



Report

A qualitative study concerning the Keyhole's influence
over 25 years on product development

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Box 622

751 26 UPPSALA

Tel. 018-17 55 00

www.livsmedelsverket.se

Contact: Anette Jansson

CONSULTANT

Ipsos

Box 12236

102 26 Stockholm

Tel: 08-598 998 00

www.ipsos.se

Assignment managers: Maria Hedengren and Magdalena Wassenius

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Summary

Ipsos has conducted depth interviews with 15 people in strategic positions within the Swedish food industry, both on the commercial side and within trade associations. All the interviewed respondents have long experience in the industry and good insight into product development and marketing in relation to the Keyhole.

Current trends and levels of demand among consumers have a great influence as to which products progress through the innovation process. If a product is not sought by the market, launch will not be successful and there will be no place for it on the shelves in the relevant stores.

The innovation process follows a clear structure that is broadly shared by all the companies interviewed. The process means that the innovation must pass a number of steps, so-called 'Stage Gates', to make it all the way from idea to final product and launch. Ideas that do not meet the requirements of the respective stages are reworked or rejected and the innovations that are not deemed to be sufficiently attractive and profitable are not taken further along in the process.

One generally important trend is health. This is not simply linked to nutrition but also to quality, naturalness and sustainability. A number of the companies maintain specific focus and strategies as to how to act and work with health as a conscious part of product development and communication.

To a large extent, the Nordic nutrition recommendations are stated to form the basis of innovation and product development, although this is not always communicated to consumers. The general perception is that it is not primarily the nutrition-related components of the concept of health that drive sales in the eyes of customers, but rather tendencies and trends to do with, for example, few additives, freshness, organic cultivation, protein content and so on. In these contexts, consumers do not listen solely to the Swedish Food Agency and other official sources but also to more unofficial sources such as bloggers, personal trainers and friends.

The image of the Keyhole is generally positive among those we interviewed from the foodstuffs sector. The Keyhole is seen as a stamp of quality and confidence in its ability to meet the criteria of offering healthy and nutritious food products is strong. Keyhole requirements are often used as a lodestar in product development and strenuous efforts are often made to fulfil the given criteria even when it is decided not to go the whole way and to seek Keyhole-labelling. The idea behind the Keyhole – to provide a simple symbol to guide consumers towards healthy and nutritious products – is also widely appreciated.

At the same time there is a clear challenge for the management and development of the Keyhole as a brand over time, where one perceives that there are shortcomings. The Keyhole has been unable to meet the changing demands on marketing, resulting in decreased knowledge of its significance and, by extension, to reduced demand for Keyhole-labelled products and hence a diminishing supply thereof.

The preconditions for the development of Keyhole-labelled products are that there is sufficient demand and that consumers perceive the Keyhole to deliver clear added value.

Superficial knowledge and recognition is not enough. For consumers to understand the added value and thus choose Keyhole-labelled products, more in-depth understanding and knowledge of what

the Keyhole means to individuals as consumers is required.

The future requires well thought through efforts to be made on behalf of the Keyhole brand. Revival of its attractiveness depends partly on a strategic and tactical plan for how the Keyhole brand is to be run and developed, and partly on active participation in public debate from the Swedish Food Agency, in order to spread knowledge and influence attitudes to good food.

However positive the respondents are towards the Keyhole-labelled products, they all agree that commercial operators have neither the correct conditions nor the necessary credibility to pursue issues where the Keyhole is concerned. There can be no doubt that the Swedish Food Agency, as owner and manager of the brand, is responsible for strengthening the Keyhole's position in the market and creating demand. Moreover, the Swedish Food Agency is thought to have a key role to play in terms of influencing the political agenda.

In the final analysis, what is required is a national public health perspective and political commitment in order to reach out to consumers and encourage product development to take the direction that is desired.

Introduction – 25 years of the Keyhole reviewed

The Keyhole is owned by the Swedish Food agency and is a symbol that has existed in the Swedish market for 25 years. Five years ago, the Keyhole was additionally introduced to Denmark and Norway, and one year ago to Iceland.

The Keyhole stands for less, but more beneficial fat, less sugar and salt as well as more whole grains and fibres. The criteria which have to be met for a product to be labelled with the Keyhole are determined collectively by the various member countries.

The Swedish Food Agency, together with the other Nordic countries, has received funding from the Nordic Council of Ministers to examine how the Keyhole has influenced foodstuffs' product development over the years. The survey is to be carried out in each of the respective countries and aims to gain knowledge of the opportunities and barriers that exist in respect of using the Keyhole in the product development process and developing even more products that live up to the Keyhole requirements.

Bearing in mind that the Keyhole has existed in the Swedish market for so many years, and in order to understand its current influence on product development compared with that of 25 years ago, it may be interesting to reflect, however briefly, over the prevailing conditions in 1989 as opposed to those at work in the market today.

To start with, it is worth noting that the Swedish media landscape looked very different from the way it does now. The Internet and TV and radio financed by advertising were yet to arrive in Sweden. Of all the media then available, people spent most time listening to the radio and watching the very few TV channels. Since the arrival of the Internet, time spent online has increased dramatically while the amount of time spent listening to the radio and reading newspapers has correspondingly decreased. Meanwhile, consumption of TV has changed, now occurring much more on viewers' terms.

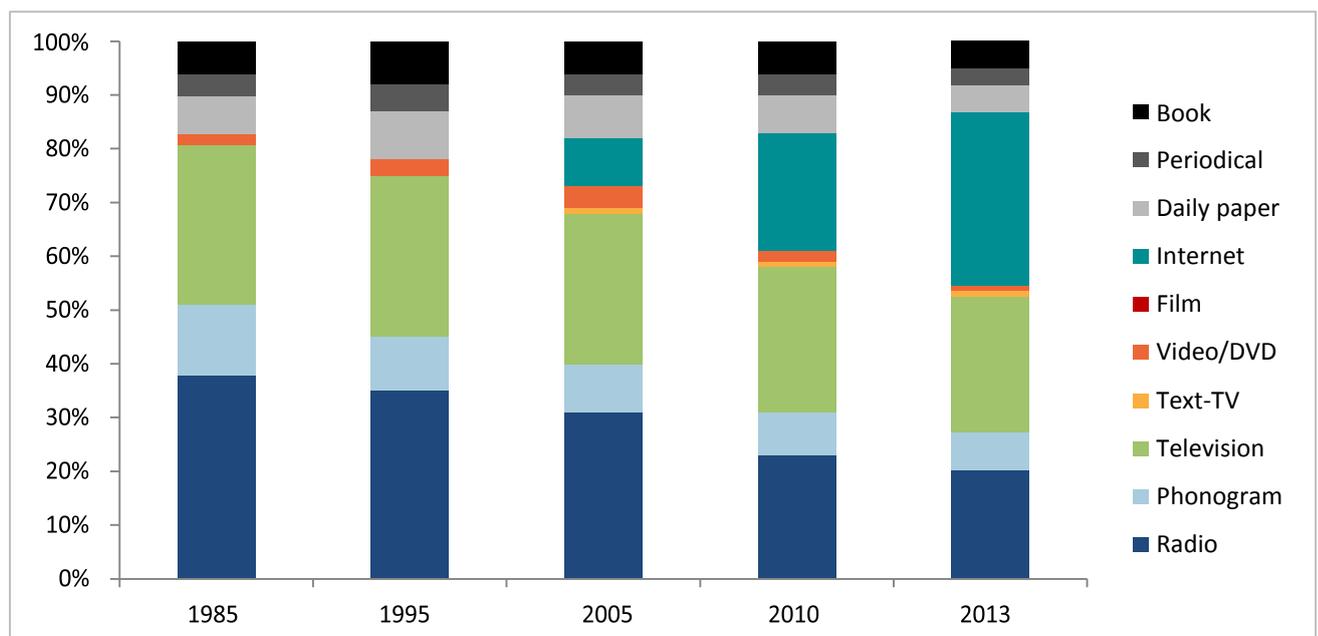


Figure 1. The media day 1985-2013: Time

The figure above shows the amount of time, shown in terms of percentages, that Swedish citizens (aged 9-79) used various media during the 5 different years given. Source: Mediebarometer 2013, MedieNotiser, Nordicom-Sverige, Göteborgs Universitet, Nr. 1, 2014

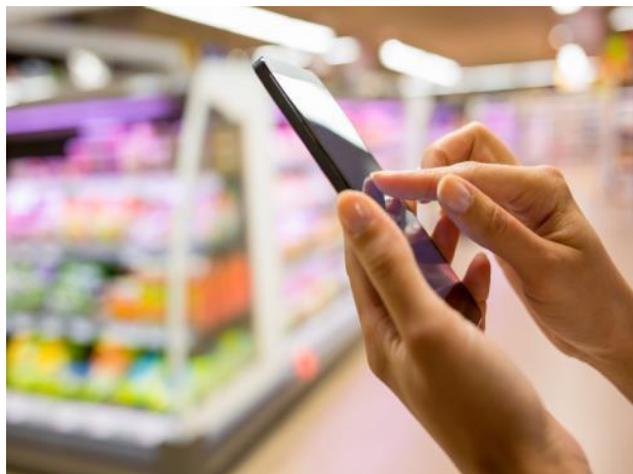
The end of the 1980s saw the arrival of the first conveniently sized mobile telephones while today around three-quarters of the Swedish population has a smartphone. Using a mobile telephone has become just about as normal as getting dressed in the morning and daily mobile Internet use by Smartphone owners is almost 95%, irrespective of age, income and level of education.

It may be claimed that the older the Keyhole has become, the greater the background noise from the media. Erstwhile natural authorities such as state agencies and other official sources are now complemented by rather more unofficial voices, both private and professional in character, which do not necessarily base their opinions on scientifically proven fact. Social media, which did not exist in 1989, now have a tremendous impact and are of great significance in spreading information and influencing attitudes and consumer choice.

It is also worth noting that the very assortment within stores has changed. Today's assortment is much broader, more varied and includes a greater number of private labels, all of which result in increased competition on supermarket shelves. Sales of organic produce have also increased in recent years, again leading to wider choice.

The description that those interviewed give of the Keyhole's development is that the launch in 1989 made the Keyhole both familiar and popular among Swedish foodstuffs consumers. The Keyhole was new, received a lot of attention and was, besides, relatively unique as a specific emblem. Consumers talked about the Keyhole and were very happy to buy Keyhole-labelled products. The Keyhole was employed as a symbol, showing the way to beneficial products. Since that time, the Keyhole has faced increased competition from other marks and various types of nutrition and health statements, which are not just attractive but which also battle for consumers' attention on foodstuffs packaging.

Generally speaking it may be said that the Keyhole is no longer new, and that consumers, commerce, industry and the Swedish Food Agency no longer draw any benefit from its novelty value. Given that the arena which opened its arms to the Keyhole in 1989 has changed over time, it is interesting to find out what is required for the Keyhole to remain relevant and strong in the Swedish market.



Driving forces and prerequisites of product development

The following paragraphs describe the prevailing conditions and prerequisites and which factors influence product development in the foodstuffs sector today.

Consumer trends in the foodstuffs sector according to respondents

The foodstuffs sector interviewees emphasise a few current trends that they relate to and which govern product development and innovation to various degrees.

Focus on health and naturalness

There is a very strong health trend in which 'health' means so much more than nutrition and the intake of the right amounts of fat, fibre, salt and sugar. The term health also extends to aspects such as naturalness, organic, locally produced and additive-free.

It is quite clear that companies work proactively with health issues and that health is an important part of their strategies and visions. A number of the interviewees have specific responsibilities concerning health in relation to marketing, communication and sustainability, just as much as in relation to regulatory and quality issues.

"There is an extremely strong health trend in which health means more than fibre, salt and sugar. Health means toxin-free, organic and additive-free rather than simply nutritious and beneficial."

"The products stand for health to a very large extent. We speak to those who are interested in green issues and, although we may have different goals for different products, it is important that they fit into a healthy diet."

"Health is a very important growth factor. The brands that sell health are those which are growing most rapidly."

Few additives – clean products



According to the respondents, a healthy product equals a natural product to many consumers. Naturalness is equated with few additives and natural ingredients. The more natural the ingredients and the fewer artificial substances, the more natural and healthy the product is perceived to be.

Consumers tend to adopt a kind of tunnel vision as to whether or not a foodstuff contains additives while caring less about its nutritional composition, the amount of salt or fat, for example. The general perception is that the amount of additives should be as few as possible rather than that certain additives should be allowed and others should be avoided. Thus it is often more important for consumers that the product has few additives than that the foodstuff provides good nutritional value.

"It concerns having as few additives as possible. You can't use monosodium glutamate any more, for example. Now we've only got that in very few products."

"Take 'light' for example. That's associated with artificial sweeteners and doesn't sell as well as natural sugar."

The right fats – a much-debated subject



The discussion to do with naturalness and few additives has even affected opinions about fat and what is correct where different types of fat are concerned. Margarine is regarded as an unfavourable product consisting of unnatural (and therefore unhealthy) additives, while butter is a product that is produced naturally.

The foodstuffs industry is knowledgeable and well-informed as to nutrition and perfectly well aware that modern research regards saturated fat as unhealthy. This is less important to consumers who allow themselves to believe that (good) butter is natural and therefore healthy.

There is also a tendency to suppose that products with low fat content contain more additives. A number of the interviewees, especially those from the dairy industry, remark that the sales of 'light' products have decreased significantly and that demand for these types of products is low. *Minimjök* (milk less than 1% fat) has largely disappeared from shelves and the sales of low-fat cheeses and low-fat milk have declined sharply.

"Consumers today love butter, while, in pretty much whichever research report you read, the findings are that saturated fat is bad for you. That's also what the Swedish Food Agency would say but who do I listen to as a Swedish consumer? That's right, to two doctors and a few chefs whose opinions are then diluted by bloggers. This is caught by consumers who then spread the news between them."

"Light products are completely out of fashion. People don't think about the lower fat content and that the products are thus better for the human body; they prefer to think that the low fat content is compensated for with harmful additives and that they are not healthy as a consequence."

"There's always a health freak at every workplace who encourages their colleagues to eat natural fat. I'm certain these health enthusiasts don't understand the responsibility they have. To put it rather dramatically, you could say that if their colleagues follow the advice, their husbands and wives will have heart attacks and their children will be prematurely orphaned."

Organic – sustainable and healthy



Foodstuffs professing to be organically produced are regarded as natural and healthy. 'Organic' is generally associated with better ingredients in terms of additives, toxins, animal husbandry and so

forth, and is thus perceived as not only more healthy but also of higher quality in general.

It appears, however, that consumers feel less of a need to examine the nutritional value that organic products have. Consumers content themselves with the assumption that organic products are natural and that natural products are healthy.

Origin – local and genuine



Products which are produced locally are often preferred to products from places further away. This may partly have something to do with politics and transport, partly with the fact that people regard their own country's respective animal husbandry and cultivation practices as more reliable and trustworthy. Meat and vegetables from one's own country are often regarded as more natural than the same from other countries, as if livestock that has lived under proper, regulated conditions provides natural meat and is thus perceived as healthier.

What is defined as locally produced varies. Generally speaking, it can be said that what is cultivated and produced in Sweden is more reliable and thus to be preferred. Where locally cultivated is concerned, this may mean it should originate from the immediate locality or region. Moreover, locally cultivated is often perceived as being organic even if the means of production is more than likely conventional.

To sum the situation up, it may be said that a foodstuff which is produced locally and/or in the 'proper' fashion may be seen as more natural, and thus also healthier, even if it is actually no better than others from a nutrition perspective.

"For consumers, locally produced is often the same as organic. What's more, clean, additive-free products are associated with organic products for many consumers."

"It can be difficult to understand what healthy is. For many people, healthy means organic. Swedish meat is often linked with organically produced meat and is therefore seen as healthy. Whether this Swedish meat contains a lot of or a little fat is not something people think about. For consumers, healthy is not always the same as having good nutritional value."

Fresh – healthier and more natural



Natural food is preferably fresh and organically produced, leading to consumers to choose fresh rather than frozen, dried or conserved. The shorter the shelf-life a product has, the more natural it is perceived to be. Conversely, food that is produced with a long shelf-life may be regarded as unnatural. This demand for freshness affects the foodstuffs industry both in terms of logistics and the risk of increased waste.

"In the final analysis, all the demands that consumers make of their food do not add up. If all consumers but fresh food, waste increases and the environmental gains disappear. But fresh produce is popular and we're offering more and more fresh goods. Frozen is not modern!"

"Frozen convenience foods is a dwindling market. What's more important today is authenticity and freshness."

Gluten- and lactose-free products on the increase even with those who are not intolerant



Consumers who do not actually suffer from gluten allergy might well suppose that a gluten-free diet is healthier than a more conventional diet. The same goes for the lactose-free segment where sales are steadily on the increase and not just the lactose-intolerant buy lactose-free products. This may be put down to various causes but the respondents generally assume that consumer choices in many cases are based on myths and beliefs about what is wholesome and good rather than on actual knowledge and scientific advice.

"Although we don't quite know what this involves, completely healthy and otherwise well-informed people have embraced the trend of eating gluten-free. We have launched new gluten-free products and they're selling very well."

"It's the LCHF trend that has made the demand for gluten-free explode. Many people find that they feel better without gluten in their diet. Likewise, many people with stomach problems think they feel much better with lactose-free products without actually having been diagnosed with lactose intolerance."

Reflections concerning the modern health trend

Among foodstuffs companies, there is almost complete agreement that the current trend in the way consumers look at health is not completely to the consumers' benefit. Many think that views of health have taken a wrong turning and that what is regarded as healthy by researchers has become subordinate to the modern view of healthy food. . Instead of examining diet and way of life as a whole, there is a tendency towards blind focus on specific details which are more often to do with what one should avoid rather than what one should eat to maintain good health. In the long term, this could have serious consequences on public health. What we therefore need to do is to influence current diets and reverse the trend.

"Consumers don't focus on a mixed diet in combination with activity. They erroneously focus on details that won't lead to any good where their own health is concerned."

"As far as I'm concerned, the great trend involves losing one's grasp of what are good life habits and what should be normal for normal consumers. The food debate in Norway has gone totally awry. There's such a big focus on the details, nobody sees the picture as a whole."

"The concept of health encompasses a really diverse flora. What is healthy from a nutritional

point of view has been lost along the way. In the media, there's been a really strong focus on food hazards. If there haven't been any murders recently, food tops the agenda, doing nothing but create worry and confusion."

"I think it's terrible how something like LCHF has had such an impact. That these kinds of self-appointed experts are allowed to wipe out the existing experts is absolutely appalling! As well as misleading for consumers!"

"We swing a great deal. At the beginning of the 90s, fat was bad for you and sugar good. Now it's the other way around: all fat is good. But where are you going to get your carbohydrate sustenance from?"

Sustainability and the environment in relation to health



Hand in hand with the notion of health comes considerable focus on sustainability and the environment, where people want the products they consume to have as little environmental impact as possible. Companies generally acknowledge having a focus on sustainability and think there is both awareness and interest in this on the part of consumers, even if it is not quite apparent how this is connected with diet.

For a number of consumers, sustainability may involve a transition to a more vegetable-based diet where milk, for example, is swapped for vegetable drinks and consumption of meat is either reduced or cut out altogether. Far from all consumers are familiar with the area, however, and thus do not make conscious choices. Opinion suggests that a particular effort is needed to increase knowledge about sustainability and the environment in relation to diet.

"In our company, we talk about the so-called environmental footprint. It's about not just making things good for consumers but also for the environment. It is important for consumers, and for us too, to make our impact on the world around us as small as possible. This is going to become much more important in the future."

"Sustainability and food waste are already known concepts and they are likely to be discussed very much more in future."

"I think it's very interesting that the Swedish Food agency's new dietary advice is presented in relation to sustainability. That's completely in line with our company's way of thinking and I appreciate the awareness that shows."

"According to a study which you can read on the Animal Rights website, the percentage of vegetarians in Sweden is growing rapidly."

Changed consumer behaviour – 'on the go snacking' and 'composite foods'



Consumers' changed behaviour means that whole families less often gather together at home in peace and quiet to sit down to a meal together. Food is instead consumed quickly and 'on the move'. This means that foodstuffs which can be eaten quickly by one person on the move, which taste good and feel satisfying, are partially replacing products which are prepared in the traditional way in a kitchen for consumption by a group of people.

New ways of consumption place demands on products to fulfil ease of consumption. Food to be eaten on the go, for example, must not need preparing. Nor must food need combining with other foods to any extent whatsoever. It needs to taste good on its own but may benefit from being composed of a number of different elements and in that way be more or less ready to eat.

Since a foodstuff is not to be consumed at any particular place, it must thus be prepared and packaged for easy, rapid consumption.

The habit of eating food quickly and on the go also spills over into food that is made and prepared in the home. It is not just on the move that composite foods are wanted; in everyday life too, there are demands for exciting, easily available products. This in turn brings about an increasing variety of composite foods which are flavoured and (almost) ready to eat. This may include ready-made sauces, ready-made muesli varieties and vegetable mixtures. There is also, in general, great interest in new flavours and combinations. Products are expected to be not just composites but also flavoured in new and innovative ways.

"We have seen an amazing development from simple, plain products towards flavoured or half-finished 'just add' products, not least within the assortment of dairy products."

"The most basic products are not selling as well. Take cereals for example, where people want to see fruit, berries, nuts or something like that added. People want to avoid buying each product singly, like natural yoghurt and berries for example, which you mix up yourself. Preferably the product should already be flavoured, mixed and ready to eat."

Private labels mean increased competition



The retail trade's launch of private labels necessarily affects the space available for the food industry on the food shelves in shops. A number of foodstuffs companies say that they see private labels as one of their greatest competitors in several categories. The percentage of private labels in other western countries is higher than it is in Sweden and the industry expects to see an increase in the Swedish market too.

"The UK is way ahead and Sweden behind other countries. To begin with, in Sweden, the

industry wouldn't produce the retailers' private labels because the whole thing was badly handled. Now it's being dealt with more professionally and the percentage of private labels is growing."

"To begin with it was said that private labels would benefit consumers by being cheaper and not always of the highest quality. Now we see more of an imbalance in the competitive situation. We are aware of this and have to fight harder for our shelf-space."

Increased demands as to communication and transparency

The demands of transparency made by consumers in relation to labelling and information on packaging are expected to increase. Consumers want companies openly and clearly to provide information about, for example, preparation, ingredients and origin. Transparency is considered to be increasingly important in the effort to build up confidence in the company's products. At the same time, the space to communicate on the package is limited and regulations govern what you can and cannot say.

"We have always told people as much as possible about the ingredients in our products for example. Now we've decided to work even more actively. With communication in social media, transparency grows. Everything we say in relation to individual questions is visible for everyone to see."

Consumer trends in the foodstuffs sector according to other studies

The findings concerning current trends in this study find support in other studies conducted by Ipsos both in Sweden and elsewhere.

Nordic Food Survey 2014

In collaboration with EY (Ernst & Young), Ipsos has undertaken a study of the trends within the foodstuffs sector based on interviews with leading figures in some of the largest Nordic food companies. The interviews form the basis for a report where six trends are identified: health, shopping outlets, private labels, social responsibility, Internet shopping and capital investment.

Of these trends, it is generally believed the one to do with health is set to have the greatest influence on the foodstuffs sector over the coming 5-6 years. Overall, this insight matches the arguments relating to trends that arise from the respondents in this study, concerning both health in association with sustainability and diet in one overriding perspective, and labelling and transparency in another.

The health trend is already regarded as strong today but is not yet assumed to have reached its full potential. The trend is concerned with food quality from a holistic perspective. There is a desire among consumers to eat better food, which means, among other things, making healthier choices and eating healthy foods, cooked from scratch. According to the study, the health trend is driven by various aspects:

- Awareness/health focus
- Naturalness/no additives
- Demand for fresh, preferably organic ingredients
- Marking/traceability

- Product innovation
- Legislation

When it comes to healthy food, the industry's primary focus is on the content of products - in particular concerning additives. The majority believes in a reduction of additives in food and predicts an increase in natural foods, free of additives in the future.

Sales of fresh food are expected to increase with shops specialising in fresh produce as a result; a strong increase in demand for organic and organically produced products is also noted.

Traceability and increased labelling is also considered an important trend. Various types of labelling can make it easier for consumers to make healthy, well-informed product choices. Labelling also makes it easier to identify a product's origin.



Ipsos Global Trends Survey 2014

The Ipsos Global Trends Survey on the subject of 'What are people eating?' was conducted in 10 Western countries, of which Sweden was one. Arising from the report are a number of trends which are currently influencing the foodstuffs sector and will continue to do so in the future.

The ten trends identified are, in brief, snacking, more 'made-to-order', globalisation, preference for locally produced goods, adventurous hybrids, uncompromising on taste, food as activity, style before content and awareness of waste.

Bearing in mind what emerges from the interviewees in the current study, it is particularly interesting to note that...

- A growing demand for more snack-like food is observed, partially as a result of increased mobility, partially because fewer and fewer people sit down with other family members to eat together.
- Consumers are very keen on locally produced food and more than half of the Swedish respondents in the survey are willing to pay extra for local produce.
- Taste is seen as very important to consumers, who are not prepared to compromise where taste is concerned.
- There is a considerable focus on health. The notion of health encompasses concepts such as 'clean eating' and naturalness, meaning that products containing additives are avoided and the products sought contain ingredients which are as 'authentic' as possible.
- Sales of gluten-free and lactose-free products are on the increase while the percentage of

- persons in the general population with gluten or lactose intolerance remains unchanged.
- Consumers worry about environmental concerns and the amount of waste, leading to demands for eco-friendly products and packaging, as well as smaller package sizes.
- Consumers constantly demand new, innovative products that are both fun and exciting.



Figure 2. Illustration of current trends relating to food on the go, green issues, health and naturalness. Source: Metro January 2015, Natural Balance Foods - healthy snacks; www.eatnacd.com.

The innovation process

This section describes what an innovation process looks like, which characteristic steps are typical and which roles are involved in the process from idea to finished product.

All of the interviewed companies work constantly to develop their products, always with an eye to innovation. This may concern anything from a change in package size, design or taste to the development of an entirely new product. Many of the companies are active in a number of categories and market several brands within each category, which means a large number of parallel development projects of larger or smaller scale often take place at the same time.

While there is constant demand for new items from consumers, product innovation is faced with a certain degree of saturation. Increased competition on the retail shelves has led companies to sift more strictly through new innovative ideas and the number of completed development projects has slightly decreased.

"Innovation is what we live on and the tempo is increasing all the time. I guess we undertake a hundred or so projects a year but how many of those come to fruition is less certain."

"It's quite difficult to enter the market with new products. There's more background noise, which means that it takes time and requires a lot of communication. The watchword is 'Fewer, but harder'. Compared with the more than 100 articles we had earlier, we are now at around 35-40, and this applies both to innovation and maintaining interest in what is already on the market."

Companies' overall visions govern the innovation process

The aim of specific development projects must be in line with the company's long-term values and goals. The overall vision that companies have thus influences the ideas they are willing to pursue. Such visions are usually based on current nutrition recommendations, combined with the prevalent trends and attitudes observed in consumers. This is then applied and adapted to products in order to reach wide target groups within the public at large.

Generally speaking, visions are largely concerned with offering variety and inspiration, as well as nutritious and above all good, tasty food. The ambition also extends to offering convenience to consumers and facilitating their everyday lives in various ways.

For many of the companies interviewed, this vision of good food is closely related to health. Within this, there is general focus on green issues and vegetable-based produce, but quality and sustainability throughout the production chain is also a feature. The companies are focused on providing good food that makes consumers feel good and that has as little negative impact as possible on the outside world.

"We have always had a high rate of innovation driven by market insight, what's going on, and prevailing attitudes, while also relating to broad recommendations in the form of dietary advice and Nordic guidelines. You could say that we take a trend and make it wider."

"We try to be close and attentive to the market and consumers by following what they say and do, while focussing on health as a part of sustainability. It's to do with influencing public health and how people are feeling, including by increasing the proportion of fruit and vegetables."

Steps within the innovation process

Foodstuffs companies follow clearly described processes in the development of new products. To get an idea transformed into a finished product, it must pass through a number of process steps, a so called 'Stage Gate' process, where it must meet predetermined requirements before moving on to the next step.

At every step, the product idea is carefully scrutinized and sanctioned at management level, until it has made it all the way from idea to the supermarket shelves.

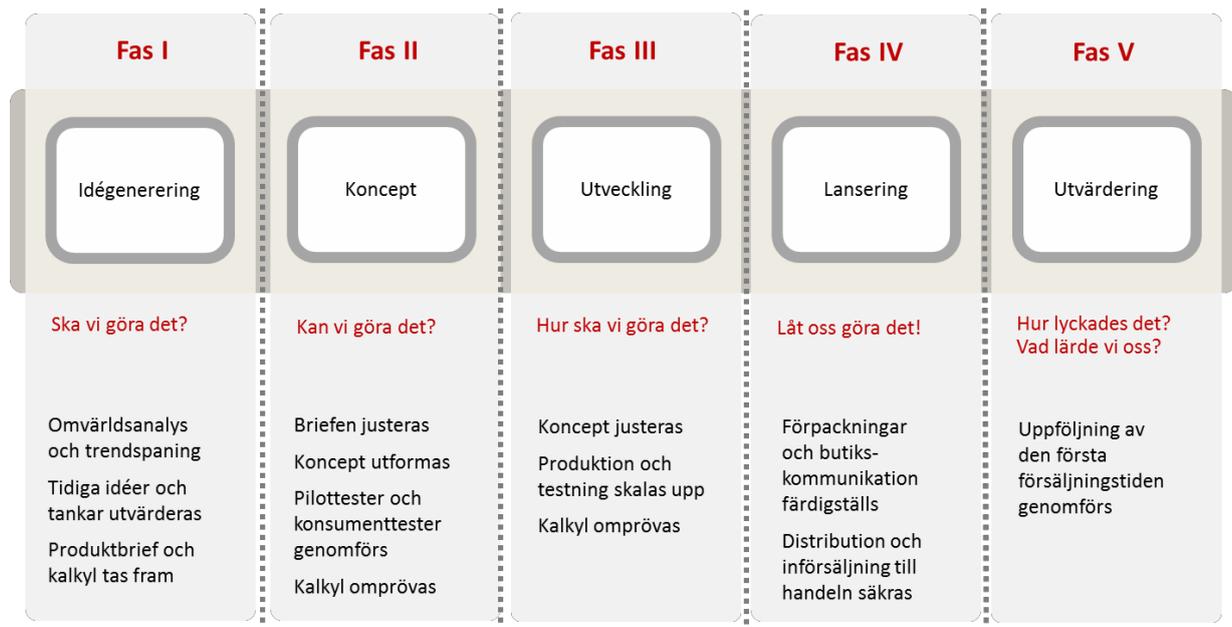


Figure 3. The various steps of the innovation process

Text to the above (translator unable to make direct access):

Phase I Idea generation Shall we do it? Situational analysis and trend tracking Initial ideas and thoughts evaluated Product brief and financial plan drawn up

Phase II Concept Can we do it? Brief adjusted Concept formed Pilot tests and consumer tests conducted Financial plan reviewed

Phase III Development How shall we do it? Concept adjusted Production and testing scaled up Financial plan reviewed

Phase IV Launch Let's do it! Packaging and in-store communication completed Distribution and sales to retailers secured

Phase V Evaluation How did it do? What did we learn? Monitoring of the initial sales period conducted

The majority of companies work ceaselessly to identify and adopt new trends and ideas. This means always having your eyes and ears open to the market to find out what is going on, what is being talked about among consumers and what the competition is doing.

" We have always maintained a high rate of innovation in which we are driven by attitudes and what is going on in the market. We constantly keep an eye out even though it does not always result in a new product."

An innovation may be large or small. One project may concern a slightly modified product while another might involve the development of something entirely new. Innovations cover everything from new flavours, modified recipes and package sizes for complementary products to line

extensions and completely new product categories. Whatever type of product is to be developed, it needs to emerge from a serviceable idea description with an accompanying financial plan. Questions which need answering at the very beginning may be:

- What is unique about the product? What should the product look like? What qualities is the product to have?
- Is there a consumer demand? Which target group(s) are we addressing?
- Does the product fit in with the company's product portfolio?
- What is the product expected to achieve in terms of sales volumes and turnover?
- What are the production requirements that the product needs to fulfil?
- Can the product be manufactured? Are there prospective suppliers?
- Have we taken account of current legislation?
- How would the product be marketed towards retailers and consumers?

A product idea may come up against barriers at any of the process steps and it is quite often the case that the plans for the product or solution, financial or otherwise, need to be revised under way. The further an idea gets in the process, the higher the costs associated with further development. Wherever possible, companies wish to prevent insufficiently well-developed ideas from advancing through the process, partly owing to the high development costs involved and partly owing to the damage such a product might do to the company brand if launched. This means, in practice, that ideas are often rejected during the initial idea generation phase and relatively often during the concept phase but more seldom later in the process.

Demand and quality have great influence on the process as a whole

As early as in the first phase, decisions are made as to the need a product is to fulfil, the qualities the product is to have and the criteria the product must meet, as well as the so-called 'claims' that are to be communicated.

Communication is implemented in the launch phase but the company must resolve what is to be communicated and why at a much earlier stage. Many food products are largely marketed by means of their packaging and in-store communication. Whether or not the company decides to employ other communication, the packaging remains an extremely important communication means. This is not simply in relation to consumers (what attracts) but also from a legal perspective (what gets communicated). Work is undertaken early in the process to check that the prospective communication and labelling comply with current regulations. The area is regarded as both important and complex, as evidenced by companies often creating specific functions whose job is to give advice and to ensure what may or may not be said is carefully checked.

"What can and can't be said is so regulated and the legislation in the area so complex and complicated. We're stuck with this as soon as we want to market anything so we need to be well-informed and up-to-date so as to avoid making any mistakes."

"The legislation is a cause of anxiety and it doesn't always work very well from a marketing standpoint. You can't just say any old thing so we're generally quite restrictive about the messages that we work with. For example, you can say that a product is fibre-rich but not that it's filling, and you can't put 'Eat more fish' on the packaging."

Extensive quality work on a general basis is also undertaken in all development work to ensure that the products live up to companies' basic quality requirements regarding ingredients, allergens,

nutrition, additives, contents and so on. In this context, the production side and the industry play vital roles in being able to develop products according to the criteria that must be met.

"There are a number of quality criteria that form the basis for product development; these might have to do with texture, freshness, crispness or something similar. There may also be technical reasons that affect what can and can't be done and that's why it's important to have the manufacturers alongside us in the process."

The quality work may not only involve some specific product quality being ensured, it may also include certain brand core values being met. These might be, for example, local production, traceability and authenticity as well as identification and the experience of the flavour.

"Our products have a certain flavour which our customers recognise and are used to. Therefore we're very careful about making any changes that affect the flavour. Authenticity is also very important. Customers want to know exactly where our products come from so we work hard on traceability and clear source of origin labelling."

In the final analysis, consumer demand determines whether an idea is developed and finally reaches the shelves. Companies thus explore consumers' perceptions to ensure that ideas and products live up to expectations. If consumers do not accept an idea, it must be rejected or revised. Consultation with consumers may take place in all phases of the development process and can apply to everything from the needs the product must meet and the qualities the product must have, including sensory qualities (taste, smell, texture), to how the marketing strategy and communications materials should be designed. Among all the requirements for a product to live up to, it is clear that the demands of flavour and that it should taste good are of high priority.

"A product which doesn't taste good will die of its own accord."

"When it comes to trends, we put taste, quality and product safety at the top of the priority list. When developing new products we think of the whole experience and that it should appeal to all the senses. The feeling in the mouth, taste and appearance must deliver what it promises and provide a more enjoyable experience."

"Our products need to fulfil a need and solve a problem but, most importantly, they must taste good. If they do not taste good, they are not relevant to consumers. Taste is king!"

"We want to offer consumers choice, so they can choose healthier products if they want to, but we know that that won't work beyond a certain extent. If a beneficial product does not taste good, no one will choose it, and we'll no longer have the possibility of providing it. The most important thing is that the product tastes good; it can then additionally be beneficial."

Successful launches make high demands of advance planning and distribution

Before products reach the consumers, the first have to be sold in to the retail trade. The industry argues that the retail trade has considerable power of influence in deciding whether or not products are to be included in their ranges. It is therefore important that companies set to work at an early stage on their arguments towards the retail trade, not least in terms of consumer benefits. If the sales process towards the trade is insufficiently thorough, companies risk having products that are not taken on, and if a product is not taken on by the biggest chains, it may also prove to be difficult to place it with smaller stores.

Within the trade there are agreements as to certain times when products in different categories may be launched. The industry must take these so-called launch windows into account and plan matters carefully so as not to lose time during the innovation process and to achieve the most efficient launch possible. The launch windows are different for the different categories / products, but a common example is that a product may be launched in one particular week each autumn and spring.

It is normal practice to evaluate products launched after six months. Only then is it possible to comment upon how successful the product launch has been. Companies evaluate whether their efforts have been profitable while the trade evaluates whether the product itself is profitable. The industry comments that retailers make very high demands upon newly-launched products rapidly performing well; if a product does not do well immediately, it speedily disappears from the supermarket shelves.

"Patience is not something that exists anymore; a newly-launched product must perform immediately, otherwise it's off the shelves."

"There are a lot of products that go in and out and are taken away if they don't sell. I've heard that only 5% of products last beyond a year."

It often takes over a year to get a new product on the market

A new product generally takes a long time to get on the market. Depending on the type of product and how great an innovation is involved in the project, the time taken may vary, but it is unusual for the time from idea to shelves to last less than one year. The minimum is said to be six months, and then that it is likely to concern only a minor development of an existing product. The longest innovation projects can take up to a decade from idea to shelf. Such cases are usually research-intensive projects and to do with the development of an entirely new category or a completely new solution within a category.

"How long does it take? Hmm, I wonder if anything takes less than six months – if so, that's a record pace! Typically, it takes many years. Everything is supposed to be evaluated before it comes on the market, and many ideas end up in the paper bin on their way to the shelves."

"The big companies have a portfolio of ideas. They work with timelines and know that one project will be ready in 10 years, another in 5 years, a few others in two years and so on."

Several departments and experts contribute to the process

Many parts of the company are involved in the innovation process, and ideally, all stakeholders contribute their different perspectives as early as possible in the process. The more eyes involved at an early stage of the process, the greater the probability that no essential elements are overlooked

It is common for the marketing department, in collaboration with brand and category management, to assume responsibility and manage such projects. The final goal is project approval by company management. Other important functions in the process are product development, sales, quality control, legislation and regulation, finance and communication.

“We work along the lines of a classic Stage-Gate process which is built on close collaboration between innovation and market and product managers for different segments. I would say that virtually the entire company is involved in one way or another and we work in parallel with interaction between the various departments throughout the process.”

Beyond the internal bodies, spearheaded by product and marketing managers, there are also a number of external operators who need to be involved for the process to work properly and for the result to be as good as possible. These include, for example, manufacturers, suppliers and the retail trade.

The Keyhole – attitudes and expectations

This section describes how the Keyhole is regarded in the foodstuffs sector, what people's experiences of it are, how it is employed and what significance it has.



The Keyhole: Image

The image of the Keyhole differs between what is considered to be the general opinion within the sector and what is considered to be the general opinion among consumers.

The Keyhole is seen as a mark of quality within the foodstuffs sector

Attitudes towards the Keyhole among those interviewed are overwhelmingly positive. Operators within the trade and industry see the Keyhole as well-considered tool, unique of its kind, for working on the development of healthier food products for consumers. Producing products that meet Keyhole-labelling requirements shows you to be reputable and that you offer products that are acknowledged as good from the nutritional point of view.

The basic idea of the Keyhole – to guide consumers to beneficial, healthy choices by means of a single symbol – is regarded as simple and smart. What is smart about it is that a great deal of knowledge lies behind it while the simplicity lies in consumers needing only to look for a straightforward label in order to make a good choice.

"There are many people who love the Keyhole within the industry. Whenever the Keyhole is discussed, it provokes great enthusiasm, especially with product developers. There is great interest in the Keyhole in the industry. I think many people would agree with me that the Keyhole is a smart idea, a thorough and sensible instrument to relate to, a positive way of working to achieve the criteria instead of warnings. Instead, what is good and beneficial is highlighted."

"For me the Keyhole is wholly unique. I work in a multinational company and there are no other specifications which are so clear and thorough – and which have been around so long – explaining how to develop healthy products."

"We love the Keyhole. It contains the most important criteria for making a good choice and there aren't very many symbols that show an overall grasp of the matter in the same way as the Keyhole. It's something we believe in and something we like to be associated with, so when we can Keyhole-label something, we do."

"The Keyhole is an excellent tool for successfully producing healthier alternatives and for knowing that we produce products that are nutritionally better. Every year, consultants come wanting to develop a new health mark, but I do not know what that could do that the Keyhole is not doing already."

The Keyhole is familiar but lacks clear meaning among consumers

The general impression of those we interviewed is that consumers perceive the Keyhole as a reliable, credible symbol, and that it is a symbol that many people know and recognise. At the same time, it is thought that few consumers have a deeper insight or understanding as to what the Keyhole actually means, and that others even have an incorrect and negative image.

To a large extent, consumers still associate the Keyhole with low-fat products, this not being altogether positive in the light of current debate and the limited demand for light products. Other criteria, such as extra fibre and less sugar, also mean that the products are likely to be perceived as a bit boring and tasteless. All this means that consumers do not see the Keyhole as something modern and innovative, but rather something that is outdated and a little corny.

"Consumers don't understand the criteria. At best, the image is that the Keyhole is dull and corny and consumers don't see the point. At worst, people misunderstand what it stands for and dislike it."

"There's a rather diffuse idea that Keyhole-labelled products are good products but there's an enormous need for information concerning what the Keyhole really stands for. The Keyhole has taken a bit of a beating in the discussion about fats and additives from which it hasn't really recovered."

"Although the Keyhole is well-known, it's regarded as being for low-fat and light products: This means it's been a bit left behind, although the debate has maybe begun to swing round a little."

"Consumers are probably aware that the Keyhole stands for good values and that it's based on solid foundations, but at the same time there's a perception that it's a bit boring and not as good."

According to the interviewees, the majority of consumers do not reflect to any great extent over the Keyhole and nor actively seek out Keyhole-labelled products. Only a small group, particularly middle-aged / older women, have any real interest in, and knowledge of, the benefits of Keyhole-labelling and that it is used to choose more healthy food.

A number of players have conducted their own consumer testing to find out more about consumers' attitudes to the Keyhole, and what they perceive as healthy food. It appears that consumers can recall the symbol, but it does not carry enough weight to provide consumers with sufficient guidance concerning a product's healthiness and in what way it is healthy.

"Only among a small group of consumers does the Keyhole function as intended, i.e. help you make a good choice. That the keyhole only works for a few people is not a very attractive position."

"Many people are familiar with the Keyhole so to that extent it's well known, but for some people the symbol stands for additives and out-dated light products and that's not what consumers want."

"According to a survey we've had done, consumers are familiar with the Keyhole but don't really know what it stands for. Many people confuse the Keyhole with requirements."

"Apart from those who already think the Keyhole is good, there's no immediate guidance if you don't really know what it stands for."

The Keyhole from a product development perspective

The Keyhole criteria are largely regarded as thorough and well-founded, and something that companies generally strive to achieve. Even if companies do not struggle to fully achieve all the criteria, many of them often act as a guide in the product development process. The ambition then is to manufacture products that have the best nutritional values as possible without sacrificing important aspects such as taste and product quality.

"Many of our member companies work with the Keyhole criteria as lodestars and use them as points of consideration at an early stage of the innovation process."

"Companies often have Keyhole-labelling as an objective, but it doesn't get used in the end; rather it's used as a guide for what is good where salt, sugar and fat are concerned."

"Our management demands the same nutrition requirements as Keyhole-labelling. No innovation turns into a product with us unless it lives up to the Keyhole criteria."

"The symbol is important for those who wish to provide, and who can produce, healthier alternatives. Many companies have policies to do with diet and health. Sometimes Keyhole-labelled products are regarded as something that must be in the portfolio. The goal then is to have a product or products within the categories where Keyhole-labelling is possible."

Participants believe that the Keyhole stands for permanence, while trends come and go. Working on the basis of the Keyhole criteria, and offering Keyhole-labelled products means being prepared for the next nutrition trend. Salt content, for example, is not currently a major theme in foodstuffs debate in Sweden but it is expected to become increasingly important as knowledge and awareness increases. Many companies are in fact already working to reduce salt content in their products in accordance with the Keyhole criteria. Thanks to the Keyhole requirements, they know they are not only on the right track when it comes to fulfilling essential aspects of nourishing product quality, but they are also ahead of the game as far as future focus on salt content is concerned.

"The industry has great faith in the Keyhole. Companies like its durability; it's something they can relate to in the long term and which inspires confidence. Diets come and go but eh Keyhole aims to be as long term as possible. It's been around for a long time, lots of companies use it and it has been improved and developed. Companies snap up trends but use the Keyhole as a solid foundation."

"We try to fulfil Keyhole criteria as far as possible, where salt is concerned for example, but there's real challenge in working to reduce the salt content. It's not something that is being discussed or something that is being directly sought. There are a number of people who avoid fat in food, many people avoid sugar, additives aren't wanted and monosodium glutamate is a definitive no. But the product still has to function where flavour, food safety, shelf-life and texture are concerned."

"The salt debate is absent, but we're still working to lower salt levels as far as possible without negatively affecting taste and quality. Even small steps can make a great difference from a health perspective."

"There used to be a big sugar debate and now there's a fat debate, but when LCHF has blown away, the focus will be on salt. Then we'll be able to show that we've already come a few steps along the way."

It can thus be noted that although by no means all products are Keyhole-labelled, the Keyhole has contributed to the development of more nutritious, healthy products by functioning, alongside Nordic nutrition recommendations, as a benchmark in the product development process.

Keyhole benefits are clear but the criteria can be difficult to fulfil

At the same time as the Keyhole is regarded as a guide and there is great confidence in the Keyhole as a tool for the development of nutritious products, innovative companies wish to keep their options open. The more criteria that need to be filled, the more limited one's position as an innovator and the more difficult it is to produce new, functional products and updated items.

Since sugar and salt are often crucial in terms of flavour, shelf-life and texture, these can be especially difficult to cut back on to the extent that the criteria demand.

"Product developers want as wide a framework as possible when they are to develop new possibilities. For an innovator, it is obviously nice to not be restricted, and the more the Keyhole criteria are tightened, the less freedom is given to the product developers. If the criteria are too strict, the product developers can't develop any new products at all. Within meats, I think we are already experiencing this. There the requirements are very strict and there's an awful lot of them."

"It must be possible to make products that taste good and that people want. If it gets too complicated, you just ignore it."

Although not all product categories are involved, there is a rule of thumb regarding Keyhole usability which suggests that the fewer ingredients a product contains, the easier it is to Keyhole label. Conversely, the more complex the products are, the harder it is. This can lead to problems as consumers demand new exciting combinations, especially when it comes to taste, but also in terms of various types of goods such as fruit, berries, nuts and seeds etc. Today's trend also means that consumers want products that are "ready to go", and which are quick and easy to prepare. This amounts to demands for an increased range of composite products.

"It feels like the Keyhole has not really kept up with this. These days we're no longer selling plain basic products, but have to offer consumers more complex products. This immediately makes it harder to live up to the Keyhole criteria. Just a loaf of bread with seeds on it becomes more difficult to Keyhole label. The seeds and the bread may be Keyhole-labelled individually, but together the assembled product does not fulfil the Keyhole requirements. Actually, the product may not be unhealthy, but still impossible to Keyhole label."

"Although I understand that tightening up the criteria is desirable, there's a danger that soon there'll be no products left. Take oatmeal, for example, if you add bran, then everything has to be 100% wholemeal or you can't label it; you might be able to label nuts but not if you mix them in with porridge oats because then the fat criterion's blown. At the same time, leaving it up to the consumer to mix themselves is completely outdated when people pretty much want it to be ready to eat."

While certain products, often of a more basic nature, such as classic dairy products, bread and cereals can be Keyhole-labelled, there are other newer product categories that are not covered. This concerns not only more composite products such as various ready meals, savoury vegetable mixtures and the like, but also liquid and plant products that do not fit the criteria for fibre and fat even though they are perceived as healthy and a good choice.

When certain products within a category can be Keyhole-labelled and other similar products cannot, there is a danger of causing confusion among consumers and provoking questions as to why one set of products is less healthy than another.

“When the entire Western world is deficient in fibre, it’s odd that fibre content can only lead to Keyhole-labelling with bread and cereals. It should be just as good to get fibre in liquid form.”

“Yogurt can only be Keyhole-labelled if it is a classic dairy product while the vegetable-based alternatives cannot. The Keyhole has simply not kept up in this area and this means consumers are unable to understand what is healthy or not, and that a number of products that companies want to market as nutritious cannot be granted the symbol.”

“When it comes to fat, I agree that meat consumption needs to be limited among the population, but in terms of the Keyhole criteria, research clearly shows that some types of fat are healthier than others; hence fat quality should be in focus rather than fat content. If a product contains a high proportion of vegetable fat, that’s quite different from a high proportion of animal fat and that should be reflected in the Keyhole criteria.”

A further example given concerning the relevance and credibility of the Keyhole criteria is the question of sugar in dairy products. Here, a number of respondents think that the Swedish Food Agency should remove the possibility of Keyhole-labelling sweetened yoghurt because this type of Keyhole-labelled product damages the credibility of the Keyhole brand. This is particularly the case when so much negative press is aimed at the possibility of Keyhole-labelling sweetened products.

“The Keyhole is still not up to date where sugar content is concerned. It is strange to say the least that it’s possible to Keyhole-label low-fat products with a high sugar content.”

Bearing this in mind, there are good reasons for questioning the revision of Keyhole criteria that is being done. On one hand, it is important to have continuity, so that operators and consumers know the rules, and the time it takes for revisions to have an impact needs to be considered; On the other hand, it is important that the Keyhole keeps up to date with product development and that the criteria are revised as product ranges change so that its relevance is not undermined.

Overall, those interviewed are of the opinion that, even if you basically agree with and understand the Keyhole criteria, in practice there may be a number of functional, more or less rational barriers that impede and prevent the use of the Keyhole. In the end, commercial value will always determine whether a company chooses to go all the way and pursue Keyhole-labelling or not.

The Keyhole from a marketing perspective

Despite the fundamentally positive attitude and confidence in the Keyhole among our interviewees, the perceived lack of value and consumer demand constitutes the biggest obstacle.

From a marketing perspective, it is felt that the Keyhole has lost power and influence with consumers and that it represents insufficient customer value for investments in it to be justified in monetary terms.

"I follow the sales figures of Keyhole-labelled food because I would like Keyhole-labelled products to sell well. 10-15 years ago, sales were around 18% and now they're down to 10%. As you'll understand, customers are not exactly rushing to buy Keyhole goods, but by no means are they completely rejecting them either. Putting it bluntly, as long as sales are falling, there is no incentive to produce Keyhole-labelled products."

"There's no extra value in the Keyhole for the industry. The brand itself has been in some heavy weather and either stands for nothing at all or for negative things, such as additives. Some people even suggest that products sell better when they don't have a Keyhole on the packaging."

"Consumers don't care about the Keyhole anymore. For us, it's still an obvious thing to get a Keyhole on our products. It's a good symbol to show that we made an effort and developed good products, but it has no consumer value. It's also clear that LCHF has damaged the brand, but when the LCHF debate runs dry, we'll want to show that we have always been a serious player in that we always focused on nutritionally healthy products."

There is no doubt that both trade and industry see major benefits in having a simple symbol that guides consumers to healthier choices. Nevertheless, this is not enough to argue for Keyhole-labelling in cases where the process is costly or it clashes with other, more central values and objectives.

"Unless the company has a dedicated focus and there is clear commitment from management, you often have to fight hard to get products Keyhole-labelled. It is not enough for experts to think something is good. It needs pulling power from consumers as well. If nobody buys the products, it won't pay off to develop them."

"The keyhole is close to my heart. I think it's a really good tool. An interest in the Keyhole absolutely exists but perhaps it's mainly among us product developers."

"As a dietitian, I see obvious benefits in the Keyhole, but for marketers and company decision makers, the benefits are not as obvious, nor for consumers or the decision-makers in society. That's why not as many Keyhole-labelled products are produced as there should be."

The Keyhole has competition from other symbols, arguments and claims

Given the health trend in the foodstuffs sector, there is particular focus on health-related marketing. In line with the trend, the Keyhole and nutrition have had to make way for other marks and brand claims that are related to health in the eyes of consumers. For instance, a keyhole-labelled muesli gets competition in terms of health from another muesli containing organically grown berries and fruits – even if it not really to be recommended in terms of nutrition. Another example is that Keyhole-labelled boiled turkey gets competition from bacon made from pigs that are Swedish born and raised.

As long as consumers do not demand Keyhole-labelled foods, there is no strong incentive to produce Keyhole-labelled products. In many cases, health claims are thought to be more attractive

to consumers than Keyhole-labelling.

Although many would like to see healthier options available to consumers, and therefore want to manufacture products so that meet the relevant criteria, it is difficult to justify the extra efforts needed in the innovation process to go that step further in order to reach the final Keyhole-label criteria. Instead, marketing can focus on highlighting one or more arguments showing that the product is healthy - in the eyes of the consumer.

"There's a big battle going on concerning product labelling. You're fighting in terms of the environment, health, social responsibility, ecology and so on. As far as I can see, the Keyhole's not really in the battle."

"Of course there are many consumers who buy the products and know that they stand for healthy food, but the bottom line is that Keyhole-labelled food isn't anything that consumers make an effort to buy. Despite this, we have decided in many cases to Keyhole label our products, but we could in principle replace it with some kind of statement if that's what makes customers buy it."

"Creating good communication with the consumer is not easy. When it comes to healthy food, the Keyhole was all we had for a very long time. It enjoys high recognition but since suspicion was cast at Keyhole products on social media, it hasn't been functioning equally well."

The rules for foodstuffs communication are restrictive and complicated

While health claims may be attractive and effective, there is a risk that they do not meet the requirements and rules on how and what gets communicated. The majority of interviewees raised the issue of the complexity of the legislation and regulations that makes it difficult to communicate dietary advice and health and nutrition messages in a simple and clear manner. Such communication is intended at the outset to help consumers make good choices in the store at the same time as promoting sales.

In order not to risk making mistakes, many choose to be restrictive in relation to how they communicate and what messages they put on their packaging. In many cases it may be easier to work with different types of short concise nutrition statements rather than more sweeping health claims. Examples include statements such as sugar-free /no added sugar, rich in fibre and rich in protein, or that the product contains wholegrain cereal, Omega-3, Vitamin C, etc.

"It is difficult to work with dietary advice and the Keyhole. The trade is not allowed to communicate nutrition benefits in a way that appeals to consumers, and the rules that exist for communication are very limiting."

"It's complex legislation and affects all communication - both on the packaging and in other channels such as flyers and the like. It is tricky, and chances are that there will be errors."

"We're not allowed to write dietary advice on the products. In our advertising, we can't write anything, not even that fruit and vegetables are good for you, without proving everything with masses of in-depth evidence that no consumer is going to bother reading in an advertising context. Consumers do not take the time in any other context either, by the way, especially not in stores."

“We want to tell you which foods are good and what you should choose as a consumer, but we can hardly say anything without it having to be justified and getting very complicated. And that doesn’t work! Consumers read a text for a maximum of one second. If they’re then bored, they throw the material away and we haven’t succeeded in any reach-out at all.”

The difficulties of working with inspiration and guidance in the form of recipes are also mentioned in this context. For example, to be able to put a recipe on the package of a Keyhole-labelled product, the recipe has to be Keyhole-labelled too. This can be problematical if one wants to be able to offer this as an added value.

Many people therefore feel that the Keyhole can sometimes be counterproductive, setting excessively rigorous conditions and strict limits as to how it may be used and requiring too much for the criteria to be satisfied.

Attitudes to the Swedish Food Agency as the Keyhole owner

This section describes how the Swedish Food Agency is regarded as owner and manager of the brand, as well as the expectations for what the agency can contribute when it comes to the Keyhole and its development.



As the owner of the Keyhole, the Swedish Food Agency (SFA) is ultimately responsible for positioning and developing the brand in accordance with the expressed directives and intentions. Food manufacturers have the option of using the brand if they so desire as long as the criteria are fulfilled, but all those interviewed agree that commercial operators have neither the conditions nor the credibility to actively market and promote the brand in the way that is needed.

Bearing this in mind, the SFA is thought to have been unable to manage the Keyhole in accordance with expectations. The main reasons are assumed to be that the SFA lacks the resources and market and business conditions required, and that they have not been sufficiently proactive and visible in the general food and health debate.

“The SFA has not attempted to pursue the marketing of Keyhole or led the debate about what is healthy in Sweden, which is de facto to do with the SFA's own brand. This lack of action and communication has weakened the Keyhole and has had a clearly negative impact on the consumption of Keyhole-labelled products.”

“One of the reasons that Keyhole-labelled products are not selling as much is that there is no communication about it. It's a long time since there was any activity to invest the brand with the values it actually stands for.”

“Initially, when the Keyhole was introduced, there was more communication about communication. But, as in all brand building, you need to keep developing and managing all the time. If you don't nurse it, people will think less of the brand and consumers won't act upon it anymore. While it was more visible, it had a greater impact on product development. I guess there aren't the resources to nurture the brand and that's led to the Keyhole not having as large an influence as it might have had.”

In some quarters, the idea exists that the SFA expects retailers and the industry to take greater responsibility by actively marketing the Keyhole themselves; in other words, that the SFA could sit back and let the sector and the brand do their work for them. If this happens to be correct, it means that the SFA has not understood the conditions and requirements that form the basis upon which the food industry acts.

“As a business, we're not in a position to be a serious player when it comes to information about what consumers should eat. People will always be able to say that we're just talking down the competition. Moreover, it is important that the Swedish Food Agency is impartial. They not only need to be reputable, they must also be neutral towards us in the industry.”

"We're quite happy to use the Keyhole and take responsibility for following the rules, but we do not take responsibility for giving value to someone else's trademark or for marketing the regulations."

"I see two important elements that the SFA needs to think about. First, they need to understand what is required to run a brand. Second, they have to work with marketing and communication to actively raise awareness and influence attitudes."

Overall, it has been difficult to accept that the SFA is seen to have lost its grip on the health debate in Sweden. Instead of leading the trend, it has stood still and looked on or, in the worst case, capitulated. This means that Swedish consumers have been allowed to build up an inaccurate picture of what healthy products really are and that they have not been given the opportunity to make informed choices based on proven science and knowledge.

"100 Nordic researchers think that saturated fats are something we should reduce in our diet. Two doctors, Andreas Eenfeldt and Annika Dahlqvist, think otherwise. How can they be allowed to lead the debate at consumers' expense? Furthermore, where products are concerned, the LCHF advocates make nutrition claims on their products which may not occur. That these are not investigated amazes me. There's clear legislation in this area and you think that the SFA should take action!"

"The Swedish Food Agency has to WORK to obtain media attention. They must tell us what's unique about the Keyhole, the whole story behind it, and the enormous task that's been done to produce the keyhole at all. New consumers have no idea about the background. The SFA must be visible much more often and, if they want the Keyhole to survive, they must REGULARLY remind consumers of why it exists. This has not been done!"

"The Keyhole is supposed to help consumers make beneficial choices against a deafening background of information noise. The SFA must be more active and to be present on social media of all kinds, not just be satisfied with TV commercials and newspapers every now and then. It is very important that product selection is based on serious research. That's not the way it is among consumers today."

"I wish the Keyhole got more support. It's newer in Norway and Denmark and probably gets more media attention there on the strength of that alone. In Norway, retailers have even reduced the price of Keyhole-labelled products to make them more accessible to consumers. In Sweden, virtually nothing has been done for 25 years!"

In addition to strong ownership with the ability and means to create a strong brand, it is also thought that a clear political agenda with clear public health focus is required. A number of operators are active in a number of Nordic countries and can compare the situation in Sweden with how things work there. What is clear is that other countries often have a completely different, much clearer prioritisation of public health issues, and that that in turn generates greater demand for, and greater commitment to, the Keyhole.

"If the Swedish Food Agency seriously wants to work with public health it is important to set an agenda that makes it harder for industry to ignore the Keyhole and gives a kick to politicians so that they see the link between food and health."

“Consumers want to bother about eating habits and there are misconceptions among Swedish consumers that they are living healthily. It’s all to do with attitudes and barriers to knowledge. There’s great potential where increased levels of knowledge are concerned, and here it is important to appeal to those in power. It’s high on the agenda of the World Health organisation and referred to as the biggest challenge we’re facing.”

“If we are really going to get anything done concerning health in Sweden, then it’s going to have to come from the authorities. There should be a national public health plan with clear demands and ambitions for product development.”

“In Sweden, we have nutritional recommendations, for example, that we should eat 500 g of fruit and vegetables every day, but the question is whether the political authorities have asked themselves why these recommendations should be followed and what it would mean. If we don’t understand, they won’t become a tool and the Keyhole itself is supposed to be a tool for meeting the nutritional recommendations.”

“We all saw what happened when the traffic authorities started working towards a zero vision. Concrete measures were taken over a number of years and the traffic situation became safer. When it comes to health, it’s hardly difficult to see that we in Sweden need action, but nothing ever happens. Regarding diet, we have no vision at all, no plan, no goals.”

In this context, questions are also levelled at Sweden and the SFA’s pro-activity and influence regarding what criteria are to apply to the Keyhole. The feeling is that the Swedish authorities are not forceful enough to influence the cooperation and surrounding conditions in a direction which would work for the Swedish market.

“One thought is that we on the Swedish side are a bit flat in our approach regarding the criteria to apply for the Keyhole, and that we are more interested in maintaining the collaboration than actually setting standards for what works in Sweden.”

“Like with meat products, the background to the criteria being so strict and so numerous is that Norway does not want such salty products. Here Sweden’s negotiating tactics have failed. If the tactics aren’t ready and the SFA doesn’t dare stand up internally, Sweden can’t go negotiating with Norway and Denmark. Then they’ll take over and start controlling the Keyhole.”

In brief then, the Swedish Food Agency has an important role to play in influencing both domestic and international policies and decisions in the right direction. The SFA must also assume active responsibility when it comes to influencing consumers’ attitudes in relation to nutritional recommendations, dietary advice and the Keyhole.

The future of the Keyhole

This section describes how the interviewees see the development of the Keyhole and what is required for Keyhole-labelling to be attractive and relevant for use.

Given that the Keyhole, during its 25 years, has gone from holding a relatively strong, unthreatened position to losing importance and influence, it needs to be reviewed and revitalized. In order for the Keyhole to regain a strong position, the foodstuffs sector believes conscious, major investment in the brand is needed.

The Keyhole stands for good values and a great deal of knowledge and evidence-based research concerning what is nutritionally healthy underlies the Keyhole requirements. Despite this, it will become ineffective and not fulfil its purpose if Swedish consumers are not reached by the underlying message and the benefits that the Keyhole provides.

Those interviewed believe that a clearer focus on out-reach information dissemination and advocacy is required. This doesn't mean, in the first instance, absorbing or undertaking more research, but disseminating the knowledge that already exists and which can promote public health.

"The thing is that science has the knowledge, and there's so much knowledge, but it doesn't get out to consumers. We don't need to produce more knowledge now, but package the knowledge we have so that people can begin to take action."

"What the SFA needs to do is to inspire, communicate and motivate so that consumers can find their own driving force to have a positive impact on their eating habits in terms of nutrition."

"It's not about a quick fix. If you want the Keyhole to exist, you need to invest in it. It means influencing public opinion and that requires both information and substantial marketing efforts. I'm talking about a relaunch of the brand, not an autumn campaign where you rather vaguely chat about the Keyhole for a week or so."

The measures considered necessary cannot wait and, given the current health trend, there should also be scope to influence attitudes and consumer behaviour.

"It's nearly midnight now. If anything is going to be done to save the Keyhole, action has to be taken IMMEDIATELY. Since there's such a focus on health at the moment, that should really be to the Keyhole's benefit."

"The timing, now that the Keyhole is 25 years old, should be right for a relaunch. How hip can anything be after 25 years?"

The Swedish Food Agency also needs to understand industry and trade conditions in order to collaborate effectively and reach out with marketing efforts to do with the Keyhole. This concerns, for example, having insight into how companies act and think about timing and duration, as well as the requirements laid down in relation to communication and marketing.

For the SFA and the Keyhole, it is important to take into consideration that the innovation process claims a lot of time and good forward planning is required. If a product is to be Keyhole-labelled, this is determined early in the process. This means that updated criteria are not something that can easily and quickly be adjusted later, but must be carefully planned at the start of the innovation process.

"We're currently discussing the membership magazine for 2016. All agreements need to be completed by May 2015; after that, it won't be possible to change the contents. Sure, you can change a small detail, but in general everything must be clear by then. You have to have extreme foresight in bringing in material."

"The SFA must act more quickly. Everything takes time and is difficult to control. They must understand that retailers can't wait and that they can't reconcile everything with everybody."

"When we are going to market stuff, and that is, after all, what we do, we're pretty much locked up. I think it's important that the SFA also think about how we can use dietary advice, for example, and that they relax the requirements of having to do things exactly as it says, meticulously word for word and with the same layout. That makes things very difficult because we have our own way of doing things with a special style, colour scheme and so on that we work with in the shop. On the other hand, we'd like to be able to say we agree with the SFA - "Eat more fish, try this week's salmon" - or something like that. We want to generate sales and so we have to put together a health message with what we can get the customer to do regarding choice in the shop. Not many people read in-store communication. They don't walk around reading sustainability claims, they read about price. You have to get your message over at several different places, and then it must be concise, clear and linked to our selling product."

Generally speaking, there is an understanding that it is difficult for the SFA on its own to restore the Keyhole's reputation and gain support and impact in terms of nutrition recommendations and dietary advice. The SFA has limited resources in terms of money and competence and, at the political and national level, there is also a lack of a clear plan concerning how to work with diet-related public health issues.

"We know the direction that we'd like to guide sales, and that's a strong focus in our company, but is there anyone else looking at public health issues in the community? The politicians don't say anything and what the authorities have to say, nobody knows. We need a joint plan so we can start fighting for public health!"

"That Sweden is one of the two countries in the industrialised world without a national nutrition plan is beyond contempt."

"I'd like the Ministry of Agriculture to draw up some long term goals, like by 2025 we should to have a certain proportion of Keyhole-labelled products, but then you have to say so in the press and take action. Things can't continue like they are today, when the counsellors in the ministry don't even know what the Keyhole stands for."

"That political action is needed is obvious! This sounds crass, but I mean it. That our health debate has been derailed in Sweden has to do with the lousy, non-existent nutrition policy of the past two decades. Both politicians and political experts have completely messed up any health focus in Sweden. We have an authority that recommends a certain diet for the population and politicians who read blogs and then write that they started keeping the LCHF diet."

As a rule, it is not primarily the content and criteria for the Keyhole that affect how the food industry looks at it and how it is applied. Assuming we succeed in creating interest and deeper understanding of the Keyhole's benefits in both consumers and society at large, demand for, and the range of, Keyhole-labelled products is most likely to increase.

Conclusions

Development and influence of the Keyhole over 25 years

- During its 25 years in the market, the Keyhole has achieved a stable, established position in the foodstuffs sector in which it is viewed as a synthesis of comprehensive long-term research manifest in a single symbol offering simple, credible, objective consumer guidance.
- Although far from all products are Keyhole labelled, the Keyhole's 25 years may be said to have contributed to developments towards nutritious, healthy foods by functioning alongside Nordic nutritional recommendations as both benchmark and guide in the product development process.
- Among consumers, attitudes to the Keyhole have changed over time. In step with the increase in, and access to, the flow of information, and coupled with increased individuality as to whom one listens to and is influenced by, the Keyhole has been subject to increased competition, leading to erosion of its significance and relevance.
- Knowledge of the Keyhole is high and in most cases it is also associated with something good. This does not mean, however, that there is a deeper understanding and knowledge of what it stands for and what the benefits are. Nor does it mean that it is necessarily attractive and relevant to consumers, and for some it may even be negatively charged.

The innovation and product development processes

- Companies' innovation processes are well planned, comprehensive, and have a clear commercial perspective in that consumer demand and current trends largely affect which products are produced.
- Generally speaking, product development begins on the basis of the official nutritional recommendations and follows the guidelines laid down in the applicable legislation and regulations.
- The Keyhole and the criteria for Keyhole-labelling are used by many companies as a guideline and quality assurance in the development process. However, depending on what is judged to be most profitable in terms of investment, it is by no means taken for granted that companies will choose to go the whole way and pursue Keyhole-labelling.

Opportunities and barriers

- The lack of demand and the small possibility of recouping investment in the Keyhole in terms of increased sales constitute the main barriers to the development of more Keyhole-labelled products.
- To some extent, the Keyhole requirements also constitute a barrier because they can be difficult to fully implement. This is particularly the case in products where sugar and salt are very important for the taste and texture, as well as in composite products where different criteria work together or in newer product categories where it is unclear how the criteria should be applied.
- Opportunities for the development of more Keyhole-labelled products lie in there being a significant health trend, interest in good food and product quality, and the industry's positive attitude towards the Keyhole – as long as it pays.

The Swedish Food Agency must focus on resurrecting the meaning of, and confidence in, the Keyhole among consumers. It is important to recall the purpose and benefits of choosing Keyhole-labelled products by continuous, clear presence, visibility and communication.

About the study

Background and purpose

The Keyhole is owned by the SFA and is a symbol that has been in the Swedish market for 25 years. It was first used in Denmark and Norway five years ago and one year ago in Iceland. The criteria for Keyhole-labelling are set jointly by the member countries.

The SFA recently conducted a survey that found that awareness of the Keyhole among Swedish consumers is high and that the brand is perceived as credible. At the same time, it shows that few people know that the SFA stand behind the symbol and that there is a need to update and modernize the image of the Keyhole and what it stands for.

As part of the work with the Keyhole, the SFA and other Nordic countries have received funding from the Nordic Council of Ministers to examine how the Keyhole has influenced foodstuffs product development over the years. The survey is to be carried out in each country and aims to obtain knowledge of the opportunities and barriers that exist in relation to using the Keyhole in the product development process and developing even more products that live up to the Keyhole requirements.

The SFA is to use the survey results as the basis for various forms of activities and information campaigns in future work with the Keyhole.

The survey is based on the proposed approach developed by DTU (Technical University of Denmark) and is based on interviews with key strategic stakeholders in the food industry in terms of product development and marketing of products. Since the Keyhole has been around longer in Sweden than in the other Nordic countries, the approach and issues are partly tailored towards the conditions that prevail in the Swedish market. In Sweden, we have focused on the following key questions:

- What experiences do companies have of using and marketing the Keyhole on their products?
- What does the product development process look like; what is considered and what decided at the various stages of the process, both generally and specifically in relation to nutrition claims?
- In what way and in what context does the keyhole enter into the product development process?
- How important is the Keyhole to the company and the products; how and when does its use become relevant and what hinders or encourages use?

Sample and method

Within the scope of the survey, Ipsos conducted 15 qualitative interviews. The interviewees have all had long experience in the foodstuffs sector with responsibility for, and insight into, both product marketing and communications. Most of the interviews were conducted in person at the respondent's place of work or at Ipsos' offices and a small number were carried out by telephone for practical reasons.

The Interviewees were recruited on the basis of an overall list provided by the Swedish Food Agency. Recruitment and interview –booking was done by Ipsos’ own staff with extensive experience in recruitment. Before recruitment started, the SFA sent out an advance briefing about the study by email.

The interviews were conducted by Ipsos qualitative Consultants, Maria Hedengren and Magdalena Wassenius during the period from November 2014 to January 2015.

Based on the interview guide developed by DTU in Denmark and the questions that were defined together with the SFA, Ipsos developed an interview guide that was the basis for the interviews. The guide formed the shape of the conversations but both interviewee and interviewer were also able to pick up things beyond the compass of the guide that might also be important for the study’s purposes.

All the interviewees are treated anonymously in the reporting of results, which means that no specific information or specific quote is directly attributable to the person or company.