

## Heart health innovation continues unabated



Despite ongoing regulatory issues with regard to health claims, the positioning of food and drink products on a heart health platform appears to be continuing unabated. Data from the Innova Database shows that product launches positioned on a heart health platform have nearly tripled over the past five years and accounted for nearly 1.5% of total food and drinks launches recorded over the 12-month period to the end of April 2010, up from less than 0.7% in 2005.

Perhaps not surprisingly, the US and Europe have dominated this activity, accounting for two-thirds of heart health launches. In terms of types of product, the bakery and cereals sector dominates with over a quarter of the total, ahead of dairy products with 12%, ready meals and meal components with 10% and soft drinks with 9%. Other sectors featuring significant numbers of heart health launches included hot beverages; meat, fish and eggs; fruit and vegetable products; and soups, sauces and seasonings.

While these products are taking a specific heart health positioning, there are many other products not included where the benefit may be implied but it is not specifically mentioned, with the use of ingredients perceived by consumers to be heart healthy sufficing in many instances. Ingredients falling into this category include omega 3 fatty acids, wholegrains, oats and soy, although all of these have also been linked with other health benefits such as joint health and cognitive health for omega 3 fatty acids, digestive health for wholegrains, controlled energy release for oats, and women's health and bone health for soy.

A review of relevant activity by Innova Market Insights shows that products for cholesterol reduction continue to dominate the heart health market in terms of numbers of launches, while circulatory health foods, dominated by omega 3 products have seen rather less activity, not as a result of fewer being launched, but more in terms of using different and broader target markets utilising other claimed health benefits, particularly for infants and children. There are some new circulatory health ingredients in the offing, however, that may boost the sector in the future.

The anti-hypertensive market remains relatively limited, but has seen further development of the use of peptides, sourced from milk proteins in Europe and from sardines in Japan. The use of antioxidant ingredients for heart health is another area that is relatively undeveloped and may have the potential to go further, particularly using the intrinsic health benefits of products such as cocoa and fruit, if the regulatory situation can be resolved. The health claims situation has been causing considerable difficulties in some parts of the functional foods market, although the heart health sector has fared better than many.

The heart health food and drinks market is also very fragmented, being made up of products varying from existing repositioned and reformulated brands from large and mature markets such as breakfast cereals, to small sectors made up of products containing relatively new ingredients such as dairy products with phytosterols and bioactive peptides. In general, growth in the new markets is much faster, being from such a small base, but it also necessitates the investment of large sums of money in product development, as well as subsequent promotional activity and consumer education. *(Courtesy of Innova Database)*

## Who's the fairest of them all?

The globalisation concept has brought many changes in the commercial arena over the past decade. One note-worthy measure was the formation of the fair trade ethical trading initiative to ensure producers experience fair working conditions and rewards for their labour throughout the world. Driven by the campaign titled 'Make Poverty History', such initiatives have helped promote the values of sustainability and responsibility among suppliers in the food industry.



Fair trade and its consequences on a global level in 2008.

The demand for ethical trading first arose in the 1990's, when the food industry began to become increasingly consolidated. This has resulted in the emergence of a handful of food ingredient giants controlling the global market. Several of these big companies source their raw materials from developing regions such as Asia and South America. In 1998, the Ethical Trading Initiative (ETI) was established as an alliance between retailers, trade unions and non-governmental organisations. ETI aims to promote respect and fair treatment for the rights of poor workers in factories and on farms. The awareness of ETI's campaign has increased the pressure on manufacturers to ensure decent working conditions for their employees throughout the supply chain.

The campaign has encouraged many companies to incorporate various ethical sourcing policies and address the growing public concern over labour supply-chain issues. Social and environmental concerns now top the list of corporate investment criteria in addressing supply chain labour conditions. For instance, the Indian-based Tata Tea Limited has received commendations for their ethical initiatives that involve sustainable 'worker-shareholder' models, free housing, health care and community development facilities. Tata also run tree-planting and endangered-wildlife programmes, as well as alternative ventures in the field of renewable energy plantations.

**Current scenario**

With concerns growing over economic concerns in the third world, some western consumers have become more socially responsible when it comes to the goods they purchase. Traditionally infamous for its free market sourcing policies, the scenario within the food industry is set to change with the rise of the fair trade movement. Currently, the food industry is populated by thousands of small suppliers in addition to the backwardly integrated large conglomerates. The presence of small suppliers allows for ambiguous sourcing ethics. However, companies are now realising that the combination of 'business' and 'ethics' can create a positive brand image, and more importantly, allow traceability within the supply chain. The stability of the supply chain is one of the key driving factors in implementing ethical sourcing. Consumer demand for ethical foods has risen dramatically between 2004 and 2008, and as a result, various food industry participants have joined the fair trade band wagon. A study by the UK's Co-operative Bank in 2006 estimated that 'ethical' food spending, including organic, fair trade and free range purchases, was around £4.1 billion. Below are examples of some of key market players involved in the ethical consumerism trend.

**Tate & Lyle**

In February 2008, sugar giant Tate & Lyle announced its decision to convert its entire retail sugar range to fair trade. This switch accounts for the largest fair trade transfer ever made within the UK. The company claims that this decision comes on the back of customers increasing their demands for ethically-sourced products. When they buy fair trade produce, consumers are assured that the farmers, growers and their communities in the developing world are being fairly dealt with. Tate & Lyle has been working with the UK-based Fair-trade Foundation since 2006, to ensure that their suppliers meet fair trade standards.

**Cadbury Schweppes**

Cadbury Schweppes is another organisation focusing intensely on ethical sourcing standards. In 2006, the company built a team to assess the capacity and get a better understanding of the local markets. It also runs intensive supplier assessment processes to help monitor and manage supplier performance. Through the aid of their ethical sourcing team, Cadbury Schweppes assesses suppliers based on a desk-based risk review, a site-based assessment, and verification which involves a supplier assessment programme.

**Tesco**

Tesco is UK's major supermarket chain and a founder member of the ETI. The company uses the ETI Base Code as its standard for all primary suppliers. This base code includes factors such as freely chosen employment, the right

to collective bargaining, safe and hygienic working conditions and so on. In 2004, the chain began a three-year initiative to extend this policy to cover primary suppliers to all its businesses. The company was instrumental in also developing the Supplier Ethical Data Exchange (Sedex), a web-based system that encourages businesses to share data on labour standards at production sites. Additionally, Tesco employs programmes that involve extensive supplier and buyer training to ensure ethical compliance.

An increasing pressure from consumers has brought about a corporate revolution in the sector of ethical food. However, there is general concern that this exodus towards ethical trading is more of a fad rather than a required code of practice. The ETI and other industry watch dogs are urging manufacturers to take this 'green washing' phenomenon seriously to ensure global fair-trade.

The three main factors driving this sector are traceability, consumer demand and concern over global warming, and all three jointly call for sustainable commerce. The industry opinion is that whether the process is ethical trading or green washing, it is a step in the right direction. The involvement of the private sector is also a significantly positive move. For instance, in 2002, the World Wild Life Fund created the Roundtable Convention on Sustainable Palm Oil in association with major players, which included Sainsbury's and Unilever. This convention has been solely responsible for implementing measures against the loss of rainforest, increasing biodiversity and settling land rights disputes and labour rights. Ethical trading and fair trade are therefore a growing occurrence, and are becoming an increasing necessity within the food industry. Fair trade is here to stay and is a call for food manufacturers to either shape up or ship out. *(Courtesy of Frost & Sullivan)*



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