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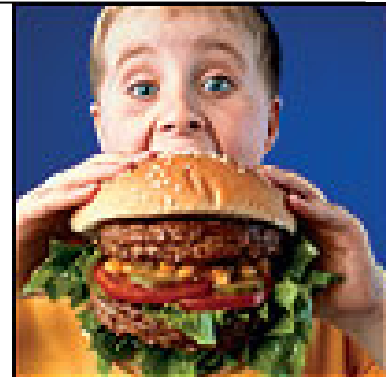


# Effect of the Quebec Ad Ban on Fast Food Expenditure

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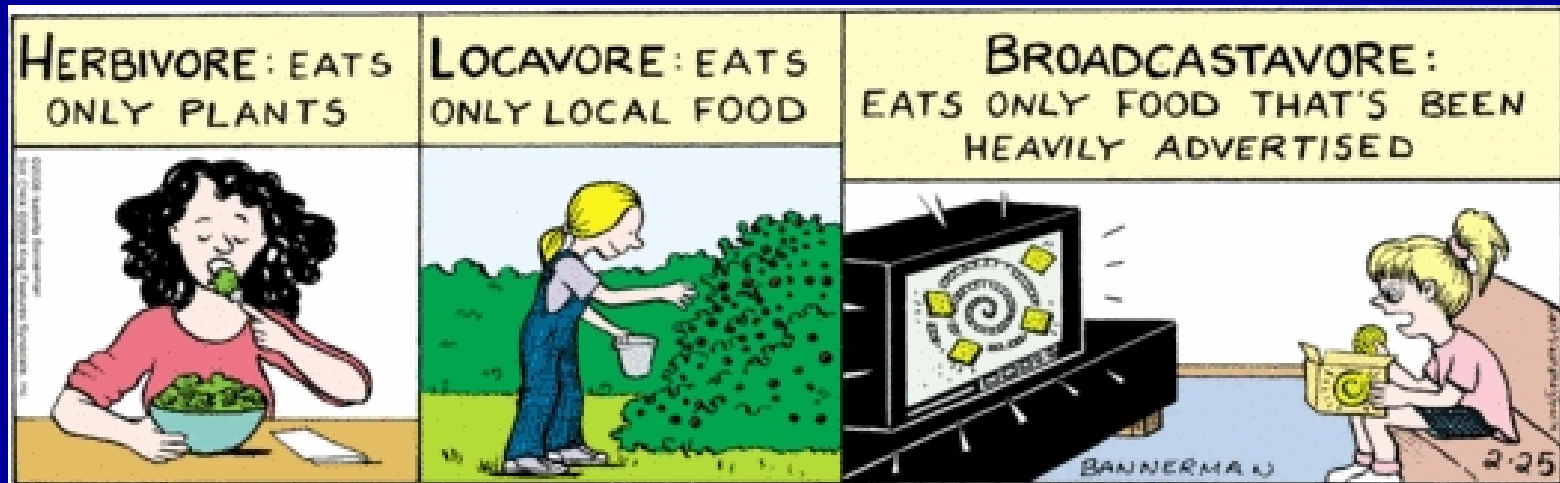
TACD

April 8, 2008, Washington DC



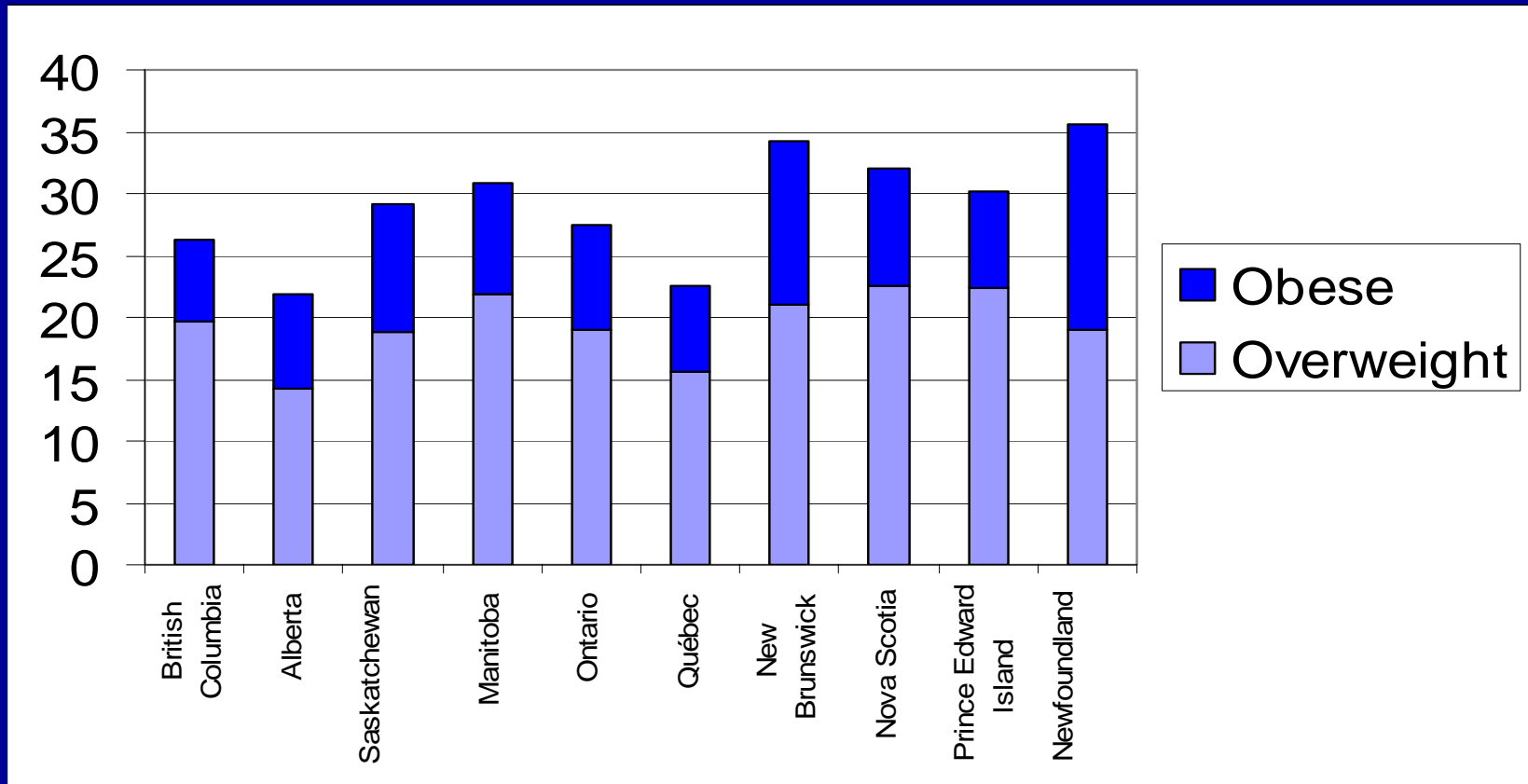
# Background: Ad Bans

- 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?**

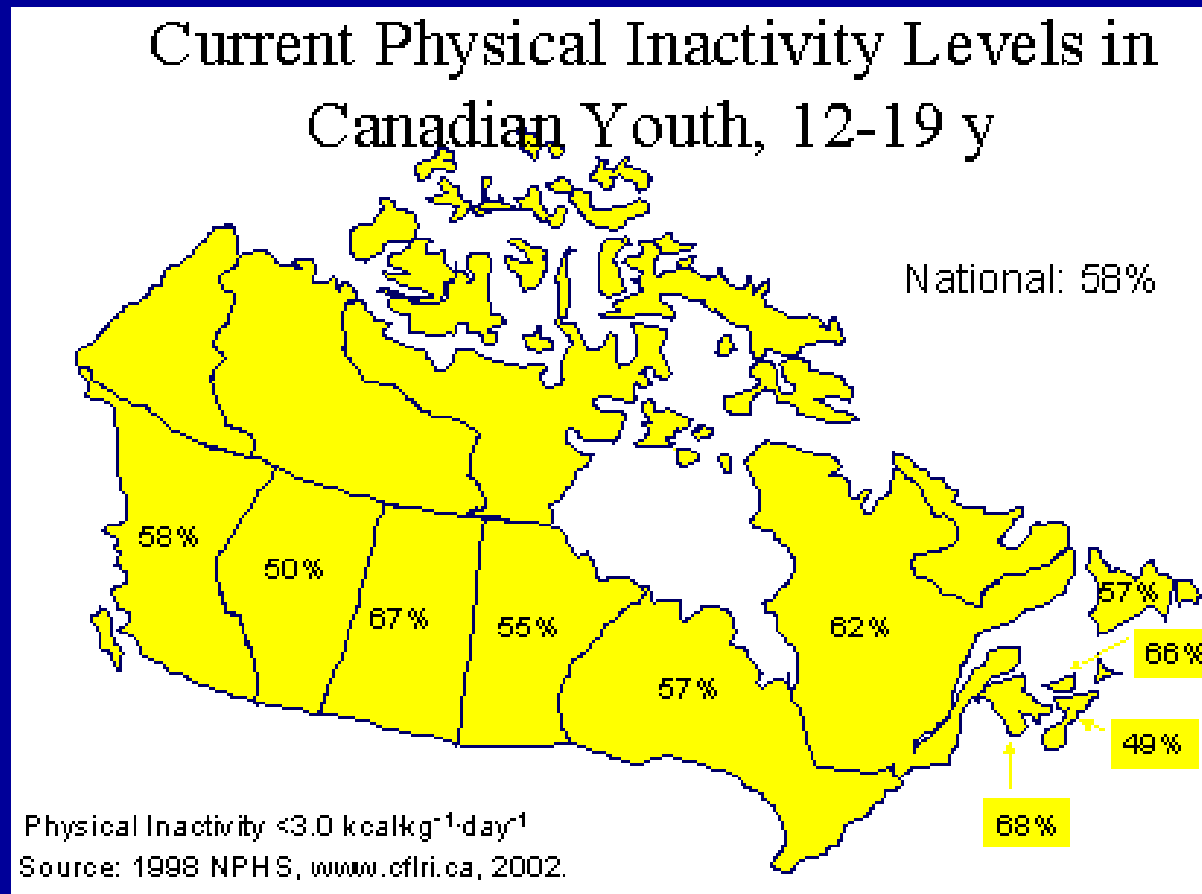


# Link to health outcomes?

% 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**

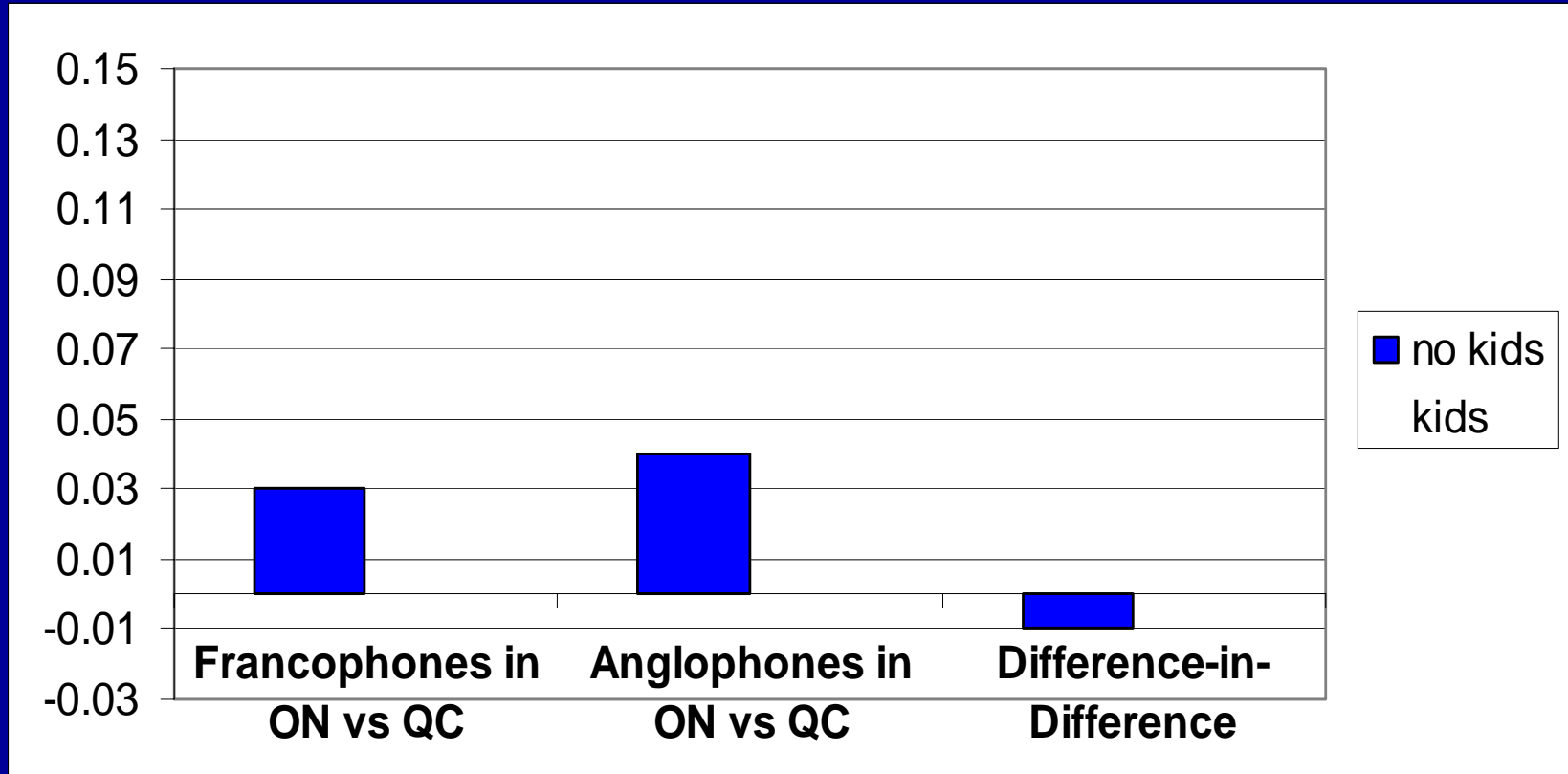
**NY and Ont. Stations particularly accessible to English-speakers inside Quebec.**

- 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.

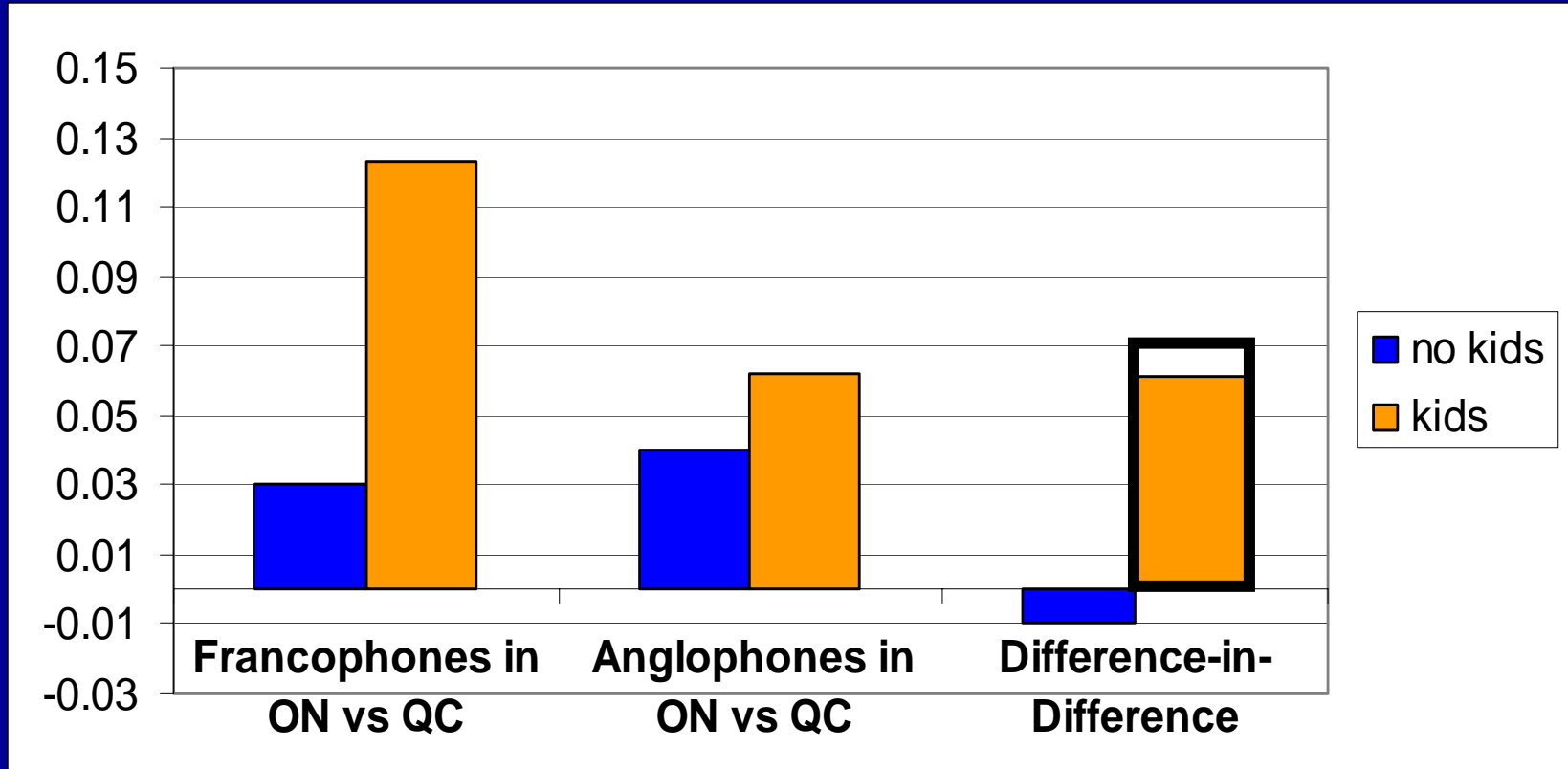
# Hypotheses on Fast Food Expenditure

- 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.

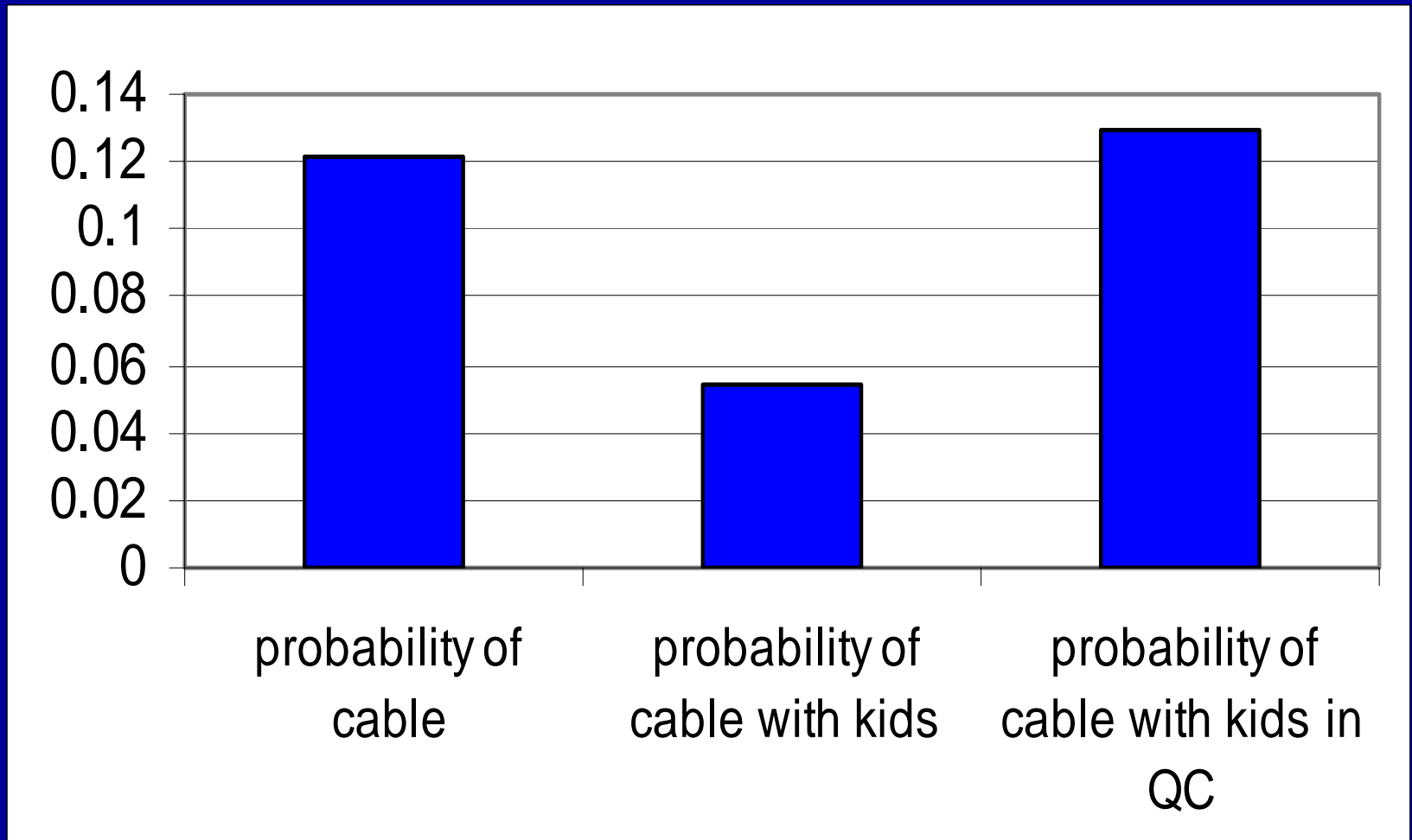
# Probability of purchase in a week: Adults



# 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”.

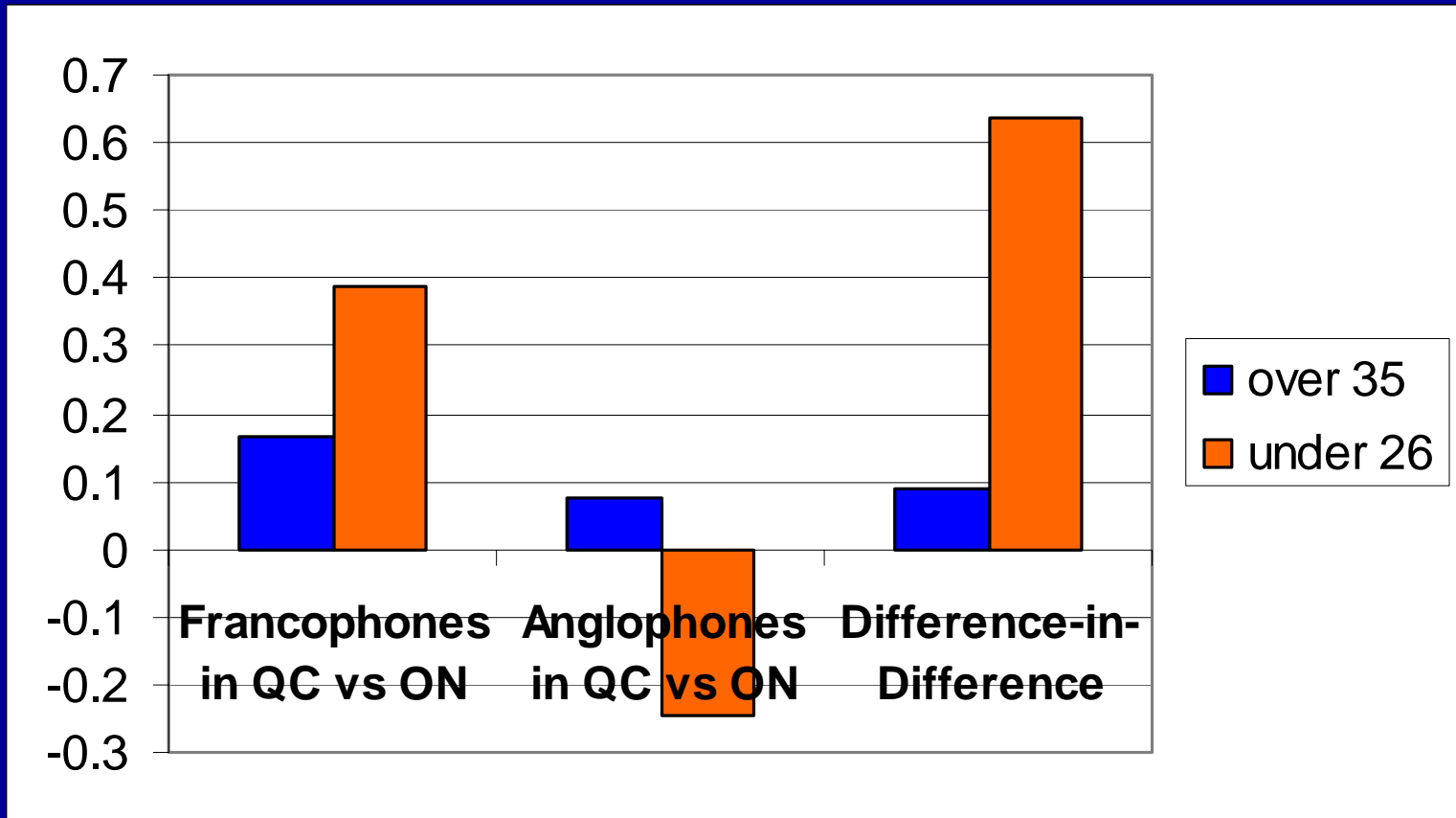
@ 800-1100 calories each

4.2 to 5.8 million kcals.



# 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.**