



### **Food & Beverage Industry Not Meeting Changing Consumer Demands**

**New York, NY, May 29, 2007** — The food and beverage industry's generally positive image among the American public is under threat. According to the latest edition of I-Rep, Ipsos' biannual survey on perceptions of leading industries and large companies among American adults, goodwill towards the sector has declined in recent months. (Figure 1)

Annabel Evans, Vice President of Ipsos Public Affairs and author of the I-Rep study suggests that the increasing disaffection toward the food and beverage industry may result from extensive media coverage on issues related to health and nutrition. Indeed, many Americans mention trans-fats, obesity and poor nutritional value when asked about what they have recently seen, heard or read about various leading food and beverage companies. Recent headlines warning of contaminated pet food as well as the Federal Trade Commission's (FTC) announcement in April that it is planning to investigate the sector's marketing activities targeted toward children and adolescents might also raise concerns.

In a separate 2006 Ipsos study entitled "Food, Wellness and Weight", obesity, especially among adults, was found to be regarded as a major problem by the majority (81%) of Americans with most (80%) taking active steps to lose weight or avoid gaining it in the first place. Around three-quarters (74%) of Americans said that they had changed their eating habits in some way during the preceding six months with the biggest trends being an increase in the consumption of water, vegetables and fruit. More Americans are also incorporating meatless or vegetarian meals into their diets.

Nearly a third (31%) say that they are influenced by nutritional information when they are buying a food or beverage product with a quarter (27%) wanting to know a lot more about nutrition and a healthy diet. In a May 2006 AP/Ipsos poll, a strong majority (79%) of Americans reported they frequently or occasionally check nutrition labels on food packaging, with fat (26%) and calories (25%) being the main items they look for. But even then, nearly half (44%) report they still often purchase items that are bad for them even after reading the nutrition labels.

"This could be the beginning of a long-term decline in favorability towards the sector" states Evans. "If the public does not perceive that companies are taking significant steps to address the impact of their products on public health, we may see even more negativity".

"While quality of products and services is the most important factor for consumers to judge companies, perceived responsibility is as strongly related to goodwill as customer service and value for money" continues Evans. Specific suggestions from the public on how individual food and beverage companies could improve their overall reputation often focus on providing and promoting healthier products, especially those aimed at children, through the use of whole grains and organic ingredients and the reduction of sugar, salt and fat (or hydrogenated fat) content.

Relative to other sectors, however, the food and beverage industry, in general, and individual companies, in particular, still continue to enjoy a good reputation among American consumers:

- More than seven times as many Americans are favorable (61%) as are unfavorable (8%) towards the food and beverage sector, with only the electronic goods and information technology sectors doing better. Other sectors attract much higher levels of negative opinion. For example, around one third are unfavorable toward the pharmaceutical (32%) and chemical (36%) sectors and more than half have negative views of the oil and gas (57%) and the tobacco (63%) sectors. (Figure 2)
- Two of the three highest net favorability scores for over 60 companies from a variety of sectors measured by Ipsos over the last year were achieved by food manufacturers.
- Food and beverage companies receive much higher ratings for the quality and value of their products than companies in other sectors. (Figure 3) This is due, in part, to the fact that the public consumes food and beverage products more often than products from other sectors and is thus more able to form concrete opinions. (Figure 4)

**Research Methodology**

Online interviews were conducted as part of Ipsos' I-Rep American Public program between February 23 and March 5, 2007, with a nationally representative sample of more than 1,000 adults aged 18 and over from Ipsos' U.S. internet panel. The margin of error is + 3.1. The research investigates the expectations for and perceived performance of major companies from a variety of sectors on a range of reputation metrics.

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