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## **Sugar Water Gets a Facelift: What Marketing Does for Soda**

*New report chronicles the soda industry's successful efforts to recruit new customers despite increased scrutiny from the health community*

In the face of rising scientific concerns about the impact of soda consumption on the nation's health, a report released today by Berkeley Media Studies Group and Strategic Alliance for Healthy Food and Activity Environments finds that soda companies are creating new and effective ways to market their products in response to the country's declining consumption of full-calorie soda.

The comprehensive study's analysis of soda industry marketing practices, unveils a host of provocative discoveries including:

### *Soda is Heavily Marketed to Children and Adolescents*

- In 2006, carbonated beverages accounted for the greatest marketing expenditure directed at children (ages 2-11) and adolescents (ages 12-17) by major food and beverage companies (\$492 million spent on soda marketing, compared to \$294 million for restaurant foods, the next highest category)
- Of the \$492 million, \$117 million was spent marketing carbonated beverages using traditional promotional activities such as product placement ads appearing before or within a video game; ads preceding a home video of theatre movie; sponsorships of sports teams and athletes; celebrity endorsements; or philanthropy.

### *Digital Advertising is Soda's New Frontier*

- Since the 2006 launch of MyCokeRewards.com, nearly six million rewards have been redeemed by the more than nine million members. Members of MyCokeRewards.com average over nine minutes per visit on the site.
- Globally, Coca-Cola has 19 million consumers registered in its databases, of which over 40% are under the age of 25.
- Pepsi Cola partnered with MTV to reach audiences aged 12 to 34 who are comfortable in MTV's digital world, including the virtual reality paired with its hit TV-show "The Hills." There, users created their own characters, or avatars, who can pump their virtual coins to buy a drink to quench their virtual thirst. Pepsi was the top-selling virtual product in 2007, selling more than 110,000 cans that were virtually recycled and used more than 650,000 times.

In recent years as diet-related diseases such as type 2 diabetes – once unheard of in children – become commonplace, more people than ever are switching to other beverages. The soda industry's response has been a marketing blitz that's more than just business as usual. "It is clear that soda companies are doing everything they can to attract new customers while holding on to existing ones, despite the clear connection between soft drinks and obesity," says CCPHA Executive Director Dr. Harold Goldstein.

So far, the industry's amped up marketing efforts seem to be working. The report says that despite increased demand for diet drinks and public health efforts to limit soda, including removal of soda from school vending

machines, full-calorie soda – delivering 13 teaspoons of sugar per can – is still the most popular drink in the United States, dominating over 70% of the non-alcoholic beverage market.

The report notes that in 2007, the top three carbonated soft drink companies spent a total of \$608.5 million on domestic advertising – more than \$1 million a day in the United States. According to the analysis, while most of these dollars are still spent on television, soda companies are increasingly going digital, using the internet, cell phones, and video games to market their products.

Through digital marketing, soda companies can fine tune their target markets, especially when it comes to young consumers, explains the new report. “TV commercials only allow soda companies 30 seconds of face time between children and the product,” says Leslie Mikkelsen, Managing Director of Prevention Institute. “With internet advertising, soda companies have the opportunity to engage children for much longer -- sometimes hours on end – and often without parental supervision.”

Soda companies are increasingly using philanthropy overseas to market their products, says the new report. Some consumer groups are challenging soda’s international expansion, such as the Global Dump Soft Drinks Campaign, organized by Center for Science in the Public Interest (CSPI). In Mexico, where Coca-Cola is now an active partner with schools, CSPI has protested the portrayal of Coke as one of several beverages that school children can use for hydration after physical activity.

In recent years, more and more soda companies have been agreeing to self-regulation in an effort to avoid litigation and government regulation. Among these efforts are agreements to promote healthier dietary choices to children. But nutrition expert Marion Nestle doubts that self-regulation can protect children’s health. “The goal of soda companies is to sell soda. They can’t be promoting health because people would be healthier if they drank fewer sodas, not more. Soda companies are not public health agencies. A ‘better-for-you’ soda is still a soda. Kids who habitually drink sodas have worse diets, take in more calories, and are fatter than kids who don’t. Sodas are something that kids should have as an occasional treat, not every day. So promoting health puts soft drink companies in an impossible dilemma and not one that’s easy to market their way out of.”

With soda companies working harder than ever to keep existing customers and attract new ones, public health advocates are concerned. “This report shows that public policies which set limits on soda marketing are sorely needed; otherwise, clinicians and public health advocates working to counteract the health consequences of soda will constantly be fighting an uphill battle,” says Mikkelsen. “Policymakers should be exploring options like soda taxes, limits on where soda can be sold, and regulation of advertising seen by children and youth,” Mikkelsen said.

Visit [www.eatbettermovemore.org](http://www.eatbettermovemore.org) to download the full report.