

# “Obesity and the Economics of Prevention: Fit not Fat”

## Background

On 23 September, the OECD published “[The Economics of Obesity Prevention](#)”, a book that examines obesity trends and causal factors and explores the roles that can be played by individuals, social groups, industry and government to implement the most cost-effective prevention strategies.

The publication is based on analysis of health survey data from 11 OECD countries: Australia, Austria, Canada, England, France, Hungary, Italy, Korea, Spain, Sweden and the US.

## Key points on food marketing

In a Chapter on “The Roles of Governments and Markets”, initiatives taken by the private sector are discussed. The author argues that government action or “simply the expectation of government action” may lead business organizations to adopt health promoting initiatives:

*“This has recently been the case, for instance, in the regulation of food advertising to children and in food labelling. In these areas, business organisations have taken initiatives before most governments could implement formal regulatory measures. Industry self-regulation, when pursued within a broader regulatory and monitoring framework set out by, or agreed with governments, presents a number of advantages over government regulation alone, as it may substantially reduce enforcement costs and may avoid conflict with the industry.” “However”, the author adds, the effectiveness of self-regulation may be hindered when only selected business organisations sign up to the relevant voluntary agreements.”*

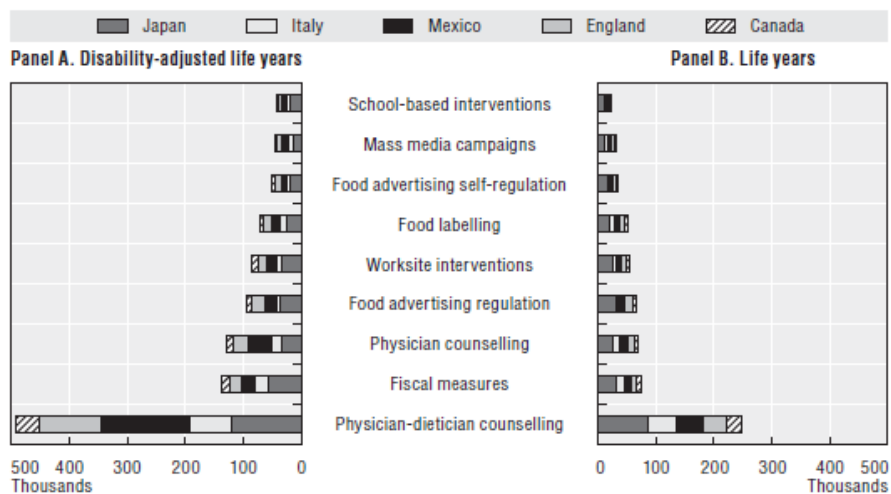
Food advertising to children is further explored in a chapter on “[The Impact of Interventions](#)”, which assesses among others the (cost)-effectiveness of self-regulatory and regulatory restrictions on food advertising to children. This assessment relies on modeling based on the following:

- An article by [Chou et al. \(2008\)](#), which estimates that a ban on fast food advertising would reduce the number of overweight children by up to 18%;
- The evaluation by UK communications regulator Ofcom of the impact of the UK restrictions on the exposure of children 4-16 to HFSS food advertising.

The impact of each type of intervention – regulatory and self-regulatory – is measured in terms of life years (LYs) gained through prevention (reflecting improvements in mortality) and the loss of disability-adjusted life years (DALYs) averted (reflecting the combined effect of prevention on mortality and morbidity).

Regulation of food advertising to children ranks fourth in terms of average annual gains in the figure below, while food advertising self-regulation ranks seventh:

Figure 6.1. Health outcomes at the population level (average effects per year)



Source: CDP model-based analysis relying on input data from multiple sources, listed in Table A.2 in Annex A.

**The impact of a self-regulatory intervention equivalent to the Ofcom rules was assumed to be half of those produced by formal regulatory measures**, because of possibly less stringent standards and less than universal compliance with the voluntary arrangements.

However, the book does not make the case for a regulatory approach on this basis: **“Regulation may seem like a clear-cut objective, but in fact it can also be a way for entrenched interests to reinforce their position by making it more difficult for new competitors to enter the market, especially if the older firms have the political experience to influence decisions”**.

Food advertising to children is further explored in a special section where Ofcom and WFA give their respective points of view.

Ofcom:

In the section, “Regulation of Food Advertising to Children: The UK Experience”, Ofcom finds that restrictions on food and drink advertising in the UK have had the following impact:

- Significantly reduced the exposure of children under 16 to HFSS advertising. The latest data available indicate that children’s exposure to HFSS advertising has fallen by 37% between 2005 and 2009 (compared to the 41% reduction estimated in Ofcom’s Impact Assessment).
- Enhanced protection for children as well as parents by appropriate revisions to advertising content standards. For instance, the number of food and drink advertising spots featuring licensed characters during children’s airtime fell by 84%.
- Avoided disproportionate impacts on the revenue of broadcasters.
- Avoided intrusive regulation of advertising during adult airtime.

WFA:

In “The Case for Self-Regulation in Food Advertising”, Stephan Loerke explains advertisers’ vision to respond to public health concerns regarding food advertising to children. He argues that *“there is no one single instrument that can effectively address the various facets of the issue and that an integrated, multi-tiered approach is necessary”*, adding that *“this approach seeks to maximise synergies between different regulatory and self-regulatory structures and layers of rules.”* He continues by outlining WFA’s idea of an effective policy response to

public health concerns relating to food advertising to children - a five-tiered blueprint that is graphically represented as follows:

Figure SF VI.1. A blueprint for marketing policies on food advertising



In juxtaposition to the impact of the Ofcom restrictions, the above Blueprint has had the following impact in the European Union:

- A 93% drop in advertising for products that do not meet companies' nutritional criteria in programmes with an audience composed of a majority of children.
- A 56% decline in advertising for these products overall, i.e. in all programmes on all channels at all times.

For all EU Pledge member companies' advertising across all products (i.e. no distinction on a nutritional basis) this represents:

- A 61% drop in programmes with an audience composed of a majority of children.
- A 30% decline overall, i.e. in all programmes on all channels at all times.

#### Other key findings:

- **Obesity is clearly multi-factorial:** lifestyles, the physical, social and economic environments have exerted powerful influences on overall calorie intake, on the composition of diets and on the frequency and intensity of physical activity at work, at home and during leisure time. Workable solutions need multi-stakeholder interventions: every alternative to cooperation would likely entail significant negative consequences for parties involved.
- **Social norms** that regulate individual and collective behaviours **must be changed:** "*The development of comprehensive prevention strategies against obesity needs to focus on how social norms are defined and how they change; on the influence of education and information on obesity but also on the potential for government regulation to affect behaviours; and on the role of individual choice and values.*"
- **Preventive interventions are costly** but might be seen as worthwhile if they allow the industry to **avoid harsher regulation.**
- **The food and drinks industry has made a "potentially important contribution"** against unhealthy diets and the lack of exercise but evidence of the effectiveness of private sector interventions is still insufficient.
- Some critics tend to place food industry advertisements in the same light as tobacco industry advertisements. However, **manufacturers also have strong profit incentives to introduce and advertise healthy products.**
- Interventions, especially those aimed at children, may take a long time to have an impact and reach favourable cost-effectiveness ratios.