

MEMORANDUM

To: Roundtable hosts, co-panelists, and public participants
From: Laura MacCleery, Vice President, Consumer Policy and Mobilization
Date: October 14, 2016
Re: Consumer Reports materials for the Federal Trade Commission and U.S. Department of Agriculture public roundtable on consumer perceptions of "organic" claims for non-agricultural products

Consumer Reports welcomes the opportunity to participate as a panelist in the upcoming public roundtable titled "Consumer Perceptions of 'Organic' Claims," which is co-hosted by the Federal Trade Commission (FTC) and the U.S. Department of Agriculture (USDA). The roundtable will focus on consumers' interpretations of "organic" claims for non-agricultural products and services, as well as approaches the FTC and USDA can take to address potential deception.

As an independent, nonprofit organization that works side by side with consumers to create a fairer, safer, and healthier world, Consumer Reports regularly conducts survey research to better understand what product labeling means to consumers and how it may affect their purchasing decisions. In April 2016, the Consumer Reports National Research Center released a report on its nationally representative survey of 1,001 adult U.S. residents on food labels. It finds, among other conclusions, that consumers expect strong standards for organic food and that they are looking at labels on processed foods to help inform first-time purchase decisions. This report is enclosed for your review prior to the roundtable.

In addition, Consumer Reports offers the following links to several other materials that—while not considered integral to our upcoming discussion—may be of interest. These include an August 2014 [video on safer makeup](#), a research report on our 2015 [Natural Food Labels Survey](#), a December 2015 [article on organic mattress labels](#), and a May 2016 article on ["natural" mosquito repellent](#).

Thank you for your consideration.

Enclosure: Consumer Reports National Research Center, *Food Labels Survey* (Apr. 6, 2016) (also online at [CR.org](#)).

CONSUMER REPORTS® NATIONAL RESEARCH CENTER
Survey Research Report

Food Labels Survey

2016 Nationally-Representative Phone Survey

April 6, 2016

Introduction

In February, 2016, the Consumer Reports® National Research Center conducted a nationally representative phone survey to assess consumer opinion regarding the labeling of food. Opinion Research Corporation (ORC) of Princeton, New Jersey administered the survey to a nationally representative sample of 1,001 adult U.S. residents (half of the respondents were women) through its CARAVAN Omnibus Survey. Respondents were selected by means of random-digit dialing and were interviewed via phone. The data were statistically weighted so that respondents in the survey are demographically and geographically representative of the U.S. population. This report summarizes the findings from this survey.

Highlights

CONSUMER FOOD SHOPPING BEHAVIORS

More Consumers Buy Natural Food than Organic Food

- A greater percentage of consumers buy natural (73%) versus organic (58%) food. When asked about the price of natural versus organic food, many (67%) consumers say organic food is more expensive than natural food. Interestingly, a quarter say there is little price difference between natural and organic food.

Most Consumers Willing to Pay More for Fruits/Vegetables Produced Under Fair Work Conditions

- Most consumers (79%) are willing to pay more per pound for fruits and vegetables produced by workers who earned a living wage and were treated fairly.

Consumers are Looking at Labels on Processed Foods to Help Inform First Time Purchase Decisions

- The clear majority of consumers look for information on the package of a processed food item to decide whether to purchase that food item for the first time; 79% look at nutrition facts, 77% read the ingredient list, and 68% look at the information on the front of the package.

LABELING AND SAFETY STANDARDS

Most Consumers Believe 'GRAS' Means FDA Deemed the Ingredient Safe

- Companies primarily bring new food ingredients to market through an FDA system called GRAS, which stands for 'generally recognized as safe.' Many consumers believe that 'GRAS' means *the FDA has evaluated the ingredient and deems it to be safe* (77%) or *the FDA keeps track of the new ingredient's safety and use* (66%), though this is not true. However, 71% think that 'GRAS' means that *the company using the ingredient deems it to be safe*, which is true.

Consumers Want Same Uniform USDA Standards Across Companies

- When consumers were told that the USDA often allows companies to set their own standards on meat, the clear majority (94%) of consumers said all companies should meet the same standards for labels on meat (rather than set their own standards).

Consumers Expect Strong Standards for Organic Food

- Many consumers think federal standards for fish labeled 'organic' should require *100% organic feed* (87%), *no antibiotics/other drugs are used* (82%), *no added colors to the feed/fish* (80%), or *no open fish net farms* (68%).
- Seven out of 10 consumers think the USDA should NOT permit the use of non-organic ingredients in organic food production if they are NOT deemed essential.

Consumers Seek Information About Food Origin

- The overwhelming majority of consumers want labels on meat/poultry/fish/produce to reflect country of origin (87%) or state of origin (74%).
- An outstanding percentage of consumers (93%) want to know if their meat is from outside the United States. Many consumers (60%) want the label to include where the animal was born/raised and where the animal was slaughtered. A sizable percentage of consumers (33%) want more stringent labeling; if the animal was born or raised in a different country, these consumers feel this food is a product of that country.
- Consumers are split on whether countries outside the U.S. should have the right to dispute the information provided on labels of food sold in the U.S.
- Nearly half (45%) of consumers disagree with the recent decision by Congress to repeal the requirement that labels on beef and pork specify the countries where the animals were born/raised/slaughtered; a quarter agree with this decision and 29% have no opinion.

Consumers Want Standards for Meat Raised with Drugs

- Many consumers reported being *extremely* or *very concerned* that routinely feeding healthy animals antibiotics and other drugs may *allow animals to be raised in crowded and unsanitary conditions* (68%), *create new bacteria that cause illnesses that antibiotics cannot cure* (65%), *lead to environmental pollution* (53%), or *artificially promote growth* (51%).
- When consumers see the 'raised without antibiotics' label on meat, half correctly think this means *no antibiotics were administered to the animal*; a quarter mistakenly think this label means *no antibiotics or ANY other drugs were administered to the animal*.
- Most (84%) consumers think the government should require that meat from healthy animals routinely fed antibiotics be labeled as 'raised with antibiotics.'
- The overwhelming majority (88%) of consumers think the government should require that meat raised with hormones/ractopamine be labeled as such.
- Most (87%) consumers think animals should not be given hormones, ractopamine or other growth promoting drugs.

Consumers Want Strong Federal Safety and Labeling Standards for Genetically Engineered Food

- An overwhelming majority of U.S. consumers think that before genetically engineered food can be sold it must be labeled as such (86%) or meet government safety standards (84%).
- Accordingly, an outstanding percentage of Americans (93%) want the government to legally require that genetically engineered salmon be labeled as such.
- Moreover, over half (53%) are less likely to buy salmon if it isn't possible to tell if the salmon is genetically engineered.

Consumers Have High Expectations for 'Grass-fed' Label on Meat

- Many believe this label should mean the *animal was exclusively fed grass for MOST of its life* (69%), *the animal's diet was 100% grass for its ENTIRE life* (66%), *the animal was allowed to graze on grass during the pasture growing season, but ate grain other times* (60%), or *the animal was not routinely given drugs such as antibiotics and hormones* (58%).
- Six out of 10 consumers think companies should be able to make a partial grass-fed claim if the animal's diet was less than 100% grass.

Many Consumers Don't Understand 'No Nitrates' Label

- Nearly two-thirds of consumers think a 'No Nitrates' label means no nitrates at all, whether from an artificial or natural source, were used; however, this is not true.
- Two thirds of consumers are aware of the recent World Health Organization conclusion that some processed meats can increase the risk of cancer; over a third were unaware of this finding.

Consumers Want Fructose Origin Labeling

- Nearly 8 out of 10 consumers want the origin of fructose to be listed on labels.
- When asked about the origin of fructose, many consumers say fructose could be made from high fructose corn syrup (76%), sugar cane/beets (66%), or fruit (53%).

CLAIMS OF HUMANE TREATMENT OF WORKERS AND ANIMALS

Consumers Want More Stringent Standards for ‘Fair Trade’ Label on Food

- While many consumers think that the ‘fair trade’ label on food *currently* means that *farm workers were provided with a fair living wage (61%), farm workers were provided with healthy working conditions (61%), the food was produced by small-scale independent farmers (50%), or no toxic pesticides were used (43%)*; an even greater percentage feel that this label *should* mean that *farm workers were provided with a fair living wage (79%), farm workers were provided with healthy working conditions (80%), the food was produced by small-scale independent farmers (62%), or no toxic pesticides were used (68%)*.

Consumers Have High Expectations for Humanely Raised Claim on Eggs, Dairy and Meat

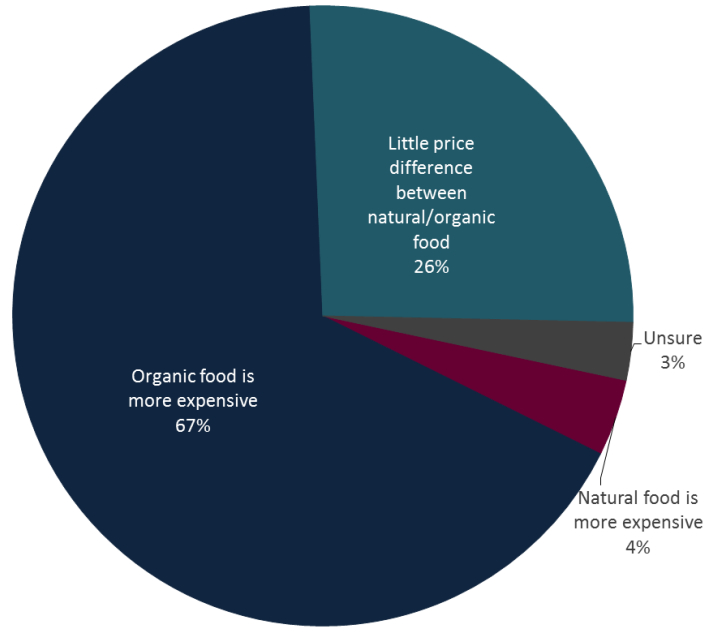
- Many consumers think a humanely raised claim on eggs, dairy and meat *currently* means *the farm was inspected to verify this claim (82%), the animals had adequate living space (77%), the animals were slaughtered humanely (71%), the animals went outdoors (68%), the animals were raised in houses with clean air (65%), or the animals were raised without cages (57%)*. Accordingly, a greater percentage of consumers believe this claim *should* mean that *the farm was inspected to verify this claim (88%), the animals had adequate living space (86%), the animals were slaughtered humanely (80%), the animals were raised in houses with clean air (78%), the animals went outdoors (78%), or the animals were raised without cages (66%)*.

CONSUMER FOOD SHOPPING BEHAVIORS

More Consumers Buy Natural Food than Organic Food

A greater percentage of consumers typically buy natural (73%) versus organic (58%) food. When asked about the price of natural versus organic food, many (67%) consumers say organic food is more expensive than natural food. Interestingly, a quarter say there is little price difference between natural and organic food.

Consumer Perception of Cost of Natural vs. Organic Food



Base: All respondents (1001)

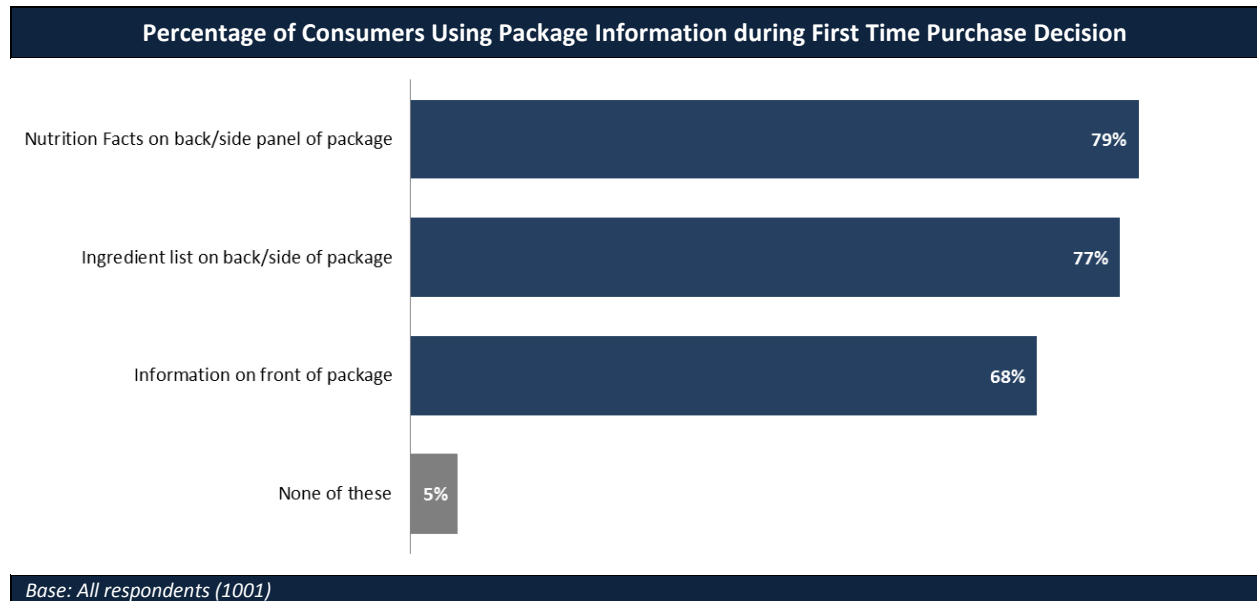
Most Consumers Willing to Pay More for Fruits/Vegetables Produced Under Fair Work Conditions

Most consumers (79%) are willing to pay more per pound for fruits and vegetables produced by workers who earned a living wage and were treated fairly. Our 2014 Food Labels Survey¹ also found that 79% of consumers are willing to pay more; however, compared to 2014, there was a slight increase in the percentage willing to pay a dollar more (14% in 2016 versus 9% in 2014).

Consumer Willingness to Pay More for Fair Trade Fruits/Vegetables		
	2014	2016
<i>Would be willing to pay more (Net)</i>	79%	79%
10 cents more per pound	22%	20%
25 cents more	22%	18%
50 cents more	20%	21%
One dollar more	9%	14%
More than one dollar more per pound	5%	6%
Would NOT be willing to pay any more	18%	18%
<i>Total</i>	<i>1004</i>	<i>1001</i>
<i>Base: All respondents</i>		

Consumers are Looking at Labels on Processed Foods to Help Inform First Time Purchase Decisions

The clear majority of consumers look for information on the package of a processed food item to decide whether to purchase that food item for the first time; 79% look at nutrition facts, 77% read the ingredient list, and 68% look at the information on the front of the package.



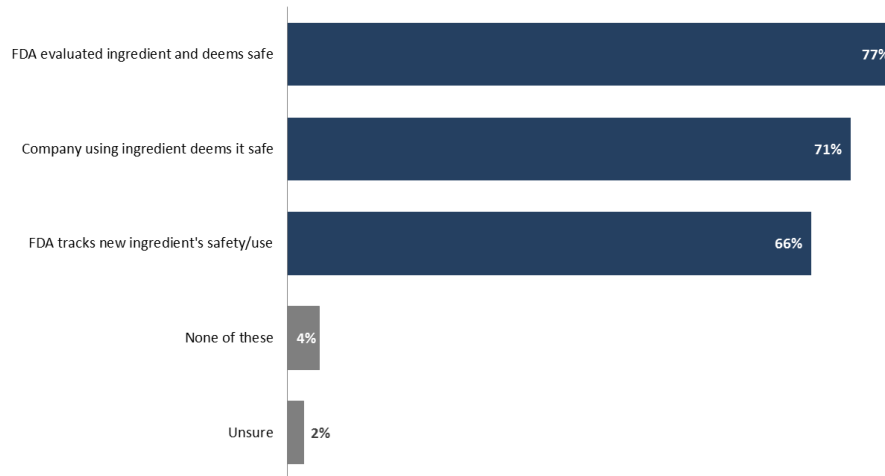
¹ 2014 nationally representative phone survey of 1004 U.S. adults, conducted with ORC from April 17-19, 2014.

LABELING AND SAFETY STANDARDS

Most Consumers Believe ‘GRAS’ Means FDA Deemed the Ingredient Safe

Companies primarily bring new food ingredients to market through an FDA system called GRAS, which stands for ‘generally recognized as safe.’ Many consumers believe that ‘GRAS’ means *the FDA has evaluated the ingredient and deems it to be safe* (77%) or *the FDA keeps track of the new ingredient’s safety and use* (66%), though this is not true. However, 71% think that ‘GRAS’ means that *the company using the ingredient deems it to be safe*, which is true.

What Consumers Think ‘GRAS’ Means

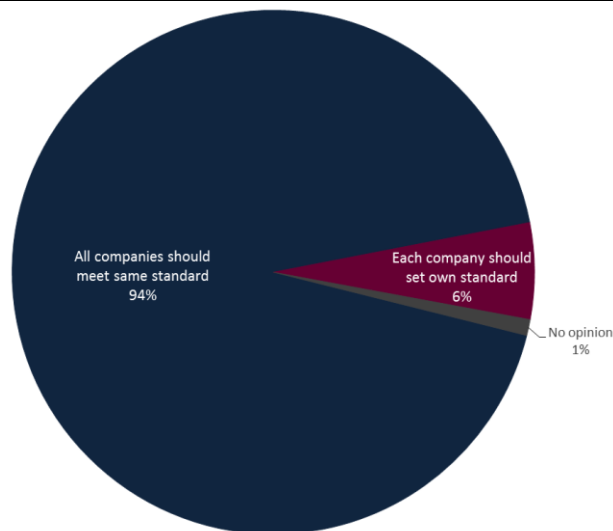


Base: All respondents (1001)

Consumers Want Same Uniform USDA Standards Across Companies

When consumers were told that the USDA often allows companies to set their own standards on meat, the clear majority (94%) said all companies should meet the same standards for labels on meat (rather than set their own standards).

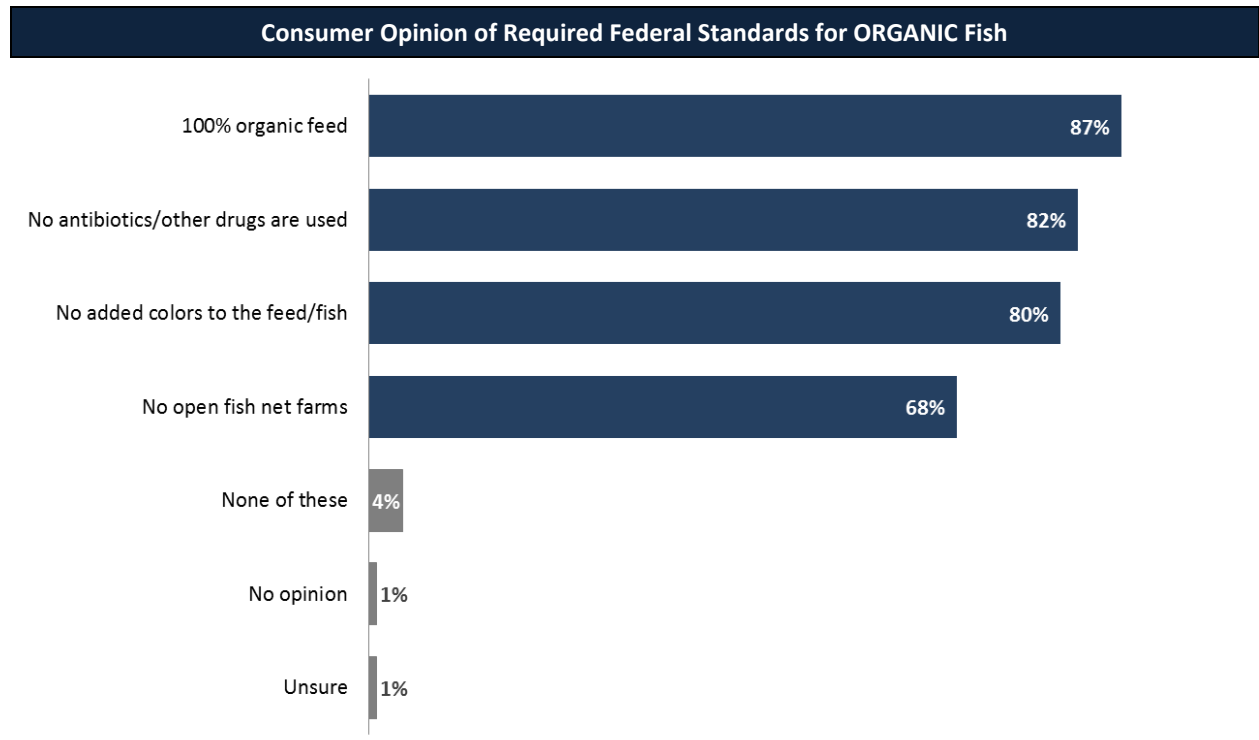
Consumer Preference for Standards for Meat



Base: All respondents (1001)

Consumers Expect Strong Standards for Organic Food

Many consumers think federal standards for fish labeled 'organic' should require *100% organic feed* (87%), *no antibiotics/other drugs are used* (82%), *no added colors to the feed/fish* (80%), or *no open fish net farms* (68%).



Base: All respondents (1001)

70%
Say no to use of non-organic ingredients in organic food production if they are NOT deemed essential

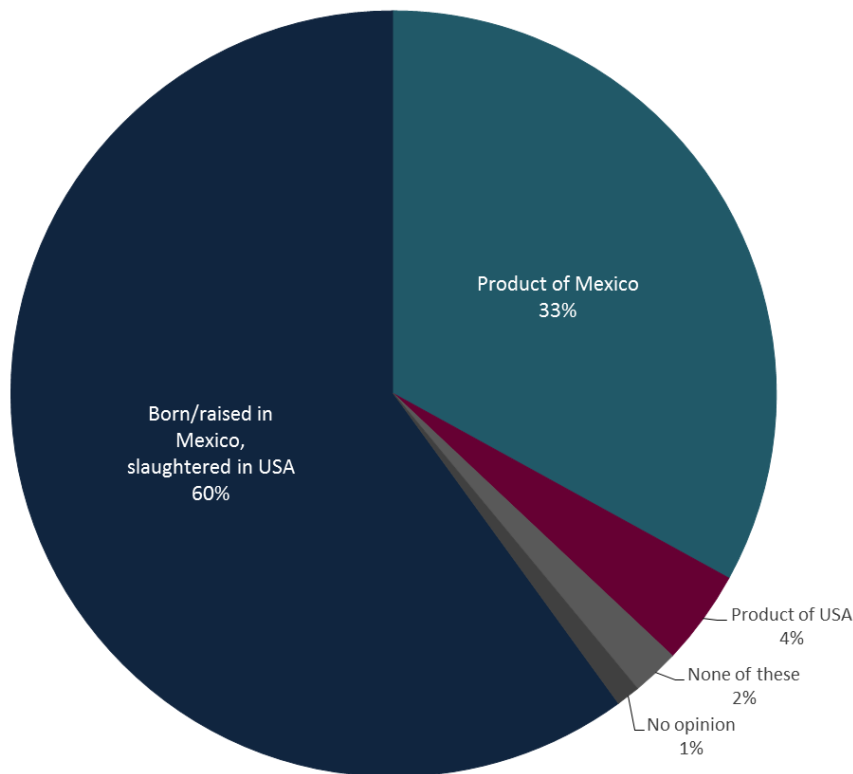
Seven out of 10 consumers think the USDA should NOT permit the use of non-organic ingredients in organic food production if they are NOT deemed essential.

Consumers Seek Information about Food Origin

The overwhelming majority of consumers want labels on meat/poultry/fish/produce to reflect country of origin (87%) or state of origin (74%).

An outstanding percentage of consumers (93%) want to know if their meat is from outside the United States. Consumers were asked about their preference for country of origin labeling on meat that came from a different country like Mexico. Many consumers (60%) want the label to include where the animal was born/raised and where the animal was slaughtered. A sizable percentage of consumers (33%) want more stringent labeling; if the animal was born or raised in a different country, these consumers feel this food is a product of that country. Few consumers (4%) adopt the more lenient view that being slaughtered in the USA is sufficient for this meat to be labeled as a USA product.

Consumer Preference for Country of Origin Labeling on Meat



Base: All respondents (1001)

50%
Think countries outside of the U.S. should NOT have the right to dispute the information on labels of food sold in U.S.

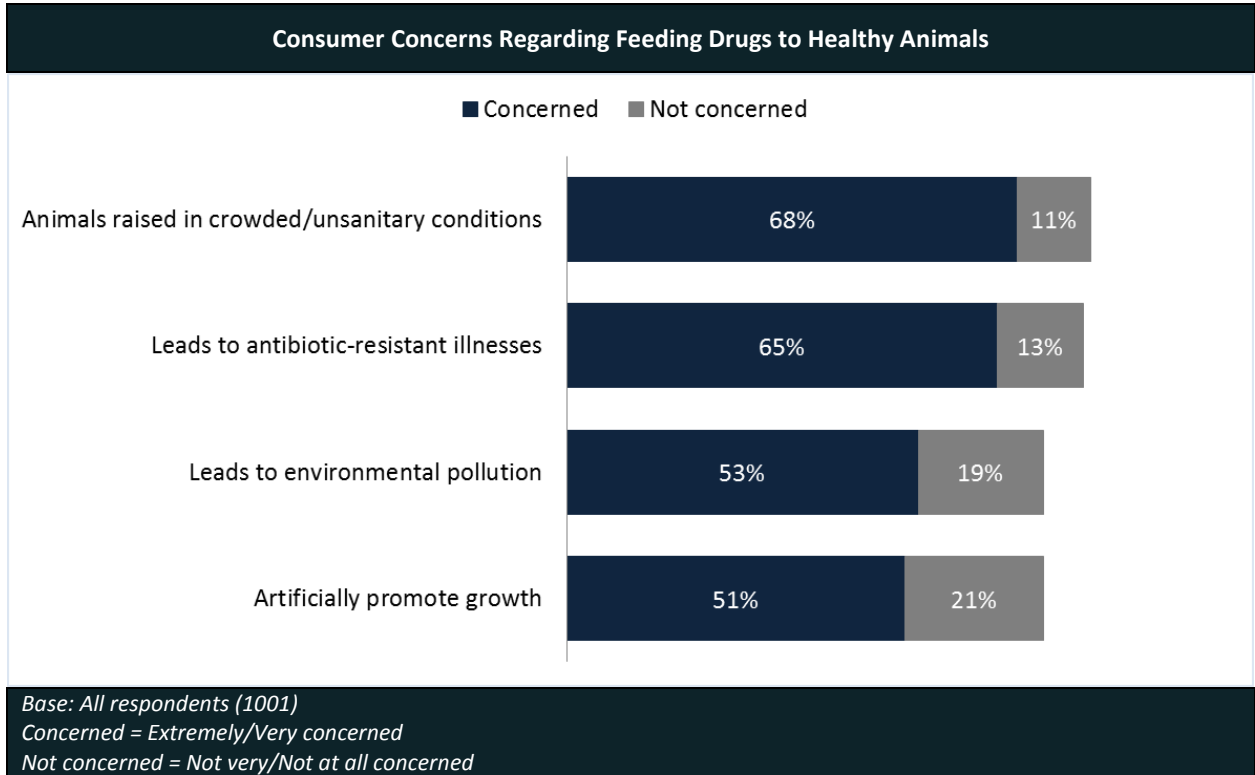
Consumers are split on whether countries outside the U.S. should have the right to dispute the information provided on labels of food sold in the U.S; 50% think countries outside the U.S. should NOT have this right, while 48% think they should.

45%
Disagree with the decision by Congress to repeal more specific country of origin labeling

Nearly half (45%) of consumers disagree with the recent decision by Congress to repeal the requirement that labels on beef and pork specify the countries where the animals were born/raised/slaughtered; a quarter agree with this decision and 29% have no opinion.

Consumers Want Standards for Meat Raised with Drugs

Many consumers reported being *extremely or very concerned* that routinely feeding healthy animals antibiotics and other drugs may *allow animals to be raised in crowded and unsanitary conditions* (68%), *create new bacteria that cause illnesses that antibiotics cannot cure* (65%), *lead to environmental pollution* (53%), or *artificially promote growth* (51%).

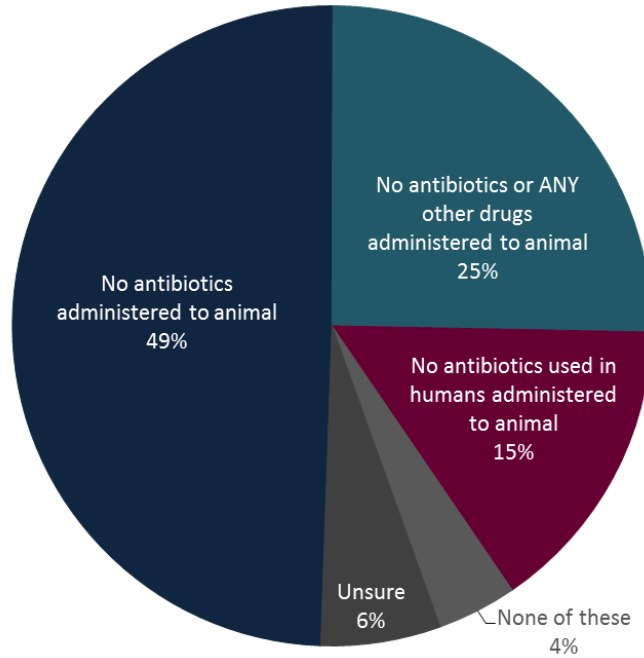


87%
Think animals should not be given growth promoting drugs

Most (87%) consumers think animals should not be given hormones, ractopamine or other growth promoting drugs.

When consumers see the ‘raised without antibiotics’ label on meat, half correctly think this means *no antibiotics were administered to the animal*. A quarter mistakenly think this label means *no antibiotics or ANY other drugs were administered to the animal*. About 1 in 7 believe this label means *no antibiotics that humans use were administered to the animal*.

Consumer Perception of RAISED WITHOUT ANTIBIOTICS Label on Meat



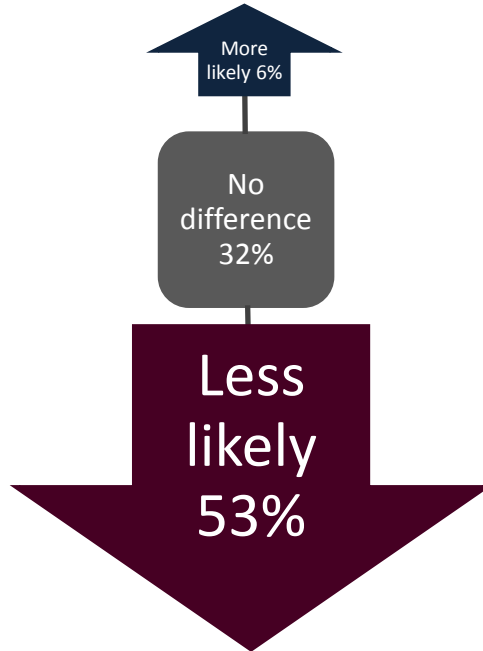
Base: All respondents (1001)

<p>84%</p> <p>Think government should require label for meat from animals routinely fed antibiotics</p>	<p>Most (84%) consumers think the government should require that meat from healthy animals routinely fed antibiotics be labeled as ‘raised with antibiotics.’</p>
<p>88%</p> <p>Think government should require label for meat raised with hormones/ractopamine</p>	<p>The overwhelming majority (88%) of consumers think the government should require that meat raised with hormones/ractopamine be labeled as such.</p>

Consumers Want Strong Federal Safety and Labeling Standards for Genetically Engineered Food

An overwhelming majority of U.S. consumers think that before genetically engineered food can be sold it must be labeled as such (86%) or meet government safety standards (84%). Accordingly, an outstanding percentage of Americans (93%) want the government to legally require that genetically engineered salmon be labeled as such. Moreover, over half (53%) are less likely to buy salmon if it isn't possible to tell if the salmon is genetically engineered.

Consumer Likelihood to Buy Salmon, if Not Possible to Tell if Salmon is GMO

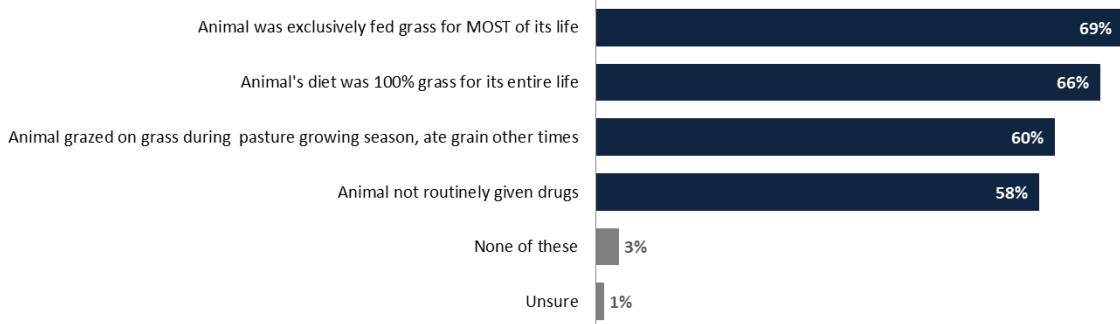


Base: All respondents (1001), Don't purchase salmon = 8%, Unsure = 1%

Consumers Have High Expectations for ‘Grass-fed’ Label on Meat

Consumers were asked about their perception of the ‘grass-fed’ label on meat. Many believe this label should mean the *animal was exclusively fed grass for MOST of its life* (69%), *the animal's diet was 100% grass for its ENTIRE life* (66%), *the animal was allowed to graze on grass during the pasture growing season, but ate grain other times* (60%), or *the animal was not routinely given drugs such as antibiotics and hormones* (58%).

Consumer Opinion of What GRASS-FED Label on Meat Should Mean



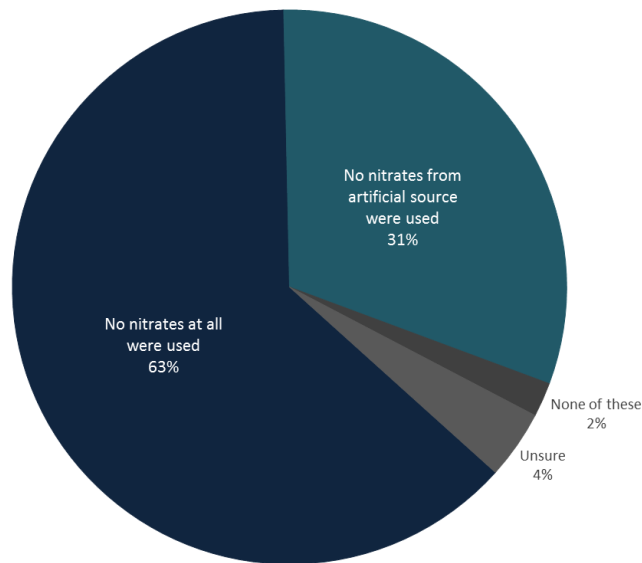
Base: All respondents (1001)

Six out of 10 consumers think companies should be able to make a partial grass-fed claim if the animal’s diet was less than 100% grass.

Many Consumers Don’t Understand ‘No Nitrates’ Label

Nearly two-thirds of consumers think a ‘no nitrates’ label means no nitrates at all, whether from an artificial or natural source, were used; however, this is not true.

Consumer Perception of NO NITRATES Label

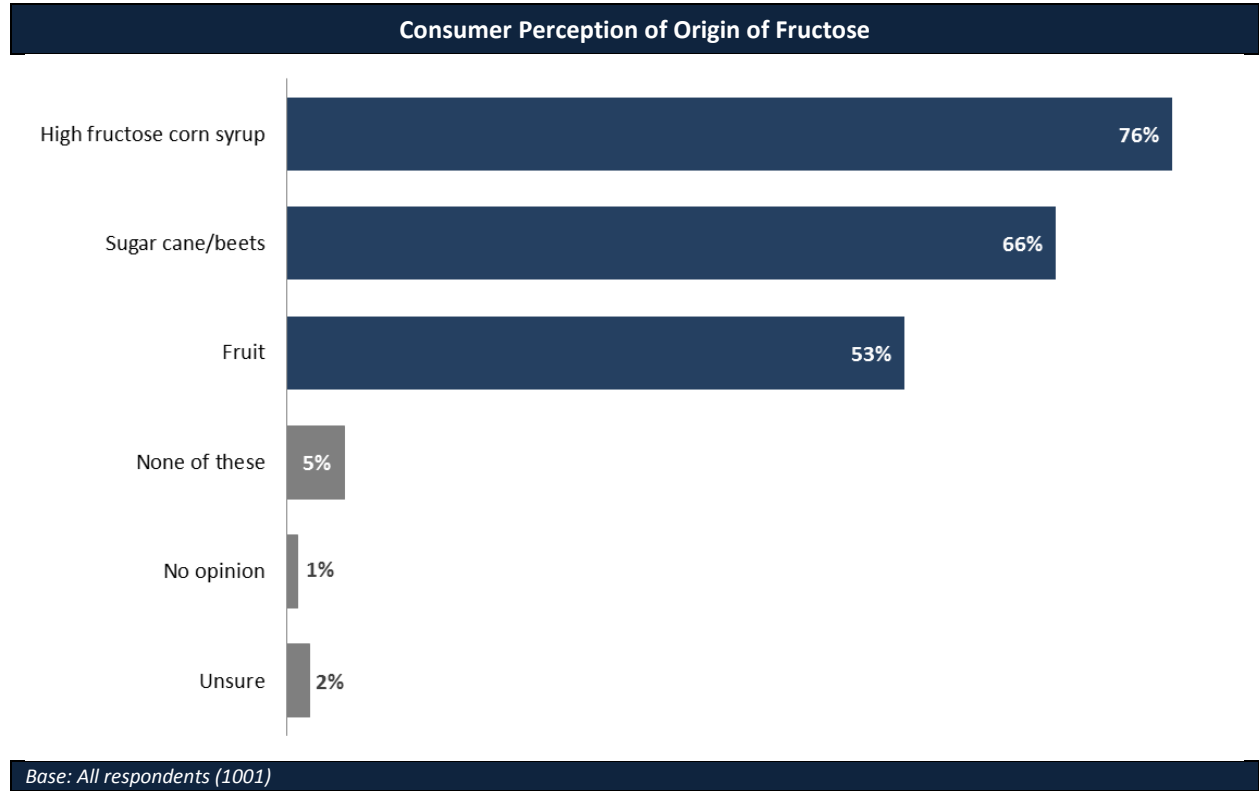


Base: All respondents (1001)

Two thirds of consumers are aware of the recent World Health Organization conclusion that some processed meats can increase the risk of cancer; over a third were unaware of this finding.

Consumers Want Fructose Origin Labeling

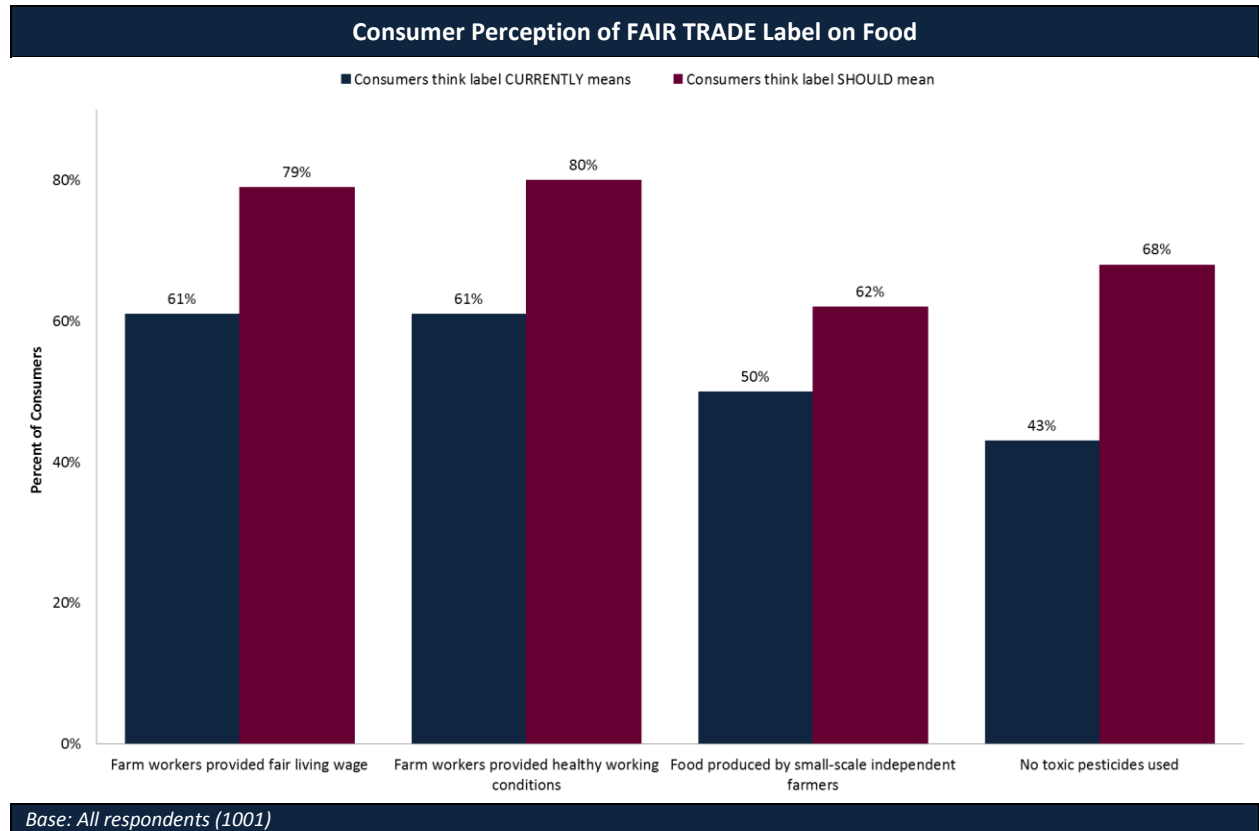
Nearly 8 out of 10 consumers want the origin of fructose to be listed on labels. When asked about the origin of fructose, many consumers say fructose could be made from high fructose corn syrup (76%), sugar cane/beets (66%), or fruit (53%).



CLAIMS OF HUMANE TREATMENT OF WORKERS AND ANIMALS

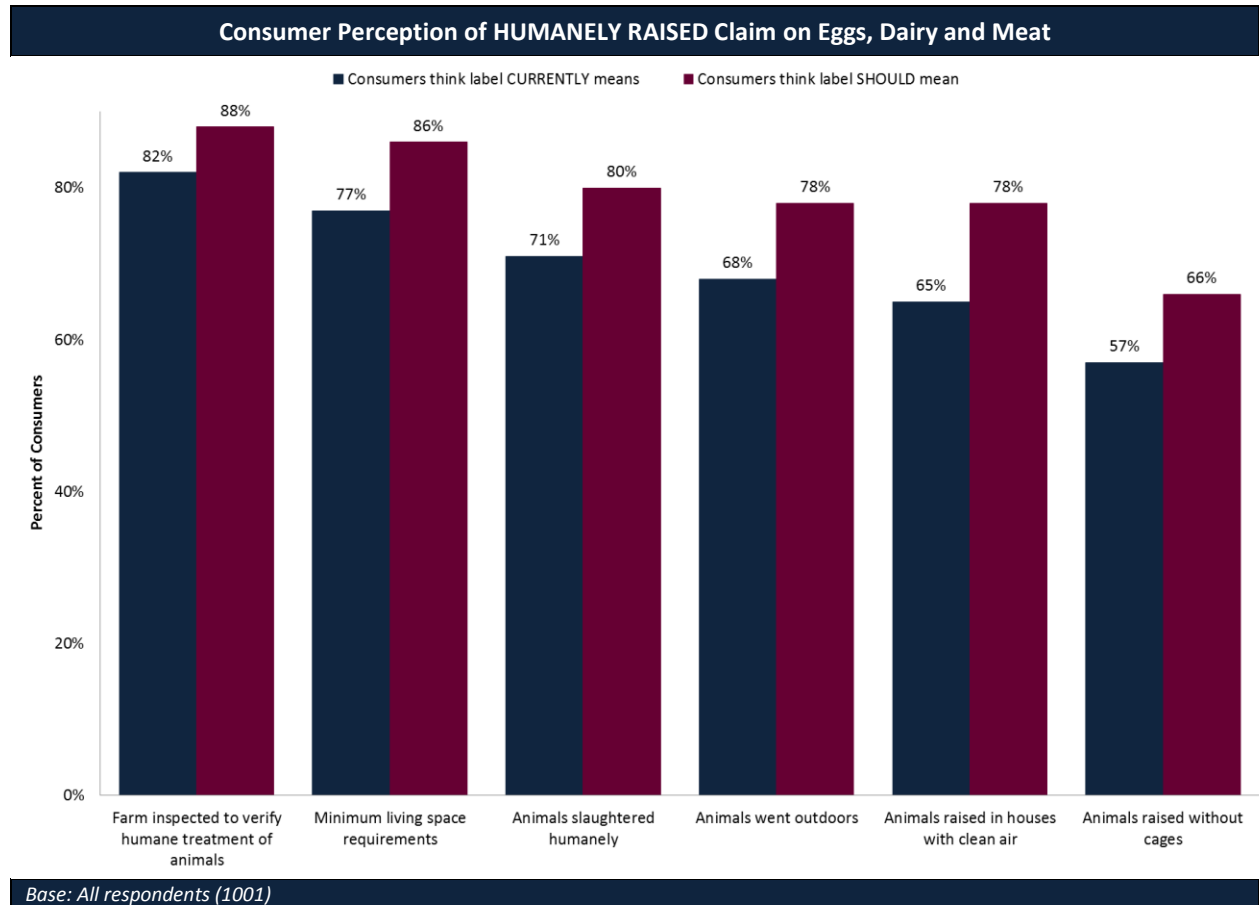
Consumers Want More Stringent Standards for ‘Fair Trade’ Label on Food

While many consumers think that the ‘fair trade’ label on food *currently* means that *farm workers were provided with a fair living wage (61%), farm workers were provided with healthy working conditions (61%), the food was produced by small-scale independent farmers (50%), or no toxic pesticides were used (43%);* an even greater percentage feel that this label *should* mean that *farm workers were provided with a fair living wage (79%), farm workers were provided with healthy working conditions (80%), the food was produced by small-scale independent farmers (62%), or no toxic pesticides were used (68%).*



Consumers Have High Expectations for Humanely Raised Claim on Eggs, Dairy and Meat

Many consumers think a humanely raised claim on eggs, dairy and meat *currently* means *the farm was inspected to verify this claim* (82%), *the animals had adequate living space* (77%), *the animals were slaughtered humanely* (71%), *the animals went outdoors* (68%), *the animals were raised in houses with clean air* (65%), or *the animals were raised without cages* (57%). Accordingly, a greater percentage of consumers believe this claim *should* mean that *the farm was inspected to verify this claim* (88%), *the animals had adequate living space* (86%), *the animals were slaughtered humanely* (80%), *the animals were raised in houses with clean air* (78%), *the animals went outdoors* (78%), or *the animals were raised without cages* (66%).



Summary

Our findings show a clear majority of consumers look to labels when deciding whether to purchase food. Accordingly, many consumers want strong federal standards for a range of food related issues and labels, including feeding drugs to animals, food origin labeling, and genetically engineered food. Survey findings also show consumers want more from a variety of food labels and claims. Many would even pay more to purchase food produced by workers under fair working conditions. Consumers are looking to food labels for information. They have high expectations of those labels.

Methodology

This phone survey was fielded by ORC using a nationally-representative sample. The survey was conducted February 25-28, 2016. The margin of error is +/- 3.1 percentage points at a 95% confidence level. The margin of error may be higher for subgroup analysis.