

Television Advertising for Food and Restaurants: Total Expenditures and Number of Commercials Seen by Children

A Report to
The Grocery Manufacturers of America
The Association of National Advertisers

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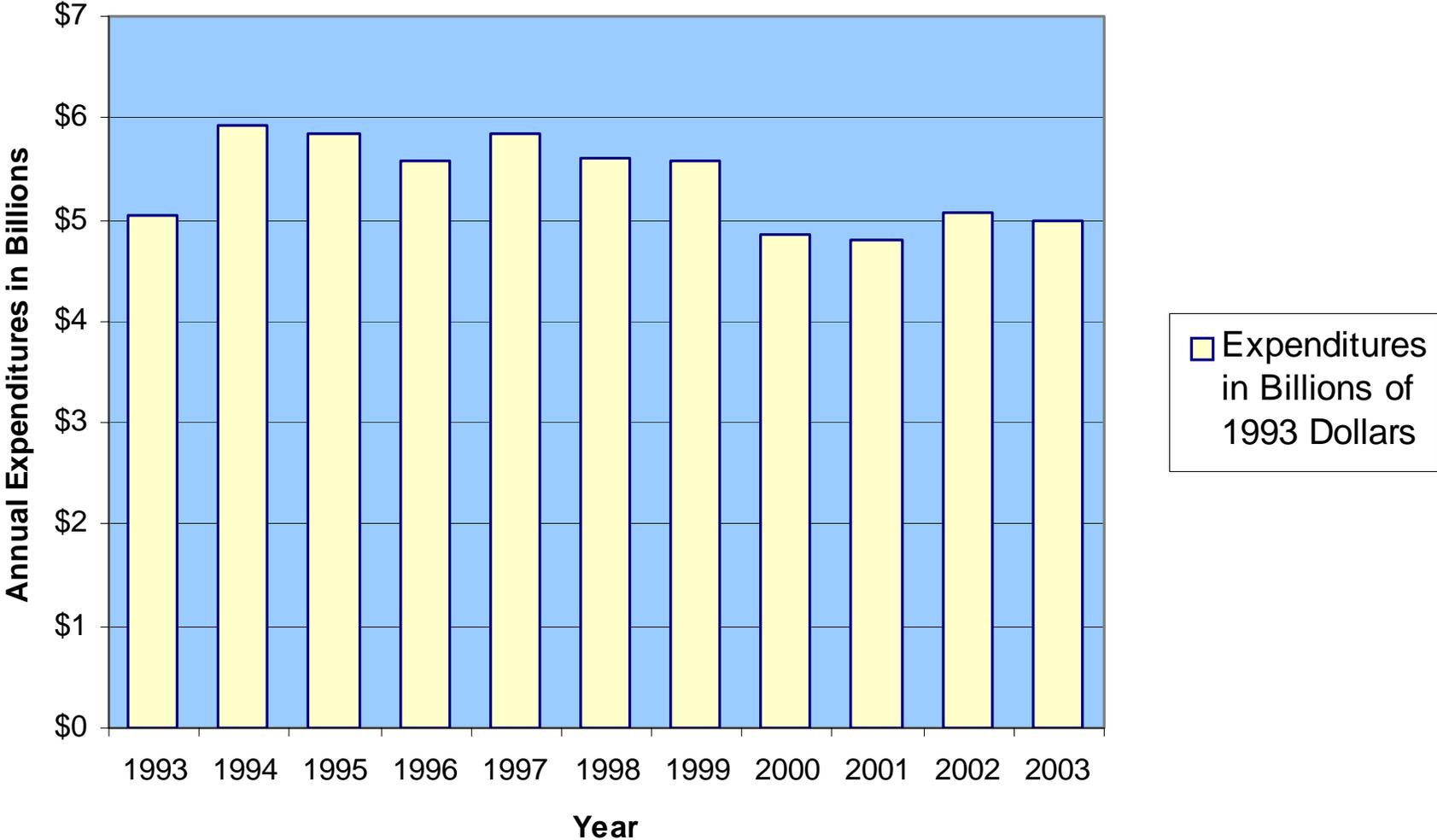
Advertising Trends

- Expenditures on television advertisements for foods and restaurants have declined in real terms over the last decade.
 - The food category includes foods and beverages.
- The number of advertisements seen by children under 12 has declined over the last decade.
 - The decline is evident in both food advertising and restaurant advertising.

Expenditures

- Real expenditures on food and restaurant advertising on all television have fallen in the last decade.
 - Expenditures reached \$5.92 billion in 1994 and dropped to \$4.98 billion in 2003.
 - In the last four years (2000-03), annual expenditures have averaged \$4.92 billion per year.
 - In the first four years (1993-96) the average was \$5.60 billion per year.
- All expenditures are measured in 1993 dollars, thereby eliminating the effect of inflation on TV commercial prices.

Estimated Inflation-Adjusted Expenditures: Food and Restaurant Advertising

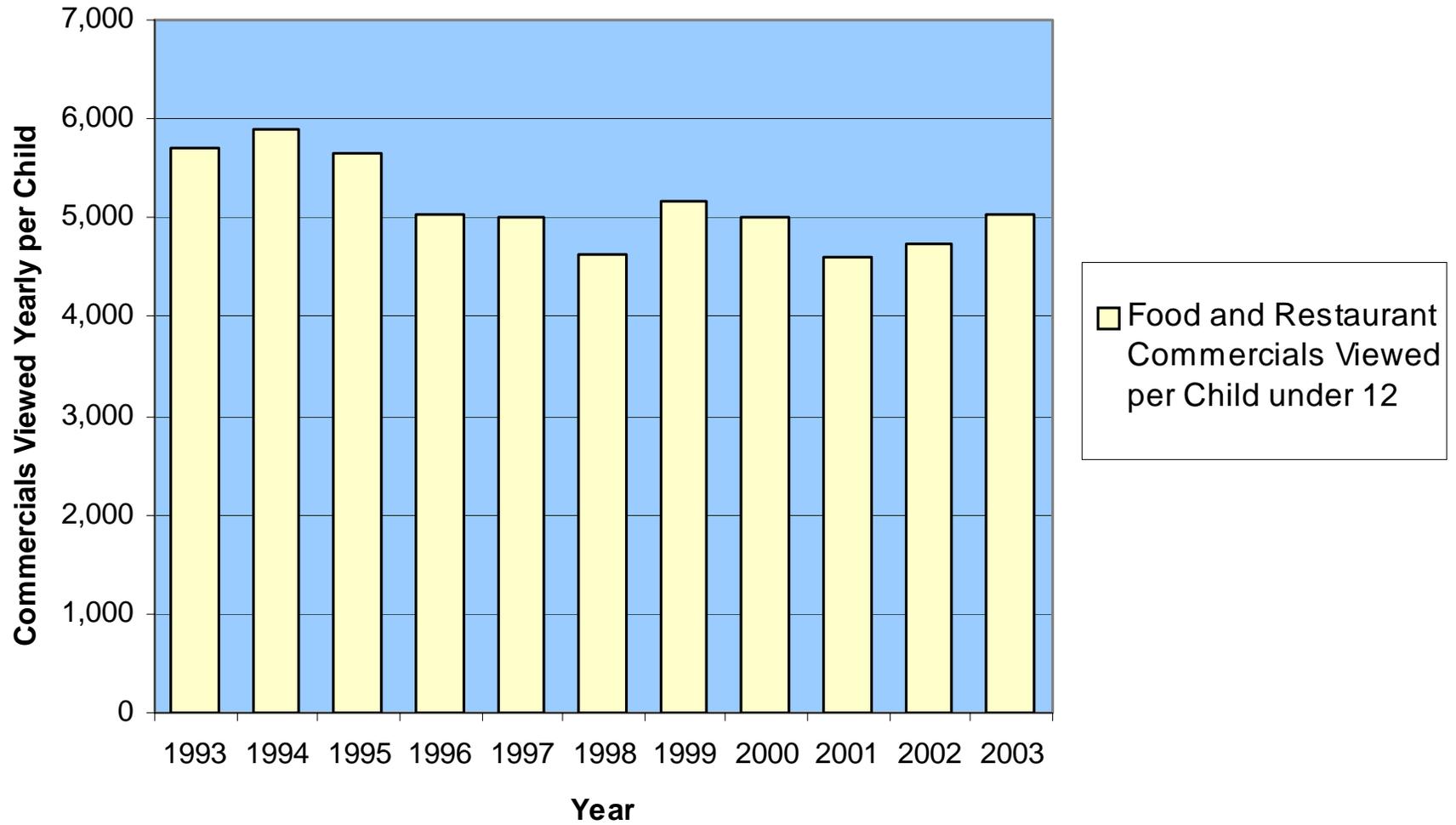


Source: Nielsen Media Research, Inc.

Food and Restaurant Commercials Viewed by Children

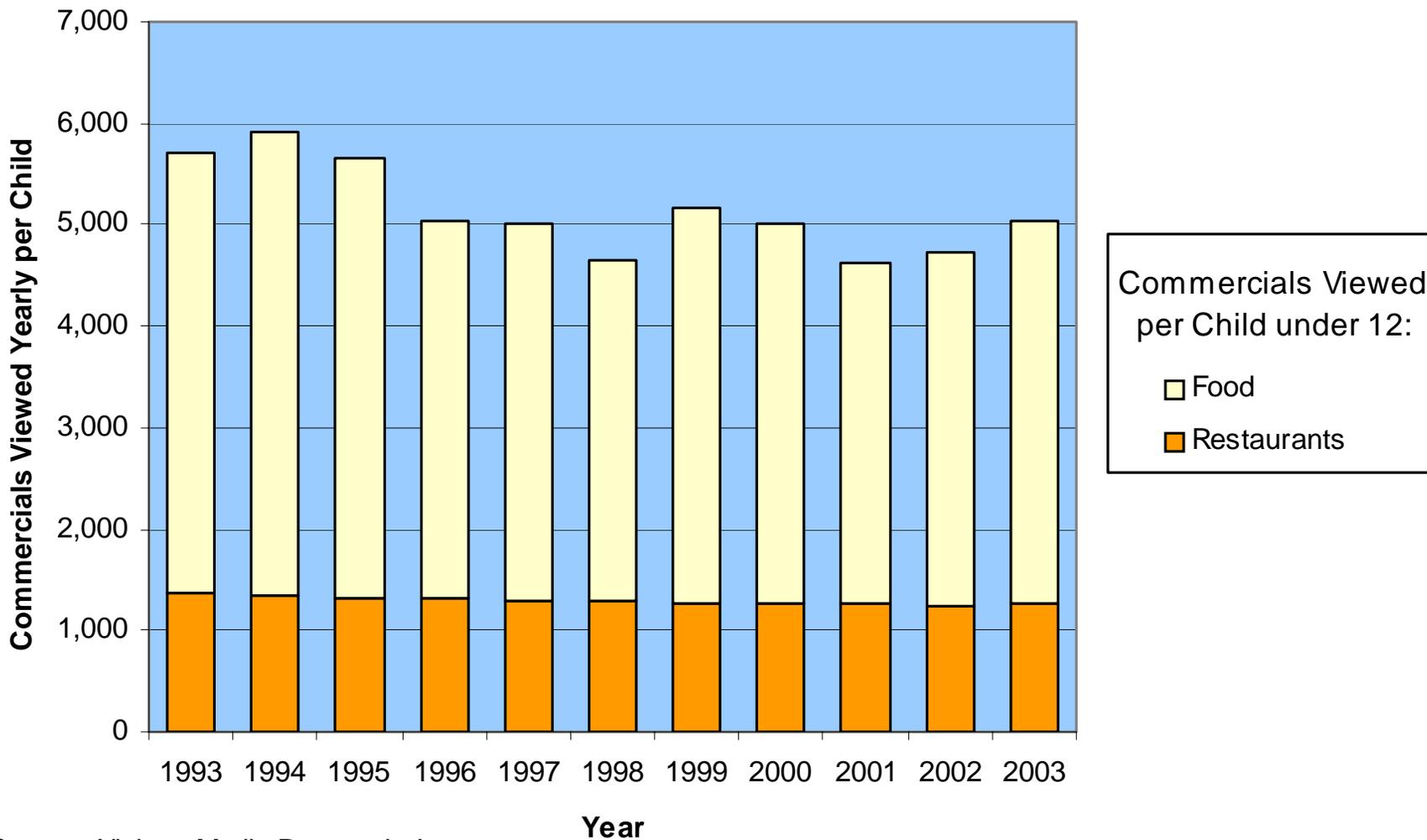
- The number of food and restaurant commercials viewed by children has fallen in the last decade.
 - The number of commercials viewed per year reached 5,909 in 1994 and dropped to 5,038 in 2003.
 - In the last four years (2000-03), the number of commercials viewed have averaged 4,850 per year.
 - In the first four years (1993-96) the average number of commercials viewed was 5,575 per year.
 - Comparing the first four years to the last four years of the period, the decline in food and restaurant commercials was 13%.
- Both categories of commercials – food and restaurants – declined over the period.
 - The largest decline in commercials viewed was for foods.

Estimated Food and Restaurant Commercials Viewed by an Average Child



Source: Nielsen Media Research, Inc.

Estimated Food and Restaurant Commercials Viewed by an Average Child



Source: Nielsen Media Research, Inc.

Methodology

- Expenditures on food and restaurant advertising were calculated as follows:
 - Data on expenditures for the food and restaurant categories were provided by Nielsen Media Research.
 - These data represent total expenditures for advertisements for all foods and beverages and all restaurants on all television programs.
 - Alcoholic beverages and related mixers were excluded.
 - A deflator was then applied to the expenditures to convert each year's expenditures to 1993 dollars.
 - This process enables us to make comparisons in constant dollars between expenditures in different years.
 - The deflator used advertising inflation indices from *Media Matters*, published by the American Association of Advertising Agencies.

Methodology (Continued)

- Commercials viewed by an average child were calculated as follows:
 - Food and restaurant commercial viewed by children under 12 were provided by Nielsen Media Research.
 - The number takes into account commercials on broadcast and cable TV at national and local levels.
 - The total number of food and restaurant commercial impressions were divided by the total number of children under 12 in the television audience. This yields an estimate of the number of commercials viewed per child each year.
 - The number of children consists of those under 12 in United States TV households.
 - The audience data were provided by Nielsen Media Research.