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# Preliminary thesis report

*How does the wording of healthy communication on labels influence consumers at point of purchase?*

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## 1.0 Introduction

During the past decade, the focus of being healthy and the consumption of healthy products has increased. Since the early 2000s, the so-called obesity epidemic has generated a degree of moral urgency and persuaded many governments to realize the need to change the food system in order to improve the diets of the population (Scrinis and Parker, 2016). The overconsumption of unhealthy foods, and indeed the overconsumption of food in general, has become the focus of concern of nutrition experts and policy makers (Scrinis and Parker, 2016). A range of policy innovations and actions have been proposed or implemented over the past decade as an attempt to improve people's diets that involve regulating food, the broader food environment and individual choices (Hawkes, Jewell, and Allen 2013). Food companies are on trial for contributing to the growing problem of obesity, in the United States especially, and elsewhere in the world. They have been threatened with taxes, fines, restrictions, legislation, and the possibility of being "the tobacco industry of the new millennium" (Nestle 2002).

Labeling is an area of critical concern among regulators such as the U.S. Food and Drug Administration (FDA). The Food and Drug Administration (FDA) is implementing a new nutrition label that is going to highlight specific areas that displays the information that matters the most for consumers (fda.gov). In addition to be displaying the added sugar, due to new regulations companies are now compliant to let the consumer know how many grams of added sugar the product contains (fda.gov). According to FDA, some companies have already begun to transit, but all businesses have until 2020 to comply to the new design standards. Consequently, suppliers and firms within fast moving consumers goods (hereafter FMCG) face new requirements as part of increased corporate social responsibility (hereafter CSR). This is due to the growing concerns about public health and environmental sustainability, and governments are facing aggressive approaches to the regulation of different categories of consumers goods (Deloitte, 2013).

Long term, by helping consumers better control their intake could possibly help reduce the likelihood of adverse regulations and boycotts, but also help promote more favorable attitudes toward the brand and company, and further result in what

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Rothschild (1999) refers to as “win-win” policy-sensitive solution for both companies and consumers. There has been only one notable attempt to mandate the nutritional profile of foods—the regulation of trans-fat content in foods, beginning in Denmark in 2004 (Astrup, 2006). But rather than impose limits on nutritional composition, governments have mostly attempted to encourage the food industry to reformulate their products on a voluntary basis, through the gradual reduction in salt, sugar, trans fats, and saturated fats (Marotta, Simeone, and Nazzaro, 2014), which in Norway, NorgesGruppen did in 2014 when they removed 90 ton of salt yearly from their products sold in their retailer chains (Norgesgruppen.no).

Today's society operates with time as an important factor and we often choose products that we are familiar with or products that easily communicates to us from the shelf. Furthermore, research give evidence that consumers search for nutrition-related information as long as the costs (time and/or price) will not outweigh the benefits (Drichoutis, Lazaridis and Nyga, 2006). For that reason, it becomes very important for companies to be able to catch the attention of the consumers without boring them with too advanced labels rather than easy-to-understand labels with effective communication. Seen from the manufacturer point of view, according to Drichoutis, Lazaridis and Nayga (2006), most of the manufacturers agreed that the provision of nutrition labelling is necessary if it may give them more revenues. Moreover, the manufacture also highlighted at point-of-sales method nutritious food may give them more profit if they can provide the information about their product correctly. Furthermore, according to Mensah, Lawer and Aidoo (2012) they verified that manufactures may expect what consumers are interested in and therefore they may focus on that information in order to attract more customers, since customer nowadays are more health conscious, they are looking for food that may benefit their health.

A very sad fact is that obesity has tripled since 1975, and most of the world population lives in countries where more people die from overweight and obesity than underweight (who.int). New public health strategies are needed to fight diseases that comes from obesity and overweight such as diabetes, too high cholesterol and heart failure to name a few. These diseases are further highly related to the intake of our daily food. One way companies can help consumers

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reduce the intake of these negative nutrients, and further increase the intake of positive nutrients, is to motivate consumers to make more healthful choices. A major instrument in trying to help consumers to distinguish more healthful products from less healthful ones, is making the nutritional composition of foods transparent. In conclusion, consumers may obtain many benefits if they check the nutritional as well as understand the label, and as a result, lead to have a better life. Therefore, our aim for this thesis is to investigate the following:

*How does the wording of healthy communication on labels influence consumers at point of purchase?*

### ***1.1 Research question***

Our aim for this thesis has led us to the formulation the following research question:

**Research question 1:** To which extent has the labeling zero sugar an effect on consumers purchase intention?

From the literature review, it reveals that front-of-pack (FOP) labels can be supportive for consumers in making a healthier choice in the supermarket (Cowburn and Stockley, 2005; Kelly et al., 2009; Wansink, 2003; Williams, 2005; Drichoutis, Lazaridis and Nayga, 2006; Kozup, Creyer and Burton, 2003). In addition, consumers indicated that they are generally aware of the link between food and health and are interested in nutrition information on food packages (Grunert and Wills, 2007). This indicates that consumers are positive to make healthy choices. However, the literature provides close to zero information on what kind of wording on the FOP labels will have the most effective marketing communication, in order to be selected by consumers. The master thesis will provide new insight to an important aspect of competitive advantages in the FMCG industry.

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## 2.0 Literature review

### *2.1 Labeling of food/ beverages*

Getting consumers to eat more healthily is no trivial task, and creating supportive environments that help people to make healthy choices is an important underlying principle in promoting health. While health is valued by everybody and therefore is one of the fundamental drivers of human behavior, attempts to change eating patterns by informing consumers about the link between diet and health have been difficult. One of the major instruments in trying to bring about more healthy eating patterns has been nutrition labelling (Baltas, 2001; Cheftel, 2005; Grunert and Wills, 2007.). Nutrition labels were innovated to help consumers make healthier food choices (Bonsmann, Celemín and Grunert, 2010) and is further an attempt to provide consumers, at the point of purchase, with information about the nutrition content of individual food products, in order to enable consumers to choose nutritionally appropriate food. In addition is nutrition labels a product-related information that companies are required to provide (Daly, 1976). Cowburn and Stockley (2005) found that “improvements in nutrition labelling could make a small but important contribution towards making the existing point-of-purchase environment more conducive to the selection of healthful choices”. Studies that has been conducted within this field, reveals a surprising degree of consistence that appears in the conclusions about consumers interest in nutrition information and their interest in obtaining this information from labels on food products. Participant in the different studies reviewed were usually aware of the overall link between food and health, indicate an interest in nutrition and are also interested in getting information about properties of the food they consume (Armstrong, Farley, Gray, Durkin, 2005; Loureiro, Gracia, Nayga, 2006). Research also reveals that consumers attitude are highly positive towards nutrition labeling (Daly, 1976), however, if the customer is time pressured, the link to reading the nutrition labels are negative (Grunert and Wills, 2007).

#### *2.1.2 Front of pack labeling*

Front-of-pack nutrition labels in a great diversity of formats have a high presence in many countries (Bonsmann, Celemín, Larrañaga, Egger, Wills, Hodgkins and Raats, 2010). These labels are based on a limited number of key nutrients

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(typically salt, sugar, saturated fat and total fat) and these are the nutrients the consumers in general are most interested in (Balasubramanian and Cole, 2002). Overall research shows that consumers often like the idea of front-of-pack nutrition labeling, and further claim that they understand the information conveyed on the given product, and state that they are using the information in actual purchase and consumption behavior (Feunekes, Gortemaker, Willems, Lion, Van Den Kommer, 2008), and that effects on actual food choices are much less pervasive (Muller, 1985).

Studies using observational and experimental research paradigms suggest that much of the nutrition information may not be given much attention and go unnoticed in the actual purchase process. For example, a field experiment on an in-store intervention involving nutrition information (including labels) reveals that only 50% of customers reported having noticed an intervention, and only 25% had noticed that it concerned a labeling intervention (Steenhuis, Assema, van Breukeln, Glanz, Kok and de Vries, 2004). In-store observations equally report a low percentage of customers who look at nutrition information on pack (Grunert, Fernández-Celemin, Wills, Storcksdieck genannt Bonsmann and Nureeva, 2010; Grunerts and Wills, 2007) and customers rarely mention nutrition information during their shopping trip when using think aloud protocols (Higginson, Kirk, Rayner and Draper, 2002). This is inconsistent with what Cowburn and Stockley (2005) found which was that, consumers claimed to look at nutrition labels often or at least sometimes during food purchasing. In an extensive review of consumer food labeling research, Grunert and Wills (2007) concluded that consumers are generally aware of the overall link between food and health and are interested in receiving nutrition information on food packages. Consistent to this outcome participants from the study of Kelly et al. (2009) indicated strong support for the inclusion of nutrient information on negative nutrients on the front of packages. Results from a study by Viswanathan and Hastak (2002) suggested that some benchmarks can help consumers put nutrition information into context.

Consumers will process the information on a package better when they are exposed to a combination of a short health claim on the front-of-pack together with full health claims on the back- of-pack it (Wansink, 2003). In general consumers see health claims as useful and view food as more healthful if it carries

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a health claim (Williams, 2005). Especially healthy claims on the front-of-pack have been found to create favorable judgments about a product (Drichoutis, Lazaridis and Nayga, 2006). Another study, by Kozup, Creyer and Burton (2003), found that consumers are more beneficial towards the product, nutrition and purchase intentions when nutrition information or health claims are presented. A possible explanation for the inconsistency can be that consumers more easily notice the labelling if it has a health claim in the front, and thus, lead to purchase intention.

In the previously mentioned studies, the effectiveness of front-of-pack labels, health claims and nutrition information has been explained as a positive impact on the healthiness of consumers' purchase behavior. However, there is also a more negative impact of concern when it comes to food labelling. How consumers perceive the taste has shown to be an issue of interest. The powerfulness of a presented label can be so strong that some consumers convince themselves that they do not like the taste due to presence of a certain nutrition (Wansink and Park, 2002). The reason for this can be due the fact that consumers may think that healthful food is not likely to taste good (Wansink and Park, 2002). It is commonly known that there usually is a tradeoff between nutrition content and taste. Moreover, Drichoutis et al. (2006) discovered that consumers may choose for an instant satisfaction of a tasteful product instead of looking at the long run benefits of a healthful product. While doing groceries, a low-involvement situation, consumers attach more value to extrinsic cues (price, promotion etc.) rather than intrinsic cues (color, freshness, visible fat etc.) to evaluate quality. Nutrition labelling could be such an extrinsic cue which may influence the taste as less flavorful (Wansink et al., 2004). A main challenge for the food industry and probably the government as well is how to position the nutrition claims in the market, to reduce negative taste suggestiveness cues.

## ***2.2. Consumer response***

Consumer response is an unclear definition because it can include a lot of different specters. Due to our aim of master thesis, we want to delineate consumer response to the purchase intention a consumer have towards a brand that communicates products with a healthy direction.



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### 2.2.2 Purchase intention

Purchase intention towards a product or a brand can be defined as the implied promise to one's self to buy the product again whenever one makes the next trip to the market (Fandos and Flavian, 2006; Halim and Hadeem, 2005). This mindset is quite important to companies because of their intention to increase the sale of a specific product in order to maximize their profit. (Tariq, Nawaz, Nawaz and Butt, 2013). The mindset becomes more important in today's society, especially when the switching costs of FMCG is low among consumers (Anderson and Sullivan, 1993). Overall, there are some factors that general influence purchase intention such as product quality, knowledge and brand attitude (Tariq, 2013). However, over the last decade there has been a change in consumers purchase intention of FMCG and the demand for more "healthy products" or products which form part of a healthier diet has increased (Bower, Saadat and Whitten, 2002). This has resulted in consumers preference, where they demand wider selection between healthy and unhealthy products. In addition, 70% of purchase intentions or decisions are made at the shelf, and therefore the healthy communication plays a vital role in differentiation a brand form competition (Nawaz, Billoo and Lakhan, 2012). Moreover, the price of healthy products is often higher than regular products, which further leads price and healthy communication as two of the factors that affect food choice – or intention to buy the product (Bower et.al, 2002). Furthermore, individual have different purchase intention and therefore will gender, age, attitude to healthy issues and knowledge about content in products decide how a product is processed in the choice situation (Bower et.al, 2002). Tepper and Trail (1998) argues that "taste" and "health" is recognized as being influential in purchase intention of healthy products, and Bower et. al (2002) found evidence in their study that purchase intention is significantly affected by the degree of liking the product as well as the healthy information on the label.

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## **3.0 Proposed methodology**

### ***3.1 Research design***

According to Cooper and Schindler (2011) research design can be defined as a plan and structure for investigation, perceived to obtain answers to research questions. Research design can be both descriptive, exploratory, explanatory, or some combination of these (Saunders, Lewis and Thornhill, 2012). The objective of descriptive research is to gain accurate profile of events, persons or situations. Exploratory studies give an opportunity to ask open questions in order to gain more insight, while explanatory establish causal relationships between variables (Saunders et.al, 2012).

Since the aim of this thesis is to investigate how the wording of healthy communication on labels influence consumers at point of purchase, our research will consist of both exploratory and explanatory methods, in order to have the possibility to do research both width and depth.

#### **3.1.1 Qualitative and quantitative data**

According to Saunders et. al (2012) there are two types of data; qualitative and quantitative, and this thesis will consist of both.

Quantitative research is often referred to as a data collection technique that generates numerical data, where the intent is to establish, confirm or validate relationships and to develop generalizations that contribute to theory (Saunders et.al, 2012; Leedy and Ormrod, 2001). This type of method will have a dominant role in our research because we want to investigate our research question in a wider range, before we support it with a deeper analysis. The data will be collected with a digital survey to Norwegian consumers through probability sampling, to ensure generalizability (Saunders et.al, 2012). The questions will mainly cover the aspect of how consumers perceive healthy products, as well as how the wording on the labels are perceived. The survey will consist of pictures of different unbranded products, which are labeled with different healthy words (i.e. low sugar and zero sugar), and the participant must choose which products they prefer.

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In order to support our findings from the quantitative research, a qualitative method will be conducted and will be helpful to deeply explore respondents' feelings and perspective on our research questions (Guion, Diehl and McDonald, 2001). This will be done through two interviews; one with consumers of FMCG and one with a supplier. Before we carry out the real interviews, we will conduct a pilot study in order to increase the likelihood of success.

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