The development and marketing of healthy, natural and functional food and drink

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A focus on the food and drink industry

- Market analysis
- Market research
- Product testing
- Sensory evaluation

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How to stand out in a crowded market!
Overview

• Introduction and background
• ‘Better for You’ trends
• Successful products
• Marketing mix
  – Product and Packaging
  – Other P’s
• Conclusions
Background

• Approximately 10,000 new food and drink products are introduced each year in the UK
• Change in consumer preferences and lifestyle choices offer new opportunities for food and drink businesses and entrepreneurs
But . . .

• Many sources quote an **80% failure rate** for new food and drink products!
• Why?
• How can this be improved?
• How can healthy, natural and functional (Better for You) food and drink products stand out in a crowded market?
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What is ‘Better for You’?

Healthy

- Less calories
- Less fat, sugar or salt
- Contains antioxidants or vitamins and minerals
- Contains other functional ingredients
- More essential nutrients per calorie
- A consumer perception?

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What is ‘Better for You’?

- Natural is not necessarily ‘better for you’ but is a common consumer perception
- Becoming an essential characteristic
- Clean label/transparency
“Consumers find foods and beverages that are ‘naturally’ high in nutrients to be more than twice as appealing as those that have "added nutrients."

(2013 Datamonitor consumer research)
‘Better for You’ can lead to success in today’s food and drink world

“...a whopping seven of the top 10, and 73 of the top 100 food and beverage products launched in 2013 offer a healthier-for-you benefit”

(www.iriworldwide.com)
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What makes a ‘Better for You’ product stand out?

• A few examples. . .
#1 Food and Beverage Brand

2013: Year one sales $144.9 million as opposed to average of $35 million.
(www.iriworldwide.com)

- 0% fat
- 2x protein compared to regular low fat yogurt
- 80 calories per serving
- Around $3.50 to 3.80 for a 4 pack

- Clear/on-trend health benefit
- ‘Satisfaction without sacrifice’— tastes good
- Eye catching/stand out packaging
- Targeted promotion
- Trusted brand
- Slightly different/exotic image

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Coke Zero grew 26% in volume terms and 22% in value terms in 2013 - Nielsen YTD to 21.12.13. (www.coca-cola.co.uk)

- 0% fat
- 0.5 calories per 150 ml
- Around £3.50 for 8 x 330ml

- Clear low calorie benefit
- Focus on taste - ‘Delivers the same great taste as Coca-Cola’
- Eye catching/confident packaging
- Trusted brand
- International multi-media promotional campaign targeted towards young men
- Growth despite some downturn in the CSD sector
Helping ‘Healthier’ food and drink stand out from the competition

<table>
<thead>
<tr>
<th>Feature</th>
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<tbody>
<tr>
<td>Trusted brand</td>
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<td>Flavour and sensory impact</td>
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<td>Satiation and satisfaction</td>
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<td>Stand out packaging</td>
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<td>Natural and healthy</td>
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<td>Adds in nutrients as well as takes out</td>
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<tr>
<td>Targeting new segments</td>
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<td>Affordable price and widely available</td>
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The Marketing Mix

Target Segment

Place

Product and packaging

Price

Promotion

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• The product is core to the offering

Sensory properties and liking of product and/or packaging

Selling and usage context, appropriateness, price, other physical benefits

Brand, image, emotional appeal
‘New’ stand out ‘Healthy’ Products

• Natural
• Taste good
• Slightly different sensory profile to current offerings
• Fun and convenient packaging
Successful Product Reformulation

- Meeting taste expectations is key
- Stealth approach may work
- Or promote reductions to key segments

Potatoes, Sunflower Oil (25%), Rapeseed Oil, Salt & Vinegar Seasoning, Salt & Vinegar Seasoning contains: Flavouring, Dried British Vinegar, Salt, Citric Acid, Sugar, Potassium Chloride, Yeast Extract

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Researching the product

• Liking and diagnostics
• Taste segmentation
• Discrimination testing
• Sensory profiling
• Category appraisals
• Key sensory drivers
Liking and cluster patterns

Overall liking

Preference pattern for Cluster 1 similar to overall mean, but patterns for 2 and 3 are not

Product B polarising
JAR (Just about Right) scale

• Please tick the box that best reflects your opinion about the SWEETNESS of sample 730:

Not sweet enough  Just about right  Too sweet

Calculate percentages in each category.
Can set target for % consumers rating sample/product as JAR
Triangle Test

You are presented with three samples: Two are the same and one is different. Please evaluate the three samples in the order presented to you from left to right and circle the code of the one that you think is different from the other two. Please make a choice even if you have to guess.

338  872  106

What makes the sample you chose different from the other two?
Sensory benchmarking

• A snack category

Brand A

More cereal flavour

Brand D

Harder

Brand B

Saltier

Brand C

Softer

Brand D re-launch?
But . . .

“. . . when consumers taste blind, they cannot distinguish between three major competing beer* brands. Our results suggest that brand loyalty in this market is likely to be driven largely by marketing and packaging, and not by the underlying sensory properties of the competing products.”

*mass market lager
Packaging

• Contains the product . . .
• But is also the face of the product to the consumer
  – Attention
  – Branding
  – Information
  – Aesthetics
Packaging to product (and brand) fit

• Does the packaging?:
  – Enhance the image of the product
  – Enhance the usage of the product?
  – Promote the ‘better for you’ characteristics of the product
  – Stand out against the competition?

  – Appeal to/work for the target segment?
Launched in the UK in 2014.
Sweetened with a blend of sugar and naturally-sourced stevia leaf extract.
89 calories in 330 ml. 36% less calories vs full sugared colas in GB due to a sugar reduction of 37% thanks to stevia extract.
500 ml bottle containing PlantBottle plastic made using up to 22.5 per cent plant materials combined with up to 25 per cent recycled plastic.
All packs fully recyclable and both the 330ml can and 1.75 litre PET bottle containing recycled materials.
Packaging research an important tool

“Our finding demonstrated that expected food naturalness was impacted not only by visual cues, as already widely demonstrated in the literature but also by tactile and to a lesser extent by auditory cues. Roughness, suppleness and low sound intensity were the material sensory characteristics impacting expected food naturalness.”

Food expected naturalness: Impact of visual, tactile and auditory packaging material properties and role of perceptual interactions
Food Quality and Preference 27 (2013) 170-178

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Packaging research

• Sensory properties of packaging
• Attention and focus
• Emotional response
• Attitudes to materials used/recyclability of packaging
• Attitudes to claims
• Usability/ergonomics
• Optimal design

• Methods
  – Trained sensory panels
  – Surveys
  – Interviews
  – Assisted shopping
  – Eye tracking
  – Conjoint analysis
  – Brain imaging
  – Implicit attention test
  – Consumer workshops
  – Ethnography
  – Usability studies
  – Experimental economics
Promotion

• The benefit
• The brand
• AIDA
  – awareness
  – interest
  – desire
  – action
Promotion of ‘Better for you products

• Multimedia
• Use packaging
• Use claims
• Use social media
• Potential for ‘Better for You’ brands to engage in social and ethical campaigns without consumer scepticism?
• But need to be respectful of consumer and transparent
Big thanks from the big knit

Thank you for supporting the big knit this year. You’re helping to keep older people warm this winter.

age UK
Find our Special Edition @BCCare Goats' Cheese & Beetroot Fiorelli in @waitrose stores over @BCancerAwareness Month.
pic.twitter.com/fKLIQ76vNJ
“Although 66% confirm their companies have plans to increase investment in new product development (NPD), many believe their customers are more focused on price than ground-breaking NPD.”
Making ‘better for you’ food cheaper

There are those arguing that the way forwards is to increase the price of ‘bad’ foods and ‘decrease’ the price of good foods.

See The Grocer – Soft Drinks: Making the healthier choice the cheaper choice – December 2013
Place

• Channel is more important than ever
• Consumer segments will expect to purchase ‘better for you’ products in different places at different times
• Consider supermarket, online, food service, specialist shops, etc.
• Out of home consumption is becoming increasingly important for many segments
“A lighter way to enjoy summer, Red Berry Yoghurt Frappuccino combines delicious berry compote with fresh yoghurt blended with ice meaning you can indulge without worrying about your beach body you’ve worked hard for.

Did You Know:
Yoghurt contains protein and calcium which are important nutrients helping your body grow and repair.”
Conclusions

- Development and marketing of differentiated and successful ‘better for you’ food and drink follows standard marketing theory.

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