



Industry uptake of the Health Star Rating system

A QUALITATIVE EXPLORATION

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Executive summary

The need for research

The Health Star Rating (HSR) system is a voluntary front-of-pack labelling system developed for use in New Zealand and Australia. The system uses a star rating scale of ½ to 5 stars to measure the overall nutritional content and healthiness of packaged foods. It is designed to help consumers make better informed, healthier choices quickly and easily, when comparing similar packaged foods, e.g. comparing breakfast cereals.

Health Star Ratings are voluntary, which means the food industry can choose whether to use it on their packaged foods or not. The HSR system will be implemented over a five year period, from June 2014. This research will feed into the two year post implementation review of the HSR system.

The focus of this research is to explore reasons industry has or has not taken up the HSR system on some or all of their product categories. Specific areas of interest include the motivations and barriers to implementing the HSR system, experiences implementing the system, and how MPI could assist industry with implementation.

Research approach

A qualitative approach incorporating 17 in-depth interviews, of which eight were undertaken face to face and nine were completed by phone. Some organisations were keen to have various aspects of their business represented during the interviews so had more than one person present, bringing the total number of participants to 21. Key sample variables include a spread of organisation size along with intention to implement the HSR system, as well as a spread of food categories and geographical locations from across New Zealand.

Key findings

Motivation and barriers to implementing the HSR system

In seeking to identify key motivations and barriers to implementing the HSR system, a number of 'types' became evident, from those who embrace the HSR system (Advocates), those who are watching and waiting (Alert), those who have low knowledge and little regard (Ambivalent), and those who philosophically disagree with the HSR system (Anti).

Advocates

Advocates are characterised by embracing the HSR system and have, or are in the process of, implementing the HSR system across their entire product portfolio. Key motivations and barriers are summarised in the table over the page.

Key motivations	Key barriers
<ul style="list-style-type: none"> • Acknowledge benefits across a number of different levels – product, brand, organisation. • Perceive an alignment with the HSR system and their organisational values – particularly around transparency and being accountable to their consumers. • HSR system allows for relative (rather than absolute) judgements. • Value ‘intangible’ benefits – social responsibility, public health. • Brand reputation / leadership role. • Competitor pressure. 	<ul style="list-style-type: none"> • Few – they generally have support systems (procedural guidelines) and networks (experts to call on) in place to navigate the HSR system and its intricacies.

Advocates have embraced the HSR system.

Alert

Those who are ‘Alert’ are characterised by their higher knowledge levels and their ‘wait and see’ approach. Key motivations and barriers are summarised in the table below.

Key motivations	Key barriers
<ul style="list-style-type: none"> • Concept of healthy food and transparency aligns with brand strategy. • Rebuild trust in the food industry (that may have been lost historically). • Transparency and honesty. • Absence of HSR may raise questions. • Assisting consumers with another ‘tool’ in the tool box. • HSR influencing product development and reformulation. 	<ul style="list-style-type: none"> • No solid business case / value to business. • Lack of momentum and visibility of HSR labelled products in store. • Packaging logistics – pack size / internal timelines. • Credibility of HSR system may be impacted by voluntary nature. • Arbitrary thresholds established – deliberately not displaying star ratings on low scoring products. • Perceived lack of diversity of ratings within a category doesn’t allow for discrimination. • Perception of inherent flaws in the system. • Query whether the HSR system is adding to consumer confusion.

**Alert are watching and waiting.
For many, the barriers still outweigh the motivations.**

Ambivalent

This group is characterised by their low knowledge levels and little regard for the HSR system. Key motivations and barriers are summarised in the table below.

Key motivations	Key barriers
<ul style="list-style-type: none"> • There are few motivations as suppliers lack knowledge and are unengaged with the issue. 	<ul style="list-style-type: none"> • Low knowledge levels of the HSR system, the implementation process and where to source information. • Low involvement – time poor, other business functions take priority. • Do not perceive any tangible benefit to their business.

Those who are ‘Ambivalent’ have low knowledge levels and little regard for the HSR system. Implementation of the HSR system would only be likely as a result of strong external pressure.

Anti

This group is characterised by their philosophical disagreement with the underlying principles of the HSR system. Key motivations and barriers are summarised in the table below.

Key motivations	Key barriers
<ul style="list-style-type: none"> Few motivations as they perceive fundamental flaws in the HSR system. 	<ul style="list-style-type: none"> Not perceived to be relevant for their consumers. HSR system does not take into account unprocessed foods. HSR system is too narrow in its focus – not taking into account additives and artificial sweeteners. HSR system is too simplistic – not distinguishing between different types of fats or naturally occurring vs. added sugars. Perception HSR system is misleading and giving consumers a false sense of appropriate foods. Perception HSR system is being used as a marketing tool and may be open to manipulation. Concerns over ongoing compliance. Perception HSR system bordering on a health claim, which is not permissible¹. At odds with organisational values.
<p>Those who are ‘Anti’ reject the HSR system in its current form and are unlikely to implement, unless they are forced to (via legislation).</p>	

Triggers to implement sooner

In an effort to minimise costs associated with implementation, many of those who have committed (Advocates) are simply confined by internal product cycles or the desire to retain consistency across their product portfolio. However, it must be noted that some of their initial optimism is waning, given the HSR system hasn’t achieved the momentum they envisaged. Even though Advocates are ‘on board’, MPI needs to positively reinforce their actions – both from an industry and consumer perspective.

Those who are watching and waiting (Alert) are, for the most part, are ready to act. However, the logic behind the intricacies of the HSR system (and subsequent perceived flaws) are getting in the way. This group needs reassurance that the HSR system can actually deliver what was intended, rather than simply adding to consumer confusion. Reassurance will be achieved through addressing the barriers identified.

Those who are Ambivalent need education about the HSR system, pitched at quite a basic level – what it is and how it relates to their business. They are unlikely to actively search for information as the current demands associated with running their business takes priority. To voluntarily implement the HSR system this group needs to be convinced that there is a direct tangible benefit (increase in sales revenue). However, the obvious challenge is that this cannot be guaranteed. Failing this, those who are Ambivalent will likely need strong external pressure to influence their behaviour.

Those who are Anti are unlikely to be convinced of the merit of the HSR system in its current form. They reject the system, and are unlikely to be swayed by any external influence, unless it was driven by a legislative change.

¹ A permitted Health Star Rating Symbol is explicitly excluded from Standard 1.2.7 of the Food Standards Code, so is therefore not considered a health claim (subsection 1.2.7-6(d)).

Industry experiences with implementation

Most feel that while the HSR system is relatively straightforward, it has a number of flaws. Whilst some in Industry are working around the perceived flaws; the flaws have become barriers to implementation for others. Some of the perceived flaws include:

- ‘Category 2’ being too broad and generic, putting unrelated products up against each other.
- A perception that the HSR system unfairly advantages dairy, with three distinct dairy categories.
- HSR system does not reference serving size, which is more closely related to people’s eating habits.
- Perceived inconsistencies when determining what ingredients can be incorporated in a product’s calculations. For example, the ability of some breakfast foods (porridge oats which need preparing) to incorporate the milk component in their HSR calculations, while other products, which are not typically eaten in isolation cannot claim accompanying ingredients.
- Lack of consumer understanding that the HSR system provides for comparisons within categories and that this is not reflected in the communication tools.

Packaging logistics play a key role decisions around implementation, specifically regarding fit with brand, priority of claims and real estate available. Others have to work in with timelines of third parties (e.g. contract manufacturers, overseas suppliers).

Some struggle to develop a compelling business case, particularly with regard to return on investment. Others raise questions around ongoing compliance and how the system will be policed.

MPI’s role in assisting industry to implement the HSR system

A number of threats to the overall success of the HSR system have been identified:

- Low consumer awareness, understanding and usage of the HSR system.
- Lack of understanding of the ‘context’ of the HSR system – particularly with reference to why fresh products do not have health stars, and why some manufactured product categories have health stars and others don’t.
- Little understanding by consumers that the HSR system provides for within category comparison. The risk is consumers interpret it as a generic system (comparing products across different categories), and as such, it fails to influence food choices as intended.
- Lack of supporting promotional activity. Some question the effectiveness of the current HPA campaign.
- Specific products and their relative star ratings are often cited as examples of the system not delivering what was intended, and as a result creates cynicism in the minds of some.
- Lack of momentum or critical mass of HSR labelled products available in store.

Industry perceives MPI needs to take a key role in addressing these threats, and as a consequence, assist implementation through:

- Focus on consumer education and as a result help to create consumer demand.
- A more effective campaign with shorter timelines.
- Stronger presence by MPI – taking ownership and driving the campaign.
- Greater consultation between MPI and Industry at all stages, from buy in to providing feedback.
- Providing evidence as to the efficacy of the HSR system – from New Zealand and overseas.
- Capitalise on influential others (nutritionists, media).

Increasing levels of voluntary implementation in New Zealand

It is clear that Industry feel MPI could take a more active and visible role across the board – both with facilitating uptake by industry and ensuring consumer comprehend and utilise the HSR system as intended. Many in Industry are looking to MPI for leadership in driving this initiative. Whilst MPI has achieved a degree of success with Advocates, there is still much work to be done with the other Industry types identified. MPI could capitalise on the motivations for each Industry type, highlighted in this report. In conjunction, MPI need to seek to remove or minimise the barriers to implementation that have been identified.

Recommendations

This section provides Industry's view on ways MPI could assist industry to ensure the overall success of the HSR system. The key outtake, is that Industry feel MPI should consider take a more active and visible role across the board – both with facilitating uptake by industry and ensuring consumers comprehend and utilise the HSR system as intended.

Consumer education

- It is the industry's view that MPI and/or the Health Promotion Agency (HPA) could do more to build awareness, comprehension and to facilitate (correct) usage of the system by consumers.
 - Enhance consumer understanding that it is a relative, not absolute measure (within category).
 - Provide a context for the HSR system, and the rationale as to why some categories are included and others are excluded.
 - Maximise campaign effectiveness and accelerate timelines.
 - Ultimately, assist in creating consumer demand for the HSR system.

Industry education

- Similarly, it appears there are a number of misperceptions held by those in Industry. MPI could work to educate Industry to ensure a comprehensive and accurate understanding of the HSR system.

Stronger presence by MPI

- It is the Industry's view that MPI needs to display leadership in driving the HSR system.
 - Capitalising on the inherent advantages of HSR being a Government backed initiative, particularly around the independence and objectivity of the system, to enhance its overall credibility.
 - Greater levels of engagement and consultation between MPI and Industry across various stages of the implementation process. Assist with buy in and provide ongoing support and a source of advice.
 - Ongoing feedback with regard to implementation, as well as any key learnings that could help Industry.
 - Help create a sense of momentum – progress reports, activity in the marketplace.
 - Provide 'evidence' of the effectiveness of the HSR system. For example, draw on international findings of similar systems or undertake own research to give credence to the benefits of the HSR system.
 - Note: Whilst MPI works closely with the NZ Food and Grocery Council, it is important that feedback/communications are driven by MPI.
 - Reassurance around how the system is monitored.

Influential others

- It is Industry's view that MPI could optimise the role of 'influential others'.
 - Get nutritionists/food consultants on board to assist in enhancing the overall credibility and understanding of the HSR system.
 - Utilise the media to communicate how and why the HSR system was developed and the science behind it.

Background and objectives

The Health Star Rating system is a voluntary front-of-pack labelling system developed for use in New Zealand and Australia. The system uses a star rating scale of ½ to 5 stars to measure the overall nutritional content and healthiness of packaged foods. It allows consumers to make better informed, healthier choices quickly and easily, when comparing similar packaged foods, e.g. breakfast cereals. It takes the guesswork out of reading nutrition labels when buying and choosing food.

Health Star Ratings are voluntary, which means the food industry can choose whether to use it on their packaged foods or not. The Health Star Rating system will be implemented over a five year period, from June 2014. Progress of the Health Star Rating system will be reviewed after the first two years after implementation.

Being a voluntary system there is a risk that the Health Star Rating system (HSR) may not be taken up on enough products to have any real impact on consumer awareness and ability to make healthier food choices. If this is the case there is likely to be a push, particularly in Australia, to make the HSR system mandatory.

Both the level of uptake data and the reasoning behind the decisions to uptake the system will feed directly into the trans-Tasman monitoring and evaluation that New Zealand information will be required for.

The HSR system is linked with the Ministry of Health's Obesity Strategy, and is one of the key tools outlined in that strategy. It is also a high priority for The Minister for Food Safety.

Research purpose and objectives

This research will feed into the two year post implementation review of the Health Star Rating system. The focus of this research is to explore reasons industry has or has not taken up the HSR system on some or all of their product categories.

Specific research questions include:

- What motivates the New Zealand packaged food industry to take up the HSR system on some or all of their products?
- What are the barriers to uptake?
- If organisations intend to implement the HSR system sometime in the future, what might trigger industry to implement sooner? For example, if they are waiting to update packaging or reformulate product, what could trigger earlier implementation?
- For those who have implemented the HSR system, what was their experience?
 - What worked well?
 - What were the pain points to implementation?
 - Any regrets about implementing?
- What can MPI do that would help industry implement the HSR system? What would make implementation easier or more attractive for industry?
- What would increase levels of voluntary implementation in New Zealand?

Methodology

Qualitative approach

Given the exploratory nature of the objectives a qualitative approach was utilised. A mixed-method approach incorporating face to face interviews and telephone interviews ensured the research captured a broad cross section of sample variables across the target audience.

The target audience is the New Zealand food industry who make and potentially import and/or sell packaged foods. Within this audience, key variables identified include:

- Smaller to larger organisations (with the number of employees used as a proxy for organisation size).
- Manufacturers/retailers of different product types and across different product categories.
- Retailers of private label brands (e.g. Pams, Budget, Select, Signature, Homebrand), as well as manufacturers/private companies.
- Those who have, and those who have not, implemented the HSR system on some/all of their products.
- A spread of geographical locations across New Zealand.

Sample

The sample frame is detailed in the table below. Seventeen individual interviews were completed with packaged food retailers/manufacturers. Of which, eight were undertaken face to face, and nine were completed by phone. Some organisations were keen to have various aspects of their business represented during the interviews so had more than one person present, bringing the total number of participants to 21.

		Implemented HSR	Not implemented HSR	Total
Organisation size	Small	1	3	4
	Medium	2	2	4
	Large	5	4	9
Total IDIs		8	9	17
Total Participants				21

Participants were from all facets of the business including quality assurance and compliance, food technology, marketing and business owners.

There were a broad range of categories represented across the sample, including breakfast foods, biscuits and crackers, snack foods, canned and prepared foods, frozen foods, meal ingredients and ready-made meals. Some participants had products across numerous categories in their portfolios.

Participants came from range of geographical locations across New Zealand, including Auckland, Tauranga, Hawke's Bay, Wellington, Nelson, Geraldine, Christchurch and Australia (with operations in New Zealand).

Interviews were undertaken from 30th June through to 15th July 2016.

Topic guide development

Colmar Brunton developed a semi-structured topic guide for use in interviews (refer Appendix). Key research objectives provided the topic areas for the structure of the topic guide.

Notes to this report

The views presented in this report are those of the interviewed adults.

Given the qualitative methodology, purposive sampling was utilised, whereby participants were selected based on a number of key qualifying criteria, as outlined above. As such, this report uses terms like ‘many’, ‘some’ or ‘few’ to indicate strength of perception.

This report identifies a number of key Industry ‘types’ relative to the HSR system. Whilst purposive sampling cannot provide inferences to the general population, during this study, five participants were classified as ‘Advocates’, four were classified as ‘Alert’, five were classified as ‘Ambivalent’ and three were classified as ‘Anti’.

It is hypothesised that ‘Advocates’ are more likely to be larger corporates.

Those who were ‘Ambivalent’ are more likely to be smaller organisations. During the recruitment process, it was difficult to find smaller organisations who had implemented the HSR system.

During this study, those who were classified as ‘Alert’ and ‘Anti’ included a range of organisation sizes.

The various industry types in this study, were present across a range of locations.

To understand how each of these types are represented in the general population, further quantitative research employing randomised sampling would need to be undertaken.

Terms used throughout this report

Throughout this report, the term ‘Industry’ refers to the New Zealand packaged food industry.

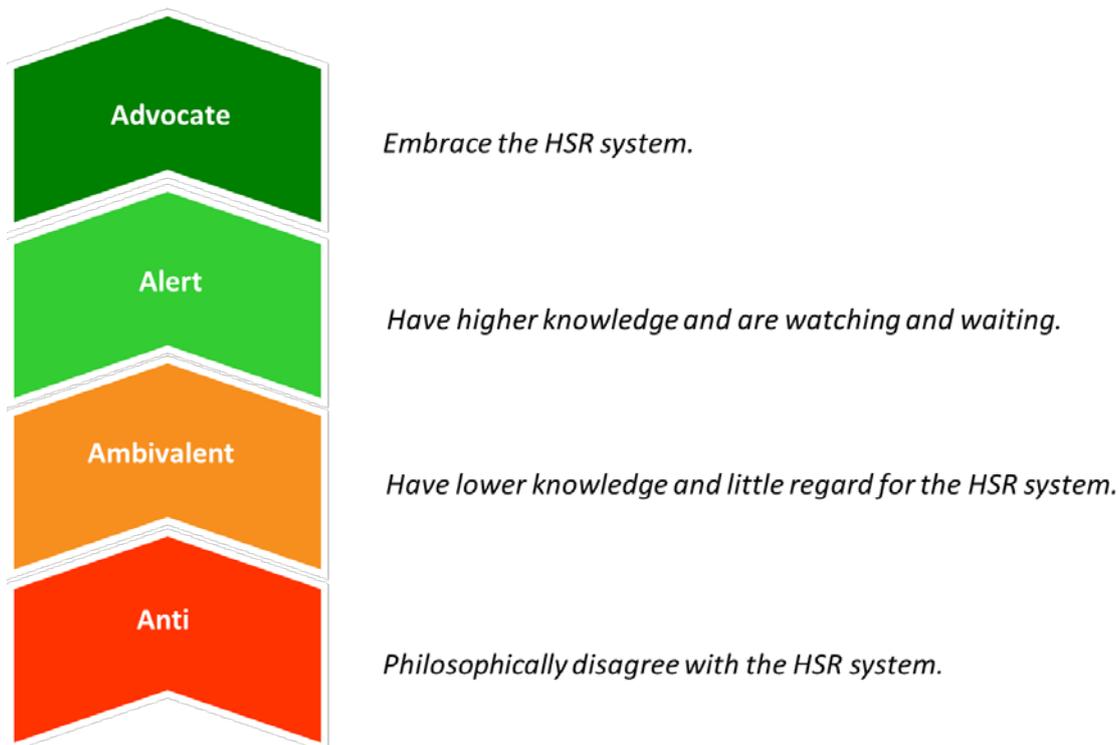
Use of verbatim comments

Verbatim comments have been used to illustrate findings throughout this report.

As part of the research process, participants were assured of their anonymity and that comments would not be attributed to individuals. As such, verbatim comments are not referenced by sample criteria, as this could easily identify the research participant.

Understanding different industry types

Industry participants differ with regard to how positively predisposed (or not) they are towards the HSR system, and their intentions towards it. A number of different 'types' are evident, from those who embrace the HSR system and perceive benefits on a number of levels, through to those who fundamentally disagree with the HSR system. Industry types are highlighted in the figure below.



This section profiles each type by their attitudes and behaviours towards the HSR system, and as such, identifies key motivations and barriers influencing Industry's behaviour with regard to the implementation of the HSR system.

Advocates

Advocates are characterised by embracing the HSR system, and have or are in the process of implementing the HSR system across their entire product portfolio.

Attitudes

Advocates tend to have an in depth understanding of the HSR system and the intent behind it. They recognise and can articulate benefits of the HSR system across a number of different levels, from product and brand benefits, through to organisational and industry benefits.

“At a product level it helps consumers make choices, which is pretty much the key driver in my view, behind why it's there. At a brand level it reflects to a certain extent a company's commitment to nutrition and their consumers. At an organisational level it creates a platform for us to have discussions with other businesses and also I guess have that visibility with government that [company] as an organisation are committed to initiatives that they have implemented which helps with relationship building.”

In addition, Advocates often perceive an alignment of fundamental principles of the HSR system with their own organisational values. Authenticity and transparency are often cited as core values, along with a responsibility to be accountable to the consumer.

“One of our most important values is transparency and to us, it's that official stamp that basically says what we are doing that as a company... And it's kind of an endorsement that where we have said we want to make healthy nutritious products, it actually means that we are doing what we say we are doing.”

An appealing factor for some Advocates is that the HSR system allows for relative judgements between products and is not absolute in terms of good foods vs. bad foods.

“From our perspective, we looked at the Health Star regime when it was first announced and we thought ‘oh yes, that could work for us’, because it wasn't too judgmental, I suppose in a way of diminishing these healthy foods, it was all about the relative healthiness of foods, as opposed to good foods and bad foods.”

Advocates typically have a longer term perspective and do not judge the success of the HSR system purely on direct tangible benefits, such as a lift in sales. They may believe the HSR system has potential to be far reaching and impact a number of areas, including industry sustainability, reduction in obesity rates, enhanced public health as well as being reflective of a socially responsible organisation. Which in turn is perceived to reflect positively on brand reputation.

“At the end of the day we need to ask ourselves, what is the responsibility for us as a food industry? And what will make the food industry sustainable, credible and profitable in the long term and it's not a short term thing, it's a long term thing... Our responsibility is to ensure that people live healthy productive lives through the availability of good wholesome food. And that's what the food industry is there for at the end of the day. It's not all about money, money, money. We need to make a profit to be sustainable and around for a while, but we have also got other responsibilities, it's not just about making a buck.”

Similarly, some Advocates are motivated by competitor pressure and or the desire to take on a leadership role within their industry. Although, it is interesting to note that some who were early adopters feel any competitive advantage they may have had initially has since been eroded, as other products in their category implement the HSR system.

“Well like I said going back to originally when we launched it, we were the only [product] that had a 5 star health rating which was amazing. We went out and sung that from the roof tops and then I think everyone kind of woke up to it... So we clearly had a competitive advantage, it was on the label in black and white for everyone to see. What I don't know is, did that translate into more sales? I don't know, but for me it was something that we could definitely talk about with media, to have on our website that we had this advantage over everyone else because we had 5 health stars... It's much more of a level playing field now.”

Advocates acknowledge the HSR system isn't perfect, and that there are anomalies that arise. However, they tend to have support systems (procedural guidelines) in place or sources to seek advice to help navigate these.

Behaviour

Advocates are confident in their usage and implementation of the system. They are committed to rolling out the HSR system across their entire product portfolio. Some hold the belief that due to the breadth of their product portfolio they are not disadvantaged by implementing.

“The breadth of our product portfolio means that we aren't disadvantaged I would say in adopting this. There will be some categories of product and some variants of product lines within a category that will have a perceived disadvantage because their product is less healthy. And there will probably be product lines for us that don't get as good as stars as some other products on the shelf. But, because of the breadth of our portfolio of products, we literally have products in every category, we are going to have some products that are good and some products that are less good and so it's all pretty much rounded.”

Delays in launching products with the HSR to market are typically a result of working around internal product/brand timelines, such as scheduled packaging updates and brand refreshes. Some have a preference to ensure continuity across an entire range and not release individual SKUs independently.

“So if we look at [brand] for example. We don't just want to do one [brand] SKU, we want to do the whole suite all at once. But the cost to update all at once, out of the brand refresh is significant, so we will have to wait for the next brand refresh.”

The HSR system is often being embedded into internal procedures and policies, with some having very detailed internal guidelines. The HSR system is also highly influential in the development of new products and product reformulations for Advocates.

“Even the thinking around new products... we said listen it's easier to launch a product as a 4 star than changing existing 2.5-3 stars to a 4.5 star, so I think it was a pretty good process for us.”

Similarly, conversations about HSR system have become part of the organisational culture for many Advocates.

“[Staff] can take pride in what they do and here is one way of it being demonstrated, we have got 5 out of 5 stars. So even if they don't really understand what the scheme is, they still understand that 5 out of 5 is really good.”

Advocates are also more likely to have an awareness that the HSR system is also being implemented in Australia and may look there for potential learnings or a source of advice.

Key motivations and barriers are summarised in the table below.

Key motivations	Key barriers
<ul style="list-style-type: none"> • Acknowledge benefits across a number of different levels – product, brand, organisation. • Perceive an alignment with the HSR system and their organisational values – particularly around transparency and being accountable to their consumers. • HSR system allows for relative (rather than absolute) judgements. • Value ‘intangible’ benefits – social responsibility, public health. • Brand reputation / leadership role. • Competitor pressure. 	<ul style="list-style-type: none"> • Few – they generally have support systems (procedural guidelines) and networks (experts to call on) in place to navigate the HSR system and its intricacies.
<p>Advocates have embraced the HSR system.</p>	

Alert

Those who are ‘Alert’ are characterised by their ‘wait and see’ approach.

Attitudes

This group have relatively high knowledge levels with regard to the HSR system. Even if they have not yet implemented health star ratings on their packaging, they have an understanding of what the system involves and how their products (and often their competitors’ products) rate.

As with Advocates, this group see their core business function as being the production of healthy food, and transparency around their processes serves as a key component of their brand architecture. As such, conceptually the HSR system is perceived to fit well and align with this (even if they are not fully convinced of the system). As such, perceived benefits of the HSR system start to extend to the brand and organisation.

“The biggest push is that it aligns with our brand strategy... it’s a good fit.”

“Well it helps build the story. I mean we talk about good food on our packaging, so it’s one way of telling that story. And it’s a positive... That it would be a positive story to tell, that we are helping you the shopper, make decisions and it’s to give the shopper reassurance as well.”

Many of those who are ‘Alert’, acknowledge that consumer trust in the food industry has been lost historically, referencing examples of products consumers thought were great, and then turned out not to be so (for example, palm oil). Some feel that consumers are looking for honesty and transparency around food choices, they are looking to regain that lost confidence, and the HSR system may help with this.

This group acknowledges the value of the HSR system providing a short cut for consumers, but often have a pragmatic approach and see it not as the ‘be all’ but rather ‘one more tool in the toolbox’.

“We have got to a point that we are going to start implementing it, because from a consumer point of view a lot of people are looking for short cuts... any system you implement isn’t going to be perfect, but you will trust a government initiative like this, to have had plenty of research around it and plenty of evidence to say this is one good way of telling people how to choose foods easily. It’s one tool in a mix of tools to make that decision around healthy foods. There is a nutritional panel, an ingredients list and there are also the additional health claims, but for people who are busy and just want to buy something for their kids, if a system is telling me this has got 4 stars and not 2.5 stars, then I have got to pick the thing that’s got 4 stars... from a consumer perspective, I think there is a short cut.”

However, there are some who feel there is a lack of diversity in star ratings in some categories, which for them, raises questions about whether the HSR system is achieving its overall intent.

“Look at the breakfast category... they are all the same. How is that helping consumers to make a healthier choice?”

Some are starting to feel external pressure with regard to the absence of health stars on their products, particularly if it starts raising questions in consumers’ minds as to why the product doesn’t have a health star rating.

“By not having it, are we hiding something? As competitors introduce it, questions may be asked as to why we are not.”

However, others have a sense that the promised momentum (in implementation) hasn’t happened, and this may be a risk to the system.

“I went to a course by MPI a while back... It was a good course... I came away thinking it was a really positive thing to do. But I guess I thought there would be more products out there. I thought it would be everywhere... but that hasn’t happened.”

Some hold the opinion that those who have implemented health stars, are doing so to tell the best possible story and may be skewing perceptions and potentially confusing consumers in the process.

“Because its voluntary, people putting it on pack tend to have a high rating, it’s really skewing perceptions a bit.”

Whilst many who are Alert, accept that the intent behind the program is valid, they may believe there are inherent flaws which are impacting on the overall effectiveness of the system. These are discussed more fully in the ‘Industry experiences with implementation’ section.

Behaviour

Those who are ‘Alert’ are actively watching the market – observing competitor activity and consumer behaviour. The perceived lack of momentum and visibility of products displaying health stars on shelf, is a barrier for some.

“Because our competitors are not doing it, there is no incentive for us to roll it out.”

Others do not see a clear business case for implementing the HSR system, that is, there is no clear value to the business.

“We need evidence to present a business case. There’s two key reasons to implement change: 1) there will be an increase in sales; 2) It will prevent a loss of sales. This [HSR system] does neither.”

Some have undertaken the background work involved, that is, putting their products through the calculations. However, there is little sense of urgency.

“It’s a nice to have, we want to do it... it fits with the brand, it makes sense... but it’s not imperative.”

Many expressed an intention to implement the HSR rating system, and are just working through the logistics to fit with internal timelines, e.g. scheduled brand refreshes, exhaust existing packaging stock.

Others have stated an intention to roll out the system, but have a strategy to actively select the products it will be implemented on. Some have established an arbitrary threshold that they work towards. For example they will not consider implementing health stars on existing products, if they score below a certain value. Three to three and half stars is often perceived to be the lowest ‘acceptable’ star rating that they will display on their products.

“Manufacturers don’t want to put low scores on a product. We would never put anything less than three stars.”

Some have even undertaken their own consumer research seeking to establish consumer awareness and comprehension, to assist with their overall decision making.

It is interesting to note, that many who have not yet implemented health stars on their packaging, have adopted it in their internal processes and are using it for product reformulations and NPD. Again, whilst manufacturers may have an arbitrary threshold in mind, in this case they are using it to guide product development to ensure new products achieve a maximum health star rating.

“It will start influencing our recipe development. We will be having conversations around it... It will be a requirement on the brief, it’s got to be around 4 stars or 3.5 stars or whatever... so it will drive a language and I guess, a wider awareness around different components within our foods.”

“We put all our products through the calculator. We continue to use it for our products and use the tool to review competitor products. So, even though we are not displaying it on pack, we use the tool.”

Key motivations and barriers are summarised in the table below.

Key motivations	Key barriers
<ul style="list-style-type: none"> • Concept of healthy food and transparency aligns with brand strategy. • Rebuild trust in the food industry (that may have been lost historically). • Absence of HSR may raise questions. • Assisting consumers with another ‘tool’ in the tool box. • Influencing product development and reformulation. 	<ul style="list-style-type: none"> • No solid business case / value to business. • Lack of momentum and visibility of HSR labelled products in store. • Packaging logistics – pack size / internal timelines. • Credibility of HSR system may be impacted by voluntary nature. • Arbitrary thresholds established – deliberately not displaying star ratings on low scoring products. • Perceived lack of diversity of ratings within a category doesn’t allow for discrimination. • Perception of inherent flaws in the system. • Query whether the HSR system is adding to consumer confusion.
<p>Alert are watching and waiting. For many, the barriers still outweigh the motivations.</p>	

Ambivalent

This group is characterised by their low knowledge levels and little regard for the HSR system.

Attitudes

Those who are ‘Ambivalent’ tend to have low knowledge levels. They may have some broad awareness of the HSR system, but lack any in depth understanding of the details at an industry level or the implementation process specific to their business. The level of awareness typically extends to a personal/consumer level.

“I don’t know enough about it... how it would relate to our business, our products. There must be some sort of table criteria that you send to someone...”

The low knowledge levels in itself, has the potential to create barriers, through misinformation.

“Informally you know that healthy food is not always tasty... I’d be concerned this is telling people our products aren’t tasty.”

Those who are ‘Ambivalent’ also exhibit low involvement and are not motivated to increase their knowledge. They are time poor and cite other demands/functions of running their business as taking priority. In saying that, they express no strong emotions about the HSR system, either way.

Behaviour

Those who are ‘Ambivalent’ have typically not undertaken any action around the HSR system. Some may struggle to articulate a source/organisation from whom to seek information. Some are referencing the EMA and Food Shows or Trade Shows as a potential information source and their likely first point of contact.

This group is unlikely to consider implementing the HSR system, unless they are convinced there is a direct tangible benefit to their business – for most, this equates to an increase in sales. At a very minimum, they would expect some level of return to cover the costs incurred.

Those who are ‘Ambivalent’ are unlikely to take any action on their own accord. Action is only likely as a result of being heavily influenced by external pressures. Some of these external pressures may include:

- HSR system becomes mandatory.
- HSR system becomes a category norm, which in turn raises questions about products not displaying a health star rating.
- Consumer driven – their customers specifically asking for the HSR system.

Key motivations and barriers are summarised in the table below.

Key motivations	Key barriers
<ul style="list-style-type: none"> • There are few motivations as suppliers lack knowledge and are unengaged with the issue. 	<ul style="list-style-type: none"> • Low knowledge levels of the HSR system, the implementation process and where to source information. • Low involvement – time poor, other business functions take priority. • Do not perceive any tangible benefit to their business.

Those who are ‘Ambivalent’ have low knowledge levels and little regard for the HSR system. Implementation of the HSR system would only be likely as a result of strong external pressure.

Anti

This group is characterised by their lack of perceived value of the system to their customers or their philosophical disagreement with the underlying principles of the HSR system.

Attitudes

Those who are ‘Anti’ may hold the belief that the HSR system is designed for consumers who have low knowledge levels and are less educated about food and food choices. In contrast, those who are ‘Anti’ hold the opinion that their customers tend to be more highly educated around food and nutrition. They perceive their customers as having the ability to read and understand the nutritional panel on the back of pack, as such, they do not see the HSR system as adding any value from a customer perspective.

“The people that buy our kind of food, are already health conscious. They have a greater awareness of healthier food choices.”

“We feel that our consumer is more highly educated and the type of consumer that does read the back of the pack, does look at the nutritional information, so it's not adding value to our consumer.”

Of key concern, is that the HSR system does not apply to unprocessed foods, which this group believe, are the healthiest food choices. They therefore perceive the HSR system to be promoting processed food. Similarly, those who are ‘Anti’ also feel there is a lack of clear rationale as to why HSR does not apply to some foods/food categories.

“It's actually promoting packaged processed foods as the perfect healthy food, whereas unprocessed real natural foods don't carry packaging, therefore don't carry the rating.”

This group believes the criteria behind the HSR system is too narrow, focusing on a very select range of nutritional information, like fat, sugar, energy and dietary fibre. Of concern to them, is the fact that the HSR system does not take into account additives.

“You can take out the sugar or you can take out the fat, but you can replace it with artificial additives, like flavourings, sweeteners and that sort of thing, which have proven ill health effects... which seems to be moving away from the whole reason of health and what the rating is trying to achieve.”

Those who are ‘Anti’ also object to aspects of the algorithm including that the system fails to discriminate between different types of ingredients, like naturally occurring or added sugars. This also extends to perceptions that the system also does not discriminate between different types of fat.

“The programme is only simplistically looking at fat as a whole... not categorised whether there is trans-fat, poly, mono. Another consideration is differentiating between added and naturally occurring sugar, and then going further and saying how much of the added sugar is unrefined or refined, because unrefined doesn’t cause such a spike in sugar levels in your body, you have to look at it as a whole...”

Similarly, given its perceived narrow focus, those who are ‘Anti’ feel that foods are being misrepresented by the HSR system. They feel there is a risk of consumers missing out on health benefits of other foods (unprocessed foods/vegetables etc.) because they don’t get a rating. They believe the HSR system is making food out to be healthy when it’s not and giving consumers a false sense of appropriate foods.

“Consumers don’t know... even in my own family, my brother said to me, ‘I’m having this (Up n Go) for breakfast every single day because it’s the perfect food’ and I was like, hang on a minute...”

“Here is an interesting example, butter vs. margarine. Margarine has like 15 ingredients, a bunch of preservatives and additives, numbers... and it’s got a 5 star health rating. Butter which is made up of cream, water and salt and it’s got 0.5 star rating... It’s just moving away from natural foods in our opinion.”

Those who are ‘Anti’ also believe that calculating values per 100g or 100ml vs. per serve and having no reference to being part of a healthy balanced diet, can be misleading consumers.

Also, as a consequence of the perception that the HSR system selectively focuses on a few isolated nutritive qualities, this group believes products can be manipulated to achieve a higher star rating. Similarly, they believe companies can be selective and are choosing favourable categories to show the stars on, essentially turning the HSR system into a marketing tool.

“So, what you can see here, is that it’s being used as a marketing tool for companies, it really is. It’s using up prime real estate on a ¼ of the front of the pack, they’re clearly using it as a marketing tool.”

Related to this, there is concern about the reference to ‘health’ as a descriptor. Those who are ‘Anti’ perceive this to be at odds with other food regulations and the fact that foods generally are not permitted to claim to be ‘healthy’².

“We are actually quite surprised that the rating can actually be called a health... star rating, because what does healthy mean? We are not allowed to refer to food as healthy. I think it actually borders on a health claim, which it’s implying it’s giving you health.”

Concerns about the use of the HSR system as a marketing tool, also raises questions about the validity of the programme and ongoing compliance.

² A permitted Health Star Rating Symbol is explicitly excluded from Standard 1.2.7 of the Food Standards Code, so is therefore not considered a health claim (subsection 1.2.7-6(d)).

“I don't think the companies should be allowed to rate it themselves, because they put it through and who checks that? It needs to be audited and if you're going to do it, then it needs to be audited as part of your food safety programme.”

Given the perceptions described above, those who are ‘Anti’ may see the HSR system at odds with their core organisational values.

“So it's currently suited to manufacturers with highly processed foods that manipulate their ingredients and their formula to achieve a better rating, but that's not really what our food is about... Our food is about taking whole real ingredients and minimally processing and maybe blending them, but that's it.”

Behaviour

Those who are ‘Anti’ are very unlikely to implement the HSR system in its current format. This group is only likely to take action if the HSR system is made mandatory.

Key motivations and barriers are summarised in the table below.

Key motivations	Key barriers
<ul style="list-style-type: none"> Few motivations as they perceive fundamental flaws in the HSR system. 	<ul style="list-style-type: none"> Not perceived to be relevant for their consumers. HSR system does not take into account unprocessed foods. Perception HSR system is too narrow in its focus – not taking into account additives and artificial sweeteners. Perception HSR system is too simplistic – not distinguishing between different types of fats or naturally occurring vs. added sugars. Perception HSR system is promoting packaged foods and giving consumers a false sense of appropriate foods. Belief HSR system is being used as a marketing tool and may be open to manipulation. Concerns over ongoing compliance. Perceptions HSR system bordering on a health claim, which is not permissible³. At odds with organisational values.

Those who are ‘Anti’ reject the HSR system in its current form and are unlikely to implement, unless they are forced to (via legislation).

Summary

This section identifies a number of different Industry ‘types’ along with their relative motivations and barriers towards implementing the HSR system.

Advocates can identify a number of benefits as a result of implementing the HSR system, and as such are internally motivated. However, it must be noted that for some their initial optimism is waning, given the HSR system hasn’t achieved the momentum they envisaged. Even though Advocates are ‘on board’, MPI needs to find ways to positively reinforce their actions – both from an industry and consumer perspective.

³ A permitted Health Star Rating Symbol is explicitly excluded from Standard 1.2.7 of the Food Standards Code, so is therefore not considered a health claim (subsection 1.2.7-6(d)).

Those who are Alert, for the most part, are ready to act. However, the logic behind the intricacies of the HSR system (and subsequent perceived inherent flaws) are getting in the way. This group needs reassurance that the HSR system can actually deliver what was intended, rather than simply adding to consumer confusion.

Those who are Ambivalent need education about the HSR system, pitched at quite a basic level – what it is and how it relates to their business. They are unlikely to actively search for information as the current demands associated with running their business takes priority. To voluntarily implement the HSR system, this group needs to be convinced that there is a direct tangible benefit (increase in sales revenue). However, the obvious challenge is that this cannot be guaranteed. Failing this, those who are Ambivalent will like need strong external pressure to influence their behaviour.

Those who are Anti are unlikely to be convinced of the merit of the HSR system in its current form. They reject the system, and are unlikely to be swayed by any external influence, unless it was driven by a legislative change.

Industry experiences with implementation

This section highlights Industry experiences with implementation of the HSR system. It draws on findings primarily from the ‘Advocate’ and ‘Alert’ types detailed in the previous section.

There is a general sense, that a significant amount of strategic thinking was required initially to understand the HSR system and its implications for individual organisations. For most organisations, this necessitated multiple discussions at a very senior level, requiring a lot of time and effort.

“I think it's just the planning bit, if you're going to implement something equally, what is it that you want to achieve? We took a bit of time to figure out what is the minimum health star rating we want as a business and what is achievable with our products as they are now... That took a bit of time and there was a bit of forwards and back, but we sorted that out pretty early in the piece and once we got it going, it was all much easier.”

Once the decision was made, the focus then moved to the details of the HSR system and understanding the various categories that are applicable.

“I think understanding of what category you fit into... we are high in protein, high in fat, and I think we could even have done it from a fibre... I think we added fibre because we have got good dietary fibre as well, which then definitely pushed us into the 5 out of 5. That kind of could have been a little bit clearer, but I think between us all, we worked it out...”

Although in saying that, some organisations perceive the HSR system to be better suited to specific product categories, typically the unhealthier categories. As such, the HSR system is perceived to have little relevance as they do not perceive their own products this way.

“HSR is most beneficial to the junk food category, so that consumers can determine what, out of the unhealthy options, is the healthiest (e.g. if a consumer wants a packet of crisps, within that category they can choose the healthiest option). Whereas, if a product is already healthy, then what's the point?”

Some organisations were fortunate to be able to draw on learnings from their Australian colleagues. Others used third party experts (e.g. food consultants, nutritionists) to assist with their calculations. Some of the bigger organisations acknowledge having dedicated resources to undertake the calculations and design the labels.

“From an implementation point of view, the whole thing was pretty straightforward. I think the fact that they provide you with the calculator that it's pretty clear. Our first calculation was done by our food safety consultant, so we knew it was right and she had been on a training course about it all, so that was all good. Artwork and all of that was relatively straightforward... [The colours] are in keeping with our brand. I think from an implementation point of view, it's pretty straightforward, I mean you would have to be not too clever to mix it up.”

Many feel the HSR system is relatively straightforward, and the guidelines provide a sense of clarity.

“There are definite guidelines and rules around it, so it's not open to everybody's interpretation. Yes, I have seen some people looking at their products slightly differently and trying to play a little bit with those guidelines, but there is not really a lot of room around the guidelines.”

Some found the calculator easy to use, but its simplicity raised questions. Some expressed concern and apprehension about the accuracy of their calculations.

“The calculator is really easy to use, straightforward, simple... but almost too easy... you think it should be more complex... have I done it right?”

Some have experienced a ‘bug’ in the calculator, which impacts confidence in the outputs.

“Often when I am using the Excel calculator, it stops working and the stars stay at 3.5, even if the product has more or less stars than this, I double check now, but have almost put the wrong stars on a product as a result of this bug.”

Many feel that the system itself has flaws, where the rationale doesn’t seem to stack up. These perceived limitations are often described as ‘pain points’ in the implementation process and have potential to undermine the credibility of the system.

“That puts us off... their logic is not quite right.”

Category classifications

Many of those whose products fall into ‘Category 2’, feel the category is too broad and generic and should be broken down further. It is felt to put unrelated products up against each other and it does not reflect products that tend to be more natural, that is, products that are close to their natural state and have been subjected to minimal additional processing.

Related to this is the perception that the HSR system unfairly advantages dairy, with three distinct dairy categories.

“It’s a joke within our team... you can clearly see Fonterra have someone on the (advisory) team. There are very specific categories around dairy... then all other products lumped together in a category, which is too broad. It feels like dairy got a really good deal. We’re lumped in with pasta sauces... we’re a protein... how does that work?”

Serving size

Whilst suppliers acknowledge calculations are based on 100 grams or 100 mls to allow for easy comparison across different pack sizes, the HSR system does not take into account serving size. Some feel serving size should be the reference point as this is more closely related to people’s eating habits. In saying that, they acknowledge that serving sizes need to be realistic.

Alternatively, others feel there should be a way to indicate if your serving size is bigger/smaller.

“Most of our products score highly which is amazing to me. But a lot of that is because of the way it’s calculated and the fact that it’s per 100ml or per 100g. I think the lack of serve size implications onto the health star rating system is a limitation.”

“My big bugbear is just serve size. Consumers don’t understand that, even some nutritionists don’t understand that it’s per 100mls or per 100gm regardless of serve size.”

Some in Industry are making their own adjustments to reflect a per serve value.

“We have had a few challenges where we have tweaked the health star rating outside of the style guide because it hasn’t worked for us. For example, [with larger pack size] you’re supposed to use it per 100g, and when you do a [smaller pack size], you do it per serve, and we didn’t want to have different values in each of those boxes because it would confuse consumers, so we have standardised it to per serve regardless of what you’re looking at. So that when you have got different pack sizes, they all read the same thing. That’s outside the scope of what the style guide says you can do.”

“With our [product] we are supposed to do it per 100g, but who eats 100g of [product]? So we have pulled that back to per serve as well. Because it just seemed more realistic. It seems to make sense to put things into consumer perspective of how much are they going to eat and what it means for them. So our little consumer hats told us we should do it that way.”

Part meal vs. whole meal

Some perceive there are inconsistencies, particularly when evaluating whether a product forms part of a meal or is a whole meal on its own. A commonly cited example is the ability of some breakfast foods (mainly porridge oats that require preparation) to incorporate the milk component added during preparation in their HSR calculations, while other products, which are not typically eaten in isolation cannot claim accompanying ingredients.

“It felt like there was a double standard... cereal can claim milk. A piece of fish is eaten with veges, but we can’t claim this... you don’t eat a piece of fish on its own.”

Within category comparisons

A key concern mentioned elsewhere in this report, is the lack of consumer understanding that the HSR system provides for comparisons *within* categories. Some feel this is not represented in the communication tools.

“There needs to be some way to communicate the rating is within category... this is not clearly communicated either by the device on the pack or in advertising.”

Packaging Logistics

The logistics of changing packaging are a key consideration for many. Product labelling is a critical marketing tool, especially for smaller/medium industry players, who have limited budgets for massive campaigns. This also means that other claims, for example, NZ made, gluten and preservative free, no artificial colours, flavours or sweeteners compete for label space and may take priority.

“For our product labelling, it’s super important, because when you don’t have a massive above the line budget, we don’t do TV or billboards, whatever, so for us investing in labels that look fabulous on the shelf quite simply, is one of our greatest considerations. For us, that means a label has to communicate not only what the product is, but it needs to communicate a feeling. It needs to explain the product, it needs to be informative, but it needs to be interesting on the shelf because the markets are only getting busier and the shelf is only getting busier. So for us, our consideration around our label design and information that we communicate on our labels, are imperative.”

Some feel the HSR style and devices do not fit visually with their product's/company's brand story and it looks too regulatory.

“When you talk to me about the Health Star Rating system, I think about visually the contribution that it makes to a label. For our brands in the space that they occupy, it looks like a rating system. For us, it doesn't communicate visually in the way that we would want to, if we chose to communicate that particular set of information. Visually, as brand owners, we have a problem with it because of how it looks. It looks like a regulatory thing... Our perception of our labels, is they're a story-telling device. They tell a story and it's much more about a soft-skills thing. It's about soft messaging, with cleverly chosen words to deliver a message or factual message. Then for us the Health Star Rating system crushes it, it doesn't work for us. We don't believe it helps us tell that story in a way, or on a journey that the consumer wants to go on with our brand. In our minds, the consumer wants to be led on a journey.”

Pack size of product is a barrier to implementation for some, particularly when packaging real estate is at a premium.

“We've developed a protein product which gets four stars... but it's quite a small pack, the packaging is already messy and cluttered. It would be taking space, when we're already short of space.”

“Canned is a challenge... the real estate is so small from a pack design point of view.”

The costs associated with new packaging are a key consideration for many. Industry are keen to minimise unnecessary waste and express a preference to use all existing packaging in the first instance and that costs with changing artwork/plates are built into planned packaging refreshes.

Some who import products, face additional challenges of increased costs and lengthy lead-times when dealing with overseas suppliers.

“We have suppliers in Thailand, they'd be happy to do it... We have other suppliers (from Europe), they're huge and just not interested. They'll likely charge a premium.”

“We would like to do our own labelling, but we do massive runs, it's not easy to change, we need really long lead times... and with new (overseas) suppliers, things can get lost in translation...”

Similarly, those who use contract manufacturers are often at the mercy of the manufacturer's lead times.

“Once we sign off and we hand the design over to the manufacturer, we might see the rollout pretty much immediately or it might take 3 to 6 months depending on how much labelling stock they have, and we don't have any control over that.”

Business case

Related to the costs involved, some struggle to develop a compelling business case with regard to the return on investment. Some feel the costs associated with implementation outweigh any value gained.

“It's not of benefit to us. It costs us a lot more than just putting some flash Harry four star thing on there than it is to actually get the benefit from it, to be honest.”

Compliance

Some query how the system will be policed.

“I hate the word policing it, but there is a role that they need to be doing... It could be as easy as when you're doing your independent audit, it becomes part of it... that you will just check that, yes you have done it accurately, that's all. It's not policing it, it's just ensuring it's done correctly.”

Summary

This section highlights Industry experiences with implementation. As a result, a number of threats to the success of the HSR system have been identified. These are detailed in the next section.

Threats to the success of the HSR system

This section builds on Industry's experiences with implementation, and identifies a number of threats to the overall success of the HSR system. Industry perceives a need for MPI to take a key role in addressing these threats.

Low consumer awareness

There is a general perception across Industry, that consumer awareness and understanding of the HSR system is low.

“General everyday consumers aren't aware of it... don't understand it... Fair Go slammed it.”

“The public needs to get on board... they have to buy into it... They're not there yet... they're still caught up on teaspoons of sugar.”

There is a lack of any direct consumer feedback to organisations. This raises questions about whether consumers are noticing the stars or if it's relevant to them.

“We have got really good open channels, we are always out and about doing tastings and sampling, we have lots of interface with our customers, lots of touchpoints... I have got to say, it's very rarely mentioned, 'oh wow, you're 5 health stars, cool'.”

Lack of context

The lack of context is also felt to inhibit consumer understanding around healthy food choices. There is a lack of understanding of the 'context' of the HSR system – particularly with reference to why fresh products do not have health stars (when they are perceived to be the healthiest choices). Similarly, there is little understanding of why some manufactured product categories are permitted to have health stars and others are not.

“It's for packaged products... that's part of the problem in itself... the healthiest food you can buy doesn't have stars.”

“That understanding of why some products don't have to have it. Is it because people know already that alcohol is terrible for all of them, and they don't want to look like mean party poopers, I don't know.”

Low comprehension – across or within category?

Industry perceive consumers to have minimal understanding that the HSR system provides for within category comparison. They believe there is a risk that consumers interpret it as a generic system (comparing products across different categories), and as such, it fails to influence food choices as intended.

“Consumers are seeing one rating system... generic across all categories.”

“You have got to compare like for like and that's the bit that's missing... No one is saying, this is a like to for like health star rating, it's not across the board health star rating.”

It is also interesting to note, that the message of the HSR system being category specific is not strong, even amongst some food manufacturers themselves.

“It wasn’t until, I think last year, when Up n Go appeared on one of those evening shows to defend the fact that they had a 4.5 rating and that was because they were deemed a fast food which meant clearly that while they were still high in sugar etc. etc., they were a better quality food than a KFC or McDonalds. And that was the first that I had understood that oh... and I mean I work in the food industry I'm quite educated about reading the labels and doing all of that, but that sort of secondary level of the 5 star rating had kind of slipped me by and then I started looking at it and clearly you have got to compare apples with apples, but I think most people just go, ‘oh look that’s 5 star, that’s 5 star woohoo I'm going to have all the 5 stars and be really healthy’.”

Lack of supporting promotional activity

Whilst many are aware of the HPA ad on You Tube, some question the effectiveness of it. Many do not feel it goes far enough in terms of developing and supporting consumer understanding. Others have been disappointed with this campaign, having been led to expect something more impactful.

Specific product examples

Specific products and their relative star ratings are often cited as examples of the system not delivering what was intended (exacerbated by negative publicity). Many in Industry cannot see the logic in the star ratings achieved and have a perception that the system has been ‘worked’.

“You can get a 4.5 star rating on [Nutrigrain]... But it's got the third highest amount of sugar and yet they get a very high star rating... So, you're telling people to eat that, with a lot of sugar in it, 14 tsp of sugar for breakfast?”

“You get a bit cynical ... Nutrigrain have got their box and [the star rating takes up this much space]. And it's shouting it out and then you find out that it's got 25% sugar in it.”

“Going back to Up n Go, I don't think of them as a fast food, I think of them as a dairy product, but I can see why they wouldn't want to be a dairy product because they add so much stuff to it... So they have taken that route of, well actually we are a fast food, well heck of course you're going to get 4.5 out of 5 if you're being compared to a group of KFC and what I think of as a typical fast food.”

“The drinks (non-dairy) seem to calculate excessively low stars because diet drinks (zero sugar, low kilojoule and sodium) as well as flavoured water products, only get 2 stars when standard fizzy drinks get 1 – 1.5 stars. This does not seem right, especially when a high sugar jelly product gets 3 stars under a food category. On the flip side, dairy drinks seem to be excessively high, e.g. Milo, drinking chocolate, flavoured milks that are high in sugar, get 4-4.5 stars. Again, with margarine that gets 4.5 stars, this does not seem right as well.”

Cynicism

These specific product examples have created cynicism in the minds of some, and eroded trust in the system.

“If you use the health star rating system, we have got a really good story there. So from that point of view it's like yeah let's implement it tomorrow. But then you start hearing about these backlash stories and it didn't really help... something like Nutrigrain having 4 stars and then having this high sugar level and that's where the cynicism sits.”

“To be honest, I find it farcical that I can get something that's like a pie, and a box of cereal that I know is absolutely full of sugar and not good for you, and they've both got like a 3 ½ or 4 star rating.”

Negative publicity / lobbying

Negative publicity has raised questions around the reliability of the system for some. Some in Industry received messaging actively lobbying against the HSR system.

“That initial negative media... Just a lot of that questioning around reliability of the system and comparing good foods with bad foods and scoring the same, but of course that was because it wasn't being used properly because it's not supposed to be used to compare a cucumber with a packet of chips. It's packet of chips with a packet of chips... same/same. But people don't know.”

“There seems to be an anti-campaign... we received an email laying out why we shouldn't use it, why the calculations are not effective.”

Absence of ‘critical mass’

Whilst many in Industry are ‘observing’ the market, there is a sense that there is a lack of momentum or sense of critical mass of HSR labelled products in stores. The lack of market visibility is a key factor influencing implementation for many.

“Seeing it on shelf is the most important thing.”

“The other major alarm bell, is a perceived lack of uptake across the sector... There does seem to be a reluctance... As I understand it, there is a small core of companies that have signed up for it, but the penetration hasn't reached the levels that they hoped for.”

Similarly, some who were early to market with implementation, are disappointed with the rate of uptake across the industry.

“The thing is, we went through a heap of trouble to get it ready, we believed in it and we proceeded with a measure of faith that industry will adapt it and adopt it and it will have impact on the public health. I think it's fair to say, where we are now a couple of years down the track, we are a little bit disappointed in terms of how industry implemented it and you don't see a lot of products with HSR on. Consumers don't really understand HSR both in Australia and NZ.”

Ongoing Compliance

The uncertainty about ongoing compliance raises questions in the minds of many, particularly with regard to how the HSR system is monitored or verified. Some feel the lack of visible compliance opens the door for dishonesty.

“The four star, once you've got on there, it doesn't stop a company from going, let's just get the four star rating and then we'll go back and put our crap products back in there, it's probably only 2 ½ now...”

Assisting industry with implementation

This section highlights ways by which MPI can assist Industry with implementing the HSR system.

Firstly, MPI should consider the threats identified in the previous section. In conjunction, Industry also identified a number of ways MPI could assist with implementation.

Consumer education

There is a general sense across the board that given the HSR system is a Government backed initiative, MPI or the Health Promotion Agency (HPA) could do more to build awareness, comprehension and to facilitate (correct) usage of the system by consumers. There needs to be a better understanding that it is a relative, not absolute measure.

“It needs to be supported, promoted, put something behind it.”

“Invest in communications to consumers... more awareness will increase pressure on organisations.”

There is a strong call for a more effective campaign and shorter timelines.

“We heard through the FGC that come April there was going to be this massive push on understanding the health star rating and I really didn’t see anything...”

Work with industry to educate consumers

Some within industry have expressed a desire to help educate consumers, but note that MPI and their agencies seem reluctant to do so.

“I think fundamentally it’s a government driven programme, that it should be government’s [role to educate consumers]. But I also say, we should be putting our hand up and like I said we kind of tried to go out and put ourselves forward and no one was really interested. We kind of put ourselves forward as a case study, we would love to have been featured and when we spoke to the PR guys they said ‘oh we can’t focus on any one company or product because that might look biased’. We sort of tried to do some dovetailing to say, look we adopted this early and we think it’s great and we have 5 health stars and look what other [products] have got etc. and we didn’t get any pick up from the media, so it kind of didn’t feel like there was much activity. And I was looking out for it...”

Create consumer demand

There is a perception, that Industry will not implement the HSR system unless there is a strong call for it by consumers. Given consumers appear to lack comprehension and usage of the HSR system, strengthening consumer education is critical, and as a result the demand for health stars by consumers, will increase.

“There’s been a lot of public debate about it, and pressure from various Governmental and non-Governmental quarters, but that pressure has not come from consumers. And, I would probably say that food companies are most responsive to consumer needs and wants, so when consumers want things it happens because that is your market, that is your customer, you’re needing to fulfil a customer need.”

“It just hasn’t taken off. I view that there’s a whole lot of different stakeholders who have been quite supportive of the initiative, and have been quite willing to invest in trials to see if it’s going to add value to their business, but nothing’s really come of it. And, I’m guessing there’s been a lack of support, a bit of ‘yawn yawn’. Whether that’s food suppliers or consumers, I can only think consumers, because in my mind, consumers have the greatest pull, they are the top of the food chain. If they saw huge value in it, then I think it may have taken off better than what it has.”

Stronger presence by MPI

There is a strong sense across the board that given the HSR system is a Government backed initiative, that MPI/HPA should have a stronger presence in the marketplace. Being a Government initiative means the HSR system has inherent advantages, particularly around the independence and objectivity of the system, which enhances its overall credibility.

“Well for us [Government backed] usually means that there is a quality education programme that goes in behind it and that it should be an objective project, as opposed to a charity led or initiative that’s come from lobbying... If the Government is setting it up, then you hope that it’s going to be a) objective and do what it says it’s going to do, and then b) it’s down to them to put money into educating the consumer about it.”

Greater consultation between MPI and Industry

Many in Industry would like to see greater levels of consultation with MPI at various stages of the implementation process.

Early stages

Consultation early in the process will assist with Industry understanding and buy in. Some in Industry feel MPI have actively targeted larger players and in doing so, have left out smaller organisations.

“I don’t know if they [MPI] did this to start off with, but I think going out and meeting industry people (is critical). They may well have gone and met with the FGC [Food and Grocery Council] and I don’t know, the top 50 food manufacturing people, and thought, hey job done, we have told them about it... But having a roadshow that covers the regions, that goes out and says this is what we are doing, having that or having a webinar up on it where you can live go and talk to someone and say right these are my concerns how does this work? It’s always good to have lots of different voices and filter it through so that you can launch with the best options and then people will have ownership from earlier on then they will feel like they can support it, because they clearly understand it. Even though we put it on the pack... For a good year, I didn’t really understand what it was doing or telling our consumers...”

“I think more information upfront, more engagement upfront. Getting that buy in process and getting key stakeholders within a business... talking to somebody who is expert in that system.”

More feedback / ongoing feedback

Many stated a preference for ongoing feedback on topics such as, how implementation is progressing, what’s happening in the marketplace, as well as learnings gleaned. This in turn will help create greater understanding of the rate at which the HSR system is being implemented, and perceptions of momentum.

“It would be good to get feedback out there... how many organisations are using it? What do consumers understand about it? Are they getting positive feedback? What is really happening?”

“I think they [MPI] own this programme... if they want to keep this programme alive and something that is useful to the end consumer, then they should be reevaluating, reevaluating, reevaluating. And feeding back to us, why it is really good. Or, we have taken this feedback on board from consumers and industry and we have made these changes to it, great. It's a case of tweaking, not chucking out the whole kitchen sink.”

“I know that the Food and Grocery Council are collecting quarterly data, because there was also a bit of backlash from one group saying ‘health star rating, hardly anyone has implemented it’ and MPI didn’t have that information. Whatever the lobby group or people creating the story had said, ‘oh there is only 20 companies doing it, why bother?’ So FGC have now, on behalf of the industry, started collecting that information and talking to people like myself and saying how many products have you put the health star rating on in the last quarter and then they are consolidating the reports. So in fact, there is actually a whole lot more companies that have done it, but MPI weren’t even aware of it so that whole communication loop was missing. So that follow up wasn’t there. To show that this is a Government led initiative, I think it needs MPI fronting it.”

Greater engagement

Others would like a greater level of engagement from MPI across the board.

“MPI could just ring me up, [name], how are you doing? How are you getting on? Sometimes you don't get that engagement and you will go along to a seminar and you will hear them talking and it will be like, wow they're actually really excited and really keen and really want this to work, but you only see it once every few months when you're at an event. I don't think I have even seen any notices come through on the MPI website stating how they're getting on or making some of that consumer research that they have done publically available to help with that buy in.”

Source of advice / peer review

Industry is of the view that there is also a role for MPI to advise industry and ensure the HSR system is being utilised correctly. In doing so, it will provide a level of reassurance to Industry.

“There is no one to ask... I think I've done it right... but who do I ask?”

Evidence

Many in Industry would like to see ‘evidence’ of the success of the system, which is critical for creating a business case internally. Others are aware of similar systems being implemented in other countries and would like to see evidence of how it’s worked there, the benefits and how it has affected sales.

“[Organisations need to see] evidence... evidence that the consumer a) recognise it and b) get it and that it actually helps influence their choices. Because if it's not influencing their choices, then what's its purpose?”

“Maybe undertaking some consumer research and understanding how consumer perceptions of the health star rating system... I know it's been implemented so it would be even good to understand that, and be able to demonstrate to companies like ourselves, that broadly speaking consumers are on board with this, or there are different ways in which people interact with the system and how it drives decision making, I think it's just to give that reassurance that people get it.”

Others would like a guarantee that implementing HSR would drive sales (but acknowledge this isn't realistic).

“Do we want to make an investment on our labels that isn't necessarily going to drive sales? If we were guaranteed to get more sales, incremental sales out of putting the Health Star Rating system on, of course we'd adopt it. But, I don't think that's going to be the case. At the end of the day we're here to sell stuff unfortunately. The commercial reality of it.”

Influential others

Industry identify a number of influential others who could also play a pivotal role in the overall success of the HSR system. Nutritionists/food consultants play a key role.

“We deal with a Food Consultant/Dietitian who provides advice and double check things. She's an advocate of HSR... she'll work it out... I almost have to stop her, don't want to pay for her time to do it.”

Some perceive a clear need to educate the media, particularly with regard to how and why the HSR system was developed and the science behind it. In doing so, provide an opportunity to get them on board and mitigate possible negative publicity.

“MPI need to talk to the media about running good stories... how people have incorporated into their lives. If they [MPI] can't, you've got to ask, is it having an impact?”

“We got a call from a journalist wanting to know why one of our products had such a low rating, at half a star, and another product didn't. The products were in completely different categories... clearly it showed the journalist didn't understand.”

Legislative changes

Finally, as noted in earlier sections, there are some organisations who will only consider implementing the HSR system if it becomes mandatory and they are obliged to.

Summary

This section identified ways in which MPI could assist Industry with the implementation of the HSR system, and in essence, provides the recommendations of this research. The key outtake, is that Industry feel MPI should take a more active and visible role across the board – both with facilitating uptake by industry and ensuring consumer comprehend and utilise the HSR system as intended. Many in Industry are looking to MPI for leadership in driving this initiative. Whilst MPI has achieved a degree of success with Advocates, there is still much work to be done with the other Industry types identified.

Appendix – topic guide

FINAL topic guide (109109080)

VERSION 1

[Note: This document is designed as a guide for discussion, it allows for considerable freedom within the topics. The order in which items are covered will vary according to the natural flow of conversation and questions are indicative only of subject matter to be covered and are not word for word descriptions of researchers' questions].

1. Introduction

Purpose: To introduce the research process. [5 minutes]

Explain process

- Topic – talk about the Health Star Rating system
 - No right or wrong answers
 - Confidentiality / Use of audio equipment
 - One hour duration
 - Researcher neutrality/honesty of responses
-

2. Warm up and Contextualisation

Purpose: To warm up participants and set the context for discussion. [10 minutes]

To give me an idea of you and your organisation, can you tell me a little about yourself and your role within your organisation.

- Role / areas of responsibility
- Type of organisation
- Number of employees
- Main food categories / number of SKUs

What are your organisation's priorities when it comes to food products and product labels?

3. Overall perceptions of the Health Star Rating system

Purpose: To explore comprehension and top of mind associations with the Health Star Rating system. [10 minutes]

Much of our discussion today will be about the Health Star Rating system. Before we get into the finer details, what are your/your organisations overall perceptions of the Health Star Rating system?

- What is your understanding of the Health Star Rating system?
 - How would you explain it to someone who is new to New Zealand?
 - Why do you imagine it was developed?
 - What types of products is it specifically tailored for?
-

4. Decision Making Process

Purpose: To explore the rational decision making process with regard to the Health Star Rating system. To explore motivations, barriers and pain points to implementation. [20 minutes]

Let's talk about the process your organisation went through it deciding whether to implement (or not) the Health Star Rating system on your product labels.

What I'd like you to do is think back to the time when you first became aware of the Health Star Rating system.

Imagine yourself back at that time...

- How did you first become aware of the Health Star Rating system?
- Where did you look / who did you talk to, to find out information about it?
- What did you see as the benefits to:
 - The product?
 - The brand?
 - Your organisation?
 - The industry?
- What 'triggered' you to take action at that point in time?

- Who else was involved in the decision making process?
 - What factors did you take into account when making your decision?

- What was the outcome of your decision making?
 - CHECK: All products / some products / no products labelled

If ALL products labelled – what was your rationale in terms of implementing the Health Star Rating system across your entire product portfolio?

- Thinking of your experiences to date, what has worked well?
- What were the pain points to implementation?
 - What needs to be improved?
- Any regrets about implementing?

If SOME products labelled – tell me about your rationale in terms of having some products that are labelled with the Health Star Rating system and others that aren't?

REPEAT PROBES AS ABOVE

- How come you've implemented the Health Star Rating system on some products and not others?
- How important / relevant is the Health Star Rating system for different grocery categories?
 - PROBE: Differences by category
- Are you planning to implement the Health Star Rating system on other products in the future?
 - What considerations will you take into account in your timeline?
 - What would need to happen for you to implement sooner?

If NO products labelled – tell me about your rationale for not implementing?

EXPLORE FULLY

- Do you imagine this will change in the future?
- What would need to happen for you to consider implementing the Health Star Rating system on your products?

Given your experience with the Health Star Rating system so far, what do you feel the impact has been?

5. Supporting implementation

Purpose: To explore avenues to support the implementation of the Health Star Rating system. [10 minutes]

Let's imagine it's your job to support industry and encourage organisations like yours, to implement the Health Star Rating system. What would you do?

- What would you keep the same?
 - What would you do differently?
 - What would make implementation easier for organisations like yours?
 - What would make implementation more attractive for organisations like yours?
 - What would the impact be?
-

6. Summary

Purpose: To summarise the discussion and identify key motivations and barriers for industry. [5 minutes]

Great! Let's do a quick summary. Thinking about everything we've spoken about today...

- What is the ONE thing that would really encourage organisations like yours, to implement the Health Star Rating system?
- What is the ONE thing that puts organisations like yours off?

Any final comments?

Thank and close