

GLAD TO BE GREY

The ageing global population's determination to stay fit and healthy in later life is driving an increasingly important market for functional food products. **Camilla Palmer** spoke to some of the manufacturers.

Older consumers are increasingly important to the functional food industry, and will be major contributors to the sector's success, according to manufacturers and researchers who are investing in its future. But despite this, it is rare to find products directly marketed at those older consumers, because brands don't want to alienate younger people.

The functional food and drinks sector, encompassing products which offer consumers added health benefits, is on the up. Market analysis company Euromonitor estimates that global sales will increase by 40 per cent by 2008. It puts the remarkable growth in the sector down to a variety of factors, including intense competition in the marketplace, more health-aware consumers and an ageing population.

Ingredients trade fairs are bursting with new products, all designed to help consumers take control of their health by offering functional qualities relating to a wide range of health issues, from cardiovascular disease to cholesterol control. With research now showing that the top consumer health concerns include heart disease, cancer, arthritis, high blood pressure, asthma and diabetes, a continuing, and lucrative, boom in functional foods is inevitable.

DRIVING INNOVATION

Euromonitor research director Christiana Benkouider says the very crowded and competitive nature of the food market means manufacturers have a financial incentive to develop food products with a

good point of difference, such as a functional food and drink. 'All manufacturers are constantly looking for new revenue streams and ways to diversify. Health will always be a hot topic, which is why it makes sense that functional products will continue to boom,' says Benkouider.

Specific developments in nutrition research have also heralded the development of ingredients with health properties that are suitable for use in food and drinks – the use of plant stanols in cholesterol-lowering spreads and cheeses is a good example.

Consumer and government awareness of health issues and our increasing desire to take better care of ourselves are also

groups around the world. And their wealth and desire to stay as healthy as possible makes them an important target market for manufacturers.

GREY POWER

UK pollster Mori and the charity Help the Aged teamed up to produce research which showed that by 2051 43 per cent of all UK adults will be over 50. Mori chairman Bob Worcester says so-called 'young older people' – those between 55 and 64 – have high levels of income, savings and expenditure. Their £372 a week disposable income is 17 per cent above the average for the UK, and their £61 weekly spend per person on food and non-alcoholic drinks

THE BIGGEST CONCERN OF OLDER AGE GROUPS IS THEIR PHYSICAL HEALTH

driving the market. According to the executive director of The Centre for Food and Health Studies, Justin Mellentin, Unilever has estimated that regular use of a LDL-cholesterol lowering spread, such as its Proactiv brand, could lower cholesterol levels by 14 per cent in the UK over five years. This could result in a 25 per cent reduction in coronary disease, saving the government some £433m in healthcare costs.

Functional food and drink sales will also benefit from the steady growth in the number of consumers in the older age

beats the overall average of £55. 'We shouldn't forget that larger numbers of older people are richer, healthier and more socially active than ever before,' he observes. 'Older people have increasing power and influence to wield.'

Age Concern calls these types of consumer SWELLS – sixty, well-off and enjoying later life. 'They are looking forward to the future and grabbing opportunities with both hands,' says head of research Leslie Sopp. Crucially for food and drink manufacturers, the biggest concern of older age

groups is their physical health, with 85 per cent taking regular exercise. Sopp claims they are the largest consumers of low-fat products and eat the least indulgence products, such as cakes and biscuits, of any other demographic group.

NEW DEMOGRAPHICS

Media company OMD UK has also analysed the demographics of older age groups, and encourages manufacturers and brand owners to 'mothball old ideas about age'. The company's research found that lifestyle and attitude defined different groups of older consumers, rather than age, and it has developed clear groupings that reflect that. Live Wires, Happy and Fulfilled, Super Troopers, Race Junkies, Living Day-to-Days, Unfulfilled Dreamers and Anchored in the Past are the seven categories which most relate to older consumers according to research director Jo Rigby. 'We found some interesting facts for each group, but in the main, it seems that older consumers are brand-loyal, and have some common fears,' she says. 'Health is a big driver, with 34 per cent worried about not being able to afford healthcare in later life, and 75 per cent restricting their salt intake.' Ailbhe Fallon, a consultant with food marketing specialist Fallon Currie, applauds the findings, saying: 'You cannot lump everyone from age 50-90 together in the way that has so often been the case. Lifestyle and attitude are far more important than age.'

Despite rising obesity and issues such as smoking, Europeans aspire to being healthy. The UK has the largest market for functional food in Western Europe in value terms, with sales of \$2.6bn in 2003. Japan has the largest market globally, taking \$11.7bn in 2003. Like the UK and the rest of Europe, the number of older Japanese consumers is rising, with 20 per cent of the population over 65. According to a government report released in June 2004, this will rise to 25 per cent by 2050. China is gearing up for a huge explosion in the number of older consumers: a recent report predicts that the number of people over 65 in 2040 will be almost 400 million – more than the combined total populations of France, Germany, Italy, Japan and the UK. The USA is getting older too, with the US Federal Reserve

predicting that the current 13 per cent of the population over 65 will increase to 20 per cent in 2030.

AGE-BASED TARGETING

'Grey' consumers may be the face of the future for functional food and drink products, largely because they look set to be one of the biggest groups of consumers. But it will take some time before a considerably younger target audience for products such as energy drinks shift their interest to probiotics and cholesterol-reducing spreads, according to Euromonitor's Benkouider.

Benkouider says that the entry of mainstream brands – such as PepsiCo's Tropicana juice – into the market shows how manufacturers are keen to market functional foods to consumers of all ages, in order to grow the market as quickly as possible. 'Our research shows that, at this point, products targeted at older consumers are niche, but we're expecting that to change slowly,' she says. 'The young consumers of today will age, and manufacturers have a task to educate them about the role of functional food and drink products in their lives.'

THE OPPORTUNITIES FOR A NEW BREED OF CLINICALLY PROVEN SUPPLEMENTS, FOODS AND DRINKS ARE ENORMOUS

She is echoed by Mintel editorial director David Jago, who laments the number of products aimed directly at older consumers. 'It should be an important target audience for the industry, but there are very few products aimed directly at them,' he says, citing the Japanese market as a good example of where this is not the case. 'Manufacturers are much more overt about targeting older people with packaging and imagery to suit them. There isn't the same cultural difficulty in communicating with them,' he says.

To witness the difficulties encountered in targeting older consumers, take mainstream brands. Few feature exclusively older consumers in their marketing material. Commentators insist that this can have a negative effect on attracting consumers – after all, if you are trying to grow in an increasingly competitive consumer product landscape, why would you specifically tar-

get one demographic? Fallon says marketing overtly to older consumers is difficult, mainly because we are all so obsessed with youth. 'You have to be very careful about alienating or offending consumers who might not want to be reminded of their age.' Mintel's Jago tells the story of a toothpaste product aimed at the over-40s market: 'When they analysed the purchasing data for the product, they realised that the consumers who were buying it were actually 20 years older – they were attracted to the brand because it made them feel youthful.'

However, there is growing evidence to suggest that manufacturers would benefit from targeting older consumers by including them in advertising and promotional activity. Recent studies have shown that brands are obsessed with youth and marketers are blind to the spending power of older consumers – something which will become less sustainable as the world's population grows older and proportionately wealthier. The sophistication of the cosmetics industry when targeting older consumers is often cited as the benchmark which food and drink manufacturers should work towards. 'Skincare brands

from more mature consumers are readily accepted by that target audience, and are marketed with them in mind,' says Fallon. 'Food and drink companies need to create a similar strategy when marketing to older consumers,' she adds.

Peter Olesen, executive vice-president for research, development and application at Danish ingredients company Chr Hansen says the majority of multinational food companies are looking at demographical product development very seriously, and cites Nestle as a good example. The company has invested heavily in planning foods specifically for different stages in life, and older consumers are increasingly relevant, according to the company's nutrition marketing expert Bert Demeyere. 'What is driving our research into functionality for older consumers is their behaviour, rather than their numbers,' he says. 'People are self-medicating and building

up what we call “health capital” from an earlier and earlier age, which means that functional products are actually appealing not just to older consumers, but to those who are taking control of their health from the mid-30s onwards.’

With an estimated 80 per cent of the UK’s wealth in the hands of the over-50s, manufacturers of functional food and drink should be ramping up their efforts to reach this affluent and receptive audience. ‘Food and drink companies need to work harder to tap into this market, through greater creativity,’ says Mintel’s Jago.

GOING MAINSTREAM

Some of the biggest brands in European functional foods have bridged the gap between niche health product and mainstream grocery items with aplomb – marketing to a wide range of consumers without alienating any age group. Benecol, owned by Raisio and marketed by McNeil Consumer products has seen niche take-up make way for a generic brand aimed at a wide range of consumers. The brand was the first stanol ester product on the market in Europe, although sales are now surpassed by Unilever’s Pro-activ range. The Benecol brand range now encompasses yoghurt drinks and low-fat bio-yogurt, cream cheese-style spreads as well as buttery taste and light spreads, and is marketed at consumers who are facing the health implications of middle-age, such as high cholesterol. In the first half of 2004, McNeil invested £3m in TV and press advertising for the brand, and its advertising has evolved since Carol Vorderman backed its launch in the UK. The company used a spoof salesman to educate consumers about Benecol’s benefits, and is now planning a raft of activity for early 2005 – it is likely that it will promote the range’s premium qualities against rivals such as Pro-activ.

Yakult’s trademark ‘little bottles’ continue to dominate this sector of the market, and its marketing activity is firmly cemented in educating a more youthful audience about the benefits of a healthier digestive system – the brand’s UK advertising campaign features a young man describing how the product works to a girl at a dinner party. Other marketing activity links the brand with the UK’s Gut Awareness

Week. Previous activity for Actimel has focused around a two-week challenge from brand-owner Danone, as the company encourages consumers of all ages to consume its pro-biotic ‘little bottle’ drink. When the campaign was launched in January last year, Danone’s task was to change consumers’ habits around the traditional New Year resolution period.

NICHE ACTIVITY

Although many products, depending on the level of claim being made, are now becoming more mainstream, and are marketed in many channels to all ages, there is much room for growth in niche sectors for older consumers. As the world’s population ages, the opportunities for a new breed of clinically proven supplements, foods and drinks are enormous, according to industry consultant Fallon. She predicts that pre-biotics will be a long-running trend in functional food development: ‘Everyone has a digestive system, so it’s an area of growth which manufacturers are looking at,’ she says. ‘Pre-biotics can help the system work better, to absorb nutrients from conventional food, help keep infections at bay and possibly contribute to the avoidance of long-term digestive problems such as colorectal cancers,’ she adds. One client, Orafiti, is investing in research in this area for its Raftilose ingredient, which contains inulin. Danisco has launched a stronger breed of probiotic, capitalising on the growth of that sector.

Cancer is just one of many health concerns for older consumers, and there is evidence that companies are working to produce ingredients and products which tackle other health concerns. ADM is marketing its range of soya proteins by expanding on claims that consumption can help heart, bone, breast, prostate and kidney health. Solbar is researching soy protein and its ability to help combat what it calls ‘diabesity’ – having type II diabetes and being overweight. Cognis is marketing its Tonalin CLA lineoleic acid as a clinically proven aid to combat obesity after a study showed that it reduces body mass by 9 per cent.

HUGE POTENTIAL

Looking at the number of marketable ingredients available and recognising the level of research currently under way, Olesen at Chr

Hansen’s says that it’s only a matter of time before foods with more advanced health claims are launched: ‘Functional foods with pharmaceutical claims for conditions such as cancer and cardiovascular disease will be a big market in the future,’ he claims. Although he admits that such advances could be years rather than months away. But when a population is continuing to get older, this is a bonus, rather than a hindrance to manufacturers.

The ageing population is also creating demand for and an increased awareness of anti-ageing food and drink. A report from the UK’s Leatherhead Food and Drink Research Association highlighted manufacturer collaborations which aim to harness R&D between the beauty and the food and drink industries – one such partnership exists between Nestle and L’Oreal. Laboratoires Inneov was set up in 2002 to exploit opportunities in this area by developing food and drink products which also benefited consumers’ appearance. As an ageing population seeks to ‘hold back time’ and aspire to youthfulness, this is an area ripe for expansion.

Eyesight-enhancing ingredients and those which help against age-related conditions such as arthritis are a prime ingredient in functional products aimed at older consumers.

Mintel’s Jago says products enhanced with lutein, for eye health, and glucosamine, for joint health, are gaining momentum in the USA. Foods that can lower blood pressure are also coming onto the market, with Finnish company Valio launching its Evolus drink, for consumers worried about other aspects of cardiovascular health.

Jago predicts the trend for more clinically proven products will grow, but that it will take time to develop, due to differences between the R&D schedules of food companies and pharmaceutical firms.

‘The trend for “pharma-food” will take some time to develop, because companies need to invest huge amounts of time and money on the essential clinical trials needed to bring products to market. However, time is on the side of those developing the ingredients and food and drinks products that will take functional products into the next stage of their development: the world’s population is getting older all the time.’ ■