

# teaching note

## *The Impact of the FDA Calorie Menu Labeling: A case study*

### Summary of the case

The Food and Drug Administration (FDA) calorie menu labeling regulation will take effect nationwide on December 1, 2016 (Taylor, 2015). As a strategy to reduce the prevalence of obesity in the U.S., the FDA was required by the Patient Protection and Affordable Care act (PPACA) to propose and establish guidelines to implement a national menu-labeling law. On December 1, 2014 the FDA announced the final menu labeling rule which requires all sit-down and quick service restaurants, and other retail food establishments that are part of a chain with 20 or more locations; sharing the same name and selling the same menu items to post calories counts on menus, menu boards, drive-thru boards, buffets/salad bars and other self-service items for standard menu items (Department of Health and Human Services, November 2014; Department of Health and Human Services, March 2015). In addition, covered food establishments must offer a statement indicating that additional nutrition information is available to consumers upon request (Department of Health and Human Services, November 2014). Also, they must include a concise statement on menus and menu boards to remind consumers about the recommended daily caloric intake (Department of Health and Human Services, March 2015).

Restaurants and similar food establishments that are not required to offer nutritional information can voluntarily comply with the requirements of the federal rule (Department of Health and Human Services, March 2015). A restaurant's authorized official (owner, operator or manager in charge) may register their restaurant on the FDA website ([www.fda.gov](http://www.fda.gov)) using Form FDA 3757, Menu Labeling Registration Form at <http://www.fda.gov/downloads/aboutfda/reportsmanualsforms/forms/ucm239947.pdf>. Those establishments will no longer be subject to state or local nutrition labeling requirements (Department of Health and Human Services, March 2015). The federal law takes precedence.

Meeting the requirements of the FDA final rule can be challenging for the food companies. Gathering, supervising and determining nutritional analysis for each standard menu item, adjusting and replacing existing menus, and training employees to understand nutritional information can be expensive and time consuming (Department of Health and Human Services, November 2014). These factors may force food companies to increase menu items prices to offset these additional costs, which could decrease sales and consequently profit (Department of Health and Human Services, November 2014).

The FDA estimates this law will empower consumers to make informed choices about the nutritional content of the food they buy and will encourage food companies to provide additional menu items with lower calories and/or to reduce calories content of existing menu items through recipe reformulations or by decreasing portions sizes of current

menu items in order to provide more options with lower calories (Department of Health and Human Services, November 2014).

Although there are several studies that investigated the impact of calorie menu labeling on consumers' awareness of caloric content and calories purchased, the results were controversial. Some studies determined that nutrition information on restaurant's menus increases consumer's awareness about caloric content and reduces calories purchased (Roberto et al., 2010; Pulos & Leng, 2010; Auchincloss, Mallya, Leonberg, Ricchezza, Glanz & Schwarz, 2013; Fotouhinia-Yepes, 2013; Krieger, Chan, Saelens, Ta, Solet & Fleming, 2013; Chen, Smyser, Chan, Ta, Saelens, & Krieger, 2015), while others have reported no important influence of menu calorie labeling on consumer's food choices (Finkelstein, Strombotne, Chan & Krieger, 2011; Swartz, Braxton, & Viera, 2011; Kiszko, Martinez, Abrams, & Elbel, 2014; Sinclair, Cooper & Mansfield, 2014).

One factor that was significant on most studies is the changes in restaurant behavior. Restaurants that were subject of menu-labeling increased the number of menu items with lower calories by adding new items and/or reducing portions size or calories of already existing items in order to offer healthier and lower calorie options (Bruemmer, Krieger, Saelens, & Chan, 2012; McDonald's USA nutrition journey, September 2013; Namba, Auchincloss, Leonberg, & Wootan, 2013; Panera Bread's food policy statement, June 2014; Bleich, Wolfson, & Jarlenski, 2015). With this in mind, this case study aims to look at the impact of the FDA calorie menu-labeling regulation on restaurants menu development.

### Teaching Objectives

#### *Students will be able to:*

##### **Discuss the changes on menu labeling federal law.**

- The FDA final menu-labeling rule establishes a consistent national standard and replaces all state and local menu-labeling provisions
- All food establishments that are subject to this law must comply by December 1, 2016
- All restaurants and similar retail food establishments that are part of a chain with 20 or more locations sharing the same name and selling the same menu are affected
- Restaurants and similar food establishments that are not required to offer nutritional information can voluntarily comply with the requirements of the federal rule at no cost

##### **Understand the FDA calorie menu labeling rule goals.**

- Control and reduce the rise of obesity in the U.S.
- Encourage consumer to make knowledgeable and healthy food choices
- Incentive food companies to offer additional menu items with

lower calorie formulations and/or reformulate recipes or decrease portion sizes of current menu items

**Evaluate the advantages and disadvantages of implementing menu labeling with calorie counts in restaurants.**

- Increased consumers' demand for healthier meals
- Empower food establishments to increase the availability of lower calorie food options
- This legislation will be economically challenge for small and large chain restaurants due to difficulties in implementing the law
- It may force food companies to increase menu items prices to offset additional costs, which could decrease sales and profit
- It may push small independent restaurants to voluntarily comply with the requirements of the law as a competitive advantage

**Analyze the impacts of the FDA regulation on menu development.**

- The costs of adjusting and replacing existing menus
- Food companies might be more accountable and conscious for what they are offering to their customers
- It might incentive food establishments to use fresh ingredients to lower the calories of menu items

**Debate the main obstacles facing food establishments in order to comply with the final requirements.**

- Determining nutritional analysis for each standard menu items
- Translating all menus into standardized formats
- Training employees to understand recipe protocols and nutritional information
- Keeping information up-to-date and accurate

**Identify strategies for implementing mandate menu labeling.**

- Create procedures that will ensure success in compliance
- Train employees to make standardized meal
- Get assistance for nutrition analysis of menu items from food vendors or other external sources (i.e. academic institutions nutrition programs)

**Identify available resources for restaurant managers to analyze their menus.**

- Registered dietitian
- Laboratory analysis
- Nutrient database
- Published cookbooks that contain nutritional information for recipes

## Target Audience

This case study is suitable for upper level hospitality business, food science and human nutrition undergraduate and graduate students who have an understanding of restaurant marketing, operations and cost controls. The intention of this case study is to develop an understanding of the benefits and challenges that restaurant's owners and managers might face as well as the management implications

in order to comply with the requirements of the FDA law. This topic is appropriate to senior undergraduate and graduate students who will encounter such challenges in their professional life.

## Teaching Approach and Strategy

This case study can be used in different methods and courses. Instructors can teach using Face-to-face, online and hybrid courses depending on the teaching strategy they find more appropriate. In addition, this case study is suitable to be taught in courses such as strategic management and contemporary issues in the hospitality industry. Students will be asked in advance to read the case study and respond to the discussion questions.

## Group Discussion

Each group will summarize the case, highlight the major benefits and challenges and propose suggestions for a restaurant that wants to voluntarily comply with the requirements of the law. Each group will present their thoughts and suggestions to the class. At the end of the discussion, the instructor will then engage a class debate and pose guided questions based on the additional readings.

## Online Threaded Discussion

Students will answer all the case discussions questions and write a brief summary about their own opinions and perspectives of the FDA law. In addition, students will be asked to post their feedback to all of their classmates to engage a debate.

## Assignment to Evaluate the Issue

Students will be given a task to interview one restaurant manager covered or not covered by the law to gain his/her viewpoints on the issue. Additionally, students will be asked to write a report about their opinions defending or challenging the manager views. Students must use five references other than those provided by the instructor.

## Additional Readings

- Cooper's Hawk Winery and Restaurants. (2015). Retrieved 24th of November 2015 from <https://www.coopershawkinery.com>
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