

## **Action Plan on Food Promotions and Children's Diets**

### **Partial Regulatory Impact Assessment**

#### **Introduction**

At its open meeting on 11 March, the FSA Board agreed an Action Plan on Food Promotions and Children's Diets. That Action Plan is now the subject of public consultation, of which this Partial Regulatory Impact Assessment is part.

#### **Purpose and Intended Effect of Measure**

##### **Objective**

The Action Plan contains a series of recommendations intended to encourage children to eat a more healthy diet. The recommendations, addressed to a variety of stakeholders, seek to redress the current imbalance in food promotions towards foods high in fat, salt and sugar; to help children and their parents / carers make healthier choices through clear labelling information; and to increase the availability in certain outlets of healthier choices.

##### **Background**

*Children's Diet:* Many children have diets that contain too much fat, sugar and salt and too little starchy foods, fruit and vegetables. On average, the proportion of their food energy that children derive from fats is close to the recommended 35%. However, 12% of boys and 17% of girls derive more than 40% of their food energy from fats. In addition, 92% of children exceed recommended levels for the amount of their food energy derived from saturated fat. Most children eat too much salt and evidence from adults suggests that salt intakes have increased over the last 15 years. Among 4-6 year olds, salt intakes are 30-50% higher than recommended. Only around 15% of children are within the maximum recommendation of 11% food energy derived from Non-Milk Extrinsic Sugars (NMES). Around a quarter of children derive 20% of their food energy from NMES.<sup>1</sup>

*Food Promotions:* A wide range of promotional channels and techniques are employed by the food industry to promote foods to children. Most visible are the "above-the-line" techniques such as broadcast slot advertising, and

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<sup>1</sup> National Diet and Nutrition Survey: Young People, 1997

posters and other 'outdoor' media. In addition, retailers and manufacturers make significant and increasing use of "below-the-line" promotions such as labelling claims, pack design featuring cartoons or children's characters, in-store promotions, as well as with specifically targeted children's ranges.

*Current Legislative Framework:* Non-broadcast advertising is currently subject to a self-regulatory system administered by the Advertising Standards Authority (ASA)<sup>2</sup>. The detailed rules on which the system is based are the responsibility of the Committee of Advertising Practice (CAP) whose members are drawn from the advertising, sale promotions and similar industries. The CAP code also covers on-pack promotions, competitions and other similar sales promotions.

The regulation of broadcast advertising is the responsibility of the recently established regulator, the Office of Communications (Ofcom)<sup>3</sup>. Ofcom currently administers an Advertising Standards Code, with which broadcasters must comply as a condition of their licence. Ofcom are currently consulting on plans to switch to a co-regulatory system, based on the ASA model, although the content of the codes themselves would remain unchanged for the time being.

Food labelling and claims on labels and in advertisements are currently subject to the requirements of the Food Safety Act 1990 and the Food Labelling Regulations 1996 (as amended). While there is no legislation specifically covering the composition and presentation of foods aimed at children, such foods are subject to the general requirements of food law.

## **Risk Assessment**

Diet and nutrition are key factors in increasing the risk of cancer, stroke and coronary heart disease, as well as a number of other serious diseases. Diet also plays a part in the rising levels of obesity in children. The 2002 Health Survey for England (published in December 2003) found that 16% of children between the ages of two and fifteen are obese and 30% are either overweight or obese.<sup>4</sup> In 2002, cases of maturity onset diabetes in obese children were reported for the first time.<sup>5</sup> It is predicted that by 2010 obesity may cost the nation some £3.6 billion a year<sup>6</sup>

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<sup>2</sup> For more information see [www.asa.org.uk](http://www.asa.org.uk)

<sup>3</sup> Ofcom were established in December 2003, taking on the responsibilities previously discharged by five separate telecommunications regulators: The Independent Television Commission; the Radio Authority; The Office of Telecommunications; The Radiocommunications Agency and the Broadcasting Standards Commission. For more information see [www.ofcom.org.uk](http://www.ofcom.org.uk)

<sup>4</sup> The Health Survey for England 2002.

<sup>5</sup> *National Centre for Social Research*.

<sup>6</sup> *Tackling Obesity in England*, National Audit Office, 15 Feb 2001, HC220, 2000-2001 session.

A report to the Treasury by Derek Wanless “Securing Good Health for the Whole Population”, published in February 2004 cautions, “the lack of conclusive evidence for action should not, where there is a serious risk to the nation’s health, block proportionate action to that risk”.<sup>7</sup> The report concludes that the risk to public health posed by the current balance of children’s diets is sufficient to warrant immediate action.

## **The Options**

It is clear that many factors influence children’s diets. The recommendations set out in the Action Plan represent a proposal for a balanced package of measures to address the issue.

Standard practice when conducting a Regulatory Impact Assessment is to make use of cost benefit analysis to identify the single most favourable option. However the recommendations set out below are designed to complement each other, and should not be seen as a set of competing alternatives. The cost benefit analysis below reflects this.

The recommendations and advice are directed to the stakeholder groups below. The cost benefit analysis considers each group in turn. In addition, the cost benefit analysis examines the option of doing nothing.

- Schools (and other publicly funded premises such as leisure centres)
- Government and Ofcom
- Broadcasters
- The Advertising Standards Authority (ASA)
- Food manufacturers, retailers and the food service sector
- Celebrities and those who licence characters and cartoons
- Sponsors of events and activities

## **Cost benefit analysis**

### **Option 1 – Do nothing**

In view of the public health cost of diet and nutrition related diseases (see “risk assessment” above) together with the current level concern among consumer and public health groups, it is clear that some action is required to address the issue of children’s diets.

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<sup>7</sup> [www.hm-treasury.gov.uk/consultations\\_and\\_legislation/wanless/consult\\_wanless04\\_final.cfm](http://www.hm-treasury.gov.uk/consultations_and_legislation/wanless/consult_wanless04_final.cfm)

In addition, major industry stakeholder groups recognise the problems caused by children's diets, and have committed the industry to working with other stakeholders to address the issue<sup>8</sup>.

There is therefore support on all sides for action, and accordingly, **the option of doing nothing is rejected.**

Option 2 – suggested action for schools and other publicly funded premises

**Option 2(a)**

- Schools (and other publicly funded premises such as leisure centres) should ensure that vending machines offer healthier options
- Schools (and other publicly funded premises such as leisure centres) should not accept vending machines with branding associated with foods, meals or snacks high in salt, sugar or fat on their premises.

Costs: Vending is an important source of revenue for schools. A medium sized secondary school can expect to make around £10-15k a year from vending machines<sup>9</sup>. A pilot study commissioned by the FSA in November 2002 aimed to investigate the viability of healthier drinks vending in schools. The report of the study has not yet been published, but early indications are that where vending machines are appropriately supported (i.e., by good stock management, location, marketing etc.) it is possible to achieve financial returns from machines selling milk and juice based drinks and water comparable to those from machines selling soft drinks<sup>10</sup>. This also implies that schools will not lose revenue to, for example, local shops. It is reasonable to assume that the same will be the case for machines vending snack foods.

It is anticipated that costs to industry will arise from reduction in sales of certain products via school vending. It is estimated that sales in schools

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<sup>8</sup> Joint Press release 17 November 2003.

<sup>9</sup> Department of Health Press release 19 December 2003

<sup>10</sup> Publication details of FSA report when available

account for 1% of sales by Coca-Cola and Pepsi<sup>11</sup>. However, there is scope for businesses to benefit by meeting the anticipated increased demand for healthier drinks such as milk and fruit based drinks and water; and healthier snack options. **[The industry is invited to comment on the likely costs arising from this option].**

Benefits: Carbonated soft drinks are consumed regularly by around 90% of those aged up to 19 years<sup>12</sup>. Increased consumption of carbonated drinks among teenage children has been shown to increase the likelihood of dental erosion.<sup>13</sup> A US study published in *The Lancet* found that the odds of obesity among children increased 1.6 times for each extra can of sugar-sweetened drink they consumed daily.<sup>14</sup> Reducing the amount of sugar-sweetened carbonated drinks consumed by children will therefore have a clear benefit for the balance of children's diets.

In addition, there is significant stakeholder support for action in this area. A ten minute rule bill intended to prohibit the sale of high fat and high sugar content foods in vending machines in schools was introduced in February this year<sup>15</sup>. A Guardian / ICM poll published in October 2003 found that 68% of adults were in favour of removing vending machines selling crisps, chocolate and carbonated drinks from schools<sup>16</sup>.

**Option 2(b)**

- Schools should provide and promote a range of healthy options at mealtimes and develop incentives to support them in accordance with the FSA's guidelines.

Costs: Statutory guidelines already in place<sup>17</sup> set out nutritional standards for school lunches. The provision of a range of healthy options should not

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<sup>11</sup> Financial Times, 5 August 2003, p18

<sup>12</sup> Mintel, Carbonates 2003

<sup>13</sup> British Dental Journal

<sup>14</sup> Reported in Financial Times, 5 August 2003, p.18

<sup>15</sup> Hansard 24 February 2004, Column 155

<sup>16</sup> Guardian, 22 October 2003

<sup>17</sup> (The Education (Nutritional Standards for School Lunches) (England) Regulations 2000)

therefore present additional costs to schools or local authority catering budgets.

A research project on School Meals, jointly funded by the FSA and DfES, was conducted in September 2003, and is due to be published in Spring 2004. The aim of the project is to assess to extent to which school meals meet the statutory guidelines, and also to examine the choices children actually make. The results of this work will provide not only information on the food available, but also valuable insight into the factors influencing the food choices made by children at school lunchtimes. **[Stakeholders are invited to comment on any likely costs arising from this option].**

*Benefits:* It is estimated that in 2000, children aged 5-14 ate an average of 1.6 school meals per week, and that this figure has increased over the previous 3 years<sup>18</sup>. (This would equate to around a third of children eating a school meal each day at school). It is clear therefore that improving the nutritional balance of meals eaten at school will have a positive impact for a large proportion of children.

Option 3 – Suggested action for Government and Ofcom

**Option 3(a)**

- Government departments and agencies should not endorse promotional campaigns that encourage children to consume foods, meals or snacks high in salt, sugar or fat.

*Costs:* It is not anticipated that this option will give rise to costs to Government Departments or Agencies. This option would prevent food manufacturers seeking an endorsement from a Government Department or Agency. This may give rise to costs for manufacturers, if this restriction translates into a loss in sales. However, these costs are very difficult to quantify. **[The industry is invited to comment on the likely costs arising from this option].**

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<sup>18</sup> Mintel, Children's Snacks, July 2003

**Benefits:** By not endorsing promotions of this type, Government Departments and Agencies will avoid providing mixed messages to children and other consumers in relation to diet and physical activity.

**Option 3(b)**

- Government should continue to press for the following changes to EU rules:
  - mandatory nutrition labelling on all foods to include energy, fat, saturated fat, sugar and salt information (rather than sodium)
  - an improved format for nutrition labelling, including use of high/medium/low descriptors for fat, saturated fat, non-milk extrinsic sugar and salt.

Under the current requirements for nutritional labelling (which are laid down by EU legislation) full nutritional labelling need only be given in the case of a pre-packaged food making a nutritional claim (e.g., “low fat” etc.) The FSA already recommends that all foods bear full nutritional labelling information<sup>19</sup>, and is currently pressing for changes in the EU legislation to make such labelling mandatory.

*NB: The European Commission is expected to issue a proposal to amend the current legislation in this area shortly. A separate FSA RIA is being prepared in connection with that exercise. For more information contact [judith.holden@foodstandards.gsi.gov.uk](mailto:judith.holden@foodstandards.gsi.gov.uk). The costs detailed below are those anticipated as a result of the EU proposal; further costs as a result of the FSA Action Plan (i.e., the subject of this consultation) are not anticipated.*

**Costs:** This option will impose costs to those businesses that do not currently label their products with any form of nutrition information and those which label their products with minimal nutrition information. Initial costs to these businesses will be generated by the analysis of all their food products, to determine the nutritional content; and the costs of changing product labelling. For the additional provision of high / medium / low descriptors, the costs described above will extend to cover those businesses currently providing full nutritional labelling information.

The costs described above are estimated at around £1500 for each product affected. Costs will be mitigated by the provision of transitional period for changes to be made (where changes are made to EU labelling rules, a 12-month transitional period is provided as a matter of course).

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<sup>19</sup> Guidance Notes on Nutritional Labelling, December 1999

The intended effect of labelling foods as being high in fat, salt or sugar, is to encourage consumers to choose alternative, healthier options. If this is realised, costs will arise for manufacturers and retailers from a drop in sales of such foods. There is clear potential however for an increase in sales of foods labelling as low in these nutrients. **[The industry is invited to comment on the likely costs arising from this option].**

Benefits: This option will benefit consumers by providing information about the quantity of key health-related nutrients on all pre-packaged foods so that they are equipped to make informed choices about the nutritional quality of the pre-packaged foods that they buy. In addition, the provision of high / medium / low descriptors will provide a context by which consumers can relate the nutrition information to the amounts recommended for the daily diet.

**Option 3(c)**

- Government should continue to press for the following change to EU rules:
  - arrangements to prohibit use of nutrition and health claims on foods with adverse nutritional profiles

*NB: A Commission proposal in this area is currently under negotiation in Brussels. A separate RIA has been prepared in connection with that exercise, and circulated to stakeholders. For more information contact [tracy.boshier@foodstandards.gsi.gov.uk](mailto:tracy.boshier@foodstandards.gsi.gov.uk) The costs detailed below are those anticipated in connection with the Commission proposals; further costs as a result of the FSA Action Plan (i.e., the subject of this consultation) are not anticipated.*

Costs: It is difficult to estimate the likely costs, because the final form of the Commission proposal is yet to be agreed. However, potential costs may arise through re-labelling or re-composition of existing products. **[The industry is invited to comment on the likely costs arising from this option].**

Benefits: Nutrition claims are increasingly common, and FSA surveys indicate that consumers find claims useful, if not instrumental in forming purchasing decisions. Most of the larger retailers offer “healthy eating” ranges, some of which are aimed specifically at children. It is estimated that “healthy eating” ranges include some 4,250 products with a market value of over £1bn<sup>20</sup>. Qualitative consumer research published by the FSA in October 2001 indicated that parents are concerned where foods which they consider to be “unhealthy” are promoted as being “healthy”<sup>21</sup>. An example of which would be

<sup>20</sup> Information from the British Retail Consortium.

<sup>21</sup> [www.foodstandards.gov.uk/multimedia/pdfs/report\\_qua.pdf](http://www.foodstandards.gov.uk/multimedia/pdfs/report_qua.pdf)

a food carrying a claim that it was a good source of a particular vitamin, when the food was also high in fat, salt or sugar.

As well as addressing these consumer concerns, it is expected that more scientifically based, clear and reliable health claims can help consumers to choose a healthy and balanced diet.

**Option 3(d)**

- Government and Ofcom should note the FSA's view that:
  - Action to address the imbalance in TV advertising of food to children is justified
  - Action on advertising during children's TV slots would be likely to have some beneficial effect and that wider action might also be justified, depending on the evidence generated during Ofcom's review
  - Action on the relative amounts of advertising for foods, meals or snacks high in salt, sugar or fat and healthier foods, and the times at which these adverts are scheduled is likely to be the most effective option to address the imbalance - but that further consideration of possible actions will follow Ofcom's recommendations.

*NB: It is not possible to estimate the costs arising from this option at this stage (i.e., pending the outcome of OFCOM's review). A more detailed analysis will be carried out once the detail of any measures is agreed.*

Costs: Current expenditure on food advertising aimed at children is dominated by television. In 2003, 72% of food advertising spend was on TV advertising. It is clear that the balance of brands and food categories advertised lies in favour of those with high amounts of fat, salt and sugar. Except during the pre-Christmas period (when toy advertising dominates) during children's programming about 40% of advertisements are for foods, of which about 70% are for "the big five" (confectionery, fast food restaurants, pre-sugared breakfast cereals, savoury snacks or soft drinks). It is estimated that the big five's share of all food advertising on TV is around 55%, equating to around £285m.<sup>22</sup>

Measures that limit the amount of permitted advertising for particular categories or products may have the effect of reducing advertising revenue for

commercial broadcasters. This cost is difficult to quantify, and it is likely that additional revenue from advertisers of non-food commodities will reduce this shortfall. In this situation, it is anticipated that manufacturers would channel the money they would otherwise have spent on TV advertising, into other promotional activities. The effects of this are difficult to quantify. **[Stakeholders are invited to comment on the likely costs arising from this option].**

Benefits: In September 2003 the FSA published an independent academic review of the available evidence on the impact of promotional activity on children's food related behaviour (the 'Hastings Review'<sup>23</sup>). The Review concluded that promotional activity aimed at children does have an effect on their preferences, purchase behaviour and consumption, and these effects are apparent not just for different brands but also for different types of food.

While the evidence does not allow conclusions to be drawn as to the size of the effect relative to other influences (such as family or peers) it is clear that the direct effects of advertising will be amplified by further indirect effects (e.g., those mediated via peers, parents and carers).

It is reasonable to assume therefore, that a reduction in the quantity of food advertising to which children are exposed will lead children to consume less of those products and categories currently being most heavily promoted. In addition, there is a high level of support among certain stakeholders for action in this area.

**Option 3(e)**

- Ofcom should also note that:
  - it should review arrangements for regulation of sponsorship of programmes, particularly those likely to attract a large child audience.

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<sup>22</sup> COI Media Research, Not yet published.

<sup>23</sup> [www.food.gov.uk/multimedia/pdfs/foodpromotiontochildren1.pdf](http://www.food.gov.uk/multimedia/pdfs/foodpromotiontochildren1.pdf)

Costs: In 2003, estimated expenditure on sponsorship of programmes was £150m, of which 10-30% was associated with “the big five”.<sup>24</sup> It is conceivable that costs may arise for broadcasters and industry in the event of substantive revisions to the Ofcom code. For example, restrictions on programme sponsorship by food brands high in fat, salt or sugar could create a potential revenue shortfall of £15-45m. **[Stakeholders are invited to comment on the likely costs arising from this option].**

Benefits: As discussed under option 3(d) above, the results of the Hastings review indicate that promotional activity such as programme sponsorship influences children’s diets. It is therefore important that such sponsorship is appropriately regulated in order to ensure that children receive consistent messages in relation to diet and health. There are indications that broadcasters would welcome further guidance on the types of brands or food categories that might be appropriate for programme sponsorship agreements.

Option 4 – Suggested action for Broadcasters

**Option 4(a)**

- Public sector and commercial broadcasters should exploit programming opportunities to promote healthy eating to children

Costs: A number of public sector and commercial broadcasters have existing programming strands devoted to communicating personal, social and lifestyle messages to children of various ages (on subjects such as bullying, current affairs etc, as well as diet and health).<sup>25</sup> This implies that broadcasters consider such programming to be an appropriate use of their production budgets. It is reasonable to assume therefore that further programming could be developed within existing production budgets, and with few implications for the quality of non-related programming. **[Stakeholders are invited to comment on the likely costs arising from this option].**

<sup>24</sup> COI Media Research, Not yet published.

<sup>25</sup> E.g., Nickelodeon’s “Nick News” for 7-12 yr olds; Children’s ITV “UP2U”

Benefits: Indications are that broadcasters consider the greatest potential for getting positive messages across lies in the editorial content rather than commercial advertising. Broadcasters believe that this type of programming can be particularly effective because of the relationships they have built with their audience.

The average child in the UK watches 17 hours of television each week (commercial and public sector).<sup>26</sup> In addition, there are now almost 12 million multi-channel households (i.e., subscribing to channels in addition to BBC, ITV, C4 and Five).<sup>27</sup> It is clear therefore that children's programming communicating positive diet and health messages has the potential to reach a wide audience. It can also be assumed that children are more likely to engage with entertaining programming than with overtly "educational" material, such as that presented at school.

**Option 4(b)**

- Others should follow the example of the BBC Worldwide initiative to consider introducing nutritional criteria for use of characters from its children's programmes

Costs: The costs to license holders (i.e., bodies holding the marketing rights to the relevant characters) of establishing criteria would be small. The FSA has already published advice on the amounts that constitute a lot or a little of fat, salt and sugar. The FSA has also issued guideline daily amounts for salt intake for children. The FSA will also be able to offer advice to broadcasters on an *ad hoc* basis.

Costs may arise for license holders in terms of lost revenue. However, this marketing technique is attractive to manufacturers, and it is reasonable to assume that this demand will be sustained. **[Licence holders are invited to comment on the likely costs arising from this option].**

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<sup>26</sup> Information from Ofcom

<sup>27</sup> Independent Television Commission Annual Report and Accounts for 2002

Costs may arise for manufacturers in re-formulating recipes to meet the nutritional criteria set by licence holders. These will be similar to the costs discussed at option 6(a) below (i.e., in respect of following best practice advice on reducing the amounts of fat, salt and sugar in foods aimed specifically at children). In some cases it may not be practicable to re-formulate products to the nutritional criteria set (this may be for food technology or other reasons). In such cases, costs may arise for manufacturers and retailers from a drop in sales. This may be particularly marked because the prices of foods carrying character related branding are often significantly higher than non-branded equivalents. **[Manufacturers are invited to comment on the likely costs arising from this option].**

Benefits: Characters from children's programmes are frequently used in the marketing of children's foods, often in the packaging and branding of the food itself. It is clearly a powerful promotional tool. Grocer magazine reports that "in a difficult climate, character merchandising is booming", and that there has been 4% growth in royalties paid to licence holders since 2001.<sup>28</sup> In addition, FSA research carried out among low-income consumers in February 2004 indicated that parents of small children regarded such promotions as highly effective in attracting their children<sup>29</sup>. This option would ensure that this potentially powerful marketing tool is used to promote healthier food choices.

Option 5 – Suggested action for the Advertising Standards Authority (ASA)

**Option 5(a)**

- The Advertising Standards Authority should keep the arrangements for regulation of food advertising to children using new media such as internet and mobile phones under review

Costs: Promotional activity via new media is already within the scope of the British Code of Advertising, Sales Promotion and Direct Marketing (the CAP code), for which the ASA has enforcement responsibility. It is not anticipated

<sup>28</sup> The Grocer, October 11 2003, p51

<sup>29</sup> Food Promotion and Marketing to Children: Views of Low Income Consumers, COI Communications / RWL March 2004

therefore that this option will give rise to additional costs for the ASA. **[The ASA is invited to comment on the likely costs arising from this option].**

It is not anticipated that significant costs will arise for new media companies or food manufacturers, since these parties are currently bound by the requirements of the CAP code. **[New media companies and food manufacturers are invited to comment on the likely costs arising from this option].**

Costs may arise for new media companies in relation to the loss of potential advertising revenue. However, it is clear that the growth of new media is set to continue, and it is likely therefore that a significant amount of this potential shortfall can be met by revenue from advertisers of other commodities. **[Stakeholders are invited to comment on the likely costs arising from this option].**

*Benefits:* New media channels are increasingly used by manufacturers to promote their products. KP was the first major snack brand to invest substantially in a dedicated website, and now claims that over 50,000 teenagers log on each month.<sup>30</sup> In addition it is estimated that 91% of 15-19 year olds, and 33% of 10-14 year olds own a mobile phone.<sup>31</sup> This option will ensure that in so far as they are used for foods aimed at children, these promotional tools are used to encourage consumption of healthier choices.

*Option 6 – Suggested action for Food manufacturers, retailers and the food service sector*

**Option 6(a)**

- The Agency should work with food manufacturers and retailers to develop and encourage uptake of best practice advice on:
  - reducing the amounts of fat, sugar and salt in foods and product ranges aimed specifically at children

<sup>30</sup> Mintel: Children's Snacking Habits, May 2003

Costs: It is anticipated that costs to manufacturers will arise from the need to re-formulate, and accordingly re-label a range of products. These costs are estimated at around £1500 per product. Many of the major retailers who currently offer targeted children's ranges operate criteria for the composition of the products in the range.<sup>32</sup> It can be assumed therefore that the necessary in-house technical support for this option is already in place.

Fears have also been expressed by industry bodies that further costs may arise to individual manufacturers, if they re-formulate products unilaterally (thus affecting the organoleptic qualities of the product) with the result of losing sales to their competitors. However, if the market moves multilaterally such costs should not arise.

It should be noted that significant progress has already been made in reducing the amount of salt in bread. As the result of FSA collaboration with major UK bakers, levels of sodium in bread have reduced by 21%<sup>33</sup>. The results of this exercise demonstrate that it is possible to achieve consensus and co-operation by individual manufacturers, and to achieve change without creating distortions in the market. The sustained demand for bread demonstrates that compositional changes can be effected without necessarily affecting demand. **[Manufacturers and retailers are invited to comment on the likely costs arising from this option].**

Benefits: The market for retailers' own brand product ranges targeted specifically at children is significant and is growing. Sainsbury's Blue Parrot range was the first to be launched in March 2001, and by May 2003 was estimated to be worth £36m a year.<sup>34</sup> This option will affect the nutrient content of an increasingly significant part of children's diets.

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<sup>31</sup> Information from [www.mobileyouth.org](http://www.mobileyouth.org)

<sup>32</sup> Information provided by British Retail Consortium

<sup>33</sup> FSA Press release 29 November 2001

<sup>34</sup> The Grocer, 24 May 2003

#### Option 6(b)

- The Agency should work with food manufacturers and retailers to develop and encourage uptake of best practice advice on:
  - use of front of label signposting of foods, meals or snacks high in salt, sugar or fat and healthier children's choices
  - use of high, medium, and low descriptors for fat, sugar, and salt on foods aimed at children
  - use of nutrition and health claims on foods aimed at children which are high in fat, sugar or salt

Costs: Industry compliance with best practice advice on front of pack 'signposting' would be on a voluntary basis. Costs will arise for those manufacturers and retailers that choose to follow the best practice guidance. Much of this cost will effectively be covered by the costs arising from changes in Community legislation (discussed under options 3(b) and 3(c) above). Signpost labelling can be based on the same product analysis; and all required changes to packaging can be made in the same re-labelling exercises.

The intended effect of signpost labelling is to encourage consumers to choose alternative, healthier options. If this is realised, costs will arise for manufacturers and retailers from a drop in sales of foods signposted as being high in fat, salt or sugar. There is clear potential however for an increase in sales of foods labelling as low in these nutrients. Costs arising for individual manufacturers / retailers may be more significant if their competitors choose not to follow the guidance (and as a result to do incur similar costs). **[Manufacturers and retailers are invited to comment on the likely costs arising from this option].**

Benefits: This option will benefit consumers by providing information about the quantity of key health-related nutrients in a more accessible form on all pre-packaged foods. Consumers will therefore be better equipped to make more informed choices about the nutritional quality of the pre-packaged foods that they buy. In addition, where signposting makes use of high / medium / low

descriptors, consumers will be provided with a context by which they can relate the nutrition information to the amounts recommended for the daily diet.

*The options linked to Community legislation (i.e., those relating to high, medium and low descriptors, and nutrition and health claims) are discussed under options 3(b) and 3(c) above.*

**Option 6(c)**

- The Agency should work with the food service sector to develop and encourage uptake and best practice advice on:
  - reducing the amounts of fat, sugar and salt in meals aimed specifically at children
  - use of menu/notice signposting of foods, meals or snacks high in salt, sugar or fat and healthier children's choices

Costs: The costs of this option are similar to those discussed under option 6(a) and 6(b) above in relation to pre-packaged foods. The food service sector will face similar costs in respect of product analysis. Costs arising from the provision of signposting and other consumer information are likely to be lower, because of the greater flexibility enjoyed by catering outlets (e.g., consumer information is frequently provided by menus and notices, including temporary media such as chalkboards and handwritten ticketing). **[Stakeholders are invited to comment on the likely costs arising from this option].**

It should also be noted that the food service sector is extremely diverse, and contains a high proportion of small businesses. This may give rise to unforeseen costs to some sectors of the industry, and accordingly **comments from small businesses, speciality caterers etc are particularly welcomed.**

Benefits: These are similar to those discussed under option 6(a) and 6(b) above in respect of pre-packaged foods. It is clear that meals eaten outside the home (not including those from school canteens etc.) account for a significant and growing part of children's diets. It is estimated that in 2000 the average child aged 5-14 ate a midday meal in a catering outlet (other than a

school canteen etc) once a fortnight, and that this frequency increased over the previous three years.<sup>35</sup> It appears that the market for some types of fast food has also grown over a similar period: between 1997-2001 market value for burger bars increased by 57.8%, while fried chicken restaurants saw an increase in value of 37.4%.<sup>36</sup>

**Option 6(d)**

- Food manufacturers, retailers and the food service sector are encouraged to:
  - use promotions which encourage children to make or request repeat purchases (free gifts, token collect etc) only for healthier foods

Costs: Mintel describe so called “below the line” promotions as an important part of the marketing mix for children’s snacks, noting that many of these promotions are aimed at children themselves. Multibuys and extra-free offers are also targeted at parents / carers during their weekly grocery shop.<sup>37</sup>

It is likely that this option will give rise to significant costs to manufacturers and retailers. Indications are that such promotions can have a marked increased on sales (for example a competition to win videos and DVD’s on special packs of Calypso cups drinks prompted 10,000 entries in six weeks<sup>38</sup>).

**[Manufacturers and retailers are invited to comment on the likely costs arising from this option].**

Benefits: This is clearly a powerful promotional tool. This option will ensure that it is not used for those foods that contain high amounts of the nutrients many children are eating too much of. The benefits of this option will be increased if manufacturers of healthier foods are able to support promotions of this type. **[Stakeholders are invited to comment on the likely efficacy of this option].**

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<sup>35</sup> Mintel, Children’s Snacks, July 2003

<sup>36</sup> Lunchtime Eating Habits, Mintel, 2003

<sup>37</sup> Mintel: Children’s Snacking Habits, May 2003

<sup>38</sup> The Grocer, 11 October 2003, p.52

#### Option 6(e)

- Food manufacturers, retailers and the food service sector are encouraged to:
- use new media such as mobile phones and the internet to promote healthier foods

Costs: It is anticipated that costs will arise for manufacturers of foods, meals or snacks high in salt, sugar or fat who would be denied the use of this promotional channel, if that translates into loss in sales. It is likely that the potential advertising spend through these channels will be diverted to pay for promotional activity in other media. It is not clear therefore what the overall impact in sales might be. **[Food manufacturers are invited to comment on the likely costs arising from this option].**

Benefits: The popularity of new media among children is discussed at paragraph x above. It is clear that if healthier foods are promoted through new media channels, there is the potential to reach a significant proportion of children. It must be recognised however that the potential benefit of this option is dependent on persuading manufacturers of healthier foods that promotions via the new media are cost effective. **[Stakeholders are invited to comment on the likely efficacy of this option].**

#### Option 6(f)

- Food manufacturers, retailers and the food service sector are encouraged to:
- use sponsorship (for example, of sporting events for children) only for brands associated with healthier foods

Costs: Costs to the organisers of such events could be significant. The Football Association receives £2.5m annually from McDonald's and Pepsi to support community and youth projects.<sup>39</sup> Coca-Cola provides support for Special Olympics UK (which seeks to involve the learning disabled in sport).

It is anticipated that costs may arise for manufacturers of foods, meals or snacks high in salt, sugar or fat in terms of reduced sales, where they are

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<sup>39</sup> Marketing Week, 11 December 2003

unable to employ promotions of this type. Costs may also arise for advertising and marketing agencies that specialise in facilitating promotional activity of this type.

**Benefits:** This option will reduce the likelihood of children receiving mixed messages in relation to diet and health issues. The benefits of this option will be increased if manufacturers of healthier foods are able to support promotions of this type. **[Stakeholders are invited to comment on the likely efficacy of this option].**

**Option 6(g)**

- Food manufacturers, retailers, and the food service sector are encouraged to:
- use celebrities, characters and cartoons to encourage children to eat healthier foods rather than foods, meals or snacks high in salt, sugar or fat

**Costs:** It is anticipated that costs may arise for manufacturers of foods, meals or snacks high in salt, sugar or fat in terms of reduced sales, where they are unable to employ promotions of this type. Costs may also arise for advertising and marketing agencies that specialise in facilitating promotional activity of this type. **[Stakeholders are invited to comment on the likely costs arising from this option].**

**Benefits:** The FSA's research work with low income consumers indicates that parents view celebrities as influential role-models for their children.<sup>40</sup> There is evidence that such schemes can work effectively. Yummy apples, based in New Zealand, are linked with Wynton Rufer, the biggest football star in New Zealand. Since the scheme started, more than NZ\$650,000 (£250,000) worth of sports equipment has been donated to primary and intermediate schools throughout New Zealand.

This option will ensure that this technique is not used to encourage consumption of foods, meals or snacks high in salt, sugar or fat . The benefits

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<sup>40</sup> Food Promotion and Marketing to Children: Views of Low Income Consumers, COI Communications / RWL March 2004

of this option will be increased if manufacturers of healthier foods are able to support promotions of this type.

**Option 6(h)**

- Food retailers are encouraged to:
  - use in-store promotional techniques, such as reduced prices, for healthier products when promoting to children
  - remove confectionery products from checkouts and, wherever practicable, replace them with healthier options such as fruit

**Costs:** Costs may arise for retailers and manufacturers of foods, meals or snacks high in salt, sugar or fat , from reduced sales, although these are difficult to estimate. **[Manufacturers and retailers are invited to comment on the likely costs arising from this option].**

**Benefits:** Consumers see checkout displays as a “prime opportunity” for children to ask for sweets and chocolate.<sup>41</sup> In addition, there is significant stakeholder support for this option.<sup>42</sup>

This option will ensure that in so far as they are used for foods aimed at children, these promotional tools are used to encourage consumption of healthier choices.

**Option 7 – Suggested action for celebrities and those who licence characters and cartoons**

**Option 7(a)**

- Celebrities and those who licence characters and cartoons should use their influence to encourage children to eat healthier foods, rather than foods, meals or snacks high in salt, sugar or fat

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<sup>41</sup> Food Promotion and Marketing to Children: Views of Low Income Consumers, COI Communications / RWL March 2004

<sup>42</sup> For example, the Food Commission’s “chuck sweets off the checkout” campaign

See discussion under option 6(g) above

Option 8 – Suggested action for sponsors of events and activities

**Option 8(a)**

- Organisers of events such as sporting events should only accept sponsorship for brands associated with healthier foods.

See discussion under option 6(f) above.

**Consultation**

Consultation with Stakeholders to date: In November 2003 the FSA published a discussion paper setting out a series of possible policy options. The purpose of the discussion paper was to stimulate a wide-ranging debate on the way forward. Since November, informal consultation activity has included the following (more detail on this process can be found in The FSA's Board paper, discussed at the March Open Meeting).<sup>43</sup>

- Stakeholder meeting
- Various activities in Scotland, Wales and Northern Ireland
- Focus group discussions involving low income consumers, including teenagers
- *Defusing the Diet Time Bomb* public debates in London and Edinburgh
- A variety of other surveys and correspondence

Within Government: In addition to the informal activity described above, the FSA has been maintaining contact with officials in DH, DCMS, DfES and Ofcom throughout the development of the Action Plan. OGD's are also included in the current public consultation.

Consultation with Small Businesses: In addition to the informal activity described above, this partial Regulatory Impact Assessment has been

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<sup>43</sup> [www.food.gov.uk/multimedia/pdfs/fsa040302.pdf](http://www.food.gov.uk/multimedia/pdfs/fsa040302.pdf)

prepared in co-operation with the Small Business Service; the SBS are also included in the current public consultation.

**Contact Details for Further Information**

For more information on the process of Regulatory Impact Assessment, or in the case of any other queries on the policy in this area, please contact:

**Lorna Chadney**

Food Labelling and Standards Division

Room 115c

Aviation House

125 Kingsway

London

WC2B 6NH

Tel: 020 7276 8167

Fax: 020 7276 8193

e-mail: [promokidsfood@foodstandards.gsi.gov.uk](mailto:promokidsfood@foodstandards.gsi.gov.uk)

*Food Labelling and Standards Division*

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