

**Supporting Statement for a Paperwork Reduction Act
Submission to OMB
FTC Study of Food Marketing to Children and Adolescents
(OMB Control No. 3084-TBD)**

The Federal Trade Commission (“FTC” or “Commission”) proposes to conduct an analysis of food and beverage industry marketing to children and adolescents. This analysis will examine advertising and promotional techniques and expenditures, and the nutritional content of food products marketed to children and adolescents by members of the food industry. The Commission will seek the information necessary to prepare this analysis through compulsory process under Section 6(b) of the FTC Act, 15 U.S.C. § 46(b).

1. & 2. Necessity for Information Collection and How the Data Will Be Used

Authority Under the FTC Act to Conduct the Proposed Study

Although the FTC is primarily a law enforcement agency, Congress also has endowed the Commission with authority to investigate and report to Congress and the public on industry practices that affect the economic well-being of consumers.¹ For example, the Commission has released reports on topics such as: competition issues surrounding broadband connectivity; investigation of price manipulation and price increases in the wake of Hurricane Katrina; and factors that affect gasoline prices in the United States.² The proposed analysis is a follow-up to a study, required by Congress and approved by OMB in July 2007 (OMB Control Number 3084-0139), that the Commission conducted of youth-directed food marketing activities and expenditures during calendar year 2006.³

¹ Specifically, Congress has authorized the FTC “to gather and compile information concerning, and to investigate from time to time the organization, business, conduct, practices, and management of any person, partnership, or corporation engaged in or whose business affects commerce,” and “to make public from time to time such portions of the information obtained by it hereunder as are in the public interest.” 15 U.S.C. §§ 46(a), (f).

² FTC, *Broadband Connectivity Competition Policy* (June 2007), at www.ftc.gov/reports/broadband/v070000report.pdf; FTC, *Investigation of Gasoline Price Manipulation and Post-Katrina Gas Price Increases* (Spring 2006), at www.ftc.gov/reports/060518PublicGasolinePricesInvestigationReportFinal.pdf; FTC, *Gasoline Price Changes: The Dynamic of Supply, Demand, and Competition* (2005), at www.ftc.gov/reports/gasprices05/050705gaspricesrpt.pdf.

³ It also is very similar in content and methodology to studies that the Commission has undertaken with respect to advertising for alcoholic beverages and tobacco products. *See, e.g.*, FTC’s Study on Alcohol Industry Self-Regulation (OMB Control Number 3084-0138); FTC Cigarette and Smokeless Tobacco Data Collection (OMB Control Number 3084-0134).

Necessity for (and Practical Utility of) the Proposed Study

Childhood obesity is a critical public policy issue in the United States, one with serious public health consequences. The U.S. Department of Health and Human Services (HHS) Office of the Surgeon General recently reported that “nearly one in three children are overweight or obese” in this country.⁴ In February 2010, President Obama established an advisory Task Force on Childhood Obesity, comprised of officials from several federal agencies, to develop an interagency action plan to solve the national childhood obesity problem within a generation.⁵ One of the specific objectives of the Task Force is to empower families with information to make healthful choices. An area of focus for the interagency action plan is “identifying relevant evidence gaps and conducting or facilitating needed research to fill those gaps.”⁶ A fundamental aspect of the FTC’s consumer protection mission is to facilitate consumers’ access to accurate, reliable information to assist in their decision making. The FTC’s proposed study will further the goals of the Task Force and the FTC’s consumer protection efforts by analyzing and reporting on youth-directed food marketing expenditure and nutrition data not otherwise available in the public domain (see *infra* Section 4).

In recent years, the Commission has made significant contributions to this important public health area through its examination of youth-directed food marketing practices. In July 2005, the FTC and HHS jointly convened a two-day workshop on “Marketing, Self-Regulation, & Childhood Obesity” to focus attention on initiatives that the food industry and others could undertake to encourage healthier eating and lifestyles among the nation’s youth. The workshop produced a series of recommendations, including suggestions for industry self-regulatory initiatives to address the way in which food is marketed to children.⁷

An outgrowth of the FTC-HHS workshop was the Council of Better Business Bureaus’ establishment of the Children’s Food and Beverage Advertising Initiative (CFBAI) in November 2006. To date, 16 of the largest food and beverage companies – estimated to represent more

⁴ U.S. Dept. Health and Human Services, *The Surgeon General’s Vision for a Healthy and Fit Nation* (Jan. 2010) (Surgeon General 2010 Report), at <http://www.surgeongeneral.gov/library/obesityvision/obesityvision2010.pdf>.

⁵ The White House, *Presidential Memorandum – Establishing a Task Force on Childhood Obesity* (Feb. 9, 2010), at <http://www.whitehouse.gov/the-press-office/presidential-memorandum-establishing-a-task-force-childhood-obesity>.

⁶ *Id.* at Section 3(d).

⁷ Federal Trade Commission & Department of Health and Human Services, *Perspectives on Marketing, Self-Regulation, & Childhood Obesity* (Apr. 2006). Recommendations that came out of the workshop are listed at pages 48-54 of that report.

than eighty percent of children's food and beverage ads on TV⁸ – have joined the CFBAI Initiative.⁹ Also in 2006, the Alliance for a Healthier Generation began its program to improve the nutritional profile of competitive food and beverages available in schools.¹⁰ The Alliance recently reported “an 88 percent decrease in total beverage calories shipped to schools between” school years 2004 and 2009.¹¹

In July 2007, the FTC held a public forum to review industry self-regulatory initiatives and relevant research on youth-directed food marketing.¹² At that time, FTC officials voiced a commitment to monitor industry progress in this area and, specifically, to conduct a comprehensive study of youth-directed food marketing practices to establish a baseline by which to measure the success of industry initiatives.¹³ Later that month, the Commission issued compulsory process orders to 44 food, beverage, and quick service restaurant companies to collect information on their marketing activities and expenditures directed to children and

⁸ Association of National Advertisers Press Release, *Children's Food and Beverage Advertising Initiative Promotes Nutritious Choices and Healthier Lifestyles to Kids* (Jan. 19, 2009), at <http://www.ana.net/advocacy/content/1613>.

⁹ Individual company pledges vary, but all participants have agreed, among other things, to limit television and certain other advertising to foods meeting certain nutritional criteria, to refrain from advertising their products in elementary schools, and to reduce the use of third-party licensed characters in child-directed advertising. CFBAI Website, at <http://www.bbb.org/us/about-children-food-beverage-advertising-initiative/>.

¹⁰ See Alliance Press Release webpage, at <http://www.healthiergeneration.org/media.aspx>.

¹¹ See Alliance website, at <http://www.healthiergeneration.org/companies.aspx?id=4400>.

¹² FTC Press Release, *Weighing-In: A Check-up on Marketing, Self-Regulation, and Childhood Obesity* (July 2007), at <http://www.ftc.gov/opa/2007/06/weighingin.shtm>.

¹³ See, e.g., Remarks of Lydia Parnes, then-Director of FTC's Bureau of Consumer Protection, at the FTC's 2007 Food Marketing Forum (July 18, 2007), at <http://www.ftc.gov/speeches/parnes/070718obesity.pdf>.

adolescents.¹⁴ The study, conducted at the request of Congress,¹⁵ examined a spectrum of youth-directed food marketing activities and corresponding expenditures during calendar year 2006.

In July 2008, the FTC issued a report to Congress entitled *Marketing Food to Children and Adolescents: A Review of Industry Expenditures, Activities, and Self-Regulation* (2008 Report).¹⁶ It found that the reporting companies spent more than \$1.6 billion marketing their products to children and adolescents in 2006, and employed a variety of techniques, including promotion through traditional measured media (television, print, radio), the Internet and other “new” media, product packaging, and in-store advertising, as well as integrated campaigns that combined several techniques and cross-promotions with media and entertainment companies.¹⁷ The 2008 Report included several recommendations, among them that companies marketing food or beverage products: (1) adopt meaningful uniform nutrition-based standards for all products marketed to children under age 12; and (2) apply these standards to all advertising and promotional techniques.¹⁸ The Commission indicated it would issue a follow-up report assessing the extent to which the 2008 Report recommendations have been implemented and what, if any, additional measures may be warranted.

In December 2009, the FTC hosted a forum entitled “Sizing Up Food Marketing and Childhood Obesity” to discuss relevant scholarly research, self-regulatory initiatives, and policy and legal issues. At that event, the Chairman of the FTC noted that preparations were underway

¹⁴ Also in 2007, the FTC’s Bureau of Economics released a report on children’s exposure to television advertising, comparing data from 2004 to similar data from 1977. The study concluded that children are not exposed to more food ads on television than they were in the past, although their ad exposure today is more concentrated on children’s programming. Federal Trade Commission, Bureau of Economics Staff Report, *Children’s Exposure to Television Advertising in 1977 and 2004: Information for the Obesity Debate* (2007), at <http://www.ftc.gov/os/2007/06/cabecolor.pdf>.

¹⁵ The study was requested by Congress in conjunction with the Commission’s FY 2006 appropriation (Pub. L. No. 109-108). The Conference Report (H.R. Rep. No. 109-272 (2005)) for this appropriations law incorporated by reference language from the Senate Report (S. Rep. No. 109-88 (2005)) instructing the FTC to prepare a report on food industry marketing activities and expenditures targeted to children and adolescents.

¹⁶ Available at <http://www.ftc.gov/os/2008/07/P064504foodmktngreport.pdf>.

¹⁷ *Id.* at 7-8.

¹⁸ These advertising and promotional techniques include television, print, and radio; website, Internet, and digital advertising; word-of-mouth and viral advertising; product packaging and retail promotion; movie and video promotion; use of premiums in connection with the sale of a product; product placements, character licensing, and cross-promotion; athletic sponsorship; celebrity endorsements; and in-school marketing.

for a Commission study of youth-directed marketing by the food industry in calendar year 2009.¹⁹

The proposed study will advance the Commission's efforts to understand how food industry promotional dollars targeted to children and adolescents are allocated, the types of activities and marketing techniques the food industry uses to market its products to children and adolescents, and the extent to which self-regulatory efforts are succeeding in improving the nutritional quality of foods advertised to children and adolescents. The FTC proposes to gather 2009 data covering generally the same scope of food marketing activities and expenditures as covered by the 2008 Report. In an additional area of focus, the Commission will gather key nutrient data (*e.g.*, calories, fat, sodium, sugar, servings of whole grains, servings of fruit and vegetable) for foods and beverages that the respondents marketed to children and adolescents in 2009, and for foods and beverages previously reported by companies for calendar year 2006. With this information, the Commission will be able to analyze changes in the nutritional profile of foods marketed to youth since the implementation of industry self-regulatory initiatives and, accordingly, the impact of self-regulatory standards such as those of the CFBAI. Furthering the consumer education goals of the FTC and the Presidential Task Force on Childhood Obesity, the information collection will create educational opportunities for children and teenagers and offer parents and youth useful data to inform their consumer choices. In addition, it will provide industry members and policy makers with the means to assess the impact of self-regulatory initiatives and decide on important next steps.

How the Data Will Be Collected and Used

The FTC proposes to send information requests to forty-eight (48) food and beverage manufacturers, distributors, and marketers and quick service restaurant companies in the United States, forty (40) of which were recipients of the Commission's 6(b) Orders in 2007. The FTC has selected companies based on the likelihood that they market food products directly to children and adolescents. The companies selected have not been randomly sampled to represent the total population of companies that produce, distribute, and market food products in the U.S. because that is not the relevant population for purposes of this study.

The FTC staff conducted extensive research in order to compile the list of proposed recipients of the Section 6(b) orders. Staff first reviewed a number of public sources – including an Institute of Medicine Report on food marketing to children, studies of food advertising to children on TV and online, and press reports – regarding categories of foods most often marketed to children and adolescents. Staff also conferred with the FTC economists who recently studied children's exposure to television food advertising to identify categories of foods

¹⁹ Remarks by FTC Chairman Jon Leibowitz at "Sizing Up Food Marketing and Childhood Obesity" (Dec. 15, 2009), at <http://www.ftc.gov/speeches/leibowitz/091215foodmarketingobesity.pdf>.

most frequently marketed to children and adolescents on TV.²⁰ FTC staff then consulted a variety of published sources, and purchased relevant TV advertising exposure data from Nielsen Media Research, to determine the companies that likely account for the majority of the marketing directed to children and adolescents for these categories of foods. For each company identified, staff researched public sources and examined company and product websites to determine the media techniques used by those companies to market food products to children and adolescents. For most of the selected food categories, the target companies constitute the top television advertisers in programs or time segments where 30% or more of the audience is between the ages of 2 and 17. Moreover, for the primary products in these food categories, the targeted companies account for 60% to 90% of U.S. sales.²¹

As a result of this research, FTC staff is confident that the companies that will receive information requests are those marketing and selling the categories of food and beverage products that are advertised to children and adolescents most frequently, including all 16 members of the CFBAI. The CFBAI reportedly accounts for at least three-fourths of children's food and beverage television advertising expenditures;²² therefore, the proposed FTC study will account for significantly more than three-fourths of advertising expenditures directed toward children and adolescents. In its report on this study, the Commission will accurately characterize the data within the context of the population from which the data were derived and will draw conclusions supported by the data.

Included among the 48 companies to which the FTC proposes sending the information collection are several fruit and vegetable producers, distributors, and marketers. Traditionally, fruit and vegetable companies have not engaged in significant marketing efforts but, in recent years, some of these fruit and vegetable companies have packaged and promoted their products in ways likely to appeal to children, such as by using licensed characters popular with children in their product labels and displays.²³ In addition, some quick service restaurants reportedly have placed greater emphasis on featuring fruit in their children's meal advertising.²⁴ FTC staff has identified particular companies engaged in such activities and has included them in the proposed information collection. Gathering information on these practices will enable FTC staff to compare the marketing techniques and expenditures being used to market fruits and vegetables

²⁰ See *supra* note 14.

²¹ The exception is fruit and vegetable marketers, which are discussed below.

²² CFBAI website, at <http://www.bbb.org/us/children-food-beverage-advertising-initiative/>; ANA Press Release, *supra* note 8.

²³ See, e.g., Keiko Morris, "SpongeBob sells spinach and Dora the Explorer hawks carrots as food producers and entertainment companies join forces," *Newsday* (June 15, 2007).

²⁴ See, e.g., Lauren Shepherd, "Burger King looks to woo mom with new kids meal," *The Associated Press* (June 30, 2008); Catherine R. Cobb, "Despite kids' menu upgrades, critics still slam QSR fit fare," *Nation's Restaurant News* (Sept. 1, 2008).

relative to foods that traditionally have been more frequently marketed to children and adolescents.

FTC staff has carefully crafted its information requests so as to collect information that may be used in a reasonable, practicable, workable, and reliable way. As with the 2006 study, the information requests will seek data and information regarding, among other things: (1) the types of foods marketed to children (ages 2-11 years) and adolescents (ages 12-17 years); (2) the types of measured²⁵ and unmeasured²⁶ media techniques used to market food products to children and adolescents; (3) the amount spent to communicate marketing messages about food products to children and adolescents in measured and unmeasured media; (4) the nature of the marketing activities used to market food products to children and adolescents; (5) marketing to youth of a specific gender, race, ethnicity, or income level; and (6) marketing policies, initiatives, or research in effect or undertaken by the companies relating to the marketing of food and beverage products to children and adolescents. As noted above, the FTC also proposes to gather nutrition information about products the companies marketed to children and adolescents in calendar years 2006 and 2009, to evaluate possible changes in the nutritional content, and variety, of youth-marketed foods. Further, the Commission proposes to seek scientific and market research exploring psychological and other factors that may contribute to food advertising appeal among youth.

In keeping with the 2006 study, the proposed Section 6(b) Orders will seek information about the categories of food products, the specific brands and sub-brands that the companies market to children and adolescents. The Orders will specify ten (10) food categories for which companies will have to report marketing expenditures and activities.²⁷ The proposed Section 6(b) Orders will also request information on whether the companies offer a line of food products bearing a nutritional icon, seal, or symbol, or otherwise identified as “better for you” or healthier than other products, and will seek information on how those product lines are marketed to children and adolescents. This information will help the agency evaluate the variety of foods and beverages that is marketed to children and adolescents.

²⁵ “Measured media” include methods typically measured by market research companies such as television, radio, print (magazine and newspaper), and some forms of Internet advertising.

²⁶ “Unmeasured media” include methods for which audience size is not typically measured, such as in-store marketing (including shelf placement), events, package promotions, digital marketing, and product placement in entertainment media (including television shows, movies, video games, and music recordings).

²⁷ The specific categories are: breakfast cereals; snack foods; candy and frozen desserts; dairy products; baked goods; prepared foods and meals; carbonated beverages; fruit juice and non-carbonated beverages; and restaurant foods. FTC staff has identified these as the categories of food and beverage products that appear to be advertised to children and adolescents most frequently. In addition, the FTC proposes to collect information from major marketers of fruits and vegetables to ensure that data are gathered regarding efforts to promote consumption of these foods among children and adolescents.

The proposed Section 6(b) Orders will require the companies to provide their marketing activities and expenditures during the calendar year 2009 in 18 different measured and unmeasured media categories.²⁸ The proposed Section 6(b) Orders will require industry members to report expenditures in each media category by food category, by brand, and, where such advertising exists, by sub-brand, and to identify expenditures for foods that are part of a product line bearing nutritional seals or icons. Expenditures will be reported separately for marketing activities directed to children ages 2-11 and for those directed to adolescents ages 12-17. This information will allow the agency to analyze how industry members allocate their promotional expenditures among particular food and beverage products and particular media for each age group. Total marketing expenditures for each food product, and within each promotional activity category, will also be reported to permit the agency to analyze the percentage of marketing expenditures for any product or in any media category that is directed to children or adolescents.

The proposed Section 6(b) Orders also will require the 48 respondents to provide specific nutritional data for each food product that the companies marketed to children or adolescents in 2009.²⁹ Recipients of the Section 6(b) Orders who filed a Special Order for calendar year 2006 likewise must provide the requested nutrition data for each food product that the company identified as marketed to children or adolescents in 2006.³⁰

The nutrition data to be requested includes common nutrient information that typically appears on the Nutrition Facts panel of packaged goods, such as serving size, total calories, calories from fat, total fat, saturated fat, trans fat, cholesterol, sodium, potassium, total carbohydrate, dietary fiber, sugars, protein, vitamin A, vitamin C, calcium, and iron. The Commission also intends to seek certain other information, including added sugar, all grain content and whole grains content, fruit and fruit juice content, vegetable and vegetable juice content, dairy content, and information on certain protein-rich foods (*e.g.*, fish, lean

²⁸ These are: (1) television advertising; (2) radio advertising; (3) print advertising; (4) company-sponsored Internet sites; (5) other Internet and digital advertising; (6) packaging and labeling; (7) movie theater/video/video game advertising; (8) in-store advertising and promotions; (9) specialty item or premium distribution; (10) public entertainment events; (11) product placements; (12) character licensing, toy-co-branding, and cross-promotions; (13) sponsorship of sports teams or individual athletes; (14) word-of-mouth and viral marketing; (15) celebrity endorsements; (16) in-school marketing; (17) advertising in conjunction with philanthropic endeavors; and (18) other expenditures.

²⁹ If a company reformulated the food product in 2009, the company must provide nutritional data for the last of the formulations in 2009.

³⁰ For ease of reporting, the FTC will provide each company that submitted a Special Report for calendar year 2006 with a pre-populated spreadsheet showing the products that the company previously identified as marketed to youth.

meat/poultry, egg, nuts, and beans). This information will enable the Commission to effectively analyze the nutritional profile of foods marketed to children and adolescents.

In sum, the proposed Section 6(b) Orders seek comprehensive information about activities and expenditures to promote food and beverages to children and adolescents, as well as the nutritional composition of such products. As explained above, this information will allow the agency to analyze how industry members allocate their promotional activities and expenditures among various media and for different food products. In addition, the FTC will be able to evaluate the impact of self-regulatory efforts on the nutritional profiles of foods marketed to children and adolescents. The food, promotional activity, and nutrient categories are carefully defined to facilitate compliance with the requests, as are the criteria for determining whether particular marketing activities, expenditures, and nutritional data must be included in the responses.

The information ultimately presented in the FTC's report will not reveal company-specific data, except data that are public. *See* 15 U.S.C. § 57b-2(d)(1)(B). The Commission anticipates providing information on an anonymous or aggregated basis, in a manner sufficient to protect individual companies' confidential information, to provide a factual summary of food industry marketing activities and expenditures targeted to children and adolescents and changes in nutritional content within specific food categories.

3. Information Technology

Improved information technology may assist in gathering and producing this information. Consistent with the aims of the Government Paperwork Elimination Act, 44 U.S.C. § 3504, the FTC will request the submission of information through electronic means. Electronic submissions of the expenditure and nutrition data are needed to enable FTC staff to aggregate and analyze the data using database software. In addition, the FTC is requesting the submission of one paper copy. This will facilitate the reading of the individual submissions by the FTC staff and will ensure that analysis will not be delayed by potential problems in the printing and copying of electronic submissions.

4. Efforts to Identify Duplication

There is no reliable information available elsewhere that can be used to prepare this follow-up to our 2008 Report. Efforts to identify duplicate sources of information included a review of trade journals, government publications, and other published sources.³¹

³¹ In 2005, the Institute of Medicine, Committee on Food Marketing and the Diets of Children and Youth, prepared a report titled "Food Marketing to Children and Youth: Threat or Opportunity?" The Committee relied upon published sources and publicly available industry and commercial marketing research. It noted in its report, however, at pp. 1-14, the difficulty of obtaining and using the relevant data:

5. Efforts to Minimize the Burden on Small Organizations

The requests to the 48 food and beverage industry members (including 41 producers, distributors, and/or marketers and 7 restaurant companies) will not have a significant impact on a substantial number of small entities. Wherever possible, the FTC has attempted to minimize the time commitment necessary to respond to the information requests. The FTC will consider proposals for use of information technology that may reduce the burden.

6. Consequences to Federal Program and Policy Activities/Obstacles to Reducing Burden

If the information is not collected, the FTC will not have the data necessary to evaluate the extent of industry changes between 2006 and 2009, including critical areas of interest such as nutrition content and advertising costs and activities. We expect this information to be helpful to, and relied upon by, federal agencies and policymakers in their efforts to address childhood obesity. The burden of the information collection has been reduced as much as possible.

7. Circumstances Requiring Collection Inconsistent with Guidelines

The information requests are consistent with all the applicable guidelines contained in 5 U.S.C. § 1320.5(d)(2).

8. Public Comments/Consultation Outside the Agency and Actions Taken

As required by 5 C.F.R. 1320.8(d), the Commission published a Federal Register notice seeking public comment on the proposed collections of information, *see* 74 Fed. Reg. 48,072 (Sept. 21, 2009) (hereinafter “September 2009 Notice”), and is doing so again contemporaneously with this submission.

In response to the September 2009 Notice, the FTC received public comments from the following six entities:³² (1) the Robert Wood Johnson Foundation Center to Prevent Childhood

The Committee faced several notable challenges to acquiring and using this commercial marketing research. Businesses are increasingly using integrated marketing strategies to ensure that young consumers are exposed to messages that will stimulate demand, build brand loyalty, and encourage potential or existing customers to purchase new products. . . . Many of these strategies are new, and are not well researched or evaluated. Additionally, a large proportion of this research is conducted for paying clients and is therefore considered to be proprietary information that is not publicly accessible or available only for purchase at considerable cost to the committee and with prohibitive constraints on public availability of the data.

³² The comments are available at <http://www.ftc.gov/os/comments/foodmktgkids-2/index.shtm>.

Obesity (RWJF Center); (2) the Food Marketing to Children Workgroup (FMC Workgroup)³³; (3) the Council of Better Business Bureaus' Children's Food and Beverage Advertising Initiative (CFBAI); (4) the Grocery Manufacturers Association (GMA); (5) the African American Collaborative Obesity Research Network (AACORN); and (6) Children Now on behalf of several organizations.³⁴ The RWJF Center and the FMC Workgroup expressly favored the proposed data collection and made suggestions for additional information to collect. The remaining four comments did not oppose the data collection. All commenters included suggestions for enhancing the quality, utility, and clarity of the information to be collected, and one offered suggestions for reducing the burden on the companies.

a. General Support for the Data Collection

Two commenters indicated that the proposed information collection is essential to furthering knowledge of youth-directed food marketing. The RWJF Center stated the "follow-up study will continue to add to and expand upon our knowledge of food and beverage products marketed to, as well as marketing practices aimed at youth."³⁵ The FMC Workgroup added that it "strongly supports the FTC's proposed information collection as necessary and useful."³⁶ In addition, the CFBAI lauded the FTC for its 2008 Report, "which through empirical data collection and rigorous analysis, brought much needed clarity and certainty to the question of food and beverage marketing to children."³⁷

b. Utility of the Information Collection

In its September 2009 Notice, the FTC stated that it would seek relevant information, including empirical data, on the nature and extent of marketing activities and expenditures targeted to children and adolescents, and nutrition information about products that companies marketed to children and adolescents in calendar years 2006 and 2009. The FTC invited

³³ The FMC Workgroup, organized by the Center for Science in the Public Interest and Berkeley Media Studies Group, is comprised "of more than 120 individuals from academics and local, state, and national child advocacy and health organizations across the United States." FMC Workgroup comment at 1.

³⁴ The signatories to the Children Now comment are The American Academy of Pediatrics; The American Psychological Association; the African American Collaborative Obesity Research Network; the Campaign for a Commercial-Free Childhood; Children Now; Common Sense Media; Morality in the Media; the National Policy and Legal Analysis Network to Prevent Childhood Obesity; the Parents Television Council; the Rudd Center on Food Policy and Obesity, Yale University; Save the Children; and Ellen Wartella, Professor, University of California, Riverside.

³⁵ RWJF Center comment at 1.

³⁶ FMC Workgroup comment at 1.

³⁷ CFBAI comment at 1.

comments on whether the proposed collections of information are necessary for the proper performance of the functions of the FTC.

Commenters also addressed the question of whether the information collected will have practical utility. The RWJF Center commented that the FTC's proposed information collection is important to expanding knowledge of food and beverage marketing in light of changes that have occurred in the marketing landscape in the past few years, such as novel new media and market research techniques. The FMC Workgroup commented that collecting 2006 and 2009 data will allow the FTC to assess the extent to which companies have implemented the Commission's 2008 recommendations, and to identify additional actions that may be warranted. The FMC Workgroup also agreed that collecting nutritional data will allow the Commission to better evaluate the impact of self-regulatory pledges.³⁸

c. Suggestions for Improvements to the Proposed Information Collection

The FTC invited comments in its September 2009 Notice on ways to enhance the quality, utility, and clarity of the information to be collected. The FTC received several suggestions for enhancing the FTC's proposed collection of marketing data by collecting the following: (1) exposure data for measured media and new media (*e.g.*, Internet, digital, and viral marketing); (2) additional data for new media, including certain expenditure data and measures of ad effectiveness; (3) additional market research data; (4) other marketing data based on race, ethnicity, age, and other demographic indicators; and (5) data regarding nutrition information and specific food categories.

Exposure data. Children Now, the RWJF Center, and the FMC Workgroup suggested that gathering exposure data is important to accurately evaluate child and adolescent exposure to measured media and various interactive media techniques. The RWJF Center and Children Now suggested the FTC gather data on exposure and impressions, and the RWJF Center also suggested gathering data on the demographic makeup of the audiences (*e.g.*, distributions by age group and among racial and ethnic minority populations).³⁹ The FMC Workgroup requested that exposure data be collected and disaggregated among different types of new media.⁴⁰

The Congressional appropriations language upon which the 2008 Report was based instructed the FTC to prepare a report on food industry marketing activities and expenditures "targeted toward" children and adolescents. In other words, Congress asked the FTC to examine food advertising intentionally marketed to youth. Because it was not feasible for the Commission to make ad-by-ad, fact-intensive determinations of intent, the FTC relied on objective criteria. For television, an ad was deemed to be child-targeted if the company's marketing plan so indicated or if the advertisement appeared during a program that had a 30%

³⁸ FMC Workgroup comment at 2.

³⁹ RWJF Center comment Attachment 1, Section A; Children Now comment at 1.

⁴⁰ FMC Workgroup comment at 2.

child audience; a 20% threshold was used for adolescent-targeted ads. The percentage threshold for child-targeted Internet advertising was 20% (as opposed to 30% for television) because relatively fewer children are active Internet users. The FTC chose these percentages because they are approximately double the percentages of children and adolescents in the medium's overall audience. The Commission inferred that a company intended to target children or adolescents by advertising on a show or website that disproportionately attracted youth to such a high degree.

Although the “percentage of audience” approach runs some risk of under-inclusiveness – *i.e.*, by not capturing ads placed on programs that have a relatively low percentage, but high number, of child or adolescent viewers – it established an adequate benchmark for future assessments of whether food advertisers have altered their youth-targeted marketing. By comparison, an approach that focuses on overall child or adolescent exposure to food ads runs a much higher risk of *over*-inclusiveness. An exposure approach does not distinguish between ads placed on children's programming and ads placed on general audience or adult programs that happen to have many child viewers. Although exposure data might show whether children and adolescents are seeing more or fewer ads in particular food categories,⁴¹ these data would not aid the Commission's assessment of whether the level of intentional targeting of youth with food and beverage ads has changed over time.

Separately, an exposure approach could substantially increase the compliance burden on the companies. An ad for a food product might generate a substantial number of youth impressions simply because it ran on programs with large general audiences, such as *American Idol* or *The Simpsons*. Yet, the same ad might never have run on shows watched predominantly by children or adolescents. Thus, an exposure approach potentially could encompass many more food products than the percentage of the audience approach.⁴²

Finally, the Commission notes that the FTC⁴³ and several outside researchers have conducted exposure analyses of food and beverage television advertising.⁴⁴ In addition, the Commission's follow-up report will include: an analysis of television expenditures on the top

⁴¹ To do this comparison, the Commission also would have to collect this data for 2006, further increasing the compliance burden on the companies.

⁴² Indeed, GMA asserted that the FTC's criteria of a “30% Children Audience” and a “20% Adolescent Audience” are too broad to determine if certain types of advertising are directed to children or adolescents. GMA comment at 3.

⁴³ FTC Bureau of Economics Staff Report, *supra* note 14.

⁴⁴ *E.g.*, Harris, et al., Rudd Center for Food Policy & Obesity at Yale Univ., *Cereal F.A.C.T.S.* (2009), available at http://www.cerealfacts.org/media/Cereal_FACTS_Report.pdf; Powell, et al., *Nutritional Content of Television Food Advertisements Seen by Children and Adolescents in the United States*, 120 *Pediatrics* 576-83 (2007); Powell, et al., *Exposure to Food Advertising on Television Among U.S. Children*, 161 *Archives of Pediatrics & Adolescent Med.* (2007).

five broadcast shows for children and adolescents based on audience share; data on online display ad impressions for foods generated on child- or teen-oriented websites; and an analysis of time spent by youth on websites operated by food companies based on data purchased from media research firms.

New media. The RWJF Center and Children Now suggested that the FTC gather additional expenditure data for new media, such as information on paid search term and display advertising, email marketing, mobile marketing, digital marketing, social media marketing, and behavioral targeting.⁴⁵ Both commenters referenced increased use of emerging digital media practices in the last few years.⁴⁶ The RWJF Center also requested that the Commission assess the effectiveness of online and mobile marketing by evaluating companies' implementation of self-regulatory policies and use of other measures of advertising effectiveness.⁴⁷

As it did for the 2008 Report, the Commission will request expenditure data for the forms of new media identified above, including online display advertising, e-mail marketing, mobile marketing, and digital marketing. In addition to reporting on expenditures and promotional activities for these types of marketing, the follow-up report will include an analysis of online display advertising that may be targeted to youth and time spent at food company websites by youth, using data acquired from comScore and Nielsen Online. The Commission also will obtain data from comScore's Ad Metrix Mobile service to evaluate how much mobile marketing teens see and the amount of food ads they see relative to ads for other types of products on the mobile platform. For data on the effectiveness of online and mobile marketing and the use of behavioral targeting, the Commission will obtain marketing research studies from the food companies; to the extent the companies have researched the appeal and effectiveness of new media platforms and behavioral targeting to individuals under the age of 18, the Commission will evaluate and report on that research.

Market research data. The RWJF Center requested that the FTC obtain information and expenditures on neuroscience and biometric studies used for developing or implementing food advertising, as well as research on advertising effectiveness.⁴⁸ The FMC Workgroup agreed that the FTC should seek information on novel market research techniques (*e.g.*, neuromarketing and biometric measures).⁴⁹

⁴⁵ RWJF Center comment at 1; Children Now comment at 1.

⁴⁶ RWJF Center comment at 1; Children Now comment at 2.

⁴⁷ RWJF Center comment Attachment 1, Section B.

⁴⁸ RWJF Center comment at Attachment 1, Section C. RWJF Center also suggested that the Commission evaluate the types of databases and services used to conduct market research, and the demographics of market research participants. *Id.*

⁴⁹ FMC Workgroup comment at 2.

The FTC has incorporated into the proposed 6(b) Orders specific requests for market research on advertising effectiveness and neurological or other factors that may contribute to food advertising appeal among youth. More generally, the Commission believes the wording of the proposed Specification on market research is sufficiently broad to yield the type of information described by the commenters.

Targeted demographics data. Several comments supported the Commission's proposal to collect information on food and beverage marketing directed to youth based on gender, race, ethnicity, or income level. The Commission believes this information is important to collect given the prevalence of obesity within particular minority youth populations.⁵⁰

The FMC Workgroup and the AACORN noted that ethnic minority youth is the fastest growing segment among the youth population, and at the same time is at greater risk for obesity and related diseases.⁵¹ In addition, the AACORN cited to research indicating that African-American and Hispanic youth are exposed to more food marketing for less nutritious foods than youth in the general population.⁵² The FMC Workgroup and the AACORN suggested that the FTC obtain information on the ethnic minority youth groups targeted, the manner in which they are selected, the campaigns and products directed to those groups, and expenditure and exposure data for new media targeting those groups.⁵³

The Commission's proposed Specification on targeted youth marketing based on gender, race, ethnicity, or income level seeks information on most of the issues identified by the commenters. For example, companies must identify the specific sub-populations to which reported expenditures and activities relate. In addition, companies must identify which of their policies and market research pertain to marketing to individuals of a specific gender, race, ethnicity, or income level.

Nutrition information and data on certain food product categories. A key recommendation of the FTC's 2008 Report was for industry to improve the nutritional profile of foods marketed to children and adolescents.⁵⁴ In order for the FTC to adequately assess the scope of nutritional improvements between 2006 and 2009, the Commission will gather detailed nutrition information from food and beverage companies.

⁵⁰ For example, data from the Centers for Disease Control and Prevention (CDC) indicate disparities among adolescent racial and ethnic minorities, with prevalence of obesity highest among Hispanic adolescent boys and African-American adolescent girls. CDC website at <http://www.cdc.gov/obesity/childhood/prevalence.html>. See also Surgeon General 2010 Report, *supra* note 4, at 2-3.

⁵¹ FMC Workgroup comment at 4; AACORN comment at 2.

⁵² AACORN comment at 1.

⁵³ FMC Workgroup comment at 4; AACORN comment at 2.

⁵⁴ See, e.g., FTC 2008 Report, at 67.

For purposes of evaluating changes in the nutrition profile of foods marketed to youth, the CFBAI recommended that the Commission consider the nutritional density of products and meals (*e.g.*, servings of fruit or vegetable in a food).⁵⁵ In addition, the CFBAI requested that the FTC analyze reductions in calories, fat, sugars, and sodium in products advertised by CFBAI participants between 2006 and 2009. The CFBAI also requested that the Commission examine marketing expenditures based on the food groups (*e.g.*, fruit, dairy) contained in products and meals marketed to youth.⁵⁶ The RWJF Center requested that FTC gather data on the specific products promoted by quick service restaurants in their advertising (*e.g.*, kids meals, value meals).⁵⁷

The Commission believes the types of nutrition data it proposes to collect are in keeping with the recommendations of the CFBAI and the RWJF Center. As described above (*supra*, p. 8), the FTC proposes to collect information on the nutritional density of products and meals marketed to youth, such as the fruit, vegetable, whole grain, and protein content per food serving. Likewise, the FTC will be able to analyze changes in calories, fat, sugars, and sodium of youth-marketed food products based on the nutrition data the Commission proposes to collect. As indicated in the proposed Section 6(b) Order, the Commission will ask restaurant companies to list specific menu items, including those offered as children's meal combinations, advertised to youth in 2009 and 2006 and to provide expenditure and nutrition data for each item. The Commission intends to evaluate youth-directed food marketing nutrition data in a manner consistent with the approach it took for analyzing the 2006 expenditure data, and will report nutrition trends on an aggregated basis by food category and media category.⁵⁸

d. Suggestions for Minimizing the Burden of the Information Collection

In the September 2009 Notice, the FTC invited comments on ways to minimize the burden of the collection of information on recipients of the 6(b) Orders. The FTC received one comment in response, from GMA. No individual companies submitted suggestions.

⁵⁵ CFBAI comment at 4.

⁵⁶ CFBAI comment at 4-5.

⁵⁷ RWJF Center comment at Attachment 1, Section E.1.

⁵⁸ As an alternative to providing nutritional information for each product advertised to youth, GMA suggested that the Commission extrapolate changes in the nutritional content of foods marketed to children and adolescents from 2006 to 2009 by collecting samples of product nutrition labels and allowing companies to estimate the number of products to which the labels apply. GMA comment at 2-3. The Commission does not believe that GMA's suggested approach will provide accurate and reliable information upon which to evaluate the nutritional profiles of foods marketed to youth today as compared to those marketed in 2006.

GMA suggested that the FTC eliminate or consolidate collection of data from categories that accounted for few expenditures or activities based on the 2006 information collection.⁵⁹ As indicated in the proposed 6(b) Order, the Commission consolidated the collection of certain categories of information, such as combining the candy and frozen dessert food categories and the word-of-mouth and viral advertising categories.

GMA urged the Commission to wait until after March 30, 2010 to issue Section 6(b) Orders, because 2009 calendar year data generally is not available until late in the Second Quarter of 2010.⁶⁰ This is a reasonable request and, under the current proposed time frame, the Commission would not issue Section 6(b) Orders until Summer 2010. GMA also requested that the Commission allow companies 120 days, rather than 90 days, to respond to the requests.⁶¹ The Commission believes that 90 days is a reasonable deadline. The Commission will entertain requests for limited extension of the deadline on a case-by-case basis as it did in connection with the 2006 data collection.

GMA asked that the FTC apply narrower criteria for youth-directed reportable expenditures than those used in the 2007 Orders to avoid over-reporting. For example, GMA asserted that some of the FTC's data requests were not tied to actual or potential audience thresholds, resulting in over-reporting of ad expenditures for programs in which seventy percent or more of the audience were not youth. GMA also indicated that it was overbroad to use "G" and "PG" ratings as criteria for defining youth-directed movie theater spending, and "E" ratings to define youth-directed video game spending.⁶² As reflected in the proposed 6(b) Order, the Commission has narrowed the criteria for adolescent-directed movie theater and video game advertising by omitting reference to "PG" and "E" ratings and instead basing the determination on whether the viewing audience constituted at least 20% persons ages 12-17. For assessing child-directed advertising, the Commission believes it is reasonable to maintain use of the "G" movie rating and the "EC" rating for video games.

GMA suggested that the Commission drop the request for expenditure data on advertising purchased during the "Top 5" television shows – that is, the five broadcast programs with the largest number of adolescent viewers.⁶³ In the 2008 Report, the Commission did not include these expenditures in the aggregated figures of money spent on advertising to children and adolescents. Rather, the information was "noted separately . . . to illustrate the point that children and adolescents are exposed to a great deal of advertising that is directed to a general,

⁵⁹ GMA comment at 1.

⁶⁰ *Id.* at 2.

⁶¹ *Id.*

⁶² GMA comment at 3.

⁶³ GMA comment at 3.

primarily adult, audience.”⁶⁴ In the proposed 6(b) Order, the Commission has decided not to request 2009 expenditure data for the “Top 5” television shows; instead the FTC will purchase those data from a media research firm.

Finally, GMA is concerned about the burden of collecting nutritional data from companies. The Commission does not believe that requiring companies to provide the information is burdensome. First, the nutrient data that the FTC proposes to seek are limited and are commonly analyzed in evaluating the nutritional quality of food marketed to children.⁶⁵ Second, food and beverage companies often maintain databases with detailed ingredient information about their products in order to observe proper compliance control issues and food safety and labeling standards. The Nutrition Labeling and Education Act of 1990 and FDA regulations require packaged foods to bear nutrition labeling, which contains the majority of the nutrition content data that the Commission seeks.⁶⁶

e. Accuracy of Estimated Burden of the Information Collection

In the September 2009 Notice, the FTC invited comments on the accuracy of the agency’s estimate of the burden of the proposed collection of information. The Commission estimated the total hours burden to be 12,250 and the total cost burden to be \$3,675,000. The FTC offered broad ranges for estimated costs, which were separated into single-category and multiple-category company ranges, in order to account for differences in the number of brands and the amount of marketing the companies engage in for each brand.

GMA commented that the Commission underestimated the burden to companies to respond to the proposed 6(b) Orders. GMA instead anticipated the cost to be \$100,000 or more for each company that markets a single product category and \$1 million or more for each company that markets multiple product categories.⁶⁷ As indicated in Section 12 below, the Commission has revised its burden estimates from those stated in the September 2009 Notice to reflect estimated burden hours of 17,550 hours and an estimated total cost of \$5,265,000. However, for the following reasons, the FTC does not believe the likely burden to be as high as GMA’s estimate. First, the FTC proposes to send the 6(b) Orders to virtually the same group of companies that received the information requests in 2007, and it anticipates that the companies’ experience answering the 2007 requests will inform their responses to the proposed 6(b) Orders, thus lessening the time needed to compile and submit the data to the FTC. Second, the Commission has incorporated into the proposed 6(b) Orders detailed guidance, instructions, and

⁶⁴ FTC 2008 Report at Appendix A, at A-4.

⁶⁵ The data provide a snapshot comparing calendar years 2006 to 2009; the FTC does not propose to seek information on each nutritional change that occurred between 2006 and 2009 for individual products.

⁶⁶ 21 U.S.C. § 343(q); 21 C.F.R. 101.9.

⁶⁷ GMA comment at 2.

templates for companies to use when responding to the orders, in order to promote clarity and efficiency.

f. Other Requests Contained in Comments

Children Now requested that the FTC obtain information from children's media companies regarding their policies for, and revenues from, licensing characters used to promote food and beverage products.⁶⁸ The FMC Workgroup also requested that the Commission gather information from media companies.⁶⁹ To be consistent with the FTC's prior information collection, the Commission does not intend to expand the scope of Section 6(b) Order recipients to include children's media companies. The Commission believes that staff will be able to glean relevant information about media companies' policies and practices on use of licensed characters in food marketing via the information on cross-promotions and use of licensed characters that will be provided by the food and beverage companies.⁷⁰

The FMC Workgroup suggested that the FTC collect information on: (1) the extent to which companies gather personally identifiable information from children and teens; and (2) the scope of data profiles companies maintain on youth populations.⁷¹ These issues are outside the scope of Commission's focus on food marketing to children and adolescents.

9. Payments and Gifts to Respondents

There is no provision for payments or gifts to respondents.

10. & 11. Assurances of Confidentiality/Matters of a Sensitive Nature

In connection with the information requests, the Commission will receive information of a confidential nature. Under Section 6(f) of the FTC Act, such information will be protected from disclosure while it remains confidential commercial information. 15 U.S.C. § 46(f). To protect the confidential financial information it receives, the Commission will aggregate the information before incorporating it into the report.

12. Estimated Annual Hours and Labor Cost Burden

Annual Hours Burden: 17,550 hours

⁶⁸ Children Now comment at 2.

⁶⁹ FMC Workgroup comment at 5.

⁷⁰ In a separate inquiry, the staff is analyzing information about how media companies license their character properties and attendant policies for their use.

⁷¹ FMC Workgroup comment at 5.

Annual Cost Burden: \$5,265,000

FTC staff's estimate of the hours burden is based on the time required to respond to each information request. The Commission intends to issue the information requests to 48 parent companies of food and beverage and quick service restaurant advertisers. Because these companies vary in size, in the number of products they market to children and adolescents, and in the extent and variety of their marketing and advertising, the FTC staff has provided a range of the estimated hours burden.

Based upon its knowledge of the industries and experience with the 2007 Orders and input from the GMA, the staff estimates, on average, that the time required to gather, organize, format, and produce responses to the 6(b) Orders will range between 150-300 hours per information request for companies that market a single category of product to children and adolescents; thus, an average of 225 hours. Similarly, the FTC staff estimates that companies that market multiple categories of products to children and adolescents will spend between 300-900 hours to respond to an information request; thus, an average of 600 hours. The total estimated burden per company is based on the following assumptions:

Identify, obtain, and organize product information; prepare response:	25-175 hours
Identify, obtain, and organize information on marketing expenditures; prepare response:	50-250 hours ⁷²
Identify, obtain, and organize information on, and samples of, marketing activities; prepare response:	25-200 hours
Identify, obtain, and organize information regarding product nutrition information and healthy initiatives; prepare response:	30-200 hours
Identify, obtain, and organize information regarding market research and marketing to youth of a specific gender, race, ethnicity, or income level; prepare response:	20-75 hours
Total:	150-900 hours

⁷² For companies that use substantial amounts of unmeasured media for advertising and promotional activities, the hours required to respond will be greater than for companies that utilize only small amounts of unmeasured media.

The Commission intends to send 30 information requests to parent companies that market a single category of product to children and adolescents. As a result, staff estimates a total burden for these companies of approximately 6,750 hours (30 companies x 225 average burden hours per company). The Commission intends to send 18 information requests to parent companies that market multiple categories of products to children and adolescents. As a result, staff estimates a total burden for these companies of approximately 10,800 hours (18 companies x 600 average burden hours per company). Thus, the staff's estimate of the total burden is approximately 17,550 hours. These estimates include any time spent by separately incorporated subsidiaries and other entities affiliated with the parent company that has received the information request.

It is difficult to calculate with precision the labor costs associated with this data production, as they entail varying compensation levels of management and/or support staff among companies of different sizes. Financial, legal, marketing, and clerical personnel may be involved in the information collection process. The FTC staff has assumed that professional personnel and outside legal counsel will handle most of the tasks involved in gathering and producing responsive information, and has applied an average hourly wage of \$300/hour for their labor. Thus, the staff estimates that the total labor costs for the information requests will be approximately \$5,265,000 ($(\$300 \times 6,750 \text{ hours for companies that market a single category}) + (\$300 \times 10,800 \text{ hours for companies that market multiple categories})$).

13. Estimated Annual Capital or Other Non-Labor Costs

FTC staff estimates that the capital or other non-labor costs associated with the information requests will be minimal. Although the information requests may necessitate that industry members maintain the requested information provided to the Commission, they should already have in place the means to compile and maintain business records.

14. Estimate of Cost to the Federal Government

The FTC staff estimates that the cost to the FTC's Bureau of Consumer Protection and Bureau of Economics of collecting this information is approximately \$1,750,000. This estimate reflects approximately ten FTC employee work years, inclusive of benefits, devoted to collecting, processing, and analyzing the requested information, together with contract and travel money.

15. Program Changes or Adjustments

Not applicable. This is a new study.

16. Plans for Tabulation and Publication of Information

The information provided by the respondents will be used to prepare a report that will be publicly released. The collection of the information will begin after the completion of the OMB review process. The estimated date for the completion of the report is July 2011.

17. & 18. Failure to Display the OMB Expiration Date/Exceptions to Certifications

Not applicable.