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# Natural Foods

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**C**oncern over the safety and nutritional quality of many processed foods has been heightened by reports on food additives, preservatives, and carcinogens. A 1976 USDA survey indicated that many consumers were changing their diets because of existing health problems or concerns about preventing future health problems. Individuals who had altered their diets were concerned about preservatives, artificial sweeteners, food colorings, and flavor enhancers in food and beverages.

During the mid- to late-1960's natural foods were considered a passing fad. Today, natural foods have become a part of our national eating habits. That people are demanding more natural food is evidenced by the dramatic rise in the number of health/natural foodstores in the last 10 years, increasing from 1,200 in 1968 to over 6,600 in 1978. And it is reported that new stores are still opening at the rate of 400 per year. Total store sales increased from \$170 million in 1970 to \$1.6 billion in 1978 and are projected to reach \$3 billion by 1990.

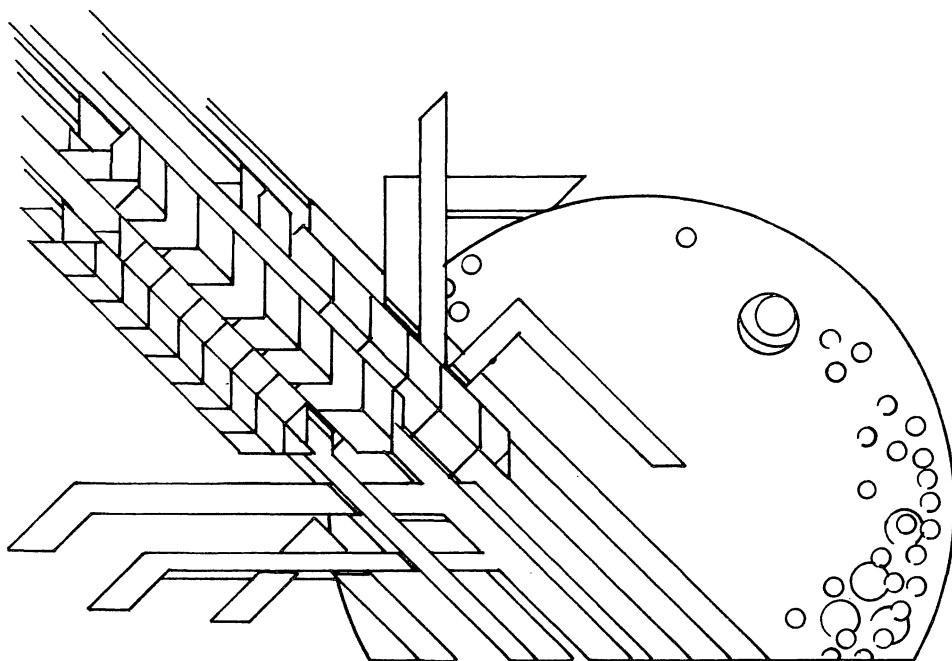
Though the health/natural foods market is growing, sales of \$1.6 billion in 1978 represented only 0.9 percent of total U.S. grocery store food sales that year (\$179.6 billion). And the 6,600 health/natural foodstores accounted for only 4 percent of grocery stores.

In an effort to share in the flourishing natural foods business, many conventional grocery stores are stocking health/natural food products or have added a separate section devoted entirely to health/natural foods.

## What is Natural?

According to the Federal Trade Commission's (FTC) Report on Food Advertising, there is no generally accepted definition for the term "natural" as applied to food.

"Natural" is often confused with "organic." Organic foods are those which have been grown without synthetic pesticides, fertilizers, or chemicals. Natural refers to unprocessed or minimally processed goods without additives, preservatives, artificial coloring, or chemicals added after the food is harvested.



Among nutritionists, natural is understood as (1) foods that are not processed after harvesting, (2) foods which have been subjected to minimal processing after harvest, and (3) foods which do not contain artificial additives or other artificial ingredients.

Although vague, some industry sources use a definition adopted in 1973 by the Association of Food and Drug Officials of the United States which says: "A food or blend of foods derived entirely from components as they are found in nature (water loss or dehydration excepted) may be considered as natural. Such food or blend of foods may be processed to the extent that inedible or non-nutritive substances are removed, or if only the form of the food is changed."<sup>1</sup>

No Federal standards regulate the use of the term "natural" thus, food processors often use it to suit their own purpose in promoting and selling various food products. Health/natural foodstores have a specific image to protect, thus many have their own standards for stocking natural food products. For example, many stores do not

stock any product which contains refined sugar, additives, or preservatives. However, some stores carry products containing natural additives, preservatives, or both.

## Advertising Claims

As consumers seek to control their intake of artificial food additives they look for foods free of chemicals and those as close as possible to a natural, unprocessed state. Some advertising claims for many of these types of products, if not carefully scrutinized, can be deceiving.

Without regulations, food products ranging from fresh fruits and vegetables to highly processed food products are advertised as "natural." There are many "natural" breads on the market. But one may question if any bread which has had vitamins and minerals removed in the refining process can be considered natural. Colored cheddar cheese may be labeled "natural" even though the natural color is creamy white.

Natural claims are inconsistent regarding the presence of additives and preservatives in food. For example, natural claims have been made for (1) orange juice containing

<sup>1</sup> The Association of Food and Drug Officials of the U.S., (AFDOUS), is an organization made up of representatives of Federal, State, and local food and drug officials.

## Food Product Proliferation: Part II

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no additives, (2) cereal containing no preservatives, and (3) cereal containing no artificial preservatives. Although the first product is presumably free of any additive and/or preservative, the latter two could contain other artificial additives, such as color, flavor, etc. and still be labeled natural.

Some foods are advertised as natural even though they are highly processed and contain synthetic additives. Cereals which are processed and fortified with vitamins and minerals or contain chemical preservatives could fall into this category.

The type of sweetener used in natural food products may vary from product to product. For example, an ice cream advertised as natural may contain pure cane sugar, while a natural cereal may be sweetened with brown sugar and/or honey, and orange juice may contain no sugar at all. Any product which contains refined sugar (which is highly processed) is not natural. Salt is another ingredient which may differ among products. While iodized salt may be used in some "natural" products, sea salt or kelp is used in others.

Not only does the term "natural" describe ingredients in products, but also the form of the product. For example, "ready to cook, natural fillets" distinguishes fish fillets from blocks of frozen fillets stacked together and cut into individual portions. Although onion rings are highly processed because they are fried in batter and frozen, their title "natural fresh sliced onion rings" may simply distinguish them from other forms such as diced or pressed onion rings.

Some food products are just as natural as they have ever been, the only change is that the term "natural" has been added to the label. Various brands of potato chips, apple cider, and distilled white vinegar are among the products that fall into this category.

### Proposed Standards

The term "natural" has many diverse and inconsistent uses and meanings. The proposed FTC recommendations would alleviate abuse of the term by not allowing "natural" to be used to describe food products that:

- Have undergone more than minimal processing after harvest or slaughter where minimal processing may include:
  - the removal of inedible substances;
  - the application of physical processes (cutting, grinding, drying, or pulping)

which change only the form of the food; and/or

- processing necessary to make the food edible or safe for human consumption or to preserve it.

■ Contain any artificial flavoring, color, additive, or chemical preservatives or any other artificial or synthetic ingredient.

■ Have two or more ingredients and one or more of such ingredients cannot be represented as natural or a natural food.

A decision to regulate the use of the term will probably have a smaller impact on the natural food industry than the conventional food industry. Many conventional products advertised as natural would be excluded from the natural food category under the FTC proposal unless significant ingredient changes are made, because they are highly processed and contain artificial ingredients. Many natural products sweetened with brown or white sugar will be affected as well as products which contain artificial preservatives and/or additives. Highly processed and fortified products will also be among those which may lose their "natural" name.

A decision on the FTC proposals will probably be made sometime this summer. If accepted by the Commission, final regulations will appear in the *Federal Register* in the fall and become effective in early 1981. ■

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The concept of what is "new" in food products varies enormously—some claim that there are no truly new foods at all, while others estimate that several thousand new foods appear each year. Manufacturers, retailers, and consumers each have differing views on what is meant by "new."

One method of classifying new products is by their degree of novelty.<sup>1</sup> This is categorized in three ways:

■ *Distinctly new products*. These are new types or categories of products different from any other product in form, technology, ingredients, or method of use in the home.

■ *Line extensions or new brands*. Line extensions are new package sizes, flavors, or shapes of existing products. New brands are imitative products not previously carried by the retailer within an existing category.

■ *Product improvement or new items*. Product improvement involves minor changes in the formulation or perceived characteristics of existing products. These are any products added to the chain's stock for the first time excluding very minor changes in packaging.

These three categories are useful because they capture distinctions made by buyers and sellers in the industry. In this article, innovative product introductions will be termed *distinctly new* products or new categories. The imitations of successful new types by other producers and line extensions by the introducing firms will be termed *brand* proliferation. The most frequent type of proliferation will be termed *item* proliferation, repositioning, or reformulation. The appearance of a new category of food usually implies the appearance of a new brand name; likewise, brand proliferation is a special form of item proliferation.

These distinctions also fit within a time framework. First, a new category is created, then brand proliferation or line extensions occur, followed by item proliferation and repositioning.

A study by *New Product News*, a trade publication, shows that brand proliferation exceeded the number of distinctly new

<sup>1</sup> This methodology was proposed by Robert D. Buzzell and Robert E.M. Nourse in *Product Innovation in Food Processing, 1954-1964*, Boston: Harvard Graduate School of Business Administration.