HOW DO DIETS AND HEALTH CONSCIOUSNESS IMPACT TRANSPARENCY?

Webinar: March 28, 2019
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Avoid discussions of sensitive topics that can create antitrust concerns.

- Agreements to fix prices, allocate markets, engage in product boycotts and to refuse to deal with third parties are illegal.
- Discussions of prices (including elements of prices such as allowances and credit terms), quality ratings of suppliers, and discussions that may cause a competitor to cease purchasing from a particular supplier, or selling to a particular customer, should be avoided.
- No discussion that might be interpreted as a dividing up of territories.

It is important to avoid even the appearance of unlawful activity.

Questions or concerns? Please consult with FMI staff.
Meet Your Presenters

Thea Bourianne
Solutions Consultant & Registered Dietitian
Label Insight

Steve Markenson
Director, Research
Food Marketing Institute
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

Shoppers on Diets

Shoppers with Allergies

Key Takeaways
Importance and Role of Transparency
Consumers Emphasize Transparency’s Importance

69% of Consumers say transparency is important to them.

Dieting and allergy-focused shoppers place more importance on transparency.
How Shoppers Determine Transparency

65% say complete list of ingredients

59% say easy to understand ingredients

46% say in-depth nutritional information

Allergens, production, sourcing, animal welfare and sustainability also factor highly.

Dieting and allergy-focused shoppers want more of this next tier information
How Important is Transparency?

Considerations when buying products

- The ingredients in the product: 67%
- General nutrition facts (calories, sugar, fat, protein, etc.): 65%
- Health benefits the product offers: 57%
- Source of ingredients: 51%
- Dietary claims (such as fat-free, higher fiber, etc.): 50%
- How the product was manufactured or grown: 44%
- Possibility of allergens in the product: 44%
- Where the product was manufactured or grown: 43%
- Product claims (such as organic, grass fed, fair trade, etc.): 42%
Perspectives on Product Labels – Being Informed

- Would like to know more about products I am purchasing: 83%
- Find value in more in-depth product info, beyond what's on label: 79%
- Know where to look for more detailed product info on food I shop for: 73%
- Not enough info on packaging for dietary needs/lifestyle preferences: 51%
- Product labels too confusing: 50%
- Product labels too hard to read: 50%
- Food products not clearly labeled for my needs: 49%

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

78% Are more likely to buy products with in-depth product info, beyond the label.

54% Are willing to pay more for products that provide information beyond the label.
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.
Choosing the Most Valuable Transparency Platforms

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

- **On-shelf** detailed product information: 90%
- Notation **on products** letting you know whether they meet dietary criteria: 87%
- Ability to get detailed product information **in-store on smartphone/device**: 80%
- **Icon on products** letting you know whether retailer considers them healthy: 79%
- **Map/brochure** to help shop for products that meet dietary needs/goals: 74%
- **Dietary consulting services**: 66%

**80%** Would value detailed product information in-store on a smartphone.
Smart Phones Help Support Transparency

77% Likely

35% Very likely
77% are likely to seek more information about products via Smartphone.

<table>
<thead>
<tr>
<th>Interested in learning more about...</th>
<th>%</th>
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<tbody>
<tr>
<td>Ingredient definitions</td>
<td>40%</td>
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<tr>
<td>In-depth nutritional info</td>
<td>34%</td>
</tr>
<tr>
<td>Sourcing of ingredients</td>
<td>32%</td>
</tr>
<tr>
<td>Production of ingredients</td>
<td>31%</td>
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<tr>
<td>Country of origin</td>
<td>26%</td>
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<tr>
<td>Manufacturing process</td>
<td>26%</td>
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<tr>
<td>Animal welfare practices</td>
<td>20%</td>
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Most online shoppers find discovery and transparency much easier online compared to in physical, brick and mortar stores.

55% Find it easier to discover new products online.

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

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.
Shoppers on Diets
47% Are following or shopping for someone following a diet or health-related program.

<table>
<thead>
<tr>
<th>Top Mentions of 30 Diets</th>
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<tbody>
<tr>
<td>Low carb</td>
<td>14%</td>
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<tr>
<td>High protein</td>
<td>13%</td>
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<tr>
<td>Heart-healthy</td>
<td>11%</td>
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<tr>
<td>High fiber</td>
<td>9%</td>
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<tr>
<td>Gluten-free</td>
<td>8%</td>
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<tr>
<td>Dairy-free</td>
<td>7%</td>
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<tr>
<td>Vegetarian/Vegan</td>
<td>6%</td>
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<tr>
<td>Weight Watchers</td>
<td>5%</td>
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<tr>
<td>Ketogenic diet</td>
<td>4%</td>
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<tr>
<td>Atkins diet</td>
<td>4%</td>
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</tbody>
</table>
65% of online shoppers are themselves or are shopping for someone on a diet or health-related program (vs. 47% overall)

- 20% High protein
- 18% Low carb
- 14% Heart-healthy
- 14% High fiber
Specialty Diet Shopper Feel Challenged

84% Are searching product labels to make sure it meets needs/goals of their diet or health-related program.

79% Say it is challenging to make sure that the food products they buy meet their dietary needs or goals by looking at the product’s label.

76% Say transparency is important or extremely important to them (compared to 62% of those not on a diet).
How Important is Transparency?

Considerations when buying products - Specialty diet shoppers -

- The ingredients in the product: 74% +7
- General nutrition facts (calories, sugar, fat, protein, etc.): 75% +10
- Health benefits the product offers: 67% +10
- Source of ingredients: 59% +8
- Dietary claims (such as fat-free, higher fiber, etc.): 64% +14
- How the product was manufactured or grown: 50% +7
- Possibility of allergens in the product: 54% +10
- Where the product was manufactured or grown: 50% +7
- Product claims (such as organic, grass fed, fair trade, etc.): 51% +14
Transparency Solves Confusion among Specialty Diet Shoppers

82% Find value in product information beyond what’s on the label

58% Say products are not clearly labeled for my needs or lifestyle preferences

55% Say product labeling is too confusing
Transparency Drives Purchase Decision among Specialty Diet Shoppers

82% Are more likely to buy products with in-depth product info, beyond the label

76% Not knowing what an ingredient is makes me less likely to buy

61% Would be willing to pay more for a product that offers more in-depth product info, beyond the label
Responses to Ingredients Confusion among Specialty Diet Shoppers

72% Are confused after reading a product label.

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

37% To try and find better ingredient information.

31% Don’t buy the product and buy another one they understand better.

Another common response is to research ingredients on their smartphone or other device while shopping/in the aisle.
Choosing the Most Valuable Transparency Platforms

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

Among Specialty Diet Shoppers

<table>
<thead>
<tr>
<th>Option</th>
<th>Value</th>
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<tbody>
<tr>
<td>On-shelf detailed product information</td>
<td>92%</td>
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<tr>
<td>Notation on products letting you know whether they meet dietary criteria</td>
<td>93%</td>
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<tr>
<td>Ability to get detailed product information in-store on smartphone/device</td>
<td>88%</td>
</tr>
<tr>
<td>Icon on products letting you know whether retailer considers them healthy</td>
<td>85%</td>
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<tr>
<td>Map/brochure to help shop for products that meet dietary needs/goals</td>
<td>82%</td>
</tr>
<tr>
<td>Dietary consulting services</td>
<td>79%</td>
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88% Would value detailed product information in-store on a smartphone.
Smart Phones Help Support Transparency

Among Specialty Diet Shoppers

87% Likely

47% Very likely
Shoppers with Allergies
Food Allergies, Intolerances and Sensitivities

Always 12%

Sometimes 23%

Rarely 24%

Never 41%

35% of shoppers say shopping is impacted by a food allergy, intolerance or sensitivity.
46% of online shoppers are shopping for someone impacted by allergies, intolerances or sensitivities (vs. 35% overall)
Allergy-Focused Shoppers Feel Challenged

90% Are searching product labels to make sure it conforms for their allergies, intolerances and sensitivities.

83% Say it is challenging to make sure that the food products they buy conforms for their allergies, intolerances and sensitivities by looking at the product’s label.

78% Say transparency is important or extremely important to them (compared to less than 60% of those who are not allergy focused shoppers).
Considerations when buying products - Allergy-focused shoppers -

- The ingredients in the product: 74% (7)
- General nutrition facts (calories, sugar, fat, protein, etc.): 73% (8)
- Health benefits the product offers: 69% (12)
- Source of ingredients: 63% (12)
- Dietary claims (such as fat-free, higher fiber, etc.): 62% (12)
- How the product was manufactured or grown: 58% (14)
- Possibility of allergens in the product: 66% (20)
- Where the product was manufactured or grown: 55% (14)
- Product claims (such as organic, grass fed, fair trade, etc.): 53% (11)
Transparency Solves Confusion among Allergy-Focused Shoppers

86% Find value in product information beyond what’s on the label

63% Say products are not clearly labeled for my needs or lifestyle preferences

61% Say product labeling is too confusing
Transparency Drives Purchase Decision among Allergy-Focused Shoppers

85% Are more likely to buy products with in-depth product info, beyond the label

79% Not knowing what an ingredient is makes me less likely to buy

66% Would be willing to pay more for a product that offers more in-depth product info, beyond the label
Responses to Ingredients Confusion among Allergy-Focused Shoppers

79% Are confused after reading a product label.

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

39% To try and find better ingredient information.

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

Another common response is to research ingredients on their smartphone or other device while shopping/in the aisle.
### Choosing the Most Valuable Transparency Platforms

<table>
<thead>
<tr>
<th>Feature Description</th>
<th>Valuation</th>
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<tbody>
<tr>
<td>On-shelf detailed product information</td>
<td>94% (+4)</td>
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<td>Notation on products letting you know whether they meet dietary criteria</td>
<td>94% (+7)</td>
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<td>Ability to get detailed product information in-store on smartphone/device</td>
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<td>Dietary consulting services</td>
<td>82% (+16)</td>
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91% Would value detailed product information in-store on a smartphone.
Smart Phones Help Support Transparency

Among Allergy-Focused Shoppers

92% Likely

49% Very likely
Dieters

• Almost ½ of Americans on diet or health-related program

• Online shoppers more likely to be on diets

• Challenging to know just by the label if/how a product adheres to their diets

• Consider nutrition facts, dietary claims and product claims when buying products

• Willing to pay more for products that provide more product information

• Find high value in any and all platforms for delivering product information, particularly by smartphone
Allergy-Focused

- More than 1/3 of Americans shopping is impacted by food allergies, intolerances and insensitivities
- Often search labels to make sure products conform to their needs
- Consider many factors when deciding on products to purchase, but possibility of allergens is critical
- Often confused by product labels, saying products are not clearly labeled for needs
- Find value in information being provided beyond what is on the label
- Willing to pay more for products that provide more product information
- Find high value in any and all platforms for delivering product information, particularly by smartphone
Q&A
Thank You
Learn more about transparency and download the full report at: www.fmi.org/transparency