

MARKETING FUNCTIONAL FOODS: HOW TO REACH YOUR TARGET AUDIENCE

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Nutraceuticals – foods enhanced with vitamins, minerals or herbs – are a growing food-industry trend. But getting functional foods to market requires an understanding of the target audience. This study, based on findings of the biennial HealthFocus® Trend Report, examines specific demographic segments and their attitudes towards health, nutrition and functional foods.

Key words: consumer; demographic; diet; functional foods; health; herbs; nutraceuticals; nutrition; prevention; performance; wellness; HealthFocus.

Nutraceuticals, functional foods, enhanced products – whatever you want to call them – foods and beverages that offer health benefits that reach beyond basic nutrition, are a growing trend. For food manufacturers and marketers, however, getting functional foods to market, and getting them accepted by the shopping public, may be as challenging as the product formulations themselves. When marketing functional products, it is critical to define the consumer target, the benefits that are most compelling for that target, their health and nutrition priorities, and their attitudes about their diet and health.

Demographics are a useful start in defining the consumer target but are inadequate alone. An aging Baby Boomer population, and an even bigger population of so-called “echo-boom” children, bracket a small but nutritionally aware Generation X. Knowing the attitudinal designators of each group will help functional food manufacturers find the right mark for their products.

This article is based on the findings of the biennial HealthFocus® Trend Report, a national study of public attitudes and actions toward shopping and eating. This study is conducted every two years to identify current issues in consumer health and nutrition behavior and attitudes, and to assess the trends in consumer priorities regarding nutritional issues. The results also help to develop an understanding of where consumers are headed in their behavior towards their health and diet. Data are collected from written questionnaires mailed to qualified respondents. Further information about the HealthFocus® Trend Report is given at the end of this paper.

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An American Portrait

The absolutely average American is a white woman with at least some German ancestry. She is a 32.7-year-old married mother with 1.17 children. In 1999, her median household income was \$39,100. She is a high-school graduate and is the owner of a three-bedroom home in the suburbs.

But while this distillation of Census Bureau data provides a nice snapshot, it is not going to help marketers reach their target. A better way is to take a look at the generational designators used by demographers who believe that age is the most important demographic indicator for consumer marketers. The demographic age groups identified are as follows:

- The World War II Generation, people born before 1933. These children of the Great Depression grew up as soldiers in World War II. They are the most affluent senior generation ever, although not as well educated as later generations. Many members of the World War II generation found that they only needed a high school education to spell success. People of this generation are in their late 60s and older.
- The Swing Generation – people born between 1933 and 1945. This group was once called the Silent Generation; they are now some of the most powerful people in the country. These people are now between the ages of 54 and 66. Swing Generation men are CEOs and other top management people looking towards retirement with nest eggs bigger than most Baby Boomers can even dream about.
- The Baby Boom generation consists of children of the post-war era – born between 1946 and 1964. This is the largest generation to date, although the Millennials (see below) are quickly catching up. One thing that is indisputable is that boomers are probably the most influential generation in the country, at least for now. The oldest boomers are entering their 50s, with Boomers ranging in age from 35 to 53.
- The Baby Bust/Generation X are people born between 1965 and 1976. It is a small generation – about 44 million, compared with the 76 million or so Boomers – the “trough” after the “peak” of Baby Boom years.
- The Millennial Generation is the most recent name for the Echo Boom generation or Generation Y. They are, for the most part, the children of boomers. The generation, which includes people born between 1977 and the present, is just about as large as the boomer generation.

There are a number of noteworthy trends within the generation designations that inform many marketing decisions. The first trend is the general aging of America. As a nation, we are getting older. By 2015, the youngest Baby Boomer will turn 50; the oldest will be 70. That means that the Baby Boom market will also be the “Mature Market.” The two groups will merge and there will be a lot of people in this new super-category – over 107 million, or 34 percent of the country’s population, will be aged 50 and older in 2015.

A second trend is the increase of the so-called “sandwich generation.” This is not really a “generation” but an interlude in the lives of Baby Boom and Generation X households. The sandwich happens when a household finds itself having to support not only children but also aging parents. With longer life expectancies in this country, and with many families having children late in life, it is not surprising to find a household spanning and caring for three generations. The period of

sandwiching can be a great financial strain on a family. And with an increase in the size of the aging population, a lot of younger people will be footing the bill for a lot of seniors in years to come.

An Age Of Entitlement

The most defining trend for health and nutrition choices today is the evolution of a sense of entitlement among American shoppers, especially the middle class. Rather than making decisions based on an either/or proposition, Americans today want all of the advantages. Not satisfied only with food that may taste good, for example, they are looking for foods that taste good *and* fill a nutrition need; that are premium quality *and* affordable; that are fresh *and* convenient. The Age of Entitlement is driven by Boomers who feel they have earned “it” and the X’ers who feel they were born deserving “it”.

Positioning Benefits

HealthFocus® has identified five primary benefit platforms for positioning health and nutrition products to shoppers. Virtually any functional product can be positioned against any one or a combination of these benefits:

- *Prevention.* Foods that provide health management through disease and symptom prevention fall into this category. The focus is on longevity with good health and good quality of life.
- *Performance.* A product that provides health enhancement through improved physical and mental condition. The focus is on daily health, accomplishment and success.
- *Wellness.* Wellness benefits are about feeling good and finding balance. This is a holistic approach to health care that includes the body, mind and spirit. The focus is on daily health needs, moderation and variety.
- *Nurturing.* Foods that can supply a sense of caring for the health and quality of life for others and the associated sense of satisfaction for the caregiver. Marketing a product from this platform would include a focus on growth and development, aging and healing.
- *Cosmetics.* Cosmetic benefits are about looking good and enhancing self-esteem through improved physical condition and personal appearance.

Attitudes About Health

Although a majority of respondents to the HealthFocus® study rate their diet as healthy or very healthy, fewer give themselves such high marks these days, as they did in past years (see figures 1 and 2). Shoppers aged 65 and older are most likely to rate their diets very healthy or healthy (93 percent); shoppers between the ages of 18 and 29 are least likely (75 percent). When it comes to contemplating dietary improvement, shoppers between the ages of 30 and 39 are more likely than those in any other group to want to eat healthy foods more often (85 percent).

Younger shoppers are less likely to eat healthfully than older ones. While 58 percent of shoppers under the age of 30 always or usually make healthy food choices, 76 percent of shoppers between the ages of 50 and 64, and 82 percent of shoppers between the ages of 65 and 70, do the same. On the other hand, only 63 percent of 18-to-29 year olds always or usually eat healthy food (see figure 3).

A result of the increased media attention to the relationship between food and health, there is an increased sense of nutritional confusion. More than one-third of shoppers (37 percent) strongly agree or agree that they are often confused about what they should eat to stay healthy. Nutritional confusion increases somewhat with age (see figure 4).

Most shoppers still prefer naturally nutritious foods to supplements or fortified foods: 93 percent of shoppers agree that it is important to eat foods that are naturally rich sources of key vitamins and minerals, compared to 62 percent who agree that supplements are important and 55 percent who feel the same about fortified foods. Attitudes about supplements have shifted significantly, however, up from 49 percent in 1994 to 62 percent in 1998 who agree that a daily supplement is important to good health. In addition, more than one in five shoppers from each generation are extremely or very concerned about an acute health condition. As shoppers get older, they are much more likely to be concerned about heart disease, cancer, high cholesterol levels, osteoporosis and diabetes (see figure 5).

Other health concerns, such as stress and menopause, can also be charted across generations. While stress is a much bigger concern to Generation Xers than it is to members of the World War II generation, concern about Alzheimer's disease is greater among older Americans (figure 6). Not coincidentally, the generation most likely to worry about stress is also the generation in which there is the highest incidence of this health factor (table 1).

Attitudes About Food

Two-thirds of shoppers (66 percent) strongly agree or agree that their diet is very important to them. Almost half (47 percent) strongly agree or agree that they are very careful about that they eat (figure 7). One way in which shoppers watch the way they eat is to keep informed of health and nutrition information. Baby Boomers and Swing Generation shoppers are significantly more likely than others to rely on media sources for information, especially TV, radio and newspapers. Generation X is more likely to rely on advice from friends or relatives (table 2).

An important shopper's tool is the product label. Almost two out of three shoppers (63 percent) always or usually read labels on food packages. However, they are skeptical about what they see – 54 percent of shoppers do not believe many of the health claims on food packages. Shoppers between the ages of 50 and 64 are the most skeptical of any age group.

Over half of shoppers (54 percent) strongly agree or agree that foods can reduce their use of drugs or other medical therapies. Those who strongly agree (11 percent of all shoppers in the HealthFocus® study) are called “Food as Medicine” shoppers. They are the core audience for many of the functional foods and nutraceutical products now coming on the market (see table 3).

The Functional Food Market: Reaching “Food As Medicine” Shoppers

“Food as Medicine” shoppers strongly believe that foods can be used to reduce their use of drugs. They also strongly agree that foods contain active components that improve long-term health, and they always or usually (46%) choose foods for specific medical purposes. These shoppers cross all age designators, but are especially likely to be mid-lifers: 56 percent of shoppers between the ages of 30 and 70 are “Food as Medicine” shoppers, compared with 48 percent of shoppers under the age of 30, and 46 percent of shoppers aged 71 or older.

Marketing successfully to the “Food as Medicine” segment requires knowledge of their attitudes and expectations. For example, 78 percent of this segment always or usually read labels when shopping. They are significantly more likely than other shoppers to believe that the labels are regulated (48 percent, compared with 22 percent of other shoppers), but they are also more likely to be skeptical about label claims than others (24 percent, compared with 7 percent of other shoppers) (see figure 8).

Not surprisingly, content claims and health claims on labels are both important to “Food as Medicine” shoppers. Like all shoppers, “Food as Medicine” shoppers consider “fresh” and “grown without pesticides” the most important label claims. Promises of a good source of calcium (67%), high fiber (62%), and a good source of antioxidants (62%) are also important to two out of three shoppers in this market.

“Food as Medicine” shoppers do not put as much extra importance on reduced fat claims as they do on other claims, however. What they are looking for, instead, are positive health claims. For example they favor “supports the immune system” (66%) over “may reduce risk of cancer” (60%) or “helps to maintain healthy cholesterol levels” (62%) over “may reduce risk of heart disease” (59%) (see figure 9).

Another key to reaching this segment is an understanding that this is a group that is extremely confident in its ability to manage its health. They are highly information oriented and interested in non-traditional health care practices. They have an extremely strong sense of control over their short-term health, their weight and their stress levels. They are less confident, but still much more so than other shoppers, in their ability to control their future health, including controlling their risk of getting cancer.

Four out of five (80 percent) “Food as Medicine” shoppers strongly agree or agree that they are knowledgeable about health and nutritional issues, compared with 59 percent of other shoppers. This is not to say, however, that they feel in total control – 38 percent strongly agree or agree that they are often confused about what they should eat to stay healthy (figure 10).

Some Concluding Comments

Keys to marketing functional foods can be summarized as follows:

- Understand your audience: the core market for many nutraceutical and functional foods are the “Food as Medicine” shoppers, who are well-educated, well-informed mid-lifers.
- Product information and health claims about specific functional foods should be presented in a number of iterations – on product labels, in the media, and at doctors’ offices.
- Skepticism about functional food products will always exist, but education is key. “Food as Medicine” shoppers want to take care of themselves and functional foods provide one of the answers. But healthy eating, and deriving adequate nutrition and health protection from natural sources, are also strong trends. It may be necessary to market functional foods as just one of the ways to take better care of one’s self.
- An aging Baby Boom population and a growing senior population are important markets for functional foods. Boomers transitioning to their senior years will take their healthy lifeways with them. Marketers need to help Boomers self-prescribe functional products.

For More Information

Gilbert, L. (1999). The 1999 HealthFocus® trend report. Des Moines, IA: Health Focus, Inc.

Figure 1: Respondents' Level of Satisfaction with Their Current Diet.

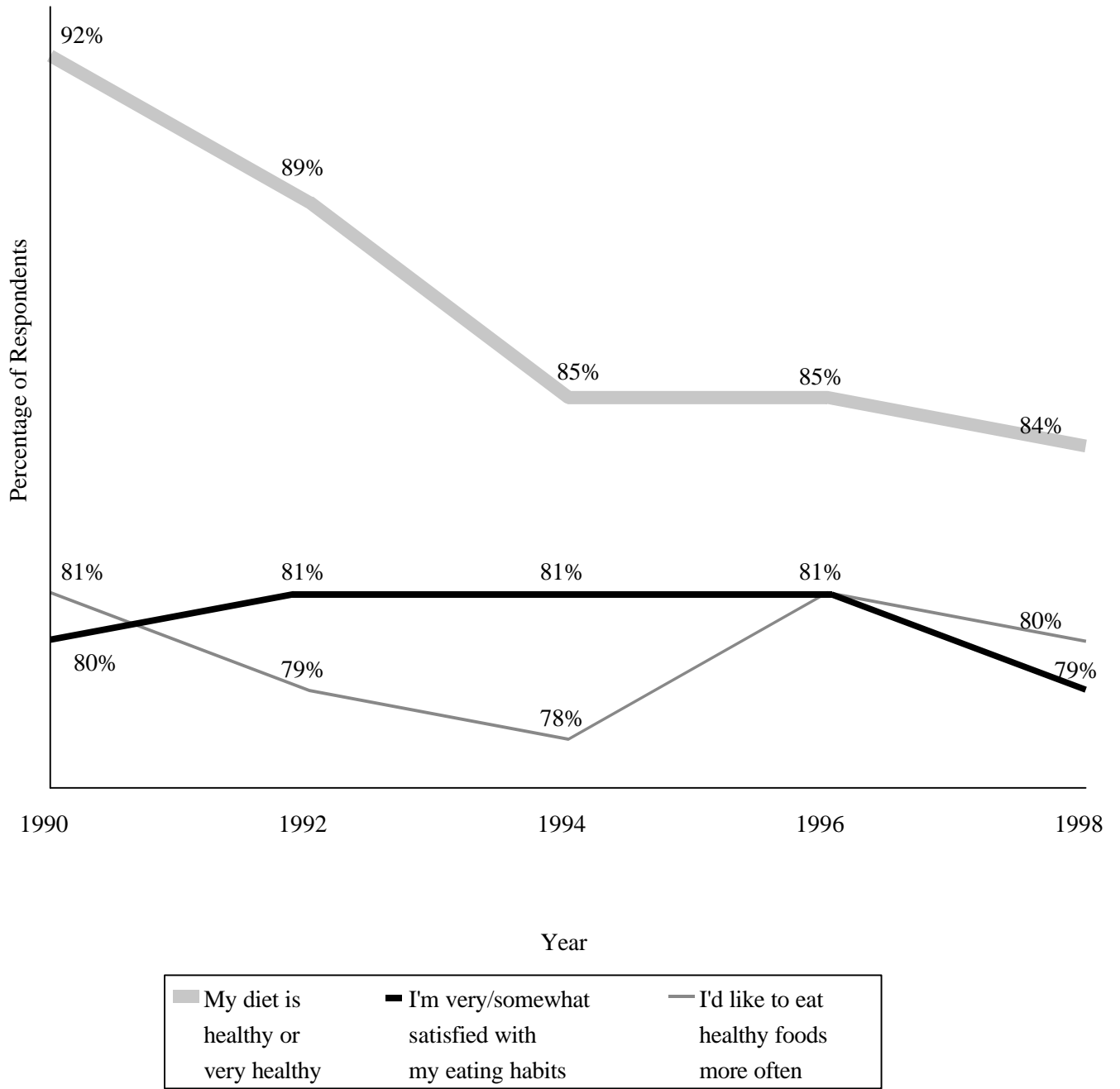


Figure 2: Respondents' Level of Satisfaction with Their Current Diet by Demographic Group.

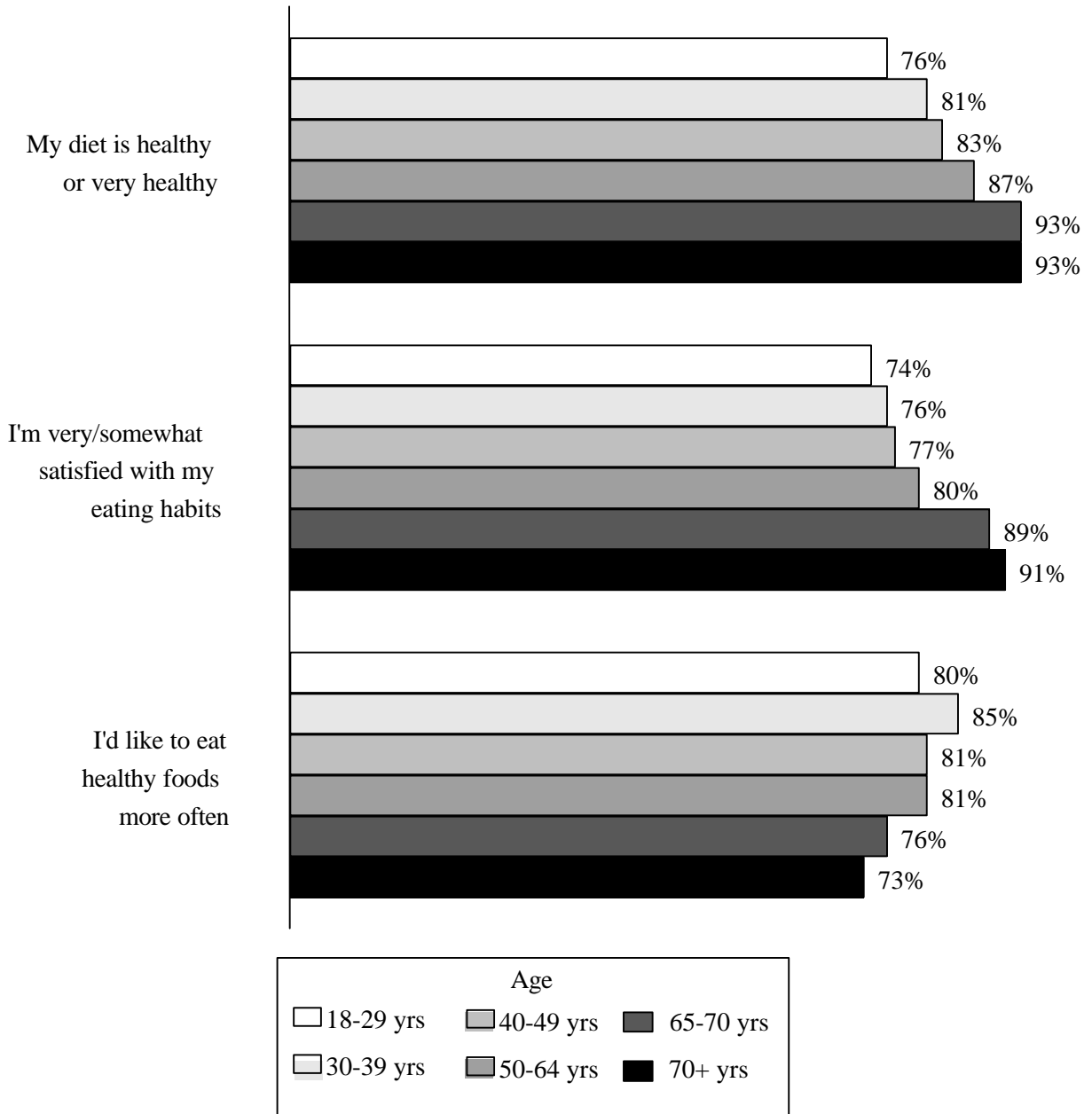


Figure 3: Selection & Purchase Decisions of Respondents by Age Group.

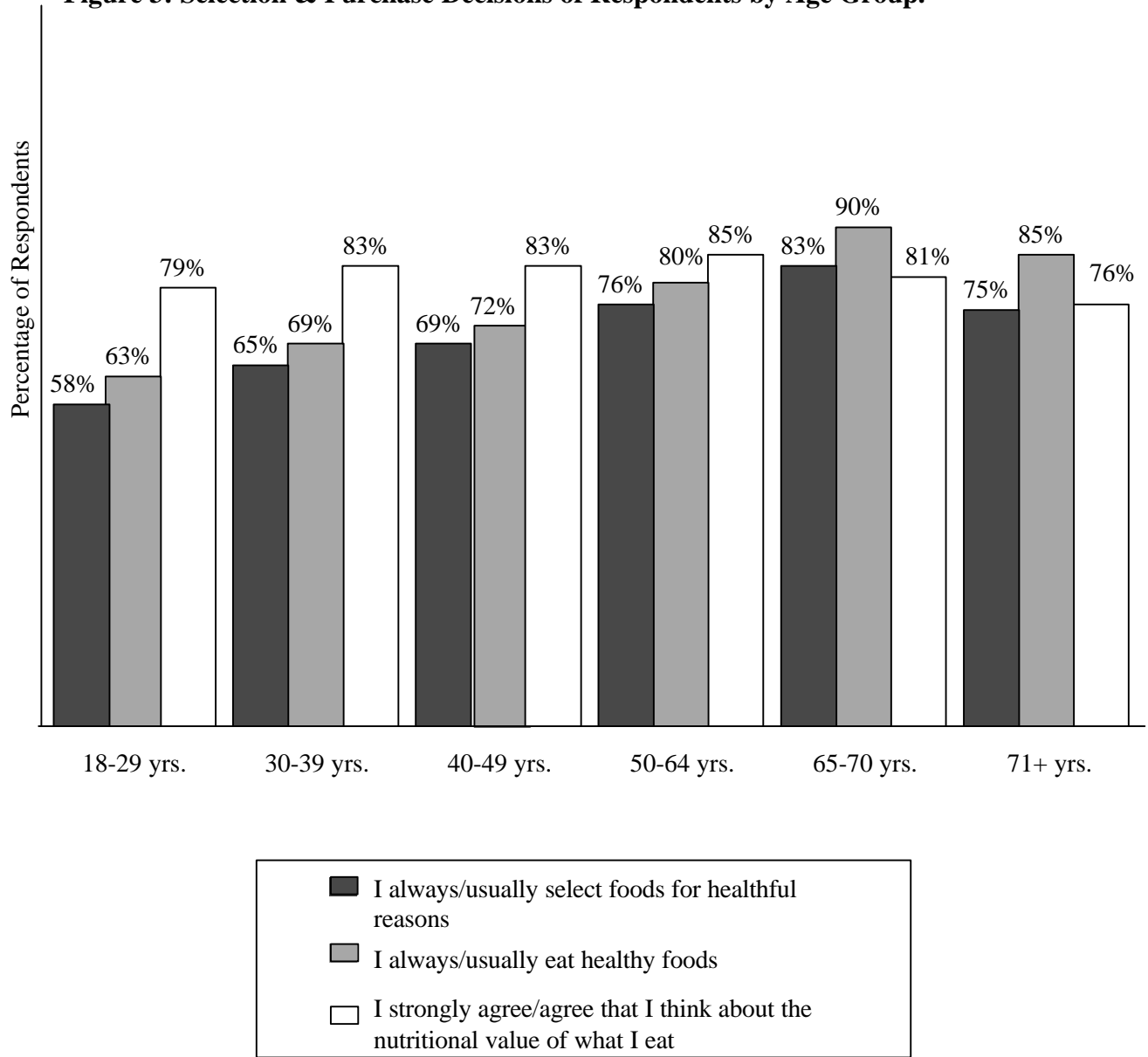
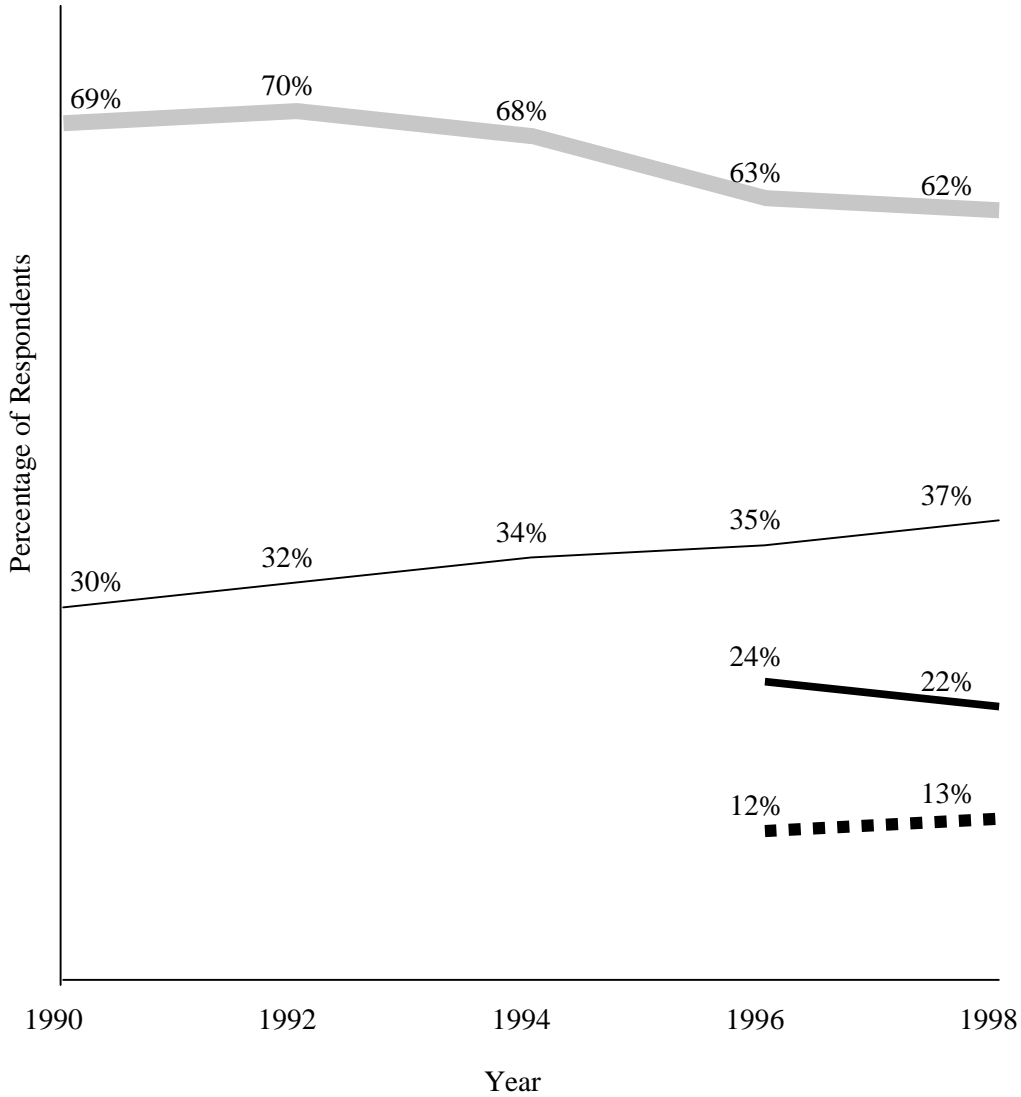


Figure 4: Respondents' Knowledge about Health & Nutrition.



■ Agree that "I am knowledgeable about health and nutrition issues" — Agree that "I'm often confused about what I should eat to stay healthy" ■ Disagree that "I'm tired of experts telling me which foods are good for me" ■ Agree that "I'm lucky, I don't have to worry about what I eat"

Figure 5: Health Concerns of Respondents by Demographic Group.

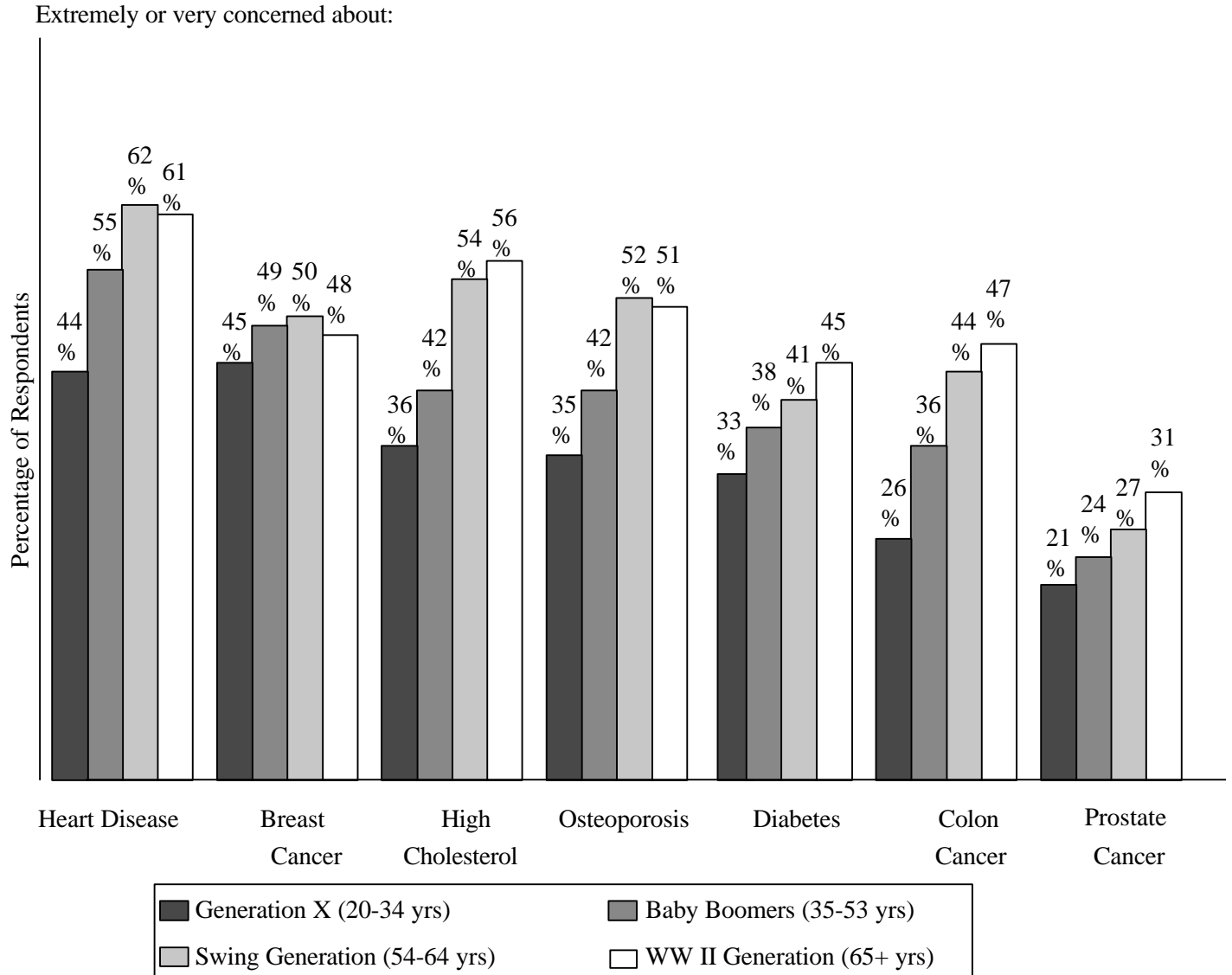


Figure 6: Health Concerns of Respondents by Demographic Group.

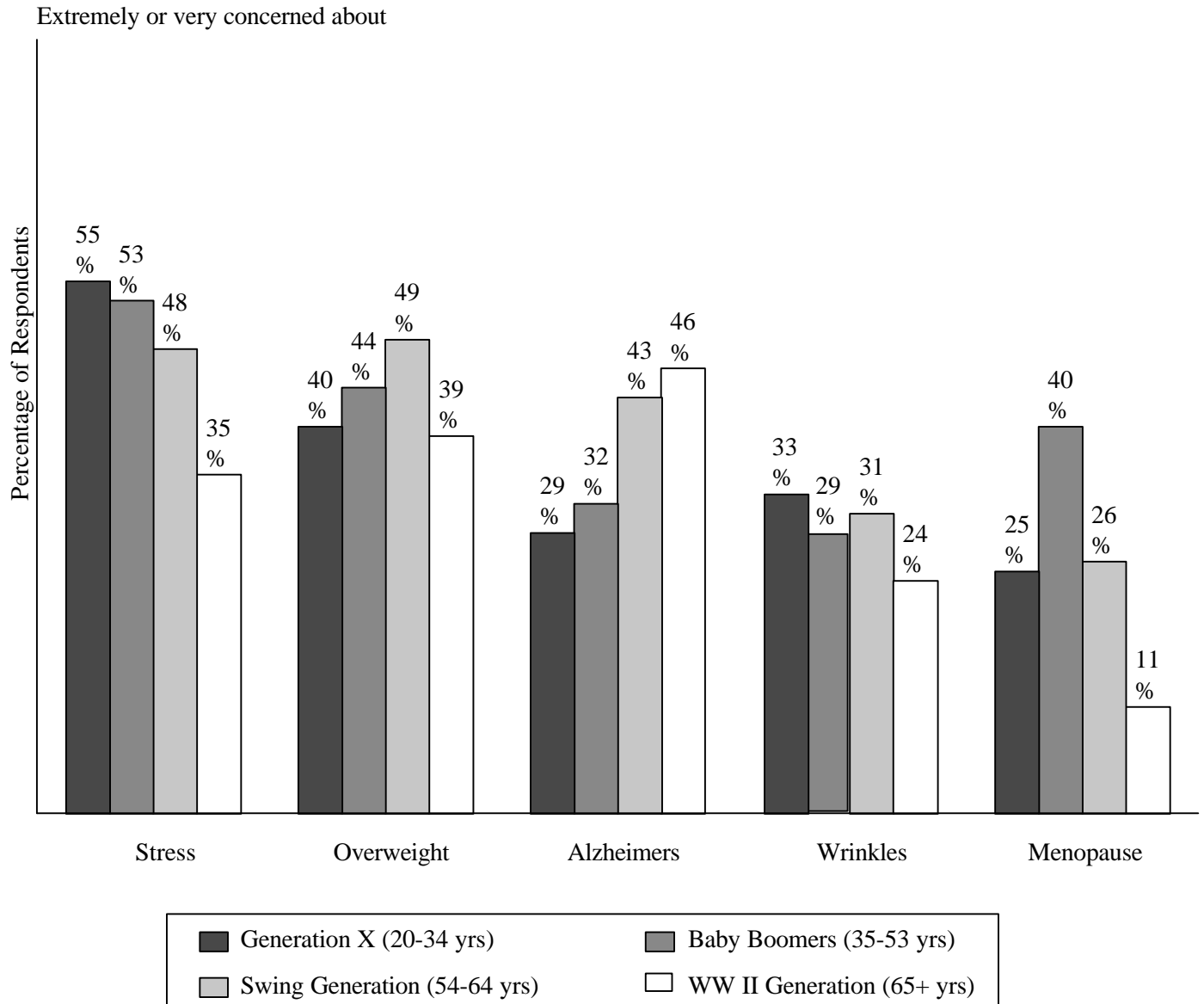


Figure 7: Importance of Overall Diet to Respondents.

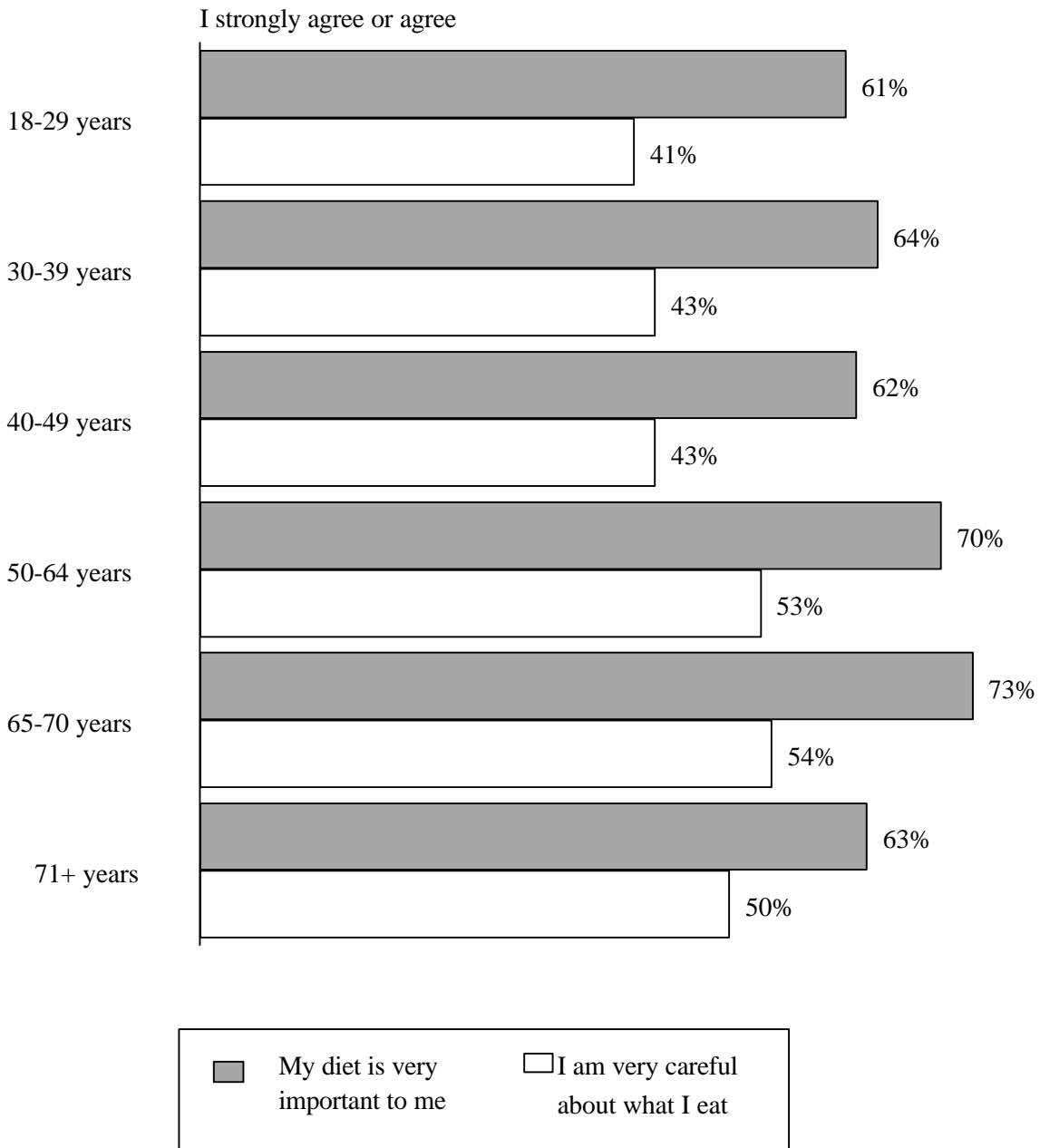


Figure 8: Importance of Labeling by Type of Shopper.

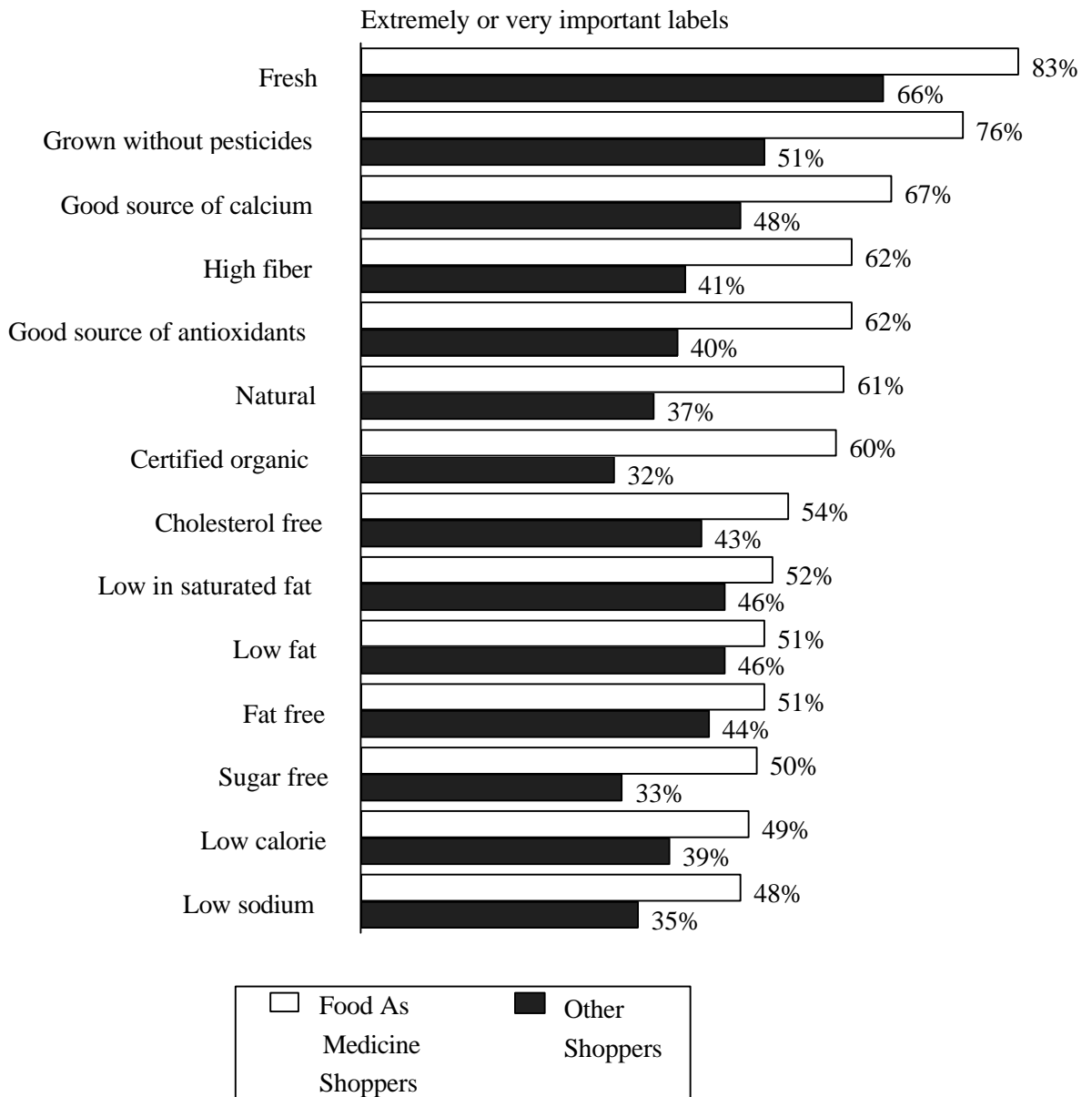


Figure 9: Importance of Health Claims on Labels by Type of Shopper.

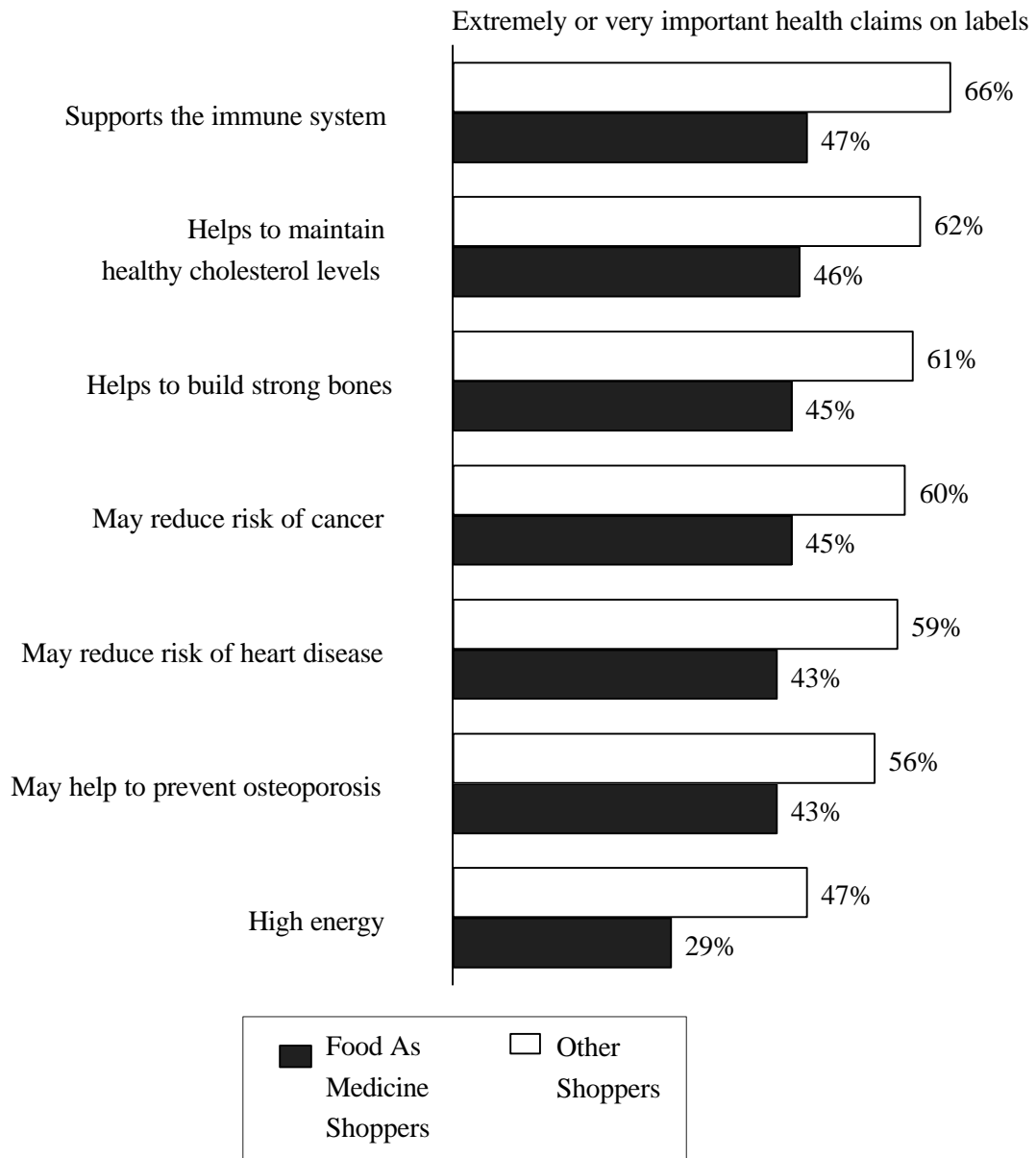


Figure 10: Diet as a Means to Controlling Health by Type of Shopper.

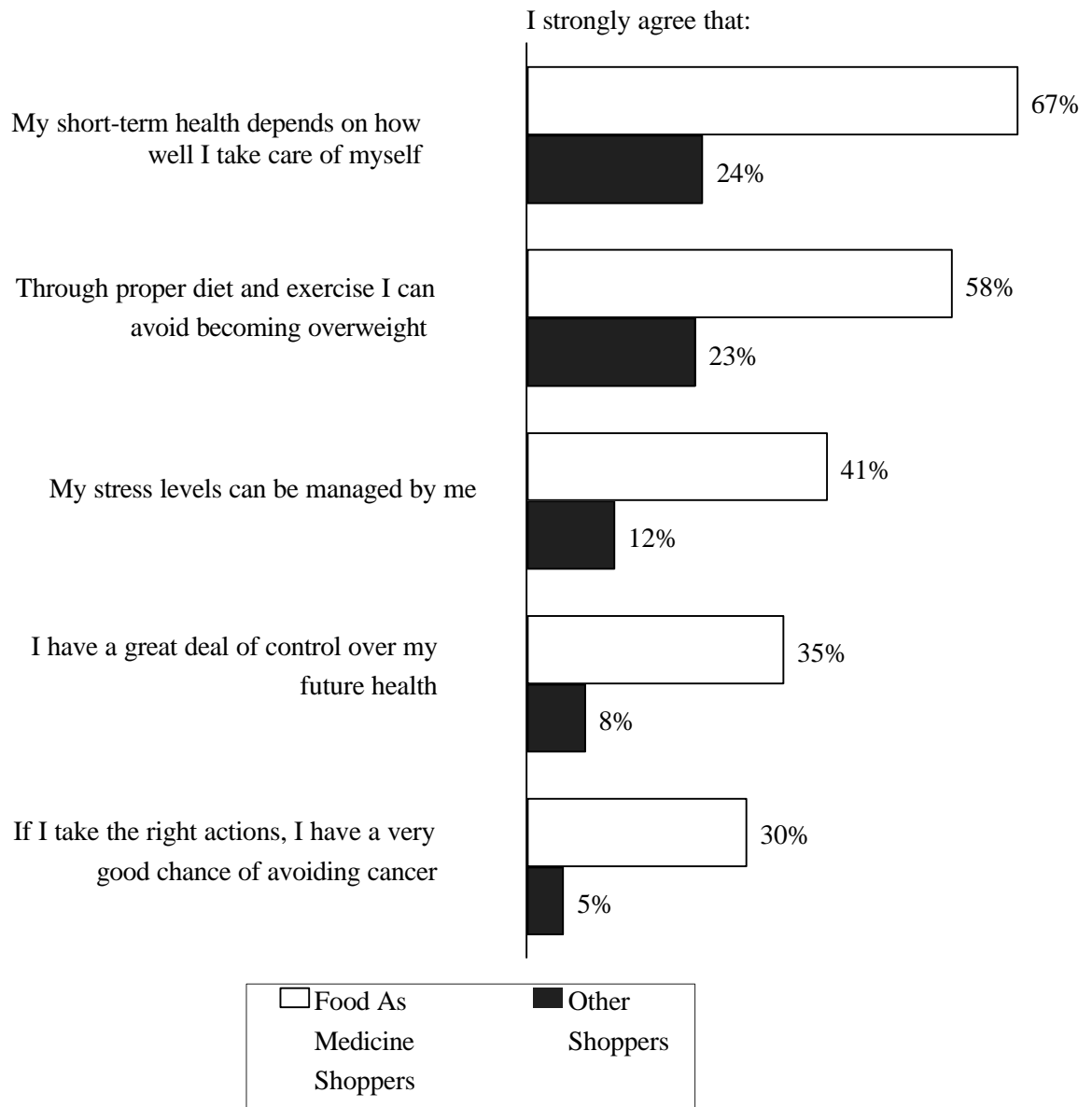


Table 1: Health Issues Affecting Respondents by Demographic Group.

Personally Affected By:	Age Group			
	<i>Generation X</i> (20-34 yrs)	<i>Baby Boomers</i> (35-53 yrs)	<i>Swing Generation</i> (54-64 yrs)	<i>WW II Generation</i> (65+ yrs)
Stress	66	57	36	20
Tiredness, Lack of Energy	57	49	41	32
Allergies	48	46	40	33
Overweight / Obesity	28	39	40	26
Depression	27	22	19	10
Gastrointestinal Problems	16	20	22	21
Lactose Intolerance	9	10	6	7
Frequent Colds / Flu	9	7	3	4
High Cholesterol	8	17	34	34
Arthritis	7	21	45	52
High Blood Pressure	6	14	30	34
Diabetes	3	5	12	16
Osteoporosis	1	4	12	16

Note. Figures are expressed as percentage of respondents. For example, 66% of Generation X respondents indicated that they are personally affected by stress.

Table 2: Health and Nutrition Information Sources Used by Respondents.

Most useful sources of health and nutrition information:	Age Group			
	<i>Generation X</i> (20-34 yrs)	<i>Baby Boomers</i> (35-53 yrs)	<i>Swing Generation</i> (54-64 yrs)	<i>WW II Generation</i> (65+ yrs)
Food Labels	45	45	46	47
TV / Radio	28	31	36	33
Health Magazines	18	19	19	17
Other Magazines	6	8	5	8
Internet / Computer	5	7	4	1
Physicians / Doctors	34	37	38	45
Friends / Relatives	47	32	23	22
Women's General Interest Magazines	27	32	28	32
Newspaper	14	22	23	24
Advertisements	25	19	26	18
Registered Dietitian	10	10	11	13
Other Health Practitioner	8	10	7	10
Fitness Club / Fitness Advisor	8	4	5	4
Food Companies	3	3	5	6

Note. Figures are expressed as percentage of respondents.

Table 3: Food as a Source of Better Health by Type of Shopper.

	Type of Shopper^a		
	<i>All</i>	<i>Food As Medicine</i>	<i>Other</i>
Strongly agree foods can be used to reduce use of drugs / other medical therapy	11	100	0
Strongly agree foods contain active components that improve long term health	14	65	8
Strongly agree foods contain active components that help with short term health	14	68	7
Always or usually choose foods for specific medical purposes (ex: cranberry juice, chicken soup)	33	46	31
Heard a lot / some about functional foods	24	35	22
Heard a lot / some about nutraceuticals	10	16	9
Primarily choose healthy foods “to control / treat an existing medical problem”	13	14	13

Note. Figures are expressed as percentage of respondents. ^a Food as medicine shoppers refer to consumers who strongly agree that foods can be used to reduce the use of drugs and medical therapies. The "other" category refers to all non-food as medicine shoppers.