

Handout 1 – Product reformulation versus new products with healthier attributes?

Cesar Revoredo-Giha, SRUC

1. What evidence is there to inform promoting behavioural change in food and drink consumption and production?

The links between chronic diseases and food consumption are now well established. To fight the development of these food-related diseases, governments have enacted nutritional policies to change consumers' habits and lead them to healthier food consumption behaviours. The vast majority of the economic research related to nutritional policies focuses on the demand side and deals with consumer behaviour (e.g., reaction to information campaigns, labelling, taxation of specific products or components). In contrast, the evidence on firms' strategies related to nutritional issues (e.g., reformulation of products or the introduction of new products with healthier attributes) is limited. Three recent papers dealing with this topic are: Duvaleix-Tréguer et al. (2012), Requillart and Soler (2014) and Revoredo-Giha (2014).

2. What might be the best approaches

It is not clear what the best approaches are as regards changing firms' "behaviours". Also, not clear what the role of the Government could be. A potential role for the SG could be to encourage large firms (i.e., those whose products are significantly consumed) to improve the quality of their nutritional assortment of products.

3. Are there gaps in knowledge – how can these be filled?

The main gap in knowledge is whether firms that operate responding to market forces have enough incentives to introduce new products with healthier attributes or reformulate their products to make them healthier. To what extent incentives coming from either consumers' greater interest in healthier products or firms' social corporate responsibility are enough to ensure that over time the assortment of products available to consumers (i.e., "the choice") will improve in terms of nutritional quality?

4. What are the target groups?

The target groups are obviously firms. However, one can consider firms in those categories with the greatest negative effects on consumers' health (particularly those consumers/households with poorer nutritional habits), and how to decide which firms and categories is an empirical issue.

5. How can these measures be delivered?

The measures and how they are delivered depend on the evidence.

References

Duvalleix-Tréguer, S., Hammoudi, A., Rouached, L., and Soler, L. G. (2012). Firms' responses to nutritional policies. *European Review of Agricultural Economics*, 39(5), 843-877.

Réquillart, V., and Soler, L. G. (2014). Is the reduction of chronic diseases related to food consumption in the hands of the food industry?. *European Review of Agricultural Economics*, (available only in electronic version).

Revoredo-Giha, C. (2014). Implications of “hitting the jackpot” competition for the health agenda: the case of processed potato products. *Elsevier's Procedia Economics and Finance* (forthcoming). Also a poster paper was prepared for presentation at the EAAE 2014 Congress 'Agri-Food and Rural Innovations for Healthier Societies' August 26 to 29. Ljubljana, Slovenia.