

# **Low Fat, Low Calorie, Low Attention: Rethinking Food Labeling**

Silvio Ravaoli

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# Focus on FDA regulated labels



# Three quick (unsurprising) facts about food labels

## ① Most shoppers don't read nutrition labels

- Only 9% of consumers regularly read nutrition labels (Graham and Jeffery, 2011)

## ② Nutrition labels can lead to wrong conclusions

- The label “low fat” was mistakenly associated with “low calorie” by 28% of participants (Wansink and Chandon 2006)

## ③ Purchase decisions are not independent

- A series of studies about complementary choices show evidence of balancing healthy/tasty purchases (Dhar and Simonson 1999)

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# Open questions

- **How can labels help consumers?**
  - Attentive and inattentive consumers are not affected
  - “Partially attentive” consumers can improve their choices
- **How do producers and retailers take advantage of them?**
  - 100% evil: expensive fat-free broccoli
  - 50% evil: expensive low-fat milk
- **What is the true goal of food labels?**
  - Help consumers to make better informed decisions?
  - Help consumers to make faster decisions?
  - Nudge consumers toward healthy food?

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# Research tools

## Behavioral Economics

- Psychological, social, cognitive, and emotional factors on the economic decisions
- Cognitive limits of consumers
- Not all the information are processed correctly
- Understand the relation between label content and consumers' reaction in the supermarket

## Industrial Organization

- Analysis of the interaction between firms in a imperfectly competitive market
- Pricing decision of the firm
- Labeling regulation can affect pricing strategy
- Understand the relation between label content and firms' price and quality decision

# Road map

## ① What I did so far

- Simple model of labeling and pricing for “coarse thinking” consumers who cannot distinguish similar products

## ② What are my next goals

- Theoretical track: extend the model to multidimensional products
- Empirical track: use Nielsen panel data to analyze changes in consumption pattern upon variation in regulation

## ③ What we can do together?

- Information manipulation: consumer protection vs paternalism
- Nutritional in-attention: when and how consumers read labels
- ...and more...

# Are you interested in this project?

## **Low fat, Low calorie, Low attention: Rethinking food labeling**

Silvio Ravaoli - Economics Department

I am happy to hear your feedback and discuss research ideas with PhD candidates in different departments!

- Let's talk about it tonight!
- Contact me: [sr3300@columbia.edu](mailto:sr3300@columbia.edu)