

# Can we leave industry to lead efforts to improve population health?

**Derek Yach** argues that business is motivated to tackle public health problems such as the obesity epidemic, but, ultimately, says **Klim McPherson**, companies are interested in their shareholders



A market for health?

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**YES** In the past century, the food industry has provided a sustainable source of nutritious, safe, and affordable foods that support physical and intellectual development and foster intergenerational improvements in health and economic development.<sup>1</sup> Undernutrition has fallen considerably worldwide.<sup>2</sup> In the past two decades, however, high body mass index has risen in ranking from 11th to 6th place out of the 20 leading risk factors for disease burden, as measured by the percentage of global disability adjusted life years.<sup>3</sup>

The causes of obesity are complex, and no one approach can tackle them all. Despite government initiatives and regulations, the problem persists in industrialised and developing countries. Voluntary action in the private sector, specifically by the food and drinks industry, can complement public policies and is, in some cases, more effective than government restrictions. Regulation and litigation may be viewed as simplistic approaches, especially in countries where most food produced is beyond the regulatory reach of governments, while hindering innovation.

Industry led efforts to improve the nutritional quality of products have accelerated in the past decade, often in the absence or in advance of regulations. Such voluntary action harnesses competi-

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**NO** We live in a world where consumers are meant to operate free markets according to their own preferences, and that process keeps our world going—and supposedly efficient. It keeps us all happy because customers are always right. But all large public companies have a dominant responsibility to their shareholders. The economist J K Galbraith argued many years ago that commercial investment in product formulation and development must therefore deliver an adequate return and that this can often mean that it becomes essential to manipulate markets, even in the face of informed consumer preferences. Other economists, however, who like to believe that rational and exogenous consumer behaviour dominates markets, largely tended to ignore this argument, which is still regarded as marginal. It is not: the methods that industry uses to manipulate markets have become increasingly refined and development continues apace.

## Market manipulation

Galbraithian arguments have huge implications now for better health in the longer term.<sup>1</sup> Modern

market forces, stimulates research, and fosters alliances that drive industry-wide change.

The following are motivating factors: progressive chief executives simply know it is the right thing to do; investors increasingly reward companies that consider health as part of broader sustainability<sup>4</sup>; and consumer demand for healthy foods is rising.<sup>5</sup> An industry that has relied on a business model that favours product quantity over quality is beginning to see better nutrition, not more calories, as a strategic goal.

## Voluntary actions

Voluntary efforts by food companies (often a precursor to government regulations) to tackle obesity include more investment in research and development aimed at calorie reduction for new and reformulated products; less marketing of the most energy dense, nutrient poor products (such as sugary drinks) to children; and labelling to inform consumers about innovative community based programmes with the potential to reduce childhood obesity, such as the EPODE International Network, a public-private consortium from the scientific and policy communities. There is also large scale experimentation with subsidies for healthy foods. Subsidies offered by retailers and insurers to increase consumption create incentives for food companies to reformulate to meet healthy food criteria.<sup>6</sup>

The focus has been to reduce childhood obesity,

industry has become increasingly technical and sophisticated, which vastly increases productive potential. As technology advances, increasingly large amounts of time, money, and specialised staff are required, increasing the complexity of planning. As a consequence, planning must be projected further into the future to protect companies against uncertainty. Manipulating taste, availability, price, packaging, positioning, and so on, are central to optimising purchasing, which is assiduously studied to maximise profit.<sup>2</sup>

Galbraith rightly pointed out in 1973, “Virtually all of the increase in modern health hazards is the result of increased consumption . . . Cirrhosis and accidents are the result of increased alcohol consumption; lung cancer, heart disease, emphysema and numerous other disabilities are the result of increased tobacco consumption.”<sup>3</sup> Our understanding is more sophisticated now; half of premature deaths from coronary heart disease can be attributed to poor diet, for example.<sup>4</sup> What is far less sophisticated is our understanding of how markets might work to really benefit people’s health. We are at a turning point where markets, and their exploitation, are the dominant cause of most long term health problems, such as obesity. It is time to develop a better understanding of how markets could benefit health because believing

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which represents the best opportunity to lower life-time risk. The combined effect of public and industry led initiatives is likely to have been responsible for the recent decline in childhood obesity in parts of the United States.<sup>7</sup>

The past decade has seen industry led partnerships such as that between the American Beverage Association and Alliance for a Healthier Generation, which has reduced calories in beverages shipped to US schools by 88% since 2006,<sup>8</sup> and the International Food and Beverage Alliance, which committed itself in 2008 to support the World Health Organization's global strategy on diet, physical activity, and health through product development and reformulation; nutrition information, responsible advertising, and programmes to increase awareness of healthy diets and activity.<sup>9</sup> In 2011 the National Restaurant Association launched Kids LiveWell, an alliance of family friendly restaurants across the US that offer and promote children's menu items that meet scientifically verified nutritional criteria.

The Healthy Weight Commitment Foundation, a US partnership to combat childhood obesity whose members include food and drink makers and

that commercial organisations can somehow naturally respond to the long term health needs of populations on their own is increasingly naive and complacent. Deliberately losing money by selling health products in competitive markets, operating largely for short term gain, is illegal.

The need to protect the investment of capital and time creates a strong incentive to ensure what is produced gets sold, and this is especially true of processed food. If large capital outlays on technology are to be recouped, then consumer response must often be managed, whether healthily or not. For Galbraith this explained the huge growth in advertising and investment in "brand management" by modern companies. Accordingly, consumer demand should not be thought of as exogenous but instead shaped by institutional processes and particular influences such as advertising and product manipulation. It has become increasingly endogenous.

The food industry, for example, spent over €1bn on a successful campaign to dissuade the European parliament from legislating proper labelling of food.<sup>5</sup> Clearly, fully informed consumers are not what sections of the food industry needs for them to profit. We know that consumers' preferences are often ignored when making clinical decisions.<sup>6</sup> Why should commercial enterprise pay them any more respect?<sup>7</sup>

supermarket chains, has pledged to remove 1.5 trillion calories from the marketplace by 2015.<sup>10</sup>

These commitments are being evaluated by the Robert Wood Johnson Foundation. "An independent evaluation of this type has never before been undertaken, and its implications for tracking how industry formulates and packages its products are unprecedented," according to Barry Popkin, of the University of North Carolina Food Research Program and one of the authors of a study establishing the analytical framework for assessing changes in the US food stream.<sup>11</sup>

### Business benefits

Initiatives by individual companies can encourage others to highlight their efforts to improve the overall nutritional profile of their products. As examples, PepsiCo pledged to eliminate the direct sale of full calorie drinks to all schools worldwide and is well on the way to achieving this, and Unilever announced plans to cut salt content in 22000 products as its contribution to meeting WHO's recommended 5 g maximum daily intake.

Doing the right thing is good for business. A Hudson Institute study of chain restaurants found that "between 2006 and 2011 lower-calorie foods and beverages were the key growth engine," and concluded, "Increasing lower-calorie menu portfolios can help quick-service and sit-down restaurant chains improve the key performance metrics

### Governments must drive responsibility

Possibly the first part of this process is to recognise explicitly the responsibility for, and the costs of, all the "externalities" of this commercial production. Tobacco is obvious; around 90% of lung cancer can be attributed to smoking. Why should manufacturers be allowed to produce and market (at all) a product with such predictable consequences and wash their hands of any responsibility?

Similarly for food production and fast food outlets<sup>8</sup>; obviously the attribution is more complicated, but a tax to represent some component of the unambiguous long term health costs is not beyond the wit of imaginative governments. A tax would attract popular support if properly formulated and intelligently managed. Nowadays many of the causative loops between food and health are well enough understood to the point of being both beyond reasonable doubt and supported on the balance of probability.

We need a proper legislative framework on a level playing field for the sale of products that are potentially unhealthy. This would protect shareholders from losing money in any speculative attempt to maximise health rather than profit. Unless things change we will see rates of coronary heart disease start rising again and

demand by their shareholders and Wall Street, while at the same time providing lower-calorie foods and beverages for families and children."<sup>12</sup>

Voluntary action by consumers is also important. Food choices have deep links to cultural, social, and historical norms and to childhood habits. Current research suggests the efficacy of simple interventions that nudge people into healthy choices.<sup>13 14 15</sup> Using incentives to encourage healthy eating (and reduce consumption of unhealthy foods) has shown promise in shifting diets in a large population.<sup>16</sup>

Overall, the food system needs an approach that draws on the power of markets through smarter incentives for food companies to change products and marketing practices, subsidies for healthy food, disincentives for supersizing portions, increased physical activity, and rewards for health professionals and teachers who promote healthy eating and activity. All must be supported by continual communication and social marketing focused on key health messages. Market led solutions, when combined with public policies, will make healthy choices the default option.

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type 2 diabetes become more common than not, among some crucial groups of our society.<sup>9</sup>

At the very least governments have a responsibility to understand more about the causes of ill health and of inequalities in health. It is incumbent on them therefore to show that the food industry plays its proper role in preventing ill health, presumably in a less free marketplace. That requires governments to fund proper and rigorous research. They cannot rely on the good will of industry, however much is currently believed about that. Industry has to do what it does for its shareholders. My Medical Research Council pension is quite heavily invested in tobacco, precisely because big tobacco continues to do just that. Not a comfortable position, since the Medical Research Council's primary objective is to understand the causes of ill health—not to subsidise them.

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