
FOOD PROCESSING

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54TH ANNUAL R&D SURVEY

R&D Priorities for This Year:
Remove Sugar, Replace Colors

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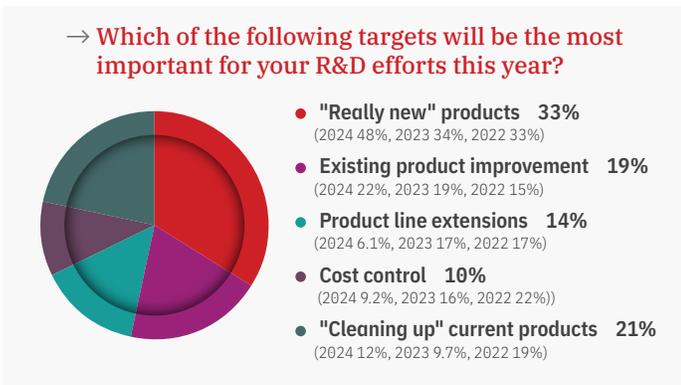
With those two exceptions, this looks like a normal year of progress for product development professionals. But there’s an undercurrent of frustration and pressure to offset ingredient costs.

BY DAVE FUSARO, EDITOR IN CHIEF

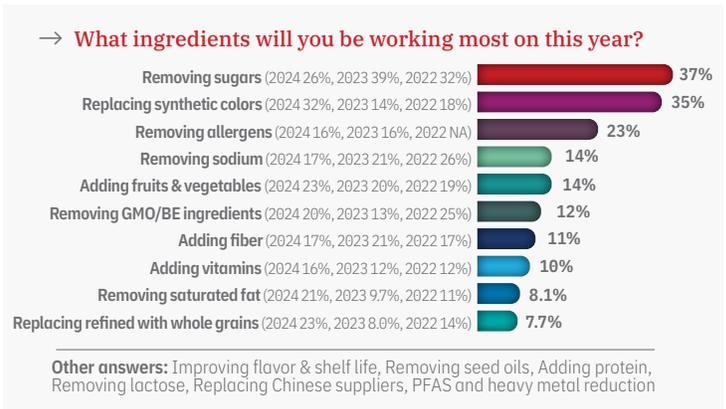
From the looks of our 54th annual R&D survey, everything’s hunky-dory in the product development side of the food & beverage industry. R&D budgets are sufficiently funded, ingredient prices have returned to normal price increases and most product developers are “swinging for the fences,” developing truly novel products.

This is our 54th annual R&D Survey (we’ve been doing this a loooooong time). The survey was online from mid-February through mid-May. There were 223 responses primarily from product developers at companies of all sizes and in all categories of the food & beverage industry.

Not everybody agrees, however. Nearly half of the 223 respondents to our survey are tasked this year with less-than-glamorous things: cleaning up current products (21%), safely extending product lines (14%) or working on cost control (10%).



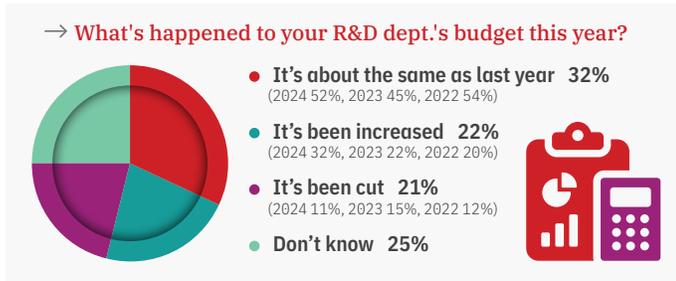
Removing sugar (37%) and replacing synthetic colors (35%) were the top ingredients getting attention this year, both for the wrong reasons, and just over half (53%) of respondents are looking to replace the color additives being discussed for bans.



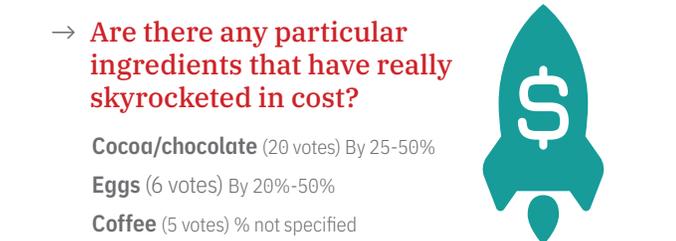
About those colorants, perhaps the most hotly debated product development issue this year: “I saw this coming a mile away and always advocated to not use things that were already banned in EU,” wrote one respondent. “Actually, glad to see it,” wrote another about the replacements underway now at companies such as General Mills, Kraft Heinz, Nestle USA and Conagra.

While R&D budgets funded “about the same as last year” remained the top answer, as it seemingly has forever, this year’s 32% vote was the smallest plurality in at least

11 years – most years it hovers between 40% and 50%. Most of the missing responses deflected to the “It’s been cut” answer, up 10 points from last year. The only time the “cut” answer has been this high was 2021 (22%); most years it’s been in the mid- to low teens. “It’s been increased” may have dropped 10 percentage points but last year’s number (32%) was unusually high.



Cocoa, eggs and coffee are the ingredients whose prices shot up the most in the past year, at least for the 72 respondents who took the time to specify the commodities they’re wrestling with. Several mentioned palm oil.



Keep in mind this survey was taken from mid-February through mid-May, so some of those ingredient prices have abated since then and the effect of Trump’s tariffs was uncertain for most of the survey period.

“Bought more stock before the tariffs were in place,” wrote one product developer. Several said they were looking for U.S. sources of formerly imported ingredients.

COST CONTROL ON THE MIND

Despite it not scoring highly in our opening question on top priorities, cost control came up often, especially in write-in embellishments to some questions.



The biggest cohort – 46% – said ingredient costs have risen 5-25% in the past year; 35% said they’re up 26-50%

and 6.8% said they increased more than 50%. 12% said ingredients are costing about the same as in previous years. One lone vote – which doesn’t even account for a half-percent – said “believe it or not, they’ve gone down for us.”

Several respondents said they were reformulating to reduce costs: “Reformulated items, leading to ‘cost-neutral’ end state for company and customers.” Others mentioned a conscious effort to develop co-products as a way to offset input costs. One said she was “developing conventional formulas in place of what would have been organic.”

Other ways of mitigating rising costs:

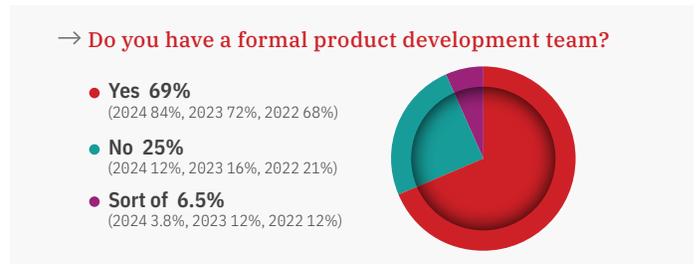
- “Looking to move away from palm oil; as for cocoa, looking to use flavors and reduce the percentage of cocoa used in a formula,” wrote a woman at a bakery.
- “Emphasizing fudge flavors that use less or no chocolate,” wrote another.
- “We keep shrinking the pack sizes to be able to deliver value, and at some point consumers are going to get annoyed with that strategy,” wrote a product developer at one of the biggest U.S. food processors.

Worry about what consumers currently think of the food & beverage industry showed up in several ways, from the obvious worries about passing along cost increases to musings on ultraprocessed foods and questionable ingredients to general transparency.

Just over half – dare we say “only” 53% – are worried about reformulating without the ingredients being banned by some states or talked about at the federal level – ingredients such as the six petroleum-based colors, as well as (we specifically named) titanium dioxide, brominated vegetable oil, potassium bromate and propylparaben.

PRODUCT DEVELOPMENT IS A TEAM SPORT

Keeping in mind we get responses from companies of all sizes, 69% said they have a formal product development team – that’s 15 points lower than last year but not an historical anomaly. Not surprisingly, R&D has the highest influence on setting company product development goals, the case at 79% of respondents, although marketing is not far behind at 64%.



→ How involved are the following titles/departments in setting your product development goals?

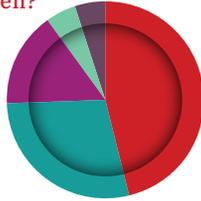
	Very involved	Somewhat involved	Not involved
CEO/President/CFO	49%	37%	14%
General management	55%	37%	7.9%
R&D	79%	17%	4.1%
Marketing & sales	64%	31%	5.4%
Manufacturing/Plant ops	47%	41%	12%

It's worth noting that in about half of the responses, management and plant operations members are "very involved" in setting product development goals. Among write-in answers, a handful mentioned quality assurance/quality control being involved.

For those who have teams, 39% said the group meets weekly or more often -- that's 12 points lower than last year and historically low. 24% said they talk a couple times a month.

→ Do you have formal product development team meetings? If so, how often?

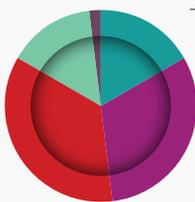
- **Yes, weekly or more often 39%** (2024 51%, 2023 40%, 2022 32%)
- **A couple times a month 24%** (2024 26%, 2023 22%, 2022 22%)
- **Monthly 13%** (2024 15%, 2023 14%, 2022 19%)
- **Less than monthly 4.2%** (2024 2.9%, 2023 9.0%, 2022 10%)
- **Most of our meetings are virtual 4.2%** (2024 1.0%, 2023 1.4%, 2022 12%)



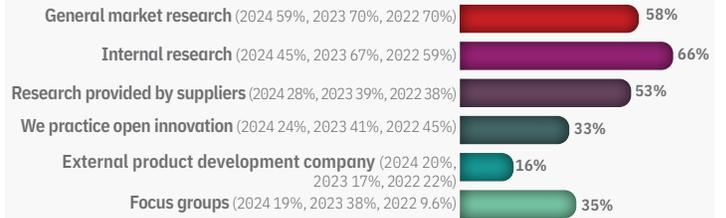
It's difficult to draw any conclusions about how long it takes to launch a new product. 18% said they can get a new product out in three months (that's a historical high); 34%, the highest vote-getter, said six months; "nearly a year" dropped 12 points from 2024 but 13-23 months increased 11 points.

→ How long does it usually take to get your products from concept to shelf?

- **3 months 18%** (2024 13%, 2023 6.8%, 2022 13%)
- **6 months 34%** (2024 33%, 2023 28%, 2022 40%)
- **Nearly a year 30%** (2024 42%, 2023 37%, 2022 33%)
- **13-23 months 16%** (2024 4.8%, 2023 19%, 2022 10%)
- **24 months or more 1.8%** (2024 6.7%, 2023 9.5%, 2022 3.8%)



→ Which elements does your company use to identify new product ideas?



Most product ideas from this year's group come from internal research (66%) -- general market research (58%) traditionally has gotten the highest response. Research provided by suppliers surged this year, to 53%; it's traditionally garnered 20-40% of the vote. After being halved last year from our 2023 survey, focus groups jumped back up this year, to 35%.

In a final open-ended question, several mentioned trying to come to grips with what makes a product ultraprocessed. Several said they were working on ways to lessen the "processing," primarily by avoiding ostracized ingredients. Other concerns written in:

- Impact of tariffs
- Sugar reduction
- Finding experienced R&D staff
- A handful mentioned removing seed oils; one specifically moved to beef tallow

We'll give the final word to this product developer:

"We're increasing transparency in labeling so consumers can make informed choices about what they put in their bodies. I hope companies are listening to informed consumers. There is increasing awareness that many foods contain harmful ingredients that contribute to chronic diseases. Consumers are looking for truly natural, whole-food-based products without artificial additives, seed oils or excess sugars. I encourage brands to consider feedback from health-conscious buyers when developing new products." Amen.

→ Have you done anything on the product development side to cut costs?

- Evaluated formula modifications to control cost
- Negotiated pricing and volumes, looked for alternate ingredients
- Reduced the butter fat on our ice cream mix and gone from hole nuts to chopped nuts
- Moving away from palm oil
- As for cocoa, looking to use flavors and reduce % of cocoa used in a formula
- Bought more stock before the tariffs were in place
- Finding U.S. suppliers
- Added byproduct fiber to reduce cost of main product
- Develop conventional formulas in place of what would have been organic
- Adding starches, water, TVP vs. other proteins
- Looking at other platforms of ingredients (ex: dry vs wet stock)
- We keep shrinking the pack sizes to deliver value (at some point consumers are going to get annoyed with that strategy)
- Found a cocoa butter substitute
- Using flavor enhancers when possible

→ List any other important issues or trends your R&D team will be focusing on this year.

- Impact of tariffs
- Sugar reduction
- Finding experienced R&D staff
- Replacing synthetic colors
- Cleaner label
- Getting more value out of co-products
- Cutting or replacing ingredients
- GLP-1
- Use of ingredients from USA to avoid tariff impact
- Heat activated flavor release
- Ultraprocessed foods
- Streamlining process development
- Eliminating harmful additives, seed oils, and ultra-processed ingredients that contribute to long-term health issues
- Lower added sugar
- Health claims
- Limited release batches