Industry Self-regulation: Empty pledges

Industry self-regulation or corporate voluntarism is “a regulatory process whereby an industry-level organization sets rules and standards relating to the conduct of firms in the industry.” Participation is voluntary and frequently promoted by industry as a socially responsible corporate practice intended for the welfare of consumers. The food and beverage industry has used self-regulation for many years to message concern for public welfare and to position itself as part of the solution to obesity and diet-related disease.

In 2004, the World Health Organization’s Global Strategy on Diet, Physical Activity and Health indicated that unhealthy diets are the leading cause of major noncommunicable diseases worldwide, including obesity, heart disease, and type 2 diabetes. Increasing scrutiny and criticism over the food and beverage industry’s role in the escalating global obesity crisis and the prospect of government regulatory action led many food companies and industry groups to embrace self-regulation, ostensibly acting to help alleviate these issues, while also pre-empting mandatory policy actions.

**Industry self-regulations are a weak substitute for government action.** Compared to most governmental policies, industry pledges are more narrow in scope, poorly implemented and enforced, and inconsistent across companies and jurisdictions. The food industry’s approach echoes self-regulatory attempts by the tobacco and alcohol industries in that they seem motivated primarily by litigation and government movement to restrict key business practices — exemplified by industry announcing self-regulatory pledges and policies in the midst of an active public health debate to introduce evidenced-based public policies.

The food and beverage industry has engaged in voluntary self-regulation in four main areas: (1) advertising and marketing directed at children; (2) front-of-package labelling; (3) beverage sales in schools; and 4) reduction of unhealthy nutrients from the food supply. Independent evaluations of these initiatives have consistently found that they are vague, lack accountability, and ultimately have negligible positive impact.

1. **Self-regulating unhealthy food marketing**

   Pervasive, highly targeted marketing for junk foods and sugary drinks is widely recognized as a key contributor to today’s childhood obesity crisis. Reducing children’s exposure to unhealthy food marketing is one of the key obesity prevention measures recommended by the World Health Organization, Pan American Health Organization, European Union, and World Cancer Research Fund, among others.

   With the prospect of government regulatory action looming, food and beverage industry groups in many jurisdictions devised voluntary pledge schemes to address the issue. These include multi-country initiatives such as the EU Pledge in Europe and the International Food and Beverage Alliance (IFBA) Global Policy on Marketing Communications to Children, as well as national schemes such as the U.S. Children’s Food and Beverage Advertising Initiative (CFBAI), the Australian Responsible Children's Marketing Initiative (RCMI), the Canadian Children’s Food and Beverage Advertising Initiative (CAI), and others.

   By design, these industry pledges do not to actually aim to reduce marketing practices or children’s exposure to marketing, but rather to “shift the mix” of advertising aimed at young children to promote healthier products. This is problematic for several reasons:
• The nutrition criteria industry use to determine which products are “healthy enough” to market directly to children are much weaker and more permissive than criteria recommended by independent nutrition experts and health officials.\textsuperscript{5,35-38}

• Pledges only apply within very narrowly defined windows of time or programming — e.g., only during children’s TV shows or when young children make up a very large portion of the audience, allowing advertisers to continue targeting children during other times they are watching, such as prime time family programming.\textsuperscript{5,35,39}

• Pledges only offer protection for children under age 12, even though unhealthy food marketing also negatively impacts older children and adolescents.\textsuperscript{40,41} For this reason, most government marketing regulations protect older age ranges, as well.\textsuperscript{42}

• Changing which products are promoted directly to children does nothing to reduce their commercial exploitation.\textsuperscript{43,44}

These loopholes allow companies to claim high compliance with self-regulatory promises while continuing to promote unhealthy foods to kids.\textsuperscript{35,36,45}

Examples and what the evidence shows:

International
• A 22-country study published in 2019 found that the frequency of TV advertising for unhealthy foods and beverages was significantly higher during children’s peak viewing times in countries with industry self-regulation compared to countries with no policy (3.8 ads per hour vs. 2.6).\textsuperscript{46}

• In 2015, 90% of a sample of nearly 300 EU Pledge company products marketed directly to children in Germany failed to meet WHO nutritional criteria for child-targeted food marketing.\textsuperscript{47}

• A 2019 IFBA program evaluation noted ongoing lack of action from independent international agencies such as the United Nations or WHO to monitor and hold IFBA firms accountable for compliance with their commitments and encourage the IFBA to strengthen its Global Policy to actually meet best-practice recommendations.\textsuperscript{5}

United States
• After the first six years of U.S. CFBAI self-regulation, children saw an estimated 22% more TV ads for sodas,\textsuperscript{48} and their exposure to ads for candy more than doubled.\textsuperscript{49}

• Ten years after CFBAI began, participating companies’ modest reductions in TV food advertising to children were offset by increases from non-participating companies, resulting in U.S. children and young teens seeing a higher rate of food-related TV ads overall, both during and outside of children’s programming.\textsuperscript{50}

• In 2016, more than half of TV ads children viewed from CFBAI companies were for brands that companies pledged they would not advertise in child-directed media. Because these ads aired outside of dedicated children’s TV programming, companies could claim they complied with their pledges.\textsuperscript{50}

• A study comparing TV ads sampled in 2012 and 2018 found that U.S. CFBAI pledge companies actually increased advertising for products failing meeting their own nutrition criteria by over 50%.\textsuperscript{50} Using government-recommended nutrition criteria, virtually all food and beverage ads during children’s programming were for unhealthy products (96% in 2012 and 99% in 2018). This demonstrates virtually no improvement since 2009, when another study found that roughly 95–97% of food ads seen during children's programming were for products high in saturated fat, trans fat, sugars, and sodium.\textsuperscript{39}
Canada (CAI)

- Under Canada’s industry-led initiative, participating companies increased the number of child- and teen-targeted advertisements for “less healthy” products by 47% and 264%, respectively, from the CAI’s inception in 2007 to 2011.\(^{51}\)
- Also during the first four years of Canadian self-regulation, pledge companies increased use of spokes-characters (+27%) and third-party licensed characters (+151%), and featured licensed characters in ads for “less healthy” products 234% more than in 2006, despite pledging not to do so.\(^{51}\)
- Products advertised by Canadian CAI companies on popular children's websites were 2.5 times more likely to be deemed unhealthy than non-CAI ads using multiple independent nutrition criteria.\(^{52}\) In fact, 93% of CAI-company ads promoted products that were excessive in fat, sodium, or free sugars and that contained, on average, roughly 140 more calories and 18 more grams of sugar per 100-gram serving than products in non-CAI ads.\(^{52}\)

Other jurisdictions

- In Australia, a study comparing TV food advertising in 2011 and 2015 found the rate of fast food advertising virtually unchanged, and companies continued to promote unhealthy foods at a significantly higher rate than healthy products.\(^{53}\)
- In Spain, child-directed TV advertising remained widespread and non-compliance very high seven years after self-regulation began: Compliance with self-regulatory pledges was actually worse in 2012 (12%) compared to 2008 (51%), and on children's/youth channels, roughly 9 in 10 food ads failed to comply with industry commitments.\(^{54}\)
- A 2016 evaluation in Mexico found that under self-regulation, children’s exposure to food advertising on TV remained high; companies continued to almost exclusively promote unhealthy products; and ads continued to influence children both directly and indirectly.\(^{55}\)

Self-regulating character licensing on foods:

Marketing strategies on food packages are of particular concern, as they strongly influence children both at the point of purchase and during consumption, and industry groups have gone out of their way to exclude them from self-regulations.\(^{56-58}\) Packages for junk foods — especially sugary breakfast cereals — frequently employ child-directed strategies such as prominently featured licensed or branded characters that appeal to kids.\(^{14,59-61}\) These have been shown to exert strong influence over children’s preferences, choices, and even taste perceptions.\(^{62,63}\)

- Most industry pledges commit not to use licensed characters, celebrities, or movie tie-ins that primarily appeal to or are directed at children (under age 12) to promote “less-healthy” products, however they also clearly state that this commitment does not extend to marketing on packages or point-of-sale and does not limit use of company-owned brand equity characters in any way.\(^{27,31,64}\)
- Industry claims that removing child-directed marketing from packages is unnecessary, as parents are the gatekeepers making the vast majority of shopping decisions.\(^{64}\) It is well-documented, however, that children exercise significant influence over household food and beverage purchases, both by persuading parents to buy appealing products using “pester power” and through independent purchases made themselves.\(^{65,66}\)
- Industry inserts itself into the parent-child relationship by marketing directly to children on packages, both boosting sales and consumption and working to establish lifelong brand loyalty from these future consumers.\(^{40}\)
- Failure to address marketing on food and beverage packaging further reduces the likelihood these self-regulations will have any meaningful impact.
2) Self-regulating food labels

A number of front-of-pack (FOP) labelling initiatives have been developed by individual food companies and industry alliances. For example, grocery retail giants Walmart and Ahold use “Great for You” and “Guiding Stars” icons, respectively, on their products, and large companies such as PepsiCo and Kraft have in the past featured “Sensible Solution” labels or “Smart Spot” logos on products they deem healthier — all using their own criteria.

By far, the most commonly used industry FOP labels are Guideline Daily Amounts (GDAs) (also called “Facts Up Front” or Daily Intake Guides). These can be seen on product packages in most countries around the world, despite no evidence of positive impact for consumers. They typically display nutrient content per serving (not necessarily per package) for nutrients such as calories, saturated fat, sugars, and sodium, as well as the percentage of an average adult’s recommended daily intake for each nutrient. Despite their ubiquity, these labels are generally regarded as unhelpful or confusing for customers.

What the evidence shows:

Voluntary Guideline Daily Amounts labels (GDAs) have performed poorly when compared with other FOP labelling systems:

- Independent studies comparing GDA-style labels with other labelling systems (e.g., multiple traffic lights, the French NutriScore system, Choices International, HealthStar Rating, and warning labels in Chile and Brazil) consistently find that GDAs are the least effective for encouraging consumers to make healthier choices.
- Studies in Mexico show that consumers have the hardest time understanding GDAs compared to other FOP labels, and ultimately they do not use GDAs to help make food choices.
- Consumers need more time to assess GDAs and have much less success understanding them than they do other labelling approaches.
- Studies using eye-tracking technology find that compared to warning labels, GDAs are less effective at getting consumers’ attention and thus less able to help them identify whether a product is unhealthy.
- Studies conducted in Uruguay, Mexico, and Brazil all found GDAs to be the most confusing and least impactful of the label systems used in Latin America.
- In Australia and New Zealand, studies found that GDAs (there called Daily Intake Guides) were least preferred by consumers and least helpful for discriminating between healthy and unhealthy products.
- GDAs ultimately do not reduce consumption of unhealthy products.
- A recent review of studies comparing different types of FOP labels laid out clear reasons why a warning-style label might be most successful, though it is currently only used in a handful of countries where required by law. Indeed, evaluations of the Chilean “stop sign” nutrient warning labels have found that they significantly impact shoppers and their purchases.
3) Self-regulating beverage sales in schools

Examples and what the evidence shows:

- In 2006, the U.S.-based Alliance for a Healthier Generation (a partnership between the William J. Clinton Foundation and the American Heart Association), worked with the American Beverage Association (ABA) to release the voluntary National School Beverage Guidelines.95 The guidelines were developed in collaboration with industry, most notably Coca-Cola, PepsiCo, and Cadbury Schweppes.
  - The guidelines included promises to limit beverage portion sizes and set standards for the caloric and nutritional content of drinks sold in schools.95
  - The ABA funded and released its own progress reports in 2007, 2008, and finally in 2012, finding that, “After just two years of implementation, the guidelines have cut beverage calories shipped to schools by 58%.” In 2017, the ABA announced that there were 90% fewer beverage calories in schools nationwide.96
  - Concerns raised by advocacy groups include the fact that no pre-defined benchmarks were established, no independent research has been undertaken in terms of evaluation, other problematic beverages such as energy drinks, sports drinks, and diet soft drinks were left out of the guidelines, and high schools — where the majority of soft drinks are consumed — are subject to less restriction than elementary schools, where consumption was already lower.97

- The two largest soft drink companies in the world — Coca-Cola and PepsiCo — have made pledges related to beverage sales in schools:
  - Coca-Cola made a global pledge in 2010 to only sell Coca Cola beverages in primary schools at the request of schools and to offer “a variety” of products when carried for sale in secondary schools (i.e., provide waters, juices, and reduced- or no-sugar options alongside sugary soft drinks).98
  - PepsiCo promised beginning in 2011 to only sell “healthier” drinks in schools; at primary schools this includes nectars and milk drinks with <10% calories from sugar, and at secondary schools it also includes sports drinks and other sweetened drinks containing <40 calories/240 mL.99
  - No evaluations or progress reports have yet determined to what extent either of these companies has followed through with its global pledges, though Coca-Cola has stated that the guidelines have only been applied in a select number of countries.98 A study is currently underway in South Africa to assess sugary beverage availability in schools under Coca-Cola’s pledge.100

4) Self-regulating reduction of unhealthy nutrients in the food supply

A fourth area of industry action has been committing to reduce excessive nutrients of concern such as sugar or sodium in the food supply through product reformulation, introduction of new products, or changes in business strategies. Many of these pledges are public-private partnerships wherein governmental groups or health-focused organizations broker pledges from private food and beverage companies, but they remain voluntary. Despite some successes, these programs do not appear to have led to substantial changes beyond existing market trends.

Examples and what the evidence shows:

- U.S. Healthy Weight Commitment Foundation (HWCF) marketplace pledge: In 2007, 16 food-manufacturing companies pledged to collectively sell 1 trillion fewer
calories in the United States by 2012 and 1.5 trillion fewer calories by 2015 in order to help reduce obesity nationally, especially for children. By 2012, HWCF companies appeared to exceed their goal by selling 6.4 trillion fewer calories compared to 2007, for an average decline of 78 daily calories per person purchased from pledge brands.

- Households with children purchased 96 fewer daily calories per person in 2012 compared to 2007.

- These improvements were actually less than what might have been expected in the context of existing downward trends in the years leading up to the HWCF pledge. Rather, the declines observed were likely due in large part to lost market share as shoppers shifted purchases to private label brands following the Great Recession.

- The National Salt and Sugar Reduction Initiative: Originally introduced by the New York City Health Department in 2009 as the National Salt Reduction Initiative (NSRI), this program partnered local, state, and national health organizations to set voluntary, category-specific sodium targets for packaged and restaurant foods with the goal of reducing sodium content by 25% over the next 5 years. Five restaurant chains and 23 packaged food companies committed to meet at least one category’s sodium target.

- From 2009 to 2014, the average sodium density of purchases dropped by an estimated 6.8% — far short of the 25% goal, and only 2 out of 61 food categories met the 2014 sodium targets (3%). In 2018, the program was renamed the National Salt and Sugar Reduction Initiative to include voluntary sugar reduction targets which have not yet been set.

- Walmart’s Healthier Food Initiative: In 2011, the largest grocery retailer in the U.S. launched an initiative “to make healthy choices more convenient and affordable” for consumers, pledging to reduce prices on healthier products, develop a proprietary FOP labelling system to identify healthier products, and reformulate store-brand products to contain less sodium, added sugars, and trans fats.

- While calories, sugar, and sodium from Walmart food purchases did decline after 2011, this continued an ongoing downward trend that began in the early 2000s. In fact, the trend appeared to slow following 2011, whereas a greater decline should have been observed had the Initiative actually led to substantial changes in Walmart’s product formulations, pricing, and marketing practices.

- U.S. Balance Calories Initiative: In 2014, the non-profit Alliance for a Healthier Generation brokered a commitment from the American Beverage Association (ABA), The Coca-Cola Company, Dr. Pepper Snapple Group (now Keurig Dr. Pepper), and PepsiCo to reduce by 20% the number of calories that Americans consume from beverages by the year 2025. Along with changes to product formulations and package sizes, BCI companies committed to adjust placement and promotion of beverages in stores in order to increase consumer interest in low- and no-calorie beverage options. Two years after the BCI launched, a study examining these in-store strategies found that:
  - Sugary drinks remained the most common beverage stocked in stores (dominated by BCI company brands);
  - Sugary drinks were, on average, displayed in 25 separate locations in grocery stores vs. 15 for low-/no-calorie beverages and 11 for water; and
Pricing continued to favor larger containers, as sugary drinks in smaller packages were priced higher per ounce than those in larger containers.\textsuperscript{111}

- Interviews conducted in 2016 with parents and teenagers in three of BCI's most targeted communities revealed low awareness and frequent misunderstanding of BCI messages. Only 4 out of 16 store/restaurant managers interviewed were even aware of the BCI initiative.\textsuperscript{112}

- BCI’s latest progress report found that given the modest improvements made from 2014 to 2018 — only a 3% decline in per person daily calorie consumption from beverages (roughly 6 calories per day) — companies will need to intensify their efforts considerably to meet the stated goal of a 20% reduction by 2025.\textsuperscript{113}

**UK Public Health Responsibility Deal:** Launched in 2011 as a partnership between government agencies, the private sector, and other non-governmental organizations, the Responsibility Deal (RD) aimed to address a range of public health concerns in the areas of food, alcohol, physical activity, health at work, and behavior change.\textsuperscript{114} Within the area of food, participating industry groups and companies could pledge actions such as nutrient labelling (e.g., in restaurants); reducing calories, sodium, or unhealthy fats in products; or encouraging consumption of fruits and vegetables.\textsuperscript{115}

- Private companies and industry groups helped devise the various RD initiatives and often agreed to actions they were already doing.\textsuperscript{116,117} Interviews with RD partners highlighted reputational enhancement and avoidance of regulation as two key motivators for companies’ participation in the RD.\textsuperscript{117}

- Food industry spokespersons talking about the RD in print and online media:
  - Downplayed industry’s responsibility for public health problems;
  - Pointed to the RD as evidence that industry was sufficiently doing its part;
  - Tried to shift the focus to individual consumer behaviour rather than industry activities; and
  - Favored the RD as a better alternative to industry-opposed policies such as mandatory FOP labels or sugary drink or junk food taxes.\textsuperscript{118}

- Revisions made the RD's calorie reduction initiative during development heavily favored industry interests,\textsuperscript{119} including:
  - Widening the scope of possible company actions to include several that did not actually impact their existing products;
  - Removal of quantifiable monitoring metrics; and
  - Removal of baseline measurements to measure progress.

Researchers also note the lack of sanctions to encourage compliance and concluded that distracting objectives and absence of monitoring and evaluation would not only lead to little progress but also represent a significant lost public health opportunity.\textsuperscript{119}

- The RD included two pledge options for reducing trans-fatty acids:
  1) Participating companies could formally state that they did not use artificial trans-fatty acids in their products, or
  2) They could pledge to remove TFAs from their products.

The first action proved to have little added value, as companies making this pledge had either already removed TFA's or were already in the process of doing so prior to the RD; very few companies chose to take the second action to initiate removal of TFAs.\textsuperscript{120}

- Relying on industry-led pledges for sodium reduction had negative health consequences in the UK: When in 2011 the RD effectively replaced the independent Food Standards Agency's sodium-reduction strategy of the previous decade, an existing downward trend in sodium intake was slowed so significantly that researchers estimate the RD contributed
to an additional 9,900 cases of cardiovascular disease and 1,500 cases of gastric cancer from 2011 to 2018. 121

- **Australian Sugar Reduction Pledge:** In 2018, the Australian Beverage Council announced a pledge to reduce sugar across the industry’s portfolio 20% by 2025, with a backdated baseline year of 2015. 122
  - Health groups have expressed concern over a caveat inherent in this pledge: Companies can bring down the average sugar content of their product lines by offering more low-sugar alternatives, ostensibly meeting their goal without affecting core, high-sugar products. 123 Company participation is voluntary.
  - This pledge exemplifies the Australian Beverage Council’s repeated use of “policy substitution strategy,” wherein industry launches a highly publicized voluntary pledge at a time when momentum and political will is building behind mandatory regulations — in this case, sugar taxes or FOP labeling. 12,123

**Conclusion: Industry self-regulation is not the answer**

- Self-regulation is voluntary. Companies can choose to participate or not and face no meaningful consequences for non-participation or non-compliance with pledges. 10
- Industry groups and companies benefit from self-regulation as a public relations tool — signalling corporate social responsibility and positioning themselves as “part of the solution” — while also avoiding or delaying more strict and effective mandatory regulations. 2,11-13
- Compared to recommendations from world health leaders, industry self-regulations are insufficient in scope and coverage, use weak nutrition criteria, and lack enforcement and penalties strong enough to ensure compliance. 12,45,46
- Self-regulation continues to be the most common approach globally for addressing industry’s role in the ongoing obesity crisis, despite over a decade of independent research demonstrating that these voluntary measures are ineffective and insufficient.
- Mandatory policies with rigorous monitoring and enforcement are needed to achieve meaningful improvements in the food environment, dietary intake, and ultimately in the prevalence of obesity and other diet-related chronic diseases.
References


