

Front of Pack Labelling:  
Perspectives of the New Zealand Food Industry

Final Report

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## **Executive Summary and Recommendations**

Qualitative research, involving 15 major food and beverage manufacturing companies, with products covering 17 categories of foods and beverages, plus one retail chain, was undertaken. This aimed to collect information and opinions from all participants in relation to front of pack labelling on packaged foods and beverages.

The main findings are grouped into three sections:

1. Activities companies are already involved in, with regards to nutrient profiling systems, existing product reformulations, new product development and front of pack labelling systems, and the main determinants of this activity
2. Current attitudes towards various front of pack labelling systems and the nutrient criteria underpinning them
3. Anticipated impact of any front of pack labelling system being mandated

A final section contains a set of recommendations for moving forward.

Each section is summarised below.

### ***Current Activities***

Consumer demand is the main influencer on what foods are available in New Zealand today. For some consumers health is a key driver of food purchasing behaviour - especially within certain food categories. For the majority of consumers however, health is less important than taste and price. The small segment of the population who are interested in nutrition will always examine existing information on the back of the pack – listed on the Nutrition Information Panel.

Many major New Zealand food manufacturers have internal nutrition guidelines based on a variety of international published standards such as food and nutrition guidelines, which shape the development of new products and re-development of existing products on an ongoing basis. In most cases this work goes on gradually, behind the scenes and it is not overtly promoted, since 'healthier options' often do not sell as well.

Where it is perceived to be required by consumers, manufacturers have adopted various forms of on-pack labelling of nutrition criteria. The most common independent front of pack labelling device used is the National Heart Foundation's Pick the Tick device. The most common internally-driven labelling device used is the percent dietary intake (%DI) thumbnails, though various other self-developed logos are used by individual manufacturers to communicate product nutrition information to consumers. The common element of all internally-driven schemes is that they aim to educate consumers on how to incorporate various foods into a healthy overall diet, rather than provide a judgement about any single food.

Nutritional changes most commonly made by food and beverage manufacturers (in the past) include reductions in salt, fat and sugar content, and increases in fibre content. In many cases a combination of these changes has been made. These changes are viewed as a continuum for most companies, as they continue to make gradual formulation changes into the future. Changes have been made in response to internal nutrition criteria or policy, external nutrient profiling schemes, public discussion (e.g. media-generated consumer interest), and consumer demand (as shown in market research), which are all significant motivators for change.

Barriers to changing the nutrient composition of foods include; what is technically possible and acceptable to consumers and the likelihood of a low cost:benefit ratio due to low consumer demand and therefore supermarkets delisting products.

### ***Attitudes Towards Front of Pack Labelling Schemes***

#### ***Non-interpretive***

Non-interpretive schemes were defined as those not requiring a ‘classification’, but simply providing information about the nutrient content of a food or beverage.

While there was not universal agreement, the option most favoured was non-interpretive nutrient profiling. The most favoured example of this type of system was the %DI thumbnails scheme, though it should be noted that some companies specified significant disadvantages of this scheme. The main reason this option was favoured was because it does not categorise foods as “good” or “bad”, but simply provides the consumer with all the information to know how one food fits within an overall daily intake and physical activity level. Because it provides factual information, rather than a “judgement” of foods, it was perceived that there would be less chance for consumer backlash/resistance to introducing such a scheme.

Disadvantages to this approach include the fact that the %DI thumbnails are based on an average adult’s daily requirement – so this system is less appropriate for many other population groups.

#### ***Interpretive – symbols***

Interpretive schemes were defined as those with an element of ‘classification’, based on the nutrient profile of the food or beverage. Interpretive symbolic schemes use a symbol (such as a tick) to indicate that the food or beverage has achieved a pre-set standard for nutrient content.

There was concern about using symbols to represent interpretive schemes, due to inherent inadequacies and inconsistencies of the nutritional profiling criteria underpinning any scheme. These were described as a “one dimensional approach” and a “blunt instrument” by many who were interviewed, possibly leading to negative changes in overall consumption behaviour for some groups within the population.

### *Interpretive – colour-coded*

Interpretive schemes were defined as those with an element of ‘classification’, based on the nutrient profile of the food or beverage. Interpretive colour-coded schemes use traffic light colours to indicate what category a food or beverage fits within, based on pre-set standards for nutrient content.

The least favoured option for 15 of the 16 respondents – should any scheme be mandated – was the colour-coded interpretive (or ‘traffic lights’) scheme. Multiple reasons for this type of scheme being least favoured were provided. For the consumer, the ‘traffic lights’ scheme was considered to be confusing and potentially misleading. Further, because it does not educate consumers about healthy nutrition it can actually lead to poor purchasing and consumption choices. Any criteria upon which such a scheme would be based was considered by manufacturers to be problematic: it was unknown who would have the mandate to set these criteria; it was assumed the criteria would be simplistic and unconnected with the whole diet, and would be focussed on negative nutrients, rather than taking into account positive nutrients. Finally, the main disadvantage of this scheme for manufacturers was noted as the cost of implementation.

### ***Anticipated Impacts of a Universal Front of Pack Labelling Scheme***

When assessing the likely impacts of any universal front of pack labelling scheme, whether it be mandatory or not, it became clear that food and beverage manufacturers are unlikely to make a change to their current front of pack labelling practices unless they were required to by law. This is because the majority of companies interviewed stated the schemes they are currently using voluntarily best suit the needs of their consumers and themselves, within the context of a complex and constantly changing food environment. Many companies feel they can achieve more positive changes under a voluntary system than they would be able to by meeting the minimum standards of a mandatory system. For example, as described under ‘current activities’, many nutritionally positive changes are being made to food composition behind the scenes. Most companies believe it would be a disincentive for the majority of consumers to read about these on the front of the pack, based on their commercial experience of having tried it in the past. Hence the following discussion refers only to anticipated impacts of a universal front of pack labelling scheme becoming mandatory.

None of the manufacturers taking part in this research noted any positive impacts of mandating a universal front of pack labelling scheme in New Zealand. Theoretically, some may assume that labels identifying foods as ‘more healthy choices’ or ‘less healthy choices’ may encourage manufacturers to reformulate ‘less healthy choices’, so they fit within a ‘more healthy’ category. Manufacturers generally believe this view to be too simplistic. Firstly, where foods can be reformulated within existing cost/taste and functionality constraints, this work is generally occurring anyway. In some foods however, the ability to reformulate at all – or to reformulate and end up with an acceptable product to consumers – is extremely limited. Secondly, this assumes that health is a primary driver for food purchasing behaviour. In fact half of those interviewed opined that there may in fact be no observable impact on either consumer

behaviour or on New Zealand's food supply because purchasing decisions are made on taste and price, and production decisions are made in response to consumer demand.

A number of negative impacts from mandating a universal front of pack labelling scheme in New Zealand were noted. First, mandating a labelling scheme, particularly one of the interpretive variety, could potentially result in the removal of some healthy nutritional elements in order to minimise the so called 'negative' nutrient content. Second, any such scheme could lead to poor purchasing and consumption choices, with the result being a less healthy overall diet (hence the need for a robust education component to support any labelling scheme). Thirdly, some consumers could be discouraged by the judgemental nature of interpretive front of pack labelling schemes and buy less packaged foods from supermarkets, opting instead to eat out or buy pre-prepared takeaway foods more frequently. And finally, because costs are associated with implementing any labelling scheme, it could be expected that these would need to be passed onto consumers.

### ***Recommendations for Moving Forward***

Participants were asked to describe their ideal front of pack labelling scheme, and as a result, eight common components were seen. However, all acknowledged that such a system is unlikely to exist.

The ideal front of pack labelling scheme would take a **holistic approach**, that is, it would focus on overall dietary intake and activity. It would not judge foods as 'good' or 'bad', but rather, it would refer to daily intake recommendations. It was suggested by some that, much like The Heart Foundation Tick, such a scheme would be category specific to take into account the place of many different foods and beverages in the overall diet.

**Education and marketing** was seen as comprising a significant adjunct to the ideal food labelling scheme. Education was considered to be needed in the areas of nutrition and health, portion size, food preparation, and exercise.

**Positivity** in a labelling scheme was considered to be most effective in influencing consumer behaviour, as well as educating people about food. The ideal labelling scheme would also be **simple** and easy for consumers to understand, and this would be enhanced by implementing a scheme that is **consistent with existing initiatives**.

It was considered by most that the ideal scheme would have to be **introduced over a period of time** given the time and financial resources needed for implementation. Further, it was considered that the most effective scheme would be **based on partnership with the food industry** given its high level of knowledge of consumer behaviour and product composition. Finally, **flexible labelling placement** regulations were needed to allow for various practicalities, including small pack sizes.

## **1. Introduction**

This research contributes to building a body of evidence on the potential impact of front of pack labelling in New Zealand based on industry response to such systems. The evidence gained will be used by the New Zealand Food Safety Authority to inform decision makers in making recommendations on the use of front of pack labelling in New Zealand.

Some believe current labelling systems confuse rather than inform people about the nutritional content of foods they plan to purchase. Nutritional information that can be easily understood by consumers is assumed to educate consumers about healthier eating practices, possibly even leading to healthier food purchasing behaviour.

In both New Zealand and Australia food manufacturers provide significant nutritional information to consumers, including on pack, in advertising and supporting materials, through sponsorship of certain events and on websites, however, there are many variations in what and how information is communicated.

There has been increased debate about the efficacy of mandating a single scheme for front of pack labelling in order to better assist consumers. Additionally, there has been growing interest in the potential effects on the food supply of instituting such uniform front of pack labelling regulations.

Using information gained from in-depth interviews with 16 of the country's most significant food and beverage manufacturers, this study explores the relevant issues related to front of pack labelling systems and the nutrient profiling criteria behind them in New Zealand.

Section Three discusses the industry's views on nutrition, how nutrition influences business activities, and how nutritional information is communicated with consumers. The nutrient profiling schemes (both externally administered and internally driven) manufacturers are currently using are discussed, together with the major nutritional changes made to food as a result. Finally, in this section, the motivators and barriers to altering the nutritional composition of foods - as experienced by manufacturers - are outlined.

In Section Four, the three main nutrient profiling options – non-interpretive, symbolic interpretive, and colour-coded interpretive – are discussed in terms of how food manufacturers view their advantages and disadvantages. Further, the impacts of mandating a front of pack labelling scheme are explored.

Section Five looks to the future by outlining some key attributes of the ideal front of pack labelling scheme, if one were to become legislated. These attributes are drawn from the food manufacturers' knowledge of the realities of business and their understanding, through extensive consumer research into buyer behaviour.



## 2. Methodology

### *Identification of food categories and key contacts*

The following food categories provide the majority of nutrients in the diets of New Zealanders that come from pre-packaged, labelled foods:

Beverages (3 manufacturers)  
Biscuits (1 manufacturer)  
Breakfast cereals (3 manufacturers)  
Breads and baked products (1 manufacturer)  
Soups (2 manufacturers)  
Spreads (2 manufacturers)  
Confectionery (1 manufacturer)  
Dairy Products (2 manufacturers)  
Eggs (1 manufacturer)  
Red meat (1 marketing company)  
Chicken (1 manufacturer)  
Seafood (1 manufacturer)  
Smallgoods (2 manufacturers)  
Snack foods (3 manufacturers)  
Vegetables (fresh, frozen and canned) (1 manufacturer, 1 marketing company)  
Fruit (fresh, frozen and canned) (1 manufacturer, 1 marketing company)  
Pre-prepared meals (fresh, frozen and canned) (1 manufacturer)

We therefore set out to interview manufacturers from each category for this research. We approached only those who were number one or two in market sales for their main category, and in some cases interviewed more than one major participant in each category. In the above list the number of manufacturers or marketing companies interviewed for each category is shown.

Because the majority of New Zealanders purchase their pre-packaged, labelled foods from the supermarket, we also identified the supermarket retailers as key contacts to interview.

### *Pre-interview information pack sent*

All identified key contacts were contacted by phone and sent a pre-interview information pack about the research (see Appendix 1). This explained the nature of the interview so that key contacts could ensure that the necessary information could be gathered for the interview and the appropriate staff attend the interview. It also gave pictorial examples of how the different types of front of pack labelling schemes were classified for the purposes of this research (as described below).

Non-interpretive schemes were defined as those not requiring a 'classification', but simply providing information about the nutrient content of a food or beverage. Examples of this type of scheme include the percent daily intake (or % DI) labels, nutrition fact

information and calorie flags. Generally this implies that a product displaying a specific symbol is a healthier option than a similar product not displaying the symbol.

Interpretive schemes described those with an element of ‘classification’, based on the nutrient profile of a food or beverage. Interpretive symbolic schemes use a symbol (such as a tick, a keyhole or self-created device) to indicate that the food or beverage has achieved a pre-set standard for nutrient content. Interpretive colour-coded schemes use traffic light colours to indicate what category a food or beverage fits within, based on pre-set standards for nutrient content. Generally this implies that a product categorised as green is a healthier choice than a similar product categorised as either orange or red.

#### *The interviews*

Sixteen in-depth interviews were carried out with 30 individuals including nutritionists, marketers, and product development specialists. The interviews involved between one and four representatives from each organisation. In many cases, large manufacturing companies produced food in more than one category, with some companies speaking for up to five categories. In total, information gained from 15 companies covered all of the 17 categories listed above, plus one supermarket retailer.

The interviews were conducted by a qualitative researcher and a qualified, registered dietitian. Thirteen of the interviews took place face to face, and three were conducted as conference calls. The duration of the interviews ranged from one to one and a half hours, and all were audio-taped with the participants’ permission. The interviewers followed a pre-set discussion guide for each interview (see Appendix 2).

To ensure open discussion, interviewees were assured that all information shared in interviews would remain confidential and that no company or brand names would be used in the research report. Manufacturers are identified by category only.

### **3. Current Activities – the New Zealand Food Industry Today**

#### **3.1 Views of Nutrition**

The food manufacturers spoken to in the course of this research shared some similar views about nutrition and nutrient profiling in terms of how it relates to their business practices, and what it means for consumers. Differences existed with regard to level of importance of nutrition for their food category, with those producing everyday and meal-time foods seeing a greater need for nutrition information on their packaging, due to consumer demand. Those manufacturing treat foods acknowledged that consumers of their products know they are treat foods, and don't expect on-pack nutrition information.

##### **3.1.1 Nutrition**

Many of the food manufacturers who took part in the current research considered that there are no 'good' or 'bad' foods, rather, all foods have a place in a balanced diet [beverages, breakfast cereals]. A good diet contains a variety of foods, which contain a lot of fibre, protein, vitamins and minerals, as well as some fat, salt and sugar.

Food manufacturers identify themselves firmly as profit-making businesses; the key driver of business activities is financial return on investment. Consequently, the role of nutrient profiling in determining business activities is moderated by the impact of communicating nutritional composition on consumer buying behaviour. Consumer demand is a more influential driver of business activities than is nutrition, particularly when a manufacturer is developing new products and reformulating existing ones. In fact, many companies shared examples of costly new product development projects based on improved nutritional content which were launched and marketed for their health benefits, and which failed to sell in the marketplace due to lack of consumer demand. This resulted in the products being deleted from the retailer shelves and an ultimate financial loss to the company.

##### **3.1.2 Nutrition in Practice**

In practice, the nutritional composition of foods is affected by four main factors. The most influential factor is consumer demand, with practicalities (e.g. label space), company philosophy and regulation also being highly important. Another driver for nutritional composition within companies is the fit with the 'brand personality' [beverages].

#### ***Consumer Demand***

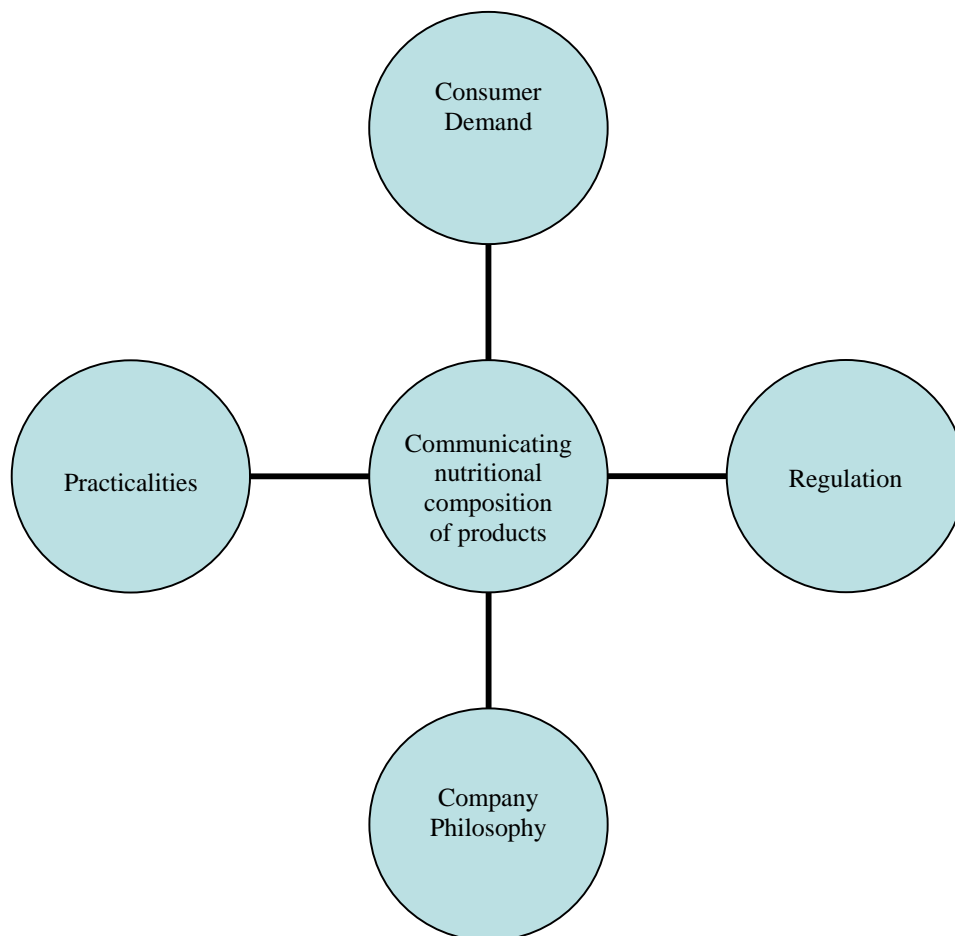
The key driver influencing new product development and reformulation of existing products is consumer demand; manufacturers produce what sells. Manufacturers understand consumer demand through analysing sales figures and conducting market research. Key purchasing drivers consistently identified in this research are price, taste, and convenience, with nutrition falling at the bottom in terms of influencing buying behaviour; consequently, often a manufacturer's research, development and production

activities tend to be less determined by nutrition. However, many manufacturers acknowledge nutrition is more important to them as a company than it is to their consumers, so it will often be a background driver that the company works on without communicating it to the consumer.

#### *Consumer attitudes to nutrition*

Although consumers have an overall desire to provide nutritious food for themselves and their families, when it comes to making purchases, nutrition is not a key driver [pre-prepared meals, frozen and canned vegetables and fruit, beverages, breads, dairy, breakfast cereals]. Given that consumer demand is a key driver in product (re)development, consumers' lack of interest in nutrition contributes to nutrition being a secondary driver for manufacturers.

There is, however, the perception that in general consumers are becoming more interested over time in nutrition, so many companies see nutrition being of key importance 'behind the scenes' [seafood, beverages, biscuits, snack foods, retailer].



### *Consumer knowledge*

Lack of knowledge is cited as one issue that needs to be addressed [breakfast cereals, pre-prepared meals, frozen and canned vegetables and fruits]. Lack of knowledge extends beyond nutrition, to a lack of more practical skills such as basic cooking ability, how to shop for food and how to lead an active lifestyle. When consumers have little understanding of the implications of nutrition, they are unable to make informed choices about their food intake.

A small segment of consumers are considered to understand and value nutrition more highly. This includes those on a calorie controlled diet [beverages, biscuits, snack foods], the health conscious [chicken], and sports people [beverages]. Consumers who are more aware of nutrition and can interpret nutrient profiling are more likely to refer to the nutrition information panel (NIP) when making purchasing decisions [breads, dairy]. School children are another group identified as potentially having more knowledge about nutrition, due to the school curriculum, so they may have some influence on their parent's food purchasing behaviour.

Where a product is targeted at a market segment known to be highly influenced by nutritional composition, nutrition becomes more important in the formulation of that product. Such market segments include sports people and those on calorie controlled diets.

### *Food category*

The importance of nutrition to consumers is considered to vary between food category. Consumers are believed to assume fresh fruit and vegetables, eggs, cereal (although perception of this category has altered in the last few years), fresh meat and seafood and wholegrain breads are healthy. For these foods, nutrient profiles on packs are not necessarily examined. Good nutrition is considered by some consumers in some food categories as an extra benefit rather than a requirement [beverages]. Consumers are reportedly least interested in good nutrition when purchasing treat foods such as biscuits, salty snacks and bacon [biscuits, snack foods, breads, dairy, small goods]; for this category, taste is a key driver of purchasing behaviour. However, for other foods, such as dairy, nutrition is more important and more influential in purchasing decisions [breads, dairy].

### *Taste versus nutrition*

There is a perception amongst the manufacturers of processed foods that many consumers believe highly nutritious foods don't taste good [biscuits, snack foods, pre-prepared foods]. This understanding is based on lower sales of foods marketed as 'healthy' [beverages, frozen and canned vegetables and fruits, pre-prepared foods, soups], as well as consumer research.

This aversion to 'healthier' foods has not stopped any 'behind the scenes' nutritional changes in the general food supply, as nutrition-focused activities by manufacturers are often purposefully not highlighted to consumers. Manufacturers shared numerous examples of this with us.

*“This product contains 25% less fat than the leading competitor, but if we say this on the packaging, no one will buy it, as they will think it’s tasteless.”*  
*[snack foods]*

*“We sell two identical products – one is marked as having no added salt. The other also has no added salt but we don’t say so. Only a few supermarkets will even stock the first product because sales are so low. The second product is one of our most successful.”*  
*[canned vegetables]*

In terms of developing new and/or reformulating existing products, many companies are making small incremental changes over time. This practice is reportedly in response to general concerns expressed within the media and by consumers that certain nutrients should be limited in the diet. Fat, sugar and salt (described by many as “negative nutrients”), are the nutrients most likely to be removed across a manufacturer’s range.

*“We took 100 tonnes of salt out of the food supply in the last year.”*  
*[breakfast cereals]*

Food manufacturers have balanced greater public concern about negative nutrients in the diet with the key driver of consumer demand, taste; small changes made over time do not disrupt consumer loyalty because they do not shock the palate [snack foods, breakfast cereals, soups, dairy].

*“Humans are very attuned to the taste of fat, salt and sugar.”*  
*[snack foods, pre-prepared meals]*

#### *Range of options*

In order to best capture consumer demand, New Zealand’s major food producers aim to provide a wide variety of options for consumers. This range of offerings includes products that contain higher levels of nutrients such as fat, sugar and salt, as well as those that would be considered healthier options. There is resistance to the idea that less healthy food options should be removed from the marketplace, or identified as being less healthy, because food is not simply about nutritional components, it is also about enjoyment [breads, dairy, biscuits, snack foods, confectionery]

*“We don’t want to take the pleasure out of eating.”*  
*[biscuits]*

Because providing a range of options to the consumer is usual practice, healthier options (with smaller serving sizes or with new formulations) are often developed as line extensions rather than replacements for existing products [all categories].

*“We will make niche healthier options as the market demands. We are more driven by what consumers are seeking than by driving them [to make healthier choices].”*  
*[small goods]*

### ***Company Philosophy***

While nutrition is not the key driver of business activities, it is influential to varying degrees when manufacturers are developing new products and reformulating existing ones. Creating healthy products constitutes a key element of the company philosophy and company brand for some [seafood, breakfast cereals], and in some cases overrides the key drivers of profit making and providing variety. For example, one cereal manufacturer remarked that although they would profit from introducing another chocolate-flavoured puffed rice cereal to the market, because they consider such a product offers less nutritional benefits than their current range, it would not fit with the company philosophy or with their positioning in the market.

Many of the companies who took part in this research employ nutritionists/dietitians, and some companies have their own strict nutritional guidelines [dairy, beverages, seafood, breads, small goods, pre-prepared meals, soups, canned and frozen vegetables and fruits, snack-foods, breakfast cereals] that inform new product development and reformulation of existing products. These have tended to be determined with reference to published guidelines set out by regulators and health professionals both in New Zealand and internationally.

Companies interviewed for this research were the major players in New Zealand's food supply, so it is possible that some smaller manufacturers do not have access to the same level of nutritional knowledge and expertise.

### ***Regulation***

All companies take regulations around food composition and labelling very seriously. Mandatory requirements must be heeded and changes in mandatory requirements for labelling have resulted in significant expenditure by manufacturers in the past.

Companies reported investing heavily in research and development to improve the nutritional composition of product offerings, communicating nutrient profiles on packs as a way of being proactive in the market place. These proactive activities often incorporate multi-media components such as websites that promote nutritional understanding, healthy eating and exercise. While the threat of a mandatory front of pack labelling scheme being imposed on them was not the main motivator for this change (consumer demand has always been the main motivator), many companies stated that it was still a motivator to some extent.

*“Industry responds faster to consumer demand  
than it ever will to government regulation.”  
[snack foods, breakfast cereals, confectionery]*

### ***Practicalities***

Many companies listed the practicalities of making changes to nutritional composition and labelling as a key determinant of change. One of the main practical concerns relating to front of pack labelling is the lack of space on many labels, and the point of distribution

for some fresh produce at which labels would have to be added [red meat, chicken, fresh fruits and vegetables].

Another practical consideration to changes in nutritional composition relates to consumer acceptance of products. In some products there is a minimal limit to the fat content in order for it to be accepted by consumers.

*“Sausages need to be 16-18% fat to have the right taste and texture. We do have a lower fat sausage on the market but it only sells in niche areas. It's like making scones without the use of butter – you just don't get the same product.”*  
*[small goods]*

### 3.1.3 Communicating Nutrition to Consumers

Currently nutrition information on most labels is conveyed to consumers via the mandatory Nutrition Information Panel (NIP) on the back of the pack. Many companies also provide front of pack nutrition information (discussed in the next section) and nutrition information in their advertising and promotional activities and materials, plus within their company website.



### 3.2 Nutrient Profiling Schemes Currently In Use

#### 3.2.1 Externally Administered Front of Pack Labelling or Nutrient Profiling Schemes

##### ***Pick the Tick***

This scheme is employed by a wide range of food categories, including breakfast cereals, biscuits, soups, dairy, breads, pre-prepared meals, fresh and fruits and vegetables, chicken, red meat, seafood, small goods, retailers (own brands). In fact, only four companies out of 16 interviewed for this research did not currently use Pick the Tick on any of their products (beverage, breakfast cereals, spreads and egg categories).



Pick the Tick is a labelling device and programme offered by the New Zealand Heart Foundation, designed to identify products of superior nutritional quality within each food category. Nutrient criteria for the scheme differ, depending on what is appropriate and practical for different categories. It is not offered in all categories (notably snack foods and beverages). Companies apply to have products assessed against criteria, and if products meet the criteria they pay the Heart Foundation in order to incorporate the Heart Foundation Tick on the front of pack.

##### *Perceived advantages of the scheme*

###### a) For the consumer

Pick the Tick was generally recognised by the manufacturers who took part in the current research as a brand with a great deal of value because of its long established history [soups, breakfast cereals, seafood]. It is well recognised by consumers [biscuits, canned and frozen fruits and vegetables, red meat, chicken, seafood, retail], and they trust that the logo does in fact indicate a healthier nutritional choice for the category [dairy, soups, breakfast cereals, chicken, retail].

The second often mentioned advantage of Pick the Tick was its simplicity; consumers could easily understand that the logo represented a healthier choice [breakfast cereals, spreads, seafood, soups, pre-prepared meals, retail].

###### b) For the manufacturer

There are several commercial benefits for manufacturer investing in the Pick the Tick scheme, such as the marketing of the scheme carried out by The New Zealand Heart Foundation [breakfast cereals, spreads, biscuits, seafood]. Although most manufacturers were not sure to what extent use of the logo increased sales (because it is difficult to separate this from other promotional and price activity), others noted the logo does help to sell product [red meat, retail] and provided an advantage over competitors not using it [chicken].

A major advantage noted is that the logo helps to reinforce the idea that a particular food category is healthy [red meat, dairy, chicken], this advantage was particularly highlighted by foods traditionally considered healthy such as fresh meat and dairy. One of the breakfast cereal producers spoken to noted that use of the Tick helped to combat some negative publicity cereals had received in the past.

Finally, the small size of the Pick the Tick logo is noted as a positive aspect of the scheme because it did not overwhelm a manufacturer's own packaging [red meat].

c) The scheme's administration and criteria

The positive, feel-good, reassuring message communicated through the brand is considered to be an advantage [dairy, breakfast cereals, pre-prepared meals, canned and frozen fruits and vegetables, soups].

The specific criteria used by the scheme received some limited commendations. It is considered to be based on credible, scientific knowledge, and further, it is evolving to cover additional food categories [pre-prepared meals, canned and frozen fruits and vegetables, soups].

Finally, individual manufacturers noted:

- The scheme has a good cost structure [pre-prepared meals, canned and frozen fruits and vegetables, soups]
- It can be trusted because use of the logo is reviewed and policed on an ongoing basis [breakfast cereals]

*Perceived disadvantages of the scheme*

a) Scheme's administration and criteria

The most often mentioned disadvantage of the scheme's administration and criteria is that the brand has been diluted by being put on categories of food not traditionally thought of as being healthy (e.g. pies) [breakfast cereals, seafood]. Principally this is related to consumers' lack of understanding about how criteria differ between food categories [dairy, chicken]. Milk is a good example. Full cream milk with 3.8% fat does not carry a Tick, while a snack food with a far higher percentage of fat can carry the Tick. This could be confusing for consumers [dairy].

Some companies noted that having "less healthy" categories was a positive because it shows how realistic the scheme is, and it rewards the efforts and expense invested by manufacturers of those products, in making nutritious changes [breads and baked products, chicken].

Others stated concern about the fact that Pick the Tick criteria exists for pies and chicken nuggets, but not savoury snack foods [snack foods].

The specific criteria used as a base for the scheme are also a concern for some companies. It is noted that only a narrow group of nutrients are assessed by the nutrient profiling criteria [pre-prepared meals, canned and frozen fruits and vegetables, soups, dairy], and this is in opposition to the whole-of-diet approach favoured by most of the participants, where ‘positive nutrient’ content such as protein, fibre, vitamins and minerals should also be taken into account. Further, the scheme does not take into account how foods are actually consumed, both in quantity and together with other foods [breakfast cereals, spreads, biscuits, snack foods]. It was noted by one breakfast cereal manufacturer that the criteria focus exclusively on certain nutrients and as such do not take account of the action of the whole food on the body.

b) For the consumer

Because consumers equate the ‘Tick’ with good nutrition, and they often associate good nutrition with poor taste, a product bearing the Pick the Tick logo can therefore often be perceived as being the least tasty option available [biscuits, chicken].

One manufacturer noted a significant disadvantage for infants and young children:

*“The scheme can contribute to wrong food choices, for example, giving toddlers trim milk when they should be drinking full fat milk.”*  
[dairy]

c) For the manufacturer

The major disadvantage of the scheme for manufacturers is identified as being the cost [breakfast cereals, soups, red meat, chicken, seafood]. Because the right to use the logo is considered expensive, many foods that do meet The Heart Foundations’ criteria do not currently carry the ‘Tick’ [breakfast cereals, canned and frozen fruits and vegetables, pre-prepared meals, breads and baked products, soups, dairy].

Other disadvantages to manufacturers identified by single participants include:

- Difficulty in ensuring meat cuts meets criteria when it’s a natural product with variation [red meat].
- Difficulty in persuading retailers to place the logo on food packaged on site [red meat, chicken].
- There are currently no specific criteria for savoury snacks [snack foods].
- The logo has less effect on consumer behaviour when used on foods already considered healthy, thereby lessening commercial benefits to the manufacturer [breakfast cereals, dairy].

### ***Food and Beverage Classification System for Schools and ECE***

Around half of the respondents had opted to list products in the Buyers’ Guide under The Food and Beverages Classification System for Schools and Early Childhood Education (FBCS). These manufacturers covered the following categories:



dairy, breads, biscuits and snack foods, breakfast cereals, pre-prepared meals and beverages.

While this is not a front of pack labelling scheme, it provides an example of how products may be categorised by nutrient profiling criteria, which would be required for a front of pack interpretive scheme. Under this system, foods and beverages in each category are classified as “everyday”, “sometimes” or “occasional”, in much the same way as would be required to administer a “traffic light” labelling scheme. Therefore the comments listed below are relevant to this type of front of pack labelling scheme.

#### *Perceived advantages of the scheme*

The manufacturers taking part in the scheme report few advantages of this scheme, and the main reason for taking part is that they perceive this as being a key channel through which to continue selling products to schools.

Specific advantages of the scheme noted by individual manufacturers include:

- It constitutes a starting point, but requires further refining [beverages]
- It is behind the scenes so not as confusing as front of pack labelling [dairy]
- There are good lines of communication with scheme administrators [biscuits, snack foods]

#### *Perceived disadvantages of the scheme*

Manufacturers have identified a number of disadvantages with the FBCS. Primarily these issues relate to the criteria used, but problems with administration and for the consumer are also mentioned.

##### a) Criteria

The criteria themselves were not considered to be based on clear scientific rationale [beverages], and it is described by one manufacturer as “a very blunt instrument” [breakfast cereals, snack foods]. Inconsistencies between categories were identified [beverages]. In effect this can be interpreted as discouraging some healthier options, such as muesli bars and ready-made sandwiches [snack foods, breads and baked products] from being sold in school canteens.

Further, the lack of relationship between the criteria and reality is highlighted. The scheme is considered not to recognise the vastly different nutritional needs of primary and secondary pupils [beverages], nor does it address the overall diet balance, as it singles out individual foods [snack foods, pre-prepared meals, breakfast cereals, confectionery]. These are all relevant points when considering a front of pack labelling system.

##### b) Administration

Insufficient consultation with the food industry before finalising this scheme was an issue mentioned specifically by both beverage manufacturers interviewed.

- The scheme does not encourage innovation, particularly in terms of developing new products that could potentially offer consumers greater food choices that fit within the nutritional criteria set by the FBCS [beverages, snack foods, biscuits].

c) For the consumer (canteen operators)

Issues noted by individual manufacturers include:

- It is complicated and difficult to understand [beverages].
- It is sometimes not appropriate to communicate with Canteen Managers through the Buyers' Guide [beverages].

d) For the consumer (school pupils)

One manufacturer notes:

- The scheme can lead to bootlegging of “occasional” foods. This has already been happening in Australia where some pupils bring foods that are banned at the school cafeteria and sell them to other children [diary].

### 3.2.2 Internally Driven Front of Pack Labelling or Nutrient Profiling Schemes

#### *Percent Dietary Intake Thumbnails and “Treatwise” label*

Percent dietary intake (%DI) thumbnails have been recommended as a useful form of front of pack labelling by the Australian and New Zealand Food and Grocery Council (FCG) and have been adopted by some food manufacturers. The way %DI thumbnails have been used varies however, with some manufacturers choosing to use the % energy thumbnail only, and not always on the front of pack. Others choose to include a %DI column within the existing NIP, and not use thumbnail symbols at all. While this scheme is not strictly an internal scheme, it is included in this section of the report as it is an industry-generated, self-regulatory system.



This system is used by 47% of the companies interviewed, covering the following categories: breakfast cereals, snack foods, confectionery, pre-prepared meals, dairy, breads and baked products, soups, beverages and retail (own label). Those manufacturers producing less processed foods, such as fresh, canned and frozen fruit and vegetables, eggs, chicken, seafood and meat, do not presently use this scheme.

The *treatwise* logo is developed and used by confectionery manufacturers, and relates to the same %DI data.

The thumbnails were used slightly differently by different manufacturers:

*Perceived advantages of the scheme*

The most commonly cited advantage of the %DI thumbnail scheme was that it provides information to the consumer about one particular food product, which can be added to information from other foods, to get a better picture of the healthfulness of the diet as a whole. Other interpretive schemes do not have this advantage.

This scheme is also applicable to all foods suitable for consumption by adults – so consumers can compare like with like across a number of different foods. There is also flexibility for manufacturers to choose the number and placement of the thumbnails.

Number and selection of nutrients included

Products feature between one and seven %DI thumbnails. The %DI for energy thumbnail appears to be uniformly used, while additional nutrients sometimes communicated include: fat, saturated fat, fibre, carbohydrates, sugar, sodium, protein. Pack size and food category determine the number and selection of nutrients included within this nutrient profiling scheme.

Where the information appears on pack

Where space allows, %DI thumbnails can be grouped together on the front of packs [breakfast cereals], or the energy thumbnail may be placed on the front of the pack, with additional thumbnails placed on the back either as thumbnails or within the NIP [dairy]. Sometimes thumbnails appear solely on the back of pack [breads and baked products]. Aside from space constraints, many interviewees stated that if consumers were interested in nutrition information, they will always automatically look at the back of the pack anyway [breads and baked products, breakfast cereals, spreads].

Whether calories or kilojoules are used

Some companies prefer to express energy as calories rather than kilojoules, and vice versa. There is flexibility to choose either.

*Perceived disadvantages of the scheme*

Portion size

Serving sizes are not standardised, so it is up to the manufacturer to state the suggested serving size. This can vary significantly, for beverages from 200ml – 600ml [beverages].

%DI vs. Recommended DI

The %DI system uses the labelling dietary intake figures, which is based on an average adult. It is therefore not suitable for infants, children, teenagers and older adults, or pregnant and breastfeeding women [dairy, pre-prepared meals, canned and frozen fruits and vegetables, soups]. It could be confusing to consumers who think an individualised RDI is being used.

### *Wattie's Fruit and Veg Each Day Wheel*

Used on canned and frozen fruit and vegetable Wattie's products, the *Fruit and Veg Each Day* wheel was developed in-house and informs consumers how many serves of fruit and/or vegetables there are in a pack. This device promotes the consumption of at least five servings of fruit and vegetables per day, as recommended by the Ministry of Health.



The *Fruit and Veg Each Day* Wheel was mentioned by some manufacturers as a good model for communicating nutritional information in a positive way.

Several specific advantages of the scheme were identified, including its inherent positivity in promoting good choices, rather than a label highlighting the amount (or lack of) fat, salt or sugar in a product. Additionally, the message applies equally to everyone, not only those who are obese, for example. Finally, this scheme fits well with the '5+ A Day' scheme administered by United Fresh; **consistency with existing nutrition-related communication** with consumers is noted by many manufacturers as increasing the impact on buying behaviour and use of the product.

### *Other Logos and Education campaigns*

Make Every Drop Matter is a campaign aimed at helping consumers enjoy beverages as part of a healthy diet. Specific components of the scheme



include providing a range of options with different energy contents, as well as information for consumers via a website.

The Grainwise logo appears on some breads, and a similar wholegrain logo appears on some breakfast cereals. Like the *Fruit and Veg Each Day* and 5+ A Day devices, these are designed to promote the positive attributes of consuming the whole grains contained within those products. Similarly, the seafood manufacturer interviewed uses an omega 3 logo on products with a significant amount of omega 3 fatty acids per serve.



Fresh meat and chicken also have quality and nutrition-related devices to reassure consumers that the products meet strict internally-developed quality and nutritional guidelines.

Websites and communications programmes support these types of internally-developed schemes. These programmes require significant investment and ongoing resource by companies to remain up-to-date and inform consumers in sufficient numbers to be effective.

The common element of all internally-driven schemes is that they aim to educate consumers on how to incorporate various foods into a healthy overall diet, rather than provide a judgement about any single food.





### 3.3 Changes Made To Nutritional Composition

The principal nutritional changes made by manufacturers in response to internal nutrition criteria/policy, external nutrient profiling schemes, public discussion (e.g. media-generated consumer interest), and consumer demand (as shown in market research) are:

- decreasing salt
- decreasing fat
- decreasing sugar
- increasing fibre

For many individual products, more than one nutrient has been adjusted in the (re)formulation phase. These changes can constitute line extensions or straight replacements of existing products/brands.

Adjustments of nutritional composition are not always communicated to consumers. Foods altered to make them ‘healthier’, either as a line extension or when the original product is reformulated, are generally poorer sellers [breads, baked products, dairy, beverages, canned and frozen fruits and vegetables, soups, pre-prepared meals, breakfast cereals, spreads] than the original versions, although this is not always the case [chicken].

A very real concern for manufacturers is that if sufficient quantities of a particular new product are not sold, supermarkets will de-list it after a certain period of time, and manufacturers have no control over this [small goods, bread and baked products, dairy]. The decision on whether to invest in developing and marketing a new product therefore must weigh up this risk. The retailer we interviewed said that philosophically, some store owners may give new healthier versions of products longer to prove their value with sales, but that this is not the official company position.

Another concern highlighted by those manufacturers employing nutritionists [snack foods, pre-prepared meals, canned and frozen fruits and vegetables, breakfast cereals, spreads] is that when components are taken out of a food, they often need to be replaced with something. Reducing fat and sugar in particular can often lead to the addition of thickening agents, non-nutritive sweeteners, texture modifiers and other food additives. For some foods this may be appropriate and for others it may lead to a less nutritionally desirable product overall – especially when it also involves a decrease in protein content. A good example of this is peanut butter. In order to lower the fat content manufacturers use less peanuts, also resulting in lower protein content and a higher amount of “filler” additives [spreads].

#### 3.3.1 Decreasing Salt

In some cases a low salt version of a product has been added to a range. Examples reported include a reduced salt cracker [biscuits] and a no added salt peanut butter [spreads]. Both of these products were developed to offer an option bearing the Pick the Tick logo; the original versions of these products have been retained and continue to out-sell the low salt versions.

In other cases, the salt content of the whole range has been gradually reduced over time. A number of manufacturers report having done this [breakfast cereals, breads and baked products, snack foods, soups, pre-prepared meals, canned vegetables]. As long as it is done gradually over time, to allow people's taste buds to adjust without noticing, it is generally not associated with a reduction in sales.

*"We've taken 100 tonnes of salt out of New Zealand's food supply in the last year."  
[breakfast cereals]*

One manufacturer of canned tomatoes removed added salt from all its canned plain tomatoes some years ago. The same formula is sold as two separate products; standard canned tomatoes and 'no added salt' canned tomatoes. The 'no added salt' product has significantly lower sales, but a small proportion of consumers demand its availability, even when informed that the standard product also has no added salt.

Many companies note they are continually reviewing the salt content of their products and reducing salt content across the range gradually, where possible.

### 3.3.2 Decreasing Fat

Again, decreasing the fat content of foods has been achieved both through development of new replacement formulations or adding line extensions to existing products. As the following examples illustrate, where the original product is still available sales of the lower fat option can be slower, while total replacement of an existing product with a lower fat reformulation can be successful in the marketplace.

Reformulating and replacing 2 Minute Noodles with an air-dried recipe resulted in a significant reduction in fat content, with the manufacturer estimating it will remove 159 tonnes of fat from New Zealand's food supply per year [snack foods]. This altered product is reportedly continuing to sell well, showing that altering the formulation of some products to improve their nutritional profile can be successful. Another example of this is lower fat chicken nuggets, which are also more successful in the market than the higher fat competitor products.

Meat and chicken marketers have also changed the way they trim raw product so that the fat content is reduced; there is no reported change in overall consumer demand, but these changes do appeal to certain market segments.

Where lower fat options have been added to a manufacturer's range, the consumer response has been varied. A lower fat pie was developed to meet The Heart Tick guidelines [breads and baked products]. This pie is now the fourth biggest seller for the manufacturer.

Dairy product manufacturers have made low and reduced fat milk options available for many years. These carry the Heart Foundation 'Tick', however blue top milk (with a higher fat content) remains the highest selling milk.

A lower fat Weight Watchers yoghurt was developed but delisted due to lack of sales [dairy].

One manufacturer offers a 95% fat free sausage as part of its range; it is a mid-range seller, while the best selling sausage has a fat content of 18% [small goods].

One snack food manufacturer noted that reduced fat crisps do not sell as well as the original ones. Sales of 30%-less-fat crisps were only one third those of original crisps, so the company is currently selling its reduced fat version and not stating the fact that they are reduced in fat on the pack.

It has also been possible for manufacturers to communicate lower fat ways of preparing their products in serving suggestions and instructions. For example, recommending the product be reconstituted with trim milk rather than full-cream milk [beverages].

One manufacturer interviewed had replaced oil in a canned product with water and thickener in order to reduce the amount of total fat [seafood]. This is a good example of where replacing fat with food technology-driven solutions can be an advantage.

### 3.3.3 Decreasing Sugar

The three beverage manufacturers participating in this research provided examples of products they offer with lower sugar content. These changes constitute line extensions rather than replacements for existing products, and have come about in response to a range of factors, such as public discussion (e.g. media-generated consumer interest), and consumer demand (as shown in market research), as well as the introduction of the FBCS nutrient profiling scheme.

Several changes have been made recently, partly in order to ensure products meet criteria to be listed in the FBCS Buyer's Guide. Two manufacturers reduced the size of individual juice packs in order to achieve a lower per serve sugar content. One company developed a reduced sugar beverage by mixing juice and water. Another manufacturer created flavoured water for sale in schools. It should be noted that these changes would not have been made in isolation, solely to meet the requirements of the FBCS. Consumer research also showed that there was demand for beverage options with less sugar (with the proviso that such products still taste good).

The smaller pack sized juice and the juice-water mix are reportedly not good sellers in the supermarket however. One company reports that although they have not seen a good financial return on their investment, they consider these products to constitute line extensions (providing more choice to consumers) and are a good fit with their in-house nutrition policy and willingness to co-operate with schools.

*"We have taken seven tonnes of sugar out of New Zealand's food supply in the last year." [beverages]*

The portion size and sugar content of some dairy products have also reduced recently partly in order to meet FBCS Buyers' Guide criteria [dairy].

### 3.3.4 Increasing fibre and whole grain component

The fourth nutritional change most often reported by food manufacturers is increasing whole grain fibre content. Again, these changes have been made in response to a variety of external and internal factors, including requirements of existing nutrient profiling and labelling schemes such as Pick the Tick.

When The Heart Foundation reviewed its fibre criteria for Pick the Tick, one company altered the fibre content of its salt-free peanut butter in order to retain the 'Tick' on pack, as only a small change was necessary. Similarly, small changes have been made to bread to increase its fibre content in order to be included in the FBCS Buyer's Guide. Generally when changes are small they can easily be achieved.

### 3.3.5 Changing Multiple Nutrients

It is not uncommon for manufacturers to change multiple elements of an existing product or develop new products within a pre-set range of nutritional limits. When manufacturers are developing a new product they primarily examine the market they are targeting, and the preferences held by those within that segment. Many companies have general nutritional guidelines that they refer to, and specific criteria required by The Heart Tick and the FBCS become important only if the target consumers of the particular product value that criteria. In these cases, achieving the criteria will become part of the development brief [breakfast cereals, spreads, pre-prepared meals, canned fruits and vegetables, soups, snack foods].

Success or failure of such products often seems to be determined by the fit with the target consumer.

One manufacturer [small goods] made a lower sodium, lower fat ham (line extension) in line with the Heart Foundation's Tick guidelines so that the product could bear the logo. The ham was sold in the supermarket service deli and was 60% more expensive than the original version. It was ultimately de-listed by the supermarket because of low sales. This indicates that people are not willing to pay a price premium for "healthier" ham.

Another manufacturer [chicken] reports having reduced both the salt and fat content of its chicken nuggets in order to qualify for the Pick the Tick logo. This chicken nugget is the biggest seller in its category and indicates that mothers who buy chicken nuggets for their children are interested in healthier options.

When one manufacturer developed a new range of pouch meals, it was decided in the initial stages that two of the five options would carry the Heart Foundation Tick. These two healthier options are the lowest sellers in the range [pre-prepared meals]. This could be due to consumers thinking the product will not taste as good, or it could be that health is less of a motivator for people who buy pre-prepared pouch meals.

Another manufacturer developed an instant soup range with the Heart Foundation Tick in mind. The brief for this range required that compared to other soups made by the company, there would be less saturated fat, less sodium and more fibre. The sales of these soups have been stable, indicating that consumers do think of health to some extent when purchasing soups.

### 3.3.6 Products not changed

There are several categories of food that are less likely to be changed to meet internal or external nutrient criteria. These include fresh fruits, vegetables, some cuts of red meat and bacon, some types of cheese, eggs, confectionery and some snack foods. In many of these categories only minimal changes, if any, are possible, in order to still be classified (and accepted by consumers) as the same product.

Many companies mentioned that their market research indicates nutrition and health are not as important to consumers when purchasing products such as cheese, bacon, confectionery, biscuits and snack foods (muesli bars, crisps). Here, taste is the main purchasing driver and so communicating good nutrition can create the perception that the product will not taste good.

*“Consumers don’t want vitamins in their biscuits.”  
[biscuits]*

Additionally, where a commercial disadvantage would be expected to result from an alteration in nutritional composition changes are unlikely to be made to the original product, although a ‘healthier’ line extension may be introduced.

### 3.4 Motivators and Barriers to Making Nutritional Changes

#### 3.4.1 Motivators

##### *Consumer demand*

*“Industry responds faster to consumer demand  
than it ever will to government regulation.”  
[snack foods, breakfast cereals, confectionery]*

Those manufacturers who are able to make compositional changes to their products note that if consumers demand healthier products they will receive them.

*“Businesses are lead by consumers; we don’t want to tell them what to do.”  
[small goods]*

Any changes to existing products must be made slowly so as not to shock the consumer.

##### *Internal nutrition policy and company philosophy*

Most of the manufacturers interviewed say they are constantly reconsidering the fat, sugar and salt content of their products, and there is a slow and steady process of removing these elements where appropriate. But at the same time, providing consumers with a range of choices, some of which may not be considered as healthful as other, is considered important.

#### 3.4.2 Barriers

##### *What is possible*

Generally, if one ingredient is reduced or removed, another ingredient must replace it. Many examples were given when this does not result in a healthier product.

In the recent past when consumers and regulators became very concerned about saturated fats, many manufacturers removed this ingredient and replaced it with hydrogenated oil. It was subsequently determined that trans fat (found in hydrogenated oil) was potentially more of a health risk than saturated fat [breakfast cereals, snack foods].

Only so much change is possible, in order to retain an acceptable product, depending on the type of product, ingredients and technology available.

##### *Cost:Benefit ratio*

As indicated previously, the cost of developing new products and re-developing existing ones, creating branding and promotional programmes around them, and launching them into the market is significant. If a product is not accepted by consumers and doesn’t sell well, it will be de-listed from supermarket shelves and manufacturers will not be able to recover the costs they invested in the product. This is a significant disincentive to making nutritional changes, especially in those food categories where consumers value taste over health.

### 3.5 Summary of Current Activities

Consumer demand is the main influencer on what foods are available in New Zealand today. For some consumers health is a key driver of food purchasing behaviour - especially within certain food categories. For the majority of consumers however, health is less important than taste and price. The small segment of the population who are interested in nutrition will always examine existing information on the back of the pack – listed on the Nutrition Information Panel.

Many major New Zealand food manufacturers have internal nutrition guidelines which shape the development of new products and re-development of existing products on an ongoing basis. In most cases this work goes on gradually, behind the scenes and it is not overtly promoted, since 'healthier options' often do not sell as well.

Where it is perceived to be required by consumers, manufacturers have adopted various forms of on-pack labelling of nutrition criteria. The most common independent front of pack labelling device used is the National Heart Foundation's Pick the Tick device. The most common internal labelling device used is the percent dietary intake (%DI) thumbnails, though various other self-developed logos are used by individual manufacturers to communicate product nutrition information to consumers. The common element of all internally-driven schemes is that they aim to educate consumers on how to incorporate various foods into a healthy overall diet, rather than provide a judgement about any single food.

Nutritional changes most commonly made by food and beverage manufacturers in the past include reductions in salt, fat and sugar content, and increases in fibre content. In many cases a combination of these changes has been made. Changes have been made in response to internal nutrition criteria/policy, external nutrient profiling schemes, public discussion (e.g. media-generated consumer interest), and consumer demand (as shown in market research), which are all significant motivators for change.

Barriers to changing the nutrient composition of foods include; what is technically possible and acceptable to consumers and the likelihood of a low cost:benefit ratio due to low consumer demand and therefore supermarkets de-listing products.

## 4. Current Attitudes Towards Various Front of Pack Labelling Schemes

### 4.1 The Schemes

These were divided into two main groups: interpretive and non-interpretive schemes. There were two types of interpretive schemes discussed – colour coded and non-colour coded. These groupings are shown pictorially in Appendix 1. Interviewees were asked to discuss preferences, advantages and disadvantages of the various types of schemes, as they would be applied to their products.

#### 4.1.1 Non-Interpretive Schemes

**The option most favoured was non-interpretive nutrient profiling.** Ten of the 16 companies interviewed considered that if any nutrient profiling system were to be made mandatory, this was the most suitable type available.

#### *Perceived Advantages of Non-Interpretive Schemes*

##### *Usefulness for Consumers*

The advantage of this option most often discussed by the manufacturers taking part in the current study is the usefulness to consumers. The primary advantage is that it gives consumers information to make choices about their overall diet, and how individual foods fit within that diet, particularly because it provides a lot of nutrition information that is simple to understand and easy to read [breakfast cereals, snack foods, soups, pre-prepared foods, confectionery, beverages, dairy, seafood, small goods, breads and baked products, chicken, fresh fruit and vegetables, spreads]. It is considered to be a finer tool for consumers, which allows comparisons with other foods and beverages, not necessarily in the same category [retail].

It also is perceived to provide the information required for consumers to understand how different foods chosen throughout a day contribute to their daily requirements, and while it is adult-focussed, it provides information relevant for many different physiological conditions – not just those who are overweight.

##### *Philosophy*

Over half of the respondents note that the underlying philosophy of this type of scheme is attractive because it promotes and supports a whole-of-diet approach, without judging individual foods as “good” or “bad” [breakfast cereals, snack foods, retail, beverages, small goods, soups, pre-prepared meals, confectionery, red meat, chicken, breads and baked products].

*“There is no such thing as good or bad foods, just good or bad diets.”  
[Breakfast cereals, snack foods, beverages, soups, pre-prepared meals, confectionery]*

Non-interpretive schemes are viewed as simply providing accurate information to consumers [bread and baked goods, dairy]. Because of this factual approach, there would be little risk of a consumer backlash against the initiative [dairy].



### *Criteria/Administration*

Some manufacturers note that the information used is standardised and yet can be used by all food and beverage categories [dairy, beverages, chicken] in a way that interpretive schemes cannot. It should be noted that a key exception here is to foods targeting certain age-groups, specifically infants and children. Additionally, the use of signposting around 'positive' nutrients such as protein, fibre, vitamins and minerals is seen by some as an important advantage of this type of scheme [dairy, snack foods, pre-prepared meals].

A non-interpretive scheme also operates well in conjunction with the NIP that already appears on food packaging, requiring only an extra column in the existing NIP [dairy, beverages, small goods] – something easily incorporated given the limited space many food and beverage labels have.

The fact that many manufacturers already use the %DI thumbnails non-interpretive scheme, and consumers are already starting to get accustomed to it, is also an advantage [breakfast cereals].

Additionally, because of the nature of the scheme, the information can be placed on packs in the short term without the need to reformulate products first [beverages, snack foods, pre-prepared meals, soups].

Other advantages mentioned by single manufacturers include:

- It can be used in conjunction with other media, including websites with daily intake calculators, to promote a whole-of-diet approach [breakfast cereals, snack foods]
- Using a per serve measure takes into account realistic consumer behaviour [beverages]

### *Packaging*

One main advantage noted by a number of manufacturers is that such a scheme would not be too onerous to include on packaging because it is relatively small [breads and baked products, retail], and it only requires one colour so label printing costs need not be inflated [seafood, small goods].

### *Promoting Food Industry Change*

Some manufacturers believe this scheme will in fact accelerate the healthier reformulation process because direct comparisons can easily be made by consumers between competing products [retail, snack foods, soups, breakfast cereals, beverages, confectionery].

### ***Perceived Disadvantages of a Non-Interpretive Scheme***

Some of the disadvantages of the non-interpretive scheme listed by interviewees are in direct contrast to the advantages listed above.

#### ***For the Consumer***

A number of manufacturers consider non-interpretive schemes such as the thumbnails as being difficult for some people to understand, particularly older people and the less-educated, and in comparison to basic health messages, which require less background information [eggs, red meat, breakfast cereals, pre-prepared meals, fresh, canned and frozen fruits and vegetables, soups, snack foods, beverages, spreads].

Disadvantages for the consumer noted by individual manufacturers include:

- It is just another scheme for people to remember [biscuits]
- The presence of %DI thumbnails on a pack may make the food look healthier, regardless of the actual content [breakfast cereals, spreads]
- It doesn't educate consumers [breakfast cereals, spreads]

#### ***For the Manufacturer***

While some manufacturers consider the labelling in this type of scheme to be sufficiently small, other manufacturers think it is too big to fit sufficiently fit within existing packaging [red meat, eggs, confectionery, snack foods, chicken, dairy, beverages, retail].

#### ***Criteria***

Several issues are identified with the criteria used in non-interpretive schemes. Firstly, it is based on a one-size-fits-all daily intake criteria that does not apply to all, for example it is based on an individual adult, it fails to take into account activity levels and age, nor does it take into account how the food is consumed [breakfast cereals, spreads, dairy, pre-prepared meals, infant food].

Some manufacturers note that such a scheme merely repeats information already contained on the NIP in a slightly different way [breakfast cereals, spreads, chicken].

#### 4.1.2 Interpretive Schemes – Symbolic

Two of the manufacturers who took part in the current research consider that an interpretive nutrient profiling scheme communicated through symbols would be the most appropriate choice if any nutrient profiling scheme were to be made mandatory [breakfast cereals, spreads, chicken].

##### ***Advantages/Benefits***

###### *For the Consumer*

The most commonly mentioned advantage of symbolic interpretive schemes is that they are simple for consumers to understand [dairy, breads and baked products, red meat, breakfast cereals, spreads, retail].

Any support for a symbolic nutrient profiling system is conditional on it being administered in conjunction with an education program so that people understand what is being communicated [dairy, breads and baked products, fresh fruit and vegetables, seafood, chicken, small goods, breakfast cereals, snack foods].

###### *For the Manufacturer*

Those spoken to are less certain about the benefits to manufacturers noting that it would very much depend on the nature of such a scheme. Potentially, however it may be influential if people recognise and trust it, as they do with the Heart Foundation Tick, thereby increasing sales for those foods bearing the symbol [fresh fruit and vegetables, biscuits, red meat].

###### *Criteria*

Three manufacturers consider such symbols can promote a healthy, positive message about good food choices within a specific category [breakfast cereals, spreads, chicken, retail].

Advantages noted by single manufacturers include:

- It makes an independent judgement for the consumer [breakfast cereals, spreads]
- It can be used in conjunction with health claims/messages [fresh fruit and vegetables]
- It might be appropriate and helpful for certain products [beverages]
- It may be useful for use with more processed foods [fresh fruit and vegetables, eggs]

##### ***Disadvantages/Drawbacks***

###### *For the Consumer*

Some manufacturers identify the problem of using a one-size-fits-all scheme to help all consumers make food choices [bread and baked products, dairy, smallgoods, breakfast cereals, spreads, beverages] because each individual is different [breads and baked

products, breakfast cereals, spreads, beverages]. Symbols represent a “one dimensional approach” that can be misleading to consumers [eggs, breads and baked products].

The issue of education is highlighted by several manufacturers. First, the terms ‘healthy’ and ‘healthier’ are potentially confusing and may not be understood [breakfast cereals, spreads, red meat]. Without a large education and marketing effort the symbols and meanings will be without effect [breakfast cereals, snack foods]. Further, this type of scheme fails to educate consumers about the importance of an overall balanced diet for different consumers, and may ultimately lead to poor food choices (e.g. thinking milk with a Tick is best for infants, or eating two Tick pies rather than one standard pie in the belief that it’s healthier) [breads and baked products, dairy, retail].

A third issue mentioned is that this kind of scheme does not facilitate between-category comparisons of those options that bear the symbol [chicken, retail]. Without offering further specific nutritional information, a symbol is a relatively blunt tool to help consumers make choices [retail].

Disadvantages to the consumer identified by individual manufacturers include:

- People may associate the symbol with poor taste [biscuits]
- It may be viewed as something bought by the manufacturer to market the product [retail]

#### *Criteria*

A primary disadvantage of a symbolic interpretive nutrient profiling scheme is that it judges food ‘good’ or ‘bad’, however only ‘good’ foods are identified by the symbol, so those without the symbol may be automatically viewed as ‘bad’ [breads and baked products, red meat, eggs, retail]. Further, it is expected that the criteria would be based on ‘negative’ nutrients [dairy]. This approach does not fit with the overall balanced whole-of-diet approach favoured by most manufacturers and takes no account of either portion size, or how a food is used/consumed within the diet [biscuits, retail].

There were significant levels of scepticism raised about the criteria to be used in such a scheme. It would need to be based on sound evidence-based science, realistic, and agreed by both regulators and food industry alike, in order to gain acceptance [beverages, eggs, breads and baked products, dairy].

Other issues identified by individual manufacturers include:

- It will not solve the obesity problem [eggs]
- Would be best used in conjunction with %DI thumbnails [snack foods, pre-prepared meals, confectionery, beverages, soups]
- It goes against the philosophy of choice [beverages]

#### 4.1.3 Interpretive Schemes – Colour-Coded

Fifteen out of 16 manufacturers interviewed (94%) stated that a colour-coded interpretive nutrient profiling scheme would be their least favoured option, if such a system were to be made voluntary or mandatory.

##### ***Advantages/Benefits***

Several manufacturers were unable to identify any advantages to introducing a colour-coded interpretive scheme into New Zealand [beverages, small goods]

##### *To the Consumer*

Some manufacturers could see benefits for consumers from introducing this type of scheme. The simplicity of a colour coded scheme could possibly make it easy for consumers to understand, particularly because of its use of well recognised “traffic light” colours, and because it may not require the interpretation of numeric nutritional information [retail, fresh fruit and vegetables, chicken, eggs, breakfast cereals, spreads].

Advantages to the consumer offered by individual manufacturers include:

- [Where information is given on an individual nutrient basis], it could be useful for those who specifically need to limit their intake of fat, sugar, or salt [Seafood]

##### *Criteria*

The only advantage identified in terms of the criteria was that they could be consistent with the FBCS in terms of categorising foods into “everyday”, “sometimes” and “occasional” – a concept that some consumers may be starting to understand [fresh fruit and vegetables, eggs].

##### *To the Manufacturer*

Only one manufacturer identified an advantage to manufacturers of a colour-coded interpretive scheme:

- Fruit and vegetables will receive all green [fresh fruit and vegetables].

##### ***Disadvantages/Drawbacks***

##### *For Consumer*

The majority of manufacturers consider the use of a colour-coded interpretive scheme - such as a “traffic light” scheme - to be confusing and potentially misleading for consumers [beverages, seafood, chicken, breads and baked products, dairy, pre-prepared meals, snack foods, breakfast cereals, soups, confectionery]. This relates to the use of a single colour per product, or multiple colours for various nutrient levels within a product (see Appendix 1 for examples).

*“What does ‘OK Choice’ mean?”  
[Chicken]*

*“An overly simplistic quick fix.”  
[Eggs]*

*“How will consumers know whether it’s desirable or not, if it has a green for sodium, a red for sugar and an amber for fat?”  
[Pre-prepared meals, breakfast cereals, snack foods, soups, beverages]*

Several manufacturers note that this type of scheme fails to educate consumers about healthy overall diets and how all foods can fit within a healthy diet [breads and baked products, biscuits, snack foods, breakfast cereals, snack foods]. Perhaps more importantly, many manufacturers pointed out that a colour-coded system could lead to poorer choices for an overall diet.

Eating only foods with overall ‘green’ status would not constitute a healthy overall diet for the many people within the population, as important foods such as meats, cheese, eggs, milk, oils etc would not necessarily qualify for green status. This would be especially important for infants and young children [breads and baked products, canned and frozen fruits and vegetables, soups, pre-prepared meals, dairy, retail].

Worse still would be if consumers rebelled by eating mainly foods classified as ‘red’ specifically because they know it is a less healthy choice – a likely scenario for some sectors of the population (e.g. young males) [snack foods, pre-prepared meals, beverages, soups, breakfast cereals].

This type of scheme is also seen as a very blunt instrument for allowing consumers to compare products within the same category. As with Pick the Tick, there is often a wide range of acceptable levels within the criteria and two products with the Tick can be quite different in nutrient content. Similarly two products with a similar nutrient content could just straddle the cut off points in criteria and therefore be classified so that one looks healthier than the other [retail].

Where processed foods are allocated multiple colours (for levels of fat, salt and sugar for example), the efficacy of the scheme must be called into question [fresh fruit and vegetables]. Some healthy foods could be labelled with red or multiple colours which could be misleading and confusing for consumers [breakfast cereals, spreads, retail]. Sugar containing soft drinks and fruit juice for example could both get three greens and one red, diet soft drinks could get four greens, and whole milk could get two reds, one amber and one green [beverages, dairy].

Therefore, some respondents note that if this type of scheme were to be implemented, it would need to be partnered with education. It was also noted by some respondents that while this scheme may encourage nutritional changes, these changes may not always be in a healthy direction.

A punitive element is identified by some manufacturers in that some people will be reluctant to buy foods with an overall ‘red’ classification, even though they really want to, as it is what they can afford, or what they are accustomed to buying. Therefore,

buying foods classified as 'red' may lead to feelings of guilt, hopelessness and inadequacy. People may not necessarily know what they should be buying to replace these products which will be acceptable to their families/social and financial situation. It therefore may be off-putting to some consumers [red meat, dairy, chicken].

*"If I need to feed a hungry family on a budget I'm going to buy the cheaper cut of meat – possibly with a red sticker- rather than thinking that more expensive meat – possibly with a green sticker – or a bag of lentils – would be a practical option. Then I'm going to feel guilty about feeding my family with a 'red' food, but not feel I had any option in the circumstances. It teaches me nothing and leaves me feeling bad."*  
[Dairy]

Other disadvantages for consumers identified by single manufacturers include:

- It is another scheme to remember/understand [breads and baked products, dairy, small goods].
- Consumers may not trust the scheme [breads and baked products, dairy, small goods].

#### *Criteria*

As with the symbolic interpretive schemes, those taking part in the study prefaced many of their comments with questions about who would set the criteria and what the criteria would be based on. Many expressed an interest in being involved in the criteria setting process.

The primary disadvantage of the criteria used in colour-coded interpretive nutrient profiling schemes is that it is likely to be too simplistic, since all examples of existing nutrient profiling criteria are viewed as also being too simplistic and reductionist [beverages, chicken, breads and baked products, dairy, small goods, biscuits, snack foods, breakfast cereals, spreads].

Closely linked with its simplistic nature is its disconnection with how different foods make up a healthy, balanced diet. Manufacturers note that such schemes classify foods as good or bad [beverages, breads and baked products, dairy, small goods, biscuits, snack foods, breakfast cereals, spreads]. They do not take into account how a particular food or beverage is used/consumed within the context of the daily intake and level of activity [beverages, breakfast cereals, spreads]. This includes portion size [pre-prepared foods, snack foods, breakfast cereals, beverages, soups]. Unlike the %DI thumbnail scheme, the colour-coded scheme does not help consumers to regulate their overall daily intakes or activity, or assist with overall dietary intake decisions [beverages, biscuits, snack foods].

*"It demonises food."*  
[Breakfast cereals, snack foods]

It is also noted that such schemes are based on so-called 'negative' nutrients (i.e. fat, salt and sugar), despite the fact that people are known to respond better to positive messages [seafood, chicken, fresh fruit and vegetables, red meat, dairy, breads and baked products, small goods, snack foods, pre-prepared meals, soups, beverages]. Additionally, the small

range of nutrients included within typical criteria are not necessarily the most relevant to all consumers – especially when overall energy content per serve isn't taken into account [red meat, beverages].

As noted earlier, colour-coded interpretive schemes are considered by some manufacturers to be a blunt instrument for consumer to compare foods within categories, but also because they do not take into account individual differences (e.g. making a distinction between the different needs of adults, children, the elderly, pregnant women, infants, etc) [dairy, breads and baked products, canned and frozen fruits and vegetables, pre-prepared meals, soups, retail].

Further, it is not thought that many foods could not be practically and properly classified for groups within the population with the use of one overall set of nutrient criteria [dairy, canned and frozen fruit and vegetables, pre-prepared meals, soups].

Disadvantages relating to the criteria reported by single manufacturers include:

- Level of processing is not reflected [breakfast cereals, spreads]
- Doesn't take into account use of artificial additives [dairy]

#### *For Manufacturers*

The main concern for manufacturers with colour-coded front of pack labelling schemes related to the cost and practicalities involved in incorporating the required device onto product labels. The cost of introducing new colours to label templates is considerable, and with small labels, the practical space required could be prohibitive [seafood, chicken, small goods, breads and baked products, dairy, retail, red meat].

To a lesser degree, it was discussed that manufacturers clearly won't wish their individual products to be classified as "bad foods" by bearing a red label, when they do have a place within a balanced diet, for many people [retail]. The inherent nature of some foods makes a red classification inevitable [small goods, confectionery].



## 4.2 Anticipated Impacts on the NZ Food Supply of adopting a Universal Front-of Pack Labelling Scheme

When assessing the likely impacts of any universal front of pack labelling scheme, whether it be mandatory or not, it became clear that food and beverage manufacturers are unlikely to make a change to their current front of pack labelling practices unless they were required to by law. This is because the majority of companies interviewed stated the schemes they are currently using voluntarily best suit the needs of their consumers and themselves, within the context of a complex and constantly changing food environment. Many companies feel they can achieve more positive changes under a voluntary system than they would be able to by meeting the minimum standards of a mandatory system.

*“Industry already goes to far greater lengths than any mandatory system could ask.”  
[Bread and baked products, dairy, smallgoods]*

For example, as described in Section 3, many nutritionally positive changes are being made to food composition behind the scenes. Most companies believe it would be a disincentive for the majority of consumers to read about these on the front of the pack, based on their commercial experience of having tried it in the past. Hence the following discussion refers only to anticipated impacts of a universal front of pack labelling scheme becoming mandatory.

### 4.2.1 Positive Impacts

None of the manufacturers interviewed could list any positive impacts to the overall New Zealand food supply from the adoption of a mandatory front of pack labelling scheme.

Theoretically, some may assume that colour-coded interpretive (or ‘traffic light’) labels such identifying foods as ‘more healthy choices’ or ‘less healthy choices’ may encourage manufacturers to reformulate ‘less healthy choices’, so they fit within a ‘more healthy’ category. Manufacturers generally believe this view to be too simplistic.

Firstly, where foods can be reformulated within existing cost/taste and functionality constraints, this work is generally occurring anyway (see section 3). In some foods however, the ability to reformulate at all - or to reformulate and end up with an acceptable product to consumers - is extremely limited. Some examples noted in this research include confectionery, chocolate, eggs, whole milk, bacon, hard cheese, certain fresh meat and chicken cuts, oils, avocado, nuts, seeds, dried fruits, biscuits and some snack foods.

*“If consumers come to expect and demand change, reformulation will happen, but in many cases this is either happening already to the greatest degree possible”.  
[Breakfast cereals, spreads]*

Secondly, this assumes that health is a primary driver for food purchasing behaviour. See section 4.2.3

#### 4.2.2 Negative Impacts

A great deal of extra resource will need to be allocated to testing, reformulation, packaging and marketing if and when a new front of pack labelling scheme is mandated [breakfast cereals, snack foods, pre-prepared meals, beverages, confectionery, breads and baked products, dairy, small goods, chicken, seafood]. Those who are currently using %DI thumbnails on their packaging would experience the least packaging-associated costs if this were the option chosen. A colour-coded interpretive scheme was generally considered the most expensive option for manufacturers to implement [breakfast cereals, snack foods, pre-prepared meals, beverages, confectionery, breads and baked products, dairy, small goods, chicken, seafood]. Agreement on this system is not consistent amongst all manufacturers however. It was noted by one manufacturer that if a non-interpretive scheme such as %DI labelling was mandated, it would be necessary to employ additional food technicians to test and develop products [chicken].

The extra cost incurred by manufacturers in labelling, analysis, etc, would necessarily be passed on to consumers unless government assistance were to be provided [breakfast cereals, snack foods, pre-prepared meals, beverages, confectionery, breads and baked products, dairy, small goods, chicken, seafood].

Some manufacturers noted that mandating a front of pack labelling system would not necessarily enable/encourage positive changes to the food supply. Under a colour-coded interpretive system some healthy foods or ingredients could receive a 'red' classification. For example, porridge oats are relatively high in fat, and trim milk and fruit could be classified as high in sugar. Where manufacturers desire to move a particular product from red to amber or from amber to green, they may remove fruit or oats, or milk solids, ultimately creating a product with less 'negative' nutrients but also with less 'positive' nutrients and more food additives to provide the right taste and texture [breakfast cereals, spreads].

Another example of this could be the replacement of meat in sausages with soy fillers, resulting in a product with less fat, but also with less protein, more carbohydrate, more water and more processing aids [small goods].

*"When taking something out of a food you need to replace it with something. We could find ways of making changes by adding more water and food additives to hold the reformulated food together. But will this make the it more healthy?"*  
*[Seafood]*

If this were to happen across food categories, the effect on New Zealand's overall food supply may not be considered positive, resulting more engineered foods and less whole foods [dairy].

As mentioned in the previous section, the overall diet of consumers seeking to only consume foods and beverages classified as green based on ‘negative’ nutrient profiling, could lead to micronutrient deficiencies in the population, and inadequacies in protein intake for selected groups within the population [dairy, canned and frozen fruits and vegetables, pre-prepared meals, soups, eggs].

Finally some participants mentioned the possibility that people could be scared away from supermarkets by judgemental labels on foods, and opt to eat out or buy takeaway foods more frequently – a scenario which also would not necessarily result in improvements to health [canned and frozen fruits and vegetables, pre-prepared meals].

#### 4.2.3 Lack of Impact Predicted

Some consider that regardless of what type of scheme was implemented, consumer behaviour would likely remain unchanged – certainly in relation to certain food categories; that is, the key purchasing drivers would remain the same; taste, price, convenience and habit [biscuits, snack foods, breakfast cereals, chicken]. Further, manufacturers will continue to produce what consumers’ demand, regardless of how it is labelled [breakfast cereals, snack foods].

*“If food doesn’t taste good, people won’t buy it.”  
[biscuits, snack foods]*

The purchasing decisions of those in lower socio-economic groups are considered to be primarily driven by price and this is unlikely to change as a result of information communicated through packaging [red meat, chicken, breads and baked products, small goods, dairy].

#### 4.2.4 Issues Raised

Given that manufacturers do not know exactly what criteria would underpin an interpretive system were one to be introduced, many were reluctant to make specific predictions about the impact of such a course of action.

#### 4.3 Summary of Nutrient Profiling Schemes and Anticipated Impacts on the NZ Food Supply

When assessing the likely impacts of any universal front of pack labelling scheme, whether it be mandatory or not, it became clear that food and beverage manufacturers are unlikely to make a change to their current front of pack labelling practices unless they were required to by law. This is because the majority of companies interviewed stated the schemes they are currently using voluntarily best suit the needs of their consumers and themselves, within the context of a complex and constantly changing food environment. Many companies feel they can achieve more positive changes under a voluntary system than they would be able to by meeting the minimum standards of a mandatory system. For example, as described in Section 3, many nutritionally positive changes are being made to food composition behind the scenes. Most companies believe it would be a disincentive for the majority of consumers to read about these on the front of the pack, based on their commercial experience of having tried it in the past. Hence the following summary refers only to anticipated impacts of a universal front of pack labelling scheme becoming mandatory.

Respondents were able to state advantages and disadvantages for every type of front of pack labelling scheme discussed, indicating that no perfect options exist.

While there was not universal agreement, the option most favoured - should any scheme be mandated - was non-interpretive nutrient profiling. The most favoured example of this type of system was the %DI thumbnails scheme, though it should be noted that some companies specified significant disadvantages of this scheme. The main reason this option was favoured was because it does not categorise foods as “good” or “bad”, but simply provides the consumer with all of the information to know how one food fits within an overall daily intake and physical activity level. Because it provides factual information, rather than a “judgement” of foods, it was perceived that there would be less chance for consumer backlash/resistance to introducing such a scheme.

Significant nutritional concerns about this approach include the fact that the %DI thumbnails are based on an average adult’s daily requirements – so the current system is not appropriate for other groups within the population.

There was concern about using symbols to represent interpretive schemes, due to inherent inadequacies and inconsistencies of the nutritional profiling criteria underpinning any scheme. These were described as a “one dimensional approach” and a “blunt instrument” by many who were interviewed, possibly leading to negative changes in overall consumption behaviour for some groups within the population.

The least favoured option – should any scheme be mandated – was colour-coded interpretive (or ‘traffic light’) schemes. Multiple reasons for this type of scheme being least favoured were provided, including:

- The practicalities of agreeing on universal criteria
- Too simplistic

- Confusing and possibly misleading for consumers
- Possibly result in a less healthy overall food supply by encouraging manufacturers to replace 'negative' nutrients with ingredients having less 'positive' nutrient value
- It would lead to feelings of guilt around foods
- Expense (for manufacturers, consumers and government)
- Judging foods as "good" or "bad", rather than providing information to construct healthy overall food and beverage intake
- The size and expense of the education and marketing campaign required to inform consumers of the scheme and what it means would be considerable
- The likelihood that only choosing foods and beverages classified as 'green' could result in inadequate overall diets – especially for some population groups
- The possibility that people could be scared away from supermarkets by judgemental labels on foods, and opt to eat out or buy takeaway foods more frequently
- The overall likelihood that it will not change consumer behaviour, given that health is not a key purchasing driver for most consumers – especially when purchasing certain food/beverage categories

Theoretically, some may assume that colour-coded interpretive (or 'traffic light') labels such as identifying foods as 'more healthy choices' or 'less healthy choices' may encourage manufacturers to reformulate 'less healthy choices', so they fit within a 'more healthy' category. Manufacturers generally believe this view to be too simplistic. Where foods can be reformulated within existing cost/taste and functionality constraints, this work is generally occurring anyway (see section 3). In some foods however, the ability to reformulate at all - or to reformulate and end up with an acceptable product to consumers - is extremely limited. Some examples noted in this research include confectionery, chocolate, eggs, whole milk, bacon, hard cheese, certain fresh meat and chicken cuts, oils, avocado, nuts, seeds, dried fruits, biscuits and some snack foods.

## 5. Moving Forward

### 5.1 The Ideal Front of Pack Labelling System for New Zealand

Many of the food industry representatives interviewed expressed concern that there can be no one, ideal front of pack labelling system because by their very nature, such schemes separate out individual foods from the overall dietary intake and activity mix [breakfast cereals, snack foods]. Additionally, it was noted that the nutritional profiling criteria on which schemes are based are determined using current understandings of science and health, and that not enough is known about how foods work in the body for the perfect set of criteria to be developed.

Others note that as all individuals are different, their needs cannot necessarily be met by a single system for the entire population. It was also noted that schemes tend to be skewed towards addressing a particular health issue (currently it is obesity), and in fact most people in the population are not obese, meaning the criteria are either irrelevant for them or in fact, potentially can lead to poor choices (especially for infants and young children).

#### 5.1.1 Holism

Many of those interviewed believed that because good nutrition, as well as consequences of poor nutrition such as obesity, is a complicated issue, and as such cannot be solved with a simple front of pack labelling approach.

It is considered important to focus on overall dietary intake and activity, and the place of individual foods within that, rather than simply ‘negative’ nutrient components of individual foods [breakfast cereals, snack foods, canned and frozen fruits and vegetables, pre-prepared meals, snack foods, confectionery, soups, red meat, dairy, eggs, fresh fruit and vegetables].

In an ideal world, a daily intake guide should form basis of the criteria underpinning any scheme [seafood, biscuits, snack foods, breads and baked products, dairy, small goods, beverages, retail].

*“We should be thinking about food and diets not nutrients.”  
[breakfast cereals, snack foods]*

It was also seen as important that when communicating with consumers, the ideal scheme should not judge individual foods or beverages as being ‘good’ or ‘bad’, as it will scare people away from foods and supermarkets [breads and baked products, dairy, small goods, beverages, chicken, canned and frozen fruits and vegetables, pre-prepared meals, soups].

*“We shouldn’t demonise food ....”  
[beverages]*

*"The take-away outlets will appear far less scary than supermarkets filled with red-labelled products."  
[canned and frozen fruits and vegetables, pre-prepared meals, soups]*

Some expressed the sentiment that the ideal nutrient profiling system should not encourage the replacement of 'negative' nutrients with less healthy alternatives such as non-nutritive fillers and additives [dairy, beverages].

If an ideal system were possible, some stated that the criteria would need to be category specific rather than a universal set for all foods [canned and frozen fruits and vegetables, pre-prepared meals, soups, beverages, chicken, red meat]. This takes into account the place of each food category in the diet, how eaten, portion size etc. However, then it would share the disadvantage of systems such as 'Pick the Tick', which is criticised for having different criteria for different categories (e.g. milk and pies).

#### 5.1.2 Education/Marketing

Many of those interviewed also stated that the adoption of any labelling scheme would require significant marketing and education, targeted at multiple sectors within the population.

Education in particular, was seen as the most important aspect of ensuring any new front of pack labelling scheme had the desired effect of causing healthier eating practices - particularly as most consumers appear to be indifferent to the nutritional profiles of the foods they buy [breads and baked products, dairy, small goods, beverages, chicken, eggs]. Education was seen as being more important in lower-socio-economic areas, as those in higher socio-economic areas are more likely to seek (and be able to afford) more nutrient dense foods [breads and baked products, dairy, small goods, fresh fruits and vegetables].

It was thought that educational resources should be directed at four areas in particular:

- Nutrition knowledge (in relation to personal health)
- Portion size
- Food preparation and cooking skills
- Exercise

Some of those interviewed felt that providing more effective education alone would be sufficient, without mandating front of pack labelling [eggs].

#### 5.1.3 Positivity

Front of pack labelling which promotes positive messages, such as 'Pick the Tick', was seen by some as having a greater impact on consumers.

*"The ideal scheme shows good food as the hero."  
[breakfast cereal, spreads]*

The ideal scheme was also seen as including criteria for ‘positive’ nutrients, such as protein, overall energy content, fibre, vitamins and minerals, antioxidants, omega 3 fatty acids, monounsaturated fats and fruit and vegetable content [dairy, canned and frozen fruits and vegetables, pre-prepared meals, soups, chicken, red meat, seafood].

#### 5.1.4 Simplicity

There is overwhelming support for the ideal scheme needing to be simple and easy to understand, due to past experience showing that multiple messages do not work. Most note, however, that this is not likely to be possible to achieve [fresh fruits and vegetables, red meat, breakfast cereals, spreads, biscuits, snack foods, beverages, small goods, chicken, pre-prepared meals, soups].

#### 5.1.5 Consistent with Current Initiatives

Many participants stated that the ideal scheme would need to be consistent with, and build upon, current initiatives, such as the %DI thumbnails or ‘Pick the Tick’. It was stated that introducing a totally new device would require consumers to learn a new set of information and/or symbols, and would not make use of their current understandings of food labelling [breads and baked products, dairy, small goods, beverages, red meat, fresh fruits and vegetables].

#### 5.1.6 Introduced Over a Period of Time

It was stated that the ideal front of pack labelling system would need to be phased in over a period of time (minimum of two years, and up to 10 years) for two main reasons:

- The time, planning and expense required to implement
  - to fit in with existing product development and packaging/labelling timelines
  - the practicalities of sourcing sufficient numbers of food technologists and nutritionists to carry out the analysis and development needed (a particular issue for larger manufacturers with extensive product ranges).
- Consumers are less likely to react adversely if small incremental changes are introduced over a period of time

#### 5.1.7 Based on Partnership with Food Industry

As discussed in Section 3, many companies are already making significant voluntary steps to improve the nutrient content of their product ranges. An ideal front of pack labelling system is seen by many as being one which recognises the value and expertise already existing within the food industry. Collaborative partnership between the food industry and government is seen as most likely to result in the most effective approach to food labelling [breakfast cereals, snack foods, breads and baked products, dairy, small goods].



#### 5.1.8 Labelling Issues

There are labelling space constraints for many food products. Some respondents stated that placement of any food labelling device should be flexible so that the front, back or sides could be used, thereby allowing for the size of the product as well as existing information and design. Others simply stated that there would not be enough space anywhere on the pack [fresh fruits and vegetables, biscuits, snack foods, dairy, soups, seafood].

*“We should be talking about on-pack labelling rather than front-of-pack labelling.”  
[snack foods]*

Others mentioned the cost of changing colour templates in labels and stated that assistance would be required with the extra development and packaging costs required [beverages, chicken, eggs]. Alternatively, a labelling device using one single colour would be less costly to implement.

## 5.2. Summary of Moving Forward

When participants were asked to describe their ideal front of pack labelling scheme many listed necessary components for such as scheme, but all agreed that such a system is unlikely to exist. Commonly suggested aspects of an ideal front of pack labelling system included the need to:

- Provide information about how single foods can fit within an overall balanced diet and healthy lifestyle
- Take account of different nutritional needs within different segments of the population
- Focus on 'positive' nutrient components in foods, rather than only 'negative' nutrient components
- Discourage less healthy options from being developed
- Promote positive, rather than negative messages about foods and beverages
- Encourage people to shop in supermarkets and cook food at home, rather than scare them into eating out more
- Category specific
- Accompanied by significant and targeted education and marketing campaigns
- Be simple
- Consistent with current initiatives
- Introduced over a long period of time
- Based on a partnership with the food industry
- Provide assistance for the practicalities and expense involved in re-labelling products

## **Appendix 1: Initial correspondence and information pack for interviewees**

<Date>

<name>

<position>

<address>

Dear <name>

Thank you for agreeing to take part in New Zealand Food Safety Authority's research into nutrient profiling schemes, which Network PR has been contracted to undertake. We are seeking input from industry leaders in the food and beverage industry to help in making recommendations to the government about front of pack labelling on food and beverage products. The NZFSA is also undertaking research with consumers regarding their understanding and acceptance of front of pack labelling schemes.

As discussed by telephone, we would like to consult with representatives from your company through an in-depth interview. The people interviewed would ideally come from, or be able to speak on behalf of, each of the following areas:

- Product Development
- Marketing; and
- Labelling/Regulations/Nutrition.

Your spokespeople/person would need to have some responsibility for making decisions around the use of front of pack labelling, and the types of changes which may be made to products in order to fit specific nutrient profiling criteria underpinning various labelling schemes.

In preparation for this interview we have outlined three types of front of pack and nutrient profiling systems (in an attached powerpoint file). This provides examples of schemes implemented under each system, currently being used internationally and in New Zealand:

- Interpretive Systems – colour coded;
- Interpretive Systems – symbolic; and
- Non-interpretive Systems.

Discussing this informational material prior to the interview being carried out will ensure the best use of your time when we meet. We recommend an informal chat covering, for example:

- your general views about front of pack labelling
- any front of pack labelling schemes you currently use (including their benefits and limitations)
- your opinions on the three types of systems outlined here

- the nature of your ideal front of pack system
- the potential for altering product composition to meet various profiling criteria
- the potential impacts on New Zealand's food supply of the three nutrient profiling systems outlined here.

The in-depth interview will be conducted by an independent qualitative research specialist, Jo Hazel, and can be scheduled at a time best suited to you. We would like to arrange this within next month, and it should take between 1 and 1½ hours.

In the mean time, please feel free to contact Network PR if you have any questions about this project:

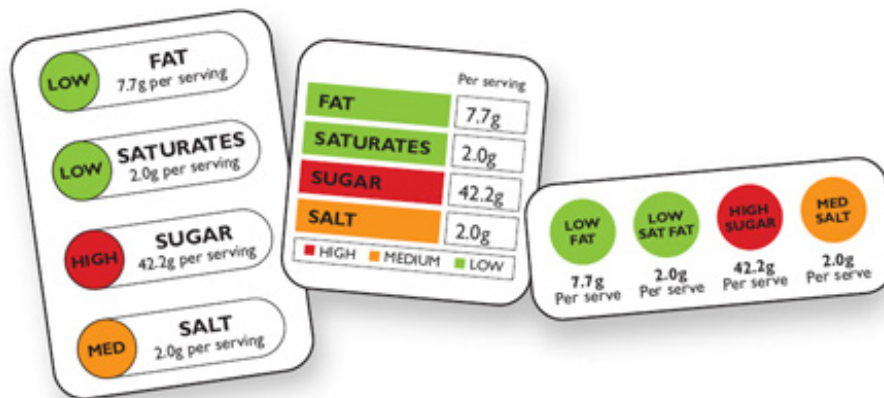
Donnell Alexander                      or  
(09) 306 5806  
(021) 301 064  
donnell.alexander@networkpr.com

Jo Hazel  
(09) 379 3154  
(021) 062 4662

Regards,

A handwritten signature in black ink, appearing to read 'Donnell Alexander', with a stylized, cursive script.

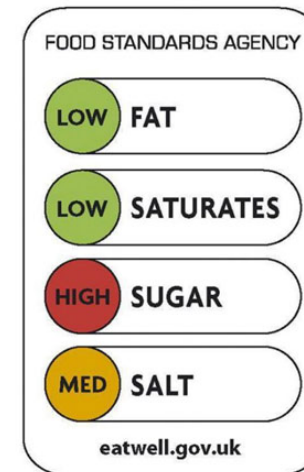
Donnell Alexander  
Senior Account Manager and Consultant Dietitian



UK FSA



Sainsbury's



© PA

Guide to nutrient levels in your food			
Nutrient	High	Medium	Low
Sugars (per 100g)	Over 15g	Between 5g and 15g	5g and below
Fat (per 100g)	Over 20g	Between 3g and 20g	3g and below
Saturates (per 100g)	Over 5g	Between 1.5g and 5g	1.5g and below
Salt (per 100g)	Over 1.5g	Between 0.3g and 1.5g	0.3g and below



## Examples of Interpretive Systems – colour coded

This system provides information about various nutrient levels and makes a judgment about their health value in relation to those nutrients



\*



Eat All Foods In Moderation

Singapore



Sweden



NZ Industry example

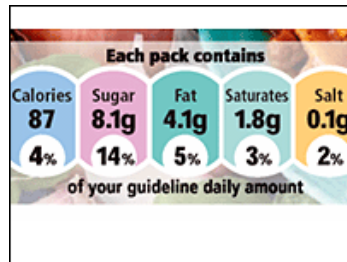
## Examples of Interpretive Systems – symbolic

These symbols are only permitted to be used on foods which meet specific nutritional criteria (healthier choices only)

\* The Food and Beverage Classification System for Schools and ECE is not a labelling system, but it is an interpretive nutrient profiling system which restricts options available to healthier options



FGC



Tesco UK



EU Calorie flag

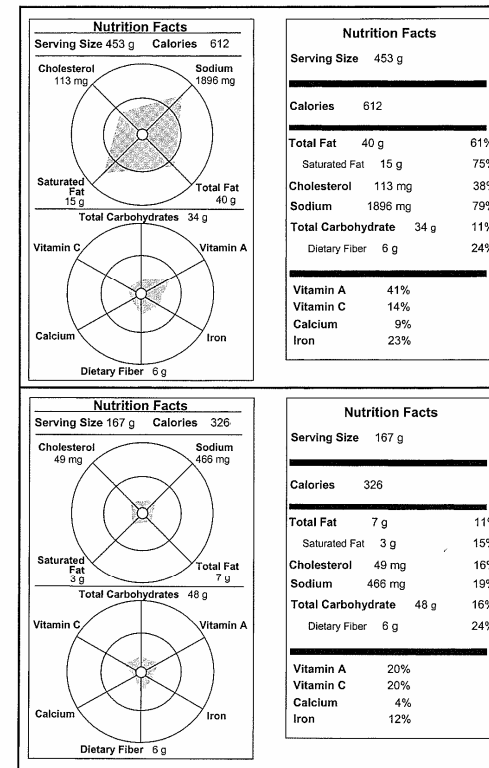


Figure 1. Examples of the configural (left) and separable (right) label formats used in this study. The top labels show a product that was rated low in nutritional quality, and the bottom labels show a product that was rated high in nutritional quality.

US research only

## Examples of Non-Interpretive Systems

These systems provide information on nutrient and energy content, without making a judgment about health value

## Appendix 2: Interview discussion guide

# NZFSA Nutrient Profiling Project

## Interview Discussion Guide (Post-pilot)

### 1. Introduction to the research

- Thank participants
- Donnell to describe research
- No right or wrong answers
- Duration of interview (1-1½ hours)
- Assurance that responses will be grouped together with other industry responses
- How the interview will be run, including Donnell and Jo's roles

### 2. Setting the scene (5mins)

*Now that I've told you about what we are hoping to achieve here today, I'd like to know a bit about you.*

- What is your role?
- What are your responsibilities?
- How are you involved in decisions around nutrient profiling?
- What product ranges are you involved with?
- Total Annual Sales?
  - Frozen vegetables (incl hash browns)
  - Frozen pre-prepared meals
  - Canned vegetables (incl beans and corn)
  - Canned fruit
  -
- What is the size (in terms of sales) of your products in x category in the NZ market?



### 3. Overview of new product development and reformulations in your organisation (5mins)

- What factors influence new product development and reformulation of existing products?
- Please rank these factors in order of importance.

**For each factor ask:**

- How and why is this influential?
- Why more/less influential than other factors?
- How important do you think nutrient profiling schemes are, particularly when included in front of pack labelling, in influencing consumers in their food purchasing choices?
- In what ways does including front of pack nutrient profiling for consumers affect their buying behaviour?
- What is this understanding based on?

### 4. Current External Nutrient Profiling Scheme(s) Used (10mins)

*I'd like to talk now about the formal scheme or schemes you are currently using, if any.*

- Currently, do you subscribe to or use any external nutrient profiling schemes such as Pick the Tick or The Food and Beverage Classification System for Schools?

**If so, ask:**

- Please briefly describe the current scheme(s) you use, what products are covered, and how scheme used (e.g. is it obvious to consumers?)
- What were the reasons for choosing the current scheme(s)?
- Were any product changes made as a result? (**Probe: new developments - reformulations**)
- What were they and how were they chosen?
  - nature of product?
  - market segment?
  - costs?
  - competitor behaviour?
- What changes were made? (**Probe specific nutrient changes**)
- How would you describe the demand for these newly developed and reformulated products?
  - In relation to unaffected products
  - In relation to pre-reformulation
  - Sales

- Customer feedback/perception
- Given the amount of investment you put into this (re)formulation process, have you seen a satisfactory return? How have you quantified this?
- What products were not reformulated under the scheme? Why?
- What are the strengths and/or advantages of the current scheme(s)? Please rank these strengths in importance.
- What are the weaknesses of, or what is not so good about, the current scheme(s)?
- How satisfied, or not, are you with your current scheme(s)? Why?

**If not, ask:**

Are you considering using such a scheme? Why/not?

<p><b>5. Current Internal Nutrient Profiling Guidelines Used (10mins)</b></p>
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*I'd like to talk now about the in-house guidelines you are currently using, if any.*

- Currently, do you use any internally generated nutrient profiling guidelines/schemes?

**If so, ask:**

- Please briefly describe the current guideline(s) you use what products are covered, and how it is used (e.g. do customers know about it?).
- What were the reasons for choosing these guidelines?
- Were any product changes made as a result? (**Probe: new developments - reformulations**)
- What were they and how were they chosen?
  - nature of product?
  - market segment?
  - costs?
  - competitor behaviour?
- What changes were made? (**Probe specific nutrient changes**)
- How would you describe the demand for these newly developed and reformulated products?
  - In relation to unaffected products
  - In relation to pre-reformulation
  - Sales
  - Customer feedback/perception
- Given the amount of investment you put into this process, have you seen a satisfactory return? How have you quantified this?
- What products were not reformulated under these guidelines? Why?
- What are the strengths and/or advantages of these guidelines? Please rank these strengths in importance.
- What are the weaknesses of, or what is not so good about, these guidelines)?

- How satisfied, or not, are you with these guidelines? Why?

## 6. Ideal nutrient profiling scheme (10mins)

*I'd like you to imagine an ideal nutrient profiling scheme for your organisation , one that you would be very likely to adopt.*

- Might it be different to the scheme(s) and guideline(s) you already use?

### **If so, ask:**

- What are its characteristics?
  - Nutrient information contained
  - Graphics/presentation
  - Interpretive or non-interpretive
  - Voluntary or mandatory
  - Other
- How should relevant criteria be determined?
- Who would administer these mandatory guidelines?
- What is it about this scheme that makes it ideal? (**Probe: strengths/advantages**)
- How would it ideally be implemented? What kind of assistance would you ideally receive from the government or NZFSA to help implement this ideal scheme – to minimise costs and maximise benefits?
  - financial
  - legislative
  - consumer education
  - other
- How would this scheme affect your willingness and ability to make compositional changes to your products? What product changes (if any) would you be likely to make as a result of adopting this ideal scheme? (**Probe: new developments – reformulations**)
- How might this scheme affect your business's profitability?
- Would this ideal nutrient profiling scheme be suitable for all New Zealand food manufacturers, or only some food categories? Which ones?

## 7. Alternative nutrient profiling systems (15mins)

*We would like to better understand your views on alternative nutrient profiling systems/schemes. I'm now going to show you some visuals representing three nutrient profiling systems, and various schemes based on them. These are all being considered by the NZFSA.*

**Read blurb and show visual for each category:**

**For each category ask:**

- What are the advantages/strengths of this system?
- What are the disadvantages/weaknesses of this system?
- What food manufacturers might this system best suit?
- Under this system, what product developments or reformulations might you be likely to make?
  - a) if it were voluntary?
  - b) if it were mandatory?
- Under this system, what barriers would you anticipate to changing products to meet likely nutrient criteria?
- How might using one of these schemes affect demand for your products in the domestic market? International market?

**If the respondent is negative about this system, ask:**

- In light of the barriers and/or disadvantages you mentioned (**list them**), what would need to happen for you to adopt this type of scheme voluntarily?

**Relating to all three systems, either summarise which is preferred system, or ask:**

- Which type of scheme would you rate most highly? Why?

## 8. Intention to make changes (5mins)

*I now want to ask you about your plans for the future with regard to nutrient profiling. I want to remind you that your answers will not be linked with your company specifically, but will be considered along with the answers given by all of the participants.*

- Are you discussing or planning to change your nutrient profiling scheme (or adopt one) in the short to medium term?

**If so, ask:**

- Has a system or scheme been chosen? Which system/scheme? **Or,** Which systems/schemes are being considered? Why these systems/schemes?

- If/when this new scheme is implemented, what product changes would you be likely to make as a result? (**Probe: new developments - reformulations**)

**If not planning or considering a change:**

- What factors make you reluctant to change or adopt nutrient profiling schemes?
- What are the barriers to either adopting a new approach or making changes in your scheme(s)?

**9. Impact of changing systems (10mins)**

*Now I'd like to discuss the impact of nutrient profiling on your business. (Use **visual listing the five scheme options**) I am asking about all the options we have discussed today, whether you have indicated an interest in using it or not..*

- Thinking of the various options we have discussed today (**show visual list**), what would the total costs of implementing a new scheme be to your business – across all applicable products? (**Note: probe product development costs, labelling costs, new product placement, launching/advertising, education campaigns etc**).
  - Maintenance of status quo;
  - Ideal scheme;
  - A colour coded interpretive scheme;
  - A symbolic interpretive scheme; and
  - A non-interpretive scheme.
- Is it possible to rank from most to least expensive?
- What degree of increase in sales would be required in order to justify these costs?
- Which (if any) of the options we've already discussed today would be most likely to help you achieve this degree of increase?
  - Maintenance of status quo;
  - Ideal scheme;
  - Under an Interpretive System – colour coded;
  - Under an Interpretive System – symbolic; and
  - Under a Non-interpretive System.
- If none of these options are likely to generate an increase in sales to outweigh the costs of adopting a scheme, what further outside assistance would you require in order to justify the likely cost?

## **10. Impact on New Zealand's Food Supply (5mins)**

*Finally, I'd like to discuss the impact of nutrient profiling on New Zealand's food supply. We are particularly interested in the effects on nutrient composition of food and beverages.*

*What do you see as the impacts on New Zealand's food supply of the following scenarios?*

- a) maintenance of the status quo;
- b) implementation of the ideal system/scheme you provided earlier;
- c) implementation of a colour-coded interpretive scheme;
- d) implementation of a symbolic interpretive scheme; and
- e) implementation of a non-interpretive scheme.

**(Probe what difference mandatory and voluntary makes)**

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*Is there anything else you would like to add that I haven't asked you today?*

*Thank you for your time. Your responses will form a key part of submissions made by the NZFSA to the Minister of Health regarding the future of nutrient profiling in New Zealand.*