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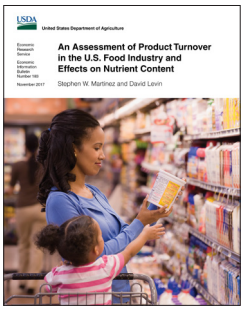

An Assessment of Product Turnover in the U.S. Food Industry and Effects on Nutrient Content

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What Is the Issue?

Americans' diets and the consequences for public health are key questions when considering the fiscal and human cost of conditions such as obesity, hypertension, and diabetes. These concerns have prompted Government policies, including mandatory disclosure of nutrient content, regulation of product claims, and funding of nutrition education programs. These policies may raise consumer awareness and increase consumer demand for healthier products, which may in turn prompt the food industry to reformulate products. ERS tracks food products' nutritional quality and how it coincides with shifts in Government policy and consumer demand.

New food products continually replace unsuccessful ones in the marketplace. Product categories with high turnover, such as snacks and breakfast cereals, may have considerable nutrient changes over time. For example, if products entering the market are more nutritious on average than exiting products, then nutritional quality for a category as a whole may improve. However, the effect of new, nutritionally improved versions of products may also be offset by exiting products with better-than-average nutritional profiles, resulting in little change in nutritional quality. Tracking product entries and exits in high-turnover categories can help to better capture the resulting, potentially rapid nutritional changes that improve national nutrition monitoring efforts.

In this report, we quantify products' entry and exit from the marketplace using data from 2008 to 2012 and break down these changes across food categories. Based on our methodology, 2009 is the first year we are able to compute the number of entering and exiting products. We also examine the implications that product turnover may hold for nutritional content.

What Did the Study Find?

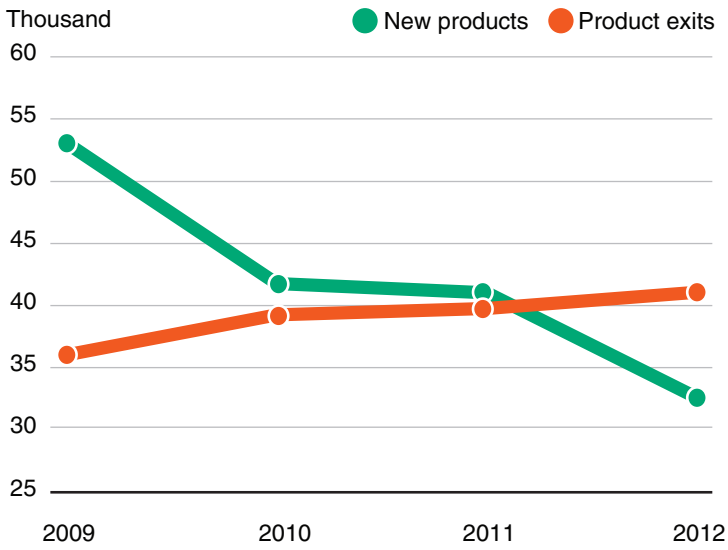
In 17 food and beverage categories, the number of new products introduced to the market declined from 53,061 in 2009 to 32,600 in 2012. Over the same period, the number of products exiting the market increased from 36,056 to 41,069. By 2012, product exits exceeded entries. The variety of products sold in retail stores increased slightly before declining in 2012.

- Categories with the highest shares of new products include candy, snacks, and beverages.
- Product categories with the highest turnover include candy and nutrition/weight-loss foods.

- Our examination of product entries and exits in five categories revealed significant changes in nutritional quality from 2008 to 2012. For example, the yogurt category saw a 20-percentage-point increase in average fiber content per serving. Over the same time period, yogurt products entered the market with 47 percent more fiber per serving on average than exiting products. This finding reflects the growing popularity of probiotic yogurt and the addition of yogurt toppings.
- Across all five categories, breakfast cereal products sold at retail stores showed the most nutritional changes overall, while the snack category showed the fewest changes.

Summary figure

Number of entering and exiting food and beverage products, 2009-12



Note: Walmart first appears in the IRI data in 2009.
Source: IRI InfoScan data.

- Fairly large increases (approximately 15-percentage-point changes from 2008 to 2012) occurred in saturated fat in the breakfast cereal and yogurt categories. The introduction of portable yogurt drinks that satisfy consumers' demand for convenience contributed to the increase in saturated fat.
- In the frozen/refrigerated meals category, trans fats fell by over 15 percentage points, while saturated fats increased. To reduce trans fats consumption, the Government issued Federal dietary guidelines (referred to as the *Dietary Guidelines for Americans*) recommending that consumers limit their trans fats consumption and implemented a regulation requiring that food producers disclose trans fats on nutrition labels. We found no evidence to suggest that manufacturers had added saturated fat to correct unwanted taste changes in products that were reintroduced with smaller amounts of trans fats.
- Gradual reductions in sodium content were found in four out of five product categories. In addition, less than 6 percent of new products in each category carried a "low/no/reduced" sodium package claim.
- Although the *2015-2020 Dietary Guidelines for Americans* identified calcium as an underconsumed nutrient and ranked fortified cereals as a leading source of the nutrient, calcium content in breakfast cereals and snacks has been falling. In addition, few products entered the market with a label claim about the calcium content (e.g., "excellent source," "good source," "calcium enriched").

How Was the Study Conducted?

This report uses data from IRI's InfoScan database from 2008 to 2012 to evaluate changes in the number and sales of food products that entered and exited the market. Given our definition of entering and exiting products, 2009 is the first year these products can be identified. The retail scanner data include prices, quantities, nutrient content, and nutrient content claims. The analyses are restricted to (non-random weight) food and beverage products with universal product codes (UPCs). IRI retail data also contain information on nutritional content that was used to evaluate the nutritional quality of new, exiting, and established products (i.e., neither entered nor exited) using a nutrient-by-nutrient approach over time. Based on availability of data, a subset of five product categories are selected for comparisons of nutritional composition based on the level of product turnover and availability of information on nutrient content.