



# Identifying and Understanding the Factors that can Transform the Retail Environment to Enable Healthier Purchasing by Consumers

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Project (FSS 2016 013) Report prepared for:



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**Report Prepared for Food Standards Scotland (FSS 2016 013)**

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**Table 5.1 Action, Rationale, Impact and Barriers**

TOPIC	POSSIBLE ACTIONS	RATIONALE	POTENTIAL IMPACT	POTENTIAL BARRIERS
<b>PRODUCT</b>				
Product Reformulation	Levies on the amount of salt and saturated fats, in the same way as sugar, could be introduced and the SDIL extended. Changes to information for consumers (e.g. lower levels for traffic lights, clearer visual information) may also be used to drive reformulation.	The levels of salt, sugar and saturated fats in products remain high though there has been some movement, especially in the sugar sweetened drink sector given the introduction of the SDIL. Levies on other input ingredients would seem likely to have a similar effect and accelerate change. Other stimuli could include the reduction in proportions of intake in the categories under the 'traffic light' scheme. Voluntary actions, whilst having some impact, have not been fast enough or deep enough to produce change.	The imminent arrival of the SDIL has produced reformulation and more extensive and advanced promotion of 'lite' beverages. Publicity around the issue over a sustained period may well account for some consumer changes in purchasing. Price pressure and increased awareness are potential outcomes decreasing purchase. In some cases changes may not be discernible by consumers.	There will be stronger and more widespread opposition to these levies than for sugar, given the breadth of products affected. Manufacturers may seek to pass on the costs given the proportion of product composition involved, which is different to the situation with sugar sweetened beverages.
Pack Sizes/Serving Sizes/Multibuys	For certain products there could be legal definitions of standard sizes, which would accord more closely with serving sizes. Multiples or multibuys could be restricted to a set number of product items e.g. maximum of 6 in any one package or removed entirely.	The tendency to have a disparity between pack and serving sizes and to see multibuys as standard packages, as well as evidence of supersizing, all indicate that 'standard' sizing is reducing in prevalence. There is also variability in what is a "standard" size. Reducing the opportunity to easily purchase large volumes may make consumers think about their real and immediate needs rather than routine stockpiling.	The impact would be mainly around making it more difficult for consumers to 'pick up' a large supply. It would not stop them but might make them think. The difficulty would be in framing this and avoiding complications in operations e.g. when is a unit size a package? Standard size specifications might be an alternative route, specifying standard sizes for more products. Standardisation around pack and serving sizes should aid diet and calorie intake.	Manufacturers and retailers would resist interference in their ability to design product sizes and package unit sizing. In the current climate of product downsizing/shrinking, they would also see their room for manoeuvre being constrained. Specifying the detail would be a major undertaking, but selecting key products might be a way forward.
Information	Regulations could be amended such that on pack information is both standardised and enhanced. This could also provide a minimum proportion coverage for this information on a pack,	Consumers are influenced by the information they receive and some of this is carried on the product itself. Some of this information is regulated, but it is arguable whether the shape and	Better and more visible information helps consumers make better choices. Currently there is a high degree of misunderstanding or even ignorance of 'true' levels, and implications of sizes and intakes presented.	Whilst there are regulations in some of these areas, there is a lack in others, and standardisation is not prevalent. Manufacturers and likely retailers will resist expansion of message

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	thus making the information more readable/visible and reducing the space for other visual messaging. Calorie and other healthful information could also be reconsidered along both these lines.	size is sufficiently visible to have as much effect as it could. There remains variability in some information provision, which contributes to consumer inaction or indifference.	The obfuscation of comparisons would be reduced.	space and reduction of promotional space and imagery on packs for fear of damaging sales. How much it will be used by consumers is debateable.
<b>PLACE</b>				
Product Placement	There is no regulation on product placement in stores, with the exception of alcohol and tobacco. It would be possible to ban all product displays within a set distance of pay points (checkouts) or entrances. Alternatively a listing of 'positive' products to be allowed at checkouts or at aisle ends could be devised. It is hard to see how on shelf product placements could be affected.	Stores place products in particular places in the store in order to enhance their visibility and sales. Often these products are not the healthiest ones and the places are those of high attraction or dwell times. De-cluttering or rebalancing what is offered could impact what is purchased. Outright restrictions would remove temptation and reduce impulse buys.	Removing impulse purchase temptation would likely cut sales. The impact on entrances may be less than for checkouts, but both are aimed at removing triggers; these of course could be replaced elsewhere in the store, hence the extension to aisle ends. There would be problems implementing 'exclusion' zones in very small stores.	Voluntary actions around checkouts have been introduced by some retailers, but are not fully implemented across the sector, especially in smaller stores. Outright bans would be very difficult to implement given the diversity across the sector. The retail response (mainly by smaller stores) would be negative to such interference. Any focus on aisle ends would be strongly resisted as they drive sales and revenue for manufacturers and retailers alike.
In Store Merchandising / Promotion / Shelving	It would be possible to make all shelving, cabinets and display units neutral (i.e. non-branded or sponsored) and/or more dramatically forbid/ban all stand-alone display units.	In many stores in addition to the hot spots of the checkout and aisle ends, products are displayed on 'sponsored' shelving or cabinets. In soft drinks the obvious examples are the chiller cabinets produced by Coca-Cola and Pepsi. These cabinets are often branded or sponsored directly and are effective in-store advertising. Other non-fixed examples include the store ready merchandising display units for special offers, which have become more visible and prevalent, and product shelving in confectionery aisles. These displays attract consumers and sales.	The removal of soft drink branding from cabinets might reduce the awareness of consumers, but this might only apply to brand rather than product switching. Plain shelving may reduce the acceptability of products, but then these companies also often offer healthy as well as less healthy products. Removing store ready merchandising display units would reduce visibility and awareness of these often unhealthy products.	The impact of such an approach is rather unclear, and may be difficult to implement due to definitions of chillers, adverts etc. Smaller stores have come to rely on such manufacturer/producer part funded shelving to help defray fit out costs. If an impact on brand switching is an aim then restricting such promotion to healthier products might be the potential best impact. There would likely be an adverse reaction from manufacturers engaged in this practice (though not others) and the retailers affected (typically the smaller convenience store chains and units)

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Shelf Space Allocation and Positioning	Shelf space management is a tool that retailers use to attract consumers. It would be possible to aim for a balance between the allocation and positioning of healthy and less healthy products.	As consumers are attracted by shelf displays, though differentially depending on the level, colour, size etc of the product placement, altering the location of products would potentially interrupt habitual purchasing and rebalance the visual perception of healthy products. It would also change the reference perceptions.	Focusing healthy products in the most attractive parts of the shelf space allocation would be expected to lead to more purchasing of these products. Removing unhealthy products from these locations might also have an impact.	It is very hard to see how such an intervention could be structured given the variety across the sector and the extreme difficulty of promoting such an intrusive intervention into retailer practices and operations.
<b>PRICE</b>				
Unit Pricing	The regulation on unit pricing could be updated and extended. Such a review or recasting of the regulations would need to cover scope, style, sizing, presentation. By extending the scope, standardising the style and increasing the visibility of the unit price viz-a-viz the selling price, consumers could be encouraged to use the unit price more. Unit prices could be made mandatory on packages.	The price of a product has to be displayed. There are also requirements for some products to present the unit price of the product e.g. per litre, per kilogram, etc. This is because the product or package size varies. The presence of a unit price is meant to produce better informed consumers who can then make better value judgements on equivalent prices. The approach in its style and presentation, and its visibility, is often very limited. Increasing the visibility of such messaging will aid consumer decision-making.	The unit price provides consumers with value information. The extension and increase in its positioning could help consumers make better choices. However it could be that for many products larger sizes are the best value so there would be a potential increase in calorie intake, depending on how the product is used. This could ameliorate the benefits.	Consumers do not currently appear to make full use of the existing information around unit prices. This might still be the case even if the messaging was made clearer and more visible, as well as more standardised. Retailers would argue that increasing size of unit pricing on products or on shelf-edges might increase confusion.
Product Pricing	One of the issues is over the differential of pricing between healthy and unhealthy products. Prices could be raised for unhealthy products and/or reduced for healthy products. One mechanism for the former is through increased taxation on unhealthy products, possibly linked to ingredients or on whole classes of	Price is seen to be a major component of consumer choice and decisions are made on the absolute as well as the reference price. Altering either or both of these is likely to have an effect on consumer purchasing. Price reductions have been shown to have more impact.	The impact of this lever is intended to reduce the sales of unhealthy products and/or increase the sales of healthy products. The impact would this be to allow individuals and the population at large to "afford" a healthier diet and be put off purchasing (as much) unhealthy products, by the absolute and relative price.	Because this lever affects directly the purchasing of products, retailers and manufactures with high sales of affected products are likely to be very concerned about the threat to their livelihoods. There is a further issue about the effects of price increases on deprived individuals and communities and the differential affordability by groups of consumers. This could

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	products deemed unhealthy. Reducing prices for healthy products would require some form of subsidy or reduced taxation of products or classes of products.			affect the least well-off the most. The alternative of reducing prices for healthy products requires in many instances some form of subsidy for production or sales and thus raises issues of cost and affordability. "Rewarding" established consumers of healthy products also seems an odd approach.
Coupons and Loyalty	Coupons and especially loyalty programmes could be made to balance rewards between healthy and unhealthy products. Rewards could be focused around healthy products and their purchase, with incentives for long-term behavioural switching. Data from such schemes could be required to be provided to link to other personal and health records.	Consumers are incentivised to varying degrees by price and reward. Focusing this on healthy products would aim at enhancing uptake (and awareness) and reducing the uptake of unhealthy products. Data on individuals could be valuable to them as an advice tool or a personal assistant or app. This could assist people wanting to make changes.	If it proved successful then the balance of products promoted and thus purchased would switch, leading to better personal and general outcomes. Use of personal data could add to motivational tools to inform and support consumers in making lifestyle changes and encouraging them to be successful in this.	Making retailers accept the rebalancing of their activities here would be difficult, as it would be where manufacturers are those really subsidising the offer. The costs of subsidising healthy products would be high and resourcing possibly problematic. Retailers are very protective of such personal loyalty data and would be wary of making it available without strong safeguards. There are privacy and ethical issues which would need to be overcome. Retailer 'buy-in' would be needed.
<b>PROMOTIONS</b>				
Promotional Types	Restrictions on what can be said in terms of sale prices, advertising truth and so on are already present. These though tend not to cover the types of promotions that have become the norm. It might be possible to cover these forms of promotions and the scope, scale and time periods they could cover.	As has been noted, the retail food environment is one that is promotion and discount heavy. Many of these promotions are targeted at less healthy products and seek to encourage volume purchase. This is not true for all promotions, but is the case for a large proportion as shown by BOGOFs, Multi-packs etc. Tighter restrictions on what could be allowed might reduce impacts.	The removal or rebalancing of promotional activities would be expected to both reduce purchasing and rebalance across healthy versus less healthy purchasing.	Retailers and manufacturers will resist tighter regulations on pricing, promotion and offers, on the basis of burden of cost and likely impact on sales and consumer satisfaction, as well as potentially leading to a reduction in competition.
Multibuys / Discounts / BOGOFs	The Healthcare Retail Standard in Scotland has suggested a way	It has been shown that a large proportion of food purchasing is made on promotion or offer. It is	The rebalancing of product presence and promotions and the removal of discount or	As yet the impact of the Healthcare Retail Standard is unproven and legislation would be

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	forward to reduce the presence and balance of unhealthy products and promotions. It operates at a store level and seeks a balance between healthy/less healthy product lines/categories and promotions. This principle could theoretically be extended to all stores. An alternative would be to ban linked promotions and volume discounts of all forms as has been done with alcohol.	also clear that many of the various promotions to consumers are on less healthy or unhealthy products. All these promotions, which are aimed at altering price perceptions, encourage the purchase of unhealthy products and also more product than strictly necessary. The Healthcare Retail Standard for hospitals in Scotland seeks to regulate the space and promotions given to healthy as opposed to unhealthy products. This it is argued will reduce purchase and consumption of unhealthy products by making them less prevalent, visible and promoted.	multibuy price promotions seeks to level the playing field across products and to refocus customer attention on the base price and current need. The impact is both a potentially more standard and sterile retail environment but also a reduction in purchasing, stockpiling and consumption. The re-balancing of product availability and promotion will shift purchasing away from current promotional and presentational impacts on purchasing. Reduced visibility will lead to reduced demand for some products, but hopefully increased demand for other products.	needed to impose it beyond its current setting. Framing this would be a challenge given the diversity of outlets across the sector and the definitional issues that would be likely to ensue. It would be resisted by retailers and manufacturers. It could be linked to food premise registration, or longer term food store licensing. Compliance and monitoring costs for authorities could be high and difficult to implement. Outright bans on price promotions and volume discounts would be less likely to be acceptable than a rebalancing of activities.
Promotional Restrictions	A drastic approach to this would be to ensure that all price promotional activity could only take place at set dates – the approach of a ‘great sale’ rather than continuous sale. This would in essence reinstate the idea of a recommended price below which sales could not be permitted except for given time periods.	The fact that the retail environment seems to be permanently on promotion raises issues about the ways consumers view food purchasing and what is ‘normal’. Restricting all discounts and promotional price activity could alter this.	This would remove a lot of the promotional activity and thus potentially ‘excess’ consumption in the market place. It would also make retail rather more “sterile”.	This would be seen as a gross intrusion in the operation of the market and likely lead to a reduction in sector wide competition. It would be resisted by many including possible the Competition and Markets Authority. Set sale periods would also create operational difficulties for retailers and manufacturers.
Promotional Flyers	If the belief is that these flyers are producing unhealthy consumption then they could either be banned or their content more strongly regulated. Out and out banning would seem to be difficult, so attention could be given to the balance of promotions in each edition of the flyer.	One of the more directly consumer focused promotional activities by some food stores is the production and distribution of promotional flyers. For many smaller contractual chains this occurs on a two or three week cycle with the flyers being delivered locally and/or available in store. These flyers are designed to reinforce local affiliations but often operate through nationally	The flyers are understood to increase traffic and sales to stores and thus are viewed as valuable by retailers and suppliers. The rebalancing of promotional activity within them could keep their usefulness to business but help reduce their most harmful effects in terms of unhealthy purchasing.	A problem might be that what precisely makes a flyer and the boundary between a flyer, other free-standing inserts, magazines etc. can be very porous. The costs of these flyers is likely subsidised by manufacturers buying space for their product promotions, and they might withdraw this should their products not be able to be promoted or substitutes found from their

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		discounted products being advertised. Such flyers tend to promote unhealthy as opposed to healthy products.		healthier range. This might call into question the viability of such activity.
Sampling and Tasting	A more positive approach to visibility and awareness might involve enhanced sampling and tasting of healthier products in store. Encouragement rather than regulation would seem to be the appropriate approach.	Consumers may be unaware of some healthy products and what they can do with them. This would seek to improve that situation.	Depending on the uptake, there could be some enhanced purchasing of products and improved knowledge. The scale of this though is likely to be very limited.	Many shopping trips would not be suitable for such interruption and the reaction of consumers could be adverse for a variety of reasons. Retailers would need incentivising in many cases to undertake this. One exception to this might be the extension of such ideas to local breakfast clubs associated with local stores. Some definition and/or subsidy of healthier products might be needed.

The interventions in Table 5.1 cover a broad range of possibilities, with likely differential impacts, which are as yet not fully researched or understood. Some (in the product area) are general in nature and work across the retail (and other) sector. Others (e.g. on place decisions) are more difficult to imagine in some types of retail stores e.g. very small stores. Where intervention is focused on information and products it may be more acceptable to the retail sector and consumers, but may also have lower effectiveness. Interventions altering basic retail operational practices directly (e.g. promotional and display activities) are more likely to be difficult to achieve seamlessly and without legislation, but may have the larger sustained effects.