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NATIONAL VS. INDIVIDUAL STATE LABELING STANDARDS FOR INGREDIENT, NUTRITION AND FRONT-OF-PACKAGING

SURVEY OF GROCERY STORES, WHOLESALE DISTRIBUTORS AND
FOOD PACKAGING MANUFACTURERS



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Executive Summary

Many states are considering specific requirements for product ingredient labeling or disclosures, instead of using a singular, consistent system nationwide. Current federal labeling requirements are governed by agencies like the Food and Drug Administration (FDA) under laws including the Federal Food, Drug, and Cosmetic Act (FD&C Act), its amendments such as the Nutrition Labeling and Education Act (NLEA), and the Fair Packaging and Labeling Act (FPLA). These laws are designed to promote clear and consistent labeling for consumers and, together, mandate that most foods bear certain information, including product identity, net quantity, manufacturer/distributor information, ingredients and nutrition information. Individual states, while restricted from directly contradicting federal law in certain areas addressing nutrition labeling and claims, may impose stricter, additional or unique state-specific requirements for other aspects of product labels.

To better understand the economic impact on grocery stores, wholesale distributors, food packaging manufacturers and customers on following multiple state-specific labeling requirements instead of relying on one national standard, a survey of 40 businesses across the industry was conducted in January and February 2026.

The data from this exercise clearly shows that costs for businesses and consumers would greatly increase under a state-by-state system. It would particularly have an outsized negative impact on small businesses in the sector, given tighter budget margins and a lack of regulatory compliance resources. For the one component of the packaging change that we studied - updating the 5,550,010 packaging labels on the 303,573 products our respondents manage - our respondents estimate it will cost 26 times more to update their labels to comply with a patchwork of state specific standards (\$381 million) instead of adhering to one national standard (\$14.8 million).

One of the key reasons the United States was created was to eliminate redundant and wasteful barriers to commerce. It remains clear from this survey that a state-by-state system will be not only vastly more expensive, duplicative and wasteful, but also confusing and likely to impede small businesses and low-cost products from the marketplace; and when all the direct and indirect impacts are considered together, will significantly raise consumer prices.

Key Verbatims

While this study did not attempt to quantify any of the other costs of state-specific standards like transportation and distribution segregation, product logistics, warehousing, compliance, obsolete inventory, reformulation considerations or consumer education, the verbatim responses we received highlighted many of those issues in detail and are included in the appendix of this report.

- Survey respondents outlined what they called the “catastrophic” impact on business processes, but also the consumer and human impact on cost and availability - “we wouldn’t be able to send products across state lines” in natural disasters or emergencies and lower price point private label programs would be unsustainable for most retailers “due to the inability to hit minimum order quantities.”
- One respondent noted, “This scenario is not workable and is business prohibitive for manufacturing, supply chain/logistics, operational, compliance, financial and other reasons.” Another relayed, “We would need different UPCs for each state and would need different pick slots in our warehouses for each product. The impact would be catastrophic and would not be feasible to maintain.”
- Many mentioned “COGs (cost of goods) increases” far beyond the packaging costs. The smaller or more rural markets and states may not be able to be served, again based on quantity.
- While 88% of food manufacturers and 100% of wholesale distributors indicated that changing a label would take 4 months or longer, in response to our question, “on average, how long does it take to update a label,” the verbatim provides more clarity that updating more than 5 million labels brings an entirely different complexity including trying to get scheduling with a limited number of qualified printers that smaller businesses worry will completely crowd them out of the marketplace.

Key Findings

- Respondents (grocery stores, 65%; food packaging manufacturers, 20%; wholesale distributors, 15%) manage a range of labels from a handful to over 55,000 across the United States. They are twice as likely to manage private (64%) than branded (36%) labels.
- Based on the current number of labels they manage and the total number of states they operate in, it is estimated that individual state requirements would result in over 5.5 million labels needing to be evaluated and/or updated.
- Most respondents (95%) update their labels periodically, with many saying it is “less than annually” (69%), compared to 27 percent who “make changes annually” and 11 percent who make them “more frequently than annually.” They typically make updates because of product ingredients changes (100%), new government regulations (94%) and brand/marketing updates (82%). It takes many organizations (65%) four months or longer to update a label.
- The estimated average cost for updating their current labels would be much less expensive if there was one national standard (\$14.8M) vs. 50 state-specific standards (\$381M). On average respondents estimate that it will cost 26 times more to update their labels by state-specific standards than if one national standard was used.
- Additionally, state-specific labeling requirements are expected to adversely affect these companies and the consumers they serve.
 - It would raise a host of new operating challenges, such as legal compliance issues (94%), more complex packaging and label design (94%), package suppliers refusing to do production for smaller volume runs (94%) and many others.
 - Production scheduling would also suffer with shorter runs and reduced efficiency (91%), more frequent changeover and line downtime (91%) and many other issues.
 - Inventory management would be further complicated with an increased number of SKUs to manage (100%), segregation of inventory by state compliance (94%) and many other challenges.
- When asked if they would prefer one national standard or 50 state-specific standards, all (100%) prefer a national standard for ingredient, nutrition, front-of-package labeling. None (0%) want individual state standards.
- Respondents are very apprehensive about warning labels and think they will result in fewer sales (100%), limit innovations and product launches (97%), decrease consumer opinions of their brand (97%) and lead to new litigation (75%).

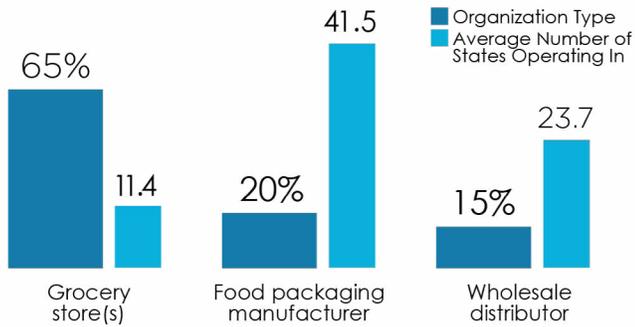
A Survey of Grocery Store Operators, Wholesale Distributors and Food Packaging Manufacturers

An online survey of 40 grocery store operators, wholesale distributors and food packaging manufacturers was conducted in January and February 2026¹. Data was returned for this confidential survey directly to our team.

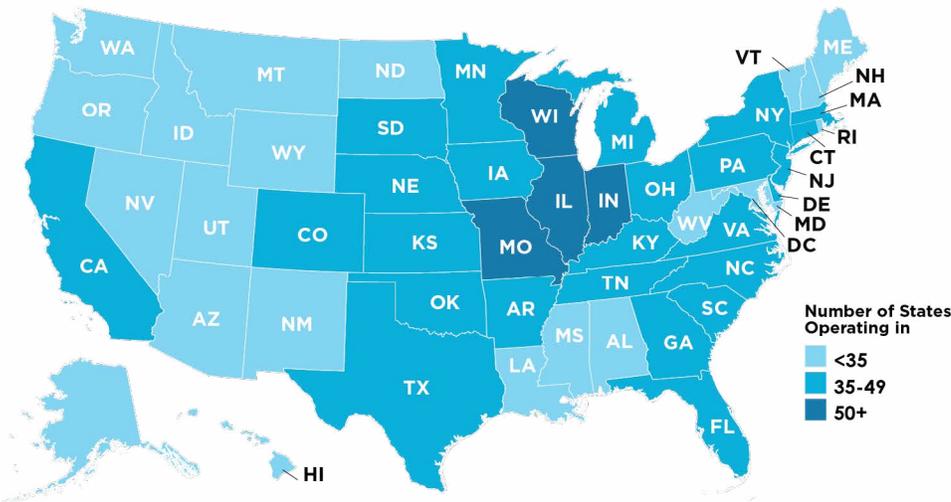
Table 1 provides a summary of the participants. Respondents represent grocery stores (65%), food packaging manufacturers (20%) and wholesale distributors (15%). These organizations have operations throughout the United States. While 15 percent have operations in only one state, 85 percent operate in multiple states. On average, respondents operate in 19.3 states. Food packaging manufacturers (41.5) operate in more states than do wholesale distributors (23.7) or grocery stores (11.4). More respondents operate in Illinois (63%), Wisconsin (55%) and Missouri (50%) than in other states.

¹Nicole Bruno and Sabrina Amann-Ross of CorCom, Inc. assisted with this study. CorCom, Inc. is a research and consulting firm headquartered in Pittsburgh, PA. It was founded by Dr. Lloyd Corder, who holds faculty appointments at Carnegie Mellon University and the University of Pittsburgh.

Table 1
Respondent Profile



Which category best describes your organization?



In which state(s) do you operate?

Alabama	35%	Louisiana	35%	Ohio	43%
Alaska	25%	Maine	30%	Oklahoma	38%
Arizona	33%	Maryland	35%	Oregon	33%
Arkansas	38%	Massachusetts	48%	Pennsylvania	45%
California	38%	Michigan	43%	Rhode Island	30%
Colorado	38%	Minnesota	48%	South Carolina	40%
Connecticut	40%	Mississippi	35%	South Dakota	43%
Delaware	40%	Missouri	50%	Tennessee	43%
Florida	40%	Montana	33%	Texas	38%
Georgia	43%	Nebraska	43%	Utah	30%
Hawaii	20%	Nevada	30%	Vermont	25%
Idaho	33%	New Hampshire	25%	Virginia	43%
Illinois	63%	New Jersey	38%	Washington	33%
Indiana	55%	New Mexico	25%	West Virginia	35%
Iowa	38%	New York	45%	Wisconsin	55%
Kansas	45%	North Carolina	40%	Wyoming	33%
Kentucky	40%	North Dakota	35%	District of Columbia	30%

Label Management

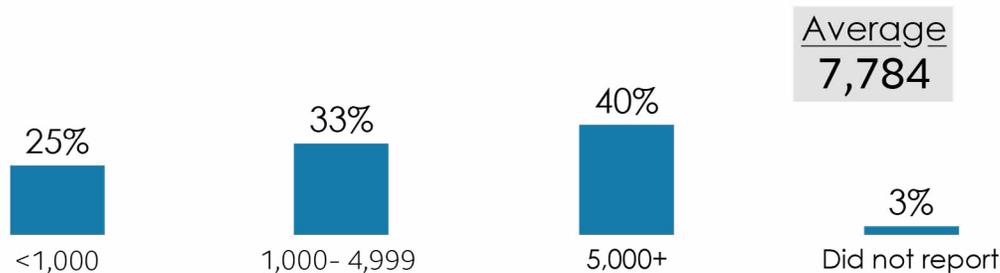
All participants (100%) are responsible for managing product labels.

Volume (Number of Labels Managed)

Table 2 provides a grouping of the number of labels they manage, which ranged from one to 55,000 labels. Twenty-five percent manage less than 1,000 labels, while 33 percent manage 1,000-4,999 and 40 percent manage 5,000 or more.

Table 2
Number of Labels Currently Managed

How many product labels do you manage? This includes products with multiple types of packaging or sizes, such as aluminum, steel, plastic, paper, glass, etc.



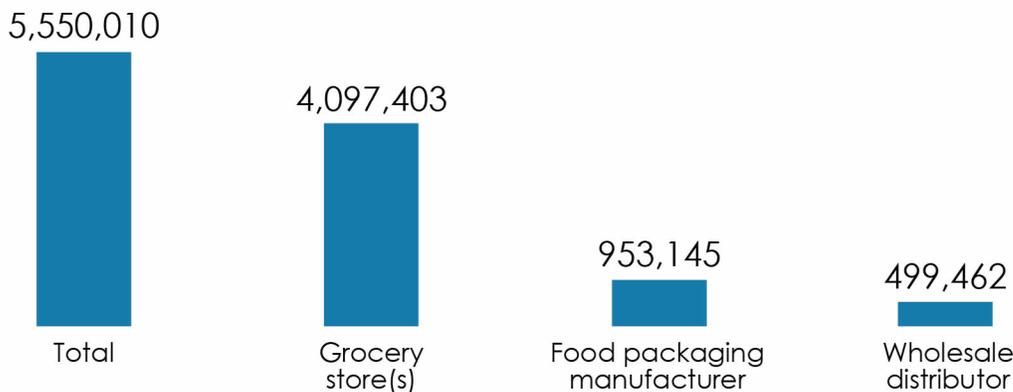
In total, respondents manage 303,573 labels. On average, each respondent manages 7,784 labels. By type of organization, grocery stores manage more labels with an average of 10,034, than do food packaging manufacturers (2,914) or wholesale distributors (3,718).

Total Estimated Label Updates Needed If State-Specific Requirements Were Adopted

How many labels would need to be updated if each state had separate requirements? Table 3 provides the total number of estimated labels and breakouts by type of organization. Considering the total number of labels that these organizations manage and the specific states in which they operate, over 5.5 million labels would need to be updated (5,550,010).

Table 3
Number of Required Label Updates If State-specific Standards Are Adopted*

How many labels would need to be updated if each state had separate requirements?



*Calculated by multiplying the number of labels managed by the number of states respondents currently operate in.

Because grocery stores manage more labels, they would be required to update over four million, which is the majority of updates (4,097,403). Food packaging manufacturers would need to update nearly one million (953,145). Wholesale distributors would need to update close to one-half million (499,462).

Type (Private vs. Branded Labels)

Table 4 shows that respondents are twice as likely to manage private labels (64%) vs. branded (36%) ones. While the mix of private and branded labels varies by organization, half of the respondents (50%) say all of the labels that they manage (100% of their labels) are private and none of the labels are branded. Conversely, 8% say they only manage branded labels, but do not manage any private ones. All others have a mix between private and branded labels.

Table 4
Label Management Mix

What percentage of the total amount of labels that you manage are private vs. branded labels?



Grocery stores are more likely to manage private labels (79%, average) than branded ones (21%, average). Grocery stores' label management is similar to wholesale distributors who are more likely to manage private labels (68%, average) than branded ones (32%, average). Food packaging manufacturers are essentially the reverse, with only 17 percent (average) managing private labels, but 83% managing branded ones.

Label Updates

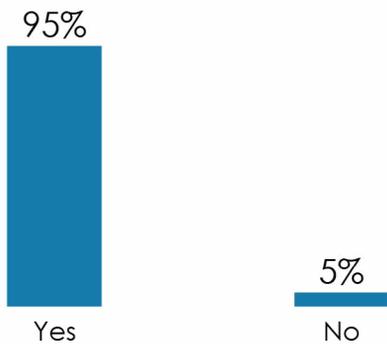
Frequency of Label Changes

Table 5 shows the percentage of respondents who update their labels and how frequently they make changes. Most organizations (95%) update the labels that they manage periodically. The frequency label updates vary with most (69%) saying that they make changes “less frequently than annually.” Twenty-seven percent say that they make changes “annually,” while 11 percent say that it is more frequently than annually.

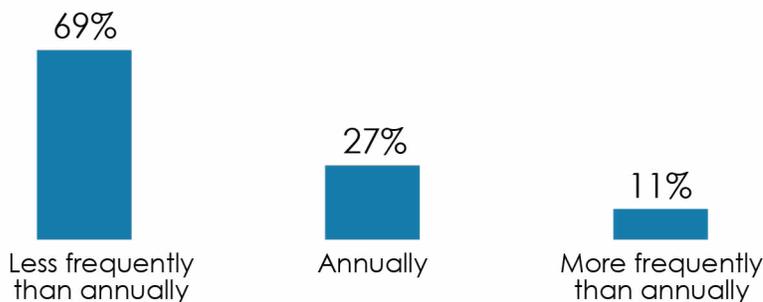
The frequency of updates also varies by type of organization. Food packaging manufacturers are more likely to update their labels annually (annually, 35%; less frequently than annually, 55%; more frequently than annually, 10%) than are grocery stores (annually, 27%; less frequently than annually, 70%; more frequently than annually, 12%) or wholesale distributors (annually, 12%; less frequently than annually, 86%; more frequently than annually, 11%).

Table 5
Frequency of Label Updates

Do you update any of the labels that you manage?



What percentage of the total amount of labels that you manage are updated less frequently than annually, annually and more frequently than annually?

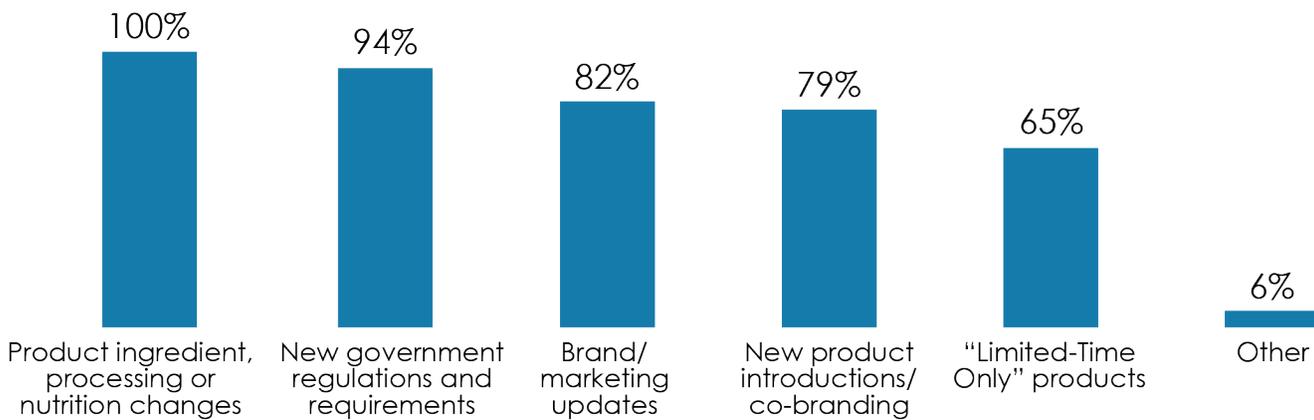


Rationale for Changing Labels

Table 6 lists the various reasons for updating labels. All (100%) say that product ingredients, processing or nutrition changes require label updates. A strong majority also say that new government regulations and requirements (94%) are a reason for updates. Many also say that brand/marketing updates (82%), new product introductions/co-branding (79%) and “Limited-Time Only” products (65%) lead to label updates.

Table 6
Reasons for Updating Labels

Why do you update your labels? Select all that apply.

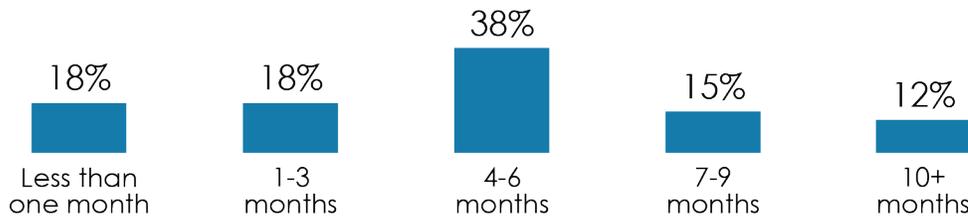


Time Requirements for Label Changes

The length of time it takes to update a label varies and is listed in Table 7. While 18 percent say that they can update a label in less than one month, others say it takes 1-3 months (18%), 4-6 months (38%), 7-9 months (15%) or 10+ months (12%). In sum, 65 percent say it takes four months or longer.

Table 7
Length of Time It Takes to Update a Label

On average, how long does it take to update a label?



By type of organization, fewer grocery stores (52%) say that it will take four months or longer to do the updates, compared to 88 percent of food manufacturers and 100 percent of wholesale distributors.

Economic Impact of Label Updates

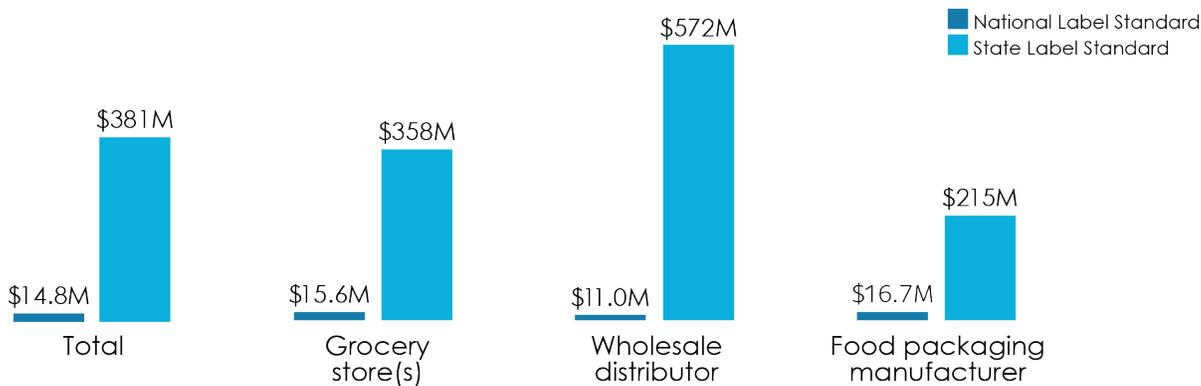
Cost of Updating Labels for One National Standard vs. 50 Different States

Table 8 compares the estimated cost if organizations were required to update all of their labels (front and back/side) based on one national standard vs. cost for updating those labels based on 50 different states' requirements. On average, respondents estimate that it would cost \$14.8M to update their labels based on one national standard, but \$381M for 50 different states—an increase of 26 times more than if there was one standard.

Table 8
Economic Impact of Label Updates

National: If your organization was required to update all of your labels (front and back/side) based on ONE national standard, what would you estimate the total cost to be?

State: If your organization was required to update all of your labels (front and back/side) based on 50 different states' requirements, what would you estimate the total cost to be?



The increases are equally as dramatic based on type of organization. Grocery stores estimate that it would cost them an average of \$15.6M to update their labels based on one standard, but \$358M based on 50 different states or 23 times more expensive. Food manufacturers think their increase would be even more dramatic with an average of \$11M to update for one national standard vs. \$572M for 50 different states, which is 52 times higher than one national standard. Wholesale distributors say it will cost them an average of \$16.7M to update their labels for one national standard, but \$215M for 50 different states or 13 times more than one national standard.

Additional Economic Impacts

Beyond the significant additional costs, respondents provided a number of unaided comments about the anticipated impact of 50 different labels requirements. Table 9 provides a summary of these comments grouped by theme. A majority (58%) say that the different labeling requirements would make operating unsustainable/not feasible, while fewer mentioned that it is not a cost-effective strategy (39%). Twenty-seven percent thought that it would raise prices on products, would raise the cost of manufacturing (21%) or cause issues with minimum order quantities (15%). Many of the specific verbatim comments are listed at the end of this report.

Table 9
Additional Economic Impacts of 50-Different State Labels

If you had to have different labels in 50 states and thus your volume of product produced under each label is reduced, what additional economic impact must be considered?

Different labeling requirements would make operating unsustainable/not feasible



Not a cost effective strategy



Would raise prices on products



Would raise costs in manufacturing



Issues with MOQs



Operational Changes Needed to Meet State-Specific Labeling

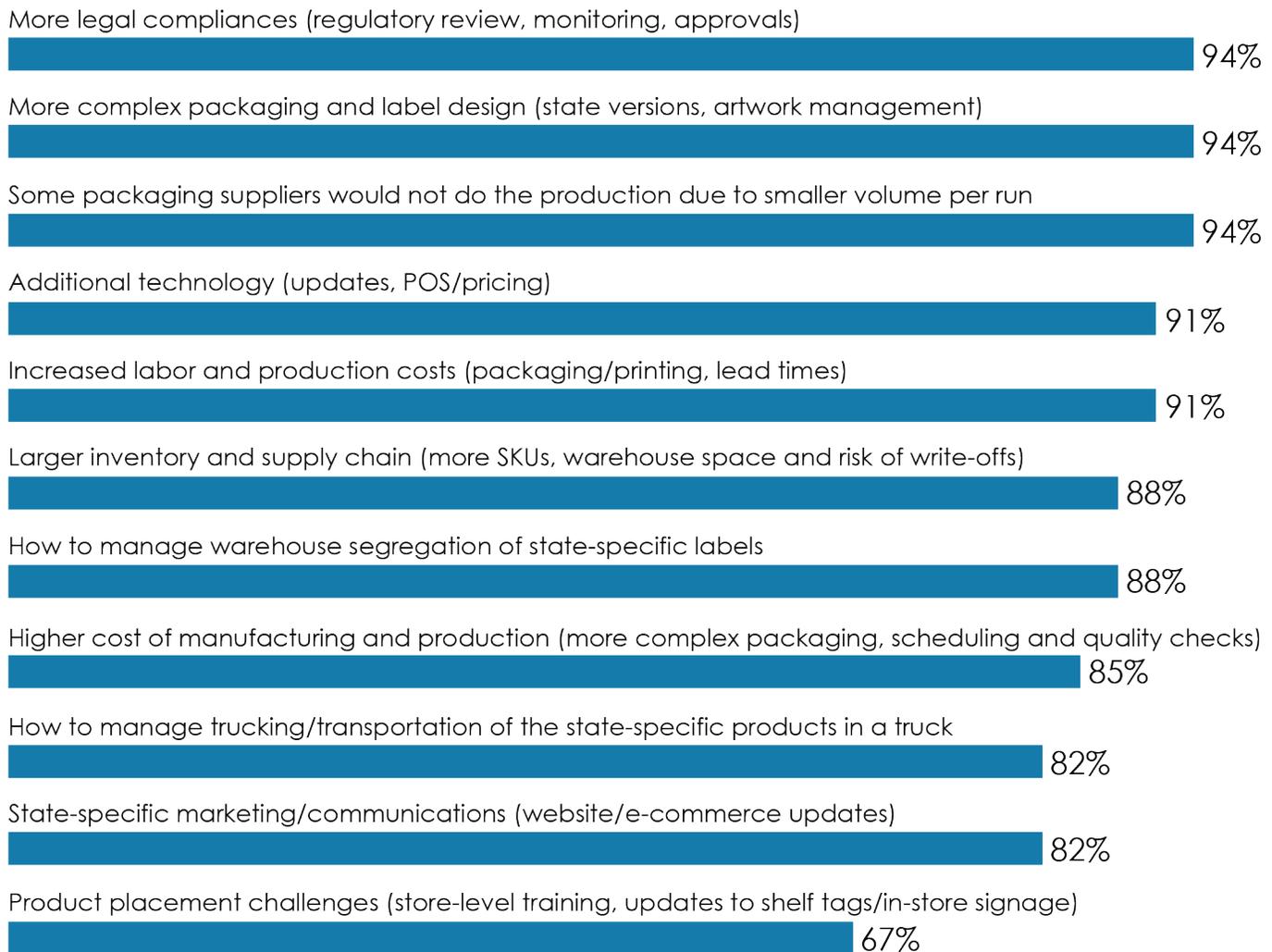
Table 10 lists the percentage of respondents who agree with various operational challenges that would be needed to meet state-specific labeling requirements.

A strong majority think there will be more legal compliances (regulatory review, monitoring, approvals) (94%), more complex packaging and label design (state versions, artwork management) (94%), some packaging suppliers would not do the production due to smaller volume per run (94%), additional technology (updates, POS/pricing) (91%) and increased labor and production costs (packaging/printing, lead times) (91%).

A sizeable number also agree that there will be challenges with larger inventory and supply chain (more SKUs, warehouse space and risk of write-offs) (88%), how to manage warehouse segregation of state-specific labels (88%), higher cost of manufacturing and production (more complex packaging, scheduling and quality checks) (85%), how to manage trucking/transportation of state-specific products in a truck (82%), state-specific marketing/communications (website/e-commerce updates) (82%) and product placement challenges (store-level training, updates to shelf tags/in-store signage) (67%).

Table 10 Operational Challenges To Meet State-Specific Labeling

What operational changes would you anticipate with state-specific labeling requirements? Select all that apply.



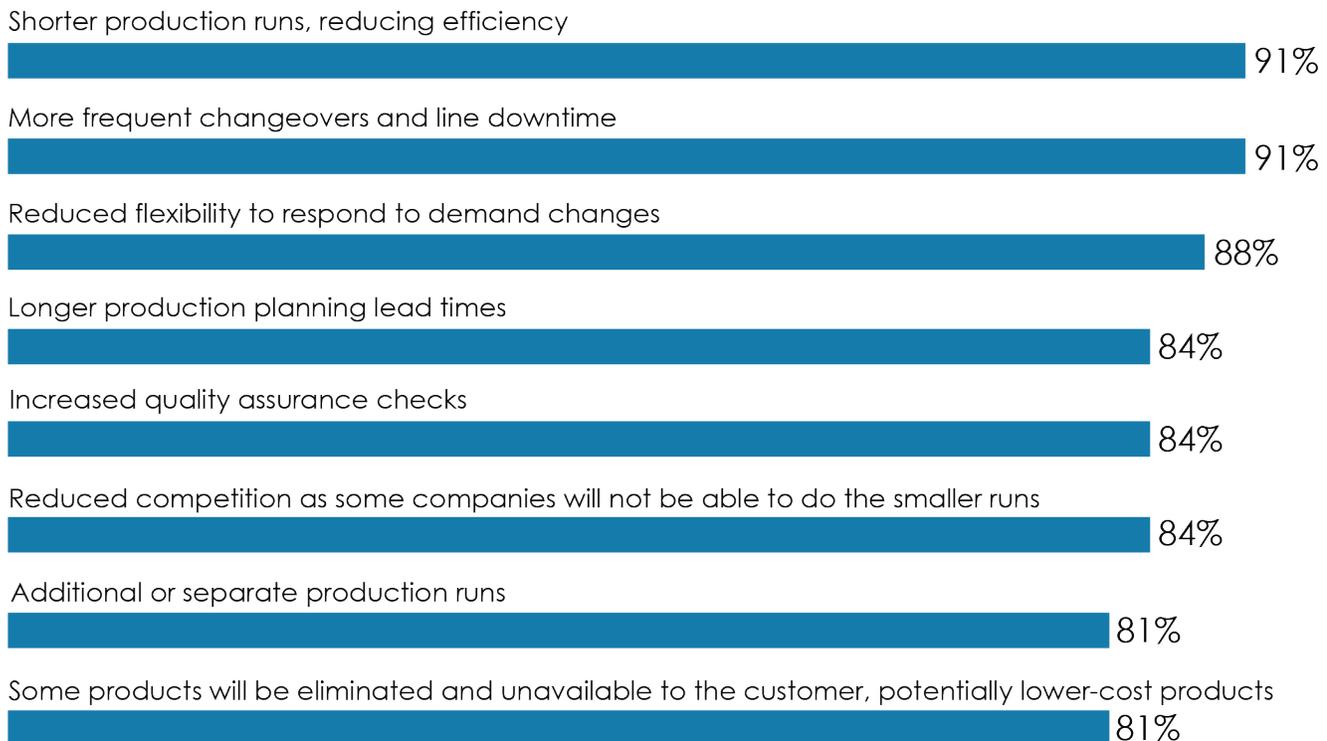
Production Scheduling

Table 11 lists a number of production scheduling changes and issues based on state-specific labeling requirements. Most agree that these changes will require shorter production runs, reducing efficiency (91%), more frequent changeovers and line downtime (91%) and reduced flexibility to respond to demand changes (88%).

Many also think the impact will result in longer production planning lead times (84%), increased quality assurance checks (84%), reduced competition as some companies will not be able to do the smaller runs (84%), additional or separate production runs (81%) and some products will be eliminated and unavailable to the customers, potentially lower-cost products (81%).

Table 11
Operational Challenges To Meet State-Specific Production Scheduling

How do state-specific labeling requirements affect production scheduling?
 Select all that apply.



Inventory Management

Table 12 lists respondents’ anticipated challenges regarding inventory management with state-specific labeling requirements. All (100%) agree that it will require an increased number of SKUs to manage. Most also think that it will cause segregation of inventory by state compliance (94%), higher inventory holding requirements (91%), increased risk of excess or obsolete inventory (91%), more complex demand forecasting (91%) and segregation of product by state during transport (81%).

Table 12
Operational Challenges To Meet State-Specific Inventory Management

How do state-specific labeling requirements affect inventory management?
 Select all that apply.



National vs. Individual State Standards Preference for National vs. Individual State Standards

Table 13 presents the percentage of respondents who favor a national vs. individual state standards for labeling. All (100%) say they want one national standard and think that it is more economical.

Table 13
Preference for National vs. Individual State Standards

Which system would you prefer as more economical?

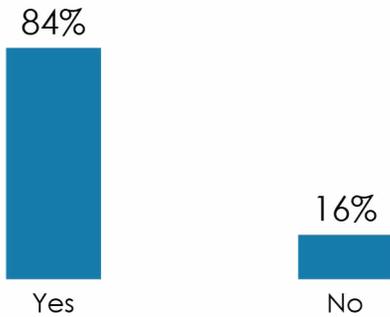


Compliance Strategies for Meeting State Standards Could Harm Consumers and Companies

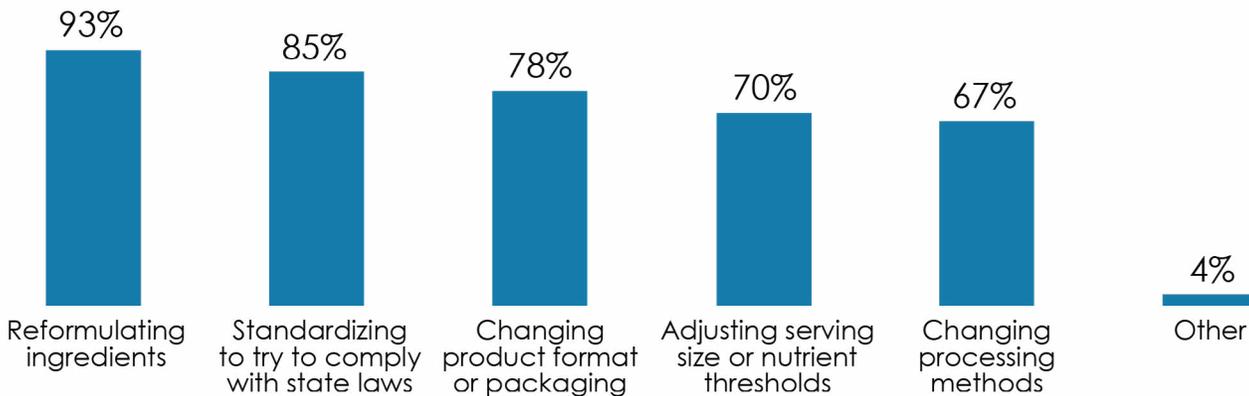
Table 14 lists the percentage of respondents who would consider reformatting labels, exploring other strategies and pulling products to meet state requirements. While ongoing pro-consumer reformulation is already the norm, 84 percent say they would consider reformulating their products to meet forced state label requirements. Of this group, most (93%) say they would reformulate ingredients or attempt other standardizing to try to comply with state laws (85%). Many would also attempt changing product format or packaging (78%), adjusting serving size or nutrient thresholds (70%) or changing processing methods (67%). Ninety-four percent would also consider pulling products from a state due to ingredient bans or labeling requirements in that state.

Table 14
Compliance Strategies for Meeting State Standards

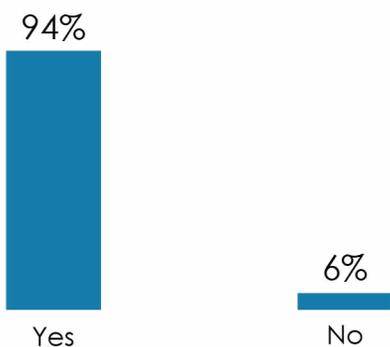
Would you consider reformulating products to avoid labeling changes required by state law?



Which factors would you consider? Select all that apply.



Would you consider pulling products from a state due to ingredient bans or labeling requirements in that state?



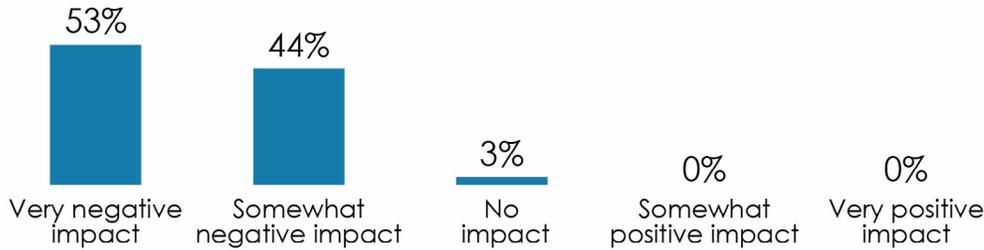
Warning Label Impacts

Table 15 presents the anticipated impact of adding warning labels to products. Almost all (97%) think they will have a negative impact on their ability to innovate or launch new products (very negative, 53%; somewhat negative, 44%). Most (97%) also think that the warning labels will hurt consumer perception of their brand (very negative, 63%; somewhat negative, 34%). All (100%) agree that the labels will hurt sales (very negative, 50%; somewhat negative, 50%). Many (75%) think the labels will increase the potential for litigation (very negative, 53%; somewhat negative, 22%).

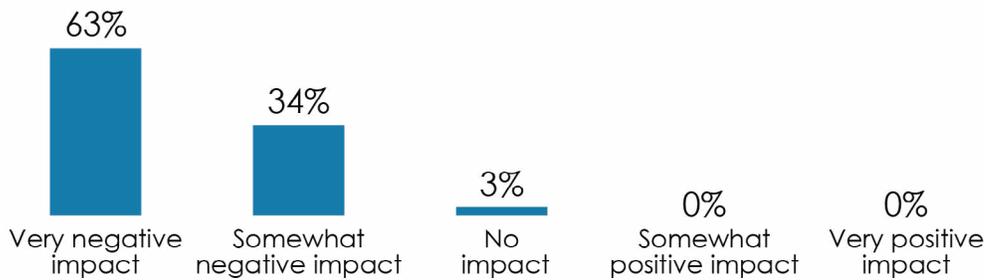
Table 15

Anticipated Impact of Adding Warning Labels to Products

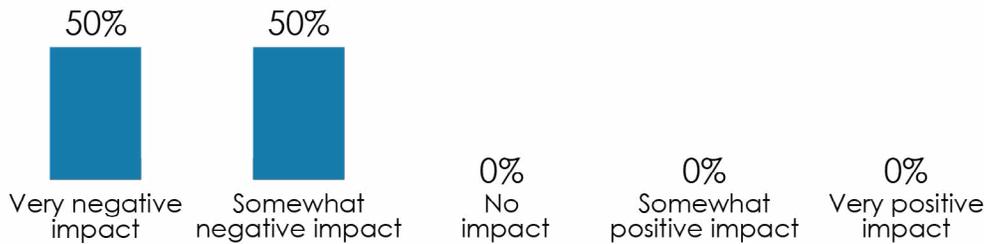
What impact would a required warning label applicable to certain ingredients have on your ability to innovate or launch new products?



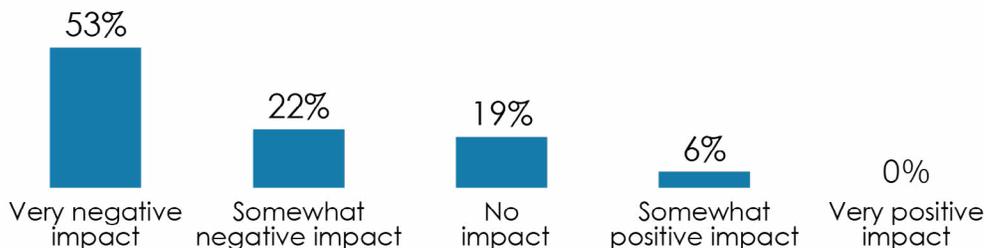
What impact would adding a warning label to packaging have on consumer perception of your products and brand?



What impact would adding a warning label to packaging have on product sales?



What impact would adding a warning label have on the potential of litigation?

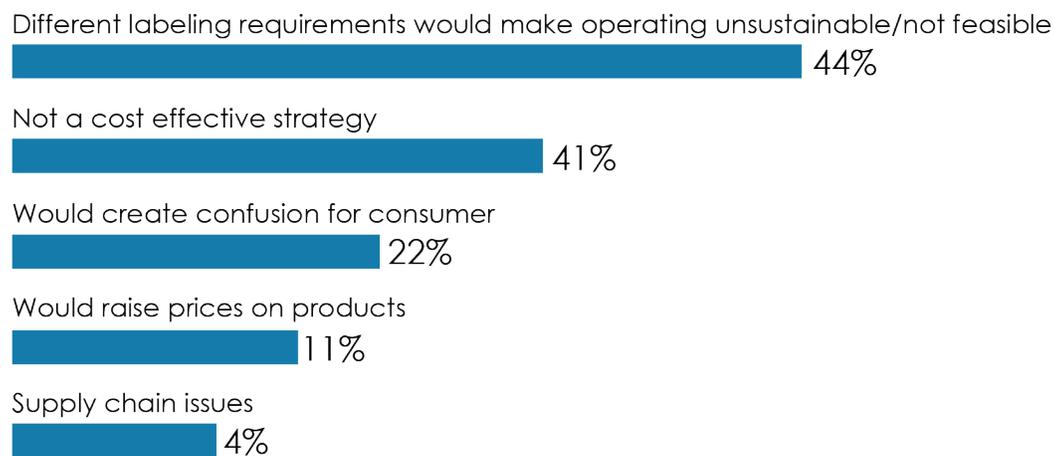


Additional Costs and Issues of Individual State Labels

Beyond the questions asked in this survey, respondents were also asked to provide any additional thoughts or comments about the individual state label requirements. Table 16 summarizes the verbatim response. The individual comments are listed in the Appendix. Forty-four percent think different labeling requirements would make operating unsustainable/not feasible, while 41 percent reiterated that it is not a cost-effective strategy. Several thought that such a labeling requirement would create confusion with consumers (22%), raise prices on products (11%) or cause supply chain issues.

Table 16
Additional Costs and Issues of Individual State Labels

What other costs or issues associated with updating a package in a state-by-state versus a national system are important to consider?



Economic Impact of Meeting 50 Individual State Labeling Requirements

If you had to have different labels in 50 states and thus your volume of product produced under each label is reduced, what additional economic impact must be considered?

Selected Grocery Store Comments:

- Can't imagine the logistic nightmare of having the same product with different labels in the seven states we operate, not to mention the costs and inventory hurdles.
- This would add significant costs in labor to manage and update labels across 50 states. This would also add significant costs to the storage and distribution of the product as each state label would need to be separately slotted in the warehouse.
- We are a smaller chain of 24 stores and operate currently in just two states. This would make it a little more difficult to launch programs as we would have to hold liability for double the amount of labels. Some vendors would no longer be willing to work with us based upon our volume and now having to hold two sets of labels. Hypothetically, if we were larger and operating in more states this would be more and more difficult as you add more locations.
- We are organized to make changes by state, but it is very inefficient and more than doubles the complexity.
- This would increase costs by 20% to 30% to change to a specific version by state. The lower the volume of a supplier and/or item typically costs more for label design.
- This scenario is not workable and is business prohibitive for manufacturing, supply chain/logistics, operational, compliance, financial and other reasons. Products ultimately would be discontinued from sale, perhaps remaining in all but the largest states where multiple labeling requirements can be satisfied and in turn, put the total business under risk unless alternative products were available. We also know that the situation described here is extremely improbable—historically, states coalesce around shared requirements or will rely on existing approaches to meet their policy objective without dedicating their limited resources.
- We wouldn't be able to manage that. We would need different UPCs for each state and would need different pick slots in our warehouses for each product. The impact would be catastrophic and would not be feasible to maintain.
- Less options for customers, unfair advantage for bigger companies with more resources to update labels.
- Higher cost of manufacturing and production, managing warehouse and inventory challenges, state specific marketing, shorter production runs, less efficiency, longer lead times leading to out of stocks.

- Having 50 unique labels would be unreasonable and would effectively shut down the distribution of own brands in certain markets, causing retailers to only offer National Brands. Volume reduction and packaging minimums for state specific labels would likely come with the elimination of own brand assortment and higher costs for those that remain. Cost increases for data and supply chain infrastructure needed would be added to the cost of own brand products. Additionally, high likelihood for out-of-stock conditions due to mis-shipments. Ultimately state specific labels would increase prices to consumers through the actual retail price of own brands OR by eliminating own brands altogether resulting in National Brand only choices at shelf.
- Cost of product will go up due to manufacturers cost to produce will increase with reduced volumes for each individual state SKU.
- Time for training, setup, project management, interaction with third-party vendors, change management, equipment upgrades and technical maintenance, marketing and point of sale material updates, customer care question answering and interaction with consumers.
- Increase in per label due to production/legal/compliance reviews/complex inventory management.

Selected Food Packaging Manufacturer Comments:

- Order quantities for labels; delivery truck sizes/frequency for pick up; production timing would slow down because of quality checks and label changeovers resulting in loss of money; potential update to ordering systems to accommodate 50 different requirements; and I'm sure there are many more that would be identified if a trial run/sample test were completed.
- We would have to decide whether or not we should continue selling into each state based on minimum order quantities of packaging materials and printers and premiums of ordering less than MOQ. We would have to overhaul our distribution strategy and pay premiums to control each label's distribution.
- Lost sales due to MOQs (minimum order quantities) that are not sufficient for manufacturers to keep our private label business would result in dropped SKUs, packaging material shrink and COGs (cost of goods) increases.
- Packaging printer availability, distribution processes, warehouse costs, consumer education, packaging waste. All these items have a cost associated with them, mostly dollar amounts, but also social economic impacts around consumer confusion.
- This would introduce significant complexity to our operations and supply chain and drive increased packaging waste and related disposition expenses. Segregating product and enabling distinct product flow for state-by-state distribution introduces a significant challenge to our operations with limited feasibility today. In addition, we would incur incremental printing expenses to support smaller volumes per run and this would introduce incremental manufacturing packaging cutovers. A patchwork of state regulations would result in less planful coordination of our package updates and likely result in the need to update packages sporadically as new states introduce requirements and incremental cost for our business.
- Additional production, labor, printer, packaging material costs as well as database configuration costs.
- Increased cost, higher MOQs (minimum order quantities), stopping/slowing production to change labels, storage of different labels, increased risk of material waste and write off, risk of incorrect label applications, label inventory management; logistics of shipping product to individual states (distribution systems are not designed for state specific distribution).

- First, this is not a feasible solution our business would entertain. Label costs would increase because minimum film runs cost more. The supply chain management to ensure product is moving to the correct state would increase—supply chain costs would increase as freight optimization may suffer with different products going to different states. Supply chain optimization is not solely a manufacturer's issue because many customers have their own consolidated distribution models. The ability to cover for production outages due to product shortages/emergencies, etc. would be eliminated because we wouldn't be able to send products across state lines and so any issues would likely result in product outages and unavailability for in-state consumers. Design costs would increase with needing to incorporate regulatory requirements for 50 different states. Regulatory costs to review and manage compliance for 50 states would increase. Risk of errors across the entire supply chain would increase. Cost to manage labels for third party reviews (organic, non-GMO project verified) would increase and costs may increase to the point where value-added claims may no longer be of interest. The burden would be so high, it would be unattainable to manage 50 different labels and we would be forced to create a label that was compliant for all the states. Some or all of these costs would have to be passed through to the consumer.
- Packaging inventory write-offs, significant increase in production cost accounting for multiple packaging changes during each product run, increased distribution costs attempting to manage distribution/package by state, enforcement costs for inevitable errors, increased warehouse cost to enlarge existing facilities to handle segregation of each product.

Selected Wholesale Distributor Comments:

- There is no easy way to manage the distribution of state-specific labels without unique UPCs. This means different slotting, specific logistics routes and compounding packaging liability. This dynamic would put tremendous strain on our business, as a distributor and logistics handler, and likely ultimately result in the enterprise being unprofitable.
- Within the Private Brand space, manufacturers require minimum order runs to produce product. They want to minimize the number of times they have to stop their production lines to change over packaging, as well as to change out formulations. Not only would state-level labeling requirements change the packaging per item and drive-up costs, it may significantly impact a manufacturer's willingness to even produce private brands, because they may just increase their minimum order quantities high enough to not have to deal with it. They would certainly have to raise their cost of goods higher to accommodate the stopping/starting of production line time, but they may just price it so high that no one wants to do it.
- Obviously, the lower volume of each individual SKU would drive up costs per unit significantly and result in a number of issues with inventory availability. Existing warehouse logistical and trucking costs would also significantly increase per unit driving up costs for consumers.
- This would be impossible to manage.

Additional Costs or Issues Associated with Updating Labels Based on State-by-State Requirements

What other costs or issues associated with updating a package in a state-by-state vs. a national system are important to consider?

Selected Grocery Store Comments:

- Increased employee head count costs, better advancement in technical systems to manage programs would be needed, food safety team would need to help manage at a higher level, designer budget costs would be significantly more expensive annually.
- It is difficult to estimate the cost for updating the labels for all items with different criteria for each state without detail of what would be changing. That question earlier in the survey is near impossible to calculate without detailed regulation to comply with.
- There could be additional transportation cost associated with the products having to have different specs and coming from different producers.
- Increased potential and number of errors that may lead to litigation.
- Time spent during production changeovers, especially for larger customers or custom formulations. We have found that even a threshold of 5000 MOQ units is difficult for manufacturers to accommodate in their schedules. Additionally, the cost to printers should be considered - increases in physical plates to keep on file, time spent for printers to swap out plates, etc. At all levels, more changeovers could lead to more chances for errors to occur. Additionally, the time spent (we answered 4-6mo) is for a label update only. However, if changes such as this would incur a reformulation or need to review physical product changes, this timeline would look more like 15mo.
- Additional costs associated with updating packaging by state would be the exponential impact of future reformulations, cost and availability of new ingredients, shelf life studies, allergen studies, investment in manufacturing and engineering, labor for UPC changes in warehouse, shelf tags, SmartLabel page updates, data infrastructure, packaging components (pinch experienced during COVID demand surge), project management of packaging inventory and conversion, potential out of stocks, obsolescence we would work closely with suppliers, however being able to completely deplete is unrealistic.
- State-by-state labeling requirements could be devastating. While a company could try to create one label that would meet the needs of all states, it would be challenging and the increased costs to modify labels would be passed on to the consumer.

- Consumer perception and confusion abound already. We foresee huge rises in costs in logistics, warehousing, legal fees, R&D reformulations, compliance attention, obsolete inventory, consumer education, and harm to smaller and local brands we retail. Clear national standards are the only practical way forward.
- For retailers and food service establishments, rules must clearly state that they are effective at time of manufacture or labeling of the products. Holding retailers & food service accountable for products throughout the supply chain is operationally impractical and a significant enforcement liability. It is very unlikely / improbable that brands will make decisions to only update labeling—they will re-formulate to avoid special labeling requirements, while this also drives label updates and at the same time, even more significant are the additional cost, time, resources & technical work required to get the reformulated items on shelf.
- A lot of business in packaging is contracted. This would change or negate contracts which would be very costly. In areas where an ingredient reformulation is required, the demand for alternative ingredients may drive a significant cost increase or limited supply in market (e.g., natural colors).

Selected Food Packaging Manufacturer Comments:

- The challenge for private label manufacturers like us who deliver to customer warehouses that are used to support multiple states is that it will slow down production and delivery as ordering will now have to be done 50 different ways from the customer; time/employee resources/cost to review the regulations and develop labels (e.g., one formula for X Customer could be sold in 50 states and that same formula could be sold by Y customer in 50 states resulting in the same formula for only TWO customers is 100 labels; we have over 100 label brands/Customers). As you can see, state-by-state regulations would result in an order of magnitude never seen before regarding an impact to our business.
- Our entire supply chain would be impacted by a state-by-state system. This data is only for our brand but our manufacturers, distributors, and customers would all be impacted which would drive up cost of the finish good.
- Consumer confusion, distrust in FDA, differences state to state; limited product availability & consumer choice; managing various/overlapping timelines and compliance dates; challenge with managing changes to state & federal regulations at the same time, also impact of changing state packaging regulations; higher write off costs & wastes, line shut off, wasted materials; product tracking (2D codes and resource codes would have to be specific to labels, much higher inventory to manage); other label updates besides state regulations (a small label update could result in 50-100 labels having to be touched).

- Bottom line: Operating to meet a patchwork of state regulations defining permissible ingredients, categories or labeling would not be viable at our size and scale. Even if it's based on one national standard, the ~\$20MM cost is only for the plate change. It does not include the cost of throwing away scrap film (which could also be in the millions), the cost of personnel supporting the change, or other related and associated costs. This is just the cost of graphics changes only.
- A true state-by-state system is not economically or practically feasible.
- Each state has the ability to change their requirements rapidly creating a whack-a-mole issue for compliance.
- Consumer understanding/perception. Consumers are not stagnant and as they move or travel from state to state there is likely to be confusion as to why standards are different in one state vs. another. Additionally, unintended consequences of potentially labeling nutritious products with a warning label. False information on labels- implies products are unsafe and they are not.

Selected Wholesale Distributor Comments:

- Example: The Texas bill does not allow for private actors to enforce (unlike Prop 65, which is why Prop 65 is a nightmare). However, it's foreseeable that very creative plaintiffs' lawyers filing putative class action lawsuits could argue that lack of alleged required warnings constitutes deceptive and misleading trade practices under the Texas Deceptive Trade Practices Act. State laws like this just provide more fuel to the plaintiffs' bar's fire. These cases are easy to bring and while we typically are successful tendering to suppliers to handle, if that is not an option, it can be costly to defend and/or settle. Also, from a reputational perspective, we never want to see our products in the news with allegations of deceptive/misleading practices.
- In addition to the significantly higher cost of goods this would create, it would also create significant amounts of consumer confusion. Shoppers would have no idea why certain ingredients are 'good enough' for the state of Louisiana but not for Kansas for example. It makes no sense. We need a national standard. In addition, retailers and wholesalers would need to be stocking duplicate SKUs for states in this situation; taking up valuable warehouse space that - would ultimately lead to reduced variety, added costs to supply chain, distribution, etc. which would be passed on as increased costs to stores and consumer.
- Product packaging imagery (including samples for photography, shipping for finished goods, photography, archiving, etc.), label tracking and archive maintenance, advertisements with product imagery that cross states, marketing costs (not being able to print at scale, having to pay designers for different graphic versions if PDP changes are apparent), product database needs for transparency to consumers.

Survey Questions

Grocery Store Survey

1. Which category best describes your organization?

- Grocery store(s)
- Wholesale distributor
- Food packaging manufacturer
- None of the above (terminate)

2. In which state(s) do you operate? Select all that apply.

3. How many product labels do you manage? This includes products with multiple types of packaging or sizes, such as aluminum, steel, plastic, paper, glass, etc. _____

4. What percentage of the total amount of labels that you manage are private vs. branded labels? Please type in a percentage or drag the slider for each category.

- Private
- Branded

5. Do you update any of the labels that you manage?

- Yes
- No

6. What percentage of the total amount of labels that you manage are updated less frequently than annually, annually and more frequently than annually?

- Less frequently than annually
- Annually
- More frequently than annually

7. Why do you update your labels? Select all that apply.

- Product ingredient, processing or nutrition changes
- New government regulations and requirements
- Brand/marketing updates
- New product introductions/co-branding
- "Limited-Time Only" products
- Other: _____

8. On average, how long does it take to update a label?

- Less than one month
- 1-3 months
- 4-6 months
- 7-9 months
- 10+ months

9. If your organization was required to update all of your labels (front and back/side) based on ONE national standard, what would you estimate the total cost to be? \$_____

10. If your organization was required to update all of your labels (front and back/side) based on 50 different states' requirements, what would you estimate the total cost to be? \$_____

11. If you had to have different labels in 50 states and thus your volume of product produced under each label is reduced, what additional economic impact must be considered? Please explain.

12. What operational changes would you anticipate with state-specific labeling requirements? Select all that apply.

- More legal compliances (regulatory review, monitoring, approvals)
- More complex packaging and label design (state versions, artwork management)
- Higher cost of manufacturing and production (more complex packaging, scheduling and quality checks)
- Some packaging suppliers would not do the production due to smaller volume per run
- Larger inventory and supply chain (more SKUs, warehouse space and risk of write-offs)
- How to manage trucking/transportation of the state-specific products in a truck
- How to manage warehouse segregation of state-specific labels
- Additional technology (updates, POS/pricing)
- Product placement challenges (store-level training, updates to shelf tags/in-store signage)
- State-specific marketing/communications (website/e-commerce updates)
- Increased labor and production costs (packaging/printing, lead times)
- None of the above

13. How do state-specific labeling requirements affect production scheduling? Select all that apply.

- Additional or separate production runs
- Shorter production runs, reducing efficiency
- More frequent changeovers and line downtime
- Longer production planning lead times
- Reduced flexibility to respond to demand changes
- Increased quality assurance checks
- Reduced competition as some companies will not be able to do the smaller runs
- Some products will be eliminated and unavailable to the customer, potentially lower-cost products
- None of the above

14. How do state-specific labeling requirements affect inventory management? Select all that apply.

- Increased number of SKUs to manage
- Segregation of inventory by state compliance
- Segregation of product by state during transport
- Higher inventory holding requirements
- Increased risk of excess or obsolete inventory
- More complex demand forecasting
- None of the above

15. Which system would you prefer as more economical?

- A national standard for ingredient, nutrition, front-of-package labeling
- Individual state standards for ingredient, nutrition, front-of-package labeling

16. Would you consider reformulating products to avoid labeling changes required by state law?

- Yes
- No

17. What factors would you consider? Select all that apply.

- Reformulating ingredients
- Standardizing to try to comply with state laws
- Changing processing methods
- Adjusting serving size or nutrient thresholds
- Changing product format or packaging
- Other: _____

18. Would you consider pulling products from a state due to ingredient bans or labeling requirements in that state?

- Yes
- No

19. What impact would a required warning label applicable to certain ingredients have on your ability to innovate or launch new products?

- Very negative impact
- Somewhat negative impact
- No impact
- Somewhat positive impact
- Very positive impact

20. What impact would adding a warning label to packaging have on consumer perception of your products and brand?

- Very negative impact
- Somewhat negative impact
- No impact
- Somewhat positive impact
- Very positive impact

21. What impact would adding a warning label to packaging have on product sales?

- Very negative impact
- Somewhat negative impact
- No impact
- Somewhat positive impact
- Very positive impact

22. What impact would adding a warning label have on the potential of litigation?

- Very negative impact
- Somewhat negative impact
- No impact
- Somewhat positive impact
- Very positive impact

23. What other costs or issues associated with updating a package in a state-by-state versus a national system are important to consider? Please explain. _____



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