



Obesity and the Role of Food Marketing: A Policy Analysis of Issues and Remedies

By Kathleen Seiders and Ross D. Petty

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THE CENTERS FOR DISEASE CONTROL and Prevention have declared obesity a public health epidemic: More than 30 percent of Americans are obese, and obesity now equals smoking as the leading preventable cause of disease and death. Many factors are associated with rising obesity. Consumption-related data, such as the U.S. Department of Agriculture’s Survey of Food Intakes, suggest that dietary patterns have been a driver of the obesity crisis. ■ Between 1984 and 2000, there was a greater than 15 percent increase in the average daily caloric intake per person in the United States. But diet is not

the only cause of obesity and related medical problems; physical inactivity, genetic predisposition, and uneven access to healthful foods are recognized as contributing factors. The National Center for Health Statistics data indicate that less than one-third of Americans participate in regular leisure-time physical activity. Economists have found that increases in labor force participation rates and declines in cigarette smoking also are significantly related to the rise in obesity. They view the population-wide increase in weight gain as an implicit trade-off: a by-product of sedentary but higher-salary work combined with consistently falling food prices. Price deflation is associated with agricultural productivity, and some experts argue that federal food subsidies contribute to overproduction. Increased food consumption also is driven by convenience-related trends, such as heightened consumer spending on meals outside the home and increased snacking and eating frequency.

Food Marketing Practices Related to Obesity

Of the many factors associated with rising obesity, food industry marketing practices are among the most

criticized. The food industry, for example, is often held accountable for increased portion sizes for meals and snacks and intensive distribution and promotion of fast foods and snack foods. The view that the obesity epidemic is “environmental in origin” has been expressed in extensive media reports.

Specifically, the food industry has been criticized for four types of marketing practices: the use of large servings (“supersizing”) of high-fat, high-calorie foods; the failure to provide nutrition information before purchase in restaurants and vending machines; targeting children with high-fat, high-calorie foods by media and toy promotions; and saturating distribution channels, such as schools, with high-fat, high-calorie foods.

Supersizing is an efficient and profitable practice for grocery manufacturers and restaurant companies because the incremental costs of size upgrading are low. The value proposition is compelling for consumers because the price differential between regular and supersized products typically is fairly minimal. Many examples of supersizing have been publicized by the news media, for example, trading up from a 7-Eleven 16-ounce regular Gulp soda to a 64-ounce Double

Gulp soda added almost 400 calories to the product but only 37 cents to the price. In addition, packaged snacks often appear healthier because of unrealistic serving sizes. A single-serve package of Fig Newtons, containing two bars, lists each 100-calorie bar as a single serving, but how many consumers would eat one and save the other for another day? Research analyz-

sell beverages, candy, and chips are in 43 percent of elementary schools, 74 percent of middle schools, and nearly all high schools. Approximately 73 percent of high schools have exclusive “pouring rights” contracts and 46 percent engage in some form of soda advertising that supports sales in this channel. The food industry also has received a substantial amount of criticism

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ing items sold by take-out, fast-food, and family-type restaurants reports increases in portion size across all categories and all sectors; portion sizes were reported to exceed—sometimes greatly—USDA standards.

While comprehensive nutritional information on packaged food products has been required since 1994, no nutritional labeling is mandated for foods served in restaurants or sold in vending machines. Critics suggest that many consumers may be unaware that they are consuming in one meal such a high proportion of the fat and calories suggested for consumption in one day. They argue that restaurants should provide information at point-of-purchase, including information on packages and containers, or at a minimum, on menus or in close proximity.

Marketing campaigns that target children are highly criticized because children are far less likely to be aware of the health consequences of eating high-fat, high-calorie foods than are adults. Critics charge that such foods are inappropriately featured in Saturday morning television advertisements and that children—who typically watch more than 20 hours of television a week before the age of 9 and often don’t understand the difference between commercial advertising and entertainment programs—are vulnerable to advertisers. Fast-food companies, which use marketing alliances with toy and entertainment companies to implement large-scale promotions, have been chastised for toy giveaways and campaign advertisements featuring characters designed to appeal to children.

While the food industry has been criticized for generally saturating distribution channels with foods of low nutritional value, the most widely criticized distribution practices involve selling high-fat, high-calorie foods in schools. Schools have become an important and lucrative distribution channel: Vending machines that

for inadequate distribution of healthful food choices in contexts where customers are economically disadvantaged. Public health experts claim that inner-city supermarkets have a paucity of fresh and nutritious foods, in part because the neighborhoods are overpopulated with fast-food outlets.

Does the Free Market Work Well?

These food marketing practices are defended based on the argument that consumers are responsible for their own lifestyle choices, there is an influential scientific consensus on the importance of diet and exercise, and foods branded as unhealthy face heightened competition from foods that are promoted for their inherent health benefits. Food industry communications argue that no one food contributes to obesity more than any other—that no foods are inherently good or bad.

Since food marketers generally defend their offerings as being those desired by consumers in a free market, a critical question is whether any market failure contributes to the obesity epidemic. We propose that four such market failures may explain why some consumers appear unable to make food choices that avoid or ameliorate obesity: the lack of disseminated information on the causes and consequences of obesity; the probabilistic and long-term nature of obesity-related harms; the lack of readily accessible and understandable nutrition information related to obesity; and the scarcity of alternative food choices for some consumers.

A Harvard study (2002) reported that more than 50 percent of respondents identified themselves as overweight but didn’t believe their weight was a problem; only a third viewed obesity as a serious health problem. Although body weight is a focal, top-of-mind issue for many consumers, weight gain typically is viewed as an individual or personal failure rather than



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a larger, societal problem. More fundamentally, food products traditionally have not been perceived as high risk, in part because they offer more significant benefits (e.g., nutritional and hedonic value) than other consumer products (e.g., cigarettes or alcoholic beverages) associated with health risks. When asked to identify their most common motivation for dieting, respondents in a large consumer study cited “difficulty fitting into clothes” (29.9 percent) with more frequency than they cited “health concerns” (25.9 percent). In the aggregate, findings from studies suggest that Americans fail to fully associate weight problems with potentially serious negative health consequences.

Policy Remedies to Address Obesity

Food marketing critics and public health advocates have suggested many possible remedies to ameliorate the obesity-related harms resulting from these market failures. These remedies fall into four categories: educational campaigns in the media and counseling by physicians; information disclosures about nutrition content and health warnings for certain foods; financial incentives such as taxes on high-fat, high-calorie foods, limits on agricultural subsidies for such foods, and tax incentives for employers to offer weight management programs; and finally, restrictions on targeting children.

Education remedies—which include educational campaigns and physician counseling—place little or no burden on marketers, assuming they are not required to execute or subsidize the related initiatives. The overall goal of such education is to improve consumer knowledge of obesity-related health issues and shift emphasis to the prevention, rather than treatment, of obesity. Without imposing a direct burden, these remedies create



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incentives for food marketers to reformulate their products and realign their advertising to be consistent with educational messages. Public policy studies suggest that information campaigns should be carefully segmented and targeted. Nutrition knowledge and motivation, as well as differences in the risk of obesity, vary significantly relative to education, income, ethnicity, and age. The Improved Nutrition and Physical Activity Act, designed to significantly boost federal funding for nutrition and

fitness campaigns, was the first introduction of large-scale federal legislation to address obesity.

Disclosure remedies, which include nutrition disclosure, serving size disclosure, and warning of risks, have the objective of addressing market failure related to inadequate provision of obesity-related nutritional information. Food marketers carry the burden of testing their products for nutritional content and disclosing that information on menus or on other point-of-purchase materials. This type of disclosure involves not only testing, printing, and monitoring costs, but also forgoing other uses for the disclosure space. Disclosure of nutritional information for the restaurant sector is a focal issue, in part because food expenditures on meals eaten outside the home (46 percent in 2004) have continued to rise, a long-term pattern that has been linked to increasingly large restaurant portion sizes as a determinant of obesity.

A proposed disclosure remedy that arguably most burdens food marketers would be the requirement of warnings on certain food products and meals, and in their advertising. One type of potential warning would inform that a product is high in calories and fat based on recommended standards (a prominent and simplified disclosure of obesity-related nutrition information); a second type would warn of specific health-related consequences.

Financial incentive remedies include taxes, tax incentives, and other initiatives intended to limit the degree to which consumers trade immediate benefits for future risk of health consequences. The goal is to introduce financial incentives that will encourage healthful food choices and counteract existing incentives to make less healthful choices. Of the three key types of financial incentive remedies, two (taxes on high-fat, high-

calorie foods and limits on agricultural subsidies) directly impact food prices, and one (incentives for employer programs) financially rewards weight control.

Restriction remedies include restrictions that limit marketing to children and mandate choice in product selection for consumers; the goal is to prevent undue influence on young children and increase healthful food choices. An underlying assumption of much policy analysis requires considering less restrictive remedies

before considering more restrictive remedies. However, a pivotal issue is whether education and information do too little to curb overconsumption, with high societal costs making market restraint remedies necessary.

Future Research Agenda

While a number of studies have explored the potential drivers of obesity, research that can be applied to developing obesity-related policy is scant. Some key

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areas for examination by marketing researchers are consumer attitudes toward obesity risk, nutrition disclosure effects, and marketing food to children.

For educational campaigns to succeed in motivating more healthful choices, we need to know how consumers determine obesity risk and make trade-off decisions in various purchase contexts, specifically, the roles that cost and convenience play in product decisions. We also need to better understand consumer influences, as medical authorities are often bypassed in gathering information about health. Knowledge of information channels will help reveal how attitudes about obesity prevention are shaped and how consumer demand for healthful products can be reinforced.

Little is known about how consumers apply general nutrition information to weight control goals, or what formats or particular information would be most useful to consumers and would help to overcome dietary confusion. Research that considers how nutrition information affects product evaluation and purchase behavior across differing consumption contexts, such as restaurants and other points of purchase, is a critical next step.

An important area for investigation involves how children respond to incentives to make more healthful choices at lunch, as reports from schools and school districts that have attempted to offer more positive food choices describe mixed success. Knowing what determines whether these institutions take a proactive role in shaping the range of nutritional choices at lunch and throughout the day is necessary.

Conclusion

Public health experts, while long warning of the risks of obesity, now refer to scientifically proven links between

obesity and diseases such as diabetes, cancer, and heart disease. The food industry also argues that food selection is a matter of individual choice.

By examining four market failures related to food choice and food marketing practices, we suggest that some remedies to relieve the obesity “epidemic” might be appropriate public policy. We propose a remedy framework which incorporates both indirect (education, information) and direct (financial incentives,

restrictions on certain marketing practices) remedies, and reflects the challenge of balancing public and private costs of reducing obesity with related medical costs. Economic analyses will, in short time, allow better evaluation of how the cost of initiatives compares to the cost of health care related to obesity-related disease. Research by marketing scholars will provide information that is critical for making optimal policy decisions—decisions which, in turn, will play a prominent role in future marketing practice.

Ross D. Petty is a professor of marketing law at Babson. He received a Holmes Cardozo Award for excellence in research from the Academy of Legal Studies in Business in 1997. He was recognized by the American Marketing Association for exceptional contributions as a reviewer for Journal of Public Policy & Marketing, and was the journal's founding legal developments editor (1993–1998). He is the founder and executive secretary of the marketing law section of the Academy of Legal Studies in Business, and he serves on the editorial boards of Journal of Public Policy & Marketing and American Business Law Review. Petty has published more than 50 articles and a book, The Impact of Advertising Law on Business and Public Policy. Petty earned a JD from the University of Michigan, an MBA in marketing and applied economics from the University of Rochester, and an MPA from Harvard University.

Kathleen Seiders was an associate professor of marketing at Babson when this collaboration began in late 2001. She joined the marketing faculty at Boston College in fall 2003. Seiders continued to lead efforts to revise this paper according to reviewer comments until it was accepted for publication in summer 2004.