

Private Brands D.C. SUMMIT



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THE VOICE OF FOOD RETAIL 

THE TRANSPARENCY IMPERATIVE

Product Labeling from
the Consumer Perspective



THE VOICE OF FOOD RETAIL 



LABELINSIGHT.



Meet Your Presenters



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Introduction and Methodology

FMI and Label Insight dove deep into how transparency is playing out on multiple levels.

- Built on an update of previous surveys conducted by FMI and Label Insight
- Online survey of nationally representative, random sample of 2,022 U.S. grocery shoppers.

Report underscores the importance of transparency and its direct link to business success.

- Success is more likely to be achieved when industry stakeholders understand the fine points, including shopper motivations and behaviors.
- The food industry has already taken important steps to boost transparency, including with initiatives such as SmartLabel®.

This research points to additional next steps and provides key resources.

Overview

Importance and role of transparency

Understanding consumer transparency preferences

Product claims

Demographic deep dive

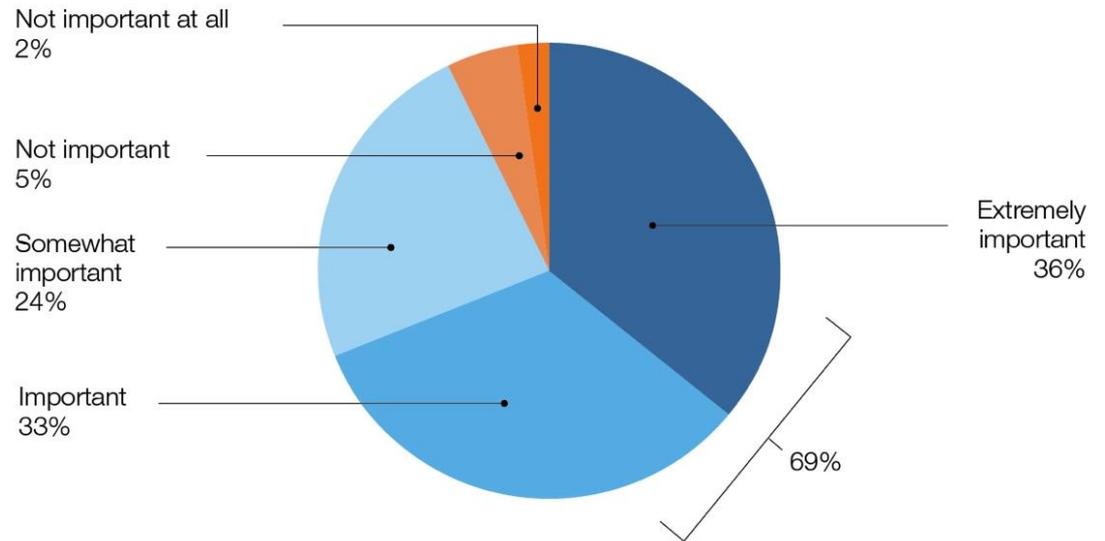
Key Takeaways



Importance and Role of Transparency

Consumers Emphasize Transparency's Importance

69% of Consumers say transparency is important to them.



How Shoppers Determine Transparency

65% say complete list of ingredients

59% say easy to understand ingredients

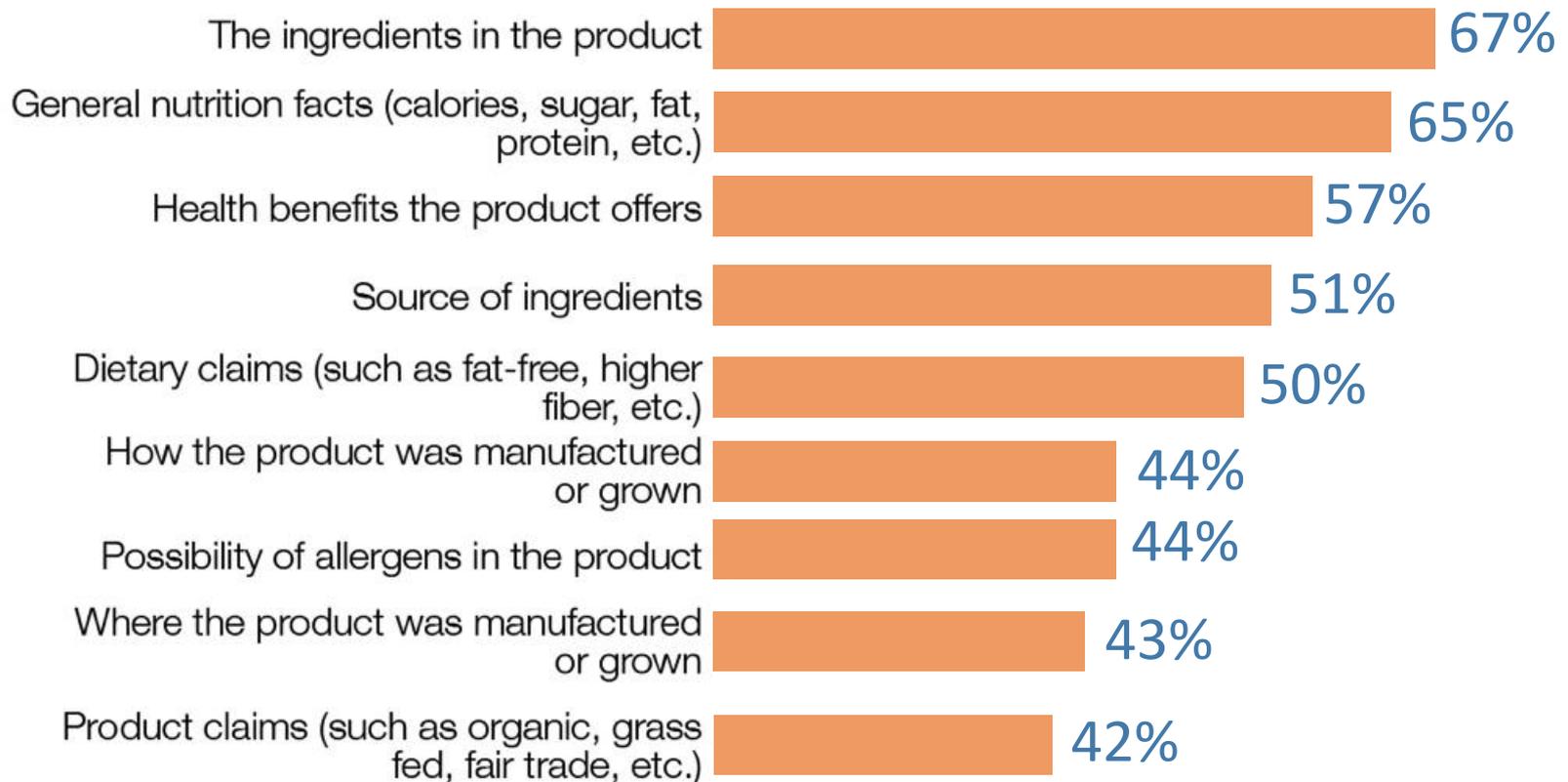
46% say in-depth nutritional information

Allergens, production, and sourcing also factor highly.

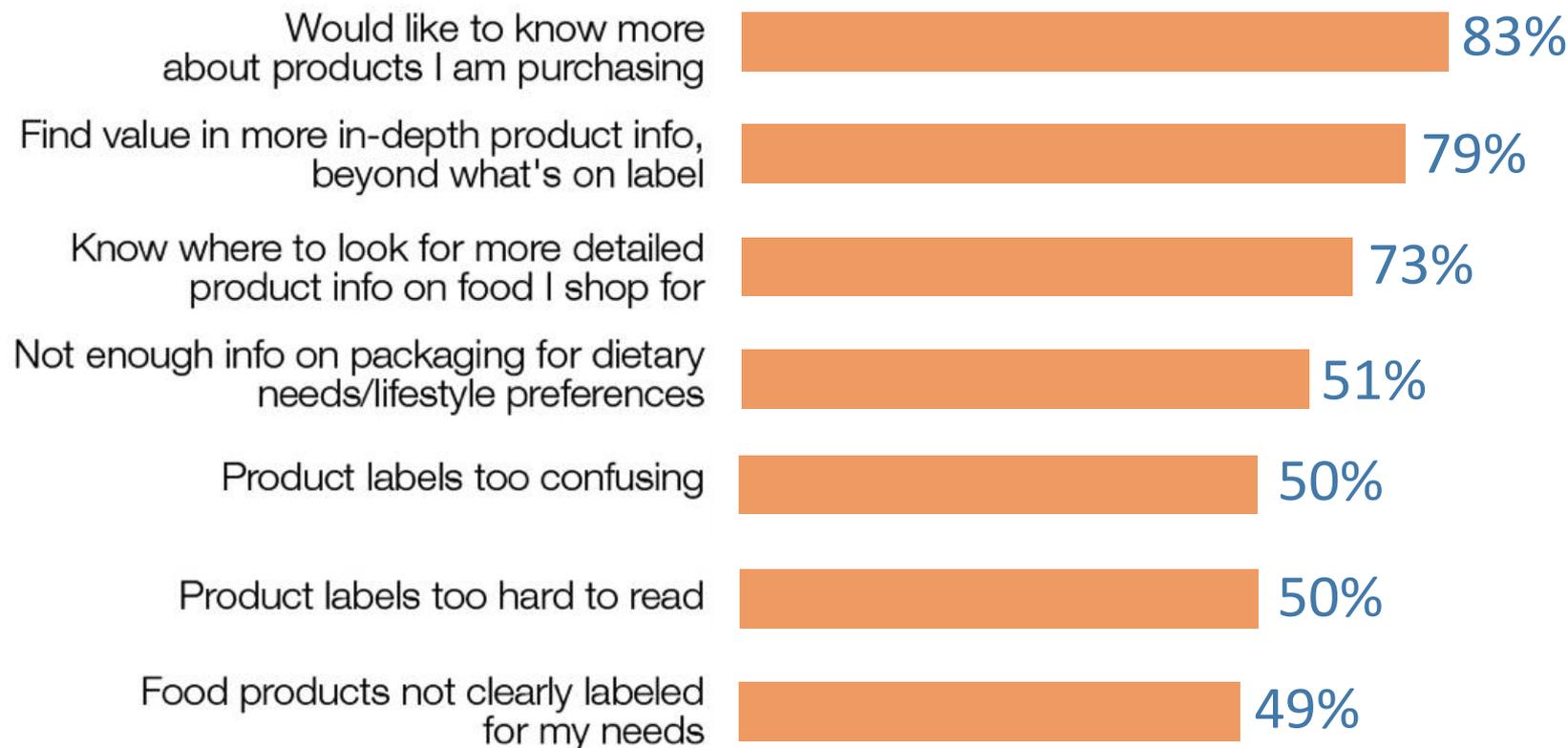


How Important is Transparency?

Considerations when buying products



Perspectives on Product Labels – Being Informed



83% Would like to know more about products they are purchasing.

Transparency Solves Confusion and Drives Purchase Decision

- 79% Find value in product information beyond what's on the label
 - 50% Say product labeling is too confusing
 - 50% Say product labels are too hard to read
-
- 78% Are more likely to buy products with in-depth product info, beyond the label

Transparency Boosts Trust and Loyalty

86%

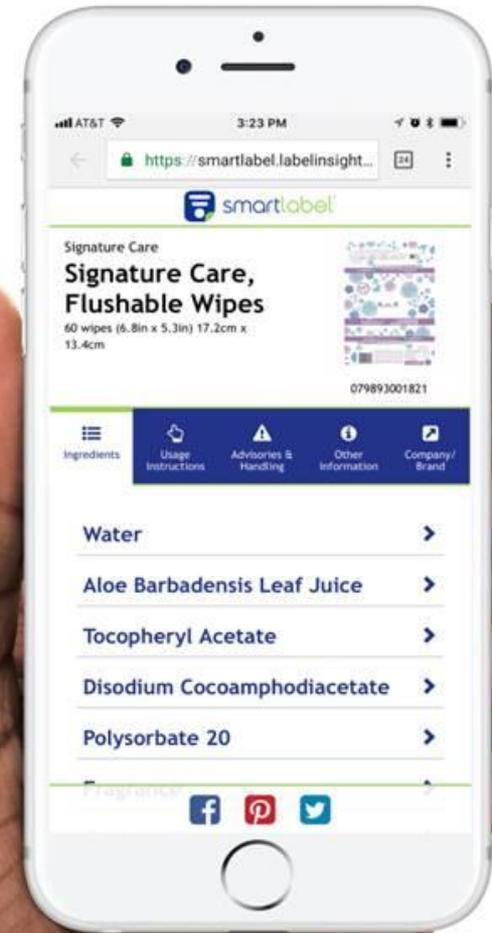
Are more loyal to a brand that provides in-depth product info, beyond the label.

80%

Trust brands and retailers more when they provide ingredient definitions beyond the label.

54%

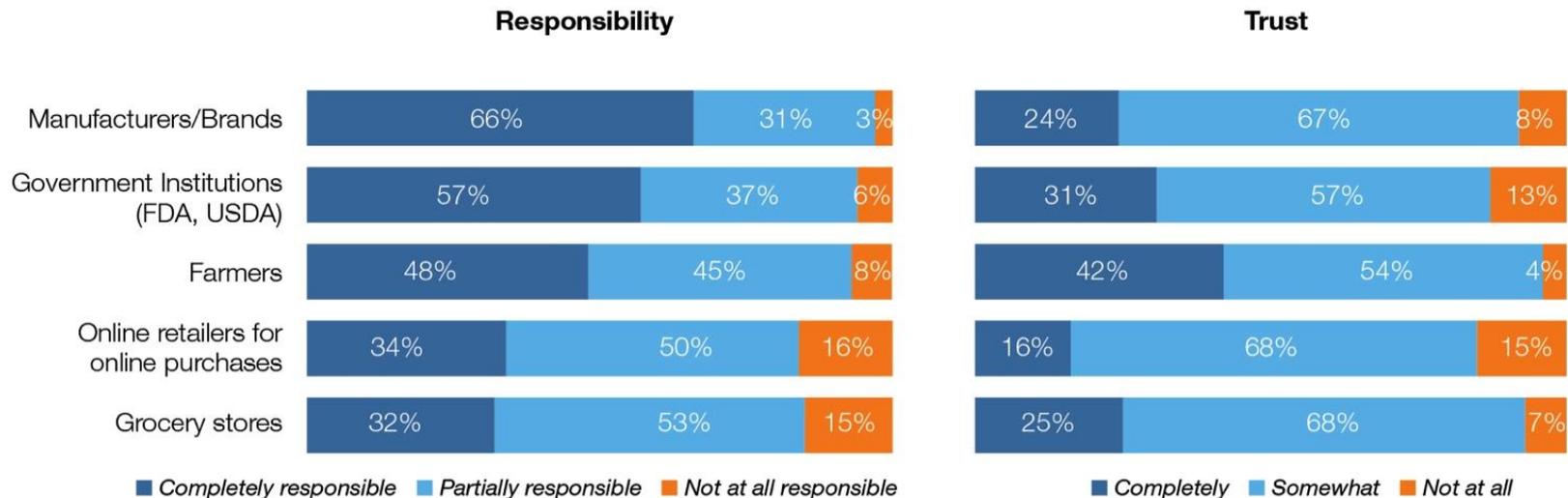
Are willing to pay more for products that provide information beyond the label.



Who is Responsible for Transparency

Shoppers place the most responsibility for providing this product information on the manufacturers/brands and government institutions.

- Few completely trust the information provided by either of these sources, or any sources queried for that matter.



Understanding Consumer Transparency Preferences

Responses to Ingredients Confusion

67% Are confused after reading a product label.

When faced with confusion, the most common response is to look to other products.

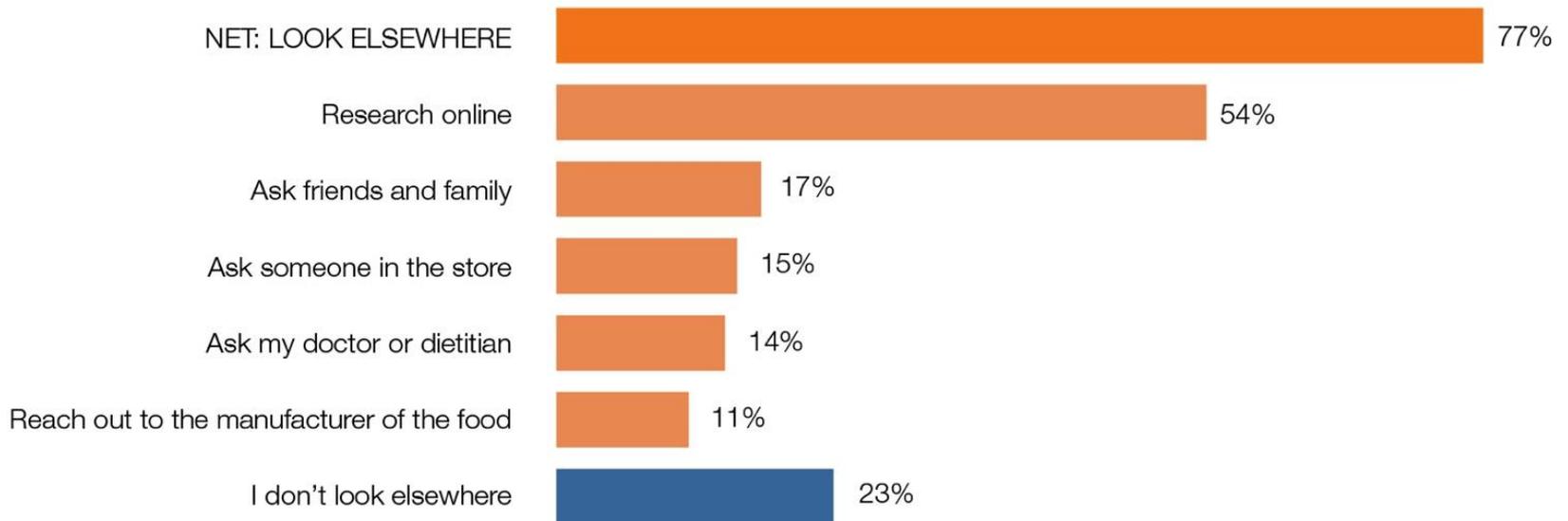
56% Look at other products to find better information.

36% To try and find better ingredient information.

30% Don't buy the product and buy another one they understand better.

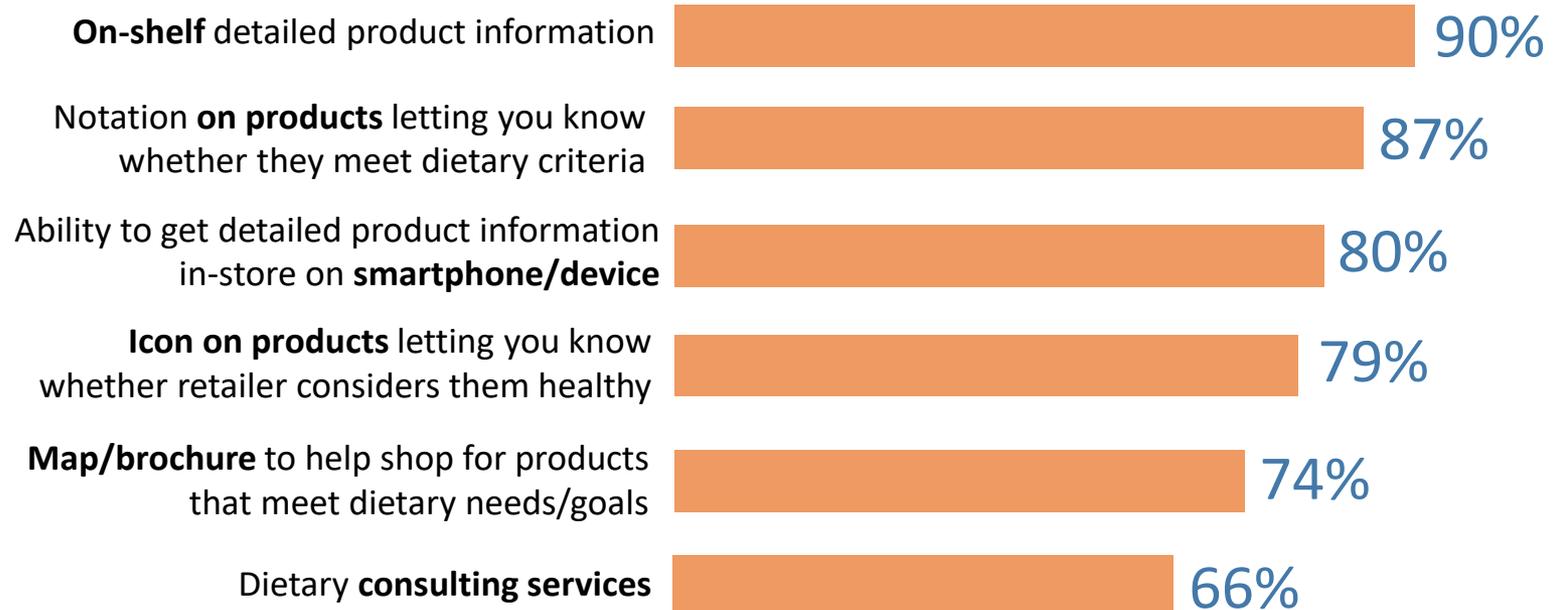
Where Else Shoppers Seek Information

When the label is not enough, where else do you look for information?



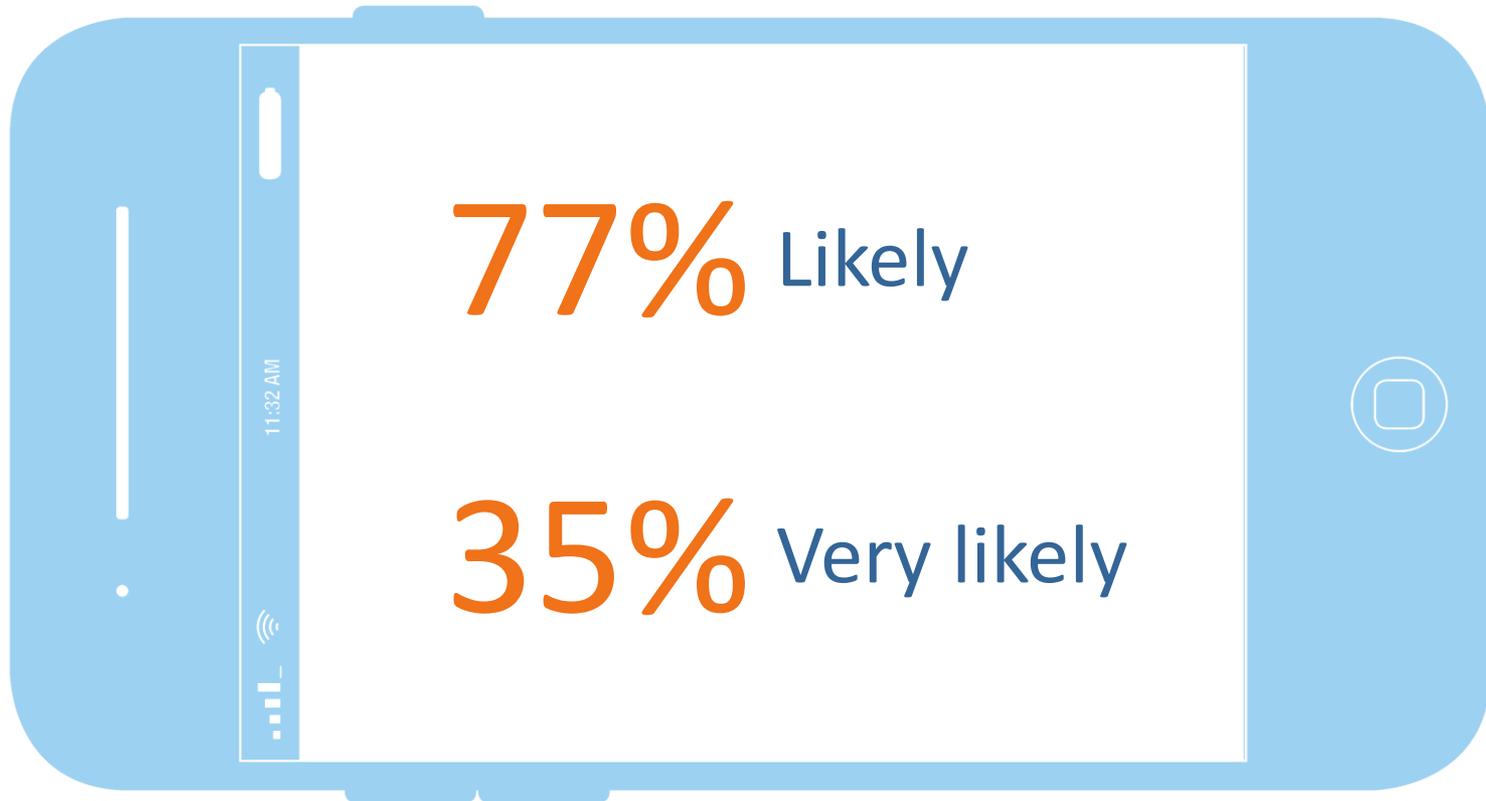
Choosing the Most Valuable Transparency Platforms

How valuable would each of the following be if offered by your food retailers?



80% Would value detailed product information in-store on a smartphone.

Smart Phones Help Support Transparency



Smartphone is Preferred for Transparency

77% Are likely to seek more information about products via Smartphone.

Interested in learning more about...	
Ingredient definitions	40%
In-depth nutritional info	34%
Sourcing of ingredients	32%
Production of ingredients	31%
Country of origin	26%
Manufacturing process	26%
Animal welfare practices	20%

Transparency Eyed as Easier Online

55% Find it easier to discover new products online.

51% Find it easier to learn more in-depth product information online.

Most online shoppers find discovery and transparency much easier online compared to in physical, brick and mortar stores.

Shoppers hold online merchants/commerce to different standards of transparency than they do for their physical store experience. In fact, most online shoppers do have higher expectations of transparency when shopping online.

76% Want more detailed information when shopping online.

72% Feel it's more important to get detailed information when shopping online.

Product Claims

Which Claims Shoppers Understand

87% state they understand
USDA “organic” claim

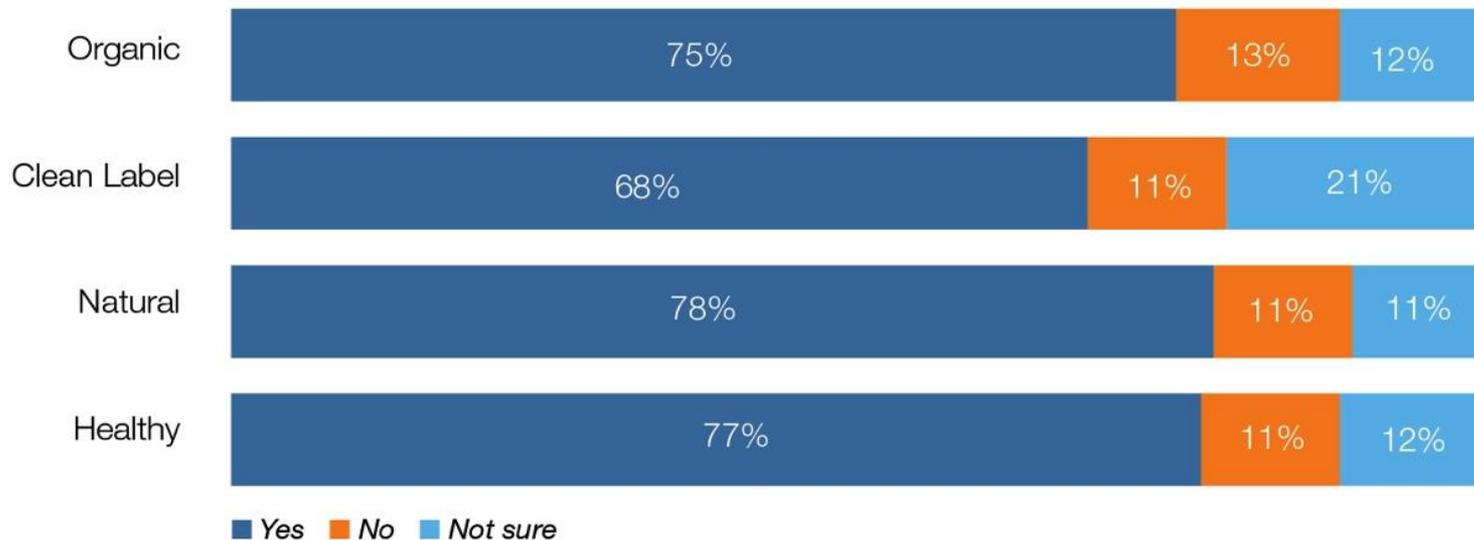
84% state they understand
“natural” claim

Only **50%** state they
understand “Clean Label”



Higher Government Standards for Product Claims

Government needs higher standards



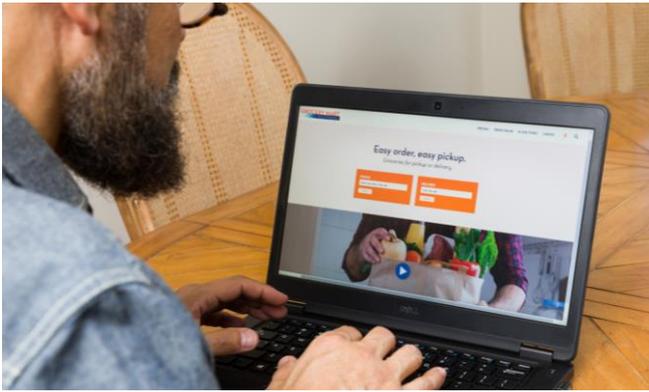
Packaging Descriptions That Impact Purchases

TOP TIER		MID TIER		BOTTOM TIER	
No preservatives	42%	Organic/Certified organic	27%	No allergens	19%
High protein	39%	Low carbs	27%	Delicious taste/Experience	18%
No added hormones	39%	No/Low fat	26%	Gluten-free	18%
Low sugar	38%	Vitamin-enriched	25%	Pasture-raised	17%
Low sodium	38%	Cage-free	24%	Certified Humane	16%
Free from artificial flavors	37%	Local	24%	Fair Trade	15%
Whole grains	35%	Grass-fed	24%	Calcium-fortified	14%
No trans fats	34%	Free-range	23%	Sustainable	14%
Non-GMO	34%	No HFCS (high-fructose corn syrup)	23%	Clean label	12%
Free from artificial colors	34%	Reduces risk of heart disease/Heart healthy	23%	Contains dairy	12%
High fiber	34%	Low/Lowers cholesterol	22%	Weight loss/Portion control	12%
Antibiotic-free	33%	Antioxidant-rich	21%	Contains nuts	11%
Natural	31%			New and improved	10%
Healthy	31%			Kosher	9%
Low calorie	30%			Vegan	8%
				Halal	3%

Demographic Deep Dive

The Influence Of...

Online shopping



80%

Of online shoppers
say that transparency
is important

Formal education



76%

of college educated
shoppers say that
transparency is important

Shop More. Want More.

The more money we spend on groceries, the more we think about what it is we are buying.



Shoppers who spend more on their groceries (\$125+/week)

75% place more importance on the transparency of the brands and manufacturers from whom they buy

87% find value in being able to get detailed product information in store on their smartphone

85% say they are likely to use a smartphone to access product information in store

The Kid Factor

Parents place greater importance on knowing more information about ingredients, nutrition, health benefits and other product information.

89%

see smartphones as a very valuable way to get product information



Generational Differences

How important is transparency to them?

73% Millennials

70% GenXers

67% Boomers

Most likely to access more product info with smartphone or other device.

92% Millennials

84% GenXers

63% Boomers



Key Takeaways

Who

- Transparency is important to all demographic segments
- All demographic segments want to access information on smartphones.
- Higher education levels care more, spend more and will pay more for transparency.

What

- Confidence in label information, and trust in brands is low
- Digital is clearly the preference for deeper transparency information and leads to trust and loyalty
- Government is expected to work towards a higher standard and better clarity.

Q&A



Thank You

Learn more about transparency and download the full report at: **www.fmi.org/transparency**