Hudson Institute

Market Solutions to Obesity

Good for Business and Public Health

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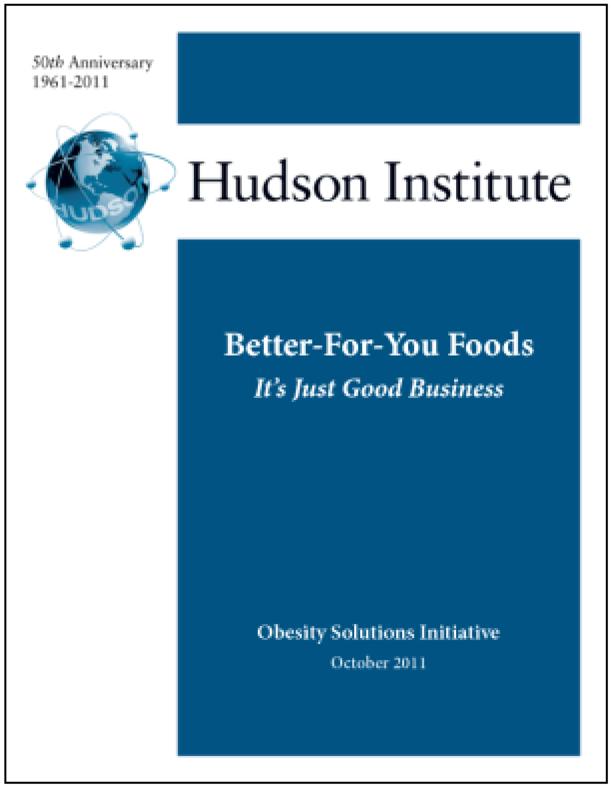
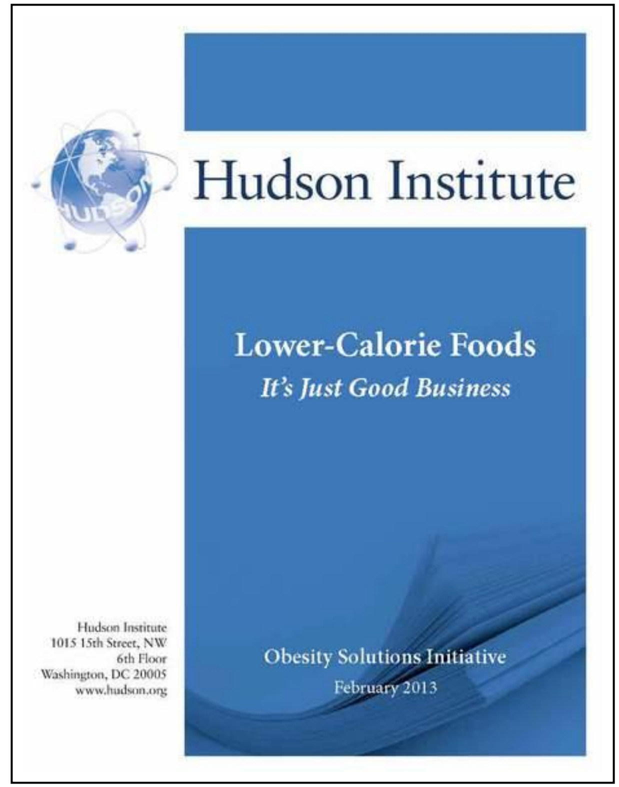
Conduct Studies/Analyses to Determine Business & Market Solutions to Obesity and Healthier Eating



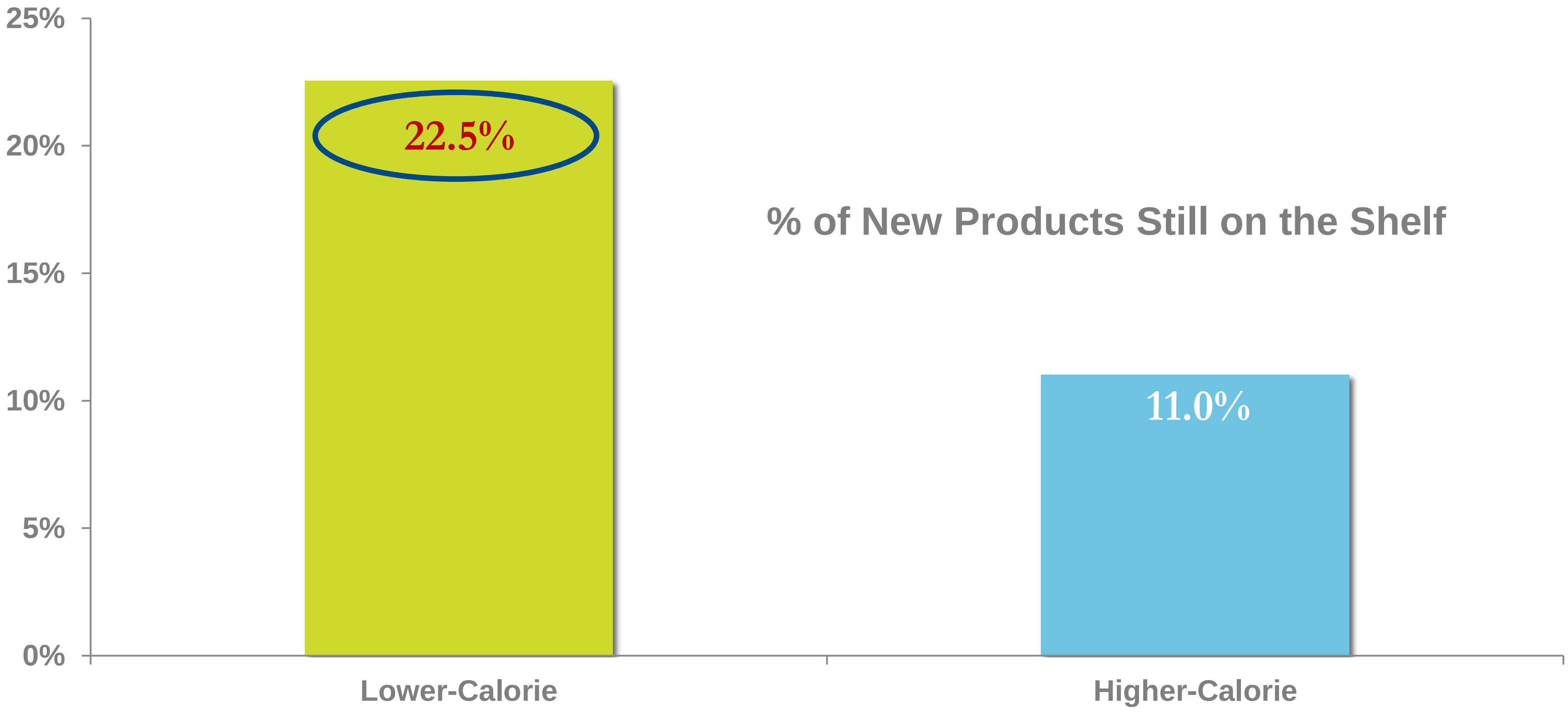


Consumer Packaged Goods (CPG) Companies Evaluated

Restaurant Chains Evaluated

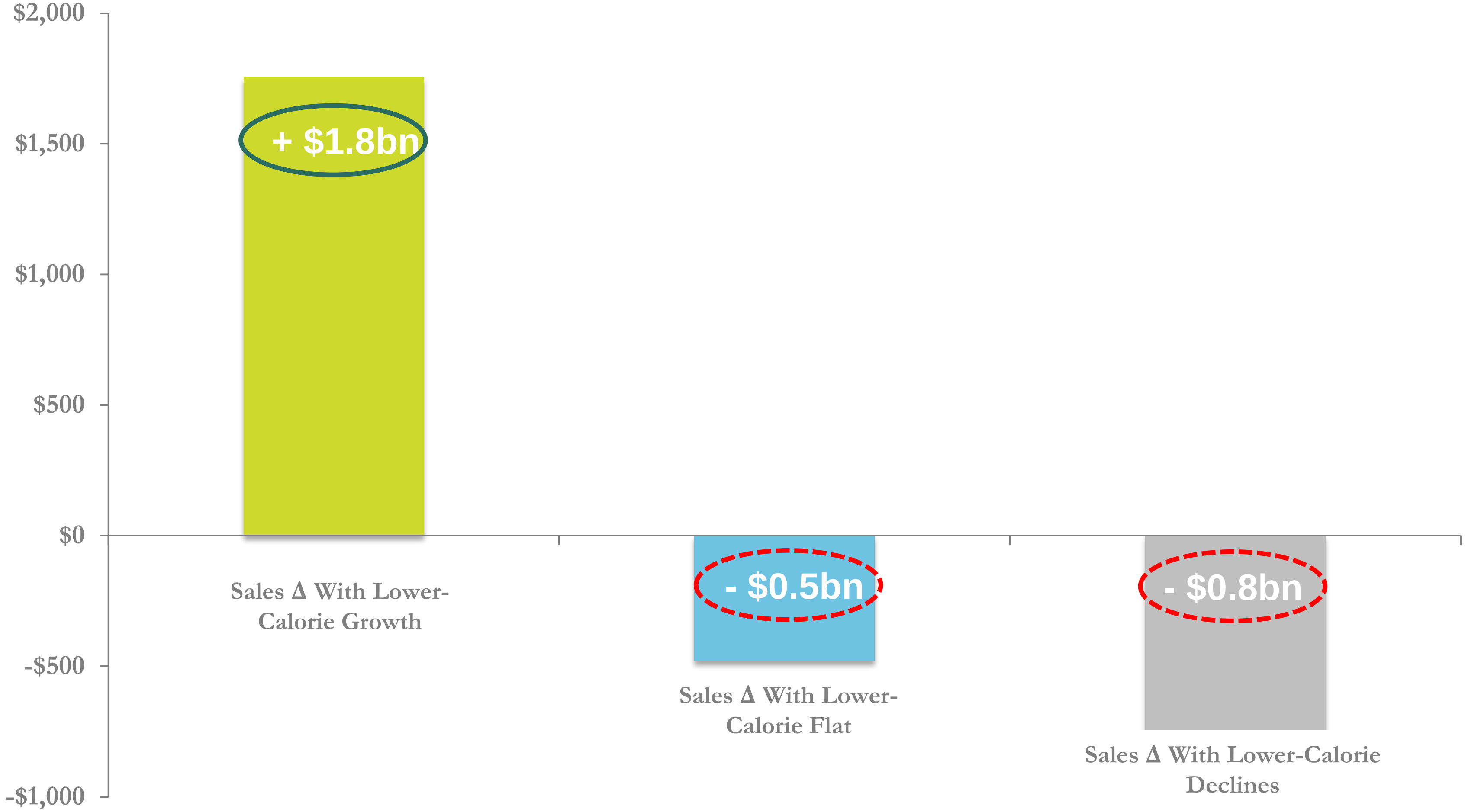
Key Finding #1:
Better-for-you/lower-calorie items are good for business

New Lower-Calorie Items Are More Successful



Source: AC Nielsen ScanTrack – 5-year period ending December 31, 2012

CPG Companies Growing Their Lower-Calorie Products Increased Total Sales; Companies That Didn't Declined



Source: AC Nielsen ScanTrack – 5-year period ending December 31, 2012 (flat = chg. < 0.1%)

Key Finding #2:
Companies Are Improving Their Products


Healthy Weight Commitment Foundation
member companies
EXCEEDED THEIR
CALORIE REDUCTION
GOAL BY
400%
OUR GOAL
1.5 Trillion
FEWER CALORIES PER YEAR
OUR ACHIEVEMENT
6.4 Trillion
FEWER CALORIES PER YEAR
THIS RESULTS IN
78
Fewer
Calories
PER DAY FOR
EVERY AMERICAN
Participating
companies include:
Bumble Bee Foods, LLC
Campbell Soup Company
ConAgra Foods
General Mills, Inc.
Hillshire Brands
Kellogg Company
Kraft Foods Group
Mars, Incorporated
McCormick & Company, Inc.
Mondelēz International
Nestlé USA
PepsiCo, Inc.
Post Foods
The Coca-Cola Company
The Hershey Company
The J.M. Smucker Company
Unilever
View press release from
Robert Wood Johnson Foundation
http://bit.ly/19UtY0D
HEALTHY
WEIGHT
COMMITMENT
FOUNDATION
Source: RWJF Announcement - January 2014

PRODUCT INNOVATION

30,000+ PRODUCT CHOICES were improved since 2002

35% NEW PRODUCTS

NEW

65% REFORMULATED PRODUCTS

Reduced or Eliminated

CALORIES	SATURATED FAT	TRANS-FAT	SODIUM	SUGARS & CARBS
	or	or		
5,599 product choices	**8,215** product choices	**11,611** product choices	**6,886** product choices	**5,520** product choices

FINANCIAL INVESTMENTS IN PUBLIC HEALTH INITIATIVES

$300 million

in expenditures

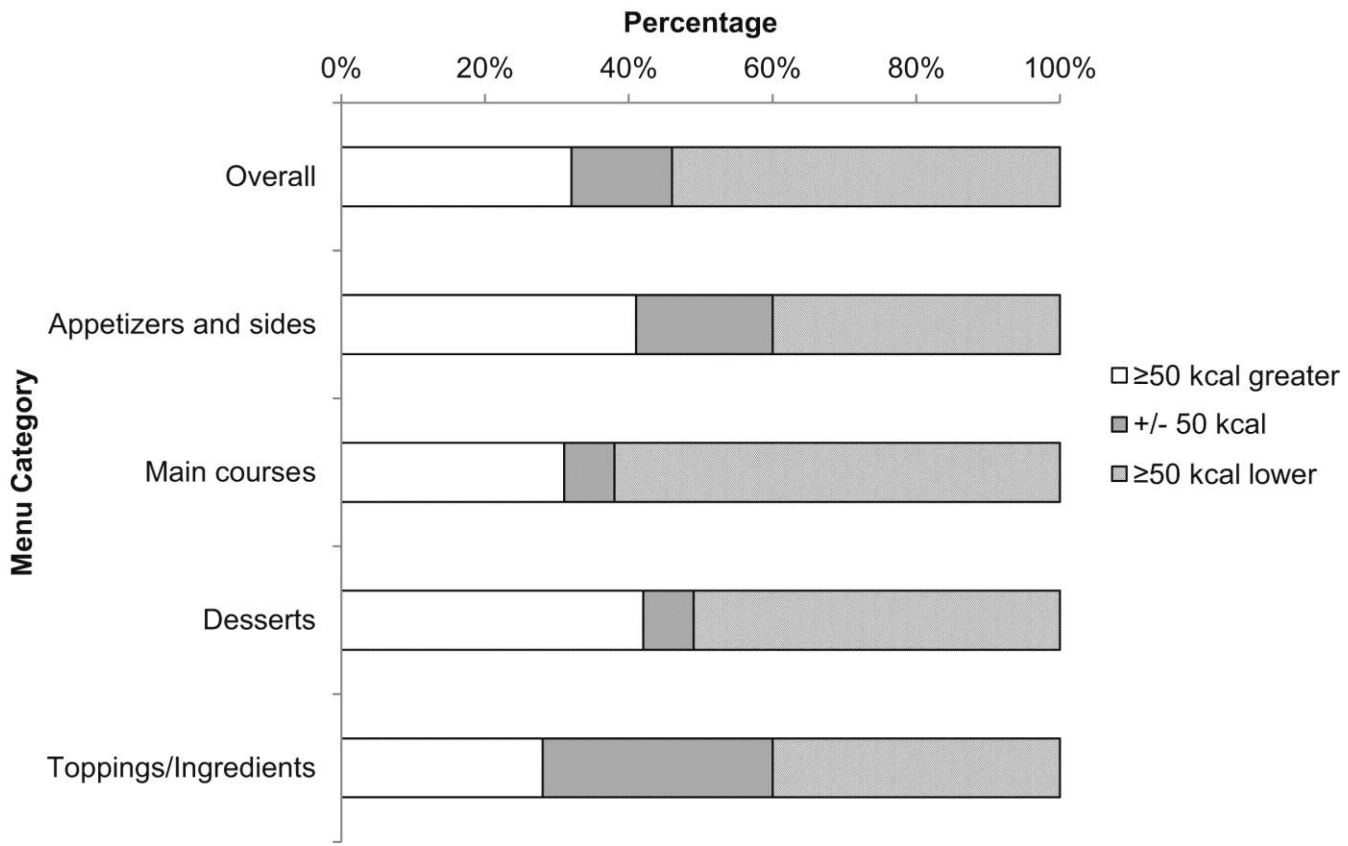
on nutrition and health-related activities and grants to communities between 2002 and 2013

Kelley Drye & Warren, LLP & Georgetown Economic Services, LLC. (2014, August). *GMA 2014 Company Health & Wellness Initiatives Survey (Covering 2002-2013)*

For more information, visit http://www.gmaonline.org/.

GMA
The Association of Food, Beverage and Consumer Products Companies

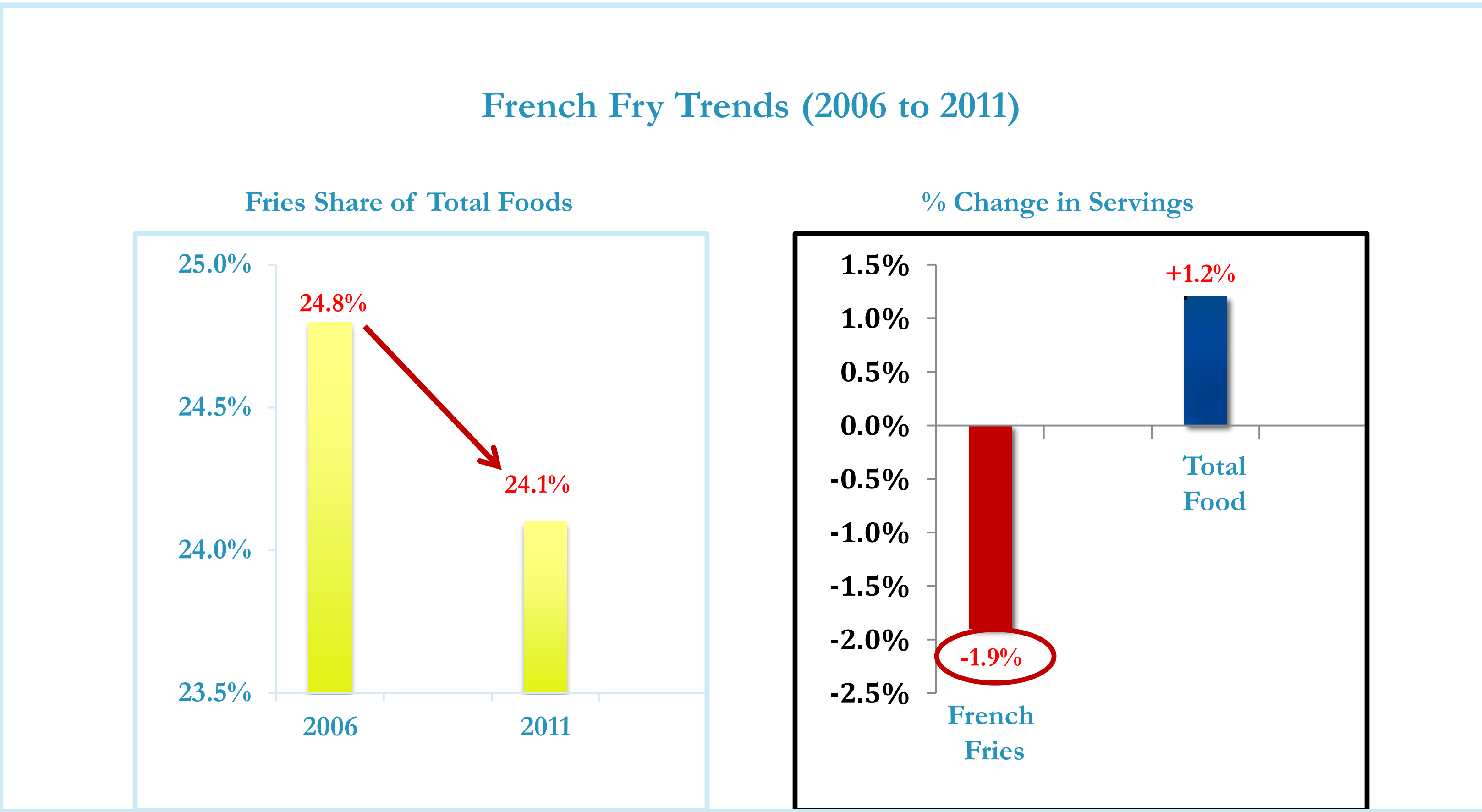
New Fast Food Options Average 60 Fewer Calories



Journal of Preventive Medicine DOI: (10.1016/j.amepre.2014.08.026)

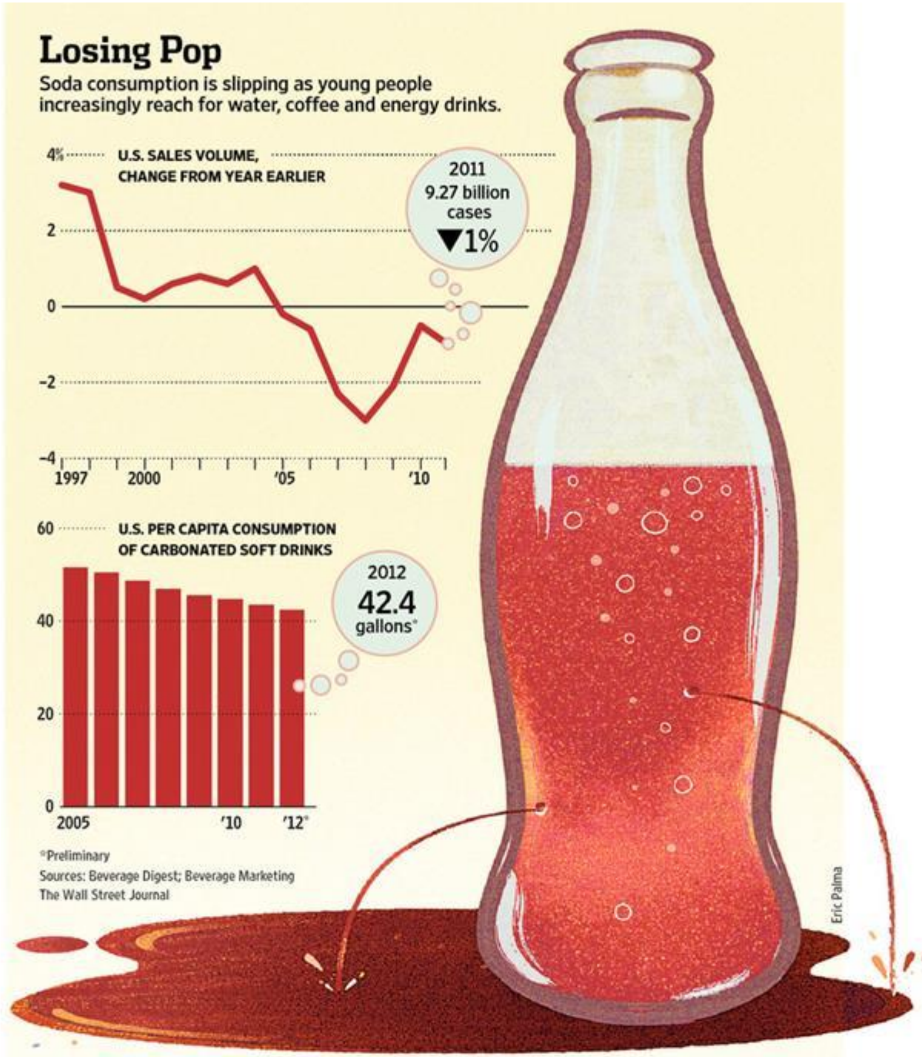
Key Finding #3:
Market Trends Already Accelerating Declines in Traditionally Less Healthy Categories

French Fry Servings Declining in Top Soda/Fries Chains



Source: NPD Group/Crest – QSR chains > $3 billion; Fries >20% of chain servings

Soda Consumption Down Sharply from Peak



Soda Tax Controversy

- San Francisco and Berkeley the latest to place soda taxes on the ballot

- Will increase municipal revenues
- Soda consumption will decline
- Calories/sugar already in steep decline
- **Negligible impact on obesity rates (due to "substitution effect")**
- An Existential Threat, not an alignment strategy

Case Study: Danish “Fat Tax”

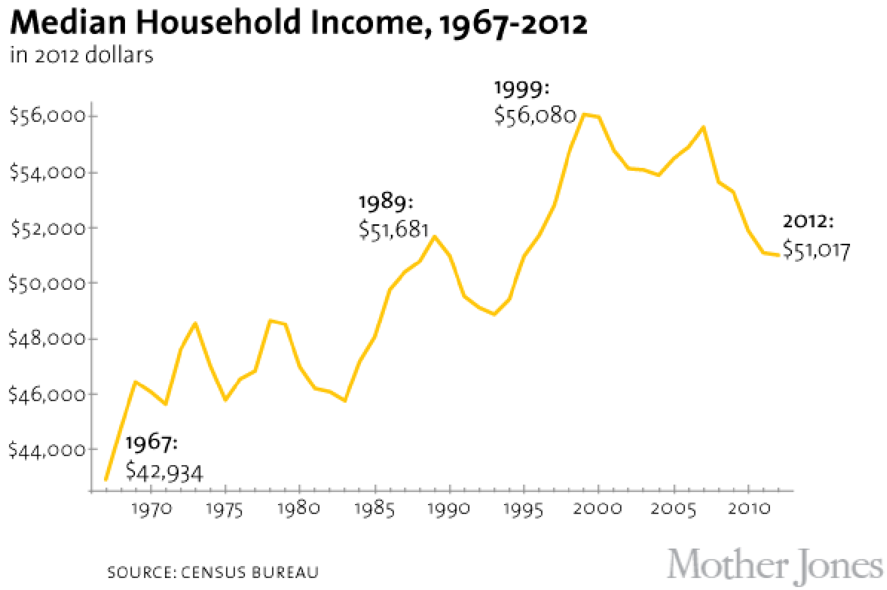
- Tax on butter, milk, cheese, pizza, meat, oil and processed food with a saturated fat content above 2.3 %
  - Included chips and other snack items, even if saturated fat < 2.3%
- Instituted despite falling per capita consumption vs. early 1990s (similar to soda category):
  - Butter (-67%)
  - Margarine (-48%)
  - Fats (-20%)
  - Pork (-44%)

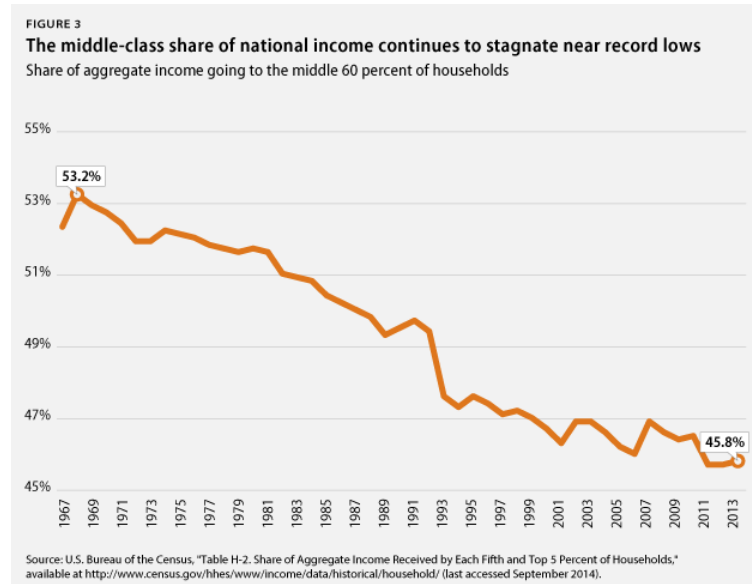
Result: Tax Repealed

- Tax did bring in incremental revenues ($216 million)
- The price of Danish foods hit by the tax increased by up to 9%
    - Butter +$0.37 per ½ pound
- 80% of consumers said they had not altered their consumption after the fat tax was imposed
- Estimated loss of Danish jobs at 1,300
- Trans-border trade in fats, oils, cheese and meat estimated to have doubled between 2010 and 2011, going from 10 million to 20 million euros
- **Net: fat consumption in Denmark has been on a long-term downward trend, and no tax incentive was needed for this to happen**

Source: "Nutrition" taxes: the costs of Denmark's fat tax, Institut économique Molinar, May, 2013

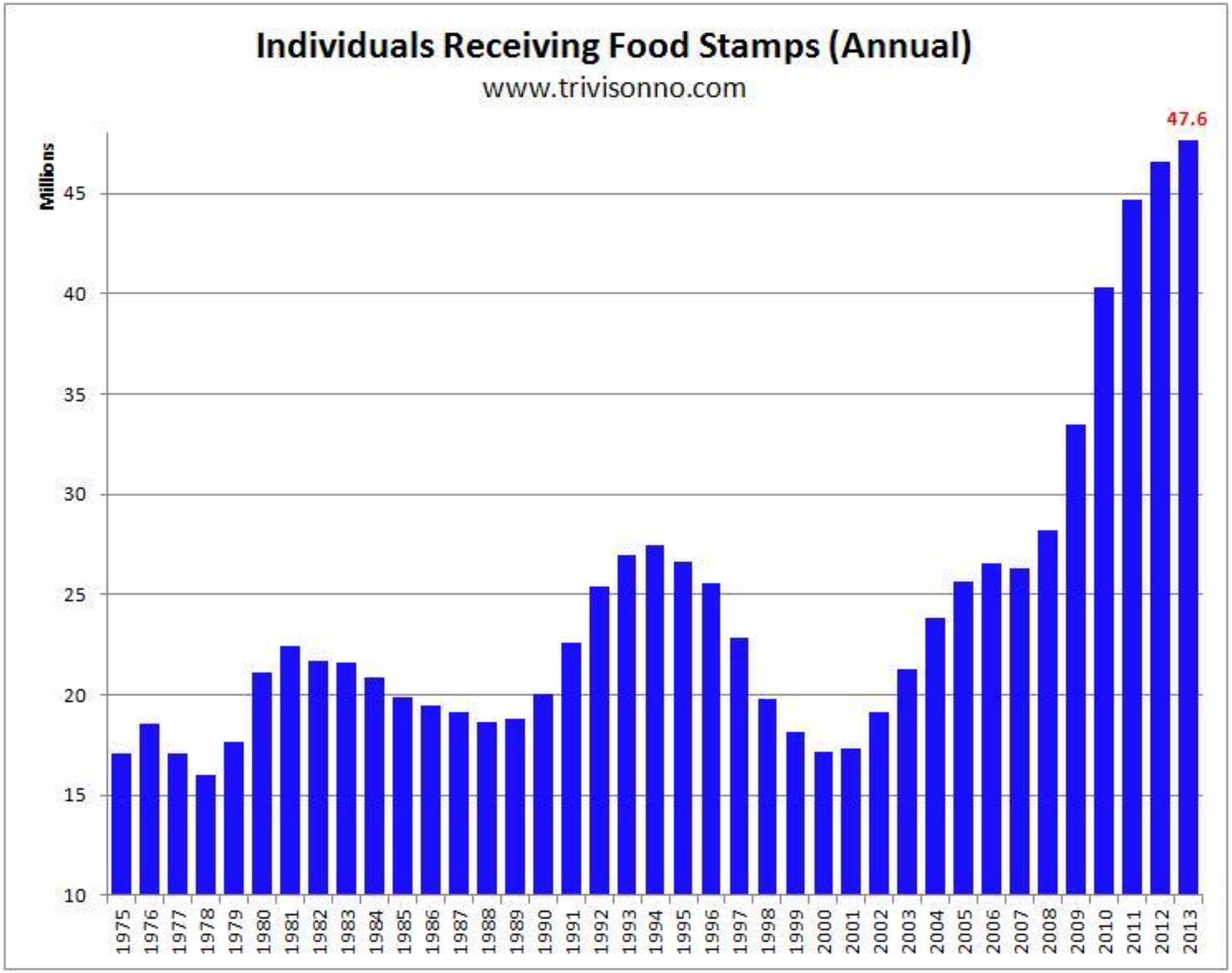
Taxes Ignore Harsh Economic Realities

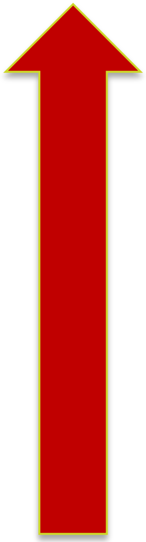




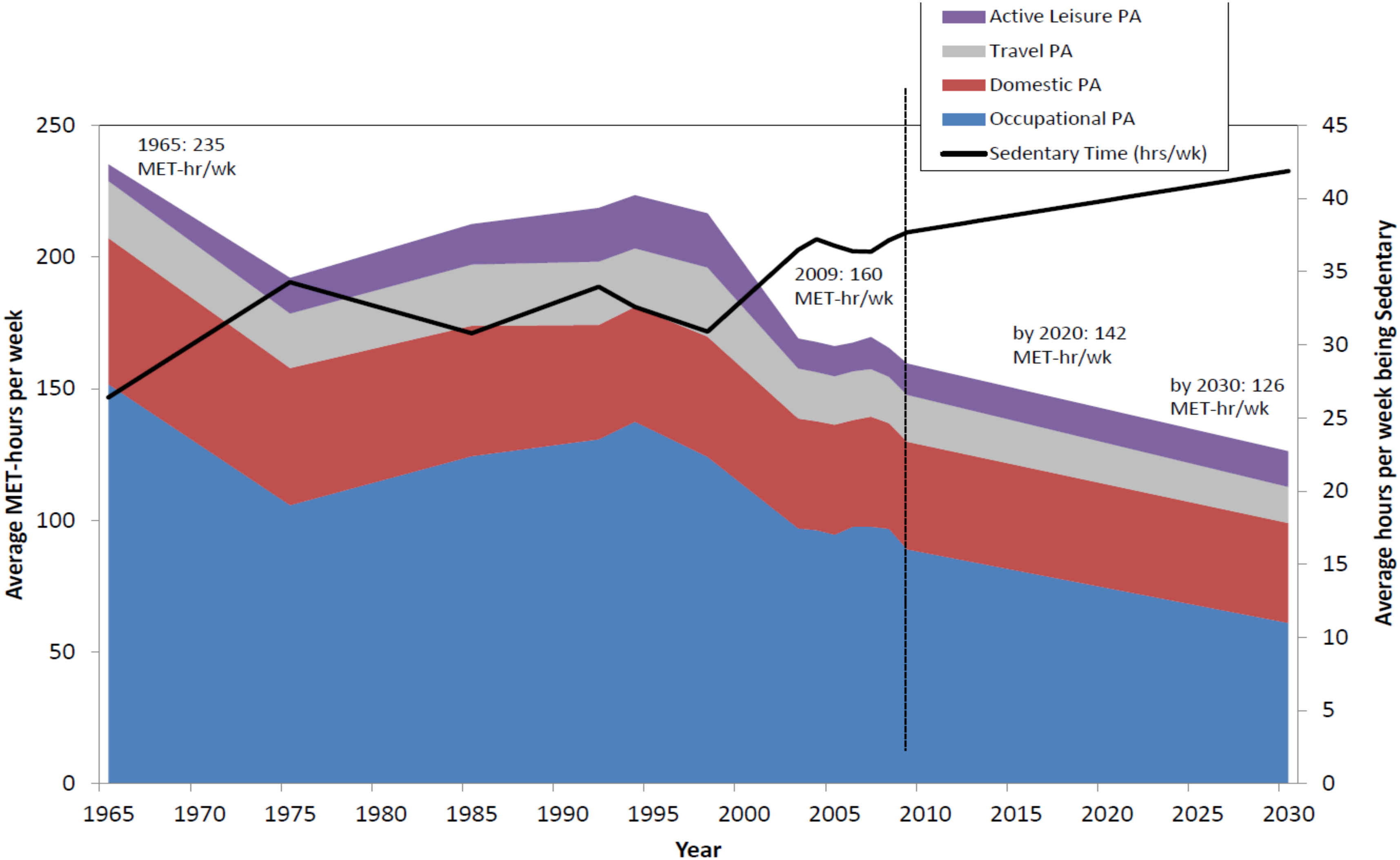
Real Household Income Declines from Peak Year				
Household Segment	Peak Year	Peak Income	2013 Income	Percent Change
Top 5%	2006	$343,608	$322,343	-6.2%
Top Quintile	2006	$194,296	$185,206	-4.7%
2nd Quintile	2007	$88,880	$83,519	-6.0%
Middle Quintile	2000	$57,129	$52,322	-8.4%
4th Quintile	2000	$34,306	$30,509	-11.1%
Bottom Quintile	1999	$13,861	$11,651	-15.9%
Source: Census Bureau, chained in 2013 dollars				

Taxes Ignore Harsh Economic Realities





Taxes Ignore Sharp Declines in Physical Activity



Source: Ng SW, Popkin BM. Time use and physical activity: a shift away from movement across the globe. *Obes Rev*. 2012;13(8):659-680.

Taxes Ignore Divergent Consumer Behaviors

WELL BEINGS®: 19%

Mos[illegible]active

Policy Drivers

Pure & Simple

FOOD ACTIVES®: 18%

Mainstream Healthy

Practicing Healthier; Big Food skeptics

FENCE SITTERS®: 20%

'Wannabe' Healthy

Healthier & Convenient

MAGIC BULLETS®: 23%

'Whenever" Healthy

Pills = Health

EAT, DRINK & BE MERRYS®: 20%

Least Health Active

Taste & Indulgence

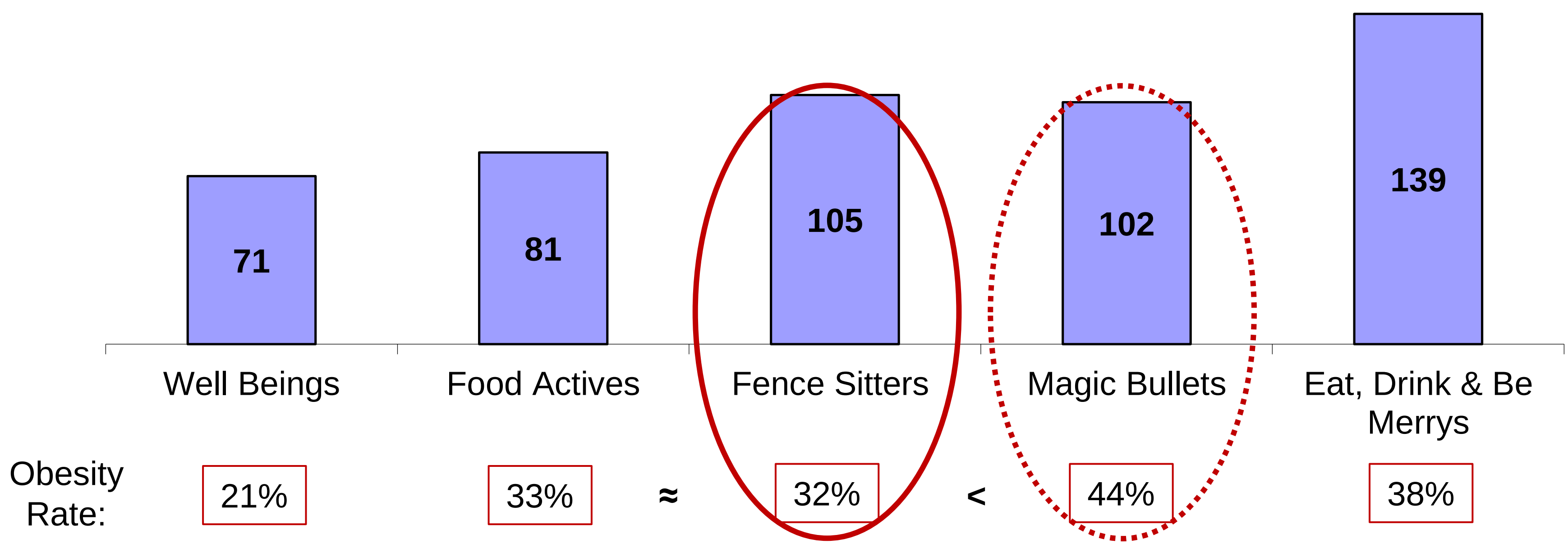
Unadulterated

"Better-for-you"

Stealth Health

Higher Regular CSD Consumption Not Directly Tied to Obesity Rates

Total U.S. Volume Index (in pounds) – Regular CSD

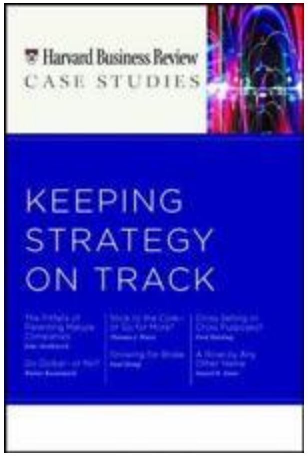


Source: Nielsen Homescan, 52 weeks ending 6/2/12

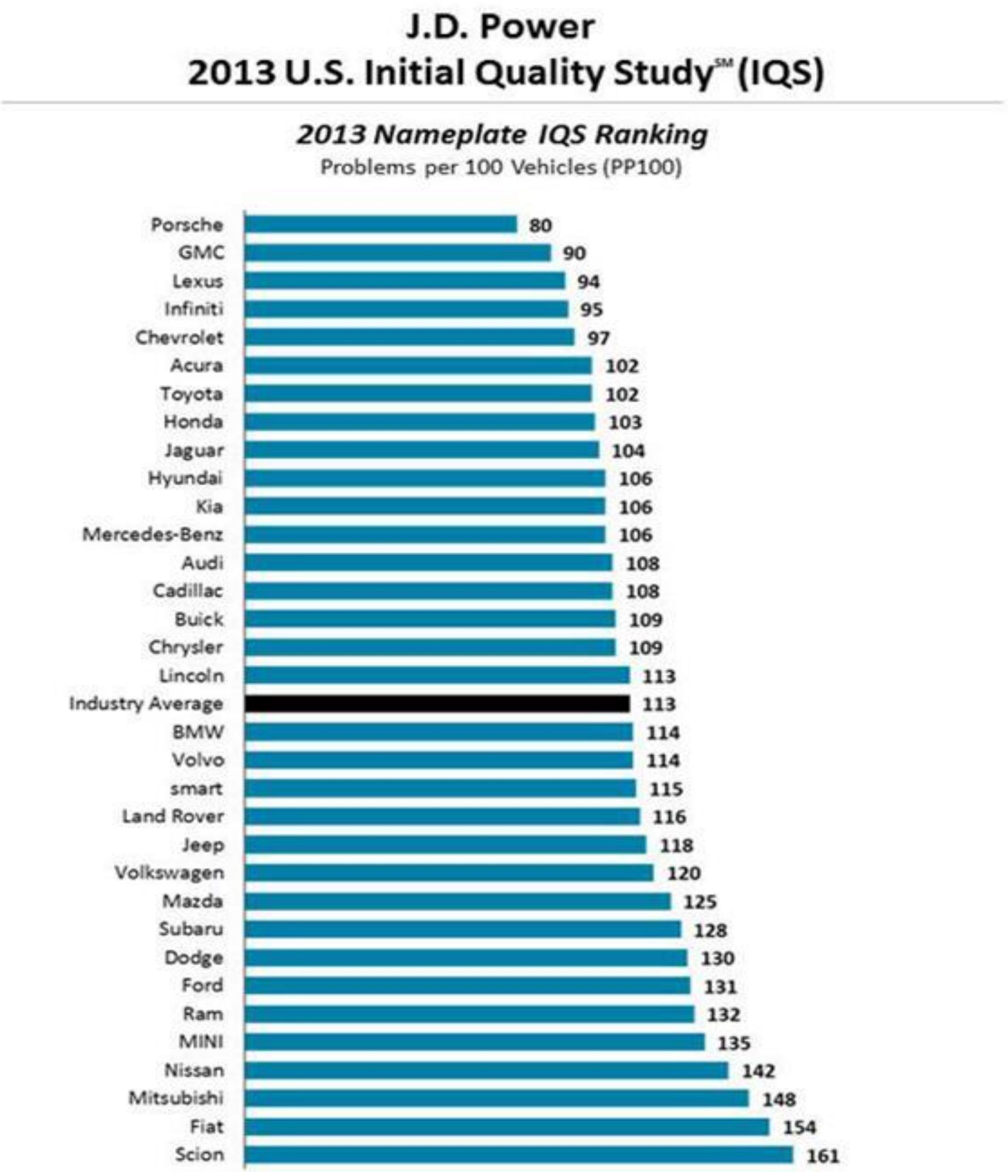
Implications for Policy Research

1. Demonstrate the Business Case

- Best practice case studies
- Success stories
- Pilots (especially for retail)
- Track progress



2. Compare Them to Their Peers



CSR Metrics

- Workplace wellness
- BFY food progress
- Healthier communities

3. Leverage Industry's Marketing Strengths to Accomplish Public Health Goals

"BFY" Opportunity Matrix

Convertible Consumer Population
(Fence Sitters)

Problem Markets
(Poor BFY Availability & Health)

	Low	Med	High
High			
Med			
Low			

Thank You!

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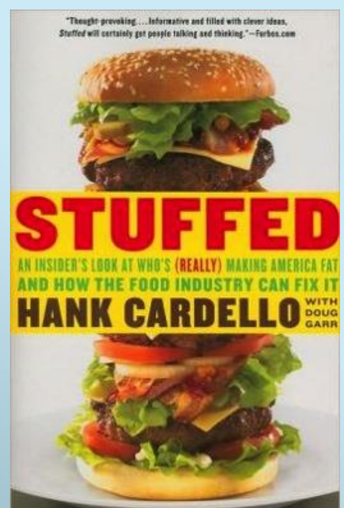
www.Obesity-Solutions.org



the Atlantic

Forbes