

Becoming Transparent

How grocers can embrace the concept and communicate it to shoppers.

By Bridget Goldschmidt

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here's been a lot of talk in recent years about transparency in government and business, particularly in the food industry, but what does it mean to be transparent, and how can a retailer convincingly adopt that stance with those for whom it matters most, its customers?

Unsurprisingly for companies in the grocery sector, definitions of transparency largely center on disclosing sufficient data on the items they offer, particularly the edible ones, although research prepared by The Hartman Group, in Bellevue, Wash., for Arlington, Va.-based Food Marketing Institute's "U.S. Grocery Shopper Trends 2017" report has uncovered five categories of transparency: easy access to relevant information, clear quality standards, proactivity and accountability, fair treatment of employees, and openness about business practices.

"Transparency is ensuring our customers have access to information about their food purchases, which is easy to understand and helps them make more informed decisions," explains Keith Knopf, president and COO of West Sacramento, Calif.-based Raley's, whose owner and CEO, Michael Teel, gave a presentation at TransparencyIQ, a CPG transparency-focused event held last October by *Progressive Grocer* parent company EnsembleIQ.

This is particularly important, Knopf notes, given the grocer's awareness that "many packaged food labels are not well defined or understood by shoppers."

"Transparency is ideally about getting precise on what specific kinds of information are driving consumer behavior at the category and product level, and figuring out how to deliver that," says Patrick Moorhead, CMO of Chicago- and St. Louis-based Label Insight, whose cloud-based product data engine provides CPG brands and retailers with a deep level of item information.

"The fact of the matter is, it varies by product," notes Moorhead. For example, in canned tuna, a shopper is choosing on environmental sustainability — 'Is it dolphin safe?' The same shopper, two aisles over, is choosing salad dressing based on 'My husband is allergic to honey.'... It's the same shopper, but with very different transparency issues, depending on category. Successful transparency means understanding what



FEATURE
Transparency



questions drive consideration and conversion, then knowing what your product can offer to address those questions. It's not one-size-fits-all."

For Sharon Glass, SVP, Catalina U.S. established brands and global CPG strategy lead at St. Petersburg, Fla.-based media company Catalina, transparency "is a matter of grocers and suppliers needing to respond to consumers who are increasingly concerned about the quality, healthfulness and environmental impact of the products they consume. More shoppers, particularly younger Millennial shoppers, want to understand what goes into the foods, beverages and other products they consume, both in terms of ingredients and the processes used to create them. To appeal to changing consumers, retailers and brands need to earn and maintain their trust — and transparency is a prerequisite. Transparency is about making and selling products

Raley's Shelf Guide offers information on ingredients, nutrients and marketing claims so that shoppers know what they're buying.

that fulfill the evolving and defined needs of consumers — and being open and informative about how products are made."

Adds Glass: "For some grocers, this has meant becoming an advocate for the consumer. Retailers who demonstrate to shoppers that they consistently carry products that meet requirements like all-natural, sustainable, fresh and gluten-free enjoy better margins, and win the loyalty of quality-conscious, higher-value consumers. At the same time, new technology-savvy shoppers have come to expect the ability to easily access product information and product comparison information in real time. Brands and retailers will have to respond."

Shelf-level Initiative

At Raley's, acting on a commitment to transparency began by asking shoppers for their thoughts on the subject.

A November 2015 customer survey by the grocer revealed that 66 percent of its shoppers agree that additional information on product ingredients and nutrition can influence what they buy.

"In addition, Nielsen data shows that over half of shoppers have a difficult time understanding product labels," says Knopf. "Raley's spent over a year looking at the latest health trends and research, and used sound data to develop a comprehensive solution to

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—Keith Knopf, Raley's

what our customers were looking for. We also used our loyalty data to better understand customer buying trends to develop the custom attributes.”

The result was a new shelf-level initiative, created with data supplied by Label Insight. These data encompassed ingredients, nutrients and marketing claims, with more than 22,000 attributes such as ingredient origins, sustainability practices and specialty diet eligibility, resulting in a set of custom attributes.

“Raley’s Shelf Guide is a label transparency program that provides trusted clarity, helping guide our customers to make decisions that meet their personal needs,” explains Knopf. “It includes convenient icons on the shelf and online, including both industry standards and attributes that are custom to Raley’s (minimally processed and nutrient dense).”

The program reviews more than 20,000 center store items, with more than 13,000 items garnering at least one icon. “Our hope is that Raley’s Shelf Guide starts a conversation with our vendor partners about how their products can receive an icon, working through their production with Raley’s definitions and standards in mind,” observes Knopf.

To get the word out, Raley’s has “completed a full multidimensional marketing campaign to share with our customers, who can also dive into the details of the program, including the science, by visiting www.raleys.com/guide,” he says. “In addition, there is store signage, and each item in center store has an updated tag to include the new icon or attribute.”

Looking beyond the program’s in-store presence, Knopf asserts: “The online experience (www.shop.raleys.com) for Raley’s Shelf Guide is a leader in the industry and, we believe, important for ... future shopping experiences. Customers can search by packaged food category, and then filter by one or all the attributes online. For example, when a customer is looking for tomato sauce with no added sugar, there are over 100 items that [meet those criteria]. They can also add additional filters like organic, nutrient dense and non-GMO to create an entirely customized and personal shopping experience.”

According to Knopf, this customization tool is important as customers seek to find “better” options, with the idea that what may be good for one customer isn’t always good for another. “Each individual can select the attributes that are important to them and find the right choice,” he notes.

The company’s other transparency initiatives include its partnership with American Homestead Natural Meats, a Hawarden, Iowa-based group of family farms, to offer several varieties of fresh pork that are both non-GMO and antibiotic-free.

“We take our customers’ needs seriously, and what they’ve shared with us is the importance in



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—Sharon Glass, Catalina

having full transparency in where their food comes from and how it’s produced,” Knopf said at the time of the line’s October 2017 launch. “That’s why we dug deep to find the right partner that will offer our customers natural pork alternatives. ... Our customers can trust that they’ll have quality pork options at a value, raised on sustainable and humane practices.”

Blueprints for Food Retailers

Label Insight’s Moorhead has some advice for grocers about implementing transparency strategies aimed at consumers:

Attribute-driven wayfinding in the store: “Grocers should use the kind of product features consumers are curious about — non-GMO, gluten-free, paleo, etc. — to implement wayfinding tools in the store such as signage, shelf tags and special merchandising sections,” he says.

Attribute-driven search and discovery for e-commerce: “Using the same approach as above, grocers should enable unique one-to-one shopper personalization in e-commerce to power enhanced search and discovery for product features they care about,” notes Moorhead.

Define their own health-and-wellness standards: “Many retailers are taking a forward stance on health and wellness, including employing dietitians to develop their own standards on health and product quality,” he observes. “These programs allow the retailer to take ownership of the customer relationship and provide an authoritative voice to the consumer about every product they sell.”

For her part, Catalina’s Glass offers these guidelines:

Advocate for the shopper: If retailers want to be relevant, they have to speak the language of consumers, and that means understanding and responding to what’s important to them,” she emphasizes. “Grocers need to demonstrate that they are an advocate in helping shoppers find products that matter to them.”

Recommend based on need: “If a family has a lactose-sensitive child, the parents will certainly appreciate being informed about new products that meet that child’s needs,”

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explains Glass. “Likewise, someone suffering from celiac disease will welcome notifications about gluten-free products. It’s really about making it more simple and convenient for shoppers to find or try products that best meet the needs of their families. As grocery moves further into new multichannel models, retailers will increasingly shape the store around the shopper, providing recommendations and information that meet individual household motivations and needs.”

Personalize shopper communications: “Some leading grocers are already using personalization to help shoppers find the right products,” she notes, affirming that the trend goes beyond Raley’s recent efforts in this area. “Catalina, for example, helps retailers personalize their weekly ad circular content to highlight the deals that align with an individual shopper’s preferences. Catalina now has the ability to understand shoppers not only based on the products and brands they buy, but on cross-category product choices like organic, gluten-free, lactose-free and other preferences. Retailers and brands can engage shoppers around motivations in health and wellness by leveraging more than 22,000 custom product-label attributes for over 1.3 million distinct products.”

Choosing one brand of pasta sauce over another is easier when shoppers have access to the attributes provided by Raley’s Shelf Guide.



Too Much Transparency?

In an era of constant clamoring for more information, can there ever be too much it? A couple of experts weigh in on what amount is enough.

“Transparency is going to be an evolutionary process, and we are in the early stages,” says Sharon Glass, SVP, Catalina U.S. established brands and global CPG strategy lead at St. Petersburg, Fla.-based media company Catalina. “Much of how this unfolds will depend on the depth of information consumers demand, and the degree to which it impacts purchase behavior. Obviously, only so much information can be communicated on product labels, but programs like the GMA SmartLabel initiative are creating new opportunities for transparency. At the same time, the desire of manufacturers to respond to fleeting consumer motivations could go too far. If meeting growing consumer preferences around attributes like fat-free or gluten-free undermines the very essence of your product, you should avoid the temptation.”

“I don’t think it’s a matter of consumers saying, ‘Tell me everything about everything,’ forcing you to expose aspects of the product that are needlessly graphic, complex or irrelevant,” says Patrick Moorhead, CMO of Chicago- and St. Louis-based data provider Label Insight. “I don’t think a canned chili maker needs to make images of the meat-processing factory available to consumers. However, putting a stake in the ground about farming practices and handling practices of meat ingredients would be appreciated by consumers. ‘Full disclosure’ is probably taking it too far, and many consumers would tell you they actually don’t want it. They are trying to answer specific questions, and need to have confidence and trust that the information they are getting is accurate and trustworthy.”

Transparency and Food Safety

Grocers interested in growing their transparency initiatives need to be aware of the ways in which it involves food safety.

“The issue of food safety intersects with some of the key motivations behind transparency, but it is also a complex regulatory matter,” notes Sharon Glass, SVP, Catalina U.S. established brands and global CPG strategy lead at St. Petersburg, Fla.-based media company Catalina. “Retailers certainly need to be keenly aware of the evolving guidelines and requirements around food safety, and monitor the status and record of their suppliers in meeting those regulations. It’s essential for retailers to win the trust of the shopper by having their best interest in mind.”

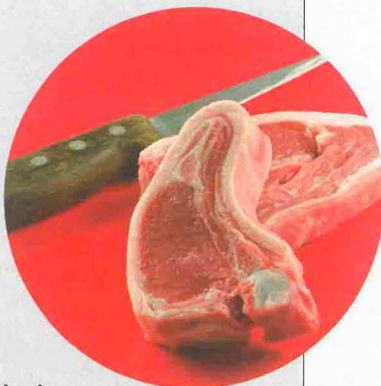
“If transparency refers to disclosure, or being open to consumers’ understanding your company, its values and its processes, you would not strengthen your food safety just because someone is watching,” asserts Shelley Feist, executive director of the Arlington, Va.-based nonprofit Partnership for Food Safety Education. “You would have a strong food safety culture because it is what is best for your business and what is best for your customer.”

In acting according to what “is — or should be — a core company value,” Feist suggests, “A company might communicate with end users — consumers — about food safety because they are truly concerned about the health and wellbeing of their customers, and the discussion or dialogue strengthens food safety throughout the chain of prevention.”

A program developed by the partnership, The Story of Your Dinner, sponsored by Cargill, Costco and the Frozen Food Foundation, does exactly that, highlighting the precautions taken along the food chain to safeguard products and teaching consumers what they can do to prevent foodborne illnesses in their home kitchens.

West Sacramento, Calif.-based grocer Raley’s undoubtedly views food safety measures as a way to boost shoppers’ confidence in its offerings.

“As a retailer, we understand the importance of food safety and trust with our customers,” says Raley’s President and COO Keith Knopf. “For our customers in our Something Extra loyalty program, Raley’s proactively contacts our customers who purchase items that are included in a Class I recall. We can track their purchases through lot numbers and date of purchase. We use this to contact the customer by both phone and email to notify them of the recall. We also offer an opportunity for a full refund. By proactively contacting the customer, we are providing relevant information for their health and safety.”



As for how grocers should join forces with suppliers/trading partners to advance transparency issues, Moorhead offers the following:

Standardize on SmartLabel: “The industry standard third-party digital-labeling initiative should be embraced by grocery and manufacturers alike to provide a consistent and trustworthy digital product information experience universally,” he asserts.

Streamline how product data transacts: “Grocers should invest in services and technology that make it easier for brands to submit and keep current the data retailers require to meet customer needs,” suggests Moorhead.

“Increasingly, retailers that hope to appeal to ingredient-conscious consumers will need to do more due diligence around the quality, ingredients and practices behind the products on their shelves — and communicate that commitment to shoppers,” says Glass. “As shopper advocates, grocers need to work with suppliers and encourage them to provide relevant information about their products. They’ll also need to find effective ways to make that information available and useful to shoppers. That means providing product information on store shelves and through digital channels. It also means leveraging shopper data to understand shopper preferences on a more granular level in order to serve up information and recommendations pertinent to an individual shopper’s dietary needs and preferences.”

Asked what he sees as the future of transparency at grocery, Moorhead’s answer is succinct: “In a word: more.”

Elaborating on his response, he continues: “Consumer expectations about detailed product information will continue to increase, and brands and retailers who proactively work to meet those evolving needs will capture growth and loyalty. Nielsen forecasts that grocery ecommerce will evolve to represent nearly 25 percent of all CPG sales in the next five to seven years. We believe the key to capitalizing on this growth is harnessing the power of high-order attribute product data to drive personalization and transparency in ecommerce.”

Replying to the same question, Glass observes: “The growing preference and expectation among shoppers for convenient access to product information and comparisons will continue to pressure retailers and brands to be more transparent. This will impact some categories more than others. However, generally speaking, growth is coming from brands and retailers that clearly articulate what goes into their products, as well as their values and purpose, in a way that elicits trust and openness with their intended shoppers.” **PG**