

Retailers' promotions: what role do they play in food purchases compared to deprivation?



The Challenge

Scotland's obesity rates are among the highest in the OECD. Poor diet, compounded by increases in affordability of non-perishable foods via sales promotions, is cited a key reason for this. The main purpose of the study is to analyse the overall effect of promotions on consumers' food purchases in Scotland considering and the associated implications of the findings for food and health policy.

Policy Implication

Since promotions seem to have different effects by category, it would be advisable to control those applied to unhealthy products as they affect the quality of the diet. The ultimate goal is to control the price of unhealthy products as some retailers might not use promotions. These results indicate that typical economic measures such as specific taxes might not have a strong impact on diet given the inelasticity of the demand to changes in prices.

Solving Scotland's overweight and obesity problems will require a broad fronted approach which not only involves restrictions on the promotion of some of the most damaging foods with respect to a healthier diet, such as high sugar drinks and high fat products, but also other initiatives such as child and adult education, as well as 'supply side' actions such as product reformulation.

Research

The dataset used in the analysis was the Kantar Worldpanel dataset for Scotland, which provides information on all the purchased products which are aggregated into 10 categories: dairy products; meat and fish; fats and eggs; sugar and preserves; fruits and vegetables; grains; sweet confectionery; beverages; soft drinks and juices; and a numeraire category including all the other products. Two issues were investigated:

1. The effect of promotion on household expenditure (total and by category)
2. The effect of promotions on the expenditure allocation decision.

Results

Promotions have a positive effect on the total expenditure of households. There are high and growing proportions of food sold under promotion, the highest of which are for soft drinks and juices, beverages and sweet confectionary (in descending order). The most deprived households react less to promotions on fruits and vegetables than other groups which highlights the challenge of healthy diets for the most deprived in Scottish society.

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Tiverton : Tesco Superstore Drinks Aisle
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About

The Land Economy, Environment and Society (LEES) Research Group is one of the largest groupings of economists and social scientists working in the rural, agricultural and land based sectors in the UK. Our vision is to be recognised as one of the leading centres for agricultural and wider rural economic and social research globally, benefiting the land use sector, the environment and rural communities.

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