



GROWING CONSUMER DEMAND FOR HEALTHIER EATING

Project on Nutrition and Wellness

Convergence Center for Policy Resolution

August | 2017



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EXECUTIVE SUMMARY



In 2012, [Convergence Center for Policy Resolution](#) embarked on an innovative approach to addressing the nation's obesity epidemic and other nutrition-related problems. To overcome the deep divisions between the food industry and public health groups, Convergence envisioned a collective approach, bringing together a wide array of stakeholders who would form multiple partnerships and launch cross-sector collaborative programs to improve American diets.

The group, called the [Project on Nutrition and Wellness \(PNW\)](#), included food manufacturers, public health experts, food retailers, community groups, healthcare providers, consumer advocates, health insurers, and others. Initially, the group took time to fully understand each other's interests and constraints and build relationships and trust through the Convergence dialogue process. These stakeholders determined that scalable market-based strategies to address the obesity challenge could be implemented through cross-sector collaboration. Specifically, the group focused on launching programs that would utilize market forces to increase consumer demand for healthier foods.

Over 18 months, PNW stakeholders, supported by ground-breaking research, developed a framework for working together to create retail-based programs that removed barriers of access, affordability and convenience for consumers who wanted healthier food choices. This report compiles the learnings, consumer insights and opportunities the group identified during their dialogue process, and describes PNW's subsequent work to support implementation of cross-sector programs to grow consumer demand for healthier diets.

Highlights include:

- **Successful engagement of the food industry and public health groups around a common mission:** to increase consumer demand for healthier foods.
- **New relationships and partnerships.** PNW brought together groups and individuals that were once reluctant to work together. As a result of this newfound trust and relationships, PNW spawned new partnerships and cross sector work.
- **Groundbreaking consumer research.** PNW commissioned consumer segmentation research from the [Natural Marketing Institute \(NMI\)](#) that identified a specific segment of the U.S. population, approximately 1 in 5 adults, that were looking for ways to improve their diets and would be receptive to new messaging and programming.
- **Identification of an underdeveloped marketing opportunity.** PNW identified the retail space as an untapped, unique opportunity for programming to promote healthier eating where the consumer is making choices about what to eat.
- **Developed and tested strategies to influence consumer behavior when shopping for groceries.** Working with the [National Association of Convenience Stores \(NACS\)](#), which represents over 150,000 stores nationwide, in partnership with the Cornell Food and Brand Lab, Marine Marts, E-Z Mart and Square One Markets, PNW has implemented and tested six in-store strategies to help storeowners and operators grow sales of healthier foods and beverages including planogram changes, attractive displays, promotional videos and highly visible placements of healthier items.
- An **online toolkit** and **member training** to help convenience stores market healthier foods to consumers, developed by NACS with the assistance of PNW.
- Created the **Grocery Retail Scorecard**, which provides retailers with up to 90 low- and no-cost strategies to grow sales of healthier foods and beverages. The Scorecard was developed with [Cornell University's Food and Brand Lab](#), the Center for Research in Education and Social Policy at the [University of Delaware](#), and several national and regional grocery retail chains.

During the dialogue, participants recognized that all sectors stand to benefit from reduced obesity and improved nutritional health among American consumers.

- **Employers** can benefit from reduced health care costs and increased employee productivity.
- **Food manufacturers** can profit from their investments in lower-calorie and 'better-for-you' products, which currently account for approximately 82% of sales growth in the retail sector.
- **Retailers** can profit from increased sales volumes and higher margins on fresh and healthful food and beverage items.
- **Hospitals and health care providers** can benefit from improved patient health outcomes and reduced health care costs.

***Disclaimer:** This report is not intended to speak on behalf of those that participated, but rather to share our insights and lessons learned.*

INTRODUCTION

"PNW provided a unique forum for food industry and public health leaders to come together at a time when little communication and deep divisions existed among these groups. The PNW process helped participants understand one another's motivations, interests, and constraints.



We identified 'win-win' paths forward for the production and marketing of healthier foods and beverages for the nation's children and families. The seriousness of our engagement and the strong working and personal relationships we forged set the stage for lasting breakthroughs in our joint efforts to reverse the childhood obesity epidemic."

Tracy Orleans, Senior Scientist, Robert Wood Johnson Foundation

Convergence Center for Policy Resolution first approached stakeholders in the food industry, public health, health care, food retail and other sectors in 2010-2011 to explore collaborative opportunities that could address the problem of obesity and obesity-related chronic diseases. At that time, the animosity and distrust between public health and food industry leaders was deep.

Over the previous several decades, obesity rates had risen in the United States. Many public health groups and consumer advocates faulted the food industry for contributing to the obesity epidemic by marketing and selling unhealthy foods to consumers. They were skeptical of food industry motives and believed that industry's bottom-line focus was at odds with public health objectives.

Conversely, many in the food industry felt they had invested in changes to improve public health outcomes – food reformulation, menu changes and participation in local and national initiatives – but had received little credit for their efforts.

This schism between the food industry and the public health community impeded constructive communication and cooperation on addressing the health and nutrition of American diets. Despite this atmosphere of antagonism and distrust, Convergence Center for Policy Resolution saw an opportunity to help change the conversation and pro-

mote dialogue and cooperation among disparate groups for the betterment of public health. Convergence believed that cross-sector collaboration could harness market forces to shape consumer demand for healthier eating.

In July of 2012, after many months of individual stakeholder interviews and extensive research and planning, Convergence launched the Project on Nutrition and Wellness (PNW). While there had been other efforts to bring the food industry and public health groups together, Convergence sought to include a greater diversity of voices. It convened a unique gathering of stakeholders from across the nutrition and wellness spectrum, including representatives from food manufacturing, food retail, food marketing, public health, academia, consumer behavior, nutrition, health care, health insurance and consumer advocacy.

By bringing together the widest range of views, knowledge and expertise, Convergence believed that the most creative solutions could be identified. The unifying theme that emerged across this group was that the public health, food industry and other sectors should work together to increase demand for healthier eating among adults and families that could drive greater industry investment in and marketing of healthier eating options.

THE PROBLEM: OBESITY, DIABETES AND OTHER NUTRITION-RELATED CONDITIONS

Why Focus on Obesity and Nutrition

The crisis of obesity and poor nutrition among Americans represents a defining public health challenge for our generation. Obesity rates in the United States have risen sharply over the past three decades. Currently, nearly two-thirds of adults and nearly one-third of children are overweight or have obesity. In 2013-2014, 17% of 2- to 19-year-olds, and 37.7% of adults aged 20+ were obese, while 64% of adults aged 20+ were classified as overweight.¹⁻²

Many costly and burdensome chronic diseases are linked to excess weight, including type 2 diabetes, cancer, heart disease, hypertension and arthritis. Despite efforts to control the obesity epidemic, the prevalence of nutrition and diet-related conditions has increased. Rates of type 2 diabetes more than tripled from 5.6 million in 1980 to 19.7 million in 2009, with an estimated 7-8 million Americans still undiagnosed.³ Heart disease is currently the leading cause of death in the U.S.⁴

Recent research indicates that obesity rates have begun to level off in recent years, but have not decreased in adults. Perhaps most alarming is new research showing a decline in life expectancy for white men and women for the first time in decades, partly due to heart disease, type 2 diabetes and other diet-related, preventable causes of death.⁵

Weight-related health conditions lower the quality of life for many Americans and adversely affect the U.S. economy. The U.S. spent \$190 billion on obesity-related health care expenses in 2005.⁶ Health care spending per capita for obese adults exceeds spending for normal weight adults by approximately 38%.⁷ Indirect costs, such as the value of lost work and higher insurance premiums, affect the bottom lines of employers sponsoring health insurance for their employees, the federal and state governments paying for Medicare and Medicaid, and individuals covering out-of-pocket costs.

The obesity epidemic also impacts national security, as many potential military recruits and large numbers of current service members are not physically fit to serve. In 2010, 59% of females and 47% of males who took the military's entry-level physical fitness test failed. In the general population, 27% of 17- to 24-year-olds are too overweight to serve in the armed forces.⁸

Efforts and Initiatives to Date

Today, initiatives associated with nutrition and wellness frequently garner news and trade headlines and have spawned numerous programs, organizations and alliances to tackle the obesity problem. Many initiatives, partnerships and campaigns, summarized below, are underway at the local, state and national levels.

Through the Healthy Weight Commitment Foundation, major consumer packaged-goods companies from PepsiCo to Campbell Soup Company have worked to reformulate products and reduce millions of calories from the marketplace. The Children's Food and Beverage Marketing Initiative established voluntary guidelines for advertising foods and beverages to children. Numerous nonprofits around the country have sought to provide lower-income neighborhoods with more access to a greater variety of foods through the Healthy Food Financing Initiative.

The White House helped create mass awareness through the 2010 launch of former First Lady Michelle Obama's **Let's Move!**, a national initiative to reverse childhood obesity. The former First Lady's related nonprofit, the Partnership for a Healthier America, continues to broker commitments from private companies and organizations to address the obesity epidemic.

Federal agencies have been involved in a range of efforts, including reforming menu-labeling requirements (as mandated by the Affordable Care Act), illustrating the building blocks of a healthy diet through the **MyPlate** initiative, improving school lunches, and reworking food-labeling requirements.

Meanwhile, state and local governments have been hard at work on regulatory, behavioral and environmental initiatives. Programs like Philadelphia's **Get Healthy Philly** and Maine's **5-2-1-0 Let's Go!** are improving nutrition and physical activity through a combination of policy, education and environmental changes. And in the nonprofit space, foundations have funded NGOs across the country to work on improving access to local foods, establishing more farmers markets, expanding access to fruits and vegetables through the Supplemental Nutrition Assistance Program (SNAP), financing of grocery stores in inner-city neighborhoods, increasing physical activity in schools, and altering the built environment of playgrounds, schools, living spaces and other community facilities.



PNW's research into current and prior initiatives on nutrition and wellness suggested a few trends. While there has been a significant and sustained focus on childhood nutrition, physical activity and obesity, comparatively fewer efforts have targeted adults and families. Similarly, many efforts focused on product reformulation and on the supply of calories, sugar and unhealthy fats, but neglected to address consumer demand.

Public health initiatives tended to focus on reducing, limiting or restricting access to fatty, sugary or salty foods with high-caloric and low-nutrient density. Some of these initiatives have been controversial, such as pledges to ban sugary drinks in schools or efforts to implement a soda tax. Many of these efforts were considered to be solely public health initiatives, as public health, academia, and consumer-advocacy leaders did not view the food industry as a

credible partner. From their perspective, why would the industry respond constructively to public health issues when the cause of public health problems was ultimately a source of profit for them? On their part, food industry leaders were anxious about working with consumer and public health advocates, fearing attacks on their reputation and motives.

There is a relatively simple reason why public health and industry have not focused as much on changing consumer demand: it is difficult to do. Initiatives that concentrated on influencing consumer behavior have met with limited results. Over the years, public health leaders found that the resources required to drive and sustain success seemed out of reach, especially as compared to the dollars the private sector spent on marketing and promotion.



"Our first meeting felt like we were in group marriage counseling where the only outcome would be divorce. Instead it became a new understanding of participants' views. Sitting next to someone rather than just getting emails is a totally different experience. Ideas were generated and relationships formed built on trust. A great experience and time well spent to help move forward this issue together. I think the marriage is now solid."

Mary Pat Raimondi, Vice President of Strategic Policy and Partnerships, Academy of Nutrition and Dietetics

A NEW APPROACH: THE PROJECT ON NUTRITION AND WELLNESS

Cross-Sector Collaboration

While there has been some success in reducing childhood obesity in some states and municipalities around the country, a more coordinated, multi-sector effort was clearly needed to make a significant dent in the epidemic. In launching the PNW effort, Convergence envisioned a coalition of diverse stakeholders that pooled their knowledge, resources and influence to create innovative, cross-sector solutions resulting in greater impact than any one organization, company, sector or municipality could have on their own. By leveraging the knowledge and resources of diverse and influential stakeholders, PNW could use market forces to create business value for participating organizations, while also improving public health outcomes.

In early 2011, Convergence initiated a process to assess the feasibility and potential focus of a multi-sector “dialogue leading-to-action” among health groups and healthcare providers, food manufacturers, food marketers, consumer groups, government officials, health insurers, employers, community groups, and others. Together with the [Consensus Building Institute \(CBI\)](#), Convergence interviewed over 125 stakeholders and experts, and conducted additional research to ascertain whether and how a convening of key stakeholders could contribute to existing efforts to reduce obesity, diabetes and related conditions.⁹ From its earliest interviews, Convergence heard about the possibility of putting market forces to work to stimulate consumer demand for healthier foods and lifestyles as a significantly promising area for cross-sector collaboration and impact.

Despite longstanding skepticism and distrust, Convergence launched PNW on July 2012 at a two-day meeting in Washington, D.C. Ultimately, stakeholders met as a full group six times over the next 18 months. The stakeholders also met in smaller working groups to advance particular initiatives and formed relationships that resulted in new actions and changes within retail grocery stores. A skilled facilitator helped participants create an atmosphere of mutual trust and relationships, with initial discussions focusing on the exchange of ideas and learning. Stakeholders from food industry, public health, and other sectors began to see that they shared the goal of wanting to reduce obesity and other nutrition-related conditions, even though they did not necessarily agree on how this could be accomplished.

Convergence’s collaborative process enabled PNW stakeholders to learn from one another, explore each other’s differences in a non-defensive and civil setting, and brainstorm possible areas of common ground and collaboration. Through their discussions, stakeholders came to a better understanding of what each sector faced in promoting healthier eating among consumers.

Prior to the PNW dialogue, for instance, many public health and consumer advocate participants did not fully understand the grocery retailers’ complex revenue sources, such as manufacturers’ shelf-placement fees. Despite a history of feeling on the defensive, food industry representatives came to understand that public health and consumer advocates were genuinely interested in working with the private sector to improve consumers’ nutritional health. Participants also learned from outside organizations and individuals, thus developing a more comprehensive understanding of how to influence consumer food choice through messaging and programming.

GOALS FOR PNW

- Forge increased trust among the participants.
- Build a multi-faceted understanding of influences on consumer dietary choice.
- Identify key levers of change that affect consumers’ food decisions.
- Deepen cross-sectoral understanding of business operating practices.
- Identify the attitudes and behavior of consumers who are more likely to alter their food-consumption patterns, as well as those facing food-equity issues.
- Focus on non-governmental action given the much-disputed public policy arena.
- Catalyze cross-sector action to grow demand for healthier foods, thus creating business value for participating companies and improving public health.

The Demand Side of the Equation

By the third dialogue meeting, participants had coalesced around a unified mission: “to make the healthful choice the easy, affordable and enjoyable choice through cross-sector collaboration that catalyzes and accelerates a shift in consumer demand.” They defined their collective vision as: “a transformed culture of eating where accessible, affordable and healthful dietary choices bring enjoyment, improved health and vitality for all Americans.” This mission and vision were created to simultaneously honor the business and advocacy interests of the respective stakeholder organizations as well as the public health needs of the nation.

As trust and relationships formed and as stakeholders learned together, many saw for the first time new and meaningful opportunities to work together. Participants were eager to convert these ideas into cross-sector action in the marketplace.

After analysis of past and existing anti-obesity efforts, grocery retail was identified as a relatively untapped sector of the marketplace on which to focus. Thus, the group decided to explore ways to pilot and/or promote cross-sector programs within the grocery retail channel that would influence consumer choice-making to encourage healthier eating, create business value for participating companies and organizations, and improve public health outcomes.

The decision to test new programming in the grocery retail sector was further reinforced by a national poll conducted by the Food Marketing Institute and Catalina Marketing, which found “that managing or losing weight was the top health concern among grocery shoppers in 2010 and that 66 percent said they were looking for ways to improve their health and wellness by making healthy food choices. Only 50 percent said that their primary supermarket helped them make such choices, and only 35 percent of parents reported getting help to make healthy choices for their children.”¹⁰

PNW also learned from a literature review and in-depth discussions with nutritional health program leaders across a range of sectors. These included more than 300 one-on-one interviews with experts over a three-year period. PNW also commissioned an original analysis of consumers’ food and wellness attitudes and behavior. Over time, PNW evolved from a forum for dialogue, relationship building and collective goal setting to a platform that actively sponsored and managed its own strategic initiatives.

GUIDING PRINCIPLES

Stakeholders agreed on these principles for the dialogue process:

- **Learn** about innovative ideas and research but focus on action.
- **Create** pragmatic and innovative approaches based on the best available evidence.
- **Develop** recommendations that are designed to attract others to join.
- **Leverage** the resources of actors interested in anti-obesity efforts, including those from outside the food industry space.
- **Focus** on creating consumer demand rather than changes to the supply side through policy or product reformulation.

During 2015, PNW conceived and advanced numerous research and pilot programs. These included a “Grocery Retail Scorecard” to drive purchases of fresh and better-for-you grocery products; an ongoing retailer-education program for convenience stores (“reFresh”) with suggested consumer “nudges” that stores can make in order to build sales of healthier products; an all-in-one healthy family meal option for convenience stores (“The Six O’Clock Scramble Fresh & Fast Family Dinner Kit”); and an in-depth analysis of convenience-store shoppers for the National Association of Convenience Stores.

In the following pages, we capture the wide-ranging discussions, insights and research shared during the multi-year dialogue process, as well as the collaborative activity that ensued after the dialogue phase was complete. We also outline opportunities participants believe may exist for future cross-sector collaboration.

WHAT WE LEARNED: CHALLENGES TO HEALTHIER EATING

What Is Healthier?

The American public has been confused by conflicting nutritional advice and possibly misleading information. Is fat good or bad? What about the paleo-diet? The low-carb diet? The Atkins diet? The Mediterranean diet? Is fresh better than frozen? Is organic more nutritious than conventional produce?

PNW participants expressed a range of views on what constitutes “healthy” or “healthier” foods. They noted that there is no uniform definition of “healthy.” Participants agreed that high-calorie and high-fat products, if eaten occasionally, can still be part of an overall healthy diet. They also agreed that dietary choices are complex.

Consumers must make many choices each day in deciding what to eat, and their selections are influenced by complex mental and physical interactions around perception, satiety, taste and other factors. Many participants indicated that “healthy” eating means different things for individuals, groups and populations. However, participants did agree to key points regarding overall “healthier eating.”

Several grocery retailers have created systems, such as Hannaford’s “Guiding Stars” and Walmart’s “Great for You,” to assist consumers in making choices. “Guiding Stars” rates products with one, two or three stars to indicate good, better or best nutritional value per 100 calories. In general, products with more stars tend to have more vitamins, minerals, fiber and whole grains, while lower or no-star products have higher saturated fat, trans fat, sodium or sugar.

For the remainder of this report, we use the term “healthier” in the general sense described in the four bullet points to the right and do not use “healthy,” given the continued lack of agreement as to what that term precisely means.

Leveraging Consumer Choice

In seeking to address the levers that shape consumer demand for healthier food choices, PNW stakeholders confronted a conundrum. While companies will sell and market the products that consumers demand, this demand is in turn shaped by market-dependent factors such as access (can they get to it?), offerings (what can they choose from?), influence (marketing) and price. Many other factors affect consumer choice including taste, family and cultural preferences, nutritional knowledge and individual cooking skills.

Consumer demand for particular food products emerge from a complex system; it is both an input and an output of the food economy.

Gaining a deeper understanding of consumer behavior is strategic to empowering consumers with the ability to make better choices. PNW’s research suggested at least four key prerequisites to consumer demand: awareness, access, affordability and motivation.

If consumers are not aware of what constitutes “healthier” choices, they will not demand healthier products except by chance.

If consumers are aware of – and want to consume – healthier choices but cannot afford them, then that awareness becomes highly constrained by price.

If consumers are aware of healthier choices, want to make them and can afford them but have limited access due to geography, transportation or other barriers, then consumers will be constrained by availability.

If awareness, access and affordability are in place, but motivation is not, then consumers may still not make the healthier choice, even with the best of intentions. A complex set of individual needs and desires, family, peers, culture, convenience and other factors shape that motivation.

BENCHMARKS FOR HEALTHIER EATING

- Increasing consumption of fruits and vegetables.
- Decreasing the overall daily caloric intake of many Americans would benefit their health and could reduce weight-related diseases and their costs.
- Making even modest substitutions – such as substituting refined-grain products with multi or whole grains, full-sugar drinks with lower-sugar drinks or water, or lower-calorie versions of the same product – can have positive impacts.
- Achieving the ideal “healthy” diet may be hard for many Americans, but many would nonetheless benefit from choosing healthier products.

While this diagnosis highlights systemic challenges to shaping demand, it is also a reason for optimism. It suggests that success in stimulating increased demand for healthier food choices may create a “virtuous cycle,” whereby food companies are encouraged to produce and market healthier foods which, in turn, spur even stronger demand. Initiatives that target one lever of demand may create unexpected, constructive impact elsewhere in the system. PNW heard repeatedly from food industry members that if consumers demand healthier food – so that what is good for public health is also good for industry’s bottom line – then the food industry will happily provide consumers with healthier food.

Sectoral Barriers to Shaping Demand for Healthier Foods

To understand influences on consumer behavior, PNW participants sought to unpack the economic, social and organizational factors that impede both consumer demand for healthy diets and industry efforts to supply healthier foods. PNW participants identified a series of barriers to increasing consumer demand within the various industry sectors:

- The **grocery retail** sector is highly competitive with low margins. Faced with pressure to maintain and grow sales volume, stores may have a limited capacity for innovation and risk-taking. Management closely monitors sales per square foot, and decision-makers require proof that healthy food merchandising efforts can produce volume while maintaining the same profit margins. Most grocery retail business metrics are specific to each department, and manager compensation is not typically tied to store-wide sales generation. This can impede development of joint product promotions. Stores often depend on promotional spending by consumer packaged-goods companies in order to meet their bottom lines. In addition, most fresh produce, lean meats and seafood are not branded, because there are limited marketing resources to generate sales for these products.
- Within the **food manufacturing** sector, companies must carefully weigh their risk and return on investment when deciding what products to develop and market. Multiple products jockey for desirable but limited retail shelf space. Launching new products involves significant research and development, and, historically, new products suffer high failure rates. Companies are hesitant to develop new, healthier products unless there is a proven market interest. They find that less healthy ingredients are often cheaper to source, that consumer taste habits are slow to change, and that

consumers’ understanding of what is “healthy” may be inconsistent and variable. Manufacturers are also under shareholder demands to meet short-term business objectives.

- **Producers of healthier foods**, particularly fruit and vegetable growers, face numerous difficulties in more effectively shaping consumer demand. Most growers are relatively small enterprises that work through co-op, trade and product associations. They have not been able to organize and raise sufficient capital to conduct stronger promotion and marketing activities. Until recently, fresh fruits and vegetables have been seen as commodities. There has been little investment in market segmentation, product differentiation and development of value-added products.
- Within the **health insurance** sector, policy-holder retention rates pose a barrier to deeper investments in health initiatives. Policy holders may switch carriers before the carrier’s investment in healthier initiatives is realized. Although companies clearly benefit from healthier subscriber populations, they are often focused on shorter-term cost containment. They find it difficult to obtain top management approval to invest in new initiatives if they do not have a clear cause and effect or proven return on investment.
- Insurance companies often require that **health care providers** meet with a predetermined number of patients each hour, thereby limiting time available to discuss diet. Insurers do not typically compensate health care providers for nutritional counseling. In addition, few medical schools prioritize teaching the connections between diet and health outcomes, focusing instead on pharmaceutical interventions rather than lifestyle changes.
- Among **employers**, there are clear benefits to a healthier workforce, such as increased productivity and decreased insurance costs. However, there is conflicting evidence on the return on investment associated with nutritional counseling and wellness programs. Some experts suggest that wellness programs must be broadly backed with employee environmental supports (such as in-office gyms, standing desks and vending machines stocked with healthier snacks). To have a meaningful impact, wellness programs should contain incentives and rewards. There may be challenges to receiving sustained support from C-Suite, human resources and union leadership in designing successful employee-wellness programs. And, as with health insurers, employers may not realize the benefits of their investment in wellness programs if the healthier workers move on to other employers.

- Within the **public health** sector, debates persist as to where and how to prioritize. Should the sector concentrate efforts on improving access and affordability; addressing issues around lack of nutrition education; or making nutrient-dense foods more easily available? Should they focus on non-nutritional contributors to obesity like lack of exercise? How much of undesirable consumer behavior is shaped by decades of palate and mindset-shaping by the food market, and how much by conflicting human instincts between immediate gratification and long-term needs? Given the multitude of root causes, public health leaders and

Time, convenience and mobility are also important factors. Low-income and underserved consumers may work multiple jobs, have unpredictable work schedules or long commutes. They perceive the time needed to prepare healthy meals is greater than that associated with less healthy options. These families may have limited storage space and may lack the kitchen facilities needed to prepare healthier meals. They also may face challenges traveling the distance required to obtain healthy products, particularly if they do not have a car. These consumers are more likely to live in “food deserts,” without easy access to grocery stores or fresh produce.



"I have participated in a lot –and I mean a lot– of multistakeholder dialogues. None of these dialogues were as salient, as illuminating, or ultimately as productive as PNW."

Mary Sophos, Executive Vice President, Grocery Manufacturers Association

consumer advocates have initiated a host of responses. These programs have resulted in greater confusion among consumers over conflicting nutritional advice. Public health, civic and community-based groups have limited financial resources and often face difficulties translating public health messages into effective marketing campaigns, especially when compared to corporate marketing investments.

Unique Challenges for Low-income and Underserved Consumers

PNW participants in particular sought to understand the challenges of increasing demand among low-income and underserved consumers, because those consumers tend to suffer higher obesity rates.

Low-income and underserved consumers face a variety of economic and environmental barriers. They must often make choices between food and other basic needs, such as rent, transportation, childcare or health care. Healthier foods are often perceived as more expensive than less healthy products. Typically, lower-priced store brands have not undergone product reformulation, as have many major brands' products in an effort to make them healthier. Fresh products may spoil before the family can eat them, which means food is thrown out, resulting in wasted money or insufficient food. Similarly, low-income families may avoid trying new foods and recipes, because they cannot risk their children rejecting those items.

Food culture is another important factor. Families may have traditions of preparing unhealthy food, ingrained over generations. Long-established behavior is difficult to change and is reinforced through ubiquitous communications messages promoting products higher in sugar, fats and salt. There are also emotional barriers. Low-income, underserved and immigrant families may prefer consuming branded products that are backed by visible advertising, because they contribute to an experience of dignity or belonging to the American mainstream.

Government-supported food assistance programs are seeking to address some of these barriers. However, the federal government's Supplemental Nutrition Assistance Program (SNAP, formerly known as food stamps) was not created to deal with nutritional content as much as to ensure a basic level of total calories. Federal money for nutritional food incentives and education is limited.

Monthly, rather than weekly, distribution of SNAP dollars often results in bulk buying at the start of the month; by the end of the month, depleted dollars make healthier eating more difficult. Some groups have suggested that SNAP and other food-assistance programs should be limited to healthier food and beverage purchases; however, critics argue that this constitutes discrimination and would not lead to improved health outcomes. Advocates for food security have had long-standing internal debates about if, how, and when to encourage or require low-income consumers to buy healthier products.

PATHWAYS FORWARD: OPPORTUNITIES TO GROW CONSUMER DEMAND FOR HEALTHIER DIETS

The Business Case for Marketing and Selling Healthier Foods

Despite these challenges, PNW participants worked to identify and articulate a compelling business case for efforts to increase demand for healthier eating, including among low-income populations.

An increasing body of evidence shows that many potential benefits for businesses are real and are already being realized by forward-thinking companies. Several landmark studies from the [Hudson Institute](#), a nonpartisan policy research organization and a PNW participant, demonstrated that lower-calorie and/or better-for-you foods and beverages have had a dramatically positive impact on overall sales growth among consumer packaged-goods companies in recent years.

For example, among companies participating in a 2006 to 2011 study, lower-calorie products drove 82% of their sales growth.¹¹ This was four times the rate of sales growth from higher-calorie products. Similarly, from 2007 to 2012, more than 99% of the companies' total sales growth was driven by lower-calorie versions of the products they marketed.¹² The lower-calorie share of total sales growth – 100% – was even higher among restaurants from 2006 to 2011.¹³

Among grocery retailers, the figures are not quite so dramatic but are still impressive. Lower-calorie items drove 59% of sales growth in supermarkets from 2009 to 2013, and sales growth of lower-calorie items has outpaced growth of higher-calorie products.¹⁴ Research has shown that new, lower-calorie products were more than twice as likely as traditional higher-calorie products to enjoy long-term (at least five years) sales success. These results should provide more incentive for retailers to market and prioritize lower-calorie items.¹²

Convenience stores, often perceived as sources of chips, candy and gas, are a crucial growth market for healthier foods. Consider that one in two U.S. consumers visits a convenience store every day. Approximately 75% of convenience-store shoppers state they are “eating healthier than they used to” and are more likely to take any “means necessary to control their own health.” The number of convenience-store shoppers interested in healthier foods that can be eaten “on-the-go” has increased from 59% to 66% over seven years, and healthier snacking has become the norm, with 75% of shoppers “interested in snacks that are nutritionally healthy.”¹⁵

Within various sectors, there are clear potential financial benefits for shaping and shifting consumer demand toward healthier eating. These are outlined below:

- **Food retailers** can enjoy increased sales volumes as a result of consumer trial and acceptance of new products or increased sales of existing products, including healthier product categories such as fruits and vegetables, whole grains and low- (or no-) sugar beverages. Fruits and vegetables can be among a store's higher mark-up items. One apple, for instance, can generate 20 cents profit, whereas it can take four bags of chips to generate the same profit.¹⁶ Stores could launch promotions that engage the customer with personal health messages and programs. The promotions could increase customer loyalty, and financial incentives from wellness and other programs might further encourage healthier food and beverage purchases.
- **Food manufacturers** can experience a clear and direct benefit through increased sales of healthier products. Bottled water and low-calorie drinks can command market share and partly replace margins lost from declining soda sales. Manufacturers that respond quickly to increasing demand could enjoy first-to-market brand loyalty advantages. Delivery of products with healthier ingredients could mitigate future legal and regulatory risks – and assaults on a company's reputation – associated with foods high in sugar, fat, salt and other questioned ingredients.
- **Health insurers** can benefit from messaging and programs that drive healthier behavior and thus reduce plan members' health claims. Studies show that patients with obesity and their complications take up a higher share of overall health care spending. The health insurance industry continues to adjust to new requirements under the current Affordable Care Act, including providing coverage to the previously uninsured, many of whom may suffer from costly chronic diseases. Insurers could attract employers and individuals with lower costs if they develop a reputation for, and evidence of, healthier plan members.

- **Hospitals and health care providers** can benefit from reduced readmission rates and improved patient outcomes as a result of environmental changes and programs that improve patients' dietary habits. Many hospitals, for instance, have improved their cafeteria's food offerings, leading to improved health for both patients and employees.
- **Employers** could benefit from reduced insurance costs, increased employee productivity, reduced absenteeism, and an enhanced ability to recruit and retain staff. There is evidence that sustained, active programs with incentives and touch points in multiple settings produces real, long-term changes in employees' behavior. There may also be increased loyalty to employers that provide efficacious wellness programming.
- **Civic and community-based groups** and the **public health community** may see progress toward their goals of increased engagement in healthier behaviors and improved health outcomes among the populations they seek to help. Greater numbers of community members may join health and fitness programs, engage in nutrition-counseling programs and utilize public green spaces and bike routes.

Targeting Specific Kinds of Consumers for Influence

Any successful effort to increase demand must target the right consumers. PNW commissioned groundbreaking research from the Natural Marketing Institute (NMI) to understand the kinds of consumers who would be most receptive to effective messaging and programming around healthier food choices.

The [Natural Marketing Institute](#) identified five distinct segments within the U.S. general population; each has different orientations towards healthier eating (see chart below). PNW examined three of these segments – Food Actives, Magic Bullets and Fence Sitters – in more detail to determine which consumer segments could be influenced to eat healthier.

PNW identified **Fence Sitters** as the strongest “primary target” for cross-sector intervention efforts. The group includes 47 million adults, about one-sixth of the U.S. population. Among the five market segments, the Fence Sitters have the largest percentage of families with children. They are socio-economically and ethnically diverse; this group has the highest percentage of members on some form of food assistance.

NMI's Health & Wellness Consumer Segmentation Highlights Opportunities & Challenges – Not “One Size Fits All”

 WELL BEINGS®: 17%	 FOOD ACTIVES®: 15%	 MAGIC BULLETS®: 23%	 FENCE SITTERS®: 20%	 EAT, DRINK & BE MERRY'S®: 25%
<ul style="list-style-type: none"> • Most health pro-active • Market leaders & influencers • Highest organic usage • Use some supplements • Use many health modalities • Most Green 	<ul style="list-style-type: none"> • Mainstream healthy • Basics, balance and control • Desire inherently healthy foods • Most influenced by physicians • Least eco-friendly • Price sensitive 	<ul style="list-style-type: none"> • Conveniently healthy • Heavy pill usage – supplements OTC, Rx • Health managers vs. preventers • Weight managers • Least likely to cook at home • Least likely to exercise 	<ul style="list-style-type: none"> • ‘Wannabe’ healthy • Most likely to have kids • Stressed out, want help and control • More health kicks but no clear goals • Receptive to eco-friendly • Active weight loss • High social media usage 	<ul style="list-style-type: none"> • Least health active • Unconcerned about prevention • Focused on taste • Most price driven • Younger

Each segment views “health” a little differently, which is reflected in the type of healthy behaviors they participate in and at what level they participate. Therefore, understanding the attitudes and behaviors of the different health segments in the population will help marketers better position their products and help them create more effective messaging to target their consumer base

Source: NMI's 2011 Health and Wellness Trends Database (HWTDB) © 1 © Natural Marketing Institute (NMI), 2012. All Rights Reserved. nmi

Fence Sitters are good targets because they have a high interest in healthier eating as a tool to maintain their health; significant interest in following a healthier eating plan; a strong likelihood of believing that manufacturers produce foods with health in mind; and a high willingness to do more to achieve healthier outcomes in their lives. Fence Sitters are also often among the first to try a healthier new product. Their readiness to adopt new behaviors may influence the Food Actives, who tend to obtain cues from peers rather than paid messaging.

Fence Sitters are also time-crunched and price-sensi-

as part of maintaining a healthier lifestyle.

This research proved to be an important vehicle to foster cross-sector collaboration. It provided industry and public health stakeholders with a common understanding of the optimum target audience and a baseline by which to measure progress. Since its unveiling at a PNW dialogue meeting, the research has been presented to major food companies and food industry trade associations, published in various reports and media articles, and shared across the public health community. One leading food industry company representative said,



"PNW developed a market-based framework for helping to solve the obesity issue, demonstrating that you can improve public health outcomes while also improving the food industry's bottom line."

Kelly D. Johnston, Vice President, Government Affairs, Campbell Soup Company

tive consumers who shop or eat in a variety of outlets but are looking for affordability and convenience. They are often confused about what types of food are healthier, and they associate healthier eating with greater expense and extra preparation time. To be effective, marketing activities would need to speak to these challenges.

PNW identified **Food Actives** as an important but "secondary target" for marketing efforts. The group represents 42 million U.S. adults. They have a high interest in healthier eating and take significant personal responsibility for their health. Healthier eating fits their lifestyle, and they can be influenced to purchase a food when they believe in its health benefits.

However, a number of barriers makes targeting this group a challenge. These include skepticism for authority, a do-it-yourself attitude and a belief that healthier foods are tasteless. Food Actives tend to distrust food-packaging health claims and are not influencers or early adopters. They are inclined to believe they already know how to eat healthier, even though they may not consistently practice those behaviors.

Magic Bullets do not appear to be a good target for a healthier food demand creation effort, because they are motivated by quick fixes and instant solutions. This category, representing 23% of U.S. adults, has a high need for guidance, yet lacks the ability to act on advice. Bullets prefer easy solutions, such as vitamins and supplements, and do not recognize the importance of healthier eating

"We often use consumer research at the level of individual product or narrow geographic region. It is rare to see aggregate research such as this that points out how a population behaves across product categories."

How to Shape Consumer Choice

PNW participants learned that no single factor is responsible for consumer choice. Actors from multiple sectors (employers, health care providers, health insurers, retailers, manufacturers, government food-assistance programs, public health advocates and communities) have a role in and opportunity to shape consumer food choice. Participants' learning included the following:

Education alone is insufficient. Information or education alone tends to have a limited impact on behavior. While it is important for consumers to understand how to choose, prepare and eat a nutritionally balanced diet, consumers cannot sufficiently act on this information if their broader environment does not support healthier decisions. For example, workplace wellness programs and retail grocery programs that include nutritional counselors or registered dietitians tend to produce long-term participation, as they help individuals move through various stages of knowledge and internalize information.

“Healthy” labels may not lead to healthy behaviors. While it may seem that simply labeling items as more “healthy” will increase their purchase by those interested in health, this is often not the case. Consumers associate health and good taste with only some products. They consistently rate “healthy desserts” as less tasty.

A collaboration between [John Hopkins University](#) and the [Food Trust](#) to promote healthier eating in low-income neighborhood bodegas, as well as work completed by the [National Association of Convenience Stores](#), found that the word “healthy” does not tend to increase sales. Instead, more descriptive words like “fresh” and “delicious” have a significant impact on consumers’ expectations of taste and can lead to an increase in sales. For example, when Nabisco labeled one flavor of its Wheat Thins as having “less salt,” sales dropped. When Nabisco relabeled it with “hint of salt,” sales returned, and even grew.

information on menus and shelf tags also seems to direct consumer choice.

When Kraft rolled out its popular brand-name macaroni and cheese with a new vegetable dye rather than artificial dye, it did so for three months without “telling anyone.” Explaining the change, Kraft’s website noted, “When we took the artificial flavors, preservatives and dyes out of Kraft Macaroni & Cheese, we wanted to make sure it still tasted like the Kraft Mac & Cheese you know you love. So three months ago, we quietly started selling the new recipe in our old boxes to see if you’d notice. And your silence spoke volumes.”

Price and quality are important. Shoppers, especially those under financial constraints, care deeply about value and seek to maximize the number of meals per available dollar. Low-income and budget-conscious shoppers are not primarily purchasing food for health, but rather to make sure their families are fed and full.¹⁸ Cost, quality and selection greatly affect consumer purchasing decisions.



“PNW brought together stakeholders with far-ranging perspectives on the obesity issue and created a ‘safe space’ for honest discourse. This enabled us to learn from each other and explore difficult issues without a defensive public posture. The relationships that were built through PNW continue to yield valuable learning and collaboration beyond the initial scope of the project.”

Julie Greene, Director of Health & Nutrition, Ahold Delhaize

Peers and social connections are important. Several academic studies have shown a correlation between peer groups’ and individuals’ weight.¹⁷ PNW’s work suggests that a path to potentially lowering obesity, and thus improved health, could include targeting peer groups and social media connections. Those who participated in online and face-to-face mentoring, championing and competition often showed improvement in their diets and physical fitness regimes. The ability to engage with others who face similar challenges appears to contribute to certain programs’ success.

Stealth health works. Behavioral cues and nudges can spur consumer purchase and consumption of healthier foods. In-store placement of healthier products at high traffic positions tend to increase sales; calorie and nutritional

Financial incentives matter. Research have found that more nutritious food, such as fruits and vegetables that also tend to be lower calorie, are more expensive. “Nutrients commonly associated with a lower risk of chronic disease were associated with higher diet costs. By contrast, nutrients associated with higher disease risk were associated with lower diet costs.”¹⁹ Financial incentives can shape consumer purchasing behavior. These include discounts on healthier foods and accumulated points toward rewards and/or insurance premium discounts. Programs that allow participants to continuously accrue points seemed to engage members for longer periods of time.

INNOVATIONS IN SHAPING CONSUMER DEMAND

PNW and its participants identified innovators across the country from multiple sectors who are experimenting with new approaches to shaping consumer demand to healthier eating – and succeeding. These include community-level business entrepreneurs and multi-national corporations who are working to help shift demand for healthier eating. Their efforts embrace a variety of strategies including:

- harnessing the power of marketing for health,
- incentivizing through price,
- nudging consumers where they shop,
- enlisting the community,
- creating new business models, and,
- using video games and other technologies.

These successful, innovative programs allowed PNW participants to expand their understanding of how to shape consumer choice towards healthier foods.

Harnessing the Power of Marketing

Collectively, food companies spend billions of dollars annually marketing their products.²⁰ Many public health professionals, advocates and academics have raised concerns about the techniques that companies use to market foods that are higher calorie, comprised of large portion sizes or containing high levels of sugar, salt and fat. [The Cornell Food and Brand Lab \(CFBL\)](#) studied how the characters on cereal boxes are designed to affect an emotionally positive response to the brand or product. CFBL concluded, “Results show that characters on cereals marketed to children make incidental eye contact with children and cereals marketed to adults make incidental eye contact with adult shoppers.”²¹

With these concerns in mind, PNW participants explored the ways to harness the power of food marketing to increase consumer demand for healthier eating. Private and public sectors have increased their efforts to build demand with positive, cutting-edge programs. Interestingly, unlike traditional public health campaigns that tend to warn against “bads” or “wrongs” (think about the effective campaigns against tobacco over the years), these innovations seek to use positive, compelling and sophisticated messages to drive demand. PNW stakeholders studied the following initiatives that have had success in growing demand for healthier foods.

In 2008, Jeffrey Dunn became CEO of **Bolthouse Farms**, a family farm business that sold carrots, salad dressings and juices. A 20-year veteran of the soft-drink industry, Dunn launched a multi-million dollar marketing campaign using approaches and tactics borrowed from soft drink and fast-food marketing. The campaign – “Eat ‘Em Like Junk Food” – used ironic ads likening baby carrots to snacks like Fritos and Doritos. It was a massive success, garnering significant media attention and increasing sales by 13%.²²

The “**Drink Up**” marketing campaign, launched in 2013 by former First Lady Michelle Obama’s **Let’s Move!** initiative and the [Partnership for a Healthier America](#), embraced fun, positive messages about the benefits of drinking water. The effective campaign featured two public service announcements seen 700 million times over a 15-week period throughout the U.S. and increased sales of bottled water and filtered products by 4%. This equated to over “\$1 million in incremental retail sales of bottled water.”²³

Another campaign sponsored by the [Partnership for a Healthy America](#) has focused on branding fruits and vegetables as “**FNV.**” Launched in 2015, the campaign focused on two lead markets: teens and families. Promotions featured celebrities like Jessica Alba and Stephen Curry endorsing fruits and vegetables. It became clear to PNW participants that effective marketing for healthier products does not require million-dollar budgets.

Clever marketing, such as menu boards in small grocery and convenience stores, can also influence consumer behavior. In 2011, researchers at [Johns Hopkins University Bloomberg School of Public Health](#) partnered with local carryout restaurants in low-income neighborhoods in Baltimore to evaluate the impact of offering and promoting healthier menu options. The research team provided guidance on redesigning menu boards and worked with storeowners to develop healthier entrees, side dishes and combo meals. The program, called “**Baltimore Healthy Carryouts,**” led to an average gross revenue increase of 25% for participating stores. Due to the program’s success, modified versions have expanded to six indoor public markets and 15 carryout restaurants.



Baltimore Healthy Carryouts sample menu

Incentivizing Through Price

Price is one of the most powerful tools to shape consumer demand. As noted earlier, a key challenge in increasing demand for healthier eating is that nutrient-dense, lower-calorie products are often more expensive than comparable products containing fewer nutrients and more calories.

Research focusing on how price affects purchases of different foods demonstrates this influence. Investigating behavior in secondary schools, a researcher manipulated prices in school vending machines that sold snacks, fresh fruit and baby carrots. She found that even small price reductions could increase sales of healthier products. A 50% price reduction in fresh fruit led to a four-fold sales increase.²⁴

In the long run, increased demand for healthier foods may result in lower prices for healthier items due to broad shifts in demand and supply. In the short term, solutions need to account for current economic realities. PNW participants reviewed several ways to increase purchases of healthier food through financial incentives and price changes. Among the distinguishing examples are initiatives that deploy creative forms

of price subsidy for healthier food consumption, based on real or predicted savings in health care costs. Another distinguishing example is the increase in fruit and vegetable sales some programs have produced, particularly at farmers markets and local grocery stores.

The [Vitality](#) program, backed by health insurance companies, encourages healthy eating and living through price subsidies and rewards. Subscribers to Vitality's health plan partners pay a small fee to participate in the program and then begin accumulating points through achieving various health-related milestones. Points can be redeemed for discounts on a variety of services and products, including holiday travel, flights, movies, gym memberships and even cash-back payouts. The program includes sophisticated compliance-tracking mechanisms, such as healthier food purchases tracked through store registers, and through portable wireless devices that measure exercise levels.

Over the past several years, a number of local and state-wide initiatives emerged around the idea of **increasing the value of SNAP benefits** when used to buy fruits and vegetables at local farmers markets. The concept built momentum through programs like Fair Food Networks' "Double Up Food Bucks," Market Umbrella's and Roots of Change's "Market Match" and Wholesome Wave's "Double Value Coupon Program."

Wholesome Wave's **Fruit and Vegetable Prescription Program** (FVRx) is another approach that enables doctors to "prescribe" fruits and vegetables to pediatric patients. The prescriptions provide a subsidy for the purchase of fruits and vegetables at participating retailers.

"Nudging" Consumers Where They Shop

Behavioral economics has flourished as social scientists have concluded that human beings do not perform as purely rational actors but are influenced by cognitive biases and other factors. In the food arena, both marketing professionals and scientists are exploring techniques that could "nudge" consumers toward healthier food consumption through a host of environmental factors. For example, researchers have found that children consume more calories when eating in front of the television.²⁵ Proximity of candy dishes on an administrator's desk increases office workers' candy consumption.²⁶

While we may think we know what we eat, why we eat and how much we eat, our food choices can be influenced by such subtle cues as distance, color, presentation and our emotional state at the time of eating. For instance, moviegoers who watch "tear jerkers" tend to eat more popcorn than those who attend other kinds of movies.²⁷

Enlisting the Community

PNW found exciting examples of both private and public community-based efforts to increase healthier demand. Motivated companies, as well as passionate nonprofits, are seeking to change entire communities' relationship to their diets.

In 2011, Campbell Soup launched the [Campbell Healthy Communities](#) program, a 10-year, \$10 million initiative to reduce childhood obesity and hunger by 50% in Camden, N. J., the company's headquarters. Camden, a primarily low-income community of 78,000 with elevated rates of child obesity and food insecurity, had its only full-service grocery store close in 2013.²⁸ The Healthy Communities program has focused on improving access to nutritious fresh foods and access to safe places to play, exercise and walk; providing nutrition education; and building public interest within the community to advance solutions. The company has expanded the model to other communities where Campbell's operates.

At the south Texas grocery chain H-E-B, an extensive employee-wellness program was launched in 2004 and has been expanded to involve robust community outreach and engagement. The "[Healthy at H-E-B](#)" program provides employees with rewards and incentives for undertaking their own life-transforming efforts and for working to mentor and motivate others. In essence, the program fosters an employee network of health and wellness "disciples." Trained "Wellness Champions" at each store location assist customers and reach out to fellow employees. "Healthy Heroes" are publicly acknowledged employees who have significantly reversed their health trends, shared personal stories and coached others.

In 2006, the community-based [Let's Go!](#) program was launched in Portland, Maine, with the support of seven local health care, community and corporate partners. The Let's Go! program uses a simple message to promote

healthy living: 5-2-1-0, which stands for five or more fruits and vegetables, two or less hours of recreational screen time, one or more hour of physical activity, and zero sugary drinks a day. The program aims to reach families and children where they live, work, study and play in order to continuously reinforce the message of healthy eating and living. Due to its success, the Let's Go! program is being replicated throughout Maine and elsewhere in the United States.

Creating New Business Models

Several initiatives have achieved success by embracing new and innovative business models that put the power of profit to work to generate healthier outcomes.

The nonprofit [Groceryships](#) has focused on increasing both the demand and supply of healthier foods for food-insecure families. It provides grocery "scholarships" to participants so they can purchase healthier produce and other items and also enrolls them in a support group to address emotional issues around food and health. Groceryships cohorts typically involve a group of 10 mothers who spend six months learning practical skills associated with healthy eating. Each woman receives \$30-40 of produce per week to try new foods and recipes.

Jeff Brown is president and CEO of Brown's Super Stores and the chairman and founder of [UpLift Solutions](#), a nonprofit organization dedicated to improving low-income consumers' access to basic needs by opening financially successful grocery stores in "food deserts." Brown's innovative business practices turn the store into a community hub by bundling additional services into the grocery store environment. Many of Brown's stores include credit unions (featuring no-fee account options for low-income individuals), health clinics and "QLife," a special department that helps shoppers with their health insurance and entitlements (such as SNAP benefits).

Using Video Games and Other Technologies

Participants also learned about the use of technology, including video games and web-based tools, to influence consumer demand for healthier eating.

Researchers at Baylor College of Medicine conducted a study using the online game *Squires Quest! II* to test video-game use for promoting fruit and vegetable consumption. Four hundred fourth- and fifth-grade students played 10 episodes of the game during the six-month trial. The research team reported in the *Journal of Nutrition Education and Behavior* that the video game entertained children while also promoting attitude and behavior change toward eating fruits and vegetables.²⁹



PNW'S ACCOMPLISHMENTS AND RECOMMENDATIONS

Untapped Retail Opportunities: Grocery Retail Scorecard and NACS Work

Utilizing ideas that public and private entities found to be successful, PNW participants decided to develop new programs that influence consumers to make healthier food and beverage selections at the grocery retail and convenience store level.

A subset of PNW participants designed and launched the [Grocery Retail Scorecard](#). The Scorecard, a set of nearly 90 evidence-based practices that use behavioral economics and psychology, includes techniques relevant for all grocery store departments, store marketing, employee training and customer service.

GROCERY RETAIL SCORECARD

- Showcase three healthier foods near the store entrance.
- Offer cooking demonstrations or free samples of healthier items at least once a week.
- Post signs throughout the store that promote whole grain products, seasonal fruits and low-fat dairy items.
- Give shoppers recipe cards for five-ingredient healthy meals.
- Have several healthier options always available in the prepared foods section.
- Train employees in each department so they can educate shoppers about healthier food options.
- Put on the store's website shopper loyalty specials and discounts for healthier food items.
- Place mini-fridges stocked with healthier beverages at checkout lanes.

The full scorecard is available on the Convergence website: <http://www.convergencepolicy.org/scorecard/>

The impetus for the Scorecard emerged after PNW stakeholders looked at the success of the Smarter Lunchroom Self Assessment Scorecard in changing eating behaviors in schools. Developed by Cornell University's Center for Behavioral Economics in Child Nutrition Program and the [Cornell Food and Brand Lab \(CFBL\)](#), the Smarter Lunchroom experimented with low- or no-cost, evidence-based tools that improved children's eating behaviors. Since 2009, the program has used approaches like putting fruit in a colorful bowl in a well-lit, convenient part of the lunch line; giving descriptive names to vegetables; placing white milk first in lunchroom coolers; highlighting healthier entrées first in the line; and introducing a "healthy choices only" express line. Each of these interventions has resulted in significant increases in consumption of healthier foods.³⁰

Working with the CFBL, PNW brought together a working group of grocery retail and public health stakeholders to take these lessons and create a menu of relevant tactics to increase demand for healthier products in grocery stores, while maintaining or growing overall sales. This working group developed and tested the Scorecard so that it would be attractive to grocery retailers nationwide and could be scaled for widespread adoption.

[The National Association of Convenience Stores' "reFresh"](#) initiative is helping to redefine the convenience store as a place where consumers can purchase fresh, healthier foods. NACS's reFresh initiative has provided its members with information produced by the Hudson Institute and the National Marketing Institute, on health and wellness trends as well as strategies for marketing healthier foods. A particularly eye-opening trend for many store owners: 75% of convenience store shoppers state they are "eating healthier than they used to" and are more likely to take any "means necessary to control their own health."

Within the framework of the "reFresh" program, PNW worked with NACS to produce an [online toolkit](#) for its national network of members. This toolkit provides strategies stores can use to address key market segments, including ideas for healthier on-the-go eating, breakfast foods and child-targeted products.³¹

As part of the “reFresh” online toolkit, PNW has been working with [NACS](#), in cooperation with the CFBL, to implement and measure the effectiveness of pilot programs designed to nudge consumers towards purchasing healthier products. To date, NACS has published eight evidence-based tactics convenience stores can implement to drive healthier sales and meet the needs of their key market segments.

Marine Marts, a NACS member, worked with NACS, PNW and the [Cornell Food and Brand Lab](#) to implement a two-phase pilot test in two of its stores to test beverage case layout changes and functional messaging to promote lower calorie beverages.

The first phase involved changing the beverage case planogram to put zero and low-calorie beverages at eye level while higher calorie beverages were moved to the bottom. The second phase added cling stickers with functional messages such as “balance in a bottle,” “fluid = function,” “jumpstart your cells!,” and “hydrate like you mean it.” The results demonstrated that water, enhanced waters, functional beverages and diet soda sales increased by 21.3% over the control weeks.

Square One Markets, a NACS member located in Bethlehem, Pennsylvania, embraced the concept of developing convenient, all-in-one, healthier products to go. In September 2015, Square One Markets launched the **Six O’Clock Scramble Fresh & Fast Family Dinner Kit**, the first all-in-one healthy family dinner option sold at a

NACS REFRESH INITIATIVE: MARKETING HEALTHIER EATING STRATEGIES

- Employ eye-catching, clever messaging to promote and market healthier items, such as placing floor decals (New! Fruit Oasis This Way) to highlight new, healthier products.
- Bundle healthier snacks and beverages to make a grab-and-go lunch with water, fruit, low-cal sandwich and yogurt.
- Use gasoline-pump signage and outdoor videos to highlight healthier options inside the store.
- Offer three varieties of precut, packaged fruits and vegetables, as studies have shown that consumers are more likely to make a purchase if they have more than one option.
- Use creative adjectives to describe products.
- Give healthier items highly visible placement within the store, such as at the register or end of aisles.

convenience store. Square One Markets worked with NACS, PNW, and the Six O’Clock Scramble to develop a set of affordable, healthy dinner kits for time-strapped families to grab on their way home. The recipes were developed by chef and cookbook author, Aviva Goldfarb, CEO of the Six O’Clock Scramble.

The convenient, nourishing dinner kits provided all-in-one meal ingredients and recipe cards that contained everything time-stressed families need to prepare a fast, fresh meal in less than 30 minutes. They sold for approximately \$20 and were designed to feed a family of four. At \$5 per person, the dinner kits were less than half the price of meal-delivery services – and without the packaging waste and carbon footprint from shipping. The kits also featured some locally grown and produced ingredients from the Bethlehem area.

At the launch of the 10-week pilot test, Square One Markets and the Six O’Clock Scramble hosted cooking demonstrations and recipe sampling for customers. By the end of the pilot test, Square One Markets found that the dinner kits were well received by customers. They revealed a unique opportunity for the convenience store sector to offer all different types of meal kits for families, individuals and children.

However, the dinner kit pilot test highlighted challenges that many convenience and small food retailers face in selling healthier foods. These stores have less frequent deliveries than larger retail chains due to space constraints and volume of sales. And because many are not able to



Customers purchasing the Fresh & Fast Family Dinner Kit.



“PNW was invaluable in facilitating conversations with key leaders in the nutrition community and that has directly led to several deliverables with groups like the Hudson Institute and Cornell’s Food and Brand Lab. The net result of our partnership with PNW is that our industry is better able to provide healthier choices to consumers across the country.”

Jeff Lenard, Vice President of Strategic Industry Initiatives, National Association of Convenience Stores

obtain certain fresh ingredients directly from suppliers and distributors, store owners and operators are forced to purchase their products at larger food retail stores, a practice known as “cash and carry,” and thus have to mark up their prices to their customers.³²

Recommendations for Future Action

As this work concludes and [PNW](#) ends, it is important to note that PNW developed several additional recommendations for cross-sector collaboration that interested many of the stakeholders but would require significant investment and coordination to move forward. PNW’s track record suggests that implementing these ideas would benefit all parties while encouraging healthier eating. PNW recommends the following:

Develop a national campaign around healthy eating and living. Food manufacturers, food retailers, health insurers and public health and community groups could work together to develop a broad marketing campaign or master narrative to encourage healthier eating. The campaign would be implemented through a coordinated series of marketplace and communications programs that reach consumers in multiple ways such as when food shopping, visiting the doctor or listening to public service announcements. It would build upon the success of existing national efforts like the Let’s Move! campaign. NMI’s research indicates that “Fence Sitters” and other consumer segments are well poised to embrace new, more effective campaign tactics.

Support efforts to integrate food retail, nutrition and health care services. The growing awareness of the connection between food choices and good health provides an opportunity for greater integration that would offer consumers a one stop shop for food, nutrition and health care services. Some retailers, for instance, have begun offering nutrition counseling services and/or have

created health clinics within their stores. Financial incentives such as coupons or dining points for the purchase of healthier foods could be built in.

Improve the wholesale supply chain for fresh foods. As noted previously, small retailers often have limited access to fresh produce and other healthier items. These retailers could work with suppliers, distributors and others to develop innovative solutions to improve the fresh foods distribution system.

Assist small chains and independent stores that face challenges in promoting and marketing new products due to limited resources. They would benefit from partnerships with the public health community and academic institutions to develop low cost marketing and communications strategies to promote healthier foods.

Share the results of the NACS pilot strategies with the broader food retail sector to help their customers make healthier choices.

Provide support for lower income and disadvantaged consumers. These individuals are at higher risk for obesity, type 2 diabetes and other nutrition-related conditions. PNW identified ways in which multiple actors or sectors could work together to support them, including:

- A growing segment of affluent shoppers buy food online. Groups could explore opportunities to bring both ordering and delivery, via technology, to consumers with lower incomes.
- Reducing food waste and addressing food insecurity could be addressed simultaneously by finding innovative ways to use fresh food that otherwise would be thrown out. For example, it could be turned into prepared meals or delivered to food banks and other organizations that provide food to low-income individuals.

CONCLUSION

PNW's work suggests we may be at the cusp of some meaningful and exciting shifts when it comes to healthier eating in the U.S. There is increased demand for healthier products; a host of dynamic innovations are shaping that demand across multiple sectors. To be sure, consumers face barriers to healthier eating, particularly low-income consumers who may have difficulty finding affordable, accessible and convenient healthier food. In addition, companies face barriers to selling healthier products, including tight margins, high research-and-development costs, capricious consumer tastes and risk-averse shareholders. These challenges suggest that multiple, cross-sector efforts are necessary to make progress on addressing obesity and other nutrition related conditions.

PNW's work also suggests reasons for optimism. PNW discovered numerous actors across the retail, food manufacturing, restaurant, public health, employer, insurance and health care sectors who are trying and succeeding at generating both private and public good. Their efforts are creating real, actionable tools to shape demand for healthier eating.

Further, PNW's collaborative model has shown that when it comes to shaping consumer demand, diverse sectors can be united around a common mission and vision. PNW stakeholders and others have demonstrated that cross-sector collaboration to grow consumer demand for healthier foods is not only possible, but also profitable.



FOOTNOTES

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FOOTNOTES

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ACKNOWLEDGEMENTS

Major support for the Project on Nutrition and Wellness was provided by:

Robert Wood Johnson Foundation

We would also like to thank the following organizations and individuals for their support:

Academy of Nutrition and Dietetics

Akin Gump Strauss Hauer & Feld LLP

American Academy of Pediatrics

Anthem, Inc.

Bipartisan Policy Center

Campbell Soup Company

Cargill

Michael & Susan Dell Foundation

Food Marketing Institute Foundation

Lisa & Douglas Goldman Fund

Grocery Manufacturers Association

Kaiser Permanente, National Community Benefit Fund

Maja Kristin

National Association of Convenience Stores

PepsiCo

Stuart Family Foundation

Walmart Foundation

This report was produced by Convergence Center for Policy Resolution in collaboration with the Consensus Building Institute. Convergence would like to thank Amy Slechta, Manager, Project on Nutrition and Wellness, Convergence Center for Policy Resolution; Patrick Field, Managing Director, Consensus Building Institute; and Toby Berkman, Senior Associate, Consensus Building Institute for drafting this report.

Convergence also thanks the following members of its staff for their contributions: Aakif Ahmad, Co-Founder; Robert Fersh, President and Founder; Susan Jerison, Director of Communications; Monica Snellings, Communications and Design Lead, Education Reimagined; and Tal Yaari, Communications Associate. Convergence would also like to thank Janet Meyers for her invaluable edits and contributions.

Convergence is a 501(c)3 non-profit organization based in Washington, D.C., that convenes people and groups with conflicting views to build trust, identify solutions, and form alliances for action on critical national issues. For more information, visit www.convergencepolicy.org.

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