

Food Marketing and Labeling

Cole Ehmke

Specialist in Ag Entrepreneurship and Personal Finance
Cooperative Extension Service
University of Wyoming

CONSUMER ISSUES CONFERENCE 2014

FOOD

PERCEPTIONS, PRACTICES & POLICIES

Laramie, Wyo. • 10 October 2014 • Consumer Issues Conference



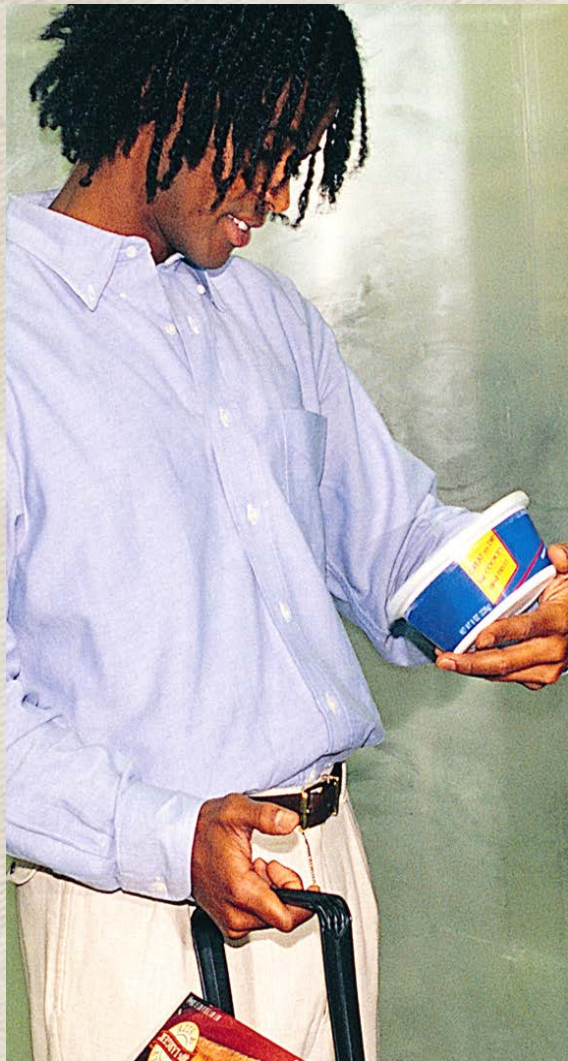
Production Method Claims



Five labels on this package front

Demand for Differentiated Food Products

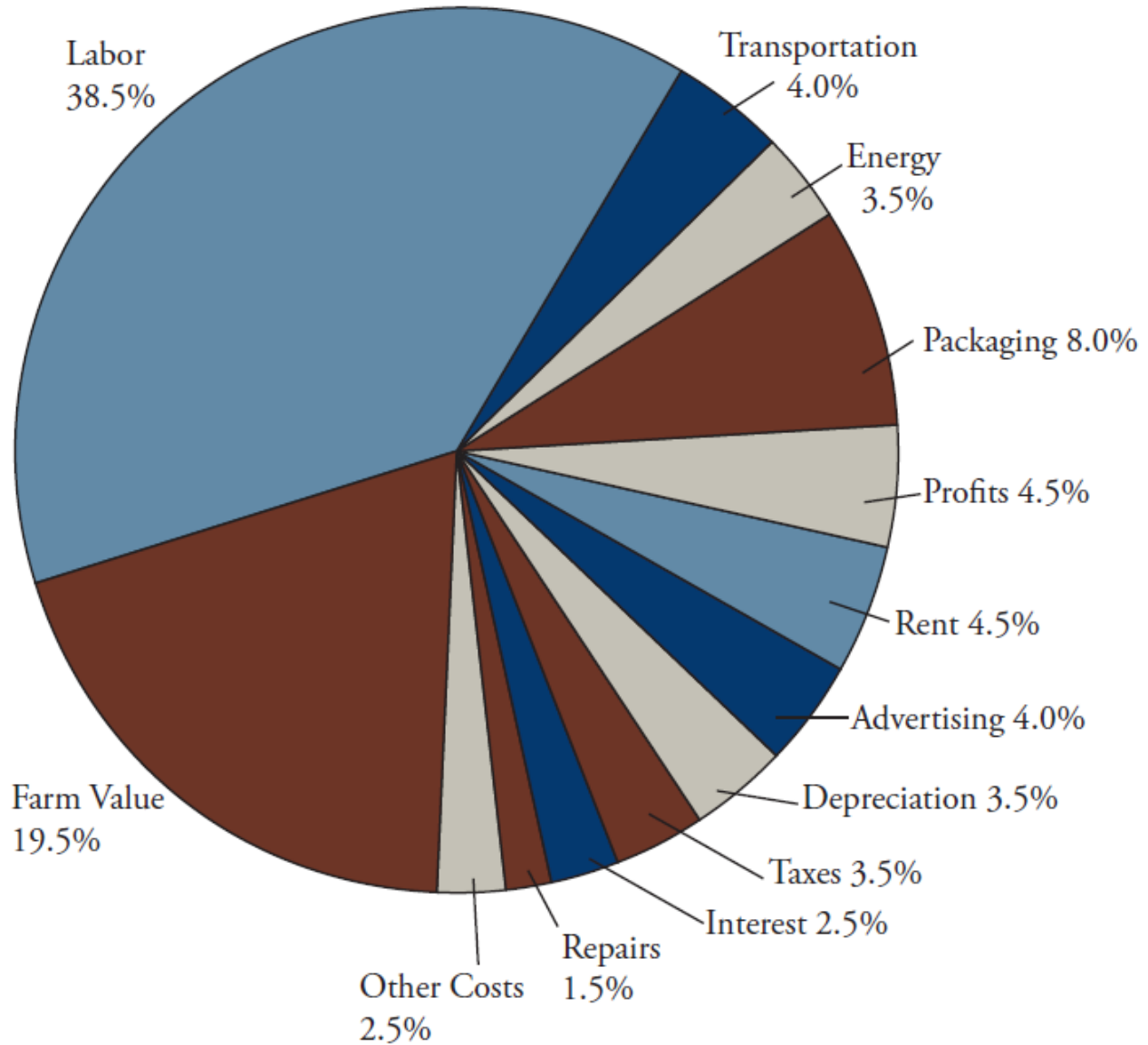
- (1) a growing separation between agricultural producers and food consumers
- (2) increasing food safety concerns
- (3) rising disposable household incomes



Calories from Fat		Serving	
Total Fat 2g*			15%
Saturated Fat 0g		3%	
Trans Fat 0g		0%	
Polyunsaturated Fat 0g	0%		0%
Unsaturated Fat 0g	12%	15%	
Cholesterol 0mg	0%	6%	
	8%	10%	
	12%	12%	
	23g		



COMPONENTS OF RETAIL FOOD COSTS



Production Practices



Nutrition Labeling



- U.S. FDA nutrition label
- Used by 1/2 of U.S. adults
- May promote healthier choices

Misconceptions of labels



Certification versus Branding

Front of package labels

- “Antioxidant rich”
- “Heart healthy”
- “Smart choice”
- “Boosts immunity”



Menu Labeling

Premium & Double Stacked Subs

Cal	Item	Price	Cal	Item	Price
590	THE FEAST	5.29	330	DOUBLE Turkey Breast	4.99
520	BIG PHILLY CHEESESTEAK	5.29	480	DOUBLE Sweet Onion Chicken Teriyaki	5.49
500	PASTRAMI	5.29	420	DOUBLE Subway Club	5.29
			630	DOUBLE Italian BMT	5.29
				Have Any Preference on DOUBLE STACKED?	
				Call (800) 451-4643	3.00

Vertical Calorie Scale (Right): 580, 560, 450, 480, 400, 380, 580, 410, 580, 470, 410, 380, 350, 320, 290, 260, 230, 200, 170, 140, 110, 80, 50, 20, 0.

BREAKFAST WRAPS

SPINACH FETA WRAP	13.25
WITH EGG & ROASTED TOMATO	
240 CALORIES	
BACON AVOCADO WRAP	13.25
WITH EGG & Aged Cheddar Cheese	
380 CALORIES	

oven-toasted



SLICED

PEPPER JACK

The Certified Non-GMO
Organic Cheese!

- ♦ GRASS FED YEAR ROUND
- ♦ CERTIFIED HUMANE

NET WT. 6oz (170g)



- ◆ Grass fed happy cows from the pristine coastal pastures of Northern California.
- ◆ No artificial hormones or pesticides
- ◆ Our cheese is made from organic milk from local family farms in our region.
- ◆ 4 generations of the Rumiano Family bringing you the best tasting organic hand-crafted cheese on the planet!

The Rumiano Family



CONTAINS 0g OF LACTOSE PER SERVING

Nutrition Facts

Serving Size: 1 oz. (28g)
Serv. Per Pack: 6

Calories 110
Calories From Fat 80

* Percent Daily Values (DV) are based on a 2,000 calorie diet

Amount/serving	%DV*	Amount/serving	%DV*
Total Fat 9g	14%	Total Carb 1g	0%
Sat. Fat 5g	25%	Dietary Fiber 0g	0%
Trans Fat 0g		Sugars 0g	
Cholest. 30mg	10%	Protein 7g	14%
Sodium 170mg	7%		
Vitamin A 6%		Vitamin C 0%	
		Calcium 20%	
		Iron 0%	

So What?

The abundance of food label claims has caused food decisions to become higher-involvement decisions

Not only do consumers have to navigate all these production method claims, they still take traditional factors into consideration as well:

- Price
- Brand
- Shelf Life
- Personal Taste Preferences



Which label(s) do consumers value the most?

Research has shown consumers are willing to pay for product attributes related to production processes and animal welfare, BUT:

- Obtaining the appropriate certifications can be costly (\$ and time)
- Much overlap exists between labels
- May be decreasing marginal WTP for additional labels



Selection of Production Method Claims and Livestock Products

Focus on specific on-farm practices:

1. Product is certified organic.
2. Animals were humanely raised.
3. Animals were grass-fed (or raised on a vegetarian diet).
4. Animals were not administered growth hormones.
5. Animals were not administered antibiotics.
6. Animals were raised in a free-range (or cage-free) environment.
7. Genetically modified organisms were not used in the production of this product (Non-GMO).

- Considered these claims on four product types:
- Beef meat products, Milk, Chicken meat products, Eggs

Best-Worst Scaling Results (Pref. Shares)

Production Method Claim	Beef	Milk	Chicken	Eggs
Animals were not Treated with Growth Hormones	0.220	0.246	0.258	0.269
No Genetically-Modified Organisms Used in Production (Non-GMO)	0.211	0.210	0.236	0.208
Animals were Humanely Raised	0.204	0.234	0.190	0.268
Animals were not Treated with Antibiotics	0.144	0.132	0.170	0.155
Animals were Raised in a Free-Range (Cage-Free) Environment	0.093	0.082	0.074	0.064
Product is Certified Organic	0.038	0.020	0.035	0.018
Animals were Grassfed (Raised on a Vegetarian Diet)	0.090	0.075	0.037	0.018
Number of Individuals	256	264	272	247

Do Halos Exist?

Many qualitative studies have shown that when consumers are asked what a label claim means (i.e., organic), they often attribute many more benefits to the claim than actually exist by definition

Brooks and Ellison test for seven potential 'halos' for each production claim using Likert Scale questions:

- Better tasting
- More nutritious
- Safer to consume
- More environmentally friendly
- Better for local economy
- More socially acceptable
- Better for small farmers

Halo Results

Production Method Claim	Tastes Better	More Nutritious	Safer to Eat	More Environmentally Friendly	Better for Local Economy	More Socially Acceptable	Supports Small Farmers More
Organic			X	X			
Humanely Raised				X		X	X
Non-GMO			X				
Not Administered Growth Hormones		X	X	X		X	X
Not Administered Antibiotics			X	X		X	X
Free-Range				X		X	X
Grass-Fed		X	X	X			X

Conclusions - Brooks

Use of growth hormones most important across all categories; however, USDA already prohibits this in poultry

- Lack of consumer knowledge?

Most shocking: Lack of importance for Organic

- One of the most comprehensive claims
- Suggests growing skepticism of this label?
- Or less knowledge related to organic livestock products requirements?

For producers, the top three preferred claims were very clear; BUT there are *many* factors at play in food purchase decisions

With thanks to

- **Johns Hopkins Center for a Livable Future**
- **Which Livestock Production Methods Matter Most to Consumers?** Kathleen Brooks & Brenna Ellison, University of Illinois at Urbana-Champaign
- **What is Driving Food Price Inflation?** Jason Henderson

Food Marketing and Labeling

Cole Ehmke

Specialist in Ag Entrepreneurship and Personal Finance
Cooperative Extension Service
University of Wyoming

CONSUMER ISSUES CONFERENCE 2014

FOOD

PERCEPTIONS, PRACTICES & POLICIES

Laramie, Wyo. • 10 October 2014 • Consumer Issues Conference

