Healthier Product Reformulation in India

Research by IGD

In association with

FIA FOOD INDUSTRY ASIA

Consumer and company research on progress and priorities

Introduction

Susan Barratt
Chief Executive, IGD

AT IGD, we sit at the heart of the food and consumer goods industry, working closely with food companies to help them meet the needs of the public via our research, insight and best practice. Our Healthy Eating programme in the UK is bringing people and organisations across the food industry together to inspire change and is delivering exciting results.

We were really pleased to have completed research in Singapore, Malaysia and Thailand on behalf of Food Industry Asia (FIA) over the last year. The research focused on healthier product reformulation, speaking to companies and consumers. We were delighted when FIA asked us to replicate the research in India.

With obesity being a key issue, nearly all consumers in India are interested in a having a healthy diet. They take responsibility for their diets and are mostly happy for the industry to reformulate as long as the products are still as tasty. Across the industry, many companies are working hard to make their products healthier.

This report summarises the progress and suggests what could accelerate this. I hope you find it valuable. We want to support a healthy India, so please get in touch, if you would like to know more.

Matt Kovac
Executive Director, FIA

WITH the growing policy pressures to address the rising epidemic of obesity and non-communicable diseases (NCDs) such as diabetes, the food industry has been working to deliver solutions through product innovation and reformulation to nudge healthier behaviours by improving the nutritional quality of its food products.

However, as innovation and reformulation efforts are carried out by individual companies behind closed doors albeit being continuous and widespread, FIA with the support of IGD sought to understand the reformulation landscape in India. The findings of the research showcase consumer attitudes towards healthier product reformulation, industry's progress, priorities and the challenges companies encounter in the process.

The first of its kind in India, this report summary will be valuable for both the industry and government bodies to assess progress and recognise the areas of support businesses are seeking to further their reformulation efforts to advance the public health agenda.

Finally, I'd like to thank our in-country partner, Federation of Indian Chambers of Commerce & Industry (FICCI) for their support to carry out the study in India.

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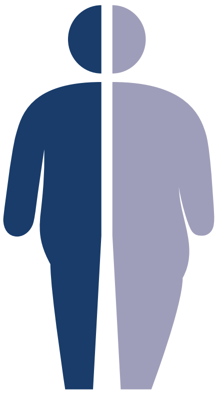
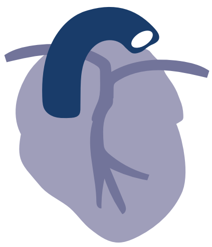
Key statistics

Health challenges in India

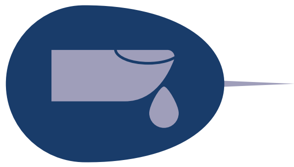
20%
of the adult population are overweight



4%
of the adult population are obese



25%
of the population suffer from raised blood pressure



9%
of the population suffer from diabetes

36%
of women are undernourished

33%
of children under five years are undernourished

Consumer views

99%
are trying to improve their diet

83%
are happy for the industry to reformulate as long as the products are still tasty

Sugar is the biggest dietary concern for consumers

42% check for sugar information on pack

72%
are happy for the industry to reformulate with low/non-calorie sweeteners instead of sugar

Manufacturer views

Top three priorities

1. Removing artificial colours, flavours or preservatives
2. Removing saturated fat
3. Removing allergens

Top three motivators

1. Improving public health
2. Responding to government regulations
3. Voluntary commitments to 'Eat Right India' Movement

Top three challenges

1. Consumer acceptability
2. Maintaining taste
3. Budget limitations

73%
would be encouraged to do more R&D if there were more government incentives

73%
of respondents display front-of-pack nutrition labelling across some or all of their products

69%
have been working on reformulation

The health agenda in India

INDIA faces the double burden of malnutrition with high rates of undernutrition coexisting alongside increasing rates of obesity and NCDs.

India contributes to a third of the global burden of undernutrition; however, since the 1990s, indicators of undernutrition have decreased. Children and women make up around 70% of India's population, however, a third of children below the age of five are undernourished, either underweight (35.7%), stunted (38%) or wasted (21%). 59% of children are also believed to be anaemic. 36% of women are undernourished, 50% are anaemic (70% in adolescent girls) and 15.8% are moderately or severely thin. There is also a high risk of deficiency in vitamin A (62%), iodine (31%), zinc, folate and calcium. This is largely due to the diet lacking diversity, and low intakes of milk, oily fish, red meat and fruit, and high intakes of trans-fats, salt and sugar-sweetened beverages.

The burden of NCDs has increased from 30% to 55% from 1990-2016, accounting for one in five NCD-related deaths. Diabetes has seen an 80% increase between 1990 and 2016, notably becoming India's fasting growing NCD. India represents 40% of the world's diabetes burden affecting 72 million in 2017. It is estimated 98 million may be diagnosed with Type 2 diabetes by 2030.

It is estimated that 135 million are affected by obesity in India, representing 4% of the adult population in 2016, up from 2% in 2000. 20% of the adult population were classified as overweight or obese in 2016, up from 12% in 2000.

25% of the adult population suffered from a raised blood pressure in 2015. The prevalence of ischaemic heart disease has increased by 34% from 1990-2016.

Government response

IN a bid to address the issues of undernutrition in children, adolescent girls and women, the government launched the National Nutritional Strategy in 2017, which drives the agenda of 'Mission Malnutrition Free India-2022' forward. There are various other national nutrition programmes such as the supplementation programme for vitamin A and iron, through the fortification of milk, flour, oil and salt and the mid day meal scheme for children.

Among many other of their initiatives, the Food Safety and Standards Authority of India (FSSAI) has launched the 'Eat Right Movement' which is a comprehensive strategy to improve public health through improving dietary habits and availability of healthy foods. Consumers are encouraged to consume fortified foods, limit public health sensitive nutrients and incorporate physical activity.

Eat Right India

Industry response

IN view of the growing disease burden in India, the food industry has been working on various solutions to deliver better nutrition. Through product innovation and reformulation efforts, it has been fortifying foods with vitamins and minerals as well as reducing the amount of public health sensitive nutrients. Many companies have also commited to 'Eat Right Movement', ensuring they are promoting healthier food options and providing clear nutrition information, phasing trans-fats out and reformulating products to reduce sugar and salt. Food service companies are encouraged to introduce nutrition labelling on menus and promote healthier options.

Consumer attitudes to health

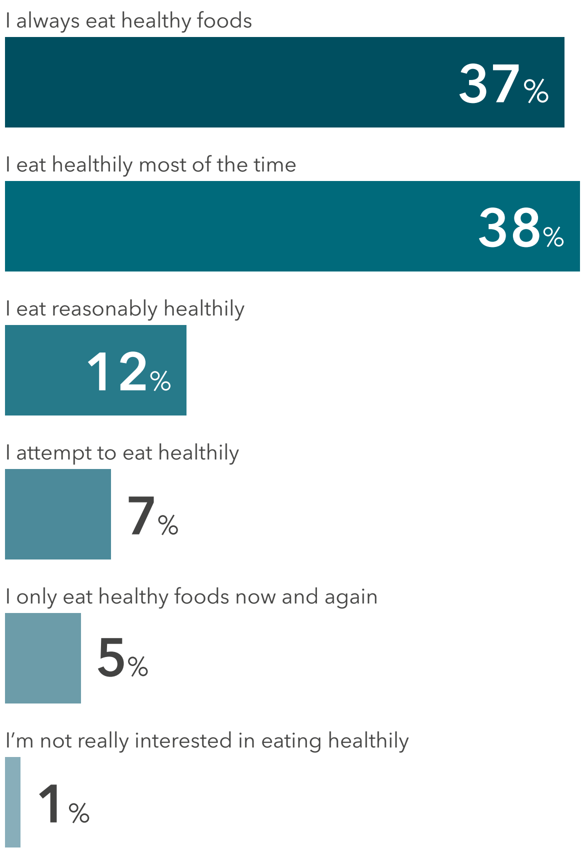
WE conducted a survey of consumers in India (see page 22 for more detail).

Health consciousness is particularly high in India. Only 1% say they're not interested in a healthy diet. 92% take responsibility for their own diets. Three quarters of the consumers (75%) claim to mostly eat healthily. However, just under two thirds (63%) feel that although their diet could be healthier, it's good enough. 42% admit to treating themselves regularly.

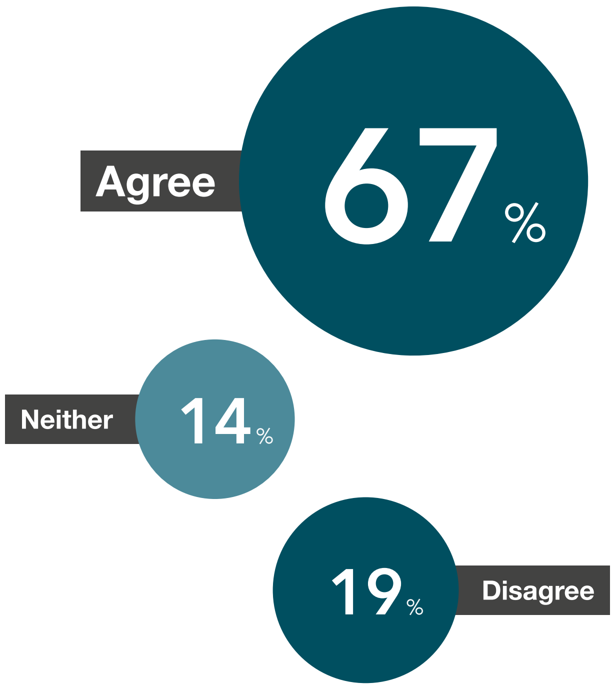
This illustrates why it's so important for food companies to make eating healthier as easy as possible.

Many see cost as a barrier. 72% of women and those aged 18-34 believe that eating healthily is more expensive. Improving the nutrition of mainstream products is a powerful way to overcome this perception.

Some consumers have not reached the pinnacle of healthy eating

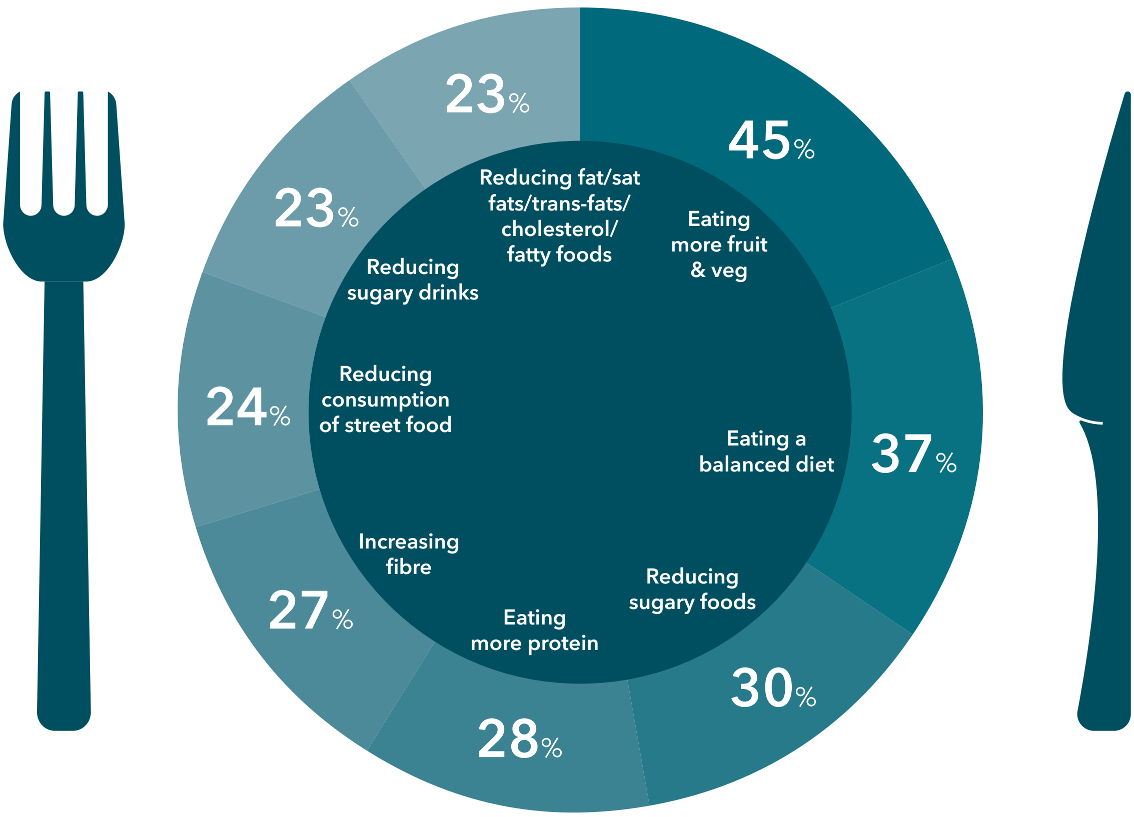


Eating healthily is more expensive than eating unhealthily



There are many different ways in which Indian consumers seek to improve their diets, including increasing some nutrients and reducing others. This presents a wide range of opportunities for food companies to support consumer efforts to eat more fruit and vegetables, protein and fibre and to reduce sugar, salt and fat intake.

Which of these areas are you actively trying to improve in your diet, if at all?
Top eight answers shown

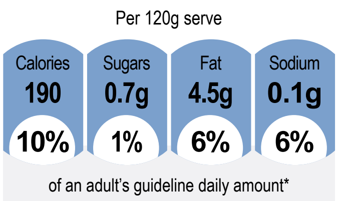


Attitudes to labelling

NUTRITION plays a particularly important role in how Indian consumers choose products. Quality, taste and the clear display of nutrition information feature in the top three drivers of product choice (averaged across all categories).

About three quarters (77%) feel the addition or removal of ingredients to make the product healthier are important when they choose products.

97% claim to look at nutrition information on pack at least some of the time and 63% claim to look regularly.

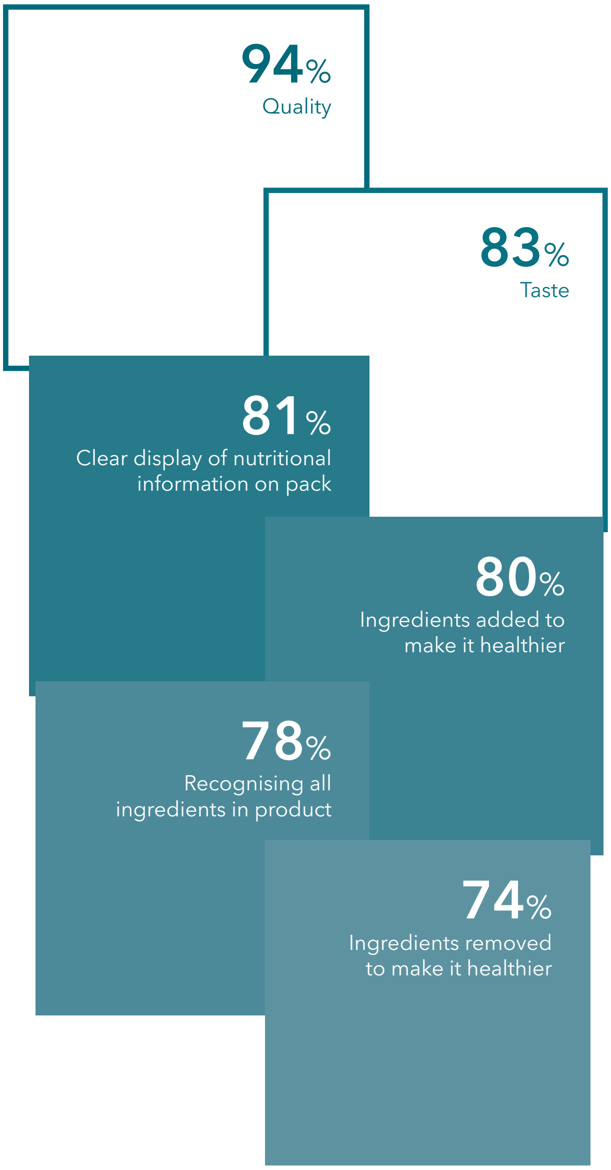


These high scores are driven largely by those scanning the detailed nutritional information found on the back of pack. 69% sometimes look out for this whereas 40% check for Guideline Daily Amounts. With sugar being the biggest nutritional concern among consumers, 42% sometimes check for sugar content followed by 37% for fat and 36% for energy contribution.

More than two thirds (69%) of consumers do not feel confident about the nutritional advice they come across on various outlets as they feel it is inconsistent. This is a problem that could intensify with so much information, often contradictory, from so many sources available online.

% stating each element is important when choosing food and groceries

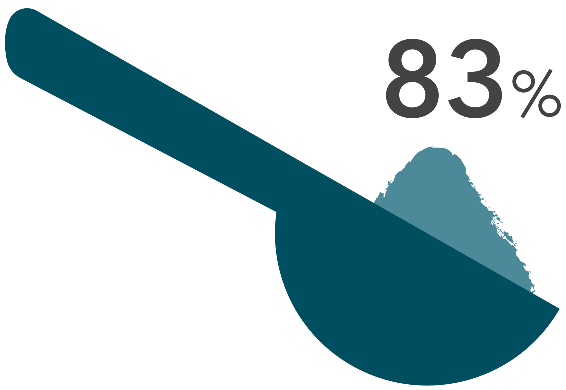
Top six answers shown



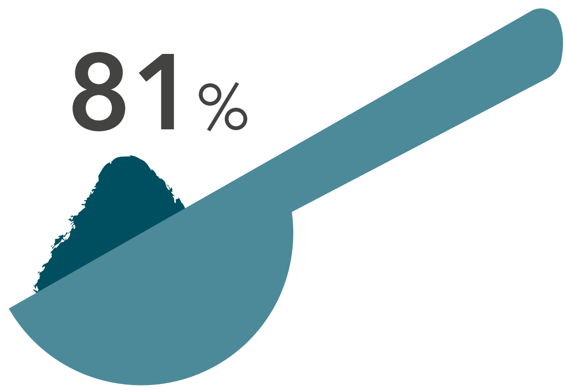
Attitudes to reformulation

HEALTHIER product reformulation is widely accepted amongst Indian consumers. They are generally happy for products to be made healthier and eight in ten believe companies should be actively working on this. However, consumers are also looking for tasty products. With taste being one of the top considerations when buying products, the gold standard for companies is to improve the nutritional quality of their food and beverage portfolios while maintaining the existing taste and flavour profiles to not disaffect consumers.

I'm happy if the product recipes are changed to make them healthier, provided they are still as tasty



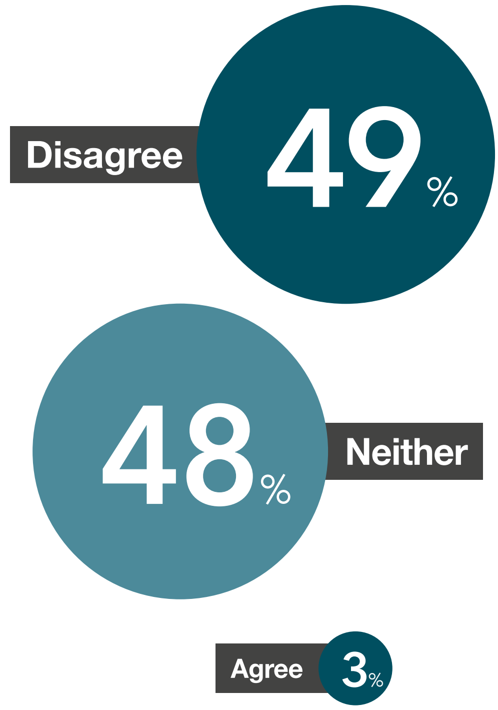
Food companies should tweak their recipes to make products healthier



In general, consumers are receptive to the use of low/non-calorie sweeteners and salt alternatives to make a product healthier. 76% of consumers are open to food products being fortified with vitamins/minerals to make them healthier. Those who don't always eat healthily are more open to the removal of trans-fats to make a product healthier.

Besides, consumers are not entirely satisfied with the choice of healthy options available in India. Only 3% believe food companies already offer enough healthy food options with no further changes needed from industry.

Food companies already offer enough healthy products so there is no need for any change



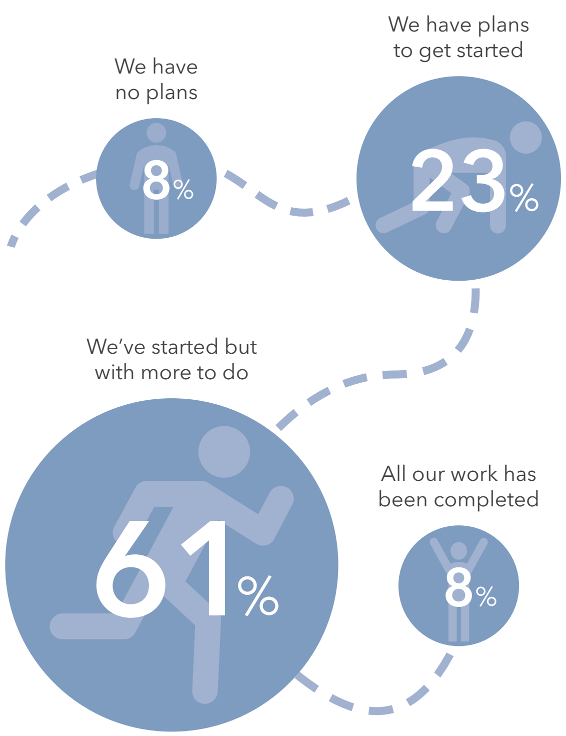
Industry progress

WE also conducted a survey* with the food and drink manufacturers in India (see page 22 for more detail). Two of these companies were then interviewed to provide an in-depth understanding of their reformulation journey.

61% of our companies had begun to reformulate products, and 8% had completed their reformulation efforts. 23% of our sample had plans to reformulate their products while 8% had no plans to do so.

There is a strong commercial incentive: 63% felt consumers were seeking healthier products, and believed that the industry had a role to play in driving consumer choice by providing healthier products.

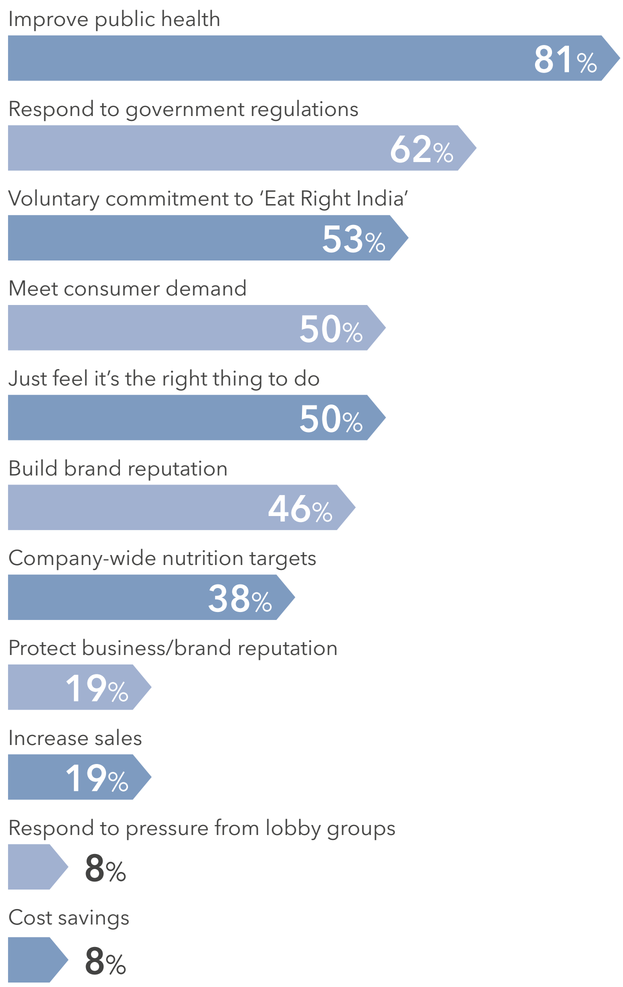
Where are you on your reformulation journey?



Many different reasons for action were mentioned with improving public health and responding to government regulations identified as the top drivers for action.

It is this combination of push factors that makes the case for reformulation so compelling. With so many companies working on this, any that don't are in danger of being left behind.

What are your main motivators for reformulation?



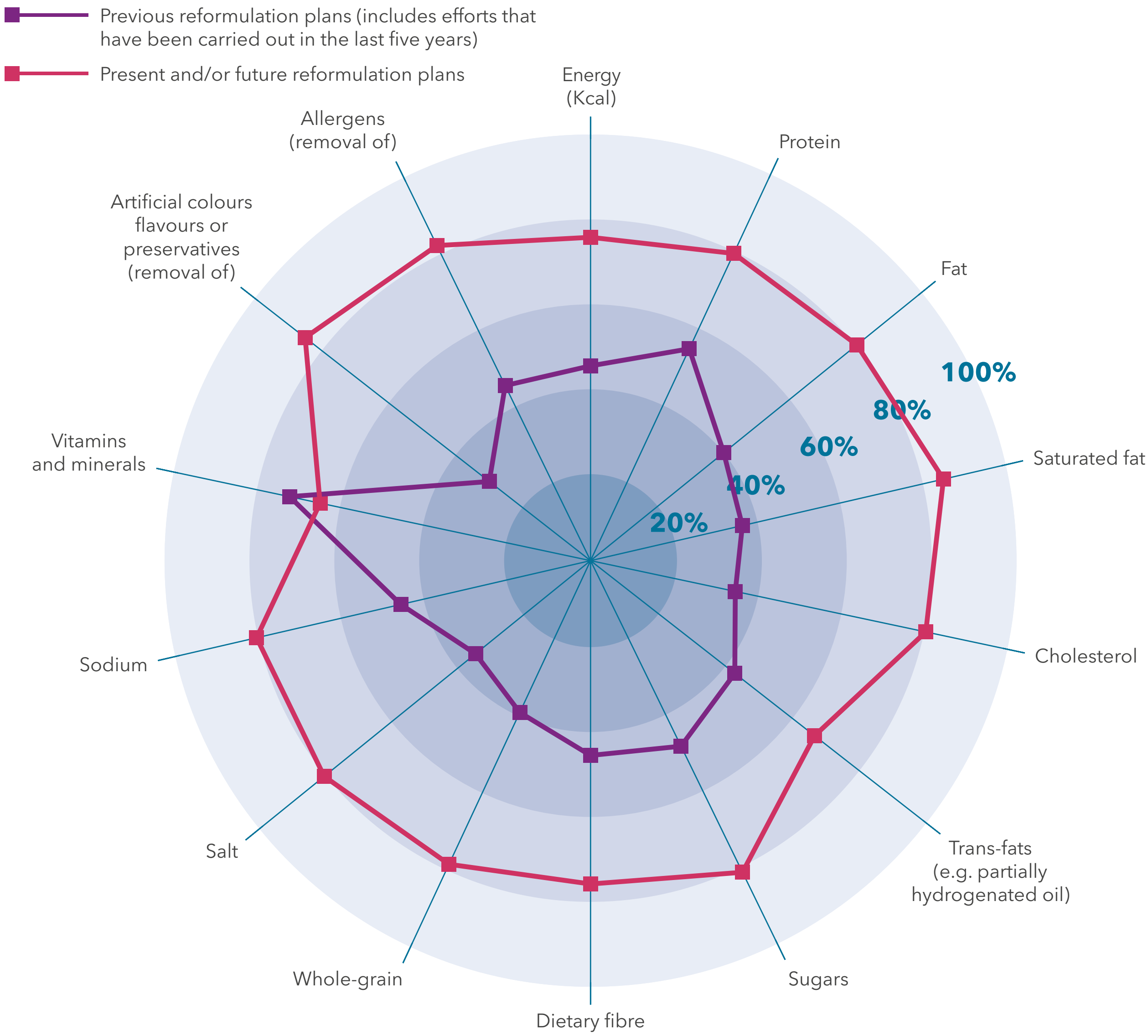
* The survey, which was completed by 26 companies, should be seen as indicative, as the sample may not be fully representative of all food companies in India

Industry priorities

REFORMULATION priorities have changed in the last five years. Previously, a focus on fortification of vitamins and minerals, and increasing protein were the companies' priorities. Work still continues in these areas, but the focus is now skewed towards removal of artificial colours/flavours/preservatives, followed by the reduction of saturated fat, removal of allergens and sugar reduction.

Companies are committed to adding fibre and wholegrain in their product offerings, which may not be a top nutrition priority to consumers but is strongly recommended by nutrition experts.

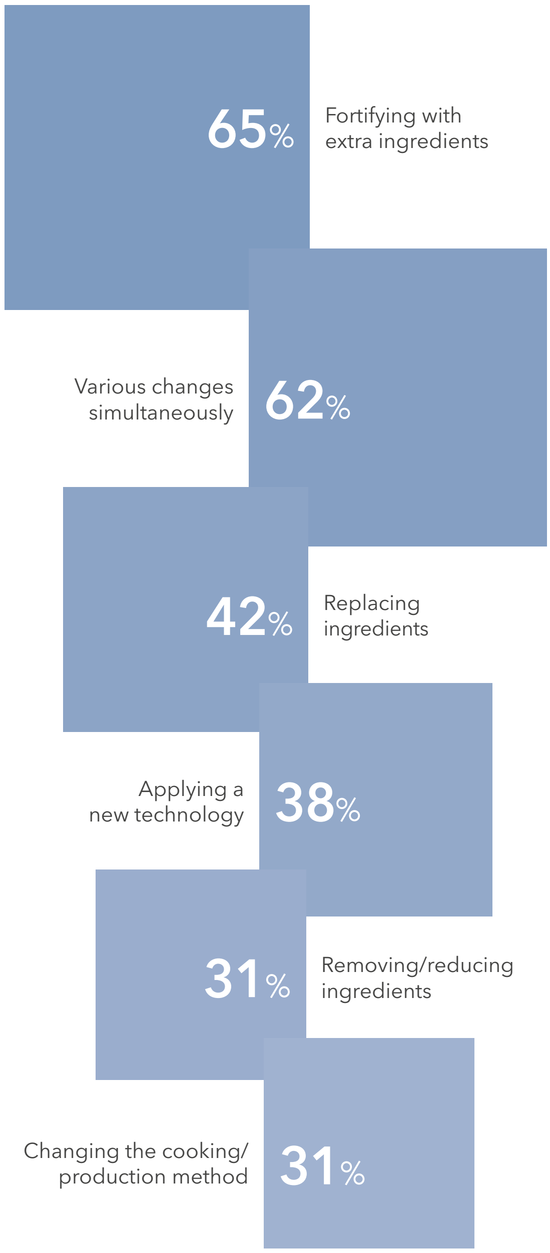
Reformulation is now spread across a wide range of nutrients, encompassing the obesity, NCDs and undernutrition agenda. If these efforts are reflected industry-wide, it bodes well for both industry and consumers, enabling improvements in the Indian diet.



Industry experiences

COMPANIES are using a variety of techniques to support their reformulation programmes. The most popular approaches are fortifying products with additional ingredients (65%), making a variety of changes to a recipe simultaneously (62%) and replacing ingredients with lower/zero calorie substitutes (42%).

How are you enabling healthier products?



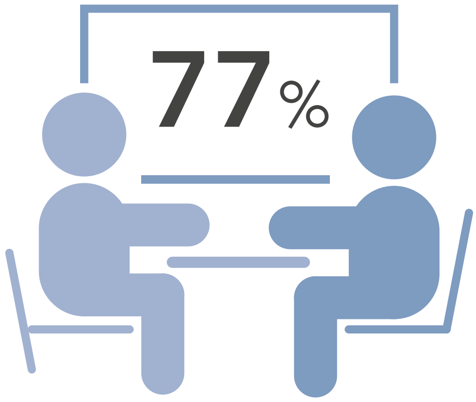
Top four reformulation challenges for companies ranked in order

1. **Consumer acceptability**
2. **Maintaining taste**
3. **Budget limitation**
4. **Shelf life**

Sometimes reformulation is relatively simple but in other cases, even small changes can make a drastic difference to the taste, texture, aroma or appearance of a product. This is where technical expertise and consumer testing are essential. Many of the big manufacturers invest in thorough consumer testing during the product development/reformulation process.

Removal of artificial colours/flavours/preservatives, the reduction of saturated fat, removal of allergens and sugar reduction were the main focus areas for reformulation, and the challenges with some of these nutrients varied. For removing artificial colours/flavours/preservatives, getting the appropriate colours suitable for the product and shelf life were seen as key challenges.

Large companies have most of the expertise they need in-house. 92% of our sample mainly used internal resources for their reformulation activity. Even so, 46% also took advantage of resources freely available in the public domain. Smaller businesses tend to receive help from external specialists and see budget limitations as a bigger constraint.



of companies make sure they consult with a nutrition expert whenever they're carrying out research and development

The track record for consumer acceptability is reassuring. While 12% of the companies reported a negative reaction to previous reformulations, 73% had enjoyed positive feedback and the remainder had no consumer feedback at all. Small changes often go unnoticed by consumers and if this is maintained over several years, it can add up to a substantial nutritional difference.

Accelerating progress

PLENTY of activity is already underway, with more than half (55%) of companies committing to the 'Eat Right India' Pledge. An additional 32% plan to join the pledge while 14% have indicated that they had no plans to join the pledge. We also explored what else could accelerate change.

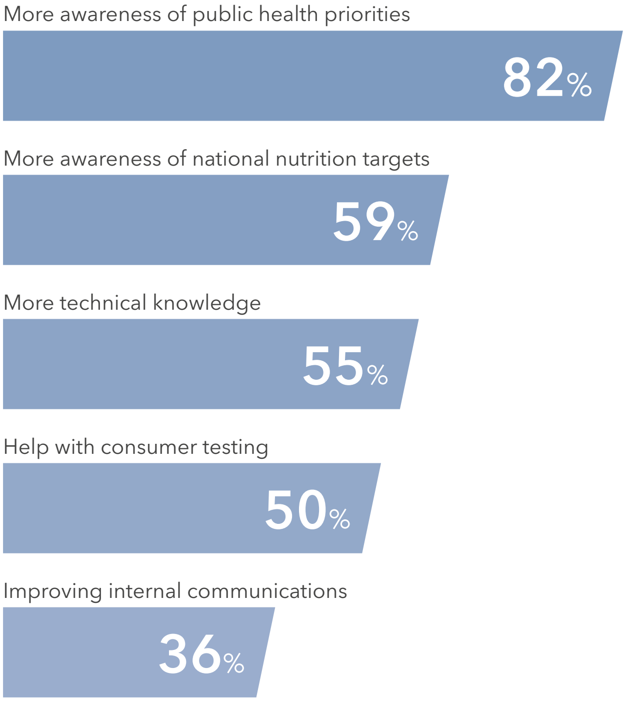
73% of companies said that with more fiscal incentives from the government, they would be inclined to carry out more R&D associated with reformulation. Only 10% of our survey conducted all their R&D outside of India and 57% conducted all their R&D in India.

There were very few attitudinal barriers to change among our survey respondents. Just over half (55%) said they provided enough healthy choices already, while less than a quarter (23%) felt there was no need for companies to change their products because diet is just a matter of consumer choice.

Only 10% felt they lacked the technical expertise to work on reformulation. However, this could be reflective of the large proportion of respondents being big international companies with research and technical teams. Had there been more SMEs this finding may have been different. 28% said it is difficult to source healthier ingredients.

68% were concerned that there are a lack of clear national nutrition targets/guidelines. 46% were concerned that existing national nutrition targets were unrealistic and 28% have had a bad experience when reformulating. This is why it's important to share success stories to encourage other companies to carry out R&D activities.

What would enhance healthier product development in your company?



Quotes from our company interviews

"Currently there is more of a voluntary approach to reformulation. The government is considering a more formal approach which is required to get the whole industry moving. Uniform policy is what we need."

"The issue with asking consumers what they want when it comes to health is the discrepancy between claimed and actual behaviour. They say they want low sugar and low salt but in reality they don't want to compromise."

"We find sourcing ingredients to help with reformulation challenging, especially within India. The cost is an issue."

"When the products are launched with reduced nutrients, we find consumer acceptability remains low. Reformulation sometimes results in increased costs and consumers may choose other alternatives, considering India is a price-sensitive market."

"We'd like to see the government speed up the approval of new ingredients that help facilitate reformulation and innovation. The timeline for the novel product regulation is too long. Also the compositional standards stop us from making certain products like chocolate healthier."

"Our competitors are not making the same strides to reformulate, so it is not a level playing field. Not many in the food industry are reformulating."

"We have a serious issue of high blood pressure in India. Salt intakes are as high as 14-15g/day so the Indian palate is accustomed to food products that are high in salt. This makes salt reduction challenging."

"There appears to be no action in the out-of-home sector."

Consumer perceptions of changes

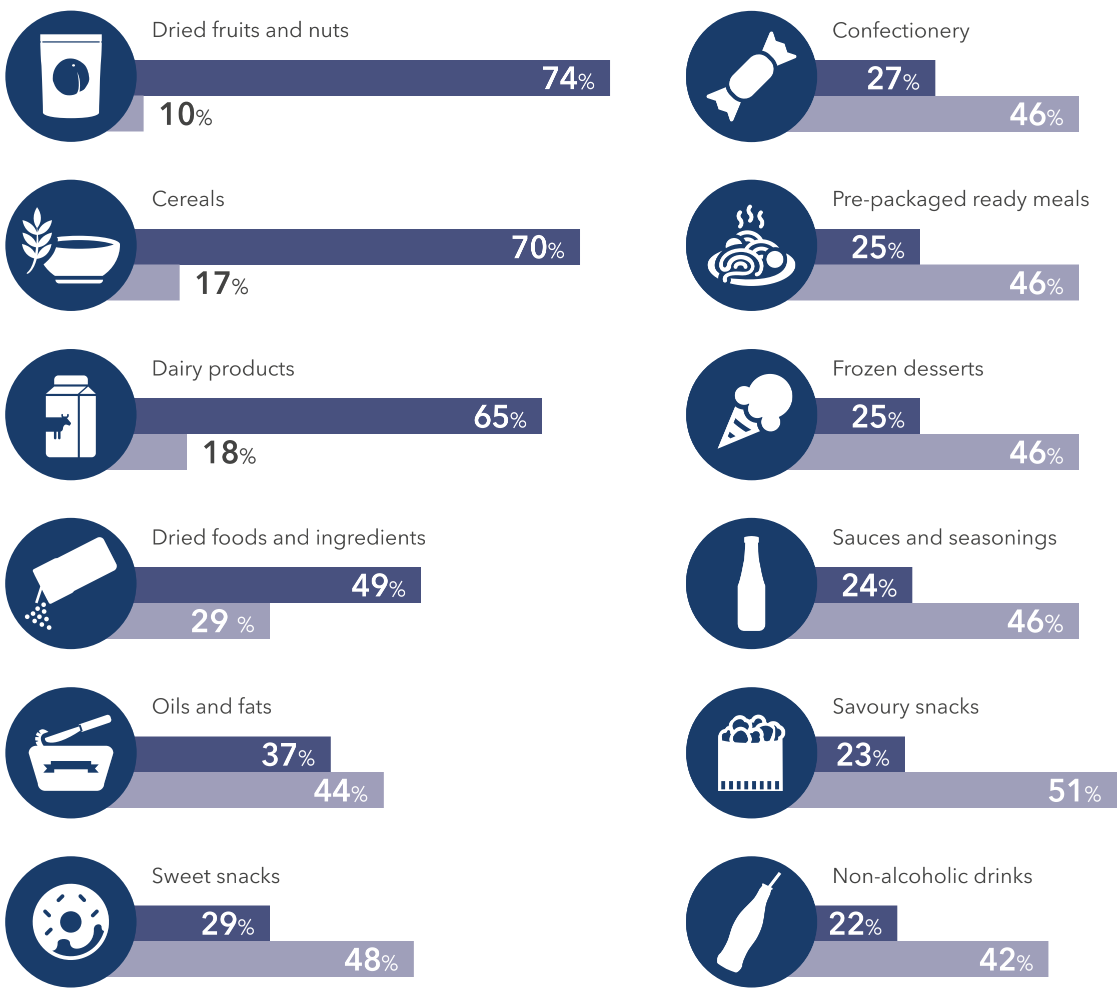
RETURNING to consumer opinions, most feel that many products are changing in either a healthier or unhealthier direction. The good news for companies is that products and categories that make a sustained effort to become healthier can get recognition. Dried fruits and nuts, cereals, dairy products and dried foods and ingredients have demonstrated this.

At the other end of the spectrum, products that haven't changed or where changes haven't been noticeable may be seen as becoming less healthy although they may have been improved. This may be due to the growing gap between healthy and unhealthy products.

Do you feel these products have become healthier or unhealthier in the last five years?

Healthier   Unhealthier

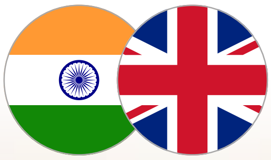
Remainder: no change or don't consume



Comparing markets

WE have previously conducted similar studies with companies and consumers in the UK and Singapore. Comparing these markets reveals some interesting similarities and differences.

It suggests that some elements of the reformulation challenge are universal, whereas other require awareness of local sensitivities.

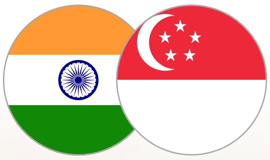


SIMILARITIES

1. Eating more fruit and vegetables and reducing sugar are priorities for consumers in the UK and India
2. Consumer feedback on previous healthier product reformulation efforts has been generally positive
3. Both countries are working on sugar reduction among other priorities
4. Over 3 in 5 of the sample in both countries had started their reformulation journey (61% India vs 64% UK)
5. The challenges of reformulation are consistent in these two countries: ensuring consumer acceptability and achieving a desirable taste were identified as top concerns

DIFFERENCES

1. More consumers are trying to improve their diet in India than the UK (99% vs 85%)
2. Indian consumers are focused on eating a balanced diet (37% vs 23%), and increasing wholegrain foods (22% vs 8%) to improve their diets compared to their UK counterparts
3. Consumers in India say that the display of nutrition information is more important when purchasing products compared to consumers in the UK
4. The reformulation agenda in the UK is more advanced than India both in terms of action across all sectors of the food industry and government intervention
5. The main motivator to reformulate in the UK is consumer demand whereas in India it is to improve public health
6. The main focus for reformulation in the UK is sugar, saturated fat and salt reduction, whereas in India it's the removal of artificial colours/ flavours/preservatives, followed by the reduction of saturated fats and removal of allergens
7. Fortification is a bigger focus in India than the UK



SIMILARITIES

1. Eating more fruit and vegetables and reducing sugar are priorities for consumers in Singapore and India
2. The overwhelming majority are positive about reformulation in both countries, provided the products remain tasty (83% in India vs 77% in Singapore)
3. A similar number of the sample in both countries had started their reformulation journey (61% India vs 64% Singapore)
4. The primary driving factor for reformulation were the same in both countries: improving pubic health (81% India vs 76% Singapore)
5. Both countries have the same reformulation challenges: consumer acceptability, maintaining taste and budget limitations
6. The main reformulation technique used is fortifying products with other ingredients (65% India vs 60% Singapore)
7. Both countries believe that there should be more awareness on public health priorities (82% India vs 83% Singapore)

DIFFERENCES

1. Fewer consumers are focused on reducing salt (22% vs 30%), and reducing processed foods (19% vs 28%) to improve their diets in India than in Singapore
2. Fewer Indian consumers claim to often buy food and drinks to treat themselves (42% vs 60% in Singapore)
3. Consumers in India say that the display of nutrition information is more important when purchasing products compared to consumers in Singapore
4. Indian consumers look out for nutrition information on food and drink packages more regularly than those in Singapore (63% vs 42%)
5. More Indian adults look out for the nutrition information panel (69% vs 45%) and the GDA label (40% vs 16%)
6. India's current focus for reformulation is the removal of artificial colours/flavours/ preservatives, saturated fat reduction and removal of allergens whereas in Singapore the focus is on the reduction of sugar and increase of fibre and protein
7. More Indian companies consider their products to already be healthy enough (55% vs 31%)
8. More R&D is conducted in India than Singapore: 77% did over half their R&D in India, compared with only 42% in Singapore

How we conducted the research

THIS research was conducted in three parts:

1. An online survey of consumers

- 1,020 interviews were conducted online between 5-14 April 2019
- This was a representative sample of adults aged 18+ living in and around Mumbai, Bangalore and Chennai
- IGD and FIA worked together to frame the questions

2. An online survey of companies (which spanned a broad range of products)

- Using a purposive sampling method, the survey was circulated to food and drink companies of varied sizes (MNCs and SMEs) operating in India
- The survey was sent to a large number of manufacturers and retailers during May–July 2019. 30 responses were recorded and 26 were completed fully
- All responses (n=30) were recorded for two questions regarding nutrition labelling
- 27% of these employed fewer than 500 people

Please note, the survey results should be seen as indicative as the sample may not be fully representative of all food companies in India

3. A series of in-depth interviews with companies

- Companies completing the online survey were invited to volunteer for an in-depth interview
- We completed two interviews. Products covered included beverages, dairy products, confectionery, seasoning, sauces, noodles, biscuits and health supplements

What are your company's product categories?

Sauces & seasonings	42%
Dairy products	38%
Non-alcoholic drinks	31%
Confectionery	31%
Ready to eat meals	22%
Oils and fats	19%
Cereals	19%
Frozen desserts	17%
Sweet snacks	15%
Savoury snacks	15%
Dried foods & ingredients	8%
Other	42%

Includes food additives, processing aids, spices, ready-to-cook Chinese, frozen chicken, catering, frozen bakery, snacks and appetizers, juices, juice beverages, mineral water, bottled water, QSR/cafes, infant nutrition, flavour, premixes, batters

Want to know more?

THIS report is a summary of our findings. For more detailed analysis, visit **igd.com** or **foodindustry.asia**

This research was conducted by IGD Services Limited, a subsidiary of IGD. IGD is a not-for-profit organisation, with headquarters in the UK. Supported by our members – retailers, manufacturers and other food companies from around the world – IGD helps food and consumer goods companies meet the needs of the public through research and best practice and by developing people.

IGD Services provides a variety of commercial activities, delivering insight on retailers, supply chains and shoppers. The profits from these commercial activities help to fund our work.

Sign up for updates from our insight services at **igd.com/newsletters**

For further information, contact **Shirley Zhu**, IGD's Programme Director for Asia: **shirley.zhu@igd.com**

Food Industry Asia (FIA) is a non-profit organisation that was formed in 2010 to enable major food manufacturers to speak with one voice on complex issues such as health & nutrition, food safety and the harmonisation of standards.

From its base in Singapore, FIA seeks to enhance the industry's role as a trusted partner and collaborator in the development of science-based policy throughout Asia.

Find out more about us at **foodindustry.asia**

For further information, contact **Sabeera Ali**, FIA's Nutrition Officer: **sabeera.ali@foodindustry.asia**

The food industry participation in the survey was carried out by FIA with the support of the Federation of Indian Chambers of Commerce and Industry (FICCI). If you'd like to find out more, visit **www.ficci.in**