

## THE FUTURE OF FOOD LABELLING SYSTEMS

### *Guiding Consumers on their Decision-Making Journey*

In recent years, a myriad of different scoring and food labelling systems have become more common place in the retail environment, posing a new challenge for brands to manage the consumer demand for more information and transparency without making labels meaningless.

Today's shoppers want to make informed decisions based on their personal values around quality, health, budget, and sustainability where one size does not fit all anymore and messaging must adapt accordingly. The very meaning of value is evolving and becoming increasingly complex, based beyond price alone. Highlighted as a key **Daymon Trendwheel™ 'Value Matters'** trend where price and brand name are no longer enough for consumers to pick one product over another. Instead, the challenge is to convey product assets to shoppers in a simple and understandable way, making way for scoring systems to convey relevant information to guide more conscious and informed decisions.

#### **Global View | B-Well, One World & Lifestyle Choices**

The main challenge for industry players is the proliferation of scoring systems in both global and local markets. Each system addresses specific topics with its own methodology and visual language to respond to shopper's regional needs and related compliance, relevancy, and the market's maturity.

If scoring systems and FMCG labelling are to be shopper-friendly, transparent, and straightforward, based on our aforementioned principle of 'value matters', it is critical to align with the primary needs of shoppers with B-Well currently a key industry trend. As de-junking is becoming increasingly important for consumers as they become more informed about the impact of ingredients and manufacturing processes in relation to their health - 'clean' labelling has become a top priority for brands investing in product formulations, with B-Well driven scores addressing this point.

*Traffic Light*, a labelling system first adopted in the UK and Ireland informs consumers as to the calorie and kilojoule count and whether food has high, medium, or low amounts of fat, saturated fats, sugars, and salt. While *Nutri-Score*, most often used in the FMCG sector turns the nutritional content of a product into a simple code of five characters based on a specific algorithm, using a unique colour to assign a product score.

Although not mandatory, *Nutri-Score* has been approved by the EU as well as several other nations incentivising its use - with major players such as *Migros* in Switzerland and *Kaufland* in Germany apply this system to their Private Brand products. Recently *Nutri-Score* has made its way into the food service industry with *McDonald's* in France announcing their adoption of this system. In addition, alternative scoring systems are in development around the topic of nutrition to overcome specific limitations and provide valid alternatives such as the *Nutrinform Battery* in Italy.

Digitalization and the increase in apps are also pressuring retailers and businesses to adopt a nutritional score. As consumers turn to apps to gain more knowledge, so too the impact on product reformulation takes shape. *Yuka*, created in France with a user base of 20M as of November 2020, uses *Nutri-Score* to measure food based on nutritional quality and the presence of additives and organic ingredients. While

*Intermarché* nutritionally reformulated 900 products in its Private Brand range, resulting in a higher product rating on *Yuka*.

Food labelling is no longer limited to the unique role of communicating nutritional benefits as there is a growing awareness that what we do as individuals, has an impact on the world creating a conscious culture of eco-citizens. A challenge where 'one world' topics such as recycling, limiting carbon footprints, sustainability, and environmental and social eco-ethical touchpoints from manufacturing to the product itself, need to be conveyed to shoppers both transparently and in a clearly understood manner.

So to, carbon footprint labelling is addressing the demand for sustainable products for example *Felix* in Sweden opening a climate-conscious store where items are priced based on their carbon footprint and *Netto* in Denmark piloting in-store signage and labelling to guide customers to less climate-damaging alternatives.

Food waste labelling, with efforts on the rise to minimise waste, have labelling solutions that use intelligent packaging, such as time-temperature and smart shelf-life indicators. While more broadly used sustainable related labels are being trialled by retailers and brands throughout Europe to communicate their environmental commitments. Notably, *Eco Score* which classifies products from A (low) to E (high) according to their impact on the environment and *Färmoscore*, created by organic Belgian supermarket *Färm*, measures every food product it sells based on a scoring system from production to shelf.

### Regional View | Middle East & Africa

The world-wide prevalence of obesity continues having nearly tripled between 1975 and 2016 according to the WHO, with it becoming a major public health problem in Arab countries. In the Middle East obesity affects approximately 30% of the population over the age of 15, with 18% accounting for obesity in children. To bring the percentage down particularly in children, the UAE government launched a Nutrition Labelling Policy, mandatory as from 1 January 2022, using a 'traffic light system' of colours to reveal fat, saturated fat, sugars, and salt content. For example, the greener the intake the healthier the choice. A survey conducted in the UAE in partnership with leading cooperatives and supermarkets, revealed that 72,5% of respondents prefer using colour-coded labels to make healthy choices.

*SIAL Insights* noted that 71% of consumers in the Middle East have changed their food consumption to include healthier dietary choices. With 62% of consumers in the Middle East and Africa, as revealed by *GlobalData* indicating that, how a product impacts their health and well-being 'often' or 'always' influences their choices.

### MOVING FORWARD

With labelling expected to expand beyond food in the future and on the understanding that it's not feasible to carry everything on a pack - selecting information that is relevant and connected to both strategy and the business will be important, as well as making sure it aligns with the consumers' needs and values.

### Compliance

One of the challenges is determining whether labelling systems should be at the discretion of retailers and brands or whether governments should legally enforce compliance. While legal imposition may be a

means of disseminating the adoption of scoring systems, it may also make future modifications and implementation difficult due to the legal revisions that may be required.

### **Simplification**

The lack of standardized food labelling systems makes it difficult to determine which are best for retailers, brands, and customers. **Simplifying the systems while allowing for some form of personalisation**, will make it easier for consumers to choose the score that connects with them, their values, and their lifestyles.

### **Visual Identity**

Each system should have a **strong and unique visual** identity to minimize any misunderstandings for consumers. Not everything can or should be included on the packaging resulting in the search for solutions, as digitalization via QR codes and similar technologies are explored. In this way consumers can adopt many scores as they find the system that best matches their needs and values.

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**About Daymon:** With 50 years of experience building successful private brand programs around the world, Daymon is the only solution provider that influences all aspects of private brand development, from strategy to execution to consumer engagement. Daymon's unique approach helps retailers and brands set themselves apart through a full suite of best-in-class private brand development services, including: strategy, analytics and insights, product development, supplier development and management, account management, and design and packaging management.

Daymon drives brand innovation, differentiation and results.

**For more insights and recommendations for driving your brand, contact [idc@daymon.com](mailto:idc@daymon.com).**