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Food & Agri-Business Specialists

Sugar Rush or Sugar Push

Malachy Mitchell
Mmitchell@farrellymitchell.com

www.FarrellyMitchell.ie

Quick read

- While some freeform products are growing in popularity, overall, the category has dipped
- Despite a push to reduce sugar, it persists, as consumers prefer natural ingredients
- Food firms are influenced to reduce sugar by consumer demand and changing regulations
- Sweeteners haven't flourished as consumers do not favour the taste profile
- Reducing sugar is difficult for manufacturers due to textural, processing & equipment changes
- Solutions include low calorie offerings and gradual reduction in sugar
- Manufacturers must be master blenders & develop optimum product with the right sweetness

Introduction

While some segments of the free-from category have been experiencing exponential growth, recent data shows that overall global free-from and 'reduced' category sales has gone down 1% in the past year.

Consumer Attitudes

The sugar phenomenon has been linked to contradictory consumer attitudes towards its reduction in confectionery and other foods. While global health trends pushed many food companies towards reducing or eliminating sugar from their products, consumers are not keen on artificial sweeteners replacing sugar, as it contradicts the 'natural ingredients' trend and considerably alters the flavour profile. Nevertheless, many food companies have been pushed towards dealing with the sugar content in their products due to consumer demand and changing regulations all worldwide. This is evidenced by the FDA's new nutrition facts panel in the US that demand larger and bolder calorie declarations on the packages and UK's ongoing sugar tax debate.

When it comes to sweeteners, the biggest hurdle has been the fact that the majority of consumers do not enjoy the taste of sweeteners and do not want to comprise flavour for health benefits. Moreover, the level people that tolerate no-sugar or low-sugar products changes drastically from market to market. For example, 44% of soft drink sales in the UK have no sugar and no calories, whereas they represent 1% in Lithuania and 7% in Italy according to UNESDA which represents approximately 75% of European soft drink manufacturers. According to Sula, a German sweets manufacturer that has a market presence across Europe, Germany's sugar-free sweets market accounts for 30% compared to UK's where only approximately 5% of manufacturers replace sugar with sweeteners.

Especially for more indulgent products such as chocolate, consumers want sugar replaced with premium ingredients rather than sweeteners.

Sugar Flavour Without the Sugar

However, the real challenge is to make products people will actually buy with a flavour profile. Consumers want the gold standard flavour experience of regular sugar, without the sugar. Earlier attempts of reducing sugar and replacing it with sweeteners were not welcomed by consumers because of weaker taste profiles. Especially for more indulgent products such as chocolate, consumers want sugar replaced with premium ingredients rather than sweeteners.

The natural sugar substitute Stevie remains the king of sweeteners as opposed to Ace-k, Aspartame and Saccharin, all of which have been blacklisted by health-conscious consumers. However, Stevia's flavour profile can be temperamental: the sweetness comes in slowly compared to sugar and sticks on the palate longer. At higher concentrations, it can be bitter, which makes it especially difficult to use in beverages. Nevertheless, Stevia remains popular amongst manufacturers. Russell Stover owned by Lindt & Sprungli unveiled a sugar-free chocolate line formulated with Stevie, at Sweets and Snacks Expo at Chicago in summer 2017.

While satisfying consumers' paradoxical demands is difficult, reducing sugar has also been challenging for manufacturers from a technological point of view. Apart from the flavoural changes, manufacturers have to take many factors into consideration such as textural changes, processing changes and equipment changes, all of which are complex to handle and resolve.

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Sweet Side of the Competition

Companies that want to keep on top of the competition have been focusing their research and development activities on finding propriety technologies that can deliver more sweetness with less sugar content. Nestle announced that they have found a technology that offers 30% sugar reduction in confectionery products which are expected to be launched in the next 12 to 18 months.

Taza Chocolate stone grinds its cocoa beans instead of conching or polishing for flavour development to reduce bitterness of dark chocolate, since its inception 10 years ago. This has allowed the company to produce a dark chocolate that tastes “bright and fruity rather than harsh or bitter”. Additionally, the European Food Safety Authority (EFSA) has supported the use of non-digestible carbohydrate ingredients based on their ability to improve blood glucose response, which is based on clinical research by Roquette. Similarly

Similarly sugar reduction specialist DouxMatok was reported to be in advanced talks with multinational food manufacturers in early 2017 with regards to its patented flavour-carrying particle. The propriety carrier particle is said to reduce sugar content and calories by more than 50% without losing sweetness or increasing costs. The company stated that products with this particle is expected to be on European retail shelves by 2018.

Finally, many companies search for the next Stevie that is more sophisticated with a better taste profile. The research in the flavour science field points out that the solution is a complex mixture of sweeteners and flavour technologies. In 2016, Steviva Ingredients introduced a sugar replacer, Erysweet + Ultra Stevie and erythritol blend that claims to solve sugar-free chocolate's tempering issues and deliver up to 99% sugar reduction. In September 2017, PureCircle announced that it will be launching its next generation Stevie leaf as a more effective sugar replacement with an improved taste profile. The company further stated that it is planting this new generation leaf across its plantations in South America, US, East Africa, China and India to completely roll out this new leaf in 3 years time.

Reduced Calorie Strategies

Another common strategy has been calorie reduction by offering varying sizes of products. Mars has reported that they have been seeing great results with their lower calorie offerings. For instance, 2016 sales for M&Ms grew 10 times faster than the overall category, because they introduced more options that range from new flavours to lower calorie options. 2017 marked the year for Mars where one-third of their products are under 200 calories. Hershey recently announced a calorie reduction goal in its 5-year plan, aiming towards reducing their calorie count to 200 or below for a portion of their product offerings.

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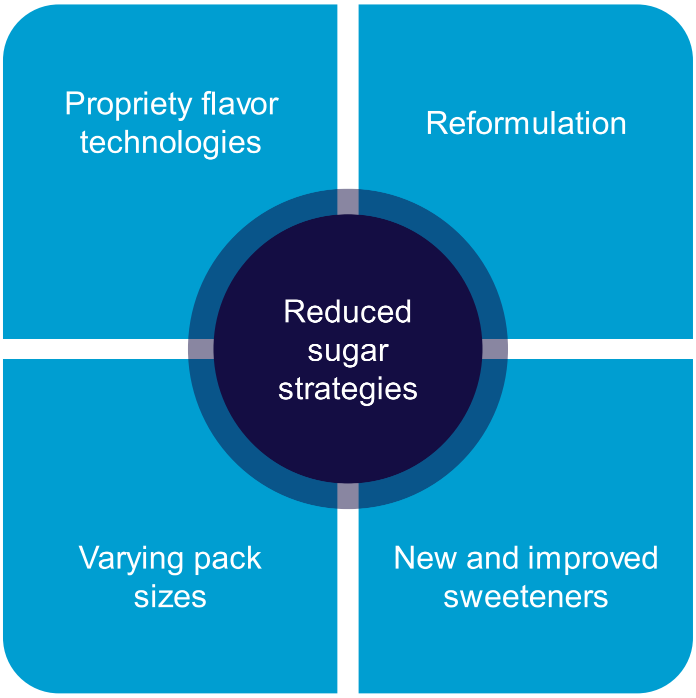
Figure 1: Reduced Sugar Strategies



According to National Confectioners Association in the US, 60% of the individually wrapped products of the companies who participated in the Sweet & Snacks Expo in 2017 contain less than 250 calories. PepsiCo pledged to reduce sugar content of its product by 2025. The goals of this pledge include making at least two-thirds of its global beverage portfolio to have 100 calories or fewer.

Last of the popular strategies for dealing with sugar reduction goals is reformulation. Nestle UK reformulated Milkybar to increase milk percentage from 26% to 37.5% in 2017. The new packaging of Milkybar in the UK now says "Milk is now our No. 1 ingredient". The product is also free from sweeteners, preservatives, colours and artificial flavours. Increased milk percentage means lower sugar content. This move by Nestle is part of the brand's pledge to remove 350 tons of sugar and 130 million calories from UK consumption. It is also part of the larger Nestle UK and Ireland pledge to remove 10% of sugar from the confectionery product mix by 2018.

Different Approaches for the Future

Ultimately, manufacturers must become master blenders, combining different approaches for an optimum product with the right sweetness.

Gradual reformulations is another important strategy to touch upon, as they tend to elicit minimal to no backlash from consumers in terms of changes in flavour. According to UNESDA, a 12% sugar reduction in soft drinks has already happened gradually in EU 28 with no sizeable repercussions. Many ingredient and flavour manufacturers also state that there will be many silent reformulations in the future where companies using any sugar substitutes will be using a wait-and-see approach.

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Conclusion

Consumers choose their food based on taste, freshness, safety and value, all qualities present in processed food. Yet processed food suffers from a massively negative perception and food manufacturers must rise to the challenge of satisfying customer preferences, meeting the need for convenience while ensuing the food is fit for consumption.

The concept of processed food appears to run counter to the discerning modern consumer's need to eat healthily, however processing in food production is almost universal. Food manufacturers need to stay in tune with consumer trends, evaluate and plan how they communicate the benefits of the foods they process, and continue to refine their methods, if they are to overcome scepticism towards their products.

Expert in this Insight

Malachy Mitchell
MANAGING DIRECTOR

Mmitchell@farrellymitchell.com

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Contact Details

www.FarrellyMitchell.com

EUROPE

Dublin (Head Office)
Malachy Mitchell, Managing Director

Farrelly & Mitchell
Unit 5A, Fingal Bay Business Park, Balbriggan Co. Dublin Ireland. K32 EH70

Telephone : +353 1 690 6550
mmitchell@farrellymitchell.com

SAUDI ARABIA

Riyadh
Najeeb Alhumaid, Partner (Saudi Arabia)

Branch of Farrelly & Mitchell Business Consultants Ltd
Jarir Plaza Building, Suite 106, King Abdullah Road,
Al Hamra District, Riyadh 12211-3857,
Kingdom of Saudi Arabia

Telephone : +966 11 4634406
Mobile : +966 54 338 7199
nalhumaid@farrellymitchell.com

MIDDLE EAST & NORTH AFRICA

United Arab Emirates
Chaitanya GRK, Regional Director (MENA)

Farrelly & Mitchell (MENA)
Unit 1001, 10th Floor, Swiss Tower, Cluster Y
Jumeirah Lakes Towers, Dubai, United Arab Emirates

Telephone : +971 4 279 8331
Mobile : +971 551991356
cgrk@farrellymitchell.com

AFRICA (SSA)

Ghana
Stephen Awuah, Senior Manager, Africa (SSA)

Farrelly & Mitchell Ghana Limited
Utopia Office, 14 Senchi Street, Airport
Residential Area,
Accra Ghana

Telephone: +233 302 906850
Mobile: +233 59212 1723
sawuah@farrellymitchell.com

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