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Moore, Karl, Laurette Dubé, Lise Renaud et Lyne Mongeau. 2007. «Can Businesses Help Curb the Obesity Epidemic? Interviews With CEOs In Canadian Food Manufacturing And Food Service Companies». In *Les médias et le façonnement des normes en matière de santé*, Collection Santé et Société, p. 71-78. Québec : Presses de l'Université du Québec.

## 2.2 Can Businesses Help Curb The Obesity Epidemic? Interviews With CEOs In Canadian Food Manufacturing And Food Service Companies

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### RÉSUMÉ

Cette étude qualitative identifie les différentes stratégies adoptées par d'importants acteurs de l'industrie agroalimentaire pour contribuer à la réduction de la prévalence de l'obésité au sein de la population canadienne.

**Problématique:** L'obésité est un problème auquel doivent faire face les Canadiens et leur système de santé. Cette recherche a examiné les pratiques d'entreprises agroalimentaires susceptibles de contribuer à la réduction de l'épidémie d'obésité en offrant aux consommateurs des produits plus sains.

**Méthodologie:** Nous avons réalisé des entrevues individuelles auprès de dirigeants de compagnies agroalimentaires.

**Résultats:** Il appert que des compagnies comme McDonald's et Coca-Cola ont adopté certaines pratiques de marketing qui contribuent à maintenir la population canadienne en santé. Ces pratiques incluent : la mise en place d'activités de recherche et développement qui s'engagent à réduire le contenu calorique de certains produits tout en maintenant leurs propriétés gustatives; l'accroissement de la variété des produits pour proposer des alternatives plus saines; la propagation de l'offre de nouveaux choix santé à travers de vastes canaux et réseaux de distribution; la réduction ou l'élimination de l'offre de grandes portions; la réduction de la publicité sur les produits riches en calories, et finalement, la promotion des activités sportives et autres programmes de sensibilisation à la santé, particulièrement chez les enfants d'âge préscolaire et scolaire, pour encourager un mode de vie actif auprès de la population canadienne.

### ABSTRACT

**Background:** Obesity is a critical problem facing Canadians and Canada's health care system. This research examined business practices that may contribute to a healthier, less obese Canadian population.

**Methods:** We utilized in-depth interviews with key decision makers in leading firms in the food manufacturing and food service industries.

**Results:** We found in these two industries such leading firms as McDonald's and Coca-Cola have adopted a number of marketing practices which are contributing to a healthier, less obese Canadian population. These practices include: committing R&D resources to reduce the caloric content of foods while maintaining their taste appeal; expanding their product lines to include more healthy alternatives; offering new healthy choices throughout their broad channels and networks of distribution; reducing or eliminating the incidence of supersizing; reducing their advertising

efforts around more caloric-rich foods and finally supporting sports and other programs - particularly among pre-school and school age children - to encourage greater physical activity among the Canadian population.

### INTRODUCTION

According to the 2004 Canadian Community Health Survey (CCHS), the percentage of Canadian adults (1) and children or teenagers (2) who are overweight or obese has risen dramatically in recent years, mirroring what is happening in most developed and developing economies around the world. In Canada, the yearly cost is estimated to be \$1.8 billion (3). The rise of obesity to the status of pandemic in developed countries has been tied to the challenges for individual self-control in resisting the appeal of nearly ubiquitous high-caloric food at relatively low price and of compelling sedentary leisure activities that define our environment of plenty. No single agent can be isolated in the creation of this landscape. It surely results from a complex web of changes in social, economic and political facets of societies around the world that have created an "*obesigenic*" environment that challenges quite dramatically each individual's natural brain and body mechanisms which attempts to keep calorie consumption in equilibrium with energy expenditure. Consequently, it is only actions from all agents involved in each of these facets, in addition to those of individuals and families themselves that can make a timely and effective prevention of childhood obesity a reality. Many countries have already engaged in public health efforts that have primarily emphasized education and regulation. Such traditional approaches however are not sufficient. To accelerate the prevention of obesity, novel integrative societal strategies have to be conceived and woven into the fabric of everyday practices of all agents.

The need for a multi-agent, integrative approach to obesity prevention is reinforced by the fact that the world has become pervasively shaped by market economies. In such a society, the power of corporations cannot be ignored. They have been correctly accused of being part of the problem in the rise of obesity. The evolution of business practices that have emphasized the development and promotion of high caloric food in the last three decades in particular has also been empirically related to increased energy intake and BMI at the individual level (4-9).

We propose that food businesses are also a critical part of the solution to obesity prevention. It is the case that corporations in the food manufacturing and service industries have recently engaged into different actions to help achieve a better caloric balance, whether it is by social responsibility or by fear of litigation-- or merely because they see a profitable business opportunity. A survey conducted by ACNielsen (10) on the retail purchases in 59 countries spanning

Asia Pacific, the Emerging Markets, Europe, Latin America and North America revealed that the quest for healthy lifestyle was the first trend that driving growth within the Food & Beverage categories in 2004.

Recent changes in business practices that can accelerate the prevention of obesity have aimed at reducing the caloric content of the food supply and promoting an appropriate balance between food intake and exercise for a healthier, more balanced lifestyle. On the food supply side, efforts have been made to shift to less caloric ingredients and production methods in existing products as well as to focus innovation efforts on the introduction of less caloric new products on foodservice menus, vending machines and supermarket shelves. In terms of promotional effort for healthy lifestyle, they range from direct communication and education strategy by single firms to arms-length involvement with other agents from the health and research community into multi-agent campaigns.

The present qualitative research was designed to examine early actions by food companies to partake into society's efforts at obesity prevention by changing some of their business practices. Corporations were selected to cover as broad a range as possible of such actions. We interviewed their Chief Executive Officer (CEOs) and other selected executives to better understand the nature of their action, their rationale, as well as the challenges and benefits attached with such undertaking.

## **METHODS**

We examined recently adopted "obesity-prevention" business practices by six leading corporations in the food and food service industries. In this case we focused on the actions of their Canadian subsidiaries. The firms that we identified and the focal business practices that we examined were: Coca-Cola (less caloric product/brand portfolio; smaller portion size; development and company-level healthy lifestyle promotion), Frito-Lay (new Baked product line), Kellogg's (new product introductions, involvement in multi-agent campaign Canada on the Move), Kraft (change in portion size and ingredients), and McDonald's (reduce oversizing, addition of less caloric menu items and plans for nutrition information) and Danone (overall strategic positioning on health and healthy lifestyle promotion). The CEOs of the Canadian subsidiaries of each of these corporations were interviewed with follow-up interviews with marketing and other executives being performed as needed. Interviews were recorded and transcribed. Industry publications and secondary data related to these companies and the focal business practices were also collected. A draft of this article was forwarded to the informants for their comments; those comments were included in the final version.

## RESULTS AND DISCUSSION

Results are organized in terms of business practice changes that have targeted either changes in the “*obesigenic*” quality of the food supply or consumer’s empowerment to actually do healthy choices in the midst of their everyday life.

### **Toward a less “*obesigenic*” food supply**

A good number of strategies can be used to reduce the “*obesigenic*” quality of the food supply. It starts at the strategic level in terms of decision related to the management of the corporation’s portfolio of brands and products. In this regard, the centrality of healthy lifestyle and obesity preventions in the corporation’s decision vary importantly. At Danone for instance, health and nutrition are central to the firm’s mission and corporate strategy: “Groupe Danone helps people around the world grow, live better and get more out of life through tastier, more varied and healthier food- every day.” At Coke, while not being at the core of the strategic positioning, significant Research and Development (R&D) and marketing resources over the last decade have progressively shifted investments towards less caloric products and brands. In 2005 Coca-Cola brings to market nearly 400 brands and more than 2,100 products and from these, the lion share was taken up by low and no-calorie alternatives, juices and juice drinks, water, sports and energy drinks, teas, coffees, soy based drinks, and fortified beverages with nutritional benefits. At the end of 2004, in ready-to-drink beverages, Coca-Cola was ranked No. 1 globally in sales of juices and juice drinks and among the leaders in the world in water. Finally, a strategic move toward a less caloric product/brand portfolio have started more recently in foodservice corporations like McDonald’s, where salads and other less caloric alternatives have been included to existing menu. Similarly, Frito-Lay has invested significant R&D in fine tuning baking methods, as a substitute to frying in a variety of snack products, to launch the Baked! line of products which appeals to consumers with a quarter less calories than traditional products.

As a second strategy to reduce the caloric content of food supply, corporations can chose to modify existing product and brands by modifying ingredients or production methods. For instance, Kraft in 2004 announced a large-scale initiative to prevent obesity that included reducing caloric content of all its products, embarking their laboratories into development and testing of new ingredients and new production methods that would yield less calories while maintaining taste. All respondents acknowledged the increased consumer demand for such less caloric food products and therefore the growth potential it represents for their corporation. They all underscore though that the significant challenges involved in shifting the product and brand portfolio in the direction of lower caloric density lie in reducing caloric content while maintaining taste. Taste has been and remains the primary driver of food behavior, in both Western and Eastern cultures (11-13). Internal consumer research at these firms suggests

that for the vast majority of consumers, sacrificing taste to achieve fewer calories is unacceptable. It is well known that sugar and fat, the two nutrients that dominates in most high-caloric food, are key nutrients in food palatability (14). Therefore, finding novel ingredients and methods that can provide taste requires high competencies in terms of both creativity and engineering. The challenge is compounded in certain countries like the USA where the born predisposition to like fat and sugar has been culturally reinforced and supported by agriculture subsidies (Nestle). One Danone executive noted that their yogurt products in Canada typically have 25 % less sugar than comparable U.S. products, noting that the Canadian product simply would not sell in the U.S.

Respondents reported similar constraints imposed by consumer demand in the last strategy we discussed for a less obesigenic food supply, namely reducing suggested or packaged portion size. As part of their anti-obesity initiative mentioned earlier, Kraft Food Inc. had originally planned to reduce portion size on a good number of their single serve products. One year later, faced with consumer researcher expressing lower perceived value for smaller portion size, plans were changed to include lower portion sizes as part of the product lines, while maintaining previous package formats. Similar strategy has been adopted by Coca-Cola, which have added to its existing package sizes a smaller 355 ml single portion. In other words, efforts at reducing portion sizes are more correctly viewed as differentiation strategies aimed at making consumers able to choose not only the right type but also the right size of product for any occasion. This further underscores the need to develop novel strategy to move simultaneously both food supply and consumer demand in a healthier direction. To this end, appealing presentation and careful pricing strategies that favour smaller sizes are some promising strategies. One Coca-Cola executive said, "Packaging innovation is going to be as important, if not more important than brand innovation."

### **Empowering consumers to make healthy choices**

A second set of strategies we examined did not relate directly to change in food supply. They relate to corporate investments made in diverse strategies aimed at empowering consumers to make healthy choices, be these related to eating or exercises, in the midst of their everyday life. A first line of actions in which almost all respondents revealed being engaged into on the food side concern providing nutritional information in format, style and place where it has a chance to guide consumer choice in a healthy direction. A second type of strategies goes one step further to provide information not on specific products but on healthy lifestyle in general. For instance, Danone recently launched the web-site: «Silhouette and Me». This is the first and only corporate-supported web program in Canada that gives consumers access to a registered dietician from the comfort of their home, or from wherever they want to offer them a tailored response on issues such as

weight management, nutrition, exercise and healthy living and support them to take control of their own health.

A third type of strategy, which is progressively gaining popularity, relates to what we have called “multi-agent” health promotion interventions (15). In these, businesses are one among other agents in the society such as government, non-government organizations, media, business, community, health or research agencies, that decide to ally their respective competencies to develop more novel and hopefully more effective health promotion strategies to prevent obesity. Canada on the Move is one such multi-agent intervention, organized under the leadership of the Canadian Research Institute and in which Kellogg’s was a key strategic partner. This program, aimed at promoting physical activity, combined web-information and free distribution of pedometers and activity reminder tied to Kellogg’s cereal boxes. The program spread over almost a year with two supporting media campaign undertaken by Kellogg at six-month intervals. Research showed that the program did not succeed in making a significant difference at the behavioural level but it was successful in creating awareness (16). Since awareness is often the first step in the hierarchy of persuasive effects (17), it is foreseeable that significant change toward healthy lifestyle could be achieved by more sustained intervention of this type, or by intervention in which broad-audience dissemination strategies, like website or market distribution, are complemented by more proximal supports from community or education agents. There is clearly however, an urgent need for significant development in both research and practices for both health and business. We need to better understand how such increasingly sophisticated alliances are formed to promote health and prevent obesity, how they operate, how to measure their unique performance in terms of health and business outcomes, and how to ensure their maintenance for those proven effective.

### **CONCLUSION**

We believe that novel business practices such as the ones we just examined can be critical to accelerate the pace at which modern society can curb obesity epidemics. However, the short term and long term impact both for the corporation and for the consumer have to be examined. In addition, for such “obesity-prevention” practices to become the new social norms in both the corporate and the consumers’ mind there may be a need for health professionals to see their role not only as providing information and education and policy making but also at building up consumer demand in this direction. Health professionals and policymakers could benefit from integrating more marketing concepts in their attempts at influencing food behaviour to prevent obesity. These communities could learn much from marketers. What if, instead of the didactic, knowledge-based messages they typically use, they designed health-promotion campaigns to take into account the fact that reason alone doesn’t shape behaviour? What

if they borrowed powerful marketing tools and techniques to make healthy eating more enticing to Canadians? In sum, it may be possible for food and foodservice businesses to use market-effective promotion strategies – be these aimed at promoting products, brands or corporate image – that gives a fighting chance to healthy eating for individual consumers, if health professionals view their practices not only as providing knowledge about but also building consumer demand for healthy food products.

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