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The label wars clash EU

In May 2020, the European Commission (EC) announced the implementation of a unified mandatory front-of-pack nutrition labelling that must be in the market before the end of 2022. The purpose of this policy is to empower consumers through the provision of nutrition information and help them make health-conscious food choices. However, the introduction of a common European front-of-pack nutrition label has triggered a polarised debate in the public opinion. FTI Consulting experts dive deep into the roots of this topic and share their views on how important it is to build engagement with key stakeholders and shape the opinions and myths fueling the policy making process.

Show me the truth behind your label

Consumer transparency is nowadays a must for any business. By virtue of preventing obesity chronic diseases, and due to the existence of health concerns, companies from the food and beverage sector are requested to disclose information that goes beyond the Nutrition Facts label. This public concern results in some regulatory developments in public health as well as in changes in industry practices such as providing country of origin information and V-Label to vegetarian and vegan products. Given the prospect of the EU's decision on this topic, companies have already begun to report their nutritional information.

The growing appeal of front-of-pack labels is a consequence of the recommendation by the World Health Organization (WHO) in 2004 to provide nutrition information with significant impact on people's dietary

choices. The European Consumer Organization (BEUC) outlined in December 2019 that nutrition information standards are a cornerstone of European consumer policy.

Policymakers are willing to implement these labels on account of incentivizing food operators to reformulate their products. Moreover, nutrition labels provide consumers with adequate information to make choices that are best aligned with their preferences. These tools are considered to protect consumer's interests by allowing them to make an informed judgement regarding a product.

The actual trend is that global consumers are shifting towards a more conscious and healthy consumption. Nutrition information leads to transparency, creates accountability for companies and increases customer loyalty. Front-of-pack labels become a helpful guidance and foster communication between the producers and

the consumers. The challenge is understanding how to provide the most accurate information to consumers in order to fulfil their expectations.

Disrupting the Food Industry

As outlined in its 2020 ‘Farm to Fork’ strategy, the European Commission (EC) aims to harmonize nutritional labelling prior to 2022. The EU Commission’s deadline draws nearer, and the uncertainty of which nutritional label should be adopted arises. Nutri-Score is gaining traction even though a wide consensus across Member States is far from being reached.

In recent years, most European countries have implemented several formats of front-of-pack nutrition labelling. *NutriInform Battery*, *UK FOP Label*, *Keyhol*, *Healthy Choice* and *NutriScore* are some examples of label schemes implemented, proposed, or announced at Member State and UK Level. Under the European Commission’s report regarding the use of additional forms of nutrition declaration, Nutri-Score is positioned as the most widely used in Member States.

The latter triggers an additional dilemma. For some manufacturers, front-of-pack labels help to make stand out and affirm their health-conscious image. For others, it is seen as a threat to the preservation of cultural traditions and an attempt at stigmatising products. The application of nutrition labels is also said to harm products under the EU scheme such as Protected designation of origin (PDO), Protected geographical indication (PGI) or the Traditional speciality guaranteed (TSG). Commodities under these quality scheme labels generally have a high portion of fat and obtain worst results under nutritional evaluation.

As a result, farmers’ associations, and the olive industry in countries such as Italy have united in opposing the Nutri-Score label system. Opposition to this system runs deep in Mediterranean agricultural companies. They claim that these labels will have a negative impact on the Mediterranean diet, which is recognized by UNESCO as an intangible part of human heritage.

Perfection is the holy grail

Front-of-pack labels may cause disruption in the food industry, the decision-making parameters, and a change in customer behavior. Consumers are immersed in a healthier food environment where nutritional information is gaining traction.

It has been pointed out that consumers have much to gain from a front-of-pack nutrition label. However, the same cannot be said for food manufacturers who advocate for an aligned interpretative system across the European Union that may help them to minimize logistical risks at the same time as complying with consumer demand.

Although there is a consensus around the role that the EU may play at the time of harmonizing the regulatory framework, the biggest divide surrounds the algorithm or criteria used to classify foods. In every battle you have winners and losers. In this one, the challenge for the policy makers is to make sure that consumers win.

The way ahead

Front-of-pack labelling has become a controversial affair and its effects and consequences cannot be ignored.

First, companies should carefully consider how to engage with key stakeholders to truly embrace the opportunity of participating in this debate and decision-making process. Every company has its own unique set of conditions and external advice can be useful at the time of navigating the regulatory path both at national and European level by active collaboration with key stakeholders.

Secondly, an adequate reputation management during the policymaking process is key to avoid any potential backlash in the public opinion in the light of the regulatory outcome and the positions of activists and competitors.

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