

Nutrition Labeling: Problems or Opportunities?

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The sub-title of my speech on nutrition labeling is "Problems or Opportunities"? These two words are not necessarily an either/or scenario. Throughout history, innovative people have considered problems as challenges and made them into exciting opportunities.

I'm here to talk about the problems and resulting opportunities with nutrition labeling for fresh produce. Although such problems and opportunities have been around for the past decade, things have really heated up since The Food and Drug Administration's proposed regulations and the passage of the Nutrition Labeling and Education Act of 1990.

To provide background and foundation, I'd like to talk briefly about some of the past problems with nutrition labeling and how these became opportunities. Then I'll focus on the impact of the legislation and FDA's corresponding regulations.

¹Problem #1: What data base to use?

In the late 1970's, the produce industry wanted to respond to consumer's budding interest in nutrition by promoting the healthful benefits of fresh fruits and vegetables. Even though fresh produce was exempt from nutrition labeling, voluntary efforts needed FDA's approval. Unfortunately, FDA did not approve of using existing data bases (such as USDA's Handbook 8) for labeling fresh produce.

²Opportunity #1: Provide a data base for the industry.

Working with FDA, and using an approach pioneered by The Potato Board, PMA began nutrition research for fresh fruits and vegetables. At first, only a few commodities were studied. Then, year by year,

momentum grew as more organizations saw the value of this grower funded research.

Here's how we carried out the research. ³Produce samples were collected from more than 16 cities across the country at different times during the growing season to take into account the many variables of seasonality, growing conditions, variety and handling. As a result, the nutrition label for a potato could be used for a red, white or russet. Consumers were assured, within a 95% confidence level, that the nutrients on the label were in the potato they bought.

⁴By the end of this year, research will be complete on 42 commodities. The values from the research have been accepted by FDA for nutrition labeling, or in the case of more recent studies, are still under review.

I'm going to jump ahead here to a corollary problem created by the new legislation. The legislation said FDA must provide the values for the nutrition labels of the top 20 fruits and top 20 vegetables. PMA has conducted research for most, but not all of these commodities. (Some of the items we've researched are not among the top 40.) FDA will not spend their already tight resources and staff to conduct nutrition research on the remaining commodities.

USDA data will be used for the remaining commodities. However, USDA goes no further than providing a mean. It does not take into account variability or a statistical confidence level. FDA is wrestling with this issue now. One of PMA's members, Data Documents Systems completed these extensive computations using USDA data and have submitted them to FDA.

⁵Problem #2: How to effectively communicate nutrition information to consumers?

A nutrition label by itself is of limited use to consumers or to marketers trying to promote produce.

⁶Opportunity #2: Create a marketing tool.

Retailers and their advertising departments needed help in communicating and marketing nutrition information. ⁷Therefore, PMA developed a collection of marketing tools, the Nutrition Marketing Resource for Produce. The book contains ⁸camera-ready POP signs, ⁹advertising slogans that conform to FDA's current guidelines, ¹⁰nutrient charts, ¹¹healthy recipes and more. Marketing pages on newly researched commodities and updates on government regulations have been provided at no extra charge.

¹²The Nutrition Marketing Resource was first published three years ago. Using the tools in this book, many retailers started nutrition information programs. Point of sale sign companies used the information in their offerings.

New Legislation

¹³Enough of history. Let's move on to last summer's events which had a profound impact on the industry's nutrition labeling efforts. A new set of problems, and opportunities, was created.

In July, the FDA proposed comprehensive regulations for nutrition labeling of all foods, including mandatory labeling for fresh fruits and vegetables. In the fall, the Nutrition Labeling and Education Act of 1990 was passed.

The legislation provided the outline for *voluntary* labeling of the 20 most frequently consumed fruits and 20 most frequently consumed vegetables. However, retailers must substantially comply with these voluntary measures or they become *mandatory*. This brings us to the next problem.

¹⁴Problem #3: What are the top 20 fruits and top 20 vegetables?

How do you determine the 20 most frequently consumed fruits and 20 most consumed vegetables? One way is to measure dollar amount sold. But this data is hard to obtain and it emphasizes the more expensive items. How about measuring sales by volume (number of pounds sold)? This may skew the results in favor of heavier items. Another alternative is to obtain data from consumption survey? Unfortunately, consumption data tends to be old and may be limited in terms of the number of commodities it covers.

¹⁵Opportunity #3: Conduct research and provide information to FDA.

PMA felt it was very important to provide input into the process of determining the top 40 items. We chose to conduct original research last fall on the amount of produce sold by volume, judging this was the most accurate and feasible of the three approaches. Retailers were asked to report 12 month sales figures, by volume, for their top 25 commodities. The data was compiled and submitted to FDA. FDA staff were pleased to receive PMA's list of the top 20 fruits and top 20 vegetables, and were happy to see that it was very similar to information they compiled from consumption studies.

¹⁶Problem #4: How to standardize serving sizes for fresh produce?

Another hurdle posed by FDA's regulations is that of establishing standardized serving sizes for fresh fruits and vegetables. Probably no food in the supermarket has more sizes, shapes, and varieties than fresh produce. Yet it is important to have standardized serving sizes to provide consistency and allow consumers to make comparisons.

¹⁷Opportunity #4: Serving size ranges.

FDA developed a good system of serving size ranges for fresh fruits in last summer's nutrition labeling proposal. A centralized serving size of 5 oz. was established. Items that fell into the range of 50% above or below that central figure could be labeled with an average weight. An example of this would be an ¹⁸orange which could be labeled at its average weight of 6 oz. Commodities such as ¹⁹strawberries, which fall below the range or ²⁰cantaloupe, which fall above the range, would be labeled as 5 oz.

Good data on the "average" size for a fruit or vegetable comes from PMA's nutrition research. ²¹During the sampling process at least one hundred and sometimes many hundreds of individual items were purchased from supermarket shelves and sent to the laboratory where they were weighed and measured. This data supports the 5 oz. serving size suggested by FDA. It also supports extending the same range to fresh vegetables. Extensive comments on serving sizes for fruits and vegetables were developed by both PMA and United Fresh Fruit and Vegetable Association and submitted to FDA.

²²Problem #5: Displaying nutrition information in the stores.

The legislation states that nutrition labels of the top 40 items must be displayed in the area where the commodities are offered for sale. This presents a

logistical problem. Do you use consumer brochures? If so, then sufficient quantities must be printed, stocked, displayed and maintained. Do you use a poster? If may be difficult to hang a poster in produce departments which have little or no free wall space. Do you use a reference book? Again, where do you put it, and, how do you keep it from walking? Even if chained down, pages of a book can still be ripped out. Computers (information kiosks) could be a good solution to the problem, but they have a high capital cost.

Another concern related to displaying nutrition information is the uncertainty of what the new label will look like. As far as we can gather from FDA, their final recommendations for a new label format will not be published until 1992. Waiting until then to develop nutrition materials for fresh produce would greatly delay implementation of labeling programs and make it hard for the industry to substantially comply with the legislation by the existing deadlines. A temporary solution to this problem may be presented in FDA's publication of "phase one" of their nutrition labeling regulation reproposal which is expected in the Federal Register any day now.

²³Opportunity #5: Develop materials for retailers.

The opportunity for retailers and suppliers to develop nutrition marketing programs is wide open. Now is the time innovative companies should be working to meet the needs of retailers.

Unfortunately, not enough research has been conducted on what consumers judge to be the most effective way to provide nutrition information. PMA just scratched the surface with a small study conducted last year with more than 200 shoppers in northern California. ²⁴And what did the shoppers say was the most useful way to provide this information? Signs by the produce items were most often cited (67%), with take-home brochures coming in second with 57% of the vote.

As long as they conform to FDA's regulation, any of these materials will help retailers comply with the legislation.

²⁵Problem #6: What is substantial compliance?

In May, 1993, the legislation requires FDA to produce a report stating whether industry has substantially complied with voluntary nutrition labeling. If substantial compliance is not found, the voluntary regulations become mandatory. The problems here are how to define substantial compliance, how to measure it and when to measure.

²⁶Opportunity #6: Work with FDA on these issues.

Trade associations and industry members need to present comments to FDA on defining and measuring substantial compliance.

It is also the responsibility of groups like PMA to encourage retailers to comply with the voluntary labeling regulations.

²⁷Problem #7: How can we encourage retailers to comply with the voluntary regulations?

Fortunately, this does not look like a hard job because many retailers are chomping at the bit to implement nutrition labeling programs

However, while some retailers may be anxious to start a labeling program, other may need more convincing.

²⁸Opportunity #7: Sell the benefits of nutrition labeling.

We need to sell the benefits of nutrition labeling. We need to convince retailers to do it, not just because the law says so, but because it is in their own best interests!

Three key benefits of nutrition labeling are it's value as a customer service tool, as a way to increase customer perception of the store and it's use in advertising.

Customer Service Tool

²⁹The use of nutrition information in the produce department is an important customer service tool. The number of consumers who rate the availability of nutrition and health information as a very or somewhat important factor when they select a supermarket has been steadily increasing over the past 4 years.

Consumer interest in nutrition will continue to grow as a function of demographics. People become more interested in nutrition as they get older. ³⁰These kids may be fairly typical, as they snack on chips and soda and say "It's a good thing we're not hung up on nutrition yet!"

³¹However, our population as a whole is getting older. People age 65 and older traditionally have been most concerned about the nutritional content of the foods they eat. They also are the fastest growing population group. The 50-64 year olds have the highest average income per household. Many of the baby boomers are going into their forties - and their interest in nutrition continues to grow, as shown in this slide.

³²Consumers want nutrition information, they want it in the produce department, and they have a higher

opinion of store who provide it as opposed to those who don't.

Increased consumer perception for store

³³A study on the impact of nutrition information in the produce department was conducted by researchers at the University of Santa Clara, California and published in the Journal of Retailing in 1987. Six items in the produce department were highlighted with nutrition signs. Even though the number of signed items was small, the researchers found that consumers had a significantly increased perception of the supermarkets with the nutrition signs. This was compared to control stores using POP signs with no nutrition information (just buying and storing tips) and stores with signs stating just price.

³⁴In addition, the researchers made an unexpected and interesting finding. Consumers thought a fruit or vegetable with a nutrition sign on it was of higher quality than a produce item that did not have a nutrition sign. They did not necessarily think it more nutritious, just of higher quality. Our best guess is that the nutrition sign acted as a type of "seal of approval".

Valuable advertising/sales tool

³⁵This brings me to the third benefit of nutrition marketing - advertising and sales. Encouraging more purchases of fruits and vegetables is the main goal of any produce nutrition marketing program.

³⁶The Point of Purchase Institute says that consumers make 80% of their overall food purchasing decisions at the grocery store shelf. The percentage for produce is even greater since it is an especially high impulse purchase. Since 96% of consumers say that nutrition is a very or somewhat important factor when they purchase food, a short, interesting nutrition message could make the difference between a sale or no sale.

It has been extremely difficult to measure the sales impact of nutrition signs and advertising since so many variables affect the sales of fresh produce. However, a couple recent studies have shown a small increase in sales due to a nutrition marketing program.

³⁷Problem #8: How do you effectively communicate the nutrition message?

The real goal of the legislation is to give consumers more information so they can make informed food choices and include more healthy foods in their diet. While a label may be helpful to consumers seeking such information, it may not make an impact on many Americans.

³⁸Opportunity #8: Programs and research.

We will see a large number of new educational and marketing programs in the next 18 months. For example the National Food Processors Association is spearheading the Food Labeling Education Project which plans to produce a guide for professionals to help consumers understand and use the new food label to make informed food choices.

The Food and Drug Administration will also take an active role in educating consumers. The nutrition labeling legislation gives FDA the authority to develop consumer education programs. This is quite noteworthy since it is one of the few (if not the only) mandates FDA has had to develop consumer programs. After the final label format is developed, FDA plans to do research on what consumer messages will be needed and effective.

Implementing nutrition program in department

Since some of you may be planning or developing nutrition labeling programs, I thought I's pass along some tips gleaned from research and a review of successful nutrition programs:

^{39*} *Develop messages relevant to consumer interests and concerns.* The study in northern California showed stores had successful programs when highlighting one particular nutrition story, in this case, fiber. A rotating schedule of promotions centered on individual nutrients such as fiber, calories, vitamin A, potassium or others could provide an exciting promotional schedule.

^{40*} *Use point-of-purchase shelf labels as cues.* ⁴¹When consumers in the California study ranked the most useful ways to get information, shelf signs were at the top of the list. The impulse nature of produce buying decisions makes it a natural for nutrition messages on shelf labels. But the message needs to be short and simple. A complete nutrition label over each produce item is unlikely to make much of an impact on the consumer.

^{42*} *Use sources of information that are credible.* Fortunately, we will have a uniform nutrition values, provided by FDA, compiled from PMA data and USDA data.

^{43*} *Design highly visible materials distinguished from commercial promotions.* It's not easy to cut through the clutter of materials and information overload that consumers are exposed to. Again, I stress that nutrition marketing signs and information need to be simple and concise.

^{44*} *Make it long term.* Nutrition promotions are a long-term, consumer education service. They have some of

their greatest impact on consumer perceptions and loyalty.

⁴⁵* *Coordinate the program with supermarket personnel.* If the program is effective, it will spark consumer interest and questions. The people receiving many of these questions will be the produce clerks and managers. They need the resources to answer these questions.

And last but not least is the suggestion to coordinate efforts with those of health organizations and other associations.

For example, the new dietary guidelines urge Americans to eat 5 or more servings of fresh fruits and vegetables each day. ⁴⁶This recommendation forms the focus of the new Produce for Better Health Foundation. The purpose of this organization is to help alleviate certain chronic disease conditions by encouraging greater fruit and vegetable consumption and by awarding grants to institutions to help with this effort. The first board meeting of the organization is next week, but plans are already in the works to have retail materials ready by mid-fall.

The industry can also work with health organizations such as the American Heart Association which sponsors a healthy Food Festival each fall and the ⁴⁷American Cancer Society whose last two April campaigns have focused on healthy foods such as fresh fruits and vegetables to reduce the risk of cancer.

⁴⁸Win - Win situation

Using nutrition marketing in the produce department is a win-win situation. Consumers win as they learn how fruits and vegetables can help them live healthier lives. The produce industry wins as people buy more produce.

You see, nutrition labeling is not a problem - it's an exciting challenge and a wonderful opportunity.⁴⁹

Endnotes

¹ Problem #1: What data base to use?

² Opportunity #1: Provide a data base for the industry.

³ CN in Supermarket

⁴ Nutritional Label

⁵ Problem #2: How to effectively communication nutrition information to consumers?

⁶ Opportunity #2: Create a marketing tool.

⁷ Nutrition Marketing Resource Book

⁸ POP sign.

⁹ Advertising slogans.

¹⁰ Nutrient chart.

¹¹ Healthy recipe.

¹² Nutrition Marketing Resource Book picture.

¹³ Blank slide.

¹⁴ Problem #3: What are the top 20 fruits and top 20 vegetables?

¹⁵ Opportunity #3: Conduct research and provide information to FDA.

¹⁶ Problem #4: How to standardize serving sizes for fresh produce?

¹⁷ Opportunity #4: Serving size ranges.

¹⁸ Orange picture.

¹⁹ Strawberry picture.

²⁰ Cantaloupe picture.

²¹ CN in supermarket.

²² Problem #5: Displaying nutrition information in the stores.

²³ Opportunity #5: Develop materials for retailers.

²⁴ Best ways to provide information in stores.

²⁵ Problem #6: What is substantial compliance?

²⁶ Opportunity #6: Work with FDA on these issues.

²⁷ Problem #7: How can we encourage retailers to comply with the voluntary regulations?

²⁸ Opportunity #7: Sell the benefits of nutrition labeling.

²⁹ Customer service competitive tool

³⁰ Kid's Cartoon

³¹ Customer concern

³² Produce Department shot

³³ Consumers had significantly higher perception w/ nutrition POP

³⁴ Perception of higher quality

³⁵ Effective Advertising and Sales Tool

³⁶ Decisions made at supermarket shelf

³⁷ Problem #8: How do you effectively communicate the nutrition message?

³⁸ Opportunity #8: Programs and research.

³⁹ Successful nutrition programs

⁴⁰ Successful nutrition programs

⁴¹ Most useful way to provide information

⁴² Successful nutrition programs

⁴³ Successful nutrition programs

⁴⁴ Successful nutrition programs

⁴⁵ Successful nutrition programs

⁴⁶ 5 - a - Day slide.

⁴⁷ ACS program in action.

⁴⁸ Nutrition Marketing-A Win-Win Situation

⁴⁹ PMA Logo