

SPEECH GIVEN BY JULIAN HUNT, DIRECTOR OF
COMMUNICATIONS AT BIG FOOD DEBATE
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SLIDE ONE

Thank you...

And thank you to Heart of Mersey for inviting me to join today's Big Food Debate and can I add my congratulations to you for your excellent sense of timing in organizing this event to coincide with publication of the Government's Foresight report.

It's also a real pleasure for me to back here in a city that I used to know so well but which has **changed** so much since I was here as a student in the 1980s at what was known then as Liverpool Polytechnic. And I have also changed since the days when I was studying just down the road as a spotty and (it has to be said) much thinner undergraduate.

Now, I have been asked to share our thoughts on the industry's work in the health and wellbeing area and this idea of **change** will be one of the key themes of my presentation. I will try to explain how a lot has already been achieved and why the UK food and drink industry is now leading the world in many aspects of this vital debate.

As the Foresight report points out, though, when it comes to obesity there are no magic bullets that can be fired to solve this problem. All of us have a role to play if we are to reverse

the worrying trends that have been identified.

That said, I sometimes fear that because ours is a big industry we have become an easy target for criticism and for those who want to point a gun loaded with magic bullets in only one direction.

But our track record as a good corporate citizen – and our close relationship with consumers through our brands – makes us acutely aware of the positive role we must play in all the challenging issues we now face. So I hope today that I will be able to highlight a few of the ways in which manufacturers have already been doing just that.

SLIDE TWO

I should also stress from the outset that this debate is not new for our industry.

Picking up on one of Geof's themes, that's the reason why the industry has been locked into what investors have called the '*corporate battle for health*' as food companies respond to the pressures outlined here and identify new opportunities for their businesses – all of which ultimately benefits consumers.

SLIDE THREE

And when the Deloitte management consultancy recently asked senior executives at leading UK food and beverage businesses what they thought were the major consumer trends currently affecting their companies, health came out as a clear number one.

So if health is important, what have we been doing?

To help explain that I want first to give a little bit of background to the Food and Drink Federation.

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Simply put, FDF's mission is to be the voice of the food and drink manufacturing industry here in the UK.

Our members are companies of all sizes, representing all types of ownership structure, manufacturing everything from chocolate to organic muesli, own label products to big brands, retail lines to those for foodservice.

We also represent other trade associations and sector groups, ensuring that FDF is the key trade association for this vast and incredibly diverse industry.

At the beginning of this year, FDF restructured to ensure it was in the best position to respond to the challenges now shaping the world in which our members operate.

Our new structure gives FDF a sharper focus around three key priority areas:

- Food Safety and Science;
- Health and Wellbeing; and
- Sustainability and Competitiveness

Strategic steering groups have been created to direct our work in each of these three priority areas. Each group is chaired by a CEO from a member company and provides the leadership necessary to ensure that we continue to deliver results for members. We have also created an SME Forum, to recognise the importance of small and medium sized businesses to the industry.

The Health and Wellbeing Steering Group is directing our work in areas such as front-of-pack nutrition labelling, reformulation, marketing and workplace wellbeing.

Our decision to put this emphasis on health and wellbeing reflects the fact that our industry is absolutely committed to playing a positive role in the debate about obesity, as well as other health and diet issues.

Our commitment is also longstanding; the work of our new Steering Group builds on the commitments we set out in our groundbreaking industry Food and Health Manifesto, **which we launched way back in 2004.**

SLIDE FIVE

I think it's also important to remind you of a few facts and figures about our industry, which is the UK's largest manufacturing sector.

We directly employ about 500,000 people or 13.7% of the UK manufacturing workforce; and estimate that 1.2 million people in ancillary services depend on our industry for their jobs. In fact, something like 60,000 people are working for our industry in the North West alone.

We are also an important partner for British farmers: buying about two-thirds of all the UK's agricultural produce.

All this vital economic activity is carried out by 6,500 food and drink manufacturing enterprises across the country. Of these, the overwhelming majority are small, medium or micro businesses.

And let's not forget that our industry is responsible for making some of the country's best known, and best loved, brands, the success of which are based solely on the strong relationships they have forged with consumers, usually over many, many decades.

In short: the food and drink sector is a great British success story.

And we need to be successful if we are to continue investing in the innovations, product developments and new processes that will be necessary to meet changing consumer demands in the years ahead.

That's not a glib statement. Consumer demand is a powerful force for change in our industry; arguably it's the most powerful. When coupled with industry's desire to respond to society's concerns about the health of the nation, it has created one of the most important competitive drivers for our members.

And we have responded in ways that I believe allows us to argue, with some justification, that the UK is leading the world in terms of reformulating products, extending consumer choice with better for you variants and healthier alternatives, and improving the nutrition labelling on packs.

SLIDE SIX

For instance, a survey of our leading members suggests that since 2004 an impressive £15bn worth of their products have been reformulated to have lower levels of salt, fat or sugar compared. In addition, a further £11.5 billion worth of

products have been launched in lower salt, fat or sugar variants.

We have also heard a lot this week about trans fats. However, retailers and manufacturers have been taking action here too. And our members have also committed to taking out trans fats in a way that does not increase sat fat levels in foods – an important point, often overlooked.

SLIDE SEVEN

Anyway, our research is backed up independent data from the Mintel consultancy which shows how many products have been launched since 2003 on a health proposition such as lower in fat, salt or sugar.

In fact, since 2003, Mintel says more than 5,200 products have been launched on such a proposition, which is almost a quarter of all products launched in the grocery market in that time.

Add in the 3,000 products developed to be free of artificial additives or colourings, and you get a sense of how huge this trend is in the market. And it's far more advanced than most other countries.

Our work on reformulation and offering new products for consumers continues - something that was acknowledged in the Food Standard Agency's draft programme on saturated fat and energy intake, which Corinne discussed earlier.

We also recognise the importance of building strong and constructive working relationships with key partners if we are to generate positive health outcomes. Take those that have come in the area of salt reduction which are the direct result of

the successful partnerships forged between industry, the FSA and others.

SLIDE EIGHT

The success of this partnership has been widely acknowledged and the work industry did with the FSA to reduce salt in soups and sauces was highlighted as an example of best practice by former Public Health Minister Caroline Flint in a recent Partners in Health report from DH.

In fact, the UK's work on salt reduction is now being held up as an example of best practice by the European Commission, which is keen to see similar approaches being adopted elsewhere in Europe.

Reformulation, the development of new variants of popular brands and the creation of whole new categories of products with a health positioning, have required a great deal of innovation, technological development and investment on the part of manufacturers.

Effecting such change has also required a really deep understanding of consumers – and particularly what turns them on and what turns them off.

For instance, we have had to reformulate mainstream lines in a way that does not adversely affect the appearance, taste or mouthfeel of the products; otherwise consumers would stop buying them. And that has sometimes meant re-educating consumer palates over many years. We have also had to think carefully when developing alternatives as many consumers don't want products that are perceived to be more processed.

Which is the trend towards naturalness highlighted in the Mintel research I described earlier.

Occasionally, obstacles are put in our way that can serve to discourage the very reformulation or development of healthier alternatives that policy makers want to see. For instance, one of our concerns about the nutrient profiling model developed by FSA for Ofcom's new TV advertising rules was always that many reformulated products would still get caught up in advertising restrictions. That's one of the reasons we are pleased the FSA has taken the decision to start reviewing the model early and we look forward to making a positive contribution to the review process.

There is plenty of evidence to show that consumers are listening to the debate about food and health, are embracing the new choices on the market and are changing their purchasing habits.

SLIDE NINE

The evidence is found in the comments made in the annual top product surveys published by leading trade magazine's the Grocer and Checkout, which both found that reformulated products or those with a healthier product proposition were out-performing the market.

Within those reports you will find plenty of examples of the changes underway in the market.

SLIDE TEN

Here's one.

This data from The Grocer's annual top products survey shows one of the really big new trends within the soft drinks sector: the rapid growth of juice drinks and smoothies. And don't forget carbonates were actually down the year before, so sales have been fairly static in the past couple of years.

SLIDE ELEVEN

A global analysis by market researchers ACNielsen, which last year looked at 100 product categories in 66 countries, found that there were three consistent worldwide trends for the industry:

- Health and freshness
- Convenience
- Value

As this chart shows, the top-performing global categories last year all offered, for one reason or another, perceived health benefits. You can see that global annual growth for the industry was just under 4% and how these four categories massively outperformed relative to that. Other star performers were equally health based, such as water, fruits and juices which all grew faster than the global average.

SLIDE TWELVE

Then there was this encouraging development contained in Defra's Family Food report, which suggests that we saw a 7.7 percent increase in purchased quantities of fruit and vegetables last year – the highest ever increase for 20 years. At around 2,500 grams per person per week, this suggests consumers are now eating almost four portions a day compared with the 5-a-day target.

There are other significant developments underway, such as the growth in functional foods that we have witnessed in recent years which have come from nowhere to be worth anything up to £1.7bn a year. Another sign of industry innovating to meet a real consumer need.

As well as reformulating products, the industry has an additional responsibility to make it easier for consumers to opt for the healthier choices when they want by providing them with clearer on-pack information.

SLIDE THIRTEEN

That's why in January of this year, the biggest joint initiative ever undertaken by the UK food and drink industry was launched. This £4m campaign explains how consumers can use Guideline Daily Amount labels on the front of packs to assess the calories, sugars, fat, saturates and salt that are suggested for a balanced diet. By knowing what's inside the food they are buying, consumers can make better-informed decisions about what they are eating.

To date, more than 50 manufacturers, retailers and foodservice companies have adopted GDA nutritional labelling, in a consistent way on the front of something like 20,000 product lines. The GDA approach is also gaining acceptance among retailers and manufacturers right across Europe, which is another positive development.

Research conducted by independent market researchers Millward Brown shows that 80 per cent of consumers are aware of GDA labels, 84 per cent think they are quick to read and easy to use and, significantly, 54% say they have already used the labels to make healthier choices.

Now, much has been made in the media, and elsewhere, of the differences between our promotion of the GDA scheme and the Food Standards Agency's promotion of its traffic light scheme.

We do not see this as a battle.

All of us share a common goal – to help consumers better understand what constitutes a healthy, balanced diet and lifestyle – but there are differences in opinion as to the best approach to achieve that goal. This is not surprising given the complexity of the issues we face.

So we are pleased to be part of the Nutrition Strategy Steering Group which is a partnership between the FSA, the Department of Health, NGOs, industry and retailers that will set the framework in which we will evaluate the front-of-pack labelling schemes being used in the market, based on an approach that will determine which factors are positively driving consumer behaviour towards making healthier choices. Because in the end it is consumer behaviour, not attitude or personal preferences, which is the important factor here.

The work the industry is doing to reformulate its products to provide greater choice and introduce better nutritional information for consumers are important and will make a real difference. But they cannot provide the entire solution to the nation's obesity problem.

SLIDE FOURTEEN

As the Foresight report explained in such stark terms only yesterday, the causes of obesity are complex, multi-factorial and have evolved over a number of generations.

Clearly, it does not help that nowadays we roughly consume the same as we did 50 years ago but expend far fewer calories in our daily activities than we did back then. Addressing – indeed reversing – this fundamental move towards a more inactive lifestyle is going to be a key part of any solution to the obesity issue.

SLIDE FIFTEEN

But as this slide reminds us – the key issue is that society has changed out of all recognition in the past 50 years, and so has our relationship with food and our ability to lead a healthy lifestyle.

We are living longer; there are more single person households; we work harder than ever and stay later at the office. Families are different too; the nuclear family is changing. We are more likely to have 2.4 cars than 2.4 kids.

Many consumers lack the time to cook, or don't have the skills, and have a complicated and often contradictory relationship with food.

Our society has moved from one where the problem was lack of food in the early post-war era, when we spent more than a third of our disposable income on food and drink, to one where food is readily available, with more choice and better quality than ever, and all of it costing us less in real terms than ever.

Little wonder obesity is not an issue just for the rich any more.

All of which presents many challenges – for policy makers as well as for industry.

We certainly believe that education about healthy eating and healthy lifestyles – which includes an understanding of the importance of physical activity – will be an essential part of any strategy to improve the health of the nation. And we remain keen to work with Government and others on campaigns that can be sustained over many years.

Nearer to home, FDF members are committed to being an exemplar for promoting healthy living within their workforces. And one of the pledges in our Food and Health Manifesto centred on workplace wellbeing.

SLIDE SIXTEEN

Most of our leading members now have in place workplace schemes that promote healthier lifestyles. And we are keen to encourage more of our members – particularly smaller firms – to develop their own activities. We are also a key partner in a major initiative unveiled a couple of weeks ago by Business in the Community to make workplace wellbeing a boardroom issue for all industries.

By the way, we have published a booklet describing what our members have done to date and outlining the key lessons learnt. And I am happy to send copies of that to any of you who may be interested.

Now, for those of you who think this initiative doesn't sound terribly exciting, consider the size of our industry. We directly

employ 500,000 people – and some schemes enjoy employee take up rates of up to 50% - so you can see how big and how positive an impact these sorts of activities can have on a sizeable part of the manufacturing workforce. And their families.

The importance of healthy workforces has been recognized by policy makers here in the British Isles and, more recently, by the European Commission in its new strategy for dealing with the health issues caused by poor nutrition and lifestyles.

SLIDE SEVENTEEN

The Commission's strategy paper was extremely pragmatic and we supported the approach taken. It talked about the importance of encouraging physical activity, as well as the positive role to be played by industry working in partnership with others to find solutions to tackle the complex issues at the heart of the obesity debate. It also talked about the need for citizens to take more responsibility for their lifestyles – and those of their children – and about the importance of having well-informed consumers who are better placed to make rational decisions.

In launching the strategy, EU Health Commissioner Markos Kyprianou noted that the rise of obesity across the Continent makes improving the diets and physical activity levels of Europeans a top public health priority. He also challenged industry on a number of fronts.

But as I have hopefully highlighted today, the industry here in the UK is leading the way when it comes to reformulation, extending consumer choice and improving the nutrition information we carry on our packs.

As a responsible industry we are taking action and we want to be right at the heart of developing new ideas for tackling what remains a complex, yet hugely important issue for us all.

SLIDE EIGHTEEN

Thank you.