

Dairy Goodness: Be Transparent in Product Development

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“Science says we can. Society questions if we should.”

Charlie Arnot, CEO of The Center for Food Integrity said this at the 2018 Food & Agribusiness National Conference on May 17, 2018, in Minneapolis. Organized and hosted by the law firm Faegre Baker Daniels, Arnot and I spoke on the topic of transparency in today’s food industry.

That statement says a great deal regarding where we are in today’s food culture. Just because something is scientifically feasible does not mean consumers will accept it. And if we want them to accept it, we better explain it to them. That’s the foundation of transparency in food manufacturing and marketing; however, there are many degrees to which one can be transparent.

Please take a moment to view this [VIDEO](#) on Colin the chicken to see just how far transparency can go with food.

There’s no denying that transparency is paramount in today’s food culture.

Transparency is the currency of trust, according to Deborah Arcoleo, director of product transparency at The Hershey Company. In April 2015, Hershey published a complete ingredient glossary on its website. You can view it [HERE](#).

With this disclosure, Hershey owns its story. To preserve dairy’s goodness, processors must own their story, too. The absence of information allows someone else to “make up” a story, which in this day and age takes seconds to share via social media.

Hopefully you found humor with the Colin video, which came out about seven years ago. But here’s a company that is almost at that level of transparency.


Fishpeople Seafood was founded in 2012 to “re-imagine North America’s relationship to the sea.” The company’s passion for sustainability is helping restore habitats and peace-of-mind to fish lovers nationwide. All of Fishpeople’s seafood is responsibly sourced and sustainably caught in the Pacific Northwest by independent American fishermen, according to Ken Plasse,




CEO. Packages provide the story of the place where the fish was raised. For more information, consumers can use the tracking code on the package to learn about where the fish came from, how it was caught and the full journey from waters to package.

“That’s right, we’re talking ridiculous transparency,” said Plasse at the Association for Corporate Growth conference in Chicago on April 19, 2018.

ALL THIS GOES IN HERE



TYPE IN THE CODE ON THE BACK OF YOUR PRODUCT



F/V Virginia Anne
Coasts of Oregon and Washington
Captain Lars Holmdahl

MEET THE FISHERMEN WHO
PUT THE "PEOPLE" IN FISHPEOPLE

This is the future of food and the dairy industry is well poised to tell more of its story. Check out this [VIDEO](#) on “The best of dairy made better.” Learn how ingredients can work for your product. Communicate the role of various ingredients to consumers. Shoppers want to know it. The 13th Annual Food and Health Survey from the International Food Information Council (IFIC) Foundation published this week. Data supports why transparency will become more important in food marketing. It should encourage dairy processors to be louder with their story.

Conflicting Information Creates “Confusion”



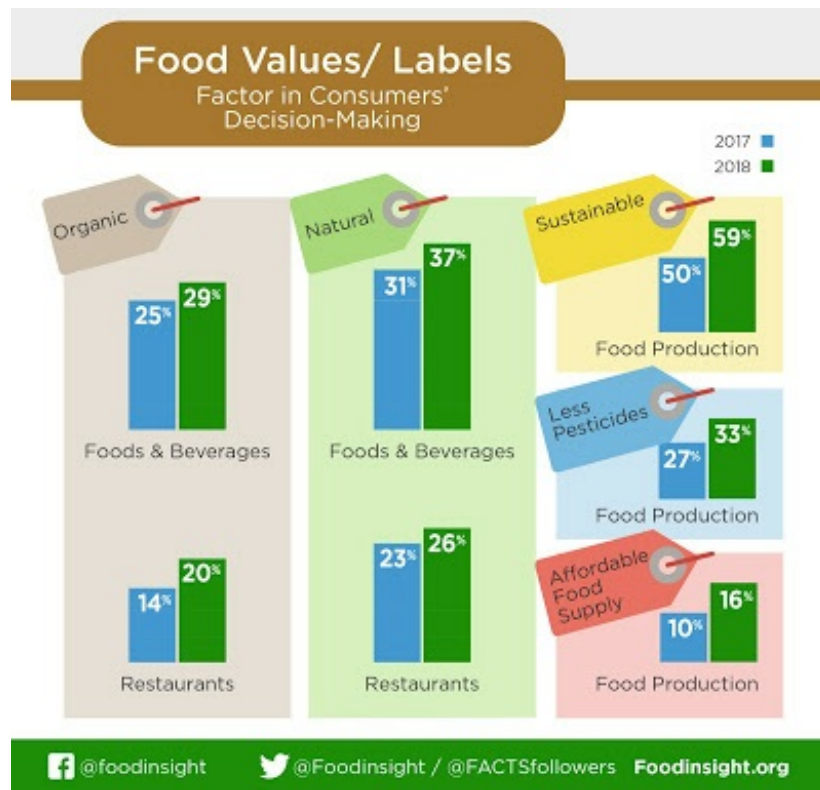
Q8: Do you agree or disagree with the following statement? "There is a lot of conflicting information about what foods I should eat or avoid." (n=1,000)
 Q9: Do you agree or disagree with the following statement? "The conflicting information about what I should be eating makes me doubt the choices I make." (of those who agree about conflicting information, n= 817)

FOODINSIGHT.ORG

Eight in 10 consumers said there is a lot of conflicting information about what foods to eat or avoid, a number similar to 2017. Of those people, 59% say that conflicting information makes them doubt their food choices.

“This dietary disconnect—the inability to connect specific foods and nutrients to desired health outcomes—illustrates the need for stronger, clearer, nutrition education based on the best available evidence,” says Joseph Clayton, CEO of the IFIC Foundation.

“Food values” continue their growth as a factor in consumers’ decision making, with organics increasingly popular in purchasing choices. When shopping for foods and beverages, 29% buy those labeled “organic,” up from 25% in 2017. Thirty-seven percent of shoppers bought foods and beverages billed as “natural,” up from 31% in 2017.



The importance of sustainability in food production also loomed larger in 2018, with 59% of consumers saying it's important that the foods they purchase and consume be produced in a sustainable way, jumping up from 50% in 2017.

But in the end, the key drivers behind consumers' food and beverage purchases are largely unchanged in 2018. "Taste" still reigns supreme (as it has every year the Food and Health Survey has been conducted), with 81% saying it has at least some impact in their buying decisions, followed by familiarity (a new addition in this year's survey, at 65%), price (64%), healthfulness (61%), convenience (54%) and sustainability (39%).

Perhaps unsurprisingly in the current communications environment, consumers are averse to artificial ingredients, at least compared to the alternatives. When asked to choose between two versions of the same product—an older one that includes artificial ingredients and a newer version that does not—seven in 10 (69%) chose the product with no artificial ingredients, while one-third (32%) chose the one containing artificial ingredients.

The survey also asked those who preferred a product with no artificial ingredients how much they would be willing to pay versus a similar product with artificial ingredients that cost \$1.00. An impressive 62% said they would pay up to 10% more (\$1.10) for the product without artificial ingredients; 42% would pay up to 50% more (\$1.50) and 22% would pay double the price (\$2).



INGREDIENTS

Water, Pea Protein, Contains Less Than 2% Of Cane Sugar, Sunflower Oil, Sea Salt, Sunflower Lecithin, Natural Flavors, Gellan Gum, Carob Bean Gum, Tricalcium Phosphate, Vitamin A Palmitate, Vitamin D2, Vitamin E (D-Alpha-Tocopheryl), Vitamin B12, Dipotassium Phosphate.

TRANSPARENCY

We've promised to use fewer ingredients that people don't want. And more of the ones they do. The ingredients used in Plant Protein Milk are not from genetically modified crops.

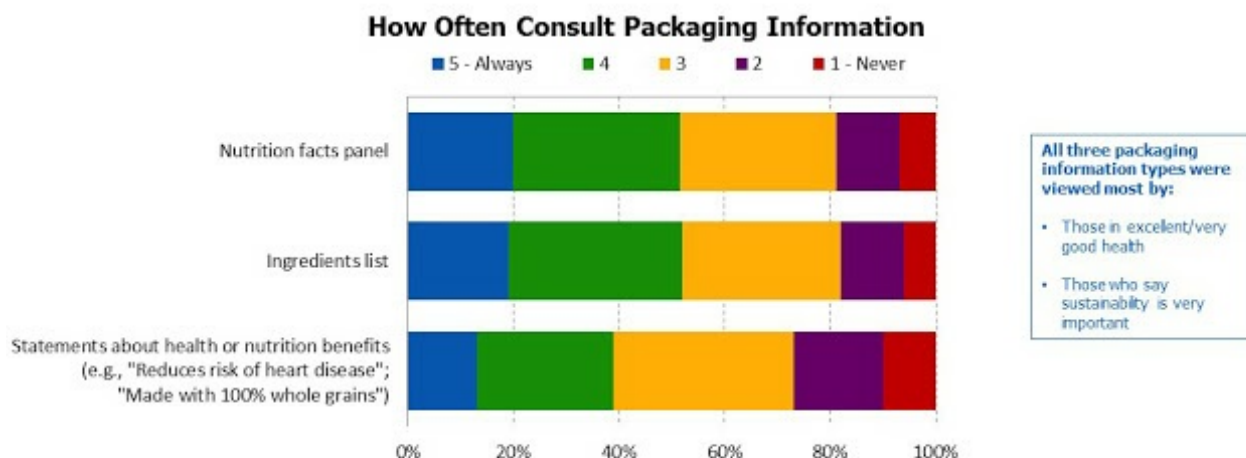
Communicating price increases is part of the transparency story.

Context is also key in how consumers perceive the healthfulness of two products with otherwise identical nutritional content. When asked to identify the healthier of two products with the same Nutrition Facts, 40% perceived one labeled “non-GMO” as healthier vs. 15% for one with genetically engineered ingredients, and 33% believed a product with a shorter ingredient list was healthier than one with more ingredients (15%).

Again, this is why transparency is so important. Explain the purpose of ingredients. It might be for color, to preserve flavor, to keep it safe, etc. Tell the story. Shoppers are reading the Nutrition Facts and the ingredient legend. They want to know more. The IFIC survey showed that more than half of consumers look at the Nutrition Facts panel or ingredient list often or always when making a purchasing decision.

NFP and Ingredients List Equally Consulted

Over half of consumers look at nutrition facts panel or ingredient list often or always when making a purchasing decision



Q15: How often do you consult the following packaging information before deciding to purchase a food or beverage? (n=1,000)

FOODINSIGHT.ORG

Shoppers expect food manufacturers to be transparent with product ingredients, manufacturing processes and sourcing practice, according to data compiled by McKinsey & Company.

Research from The Hartman Group confirms that consumers want more information about a company's economic, social and environmental practices. The more the better. While information about practices directly connected to the product or service is most essential, consumers are also interested in broader corporate practices.

It is not about the quantity of the information. It's about the quality of the information. It is also the content of the information and the manner in which it is given. Consumers evaluate a company's transparency in terms of access to its values, policies and practices, and the openness of communication between a company and its customers.

"Transparency is more than enabling a moral evaluation of trustworthiness for brands; it is a way for companies to reveal details about production and sourcing that enable consumers to find higher-quality distinctions otherwise concealed in conventionally marketed branded commodities," says Laurie Demeritt, CEO of The Hartman Group.

Consumers today expect transparency from retailers and manufacturers...

Information that shoppers want retailers and manufacturers to be open and honest about:

% of consumers

■ Retailers ▨ Manufacturers

Product ingredients



Manufacturing processes



Sourcing practices



...and transparency **impacts** their purchasing decisions

75%

of consumers in the United States claim to read the nutritional and ingredient labels of food products

93%

of U.S. households have purchased a clean label product at grocery stores

50%

of all shopping trips now include the purchase of a clean label product

SOURCE: Nielsen Clean Label Report, Innova market insights, FMI Grocery Trends 2017, Press search

McKinsey & Company

While it's rarely a primary driver of purchase, transparency attributes on a product can potentially settle a competitive draw in otherwise identical products where what is being communicated makes sense. The strongest transparency attribute today made on packaging in terms of relevance to consumers is "how it was made."

This is huge for dairy's goodness. Let's get louder and tell our story.

Separately, interested in learning more about formulating high-quality dairy and non-dairy frozen desserts? Plan to attend Session 26 "It's a New Day in Frozen Desserts: Decode the Latest Healthy Snack Channel Through Robust, Value Added Formulation" at IFT18, the annual scientific meeting and exhibition of the Institute of Food Technologists, which will take place July 15 to 18 in Chicago. Link [HERE](#) for more information.

The session takes place Monday, July 16, from 3:30pm to 5:00pm (room N427D). Speakers will focus on formulating value- and nutrition-added frozen desserts, including new sensory evaluation research for these on-trend innovations. A variety of functional ingredients will also be discussed, from stabilization to new technologies in reducing added sugars to protein and fruit and vegetable sources. Manufacturing experts will also discuss formulation and processing challenges.