

Enabling consumers to make better choices

How fast-moving consumer goods companies in Switzerland offer better alternatives helping customers make better consumption choices in their everyday lives

Noncommunicable diseases such as cancer, cardiovascular diseases, chronic respiratory diseases and diabetes present one of the most serious health challenges in advanced economies. This paper explores how fast-moving consumer goods companies (FMCGs) in Switzerland can contribute to better alternatives for a better tomorrow for consumers.







Take-aways	4
Introduction Noncommunicable diseases (NCDs), their prevalence, their risk factors and development in Switzerland	5
How do consumers make choices? What human decision-making processes mean for NCD risk factors	8
What are FMCG companies doing to enable better choices? Initiatives launched by Swiss FMCGs to provide more, and better, alternatives to their customers	9
How can the government and the private sector shift consumer demand to better alternatives? The main levers that can influence demand through consumers' perceptions and product accessibility	15
What's next? Major trends expected in the FMCG sector to meet emerging consumer demand for better alternatives	20
References	22
Contacts	24

Take-aways



Noncommunicable diseases (NCDs) are one of the most serious health challenges in advanced economies, and several NCDs behavioral risk factors appear to be increasing



The government and private businesses can **positively affect consumer** purchasing behavior in a number of ways to promote the purchase of healthier and less harmful alternatives



From multi-billion dollar multinationals to local start-ups, **Swiss fast-moving**consumer goods companies (FMCGs) have launched initiatives to
develop better alternative products, enabling consumers to make better lifestyle
choices



A coordinated, multi-stakeholder, cross-sectoral response, involving the government and innovation leaders from FMCG and other industries, can help to move consumer demand towards better alternative products



The **FMCG sector will continue evolving** to meet consumer demand for better alternatives, supported by the convergence with the Life Sciences sector and trends towards prevention. **Public-private collaboration will play a key role** in shaping changes in consumer behavior

Introduction

The Swiss public has learnt – involuntarily – a lot about infectious diseases in the past year due to COVID-19. Understandably, public attention and resources have been focused on getting through the pandemic.

In the shadow of this focus on infectious diseases, however, a group of non-infectious diseases – termed noncommunicable diseases (NCDs) - has continued to put significant strain on the healthcare system. As Figure 1 shows, the main indicators of NCDs have been on the rise for a long time.

The Swiss Federal Office of Public Health (FOPH) states that around 2.2 million Swiss citizens have at least one NCD (1). This is about one in four of the Swiss population. The impact of these diseases can hardly be overstated, with the FOPH estimating that 80 percent of Swiss healthcare costs are due to NCDs (2). This is equivalent to CHF 64 billion or 9 percent of Swiss GDP in 2018 [A](3). In addition, there is the loss of human life. NCDs are the leading cause of death in our society, with cancer, diabetes, cardiovascular and chronic respiratory diseases accounting for over 50 percent of premature mortality cases (before the age of 70) in men and over 60 percent in women in Switzerland (1)[A].

Looking at this situation, one cannot help but wonder: What causes this burden on quality of life and healthcare costs, and have all options been explored to reduce NCDs?

What are NCDs?

Noncommunicable diseases (NCDs) are those that are not passed from person to person. Typically, they are of a long duration, have a slow progression, and are systemic in nature.

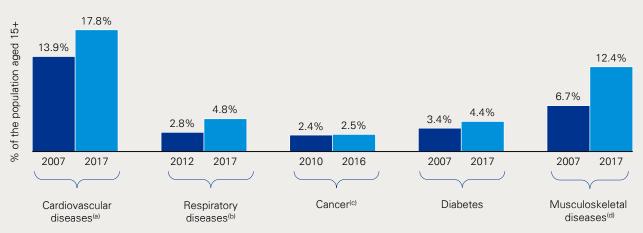
According to the FOPH, the five most common NCDs are cardiovascular diseases, chronic respiratory diseases, cancer, diabetes and musculoskeletal disorders. With a healthy lifestyle, more than half of the diseases could be prevented, or at least delayed (1).



The prevalence of these diseases increases with age. The rising average age and the growing number of elderly people therefore means the problem will become even more acute in the future (1).

According to the World Economic Forum and the Harvard School of Public Health, NCDs are one of the leading threats to global economic growth (4).

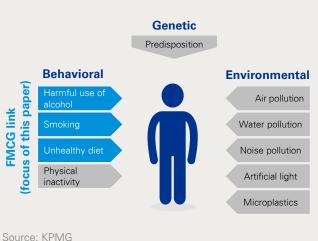




Note:

- Different survey setups (i.e. different wording and form (written vs calling)) between 2007 and 2017. A similar survey setup was a) used in 2012 as in 2007, which also showed an increase in prevalence (17.7 percent)
- b) Different survey setups (i.e. different wording and form (written vs calling)) between 2012 and 2017
- Ten-year prevalence for all cancer types (excl. non-melanoma skin cancer); all ages; The prevalence of 11 cantons was extrapolated to Switzerland by NICER.
- Includes arthrosis, arthritis and osteoporosis. Different survey setups (i.e. different wording and form (written vs calling)) between 2007 and 2017. A similar survey setup was used in 2012 as in 2007, which also showed an increase in prevalence (7.3 percent)

Figure 2: Risk factors of NCDs (non-exhaustive)



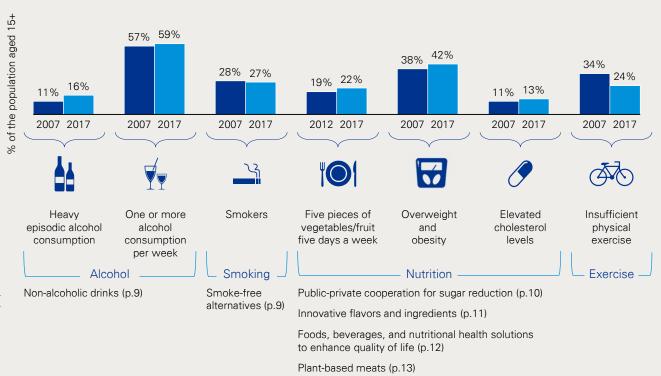
Some of these factors clearly lie outside an individual's control. A genetic predisposition to develop an NCD could be inborn, for example.

Environmental factors tend to be difficult to mitigate on an individual level too. A resident of New Delhi or Beijing may try to control indoor air pollution by installing air filters, and protect themselves when going out by wearing masks against fine particles, for instance – but the risk factor is difficult to fully mitigate unless they move location.

In the field of behavioral risk factors, however, individuals do have a choice that can make a real difference in preventing and reducing the burden of NCDs. According to the FOPH, there are four modifiable (therefore preventable) lifestyle risk factors: (1) excessive alcohol consumption, (2) smoking, (3) an unbalanced diet, and (4) a lack of exercise (1). These factors can cause physiological changes over time that may lead to NCDs, such as rises in blood pressure, blood glucose, obesity levels and cholesterol.

From 2008 to 2016, the Swiss government established several prevention programs to reduce NCD risk factors, including an alcohol prevention program, tobacco prevention program, and a nutrition and exercise program. In 2016, the government introduced a new strategy to address NCDs (see page 7 for more detail) and their risk factors. However, when looking at the development of NCD risk factors in Switzerland, there appear to have been two distinct developments (see Figure 3) (1).

Figure 3: Development of NCD risk factors in Switzerland [B]



Over the past few years, more people engaged in sufficient physical activity and improved their diet, consuming five portions of fruits/vegetables five times a week. However, there were increases in overweight and obesity, heavy episodic consumption of alcohol and elevated cholesterol levels, and smoking prevalence is flat. Although there have been some positive developments, it seems that there is further potential for Swiss consumers to make better choices and live healthier lives. The question is, how do consumers make these choices? Are there any ways to encourage consumers further to make better decisions?

National Strategy for the Prevention of Noncommunicable Diseases

The Swiss government recognizes the importance of NCDs and has published the National Strategy for the Prevention of Noncommunicable Diseases. Covering 2017 to 2024, this strategy was passed by the Federal Council in April 2016.

Its action plan, which details some of the planned measures, was developed jointly by the Federal Office of Public Health (FOPH), the Swiss Conference of the Cantonal Ministers of Public Health (GDK) and the Swiss Foundation for Health Promotion (GFCH).

Implementation of the strategy is coordinated with the National Strategy on Addiction, as there are many links between addictions and NCDs.

Most of the actions outlined concern the Swiss federation, the cantons, or the GFCH. However, there is only one measure that builds on cooperation with the private sector: measure 3.4, under which various offices of the federal government are involved in:

- Continuing the ongoing initiative of "actionsanté", which contains (among other initiatives) the Milan Declaration (Federal Food Safety and Veterinary Office, FSVO);
- Supporting voluntary contributions by the private sector in the areas of nutrition (FSVO) and physical activity (FOPH);
- Supporting the introduction of the Nutri-Score on a voluntary basis (FSVO);
- Conducting a public health campaign to increase the consumption of fruits and vegetables (FSVO).

Initiatives that focus on the prevention of risk factors do not specifically call for private sector cooperation and are generally initiated by the cantons.

In terms of overall coordination, the FOPH plays a key facilitating role by organizing regular stakeholder conferences and exchanges between actors at a cantonal and federal level (5)(6).



How do consumers make choices?

There is more to it than we may think

Human decision-making is a science in itself, and this paper can only scratch its surface. Suffice to say that human decision-making is not exclusively rational. While we all have the capacity for what Daniel Kahneman refers to as 'slow thinking' (i.e. the rational, conscious and analytical decision-making, controlled by the prefrontal cortex of our brain), many of our everyday decisions are made in a process of 'fast thinking' (i.e. intuitive, unconscious, and driven by the more ancient parts of the human brain). Besides the fact that rational decision making may not always benefit long-term wellbeing (because individuals do not have all the information needed to make a decision, for instance), it is in the process of fast thinking where humans have been shown to make frequent errors of judgment such as disregarding potentially unfavorable consequences of their actions (7). This underscores the importance that if public and private actors are to change consumer behavior, both slow thinking and fast thinking decision-making processes need to be considered.

Nudging consumers into better decisions

One way to address these shortcomings is to force better choices through legislative measures, for example by banning certain undesirable behaviors or making certain desirable behaviors compulsory. Regardless of how effective these measures may be, they are difficult to reconcile with the principle of free choice, which plays an important role in a liberal country such as Switzerland. An alternative, and probably more desirable approach, involves incentivizing consumers and giving them information to enable them to make better choices (8)(9). This would target the slow thinking part of the brain. Another less intrusive approach would be to 'nudge' consumers towards better choices. In an influential 2012 book, Richard Thaler and Cass Sunstein argued that in areas where such systematic misjudgments occur, people can and should be nudged into making better decisions for their lives. Rather than prohibiting potentially damaging choices, they argue for a smarter choice architecture influencing people's choices for the better by presenting their choices in a different light (10).

People's everyday choices regarding drinking, smoking, diet and exercise are one category where they could be aided in making better choices. According to Thaler and Sunstein, these choices fall into the domain of 'benefits now, costs later', in which people tend to choose actions that offer immediate rewards with little regard for future consequences.

"Self-control issues are most likely to arise when choices and their consequences are separated in time. At one extreme are what might be called investment goods, such as exercise (...) and dieting. (...) At the other extreme are what might be called sinful goods: smoking, alcohol and jumbo chocolate doughnuts (...). Both investment goods and sinful goods are prime candidates for nudges."

Richard Thaler and Cass Sunstein, 2012 (10)

This paper explores two major pathways which support the shift in consumer demand towards consuming healthier and less harmful products in order to mitigate the respective behavioral NCD risk factors: (1) Consumers' perceptions of products, and (2) consumers' access to products. This is simplified in the following equation:







Change in consumer perception



accessibility to products

Source: KPMG

Change in consumer perception speaks to how consumers consciously and unconsciously think about a product. This can be influenced by providing information through marketing or awareness campaigns, for example. It is also connected to the consumer's acceptance of a product through the importance of the sensorial experience (e.g. taste, feel, smell) or ritual, for instance.

The other pathway - change in accessibility to products should be interpreted broadly. It covers access to products through the distribution of products or by expanding the product range to include better alternatives. This pathway also considers affordability and pricing as relevant levers to influence access to products.

Through these pathways, the private and public sector have a pivotal role in shaping future consumer demand.

Despite existing investments and incentives, there is further potential for Swiss FMCGs to develop healthier and less harmful products for consumers and for the state to encourage such development by providing the right framework that addresses the industry's needs and specifics.



What are FMCG companies doing to enable better choices?



In Switzerland, FMCG companies have launched several initiatives which – directly or indirectly – have the potential to help address the NCD challenges. These include developing and offering healthier and less harmful alternatives, called 'better alternatives' in this paper. Such alternatives are new or improved products that give the consumer a sense that they are similar to an established product. Yet compared to the original product, some harmful ingredients or effects are reduced or substituted by healthier elements.

It is not only about providing healthier and less harmful alternatives from a product formulation point of view. Companies must also take into account the entire consumer experience, such as the sensorial experience and certain rituals that go with consuming the established product.

Here is a look at some of the better alternatives and initiatives:

Alcohol Al

Non-alcoholic drinks: In autumn 2020, two entrepreneurs - Christof Tremp and Janick Planzer launched REBELS 0.0%, a company focused on producing alcohol-free gin, rum and aperitif. They had an initial modest goal of raising CHF 20,000 to produce the first 3,000 bottles (11).

Little did they know that within 11 hours of launching their crowdfunding campaign, they would be fully financed, eventually raising three times the original target (11). Their first batch of products was released to the market in the first half of 2021. The duo was motivated by shifts in consumer demand and by a perceived lack of alternatives to alcohol:

"The idea came up when I realised that it's always that last gin and tonic that one regrets the next morning, or that one drinks alcohol all too often due to a lack of interesting alternatives (...) Our society is still dominated by alcohol-driven drinking rituals. We want to celebrate all those free-spirited rebels out there that proudly break drinking norms together with us"

Christof Tremp, founder and CEO of REBELS 0.0% 2020-present, 2020 (11)

'After over a decade behind the bar (...) I became aware that our society is starting to become more aware and conscious of our daily foodstuffs, in particular my own generation and the next one. (...) And as a brand manager in the spirits industry and as the owner of a bar, I could see the increasing health awareness of consumers (...)".

Janick Planzer, co-founder of REBELS 0.0%, 2020present, 2020 (11)

During the conversation with us, one of the co-founders emphasized that they do not intend to be a missionary about reducing alcohol consumption: "It's really about providing consumers with a better alternative choice".

REBELS 0.0% is not the only Swiss beverage company in search for better alternatives. Existing large Swiss breweries are also increasingly offering non-alcoholic beverages.

Feldschlösschen, a leading beer brewer in Switzerland, increased the availability and promotion of its nonalcoholic beers. This strategy has contributed to their commercial success: in 2020, sales of non-alcoholic beers rose by 13% (12).

While more data is needed to understand whether alcohol-free drinks will effectively contribute to a reduction in alcohol consumption, there are increasingly better alternatives being made available to the Swiss consumer who wishes to reduce their alcohol intake.

Smoking ——

Smoke-free alternatives: Consider the example of Philip Morris International (PMI), with its operations center in Lausanne and global R&D facility in Neuchâtel: a cigarette manufacturer for many decades, whose industry has had an undeniable credibility problem. In a move that may be underappreciated by the general public, in 2016 PMI introduced its vision of 'delivering a smoke-free future' (13) whereby the company aims to replace traditional cigarettes by better alternatives as quickly as possible.

Philip Morris International (PMI) and its transformation for a 'smoke-free future'

The idea of eliminating the combustion of the tobacco in cigarettes has been around for more than two decades, but creating a product that heats the tobacco while addressing adults smokers' needs took years of research and development (R&D). Since 2008, PMI has hired over 400 scientists, engineers and technicians to work at its R&D facility on the shores of Lake Neuchâtel, and invested more than USD 8 billion into the science and R&D of non-combustible alternatives to conventional cigarettes (14).

The company has a portfolio of smoke-free products which either heat the tobacco instead of burning it (such as IQOS), or deliver nicotine without using tobacco (such as IQOS VEEV). The absence of combustion in these products allows the levels of harmful chemicals to be significantly reduced or eliminated compared to cigarette smoke.

IQOS products are available for sale in 66 markets and around 19.1 million consumers (more than 100,000 in Switzerland) have already chosen to switch from cigarettes to these alternative products. PMI's smokefree products contributed 28.0 percent of the company's net revenues in the first quarter of 2021(15).

The company's heated-tobacco product IQOS - while not risk free - generates on average 95 percent less harmful chemicals than conventional cigarettes (14). PMI ships and relies less and less on traditional cigarettes (see 'PMI and the smoke-free future'). Its former CEO already sees the end of cigarettes altogether in sight which, with the public and private sectors working together, could happen "in certain countries within reasonable time horizons - 10, 15 years" (16). In 2020, having authorized the commercialization of the product, the American Food and Drug Administration (FDA) authorized the product as a Modified Risk Tobacco Product with reduced exposure claims (17). In the words of PMI's former CEO:

"The best thing a smoker can do, of course, is to stop nicotine consumption altogether. But a billion people still smoke, so the next best thing you can do is to convince them to change their behaviour by creating products that they can switch to. That is what we are doing."

André Calantzopoulos, CEO of PMI 2013-2021 / Executive Chairman of PMI 2021-present, 2020 (16)

In Switzerland, the company introduced the tobaccoheating system IQOS in 2015⁽¹⁸⁾, and continued to shift its resources and market activities away from conventional cigarettes towards better alternatives. In 2018, in a radical change of strategy, Philip Morris Switzerland voluntarily stopped all advertising of its cigarette portfolio in newspapers, magazines, on billboards, in cinemas and at festivals across Switzerland. They also shut down their cigarette sales website and the websites of several of its high-profile cigarette brands (19).

At this stage, the mid and long-term impact of IQOS on public health is still subject to epidemiological surveillance. However, the emergence of such products can be viewed as a welcome development that gives better alternatives to millions of existing adult smokers.

The best role that the private sector can be reasonably expected to play in this context is to harness its resources and talent to develop better alternatives within a given regulatory framework. In working towards eliminating smoking and cigarettes, PMI is making major strides forward to provide better alternatives and is actively transforming the tobacco industry globally.

Nutrition **101**

Public-private cooperation for sugar reduction: In

2015, ten leading Swiss companies and Federal Councillor Alain Berset signed the Milan Declaration. The participating companies commit to reviewing the formulations of their yogurt and breakfast cereal food categories, with the goal of reducing the sugar content therein over the course of four years (20). More companies have since joined the declaration, which has been extended until 2024 (21) (22).

In this partnership, the Swiss government acts as a facilitator, organizing bilateral meetings, workshops, seminars and sharing information between organizations. In addition, the government set up joint research projects that are under the direction of the FSVO and monitor the progress of the companies involved.

By 2017, in line with the set targets, the average sugar content has been reduced by 3 percent in yogurts and 5 percent in breakfast cereals. Four further companies also agreed to sign the declaration (21). In 2019, the companies renewed the declaration until 2024, pledged to reduce sugar content in yogurts by a further 10 percent and in breakfast cereals by 15 percent, and agreed to include salt content reductions in the declaration (22).

Innovation carries risk, however. This can be seen in the product launch of one of the early participants of the Milan Declaration: Emmi. The Swiss milk processor and dairy products company drastically reduced the sugar content in one of its product lines, launching YoQua yogurts with 50 percent less sugar. Consumers did not respond as anticipated, as the recipe change was deemed too radical, resulting in disappointing sales. According to the company's CEO, it turned out that "consumers only tolerate a certain amount of sugar reduction (...)" and that by reducing sugar by 50 percent, they "went too far" (23).

We have heard this sentiment from various FMCG companies we analyzed and spoke to in the context of writing this paper. It seems that successfully changing consumer preferences towards lower-sugar foods without alienating consumers requires a patient and gradual approach, ideally executed in tandem by leading FMCG firms with the support of the public sector - such as through the Milan Declaration.

The Milan Declaration

The original Milan Declaration was signed at the Milan Expo on 4 August 2015.

The first ten companies to sign the MoU were biofamilia, Bossy Céréales, Coop, Cremo, Emmi, Migros, Molkerei Lanz, Nestlé, die Schweizerische Schälmühle E. Zwickv and Wander.

These companies agreed to review the formulations of all products in the yogurt and breakfast cereal food categories. Wherever possible and reasonable, they agreed to submit to actionsanté pledges to reduce sugar content.

In 2017, more companies joined the declaration: ALDI, Danone, Kellogg, and Lidl. The declaration has been called a success by the FSVO and its extended version is viewed as an important building block of the Swiss nutritional strategy until 2024 (21).



Innovative flavors and ingredients: Back to Western Switzerland, where two of the world's top three flavors and fragrances companies are headquartered: Firmenich and Givaudan. Well-known to FMCG insiders, these companies tend to be under the public radar, but they are critical to many of our favorite consumer products. The ingredients produced by these companies are among the most important ingredients of food, beverage, and home care products and fragrances – giving products the tastes and smells for which we love them. Firmenich and Givaudan have shown that innovation is not restricted to well-known FMCG brands. It can originate upstream in the supply chain and enable larger food companies to offer better alternatives to end consumers.

Firmenich has engaged in acquisitions and minority investments (since 2016, 11 deals, totaling more than CHF 2 billion ^(C)) to further strengthen its natural ingredient technology offering (e.g. Les Derives Resiniques et Terpeniques SA, Robertet). Moreover, the company has focused its R&D efforts heavily on areas of innovation such as sugar reduction and plant-based proteins ⁽²⁴⁾ and sees itself as a leader in this space.

"Firmenich established itself as the clear leader in sugar reduction (...) Our pioneering taste modulation technologies can naturally reduce up to 100% of added sugar, and this has enabled us to remove over one trillion calories from consumers' food and beverage products this year. (...) These are some of the key growth areas that we are pursuing and where we believe we have an edge in technology."

Diego Chantrain, Head of Investor Relations Firmenich 2020-present, 2020 (24)

During the same period, its neighbor and competitor Givaudan has made it an explicit goal to "double our business through creations that contribute to happier, healthier lives" (25). It recognizes that "consumers want less sugar, salt and fat in their foods" and pledges to "work with our customers to develop the next generation of natural ingredients" (26). Givaudan has invested heavily to expand its capabilities in the space of natural ingredients in the last few years. Since 2016, Givaudan has spent nearly CHF 2 billion to acquire or invest in more than 14 companies [CI], many of which were leaders in natural ingredient technology, such as Alderys, Naturex, and Albert Vieille.

How do these investments potentially address NCD risk factors? The first important thing to note is that the flavors and fragrances (F&F) market is highly concentrated. All key players work with most of the leading FMCG companies. This means that a successful investment in, say, sugar reduction technology by one of the F&F players can potentially positively and rapidly impact the entire FMCG space.



Note: [C] Deal numbers and values from Mergermarket. For Firmenich, deal value is only available for three out of 11 deals. For Givaudan, deal value is only available for four out of 14 deals. In other words, the deal value estimates mentioned are very conservative.

Secondly, when suppliers such as Firmenich and Givaudan integrate their recently acquired technology leaders in natural ingredients, one of the key synergy areas tends to be cross-selling of the newly acquired products through their established, global sales networks. The new technology thereby reaches customers that may not otherwise have had access to these ingredients. Simply put, these two companies from Geneva are enabling the formulation of tastier healthy products, contributing to a healthier world.

Flavors and fragrances companies

Firmenich focuses on enabling healthier alternative products. TasteGEM is Firmenich's portfolio that facilitates the formulation of tasty foods and beverages where added sugars have been minimized, boosts the perception of salt flavor in reduced sodium formulations, and improves the taste of wholegrain products⁽²⁷⁾. Firmenich and Novozymes recently announced their new, jointly developed natural sugar reduction solution TasteGEM SWL with Saphera lactase. This cutting-edge technology maintains the natural taste of products with a reduction in sugar of up to 50 percent without the use of sweeteners (28).

Givaudan has several patented ingredients in its TasteSolutions portfolio, which balance the food profiles in products with reduced salt, fat, and sugar content (29). These innovative flavors enable Givaudan customers to develop healthier and tastier products. Additionally, in the TasteSolutions portfolio, the company is developing flavor solutions that recreate an authentic meaty taste, helping to bridge the taste gap between animal and plant protein (30).

Foods, beverages, and nutritional health solutions to enhance quality of life: Western Switzerland is home of the world's largest FMCG company: Nestlé. For many years, Nestlé has been on a "systematic and broad-based transformation from a food company to one of nutrition, health and wellness" (31). In the process, it has vowed to "transform our portfolio with products that are good for you and good for the planet" (32).

This transformation has taken place on multiple fronts. Back in the early 2000s, Nestlé established multiple funds of several hundred million francs to support scientific development in nutrition, health and wellness (31). Like Firmenich and Givaudan, Nestlé has also actively used deals to accelerate its portfolio transformation: since 2016, it has bought or sold 61 businesses for a total value of more than CHF 45 billion [D]. This has included acquiring multiple businesses in the health and wellness space, such as the main brands of vitamin and supplement maker The Bountiful Company; Aimmune Therapeutics, which conducts pharmaceutical research in the field of allergies; and Vital Proteins, which produces protein food supplements.



Note: [D] According to Mergermarket. Deal values are only available for 27 out of 61 deals, making this a conservative estimate.



In parallel to financial investments in promising science and technology, Nestlé has set itself the ambition to "help 50 million children lead healthier lives" by 2030. In this context, among other initiatives, it is working on creating "tastier and healthier choices", reducing sugars, sodium and fat in its products, and adding additional vegetables, fibers and wholegrains to its products (33).

Nestle's example of reducing sugar and fat



In 2020, Nestlé launched a new formulation of its popular Asian noodles that was based on a locally grown, nutritionally superior oil that contained less saturated fat.

According to the company, this new formulation is expected to result in a reduction of around 2.000 tons of saturated fat (34).

Already in 2015, shortly before signing up to the Milan Declaration, Nestlé reduced the sugar content by 15 percent for its chocolate-flavored Nesquik powder products and 27 percent for the strawberry flavor, responding to growing public health concerns (35).

Plant-based meats: Back in the start-up world, global meat consumption is increasingly seen as an ecologically unsustainable source of proteins. Excessive meat consumption also seems to be correlated with adverse health effects and may lead to premature death (36).

This has driven the recent development of plant-based meat alternatives, especially by start-ups. Here are some examples. Initially spearheaded by entrepreneurs in California, Beyond Meat, which was founded in 2009 (and recently combined forces with PepsiCo to leverage PepsiCo's global distribution network and marketing capabilities) (37), as well as Impossible Foods, founded in 2011. The movement has caught on in other places, too: in Hong Kong, OmniPork launched a pork-meat alternative in 2018 in an attempt to reduce pork consumption in China, and in Switzerland, Planted is a meat alternative company that is on the rise.

The ETH spin-off produces plant-based chicken with a process similar to that of pasta manufacturing and using only four ingredients: pea protein, pea fiber, rapeseed oil and water.

Planted has been a success story so far: it has gone from a product idea inspired by the increase in meat alternatives in the US in 2017 to a seed financing round of CHF 7 million in 2019. The company now has more than 80 employees and sells through Switzerland's leading retail chains (38) (39) (40).

What role can plant-based meat companies play in the fight against NCDs? Generally, the hope lies in them being able to reduce the overconsumption of red meat. The answer also appears to depend on the individual product, ingredients and technology involved. Meatless beef burgers tend to score better than real-beef burgers on some aspects such as cholesterol, but worse on others such as sodium (41). Plant-based meat is, therefore, a particularly interesting space to watch – one that definitely has the resources and power of innovation to bring about consumer change, but also one that needs to be monitored to ensure it does not further aggravate the problem, e.g. in the case of meatless beef burgers, which have the potential to increase sodium consumption.

The examples discussed above provide a glimpse into what is happening in selected parts of the Swiss FMCG landscape. What do they have in common?

At first glance, one might be tempted to think 'not much'. We have examined alcohol-free products, smoke-free tobacco products, and different players in the food and beverage value chain. The companies vary in size from multi-billion-dollar multinationals to local start-ups. Some have transformed decades-old business models, while others have created a new business with innovative products. The common factor is that they are all developing better alternative products with limited or no public sector contribution, to provide consumers the opportunity to access a more diverse range of healthier and less harmful goods.

Cumulatively, these better alternatives positively impact lifestyle factors – or have the potential to do so – helping to prevent or delay NCDs. An additional element reinforcing this development has been a change in consumer behavior and demand. This is demonstrated in the following quote from Nestlé:

"Consumers are increasingly making informed decisions about the foods and beverages they consume and their nutritional value. Taste, however, remains the main deciding factor when people choose what to eat. We aim to make a meaningful impact on people's diets and offer healthier versions of existing products that still retain the taste consumers expect"

Creating Shared Value Report, Nestlé, 2019 (33)

Tellingly, even the only example that involved some form of government coordination and target setting (the Milan Declaration), was paced gradually and in accordance with the speed that consumer tastes allowed for a change in formulations.

In other words, these firms not only created better alternative choices out of a sense of public health but also at a juncture where they had the capability and technology to develop better alternatives, and when consumers were ready to accept the new product. They realized that it was in their interest to commercialize such innovative products, thus creating value for consumers, society in general, and ultimately for shareholders. Mostly without stimulus from the public sector.

While many voices would wish for radical changes in product recipes, and even call for the prohibition of certain goods, it can be misleading to think that consumers will switch overnight to better alternatives once exposed to them. YoQua is one example. In a competitive market, companies can only go as far as current consumer demand, societal trends and regulation allow them to go. Companies that pressed ahead too fast too soon encountered the challenges of commercial reality that Thaler and Sunstein describe as follows:

"Markets provide strong incentives for firms to cater to the demands of consumers, and firms will compete to meet those demands, whether or not those demands represent the wisest choices."

Richard Thaler and Cass Sunstein, 2012 (10)

This is an important observation because it puts the question of consumer demand center stage. It shows that no matter how remarkable the resources and capabilities of the private and public sectors are, it will always be constrained by the nature of consumer demand, the willingness and capacity to change, and the speed of change in consumer demand.

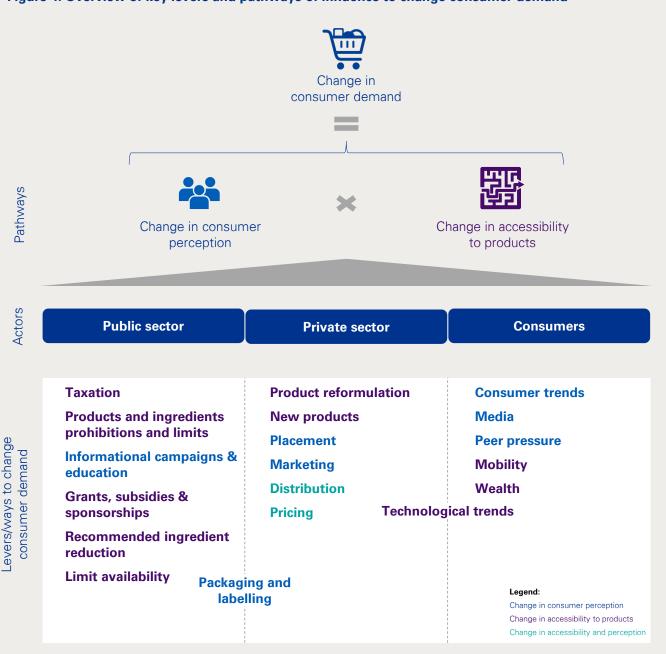
Consumer choices – and therefore, demand – can be nudged to a certain extent to result in a better, healthier equilibrium for all. How can private and government actors achieve this?

How can the government and the private sector shift consumer demand to better alternatives?

It takes two to tango

We believe in a coordinated, multi-stakeholder, cross-sectoral response that involves both the government and innovation leaders from the private FMCG space. Ultimately, the private and public sector can help consumers make better choices by nudging and incentivizing them towards better alternatives. The public and private sectors have specific levers at their disposal that can impact the factors influencing consumer demand, and can consequently shape it. These levers, which are displayed in Figure 4, can be most effective when applied in a coordinated manner.

Figure 4: Overview of key levers and pathways of influence to change consumer demand [E]



Source: KPMG

Note: [E] Non-exhaustive

The private sector has several levers by which it can incentivize and nudge consumers towards better alternatives. Since it does not have to negotiate with as many stakeholders as the public sector, the private sector can enforce levers reasonably quickly, and at scale. Thanks to their considerable footprint, FMCG companies can make a difference nationally, regionally or globally. When they develop new, innovative health and nutrition products, they are in a distinctive position to bring these better alternatives to consumers worldwide.

Private sector measures to influence consumer perception and product accessibility

Description

The private sector has a unique understanding of its customers and its core products, as well as the resources and innovative capability to develop new or reformulate existing products to enable consumers to choose from healthier and less harmful products.

Lever



New products and product reformulation

Example

Since the 1990's, Barry Callebaut has been working on reformulation projects for chocolates to provide customers with "options of having the sugar in their chocolate products gradually, partially or fully replaced" and "offer the possibility to adopt a healthy and tasty lifestyle" (42)(43)

Pricing decisions made by FMCG companies can affect product accessibility. Comparable or lower pricing for better alternatives can have a particularly significant effect.



Nestlé has products that are designed to address the most common micronutrient deficiencies among emerging-market consumers. These goods are also made mainly from locally sourced raw materials in order to reduce supply chain costs (44).

Making a product more available across various channels lowers the hurdle for consumers to gain access to it and ultimately purchase it.



Feldschlösschen's commitment to offer nonalcoholic beverages wherever alcoholic beers are sold is a clear example of this, enabling consumers to choose between alcoholic and non-alcoholic alternatives (45).

Product placement is a classic method to nudge consumers towards certain products by manipulating their subconscious decision-making process.



Placement

Lidl has been offering family-friendly checkouts for several years, placing sugar-free, healthy alternatives at the children's eye level instead of unhealthy and sugary snacks at the checkout (46).

FMCG companies and their marketing consultants can use marketing to influence perception of products and help consumers choose better alternative products.



Since 2018, Philip Morris Switzerland decided to voluntarily stop advertising its own combustible cigarettes in print, cinema, festivals and billboards (47).

Product labels are well established in the consumer goods industry. Such labels can be developed by private organizations (for example, fair trade or sustainability labels) and become popular, or they can be generated by government organizations (e.g. car emission standards).



The "nutrition score label" ("Nutri-Score") classifies products from A (balanced) to E (unbalanced), allowing consumers to recognize healthier products more quickly (48).

The government has a variety of tools at its disposal to alter product accessibility and perception: At the extreme end, it may choose to ban certain products. Similarly, it may impose high taxes on products, limit their selling, or limit the list and amount of allowed ingredients. By establishing a favorable regulatory climate, reducing pressure, or incentivizing preferred products and ingredients, the government may also help the private sector develop and commercialize better alternative products.

Public sector measures to influence consumer perception and product accessibility

Description

Governments may make harmful products and ingredients illegal or restrict their use. However, citizens in a liberal democracy dislike having their favorite products taken away from them. Besides that, prohibition risks the emergence of illicit markets with potentially adverse sideeffects and a loss of tax revenues (49).

Lever

Example



Products and ingredients prohibitions and limits

It may be tempting to limit the amount of sugar used in products. If so, should fruit juices also be banned, since the negative metabolic effects of added sugars are hardly distinguishable from those of fruits (50)?

Governments can increase taxes on unhealthy products, making them less affordable for consumers (assuming businesses pass on the cost increase). In the case of cigarettes, this is a tried-and-true strategy for lowering demand, especially among young customers (51). Better alternatives can be taxed at lower rates.



Several members of the EU recognize the lower risk of heated tobacco products compared to cigarettes. They introduced new tax classifications for these products, resulting in lower taxes (52).

Governments can also provide grants, subsidies and sponsorship for desired products or innovation areas, reducing costs for businesses to perform research, consequently reducing the risk and uncertainty of a company to innovate.



The Swiss Green Party proposed a subsidy for alternative protein start-ups, such as Beyond Meat and Planted Chicken (53).

This approach involves restricting sales of a product to certain groups of the population or restricting their sales channels.



The canton of Geneva banned the sale of alcohol at night, which reduced the number of young adults who were taken to hospital due to excessive consumption of alcoholic beverages (54).

Recommendations, ideally co-developed in collaboration with leading FMCG firms, can not only ensure that ingredient recommendations are practical but also increase the buy-in of the private sector – as opposed to the private sector developing undesired work-arounds to unilateral ingredient restrictions by the government.



With the Milan Declaration, companies voluntarily collaborate with the government to reduce sugar content in their products (see "The Milan Declaration" on page 5) (21)(22).

Although informational campaigns and education may be slow and may not yield immediate results, they might be effective in the mid to long-term.



reduction

Informational campaigns & education

From 2015 to 2017, the FOPH ran a campaign called "too much is too much.". The centerpiece was the dialogue week on alcohol, in which several activities were carried out to encourage the Swiss population to discuss their alcohol consumption (55).

Another method that policymakers may use to alter customer perceptions is to require the display of certain information on products.



Packaging & labelling requirements Swiss producers are required to show the ingredients, place of origin, and, in some cases, consequences of use. Its aim is to provide consumers with immediate feedback in order to improve their buying habits while preserving their full freedom of choice (56).

We do not view any single lever to be a silver bullet. They are unlikely to achieve meaningful change and lead to rapid change on their own. The transition will need to be paced gradually and in sync with the change in consumer tastes and preferences, as discussed earlier. However, we do believe that by working together and pooling their resources, policymakers and private FMCG stakeholders can accelerate the shift in consumer tastes and preferences as well as increase the offering of better alternatives towards a more balanced equilibrium of consumption. The Swiss government's very own National Strategy for the Prevention of Noncommunicable Diseases calls for increased public-private cooperation to facilitate healthier choices (5)(6).

One particularly interesting example of such a partnership between public and private actors is the Swiss Food & Nutrition Valley, a national initiative aimed at developing a food ecosystem and connecting key stakeholders in the food industry (57).

Swiss Food & Nutrition Valley

The Swiss Food & Nutrition Valley (SFNV) was presented at the 2020 World Economic Forum in Davos. It is a national initiative set up by the Canton of Vaud, the Swiss Federal Institute of Technology in Lausanne (EPFL), the Swiss Hospitality Management School in Lausanne (EHL), and Nestlé.

The founding partners aim to strengthen the existing innovation ecosystem and attract talent, start-ups, and investment in Switzerland, making it home to a unique food and nutrition innovation ecosystem.

The SFNV addresses major challenges of the future of food and nutrition using science and technology - from agriculture to waste, from innovative products to healthy, sustainable diets.

Since its inception, the SFNV has been joined by other cantons (Fribourg), universities (ETH Zurich), FMCG companies (PepsiCo, Givaudan), and manufacturers of production machines (Bühler).

It has shown to be an attractive environment for impactful investment, such as Blue Horizon Corporation, Hiltl AG, Good Seed Ventures, Vent Mica Ventures, Joyance Partners, Gurnet Point Capital, and Nestlé Health Science (57).





As partnerships continue to emerge and grow, we believe leaders in public and private organizations would do well to heed the lessons of experience from business alliances, partnerships between public and private actors and strategic private partnerships. In particular:



In business, alliances frequently do not feature as prominently on the CEO's agenda as other topics such as M&A that involve large financial expenditure. However, since partnerships tend to have large transformative potential, they should become a priority item. The same principle applies to potentially ground-breaking partnerships between public and private actors: ensure sufficiently senior officials and staff on all sides with decision authority treat it as a top priority.



Understand the agenda of all participants and keep an open mind

Different partners may have different agendas. In the case of partnerships between public and private actors, this could be a particularly acute problem, as some private firm objectives such as profit may collide with those of public actors such as public health, or the public may perceive them to be contradictory. Similar to a business alliance, it is important to address these topics explicitly upon establishment of the partnership and ensure they are reflected in the governance of the partnership structure.



Agree on the strategic rationale and operating model The first step is to recognize that objectives, roles, resources and innovation of different players may vary. On the back of that, it becomes crucial to agree on and to articulate the target of this particular partnership and how each party can best contribute to it. In our experience, a clear upfront definition of the operating model of such partnerships is one of the key success factors.



Harness the strengths of the various parties

As outlined in this paper, Switzerland's private FMCG sector has immense innovative capacity. The public sector can further cater to this with its unique set of levers to influence product accessibility and perception. There are also Swiss universities that are at the forefront of science, with the right to conduct scientific research free of commercial constraints, as well as other facilitators in the market, such as private equity and venture capital firms that provide capital and a platform for collaboration and innovation. The value each of these parties brings to the table should be clearly articulated in a partnership and reflected it in its operating model.



Be specific and start small

It is always commendable to have ambitions to save the world. The broader the representation of industry and government in such a partnership, the better. Our experience shows us that such partnerships work better when they have a smaller number of (well-qualified) partners that pursue specific and attainable targets. Partnerships should first demonstrate that these objectives are achievable, before accelerating growth.

So, what's next?



As the case studies discussed in this paper have shown, the FMCG sector is rapidly evolving to meet emerging consumer demands for better alternatives. While this makes specific forecasts difficult, we expect to see the following three major trends.

1. We expect boundaries between the FMCG industry and the life science industry to blur further. Take the example of an FMCG company that is looking for ways to develop better and ultimately healthier products. As a first step, this company will either invest in life science research organically and/or acquire an innovative start-up to accelerate life science capabilities. Once it has a new technology available that enables such an innovation, it will want to make product-specific credible health claims towards consumers as a means to differentiate itself from its less innovative competitors. At this stage, it will have to provide regulatory authorities credible scientific and medical evidence of the health claims made - an area that requires the sort of experience that the large pharmaceutical companies have developed over the years.

Finally, once the new product is commercialized, it is possible that a new operating model is required - for example, the new product with a health claim may be sold through unconventional channels (such as medical practices or pharmacies) or it may have new product characteristics (e.g. digital, electronic components that require new forms of customer interaction).

On the one hand, we expect this growing overlap between FMCG and life science to produce increasingly compelling arguments for cooperation over time. We may well see strategic alliances or even mergers between firms in these industries, similar to the alliances and acquisitions currently occurring in the space of digital health, where traditional healthcare firms are teaming up with firms from the IT sector, universities and start-ups. On the other hand, we expect FMCG and life science companies to increasingly compete for the same talent (e.g. R&D, regulatory), customers (think prevention vs. treatment) and sales channels (e.g. doctors, pharmacies).

2. We expect the shift towards prevention to continue. Although the pharmaceutical industry has made great progress in developing treatments, it is clear that NCDs still cause human suffering and reduce the quality of life of Swiss consumers. Additionally, NCD treatment is costly and is responsible for a large proportion of Swiss healthcare costs. These factors will lead to a growing focus on prevention, from government bodies to private firms and the general public, which in turn will put the spotlight on FMCG firms as discussed in this paper.





3. We do not expect the politics of this shift to be easy. As the political and public discussion turns towards prevention, various responses are likely to be encountered across the political spectrum. At one extreme, we expect strong voices for harsh government intervention along the lines of prohibitions and bans. At the other extreme, we expect strong pushback against anything that may have the appearance of attempting to influence (no matter how subtly) what is perceived to be free choice.

Heads of government, FMCG companies and consumer associations will play a critical role in these discussions. Together, they will need to find ways to convey complex concepts such as consumer psychology in simple terms for the public to understand that - irrespective of any political instincts – consumer choices can be influenced to the better, that there is merit in nudging and incentivizing consumers and companies, and that this does not constitute an assault on free choice.

Ultimately, the objective is to maximize the prospects of consumers switching to better alternatives by making better alternatives available and encouraging their use.



References

- (1) Bundesamt für Gesundheit (BAG). Nationale Strategie Prävention nichtübertragbarer Krankheiten (NCD-Strategie)
- Bundesamt für Gesundheit (BAG), Nichtübertragbare Krankheiten (NCD) Faktenblatt, 2016 (2)
- (3) Federal Statistical Office. Health care costs 2018. [Online] 13. November 2020. [Visited on: 21. January 2021.] https://www.bfs.admin.ch/bfs/en/home/statistics/health/costs-financing.html
- (4) World Economic Forum; Harvard School of Public Health. The Global Economic Burden of NCDs. 2011
- (5) Schweizerische Eidgenossenschaft. Konferenz der kantonalen Gesundheitsdirektorinnen und direktoren & Gesundheitsförderung Schweiz. 2018
- Massnahmenplan 2021 2024 zur Nationalen Strategie Prävention nichtübertragbare Krankheiten (NCD-Strategie) (6)2017-2024. Bundesamt für Gesundheit (BAG). 2020
- Kahnemann, Daniel, Thinking, Fast and Slow, s.l.: Penguin Books, 2011. (7)
- (8) al, Wakefield et. Use of mass media campaigns to change health behaviour. 2010. https://www.thelancet.com/journals/lancet/article/PIIS0140-6736(10)60809-4/fulltext
- al, Volpp et. Paying People to Lose Weight and Stop Smoking. 2009 (9)https://repository.upenn.edu/cgi/viewcontent.cgi?article=1035&context=ldi_issuebriefs
- (10)Thaler, Richard und Sunstein, Cass. Nudge: Improving decisions about health, wealth and happiness. s.l.: Penguin Books, 2012
- Crowdify. REBELS 0.0%. [Online] [Visited on: 13. January 2021.] https://www.crowdify.net/en/project/rebels-0-(11)0/news?news_id=11765
- Feldschloesschen. Jahreskennzahlen 2020: Unternehmen Feldschlösschen trotzt der schwierigen Marktsituation. [Online] [Visited on: 18. March 2021.] https://feldschloesschen.swiss/de/medienmitteilungen/jahreskennzahlen-2020-unternehmen-feldschlosschen-trotzt-der-schwierigen-marktsituation/
- Philip Morris International (PMI). PMI's Statement of Purpose [Online] [Visited on: 23. March 2021.]
- (14)Philip Morris International (PMI). Our Science [Online] [Visited on: 23. March 2021.] https://www.pmi.com/ourscience; https://www.pmi.com/our-science/our-findings-to-date
- Philip Morris International (PMI). First Quarter 2021 Results [Online] [Visited on: 30. April 2021.] https://www.pmi.com/investor-relations/press-releases-and-events/press-releases-overview/press-releasesdetails/?newsId=23721. 20. April 2021
- Calantzopoulos, Andre. CEO, Philip Morris International. 14. July 2020
- Food and Drug Administration (FDA). FDA Authorizes Marketing of IQOS Tobacco Heating System with 'Reduced Exposure' Information. [Online] [Visited on: 13. January 2021.] https://www.fda.gov/news-events/pressannouncements/fda-authorizes-marketing-igos-tobacco-heating-system-reduced-exposure-information
- Philip Morris International (PMI). Progress toward a world without cigarettes. Integrated Report 2019. https://pmidotcom3-prd.s3.amazonaws.com/docs/default-source/sustainability-reports-and-policies/pmi-integratedreport-2019.pdf
- Philip Morris International (PMI). Philip Morris stoppt ab sofort Werbung für herkömmliche Zigaretten. [Online] [Visited on: 21. January 2021.] https://www.pmi.com/markets/switzerland/de/medienzentrum/details/philip-morrisstoppt-ab-sofort-werbung-f%C3%BCr-herk%C3%B6mmliche-zigaretten
- $The \ Federal \ Assembly \ -- \ The \ Swiss \ Parliament \ . \ Der \ Zucker \ und \ die \ Zuckerindustrie. \ Eine \ neue \ Gefahr \ für \ die \ \"{o}ffentliche \ Gesundheit. \ [Online] \ [Visited \ on: 13. \ January 2021.] \ https://www.parlament.ch/de/ratsbetrieb/suchenderschaften \ der \ January \ London \ Londo \ London \$ curia-vista/geschaeft?AffairId=20163765
- Federal Food Safety and Veterinary Office (FSVO). Federal government and companies expand the Milan Declaration on sugar reduction. [Online] [Visited on: 13. January 2021.] https://www.blv.admin.ch/blv/en/home/dokumentation/nsb-news-list.msg-id-67988.html
- Federal Food Safety and Veterinary Office (FSVO). Companies committed to further sugar reductions in yogurts and breakfast cereals. [Online] [Visited on: 13. January 2021.] https://www.blv.admin.ch/blv/en/home/dokumentation/nsb-news-list.msg-id-67988.html
- Gnehm, Claudia. Gesunde Emmi-Joghurts machen Konsumenten sauer «Wir sind bei Zucker-Reduktion zu weit gegangen». Blick. 14. September 2018
- (24)Askew, Katy. Firmenich talks savoury, sugar reduction and smart protein innovation: "We have an edge in technology". Food Navigator. 7. September 2020
- Givaudan. Our purpose is at the heart of everything we do. [Online] [Visited on: 13. January 2021.] https://www.givaudan.com/our-company/about-givaudan/our-purpose
- (26)Givaudan. Growing with our customers. [Online] [Visited on: 13. January 2021.] https://www.givaudan.com/ourcompany/vision-and-strategy/growing-with-our-customers
- Firmenich. Sugar Reduction. [Online] [Visited on: 23. March 2021.] https://www.firmenich.com/taste-andbeyond/nutrition-and-wellbeing/sugar-reduction
- Firmenich. Firmenich & Novozymes partner for great-tasting yogurt with unprecedented sugar reduction performance. [Online] [Visited on: 23. March 2021.] https://www.firmenich.com/zhhans/node/2361#:~:text=New%20TasteGEM%C2%AE%20SWL%20with,keeping%20a%20natural%20sweet%2 Otaste.&text=This%20cutting%2Dedge%20technology%20brings,without%20the%20use%20of%20sweeteners
- Givaudan. TasteSolution. [Online] [Visited on: 23. March 2021.] https://www.givaudan.com/taste-wellbeing/productoffering/taste/tastesolutions



References

- Givaudan. The alternative protein movement [Online] [Visited on: 23. March 2021.]https://www.givaudan.com/taste-wellbeing/market-drivers/plant-based-foods
- Renk, Hans-Jörg und Pfiffner, Albert. Transformational Challenge. Nestlé 1990-2005. Nestlé, 2007 (31)
- Nestlé. Transforming our product portfolio. [Online] [Visited on: 14. January 2021.] https://www.nestle.com/csv/global-initiatives/zero-environmental-impact/climate-change-net-zero-roadmap/product-
- Nestlé. Creating Shared Value Report 2019. Vevey 2019 (33)
- Nestlé. Reducing sugar, sodium and fat. [Online] [Visited on: 14. January 2021.] https://www.nestle.com/csv/impact/tastier-healthier/sugar-salt-fat
- (35)Reuters. Nestle cuts added sugar in Nesquik; nutrition concerns remain. [Online] [Visited on: 3. February 2021.] https://www.reuters.com/article/nestle-health-idUSL2N0X724E20150413
- (36)Harvard T.H. Chan School of Public Health. Increasing red meat consumption linked with higher risk of premature death. [Online] [Visited on: 14. January 2021.] https://www.hsph.harvard.edu/news/press-releases/increasing-redmeat-consumption-linked-with-higher-risk-of-premature-death/
- CNN, Pepsi bets on plant-based snacks with Beyond Meat, [Online] [Visited on: 2, February 2021.] (37)https://edition.cnn.com/2021/01/26/business/pepsi-beyond-meat-joint-venture/index.html
- (38)ETH Zurich. Save the world with peas. [Online] [Visited on: 21. January 2021.] https://www.ethz-foundation.ch/en/uplift-planted/
- (39)Planted Foods AG. Planted. Our team. [Online] [Visited on: 14. January 2021.] https://en.eatplanted.com/team
- Perotti, Camilla und Beljean, Virginia. Planted Foods AG: stocking up for more exciting times. [Online] 28. April 2020. [Visited on: 14. January 2021.] https://blogs.ethz.ch/ETHambassadors/2020/04/28/planted-foods-ag-stockingup-for-more-excitingtimes/#:~:text=Planted%20Foods%20AG%2C%20a%20start,and%20pure%20plant%20based%20meat
- Gelsomin, Emily. Impossible and Beyond: How healthy are these meatless burgers. [Online] 15. August 2019. [Visited on: 14. January 2021.] https://www.health.harvard.edu/blog/impossible-and-beyond-how-healthy-are-thesemeatless-burgers-2019081517448
- Barry Callebaut. Sugar reduction chocolate range: 5 solutions. [Online] [Visited on: 23. March 2021.] https://www.barry-callebaut.com/en/manufacturers/products/wholesome-sugar-solutions
- (43)Barry Callebaut, Barry Callebaut showcases reformulation solutions; I Feel Good![Online] [Visited on: 23, March 2021.] https://www.barry-callebaut.com/en/group/media/news-stories/barry-callebaut-showcases-reformulationsolutions-i-feel-good
- Food Ingredients First. Nestlé Provides Affordable Nutrition to Emerging Consumers. [Online] [Visited on: 5. January 2021.] https://www.foodingredientsfirst.com/news/nestl-provides-affordable-nutrition-to-emergingconsumers.html
- Luzerner Zeitung. Feldschlösschen-Chef Amstutz: «Meine grösste Sorge ist ein digitaler Wandel in der Logistik, der uns als Getränkehändler überflüssig machen könnte». [Online] [Visited on: 5. January 2021.] https://www.luzernerzeitung.ch/wirtschaft/feldschloesschen-chef-amstutz-meine-groesste-sorge-ist-ein-digitalerwandel-in-der-logistik-der-uns-als-getraenkehaendler-ueberfluessig-machen-koennte-ld.1191582
- Lidl. Lidl Schweiz bringt das Kinderregal für Früchte und Gemüse. [Online] 2020. [Visited on: 21. January 2021.] https://corporate.lidl.ch/de/newsroom/pressreleases/2020/lidl-schweiz-bringt-das-kinderregal-fuer-fruechte-undgemuese
- Philip Morris International (PMI). Switzerland: Promoting sustainability through innovation. [Visited on: 18. May 2021.]. https://www.pmi.com/integrated-report-2019/switzerland-promoting-sustainability-through-innovation
- Euro Health Net Magazine. Nutri-Score: The story so far. [Online] [Visited on: 23. March 2021.] https://eurohealthnet-(48)magazine.eu/nutri-score-the-story-so-far/
- Kulick, Jonathan, Prieger, James und Kleiman, Mark. Unintended consequences of cigarette prohibition, regulation, (49)and taxation. International Journal of Law, Crime and Justice, Bd. 46, S. 69-85, 2016
- Gearing, Mary. Natural and Added Sugars: Two Sides of the Same Coin. [Online] [Visited on: 14. January 2021.] http://sitn.hms.harvard.edu/flash/2015/natural-and-added-sugars-two-sides-of-the-same-coin/
- World Health Organization (WHO). Tobacco: Taxation. [Online] [Visited on: 3. May 2021.] https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/disease-prevention/tobacco/publications/key-policy-documents/who-https://www.euro.who.int/en/health-topics/healt framework-convention-on-tobacco-control-who-fctc/key-areas-of-tobacco-control-policy/taxation
- Taxes on heated tobacco are trending below those on cigarettes. [Online] [Visited on: 23. March 2021.] (52)https://vaporproductstax.com/taxes-on-heated-tobacco-are-trending-below-those-on-cigarettes/
- Livekindly. Green Party Urges Switzerland to Subsidize Vegetables. [Online] [Visited on: 5. February 2021.] https://www.livekindly.co/switzerland-subsidize-vegetables/
- Beti, Luca. Local alcohol bans fail to curb drunkenness. Swissinfo.ch (SWI). [Online] [Visited on: 3. February 2021.] https://www.swissinfo.ch/eng/local-alcohol-bans-fail-to-curb-drunkenness/28346708
- Bundesamt für Gesundheit (BAG). Alkoholpräventionskampagne «Wie viel ist zu viel?». [Online] [Visited on: 3. February 2021.] https://www.bag.admin.ch/bag/de/home/strategie-undpolitik/kampagnen/alkoholpraeventionskampagne.html
- Federal Food Safety and Veterinary Office (FSVO). Compulsory labelling on food and nutritional labelling in Switzerland: current state and international. [Online] [Visited on: 23. March 2021.] cooperationhttps://www.wto.org/english/tratop_e/tbt_e/9_Switzerland_e.pdf
- Swiss Food and Nutrition Valley. [Online] [Visited on: 14. January 2021.] https://swissfoodnutritionvalley.ch/about/.

Contacts

Andreas Besel

Partner, Deal Advisory, Global Strategy Group

KPMG AG

Räffelstrasse 28
CH-8036 Zürich
T +41 58 249 58 16
M +41 79 540 50 87
andreasbesel@kpmg.com

About the authors

Andreas Besel is a Partner in KPMG's Zurich office and leads the Swiss Global Strategy Group (GSG) team, which is part of KPMG Deal Advisory. The GSG helps organizations to change, grow, adapt, shape and respond to disruptive forces. Florian Bornhauser is a Manager, and Rico Waanders an Assistant Manager in Andreas' team in Zurich.

This study was conducted by KPMG between December 2020 and May 2021, and commissioned by Philip Morris SA in order to highlight some of the contributions of FMCG companies to better alternative products. It is based on publicly available information and data, and selected interviews, which have been carried out by KPMG.

This study particularly excludes quantifying any health benefits, any impact on consumers' health or harm reduction aspects.

This study also does neither seek to address health issues or healthcare-related costs associated with alcohol, smoking, or nutrition, nor does it discuss overall regulatory issues or recommendations to policymakers that may or may not be endorsed by the companies mentioned in this report, or may or may not apply to specific industries.

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received, or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation. The scope of any potential collaboration with audit clients is defined by regulatory requirements governing auditor independence.

© 2021 KPMG AG, a Swiss corporation, is a subsidiary of KPMG Holding AG, which is a member of the KPMG global organization of independent firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved.