



The Honorable Richard Blumenthal
United States Senate
706 Hart Senate Office Building
Washington, DC 20510

The Honorable Edward J. Markey
United States Senate
255 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Patrick Leahy
United States Senate
437 Russell Senate Office Building
Washington, DC 20510

The Honorable Bernard Sanders
United States Senate
332 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Jon Tester
United States Senate
706 Hart Senate Office Building
Washington, DC 20510

The Honorable Christopher Murphy
United States Senate
136 Hart Senate Office Building
Washington, DC 20510

February 10, 2016

Dear Senators:

Thank you for your January 21st letter and for this opportunity to provide more information on our SmartLabel™ transparency initiative and how it works. The Grocery Manufacturers Association and its member companies share the objective to provide consumers with easily accessible, detailed, accurate and up-to-date information. We are committed to transparency and meeting strong consumer interests for more information on food ingredients, such as nutrition, environmental, religious and sustainability factors.

SmartLabel™ was built to do just that. The first generation of SmartLabel™ will enable consumers to look up over 350 food, beverage, personal care, household and pet care product attributes with detailed information on items such as nutrition, ingredients, allergens, genetically engineered ingredients, third-party certifications, social compliance programs, usage instructions, advisories and safe handling instructions and company/brand information. We expect the number of attributes will continually grow as consumer interest in information will be ever expanding.

Consumers today want to know so much more about their food than is ever possible to put on a label. We believe SmartLabel™ is a transformative initiative that leverages digital technology to address this growing consumer thirst for knowledge and will enable consumers to get all the information they want to know about what they are purchasing – and when they want to know it.

It is designed so that consumers can easily have access to a wide variety of information that goes well beyond labeling requirements and can enable them to hone in on a specific question they have on an ingredient or product in just one or two clicks.

Extension of Package Label

SmartLabel™ doesn't replace the package label; it complements the label. It's a new, modern way to provide the additional information that consumers seek so they can make informed choices. Consumers don't just want to know what is in their food. They want to know why and what it does, where it is sourced or whether it is environmentally friendly.

SmartLabel™ landing pages are organized in a consistent format and appearance across different brands and products. In addition, all information provided by SmartLabel™ is bound by the same legal and regulatory labeling requirements as if it was printed on the label, and is subject to oversight by numerous federal agencies with authority over labeling, marketing and advertising of food, including FDA, USDA, and FTC.

For example, in regard to information about allergens in your letter, nothing would change about what is listed currently on a package. That same allergen information will also be available through SmartLabel™.

Your January 21st letter asked three specific questions that we answer in this response:

1. How can we ensure all consumers have access to the SmartLabel™ information?
2. How will consumer privacy be protected?
3. Will this technology really work?

1. Many Ways to Access SmartLabel™ Information

SmartLabel™ enables consumers to find detailed product information in several ways:

- Scanning a QR code on a package
- Via any internet search using a search engine such as Google or Bing
- Going to www.smartlabel.org where there is a searchable database of products
- Calling the 1-800 number printed on most packages.
- In the months ahead, people will be able to get to SmartLabel™ via certified apps, which will take the consumer to the SmartLabel™ landing page in two clicks or less.
- We will be launching a SmartLabel™ branded app in mid-2016 available for iOS and Android operating systems. Many participating brands will market and promote this additional means of access.
- Most retailers will help consumers access this information in their stores.

This means that information through SmartLabel™ will be available whether a consumer is in a store, at home, or work, or using a smart phone, land-line telephone, tablet or desktop computer.

Your letter cites concerns that SmartLabel™ may discriminate against a large segment of the population, such as the less fortunate and those who do not own smartphones. The fact is that SmartLabel™ information will be available to anyone with an internet connection or a phone. In the United States today, more than 300 million people have access to and use the internet.

As noted above, the QR code is simply one way to leverage the internet to bring consumers to a company or brand's information on SmartLabel™. It also will be accessible by any internet search, going to www.smartlabel.org, calling a 1-800 number, through apps or in-store help.

The 2015 Pew study cited in your letter that 64 percent of American adults currently have a smartphone makes the point about the phenomenal and fast growth in this area, as this 64 percent figure is a significant jump from 35 percent just four years ago. Furthermore, smartphone ownership is projected to grow to over 80 percent by 2018.

The Pew study also shows that smartphone penetration today is higher among Hispanic adults (71 percent) and African American adults (70 percent) than the 64 percent national average. In addition, a 2014 study of Texas WIC clients found that they have and use technology: 68 percent of Texas WIC clients surveyed own a smartphone, and 86 percent of these WIC clients access the internet with a mobile device including tablets.

2. Protecting Consumer Privacy

SmartLabel™ protects consumer privacy. Brands that carry the SmartLabel™ trademark are prohibited from using the SmartLabel™ landing pages for marketing. SmartLabel™ is intended to convey approved attributes that aid shoppers in their knowledge and understanding of participating products. It cannot be used to make marketing claims, such as “America’s favorite brand.”

Consumers will go to SmartLabel™ web landing pages and get the information they want without needing to sign in or disclose any personal information. There is no single industry database, nor is there any industry website for data collection. Each participating SmartLabel™ brand is required to provide their Privacy Policy.

3. Making SmartLabel™ work for all consumers and all products

SmartLabel™ is tailored to how people shop today as ubiquitous technology is becoming a bigger and bigger part of the shopping experience. According to Deloitte’s 2015 American Pantry Study, 55% of consumers conduct product research online or through mobile applications when shopping for food, beverage and household goods. Many stores now have self-checkout counters where customers scan their items to check out, and more and more coupons are now being provided and used digitally. We are confident that consumers will find using SmartLabel™ as easy as they now use barcodes in self-checkout lines at their neighborhood store.

From a pure technology standpoint, QR codes are far superior to the UPC code used for most retail register systems. QR codes use the camera technology found on smart devices. Even though they are smaller than the UPC code, they are easier and faster to read.

Your letter asked how consumers will know what the QR code is or that they should scan it to get more detailed information about ingredients in a food product. The SmartLabel™ implementation guide encourages participating companies to – as a best practice – include wording such as “click here for more detailed information about the brand” or “ingredient and allergen info” by the QR code.

We will also be undertaking a multi-year consumer marketing campaign funded by SmartLabel™ participating companies to build awareness of ways to find ingredient information, and will form an advisory group to provide feedback and counsel in the creation and execution of the campaign and successful consumer outreach.

There already is a strong commitment by companies to implement SmartLabel™. More than 30 of the nation's major food, beverage and consumer products companies already have committed to using SmartLabel™ to provide detailed information about their products. These companies are projecting nearly 34,000 food, beverage, personal care, household products and pet care products will be using SmartLabel™ by the end of 2017.

Measuring Consumer Use

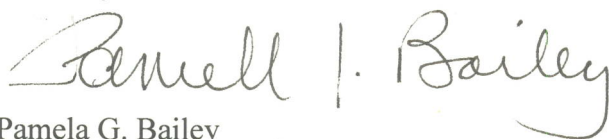
Success of an initiative such as SmartLabel™ should be assessed on the ability of consumers who want to find information about products and ingredients to be able to do so. Surveys in 2014 and 2015 by the International Food Information Council Foundation show that 86 percent of consumers have maintained their confidence in their ability to find information about ingredients in their food.

Our research identified the same - the vast majority of consumers are satisfied with the information they have. However, there is often a "trigger event"... the consumer hears a news report, reads a blog or something in social media... and when they want to know, they want to know immediately. As a technology-based transparency tool, SmartLabel™ allows the flexibility to update information in real time.

Research by the Benenson Strategy Group found that 75 percent of consumers who were told about SmartLabel™ and how it worked said they were very likely (48 percent) or likely (27 percent) to use it when seeking ingredient information.

There are many ways – such as SmartLabel™, websites, 1-800 numbers and store information desks – to provide consumers with more information about the ingredients in the food they eat – and our industry is committed to giving them access to this information.

Sincerely,

A handwritten signature in cursive script that reads "Pamela G. Bailey". The signature is written in black ink and is positioned above the printed name and title.

Pamela G. Bailey
President and Chief Executive Officer
Grocery Manufacturers Association