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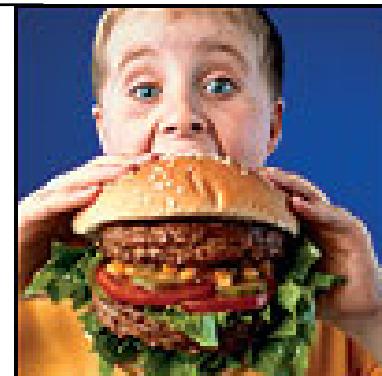
THE UNIVERSITY OF BRITISH COLUMBIA



Effect of the Quebec Ad Ban on Fast Food Expenditure

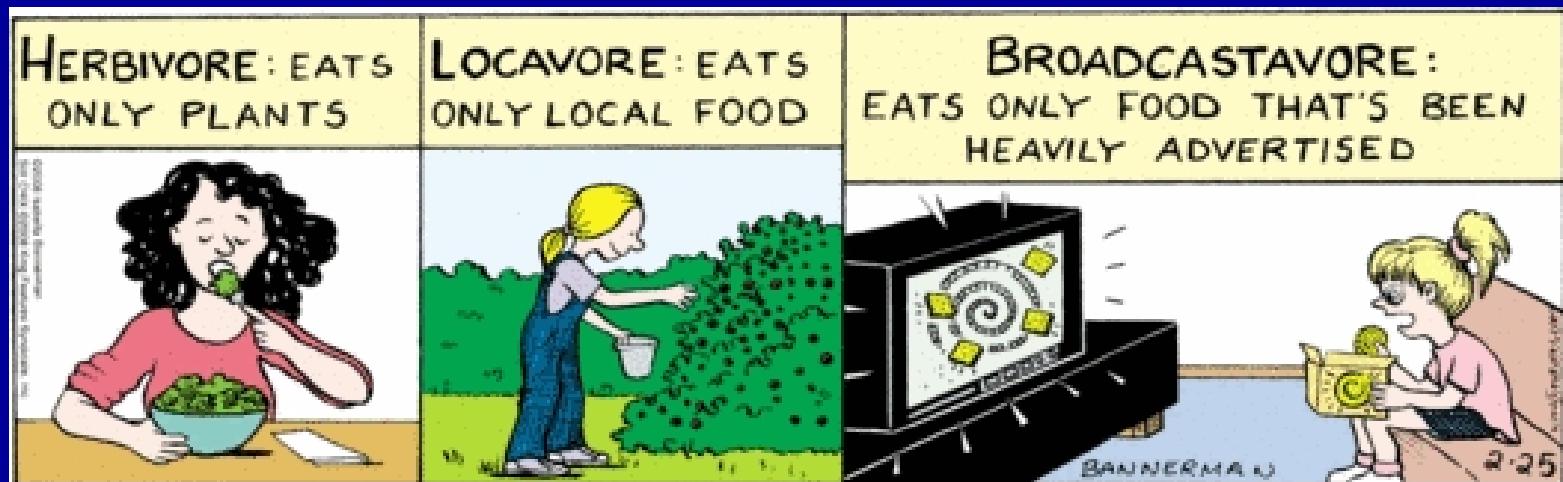
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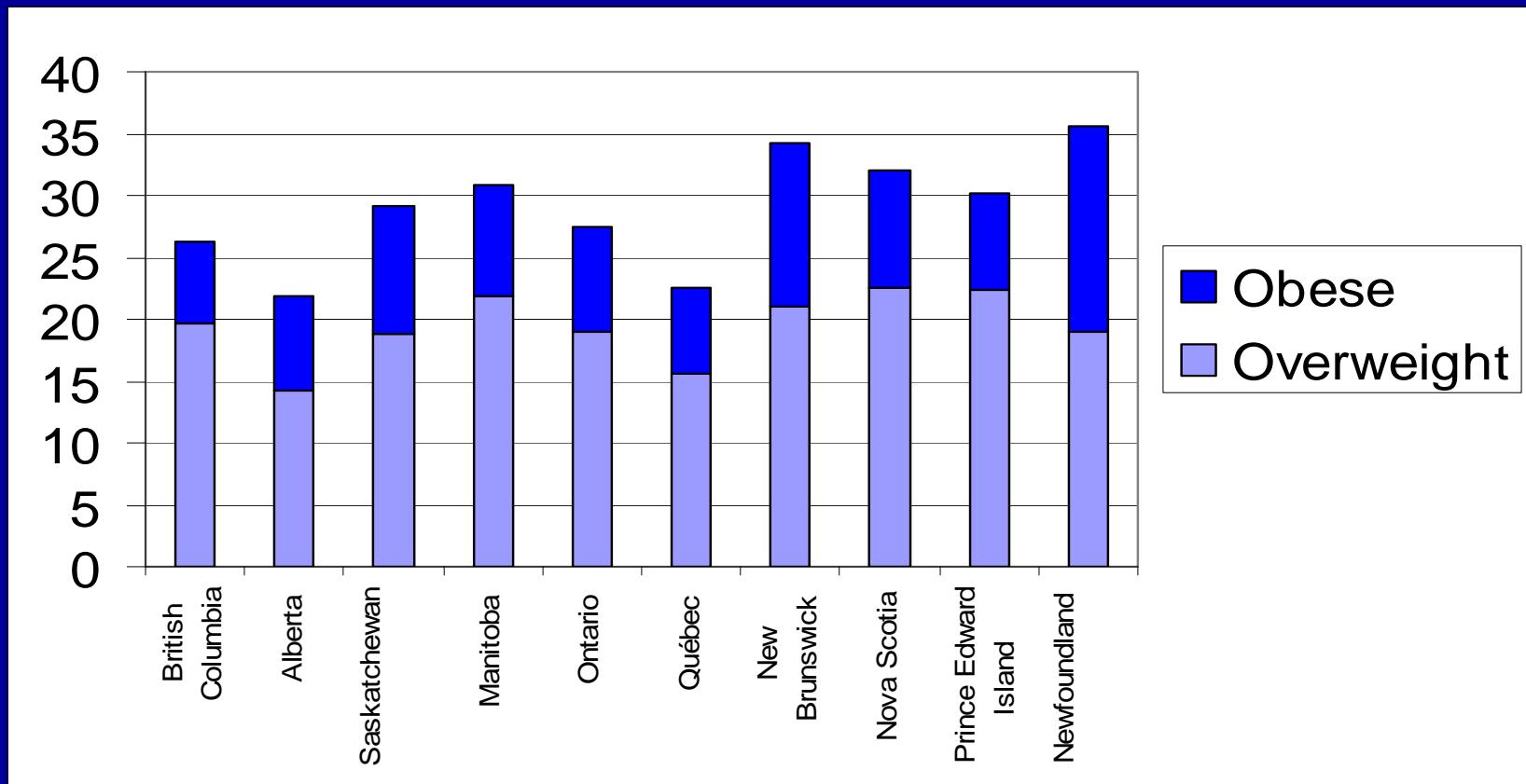
Background: Ad Bans

- Quebec has banned all advertising to children since 1980.
- Argument that existing bans (Sweden, Norway and Quebec) had little effect on health outcomes.
- Our question: Did the Quebec ban work?

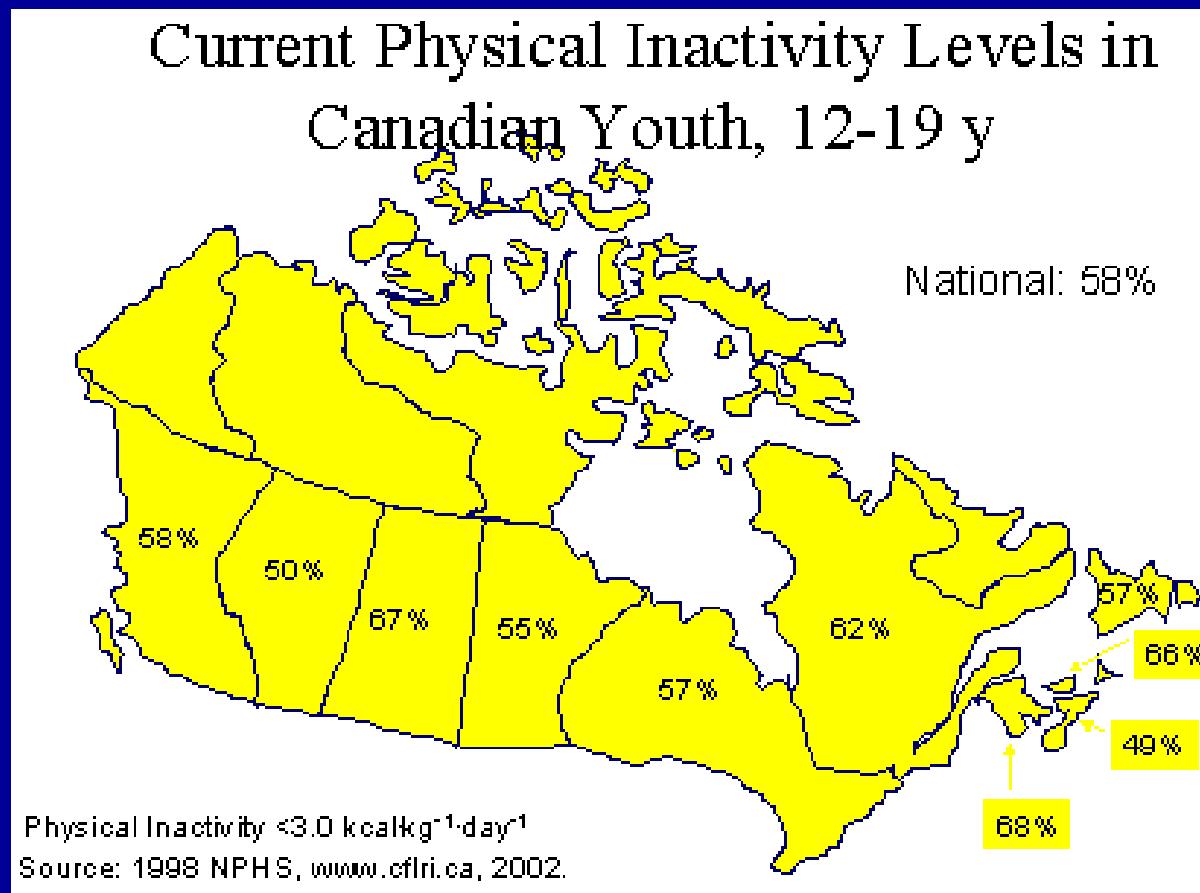


Link to health outcomes?

% of children ages 2 to 17 overweight or obese in Canada.



Even though Quebec children more sedentary than average...



Quebec ban

Advertisements to children limited in Quebec in 1980. Based on:

1. The nature and intended purpose of goods advertised. For example, are the products consumed primarily by children?
2. The advertisement itself - does it use fantasy, magic, or child-specific adventures?
3. The time and place the advertisement is shown.

Limits child-directed advertising during programming where more than 15% of the audience is children.

Effectively bans children's ads after school and weekend morning.

Instead see ads for BMWs, 'adult' food, public service announcements...

Even “educational ads” regulated

- e.g. McDonalds
- In 1984, McDonald's proposed a commercial where Ronald McDonald would explain to children the importance of wearing seat belts.
- Refused by l'Office de la Protection du Consommateur (the Consumer Protection Office) because it involved a known children's character.



That said... concerns of “leakage”

Media from outside the province not affected.

Question about enforcing the ban for alternative forms of marketing:

- last year, Vachon sent promotional material to day-care centres involving a child character, Igor, the gorilla (who is associated with their gorilla muffin).
- First time a charge was laid under law in 28 years.
- Currently challenges on advertising kid-specific websites on cereal packaging.

Authors note that the ban does not block nutritionally-deficient foods being advertised during children’s programming (Lebel et al 2005).

Past empirical work in Quebec

Goldberg (1990) surveys Francophone and Anglophone children in Quebec.

Identifies ban through differential effect on English vs. French speakers

NY and Ont. Stations particularly accessible to English-speakers inside Quebec.

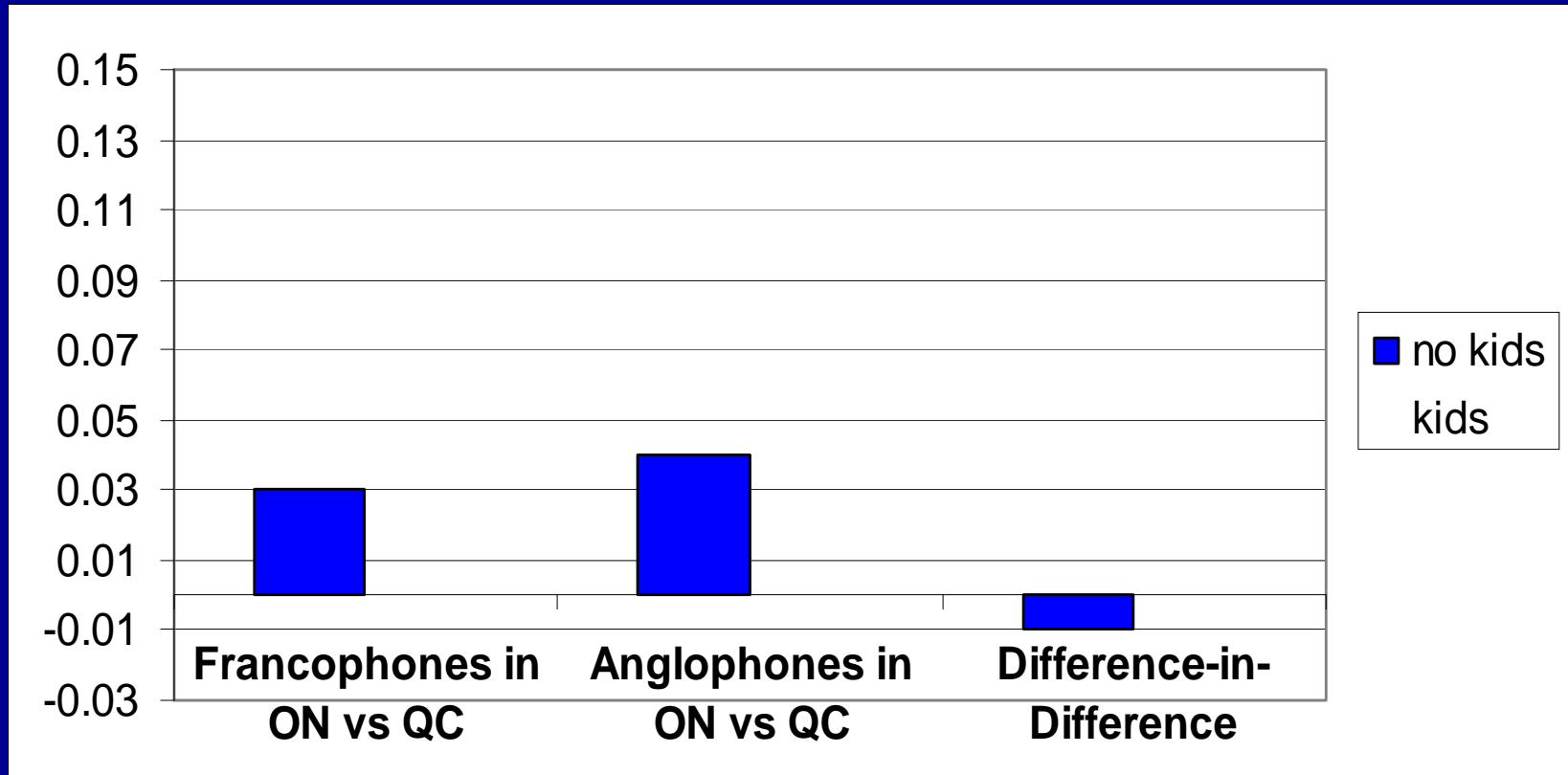
- Find Francophone children watch less US TV (1.94 hrs vs 0.76).
- Francophone children have lower recognition of toy brands (8.3 vs 15.4 out of 20 correctly ID'd)
- Also have fewer kids cereal at home (2.4 vs 2)
- Toy brand recognition and kids cereal increased with more hrs of US TV watched.

Hypotheses on Fast Food Expenditure

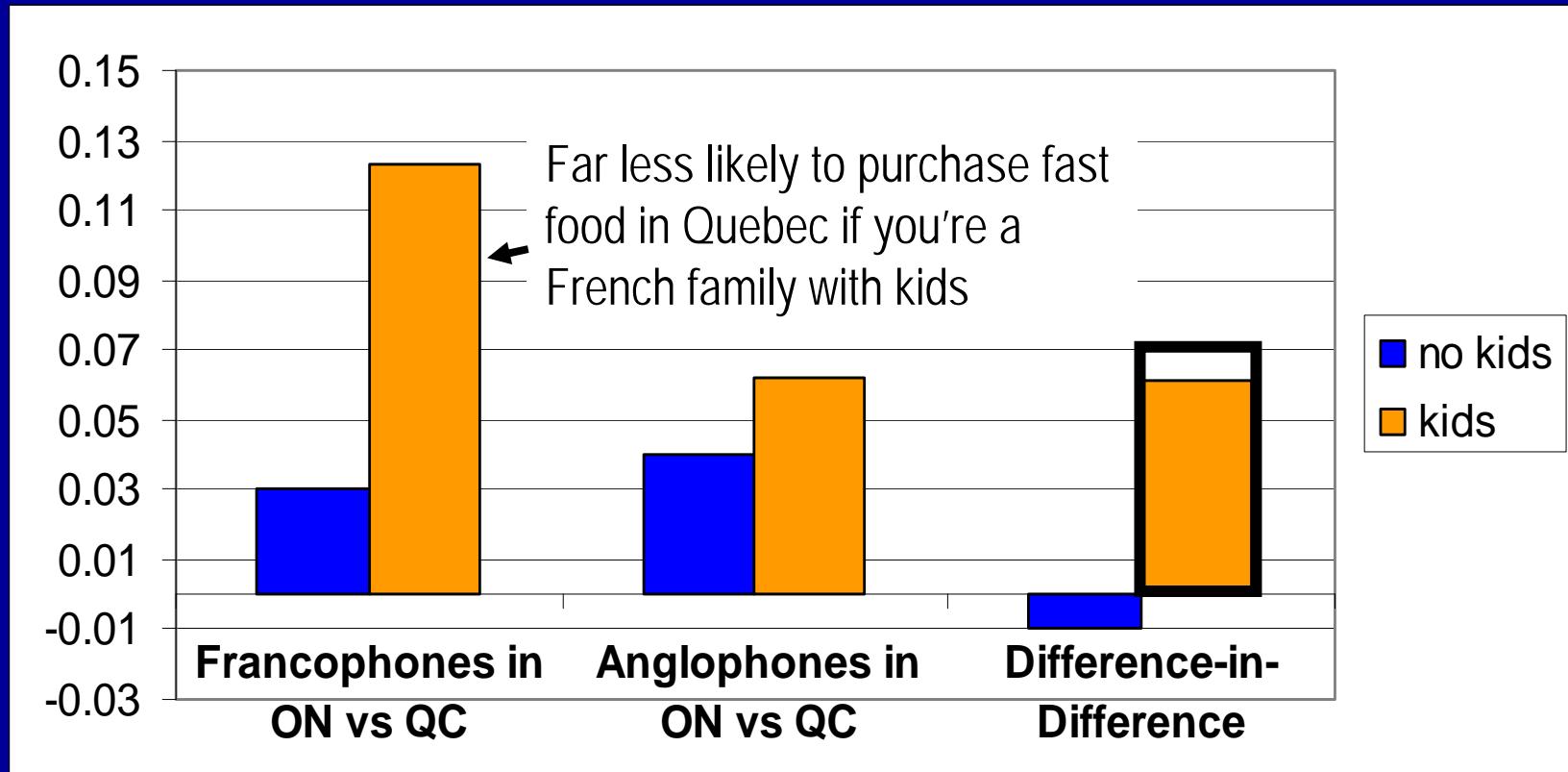
- The ban will affect Quebec households more than Ontario.
- The ban will affect families with kids more than those without.
- We expect English-speakers in Quebec to be less affected by the ban than French-speakers (Goldberg 1990).
- Might also expect families with cable TV to be less affected.
- **“Treatment” group:** Francophone families with kids in Quebec.
- **Three controls are:** Province, Language and Kids.

- We use a triple difference in difference approach, with pooled data from all the Canadian provinces and 4 family and food expenditure surveys.

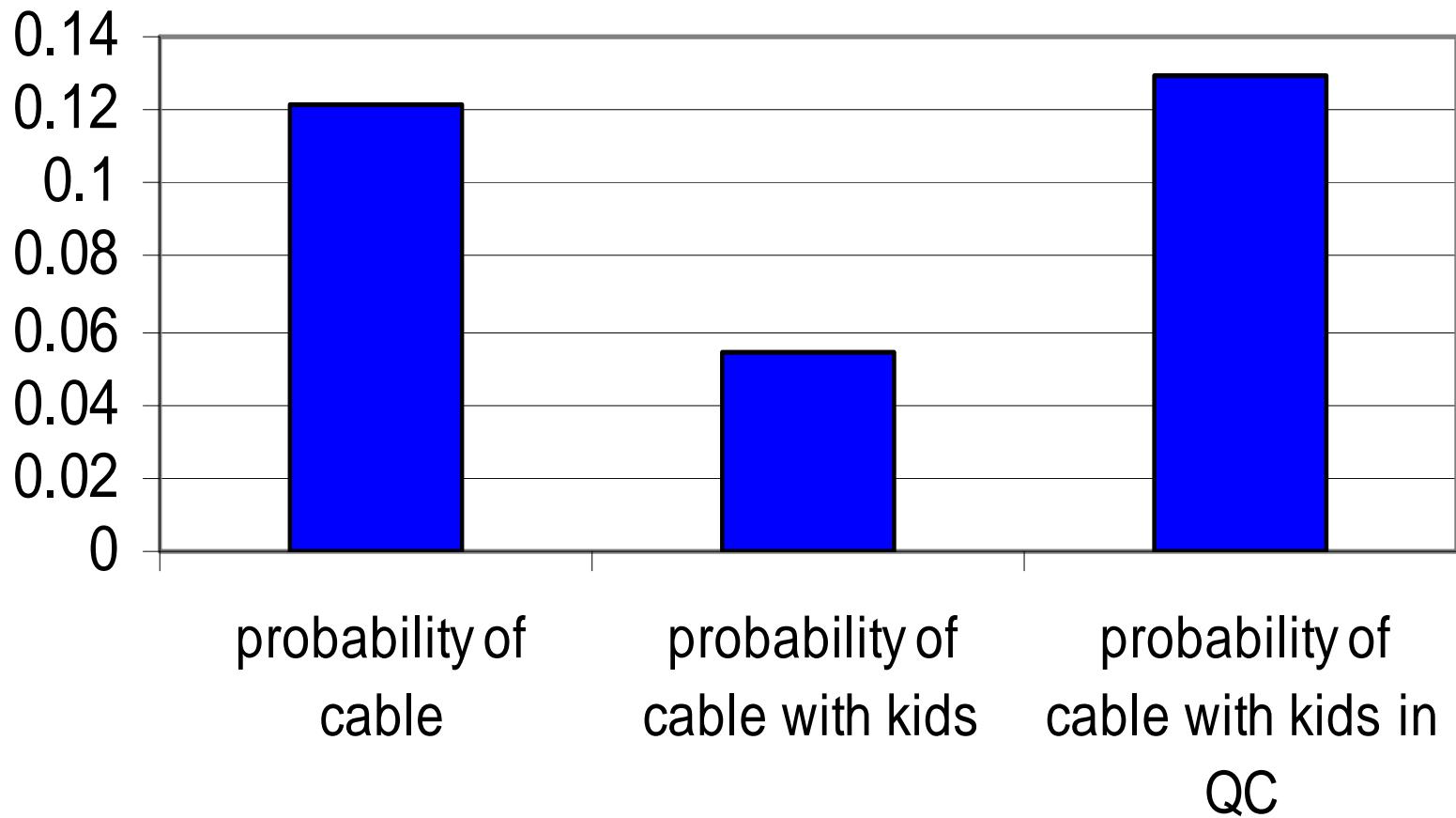
Probability of purchase in a week: Adults



Probability of purchase in a week: Families with kids



The effect of cable on probability



In burgers and french fries?

If these numbers can be attributed to the ban, the decrease in the probability alone translates to:

(lower bound of) \$20.6 million in lost revenue for fast food restaurants per year, or

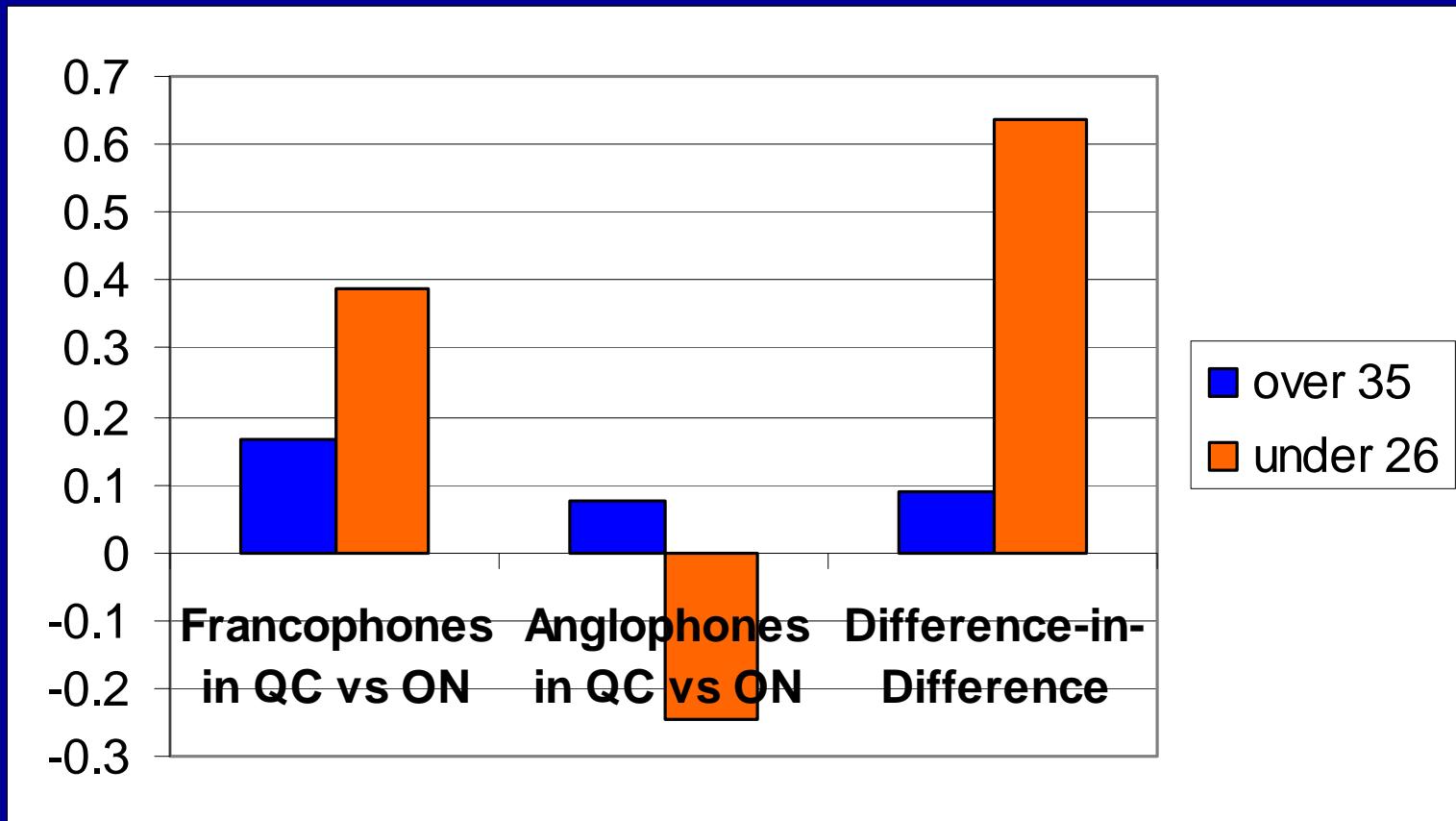
5.3 million fewer “value meals”.

@ 800-1100 calories each
4.2 to 5.8 billion cals less from fast food.



Persistence?

We compare <26 to >35 in 1992



Conclusions

- Something is going on (that specifically affects French families with kids in Quebec).
- We checked difference in difference results using a ‘matching’ technique and get consistent results.
- In both, strong effect in whether to purchase fast food (i.e. ads are more than just brand-switching).
- Some evidence of persistence.

Take-Home Message

- While other factors affect fast food expenditure,
- Marketing seems to as well.
- Evidence that public policy on marketing can affect outcomes.

Issue: Health effects of advertising to children

Recommendation: Strict federal regulation limiting advertising to children, including internet advertising.

Rationale:

- Children cannot fully process advertising as such.
- From the Quebec experience we see limiting advertising can help.
- Quebec rule has a broad scope, and is being used to regulate internet advertising.
- Spillover effects are reduced if regulation both broad and is enacted at a higher level of government.
- From the experience with trans fats, voluntary agreements are more effective when combined with a regulatory threat.