

# Marketing of Functional Foods in Europe

**Zaragoza 6.4.2006**

- Market estimates and definitions
- Product marketing experiences
- Research on consumer acceptance
- Marketing challenges and opportunities



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## 1. Market estimates

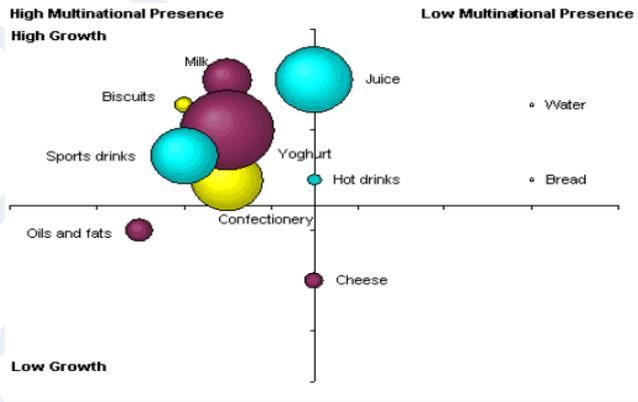
	<i>Billion \$</i>		
	<i>"Europe"</i>	USA	Japan
Euromonitor (2003)	7,6	10,5	11,7
Datamonitor (2004)	4,7	19,0	-



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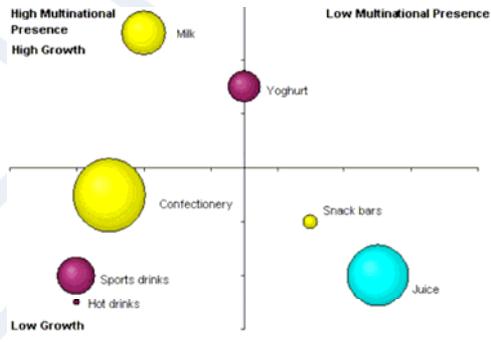
# Spanish Functional Foods Market (Euromonitor 2004)



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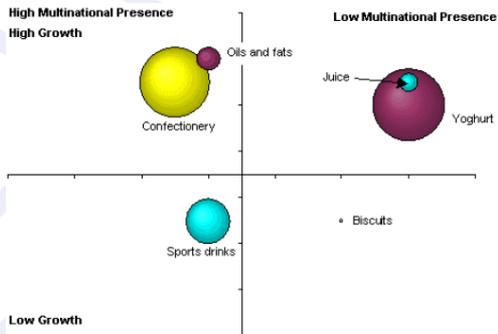
# Italian Functional Foods Market (Euromonitor 2004)



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## Swedish Functional Foods Market (Euromonitor 2004)



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## 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)



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## 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
- Successful use of “holistic” and “general well-being” claims to the mass-market
- Successful use of multi-media strategies to build brands and surpass health-claim legislation



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## Two global/european cases

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

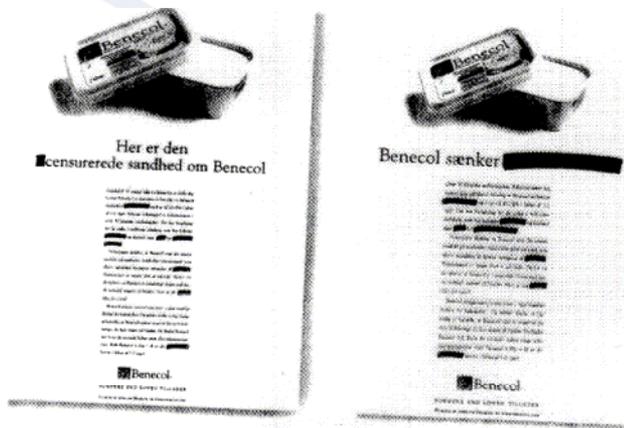
- Benecol – Low fat spread
- Introduced by Raisio in 1995
  - Profits are low but improving
  - Positioning: Scientific, cholesterol lowering



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# Multi-media and health-claims



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# Two scandinavian cases



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## 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



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## 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



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### 3. Consumer research

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



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### 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



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# Perceived healthiness of food

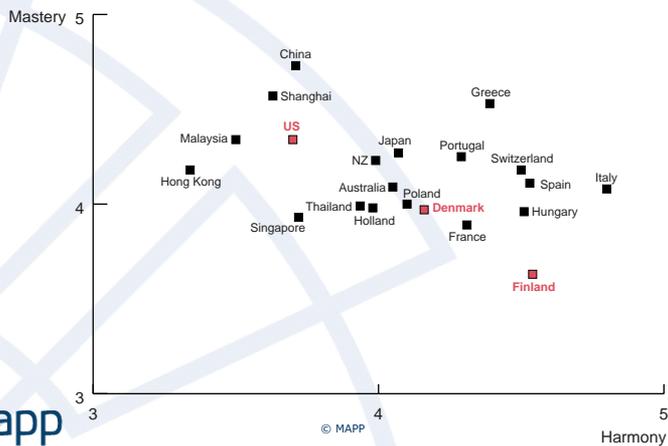
- Search, experience and credibility
- Consumers knowledge and trust
- Ecological > Traditional > GMO
- How about Functional foods???
- Health claims, brands and official approvals



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## Mastery and harmony in selected countries (Schwartz, 1994)



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**Correlations between value dimensions and attitude towards functional foods and genetically modified foods, n=1533**

	Attitude to FF	Attitude to GMO	Mastery
Attitude to GMO	0,20		
Mastery	0,07	0,29	
Harmony	- 0.07	-0,33	-0,84



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## Design

Attribute	No. of levels	Description of levels
Health-claim	3	(a) No claim (b) Physiological claim <sup>a</sup> (c) Prevention claim <sup>b</sup>
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%
Interaction effects: enrichment×processing		product×enrichment and



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## Results of the conjoint analysis

	Denmark	Finland	USA
Health claim			
Physiological	0.4	0.4	0.4
Prevention	0.5	0.5	0.7
Enrichment			
Omega-3	0.0	0.4	0.1
Oligosaccharides	-0.1	0.2	-0.3
Processing			
Organic	0.3	0.4	0.0
Price			
Normal price+20%	-0.1	-0.2	-0.1
Interaction effects			
Juice×Omega-3	-0.8	-0.7	-0.9
Juice×oligosaccharides	-0.8	-0.7	-0.9
Yoghurt×Omega-3	-0.6	-0.5	-0.6
Yoghurt×oligosaccharides	-0.6	-0.4	-0.6
Yoghurt×oligosaccharides			
Spread×Omega-3	1.4	1.2	1.5
Spread×oligosaccharides	1.4	1.1	1.5
Organic×Omega-3	-0.2	-0.3	0.0
Organic×oligosaccharides	-0.4	-0.4	0.0



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## 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



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# 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



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## Metro-Express Look-a-like



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**Ondt i halsen kan være kysessygge**  
**Kysessyg** er den mest almindelige årsag til ondt i halsen. Det skyldes, at bakterier og virus er i kontakt med hinanden i halsen. Hvis du har ondt i halsen, er det sandsynligt, at du har kysessygge. Det er vigtigt at vide, at kysessygge er en smitsom sygdom, og du kan overføre den til andre mennesker. Derfor er det vigtigt at holde sig væk fra offentlige steder og at bruge et mundbind, når du er i offentlige steder. Hvis du har ondt i halsen, kan du også prøve at tage et kursus i kysessygge. Dette kan hjælpe dig med at forstå, hvordan du kan undgå at blive smittet, og hvordan du kan hjælpe andre mennesker med at undgå at blive smittet.

**Biodyrkket er en tilkædet bombe**  
**Biodyrkket** er en tilkædet bombe, der kan bruges til at styrke dit immunsystem. Det er en naturlig produkt, der er fremstillet af naturlige ingredienser. Det kan hjælpe dig med at styrke dit immunsystem, og det kan også hjælpe dig med at undgå at blive smittet. Hvis du har ondt i halsen, kan du også prøve at tage et kursus i Biodyrkket. Dette kan hjælpe dig med at forstå, hvordan du kan undgå at blive smittet, og hvordan du kan hjælpe andre mennesker med at undgå at blive smittet.

**Hver etende har halbrand dagligt**  
**Halbrand** er en tilkædet bombe, der kan bruges til at styrke dit immunsystem. Det er en naturlig produkt, der er fremstillet af naturlige ingredienser. Det kan hjælpe dig med at styrke dit immunsystem, og det kan også hjælpe dig med at undgå at blive smittet. Hvis du har ondt i halsen, kan du også prøve at tage et kursus i Halbrand. Dette kan hjælpe dig med at forstå, hvordan du kan undgå at blive smittet, og hvordan du kan hjælpe andre mennesker med at undgå at blive smittet.

**SUNDHED** | 1 SAMARBEJDE MED SUNDHED.DK - WWW.SUNDHED.DK

**Probiotika forøger levetiden**  
**Probiotika** er en tilkædet bombe, der kan bruges til at styrke dit immunsystem. Det er en naturlig produkt, der er fremstillet af naturlige ingredienser. Det kan hjælpe dig med at styrke dit immunsystem, og det kan også hjælpe dig med at undgå at blive smittet. Hvis du har ondt i halsen, kan du også prøve at tage et kursus i Probiotika. Dette kan hjælpe dig med at forstå, hvordan du kan undgå at blive smittet, og hvordan du kan hjælpe andre mennesker med at undgå at blive smittet.

**Kan stress give arsprøbet?**  
**Arsprøbet** er en tilkædet bombe, der kan bruges til at styrke dit immunsystem. Det er en naturlig produkt, der er fremstillet af naturlige ingredienser. Det kan hjælpe dig med at styrke dit immunsystem, og det kan også hjælpe dig med at undgå at blive smittet. Hvis du har ondt i halsen, kan du også prøve at tage et kursus i Arsprøbet. Dette kan hjælpe dig med at forstå, hvordan du kan undgå at blive smittet, og hvordan du kan hjælpe andre mennesker med at undgå at blive smittet.

**18 år vil gerne tabe sig**  
**Tabning** er en tilkædet bombe, der kan bruges til at styrke dit immunsystem. Det er en naturlig produkt, der er fremstillet af naturlige ingredienser. Det kan hjælpe dig med at styrke dit immunsystem, og det kan også hjælpe dig med at undgå at blive smittet. Hvis du har ondt i halsen, kan du også prøve at tage et kursus i Tabning. Dette kan hjælpe dig med at forstå, hvordan du kan undgå at blive smittet, og hvordan du kan hjælpe andre mennesker med at undgå at blive smittet.

**fitness.dk**  
**ny og end træning**

**Fedt vægttab**  
**Må fedtprocenten**

**Maik i rette mængder**  
**Maik** er en tilkædet bombe, der kan bruges til at styrke dit immunsystem. Det er en naturlig produkt, der er fremstillet af naturlige ingredienser. Det kan hjælpe dig med at styrke dit immunsystem, og det kan også hjælpe dig med at undgå at blive smittet. Hvis du har ondt i halsen, kan du også prøve at tage et kursus i Maik. Dette kan hjælpe dig med at forstå, hvordan du kan undgå at blive smittet, og hvordan du kan hjælpe andre mennesker med at undgå at blive smittet.

**Klara**  
**BioPro® yoghurt forebygger maveproblemer**

Forskning udført af Københavns Universitet viser, at en daglig portion BioPro® forebygger maveproblemer. Universitets undersøgelse viser også, at BioPro® styrker dit immunsystem.

Du kan få BioPro® med jordbær, mango, appelsin og i naturel. BioPro® er fremstillet på basis af naturlige ingredienser og er et naturligt probiotisk kulturer. Læs mere på [www.biopro.dk](http://www.biopro.dk).

## Procedure and sample characteristics

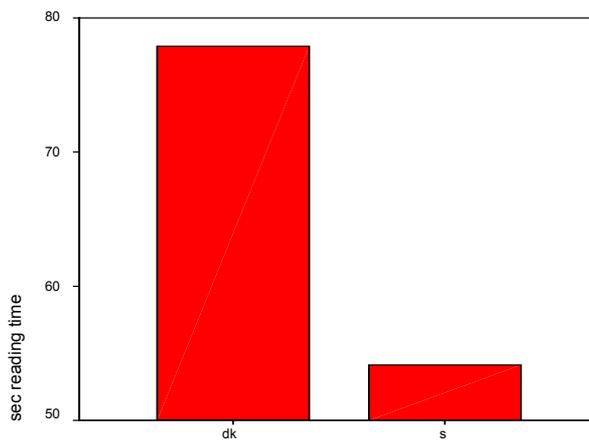
- $n = 320$  (Denmark) +  $320$  (Sweden)
- Women aged 25-60
- Buying and eating yoghurt
- Hall-test



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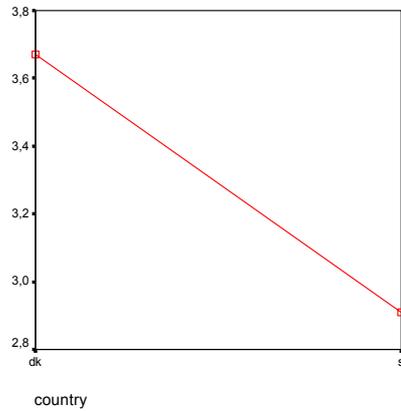
## Seconds reading



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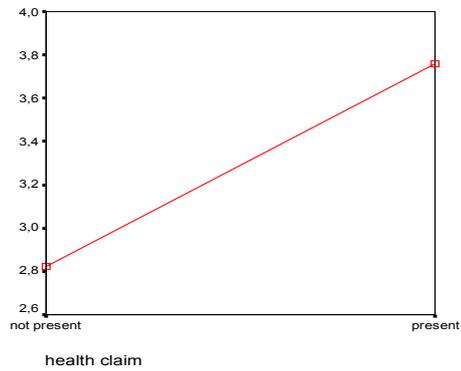
## Seek more info



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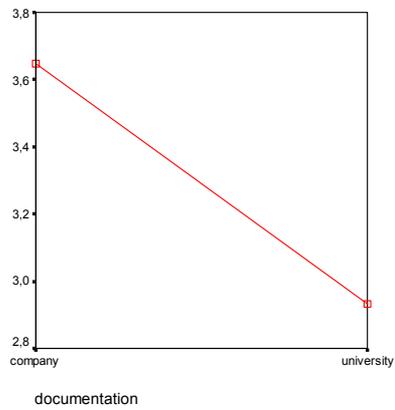
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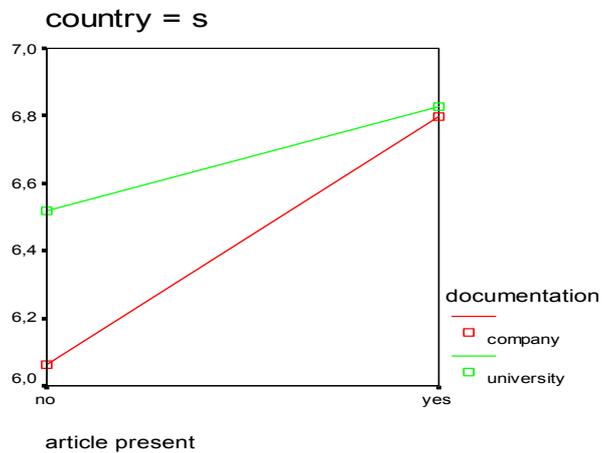
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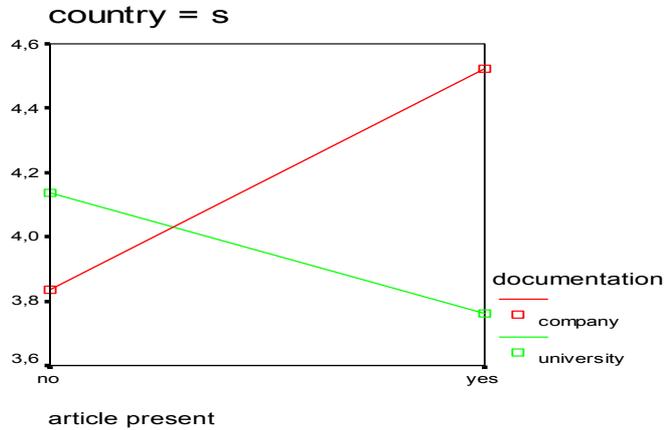
## Healthier product



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## Intention to buy at 4 kr. price differential



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## 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



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## 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**



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## **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



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# Participants

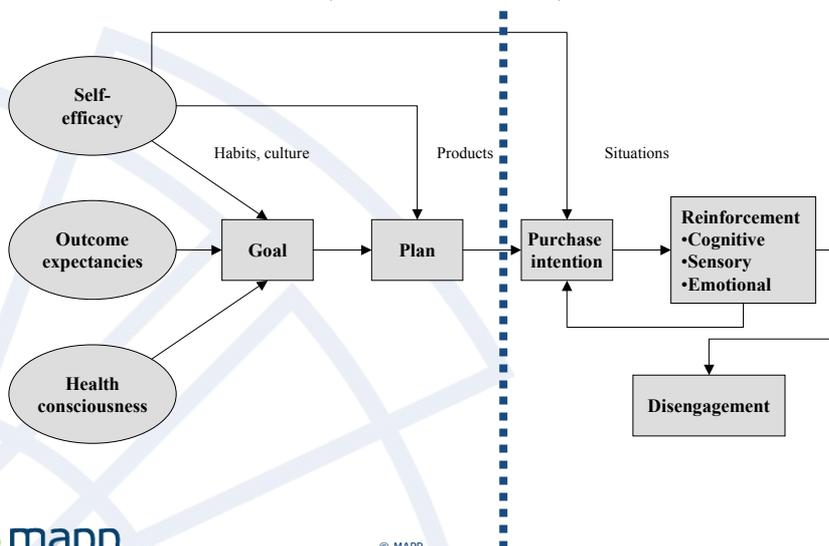
- Universities & Consultants
  - MAPP, The Royal Veterinary University, The Danish Cancer Research Society, The Hart Foundation, Monday Morning
- Companies
  - Arla, Danske Slagterier, Novo, Novozymes, Chr. Hansen, Meyers Foodhouse



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## The HAPA model (Schwartz, 2001)



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## 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



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