



TRANSPARENCY TACTICS: An unfolding strategy

Consumers today want to know more about the products they purchase, and they expect food and beverage manufacturers to be transparent about it. It sounds like a simple concept. However, as the idea evolves, transparency has become something that is reverberating throughout the food and beverage supply chain to become a multi-layered standard for brands and products that consumers see as trustworthy, authentic and credible.

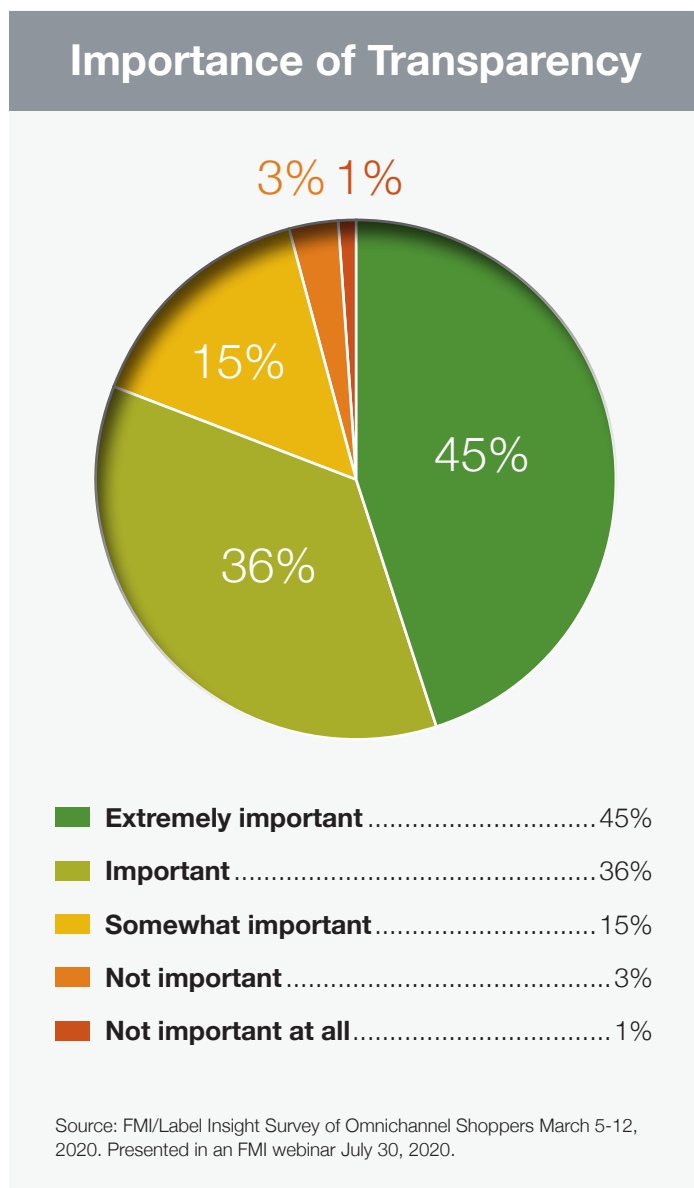
While the concept has been on the rise for about a decade, it has clearly gained momentum in 2021. The climate created by COVID-19 has bolstered consumer concern for not only the health and environmental impacts of products they consume, but also regarding food safety and who comes in contact with their food along the supply chain. In other words, it is now essential for brands to develop a transparency strategy in the context of these evolving consumer issues.

Research data confirms transparency’s rise to the mainstream. Innova Market Insights named transparency as its top food and beverage trend for this year, noting that it will dominate demand, with six in 10 global consumers noting interest in learning more about where their food comes from.¹

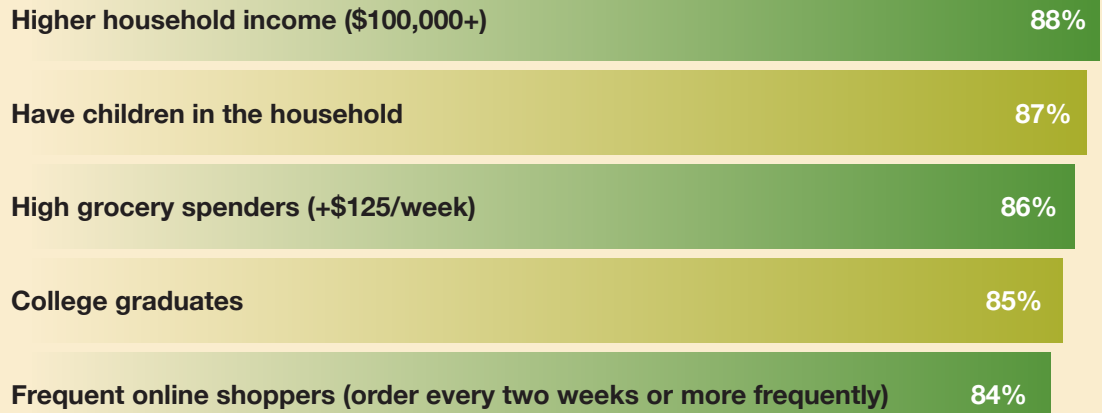
Other data underscores the rising importance of transparency for consumers. A recent survey by the Food Marketing Institute and Label Insight noted that online shoppers express increasing importance for transparency, with 81% calling it “important” or “extremely” important.

This is an increase from a more general, 2018 study by Label Insight which noted 69% of overall consumers found transparency at least “very” important.²

The FMI/Label Insight survey also examined the type of consumer who views transparency as most important. What they found was not surprising, but it bears noting that the consumers most concerned about transparency tend to be Millennials (85%) and Gen Z (84%). What’s more, transparency registers higher among consumers who are more affluent, shop online frequently, are highly educated and have children in the home.



Place greater importance on transparency



Source: FMI/Label Insight Survey of Omnichannel Shoppers March 5-12, 2020. Presented in an FMI webinar, July 30, 2020.

In general, these shoppers also see manufacturers as most accountable for transparency. Two in three say that manufacturers and brands are “completely responsible,” while 31% hold companies “partially responsible.” Governmental institutions and farmers are also held at least “partially responsible,” at rates of more than 90%.³

In addition to accountability, transparency is difficult for brands because its meaning is both broad and changing to individuals. For example, research from The Hartman Group suggests that when considering whether a company is responsible and trustworthy, there are seven key factors that are important for at least one in three consumers.

Factors in a company’s trustworthiness



Source: The Hartman Group: Sustainability 2019: Beyond Business as Usual Report.

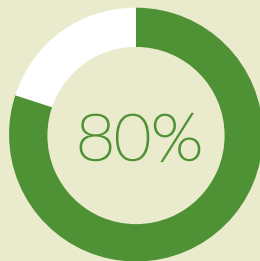
A holistic view

At the root of transparency’s growing importance is the development of a more holistic approach to product consumption. Consumers are thinking more broadly about the impact of what they eat and drink, and how it affects both their health and that of the planet.⁴ This has been driving interest in trends that fall under the transparency umbrella, including label-friendly ingredients, sustainability, environmentally friendly and ethical products.

FOR EXAMPLE:

Consumers have also been more inclined to take responsibility for their health and nutrition.

Data from the NPD Group shows that **close to 80% of consumers** in 2019 were trying to manage their health with a food-as-medicine approach.⁵



The COVID-19 pandemic appears to have accelerated these trends – not only forcing people to stay home and cook their own meals, but also to reassess what is truly important in their lives, such as how they spend money. This is foundational to conscious consumption and ongoing support of ethical and environmentally friendly brands.⁶

These shifts toward more mindful purchasing and a demand for transparency present both challenges and opportunities.

Following are a few strategies for incorporating more transparency into your brand:



Develop a strong supply chain.

One of the challenges is that consumers will likely dig deeper to see how and where ingredients are grown and sourced.

Brands should start by looking at their ingredients and suppliers. Beyond seeking alternative ingredients with label-friendly appeal as well as versatility and functionality, Mintel suggests that consumers will choose products with ingredients that are sustainably produced and planet-friendly.

Brands should look for suppliers that are practicing sustainability in a meaningful way through programs that address their use of resources like water and energy, as well as those that are working with farmers and their communities to increase productivity and long-term prosperity.

The pandemic has also boosted supplier use (and consumer acceptance) of new technologies addressing potential supply chain gaps and shortages to provide ingredients that are affordable, safe and nutritious. Use of fermentation is a case-in-point. For example, suppliers are using this age-old technique to create next-generation sweeteners from stevia that can provide 100% sugar reduction from the rarest compounds in the whole plant. To produce these ingredients conventionally is prohibitively expensive and would take up too much land for too little ingredient. Fermentation allows these compounds to be produced economically and reliably.



Be a partner in transparency. The FMI/ Label Insights research suggests there is a gap between consumer expectations of manufacturers and their level of trust in these companies to be transparent. Analysts suggest that brands have an opportunity to bridge this gap with strong and substantive transparency measures that indicate they are a trusted partner. Providing product information that is accurate, truthful and well-substantiated is a good start.

Third-party certifications are another increasingly popular choice to bolster credibility. That said, brands that go this direction should be diligent in working with certifiers to ensure that the information they supply (especially on apps) is accurate and regularly updated.



Tell your story. Most products cannot and will not be for everyone. So it's important to understand the target audience for a product and provide honest, clear communication on the issues that resonate for them. Brands should ensure product labels are simple and understandable and use marketing materials to explain ingredient choices.

Many transparency measures do take time to implement, so explain where you are. For instance, if your company is working toward a program to support farmers and communities where its ingredients are sourced, explain the goals, why they are important, and give regular updates on the progress.

From there, tell a well-honed and truthful story accentuating key qualities of your efforts. For example, if it's not possible to source ingredients or produce products locally, explain why and give details about where they are from. Creating a sense of provenance and connection with a product – no matter where it's made – can make a difference, according to New Nutrition Business' "Ten Key Trends in Food Nutrition and Health 2021." The report's authors explain that in today's world, ingredients can be from "anywhere," but people find it reassuring that they come from "somewhere." Tell that story.

Looking ahead, transparent supply chains will likely stay top-of-mind for many consumers as they continue to support companies that are aligned with their values. However, as we move toward a post-COVID-19 world, concerns about economic uncertainty and unemployment or under-employment remain significant.⁷ Companies must strike a balance between the value of transparency and providing products that are both sustainable and accessible to consumers at all income levels.

¹ Innova Market Insights. "Innova Identifies the Top Food and Beverage Trends to Accelerate in 2021." October 21, 2020. <https://www.innovamarketinsights.com/innova-identifies-top-10-food-and-beverage-trends-to-accelerate-innovation-in-2021/>

² Food Marketing Institute. "Grocery Shopping Transparency Trends in an Omnichannel World." Webinar in partnership with Label Insight. July 30, 2020. <https://www.fmi.org/events-education/webinars/webinar-recordings/view/webinar-recordings-public/2020/08/03/grocery-shopping-transparency-trends-in-an-omnichannel-world>

³ Ibid.

⁴ HealthFocus International. Clean Conscience Eating. "Understanding Shopper Attitudes toward Eating Clean Around the World." 2019 Global Topic Report.

⁵ NPD Group. "U.S. Consumers' Desire to Use Food as Medicine is Evidenced by Emerging Superfoods." August 14, 2019. <https://www.npd.com/wps/portal/npd/us/news/press-releases/2019/us-consumers-desire-to-use-food-as-medicine-is-evidenced-by-emerging-superfoods/>

⁶ Zegler, J. "How COVID-19 Accelerated the 2030 Food and Drink Trends." Mintel Blog. December 3, 2020. <https://www.mintel.com/blog/food-market-news/how-covid-19-accelerated-the-2030-food-drink-trends-part-1>

⁷ Ibid.