

The Ethics Of Marketing Sports Drinks To A Youth Market

By Rachel Mules

Head Teacher HSIE

Newtown High School of the Performing Arts

The term ‘ethics’ refers to a system of principles – behaving in a way that is ‘just’ or ‘right’. It goes back to the Greek philosopher Socrates who posed the question as ‘What ought one to do?’ Whilst businesses have legal responsibilities that are set out in legislation and quite clearly defined, ethical responsibility is not as clear.

Marketing And Ethics

Businesses have responsibilities which they need to balance between the interests of a range of stakeholders, including owners/shareholders, customers, society, future environments, employees and management. The modern marketing concept sees the role of marketing in society as being to maximise consumer satisfaction by meeting customer needs and giving consumers a range of products to choose from. However, there is potential for conflict between stakeholder interests – businesses aim to maximize profits for owners, which means maximising sales and growing their markets. This will often involve marketing products to children and youth, which can give rise to ethical questions in relation to particular products and marketing practices including the creation of needs and marketing non nutritional products.

Whilst it may not be illegal for a business to market sports drinks to youth, there is divided opinion about whether it is ethical.

What is ethical marketing?

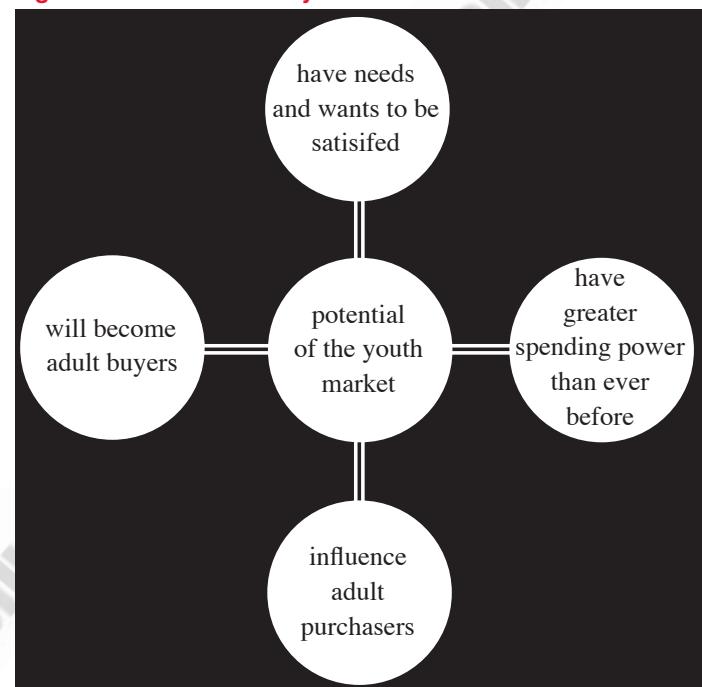
- Product should be safe and fit for intended use
- Should be no conflict of interest
- No deceptive or misleading advertising
- Maintaining research integrity by avoiding misrepresentation or not omitting

On the one hand, it can be argued, children and youth have the right to be able to access information about goods and services they are interested in. They have their own needs and wants and comprise a particular target market. On the other hand, children and youth lack experience as consumers, and can be more easily manipulated by marketing methods.

Marketing To Children And Youth

Over time young people have been increasingly exposed to marketing. The food and beverage industry sees children as a major market force and target them accordingly. In marketing to youth they are aiming to influence brand awareness, preference and loyalty and ultimately the purchasing decisions youth make now and in the future.

Figure 1: Potential of the youth market



STUDENT ACTIVITIES

1. Identify THREE responsibilities which businesses have in balancing the interests of their stakeholders. Give an example of each.
2. Explain why there can be an ethical dilemma when marketing to children?
3. How is marketing a sports drink ethically different to marketing any other product to children?
4. List the names of sports drinks you have used or know of.
5. Discuss the reasons why young people are a valuable market segment, even though their income is generally below the average income of other segments.

Vocabulary/concepts

Define each of the following terms in their correct business context: ethics, legislation, stakeholders, marketing concept, target market.

Marketing Strategies To The Youth Market

With growing technology and rising living standards there is a much broader number of channels through which businesses can promote their products to young people. These include:

- Television – with a wider range of TV stations due to pay TV and digital TV
- Product placement in movies and TV programs

- Sporting team sponsorship
- Sponsoring and naming of sports stadiums
- Advertising within stadiums which reaches the live and television market
- Event sponsorship
- Web marketing: for example, pop-up ads and marketing via social network sites
- Product placement in games
- Famous personalities including sports people
- Toys and products with brand logos, for example, Drink bottles
- Kids clubs

The question of marketing to youth, then, has significant ethical aspects which are not new and have been addressed before. For example, in the case of advertising junk food on prime time afternoon TV shows, many food and beverage companies as well as television broadcasters now adopt self regulation policies of not advertising at that time.

Sports Drinks

So what about the case of sports drinks? It is generally accepted that junk food and soft drinks are high in sugar or fat content and can be easily linked to obesity. When it comes to sports drinks the question is: is it the same thing? The companies that produce and promote sports drinks market them as a healthy option, useful in promoting sporting performance. There is debate as to whether or not the average person who exercises moderately really needs to use sports drinks.



Source: Rachel Mules

What about children? There are concerns about high levels of sugar, for example, in these drinks and their impact upon dental health, especially on children whose bodies are still developing. Whether or not most children do the sort of high intensity exercise over long periods of time that might make sports drinks necessary is questionable.

According to Australian consumer organization Choice, sports drinks might be useful for elite athletes but for others they are purely a source of sugar and salt that they don't need; and in the case of children they merely rot teeth and contribute to childhood obesity.

Arguments in favour of sports drinks	Arguments against sports drinks
<ul style="list-style-type: none"> • Rehydrate you after playing sport • Encourage children to drink water when they otherwise might not • Can benefit children playing endurance sports lasting over an hour • Contain carbohydrates in the form of sugar to give instant energy • Contain electrolytes including sodium and potassium which the body loses through sweat; keeping a balance in fluid levels and helping muscles work • Don't cause problems if not over consumed 	<ul style="list-style-type: none"> • Contain sugar which can create dental problems • Are often acidic, eroding teeth enamel, staining teeth and making them more susceptible to bacteria • Contain calories which can lead to weight gain • Kids are generally better off with plain water and eating balanced meals • May contain substances whose effects on children have not been studied, eg. Ginseng • May contain caffeine which can cause nervousness, stomach upsets, headaches, sleep problems

STUDENT ACTIVITIES

6. Give an example of each of the marketing strategies to the youth market listed in this article.
7. Provide reasons why there is self regulation of junk food advertising during afternoon television time.
8. Examine why ethical behaviour and government regulation are important in marketing.
9. Investigate the role of "Choice" (www.Choice.com.au) in evaluating the benefits of products.
10. Describe the product differentiation and positioning that is used when marketing to the youth market.

Vocabulary/concepts

Promotion channels, self regulation

Marketing Strategies Used By The Major Sports Drinks Companies

The top three brands of sports drinks in Australia are Staminade, Gatorade and Powerade. Staminade (owned by Steric Pty Ltd) has around nine per cent of market share, whilst Gatorade (Pepsi Co) and Powerade (Coca Cola) have market share of 87 per cent combined.

Staminade was the first sports drink to be commercially made and marketed in Australia, by an Australian owned company called Steric Pty Ltd, which began distribution of its ready to drink products in the early 1980s. While Staminade's website does not market specifically to children, the brand uses other strategies such as competitions and traditional advertising channels such as event sponsorship and radio advertising. Targeting the youth market is part of Staminade's strategy to maintain its position as third largest sports drinks brand in the Australian market.

Gatorade agrees that water is the best liquid for children to use for rehydration but argues that children 'just don't have enough appetite for water alone to rehydrate properly' and that the Australian Government's National Health and Medical Research Council in its Australian Dietary Guidelines for Children and Adolescents 2003, recognized that flavoured sports drink do play a part in ensuring children drink fluid when exercising to aid in rehydration.

Powerade states that they do not directly target its websites to children under 13 years of age. Their Australian website has no reference to children or youth, although it does show its partnerships with the major Australian sporting bodies. It has also joined in partnership with myteam.com which has links to the Powerade Sweat Sessions.

Marketing strategies typically used by sports drinks brands

- Claims of maximum hydration for maximum performance
- TV advertising and other marketing linking the product to major popular sports including cricket, rugby league, rugby union, basketball, netball, cycling, beach volleyball
- Videos of famous sports people training and using the product on websites
- Interactive websites, for example, Powerade hydration calculator
- Offering the chance of winning free tickets to sporting events
- Offer sports advice on websites
- Offer nutrition information on websites
- Establishment of scientific institutes who publish research data
- Product lines specifically for children, for example, Gatorade for Active Under 13's low sodium range
- Special web pages for parents and kids with nutritional information and advice

Gatorade – Complaint and Resolution

In the early 2000s an advertisement for Gatorade that showed adults and children on a very hot day without any headgear warned about the dangers of dehydration. The Australian Advertising Standards Bureau determined that the advertisement was contrary to prevailing community standards on health and safety. The advertiser undertook to avoid this type of depiction in the future.



Tackling The Ethics Of Marketing To Youth

On the basis of substantial research, the World Health Organisation (WHO) believes that obesity is an epidemic and that a major cause of obesity among children and youth is the high degree of marketing of 'energy-dense, nutrient-poor foods and beverages' which target youth.

For this reason the WHO adopted the Global Strategy on Diet, Physical Activity and Health in 2004. The WHO wants all levels of society in all countries to take action regarding the marketing of high-energy food and beverages to young people. The strategy calls upon governments, private industry, and consumer groups to take action against marketing messages that promote unhealthy dietary practices.

It appears that the pressure from public health groups and consumer organisations has led to action being taken by industries through the development of self-regulation policies regarding marketing and food; whilst the development of government legislation has been a lot slower.

What Have Industry Done?

Industry has taken an active approach by developing self-regulation of food marketing to children. Examples include:

International Chamber of Commerce (ICC)

The ICC developed its Framework for Responsible Food and Beverage Communication which, in relation to children, states that:

- Food and beverage marketing communication should not undermine the promotion of healthy balanced diets, nor the importance of a healthy active lifestyle
- Marketing communication directed towards children for food and beverage products should not create a sense of urgency, or inappropriate price minimisation
- While fantasy including animation is appropriate in marketing to children, care should be taken not to exploit children in a way that could mislead them about the nutritional benefits a particular product

Australia's 2010 Commercial Television Industry Code of Practice

In relation to children, this Code states that advertisements directed to children for food and/or beverages:

- should not encourage or promote an inactive lifestyle;
- should not encourage or promote unhealthy eating or drinking habits;
- must not contain any misleading or incorrect information about the nutritional value of the product.

Australian Food and Grocery Council

The Food and Grocery Council developed the *Responsible Children's Marketing Initiative* in January 2009 with the Australian Association of National Advertisers (AANA). Eight major multinational food and beverage companies have signed up to the scheme including: Nestlé; Cereal Partners Worldwide; Kraft; Cadbury; George Weston; Unilever; Coca Cola and PepsiCo.

This initiative of self regulation of marketing practices:

- Provides a framework for food and beverage companies to help promote healthy dietary choices and lifestyles to Australian children.
- Commits participants to only marketing food and beverage products to children under 12 that represent healthy dietary choices, in line with established scientific or government standards, and in a way that promotes good dietary habits and physical activity.
- Requires each participant to develop an individual company action plan that outlines how they will meet the core principles of the Initiative and which are subject to monitoring and review processes.

You Be The Judge

Whilst it appears the greatest action has been taken by private industry in developing self regulatory codes in relation to food marketing to children, many would argue that more government regulation is required to control the marketing of food and beverages such as sports drinks to children and youth. Wouldn't it be better for sports drinks companies to own up and admit that water is the best source of hydration for active sports children and youth? Are these companies playing a positive role in ensuring that kids are drinking plenty of fluids they might not otherwise drink? Is it up to parents and educators to help children and youth make decisions about their purchasing behavior – because, after all, they are the adult buyers of the future and need to learn about these issues?

Either way it is clear that business owners need to think carefully about the ethics of marketing their products, especially when issues of child health are at stake.

STUDENT ACTIVITIES

11. Draw up a table to classify each of the marketing strategies typically used by sports drink brands as either above the line, or below the line promotion.
12. In your opinion, should businesses be responsible for marketing messages that promote unhealthy dietary practices.
13. Give an example of a public health group and a consumer organisation.
14. Evaluate the arguments given by the author under the heading 'You be the judge'. Using several of these arguments, assess the ethics of marketing sports drinks to children.
15. There is often a fine line between what is legal and what is ethical. Should any unethical activity be made illegal? Give reasons for your answer.
16. Evaluate the damage businesses do to their brands by engaging in unethical marketing or other activities.

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