



Insight Report Executive Summary

In cooperation with Analyze & Realize

How to communicate health benefits successfully with or without Health Claims

Rules for success with Health Claims

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About the authors

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Peter's specialty is to take consumer data and market insights from around the world on food/health issues and provide strategic tools such as the FourFactors® Brand Analysis System also known as The Healthy marketing Game! which allows marketing teams to make strategic decisions and accelerate brand innovation and NPD. Peter is a popular speaker and chairman and he has delivered workshops and seminars to companies across the globe.

Neal Cavalier-Smith. An MBA graduate of London's City University Business School and former Senior Brand Strategist at top-five global branding agency Design Bridge, Neal is Director of Consulting at The Healthy Marketing Team. He has worked at board level for over 20 years and completed projects for most of the world's top nutrition companies, visiting over 80 countries and lived in Europe, Asia and the Americas.

Son of an eminent Evolutionary Biologist, Neal's passion and aptitude is for making sense of complicated branding problems, especially at the more technical or intellectual end of the spectrum. He is much in-demand for Strategic Direction health-checks as well as conference speaking engagements and client training programmes.

Dr. Inga Koehler, PhD, is a Senior Consultant at analyze & realize since 2004. Since 2011 she is Head of a&r's Nutrition Business Consulting team. Christiane Alexander, PhD, joined a&r in 2007 as a Senior Consultant. Since 2011 she is a&r's Head of Business Development. Both, Inga and Christiane, are regular speakers at international conferences.

Analyze & Realize is a specialized research and consulting company for functional foods, dietary supplements, and herbal medicinal products and medical devices. With more than 20 years of expertise and in the natural product industry, the company is specialized in clinical trials and scientific as well as regulatory affairs, including health claim substantiation for food products. As contract research organization (CRO), a&r has performed over 170 clinical trials with herbal medicinal products, functional foods, supplements and other natural products.

Introduction

In this Insight Report HMT, together with Analyze&Realize, will attempt to establish:

- What is the impact of Health Claims when it comes to communicating effectively with your brand's target group
- What are the principles that guide effective communications, with or without a Health Claim

Health Claims have increasingly become one of the most debated topics in the Food Industry and we have been seeing many of our clients increasingly worry about getting Health Claims approved even before defining their brand positioning and understanding their target consumers' driver and motivation.

With this in mind, this Insight Report re-frames the Health Claims discussion in light of three critical topics:

- In PART I we describe exactly what are Health Claims and what are you allowed to claim.
- In PART II we explore how to communicate Health Benefits.
- In PART III we look at how to position brands with Health Benefits, and finally in the Summary we describe the rules for success with or without Health Claims.

Please Note:

Although the Executive Summary of this report is a Word Document, to optimise the use of this report within your company, the full Insight Report is in a PowerPoint format.



PART I: Health Claims. What are they? What are you allowed to claim?

Certainly, one cannot ignore Health Claims are important! And they are particularly for dietary supplements since they cannot attract costumers by arguing about products properties such as good taste.

Nutritional science is not just restricted by ethical considerations but also by limitations in studied populations, endpoints, biological relevance, acceptance of biomarkers and risk factors – just to mention a few.

It is EFSA's role to draft guidance documents which provide the requirements for claim substantiation. Health Claims need to be substantiated by evident data - any data can be of use, in-vitro, preclinical or small human intervention trials that are backed by at least 1 gold-standard trial.

Recently published EFSA's guidance documents have been long awaited by the industry and stakeholders. For the first time, EFSA provides scientific support for substantiation of health claims on various indications. However, some EFSA guidance remains vague on specific requirements for clinical trials.

Different application will still require the same level of scientific assessment for all health claims: generic and individual claims.

Examples exist where one properly designed and sufficiently powered clinical trial was enough to form the basis for winning a positive opinion by EFSA. These trials were usually accompanied by supportive data from clinical trials establishing proof-of principle, dose-response relationships or other pilot trials.

The first part of this Insight Report will explain the role of EFSA and give an overview of the current situation, explore recent health claims and working with EFSA, describe what is the current legislation, and comment on marketing hitting regulation.

It includes a short overview of all five indications:

- Gut and immune function
- Bone, joints, and oral health
- Appetite ratings, weight management, and blood glucose concentrations
- Antioxidants, oxidative damage and cardiovascular health
- Neurological and psychological functions

PART II: How to communicate Health Benefits

Industry Myths and Consumer Beliefs:

The Food Industry is struggling to find the right way to communicate their brands within the Regulatory scenario. But what they are sometimes ignoring and forgetting to ask themselves is whether there is a real need for a Health Claim.

On top of it, because the regulation is still being approved/changed, there is an increasing tension in terms of what can be said and what cannot.

In this increasingly confusing scenario is very easy to loose focus on the consumer and start to believe in myths created by the Industry and the Regulators themselves.

When asking some industry executives about their latest experiences and challenges with Health Claims, one of them expels out this lack of consumer focus:

“...It’s also fair to say that a health claim per se doesn’t guarantee the success of a product or ingredient: some of the wordings are far from consumer-friendly.”

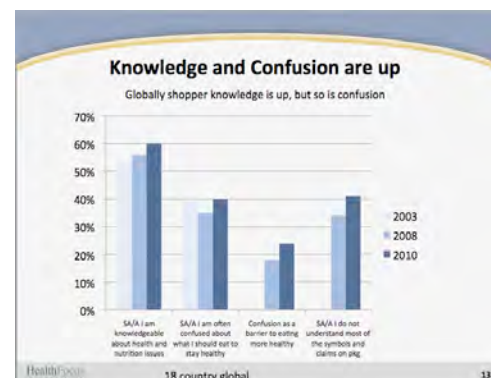
Progressively, the industry’s myths around Health Claims are becoming more important than the actual claim itself, more important than the consumer, and ultimately they are slowing down innovation.

What does the consumer think about Health Claims?

Looking at both Consumer quantitative studies such as HealthFocus International (HFI) and qualitative data by interviewing consumers in London, we find out how big is the gap between the importance Industry and Consumers are attributing to Health Claims.

With EFSA’s regulation and the media generated by it, consumers are more skeptical towards all health claims. 29% of the main shoppers surveyed by HFI are now “skeptical about new health claims because EFSA has rejected so many”.

Analysing the data from 2003, 2008 and 2010 at a global level, we can see that both knowledge and confusion about health claims are increasing among the shoppers.



Why? Because health claims need to be put into a context. It is not about the claim; it is about how you use it.

Food companies' challenge is all the extra knowledge they need to handle in a health and wellness project. And if you handle this challenge to the consumer, it won't be any easier. Consumers are very far away from EFSA and the health claims discussion.

They firstly consider buying a food they like, secondly a brand they like and only when there seems to be a problem they may look for the details. And in confusing times, the role of the industry and the marketer is to make consumers' choices easier.

Every shopper stands in front of the shelf making complex mental calculations with everything she knows about the product, the secret is to know what informs her calculation.

How to pack a Health Claim into a consumer concept?

In light of the FourFactors® of Success, the brand analysis system developed by Peter Wennström, a Health Claim is only 1/12 of a consumer concept. The FourFactors® tool describes the basic equation that happens in consumers' mind at the point of purchase. Within each of the four factors, we find three sub factors. Health Claims take part in only one of the sub-factors!

Factor 1: Need the product

This first factor is the basic proposition for the whole product idea. It concerns the consumers' lifestyle needs, their perception of the product and its relevance to their daily life.

- Who is the product intended for?
- When will they consume it?
- Why will they consume it?

Factor 2: Accept the ingredient

This factor is concerned with the level of consumer awareness of, and interest in, the healthy ingredient, and also the trends that may help stimulate demand for your product or ingredient.

- What does your target consumer know about what's in your product?
- Are they interested in your ingredient?
- Are there any trends related to the ingredient?

Factor 3: Understand the health benefit

How well does your target consumer understand the health benefit your product offers?

This factor relates to simple consumer logic. What is the health benefit of your product or the functional ingredient in it? Is the health benefit relevant to their daily life?

- Is there a physical benefit?
- What is the intellectual benefit? → The Health Claim is a verbal expression of a benefit derived from an ingredient or a nutrient. It is not necessarily in consumer-friendly language.
- What is the emotional benefit?

Factor 4: Trust the brand

This is the key factor for understanding both why some functional and health-enhancing foods have been successful and others haven't, and why a brand can be successful in one market but not in others, because of its identity and history.

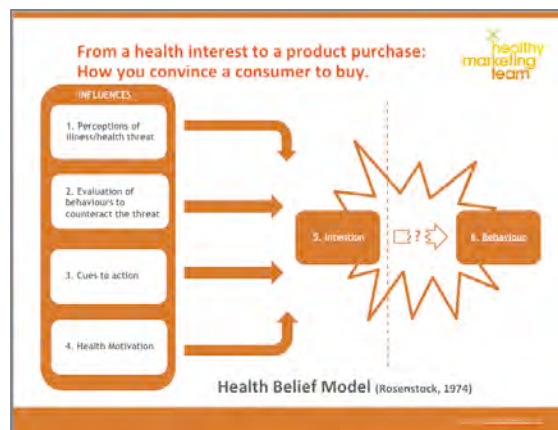
- What's your brand history?
- What's your brand image?
- What's your brand promise?

So, with the FourFactors® in mind, the first important thing to identify is who is the target consumer who best understands the benefit and then define whether your brand positioning will be based in Emotional, Physical or Intellectual Benefits.

How to convert a health interest to a product purchase? What are the motivators and barriers?

Great intentions may not always lead to a changed behaviour. We all know that by our own experiences. So another important thing to understand as a brand owner and/or marketer is how you can help your consumers to move from intention into behaviour and action. Or, in other words, convert wiliness to buy into purchase and loyalty.

In this insight report, we use the Health Belief Model¹ as a framework to understand what influences intention and what lies within the gap between intention and behaviour. We then use case studies to show how different brands have helped consumers bridge the gap and convert wiliness to do in action.



We conclude PART II by exploring the importance to go 'back to basics' and ask yourself the question: How can we position our health benefit to our target consumer? – with or without a Health Claim.

¹ Health Belief Model. Rosenstock, 1974

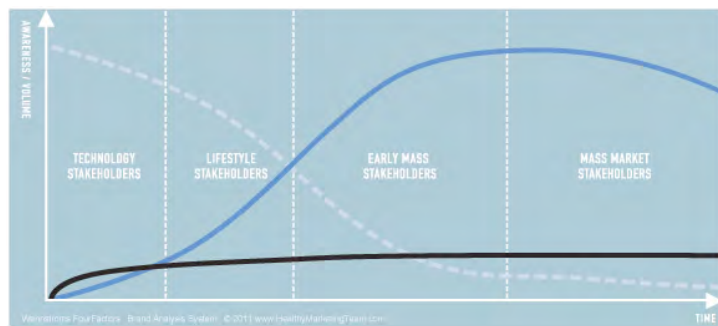
PART III: How to position brands with Health Benefits

From functional hard claims to emotional soft claims, big and small players in the Food & Beverage Industries are successfully positioning brands. But the critical thing to note is that they are doing so with **or without** Health claims.

In the third and final part of this report we analyse six failure and success case studies; and attempt to establish the rules for success in communication health benefits with or without health claims.

As the Insight Report will explore further, the answer relies in understanding the fundamentals of your consumer target and respecting the positioning of the brand. In other words, it is fundamentally about being true to the brand and to your consumer.

What we have identified is that there is a set of rules for each of the Four Stakeholders featured in HMT's proprietary Innovation Lifecycle Model.



Divided by their key motivations and attitudes towards health, they are the:

Technology Stakeholder

Consumers who fundamentally have a specific condition that need attention. For them, the brands and the products must fit their condition. As one can expect, they are interested in expert recommendations and medical endorsements.

Lifestyle Stakeholder

Full of personality and true to their values, these consumers constantly search for what is new and different in the market. Highly demanding with brands, they are constantly searching for brands and products that fit and help them promote their values.

Early Mass Stakeholder

Extremely busy and constantly in demand, these consumers are after Brands and products that make their lives easier and make them look good among their peers – “I’m doing the right thing”.

Late Mass Stakeholder

The bulk of the consumers in volume, these consumers are very attached to traditions and not willing to adventure themselves with new brands, products and ingredients. For these consumers what is normal and ‘for everybody’ is a safe and sound choice.

After thoroughly describing each of the Innovation Lifecycle Stakeholders and drawing their pen portrait, the report features case studies to illustrate how some brands have successfully played by those rules. This will include Benecol for Technology Stakeholders, Coconut Water for Lifestyle, Activia and Actimel for Early Mass, and Kellogg's All-bran for Late Mass.

Summary: The Rules for success with or without Health Claims

To close this section we present a visual and easy-to-navigate summary of those rules containing the key information needed to inform a strong brand positioning. This will, as a consequence, inform the right Health Benefits communication for the brand and clarify whether a Health Claim is really necessary and how should it be used.

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