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Choices in the Marketplace

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## CHOICES IN THE MARKETPLACE



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Today's marketplace abounds with a wealth of product and price information to be considered, packaging and advertising to distract us, and USDA grades to be remembered. We also have to evaluate food qualities and best buys and navigate a shopping cart — all amid rising retail prices. Too often, shoppers succumb to feelings of helplessness or confusion. However, many tools are available to help us improve our food-buying patterns and get the best buys for our food dollar. To use these tools is to be an informed consumer, not a confused one.

### Tools for Consumer Use

**Food labels** are one of the best consumer guides to product composition, nutrition information, and economy. Since 1974 there have been both voluntary and mandatory changes in food labels.

Now more consumers than ever before are using food labels to help them make choices in the marketplace. In a 1975 survey, 59 percent of the shoppers looked for a package date, 41 percent observed nutrition labeling, and 47 percent wanted to know the ingredients. A more recent USDA study showed that 90 percent of the shoppers who were surveyed believed open dating to be very useful.

Experts see the information on food labels as direct inputs into the food purchase decision. However, a 1972 consumer survey by Cornell University found that consumers see themselves as indirectly benefiting because of the way food labeling affects others. Consumers believe food labeling makes advertising more truthful and manufacturers more accountable for the nutritional quality and freshness of their products. Thus, labeling appears to benefit the food industry by instilling greater consumer confidence.

Many kinds of information can be found on food labels. The Fair Packaging and Labeling Act of 1966 specifies that the following items must be included:

- Name of the product.
- Net content or net weight.
- Description of the product.

Name and address of the manufacturer, packer, or distributor.

List of ingredients in order of predominance by weight. (This does not apply to standardized foods, such as catsup, for which the government has established a set list of ingredients.)

If a nutrient is added or a nutrition claim is made, the product must have a nutrition label. (Some manufacturers supply such a label voluntarily even when it is not required.) A nutrition label should help consumers evaluate new products, choose the best product and brand for the money, and insure nutritious meals. It must include the following information:

- Serving size.
- Serving per container.
- Calories per serving.
- Protein per serving.
- Carbohydrate per serving.
- Fat per serving.
- Percentage of the U.S. Recommended Daily Allowance per serving for eight essential nutrients.

Additional information may be required on the nutrition label, depending on the manufacturer's claims, or it may be supplied voluntarily. Such information could include:

- Cholesterol per serving.
- Percent saturated and unsaturated fat.
- Sodium per serving.
- Other vitamins and minerals.
- Fiber.

Other general types of information a manufacturer may add to the labels are:

- Brand name.
- Number of servings and serving suggestions.
- Variety of product and USDA grade.
- Open or code date.
- Universal Product Code.

According to a 1974 regulation, every food product must carry an information panel next to the main display panel, so that certain facts can be easily found.



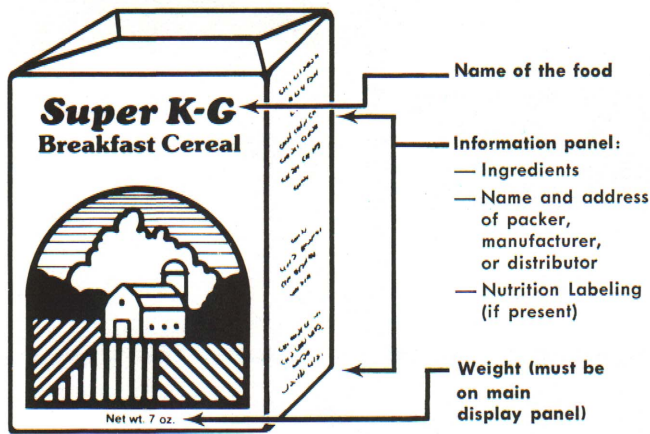


Figure 1

The information panel includes ingredients; name of the packer, manufacturer, or distributor; and the nutrition label, if either required or voluntarily supplied.

**Open dating**, which is an optional practice, is used for perishable or semi-perishable foods. An open date is one that can be easily read and understood by the consumer. Although the date information can increase assurance of food freshness or help a consumer make a buying decision, it can also be confusing. This confusion is due to two problems: Often the processor does not explain the date on the label. And different processors have different meanings for their open dates. When you are unsure of the meaning of an open date, ask the store manager.

Reactions to open dating from both consumers and processors have been mixed. Some consumers are enthusiastic and have more confidence in their purchases, while others are indifferent. In general, processors favor open dating because it simplifies warehouse and store inventories and increases consumer confidence in the food industry. The food processors who do not favor open dating foresee several problems: For example, consumers may refuse to buy items that are still good but don't carry the latest date; the system will be expensive to implement and maintain; a lack of uniformity may result in confusion.

**Unit pricing** is another tool that can help the consumer decide on the best value. It shows the price of an item according to a basic unit, such as pound or ounce. This makes it easy to compare the prices of different brands, different types and sizes of packages, various qualities and forms, and special multiple offers. Unit pricing saves the consumer's time, but it costs the supermarket both time and money. At present few stores have unit pricing. Its use may increase, however, as some stores convert to the computerized Universal Product Code system.

**The Universal Product Code** or UPC is a computerized system of identifying products. It is designed to increase the efficiency and productivity of the food industry. Some people consider it the most important technological development in the history of supermarkets.

Here is how it works. The UPC symbol on supermarket products consists of 10 digits and a series of

vertical bars above the numbers. The first five digits identify the food manufacturer and the last five identify the product. Each number corresponds to a set of two bars of different widths. It is up to the supermarket to set the price of an item by feeding information about the bar combinations into the computer. For example, it might tell the computer that a certain combination means \$0.59.



Figure 2

With UPC the clerk will not read off or ring up prices. The computer does the work while the clerk passes each coded item over a special scanner at the check-out counter. The computer (1) reads the bar combination code, (2) looks up the price for that code, (3) flashes the price onto a small screen for consumer viewing, and (4) prints the name and price of each item onto the receipt tape for later use. It simultaneously reports the need to restock the shelf with the item and the need to reorder.

In seconds, the computer works out discounts, coupons, refunds, tax, and food stamps. It also verifies consumer credit. Some computer systems, called electronic funds transfer (EFT) systems, actually cause a bookkeeping transfer of funds from the shopper's bank to the supermarket. A number of consumers are concerned that the computer's information on their credit standing will not be kept private. Safeguards against fraud, theft, error, and unauthorized access to a consumer's banking record must be ensured before the EFT system will receive widespread approval from consumers.

The UPC system has other advantages and drawbacks for consumers and grocers. Greater accuracy can be expected from the automated checkout process than from the manual one, as long as no errors are made by programmers who feed price information to the computer. The itemized cash register receipts should benefit the consumer, as should the reduced number of out-of-stock items. Customer checkout will probably be faster — providing the store does not substantially reduce the number of check-out lanes.

The "instant inventory" of the computerized system should help grocers to reduce operating costs and thus hold down prices. On the other hand, setting up a computerized supermarket is expensive. Some shoppers worry that this may result in higher prices and not the promised lower ones.



Another consumer concern about the UPC system is item pricing. Originally, the food industry proposed to post prices on grocery shelves, but not on each item. This would enable grocers to maximize the potential savings of the UPC system and pass these savings on to consumers. However, some consumers have objected so strongly to shopping without price markings that marking of individual items may continue with the UPC system.

The system is being tested in a number of supermarkets. Many stores are preparing for a conversion to UPC by the 1980's as they replace old cash registers with new electronic ones. Now is the time for consumers to try the system if possible and provide feedback to their grocers. Supermarkets need this feedback so that most problems can be worked out before the UPC system is permanently established nationwide.

**USDA grade standards** for meat, dairy products, poultry, fruits, vegetables, and eggs are used voluntarily by the food industry. They were developed as an aid in wholesale trading, since the quality of a product affects its price. Because they were not designed for consumer use, different grading scales with various meanings are used for different products. Despite the confusion, however, USDA grade standards can be useful to consumers in choosing foods that are of consistent quality and are best suited to their needs. Consumers must learn what the grade standards are if they want to benefit from them.

**Advertising and product merchandising** offer both advantages and disadvantages to consumers. On the plus side, advertising makes consumers aware of new and existing products, their purposes, and their benefits. Mass media and in-store advertisements also offer money-saving "specials."

However, it is argued that advertising and packaging add to product cost and create undesirable wants. Consumers need to be aware of advertising gimmicks which often lead to impulse buying. In fact, most consumers still shop impulsively. Multiple pricing, colorful mass displays, placement of foods in aisles, on shelves, and at the checkout counter, and special combinations



Be aware of merchandising strategies that can lead to impulse buying.

of foods — such as shortcakes placed next to fresh strawberries — are some of the strategies that encourage impulse buying.

## Alternatives to Shopping

In addition to shopping tools, a consumer may choose among other alternative means of cutting food costs.

**Growing and preserving food at home** is one alternative to buying in the marketplace. It is almost impossible to be totally self-sufficient in today's society (such as raising all of one's own beef, pork, poultry, or fish, or growing and milling wheat for flour). However, it is possible to save a great deal of money by growing and preserving at least some of one's own fruits and vegetables. For example, a 15-by-25-foot vegetable garden can cut the year's grocery bills by \$200 to \$300, according to a USDA estimate.

Gardening is not practical for everybody because it requires land, time, and a certain amount of skill. People living in apartments can likely have only a small patio garden for their favorite vegetable or herbs. Most homeowners have room for moderate size gardens.

Home gardeners grow and preserve their own food not only because they want to save money, but also because they enjoy gardening as a hobby and because they like the taste of foods fresh from the garden. Many people also prefer home-processed foods to those that are commercially processed. Foods preserved at home by recommended procedures are safe and nutritious.

**Food co-ops and warehouse markets** are another alternative to the "grocery bill blues." They are most likely to be found in urban areas.



Some consumers find savings at warehouse food markets.

Food co-ops are associations of people for the purpose of purchasing food at wholesale or in large quantities. There are different kinds of co-ops but they all aim to eliminate a few of the middlemen in food marketing. The co-op members do some of the labor normally provided by the supermarket. Co-op advantages are said to be lower prices and better quality and freshness of food. However, food prices and quality may vary greatly from one co-op to another.



In a warehouse food market, foods can be offered at lower prices because the consumer does the work of marking prices and bagging groceries. Sometimes cases of food may be simply opened and the food items left in the cartons. Warehouse stores may be time-consuming for shoppers and offer limited selections of foods. However, for some shoppers the 8- to 10-percent savings in food costs are worth the trouble.

**Changing one's food planning and buying patterns** to get the maximum satisfaction out of the food dollar is being a wise consumer. Many shoppers have made such changes. In a 1975 study by the Food Distribution Council of Supermarkets Institute, more than 70 percent of the consumers that were questioned reported buying fewer snack and luxury items, choosing store brands over name brands, and taking advantage of bargains. Over 60 percent said they do more meal planning, buy fewer convenience foods, and buy valuable specials even if the items are not on the shopping list. Over half said they are buying less meat and cheaper cuts.

Here are some food shopping habits that can help you stretch your food dollar.

*Developing a food spending plan* before going shopping can prevent overspending. The plan should be based on income, expenses, family size, and life style, and should be flexible enough to let you take advantage of unexpected good buys.

*Preshopping at home* by checking food advertisements and taking time to clip coupons helps to find the best buys. Keeping a running list of things needed, checking the cupboards for what's on hand, and making meal plans for the week help insure that the shopping list is complete.

*Planning for good nutrition* is important. The grocery list should include foods from the basic four food groups (meat, milk, breads and cereals, and fruits and vegetables). Knowing the amounts and number of servings needed for the family for the week is the best way to get the most nutrition for the money spent.

*Shopping skills* in the grocery store should be developed. Avoiding impulse buying can save on the total food bill. Shopping once a week, alone and when not hungry, is a good habit to acquire. Comparison shopping will help you find the best price on each item purchased.

**Consumer responsibility** for food handling begins at the checkout counter. Foods must be handled care-

fully if you are to preserve their quality and get the most out of your food dollar. Storing and preparing foods properly at home are necessary to avoid waste, spoilage, and loss of nutrients.

## Summary

Being an informed consumer is a matter of understanding and using the tools available to make the right food purchasing decisions. By the consideration and use of these shopping tools and alternatives you can make wise choices in the marketplace for a smaller food bill and better nutrition.

## For Further Information See:

*Canning Fruits and Vegetables*, Circular 943, University of Illinois at Urbana-Champaign, Cooperative Extension Service.

*Conserving Nutritive Value of Foods*, Home and Garden Bulletin 90, U.S. Department of Agriculture, Washington, D.C.

*How to Prepare Fruits and Vegetables for Freezing*, Circular 602, University of Illinois at Urbana-Champaign, Cooperative Extension Service.

*How to Use USDA Grades in Buying Food*, Home and Garden Bulletin 196, U.S. Department of Agriculture, Washington, D.C.

*Illinois Vegetable Garden Guide*, Circular 882, University of Illinois at Urbana-Champaign, Cooperative Extension Service.

*Nutrition Labeling — How It Can Work for You* by the National Nutrition Consortium, Inc., 9650 Rockville Pike, Bethesda, Maryland.

*Price Disclosure Act* — Hearings Before the Subcommittee for Consumers of the Committee on Commerce, United States Senate, 94th Congress, Senate Bill 997, U.S. Government Printing Office, Washington, D.C.

*Stretch the Food Dollar* by Dorothy Tate, University of Georgia at Athens, Cooperative Extension Service.

*We Want You to Know About Food Labels*, DHEW Publication (FDA) 73-2043, Food and Drug Administration, Rockville, Maryland.

*Your Money's Worth in Foods*, Home and Garden Bulletin 183, U.S. Department of Agriculture, Washington, D.C.

This leaflet and two others — "Dietary Alternatives" and "Issues in the Marketplace" — were prepared to supplement a series of six leaflets on "Your Food," which were published in 1976 as part of an educational program guided by a National Steering Committee. The three supplementary leaflets were prepared and published independently of the original project.