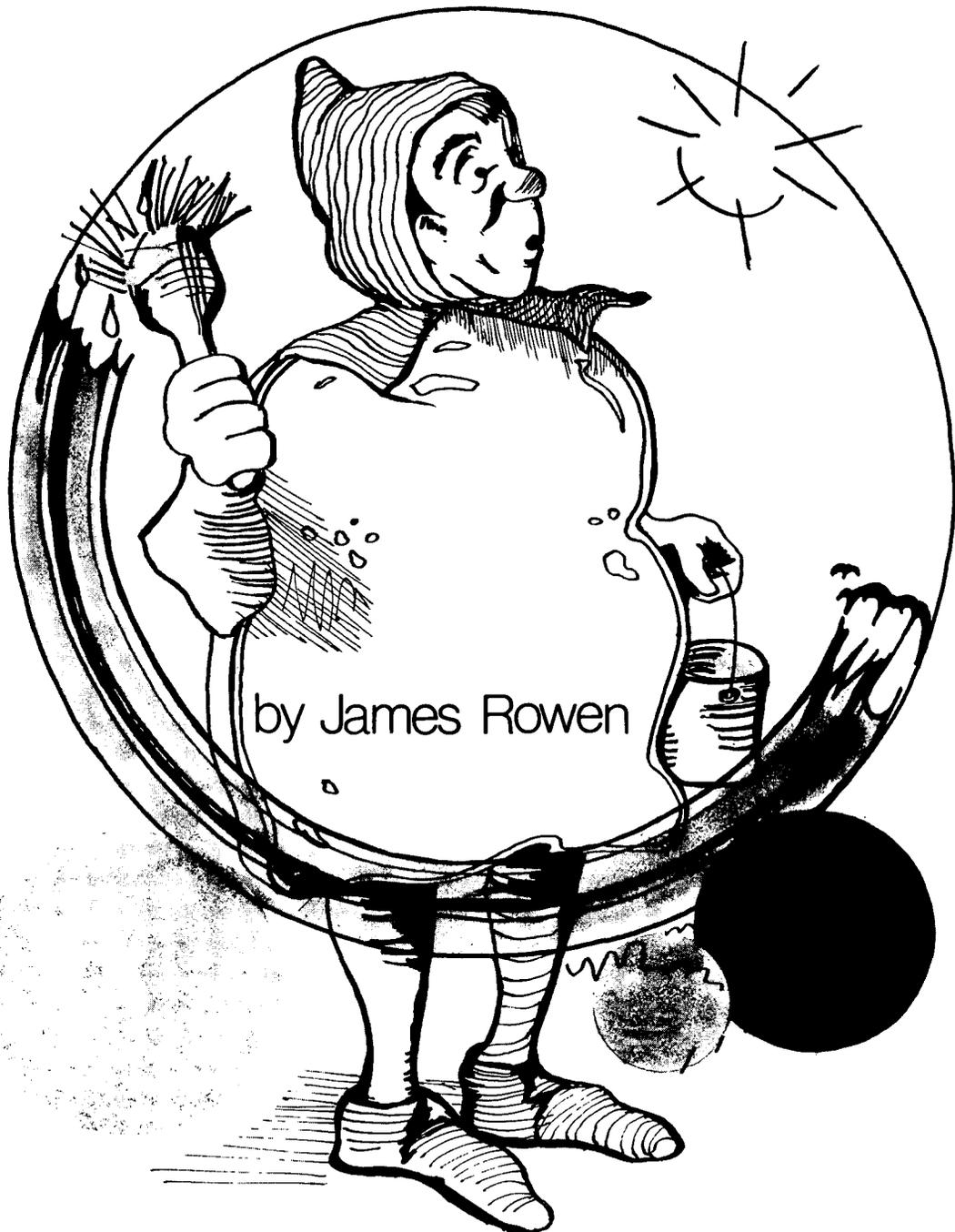


How to keep them buying even though they know you're lying



*Wonder asks how big you want to be. Big enough to sink a basket.
Bigger than George. He's my dog. . . . How can you help?
By serving nutritious Wonder Bread.*

Wonder Bread, with its balloon-dotted wrapper and pasty-white complexion, was an integral part of any 1950s childhood. As familiar and ubiquitous as the "snap, crackle, and pop" of Kellogg's Rice Krispies was Wonder Bread's promise to "build strong bodies 12 ways." While many companies changed ad campaigns during these years as frequently as losing baseball teams changed managers, Wonder Bread commercials were one of the few stable things in the turbulent generation from 1950 to 1970.

Whether the commercials were aimed at young mothers worried about balanced diets or at children themselves, the message was the same—Wonder Bread is nutritious. For 20 years Americans heard the same slogans whether they turned on the television, tuned in the car radio, or leafed through *Life*. Piels Beer may have won advertising awards, but Wonder Bread made its point. Children's television was permeated with hidden commercials like this pseudo-conversation between Captain Kangaroo and his sidekick, Mr. Moose:

Captain Kangaroo: Mr. Moose, I have an interesting question for you. If you could be as big as you wanted to be. . . how big would you want to be?

Mr. Moose: Gee. . . as big. . . as big. . . I know! As big as a tree! Then I could see *everything* around me for miles and miles.

Captain Kangaroo: Wouldn't that be fun, Mr. Moose!

Mr. Moose: Yes! Do you think eating Wonder Bread would get me that big?

Captain Kangaroo: Well. . . not *quite* as big as a tree. . . But Wonder Bread *does* help boys and girls grow up big and strong, and give them energy for work and play. Each

slice of Wonder is baked with vitamins and other good things that help you grow.

Few during the innocent days of the Eisenhower Administration would have ever imagined that familiar commercials like these would someday be attacked and Wonder Bread charged with using advertising containing false nutritional claims. But on April 24, 1971, the Federal Trade Commission's (FTC) legal staff charged the Continental Baking Company, the makers of Wonder Bread, with deception not only in promoting Wonder Bread, but also in marketing its "Hostess" line of snack cakes, like Twinkies and Devil's Food Cakes.

"The Wonder Bread Case" became a corporate cause celebre. Wonder Bread, America's best-selling white bread, is big business: in 1971 the company sold 600 million loaves, which cost the consumer \$177 million. That white bread could be turned to profits was emphasized in 1968 when conglomerate International Telephone and Telegraph took the Continental Baking Company under its broad corporate umbrella.

ITT, which also owns Profile bread, knew the dangers of "corrective advertising," the goal of the FTC suit. Sales plummeted when the FTC forced Profile, which had masqueraded as a diet bread, to run commercials admitting that it differed from its competitors only in the thinness of its slices. Perhaps sensing the legal action, Wonder Bread decided to abandon 20 years of the familiar advertising. In 1970, it unveiled an entirely new advertising campaign stressing the freshness and softness of the product. Instead of showing pictures of children zooming to "90 per cent of their adult height,"

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the new "Fresh Guys" series of bread commercials features two animated loaves sitting on a supermarket shelf, boasting about their freshness. Now Wonder Bread and Charmin toilet paper share the dubious distinction of being the only products in America marketed on the basis of their squeezability.

FTC cases are drawn up by the Commission's legal staff and are heard by an administrative law judge whose decisions can be appealed to the full Federal Trade Commission. Last December, 18 months after the FTC lawyers first brought charges, Judge Raymond J. Lynch handed down a decision which completely dismissed the complaint against the baking company and Ted Bates and Co., the advertising agency which handled the account. After absolving the defendants, Lynch went on to chastise the FTC complaint counsel for relying on "opinion witnesses" who stepped "upon the springboard of imagination and... into the realm of conjecture."

The Judge's ruling is currently on appeal to the full Federal Trade Commission by the FTC legal staff, and such groups as the Consumers Union and the Federation of Homemakers have attempted to join the suit. The decision deals with far more than bread and cupcakes. Anyone willing to sift through six volumes of testimony is given a magical mystery tour through the strange realm of corporate advertising and the even more bizarre world of FTC deceptive advertising standards.

Each slice of Wonder Bread during the "Wonder Years" gives children protein for muscle, minerals for strong bones, carbohydrates for energy, vitamins for nerves... all the vital elements for growing minds and bodies. Helps build strong bodies 12 ways:

—advertisement placed in national magazines

A host of recent news stories, from Dita Beard's memos to plans to overthrow Chile's President Allende, show

that one thing ITT doesn't lack is a vivid imagination. But even the most jaded observer of the conglomerate's far-flung operations could not help being impressed by the daring and inventiveness of the ITT defense in the Wonder Bread case.

ITT Continental Baking admitted under oath that it had always intended to make "a unique selling point" of its claim that Wonder Bread has nutritional value. In FTC jargon, a unique selling point is one which is sufficient to convince the audience that a product has a monopoly on whatever special quality is stressed in the advertisements. The FTC lawyers pointed out early in the proceedings that no brand of white bread is unique—since all are baked according to the Food and Drug Administration's precise standards for defining "white bread."

Rather than challenging these findings, ITT offered an astonishing defense—the Wonder Bread commercials weren't actually false or misleading because no one believed them. To add the proper note of bathos to this reasoning, ITT Continental Baking staged a heartrending public confession. It had all been a mistake, it told the judge; the 20 years of nutritional advertising was the biggest marketing blunder since the Edsel. Not mentioned were the continuing profits which made Wonder Bread so attractive an acquisition for ITT.

What Wonder Bread said was, in effect, "So what if our advertising was blatantly false, no one believed it anyway." To back this up, ITT presented a survey taken in seven major urban areas, which showed that less than one per cent of the 500 bread-buyers polled considered nutrition a reason for choosing a particular brand of white bread.

If statistics were not enough, the makers of Wonder Bread also produced a cooperative psychologist who stated flatly that despite 20 years of saturation advertising, consumers did not perceive Wonder Bread to be uniquely nutritious. Judge Lynch was

so impressed by the psychologist's testimony that he stressed the expert's conclusions in delivering his ruling on the case:

It was his opinion that this advertising did not represent, *and would not be understood by consumers to suggest, that Wonder Bread is an outstanding source of nutrients distinct from other enriched breads or that Wonder Bread is a uniquely nutritious bread.*

This evidence was apparently enough to convince Judge Lynch that the ubiquitous Wonder Bread ads had all been an expensive flop. But the very success of this argument could be expected to raise questions in the minds of ITT stockholders, who might well ask why the company spent 20 years throwing its money away. The only way out for ITT's executives was to be sure that the right people kept looking at the right arguments: let the judge see the nutrition-is-a-hoax polls, and keep the shareholders' eyes glued to the sales charts.

Randal W. Hackett, ITT Continental Baking's vice president for marketing and advertising, had the difficult task of explaining Wonder Bread's advertising strategy to Judge Lynch without cracking a smile. According to Hackett, when ITT took over Continental Baking in 1968, it found that the nation's largest bread-maker was totally unaware of modern advertising techniques. Hackett found the person in charge "was an elderly man who didn't particularly believe in market research." The ITT executive, on the other hand, was a marketing professional—five years with Colgate-Palmolive and four with the noted Gray advertising agency. He solemnly admitted that Wonder Bread's children's advertising was as ineffective as the nutritional campaign.

A marketing survey conducted by ITT in 1968, after Continental's advertising director was pensioned off, showed that children have minimal influence on family bread-buying habits. Although children control nearly 90 per cent of all cereal purchases, less than one per cent of all

bread-buying is determined by the lunch-box set. Hackett called the children's commercials, which accounted for half of Wonder Bread's television budget until 1968, a "tragedy." The tragedy was not the distortion of children's ideas of nutrition, but that "basically half the [advertising] impressions were being wasted." In September, 1970, he put an end to the line of commercials which had included such gems as one broadcast on Chicago's *Bozo Circus*:

Say, how many of you would like to grow up to be big as an elephant? That's pretty big, isn't it? And, of course, no one *really* wants to be quite that big. . . . You need to eat the right kinds of food. Yes. . . foods that are good for you, like Wonder Bread.

ITT's lawyers made several other enlightening points about children's reactions to advertising. The FTC attorneys claimed that Wonder Bread ads that employed trick photography to show a youngster zooming "to 90 per cent of his adult height" within seconds were a possibly unhealthy appeal to youthful fantasies. In response, ITT produced child psychologists to testify that while the growth sequence might reinforce a child's concept of "magical thought," this gullible characteristic disappears after the age of two.

According to ITT witnesses, older children are even less susceptible to the blandishments of television hucksters, and even six-year-olds recognize the growth sequence as nothing more than a "television trick." Statistical evidence supporting the conclusion that children are so blasé about commercials that nothing can mold their little minds was provided by Scott Ward, a Harvard professor of business administration. Ward said that far from living in a bubblegum world of blissful ignorance, eight-year-olds have a "clear, consistent, and I think very widespread reaction. . . that what is shown on commercials must be taken with a grain of salt."

Judging from Ward's testimony, "caveat emptor" might be inscribed

on the walls of America's nurseries. Fully 73 per cent of the children sampled between the ages of 9 and 11 "suspected the motives" of television advertisers. After viewing a number of commercials, children made such comments as "they just want to make money" and "they just want you to buy their product."

The record does not establish the degree, if any, to which past Wonder Bread advertising induced past sales, or may induce future sales.

—FTC Judge Raymond J. Lynch

An overly literal reading of the Wonder Bread transcript may lead to the conclusion that advertising is the greatest hoax ever perpetrated on the American business community. If there was a leitmotif to the hearing it was "flagellate Madison Avenue." The tone was set when Dr. Richard Walsh of Colorado State University, described as "probably the nation's leading economic expert on the bread industry," trotted out the old aphorism that "90 per cent of advertising is waste."

Although Judge Lynch was apparently taken in by this line of reasoning, the reader may sense that something is amiss here. If advertising is really as ineffective as ITT claimed, then how could the company hope that even its "Fresh Guys" campaign would help sell Wonder Bread?

The missing explanation is the "halo effect"—the quirk of consumer psychology that creates a generally favorable image for an advertised product even if the specific claims made in the advertisement are obviously absurd. Only the gullible or the very young may have believed Wonder Bread's nutritional claims, let alone the zoom-growth imagery of the ads. But after hearing for 20 years that Wonder Bread builds strong bodies 12 ways, most customers concluded that Wonder Bread was no worse than others. Indeed, unless they were unusually hard-nosed, customers must have been persuaded that there

was *something* good about Wonder Bread to justify all those ads.

Snacks, snacks, everywhere snacks. Welcome to the snack cake jungle.

—A Hostess snack cake commercial

If the Wonder Bread portion of the case provided a backstairs view of advertising, the related decision absolving the commercials prepared for ITT Continental Baking snack foods gives an equally absurdist view of what constitutes nutrition in today's pre-packaged America. Government lawyers charged Hostess with airing commercials filled with exaggerated nutritional claims and contended that failure to mention that sugar was the cakes' principal ingredient constitutes a deceptive omission.

This time, ITT met the nutrition issue head-on and claimed that the snack cakes are not just naturally good, but also contain an iron supplement to bolster the diet of unsuspecting children. Although Geritol's commercials to fight iron deficiency anemia—or "tired blood"—were banned by the FTC as false and misleading, ITT all but claimed that with this iron supplement, Twinkies should be considered a health food.

Judge Lynch accepted this argument unblinkingly, contending in his opinion that "the enrichment of Hostess snack cakes to the levels ITT Continental achieved is extremely important in light of shifting dietary trends in this country." Always vulnerable to statistics, Lynch was favorably impressed by the contention of an ITT witness that Hostess Twinkies provide "two more milligrams of iron than... the same number of calories of plain chocolate cake." Answering the argument that there are other potential sources of iron in children's diets besides Twinkies and "plain chocolate cake," Judge Lynch explained that "many snacks (such as leftover meats or vegetable wedges) recommended by

some nutritionists simply will not be consumed by children... and no matter how perfect a food is nutritionally, it has no value unless it is consumed."

The nutritional claims made by Hostess are as blatant as Wonder Bread commercials ever were. Lines like, "Those famous Hostess snack cakes now give your children more than good taste... they give them important nutrition, too," came under sharp attack at the FTC hearing. Dr. George M. Briggs, professor of nutrition and biochemistry at the University of California at Berkeley, testified that when you remove the water from Hostess snack cakes, a Fruit Cake is 24 per cent sugar, a Twinkie is 41.5 per cent sugar, and a Devil's Food Cake is 42 per cent sugar. Not only a source of empty calories, Hostess products have a sugar content so high that they could almost be classified as candy.

Judge Lynch remained unconvinced, stating in his opinion that even eating four Twinkies a day, admittedly "an abnormal amount... would not unbalance... a child's diet." Lynch also dismissed the charge that the high sugar content of Twinkies could affect children's dental health. Lynch stated that it had not been proven to his satisfaction that sugar causes cavities, a view remarkably similar to the sentiments expressed in the testimony of William H. Sebrell, former director of the National Institutes of Health. Sebrell, who began his testimony saying "and let me first say that, while I am not a dentist," argued that the causes of cavities are deep and mysterious and it would be unfair to single out a single factor like sugar. In his opinion Judge Lynch put it this way:

The fact that a product may contain a substantial amount of sugar does not disqualify it from being a good source of nutrition. The cause of dental caries is not really known, and although sugar may be one factor that can produce caries in some people, the development of dental caries depends on numerous factors, e. g., the

amount of bacterial flora in the mouth and the amount of fluoride in the drinking water.

Admittedly, it would have been rather difficult for Judge Lynch or the FTC to require ITT to warn consumers that its snack cakes contain a high percentage of sugar. Lynch explained in his opinion that the FTC had recently approved advertising submitted by the Sugar Association which contained the slogan, "Sugar: It isn't just flavor, it's good food." To permit the Sugar Association to boast of the food value of its product, while requiring Hostess to warn of Twinkies' high sugar content would be, to say the least, both "arbitrary and capricious."

Lost in the thicket of Judge Lynch's reasoning is concern for the effect of such advertising on the average American child who watches over 5,000 commercials a year. A substantial amount of children's television is saturated with food advertising, and 61.7 per cent of these commercials are for sugar-based products like Hostess Twinkies. Even if children have as high a resistance to television advertising as claimed, these 5,000 commercials a year can still have an impact. Although children may remain unconvinced that there is special nutritional value to Hostess products, it is likely that they will grow up believing that junk foods contain more than empty calories.

ITT and the entire advertising industry were lavish in their praise of Judge Lynch and the Wonder Bread decision. For example, *Advertising Age*, a slick trade journal, gloated that "the Federal Trade Commission's crusade to clean up false advertising took on a hollow ring today, as staffers struggled to salvage something from their devastating defeat in the Wonder Bread case." In an *Advertising Age* interview, ITT's general counsel chortled that as soon as the "Fresh Guys" are phased out late this year, Wonder Bread might even return to its old 12 ways.

Isn't this where we came in? ●

political book notes

The Abortion Controversy. Betty Sarvis, Hyman Rodman. Columbia, \$7.95.

Abortion II: Making the Revolution. Lawrence Lader. Beacon, \$7.95. A well-written, and occasionally even moving, chronicle of the fight to reform America's abortion laws by the operator of pioneer abortion-referral service. What is missing from this informed and otherwise comprehensive account is a feel for what caused the drastic turnabout in public attitudes on the abortion issue.

America's Coming Bankruptcy: How the Government Is Wrecking Your Dollar. Harvey W. Peters. Arlington House, \$7.95.

The April Game: Secrets of an Internal Revenue Agent. Diogenes. Playboy Press, \$7.95. This book from Playboy Press panders to lower instincts than the magazine does. Under the guise of reminiscences from an anonymous IRS agent, the book is really a coy vehicle for tips on how to beat the tax system legally or illegally.

The Black Urban Condition. Hollis R. Lynch. T. Y. Crowell, \$12.50.

The Blue and White Collar Revolt: How Business is Coping. David Jenkins. Doubleday, \$8.95.

The Buckleys: A Family Examined. Charles Lam Markmann. Morrow, \$8.95.

The Conquest of Poverty. Henry Hazlitt. Arlington House, \$8.95.

Conversion From War to Peace: Social, Economic and Political Problems. William Meyers, ed. Gordon & Breach, \$5.95/2.50.

The Corporate Eunuch: An Eye-Opening Report on the New Executive Life-Style. O. William Battalia, John J. Tarrant. T. Y. Crowell, \$6.95. The authors have not entirely escaped the value system they decry ("The goal is the presidency. . . . The young manager must be able to perceive the track that leads to that goal.") and the solutions they propose are disappointing palliatives. But their description of corporate life is sufficiently full of insight to make the book worth reading.

Corporate Lib: Women's Challenge to Management. Eli Ginzberg, Alice M. Yohalem, eds. Johns Hopkins, \$6.50/2.50. A serious and worthy look at the problems of women's opportunities and lack of them in upper realms of management. Contributors range from the vice president (male) of Equitable Life Insurance to author Elizabeth Janeway, and the president of Sarah Law-