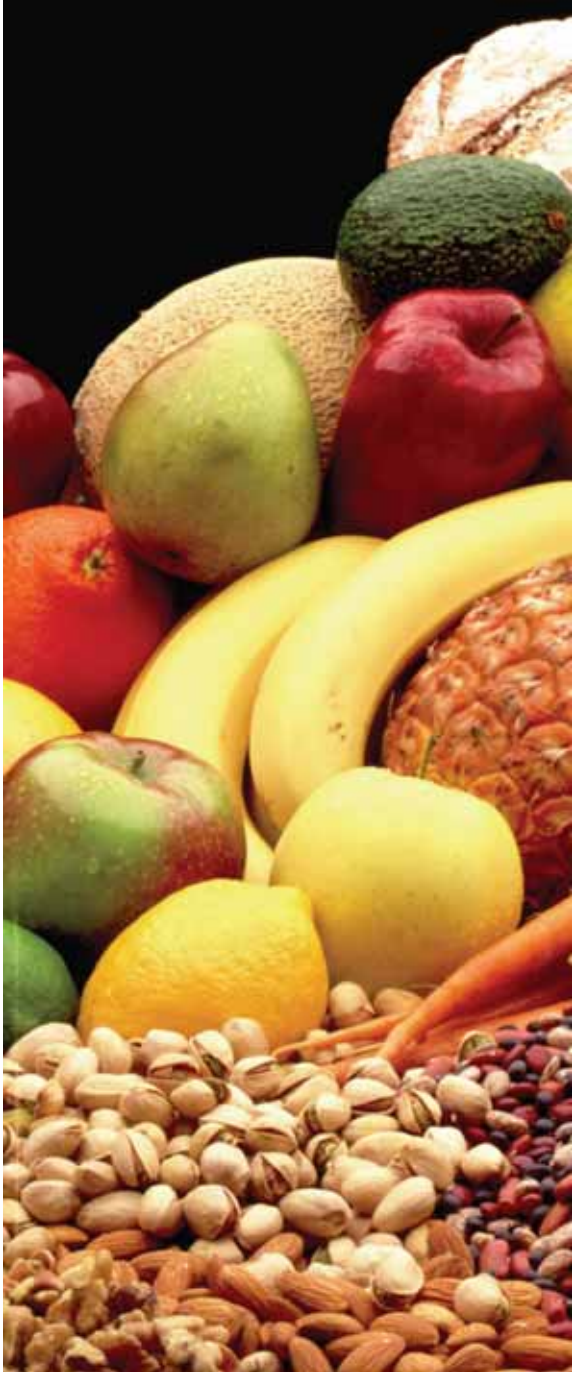

BY CAROL T. CULHANE

Juggling Act

Keeping up with government mandated health priorities

Differentiate your product and advertise is the well-known key to continued success in a mature, saturated and highly fragmented market. To the food industry, differentiate reads as formulate. Commonly, a distinct nutrition platform is achieved through formulae that optimize health-promoting ingredients and drive out health-challenging components.

In recent months, regulatory agencies in Canada and other countries have made strident moves into the forum of better-for-you food formulations. Playing a dual role of nutrition judge and product designer, the intent is to serve the public they govern by making the food supply not only healthier, but also more relevant to national health goals and better aligned with modern eating patterns. Regulatory interventions of mention include a multifaceted campaign to reduce the sodium content of processed food in the U.K., legislated trans fat declaration in Canada and the U.S., and more currently, Health Canada's proposed policy on the *Addition of Vitamins and Minerals to Foods.*

Several of these initiatives call for fundamental changes to food composition and pose significant challenges to and opportunities for the food industry. What was once a distinguishing formula may become a legislated standard, thereby rendering a brand's former marketplace position obsolete. Alternative strategies will be required to maintain a unique and distinctive selling proposition.

Currently, Canadian food manufacturers have several regulatory initiatives to handle. The deadline for mandatory nutrition labelling is six months away; the parliamentary task force on trans fat will deliver two separate directives on industrial trans fat content in June and November, respectively, of this year; revised guidelines for the regulation of

genetically-modified food will soon be released; and, a comprehensive and extensive policy on food fortification has been proposed by Health Canada.

Frequently, industry stakeholders are interested in the liberties, but oblivious to the limitations, of foreign regulatory regimes. The dynamics of the global marketplace and the need to supplement domestic demand with export revenue, requires at the minimum a cursory awareness of regulatory reform in other jurisdictions. Knowledge of foreign regulatory amendments can serve as a harbinger of domestic change, providing a heads-up perspective that results in cost-effective and timely re-formulation as well as first-to-market advantages. Case in point is Denmark's restriction on total trans fat, from both natural and industrial sources, to no more than two per cent of total fat content in a processed food. This foreign regulation was referenced as a benchmark when trans fat legislation was proposed in the House of Commons in November 2004.

In 2003, the U.K. Food Standards Agency (FSA) took intervening steps to reduce the salt intake of the U.K. population. Processed food, the source of an estimated 75 per cent of salt intake, became the primary target, making food re-formulation a major strategy in achieving the desired goal. A more than one-third reduction, in which adults reduce daily salt intake to 6 g per day, from the current level of 9.5 g per day, is hoped to be achieved by year 2010.

Calls for reduced sodium content in the diet were heard as long ago as the United States Department of Agriculture (USDA) Dietary Guidelines of the '70s. The worldwide search for suitable sodium replacements began then. Salt plays several important roles in food formulations – moisture retention, shelf-life extension, taste and texture. To date, replace-

ments have come up short on these fronts. What is new and different in the U.K. of today, is the thrust of the FSA intervention, and its multifaceted communication program targeted at manufacturers and consumers alike. Heinz Ltd. reduced the salt content of their iconic Heinz Baked Beans by 20 per cent between 1999 and 2003, and a further 20 per cent reduction is underway. Since nutrient information is expressed in terms of sodium, yet the U.K. government goals are communicated in terms of salt, some U.K. manufacturers have voluntarily included the salt equivalent within the Nutrition Information panel, allowing consumers to more easily heed the U.K. government advice.

In the U.S., the newly released *2005 USDA Dietary Guidelines* restricts sodium intake to less than 2.3 g sodium (about 7 g salt) per day. The Centre for Science in the Public Interest (CSPI), a very powerful and vocal consumer advocacy group, with a charter in Canada, has praised the new USDA Guidelines. The CSPI, who calls the new *Dietary Guidelines* the most health-oriented ever, advises "government regulatory agencies to take such actions as limiting the salt content of processed foods," among other actions.

Over the past several decades, a number of Canadian manufacturers have voluntarily reduced the salt content of their brands, particularly market leaders such as Campbell's Soup Ltd. In light of the FSA and USDA salt-reduction initiatives, and with Health Canada's new *Guidelines to Healthy Eating* pending, Canadian manufacturers may consider a review of the sodium content of food formulations while complying with mandatory nutrition labeling requirements, or, while undertaking reductions in saturated fat and trans fat content.

Food Fortification

The alternative method to optimum nutrition is the addition of particular substances. Canadian manufacturers have long desired the freedom to liberally fortify processed food with added vitamins and minerals, as is the practice south of the border. In the U.S., there is neither discretionary nor mandatory fortification, resulting in processed foods fortified with varying levels of a wide range of vitamins and minerals, sometimes as much as 100 per cent of the Required Daily Allowance of a particular nutrient.

In contrast, Health Canada has always pursued a "scientific" approach to food fortification. This involves the analysis of food composition and consumption data to identify nutrient deficiencies in the Canadian diet. Legislation identifies the particular minerals and vitamins that may be added at pre-determined levels to specific food carriers, so as to remedy the

pertinent nutrient inadequacy in the food supply.

The U.S.'s proximity, size, major trading partner status and its liberal fortification policy have brought Canada's scientific approach into question by manufacturers who have, in addition to seeking explanations, demanded equal room to operate as that enjoyed by their American counterparts. In March of this year, Health Canada released what will be the final version of a seven-year review of the *Addition of Vitamins and Minerals to Foods*. The immediate question of some Canadian executives of multinational (mostly American) companies was if the proposed policy would allow the direct importation into Canada of the liberally fortified products sold by their American counterparts in the U.S. Without reading the report, one could correctly answer no, as that would suggest the renunciation of Canada's scientific approach in favour of the U.S. market-driven, manufacturer-lead system.

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Health Canada has developed a concept of "discretionary fortification" described as the "optional addition of any nutrient from a defined list of vitamins and minerals within defined ranges at the discretion of manufacturers." The food industry is afforded room to differentiate on the basis of fortification while the agency remains true to its scientific principles of "protecting Canadians from excessive nutrient intakes by controlling the limits and parameters on discretionary vitamin and mineral additions to foods." The scientific evaluation consisted of statistical modeling of Canadian food consumption and eating patterns of the 21st century, combined with an analysis of several scenarios derived from fortification at various levels. The result is a matrix of fortification options, and the proposed reform of outdated regulations, some of which have stagnated for more than 25 years.

It is proposed that all foods may be fortified except for i) standardized and staple foods, such as bread, flour, milk and butter, for example (these foods are reportedly so pervasive in the food supply that if fortified with discretion, there is no safe level of addition for many nutrients); ii) alcoholic beverages; iii) fresh produce, meats, meat products, eggs, fresh brewed coffee and tea (instant coffee is seemingly open for fortification); and, iv) special purpose foods, such as nutritional supplements and meal replacements.

The vitamins and minerals which may be added are grouped into three categories of increased risk and corresponding decreased amounts: i) Risk Category A, in which present plus supplemented content represents up to 20 per cent of the Daily Value for that nutrient. Examples are vitamins B6, B12 and C; ii) Risk Category B, in which present plus supplemented content represents up to 10 per cent of the Daily Value for that nutrient. Examples include calcium, magnesium and vitamin D; and iii) Risk Category C which was excluded from discretionary fortification for safety reasons. An example is the mineral iron.

Nutritional Supplements

The most impressive work is dedicated to nutritional supplements and meal replacements, commonly marketed as "bars" – nutrition, sports, weight reduction, etc. The policy acknowledges the current consumption patterns of these specialized though popular foods and in doing so, proposes changes to the regulations from one of reflecting myth to revealing reality.

Where the original intent of nutritional supplements (circa 1978) was to consume one per day to complement an inadequate diet, the proposed policy acknowledges the current practice of consuming multiple servings per day. As for meal replacements, with a caloric content of 225 kcal each, the original regulations were designed for weight reduction purposes to provide for four servings per day, a daily total of 900 kcal, and fortification to that level of caloric intake. In actual practice, some Canadians consume as many as eight meal replacements per day, resulting in not only a daily intake of 1,800 kcal, but in some cases as much as 400 per cent of the Recommended Nutrient Intake for a particular nutrient, from the meal replacements alone.

Nutritional supplements will undergo a complete regulatory make-over. Regulated compositional requirements will be matched to age-specific and gender-specific products. This is a drastic change from the general two years or over category in practice today. The proposal calls for differing minimum and maximum levels of several vitamins, minerals and specific fats depending on the population segment to which the nutritional supplement is targeted such as men, women, toddlers, children and seniors.

Health Canada's discretionary fortification provides a wide scope for analysis, research and option generation that will maximize marketplace opportunities within the stated freedoms and limitations. Re-alignment of regulations with buyer behaviour cannot help but lay a foundation for marketplace success, upon which brand position and differentiation will stem from food composition to some degree. However, optimum management of the other elements of the marketing mix will be critical, such as price, convenience, packaging, accessibility and the perpetual kingpin, taste.

Health Canada is the first jurisdiction to propose a broad-sweeping, science-based food fortification framework that sets boundaries on one hand, and allows manufacturers to pick and choose on the other, with an additional matrix of age and gender specifications. It remains to be seen if health agencies in other jurisdictions will adopt similar regimes. When and if they do, Canadian manufacturers will be ideally prepared to penetrate export markets, equipped with experience, knowledge and skills acquired in the domestic sector.

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