Sugar Water Gets a Facelift: 
What Marketing Does for Soda

SEPTEMBER 2009


Without marketing, sodas would be known only for the ingredients listed on their bottles and cans. Instead, they are known for their elaborate campaigns and catchy jingles. The three companies that produce the majority of the industry’s 450 soft drinks—Coca-Cola, Pepsi, and Cadbury Schweppes*—make sure of that.¹ You can walk on “The Coke Side of Life” or “Drink Pepsi, Get Stuff” (or buy both and get double the amount of branded T-shirts and other “stuff”).

If marketing didn’t work, the Coca-Cola Company wouldn’t pay $35 million a year to co-sponsor American Idol, and Pepsi wouldn’t have invested $1.2 billion in 2008 just to revamp its logo. Much of the cost for this change has gone toward replacing the old Pepsi logo with the new one everywhere it appears around the world: trucks, vending machines, stadium signs, and point-of-sale materials.²

The marketing blitz is more than just business as usual; it’s part of the soda industry’s response to the country’s declining consumption of full-calorie soda, which has been sliding for the past decade. As obesity rates rise and type 2 diabetes—once unheard of in children—becomes commonplace, more people than ever are drinking diet sodas or switching to other beverages.

In recent years, the public health establishment dealt a powerful blow to the soda industry when it demanded the removal of soda vending machines in schools. In 2006, under threat of lawsuits and regulation, soda executives from the three top companies conceded. They also promised to insert healthy diet or lifestyle messages into at least half of their advertising to children under 12 years old.

Now the $72 billion carbonated soft drink industry³ is doing everything it can to keep its current customers and attract new ones. “We’ve got to recruit new users and hold on to users as they age,” Bill Elmore, president and chief operating officer of Coca-Cola Bottling Company, Consolidated, told the Wall Street Journal.⁴

* On May 7, 2008, Cadbury Schweppes spun off its soft drink business which is now known as Dr Pepper Snapple Group. We refer to Cadbury Schweppes in this brief as all relevant figures are from before May 7, 2008.
So far, the industry’s amped up marketing efforts seem to be working: In spite of increased demand for diet drinks and an industry-wide bruising from the public health establishment, full-calorie soda—delivering 13 teaspoons of sugar per can—is still the most popular drink in the United States, dominating over 70% of the non-alcoholic beverage market.5

What marketing tactics are soda companies using to distinguish their particular combination of carbonated water, sugar, flavor, and other chemicals? Who is their target audience? In this framing brief, we find out.

Top soda brands
In 2007, the three top carbonated soft drink companies spent a total of $608.5 million on domestic advertising6—more than $1 million a day in the United States alone. The top 10 selling carbonated soft drinks haven’t changed much in the last decade. In order of sales (with their companies in parentheses), top brands include:7
1. Coke Classic
2. Pepsi-Cola
3. Diet Coke
4. Mountain Dew (Pepsi Cola)

The 4 P’s of Marketing
Soda may be on “The Most Wanted List” of public health advocates and policy makers, but its marketers present the opposite picture. Consider the four “Ps” of marketing—product, promotion, place, and price. Together, they represent strategies to target specific demographic groups. The object is to maintain and increase consumption of existing customers, attract new ones, compete for customers of other brands, and create a positive public image. Analyzing the four “Ps” of soda marketing is one way to understand the industry’s tactics and develop effective responses.

PRODUCT: This is the item being marketed and the package in which it is sold. Sometimes, this marketing involves inventing a product to attract consumers who are not already using a product. Take Coke Zero (“Real Coke Taste, Zero Calories”), created because many men do not like ordering “diet” drinks, which they perceive to be for women who are watching their weight. Coke Zero’s no-frills black-and-red bottle has been branded with a large “Z” to evoke masculine taste. In 2007, according to SportsBusiness Journal, the company spent $13 million during the NCAA basketball tournament to boost the then-new product.67

PLACE: This is the location of sale, service, and consumption, and industry practices used in making it work. No companies are better at “place” than Coca-Cola and Pepsi. For those who think ethnic targeting regarding place is new, consider the history of Pepsi: As a result of segregated regiments in WWII, Pepsi-Cola reports that it was the only soft drink available to African-American soldiers. By the end of that war, it was the soft drink of choice among that overseas group. For decades, Pepsi had braging rights to being first choice of African-Americans. Walter Mack, Pepsi’s president during the 1940s, hired a former executive of the National Urban League to develop a program to increase its sales to the Black community. Edward Boyd, credited by many with being the first to use “target marketing,” hired a team of 10 African-American salesmen who traveled the country spreading the Pepsi story of equality. At age 7, Ron Brown, Bill Clinton’s Secretary of Commerce, was featured in Pepsi’s first ad aimed at the Black community that demanded its stores carry Pepsi.68

The “place” Pepsi captured with its marketing was the African American community.

PRICE: One way the soda industry is responding to the slowdown in soda sales is to change the product’s size and price. During the summer of 2008, some of Coca-Cola’s and Pepsi’s biggest bottlers replaced the 20-ouncer that sold in convenience stores for $1.49 with a 24-ounce bottle that cost 20 cents more. Others replaced the 20-ouncer with 16-ounce bottles priced at 99 cents, less expensive than the 20-ounce bottles.69 The companies’ goal is to price the product attractively so every demographic group will find a perfect fit.

Beverages of Choice: Convenience of a soft drink is the major deciding factor, with sugar content a distant second. The top 10 carbonated soft drink companies spent a total of $608.5 million on domestic advertising6—more than $1 million a day in the United States. The top 10 selling carbonated soft drinks haven’t changed much in the last decade. In order of sales (with their companies in parentheses), top brands include:7
1. Coke Classic
2. Pepsi-Cola
3. Diet Coke
4. Mountain Dew (Pepsi Cola)

PUBLIC HEALTH ADVOCATES CAN THINK OF THE 4 Ps FOR PREVENTION. USING THE 4 Ps OF MARKETING TO PROMOTE HEALTH, ADVOCATES COULD RAISE THE PRICE OF SODA WITH FEES OR TAXES, INSIST THE PRODUCT IS SOLD IN SMALLER PORTION SIZES, RESTRICT WHERE IT IS CONSUMED (PLACE), AND LIMIT THE ADVERTISING SEEN BY CHILDREN AND YOUTH (PROMOTION). ALL OF THESE RESTRICTIONS IN MARKETING WOULD DECREASE CONSUMPTION AND THE HARM THAT COMES FROM IT.
5. Diet Pepsi
6. Dr Pepper (Cadbury Schweppes)
7. Sprite (Coca-Cola Company)
8. Fanta (Coca-Cola Company)
9. Diet Mountain Dew (Pepsi Cola)
10. Diet Dr Pepper (Cadbury Schweppes)

What has changed is how the industry spends its marketing dollars.

Where do soda companies spend their marketing dollar?

TV advertising is expensive, and most soda marketing dollars still go there (Table 1). But that is changing. TNS Media Intelligence reports that the three dominant soda companies spent less in 2007 on television than in 2006. According to John Sicher, editor and publisher of Beverage Digest, soft drink industry spending on measured media advertising—broadcast, billboards and print—is down “because they are spending on different kinds of marketing—promotions, email, handing out samples, and the like.”

The latest figures come from Marketing Food to Children and Adolescents, a Federal Trade Commission study of expenditures and activities by 44 food and beverage companies, including the big three, released in July of 2008.9 Ordered by Congress, the analysis covers only 2006, the year before soda companies announced self-regulatory agreements. Among its findings:

- Carbonated beverages was the highest category in terms of marketing expenditure directed at children (ages 2-11) and adolescents (ages 12-17) ($492 million, compared to $294 million for restaurant foods, the next highest category);
- Of the $492 million, 96% was directed at marketing to adolescents;
- Carbonated beverage companies spent $21 million on advertising using Web sites, Internet, digital ads, word-of-mouth, and viral marketing. Carbonated beverage companies spent more on “new media” than did any other food or beverage category.
- The 44 companies spent $91 million on in-store marketing and packaging of carbonated beverages, almost all of it directed toward teenagers;
- They spent $117 million marketing carbonated beverages using traditional promotional activities such as product placement ads appearing before or within a video game; ads preceding a home video or theatrical movie feature, including license fees paid to use a third-party animated character in advertising or for cross-promotional arrangements; sponsorships of sports teams and athletes; fees paid for celebrity endorsements; or product branding in conjunction with philanthropic endeavors.

Each of these marketing categories uses research and special firms to help the soda manufacturers figure out

<table>
<thead>
<tr>
<th>Type of Advertising</th>
<th>Coca-Cola</th>
<th>PepsiCo</th>
<th>Cadbury</th>
</tr>
</thead>
<tbody>
<tr>
<td>Television</td>
<td>227.0</td>
<td>197.0</td>
<td>225.0</td>
</tr>
<tr>
<td>Outdoor Ads</td>
<td>25.0</td>
<td>25.0</td>
<td>4.0</td>
</tr>
<tr>
<td>Magazine</td>
<td>26.0</td>
<td>35.0</td>
<td>15.0</td>
</tr>
<tr>
<td>Newspaper</td>
<td>3.0</td>
<td>3.6</td>
<td>0.7</td>
</tr>
<tr>
<td>Radio</td>
<td>32.0</td>
<td>22.0</td>
<td>31.0</td>
</tr>
<tr>
<td>Online Display</td>
<td>9.0</td>
<td>4.0</td>
<td>7.0</td>
</tr>
</tbody>
</table>

Source: TNS Media Intelligence
how to reach consumers, including children and teens. The fastest growing marketing techniques are digital.

**Soda’s digital future is now**

The future of soda advertising is being shaped mostly overseas—and under the radar of most American consumers—by means of digital media. Here and abroad, soda companies are marketing on the Internet, via cell phones or other mobile devices, and through video games, integrating their digital campaigns with traditional media like TV or billboards.

Through digital marketing, soda companies can fine-tune their target markets, especially for young consumers, in the U.S. and around the world.

Call the new target Generation P for “programmers.” Tim Rosta, executive vice president of integrated marketing at MTV Networks, came up with that moniker while partnering with Pepsi Cola on a futuristic project. Their audience, he says, is “people aged 12 to 34 who are programming their own world and creating content around our shows.”

Comfortable in the digital world, young people create identities for themselves online, connected to sites or programs designed especially for them. Users create online characters or alter egos called avatars that interact in the often heavily branded “virtual” world.

In 2007, MTV included its prime-time hit series *The Hills* online in its virtual world. Users create an avatar (a visual representation of the user that can appear two- or three-dimensional) to interact with others in that world, where they can chat, play games, and watch episodes of *The Hills*. Pepsi joined as a sponsor, creating what *AdWeek* referred to as a category-exclusive, branded content program where characters could pump their virtual coins to buy a drink to quench their virtual thirst. Avatars could also acquire Pepsi-themed clothing.

In May of 2008, MTV unveiled a case study claiming that linking its TV shows to Internet sites can sustain the interest viewers aged 12 to 34 have in the advertising as well as the entertainment. Among the study’s findings was that “Pepsi’s positive brand image traits increased dramatically among fans who not only watch the show, but browse *The Hills* content online, where Pepsi runs 30-second spots and banners. Positive brand image increased even more among fans who played in *The Hills* virtual world as well … Pepsi’s products were a hit with partic-

What’s different now is the intense, immersive, and incessant nature of the marketing. Consider one campaign from Coca-Cola, in which the company joined Nike on reportedly the most popular mobile site in Japan, dubbed mobagetown. By clicking on ads and registering with or shopping on affiliate sites, a user could pocket “virtual” money and use it to play Coca-Cola-branded games and “buy” exclusive Coca-Cola items for the avatar. More than 1 million users signed up with Coca-Cola Mobile, as many as 350,000 users became “friends” with the Coke avatar, and 190,000 comments were left on the character’s blog. In March of 2008, nearly a year later, users still sported the brand’s virtual clothing online.

The immersive nature of digital marketing is significant first because users spend far more time engaged with the brand than in earlier marketing like the 30-second commercial on TV. The engagement is highly personal since the users create their own characters which are designed to be online extensions of themselves. And, perhaps most important from the soda companies’ perspective, the marketer can collect data on every move—every click—the user makes, feeding the companies’ ability to direct more targeted marketing back to the users.

It’s no surprise, then, that digital marketing expenditures are going up. “For the first time ever,” reports Christopher Billich of Infinita, a Japanese firm delivering market intelligence and research, “online advertising expenditures ($4.1 billion) exceeded combined radio and magazine advertising expenditures.”
motions. “Members of MyCokeRewards.com average over nine minutes per visit on the site. Nearly six million rewards have been redeemed by the more than nine million members since the site first launched in 2006.”19 Coca-Cola CEO Muhtar Kent said, globally, the soda giant has “19 million consumers, of which over 40% are under the age of 25” registered in their databases.20

**Soda sponsorship**

Sports sponsorships proliferated during the late 1990s and early 2000s. Today, say soda market watchers, the big companies go deeper with fewer ventures. Coca-Cola’s worldwide sports sponsorship is estimated at between $800 million and $1 billion annually on the National Association for Stock Car Auto Racing, National Collegiate Athletic Association (NCAA), National Hot Rod Association, Professional Golfers’ Association of America, the U.S. Olympic Committee, and others.21

According to the weekly *SportsBusiness Journal*, Coke spent $11 million in sports media in 2006. In 2007, the *Journal* reports, the company spent $13 million during the NCAA basketball tournament to boost its new Coke Zero, targeted to male soda drinkers who have historically considered diet drinks for females.22

The *Journal* also reports that “Pepsi, whose sports spending has dropped consistently for a number of years, doled out $47.9 million for sports and entertainment sponsorships in 2006, per Nielsen. Cadbury Schweppes spent $26.9 million.”23 Carbonated beverage companies spent $21.1 million in 2006 on athletic sponsorships targeted just to children under 18.24

Along with AT&T and VISA, The Coca-Cola Company is a major sponsor of the $350-million San Francisco Giants’ ballpark in San Francisco, named best sports facility in the country by the *SportsBusiness Journal* in 2008.25 The Coca-Cola brand dominates left field, giving it a carnival twist when lights come on at night games. The Coca-Cola Fan Lot was designed as an outlet where parents can watch the game while keeping an eye on the kids. On non-game days, the community can enjoy the area for free. Shaped as a giant Coca-Cola glass bottle, the main attraction is the Coca-Cola Superslide—located 465 feet from home plate, with two 56-foot-long curving slides (the “Guzzler”) and two 20-foot-long twisting slides (the “Twist-Off”). The bot-
Coca-Cola paid $20 million to erect the huge bottle play structure in the Giant's baseball stadium.

According to Stacey Slaughter, vice president of communications for the team, kids from 3 to 11 years of age gravitate toward the slide. Other attractions in this corner of Coke world include a giant baseball glove, Little Giants Park and a “fantasy photo booth.”

Few San Franciscans objected when the Coke bottle was proposed in 1998. Children’s advocate Margaret Brodkin, concerned about the message it sent to children, couldn’t dissuade the Giants from erecting the humongous bottle—and colleting $20 million from Coca Cola.

Brodkin’s objection a decade ago to the giant Coke bottle in San Francisco’s baseball stadium fell on deaf ears. But that was before the rise in childhood obesity was evident. Nobody would build a Coke-bottle-shaped play structure now, Brodkin says. Still, challenging the marketers isn’t easy. Even for a seasoned advocate like Brodkin, going up against one of the nation’s largest marketers can be intimidating. “When you’re pushing the envelope, it’s scary and upsetting,” Brodkin says. “I was stunned how alone I was when I objected to the Coke bottle. Everyone, including the superintendent of schools, was supporting it. They’d never do that today.”

Soda captures cultural icons: from Santa to American Idol

Childhood dreams were the stuff of Coke’s most ubiquitous, long-term ad campaign—Coca-Cola and Santa Claus. According to urban legend, the jolly, old St. Nick image we know today originated from annual Coke ads in which he wears the corporate colors. Santa didn’t always wear just red and white. The ruddy, sack-carrying Santa made the switch from the green, blue and other colors he was known to wear in the 19th century to the red suit and flowing white whiskers, which became the standard image by the 1920s.

“It was Coca-Cola’s magazine advertisements, billboards, and point-of-sale store displays that exposed nearly everyone in America to the modern Santa Claus image,” reports Snopes.com, the Web site that debunks urban myths. Though they didn’t invent him, “Coca-Cola certainly helped make Santa Claus one of the most popular men in America.”

Today, Coke is embedded in one of the biggest commercial fantasies of the 21st Century—American Idol. The Coca-Cola Company pays $35 million to sponsor, along with Ford and AT&T, the most popular show on American television. Being an American Idol sponsor means airing commercials during the show, posting online content about the show and their sponsorship, and running co-branded marketing programs off-air. The judges drink from red cups bearing the Coke logo, which also flashes behind performers on an on-stage billboard.

Soda companies also use cultural symbols and icons to target racial and ethnic groups. In July of 2008, Pepsi launched its Sierra Mist campaign with the tag line “Refresh your mind” and used Latino themes to create advertisements. With Latino actor Efren Ramirez, commercials focused on humorous situations, in which a marriage-obsessed woman uses karate moves on other women to ensure she catches a wedding bouquet, or a man does anything to get fashionable clothing for free.

Pepsi has also targeted the Latino community through the creation of PepsiMusica, a bilingual entertainment program, and their “Blue Carpet Bash,” a VIP-style party for young Latinos. “It’s important for us to reach young Latinos with messaging that is relevant and authentic because obviously they are the future for us,” explained Martha Bermudez, senior manager of multicultural marketing at Pepsi-Cola North America.

To target African-Americans, in 2007 and 2008 Coca-Cola announced partnerships with two popular hip-hop artists, Jay-Z and Big Boi, for re-launching Cherry Coke and Full Throttle Fury. Jay-Z played a role in creating the look of the new Cherry Coke can. Full-Throttle Fury was a good product to target at African-American males, as “the orange flavor is one that resonates…specifically with African-American males.”

Coke’s Full Throttle brand was also targeted at Latinos in Los Angeles.
les, as the brand sponsored a Dodger baseball ticket giveaway at local grocery stores. Nearly half of those attending Dodger games are Latino. In Houston, Texas, where Hispanic consumers make up 40% of consumers and are “getting wealthier and spending more on food and beverages than the average consumer,” according to Beverage Digest, Coca-Cola is targeting them with Mexican Coke, a product imported from Mexico, and with in-store materials promoting Coke as a product consumed in the home by families eating together.

One of the most successful examples of target marketing is Miles Thirst—a pitchman with a Chris Rock-like attitude who appeared on a series of Sprite ads starting in 2004. With his afro, gold chains, baggy jeans, and fur-trimmed coats, Thirst (“The Sprite Guy”) ended each commercial with, “Show ‘em my motto.” The motto—“Obey Your Thirst”—was the slogan for Sprite, a Coca-Cola product. Thirst toured NBA rookie star LeBron James’ crib (apartment) and became so popular that a 10-inch vinyl doll with his likeness became a collectors’ item.

The target marketing seems to be working, as people of color tend to drink more soda than other groups.

Soda marketed as health food

The latest culture in which soda is looking to embed itself is health. Nutrition professor and author Marion Nestle, who has chaired New York University’s nutrition department and helped develop U.S. Dietary Guidelines, is a voice for stopping the industry’s return to its 19th century roots of claiming soda can be a health boost.

Soda companies are marketing products infused with vitamins and minerals, when there is no evidence of these deficiencies among Americans, Nestle says. One example: Coca-Cola’s Diet Coke Plus contains vitamins B4, B6, and B12, along with zinc and magnesium. Only people who are sick and really poor (and sometimes iron-deficient, pregnant women) need supplements, according to Nestle. This is “misleading marketing” and is “deluding the public into thinking these things are healthier, when they’re not,” she says.

Nestle points to “a structural change in society” over the past 25 years as responsible for soda moving from what was once an occasional treat sold in 6-ounce bottles to an every-day beverage sold in 20-ouncers and consumed in large amounts that threaten health. 7-Eleven’s Double Gulp, a 64-ounce soda, is 10 times the size of a Coca-Cola when it was first introduced to the market. With more than 800 calories, the Double Gulp is about one-third of the daily caloric requirement for the average person.

Gatorade and other electrolyte beverages are one way soda companies have bridged the gap between soda and so-called healthy beverages. Though infused with electrolytes, such beverages are still filled with sugar. Soda companies are taking advantage of concerns about health by marketing so-called “smart waters,” vitamin-infused bottled water. According to Beverage Digest, sales volume grew less than 1% for regular bottled water in the first half of 2008 after nearly a decade of triple- and double-digit growth. But the introduction of “functional” waters enhanced with vitamins has proven successful for many companies. An early 2008 survey found that nearly half of respondents reported purchasing a functional food or beverage in the previous three months, compared to about one-third of respondents in 2006. Vitamin waters appear to be a place where soda marketers are playing up health benefits to recover revenues from declining soda sales. With fortified products, soda companies are trying to cast a healthy glow across all their brands.

Some advocates say the companies have gone too far. In January 2009, Center for Science in the Public Interest (CSPI) filed a class-action lawsuit against Coca-Cola for making deceptive and unsubstantiated claims on its VitaminWater line of beverages. CSPI’s litigation director Steve Gardner says, “VitaminWater is Coke’s attempt to dress up soda in a physician’s white coat. Underneath, it’s still sugar water, albeit sugar water that costs about ten bucks a gallon.”

In addition to health, soda companies have jumped on the “green” bandwagon and are marketing themselves as environmentally friendly. A February, 2008 article in Advertising Age reported a $10-million marketing effort by Coca-Cola promoting “sustainability.” According to Coke’s president-general manager Hendrik Steckhan, the environmentalist frame has the advantage over the traditional health-and-wellness frame in that it allows Coke to
“focus on what it support[s],” rather than what it stands against. In other words, the health message puts the soda company on the defensive, while the environmental message puts it on the offensive.44 (See our Framing Brief, Food Marketers Greenwash Junk Food for more on this tactic.)

**Soda marketing as philanthropy**

From the industry’s point of view, marketing in today’s health climate means countering criticism by showcasing its corporate good-guy self celebrating different cultures, joining health campaigns and being philanthropic.

Known for its historical emphasis on recruiting African-Americans and running successful campaigns to that market, PepsiCo recently accepted Latina Style magazine’s award as the number one of 50 top companies for Latinas. The company had participated in events for the National Society of Hispanic MBAs and National Council of La Raza, and created a Latino/Hispanic Advisory Board.45

In 2003, The Coca-Cola Company Foundation awarded $1 million to the American Association of Pediatric Dentists Foundation (AAPD).

“We approached them,” says John Rutkauskas, AAPD executive director. “The first grant we funded was for research on Xylitol, a sugar substitute found in gum that is thought to reduce bacteria that cause cavities.”46

According to the director, the AAPD foundation board agreed that seeking and accepting big money from the world’s top soda maker conforms to its policies of “serving the best interest of children’s oral health, offering no actual or implied endorsement of products, and supporting AAPD’s mission and goals.”47

In October of 2007, Coca-Cola opened The Coca-Cola Research Center for Chinese Medicine at the China Academy of Chinese Medical Sciences in Beijing, where the soda giant was a major sponsor of the 2008 Olympics.48

Both Coke and Pepsi are on a three-year business partnership contract with the American Dietetic Association (ADA). Connie Diekman, ADA president, says that each of the organization’s six sponsors (including pharmaceutical giant GlaxoSmithKline) contribute financially at different levels that are not considered public information. Sponsoring nutrition fact sheets under the association’s letterhead are among the supported activities.

“We shape their messages,” says Diekman. “They do not shape ours. By partnering, we can influence the influencers. We tell soda companies in our guidelines that we will not endorse their brand or promotion. We just want to get the right nutrition messages out and we have to partner everywhere to do this. The money allows us to do more of what we do well.”49

Regarding the partnership, Marion Nestle blogs: “As long as your organization partners with makers of food and beverage products, its opinions about diet and health will never be believed independent (translation—based on science, not politics)…."

It is through philanthropy that Pepsi might at last top Coke. In the fall of 2007, the PepsiCo Foundation gave $5.2 million to the Oxford Health Alliance, a global coalition aiming to prevent chronic disease. The grant supplements a three-year research and intervention project in England, China, India, and Mexico, to prevent further spread of obesity, tobacco use, and related illnesses.51

In Mexico, where both companies are active in schools, Coca-Cola is the object of consumer group El Poder del Consumidor’s protest for allegedly portraying the drink as one of several beverages that school children can use for hydration after physical activity. The Mexican group has joined the Global Dump Soft Drinks Campaign, organized by Center for Science in the Public Interest. Bruce Silverglade, CSPI legal director, says he has communicated with Coca-Cola’s representative about the hydration campaign.

“The Coca-Cola Company says it is going to look into it,” says Silverglade. “It says that the program was aimed at parents, not children and by the end of 2009, it wants a global policy that promotes physical activity in schools without promoting its brand.” According to Silverglade, the soda giant stood by its message that Coke “can be a source of hydration, but they’d be willing to reconsider” that message.52

Meanwhile, PepsiCo is working with the education ministry in Mexico on “Live Healthily”—a computer-centered program the soda company designed to help...
children learn how to make everyday decisions such as buying food and exercising. According to Jo Tuckman of *The Guardian*, a 2006 national survey reveals that 72% of Mexican adults are “overweight or obese” and a quarter of Mexican children between the ages of 5 and 11 are “too heavy”—an increase of 40% since 2000. The reporter says that Mexican officials refuse to comment “on how major players in the junk food industry became the highest profile motors behind the fight against childhood obesity.”

At the end of May, 2008, the major soft drink companies announced that they would extend to the rest of the world their American pledges to stop targeting advertising to children under the age of 12.

Instead of mimicking the U.S. policy worldwide, says Silverglade, the companies should have agreed to the stricter curbs demanded by the British government and to an international code of marketing of foods and beverages to children that has been proposed by world-wide consumer organizations.

“Coke and Pepsi are proving that it’s hard to adopt a strong anti-obesity policy when your core products are major causes of obesity,” says Silverglade.

**Soda self-regulation**

The soda industry has always self-regulated its advertising, but by 2006, 43 states had enacted or introduced legislation to improve child nutrition in schools and the soda industry felt the pressure. A national consortium of public health groups and lawyers was in negotiations with the companies when a one-time soda slugger, former President Bill Clinton, emerged as dealmaker.

At first, according to Ira Magaziner, a Clinton aide working in his foundation, soda companies fought against restrictions in high school beverages. The industry asked why students who were nearly old enough to fight in Iraq should be refused their soda of choice, said Magaziner. But in the end, the companies decided to acquiesce. Even then, Magaziner reported that industry resistance was so strong that they had to negotiate “drink by drink” before reaching agreement.

The big three soda companies, along with the American Beverage Association (formerly the National Soft Drinks Association), agreed that by 2009-10, all full-calorie soda would be removed from elementary and middle schools and replaced by bottled water, unsweetened fruit juices and low-fat milk. High schools could sell diet drinks, unsweetened tea, lower-calorie sports drinks, and flavored water.

The American Beverage Association announced a $10 million ad campaign to “educate the country” about the new school beverage guidelines and the Alliance for a Healthier Generation was born, sponsored by Clinton’s Foundation and the American Heart Association, to make sure the goals were met.

Tricia Garrison, marketing and communications director for the Alliance for a Healthier Generation, reports that schools have been on track during the first of the three-year phase.

“Calories from beverages shipped to schools dropped 41% across America,” she says. “There has been a 45% reduction in shipments of full-calorie soft drinks to the schools. And the average high school student consumed less than half a can of full-calorie soft drinks a week in school (5.9 ounces), compared with a little more than a full can a week (12.5 ounces) in 2004. Shipments of water are also up by 23% since 2004.”

In November of 2006, nearly a year after the school drinks deal, the Council of Better Business Bureaus (CBBB) put together the Children’s Food and Beverage Advertising Initiative with the companies that accounted for two-thirds of children’s food and beverage TV advertising expenditures in 2004. Today, 15 companies, including the big three soda companies, have signed on to the voluntary, self-regulation program. Each has made a pledge to devote at least 50% of its advertising directed to children under 12 years of age to promote healthier dietary choices and/or to messages encouraging good nutrition and/or healthy lifestyles. PepsiCo’s pledge differs from The Coca-Cola Company’s in that Pepsi will advertise Gatorade, baked Cheetos and crackers, as long as the ads show kids engaged in physical activity.

“Coke and Pepsi are in compliance as far as I can tell now,” says Elaine Kolish, director of the Initiative and a former Federal Trade Commission regulator for 25 years, who is in charge of assuring industry compliance.
Dale Kunkel, professor of communications at the University of Arizona and one of the nation’s leading researchers on children and media, is analyzing food and beverage industry compliance from February to May of 2008.

“Given the stakes involved, the industry clearly needs to pick up the pace of its reform efforts,” Kunkel reports. “Thus far, the data reflect only a modest improvement in the nutritional quality of foods advertised to children. Advertising for unhealthy foods still predominates in the most recent studies examining food marketing to children.”

(Kunkel has not separated soda producers from industry participants that produce food and soda.)

Nutrition expert Nestle doubts Clinton’s school deal, the CBBB’s initiative or any self-regulation can protect children’s health.

“There’s so much evidence that they’re only giving lip service to this,” she says. “They can’t do what they say, because they won’t sell products if they do. They’re not a public health agency. Either they have to go into another business or figure out some other way. They’re not going to sell healthy products to kids.”

To Nestle, the Clinton alliance was “a way for soda companies to keep vending machines in schools.” Why are they selling water to kids in cities where water is free and good quality, she asks. “They’ve convinced people that the water from fountains is bad. Gatorade is still a soft drink with sugar that has nothing to do with sports and gives kids the idea that they have to eat and drink all the time.” The vending machines keep the brand in front of children and generate good feelings about the company.

What do the experts think?

In 2004, an American Psychological Association task force led by researcher Kunkel recommended that advertising targeting children under the age of 8 be restricted. After several years of research review, the team found that children under that age lack the cognitive development to understand the persuasive intent of television advertising and are uniquely susceptible to advertising’s influence. Children recall content from ads to which they’ve been exposed, according to the research, and preference for a product has been shown to occur with as little as a single commercial exposure and strengthened with repeated exposures.

“American Idol is a Coke ad,” says Kunkel. The Coca-Cola Company says it does not advertise to children under the age of 12 when they are 50% or more of the TV viewing audience. But according to Kunkel, that assertion is “grossly oversimplified.”

He says that the soda giant “is trying to say, ‘We’re not targeting ads in programs made exclusively for children.’ But they’re implying that their advertising is not seen by substantial numbers of children, and millions of children see Coke ads every day.”

The way soda companies reach children and teenagers is through family entertainment. Just ask Diana Garza-Ciarlante, communications director for Coca-Cola, North America.

“Coca-Cola respects the sanctity of childhood,” she says. “With American Idol, the issue becomes a question of programming. This is family programming, on the air 8 p.m. or later. Even at its height of Idol popularity, children under the age of 12 were 7 or 8% of the audience. Children are not alone. They’re not in a bubble. We need to be realistic … That said, we have a responsibility to present [the product] in a place appropriate to the brand. Family environments are appropriate. The expectation is that the parent or caregiver is making the decision whether or not it’s appropriate to be exposed to the programming.”

Garza–Ciarlante is correct about the percent of children in the Idol audience on average. But when accounting for the millions of children the percentage represents, almost twice as many American children (2–11 years of age) are watching American Idol than SpongeBob SquarePants.

Almost twice as many American children (2–11 years of age) are watching American Idol than SpongeBob SquarePants.

According to Anne Elliot, vice president of communications for The Nielsen Company, American Idol averaged 29.4 million viewers during the 2007 season. The age distribution shows that:

- **American Idol** averaged 2.3 million kids (2–11), which is 5.7% of all kids in TV homes.
- The show averaged 1.9 million teens (12–17), which is 7.5% of the teens in TV homes.
- It averaged 14.2 million adults (18–49), which is 11% of adults of those ages in TV homes.
- Elliot looked at SpongeBob during the week of April 21, 2008, when there were 56 telecasts of the program:
  - SpongeBob’s average kids (2–11) audience was 1.5 mil-
lion—or 3.7%—of kids in TV homes.

The top-rated SpongeBob telecast had 2 million kids in the audience, which is 5.3% of kids in TV homes. “If you compare the average number of children viewing an episode of American Idol to the average number watching SpongeBob, American Idol will win every time,” says Kunkel.

To Nestle, it is “thinkable” that soda advertising on a show with a child audience like that of American Idol, could be regulated. “Other countries do this,” she says. (The United Kingdom, for instance, forbids soft drink broadcast advertising to youngsters under the age of 16.)

Conclusion

Research shows TV advertising influences children’s preferences and purchase requests. With soda companies’ foray into digital marketing, where children spend not 30 seconds as with TV commercials but sometimes hours on end, the situation is more urgent. And with soda companies intensively targeting racial and ethnic communities and co-opting the language and arguments of their critics to position themselves on the side of health and the environment, it is more important than ever for public health advocates to keep the industry in check. In spite of self-regulation, sugary sodas remain the top non-alcoholic beverage in America. It’s no wonder, given the major spending of soda marketers and the near ubiquity of their ads.

The large sums of cash thrown at popular TV shows like American Idol belie soda industry claims that they are serious about children’s health or eager to cut back on advertising. Says Andrew Kaplan, editor of Beverage World, referring to soda companies’ online marketing tactics and Coca-Cola’s sponsorship of Idol: “I don’t think soda companies are cutting down on anything that communicates to teenagers.”

References

3 Interview with John Sicher, editor and publisher, Beverage Digest, conducted by Hilary Abramson in May, 2008.
5 Sicher interview.
6 TNS Media Intelligence, Report From 1/1/06-12/31/07.