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Consumer Power Drives the Food System

The food industry has learned that shoppers seek transparency and will reward the companies that play it straight. GMO labels are just the start.



Labels printed on bags of snack food indicate they are non-GMO food products. (Photo: Robyn Beck)

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Bio

Last January, as new state laws requiring on-package labels for foods containing genetically modified ingredients were set to go into effect in Vermont, Connecticut, and Maine, U.S. Secretary of Agriculture Tom Vilsack called a meeting. The heavy hitters in the food industry arrived at his office for a closed-door strategy session with consumer advocates and environmentalists. Could these state actions be replaced with a national GMO labeling law?

Consumers had won the right to know what foods contain GMOs. Vilsack's meeting was to negotiate the terms of the food industry's surrender.

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The votes had been tallied at the grocery store, where GMO-free products are the new food stars. "No GMOs" is now such an effective marketing claim that Hershey's is ending its reliance on GMO beet sugar. In 2014, General Mills acquired Annie's Organics, declaring that using organic ingredients, by definition non-GMO, was a priority going forward. Although more than 60



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countries already required some form of labeling, changes in the U.S. confirmed a global shift toward transparency in the food chain.

Regardless of consumers' complex, even confused, views on the safety and efficacy of genetically modified crops, surveys conducted by the food industry showed a growing number of consumers want to avoid GMOs. Many also want to know what products are fair trade certified, what produce came from organic farms, which foods are local, and more. One recent study by Hartman Group, a leading food industry consultant, said a sense that a food company is "managing consumer expectations" and a lack of transparency drive "consumer anxiety," particularly when it comes to GMOs.

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In a few months, the Vilsack group settled on national GMO labeling legislation. At a time when Congress was hopelessly deadlocked on nearly every front, GMO labeling passed the Republican-controlled Congress with bipartisan support and was signed into law by President Obama this summer. After the U.S. Department of Agriculture promulgates the new rules, expected by early 2018, GMO ingredients will be disclosed for all foods.

The compromise—to allow digital disclosures through QR codes on packages in lieu of printed-label disclosures—continues to bitterly divide GMO labeling proponents. Also, many food activists worry that with this victory consumers might think they've already won the larger, more difficult fight for a transparent food system.

That doesn't mean activists aren't celebrating. "This is a transformational time," says Scott Faber, an Environmental Working Group lobbyist who represents the "Just Label It" campaign in Washington. "Consumers have been voting with their forks." Organic and non-GMO brands are growing, and there is a decline in the use of antibiotics in animals. Skepticism about food company claims is pervasive, leading many to drop the meaningless "natural" claims on labels. "Consumers see the manipulation," Faber says.

The success of the GMO labeling campaign is a clear reminder that companies will respond to shopper preferences. Analysts at Technomic report more food companies are removing GMOs as well as chemical additives from their products. It makes financial sense, says Eve Turow Paul, a food industry consultant specializing in millennial shoppers. For these shoppers food is "a reflection of their larger values," she says, and they are willing to pay a premium to send the right message.

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A consumer "vote" with every purchase may become easier to ally. Food activist groups will reunite to seek full transparency

text. Faber says consumers want access to complete lists of ingredients—including potential allergens—in all the foods they buy, as well as seed-to-table tracking of ingredients and disclosures about fair wage practices.

This data can be organized with the “internet of things” technology that has revolutionized other industries. Recent food poisoning incidents have added urgency to tracking efforts.

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Whole Foods’ decision in 2013 to rate the relative biological responsibility of its suppliers forced the premium grocer to build transparency into its supply chain, says Dean Wiltse, CEO of FoodLogiQ, the track-and-trace technology company that created the

ingredient-tagging system for Whole Foods and is working with Chipotle to create its food safety tracking system. “Consumers are demanding complete transparency,” he says. “The fastest-growing food brands are the ones meeting this demand.”

The digital platforms using QR codes the food industry fought for are perfect for accommodating the more expansive disclosures required for full transparency, says Faber. “The food industry opened a digital can of worms.”

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But the food industry isn’t clueless, says Charlie Arnot, CEO of the Center for Food Integrity, an industry group whose members include Monsanto, Cargill, and DuPont. Full transparency is necessary if big food companies want to regain consumer trust,

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he says. Arnot founded The Center for Food Integrity in 2007, in partnership with the Indiana Department of Agriculture, to bolster the image of large food companies under fire from consumer advocates. Big food companies felt “the public moving away from us,” he says. The anti-GMO movement was just the most visible evidence. The research from those early years was sobering. “The public believes food companies put profit ahead of consumer health and safety,” he says.

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Whole Foods marks its shelves with labels promoting non-GMO, gluten-free, organic, and locally grown products. (Photo: Gordon Chibroski/'Portland Press Herald' via Getty Images)

After years of failed marketing efforts to correct the problem, Arnot says he is convinced that full transparency is the only way to regain consumer trust. That means “getting naked” on food safety, diet and health, environmental sustainability, workers’ rights, the treatment of animals, and business ethics, he says.

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Learning the difference between transparency and marketing—a mistake that cost Chipotle billions of dollars in lost market capitalization after last fall’s food safety problems—is critical, he says.

-  Campbell's plans top-to-bottom transparency, according to Niki King, senior manager of corporate social responsibility.
-  Campbell's is aggressively acquiring new food brands that commit to transparency and has revamped its website to showcase a "What's in My Food" feature. "Transparency is a requirement of doing business," King said at a recent industry event sponsored by The Center for Food Integrity.
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King agrees with consultant Paul that the millennial generation—the under-35-year-old consumers seen as today's bellwether tastemakers—expect transparency. "They want to know what is in their food," she told the group. Campbell's has actively supported mandatory GMO ingredient disclosures and promised to print more disclosures directly on packages.

Campbell's position on labeling was announced with some fanfare this year, but other companies have also begun labeling GMO ingredients on some products and have added other disclosures.

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Transparency is the hot issue for food companies, says Tim Shaw, director of consumer products at Teradata, a data technology consulting

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firm. With GMOs, "there has been a heightened awareness in just the last year that food companies need to be able to show consumers what they are doing." Clients as big as

 Cargill are building transparency into their supply chains, Shaw says.

 Just this month Monsanto executive Vice President and Chief Technology Officer Robert T. Fraley wrote an opinion piece for *The Wall Street Journal* defending GMOs, a nod to the need to address the anti-GMO movement with increased openness.

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Hershey's bought into transparency when consumers began asking for lists of gluten-free products, says Jeff Beckman, director of corporate communications. Now the company is creating a glossary of ingredients that details what goes into every product and why that ingredient is there. In addition to dropping GMO sugar, Hershey's has removed chemical emulsifiers from its chocolate bars and replaced them with added natural cocoa butter.

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"Monsanto has no one to blame but itself for being the focus of the anti-GMO campaigns, says Eric Kessler, founder of Arabella advisors, a consultant to some of the nation's largest nonprofit foundations and a participant in the Vilsack meetings. Twenty years ago, when it introduced GMOs, Monsanto chose not to engage with consumers about their safety. "That lack of transparency bred suspicion," he says. With the rise of consumer



 interest in food, “it was easy to galvanize consumers on GMO labeling,” he says.



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As for the digital format, Kessler believes it will be the most exciting aspect of the new law, opening the door for differentiating “transparent” food companies. “Smart people will mine these disclosures and keep consumers informed.”

“This is the first digital disclosure of a consumer product that the government has ever required,” says Faber of the “Just Label It” campaign. “It sets a precedent for all digital disclosures that will follow.” Using techniques like QR codes “means there will be many disclosures that would never have made it onto the limited space of a product label.”

All this information will lead to more educated shoppers worldwide and may be a way to influence eating habits. With new advanced tagging tools and cloud-based computer tracking, it will become possible to champion other goals, such as increasing market share for foods that use less water, require less energy, or create less waste. Disclosures support a broader conversation about agriculture, the dependence on corn and soy, meat consumption, the use of herbicides and pesticides, antibiotics—every aspect of the food system.

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We have an army of eaters who will be vigilant and help us continue to bird dog this issue,” says Faber. “This is an irreversible move. Consumers will reward the companies that play it straight.”



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