Healthier Product Reformulation in Malaysia
Detailed Industry Findings

Background

IGD has a long heritage of working in partnership with the food and drink industry on the health agenda. Reformulation has been a hot topic in the industry for many years and one in which the IGD are very active in.

With the support of IGD, FIA sought to understand the reformulation landscape in Malaysia. The aim of the research was to explore the consumer attitudes towards healthier product reformulation, the progress within the industry and the areas for support businesses are seeking to further their efforts.

The results of this research reaffirm the importance of the health agenda. The overwhelming majority of consumers would like to eat more healthily. They take responsibility for their own diets but also welcome help from companies. Across the industry, many companies (both local and multinationals) are working on product reformulation.

This presentation summaries the research IGD conducted with the food and drink industry in Malaysia.

Headline statistics

88% of respondents have been working on reformulation

71% of respondents display front of pack nutrition labelling across some or all of their products

Their top 3 priorities: reducing sugar, salt, and adding fibre

Their top 3 motivators: meeting consumer demand, responding to government/lobby pressure and improving public health

Their top 3 challenges: consumer acceptability, maintaining taste and budget limitations

56% agree that existing national nutrition targets/guidelines are unrealistic for their company

81% believe customers want healthier products and agree they have a role to play in consumer choice by making their products healthier

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

88% of companies would be likely to do more R&D driving reformulation efforts if the government offered financial incentives

Research Objectives & Methodology

Objectives and Methodology

KEY OBJECTIVES

- To understand the reformulation landscape in Malaysia, the support businesses are seeking and assessing consumer attitudes towards healthier product reformulation.
- To inform a broader discussion of the topic in Malaysia enabling the industry and government bodies to assess progress and recognise the areas for support to advance the public health agenda.

METHODOLOGY

Online company survey (Quantitative)

- Using a purposive sampling method, the survey was circulated to food and drink companies of varied sizes (NMECs & SMEs) operating in Malaysia.
- The survey was sent to a large number of manufacturers and retailers. More than 17 responded but only 17 of the responses were complete and included within the analysis. Companies completed it during Dec 2018 - Jan 2019, some questions were skipped by respondents.
- 18% of these employed fewer than 500 people.
- Respondents were made up of manufacturing companies only.
- Majority of the respondents were in technical/quality/regulatory/nutrition roles and general management .

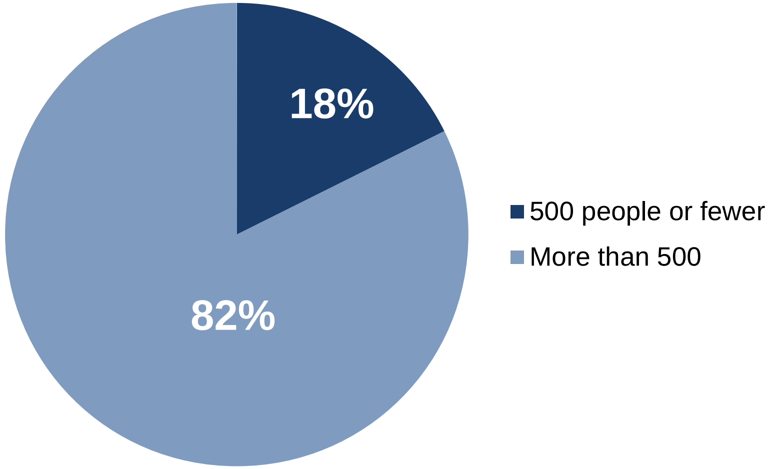
NB. The sample may not be fully representative of all food companies in Malaysia

Industry Interviews (Qualitative)

- Companies involved in the research were invited to volunteer for an in-depth interview.
- 3 interviews were completed. Of the product categories covered, these included dairy, milk powders, non alcoholic beverages, breakfast cereals, bouillons, sauces, noodles, confectionary and food service products.

Varied Company Sizes

How many people does the business employ worldwide?

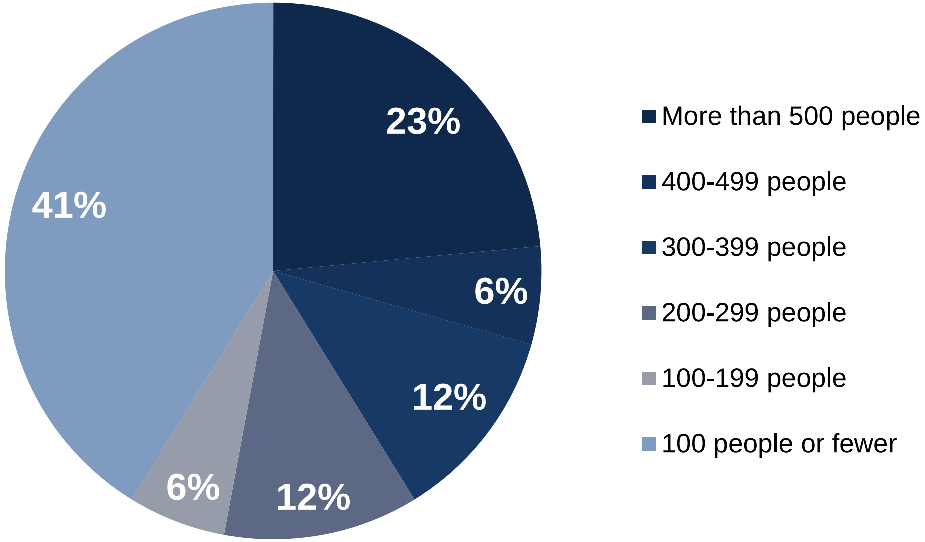


The respondents were skewed towards larger businesses, only 18% SMEs.

The vast majority (94%) of companies make products for domestic and export market

Answered: 17

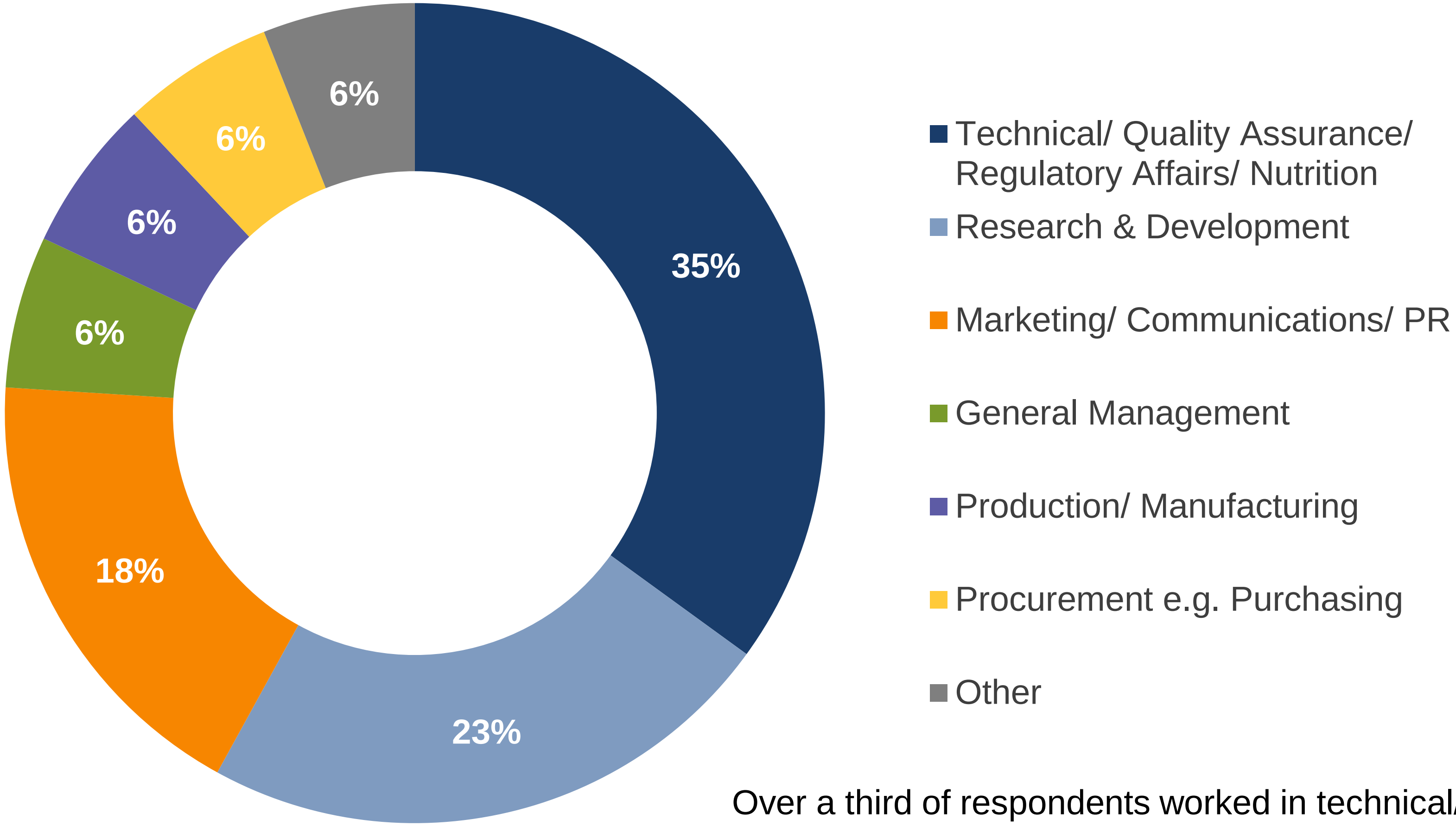
Approximately, how many employees are based in Malaysia?



Despite the majority of companies being multinationals, there is not a large workforce based in Malaysia. 41% had fewer than 100 employees based in Malaysia

Answered: 17

Respondents Spanned from a Range of Disciplines



Over a third of respondents worked in technical/quality/regulatory and nutrition roles, and just under a quarter in R&D roles

Answered: 17

A Broad Range of Product Categories were Included

Non-alcoholic drinks
65%

Savoury snacks
24%

Sweet snacks
12%

Oils and fats
6%

Cereals
24%

Confectionery
18%

Frozen desserts
12%

Other
18%
Includes: pasta and pasta sauce, infant formula and food for special medical purposes

Dried foods and ingredients
24%

Dairy products
18%

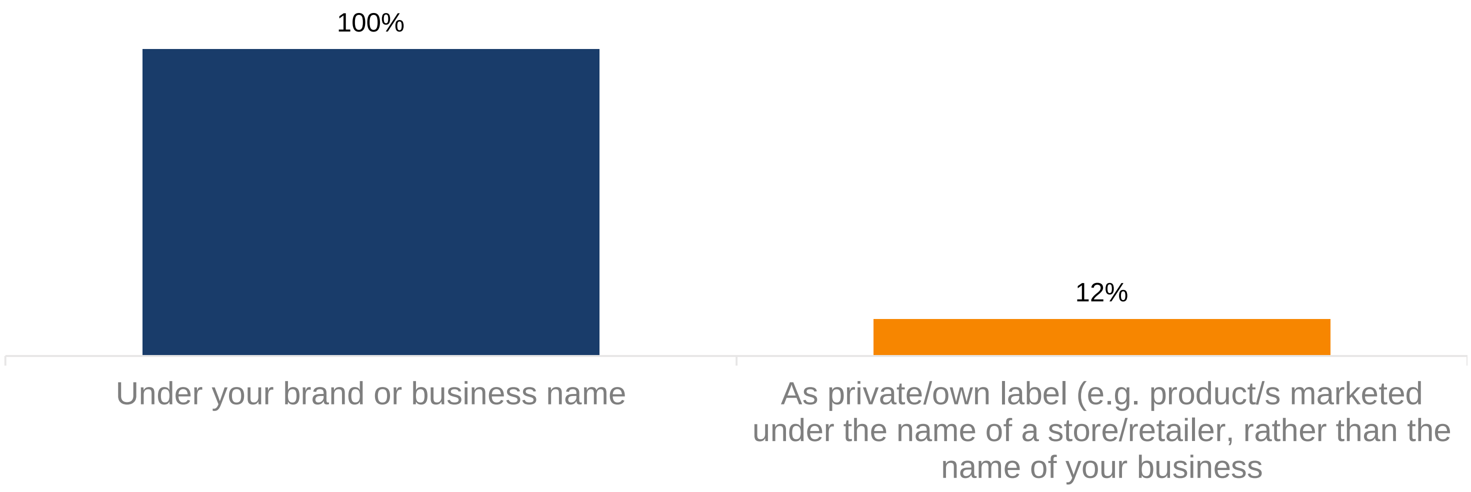
Ready to eat meals
12%

A broad cross section of product categories were covered with a large proportion (65%) being made up of non-alcoholic beverages

Others included: pasta and pasta sauce, infant formula and food for special medical purposes.

Answered: 17

All Companies Are Producing Under Their Own Brand Name



All companies produce products under their own brand/business name and 2 companies also produce for others (i.e. retailers own label)

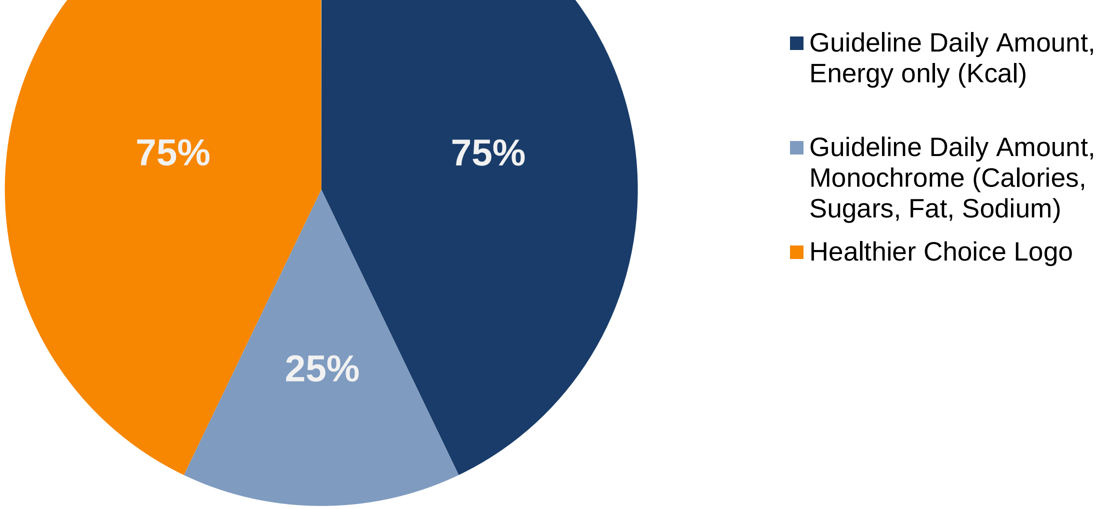
Answered: 17

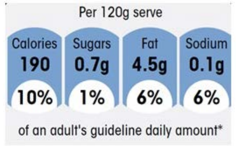
Display of Nutrition Information on Product Packaging

Companies that Display Nutrition Information on the Front-of-Pack

Display front of pack nutrition labelling across some or all of their products

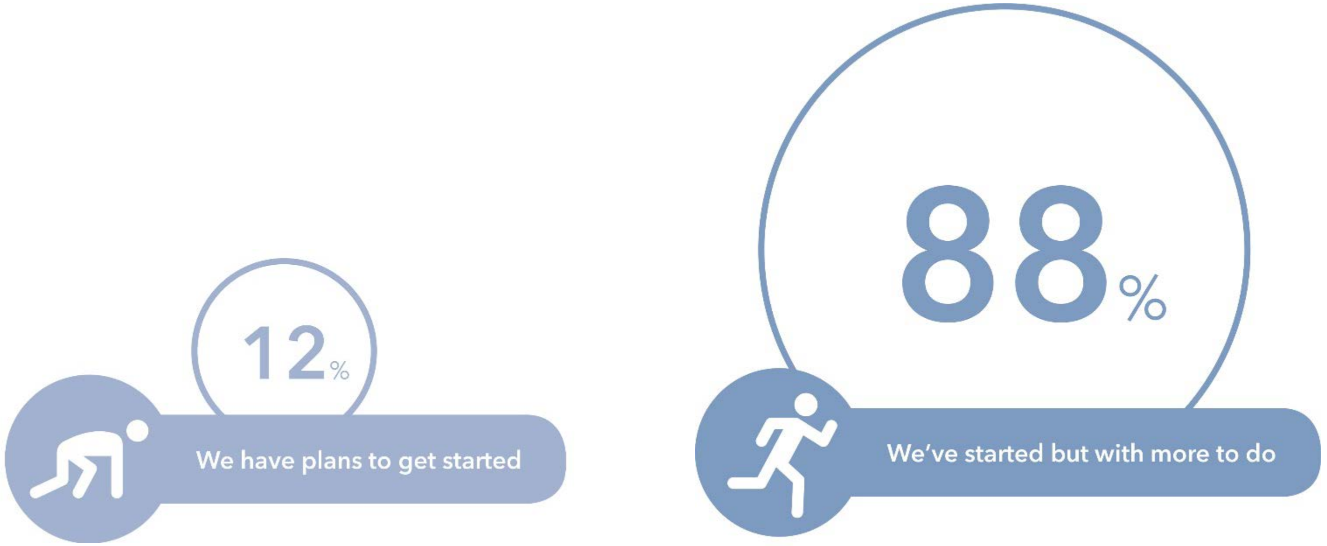
Of those companies that use front of pack nutrition labelling and provided an answer:





The Reformulation Journey

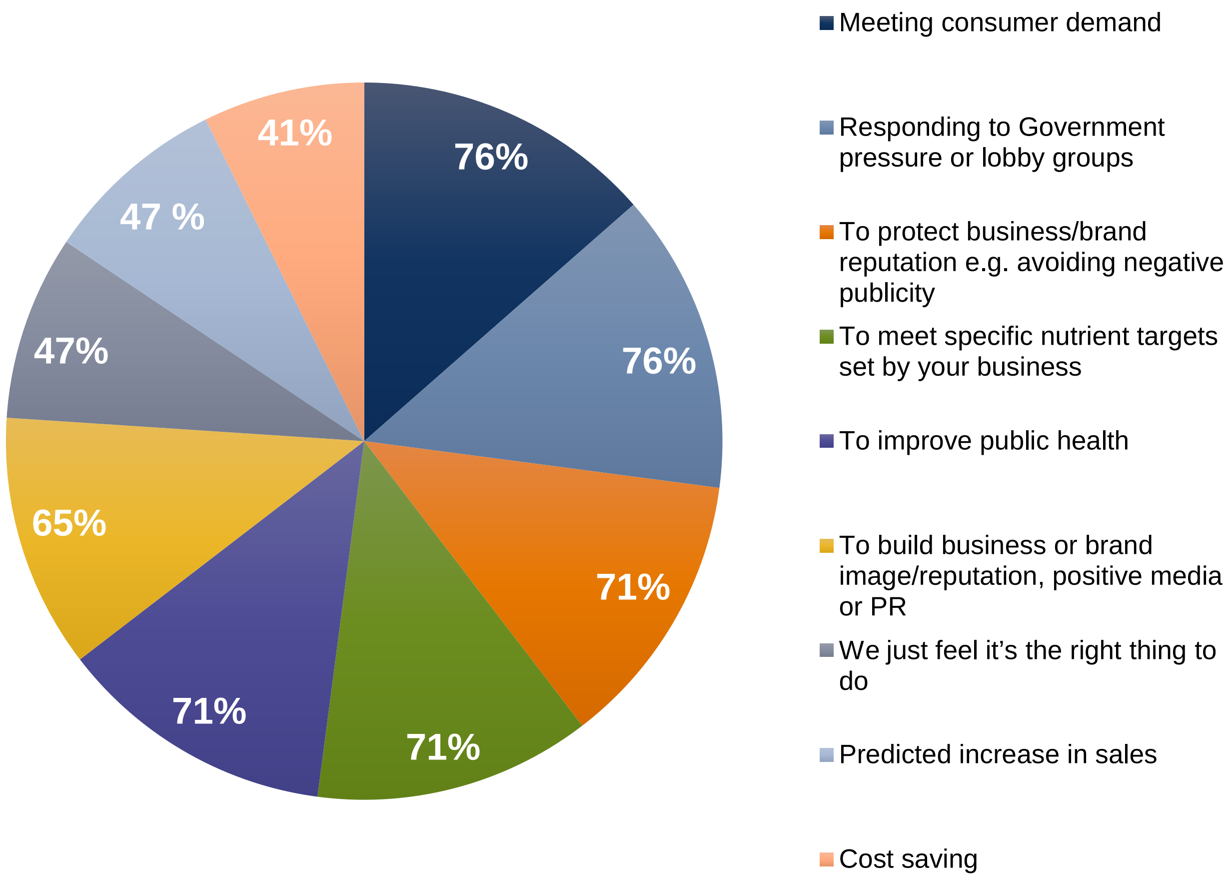
Most had Begun their Reformulation Journey



This shows that the Malaysian Food Industry is keen to provide healthier products to its consumers.

Answered: 17

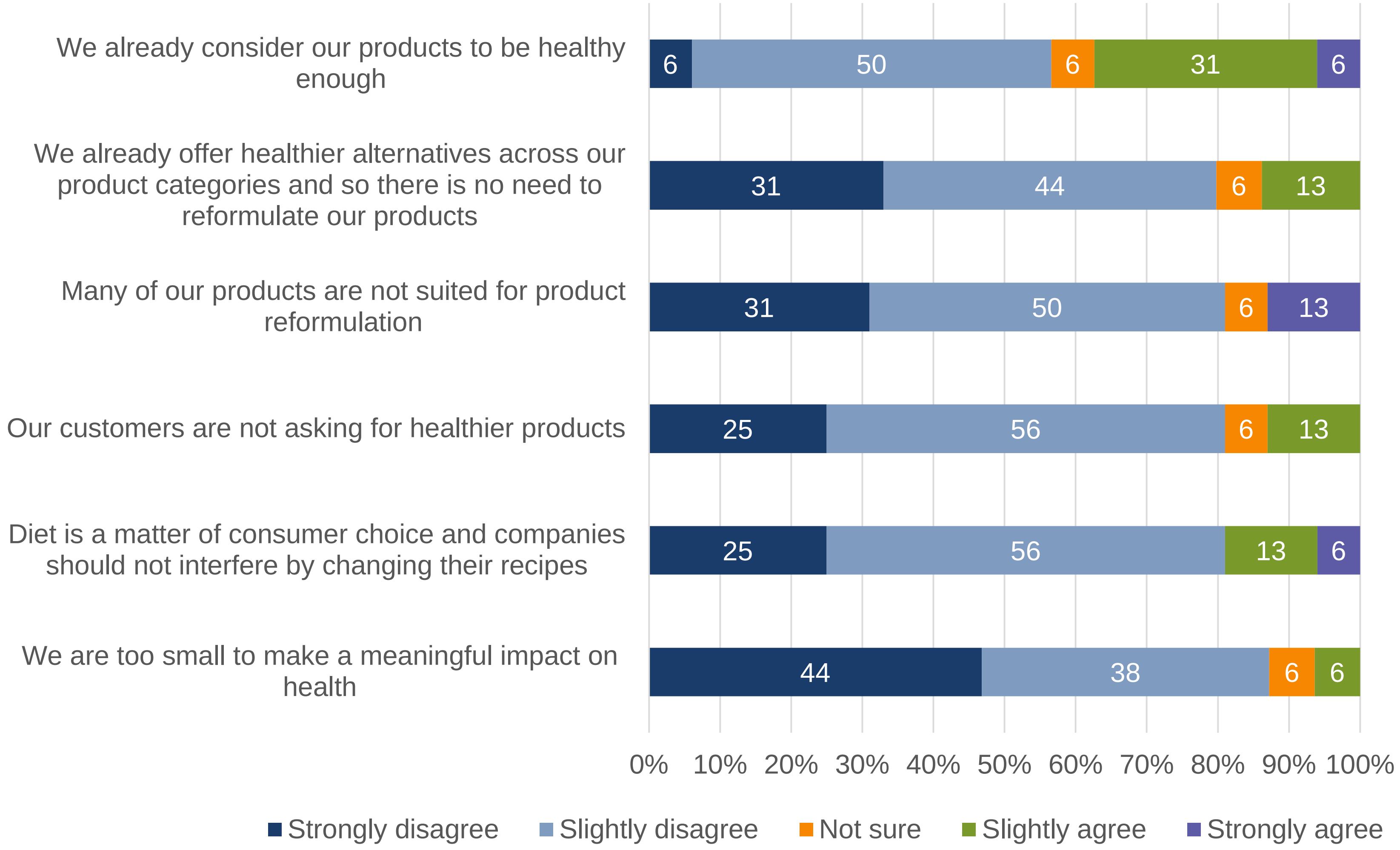
Factors Driving Reformulation in Malaysia



Responding to the changing consumer demands and pressure from government and lobby groups was identified as the top driver for action; followed by improving public health and in turn building and protecting its brand reputation.

Answered: 17

Evaluating Attitudinal Barriers to Reformulation

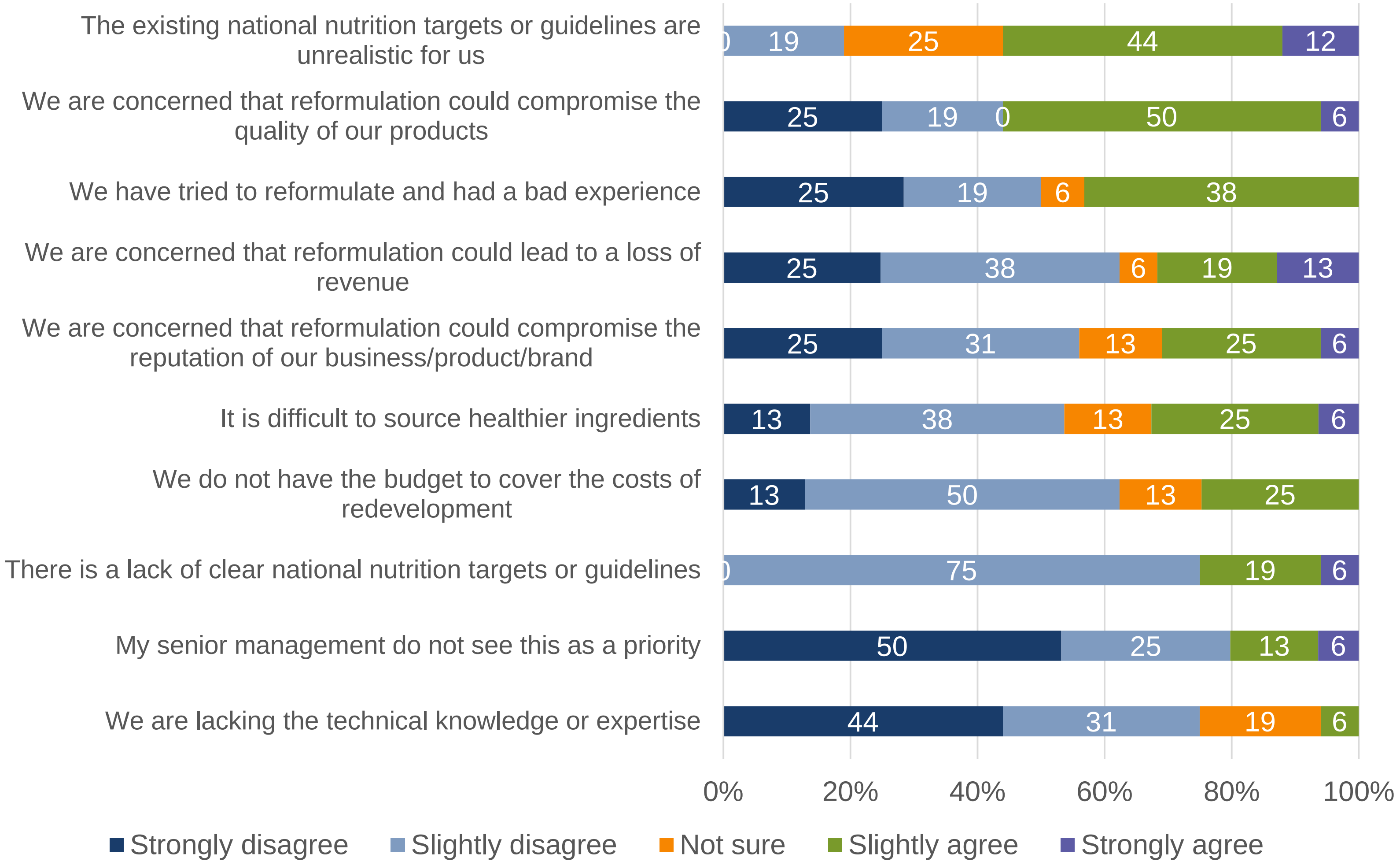


There were very few attitudinal barriers to change amongst the sample. Only 19% respondents felt there was no need for companies to change their products because diet is just a matter of consumer choice. While 13% respondents said they provided enough healthy choices.

81% of the sample believed that customers want healthier products and agreed that, as an industry, they had a role to play in driving consumer choices by providing healthier products, and 75% believe they need to reformulate to offer healthier alternatives.

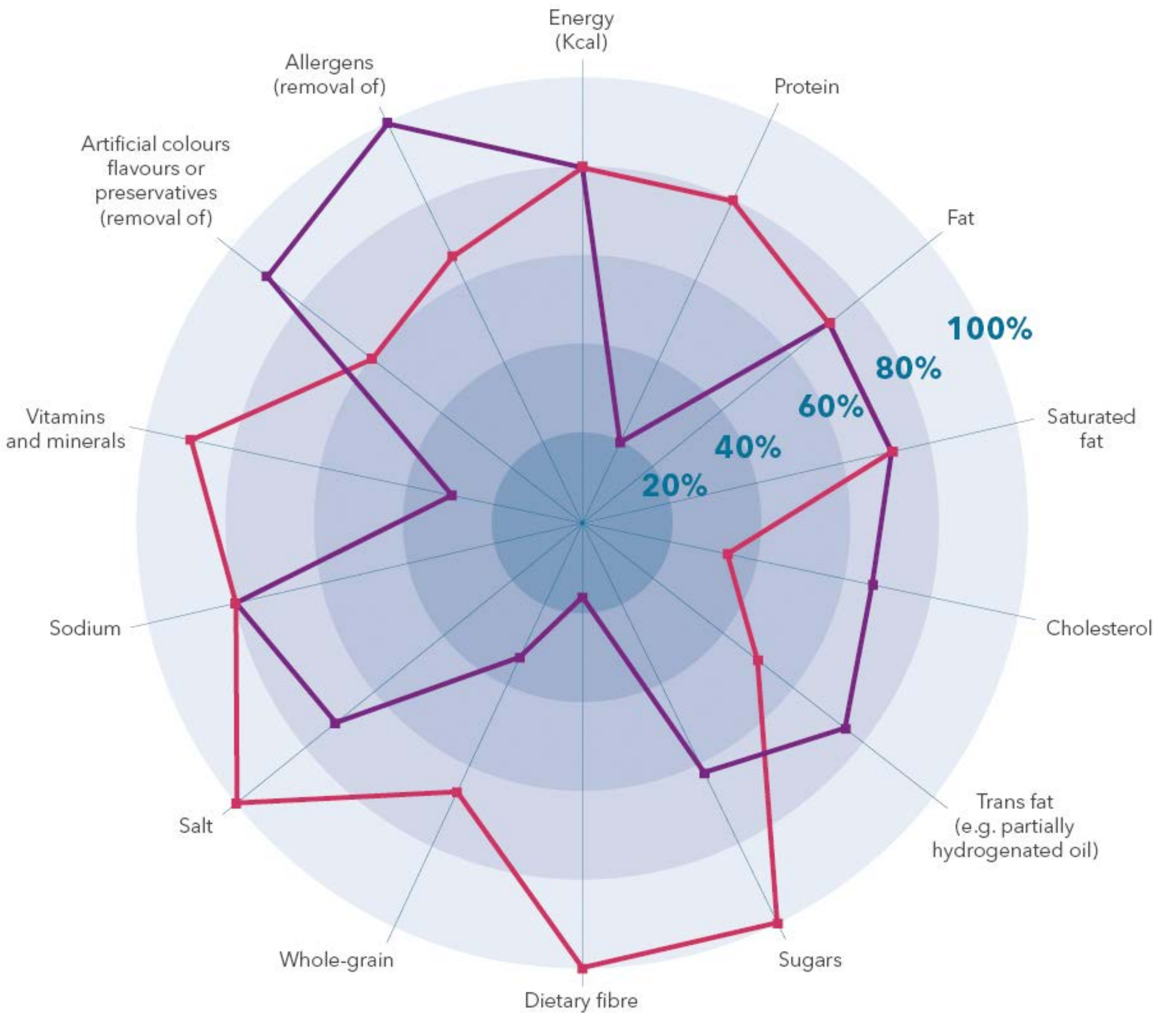
Answered: 16 Skipped: 1

Evaluating Attitudinal Barriers to Reformulation



56% agree that existing national nutrition targets/guidelines are unrealistic for their company, 56% are concerned about compromising their product quality and 38% have tried to reformulate and had a bad experience

Industry Priorities

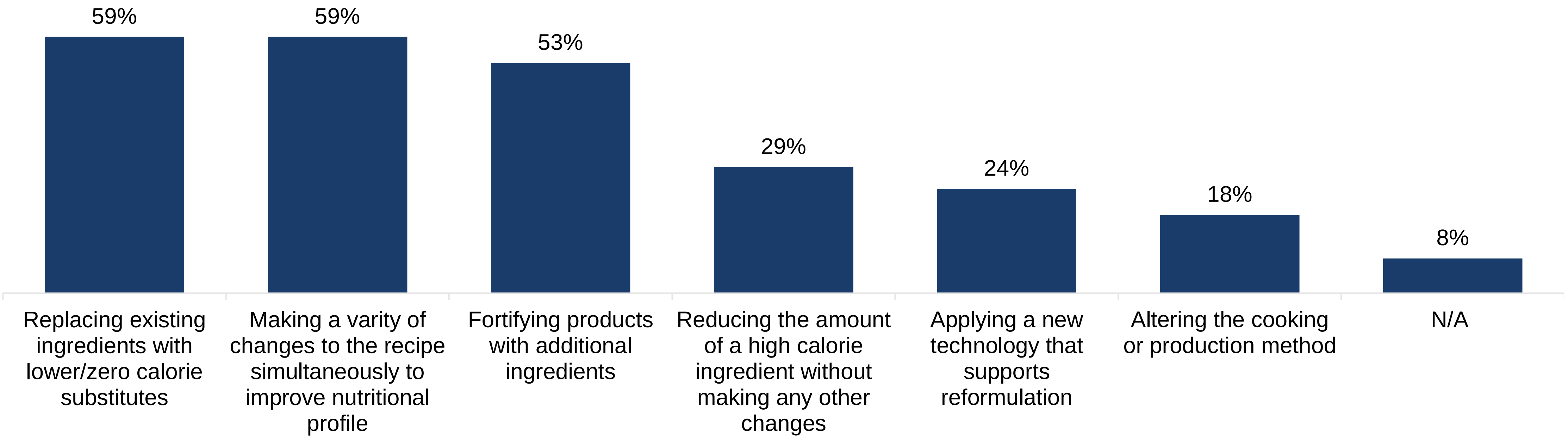


Currently, the reformulation focus is on sugars, dietary fibre and salt, followed by vitamins and minerals. Whereas previously the focus was on allergens, artificial colours/flavours/preservatives followed by calories and sodium. The focus on the reduction of fat and sodium in products remain consistent as work still continues in these areas.

Present and/or future reformulations plans

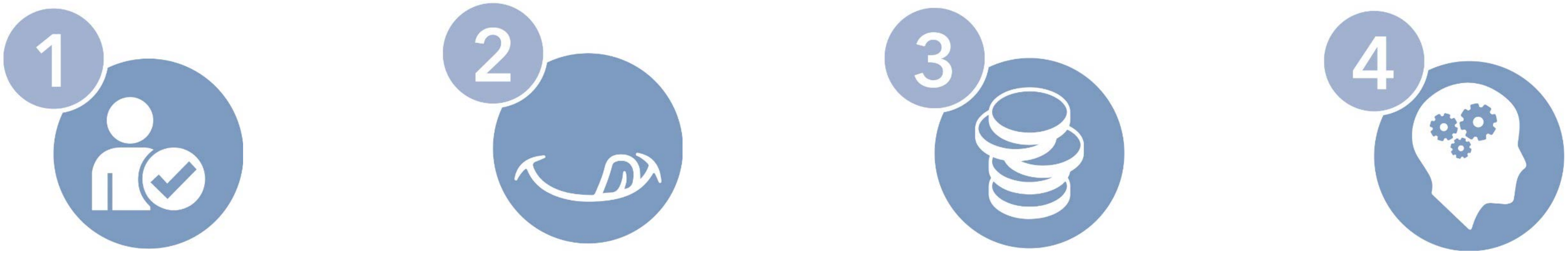
Previous reformulations plans (includes efforts that have been carried out in the last 5 years)

Enabling the Development of Healthier Products



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 and replacing ingredients with lower/zero calorie substitutes (59%), followed by fortifying products with additional ingredients (53%).

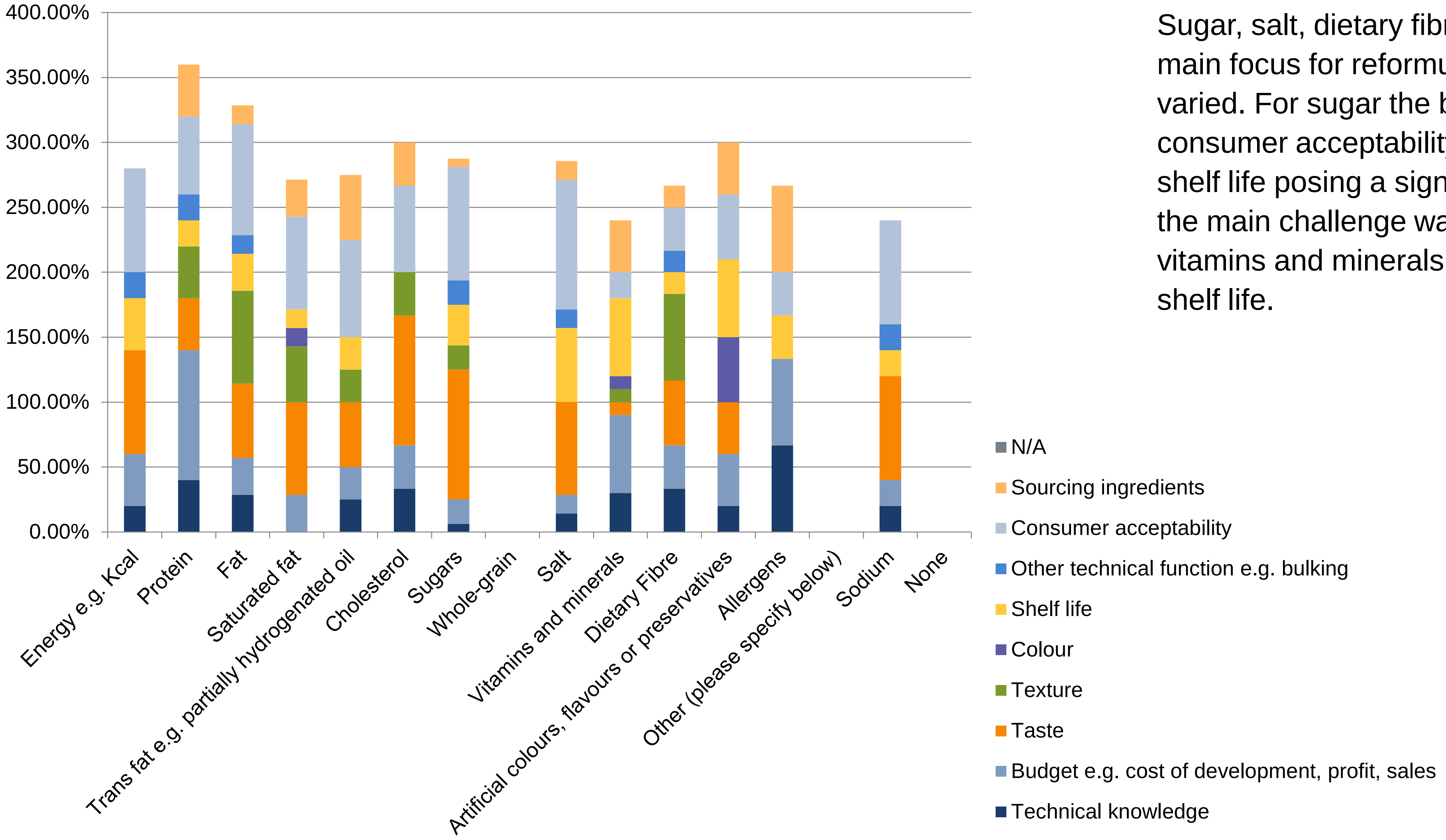
Industry Experiences: Challenges to Reformulate



1. Consumer acceptability
2. Maintaining taste
3. Budget limits
4. Technical knowledge

Answered: 17

Industry Experiences: Challenges to Reformulate

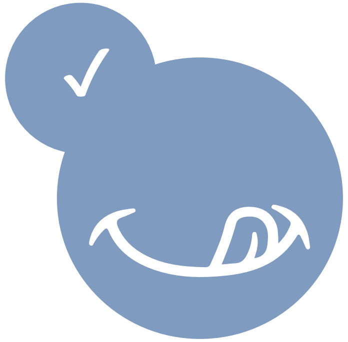


Sugar, salt, dietary fibre and vitamins & minerals were the main focus for reformulation, and the challenges with these varied. For sugar the biggest challenges are taste and consumer acceptability, this was the same for salt with shelf life posing a significant challenge. For fibre, however, the main challenge was maintaining texture and for vitamins and minerals the challenges include budget and shelf life.

"Malaysian consumer(s) have a strong preference for sweet tastes, making sugar reformulation challenging. Time and education are required for consumers to adjust their taste preferences."

Answered: 17

Industry Experiences: Consumer Feedback

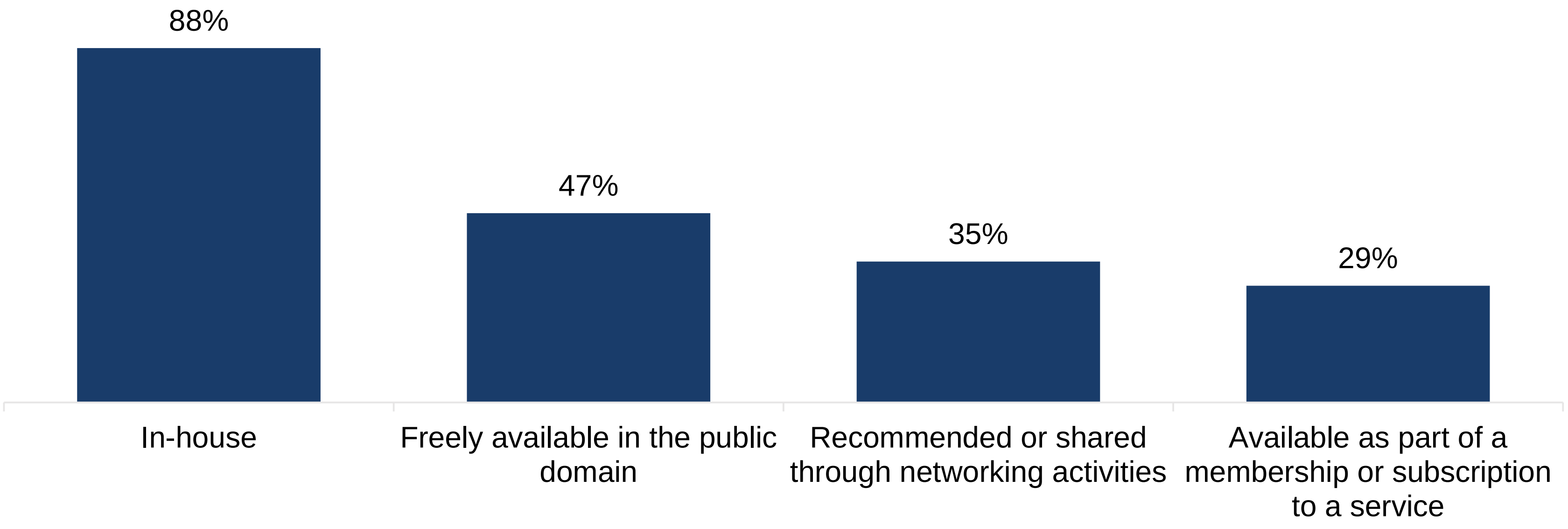


Of the companies that had launched reformulated products, only one company reported negative consumer feedback and 41% had received positive or no feedback at all

Answered: 17

The Reformulation Journey: Recognising Areas for Support

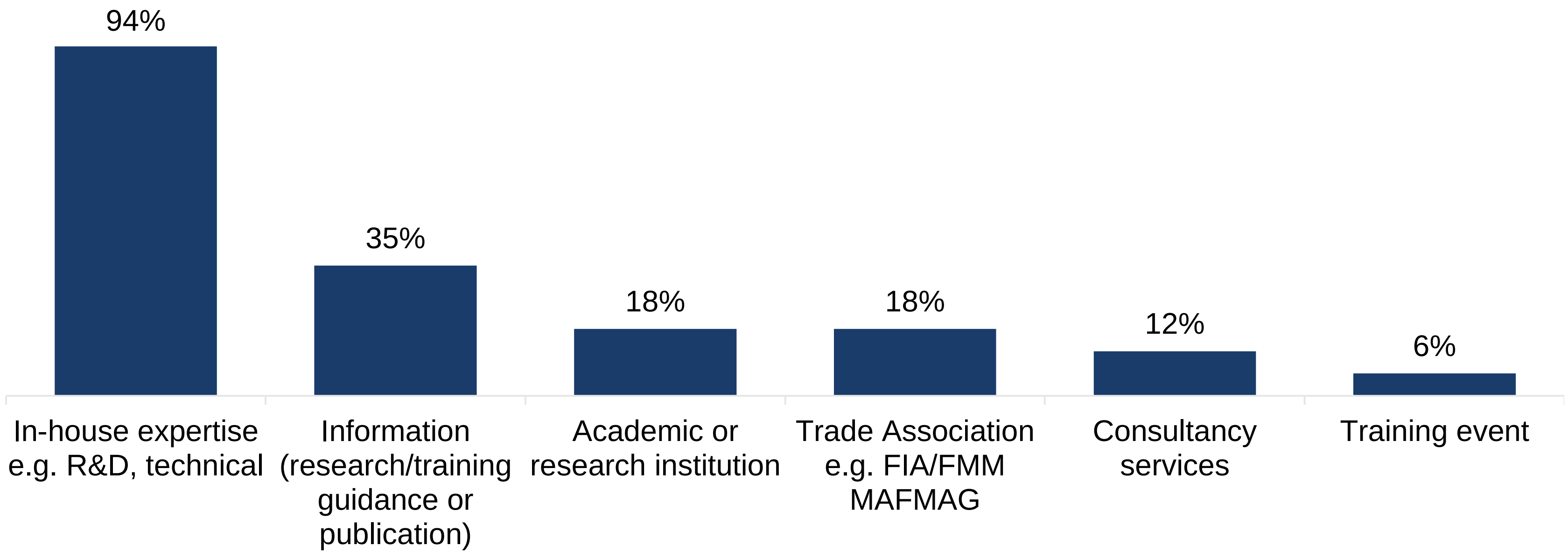
Assessing the Availability to Technical Resources



88% accessed resources in-house, 47% accessed freely available resources in the public domain and 35% accessed resources through networking

Answered: 17

Type Of Resources Used To Inform Healthier Reformulation

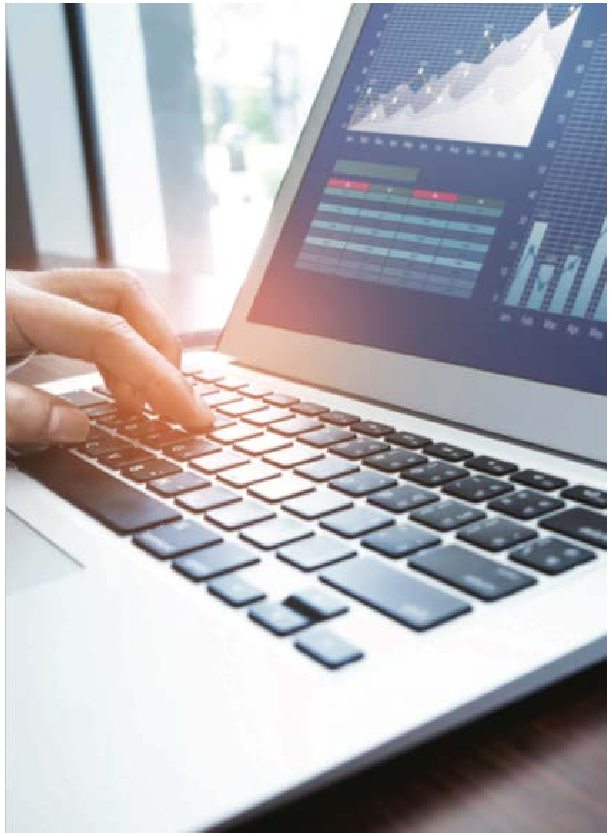


The vast majority (94%) accessed resources internally, and 17% using trade association materials

Other: FBM has internal support from Fonterra's research centre in Palmerston North - over 300 scientists.

Answered: 17

Access to Resources to Inform Healthier Reformulation



1. 65% of companies consult with a nutrition specialist
2. 94% mainly use internal expertise for reformulation
3. 47% use resources freely available in the public domain (i.e. government agencies websites)
4. 35% use online or hardcopies resources such as research and publications

How else can we Accelerate Progress?

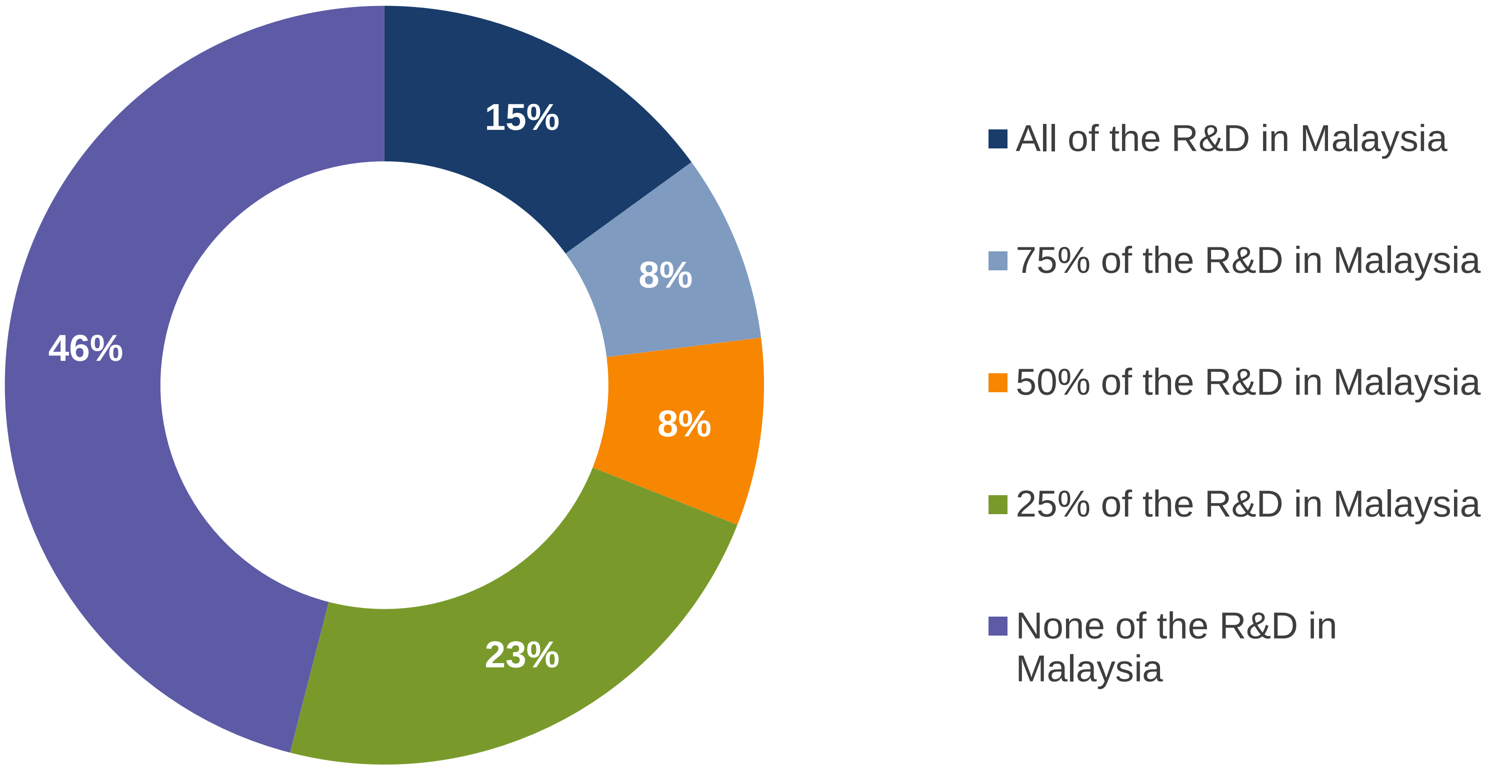
”Consumer(s) don’t know how to read a nutrition label and don’t understand the Healthy Choice logo, we would like to see the Ministry of Health investing in educating consumer (consumer education)”

What would enhance healthier product development in your company?

1. **63% More awareness around public health priorities**
2. **44% More awareness on national nutrition targets/standards**
3. **19% More technical knowledge**
4. **13% Improving internal communications**
5. **6% Support with consumer testing**

Answered: 16   Skipped: 1

If you have previously reformulated products to make them healthier, how much of the R&D associated with these products was conducted in Malaysia?

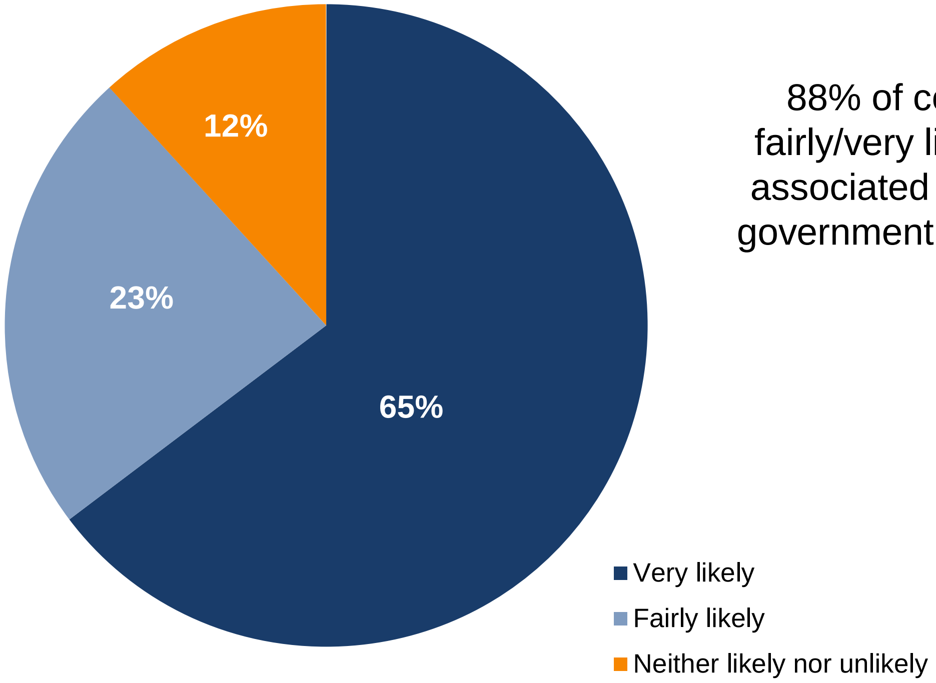


Only 15% of companies did 100% of their R&D associated with reformulation in Malaysia, 46% did their R&D elsewhere

Answered: 17

Response to Government Incentives

How likely or unlikely would you be to carry out more product research and development associated with reformulation if you were provided with financial and fiscal incentives by the government?



88% of companies would be fairly/very likely to do more R&D associated to reformulation if the government offered financial/fiscal incentives

"We need more time to invest in R&D, the sugar tax and tightening of the Healthy Choice logo criteria is forcing companies to reformulate too quickly, which is particularly challenging for smaller companies without the resources or budget "

Answered: 13 Skipped: 4, No respondents indicated that they were very or fairly unlikely to carry out more product research associated with reformulation

Company Interviews

Quotes from our interviews

‘Consumers don’t know how to read a nutrition label and don’t understand the Healthy Choice Logo. We would like to see the Ministry of Health investing in educating consumers’

‘We need more time to invest in R&D, the sugar tax and the tightening of the Health Choice Logo criteria is forcing companies to reformulate too quickly, which is particularly challenging for small companies without the resource and budget’

‘We are very willing and want to work with government more collaboratively. Nutrition targets need to be challenging but also realistic to take consumers on the journey’

‘Malaysian consumers have a strong preference for sweet tastes, making sugar reformulation challenging. Time and education is required for consumers to adjust their taste preferences’

‘We’ve found it more effective to bring out lower/no added sugar variants of our standard products, providing the consumer with choice, rather than solely reducing sugar in the standard product. Not all Malaysian consumer are ready for the standard product to have a big sugar reduction and taste change'

‘We need better healthy eating education for Malaysians’

‘We have global internal nutrition targets, which are modified by country, so reformulation is not something new for us’

Country Comparisons

Comparisons with the UK and Singapore

We had previously conducted similar research in the UK and Singapore with both food companies and consumers.

Comparing these three markets reveal some interesting similarities and differences. It suggests that some elements of the reformulation challenge are universal, whereas other require awareness of local sensitivities

Similarities

- Consumer feedback to previous healthier product reformulation has been generally positive
- Sugar reduction has taken centre stage for companies in both countries, although many other nutritional goals are running alongside this
- The main motivators to reformulate in both counties are to meet consumer demand
- The challenges of reformulation are consistent and ensuring consumer acceptability and achieving a desirable taste are the top concern (in spite of positive feedback)
- A sugar levy on sugar sweetened beverages is used in the UK* and Malaysia

*although it was not introduced in the UK at the time of the UK survey

Comparisons with the UK and Singapore

We had previously conducted similar research in the UK and Singapore with both food companies and consumers.

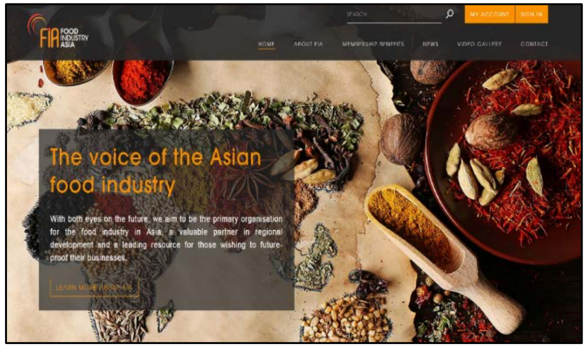
Comparing these three markets reveal some interesting similarities and differences. It suggests that some elements of the reformulation challenge are universal, whereas other require awareness of local sensitivities

Differences

- Even more consumers are trying to improve their diet in Malaysia than the UK (99% vs 85%)
- Even more are focused on reducing sugar to improve their diet in Malaysia than the UK (58% vs 35%)
- More consumers in Malaysia say they always or mostly eat healthily already (54% vs 41% in the UK)
- More Malaysian adults buy food and drink to treat themselves (64% vs 53%)
- Consumers in Malaysia say that nutrition labels are more important when purchasing products compared to the UK. This includes ingredients removed to make products healthier (61% vs 32%), ingredients added to make products healthier (62% vs 19%) and how natural they believe the product is (61% vs 36%)
- Government pressure is a much stronger motivator to reformulate in Malaysia compared to Singapore (76% vs 28%)
- Undernutrition affects a higher proportion people in Malaysia and so adding nutrients is also seen as important strategy
- More R&D is conducted in Singapore, 32% did all their R&D in Singapore, compared with 15% in Malaysia
- Front of pack nutrition labelling is used by more companies in Malaysia than Singapore (71% vs 64%) and more are using the Healthy Choice signpost (53% vs 32%) and Energy only GDA (53% vs 36%)
- The pace at which government introduces nutrition initiatives such as the sugar tax and changes to nutrition labelling criteria is faster in Malaysia than the UK

Additional Resources

Other resources



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