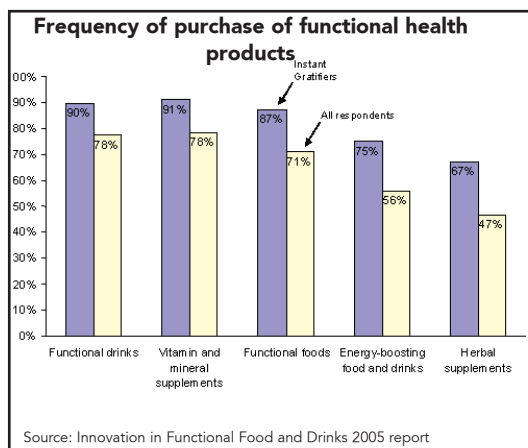




## Innovation in Functional Food and Drinks



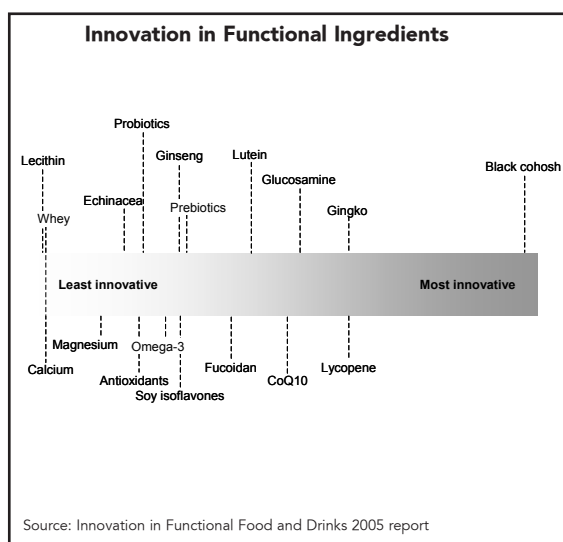
"Instant Gratifiers' higher propensity to purchase functional health products than other consumer groups suggests that they should be targeted as a market not only for products with short-term benefits, as their name suggests, but for products of all types."

With consumers' never-ending search for alternative therapies to a multitude of health-related issues, manufacturers are introducing a whole host of new food and drink products that promise to help consumers reach their individual health goals, through means of prevention and maintenance.

Published by Business Insights, **Innovation in Functional Food and Drinks** is a new report that provides a rigorous study of the growth, drivers and future market size of the food and drinks market, evaluating and identifying the key ingredients that will take it forward.

With our exclusive in-depth industry executive and consumer surveys, together with empirical analysis of product launch data and consumer opinions, Business Insights is uniquely equipped to identify the key issues and strategies allowing competitive edge in this rapidly growing market. This new report will enable you to **benchmark your strategy and assess potential markets by identifying the consumer and regulatory factors driving the functional market.**

## Hot issues covered in the report...



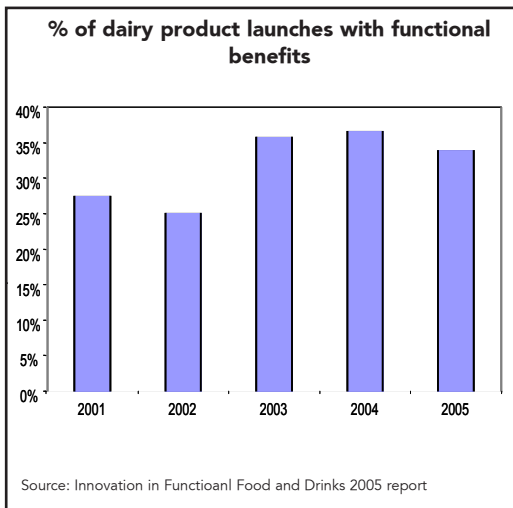
"Products that contain black cohosh are the most innovative, with 22.7% of all the black cohosh products launched between 2003 and 2005 classed as innovative. Lycopene products are also innovative, with 8.7% of all the products containing lycopene, innovative, followed closely by gingko (8.2%). Lecithin is the least innovative with only 0.1% of all the products containing lecithin launched between 2003 and 2005 classed as innovative."

- **Growth of functional ingredients will drive up dependency on ingredients companies.** Consumers are looking for more ways to assess and understand product quality and make better decisions. The burden falls on marketers to create brand value through scientific credibility and look for research-orientated co-branding partners.

- **There is a huge gap in regulatory acceptance of functional products between Japan, the US and Europe.** Regulatory bodies in Europe have the potential to hinder the success of the functional food trend; the EU is getting stricter on the claims permitted for foods and this will affect its development. By contrast in Japan and the US, regulations are shifting to make it easier for manufacturers to place health claims on products.

- **Innovation does not always lead to success.** Black cohosh has decreased in product launch growth between 2003 and 2005 as negative publicity surrounding the functional qualities of the herb has led to manufacturers not using it, even though being the most innovative ingredient.

## This new report will provide you with...



"Probiotic products are also driving growth in the dairy sector, although they have not yet been met with much success in the US. Although most of the major players in the US dairy industry market and sell cultured dairy products with probiotics benefits, such as yogurt and yogurt drinks, they do not market added probiotic ingredients heavily due to cultural stigma attached to bacteria"

- **Unique consumer surveys outlining healthy purchasing and consumption habits** and knowledge of key ingredients; these rare and exclusive insights will keep you ahead on consumer health behaviours and opinions.
- **Exclusive in-depth industry executive surveys** illustrating drivers of the functional industry and perceptions of consumers levels of awareness providing a valuable and thorough examination of the current functional market.
- Examples and analysis of highly innovative trend leading brands. **Gauge how companies such as General Mills, Dupont and Cargill are using key ingredients in functional food and drinks in their product development for competitive advantage.**
- **Extensive global coverage of the opportunities and threats in regulation** allows you to examine the current regulations affecting Europe, the US, Canada, Japan and South America in the development of functional foods and how these are shifting over time.

## Benefit from the expert insight and analysis enabling you to...



"Many nutrient compounds are categorized as antioxidants, which are increasingly derived from fruits rich in color, such as blueberries, currants, pomegranates, and cherries. POM Wonderful, a UK company, which launched a variety of pomegranate juice in August 2005, draws on the antiatherosclerotic properties of pomegranate juice on its website."

- **Identify who the key customers are** by gaining a unique insight into consumer opinions on health and ingredients together with consumption preferences and behaviours.
- **Increase market share** by identifying what the key ingredients will be from the succinct breakdown of ingredients, categories and innovation.
- **Develop innovative future strategies** by using our unique insight of leading manufacturers and analysis of key product and brand examples currently available in the market place.
- **Use our actionable recommendations to plan**, develop and understand how to position and market your product to ensure future success!

## Your questions answered...

### % types of innovation within innovative functional products 2003-2005

Type of innovation	% of innovative products
Formulation	85.0
Packaging benefit	6.9
Positioning	7.3
Technology	0.9
Merchandising	0.0
New market	0.0

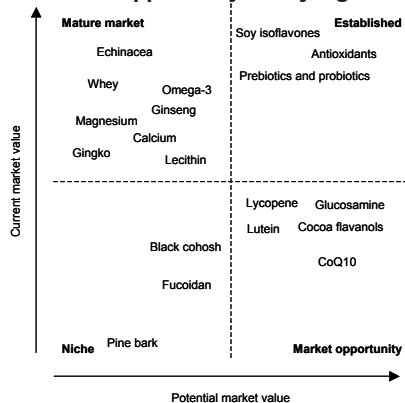
Source: Innovation in Functional Food and Drinks 2005 Report

"Of all the functional products launched between 2003 and 2005, 5.7% were innovative. Of those innovative functional products, 85% were innovative in terms of formulation and 6.9% were innovative in terms of a packaging benefit."

- What are the key ingredients in the functional food and drinks market?
- What level of awareness do consumers have of certain functional ingredients?
- Which other manufacturers are leading innovation in functional food and drinks?
- What do industry executives believe will be the most important functional food and drink categories?
- What will be the key ingredients in the functional food market in the next three years?
- How do regulatory trends in the US, EU and Japan present opportunities or threaten functional food and drink manufacturers?

## Key findings from the report...

### Market opportunity of key ingredients



Source: Innovation in Functional Food and Drinks 2005 report

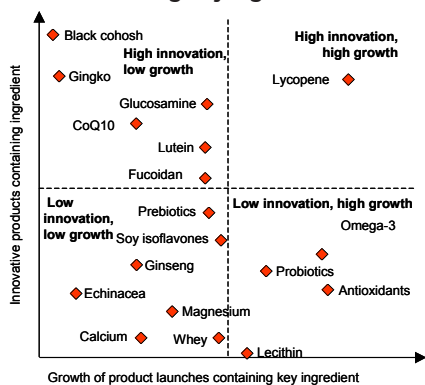
"Lycopene, glucosamine, cocoa flavanols and CoQ10 are a market opportunity for manufacturers. 68% of consumers surveyed were aware of glucosamine. The ingredient is likely to experience growth in the functional food and drinks market over the next few years as scientific studies continue to uncover the benefits of the ingredient and consumers become more educated about its health benefits."

- **Lycopene will be a key ingredient over the next few years.** It has experienced the most growth in terms of new product launches (91%) over the last two years.
- **Consumers are more likely to believe in the efficacy of functional health products** targeting health conditions whose alleviation can be felt or seen in a relatively short amount of time, such as low energy levels, gut health, skin and nail health.
- **Manufacturers believe that the supplement and drinks categories are currently the most important segment of the functional market.** By 2008, confectionery will experience the largest increase, with significant increases expected for the bakery and dairy categories.
- **Men are slightly more likely to be actively engaged in short-term health treatment and maintenance than women.** Women are more likely to be actively engaged in improving their long-term well being and comprise 55% of that segment compared to 45% of men.

## Sample information from the report

### CHAPTER 4: Innovation and NPD

#### Innovation versus growth of product launches containing key ingredients



Source: Innovation in Functional Food and Drinks 2005 report

This chapter will look at the growth and development of the functional food and drink sector by category, using new product launch data. It will analyze leading manufacturers' latest product launches and will look at innovation and delivery systems.

#### Innovation in Functional Ingredients

Black cohosh has decreased in growth in terms of product launches between 2003 and 2005. The negative publicity surrounding the

functional qualities of the herb has led manufacturers to postpone putting the ingredient in their products. The fact it is the most innovative ingredient highlights that innovation does not always lead to success. Figure 4.26 shows this to be true. Gingko is second most innovative ingredient, with 8.1% of all products containing gingko, innovative, but the ingredient decreased in growth of product launches between 2003 and 2005, by 44%.

Furthermore, omega-3 experienced the most growth in product launches, after lycopene, between 2003 and 2005 of 80%. However, only 3.3% of all the products containing omega-3 over the two years were innovative. The fact that 10 out of the 18 ingredients analyzed are not innovative but have high growth, or not innovative with low growth, reveals that innovation does not necessarily lead to success.

Lycopene is a key ingredient, and is the only ingredient that has both high innovation and high growth. As scientific studies have uncovered the many health benefits of the ingredient, many manufacturers that produce tomato based products have been marketing the lycopene content in their products. Also, many manufacturers are adding lycopene to food and drinks products to market the ingredients' specific health benefits.

**Find out more by securing your copy of Innovation in Functional Food and Drinks today. Turn to the order form on the back this brochure!**

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