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CASE REPORT

 Complaint reference number Advertiser Product 	571/09 McDonald's (box of fun) Food & Beverages
4. Type of advertisement	TV
• 1	
5. Nature of complaint	Advertising to Children Code - Factual presentation – section 2.4 Advertising to Children Code – Premiums – section 2.4 Food and Beverage Code (Children) – premium QSR – Advertising and Marketing Message QSR – Premium Offers
6. Date of determination	Wednesday, 9 December 2009
7. DETERMINATION	Dismissed

DESCRIPTION OF THE ADVERTISEMENT

This television advertisement depicts a McDonalds Box of Fun carton and then shows hands picking up the box and the scene cuts to various animations of animals and figures including a kite and a dog, made out of paper (origami) and in the background, children skipping rope. The advertisement shows lots of different characters in the form of origami and then a McDonalds Happy Meal container with different foods which include a drink, a toy, an apple and a box of pasta.

THE COMPLAINT

A sample of comments which the complainant/s made regarding this advertisement included the following:

Advertisements in breach of the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children. We are concerned about rising rates of overweight and obesity in Australia, particularly in children.

We are writing to complain about two McDonald's advertisements that we consider to be in breach of the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children (Initiative).

The relevant advertisements, all broadcast on television in September 2009, are identified as follows:

2. McDonald's Happy Meal (Box of Fun) - 571/09

We are of the view that:

1. Each of these advertisements breach clause 4.1 of the Initiative.

1 Overview of advertisements

1.2 McDonald's Happy Meal (Box of Fun).

This advertisement promotes Happy Meals as a "Box of Fun" on a basketball court, with children playing in the park in the background. The advertisement shows the Happy Meal box being turned into different paper animations, including a monkey, a kite and a dog. The monkey is depicted dancing and the dog fetches a stick. A fun song about the monkey and dog, featuring a dog barking and children giggling, is played throughout the advertisement. A Happy Meal box is then depicted

with the word "Toy" in neon lights behind it. The food and beverage products depicted include a main food product in a purple container, an apple/orange image and a white milky looking drink. The purple container, the fruit bag and the drink then fly into the Happy Meal box. The advertisement ends with a voice over by a little girl, "Happy Me, Happy Meal"

2 Breaches of the Initiative

2.1 Clauses 4.1 of the Initiative- Advertising and Marketing Messaging

In our view, the above advertisement breaches clause 4. I of the Initiative. As you know, clause 4.1 states:

'Advertising or Marketing Communications to Children for food and/or beverages must:

(a) Represent healthier choices, as determined by a defined set of Nutrition Criteria for assessing children's meals (See Appendix 1); and/or

(b) Represent a healthy lifestyle, designed to appeal to the intended audience through messaging that encourages:

(*i*) healthier choices, as determined by a defined set of Nutrition Criteria for assessing children's meals (see Appendix 1); and (*ii*) physical activity.

We believe that each of the above advertisements breach clause 4.1 as they are 'Advertising or Marketing Communications to Children for food and/or beverage products', yet they do not meet the 'Nutrition Criteria for assessing children's meals' outlined in Appendix I to the Initiative (Nutrition Criteria).

Advertising or Marketing Communications to Children

'Advertising or Marketing Communications to Children' is defined in clause 7 of the Initiative to mean such communications which, 'having regard to the theme, visuals and language used, are directed primarily to Children and are for food and/or beverage products'. Children are defined as meaning persons under 14 years of age.

In our view, each of these advertisements are clearly Advertising or Marketing Communications to Children within the meaning of the Initiative as they feature children's themes (children's toys, programs and activities), visuals (cartoons and animated images) and language (tones that would attract children and words targeted atchildren). In particular:

• McDonald's Happy Meal (Box of Fun)

This advertisement features fun music targeted to children that would attract their attention quickly, it is set in a children's playground with children playing in the park and features fun animations of paper animals. When the fun colored room is depicted in the second half of the advertisement, the word "Toy" is prominent in neon lights. The voice over at the end is of a little girl stating "Happy Me, Happy Meal", clearly designed to attract the attention of children.

Nutrition Criteria for assessing children's meals (Appendix I to the Initiative)

The Nutrition Criteria for assessing children's meals is outlined in Appendix 1 to the Initiative. Only meals that meet this Nutrition Criteria may be featured in Advertising or Marketing Communications to Children.

Relevantly, for a meal to meet the Nutrition Criteria, clause 3 of Appendix 1 requires that the meal must not exceed maximum limits of saturated fat (0.4g per IOOKJ), sugar (l.8g per IOOKJ) and sodium (650mg per serve).

The McDonald's Company Action Plan (which outlines how McDonalds will meet the requirements of the Initiative) states that [or a meal to be considered a healthier choice according to Appendix 1, the meal:

• Should reflect general principles of healthy eating as defined by credible nutrition authorities; and

• Must comply with defined criteria for energy (kilojoules), saturated fat, sugar and sodium. I

We believe that each of the meals depicted in the relevant advertisements fail to meet the Nutrition Criteria for the following reasons.

• McDonald's Happy Meal advertisements.

The McDonald's Happy Meal advertisements (Stuff to Know… Cartoon Network and Box of Fun) clearly feature children's meals however the specific food and/or beverages comprising the meals in these advertisements are not clearly depicted.

Under Clause 4.1 of the Initiative, advertising to children for food and/or beverages is only permitted if the meal depicted meets the Nutrition Criteria for assessing children's meals (Appendix 1). In other words, if it cannot be determined that the food and/or beverages depicted meet the Nutrition Criteria, the advertisement cannot be determined to meet the requirements of clause 4.1.

In particular:

o McDonald's Happy Meal (Box of Fun)

While a Happy Meal is clearly featured in this advertisement, the main food and the beverage contained in this meal cannot be identified. The only identifiable food product is a fruit bag. We do not have any idea what ispurported to be contained in the purple container depicted or the drink container.

Given it cannot be determined that the meals depicted in these advertisements meet the Nutrition Criteria in Appendix I, it cannot be found that they meet the requirements of clause 4. l(a) or (b).

For all of the reasons given above, we are of the view that each of these advertisements constitute Advertising or Marketing Communications to Children, for food and/or beverages that fail to meet the Nutrition Criteria, in breach of clause 4.1 of the Initiative.

2.2 Clause 4.2 of the Initiative - Popular Personalities and Licensed Characters

2,3 Clause 4,6 of the Initiative - Premium Offers

In our view, the McDonald's Happy Meal (Stuff to Know - Cartoon Network) advertisement breach clause 4,6 of the Initiative, As you know, clause 4,6 states: 'Participants must not advertise Premium Offers in any Medium directed primarily)I to Children unless the reference to the Premium is merely incidental to the food and/or beverage product being advertised in accordance with the AANA Codes and Section 20 (Disclaimers and Premium Offers) of the Children's Television Standards 2005'

'Premium' is defined under the Initiative to mean anything offered free or at a reduced price and which is conditional upon the purchase of regular Children's Food or Beverage Product.

We recognise that this definition reflects the definition of a premium under the AANA Food and Beverages Code and the AANA Code for Advertising and Marketing Communications to Children, We are aware that the ASB has found that the definition of a 'premium' under these AANA Codes does not include toys in fast food meals such as McDonald's Happy Meals, 5 We understand that this is based upon on the ASB's view that these toys comprise a usual part or 'integral element' of such meals as the content of these meals always includes the meal and a toy." The ASB has found that the toy is merely varied to introduce variety and provide for tie-ins to movies, In Case Report 103/05 it was also considered relevant by the ASB that the toys were not available to be sold separately and had no value in themselves.

We would, however, urge the ASB to reconsider the meaning of a premium in the context of this

Initiative, If, in this Initiative, the definition of premium does not include toys in children's meals such as Happy Meals clause 4,6 would appear to have no application and be superfluous, By including clause 4,6 in the Initiative, it must be presumed that it is intended to have some application and effect.

In our view, while a toy may typically be included in children's meals the toy does vary (i,e, it is not the same product) and it is not necessary to the completeness of the meal. McDonald's are fast food restaurant franchises, whose businesses are selling food not toys, There is no reason why nonfood or beverage products should be considered to be integral to, or necessary to the completeness of, a children's food and/or beverage product. These toys are clearly aimed at increasing 'pester power' and encouraging repeat purchasing, It is highly likely that children are influenced to pester their parents to purchase the meal due to their desire to obtain the premium rather than the product itself.

We would also note that it is our understanding that the toys available in Happy Meals are now ordinarily sold separately upon request. These products do have their own value, They may be purchased independently of a Happy Meal OR obtained for free on condition of a meal purchase.

For all of these reasons, there is no reason to exempt toys in fast food meals such as Happy Meals from the meaning of a 'premium' simply because the meals may always include a toy of some variety.

If it is accepted that the toys in McDonald's Happy Meals meet the definition of a premium for the purpose of clause 4.6 of the Initiative, the advertisement will only constitute a breach of clause 4.6 if the advertisement for the premium offer is in a medium directed primarily to children, and the reference to the premium is more than merely incidental to the food and/or beverage product being advertised in accordance with the AANA Codes and CTS 20 (Disclaimers and Premium Offers).

In our view, the advertisements for the premiums are contained in mediums directed primarily to children. There can be no doubt that they are contained in a medium as the definition of 'medium' in the initiative includes television.

Both of these advertisements were broadcast during peak children's viewing times throughout September 7. The McDonalds Happy Meal (Stuff to Know - Cartoon Network) advertisement was broadcast regularly during the popular children's viewing time of Saturday morning and during programs directed primarily to children, includingSea Princesses (C), Totally Australia (G), Horse Sense (G), Dork Hunters from Outer Space (G), iCarly (G), The Fox and the Hound (G) and Roll Bots (G). OzTam data demonstrates that 8am to 11am is one of the peak viewing times for children (aged 0 to 14 years), with average numbers of child viewers ranging from I85,000 to 192,000 8

We also consider it relevant that, as discussed above, these advertisements featuring the premiums are directed primarily to children.

The ASB should note that the McDonald's Company Action Plan states that 'McDonalds will not advertise any Premium offers in any marketing communications to children unless the reference to the Premium is merely incidental to the food and/or beverage being advertised,.11 Accordingly, McDonalds has not made any commitment to restrict the advertising of premium offers in mediums directed primarily to children.

We also believe that the premiums in both of these advertisements were featured in a manner more than incidental to the food and beverage product being advertised, in accordance with the AANA Codes and CTS 20 (now CTS 33 under the revised Code). The CTS only restricts the advertising of premium offers if the advertising stimulates unreasonable expectations of the product, that is when the promotion of the premium offer causes a child to be confused about what is the main product advertised and what is the premium. 12 Under the AANA Food and Beverages Code Practice Note, only advertisements that give undue prominence to a premium, by way of making the premium the dominant feature or otherwise occupying half the advertisement, are prohibited.

We are of the view that the advertisements are featured in a manner more than incidental to the food and beverage products being advertised for the following reasons:

• McDonald's Happy Meal (Stuff to Know - Cartoon Network)

In this advertisement, the promotion of the available toys occupies just over half of the

advertisement and therefore should be regarded as the dominant feature. The food and beverage products are displayed only in the background and are unlikely to be perceived by children as the main product advertised. As above, children are likely to be significantly more attracted to the component of the advertisement promoting the toys than the component advertising the food and beverage products.

Given these advertisements advertise a 'premium' offer, in a medium directed primarily to children, and in a manner that is more than merely incidental to the food and beverage products being advertised, we believe that these advertisements breach of clause 4.6 of the Initiative.

3 Action requested by the ASB

For all of the reasons identified above, we request that the ASB consider whether:

1. Each the advertisements identified above breach clause 4.1 of the Initiative; and 2. The McDonald's Happy Meal (Stuff to Know - Cartoon Network) advertisement breach clause 4.6 of the Initiative.

THE ADVERTISER'S RESPONSE

Comments which the advertiser made in response to the complaint/s regarding this advertisement included the following: McDonald's does not consider that these television commercials are in breach of the Australian Association of National Advertisers Code or the Australian Quick Service Industry Initiative for Responsible Advertising and Marketing to Children ("the QSR Code"), and we thank you for the opportunity to make submissions to the Board in support of this view. Given the length and detail of the submission made, in order to ensure we address the relevant points raised we have summarised below what we believe are the points that the Complainant is seeking to rely on: 1. That the "Box of Fun" commercial breaches clause 4.1 of the OSR Code because the food and beverage depicted does not meet the nutritional criteria specified in the OSR Code, on the basis that the complainant finds the "main food and beverage contained in this meal cannot be identified" and that the complainant does "not have any idea what is purported to be contained in the purple container depicted or the drink container". Essentially, the complainant's argument is that if you cannot tell what the items are then, by default, they do not meet nutrition criteria.2....3. That both commercials breach clause 4.6 of the QSR Code on the basis that McDonald's Happy Meal toys should be considered a "Premium" within the meaning in the Code. The complainant is asking the Board to reverse its previous finding on this issue in Case Report 103/05 in this regard.4. If the Happy Meal toys are considered to be a "Premium" within the meaning set out in the AANA Codes, then both advertisements are in breach of Section 20 of the CTS and section 3.6 of the AANA Food & Beverages Code. We submit that there are essentially only two issues of relevance in the complainants submission, the first being the issue of whether the commercials offend the nutrition criteria in the QSR Code and the second being the issue of whether or not the toy contained in a McDonald's Happy Meal can be considered a "Premium" within the definitions specified in the relevant Codes. McDonald's accepts that these commercials can be considered as being "advertising or marketing communications to children" within the meaning in the AANA Codes and the OSR Code. This is not in dispute. Accordingly, we address the two main issues below.**OSR CODE – NUTRITIONAL CRITERIA**

We have provided the Board with copies of the relevant television commercials. In addition to all Australian voluntary codes and legislative regulations, McDonald's advertising is also governed by our own internal global policies and standards. These standards provide that we must be truthful in our marketing and advertising. Accordingly, any product shown in an advertisement is always a depiction of how that product looks in 'real life', or where necessary, labelled for greater clarity (as per the beverage cup example below). Furthermore, as part of our commitment to improving the way we communicate with children, McDonald's uses an internal guideline for children's advertising where we aim to limit the amount of time food and toys are shown in any Happy Meal commercial, and instead we aim to focus on a message which supports the QSR Code objectives. As such, most of our latest Happy Meal marketing limits the amount of air time given to food, and particularly toys.

For example, in the 30 second "Box of Fun" commercial, the food and toy are shown for only 4-5 seconds. In the 15 second "Stuff to Know", the monkey is the main feature (the food is in the background) and the toys appear for only 3 seconds. There is nothing in the code which specifies

that food products need to be shown for a set amount of time or in any particular detail, and we believe that such a requirement would offend the QSR Code as clearly it aims to put the focus on encouraging healthier choices and active lifestyles. We submit that the mere fact that the complainant could not identify the food products does not automatically mean that we are breaching nutritional guidelines. Indeed, we believe the products are identifiable – particularly because we have used footage of real products in their actual packaging. In the "Box of Fun" commercial, the product shown in the purple box is a children's filled pasta meal called Pasta Pets. The 'clamshell' container is actually a stylised purple hippopotamus head, with ears that flap as it glides into the Happy Meal box (being the real container that this product comes in). The dish beside it depicts the dipping sauce which accompanies Pasta Pets. It is shown in a dish as the white container it usually comes in does not show what it contains – hence the clear container used for the commercial so that the contents are visible. Since the initial creation of this advertisement in March 2008, Pasta Pets has been deleted from the McDonald's menu and as such, this commercial should no longer be aired. Having made enquiries with our advertising agency, DDB and our media agency, OMD, we believe that commercial may have been mistakenly shown after the removal of Pasta Pets in May/June 2009. In any event, based on the nutrition information compiled by our independent nutrition consultants, The Food Group, the Pasta Pets Happy Meal combination shown does meet the Nutrition Criteria in the QSR Code. Our National Marketing team have contacted our media buyer and instructed them to contact all networks to confirm to them that this television commercial is to be deleted and no longer shown. The drink in the "Box of Fun" commercial described by the complainant as a "white milky looking drink" is milk with a chocolate flavoured Sipaah drinking straw protruding from the container.

In the "Stuff to Know" commercial, the beverage which the complainant thinks "might be Fruit Fizz" is also milk with a Sipaah drinking straw. As the Board may be aware, McDonald's advertising usually depicts beverage containers in such a way as to disclose the contents of the cup in relation to the packaging – for example, we display Fruit Fizz in Fruit Fizz branded cups and so forth. Products in clear containers like Iced Coffee are often not 'labelled' like this as the clear cup allows consumers to see what the beverage is. This is the case with milk. The milk product is not a specific brand of milk, it is just plain milk. In store it is served in a clear cup which may or may not have featured red stars (the packaging changed over time). The cup with red stars is the cup shown in the commercial. It is clear so you can see it holds milk.

In any event, at the time the commercial was aired the meal depicted (consisting of a seared chicken Snack Wrap, Fruit Bag and milk with a chocolate flavoured Sipaah drinking straw) complied with the Nutritional Criteria of the QSR Code. Below please see nutritional information, compiled by an independent consultant to McDonald's, the Food Group:

Seared Chicken Wrap, Apple Bag & Choc Sipahh

Nutrient
Per Serve
%RDI kids
%DI adults
Per 100g
Energy (kJ)
1498
20.8
17.2
430
(Cal)
359

103
Protein (g)
20.3
84.6
40.6
5.8
Fat, total (g)
11.2
19.3
16.0
3.2
-Saturated
4.1
21.6
17.1
1.2
Carbohydrates, total (g)
41.9
18.0
13.5
12.0
-Sugars (g)
20.1
26.8
22.3
5.8
Dietary Fibre (g)
1.8
0.5
Sodium (mg)
398
23.1
17.3

Earlier this month, milk with Sipaah drinking straw was deleted from the menu as we phased in a new milk beverage, Calci-Yum chocolate flavoured milk (although at the time this commercial aired, the milk with Sipaah straw was still available).

Both commercials comply with the QSR Code, as the meals depicted "represent healthier choices" in that, out of the range of Happy Meal combinations available, the products shown are healthier options as determined by the defined set of Nutrition Criteria in the QSR Code. Further, the "Box of Fun" commercial supports the aims of the QSR Code by representing a healthy lifestyle, showing children playing outdoors enjoying physical activity.

Therefore, with regard to numbered points 1 and 2 above, we respectfully request that the Board dismiss this complaint.

We now turn to numbered point 3 above - whether the commercials breach Clause 4.6 of the QSR Code.

Clause 4.6 of the Code provides:

Participants must not advertise Premium offers in any Medium directed primarily to Children unless the reference to the Premium is merely incidental to the food and/or beverage product being advertised in accordance with the AANA Codes and Section 20 (Disclaimers and Premium Offers) of the Childrens Television Standards 2005.

"Premium" means "anything offered for free or at a reduced price which is conditional upon the purchase of a regular Children's Food or Beverage Product".

We note that the Board considered a similar issue in case number 103 of 2005, and that the complainant is essentially asking the Board to reverse that prior decision in this instance. The complainant's argument is that the toy in a McDonald's Happy Meal is a "Premium" as defined by the QSR Code.In case number 103 of 2005 (which dealt with a television commercial promoting a dog toy in a Happy Meal) "...t he Board noted and agreed with the advertiser's comments that the "toy" component of a Happy Meal is not a Premium as defined in the Code as it forms part of the Product... The Board was of the view that the advertisement was clearly for the Product and it made clear that the toy component was only a part of that Product". We maintain our position on this issue, that the toy in a McDonald's Happy Meal is part of the Product and not a Premium because:

1. It is not offered for free or at a reduced price. It is a part of the meal paid for by the consumer, it comprises a part of the Happy Meal product; and

2. It is not conditional upon the purchase of a food or beverage product. It can be purchased separately if so desired, without any food or beverage required to be bought.

The complainant's submission that toys can be purchased separately supports our position, at no time is a toy advertised as being a free gift or discounted offer with purchase nor is the purchase of the toy conditional upon buying food or beverages. It is a part of the traditional McDonald's Happy Meal, but if you do not want the meal but still would like the toy it can be purchased without the purchase of any other product from any McDonald's restaurant at any time. We do not force people to buy the food in order to obtain the toy, so it cannot be properly characterised as Premium.

With respect, we believe that the complainant's comments as to whether or not the toy contributes to the completeness of the meal are not relevant. The toy has always been a part of the Happy Meal product and is not a Premium within the meaning ascribed by the QSR Code.

If the Board does find that the toy is a "Premium" pursuant to the QSR Code, in the alternative we submit that McDonald's is not in breach of Section 20 of the CTS and section 3.6 of the AANA Food & Beverages Code, as in both commercials the toy is shown as merely being incidental to the food and beverage being advertised.

This is clear in the "Box of Fun" commercial, as no actual toy is depicted – rather the word "Toy" appears on screen with the food for approximately 4 seconds out of a 30 second commercial. In the

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"Stuff to Know" commercial, the meal is displayed in the background for the entire commercial, with the toys only appearing for approximately 2.5 seconds at the end of the 15 second commercial. We reject the submissions in the last paragraph of the Complainant's complaint – as the Board can verify, the toys in the "Stuff to Know" commercial are on screen for no longer than 3 seconds and not for "over half of the advertisement" as alleged by the Complainant. As noted above, McDonald's has adopted an internal policy in line with our commitment to our Company Action Plan to reduce the amount of air time given to toys in our Happy Meal commercials and these two commercials reflect that initiative.

We therefore respectfully submit to the Board that neither of these television commercials breach clause 4.6 of the QSR Code, section 20 of the CTS or section 3.6 of the AANA Food & Beverages Code, first because they do not feature a Premium, and in the alternative because the Premium is only incidental to the food and beverage being advertised.

McDonald's was a key participant in the formation and implementation of the QSR Code, and we are committed to compliance with the QSR Code and to continuous improvement in the way we communicate with our customers. As an organisation we are committed to advocating a balanced, active lifestyle for everyone, and where appropriate reflecting this in our marketing and advertising.

We thank the Board for the opportunity to respond to the complaint, and await the Board's decision in this matter.

THE DETERMINATION

The Advertising Standards Board ("Board") considered whether this advertisement breaches Section 2 of the Advertiser Code of Ethics (the "Code") and the Australian Quick Service Restaurant Industry Initiative for Responsible Advertising and Marketing to Children (the QSR Initiative).

The Board noted the complainant's concerns that the advertisement was in breach of the QSR Initiative, because the main food or beverage in this advertisement cannot be identified and therefore does not meet the nutritional criteria specified in the QSR Code.

The Board noted the advertiser's response and viewed the advertisement. The Board considered whether the advertisement was in breach of section 4.1 of the QSR Code. Section 4.1 of the QSR Code states:

"4. CORE PRINCIPLES

Advertising or Marketing Communications to Children for food and/or beverages must:

(a) Represent healthier choices, as determined by a defined set of Nutrition Criteria for assessing

children's meals (see Appendix 1); and/or

(b) Represent a healthy lifestyle, designed to appeal to the intended audience through messaging

that encourages:

(i) healthier choices, as determined by a defined set of Nutrition Criteria for

assessing children's meals (see Appendix 1); and

(ii) physical activity."

The Board noted the complainant's observations that the advertisement depicted quickly changing scenes and images and it was not easy to make out from the advertisement which food choices were being advertised, other than the MacDonald's happy meal. However the Board noted that McDonald's advised what the products are and that the Independent Arbiter, Dr Bruce Neal, advised that 'on the basis of this response from McDonald's which specifies the products depicted in the adverts it is our assessment that those adverts do not breach the nutritional criteria defined in the Code.' The Board determined that the products depicted in the advertisement meet the requirements of the QSR Initiative.

The Board noted that the advertisement depicted physical activity occurring in the background of the advertisement and images of animated origami figures (kite, dog, man) were depicted throughout the advertisement and encouraging playing outside. The Board noted that the advertisement depicted very fast and short glimpses of images of the food contained in the MacDonald's happy meal and that although it was not altogether easy to identify what foods would be contained within the Happy Meal at first glance, the advertisement did depict and encourage an active lifestyle and healthier lifestyle choices.

Finding that the advertisement did not breach the QSR Initiative, or the AANA Code of Ethics on any grounds, the Board dismissed the complaint.