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Compliance Monitoring of Global Advertising
for Television, Print, and Internet for the
International Council of Beverage
Associations

10th November 2009

• Consulting • Technology • Outsourcing

Accenture has been commissioned to produce this report by the companies listed below. All the media research data analysed in order to produce this report was gained from sources independent of the advertisers and their associated media agencies. Both the markets and the periods to be analysed were also independently selected by Accenture.

Compliance Monitoring of Global Advertising for Television, Print, and Internet for the International Council of Beverage Associations

Accenture monitored compliance of The Coca-Cola Company and PepsiCo, Inc. (collectively referred to as “the Companies”) with the International Council of Beverage Associations’ Guidelines on Marketing to Children (the ICBA Guidelines).

The ICBA Guidelines provide that the Companies will not place any marketing communication for non-alcoholic beverages other than water (mineral, source and purified) fruit juice, and dairy-based beverages in any paid, third party media whose audience consists of 50 percent or more of children under the age of 12.¹

Methodology

Accenture independently monitored 12 markets for Television and Print advertising and six markets for Internet advertising. To ensure full transparency, Accenture selected all markets and the time periods to be monitored after the advertising had already been purchased by the companies. The Companies did not know in advance which markets and time periods were being monitored.

Accenture conducted the monitoring exercise as a random sample of the Companies’ advertisements. In order to provide a global representation, Accenture selected the following markets for Television and Print monitoring: Argentina, Canada, China (Shanghai region only), India, Indonesia, Mexico, New Zealand, Russia, South Africa, Thailand, Ukraine, and USA. The period monitored for Television and Print advertising was from 1st February 2009 to 30th April 2009. For Internet advertising, six markets were monitored: Canada, India, Mexico, New Zealand, South Africa, and USA. The period monitored for Internet advertising² was from 1st June 2009 to 7th August 2009.

This report specifically excludes European markets as a similar monitoring exercise was conducted by Accenture on the Companies’ compliance under the EU Pledge and reported in September 2009.³

¹ The ICBA Guidelines are available on the ICBA website at www.icba-net.org and are contained in the Appendix 1 to this report.

² Internet advertising refers to Internet display advertising covering web banner advertisements and rich media advertisements only.

³ The EU Pledge Monitoring Report is posted on the EU Pledge web site at www.eu-pledge.eu

Television Advertising Results

Accenture analysed industry standard Television monitoring data for all advertisements broadcast on all channels in each market to assess whether these advertisements had been aired when more than 50 percent of the audience were children. The term children was defined as persons under the age of 12 or the nearest equivalent available from the Television monitoring research company.

Between 1st February 2009 and 30th April 2009, Accenture analyzed 594,562 Television advertisement spots⁴. Of these, Accenture determined that 22,117 spots were non-compliant, representing a compliance rate of 96.28 percent.

<u>Market</u>	<u>Compliance Rate</u>
Global	96.28%
Argentina	97.69%
Canada	98.67%
China (Shanghai region only)	97.31%
India	94.71%
Indonesia	99.35%
Mexico	99.56%
New Zealand	99.06%
Russia	98.70%
South Africa	98.88%
Thailand	99.86%
Ukraine	96.15%
USA	99.80%

Print Advertising Results

Accenture drew up a list of titles reasonably expected to be designed for an audience of children under 12 years old, for example: comics, young children and pre-teen magazines, and newspaper supplements aimed at children. Accenture analyzed all advertisements placed in these titles for any instances of non-compliant products advertised by the Companies.

Between 1st February 2009 and 30th April 2009 Accenture found no instances (appearances) of non-compliant products advertised by the Companies in children's Print titles in any of the 12 markets.

⁴A television advertising spot is a span of television programming produced and paid for by a company that conveys a message, ranging in length from a few seconds to several minutes.

Internet Advertising Results

A method similar to monitoring for Print was applied to the compliance monitoring analysis on the Internet. Accenture drew up a list of websites reasonably expected to be designed for an audience of children under 12 years old for the six markets and analyzed them for any instances of non-compliant product advertising⁵ by the Companies members.

Between 1st June 2009 and 7th August 2009, Accenture did not find any occasions (appearances) of non-compliant product advertising on children's websites across all markets for the Companies.

⁵Internet advertising refers to Internet display advertising covering web banner advertisements and rich media advertisements.

INTERNATIONAL COUNCIL OF BEVERAGES ASSOCIATIONS
WASHINGTON, D.C. • BRUSSELS • TOKYO

International Council of Beverages Associations
Guidelines on Marketing to Children

Context

The International Council of Beverages Associations (ICBA) represents international non-alcoholic beverage companies and major national and international beverage associations.

ICBA and its members recognise public concerns about today's health issues, particularly the rising levels of obesity and chronic diseases related to poor diets and lack of physical activity in a growing number of countries. The ICBA and its members further recognise our responsibility to play a positive role in tackling these problems, together with other global, regional and national actors.

In particular we recognise the need to respond to requests from consumers to implement a robust commitment in the area of advertising and marketing to children and to find ways which reinforce the role of parents and other adults as gatekeepers. We have listened to parents and understand their desire for our marketing practices not to undermine their role as primary decision makers in choosing what their children consume.

We also recognise that the fast development of new technology, by offering a wider variety of media channels, is changing the way in which we communicate to consumers and this too should be addressed.

Commitments

All companies undersigning this declaration commit, for the product categories mentioned below, not to place any marketing communication in any paid, third party media whose audience consists of 50% or more of children under the age of 12. This covers broadcast (TV and radio), print and digital media (including internet and phone messaging) as well as cinema (including product placement). To demonstrate their commitment, companies will communicate their implementation plans.

In addition, we recognize the need to review other forms of marketing practices (including the use of licensed characters, sponsorships and other forms of marketing communications) in channels which are predominantly related to children under 12 (e.g. primary schools). We will undertake this work by the end of 2009.

Scope

The commitment focuses on and distinguishes between different forms of advertising and marketing to children rather than different products. As producers of a wide variety of beverages, we fundamentally believe that all of our products can be part of a healthy lifestyle. Positive marketing messages which emphasize good nutrition and the importance of physical activity can also provide a solid foundation for achieving a healthy lifestyle.

This commitment applies to all non-alcoholic beverages other than water (mineral, source and purified) fruit juice, and dairy-based beverages*, as such segments are not covered by all ICBA members. The commitment also excludes products specifically formulated to address critical nutritional deficiencies and which, with the agreement of national authorities, may be part of a campaign to improve children's health.

Age

The commitment is intended to address commercial practices with respect to children under age of 12. Evidence suggests that below this age, children may lack the necessary skills and judgements to properly understand the purpose behind the persuasive techniques commercial advertising represent. It is therefore appropriate that special care be taken in deploying advertising practices to children in this age group.

Reporting

We intend to issue our first report on the implementation of these guidelines by the end of 2009.

ICBA members commit to involving third parties in the process of ensuring compliance with these commitments. We welcome comments, suggestions and offers of partnership from those international organisations that are best placed to participate in the implementation of these commitments.

* As defined by local regulations