NielsenIQ Brandbank

Product labelling: the battle between shoppers and brands

January 2022

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The health and wellness boom

Health and wellness is the single most powerful shopper force of today.

Everyone across the world has faced nearly two years of uncertainty due to the unpredictable nature of COVID-19. But one thing is clear, shoppers have made very deliberate purchasing decisions. In fact, 2021 was the year of recalibration, reflection and resilience. **What matters to shoppers now has changed.**

Shoppers want a meaningful and purposeful living, health management, strength and wellness, mental health and stability, happiness, social connection, environmental betterment, balance and fulfilment.

As a result, the perception of health and wellness has evolved. The industry can no longer think about health and wellness through the lens of diet culture, niche health crazes and fitness phases and support this by including a small section in the store. This is no longer satisfactory. It does not meet the needs of the shopper.

Shoppers view health and wellness as part of their everyday choices. It is not a one size fits all approach. Shopper behaviours vary drastically according to their proactive, reactive or passive decision-making tendencies.

2021

was the year that the perception of health and wellness evolved

Health and wellness is the single most powerful shopper force of today

48%

of global shoppers say they make proactive health and wellness choices on a regular basis

Proactive

29%

of global shoppers say they are triggered to prioritise health when it's necessary

Reactive

23%

of global shoppers say they don't prioritise health and wellness

Passive

Why has health become a priority for shoppers?

NielsenIQ research shows the diverse range of influences that are driving the shift in shopper behaviours, from the engaged global shoppers who are looking to live a longer and healthier life, to those who are influenced by the news and power of social media.

□ Over index versus global average

% agree among the 'proactive health' shopper segment

Rank	Reasons why health has become important	% agree
1	Live a longer, healthier life	47%
2	Avoid preventable diseases	47%
3	Protection/exposure to ailments/diseases	43%
4	Want to look/feel healthier	41%
5	Re-evaluating lifestyle	31%
6	Influence from family, friends	28%
7	Influence from the news	27%
8	Worried about COVID unvaccinated	27%
9	Influence from social media	20%
10	Influence from advertising/rising costs of healthcare	18%

Health and wellness is omni-present

Health and wellness purchasing is omni-present and the digital landscape is growing at a steady rate. However the question is being asked if the ecommerce gain has come at the direct cost of instore performance.

According to NielsenIQ's U.S. omnipanel, the space of health and wellness is promising across both ecommerce spaces and brick and mortar. Whilst the expansion online is much larger than bricks and mortar, only 25% of ecommerce food dollar sales growth was due to shifted volume from other channels.

This truly demonstrates that **todays shoppers are omni-present** and are driving the future of shopping.

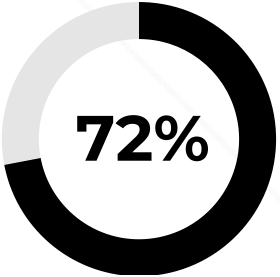
NielsenIQ data highlights that health aligned products, such as over the counter remedies or nutritional drinks have seen a 31% increase in sales and 14% increase in buyer growth exceeding that of the already booming industry topline of +27% in sales and +5% in buyer growth. Those health and wellness products purchased through subscription services have also aligned to the industry growth, experiencing an increase in sales by 50% year over year.

+50%

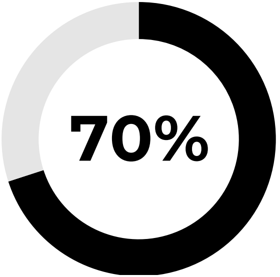
growth in health and wellness products purchased on subscription

Do brands really know what shoppers want?

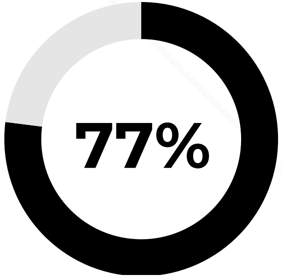
Shoppers are paying attention to what brands and retailers are doing. **Shoppers expect more** from businesses and the government to enable individuals to live their desire health and wellness journey, whatever that may look like. **Shoppers expect transparency** through product labelling. **Shoppers expect a simplified shopping experience**. Shoppers want to be able to make informed purchasing decisions.



shoppers feel that companies have a big role to play in the availability and access of healthy food for all



companies have an obligation to ensure healthy products are less expensive than processed or unhealthy product choices



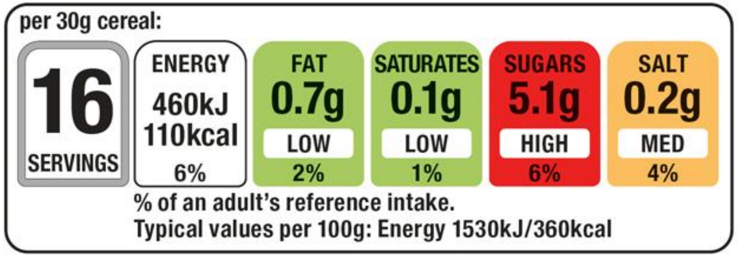
expect product labels to be more specific and transparent

But this is where the battle between the brand and shopper begins. If a brand cannot meet the needs of the new evolved shopper, how will their product be positioned? Could brand positioning be perceived negatively, impacting brand loyalty and sales? But what about those brands that are evolving to meet the needs of the shopper and want to call out the product attributes to position their products positively within the category? **Finding a balance between too little and too much information is key for both the brand and the shopper.**

The state of food labelling today

All prepacked food requires a food label that displays certain mandatory information. Products must state the following: name of the food, list of ingredients, allergen information, quantitative declaration of ingredients (QUID), net quantity, storage conditions and date labelling, name and address of manufacturer, country of origin or place of provenance, preparation instructions, nutritional declaration and additional labelling requirements. All food is subject to the general food labelling requirements and **any labelling provided must be accurate and not misleading to the shopper.**

Within the UK, **nutrition labels** were introduced to help shoppers choose between products and keep a check on the amount of foods consumed with high fat, salt and added sugars. The quick and easy colour coding indicator of red, amber and green enables shoppers to understand the nutritional information at a glance – the healthier the product, the more amount of green shown within the label.



The state of food labelling today

For other markets including, France, Belgium, Netherlands, Hungary, Poland, Czech Republic, Slovakia, Spain, Germany, Switzerland and Luxembourg, **Nutri-Score labelling** has been rolled out to provide shoppers with a nutrition label that converts the nutritional value of products into a simple code consisting of five letters, each with its own colour.

Each product is given a score based on a scientific algorithm, which takes into account the nutrients to avoid (energy value and the amount of sugars, salt and saturated fats) and the positive ones (the amount of protein, fibre, fruit and vegetables, nuts, rapeseed oil, walnut oil and olive oil).

The aim of Nutri-Score labelling is to enable shoppers to see at a glance what products are recommended and what should be avoided.

The state of food labelling today

However, the way the information presented within the nutrition labels can be deceiving. For example, nutrition information can be provided by 100 grams or sometimes per the portion of food.

And even then, the manufacturers idea of a portion may be different to the shoppers. Of course, brands want to present their product in the best light possible. If a product is particularly high in salt for example, the reference label is likely to show per portion to improve the colour indicator of the nutrition label. But a competitor product, which may have less salt could use the nutrition label to show per 100g, making it difficult for the shopper to easily compare between products.

77%

expect product labels to be more specific and transparent

With 48% of global shoppers making proactive health and wellness choices on a regular basis, brands play a key role in supporting shoppers make informed purchasing decisions, quickly and easily.

Today shoppers spend too much time analysing the nutritional information including weights and reference intake to understand if the product meets their health and wellness needs and this needs to change. **The shopper journey needs to be simplified.**

The power of secondary labelling

Capturing the back of pack information is critical but going beyond the pack takes brands to a new level. Shoppers now want to product labelling to include information on **animal welfare, sustainability and packaging** as well as **diet and lifestyle information**, including statements to show **vegan suitable products, gluten free, dairy free** – the list is endless.

That is where secondary labelling comes in.

But how much product information is too much?

Regarding animal welfare labelling, research conducted by Nora et al suggests that many use dissociations to resolve the cognitive dissonance they feel between their love for animals on one hand and their love for how they taste on the other. For example, some shoppers do not equate 'meat' with 'animals' and they do not want to, so they disassociate the two things. The jury is split as some suggest that animal welfare labelling may reveal too much information and put shoppers off, resulting in diminished sales. Whilst on the other hand, some shoppers require this information to make informed purchasing decisions based on their health and wellness needs.

The Department for Environment, Food and Rural Affairs (DEFRA) in UK Government are currently investigating what individuals think about possible reforms to food labelling for animal welfare, with the aim to understand how this might impact business, farmers and shoppers. DEFRA wants to hear individuals views on which welfare standards could form the basis of a possible food label for animal welfare and what the label might look like as well as information on the potential scope, regulation and enforcement of such a labelling scheme. The call for evidence has now been completed and is currently being reviewed – so watch this space.

The power of secondary labelling

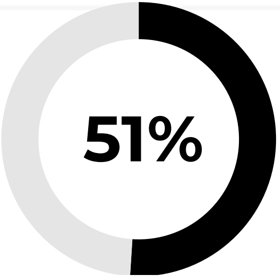
In addition to this, a challenge faced with secondary labelling is greenwashing – making shoppers believe a brand is doing more to protect the environment than it really is. Green claims also known as environmental claims or eco-friendly claims are claims that show how a product, service, brand or business provides a benefit or is less harmful to the environment.

In today's industry, green claims are used regularly to position products better within the market place, as sustainability and recycling are key focus areas of the ever growing health and wellness shopper. Often green claims are shown through statements, symbols, emblems, logos, graphics, colours and product brand names, but it has been suggested that labelling should be clearer. The Competition and Markets Authority (CMA) recently published the Green Claims Code, which includes clamping down on using vague terms and jargon, promoting one aspect of green credentials while remaining silent about the less favourable aspects and more.

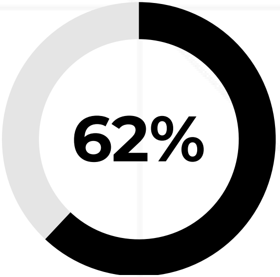
These measures have been designed to ensure the transparency narrative cannot be abused, and all information should be shared to enable the shopper to make a fully informed purchasing decision. Of course, for many brands though this could negatively impact them, as whilst it has always been against the law to mislead shoppers, there have been ways to change the perception of a product or brand to gain engagement and brand loyalty.

Transparency is taking hold of the industry – but are brands providing it?

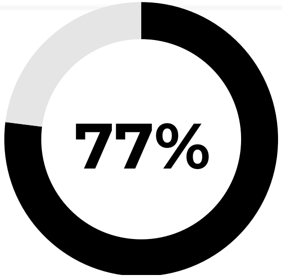
With many shoppers committing to the avoidance of key ingredients such as sugar or salt, to creating a life based on specific lifestyles and diets, for examples gluten free, vegan, dairy free, there are many ways in which shoppers seek their health and wellness needs. And as a result, many opportunities for brands and retailers. The desire for personalisation and demand for greater transparency is taking hold of the industry.



of U.S. food products fail to claim their single most-searched attribute



of global shoppers are interested in products or services that can be customised to meet their specific health needs



of surveyed global shoppers feel that product labels need to be more specific and transparent to facilitate making healthier choices

Transparency is taking hold of the industry – but are brands providing it?

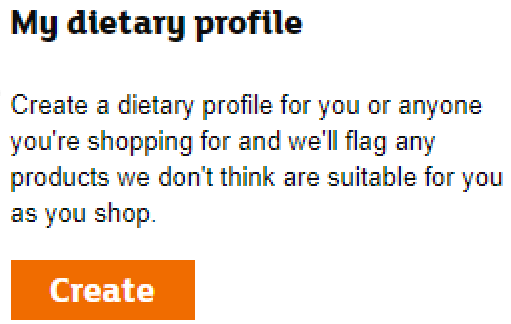
Shoppers expect the discovery of products to be streamlined by improving search and sort functionality, allowing them to find appropriate product based on their needs.

Shoppers expect the shopper experience to be tailored to their needs, providing a personalised shopper journey to include shopper profiles, unique promotions, and additional information on key product information based on their needs.

The key point to highlight here is the word '**personalisation**'.

Shoppers should be able to have a personalised experience that enables them to have the information that only they need. Shoppers should not have to trail through pages and pages of product information that is not relevant to them.

The shopper experience needs to be simplified and personal to the shopper.



Are brands paying enough attention to digital opportunities?

The concept of secondary labelling provides brands the opportunity to share the additional product information that may not already be on pack.

But how do brands explore this opportunity with traditional product packaging? The physical product has very limited space to provide additional information to support the shopper needs. In fact, the FSA Director of Policy posed the following questions at a recent Westminster Forum event...

Can the physical label take the strain of the amount of information the shopper now wants?

Put simply, the answer is NO

The physical label can no longer hold all the required information. The only way to meet the needs of the shopper is to focus on the opportunities digital provides.

Product content is without a doubt one of the biggest drivers behind ecommerce sales.

Behind only price and delivery times, content is the only factor that brands can control, so it is important that they do.

Looking ahead

To todays shopper health and wellness is everything. It is the single most forceful shopper force of today and brands and retailers cannot ignore it.

With a look forward into the future, those brands and retailers that want to gain a competitive advantage, the needs of the shopper must be met, and they need to be met soon. The respect a brand gains when they listen to the shopper and respond efficiently and effectively is invaluable. Trust and loyalty will be formed, and sales will increase.

Yet it is important that there is a balance. Brands need to be open and flexible to providing more information on the traditional and digital product label but also need to consider the impact on the shopper experience. It should be simple, clear and personalised to the shopper. It cannot overwhelm the them.

For brands and retailers looking to win the battle, use the following points of inspiration to guide your next steps:

Key considerations

1.

To win on the digital shelf, brands need to view their content health. Brands need to **understand how complete and accurate their product content is** online and acknowledge what key product attributes are missing to improve their content for shoppers. Brands can go **beyond the pack and tell their brand story by optimising and enhancing product attributes** to enrich the product information delivered to shoppers, driving discoverability and improved SEO.

2.

To stand out from competition, brands need to **highlight product information around their brand marketing, sustainability, and legislative initiatives**. It is an opportunity for brands to communicate the provenance of their product – Where is it from? How was it made? Is it recyclable? It is an opportunity for brands to react quickly to the market and make changes to their product content to comply with legislative changes as well as create unique product content to help differentiate their brand.

3.

To deliver a personalised shopping experience, brands need to **utilise enriched product data and a broad range of data attributes sourced from a product to underpin ecommerce interaction and navigation**. By utilising the breadth and depth of data available, brands can simplify the shopper journey through enabling category specific filters and improve shopper loyalty by personalising the experience.