Healthier Product Reformulation in Thailand

Research by IGD

In association with 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 and Malaysia on behalf of Food Industry Asia over the last year. The research focused on healthier product reformulation, speaking to companies and consumers. We were delighted when Food Industry Asia asked us to replicate the research in Thailand.

The results highlight the importance of health to consumers and industry in Thailand. With obesity being a key issue, nearly all consumers 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 progress and suggests what could accelerate this. I hope you find it valuable. We want to support a healthy Thailand, 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 Thailand. 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 Thailand, 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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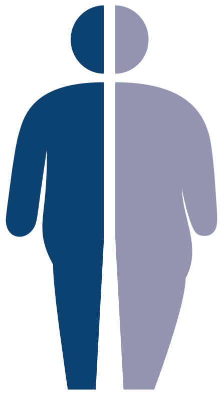
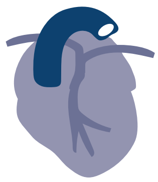
Key statistics

Health challenges in Thailand

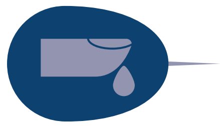
32%
of the adult population are overweight



11%
of the adult population are obese



25%
of the population suffer from raised blood pressure



10%
of the population suffer from diabetes

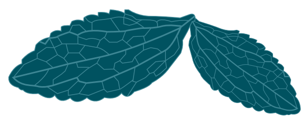
Consumer views

99%
are trying to improve their diet

82%
are happy for the industry to reformulate as long as the products are still tasty

Sugar is the biggest dietary concern for consumers

49% check for sugar information on pack



73%
are happy for the industry to reformulate to include low/non-calorie sweeteners instead of sugar

Manufacturers

Top three priorities

1. Reducing salt
2. Removing artificial colours, flavours or preservatives
3. Adding vitamins and minerals

Top three motivators

1. Meeting consumer demand
2. Improving public health
3. Building business/ brand reputation

Top three challenges

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

82% would be encouraged to do more R&D if there were more government incentives

59% of respondents display front-of-pack nutrition labelling across some or all of their products

59% have been making a variety of recipe changes and have been reformulating with lower/zero calorie substitutes

The health agenda in Thailand

THAILAND faces the double burden of disease with persistent undernutrition, and rising rates of obesity and NCDs. NCDs kill more Thais than anything else, accounting for 7 in 10 deaths. 23% of deaths are from heart disease, which is estimated to cost US$12million and 4% are from diabetes.

Thailand has the second highest obesity prevalence in South East Asia. In 2016 11% of the adult population were obese, up from 3.5% in 1999. 32% are overweight. 10% of 10-19 year olds and 8% of under 5s are obese. The highest rates of obesity are in Bangkok and other urban areas, and among those with higher incomes. The rate of diabetes is also on the rise with 10% of the population with the disease compared to 6.5% in 1999.

25% of the population is suffering from a raised blood pressure and the same percentage in Thailand are physically inactive.

Since the 1980s sugar consumption has tripled, fruit and vegetable consumption has decreased, and salt intake is reported to be 13g/day.

There has been a sustained decline in rates of undernourishment, decreasing from 19% in 2000 to 9% in 2016, although levels are higher in rural and lower income areas. Anaemia and Vitamin A deficiencies are of public concern, with nearly a third of Thai women being anaemic.

Government response

THE government has introduced a number of programmes to address the over and undernutrition issues, from fortification programmes to physical activity action plans. In 2017 Thailand introduced a six-year phased sugar tax. In 2021 the tax on drinks that still contain more than 6g/100ml will be doubled, and this will increase further in 2023.

The Ministry of Public Health in Thailand introduced the front-of-pack Healthier Choice logo in 2016, to help consumers identify healthier options. Prior to this in 2011, Guideline Daily Amount (GDA) labelling became mandatory for five food product categories including: Snack foods, Chocolate and similar products, Bakery products, Semi-processed foods including noodles, chilled and frozen ready to eat meals.

Industry response

THE food industry has been working on various solutions to deliver nutrition. Through product innovation and reformulation efforts, it has been reducing the fat, salt, sugar and calorific content of products while adding positive nutrients such as vitamins, minerals and fibre. Besides, the industry has also been encouraged to support the nation's health agenda through the mandatory adoption of the Guideline Daily Amount labelling alongside the voluntary adoption of the Healthier Choice logo.

Consumer attitudes to health

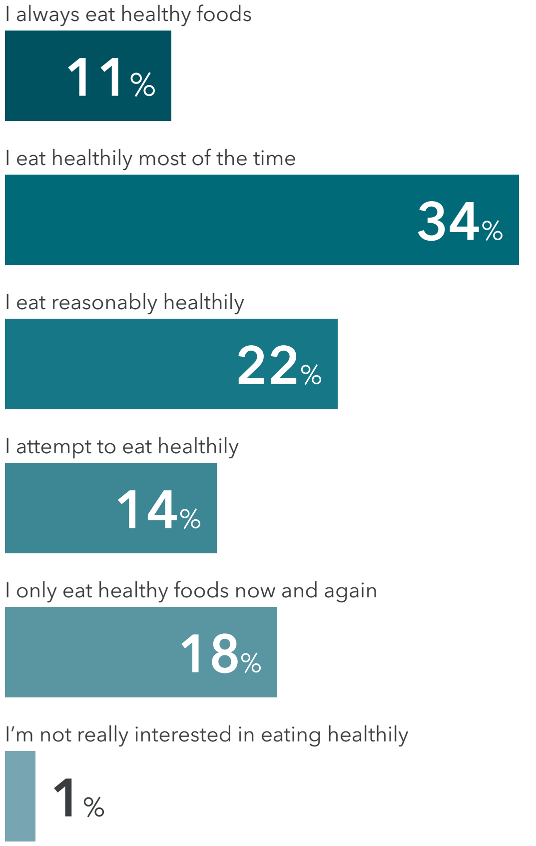
WE conducted a survey of consumers in Thailand (see page 22 for more detail).

Health consciousness is particularly high in Thailand. Only 1% say they're not interested in a healthy diet. 90% take responsibility for their own diets. However, more than half (56%) do not always eat healthily and 45% feel that although their diet could be healthier, it's good enough. 50% admit to treating themselves regularly.

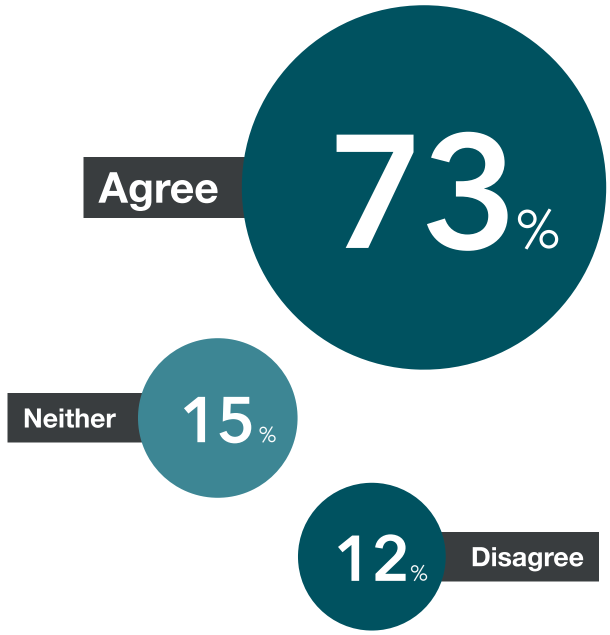
This illustrates why it's so important for food companies to make healthier eating as easy as possible.

Many see cost as a barrier. 80% of those who rarely eat healthily believe that eating healthily is more expensive. Improving the nutrition of mainstream products is a powerful way to overcome this perception.

Many consumers have not reached the pinnacle of healthy eating



Eating healthily is more expensive than eating unhealthily



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

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

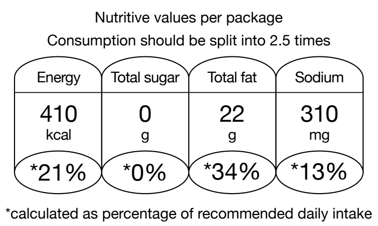
Top eight answers shown

Attitudes to labelling

NUTRITION plays a particularly important role in how Thai consumers choose products. Quality and taste feature in the top three drivers of product choice (averaged across all categories). The clear display of nutritional information and recognising all the ingredients are also highly important.

More than three quarters feel the addition or removal of ingredients to make the product healthier are important when they choose products.

96% claim to look at nutrition information on pack at least some of the time and 67% claim to look regularly.



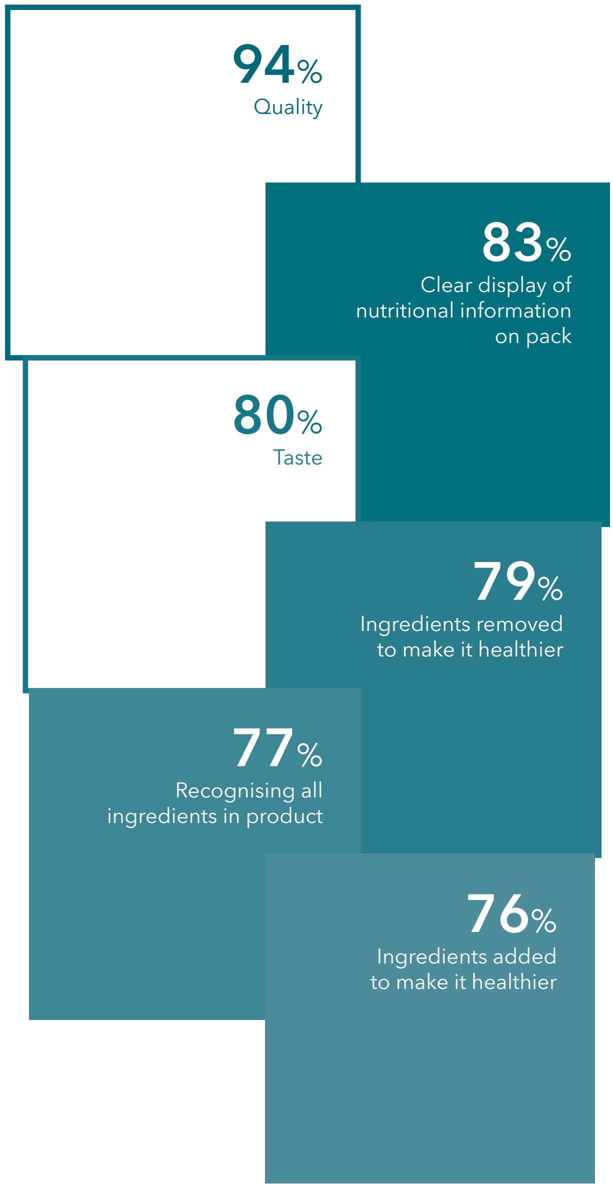
These high scores are driven largely by those scanning the detailed nutritional information on the back of pack. 73% sometimes look out for this whereas 66% check for Guideline Daily Amounts. Relatively few (42%) so far claim to look for the Healthier Choice logo (see pages 20-21 for country comparisons).

Sugar is consumers' biggest nutritional concern. 49% sometimes check for sugar content, 37% for energy contribution and 36% for salt.

Almost two thirds (65%) 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

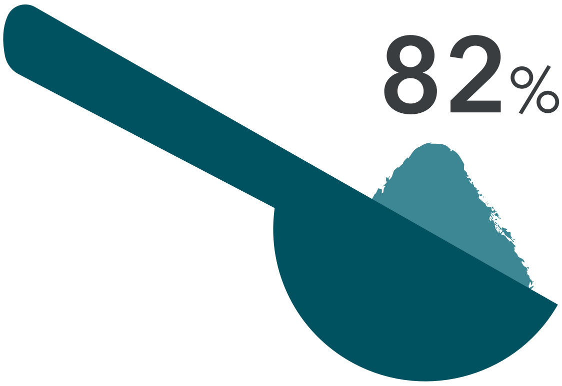
Top six answers shown



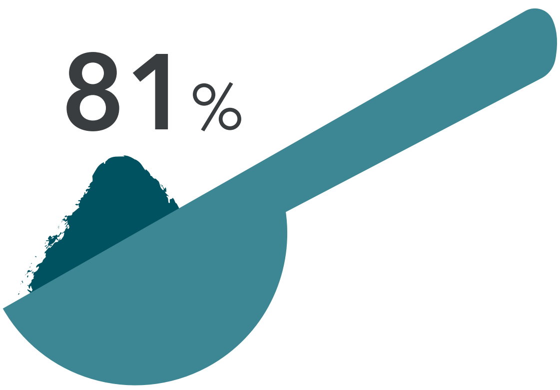
Attitudes to reformulation

HEALTHIER product reformulation is widely accepted amongst Thai consumers. They are generally happy for products to be made healthier and 8 in 10 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



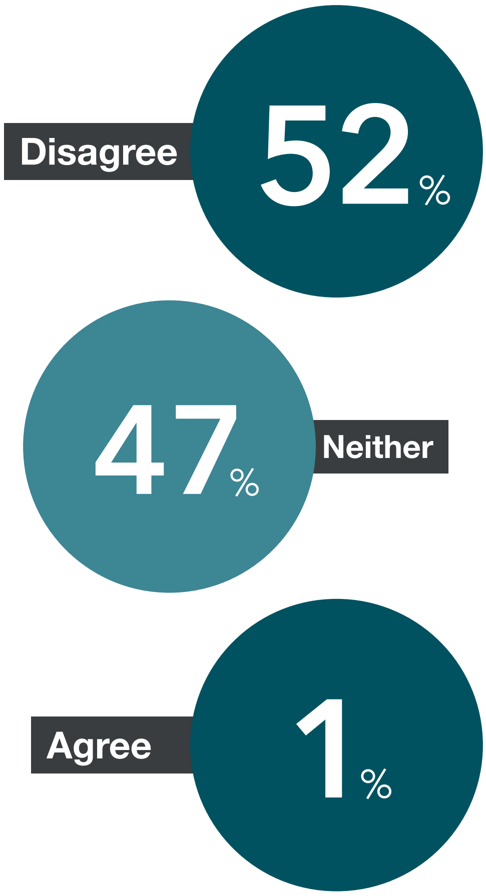
Food companies should tweak their recipes to make products healthier



In general, consumers are receptive to the use of low/non-calorie sweeteners and milk alternatives to make a product healthier. Eight in ten are happy for trans-fats to be removed. Those who don't always eat healthily are more open to the use of low/non-calorie sweeteners or milk alternatives to make a product healthier.

Besides, consumers are not entirely satisfied with the choice of healthy options available in Thailand. Only 1% 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



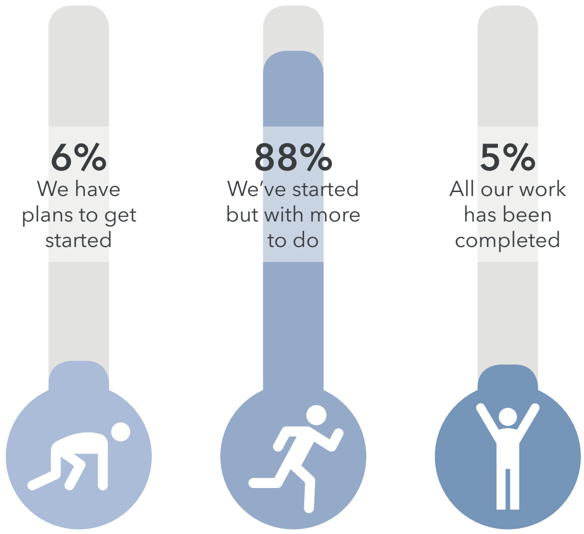
Industry progress

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

88% of our companies had begun to reformulate products, and 5% had completed their reformulation plans. 6% of our sample had yet to get underway although all but one had plans to do so.

There is a strong commercial incentive: 88% felt consumers were seeking healthier products, and they believe they have a role to play in driving consumer choice.

Where are you on your reformulation journey?

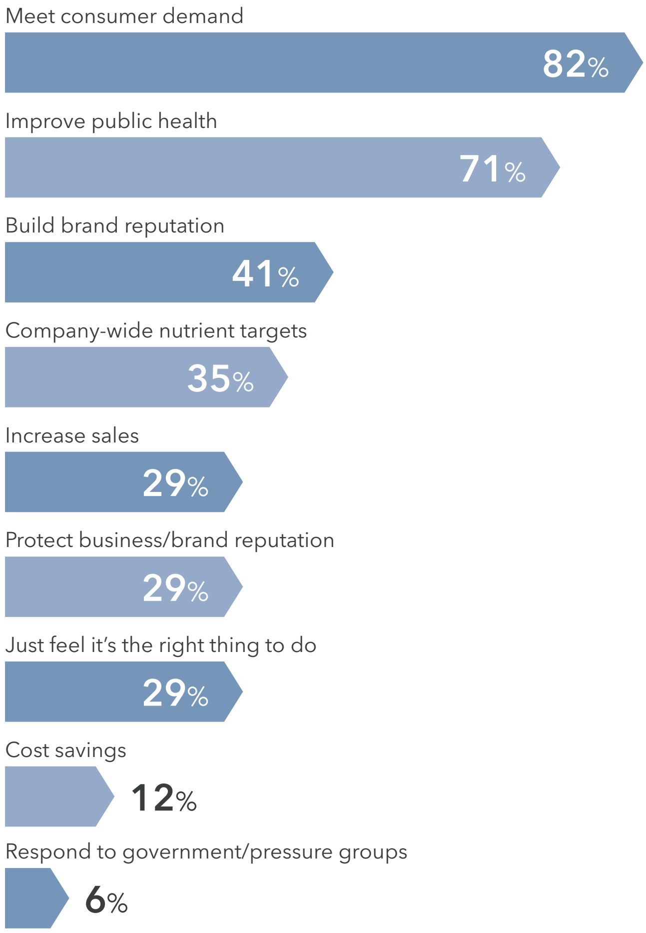


* The survey, which was completed by 18 companies, should be seen as indicative, as the sample may not be fully representative of all food companies in Thailand

Many different reasons for action were mentioned with responding to changing consumer demands, and improving public health 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?

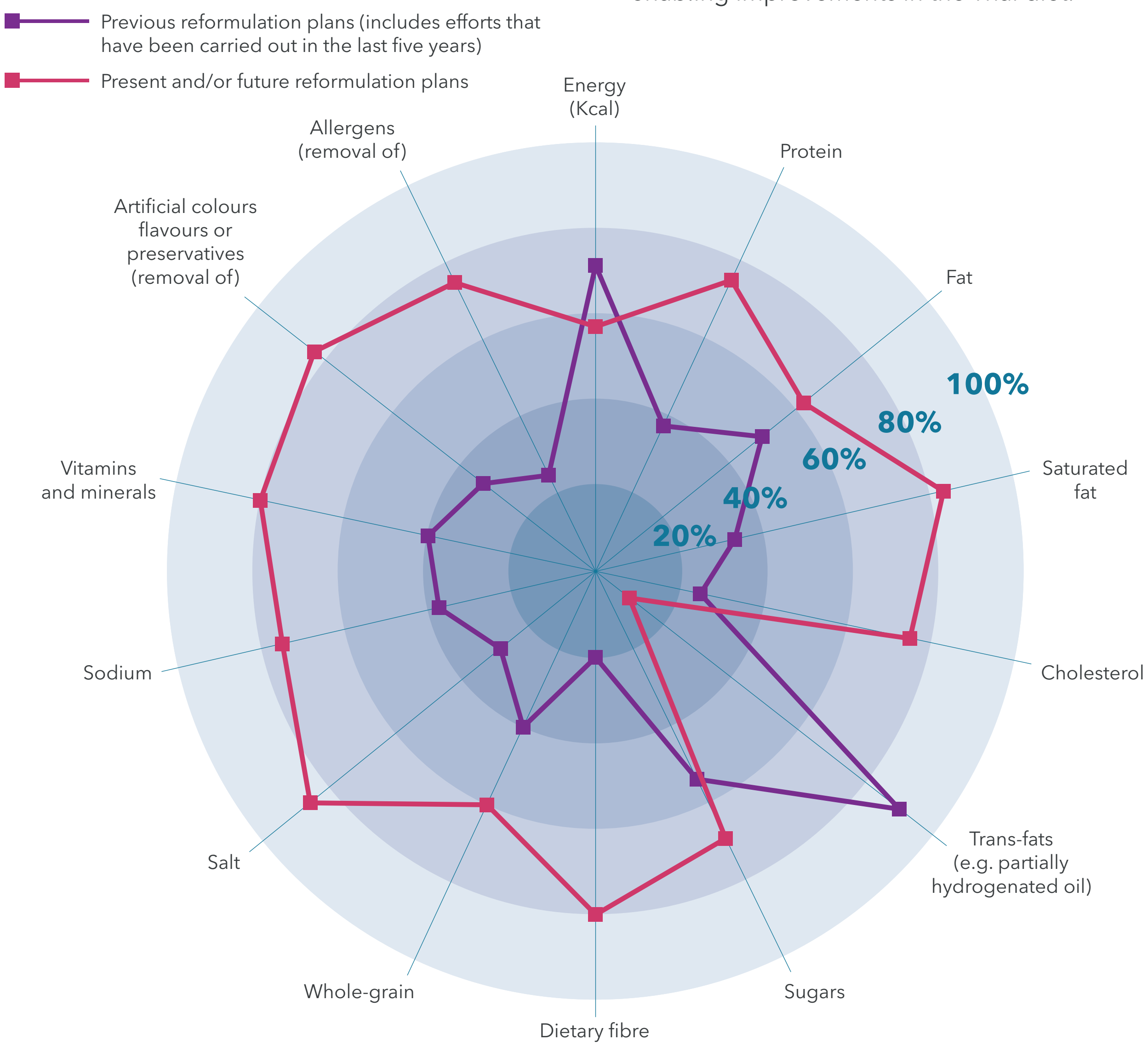


Industry priorities

REFORMULATION priorities have changed in the last five years. Previously, a focus on removal of trans-fats and reduction of calories were priorities. Work still continues in the area of reducing calories, but the focus is now skewed towards salt and cholesterol reduction, removal of artificial colours/flavours/preservatives followed by the addition of fibre, vitamins and minerals. Although work on sugar reduction has taken place in the last five years, there is more focus on this currently. The same can be said for saturated fat reduction and increasing protein.

Companies are committed to adding fibre in their product offerings, which may not be a top nutrition priority to consumers but is strongly recommended by nutrition experts. The industry is also focused on fortifying products with vitamins and minerals to help address the shortfall in consumer diets.

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



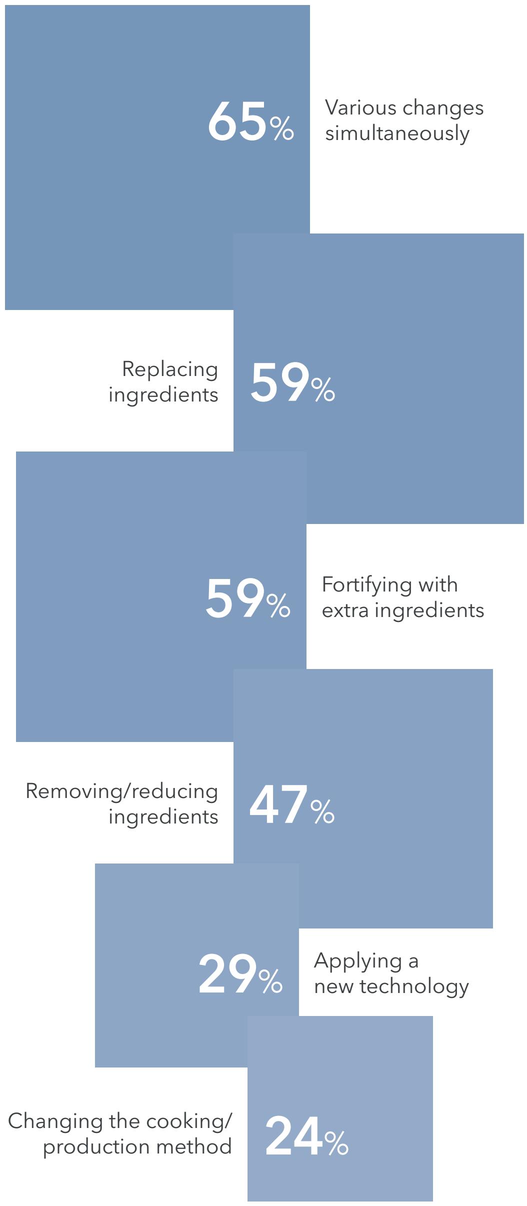
Industry experiences

COMPANIES are using a variety of techniques to support their reformulation programmes. The most popular approaches are making a variety of changes to a recipe simultaneously (65%) followed by replacing ingredients with lower/zero calorie substitutes and fortifying products with additional ingredients (59%).

Top four reformulation challenges for companies ranked in order

1. **Maintaining taste**
2. **Budget limitation**
3. **Consumer acceptability**
4. **Sourcing ingredients**

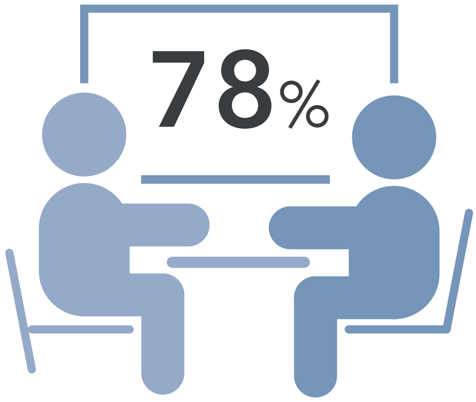
How are you enabling healthier products?



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 becomes essential. Many of the big manufacturers invest in thorough consumer testing during the product development/reformulation process.

Reducing salt, removing artificial colours/flavours/preservatives and fortifying with vitamins and minerals were the main focus areas for reformulation, and the challenges with some of these nutrients varied. For removing artificial colours, flavours and preservatives, budget limitation was seen as a key challenge. Maintaining taste and prolonging shelf-life were some of the barriers noted in the process of fortifying foods with vitamins and minerals.

Large companies have most of the expertise they need in-house. 71% of our sample mainly used internal resources for their reformulation activity. Even so, 47% 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. None of the companies reported a negative reaction to previous reformulations, 71% had enjoyed positive feedback and the remainder 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

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

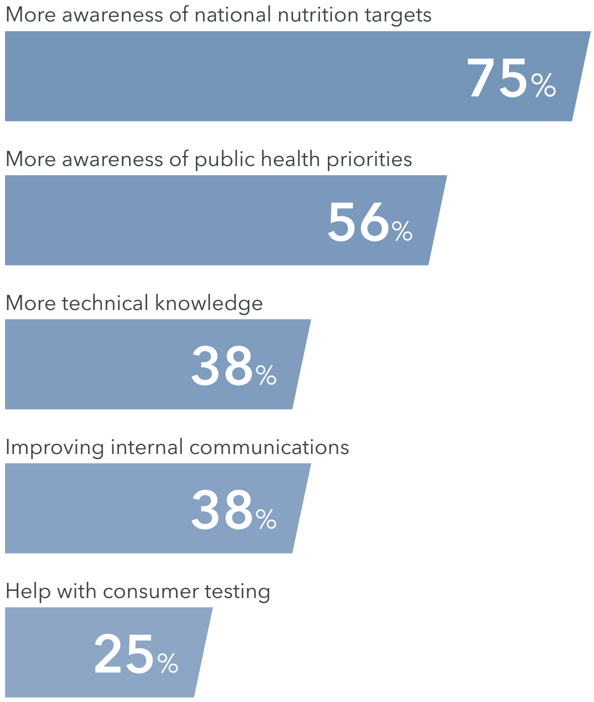
82% of companies said that with more fiscal incentives from the government, they would be inclined to carry out more R&D associated with reformulation. 23% of our survey conducted all their R&D outside of Thailand with another 31% conducting less than half of their R&D in Thailand.

There were very few attitudinal barriers to change among our survey respondents. Only 38% said they provided enough healthy choices already. While 19% felt there was no need for companies to change their products, because diet is just a matter of consumer choice.

Again, only 13% 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. 31% said it is difficult to source for healthier ingredients.

50% were concerned that product quality could be compromised. 44% were concerned that existing national nutrition targets were unrealistic and 25% 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 products development in your company?



Quotes from our company interviews

"Sugar is our biggest challenge as the Thai consumer has a sweet tooth and likes the taste of the full sugar products. Sweeteners are easily detected so we try to make more natural tasting products."

"There is not much of a push from the government for the food industry to reformulate and there is not much focus on consumer education either, although they are encouraging the use of the Healthier Choice logo."

"Consumers in the cities are getting more health conscious. They like the Healthier Choice logo, but in rural areas they are not really interested."

"It's hard to make a percentage reduction claim on pack because of the tight regulation so we don't tell consumers we've reduced a nutrient."

"We are ready to roll out healthier options but consumers are not ready yet."

"We are very focused on fortification of appropriate vitamins and minerals."

"There is not a level playing field across the industry. Unhealthy street food is a big issue and they are not doing enough to change this."

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. Dairy products and cereals have demonstrated this.

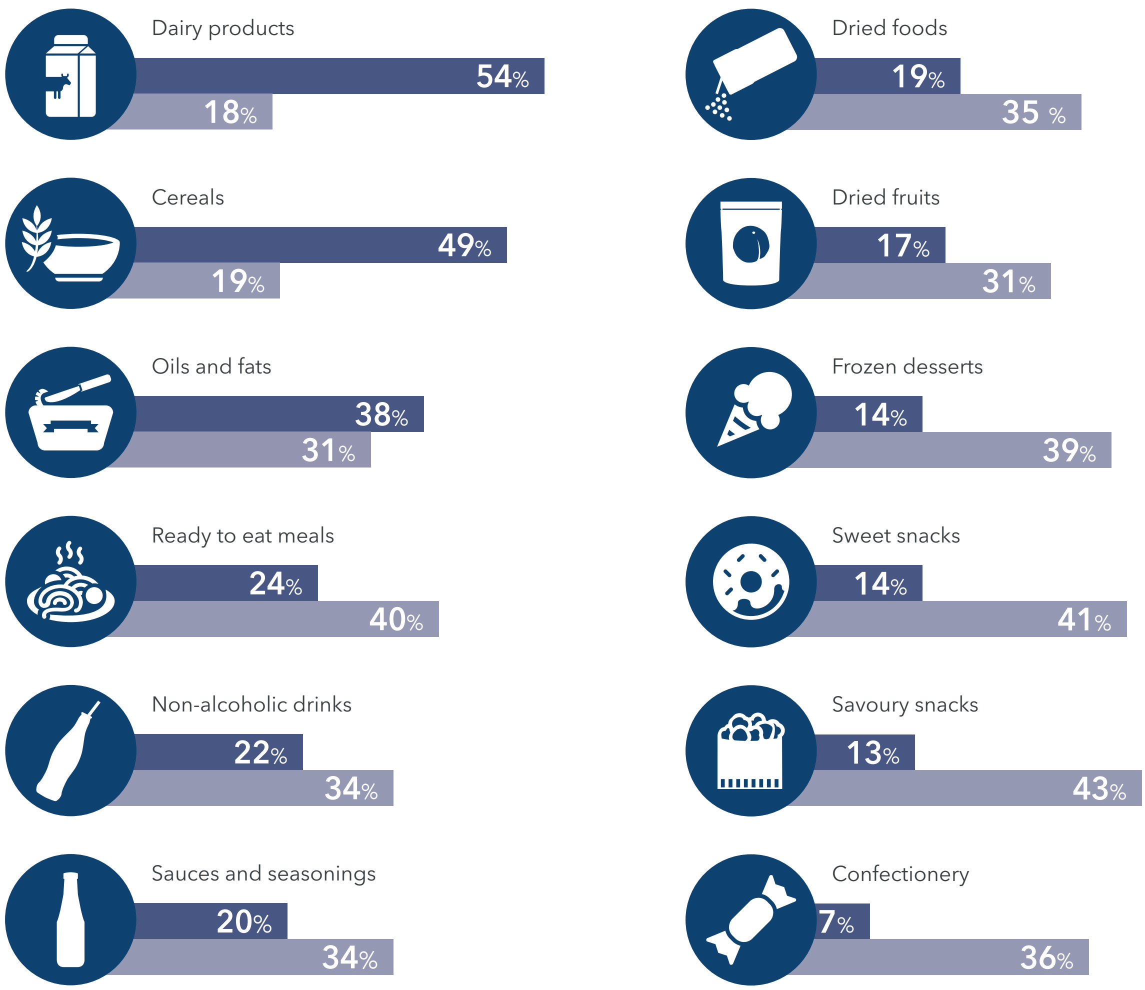
At the other end of the spectrum, products that haven't changed or where changes haven't been noticeable may be seen as becoming less healthy although they may have been improved. This may be due to the growing gap between healthy and unhealthy products.

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, Singapore and Malaysia. 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 Thailand
2. Consumer feedback on previous healthier product reformulation efforts has been generally positive
3. Both countries are working on sugar and salt reduction among other priorities
4. The main motivators to reformulate in both countries is to meet changing consumer demand
5. The challenges of reformulation are consistent in these two countries: ensuring consumer acceptability and achieving a desirable taste are the top concerns

DIFFERENCES

1. More consumers are trying to improve their diet in Thailand than the UK (99% vs 85%)
2. More consumers are focused on reducing sugar (66% vs 35%), salt (47% vs 17%) and fat (47% vs 26%) to improve their diet in Thailand than the UK
3. Consumers in Thailand say that the display of nutrition information is more important when purchasing products compared to consumers in the UK
4. More Thai companies had started or completed their reformulation journey compared to companies in the UK (94% vs 76%)
5. Thai consumers favour the full sugar versions over the zero sugar sweetened versions
6. Fortification is a bigger focus in Thailand than in the UK

SIMILARITIES

1. Eating more fruit and vegetables and reducing sugar are priorities for consumers in Singapore and Thailand
2. The overwhelming majority are positive about reformulation in both countries, provided the products remain tasty (82% in Thailand vs 77% in Singapore)
3. Consumer feedback on previous reformulation efforts has been generally positive
4. The main motivators to reformulate in both countries are to improve public health, meet changing consumer demand and build brand reputation
5. About two-thirds of the companies in Thailand and Singapore adopt front of pack nutrition labelling for their products (59% in Thailand vs 64% in Singapore)
6. The challenges of reformulation are consistent in these two countries: ensuring consumer acceptability, achieving a desirable taste and budget limitations are the top concerns
7. The food industries in Thailand and Singapore (82% vs 92%) would be likely to do more R&D associated with reformulation locally if the government offered financial incentives
8. Both countries believe consumers want healthier products and agree food companies have a role to play (88% in Thailand vs 74% in Singapore)

DIFFERENCES

1. More are focused on reducing sugar (66% vs 44%), salt (47% vs 30%) and fat (47% vs 25%) to improve their diet in Thailand than in Singapore
2. Fewer Thai consumers often buy food and drinks to treat themselves (50% vs 60% in Singapore)
3. Consumers in Thailand say that the display of nutrition information is more important when purchasing products compared to consumers in Singapore
4. Thai consumers look out for nutrition information on food and drink packages regularly than those in Singapore (67% vs 42%)
5. Fewer Thai adults look out for the Healthier Choice logo (42% vs 79% in Singapore) while more consumers look out for the nutrition information panel (73% vs 45%) and the GDA label (66% vs 16%)
6. More Thai companies use the Healthier Choice logo on their products (59% vs 32%)
7. Thailand is currently focused on salt reduction, whereas this was a previous area of focus for Singapore
8. More R&D is conducted in Thailand with 69% of the sample carrying out over half their R&D in Thailand, while only 42% did so in Singapore

How we conducted the research

THIS research was conducted in three parts:

1. An online survey of consumers

- 1,010 interviews were conducted online between 5-15 February 2019
- This was a representative sample of adults aged 18+ living in and around Bangkok
- 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 Thailand
- The survey was sent to a large number of manufacturers and retailers during Feb-Apr 2019. 18 were completed fully, while 22 recorded answers for two questions regarding nutrition labelling. All 22 responses were recorded for these two questions
- 17% of these employed fewer than 500 people
- Please note that the survey results should be seen as indicative as the sample may not be fully representative of all food companies in Thailand.

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 four in-depth interviews. Products covered included beverages, dairy, ice cream, soup and food products

Our company survey spanned a broad range of products.

What are your company's product categories?

Non-alcoholic drinks	50%
Dairy products	44%
Confectionery	39%
Savoury snacks	28%
Ready to eat meals	22%
Dried foods & ingredients	17%
Sweet snacks	17%
Frozen desserts	17%
Cereals	11%
Oils and fats	11%
Sauces & seasonings	11%
Other includes dried fruit, fried chicken, water, fruit and vegetable juices, bakery, salad dressing, jam and chewing gum	28%

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 IGD Asia insight service and Healthy Eating research programme 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**

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