

SELLING WELLNESS



While **Hannaford** has taken the most dramatic step, a growing number of companies are trying to help consumers make good choices at the point of sale.

Health is in the stars

HANNAFORD BROS. CAUSED QUITE A STIR IN THE GROCERY INDUSTRY WHEN IT LAUNCHED ITS IN-STORE NUTRITIONAL NAVIGATION SYSTEM, GUIDING STARS, ACROSS ITS 158 SUPERMARKETS IN SEPTEMBER. MONTHS LATER, THE MURMUR SURROUNDING THE PROGRAM, DUBBED “NUTRITIOUS SHOPPING MADE SIMPLE,” REMAINS STRONG.

The Scarborough, Maine-based unit of Delhaize USA made major headlines with Guiding Stars, appearing in media outlets such as *The New York Times*, *The Washington Post* and *The Boston Globe*. So why all the hype? The initiative is not the first

of its kind. A number of retailers, including Matthews, N.C.-based Harris Teeter with its Yourwellness program, are using logo systems as a way to call out products’ healthful attributes throughout the store.

But the Hannaford system takes things a bit further through the use

of independently developed criteria that rank products based on their nutritional qualities. This concept of a hierarchy of health is precisely what sets the Hannaford program apart. No retailer has taken the step of crafting a health-based algorithm—and dared to test its offerings against it.

To date, more than 27,000 edible products of all brands have been rated under the groundbreaking initiative, including fresh produce, meats, deli, bakery and packaged goods. Products receive one, two or three stars indicating, respectively, good, better and best nutritional value. Foods with no stars either do not meet the nutritional criteria or are not rated by the system. For example, coffees, teas, bottled water and spices were not rated because they are not significant sources of nutrients.

The scoring system credits foods for vitamins, minerals, dietary fiber and whole grains, and debits products for saturated fat, trans fat, cholesterol, added sodium and added sugars. With these standards in place, less than one quarter of the stores' offerings met the criteria for one star, or a rating of "good" nutritional value. A large portion of the stars awarded were given to produce.

RESPONSE TO SHOPPERS

Why would the retailer invest the time, money and resources in developing and implementing a nutrition-based program that shuns a vast majority of what it sells, including its own private label products? Company officials say they were presented with an unmet consumer demand when research involving more than 3,000 Hannaford shoppers showed a resounding need for a simple and convenient way to shop for healthy foods.

"I think that it was a very bold move," says Bill Bishop of the Barrington, Ill.-based consultancy Willard Bishop. "It was a bold move by a retailer indicating that whatever we've been doing so far isn't satisfying consumer needs."

Many insiders say this demand for help shouldn't come as a surprise because manufacturers and retailers alike have turned to health-based claims to differentiate their offerings, resulting in an overwhelming amount of information on store shelves. "[Consumers] are seeking guidance on healthful eating. And it's confusing, there's no question," says Bill



PRESENTING THE IMAGE

When Hannaford Bros. decided to roll out the Guiding Stars program, it turned to vendor partner Vestcom to produce the pricing labels and signage to communicate the program's message to customers. Little Rock, Ark.-based Vestcom uses its Digital Print Messaging Solution to expand the number of color messages on shelf tags without changing paper stocks, a process that is said to result in less waste and better efficiency in shelf tag production.

"I think the value we bring as a partner to our retailers is our data processing and our informational technology expertise in taking a variety of different pieces of data, whether it's nutritional or pricing, and being able to compose that and present it on the shelf edge," says Tim McKenzie, Vestcom's vice president of sales and marketing. He says creating the visuals for Hannaford took a concerted effort of about two to three months.

McKenzie compares Guiding Stars to the introduction of unit pricing at the point of sale years ago. "What the unit price did was it helped consumers easily and fairly quickly decide what was the better deal at a unit level, not the retail price. So it was a very quick, easy and convenient way for consumers to compare products," he says.

"If you look at any retailer's pricing label, there are a lot of pieces of data that are on the shelf edge and on the product itself," he continues. "Similar to a consumer packaged goods company that probably spends a lot of effort, money and thought on what to communicate on the face of their packaging to get a simple message across, the retailers like Hannaford are doing the same thing. And that's why I think Guiding Stars is a simple way to do that. It's very clear and clean for a consumer to quickly identify value."

McKenzie says Vestcom is working with other divisions of Hannaford's parent, Delhaize USA, on how the program can be replicated in various formats.

"At the end of the day for the retailer, the value is in bringing these programs to market quickly and accurately," he says. "The tools we use are data- and technology-driven, both in print assets and people. But the value to the retailer is that they're able to bring a program that allows them to help their consumers make better decisions in-store, and if they do that, the consumers feel better about shopping there."

—Suzanne Vita Palazzo

Greer, director of communications at the Food Marketing Institute. According to *Shopping for Health 2004*, sponsored by FMI and *Prevention* magazine, 60% of respondents reported the presence of too much confusing information when asked about making sense of nutrition and health claims.

Further proof that there's an opportunity to

aid shoppers in making healthful choices is provided by the Food and Drug Administration. In November, the Department of Health and Human Services and the FDA announced the release of two new tools—a Web-based learning program and a new Nutrition Facts label brochure—to help consumers use the label to choose nutritious foods.

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However, experts note that while resources such as those provided by the FDA may be constructive, the real value lies in assisting shoppers at the point of sale and doing so in an efficient manner. And critics agree that Hannaford has succeeded at this task. Says Marion Nestle, professor of nutrition, food studies and public health at New York University and author of *Food Politics* and *What to Eat*: “For people who like that sort of guidance, it’s quicker than reading labels, and Hannaford has done the work of sorting through the contents and claims.”

Indeed, consumers perusing a Hannaford store may opt to put their trust in the retailer and avoid referring to the Nutrition Facts label altogether. For example, a shopper looking to purchase meat for dinner will find a variety of starred choices within the meat case. Depending on the consumer’s health preference, she can choose 90% ground beef, which has been awarded one star; turkey burgers, which have received two; or skinless, boneless chicken breasts that top off with three stars. Regardless of her choice, the bottom line is that a quick glance at a graphic profoundly simplifies the shopping experience.

PREFERRED TACTIC

The use of visual tools to differentiate among products is becoming a preferred marketing tactic of various industry players vying to attract the attention of hurried consumers. Kraft Foods has the Sensible Solution logo, PepsiCo has the Smart Spot logo, and now Englewood Cliffs, N.J.-based Unilever has announced its Eat Smart/Drink Smart program to call out items that are low in saturated fat, trans fat, sodium, added sugars and cholesterol.

“We believe that making simple logo systems that help consumers to identify products that are the better-for-you or healthier choices is the key thing to do, so in that regard we think that initiatives like Hannaford’s are important to the industry to be taken,” says Douglas Valentine, director of health and nutrition at Unilever North America. Valentine reports that by the spring, one-third of Unilever’s U.S. portfolio will bear the Eat Smart/Drink Smart logo.

Then what kind of effect does a program like Hannaford’s have on its relations with trade partners? Observers note that by rating products



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based on their nutritional value, a program like Guiding Stars holds manufacturers to standards to which they may not choose to adhere. Says Bishop: “You run into the question of whether your consumer packaged goods partners are willing to be burned by this activity. And it’s easy to be cavalier about it by saying that’s their problem, but I’m not so sure.”

Caren Epstein, Hannaford’s public affairs and media relations manager, says Guiding Stars has been well received by the chain’s trade partners. “Vendors and manufacturers get it. They are hearing the same things we heard that encouraged our development of the program. Consumers are more aware and more interested in learning about the foods they are consuming,” she says.

“Several of our vendors have reformulated

their products in response to consumer interest in nutrition and programs such as Guiding Stars,” Epstein continues. “Hannaford invited more than 100 vendors and manufacturers to an informational discussion about Guiding Stars in July 2006. Any manufacturer or vendor who requires information about his or her product line and how it was rated can receive that information from Hannaford. Very few have requested it.” Unilever’s Valentine says he is not aware of his company having any discussion with the retailer before the program was launched.

Industry insiders can’t deny that from a business standpoint, these types of programs are a smart way for retailers to increase customer loyalty through a branded store image. “I think it’s an opportunity to differentiate and associate

your store with a health and wellness movement, which I think many segments of shoppers are responding to these days," says Greer. "The kinds of fresh food and other products the supermarkets carry are definitely the ingredients of a healthful diet."

Notes Dr. Elson Haas, author of *Staying Healthy With Nutrition*, "Grocery retailers want to sell groceries. I'm a believer in the new integrative grocery store that really gives people choices side by side. So I think the store has a sense to not dupe people and to make things more clear and obvious."

And perhaps therein lies the fundamental piece of this marketing puzzle: making things clear for consumers so that they can choose the products that suit their preferences. "We're in a world now where at least one at a time we're getting more aware of and more interested in discriminating," says Bishop. "And the discriminating population is probably willing to pay more for and even go out of their way to go to a store that makes

it easier or has a good proportion of products that are discriminating in their direction."

But what about shoppers whose preference may not be for healthy products? Some experts speculate about whether programs such as Hannaford's have the potential to change consumers' buying habits. According to Valentine, Unilever's consumer research suggests that a logo system can definitely alter consumer purchase intent. "They're more willing to consider buying those products when there is a logo on those products than when there isn't," he says.

A KNOCK ON THE HEAD

Haas speaks for the other side of the coin, noting that not all consumers are responsive to such guidance. "People aren't that proactive in our culture. I've been a medical practitioner for 35 years, and most people have to have some sort of crisis or get knocked over the head in some way to make change," he says.

Moving forward, a legitimate concern exists

that an abundance of educational and nutritional marketing will leave consumers feeling numb to its supposedly good intent. Insiders predict the need for an industrywide set of standards that will create a level playing field and may achieve the ultimate goal of teaching shoppers the fundamentals of a healthful diet.

"Consumer advocacy groups will be asking the FDA to set one set of standards for nutritional quality and get rid of all the self-endorsements made by the individual company," says Nestle. "That would help consumers a lot and do a great deal to restore trust in food manufacturers."

Bishop agrees. "I think there's going to be standards set by the FDA, and as disruptive as this is going to be, there are people that are going to join hands and deliver something over and above that," he says. "The irony of ironies is that part of what we're dealing with here is an incredibly well-ingrained skepticism that health and wellness is a side issue." □