

# Designing policy to influence consumers

## Briefing note 2: food and drink

**W**hen designing policy to influence the way in which people purchase food and drink, you must take into account the way in which people make choices.

It is increasingly clear that consumers rarely weigh-up the full costs and benefits of their food and drink choices. Instead, they are strongly influenced by habits, emotional factors, the behaviour of other people, and by the use of mental short-cuts, which help to speed up decision-making. The purpose of this briefing is to highlight some of the main influences on consumers' choice of food and drink.

### When designing policies aimed at influencing the purchase of food, remember that consumers...

- **... make food purchasing decisions based on habits.** Changing food behaviour is dependent not just on product awareness but on good experiences of new products. Encouraging retailers to promote environmentally-preferable food products through free trials, price promotions and low cost offers would help to promote those foods.
- **... find it harder to give things up than to try something new.** This is particularly the case when we try to give up something that gives us pleasure. Encouraging people to take up healthier foods is likely to be more effective than trying to convince them to give up unhealthy food.
- **... often make food purchasing decisions without really thinking about them.** This is particularly the case when time is scarce. Shopping environments that slow down the decision-making process (for example, the means of shopping and cooking advocated by 'slow food' campaigns) give consumers a chance to think more carefully about what they are buying. The more consumers deliberate, the more the wider, non-immediate issue of food purchase will be considered.
- **... do not always read what is on the label.** Instead, consumers can buy products simply because they recognise them. Ensuring that food labels – for example, those of organic certification – are easily recognisable will aid consumer decision-making. Information campaigns aimed at raising awareness of such labels will be more effective than in-store information, which is often ignored by consumers.
- **... use products to make a statement about their identity and lifestyle.** Environmentally-preferable products are often bought because they are perceived by consumers as making a statement about them as a person. Efforts to influence food purchasing behaviour need to recognise this. Policy should work with retailers to ensure environmentally-preferable foods are marketed in a way that appeals to all types of people.
- **... often feel overwhelmed by choice.** This can lead to consumers spending less time making food choices. Policy may consider 'editing' the least desirable food products (for example, those with the highest fat content or greatest environmental impact) in order to help prevent consumers feeling overwhelmed by choice.
- **... find it easier to compare products which are easily comparable.** Ensuring standardised product information and packaging can make it easier for people to compare food products.

## Understanding food behaviours

**F**ood and drink relates to much of what is important to us; our survival, health, life expectancy, personality, lifestyle and family. The purchasing of food is therefore more than just an issue of sustenance; it is one of status and identity. Furthermore, food and drink is purchased on a regular basis, leading to the formation of routines and habits. As such, the consumption of food lends itself to very particular consumer behaviour.



- **Habits and resistance to change.** More than perhaps any other product type, the consumption of food is determined by both emotional factors (for example, ‘comfort eating’) and biological factors (such as hunger, or cravings). When people go to a supermarket hungry they will tend to shop differently and buy more. On a physiological level, simply viewing or smelling food can act as a reminder of a pleasurable experience and can induce the release of hormones which stimulate hunger. Not only does this process influence our desire for certain foods, but it can also mean that people are more likely to choose unhealthy foods over healthy foods. Once formed, food preferences are remarkably resistant to change. So long as we are not aware of a food making us unwell, our desire for a particular food will often increase with consumption.

The consumption of food is also highly influenced by social factors and is increasingly motivated by factors beyond necessity. Attitudes towards food vary across cultures. In some countries, for example in Italy, food has a dominant place within the family life. In other cultures, food behaviour has been strongly affected by modern lifestyles, and food plays less of a role than it has in the past. Both the cultural context and psychological influences on the consumption of food presents a challenge to efforts to encourage any change in food behaviours.

Those marketing food have found that introducing new food products onto the market is challenging and requires not only consumer awareness but also consumers’ successful experience of new products. Foods are therefore often introduced with product trials such as large discounts or free promotions. Food preferences are also challenged by the use of celebrities to promote food products.

- **Recognition and branding.** The amount of thought that consumers give to a purchasing decision depends on a variety of processing resources, such as the amount of time available when shopping, or the number of distractions. It also determines the extent to which people are happy with the decision once made. When decisions are made quickly, individuals give less thought to their choices. This is particularly evident in the case of fast food, where it is the availability of food rather than its price that has been linked to obesity. People spend even less time deliberating the purchase of fast food, making them more likely to make their food choices impulsively.

Decreased deliberation is also likely to feature during food purchasing when consumers are overwhelmed with choice. This can involve a consumer relying solely on the recognition of a product as a factor in decision-making, regardless of whether the consumer actually recalls anything about it. The effect of recognition does not stop at purchasing. Even if a group of people is given exactly the same product to eat or drink, not only do they report preferring the taste of those labelled with a brand name but the brand name actually causes increased activity in the part of the brain associated with pleasure.

Branding does not necessarily mean food products would taste better to those not used to the brand but the brains of those who recognise a brand tell them otherwise. Sometimes a person’s awareness of and preference for a product can result from repetitive brand advertising. This is particularly important when there is little differentiation between products. In other situations, the food that consumers pick up out of habit can simply be the products that their parents bought.

- **The way in which information is presented.** Consumers' interpretation of information or different options is affected by the way in which the information is presented or 'framed'. In the context of food marketing, variations in framing might, for example, determine whether a product is labelled as '95% fat free' or as 'only 5% fat'. This is an important tool among those marketing food because of the appeal of products labelled as 'free from'. Although the calorific difference between a product with one calorie and no calories is negligible, 'calorie free' is much more likely to appeal to shoppers.

Framing affects not just consumer food choice but how much people consume. It is known that people consume less of a food product if it is individually wrapped and, conversely, eat more if portion sizes are bigger. People have been shown to eat more food when given a bigger portion, even when they report that the food itself tastes horrible.

- **The influence of special offers.** The marketing of food products in stores has a huge impact on the way in which people shop. Not only are there seasonal trends in the price of fresh produce but the price of food changes over time in response to technological developments and weather variations. This means that retailers often have an advantage over consumers, who lack information about the true price of foods and are unlikely to have the time to research recent price trends. This poor understanding of the true value of foods is reflected in the dominance of promotional offers used by large supermarkets across Europe, such as 'buy-one-get-one-free' (known as BOGOF) offers and 'three-for-two' offers. In the UK, for example, more than 80% of all promotional activity within supermarkets is a BOGOF or three-for-two. Although these offers are very popular with, and memorable to, shoppers, it has been estimated that about one-third of products bought through such deals are actually thrown away. The reason these offers are so successful is that, in both cases, individuals perceive the purchases as resulting in something free. While these offers are popular in some countries, their influence varies according to different cultures. Consumers in Germany and Scandinavian countries, for example, are more likely than UK consumers to be motivated by a desire to secure quality and to therefore treat 'free' offers with caution.
- **Functional and virtuous foods.** Consumers find it easier to add foods that are good for them to their diets than to give up foods that are bad for them. This is because individuals view goods within a moral context. Although views may vary, people generally view products as either functional (for example, healthy or environmentally-preferable foods) or as a source of pleasure or indulgence (like expensive or unhealthy foods). When people think about giving up a food, emotions associated with pleasurable foods (for example, a memory of how something tastes) tend to spring to mind quicker than thoughts associated with functional foods. This makes people less willing to substitute food associated with pleasure (such as chocolate cake) with functional foods, like health foods. Advertising and information campaigns can be used to reinforce and propose morals associated with food. People tend to think about 'good' or virtuous products when deciding what to acquire: this is one of the reasons supermarkets place fruit and vegetables at the front of stores, to make people feel good about themselves when they begin shopping.
- **The discounting of food over time.** An example from the US food benefit programme shows how the value that consumers place on food can change over time. Recipients of food benefits tend to spend all of their benefits and consume more food at the beginning of the benefit period, and run out of food towards the end of the period. One reason for this is because people tend to value immediate rewards highly and do not value future needs enough.

- **Payment methods.** The method by which consumers pay for different products - including food products - also affects consumer behaviour. A second example from the US food benefit programme found that the average recipient of food benefits tends to spend their entire benefit on food during the benefit period, and often spends some of their own money on food purchasing as well. However, when individuals are provided with cash, rather than an account card, they tended to spend much less on food. This is consistent with evidence from elsewhere that has shown that consumers are willing to pay as much as 100% more for an item when paying by credit card than when using cash.



## A tailored approach to policy

**A**s with existing efforts to market food, it may not be necessary to fully understand all of human behaviour to intervene in a way which has a profound impact on what people buy.

### Policies aimed at influencing food choice should be tailored...

- **... in recognition that all people are different.** Consumers buy different food products for very different reasons, which means that a policy that motivates some people will not motivate others. Identify the different ways in which different groups of people will react to policies, and do not assume that one policy will change the behaviour of all consumers. A mix of policy options is likely to be required to achieve widespread changes in consumer behaviour.
- **... and informed by specific consumer research.** Make sure you know how consumers will react to different formats of your policy instrument. Consumers often make choices automatically, or with little thought. This means it can be difficult to correctly identify their reasons for purchasing a product. Policy needs to be based on research that explores food behaviour in different contexts.

*The briefing provides a summary of evidence from behavioural economics and marketing relating to consumer purchasing of food and drink. Full references for all of the evidence presented here can be found in the full project report 'Designing policy to influence consumers' from which a series of briefs has been produced, including an overview of consumer behaviour and product policy (Briefing note 1).*