



## **UNITED STATES – MARKET INFORMATION**

### **Health and Wellness trends in the US – 2008/07**

Eating patterns in North America continue to change as lifestyles change. While convenience remains key, Americans are attracted to foods that may provide a health benefit beyond basic nutrition are also becoming a key part of everyday life. The US health and wellness sector surged 15% in 2007 and reached the \$100 billion mark for the first time<sup>1</sup>. With double-digit growth projected to continue, sales in the health and wellness sector are expected to reach \$170 billion by 2012.

Functional and fortified foods and beverages dominate the health area (12% of the market, \$38.6 billions in 2007). This category will continue to grow as Americans rely on the food they eat to improve their well-being and are increasingly concerned about health, longevity, appearance and holistic well being.

#### ***Consumers are “taking health care to self care”***

69% of Americans are incorporating foods into a preventive lifestyle, while 27% are using certain foods to help manage health conditions<sup>2</sup>. Consumers are continually bombarded with information that for many is overwhelming. Introduction of new products continue to increase. To complicate things, research on health benefits of different food groups is everywhere and sometimes conflicting.

Consumers are ever more bewildered and dissatisfied with the level of complexity sometimes required to unravel even the most minor purchase. Consequently, consumers are spending more time in the store’s aisles evaluating information on packaging, product details, and nutritional information.

#### ***Branding challenge for processors***

Manufacturers are responding to these trends in many ways. They are evaluating ways to provide greater simplicity to consumers while still meeting their needs of detail and transparency. Transparency is becoming synonym of honesty and brand integrity.

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<sup>1</sup> *Natural Marketing Institute*, “Health and Wellness Trends Report,” 2008.

<sup>2</sup> *Food Marketing Institute*, “US Grocery shopper trends”, 2007.

In reality brands are trying to keep much of what they do and how they do it under wraps. The selling point is not necessarily about specific formulations but more about what a product does to simplify consumer choices and communicate complete nutrition benefits.

Below are two packaging examples with labels that respond to the challenge: simplified nutritional information moves to the front of the box and colored “spots” convey the most important nutritional information in consumers’ eyes.



Specific vegetable varieties packaged address specific needs with General Mills’ Green Giant frozen vegetables line: **Healthy Vision** (beta carotene in carrots); **Healthy Weight** (high in fiber), and **Immunity Boost** (high in antioxidants and with olive oil).



The “No Junk” Hip Hop snack bar addresses the growing parental concern about food additives, is healthy and also fun for kids. Understanding what motivates consumers –often moms- is essential to successfully position products and brands.

Polling question:

What factors do Americans consider the most important for healthy living<sup>3</sup>?

Getting the right amount of sleep	81%
Eating a balanced diet	80%
Doing regular exercise	77%
Having a positive mental state	70%

<sup>3</sup> The Food Institute, Mintel Insight + Impact, Health and Wellness Opportunities for Food, May 14, 2008.

Americans want to live healthy lives and know what they should do and consume. But they get distracted, confused and tired. They demand good food but they want it at a good price.

### ***What drives consumer choice?***

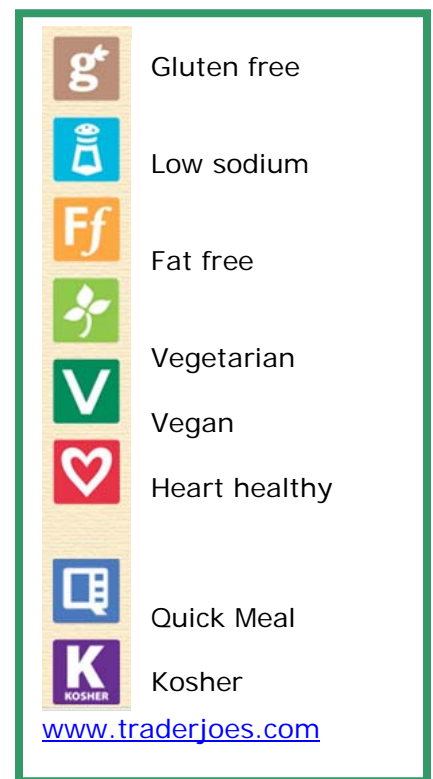
“Wholesomeness” in foods is the most important health attribute with claims such as “all natural”, “organic”, and “no “additives/preservatives” being most prevalent. The “goodness of fruits, vegetable and natural foods” is not a new trend but it continues to expand. It is more than “topping up” the daily allotment of fruits and vegetables to a newer focus on the positive nutrition of the fruits and vegetables. It is also more than just low fat or low calorie – it is about balance of nutrients proper sleep times and exercise required for good health. Consumers are also sensitive to sustainability/biodiversity, environmental impact, animal welfare, and ethics all wrapped into a consumer package that is safe, affordable and of high quality.

### ***What are grocery retailers doing to help?***

Grocery retailers are making it simpler for consumers to navigate aisles and select products. Some have introduced “all gluten free”, “all organic” aisles and position their private label on this segment with the example of “Eating Right” of Safeway.

Trader Joe’s – a U.S. retailer assures through its logo that the products contain no MSG, no added trans fats, and that all its products are sourced from non-genetically modified ingredients. They have also developed a number of **symbols** that are intended to make labeling more understandable for consumers and guiding them to products that are gluten-free, sodium free, vegetarian etc.

As retailers push for transparency, a greener image and all natural aisles, the balanced diet approach incorporating recyclable packages, locally grown products, artisan food, and traceability will continue to present opportunities for Canadian food processors. This is important because it segments a mass market creating opportunities for smaller scale allowing differentiation early in the supply chain which is harder for multi nationals to copy.



### ***Food for thought***

It is believed by many that the culture of “sustainability will become the most significant social movement of our time. It will permeate every aspect of consumers’ lifestyles, business infrastructure and other societal constituencies.” This is an emotional trend – it’s about the future well-being of your family. However despite the increased focus on sustainability, consumers are actually becoming overwhelmed with sustainability initiatives and a significant “green-washing” fall-out is expected as they learn its true meaning and impact.

***What is next on the health horizon?*** - Two issues keep coming up: concerns related to: high fructose corn syrup (HFCS) and sodium levels.

***Bottom line*** - Eating healthy has become a common expression and refers to a lifestyle more than a trend.

**Alberta manufacturers** should be prepared to answer questions from consumers about the products they make and sell. Consumers really do need simple, clear communication of benefits. The major shifts coming will be on how consumers view “healthy”:

- A holistic approach to health (food, activity, lifestyle)
- “Healthy” means more than personal health, but also environmental health (sustainability, animal welfare etc).

While waistlines and obesity rates continue to climb, Alberta food marketers will have a real opportunity to market the “health proposition” of their products and offer packaged solutions rather than just display products. From functional foods and beverages that aid in weight management, heart health anti-aging/cosmeceuticals, immunity, digestive health to joint support, digesting carbohydrates, Omega-3, fatty acids, probiotics, green tea, cinnamon, peptides, whole grains, acai and fiber among others will continue to present opportunities for Alberta food processors.

The real opportunity will be for the companies who can convert the health proposition of a product into a “**value proposition**”.