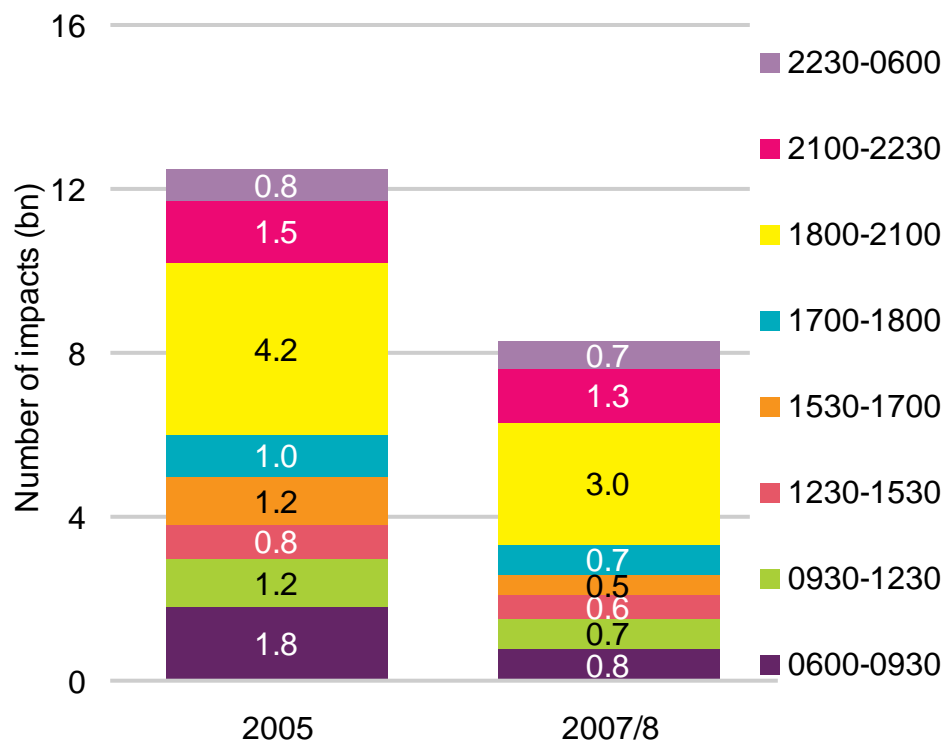


Based on the 2007/8 proxy, overall HFSS child impacts:

- fell by an estimated 34% overall
- for younger children (4 – 9) the drop was greater – 39%
- for older children (10 – 15) the drop was smaller – 28%

HFSS impacts seen by children have fallen in all dayparts, including the 6pm-9pm slot

4-15 HFSS impacts for all airtime by daypart (Nielsen)

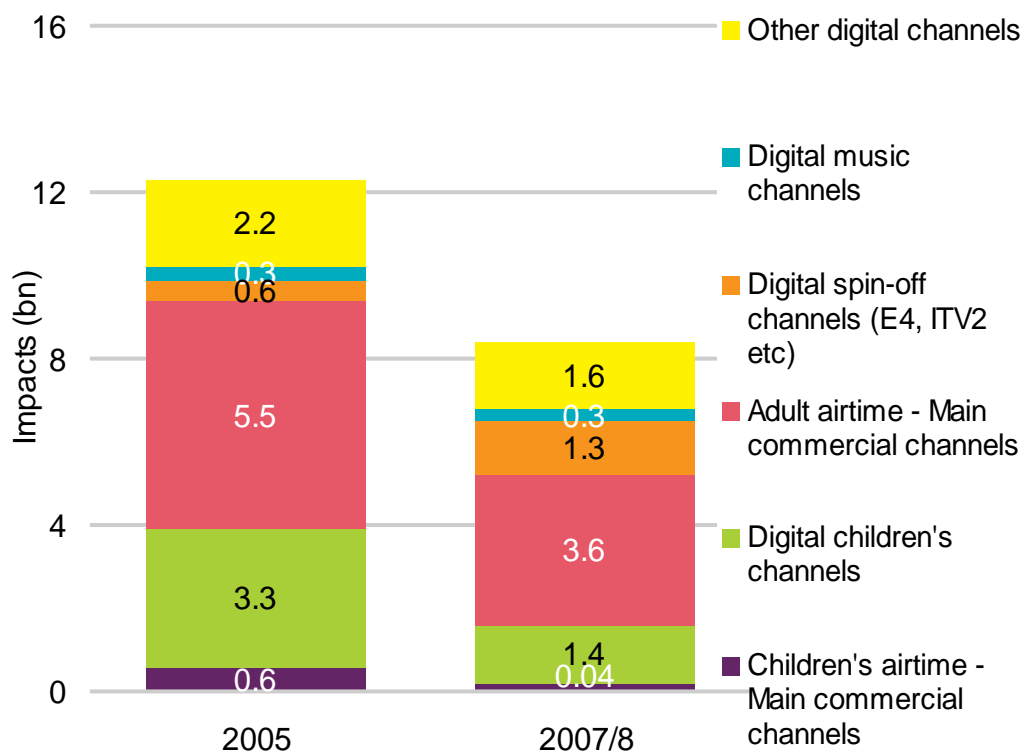


Overall HFSS impacts (4 – 15):

- Fell by 63% in children's airtime
- Fell by 20% in adult's airtime
- Fell by 29% between 6pm and 9pm

HFSS advertising seen by children has shifted away from main commercial channels to digital commercial channels

HFSS impacts: Children 4-15 (Nielsen)



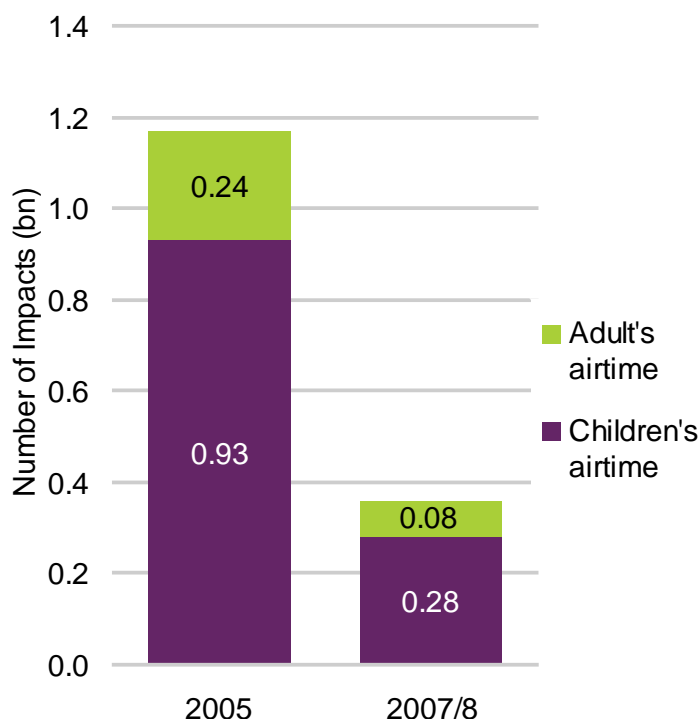
By type of channel, HFSS advertising seen by children:

- Fell by 41% (2.5bn) on the main commercial channels
- Fell by 27% (1.7bn) on the digital commercial channels
- Fell by 3% on music channels
- Increased by 133% (0.7bn) on PSB spin-off channels

Changes in the use of advertising techniques likely to appeal to children

Children saw less food advertising featuring techniques considered to be of appeal to them

Number of food and drink impacts featuring licensed characters (Billets)



Children saw fewer impacts for advertising featuring the following techniques:

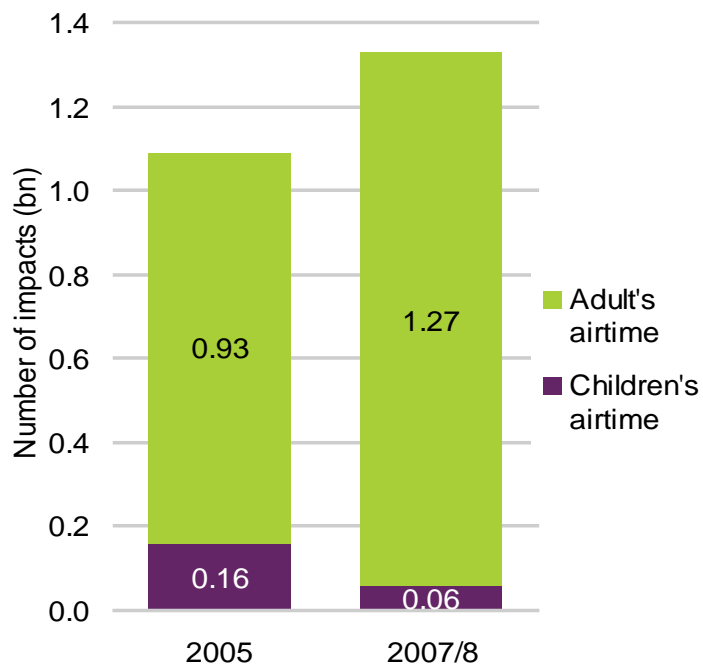
- licensed characters (-69%)
- brand equity characters (-36%)
- other characters* (- 4%)
- promotions (-36%)
- health claims (-18%)

but more advertising featuring celebrities (22%)

* Other characters = treatments including characters not covered by the licensed or brand equity categories e.g. animated inanimate objects, people in costume etc

Children saw more advertising featuring celebrities

Number of food and drink impacts featuring celebrities (Billets)



Child impacts for food and drink advertising featuring celebrities increased overall by 22%:

- includes both HFSS and non-HFSS advertising
- impacts in children's airtime fell by 62%
- celebrities include those of appeal to children, and those of appeal to adults (e.g. William Shatner, Ian Botham)

Brand advertising and sponsorship

- No separate data available for brand advertising or sponsorship from Nielsen or Billets
- Instead this is captured as part of product advertising so children's exposure to these techniques is included in our overall analysis
- Not all broadcasters hold separate information on brand advertising or food and drink sponsorship
- Based on the limited data provided by broadcasters and observations from Clearcast, there is no evidence that advertisers have increased the use of these techniques to circumvent the restrictions
- However the paucity of data makes definitive conclusions impossible

Broadcasters complied with stricter content rules



- ASA carried out compliance surveys in July 2007 (published January 2008) and July 2008 (published December 2008) – available online
- Both studies reviewed unique food and drink advertisements on over 100 TV channels (July 2007 - 292 adverts; July 2008 – 208 adverts)
- In 2008 one advertisement breached BCAP's TV rules on the content of food and drink advertising, resulting in a 99% compliance rate

Impact on broadcasters

- Restrictions on food and drink advertising not the most significant factor affecting broadcasters in the period under review.
- In particular, on the basis of data supplied by broadcasters:
 - children's channels saw a significant decline in food and drink advertising revenue. But total advertising revenue on children's channels increased overall;
 - main commercial channels (ITV1, GMTV, Channel 4 and Five) have seen a 6% decline in food and drink advertising revenue, and a reduction in overall advertising revenues;
 - most other digital commercial channels increased their revenue from food and drink advertising, so mitigating the effects of restrictions to a greater degree than we expected.

Next steps

Next steps

- January 2009: final phase of restrictions took effect
 - HFSS advertising removed from children's channels
- March 2009: FSA concludes review of nutrient profiling scheme
- Spring 2009 FSA to provide:
 - recommendation to Ministers
 - advice to Ofcom
- Early 2010: Ofcom commences review of HFSS advertising restrictions
 - will enable effects of final phase of restrictions to be assessed
 - based on full year data for 2008 and 2009

Q & As

Supplementary slides

Ofcom's regulatory objectives

Balancing relevant duties, Ofcom concluded that it should seek to:

- Reduce significantly the exposure of children under 16 to HFSS advertising, as a means of reducing opportunities to persuade children to demand and consume HFSS products
- Enhance protection for both older and younger children as well as parents by appropriate revisions to advertising content standards, so as to reduce children's emotional engagement with HFSS advertisements, and reduce the risk that children and parents may misinterpret product claims, and to reduce the potential for pester power
- Avoid disproportionate impact on the revenue of broadcasters
- Avoid intrusive regulation of advertisements during adult airtime, given that adults are able to make informed decisions about advertising messages
- Ensure that any measures that are put in place are appropriate and sufficiently timely to enable Government to observe changes to the nature and balance of food promotion by early 2007.

Terms of reference

Ofcom's review looked 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
- Whether the effect on broadcasters has been broadly consistent with Ofcom and broadcaster's expectations
- Whether scheduling restrictions and revised content rules are being implemented as intended, or whether unexpected difficulties have emerged in interpretation, implementation and enforcement
- Whether 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
- Whether 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

How we measured change (1)

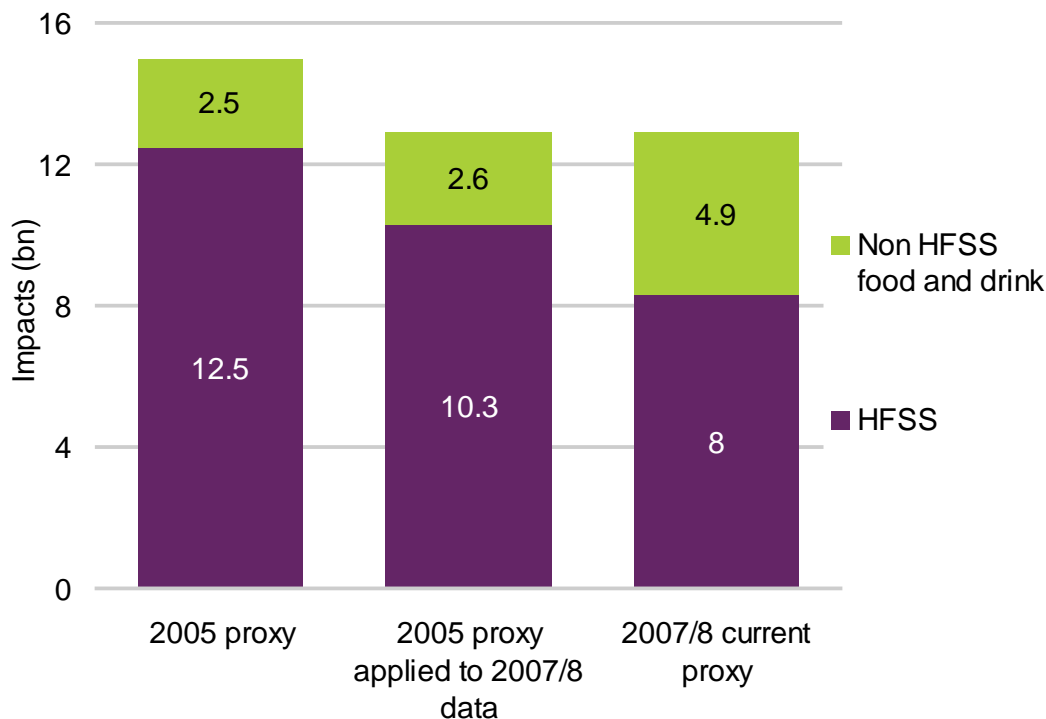
- Important objective of review was to estimate how much HFSS advertising children saw in 2007/8 compared to 2005.
- Ofcom made separate assessments (proxies) of HFSS advertising in 2005 and 2007/8
- There was no data on which products were HFSS in 2005, as NP scheme had not been completed.
- Thus, 2005 proxy was based on an estimate by the Institute of Practitioners of Advertising (IPA) of which sub-categories of food and drink were most likely to be HFSS (e.g. cereals ready to eat) and which were not (e.g. canned fish).
- The sub-categories were then tallied with Nielsen data on which products were advertised and when, and BARB data on how many children were watching them.
- Result was an assessment of how much HFSS advertising children had seen, expressed as 'impacts' (the number of unique viewings of an advertisement).

How we measured change (2)

- Could have done the same in 2007/8. But, by then, we had better data on which advertisements in 2007/8 were for HFSS products, and it was possible to make a better informed judgement for the remainder
- We were able to make a more granular assessment of which advertisements were for HFSS or non-HFSS products, at the level of 'product descriptors' (.e.g. Weetabix) rather than food and drink sub-categories
- This enabled us to take account of the fact that 'cereals ready to eat' includes both HFSS (e.g. Frosties) and non-HFSS (e.g. Weetabix) products. We then tallied this with industry data (as for 2005) to arrive at an estimate of how much HFSS advertising children saw in 2007/8
- Both 2005 and 2007/8 proxies involve some approximation:
 - In case of 2005 proxy, some food and drink sub-categories included both HFSS and non-HFSS products (e.g. cereals ready to eat)
 - In case of 2007/8 proxy, some advertisements for both HFSS and non-HFSS products had the same product descriptor

Estimated reduction in HFSS impacts: comparison of 2005 and 2007/8 HFSS proxies

All TV food and drink impacts: Children 4-15 (Nielsen)



In terms of the 2005 proxy, HFSS child impacts:

- Fell by estimated 18%
- For younger children (4 – 9) the drop was greater – 24%
- For older children (10 – 15) the drop was smaller – 12%

But data show that, in 2007/8 the 2005 proxy overstates amount of HFSS advertising

Data sources and definitions

- Sources:
 - Nielsen Media, Billets Media (formerly Thomson Intermedia) and BARB viewing data
- Analysis periods:
 - 2005 (baseline year, last year for which we had full data pre-restrictions)
 - July 2007 – June 2008 (latest 12 month period for which we had full data)
- Demographic categories:
 - children aged 4-15, with 4-9 and 10-15 age sub-groups
- Advertising impacts:
 - one impact equivalent to one 30-second advertisement seen once by one person
 - ten impacts equivalent to five ads seen by two people, two ads seen by five people etc.
- Product categories:
 - Nielsen Media all food and drink (previously referred to as Core Categories)
 - Billets Media all food and drink
 - 2005 HFSS proxy (Nielsen all food and drink categories less selected food sub-categories)
 - 2007/8 HFSS proxy (Nielsen all food and drink categories less selected product categories)