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# **The MAHA Momentum:** Wide-Ranging Operational and Competitive Implications for the Food & Beverage Sector

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## A New Phase for Food Color Regulation

Regulatory pressure on synthetic food dyes has crosses an inflection point in the U.S. under the Make America Healthy Again (MAHA) agenda. The mandatory removal of Red Dye No. 3 is already underway, and momentum is accelerating to replace synthetic dyes with natural alternatives across the Food & Beverage (F&B) landscape.

For companies with high level portfolio exposure, replacing dyes cannot be approached as a simple ingredient swap. The shift has meaningful operational and competitive implications that ripple across supply chains, cost structures, commercial execution, brand perception and regulatory compliance. Some F&B companies have responded with public commitments on reformulation efforts, while others have remained more silent, considering how to proceed cautiously.

Teneo has closely examined how the MAHA agenda is evolving, the wide-ranging implications across food and beverage businesses and how companies should respond if the share of impacted SKUs is material. With state-level action accelerating and compliance requirements likely to grow in scope and complexity, companies that adapt sooner can gain competitive advantage by taking appropriate action to secure supply, realign operations, manage cost structure, reposition brand narratives and refine elements of their commercial strategy.

## From Policy Signal to Market Reality

The MAHA initiative, led by the Department of Health and Human Services and the White House, is driving a phased removal of synthetic and petroleum-based food dyes as part of a broader push to address health risks tied to ultra-processed foods. The FDA's revocation of authorization for Red Dye No. 3, effective January 2027 for food, marks the first mandatory step.[1] Federal regulators continue to urge voluntary elimination of additional dyes, signaling likely expansion of formal requirements over time. In fact, on February 5th, the FDA announced revised labeling rules to allow producers using natural food dyes to use the "no artificial colors" claim.[2]

State-level action is moving faster. In 2025 alone, more than 30 states introduced legislation targeting synthetic food dyes and additives, creating a fragmented and evolving regulatory landscape. The resulting patchwork of state-level legislation could challenge compliance efforts depending on how F&B companies adapt over time.

[1] FDA to Revoke Authorization for the Use of Red No. 3 in Food and Ingested Drugs | FDA
[2] Letter to the Food Industry on "No Artificial Colors" Labeling Claims | FDA

## Pacing Change: Leaders, Laggards and Holdouts

A study published last year in the Journal of the Academy of Nutrition and Dietetics indicates that as much as 19 percent of packaged foods and beverages in the U.S. contain synthetic dyes, with greater exposure in categories such as confectionery, sugar-sweetened beverages, ready meals, breakfast cereals and baked goods like cakes, cookies and pastries.[3]

The response to MAHA-related pressures has been uneven across the F&B industry, with a clear divide between early movers, quieter operators and cautious holdouts.

A small number of companies have moved quickly and publicly, committing to eliminate synthetic dyes across their U.S. portfolios, with some setting formal timelines to complete the transition by mid-2026. The fastest progress has typically occurred in private-label portfolios, where some companies have already removed artificial dyes from dozens of products, while broader cross-brand efforts are targeted for completion by 2027. These early movers are generally better positioned to secure supply, realign business operations and control the narrative.

Other companies are moving more conservatively. According to the Center for Science in the Public Interest, roughly 30% of major F&B companies have yet to make a public commitment on dye removal.[4] Some are taking a more guarded stance, acknowledging regulatory momentum through trade associations such as the Consumer Brands Association, while stopping short of committing to a 2026 timeline, citing reformulation complexity. Others initially resisted voluntary dye removal, pointing to consumer preferences and technical challenges, before later signaling natural dye alternatives for select products. While this posture preserves flexibility in the short term, it risks ceding advantage if timelines compress as regulations, retailer standards and consumer advocacy converge.

[3] All the Colors of the Rainbow: Synthetic Dyes in US Packaged Foods and Beverages in 2020 - Journal of the Academy of Nutrition and Dietetics
[4] Synthetic Dyes Corporate Commitment Tracker | Center for Science in the Public Interest

## Much More Than a Reformulation Exercise

The transition from artificial to natural dyes introduces a set of operational complexities for F&B companies required to execute this shift at scale, extending well beyond ingredient replacement. As many companies have already seen, the challenge lies in the wide-ranging implications across corporate functions and along the value chain, disrupting supply flows, cost structures, product performance, brand trust and compliance requirements simultaneously.

### Key Operational and Strategic Implications

#### 1. Supply Complexity and Volatility

Natural dyes create greater sourcing complexity due to a more fragmented and less interchangeable supplier base than synthetic alternatives. In addition, natural dyes are exposed to agricultural cycles and therefore face greater sensitivity to weather, seasonality and regional concentration, along with higher lot-to-lot variability in color strength and hue, driving tighter quality control and blending requirements.

#### 2. Cost and Margin Pressure

Natural dyes are significantly more expensive per unit and typically deliver lower pigment efficiency, requiring higher concentration levels to achieve comparable color intensity. Beyond ingredient costs, companies incur incremental reformulation, testing, packaging and QA expenses, placing additional pressure on margins.

#### 3. Formulation and Product Performance Risk

Natural colors are less stable under heat, light, pH and oxidation, increasing the risk of fading or color drift over the shelf life. Higher concentration levels can also affect taste, aroma, texture or mouthfeel. Certain product formats, such as clear, shelf-stable beverages, are particularly difficult to reformulate without visual compromise.

#### 4. Packaging, Shelf Life and Distribution Impacts

To protect color integrity, companies may need packaging upgrades such as UV-blocking or opaque materials. In some cases, shelf life may be reduced or storage and distribution requirements tightened, increasing complexity and waste risk.

#### 5. Quality, Safety and Regulation Risk

Despite being described as “natural,” color additives remain tightly regulated, with approvals limited by application. Plant-based sources can introduce new allergen or contaminant risks, while increased ingredient variability raises documentation, traceability and audit requirements. Moreover, the proliferation of federal and state-level mandates increases regulatory compliance complexity.

## 6. Manufacturing and Operational Disruption

Natural dyes often behave differently at scale, creating process variability during production. Reformulation may require equipment adjustments, revised Standard Operating Procedures (SOPs) and operator training, increasing execution risk and short-term inefficiency.

## 7. Brand and Consumer Acceptance Risk

Natural colors often lack the vibrancy and uniformity consumers expect from legacy products. Even when taste is unchanged, visible differences can erode trust or signal perceived quality issues, while “no artificial colors” claims must be carefully managed to align legal, marketing and consumer expectations. Conversely, non-compliant products may be required to display adverse warnings on front-of-package labels.

## 8. Strategic and Portfolio-Level Challenges

Not all SKUs can transition at the same pace, forcing phased rollouts and portfolio inconsistency. At the same time, accelerating state-level regulation may push some companies toward costly national reformulation decisions, while the scale of the transition effort risks crowding out other strategic initiatives.

## Navigating the Transition with a No-Regret Roadmap:

Watching passively from the sidelines as the situation unfolds or taking small steps towards compliance won't cut it. In fact, the U.S. trajectory increasingly resembles the European Union's experience post-2010, which offers two valuable lessons: 1) approach the transition as a time-bound, cross-functional enterprise transformation aimed at reducing risk, securing scarce resources, realigning operations, preserving brand equity, and driving commercial opportunity; and 2) sequence decisions and actions deliberately to preserve optionality early and lock in sources of advantage later. See our analysis of lessons learned from the European Union on page nine.

Those objectives can be achieved by managing the transition across five main stages.

### Phase 1: Diagnose and set direction (0–3 months)

**Objective:** Immediately establish clarity on exposure and gain alignment on the path forward.

- Executive Team: Elevate the dye transition into an enterprise risk management priority and establish a Program Management Office (PMO)
- PMO: Adopt clear guardrails, decision rights and governance
- R&D: Build a clear base to assess artificial dye exposure across the full portfolio
- PMO: Define the ambition and scope of change
- R&D: Map natural dye alternatives and outline preliminary reformulation assumptions
- Finance: Complete preliminary cost and margin impact analysis, flagging products with limited ability to absorb cost variances or increase prices
- Risk: Assess regulatory, supply, operational and reputational exposure
- PMO: Align on a portfolio transition roadmap

### Phase 2: Reformulate and secure supply (3–6 months)

**Objective:** Realign supply chain before constraints tighten.

- R&D: Identify viable natural color systems across the portfolio, launch reformulation efforts according to the roadmap and drive accelerated stability testing for high-risk and priority SKUs
- Procurement: Assess the natural dye supply base, qualify alternative suppliers, negotiate agreements and secure capacity, where supply is expected to be constrained, companies should evaluate locking in access through long-term agreements, exclusive partnerships or strategic investments
- Legal: Validate regulatory approvals, update allergen risk assessments and build ingredient defense files in anticipation of heightened scrutiny

## Phase 3: Perform operational adjustments (6–9 months)

**Objective:** Ensure the organization can execute the transition at scale.

- R&D: Update bills of materials (BOM)
- Operations: Adjust manufacturing processes, perform equipment tune up and train operators
- Supply Chain: Remap inbound flows, review inventory strategy, update planning parameters and adjust product handling procedures (internally and with 3PLs)
- Finance: Complete re-baselining of cost structures using data from new sourcing contracts, supply chain flows and early production runs, reassess margins, ROI and capital allocation and make new price adjustment recommendations

## Phase 4: Commercialize and communicate (9–12 months)

**Objective:** Roll out commercial execution and protect brand equity.

- Sales: Update pricing strategy, refresh price-pack architecture, review category management guidelines, refine planograms and train the sales force (including distributors, brokers and agents)
- Marketing: Define how changes will communicated, for example when to be overt, when to be subtle and how claims should appear on packs
- Corporate Affairs: Align internal and external narratives, prepare communication strategy (to investors, regulators, advocacy groups and other key stakeholders) and train executives, the board and customer-facing teams to stay on-message

## Phase 5: Scale, optimize and de-risk (12–18 months)

**Objective:** Execute at scale, mitigate risks and make adjustments if or when necessary.

- Operations: Extend reformulation across remaining SKUs, using early learnings to reduce cost and variability
- Risk: Reassess whether to accelerate full national conversion to avoid state by state complexity
- R&D / Procurement: Continue optimizing formulations and supplier terms
- Risk: Refresh mitigation plans and stress-test scenarios ranging from regulatory enforcement to supply disruption

Pressure to remove artificial dyes is no longer theoretical. Momentum has been established and will intensify as regulatory timelines accelerate and competitive pressures mount. What is unfolding, particularly for companies with meaningful exposure to artificial dyes, is not a simple reformulation exercise but a structural shift that touches supply chains, operations, cost structures, commercial execution, brand trust, regulatory compliance and government relations simultaneously. Companies that treat this as a narrow compliance exercise will struggle to keep pace, while those that act proactively and decisively will be better positioned to manage risk and compete effectively over the long term.

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## Endnote

### Lessons Learned from the European Union

The EU's move away from synthetic food dyes unfolded over several decades, beginning with piecemeal national bans and culminating in broad commercial exit. From the 1970s onward, individual European countries banned specific synthetic dyes due to toxicity or carcinogenicity concerns, including certain red and brown dyes. By the 1990s, the European Union began harmonizing food additive legislation, further narrowing the list of approved artificial colors across member states.

The decisive inflection point came in 2010, when the EU required mandatory warning labels on foods containing six artificial colors linked to hyperactivity concerns in children, known as the "Southampton Six." While the dyes themselves were not outright banned, the warning label fundamentally altered consumer and retailer behavior.

Following 2010, mainstream EU F&B manufacturers largely exited artificial dyes. Most branded companies chose to reformulate rather than carry a label that parents actively avoided, while retailers reinforced the shift by pressuring suppliers and quietly de-listing noncompliant products. In this environment, brand and reputational risk quickly outweighed the cost and complexity of reformulation. As a result, natural colorants such as paprika, beetroot, spirulina and turmeric became standard across the EU, despite higher costs, stability challenges and batch variability. Artificial dyes technically remain legal in parts of Europe today but are commercially marginal.

The transition was not uniform. Large, consumer-facing multinational brands, including Nestlé, Danone, Mars and Unilever, and major retailers such as Tesco, Sainsbury's and Marks & Spencer, typically completed reformulation within approximately 12–36 months. A second tier of manufacturers adopted more selective strategies, reformulating EU-facing retail SKUs while retaining artificial dyes in export markets, foodservice channels and less visible categories. A small minority held on longer, primarily in ultra-low-price private label, certain ethnic or imported brands, alcoholic beverages and niche categories such as baking decorations and novelty confectionery.

Early movers realized clear advantages. They avoided activist pressure and negative media cycles, became "safe" brands for parents and retailers, gained preferred shelf placement and were favored in product range reviews. They also secured earlier access to the natural color supply base, built sourcing and operational capabilities ahead of peers and insulated their brands from long-term reputational volatility. The EU experience demonstrates that once consumer trust and retailer standards shift, reformulation becomes not just a regulatory response but a commercial necessity.

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