

# How to Succeed in Functional Foods: 7 Consumer Platforms



By Peter Leighton

# F

unctional foods & beverages have demonstrated not only their staying power as a new category of products, but they have actually been driving growth in the food industry.

The global market for functional foods & beverages will reach \$176.7 billion in 2013 with a CAGR of over 7%. Beverages lead the category, growing at a rate of 10.8%, with foods increasing at 6.9%. Euromonitor looks at fortified/functional products as a \$246 billion segment of health and wellness-positioned packaged foods and beverages, equaling about one third of the category. Between 2007-2012 this segment showed a 42% sales increase (compared to 29% achieved by organic products and 28% registered by the better-for-you category), and functional foods & beverages now comprise about five percent of the overall US food market, which is stagnant in comparison at about 1-3% annual growth.

After analyzing consumer lifestyle trends, consumer perceptions, demographic data, product sales and ethnographic research, the following seven platforms are driving the growth of functional foods & beverages:

# 1

## Lifestyle Antidote



Managing chronic conditions such as diabetes, CVD or obesity with foods that can offset the effects of the condition is a simple, self-directed concept. To the extent that a food or beverage can deliver convenience and simplicity in a health solution without the consumer having to sacrifice taste or lifestyle, you have a big hit on your hands.



# 2

## Better Breakfasts

Consider the fact that 31 million Americans, about 10 percent of the U.S. population, do not eat breakfast. Driven by a need for convenience for time-starved consumers, this trend is all about packing the right blend of nutrition and function into a convenient and delicious serving occasion.



# 4

## Healthier Snacking

74% of people surveyed believe that “natural” means “healthier”. Guilt reduction is the driving force as consumers don’t want to give up on snacking, but they want to feel better about the snacks they consume. Yet they will not give up on the taste factor and convenience that is the cornerstone of snacking. The global snack foods market will reach \$334.7 billion by 2015.



# 5

## Boosting Reality

Experiential products that can deliver a boost to life such as energy or mood alteration often see dramatic consumer response. While one may consider alcohol as the poster child for this trend, there are many nutraceuticals that pack an experiential punch. The paradox is that the more experiential the product, the more likely it is to bump heads with regulatory barriers.



Whether it's Beauty from Within or functional ingredients for topical use, this is a growing trend that will be continuing. Fueled by an anti-aging and self-directed healthcare mindset, consumers are getting very savvy to new advances in botanical research and are looking for new solutions. In 2011, US sales of skin care cosmeceuticals reached \$4.7 billion, and the cosmeceutical hair care category is estimated at \$3 billion.



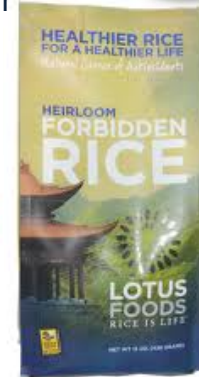
## Cosmeceuticals

# 3

## Trend Monger

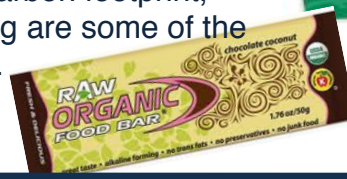
# 6

Using food as a badge of sophistication or as an ethical statement, there is a movement towards the exploration of more esoteric, cultural foods, especially ones that provide a unique ethical story such as fair trade, heirloom, varietal, etc.



## Eco Warrior

Taking the Trend Monger one step further, there is consumer interest in using food choices as a means of activism. This includes thoughtful sourcing of ingredients, manufacturing and packaging, as this trend is driven by an intense interest in using the product as a means of driving social change. Sustainable ingredients, raw foods, negative carbon footprint, minimal packaging are some of the keys to this trend.



Abunda is an integrated consulting group, designed to offer top tier management and strategic solutions to growth-oriented companies. Our mission is to deliver value through innovative market approaches and increased profitability. Abunda delivers solutions for the life sciences, health & nutrition and functional foods markets. [www.abundasolutions.com](http://www.abundasolutions.com)

## Contact:

Peter Leighton  
[peter@abundasolutions.com](mailto:peter@abundasolutions.com)  
+001 (801) 550-6962  
SKYPE: advana\_science