



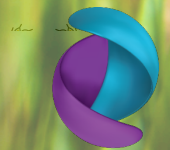
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Could Purchase Intent Be Influenced By New Sugar Label Regulations?

Presented by
MARGE O'BRIEN
SENIOR MANAGER, GLOBAL INSIGHTS



Corbion



The sugar content of foods and beverages is under intense scrutiny by health organizations, government bodies and a growing number of consumers

Sugar: it's not just the calories that are bad for you

March 21, 2016 10:00am EDT

Sugar tax is not nanny state, it's sound public policy

October 12, 2016 4:38am EDT

Why the government should tax unhealthy foods and subsidise nutritious ones

February 14, 2017 2:10pm EST

New Tax on Soda, Sugary Drinks Starts July 1 in Cook County

Carbonated soft drinks and sugary fruit drinks are poised to cost most in Cook County starting July 1.

June 26, 2017, at 5:49 a.m.



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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



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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:

Likelihood To Read Nutritional Panel

Bread Cells (n=400)		SBG Cells (n=400)	
Low Intent	Some Intent	Low Intent	Some Intent
190	210	196	204
48%	52%	49%	51%

Number of Respondents
% of Respective Cells



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Section 1

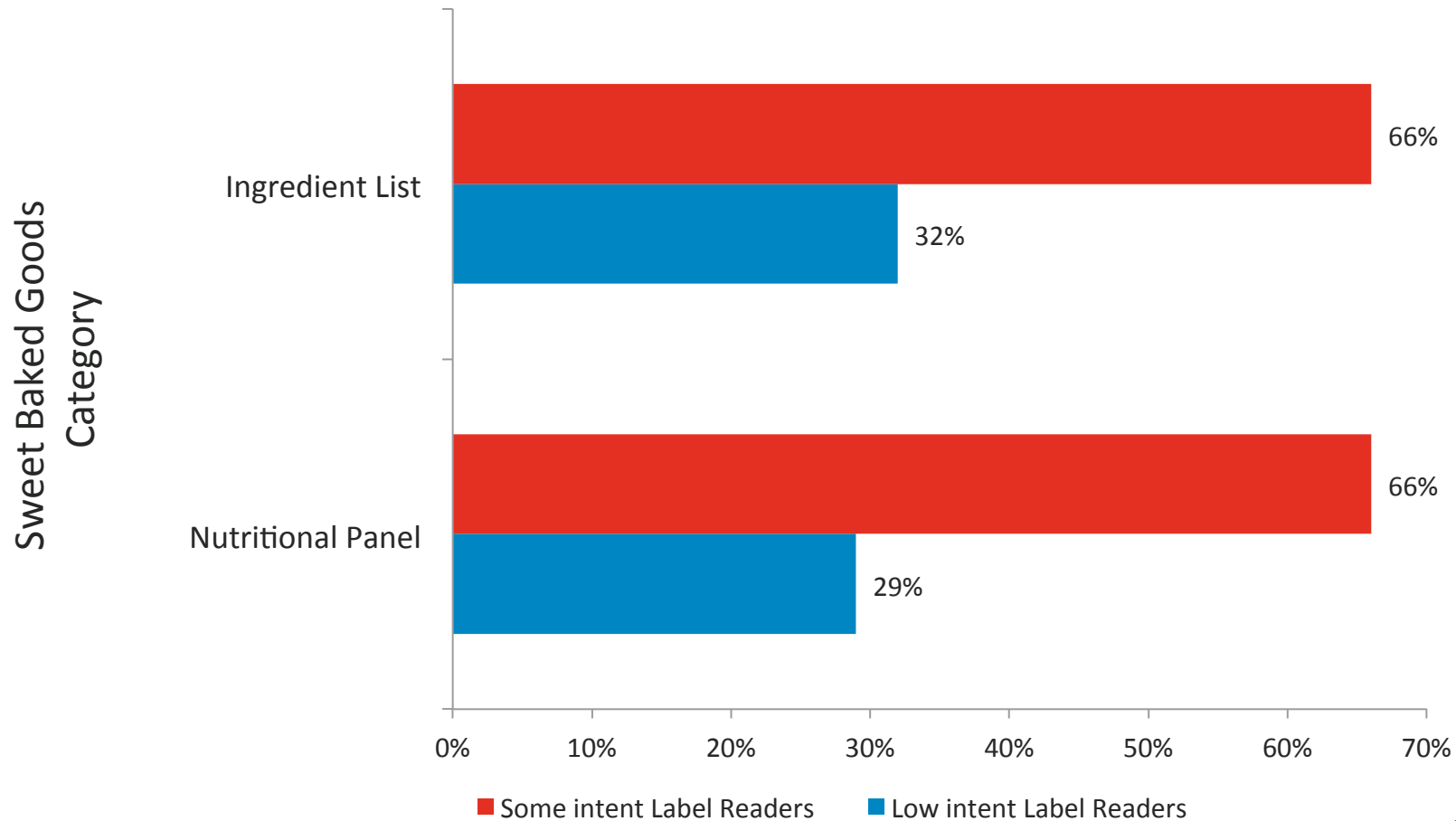
NUTRITIONAL PANEL, INGREDIENT LIST AND FRONT OF PACKAGE CLAIMS



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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?

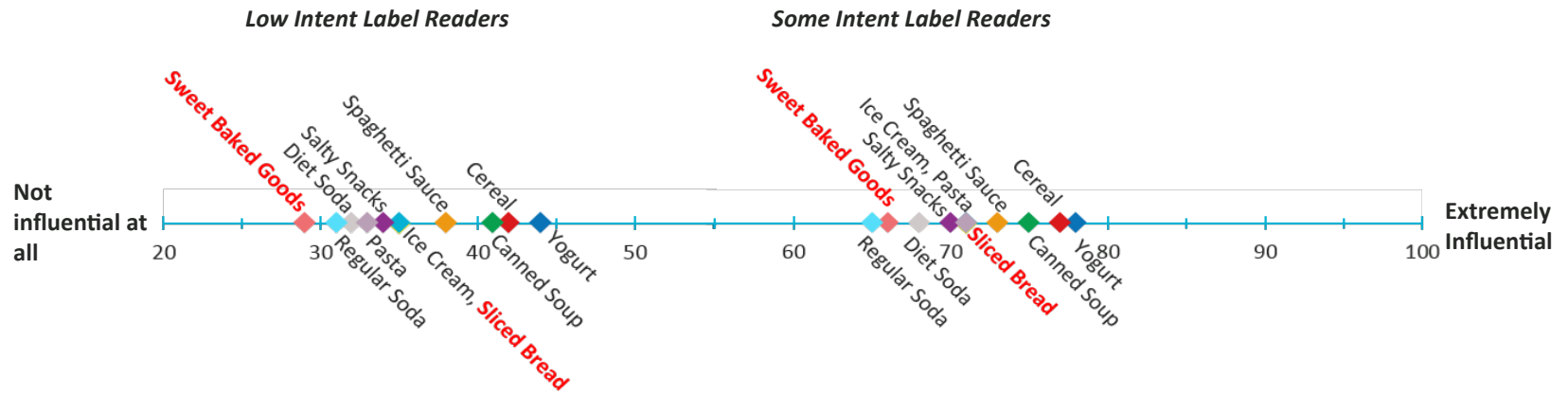
Source: Corbion Proprietary Labeling Study, 2017



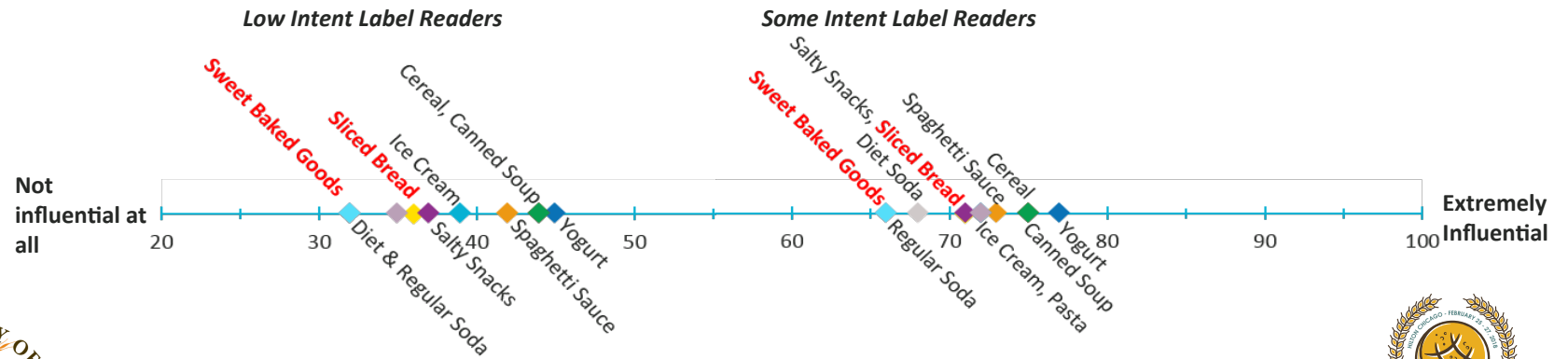
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In comparison to other high penetration categories, the influence of nutritional/ingredient information on purchase decisions is consistently low for SBG, and average for sliced bread.

Nutritional Panel Influence



Ingredient List Influence



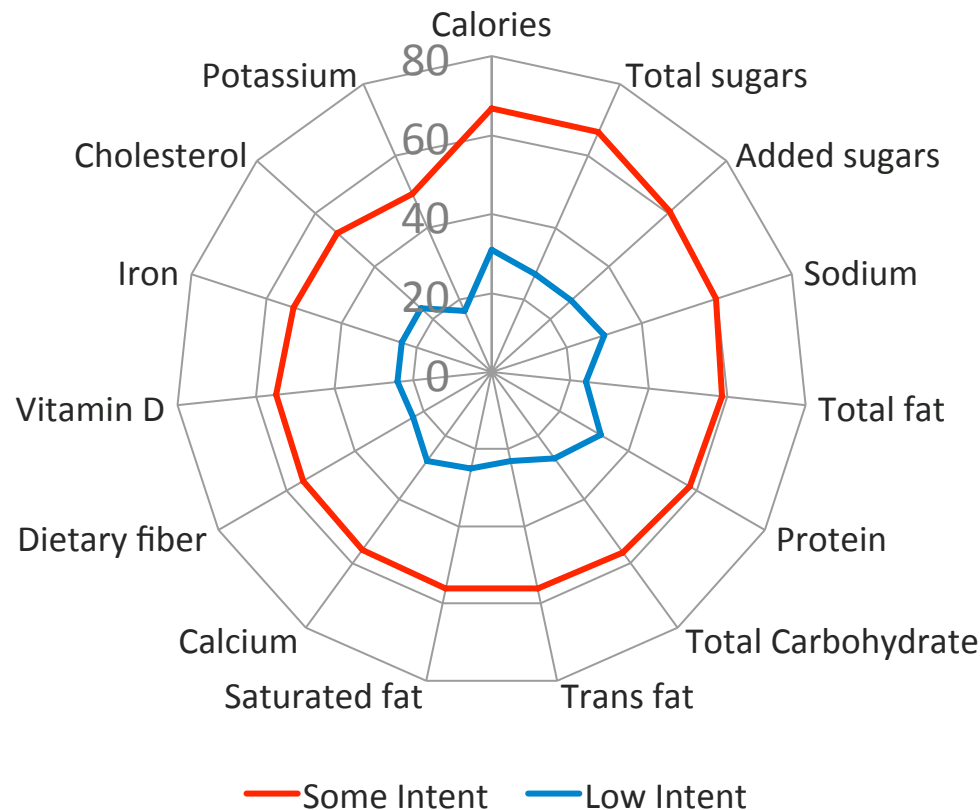
Source: Corbion Proprietary Labeling Study, 2017



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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.

Influence of Specific Nutritional Items (Top 3 box)



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.

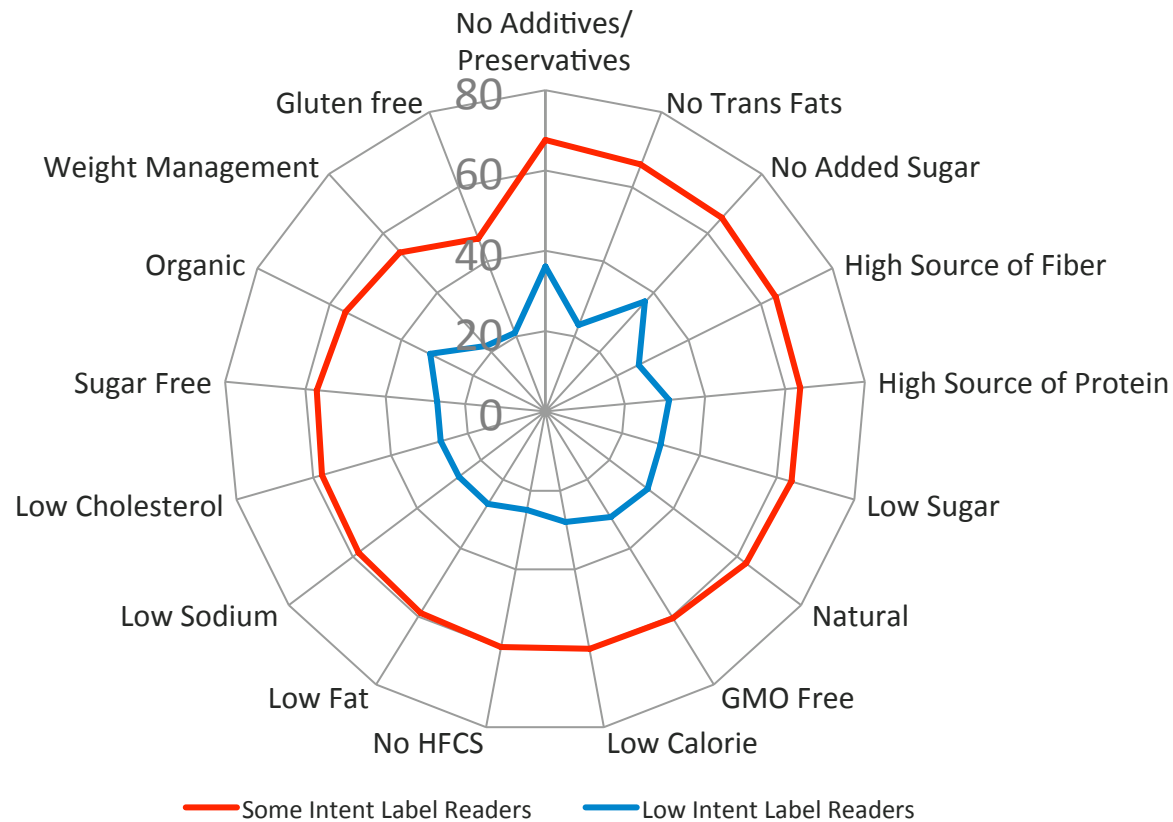
Source: Corbion Proprietary Labeling Study, 2017



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There are no clear front of package claims influencing SBG consumers.

Influence of Front of Package Claims (Top 3 box)



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



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Section 2

The Impact of Sugar Labeling Change Unaided Awareness



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How will the nutrition panel change?

NEW LABEL / WHAT'S DIFFERENT

Servings:
larger,
bolder type

New:
added sugars

Change
in nutrients
required

Nutrition Facts

8 servings per container
Serving size 2/3 cup (55g)

Amount per serving
Calories 230

% Daily Value*

Total Fat 8g **10%**
 Saturated Fat 1g **5%**
 Trans Fat 0g

Cholesterol 0mg **0%**
Sodium 160mg **7%**

Total Carbohydrate 37g **13%**
 Dietary Fiber 4g **14%**
 Total Sugars 12g
 includes 10g Added Sugars **20%**

Protein 3g

Vitamin D 2mcg 10%
 Calcium 260mg 20%
 Iron 8mg 45%
 Potassium 235mg 6%

* The % Daily Value (DV) tells you how much a nutrient in a serving of food contributes to a daily diet. 2,000 calories a day is used for general nutrition advice.

Serving sizes
updated

Calories:
larger type

Updated
daily
values

Actual
amounts
declared

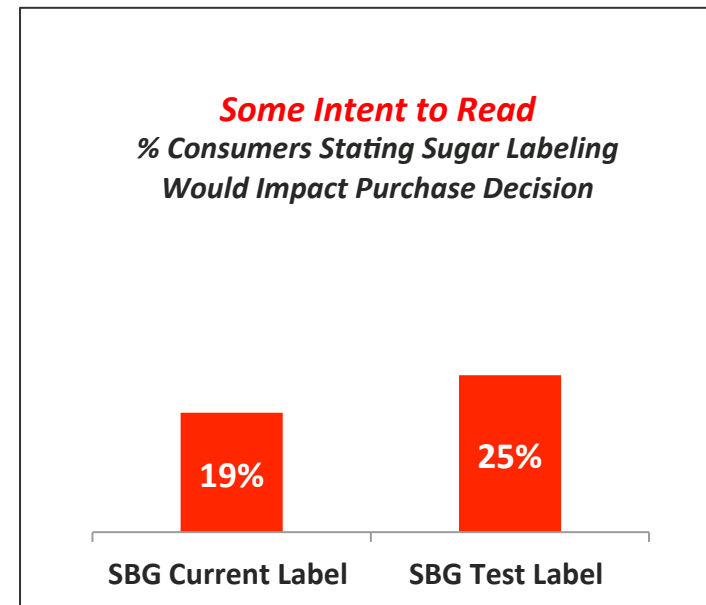
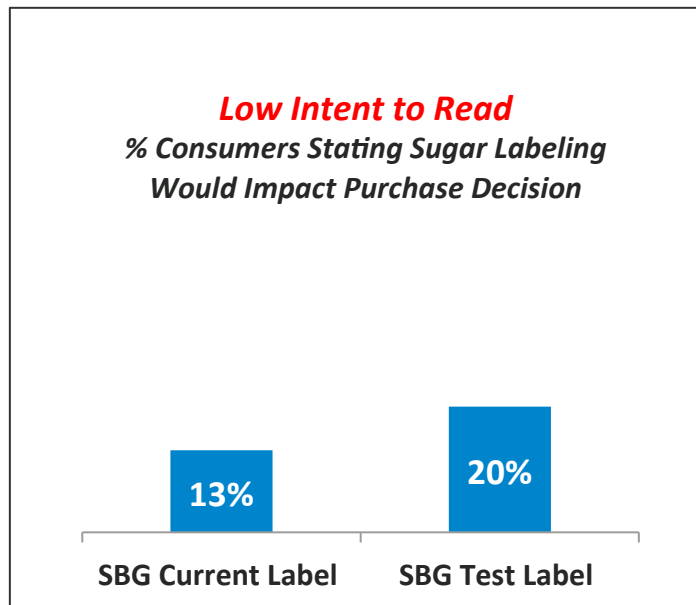
New
footnote



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



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



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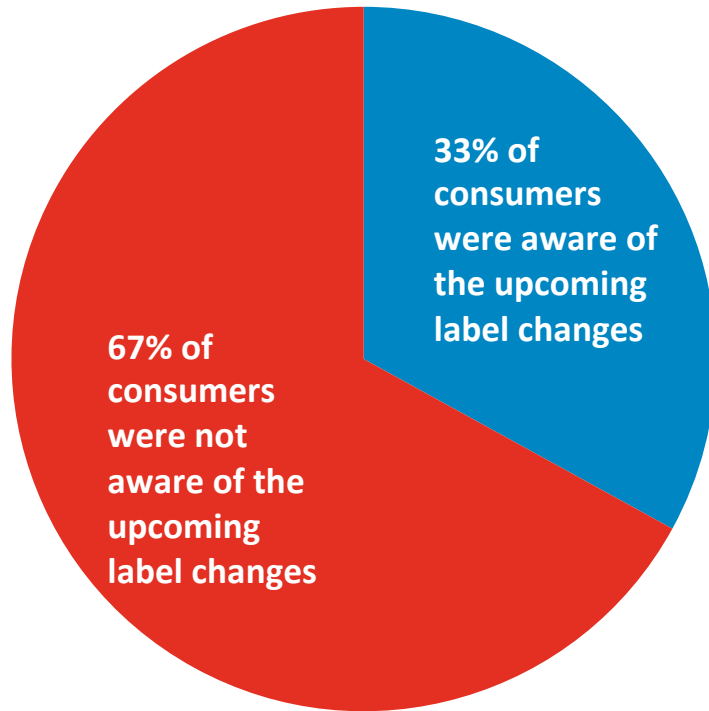
Section 3

The Impact of Sugar Labeling Change Aided Awareness

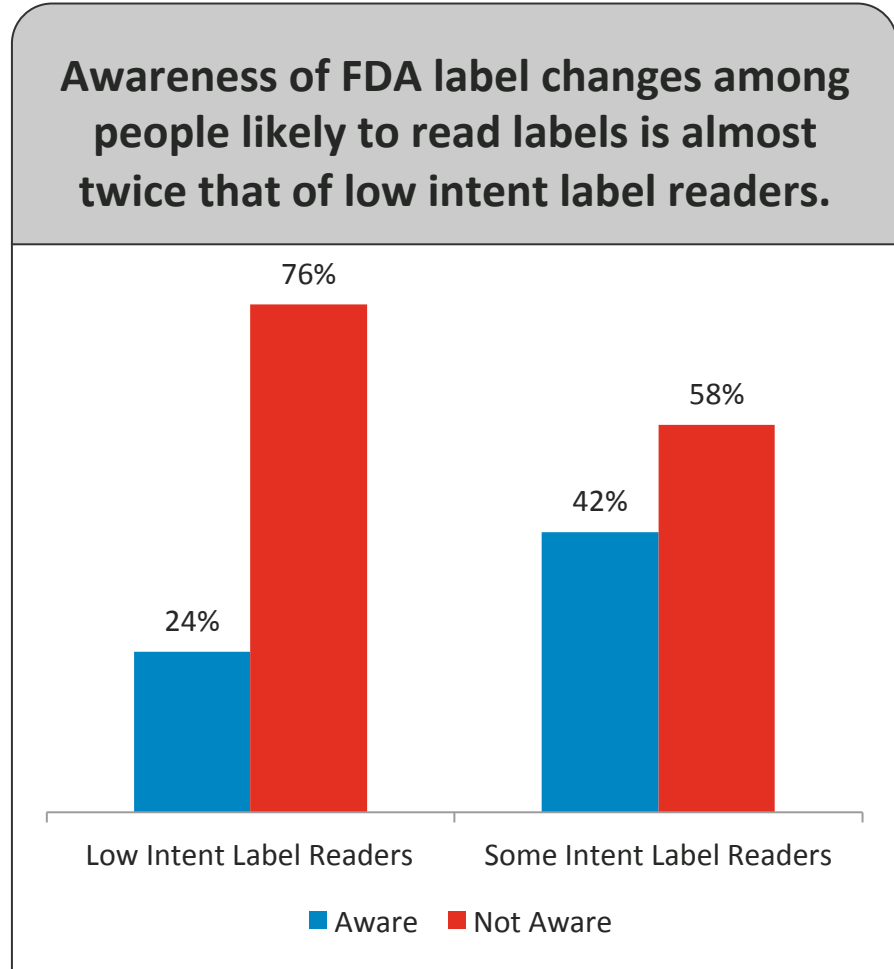


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Overall, only 1/3rd of consumers were aware of the upcoming FDA label changes.



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?



Source: Corbion Proprietary Labeling Study, 2017



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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.

	% Saying Change Will Impact Purchase Decision	
	Sweet Baked Goods Consumers	
	Low Intent	Some Intent
The Sugar content including added sugars	54	75
Larger print for the calorie count	52	75
Serving size shown in bolder font	48	68
Removal of calories from fat	40	68



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

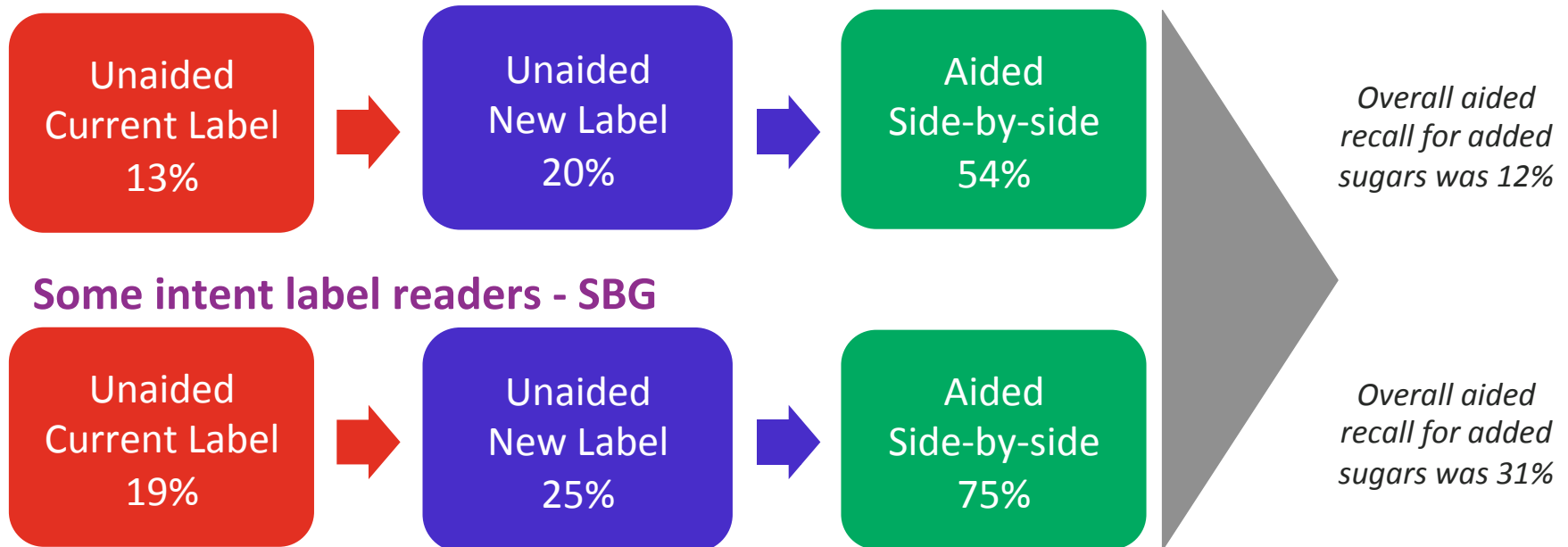


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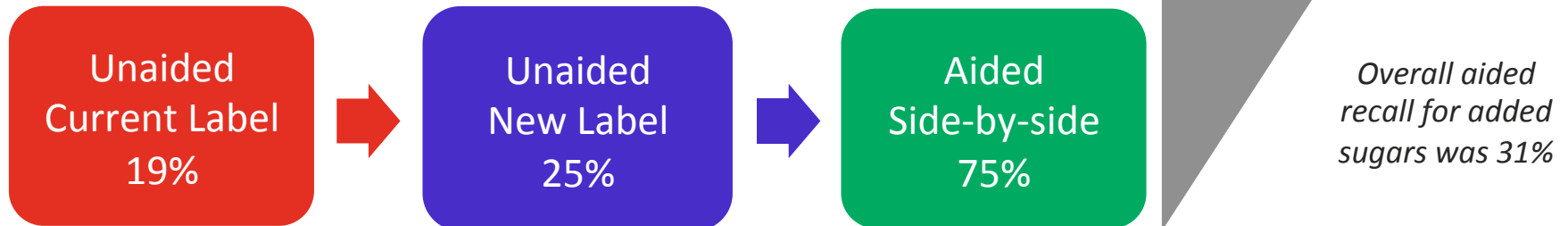
Side-by-side aided label responses to sugar labeling appear to be more aspirational.

% Consumers Stating Sugar Labeling Would Impact Purchase Decision

Low intent label readers - SBG



Some intent label readers - SBG



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



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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



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Section 4

SUGAR REDUCTION PERCEPTIONS

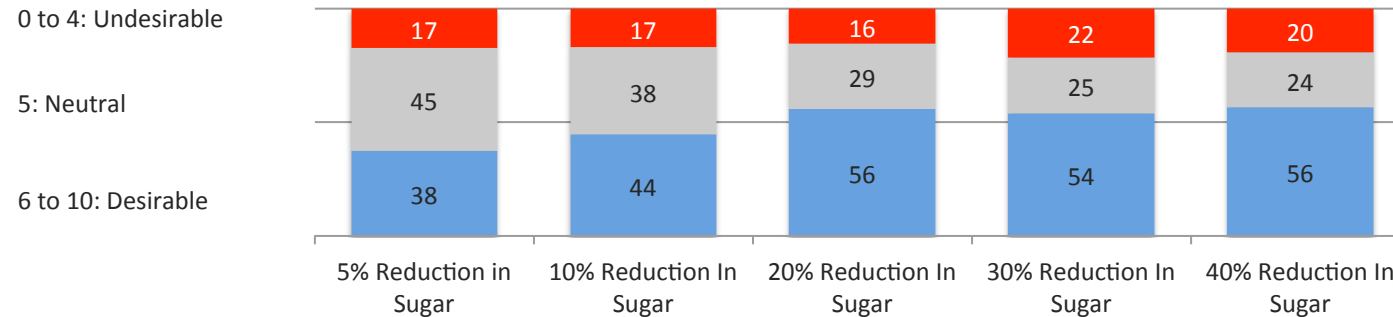


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Low intent label readers for SBG products claim a sugar reduction of up to 20% could be of interest yet almost 30% of respondents have a negative view on taste expectations with 10% sugar reduction.

Desirability of Sugar Reduction

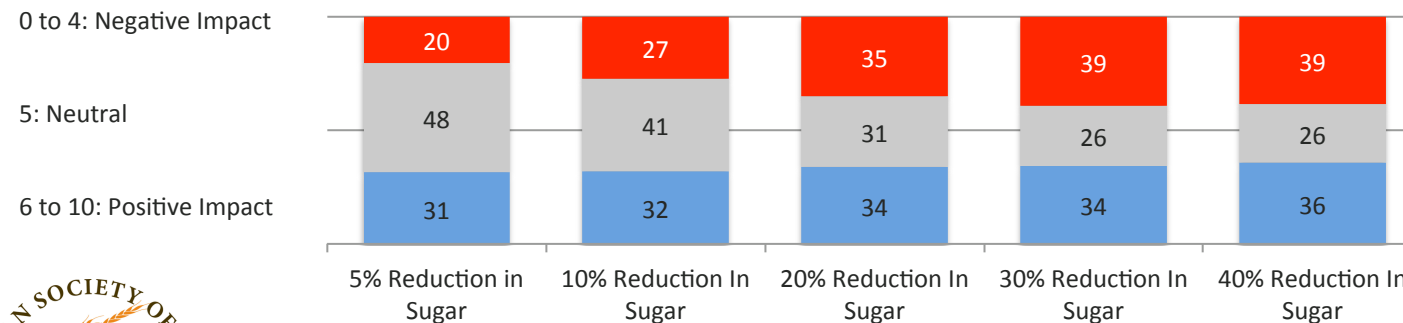
■ 6 to 10 ■ 5 ■ 0 to 4



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

■ 6 to 10 ■ 5 ■ 0 to 4



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

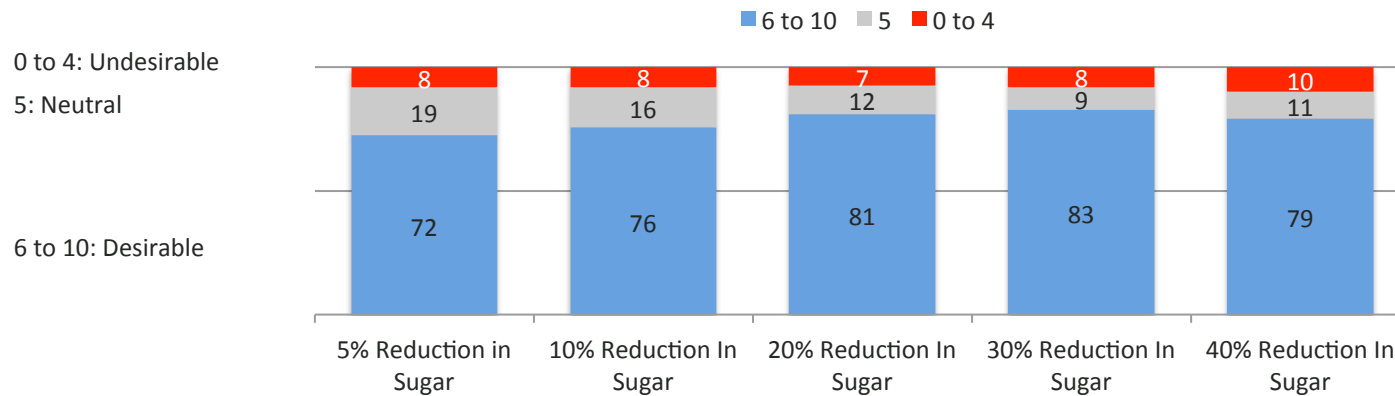


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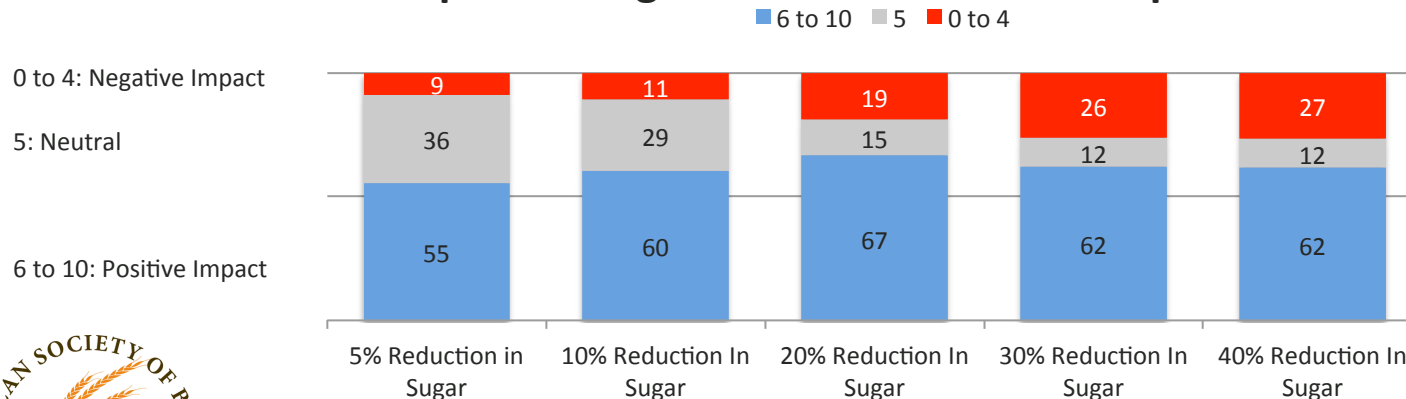
Consumers who have **some intent** to read **SBG** labels indicate that a sugar reduction of up to 20% could be of interest for both desirability and impact on taste expectations.

Desirability of Sugar Reduction



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



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



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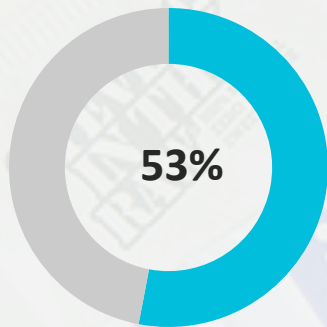
Section 5

SUGAR SUBSTITUTES PERCEPTIONS

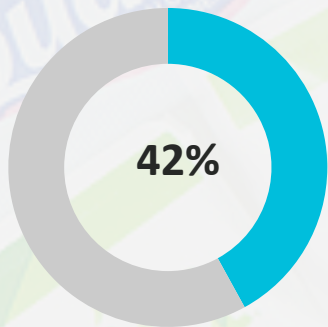


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Sweet Baked Goods consumers are slightly more accepting of sugar substitutes, although overall acceptance is still low.



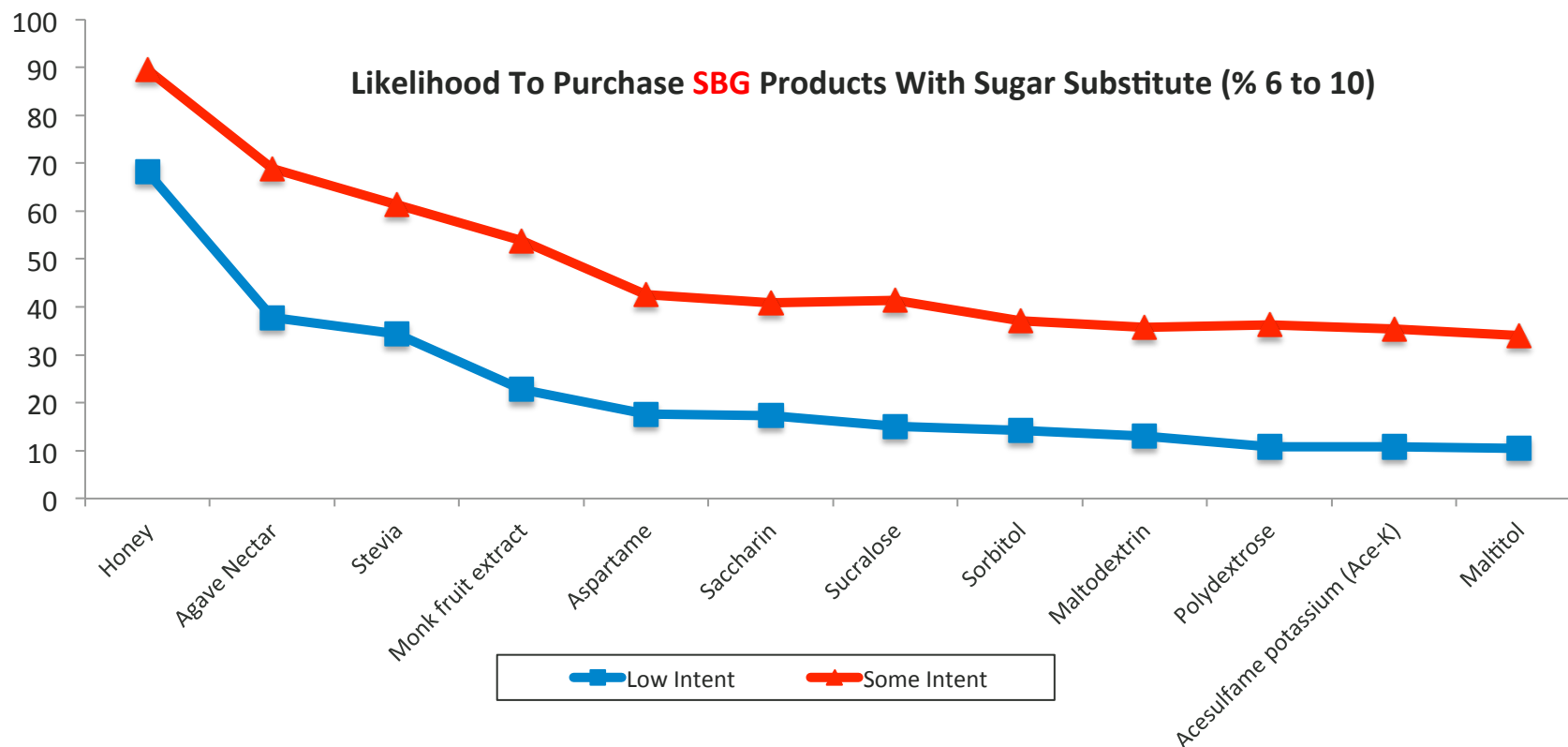
of bread consumers have a negative opinion about the use of sugar substitutes



of sweet baked goods consumers have a negative opinion about the use of sugar substitutes



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



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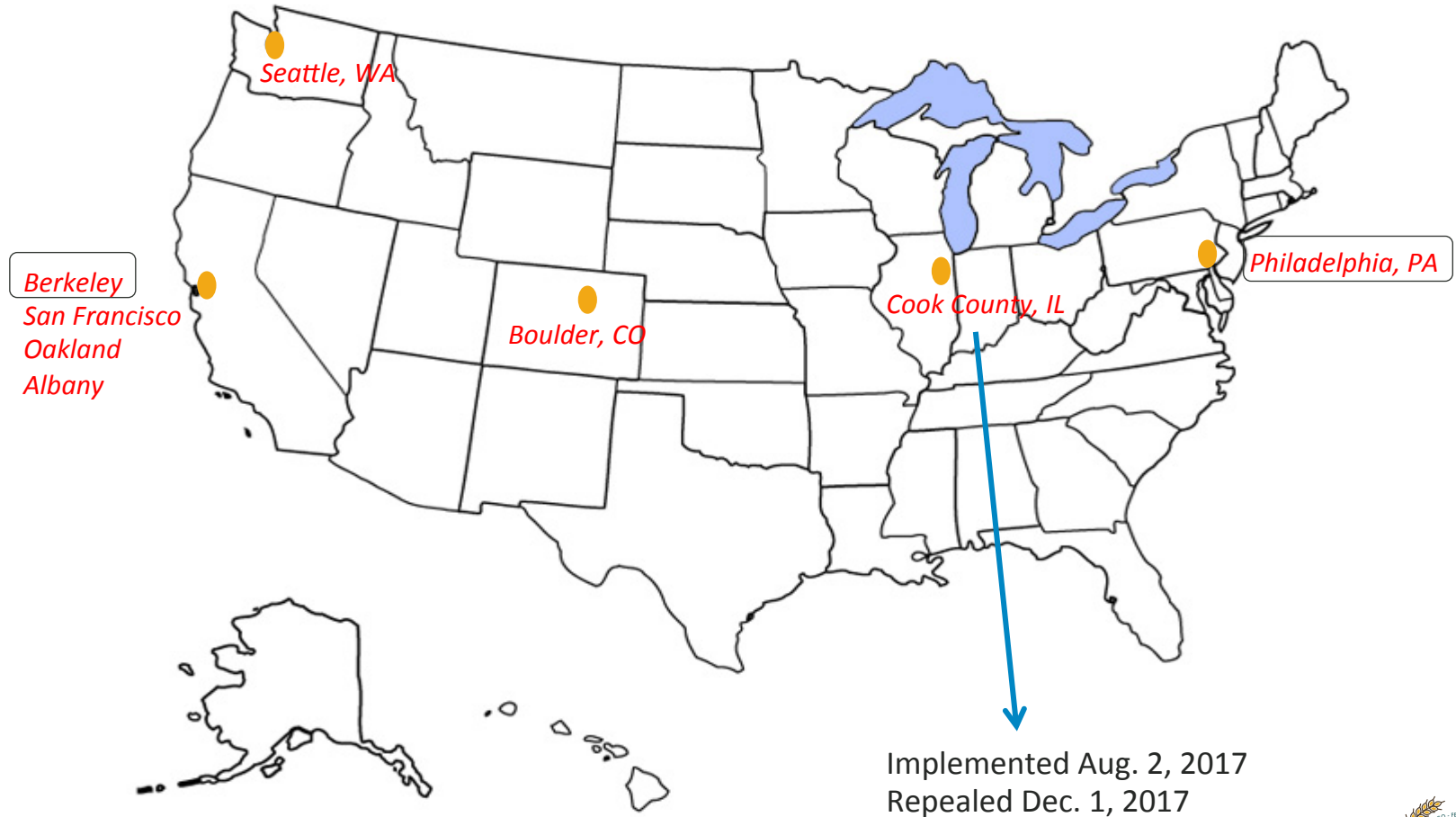


Section 6


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.



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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 manufacturers 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

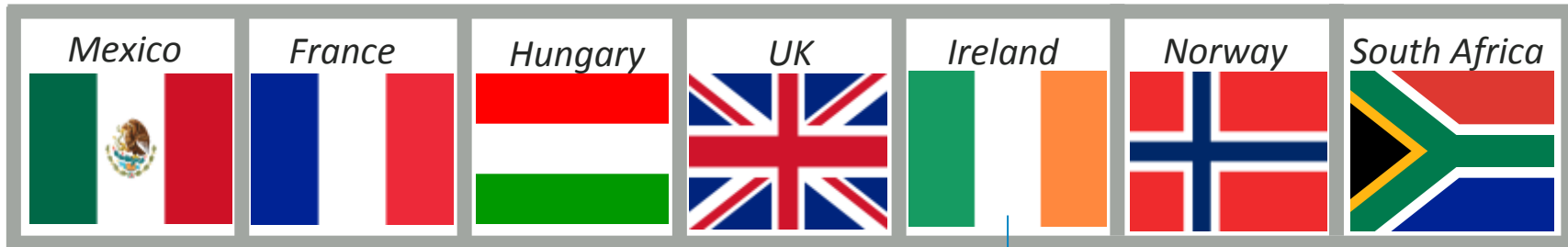


Source: Berkeley: Oakland Public Health Institute/University of North Carolina Study, April 2017
Philly: NY Post, March 2017



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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.



Source: Mexico: The Guardian, February, 2017
UK: Independent, March 2017



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THANK YOU

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