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Information on packages as a way of reducing asymmetry of information on the food products market

Abstract

The asymmetry of information in the food market can be minimized through delivering information by the better informed side (the producer) to the worse informed side (consumers), and/or through active searching for information by consumers. One of the possible ways of delivering information is placing it on food packaging. It is a sign of the producer's activity, but to some extent it also requires an active approach on the part of the message recipient – a consumer. The article presents the findings of the research on the way in which consumers use the information on food packages and it also points out what actions should be undertaken for the packaging in order to more effectively reduce the information asymmetry on the functional and organic food market.

Key words: information asymmetry, information activity, consumers' behaviour on food market, packaging

Introduction and objectives

On the food market, particularly the market of functional and organic food, there is an information asymmetry between producers and consumers. The information asymmetry on a market appears when the scope of information is different by transaction participants [Polański, Pietrzak, Woźniak 2008]. The functional and organic types of food belong to the category of credence-quality foods [Darby, Karni 1973]. Consumers are unable to thoroughly check the qualities of this type of food either before or during consumption. Therefore, they have to trust the producers and their declarations as to the particular characteristics of such products. This is why both the content and the form of the information given by the producer is of crucial significance for making conscious purchase decisions. In the European Union special emphasis is put on conscious purchase decisions, which is visible, among others, in the Regulations of the European Parliament and the European Council No 1169/2011 of 25 October 2011. Paying attention to the consumer's right for the complete and reliable information about food products results from the growing awareness of the fact that these products to a large extent influence the society's state of health. That is why the EU law obliges companies to thoroughly inform consumers about their products, among others by placing explicit, clear and legible information on the packages of their products. It should be added that apart from the information itself, also signaling certain features of a product in an indirect way influences the reception and interpretation of this information. In our further study we will focus on conveying information through food products packaging.

The objective of the article is to show how the information on the food product packaging may reduce the information asymmetry in this market and what are the limitations in this area. It also contains a proposal of further actions, the purpose of which would be to better use packaging as a factor reducing information asymmetry between a food producer and a consumer.

These objectives have been achieved through: literature studies, the analysis of earlier research conducted in Poland and in Europe, as well as a survey carried out among Polish consumers – purchase decision makers in their households. This study was conducted by the Department of Marketing Strategies at the University of Economics in Poznań and Polish Scientific Association of Marketing (PNTM).

Literature Review

A very important conveyor of the information about the qualities of food products is their packaging. Among a company's marketing activities packaging performs a few

functions, the informative function being one of the most significant [Jerzyk 2008]. Whether or not packaging may cause the reduction of the information asymmetry in the food market mainly depends on:

- the producer, as the sender of the message on the package and, among others, their willingness to convey information in an explicit, communicative and unambiguous way,
- the consumer - the message recipient – their knowledge [Rogala 2011] and involvement in searching for information about food products.

The legal regulations also play an important role, as to a higher or lower degree they influence the extent of the details included on the packaging, as well as the way in which they are presented. They specify the types of information which must or can be placed on the food product packaging, and also the types which are forbidden. The above mentioned Regulation of the European Parliament and the European Council No 1169/2011 is meant to give an end-user a possibility of making conscious choices, thanks to intelligible information placed on the label of a food product.

So far, the form of presentation of these data has not been particularly regulated, even though the perception and understanding of the information placed there are influenced by [Nestorowicz 2012]:

- The visibility of the information (placing it at the front of a package increases its chances of being noticed [Grunert 2010], the spatial layout of the text and the graphic elements [Falkowski 2011];
- Legibility of the information (the size and type of fonts [NPSA 2007], the space between lines, the contrast between the text and the background;
- The communicativeness of the information (the vocabulary adapted to an average consumer’s level of knowledge, the explicitness of the message, the graphic elements on the package emphasizing or complementing the text information). For example, one of the requirements of the above mentioned Regulation is using the term “salt” instead of the earlier used “sodium”, which was not associated with “salt” by an average end-user.
- Using persuasion and raising the credibility of the information (e.g. referring to the authority of institutions granting certificates of quality, the results of consumer tests, etc.).

Table 1 shows the findings of selected surveys conducted in Poland and in other European countries, which allow for the evaluation of the above mentioned factors influencing the reception of the information on a package.

Table 1. Reception of the information on a packaging – the results of selected surveys.

Author	Year	Country	Findings
SPAD	2005	Poland, Germany, Denmark, Spain, Hungary	The simple messages, often propped by graphics, to a larger extent influence the buying behavior of consumers than those comprehensive, but at the same time rather complicated and requiring more effort from consumers
Nielsen	2008	worldwide	Polish consumer do not understand at all (17%) or understand only partly (47%) the nutrition information placed on the package or a label. At the same time for the people surveyed in all the continents the corresponding proportions are: 4% and 52%
G. Krasnowska, A. M. Salejda	2009	Poland	55,4% of respondents believe that the information on the packaging is sufficient. Understanding of graphic information on the packaging: 27,7% yes, 58,9% rather yes, 1,4% rather no, 11,9% no; Direction of desirable changes in the information on packages according to the respondents: improvement of

			transparency, using larger fonts, using more comprehensible definitions
Grunert	2009	UK, Sweden, France, Germany, Poland, Hungary	Information about the nutritional value on the package of a product while doing shopping seek on average 18% Europeans (from 27% of the British to 9% of the French. In Poland this proportion is ca. 14%. These data, due to the combination of the methods of observations and interviews are rather reliable, as opposed to the findings of the interviews conducted in people's homes, where ca. ¾ of the respondents declare checking information on the packages. Whether consumers search for the nutrition information on the food product package depends on the category of the product. Poles most often look for information about the nutrition values on the packages of cereals, yogurts and confectionery
M. Tomaszewska-Pielacha, I. Ozimek	2009-2010	Poland	Respondents negatively assessed both the legibility and the intelligibility of the information placed on the food product packaging. According to the respondents, the illegibility of the information was mainly caused by too small print, placing the text in a hardly visible or accessible part of the package, e.g. on the weld, small contrast between the print and the background, the poor quality of the print. The intelligibility of the information was reduced by unclear symbols, terms, or acronyms.
EUFIC	2010	UK	The British understand the nutrition information on the food products packaging, but they do not take it into consideration while shopping.
Nestorowicz, Nowak	2010	Poland	Polish consumers do not trust certificates granted to foodstuffs

Source: Own work based on [Tomaszewska-Pielacha, Ozimek 2011; Krasnowska, Salejada 2011; Rozumienie znakowania... 2006; Nielsen 2008; Grunert 2010; EUFIC 2010, Nestorowicz, Nowak 2010]

Method

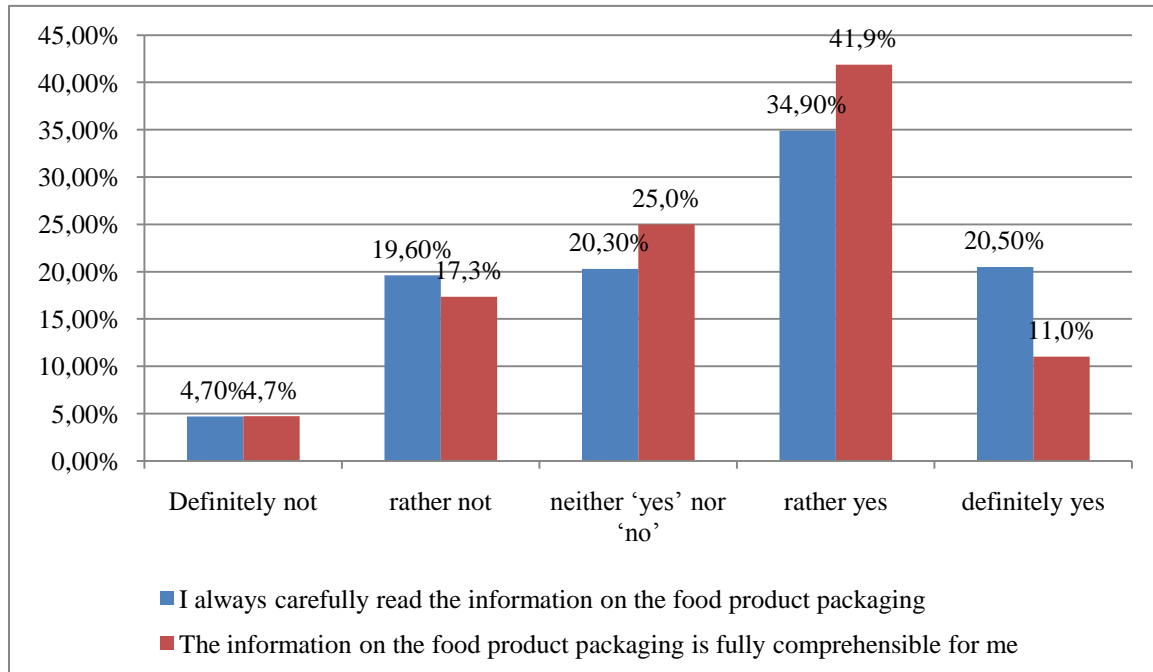
In October/November 2013 structured individual interviews were conducted with the people who are the food purchase decision makers in their households. 444 people from Poznań, Szczecin and Lublin took part in the survey. These cities represent different regions of Poland. The objective of the survey was to find out whether the respondents read the information on the packaging and whether this information is comprehensible for them. The findings obtained are the respondents' declarations. Moreover, the survey checked the level of knowledge of the organic food symbols and GDA symbols, used on the food products packaging. Additionally, it checked if there is a correlation between declared reading of information on packages and the ability to recognize the above mentioned symbols, as well as between the declared level of understanding of information on packaging and the correct interpretation of these symbols.

Findings

In the surveyed group over half of the respondents declared that they (definitely or rather) agree with the statement that they thoroughly read the information placed on the food product packaging (chart 1). Such high ratio results from the fact that these were only the respondents' declarations.

The respondents were also asked to assess the degree to which they understand the information on food packaging. It has turned out that fewer people gave definitely positive replies to this question than to the previous one. Still, the ratio is also very high, compared to the Nielsen's survey findings [2008]. The differences may result from the methodology of both surveys.

Chart 1. Reading and understanding the information on the food product packaging



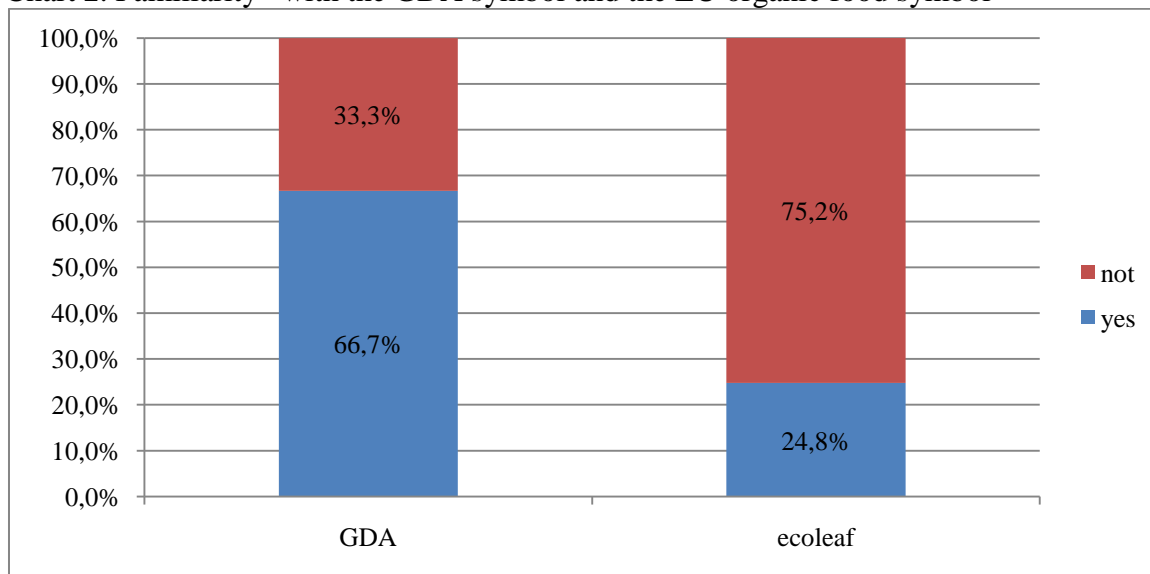
The source: Own work based on a survey

The surveyed people were to state if they had previously encountered the EU logo of organic food and the GDA indicator. Those respondents who declared they had had contact with these symbols were asked to explain their meanings. The majority of respondents (2/3) declared that they had previously seen the GDA symbol (chart 2). Most of those who had previously encountered the GDA symbol could correctly interpret its meaning. The EU organic food symbol was recognized by a smaller proportion of respondents. Only one out of four people said they had previously seen it, and 40% of this group could not explain the meaning of the ecoleaf, or interpreted it incorrectly.

The findings of the survey show that there is correlation between the declared frequency of reading information on the food product packaging and the level of knowledge of the GDA symbols. People who carefully read the information on food product packaging more frequently declared that they had seen the GDA symbol before (table 2).

However, this relation was not true in the case of the ecoleaf (table 3). It may be due to the fact that this symbol, used only on the organic food packaging, is not promoted among consumers. That is why, an average consumer who does not buy organic food is not familiar with it at all. Only consumers who buy such food, even occasionally, know this symbol. They represent all the groups of respondents identified on the basis of reading the information on packaging.

Chart 2. Familiarity* with the GDA symbol and the EU organic food symbol



* previous contact

The source: Own work based on a survey

Because of the universality of the GDA symbols, if someone carefully reads the labels, they get familiar with the information, especially in the graphic form, which explains the high proportion of people (3/4) who had previously seen the GDA symbol among those who read the information on packaging. On the other hand, the familiarity with the GDA symbol does not mean that a customer uses of these values as guidelines when buying a product.

Table 2. A relationship between reading the information on a package and familiarity with the GDA symbol

Familiarity with the GDA symbol	I always carefully read the information on the food product packaging				
	Definitely not	rather not	neither 'yes' nor 'no'	rather yes	definitely yes
Yes	52,4%	60,9%	63,2%	69,3%	74,7%
Not	47,6%	39,1%	36,8%	30,7%	25,3%
Total	100,0%	100,0%	100,0%	100,0%	100,0%

The source: Own work based on a survey

Table 3. A relationship between reading the information on a package and familiarity with the ecolabel

Familiarity with the ecolabel	I always carefully read the information on the food product packaging				
	Definitely not	rather not	neither 'yes' nor 'no'	rather yes	definitely yes
Yes	23,8%	20,7%	25,0%	27,5%	24,2%
Not	76,2%	79,3%	75,0%	72,5%	75,8%
Total	100,0%	100,0%	100,0%	100,0%	100,0%

The source: Own work based on a survey

Table 4. A relationship between understanding the information on a package and familiarity with the GDA symbol

Familiarity with the GDA symbol	The information on the food product packaging is fully comprehensible for me				
	Definitely not	rather not	neither 'yes' nor 'no'	rather yes	definitely yes
Yes	38,1%	59,7%	67%	71,7%	70,8%
Not	61,9%	40,3%	33%	28,3%	29,2%
Total	100,0%	100,0%	100,0%	100,0%	100,0%

The source: Own work based on a survey

Table 5. A relationship between understanding the information on a package and familiarity with the ecoleaf

Familiarity with the ecoleaf	The information on the food product packaging is fully comprehensible for me				
	Definitely not	rather not	neither 'yes' nor 'no'	rather yes	definitely yes
Yes	9,5%	23,4%	22,7%	27,2%	29,2%
Not	90,5%	76,6%	77,3%	72,8%	70,8%
Total	100,0%	100,0%	100,0%	100,0%	100,0%

The source: Own work based on a survey

It has also been noticed that the proportion of people who had previously encountered the GDA symbol was higher among the respondents for whom the information on packaging was comprehensible. A similar, though slightly weaker correlation was observed in the case of the ecoleaf and understanding the information on food packaging (table 4 and table 5).

Discussion

The findings indicate that the universality of certain symbols on food packaging, their legibility and intelligibility, as well as the appropriate exposure increase the consumers' knowledge, at the same time reducing the information asymmetry between a food producer and a consumer. It should be admitted, though, that only over a half of respondents carefully read the information on packaging, which is a certain problem. Nevertheless, the research shows that even the people who do not read the information carefully, perceive it involuntarily and are able to recognize it, remember it and interpret correctly. It is only possible, however, on condition that the symbol is properly designed and exposed on the package.

Further Research

In the future the so far conducted research in reading and understanding information on food packaging should be expanded and complemented by the research, which:

- will allow for finding out to what extent the initial knowledge of consumers influences their reading of labels and understanding of the information placed there;
- will limit the declaratory nature of the respondents' replies, by analyzing their real behavior.

Managerial Implications

Product managers and packaging designers should bear in mind that the information placed on the food product packaging affects the level of information asymmetry between producers and consumers. Unfortunately, it can be still often observed that the type of information and symbols, as well as the way in which they are presented do not reduce the asymmetry, but even increase it, by misleading customers. In order to tackle this problem,

more precise regulations are being introduced with the purpose of protecting consumers and ensuring them the right for the full and reliable information about food products. In this way consumers will be able to make conscious and beneficial purchase decisions. Producers and designers on the one hand will have to comply to the legal regulations and on the other will have to meet the growing expectations of consumers. Therefore, they will be forced to use their expertise in controlling consumers' perception in a more responsible way, meeting the needs not only of the seller, but also of the buyer.

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