

Executive Summary

UPDATE: Consumer Reaction to Calorie Disclosure On Menus/Menu Boards In New York City

By:

TECHNOMIC
INC.

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Background and Methodology

In 2008 New York City began enforcing a law requiring that restaurant chains with more than 15 locations nationwide must list calories on their menus or menu boards. Technomic, Inc., executed a survey of consumer awareness and reaction to the law in September of 2008. A follow-up was conducted in 2009 to monitor if and how consumer reactions have changed.

An on-line survey was conducted January 30-February 3, 2009 with 755 consumers who live in the five New York City boroughs.

The base for the February 2009 study is 755; in September 2008 it was 299. Unless otherwise noted, the total sample is reflected in the data. For occasions in which a sub-segment answered a question, the percent of the total group is shown (ex: if 100 people answered a question in the February 2009 study, the chart notes Base = 13%).

Key Takeaways

- ▶ Consumer awareness of the calorie listing has remained high at 79%. (September 2008 awareness was 80%.)
- ▶ Almost 9 in 10 consumers also report being in favor of the law. Close to three-quarters (73%) of those in favor of it want to make informed choices while another 66% think it will improve public health. Those not in favor of the law largely think they can make their own nutritional decisions but some also believe it is simply too much regulation.
- ▶ In both instances, more consumers reported they had visited restaurants with the menu postings (77% up from 64% in September) and had read the listings (89% up from 84% in September). Additionally, consumers continue to report surprise at the calorie counts (89%) with 9 in 10 (90%) saying they are higher than expected.
- ▶ Perhaps most importantly, consumers indicate that the listings have made an impact (top two boxes) on what they are ordering (82%) and where they are visiting (60%).
- ▶ Those who have made ordering behavior changes have looked for and ordered lower calorie alternatives (71%) or stopped ordering certain items (51%).
- ▶ A majority of those who have altered their visits state they have sought out restaurants with healthier options (62%) but 38% report visiting restaurants less often and 32% say they have stopped visiting certain restaurants altogether.

Key Takeaways

- ▶ The February 2009 study also validated the September 2008 findings that consumers think the law will positively impact public health (87%) and that they want information regarding fat (86%) and sodium (85%) content. Additional support is found for listing the information as 70% agreed (completely or somewhat) that they “want to see prominent nutrition information”.
- ▶ Additionally consumers expect to see more involvement at the national, state and local level to regulate health and nutrition concerns (85%) and three-quarters think governments across levels should play a more active role (76%).
- ▶ Consumers also think restaurants have a responsibility to respond more aggressively to nutritional concerns (81%), including offering more low-calorie (85%) and small portion (72%) options. Seven in 10 (70%) also agree that restaurants need more regulation of foods and ingredients used and served.

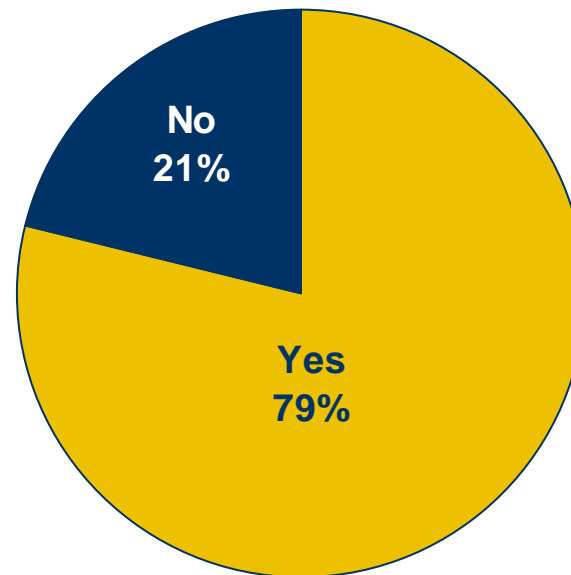
Implications

The findings from this research suggest the potential for various outcomes:

- ▶ Increased awareness of calorie listings may lead to increased demand for similar information at restaurants not required to provide it. This potentially burdens independent operators to conduct nutritional analyses of their menu offerings – which can be costly – or risk alienating customers by not providing the information. Another challenge for independent operators will be to standardize preparation methods in order to meet nutritional listings.
- ▶ One positive opportunity is an increase in “better for you” innovation as consumers say they are looking for healthier, smaller portion options. It’s also possible that consumers will respond positively to “down-sized” portions as opposed to “super sized” or “jumbo” traditional menu items that they might otherwise stop ordering due to the calorie listings. These traditional items in smaller portions can satisfy the need for indulgences while also allowing restaurants to stay true to core products. In either case, new product innovation will help maintain consumer interest in restaurant offerings. (The negative impact of failing to adequately respond to consumer demands is obviously lost business and market share.)
- ▶ Consumers say they want more government involvement and regulation and that restaurants have a responsibility to respond more aggressively. All parties will be challenged to find a balance of power and responsibility that does not eliminate personal choice (and responsibility).

Consumer Awareness of the Law is High

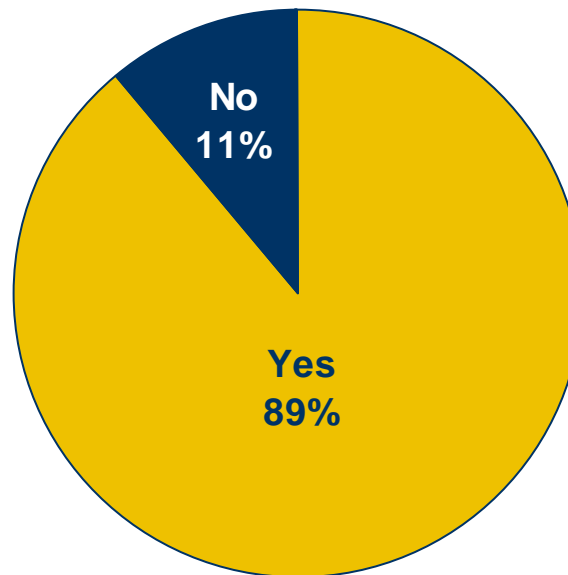
Are you aware of this law?



- ▶ Overall awareness and sub-segment findings are consistent with the September 2008 findings where 80% were aware of the law.
- ▶ Awareness levels were consistent across gender and age groups over 24; 18-24 year olds were less likely to be aware of the law (26% in the youngest cohort said "no" vs. 20% of the remaining group).
- ▶ Whites were more likely to be aware of it than non-whites (85% vs. 70%).
- ▶ Those earning over \$100,000 annually were more likely to be aware (89% vs. 76%).

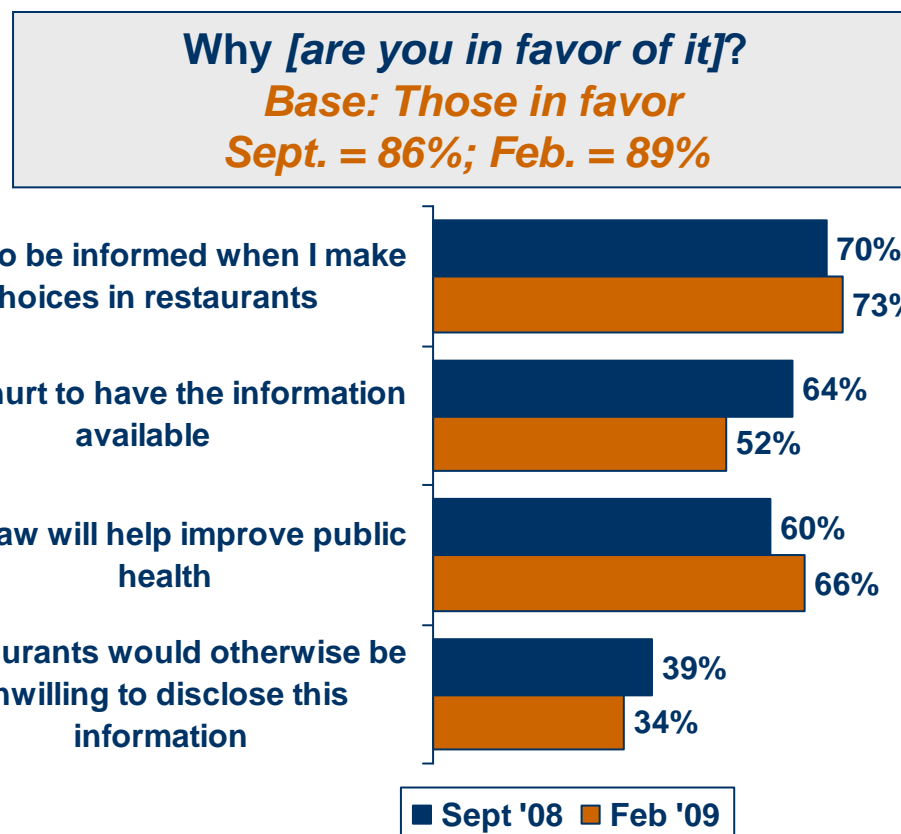
Consumers Are Overwhelmingly In Favor of the Law

Are you in favor of it?



- ▶ Responses were consistent across demographic groups
- ▶ The question phrasing changed from “*Do you think it’s a positive move?*” in September to the current “*Are you in favor of it?*”. In September 86% indicated it was a positive move.

Consumers Who Think it's Positive Want to be Informed



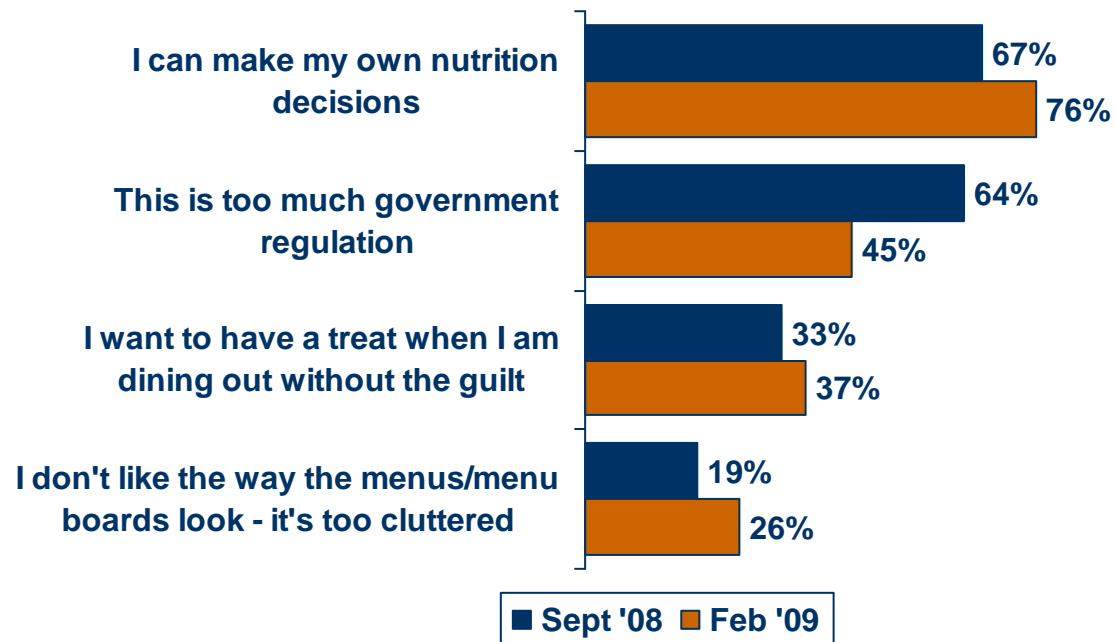
Groups responded similarly with the following exceptions:

- ▶ Consumers 18-24 were most likely to report restaurants would not share the information otherwise (45%).
- ▶ Fewer, overall, reported the information couldn't hurt (Feb. vs. Sept.). In the recent wave, consumers over 45 (59%) and African Americans (63%) indicated the information "couldn't hurt."
- ▶ Those with incomes over \$35,000 want to make informed choices (76% vs. 63% in the under \$35,000 bracket). In September the difference was seen at the \$50,000 income level.
- ▶ The potential to improve public health was cited more frequently in Feb. vs. Sept. Males (73%) and those aged 18-34 (74%) were most likely to think public health would benefit from the law.

Those Against it Want to Make Their Own Decisions

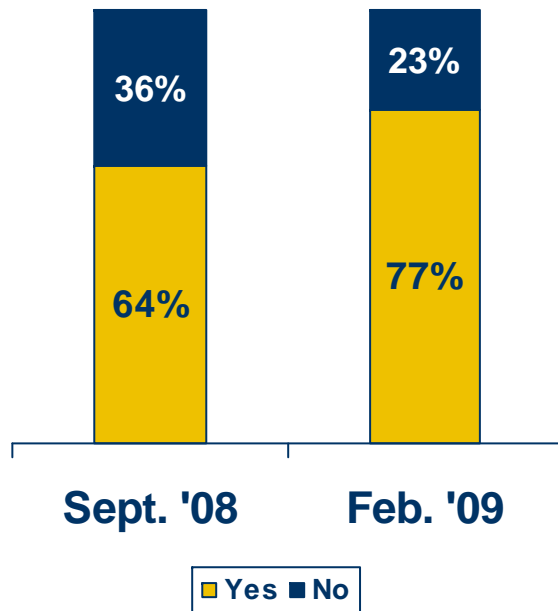
Why [aren't you in favor of this law]?

Base: Those not in favor Sept. = 14%, Feb. = 11%



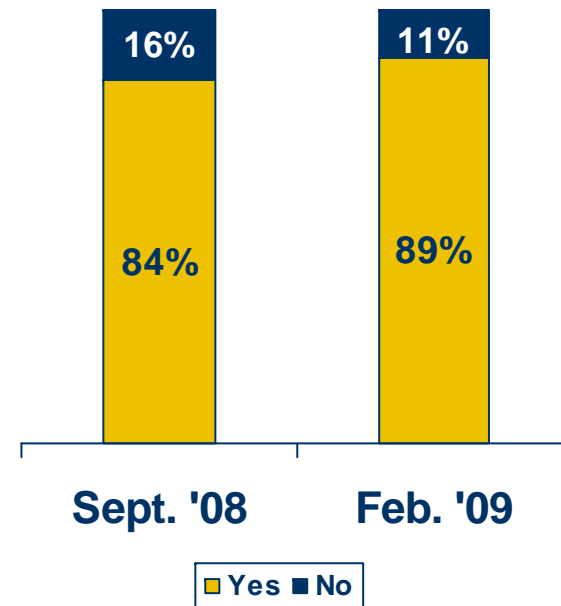
Many Have Read the Information When Visiting Restaurants

Have you visited any restaurants which have complied with this law and have posted calorie counts on their menus or menu boards?



Do you read the nutrition information now listed on menus?

*Base: Those who have visited
Sept. = 64%; Feb. = 73%*

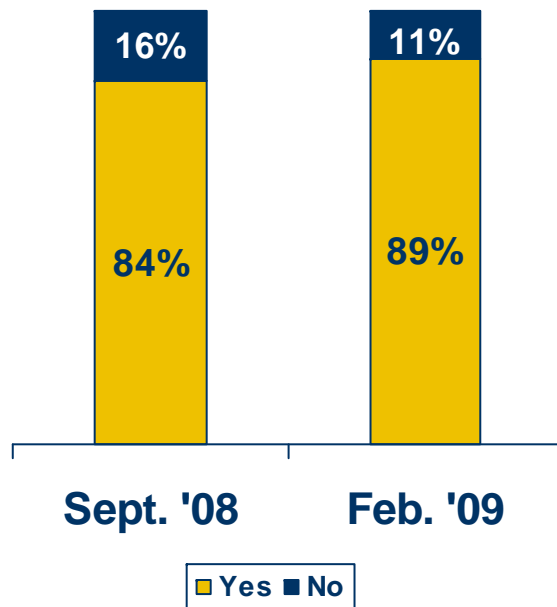


- ▶ In February, those under 34 were most likely to have visited restaurants with calorie postings (82%). Demographic groups showed similar response patterns for reading the information.
- ▶ In September, 35-44 year olds were more likely to have visited (73%) and read (90%) the information.

A Huge Majority are Surprised by the Calorie Counts and Find Them Higher Than Expected

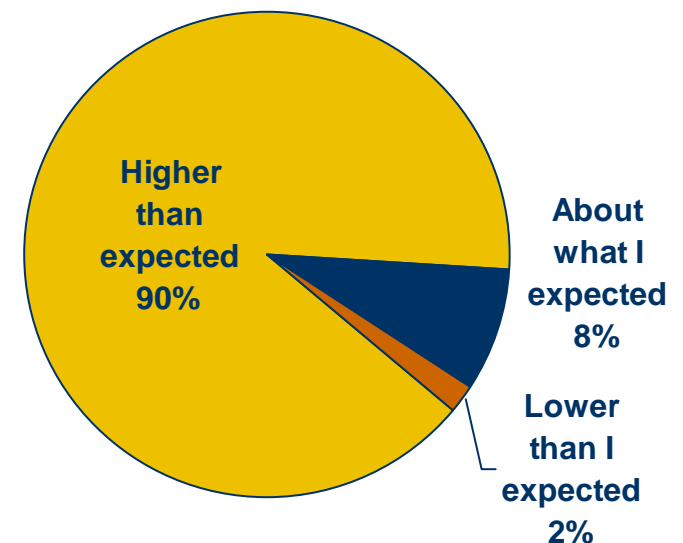
Have you been surprised by the calorie counts?

Base: Have read calorie information
Sept. = 54%; Feb. = 69%



Are they ...?

Base: Surprised by calorie content = 59%

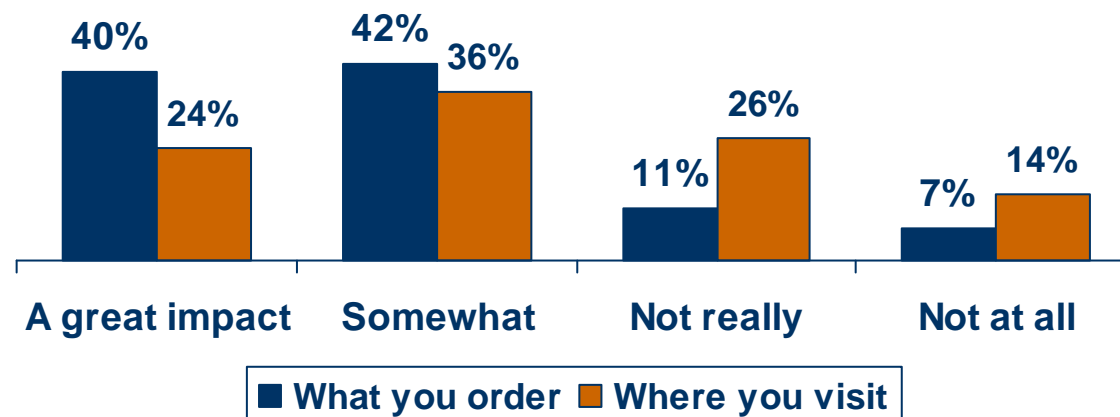


- ▶ In February, women (93%) and those with incomes above \$100,000 (96%) were most likely to report the calorie counts were higher than expected.
- ▶ In February the phrasing changed from “Are they higher than you expected?” to the single choice options: “higher than I expected”, “about what I expected” or “lower than I expected”. In September, 97% reported “yes” they were higher than expected.

A Majority of Consumers Say the Calorie Listings Have Impacted What They Order and What Restaurants They Visit

How much of an impact has calorie information on menus made on what you order or where you visit?

Base: Have visited restaurants that post calories = 68%

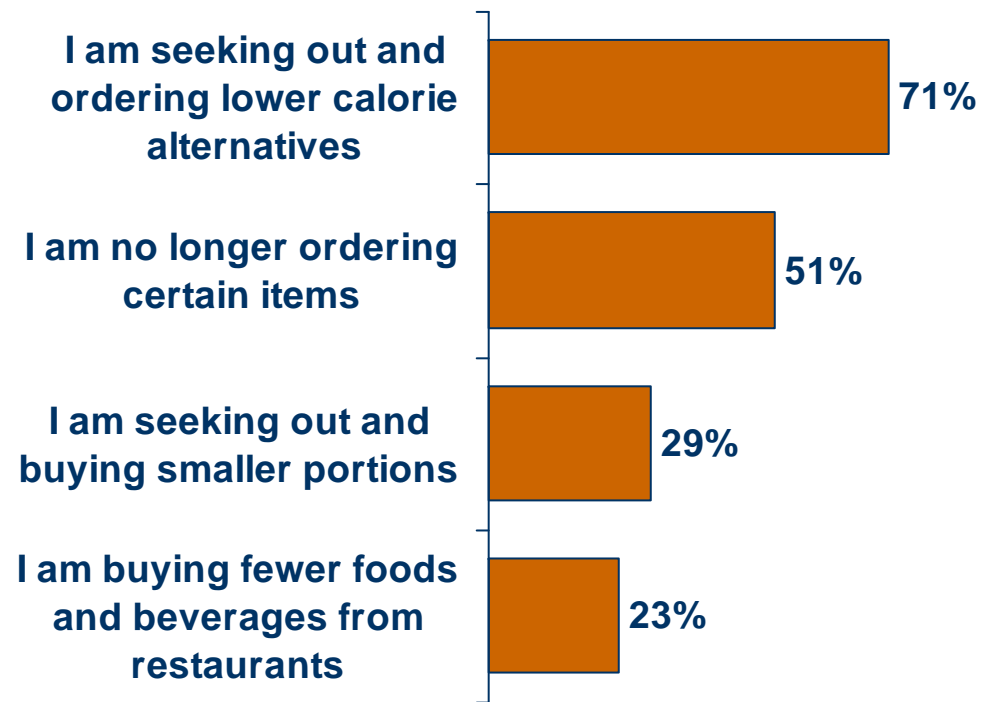


- ▶ The listing of calorie information was considerably more likely to have “a great impact” on consumers under 55 (42% vs. 29% of those 55+).
- ▶ Consumers 18-34 (28%) were more likely to report the calorie information made a “great impact” on where they visit versus those over 34 (21%). Those over 55 were most likely to report “no impact” (23% vs. 12% among the remaining group).
- ▶ Note: in September this question asked about the impact on “ordering behavior”. At that time, 30% said it had made a “great impact” and 42% said it had made “somewhat of an impact”.

Most Who Have Modified Their Ordering Behavior Seek Out Lower-Calorie Alternatives and/or are No Longer Ordering Certain Items

What are you doing differently?
(Check all that apply)

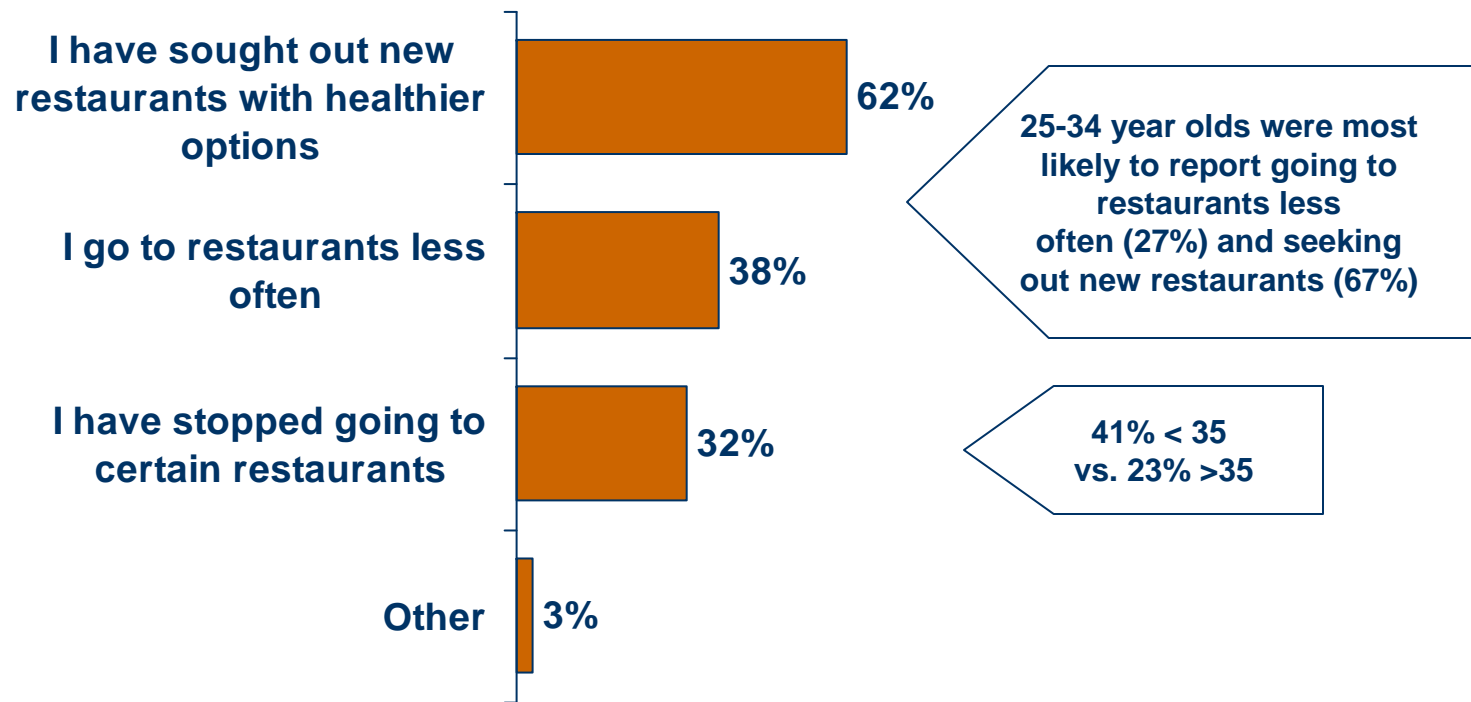
Base (Listings have made an impact on what they order - top 2 box) = 55%



Most Who Have Modified Their Visit Behavior Seek Out Have Sought Out New Venues

What are you doing differently?
(Check all that apply)

Base: Listings have made an impact on where they visit (top 2 box) = 307

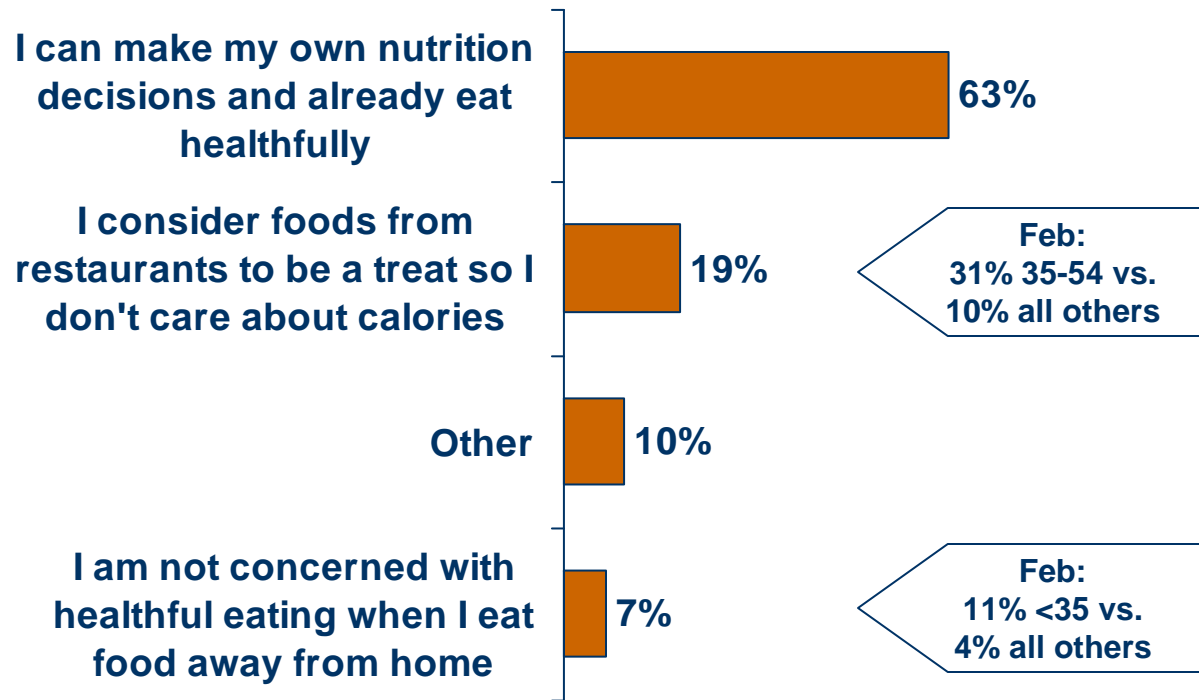


This question was added in February.

Most Who Have Not Been Impacted Report Being Able to Make Nutrition Decisions and Already Eat Healthfully

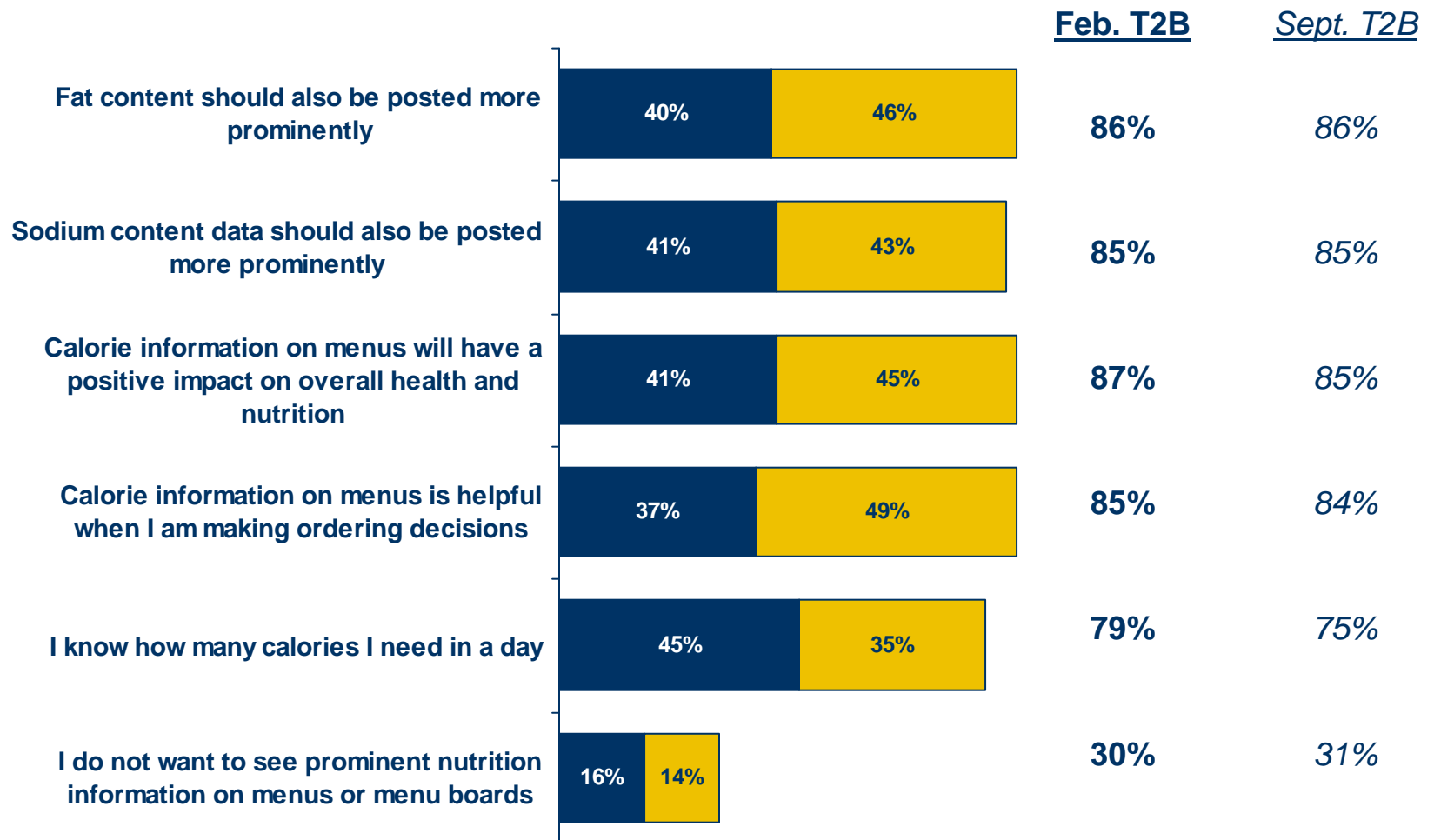
What best describes why the listing on menus or menu boards has not impacted your ordering and/or visit behavior? (check one)

Base (Listings have not impacted where and/or what ordering) = 29%



Consumers Want Nutritional Disclosure and Think It Will Impact Public Health and Nutrition

Please rate your agreement with the following statements:

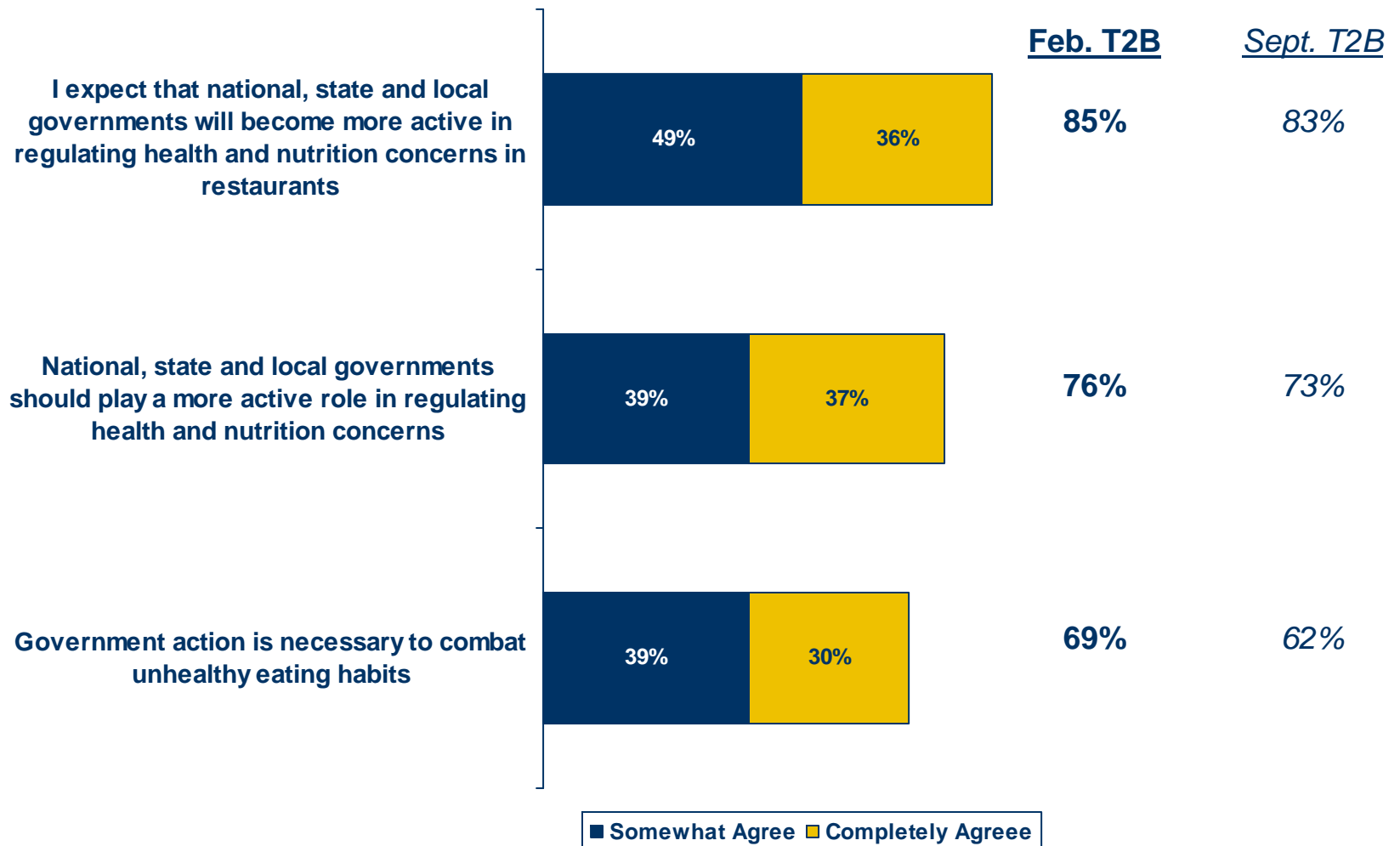


4-point scale: Completely Agree (4) – Completely Disagree (1)
 Numbers may not add due to rounding
 T2B = Top 2 Boxes (Completely + Somewhat agree)

■ Somewhat Agree ■ Completely Agree

Consumers Anticipate Governments Will - and Should - Become More Involved in Regulating Health and Nutrition Concerns

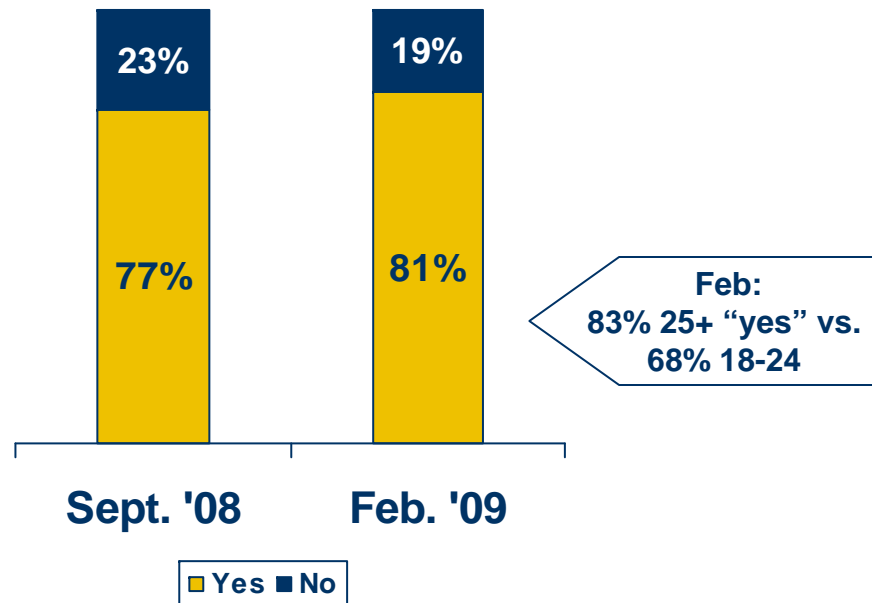
Please rate your agreement with the following statements:



4-point scale: Completely Agree (4) – Completely Disagree (1)
 Numbers may not add due to rounding
 T2B = Top 2 Boxes (Completely + Somewhat agree)

Consumers Think Restaurants Have a Responsibility to Respond to Nutritional Concerns

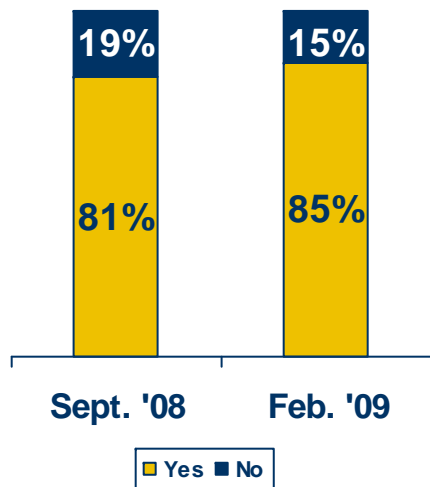
Do restaurants have a responsibility to respond more aggressively to consumer nutritional concerns?



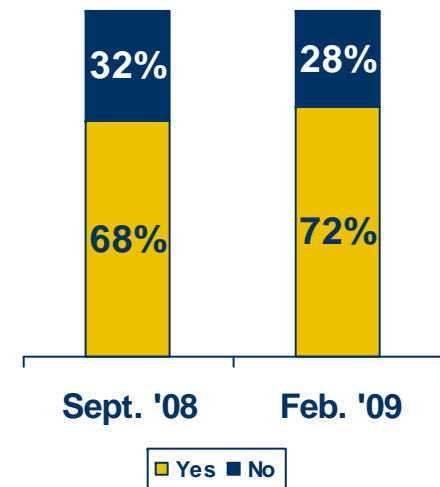
Consumers Think Restaurants Need More Options and Regulation

Do you think restaurants...?

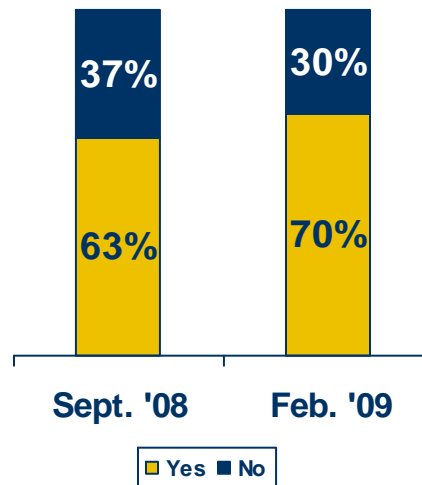
Need more low calorie options



Need more small-portion options

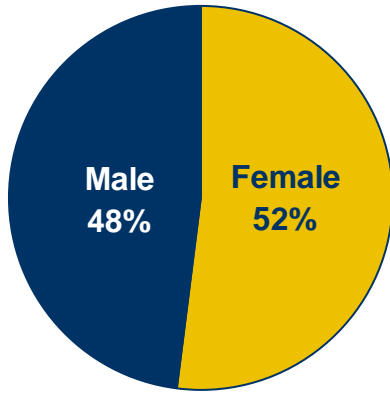


Need more regulation when it comes to the foods/ingredients they use and serve

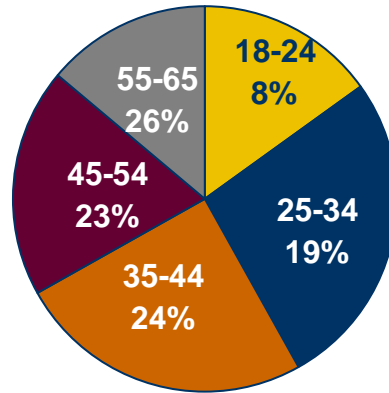


February 2009 Demographics

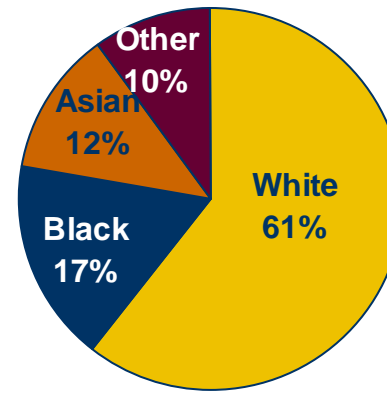
Gender



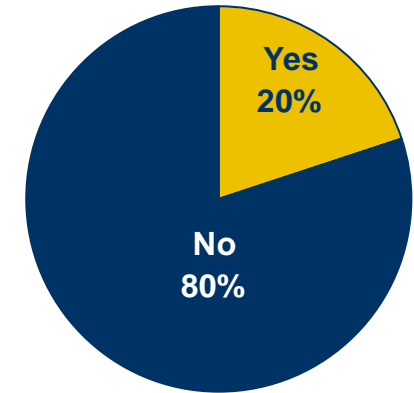
Age



Race



Latino



Income

