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21st Century Survival Strategy

A Wall Street Transcript Packaged Foods Report (Jan '00) pinpointed retailer dominance in the grocery marketplace. It concluded that successful food manufacturers are those that not only have leading brands, but also invest, innovate and grow product categories.

Generic and Brand Activity

Marketplace activity questions the role and utility of Branding in the functional food sector. Consider the entry and exit of brands such as Kellogg's Ensemble® and Novartis's Aviva®. McNeil's Benecol® continues to struggle. Ocean Spray® Cranberry Juice skillfully differentiates itself from its generic counterparts.

Generic health claims and general nutrition messages on whole grains, fruits, vegetables, milk, etc., correctly promote the necessary foundation of a balanced diet. Meanwhile, they create tough competition for a Branded functional food. In addition, any oat product sold in the US that meets the specifications of the FDA product-specific health claim on oats may carry the claim, even though Quaker Oats Co. funded and championed the regulatory approval process.

Functional Food Staying Power

The category is sustained by the same key forces that brought it to fruition: consumer interest in self-care and avoidance of disease; nutrition research on gender-specific, lifecycle and lifestyle requirements; scientific elucidation of physiological activity of key components, and, industry investment. However, it remains in its infancy without a universally agreed upon definition while battling two key obstacles – a scientific challenge and an economic challenge.

The Scientific Challenge

...or "Where Science Meets Reality". Food is an intricate matrix of many nutrients and non-nutrients. Bioavailability can be a function of crop management, food processing and time. Absorption differs among individuals. The whims of human nature play havoc with carefully prescribed diets. As clinicians continuously learn to control these variables and to measure only the effect of the test food or component, functional food clinical protocol design continues to evolve.

The Economic Challenge

Clinical trials are costly and time consuming. Product development hurdles include retention of bioavailability while securing regulatory compliance and manufacturing compatibility. The targeted consumer must accept the product's taste, texture and format. S/he must realize value from a price point that adequately covers the manufacturer's investment and profit expectations.

Unique Role of F'I Food Branding

"Brand Protection" is the mantra of consumer packaged goods. However, the Brand of a functional food is itself a shield to protect its pre-commercialization investment and create market exclusivity while generating consumer interest and revenue in a crowded marketplace. The task is formidable. The next issue of Food Fax will review a few Branded functional foods. **FF**

Some web-sites

www.twst.com (Wall Street Transcript)
www.functionalfoodtoday.com (Service of LFRA)

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