The following document details the outcomes of Food & Drink Federation Scotland’s reporting project on ‘Reformulation for Health’.

Subsequently, a second phase of the reporting project was undertaken to gather insights and opinions on future reformulation schemes in order to understand what kind of support businesses wished to access.

Primary research took place via a blend of online surveys, phone interviews and one-to-one interviews with businesses.

INSIGHTS HAVE BEEN GROUPED UNDER A NUMBER OF KEY HEADINGS INCLUDING:

- Key drivers for reformulation participants
- Key barriers for reformulation participants
- Case Studies
The research groups were split into two strands and comprised 20 firms from across Scotland:

**Group A: Businesses who participated in Reformulation for Health between 2011 – 2015**
- 14 businesses were involved in the research group
- Businesses included Bayne’s Bakery, MacSweens, Stag Bakeries, Yeungs and Dalesman Group

**Group B: Businesses who had not participated in Reformulation for Health between 2011 – 2015**
- 6 businesses were involved in the research group
- Businesses included Gregg’s, Mackie’s, Mackay’s, Stoats, Irving’s Bakery and Bradford Bakers
Findings at a Glance

- Scottish food & drink business most receptive to Reformulation for Health were bakery and meat businesses; especially small, often family-run firms who were aware of potential consumer demand but don’t have access to the required skillset in-house.

- A number of firms highlighted their reliance on third parties to supply ingredients, pre-mixes and inclusions. Firms noted that the formulation of these, often key, ingredients was out with their control.

- 75% of the businesses who took part in the research project currently have a product reformulated for health active in the market.

- Businesses that dropped out of Reformulation for Health or didn’t take the project forward, cited a lack of consumer demand as the main barrier.

- The support being free to access was an essential incentive for participating businesses and particularly welcomed by smaller, family firms who did not have new product development expertise in-house.

- Businesses named ‘lowering calories’ and ‘sugar tax’ as primary reasons to reformulate. This was not based on direct feedback and requests from customers, however. Instead, respondents cited the news and an awareness of changes to government legislation as triggers for reformulating.

- A number of firms did not bring product to market as it was ‘impossible’ to recreate the quality and flavour of their products using healthier alternatives. Businesses understood the benefit of reformulating for health but did not wish to risk damaging sales or driving away custom.
Recommendations at a Glance

The following details key recommendations for future Reformulation for Health schemes:

Format
• Free to access
• Delivered via consultants on-premises with businesses
• Scheme includes access to bespoke market insights & consumer trends data from sources such as Kantar and IRI
• Works to a set deadline, to ensure all projects are delivered within the funding window
• Where possible, programme takes place outside of busy peaks e.g Christmas

Focus
• Flexible and holistic, businesses may be unsure which ingredients can be reformulated in their products specifically. Programme should be presented broadly as 'reformulation for health' before businesses are channelled into key areas such as salt, sugar and fat.
• Use ‘mainstream’ triggers to drive interest, such as Public Health England’s 2024 guidelines for calorie reduction*
• Reformulation must be led by consumer demand. Businesses are encouraged to engage with consumers to understand appetite for reformulation by discussing dietary preferences

Engagement & Follow-up
• Signposting to funding needs to be wide ranging and, where possible, direct-to-business to drive sign-ups
• Access to a network of consultants – including technologists – that help businesses successfully bring products to market
• Regular post-programme check-ins to access the success of the project & provide follow-up support if required
Key Drivers
Key Drivers

Businesses who participated in the reformulation project were most likely to do so:

- To futureproof an existing product in line with consumer trends & market insights
- To respond to consumer demand: B2C & B2B

Businesses cited the following as areas of concern for their business, that they sought to address through reformulation:

- Products containing too much sugar
- Products containing too many calories
- Products containing too much salt

Businesses were rarely driven to reformulate from ‘direct’ customer feedback e.g over the counter requests for products with less calories. Instead, businesses highlighted news outlets and trade magazines as barometers of consumer opinion and market trends that prompted them to consider reformulating.

Participating in the project was less focused on granular business factors – such as improving margins. Instead the key driver was linked to changing consumer ‘need states’ and market shifts overall.

Businesses were more likely to engage with the programme when support was delivered free of charge. Access to market insights and consumer data was also cited as a reason to engage.
Key Drivers: Case Study
Case Study: Bayne’s Bakery

Bayne’s took part in the original Reformulation for Health project in 2011. As part of the project, the calorie content of the bakery’s chocolate éclair was decreased in an effort to increase sales.

Staff identified the quality and calorie content of the éclair as at odds with consumer trends for lower-calorie snacking.

Corinne Dalaudie – Product Development Manager – explained that access to consumer insights and bespoke, free-to-access support were key drivers for participating in the scheme:

“As a bakery business known for creating tasty cakes and sweet treats, it’s important to find a balance between health and product satisfaction. People don’t eat cakes for health reasons!”

“That said, the Bayne’s team had become increasingly conscious of the consumer trend towards calorie tracking. Working with the chocolate éclair gave us a good baseline to work with; helping us to understand if reformulating would work for our business.

“As a small team working on a tight budget, we have limited access to market insights which can often be very costly to buy. Having access to data and up-to-date information on consumer trends – tailored to our business needs - was the main driver for participating in the scheme.

“The chocolate éclair is still in circulation. Moving forward, we would be interested in revisiting the formulation of our savoury products, including meat pies. We would be most likely to look at calorie content again, rather than a specific ingredient such as salt or fat.”
Key Barriers
Businesses who participated in the Reformulation for Health programme cited the following barriers to success:

- Lack of time to focus on product
- Lack of buy-in from other team members / board
- Lack of budget

A number of businesses that did engage with the scheme highlighted reformulation barriers created by using ingredients and mix-ins from third parties e.g. ready-to-cook pie shells; the formulation of which was out of the firms’ control.

Larger firms – such as Greggs – conduct all reformulation and new product development in-house; making them less receptive to programmes that sit outside of their organisation.

Not all reformulated product made it to market. Some 25% of respondents cited their Reformulation for Health project as unsuccessful. The main reasons for this included:

- The reformulated product was rejected by customer shortly after entering the market
- The required ingredient changes negatively impacted the quality of the product
- Not commercially viable / no consumer demand

Respondents highlighted that ‘taste’ is the most important factor for their customers. Some products were not viable for reformulation – particularly those in bakery and jarred goods, such as jam – as this required replacing primary ingredients with alternatives that did not mimic the original flavour, consistency or texture.
Key Barriers: Case Studies
Case Study: MacSween

MacSween is a third-generation food business, famous for their haggis and black pudding products.

MacSween took part in Reformulation for Health in 2014 and did not complete the programme due to “time constraints and the funding window closing before a solution was reached.”

While haggis is a nutritious food stuff, Managing Director James MacSween was keen to turn ‘reds into ambers, and ambers into greens’ on the firm’s world famous haggis products.

Saturated fats and salt were both scrutinised as part of the process; however a viable solution could not be reached in the time available. For example, MacSween currently use salt as a perseverative which creates optimal shelf life. Removing salt would have required Macsween to invest a substantial sum in new manufacturing equipment which was not viable at the time.

James would welcome the opportunity to participate in future reformulation projects; citing access to data as an incentive:

“It can cost anything between £10K - £15K to access market data and consumer insights from Kantar. This is a huge investment for a firm of our size. When meeting with buyers from supermarkets, we increasingly find they expect us to have access to this kind of data; even more so when we are validating new product development.

“We’re anticipating Public Health England’s 2024 recommendations on calorie reduction to drive further awareness of this among consumers and we would certainly be open to exploring this.”
Focus on Future Reformulation
Case Studies
Case Study: Irving’s Bakery

Founded in 1988, Irving’s Homestyle Bakery are based in Castle Douglas, Scotland. Some of the recipes have been handed down through several generations of the family; resulting in a traditional, home-baked flavour.

Irving’s Bakers did not take part in the Reformulation for Health project between 2011–2015, but responded to say they would be interested in taking part in future reformulation projects.

Managing Director, Keith Irving, explained why the firm would be interested in participating in the scheme:

“Our recipes are all traditional, old recipes and – until recently – we have not had the need to look at the reformulation of recipes.”

“We are increasingly aware of changing times, particularly regarding key ingredients like sugar. While we are a traditional, family business, we do see the importance in keeping up with the times and a small team like ours would benefit from outside expertise and support.”
Case Study: **Mackay’s**

Mackays is the UK’s biggest producer of marmalade; famous for their ‘Dundee Marmalade’. Currently exporting to 92 countries worldwide, the Arbroath-based family firm produces 20 million+ jars of jams, chutneys, marmalades and curds each year.

Mackays explored participating in Reformulation for Health but did not take the project forward.

At the time, Mackays Factory Manager, Kaye Neve, met with programme co-ordinator, Chris Peace, to explore opportunities to look at sugar reduction in the firm’s jams and marmalades.

Upon speaking to retailers, however, Mackays felt there was little demand for a reduced sugar product and decided to pause the project for the time being:

“Jam is jam – removing a core ingredient like sugar presents a real challenge, but something we were keen to explore.”

“While retailers weren’t interested at the time, we certainly feel there’s more mileage in revisiting a reduced sugar option; particularly our jams and chutneys.”

“We are currently exploring new product development in-house and would welcome additional support and guidance on this. Having a consultant dip in and out of the project would be our preferred way of working; as would having access to insights whitepapers and trend reports relevant to our sector.”
Research Group A
Survey Results
**Question 1.** What categories did the reformulated product(s) relate to:

- **50%** Bakery and Confectionary
- **21.43%** Meat
- **21.43%** Dry goods
- **7.14%** Canned and jarred goods
**Question 2.** What was the main reason your business participated in the reformulation for health project?

- **30.77%**
  To future-proof an existing product(s) in line with consumer trends & market insights
- **30.77%**
  Responding to customer demand – consumer
- **23.08%**
  Responding to customer demand – business
- **7.69%**
  To improve margins for an existing product(s) in the domestic (UK) market
- **7.69%**
  To facilitate new product development overall
**Question 3.** During the reformulation for health project, which element of the support was most useful?

- **69.23%**
  Businesses found that the free support from industry experts and consultants was the most useful element of the reformulation project.

- **15.38%**
  Businesses thought the element of support which was the most useful was the access to market insights & up-to-date consumer behaviour data.

- **7.69%**
  Businesses liked that it encouraged strategic thinking within their business.

- **7.69%**
  Businesses answered that they were unsure.
Question 4. During the reformulation for health project, what was the most challenging aspect for your business?

- **41.67%**
  Nearly half of the participants answered to say they were “unsure” about the most challenging aspect

- **16.67%**
  of the participants admitted they had a “lack of time to focus on project”

- **16.67%**
  of the participants said that there was a “lack of buy-in from other team members and / or board”

- **16.67%**
  answered to say there was a “lack of budget”

One respondent answered “other” and stated; “We ran out of time before the funding dried up.”
**Question 5.** Was the reformulation for health project successful e.g. is the product now in market?

- 75% answered yes; including Baynes Bakery, Stag Bakeries, Yeungs and Dalesman Group
- 25% answered no; including Macsween
**Question 6.** What has the main benefit of the reformulation for health project been?

Only 9 out of 14 survey participants responded to this question.

- **44.44%** answered that the main benefit of the reformulation for health project has been “Improved new product development and/or reformulation strategy”
- **22.22%** of respondents answered “Decrease in volume of ingredients”
- **22.22%** of respondents answered “Improved perception of business”
- **11.11%** answered it “Helped secure and/or future-proof existing market position”
Survey Results

**Question 7.** What was the main reason the reformulation for health project was unsuccessful?

Only 3 out of the 14 survey participants responded to this question.

**One answered;** It was “rejected by customers”

**One answered;** “Required recipe / ingredient changes negatively impacted the quality of the product”

And one responded to say that “they didn’t finish the project”

*Recommendation for survey; The survey maybe had too many questions, and many respondents answers depreciated throughout. This feedback and insight was used when producing the second survey about a future reformulation which only has 5 questions.*
Survey Results

**Question 8.** Would you be interested in receiving funding or technical support from future reformulation service?

- **66.67%** answered yes to being interested in a future reformulation project.
- **25%** answered that they were unsure whether they would take part in a future reformulation service.
- **1 respondent** answered ‘Other’ – and stated “We have unfortunately ceased trading since the programme.” (Chalmers Bakery in Aberdeenshire, a great advocate from the 2011-2015 reformulation project).
Question 9. What would you like to see from a future reformulation project?

Popular responses include:

- Healthy options in bakery and savoury pie categories
- Market benefits
- Cost effective help with sugar reduction in existing dessert products
- Expert advice & guidance
- A focus on the changing consumer demands in the bakery sector, with particular regard to ‘on-the-go’ snacking products and the move towards low sugar products.
**Question 10.** How did you hear about the original reformulation project?

- **45.45%** of participants were directly contacted by the scheme.
- The remainder of the survey participants;
  - **18.18%** were contacted through a business advisor.
  - **29.09%** could not remember how they were contacted or answered ‘other’.
  - **9.09%** were contacted through a related organisation.
Research Group B
Survey Results
Question 1. What category does your business fall under?

- 50% of businesses were bakery and confectionary companies
- 16.67% were meat businesses
- 16.67% were dairy businesses
- 16.67% answered 'Other – oat bars'
Question 2. What would be the main reasons your business would choose to take part in a future reformulation project?

For this question, the business was given multiple reasons to choose from; the most frequently selected reasons were:

“To Respond to customer demand – Consumer & B2B”

“To target a new market (e.g. other diets, vegan, vegetarian, gluten-free etc).”

“Increase sales”

“To future-proof an existing product(s) in line with consumer trends and market insights”

“To align with government dietary guidance & legislation”
80% of respondents said they would be interested taking part in a reformulation project; citing ‘consumer demand’ as the main driver.

The profile of businesses most likely to participate was smaller, typically family-owned firms, who do not have in-house reformulation expertise or budget available to conduct this work independently.

Bigger businesses – such as Greggs – have their own reformulation teams and conduct this work in-house; which is why they were not receptive to a third party programme.

Smaller businesses once again cited a reliance on third party ingredients suppliers, meaning they often don’t have control over the formulation of pre-mix.