

# Functional Foods & the Consumer

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## Abstract



You don't need to look far nowadays to find yet another new product hitting the supermarket shelves that comfortably fits within the category of a functional food. We take a look at how consumers react to functional foods and what they know (or don't know) about this growing industry trend.

Using a combination of research methodologies, including our very own Sensory Check methodology and an insightful online community, we uncover what consumers have to say about a range of functional food categories including every day staples such as bread, milk and muesli bars.

## Background & context

Functional foods are estimated to account for \$149 billion in global revenue by 2018.<sup>1</sup> There is currently no accepted definition for what a functional food actually is but generically it is a 'modification that increases the health benefit of the product'. We prefer an extended explanation that importantly notes a small change in that a functional food is 'a modified food that claims to improve health or wellbeing by providing benefit beyond that of the traditional nutrients it contains'. We focus on the term 'claims' as it is typically the difference between success and failure within this broad and all-encompassing new category of food and beverages.

We believe that it is an increase in health awareness and a rapidly aging global population that is behind this broad category growth. We have seen countless categories reduce or remove sugar, fat and carbohydrates from food and beverages to try and address some of these health concerns but for the most part, consumers are now rejecting these options as they are unwilling to sacrifice on taste. Weight management is still a pressing need for consumers, as is an over-riding desire to generally eat better.

We conducted independent research consisting of an online community, an online survey and a split cell sensory test to understand the factors that underpin the success or failure of products within the functional foods category.

## Key research findings

The main health concerns experienced by our sample of consumers were all more on the 'superficial' type of health concerns which are in the realm of possibility for functional foods to play a role in. In fact, many products are already moving into the areas highlighted by consumers as concerns by fortifying existing products with ingredients that can claim a large number of benefits.

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<sup>1</sup> Global Industry Analysts report 2012.

The vast majority of respondents felt as though they need help with an aspect of their life with very few feeling as though they have found the help that they need. For many, the simple need to ‘look after myself better’ was an area that they found difficult to do and believed that very few products are available to help them.

Based on our *Spheres of Influence* review, we identified an *Evolving Advantage Cluster* we call **Convenient Nutrition**. It is a driving force of purchase decisions by many consumers and is the core reason why functional foods have an important role to play.

Functional foods can deliver increased nutrition in everyday products due to the desire of consumers to eat nutritionally rich foods without any extra effort. A key issue for the functional foods category as it stands however is that on the whole, consumers are unaware of what a functional food is or what it does. There is a discrepancy however with claimed and actual behaviour when it comes to functional foods, further highlighting the confusion consumers are facing. This is further exasperated by uncertainty about a range of marketing terms being used.

Ultimately, functional foods are all about the convenience of added nutrition and the health benefits that those ingredients can provide. With more than 80% of our consumers indicating that they felt as though they were deficient in at least one or more vitamins, minerals or nutrients and 60% of those who thought they had a deficiency choosing to take a supplement, we believe the fortification of food and the resulting claim relating to health benefits is a key area to look towards in the future.

That said, with the exception of a few well known ingredients, most people were unaware of the health benefits that a range of functional ingredients that are commonly used to fortify a product really offers them. The most common functional ingredient being put on packaging without clarification as to why or with an accompanying health benefit is protein. There were many reasons why this ingredient was not enough to convince consumers to purchase the functional food but the main reason was a lack of understanding or a misconception about the benefits of protein.

## In conclusion

Naming an ingredient on a pack does not automatically turn a product into a functional food. It makes it a fortified product. The difference may be semantics but it is critical to success. Earlier we gave our definition of what a functional food is and we stressed the importance of the word ‘claims’ and with good reason. Simply naming an ingredient relies on consumers knowing what that ingredient does. What we have seen is that many consumers are dismissing fortified products as something that they cannot relate to or something that is not for them.

To be a functional food you need to make a claim, highlight the benefit or answer a consumer need.

## Want to know more?

This white paper is supported by a full length presentation that incorporates the independent research and experience of the researchers at pod research & strategy. We would be only too happy to organize a time to present the full version to you.