

Marketing to Children: The Premium Effect

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Abstract

Researchers are interested in the marketing of unhealthy food items to children, particularly as childhood obesity rates appear to be rising (Margery, Daniels and Boulton, 2001). While television advertising, fast food websites devoted to children and parental attitudes to children's consumption of unhealthy food have been examined in depth, little research has been conducted on the effect of premiums on children's food preferences (Pettigrew and Roberts, 2006). This paper reviews the small amount of research on premiums in the context of marketing of fast food to children, and discusses the possible implications in terms of interpretations of the Australian Association of National Advertisers' (AANA) Code of Ethics and the Responsible Children's Marketing Initiative by the Australian Food and Beverage Industry.

Keywords: marketing to children, sales promotion, advertisers' codes of ethics

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Introduction

There is no shortage of researchers interested and concerned about the marketing of unhealthy food to children. However research on the impact of premiums on children's purchasing decisions is discussed, lobbied and editorialized, rather than researched. This paper reviews the small amount of available literature on the subject of children's premiums in the context of marketing of fast food to children, and discusses the possible implications in terms of the Association of National Advertisers' (AANA) Code of Ethics and the Responsible Children's Marketing Initiative by the Australian Food and Beverage Industry. A research agenda is proposed.

Marketing communication aimed at children - food products

The food industry has a global advertising budget of \$40 billion, which makes it greater than the gross domestic product of 70 percent of the world's nations (Laver, 2006). Advertising has traditionally delivered the main selling messages to children. This has created much controversy and concern because of the belief that children have limited comprehension of the advertising message. Researchers such as Warren, Wicks, Wicks, Fossu and Chung (2008) note that Piaget's (1970) theoretical framework holds that young children cannot recognise the intent of an advertisement. Piaget (1970) theorized that children from ages 2 to 7 are in the 'preoperational stage' of development where magical thinking predominates and children cannot conserve or use logical thinking. At this stage 'children adopt cognitive processing strategies that center on the immediate sensory environment' (Warren, et al, 2008, p. 233). Therefore, at this stage in their development, children are more attentive to salient perceptual cues including animation and music. Hence the child is more likely to process audio/visual cues than verbal content which relates to product information. In practical terms this means that children will not encode information about the product attributes since their attention will be focused on the audio/visual effects.

TV advertisers to children consider this when advertising to children as demonstrated in a study by Roberts and Pettigrew (2007). A thematic content analysis of children's food advertising by the authors conducted on a sample of food advertisements screened in Australia found that: 'The most popular appeal was fantasy, present in 57% of the campaigns' (Roberts and Pettigrew, 2007, p. 362).

Although children aged 7 to 12 are in the concrete operational stage in which they begin to think logically they are still very concrete in their thinking. As with the earlier developmental stage, audio/visual cues are still important since they help children aged 7 to 12 to memorize brand names. At this stage there is still limited processing of rational product messages (Warren et al, 2008).

One way that parents might deal with the impact of advertising on their children is to restrict viewing. However, when parents control children's access to television advertising, this restriction may further limit children's ability to understand TV advertising (Khatibi, Haque

and Ismail, 2004). Khatibi et al (2004) found in their experiment on the effects of advertising on children aged 7 and 8, that parental control of TV viewing had a negative effect on children's understanding of TV advertising 'when either the verbal measure of comprehension of advertising intent or the verbal measure of recognition of the difference between program-commercial is used as the dependent variable' (Khatibi et al, 2004, p. 307). However whether this lack of comprehension has a significant effect on children's consumption of unhealthy food has not been proven. In this context Young (2003) believes that even if advertising to children were eliminated this would not necessarily imply a decrease in childhood obesity. Additionally there is little evidence to support the proposition that if children's media literacy was improved that advertising effects would be reduced (Livingstone, 2009).

Many lobby groups, medical experts and even well-meaning parents would like to see television advertising to children banned. This has already been enacted in Sweden, Norway and Quebec, with little effect. Sweden, for example, has childhood obesity levels on a par with the rest of Europe – despite the advertising ban. One explanation for this is that at least some of children's viewing time is outside the officially defined children's viewing timeslot.

A study by Ofcom (an independent organisation which regulates the UK's broadcasting, telecommunications and wireless communications sectors) of more than 2000 children, parents, teachers and nutritionists concluded that television advertising has only a small effect on children's food consumption (Laver, 2006). In fact, television was considered to be of lower importance than key drivers such as exercise, trends in family eating, and school policy.

The so-called 'nag factor' has also been cited as a reason for children's unhealthy food consumption. Bridges and Briesch's (2006) experiment showed that children do exert more purchase influence for a brand they saw advertised. They argued that advertising to children is most effective for the next product purchase within a product category rather than between product categories, that is, children make a choice between McDonalds and Hungry Jacks or Weetbix and Fruit Loops. However, Roberts and Pettigrew (2006, p. 67) found that product category was irrelevant as parents feel 'caught between wanting to please their children and making responsible feeding decisions', particularly in respect to toy premiums. Mothers of children who were focus group respondents in their research saw TV advertising as an 'unwelcome force' that resulted in pestering behaviours in their children in terms of them making more requests to visit fast food outlets to obtain toy premiums. Other children were also seen as a source of information to their children on the availability of the latest toy premiums.

Contrary to this finding, Lambert and Miserski's (2003) survey of meal buyers of a meal with a Snoopy toy premium revealed that habit, as compared to the alternative reasons tested, was an important reason for purchase of premiums primarily targeted to children and that the effect of child's requests was less important. They concluded that parents are less receptive to 'pester power' than generally portrayed in the literature. It is possible that social desirability on the part of parents skewed the Lambert and Miserski results. When put on the spot by a researcher conducting a survey parents may have been unwilling to admit that they give in to children's requests, whereas in a focus group, supported by other parents saying the same thing, they may be more likely to discuss their trepidations concerning children's requests for premiums.

The issue of premiums in the marketing of unhealthy food to children is now discussed in more detail.

The case of premiums aimed at children

‘A premium is an offer of an item of merchandise or service either free or at a low price that is an extra incentive for purchasers’ (Belch, Belch, Kerr and Powell, 2009, p.551). At best, a premium is a value-added form of the product. However, in the case of children’s premiums, they are usually not product related which is an important distinction. The reason for this is obvious: children are the user not the buyer of the product; therefore they do not have any interest in an extra 100g of the product for example (although ‘supersizing’ of fast food is used for teenagers and older consumers). Nor would their parents be interested in encouraging them to eat more. So instead of a consumable premium, many children’s premiums are collectible (Belch et al 2009). When children (and adults) wish to collect the whole set of Dark Knight toy premiums, subsequent purchases of the same product range is required, increasing purchase frequency. The premium, when collected, also becomes an ongoing reminder of the brand. Roberts and Pettigrew (2007, p.362) found that the advertisements sampled in their content analysis research (referred to earlier in the paper) relied heavily on premiums with almost a third of campaigns including a premium offer.

Of significance is the blurring between product and premium in the minds of children. Children recall premium offers rather than product attributes (Laczniak and Palan, 2004). Rubin (1976) who conducted an experiment with 72 children in which comprehension of TV advertising was tested. One group of children was shown a commercial for a dry cereal product with a product oriented theme and the other group was shown a commercial for the same product with a premium oriented theme. ‘The most striking dissimilarity between the two commercials was the degree of emphasis on the product’ (Rubin, 1976, p. 745). Children who viewed the premium-oriented product responded as if the toy car was the product. Although this research is quite old and it could be argued that children are much more accustomed to premiums in the current environment, it seems that the blurring between product and premium is a modern issue. We now consider the deliberations of the self regulators in Australia in this regard.

The Role of Self-Regulation in the Advertising Industry

Advertising in Australia is self regulated through the advertising code of ethics developed and administered by the Australian Association of National Advertisers AANA). The original self-regulatory code, the Advertising Code of Ethics, has been reinforced by the AANA Code of Advertising and Marketing Communications to Children (2008) and AANA Food and Beverages Advertising and Marketing Communications Code (2008).

Section 2.12 of the Code to Children states, ‘Advertising or marketing communications to children, which include or refer to or involve an offer of a premium: (a) should not create a false or misleading impression in the minds of children about the nature or content of the product; (b) should not create a false or misleading impression in the minds of children that the product being advertised or marketed is the premium rather than the product; (c) must make the terms of the offer clear as well as any conditions or limitations; and (d) must not use premiums in a way that promotes irresponsible use or excessive consumption of the product.’

Of relevance in this wording is the advertising should not imply that the premium is the product, yet research indicates that this is the way that children interpret the message. Also, excessive consumption of the product is often encouraged by the fact that premiums are part of collectible sets of up to a dozen toys (Roberts and Pettigrew, 2007).

This code is reinforced by Section 3.6 of the AANA Food and Beverages Advertising and Marketing Communications Code, which states ‘Advertising or marketing communications to children shall not feature ingredients or premiums unless they are an integral element of the children’s food or beverage product/s being offered’. Both new codes represent a major initiative by the Australian advertisers, and Australia was the first country in the world to respond through implementation of the Food and Beverages code in 2008.

Is it a premium or the product? An analysis of Australian Standards Board (ASB) deliberations

The AANA definition is ‘anything offered free or at a reduced price and which is conditional upon the purchase of a regular product’ (<http://www.aana.com.au/childrenscode.html>). This is not so different to the Belch et al (2009) definition offered earlier. However, it appears that the ASB does not entirely understand the distinction if a recent complaint to the Federation concerning the Hungry Jacks’ Dark Knight Promotion is typical.

This case concerned a number of complaints made to the ASB last year concerning the television advertisement by Hungry Jacks promoting the new Batman movie. The advertisement was for a Kids’ Club meal – a hamburger, small fries and a small drink as well as one of four toys featuring the Dark Knight from the movie. Complaints included the fact that the movie was rated M (although it was actually MA), and therefore toys associated with the movie should not be sold with a Kids’ Club Meal. But the main complaints referred to Australia’s poor status in obesity, making the campaign irresponsible on a number of levels.

The ASB determined that the material came under the Children’s Code but could not find any breach of this Code partly because it considered that ‘the toy contained in the Kids’ Club Meal did not constitute a premium as it is an integral part of the Kid’s Club Meal and cannot be purchased separately.’ This point was also made by Hungry Jacks who argued that the toy has always been a part of the Kid’s Club Meal for a number of years and therefore was not a premium. (See www.adstandards.com.au/casestudy for details).

This was reinforced by a subsequent ruling for McDonalds in May 2009 in which ‘The Board noted that as toys are an integral element of a Happy Meal it is not in contravention of Section 3.6 of the F&B Code for the toys to be a feature of the advertisement’. This allowed McDonalds to focus on the toys in the advertisement, and, although the Board noted there was little screen time devoted to the food and beverage part of the product, no contravention was found. This would not be the case in the United States, for example, where the National Association of Broadcasters state that a premium offer cannot exceed 15 seconds of a 30 second television commercial and a clear distinction must be made between the product and the premium (Belch et al, 2009). Such a statement would certainly help in clarifying the premium issue in Australia.

Conclusion

The scope of the self regulation codes in Australia have been broadened to try and protect consumers from the constantly evolving and invading marketing communications. Much of this has been done with community consultation, seeking to appease lobby groups and to keep step with technology. This does not however, guarantee that our codes are clear and comprehensive, or that their interpretation is universal. The interpretation of what exactly

constitutes a premium in relation to children's food products is apparently unclear, yet the blurring of the boundary between product and premium is exactly how children interpret the message about unhealthy food products. The premium is the product in their minds. Anguished parents feel powerless in counteracting the premium effect because of the obvious power of this form of promotion to children.

A research agenda to look at the use of premiums as a marketing communication tool aimed at children would firstly need to incorporate a clear distinction between the premium and product. Secondly, the power of a premium as a brand building experience, compared to relatively weaker power of advertising, is worthy of further investigation.

Experimental research is preferred to surveys as social desirability may confound the survey results. Parents may not want to admit the role they play in developing undesirable food habits in their children.

Experimental research could uncover the significance of the premium in the child's choice of food product. This is an important area of research as the operant conditioning of children to accept food only when associated with a reward is a concern to nutritional experts.

Focus groups of children in the two relevant developmental stages, that is, 4 to 7 and 8 to 12 could also produce more comprehensive information. The online premium is also a new area of research, as children continue to participate in the online environment, particularly advergames.

Unfortunately one of the main reasons that research in this area has been limited is that there are difficulties in obtaining ethics approval to research children. However this research is especially urgent in a climate where banning TV advertising appears to be the easy and perhaps political solution to the obesity crisis.

If it can be comprehensively shown that premiums used in children's products are not part of the product and that children's purchasing behaviour is based on the premium rather than the product then more pressure could be put on legislators and the self-regulatory bodies in terms of restricting the use of premiums in children's food products.

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