

May 17, 2007

Office of the Secretary
Federal Trade Commission
Room H-135 (Annex J)
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580
(filed electronically)

Re: Food Industry Marketing to Children Report: Paperwork Comment: FTC File No. PO64504

Dear Chairman Majoras:

We write in strong support of the Federal Trade Commission's upcoming study of food and beverage industry marketing activities and expenditures targeted to children and adolescents (*Federal Register*, Vol. 72, No. 74, April 18, 2007). In order to effectively fulfill this Congressional mandate, the Commission must investigate the full extent of contemporary food industry marketing practices. To assist the FTC in its inquiry and report to the Congress, we are submitting our report, "Interactive Food & Beverage Marketing: Targeting Children and Youth in the Digital Age."

While most of the public policy debate has focused on television advertising, food marketing to children and teenagers has already expanded onto a broad range of new digital platforms. This new "marketing ecosystem" is not separate from television, but rather encompasses all media. As our research shows, major food and beverage brands are utilizing a variety of new venues – including cell phones, instant messaging, video games, user-generated video, and three-dimensional virtual worlds – in their efforts to target children and adolescents and to foster ongoing personal relationships with them, often under the radar of parents. The study also reveals a range of new digital strategies these marketers have devised for targeting multicultural youth, including African Americans and Hispanics.

The report documents a number of digital marketing practices, as well as several powerful trends that are shaping the new media marketplace. We urge the Commission to take these into account when designing and conducting its study. For example, the Federal Register Notice of April 18, 2007 specifies that "Expenditures will be reported

separately for marketing activities directed to children 2-11 and for those directed to adolescents ages 12-17.” However, in the new media landscape, these categories have become much more fluid, as digital media companies, content providers, and marketers restructure the traditional “demographic” breakdowns for children and adolescents. We draw the Commission’s attention to the conclusion of our report, where we discuss these trends and their implications for policy. It will be important for the FTC to adjust its requests to industry accordingly.

In its call for data from food and beverage manufacturers, distributors, marketers, and quick service restaurant companies, the Commission should pay special attention to the following questions. Industry members should be required to address each of them in detail, providing related expenditures:

- What kinds of research are food and beverage companies, as well as their marketing companies, conducting in order to develop and implement their interactive campaigns targeting children and adolescents? This should include in-house research, as well as studies commissioned or obtained by their agencies and independent consultants. Companies should be required to provide any psychosocial research related to their interactive marketing efforts. Food companies should also identify the advertising firms, agencies or consultants specializing in digital marketing with which they are working.
- To what extent and in what ways are food and beverage companies, and their media and marketing partners, designing digital content and services in order to facilitate ongoing interaction between young people and brands (e.g., through such techniques as user-generated content, immersive marketing, branded entertainment, microsites, mobile sites, etc.)?
- What data are being collected from individual users, and what techniques are employed to collect such data? For example, are “cookies” or other types of data “tags” being used for tracking purposes? Are IP (Internet Protocol) addresses being collected? How is information used, stored and shared (within the company or with other partners, including ad agencies and market researchers)? Are users segmented or evaluated by such marketing criteria as psychographics, demographics, and “technographics”?
- In what ways are companies engaging in behavioral profiling of children and adolescents? What behaviors or categories have been developed for young users? How does such targeting affect the user’s experience? What kinds of interactive advertising are being delivered through broadband (high-speed) connections? How are “rich media” marketing formats deployed? How do companies track the range of interactivity between a child or adolescent user and various elements within the ad or promotion?

- What “cross-platform” marketing techniques are companies using or planning to deploy? (This includes so-called “360 degree campaigns” that span across multiple platforms such as television, online, user-generated media, viral communications, etc.) What techniques are food companies and their partners using to encourage young people to market to their peers?
- How are food companies using (or planning to use) virtual reality formats and avatar-based strategies for marketing to children and adolescents? This information should include an explanation of any research or other evidence about what is known regarding the impact of platforms on users.
- How are food and beverage companies using or planning to use broadband video for marketing purposes, and who are their media partners? What metrics and other data are collected through such efforts? Are data shared with the broadband platform provider (whether PC or mobile-based)?
- How are food and beverage companies marketing to young people through social networking platforms such as MySpace and FaceBook? How are individual users’ tags, bookmarks and other "meta-data" being collected and utilized for marketing purposes?

We hope this information will be helpful to the Federal Trade Commission as it undertakes this important new study. We are continuing to monitor the rapid changes taking place in the digital media marketplace and would be happy to provide any further information that would aid the Commission in staying abreast of these developments.

Sincerely,

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