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Food for thought

THE IMPACT OF ADVERTISING BANS

Prohibiting TV ads for foods high in fat, salt and sugar (HFSS) looks like an easy policy response to the growing obesity problem in the UK and other developed economies. However, a wide range of studies of the impact of similar bans, notably on alcohol ads, indicate that they are ineffective in reducing harmful consumption and may even have perverse effects. We were commissioned by a client to assemble the evidence and explore the reasons for these counter-intuitive results.

The incidence of obesity in the UK has nearly doubled in the past 25 years. Nearly 25% of adults, and 10% of children, are categorised as clinically obese. Over the same period, concerns about the levels of binge drinking among the young have also risen. In consequence, a sequence of restrictions on the content, timing and placing of TV advertising have been introduced in the UK, and more are in the pipeline. There has been pressure from a number of medical and other lobby groups for a complete ban on the advertising of alcohol and HFSS foods before the 9pm watershed, and the Government has now launched an inquiry.



This is sensible because, as so often, a seemingly obvious conclusion is not borne out by the evidence. Frontier has carried out a wide-ranging review of the academic literature, both empirical and qualitative. We included in this survey reviews commissioned by the Office of Communications (Ofcom), in relation to HFSS foods¹, and the National Institute on Alcohol Abuse and Alcoholism (NIAAA)².

We have sought to use this evidence to address three questions:

- Are bans on HFSS food and alcohol effective?
- Do they have unintended consequences, and if so why?
- Are other policy levers more effective?

QUALITY AND QUANTITY

Numerous studies have been undertaken, across a wide range of countries, of the relationship between television advertising and consumption of alcohol and HFSS foods, and the impact of advertising bans. Quantitative studies have focused primarily on alcohol. With few exceptions – notably a number of studies by Professor Henry Saffer of Kean University – they provide little evidence of a significant link between advertising and total sales of alcoholic drinks, or consumption per head. Professor Jon Nelson of Penn State University in 2001, for example, suggested that where a positive link had been found, it tended to be very slight – indicating that a 10% increase in advertising was associated with a 1% increase in consumption.

With much the same exceptions, research into the impact of advertising bans tends to indicate that they either have no effect on consumption or are associated with an increase. This includes research – such as the survey of 17 developed economies carried out in 2007 by Professor Nelson – covering periods of up to 25 years, with the important implication that bans do not tend to reduce the number of “new” drinkers. (Significantly, this survey covered the same countries as the research conducted by Professor Saffer in 1991.)

Ofcom and the NIAAA have both carried out reviews of the qualitative research. So far as alcohol is concerned, the results are mixed. Experimental studies have produced little consistent evidence that alcohol advertising affects drinking attitudes and behaviour, although some surveys indicate there may be such a link so far as children and adolescents are concerned. This evidence, however, is far from conclusive.

So far as HFSS food is concerned, the evidence is thin. Most studies could not identify a clear relationship between advertising and consumption, and those that did indicated the impact was small – a mere 2% of the variance that could be related to different influences such as family meal habits, exercise levels and so forth. Moreover, recent studies of Canada and Sweden indicate that obesity does not diminish where advertising to children has been banned.

A number of these studies do indicate a clear correlation between television viewing and obesity. However, that may well be driven by lifestyle rather than

advertising, which is not surprising. Couch potatoes tend to have a low metabolic rate and snack a lot.

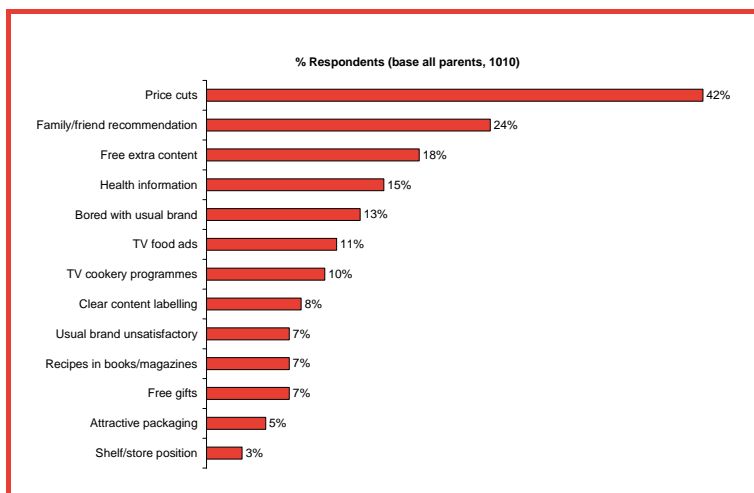
Overall, therefore, the evidence from a wide range of studies suggests that the link between advertising and consumption is weak. Most importantly, it suggests that an advertising ban would be ineffective as a means of reducing consumption, and might even have perverse results.

JUST ONE MORE?

Wider reflections make these results less surprising. An obvious effect of a ban on TV advertising is likely to be an increase in advertising elsewhere. A report by Ofcom in 2007 suggested that alcoholic drinks suppliers may already have substituted other forms of advertising in response to television restrictions: while their TV advertising had fallen by over a quarter over the past two years, their total advertising had fallen less than 3%.

Economic analysis of the impact of advertising also provides some answers. In general, it appears that in mature markets such as those for alcohol and HFSS foods advertising affects the share of the market enjoyed by different brands rather than increasing the total size of the market. This explains the apparent paradox that companies continue to spend a lot on advertising products without materially increasing the total number that we buy. It could also explain the apparently even more perverse results of certain studies, which suggest that consumption might actually increase when advertising is banned.

Advertising provides the opportunity to differentiate your brand in the eye of the consumer – which in turn allows you to compete on characteristics other than price. In markets such as those for HFSS foods and alcohol, where advertising helps to secure market share and underpin price premia, a ban on advertising forces companies to depend more on price competition. And price-cutting is likely to increase consumption. A study by three researchers for the US National Bureau of Economic Research in 2003 suggested that the decrease in the food prices per calorie was sufficient to explain most of the increase in the body mass index of Americans – the downward trend in physical activity could not explain nearly as much of the change.



Main reasons for switching brands

Source: "Child obesity - food advertising in context", Ofcom 2004

A survey undertaken by Ofcom in 2004 indicated that 42% of brand-switching by parents buying HFSS food was triggered by price (with another 18% triggered by price-related extra content offers). As the chart on the previous page shows, many other factors were directly or indirectly related to advertising, with in-store positioning and packaging featuring low on the list. Constraining manufacturers' ability to attract customers with non-price features is clearly likely to increase the emphasis on price. It may also discourage innovation, including manufacturers' enthusiasm for investing in "healthier" versions of popular HFSS foods.

These are highly important parts of the debate. For at first glance, a ban looks like a fail-safe political option, even if it is not supported by the evidence. If it is ineffective, however, the consequence will not merely be a distortion to the market to no good effect. The potential for unintended and even perverse consequences needs to be examined with still more care. If the effect of a ban is to drive advertising on to less regulated media, the benefit of current restrictions may be lost. For example, where some studies have shown a greater suggestibility with respect to the attractions of alcohol amongst children and adolescents, the restrictions on content that have been imposed on television advertisers may be a useful policy weapon that would be destroyed by driving advertising elsewhere.

Finally, even if a ban could be shown actually to reduce advertising overall, the risk of increasing price competition and potentially discouraging innovation has to be assessed seriously. Not all innovation, of course, leads to healthier products – but it is clearly an important component of most companies' research programmes at this time. And the more companies are driven to rely on price when competing in the market place, the greater consumption is likely to be.

A HEALTHIER ALTERNATIVE

Serious policy analysis must start by identifying the key drivers of obesity and binge drinking, and examine the levers that have greatest impact. Such an analysis is beyond the scope of this bulletin, but our work clearly suggested a number of key factors, notably price, information and education and the promotional role that can be played on television and other media. Many factors influence children's food choices, and the efficacy of policy weapons to alter each of these needs to be examined systematically.

SOURCES

1. OFCOM (2004), "Childhood Obesity - Food advertising in context" and Livingstone, S. (2006) "New research on advertising foods to children", OFCOM.
2. National Institute on Alcohol Abuse and Alcoholism (2000) 10th special report to the US Congress on alcohol and health, US Department of Health and Human Services.

CONTACT	Damien O'Flaherty damien.oflaherty@frontier-economics.com
	Frontier Economics Ltd
	FRONTIER ECONOMICS EUROPE BRUSSELS COLOGNE LONDON MADRID
	www.frontier-economics.com