

A VIEW OF GMOS FROM THE UK

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Food Consumers In The UK And GMOs

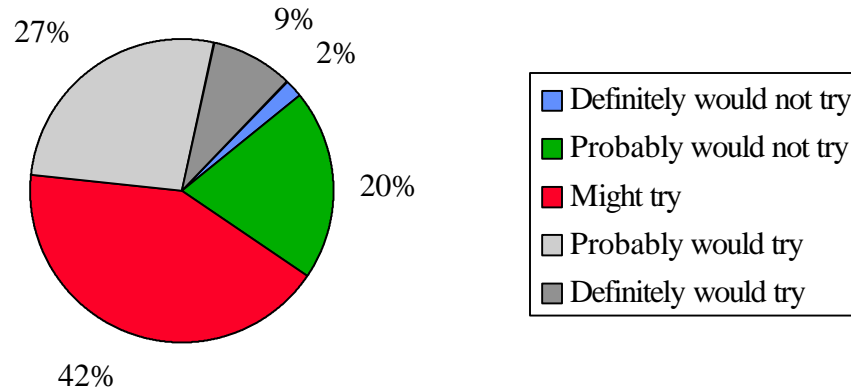
At the present time, the genetically modified organism (GMO) issue is rapidly emerging as the next big theme in European food production post-BSE (bovine spongiform encephalopathy). The key question in this context is the degree to which the release of GMO-containing food products onto the United Kingdom (UK) market (and the associated press coverage) will further damage consumer confidence in the food supply chain and influence the types of food which consumers choose to buy.

At the current time it is difficult to predict the impact of the GMO issue on consumer food choices in the UK. Whilst a growing proportion of consumers are aware of GMOs as a food issue, few are well informed as to what genetic modification actually is and the implications for food safety, environmental protection, animal welfare, and so on. Consumer surveys suggest that consumers are ambivalent about GMOs in the context of their food choices; in general only a small proportion indicate that they definitely would/would not buy GMO-containing food products if they were available (Figure 1). Given that, to date, consumers have not faced a choice between GMO and non-GMO food products at the point of purchase, it is difficult to predict whether there will be widespread acceptance or rejection of GMO products. In the one case where a GMO and non-GMO variety of the same product (canned tomato paste) existed side-by-side on the supermarket shelf, consumers were willing to buy the GMO product, although in this case it was cheaper.

The growing body of survey work on consumer attitudes towards genetic modification suggests that a key factor influencing consumer acceptance of GMO food products is awareness. Whilst consumers who are better informed about GMOs are more likely to perceive the disadvantages of genetic modification, they are also more likely to perceive the benefits. This suggests suppliers of GMO food products should engage in more active communication with consumers and provide clear information through product labelling. It should be noted, however, that consumers will only purchase GMO products if they value the benefits which such products supply, for example lower price, better taste, and so on. They may not value some of the purported 'benefits' of genetic modification, for example tomatoes which keep in the refrigerator for two months are unlikely to be perceived as fresh.

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Figure 1. Willingness Of Consumers To Try Genetically-Modified Food Products, 1995:



Source: Food and Drink Federation.

It should be noted, however, that there is likely to be a segment of the population which reject GMO food products despite the benefits such products supply. As Seymour-Cooke (1997) suggest:

Older and less educated consumers will probably always be more wary of biotech foods, and those in Switzerland and Germany less likely to buy such products than those in the UK and, especially, southern Europe and North America. Beer, bakery and fruit juices may be the sectors that invoke the most consumer resistance.

This suggests that there will remain an active demand for GMO-free food products which, as a growing proportion of products contain GMOs, will become premium markets.

The foregoing discussion pinpoints a second factor which will influence the rate of acceptance of genetic modification in the production of food in the UK - consumer choice. There is clear evidence following the release of Round-up Ready soya onto the European market, that consumers wish to have a choice whether to consume GMO-containing food products or not. This emphasizes the need for clear and accurate product labelling.

The Response By Food Retailers

The current trend in the European retail sector is towards high and increasing levels of concentration, increased market share of retailer own label products, and greater vertical co-ordination of the food supply. As a consequence, the market power of the major multiple food retailers, and in particular Tesco and Sainsbury's, has increased; and such companies are increasingly seen as the key driving force behind many of the dominant trends in the UK food market.

The multiple food retailers have built up considerable trust in their relationship with food consumers; consumer surveys consistently indicate that consumers trust food retailers more than any other groups, including the government. As a result, however, the retailers are extremely risk averse in the case of

issues and/or events which might cause a loss of consumer confidence. They have, for example, developed elaborate systems of quality assurance for the supply of own label food products and are active in the supply of information about food issues to their customers.

This theme of quality assurance and traceability has led retailers to consider carefully their response to the prevalence of products which might contain GMOs, and in particular ingredients derived from soya. Given that they are unlikely to stock both GMO-free and GMO products, most of the major food retailers have chosen to accurately label their products if there is any chance that they might contain GMOs. This has resulted in the British Retail Consortium's code on GMO labelling, the full details of which are still emerging. There appears to be general agreement amongst the major food retailers that all of their own-label products which might contain soya should be labeled '*contains genetically modified soya*'. This decision is founded on consumer research which suggests that consumers prefer the definite '*contains*' to the less certain (but more accurate) '*may contain*'.

One multiple food retailer, Iceland (a relatively small player - with 770 stores, but only 1.6 per cent of total UK grocery sales), has adopted a more radical policy. On 18 March it was announced that Iceland would use no GMO-derived ingredients in its own label grocery products as of 1 May 1998. Following the British Retail Consortium's recommendation in January 1998 that United States (U.S.) producers should no longer be asked to separate GMO crops from non-modified varieties, Iceland has declared that it wishes to be known as the only big food retailer offering consumers a real choice.

Other (smaller) retailers will be influenced by their own market position and profile. Budget retailers may feel that if GMO products allow them to establish a price-based competitive position, suitably labeled, such products may be appropriate in certain market segments. On the other hand, a retailer targeting a premium or quality market may see a market opportunity in positioning products as GMO-free.

The European Dimension

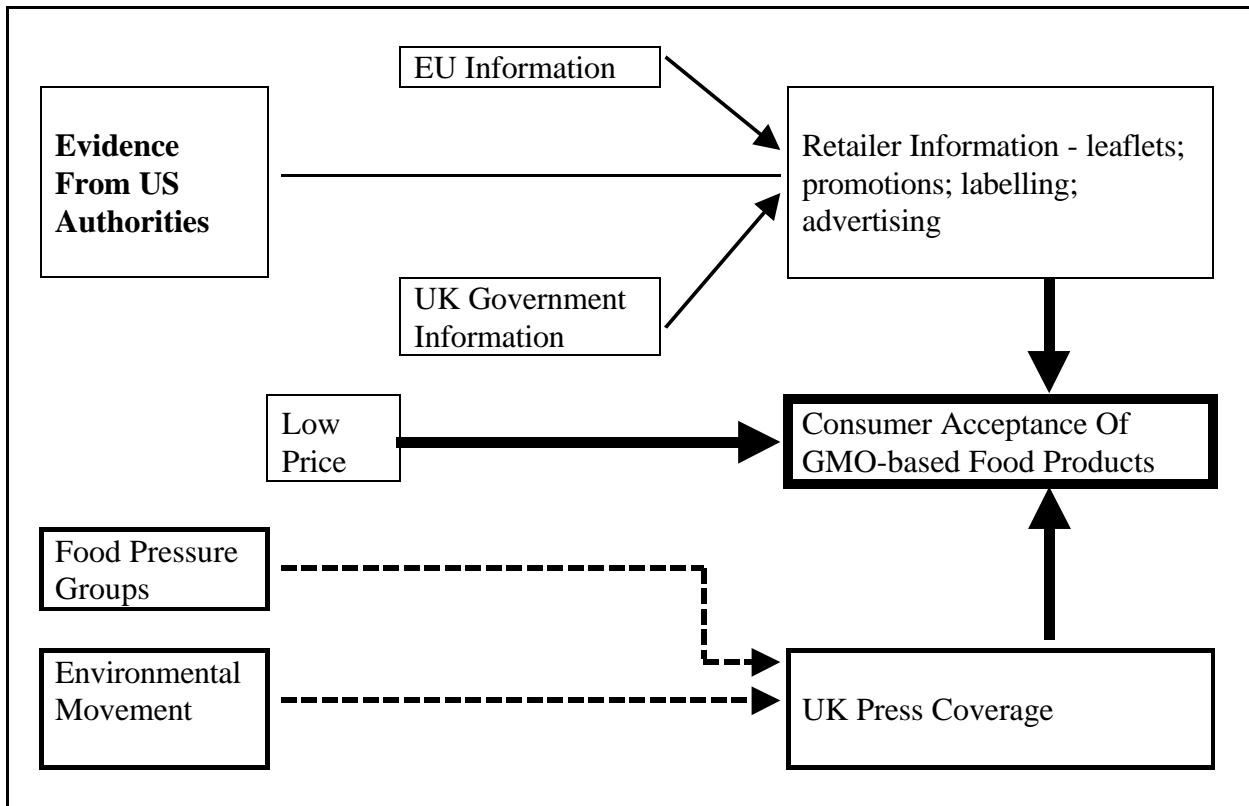
There is still considerable disagreement within the European Union about potential legislation on GMOs. Labelling initiatives in the UK may represent a 'pre-emptive' effort on the part of the UK food industry to anticipate European plans, although at present internal disagreements within the EU have delayed unified plans for GMO labeling of products. Current legislation dictates that food products approved for entry into the EU before May 1997 do not require labelling, but that those products containing viable genetic material introduced after this date, must be labeled as such.

Current proposals range from the relatively moderate - requiring the labelling of seeds and foods containing soy protein (in which the genetically modified material is still present) - to the extreme of all feed and, by default meat fed on GM feed, to be labeled as such. For a region still reeling from the effects of the BSE crisis, such a line may have attractions to policymakers eager to avoid the potential for both public health risks (however small) and further loss of consumer confidence.

The nature of the European labelling regulations (under the Novel Food Regulation) highlight some of the confusion surrounding this issue. The Regulation allows for the words '*may contain genetically modified material*', a form of wording endorsed by the UK government. This would not then require segregation and identification of GM soy in production and marketing. However, there are those within the EU (apparently including the Agricultural Commissioner, Franz Fischler) who are unhappy about the term '*may contain*', arguing that it may lead to further confusion among consumers. This is the view taken by food retailers within the UK.

Figure 2 below speculates on the various influences on consumer attitudes and confidence towards GMO-based products in the UK. In the diagram the thickness of each arrow indicates the relative importance of each source of information. This highlights the importance of the multiple food retailers in providing information. The diagram suggests that evidence from the US may have questionable effects on the confidence of (somewhat skeptical?) consumers, and that consumers may doubt the efficacy of information emanating from the UK government and/or European Commission. Boxes with dotted outlines highlight potential negative influences.

Figure 2. Influences On Consumer Attitudes Towards Genetically Modified Food Products In The UK



The Future

In terms of how this issue might develop in Europe over the next several years, there are a number of assumptions that need to be made in order for consumer acceptance to become widespread. Quite obviously, for a region which has experienced high profile food scares in the recent past, which have carried immense publicity and considerable consumer concern, any scare relating to GMO-based products would set back their full introduction considerably.

More prosaically, once product licensing and labelling - at a government or European level - is decided upon, there is likely to be a large proportion of consumers in Europe who will be persuaded by cheaper prices, and whose concerns may well be satisfied.