



Health Claims, Epidemiological Trends, and the Health and Wellness Market in the EU27: Opportunities for Pulses

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I. Health Claims in the European Union

Overview

Effective January 2007, the European Union established a series of regulations that influence industry's ability to make nutrition and health claims for their food products. The health claims will be based on nutrient profiles, which outline the basic nutritional properties of a given food component. The nutrient profiles were to have been completed by January 2009, but have been delayed. At the same time, industry and other organizations were invited to submit applications for health and nutrition claims to the European Commission by January 2008. Of the 43,000 plus applications submitted, only 1,500 have been approved and forwarded to the European Food Safety Authority (EFSA) for final review. That review is scheduled to be completed by the end of January 2010. However, EFSA's ability to manage this undertaking has been impacted by limited human and financial resources. As such, there is a distinct possibility that EFSA will introduce fees for reviewing and authorizing health claim applications. These costs could reach as high as \$35,000 per application.

Report

The European Union adopted Regulation (EC) No 1924/2006 on the use of nutrition and health claims in December 2006. The regulation, which came into force on January 19 2007, establishes harmonized EU-wide rules for the use of health or nutrition claims on foodstuffs based on nutrient profiles.

The Regulation's stated aim is to ensure that any claims made about food are clear, accurate, and substantiated by scientific evidence. It establishes a system that applies to all member states for the scientific approval of health and nutrient claims made on food, beverages, and dietary supplements.

The Regulation called for the compilation of a list of claims that already had a substantial body of evidence to support them. The European Commission subsequently invited European Union companies and other interested parties to submit health claim applications by January 2008. The Commission received over 43,000 submissions, and, after eliminating more than 40,000 submissions deemed to be redundant or lacking scientific backing, turned over 2,870 claims for assessment by the European Food Safety Authority (EFSA). Since then, that list has been narrowed down to 1,500 applications, with nearly 10% of all applications relating to proprietary and generic probiotic strains, mostly in the areas of immunity and gut health. EFSA is mandated to complete the review by January 31 2010.

The Regulation also determines that the establishment of an EU-wide list of permitted health claims will be informed by development of an approved list of nutrient profiles – the basic nutritional criteria that will govern the conditions in which a claim is made –which was expected to be completed in January 2009 but which has been delayed.

Once the approved health claims list has been established, it could allow any manufacturer using ingredients or foods on that list to use the associated claim, regardless of whether they submitted it. This in turn led to a debate regarding intellectual property and whether EFSA was granting the claim to all EU member states and then leaving individual companies to resolve disputes over intellectual property rights. In response, Article 18 (details below) was subsequently created as a means of circumventing those issues regarding the public presentation of approved product claims. It is described below.

Health claims in the EU cover three distinct areas under three articles. All health claims carry the same weight regardless of whether they are made on front-of-package, on websites, in text messages, or in press releases.

1. Structure and function claims – Article 13; related to how an ingredient works within the body; for example, maintains healthy cholesterol;
2. Disease risk reduction claims – Article 14; related to how an ingredient works to reduce the risk of developing a disease; for example, reduces blood pressure;
3. Comparative claims – Article 9; these are the only permitted claims and relate to increased, reduced, and light claims on select macro and micro nutrients.

Article 18: Article 18 is similar to Article 13 with the exception that the scientific evidence submitted must be newly developed. While the legislation did not define ‘new’, the deadline for Article 13 submissions expired on January 31 2008, implying that any subsequent submissions would have to be based on new science. If this is the case, critics argue that companies that submitted applications under Article 13 would not be afforded intellectual property protection on any of their potentially approved claims. In response, EFSA allowed applications to be submitted via Article 18 from February 01 2008, rather than the original proposed date of January 19 2010, while also affording applicants five years of protection from similar claims made by other companies wishing to use the same study as substantiation for their own formulations. Moreover, if other applicants wish to make similar claims, they will be required to conduct their own clinical trials. Although EFSA has committed to providing a ruling on Article 18 applications within 5 months of submission, critics point out that submissions made under Article 13 would have to be re-submitted under Article 18.

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II. Health and Wellness Trends

Overview

Demand for health and wellness products is growing throughout the advanced industrial world, including Western Europe. Indeed, the EU is one of the world's largest markets for functional ingredients and nutraceuticals, worth an estimated \$65 billion in 2007. The growth of the European market is related to an aging population, increasing consumer awareness of health issues, and a rise in lifestyle-related diseases, suggesting significant commercial opportunities for companies that offer health ingredients or products and technologies that prevent or mitigate diseases and other health concerns, especially those that address heart disease, obesity, diabetes, and high blood pressure. Given pulses' nutritional properties, and given the uniformity of epidemiological concerns in Western Europe, pulse products should be well positioned to pursue a multi-market approach that takes advantage of the opportunities afforded throughout the European health and wellness market. Nevertheless, the pulse industry will need to develop a marketing narrative that draws attention to and substantiates the nutritional benefits of pulse products, determine the most appropriate venue through which to promote that message, and identify those product groups that best lend themselves to pulses and pulse derivatives.

Report

Growing interest in functional foods is strongly tied to aging populations and their search for simple and effective ways to maintain good health through diet.

The Nutrition Business Journal divides functional foods into four categories: inherently functional (soy, cranberry, pulses); substantially fortified (cereals, calcium-fortified orange juice); performance foods (energy bars, sports drinks); medical foods (margarines with plant sterols).

Success in marketing a functional product depends on numerous factors, including: whether the product is in a format that matches the consumers' lifestyle; offers a benefit they believe is relevant to them; is based on an ingredient claim they believe is credible; and exists under a brand they can trust.

Globally, the largest categories of functional foods include beverages; breads and cereals; breakfast and energy bars, and snacks. Fortified beverages have enjoyed the greatest success to date, and for several reasons: convenience; packaging innovation, vital for capturing consumers' attention; consumers appear more willing to experiment with beverages; beverages are accepted as a snack,

which limits the need to alter eating habits; beverage formulators have been successful in developing appealing (tasty) products.

Europe

Note: The following information was obtained from a report entitled ‘Healthy Eating in the UK’, September 2008. As such, the observations noted describe research findings particular to the UK market. However, it is likely that many of these observations will apply to varying degrees in much of Western Europe.

In Europe, products for digestive health account for 50% of the functional food and beverage market.

Some suppliers see ‘second generation’ functional foods moving away from the very specific health benefit towards claiming to improve general wellbeing and having a number of functions.

Losing weight, maintaining heart health, increasing energy levels, reducing cholesterol, improving digestive health, lowering blood pressure, and improving brain function are cited as the top reasons for consuming health and wellness products.

Older people are more concerned with the ‘medical’ functions (healthy heart, cholesterol levels, blood pressure), while younger people are more interested in using diet to increase energy, improve brain function, and reduce appetite.

While doubts about health claims are partly a deterrent to use, price is more of a barrier – a majority or near majority of adults believe functional foods are over-priced.

Industry believes that promoting the synergy between ‘natural’ and functional is the way forward – products that make hard health claims will always remain niche, because most people do not eat for medical purposes, but for wellness and pleasure. The most successful functional food brands are those that communicate health benefits in ‘soft’ ways, using a mix of media and styles.

Additive and preservative-free continue to be the most prominent positioning for new product launches.

Low/no/reduced fat, sugar and calories remain key selling points, although trans-fats and allergens increasingly influence purchase decisions.

III. Europe: Epidemiological Trends

Access to public health care, advances in preventative medicine, and public education campaigns are encouraging healthier lifestyles and leading to longer life expectancies. Indeed, government programs have drawn increasing attention to the importance of fitness and nutrition, with particular attention paid to the problems of obesity and diabetes. As such, Western Europeans are showing increased interest in health and wellness products, though the cost of such products is often seen as prohibitive, and some Europeans, particularly consumers in Britain, remain skeptical about the health claims made by functional food manufacturers. Nonetheless, Europeans as a whole are increasingly aware of the importance of proper nutrition, and are more and more inclined to purchase products that are natural and fortifying, including vitamins, dietary supplements, functional foods, and organic products. Other goods gaining popularity include those with reduced fat, carbohydrates, and sugar, as well as dairy products that contain probiotics. Some of the main drivers behind consumption of nutraceuticals and functional foods include reducing cholesterol, maintaining a healthy heart, lowering blood pressure, improving bone structure, and losing weight.

Heart disease is one of the main causes of death throughout much of western Europe – it is the leading cause of death in Germany, France, and the UK, and is the result of a variety of factors, including high cholesterol, tobacco use, heavy drinking, lack of exercise, and stress. This suggests opportunities in all of the major western European markets for functional foods that promote cardiovascular health, including those that are low in fat, cholesterol and sodium, and enriched with omega 3 and 6, fiber, antioxidants, and other nutraceuticals.

Cancer, chronic liver disease, high blood pressure, and diabetes are leading health concerns as well. Indeed, diabetes is on the rise in a number of western European countries, in part due to increasing obesity levels. In France, for example, the proportion of obese people has more than doubled since 1990, accounting for more than 14% of the population. In Germany, more than 20 percent of the population was classified as obese in 2005, with even higher figures - 25% - obtained in the UK. And while obesity levels vary somewhat from country to country, there will be opportunities throughout much of Western Europe to supply agri-food products that address weight concerns, including those that are low in sugar and fat, as well as those health issues that accompany obesity, such as diabetes and high blood pressure.

The largest age groups in France, Germany, Italy, the Netherlands, and the UK in 2015 will be those in their mid to late 40's and early 50's, individuals who will have been influenced by health and nutrition concerns for a number of years and who have the interest – and income – to purchase food products that address various health and nutrition concerns. Companies need to pay particular

attention to this cohort, and develop products and services that appeal to this increasingly important and influential demographic as they age. However, differences do exist in consumers' eating habits.

With significant numbers of women pursuing advanced education and/or entering the workforce, women have less time and energy to prepare meals, which increases their interest in purchasing foods that are quick and easy to prepare. However, in addition to the need for convenience, women generally eat healthier than men, and because they often determine what is consumed at home, suppliers must offer food products that emphasize health and nutrition. Given this, companies must appeal to women's increased interest in food products that are both convenient and healthy;

Of all the markets surveyed, it would appear that the Germans and Dutch are most cognizant of the importance of diet and nutrition, and therefore most receptive to these kinds of products. On the other hand, the British diet is relatively unhealthy, and while the general public is skeptical of the health claims made about functional ingredients and nutraceuticals, increasing rates of disease and other health problems may prompt British consumers to purchase more of these products over time.

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Appendix I: Key Market Distinctions in the EU

France:

- Major causes of death by disease: heart disease, lung cancer, chronic liver disease
- Obesity: 14% of the population in 2005
- Percentage of population age 50 and over in 2015: 36%
- Median age in 2015: 40.2 years
- Largest age group in 2015: 40-44 year olds, 7.0%

Germany:

- Major causes of death by disease: heart disease, lung cancer, chronic liver disease
- Obesity: 20.2% of the population in 2005
- Percentage of population age 50 and over in 2015: 40%
- Median age in 2015: 44.3 years
- Largest age group in 2015: 50-54 year olds, 8.5%

Italy:

- Major causes of death by disease: heart disease, lung cancer, chronic liver disease
- Obesity: 9.8% of the population in 2005
- Percentage of population age 50 and over in 2015: 41%
- Median age in 2015: 44.5 years
- Largest age group in 2015: 45-49 year olds, 8.5%

Netherlands:

- Major causes of death by disease: heart disease, lung cancer, chronic liver disease
- Obesity: 12% of the population in 2005
- Percentage of population age 50 and over in 2015: 37%
- Median age in 2015: 41.3 years
- Largest age group in 2015: 45-49 year olds, 7.7%

UK:

- Major causes of death by disease: heart disease, lung cancer, chronic liver disease
- Obesity: 25% of the population in 2005
- Percentage of population age 50 and over in 2015: 37%
- Median age in 2015: 41.4 years
- Largest age group in 2015: 45-49 year olds, 7.3%

Source:

EU Foresight Document, produced by the International Marketing Division of the Ministry of Agriculture and Rural Development.