1. Market estimates

<table>
<thead>
<tr>
<th></th>
<th>Billion $</th>
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<tbody>
<tr>
<td>&quot;Europe&quot;</td>
<td>USA</td>
</tr>
<tr>
<td>Euromonitor</td>
<td>7,6</td>
</tr>
<tr>
<td>Datamonitor</td>
<td>4,7</td>
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</tbody>
</table>
Definitions of Functional Foods

- Nutra-ceuticals and GMOs
- Organic/Ecologically processed foods
- Enhanced traditional Foods (convenient healthiness)  
  "Don’t change your eating habits We will take care of your health"
- New types of food (additional health and non-health benefits)
2. Product marketing experiences

- Most nutraceuticals have failed – success for some “enhanced – traditional foods”
- Failure of most products with highly specific “scientifically proved” claims
- Success for some food-industry products – failure for most products from the health- personal care industry
- Successfull use of “holistic” and “general well-being” claims to the mass-market
- Successfull use of multi-media strategies to build brands and surpass health-claim legislation

Two global/european cases

**Actimel** – Drinking youghurt, a new food
- Introduced by Danone in 1994
- Turnover 3X in 3 years
- Positioning: Taste and well-being
- A global brand in 2006

**Benecol** – Low fat spread
- Introduced by Raisio in 1995
- Profits are low but improving
- Positioning: Scientific, colesterol lowering
Multi-media and health-claims

Two scandinavian cases
The Gaio story

- Yoghurt launched in Denmark in 1993 by MD Foods as a product based on the Causido culture, from Kaukasus where people said to live longer
- A documented cholesterol lowering effect was communicated by PR
- Major sales success
- Attempted launch in Sweden fails due to negative publicity by two Swedish researchers
- Follow-up study shows that cholesterol lowering effects disappears over time

The ProViva story

- Oat-based fruit soup enriched by probiotic bacteria
- Result of several years of research and cooperation among researchers
- Launched in Sweden by Skånemejerier; major success
- Attempt to market product in Denmark (by Tholstrup Cheese) failed
3. Consumer research

- Consumer scepticism
- The perceived healthiness of functional foods
- The influence of health-claims
- The interaction between advertising and PR

Consumer scepticism

- **Claims**: is it possible to communicate the health benefits of the product
- **Credibility**: will consumers believe in the health claim made by the manufacturer
- **Framing**: should the product be positioned as a trouble reliever or as a creator of well-being
Perceived healthiness of food

- Search, experience and credibility
- Consumers knowledge and trust
- Ecological > Traditional > GMO
- How about Functional foods???
- Health claims, brands and official approvals

Mastery and harmony in selected countries (Schwartz, 1994)

- China
- Greece
- Italy
- Finland
- Hong Kong
- Shanghai
- Malaysia
- US
- NZ
- Japan
- Portugal
- Switzerland
- Spain
- India
- Australia
- Denmark
- Poland
- Holland
- Singapore
- Thailand
- France
- Portugal
- Poland
- Denmark
Correlations between value dimensions and attitude towards functional foods and genetically modified foods, \( n=1533 \)

<table>
<thead>
<tr>
<th></th>
<th>Attitude to FF</th>
<th>Attitude to GMO</th>
<th>Mastery</th>
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<tbody>
<tr>
<td>Attitude to GMO</td>
<td>0,20</td>
<td></td>
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<tr>
<td>Mastery</td>
<td>0,07</td>
<td>0,29</td>
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<tr>
<td>Harmony</td>
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<td>-0,33</td>
<td>-0,84</td>
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Design

<table>
<thead>
<tr>
<th>Attribute</th>
<th>No. of levels</th>
<th>Description of levels</th>
</tr>
</thead>
</table>
| Health-claim    | 3             | (a) No claim
|                 |               | (b) Physiological claim
|                 |               | (c) Prevention claim
| Enrichment      | 3             | (a) No enrichment
|                 |               | (b) Omega 3s
|                 |               | (c) Oligosaccharides
| Base-product    | 3             | (a) Orange juice
|                 |               | (b) Flavoured yoghurt
|                 |               | (c) Spread
| Processing      | 2             | (a) Not organic
|                 |               | (b) Organic
| Price           | 2             | (a) Normal price
|                 |               | (b) Normal price+20%
Results of the conjoint analysis

<table>
<thead>
<tr>
<th></th>
<th>Denmark</th>
<th>Finland</th>
<th>USA</th>
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<tbody>
<tr>
<td>Health claim</td>
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<tr>
<td>Physiological</td>
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<td>0.4</td>
<td>0.4</td>
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<tr>
<td>Prevention</td>
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<td>0.7</td>
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<tr>
<td>Enrichment</td>
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<td></td>
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</tr>
<tr>
<td>Omega-3</td>
<td>0.0</td>
<td>0.4</td>
<td>0.1</td>
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<tr>
<td>Oligosaccharides</td>
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<td>0.2</td>
<td>-0.3</td>
</tr>
<tr>
<td>Processing</td>
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</tr>
<tr>
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<td>0.4</td>
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<tr>
<td>Price</td>
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<tr>
<td>Normal price+20%</td>
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<td>-0.2</td>
<td>-0.1</td>
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<tr>
<td>Interaction effects</td>
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<td>Juice×Omega-3</td>
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<td>-0.7</td>
<td>-0.9</td>
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<tr>
<td>Juice×oligosaccharides</td>
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<td>-0.9</td>
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<td>Yoghurt×Omega-3</td>
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<td>Yoghurt×oligosaccharides</td>
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<td>-0.4</td>
<td>-0.6</td>
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<tr>
<td>Spread×Omega-3</td>
<td>1.4</td>
<td>1.2</td>
<td>1.5</td>
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<td>Spread×oligosaccharides</td>
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<tr>
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<tr>
<td>Organic×oligosaccharides</td>
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<td>-0.4</td>
<td>0.0</td>
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</table>

The interaction between advertising and PR

- Multiple channels: what can legally be said may be different between channels, and different channels can reinforce or counteract each other’s effects

- Multiple sources: in order to achieve credibility, multiple sources may be employed
Design

- Experimental design:
  - Documentation of effect: by company, by university
  - Claim: strengthens your immune defence system (present, not present)
  - Article: supports ad for product (present, not present)

- 8 versions of newspaper page, reduced factorial design

- Dependent variables: WtP, perceived healthiness of product

Metro-Express
Look-a-like
Procedure and sample characteristics

- n = 320 (Denmark) + 320 (Sweden)
- Women aged 25-60
- Buying and eating yoghurt
- Hall-test

Seconds reading
Seek more info

Healthier product
4. Marketing challenges and opportunities

- Changing Consumer attitudes
- Health claim legislation
- Food science developments

- A very real and partly visible problem
- Focus on obesity and other health-related aspects of food consumption >>>
  - Potential for PR-marketing
  - Available research funds
EU harmonized regulation to be approved in 2006

1. HC which are not clear or cannot be scientifically substantiated (eg. holistic and general well-being claims) will not be permitted

2. A “positive” list for scientific HC will be established

3. Individual scientific evaluation will be required for all new products and compounds

Breaking down barriers for healthier eating
2006-2009
a cross-disciplinary project aiming at:

- The generation of knowledge on modifiable factors that prevent and factors that facilitate the consumption of healthier food products

- The conceptualization and testing (Health and consumer acceptance) of new product concepts that will induce healthier food choice
Participants

- Universities & Consultants
  - MAPP, The Royal Veterinary University, The Danish Cancer Research Society, The Hart Foundation, Monday Morning

- Companies
  - Arla, Danske Slagterier, Novo, Novozymes, Chr. Hansen, Meyers Foodhouse

The HAPA model (Schwartz, 2001)

- Self-efficacy
- Outcome expectancies
- Health consciousness

Goal → Plan → Purchase intention

Reinforcement (Cognitive, Sensory, Emotional)

Disengagement

Habits, culture → Products → Situations
The future for functional foods

- Still need for know-how of food-marketing
- A window of opportunity for health- and personal care companies
- Opening of (health-claim) regulated markets
- Still best potentials for products with a general well-being positioning
- Still need for multiple media, but change of roles for advertising and other media