

RETAIL STUDY

Summary and main outcomes

1 Introduction

The relevance of developing healthier products and simplifying consumer choice for those products has rapidly increased over the last decades. Global health organizations have repeatedly stated that food producers should take responsible steps in tackling the rising problem of non-communicable diseases (NCDs) such as obesity¹. Some retailers chose to adhere to these calls by means of a positive Front of Pack (FOP) labelling system. This system stimulates product innovation and easier recognition of a healthier product among comparable products by using a signpost health logo.

The motivations of retailers (not) to adopt such a system had not yet been thoroughly examined. Because of the rising occurrence of NCDs it is important to research which health promoting initiatives are adopted by key players and why. Therefore, we studied the motivations of retailers (not) to adopt a positive FOP labelling system and mapped these motivations into a model.

2 Method

First we compiled a preliminary model on the basis of an extensive literature study and interviews with insiders actively involved in conversations with retailers and in the development of positive FOP labeling.

In a second study we verified this model through interviews with international food retailers. The participating companies come from 11 different countries on 4 continents. Their annual turnover ranges from USD 1.9 to 116.5 billion. On the basis of our preliminary model we developed a semi-structured questionnaire. This was used to gather both quantitative and qualitative data.

3 Results

On the basis of the 14 interviews with international food retailers we were able to identify 5 main motivations playing a key role for them to adopt a positive FOP labelling system:

1. Legislation

All retailers acknowledge that legislation is an important motivating factor to implement a positive FOP labeling system. Almost all retailers stated that there is upcoming pressure from the government with regard to 'health'. Retailers also stressed the need for government to foster consistency in implementing a system among producers and to provide supportive communication about the system, its dietary guidelines and the government's

1 Heart Foundation (2014). 25 years of Heart Foundation Tick. Cited on 21st of October, retrieved from:

www.heartfoundation.org;

World Health Organization (2004). Global strategy on Diet, Physical Activity and Health.

World Health Organization (2010). Global Recommendation on Physical Activity for Health.

involvement (e.g. education and health campaigns). At European level more consistency is needed from governments to make it possible to use and communicate about a positive FOP labeling system. Independent criteria for such systems from scientists and government are needed. This might motivate current non-users to join.

2. Economic opportunities

All interviewed retailers acknowledged the economic opportunities a positive FOP labeling system can convey. The system can for example be used for marketing purposes and as a simple communication tool in health campaigns to signpost healthier choices. Retailers who use a positive FOP labeling system use health logos in advertisements or/and on shelves. In this way, the health logo is incorporated into their health themes and increases the reputation of the organization. It also supports a specific brand's health perception.

Not all retailers were convinced that the system should contribute to an increased turnover. However, the retailers who did mention that an increased turnover matters said that a profitable system is easier to 'sell' to retailers' category managers. Other retailers found it more important that a positive FOP labeling system informs consumers about healthier products. Some also stated that the implementation of such a system is a long term investment without guaranteed profitable benefits.

3. Competition

No retailer stated to be worried about possible disruption of customer loyalty as a potential consequence of implementing a positive FOP labeling system. All respondents indicated that the fact that every retailer can join the initiative does not block their willingness to participate. On the contrary, the value of positive FOP labeling is argued to increase if more retailers adopt the system. This can partly be attributed to a heightened credibility, independence and familiarity with the logo as compared with a unilateral approach. Moreover, it helps the consumer adjust to and accept new (reformulated) products more easily. Retailers should be able to differentiate themselves by means of unique communication. Retailers not using a positive FOP labeling system expressed their concerns about this kind of cooperation between retailers in a highly competitive market.

4. Stakeholder pressures

All retailers indicated that the most important stakeholders with regard to positive FOP labeling are: (1) customers; (2) governmental authorities; (3) NGOs; (4) scientists; (5) internal staff; (6) suppliers and (7) media. If there is no consumer demand there is little incentive for retailers to implement a positive FOP labeling system. Governmental support forms another precondition for the adoption of a positive FOP labeling system. In the process of implementation, the influence of NGOs, media, scientists and other opinion leaders is important because they can influence the way consumers think about a positive FOP labeling system.

5. Ethical motives/health responsibility

A private label formula forms a good opportunity for a retailer to display its corporate healthy motives. Retailers using a positive FOP labeling system stated that the system fits well with their health related private label formula. A health logo could encourage consumers to choose these private label products. Another advantage is the ease with which the criteria for reformulation can be integrated into specifications for private label products. However, in some labeling programs not all product categories are incorporated into the system. This means that retailers cannot add a health logo to all products they wish to reformulate.

Targeting people with a low socioeconomic status (SES), a high risk group for overweight/obesity, can be an ethical motive with regard to responsible retailing. Retailers have different views on this issue. Some state that all

consumers should be treated equally, while others argued that in particular consumers with low SES should be targeted. A positive FOP labeling system could focus more on product categories relevant for this target group (e.g. frozen meals). Most retailers acknowledge that a positive FOP logo can be a particularly useful tool to address consumers with a low SES, because of its simplicity.

In some occasions, positive FOP labeling does not fit with retailers' health motives. Most of the retailers not using a positive FOP labeling system think of health in a more holistic manner. They value a balanced diet over focusing solely on individual healthy products. Moreover, health is not defined by all consumers in the same manner. Therefore, one health logo cannot cover all consumer needs (e.g. no lactose, no gluten, no pesticides).

Leadership corporate values.

A leader's motivation for increasing customer health is reflected in the vision and strategy of their company. CEOs who acknowledge health as a social trend are more eager to implement a positive FOP system. Some CEOs also use the system as a tool to measure possible increases of health sales and to set health targets. In general, CEOs who (1) can connect CSR practices to their business model, (2) have good consumer understanding and (3) can spot societal trends that can improve their business, are argued to be more eager to implement healthy initiatives such as a positive FOP labeling system.

4 Conclusions

Derived from the results we can conclude with three main findings. Certain preconditions have to be met: a positive legislative climate, stakeholder (e.g. consumer) needs and aligned health motives. Without a fitting legal framework (e.g. the legality of positive FOP labeling systems and the communication about health logos on packaging) it is unlikely for a retailer to implement a positive FOP labeling system. Also, without consumer demand for health and/or positive FOP labeling, there is little reason for a retailer to implement such a system. Next to that it is important that a retailer sees positive FOP labeling as the right interpretation of the retailer's health ideology. All other motives described in the model of De Vos & Jansen (2015, in preparation) will only become relevant if these three key points are met.