Press release

New research shows unstable health policy deterring investment from UK's biggest food brands

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- New research from FDF and Argon & Co sets out the challenges faced by businesses investing in healthier food and drink, revealing the impact of the UK's 'unusually cost-heavy market'
- Over two thirds (69%) of respondents say greater regulatory certainty is critical in deciding whether to embark on supporting healthier product innovation
- A similar number of respondents have had healthier products fail to reach the launch stage (69%), delisted by retailers (69%), or had lower consumer sales than expected (63%)
- FDF is calling on government to ensure that regulation is stable for five to ten years, to enable businesses to invest against it – starting by pausing

plans to change the model underpinning advertising regulations (NPM) – to enable further investment in healthier products

A new report has revealed the biggest barriers holding back investment in healthier food and drink innovation in the UK, highlighting concerns over the UK's 'unusually cost-heavy market'.

The research, carried out by business management consultancy, Argon & Co, and the Food and Drink Federation (FDF) found that greater regulatory certainty would help drive further investment in new, healthier products amongst the UK's food makers. Over two thirds (69%) of respondents said that greater regulatory certainty would support their ability for further healthier product innovation projects.

Every manufacturer interviewed highlighted the disconnect between government's erratic policy cycles and the long-term planning they need to make multi-year investment decisions. This includes divergence in regulation across the UK's nations and concerns over shifting benchmarks. For example, government is currently consulting on changing the model underpinning advertising and promotion restrictions (the Nutrient Profiling Model), just months after the latest set of regulations came in.

The cost of reformulation goes beyond the recipe

The research also reveals the scale and complexity of the investment required to make a product healthier. Large businesses revealed that the cost of reformulation can cost up to £5m per project[1]. Many of these costs go beyond the direct costs of ingredients and testing, covering skilled staff time, marketing, and production downtime. One business shared that simply changing packaging to reflect a healthier recipe change could cost up to £500,000 due to packaging and artwork write-offs.

However, even with multi-million-pound investments, manufacturers are not guaranteed a return. Over two thirds (69%) have had a reformulated product either not reach launch stage, due to feedback from consumers, or taken off shelves by retailers after launch. A similar number (63%) have had lower sales than expected, making the product less commercially viable.

Driving further progress

As a result, and due to these 'unusually cost-heavy' conditions, some food and drink manufacturers are diverting investment in product innovation away from the UK to other markets. FDF is urging the government to stop frequent changes in regulation to ensure that businesses' plans to invest in healthier products are matched by a supportive and enabling regulatory environment. This must start with pausing plans to change the Nutrient Profile Model, which has already caused businesses to pause new investment plans, to restore business confidence to make major investment commitments in healthier product innovation.

FDF and its members are urging government to commit to regulation remaining stable for five to ten years. This is necessary to ensure sufficient stability and confidence for businesses to invest against them. Government should also support industry with a collaborative public health campaign, to help nudge people towards healthier choices, ensuring investment made in developing these options doesn't go to waste.

Karen Betts, Chief Executive, The Food and Drink Federation (FDF), said:

"You only have to look around a supermarket to see the food and drink industry's commitment to offering healthier options to UK shoppers. This is in spite of the fact that, as with any cutting-edge innovation, many of the new products that companies trial don't actually succeed.

"But industry's commitment is being undermined by government proposals to change regulations that have only just come into force. Companies need regulation to stay in place for at least five years if they are going to invest in new products to meet it. And it's not just the pace of change that's the problem, these latest proposals take little account of what's actually possible in practice. So instead of driving more healthier products onto the market, government will actually drive companies away from making what are risky, multi-year investments. That's bad for consumers, bad for our diets, bad for British business and bad for the economy.

"Government and industry agree that we need to support consumers in making healthier choices and in tackling obesity. Rather than moving the goalposts, undermining business confidence and good faith investments by businesses, government should instead work with us to make real-world progress."

James Watson, Partner and Head of UK manufacturing, Argon & Co, said:

"We were delighted to collaborate with the FDF and its members on this topic – the passion from members really came through in the discussions. There's no shortage of desire to produce healthier food, but the risks and costs of reformulation coming on top of a few very challenging years is pushing suppliers to the brink, particularly for the smaller businesses. If pushed too far suppliers will simply stop investing in these products, undoing a lot of the good work in recent years.

"Instead, a more holistic review of the system should be undertaken, which should include consumer education and setting up positive incentives for suppliers."

Ambition for health-driven innovation is proven

The research demonstrates that there's real ambition from industry to support healthier diets, pre-dating government regulation. Nearly two thirds of businesses (63%) complete at least six healthier product innovation projects every year, from developing new products, to changing recipes to make them healthier.

While 81% of respondents have reformulated products and half (50%) have increased innovation in response to regulation. Manufacturers are also investing in healthier products in response to consumer preferences and health trends, their own health commitments, and retailer expectations. As a result of this investment, FDF member products now contain 18% less salt, 19% less sugar and 17% fewer calories than in 2021.

FDF also recently revealed that five food and drink manufacturers have committed to reporting on healthier food sales from next year, in order to evaluate regulation and guide future policy. FDF is calling for government to bring forward its proposals to make reporting of healthier food sales mandatory across the whole food system to provide a consistent, transparent way of tracking progress towards healthier diets.

Notes to Editors

Read the Operational realities of healthier product innovation report.

1. 10 businesses in total were able to quantify the costs of reformulation projects in 2025.

About FDF

The Food and Drink Federation (FDF) gives a voice to the food and drink manufacturing industry – the UK's largest manufacturing sector. We contribute over £42bn to the country's economy, supporting half a million jobs and driving growth at home and abroad. For more information on the FDF and the industry we represent, visit www.fdf.org.uk.

For further enquires please contact the FDF Press Office or contact 020 7420 7140.

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FDF press office

020 7420 7140

Contact by email