

Healthier Product Reformulation in Singapore

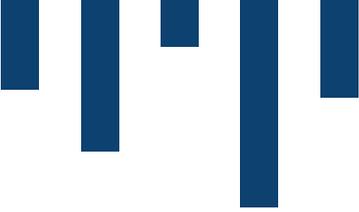
Research by



In association with



Consumer and company
research on progress
and priorities



Introduction



Joanne Denney-Finch OBE
Chief Executive, IGD

SUPPORTING good health is one of the most vital roles of the food and drink industry. At IGD, we work closely with food companies to help them meet the needs of the public via our research, insight and best practice. We have an extensive Healthy Eating programme in the UK, delivering exciting results.

So we were delighted when Food Industry Asia asked us to conduct research in Singapore about healthier product reformulation, speaking to companies and consumers. The results reaffirm the importance of the health agenda. The overwhelming majority of consumers would like to eat more healthily. They take responsibility for their diets but welcome help from companies. Across industry, many companies are working hard to make their products healthier, although not to the detriment of taste.

This report summarises progress and suggests what could accelerate this. I hope you find it valuable. We want to support a healthy Singapore, so please get in touch, if you'd 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 the reformulation and innovation 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 Singapore. 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 Singapore, 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.



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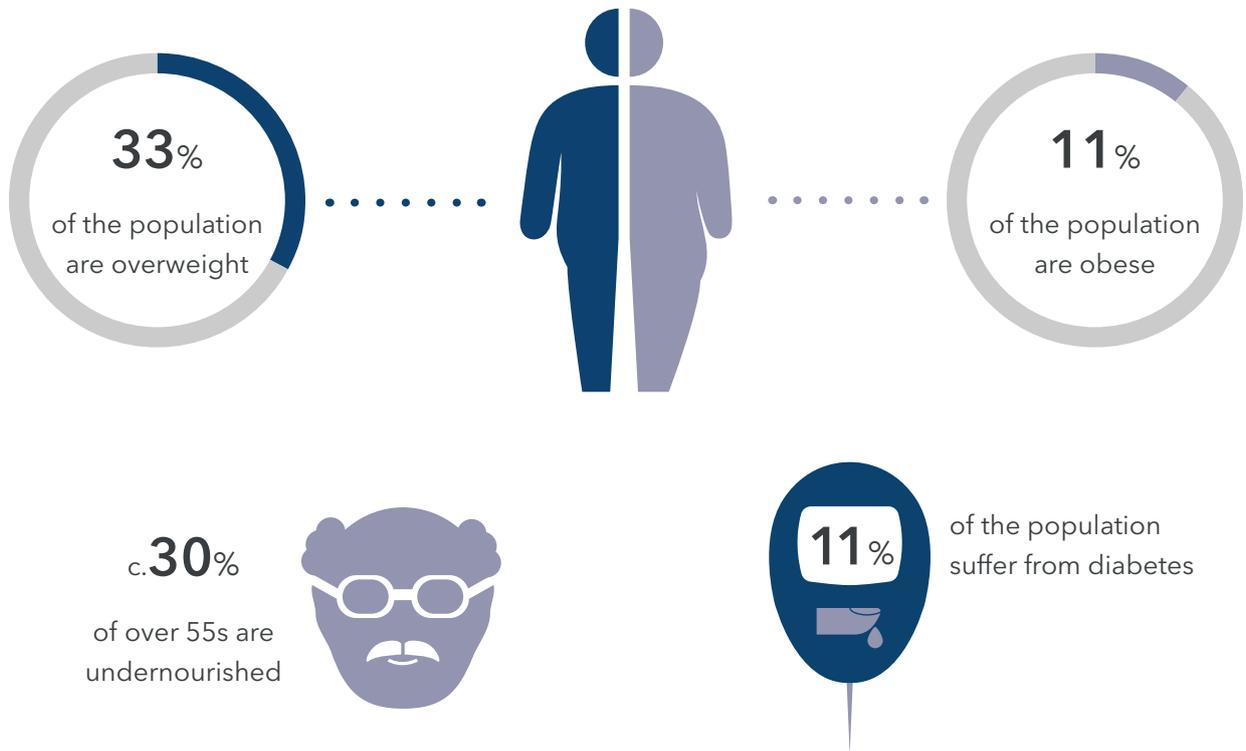
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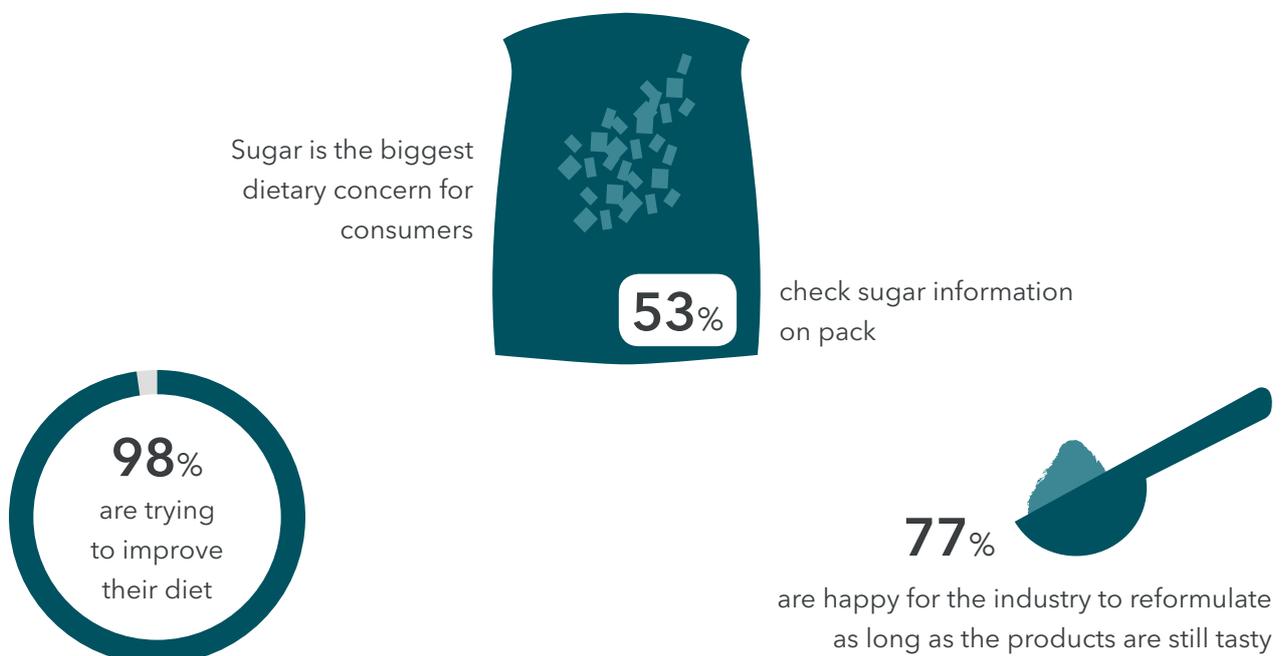
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Key statistics

Health challenges in Singapore



Consumer views

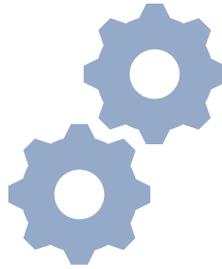


Manufacturers



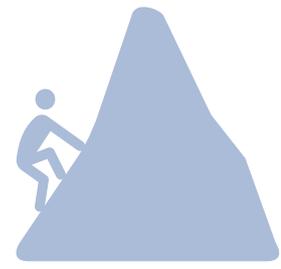
Top three priorities

- 1 Reducing sugar
- 2 Adding fibre
- 3 Adding protein



Top three motivators

- 1 Improving public health
- 2 Meeting consumer demand
- 3 Building brand reputation

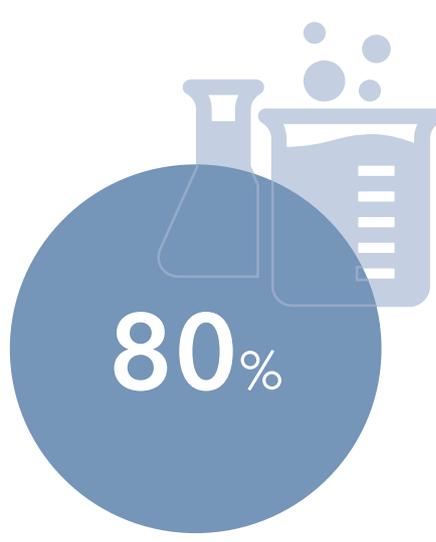


Top three challenges

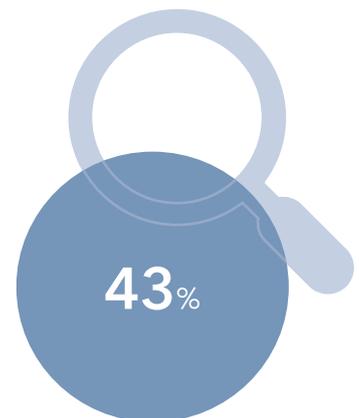
- 1 Consumer acceptability
- 2 Maintaining taste
- 3 Budget limitations



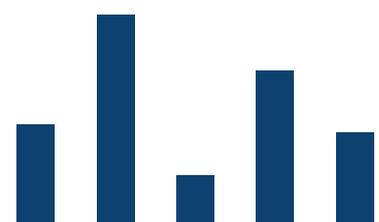
would be encouraged to do more R&D if there were more government incentives



of respondents have been working on reformulation



feel it's difficult to source healthier ingredients



The health agenda in Singapore

LIFE expectancy at birth in Singapore is 83 years, the 5th highest in the world. It has risen from 72 years in 1980. However, underneath this headline lie some challenges.

Almost 33% of the population are overweight, the second highest in the ASEAN region. 11% suffer from diabetes, putting it second behind the USA amongst all developed nations.

Undernutrition also remains a concern. Around half of over-55s are physically frail and about 30% are malnourished according to the National University of Singapore.

Government response

TACKLING the dual burden of obesity and undernutrition is a priority for the Singapore government. It has helped raise awareness of healthier lifestyles through a series of initiatives, including:

- Adoption of Healthier Choice Symbol when a pre-packaged product is healthier than the alternatives within the product category
- Healthier Dining Programme – working with the private sector to improve access to healthier dishes in restaurants
- National Steps Challenge – to encourage physical activity

With the war against diabetes, the Ministry of Health has responded with public education, health screenings and support to manage the disease. The Health Promotion Board has announced a \$15 million grant to incentivise the industry to develop lower sugar alternatives.

Industry response

THE food industry has been working on various solutions to deliver nutrition. Through product innovation and reformulation it has been reducing the fat, salt, sugar and calorific content of products while adding positive nutrients. The industry has also been encouraged to support the nation's health agenda through the voluntary adoption of Guideline Daily Amount labelling since 2012 and a voluntary pledge that ensures responsible advertising and marketing to children in Singapore. This has been endorsed by leading international companies, since 2015.





Consumer attitudes to health

WE conducted a survey of consumers in Singapore (see page 21 for more detail).

It showed that health consciousness is high. Only 3% say they're not interested in a healthy diet. 89% take responsibility for their own diets and yet two-thirds feel that although their diet could be healthier, it's good enough. 60% admit to treating themselves regularly.

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

Few consumers have reached the pinnacle of healthy eating

I always eat healthy foods

7%

I eat healthily most of the time

34%

I eat reasonably healthily

37%

I attempt to eat healthily but have less healthy foods regularly

18%

I only eat healthy foods now and again

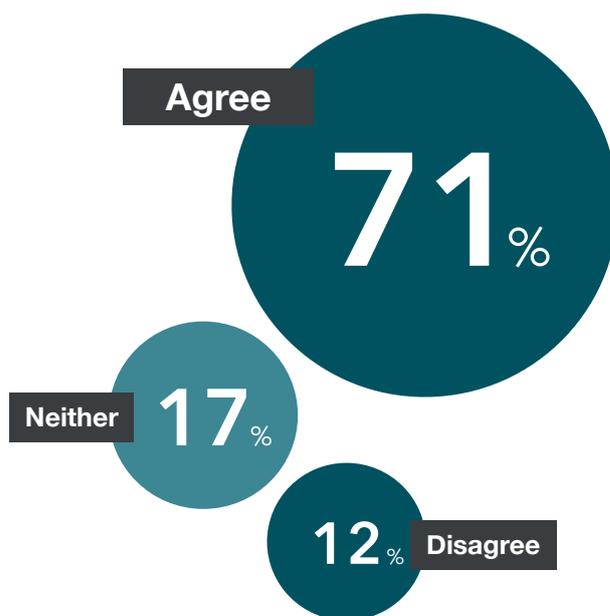
1%

I'm not interested in a healthy diet

3%

Many see cost as a barrier, especially younger people. 71% of those aged 18-34 believe eating healthily is more expensive. Improving the nutrition of mainstream products is a powerful way to overcome this perception.

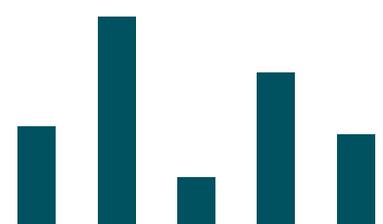
Eating healthily is more expensive than eating unhealthy



THERE are many different ways in which Singaporeans seek to improve their diets, including increasing some nutrients and reducing others. This presents a wide range of opportunities for food companies to deliver for different groups.

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 major part in how Singapore consumers choose products. The top three drivers of product choice (averaged across all categories) are quality, price and taste with the clarity of nutritional information next on the list.

Over half the respondents feel the addition or removal of ingredients to make the product healthier are important when they choose products.

90% claim to look at nutrition information on pack, at least sometimes and 42% claim to look regularly.



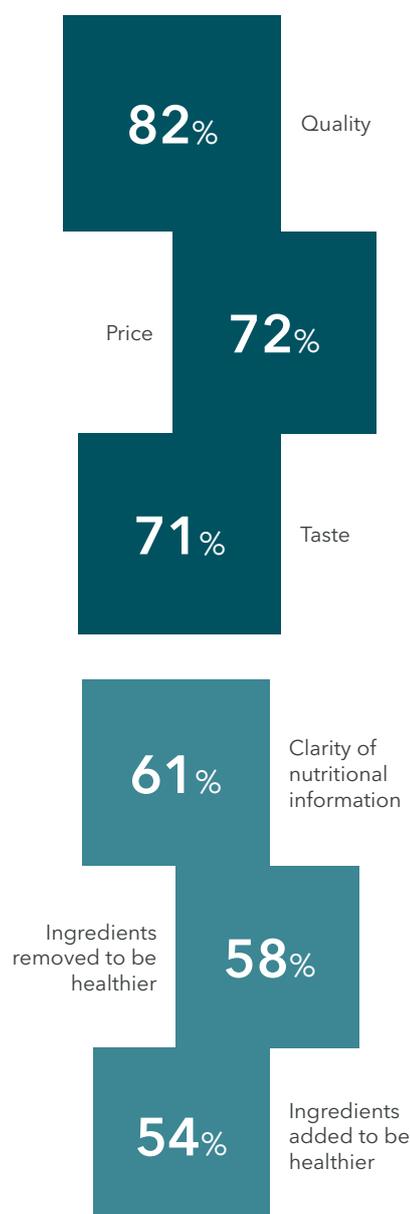
These high scores are driven largely by the Healthier Choice symbol. 79% sometimes look out for this whereas 45% scan the detailed nutritional information and 16% check for Guideline Daily Amounts.

Sugar is the biggest nutritional concern for consumers. 53% sometimes check for sugar content, 27% for fat and 25% for salt/sodium.

There is a concern about consistency with 53% not confident of the nutrition advice they see because they feel it often varies. 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 drink

Top six answers shown



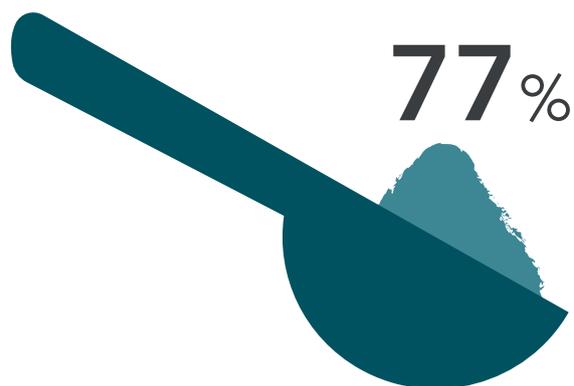
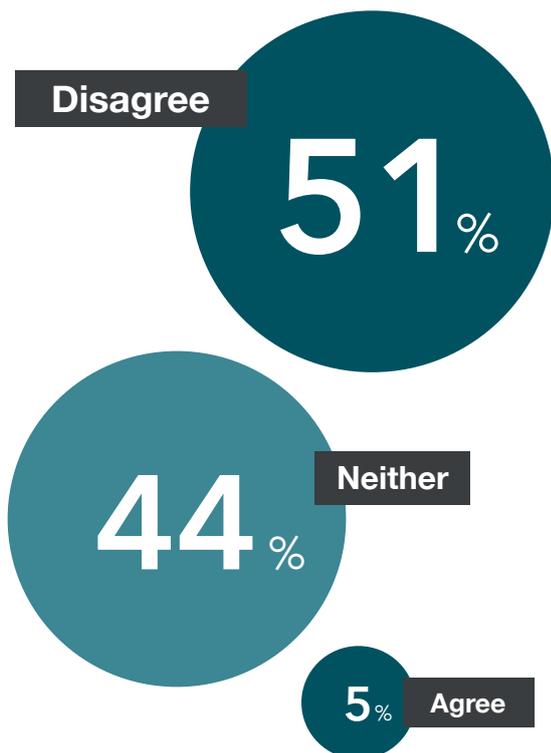
Attitudes to reformulation

HEALTHIER product reformulation is widely accepted amongst Singapore's consumers. They are generally happy for products to be made healthier and the majority believe companies should be working on this.

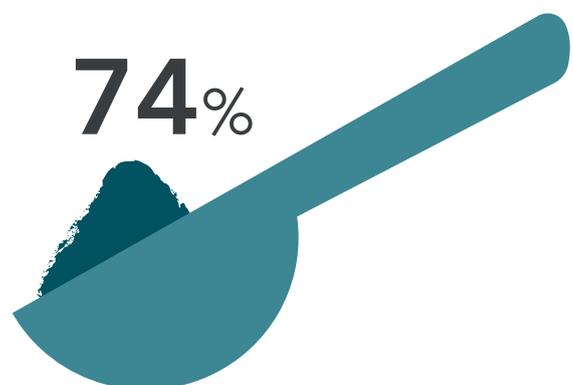
Of course, no consumer likes to be disappointed by the taste of a product. The gold standard for companies is to improve the nutritional quality of their food and beverage portfolios while maintaining the existing taste and flavour profiles to not disaffect consumers

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

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



Food companies should tweak their formulations/recipes to make products healthier



It might be argued that since food manufacturers already offer plenty of healthy food, it is up to consumers to make the right choices with no need for any changes from industry. However, this view is not supported by many consumers. The majority would like more help in their quest for healthier eating.



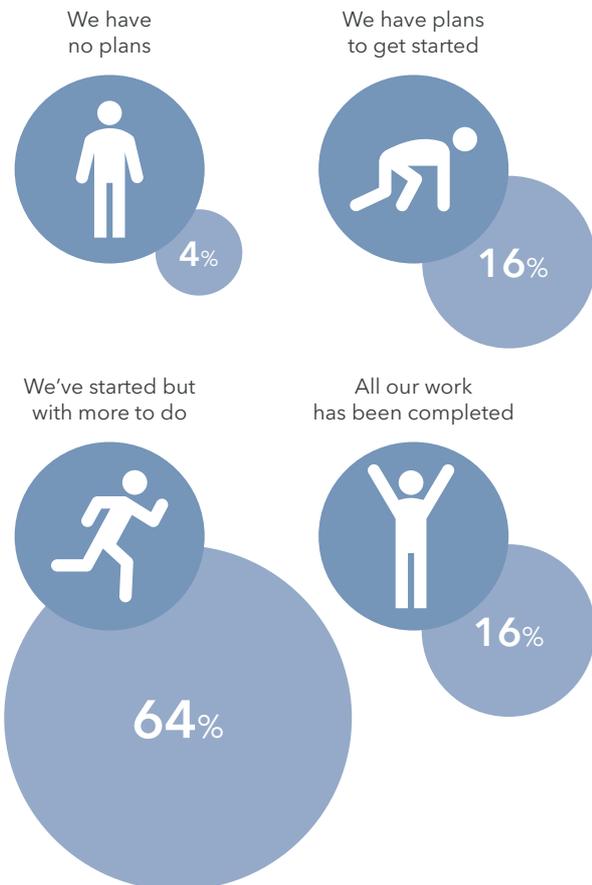
Industry progress

WE also conducted a survey with food and drink manufacturers in Singapore (see page 21 for more detail). Seven of these companies were then interviewed to provide a more in depth understanding of their reformulation journey.

80% of our companies had begun to reformulate products, some for many years. The small businesses in our sample had yet to get underway although all but one had plans to do so.

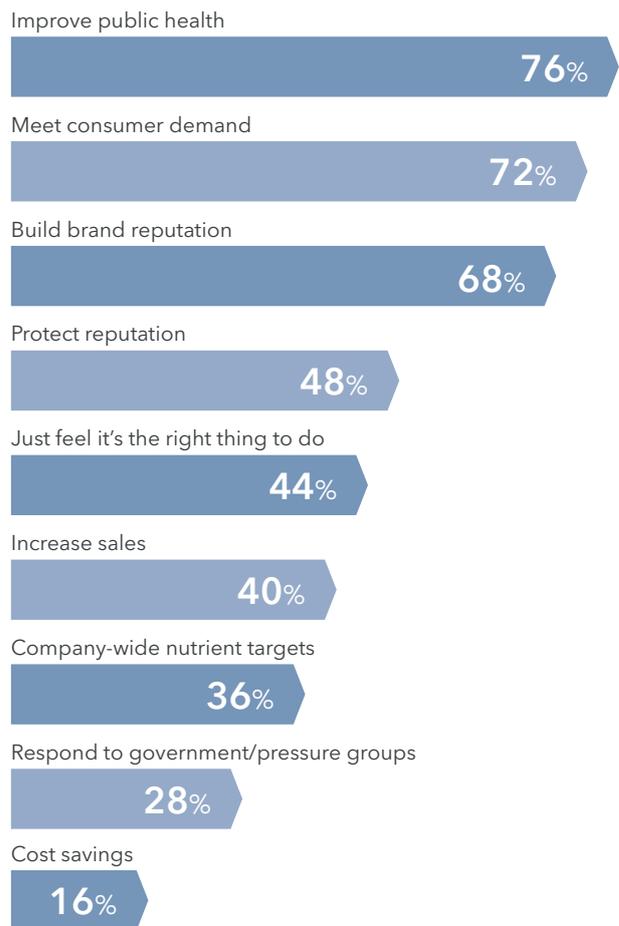
There is a strong commercial incentive: 74% felt consumers in their product categories were seeking healthier products.

Where are you on your reformulation journey?



Many different reasons for action were mentioned with improving public health, meeting consumer demand and building brand reputation making the top three.

What are your main motivators for reformulation?



It is this combination of drivers 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.

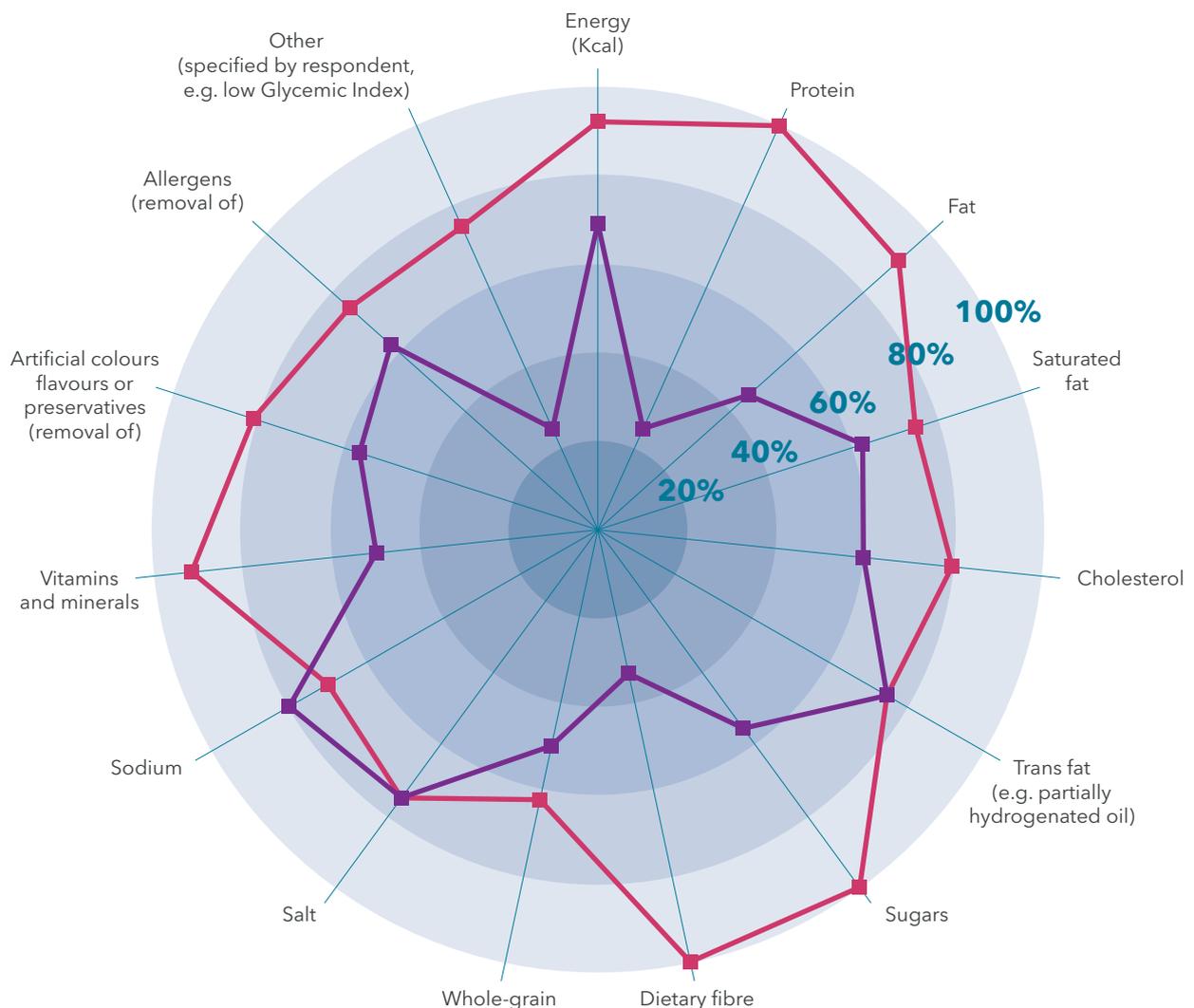
Industry priorities

THE reformulation agenda has been shifting. Previously, reducing salt/sodium and removing trans fats were the company priorities. Work still continues in these areas but the escalating public interest in sugar reduction is now reflected in company activity. All the companies currently working or making plans to reformulate, included sugar reduction on their list.

Reformulation is now spread across a wide range of nutrients, encompassing the obesity, diabetes and the undernutrition agenda. If this is reflected industry-wide, it bodes well for future improvements across the Singaporean diet.

The commitment to adding fibre is notable. This is not particularly high on the consumer wish list but it is strongly recommended by nutritional experts.

- Present and/or future reformulation plans
- Previous reformulation plans



Industry experiences

COMPANIES are using a variety of techniques to support their reformulation programmes. Adding is seen as equally important as removing ingredients: 60% have been fortifying whereas 52% have been replacing ingredients with lower/zero calorie substitutes.

Top four reformulation challenges for companies ranked in order

-  **Consumer acceptability**
-  **Maintaining taste**
-  **Budget limits**
-  **Technical knowledge**

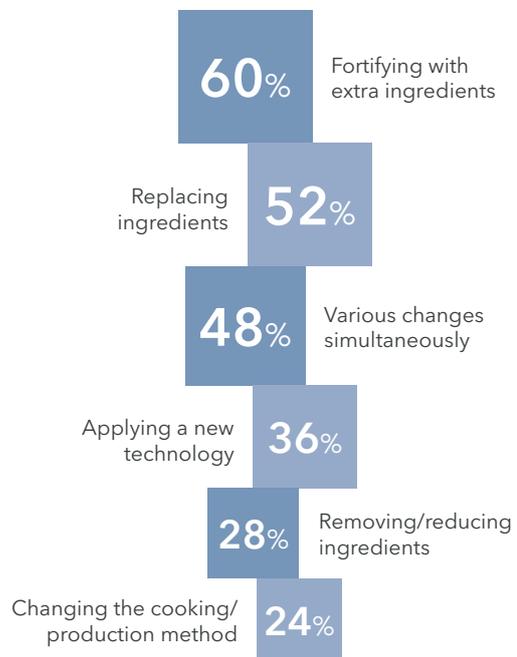
Sometimes reformulation is relatively simple but in other cases, even small changes can make a drastic difference to the taste, texture, aroma or appearance of a product. This is where technical expertise and consumer testing are essential.

Sugar reduction was seen as the most difficult nutritional challenge, followed by reducing total calories, cholesterol, saturated fat and salt. Increasing protein was seen as a relatively simpler task, although this can vary by product.

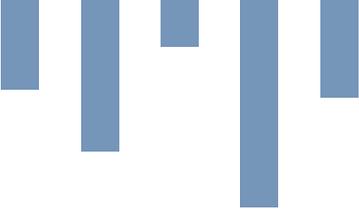
Large companies have most of the expertise they need in-house. 68% of the respondents in our survey mainly used internal resources for their reformulation work. Even so, 36% also took advantage of resources that are freely available in the public domain (i.e. government agencies websites). Smaller businesses tend to get more help from outside specialists and see budget limits as a bigger constraint.

74% of companies make sure they consult with a nutrition expert when they're reformulating products.

How are you enabling healthier products?



The track record for consumer acceptability is reassuring. No company reported a negative reaction to previous reformulations, 75% had enjoyed positive feedback and the remainder no consumer feedback at all. Small changes often go unnoticed but if this is maintained over several years, it can add up to a substantial nutritional difference.



Accelerating progress

ALTHOUGH plenty of activity is already underway, we also explored what might accelerate change.

92% of companies said they would be encouraged to undertake more R&D to support reformulation if the government offered financial and fiscal incentives. Small companies felt particularly strongly about this. The Healthy Ingredient Development Scheme was mentioned in interviews, as a good initiative to capitalise on further.

32% of respondents conducted all their R&D outside of Singapore while another 32% conducted no research in Singapore. More government incentives might therefore attract more of this activity to Singapore.

There were very few attitudinal barriers to change amongst our survey respondents. Only 4% felt there was no need for companies to change their products because diet is just a matter of consumer choice. Only 9% said they provided enough healthy choices already and only 13% said it wasn't a company priority.

Again, only 13% felt they lacked enough technical expertise to work on reformulation although 48% thought more knowledge would help. 43% said it is difficult to source healthier ingredients.

48% were concerned that product quality could be compromised and 26% have had a bad experience when reformulating. This is why it's important to share success stories to encourage other companies to innovate and reformulate.

What would enhance healthier products development in your company?

- 1 More awareness of public health priorities
- 2 More awareness of national nutrition targets
- 3 More technical knowledge
- 4 Help with consumer testing
- 5 Improving internal communications



Quotes from our company interviews

"Singaporeans eat out regularly so the out of home market needs to be doing as much reformulation as the manufacturers."



"Diabetes with Singapore is a serious issue. The government has introduced the Healthy Choice Symbol partly to motivate development of healthier products for diabetics. We've introduced a range of oat based products with diabetics in mind."



"We have used the Healthy Choice Symbol as a motivator to reformulate so we could use the symbol on our products. Now 7 out of 10 consumers use the symbol to help purchasing decisions."



"Without the Healthy Ingredient Development Scheme it would have been impossible to have done all the R&D we have and bring our healthier staple product to the market."



"Reformulation can only go so far. Healthier product development is also key to providing consumers with choice and improving your overall portfolio."



"We would really like ingredient suppliers to provide more innovative and functional ingredient options to help with sugar and fat reduction and mineral enrichment."

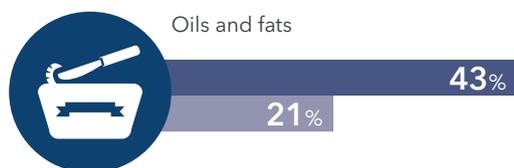


Consumer perceptions of changes

RETURNING to consumer perceptions, 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. Cereals and dairy products have demonstrated this.

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

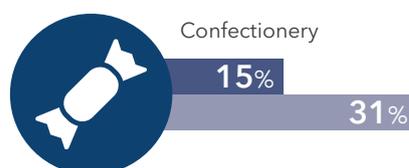
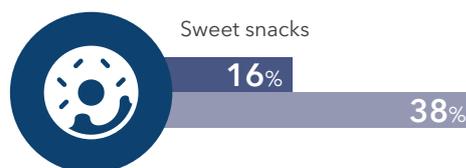
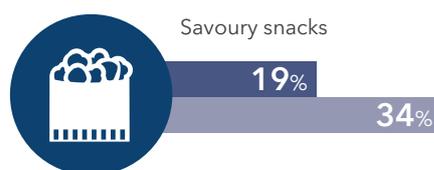


At the other end of the spectrum, products that haven't noticeably become healthier to consumers may be perceived as becoming less healthy, even if they might have improved, perhaps because the gap between healthy and unhealthy is growing more visible.

Healthier

Unhealthier

Remainder: no change or don't consume



Comparisons with the UK

WE have previously conducted similar research in the UK with both companies and consumers.

Comparing the two markets revealed some interesting similarities and differences. It suggests that some elements of the reformulation challenge are universal, whereas others require awareness of local sensitivities

Similarities

- Eating more fruit and vegetables, reducing sugar, reducing snacking and eating a more balanced healthy diet are priorities for consumers in Singapore and the UK
- Three quarters of consumers are positive about reformulation in both countries, provided the products remain as tasty
- The consumer feedback to previous healthier product reformulation has been overwhelmingly positive
- Sugar reduction has taken centre stage for companies in both countries, although many other nutritional goals are running alongside this
- The challenges of reformulation are consistent and ensuring consumer acceptability is the top concern (in spite of all the positive feedback)

Differences

- Even more consumers are trying to improve their diet in Singapore than the UK (98% vs 85%)
- The claimed usage of nutrition labels is much higher in Singapore
- Nearly double the proportion in Singapore say they always eat healthily already, although this is still only 7% (vs 4% in the UK)
- Even more Singapore adults feel that eating healthily is more expensive (71% vs 65% UK)
- Undernutrition affects a higher proportion of people in Singapore and so adding nutrients is seen as just as important as removing them
- The Singapore Government offers financial incentives for the industry to accelerate healthier product development



Jan. Feb. Mar. Apr. May. Jun. Jul. Aug. Sep. Oct. Nov. Dec.

Q1	Q2	Q3	Q4
10.2	12.5	15.8	18.1
11.5	13.8	17.1	19.4
12.8	15.1	18.4	20.7
14.1	16.4	19.7	22.0
15.4	17.7	21.0	23.3
16.7	19.0	22.3	24.6
18.0	20.3	23.6	25.9
19.3	21.6	24.9	27.2
20.6	22.9	26.2	28.5
21.9	24.2	27.5	29.8

Jan. Feb. Mar. Apr. May.

How we conducted the research

THIS research was conducted in three parts:

1. An online survey of consumers

- 1,101 interviews were conducted online between 15-19 March 2018
- This was a nationally representative sample of adults aged 18+
- IGD and FIA worked together to frame the questions

2. An online survey of companies

- Using a purposive sampling method, the survey was circulated to food and drink manufacturing companies operating in Singapore
- 30 companies completed it during March-April 2018
- 25% of these employed fewer than 500 people
- Note: results may not be fully representative of all food companies in Singapore

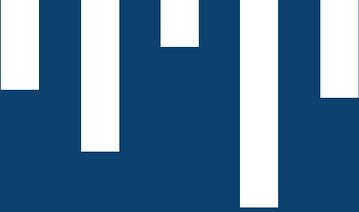
3. A series of in-depth interviews with companies

- Companies completing the online survey were invited to volunteer for an in-depth interview
- We completed seven of these and the products covered included confectionery, dairy, non alcoholic beverages, breakfast cereals and noodles

Our company survey spanned a broad range of products.

What are your company's product categories?





Want to know more?

THIS report is a summary of our findings. A more detailed analysis will be published on both the IGD and FIA websites.

About IGD

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 grocery 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.

Here are some ways to find out more:

Our website: igd.com

Sign up for our Healthy Eating newsletter:
igd.com/newsletters

Check out our new commercial research service on the Asian market: asia.igd.com



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



About Food Industry Asia

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



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