Confusing Ingredients Cause Shoppers to Consider Switching Brands Even If It Means Paying More

The 2017 Label Insight Ingredient Confusion Study
Executive Summary

The Label Insight Ingredient Confusion Study, released in June of 2017, found that when examining food labels today, consumers are still confused about the ingredients in the products they use and consume. This confusion leads shoppers to not only consider switching brands but to pay more for brands whose ingredients they understand.

The study, which surveyed more than 1,000 consumers on feelings of confusion with food product ingredients and labeling, revealed the behavioral impact of this confusion on purchasing behavior and how technology solutions might alleviate concerns.

The majority of consumers feel confused at least some of the time about ingredients listed on food package labels and many are concerned when they eat food products that contain ingredients that they don’t understand.

While package claims of “natural,” “healthy” and “clean” should help inform consumers, only about one-third of Americans completely understand what those claims mean.

This confusion weakens brand trust and impacts product sales. The study revealed that when consumers don’t understand what is in their food, the outcomes can be damaging for manufacturers.

Many consumers would be willing to switch to and even pay more for another food product if they understand the ingredients in that product.

Shoppers clamor for technology solutions to improve the experience. As in nearly every other aspect of their lives, consumers turn to technology to provide answers, researching product information online.

Nearly half of consumers already turn to mobile devices in store for information about confusing ingredients. A staggering 95% are interested in a technology that allows them to easily get very detailed product ingredient information using their mobile phone while they are in the store – 65% are very interested.

Consumer demand for product transparency is on the rise and when brands and retailers fail to deliver, it erodes brand trust.

But trust in brands can be restored. 84% of surveyed Americans would trust manufacturers more if they provided access to complete and easy to understand definitions for the ingredients in their products.

Not surprisingly, American consumers are turning to technology to solve this issue. Today’s consumers use smartphones to purchase groceries, find the best car mechanic, and to track our fitness levels and sleep patterns – so it’s natural that they would use technology to find more comprehensive product information such as ingredient definitions and the reason each ingredient is in their food. The industry is responding and giving consumers the tools they need to improve their label literacy with SmartLabel™.
Key Findings

**Food Products**

Consumers are hesitant to purchase a food product when they're confused about the ingredients.

- **35%**
  - 35% do not buy a food product when they find ingredients on the label that are confusing.

Consumers would switch food brands if they better understand the ingredients.

- **64%**
  - 64% would be willing to switch to another food product if they better understood the ingredients in that product.

Consumers will pay more for food brands when they understand the ingredients.

- **54%**
  - 54% are willing to pay more for a food product that contains ingredients they understand.

**Personal Care**

Consumers are hesitant to purchase personal care items when they're confused about the ingredients.

- **31%**
  - 31% do not buy a personal care product when they find ingredients on the label that are confusing.

Consumers would switch food brands if they better understand the ingredients.

- **51%**
  - 51% would be willing to switch to another personal care product if they better understood the ingredients in that product.

Consumers will pay more for personal care brands when they understand the ingredients.

- **48%**
  - 48% are willing to pay more for a personal care product that contains ingredients they understand or recognize.

**Trust in Brands Can Be Restored**

84% of surveyed Americans are would trust food and personal care manufacturers more if they provided access to complete and easy to understand definitions for all the ingredients in their products.

- **84%**

**Consumers are Turning to Technology for Answers**

95% of surveyed Americans are at least somewhat interested in a technology that allows them to easily get very detailed product ingredient information using their mobile phone while they are in the store.

- **95%**

65% of surveyed Americans are very interested.

- **65%**

**Consumers are Turning to Technology for Answers**

95% of surveyed Americans are at least somewhat interested in a technology that allows them to easily get very detailed product ingredient information using their mobile phone while they are in the store.
**Consumer Demand for Food Product Ingredient Information is on the Rise**

**Consumers consider ingredients when deciding what to buy.**

98% of Americans who are involved in the decision-making and purchase of food items for their household think it’s at least somewhat important to consider ingredients when deciding what products to buy.

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<th>Rating</th>
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<tr>
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<td>Extremely Important</td>
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**Thinking about food products only, which of the following do you agree with (select all that apply):**

- I am more likely to buy food products that contain ingredients I understand or recognize. **81%**
- I would be willing to switch to another food product if I understand the ingredients in that product better. **64%**
- I am willing to pay more for a food product that contains ingredients I understand or recognize. **54%**
- Eating food products that have ingredients I don’t recognize concerns me. **45%**
- Not knowing what an ingredient is makes me less likely to buy a food product. **43%**
- I do not agree with any of the above statements. **4%**
- I do not know where to look for more detailed ingredient information in the food products that I buy. **3%**
Consumers are confused about the ingredients in their food products.

When buying food products, how often do you find yourself feeling confused about ingredients listed on the package label?

- **Almost Always**: 5%
- **Very Often**: 12%
- **Often**: 25%
- **Sometimes**: 41%
- **Rarely**: 14%
- **Never**: 3%

83% of surveyed Americans feel confused at least some of the time about ingredients listed on food package labels. 42% feel confused often.

Thinking about food products only, when you see ingredients you don’t recognize or find confusing, how does this affect your feelings towards the brand (if at all)?

- **24%**: I trust the brand about the same
- **16%**: It does not affect my feelings of trust
- **60%**: I trust the brand less

60% of those surveyed say they trust the brand less when they see food ingredients they don’t recognize or find confusing.
Ingredient Confusion Weakens Brand Trust and Impacts Product Sales

When considering a food product to buy, if you find ingredients on the label that are confusing, what do you do? (Please select all that apply)

- Look at another product to see if you understand its ingredients better: 62%
- Research the ingredients on your mobile phone while you are shopping: 46%
- Not buy the product and look for another product instead: 35%
- Accept that you do not understand the ingredients and buy the product: 18%
- Seek assistance from a store employee to help you understand better: 7%
- I never look at ingredients: 4%

Consumers are hesitant to purchase a food product when they're confused about the ingredients. 35% do not buy a food product when they find ingredients on the label that are confusing. 46% research ingredients on their mobile phones while they are shopping the aisle.
Understanding Brand Claims

Consumers are confused by ingredients and claims on food labels. While package claims of “natural,” “healthy” and “clean” should help inform consumers, only about one-third of Americans completely understand what those claims mean.

When a product claims to be “healthy” how well do you feel you understand the claim?

- I understand completely: 31%
- I understand somewhat: 54%
- I don't really understand: 13%
- I don't understand at all: 2%

When a product claims to be “natural” how well do you feel you understand the claim?

- I understand completely: 35%
- I understand somewhat: 52%
- I don't really understand: 10%
- I don't understand at all: 3%

When a product claims to be “clean” how well do you feel you understand the claim?

- I understand completely: 28%
- I understand somewhat: 40%
- I don't really understand: 25%
- I don't understand at all: 7%
Consumers consider ingredients when deciding what to buy.

94% of surveyed Americans who buy personal care products believe it is at least somewhat important to consider the ingredients when deciding which products to buy.

Consumers often do not recognize ingredients on labels.

81% of surveyed Americans do not recognize ingredients on the label of personal care products at least somewhat often. Only 2% claim they always understand what all of the ingredients are.

Thinking about personal care products, which of the following do you agree with (select all that apply):

- I am more likely to buy personal care products that contain ingredients I understand or recognize. 60%
- I would be willing to switch to another personal care product if I understand the ingredients in that product better. 51%
- I am willing to pay more for a personal care product that contains ingredients I understand or recognize. 48%
- Not knowing what an ingredient is makes me less likely to buy a personal care product. 31%
- Using personal care products that have ingredients I don't recognize concerns me. 26%
- I do not agree with any of the above statements. 12%
- I do not know where to look for more detailed ingredient information in the personal care products that I buy. 5%
Personal Care Product Ingredient Confusion Concerns Consumers

When buying personal care products, how often do you find yourself feeling confused about ingredients listed on the package label?

- **75%** of surveyed Americans feel confused at least some of the time about ingredients listed on personal care package labels.
- **43%** feel confused often.

Consumers are confused about the ingredients in personal care products.

Thinking about personal care products, when you see ingredients you don’t recognize or find confusing, how does this affect your feelings towards the brand (if at all)?

- **31%** I trust the brand about the same.
- **24%** It does not affect my feelings of trust.
- **45%** of those surveyed say they trust the brand less when they see personal care ingredients they don’t recognize or find confusing.
Ingredient Confusion Weaken Brand Trust and Impacts Product Sales

When considering a personal care product to buy, if you find ingredients on the label that are confusing, what do you do? (Please select all that apply)

- Look at another product to see if you understand its ingredients better: 54%
- Research the ingredients on your mobile phone while you are shopping: 42%
- Not buy the product and look for another product instead: 31%
- Accept that you do not understand the ingredients and buy the product: 22%
- Seek assistance from a store employee to help you understand better: 10%
- I never look at ingredients: 10%

Consumers are hesitant to purchase a personal care product when they’re confused about the ingredients. 31% do not buy a personal care product when they find ingredients on the label that are confusing. 42% research ingredients on their mobile phones while they are shopping the aisle.
Thinking now only about personal care products, are you familiar with the ingredient Tetrahexyldecyl Ascorbate?

**88%** No  **12%** Yes

When asked how comfortable they would be purchasing a personal care product with an ingredient listing containing Tetrahexyldecyl Ascorbate, nearly half were not comfortable.

- Very comfortable: 11%
- Somewhat comfortable: 40%
- Not comfortable: 44%
- Very uncomfortable: 5%

Once told that Tetrahexyldecyl Ascorbate is liquid form of vitamin C used in cosmetics and personal care products that enables the vitamin C to penetrate the skin more effectively, there was a 43% increase in the “very comfortable” purchasing metric.

- Very comfortable: 54%
- Somewhat comfortable: 40%
- Not comfortable: 5%
- Very uncomfortable: 1%

I would not purchase the product
Consumers Want More Information and They Want it On the Go

As in nearly every other aspect of their lives, consumers turn to technology to provide answers, researching product information online.

46% of consumers turn to mobile devices to get more information about food products.

For millennials in particular, that number jumps to 56%.

42% of consumers turn to mobile devices to get more information about personal care products.

For millennials in particular, that number jumps to 50%.

How interested would you be in a technology that allows you to easily get very detailed product ingredient information right on your mobile phone when you are in the store?

95% of surveyed Americans are at least somewhat interested.

65% of surveyed Americans are very interested.

65% Very Interested

6% Somewhat Interested

24% Interested

5% Not Interested
Conclusion

The 2017 Label Insight Ingredient Confusion Study finds that consumers are confused about the ingredients they use and consume, and have concerns about eating or using products with confusing ingredients. The study reveals that when consumers don’t understand what is in their food, the outcomes can be damaging for manufacturers – including eroding brand trust, not buying the product at all, or switching to another product.

This presents an opportunity for brands to be more proactive with their transparency efforts and provide online ingredient definitions and even and even why the ingredient was used in each product. These efforts go a long way to alleviate consumer confusion and repair brand trust.

The SmartLabel™ initiative is an excellent opportunity for brands to provide the transparency consumers seek.

The SmartLabel™ Initiative

SmartLabel is a tool that gives consumers a way to access more detailed product information about a wide range of food, beverage, household, pet care and personal care products. It is fast and easy to use, with a consistent digital format that shares accurate data directly from the manufacturer in real-time. And it’s one that the vast majority of consumers surveyed said that they’d be likely to use1.

Through online landing pages that are accessible by smartphones, tablets and desktops, consumers can find product information organized in a consistent manner, including: allergens, ingredient sourcing practices, ingredient definitions, third-party certifications, social compliance and sustainability programs, advisories and safe handling instructions, and company and brand information.

Going beyond the product label makes sharing additional product information with consumers more attainable and sustainable for brands and retailers. The result is more information and, consequently, more transparency.

1. According to Label Insight 2016 Transparency ROI Study, 79% of consumers say they are very likely or somewhat likely to use SmartLabel technology if offered.
Conclusion

Ingredient Definitions and Ingredient Purpose

One of the key ways SmartLabel can solve for Ingredient Confusion is by providing ingredient definitions as well as the reason each ingredient is in the product. Providing ingredient definitions online goes a long way to ease confusion and frustration with consumers.

Ingredient definitions are a voluntary component of SmartLabel pages, however, many brands feel that ingredient descriptions add a high level of transparency and a more engaging customer experience. The Label Insight team has created a dictionary of FDA approved ingredient descriptions that brands can easily use if they choose to. Brands also have the opportunity to provide their own custom ingredient definitions that have been approved by their regulatory and legal teams.

The Label Insight Solution

Executing best-in-class SmartLabel pages can be challenging, so Label Insight offers a powerful set of tools to accelerate a brand’s SmartLabel execution with a high level of quality. As the leading Smartlabel solution provider, powering more than 1,900 of Unilever’s best-in-class SmartLabel pages, Label Insight has proven experience delivering product transparency for the world’s leading brands.

Label Insight automatically maps all mandatory SmartLabel attributes and the vast majority of voluntary attributes. Brands simply drag and drop their package flats to Label Insight’s online interface and verify their data via intuitive workflows, then Label Insight creates and manages the SmartLabel landing pages.

Label Insight can also assist brands with understanding how to optimize their SmartLabel pages for organic search performance, and provide guidance on methods of digital package activation like QR Codes, SMS Text Messaging, and others. Beyond powering best-in-class SmartLabel executions, Label Insight provides a wide range of tools and solutions to assist brands with defining a single source of product truth, and syndicating it across a range of B2B and consumer-facing systems.
In June of 2017, Label Insight surveyed 1,000+ consumers, who have a shared or primary responsibility for household shopping purchases, on feelings of confusion with food and personal care product ingredients and labeling, the behavioral impact of this confusion on purchasing behavior and how technology solutions might alleviate concerns.
Label Insight is the market leader for transparency, enabling access to complete and accurate product information for nearly 400,000 products, representing 80% of the top purchased CPG products in the U.S. The company’s product transparency engine powers data driven solutions for brands, retailers, researchers, analytics providers, government agencies and consumer applications by capturing and enhancing data contained on the packaging and labeling of food, pet, and personal care products.

Label Insight customers use this data to provide greater transparency to consumers; easily participate in industry and government initiatives, such as SmartLabel; create more connected omni-channel experiences; and maximize category growth potential.

To learn more about Label Insight, visit www.labelinsight.com.