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# *Project ALBA*

*Creating a marketing strategy for a  
cholesterol lowering dairy product*

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## Abstract

**Background:** The research company Redoxis have made a discovered that the substance phytol, which can be found in all green plants, have a Low Density Lipoprotein (LDL)-cholesterol lowering effect and they are together with Gothenburg based Food & Health Concept Centre (FHCC) currently investigating the possibilities of commercializing this substance by developing a phytol based cholesterol lowering food product. Their aim is to get it approved as a functional food so it can be marketed and sold with a proved health claim. Functional food products are defined by their disease preventing features and there is an increased interest among consumers for such products. As this product has the possibilities of being beneficial to both individuals and society it might be marketed using social marketing principles.

**Purpose:** The focus for this study lies in creating a marketing strategy for the new cholesterol lowering food product by identifying the primary target audience, a suitable dairy product, an attractive exchange, an appropriate marketing mix and the market situation. Furthermore, we want to investigate the possibilities of implementing social marketing principles in the creation of this strategy. This derives two research questions:

- 1. What would be a suitable market strategy for a new cholesterol lowering product with the aspiration of being approved as a functional food?*
- 2. Considering the beneficial effects the product can give both the consumer as an individual and society as a whole are social marketing principles applicable when creating the marketing strategy?*

**Method:** In order to answer these two questions we started by searching for previous studies on the subject as well as getting acquainted with central terms of the study such as functional food, cholesterol and social marketing. Next, we moved on to defining the theoretical framework for the thesis and collecting empirical data. As for the theoretical framework we used Andreasen's six social marketing benchmarks (Behaviour, consumer research, segmentation and targeting, exchange, marketing mix and competition) as a starting point and added a number of theories from marketing literature of a more general nature to provide the study with structure and depth. The empirical material consists of a quantitative survey, interviews and secondary sources and is structured after the external parts of Aaker's strategic analysis. The study is based on a descriptive approach containing of both qualitative and quantitative elements.

**Results:** Through analyzing the empirical data we have developed a marketing strategy for a new cholesterol lowering food product. We have been able to identify people older than 40 as our primary target audience. They are mainly women with awareness of their cholesterol levels. We have also identified yoghurt as a suitable dairy product with cholesterol lowering effects. Another discovery is that the target audience as well as other customers buying functional food has a relatively strong tendency to pay extra for such products. A product like this would preferably be sold at grocery stores promoted with a health claim. The study also shows that it is possible to apply social marketing principles when marketing a functional food product like the one which is the subject for this study.

**Keywords:** Functional food, cholesterol lowering, social marketing, new product, Health claim, marketing strategy.



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# 1. Introduction

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*The target for this study is a new potential cholesterol lowering functional food product and we will begin this chapter by describing project ALBA and the organization behind it. This will be followed by a problem definition and an explanation of the objectives for this study. Lastly, we will present our two research questions and what we hope to achieve through our research.*

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## 1.1 Project Alba

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Redoxis is a Swedish research company based partly in Gothenburg and partly in Lund in Sweden, which focus on developing novel treatments for autoimmune conditions such as Rheumatoid Arthritis, Multiple Sclerosis and Inflammatory Bowels Disease. During the research of a certain substance with an anti inflammatory effect found in leaves from White Mulberry trees (*Morus Alba*) researchers stumbled upon another discovery. The result indicated that the natural substance phytol, extracted from chlorophyll of green leaves, effectively lowers the levels of low density lipoprotein (LDL)-cholesterol (also known as the “bad cholesterol”) and triglyceride.<sup>1</sup> Further, studies conducted on rats, mice and pigs have all indicated the same thing. As mentioned before, high levels of LDL-cholesterol are related to cardiovascular disease and lowering these levels would therefore result in reducing the risk of disease and an improved health (Faxö, 2010).

Phytol is a part of the chlorophyll molecule which can be found naturally in all green plants. When ruminants ingest green plants phytol and/or phytanic acids are naturally formed. Unlike ruminants, humans and other carnivores are not able to assimilate phytol from green plants directly but get small doses of it by eating products of ruminant origin such as beef and dairy. This means that phytol is a substance that we humans have consumed naturally for a long time with no known adverse side effects. A product with an increased dose of the active substance therefore has the potential of reducing the risk of cholesterol related health issues (Faxö, 2010).

From the beginning there were plans of developing the substance into a naturopathic drug but Redoxis were put off by the competition from big pharmaceutical companies that would result in going head to head with the leading drugs on the market today. Instead they saw the possibilities of developing a functional food product that lower LDL-cholesterol levels. By enriching for instance a dairy product with extra phytol it is possible to keep constant levels all year around instead of having a varying content depending different external factors such as season, fat content etc. This would make it suitable as a LDL-cholesterol lowering functional food. Through further research Redoxis now plan to investigate what doses of the substance that would be appropriate in a functional food product as well as investigations of the natural levels of phytol in existing dairy products.<sup>2</sup>

As mentioned before, phytol is known for its cholesterol lowering effects but no one could foresee that it lowers LDL-cholesterol. Since Redoxis has discovered something that could

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<sup>1</sup> Peter Olofsson, CEO of Redoxis, Presentation 2010-11-19

<sup>2</sup> Peter Olofsson, CEO of Redoxis, Presentation 2010-11-19

not have been presumed through previous knowledge at hand they have applied to patent the effect in Europe, USA, Canada, India, Australia and New Zealand. As a next step in this project Redoxis may after further validations studies create a joint venture with Food & Health Concept Center (FHCC) at Sahlgrenska Science Park in Gothenburg. Their work revolves around making it easier for good ideas within the field food and health to be commercialized and do so by for instance helping research companies by creating contacts, initiate and coordinate projects and/or find potential partners. They are involved in several different projects and depending on the needs and possibilities these can look very different. The role of FHCC in this project is to further develop the concept by identifying products that could be suitable for and needed by consumers on markets of interest. Also, they will establish contacts with dairy product manufacturers to be able to grasp the interest of cooperating to release such a product. There is also the important task of investigating the rules and regulations when it comes to using a health claim in the marketing of a product like this (Faxö, 2010).

The aim of this research is to study the opportunities for Redoxis and FHCC to develop the active substance phytol into a successful cholesterol lowering functional food product. We hope to be of great help in their process towards launching this product on to the Swedish consumer market.

## **1.2 Problem definition**

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When the functional food concept was first developed in Japan in the 1980's the intent was to promote health and reduce the risk of disease among a rapidly aging population. Apart from improving the quality of life for the user it was also an attempt to control rising healthcare costs by providing the consumer with a convenient alternative to improve well being (European Food Information Council, 2006). Ever since it was introduced the concept has caught the attentions of experts on food and health all around the world but the increase in interest has been most significant in Europe and the US. An increase in the number of health conscious consumers in combination with life style related diseases spreading through the populations in these areas makes functional food an interesting option when it comes to facing the challenges of public health issues (Mitchell and Ring, 2010).

The product that Redoxis and FHCC are currently developing has the potential of becoming a functional food with a claim of reducing LDL-cholesterol levels and therefore also reduce the risk of cardiovascular disease. However, there are a number of obstacles to get past before this product can reach the Swedish consumer market. Many of these are of scientific nature but there is also the problem of how to commercialize and market a product with effects possibly beneficial to both the consumer as an individual as well as society as a whole.

Small doses of the active substance Phytol is found naturally in dairy products which are consumed on a daily basis by many Swedish people. This makes dairy products appropriate to use in the development of a phytol-based cholesterol lowering product, but a specific product remains to be determined. There are two approaches in this case; a scientific and a marketing approach. The scientific approach involves measuring the levels of natural phytol in a range of dairy products to find the most suitable one for further development. The second approach uses marketing research to investigate what type of product consumers prefer. Further, it is crucial that the product can be marketed with a health claim, which tells the end-user about its benefits. To protect consumers and harmonize competition within the EU, products with nutrition and health claims (functional food) are regulated by (EC) No.1924/2006 of the European Parliament and of the Council. Results from extensive research supporting the

claimed effect have to be submitted to the European Food Safety Authority (EFSA) in order for them to evaluate the claim and decide on whether it should be allowed in marketing the product or not (Jansson & Bryngelsson, 2010). Also it has to be clarified if phytol can be classified as a food ingredient with a history of consumption or if it will be regarded as a novel food which requires evaluation and approval by the Commission which could turn out to be a long process (Jansson & Bryngelsson, 2010).

The interest for functional food products is growing in Sweden along with the market for it (Mitchell and Ring, 2010). An increasing number of products mean that companies entering the market will face tougher competition and there will be a stronger need to differentiate the product from the ones of competitors. Also consumer trends and demographic aspects are a challenge to this relatively new category. A carefully developed marketing strategy will be necessary in order to successfully position a new product.

Since the study revolves around a food product related to public health we want to investigate if the principles of social marketing are applicable in this case. As opposed to other marketing disciplines social marketing focus on benefitting society in general and the target audience in particular with behavior change and integration of the 4Ps (Product, Price, Place and Promotion) as the main ingredients. With the pressure on companies today to take a bigger responsibility for our society, corporate social initiative is one way for them to get directly involved. This involves everything from increasing awareness of a social problem to making contributions by selling products that benefit a certain cause. This will hopefully create a win-win situation for the company and the social cause. High cholesterol is a health related behavioral issue that in worst case could lead to cardiovascular disease and using social marketing in promoting a food product which lower cholesterol could prove effective since it is widely used in solving other public health issues (Cheng et al, 2009).

According to Andreasen (2002) in reality it could be difficult to tell the difference between social marketing and other marketing approaches, especially since many companies claim to be using social marketing when they in fact do not. Also, the fact that different marketing disciplines borrow freely from each other does not make it any easier to determine. However, Andreasen's "*Marketing Social Marketing in the Social Change Marketplace*" (2002) provides us with six benchmarks through which it is, according to author, possible to *identify an approach that could be legitimately called social marketing*. These will be explained further along with an introduction to social marketing in the chapter on the theoretical framework.

### **1.3 Objective**

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In accordance with the problem definition, the main objective will be to develop a marketing strategy for the cholesterol lowering functional food product that is currently being developed by Redoxis and FHCC. One of the most important parts of this will include identifying the dairy product that would be most attractive to consumers as a cholesterol lowering food product and investigating the regulatory background to try to define whether or not it has a chance of being approved as a functional food. This will conclude if a health claim explaining the positive effect on the user's health can be used in marketing the product. Also, if phytol cannot be classified as an ingredient that has a history of consumption naturally it has to be determined whether or not it can be approved as a novel food.

To reach this objective we have to identify possible segments for this kind of functional food products by conducting consumer research. Through analyzing these data and study

competitor strategies we want to determine a suitable target audience for the product. This will help us further to determine what these consumers value in terms of product benefits and other characteristics.

Another thing we have to do, to reach our objective is to develop a marketing mix based on the 4Ps – Product, Price, Promotion and Place. Through this we can decide on a combination of product benefits and price that will provide an attractive exchange for consumers. Further, we intend to find the most suitable way of promoting and distributing this kind of product weighing in factors such as market conditions and competitor positioning.

A secondary objective will be to determine if social marketing could be used to develop a marketing strategy for the cholesterol lowering food product since it is related to public health. This is relevant as social marketing approaches are most commonly used in marketing campaigns with little or no commercial intentions (Anti-smoking, HIV-prevention etc.) (Luca and Suggs, 2010) and it would therefore be interesting to investigate how these theories can be applied to a situation where the company has a product that can help people but is also driven by a commercial motive.

## **1.4 Limitation**

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At first we were aiming to conduct a survey in three Nordic countries (Sweden, Norway and Denmark) but due to resource limitations we have decided to concentrate solely on the Swedish market in our research. Through this we were able to get a larger population of respondents within the same country instead of a result scattered across three different cities in different countries. We believe that this will increase the quality of the survey as well as the accuracy in our analysis. Furthermore, we have chosen not to investigate possible partners when it comes to production of the potential cholesterol lowering product since research is still being conducted on the active substance. Instead most of our effort has been put into a strategic analysis of the consumers, competitors, market and environment.

We have limited our analysis by only focusing on certain aspects in constructing a marketing strategy, namely the parts identified in Andreassen's six social marketing benchmarks. This has been done in order to facilitate the structure of the analysis in particular and to provide the study with a consistent theme.

## **1.5 Research questions**

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- What would be a suitable market strategy for a new cholesterol lowering product with the aspiration of being approved as a functional food?
- Are social marketing principles applicable when creating the marketing strategy?

## 1.6 Disposition

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<b>Chapter 1</b> <b>Introduction</b>	An introduction to project Alba and the purpose and objective for this thesis.
<b>Chapter 2</b> <b>Methodology</b>	Presents an overview of the approach used to conduct our research.
<b>Chapter 3</b> Background to cholesterol and functional food	Provide the reader with the necessary knowledge about cholesterol and functional food.
<b>Chapter 4</b> <b>Theoretical framework</b>	Theories used to analyze the empirical data in this thesis are presented.
<b>Chapter 5</b> <b>Empirical findings</b>	Provide the reader with an overview of the empirical findings.
<b>Chapter 6</b> <b>Analysis</b>	Presents the analysis of the empirical findings in connection with the theories.
<b>Chapter 7</b> <b>Conclusions</b>	Presents our conclusions based on the analysis as well as suggestions for further research.



## 2. Methodology

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*In this chapter we will present the process of working with this thesis by describing the procedure of creating the theoretical framework and gathering empirical data. Further, the way the survey was conducted and the main purpose of it will be described. In the opening section, our choice of topic along with the research philosophy and approach will be described to give the reader a deeper understanding of how the study was conducted.*

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### 2.1 Choice of topic

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The choice of topic was made over a few discussion meetings between the authors. Earlier, the school of business, economy and law in Gothenburg had collected several topics; both solely research based and constituent based. They also invited people from the business world so they got a chance to present their topics and assignments. One assignment stood out in our opinion, considering both the presentation and the type of assignment. We had already pretty much decided that we wanted to write our thesis in cooperation with a company since we felt like we would learn more and get more experience out of it. We think it was the fact that it was a new product in a relatively new and exciting area; Functional food, that caught our interest. This was a challenge we wanted to be part of, to get this product out on the market and accepted by the target group. We were also supposed to find out what type of product they would prefer.

### 2.2 Research strategy

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We started out by compiling a report of planning as well as a theoretical framework to use as guidelines later on in the process. Even though our theoretical framework has been modified over the course of the process we have been true to our main objectives. These objectives were to find answers to our main research questions:

- What would be a suitable market strategy for a new cholesterol lowering product with the aspiration of being approved as a functional food?
- Are social marketing principles applicable when creating the marketing strategy?

The two research questions of this study revolve around creating a marketing strategy for a new product in relation to a social marketing approach. To gather information for our empirical findings we choose to use Aaker's (2007) external approach of the strategic analysis as guide lines. Since our two questions are not measurable in the analytical sense it would be appropriate to use a qualitative approach in our research rather than a quantitative one. However, our study contains of elements that are both qualitative and quantitative and can best be described as a "descriptive approach" (Lundahl & Skärvad, 1999).

In this study we are aiming to do two things: identify a suitable marketing strategy for a new cholesterol lowering functional food product and investigate if the principles of social marketing can be applied to this strategy. In order to do this we used the theoretical framework, compiled from appropriate literature, and applied it to the empirical material we

have gathered throughout the course of this study. These two parts of the study put together let us conclude a descriptive solution to the two research questions. The main purpose of the descriptive study is to describe a certain phenomenon through statistical description and previous theories. The qualitative approach put focus on testing the validity of the theories in practice through usage of existing as well as new data. In contrast, the quantitative approach uses measurable questions as a starting point for collection of data to describe the phenomenon (Lundahl & Skärvad, 1999). The theories that this study is based on guided the collection of empirical data as well as how it should be interpreted. This will led up to an understanding on how the results can be related to other parts of the thesis and eventually also a conclusion.

### **2.3 Research philosophy**

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As mentioned, the study consists of both qualitative and a quantitative elements and the collection of data can be divided into three parts: the consumer survey, the investigation of the functional food market and trends relating to and the examination of the regulatory issues regarding functional food. The result of the survey statistically describes a phenomenon and is an example of a quantitative description used in this study (Lundahl & Skärvad, 1999). This gave us the answers to questions like “Who buys functional food and cholesterol lowering products?” and “How often do they buy these products?” among others. In the second part we wanted to describe the functional food market, its actors and trends. This was done mainly by the collection of secondary data. Lastly, our goal was to describe the regulatory situation concerning the new cholesterol lowering food product and its possibilities of being classified as a functional food.

Put together, the empirical data gathered made it possible for us to, guided by our theoretical framework, develop a suitable marketing strategy for the new cholesterol lowering food product and determine whether or not it is possible to use a social marketing approach in implementing it.

### **2.4 Research approach**

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The social marketing theories of Andreasen and his six benchmarks; Behaviour change, Consumer research, Segmentation and Targeting, Exchange, Marketing Mix and Competition, provided a starting point and structure in the creation of the theoretical framework for this thesis. We also thought it would be interesting to apply Andreason’s competition benchmark to competition between products like the one which is the target of this study. As Andreasen’s six benchmarks revolves around identifying a particular marketing approach rather than creating a marketing strategy marketing theories related to marketing planning was incorporated in accordance with the six benchmarks. These were found in literature by Kotler et al. (2005), Burk Wood (2007), Mårtenson (2009) and Mark-Herbert (2002). The previously mentioned three-part data collection was derived partly from evaluation of the literature and partly from discussion with the company for which we performed this study. We were then able to analyze the data collected and came to a conclusion. The way the research was carried out indicates that both a deductive and inductive approach was used.

Our main reason for considering the research approach inductive is that we used the empirical data as a starting point for developing the marketing strategy for the new cholesterol lowering food product (Lundahl & Skärvad, 1999). This claim is also supported by the quantitative survey conducted. We tried to explain the phenomenon derived in the empirical data and make conclusions based on it.



The research approach can also be considered deductive due to the nature of our second research question through which we tried to determine if social marketing principles can be implemented in the creation of the marketing strategy. In this case we already had a clear definition of what should be considered a social marketing approach through Andreasen's six benchmarks and by applying these to the marketing strategy for the new cholesterol food product it was possible to determine whether it could be implemented or not (Lundahl & Skärvad, 1999). In other words, we came to a logic conclusion after having examined the marketing strategy based on assumptions made about social marketing principles.

## **2.5 Literature search**

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In the process of defining the theoretical framework for this study we started by looking for previous studies related to functional food and marketing strategy. This was done by using key word such as "cholesterol lowering", "functional food", "marketing", "marketing strategy" and "marketing planning" when searching the Swedish database "Uppsatser.se" and the University of Gothenburg's database GUNDA. Since functional food is a relatively new category the number of previous studies is limited. However, we managed to find a number of relevant studies within the field of functional food and consumer behaviour. Further, we also found a study on marketing a new product category such as functional food and several on marketing planning and strategy. Next, we used the databases *Business Source Premier* and *Science Direct* to search for additional articles on the subject of functional food and marketing strategy and by recommendations from our supervisor Peter Zackariasson we found an interesting article by McDermott et al. (2005). By adding "social marketing" to our keywords we were able to find other articles within the same field and identify articles and books commonly used by the authors. Previous studies and articles can be found through the databases mentioned earlier while the books used in this thesis are available at the various libraries of the University of Gothenburg.

A brief overview of all the studies, articles and books we had gathered let us evaluate whether or not they were relevant to our thesis and through this a theoretical framework gradually took shape. We used Andreasen's six social marketing benchmarks (2002) as a starting point and designed the rest of the framework accordingly adding marketing planning and strategy theories of a more general nature and the theories of Mark-Herbert (2002) to add structure and depth to the thesis. In using the six benchmarks focus has been put on certain aspects of the marketing plan but still the overview of our literature can be considered broad. By combining appropriate theories in this manner we were able to answer our research questions according to the purpose of the thesis.

The theoretical framework was created by gathering and evaluating the relevance of previous studies, articles and books. Applying the theories selected to the empirical data we collected for this study made it possible to interpret the information and eventually come to a conclusion regarding the two research questions.

## **2.6 Data collection methods**

### **2.6.1 Survey**

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Since we wanted to get an understanding of the Swedish consumers' attitudes toward functional food in general but also more particularly towards cholesterol lowering products we decided that we needed to do a survey. Together with FHCC we discussed the approach of the survey and then concluded that it should be conducted in four to five Swedish cities.

Malmö, Gothenburg and Stockholm felt like fairly obvious targets and as a result of FHCC's wishes of adding a northern Swedish city we decided to go to Sundsvall as well. The survey was conducted over five days in November where we traveled across Sweden and handed out our questionnaire. The weather at the moment would not allow us to find respondents outside so our first thought was to conduct the survey in malls. However, the Christmas shopping had already begun and people appeared to be very stressed. Since we found most people being unwilling to answer our survey we decided to try to handing out our survey at the central station in each city instead. At the central station people were waiting and in no hurry they were more willing to answer the survey. After five days of intense traveling we had finally got a total of 325 respondents divided over the four cities. The number of respondents was equal to the cities size and population with Stockholm as the largest and Sundsvall as the smallest and in between Malmö and Gothenburg.

Since our attitude questions were of a general art and we did not already know our target group we wanted to be able to apply the survey results on a wider population. Therefore we chose to use a random quantitative selection so that our respondents could be seen as a miniature of a wider population, hopefully the Swedish population. This is called that we generalize from our randomly chosen respondents to the population (Patel & Davidsson, 2003).

In accordance with Ejlertsson (2005) we tried to construct the questions using an accessible language and no leading questions. What we did not think of though was that sensitive questions should be last on the survey. We had an age question first which, for some people, can feel embarrassing to answer. However, we do not think that this fact affected the results of the survey. To facilitate the compilation of the survey and since the information we wanted to gather was apprehensible as a numerous form we decided to use questions where the respondents chose their answers on a numerical scale. This is a good approach when researching people's attitudes toward something. It would also make it easier for the respondents to answer which would shorten their amount of time answering the survey questions, which in turn would make people more prone to answer our survey. Having chosen this approach it meant that we would be able to do a quantitative processing in the analyze (Patel & Davidsson, 2003). It would also allow us to cross reference the questions to compare the difference between certain groups. This, in turn, would show us different correlations of the respondents which would make it easier for us to make conclusions in analyzing the data.

### **2.6.2 Interviews**

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In the process of collecting empirical data we conducted interviews with people from organisations and companies which we considered relevant to the thesis:

- Nina Jansson & Susanne Bryngelsson, Swedish Nutrition Foundation (SNF) (2010-12-15)
- Simon Karlsson, managing the dairy section at ICA (2010-12-13)
- Magnus Nelin, public relations officer at COOP (2010-12-15)
- Elisabeth Rytter, Fil mag Nutrition, Livsmedelsföretagen (2010-12-08)

The target for each interview was what Lundahl & Skärvad (1999) would call an expert; a person with great knowledge on a certain subject. There was one template created for the interview with SNF and one for the interview with supermarket representatives. The templates were designed in a semi-standardized but structured fashion which means that the questions were decided beforehand, but we still left room for additional ones if the situation would

allow it. At the same time it was structured in the sense that we prior to the interview had a clearly defined objective making it very focused and information-oriented (Lundahl & Skärvad, 1999). We considered this approach most appropriate since we in this case was interested in getting facts about the market and regulations of functional food rather than opinions and attitudes towards it.

The interview with SNF was more or less set up by Elén Faxö, project manager at Food & Health Concept Center (FHCC), who took the initial contact with Nina Jansson. We then contacted Nina by mail and decided on a date for the interview. Furthermore, we provided her with the interview template beforehand for her to review it considering the scientific nature of the subject. The interviews with supermarket representatives were made without prior contact meaning the questions were not known by the respondents beforehand. All interviews were conducted over telephone except for the one with Magnus Nelin at COOP which was retrieved by mail.

Further, to acquire necessary knowledge about Project ALBA, phytol and cholesterol, the CEO of Redoxis AB; Peter Olofsson held a presentation for us during the initial stage.

### **2.6.3 Collection of other secondary data**

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Apart from literature of academic nature we have also used other available secondary data in this study in order to come to a conclusion regarding our research questions (Lundahl & Skärvad, 1999). First we collected data to increase our knowledge about some of the subjects that are central to our thesis such as cholesterol and functional food. This was done by reading articles and information online, provided mainly by various Swedish organisations related to these subjects and searching encyclopaedias. We also received recommendations on articles to read from Elén Faxö of FHCC. Next, we tried to establish what the market for functional food looks like today in terms of growth, which proved difficult since the products can be found in many different categories and no real statistics seem to be available. However, some information regarding the subject could be retrieved from SCB's and the Swedish National Food Administration's homepages. Further, to be able to grasp the size of the market we gathered data on available functional food products and potential competitors. Mainly by using search engines online we were able to find actors in the functional food market and managed to identify producers of cholesterol lowering functional food. We then used their homepages and the Swedish database "Affärsdata" to learn more about them and how they position their products (Lundahl & Skärvad, 1999). Lastly, in gathering information on trends regarding food and health we found several articles online, mainly from the homepages of big Swedish organisations such as previously mentioned SCB and the Swedish National Food Administration.

Further we have used information from other thesis and studies concerning mostly the topic functional food and consumer's attitude toward such products. These we have mostly found by searching the internet but we have also retrieved a thesis through mail correspondence with Cecilia Mark-Herbert, associate professor at the Swedish University of Agricultural Science.

## **2.7 Reliability and validity**

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When conducting a survey it is important to think about the surveys reliability and validity. This is important because we want to be able to grade the quality of the survey (Patel & Davidsson, 2003). First of all, we want to discuss the choice of location for conducting the survey, namely the central station. One argument against this is that the selection of respondents is not that random since people have a purpose of going to the train station and

therefore a number of other respondents are not represented. On the other hand, indifferent of where a survey is conducted the respondents have in one way or another chosen to be at the certain location. With this knowledge we are aware of the dilemma but argue that our respondents more or less correspond with a wider population.

Further we will discuss the quality according to Patel and Davidsson (2003) and Ejlertsson (2005). Validity means the capacity of the questions to measure what we want to measure and reliability means that further surveys will give the same results. To get the highest degree of quality we asked ourselves what we wanted to know and constructed our survey questions so that they provided us with valuable information. By using this approach we hoped to get a higher degree of validity and reliability. We are aware of that some of our questions, mostly the last ones concerning cholesterol lowering products, are difficult to answer for respondents with no experience of cholesterol lowering products. However, this was a way for us to categorize the respondents into experienced and inexperienced consumers. This allowed us to analyze what those with experience, as well as those without, thought of cholesterol lowering products.

Unfortunately we experience some drop-offs and also some respondents who did not answer all of the questions. This was mainly because they thought that they could not answer the questions related to cholesterol lowering products. Further, a higher quality on our research could have been obtained from getting answers to additional questions related to the topic but since we wanted to keep the questionnaire short and easy to answer we had to prioritize among the questions. One of these priorities was to exclude taste as a preference since it seemed fairly obvious that taste was of importance. Overall, we think that the survey have given us the result needed to be able to answer our research questions. The survey has been a guideline for us to draw conclusions from even though further questions concerning lifestyle for example would have been valuable.

Further, a discussion considering our other sources is necessary for us and the reader to understand the validity of these. Authorities such as SCB, the National Board of Health and Welfare and the Swedish National Food Administration as well as SNF are independent organizations that should not be influenced by business related external forces. We consequently consider these sources as reliable and objective. However, we have used other sources such as articles and interviews which validity can be discussed. These are often one person's opinion and apprehensions and therefore the validity can be questionable. One way for us to make these sources, especially the interviews, more reliable and valid was to conduct more interviews. We have tried to do this but with little success. Many supermarket representatives and other relevant experts would not attend interviews due to hectic schedules or other reasons. Further, we have tried to gather a lot of different data to verify certain information. Also this turned out to be a difficult task, mostly because the lack of articles and researches considering the topic. By treating such sources with scepticism we have been able to draw conclusions we consider valid. Other source such as different thesis written by students and professors are also questionable since it often is secondary data. Other studies that have been made on functional food and attitude toward such products have been used to verify or dispute our survey. Mostly we have gotten similar results to that of previous studies and used this as a way of validating our results.

## 3. Background to cholesterol and functional food

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*In this chapter we will provide the reader with a short introduction to cholesterol and functional food in order to give the reader the necessary knowledge. We start by explaining what cholesterol is, followed by a basic explanation of functional food. In the final part of the chapter we map out the regulatory landscape of functional food.*

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### 3.1 Cholesterol

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The most common cause of death in Sweden is cardiovascular disease and every year about 40 000 people die from it (Lindroos, 2010). There is only a slight difference between men and women and still it seems to be a mystery why some people will fall victim to this disease while others will not. The risk factors can be genetic as well as derived from ones lifestyle, but research shows that smoking, high blood pressure, diabetes and obesity will increase the risk substantially (Hjärt-lungfonden, 2010). Also, high cholesterol, or more specifically high LDL-cholesterol, is connected to cardio vascular disease and is increasingly becoming a more common health issue among Swedes (Faxö, 2010, Hjärt-lungfonden, 2010). The reasons behind this health issue tend to know little about and therefore, we would like to start this introduction by providing the reader with a background to what cholesterol is and why it under certain circumstances is a potential risk. This will hopefully lead to further understanding on why a product that helps lower the level of cholesterol could be beneficial to both to the individual consumer as well as society as a whole.

Cholesterol is transported through the bloodstream in particles called lipoproteins. There are two major kinds of lipoproteins; Low-density (LDL) and High-density (HDL). To transport the cholesterol from where it was synthesized in the liver to the blood cells and tissues is the role of the LDL-cholesterol while the HDL-cholesterol transports excess or unused cholesterol back to the liver from the tissues, and here it is excreted after being broken down to bile acid (Encyclopædia Britannica Online, 2010-11-30). LDL is also known as the “bad” cholesterol whilst HDL is referred to as the “good”. HDL is considered good since it has a reducing effect on the build up of atherosclerotic lesions and decrease the risk of cardiovascular disease (Nationalencyklopedin, 2010-11-30).

As mentioned earlier Cholesterol is essential to life but it could also be dangerous if the intake of Low-Density Lipoproteins is too high. One of the causes behind atherosclerosis is high levels of cholesterol in the bloodstream and this could in worst case lead to myocardial infarction (commonly known as heart attack). By eating a lot of food containing fatty substances there is a risk of cholesterol accumulating in the walls of the blood vessels. As these deposits build up they thicken and calcify, which results in the blood flow being constricted. The build up accelerates with high levels of cholesterol in the blood and if not dealt with it increases the risk of cardiovascular disease (Encyclopædia Britannica Online, 2010-11-30).

High levels of cholesterol can be avoided through a healthy diet. By eating less animal fats (saturated fat) and obtain more fat from plants (unsaturated fat) one will be able to improve the balance between the “good” cholesterol (HDL) and the “bad” (LDL). Other ways are to

reduce the intake of fat overall. Also, some products have the effect of raising the levels of HDL when consumed and as mentioned earlier this reduces the atherosclerotic process. The relation between high intakes of saturated fat with high levels of LDL-cholesterol, high blood cholesterol levels and cardiovascular disease has been verified. However there is still a debate on long-term cholesterol reduction for the “normal” individual and what value it has (Encyclopædia Britannica Online, 2010-11-30).<sup>3</sup>

## 3.2 Functional Food

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The concept of functional food was developed in 1984 in Japan after studies on the relationship between physiological effects on the body and food products, which had been fortified with special ingredients, had been conducted (Mitchell & Ring, 2010). The increasing life expectancy among the many elderly in the country posed a threat to the health care system and the development of functional food was a way to try to improve health and reduce the risk of disease among the population (European Food Information Council (EUFIC), 2006).

In short products with a claim to; increase nutrition intake, improve the overall health, prevent health related diseases and/or reduce health diseases are known as “functional foods”, but there are several definitions of varying complexity (Mitchell & Ring, 2010). The American Institute of Medicine defines it as: *“those foods that encompass potentially healthful products including any modified food or ingredient that may provide a health benefit beyond the traditional nutrients it contains”* (Medterms.com, 1999), while the Functional Food Science Centre at Lund University (2009) describes it as: *“foods designed to provide a specific and beneficial physiological effect on health, performance and/or well-being extending beyond the provision of simple nutrients”*.

Over the last years consumers have become more health conscious and aware of products which effects have the possibility of directly contribute to improved health and well being. With an increasing number of elderly desiring an improved quality of life governments and researchers worry over the costs of health care. At the same time increasing scientific evidence supports that certain foods and food components provide more than a sufficient amount of required nutrition and have positive physiologic and psychological effects. Many traditional products like fruit, milk, vegetables etc. contain components of this type and have the potential to improve well-being and reduce the risk of disease among other benefits. It is believed that consumption of these products combined with a healthy lifestyle can have a positive effect on the general health situation among the population (European Food Information Council (EUFIC), 2006).

The introduction of functional food 26 years ago opened up a new market for manufacturers to operate on as well as attracted the attention of experts on food and health. This helped increasing the awareness on the subject in both Europe and the US. Along with the increased interest the need for a regulatory framework to protect the consumer emerged (Mitchell & Ring, 2010). The first country to establish this in 1991 was the home of functional foods; Japan. Foods for Specified Health Use (FOSHU) must be approved by the Ministry of Health and Welfare. In the US the Food and Drug Administration has since 1993 authorised *“reduction of risk for disease”* claims for some foods in an attempt to inform the consumers about food that might help reduce the risk of certain diseases (European Food Information Council (EUFIC), 2006). For a long time the regulation of nutrition and health claims differed

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<sup>3</sup> Peter Olofsson, CEO Redoxis, Presentation 2010-11-19

within the EU and its member states but in 2006 the rules were harmonised when the European Commission adopted new directives. This was in order to ensure a high level of protection for consumers and create equal conditions of competition within the Community when it comes to functional food (EC Regulation (EC) No 1924/2006, 2010).

Both the US and the European market have along with the Australian been growing steadily since the introduction of functional foods in 1984 and by the end of 2009 Sweden was one of the countries in Europe where popularity was growing the most. The interest for functional food has led to an increasing number of products finding its way on to the Swedish market and this has taken the functional beverage industry in the country to a position where it is one of the most advanced in the world (Mitchell & Ring, 2010).

### **3.3 Regulations for Novel and Functional Foods in Sweden**

#### **3.3.1 Novel Foods**

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Novel food is a new type of food that has been produced in such a way that has not been used for food before or does not have any widespread history of consumption within the EU. Before they can be introduced to the market they have to be evaluated by the authorities responsible for handling these matters and in Sweden that is the National Food Administration (Livsmedelsverket). If approved, Novel food can be sold together with other food as long as the product is labeled properly (Swedish National Food Administration, 2010).

Due to differences in national laws creating unfair competition and hindering the free movement of foodstuff novel foods are regulated by the European parliament since 1997.

Furthermore, this is a way to protect the public health within the member states. The regulation applies to food and food ingredients:

*(a) that have been produced using molecularly modified ingredients*

*(b) made from animals and plants which has not before been used in food production within the EU*

*(c) that are produced in a way that has never been used before*

*(d) which contain cell mass or vitamins, amino acids, aroma substances and enzymes which has been produced using new types of micro-organism, fungus or algae*

*(e) produced using gene modified organisms (GMO). These can be divided into products containing living GMO, products made from a GMO and differs from the traditional food product, and products made from a GMO but other than that are identical to the traditional product*

The regulated foods and food ingredients must not:

*(a) present a danger for the consumer,*

*(b) mislead the consumer,*

*(c) differ from food or food ingredients they act as a substitute for in terms of nutritional value in a way that it could be disadvantageous for the consumer. (EC No 258/97, 1997)*

As mentioned before, prior to introducing the new food or food ingredient on the EU-market all the necessary scientific data and other information have to be submitted and an evaluation

will be preformed. This will affirm if the food or ingredient is suitable to be marketed and sold as a Novel food together with other food products as well as according to article 7 of the regulation specify the usage, denotation and labeling requirements of it. The consumer also has to be informed about the product characteristics through specific labeling. These include composition, nutritional value or effects and intended usage of the food, and if scientific assessments can demonstrate that these differ from the characteristics of conventional food the food or food ingredient can no longer be considered a substitute to these. Clear labeling informing the consumer about the modified characteristic or properties since this could endanger the health of sections of the population or give rise to ethical concerns. The regulation is to be implemented by the Standing Committee for Foodstuffs which assists the European Commission in these matters.

### **3.3.2 Functional Foods**

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Functional Food marketed and sold in Sweden is regulated by the European constitution 1924/2006 which applies to all member states. Enforcing this regulation is the European Food Safety Authority (EFSA) and guidelines for Swedish companies are provided by the Swedish Nutrition Foundation (SNF) (Swedish Nutrition Foundation, 2010). The background to adopting this regulation was, just as in the case of novel foods, to prevent unfair competition and obstruction of free trade within the union. Also since an increasing number of food products started to use health claims as a part of their marketing this is a way to protect customers by evaluating the right to use such claims and demand appropriate labeling for example. The regulation applies to all nutrition and health claims about foods and food ingredients in commercial messages as well as product brands which imply a health improving effect (EC No 1924/2006, 2010).

The constitution is a framework and over time details are successively added to it. For example, there are plans to include lists of approved as well as non-approved health and nutrition claims to improve guidelines. However, this work is still in progress leaving a complex situation with many gray zones where it is difficult to say what is right and what is wrong according to the law. It is necessary to do case by case evaluations (Jansson & Bryngelsson, 2010).

Functional food products are divided into three categories; Generic nutrient function claims, product-specific physiological claims and generic reduction of disease risk claims (Mitchell, Ring, 2010). These three categories were described as follow in the Code of Practice from 2010:

*Nutrient claims means any claim which states, suggests or implies that a food has particular beneficial nutritional properties due to:*

*(a) the energy (caloric value) it*

*(i) provides*

*(ii) provides at a reduced or increased rate; or*

*(iii) does not provide; and/or*

*(b) the nutrients or other substances it*

*(i) contains*

*(ii) contains in reduced or increased proportions; or*

*(iii) does not contain;*

(EC No 1924/ 2006, 2010)



*“Health claims refers to any claim that states, suggests or implies that a relationship exists between a food category, a food or one of its constituents and health” (EC No 1924/2006, 2010).*

*“Reduction of disease risk claims means any health claim that states, suggests or implies that the consumption of a food category, a food or one of its constituents significantly reduces a risk factor in the development of a human disease”. (EC No 1924/ 2006, 2010)*

These claims may be used in marketing and on labels as long as it is not false or misleading, create doubts about the safety and nutritious value of other food as well encourages overconsumption of any food product. Furthermore, it is not allowed to imply that a balanced diet does not provide sufficient nutrition intake unless in fact a sufficient amount of the nutrient will not be ingested through a balance diet. Lastly, claims that in any way take advantage of the consumer’s fear are strictly prohibited (EC No 1924/ 2006, 2010). Besides requirements of scientific evidence and nutrition information there are a number of general conditions that need to be fulfilled for the nutrition and health claims if they are to be permitted. These are as follow:

*(a) the presence, absence or reduced content in a food or category of food of a nutrient or other substance in respect of which the claim is made has been shown to have a beneficial nutritional or physiological effect, as established by generally accepted scientific evidence;*

*(b) the nutrient or other substance for which the claim is made:*

*(i) is contained in the final product in a significant quantity as defined in Community legislation or, where such rules do not exist, in a quantity that will produce the nutritional or physiological effect claimed as established by generally accepted scientific evidence; or*

*(ii) is not present or is present in a reduced quantity that will produce the nutritional or physiological effect claimed as established by generally accepted scientific evidence;*

*(c) where applicable, the nutrient or other substance for which the claim is made is in a form that is available to be used by the body;*

*(d) the quantity of the product that can reasonably be expected to be consumed provides a significant quantity of the nutrient or other substance to which the claim relates, as defined in Community legislation or, where such rules do not exist, a significant quantity that will produce the nutritional or physiological effect claimed as established by generally accepted scientific evidence; (EC No 1924/2006, 2010)*

In the constitution the nutrition claims approved for usage are listed together with conditions regarding contents. This is not the case for health claims (yet), which are regulated by additional rules (Jansson & Bryngelsson, 2010). These include certain requirements regarding labeling and marketing of a product with a health claim:

*(a) a statement indicating the importance of a varied and balanced diet and a healthy lifestyle;*

*(b) the quantity of the food and pattern of consumption required to obtain the claimed beneficial effect;*

*(c) where appropriate, a statement addressed to persons who should avoid using the food; and*

*(d) an appropriate warning for products that are likely to present a health risk if consumed to excess. (EC No 1924/2006, 2010)*

Health claims are divided into two categories; those referring to the reduction of disease risk and to children's development and health and those which do not. The latter is regulated through Article 13 which divides this type of claim further into two different categories; 13.1 and 13.5 (Jansson & Bryngelsson, 2010). The constitution states that, if based on accepted scientific evidence well understood by the average consumer, claims referring to the following claims can be made without submitting an application to the National Food Administration and EFSA:

*(a) the role of a nutrient or other substance in growth, development and the functions of the body; or*

*(b) psychological and behavioural functions; or*

*(c) without prejudice to Directive 96/8/EC, slimming or weight-control or a reduction in the sense of hunger or an increase in the sense of satiety or to the reduction of the available energy from the diet, (EC No 1924/2006, 2010).*

Up until January of 2008 the member states had a chance to submit suggestions of claims that would fall under article 13.1 to the Commission. As mentioned earlier the process of evaluating all these claims is still in progress but until there is a formal decision from the commission these can be used as long as the company takes full responsibility if it turns out the decision is negative. However, if someone wants to submit a new suggestion that is not related to the reduction of disease risk and children's development and health today article 13.5 will apply. This means that it is necessary to submit an application to EFSA via the National Food Administration (Jansson & Bryngelsson, 2010).

The other category of health claims; referring to reduction of disease risk and children's development and health are regulated through article 14 and has to be authorised by submitting an application to the European Food Safety Association (EFSA) via the national competent authority just like the ones regulated by 13.5 (EC No 1924/2006, 2010).

## 4. Theoretical Framework

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*In this chapter we will present the theories of marketing strategy which will be used for this study. These will later be applied in an analysis of the empirical material we have gathered which eventually will lead up to a conclusion.*

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### 4.1 A Background to Social Marketing

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The idea of social marketing was first introduced by Kotler and Levy in their article “Broadening the Concept of Marketing” from 1969. Kotler and Zaltman then coined the term in 1971 and defined it as:

*“The design, implementation and control of programs calculated to influence the acceptability of social ideas and involving considerations of product planning, pricing, communication, distribution and marketing research”*

They argued that marketing is not just about selling products in the traditional sense but also about the marketing of organizations, persons and ideas and it has to be considered if traditional marketing principle are applicable in these cases as well (Cheng et al, 2009).

Society in general as well as the target audience can benefit from the usage of social marketing techniques and principles, which could be considered tools for developing social change (Cheng et al, 2009, McDermott et al, 2005). Over the years social marketing have been focused around four major areas; Health promotion, Injury prevention, Environmental protection and Community mobilization (Cheng et al, 2009). The issues connected to these four areas are often related to behavioral causes and since marketing has the power to influence the behavior of people social marketing provides a promising strategy for combating these issues (McDermott et al, 2005). However, many people find it hard to grasp the definition of social marketing and it is frequently being confused with other marketing concepts such as non-profit marketing and socially responsible marketing as well as social media and social networks. This unclear definition is presented as an obstacle in spreading the ideas of social marketing and at the same time challenged it as a field of research. To combat this experts on social marketing have tried to develop methods for identifying it and differentiate it from other types of marketing (Cheng et al, 2009, McDermott et al, 2005).

Even though there are many similarities between other marketing approaches and social marketing it differs in a number of ways. Social marketing products tend to be more complex since it often comes down to spreading an intangible idea or changing the behavior of the target audience. The customer usually has to make an effort and get involved in order to get any results. This gets even harder if the target audience is resistant or do not have a will to change the problematic behavior. Also, the result is not always direct which could lead to the customer losing motivation. Influencing people to give up smoking, recycling, prevention of accidents etc. are some of the causes that fit to the description above (McDermott et al, 2005). Another characteristic of social marketing is its fundamental object of influencing behavioral change in contrast to promoting ideas. According to Andreasen (2002), what makes it unique is the emphasis on voluntary behavioral change (Andreasen, 2002, McDermott et al, 2005).

Within the field of marketing, social marketing has developed into a distinct discipline and is gaining acceptance through publications as well as conferences etc (Andreasen, 2002).

Over the years, the definition has changed somewhat but the essence remains the same. It is about influencing behaviors and should be used for the good of society in general as well as the target audience. Furthermore, it relies on the marketing mix strategies and other principles developed through traditional commercial marketing. The marketing mix strategies – also known as the 4Ps – consist of product, price, place and promotion (Cheng et al, 2009).

## **4.2 Andreasen's Six Social Marketing Benchmarks**

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In our research we have decided to use Alan R. Andreasen's theories on social marketing as a starting point for our analysis. These will be supplemented by theories from the literature of Cheng et al (2009), Kotler et al (2005), Burk Wood (2007), Mårtenson (2009) and Mark-Herbert (2002) in order to add structure and depth.

Andreasen's definition of social marketing is similar to that of Kotler and Zaltman (1971) and Kotler and Roberto (1989) when it comes to social marketing as a process for developing social change programs based on the processes used in traditional private sector marketing rather than a set of techniques. However, instead of putting the focus on "increasing the acceptability of an idea" Andersen argues that behavior change should be the ultimate objective for social marketing. This makes it extremely consumer driven. In order to get people to comply focus must lie on creating an exchange where the benefits for the customer to change behavior are attractive and the costs are minimal. The company simply has to take appropriate measures by conducting thorough consumer research, perform market segmentation, create effective marketing communication etc (Andreasen, 2002). Andreasen also believes social marketing to be applicable to any situation where there is a socially critical individual behavior in need of intervention; which gives it a wide domain. However, there is still a question of when it is effective and appropriate to use. Data indicates that social marketing can be rather effective in certain situations but it is still difficult to determine if it was the marketing approach itself or other factors that brought upon the behavioral change in the target audience in these cases. There is also a question of whether or not social marketing was practiced at all (Andreasen, 2002).

According to Andreasen (2002) there are six benchmarks through which it is possible to identify if a marketing approach should or should not be called social marketing. These six benchmarks are as follows:

1. Behavioral change is the benchmark used to design and evaluate interventions
2. Projects consistently use audience research to (a) understand target audiences at the outset of interventions (i.e., formative research), (b) routinely pretest of intervention elements before they are implemented, and (c) monitor interventions as they are rolled out.
3. There is careful segmentation of target audiences to ensure maximum efficiency and effectiveness in the use of scarce resources.
4. The central element of any influence strategy is creating attractive and motivational exchanges with target audiences.
5. The strategy attempts to use all four Ps of the traditional marketing mix; for example, it is not just advertising or communicating. That is, it creates attractive benefit packages (products) while minimizing costs (price) wherever possible, making the exchange convenient and easy (place) and communicating a powerful message through media relevant to – and preferred by – target audience (promotion).
6. Careful attention is paid to the competition faced by the desired behavior.

Figure 4.1 Six benchmarks (Andreasen, 2002)

In short the Andreasen’s six social marketing benchmarks give us the following categories:

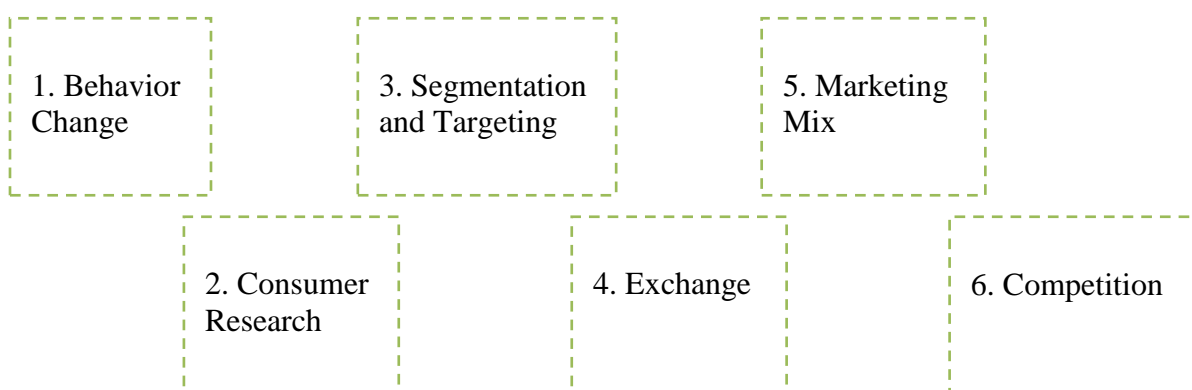


Figure 4.2 Social marketing categories (McDermott et al, 2005)

### 4.2.1 Behavior Change

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First of all a social problem such as the deterioration of public health or the pollution of the environment, needs to be identified and put into perspective through background research. Once a problem is defined the identification of a purpose is necessary to state why the intervention is important and in what way it impacts and benefits the target audience (Cheng et al, 2009). Described as the bottom line of social marketing by Andreasen (2002), behavior change stands out as one of the most significant factors. It is the foundation in designing an intervention against a socially critical individual behavior, as well as evaluating it, which differs social marketing from other marketing disciplines (Andreasen, 2002).

This means that it is important to have a clear, strong and consistent focus on the existing behavior and the desired change. Behavioral analysis of the target audience and measurable specific behavior goals are also needed in order to create an effective social marketing campaign. These goals can include anything from quitting smoking to lowering the cholesterol (Cheng et al, 2009, Luca & Suggs, 2010). Creating an intervention strategy without conducting research on the behavior of the target group could prove somewhat risky (McDermott et al, 2005).

### 4.2.2 Consumer Research

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To understand consumer experiences, values and needs, formative consumer research needs to be conducted. This is crucial in determining a target audience and understanding what this group has in common. Then, the intervention elements that have been developed should be pretested with the target audience and closely monitored to ensure the effectiveness and appropriateness (Andreasen, 2002). The consumer research mainly revolves around the following four categories:

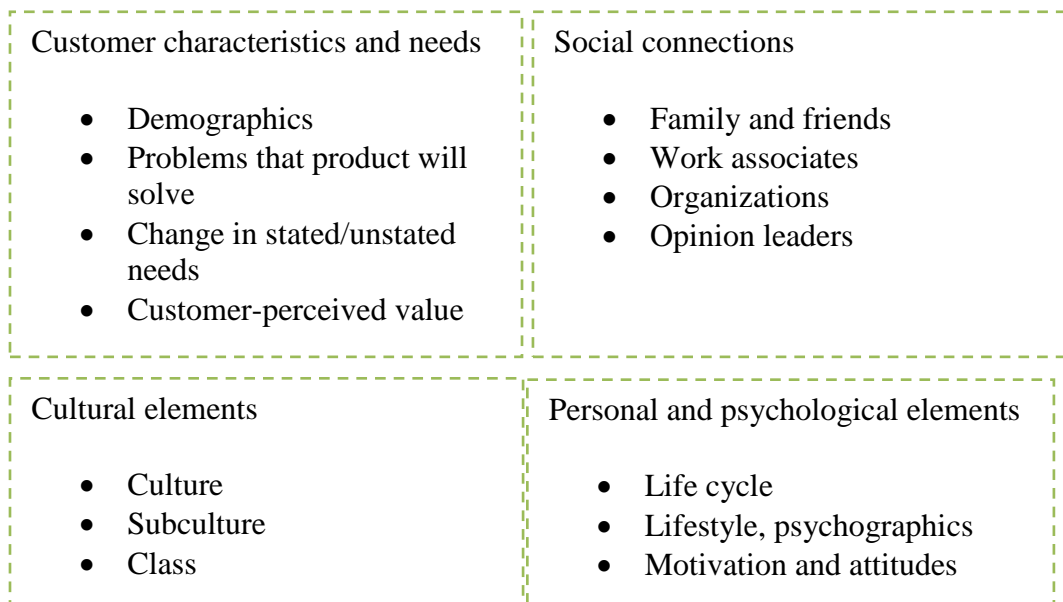


Figure 4.3 Understanding behaviors in consumer markets (Burk Wood, 2007)

#### 4.2.2.1 Customer characteristics and needs

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A customer's characteristics often affect what that person need and buy. Demographics such as gender, age, occupation and family status are all important factors when it comes to

identifying a target audience. To make the research more effective it is recommended to first use secondary sources to learn more about the different characteristics on different markets. To identify the needs and wants of customers the problem which the product will solve has to be investigated along with changes in requests by customers over time (Burk Wood, 2007). It often varies from time to time and from country to country when an environmental problem or a health problem is highlighted and reaches public awareness. Only through analyzing these trends is it possible to know what solution the customer wants (Cheng et al, 2009). When customers then buy products to satisfy their needs there is a difference in perceived value depending on the benefits derived from the product and the total price of it.

#### ***4.2.2.2 Cultural elements***

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Different cultures have different customs, beliefs and preferences which all have the power to influence consumer buying behavior. It is considered a consumer's want and behavior's most basic cause since it is learned by family and other important institutions. Within these large cultures there are subcultures; a group that through common experiences and situations share certain values. Subcultures such as nationalities, religions and lifestyles make up important market segments and can prove to be great business opportunities (Kotler et al, 2005).

Furthermore there is a difference in consumer behavior between different social classes whose members often have similar values and interests. Although these differences vary from country to country trends show that consumption tends to be similar within certain classes (Kotler et al, 2005, Burk Wood, 2007)

#### ***4.2.2.3 Social connections***

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Consumers often belong to many different social groups which can affect consumer behavior in a number of ways. Membership groups are the ones that have direct influence and these can be divided into primary and secondary groups. Included in the former are family, friends, colleagues etc. Especially family can strongly influence buyer behavior since it guides a person through life in many aspects. When living together, everyday needs of the different members make an impact on behavior. Secondary groups contain mostly of organizations with which the consumer usually has less interaction (Kotler et al, 2005).

Some consumers look to groups they aspire to join and try to follow the buying behavior of its members. Examples of this are dressing like your favorite star or acting like someone you admire. The people admired in this way are known as "opinion leaders" and most commonly they are athletes or some kind of celebrity. These stars possess desired skills which allow them to exert more influence over a social group's buying behavior (Burk Wood, 2007).

#### ***4.2.2.4 Personal and physiological elements***

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Last but not least life cycle, lifestyle, motivation and attitudes are all personal factors influencing consumer markets. Consumption is connected to our age and what place we are in our lives. Young people who are single probably do not have the same pattern of consumption as middle-aged people, married people or retired, older people (Burk Wood, 2007).

Even though coming from similar cultures, lifestyles that are made up by activities, interests and opinions, may vary considerably and create differences in consumer behavior. Furthermore, occupation and economic circumstances contributes to this development (Kotler et al 2005).

The need and want to buy a certain product and act a certain way is driven by internal motivation. It reveals itself as biological needs such as hunger and discomfort or psychological ones like belonging and recognition (Kotler et al, 2005). Another psychological factor is attitudes through which a consumer's emotions and assessment towards a product are revealed. Investigated these can then be used in the work of identifying a target audience (Burk Wood, 2007).

### **4.2.3 Segmentation and Targeting**

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Once consumer research has been conducted it is time to select a target audience. This is done through segmentation which basically means dividing a broad population into smaller groups that are more or less homogenous when it comes to the categories mentioned in the previous part (Cheng et al, 2009). In other words, the segment is a part of a much larger market where customers have something identifiable in common which make them seek the same benefits from a product. Through marketing that target a segment instead of the whole market one could gain competitive advantages (Burk Wood, 2007). Since social marketing often struggles with limited funds, to maximize the effectiveness and efficiency the segmentation needs to be done with utter carefulness according to Andreasen (2002). Also, it is ideally based on the defined problem and purpose. Focus should be put on one primary target audience to learn as much about it as possible (Cheng et al, 2009).

The first step is to choose the market(s) which could be suitable for further segmentation and eliminate the markets that are not. This is followed by applying the segmentation variables to find meaningful segments. These variables can be divided into two groups; customer characteristics and product-related where the former answers the question of "who purchases what?" and the latter "why do they purchase?" (Burk Wood, 2007).

*Customer characteristics* are relatively easy to identify and include categories such as geography, demographics, socioeconomics and lifestyle. Geography is obviously variables such as country, region, city size and climate whilst demographics include for example age, gender and family size. Socioeconomics on the other hand is a bit vaguer and in this category income, class, education, nationality etc. can be found. Last but not least we have lifestyle, highlights, attitudes/opinions and preferences among other things. Analyzing these categories makes it possible to grasp patterns of consumption among different groups (Burk Wood, 2007).

*Product-related segmentation* has the potential of being more effective than *customer characteristics segmentation*, but these behavior-based variables are more difficult to isolate and analyze. Dividing the market into users, potential users, non-users etc. is one of the most basic ways to segment it. To go deeper into why consumers buy a certain product, looking closer at usage frequency and brand loyalty for example is a good idea. User frequency speaks for it self and brand loyalty indicates if the consumers are unaware, experiment by buying various brands or loyal to one or several brands. The latter is hard to find in most markets since consumers usually choose from a repertoire of brands. On markets where price is an important factor another way of segmenting is price sensitivity. Also, perceived benefits in terms of quality, service, performance etc. can be used in the segmentation to find out what attributes are valued by consumers in a certain product class (Kotler et al, 2005). By using a combination of variables it is possible to get a more specific segment definition than using only a single one (Burk Wood, 2007).



The next step will be to evaluate each segment's potential opportunity and eliminate those which are not attractive considering profit potential, intense competition or other complications. The remaining segments will then be more closely assessed on different criteria in order to identify which segment that should be given top priority (Burk Wood, 2007).

When it comes to targeting strategies, segmentation marketing and niche marketing rather than mass marketing have the potential of being useful in this case. *Segmentation marketing* is a kind of differentiated marketing which recognizes the differences between consumers in one or several segments and tries to match the offer to their needs, perceptions and buying behavior. *Niche marketing* takes this further by focusing on groups within a segment; sub segments defined by special characteristics and needs. These smaller sub segments usually attract less competition and generally consist of consumers willing to pay extra making it a suitable targeting strategy for smaller companies with limited resources (Kotler et al., 2005).

#### **4.2.4 Exchange**

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This section gives an understanding of what the consumer has to give in order to receive the benefits of the product and how to motivate them to do so. According to Andersen (2002) *creating attractive and motivational exchanges* is very important when it comes to influential strategies. The aim is to provide the benefits at a minimal price creating an offer so compelling that the target audience cannot come up with any reasons not to comply. Therefore it has to be investigated what makes consumers voluntarily engage themselves in order to benefit (McDermott et al, 2005).

If people are not motivated they will not have any intention to act. Motivation comes from awareness of the connection between certain choices and desired results which let the consumer realize the value of the product. There are two kinds of motivational urges; intrinsic and extrinsic. Mainly people are driven by the former but sometimes the latter is the reason for behavior such as the urge to reduce a shortage of something (Mårtenson, 2009).

Furthermore, motives are *positive, negative* or *general*. *Positive motives* include interesting possibilities, possible pleasure and social acceptance. These do not derive from a problem that needs to be solved but from the consumer's urge to explore, feel pleasure and fit in for example. A motivated consumer will strive towards the goal until satisfied where after he/she will return to a state of balance. *Negative motives* on the other hand originate from an existing or potential problem that the consumer seeks a solution to. Motives general to their nature will only influence continuous consumption and not purchases of a brand not bought before. Furthermore, there are two approaches for consumers to reach their goals; an approaching one and an avoiding one. While some consumers put their focus on positive results and try to approach their goals others try their best to avoid negative results by stressing responsibility and obligations (Mårtenson, 2009).

Price is one of the most significant factors of consumer involvement; the higher the price the more involved the consumer gets. However, consumers tend to get involved in products they like or feel that they cannot be without as well. There are several ways of increasing consumer involvement through marketing:

- *Provide the product with an engaging theme* – A product with little consumer involvement can become more interesting by adding an extra feature or effect, preferably something relation to current trends.

- *Associate the product with a personal situation* – Timing can make the product more relevant to the consumer if the advertisement reaches him/her in a situation where the product is needed.
- *Use engaging advertisement to market the product* – An engaging commercial can create consumer involvement even if the product by itself does not.
- *Alter the perceived value of product benefits* – Trying to change the consumer's priorities on what they value in a product can give advantages to a product. It can be done by emphasizing the product's origin, effects or other things that consumers usually value less.
- *Introduce a distinct feature* – A product with a distinct feature such as a health claim will differ from other similar ones and catch the interest of many people.

(Mårtenson, 2009)

## 4.2.5 Marketing Mix

### 4.2.5.1 Product

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Developing an individual product requires several decisions on the product's attributes, branding, labeling and so on. According to Andreasen (2002), social marketing should put focus on behavioral change and to facilitate this, the product needs to have attributes that go hand in hand with desired result. Since they are such an essential part the product's features and benefits these needs to be clearly described in order to reach the target audience.

Quality is linked to customer satisfaction and one of the requirements for success. It can be defined as products without defects or products with high customer satisfaction. Moreover, the ability of a product to perform the functions it claims, in terms of durability and effects for example, could be the same as quality. The product's position on the market is a major factor when choosing the quality level and it is important to be consistent in delivering it. Features are a way to differentiate the product against competing ones and a way to create customer value. By regularly conducting customer research the company can grasp what features customers like and in what way the product could be improved. Then it is up to the company to add/remove features after assessing them in terms of customer value and company costs (Kotler et al, 2005).

Apart from protecting the product, packaging is also marketing tool since many purchases are made on impulse, especially in supermarkets. In other words, eye catching and innovative packaging can lead a consumer to choosing a certain product over others in the end. It is therefore important to think carefully about how to design the package in terms of size, shape, color and text for example. Furthermore, to let customers be able to clearly identify the product labeling is necessary. Not just the brand name but also information about the contents and a description on how to consume/use the product safely among other things should be printed clearly. To avoid product claims and other information printed on the package being misleading to the consumer several countries have regulations when it comes to for example nutritional and health-related labeling (Kotler et al, 2005).

#### 4.2.5.2 Price

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Many factors, both external and internal, affect decisions on pricing. Customers do not always look for the cheapest alternative but want products that provide benefits according to their perception of value. In fact a product that is priced too low in relation to the benefits perceived can leave consumers doubting the quality. Another factor is the demand in the target market and its elasticity, which can vary greatly depending on the segment. However, reducing the price when it is elastic and raising it when inelastic will usually maintain or increase revenues. Competition is another external factor which influence pricing decisions since customers often compare competing product's benefits and price. The company should be careful in imitating another company's pricing and try to stay away from price wars which are potentially disastrous to the profit margin. The price must also allow wholesalers and retailers to resell the product at profit and the company has to think about the costs and profit margins in all steps up to the end user. Internal factors are dominated by costs which need to be covered in order to reach at least the break-even point. Costs that vary with production and sales; variable costs are often difficult to control since it includes for example the costs of raw materials. Fixed costs such as rent and other business expenses are also important when it comes to managing funds efficiently and determining a product's price. However, the price is not solely derived from a break-even analysis but should also reflect the objectives set up by the company in terms of profitability, growth and market share. Furthermore, depending on the company's targeting and positioning the price may differ since consumer price sensitivity tend to vary (Kotler et al, 2005).

According to Andreasen (2002) social marketing strategies should aim to minimize costs and keep a low price in order to make the product available to as many people as possible. However, when using ecologically friendly materials or extensive research has been conducted in developing the product usually the price has to be slightly higher than that of similar products in order to cover the extra costs (Societal objectives for pricing). Usually, the benefits from the exchange are emphasized in order to make consumers perceive the product's effect worth the premium price (Kotler et al, 2005).

When developing a new product it can prove challenging to find a pricing strategy and the company has to decide whether to apply *market-skimming pricing* or *market-penetrating pricing*. The former means setting a price that is relatively high attracting only some consumers of the segments who are willing to pay. This results in fewer sales but a higher profit margin. The latter implies aiming to penetrate the market and attract a large number of buyers through a low initial price. The prices can then be kept low due to high sales volumes. Conditions favoring this pricing strategy are a market with price sensitive consumers and falling costs as sales increase. It is also important to be able to keep the low-price position in order to maintain an advantage over competitors (Kotler et al, 2005).

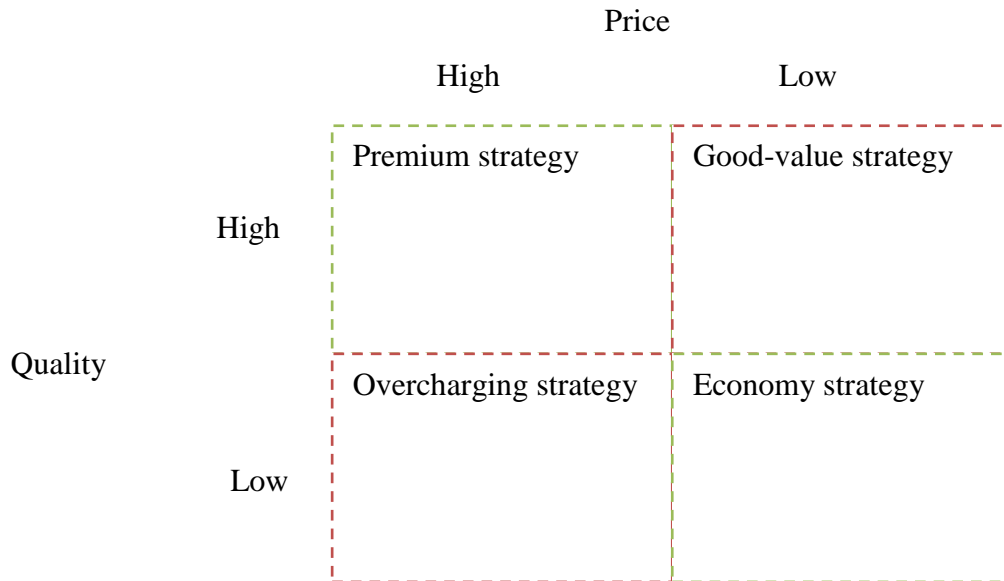


Figure 4.4 Four price positioning strategies (Kotler et al., 2005)

A new product similar to already existing ones on the market has to be positioned in relation to these products. There are four different strategies. Premium pricing combines high quality with a high price. Low price in combination with low quality is an economy pricing strategy. Moreover, a good-value strategy lets the company challenge premium pricers by offering high quality at a low price. The opposite is called an overcharging strategy where low quality is offered at high price. This strategy is likely to disappoint buyers which make it hard to implement and succeed in the long run (Kotler et al., 2005).

#### 4.2.5.3 Place

This strategy defines where the target audience will obtain the product or service or the distribution channel for the campaign. It has to be ensured that engaging in the targeted behavior should be as convenient and pleasant as possible for the consumer through well developed channel management strategies (Cheng et al, 2009). In order to make the product more appealing and increase the accessibility locations often visited by the target audience and existing distribution channels are used (Luca and Suggs, 2010).

For new companies finding the appropriate channel is usually fairly easy. However, finding good intermediaries in the new market might prove more of a challenge.

- *Analyzing the customer service needs* – Basically this means investigating where and how the consumer would prefer to purchase the product. The location desired by consumers can range from stores close by to those far away or even be non-existing through the usage of phone or internet. Further, it is important to know if they want the product immediately or are willing to wait. Some product categories also require that service is provided and the more expensive the product is the better service consumers will expect.
- *Setting channel objectives* – Both the company’s micro and macro environment influences the channel objectives which are appropriately stated as *target levels of customer service*. When choosing one or several segments to serve the company

should try to minimize the cost needed to meet the customer service requirements for best efficiency. Most often marketing functions the company can handle itself is determined by its size and financial situation.

- *Identifying major alternatives* – One of the major alternatives is using intermediaries which are independent organizations including wholesalers and retailers who buy and resell the company's products. Wholesalers are mainly specialized in selling goods to companies who either resell them or use them for business and perform certain functions adding value to the product. Examples of channel functions are: Selling and promoting, warehousing, bulk-breaking, risk bearing and market information. Retailers are engaged in selling goods and services to final consumers and differentiate through the level of service, range of products, price and organization. For example, supermarkets offer a wide range of products at relatively low prices while convenience stores offer a limited line of goods at a slightly higher price. Furthermore, the service offered at these locations is comparatively lower than that of a department store. The company must also decide if distribution should be *intensive*, *exclusive* or *selective* which will affect the number of intermediaries. Intensive distribution means making the products as available as possible to consumers wherever and whenever by using as many outlets as possible when stocking the product. Advantages include higher unit sales and lower cost per unit but less control over quality and service is a concern. Exclusive distribution on the other hand limits the number of intermediaries by giving only some dealers exclusive distributing rights. The motives behind this usually include better control over prices and brand image. However, the cost per unit is usually higher while reaching fewer customers. Using less than all of the intermediaries willing to sell the company's product is known as selective distribution. This lets the company cover the market more efficiently cutting of marginal distributors resulting in lower costs compared to exclusive distribution and more control than intensive distribution.
- *Evaluating the main alternatives* – The channels each differ in profitability and the sales and costs of each alternative have to be evaluated. Furthermore, some intermediaries take more control than others when it is given to them and this is something the company has to consider as well. Due to environmental changes companies want to keep the channel flexible and long term deals must therefore be very profitable or involve more control over distribution.

(Kotler et al, 2005)

#### **4.2.5.4 Promotion**

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To engage and inspire the target audience the company needs a promotion strategy with effective and efficient communications. This begins by determining a key message which lets the target audience know about the benefits of the product and what they need to do to get a hold of these (Cheng et al, 2009). A brand's key benefits offered should according to Mårtenson (2009):

- *Have significance and motivate the target audience*
- *Be possible for the company to deliver*
- *Be unique*

Social marketing's focus lays mainly in trying to convey to the target audience the benefits of the product and through this influence behavior change (Andreasen, 2002). In this case the

normative benefits, which provide the actual solution to a problem, have to be hard to imitate and the consumer's motive for purchasing the product must be negative in order to be most effective. The existing or potential problem should be presented first followed by an explanation on how the product can help to solve it (Mårtenson, 2009).

When promoting a product that targets consumers with a negative motive, an informative message strategy is to prefer since it gives the company a chance to properly explain how their problem can be solved. Also, credibility is important so therefore the normative benefits of the product must be mentioned in the marketing even if other brand posses the same qualities. There are a number of informative message strategies focusing mainly on presenting facts about the product in order to let consumers make an informed choice on which product is right for them:

- *The Unique Selling Proposition* – All advertising must include a proposition offering the consumer a product with a specific benefit. The proposition must also be unique and be able to get the consumers to react. A proposition with credibility that is easy to understand has the potential of becoming a success but the company has to watch out for competitors imitating the idea.
- *Claiming a territory* – In its advertisement the company uses an attribute or benefit in a way which makes it look unique even though these are shared by all products in the category. However, it is based on facts and does not mention anything about being unique or competitor's brands. This is mainly a strategy used by companies with large shares of the market in order to make it more difficult for smaller competitors to get their voices heard.
- *Exaggeration* – The company makes a claim regarding superior attributes or benefits that are not possible to verify objectively. It can appear to be based on facts but these are often general descriptions saying little about the quality of the actual product.
- *Generically informative* – Focus on promoting the product category instead of a specific brand. It can be used to stimulate consumption of a category by providing consumers with information on the benefits of the product.
- *Comparing adverting* – The company compares their product with those of competitors in more or less subtle ways. Sometimes brand names are used but other advertisements stop at referring to the market leader for example. Usually the company will point out its superiority overall or in certain attributes of the product in contrast to the competitor's one. However, this may have a negative effect if the comparison is perceived by the consumer as of little or no relevance or misleading. The target for this kind of strategy is usually the market leader or another company with a large share of the market, but the company must be aware of the risk that consumers might confuse the advertisement with the leading competitor's one. Therefore, the advertisement has to be dominated by the company's own product. Furthermore, the arguments have to be convincing to consumers who will ultimately make the comparison between the products. One way is to describe both the products and lead the consumer to make conclusions which favors the company's own brand.

(Mårtenson, 2009)

#### 4.2.5.4.1 The big five

To maximize advertising and promotion a company must think of their objectives and what their goals are. In Rita Mårtenson's book *Marknadskommunikation: Kunden, varumärket och lönsamheten* (2009) she describes five effects from marketing communication and also five goals. There are different situations for different products and therefore the choice of strategy might differ from time to time. For example, if a product is of a low commitment to the customer the company needs to build up knowledge of their brand so that the customer will remember it while in store. If customers know the brand well the company need to work on creating recognition of the brand. These five effects of marketing communication, also called The Big Five, which derive from an idea of John R. Rossiter and Larry Percy, are therefore a way of organize the communication and reaching objectives and goals.

##### Effect of the communication

**1. Create a category need.** If consumers aren't aware of that a product category can solve their problems then they won't buy it.

**2. Create or maintain brand knowledge.** If consumers don't know that a brand exists or what its qualities are they won't buy it.

**3. Create, maintain or change the attitudes towards the brand.** If consumers don't like the brand they won't buy it.

**4. Create purchase intent.** If consumers need stimulation to do their purchase NOW. (Added value, discounts etc.)

**5. Facilitate the purchase.** If consumers aren't aware of where they can buy the brand, let them know through your advertising or make it easier for them by advices or financing.

##### Goals of the communication

- **Remind** – in a branch with a lot of competition consumers need reminders.
- **Sell** – if the product category is new consumers need to know why they should buy it.
- **Exclude** – If the product category and its benefits is well known.
  
- **Recognition of the brand** – It is much easier for consumers to recognize different brands than remember them. Therefore, the package should be shown in the advertising.
- **Remembrance of the brand** – Use this if consumers need to remember the brand name when they make their purchase decision.
- **Both** – If necessary.
  
- **Create** – Consumers don't buy products which they don't have an attitude towards.
- **Increase** – If it's positive.
- **Maintain** – If it's maximized.
- **Modify** – If it's moderate.
- **Change** – If it's negative.
  
- **Create** – If it's necessary.
- **Exclude** – If it's not necessary.
  
- **Include** – If it's needed.
- **Exclude** – If it's not necessary since the regular stores sell the brand, if consumers don't have any difficulties financing the purchase etc.

(Mårtenson, 2009)

#### 4.2.6 Competition

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Andreasen (2002) means that both internal and external competitive forces to the behavior change have to be paid careful attention. Pleasure, desire and addiction among others are internal forces while influence from others is an example of an external one (Luca & Suggs, 2010). As an approach to social problems social marketing faces competition on five levels; generic, intervention-level, subject-market, product and brand. Generic competition comes from habit. Bringing about change requires an organized approach but many programs, organizations and people do not believe there is a need for this and carry on as usual with little effect. The intervention-level is divided into three levels. The first one focus on individual change and claim that only through this can social problems be reduced. Supporters of the second levels believe that major social change must come from the community motivating individuals and play a major role in implementing programs. The third level implies that social change is constrained by social structures and therefore policies and laws for example have to be changed in order to get any results. Subject-market competition highlights the rivalry among different types of social problems and the struggle of practitioners to attract attention to the one that they are representing. Intervention tools such as marketing, technology, economics, politics and law are here called products and these should support voluntary personal change as opposed to forcing people to change. Brand competition put focus on how social marketing basics differ from other marketing approaches in bringing about voluntary individual change. According to Andreasen attention should be given to all of these except the first level which is the generic one (Andreasen, 2002).

The efficiency of a competitive strategy depends to a great extent on how much the company is able to find out about the competitors. All aspects of the business have to be compared regularly in order to find competitive advantages and launch effective marketing campaigns. The first step is to identify who the competitors are. These include companies selling similar products at similar prices (product category competition) or just the same product or class of product regardless of price (product competition). Furthermore, all companies within one industry can be considered competitors since the products they offer are close substitutes. Lastly, from a market point of view companies are in competition if they are trying to satisfy the same needs or wants. This is known as task competition (Kotler et al, 2005).

The next step is to identify what competitors seek and what drives them in terms of profit maximization and customer satisfaction among other things. A company can by investigating a competitor's mix of objectives understand their current situation and how they might react to competition in the future. This will prove useful in creating a strategy and in the segmentation process. However, it is not enough to know only the objectives of their competitors; the company must also know their strategies. Within an industry companies are divided into different groups depending on what strategies they are following and competition is usually most fierce within these. It is necessary for a company to find all these strategic groups and examine strategies related to products, distribution, customers and advertising among other things. Knowing more about the strategies and objectives of competitors it is possible to assess their strengths and weaknesses. Benchmarking is frequently used in this process. It means comparing the products and processes of competitors to the company's own in order to find areas of improvement. Also, wrong assumptions made by competitors about their position can be taken advantage of (Kotler et al, 2005).

These three categories put together give the company an idea of how competitors might act in certain competitive situations. This usually differs between competitors, as some are quick to



react while others are slower, depending on how threatening the situation is. The company can then use this information to defend their current position and determine which competitors to attack and which to avoid. Weaker competitors require fewer resources while strong ones will force the company to constantly improve. Furthermore, the company can benefit from competition from similar companies in terms of costs of product, market development and bargaining power for example. However, some competitors disrupt the industry by taking large risks and break the rules for example and it is wise to avoid direct competition with these (Kotler et al, 2005).

Social marketing is most often practiced by smaller companies with limited funds and if we apply Andreasen's (2002) suggestion regarding competition faced by the behavior change they should try to focus their strategy on avoiding competition as much as possible. One way to do this is by implementing a *market-nicher strategy* which involves targeting a smaller segment within a segment of the total market (sub segment). This allows the company to be profitable despite having only a small share of the market. The strategy requires knowing the target audience well enough to be able to sell the product at a premium price rather than of high volumes. Preferably the niche market has growth potential but is of little interest to large competitors. This will give the company room to build up expertise and create other advantages in the event of an attack from other companies. In other words; one of the keys to success in a niche market is specialization in terms of the marketing mix, customers and the market. Examples of this are product or feature specialization, customer-size specialization and end-use specialization among others. Specialist roles can apply to everything from a geographic area to things like specific types of customers and products. However, when using a market-nicher strategy there is always a risk of the segment disappearing over time or being lost to competitors. Therefore it is sometimes called for to use multiple niching which involves offering products to several sub segments of customers (Kotler et al, 2005).

### **4.3 Functional food: developing and marketing of food with added value**

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Mark-Herbert (2002) explain the difference between food, functional food and medicine by letting us know that food is part of a healthy lifestyle, functional food prevent illness and medicine cure illness. To be functional food the medical effect has to be proven by scientists and it may be a preventive effect but could also be a curing effect.

Since food satisfies three needs; providing energy, nutrition and an enjoyment in taste and smell but also sometimes in a social context. Functional food has to meet these requirements and also reduce the risks of disease. If the objective is to get it accepted as a functional food the product must be food-like and of course have a pleasant taste. However, these aspects are not the only ones to distinguishing food, functional food and medicine. Other aspects that might be interesting to take under consideration could be if the product is of natural origin versus developed in an industrial development process and how these products are marketed for example.

Functional food is expected to have the same features as traditional food; therefore, it should be sold on the retail market. Possible distribution channels could be a food store or a health food store. Cecilia Mark-Herbert (2002) argues that consumers get more and better informed and that they have an increasing will to be a part of the products claims. The consumers are also aware of and concerned about the risks associated with food. This shows in the interest taken by consumers in the product's appearance and origin but also in the diseases it might cause. Consumers are aware of diseases, such as cardiovascular disease and cancer, which are

associated with an unhealthy diet. The consumers that are especially well informed of these risks are the ones that seek other alternatives. Therefore, functional food constitute a way of living a healthy life and try to reduce the risks of different diseases.

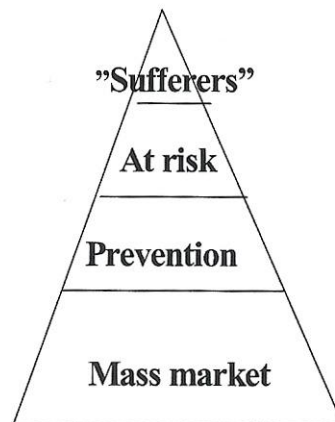


Figure 4.5 Market segments with different needs for functional foods (Mark-Herbert, 2002)

Mark-Herbert (2002) divides the market into four groups of customers; “the sufferers”, those at risk, the health conscious and the mass market which contains the average consumer with little or no interest in functional foods. The sufferers have the highest motivation and regularly search for health related foods that will reduce their symptoms or heal in other ways. Those at risk are the ones that are aware of their own risk and therefore have a moderate motivation to find new healthy products. This category also has a high willingness to change their food habits to reduce a risk. The health conscious have some concern about their diet and often have some interest in how food and physical recreation may affect their health. Depending on the consumer’s lifestyle and whether or not he/she is a sufferer or health conscious his/her willingness to change food habits differ. Also, to a varying degree, a willingness of paying a higher price for a healthier product differs as well.

As pointed out earlier, functional food has to be food-like with the same appearance and a taste that is at least as good or better as similar products on the market. Studies have shown that these factors are more important than the product having a scientifically proved health effect. Studies have also shown that scientific health claims are not comprehensible for a vast majority of consumers. Instead, market investigations show that a more modest argument have a higher tolerance among the vast majority of consumers. As an example, Mark-Herbert (2002) uses the marketing of Provivas products with the argument “for a better stomach”.

#### **4.3.1 Marketing strategies**

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There are different ways of marketing a functional food product and also different channels. If the product is supposed to be sold as an over the counter product, in for example a pharmacy, the marketing strategy will consist of information to medical professionals. If the product is to be sold on the retail market in a grocery store for example, the strategy will vary. In this case, the consumers will, to a bigger extent, compare prices and other aspects which lead to a lower price and smaller margins but also a larger volume. The sales argument will also vary depending on distribution channel and product. A product claiming nutritional and health benefits, such as a cholesterol-lowering margarine, would be marketed with information about the health advantages. Other products with health benefits that require less health arguments

would be medical nutrition, since consumers are well acquainted with them. Further, this would also apply to unprocessed (natural) functional foods, such as garlic, citrus fruits and beans. In the case of the latter these products are labelled as “traditional foods” and it is assumed that the average customers are aware of their health effects (Mark-Herbert, 2002).

The targeted market segment is closely related to the choice of distribution channel. If the product is sold in a retail market the targeted segment will differ from if it was to be sold at a pharmacy. Like pointed out earlier, if sold in a regular food store consumers will have more choices and expect the product to be “food-like”. This means that the functional food products have to taste good, be recognized as a food product and be priced accordingly. To relate to the earlier information about the four groups of consumers, producers of functional food to be sold in food stores need to build awareness. This awareness is usually built up from the top to the bottom; first the sufferers and then when accepted as a functional food with healthy features the larger market will accept it. This is shown in the cases of ProViva and IgY where “sufferers” were the first group targeted. The “sufferers” are the primary target segment because they are in need of a product and willing to pay a premium price for it. Then, as the awareness increases, new products containing the functional food ingredient (lactic bacteria in the ProViva case) are introduced (Mark-Herbert, 2002).

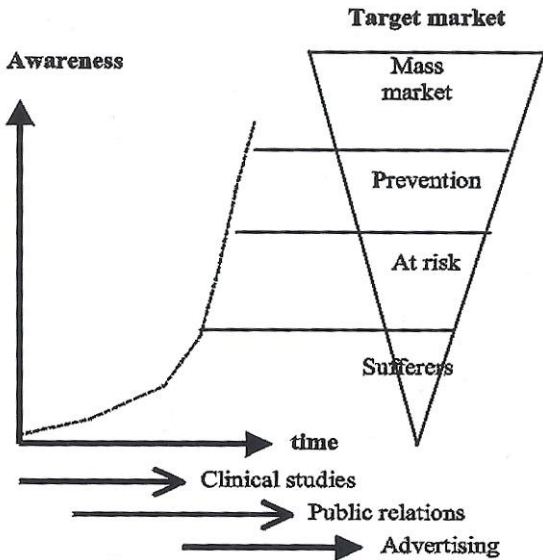


Figure 4.6 The US Business Model of CAG Functional Foods for selling probiotics – building awareness (Mark-Herbert, 2002)

Mark-Herbert (2002) states that the analysis of the products in each of her cases shows that functional food products are sold as normal food products with limited scientific information on the products packaging. She points out, as mentioned earlier, that a “soft” argument is the preferred sales argument for a functional food and refers to real examples such as ProViva’s and Skånemejerier’s “enjoy it and feel good”.

To facilitate and make the reading more enjoyable for the reader, we will in this section present a summary of the theoretical framework. We will point out the most important parts that the reader should have in mind while continuing the reading of this thesis.

Social marketing is focused around four major areas; Health promotion, Injury prevention, Environmental protection and Community mobilization. It is also difficult to distinguish from traditional marketing since these two shares many aspects. However, there are a few differences. Social marketing is for instance often associated with behavioral change and engaging the customer to make an effort. Further, social marketing products tend to be more complex. To be able to identify social marketing Andreassen has defined six benchmarks. These revolve around the following categories:

- Behavior change
- Consumer research
  - Customer characteristics and needs
  - Cultural elements
  - Social connections
  - Personal and psychological elements
- Segmentation and targeting
- Exchange
- Marketing Mix – the 4P's
  - Product
  - Price
  - Place
  - Promotion
- Competition

However, we have also chosen to incorporate other marketing theories of a more general nature from the literature of Kotler et al., Burk Wood, Rita Mårtenson, Cecilia Mark-Hebert, Kotler et al. and Burk Wood. The last two were used to describe the consumer research and the segmentation and targeting process. To get a deeper understanding of the consumer research the reader should remember the four categories (displayed above). Furthermore, the 4Ps are valuable knowledge in order to understand the development of the marketing strategy. The big five that are presented in Mårtenson's book (2009) are a valuable addition to the category of promotion and Cecilia Mark-Herbert's expertise on Functional food will be helpful for consumer research and segmentation and targeting as well as promotion. Her research concerning functional food has shown that a strategy were the "sufferers" are targeted at first have been profitable as well as the use of a "soft argument". In order to enhance the reading experience of this thesis this is what the reader should contemplate on before continuing on to the next chapter.

## 5. Empirical findings

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*In this chapter we will present the data we have collected in our research and through this we aim to provide the reader with an understanding of the reasons behind the analysis and discussions in coming chapters. The first part will focus on the survey we conducted and the results of the same. We have organized the result in accordance with demographic aspects and continue by looking at the questions from the survey by the order of appearance on the questionnaire sheet. This will be followed by a section where we take a closer look at the market for functional food in general and cholesterol lowering products in particular.*

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### 5.1 Survey results

#### 5.1.1 Demographic results

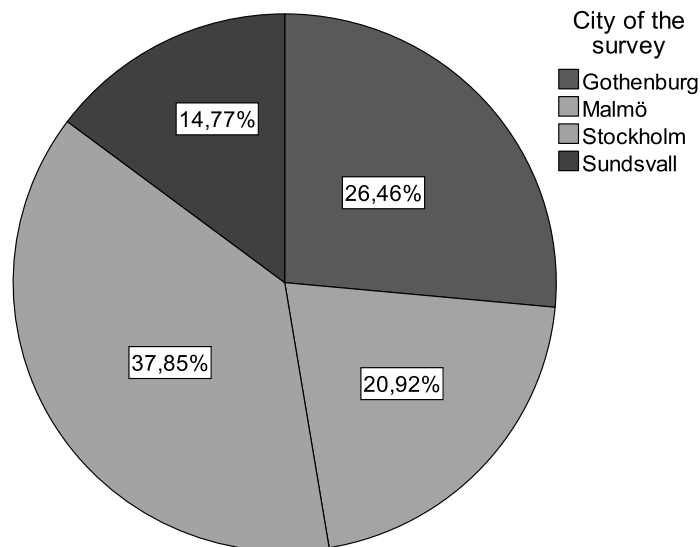
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We will in this part present the demographic result of the survey we have conducted. We went to four different Swedish cities to distribute our questionnaires and managed to get a total number of 325 respondents. We have used SPSS to take a closer look at the distribution of respondents regarding which city the survey was conducted, the respondents' age and their gender.

##### 5.1.1.1 City

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As mentioned the survey was conducted in four different Swedish cities with Malmö as the most southern one and Sundsvall being the one furthest to the north. In between we also went to Gothenburg and Stockholm. Because the cities vary in size and population the number of respondents from each location also varies according to this.



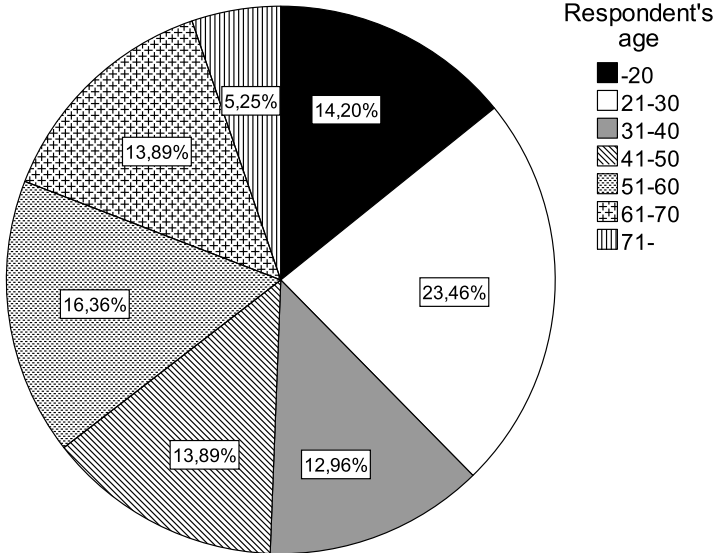
Graph 5.1 City of the survey

From graph 5.1 we can tell that 37.85 % of the respondents were from Stockholm which is the biggest city out of the four where we conducted the survey. Gothenburg, the second biggest city in Sweden, represented 26.46 % of the respondents whilst Malmö has 20.92 %.

Sundsvall which is the smallest city out of the four also has the least number of respondent; 14.77 %.

**5.1.1.2 Age**

The respondents are divided into seven different age-groups ranging from -20 to 71-.

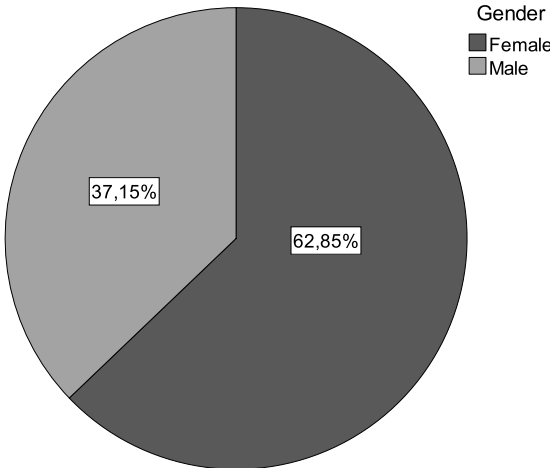


Graph 5.2 Respondent's age

The graph shows that around 50 % of the respondents are 40 years or younger and the other 50 % are 41 or older. 21-30 year olds is the biggest group making up 23.46 % of the total. We can also tell that respondents that are 71 years or older compose a much smaller part of the total. Excluding these two groups the age distribution is somewhat even among the different groups.

**5.1.1.3 Gender**

Another demographic variable we choose to include in the survey is gender. This was done, in order to find out if there are any differences in the responses of women and men.



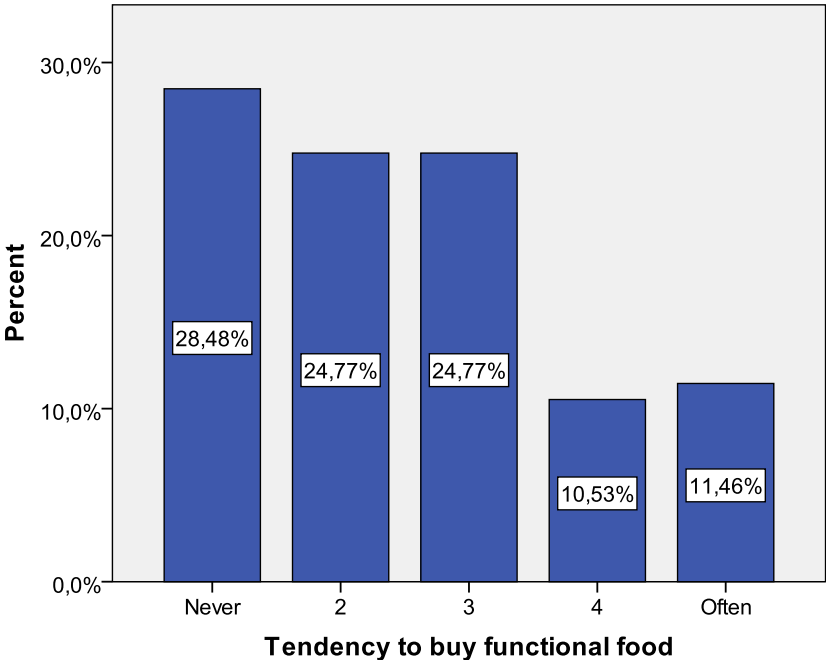
Graph 5.3 Gender of respondents

Graph 5.3 shows that almost two thirds (62.85 %) of the respondents were women while the male respondents only make up 37.15 %.

**5.1.2 Survey results regarding functional food and cholesterol lowering products**

First of all we wanted to examine the interest towards food products with a health claim (Functional Food) and if people are willing to pay extra money for these products. By using the demographic results we will be able to identify any distinction between different age-groups, gender and different cities.

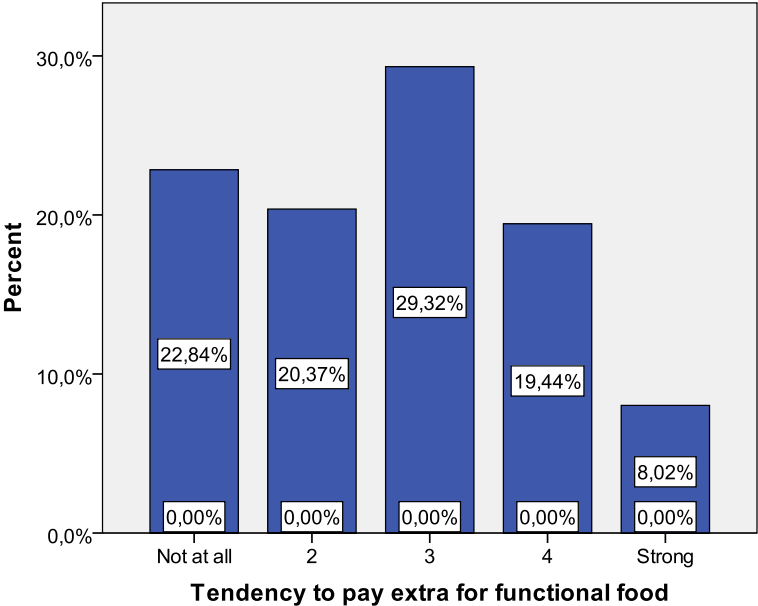
The first question of the survey had to do with the tendency among consumers to buy functional food products and the result is summarized in graph 5.4.



Graph 5.4 Tendency to buy functional food

From graph 5.4 we can see that more than 70 % of the respondents buy functional food. However, the majority of these people buy it only occasional while a little over 20 % buy these types of products more or less regularly.

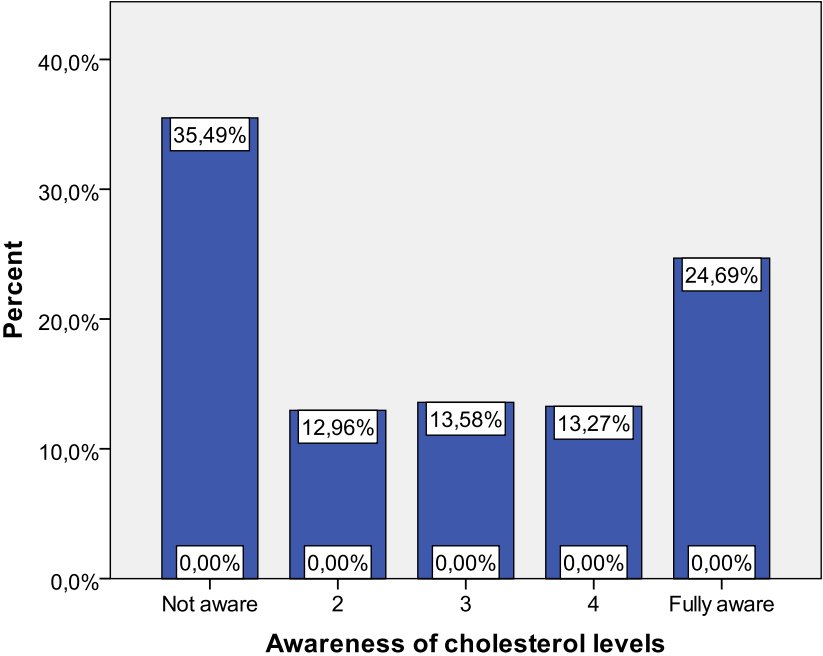
The next graph shows the tendency among respondents to pay a premium price for functional food products.



Graph 5.5 Tendency to pay extra for functional food

According to graph 5.5 most respondents appears to be willing to pay extra to a certain extent. Most respondents (29.32 %) seem to be willing as long as the difference is only moderate and with higher prices the tendency among consumers to pay extra fades.

Next we wanted to investigate the respondents’ awareness about their cholesterol levels and this is shown in the following graph.



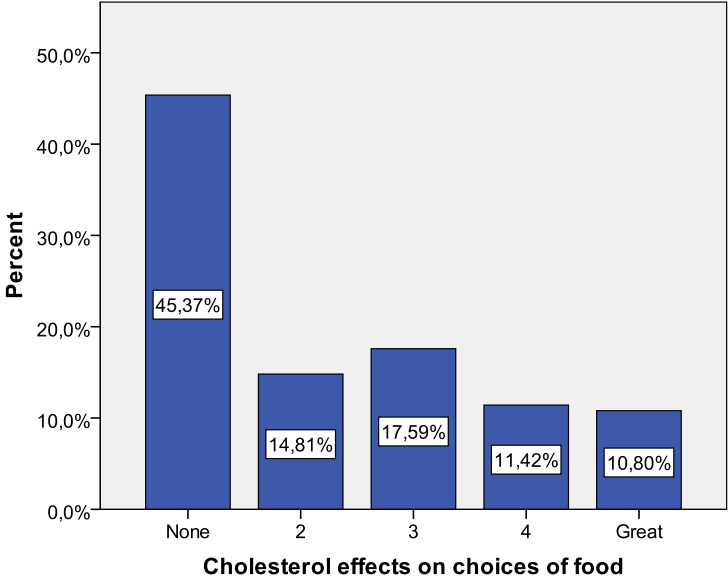
Graph 5.6 Awareness of cholesterol levels

The result presented in graph 5.6 tells us that a large number of the respondents (35.49 %) are not aware if their cholesterol levels at all. At the same time 24.69 % state that they are fully



aware of their levels. These two categories are the most significant of this graph and in between the respondents are distributed fairly even.

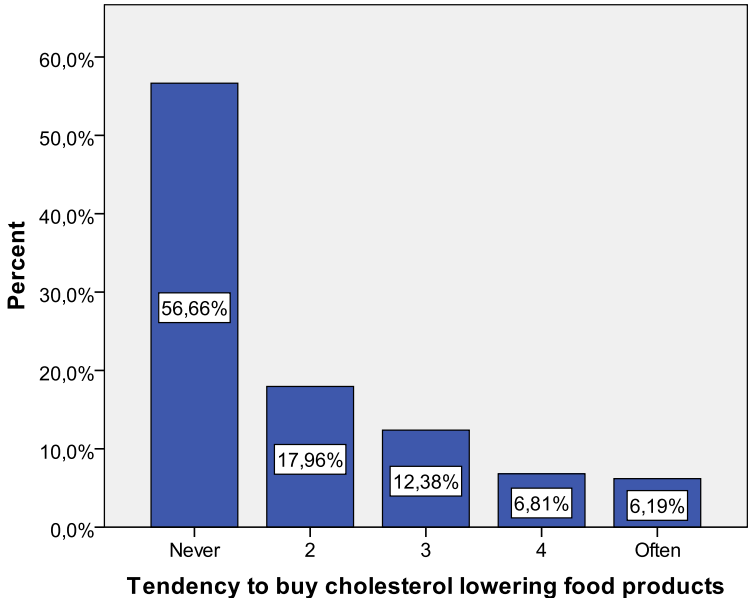
Knowing about the respondents' awareness of cholesterol levels we wanted to know if this affects their choices regarding what they eat. The result is presented in the graph 5.7.



Graph 5.7 Cholesterol effects on choices of food

According to graph 5.7 over 45 % claims that this has no effect on what they normally eat. Respondents claiming that this affects them greatly are the smallest category making up only 10.80 % of the total.

When taking this one step further and asking about the tendency to buy cholesterol lowering food products we got the following result.

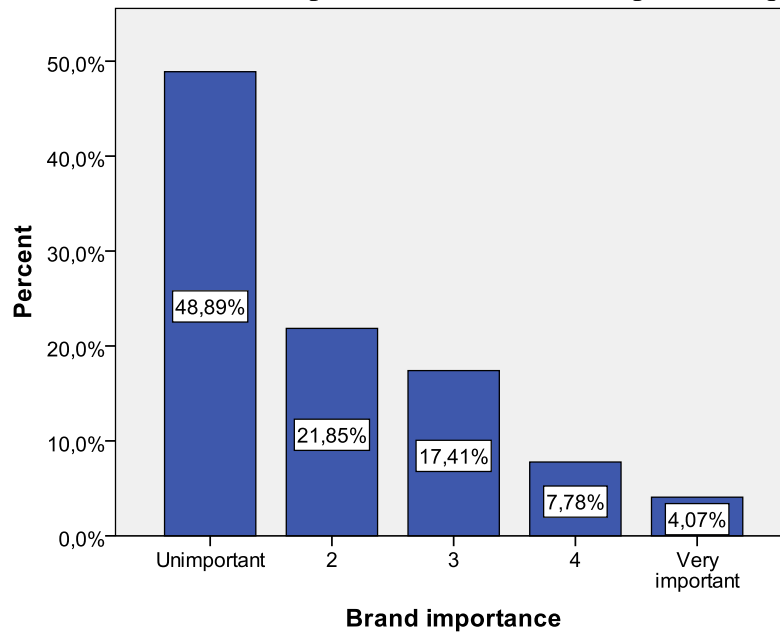


Graph 5.8 Tendency to buy cholesterol lowering food products

In graph 5.8 it is shown that the majority of the respondents (56.66 %) never buy cholesterol lowering food products. Also there is a declining trend; with an increased frequency in purchases the number respondents gradually decreases.

### 5.1.3 Consumer perceived importance

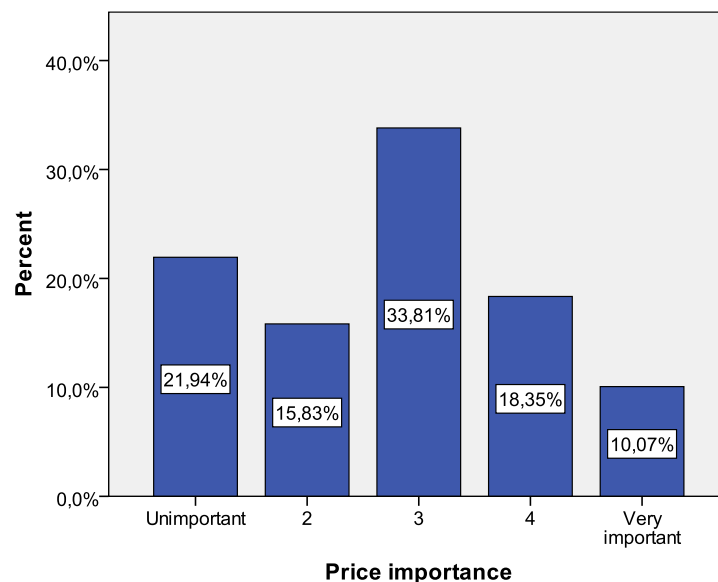
The following questions focus on what consumers think is important when they buy cholesterol lowering food products. Graph x shows the perceived importance of brand among respondents. However, 16.9 % of the respondents chose not to respond this question.



Graph 5.9 Brand importance

According to graph 5.9 the majority of respondents think that the brand is of little (21.85 %) or no importance (48.89 %) when it comes to purchasing cholesterol lowering products. Less than 12 % perceive it as important or very important.

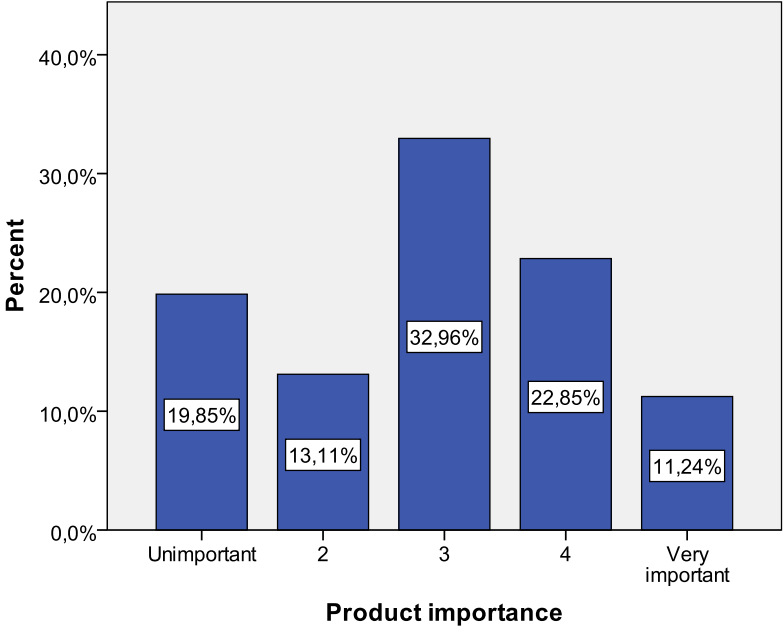
The next graph shows the perceived importance of price. 14.5 % of the respondents did not reply to this question.



Graph 5.10 Price importance

Graph 5.10 tells us that price is perceived to be only of moderate importance by many of the respondents (33.81 %). Furthermore, 21.94 % think that it is of no importance whatsoever while almost 30 % perceive it as important or very important.

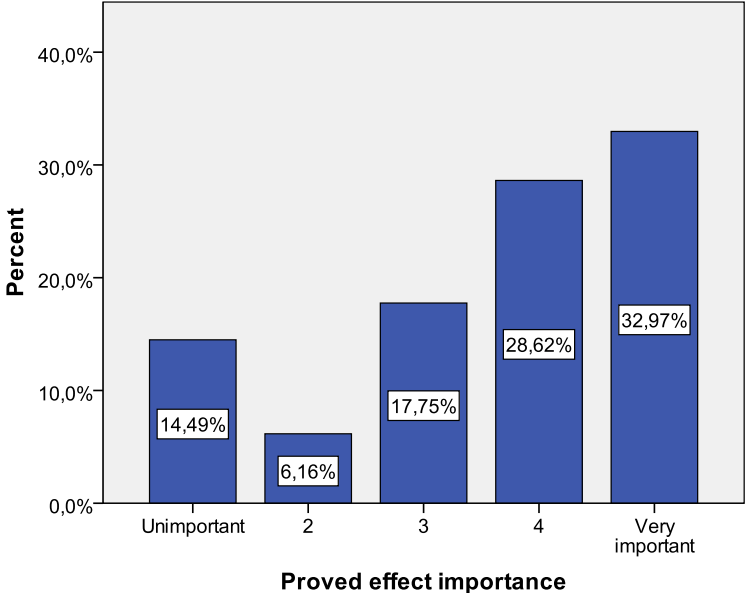
Some consumers have preferences towards different kinds of products depending on a number of factors. Graph 5.11 shows if these preferences exist when it comes to cholesterol lowering food products. 17.8 % of the respondents did not respond.



Graph 5.11 Product importance

Similarly to the previous graph this one shows that most respondents perceive type of product to be of moderate importance (32.96 %), tilting towards important (22.85 %).

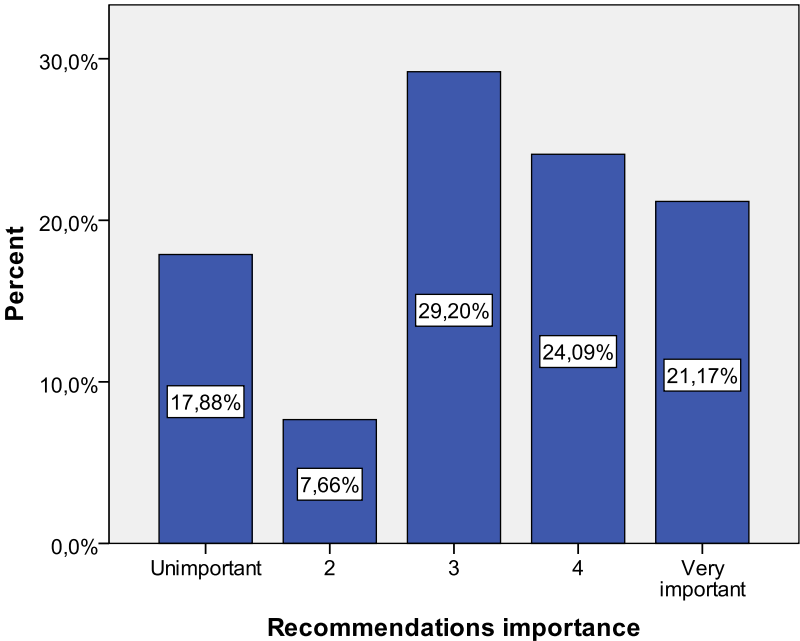
The effects of functional food has to be proved through extensive scientific research in most cases (Jansson & Bryngelsson, 2010) and graph 5.12 shows the importance of this to respondents. 15.1 % did not give a response.



Graph 5.12 Proved effect importance

Graph 5.12 tells us that proved effects are perceived as one of the most important factors among respondents. 32.97 % states that it is very important and 28.62 % thinks that it is important. Together they make up more than 60 % of the respondents.

Lastly we investigated the perceived importance of professional recommendations from authorities on the subject such as doctors and dietitians. The result is presented in graph 5.13. Out of the respondents 15.7 % did not respond this question.

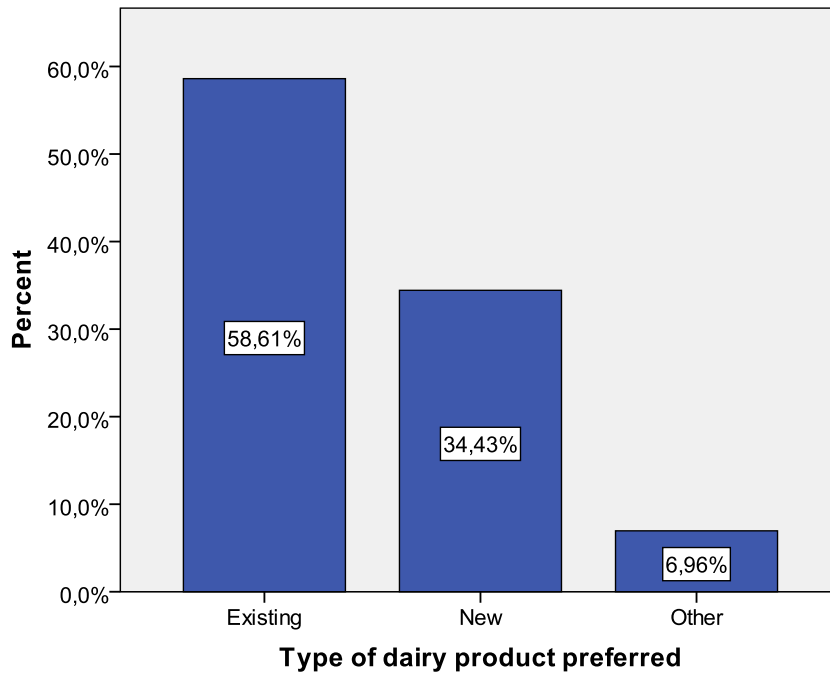


Graph 5.13 Recommendations importance

As shown in graph 5.13 17.88 % think this factor is unimportant when purchasing cholesterol lowering food products. However, the most respondents perceive this as something moderately important (29.20 %), important (24.09 %) or very important (21.17 %). This makes it one of the factors perceived as most important behind proved effects.

### 5.1.4 Dairy product preferred by consumers

The cholesterol lowering substance developed by Redoxis can to a certain extent be found in dairy products naturally. This makes it ideal to further develop the substance into a dairy product.<sup>4</sup> Therefore we wanted to know what kind of product consumers would be interested in. Graph 5.14 shows where respondents stand on the choice between a new, innovative dairy product compared to one that can be found in the existing range of products. 16 % of the total population did not respond this question.

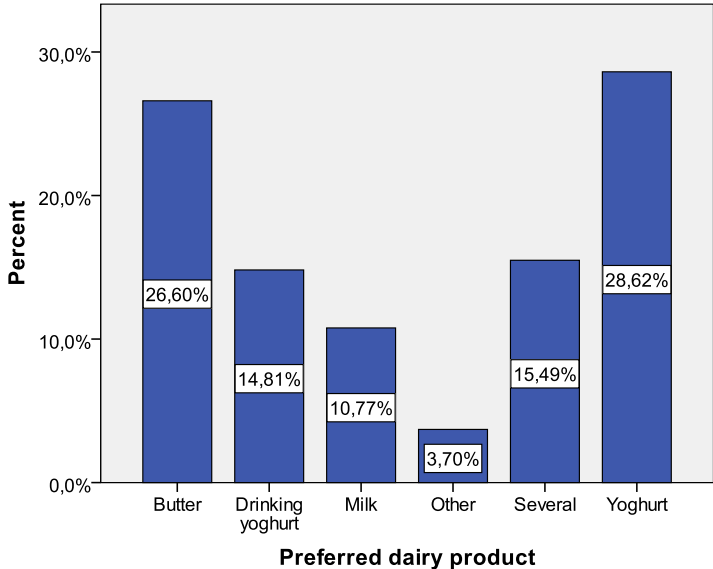


Graph 5.14 Type of dairy product preferred

Graph 5.14 clearly shows that a majority of the respondents (58.61 %) would prefer a product similar to existing ones before a new innovative one.

<sup>4</sup> Peter Olofsson, CEO of Redoxis, Presentation 2010-11-19

As a next step a variety of dairy products were suggested and the respondent could choose one or several that they would prefer as cholesterol lowering food product the most. The result is presented in graph 5.15. 8.6 % chose not to respond to this question.



Graph 5.15 Preferred dairy product

According to graph 5.15 there are two dairy products that seem to attract consumers more than the others; butter (26.60 %) and yoghurt (28.62 %). Furthermore, many respondents would be interested in several products which include any combination of two or more of the ones suggested. Less popular alternatives are drinking yoghurt (14.81 %) and milk (10.77 %).

Last, we would like to add other aspects that were identified while handing out the survey. We received many comments that do not reflect in the collected data. There were mainly three aspects that were repeated to us. The first one was that a lot of people rather eat healthy and natural instead of buying products with a health claim, functional food. The second one was that taste was important when consuming cholesterol lowering which we unfortunately forgot when compiling the survey. The last aspect was that we identified that women were the ones doing grocery shopping in the majority of households.

## **5.2 Existing research concerning Swedes attitudes toward functional foods**

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There are only a couple studies concerning the topic attitudes toward functional foods in the Swedish markets. Eva Landström, a Swedish nutritionist, wrote her thesis; *“To Choose or not to Choose Functional Foods, that is the Question? Swedish Consumers’ and Health-care Professionals’ Attitudes to and Use of Functional Foods”* on the topic. The research was conducted with qualitative studies in the form of focus groups. Ten focus groups with a total of 46 participants. Another study was conducted by Christine Mitchell and Elin Ring, both students at the University in Umeå in Sweden. They used both qualitative and quantitative research methods. The quantitative research was conducted through a questionnaire with approximately 455 Swedish respondents. The qualitative research was conducted through deeper interviews with 14 Swedish respondents. The result was presented in their master thesis *“Swedish Consumers’ Attitudes and Purchase Intentions of Functional Food: A study based on the Theory of Planned Behavior”*.

The first of the two studies showed that consumers who are already interested in healthy food habits had a higher degree of acceptance towards functional food. Also, consumers with a diet-related disease were more likely to accept and buy functional food than those with no known disease. It also showed that people with a higher degree of acceptance towards technological products were more likely to buy functional food. However, at the same time there is also a widespread distrust towards functional food, because of the need we have to trust the food we consume and be sure that it is natural. Since functional food often is processed the perceptions towards functional food is that it is artificial and unsafe (Landström, 2008).

Another result of the studies shows that there is optimism towards one’s own health. This is created by a belief of “I don’t need functional foods, I am already healthy” and that functional food is for people with higher risk of developing a disease than oneself. Since this belief was so consistent with the participants there was also a belief that functional food is for those with already known diseases (Landström 2008). Another odd result in Landström’s study (2008) was that the young participants thought that functional food was for the elderly. The younger participants were of this belief since they figured elderly had more problems with diseases such as diabetes and heart diseases. Whereas the older participants thought that functional foods were aimed towards younger consumers since they do not eat properly and have little or no time for exercise.

### **5.2.1 Demographic findings**

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Studies have shown that older consumers and women are more likely to buy functional foods. However, there are scientists who do not agree with this conclusion. They argue that gender and age in target groups differ depending on what sort of functional food we are talking about (Landström, 2008). Simon Karlsson<sup>5</sup> agrees with this statement and says that it is mostly women in the ages of 20 – 35 years who buy functional food, at least within the dairy segment. Although when it comes to cholesterol lowering products such as Becel the typical consumer is older.

The studies also showed that consumers with a higher degree of education were more likely to be interested in buying functional food. Landström’s study (2008) showed that people with upper secondary school education had tried more functional food than those with compulsory

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<sup>5</sup> Simon Karlsson, Manager of the dairy section at ICA, Interview 2010-12-13

education only. Ring and Mitchell (2010) discussed this fact and thought that it might be due to the need of informative marketing in terms of functional food. A person with a higher degree of education is more comfortable with searching for information and understanding scientific claims than a person with a lower degree of education. This is shown very clearly in the advertising and marketing of functional food products where information about the products, their effects and general health information is substantial. However, it might not be enough. According to Simon Karlsson<sup>6</sup> consumers are demanding more information about the added substances and effects of functional food products due to the difficulty for the regular consumers to understand all the different product claims.

### **5.2.2 Price and taste**

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Price and taste plays a big role in the consumer's choice of products and this also applies to functional foods. Consumers assume that the product they are buying will taste good and if they buy more expensive food they expect it to have an even better taste and quality. In the case of functional foods there is a certain degree of distrust toward the quality and taste as they are often perceived as less tasty than regular food. Although, consumers of functional food are sometimes willing to compromise the taste for the benefits there should be a relation between the taste, health benefits and price to achieve acceptance for it. In other words the quality and taste of the functional food is almost as important as the health claim and price in order for it to be accepted (Landström, 2008).

### **5.3 The functional food market**

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Despite the difficulties to concretize the size and growth potential of it there is a market for functional food in Sweden. Different scientists; Cecilia Mark-Herbert (2001, 2002), Christine Mitchell and Elin Ring (2010) among others, have all confirmed that the functional food market is expanding. This is clear because a lot of money is invested in the development of new healthy products. The cause of this trend is that consumers demand new innovative products that are healthy and still an organoleptic enjoyment. There is no fresh numbers on the Swedish market for functional food (at least not that we know of), but there is some research that gives us guidelines. In an article from 2001, published in Göteborgs Posten, Ann-Sofie Sandberg writes that the Swedish market for functional foods is worth 200 million Swedish kronor and that it was expected to grow with 20-30 % yearly. Mark-Herbert (2002) also predicted a high growth rate and expansion of the functional food market in Sweden. Christine Mitchell and Elin Ring (2010) gives us up-to-date information about the Swedish functional food market in their thesis *Swedish Consumers' Attitudes and Purchase Intentions of Functional Food : A study based on the Theory of Planned Behavior*. They argue that the market for functional food in Sweden has expanded vigorously since 2009. This is obvious since many new products have been introduced on the Swedish market in recent years. The functional beverage market in Sweden stands out the most as it is actually the fastest growing regional market in Europe.

Other vivid trends are cooperative strategies where companies join forces to share know-how and resources. One example is ProViva, which signed a contract with an American company to develop a new health product (Mitchell & Ring, 2010). Cecilia Mark-Herbert, scientist and teacher at SLU, confirms this in a notice from SLU in March in 2001 where she explains that those companies who join forces with Universities and branch organizations are the ones that succeed on the competitive market. The simple answer to this is that most Swedish companies in the food business do not have enough resources to, by themselves, develop new, innovative

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<sup>6</sup> Simon Karlsson, Manager of the dairy section at ICA, Interview 2010-12-13



and healthy products. Therefore, this is a huge opportunity for companies to gain market shares in the functional food segments (Mark-Herbert, 2001). The innovations in this segment will also enhance the Swedish competitiveness in the global food business since the interest in such products is worldwide. Ann-Sofie Sandberg (2001) also says that Sweden is world leading not only when it comes to research about functional foods but also in areas such as obesity, cardiovascular diseases, carbohydrates and diabetes, food technology, food and cancer and diseases connected with shortage of minerals. However, to reach the goals of creating a new and unique health product the company not only need to use cooperative strategies, they also need new knowledge, new processes, new ways of marketing and new organizations (Mark-Herbert, 2002).

### 5.3.1 Submarkets

Within the expanding functional food market there are many submarkets with different solutions and products. A couple of examples are solutions for a healthier stomach (ProViva, Magiform), for lowering your cholesterol levels (Becel, Oatly) and for additional mineral and vitamin intake (Vitamin Well) (Mitchell & Ring, 2010). This is one way of dividing the market into submarket, based on the products claimed effect.

Effect	Product
Cholesterol – lowering	Becel, Benecol, Aktiv, Oatly
Healthy stomach, enhancing immune defense	ProViva, Verum, Bravo friscus, Cultura
Shortage of vitamins and minerals	Godmorgon juice, Vitamin Well
Equalize sugar levels	PrimaLiv

Table 5.1 Products based on claimed effect

Another way of doing it is to divide it based on the product category. There are a wide number of different products, but these sometimes have similar effects. One example is Becel and Aktiv which both reduces the cholesterol levels but could be placed in different product categories since Becel is margarine and Aktiv is müsli (Becel, 2010, Nutech, 2010). Another example is Verum and ProViva, were the first one is sour milk and the latter is juice but both are supposed to be good for your stomach. Then of course, there are a lot of different products within the same category with different effects. One example is Godmorgon juice and Bravo Friscus which both are juices but the first one claim that one glass of their juice gives the daily intake of vitamin C and the latter one gives an additional intake of healthy bacterial cultures for the stomach (Rynkeby Foods HB 2010, Skånemejerier, 2010).

Category	Product (s)	Manufacturer	Effect	Description
Fats	Becel	Unilever	Cholesterol – lowering	Plant sterols Omega 3 & 6
	Benecol	Benecol	Cholesterol – lowering	Plant stanols
	Flora	Unilever	Cholesterol – lowering Additional intake of vitamins	Omega 3 & 6 Vitamins B6, B12, A, D and E
Grains: Cereals, pasta and breads etc.	Aktiv	Nutritech AB	Cholesterol – lowering	Beta glucans
	Oatly	Oatly	Cholesterol – lowering	Beta glucans
	AXA Fiber hjärta	Lantmännen cerelia	Cholesterol - lowering	Beta glucans
	AXA Fiber mage	Lantmännen Cerelia	Healthy stomach	Prebiotic fibres
Drinks: Juice, mineral water etc.	ProViva	ProViva AB	Healthy stomach	Additional intake of Lactobacillus plantarum 299v
	Verum	Norrmejerier	Healthy stomach	Additional intake of Lactococcer and Lactobaciller
	Bravo Friscus	Skånemejerier	Healthy stomach	Additional intake of Lactobacillus Plantarum HEAL9 and Lactobacillus Paracasei 8700:2
	Godmorgon juice	Arla	Vitamin C	Daily intake of Vitamin C
	Vitamin Well	Vitamin Well	Additional intake of vitamins and minerals	Vitamins, minerals, herb- and fruit extract

Table 5.2 Product category

### **5.3.2 The dairy market in Sweden**

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In Sweden there is a big market for dairy products such as milk, cheese, sour crème and so on. The sales of dairy products were 30.4 billion Swedish kronor in 2009, which is an increase of 6.3 % compared to 2008. The sales of milk itself were 5.9 billion Swedish kronor in 2009, which is an increase of 3 % since 2008. The sales of yoghurt and sour milk have also increased. In 2009 the sales was 5.7 billion Swedish kronor, which is an increase of almost 10 % since 2008. SCB's statistics also show that yoghurt and sour milk have increased vigorously over the last ten years, in a considerably higher pace than the milk segment (SCB, 2009).

In SCB's statistics of the food industry (2009) Becel and similar products are placed under Oils and Fats. In this segment margarine and other similar fats is make up 63 % of the sales. Since 2000, the segment has increased 10 % and in 2009 the sales were 2.9 billion Swedish kronor.

The dairy market includes big segments for products with health and nutrition claims were Danone and Skånemejerier are the largest ones in this area according to Simon Karlsson. All though not everyone applies for the use of a health claim a lot of companies uses such claims anyway. Furthermore, according to Simon Karlsson<sup>7</sup>, products such as Becel and Benecol are not growing that vigorously compared to other products with different health claims. These claims are foremost health claims for ones stomach due to all the healthy bacterial cultures that they contain.

## **5.4 Products with similar effects**

### **5.4.1 Get Aktiv**

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Aktiv is a brand developed by Nutritech AB in Sweden and focus on products containing grain, such as müsli, bars and meal replacement drink. The products in Get Aktiv's range are promoted with a health claim saying the products lower the levels of cholesterol. All products from Get Aktiv have in common that they are produced with "activated grain" which means that the grain cultivated in Sweden and refined to provide the user with health benefits. Get Aktiv started by releasing with two products; Aktiv Hear, a dietary supplement that was developed especially for people with high levels of cholesterol and Aktiv Meal Replacement Drink, which is a drink that can be used to control your weight. Since a few years ago Aktiv also produce müsli bars and Aktiv müsli which is now available in five different tastes. Aktiv müsli is also contains "activated grain" which enhances the body's ability to assimilate nutrition. Especially important in this process is the extraction of beta glucans. This creates a number of good health effects were one of them is lowering of cholesterol levels.

All Get Aktiv's products are marketed with a health claim and there is extensive information about cholesterol and the dangers linked to it on the company's homepage. Get Aktiv's target group is mainly active people who concerned about their body and health. Get Aktiv uses the famous and popular football player Henrik Larsson as a spokesperson. He is known to be a healthy and active person who transfers these associations to Get Aktiv's products. Also, this enhances the feeling of Aktiv as a brand for the younger and more active group of consumers. Henrik Larsson is shown a lot on the homepage and on every Müsli package with the campaign; "Henrik Larsson try out new sports". Despite that this gives the products good associations it also awake curiosity and interest. Get Aktiv use concrete and straight forward

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<sup>7</sup> Simon Karlsson, Manager of the dairy section at ICA, Interview 2010-12-13

messages such as “Increase your energy and lower your levels of cholesterol” in promoting their products. They also point out that the basic idea behind all of their products is a “long lasting, healthy, enjoyable and active life” (Nutritech AB, 2010).

#### **5.4.2 Becel (Unilever)**

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Becel is a brand from Unilever who is one of the world’s largest companies selling consumer products with a turnover of € 39.8 billion in 2009 (Unilever, 2010). According to Becel’s Swedish homepage (2010), Becel was developed as early as in the 1950’s due to the wider knowledge of the connection between saturated fatty acids, high cholesterol values and cardiovascular diseases. Unilever cooperated with doctors and together they developed a new product called Becel. The name stands for Blood Cholesterol Lowering. Even though Becel’s products have been transformed and changed both in terms of ingredients and nutritive content the main purpose is the same; to lower the cholesterol. Nowadays Becel contains of plant sterols which is found naturally in for example nuts, vegetable oils and vegetables. Plant sterols have a proved cholesterol lowering effect and it more or less occupies the space of LDL-Cholesterol. The mechanics behind this process is probably because of the plant sterols occupation during the creation of Micells during digestion (SLV, 2008).

Becel is marketed worldwide as a product that is good and healthy for your heart. Their slogan “Love your heart” is supposed appeal to the consumer’s feelings towards health concerns more than similar products with no health claim. Since everyone is aware of their heart’s importance for their wellbeing the slogan has a big impact. All around the world people want to have a healthy heart and Unilever tries to be a part of this by offering many different products under the brand name Becel. The homepage provide the consumer with “words of advice” such as “take care of your heart”, “Your heart is fantastic” and “Your heart is precious”. There is also information on why you should eat Becel and take care of your heart (Becel, 2010).

Becel’s primary target group can be identified as middle aged people, both men and women, who are aware of the dangers of having high cholesterol levels. By having a wide target and extensive information on their homepage and in their commercials they tell consumers that daily exercise as biking to work, playing with grandchildren and so on is enough exercise if you choose Becel’s products. Their targeted customers are people that might not have the time for any substantial exercise but still want to take care of their heart and body (Becel, 2010).

It is a difficult task to determine Becel’s market share since there are no hard numbers available and also because of the difficulty of determining if it should be compared to dairy products or similar products with similar effects. The National Food Administration in Sweden conducted research on food habits in 2008. This study consisted of 1000 respondents and the objective was to identify the food habits of the Swedish population. The respondents were asked which type of edible fat they used on their sandwiches. Most popular was light margarine, 30-40 % fat, and Bregott, 75 % fat, with 30 % and 29 % of the respondent respectively. 8 % of the respondents answered that they use Becel or Benecol (SLV, 2007).

#### **5.4.3 Oatly**

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Oatly was first introduced on the swedish market in 2001 but was established as early as 1994 under the name Ceba Foods. Oatly is a result from years of research at the University of Lund in Sweden and is supposed to be a substitute for dairy products, especially milk, which a large part of the world is allergic to. In 2009, Oatly had a turnover of approximately 160 million Swedish kronor (Företagsfakta, 2010). As the name implies Oatly’s products are made from

oats and their products vary from ice-cream to drinks and yoghurts. Like Get Aktiv's products Oatly's contains of Beta glucans which has the effect of lowering the cholesterol levels. In fact, Oatly's OatMilk is the only drink in the world containing Beta glucans which are naturally extracted as loose fibers (Oatly, 2010).

One of Oatly's objectives is to be part of consumers every meal whether it is breakfast, supper or an in-between snack. This is possible since their product portfolio includes both cooking cream and on-the-go drinks. All of Oatly's products are vegetable based which is one of their differentiation from other, similar, dairy products. Like other producers of functional food, Oatly provide extensive information on their homepage. Both about cholesterol and how it works and why it is dangerous. Also there is information on why oats are healthy, research information and so on. Further they have a whole section about training, eating right and how to take care of your body. Oatly's sales argument is that oats are "good for your heart and stomach", but also the fact that it is a substitute for dairy products. Oatly also provides a great range of recipes were you are supposed to use their different products (Oatly, 2010).

#### **5.4.4 AXA**

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Axa is a brand from Lantmännen which is the largest firm in the Nordic countries within food, energy, machinery and farming. In 2009 the corporate group had a turnover of 35 billion Swedish kronor and Lantmännen Cerelia, which AXA is active under, had a turnover of 15 billion Swedish kronor. Lantmännen Cerelia's incentive is to develop "healthy, good and comfortable food products" that are supposed to fill consumers needs and wants. Lantmännen Cerelia is market leading in the segments müsli, oatmeal, flour, pasta, granola and pancakes (Lantmännen, 2010).

AXA is the brand for consumers who want to "live healthy and eat well", and was established as early as in the 19<sup>th</sup> century. Back then, the brand was concentrated around oatmeal products but today their product range is wider. What is mutual for this product is that they contain safe ingredients and high quality. The product range varies from grain products to cereal and müsli and yoghurt drinks. The segment grain contains various corn and grains, not only oats. Like Oatly and Get Aktiv, AXA's product's effect of lowering the cholesterol comes from Beta glucans, in form of loose fibers, which is found naturally in grain. Like the other producers of similar products AXA's homepage is filled with information. AXA's homepage gives lots of advices and tips on how you can enhance your wellbeing. They focus on having information for different types of consumers with different motives and needs. There is also a whole section of dietetics that is supposed to educate the consumer in how different ingredients, such as sugar and carbohydrate, work in and affects your body. They also have the AXA Sports Club were, amongst others, the Kallur sisters are members (AXA, 2010).

#### **5.4.5 Benecol**

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Benecol is a substitute for butter and since it contains plant stanol ester it reduces the cholesterol. Benecol was first introduced in Finland in 1995 and then in USA in 1999. Since then Benecol is available in 30 countries and in 2009 they had a turnover of € 376 million (Benecol, 2010).

Benecol have a lot of different dairy, spreads and cereal products and they market them all with a claim saying that they lower cholesterol. The products from Benecol are promoted with a health claim and they are thorough to show that their products are reliable based on scientific research. One sales argument is that their products have been "proven to reduce

cholesterol” but they also use “keep the life you want”. To enforce their sales arguments Benecol uses statements from doctors on their homepage as well (Benecol, 2010).

#### **5.4.6 Distribution**

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The intention by producers of functional food is that it should be accepted as regular food by the consumer, but with better and documented health benefits. Therefore the choice of distribution channels is similar to that of producers of regular food. The producers are desirously that functional food is to be found where consumers do their everyday grocery shopping. Food shopping is done in general dealers and different malls so that is where functional food is also found. However, there are producers who have their products distributed through health stores as well. Such producer include Get Aktiv who sell their products through health store like Life and Hälsokraft but also at online stores like hälsokostgrossisten.se and vitaminvaruhuset.se (Nutriech AB, 2010). This shows some strategic decisions that might create a leveraging effect were their products will easier get accepted in regular food stores.

#### **5.4.7 Potential products**

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Since the market for functional food is an expanding market, and there is an interest for healthy food products among consumers, the future is bright for potential players. More and more companies are starting to see opportunities in functional food and its market. In the Swedish market there are a lot of different products and yet more to come. In fact, the Swedish market for functional beverages is the fastest growing in Europe and at the moment AXA is conducting research to see if their product Fiber Hjärtans Müsli has the potential of being accepted as a functional food (AXA, 2010).

#### **5.4.8 Other ways to lower cholesterol levels**

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Of course there are other ways of lowering your levels of cholesterol other than purchasing and eating functional food. One very effective way of lowering your cholesterol is to change your habits. Stop smoking, start exercising or eat healthier (Hälsospektrum, 2010). Fish, and particularly fatty fish, is known to reduce the levels of cholesterol since fish contains Omega 3. Omega 3 is an essential fat acid which means that our bodies cannot develop it by themselves and we, therefore, need to consume it (Omega-3, 2010). Since not everyone want to eat fish there is a market for dietary supplements such as fish oil.

Other ways of lowering ones cholesterol is to think more about what you eat. Fibers and nuts are good but also garlic, fruits and canola and olive oil. Salt is another aspect in this dilemma, since we eat a lot more salt than the body needs. So, one way of lowering your cholesterol levels could be to reduce your intake of salt (Hälsospektrum, 2010).

### **5.5 Trends**

#### **5.5.1 Trends concerning food in general and functional food in particular**

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Every market is depending on and driven by different trends. Whether it is a good or a bad trend companies need to take it into consideration to be able to be a successful company. This is no exception on the functional food market and the food market in general. Nowadays, we are more engaged in terms of food shopping. We want to know what the product contains, where it was produced and if it is healthy or not. We are not only interested in buying juice; instead we want to buy a juice containing vitamins and minerals. The demands today reach beyond the earlier demands; today we demand function, taste and nutrition but also a certain

degree of convenience. The increased demand for functional food products can be explained by a higher degree of knowledge about food and health. Consumers have realized the effects food have on the health and are therefore searching for products with nutrition that go beyond our basic needs (Medina, 2010).

Ben Longman and Rhodri Jones have written about different food trends and have found that three trends are overly exposed. These are convenience, health and pleasure. These three factors are what drive consumers concerning their insights (Mitchell & Ring, 2010).

There have also been Swedish studies concerning functional food and its trends. One of these studies is Lisa Hagnér and Marie Nilssons study *Functional food – Functional for the consumer or the producer* where they conducted a survey at the train station in Stockholm three days in April 2006. Their objective was to figure out what kind of trends there are concerning food and functional food. What they found out was that there is a double moral standard in terms of food and health. A lot of their respondents thought that they by changing food habits could make an impact on their own health, but at the same a lot of respondents were aware of the hazards with unhealthy food but still they consumed it. The study also showed that there is a widespread health consciousness and also a widespread awareness in terms of products nutrition content. Still most consumers will not change their habits, even if it is for the better. This, according to Hagnér and Nilsson (2006), is because of the overly represented trends that food should be pleasurable and convenient. These trends are so heavily affecting consumers that they have a difficult time changing their habits. Lisa and Maries study also showed that consumers are not willing to pay more for a healthier food.

Simon Karlsson<sup>8</sup> at ICA also describes a more conscious consumption than before where a lot of consumers are actively searching for health products. He says that he also noticed a growing trend within the segments of cholesterol lowering products even if they do not sell as good as other segments. Consumers want an easy and convenient way to consume healthy products that lower their cholesterol and reduce the risks of disease. However, not everyone agrees; Elisabet Rytter<sup>9</sup>, Fil mag Nutrition, at the Swedish organization for the food business says that she noticed a trend where consumers are increasingly demanding natural and locally produced products. Magnus Nelin<sup>10</sup>, Public Relations Officer at COOP, also says that he has noticed a higher demand in ecological and locally produced products.

### **5.5.2 Future population of Sweden**

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According to SCB the Swedish population will increase by around 610 000 people in the next ten year-period and in the prognosis for 2060 is close to 11 million. The birthrate for Swedish women in 2010 is estimated to 1.97 babies/women and that is the highest number since 1993. This is expected to have a positive effect on the economy. Another factor contributing to the growth is increasing immigration and decreasing emigration. 2010 is estimated to be a record year with around 103 000 immigrants coming to Sweden. Lastly the increase is predicted to be boosted by a longer life expectancy. Between 2010 and 2060 it is expected to increase by 3.5 years to 86.9 for women and 5 years to 84.7 for men (SCB, 2010).

The coming decade the biggest increase will occur in the age group of people 65 years or older which around 2018 is estimated to exceed two million. It is mainly the generation of

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<sup>8</sup> Simon Karlsson, Manager of the dairy section at ICA, Interview 2010-12-13

<sup>9</sup> Elisabet Rytter, Fil mag Nutrition at Livsmedelsföretagarna, Telephone correspondence 2010-12-08

<sup>10</sup> Magnus Nelin, Public relations officer at COOP, E-mail correspondence 2010-12-15

people born in the 1940's when the birthrate was extremely high that will contribute to this increase. The same generation will in 20 years time raise the number of senior citizens above 80 from 494 000 to around 800 000. Contributing to this is the trend of longer life expectancy due to lower mortality rate (SCB, 2010).

A growing problem in Sweden is the fact that Swedish people are getting fatter. In 2005 one out of ten Swedes was overweight, which is a major health problem that can cause cardiovascular diseases (Persson, 2007). The problem with obesity is probably one of the answers to the most common cause of death in Sweden. Cardiovascular diseases caused 41.6 % of the death among women and 40.2 % among men in 2008 (Socialstyrelsen, 2010). As the introduction explained high cholesterol is one of the risk factors associated with cardiovascular diseases.

## **5.6 Applied novel and functional food regulations**

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If a health claim is to be used in the marketing of the cholesterol lowering food product it has to be approved in accordance of the regulations for functional food within the EU. Also it has to be determined whether or not the active ingredients phytol is a natural ingredient with history of consumption or if it will be the required to apply for a classification as a novel food in order to be able to sell it together with other food products.

In the case of novel food, it is difficult to say anything about it before knowing how large the dose of the active substance phytol the final product will contain. However, if the dosage is substantially higher than that which can be found in regular food products there is a considerable risk that it will fall under the category of novel food. This is because there is an increased risk of negative effects on the user if the dose is high. In other words a novel food process can be viewed as an evaluation of the product's safety. Getting phytol approved as a novel food ingredient is usually a long and complicated process. An extensive application containing studies proving the safety of the active substance when administered in the dosage as intended for the product has to be submitted to the local responsible authorities (in this case the National Food Administration) which will forward it to the European authorities in these matters. It is important that these studies include research conducted on human test subjects. If approved it is the active substance phytol that will be classified as a novel food ingredient but when added to a product the effect might change. Although new novel food-application does not have to be submitted in this case the company has to be able to prove that the actual product is safe. Finally, it can be determined that not much can be said in this matter until the safety of the active substance has been assured by researchers either by conducting human studies or coming to the conclusion that phytol is a natural ingredient (Jansson & Bryngelsson, 2010).

Next we will examine how the regulations of functional can be applied to the cholesterol lowering food product. If the active substance has cholesterol lowering effects, like in the case of phytol, the claim would be regulated under article 14.1 since the effects reduces a risk factor which indirectly implies a reduced risk of disease. The claim must clearly state what risk factor is reduced and in addition to this a disease reduction claim can be used. However, the latter alone cannot be used or the product would be classified as a drug. In other words, it is required to identify the risk factor which is affected through consumption of the product; in this case lowering cholesterol levels. Alternatively a 13.5 claim could be used implying that through consumption one would be able to maintain one's cholesterol levels assuming that they are satisfactory from a health point of view (Jansson & Bryngelsson, 2010).



While it is also important that consumers are able to understand the claim, it is still of the essence not to stray too far away from the scientific truth when deciding on the wording. When applying to EFSA this is significant, since there is a risk of having the application denied due to the claim not corresponding with the scientific facts submitted or not being specific enough. Once approved the claim used on labels and in marketing can only differ slightly in wording. In the case of a phytol-based product the cholesterol lowering effect has to be mentioned and it might also be possible to use a claim about reduced heart disease and add heart symbols and such on the package. Still it is required to clearly display the health claim that was approved by EFSA in all marketing situations (Jansson & Bryngelsson, 2010).

Both a 14.1 and 13.5 claim involves submitting an application to the European Food Safety Authority. In order to get the health claim approved human studies performed on both the substance alone and added to the product intended for consumers at the correct levels are required. This is to prove the effect and safety of the active substance in both cases. It is also important to explain the biology behind the effect in the application to increase credibility and improve the chances of getting an approval. As in the case of novel food it is difficult to tell if phytol can be approved as functional food or not since no human studies has been conducted yet, but so far studies conducted on animals have shown positive results (Jansson & Bryngelsson, 2010).



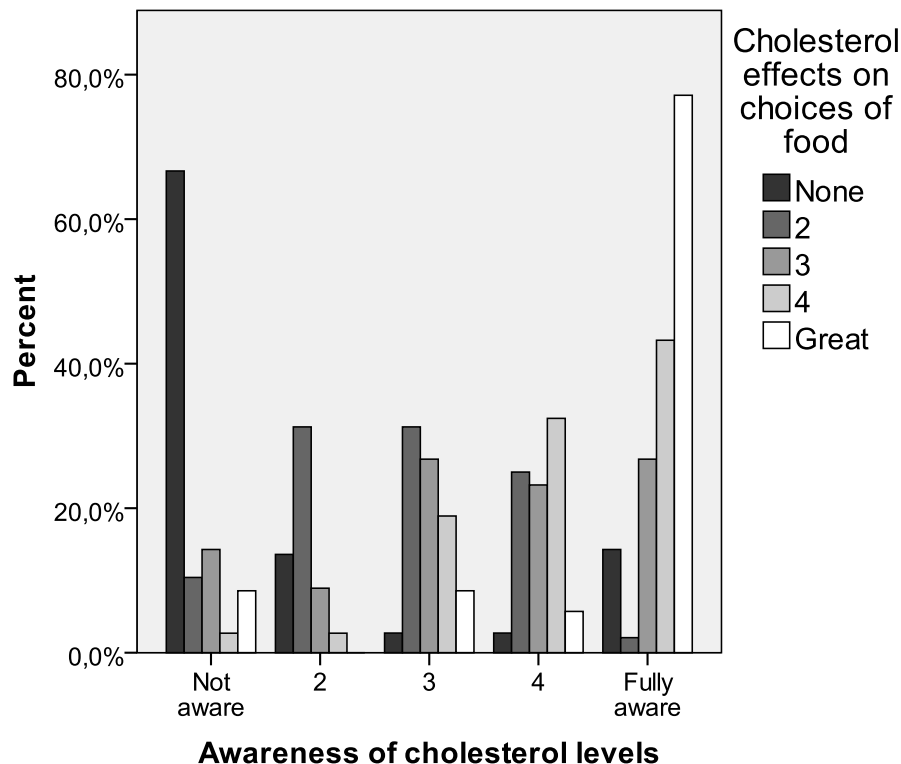
## 6. Analysis

*In chapter 6 the empirical data for this study will be analyzed by applying the theoretical framework presented in chapter 4. In order to facilitate for the reader graphs will also be used in this chapter.*

### 6.1 Behavior change

The first of Andreasen's six social marketing benchmarks deals with the problem of behavioral change which he considers to be the ultimate objective of social marketing. We have been able to identify high cholesterol as a public health issue which if not dealt with could lead to serious conditions such as cardiovascular disease. A functional food product that lowers the dangerous LDL-cholesterol, like the one in this study, could be a great way to prevent risk groups of getting levels of cholesterol that are too high and potentially dangerous. However, current awareness of cholesterol and attitudes towards functional food pose as a threat to this development.

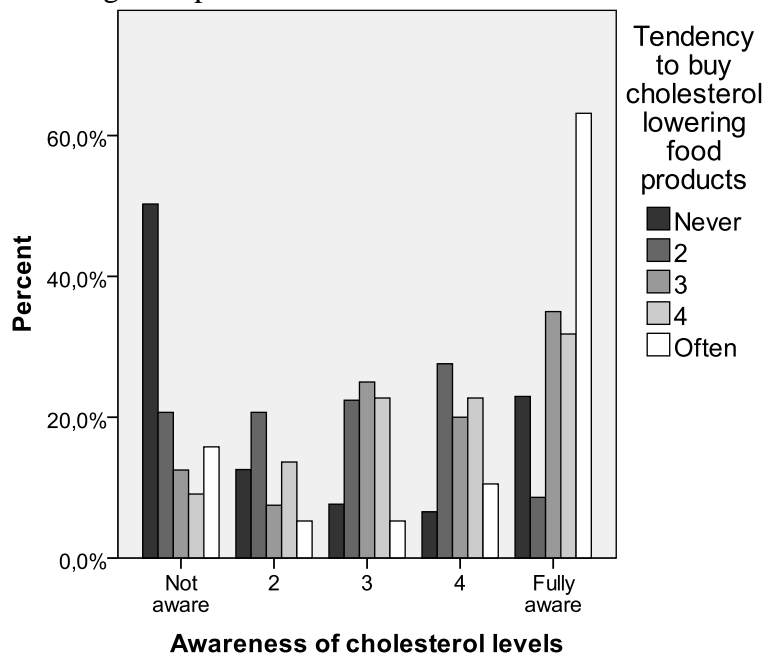
According to our survey about a third of the respondents claimed that they are fully aware of their cholesterol levels. The next graph shows the connection between awareness of cholesterol and effects on food habits.



Graph 6.1 Awareness of cholesterol levels and cholesterol's effects on choices of food

Graph 6.1 tells us that there is a clear correlation between awareness of cholesterol levels and choices regarding what to eat. A great majority of respondents who are fully aware of their cholesterol levels said that these affect what they eat on a daily basis. Even less people tend to buy cholesterol lowering food products regularly. However, these all relate to each other.

Graph 6.2 shows the correlation between awareness of cholesterol levels and the tendency to buy cholesterol lowering food products.



Graph 6.2 Awareness of cholesterol levels and tendency to buy cholesterol lowering food products

According to graph 6.2 there is a strong connection between these two variables which means that an increase in awareness of cholesterol among consumers would possibly result in more people buying cholesterol lowering food products.

The attitude towards functional food is another threat that can be found within existing behavior. Since it is usually processed, functional food is met with skepticism and distrusted by many people that perceive it as artificial and unsafe. Also, many people find it hard to distinguish an added substance that could be beneficial to them from one that might be harmful and consistently avoid products they do not recognize as natural. A third reason why consumers do not show any interest towards functional food is due to optimism regarding health problems. They perceive themselves as healthy and therefore do not see the need to buy a product which they think will have little or no effect on their health.

An intervention to this behavior should be trying to increase the awareness of the risks associated with high cholesterol as well as what the cholesterol lowering functional food product can do to help the consumer reduce them. Many producers of cholesterol lowering functional food products also use other health claims in addition to their main one that are easier to understand and consumers perceive as more relevant. An example of this is: “good for the heart”. Also they stress the importance of a healthy lifestyle and that it together with consuming the product can increase the cholesterol lowering effect. This gives us an intervention strategy focused on breaking bad habits which lead to high cholesterol while at the same time introducing new ones revolving around consuming the cholesterol lowering product and leading a healthy life. Hopefully, the campaign will lead to more people from risk groups taking an interest in and making an effort to lower their cholesterol. Furthermore, if the health claim is approved by the European Food Safety Association it can be used as a way to tell consumers about the product’s benefits while also assuring its safety. Ultimately, the behavior change will lead to an improved quality of life for the individual and benefit society through reduced healthcare costs.

## 6.2 Consumer Research

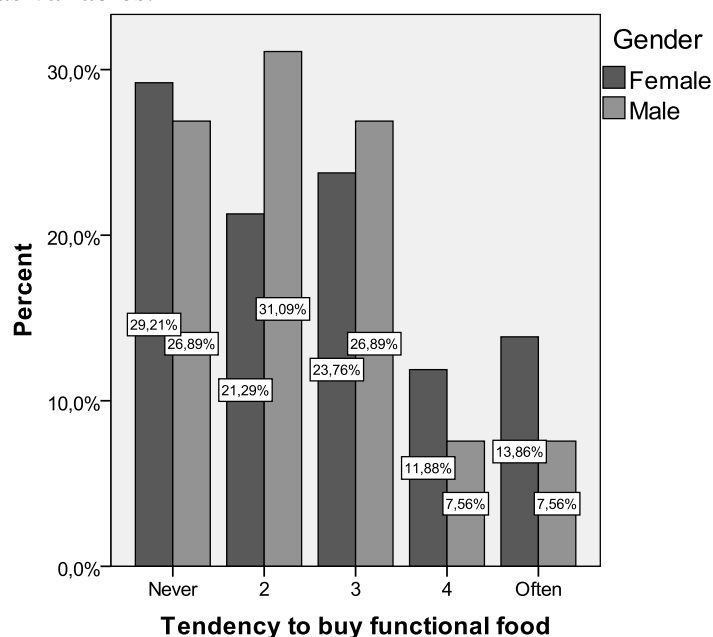
The second benchmark in Andreasen's social marketing theory is consumer research. This is needed to identify and understand the consumers and their needs. Often consumer research is revolved around four categories, customer characteristics and needs, cultural elements, social connections and personal and psychological elements, which are described under the chapter about theoretical framework.

### 6.2.1 Customer characteristics and needs

First of we want to analyze our secondary sources, which Burk Wood suggests will make the research more effective. Then we will analyze the result from our survey to understand the demographics of consumers of functional food in general and cholesterol lowering products in particular.

Existing research have shown that women and older consumers are more likely to buy functional food. This is in accordance with our survey which we will show you later in this part of our analysis. Although, studies show these facts one should not put all faith to this since different functional food products can attract different consumer segments, differing both in age and gender. One type of functional food might interest young women while a product such as a cholesterol lowering product might interest an older target group. Simon Karlsson verified this to some extent by letting us know that women in the ages of 20-35 years are overrepresented functional food buyers. These customers mainly buy functional food products that are good for the stomach whereas the typical customers buying cholesterol lowering products, such as Becel, often are older. As mentioned before is it generally consumers that are aware of their cholesterol levels that also buy cholesterol lowering products. That might be one of the answers to why this consumer group is older. Since problems with cholesterol often is not visible or notable until later in one's life when these problems get real.

This next graph shows the tendency of men and women to buy functional food where one is never and five is often. The graph is cross-referenced using gender and the tendency to buy functional food as variables.

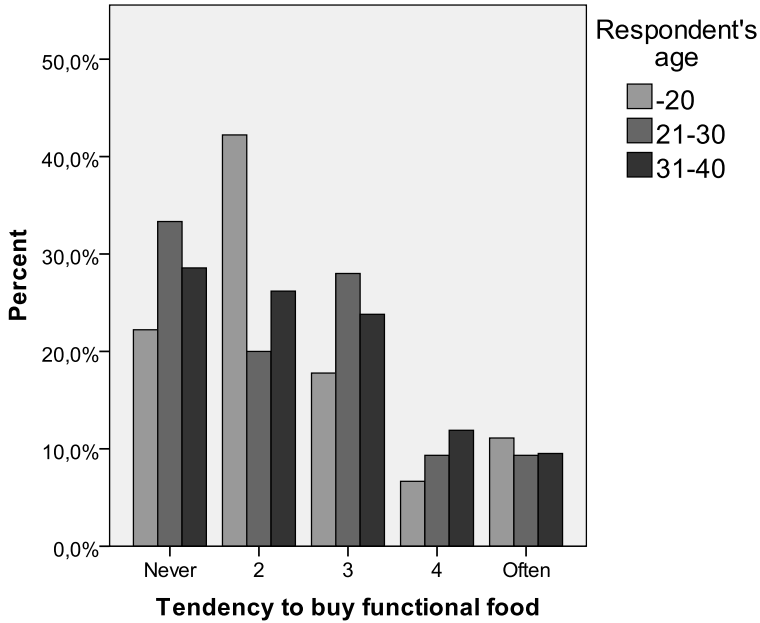


Graph 6.3 Gender and tendency to buy functional food

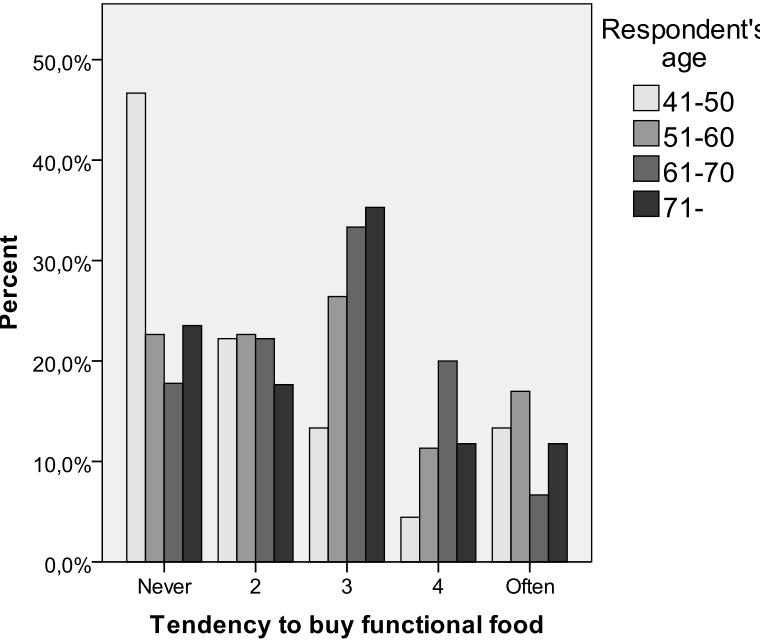
Graph 6.3 shows us that women in particular have a greater tendency to buy functional food compared to men. Almost 25 % of the women answered four and five which means that they buy functional food fairly often in relation to only 15 % of the men answering four and five. The men are overrepresented, with 58 %, answering two or three which means they buy functional food every once in a while. About 30 % of women and 27 % of men we asked said that they never buy food with a health claim.

The reason why women are more willing to buy functional food may be explained by the fact that women are more concerned about their health. Or is it possible that the majority of the functional foods are often targeted towards women? This is what researchers propose who are critics to the presumptions that women and older consumers are more likely to buy functional food products. Through life we deal with a lot of different diseases and health problems and therefore products could be developed to attract consumers from different demographic groups.

If we look at the difference between different age groups we get the following result. The result is divided into two graphs to facilitate for the reader.



Graph 6.4.1 Respondent's age and tendency to buy functional food



Graph 6.4.2 Respondent's age and tendency to buy functional food

These graphs, 6.4.1 and 6.4.2, tells us that there is no clear connection between the respondent's age and the tendency to buy functional food and that it is well accepted over all ages. But there is also a wider disbelief towards functional food and its effects between all age groups. Out on the field with our survey in hand asking questions there were a lot of people telling us that they prefer eating right and exercising instead of relying on functional food. Even though our survey shows us no clear connection between age and tendency to buy functional foods we can distinguish a slight higher degree of acceptance in the older ages. Other studies discussed earlier describe the functional food consumers as an older person.

However, products are developed to satisfy a need and since functional food is supposed to prevent a disease this would be one of the consumer needs. Therefore, people dealing with a health problem themselves or have someone close who does have a higher tendency to buy functional food. Often these problems are diet-related and therefore possible to affect with a certain functional food product. This is also one of Mark-Herberts assumptions, that producers of functional food should target “the sufferers” at first to build knowledge and consciousness about their product. This will be discussed further under segmentation and targeting.

### **6.2.2 Cultural elements**

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Is it possible to distinguish any cultural element regarding the interest of functional food? This question is quite difficult to answer even though it is possible to discuss the issue. Eva Landström’s research indicates that people with upper secondary school education had more experience with functional food than those with only compulsory education. Since functional food often is more expensive than regular food people with a lower income might have less interest in these products. Other ways of discussing this issue is to assume that people with an upper secondary school education are more likely to understand and therefore accept products with health claims. This is what Ring and Mitchell thought when discussing Landströms results.

Other cultural elements could be that of a health interest above the average consumer. Those that actively try to live a healthy life with healthy food and exercise might therefore be a bit more willing to buy functional food.

### **6.2.3 Social connections**

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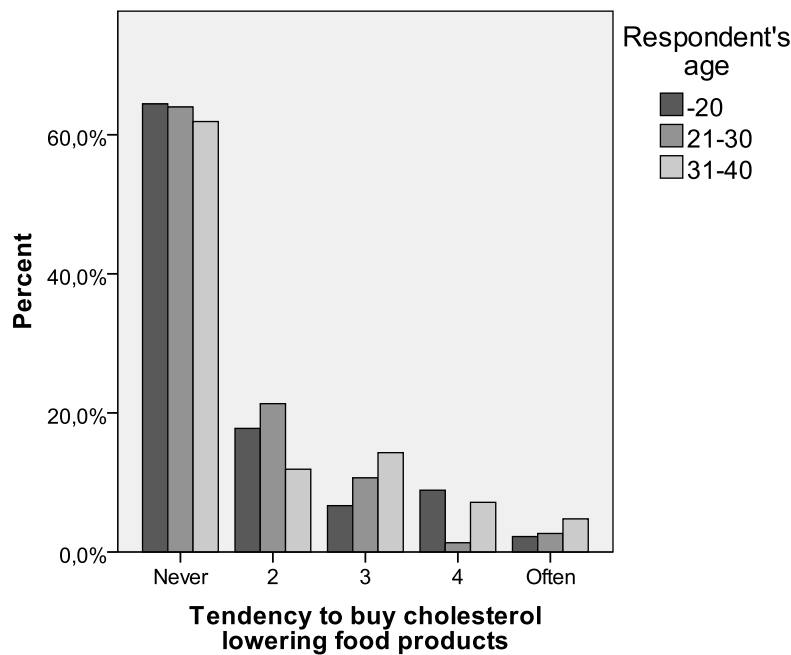
Every individual is affected by his or her environment and social connections. Social connections can be divided into primary and secondary groups where the former one is family, friends and so on. Since we live so close to our families and friends but also colleagues and classmates we interact with them pretty much every day and they, therefore, pose a great influence. This is significant when marketing products since a bad valuation from family or friends might result in a terrible reputation which leads to a lower sales volume. Therefore by targeting people with a need for the specific product they will, if the product works well, advise their friends and family to buy it. Even if the advised person does not have the specific need he or she might develop an interest in the product anyway.

The secondary groups contain of organizations, idols or other loose social connections. Our survey showed that professional recommendations weigh heavily when buying cholesterol lowering products. This is of course important to take into account since people tend to have disbelief towards functional food for being artificial and unsafe. Recommendations from professionals might reduce this disbelief and create a greater will to try new products. These recommendations could come from dietitian and doctors, but also from famous persons such as sportsmen or movie stars. Get Aktiv for instance uses the famous and well respected Swedish football player Henrik Larsson to promote their products and AXA has their AXA Sports Club where the Kallur sisters are members. Another example is Benecol who uses arguments such as “proven to reduce the cholesterol” and uses doctors to enhance this argument.

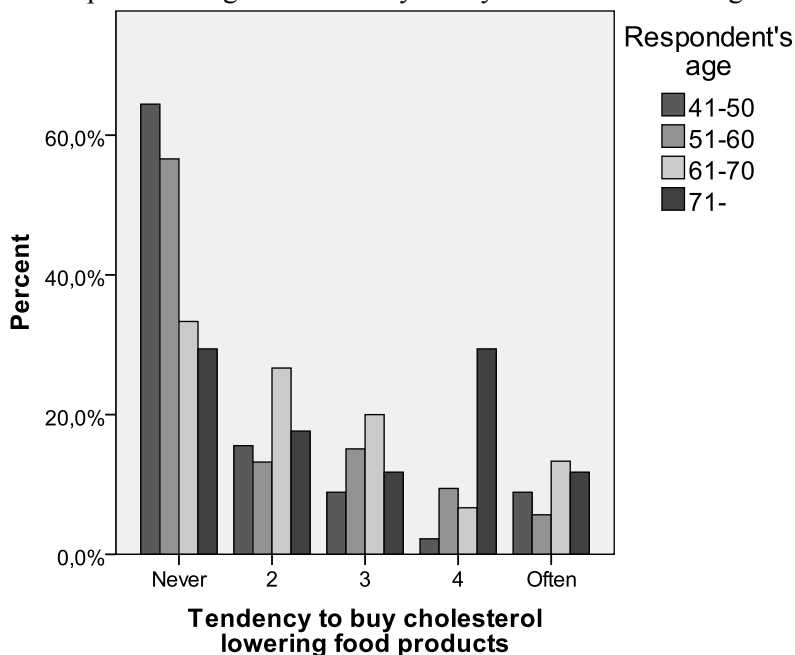


## 6.2.4 Personal and psychological elements

The consumption of functional food appeared to be spread quite evenly among the different age groups and the same seems to apply for cholesterol lowering food products to a certain extent. However cholesterol lowering food products follow a pattern that is somewhat different. There seems to be a correlation between the respondent's age and the tendency to buy cholesterol lowering food products; the older the respondents get the stronger the tendency gets. Especially respondents who are 61 years and older seem to consume more than other groups. Among respondents 30 years or younger the majority do not consume these products at all and if they do they only do it occasionally. The interest for cholesterol lowering food products seems to appear in the 40's and increase from there. The following two graphs will show the relation between age and the tendency to buy cholesterol lowering food products.



Graph 6.5.1 Respondent's age and tendency to buy cholesterol lowering food products



Graph 6.5.2 Respondent's age and tendency to buy cholesterol lowering food products

These two graphs show that the majority of respondents who buy cholesterol lowering food products regularly are 41 years or older. The tendency to buy these products more regularly appears to increase with ageing. This is probably due to the fact that problems concerning cholesterol levels get more common in older ages but is also a lifestyle issue. As discussed in the empirical findings the Swedish population is getting older by every year and therefore problems with cholesterol might get even more common than it already is. Other issues related to lifestyle such as smoking and obesity also affects the cholesterol levels and is becoming a more and more widespread social problem.

### **6.2.5 Motivation and attitudes**

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As analyzed earlier a behavior change is vital for a successful social marketing campaign. And the fact that people in general have disbelief towards functional foods but also tend to believe that the products will not do them any good is a behavior that needs to be changed. Landström's study showed that many of her respondents are optimistic towards their own health. Consumers in general do not think they need functional food products since they do not have the specific symptoms it reduces. What they do not know is that a lot of functional food is preventive and therefore harmless and healthy for more or less everyone. Another problem concerning food habits was exposed when Lisa Hagnèr and Marie Nilsson conducted their study *Functional food – Functional for the consumer or the producer*. Their study showed that a lot of people are aware about the hazards of certain food but still consumes it. Also, they were aware of benefits that could be reached if ones diet was changed into a healthier one. This tells us that there is knowledge of what kind of food that is healthy but other preferences such as pleasurable and convenience ways heavier than healthy food in some cases.

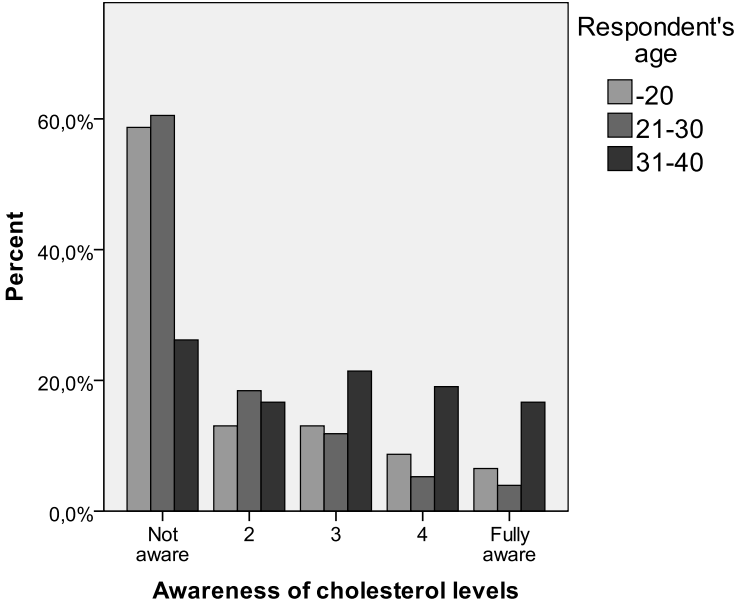
### **6.3 Segmentation and targeting**

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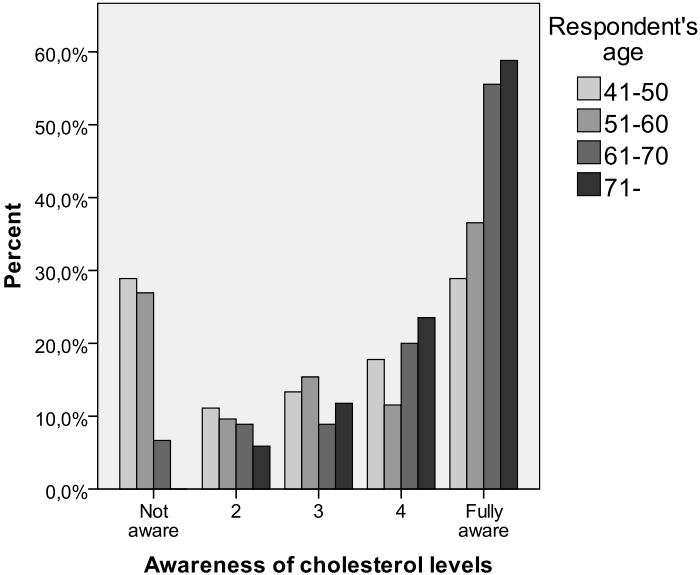
After the consumer research is conducted it is time to distinguish an interesting segment to target. Since it is expensive and a waste of resources to target the whole market segmentation is needed. Depending on information, time and resources the segmentation is done to facilitate the promotion of a product. Through different variables it is possible to divide the market into two groups; customer characteristics and product-related. The task is to try and answer the questions "who purchases what?" and "why do they purchase?"

Customer characteristics could be divided into different categories such as geography, demographics, socioeconomics and lifestyle. Since our limitation is Sweden and problems deriving from high levels of cholesterol are a widespread problem our geographic market will be Sweden. It is hard for us to identify one typical geographic area where these problems are overrepresented. Through our research we have managed to identify that the part of the population who are 41 years and older are more likely to buy cholesterol lowering products. This is because the awareness of cholesterol increases with older age. The younger population does not see it as a problem since they have not noticed any symptoms yet. Our research also implies that women tend to buy cholesterol lowering products, as well as other functional food products, more often than men. We think that this could be a result from that women are overall more interested in their health and what they eat but also that grocery shopping generally is done by the woman of the household. Considering socioeconomics we can distinguish different aspects from Landström's study were consumers with a higher degree of education is more likely to buy functional food in general. Aspects concerning lifestyle issues we will bring up later when discussing valuable attributes for the consumer. Mainly the consumer's preferences that will help us answer the question "why do they purchase?"

Cecilia Mark-Herbert writes in her book “Functional foods for added value” that the segmentation should begin with the “sufferers”, in our case people with problems deriving from high levels of cholesterol. This is also shown in our survey where it is easy to see that those aware of their cholesterol are also the ones buying cholesterol lowering products more often. Since these persons actively search for products that could help them lower their cholesterol they will be an obvious target. After getting acceptance it is possible to reach “those at risk” then the “health conscious” and at last the “mass market”. In our case the “sufferers” will be a segment of mainly older people and awareness of cholesterol levels is needed to reach these customers. Those at risk are people with an unhealthy lifestyle consisting of smoking, unhealthy eating and no exercise etc. Since these aspects lead to higher levels of bad cholesterol they might have problems and maybe also diseases such as cardiovascular disease as an example later in life. Interesting here is to verify at what age people tend to become more aware of their cholesterol levels according to our survey. To do this we cross referenced respondent’s age and awareness of cholesterol.



Graph 6.6.1 Respondent’s age and awareness of cholesterol levels



Graph 6.6.2 Respondent’s age and awareness of cholesterol levels

When we did this we can clearly see that the awareness of cholesterol levels increases with age. Younger people are more or less oblivious to their cholesterol levels whereas the awareness increases from 41 years and older. The graph also tells us that more than 50 % of those over 50 years are fully aware.

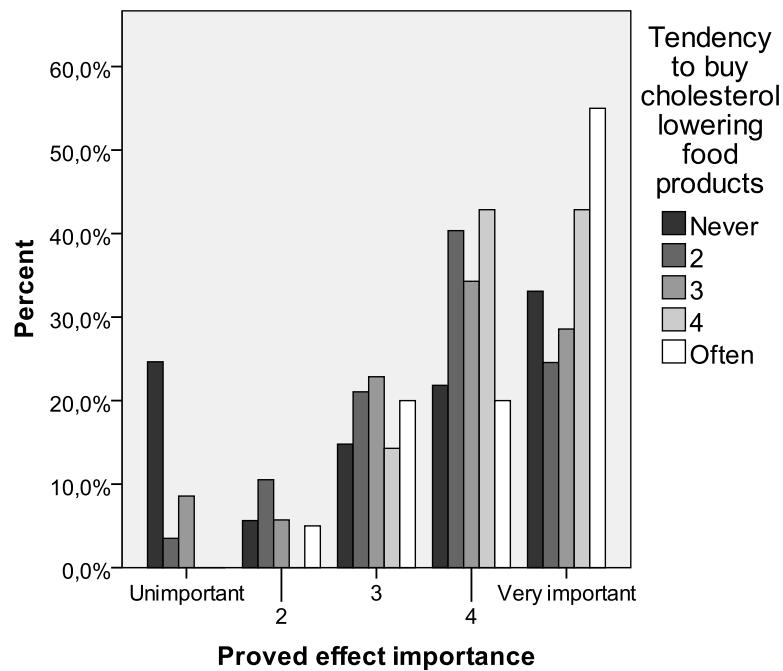
Considering product-related segmentation the task is to find out what attributes that are valued by consumers in different product classes. As mentioned in the empirical findings it is possible to divide functional food products into a variety of product categories but also effect categories. Aktiv Müsli and Becel are both cholesterol lowering but quite different products and there are juices available on the market but with different effects. These facts show that there are difficulties in determine what products that are competitors or not. Since there could be products with similar effects but in different product categories companies need to identify other segments with similar effects since they also could be competitors. The various opportunities in new submarkets to the functional food market are wide and companies also need to understand their target group. What do they want to get out of this product and how do they want to consume it? Could it be accepted as one kind of product without cannibalism occurring from other products in other segments? By using the result from our survey concerning preferences it is possible to sort these dilemmas out. According to our survey the brand is not that important when purchasing cholesterol lowering products. Instead proved effects and professional recommendations are of much more importance. This means that the brand will not keep the customer loyal if there is another brand with a proven effect or recommendations that weighs heavier. The consumer therefore does not care which brand it chooses but what kind of affect he/she can expect. But we should not underestimate the power of our habits that we often consume what we recognize and have tried before. Product importance was quite important and the price of moderate importance. This shows that consumers are thorough when it comes to what type of product they purchase which could be the crucial factor if a product will become very popular or not. Since our result showed this companies must be more certain to what type of products they promote. Especially since the functional food market is full of different submarkets and potential competitors. Price was as mentioned before of moderate importance but this will be analyzed further when analyzing the marketing mix.

## **6.4 Exchange**

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Exchange is the fourth of Andreasen's benchmarks and a central element of a social marketing campaign. In order to influence the target audience to the behavior change that is changing ones habits and starting to do something about their cholesterol levels they need to be provided with the motivation required to voluntarily get involved in this activity. The urge to solve an existing or potential problem such as high cholesterol originate from a negative motive and the obstacles to awake this motivation among the target audience is more or less the same as in the case of behavioral change; general awareness of cholesterol levels, distrust towards functional food and optimism towards one's own health. Therefore, awareness on the risks of high cholesterol has to be increased among the target audience. Furthermore, they have to be shown clearly the connection between consuming the cholesterol lowering functional food product and prevention of potentially dangerously high cholesterol levels, which will ultimately lead to an improved quality of life. This will make them realize the value of the product and how they can benefit by using it.

The following graph shows the correlation between the tendency to buy cholesterol lowering food products and the perceived importance of proved effects i.e. there are substantial research supporting the product's efficiency.



Graph 6.7 Tendency to buy cholesterol lowering food products and proved effect importance

According to graph 6.7 respondents purchasing cholesterol lowering food products perceive “proved effects” as an important factor when making their decision. In accordance with this, prospective competitors active on the cholesterol lowering functional food market often try to create motivation and involvement among consumers by introducing products with a distinct feature within a certain category. The proved effect is communicated through a health claim saying that the product has cholesterol lowering effects due to certain ingredients added to it and that this will have positive effects on the user’s health. In this case the claim is regulated by the European Food Safety Association. If approved a product developed by Redoxis and FHCC will be possible to market using a health claim as well, something that will be necessary in order to compete for the attention of consumers in this case. Another thing that many of the competitors have in common is using their marketing channels to provide information on how cholesterol works and the risks of it. Also, some even explain more about what regular exercise and eating healthy can do to help someone worried about high cholesterol levels. Using engaging marketing or providing the product with an engaging theme like this can increase motivation and make consumers voluntary engage. For example, Becel ensures the consumer that a little exercise everyday in combination with their products is enough to let you stop worrying about high cholesterol and the risks that it is associated with.

Apart from using a health claim to convey to the target audience the benefits of their product, Redoxis and FHCC have to find other ways to get consumers involved just like their potential competitors have. One idea is to provide the product with an engaging theme in accordance with current trends such as natural, ecological and locally produced food. This could also be a way to deal with the trust issue that functional food is struggling with. Another way is to increase the interest for the product among experts within the field of food and health. Many of the respondents who participated in our survey perceived professional opinions to be an important factor when purchasing cholesterol lowering products and by attracting the interest of for example dietitians and doctors the product might be recommended to risk group patients with a need to prevent getting high cholesterol. It is also possible to use engaging advertising in marketing the product by putting focus on cardiovascular disease rather than

high cholesterol. High cholesterol is one possible cause of cardiovascular disease which is a much more serious condition making it more relevant to consumers. According to the regulations of functional food it is possible to use a health claim that says “reduced risk of cardiovascular disease” or something similar to that as long as the actual effect of lowering the cholesterol is mentioned clearly. This applies to any claim that could appear more relevant to the consumer such as “better health” or “improved quality of life”.

According to Andreasen the benefits of the product in combination with a minimal price will create an offer that the target audience cannot refuse. In this case keeping a low price compared to products without a health claim in the same product category might prove difficult due to the extensive research that needs to be conducted when developing the product. This will be analyzed further in the category “Price”.

## **6.5 Marketing Mix**

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The marketing mix is Andreasen’s fifth benchmark and it revolves around the 4P’s; Product, Price, Place and Promotion.

### **6.5.1 Product**

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Developing an interesting, innovative and successful product is time and resource consuming and careful planning is therefore vital. Since the product which is the target for this thesis probably will be a dairy product we have researched the dairy market in Sweden. We found out that it is a big market that is growing, which is essential and good for a new product with an innovative health claim. Since the dairy market can be divided into smaller product segments it is crucial that the segment in whole is growing. It could be devastating and destructive to enter a market which is declining. The functional food market itself is harder to determine the future outcome but research indicates a growth. What we can tell is that there is a market for functional food and more and more actors are entering the functional food market with different products.

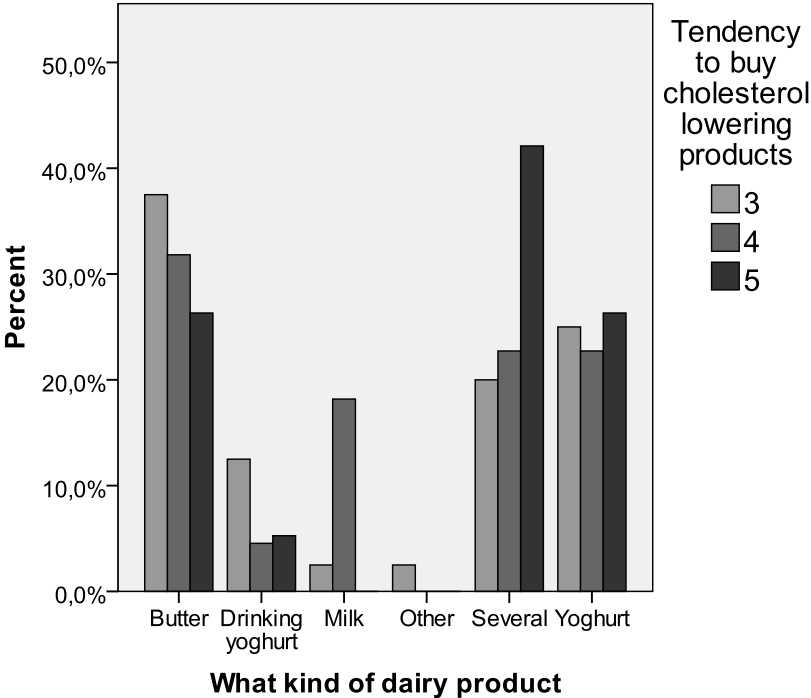
First of all, we will analyze the factors behind a successful product and then look further into what kind of product that would be suitable in our case. Nowadays people are more concerned about both our health and the products we are buying. This is needed to take into consideration when developing a functional food product. However, not only the product is crucial but also the packaging and quality. Of course the product has to meet the consumer’s needs, which in this case imply a cholesterol lowering effect as well as taste, convenience and other nutritional needs.

One crucial thing concerning the packaging is that the health claim together with information has to be visible on the package. Therefore it is very important to get approved to use a health claim so that no set of regulations will affect the promotion. This is an advantage towards competitors since an approved health claim is in fact a proven effect which our survey has shown is also important. The package should also be eye catching and easy to remember and recognize. This is because many purchases are made impulsively in the store with no further thought. Together with the health claim other information on the packaging is valuable since a lot of consumers might not know the hazards with high levels of cholesterol. Further the quality is, of course, crucial. Consumers expect that the product they are buying is of good quality and therefore will meet their needs and expectations. If the quality is good the consumer will be satisfied and as discussed earlier the consumer will advice friends and family to try it.

Consumers have needs and demands and these must be met. Unmet needs are equivalent to an unsatisfied customer. Like pointed out earlier, a functional food product must attain the attributes of regular food that is; provide energy, nutrition and enjoyment in taste and smell. But it also needs the attributes of a functional food that is preventing disease. Other important attributes is that it should, if possible, be convenient and healthy in general. Amongst pleasure these are two out of three trends in the food business that is overly represented and important to meet. Mark-Herbert even suggests that these attributes weighs heavier than proven health effects.

Since the development of functional food is expensive and time consuming it could be good ideas to use one of the branding strategies were cooperation is used. Co-branding were two companies uses their brands to enhance the experience of the product might be effective. This is also a way of sharing “know-how” and resources as Mark-Herbert points out in her notice from SLU. Of course, there are other ways. Such as licensing, this could be helpful in this case as well. One possibility is to license the invention, the substance Phytol, to an already established producer and player both on the dairy market as well as the functional food market. This way of promoting the substance and product would boost the promotion since the company in question hopefully already is well-known and respected.

But what type of product is current in our case? To answer this question we need to turn to our survey and the respondents opinions of a new product. As we can read in our empirical results yoghurt and butter is the two product categories that are most interesting for our respondents. The reason for the popularity of butter might be because of Becel and the fact that it already is a recognized product. Consumers are used to the fact that Becel is breakfast butter (even if it is not a dairy product) with cholesterol lowering effect and good for your heart. But how come yoghurt is such a popular product that would attract consumers is hard to know. It might be the fact that yoghurt is a quite popular product in general and that it is also a growing segment, almost as popular as milk. Until now we have only discussed the result of all respondents but what if we take a look at those buying cholesterol lowering products and see what type of product they prefer.



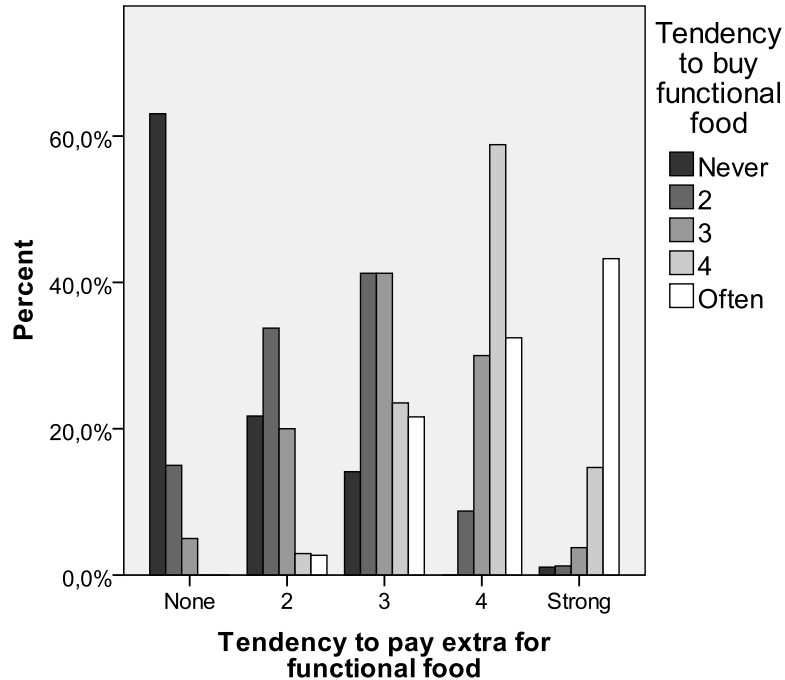
Graph 6.8 Tendency to buy cholesterol lowering food products and what kind of dairy product

Graph 6.8 is cross referenced by those who buy cholesterol lowering products and what kind of dairy product that is attractive. We have deleted those respondents that answered 1 and 2 since these respondents never or almost never buy cholesterol lowering products. What we then can see is that butter and yoghurt still are popular possibilities for a new product. Since there are products with similar effect to Redoxis and FHCC's product or substance in the already present in the butter segment (Becel and Benecol) it might be a clever move to develop another product. This is not the only way though, it could be possible to "ride the wave" of already established products such as Becel and steal market shares. The risk with this approach is that advertisement for the product could end up promoting one of the already existing products if done poorly. If we recall the graph from the empirical result including all respondents, yoghurt was the most popular alternative. This is important to take into account since there are potential consumers who are not yet regular customers of cholesterol lowering products.



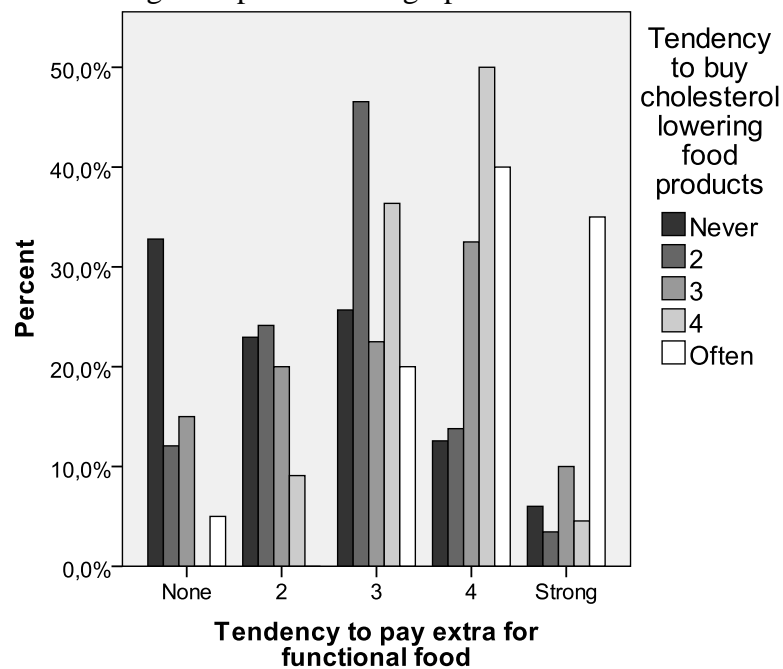
## 6.5.2 Price

Our survey shows that people in general tend to be only somewhat willing to pay extra for functional food. However, this tendency looks different when dividing the respondents into groups based on how often they buy functional food as shown in the following graph.



Graph 6.9 Tendency to buy functional food and tendency to pay extra for functional food

Graph 6.9 tells us that there is a correlation between how often the consumer purchases functional food products and how much he or she is willing to pay extra for these. As for cholesterol lowering food products the graph looks as follows.



Graph 6.10 Tendency to buy cholesterol lowering products and tendency to pay extra for functional food

Just as in the previous graph, graph 6.10 shows that there is a relationship between the willingness of paying premium and the tendency to buy cholesterol lowering food products. Apart from the research already conducted, developing the cholesterol lowering product which is the target for this study will require further extensive research before it can be approved as a functional food and finally reach the Swedish consumer market. Further, if it turns out that a novel food application and evaluation process is necessary to be able to market and sell the product together with conventional food products this process will take even longer. Research is usually associated with great costs and this will result in the product having a higher price compared to similar products without a health claim in order to cover these extra costs. To move focus away from the price, the cholesterol lowering effect and other benefits the product have should be emphasized. These have to be presented in a very convincing manner to make the consumer think that it is worth paying extra to be able to enjoy them. However, as our survey shows consumers buying cholesterol lowering functional food products regularly are generally not that price sensitive to begin with. Instead they tend to put more focus on the benefits of the product and being sure that it actually delivers the effect it claims to do. A price that is very low can even scare some consumers away doubting the quality and the effect. However, when using a social marketing approach Andreason stress the need to minimize costs in order to keep a low price. The relatively high price in this case does not necessarily contradict this as long as costs are kept at a minimum and the price is set as low as possible.

Since we have discovered that the functional food market is not very price sensitive and consumers who buy cholesterol lowering food products have a strong tendency to pay premium for these a market-skimming pricing strategy would be to prefer in this case. Also, considering the above mentioned research costs and suspicion towards low priced functional food a market-penetrating pricing strategy would be difficult to execute.

### **6.5.3 Place**

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Dairy products are mainly sold at supermarkets and conveniences stores where consumers can purchase them without difficulty. Whether they are producers of dairy products or not companies selling cholesterol lowering functional food products use this channel since it is an easy and convenient way to make the exchange with their target audience. As a matter of fact, one of the ideas behind functional food is that it should be able to be sold together with other food products instead of being classified as medication and sold at a drug store.

Redoxis and FHCC are trying to get the active substance phytol approved as a food ingredient either by applying for it to be a novel food or by presenting scientific evidence that phytol in the dose they intend to use in the dairy product can be considered an ingredient humans have consumed naturally for a substantial period of time. The reason behind this and the plans to make it a functional food is to be able to sell the product at grocery stores such as supermarkets and convenience stores just like other producers of these kinds of products. Another possible channel is health stores which is used by Aktiv for example.

In this case we can identify two possible approaches in distribution of the product; intensive and selective distribution. To make the exchange with consumers as convenient as possible an intensive approach is to prefer as the product then can be found at most grocery stores. However, we believe that the image of the product might be damaged if it is available at locations associated with low price instead of quality.

#### 6.5.4 Promotion

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When product, price and place are decided the plans for promotion have to be conducted. Since functional food, especially cholesterol lowering, products are products were consumers having a negative motive an informative strategy is to prefer. This means that it is an existing or potential problem that is reduced if the current product is consumed. Informative strategy is also what competitors use. Their homepages are filled with information, both general health information and information about the products and its effects. This information should be ensured and credible so that no doubts are woken in the consumers mind. The consumer need to be persuaded that this product in question will solve the problem and the consumer will thereby be satisfied and purchase the product again. But even if the right information is valuable the argument for selling the product should not be a “hard argument”. By “hard argument” we mean an argument that describes the benefits of the product in a way that is hard to understand. Such hard argument could in this case be that the product “lowers your cholesterol levels” instead a “soft argument” is to prefer. This is what research and history have shown where lots of successful products have been promoted with a “soft argument” such as “enjoy it and feel good”. In our case something like that could be useful but it maybe should specify that the product is good for your heart. An argument such as “take care of your heart” or “let your heart smile” could be attractive for consumers. One way of explain why information compared with a “soft argument” is to prefer is that we want credible information to understand and believe the effects but the argument should instead touch our feelings instead of the common sense.

A brand and a product need to have key benefits to be successful and these benefits according to Rita Mårtensson (2009) need to have significance and motivate the target audience, be possible for the company to deliver and last but not least be unique. Since the product will have a cholesterol lowering effect it will motivate and have significance to the target group. One way of making the product unique might be to develop a product that’s not already available on the market, such as yoghurt. Another way is to have a unique selling proposition and argument that will differentiate the product from competitors. While discussing key benefits and selling proposition we need to remember what was important for our target group which was discussed earlier. These are the aspects that should be emphasized in the promotion, not those aspects of less significance. And as we know the health claim, proved effect and professional recommendations is of significance for our target group. If the product could be established and introduced with the claim that it is superior to competitors in one way or another, this will boost the product. These superior claims might be that the product is more natural, ecological, locally produced or in other ways superior. If the consumer then is of this assumption it will prefer the superior product.

Now, if we take a look at the structural aspects of the promotion we use the big five as guidelines. Depending on what type of product it will be the product category need might be needed to create. If it’s a new product category the need for this product category has to be explained so that consumers understand the benefits of the product. Also depending on how the product will be promoted brand knowledge has to be created or at least maintained. If it’s a well known producer a quite smaller effort will be put on this. In that case more promotion is needed to create knowledge for the specific product. But what is crucial is that consumer recognizes the product. The packaging should be visible in the advertising. Since it is also a low engagement product this much needed. Furthermore it is important to create an attitude or attitudes towards the brand and the product. Since this product will be of help for people’s health the consumer’s attitude towards the product hopefully will be a good one. When created the task is to maintain the positive attitudes. This could be done by engaging the

consumer in a different way than just buying a health product or functional food. Let the consumer create a personal relationship to the product. This will certainly enhance the experience of the product. In the launch of the product purchase intent could be helpful to boost the sales and by this the consumer's get experience of the product.

## **6.6 Competition**

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Minimizing or reducing the competition faced by the behavior change, which in this case involves going from an unhealthy lifestyle leading to high cholesterol to a healthier one where cholesterol levels as well as risks of disease are reduced, is Andreasen's sixth and last social marketing benchmark. On the generic level the desired behavior faces competition by the misconceptions about functional food described earlier as well as the low awareness of cholesterol. This makes people follow their old habits rather than trying to do something about the potential problem and has to be fought by increasing awareness on these subjects. Further, we cannot identify any competition to individual change in the intervention level. However, on the subject-market level the desired behavior change face competition from other health problems that generally have greater awareness among people. The product level is difficult to say much about except that the marketing strategy will support voluntary personal change. Lastly, the brand level is also difficult to apply in this case just like most of the levels. When considering the nature of this study it becomes quite clear that this particular benchmark is most efficiently used when evaluating a marketing approach that has already been implemented.

However, rivalry between different companies and products is another story and in this study we have identified companies with functional food products that claim to have similar cholesterol lowering effects as the one which is the target for this study as main competitors. These products are not necessarily within the same product category (for example Becel's margarine and Get Aktiv's müsli) or have a similar price, but they all share a similar health claim and try to satisfy consumer needs that are very much alike. These task competitors consist of big multinationals such as Unilever (Becel) but most of them are locally based. Each of these has a range of products which can be used at different occasions to make it easier for the consumer to find their favorite. There are margarine spreads, drinks, shots, müsli among others. However, yoghurt, the dairy product that most respondents from our survey would like to see as a cholesterol lowering functional food product, cannot be found among these.

Apart from having the health claim in common, many of the competitors also promote their products in a similar fashion. On each company's homepage there is information on what cholesterol is and the risks associated with it but focus seems to be on wellbeing and a healthy lifestyle rather than the cholesterol lowering effect of the product. This could possibly be the result of products like Get Aktiv for example affects the health positively in a number of ways and therefore the company do not want the marketing to focus on only one aspect. It can also have to do with awareness of cholesterol not being that high, as our survey showed, and therefore easier for the consumer to relate to a more general health claim. Also, they provide tips on how to exercise and eat right. Since Becel's and Oatly's ranges include products often used in cooking like cream they can provide healthy recipes in which these are included.

However, the competitors differ to some extent when it comes to how they position their product. Both AXA and Get Aktiv use Swedish sport stars to promote their products and associate it with an active and healthy lifestyle. This is shown in their ranges of products as

well since they mainly consists of products like müsli, müsli bars and other healthy snacks and meal replacements designed for the person on the go. Becel and Benecol on the other hand are positioned as a way of keeping the lifestyle the consumer want to have without having to worry about the risks associated with high cholesterol. Their target audience is not as dynamic as AXA's and Get Aktiv's but still they enjoy an active lifestyle. This is reflected in each company's range of products which can be found mainly in the dairy section. They focus on various kinds of margarine, cooking cream and other products that are used on a daily basis by many people. Oatly's products are of similar character and provide a substitute to conventional dairy products. Even though they promote a healthy and active lifestyle as well they are more positioned towards giving lactose intolerant people a substitute to milk and other dairy products.

The new product from Redoxis and FHCC has benefits that make it ideal to focus on the health aspect of it but that will not be enough to differentiate from the competitors mentioned above. If we follow Andreasen's advice and go for a market-nicher strategy in order to avoid competition as much as possible the product would need some attribute or be marketed in a way that is unique. One way could be to position the product in a category where no other cholesterol lowering products exist. As mentioned before there is no cholesterol lowering yoghurt on the market today and by introducing one people who like yoghurt and worry about high cholesterol can find a product suitable for them. Furthermore, the competitors emphasize many other aspects of their products besides the cholesterol lowering effect. Therefore, by focusing mainly on this effect in all marketing the new product could gain a specialist position becoming the first choice for people with awareness about their cholesterol levels.



## 7. Conclusions

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*In this chapter we will present to the reader the conclusions we made about the analyzed empirical data which is also the answer to our research questions. To facilitate for the reader we have divided our conclusion based on our research questions. Further, suggestions for further research within the field will be made.*

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### **7.1 What would be a suitable market strategy for new cholesterol lowering food product with the aspiration of being approved as a functional food?**

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To answer the first question we have designed a strategy upon the theories of social marketing and our knowledge from university studies. The strategy contains of a target segment and the marketing mix. Even though there exists threats toward a development and promotion of cholesterol lowering product this might help to reduce these threats. One threat is that the awareness of cholesterol levels is low among the population and another threat is that a lot of people consider them as healthy and therefore in no need of functional food products. If they were in need, many people prefer to live a healthy lifestyle which consists of a healthy diet and exercise. The third threat is that there exists skepticism towards functional food products for being artificial and unnatural. Consequently a behavior change is needed among consumers to create a larger interest and demand for functional food products. This could seem as a difficult task but it is surely manageable if you know where to start.

First of all, we were not able to determine whether or not a new cholesterol lowering food product from Redoxis and FHCC would be able to be approved as a functional food. With no study conducted on human subjects showing positive results we can only speculate on the outcome of an evaluation process. The same goes for the matter of novel food. The effect being scientifically proved is perceived as important by consumers and without a health claim the success of the product seems unlikely. However, research conducted on animal subjects appears to be promising and therefore we would like to base the rest of our conclusion on the assumption that the product will be approved as a functional food and if necessary also a novel food.

#### **7.1.1 Target audience – 40+ with awareness of their cholesterol levels**

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First of all we have come to the conclusion that, in accordance to Mark-Herbert, “the sufferers” should be targeted first to build knowledge of the product and also acceptance. The sufferers in this case are people that are aware of their cholesterol levels and that have levels that are above the preferred ones. As shown from our research and survey these consumers are older individuals, more précised over 40 years. It is a fact that older persons in general are more aware of their cholesterol levels. Another thing that our research has shown is that women are to a higher degree than men willing to accept and buy functional food products. This could be a way of positioning the product later in the process. Then, why do consumers purchase cholesterol lowering products? Well, simply because they need to lower their cholesterol levels. That is why a campaign to increase the awareness of cholesterol levels would be very appropriate to expand the target group “sufferers”. A larger awareness of cholesterol levels among consumers will let the target group grow. The reason for this is that consumer would now be faced by a possible problem and then actively try to find a way to solve this. This is where FHCC and Redoxis’s new product come in handy. This is also a way

of changing the, sometimes too, optimistic view many people have on their own health and their attitude that they do not need functional food products because of their good health.

## **7.1.2 Marketing mix**

### ***7.1.2.1 Product - Yoghurt***

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Based on the results of our survey and research we have determined that yoghurt would be a suitable dairy product to develop into a cholesterol lowering functional food. Even though it is hard to confirm with hard numbers, the functional food market is expanding and getting more popular among consumers. The statistics from SCB show that the yoghurt segment<sup>11</sup> is almost as big as the milk segment, and that it has been growing vigorously over the last couple of years. Yoghurt was also the most popular dairy product in our survey when including all respondents. Since there already exist cholesterol lowering products within the butter segment it might be a good opportunity for a new product with cholesterol lowering effect to enter a new product segment, such as previously mentioned yoghurt. In this way it will be possible to niche the product as it will be the only one with this specific quality and therefore be able to take market shares from financially strong competitors with less competition.

### ***7.1.2.2 Price – relatively high***

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Further, our research also shows that consumers buying functional food regularly are willing to pay extra for this kind of product. This price insensitivity will allow the product to have a price that is higher than that of similar products without a health claim. Also, this is supported by the tendency of consumers to perceive the claim as more credible if the product has a premium price.

### ***7.1.2.3 Place – grocery stores***

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Since, one of the ideas behind functional food is to be able to sell “medicine-like” products together with other food products it has been quite clear from the start that the preferable channel would be locations where consumers make their grocery purchases such as supermarkets and convenience stores. Convenience and availability is important to the consumer and therefore the cholesterol lowering product should be present at as many of these locations as possible.

### ***7.1.2.4 Promotion***

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In promoting the product the health claim will be an important part as it allows the company to describe one of the main key benefits. According to the regulations of functional food the risk factor which is reduced (in this case lowering the cholesterol) must clearly be stated in all marketing situations. However, there is some room for modifications and it would be preferred to use a soft argument rather than a hard and very informative one in this case. Through this the key benefits of the product can be described in a way which makes it easy for the consumer to relate to the product and understand what it does; lower the cholesterol and reduce the risk of cardiovascular disease. Besides focusing on the health claim and the scientifically proved effect, professional opinions which consumers perceive as important should be included in the promotion somehow. If possible the product should also be promoted as natural or ecological since these kinds of attributes are important to many consumers as well. Channels such as the homepage should be used to provide the consumer with information on cholesterol and risks associated with it to try to increase awareness on the

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<sup>11</sup> The yoghurt segment also contains of sour milk.



topic. Also, other initiatives to increase awareness should be taken since there is a connection between awareness of cholesterol and the tendency to buy cholesterol lowering food products. Relating the product to this is a needed to create brand knowledge since the consumer in this case requires and explanation to what the product actually does. A low engagement product like this also needs to be displayed clearly in each marketing situation in order for consumers to recognize it.

### **7.1.3 Competition**

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Lastly to sum up we would like to draw some conclusion of the competition in the segment of products with a cholesterol lowering effect. This does not refer to a product segment but segmentation by the effects associated with various products. What our research has shown is that there are quite a number of different products with a cholesterol lowering effect on the market. This gives the consumer a number of possible products to choose from and a thorough analyze of in which product segment to enter is therefore necessary for producers of cholesterol lowering products. Furthermore, potential threats could also be that consumers leading a healthy lifestyle with a lot of exercise and food products rich in nutrition.

## **7.2 Are social marketing principles applicable when creating the market strategy?**

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In our research we used Andreasen's six social marketing benchmarks as a starting point to decide on the categories around which the marketing strategy of the new cholesterol lowering food product would be developed. This was an attempt to investigate if a social marketing approach would be possible to implement in this case. As a product the cholesterol lowering food product would fulfill the basic requirements of being beneficial to the individual in particular through reducing the risk of disease and also to the society through reduced healthcare costs. Moving on to the six benchmarks, Andreasen views behavior change and exchange as the two of most significance ones. The former is well established in the case of the cholesterol lowering product as it revolves around making the target audience break a bad habit and start a new healthier lifestyle by using the product to reduce cholesterol levels. The exchange revolves around creating an offer where the combination of benefits and low price make it hard for the consumer to refuse the product and at least regarding the benefits to behavior change these are attractive, especially if a health claim is used. However, regarding the price we think that it would be difficult to keep it low compared to similar products without a health claim from a business point of view, but a low price in the sense of as low as possible for the specific product would work.

We see no problem in applying "consumer research" and "segmentation and targeting" as knowing your primary target audience and their needs and wants are important parts of any marketing strategy. A slight difference might be that social marketing focus on the intervention to behavior change but since that is an essential part of the cholesterol lowering food product it would be considered that it is applicable. Moving along to the marketing mix more or less all of the 4P's are possible to implement in the marketing strategy in accordance with the benchmark. We were able to identify a product with benefits attractive to the target audience, a convenient place for the exchange and a way to communicate a strong message. However, when considering the price we are not sure if costs can be minimized enough due to the extensive and costly research that needs to be conducted. Lastly, the benchmark of competition being faced by the behavior change is difficult to determine whether it is

applicable or not in this case. Partly because the market strategy has not yet been implemented and partly because of the nature of the empirical data gathered for this study.

Overall, the research supports that in designing a marketing strategy for a cholesterol lowering food product a social marketing approach may very well be successfully implemented despite the commercial nature of the product itself. However, this assumes that “low price” means the lowest price the company can put on the specific product from a business point of view. Also, it provides that competition faced by the behavior change can be minimized.

### **7.3 Suggestion for further research**

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In this study there are some areas where we did not have the time or the resources to conduct any extensive research. Within these areas there are a number of different approaches for further research in the future. Such further research could help broaden the knowledge about functional food. We suggest that more studies should be done on three different fields. First off all, studying the segmentation process further would bring a deeper understanding of the motivation and attitudes of consumers within the segments targeted for a cholesterol lowering product. Due to shortage of time we did not get a chance to dig deeper in this area. If the segment could be divided into smaller segments with the same motives but different lifestyles and other aspects a more thorough approach for promotion could be developed. Secondly, further research on the product should be produce and the implementation of the promotion could be an interesting topic. This could bring a deeper understanding in what options there are available for production of the product as well as interested producers.

Lastly, we believe research concerning the functional food marketing and its future potential and growth is something that is urgently necessary. One problem we had in trying to determine the market size was that there was no up to date information on how big the market is and where it is headed. We were only able to find outdated numbers who had to be used as guide lines for us to determine the market size as we did not have time to do research on this area ourselves. Even though a lot of different factors indicate that this market is growing we could not know for sure. When further research like this is conducted mappings of which functional food products that are available on the market could be done. A register like this could be very helpful both for marketers but also consumers who could easily find a product that solve their problems and satisfies their needs.

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## Appendices

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### Enkätundersökning

#### 1. Ålder

- 20      21-30      31-40      41-50      51-60      61-70      71-

#### 2. Kön

Man      Kvinna

#### 3. Köper du livsmedelsprodukter med ett hälsopåstående regelbundet (Functional food)?

Aldrig      1      2      3      4      5      Ofta

#### 4. Hur benägen är du att betala extra för livsmedelsprodukter med ett hälsopåstående? (Functional food)?

Inte alls      1      2      3      4      5      Mycket

#### 5. Hur medveten är du om dina kolesterolvärden?

Inte alls      1      2      3      4      5      Väl medveten  
medveten

#### 6. Hur påverkar dina kolesterolvärden dina matvanor?

Inte alls      1      2      3      4      5      Mycket

#### 7. Hur regelbundet köper du kolesterolsänkande produkter?

Aldrig      1      2      3      4      5      Ofta

#### 8. Vad är viktigt vid köp av kolesterolsänkande produkter?

	Helt oviktigt				Viktigt
Märke	1	2	3	4	5
Pris	1	2	3	4	5
Typ av produkt	1	2	3	4	5
Bevisade effekter	1	2	3	4	5
Professionella rekommendationer	1	2	3	4	5

Annat \_\_\_\_\_

**9. Vilken typ av kolesterolsänkande mejeriprodukt skulle du helst köpa?**

Lik existerande sortiment

Ny, innovativ

Annat\_\_\_\_

**10. Vilken sorts kolesterolsänkande mejeriprodukt skulle du vara mest intresserad av?**

Mjölk

Yoghurt

Smör

Drickyoghurt

Annat\_\_\_\_\_

**Tack för din medverkan!**

**Interview template to supermarket representatives**

1. Vilka produkter med närings- och hälsopåstående har ni i ert sortiment?
2. Hur går försäljningen för detta produktsegment?
3. Vad tror ni om försäljningen av hälsoprodukter under 2011 och längre fram i framtiden? Hur ser efterfrågan ut? Är det på väg uppåt eller neråt?
4. Hur ser det ut med aktörer på FF marknaden? Har de blivit fler eller färre de senaste åren?
5. Vilka kolesterolsänkande produkter har ni i ert sortiment?
6. Vilken säljer mest? Vet ni varför?
7. Vilken är populärast?
8. Vilka trender kan ni se när det gäller hälsoprodukter/kolesterolsänkande produkter?
9. Hur ser konsumenterna ut som är intresserade av dels hälsoprodukter och dels kolesterolsänkande produkter? Ålder, storkunder, kön med mera?
10. Finns det några behov som inte är mötta av existerande produkter?



## Interview template to SNF

### Novel food

1. Skulle fytol i egenskap av ingrediens kunna godkännas som en Novel food?
2. Ser situationen annorlunda ut om vi talar om en mejeriprodukt eller matolja med ökade nivåer av fytol?
3. Hur ser processen ut för att få det godkänt som ett Novel Food och hur ser tidsramen ut?
4. Vilka krav finns för studier av Novel Food-produkter när det gäller godkännande av registrering och marknadsföring?

### Functional food

1. Hur ser det regulatoriska verket ut i och med förändringarna i år? Vad skiljer (EG) nr 1924/2006 från tidigare versioner?
2. Hur ser processen ut för att kunna få igenom ett hälsopåstående? Vilka tidsramar och krav på klinisk bevisning finns?

### Vetenskaplig saklighet

1. Vad behövs för att man ska få använda sig av ett närings och hälsopåstående i fallet med den aktiva substans som Redoxis har tagit fram? (Primärt 14.1 men även 13.1 i (EC) no 1924/2006)
2. Vilken sorts påstående vore lämpligt?
3. Hur kan produkten utformas för att gynna marknadsföringsmöjligheterna?

### Konsumentrelevans

1. Vad bör man tänka på för att hälsopåståendet inte ska bli vilseledande för konsumenterna?
2. Hur bör marknadsföring och märkning se ut?

### Villkor

1. Skulle en mejeri produkt (t.ex. yoghurt eller smör) med ökade nivåer av substansen kunna uppfylla villkoren som föreskrivs av förordningen? Hur är det med (mat)olja?
2. Vilka riktlinjer finns angående dosen av den aktiva substansen?

### Ordalydelse

1. Hur skulle hälsopåståendet kunna utformas? (Vad tycker SNF om förslag som tagits fram?)  
Kolesterolsänkande effekt, Bra för hjärta och kärl, Bra för hälsan etc. (?)
2. Vilka formuleringar bör undvikas?