

2011 Consumer Food and Product Insights Survey

Whose responsibility is it to communicate product recall information?

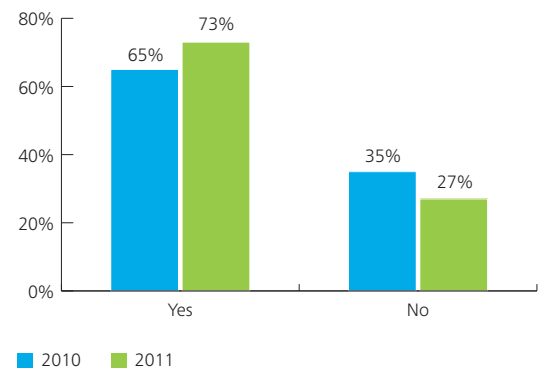


The United States is considered to have one of the safest food supply chains in the world. And government agencies, regulations and processes are in place to monitor the safety of various consumer products. Historically, the American public has expected that adequate government protection and regulatory oversight for food and consumer products would protect their interests. According to a 2008 survey by Deloitte, 80 percent of Americans said they believed that domestically produced foods are safe. However, in the intervening years, not only has this level of trust eroded, but the digital ecosystem has enabled consumers to seek alternative sources of conversation and community for more information they believe to be more relevant to them. Specifically, Deloitte's 2011 survey results suggest that consumers are weaning themselves away from the traditional troika of manufacturers, government, and retailers and ramping up advocacy that speaks on a more personal level.

Deloitte's recently expanded *2011 Consumer Food and Product Insights Survey* clearly highlights how consumers watch for recalls and defective-product information involving anything they may bring into their home. From spinach and peanut butter to cribs and BPA-laden plastics, several safety and recall stories have filled television screens and hit close to home over the past few years. So, perhaps unsurprisingly, 73 percent of respondents in Deloitte's

survey reported that they are more concerned now than five years ago about the food they eat – up from 65 percent in 2010 (see chart below). Also, more than two-thirds said they are more concerned about the personal care and home products they use today than they were five years ago.

Are you more concerned than you were five years ago about the food you eat?



Source: 2011 Consumer Food and Product Insights Survey

The dichotomy is that while consumers are drawn to the highly publicized reports of product recalls, they are faced with untangling the labyrinth of information from government, producers, and retailers. Americans appear to be

unsure how the crises *should* impact their choices, and subsequently have become weary and overwhelmed with messages and sources. For instance, the Food and Drug Administration has issued over 65 recalls and alerts for food and consumer products, while the US Department of Agriculture issued 20 notices—just in the first quarter of 2011, according to data on their respective websites. The Consumer Products Safety Commission reported there are on average 473 recalls each year, involving more than 100 million units per year.¹

We have seen a groundswell of consumer anxiety increase demands on political leaders, companies, and regulatory agencies to more efficiently push out important information about food and products that could compromise health and well-being. The results from our survey, however, suggest that consumers are not always aware of the government’s attempts to bring about change in these areas. Nearly seven out of 10 respondents (68 percent) said they are not familiar at all with the sweeping Food Safety Modernization Act (FSMA), the first major overhaul of the nation’s food safety system since the Great Depression, which was signed into law January 2011.

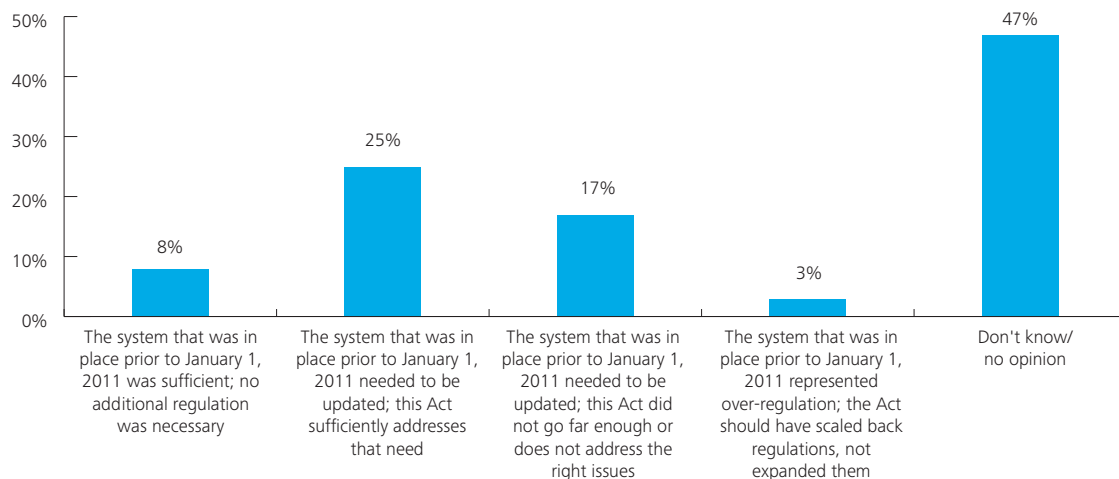
The FSMA was designed to look at the food system as a whole, be clear about the food safety responsibility of all of its participants, and strengthen accountability for prevention of recalls throughout the entire food system – domestically and internationally. The law is now in place, but some consumers do not yet see a benefit from the law or are disappointed in its scope. For example, 17 percent felt that the Act does not go far enough or does not address the right issues. Only one-quarter (25 percent) were basically pleased with the law; they agreed that our

food safety system needed to be updated and that the Act sufficiently addressed that need (see chart below) and nearly half (47 percent) of all respondents said they haven’t yet formed an opinion on the new legislation.

Because many respondents indicated they have various concerns about the products they use, they see the need for increased oversight. Safety was their number one concern for household products such as cleaners and detergents (56 percent) or personal care products like cosmetics and moisturizers (57 percent). Specific to food products, the healthiness of ingredients was the number one concern (up five percentage points from 2010 to 54 percent), followed by safety (unchanged at 49 percent from 2010) and over-processed food (36 percent). Partly due to these issues, nearly six out of ten (59 percent) respondents would be willing to pay “somewhat more” for fresh fruits and vegetables if they came with traceability information (e.g., date picked). And 75 percent believe that the government should be more involved in making sure the non-food products we use are safe.

Consumers are particularly watchful over products coming from outside the US. When asked which particular food products they had the most safety concerns over, imported foods came in third, behind only fresh meat and fresh wild-caught fish/seafood, but ahead of such categories as fresh fruits/vegetables and milk. Among personal care or home products, imported personal care products received the highest level of concern, followed by imported home products. Additionally, 71 percent agree that the Consumer Product Safety Commission should set up more offices outside the US to reduce the number of dangerous products reaching America.

What is your opinion of the Food Safety Modernization Act?



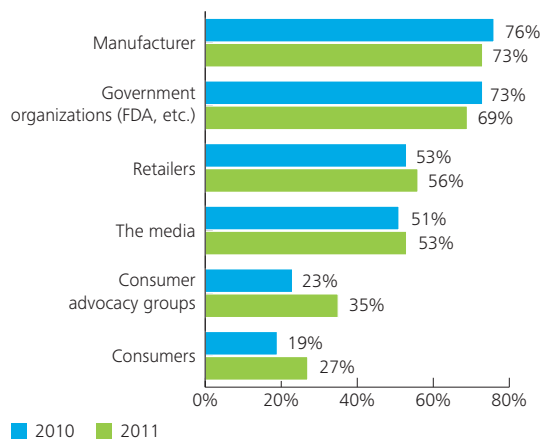
Source: 2011 Consumer Food and Product Insights Survey

¹ Consumer Product Safety Commission - [http://www.cpsc.gov/Presentation with stat - http://www.cpsc.gov/pr/tenenbaum03072011.pdf](http://www.cpsc.gov/Presentation%20with%20statistics%20-%20March%207,%202011.pdf) March 7, 2011

The good news is that half or more of respondents to Deloitte's 2011 survey indicate that they have not seen an increase from last year in recalls on food or household/personal care products (50 percent and 59 percent respectively think that these recalls have stayed the same). However, when it comes to the responsibility of communicating these recalls, the results suggest that there may be a movement underway.

While manufacturers (73 percent) and government organizations (69 percent) are still seen by respondents as the leading groups responsible for communicating food and household/personal care product recall information, the numbers declined a few percentage points from last year (see chart below). Respondents instead placed more responsibility on those they can connect with and trust more – namely advocacy groups (35 percent vs. 23 percent last year) or peers/other consumers (27 percent vs. 19 percent last year).

Communicating product recall information for food and consumer products should be the responsibility of...



Source: 2011 Consumer Food and Product Insights Survey

Knowledge is king, but the sources of this food and consumer product safety knowledge appears to be changing. Who or what is satisfying the tremendous appetite today for information about the safety of the foods we eat and the products we use?

Historically, the Consumer Product Safety Commission has been charged with protecting the public from unreasonable risks of injury or death from thousands of types of consumer products. Recently, it has taken on that task by co-opting citizens into an information partnership. In March 2011 it launched an online database whereby consumers can submit reports of harm or risks of harm from consumer products. Consumers can search for safety information on products they either own or may be considering buying. According to the Deloitte survey, more than nine out of ten consumers feel this database will be important in helping them make purchasing decisions.

So, while the government is implementing the FSMA and rolling out its food safety widget and a product recall 'app,' it's also incumbent upon brands to engage consumers regarding their focus on product safety and to differentiate themselves as leaders in this arena.

With consumers insisting on more transparency about the safety and origin of their products, companies should take initiative and work closer with consumers to help build advocates of their own. Advocates typically spend more on the products they closely associate with, so, why wouldn't a company respond to consumers' concerns, thereby creating greater benefits for all involved?

For a copy of the *2011 Consumer Food and Product Insights survey*, please visit www.deloitte.com/us/foodsafety/2011survey.

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About the Survey

The survey was commissioned by Deloitte and conducted online by an independent research company between March 1st and March 3rd, 2011. The survey polled a nationally representative sample of 1,050 consumers. The survey has a margin of error of +/- three percentage points.