

The Children's Confection Advertising Initiative In Action

A REPORT ON COMPLIANCE IN 2016,
THE INITIATIVE'S FIRST YEAR



Maureen Enright, JD, Director
Children's Confection Advertising Initiative
Vice President, Council of Better Business Bureaus

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LETTER FROM THE PRESIDENT

I hope that you will find this initial report of the Children's Confection Advertising Initiative (CCAI) informative. It represents the culmination of the first year for CCAI, launched in March 2016 by the Council of Better Business Bureaus (CBBB) in partnership with the National Confectioners Association (NCA). CCAI grew out of the well-recognized and ground-breaking Children's Food and Beverage Advertising Initiative (CFBAI), another BBB-administered advertising self-regulation program. CFBAI is nationally and even globally recognized as the first standard-setting voluntary pledge program focused on food advertising to children. It has 18 participants, consisting of some of the largest national and multi-national food companies, including six large confectionery companies.

It was natural that BBB joined with NCA to devise a program that built on the success of CFBAI and that at the same time met the needs of smaller companies in the confection industry. BBB, with its mission of creating trust in the marketplace, has long recognized that both small and large businesses can play an important role in self-regulation efforts. We were pleased when then FTC Chairwoman Edith Ramirez hailed CCAI as a "welcome addition to the CBBB's existing [CFBAI] ... and the type of self-regulatory action the FTC has long advocated."

Eight smaller confectionery companies joined CCAI in 2016. CCAI and CFBAI confectionery company participants make the same promise: to not engage in advertising that is primarily directed to children under age 12 or to advertise their candy in elementary schools.

We found compliance with their promises to be excellent, and we will continue to independently monitor compliance and publish periodic compliance reports for both programs.

We congratulate the confectionery companies that have joined CCAI. They, along with the confectionery companies in CFBAI, make many of the country's most popular confection brands. Together they are making a difference in the children's ad landscape. We appreciate NCA's partnership on this effort, and we look forward to working with them to guide and support CCAI participants' responsible marketing efforts and to grow the program.

Mary E. Power, CAE
President and CEO
Council of Better Business Bureaus, Inc.



2016 CCAI PARTICIPANTS

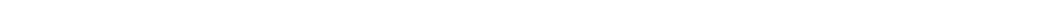




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Executive Summary

The Council of Better Business Bureaus (CBBB), in partnership with the National Confectioners Association (NCA), a trade association representing the chocolate, candy, gum and mint industry, in 2016 created the Children's Confection Advertising Initiative (CCAI), a self-regulatory initiative that promotes responsible advertising to children. Modeled after the Children's Food and Beverage Advertising Initiative (CFBAI), another CBBB-administered children's advertising self-regulation program, participating companies agree to not engage in advertising primarily directly to children under age 12 ("child-directed advertising") in covered media, including TV, digital, print, radio and mobile apps directed to children. This is the first compliance report for CCAI. It provides information regarding why and how the program was created, what the participants' commitments are, and an assessment of their compliance in 2016, which was outstanding.





Year In Review

LAUNCH OF CCAI.

CCAI launched in March 2016 with six companies: Ferrara Candy Company, Ghirardelli Chocolate Company, Jelly Belly Candy Company, Just Born Quality Confections, Promotion In Motion Companies, and R.M. Palmer Company. In May 2016, Brown & Haley and Wolfgang Candy Company joined. CCAI participants joined the six large confectionery companies that are CFBAI participants (American Licorice Company, Ferrero USA, The Hershey Company, Mars, Incorporated, Mondelez Global LLC, and Nestlé USA), in committing to not engage in child-directed advertising in media primarily directed to children under age 12 and to not advertise in elementary schools. Together, the participants in CCAI and CFBAI represent the majority of confections on retail shelves in the United States.

CCAI issued a press release to announce the program launch, and published an additional statement on its website to announce the two companies that joined in May. Then FTC Chairwoman Edith Ramirez recognized CCAI as a positive addition to the efforts of self-regulation to help address childhood obesity. CFBAI has continued to reach out to confection companies to recruit additional participants.

COMPLIANCE MONITORING.

CFBAI has been comprehensively monitoring its participants' compliance with their commitments and assessing the children's food advertising landscape generally since CFBAI's launch in 2007. After CCAI's launch, monitoring of CCAI brands was added to CFBAI's review of thousands of ads that aired or were disseminated on children's TV networks, child-directed websites and on other child-directed media. In addition, in 2017 each CCAI participant submitted 2016 compliance statements that attested to the company's compliance with its commitment to not advertise to children under age 12 or in elementary schools.

COMPLIANCE FINDINGS.

Although quantifying the level of compliance precisely is difficult, it is very high. We found no significant problems. Prior to the program's launch, we reviewed the participants' company and brand websites and provided feedback regarding the very few issues identified. The companies quickly and satisfactorily addressed our feedback.

LOOKING AHEAD.

We are proud that, through the CCAI program and its participants, there is now an additional level of commitment to responsible marketing that benefits the children's food landscape. In 2017 and beyond, CCAI intends to continue its industry outreach to extend the program's impact on children's food advertising.

I. Introduction and Report Overview

CCAI is a new, opt-in, self-regulatory program that brings the benefits of adherence to CFBAI's Core Principles and participation in CFBAI within reach for small-to-medium size NCA members in a program tailored to their unique needs and more limited resources.¹ As it does for the CFBAI program, CFBAI administers CCAI, and monitors and reports on compliance.²

Eight companies that make popular brands of candies were the charter participants of CCAI: Brown & Haley (maker of Roca® and Mountain® brands); Ferrara Candy Company (maker of Trolli and Red Hots); Ghirardelli Chocolate Company (maker of Ghirardelli Squares and Bars); Jelly Belly Candy Company (maker of Jelly Belly Jelly Beans and Sunkist Fruit Gems); Just Born Quality Confections (maker of Peeps and MIKE and IKE); The Promotion In Motion Companies, Inc. (maker of Sun-Maid Milk Chocolate Raisins and Sour Jacks Sour Candy); R.M. Palmer Company (maker of Palmer seasonal chocolate candies); and Wolfgang Candy Company (maker of Wolfgang confections and private label brands). Along with the confection companies in CFBAI they represent approximately 60% of confectionery sales in the U.S.³

Part II of this report provides a brief history of CCAI and its core principles and

requirements, including a short review of how CFBAI provided a model for CCAI's development. Part III describes CFBAI's methodology for assessing participants' compliance with their commitments, and explains how CFBAI and CCAI define child-directed advertising. Part IV describes participants' compliance, which was excellent.⁴

CFBAI was created because BBB and responsible food companies and restaurants wanted to be responsive to requests from the Institute of Medicine, FTC and others for more self-regulatory action on food advertising to children due to concerns about the prevalence of childhood obesity. CFBAI is designed to be a part of the solution to this complex problem by requiring that participants use specified nutrition standards to govern the foods they advertise directly to children under age 12. CFBAI complements another BBB-administered program, the Children's Advertising Review Unit (CARU), which focuses on *how* foods and all products are advertised to children.⁵ BBB created CFBAI to focus on *what* foods are advertised to children. CFBAI participants commit either to advertise only foods that meet CFBAI's uniform nutrition criteria in child-directed advertising or to not engage in such advertising.

Notes

¹ Participation in CCAI is entirely voluntary.

² CFBAI is the CCAI program administrator. References in this report to "CFBAI" generally refer to this administrative function.

³ This percentage is based on 2014 data, Euromonitor International.

⁴ The progress that has been made under CFBAI is documented in CFBAI's prior annual reports and other program materials that are available on CFBAI's website at www.bbb.org/kids_food.

⁵ CARU has promoted high standards of responsible advertising to children under age 12 since 1974. (CARU's operational policies are set by the Advertising Self-Regulation Council, which is a strategic alliance of the advertising industry and BBB.) CARU has guidelines for children's advertisers to ensure that children's advertising is not deceptive, unfair or inappropriate for its intended audience. CARU's guidelines apply to all children's advertisers while CFBAI and CCAI are opt-in programs.

II. The History of CCAI

A. BACKGROUND

In the 10 years since its launch, CFBAI has grown from 10 to eighteen companies, expanded the media that it covers, and implemented strong uniform nutrition criteria for foods that participants advertise to children.⁶ Most importantly, under CFBAI the participants have decreased nutrients to limit such as sugars, sodium and calories, and increased food groups to encourage, such as fruits and vegetables, dairy, and whole grains, in foods they advertise to children.

NCA, which has long promoted responsible advertising to children, worked with CFBAI to create CCAI as another way its members could respond to concerns about childhood obesity that virtually all food companies

may face when advertising to children.⁷ As BBB's partner in creating this program, NCA and BBB have entered into a contract (and each participating company also has a contract with BBB) that details the rights and duties of each, which includes NCA promoting the program to its members and reporting periodically to its board on the program. CFBAI's oversight provides the important element of public commitment, transparency and accountability to participants' practices.

The new program has received positive feedback from key players such as the FTC and CSPI. Then FTC Chairwoman Edith Ramirez issued a statement in response to the new program:

“This new initiative is a welcome addition to the CBBB’s existing Children’s Food and Beverage Advertising Initiative and represents the type of self-regulatory solution the FTC has long advocated. The commitment by six confectionery companies to refrain from advertising in elementary schools and in media targeted at children is a positive step. I also hope that this new partnership with the National Confectioners Association will encourage other smaller candy companies to participate.”⁸

The Center for Science in the Public Interest commended the CCAI participants for making their important commitment.⁹



B. CCAI CORE COMMITMENTS

CCAI participants commit to not engaging in child-directed advertising. Child-directed advertising includes “measured media” (TV, print, radio, and Internet)¹⁰ and other media as follows:

- Company owned websites;
- Video and computer games that are rated “Early Childhood” or “EC” and other games that are age-graded as primarily for children under age 12;
- Product Placement (paying for or actively seeking to place their food and beverage products in editorial/programming content that is primarily directed to children under 12 for the purpose of promoting the sale of those products);
- G-rated DVDs; and
- Mobile media and word-of-mouth.

Participants also commit to not advertising foods and beverages in elementary schools.¹¹ CCAI participants did not engage in child-directed advertising prior to joining CCAI and thus already had developed and implemented procedures to accomplish that policy.¹² Through their commitments to BBB, these companies have taken the additional step of publicly pledging that they will not do so in the future.

As with CFBAI, CCAI’s standards apply to advertising primarily directed to children under age 12, a group that the advertising industry has long recognized needs special protections.¹³ CCAI and CFBAI were not designed to address the entire marketing landscape and all ads children might see across that landscape. Such a goal would be unworkable and would infringe significantly on advertising directed to other audiences where children would be incidental consumers of such advertising.¹⁴

C. CCAI ADMINISTRATIVE AND ENFORCEMENT PROCEDURES

By joining CCAI, participants agree, by contract, to BBB/CFBAI oversight and monitoring of their commitments and to be held accountable for failure to comply with their commitments. BBB has the discretion to expel from CCAI any participant that does not substantially comply with its pledge after giving the company notice and an opportunity to bring its conduct into compliance, and may refer the matter to appropriate regulatory authorities.

This program recognizes that many confectionery companies have fewer administrative resources than those already participating in CFBAI and that disparity can present a barrier to their participation in CFBAI. Accordingly, CCAI's administrative requirements are more streamlined than those of CFBAI.

First, CCAI participants are not required to submit an individual pledge. Instead, their participation is noted on BBB's webpage for the CCAI program. Second, CCAI participants are not required to submit annual compliance reports. A CCAI participant is required, however, to submit an annual statement that it has complied with its CCAI commitments and to report any violations when it learns of their occurrence and what steps the company has taken to address the issue and prevent its reoccurrence. CFBAI, of course, independently monitors compliance with the commitments to not engage in child-directed advertising in measured and other covered media. Finally, CCAI participants agree to respond on a timely basis to reasonable requests for information from CFBAI.





One of CFBAI's important attributes has been its commitment to transparency. For this reason it makes CCAI program information public through the CCAI website, which includes CCAI's Core Principles.¹⁵ CFBAI often presents at conferences and meetings on food advertising and childhood obesity, and occasionally exhibits at conferences and expos related to food, nutrition or children's health and well-being. During 2016, CFBAI

included information about CCAI in its presentations, including at a Tufts University Friedman School of Nutrition Science & Policy seminar (March 2016), the CARU West Coast Conference (May 2016), the Congressional Health and Fitness Expo (exhibitor) (May 2016), and the National PTA Conference (exhibitor) (July 2016).

Notes

⁶ Since 2014, when CFBAI's nutrition criteria officially went into effect, all of the participants engaging in advertising directed to children under age 12 have used CFBAI-developed uniform nutrition criteria to determine which foods were eligible for advertising to children. The progress CFBAI is making in improving the children's food advertising landscape has been recognized by the Federal Trade Commission, the former First Lady, and others.

⁷ NCA also works to promote responsible and appropriate use of its members' foods overall. NCA's calorie labeling program puts calorie information on the front of packages so consumers can easily make informed decisions. In addition, in May 2017, some of the largest national confectionery companies committed to the Partnership for a Healthier American that by 2022, half of their individually wrapped products will be available in sizes that contain 200 calories or less per pack. The companies making this five-year commitment included CCAI participants Ferrara Candy Co. and Ghirardelli, and CFBAI participants Ferrero, Nestlé, and Mars Chocolate and Wrigley. More information is available at <http://alwaysatreat.com/>.

⁸ Statement available at <https://www.ftc.gov/news-events/press-releases/2016/03/ftc-chairwoman-ramirez-statement-childrens-confection-advertising>.

⁹ "Six candy companies pledge not to advertise to kids under 12," March 16, 2016, available at <https://cspinet.org/new/201603161.htm>.

¹⁰ CCAI participants define "child-directed" advertising for measured media as an audience percentage of at least 35% children under age 12.

¹¹ CFBAI's elementary school restrictions do not apply to displays of foods, charitable fundraising activities, public service messages, items given to school administrators for their own use, and donations to schools. These activities fall outside the CFBAI's objective of restricting advertising or commercial sales messages for foods directed to children in elementary school. See Section IV.B.

¹² It is noteworthy that CFBAI and CCAI participants have voluntarily assumed their CFBAI-specific commitments to monitor and report on or certify compliance in a highly competitive marketplace.

¹³ Although studies suggest various ages at which children begin to understand the persuasive intent of advertising, it is generally agreed that by age 12 children do have that ability. Because special protections are important for this age group, the advertising industry always has had a set of stringent rules for advertising primarily directed to children under age 12. See note 5, on page 7.

¹⁴ Child-oriented television has long been the key medium children use, although children's use of digital and mobile media increases yearly. Although numerically many children may watch family programs, sporting events and other programs, they typically represent a small percentage of the audience.

¹⁵ CCAI's website is at www.bbb.org/council/ccai/. CFBAI's website includes program information such as comments to governmental bodies or non-governmental organizations (NGOs), statements regarding food marketing to children issues, and presentations to various organizations.

IV. Pledge Compliance Evaluation

In its 2016 comprehensive compliance monitoring review, CFBAI found no CCAI compliance issues. Prior to CCAI's launch, CFBAI thoroughly vetted CCAI participants' presence on children's media and their company-owned websites. Through CFBAI's routine monitoring in 2016, we knew that there had been no advertising to children by CCAI participants on TV, print or third-party websites. In the very small number of instances in which

CFBAI identified issues on a company-owned website, the participants promptly addressed these concerns, and established or revised procedures where necessary.

This section of the Report summarizes CCAI's evaluation process, including an overview of our media monitoring practices, and the results of CFBAI's assessment of the participants' compliance with their pledges.

A. MEDIA COMPLIANCE EVALUATION OVERVIEW AND ASSESSMENT

In 2016, CFBAI included CCAI participants' products in its media assessments. CFBAI's finding of excellent compliance by CCAI participants is consistent with past years' assessments of CFBAI participants' compliance with CFBAI core commitments.

1. CFBAI MONITORING

To assess the participants' compliance with their commitments to not engage in child-directed advertising, on an ongoing basis CFBAI independently monitors advertising on various platforms. These are TV (including Spanish-language children's programs), video on demand ("VOD"), print, radio, the Internet (including company-owned and third-party websites), and apps available on tablets and smart phones. For measured media such as TV, child-directed advertising generally means advertising for which children ages 2-11 constitute at least 35% of the expected audience at the time of the media buy ("audience threshold"). Some participants use an even more rigorous lower audience threshold. It is well established that children

consume multiple types of media and spend considerable amounts of time in front of many types of screens. Television, however, remains children's favorite media for content,¹⁶ and the one on which they spend the most time.

Although traditional TV remains the favored medium of children under 12, children's VOD use is increasing, mirroring the growing use of this medium overall.¹⁷ Driven by strong consumer demand, the variety of VOD services in general and child-directed content in particular continues to expand. CFBAI and CCAI participants treat advertising on VOD children's content as covered by CFBAI commitments, regardless of the particular device on which children view that content. At this time many of the most popular VOD services are subscription-based and ad-free. In 2016, Hulu offered some free, ad-supported programming, including children's programming, which CFBAI therefore monitored.¹⁸ No CCAI participant advertising was observed.



Table 1 summarizes CFBAI 2016 monitoring activities.

TABLE 1: CFBAI 2016 MONITORING

MEDIA	MONITORING	COMMENTS
Television (including Spanish-language TV)	Reviewed ~3000 ads on children's programming, including ~500 food ads	CFBAI also reviewed food ads from CARU's ad monitoring on children's TV networks
Radio	Periodically listened to Radio Disney	Radio Disney is the primary station that is child-directed
Print	Reviewed issues of children's print titles available at the Library of Congress	CFBAI also reviewed food ads from CARU's children's magazine subscriptions
Internet	Regularly monitored child-directed company-owned sites and more than 100 child-directed third-party sites	Where visitor age composition data not available, CFBAI considers additional factors Sites may be deemed child-directed based on a qualitative analysis of content, language, graphics, pictures, games, ¹⁹ age limits and/or where other ads for the foods or websites are placed
Mobile Media and apps	Periodically monitored mobile-optimized sites; selections on Apple's App Store and participants' child-directed apps	
VOD (Hulu)	Periodically monitored free kids' shows	Hulu was primary source of ad-supported VOD ²⁰



2. KEY COMPLIANCE FINDINGS

Compliance was excellent. Below we summarize our findings by media platform and CCAI requirements.

- **Child-directed video games or G-rated DVDs.** Companies did not report engaging in any prohibited advertising in these media and we do not have any information to the contrary.
- **Digital.** Compliance was excellent. CFBAI “vetted” CCAI company-owned websites prior to the program’s launch and found very little content that was directed to children and such content was changed or removed to avoid any perception that the site was directed to children.²¹ CFBAI did not observe CCAI participant advertising during routine monitoring of child-directed third-party websites.
- **Mobile apps.** We did not observe CCAI participants confections in the child-directed apps we reviewed. In addition, CCAI participants worked with Google or the program administrator to ensure that CCAI company-owned channels on YouTube would not be viewable on the YouTube Kids app through its search function. The participants were not purchasing ads on this app or attempting to place company-owned YouTube channels or videos on it. However, like other food companies, CCAI participants’ YouTube content inadvertently could be viewed on the Kids app.
- **Print and Radio.** We found no compliance issues. There are only a few such outlets and CCAI participants did not advertise in these media.
- **Product Placement.** We did not observe any compliance issues.²²
- **Spanish-language children’s programs.** We have not observed a significant amount of food advertising on such programming and did not find any CCAI participant advertising.
- **Television.** Compliance was excellent. Several CCAI participants do not engage in any television advertising, even in adult programming.
- **VOD.** We did not observe any issues.
- **Word-of-mouth advertising.** We did not observe any WOM advertising and none was reported by the participants.

B. COMMITMENT TO NOT ADVERTISE TO CHILDREN IN ELEMENTARY SCHOOLS

CCAI participants commit to not advertise their confections to children in elementary schools (pre-K through sixth grade).²³ This restriction is based on the age of the child (the grades mirroring CFBAI and CCAI's focus on children under age 12) and our recognition that because elementary schools are a special environment, commercial promotion of food and beverages should be avoided. The participants did not report any non-complying activities in elementary schools in 2016.

CCAI's elementary school commitment bars direct advertising activities to children in schools for the specified grades.²⁴ Excluded from this prohibition are participant-supported programs that schools or school groups may voluntarily choose to participate in, including charitable donations, sponsorships, public service messaging and curriculum materials, items given to school administrators for their personal use, and fund-raising opportunities.²⁵ CFBAI guidelines regarding the commitment emphasize that branded foods should not be featured and that any brand or corporate identification related to such activities and associated materials are minimal.²⁶



V. Conclusion

CBBB and NCA are proud to have launched a new advertising self-regulation program that expands self-regulation's impact on the children's food advertising landscape and advertisers' role in addressing childhood obesity. CCAI illustrates how advertising self-regulation can be robust and meaningful for both large and small companies, with its ability to be flexible and adaptable to the needs of smaller companies. We look forward to expanding CCAI (and CFBAI) and stand ready to work with other companies and associations to create meaningful self-regulation programs that also can help improve the children's advertising landscape.



Notes

¹⁶ See Nielsen, "Kids' Audience Behavior Across Platforms" ("Nielsen Report") (Aug. 2015) at 8, available at <http://www.nielsen.com/us/en/insights/reports/2015/kids-audience-behavior-across-platforms.html>. According to this report, in Q4 2013, children aged 2 to 11 spent over 24 hours a week watching TV (a slight increase since 2011). Children also have increased the amount of time spent watching time-shifted TV between 2011 and 2013 (from 1:57 to 2:21 (hour:minute)), an increase Nielsen suggested may relate to increased use of on-demand services. *Id.* Common Sense Media also has reported that "tweens" (children ages 8-12) ranked TV as their favorite media source and spent the most time on it. *The Commonsense Census, Media Use by Tweens and Teens* ("Commonsense Census") (Nov. 2015), available at <https://www.common sense media.org/research/the-common-sense-census-media-use-by-tweens-and-teens>. This report found that tweens' (ages 8-12) favorite activity was watching TV and that almost two-thirds (62 percent) responded that they watched "every day" (by comparison, 24% watched online videos and 27% played mobile games every day). *Commonsense Census* at 18. Available at www.common sense media.org/research/the-common-sense-census-media-use-by-tweens-and-teens.

¹⁷ VOD allows users to select and watch video content whenever they want and through different platforms, such as laptops, mobile devices and on TV through streaming media players such as Roku, Amazon Fire, Apple TV, Google Chromecast, or video game consoles such as Xbox.

¹⁸ Because audience demographics for particular shows or segments were not available for Hulu, CFBAI monitored programs or program sections that Hulu designated as for children, including Hulu's "Kids" section, in the "TV-Networks" section, which includes content from networks such as Nickelodeon, PBS Kids, and 4KidsTV, and other areas (e.g., "Saturday Morning Cartoons").

¹⁹ Animation, cartoon or licensed characters, fantasy and games are often used in sites directed to older teens and adults and thus do not necessarily make a site child-directed.

²⁰ In 2016, Hulu entered into a partnership with Yahoo, which makes available some ad-supported Hulu content for free, including a "Kids and Family" movie section that has little content.

²¹ In addition, the lack of any advertising in child-directed media makes it very unlikely that children would visit the websites.



Notes

²² CCAI participants commit to not paying for or actively seeking to place their food or beverage products in the program/editorial content of any medium primarily directed to children under age 12 for the purpose of promoting the sale of those products. Participants' commitments cannot guarantee, however, that child-directed entertainment or editorial content will not include their foods or beverages because movie or other media production teams or third parties independently may decide to use them as stage dressing in, for example, films or games.

²³ CFBAI's restriction on advertising to children in elementary schools applies to the entire elementary school and school grounds and facilities, including classrooms, cafeterias, libraries, hallways, auditoriums, gyms, playgrounds and athletic fields. The commitment covers the entire school day while children are under control of the school or third parties on behalf of the school. The restriction also covers school buses used to transport children to and from elementary school or to any official, school-sponsored event at an elementary school. For more information, see the Fact Sheet on the Elementary School Advertising Principles (2009) ("Fact Sheet"), available on CFBAI's website.

²⁴ CFBAI's restriction on advertising to children in elementary schools does not apply to school-sponsored or school-related activities that take place off of school grounds (e.g., on a field trip children may visit, for example, sports arenas or amusement parks, where advertising for food and beverage products may be present). Similarly, the use of school buses for non-school events is not covered.

²⁵ CFBAI's comment to USDA on the proposed rule on *Local School Wellness Policy Implementation under the Healthy, Hunger-Free Kids Act of 2010* (April 2014), available on CFBAI's website, provides additional discussion and examples of participant-sponsored school-based undertakings.

²⁶ In August 2016 USDA issued its final rule addressing *Local School Wellness Policy Implementation under the Healthy, Hunger-Free Kids Act of 2010 (HHFKA)*. For several years HHFKA has required that school districts have a "school wellness policy" that addresses certain issues and topics. Under the final rule, now one of these topics is marketing in schools. USDA issued additional guidance in April 2017 and CFBAI is assessing the impact of the rule on its elementary school commitment and Fact Sheet.

CCAI CORE PRINCIPLES

A CCAI participant publicly commits to not engage in child-directed advertising and to not advertise to children in elementary schools, as described below.

I. No Child-Directed Advertising

A CCAI participant publicly commits to not engage in child-directed advertising as specified below.

A. Advertising on Measured Media.

This means advertising on television, radio, print, and Internet (third-party sites) that is primarily directed to children under age 12.

B. Child-Directed Content in Other Media.

This means advertising that is primarily directed to children on:

- Company-owned websites or micro-sites primarily directed to children under age 12.
- Video and computer games that are rated “Early Childhood” or “EC,” which are inherently primarily directed to children under age 12, and other games that are age-graded on the label or packaging as being primarily directed to children under age 12;
- DVDs of movies that are rated “G” whose content is primarily directed to children under age 12.

C. Mobile Media and Word of Mouth.

This means advertising that is primarily directed to children under age 12 on cell phones, tablets and through word-of-mouth.¹

D. Product Placement.

This means participants will not pay for or actively seek to place their confections in the program/editorial content of any medium primarily directed to children under age 12 for the purpose of promoting the sale of those products.

II. Advertising to Children in Elementary Schools

A CCAI participant publicly commits to not advertise to students in elementary schools (defined for purposes of the CCAI program as schools from pre-kindergarten through 6th grade). This commitment does not apply to displays of foods, including materials that identify the products that are being offered for sale, charitable fundraising activities, public service messaging, items provided to school administrators for their personal use, and charitable donations to schools.²

III. Definitions of Child-Directed Advertising

For certain media, such as television, radio, print, and third-party websites, “advertising primarily directed to children under age 12” generally means advertising for which children ages 2-11 constitute at least 35% of the expected audience (viewers, listeners, readers or visitors) at the time of the media buy. CFBAI and CCAI participants also may consider a company-owned or third-party website child-directed even if less than 35% or an unknown percentage of visitors are children based on a multi-faceted analysis, including factors such as an assessment of the target audience according to the media plan, actions taken to restrict child access, such as age-screening, and the overall impression of the site’s content.

For advertising in other covered media, CFBAI will make determinations based on an analysis of factors that include the overall impression of the advertising, the target demographic based on the company’s media plan, and the audience definition for measured media. For example, the CFBAI administrator and a CCAI

participant may consider the percentage of children under age 12 viewing in-cinema G-rated movies that are now on DVDs, the content developer's designation and description of the expected target of mobile or PDA content, or the percentage of children viewing TV content that has been adapted for mobile media.

IV. Monitoring and Enforcement

Each CCAI participant will submit an annual compliance statement, signed by a responsible company official, that it did not engage in child-directed advertising in measured and other covered media and did not advertise to children in elementary schools, as specified in the CCAI core principles. CFBAI also will monitor a CCAI participant's compliance with the above commitments in measured and other covered media. Monitoring will include a review of advertising materials, compliance statements and other information. Each CCAI participant agrees to cooperate and respond to reasonable requests for information from the program administrator to assess participant compliance.

Both CFBAI and NCA will post information on their websites to allow the public to submit inquiries or complaints regarding the CCAI. NCA will forward all such inquiries and complaints it receives to CFBAI and CFBAI will endeavor to respond to all complaints.

The program provides, by contract, for the expulsion of a company that does not comply with its CCAI commitments, after being given notice and an opportunity to bring its conduct into compliance, and notice of any

expulsion to regulatory authorities such as the Federal Trade Commission under appropriate circumstances.³

V. Public Reports

The program will publicly issue reports detailing its activities and monitoring on a periodic basis.

VI. Periodic Program Reviews

CFBAI and NCA will conduct periodic reviews to assess the effectiveness of the program and determine whether it should be continued or changed.

Notes

¹The commitment regarding word-of-mouth advertising refers to advertising where a participant provides incentives (financial or otherwise), product samples or other support to individuals or groups who are not employees to promote consumption of confections or to promote discussion of such products and the advertising is primarily directed to children under 12.

² Additional information about how CFBAI interprets the elementary school commitment can be found in CFBAI's Fact Sheet on the Elementary School Principles (2009), available at <http://www.bbb.org/us/storage/O/Shared%20Documents/ESFactSheetFinalWord.pdf>.

³ Under the contract with a CCAI participant, BBB will give the participant at least 30 days prior written notice before termination for cause and 60 days prior written notice for termination without cause. (A participant also has the right to terminate its participation upon prior written notice.) Specifically, when appropriate, BBB will notify a participant in writing of substantial noncompliance and give the participant a reasonable opportunity to bring its conduct into compliance. Upon termination BBB may refer the matter to appropriate regulatory authorities. BBB will give a participant notice prior to making the termination and referral public.

About the Children's Confection Advertising Initiative

CCAI was created in 2016 by the Council of Better Business Bureaus in partnership with the National Confectioners Association. As a sister program of the Children's Food and Beverage Advertising Initiative, its goal is to be part of the efforts that CFBAI began in 2007 to change the children's food advertising landscape. CCAI participants commit to not engage in advertising primarily directly to children under 12. CCAI's 8 participants in 2016 were: Brown & Haley, Ferrara Candy Company, Ghirardelli Chocolate Company, Jelly Belly Candy Company, Just Born Quality Confections, Promotion In Motion Companies, and R.M. Palmer Company, and Wolfgang Candy Company. The CCAI participants join the six confection companies in CFBAI (American Licorice Company; Ferrero USA; The Hershey Company; Mars, Incorporated; Mondelēz Global LLC; and Nestlé USA). For more information about the CCAI visit bbb.org/kids_food.

ABOUT BBB: For more than 100 years, Better Business Bureau has been helping people find businesses, brands and charities they can trust. In 2015, people turned to BBB more than 172 million times for BBB Business Reviews on more than 5.3 million businesses and Charity Reports on 11,000 charities, all available for free at bbb.org. The Council of Better Business Bureaus is the umbrella organization for the local, independent BBBs in the United States, Canada and Mexico, as well as home to its national programs on dispute resolution, advertising review, and industry self-regulation.



Council of Better Business Bureaus, Inc.
3033 Wilson Boulevard, Suite 600, Arlington, VA 22201

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