



July 1993

Can Labels Increase Sales of Perishable Products?

by

Enrique Figueroa

Department of Agricultural Economics

New York State College of Agricultural and Life Sciences, Cornell University

Most of you have, at one time or another, taken the time to read the label on some food item. Many, perhaps, read labels regularly, particularly those for perishable items that include a "do not use after" date. An important question for many producers of perishable items is whether such labeling information contributes to increased sales.

Firm managers need to decide whether to add labels or more information. Make the decision after asking the following questions:

- How will this label change affect the image of the firm's products?
- What will be the addition cost?
- Do my customers value the information currently on my products' labels?
- Do I really think that my customers will read the addition information?
- Will I gain a competitive advantage if I label before my competitors?
- What do I have to lose by not labeling?

Many supermarkets now sell meat products with "shelf removal" dates and many processed products have expiration dates on the label. However, putting a "do not use after" date on fresh sweet corn is a different matter altogether. Will your customers react unfavorably to being reminded that your products are only fresh before such a date or will they appreciate your added care to make sure your perishable products are consumed within their fresh window?

I suspect some of you will answer differently because your customer bases are different. If your store image is such that your customer base expects only the freshest products to be placed on the counters, then you should not add labels. However, if your store has a diverse clientele that includes many first-time shoppers, than labeling perishable products may increase store sales and profits.

The labeling need not be on each item. For bulk displays of fresh produce, the label may simply be signage stating the date of harvest. Your store policy would be to remove the product from the shelf after "X" number of days. For individually packaged products, the label may simply be a "smiling sun" with a date written on it. Products on the shelf after the date would need to be removed.

Initially you will need to remove, and perhaps discard, products that would otherwise be sold without an expiration policy. However, the enhanced image your products and store develop will likely offset the cost of discarded product because you should increase prices to convey to consumers the added value of your labeling policy.