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Contrary to Friedman's famous adage, it is increasingly accepted that companies should not simply exist to generate profit. External pressures, such as from consumers, non-governmental organisations and more recently from investors, have translated into companies taking greater responsibility for their social and environmental impacts. Critical also has been realisation on the part of business itself; firstly, concerning the multiplicity of risks businesses face and the potential for these to impact the bottom line, but also a greater understanding that business conduct beyond financial performance is subject to public scrutiny.

The past few decades have witnessed the growth and mainstreaming of corporate social responsibility (CSR) practice and reporting by multinational corporations. In the early days, focus was predominantly upon reducing environmental impact, such as through improved operational efficiencies in water and energy usage. This has since broadened, with greater emphasis upon social sustainability topics like strategic philanthropy, ethical trade and human rights in business.

The promotion of health and wellbeing, and the positioning of these initiatives and programmes within the scope of a company's broader CSR strategy, is a more recent trend. Efforts by business can be understood in a twofold sense; actions taken by business to ensure that their product portfolios do not have negative health effects and secondly, those which look to safeguard the health and wellbeing of their employees. This article is concerned with the former.

This growing focus area reflects a broader societal preoccupation with individual and public health. Drivers behind this are multifaceted. Among others, factors include advances in scientific understanding of health and emerging health technologies, greater knowledge of the economic burden of non-communicable diseases and particularly in developed nations, the expansion of a 'wellness' consciousness among consumers.

#### **Five trends from the food and beverage sector**

It is disproportionately food and beverage retailers and manufacturers who are taking action to promote health and wellness by modifying the profile of their portfolios. Nonetheless, consumer brands beyond food - such as those in the hospitality and clothing sectors - are increasingly looking to ensure their products and/or services have a positive 'health' or 'wellness' impact. This article seeks to distil some of the main trends from 2016/2017, looking specifically at the food and beverage sector.

#### **1. The relationship between sugar and health continues to be scrutinised**

When looking to improve the health profile of their product portfolio, a number of companies are focusing on reducing sugar. Whilst some commentators have objected to what they regard as its 'demonisation', sugar remains the prime ingredient of focus on the anti-obesity agenda. Attention on sugar relates primarily to the role of sugar in obesity and the positioning of obesity and associated non-communicable diseases such as diabetes as significant public health concerns.

A proliferation of studies conducted worldwide have sought to evaluate the causal link between sugar intake and non-communicable disease and ill-health. Assessment of the relationship between sugar consumption and conditions like non-alcoholic fatty liver disease, metabolic illness, abdominal fat gain, depression, and breast cancer are among those which have been published.

#### **2. Sweeteners and sweetness enter, and complicate, the debate**

Simply replacing sugar with low and no calorie sweeteners (LNCS) may cease to be a viable option. A growing aversion by consumers to ingredients considered artificial is partly behind this. Also significant are long-standing debates about the safety of specific sweeteners. Aspartame is among the most contentious, and though debate around its suitability for human consumption has stymied, the emergence of ‘natural’ sweeteners like Stevia has more recently served to divide opinion, though it is now lawfully permitted as a food additive across most countries.

Around the world such concerns about the safety of LNCS have resulted in pressure from regulators and other stakeholders. Recent academic studies moreover, have challenged that far from reducing sugar intake and facilitating weight loss, consuming LNCs can lead to increased calorie intake, obesity and diabetes. This further makes sweeteners unattractive as an alternative to sugar in products.

As discussion continues about the role of LNCS, some regulators and scientists are starting to look at the sweetness profile of products. This has led to a push for the public to reduce overall levels of sweetness, regardless of whether from a caloric or non-caloric sweeteners.

### **3. Industry displays growing evidence of voluntary action**

Beginning at the end of 2016 and continuing into 2017, a number of companies have made public their commitment to reduce the amount of sugar in their portfolios via either product reformulation or reduction in portion size. For example, Mars, Nestlé and Cadbury have committed to reduce the size of some of their best known brands by 20% in the UK. Nestlé meanwhile has announced a series of sugar reduction targets, including the removal of 10% of sugar from its confectionery in the UK and Ireland by 2018, the removal of 18,000 tonnes of sugar from its European portfolio by 2020 and a 5% reduction in added sugars in products across all categories globally by 2020.

Movement is not confined to the confectionary industry. Coca-Cola’s new CEO has outlined the development of low sugar products as a key strategic priority going forwards for the company. Coca-Cola is further among global brands, including Mars, who have publicly supported consumption guidelines from the WHO.

There is also action beyond the level of individual corporates. The European soft drinks industry for example, announced in February 2017 that it would reduce added sugars in its products so that they will contain 20% less sugar than in 2000. Similarly, the American Beverage Association’s Balance Calories Initiative pledged 20% calorie reduction in beverages by 2025, increased choices, and continued efforts on calorie labeling and school beverage guidelines.

Whilst industry action has been welcomed by some, others argue that companies are simply being strategic in demonstrating proactivity so that governments do not resort to mandating action. This narrative certainly resonates in the UK where under the UK’s Childhood Obesity Strategy, industry has been ‘challenged’ to reduce the amount of sugar in their products.

### **4. Health by stealth offers a potential new way forward?**

At the other end of the spectrum, there are companies who far from publicly announcing product reformulations, choose instead to do so without any fanfare. This has been termed a ‘health by stealth’ approach. Advocates argue it offers a double win, since companies avoid legislative and tax burdens and minimise potential impacts on sales from public fears over changes in taste.

In December 2015, Kraft Heinz removed all artificial ingredients from its much-loved Macaroni and Cheese brand. The company however, only announced the reformulation in March 2016, having received no feedback from consumers about a change in taste in the interim. Companies such as Coca-Cola have similarly been silently altering the ingredients of some of their brands, including Sprite and Fanta. So far, sales of both products have remained unaffected. Product reformulation is however

challenging and not all brands have achieved it successfully. April 2017 saw consumer backlash against Lucozade following the release of its 50% less sugar formula.

According to the Consumer Goods Forum, this type of action by industry is becoming more established. A report by the CGF states that food companies improved the health profile of about 180,000 products in 2016. While three-quarters of reporting companies had reformulated their products to make them healthier including through sugar reduction, only 27% of respondents made policies on nutrition and reformulation public.

### **5. Governments around the world make increasing policy interventions**

Whilst it remains true that industry, particularly in the UK, is voluntarily improving the health profile of their products, there is also evidence of increasing policy interventions by governments. This is largely in the form of new warning label requirements, channel and marketing restrictions (particularly concerned with children), and the introduction of sugar taxes.

Many commentators hailed 2016 as the year of the sugar tax. In the US in November 2016 alone, sugar taxes were passed in 5 different locations: Albany, California; Boulder, Colorado; Oakland, California; San Francisco, California and Chicago's Cook County. Sugar taxes are also gaining momentum in Europe, with the shock announcement of a levy on sugar sweetened beverages by the UK government in March 2016 and further taxes proposed in Portugal and Spain in 2017. The Pacific is another geographical region where significant campaign pressure for the introduction of sugar taxes exists, including in the Philippines, Indonesia, Australia and New Zealand.

Expectations that businesses act in a responsible manner are heightening as well as diversifying. Safeguarding consumer health is a telling example and navigating pressures around the health profile of a product portfolio only stands to become more pertinent for businesses going forwards.