

MIT Sloan

Management Review

Kathleen Seiders and Leonard L. Berry

Should Business Care About Obesity?

Please note that gray areas reflect artwork that has been intentionally removed. The substantive content of the article appears as originally published.

REPRINT NUMBER 48206

Should Business Care About Obesity?

Going back to the flappers of the 1920s, thin has always been in. Though for many decades concerns about body weight had mainly to do with perceptions of attractiveness and the vicissitudes of style, circumstances have changed. Today, more

and more Americans are not just a few pounds overweight but may be classified as obese. And obesity is a major risk factor for a host of health problems including diabetes, coronary heart disease, stroke, dementia and more.

Since the 1980s, the percentage of obese Americans has risen from one-sixth of the population to nearly one-third. The problem is particularly acute among children and adolescents, where the obesity rate has tripled in 30 years. But what should business do about this trend? Isn't obesity really a problem of personal responsibility and self-control?

Yes — up to a point. But for at least four reasons, business leaders should actively seek to abate the problem of obesity in America. The first reason is simple self-preservation. Ever since Eric Schlosser's immensely popular book, *Fast Food Nation: The Dark Side of the All-American Meal* (Harper Perennial, 2002), food and beverage companies of all sorts have been in the trial lawyers' crosshairs. So far those companies do not seem as vulnerable to tort decisions as Big Tobacco, but the battle is a relatively new one and complacency is not a strategy.

The second reason is closely related to the first. The food and beverage industry is the target of the public's increasing ire over supersized portions; unhealthy ingredients such as hydrogenated oil (trans fats); and high-fat, high-sugar food and drink aimed

at schoolchildren. Indeed, in December 2006, New York City banned the use of trans fats in cooking oils in the city's 24,000 food establishments.

The third reason is that companies will not be able to function efficiently if a significant proportion of their current and future employees suffer from obesity. The likelihood of more absenteeism and "presenteeism" (when workers are on the job but unable to perform optimally), as well as rising health care costs associated with obesity, make it imperative for business leaders to get involved.

Finally, executives should care about obesity for good old-fashioned business reasons, because opportunity exists for companies to develop new products and to create a positive brand image that will fatten the corporate bottom line while helping obese Americans shed dangerous pounds.

A Different Kind of Energy Crisis

In the simplest terms, America's obesity epidemic comes from an energy crisis: People are consuming too much energy and burning too little.

Companies can help solve this energy crisis by focusing on the two sides of the problem — helping people consume less and consume better and encouraging them to get moving. Although these outcomes are necessary for adults, they are especially important for the nation's youth.

Better Consumption Persuading people to eat healthier is a major challenge. For one thing, the market still demands plenty of high-calorie, high-fat foods. In 2005, for example, Burger King Holdings Inc.'s restaurants added to their menus the Enormous Omelet Sandwich (weighing in at 730 calories and 47 grams of fat each) and Hardee's Food Systems Inc.'s restaurants began selling a Monster Thick-burger with 1,420 calories and 107 grams of fat. In addition, the public has often responded coolly to healthier product innovations. McDonald's Corp.'s McLean Burger; the Coca-Cola's Co.'s low-calorie,

Obesity in the United States has reached crisis proportions. Is this yet another societal problem to be loaded onto the shoulders of business leaders? For several reasons, the answer is yes — and some companies are already showing what can be done to turn the tide.

KATHLEEN SEIDERS
AND LEONARD L.
BERRY

low-sugar C2 cola; General Mills Inc.'s Yoplait Healthy Heart Yogurt; and Kellogg Co.'s Tiger Power low-sugar, whole-grain cereal all fell far short of company expectations despite major expenditures on their launches.

Some of these failures make sense, at least in hindsight. Consumers in search of a lower-calorie meal could already choose a regular-sized hamburger, for example, and cola drinkers could simply switch to diet soda rather than choose an in-between beverage. But the lesson remains: In this controversial area of consumption where passions are easily aroused, companies have to innovate intelligently.

Darden Restaurants Inc., of Orlando, Florida, the parent company of the Olive Garden and Red Lobster restaurants, is capitalizing on its extensive consumer research with a new chain called Seasons 52. Limited to seven locations in Florida and Georgia so far, the chain's name refers to the practice of incorporating new items on the menu each week as they reach their seasonal peaks of freshness. The restaurants' kitchens use no fryers, butter, heavy sauces or added fats, and a single dish has no more than 475 calories.

Seasons 52 is aimed primarily at an adult palate, but other companies are focusing on improving children's nutritional intake. The Walt Disney Co., for instance, recently changed its children's meals in its theme-park restaurants and is serving 100% fruit juice or low-fat milk instead of soda, and applesauce and carrots instead of French fries. Although the soda and French fries can be substituted at no added cost, Disney's early tests of the program found that up to 90% of its customers stayed with the more healthful alternatives.

Changing the menu is only one way of getting people to eat healthier; a second approach is to give consumers better information. People are often confused by product information when they can find it, and in many cases it's not readily available. Starbucks Corp., often praised for its socially responsible activities, is just one company that could help consumers by displaying information about calories and fat content at the point of purchase.

Should this task be seen as too onerous for some companies, consider that Hannaford Brothers Co., a New England-based supermarket chain, has started a program that ranks 27,000 items in its stores using simple signage throughout the store to give shoppers a ballpark read on the nutritional

value of a product. Although Hannaford's system may appear overly simple — with its range of no-star to 3-star (good, better, best) ratings — it is based on a formula that assigns credits for vitamins, minerals, whole grains and fiber and debits for added sugars and sodium, cholesterol, and saturated and trans fats. In addition, Hannaford has teamed with FoodPlay Productions, a touring theater group, to promote healthy eating and physical activity to elementary school students in its five-state region.

Partnerships, in fact, are often an effective way to get better information to consumers. In 2006, General Mills and Nemours Foundation, one of the nation's largest nonprofit pediatric health organizations, began working together on a program based on the food company's Cheerios brand. The program educates parents by offering tips on healthy eating, physical activity and child development on a nationally syndicated radio show, in newspapers, on the Web (www.NurturingCircle.com) and on Cheerios boxes. The Nurturing Circle initiative reinforces and enhances Cheerios' positioning as a brand that wants to support parents in their role of raising healthy children. It also shows how companies and mission-driven nonprofits can successfully combine resources to encourage healthy behaviors.

Partnerships can also take a more focused, local approach to childhood health. For example, in 2004 New Balance Athletic Shoe Inc., established a partnership with Boston Connects Inc. (itself a joint program of Boston College and the Boston public schools). With a \$1 million grant from the New Balance Foundation, the nonprofit group developed a health education curriculum focused on nutrition, activity and healthful decision making for students in a cluster of inner-city Boston elementary schools. A formal evaluation of the program indicated that fourth- and fifth-grade students who were exposed to the curriculum showed significant increases in nutritional knowledge, motivation to maintain good health and confidence in their ability to make good choices about their health. They were also spending less time watching TV or playing video games and more time on physical activities.

These results demonstrate that education about nutrition and activity can bring about behavioral changes and that business can take a leadership role in partnering with schools to improve children's health.

More Movement Despite the widespread availability of gyms and health clubs in the United States as well as the apparently constant development of new products that guarantee six-pack abs in only 10 minutes a day, many Americans get little or no exercise at all. As with changing people's food consumption habits, companies will have to be creative to get people moving.

Companies have some degree of leverage with their own employees, and can encourage exercise by subsidizing gym memberships, maintaining walking trails and more. But again, the bigger challenge involves their future employees — today's young people. Teens and preteens are never going to spend much time on a treadmill or stair-stepper, with or without an iPod. But they do like to dance. One company that has capitalized on this enjoyment is Konami Corp., of Tokyo, which pioneered the "exergame" market and has sold more than four million copies of its Dance Dance Revolution video game in North America. Players of DDR take cues from a video screen while dancing on a three-foot-square platform with pressure-activated sensors. Those who succeed in dancing accurately in rhythm with the song receive a grade for their performance and a chance to play again. Hundreds of public schools in West Virginia are using DDR in physical education classes and afterschool programs.

The video screen, of course, is the source of much concern about children's lack of activity. The vast majority of video games provide sedentary activity. And television networks come under attack both for the passive entertainment they provide and for the messages they often send.

Nickelodeon Networks, a cable channel that shows older series and sitcoms and promotes games, has tried to counter the negative image of television networks in various ways. In October of 2005, it held its second annual Worldwide Day of Play — part of its larger Let's Just Play initiative. The network went dark for the first time in its 25-year history, from 12:00 p.m. to 3:00 p.m., replacing its usual programming with a broadcast message that encouraged kids to go outside and play. In the 2006 third annual Worldwide Day of Play, over 800 events across the United States attracted more than 200,000 kids. Nickelodeon has also used its popular animated characters to endorse single-serving bags of baby carrots, apples, cherries and other fruits and vegetables.

But SpongeBob Square Pants, a cartoon character on Nickelodeon, has also been used to promote products such as Pop-Tarts, and Nickelodeon and its parent company, Viacom Inc., are the subjects of ongoing litigation for promoting unhealthy foods to children. These facts indicate that the fight against childhood obesity has only just begun.

Reversing the Trend

Business can't solve social problems on its own. But it can help reverse the trend of rising obesity, and it should do so, for both self-interested and socially responsible reasons. Ignoring the problem will lead to more lawsuits and greater public anger directed at those companies on the front lines — television networks, fast food restaurants, soda companies and makers of salty snacks. Companies outside those circles cannot afford to be complacent, as they all pay twice as Americans get larger — first in the form of higher health insurance premiums caused by obesity-related diseases and second when employees cannot perform at their best because of weight problems. If they don't act now to help the nation's youth, the problem will only worsen with succeeding generations.

More than a few progressive companies believe that the health of the nation is the business of the broader business community, and they have invested in and developed innovative programs and partnerships for confronting the obesity issue. And they're not just playing defense. Through new restaurant formats, new games, new parent-pleasing menus and more, they are seizing opportunities to create new markets that meet a growing demand for a lighter, healthier America.

Kathleen Seiders is associate professor of marketing at Boston College's Carroll School of Management in Chestnut Hill, Massachusetts. Leonard L. Berry is the M.B. Zale Chair of Retailing and Marketing Leadership at Texas A&M University's Mays Business School in College Station, Texas, and a professor of humanities in medicine in the Texas A&M University System Health Science Center College of Medicine. Berry is a board member for several organizations, including two mentioned in this article: Darden Restaurants Inc. and Nemours. The authors can be reached at seiders@bc.edu and berry@tamuedu.

Reprint 48206. For ordering information, see page 1.
Copyright © Massachusetts Institute of Technology, 2007.
 All rights reserved.

MIT Sloan

Management Review

PDFs ■ Reprints ■ Permission to Copy ■ Back Issues

Electronic copies of MIT Sloan Management Review articles as well as traditional reprints and back issues can be purchased on our Web site: www.sloanreview.mit.edu or you may order through our Business Service Center (9 a.m.-5 p.m. ET) at the phone numbers listed below.

To reproduce or transmit one or more MIT Sloan Management Review articles by electronic or mechanical means (including photocopying or archiving in any information storage or retrieval system) **requires written permission**. To request permission, use our Web site (www.sloanreview.mit.edu), call or e-mail:

Toll-free in U.S. and Canada: 877-727-7170
International: 617-253-7170
e-mail: smrpermissions@mit.edu

To request a free copy of our article catalog, please contact:

MIT Sloan Management Review
77 Massachusetts Ave., E60-100
Cambridge, MA 02139-4307

Toll-free in U.S. and Canada: 877-727-7170
International: 617-253-7170
Fax: 617-258-9739
e-mail: smr-orders@mit.edu