

Alcimed

Press release

The Clean Label movement: how is the food industry trying to adapt to new consumer demands?

Alcimed, a consulting company specializing in innovation and the development of new markets, has embarked on the exploration and analysis of a new underlying trend in industrial foods, driven by consumer choice: simplicity and naturalness.

Lyon, May 3, 2017 – Since consumers became aware of the highly processed and "chemical" aspect of industrial foods, initiatives to develop more natural products have emerged. The demand for simpler products now goes beyond the origin of ingredients (natural or not) and also focuses on providing more clarity on the role of each ingredient. It is from these new expectations that the "Clean Label movement" was born, based not only on the naturalness of the products but also on shortened lists of ingredients, recognizable by all and represented on new labelling strategies. In short, consumers seek products with a simpler composition.

Clean Label methods

Even if rendering a product "Clean Label" is essentially based on the choice of ingredients and the manufacturing process, called the "product" aspects, the manufacturer must also ensure that the product looks "Clean Label" in the eyes of the consumer with the "labelling" aspect.

In 2013, Great Britain was the country with the highest number of products labelled "additive-free", accounting for 35% of new products.

The different "product" strategies are now common and well known: elimination of additives, shortened ingredient lists, "organic" labels. Labelling strategies are often more subtle. They include less chemical ingredient names, natural labels, more explanatory labels, less loaded packaging, transparent containers to visualize the product, or, in the spirit of the times, "smarts labels": connected labels giving access to a whole range of information via smartphones and tablets. Finally, it should be noted that "product" strategies have become widely popular, particularly in Western countries, which are more advanced in the Clean Label trend. Labelling strategies are seen as key differentiating assets.

Who is currently in the Clean Label game?

The Clean Label movement was, in its early days, the preserve of "small industrialists", enjoying their flexible manufacturing processes, their proximity to customers, or their product ranges often dedicated to niche markets. But if this advance is still true today, thanks in particular to a more positive image of small, more artisanal food companies, the trend may be extending to the major brands in the agri-food sector. Industry leaders in the market, with their investment capacity, their mastery of social networks, and their large-scale communication campaigns, have also started to play the Clean Label game, trying to make up for the time lost. However, their advantages remain offset by the difficulty of reformulation processes (how to redesign the composition of a product without impacting its texture, taste, color or price?)

In addition to manufacturers, other players such as ingredient suppliers, who are increasingly focused on the natural ingredients market and often position themselves as strategic partners in Clean Label initiatives, are also benefiting from the Clean Label movement.

Clean Label market figures (Euromonitor)

Sales of Clean Label products in supermarkets in 2015 were estimated at US\$165 billion, accounting for 9% of total sales in the sector.

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Finally, there are the retail chains, which, thanks to their proximity to their consumers, were the first to react to these new requirements by displaying the list of banned ingredients in their products.

Barriers for the Clean Label

The first barrier for Clean Labels is the **absence of a standard reference**. The Clean Label can fit every consumer's idea of a simple and natural product. Although some characteristics are more prominent, such as short ingredient lists, natural ingredients or clearer labels, the Clean Label can also include notions of fair trade, organic products, dietetics or any other idea that can be equated with a simple and natural product. This subjective dimension surrounding the concept of "simple" or "non-chemical" products can also lead to some surprising consequences. For example, ingredients starting with the letter "X" have a poor image, even when they are completely natural, as in the case of Xanthan gum.

45% of consumers have never heard of the Clean Label trend.

32% of consumers who have heard of the Clean Label do not know exactly what it is. After all, the Clean Label has no official definition.

The lack of a clear definition of the Clean Label movement is directly linked to the **regulatory void** that surrounds it and its relative novelty.

On the other hand, the Clean Label market must face the **contradictions that sometimes arise between consumer requirements and industrial feasibility**. After all, providing simpler, natural, local food, without additives, while keeping the same properties, safety and price, is often a real headache for manufacturers.

Initially a niche market dedicated to consumers looking for simpler products, the Clean Label market has expanded to most product categories and already seems to have become the new standard in some countries such as the United Kingdom. It remains to be seen how the blurring around the Clean Label will dissipate in the coming years, and how manufacturers plan to innovate, communicate and perhaps establish a label to use on their products.

ABOUT ALCIMED – www.alcimed.com

Founded in 1993, ALCIMED is an innovation and new business consulting firm specialized in life sciences (healthcare, biotech, agri-food), chemicals, energy as well as in aeronautics, space, defense and public policy. Today ALCIMED works with major industrial groups, ETIs and SMEs, investment funds and institutional players. ALCIMED relies on a team of 180 highly-skilled individuals to help its clients in the exploration and development of their uncharted territories: New Technologies, Market Innovation, High-Growth Geographies, and Strategic Foresight. ALCIMED is headquartered in Paris and has offices in Lyon and Toulouse in France, as well as in Germany, Belgium, Switzerland, the United-States and Singapore.

Alcimed is a member of CroissancePlus and the ACI (Association des Conseils en Innovation).

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