

***Roundtable Summary Report***  
**Innovative In-Store Marketing Strategies:  
How Today's Grocery Retailer Can Positively Impact Childhood Obesity**

*Co-Hosted by the Interfaith Center on Corporate Responsibility (ICCR) and the Partnership for a Healthier America (PHA), March 18, 2016*

## **Background**

ICCR's concern about the childhood obesity epidemic is at the heart of our *Access to Nutrition* work, where our coalition of investors advocates to increase access, affordability, and availability of nutritious food for children and families. ICCR investors view the need to address obesity as both a financial issue and an issue of justice for our communities. As a result, on March 18<sup>th</sup> 2016, ICCR and the Partnership for a Healthier America convened relevant stakeholders to discuss how retailers, as well as food and beverage companies, can play a pivotal role in helping families have greater access to more affordable and nutritious food, and also how they can contribute to reducing childhood obesity. This Roundtable built upon our 2013 convening, *Corporate Leadership in Addressing Childhood Obesity: Public Health Impact through Core Business Strategy*. As the health and wellness space has evolved to address the risk of obesity, this Roundtable focused on the strategies food retailers and food and beverage companies employ around consumer purchasing behavior and innovative in-store marketing, as well as exploring opportunities for new in-store marketing techniques.

ICCR has a history of leading productive corporate engagements and discussions, and bringing together groups for multi-stakeholder dialogues. This Roundtable provided the opportunity for company representatives to explain the process behind making new corporate decisions, for public health advocates to provide helpful research and ideas to market healthy foods effectively, and for investors to discuss their considerations of obesity-related risks and opportunities when managing investments. Because of our shared understanding of the need to bring together corporations and public health representatives in order to address the problem of childhood obesity, the Partnership for a Healthier America chose to join ICCR to cohost this event.

### **➤ Participants and Guidelines:**

The Roundtable brought together a total of **35** participants to discuss the opportunities available to manage the risk of obesity and help families have greater knowledge and access to healthy foods. Roundtable participants included: **10** members of the ICCR socially responsible investment community, including ICCR staff and representatives from faith-based institutions and secular firms; **11** representatives from retail companies, food and beverage companies, industry associations, and a financial institution; and **13** participants from the public health community, including universities, non-profits, and NGOs. The discussion was led by a professional facilitator.

All Roundtable participants agreed to operate under the *Chatham House Rule*, meaning that after the event participants would be free to use the information received, but neither the

identity nor the affiliation of the speakers or participants could be revealed. This context allowed us to have a more meaningful and thorough discussion on the steps that retailers and food and beverage companies can take towards more innovative and effective in-store marketing of healthy products.

➤ **Environment:**

Participants reported that the Roundtable provided a positive and collaborative environment conducive to advancing progress on key themes. A public health representative stated that the Roundtable helped them to understand that many companies are aware of the need to contribute to the health and wellness space. Another participant noted the value of getting all of the groups together in one room. Participants spoke openly about the opportunities presented for improved in-store marketing techniques, and raised challenges or concerns about potential new efforts. One corporate representative noted that the Roundtable demonstrated a “strong movement to work together to find practical solutions.”

➤ **Format:**

The day featured presentations from the public health community on consumer behavior and in-store marketing efforts; a presentation on the opportunities to market produce effectively; a panel discussion that included representatives from the investor, retail, and food and beverage sectors; tool table discussions on methods to improve access to healthy foods in-store; and large and small group discussions.

## **Content**

### **I. Morning Presentations:**

The Roundtable began with a set of three presentations from the public health community. These presentations addressed the movement of marketing healthier foods to consumers, the potential for positive impacts from the changes, and creative marketing campaigns that can increase sales of healthier products.

➤ **Movement to market healthier foods to consumers**

The first presentation discussed different methods of marketing in-store by using the 4 P’s of marketing: price, promotion, placement, and products. This method has been traditionally used by the industry, and provides an opportunity for retail companies to consider using an existing strategy to increase sales for healthier options. A [study](#) was presented to the group that used this marketing tactic to promote healthy items in-store in a way that was either profit-neutral or profit-generating. **By improving the facings of products, signage in-store, and placement of the products on display, many of the healthier products saw increases in sales, while less healthy product sales were not changed.**

➤ **Potential for positive impacts at corner store locations**

The second presentation examined how the food environment can impact the food that consumers eat. This presentation focused on how to expand healthy options at convenience store locations through the

**Healthy Corner Store Initiative.** By improving store owner business strategies, sales of healthier foods can increase. **Owners of businesses need low-cost incentives to make changes that will help consumers to more easily identify and access healthy foods. Making slight modifications to how fresh foods are displayed resulted in increased sales in the study.** In addition to the strategy of addressing the needs of store owners, the presentation also highlighted the need for increased consumer education on how to make healthier decisions. To address the needs of SNAP recipients, the **Philly Food Bucks** program has worked to provide in-store nutrition education with coupons for healthier options, including fresh produce. With staff training and nutritional educators available in-store, the amount of healthy items purchased and the shopping experience can both be improved.

➤ **Creative marketing campaigns for healthier products**

The third presentation discussed two marketing campaigns that are creative and effective at increasing sales: **Drink Up** and **Team FNV**. The *Drink Up* campaign to encourage water sales works with beverage companies to increase the sale of water in stores through branding and placement, with a goal for shoppers to drink more water more frequently. **The Team FNV campaign for fruits and vegetables looked at increasing sales of all fruits and vegetables: fresh, frozen, and canned. The campaign targets millennials using the power of celebrities and athletes to help younger consumers make more nutritious purchases.** The campaign makes fruits and vegetables fun, rather than using a direct public health message. In-store, the marketing campaign uses banners, shelf indicators, and floor signs. Out-of-store, it utilizes billboards and food court banners to communicate its message. The use of social media to reach consumers is another tactic that has been used to motivate shoppers to make healthier purchases.

A group question and answer session followed the three presentations. Contemporary shopper strategies, such as targeting on mobile phones, were discussed. A presenter noted that this can be difficult, as only about half of consumers had planned their purchases prior to going into the retail location. The group addressed the need for marketing campaigns to remain effective. This could be done through refresher lessons so that healthy in-store marketing campaigns can be consistently relevant and exciting. An investor stated that there is a need for continued motivation, and that we must look at those who are less motivated in order to determine what may best reach them.

**II. Small Group Discussions:**

Small group discussions addressed two main questions that arose from presentations:

- 1. How would you measure the effectiveness of healthy in-store marketing campaigns seeking to persuade consumers to make healthier choices?**
- 2. How can retailers use their effective marketing tactics to promote healthier choices?**

Key takeaways centered on the following themes:

➤ **Metrics**

**Ideas for measuring the effectiveness of campaigns included: sales data on consumption, driving retailers' interest to participate in healthier in-store marketing, and the communication of consumer expectations for healthier products.** Demonstrating consumer demand will also influence retail activity in this space, and a public health representative stated that it is up to the public health

community to provide proof of that business case so that stores will be motivated to implement successful policies. One participant noted that, while some companies are laggards compared to their competitors, once they see that these in-store marketing efforts are successful, they will adopt similar policies.

Representatives from the food and beverage and retail sectors highlighted the need for sustainability if in-store marketing efforts are to be successful. To make an effort long-lasting and effective, a public health representative stated there should be a crossover between marketing and public health information. There was also discussion of the opportunities to bring suppliers into the discussions of creating more healthy options for consumers. **A representative from the food and beverage sector noted that an important metric of success is a direct connection between sales growth and nutritional improvement of the portfolio.**

➤ **Education and incentives for healthier options**

Discussions on increasing access to healthy options in-store addressed increasing consumer education of healthy choices, and also increasing consumer demand for healthier products. **A food and beverage representative highlighted the need to develop education programs that focus on mindful eating. A retailer highlighted the opportunities for dieticians and cooking demonstrations to expose consumers to healthy options they may not have previously considered. Consumers can also be incentivized to try healthy options through coupons and promotions. One retail representative highlighted the connection between education and the opportunities to increase demand.** Making fruits and vegetables the cool and easier choice for consumers, with a good price point, will help to increase demand.

➤ **Marketing and promotion of branded and private label products**

Opportunities for retailers to build upon their effective marketing tactics led to discussions around how products are both marketed and packaged. One corporate representative noted the significant opportunity available for innovation in food processing and packaging. **Another corporate representative stated that there are opportunities in how private label products are presented. While these are not marketed in the same way that branded products are, the private label products are heavily promoted both in retailer circular publications and through in-store marketing.** Healthier private label products could benefit from a feature in this type of marketing.

**Opportunities available in the digital space were also mentioned, such as providing consumers with easier access to nutritional information about healthy products through a mobile app, or by communicating messages about healthy foods through social media through the use of trending hashtags.** A public health representative noted the opportunities available for convenience stores to market healthier products, as many populations have greater access to convenience stores than to traditional grocery stores. Understanding what products are available in convenience stores, as well as understanding the cultural competencies in the communities around them, will be important to improving offerings in convenience stores.

➤ **Perception challenges: consumer preferences and “stealth” product reformulations**

The conversations also addressed the challenges in this space. Both retail and food and beverage representatives noted the importance of “stealth advertising” as the best way to produce change.

Because of negative taste perception of consumers when they hear terms such as low-fat or low-sodium, if companies market these product formula changes, there may be an adverse impact on sales. It can be easier for companies to make the changes in the nutritional profile of the product, but not to market those changes. **Another challenge was noted over the term “healthy,” and that it can be difficult to use this term as there is no standard definition for what requirements make a product healthy.** A food and beverage representative noted the fine line in messaging in this area, which makes a health claim difficult for the industry.

➤ **Food marketing targeting low-income communities and communities of color**

A third challenge noted in the small group discussions addressed lower-income and marginalized populations. A public health representative noted that there are concerns about how those communities are being targeted. Another participant from the public health community stated that we should be careful of focusing too much on cutting calories as there can be undernutrition implications if calorie cutting goes too far. Instead, **we should focus on educating palates at a young age so that all children find healthier foods more appealing.** A retail representative noted that there are difficulties for SNAP customers who purchase their groceries in one main monthly purchase. Because of the shelf life of produce, it is difficult for those consumers to purchase fresh items. If they are to purchase fruits and vegetables, they will need to purchase frozen or canned options that will last until the following monthly purchase. **A final challenge was presented by a food and beverage company representative, who stated that positive plans from their sector may not be properly implemented at retail.** The representative stated that their company worked to promote lower calorie options at retail, but found that over time the item was not promoted as prominently as the company expected. This challenge links to the discussion of the importance of sustainability of in-store marketing campaigns in order for success to be sustained.

**III. Panel:**

The panel discussion provided an opportunity for participants to learn from the food and beverage, retail, and investor perspectives. The panel discussed: **using shelf placement as an internal marketing tactic, developing packaging to increase sales of healthy items on shelves, and private label products.**

Key takeaways:

➤ **Using shelf placement as an internal marketing tactic**

Addressing the complex issue of shelf space in-store, the panel was asked about how placement is determined, and what the relationship of health is to the contracts regarding product placement. A retailer stated that, **as the wellness space has evolved, there has been consensus to be active in improving healthy product placement in-store.** A food and beverage representative discussed healthier products that could be promoted, with a focus on changing consumer interests in product formulation, as well as offering satisfying snacks in smaller packaging to improve portion control. Shelf space for healthier products faces the challenge of vendor fees in product placement. A retailer noted that there is a retailer/vendor agreement on product placement, but that it can be redirected to the wellness space. A food and beverage representative stated that, as the number of healthy products by companies increases, this will help to address the number of healthy products in prominent locations.

### ➤ Private label products

The challenges and opportunities around private label products generated a great deal of discussion. One challenge recognized by retailers is that consumers perceive private label products as being inferior to branded ones. **A retailer discussed the opportunities to use in-store promotional materials to support new and improved private label products, building upon a suggestion from the small group discussion. This would help to address the challenge of how to inform consumers of the healthier private label products that are available. Another opportunity for retailers is to develop their own healthy private label brands.** A food and beverage company representative noted that, in product reformulation, companies want to inspire confidence in the product by keeping it simple and presenting it with honest packaging. Healthier private label products could be displayed more prominently, at entrances and exits or at the checkout counter.

### ➤ Developing packaging to increase sales of healthy items on shelves

CEOs and CMOs can take the opportunity to more frequently discuss the need for healthier products both internally and with the socially responsible investment community. Responsible marketing of those products through packaging, such as the suggestion of extending the Children’s Food and Beverage Advertising Initiative standards to packaging was discussed. A public health representative suggested putting characters on the labels of healthier private label products to make them more attractive.

The panel was asked what investors could do to drive demand for healthier items. The panel noted that it is **important for investors to acknowledge the positive steps that are taking place, and to continue to dialogue to explain what companies can continue to do and what is working in their sectors.** Companies feel it is important to hear that their investors are supporting them as they make positive steps. Pressure matters, and when it results in healthy competition, this should be celebrated.

## IV. Tool Tables:

The afternoon discussion moved into specific areas of strategy that could help lead to more innovative in-store marketing strategies for healthy products. The tool table topics included healthy checkout aisles, a scorecard that would help retailers to nudge consumers toward healthier items, and opportunities in digital marketing.

### ➤ Healthy checkout aisles

Checkout aisles were described by the group as “beachfront property.” More impulse buying occurs at the checkout area, but few nutritious foods are found at checkout. Work is currently taking place with retailers and store managers to change the composition of checkout offerings. Participants noted many challenges and opportunities in this area. In terms of challenges, there can be **difficulty in communicating changes at checkout to shoppers, problems maintaining produce stocked at checkout, concerns about losing product placement fees, refrigeration and space issues, and the need for more data to quantify what works and what does not at checkout.** However, group discussion noted many opportunities that bring benefits to retailers who offer healthy checkouts. **The list of opportunities includes: a more positive in-store shopping experience for parents with their children, increasing customer loyalty, the opportunity to offer single-serve products in a**

**grab-and-go environment, increasing consumer choice, and the opportunities for collaboration with local health agencies to increase impact.**

➤ **Scorecard to nudge consumers toward healthier items**

The second strategic tool discussed was the grocery scorecard that grades retailers on the efforts they take to promote and facilitate healthier choices. The scorecard is an aspirational tool, designed to be a future roadmap toward guiding the healthy choice process. The ratings that retailers receive will create a positive competition between retail locations, improving both customer choice and the consumer shopping experience as a whole. **The group was very positive about this idea, but there was discussion about the need to incorporate in the scorecard the efforts of retail grocery stores to locate in areas that have traditionally been food deserts.** The opportunities available with such a tool dominated the conversation. Participants felt that a tool that helps retailers make their healthier items more accessible for consumers would facilitate healthy choice selection, and would particularly help to create positive competition between retail locations.

➤ **Opportunities in digital marketing**

The digital marketing tool raised some concerns, but also presented opportunities for positive impact. Privacy was a main concern, particularly privacy for children. Participants were also concerned about keeping digital marketing practices in line with responsible marketing commitments. Participants felt that industry groups must be at the table when there are conversations about how to improve digital marketing of healthier products. The group recognized the opportunities to responsibly target mothers through digital marketing, and that using digital marketing to promote healthy items could make the tool a force for good.

**V. Full Group Discussion:**

The Roundtable ended with a group discussion analyzing the challenges and opportunities that came out during the day, as well as the ideas for innovative in-store marketing strategies that are the most feasible. **Participants noted the potential of private label products to deliver healthy offerings. There are opportunities for healthy checkouts with dollar stores and other discount retailers to expand the concept beyond large grocery stores. A participant thought that the scorecard discussed during the tool tables could help SNAP retailers in a push for a healthy food initiative. A public health representative discussed the need for a focused campaign that would target first-time parents.** As noted in the morning panel discussion, by positively influencing young palates, parents can help their children to adopt healthier lifestyles.

The group responded to a question on the barriers retailers face, and how these can be addressed. The issue of demand was a main area of focus. Retailers need to innovate and provide solutions which will result in increased consumer demand, including increasing consumer nutritional literacy. There are also societal changes needed, such as promoting both cooking at home and nutritional understanding as part of a healthy lifestyle. Finally, a representative from the investor community noted the need to market healthier foods to communities of color, where many food deserts exist. The food industry as a whole can be pushed to address the need to provide access to healthy food in all communities.

**VI. Conclusions:**

To close, representatives from the corporate, investor, and public health communities each reflected on the day's discussions. The food and beverage representatives reflected the need to work with retail partners to promote their healthier products. Corporate representatives also stated that conversations with investors in dialogues help them to develop ideas for improvement. **Companies recognize the need to adapt to cultural shifts and maintain conversations with all sectors in order to continue to take positive steps to market healthier foods. As consumer demand shifts toward healthier options, companies are seeing greater will internally to make positive in-store changes. Companies should not lose focus on communities where healthier food options have traditionally not been available.**

Investors stated that we need companies to prioritize their efforts and provide a clearly articulated strategy going forward. Investors also suggested that the companies in the room urge their competitors to participate in future and similar multi-stakeholder sessions as a way to facilitate their cooperation on nutritional issues. Investors reminded company representatives that socially responsible investors want companies to be successful, and will work to provide information and ideas to help encourage this success. **A participant from the investor community urged the companies in the room to use their leadership status to advocate for change in their trade associations.**

**Participants from the public health community stated that there is a need to examine, evaluate, and articulate work in a collaborative and supportive environment. Companies can show their commitment by continuing to implement innovative changes.** Retail locations meanwhile have an opportunity to help in the fight against childhood obesity.

## **VII. Next Steps:**

The discussion of challenges and opportunities for innovative in-store marketing resulted in a number of areas for future work. Participants stated the need for greater data and case studies, as well as analysis of best practices. Pilot studies which are currently taking place should be broadened so that nationwide results can be compiled. A study of how companies can implement strategies with long-term sustainability is also needed. We need to collectively increase the interaction between retailers and food and beverage companies to locate areas for improved collaboration. We must continue to explore and expand digital marketing as a positive marketing tool for nutritious products, while working to ensure that digital marketing is not used to market unhealthy food to children. We must collectively work to promote healthier eating and an understanding of nutrition as a lifestyle for new parents so that children grow up with knowledge of nutrition and health.

Moving forward from the Roundtable, there are several areas where ICCR's coalition of investors can focus in our ongoing engagement with companies: Push food and beverage companies to develop new formulas for healthier products, with packaging that effectively markets healthier offerings.

- Encourage food and beverage companies to work with retailers to develop in-store promotions and displays for healthier items.
- Help to develop more responsible marketing practices for private label products in-store, in circulars, and through coupons and promotions.
- Actively promote the Grocery Retail Scorecard in all retail locations, including convenience stores.
- Urge retailers to adopt and maintain healthy checkout aisles.
- Work to ensure that healthy food access is expanded equally to all communities.