

**Sample provided by**



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# Hot Trends in Food and Drinks Innovation

Six key strategies for driving innovations and marketing in the next decade

## About the author

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



























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Table 2: Share of global breakthrough innovations (% of all launches within each market) by selected food and drinks markets, 2006 – 2009				
	2006	2007	2008	2009
Dairy				
Bakery & cereals				
Confectionery				
Snacks				
Ready meals				
Soft drinks				
Other				
<b>Overall food &amp; drinks</b>				
Source: Business Insights				
BUSINESS INSIGHTS				

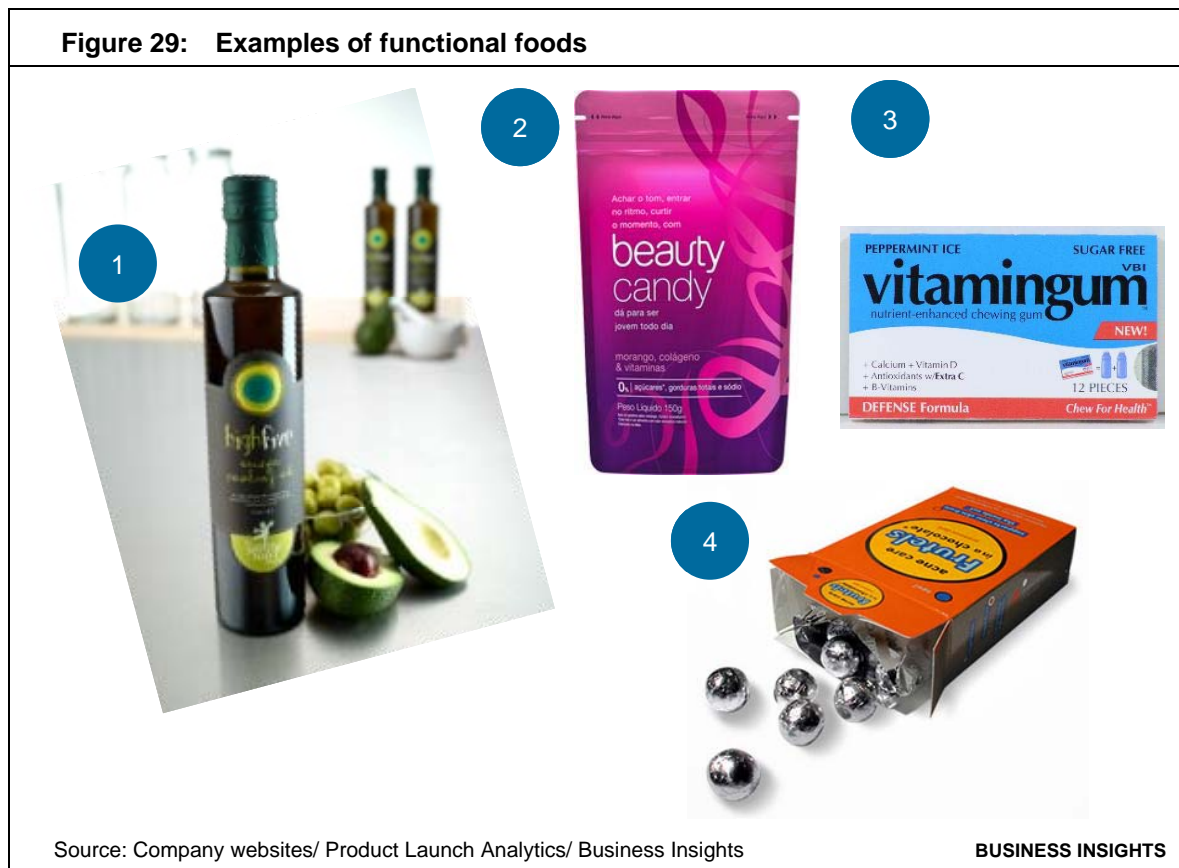
Poor product differentiation leads to a lack of uptake of new innovations by consumers. For example, trial rates of new innovations in household products were very low. According to IRI research in 2009, 75% of Americans purchase five or fewer entirely new household items from the 30,000 new products that are put on the market each year.

Lack of product differentiation also requires greater marketing efforts. However, reduced marketing and advertising budgets during economic downturns can also impact the success of a product launch. In an AiMark study of the stock price of 26 global companies over 25 years, it was demonstrated that annual growth in shareholder value for companies that didn't tie their advertising budgets to the economic cycle is 1.3% higher than that for those who do the opposite.

Breakthrough innovations, as opposed to incremental innovations, have higher returns and are more difficult to copy. They are a key source of growth and will gain importance over the coming years, according to a Business Insights industry survey. The results are displayed in Figure 12.

something that's good for you, or cooking oils that are blended to provide essential nutrients which are retained even at high temperatures.

Figure 29 shows some examples of functional foods:



- The Groovy Food Company's High Five Omega Cooking Oil (1, above) launched in the UK is a cooking oil that contains essential omega acids 3, 6 and 9, and Vitamin E, which are claimed to be retained in the oil even at high cooking temperatures, thus preserving the benefit for the consumer.
- Beauty Candy by Beauty In (2, above) launched in Brazil in 2010 is available in four varieties and contains various superfood ingredients, vitamins and ingredients such as collagen to promote wellbeing and beauty benefits.

This is a clear example of how brands can harness the power of social networking. The company tailored its social networking approach to fit with its own structure and culture – by adopting a decentralized strategy that empowered its young, talented workforce, and aligning the strategy to what had become a weakness, the inability to sell stock of wines only available in small volumes in a cost-effective way once the store network had expanded. Finally, its choice of Twitter successfully engaged UK consumers and suited highly localized, immediate response campaigns.

### **Mavens and online recommendations**

The high volume of individual consumer opinion published on the Internet presents a challenge for brand owners who need to build a good reputation for their products, and strong relationships with consumers. By shifting from a one-way communication approach to creating engaging conversations with consumers, brand owners can build trust by being seen to directly engage with consumer feedback about products, either at an innovation stage, or as a marketing strategy to generate consumer interest in an existing product.

According to the Nielsen Global Online Consumer Survey, recommendations made by personal acquaintances and opinions posted by consumers online are the most trusted forms of advertising globally. The Nielsen survey shows that 90% of online consumers worldwide trust recommendations from people they know, while 70% trust consumer opinions posted online. In markets where there is so much to choose from, trusted advice and peer recommendations give consumers a feeling of control and helps them avoid mistakes and disappointments when making a purchase.

A study about network-based marketing conducted by Shawndra Hill, Foster Provost and Chris Volinsky proved that “network neighbors” – those consumers linked to prior buyers - adopt a service or product at a rate of 3-5 times greater than non-network neighbors. According to the authors there are three methods a brand can use to boost consumer based marketing:

- Explicit advocacy, which refers to consumers who specifically recommend a product either by posting a comment, pushing the “like button”, or generating a positive online review.

**Figure 50: Product information page on Gü website**



Source: Company website

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### Not talking about price or discounting

Price in itself is not a driver of premium purchases, and price flashes on products detract from efforts to make packaging look premium as they are reminiscent of budget brands. Similarly, references or comparisons to competitor brands or products are undignified and unnecessary. For example, the “50% off” promotional flash on New York Style brand's Pita Chips range is incongruous with the rest of the packaging design which achieves at least a “masstige”, if not a premium feel, as well as with some of the other premium cues the product has such as being, “wholesome”, “fresh-baked”, and other descriptors that play on images of traditional New York City traditional neighborhood bakeries.

**Figure 51: New York Style Pita Chips**



Source: Company website

**BUSINESS INSIGHTS**



**Figure 71: Examples of products claiming to be beneficial for joint health**



Source: Product Launch Analytics/Business Insights

**BUSINESS INSIGHTS**

### Single vs. multiple health and wellness issues

Senior consumers are simultaneously concerned about a number of health and wellness issues, rather than just one. This means that manufacturers have the opportunity to formulate single serving food and drinks products which deliver a number of health and wellness benefits to seniors within one product.

### Seniors in poor health

The Global Burden of Disease, a study conducted by the World Health Organization and the World Bank, with partial support from the U.S. National Institute on Aging, predicts a very large increase in disability caused by increases in age-related chronic diseases in all regions of the world. In a few decades, the loss of health and life worldwide will be greater from non-communicable or chronic diseases, such as cardiovascular disease, dementia, Alzheimer's disease, cancer, arthritis, and diabetes, rather than from infectious diseases, childhood diseases, and accidents. This means that developments in functional food and drinks for health benefits will be more important than ever, as increasingly knowledgeable consumers adopt a "prevention is



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