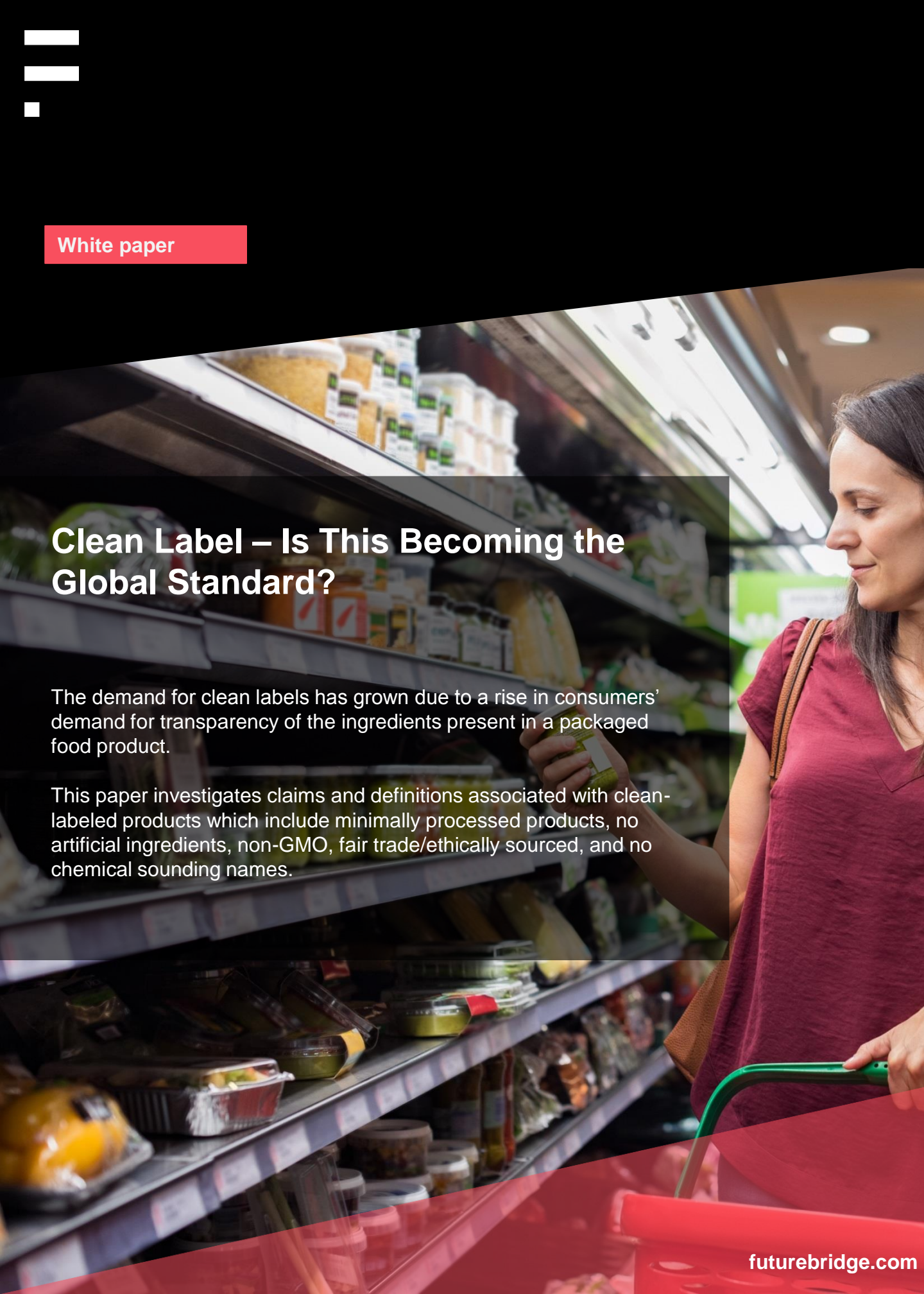




White paper



## Clean Label – Is This Becoming the Global Standard?

The demand for clean labels has grown due to a rise in consumers' demand for transparency of the ingredients present in a packaged food product.

This paper investigates claims and definitions associated with clean-labeled products which include minimally processed products, no artificial ingredients, non-GMO, fair trade/ethically sourced, and no chemical sounding names.

## Introduction

The term, “Clean label” is generally used in reference to foods that are minimally processed, free from synthetic additives such as artificial flavors, colors and any allergens.

Although there is no officially recognized definition for the term “clean label”, transparency and natural ingredients seem to be its key.

The growing consumers’ demand for foods processed from natural ingredients has led established players such as Tate & Lyle, ADM, Beechnut and Cargill to venture into clean labels space.

Diverse food chains have also committed to refining their products with simpler labels. For instance, McDonalds removed preservatives from its chicken nuggets, whereas, Pizza Hut and Taco Bells took out artificial colors and flavors from their products. Other strategies deployed by players to bring about clean labelling include free-from labels, making use of

natural and less varieties of ingredients in the production of food. For consumers, it has become essential to identify the ingredients with its source to develop brand trust. Moreover, if the ingredients are claimed to be naturally sourced, it gives additional attributes to the product.

- The so called “catchy label claims” such as “Non GMO”, “All natural” and “minimally processed” lack a legal definition.
- It all gets down to the consumer’s perception about these claims.
- These perceptions trickle down and influence the ingredient-based decisions of companies. As a result, players have started publishing a “No No List” also known as an “Unacceptable Ingredients List”.

## What Are the Current Market Demands?

Consumer awareness is the origin point for the market demand of clean labelling. The market of clean label is yet to gain a significant place in the industry mainly due to its insignificant awareness among consumers. Labels that declare products to be organic and natural are most widely utilized in this segment. However, such claims are actually just broad terms with narrow meanings. What the industry needs to understand is that the core objective of this clean label trend is to market healthier products. Besides the health perception, a number of influential factors also relevant in the clean label market are: intrinsic and extrinsic properties of product, price of the product and socio-cultural factors. Furthermore, several technical challenges come forward when products are reformulated to take out particular ingredients. These include sustaining the functionality of natural ingredients, preserving the taste of the products, maintaining shelf life, cost issues etc.

Consumer's preference for clean-labelled products is different from that of the natural or organic products. Consumers have positive opinions about clean-labelled products attributed to the health benefits. They are willing to pay more for "free from additives" labelled products as well as products made from familiar ingredients.

"Products with labels claiming gluten-free, soy-free or dairy-free etc. (specific to allergens) bring more awareness for consumers to select products based on the health benefits".

## What Is the Industry's Approach to Meet the Market Demands?

According to a previously conducted research by Ingredion, a country like UK is exceptionally mature when it comes to this trend. In such markets, there is an expectation for the products launched to be tagged with a clean label. Countries such as Poland and Russia are still yet to differentiate between clean labelled and regular products.

DuPont Nutrition and Health has expanded the R&D project team and also created a "clean label hub" in Denmark. The team places its focus on enhancing its project pipeline for healthy nutrition as well as offering clean label texturant. The hub will be of help to customers by proactively navigating clean label trends.

Campbell Soup, Kellogg and Nestle have started with the removal of artificial ingredients from their products. Chefs at some restaurants and companies are making use of more locally grown and versatile ingredients in their dishes.

"Clean label is about producing foods and beverages with ingredients that consumers are familiar with, they feel comfortable putting into their bodies and ingredients that respect the Earth and its resources"

Gerard Lynch

## What Are the Challenges?

Developing a clean-labelled product is not an easy initiative. The reason for this is that, consumers not only want a healthier and simplified version of product labels, but they also do not want to compromise on its taste. A number of technical challenges arise when products are reformulated to get rid of particular ingredients. These challenges include maintaining functionality of natural ingredients, preserving the taste of the products, conserving the shelf life, cost issues etc.

Product safety with clean-labelled pack is sometimes questionable. A product made from clean sounding ingredients may not necessarily deliver the promised health benefits. For instance replacing inorganic nitrates with celery powder may make a product seem clean and safer, but celery powder contains a significant amount of naturally occurring nitrates, thus it avoids the disclosure on the label and could be

problematic for someone allergic to nitrates. In “no-no” components trend, the replacement or reduction of fat, sugar, and salt could have potential negative impacts on product formulation, since these ingredients have hard-to-replace functionality in food processing and provide wholesomeness to products.

So far, an official definition for clean labelling does not exist, factors that will determine consumer preference for clean label products cannot be clear. There is no common understanding about this, and each consumer's preference is different, like some want their food containing all natural ingredients, some others demand that there should be no code names (Example- E numbers), some also request for no artificial ingredients, and the list is endless if we start listing each and every aspects of consumer demand.

## What Is the Role of Consumer Awareness About the Clean Label?

Although the concept of clean label is well received in today's food marketing platform by manufacturers and consumers, most of the consumers have vague ideas about the term. The definition and consumer understanding of clean label is inconsistent over different regions. The general understanding of clean label is the same as nothing artificial and more natural as well as other health claims such as organic or toxin-free.

Consumer wants transparency in terms of list of ingredients which have been put together to bring about the food products. Additives are usually represented on the label with E-

Numbers. Examples of these additives are: food coloring, preservatives, thickening agents, stabilizers, emulsifiers etc. E-numbers are used for representing both natural and artificial additives. But still, it is regarded as unsafe by consumers because the name/source is unknown to them so they rather avoid it. E-Numbers are used in most processed food products, which is an indication that artificial additives are present. This is a challenge for the processed food industry because even when natural additives are put to use, consumer thinks it's unsafe because of the use of coding.

## What Is the Driving Force For the Clean Label Trend?

Ingredient names, especially consumer familiarity and acceptance of these names, play a central role in the clean-label landscape.

Reduced consumer trust in unfamiliar ingredients on labels, as well as an increased awareness on health claims play a part in the success of this trend.

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## Who Are the Key Players?

Some companies are working on the analysis of ingredients and including multipurpose ingredients. US Foods has introduced clean label across four of its brands. The company has introduced an Unpronounceable lists including more than 80 ingredients that will be avoided in its exclusive brands. Ingredion included more than 25 clean label NOVATION functional native starches.

The key market players are General Mills, Kellogg Co., Kraft Foods Group, Nestlé S.A., PepsiCo, and Unilever; retailers ranging from ALDI and Kroger Co. to Safeway, Walmart, and Whole Foods Market; and foodservice providers include Chipotle Mexican Grill, Dunkin' Donuts, McDonald's USA, and Subway.

Panera breads announced that they would not be using any artificial preservatives, sweeteners,

flavors or color in its bakery café's by the end of 2016. Later they will be doing same for its grocery store related products.

Flavorchem, which is an ingredient manufacturing company, has come up with guidelines related to clean labelling. These guidelines are based on what leading food service providers have identified so far as basic standards. Flavorchem guidelines basically emphasize on; no artificial ingredients or synthetic chemicals, Prop 65 free, Caramel color free, USDA organic certified, non GMO project verified, among others. There are other players also who are keeping their list of ingredients transparent to consumers.



## What Are the Regulatory Requirements In This Domain?

The claims should not be misleading. Claims such as healthy and wholesome are riskiest to be on a label.

Use of terms such as “artisan”, “clean,” “earth friendly”, “local”, “pure” and “simple” could be risky.

Labelling statements should be narrowly tailored to accurately reflect the product and ingredients and its processing steps.

- According to FDA “Any ingredient added with the intent to color a food, even if the ingredient itself is natural, is an “artificial color” and may have to be labelled as such (21 CFR 101.22(k))”
  - According to rule 21 CFR 101.95 a “fresh” claim suggests or implies that “the food is unprocessed, means that the food is in its raw state, and has not been frozen or subjected to any form of thermal processing or any other form of preservation.”
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