



Food Fight: Obesity Raises Difficult Marketing Questions

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Consider just a few of the latest, some would say confusing, developments in the heated debate over junk food, advertising and obesity:

* Last week, new government research pointed to an unlikely culprit in the recent rise in childhood obesity: large-scale consumption of sugar-laden fruit juice by preschoolers. U.S. dietary guidelines suggest parents give their children fresh fruit, water or milk instead.

* Kraft Foods last month agreed to stop advertising Oreos, Chips Ahoy cookies, Kool-Aid and other non-nutritional snack foods on television to children ages 6 to 11, a move that some critics claim is designed to ward off government regulation and was made only after pressure from consumer groups.

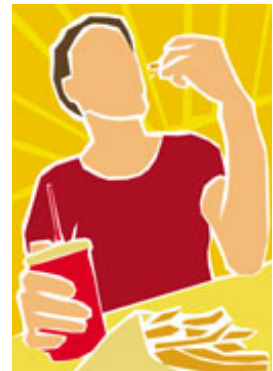
* In January, General Mills announced it would replace refined grains with whole grains in many of its cereals, the same month it launched a new Chocolate Lucky Charms brand (high in sugar and loaded with marshmallows).

* Among the films nominated for an Oscar at Sunday's Academy Awards is a documentary titled *Super Size Me*, which exposes the health risks of eating a McDonald's-only diet. Meanwhile, according to a report this week in the *New York Times*, McDonald's expects to buy 54 million pounds of fresh apples this year, up from zero two years ago, making the company the largest wholesale purchaser of apples in the U.S. Apples show up on the McDonald's menu in salads and desserts, alongside such items as the double cheeseburgers (still the company's biggest seller), McGriddles breakfast sandwiches, French fries and hot fudge sundaes.

Mention the word "obesity" to health care researchers and just about the only point of agreement is that the problem has indeed reached critical proportions. Obesity is routinely described as a global epidemic that affects children and adults not only in the United States and Western Europe but in countries like South Africa, China and Brazil. Public health officials warn of a coming crisis in already-strained health care systems soon to be swamped by patients with diabetes, high blood pressure, heart disease and other weight-related illnesses.

The statistics are alarming: An estimated 10% of America's preschoolers are dangerously overweight, obesity rates for elementary school students have tripled in the last three decades, and 31% of adults in the U.S. are now considered obese (at least 30 pounds overweight). Certainly the fast food industry, with its traditionally high-fat menus and ubiquitous ads, come in for part of the blame. Others point the finger at parents who have abdicated their responsibility to provide healthy nutritional meals; at schools that fail to offer healthy eating alternatives or promote exercise; and at cereal and juice manufacturers that load up their products with sugar and aim them at the youngest consumers. Additional culprits cited include the government -- which publishes dietary guidelines but has yet to consider such regulatory action as limiting junk food ads aimed at children -- and the powerful sugar and soft drink lobbies.

With obesity very much in the news, what should the response be from companies that manufacture, sell and/or advertise high-calorie, high-fat foods? Should these companies change their marketing strategies?



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Are they obligated to promote healthier products, and cut back or cut out less healthy ones, regardless of consumer demand? Who is responsible for what a person eats?

Downsizing the Supersizing

"This is a very difficult issue," says Wharton marketing professor [Patti Williams](#). "In some ways, companies are stuck between a rock and a hard place. Consumers say they want healthier foods, but if you look at consumer behavior, many people choose unhealthy foods over healthy ones." Indeed, a restaurant chain that recently tried to reduce the size of its portions was soundly blasted by its customers and has now decided to reinstate the original serving size. "How do marketers navigate their way through [things like this]?" Williams asks. "I think companies in general are sincere about wanting to offer healthier alternatives," in part because with all the dire warnings about obesity, "they don't have many other choices."

At the same time, Kraft's decision to stop advertising to kids has caused some concern within the industry, she adds. "A company that pulls the plug on its advertising to children is acknowledging there is something wrong with that advertising. The rest of the industry worries about any action that might suggest culpability. But Kraft is doing the right thing. It's not easy for marketers to change their products overnight or even to predict what these changes ought to be." Companies may run the risk of altering a product and "then losing their customers because of it."

At the very least, Williams says, "companies should change the word 'supersize' because it has gone from denoting something positive to denoting something negative in popular culture." [McDonald's dropped the word "supersize" in December.] "Beyond that, I don't know exactly where the ethical line is between marketers giving consumers what they want, or saying to them, 'You know what you want, but we know it's not healthy and we are not willing to offer it.' I personally think responsibility lies jointly with both the marketers and the consumers. This makes it harder to figure out what the marketers ought to do."

According to Wharton marketing professor [Barbara Kahn](#), "marketers typically go after customer value," which includes offering products that customers are willing to pay for. "Marketers are not making people eat unhealthy foods. They are just delivering what the customer wants. In the case of McDonald's, for example, "I would be a better McDonald's customer if I felt satisfied with the food and didn't gain weight. So they would keep me as a loyal customer [if they continued offering healthier choices]. But there are people out there who don't care if they gain weight, and some marketers will appeal to that segment. Marketing responds to the free market."

Companies are, in fact, changing strategy "because they are finding that by offering more fruits and salads they are increasing business," says Kahn. "People like these options." And by having options, companies avoid dictating to consumers. "It's not a good model to have marketers tell consumers what to eat and do. They cannot be paternalistic. Doctors and nutritionists, or maybe the government, can be paternalistic, but not marketers." One fact "we absolutely do know," Kahn adds, "is that people don't know how much to eat. They are no longer eating just to the point of satisfying hunger. Adults don't stop." The same isn't true for children. "When kids are not hungry, they won't eat. They will stop in the middle of a bite. But adults have been 'unlearned' from this."

News reports suggest also that adults are not even aware of how many calories they consume. An Associated Press report last week cited a study by the Center for Science in the Public Interest and New York University showing that even nutritionists significantly underestimate the amount of calories in a 10-ounce hamburger and side of onion rings. (Their guess: 865 calories. The correct answer: 1550.) "My suspicion is that as consumers become more cognizant of how much they are eating, and realize that they could be satisfied with less," says Kahn, "there will be a downsizing of the supersizing."

Any move toward downsizing, or changing one's eating habits in general, suggests that consumers are willing to assume "personal responsibility" for their actions -- another hot-button phrase in the obesity

debate. Shelley Rosen, a member of McDonald's Balanced Lifestyles Global Team, says that people are responsible for "making their own life decisions. What we and other brands are trying to do is provide choices so that people can make the right decisions based on their own needs -- including price, portability and convenience. If people don't buy the choices we offer, then these items don't stay on the menu. Everyone says we should have a veggie burger. We do [in some of our markets] but the 'take' rate on the veggie burger is not the same as other products. Yet we continue to try it.

"Every decision we make is based on what customers say they want to eat," she says. "Ten years ago we had the McLean deluxe burger. Perhaps we offered it too early, or maybe it was the marketing, but it didn't stay on the menu. We have had a salad on the menu since 1984. A few years ago we tried the idea of a salad shaker in a drink cup" that people could, for example, eat in the car, "but we found that people don't eat salad on the go. We sold milk for many years, but recently we repackaged low-fat milk, putting Ronald McDonald on a re-useable plastic container. Sales are phenomenal."

Others in the food fight, however, contend that personal responsibility only goes so far. Two teenagers filed a lawsuit in 2002 blaming McDonald's food and advertising for causing obesity. After being tossed out twice, the case was reinstated in January on a technicality. Although many consider the lawsuit frivolous, it does raise the specter of additional suits against other fast food chains on similar grounds. That fear is one reason why the U.S. House of Representatives introduced legislation last year -- "The Personal Responsibility in Food Consumption Act" -- that would protect businesses from obesity lawsuits. Similar so-called "cheeseburger bills" have been introduced on the state level as well.

In addition, a group called the Alliance for American Advertising -- consisting of the American Advertising Federation, the American Association of Advertising Agencies, the Association of National Advertising and the Grocery Manufacturers Association -- was set up earlier this year to persuade legislators not to introduce bills that would restrict food ads targeted to children. A spokesperson for the group told one newspaper that the issue is "a First Amendment concern" because attempts to restrict advertising trample on the right to free speech. Others disagree, pointing to current bans on cigarette and alcohol advertising.

The Fully-loaded Burrito

Critics of the food industry's push to sell unhealthy foods find as much to criticize in the advertisements of these companies as in the products themselves. These ads, critics point out, aren't only on television, but increasingly on the Internet, video games and cell phones. Many nutritionists already claim there is ample evidence linking advertising to childhood obesity.

"Fast food companies say they have healthy options on their menu and provide nutritional information about individual items, all in order to inform consumers about what is available," says Wharton marketing professor [Lisa Bolton](#). "They say they are not in the business of taking away people's choice. The trouble is, though, that many advertisements for these products are targeted at a vulnerable part of the population -- children. As soon as you start using cartoon characters, tying products into kids' movies and so forth, then the question becomes: Can consumers really make fully-informed choices or are they being flooded with marketing material that is going to alter their behavior? Companies might respond that children don't make the purchasing decisions; it's the parents, but we all know how persuasive kids can be."

There is also the issue of "advertising seemingly healthy options that are actually worse for you," Bolton adds. "Salads can be drowned in dressing with bacon bits. This gets back to consumers' confusion over, and lack of knowledge about, what they are eating. They are going with the salad cue, but forgetting the stuff that is added to make it seem appetizing. A lot of packaged goods are like that as well -- trying to make products seem healthier than they really are."

For example, some marketers push "nutraceuticals," the addition of nutritional supplements to products -- such as calcium to chocolate syrup and Vitamin C to soda -- to make them more appealing to

health-conscious consumers. (Milk, breads, cereals and other products have been nutrient-fortified for years.) The response from nutritionists is that fortified junk food is still junk food; adding supplements doesn't address the larger issue of how to encourage changes in people's eating habits.

According to Williams, McDonald's response to the *Super Size Me* documentary -- that the company was not suggesting that people eat at McDonald's every day -- "ignores the fact that the company advertises with an 'all day every day' theme and tries to create demand at every meal. So there is some inherent tension there." Kahn makes a similar point in response to Hardee's introduction last week of a "Loaded Breakfast Burrito," a menu item consisting of eggs, diced ham, crumbled bacon and sausage, shredded cheddar cheese and salsa. The burrito "is bodacious enough to satisfy the biggest appetites and tasty enough to win over the most discriminating palates," says an accompanying newswire. "If Hardee's is responding to demand for a product like the loaded burrito, that is one thing," Kahn notes. "But if the company is *creating* a demand, and if these people wouldn't otherwise be eating that food, then you are getting into a gray area."

Margot Wootan, director of nutrition policy at the Center for Science in the Public Interest, says there is no question that companies try to create demand for their product, often at the expense of healthier options. "A number of companies claim that marketing is intended to just move kids from one brand to another, but that is not the case. Look at fruit snaps -- a whole new category of product that didn't exist when I was a child. They compete not only with other similar products, but with real fruit. So a parent will pack a little bag of fruit gummies in a child's lunchbox instead of an apple or bag of grapes. When a child begs his or her parents to go to McDonald's for dinner, that choice is competing not only with Wendy's or Burger King, but with a meal cooked at home. Marketing works. That's why the industry does it and why health advocates are concerned about it."

The food industry, Wootan adds, "is very concerned about being blamed for the rising obesity rate, and it should be, because many of its products and practices are significant contributors. The industry is also nervous about new regulation, legislation and lawsuits, and is moving to head these off" -- with some success, she adds, citing Kraft's decision to limit certain kinds of advertising as "a meaningful step forward. PepsiCo is trying to add healthier versions of its products in schools although it still markets and sells a lot of soda. All the fast food restaurants have fruit options -- Wendy's with its mandarin oranges, Burger King with apple sauce, and McDonald's with apples in its salads and desserts. But in most cases, an overwhelming number of the entrees remain unhealthy." Indeed, a report in the February 23, 2005, *Wall Street Journal* quotes McDonald's CEO Jim Skinner as suggesting that "hamburgers and French fries will continue to be at the core of our menu for the long term," although he noted that his restaurants will be introducing a fruit-and-walnut salad this spring and "is test-marketing deli-style sandwiches" as well.

Wootan, whose Center came out with guidelines for responsible food marketing in January, would clearly like to see companies "use their power to create and market healthy foods that children will ask for and enjoy." All companies want to respond to consumer demand, Williams adds, "but this doesn't happen in a vacuum. Many people interested in consumer protection believe that marketers have the power to *influence* wants and needs as much as they *respond* to wants and needs. This would suggest that marketers could get together and say, 'We are making our consumers unhealthy and that has costs for all of us, as corporations, as citizens, and so forth. Why don't we influence [consumer preferences in ways] that allow us to be ahead of the pack?'"

Pushing the Fruit Cups

Some fast food restaurants, companies and school systems are indeed rethinking ways in which they can influence the debate. McDonald's Rosen points to the company's global initiative which includes "actively promoting the notion that it is cool to be active" -- through, for example, associations with Olympic athletes and celebrities -- and also "democratizing information" about healthy eating versus unhealthy eating. "We are making this information readily available and easy to use by putting it on tray liners, on posters, in our packaging. There are many vehicles to communicate these kinds of messages, not just paid advertising," she adds. Kraft, for its part, says it will start advertising such products as sugar-free Crystal

Light and Triscuits, and plans to label foods and beverages that meet certain nutritional guidelines. "Our goal is not to walk away from kids' advertising," a Kraft spokesperson told reporters last month. "We want to be a part of the solution."

[Sonya Grier](#), a business professor at Stanford who is on a Robert Wood Johnson fellowship with the Penn medical school, comes at the issue from both a business and a public sector point of view. On the one hand, she notes, people say that companies won't change their behavior unless they can do it profitably. They can accomplish that by, for example, retraining consumers to be proactive and encouraging them to gravitate toward healthy foods. "Offer both healthy and non healthy foods. Provide options rather than erode choice," she says, and give consumers more information on nutrition. "Consumers aren't aware of the calories and fat that are in food. You have to do things that convince consumers to buy the fruit cups that McDonald's is pushing."

In addition, says Grier, who previously worked as a senior market research analyst for Kraft, "there needs to be a concerted effort across disciplines and across fields. This is the bigger challenge. The public health sector is skeptical that companies are really trying to make things better when their major concern is profits. Businesses see public health advocates as totally unaware of how businesses operate. Consumers are a large part of the problem as well, in terms of purchasing patterns and parental responsibility. So it will take a multi-domain effort across the public and private sectors," including the World Health Organization, which in 2003 recommended limits on sugar consumption and advertising targeted to children. According to a January 2005 report in the *Wall Street Journal*, the WHO has since come out advocating that governments discourage ads that promote the consumption of unhealthy foods by children. In addition, the report said, the European Union has "threatened" to restrict advertising aimed at children if the industry fails to take action on its own.

Grier also makes the point that the "food industry is not one homogenous monolith. Stonyfield Farm [which sells natural yogurt] is not the same as Kraft [which sells processed cheese]. The way companies approach the issue of nutrition is going to be different. All the attention has been focused recently on McDonald's, but they are not the evil one. I don't think any company is intentionally out to make people fat. They just want people to eat more of their products," and one way to do that is through advertising. "Advertising creates awareness."

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