Could Purchase Intent Be Influenced By New Sugar Label Regulations?

Presented by
MARGE O’BRIEN
SENIOR MANAGER, GLOBAL INSIGHTS
The sugar content of foods and beverages is under intense scrutiny by health organizations, government bodies and a growing number of consumers.
Corbion set out to understand the following from the consumer perspective:

1. Influence of ingredient panel, nutritional panel on purchase decisions in bread & Sweet Baked Goods (SBG) categories
   - Top drivers from the nutritional panel that influence purchase decisions
   - Front of package claims that drive purchase decisions

2. Impact of label changes
   - Awareness of FDA label changes with regard to how sugar is presented
   - Understand how the sugar labeling change will impact purchase decisions
   - Understand what level of sugar reduction impacts purchase interest

3. Sugar substitutes
   - Understand consumer perceptions for sugar substitutes and impact on purchase by various sugar substitute options
Methodology

A total of 800 20-minute online interviews were conducted between March 31, 2017 and April 6, 2017 with Praxis Research

Study results were cut by consumers who:

1. Had low intent to read the nutritional panel on either a bread or SBG
   - Defined as answering 0 to 5 on a 11 point intent scale
2. Had some intent to read the nutritional panel on either a bread or SBG
   - Defined as answering 6 to 10 on a 11 point intent scale

The table below summarizes the base sizes for analysis:

<table>
<thead>
<tr>
<th></th>
<th>Bread Cells (n=400)</th>
<th>SBG Cells (n=400)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Respondents</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Low Intent</td>
<td>190</td>
<td>196</td>
</tr>
<tr>
<td>Some Intent</td>
<td>210</td>
<td>204</td>
</tr>
<tr>
<td>% of Respective Cells</td>
<td>48%</td>
<td>49%</td>
</tr>
<tr>
<td></td>
<td>52%</td>
<td>51%</td>
</tr>
</tbody>
</table>
Section 1

NUTRITIONAL PANEL, INGREDIENT LIST AND FRONT OF PACKAGE CLAIMS
Regardless of likelihood to read labels, the ingredient list and nutritional panel carry equal influence on SBG decisions.

Question: How influential, if at all, is the nutritional panel & ingredient list on your decision to purchase the following product categories?

Source: Corbion Proprietary Labeling Study, 2017
In comparison to other high penetration categories, the influence of nutritional/ingredient information on purchase decisions is consistently low for SBG, and average for sliced bread.

Source: Corbion Proprietary Labeling Study, 2017
Calories and total sugars top the list as being the most influential items on a SBG nutritional panel, but overall there is not a clear influencer with purchase decisions.

**Question:** Below is a list of nutritional information you might see on the panel of a pre-packaged sliced bread. Using the scale shown, please tell us how influential each item would be on your decision to purchase the product. 0 = Not Influential At All/5=Neutral/10 = Extremely Influential.

**Source:** Corbion Proprietary Labeling Study, 2017
There are no clear front of package claims influencing SBG consumers.

Question: Below is a list of claims you might see on the front of the package of a (PIPE IN PRODUCT CATEGORY). Using the scale shown, please tell us how influential each claim would be on your decision to purchase the product. 0 = Not Influential At All/5=Neutral/10 = Extremely Influential.

Source: Corbion Proprietary Labeling Study, 2017
Section 2

The Impact of Sugar Labeling Change
Unaided Awareness
How will the nutrition panel change?

- Serving sizes updated
- Calories: larger type
- Updated daily values
- Actual amounts declared
- New footnote

NEW LABEL / WHAT’S DIFFERENT

Servings: larger, bolder type

New: added sugars

Change in nutrients required
Across Sweet Baked Goods consumers only 25% say sugar labeling will impact their purchase decisions on a unaided basis.

**Low Intent to Read**

% Consumers Stating Sugar Labeling Would Impact Purchase Decision

- SBG Current Label: 13%
- SBG Test Label: 20%

**Some Intent to Read**

% Consumers Stating Sugar Labeling Would Impact Purchase Decision

- SBG Current Label: 19%
- SBG Test Label: 25%

**Question:** Is there anything on this label that would impact your decision to purchase or not purchase a pre-packaged sweet baked good item? If Answered Yes, What specifically on the label would impact your purchase decision?

Source: Corbion Proprietary Labeling Study, 2017
Section 3

The Impact of Sugar Labeling Change Aided Awareness
Overall, only 1/3\textsuperscript{rd} of consumers were aware of the upcoming FDA label changes.

33\% of consumers were aware of the upcoming label changes

67\% of consumers were not aware of the upcoming label changes

**Survey Question:** Before taking this survey today, were you aware that the U.S. Food and Drug Administration was planning to make changes to the nutritional facts label on food items in the near future?

**Awareness of FDA label changes among people likely to read labels is almost twice that of low intent label readers.**

<table>
<thead>
<tr>
<th></th>
<th>Low Intent Label Readers</th>
<th>Some Intent Label Readers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Aware</td>
<td>24%</td>
<td>76%</td>
</tr>
<tr>
<td>Not Aware</td>
<td>76%</td>
<td>58%</td>
</tr>
</tbody>
</table>

Source: Corbion Proprietary Labeling Study, 2017
In a side by side comparison (aided), those with some intent to read labels were significantly more likely to indicate that label changes would impact their purchase decision.

<table>
<thead>
<tr>
<th>% Saying Change Will Impact Purchase Decision</th>
<th>Sweet Baked Goods Consumers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Low Intent</td>
</tr>
<tr>
<td>The Sugar content including added sugars</td>
<td>54</td>
</tr>
<tr>
<td>Larger print for the calorie count</td>
<td>52</td>
</tr>
<tr>
<td>Serving size shown in bolder font</td>
<td>48</td>
</tr>
<tr>
<td>Removal of calories from fat</td>
<td>40</td>
</tr>
</tbody>
</table>

**Question:** Would the following changes to the way the information is displayed on the nutritional panel (see label with FDA changes incorporated on the right) have any impact on your decision to purchase a (PIPE IN CATEGORY)?

Source: Corbion Proprietary Labeling Study, 2017
Side-by-side aided label responses to sugar labeling appear to be more aspirational.

% Consumers Stating Sugar Labeling Would Impact Purchase Decision

**Low intent label readers - SBG**

- Unaided Current Label: 13%
- Unaided New Label: 20%
- Aided Side-by-side: 54%

**Some intent label readers - SBG**

- Unaided Current Label: 19%
- Unaided New Label: 25%
- Aided Side-by-side: 75%

Overall aided recall for added sugars was 12%

Overall aided recall for added sugars was 31%

**Question:** Is there anything on this label that would impact your decision to purchase or not purchase a pre-packaged sweet baked good item? If Answered Yes, What specifically on the label would impact your purchase decision?

Source: Corbion Proprietary Labeling Study, 2017
Awareness of added sugar labeling on SBG products does not necessarily correlate to purchase intent.

**Positive/Negative Impact**

The addition of processed sugar is one of the most unhealthy things that has become a commonplace theme in American diets.”

“Because if it already contains sugar in it, it does not need anymore added to it.

“I would pay closer attention and decide based on whether I think the added sugar is too much.”

It gives me the information of where the sugar is coming from. Whether it’s natural or added allows me to make a healthier purchase if I choose to do so.”

**No Impact**

“When you are already hungry enough to purchase this sugar over load, fat over load, calorie over loaded snack the added sugar is not going to make any difference. At this time you may as well grab a regular soda and prepare for a sugar coma.”

“Because if I want to eat something sweet I will no matter what.”

“I purchase sweet snacks knowing they have a high sugar content so I don’t think it would change my mind about purchasing. But I would probably buy less of the product due to knowing the real sugar content.”

**Question:** And why do you say the inclusion of “Added Sugars” would have a “PIPE IN ANSWER FOR SUGAR” on your decision to purchase a pre-packaged (INSERT CATEGORY)? Since we can’t ask you any follow up questions, please try to be as specific as possible when answering.

**Source:** Corbion Proprietary Labeling Study, 2017
Section 4

SUGAR REDUCTION PERCEPTIONS
Low intent label readers for SBG products claim a sugar reduction of up to 20% could be of interest yet almost 30% of respondents have a negative view on taste expectations with 10% sugar reduction.

**Desirability of Sugar Reduction**

<table>
<thead>
<tr>
<th>0 to 4: Undesirable</th>
<th>5: Neutral</th>
<th>6 to 10: Desirable</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% Reduction in Sugar</td>
<td>17</td>
<td>45</td>
</tr>
<tr>
<td>10% Reduction in Sugar</td>
<td>17</td>
<td>38</td>
</tr>
<tr>
<td>20% Reduction in Sugar</td>
<td>16</td>
<td>29</td>
</tr>
<tr>
<td>30% Reduction in Sugar</td>
<td>22</td>
<td>25</td>
</tr>
<tr>
<td>40% Reduction in Sugar</td>
<td>20</td>
<td>24</td>
</tr>
</tbody>
</table>

**Impact of Sugar Reduction on Taste Expectations**

<table>
<thead>
<tr>
<th>0 to 4: Negative Impact</th>
<th>5: Neutral</th>
<th>6 to 10: Positive Impact</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% Reduction in Sugar</td>
<td>20</td>
<td>48</td>
</tr>
<tr>
<td>10% Reduction in Sugar</td>
<td>27</td>
<td>41</td>
</tr>
<tr>
<td>20% Reduction in Sugar</td>
<td>35</td>
<td>31</td>
</tr>
<tr>
<td>30% Reduction in Sugar</td>
<td>39</td>
<td>26</td>
</tr>
<tr>
<td>40% Reduction in Sugar</td>
<td>39</td>
<td>26</td>
</tr>
</tbody>
</table>

**Question:** How desirable or undesirable would you say the following levels of sugar reduction would be to personally?

**Question:** How would each of the following sugar reduction claims impact your overall taste expectations, if at all, for a pre-packaged sweet baked good item?

Source: Corbion Proprietary Labeling Study, 2017
Consumers who have some intent to read SBG labels indicate that a sugar reduction of up to 20% could be of interest for both desirability and impact on taste expectations.

### Desirability of Sugar Reduction

<table>
<thead>
<tr>
<th>Sugar Reduction</th>
<th>0 to 4</th>
<th>5</th>
<th>6 to 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% Reduction in Sugar</td>
<td>19</td>
<td>8</td>
<td>72</td>
</tr>
<tr>
<td>10% Reduction in Sugar</td>
<td>16</td>
<td>8</td>
<td>76</td>
</tr>
<tr>
<td>20% Reduction in Sugar</td>
<td>12</td>
<td>7</td>
<td>81</td>
</tr>
<tr>
<td>30% Reduction in Sugar</td>
<td>9</td>
<td>8</td>
<td>83</td>
</tr>
<tr>
<td>40% Reduction in Sugar</td>
<td>11</td>
<td>10</td>
<td>79</td>
</tr>
</tbody>
</table>

**Question:** How desirable or undesirable would you say the following levels of sugar reduction would be to personally?

### Impact of Sugar Reduction on Taste Expectations

<table>
<thead>
<tr>
<th>Sugar Reduction</th>
<th>0 to 4</th>
<th>5</th>
<th>6 to 10</th>
</tr>
</thead>
<tbody>
<tr>
<td>5% Reduction in Sugar</td>
<td>36</td>
<td>9</td>
<td>55</td>
</tr>
<tr>
<td>10% Reduction in Sugar</td>
<td>29</td>
<td>11</td>
<td>60</td>
</tr>
<tr>
<td>20% Reduction in Sugar</td>
<td>15</td>
<td>19</td>
<td>67</td>
</tr>
<tr>
<td>30% Reduction in Sugar</td>
<td>12</td>
<td>26</td>
<td>62</td>
</tr>
<tr>
<td>40% Reduction in Sugar</td>
<td>12</td>
<td>27</td>
<td>62</td>
</tr>
</tbody>
</table>

**Question:** How would each of the following sugar reduction claims impact your overall taste expectations, if at all, for a pre-packaged sweet baked good item?

Source: Corbion Proprietary Labeling Study, 2017
Section 5

SUGAR SUBSTITUTES PERCEPTIONS
Sweet Baked Goods consumers are slightly more accepting of sugar substitutes, although overall acceptance is still low.

- 53% of bread consumers have a negative opinion about the use of sugar substitutes.
- 42% of sweet baked goods consumers have a negative opinion about the use of sugar substitutes.

Source: Corbion Proprietary Labeling Study, 2017
Overall acceptance for natural substitutes is high but the more chemical sounding sugar substitutes have less consumer appeal.

**Question:** Assume you read the ingredient labels for one of the (PIPE IN PRODUCT CATEGORY) you frequently purchase and saw that it contained the following ingredients. How likely would you be to purchase it? Please answer using the scale shown and consider each ingredient independently from the others shown.  0 = Extremely Unlikely/5 = Neither Unlikely Nor Likely/10 = Extremely Likely

**Source:** Corbion Proprietary Labeling Study, 2017
Section 6
IMPACT OF SUGAR TAX ON SODA: WHAT THE FUTURE COULD HOLD FOR BAKERY
Taxes on Sugar Sweetened Beverages in the U.S. are beginning to get legislative approval with Berkeley and Philadelphia being the first two cities.
Berkeley: 1 year after introduction in Berkeley, CA, sales of sugary drinks fell by -9.6%, while sales in surrounding areas with no tax rose by +6.9%.

Philadelphia: In March, 2017 soda manufacturer(s) and retailers announced sales declines of 30-50% and announced job cuts and layoffs.

Cook County: Costco’s locations saw a -34% decline in beverage sales BUT saw a +38% increase in stores just outside of Cook County.

Source: Berkeley: Oakland Public Healthy Institute/University of North Carolina Study, April 2017
Phil: NY Post, March 2017
Global Sugar Taxes

1 year after the tax was introduced sales of sugary drinks were down -5.5% followed by a -9.7% decline in the second year

The levy, which becomes effective April, 2018 will have producers or importers of soft drinks paying a sugar tax of 18p per liter on drinks containing five grams or more of sugar per 100ml and 24p per liter more if their products contain eight grams or more per 100ml.

“Action on Sugar is urging the next government to implement a mandatory sugar levy on all confectionery products that contain high levels of sugar” said Graham McGregor, Action on Sugar’s chairman, who is professor of cardiovascular medicine at Queen Mary University of London.

UK: Independent, March 2017
THANK YOU

Marge O’Brien
marge.obrien@corbion.com

Corbion