# SUCCESSFUL SUPERFRUIT STRATEGY

How to Build a Superfruit Business

Karl Crawford & Julian Mellentin

# SUCCESSFUL SUPERFRUIT STRATEGY

## How to Build a Superfruit Business

Karl Crawford & Julian Mellentin

NEW NUTRITION BUSINESS

WOODHEAD PUBLISHING LIMITED

Published by
New Nutrition Business
The Centre for Food & Health Studies
Crown House
72 Hammersmith Road
London W14 8TH
UK
Telephone +44 (0) 207 617 7032
www.new-nutrition.com

Distributed into the book trade by Woodhead Publishing Limited
Abington Hall
Granta Park
Great Abington
Cambridge
CB21 6AH
UK
www.woodhead-publishing.com

This edition printed June 2008



British Library Cataloguing in Publication Data.
A catalogue record for this case study is available from the British Library.

New Nutrition Business ISBN 978.1.906297.11.1
Woodhead Publishing Limited ISBN 978.1.84569.540.8

Our thanks to HortResearch for supplying the images on front cover and pages 25, 31, 33, 34, 40, 46, 88, 116, 126, 132, 150 & 164. Please note that these images are copyright of HortResearch.

All other pictures used in this book are publicly distributed publicity images.



British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library.

Library of Congress Cataloging-in-Publication Data
A catalog record for this book is available from the Library of Congress.

# Acknowledgements

A book like this doesn't get written without help from numerous people, so thanks to:

Julian Mellentin - your report *Superfruit: Eight key case studies in marketing healthy fruit* started me wondering what made some fruit more successful than others, and of course for deciding to write the book and pushing me to do it. An amazing opportunity and experience and one that I never thought that I would have.

My HortResearch colleagues:

Wendy Cashmore and Andrew MacKenzie who critiqued the original six elements idea and gave me valuable feedback and encouragement that I wasn't completely mad.
Michele Napier who went beyond the call of duty finding information - truly a Knowledge Navigator.
Lynley Browne for getting me up in front of an audience and making me refine the ideas and for opening doors that I could never have opened for myself.
Roger Bourne for asking questions about what it all means and then making me sound good.
My Business Development colleagues - Greg Mann, Beth Stark, Nicola Jackson, Sue Muggleston, Kieran Elborough - see guys, all those discussions really did sink in.

Finally, thanks to my incredible wife Belinda for her support,encouragement and delight that I was writing a book.

*Karl Crawford*

My thanks are due to Georgia Lopesi, for coping with the many changes that the book underwent during its gestation, and to Mei-Lin Hansen and Adrienne Clarke for their edits, without which completing this book would have been very painful.

Thanks, too, to Karl Crawford for being such a pleasure to work with and for doing so much of the good thinking that went into this work.

*Julian Mellentin*

# About the Authors

HortResearch
Rangahau Ahumāra

## **Karl Crawford,** Business Leader – Food, HortResearch

HortResearch is a New Zealand-based science company, acknowledged as a world leader in integrated fruit research. Home to the world's largest fruit compound database, as well as leading-edge fruit science, HortResearch has earned acclaim as the name behind the development of numerous successful fruit varieties including ZESPRI™ GOLD Kiwifruit and ENZA JAZZ™ brand apples.

Karl joined HortResearch in 2003 after spending 20 years in a range of business-to-business sales and marketing roles for food, beverage and chemical companies. His previous appointment was as Regional Business Manager, Asia Pacific for Rhodia Food SA (now part of Danisco) where he oversaw new product development and commercialisation of numerous successful products.

As the Food Business Leader for HortResearch, Karl works with industry and science collaborators to commercialise science outcomes from the company's multi-million dollar Food and Health research programme.

kcrawford@hortresearch.com

NEW NUTRITION BUSINESS

## Julian Mellentin

Julian Mellentin is one of the world's very few global specialists in the business of food, nutrition and health.

He is director of the *New Nutrition Business*, a company that has provided research, analysis and forecasting of the global nutrition business since 1995. The company is based in London and has offices in the US and New Zealand.

Julian is co-author of *Functional Foods Revolution; Healthy People, Healthy Profits?*, the first-ever book on the business of functional foods, now translated into Japanese.

He is also co-author with Peter Wennström of *Commercialising Innovation: The Food & Health Marketing Handbook.* He is the Editor of *New Nutrition Business*, the long-established international journal on the global nutrition business (www.new-nutrition.com), which his company publishes, and *Kids Nutrition Report* (www.kidsnutritionreport.com), the only industry journal in the world on this rapidly developing business issue.

Much in demand as a speaker on functional foods, nutraceuticals and innovation in nutrition and health, Julian also provides businesses worldwide with strategic consultancy on the commercialisation of nutrition science and the development of nutritional brands.

Julian earned his undergraduate degree at The Queen's College, Oxford, UK, and his MBA at Manchester Business School and spent the early part of his career marketing branded products in Europe.

julian.mellentin@new-nutrition.com

# Contents

## Part I

# Part II

# List of charts



# List of tables

# CHAPTER 1

## Fruit: the future of food & health

## KEY POINT SUMMARY

- Fruit based products will be the most important drivers of the wellness trend and of the healthier diets that are now redefining the global food and drink industry. Fruit, in many new and varied formats, is the future of food and health.

- More than any other food, fruit has a halo of health. It's a halo that's being made brighter all the time as a steady stream of news about fruit's benefits makes its way into a media eager for simple and positive stories about healthy eating.

- Fruit is seen by consumers as one the few things they can eat as an indulgence without feeling guilt. Fruit scientists and celebrity nutritionists support a wealth of "all-natural" health benefits for fruit, which has become a credible carrier of health messages.

- The sweetness of fruits, their taste and texture and their portability make them much more appealing to consumers as an all-natural way to eat more healthily than almost any other food.

- The 5-a-day education message – a worldwide consumer communication effort that encourages people to eat five servings of fruit and vegetables a day – has not been successful in changing consumers' habits.

- People know they should more fruit but they don't know how. They know they should eat fresh fruit, but they don't, because fresh fruit is just not convenient enough.

- Fruit drinks have stepped into the breach to address this widespread problem and an increasing number are positioned as delivering one or more of the recommended five servings a day. Fruit drinks that carry a clear message that they deliver one or two of your recommended five-a-day provide, as far as consumers are concerned, all the benefits and taste of fruit with none of the mess and inconvenience. In other words, in drinks fruit comes in a convenient, portable form.

- Berries (and specifically blueberries) are the exception to this rule – in some markets fresh berries are showing 20% to 30% per annum growth in sales – the reason is that in addition to their strong health image berries are convenient.

- Although the future of functional foods lies in fruit, the picture that is emerging is not straightforward. The central importance of convenience to consumers means that fruit in convenient forms will see growth, while most fruits sold in fresh forms will continue to see modest sales increases – or none at all.

- What is particularly striking is how much consumers are willing to pay for fruit when it's convenient. Consumers are willing to pay 50% more for two pieces of fruit delivered in a convenient and delicious drink than for the same quantity of actual whole fresh fruit!

- If "naturally healthy" fruit in convenient formats is growing so strongly, what then is the need for superfruit? The answer is that superfruits represent an evolution of the health-plus-convenience strategy.

- A superfruit is not something you find growing on a tree. It is made not born. A superfruit is the product of a deliberate business strategy that brings together science, marketing and the growing consumer interest in health, it is the product of a strategy which enables a fruit to be marketed for its superior health benefits.

- The fact that there is no scientific or regulatory definition of superfruit doesn't matter. The term superfruit is a marketing term and has become a shorthand way of describing the marketing of fruits with health benefits. The emergence in recent years of the idea of superfruits is no short term trend that will die away, it is a fundamental shift. Companies that are willing to engage with the new rules of the superfruit market can expect to earn far higher profits than the food industry, and the fruit growing industry, has been used to.

# A bright future for fruit

If you are in the business of whole fruit, fruit beverages or fruit ingredients, you can look forward with more optimism than most sections of the food industry, to a bright future, thanks to the wellness trend which has been sweeping the food industry for a decade, and which reached its tipping point in 2004.

Fruit-based products, alongside dairy, will be the most important drivers of the wellness trend and of the healthier diets that are now redefining the global food and drink industry. Fruit in many new and varied formats is the future of functional foods.

The outlook for fruit, and fruit-based products is good because, in broad terms, fruit has advantages that no other food category possesses.

## The halo of health

More than any other food type, fruit has a halo of health. And it's a halo that's being made brighter all the time as a steady stream of news about fruit's benefits, such as fibre and antioxidants, makes its way into a media eager for simple and positive stories about healthy eating.

Fruit is seen by health-conscious consumers as one of very few things they can eat as an indulgence without feeling any guilt. Fruit's health halo is constantly burnished by public health campaigns such as "5-a-day" that remind us in the supermarket and in the media that we need to consume fruit to maintain health. Fruit scientists and celebrity nutritionists support fruit's "all natural" health benefits. There's no denying that fruit – sweet, delicious and easy to eat – is thus a credible carrier of health messages.

## Intrinsic healthfulness and naturalness

The most commonly adopted functional foods strategy – one that is the least risky and that is proving successful for an increasing number of foodstuffs – is not launching new products with added health ingredients but instead marketing foods' intrinsic health benefits.

Over the last decade, thanks to the rapid evolution of nutrition science, the intrinsic health benefits of many components of the diet have been revealed and have been turned into marketing messages. One example is olive oil, sales of which continue to grow as consumers respond to messages about it being an intrinsically healthier choice. Other products making claims for their intrinsic healthfulness are oats, wholegrains, almonds, tea, red wine and oily fish. In other words, the so-called superfoods. The naturally healthy message is very appealing to health-conscious consumers and can be – at least for a while – a driver of sales growth (see Box: Superfood becomes an everyday marketing term on page 24).

Fruit's health halo is a key factor for marketing intrinsic healthfulness. One of the best examples of the power of this strategy is cranberry juice, sales of which increased phenomenally between 1994 and 1995, when the link between cranberries and their intrinsic ability to reduce incidence of urinary tract


The attraction to consumers of foods whose health benefits are an intrinsic feature and do not result from added ingredients or special processing is a magnetic one and it is a key factor in the dramatic reversal in the fortunes of oats. Packs of Quaker Oats, for example, prominently feature the "100% Natural" message.

infection (UTI) was first established. Thus cranberry can be said to have become the first superfruit.

In a study conducted by Nielsen in 2006, 60% of UK consumers said they preferred to get health benefits not from fortified foods but from foods that are "as natural as possible". Another big trend in the global food industry has been the re-positioning of processed foods to exploit this consumer preference.

The message that a food or food component is naturally and intrinsically healthy is one of the most persuasive in food marketing. Importantly, to a small but significant swathe of consumers in most countries the word "natural" by itself means "healthy".

The main beneficiaries of consumers' desire for natural foods have been fruit-based foods and fruit drinks. Juice makers have been particularly successful because they have been able to combine convenience, health, taste and naturally healthy in consumers' minds. Furthermore, by marketing "naturally health enhancing" juice, beverage makers can reduce their reliance on added (and expensive) ingredients such as cholesterol-lowering plant sterols, which either raise the selling price far above what consumers will pay or cut a fine margin even finer.

In short, fruits are all natural, offer natural and intrinsic health benefits and connect perfectly with the worldwide consumer desire for products that give natural health.

## Sensory appeal

The sweetness of fruits, their taste and texture and their portability make them much more appealing to consumers as an all natural way to eat more healthily than almost any other food. Vegetables, by comparison, have a distinct perception problem. They are perceived as inconvenient, not at all portable, difficult to prepare and as having tastes that are unfavourable. Furthermore, fruit juices have the edge over vegetable juices in terms of consumer appeal – just think of pure carrot juice, for example, long a staple of the health food store, but a simply unacceptable taste to the mainstream consumer. Until they can be made to taste as sweet as fruit, vegetable juices will continue to be a smaller market.

# Health and convenience – the future of fruit

## Why processed, convenient forms are the driver for fruit

Although the future of functional foods lies in fruit, the picture that is emerging is not straightforward. It's not going to be whole, fresh fruit that will dominate the future, instead it will be processed fruit – fruit made available in convenient forms, especially juice drinks. This has some very specific implications for strategy which will be explored in Chapters 4, 5 and 6.

The reason for the consumer preference for fruit drinks over fresh fruits is simple. As Elizabeth Pivonka, president of the US Produce for Better Health Foundation, which runs the 5-a-day consumer education campaign, put it:

"The overall trend in consumption isn't going to continue to increase because one of the main reasons consumers don't eat more fruit is that they say they're not convenient."

To this, adds fruit marketing guru Professor David Hughes, Emeritus Professor of Food Marketing at Imperial College London and director of KG Fruits, Europe's largest berry fruit company: "Fresh products are not in the formats that meet people's lifestyle needs. As a result, the value that the fresh fruit industry should be capturing is being stolen by consumer goods companies. What form do you think people under 35 will eat fruit and vegetables? More than half – maybe much more – will be in processed formats.

"Meanwhile the produce industry is saying 'what's going on here?' In marketing terms the fresh produce industry is only just emerging from the primeval swamp."

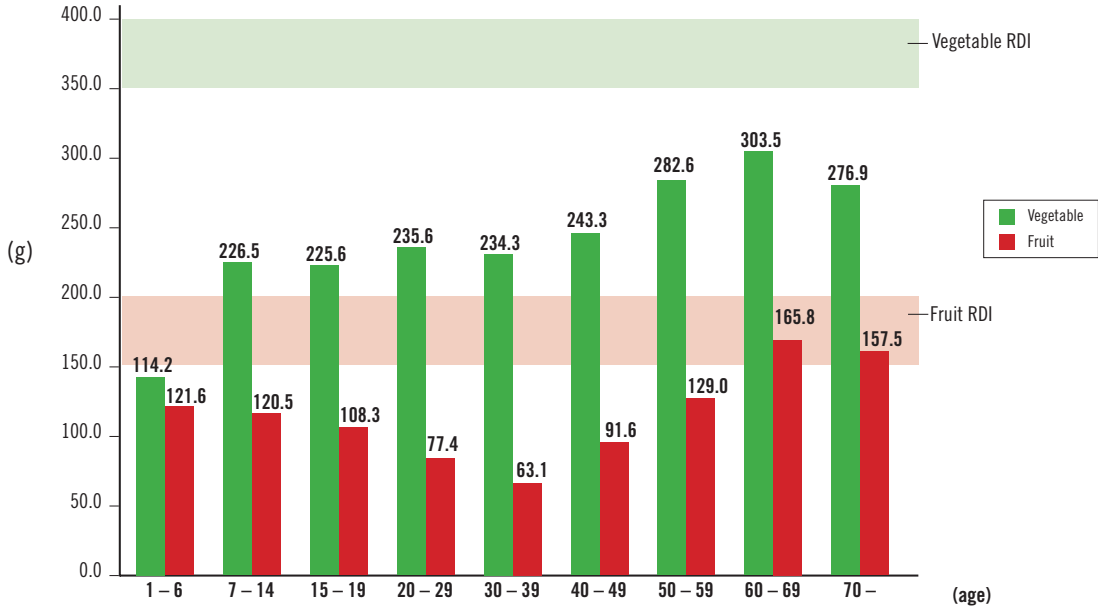
Robert Verloop, vice president of marketing for California-based Sunkist, the world's largest citrus company, concurs: "We're a bunch of time-starved, two-income families now, and fruit is one of the more difficult food items because it doesn't pass the [car] dashboard-dining test like a McDonald's burger does."

Berries (and specifically blueberries) are the exception to this rule – in some markets fresh berries are showing 20%-30% per annum growth in sales. The reason is that in addition to their strong health image berries are convenient. These small fruit need no peeling and are easy to eat from the hand. If other fruits can achieve the same level of convenience then they too might enjoy more popularity with time-starved but health-conscious consumers.

The central importance of convenience to consumers means that fruit in convenient forms (processed) will see growth, while most fruits sold in fresh forms will continue to see only slight sales increases – or none at all.

Supermarket sales figures bear this out. They show sales of fruit drinks, particularly products with a clear health platform such as smoothies, romping ahead. For

## Chart 1: Vegetable & Fruit Consumption Japan, 2004




Regardless of age, Japan's citizens are severely deficient when it comes to consumption of vegetables and fruit. Low fruit consumption is particularly conspicuous among those in their 20s and 30s.

NB: Fruits which require peeling generally tend to be underconsumed by busy people.

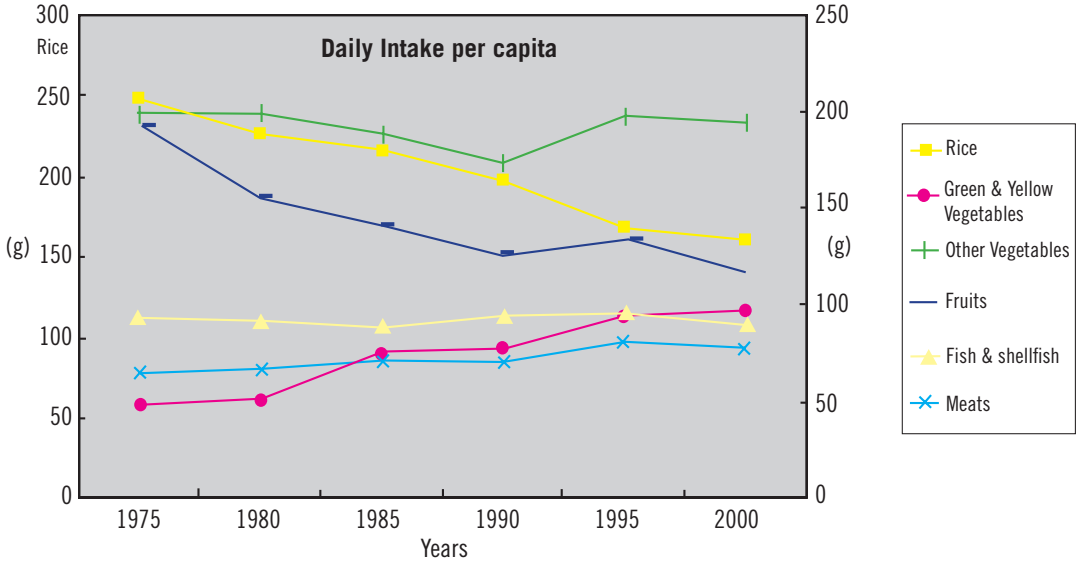
*Source: MHLW: National Nutrition Survey 2004*

example, UK smoothie company Innocent Drinks has grown from zero to over £120 million ($245 million/€173 million) in retail sales in the period 1999-2007. Innocent Drinks explicitly markets its products – which are made solely of crushed fruit with no additives – as offering the same benefit in one 250ml bottle as one piece of fruit. It's what strategists call a "product substitution", and elsewhere has been called "whole category substitution" – a common strategy in which a processed food offers the same health benefits as an unprocessed food, but with the added benefit of extreme convenience (Wennström & Mellentin, *The Food & Health Marketing Handbook,* 2003). As we show, it's a common strategy which is already being used in relation to fruit.

Sales of fresh fruit, meanwhile, are lucky to see 1%-2% growth – and per capita consumption is actually declining in many countries. Even in ultra-health-conscious Japan, sales of fresh fruit are tumbling among the under-50s, and twenty-somethings consume less than half what their parents eat (see Charts 1 and 2). The reasons are easy to find and are the same as in most industrial countries – fresh whole fruit is simply not convenient enough.

It's not only Japan where fruit consumption is static. Per capita consumption of fruit in the US has also been static or declining since 1995 due, in part to US consumers being so convenience-conscious. Consumption of blueberries, however, has doubled in the five years to 2005. Chart 3 shows that overall fresh fruit consumption is static, with oranges, apples and bananas all declining, but with blueberries, a niche fruit, doubling over the period 1996-2005.

## Chart 2: General Food Consumption Japan, 2004




Japanese rates of vegetable consumption have not undergone dramatic change but a decrease in fruit consumption is clear.

*Source: MHLW: National Nutrition Survey 2004*

Overall, volumes of fruit sold worldwide are on the increase, but this is driven by population growth and masks the reality of flat or falling per capita consumption.

Notably bananas, the staple for smoothie bases and perhaps the easiest to peel and eat of all fresh fruit, have seen sales decline almost 9% over this period.

In short, it appears that the 5-a-day education message – a worldwide consumer communication effort that for over a decade has aimed to educate people to eat five servings of fruit and vegetables a day for better health – has not been successful in changing consumers' habits.

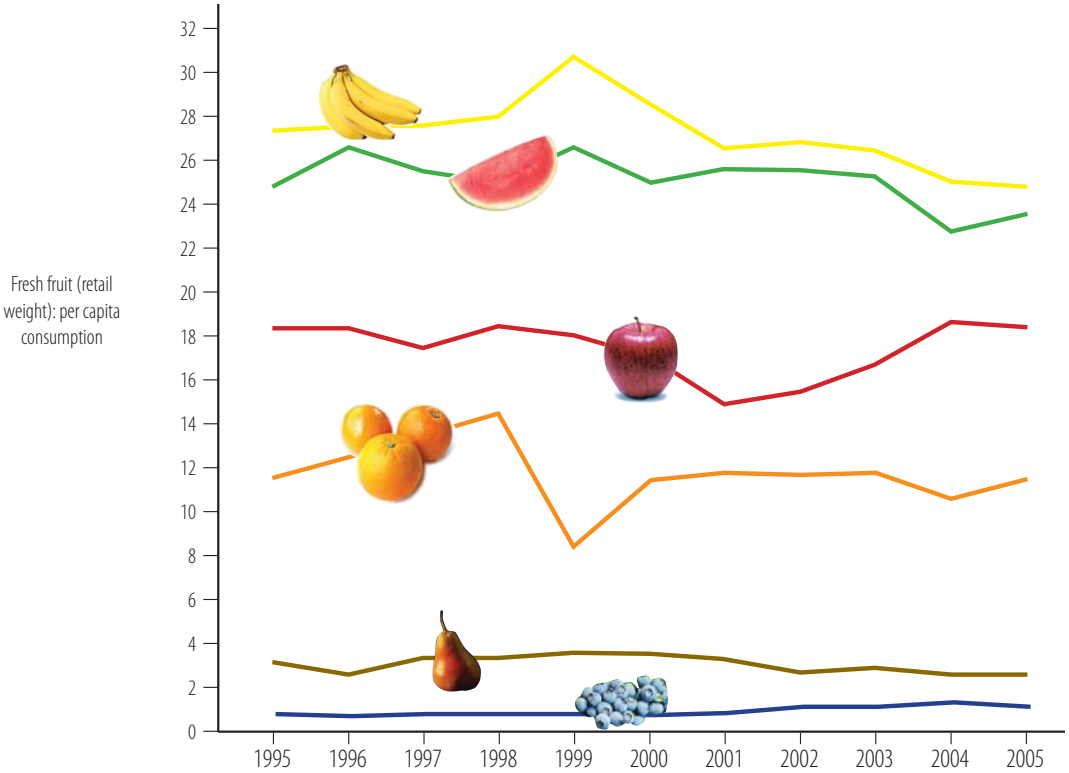
To take just one example, in July 2007 the US-based International Food Information Council (IFIC) published its annual survey of American consumer

## Americans don't use their diets to control health conditions

Unsurprisingly, maintaining wellness and managing weight are more motivating reasons for Americans than fighting or preventing disease. While 70% of people used diet to manage their overall wellbeing, just 37% used diet to address a specific health condition – a proportion of Americans which has remained unchanged for several years. Encouragingly for those developing functional foods, fully 40% of those surveyed said that they were consuming more of a specific type of food or beverage to improve the healthfulness of their diet – a significant increase over the previous year's survey.

But whatever it is that people are consuming more of to improve the healthfulness of their diet, it certainly isn't more fruits and vegetables.

## Chart 3: Individual fresh fruit consumption per capita US, 1995-2005




American consumers' obsession with convenience has contributed to a static (and in some cases, declining) per capita consumption of fruit. Fresh whole fruit requires an extreme makeover to maintain its attraction in our busy, time-pressed lifestyles.

*Source: US Department of Agriculture*

attitudes towards food, nutrition and health. IFIC, a respected organisation which is funded by the food industry, exists to communicate science-based information about food, nutrition and health. It conducts its survey every year among a representative sample of a thousand Americans and provides useful tracking of changes in consumer attitudes.

On average, in 2007 Americans reported eating just 2.5 servings of fruit and vegetables a day – unchanged from 2006. As in 2006 only 12% of those surveyed admitted to actually eating their recommended 5-a-day. It doesn't require much insight into consumers to figure out that time-pressured lifestyles, a lack of home-cooking from scratch, and the perceived inconvenience of preparing vegetables and even of peeling fruit have got a lot to do with reducing the consumption of healthy levels of fruit and vegetables.

IFIC's survey corroborated similar findings, published in 2006, by researchers at the US Department of Agriculture and the National Cancer Institute (*Journal of the American Dietetic Association,* Sept. 2006).

According to their research, just 40% of the American population met the recommendation to eat an average of five or more servings of fruits and vegetables per day. Among children:

## New Zealanders don't eat enough fruit

New Zealanders are not eating enough fruit and vegetables. Research by the nation's Cancer Society found that although over two-thirds of New Zealand adults knew that eating fruit and vegetables is important for their health and enjoyed eating fruit and vegetables, around half – 48% – did not translate this into appropriate behaviour; that is, eating at least five servings of fruit and vegetables daily.

A spokesperson for the Society said that the survey had uncovered a significant amount of confusion: "What we found was that most of those not eating enough fruit and vegetables wrongly believe that they are eating enough to keep them healthy."

The Cancer Society is concerned that people don't recognise or understand the link between consuming fruit and vegetables and preventing some cancers.

*Source: Pulp Fiction – the Facts Harvested*

- 48% aged two to three had an adequate intake of fruits and vegetables
- 0.7% of boys aged 14 to 18 got their recommended daily intake of fruit and vegetables
- just 10% of girls aged four to eight got their recommended daily intake of fruit and vegetables

Among adults:

- as high as 60% of men aged 51 to 70 met the recommended five
- only 17% of women aged 51 to 70 met their recommendation
- fewer than 11% among all other sex-age groups met their goals

Among the reasons for the failure of the 5-a-day message to make much headway are:

- consumers' lack of awareness of what constitutes "a serving" (what size it is, what it looks like)
- consumers not relating the message about "a serving" to their actual eating habits (as one consumer asked, "Does the tomato sauce on my pasta count?")
- a lack of sufficient health-consciousness to be willing to keep count of fruit and vegetable intakes each day – such "active health" attitudes are found only in 20%-25% of the population in most countries. Consumer researchers HealthFocus International found that in most countries it's only about 25% of the population that actually manage to consume their 5-a-day.

Furthermore, the amount of money invested in 5-a-day communications is negligible compared to the marketing budgets of the rest of the food industry. And it is a basic rule of food marketing that small marketing budgets have no effect on

*"A fruit is a vegetable with looks and money. Plus, if you let fruit rot, it turns into wine, something Brussels sprouts never do"*

*P.J. O'Rourke 1987*

sales in today's crowded supermarket unless the products they are promoting are very well-targeted at a specific group of consumers or have some very strong differentiation that makes them stand-out on the shelf. In most countries fresh fruit fails on both of these criteria.

The 5-a-day communication has ignored basic marketing rules, using a blunderbuss approach that sees its messages scattered across the whole population, without targeting. Consequently, 5-a-day communications are barely noticed by consumers who are already bombarded with advertising messages every day.

## 5-a-day – failed in fresh but flies in drinks

People know they should consume the recommended 5-a-day, they want to, but they don't know how. They know they should eat fresh fruit, but they don't, because fresh fruit is just not convenient enough.

Fruit drinks have stepped into the breach to address this widespread problem and an increasing number are positioned as delivering one or more of the recommended five servings a day – in other words, a category substitution strategy. Fruit drinks and smoothies that carry a clear message that they deliver one or two of your recommended 5-a-day provide, as far as consumers are concerned, all the benefits and taste of fruit with none of the mess and inconvenience of peel. In other words, in drinks, fruit comes in a convenient, portable form.

The beverage industry has done an excellent job in acquiring for its products the healthy halo of fruit – and in consumer psychology a fruit drink that offers you the equivalent of one of your recommended five servings a day of fruit and vegetables is just as good as eating a piece of fruit, except it's much more convenient in a juice drink.

Companies such as Unilever, Tropicana, Innocent Drinks and many, many others have already made hugely successful brands (see Chapter 4) with beverages that offer one or two of your recommended daily servings of fruit and are very clearly positioned as a convenient alternative to fresh fruit. To take some examples of such products on the European market:


5-a-day is a worldwide consumer communication effort to encourage consumption of five servings of fruit and/or vegetables per day. Despite its widespread appearance, fruit and vegetable consumption in most countries is static or declining.

- Unilever's Knorr Vie, explicitly marketed as offering the equivalent of two of your five per 100ml bottle, has shot from zero to over €100 million ($142 million) in retail sales, Europe-wide, in the space of three years. Its distinctive package makes the product akin to a dietary supplement, something which enables people to get their "dose" of health in a convenient and good-tasting form.

- Hero's Fruit2Day, also offering the equivalent of two pieces of fruit, rocketed to well over €25 million ($35million) in sales in the Netherlands, a country of just 17 million people, within two years of launch. As the illustration shows, it uses packaging design to communicate its benefit, in this case a 200ml bottle that is visually the most effective design of its kind in the world.

- Innocent smoothies, with each 250ml bottle offering the equivalent of one piece of fruit, has grown from zero to over €180 million ($255 million) in retail sales in the UK over the last nine years.

These drinks all offer one or two of your recommended 5-a-day. As far as the consumer is concerned, drinking one of these is as good as eating fresh fruit – and people are willing to pay much more for these than for fresh fruit simply because they are convenient. No fresh fruit can boast of a similar growth record – or match the profitability of such beverages.

What is particularly striking is how much more consumers are willing to pay for fruit when it's convenient. As Chart 4 shows consumers are willing to pay 50% more for two pieces of fruit delivered in a convenient and delicious drink than for the same quantity of actual whole fresh fruit!


A daily serving of fruit in convenient packages: offering the equivalent of one (or two) servings of the recommended 5-a-day, it's beverage products such as these which are experiencing significant sales growth.

To summarise, using the brand examples from above:

- Unilever's Knorr Vie delivers two of your five for $1.26/€0.88 per bottle – compared to just €0.64 for the same quantity of the same fresh fruit. A 40% price premium for convenience.

- Hero's Fruit2Day delivers two of your five for approximately €1.70/$2.54 per bottle – compared to €1.28/$1.91 for the two servings of the same fresh fruit. A 32% price premium for convenience.

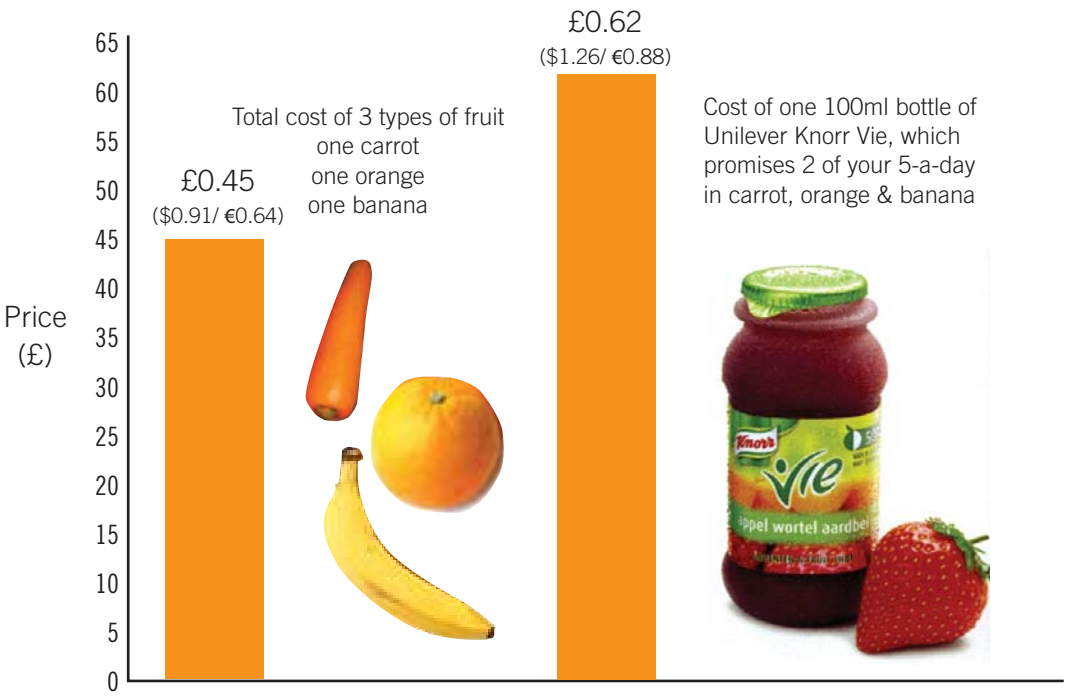
- Innocent smoothies delivers one of your five for $3.53/€2.49 per bottle – compared to $1.81/€1.28 for the same quantity of fresh fruit. An 95% price premium for convenience.

If "naturally healthy" fruit delivered in convenient formats is growing so strongly, what then, is the need for superfruit? The answer is that superfruits represent an evolution of the health-plus-convenience strategy.

A superfruit is not something you find growing on a tree. It is made, not born. A superfruit is the product of a deliberate business strategy that brings together science, marketing and the growing consumer interest in health, it's the product of a strategy which enables a fruit to be marketed for its superior health benefits.

Beverage companies – and fresh fruit companies – must find new points of difference if they are to make their products stand out in a crowded supermarket.

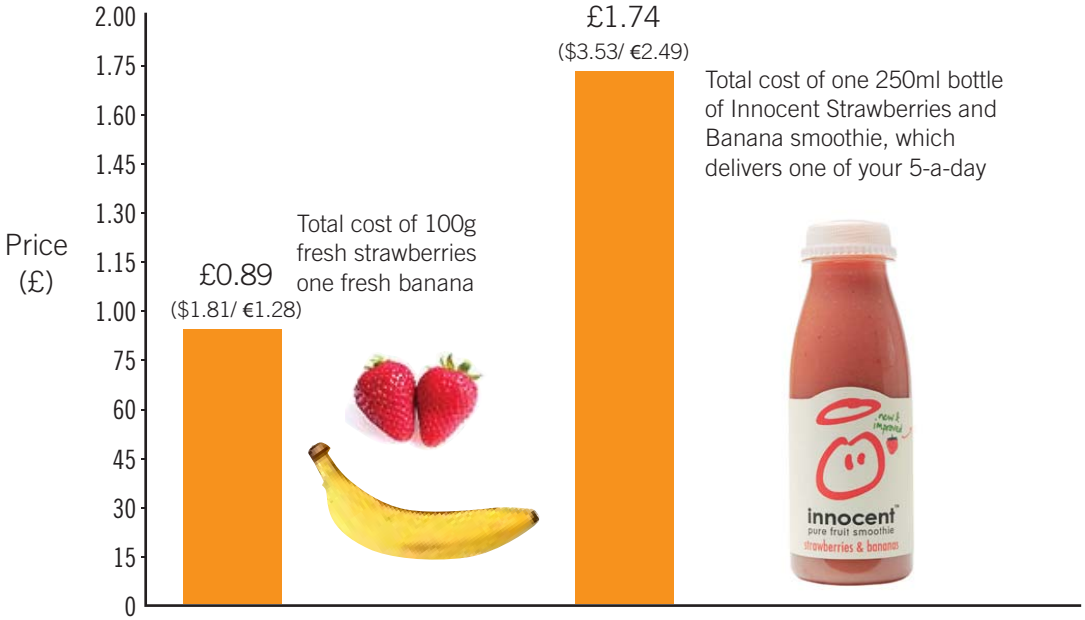
## Chart 4: Pricing of Unilever's Knorr Vie shot with equivalent fresh fruit and vegetables




Consumers are willing to pay 50% more for the same fruit when delivered in a more convenient form.

*Source: Supermarket check at Tesco, UK's largest grocery chain*

## Chart 5: Pricing of Innocent Drinks' smoothie compared with equivalent fresh fruit




Innocent Drinks, the world's fastest growing smoothie company, and Europe's biggest, offers one of your 5-a-day at an almost 100% price premium to 2 portions of the same fruit in fresh form.

*Source: Supermarket check at Tesco, UK's largest grocery chain*

Hence a fruit that is convenient and additionally has a health benefit – even if it is only a "soft" benefit such as "high in antioxidants" – is a new point of difference.

The fact that there is no scientific or regulatory definition of superfruit in a sense doesn't matter – there is also no scientific or regulatory definition of the term "functional foods". Rather the term "functional foods" has come to be used across industry as a shorthand way of describing the marketing of foods with health benefits (whether an intrinsic benefit or from an added ingredient). The term "superfruits" has taken on the same character – it, too, has become a shorthand way of describing the marketing of fruits with health benefits.

However, it's also clear that there are some distinct features and strategic requirements that any company has to meet if it is to succeed in making a fruit into superfruit. In this book we deliver a workable definition of superfruit, but more importantly we also set out the practical lessons and strategies for anyone looking to make and market a superfruit beverage – or make a whole fresh fruit into a superfruit success story.

The emergence in recent years of the idea of "superfruits" is no short-term trend that will die away – it is a fundamental shift. Those companies that are willing to engage with the new rules of the superfruit market – rules that are being set by consumers' expectations and by savvy marketers of fruit beverages – can expect to prosper and perhaps even earn far, far higher profits for their products than the food industry – and particularly the fruit industry – has been used to.

## Superfood becomes an everyday marketing term

Dolores Riccio

The idea of superfruits is one that is surrounded by a positive consumer and media buzz. The word seems to have been in use since about 2003, while "superfoods" – an over-arching term that is used to embrace a number of naturally healthy foods, such as oats, oily fish, broccoli and the superfruits – has been around since 1993 and seems to have first been used by Dolores Riccio in her book *Superfoods: 300 Recipes for Foods that Heal the Body and Mind*. Riccio, pictured, says "My intention was to write a 'yes' book. So many books at that time were about foods that one should give up to maintain good health, but I was more interested in the foods one should be sure to include in one's diet, the foods that had been revealed by research to possess healing and preventative powers."

The words "superfood" and "superfruit" have become highly contentious and the European Union, in implementing its new health claims legislation in 2007, was sufficiently moved by the popularity of the terms to remind companies that such terms could no-longer be used in Europe without scientific support to show the foods' "super" status.

There is no agreed scientific, legal or regulatory definition of the term "superfruit" – or of the equally widely-used term "superfoods". Some have been proposed, such as one that stated that such fruits should be "high in antioxidants" or "nutrient dense".


### Superfood label drives sales

The media attention given to certain foods for their intrinsic health benefits has caused sales to soar in some countries. In June 2007, Nielsen, which collects supermarket scanning data, looked at the UK sales of foods identified as superfoods in the best-selling *Superfoods Rx: Fourteen Foods That Will Change Your Life,* by Stephen G. Pratt and Kathy Matthews. The superfoods named included blueberries, oats, broccoli, beans, oranges, pumpkin, salmon, soy, spinach, green tea, tomatoes, turkey and walnuts. Nielsen found that in the two years to May 2007:

- Sales of blueberries had increased by 132% to a total retail market value of £95 million ($194 million/€137 million), making them the UK's fastest growing fruit.
- Sales of salmon, touted for its omega-3 benefits, rose 31% to £450 million ($919 million/€647 million).
- Spinach sales rose 26% to £42 million ($86 million/€60 million).
- Green tea sales were up 45% to £16 million ($33 million/€23 million).
- Soy milk was up 50% to £70 million ($143 million/€101 million).

# CHAPTER 2

## The Six Elements of Superfruit Success

## KEY POINT SUMMARY

- Superfruits are the product of a strategy; superfruits are not produce you find growing on a tree. They are the result of a convergence of science and marketing in order to create a new, value-added niche in the nutrition market.

- Superfruits are made not born and it is no accident that it is in their processed forms that superfruits have been most successful. Sales of superfruits in processed forms vastly outweigh those of whole fresh superfruits and in particular it is beverages – because, among other advantages, they are highly convenient – that define superfruits, not fresh fruit.

- In this chapter we set out a practical, six-point checklist – the Six Elements of Superfruit Success – which anyone who has ambitions in superfruit can apply to their business. The Six Elements checklist has two main applications:

  1. **A tool for strategy development.** Readers can use it to assess what they need to do to create a superfruit business, what the gaps are in their current strategy and how they can fill those gaps in a practical way. It is a tool intended to reduce the risk of failure and maximise the chance of success. In Chapters 4, 5 and 6 we show it can be applied to, respectively, beverages, fresh fruit and ingredients. If you want to create a superfruit or a superfruit beverage then you need to think of these elements as being like the keys on a piano – the more keys you press, the bigger the noise you will make in the market. If you measure your strategy against this checklist and it scores four, five or six out of six, then you have a good chance of success and a reduced risk of failure.

  2. **A means of defining superfruits.** As we show, the well-known superfruits – blueberry, cranberry, pomegranate – all score highly when measured against the Six Elements.

- The Six Elements of Superfruit Success are:

  1. **Sensory Appeal**
  2. **Novelty**
  3. **Convenience**
  4. **Control of Supply**
  5. **Health Benefit**
  6. **Marketing**

It is an important point to note – and it is the unifying theme of this book – that even if a given fruit scores very highly on Elements 1-5, without performing well against Element 6, Marketing, it will never join the ranks of the existing superfruits. Marketing underpins the success of every superfruit and good marketing has even been able to outweigh shortfalls in the science to substantiate a health benefit.

Below we summarise the Elements and their role in superfruit success:

**Element 1. Sensory Appeal**

When marketing whole fresh fruit as potential superfruits to consumers, their sensory qualities – appearance, aroma, texture and taste – are very important. However, for a superfruit beverage these sensory qualities apply to the finished product and are influenced by the skills of a beverage formulator. Poor sensory qualities of whole fresh fruit can be changed and improved through processing.

**Element 2. Novelty**

Novelty has been a significant element in the success of many superfruits since consumers are always looking for something new, but its importance as a success factor is usually over-emphasised and if you rely too heavily on it in your strategy you invite failure. The idea of novelty – or, to express it another way, "newness to the consumer" – can have multiple interpretations. The forms that novelty can take include:

- new fruit
- new colours, tastes, aromas for existing fruit
- new ways of consuming existing fruit

Novelty is one point of difference, but by itself it will create no sustainable value unless your strategy is designed to encompass the requirements of the Six Elements of Superfruit Success.

**Element 3. Convenience**

Convenience is crucial to superfruit success. Superfruit beverages are fruits at their most convenient and, unsurprisingly, they account for the lion's share of volume and value of sales of superfruit. Moreover, consumers are willing to pay premiums for convenience. There is a wealth of benefits

for everyone in the supply chain by focusing on processed fruit rather than fresh: hence, growth in superfruits and the real value-added will always be overwhelmingly in juices.

**Element 4. Control of Supply**

One important way to maintain your point of difference is to have control over the supply of your fruit. If anyone can access the same fruit, then every competing company can launch a me-too product and your point of difference (the type of fruit) is lost. Control of supply can include things such as: securing ownership of Plant Variety Rights (PVR), meaning that you alone have access to a particular cultivar of a fruit; securing some other forms of exclusive access such as those that arise from the fruit marketer, or the beverage marketer; owning the fruit production or being the dominant supplier; and choosing a fruit that is in limited supply and for which there is a high cost-of-entry for new suppliers.

**Element 5. Health Benefit**

The primary purpose of science in relation to creating and marketing a superfruit is to generate health-benefit substantiation so that you can make convincing claims. This is key to developing a believable and sustainable health position in the mind of the consumer. There is a positive relationship between the number of scientific studies that have been published about a fruit's health benefits and its superfruit status. Cranberry, blueberry and pomegranate all have a large number of studies behind them, particularly in proportion to the percentage of the world's fresh fruit production that they account for. These three are probably the most widely recognised and successful superfruits – and there is considerably more science to substantiate health benefits for these fruit than for everyday, mass-market fruits such as apples, oranges, bananas and pears.

**Element 6. Marketing**

No matter how strong the basis for your benefit, the science will be of no value whatsoever unless your marketing strategy is able to communicate the benefit in a credible way to an appropriately targeted group of consumers. The centrality to success of an effective market positioning and marketing communications can be seen again and again in the superfruit market.

# The importance of the Six Elements

Superfruits are made, not born – they are the result of a convergence of science and marketing in order to create a new, value-added niche in the nutrition market. In particular it is beverages – in part because they are highly convenient – that define superfruits, not fresh fruit (although in Chapter 5 we explore the possible ways to create superfruit success with whole fresh fruit).

Those fruit that have enjoyed the highest sales growth in recent years – blueberry, pomegranate and mangosteen – are also those that score highest against the Six Elements. Conversely, those fruits that have experienced sales stagnation or declines in volumes and/or sales values are those that score poorly against the Six Elements checklist.

While we have not explicitly applied a weighting to the Six Elements, since the weight each element carries will vary depending on the specific situation of a would-be superfruit, scoring high against the first five elements will never be enough for a fruit to become truly "super". Your ability to promote your fruit's health benefit – in other words, your marketing and communications strategy – is the ultimate determinant of success.

One way to understand the importance of the Six Elements is to look not only at how superfruits have performed against the checklist but how a normal, "not superfruit" compares.

An example of a fruit that has failed to become a superfruit is the apple: an apple a day may be said to keep the doctor away, but apple growers worldwide have

**Table 1: Health-related studies for a range of fruit**

| Fruit Type | Apple | Banana | Orange | Pear | Blackcurrant | Pomegranate | Blueberry | Cranberry | Mangosteen | Goji | Gac Fruit | Boysenberry | Yumberry |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Number of *in vitro* studies | 27 | 2 | 10 | 9 | 5 | 70 | 51 | 41 | 18 | 45 | 17 | 8 | 15 |
| Number of animal studies | 3 | 2 | 2 | 0 | 1 | 41 | 30 | 4 | 3 | 26 | 2 | 5 | 12 |
| Number of human studies | 18 | 10 | 7 | 2 | 11 | 22 | 15 | 34 | 1 | 3 | 1 | 2 | 19 |
| Total Number of Studies | 48 | 14 | 19 | 11 | 17 | 133 | 96 | 79 | 21 | 74 | 20 | 17 | 46 |

*Sources: PubMed - 1965 – 2007; Web of Science – 1988 - 2007*

signally failed to identify and market any specific health benefit for the fruit. Published research into the health benefits of apples is – as Table 1 shows – far behind that of fruits such as pomegranate. In addition the profitability of apple growing in many countries has fallen sharply in recent years as more low-cost, high-volume producers have entered the market, reinforcing the price-sensitive commodity nature of the apple market. Without control of supply (Element 4) apple growers are at the mercy of open market prices and struggle to create any premium pricing.

Another disadvantage is that while apples may seem to be a convenient snack food, for many consumers they are not convenient enough – hence the flat per capita consumption of apples. The same can be said of many other fruits.

It is possible that some specific varieties of apple might yet become superfruit – but only if a strategy can be put in place that scores well against the Six Elements. We will explore how this can be done in Chapter 5, where we look specifically at whole fresh fruit.

In sharp contrast, cranberries, blueberries and pomegranates have all come from being little-known and little-consumed fruits, to having the status of profitable and fast-growing superfruits – and it's no coincidence that these fruits score very well against the Six Elements, as Table 2 below shows:

## Table 2: Comparison of superfruits' and apples' ranking against the Six Elements of Superfruit Success

| | Factor | Cranberries | Pomegranate | Blueberries | Apples |
|---|---|---|---|---|---|
| 1. | Sensory Appeal | √[1] | √[1] | √ | √ |
| 2. | Novelty | √ | √ | X | X |
| 3. | Convenience | √[1] | √[1] | √ | √[2] |
| 4. | Control of Supply | √ | √ | √ | X |
| 5. | Health Benefit | √ | √ | √ | X |
| 6. | Marketing | √ | √ | X[3] | X |

Notes:

1. *Only when delivered in convenient processed forms. In their fresh form these fruit are unappealing (in the sense of having unsatisfactory sensory properties) and inconvenient to consume (particularly pomegranates). As a result, growers have had to invest in overcoming these disadvantages and this has resulted in the development of processed products which are perfectly adapted to consumers' sensory and convenience needs.*

2. *Apples may seem to be convenient, but as we outline in Chapter 1, most whole fresh fruit are simply not convenient enough for most modern consumers, hence the flat per capita consumption of fruit in most Western countries.*

3. *Blueberries can be said to score highly on marketing as a result of a high level of media attention. But the blueberry industry can take no credit for having any marketing strategy, and as good strategies shouldn't rely on luck, we give blueberries a low score on Element 6. If blueberry marketing had been similar to the sophisticated marketing used for cranberries and pomegranates, then blueberries would have received a better score.*

# Element 1: Sensory Appeal

A fruit's sensory qualities – its appearance, aroma, texture and taste – are important determinants of how it is perceived by consumers. When marketing whole fresh fruit to consumers as potential superfruits such sensory qualities clearly have a strong influence; the very positive sensory qualities of blueberries, for instance, have certainly played a key part in their emergence as a superfruit. It is reasonable to say that in the fresh fruit industry producers focus most of their attention on sensory qualities.

If, however, you are marketing a superfruit beverage to the consumer, the term "Sensory Appeal" takes on quite another meaning.

For a superfruit beverage – and superfruits are overwhelmingly sold in beverage form – these sensory qualities apply to the finished product. The raw material for the drink – the superfruit as it comes out of the orchard – does not necessarily need to look, smell, feel or even taste good.

The sensory properties of the superfruits that are on the market today are more influenced by the skills of the beverage formulator than by the grower, meaning that good formulation skills can be used to make even the most unappealing fruit taste good. Poor sensory qualities of whole fresh fruit can be changed and improved through processing. Less-than-perfect sensory qualities have been no barrier to superfruits such as the cranberry and the mangosteen, which have very high sensory appeal as drinks but very little in their whole fresh form.

Most fruit growers have historically targeted breeding and growing fruit varieties that are as sweet and good-tasting as possible. It may therefore come as a surprise to some growers that they can grow a fruit that actually doesn't taste very good in its whole fresh form and may not even look attractive and still position and market it as a superfruit, with the assistance of a good beverage formulator.

*Image courtesy of HortResearch*

Beverage formulators can use their skills to achieve the best taste much more quickly and easily than an expensive, long-term fruit-breeding programme. This opens the door to potential markets for many fruits that have little or no consumer appeal in their fresh form but which have an obvious health benefit.

Cranberries, for example, have an unappealing sour taste in their fresh form but can be processed into delicious beverages or an appealing ingredient in breakfast cereals, nutrition bars, yoghurts and snacks, such as Craisins.

Perhaps one of the very best examples of how far a superfruit beverage can be from its fresh form is the mangosteen, which we profile in Case Study 5. The interior of the mangosteen, as consumed fresh from the tree, is soft and pale and has something in common with lychee. However, many of the properties of mangosteen juice – its dark red colour and, most importantly, its high-antioxidant health properties – come from the hard, dark red skin of the mangosteen. This skin is completely inedible on the fresh fruit, but it is pulped along with the flesh to produce the finished fruit juice. Without pulping both flesh and skin, mangosteen juice would not have the benefits or character that have helped make it so successful.

It is well established that consumers do not expect a fruit drink to taste exactly like the same fruit in its whole fresh form – and to make a fruit drink echo too closely a fresh fruit is often a mistake. A good example can be found in Case Study 11 in Part II. Sundia, a company that is bidding to make watermelon into a superfruit, discovered early on that consumers were looking for a more intense watermelon taste experience than watermelon juice actually provides. Dan Hopkins, Chief Operating Officer of Sundia, found that consumers wanted something "more complex and interesting taste-wise".


When Sundia 100% Watermelon Juice was launched in 2006, its makers were confident that the beverage would be a hit with US consumers because those consumers were already so familiar with the taste of fresh watermelon. One year later however, chief operating officer Dan Hopkins reformulated the entire line to offer a "more-intense watermelon taste experience than actual watermelon juice provides." Several consumers' ideas of watermelon flavour had been influenced more by confections than by eating fresh watermelon.

In short, it is a mistake to try too hard to make your juice taste like the original fruit – it needs instead to have a taste that consumers enjoy. Pomegranate juice is a perfect example – the two main brands (Pom Wonderful in the US and Pomegreat in the UK) both relied on intelligent formulation and the use of flavourings to make their juices palatable. Neither product actually tastes too close to pomegranate or to pure pomegranate juice, which is an unacceptable taste to most consumers.

To summarise, the sensory properties – appearance, aroma, texture and taste – of a superfruit in its fresh form are far less important than the sensory properties of a finished product such as a beverage or snack. Remember that what consumers experience is more often the result of the skill of the beverage maker than that of the fruit grower.

# Element 2: Novelty

Novelty has played an important role in the rise of many superfruits and there are those who argue that "novelty", along with a high content of antioxidants, is one of the two defining characteristics of superfruit. Certainly it is an important element in success, since consumers are always looking for something new, good-tasting and interesting in their diet – and this is true in every category in the supermarket, be it microwaveable meals, yoghurts, cereal bars, fruits drinks or fruit.

However, novelty is not by itself a success factor for superfruit and to rely too heavily on it is to invite failure. In our work we encounter companies who have fallen into the trap of believing that unless their fruit is novel (in the sense of being completely new and unknown to consumers) it cannot succeed as a superfruit. This is not correct. And if novelty were an essential success factor then marketers of established fruits would be faced with a near-impossible task if they wished to give their products a "superfruit makeover". Luckily for them there is more to superfruit success than novelty.

*Image courtesy of HortResearch*

*Image courtesy of HortResearch*

Variety is the spice of life: These tiny berry-like fruits are actually a variation on the classic, hairy, brown kiwifruit. Arguta berries (kiwifruit in a new guise) have acquired the aura of novelty and have proven popular among NZ consumers.

The idea of novelty – or, to express it another way, "newness to the consumer" – can have multiple interpretations. It can mean not simply the newness of the fruit, but more importantly novelty in how the fruit is consumed and how the benefit is delivered. The forms that novelty can take include:

- **New fruit:** This is the most obvious type of novelty and is in fact what most people mean when they use the term in connection with superfruit. This doesn't mean in practice that the fruit is novel, just that it is new in the market you are introducing it to. Cranberry, for example, is long-established in the US, but when it appeared in Australia and in France it was a new and unfamiliar fruit in both of those countries. Mangosteen is another example: an everyday fruit in parts of South-East Asia, it is still new and unfamiliar in the US and Europe.

- **New colours, tastes, aromas:** Familiar fruit can acquire the aura of novelty if varieties are bred or marketed which provide new and unfamiliar characteristics. For example, consumers expect apples to have pale flesh – but if they were to cut into an apple and find that the flesh was dark red all the way through, that would clearly be novel (such an apple is in development in New Zealand). Similarly, consumers expect kiwifruit to be large, with a hairy brown exterior and a somewhat tart green interior. If they encountered a fruit that was the size of a grape, had a thin edible skin like a berry and tasted very sweet (such a kiwifruit also exists, see picture) that would clearly also have novelty value. In short it isn't essential to scour the Amazon rainforest to find novel fruit. Many such fruit – in the sense of novel types of familiar fruit – either exist but aren't yet cultivated commercially, or are in the development orchards of research institutes. New Zealand-based HortResearch, for example, the biggest integrated fruit research institute in the world, has thousands of different plant cultivars in their plant collection underlining that there is a huge array of untapped potential for new varieties of existing fruits but with new and more appealing, more convenient characteristics.

- **New way of consuming:** Novelty can mean not simply the newness of the fruit. Just as common as new fruit, if not more common, is novelty in how an existing fruit is consumed and how the benefit is delivered. Craisins (a cranberry snack marketed by Ocean Spray) are a novel, ultra-convenient snack form of cranberries that have become successful in a short period of time, not because cranberries are novel in the US but because Craisins are something new in the snack aisle (see Box: Convenience – a critical success factor on page 36) and provide the benefits of cranberries in a convenient form. Superfruit drinks are a perfect example of product novelty – whole fresh pomegranates, for example, have been retailed as niche fruit in the US and UK for decades. What was novel was to make the benefits of pomegranate available for the first time ever in a more convenient form than a fresh product – a juice. In so doing, of course, the pomegranate became convenient for the first time ever (fresh pomegranates score very badly on any test of convenience).

Although it is clearly an advantage to offer newness, and exotic and novel fruits have strong consumer appeal, it isn't essential to be entirely novel. Blueberries have become a superfruit in the US, but they have been on sale in grocery stores there for decades. They may not have been widely consumed but there is nothing exotic about them.

Moreover, if you make novelty a key part of your superfruit brand positioning, then Control of Supply (Element 4) will become more important, since without it, a host of competitors can move in to offer me-too products – as has happened with açaí – capitalising on your market development work and introducing price competition. And to succeed you will still need to invest heavily in establishing a health benefit and marketing it (Elements 5 and 6).

In summary, while novelty adds value it's important not to confuse the role it plays in appealing to consumers with the more important roles of convenience and marketing. Without these two factors no fruit, however novel, can become a superfruit.

Clearly it would be difficult to make one of the big fruits (apples, oranges or bananas) into a superfruit, but while all apples cannot become superfruit, it should be achievable for (say) a specific variety that has a specific point of difference that is unique to that variety and found in no other apple. In the case of an apple juice this could mean colour (say a red flesh and red juice) or a specific health benefit (such as weight management).

In summary, novelty is one point of difference, but by itself it will create no sustainable value unless your strategy is designed to encompass the requirements of the Six Elements of Superfruit Success.

# Element 3: Convenience

That convenience is a law of superfruit success should come as no surprise – the food industry and food retailers have been responding to consumers' growing demand for convenience for decades. By providing ever more convenient options they have educated consumers to expect extreme convenience as a standard in all products.

Superfruit beverages are fruits at their most convenient and, unsurprisingly, they account for the lion's share of volume and value of sales of superfruit. Superfruits also appear as ingredients in convenience foods, lending those foods a health halo, and in the form of extracts in dietary supplements. The only fruit that have succeeded in becoming superfruits in fresh form are blueberries, but these have natural characteristics (no peel, no core or stone, no mess, easy to eat from the hand) that make them naturally very convenient.

Consumers are willing to pay premiums for convenience and, as Chart 18 in Chapter 5 shows, blueberries typically retail for a price premium of up to 1,500% over less convenient, "non-super" fruits such as apples.

Such is the power of convenience as a consumer motivation that, as we showed in Chapter 1, brands such as Knorr Vie and Innocent smoothies both offer the benefits of fruit in a more convenient form and are able to earn 100% price premiums over whole fresh fruit because of it.

With the single exception of berries – which are highly convenient and easy-to-eat products – eating a whole fresh fruit is perceived, in the mind of the modern consumer, to be less convenient than drinking a glass of juice. When we move on to superfruit beverages (which all have a clearer health benefit that is central to their marketing messages), the price premium that consumers are willing to pay rises still higher than the examples given above for "regular" fruit drinks and price premiums of hundreds of percent are not uncommon.

A more convenient fruit means a processed fruit. However, there is an oft-repeated myth espoused by fruit growers: fresh fruit makes more money than processed. To some extent and in some cases that is true, but in most cases where growers do earn more money from fresh than from processed fruit it is due to the fact that growers have not developed any kind of coherent strategy to extract extra value from processed fruit and haven't put any thought into understanding the market opportunities of processed fruit. In our work we see this gap in strategic thinking surprisingly often. In the case of apples this deficient strategic thinking

## Convenience – a critical success factor

When Craisins – cranberries in a sweetened, dried form – were launched by Ocean Spray back in 1993 they proved very popular among American consumers as a snack and as an ingredient in bars and cereals. In 2006, a new advertising campaign which featured Henry and James, two men harvesting cranberries from the cranberry bog, aimed to alert consumers to the sweet-taste of Craisins. Out in the bog, Henry and James persuade a little girl that Craisins are the sweetest way to consume cranberries.

Ken Romanzi, domestic chief operating officer for Ocean Spray is confident that after a significant investment behind the Craisins brand, sales could become 5-6 times greater than their already-elevated new level (by 2006, just five years after launch, retail sales hit $56 million (€40 million) in the US alone.


Sales of Craisins soared to over $56 million (€43 million) in retail sales in 2006. When they were introduced in the 1990s, American consumers were quick to accept them in cereals, as snacks and in bars.

is particularly evident. The industry allowed apple juice to be developed into the form in which many people know it – a clear or very pale sugary liquid bereft of fibre and of the compounds that give apples health benefits that's now sold on global markets as a cheap commodity.

Fresh fruit growers who stick to the "no money in processed" point of view should consider just how profitable growing for processed markets can be. Growers of pomegranates and cranberries could provide some excellent advice. To take just one example, total US sales of pomegranate juice in 2007 may well have exceeded $150 million (€110 million), but sales of whole pomegranates were just $25 million (€15 million), while the profit margin earned on pomegranate juice is far higher than most fresh fruit producers (or any kind of fruit) ever experience.

Like cranberry and pomegranate producers, a very small number of fruit growing industries embraced the opportunities in processed long ago and as a result have become successful pioneers in the superfruit market.

*When we speak of superfruits today we speak of beverages – not whole fresh fruit.*

Growers of New Zealand's high antioxidant blackcurrants, for example, have for decades primarily supplied their fruit for use in the Ribena blackcurrant juice brand, marketed in several countries by GlaxoSmithKline. This familiarity with the requirements of processed fruit made it, we believe, much easier for these growers to embrace the opportunity to supply their blackcurrants to Meiji Seika, in Japan, for use in a beverage marketed with eye-health benefits and for use in dietary supplements, as we explain in Case Study 9 in Part II. In so doing New Zealand's blackcurrant growers have taken the first step on the road to superfruit stardom for the New Zealand blackcurrant.

Focusing on processed fruit rather than fresh brings a wealth of benefits for everyone in the supply chain:

- Fruit doesn't need the cosmetic benefits (such as perfect skin) required by grocery retailers if it is to be sold solely for processing, thus cutting down on farm inputs, such as use of pesticides and fungicides while reducing production costs.

- More of the fruit grown can be used – grocery retailers' specifications on appearance can often result in 30% of fruit crops being rejected (even though the fruit may be perfectly edible) and thus becoming waste.

- Fruit grown for processing doesn't need to taste sweet or even very pleasant – the job of the beverage formulator is to blend fruit juices to produce the best taste and these skills are today very sophisticated.

- More of the fruit can be used. Even the inedible skin of the mangosteen is used to make fruit purée for beverages. This also matters because for some fruits a thick, tough or inedible skin is where most of the health-giving compounds can be found.

- Processed fruit is available all year round, it's easy to transport and store and consistent quality can be achieved from processing, meaning that the consumer can get the same eating or drinking experience every single time. This gets around the significant quality-and-taste variability problems associated with fresh fruit.

- Fortunately for juice marketers, consumers don't distinguish between juices and fresh fruit – they know that they should eat more fresh fruit but they don't, and they think that fruit juice is just as good an alternative. Unilever's Knorr Vie and Innocent's smoothies are examples of successful, high-selling juices that have benefits "as good as" fresh fruit. From Japan to the US to Europe this is a global trend and one that's gaining momentum.

- As fruit science evolves it is becoming clearer that there is potential for superfruits to be mixed with other fruits to produce synergistic effects that may not have been possible if whole fruits were consumed individually. This is particularly valuable for marketing where science can be used to demonstrate the synergistic benefits of the juice mix.

- Processed fruit can be consumed far more quickly and easily than non-processed fruit. As such, consumers can achieve their 5-a-day in five minutes. Anything that gets people closer to consuming their 5-a-day is a public health benefit.

For growers who still want to supply primarily fresh, the lesson to be taken from our case studies is that consumer demand for processed forms results in increased demand for the same fruit in fresh form. It rarely, if ever, happens the other way round.

# Element 4: Control of Supply

Achieving a sustainable point of difference in a crowded market is the goal of every marketer of consumer branded products. True innovation is rare in the food and beverage industry and "me-too" products are the standard, accounting for 80%-90% of all new product launches in the US and Europe, according to studies by management consultants and business schools.

The rising level of food industry activity in nutrition and wellness in general and functional foods in particular over the last decade has been as much about companies turning to health in a bid to create points of difference for their products as it has been about responding to consumer demand. In fact, the history of the nutrition business has been more about creating new consumer demand than responding to it.

Superfruits fit into the pattern of looking for a point of difference, and those companies that first launched superfruit drinks (with Pom Wonderful first in pomegranate juice and XanGo in mangosteen) were the pioneers in creating such points of difference with fruit.

If anyone can access the same fruit, then every competing company can launch a me-too product and your point of difference (the type of fruit) is lost. This is

why apples, oranges and other mass-market fruits stand little chance of being reinvented as superfruits (although there may be some limited opportunities, as we explore in Chapter 5). Anyone can launch an apple juice or an orange juice – or any juice where there is abundant supply from multiple sources. This leads inevitably to no differentiation and no chance of premium pricing.

There are many ways to differentiate a brand, but in fruit one important way to maintain your point of difference is to have some control (or at least strong influence) on the supply of the fruit, thus limiting the scope for me-too products. Control of Supply can include:

- Securing ownership of Plant Variety Rights (PVR), meaning that you alone have access to a particular cultivar of a fruit. An example of ownership of a PVR is the gold-fleshed kiwifruit variety "Hort 16A" (see Case Study 10 in Part II), owned globally by New Zealand-based fruit marketer Zespri (see Box: Zespri Gold: Securing Plant Variety Rights on page 40). No one can grow or market this variety unless they are a licensee of Zespri, which already has a 30% share of world supply of the better-known green kiwifruit. Such ownership means that only Zespri alone – and its partners – can exploit the benefits from researching and marketing this variety's health benefits.

- Securing some other forms of exclusive access such as those that arise from the fruit or beverage marketer owning the fruit production or being the dominant supplier. An example is Paramount Farms' ownership of pomegranate growing in California and also of the consumer brand, Pom Wonderful, which gave birth to the pomegranate juice market in the US. Another example is Ocean Spray in North America which controls 80% of US cranberry supply through a network of growers who are also its shareholders.

- Choosing a fruit that is in limited supply and for which there is a high-cost of entry for new suppliers. This can give the beverage company that will be marketing the finished product, and the existing group of growers with whom it partners for exclusive supply, a form of exclusivity for several years until such time as new growers and beverage companies can enter. An example is XanGo, the marketer of mangosteen juice, which has been able to take a major position in the market. New mangosteen supply cannot be readily accessed by competitors as it takes seven years for the mangosteen tree to produce its first crop. In effect it's similar to owning a patent. However, such an advantage is strongly dependent on the type of fruit. Blueberry growers and beverage marketers have enjoyed an advantage during the years that demand has outstripped supply, but there have been huge plantings of new blueberries around the world in response to higher market prices, and as blueberries can be producing commercial crops within two to three years new supply will rapidly come through in the years ahead and limit or end price-growth (or even cause prices to fall).

*There are many ways to differentiate a brand, but in fruit one important way to maintain your point of difference is to have some control (or at least strong influence) on the supply of the fruit.*

- Fruit marketers or brand owners establishing an exclusive relationship with growers whose fruit can only be grown in a specific location and climate. An example is the relationship that Japan's Meiji Seika has with New Zealand's blackcurrant growers, who grow a very high antioxidant variety that thrives only in New Zealand's warm climate. Another example is the bilberry (the wild relative of the blueberry) which is only available on any scale from the Scandinavian countries, which have the perfect climate for this fruit. Such exclusive access has enabled Scandinavian suppliers to enjoy 100% price increases over the period 2003-2006 as demand from Japan has outstripped supply.

- Undertaking nutrition research only on a specific variety of fruit to which you have access. An example is the North American cranberry (*Vaccinium macrocarpum*). Health benefits for cranberries have been substantiated only in relation to this particular genus. In marketing terms this gives an advantage in places where regulation about what health claims you can make is restrictive. In France, for example, regulators approved use of a health claim for cranberries in very specific relation only to the North American variety, barring other types of cranberry from making the same claims. However, the advantage of such an approach is limited – consumers don't know about individual varieties and the health halo around cranberries has boosted sales of all types, whatever their source. Similarly, while all blueberries are healthy, those closest to the wild types, or "lowbush", typically contain more antioxidants than the large, cultivated, mostly "highbush" types found in supermarkets. But consumers do not know or care – they are aware only that blueberries are healthy and make their decisions on that basis.

Control of Supply enables you to keep your superfruit in a niche position – and, as we explain in Chapter 3, superfruits are a niche business. Indeed, understanding that superfruits are niche, and keeping your superfruit in a profitable niche, are very important component of a successful marketing strategy. The niche nature of superfruits is key to being able to command premium prices and ensure an

## Zespri Gold: Securing Plant Variety Rights

Zespri International is a cooperative that draws on innovative R&D to produce new varieties of kiwifruit.

Zespri Gold is the child of a mother plant from Beijing with yellow flesh and a good taste; and a male plant from the Guilin family, chosen because its sisters all produced large fruit.

Zespri Gold Kiwifruit was developed by HortResearch New Zealand and then licensed exclusively to Zespri. With this exclusive global license Zespri owns the Plant Variety Rights for a variety of gold-fleshed kiwifruit known as "Hort 16A".

Hort 16A was nurtured and evaluated for taste, colour, size, storage and shelf-life. In 1998, 4000 trays of Hort 16A were exported for the first time. Ownership of the PVR for Hort 16A has put Zespri International at the head of the kiwifruit industry globally.

*Image courtesy of HortResearch*

enduring point of difference. Niche products in all categories in the supermarket – whatever they are – tend also to be the ones that command premium prices, particularly in relation to health benefits.

The new niche for your superfruit is one that, hopefully, your company can dominate. The pioneers in the pomegranate juice market in the US and the UK are perfect examples of companies who have created and dominated a new niche. Control of Supply enables you to influence – and ideally control – who enters the market as a potential competitor and where your fruit goes as an ingredient in other companies' foods and beverages.

# Element 5: Health Benefit

Some health professionals and some people within the food and beverage industry are often cynical about superfruits, dismissing them as a marketing gimmick, no better for your health than any other fruit, claiming that superfruits lack the science to support any health benefits. In fact the opposite is nearly always true. Science is more often than not a key factor in the success of many superfruits.

The striking thing, as Table 1 and Chart 6 show, is the relationship between the number of scientific studies that have been published about a fruit, and its superfruit status.

Cranberry, blueberry and pomegranate all have a high number of studies, and relatively high numbers of human studies, particularly compared to their percentage of the world's fresh fruit production. These are probably the most widely recognised and successful superfruits – and there is more science to substantiate health benefits for these fruit than for everyday, mass-market fruits such as apples, oranges, bananas and pears.

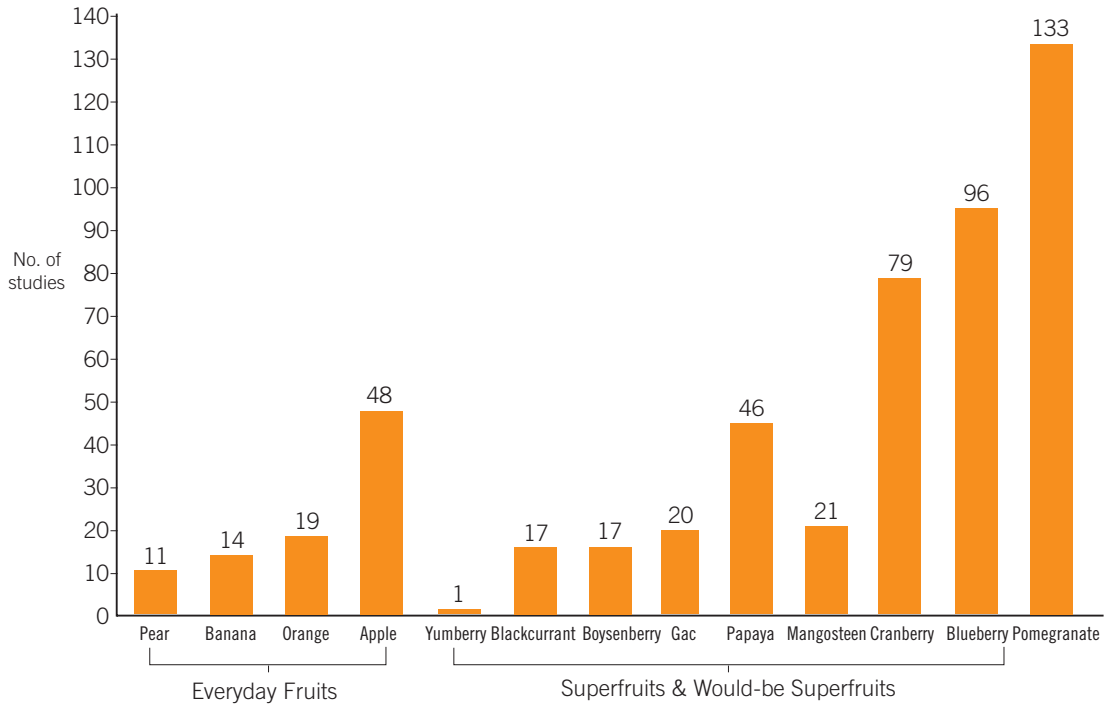
Even the mangosteen, with a low number of total studies and only one in humans, has had more published science conducted on its health benefits than have bananas, oranges and pears. Moreover, compared to these fruit, and to apples, the amount of science that has been conducted on mangosteen in relation to the size of the world crop is much higher. The same is true of the New Zealand blackcurrant, which is a would-be superfruit. For both of these fruits the total number of studies will only increase – XanGo, for example, plans multiple human clinical studies to further substantiate the benefits of its mangosteen juice. This will have the effect of pushing these fruit further to the right of Chart 6 and widening the gap between the science of superfruits and the science of everyday fruit.

Looked at from this point of view, it is possible to include a fruit that has a low volume of fruit – a niche crop – but a high level of science compared to that volume, among the defining features of superfruit.

The purpose of science in relation to creating and marketing a superfruit is to:

- generate health benefit substantiation so that you can make believable and convincing claims and satisfy increasingly stringent regulators
- meet the requirements of food regulations.

**Chart 6: Comparison of total number of health-related studies (*in-vitro*, animal & human) between everyday fruits, would-be superfruits and superfruits**




*Sources: PubMed - 1965 – 2007; Web of Science – 1988 - 2007*

In the future, as well as health support, science will have an influence on a fruit beverage's sensory appeal (new colours, flavours and packaging shapes) and on whole fresh fruit's convenience (the size of the fruit, easy-peel and edible skins on fruit that normally don't have this characteristic, new processing methods to retain health giving properties and fresh cut technology).

Where science holds the key is in enabling a believable and sustainable health position in the mind of the consumer. That position is created by translating whatever science uncovers, and can substantiate, about a fruit's health benefits into an easy-to-understand health benefit, consistently communicated in language that is clear and not too scientific. Translation of the science into messages that make sense in a credible way in everyday consumer language is an important part of effective marketing and the end communication should not resemble a scientific statement. However, used effectively in marketing, a scientifically-based health benefit delivers the point of difference for a superfruit. Cranberry, for example, "owns" the benefit of fighting urinary tract infections and is adding "cleansing" to its repertoire, while pomegranates rival blueberries for ownership of the "benefits of antioxidants".

A question often asked is how much science a fruit needs in order to claim a health benefit. The amount needed varies widely and depends on the regulatory regime of the country in which you propose to market your superfruit. Europe is becoming more exacting, the US offers more flexibility by enabling superfruit drinks to be marketed under dietary supplement regulation (as is done for mangosteen and goji), and Japan also offers some flexibility, as long as no

explicit health benefit is claimed in advertising. It's valuable to note that PR communications (a route that is being closed off in Europe) can say things about a fruit's health benefit that advertising can't.

How much science you need also depends on the size of your company – large companies such as Danone and Unilever, for example, whose brands are prominent and very visible both to the public and regulators, have to be able to strongly substantiate benefits claimed both for brand credibility and because of the expectations of regulators. Smaller companies, however, which are below the regulator's radar screen, can usually get away with claiming more based on less.

Creating a body of science in support of a health benefit is expensive, and so, in order to reduce costs, companies will draw on the publicly-available body of evidence to examine and develop a case for their fruit's health benefit. Based on our experience, we estimate that if you are trying to develop a body of evidence for a fruit's benefits, such as the blackcurrant, and are coming from a relatively low base of evidence, you need to be investing $1 million (€701,000) a year over a three- to five-year-period to achieve a position on the right-hand side of Chart 6.

Another problem that companies face is identifying what health benefit they should claim for their superfruit. This will be addressed in more detail in Chapter 3, where we look at marketing strategies, but in short the benefit claimed should be one that:

- can be substantiated for the fruit
- consumers perceive as credible when attached to that fruit
- has some relevance to consumers.

Deciding what benefit to claim is thus about marrying up what science says you can substantiate with what consumers are willing to believe. However, that is only the first step – many health benefits being claimed for superfruit today have never been previously associated with those fruit.

No matter how strong the basis for your benefit, the science will be of no value whatsoever unless your marketing strategy is able to communicate the benefit in a credible way to an appropriately targeted group of consumers. For commercial success, science is only one step on the way and it is no exaggeration to say that marketing matters more than science.

An example is the cranberry. It is scientifically very well-proven to have an effect in fighting urinary tract infections, but as we show in Case Study 1 in Part II, Ocean Spray, the main cranberry producer and marketer, failed to communicate that benefit effectively in the period 2001-2005, resulting in a decline in sales of its cranberry juice, only returning to growth when it revised its marketing to better-communicate the cranberry's benefits.

Health claims of course play a role in communication and they need to be scientifically substantiated, but a health claim is only one part of a health communication strategy and only one of several factors that can contribute to success. Health claims by themselves can often have little commercial value. This subject, in relation to beverages, is addressed in more depth in Chapter 3.

In response to the question about what "benefit platforms" a superfruit should take, there are multiple possibilities.

Promoting a superfruit primarily due to its content (such as nutrient density or antioxidant levels) or even its potential to cure disease may be of limited market benefit. At this moment high antioxidant levels – and from this a link to a fruit's purported ability to fight one or more of a number of diseases – is the platform which most fruits seem to be adopting. There are some benefits to this, since antioxidants are of interest to health-conscious consumers (although most consumers do not know what they are) and are being widely communicated by marketers of teas, dark chocolate and products such as cosmetics as beneficial.

Some superfruit can therefore ride on the coattails of massively growing antioxidant awareness. It may just be possible that antioxidants might become as well-established in many consumers' minds as a generally worthwhile "wellness ingredient" in their diet, as live bacteria in yoghurt is for some people.

However, making antioxidants the primary benefit of your superfruit presents the risk that another fruit with even higher levels of antioxidants may be discovered. And as the number of superfruits on the market increases, almost all boasting of their high antioxidant content, the antioxidant benefit platform is progressively becoming more crowded and competitive. The role of science, well-planned, should therefore be to find some genuine point of difference for your fruit (even if the active component that gives the benefit is still the antioxidant content) so that, as with all successful branded products, consumers associate your fruit with a relevant and specific health benefit. Possibly the best example is cranberry's association with fighting urinary tract infections. Such consumer perceptions, once established through effective marketing, and then continuously supported, are difficult to dislodge.

In summary, as we stated at the outset, science has an important role in the creation of a superfruit by enabling a believable and sustainable health position in the mind of the consumer.

# Element 6: Marketing

Your ability to promote your fruit's health benefit – in other words, your marketing and communications strategy – is the ultimate determinant of success. The centrality of Element 6 can be seen again and again in the superfruit market, as the case studies in Part II show.

For readers whose background is in science, this may be difficult to accept – but it is a fact nevertheless. Branding and marketing dominate every aspect of our world and are key to the success or failure of every product in the supermarket.

Success of nutritional and functional products the world over relies on whether the consumer believes in the health benefit, not on whether there is a confirmed health benefit in the minds of scientists.

Health claims are just one means of communicating a health benefit and are most effective when they translate the science that supports the health benefit

into language the consumer can understand. They are, however, just one part of health communications strategy.

Interestingly, blueberries emerged as one of the most successful superfruits without any marketing or communications strategy by industry. Only latterly have blueberry drinks been promoted by beverage companies. Blueberries' rise to popularity came because they benefited from effective, positive media attention, driven spontaneously by the media itself.

A high level of consumer interest, generated by positive media, has translated into a growth in sales of fresh blueberries as well as processed. According to David Hughes, Emeritus Professor of Food Marketing at Imperial College, London: "If you look at blueberry consumption, it increased 86% in 2005 over 2004, in the United Kingdom; raspberries have increased 26%; strawberries, 15%. What has driven that? A concerted communications initiative by the berry industry? No, actually not. But because berries are relatively sexy, the media industry almost on its own has picked that up and run with it. It's happened almost by default."

# Conclusion

To reiterate, superfruits are the product of a strategy, not produce you find growing on a tree. They are the result of the convergence of science and marketing in order to create a new, value-added niche in the nutrition market.

We do not believe that any definition of a superfruit that relies only, or primarily, on science could withstand scrutiny. In fact, attempting to define superfruit or create a superfruit strategy on the basis of science, on high antioxidant content or novelty is false and misleading. Superfruit is a business strategy which, if it is to be successful, must incorporate science, production and supply and marketing – particularly the latter. These are already all important strategy considerations for any fruit business – be it a fresh fruit, juice or fruit ingredient business – and hence the Six Elements checklist has been developed to reflect the unavoidable reality that all of these elements have a key role in successful strategy.

In the case studies in Part II we analyse a range of actual and would-be superfruits against the Six Elements of Success checklist and we show the positive correlation between having a strategy that scores high on the list and market success.

At the end of Chapters 4, 5 and 6 we apply the Six Elements of Success to, respectively, beverages, fresh fruit and ingredients.

If a weighting were to be applied to the Six Elements then Element 6, Marketing, would emerge as important as all the other Elements combined. In Chapter 3 we set out the over-arching factors to be taken into account in marketing strategy, including the niche nature of the market for superfruits. This chapter addresses how to achieve premium pricing and also provides a checklist for the selection of a health benefit platform. We look, too, at the nature of the consumer for health. These market dynamics are the essential starting point for formulating any market strategy for superfruits, whether for beverages, whole fresh fruit or ingredients.

# CHAPTER 3

## Superfruit strategy

## KEY POINT SUMMARY

- Effective marketing is crucial to a successful superfruit product.

- A successful superfruit product will be a niche product, selling in very low volumes at very high values. Superfruits are niche because they are a type of functional food, and most functional foods are niche. This results from the massive fragmentation of consumers' beliefs about health and the proliferation of products offering rival health propositions.

- The juice and fresh produce aisles are gradually producing more and more niches. This trend will continue and lead to the emergence of more superfruits at the expense of traditional fruits.

- Superfruits are premium priced – often super-premium. They need to be premium priced in order to capture more value, not only to be more profitable, but to cover the additional costs of science and marketing that make superfruit different from other fruits.

- Very often, discussion about the health claims and benefit platforms of products can become confused. The benefit platform is what you communicate to consumers about the health benefits of your product: for example, that it is "high in antioxidants". Your communication to enable them to understand the benefits of your superfruit can take multiple forms – PR, advertising, sampling. The health claim, on the other hand, is a scientifically substantive phrase that states what science says your product can do.

- Having a benefit platform that is relevant, well-researched, well-supported by science and well-communicated is more important than simply having a health claim. There are a wealth of possible health benefits associated with fruit and as research into fruits' health benefits continues more will be uncovered. The choice of benefit for your superfruit is therefore an exercise in marrying up scientific knowledge and market insight. A checklist to help with the selection of a health benefit platform for your superfruit may include:

  1. What benefit can science substantiate?

  2. In the eyes of the consumer, is this benefit credible for this fruit?

3. What competing fruits are claiming the same benefit?

4. What competing products in other categories are claiming the same benefit, how successful have they been and why?

5. What are the consumer implications for the benefit platform?

- A superfruit needs to be supported by a health-benefit platform that is grounded in good science. However, a superfruit does not, in most countries, need to have a health claim approved by regulatory authorities, since a health claim is only one way to communicate the benefit. Public relations – for example – has been demonstrated in many markets to be a more effective communication technique than health claims on labels or advertising using health claims.

- Superfruits should be targeted at technology and lifestyle consumers (the early adopters). These are the segment of the population who are most motivated by health and they are willing to pay premium prices for products that deliver a health benefit in a way that supports their "lifestyle of wellness".

- Superfruits are not mass market – they neither appeal to the mass of consumers nor will the mass market be willing to pay the premium prices that need to be earned.

- The profile of consumers of superfruits tends to skew towards those who are better-off and older and who have an active interest in health and wellness.

# Marketing – the most important Element

As we established in Chapter 2, there are six elements in successfully creating a superfruit. Of these, the single most-important – the one that determines, almost more than any others, whether a would-be superfruit is a success or failure – is marketing. It doesn't matter how "super" your superfruit is, if no one knows about it then it is doomed to remain an ultra-niche product.

Cranberry may have become a superfruit, but it's worth remembering that from 2001-2006, after years of uninterrupted growth, Ocean Spray's US cranberry business stalled and sales of its cranberry juice declined. One of the principal reasons, Ocean Spray's management has said, was that they failed to communicate strongly enough the health benefits of cranberry – and by failing to endlessly restate the benefit in the minds of consumers, who are being bombarded with multiple health messages, the brand's point of difference was eroded.

From that experience the company learnt that it must focus on cranberries' health benefits and "shout it from the rooftops" in the words of Ken Romanzi, COO of Ocean Spray.

Marketing is so crucial to a successful superfruit product that the remaining four chapters of Part I are focused on discussing the marketing and strategy implications of superfruit:

- Chapter 4 explores the elements of successful superfruit beverage marketing strategy.
- Chapter 5 examines market strategies for producers of whole fresh fruit.
- Chapter 6 sets out strategies for potential suppliers of superfruits as ingredients in dietary supplements and processed foods.

This chapter sets out the over-arching strategic and market dynamics that are the essential starting points for formulating any market strategy for superfruits, whether for beverages, whole fresh fruit or ingredients.

# Markets

## Superfruits are niche

A key starting point for a successful superfruit strategy is to understand that superfruits are niche products, not mass market. A niche market is one which is characterised by products which sell in low volumes, have a low share of the total market, and usually appeal to a small (but often very loyal) number of consumers.

The US market for pomegranate juice, for example, amounts to a volume of perhaps only 25-30 million litres – compared to 1.1 billion litres for the market for premium 100% orange juice.

Moreover, companies that have been successful in the superfruit beverage area are themselves small entrepreneurial start-up companies – not the established players. We explore this further in Chapter 4.

That superfruits are niche – and most likely will stay that way – isn't surprising. Almost all nutritional products and functional foods – no matter what the category, no matter in which country – sell on a niche basis with very, very few graduating into the mass market. In fact most attempts to create mass-market brands have failed (Mellentin, J., *Failures in Functional Foods*, 2007).

Danone's Actimel provides an excellent example of the niche nature of functional foods. Actimel is an immunity-boosting daily dose dairy drink which had retail sales in the Netherlands in 2006 of over €50 million ($76 million). In a country with a population of just 17 million people those figures make Actimel look like a mass-market brand, but in fact, in volume terms, just 69.2 million bottles were sold in the whole year, amounting to just 7 million litres. Moreover, averaged over a year, the figures amount to 190,000 bottles a day. Taking into account that such products have loyal consumers and high repeat purchase rates – 70% is not uncommon – that means that just 1.1% of the population of the Netherlands drinks Actimel. Clearly it is a niche product.

What is true of Actimel – one of the world's most successful functional food brands – is even more true of other brands, underscoring the point that the business of food and health is about high value products that sell in low volumes. It is not a high-volume business.

Consumer interest in health is rising, but that hasn't yet converted into the majority of consumers making health their primary motivation when they go shopping. As we show, consumers who are actively seeking healthy options still comprise something of a niche – although one that is growing and one that is willing to pay premium prices.

The niche performance of most functional and nutritional foods also reflects the fact that the market for health is highly fragmented. Consumers are being bombarded with information about health as never before – from TV, magazines, newspapers and the Internet. Information on what is healthy often seems to them to be contradictory, people believe that what they are told by experts is constantly changing and people now no-longer trust experts nor are they ready to believe unquestioningly the dietary advice that governments and health professionals provide.

As a result, consumers' ways of defining "health" have become highly diverse and intensely personal (Mellentin, J., and Wennström, P. *The Food & Health Marketing Handbook,* 2003), reflecting their own interpretation of what they believe makes them feel better, in the context of their own lifestyle.

*It doesn't matter how "super" your superfruit is, if no one knows about it then it is doomed to remain an ultra-niche product.*

Here are examples of some of the terms which are used in marketing health-enhancing products – in almost every country in the industrial world – and which "signal" health to different groups of consumers:

- Dairy-free
- Lactose-free
- Wheat-free
- Gluten-free
- Reduced sugar
- No added sugar
- Free-from artificial additives, preservatives, colours, flavours and sweeteners
- Low cholesterol
- All-natural
- Organic

Different messages resonate with different groups of people, each of whom focuses on the one, two (or even three) that are of most interest to them from the tens of possibilities that can be found in the supermarket. Hit as many of these buttons as you can with your new superfruit product and you'll have a good chance of connecting to a high-spending, health-conscious, loyal consumer and you will enjoy a high level of repeat purchase for your brand.

Consumers' highly personalised definition of health is a key trend (see Box: Harnessing the shift to I-Nutrition on page 54), paralleling the trend to personalisation and "me-focus" that is influencing most areas of consumer goods and it is resulting in the development of multiple niches within the food market. For marketers of superfruits and superfuit products, this is an opportunity, for it is easier to build a group of loyal consumers, with high repeat purchase patterns, into a niche market which you can then dominate – ideally at premium prices – than to compete in the price-driven, high-volume mass market. That it is a niche market is just as well, because many would-be superfruits are only available in very small volumes.

Another way of understanding the drive to more and more niches and our ability to service those niches can be found in the book *The Long Tail*, by science and economics writer Chris Anderson (2006).

Anderson argues that marketing, coupled with modern efficiencies in production and distribution are making it possible to serve sub-groups of consumers with extremely low volumes of product – groups whom in the past it would never have been profitable to serve. He adds:

"Our growing affluence has allowed us to shift from being bargain shoppers buying branded or unbranded commodities to becoming mini-connoisseurs, flexing our taste with a thousand little indulgences that set us apart from others."

Anderson's description of consumers as "mini-connoisseurs" resonates with "the lifestyle consumer" – a powerful group and one of the key targets for superfruit products, whom we discuss in more depth later in this chapter. Significantly, these smaller sub-groups of consumers, these "mini-connoisseurs", are willing to pay significantly more for niche superfruit drinks – hundreds of per cent more in some cases – than consumers pay for mass-market juice drinks.

Anderson uses an example which parallels that of superfruit. His example is the music download industry, which has given musicians whose work would never have been recorded by record companies because of their "too niche" appeal the ability to reach consumers via the Internet and establish their own niche.

Similarly the emergence of superfruit as a business strategy has given fruit growers who in the past would have been "too small" for retail markets an opportunity to find their own niche in the marketplace.

Anderson points out convincingly how demand is seemingly greatest for products that aren't available in mainstream stores – something that seems to be true also for mangosteen and goji juice in the US market. These two juices are not retailed in mainstream supermarkets at all. Pomegranate juice too was initially confined only to specialist health food stores (the so-called "natural product stores"). But despite – or perhaps because of – the lack of mainstream grocery store listings, between them these three juices grew to over $500 million (€331 million) retail sales within five years.

*"Our growing affluence has allowed us to shift from being bargain shoppers buying branded or unbranded commodities to becoming mini-connoisseurs, flexing our taste with a thousand little indulgences that set us apart from others."*

*– Chris Anderson.*

As Chart 11 in Chapter 4 and Chart 16 in Chapter 5 both show, the volume of superfruits and superfruit juices sold is tiny compared to mainstream fruits, such as oranges and orange juice, yet it is the superfruits that attract the most industry, media and consumer attention and are re-defining strategy in the juice industry – the tail is truly wagging the dog.

Anderson argues that in the modern economy, demand often seems to follow supply, rather than the other way round – meaning that if you make a product available and market it well you can create demand. It's a factor which is actually key to the success of most nutritional brands. As all of our case studies show, the story of superfruit juices is about creating demand for products that consumers don't know exist and don't know that they want. If you sit back and wait for consumer research to tell you that consumers want a certain nutritional product or benefit you will fail, since consumer research tells you only what people think they know today, not what they don't know, nor what they are going to want tomorrow.

Al Ries and Jack Trout, the marketing gurus who have been respected since the 1970s and whose *Positioning* and *Marketing Warfare* are still international best-sellers, described this tendency that all markets have to fragment into new niches and categories back in 1993 in *The 22 Immutable Laws of Marketing.*

Ries and Trout's Law 10, the Law of Division, says that: "Like an amoeba dividing in a petri dish, the marketing arena can be viewed as an ever-expanding sea of categories.

"A category starts off as a single entity ... but over time breaks up into other segments ... The automobile started off as a single category. Then the category divided. Today we have luxury cars, moderately priced cars and inexpensive cars. Full-size, intermediates and compacts. Sports cars, four-wheel drive vehicles, RVs and minivans.

"Each segment is a separate, distinct entity. Each segment has its own reasons for existence. And each segment has its own leader, which is rarely the same as the leader of the original category."

This is precisely what is happening in superfruits. They are a new segment or category of fruit which is itself already subdividing, amoeba-like, into new segments. For example, the market for açaí superfruit beverages has already split into sub-niches such as:

- Not-from-concentrate
- Organic
- Sustainably produced

As companies seek new benefits for their fruits to achieve a point of difference – and as science uncovers new benefits – there will be niche superfruits and superfruit juices for digestive health, for mood, for immunity or whatever, in addition to the heart-health platform already taken by pomegranate.

And as Ries and Trout also forecast, it's not the big companies that create new niches. In the world of superfruit, none of the world's major juice players has helped create these segments. All the big brands can hope to do is to bring a superfruit drink to market with a new benefit that isn't currently being provided, or to acquire one of the entrepreneurial companies, or partner with an entrepreneur, providing cash and distribution while the entrepreneur provides the drink and the branding.

## Pricing strategy – premium or super-premium?

There isn't much point in putting in a major effort to create a superfruit or superfruit product unless you're going to be able to earn superior retail prices and therefore higher profit margins. Higher returns are needed to offset the higher up-front investment involved in putting an effective superfruit strategy in place.

The ability to premium-price superfruits is supported by consumer preferences and a consumer trend towards seeking niche, super-premium products.

The question of how to achieve premium pricing for various types of superfruit products is addressed in detail in Chapters 4, 5 and 6.

## Harnessing the shift to I-Nutrition

Many of the concepts that have succeeded in the functional food market are those which, had anyone predicted their success 10 years ago, would have been considered unlikely concepts. Red Bull is probably one of the best examples. Over the years we have heard this brand dismissed repeatedly by people in industry as being a "fad" that would not last, yet last it has. Now Red Bull is one of the world's biggest functional brands with sales of billions of dollars.

What successful functional and healthy brands have in common is that they are all focused on understanding consumers' needs, beliefs and aspirations and in particular these brands are strong in connecting to consumers' lifestyle needs. The lifestyle need of young consumers for a drink that enables them to "party all night" is one that Red Bull understands and connects to perfectly.


An icon of the shift towards I-Nutrition, RedBull connects strongly with young lifestyle consumers.

Lifestyle needs increasingly connect to the idea of products for individual consumption. From Yakult to Actimel to Red Bull and many, many others, single-serve packages have proven to be a winning component of product design.

Look around and you will see in all categories of consumer products there is a growing desire for customisation to meet individual consumer needs.

By far one of the best examples is the iPod, a product that has become massively successful because it is about the consumer as an individual and his/her individual lifestyle and preferences. An iPod enables the consumer to customise their musical entertainment to their precise preferences and instantly select from thousands of available music tracks only the ones that suit how they feel at that moment. They carry this technology around with them in their pocket or bag, it contains music chosen by the consumer, tailored to their preferences and they listen to it alone, with headphones.


Nothing is better at saying that consumption is about individual needs than Yakult Honsha's daily dose, single serve dairy drink, Yakult.

There are few more insular, "I"-experiences than the iPod, which is the ultimate example of customised entertainment on a mass scale for the "me society". The baby boomers may have been "the me generation", but collectively we have now become the "me-society". Market researchers have found that Generation Y – the baby boomers' children, currently aged under 26 – are even more me-centric than their parents, from whom they learnt the me-habit.

A product tailored to suit our "me-society", iPods and other MP3 players like them have been developed to cater for the "single serve", individual consumption lifestyles chosen by more and more consumers.

The design of single-serve functional products also sends a clear message that consumption is about one's individual needs. The single-serve packaging is tailored to provide you with the nutrition you need, when you need it.

This lifestyle need conjoins with the increasing fragmentation of consumers' perceptions about what is healthy. What people see as "healthy" has become a highly personalised definition, created by the individual – not by nutrition experts – based on selecting the information that seems most appealing and relevant to the individual from among the giant amounts of information with which consumers are bombarded by the media.

Increasingly, consumers seem to regard health as an extensive menu of options from which they select the foods that make the most sense to them as individuals in the context of their personal beliefs about health, their perceived needs and their lifestyle. In effect they are already customising their nutritional choices and what one individual chooses to consume for their health may be very different from the choices made by another individual living in the same household.

To these changes about health beliefs must be added the effects of social changes, such as longer working hours, longer commuting times, greater social and geographical mobility, greater social isolation (one in three apartments in Amsterdam is occupied by one person living alone) and the breakdown of traditional family structures, with people marrying later and higher levels of divorce creating new concepts of family.

The future for functional food brands – and for superfruits – is to exist as one of a host of niche brands in a market which is increasingly fragmented. Those brands that become mass will be the exception, not the rule. The successful companies will be those who recognise this future of niches and find ways both to appeal to the fragmented customer base in the era of I-nutrition and to achieve price premiums that make the niche a profitable one to serve.


Danone's Actimel is an example of a niche brand which has experienced high levels of success in the era of I-Nutrition.

*Source: Mellentin, J. & Wennström, P., The Food & Health Marketing Handbook, 2002*

# Health-benefit platforms vs. health claims

Very often, the discussion about health claims (claims that can be made about products) and health-benefit platforms (in the sense of what health benefit products can offer) can become confused. These two are very different:

- The **benefit platform** is what you communicate to consumers about the health benefits of your product: for example, that it is "high in antioxidants". This connects to what consumers understand. Your communication to enable them to understand the benefits of your superfruit can take multiple forms – PR, advertising, sampling, etc. Examples of benefit platforms include cranberries and the reduced risk of urinary tract infection; or cranberries and "cleansing and detoxification"; plums and prunes that "support your digestive health" or pomegranate "high in antioxidants to support your heart health".

- The **health claim** on the other hand, is the phrase that you can scientifically substantiate that states what science says your product can do. For example, that the fruit has a high level of antioxidants and can reduce the risk of a specific health problem. This is what regulators will allow you to say. But it is often in language that consumers cannot understand. Having a health claim is a good basis for your health benefit communications (though not essential, and in fact very few fruit have any health claim approvals) but it is one of a number of forms of health communication. It is helpful, but alone is not enough.

Key to developing a benefit platform is making it relevant to consumers and connecting it to the science, and this is addressed by the checklist below. Having a benefit platform that is relevant, well-researched, well-supported by science and well-communicated is more important than simply having a health claim.

## The health-benefit platform

There are a wealth of possible health benefits associated with fruit and as nutrition research into fruit's health benefits continues more will be uncovered.

A checklist to select a health-benefit platform includes:

1. What benefit can science substantiate?

2. In the eyes of the consumer, is this benefit credible for this fruit?

3. What competing fruits are claiming the same benefit?

4. What competing products in other categories are claiming the same benefit, how successful have they been and why?

5. What are the consumer implications for the benefit platform?

- To which consumer group is the benefit relevant?
- How large is the target consumer segment – what are the implications for the likely size of the brand?
- What communication strategies must we use to reach the target consumers?

The choice of benefit for your superfruit is therefore an exercise in marrying up scientific knowledge and market insight.

## 1. What benefit can science substantiate?

The focus for most superfruit products is currently on their high antioxidant content. This is not a direct benefit message but an ingredient statement with the benefits usually implied. It works because consumers perceive antioxidants as something healthy to include in the diet (even though they don't know exactly what they are) and the many possible benefits of antioxidants are being actively communicated by both the media and by marketers of green tea, dark chocolate, cosmetics and many other products. The high antioxidant message works very well – and it may continue to have value for some time. Consumers perceive antioxidants as a "wellness ingredient" and can interpret that as meaning what they want it to mean to them, individually, in the context of their lifestyle.

Interestingly, marketers of superfruits have already tacitly acknowledged that "high in antioxidants" may not, in the long run, be a sufficiently strong selling message by itself and as Table 3 shows, on their websites and in marketing, many are trying to make links between their products' high antioxidant levels and reduced risk of specific conditions. Table 4 gives some specific examples of wording of health communications for a number of actual and would-be superfruit brands – note that such communications are all being made by beverage brands and only one that we could find by whole fresh fruit marketers (Ocean Spray Cranberries).


Bold communications such as the "Cheat Death" message from Pom Wonderful succeed in delivering strong associations between ingredients and their implied health benefits.

## Table 3: Superfruit and health-benefit platforms

On websites and in other marketing communications, marketers of superfruit are trying to make links between their products, high antioxidant levels and reduced risk of heart disease (see highlighted columns).

| | High in Antioxidants | Heart | Blood Circulation | Respiratory System Benefits | Stomach /Digestion | Intestinal Health | Urinary Tract | Oral | Cartilage & Joint Function | Reduction of Cancer cells | Antiviral & Antibiotic | Neutralises free radicals | Immunity | Cleanses & Purifies | Eyes | Skin | Brain Function | Energy | Healing Wounds |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **CRANBERRIES** | | | | | | | | | | | | | | | | | | | |
| Ocean Spray Cranberries | ● | ● | ● | | ● | | ● | ● | ● | ● | | | | ● | ● | ● | | ● | |
| Ocean Spray Juice Cocktail | ● | ● | | | ● | | ● | | | | | | | ● | | | | | |
| **BLUEBERRIES** | | | | | | | | | | | | | | | | | | | |
| Highbush | ● | ● | | | | | ● | | | ● | | | | | | | | | |
| **POMEGRANATES** | | | | | | | | | | | | | | | | | | | |
| Pom Wonderful 100% Pomegranate Juice | ● | ● | | | | | ● | | | ● | | | | | | | ● | | |
| Pomegreat | ● | ● | | | | | | | | | | | | | | | | | |
| Pomegranate based products | | | | | | | | ● | | ● | ● | | | | | | | | |
| **MANGOSTEEN** | | | | | | | | | | | | | | | | | | | |
| Xango Juice | ● | ● | ● | ● | | ● | | | ● | | | ● | ● | | | | ● | | |
| Xalo Juice | | | | | ● | | | | | | | | | | | ● | | ● | |
| **GOJI** | | | | | | | | | | | | | | | | | | | |
| Goji | | | ● | | | | | | | | | | ● | | ● | | | | |
| **AÇAÍ** | | | | | | | | | | | | | | | | | | | |
| Sambazon Organic Açaí Juice | ● | | | | | | | | | | | | | | | | | | |
| Sambazon Power Scoop - Organic Açaí Powder | ● | | | | | | | | | | | | ● | | | ● | | ● | |
| Naked Pomegranate/Açaí | | | | | | | | | | | | ● | | | | | | | |
| Zola Açaí Power Juice | ● | | | | ● | | | | | | | | | | | | ● | ● | |
| Aristo Health's Body and Mind Nutrition Bar | | | | | | | | | | | | | | | | | ● | ● | |
| **GOLD KIWI** | | | | | | | | | | | | | | | | | | | |
| Zespri Gold | | | | | ● | | | | | ● | | | | | ● | | | | |
| **NZ BLACKCURRANTS** | | | | | | | | | | | | | | | | | | | |
| Juice, anthocyanin and polyphenol extracts | | | ● | | | | | | | | | | | | ● | | ● | | |
| Cassis-*i* | | | ● | | | | | | | | | | | | ● | | | | |
| **GAC** | | | | | | | | | | | | | | | | | | | |
| G3 | ● | | | | | | | | | | | | ● | | | ● | | | |

*Source: New-Nutrition Business*

## Table 4: Examples of health-communications for superfruit products

| Product | Health-communication |
|---|---|
| **Ocean Spray Cranberries & Ocean Spray Cranberry Juice Cocktail**   | "Powerful nutrients to help cleanse and purify your body."<br><br>" … it's food for your health in ways that other juices aren't … The Vitamin C and antioxidants help your whole body."<br><br>"One preliminary lab study suggests that a serving of cranberry juice cocktail may be as good for the heart as a glass of red wine. In test tube studies, scientists investigated cranberry juice cocktail, and 2 red wines, and found that serving for serving, cranberry juice cocktail was similarly effective to the red wines in modifying that activity of an enzyme that supports heart health. And, a clinical study reported that cranberry juice cocktail was beneficial to markers of heart health."<br><br>"Research shows drinking Cranberry Juice Cocktail daily can promote urinary tract health. The benefits of Cranberry Juice Cocktail start within two hours and can last up to ten hours. That means one serving (8oz) of Cranberry Juice Cocktail in the morning and one at night may better help keep certain harmful bacteria at bay all day. Bye, bye bacteria. Hello healthy urinary tract."<br><br>"Cranberry juice may help keep your stomach healthy so these bacteria can't stick to your stomach wall." |
| **Pom Wonderful 100% Pomegranate Juice**   | " … has been shown to reduce the risk of heart disease by protecting heart vessels from cholesterol."<br><br>" … has been indicated in slowing and even halting the production of cancer cells in patients with prostate and breast cancer."<br><br>" … has been proven effective as a cure for urinary-tract infections, as protection against Alzheimer's disease and as a powerful antioxidant that can rid the body of two to three times as many toxins as red wine." |
| **Pomegreat**   | " … it's great for your heart."<br><br>"It ticks all the important boxes like the antioxidant box, the vitamins box, the good for your heart box …" |
| **XanGo Juice**  | "Sustains a healthy cardiovascular system"<br>"Supports cartilage and joint function"<br>"Supports the immune system"<br>"Promotes a healthy seasonal respiratory system"<br>"Maintains intestinal health"<br>"Neutralizes free radicals" |
| **Xalo Juice**   | "Supports a healthy digestive system"<br>"Helps with the complete absorption of nutrients"<br>"Revitalises the skin"<br>"Gives vitality" |
| **Sambazon Organic Açái Juice**   | " … an incredible source of antioxidants (more than pomegranates and blueberries) healthy omega, fats, fibre and protein." |

| Product | Health-communication |
|---|---|
| **Sambazon Power Scoop – Organic Acai Powder**  | "Rich source of antioxidants"<br><br>"Boosts energy and immune systems"<br><br>"Promotes Healthy Skin" |
| **Naked Pomegranate/ Açái**  | " … loaded with nature's elite fighting force to defend your body against free radicals." |
| **Zola Açái Power Juice**  | "In addition to better health from the antioxidants and the other powerful nutrients found in Zola, you may get these benefits from Guaraná:<br><br>• Sustained Energy from fat-soluble Guaraná seed with 3% caffeine<br>• Better Mental Focus<br>• Improved digestion & appetite suppression<br>• Increased endurance & less susceptibility to fatigue" |
| **Aristo Health's Body and Mind Wellness Nutrition Bar**  | " … help support optimal body and mind function." |
| **Cassis-*i***  | " … improvement of blood circulation and the eradication of 'sagging eyes'." |
| **G3**  | "Helps support cellular rejuvenation."<br><br>"Slows the common effects of aging through DNA protection."<br><br>"SCS Certified™—improves Skin Carotenoid Score with the Pharmanex® BioPhotonic Scanner."<br><br>"Fortifies the antioxidant defense against cellular free radical damage."<br><br>"Supports healthy immune function." |

*Source: New Nutrition Business*

The many specific links that some superfruit marketers make to various conditions, including cancer-fighting and heart health, will appeal to the sub-groups of consumers who have a very specific interest in these medical conditions. These more specific messages are eye-catching, particularly when used in assertive guerrilla marketing such as Pom Wonderful's. But it is really only pomegranate juices that have succeeded in creating a strong link to a specific benefit – in this case heart health.

Overall, such specific messages do not yet provide the primary reason for purchase for the majority of consumers buying superfruit drinks. For most it is the high antioxidant platform and the idea of maintaining wellness, rather than fighting disease, which is the primary motivation to purchase.


Superfruit marketers around the globe are using health communications such as these to promote the antioxidant power of their fruit. Note how the marketers of Purple are confident in their consumers' understanding of scientific terms such as ORAC.

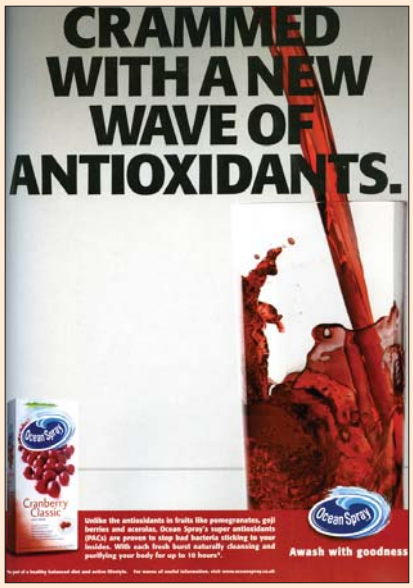
In fact as more and more would-be superfruits are promoted for their "high in antioxidant" content the marketplace is increasingly witnessing a scramble to see who can say they have the most (as measured by the ORAC [Oxygen Radical Absorption Capacity scale], the most-used measure of antioxidants in fruit) and so high antioxidants ceases to be a point of difference and becomes a category standard.

That, like the presence of probiotic bacteria – also referred to as "live and active" bacteria – in yoghurt, may not be a bad thing. Antioxidants have the potential to become a widely-accepted wellness ingredient just as yoghurt bacteria have (see Box: Antioxidants – the new "wellness ingredient"? on page 62).

The antioxidant message has helped create sales for the pioneering superfruit, but in future, new entrants will have no point of difference. Marketers of new superfruit products and growers of fruit may have to move beyond a straight antioxidant message and invest more in science so that – like other functional foods – they can be more specific in their benefit statements.

This is particularly the case since antioxidant science and the link between consumption of antioxidants from foods and improvement in specific health conditions is one that is dogged by controversy and not a little uncertainty (see Box: Antioxidants - not what we think they are? on page 64).

## Antioxidants – the new "wellness ingredient"?





The message "naturally high in antioxidants" is not only a standard for juice beverage products it's now also increasingly associated with skin & beauty products.

It increasingly seems to be the case that the word "antioxidant" signals "healthy" to a small but growing group of consumers. The nearest parallel we can think of is the word "probiotic" which signals "healthy" to most consumers in Europe, where it is a descriptor that belongs to the dairy category.

There are many parallels between the "antioxidant" concept and the "probiotic" concept:

- neither has a legal or regulatory definition of how it is to be used in marketing
- both are available from multiple sources
- there is no regulation saying how much of a probiotic or an antioxidant you must include before inferring a health benefit
- both words have come to be attached to products as a general "wellness" statement
- consumers know and accept that these things are somehow "natural" and "good for you" but most don't know exactly why – and don't really care. They find them motivating messages when choosing products.

The presence of antioxidants is used as a generalised wellness message across multiple categories. For example, the high antioxidant benefits of tea have been communicated intensely to consumers for some time. Unilever leads the way in this with its marketing of Lipton tea. The message focused first on green tea and then, as the science evolved, it was extended to black tea too. As a result antioxidants in tea are a benefit widely-known and accepted amongst consumers.

The message "naturally high in antioxidants" is now a standard for tea and thanks to the surge of consumer and industry interest in blueberry, pomegranate and all the other superfruits and superjuices, consumers are aware that these dark-coloured juices are also naturally high in antioxidants. Blueberries in particular have enjoyed price and volume growth as a result of media attention to their very high antioxidant content.

Dark chocolate, too, has hitched its marketing wagon to its naturally high content of


The concept of antioxidants as a desirable and natural "wellness" food component has firmly established itself in consumers' minds as a result of advertising. Antioxidants' benefits in connection with tea are made clear in this Unilever advertisement from France.

antioxidants. Barry Callebaut, the world's biggest cocoa processor, says its research shows that many consumers now associate health benefits with dark chocolate, thanks in large part to media attention to scientific studies demonstrating the high antioxidant levels of dark chocolate and their link to reduced risk of cardiovascular disease.

Nestlé Australia has even launched an initiative to highlight to healthcare professionals "the health benefits of consuming small portions of dark chocolate". In its new "Switch to Dark" campaign, launched in September 2007, Nestlé is educating health professionals about dark chocolate's benefits in relation to its antioxidant content. In particular, communication materials for the campaign highlight studies connected to dark chocolate's effect in relation to lowering both blood pressure and LDL cholesterol.

Australian consumers have developed an awareness of antioxidants similar to those of their European and US counterparts: "Generally consumer awareness of antioxidants is a lot higher than it was two years ago," explains Renée Tsironis Nestlé Club dark chocolate brand manager, "with consumers having the same awareness of antioxidants in dark chocolate as they have of antioxidants in red wine."

A further advantage that antioxidants have is that, because they have many sources and are of many different types, they have been linked to multiple possible health benefits, which provides a number of possible directions for food marketers to take, including immune support, cardiovascular health and skin health:

- Pomegranate juice, for example, links to cardiovascular health – a link that consumers have found persuasive
- Tropicana is attempting to link a high antioxidant juice it markets in Europe to a beauty platform with a message that its naturally high content of antioxidants assists with "cellular renewal".


Some of the stylishly designed pages of a leaflet conveying the "Switch to Dark" message that Nestlé began communicating to Australia's healthcare professionals in September 2007.

*Source: Mellentin, J. Ten Key Trends in Food, Nutrition and Health, 2008*

## Antioxidants – not what we think they are?

Most consumers will tell you that antioxidants are good – although most won't know exactly why. More informed consumers may paint a picture of molecules racing around the body neutralising "bad" free radicals. There is no doubt there is a link between fruit and health – confirmed by numerous epidemiological studies – and the assumption has been widely made that because fruit is full of compounds that act as chemical antioxidants, that this is what makes fruit healthy.

This belief has given birth to an obsession with ORAC (Oxygen Radical Absorbtion Capacity, a measure of a fruit's antioxidant value). The ORAC "arms-race" manifests itself in tables of fruits' ORAC values in consumer magazines and in marketing. If your fruit is at the top of the league table (as berries are) then you are happy – if not, bad luck. There always seems to be another new fruit that tops the table, and so, the argument to consumers and retailers goes, that fruit must be better than the others.

Emerging science is now suggesting that even the word antioxidants is a misnomer and really obscures how these compounds provide a health benefit. Neutralisation of free radicals is not primarily how they work, and may only be a minor part of the health benefits of "antioxidants". Consider this. The total antioxidant capacity (TAC) of plasma in a normal individual has been estimated at 500 μM. Even the maximum estimated concentration of polyphenols of 10-20 μM represents a transient 2%-4% increase. Just to underscore this point, although a recent study on apple consumption outlined that the increase in TAC from apple consumption was approximately 37%, this increase came entirely from sugar metabolites and there was no detectable increase associated with the polyphenols. The authors suggest that this applies more generally to other plant derived high antioxidant foods[1].

In addition, it is now well established that antioxidant polyphenols are almost completely metabolised and that the compounds that your cells see are not the same ones that are measured in a chemical antioxidant assay. In very simple terms, what ORAC measures is not what your body actually gets.

So what is happening? How do these compounds work? There are a number of suggested mechanisms and it is likely that fruit does all of these at the same time:

- induction of endogenous antioxidants – up regulating the enzymes that produce the body's own antioxidants
- regulation of inflammation – influencing the body's complex inflammation pathway
- regulation of cell proliferation – important in cancer prevention
- regulation of gene transcription – multiple effects in many important body pathways
- direct antioxidants, the "free radical neutralising" theory – it is possible that there are some direct antioxidant effects, perhaps on the gut lining and intestinal microflora

You may by now be thoroughly confused, and even asking yourself "so what?". By focusing on only one of these potential mechanisms, direct antioxidants, you miss an opportunity to produce a product that maximises the benefit of fruit (by maximising the way in which the fruit provides this benefit). Because, in general, fruit is only tested for its direct antioxidant benefit, you could even be using the wrong fruit to provide a relevant, credible and tangible benefit to your customers.

*1. Stevenson, D.E.,& Hurst, R.D. (2007)* Polyphenolic phytochemicals – just antioxidants or much more? *Cellular and Molecular Life Sciences, 64, 22, 2900-2916.*

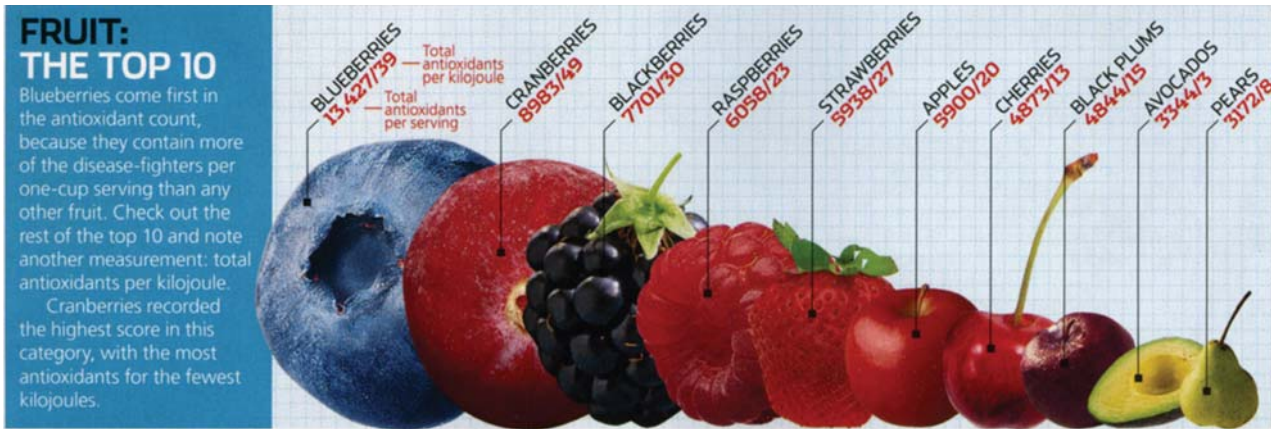
## 2. In the eyes of the consumer, is this benefit platform credible for this fruit?

This question can be given less weight than the others for a very simple reason: as long as the benefit is relevant to the target consumers' lifestyle and you communicate the benefit and market your product effectively, consumers will accept the benefit, even if prior to your communication effort they had no connection in their mind between the benefit claimed and that particular fruit (very likely if the fruit is new to them). People are willing to accept new benefits from fruit, if they are all-natural benefits that are intrinsic to the fruit, in a way that they are not from most other food and beverage categories. This truth is at the core of the success of superfruit to date. No market research could have established in the late 1990s that pomegranate would be a credible deliverer of heart health benefits – but good marketing, based on sound science, has made it so.

*People are willing to accept new benefits from fruit, if they are all-natural benefits that are intrinsic to the fruit.*

As already stated, success in the nutrition business is all about creating demand, not simply following it and consumer research is just one part of the picture that helps you decide your strategy. No consumer research has ever predicted the rise of superfruits, or of the success stories of functional foods. Consumer research is valuable in helping you to understand what consumers believe, but it is just one component in formulating strategy – relying too heavily on what consumer research says consumers believe is like driving in the fast-lane while only looking in the rear-view mirror.

Clearly, if a fruit has a traditional relationship with a particular health benefit – as cranberries have in the US with fighting urinary tract infections and as prunes do in relation to digestive health – that's clearly a helpful starting point to capitalise on. However, such relationships are strongly established in consumers' minds for very few fruits and in most cases your strategy will need to be focused on how to create new links between particular fruits and particular health benefits.




The superfruits currently on the market are locked into an arms-race to show who has got the most antioxidants.

### 3. What competing fruits are claiming the same benefit?

The benefit that you decide to focus on doesn't need to be one that is possessed only by your fruit and by no other. While it would be ideal if your superfruit product had a unique benefit, it isn't essential. Sales success will be determined by your branding, communications and marketing competence, not solely by whether your benefit is unique.

What matters when looking at whether another fruit is claiming the same benefit is how large the target market is and how well-connected with that benefit a competing fruit already is. If the benefit appeals only to a small group of consumers (see point 5) then that limits the size of the potential market and makes competition stiffer.

Similarly if another fruit already has a very, very strong association in consumers' minds with a particular benefit, then it would be very difficult to launch against it, unless you are willing to accept an ultra-niche second place market position. An example is the cranberry and its benefit of fighting urinary tract infections (UTIs). UTIs affect around 1 in 5 women at any one time, suggesting a large market, but after 12 years of hard marketing and the position of being the only fruit scientifically able to demonstrate this benefit, cranberry has such a strong association with UTIs in consumers' minds it would be very difficult to launch a new fruit against cranberry on the same benefit platform. You could compete if you were in a different geography, where that particular fruit-health association has not yet been made, or if you presented your fruit in some processed form that was more convenient than the forms already available.

### 4. What competing products in other categories are claiming the same benefit, how successful have they been and why?

It is potentially an advantage if your superfruit offers a benefit that is also offered by another category in the supermarket. If the benefit is being actively marketed in association with other types of products (say cereals or dairy) then those marketers are helping you by building consumer awareness of the benefit and training people to think about the benefit. If this is the case, you can be certain that a percentage of consumers will be interested in getting the same benefit from another category of foods. The digestive health benefits of probiotic dairy, for example, are actively being sought by consumers who want digestive health benefits but want them in a non-dairy product, free-from fat and lactose (see Example 2: Digestive health as a potential benefit platform).

*Benefit platforms, such as heart health, are already very crowded with superfruit juices, as well as a wealth of other product types offering heart health benefits.*

Some other benefit platforms, such as heart health, are already very crowded with superfruit juices, as well as a wealth of other product types offering heart health benefits, both as a natural benefit and from an added ingredient. Examples

of competing products already on this platform include cholesterol-lowering dairy drinks, wholegrain breakfast cereals, oat products, olive oil and almonds. While digestive health is dominated by probiotic dairy with few alternatives, heart health is already fought over by many categories and new entrants have found it hard to secure any sales growth in the area.

## 5. What are the consumer implications for the benefit platform?

- To which consumer group is the benefit relevant?
- How large is the target consumer segment – what are the implications for the likely size of the brand?
- What communication strategies must we use to reach the target consumers?

Some benefit platforms may be too niche to be viable, or so small that there's only space for one competitor. An example is eye health. Outside the juice category, several brands have already tried to market themselves on an eye health platform, almost all using as the added ingredient lutein, a natural extract developed by a company called Kemin Foods and supported by a wealth of science. However, none of the brands concerned has succeeded in raising sales – simply because in the West eye health has a limited appeal only to people over 60. Moreover, these consumers are actually dealing with a serious medical issue of age-related macular degeneration (AMD), not trying to maintain their wellness, and they are using pills and medical support as a more reliable way to fight their condition.

Only in Japan has eye health got a strong consumer appeal, where it is dominated by bilberries and blueberries.

One of the reasons for establishing and communicating a health benefit is to create a point of difference in the mind of the consumer. But today's consumer, as we discussed in Chapter 2, is bombarded with health messages from all sides – on labels and point of sale materials in the supermarket, in advertising, in magazine and newspaper articles and from TV programmes. People's capacity to absorb the hundreds of messages thrown at them is limited.

From 12 years researching and writing about the business of nutrition, the importance of focus has emerged as a very clear success factor. The most successful brands are the ones that focus on, and stick with, one clear message – a message that consumers can understand: Red Bull "gives you wings", Danone Actimel "supports your natural defences", Danone Activia is "a natural way to regulate your digestive system". We have yet to find anyone making a success out of multiple messages – indeed the consumer research that we have seen tends to confirm that consumers find multiple messages confusing and difficult to believe.

Resist the temptation to communicate multiple benefits; not only is it not credible to consumers, but the evidence is that it is expert brands – the ones that become identified with a single, credible benefit message, consistently communicated, that are the most successful. Having identified your benefit this

becomes the guiding principle of your communications strategy and everything you do should be about deepening your knowledge of how your product performs in relation to the claimed benefit, finding ways to make the benefit more available to more consumers and developing expertise as a company in this benefit platform.

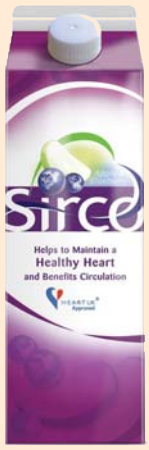
## Natural benefits


In the US, Pom Wonderful, marketed by a family-owned fruit growing company, outsells Coca-Cola's sterol-based cholesterol-lowering orange juice, Minute Maid Heart Wise. Pom's sales are >$95 million (€63 million) per annum.


Pomegreat sales > £30m ($60 million /€39 million) per annum. Now the UK's biggest heart health juice brand? Marketed by a small entrepreneurial company, Pomegreat has outsold Tropicana's sterol-based cholesterol-lowering juice and Sirco juice (both based on patented added ingredients).

## Added science


When it was first launched, Coca-Cola's Minute Maid Heart Wise achieved sales of $35 million (€23 million) and then fell to $20 million (€13 million). Juices that communicate heart healthfulness based on an added science-based ingredient (plant sterols and stanols) can be said to have largely failed. Superfruit's promise of a natural intrinsic health benefit will always beat added science.





Tropicana Benecol and Sirco both sold £1million ($2 million/€1.3 million) at retail and have both been withdrawn.

## Applying the checklist

Choosing the right health benefit for your product is essential. Below we examine two of the many health-benefits platform possibilities – heart health and digestive health – and show how our health-benefit platform checklist can help you select the most appropriate benefit platform for your superfruit.

### Example 1: Heart health as a potential benefit platform

Heart health is often identified by consumer research as being among consumers' greatest health interest. The reality in the supermarket, however, is that very few consumers buy products primarily for their heart health benefits (2%-8% of consumers only according to reputable research by Health Focus International). This is evidenced by the low sales of products launched on a heart health platform. Moreover the heart health niche is already crowded and intensely competitive. It is the niche perhaps best associated with the superfruit juices currently on the market.

The steady increase in consumer awareness of certain juices as being naturally very high in antioxidants, and the skilful use in marketing of the connection between a high level of antioxidants in a juice and heart health benefits, has completely redefined the juice market and now defines strategy for anyone looking to market a heart-healthy juice.

As a result juices that communicate their natural and intrinsic heart healthfulness – based on their very high natural content of antioxidants – are accepted by consumers and have become successful, while juices that communicate heart healthfulness based on an added science-based ingredient can be said to have largely failed. We believe there is little prospect of added-science juices regaining any ground against naturally heart-healthy juices any time in the foreseeable future.

The Western world's two biggest pomegranate juice brands, Pomegreat in the UK and Pom Wonderful in the US, have outsold the competing heart health brands based on added ingredients – Coca-Cola's Minute Maid Heart Wise cholesterol-lowering orange juice in the US and in the UK Tropicana Benecol, a cholesterol-lowering juice. Pomegreat has also outsold Sirco juice which was formulated to help improve consumers' blood circulation.

The two pomegranate brands have outsold the other brands by a factor of something like five-to-one. They sell for better prices and better margins and both have a bright future. By contrast, in the UK, both Sirco and Tropicana Benecol have been withdrawn, and in the US, Minute Maid Heart Wise's sales are only a third of those of the leading pomegranate brand and a third of what was originally hoped for.

### Example 2: Digestive health as a potential benefit platform

Although consumer research usually fingers heart health as being consumers' main health concern, a look at the sales figures of what is actually purchased in the supermarket, reveals that, around the world, digestive health is one of

## Applying the health-benefit platform checklist to heart health: Pomegranates

*1. What benefit can science substantiate?*

Starting point was antioxidants and the implied link to heart health, but now there are at least three peer reviewed studies linking pomegranate to improved cardiovascular disease (CVD).

*2. In the eyes of the consumer, is this benefit credible for this fruit?*

It wasn't originally, but is now, as a result of the PR and other marketing initiatives by pomegranate juice companies.

*3. What competing fruits are claiming same benefit?*

None that we are aware of, except those claiming CVD as one of the many benefits of antioxidants. There are some juice products with added "heart health" benefits (based on added ingredients such as plant sterols), but these have been much less successful than those relying on the inherent benefits of pomegranate.

*4. What competing products in other categories are claiming the same benefit, how successful have they been and why?*

Competing products have primarily been those with added cholesterol-lowering, science-based ingredients such as Benecol™. This ingredient has been added to a number of food formats (yellow fat spreads, dairy and juices) but has remained a niche product. Other products are based on wholegrains (such as breakfast cereals), which have an inherent heart health benefit, but are difficult to differentiate from other products with the same benefit. The heart health area is now very crowded.

*5. What are the consumer implications for the benefit platform?*

- *To which consumer group is the benefit relevant?*
- *How large is the target consumer segment – what are the implications for the likely size of the brand?*
- *What communication strategies must we use to reach the target consumers?*

As discussed above, heart health is often identified by consumer research as being among consumers' greatest health interest. The reality in the supermarket, however, is that very few consumers buy products primarily for their heart health benefits (2%-8% of consumers only according to Health Focus International). Pomegranate products have benefited from establishing a health halo based on their specific health benefit and have been supported by the antioxidant message so they have resisted being pigeon-holed into only the CVD segment.

consumers' main concerns. It is in fact not heart health but digestive health that offers one of the biggest untapped opportunities for superfruit.

*Fruit juice appeals to all types of consumers, has little or no negatives associated with it and can be delivered in highly convenient packages.*

Products with digestive health benefits massively outsell those for heart health and it's worth bearing in mind that in the home of functional foods, Japan, where the whole "functional food" concept was created and where the market is now 20 years old, it's products for digestive health that still dominate.

Products with digestive health benefits account for 64% of all sales of approved functional foods (so-called "FOSHU" products) in Japan. It's a similar story in Europe, where probiotic dairy products account for the lion's share of functional food sales (see Box: What is a probiotic on this page). The explosion of the probiotic dairy market in Europe has demonstrated over the past decade (and in Asia and South America over a much longer period) that maintaining good digestive health is something that motivates consumers and it's a benefit that has become the basis for several successful brands.

Even in a market in which digestive health has never really taken off as an issue – such as the US – we are already seeing change. Danone Activia, for example, a spoonable yoghurt, raked in $130 million (€98 million) in 2006, its first year on the US market. It uses an overt digestive health message of a kind that American marketers have shied away from and its success foreshadows the development of many more products targeting digestive health.

Marketers of products with a digestive health platform have a big advantage, which is that the consumer will know, fairly quickly, whether the product has improved their digestive health or not. Consumers are most persuaded by and most loyal to products where they feel an almost immediate benefit. This quick effect is one of the key underpinnings of the success of the energy drinks category, whereas the lack of it is an inhibitor to most people buying a cholesterol-lowering product – you cannot, after all, see or feel your cholesterol going down.

Digestive health is not, for most consumers, a life or death issue. Unless you are one of the minority of the population who suffers from a condition such as Irritable Bowel Syndrome (IBS), digestive health is a question of everyday wellness and wellbeing, not one of disease.

## What is a probiotic?

Although there is no legal definition of the term probiotic, technically, probiotics are defined as "live microbial feed supplements which beneficially affect the host animal by improving its intestinal microbial balance". Put more simply probiotics are "good" bacteria which can survive passage into the digestive tract and are scientifically proven to have an effect on improving the balance of "good bacteria" in the gut, which in turn can contribute positively to other functions in the body.

Having said that, the link between the health of a person's gut and other aspects of their health is only just starting to be understood by science. What is beginning to be revealed is that the gut influences our health, wellbeing and resistance to disease to an extraordinary extent. Digestive health disorders (ranging from diarrhoea to constipation, bloating and discomfort) are felt by everyone from time-to-time.

So powerful is the emerging evidence that it prompted Dr. Michael Gershon, a professor of anatomy and cell biology at Columbia Presbyterian Medical Center in New York, to choose the title *The Second Brain: A Groundbreaking New Understanding of Nervous Disorders of the Stomach and Intestine* for his latest book, in which he sets out the role that "the brain in the gut" plays in human happiness and misery. The term "The Second Brain" today has respectability enough to be in widespread usage in the scientific community.

In short, digestive health is relevant to a wide swath of consumers in their everyday lives, which is why the Japanese market – the most-advanced and longest-established functional food market in the world – continues to be dominated by products for digestive health.

While it is dairy products that, more than any other category, are associated with the digestive health message, and particularly probiotic dairy products, several factors favour a superfruit juice for digestive health:

- Fruit juice appeals to all types of consumers, has little or no negatives associated with it and can be delivered in highly convenient packages to allow individual, on-the-go consumption – some advantages that few other categories can match.

- In consumers' minds fruit and fruit juice also have the advantage of being associated in a natural and credible way with the digestive health message. Fruits such as fig, pear, prune, plum, kiwi and rhubarb have a traditional association with digestive health in many countries.

- For the sizeable niche of consumers who would like to consume products with digestive health benefits but want them in a non-dairy form there are currently no convenient, good-tasting alternatives available. Many of these


Using its expertise in foods and beverages, Skåne Dairy assisted Probi with the development of ProViva – a probiotic fruit juice which was the first launched in the West.

## Activia: Danone taps into the opportunity in Digestive Health


The imagery of an arrow on a flat stomach is used globally to reinforce the messages about Activia's benefit. Here it is a seen on the Canadian website.

Danone's Activia, the world's second-biggest digestive health dairy brand after Yakult, is a particularly useful example for anyone trying to understand how to succeed in the digestive health arena. Activia is one of Danone's "pillar brands" and alongside Actimel (for immunity), it is one of the two most successful and profitable brands in the Danone portfolio, accounting for 12.6% of Danone's worldwide sales of fresh dairy products and 7% of the company's total sales.

Activia's message is that it: *helps naturally regulate your digestive system.*

To this Danone adds a very small number of simple supporting messages, such as: *Activia is scientifically proven to help reduce long intestinal transit time.*

Advertising for Activia is "problem-solution" focused. The problem is presented as "irregularity", "bloating", "feeling heavy" and "discomfort" and the solution is then presented using terms such as "improved natural regularity", "helps you stay regular", "helps your natural regularity" and even "improved transit".

Activia is on sale in 34 countries, including 23 European countries, as well as the US, Canada, Mexico, Brazil, Argentina, South Africa, Algeria, Turkey, Japan, China and Saudi Arabia. In 2006 Activia earned Danone around €1 billion ($1.3 billion), equivalent to over €1.4 billion ($2.1 billion) at retail prices.

Activia continues to record impressive growth even in countries where it has been long-established. In the UK, to take one example, sales of Activia (which had been on the market since about 1999) rose 80% in 2006 to £91 million ($180 million/ €135 million). The success of Activia in so many different countries – including in the US in 2006 – underscores that in digestive health consumers have a common need that crosses all cultural barriers.

## Advertising Activia in Italy



**TEXT:**
*Activia Life*
*The taste for being regular*
*Discover Activia*
*How it works:*
*The secrets of the lactic bacteria that helps you stay regular*
*Activia and women:*
*Results and benefits told by those who have tried it*
*Thought you'd tried everything? The Activia test.*

**TEXT:**
*Why don't you take the Activia test too?*
*If it doesn't work we'll give you your money back.*
*Try Activia. Every day for 15 days helps your natural regularity.*

Many fruits –such as rhubarb, prunes, kiwi and figs – already have a strong association in consumers' minds with digestive health. Hence Danone, the world's largest fresh dairy company, uses these fruits as ingredients in its world-leading Activia. The presence of the fruits is not to give a digestive health benefit but to re-affirm the connection in the consumer's mind between these yoghurts and good digestive health. The dairy industry seems to have a better understanding than the fruit industry of the digestive health potential for fruit.

consumers will be among the rising numbers of people looking to reduce the amount of lactose or fat in their diet, or from cultural groups, such as populations in Asia and Africa, who have no history of milk consumption. Others may simply dislike the taste of dairy, or be among consumers using soy and other non-dairy drinks. However, as the example of ProViva shows (see below), it's also possible to create a mass-market brand that is a non-dairy, fruit drink for digestive health in a country that has a very high per capita consumption of dairy.

- The dairy industry has in most countries done a good job of educating consumers about products for digestive health and the importance of digestive health.

Like all good ideas, the idea of juice drinks for digestive health is a very simple one and it has been around for a long time – since at least 1994 in Europe and since 1988 in Japan.

Possibly the single most successful brand has been ProViva, a fruit juice with an added dose of probiotic bacteria. The bacteria come from a plant source, unlike most probiotic bacteria, which are of dairy origin. Marketed in Sweden since 1994, it's a success model that's often overlooked within the industry, partly because it has retail sales of "just" €43 million ($59 million) and partly because it is in "far-away Sweden". But when you consider that Sweden has a population of just 9.1 million, you realise that if Sweden's per capita consumption of ProViva was translated into a larger country, such as the US, it would be a $1.9 billion (€1.3 billion) annual sales brand – as big as Gatorade in other words.

"And what is interesting is that ProViva is still growing," reported Anders Ahlström, Brand Manager for ProViva. "Demand in 2006 was greater than we could supply – but we still had 25% growth in the year."

However, ProViva and other juice products marketed for a digestive health benefit, and which have enjoyed good sales growth, all rely on an added ingredient (such as fruit fibre or probiotic bacteria) to deliver the benefit.

We have only been able to identify one potential would-be superfruit juice that delivers digestive health based on the natural properties of the fruit – with no added ingredient – and that is Sunsweet's Plum Juice. Launched in the US in late 2006 on a very clear digestive health platform it achieved over $30 million (€20 million) in retail sales in its first year (see case study in Part II).

## The health claim

The health claim is what the science says about your product, the specific benefit that can be proven – this is what the regulators base their decisions on. But the health claim is just one of the ways that you can communicate the health benefit of your superfruit – it is just one component of a total health communication strategy. It is a health communication strategy – not a health claim – that is the key driver of superfruit sales growth.

The definition of a "health claim" varies from country to country, with some more restrictive than others. In Europe, for example, the nutrition and health claims regulation which passed into law in 2007 will by 2010 forbid the use of

## Applying the health-benefit platform checklist to fruit and digestive health

*1. What benefit can science substantiate?*

Still a low level of scientific support but this is growing. What is currently accepted are the benefits of fibre from fruit for gut transit time and stool weight. Other developing areas of science are:

1. Effect of fruit on stimulating growth of probiotic bacteria (and all the benefits that are now well established in consumers' minds for probiotics) based on fruit fibre.
2. Effect of fruit on adhesion of probiotic bacteria to gut cell walls (essential to get the benefits of the probiotic) and prevention of adhesion of pathogenic bacteria.
3. Effects of fruit on gut inflammation – some observational studies linking increased fruit consumption to lessening of symptoms of irritable bowel syndrome (IBD), ulcerative colitis and Crohn's disease and some *in vitro* cell based work on fruit reduction of TNF $\alpha$, a marker for inflammation.
4. Effects of fruit on gut mucosal immune markers – *in vitro* and small animal work supporting this effect.

The benefits are likely to be from a combination of fruit polyphenols and fibre.

*2. In the eyes of the consumer, is this benefit credible for this fruit?*

There are some traditional and folk remedies associated with fruit and gut health – prunes being the most obvious. But plums, kiwifruit, rhubarb and figs all have some recognition (these are some of the flavours used in Danone's highly successful Activia yoghurt).

*3. What competing fruits are claiming same benefit?*

There are some fruit based products on the market in this area (ProViva and ActiFruit) but these are based on added ingredients (ProViva with probiotics and ActiFruit with added fruit fibre). The only product in this area with an intrinsic benefit that we are aware of is Sunsweet's Plum Juice.

*4. What competing products in other categories are claiming the same benefit, how successful have they been and why?*

Dairy – phenomenonally successful because such products address an issue that is relevant to consumers and that they are motivated to do something about. Additionally, yoghurts and dairy drinks have been presented in an extremely convenient form.

Added-fibre products such as breads and breakfast cereals have been around for years, but have not taken off outside of Japan primarily because they are not as convenient as a daily dose dairy drink.

*5. What are the consumer implications for the benefit platform?*
- *To which consumer group is the benefit relevant?*
- *How large is the target consumer segment – what are the implications for the likely size of the brand?*
- *What communication strategies must we use to reach the target consumers?*

Massive interest that continues to be stimulated by dairy products. Digestive health is the largest functional food segment.

any health claim that has not been approved by the European regulator either on the label or in PR. In Japan, however, even if your product is approved under the FOSHU system of regulating health claims on functional foods you can communicate the health benefits of your juice in PR and infer benefits in advertising, provided that – as is the case everywhere in the world – you do not claim that your product can treat or prevent a disease.

In the US, a superfuit drink can communicate much more than in Europe about its health benefits as long as it is labeled (as many are, such as mangosteen) as a "dietary supplement". Such products are allowed to make "structure-function claims", which do not need to be pre-approved by the US Food & Drug Administration (US FDA). Regular foods and beverages can also make structure-function claims, though they are able to communicate less about the detail of benefits than beverages that are labelled as dietary supplements.

Health claims are often quite difficult for consumers to understand and their presence on the label may have limited or no impact on sales (see Box: Health claims – no guarantor of success below). When America's walnut growers, for example, were granted a heart health claim by the US FDA they found, as their CEO told the *Wall Street Journal* a year later, that there was no beneficial effect on sales. As already stated, that effect is created by the total communications strategy, not the claim by itself.

Moreover, "soft" wellness-oriented health claims resonate better with most consumers than do "hard" health claims that talk about "reduced risk" of a disease, hence the appeal and success of the "high in antioxidants" message used by many superfruits.

In addition, if you seek the approval of a health claim by regulators prior to marketing your brand, you may find the process time-consuming, expensive and risky. The risk of a claim petition being rejected is high – note that the US FDA has approved only eight "qualified" health claims since 1997.

What a superfruit beverage must have is a position in the consumer's mind – a health-benefit platform – the idea that your fruit has a specific health benefit that has value to them. Such a position is only created through marketing.

## Health claims – no guarantor of success

The US FDA's *Experimental Study of Health Claims on Food Packages,* designed to explore consumers' understanding of health claims, was published in May 2007. If it's bad news that consumers don't know how many calories they are supposed to consume for health, it may be worse news that despite the millions of dollars and hundreds of thousands of hours expended over the years on trying to develop health claims and word them according to different scientific levels – such as nutrient content and structure-function – all this effort might have been a waste of time.

Put simply, consumers can't distinguish one type of health claim from another and the FDA's study – which drew on responses from 1,593 people – found that there is little difference in how people distinguish between a nutrient mentioned in a food-specific health claim, a structure/function claim or even straight dietary guidance.

The FDA's study examined 18 front-of-package label statements. These related to yoghurt, calcium and osteoporosis; orange juice, potassium and high blood pressure (hypertension) and, as a control, pasta, heart disease and the entirely fictitious nutrient "lysoton".

Among the complex findings, one that is most relevant to brand marketers thinking of adding a nutrient to their product for its health benefits, and to ingredient companies bringing new health ingredients to market, relates to consumers' degree of belief in a health message connected to an ingredient that was unfamiliar to them – such as potassium and hypertension or "lysoton" and heart disease. Simply stating that a product is "a good source of potassium" wasn't enough when consumers were looking at less familiar ingredients. Consumers' "likelihood of believing" only increased when the nutrient was more overtly connected to an explicit health benefit.

However, the research showed that the time a claim has been around also has a lot to do with its believability. The calcium-osteoporosis link, for example, was the only health claim believed by all consumers, no matter what type of claim it appeared in. In large part that is because health communications about the bone health benefits of calcium have been around for 70 years. Of those surveyed, 62% linked calcium in yoghurt to reduced risk of osteoporosis.

By contrast, the scientifically well founded connection between potassium in orange juice and hypertension was recognised by just 24% of those surveyed – a low level of awareness after a decade-long effort by the orange juice industry, led by Tropicana, to communicate the link. Significantly, awareness is still low despite the fact that cartons of Tropicana juice, as well as other brands, routinely carry the FDA-approved claim linking orange juice and reduced risk of hypertension.

The inclusion of the fictitious nutrient "lysoton" puts a particularly interesting spin on the FDA's findings. Consumer awareness of most of the new food ingredients emerging from research and of ingredients for which commercialisation is being sought is low – so low that consumer awareness is barely measurable – as studies from the highly respected Washington DC-based International Food Information Council (IFIC), a research organisation sponsored by the US food industry, have found in the past. One of the best examples is cholesterol-lowering plant sterols and stanols, which have been present in foods marketed in North America since 1999. Despite millions of dollars invested in marketing, consumer awareness of sterols is marginal.

It's revealing, then, that 8% of those surveyed claimed to have heard of the non-existent lysoton. Also of those surveyed who accepted that consuming pasta might reduce the risk of heart disease, 20% said that lysoton might help reduce the risk. Moreover, no one can suggest that these people were confusing lysoton with the real nutrient lycopene, because they were also questioned about lycopene and 72% claimed to have heard of it.

In short, the FDA's research found that it helped a food's health claim credibility if people already knew something about that food's claimed link to a health benefit – such as yoghurt, calcium and osteoporosis – and when the health benefit was stated explicitly. It's a reminder that people form their views about what's healthy and what's not over time and from a variety of sources and when they come to look at a health claim prior knowledge is a key factor in their willingness to accept it.

## Benefit platforms matter more than hard health claims

The key communication is not the health claim but the way the benefit is explained to consumers, in other words, establishing a health-benefit platform. IFIC and the UK Food Standards Agency (FSA) have both concluded from their separate research that: "health claims often leave consumers confused or unclear".

The UK FSA further adds that:

> *Evaluation of claims is rarely based on solid knowledge and facts but rather fits into a broader, more nebulous 'belief system' about*
>
> - *How the body works*
> - *The impact of food on the body*
> - *Ideas about disease, illness and health*

The FSA adds – concurring with what food and beverage marketers have learnt over the past 15 years of functional foods – that "in real life":

> *Claims are normally evaluated, and purchasing decisions made, on the basis of whether consumers are convinced by them:*
>
> - *Do I need this benefit?*
> - *Will the product actually deliver?*
> - *Will it make a real difference?*

Getting the answers to these questions established in consumers' minds, and connecting to what the FSA refers to as a "belief system" about food and health is the purpose of the full spectrum of effective health communications, which we explore more fully in the following chapter.

## A benefit that consumers can feel

One of the most effective ways of establishing a benefit in the consumers' mind is to focus on a benefit that consumers can quickly see or feel. Delivering such a benefit is one of the biggest advantages a product can have.

To take the example of probiotic dairy products for digestive health, it is the fact that the most effective ones enable consumers to "feel the benefit" of better digestive health quickly that is one of their significant competitive advantages. This benefit is an important way of creating brand loyalty.

Energy drinks, like all the best performing functional foods, deliver a health benefit – an energy shot – that is immediately effective and detectable. Such an immediately recognisable physiological effect is the ambition of most functional foods as it's these types of foods that sell the best. Red Bull made the energy benefit its primary selling point.

If the 24 year-old who wants to party all night long can feel that benefit they become – as they have done – a loyal consumer. And it is not only young nightclub goers who feel they need a shot of energy: again and again consumer research fingers "lack of energy" as a key consumer interest – for stressed

executives trying to stay on top of their responsibilities, for harassed and time-pressed mothers, for older people who want to stay active – in fact for anyone struggling to get through a sleepy afternoon in the office, thus leading to the emergence of many possible new niches for energy drinks.

Moreover, having energy, like good digestive health is a "wellness" issue, not (like cholesterol-lowering products) a "death and disease" issue. And, as we have seen again and again over the last 15 years of functional foods, wellness benefits appeal to a wider range of consumers while medicalised benefits appeal only to a niche who are at fairly immediate risk from a medical condition.

In superfruits, an example of a brand that is trying to "demonstrate the benefit" is Pharmanex's G3 Gac juice. Pharmanex – a major marketer of dietary supplements in Asia and the US as well as the marketer of Gac juice (Gac is a lycopene-rich fruit from Asia) – says that: "The ability to measure is the essence of science. Each day people throughout the world take supplements without knowing if they are working, not being able to measure the effectiveness of the supplements they are taking."

Pharmanex's reponse to this problem is to enable consumers to use a "bio-photonic scanner", which is claimed to measure the effectiveness of carotenoid antioxidant supplements "instantly, at the site of action."

Pharmanex's communications say that people simply need to: "Place the palm of [their] hand in front of the Pharmanex BioPhotonic Scanner and a low energy blue laser light tests carotenoid antioxidant levels in your body in a fast, simple manner. Within seconds you'll have a print out with your carotenoid antioxidant level."

Whatever one may think of the science behind such an approach, it is at least a recognition of the need to demonstrate benefits to consumers.

# The target consumer

There is a specific target consumer for superfruit – and it is not the mass market.

Building a mass market, mainstream brand is risky and costs millions in marketing investment. In the price-sensitive mass market it's almost impossible to earn a price premium. Successful functional foods in the mass market are rare. The most common functional strategy in the mainstream is that of established brands marketing "intrinsic healthfulness" and selling their benefit at mass-market prices. It's a strategy followed by oat breakfast cereals, whole grain products and others.

In fact the mass market has seen many functional brands with big ambitions come and go and there are many, many examples of brands that have positioned and priced themselves for the mass market only to discover that they sell at the niche level, far below the sales volumes expected. Some of the best examples can be found among products targeting "cholesterol-lowering" based on plant sterols.

Yet many corporate managements still persist in trying to create mass-market propositions, despite all the evidence that theirs is a future of niches. Superfruit drinks are a niche proposition – low volume and premium priced. Strategy-making needs to take this reality as the starting point for all decision-making.

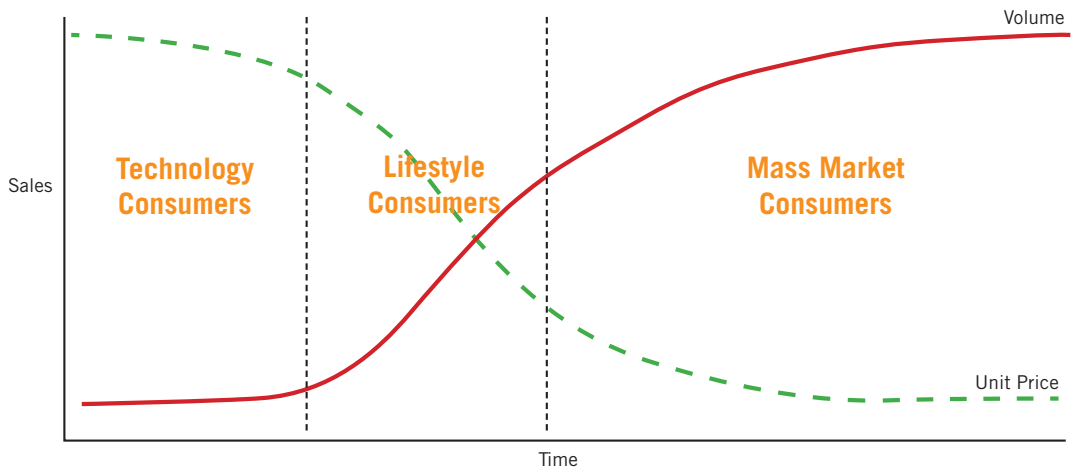
So who are the niche of consumers who are motivated by health? We can answer this by reference to the nutritional product life-cycle model, first set out by Julian Mellentin & Peter Wennström in *The Food & Health Marketing Handbook* and today widely used by companies to position nutritional brands. The model provides a way of thinking about target consumers, and as a starting point, segments them into three distinct groups with distinct health motivations. These are:

1. Technology consumers
2. Lifestyle consumers
3. Mass-market consumers

These three groups and their characteristics are visually represented on the following charts. The key to the charts is as follows:

- The vertical axis shows sales
- The horizontal axis is time
- The red line plots the sales volume of the market
- The broken green line plots the price curve for products over time, reflecting how the price of technology is high at the beginning of a market and tends to decline as the technology becomes more commonly available

**Chart 7: The Nutritional Product Lifecycle**




The lifecycle was developed to aid understanding of brand positioning and the evolution of markets. Many products start out on the left, targeting consumers who have a need for a product that has effective technology and selling in low volumes at premium prices, and over time increase volumes and move down the price curve to the right, until they are mass-market products. Few functional foods have yet made this transition – many companies deliberately target the lifestyle area as a way of creating a defensible niche and maintaining premium prices.

*Source: Mellentin, J. & Wennström, P., The Food & Health Marketing Handbook, 2002*

Each of these groups and their relevance to the superfruit market are described below:

## 1. Technology consumers

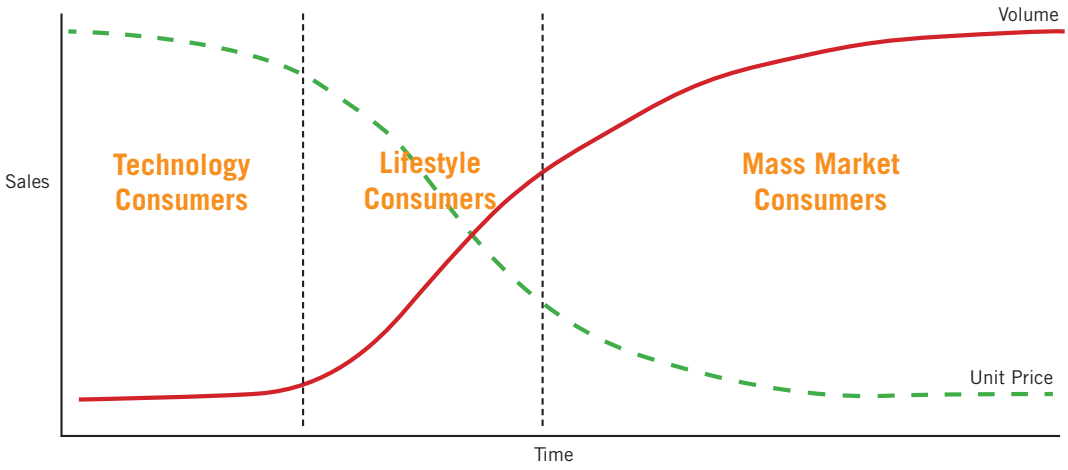
The technology consumers are the gatekeepers to the rest of the market. Who are they?

Among consumers these are the health fanatics and "patients" – the people who have serious illnesses and problems to which they are seeking a nutritional solution. They include (for example) the environmentally conscious "amateur farmer" who grows his own vegetables and makes his own healthy muesli, and the "health foods freak". These people begin to consume new foods long before – even decades before – they reach the mainstream consumer. Soy foods such as soy milk, for example, are today familiar in the chiller cabinets of supermarkets in the West, but back in the 1970s soy foods were only bought from specialist health food stores (or they were even made at home) by a tiny niche of committed "whole foods" consumers and vegetarians.

The technology consumer group also includes the person who has had a heart attack or has a high risk of having one who would use a cholesterol-lowering spread, perhaps in conjunction with a statin drug prescribed by a physician, and the diagnosed coeliac, shopping for gluten-free foods, or a mother desperately looking for a solution to her child's food allergies.

US consumer research company HealthFocus describes these technology consumers as "need-driven" saying: "Need-driven shoppers are those personally

### Chart 8: The Technology consumer




These are the early adopters. Representing, according to research by Health Focus International, between 2%-8% of the market, these are the people who have a medicalised or near-medical need for a product. They need the technology of the functional food to address their health condition. They put functional before food and see products in a medicalised context and, as with drugs, they will pay a substantial premium for something that addresses their condition.

*Source: Mellentin, J. & Wennstrom, P. The Food & Health Marketing Handbook, 2002.*

affected by a health problem and/or who have extreme concerns about a health problem. Their attitudes and behaviours are significantly different from other shoppers based on their need to manage their health condition or address their health concern."

HealthFocus recommends that companies marketing products with functional health benefits should use growth strategies that initially target the need-driven sector to first prove a product's benefits.

Technology consumers are focused on the technology and its benefit. They very often totally disregard what mass market consumers put first, like good taste or convenient packaging. They literally put functional before food.

Technology consumers are few in number but they are influential. They are "the experts" – either by training, in the case of professionals, or from their own research, in the case of consumers. Such consumers, you can be sure, will know all the details of yours and every other competing product, they've read the magazine articles and the leaflets in the health food store, they've sent off for the manufacturer's information pack, they've visited the websites and they are in possession of all the facts.

Ideally this group will react positively to the health benefit of your food, support the technology and find it effective for dealing with their problem. They will reject any technology that doesn't deliver the benefit in the optimal way.

The technology consumers are the only group who are motivated by the technology. The health benefit is the primary selling point and a food product targeted at technology consumers is best positioned and communicated as a medicalised product. Benecol, for example, has now been positioned perfectly for this niche of consumers as the "experts in lowering cholesterol".

Technology consumers are the gatekeepers to the rest of the market – and even if you don't target them they will have an influence over your functional or nutritional brand. If you do target them and win their support you will find yourself supported by some of the most loyal consumers in the market.

Gatorade is one of the best examples of a brand which began in the technology consumer niche. Created back in 1969 it was designed as a sports drink specifically for recovery for American football players – the Florida Gators – at the University of Florida. For over a decade it was only a drink for serious athletes. Forty years later and it has evolved through the lifestyle segment into a mass-market brand with sales of over $2.5 billion (€1.7 billion) a year. Its heritage as a serious drink has been an excellent support for the brand and it has seen off many attempts to attack its leadership in sports drinks from new brands that have tried to jump straight into the mass market.

The technology consumers are a target for superfruit products because:

a) they are willing to accept new and unknown brands
b) they will be motivated if your brand has some benefit that helps them fight their medicalised condition (or fear of a condition)
c) they are willing to pay premium prices
d) if they feel that the product works for them they are a very loyal customer

base from which to expand

e) if your business model works with a low volume of high-value sale this is an excellent niche to dominate and defend.

## 2. Lifestyle consumers

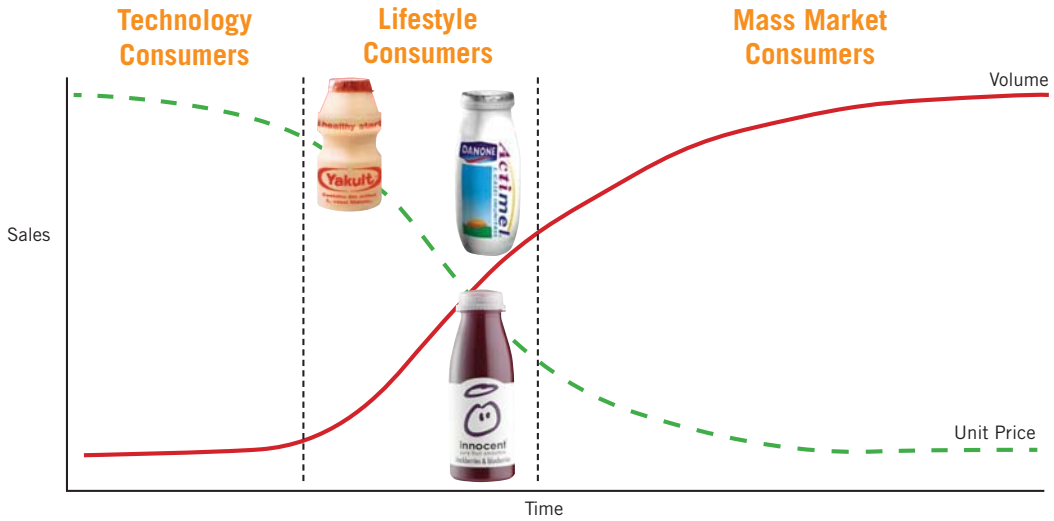
These are the people who are first to pick up and try out new diets and eating regimes as well as new products that appeal to their lifestyle and identity. They are interested in health news that will support their healthy lifestyle. They are not afraid to experiment and take the risk of trying out new products – they may even be strongly motivated in terms of their self-identity by being first with the new trends.

And, as we explained, because of the proliferation of ways in which individual consumers have begun to define health, in the context of their own lives, the lifestyle consumer area is made up of a wealth of niches – some distinct, some overlapping.

One of the best examples of lifestyle consumers are shoppers in American natural product stores. America's booming natural products market is worth over $28 billion (€196 billion) in retail sales and experiences double digit sales growth. It's no coincidence that in the US this is also the retail channel where superfruit drinks start their life.

Consumer research by the Natural Marketing Institute (NMI), using a sample of 1,800 consumer household respondents, found that 7 out of 10 natural product shoppers were willing to try new products regardless of the brand. NMI describes the natural product shoppers as trendsetters: "Hence, the current

### Chart 9: The lifestyle consumer




Lifestyle consumers will be early adopters if the product supports their self-image. They are willing to pay a premium for their health and are after "wellness" products rather than products that are targeted at illnesses or diseases. Lifestyle consumers will try the newest thing.

*Source: Mellentin, J. & Wennström, P., The Food & Health Marketing Handbook, 2002*

attitudes of natural product shoppers tend to predict future consumer behaviour and are good measures of impending mainstream trends."

## Brands with lifestyle appeal

A growing number of health-oriented brands have built their success on connecting to consumers' lifestyle needs. Interestingly, many of the companies which have done this best were created by entrepreneurs who were themselves lifestyle consumers, with their own vision of what would appeal to other lifestyle consumers, companies, for example, like Red Bull, which successfully pioneered the energy drinks market.

In the American dairy foods market, entrepreneur and committed organic foods businessman Gary Hirschberg has successfully built Vermont-based Stonyfield Farm into a $200 million (€131 million) probiotic yoghurt business by positioning the brand as healthy, environmentally aware and organic. The brand's motto is "working for a healthy planet". The company's values and products appeal to the niche of consumers who want to buy healthy foods and who also have a holistic view of health. Environmental concern and "eating organic" form the identity and lifestyle of these consumers.

In the UK, Innocent Drinks has created a new, fast-growing and quirky lifestyle brand of healthy, single-serve juice drinks for on-the-go consumption, marketed with a simple wellness message and distributed initially only through upmarket delis and coffee shops where they can be bought by busy urban professionals to whom each drink provides a perceived lifestyle benefit.

However, Innocent Drinks have pointed out that although its annual sales in the UK alone are over £135 million ($268 million/€177 million) its sales grew 30% in 2007, despite only 20% of UK consumers ever having tried a smoothie – importantly, these are the 20% who make up the lifestyle segment of the UK market.

Needless to say, the lifestyle consumers are a key target for superfruit products because they are:

a) willing to accept new and unknown brands
b) interested in "natural" health benefits
c) motivated by new health benefits, particularly relating to wellness
d) interested in stories of new fruit
e) willing to pay premium prices

Lifestyle consumers are the trendsetters, the ones whose behaviour today is a useful predictor of future mainstream consumer behaviour and trends. But they are only loyal to a technology, a product or a brand as long as it supports their lifestyle.

They are interested in what your technology can do for them – what health benefit your brand can bring – but only in the context of their own lifestyle needs.

## 3. Mass market consumers

Mass market consumers are pragmatic and conservative. They do not want to take risks and they want to stay with the herd. They are not moved by visions or future opportunities but by the solution to a present need. They are interested, however, in evolution and development so if you can convince them that your new benefit is a solution to their problem they will buy it.

Small and new entrepreneurial brands may appeal to lifestyle consumers, but to the mass market consumer what matters is the appeal of brands they know and trust.

In taking the "risky" step of choosing something new, the mainstream shopper will be motivated by:

- communication that shows how people such as them are making this positive new choice
- finding the product where they do their everyday shopping
- "money-off " offers thus reducing economic risk

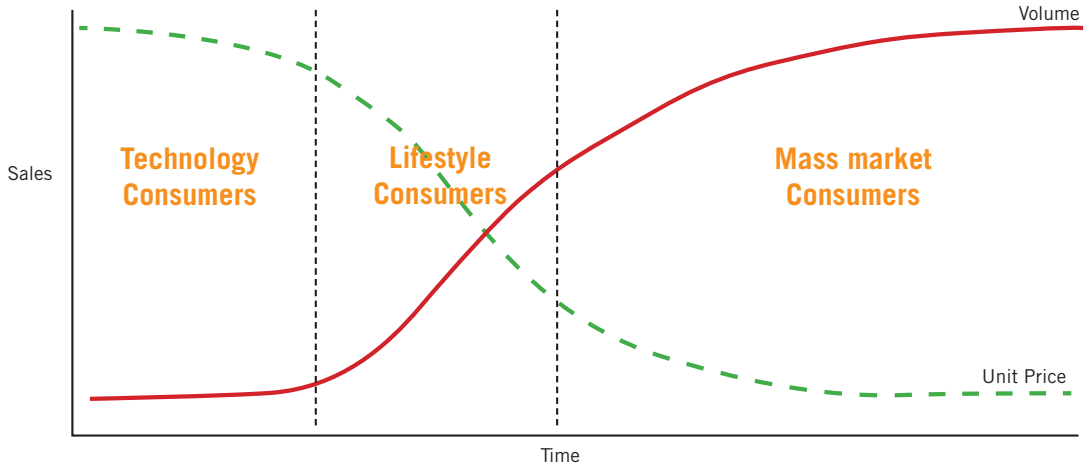
If you target this group with a superfruit you had better do so:

a) with a trusted brand
b) at close to mass-market prices

However, you will still only sell the same volumes as if you were targeting the lifestyle consumer (who may buy the product even if it is mass market if the fruit has some novelty value), except at much lower prices and therefore margins than if you had targeted either the technology or lifestyle consumer groups.

Moreover, the mass market is not a place for entrepreneurial start-up companies – their brands have no equity in the mass market and the mass market consumer

### Chart 10: The Mass Market Consumer




Consumers must have very high levels of awareness of added-health ingredients. The ingredients must be sold in products with no price premium before the mainstream consumer will accept them.

*Source: Mellentin, J. & Wennström, P., The Food & Health Marketing Handbook, 2002*

won't experiment with a new and unknown brand. Nor do they really like new and unknown ingredients and foods – which is what many superfruit are.

The mass market consumer does not offer a worthwhile opportunity for superfruit. It is their reluctance to experiment with the new that has helped dictate the reality that superfruit markets are niche markets.

# CHAPTER 4
## Beverage strategy

## KEY POINT SUMMARY

Beverages are a superior way of delivering the benefits of superfruit and provide a great foundation for building a superfruit business.

Advantages of superfruit beverages include:

- convenience – for consumers, manufacturers and retailers too. Beverages are superfruit in their most convenient form, one which most closely matches the needs of modern life-styles
- delivery of a consistent consumer experience (more easily than a fresh fruit)
- delivery of "added health" by using otherwise inedible parts of the fruit in the beverage blend – such as the skin and seeds which may have healthy compounds. Mangosteen, for example, has a skin that is inedible in the whole fresh fruit but that can be successfully used to enhance a beverage
- all-year-round availability – beverages are not restricted (as fresh fruit are) by seasonal availability
- a perception on the part of consumers that they are high-quality and are equivalent to fresh fruit in terms of both naturalness and health benefits
- scope for formulations which can reinforce health benefits and/or lower costs (blends of superfruit juice and apple juice, for example, can enhance taste, sweetness and lower the cost of the finished product)
- the possibility of making almost anything taste good, for example, the pomegranate juice Pom Wonderful has added flavour. Beverages can be formulated to make palatable, fruit which are not palatable in their whole fresh form
- a longer shelf-life for superfruit (a year in the case of a shelf-stable drink)
- the possibility of using packaging design to help maximise the differentiation of your superfruit
- super-premium retail prices and high profit margins. It is very difficult to achieve these margins for whole fresh fruit.

# Beverage market: key to superfruit success

This chapter summarises the elements of successful superfruit beverage marketing strategy in order to help companies that are thinking of launching new superfuit beverages. It is essential reading for fruit growing companies too – fruit growers need to understand the dynamics of success in the superfruit beverage market since it is in the beverage market that superfruits are made and its dynamics have an influence on the whole supply chain back to the orchard. This chapter also provides fruit growers and processors with a checklist for selecting potential beverage partners.

For beverage makers, superfruits offer an opportunity for differentiation in a crowded and price-competitive beverage market.

# Brand positioning

## Niche marketing

The starting point for a successful superfruit beverage strategy is to understand that superfruit beverages are niche products, not mass market.

For example:

- The US market for mangosteen juice is worth over $300 million (€197 million) at retail prices, but at $37.50 (€24.67) per 750 ml bottle, the volume sold is only 600,000 litres – compared to 1.1bn litres for the market for premium 100% orange juice, which retails at around $3.40 (€2.42) a litre. Given that mangosteen is one of the most successful of the superfruit beverages it can be seen that they are most certainly a niche.

- The UK's high-profile market for pomegranate juice is worth $80 million (€52 million) and the largest brand has an 80% market share of the pomegranate juice business, but this sector accounts for just 2% of the total juice market.

As we discussed in Chapter 3, marketing health is in most cases, in most countries, about marketing low volume, high value products, in contrast to the high volume, low margin approach that has historically characterised much of food marketing.

In most categories in the supermarket, food and beverage companies are actively trying to develop and grow new higher value-added product lines in order to defend profit margins which are being squeezed by continuous downward pressure on prices from retailers.

One of the best examples is the European dairy industry which, faced with declining prices and margins in liquid milk, has focused instead on developing

low-volume, high-margin functional dairy brands, such as probiotic yoghurts and cholesterol-lowering dairy drinks, in order to build their profitability. The chairman of Danone, Europe's largest dairy foods producer, summed this up when he told a meeting of investors that he would rather that consumers bought just one of his company's premium-priced Activia brand of yoghurts (marketed for their digestive health benefits) than two of his traditional mass-market yoghurts.

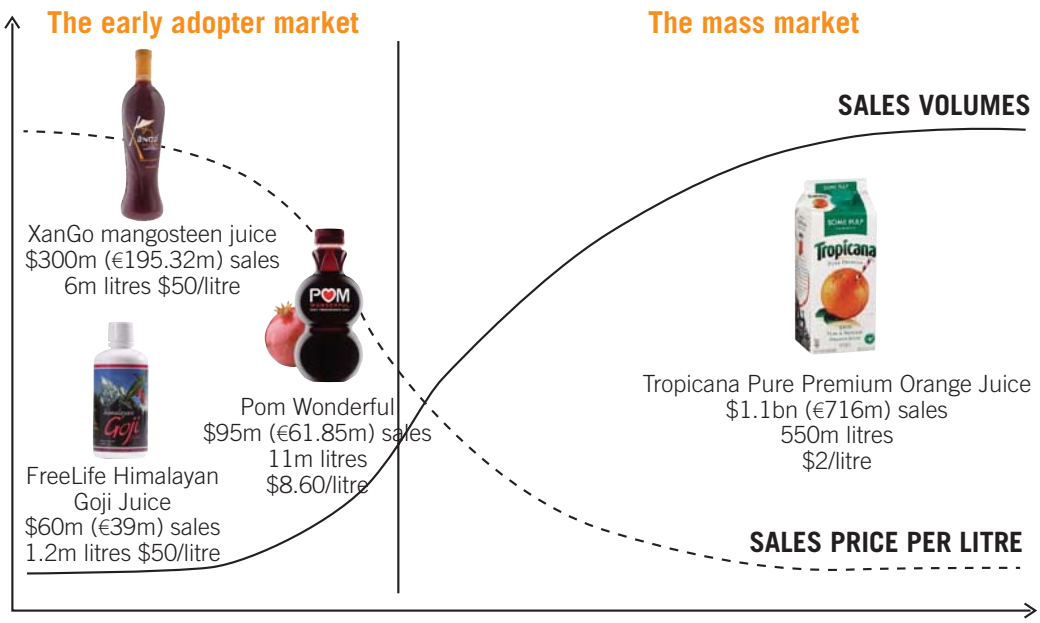
The same process is now happening in fruit drinks and superfruits are set to become a larger part of this new focus on higher value products in the juice aisle. As Chart 11 shows, sales of just three superfruit drinks in the US – Pom Wonderful, XanGo and Himalayan Goji – are equivalent to just 1.5% of the volume of chilled orange juice sold in the US but 16% of the value.

This means that a successful superfruit beverage strategy is about creating a new niche. Each new niche will grow over time, but few, if any, will become mass market. As new fruit drinks are launched by companies looking to create their own superfruit successes, the juice market will become highly fragmented with the juice aisle providing many, many more choices in types of fruits than at present. This is a normal evolution of the juice market that follows the same rules of marketing that govern most food and beverage categories.

## New category creation

When formulating your strategy it's also important to take into account that a superfruit strategy is not, when at its best, a "business as usual" approach.

### Chart 11: Superfruits in the U.S. – a low volume, high value business with high profit margins




Sales of mangosteen, goji and pomegranate juices are equal to just 1.5% of the volume but 45% of the value of sales of Tropicana Orange Juice. Tropicana has a 45% share of America's stagnant $2.3billion OJ market.

*Source: Mellentin, J. & Wennström, P., The Food & Health Marketing Handbook, 2002*

Instead, it is an opportunity to follow the most successful strategy in the global nutrition business, that of "new category creation" (Mellentin, J. & Wennström, P., *The Food & Health Marketing Handbook,* 2002).

New category creation is the strategy of creating an entirely new category of foods or drinks. It depends on developing a product that creates a demand which no-one has addressed before. Typically new category creators create new brands and they very often use packaging innovation to clearly differentiate the new category and signal the difference to consumers. Examples of new category creators include:

- Red Bull, which gave birth to the energy drinks market in the West, a category which has grown from zero in 1987 to a retail sales value of $10 billion (€6.9 billion) in Europe and the US – and which Red Bull still dominates with a 60% market share.

- Yakult Honsha, which gave birth to the concept of daily dose (100ml or less) probiotic dairy drinks for digestive health in Japan in 1955. Yakult can now be found on sale in 27 countries with annual sales of $2.5 billion (€1.6 billion).

- Danone, whose Actimel probiotic daily dose dairy drink gave birth to the "natural defence" market in Europe – Actimel has grown since launch in 1994 to be a €1.8 billion ($2.7 billion) brand.

The most successful, most profitable superfruit drinks are those which set out to be new category creators – new companies launching new brands and acting to disrupt the existing category rules. As Gordon Morton, co-founder of mangosteen juice marketer XanGo emphatically says: "We're the category creator".

New category creation is of course also a high-risk strategy, but as any financier will tell you, high returns on investment usually necessitate high levels of risk, and less risky investments will always produce lower returns. Hence large companies have shied away from this strategy – and this has contributed to the fact that it is not larger businesses which are the defining force in superfruit beverages but entrepreneurs.

This is beginning to change, but the superfruit business remains one driven primarily not by global corporations but by entrepreneurs such as the Morton family in the case of mangosteen; the Resnick family in pomegranate in the US; and Adam Pritchard in pomegranate juice in the UK.

The niche nature of superfruit opportunities and the high risk implicit in new category creation means that, happily for entrepreneurs, the superfruit market has benefited from disinterest and lack of understanding on the part of large businesses, who are still for the most part struggling to develop a coherent superfruit strategy.

Larger companies have begun to use superfruits within their beverage portfolios, but as a flavour option under existing brands rather than the basis for new brands and they have entered the market as followers and me-too players, usually when the pioneering companies have already established themselves. One example

is Del Monte in Europe, one of the largest fruit juice brands, which has been a follower not a leader and whose performance in the marketplace has been far below that of many smaller and less well-resourced companies. As found so often in the food industry, most large companies seem to have lost the ability to innovate, they are shy of creating new niches – and don't understand them – and they lack the entrepreneurial skill to create new categories.

*It is not larger businesses which are the defining force in superfruit beverages but entrepreneurs.*

Coca-Cola for example, despite owning significant juice brands such as Minute Maid and Odwalla, is simply too big and too slow-moving to be a leader in superfruits – nor would its management have patience with the niche level of sales such a product would earn in its early stages, despite the price premiums that could be gained. In part this is because such large companies are driven by their huge historic investments in massive production facilities which are designed to produce the highest volume of product in the shortest possible time in order to keep production costs to the minimum so that they can compete in the price-driven mass market.

In short, if you were a fruit grower who wanted to commercialise a prospective new superfruit you would not partner with a major company such as Coca-Cola. You would instead seek out the small and medium-sized entrepreneurs. There are, of course, risks in working with entrepreneurs, but in practice they may be less risky to work with than beverage giants, since they are more competent at commercialisng innovative new products.

Rather than creating a product of their own, larger beverage companies who want to compete in the superfruit beverage area will often be better-served by doing one of the following:

a) Making investments in new entrepreneurial companies that are able to operate at arm's-length from the corporate parent. This will enable the new company to keep its edge. The new company will also benefit from access to more capital and better distribution than it would normally have.

b) Acquiring entrepreneurial companies who have already created a superfruit brand.

c) Acting as the distribution partner for smaller entrepreneurial businesses. Within superfruits a very good example of this is Ocean Spray's partnership with PepsiCo, which sees the beverage giant distributing Ocean Spray's cranberry juice and thus giving the company access to markets and supermarket shelf-space which it could not get on its own.

One of the greatest advantages of the niche, new category nature of superfruit drinks is that it becomes possible for a brand which is first to market with a particular superfruit to "own" that fruit in the market. First to market brands can develop such a strong association with the fruit in consumers' minds that it's difficult for others to successfully challenge it.

*One of the greatest advantages of the niche, new category nature of superfruit drinks is that it becomes possible for a brand which is first to market with a particular superfruit to "own" that fruit in the market.*

The long-term benefits of "owning" a position – making your brand synonymous with a certain benefit, fruit or product type and therefore being able to command premium prices and high market share – can be seen in other new categories: Red Bull "owns" energy (with a 65% market share) and Danone Actimel "owns" the immunity message in Europe and South America. In the UK too, Pomegreat "owns" the pomegranate juice market with an 80% share, and in the US, XanGo "owns" the mangosteen juice market.

## The benefit platform

We have already discussed benefit platforms for superfruit products at length in Chapter 3, but it is worth re-stating that superfruit juices are, at the time of writing, mostly marketed with a "high in antioxidants" message. The "high in antioxidants" statement is a nutrition content message rather than a health benefit one. A key advantage of this message is that it enables consumers to make their own connections to whichever of the many potential benefits of antioxidants they have heard of – alternatively, they can simply accept antioxidants as a general all natural, wellness ingredient without thinking too much about specific benefits.

Clearly such a broad message has advantages, since it does not require any particular health claim substantiation (as would a statement such as "cholesterol-lowering"). Furthermore, the antioxidant statement appeals to the "wellness" dynamic which is a bigger driver of consumer preferences than the medicalised "reduced risk of disease X"-type dynamic.

In the long run, however, the high in antioxidant message will not be enough and it will be necessary for new would-be superfruits to develop specific health benefit platforms, just as has happened in the dairy market.

## The target consumer

As already discussed in Chapter 3, superfruit beverages appeal primarily to the technology and lifestyle consumer groups. The attraction that the concept of superfruit beverages has for these groups is a central reason for superfruit brands' commanding price premiums.

These are the experimental consumers, those who are usually referred to in general marketing literature as the "early adopters" – willing to try new products and new brands and willing to pay a price premium for a product that addresses their health condition or supports the maintenance of their wellness. It is the health interests of these people that will create more demand for superfruit drinks.

While there is no definitive evidence, it appears to be the case that consumption of superfruit drinks tends to skew towards consumers aged 40-plus. As already

stated in Chapter 3 – and as we shall see again in Chapter 5 when we look at fresh fruit – that isn't surprising, since it's from the age of 40 that interest in maintaining health increases. Younger consumers – especially those in their twenties – are still in the stage of feeling "immortal". Moreover, they are the primary group targeted by advertisers of products of all kinds and in appealing to this group you would be competing for a share of their spending with things as diverse as MP3 players, restaurant meals, alcohol and clothes – making the job of getting your health message to them in a way that motivates them to purchase your product doubly difficult.

In summary, there will be more and more would-be superfruits. The successful ones will create their own largish niches, the me-toos, a whole series of other niche positions, adding to fragmentation of the shelf-space in drinks aisles of supermarkets. The juice market is breaking up into many niches and orange juice is progressively losing its dominance. These new niches will appeal not to the mass-market consumer – and they will not be the primary target anyhow – but to the health-conscious "lifestyle consumers" who make up at most 20%-25% of the population of most Western countries.

*It is the health interests of the experimental consumers that will create more demand for superfruit drinks.*

# Packaging strategy

It's one of the most important rules in food marketing that you use packaging design to capture the consumer's attention. After all, in the average supermarket, stocking some 20,000 items, a shopper can pass by 300 items per minute and for the few items they actually pick up and look at they will devote on average five seconds to making the decision to buy or not. In this intensely competitive environment the package is the brand owner's last chance to influence buyers. It becomes a "five second commercial" as marketing guru Philip Kotler puts it. (*Marketing Management*, Prentice–Hall).

Research shows that a sizeable percentage of buyers can be influenced at the last minute from buying their habitual brand if their eye is caught by a well-designed competing brand. Hence manufacturers must use packaging to project themselves into the market.

The key lesson from the case studies in Part II is that for any company with an ambition in superfruits it is packaging innovations and strongly differentiated packaging design that will help brands achieve better market positioning and thus achieve premium prices. Putting your new product in a standard 1-litre gable-top carton makes your product look like every other brand on the shelf, making it harder for it to stand out and making it much more difficult – if not impossible – to achieve a price premium, since "standard packaging" enables consumers to easily compare prices between your product and regular products.

Below we look at some of the ways that some superfruit brands use packaging to create premium pricing:


**Pom Wonderful:** Pom Wonderful combines innovative packaging, clever merchandising and delicious taste to deliver a health benefit. Pom Wonderful's distinctive, eye-catching and elegant packaging conceals a price premium of 400% compared to regular juice.

**Mangosteen:** XanGo's mangosteen juice is probably the biggest brand of its kind in the world, despite a selling price of a massive $37.50 (€27.80) for a single, 25.35oz (750ml) bottle – that's a massive 800% price premium to regular supermarket 100% juice, such as Tropicana Pure Premium. But the XanGo bottle is one of the things that helps set the brand apart – long and curvaceous it's closer in appearance to a bottle of wine than to the conventional gable-topped packs in which competing juices are sold. XanGo put a great deal of time and effort into choosing a package that would set its brand apart and help justify the super-premium price.


These simple rules mean that no matter how much science your superfruit drink has behind it, no matter how much you have spent on R&D or on advertising, your product's packaging must also perform as an equally potent part of the product mix.

One of the most important strategy questions to ask – ranking equally with "what can I claim for this fruit?" and "how much scientific evidence is there for its benefits?" – includes "how does our packaging help the consumer use our product when and where they need it?". This question should be accompanied by the following one: "Can we use this package to create a bigger price premium in the market?"

## Pricing strategy – premium or super-premium?

There isn't much point in putting in a major effort to create a superfruit drink unless you're going to be able to earn superior retail prices and therefore higher profit margins.

Attempting to line-price superfruit drinks is difficult, since the higher costs of the raw materials compared to mass-market fruits such as oranges will always mean that a superfruit has to be priced at a significant premium just to earn a normal profit margin.

Aggressively pricing superfruit drinks also doesn't necessarily create much volume – as we have already shown, the whole concept has niche appeal, not mass-market appeal.

Following the key lesson of the last 15 years of the nutrition business that nutritional concepts are always low volume, savvy companies ensure that their superfruit juices are also high margin.

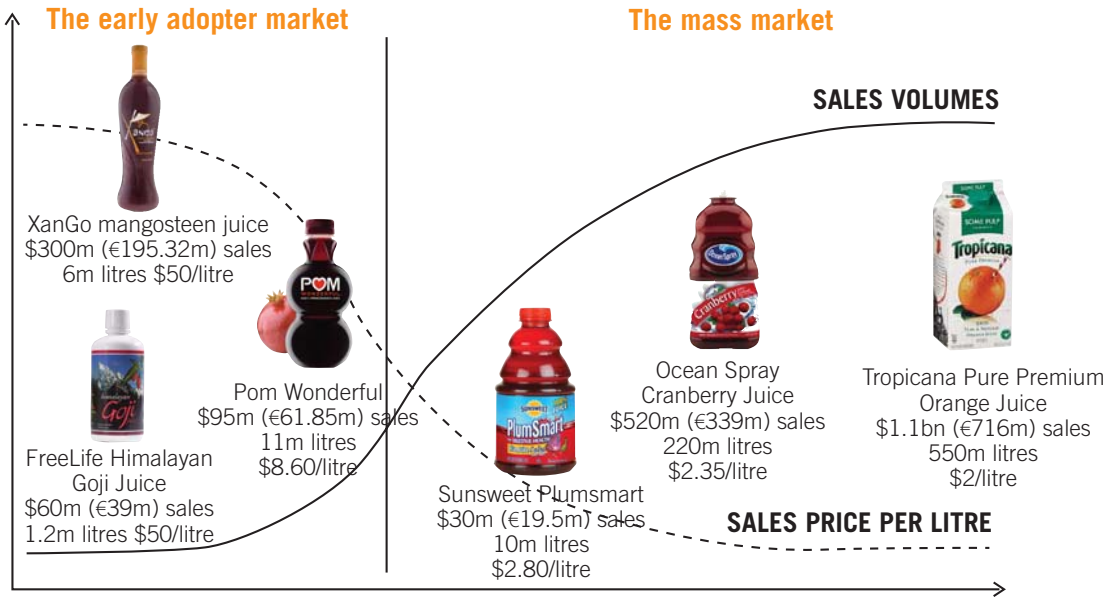
One of the strongest signs of how this consumer trend affects the food and beverage markets has been the rise of the smoothie category. Smoothies, as we have already shown in Chapter 1, are one of the best examples of super-premium pricing. As Richard Reed, a co-founder of Innocent Drinks, one of the world's most-successful juice companies, put it: "The type of people who are prepared to pay 50p more for a better cup of coffee will also pay a little more for an all-natural smoothie".

Cranberry juice is a long-established product on the US market and was commercialised back in the 1960s, long before anyone had even dreamed of superfruit. As Chart 12 shows, cranberry juice is priced at a slight premium to chilled 100% orange juice, but still at a price point that puts it in the mass market, yet it sells at very low volumes compared to orange juice. To re-position this familiar drink at a significant price premium now would be almost impossible.

One company has attempted this, New York-based Apple & Eve, which after Ocean Spray is the second-largest producer of cranberry-juice drinks in the US. Its Northland brand created the 100% cranberry juice segment – intended to distinguish the brand from Ocean Spray's lower juice content products – but its sales are still dwarfed by those of Ocean Spray.

Re-positioning cranberry juice as a premium product – Northland sells at a 20% premium over Ocean Spray – based on its 100% juice content has proven to be difficult.

## Chart 12: Premium pricing and brand positioning




Brand positioning, distribution and pricing strategy are key to Superfruit success. Ocean Spray's Cranberry Cocktail is priced at a slight premium to chilled 100% Orange Juice, but still at a price that puts it in the mass market. To re-position this familiar drink at a significant price premium now would be almost impossible.

*Source: Food & Health Marketing Handbook, Mellentin & Wennström*

The biggest challenge, the company says, is that "there are still a lot of consumers out there who don't differentiate, and may not even recognise that the difference between Northland and Ocean Spray is the difference between 100% juice and cocktails, which are only 25% juice. That's the difference we've been trying to leverage."

Research by Apple & Eve has shown that many consumers actually believe that Ocean Spray cocktails are 100% juice and that they don't even consider another brand.

The company focuses in communications on health benefits as the point of difference from Ocean Spray. One brochure reads:

"When it comes to wellness, look for juice products that are 100% juice, because a single glass of 100% juice is equivalent to a fruit serving … Every glass of our delicious 100% juice cranberry blends brings with it beneficial phytonutrients like flavonoids and quercetin, and other powerful antioxidants that can help maintain good health."

However, Northland juice remains niche – the price point and the identity of cranberry juice has already been established by Ocean Spray and for Northland – as for any brand, in any category – to try to re-position a juice to a premium position when the price point is already in the consumers' mind is almost impossible.

Overall, however, the ability of brand owners to premium-price superfruit drinks is supported by consumer preferences and a consumer trend towards seeking niche, super-premium products.

## Chart 13: Price comparison of chilled juices in the UK


Note that single-serve packs enable super-premium pricing, even in 1-litre packs the Innocent brand commands a 100% premium over supermarket own-label and an 80% premium over market-leader Tropicana.

*Source: New Nutrition Business*

The shift towards more upmarket products is a direct result of the rising disposable income that middle-class consumers have enjoyed in the West over the last 15 years. Indeed even people whose incomes have not risen much at least feel better off as a result of the massive increase in the value of assets – and particularly houses – that has occurred over the same period.

The trend that is strongest across all categories is for so-called "premiumisation". There's growing consumer demand for very high-quality products and fortunately the consumer groups who look for "naturally healthy" products such as superfruit drinks are the same ones willing to pay much higher prices than has traditionally been the case.

# Marketing communications

## Marketing messages

Consistency within markets and across borders, simplicity, ease of understanding, relevance to consumers – these are all key to good messages. They are also, it should be noted, the key underpinnings of every good brand communication strategy and you will find this same simplicity and decade-long consistency at the core of the communications of all successful brands, such as Red Bull, Danone Activia, Danone Actimel, Yakult and others.

### Chart 14: Price comparison of pomegranate-containing beverages in the US


*Source: New Nutrition Business*

Your messages are how you give your product an identity and one of the key ways that you differentiate it from competitors' brands. Most superfruit brands are focusing on antioxidants as a marketing message. Given the focus on antioxidants by almost all superfruit, there is clearly scope for the differentiation of new superfruit brands by addressing specific benefits – as Sunsweet are doing with plums and digestion.

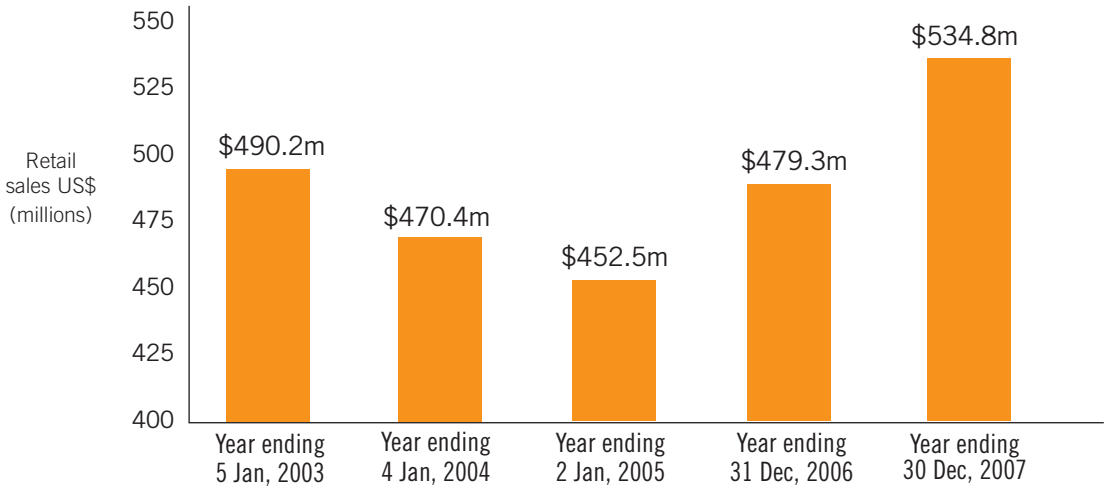
Even established players have to check that their communications are continuing to strike the right note with consumers and adjust them if they are not. Ocean Spray, for example, as part of the revival of its brand in 2005, tested on consumers eight different "health statements" for cranberry products, ranging from urinary tract health to the antioxidant capacity of cranberries. What the company ended up with was this statement – one that made sense to the consumer – which is today widely used in Ocean Spray communications:

*Our cranberries are rich in powerful nutrients that clean up the body and support a healthy immune system.*

In marketing, this is often expressed as:

*Cranberry juice cleanses and purifies.*

## Chart 15: Ocean Spray shelf-stable juices/juice drinks sales history 2003-2007




Total US sales in supermarkets, drugstores, and mass merchandise outlets (excluding Wal-Mart).

**If you don't keep driving home your health message even superfruit sales can stall.**

After a strong consumer response to the cranberry juice-UTI health message in the late 1990s, the early years of this century have seen Ocean Spray's juice business struggle. A turnaround has only recently been made, following an investment in more aggressive marketing and a stronger focus on health.

Note that the classic cranberry juice cocktail which was Ocean Spray's first juice product still earns over 60% of sales.

*Source: Information Resources, Inc. (IRI)*

The reason, according to Ken Romanzi, COO of Ocean Spray and a former PepsiCo marketing executive, is that:

"People don't like to talk about disease ... But everyone wants to cleanse and purify themselves ... And you don't have to make a specific health claim. It can mean affecting whatever you want it to."

Ocean Spray uses almost the exact same marketing message in every country in which it operates and attributes to it the 40% sales growth the company enjoyed in Australia in 2006.

## Public relations

Positive media attention has been a key element in the rise of superfruits. Blueberries, for example, owe their success almost entirely to the fact that the media have reported the positive benefits of consuming blueberries again and again. The blueberry growing industry contributed nothing to this success, rather it was a reflection of the fact that the media is always looking for stories about food and health and it is culturally particularly receptive to stories about natural health benefits from natural foods. For would-be superfruit, this is a great advantage compared to many other food and beverage categories.

Public relations (PR) is the most cost-effective communications technique available and intelligent use of PR has been important to the rise of some superfruit brands.

Pomegreat, for example, the biggest pomegranate brand in Europe and the second-biggest in the world, is clear that its highly professional PR effort has been central to the company's success. "We run a very successful PR campaign," says founder and CEO Adam Pritchard. "We built our consumer base up through PR; we're very good at it. It's just what we do." The company, says Pritchard, has relied solely on PR to build itself up from zero to £30 million ($60 million/€39 million) in retail sales within the space of four years.

Pomegreat hasn't just ridden the wave of consumer buzz about pomegranate and its health benefits. The company's success has come in large part because it has been a crucial catalyst of that buzz and a proponent of the halo-effect of pomegranate in all forms.

Without Pomegreat's PR it's very doubtful whether the small UK market for whole fresh pomegranates would have grown 212% in one year (in the time that Pomegreat has been around, the growers of fresh pomegranate have not made any kind of marketing effort, nor thanks to Pomegreat, have they needed to).

Positive media can create a "buzz" around a fruit which makes the fruit more "cool" and desirable and creates a better halo for fruit drinks to work within. Pomegranate, for example, has become a desirable cocktail mixer, vodka flavouring, dessert ingredient and accompaniment to meats in upscale restaurants. The reason is simple, according to Anita Dadson of Perfect Puree, a Napa Valley, California, based company that sells a vast line-up of fruit and vegetable purees to the food trade. She says that, thanks to the PR efforts of the pomegranate juice companies, "Everybody's hearing from the media about the

benefits of pomegranate". Pomegranate is Perfect Puree's fastest-growing line and sales increased by 250% between 2004 and 2006.

"Most of our accounts are wholesale," says Dadson, "and our customers keep coming up with new beverages, desserts and sauces – even savoury sauces and salad dressings – where they want pomegranate puree."

Just as the wine industry is about fashion, so too is the business of superfruits. And the wine industry – like the couture industry – thrives on and is dependent on a continuous PR effort and positive media attention. For marketers of fruit drinks found in the supermarket and for most fruit growers that is something of a new experience but in superfruit that is the business they are in.

## Advertising

Advertising is less cost-effective than PR and while it has a role to play in marketing communications, a lot depends on your brand, how you want to position it and what stage your product has reached in the market.

### The Innocent Company Rule Book:


An example of the quirky, comical advertising used by Innocent Drinks.


An example of the quirky, comical advertising used by Innocent Drinks.

Gordon Morton, co-founder of the highly successful XanGo mangosteen juice brand, says that, "People have become somewhat numb to advertising". He is not alone in saying that the effectiveness of conventional advertising is limited. Pomegreat, for example, in 2006 invested £1 million ($2 million/€1.5 million) in its first-ever print and billboard advertising campaign. Interestingly, the company's founder said that he was not planning to repeat that level of expenditure – PR, resulting in positive media coverage was, he said, a more cost effective technique.

Advertising can play a useful role and "guerilla ads" have been used by Pom Wonderful in the US, but it is only effective if you have every other aspect of your product and your brand positioning right.

Conventional advertising has played no role at all in the rise of superfruit drinks – in fact if you advertise a product on TV or in the wrong magazine you may actually turn off the lifestyle consumers, who are attracted by the idea of discovering brands. As a medium to market health-enhancing products, TV's effectiveness is greatly over-rated – unless you are able to spend millions in each market every year over a ten year-period (like the dairy giant Danone).

Moreover, if you are going to advertise then it must reflect the values of your brand and have a clear benefit message. An example is the advertising of Innocent smoothies (see Box: The Innocent Company Rule Book on page 102), which conveys the brand's all-natural message and identity very clearly.

## Sampling

Sampling is another cost-effective technique for building a superfruit beverage brand. As a senior executive of Danone said, speaking of his company's functional mega-brand Actimel, "Advertising creates awareness, sampling creates purchase".

Consumers are often reluctant to part with their hard-earned cash by spending it on a brand they've never heard of that includes a fruit they may never have heard of – and which might taste bad. The best way to overcome consumers' natural uncertainties is to let them taste the product. If it tastes good such sampling will convert into purchases – that is a consistent message from the hundreds of interviews we conduct with food and beverage industry executives each year.
Açaí industry pioneer Sambazon, for example, conducts most of its marketing inside stores in demonstrations and sampling. With an unknown and strange-sounding fruit as the basis of its brand it is the best route for the company to build consumer acceptance.

"The best way to communicate açaí is to let people taste it," says Jeremy Black, brand manager at Sambazon. That's why Sambazon distributes samples and sells product at music festivals. "We'll go out to a multi-day festival and sell açaí to the public and word-of-mouth spreads and it becomes part of their nutrition."

Such sampling also creates word-of-mouth – a key element in building "unusual" products and brands, such as those containing superfruit. Word-of-mouth is the basis for the direct selling that characterises the brand building of many superfruits (see below).

# Distribution

Getting sufficient retail distribution – and distribution of the right kind – is important for the success of any consumer product. No-matter how good your product tastes, no-matter how attractive the packaging or the pricing, unless you can persuade a retailer to stock your product – and to give it shelf-space where consumers are likely to find it – your chances of success are close to zero.

However, getting mainstream supermarket retailers to give your brand shelf-space is becoming more and more difficult, especially for new companies. Existing brands and companies with existing retail relationships whose brands are making the retailers good volumes and margins – and ideally both – will at least get a hearing from the supermarket buyer. But persuading supermarket retailers to give hard fought-over shelf-space to a new brand – shelf-space which often has to be paid for with "marketing contributions", "slotting fees" or "listing fees" – is becoming ever more difficult.

To access the mass market the least risky way is in partnership with a larger company which already has access to distribution. Two examples are:

- Ocean Spray – a cranberry grower and juice maker – which has a mass-market priced product and hence needs mass distribution. The company has a distribution partnership with PepsiCo, whose massive muscle can take the brand much further than Ocean Spray ever could by itself.

- Pomegreat – a pomegranate juice brand. Pomegreat's partnership with juice maker Charter Brands, enables Pomegreat to get listed in the same supermarkets as Charter Brands' other products. As a new brand Pomegreat could never have achieved this when it was first launched.

Such partnerships are a possible route to market for many new players in superfruit beverages. Many large companies have superfruit high on their agendas. They are looking around to bring something new to their supermarket customers but they don't have the ability to create new superfruit brands.

New superfruit-focused businesses that have any ambitions need a partner that has access to their own distribution (unless they already have access to their own distribution). Without a partner with distribution muscle, it is very difficult to get space on overcrowded supermarket shelves. Moreover, the logistics of distribution are expensive for companies handling only small volumes.

There are two possible responses to this challenge:

1. Make sure that your brand meets as many as possible of the criteria which we have set out in this chapter and in Chapter 2, so that you can show that you have a coherent strategy to create a successful niche position that will generate the retailer a high level of cash for the limited shelf-space you will be given.

2. Identify – at least for the launch period of your brand – alternative channels of distribution to the mass supermarkets.


These brands went on sale in the UK first in Waitrose, the most health-oriented grocery chain.

Of these two approaches, identifying alternative means of distribution is the most challenging – but such channels have proven to be vital to the emergence of the superfruit beverage market and to creating and capturing the maximum value for superfruit brands.

Such a strategy is difficult for companies in Europe to execute, in part each country's market is dominated by just three or four (or fewer) supermarket groups and there are few other channels – however, as we shall show, it isn't impossible.

## Secondary channels

Many, many successful health-oriented brands have begun life not in the supermarket but in the health food or convenience store where they have developed a loyal following. From health food stores these brands have graduated to a wider market through supermarket distribution. It is a common evolution – for example, for 20 years, soy milk was found only in health food stores before it became more mainstream. Probiotic dairy products for digestive health, which are now in the chiller cabinets of major supermarkets, also began life on the shelves of health food stores.

In the US market there is a very distinct and influential channel – the so-called natural food stores, such as Whole Foods. Natural food stores account for almost 10% of grocery sales in the US. This is where the healthiest people shop, where new health products start – and where people are willing to pay premium prices for health. This is where many superfruit brands, such as Pom Wonderful, began their lives.

In the UK there is a supermarket chain called Waitrose which performs the same function, stocking the healthiest and newest brands and drawing in the highest-spending and healthiest customers.

## Yakult Ladies show the power of direct sales

Founded in 1963, the Yakult Ladies are the pillar of Yakult's sales of its probiotic dairy products. The Yakult Ladies are salespeople who deliver products in person to homes and offices, taking the opportunity of these face-to-face visits to educate customers about the benefits of probiotics. It is a system which has proven much more effective than advertising in getting across the benefits of drinking Yakult and, as the company itself says, this type of face-to-face communication builds trust.

In Japan there were 45,000 Yakult Ladies in the financial year ending 31 March 2007 and they accounted for 62.1% of the company's $1.5 billion (€987 million) sales of Yakult dairy products. Supermarkets, convenience stores, vending and other channels accounted for 37.9%, a ratio that has remained little-changed since the 1990s.

The Yakult Lady system has been copied to a greater or lesser extent in many of the countries in which Yakult operates – and, numbering 35,090, there are almost as many Yakult Ladies worldwide as there are in Japan.

In China, for example, Yakult sells through 500 Yakult Ladies – as well as 10,000 stores – and, the company says, to meet its goals in both China and India it intends that: "The Yakult Lady home delivery channel will be the major sales channel in achieving our target."

Given the success of the Yakult Ladies elsewhere, that aim isn't surprising. In the Americas, for example, there are 13,200 Yakult Ladies and they are identified as key to the company's success in countries such as Brazil and Mexico and in South Asia (there are 21,870 Yakult Ladies in Asia, outside Japan) Yakult has plans to increase their numbers and their role.

In Europe, by contrast, where the number of Yakult Ladies is "zero" – according to the company – sales growth has lagged behind. More than anything else, the difference in performance is a testament to the power of direct communication to consumers – something that other nutritional brands have discovered.

Other distribution channels which companies often overlook or dismiss because the sales volumes achieved through them are very low include outlets such as lunch-bars, cafés, railway station coffee bars, petrol stations, convenience stores and sandwich shops – the so-called "route trade". If your drink is packaged for single-serve, on-the-go consumption these can be very good places for a new brand to start.

One of the best examples is the Innocent smoothie brand which for the first four years of its life was distributed solely through such outlets in the London area. The volumes it sold were small, but its single-serve packaging and the fact that it was targeting relatively less price-sensitive on-the-go consumers in a high disposable income city meant that the brand was able to sell at very high price premiums (see Chart 13 and 14). This established a loyal consumer base and a high price point and provided the base for the brand to get supermarket listings. Innocent Drinks is pursuing the same strategy in the eight European countries in which its smoothies are on sale.

"It's important to have presence in smaller shops – it needs to be seen everywhere," says Adam Pritchard, founder of the successful Pomegreat pomegranate juice brand – the biggest of its kind in Europe. It, too, is listed in bars and cafés as well as the druggists Boots and a growing roster of independent convenience stores and drugstores nationally. "It's good-value incremental business," he adds.

If you aren't able to get mainstream supermarket listings from day one – or don't want to – start from specialist stores and expand from there. This allows you to develop a core of loyal consumers who can act as advocates and enables you to point to success when you talk to supermarkets. And, by establishing a premium price point in these channels, you will be better able to convince supermarkets to stock your product by offering them a bigger margin than standard products can.

## Direct sales

If you are selling low volumes of a product with a high value – and particularly if the product does not need refrigerated distribution – direct-to-consumer becomes an option.

One type of direct distribution is multi-level marketing (MLM). It is a very common distribution practice in the dietary supplement industry and it is very common in Asia and the US, less so in Europe. Billions of dollars of business is done through MLM.

Direct selling has already become an important channel for superfruit drinks and no-one with ambitions in superfruit can afford to dismiss its potential as a route to market.

By far the best example is XanGo mangosteen juice (see Case Study 5 in Part II). The company's founding family gave little consideration to any other method than MLM.

"We're very pro multi-level marketing and direct sales," says co-founder Gordon Morton. "When you're getting started in nutrition it's an effective channel. Because if you don't have a massive company behind you to start with, in the

nutrition business it's pretty much word of mouth that make the difference." XanGo says that using a direct sales business model enables it to introduce a new category product to a global market much faster than any other distribution method.

"Network marketing allows for a story to be told by trained and informed distributors as opposed to hourly workers in a health-food store or a mass-merchandise chain outlet," Morton says. His company's sales – now hundreds of millions of dollars a year – and the successful positioning of XanGo mangosteen juice in the market as a super-premium superfruit drink bear out his point of view. Direct sales have also allowed the brand to rapidly enter new markets in Asia.

In Japan, person-to-person selling is a very important distribution channel for mainstream products. Yakult Honsha, the world-leader in probiotic dairy products for digestive health, relies for 38% of its Japanese market sales on supermarkets, the other 62% comes from direct selling, using its network of "Yakult Ladies" (see Box: Yakult Ladies show the power of direct sales on page 106). In China, Indonesia, Mexico and many other countries the Yakult Ladies are an important sales channel for the brand.

*Superfruit in a fresh form cannot compete with beverages for convenience.*

Yakult Honsha also believes that taking time to explain often complex health and nutrition messages face-to-face is essential to success. The company uses direct salespeople wherever it can. Yakult Honsha's challenge is to communicate the complexities and benefits of probiotic bacteria and improved digestive health. XanGo's challenge is to explain the benefits of its juice's high content of "xanthones". These are both messages that are difficult to communicate through mass advertising.

# Beverages and the Six Elements of Superfruit Success

Marketing is the most important factor in successful superfruit strategy, but it's worth re-capping how the other Elements of Success can be applied to superfruit beverages:

## Element 1: Sensory Appeal

A superfruit beverage strategy gives a lot more options in terms of the type of fruit that can be used and which parts of the fruit can be used. Although sophisticated beverage formulation skills can't hide all difficult tastes – açai, for example, is said to have a strong taste – they can make a huge variety of beverages palatable. Pomegranate juice, for example, is not appealing to most people in its pure form, but food technology has enabled both the Pom Wonderful and Pomegreat brands to create good-tasting drinks without losing their all-natural credentials. As we explained in Chapter 2, a superfruit drink doesn't have to taste like the original fruit, it just has to taste good.

## Element 2: Novelty

Superfruit beverages – and would-be superfruit beverages – are often based on novel fruit, such as the açai, the gac fruit or the mangosteen.

But the novelty factor that is as significant, if not more significant, than the newness of the fruit is that superfruit beverages represent both a new way of consuming a fruit and a new – more convenient – way of getting the benefits of fruit that they provide. They also provide newness and variety in an area of the supermarket which has long been dominated by orange juice (apple juice in some countries) and needed refreshing.

Superfruit drinks are a perfect example of product novelty – whole fresh pomegranates, for example, have been retailed as niche fruit in the US and UK for decades. What was novel was the decision to make the benefits of pomegranate available for the first time ever in a more convenient form than a fresh product – a juice. In so doing, of course, the pomegranate became convenient for the first time ever (fresh pomegranates score very badly on any test of convenience).

It is important to remember that if you make the novelty of the fruit a key part of your superfruit drink's brand positioning, then Control of Supply (Success Element 4) will become more important. Without it, a host of competitors can move in to offer me-too products – as has happened with açaí – capitalising on your market development work and introducing price competition.

And it's worth underscoring that while novelty adds value, convenience and marketing are more important. These factors appeal more to consumers than novelty does.

## Element 3: Convenience

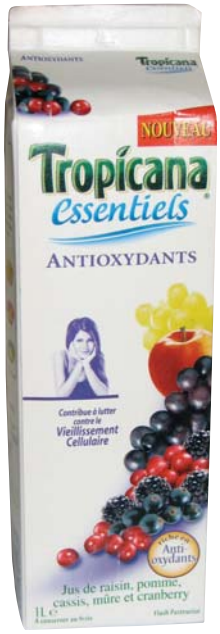
As we have already established, convenience is a critical factor – and beverages are the most convenient way for consumers to obtain health benefits. Superfruit in a fresh form cannot compete with beverages for convenience. Fresh pomegranates are a highly inconvenient fruit, difficult to eat – and with difficult sensory characteristics – and hence sales of fresh pomegranates are less than a tenth of the value of sales of pomegranate beverages.

Moreover, consumers are willing to pay much higher prices for fruit in a convenient beverage than they are for the same fruit in whole, fresh form.

## Element 4: Control of Supply

Control of supply isn't essential. If you are able to build a strong brand for your superfruit beverage then that is the best way to protect your superfruit against competition, as the case studies in Part II show. However, control of supply certainly is an advantage. Restricted supply makes it more difficult for others to access the same superfruit and makes it harder for other brands to make a challenge. Control of supply helps you keep strong differentiation for your brand by being the main supplier, or even the only supplier (as Ocean Spray is for cranberry juice and XanGo for mangosteen). It also reduces the risk of price competition and makes it easier to maintain a high price premium.

## Element 5: Health Benefit




A high content of antioxidants from fruit is the basis for this Tropicana brand. Its promise is that it:

*"Helps to combat cellular ageing"*

As discussed in detail in Chapter 3, a health benefit based on science is what sets superfruit apart from regular fruit – that, and the active marketing of the benefit.

The health benefits claimed for superfruit are almost overwhelmingly associated with and claimed by superfruit beverages (see Table 3), not by fresh fruit. At the time of writing, the main association is with the "high antioxidant" message, but as more superfruit brands appear the need to differentiate more will increase, making it more important that new superfruit try and establish clear benefit platforms, as the Sunsweet plum growers are trying to do for plum juice and digestive health (see Case Study 8).

There are more options when trying to establish a health benefit for a beverage than for a fresh fruit, since the parts of the fruit that contain the active compounds that deliver the health benefit may be usable in pulp form in a juice but may be inedible on a whole fresh fruit. Mangosteen is a very good example. What gives mangosteen juice its health benefits is the hard, dark red skin of the fruit, rich in high antioxidant xanthones. In making the pulp for mangosteen juice this skin is blended along with the pale flesh of the fruit. But on a fresh mangosteen the skin is inedible – and the pale flesh does not contain the active compound. Hence a fresh mangosteen, while a delicious and refreshing fruit, could not be marketed with the same health benefit promise as mangosteen juice.

## Element 6: Marketing

The importance of marketing cannot be overstated. If you are trying to create a superfruit beverage then you need to have experienced consumer marketers involved in your team from the first day of the product development and a well-designed, well-funded and well-executed marketing plan will be probably be more important to whether you succeed or fail than any other Element.

Cranberry may have become a superfruit, but it's worth remembering that cranberry sales stalled because Ocean Spray, despite its dominant position in the market, didn't market its health benefits hard enough. From that the company learnt that it must focus on cranberries' health benefits and "shout it from the rooftops" in the words of Ken Romanzi, COO of Ocean Spray.

The marketing plan needs to be built on the proven platform of targeting the lifestyle and/or technology niches rather than the mass market. These consumers are best reached through PR – positive media attention has been a key element in the rise of superfruits. Public relations is the most cost-effective communications technique available.

Sampling is the other effective technique – ideally in a place where the consumer can then easily buy the product. Sampling also enables you to engage in a face-to-face dialogue with consumers and is a more effective way than advertising to convey your health benefit message.

Advertising is less cost-effective than PR and while it has a role to play in marketing communications that depends a lot on your brand, how you want to position it and what stage your product has reached in the market. For most superfruits coming to the market a heavy investment in TV or print advertising will probably be a waste of money.

UK pomegranate brand Pomegreat, for example, in 2006 invested £1 million ($2 million/€1.25 million) in its first-ever print and billboard advertising campaign. Interestingly, the company's founder said that he was not planning to repeat that level of expenditure – PR, resulting in positive media coverage, was, he said a more cost effective technique.

## Analysis: XanGo and the 10 habits of highly effective nutrition companies

Food and beverage industry executives in Europe – and in larger American corporates – are often sniffy about businesses like XanGo, the company which created the mangosteen juice business out of nothing. That's a pity because if these executives want to learn how to make a success in the nutrition business, they can learn a lot from studying this highly innovative and focused company. And if they choose to look more closely at XanGo they will see that their biggest criticism of mangosteen, the alleged "lack of science", is losing weight and may soon evaporate.

Here are the elements of XanGo's strategy which are also the "10 habits of highly effective nutrition companies":

### 1. NEW CATEGORY CREATION

By discovering the humble mangosteen fruit for the West, delivering it in an innovative and convenient format, and employing highly effective distribution, XanGo has created a new category and its brand is now worth over $300 million (€215 million) at retail. As Gordon Morton, the company's co-founder, summarised it: "We're the category creator."

Creating a new category based around an innovative product is very rare in the food industry. But it is one of the most successful and well-proven strategies in the global market for functional foods. In a world which is over-supplied with me-too products – truly innovative products account for only 5% of new food and beverage launches – it's essential to differentiate your product as much as possible.

What market research tells you is what people already know, it won't tell you what consumers don't yet know they might want. Creating a totally new proposition and then educating consumers about it has been the basis for some of the world's most-successful brands – think of Red Bull and energy drinks; Gatorade and sports drinks; Yakult and Danone and probiotic dairy; Up & Go and the liquid breakfast in Australasia; Naked and the other smoothie successes. In fact, creating a new category is less risky than doing a me-too – the cost of building the brand will be far higher, but the chance of failure appears to be no worse and the returns can be massive.

## 2. INNOVATION IN PACKAGING

XanGo identified, crucially, that it had to make its package look unlike any other. The juice is packaged in a long and curvaceous bottle more like a wine bottle in appearance than a conventional gable-top juice carton.

Good packaging supports the brand in asserting that it's "different" and this is key to new category creation. It's the best way to catch the consumer's eye – and earn premium prices and better-than-average profit margins. Putting your new product in a standard 1-litre gable-top carton makes your product look like every other brand on the shelf and enables consumers to easily compare prices between your product and regular products.

There are many, many good examples of this packaging innovation strategy in action: the Fruit2Day brand, marketed in the Netherlands by Hero, one of Europe's biggest juice companies and one of its most innovative; Red Bull; Yakult; Actimel; Pom Wonderful – to name just a handful.

## 3. INNOVATION IN DISTRIBUTION

XanGo doesn't sell through supermarkets – rather it sells its product through multi level marketing (MLM), the person-to-person selling that characterises a large part of the dietary supplement industry. Thus XanGo avoids having the price of its product compared unfavourably with regular supermarket juice brands, while at the same time it's able to educate and inform consumers much more intensively than could ever be accomplished through advertising. The supermarket is where most people buy their healthy foods and drinks – but it's also the most intensely fought battleground. Many managements think that they have to succeed there from day one. In fact you can start with other channels and build up a loyal following, learn about the market, and from there graduate into the supermarket.

The objections of most CEOs to such a distribution strategy are that the volumes sold are too low – but the nutrition business is about creating value, not volume – it's about serving a series of niches who are willing to pay premium prices for innovative healthy products. In the mass market premiums are hard to create – although earning them is essential if you are to earn a decent return for your investment in nutrition science, brand development and marketing.

You don't have to sell direct, of course, although this was also the basis of success for the original functional brand, Yakult, which earns 50% of its revenue in Asia this way. Red Bull, for example, began by selling only in night clubs and bars. Other brands have started only in health food stores – like soy milk brands Alpro and Silk – and others begin only with the one supermarket that has the strongest health credentials.

## 4. MARKETING THE BENEFIT OF 'NATURALLY HEALTHY'

XanGo markets the benefits of its products based on their content of naturally occurring xanthones, which are antioxidants.

The message that a food is naturally healthy is one of the most persuasive in food marketing. It's for this simple reason that juices based on cholesterol-lowering plant sterols have bombed in the European and US markets while pomegranate juice, marketed for its natural heart-healthfulness, has massively outsold such products (by a factor of at least five to one on our reckoning). Fortunately the consumer groups who look for "naturally healthy" products are the same ones willing to pay much higher prices than has traditionally been the case. These consumers have propelled the surge in sales of superfruits – pomegranate, blueberry, mangosteen and others – over the last 3-4 years.

## 5. CHARGE SUPER-PREMIUM PRICES

XanGo's juice sells at a whopping $37.50 per 25.35oz bottle – that's €26.63 per 750ml bottle or €35.51 per litre – a massive 800% premium over regular juice sold in the supermarket.

If you follow rules 1-4 above then you are on the way to earning super-premium pricing. Premiumisation is one of the strongest trends and products that follow at least three of the first four rules achieve price premiums of between 100% and 300% over competing products – premiums that are no barrier to consumer enthusiasm for the product.

## 6. FOCUS ON ONE BRAND

XanGo markets its mangosteen juice in a distinctive bottle in one SKU. It is ultra-focused.

Too many companies waste time trying to endlessly stretch brands – even though studies by business schools show again and again that stretching brands rarely lifts sales by much. Red Bull is about one product and one brand and so too are many of the most successful brands. Most businesses don't have the time, the resources or the skills to stretch themselves and their brands thinly over a range of products and categories. Even companies that do have resources are notable for being very focused – Danone, for example, has only four power-brands that between them account for 50% of its dairy sales.

## 7. CONSISTENT BRAND POSITIONING

XanGo stands for an all-natural health benefit.

"Repackage, reposition, resumé," is how one R&D director summarised to us his marketing colleagues' approach to strategy. Brands are endlessly redesigned and re-positioned by marketing people keen to get something clever on their resumé in order to get the next job on their career escalator. By the time they have departed the company the short-term boost to sales from their makeover will have petered out.

Brands that succeed best are the ones that develop and stand firmly on a very clear positioning. Red Bull has always said it "gives you wings" and its

pack design has hardly changed from the original launch in Austria almost 20 years ago. Yakult is still – after 40 years – "a healthy start to everyday" and Actimel since 1994 has said it "supports your natural defences". If you get the positioning right to begin with and then unrelentingly hammer home the message you too could become one of the enduring brand success stories.

## 8. TARGET THE HEALTH-CONSCIOUS NICHE – NOT THE PRICE-SENSITIVE MASS MARKET

We don't know for sure, but we think XanGo's appeal is likely to be strongest to the boomer-age consumer.

The mass market will not pay high price premiums for health – these consumers are price-sensitive, carefully managing the household budget meaning health is a lower-level selling proposition after brand name, taste and price. So look for the people for whom health is part of their lifestyle – the people who shop in health food stores or in the supplements aisle or the soy milk aisle of the supermarket. These people, who are at best only 20%-25% of the population in most countries, tend to be older – over 40 or 50 – and have noticed that life is bringing changes to the way they look and feel. They may have experienced the ageing and illness of their parents. They are willing to pay a premium to maintain their wellness and welcome new health concepts that enable them to do so.

## 9. INTERNATIONALISATION – A NICHE IN MANY COUNTRIES RATHER THAN MASS MARKET IN ONE

XanGo entered the European market in 2007 and also markets its brand in Japan, Malaysia and Mexico.

Red Bull, Yakult, Actimel – these brands are all global phenomena. But the last two are niche brands, appealing to a small number of people in each country. Their volumes are low but the sale values are high. Red Bull had a similar profile until it too crossed over into the mass market. One of the lessons of the last 10 years is that it's easier to find the health-conscious niches in several countries than to try and battle your way into the mass market in one country. If you do try the latter course, you will of necessity have to cut your selling price to increase volume – since the mass market won't pay massive price premiums. Why cut your retail price when you don't need to? Moreover, the mass-market consumer is less loyal than the health-conscious one and if a competitor offers the same benefit as your brand but at a lower price, they will probably switch brands.

## 10. A SCIENCE FOUNDATION

XanGo markets a juice based on a fruit which is approaching the apple in regard to the number of in vitro and animal studies focused on its health benefits. XanGo plans human clinical studies too.

An accusation we commonly hear levelled against mangosteen juice is that

"it doesn't have enough science". XanGo has shown that you don't need to have all your human clinical science in place on day one to market a product with a health benefit – you can start with very "soft" health communications, reflecting the nature of the emerging science, and make them stronger as the science base grows. That's a perfectly valid strategy. It's also a strategy that many large companies have successfully followed (though they would deny it) – putting the science in place while building the brand.

Clinical studies are in the pipeline for mangosteen juice. Such a robust approach to science is very necessary. But unless your strategy also is based on at least six of the habits of highly effective nutrition companies outlined above, you will never get the best return on investment in the science.

# CHAPTER 5

## Fresh fruit strategy

## KEY POINT SUMMARY

- Around the world, growers and marketers of fruits of all kinds are asking themselves whether their fruit can achieve superfruit status. But to make a fresh fruit into a successful superfruit is significantly more difficult than creating a superfruit beverage or a superfruit ingredient business. To focus on creating a superfruit in fresh form alone is the most difficult and risky strategy. The best way to reduce risk is to have a strategy that also encompasses beverages and ingredients.

- Anyone who wants to make a fresh fruit into a superfruit is taking on a major challenge and will have to follow the Six Elements of Superfruit Success particularly closely.

- At the time of writing, the only really successful whole fresh superfruit is the blueberry and it is one that was created by accident – by the confluence of science and media interest. Blueberry growers, can take little or no credit for the emergence of the blueberry as a superfruit.

- Only one grower and marketer of fresh fruits has actually created a superfruit as a result of a deliberate plan and that company is California-based Paramount Farms. Its massive investments in the science and marketing of pomegranate have been key drivers of that fruit's recent success. However, Paramount Farms has focused on the beverage market and revenue from its Pom Wonderful pomegranate drink massively overshadows its sales of fresh pomegranates.

- Superfruits are a strategy for creating new niches, they are not about mass markets.

- A fruit that is not a niche product but is already established in the mass market has very little chance of being transformed into a superfruit. Most mass-market fruits cannot become superfruit in their current form or as they are currently marketed. However, the outlook for well-established fruits is by no means hopeless and there are some very specific things producers can do to reinvent established fruits.

- Fruit producers have always been focused, as they must be, on issues such as fruit quality, the supply chain, shelf-life

and so on. This is an internal focus. For future success, fruit growers will need to invest as much time and effort on an external focus – in other words, marketing.

- The target consumer profile for fresh superfruits is skewed towards older, higher income, discerning shoppers who look for higher quality products. For this group a healthy diet is part of a "wellness lifestyle".

- In fresh fruits, packaging is no less important than in any other area of the supermarket. When fruit is packed it offers opportunities to signal selling messages to consumers and to better differentiate the product. The packaging commonly used for blueberries – clear plastic boxes of 125g-150g – protects the fruit and just as importantly, makes blueberries stand out on the shelf. Presenting fruit in small quantities helps signal that they are suitable for a snack.

- Most importantly, packaging makes it easier to hide a price premium. Although people know that blueberries are expensive, most have no idea just how expensive. Measured on a price per kilo basis, they typically sell at a massive 1,500% premium to apples. Were blueberries sold in 500g or 1kg packs such a premium would be obvious to the consumer and the price would deter many from purchasing.

- Creating a superfruit is a risky, time-consuming business and the investment required to research and substantiate the health benefit as well as market the benefit is high. There isn't much point in putting in a major effort to create a superfruit unless you intend to earn superior retail prices and therefore higher profit margins and thus earn on a return on your investment.

- The ability to premium price superfruits is supported by the worldwide consumer trend towards seeking niche, super-premium products.

- Public relations (PR) is by far the most cost-effective marketing technique for food marketers of all kinds and particularly marketers of fresh fruit.

- Fresh fruit growers need to invest much more than most have done hitherto in the science of their fruit in order to be able to better substantiate the health benefits.

- The health benefit offered must resonate with whoever you are targeting. If the benefit is new to consumers, then there must be a heavy investment in consumer education to create an understanding of the benefit. Most of the successful stories in packaged foods with health benefits are brands which are offering a benefit that is new to consumers and these brands have created new demand where none previously existed.

- The "high in antioxidants" message is one that is increasingly attractive to consumers and increasingly widely-understood. However, although such a claim may be a good starting point for your first health communications, as more fruit are promoted for their high antioxidant levels, antioxidants will cease to provide a point of difference. Would-be superfruits should aim, if possible, to communicate more specific and less generalised health benefits – such as immunity or digestive health, both benefits which have already provided the basis of success in other categories.

# Can fresh fruit be superfruit?

Around the world, growers and marketers of apples, cherries, watermelon, raspberries, cherimoya and, in short, every single fruit you can think of – the exotic, the everyday, the well-known and the unknown – have looked enviously at the success of their fellow growers of blueberry, pomegranate and other superfruits and have asked themselves why they, too, cannot achieve superfruit status for their fruit. This chapter is designed to help growers and marketers of whole fresh fruit to answer this question.

To make a fresh fruit into a successful superfruit is in fact particularly challenging and, we believe, significantly more difficult than creating a superfruit beverage (itself quite a challenge).

Convenience – or rather, the lack of it – is fresh fruit's biggest challenge, compounded by the fact that fresh fruit companies do not market their products.

Convenience is one of the very strongest drivers, and compared to other foods whole fresh fruit is simply not convenient enough. This is perhaps the single-greatest reason that, in most countries, consumption of fresh fruit is flat or declining, despite the decade-long investment of government funds in the "5-a-day" health promotion message. Convenience is also, as we have already explained, the driver for the continuing rapid growth in fruit drinks, which consumers accept as equivalent to fresh fruit and as a way of getting the benefits of fruit in a more convenient form.

At the time of writing, the only fresh superfruit is the blueberry (though berries in general have experienced double-digit sales growth in many countries). Chart 3 in Chapter 1 shows the growth of blueberry consumption in the US, compared to the growth rates of other fruit. As we show (see Case Study 3 in Part II) the blueberry's extreme convenience ranks alongside its health benefits as a key driver of this fruit's success. So too does marketing – although in the case of blueberries it was the enthusiasm of the media which propelled the marketing for the fruit. Of their own free will, various media sources picked up the story of blueberries' high levels of antioxidants and made it one of the most-reported food stories.

In short, it's worth bearing in mind that the only whole fresh superfruit is the blueberry and it is one that was created by accident – by the confluence of science and media interest. Blueberry growers, whose investment in uncovering the health benefits of blueberries had been minimal and whose investment in consumer marketing was so little as to have almost no effect, can take no credit at all for the emergence of the blueberry as a superfruit.

Thus far only one grower and marketer of fresh fruits has actually created a superfruit as a result of a plan and that company is California-based Paramount Farms. Its massive investments in the science and marketing of pomegranate can be fairly said to be the key drivers of that fruit's success. Note that Paramount Farms was savvy enough to know that it was in a beverage form that pomegranate stood the best chance of success (it is a highly inconvenient fruit with very consumer-unfriendly sensory properties) and Paramount's sales

of its Pom Wonderful pomegranate drink massively overshadow its sales of fresh pomegranates.

The response of most of the fresh fruit industry to superfruits has been limited and slow, as food marketing guru professor David Hughes expresses it: "The produce industry is wandering around with our thumbs in our mouths saying what's going on here?"

It is very clear that in terms of market trends and consumer preferences superfruit beverages are, and will remain, the most important format.

Therefore, growers of fresh fruit are best advised to follow the example above of Paramount Farms (see Case Study 2 in Part II) or even Ocean Spray (Case Study 1) who have both made the marketing of a beverage – or a partnership with a company that can do this – an important plank in their strategy.

## US Highbush Council marketing effort


Profiling highbush blueberries: It's only recently that blueberry growers have begun to invest in promoting their fruit – prior to this, blueberries' rise to popularity was driven by effective, positive attention from the media.

Fresh fruit companies face the possibility that if they do not develop a strategy which encompasses fresh fruit and beverages (and ingredients too) then they may find processing companies intruding into the fresh fruit space in a bid to increase their control of supply and their control of the market.

Sundia, for example, the US company that markets watermelon juice and is aiming to make it into a superfruit, has deliberately moved into fresh fruit and is controlling an increasing share of the fresh watermelon market. It makes the company's task in creating a brand easier, says Dan Hopkins, Sundia's Chief Operating Officer: "They take big space in produce departments, and shoppers see our brand on the lids, boxes and stickers. That is coming to mean that we're being recognised as a produce company, not just a maker of watermelon juices."

To focus on creating a superfruit in fresh form alone would be very difficult and could be close to impossible. It would certainly, all the evidence indicates, be the most difficult strategy to execute.

Anyone who wants to make a fresh fruit into a superfruit is taking on a major challenge and will have to follow the Six Elements of Superfruit Success particularly closely – as we show at the end of this chapter.

A fruit that is not a niche product but is already established in the mass market, has hardly any chance of being transformed into a superfruit. Apples, for example, simply cannot become superfruit in their current form or as they are currently marketed.

However, the outlook for well-established fruits is by no means hopeless and there are some very specific things that apple growers – and other producers of mass-market fruits – can do to reinvent established fruits. Such reinvention would involve, for example, creating a new sub-category of the mass-market fruit such as "superfruit apples". The specifics of sub-category creation are addressed in Apples and the Six Elements of Superfruit Success below.

As with beverages, paying attention to Element 6 – Marketing – is the single most-important step in creating success. As such, we begin this chapter, too, by focusing on marketing strategy, historically the greatest weakness of the fresh fruit industry. Fruit producers have always been focused, as they must be, on issues such as fruit quality, yield, taste, fruit size, pest protection, the supply chain, shelf-life and so on. But this is an internal focus. To ensure future success, fruit growers of all kinds, whether or not they are marketing would-be superfruit, need to invest high levels of time and effort on an external focus, in other words, marketing.

# Marketing strategy – key to success

## Brand positioning

### Niche marketing

In fresh fruit, as in beverages, superfruits are a strategy for creating new niches – superfruits are not about mass markets. Blueberries are the only example of a successful fresh superfruit – and they are also a niche fruit, grown in very low volumes and selling in very low volumes but commanding very high selling prices when compared to the traditional mass-market fruits.

However, the story of blueberries is not simply one of the rise of a fresh fruit. As we show in Case Study 3 in Part II, the real driver of blueberry sales has not been consumption of the fresh fruit by consumers but the use of the fruit as an ingredient in processed foods – until recently sales of frozen blueberries to food processors accounted for half of the US blueberry crop. In Japan, so important is its use as an ingredient in yoghurts, drinks and bakery products that sales of frozen blueberries exceed sales of fresh blueberries by a factor of 9 to 1.

In other words, ingredient sales (see Chapter 6) have been an important driver of blueberry sales in most countries, underscoring how very difficult it is to create a superfruit in whole fresh form.

### New category creation

As we explained in Chapter 4, new category creation is the key underpinning of success in superfruit beverages. It is no less important, we believe, in the fresh fruit market since consumers' interest in something new – or if not new, then something presented in a new way – is a key driver in all areas of the supermarket and the fresh produce aisle is no exception.

Supermarkets have over many years, educated consumers to pay super-premium prices for exotic fruit – such as the papaya, the sharonfruit, cherimoya, lychees and rambutan. These are all marketed on their novelty and exoticism, not for any health benefits. They are retailed in low volumes at super-premium prices. A recent example is WalMart-Asda becoming the first UK retailer to stock limequats, a cross between a kumquat and a Mexican lime. The fruit's pulp is bitter and contains small edible seeds. The fruits retails for £1.28 ($2.50/€1.67) for a 115g pack – equivalent to $21.75/€14.50 a kilo, an approximately 300% premium over apples. Even a store such as WalMart-Asda that competes heavily on price and discounting understands that it is worth pursuing premium-priced niche markets.

*Blueberries are the only example of a successful fresh superfruit – and they are also a niche fruit.*

By creating new niches for premium fruits that are bought in low volumes – in contrast to the bulk sales of mass-market fruit such as apples – retailers have effectively created a new category (premium fruits). The creation of the premium fruits category has paved the way for the emergence of another new category of premium-priced, niche fruits – ones with health benefits (the superfruits).

While blueberries are not exactly new (they have been on the market in many countries for decades), the consumer response to them is as if they were new. This response has been created by the seemingly "new idea" that a fruit has a health benefit. The positive attention the media has given to blueberries has created a health profile that blueberries never had before (because the blueberry industry did no marketing). Blueberries are now visible to consumers who were never even aware that such a fruit existed. The specific link between antioxidants and blueberries is much easier for consumers to understand and act upon than the generalised, non-specific "all fruit are good" health benefit communications of campaigns such as 5-a-day.

## The target consumer

As with superfruit beverages, the target consumer profile for fresh superfruits is skewed towards a group that tends to be older, higher income, discerning shoppers. These shoppers look for higher quality products and consider a healthy diet to be part of their "wellness lifestyles". These are the lifestyle consumers discussed in Chapter 3.

Professor David Hughes, a director of one of Europe's biggest berry marketing companies as well as Emeritus professor of food marketing at Imperial College, London, is very clear about their identity:

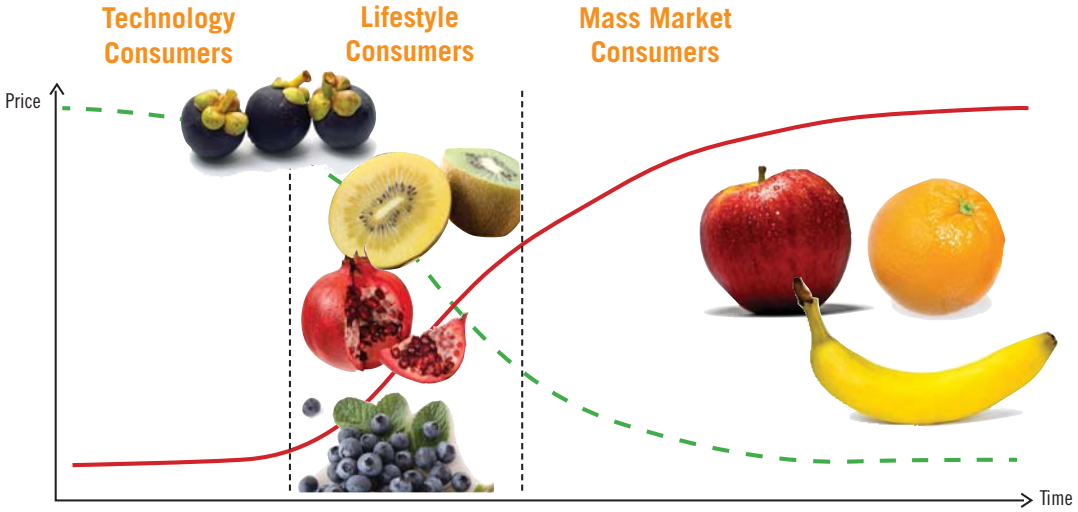
"The shopper data used by Tesco [the UK's biggest grocery chain] is the best of its kind in the world. Tesco has six segments of shoppers: those driven by health, price, convenience, finer foods, mainstream and traditional. The finer foods group – who are 16% of Tesco's shoppers – are higher income and include many older, richer people and they are 2.5 times more likely to be buying blueberries than any other group."

*The target consumer profile for fresh superfruits is skewed towards a group that tends to be older, higher income, discerning shoppers.*

The US Cherry Marketing Institute, the co-operative marketing arm of the US cherry industry, has invested heavily in understanding superfruit. They cherry industry is also very clear that the primary target for fresh superfruits is older consumers.

According to Jeff Manning, the food marketing consultant and former dairy industry executive who has helped the US Cherry Marketing Institute formulate its strategy to better emphasise cherries' emerging health benefits, the best targets for cherries' new health positioning are 45-plus year-olds. For one thing, he says, they can afford the relatively high prices for cherries ($8 per kilo for

## Chart 16: Fruit and Nutrition Summary




1. The "new", fast-growing superfruits are all in the lifestyle area. Even established niche fruits are building a health and nutrition platform in this area.

2. Superfruits are niche products that sell in low volumes but command premium prices.

3. Lifestyle consumers willingly embrace health messages about these new fruits.

*Source: Food & Health Marketing Handbook, Mellentin & Wennström*

cherries compared to $4 per kilo for apples). And, he adds: "A 35 year-old guy is still immortal. But a 55 year-old whose knees are hurting ... that's the person who's really serious about healthy eating and looking for healthy foods in the diet."

Manning's point is an important one: everyone feels immortal until they hit forty and from that age the acceleration of an individual's own ageing process, coupled with the increasing health difficulties of elderly parents, makes people re-think their diet and lifestyle. In most countries fruit consumers in general tend to skew towards being older (and female). In Japan, for example, as Chart 1 in Chapter 1 shows, the highest fruit consumption is among the over-50s and the lowest among the still-immortal twenty-somethings.

While it may be right to say the young represent an untapped opportunity they are also the group who are targeted the most heavily by advertisers of products of all kinds – and their expenditure will prioritise music downloads, tickets to concerts, clothing, cars, alcohol and restaurant meals over fruit. Fruit companies simply do not have the kind of marketing budgets that are necessary to stand out amid the massive amount of advertising targeted at younger age-groups. Nor do most fruits, with the exception of berries, offer the convenience that the 20-somethings believe that they need. So unless you are selling them a small, one-or two-bite fruit that can be eaten whole, and requires no peeling, and you have tens of millions of dollars at your disposal to spend on advertising, then this age group is not for you.

## Kiwiberries (*Actinidia Arguta*): the Six Elements of Superfruit Success applied to a whole fresh fruit

### Element 1: Sensory Appeal

*Image courtesy of HortResearch*

How does it taste compared to a standard green kiwifruit? Similar, but with a sweeter, guava-like flavour.

### Element 2: Novelty

Although Arguta has been available in limited quantities for some time, the idea of a kiwifruit that is the size of a berry is new to consumers. As a result this product is being marketed as a healthy snack product, with a new name, Kiwiberry, to emphasise its new-to-the-consumer characteristics. It's also in a new variety that has been developed to enhance the flavour and extend the shelf-life of the product.

### Element 3: Convenience

This is an excellent example of making a large, hairy berry (standard kiwifruit) into a more consumer-friendly product that is easy to eat and has no waste or peel. The Kiwiberry is also better adapted to modern consumers' demand for extreme convenience. Kiwiberry is currently being marketed as a fresh fruit, both as an adult snack and as a lunchbox item although there are possibilities as a juice and supplement. Similar to blueberries, Kiwiberry is being marketed in a small pack that disguises the price premium.

### Element 4: Control of Supply

HortResearch have developed and protected via a PVR, arguta cultivars, and these have been licenced to growers in New Zealand, Australia, North America, Chile, EU and South Africa.

### Element 5: Health Benefits

Although there is a Korean patent on the use of Arguta as an antihistamine, the potential is wide open to enhance the health story for the Kiwiberry through scientific research into potential health benefits.

### Element 6: Marketing

The somewhat unfriendly name – *Actinidia Arguta* – has been replaced with a much more consumer-friendly name – Kiwiberry.

*Image courtesy of HortResearch*

*Source: www.nzkiwiberry.com/home.html*

## Zespri: making immunity fun

Zespri, the world's largest kiwifruit company, has moved its marketing message beyond generalised wellness benefits to the specific benefit of "natural protection", meaning "immunity", but in consumer language.

These illustrations are stills from a TV ad which the company used in Taiwan, the first market where it tested the "natural protection" message.

They bring to life in a vivid and amusing way the benefit that eating kiwifruit can help boost children's natural immunity against germs and sicknesses.

The natural protection message is being rolled out across Asia as a new health benefit for kiwifruit.

The over-50s, on the other hand, have money to spend, they are health-conscious and they are actively looking for products that maintain their wellness. They are not easily impressed by advertising, but will listen to relevant messages from trusted sources. PR which gets your message into magazines and onto the right websites, is the best medium for reaching this group, and also a much more cost-effective marketing technique than advertising.

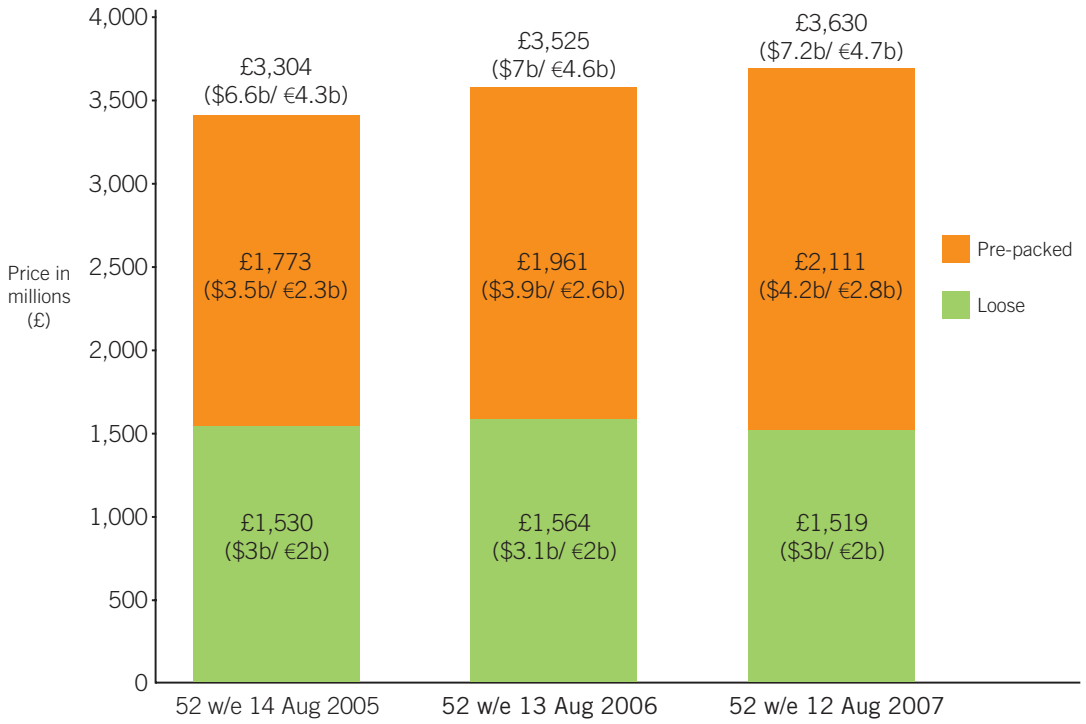
There are some other sub-groups who are worth paying attention to, such as health-conscious mothers who are looking to put something healthier into their child's lunch box. Convenience and portability and easy-to-eat characteristics are key to this group and berries appeal to them. Because mothers' main concerns relate to immunity and digestion, major manufacturers of infant formula all now have products for infants and toddlers targeting these health benefits. Numico, the largest infant formula company in Europe and possibly the second-largest in Asia, has gone so far as to re-position its entire range on an immunity health benefit platform, and has enjoyed double-digit sales growth as a result. Fruits that demonstrate benefits in these health areas will clearly have some potential in addressing these maternal concerns. This is an as-yet untapped opportunity.

## Packaging strategy

In Chapters 1 to 4 we show how, again and again, beverage companies have used innovative packaging as a way to create maximum differentiation for their products. We also show that many companies are able to earn premium selling prices as a result of innovative, thoughtful packaging.

In fresh fruits, packaging is no less important. The only difference is that the business value of packaging fruits in any way – let alone innovatively – is

### Chart 17: Fresh Fruit Market Trends, U.K.



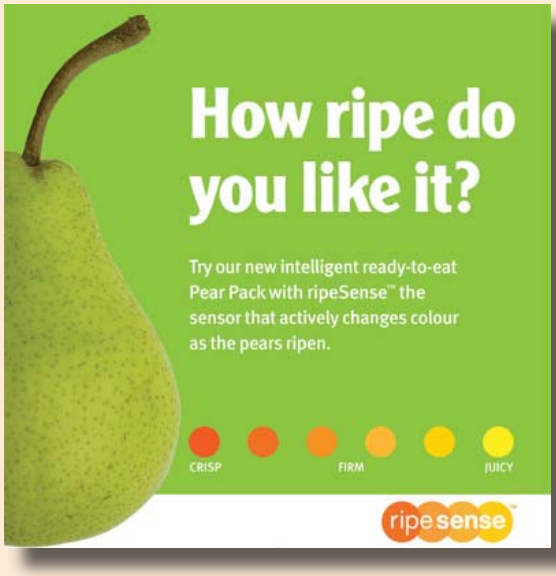

*Source: TNS Worldpanel, 2007*

something which has historically been ignored by most of the fruit industry. Consequently, few executives in the fruit industry have any kind of experience when it comes to catching consumers' eyes with packaging, nor do they know how to use packaging to indicate to consumers the "reasons to buy".

This ignorance of a key element of success in consumer goods marketing (and marketing fruit is this exact discipline, no less so than marketing yoghurt or MP3 players) is a result of history: fruit marketers have always been "just farmers", selling an undifferentiated commodity and accepting the best price they can get in the market, selling on a cost-plus basis, rather than seeking to create a price point that yields the best possible returns.

The result is that fruit – unlike anything else in the supermarket, with the exception of those two other areas where the producers have scant knowledge of how to add value, the fish counter and the meat counter – sells in heaps, unbranded, at profit margins that are too thin to leave anything over for significant marketing investments. Worst of all, the pricing is controlled by the retailer.

## Convenience foods and the revolution in produce marketing





The ripeSense® sensor changes colour by reacting to the aroma released by fruit as it ripens. The sensor is initially red and graduates to orange and finally yellow. By matching the colour of the sensor with their eating preferences, customers can accurately choose fruit as ripe as they like it.

Recognised by *TIME* magazine (29 Nov. 2004) as being "one of the world's most amazing inventions in 2004", ripeSense is the world's first intelligent ripeness indicator label. Its development was driven by three trends:

- **Trend 1: Consumer Power:** Increasingly consumers are having influence over products and services provided by supermarkets worldwide.

- **Trend 2: Convenience:** To a large degree snacks and meals have become interchangeable and "convenience food" is associated with eating while moving and also quick home cooking. Increasingly there are concerns that convenience foods should also be healthier.

- **Trend 3: Customisation of food:** The need for "customisation" comes from people increasingly expecting to use food to suit time, energy and health or leisure needs. Customisation is driving development innovations such as indicator labels for shelf-life and product composition as consumer requirements become increasingly dynamic.

The ripeSense ™ is the world's first intelligent ripeness indicator label system developed in New Zealand by HortResearch, and commercialised in partnership with Jenkins Group, a supplier to New Zealand's horticultural labelling industry. This cutting edge innovation is intended to be the start of a new evolution in fresh produce marketing.

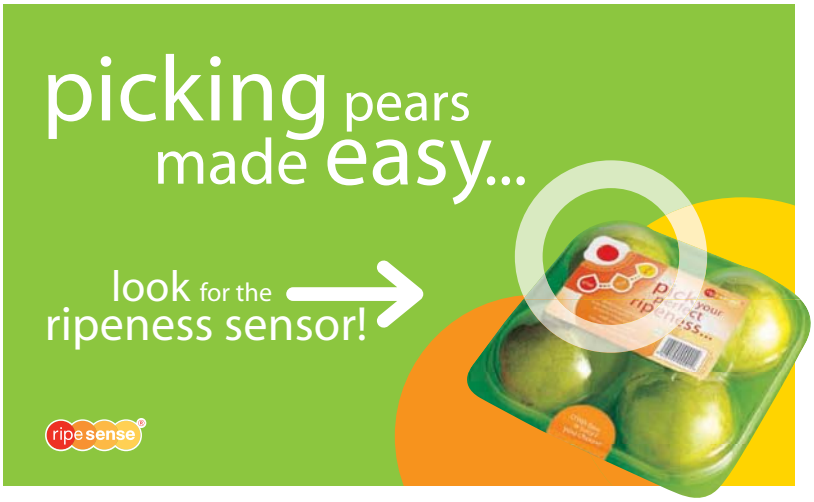
ripeSense™ evolved from the simple idea of making a fruit label that is capable of more than just branding a product and this has lead to the next revolution in fresh produce marketing.

Once fruit is picked from orchards, the challenge to present fruit in top condition increases with distance from markets, more sophisticated consumer demands and the need for year-round supply. In the past, loose fruit, often unripe, was sold from bins where it was easily bruised, squeezed and prodded to determine its ripeness. Then came "ready to eat" fruit, bundled and pre-packaged, but in a manner whereby it is still difficult to determine its ripeness.

Not knowing if, or when, the fruit have reached their preferred state of ripeness frustrates consumers and becomes a barrier to purchase. ripeSense™ eliminates this problem by using a sensor label that reacts to the aromas released by fruit as it ripens. The sensor is initially red and graduates to orange and finally yellow. By viewing the colour of the sensor, consumers choose fruit which is at their preferred ripeness.

Damage and shrinkage are reduced as ripeSense™ significantly reduces damage by consumers as they inspect fruit before purchase; and the recyclable ripeSense™ pack provides improved hygiene security. Extra handling can lead to high levels of shrinkage in store.

ripeSense™ for pears is already on the market and developments are well advanced on ripeSense™ indicator labels for kiwifruit, melon, mango, avocado and stone fruit.




*Source: Growing futures Case Study Series, #19 Convenience Foods*

Fresh fruit growers are in something of a Catch-22, since they need investment in marketing and effective branding and packaging to create higher price points and earn better margins, but in their current commodity, low-margin situation they cannot earn enough to invest in marketing, packaging and branding. While it may be impossible for existing fruit to break out of this trap, superfruit create an opportunity for companies to start off with a value-added, higher margin position from day one.

Consumers increasingly prefer – for reasons of convenience – pre-packed fruit, rather than piles of loose fruit. It is for this reason that major fruit companies such as Chiquita and Dole have invested heavily in developing various pre-packed forms of fruits as well as pre-cut fruits (see Box: Convenience Foods and the revolution in produce marketing on page 129). Chart 17 shows how in the UK, for example, although total sales of fruit increased by 3% in 2007, according to TNS WorldPanel, all the growth came from pre-packed forms of fruit – sales of traditional loose (unpacked) fruit actually declined by 2.9% that year. It is significant that in the UK fruit market from 2005-2007 pre-packed fruit increased its share from 52% to almost 70%.

When fruit is packed it offers opportunities to signal selling messages to consumers and to better differentiate the product and earn premium prices.

Blueberries are a good example – their packaging is yet another element in this fruit's accidental success. They are commonly sold in supermarkets in Europe and elsewhere in rigid, clear plastic boxes of 125g-150g. The packages provided necessary protection for these small soft fruit but:

- they also make blueberries stand out in the crowded supermarket (in most countries in the produce aisle only soft fruit are packaged this way). They also make the blueberries more appealing to look at in comparison to the piles of loose apples, oranges and other mass-market fruits in the produce department


The bottled-water industry's use of stylish, lifestyle-supporting bottle designs earns prices for bottled water that are higher, on a per litre basis, than even a precious and hard-to-extract commodity such as petrol. Pictured here is the website for 420 – described as "volcanic artesian spring water" – the lifestyle product is priced at a premium ($2.50 per 420ml), or the equivalent of $5.95 a litre.

- the presentation of the fruit in small quantities helps signal that the fruit are suitable for a snack
- the small quantities are more suited to modern lifestyles, since blueberries in these quantities can be consumed quickly by a person living alone or by two people. Furthermore, such a small quantity won't – unlike a bulk purchase of apples – lie around rotting in the fruit bowl for several days.

Most importantly of all, such a package makes it easier to hide a price premium, something we address in the next section.

Those who want to create a superfruit should make packaging design a key part of strategy. Would-be superfruits need to be presented and packaged singly (as snack-type products) or in small quantities for two people to share, and not in bulk family-packs nor in undifferentiated piles.

The purchase of a superfruit is in a sense a lifestyle statement by the consumers and you must do everything you can to make this lifestyle statement as attractive as possible. This is something that many marketers of superfruit beverages understand very well. The best examples are Pom Wonderful (see Case Study 2 in Part ll) and XanGo mangosteen (see Case Study 5). Another very good example is the bottled-water industry's use of stylish, lifestyle-supporting bottle designs to earn prices for bottled water that are higher, on a per litre basis, than even a precious and hard-to-extract commodity such as petrol.

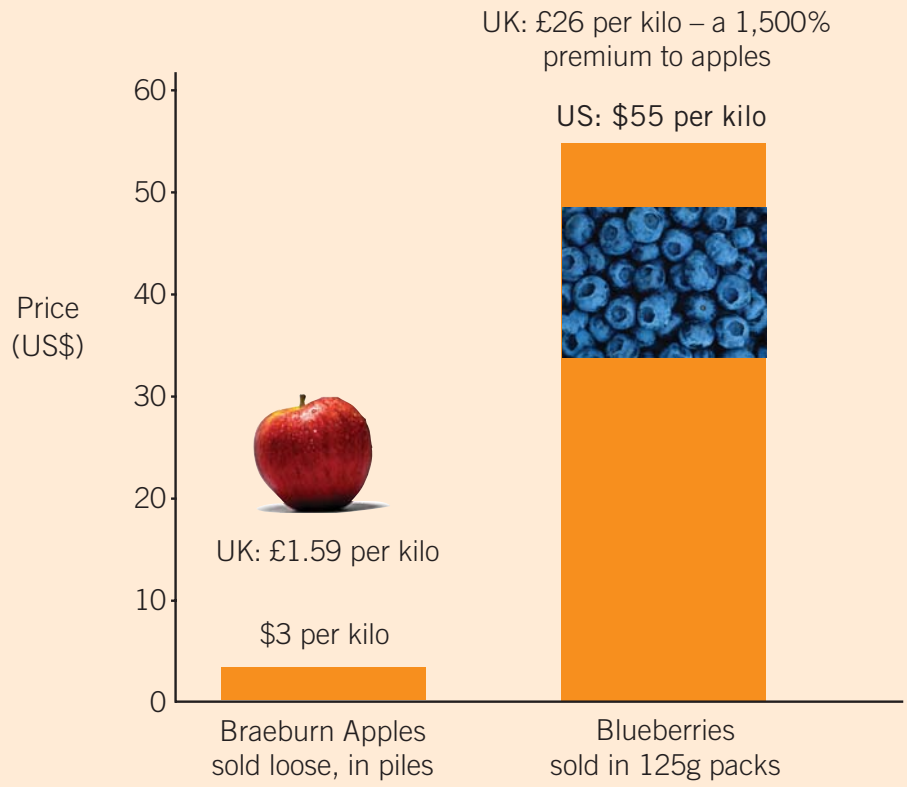
## Can blueberries maintain their premium pricing?

Blueberry growers have enjoyed increasing selling prices and volumes in recent years and blueberries are today the world's fastest-growing market segment as well as one of the most expensive.

In the future this happy situation may not persist, as growers around the world are putting in more blueberry plants in order to meet demand. The growers are – in a way that is typical of the fresh fruit industry – investing heavily in increasing production but continue to invest negligible amounts in marketing to ensure that once the new supply comes on-stream demand continues to run ahead of production, thus ensuring that they maintain the current high price levels. Without an investment in marketing to continue to create demand there is a risk of an over-supply of blueberries, which will lead to a fall in blueberry prices. This would be a pity but it is a normal cycle in fresh fruit – and sometimes has disastrous consequences for growers.

*Image courtesy of HortResearch*

## Chart 18: Packaging disguises premiums




Blueberries' massive convenience advantage over apples and their more consumer-friendly packaging (small 125g packs), coupled with a high antioxidant health-benefit that is widely communicated by the media, enables them to achieve super-premium prices.

*Source: Supermarket surveys in UK and US*

## Pricing strategy – premium or super-premium?

Creating a superfruit is a risky, time-consuming business and the investment required to research and substantiate the health benefit as well as market the benefit is high. Hence, there isn't much point in putting in a major effort into creating a superfruit unless you're going to be able to earn superior retail prices and therefore higher profit margins and thus earn a decent return on your investment.

Aggressively pricing superfruits won't create much volume – as we have already shown, the whole concept has niche appeal, not mass-market appeal.

Rather, the aim should be primarily to create higher value. Blueberries are a very good example of this.

The way that blueberries are packaged in small 125g packs means that although people know they are expensive relative to other fruit, most have no idea just how expensive. Charts 18 and 19 show the prices charged for blueberries compared to apples in supermarkets in the US, UK and Japan, respectively. Blueberries, measured on a price pre kilo basis, sell at a massive 1,500% premium to apples. Were blueberries sold in 500g or 1kg packs such a premium would be obvious to the consumer and the price would deter many from purchasing.

## Raspberries blending in with superfruits?

Always a close cousin of blueberries as far as the characteristics of cultivation are concerned, in culinary applications, and in consumers' esteem, raspberries and their interests are suffering because of the rising popularity of blueberries as a superfood. For one thing, record high and continually rising market prices for highbush blueberries are causing more and more Canadian growers to switch acreage to blueberries from raspberries.

"If the talk at the beginning of the [growing] season is $2 (€1.47) a pound for blueberries and only 45 cents (€0.33) a pound for raspberries, what's a grower going to put in when he's refurbishing his fields?" says Mike Wallis, of the BC Raspberry Council.

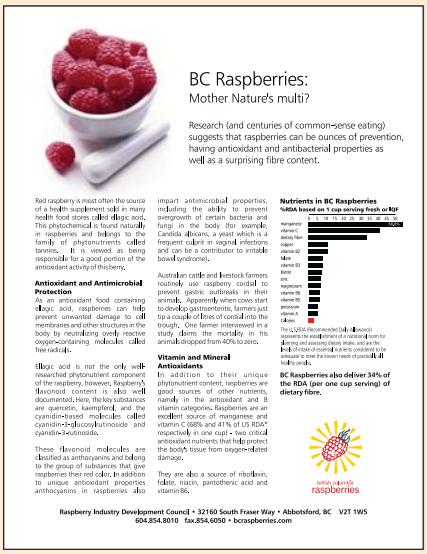
Wallis concedes that groups like his haven't been nearly as effective as, say, blueberry promoters in positioning raspberries as a superfruit, in encouraging international consumption, and in supporting and promoting scientific research "that would support a credible marketing campaign".

Part of the reason is the lack of a strong nucleus of raspberry growers on a national or continental basis in North America – something various groups such as Wallis's are trying now to remedy. Fledgling efforts also are underway to link producers around the globe, including in Chile and Serbia, two other big growing regions.

Certainly, raspberries' nutritional lack of respect isn't the fruit's fault. It has the highest fibre content among common berries, Wallis says, and the fewest calories, as well as antibacterial properties and plenty of antioxidants.

"We're trying to see what the message should be about raspberries and how we can get it out there," Wallis says. "We're trying to determine why someone should choose raspberries over cranberries, blueberries and even pomegranates."

And if they can't beat the superfruit, raspberry growers can always join them: one prominent notion among them, Wallis says, is determining whether raspberry juice would make a good blend with pomegranate.



BC Raspberries:
Mother Nature's multi?

Research (and centuries of common-sense eating) suggests that raspberries can be ounces of prevention, having antioxidant and antibacterial properties as well as a surprising fibre content.

Red raspberry is most often the source of a health supplement sold in many health food stores called ellagic acid. This phytochemical is found naturally in raspberries and belongs to the family of phytonutrients called tannins. It is viewed as being responsible for a good portion of the antioxidant activity of this berry.

**Antioxidant and Antimicrobial Protection**

As an antioxidant food containing ellagic acid, raspberries can help prevent unwanted damage to cell membranes and other structures in the body by neutralizing overly reactive oxygen-containing molecules called free radicals.

Ellagic acid is not the only well-researched phytonutrient component of the raspberry, however. Raspberry's flavonoid content is also well documented. Here, the key substances are quercetin, kaempferol, and the cyanidin-based molecules called cyanidin-3-glucosylrutinoside and cyanidin-3-rutinoside.

These flavonoid molecules are classified as anthocyanins and belong to the group of substances that give raspberries their red color. In addition to unique antioxidant properties anthocyanins in raspberries also impart antimicrobial properties, including the ability to prevent overgrowth of certain bacteria and fungi in the body (for example, Candida albicans, a yeast which is a frequent culprit in vaginal infections and can be a contributor to irritable bowel syndrome).

Australian cattle and livestock farmers routinely use raspberry cordial to prevent gastric outbreaks in their animals. Apparently when cows start to develop gastroenteritis, farmers just tip a couple of litres of cordial into the trough. One farmer interviewed in a study claims the mortality in his animals dropped from 40% to zero.

**Vitamin and Mineral Antioxidants**

In addition to their unique phytonutrient content, raspberries are good sources of other nutrients, namely in the antioxidant and B vitamin categories. Raspberries are an excellent source of manganese and vitamin C (68% and 41% of US RDA* respectively in one cup) - two critical antioxidant nutrients that help protect the body's tissue from oxygen-related damage.

They are also a source of riboflavin, folate, niacin, pantothenic acid and vitamin B6.

**Nutrients in BC Raspberries**
**%RDA based on 1 cup serving fresh or IQF**



The U.S.RDA (Recommended Daily Allowance) represents the establishment of a nutritional norm for planning and assessing dietary intake, and are the levels of intake of essential nutrients considered to be adequate to meet the known needs of practically all healthy people.

**BC Raspberries also deliver 34% of the RDA (per one cup serving) of dietary fibre.**

british columbia raspberries

**Raspberry Industry Development Council • 32160 South Fraser Way • Abbotsford, BC V2T 1W5**
**604.854.8010 fax.854.6050 • bcraspberries.com**

Promotional material from the Raspberry Industry Development Council educates potential consumers about raspberries "superfruit" qualities.



The rising popularity of blueberries as a superfood has damaged levels of raspberry sales. However, the Raspberry Industry Development Council is determined to become more effective in communicating the health benefits of the high fibre berry.

Overall, as with superfruit beverages, the ability to premium price superfruits is supported by the consumer trend towards seeking niche, super-premium products. And superfruits have a distinct advantage in enabling them to earn premium prices, since the message that a food or food component is naturally and intrinsically healthy is one of the most persuasive in food marketing.

# Marketing communications

## Marketing messages

As a result of its traditional price-based, commodity mentality, marketing communications is a skill which has been neglected by the fresh fruit industry.

According to fresh fruit marketer Professor David Hughes, the problem is more deeply ingrained: "What we're really poor at in the fresh produce industry is communicating the benefits of our products to consumers. The fresh fruit industry is just emerging from the swamp, in the commercial sense. There's a bit of a sense that it's not our responsibility to explain to people the good stuff in our produce. That helps explain why, in many countries, fruits and vegetables have struggled to increase consumption." He adds that fruit growers have, "sort of just sat on tree limbs and looked at the great orb in the sky and grunted. Several leagues ahead of them are smart-suited young men with glistening hair who are working for P&G and Danone and Nestlé. We have to learn from them."

It would be tempting for fruit growers to band together to promote fruit generically. Unfortunately, such generic communications usually don't work – and generic marketing of commodities such as meat and milk has in most developed countries produced only very slight increases in sales volumes, if they have had any effect at all.

The most effective marketing communications are those which support a brand – something that the consumer can readily identify. Put very simply, the purpose of a brand is to strongly differentiate a product from its competition and a brand-centric marketing approach enables companies to imbue a product with personality and better communicate its values and benefits. Good marketing for a brand can justify and establish an enduring price premium in a way that cannot be achieved for unbranded commodities.

A minority of fruit growers have grasped the importance of brands. One very good example is Jazz™, developed in New Zealand (see box: Jazz™ – a new value-added apple variety on page 136).

## Jazz™ - a new value-added apple variety

New Zealand has a history of developing novel apple varieties. The World Apple Review (2004) reports that apple varieties bred and selected in New Zealand after the 1950s account for 11.5% of the world's apple crop and this share is forecast to rise to 14.5% by 2010.

However, until recently, the developers of New Zealand plant cultivars were not focused on controlling the supply of these varieties nor on maximising the value of these apples in consumer markets.

Jazz™ apples are the first step in a new marketing innovation strategy. Jazz™ trees have been planted in commercial orchards in New Zealand, USA and France by orchardists who have contracted to supply apples to New Zealand-based fruit marketers. The New Zealand-based marketers oversee the commercial development of Jazz™ and thus have better control of the pricing and marketing of the product in retail channels. Furthermore, by producing apples on both Northern and Southern Hemisphere orchards, a continuous supply of quality Jazz™ apples to supermarket customers can be assured.

Jazz apples provide an example of how science and industry can work together to develop a new apple variety and protect the intellectual property for global development, with benefits flowing back to New Zealand.

Breeders of Jazz™ own Plant Variety Rights (PVRs), these protect the apple breed and allow the breeders to retain ownership of the variety as well as to maintain a royalty income stream.


Royalty fees from New Zealand and overseas producers of Jazz™ are received by HortResearch and are employed in their tree management and integrated fruit production programmes, as well as in an ongoing breeding programme.

In volume terms Jazz™ is a niche apple, sold in niche volumes. As a result the apple earns a significant price premium over other apples – a premium which is expected to be maintained.

There are significant legal and market development costs associated with Jazz™, but these are critical to ensure the creation of a unique market position for the fruit. Because the introduction of Jazz™ apples to market is very recent, the 2004 estimates of net present value are negative. The 2009 projected values of internal rate of return on R&D investment and net present value are 13% and NZ$2.8 million ($2.2 million/€1.5 million), respectively.

*Source: White, A. G., P. L. Brookfield, R. Weskett, S. Legg, D. S. Tustin, J. Hughes, M. White, Breeding and development of the new apple variety Jazz™. [Poster]. HortResearch. Pipfruit joint venture. July 2004. Horticulture News. p5.*

Fruit giant Dole also focuses on branding more heavily than most fruit companies. In its case it has taken the term "Superfoods" as a descriptor for many of the fruit it sells under its own brand, communicating a health benefit for each type of fruit. As one of the two market leaders in bananas in the US, Dole has a huge stake in bananas' success. On all of its bananas, for example, its uses a sticker that reads, "Superfruit for your heart" – a reference to bananas' high levels of potassium. Potassium has been demonstrated in scientific studies to have an effect in reducing hypertension and thus lowering the risk of strokes.

"We consider them a superfruit," says Marty Ordman, vice president of communications for California-based Dole. "We really want consumers to rethink bananas, that they're a great, great fruit and an easy thing to do to help their heart."

Bananas have a clinically-proven health benefit and are allowed to communicate this health benefit with a health claim approved by the US FDA since 1998, but it's a benefit which has done little for bananas' sales overall.

Dole's strategy, while laudable, is unlikely to do much either to increase the volume or selling prices of most of their fruit. Since most of Dole's fruit are mass-market commodities, most still have the problem of not being convenient enough for modern consumers and the strategy isn't sufficient to create a point of difference – like the 5-a-day health education campaign, it's a scattergun approach which tells consumers what most of them already know: fruit are good for you and there are good reasons to eat more fruit. However, we believe, Dole's strategy is not sufficient to motivate the purchase of fruit to the extent that bananas can ever grow sales volumes or values fast enough to be classified as superfruit. We would like to think that we will be proven wrong, since increased fruit consumption across the board will be a public health benefit, however the rules of superfruit strategy are now clear, and this initiative breaches sufficient of the rules for superfruit success.


On Dole's website, bananas, along with a long list of other fruits and vegetables are designated "superfood" status. Dole bananas carry stickers that read "Superfood for your heart".

The health benefit communicated for your would-be superfruit, as we have already extensively discussed in Chapter 3, must be one that resonates with whoever you are targeting. If the benefit is new to consumers, then there must be a heavy investment in consumer education to create an understanding of the benefit. Most of the successful stories in packaged foods with health benefits are brands which are offering a benefit that is new to consumers – this is a fact that is often overlooked. Moreover, rather than waiting for consumer research to identify some hidden, un-served need, these brands have created new demand where none previously existed.

Provided you are not claiming that your superfruit can treat, cure or reduce the risk of a disease, then in most countries, there is scope for a variety of health claims. However, regulatory requirements in terms of substantiation vary and in some parts of the world, such as Europe, are increasingly restrictive. Hence it isn't surprising that the generalised "wellness benefits" of antioxidants is the most-commonly communicated benefit platform for superfruits.

The "high in antioxidants" message is one that is increasingly attractive to consumers and increasingly widely-understood. It may be, as we discuss in Chapter 4, that increasing consumer awareness of antioxidants will buoy up sales of many fruits. However, although such a claim may be a good starting point for your first health communications, the problem is that as the antioxidant health message is attached to more and more fruit, the message ceases to create a point of difference. Blueberries were, it should be remembered, the first fruit consumers saw as being a good dietary source of antioxidants. To the average person, until recently, blueberries still seemed the best way to obtain antioxidants (and certainly a more convenient way than by eating an orange).

Marketers of would-be superfruits should be aiming to communicate more specific and less generalised health benefits of their fruit – such as immunity or digestive health, both benefits which have already provided the basis of success for a number of dairy food brands.

## PR and advertising

Interestingly, blueberries have emerged as one of the most successful superfruits despite the absence of any marketing or communications effort on the part of growers. Blueberries' rise to popularity came because they benefited from effective, positive media attention, driven spontaneously by the media itself. Only recently have blueberry growers begun to invest in promoting their fruit – although the sums involved are very small compared to other consumer foods.

The blueberry growing industry contributed nothing to blueberries' success. Rather, the success of the little berry was a reflection of the fact that the media is always looking for stories about food and health and that it is particularly receptive to stories about the natural health benefits that can be gained from natural foods. It is not uncommon, for example, to find any number of magazines running stories about "Top 10 Superfoods", all of which feature natural whole foods such as oats, broccoli and blueberries. For would-be superfruits, this is a great advantage compared to many other food and beverage categories.

A high level of consumer interest, generated by positive media, has translated into a growth in sales of fresh blueberries. According to David Hughes, Emeritus

professor of food marketing at Imperial College, London: "If you look at blueberry consumption, it increased 86% in 2005 over 2004, in the United Kingdom; raspberries have increased 26%; strawberries, 15%. What has driven that? A concerted communications initiative by the berry industry? No, actually not. But because berries are relatively sexy, the media industry almost on its own has picked that up and run with it. It's happened almost by default."

Note that until very recently blueberries didn't even communicate the simple messages "a source of antioxidants" or "high in antioxidants" on their packages and there has never been any advertising push behind blueberries. The media delivers the blueberry health message to consumers who enter the supermarket having already decided to purchase.

PR is by far the most cost-effective marketing technique for food marketers of all kinds and particularly marketers of fresh fruit. Consistently, marketers of superfruit juices have told us that PR has been a key part of the success of their brands. One of the reasons, according to XanGo founder Gordon Morton, is that: "people have become somewhat numb to advertising".

According to Khaled Yafi, founder of UK-based The Berry Company, "I have not used TV and have spent very little on paid advertising; I have let the press promote the rise of superfoods and almost jumped on their bandwagon. Consider lifestyle magazines: every single one has a column on eating right. The UK press seems to consider it a social responsibility to alert the reader to what's out there. This is a much more dominating tactic than using paid advertising because it's unbiased."

As we explain in Chapter 4, Pomegreat, the biggest pomegranate juice brand in Europe, is clear that its highly professional PR effort has been key to the company's success. Pomegreat hasn't just ridden the wave of consumer buzz about pomegranate and its health benefits. The company's success has come in large part because it has been a crucial catalyst of that buzz and a proponent of the halo-effect of pomegranate in all forms.

Without Pomegreat's PR it's very doubtful whether the small UK market for whole fresh pomegranates would have grown 212% in one year (in the time that Pomegreat has been around, the growers of fresh pomegranate have not made any kind of marketing effort, nor thanks to Pomegreat have they needed to). Pomegreat is a reminder that it's often a successful superfruit juice that creates consumer interest in the same fruit in its fresh form.

PR is a strategy which is every bit as applicable for fresh fruit. One of the first steps taken by US cherry growers in implementing their strategy to turn cherries into a superfruit was actually to eliminate their $1 million (€653,000) a year expenditure on advertising.

"You can use $1 million in five minutes in major media," explains Jeff Manning, the cherry growers' marketing consultant. Instead, the cherry marketers focus on using a $1.2 million (€790,000) spend on PR and other interactive marketing, where the budget goes much further and has more effect.

## Convenience is king: fruit's fortunes are in the bag?

Faced with the challenge of a static fresh fruit market – despite the trend to health and wellness and a wealth of public education about the benefits of eating fruit – fresh fruit companies are having to face up to the fact that fresh fruit just isn't convenient enough for modern consumers and is very often tricky, in its unprocessed form, for kids to handle. Their response has been a host of new product developments intended to make fruit an easier snack choice, from fruit slices to single-serve pouches of puree.

Examples include:

**Chiquita Fresh Bites:** best-known as a banana brand, Chiquita entered the market for fresh-cut fruit in 2003, before acquiring Fresh Express, a business with $1 billion in sales, mostly in pre-packed salads but including some fresh-cut fruit. The company has tried out a variety of cut-fruit offerings in the US.

One lesson is that American consumers vastly prefer mixed fruits over portions of a single fruit.

"They recognise the value of being able to buy multiple varieties of fruit in one package versus having to make their own combinations," John Johnston, Chiquita's vice-president said in 2006.

The company is also seeing increased sales of single fruits in single-serve containers.

Its most recent snack offering was Fresh Bites, which Chiquita positions as a healthy snack for children.


Johnston believes that Fresh Bites will grow steadily, as will other fresh-cut fruit. "The segment continues to outpace most packaged goods growth with 20%-plus growth. But it's still in its infancy. Look at prepackaged salads: 15 years ago they were barely a blip on the radar. But as consumers discovered them and saw the health benefits and the convenience they took off. We have the same vision for fresh fruit."

**Chiquita Minis:** Minis are baby bananas that Chiquita packages in clusters of six or eight and it is trying to persuade retailers to merchandise them in a non-traditional way.

Baby bananas were already in supermarkets but were, "essentially invisible to consumers," according to David Lund, Chiquita's director of product development, "in that they were sold in large hands of 16 to 18 bananas. They were awkward to buy. You had to tear the fruit apart to buy it, damaging both the fruit you took home and the fruit you left behind."

So Chiquita decided to package baby bananas in clumps of six to eight and sell them

by the bag instead of the traditional price by weight. As a result Minis' retail price comes out at $2 a pound compared to 50 cents a pound for traditional commodity bananas.

The company is offering Minis with a separate, bright, colourful display photograph that differentiates them from regular bananas.

The company's long-term goal is to help break the merchandising paradigm that most retailers use in deciding where to display things in their stores. To the vast majority of retailers produce is produce and that's where Minis must go, no-matter how it's conceived or packaged. Chiquita says that some retailers have placed Minis in the snack aisle and got a good response from consumers."


## Distribution

The options for innovating in distribution are fewer for fresh fruit than for beverages, partly because of the shelf-life and susceptibility to damage of fresh fruit. These two factors mean that the MLM distribution strategy used successfully by many superfruit drinks (see Chapter 4) is simply not available for fragile fresh fruits. Nor can product be supplied by mail order. It is likely that supermarkets, where fresh fruit is mostly sold, will remain the dominant channel for would-be superfruit.

As a result, any would-be superfruit will be merchandised alongside all the other fruits that are available to consumers. Thus, it is vital that the substantiated health benefit attached to any superfruit be used as a point of differentiation. Packaging innovation and significant investment in a coherent and consistent marketing effort will also be major and important contributions to the fruit's success.

The location of your superfruit in the supermarket leaves some potential for differentiation. Provided the fruit can be packaged in the right way it could be merchandised in various areas of the supermarket – not just the fresh produce aisle. Alternatively, it could be sold in other outlets, such as lunch-bars and sandwich shops.

David Hughes sums up the issues: "Blueberries are after-all the quintessential snacking product. But their snack potential hasn't been fully exploited – they are still in the fresh produce department when they should be in smaller packages in convenience stores and places near where we work. Women have got the health story but they can't buy them as a snack near where they work."

# Fresh fruit and the Six Elements of Superfruit Success

Marketing is the most important factor in successful superfruit strategy, but it's worth re-capping on how the other elements of superfruit success need to be addressed by anyone looking to create a superfruit in whole fresh form:

## Element 1: Sensory Appeal

As with all "regular" fruit, a would-be superfruit will need to have sensory appeal in terms of texture, taste, sweetness and all the other factors that consumers typically look for in a fruit.

## Element 2: Novelty

The more that can be done to differentiate a fruit on its appearance – creating some novelty factor – the better. Apples, for example, which have red flesh all the way through to the core would have a significant visual point of difference.

## Element 3: Convenience

As we have already established, convenience is a critical factor. It is one of the key drivers in the success of blueberries. If you want to make your fresh superfruit a success, a fundamental rule could be to make that fruit as much like a berry as possible. Berries are easy to eat from the hand without a spoon, knife or fork; they require no peeling (an edible skin) and can be consumed in one or two bites with no juice running down the chin.

Fresh pomegranates, by comparison, are a highly inconvenient fruit, difficult to eat – and with difficult sensory characteristics. It's no wonder that sales of fresh pomegranates are less than a tenth of the value of sales of pomegranate beverages.

The benefits of convenience can be achieved by selective breeding programmes and many, many commonplace fruits have smaller varieties which could be commercially cultivated to produce fruits more suited to consumers' demands for extreme convenience.

Pre-packing and preparing fruit is key to creating enhanced convenience. UK supermarket chain Sainsbury's, for example, has specifically used greater convenience as the lever to boost sales of its exotic fruits.

## Strawberries re-positioned as a kid-friendly snack

Going back to school was made a little easier for Scottish kids when AVA strawberries gave them a brand new lunchbox treat.

"Baby AVA" are a "bite-sized treat that's neat to eat", designed specifically for little hands. The smaller, kid-friendly berries are sold in single 160g punnets with easy-open lids and are a perfect fit for any lunchbox.

AVA was the first strawberry to be marketed as a brand in its own right in the UK. The variety is named after Ava Issak, an Israeli woman who has devoted her life to finding a fruit which thrives in even the harshest conditions. AVA are grown in Scotland by family growers Angus Soft Fruits. The company has spent five years perfecting the fruit and they are the exclusive producer of the variety.

When they were first launched demand for the strawberries outstripped supply. In the summer of 2005, over 6.5 million 227g punnets of AVA were distributed and Angus Soft Fruits expected the figure to be even higher the following year.

The variety's unique physiology means that it crops consistently for six months from mid-May. Angus Soft Fruits may extend production of AVA in the future to other European regions in order to extend the supply.

Packed with flavour and vitamins, each punnet provides kids with two portions of their 5-A-Day.

Media spokesperson Ginni Ryan said that Baby AVA proved a huge success with kids who were attracted by their bright red, jewel-like appearance and their sweet juiciness.

Marketing for Baby AVA included a competition for Scottish primary schools: kids were asked to design a poster with the theme "Eat more fresh Scottish produce", and the winner's class got to visit an AVA strawberry farm in Angus.

Baby AVA sell in Tesco and Sainsbury's in Scotland for around 99p ($1.85/€1.46) a punnet.

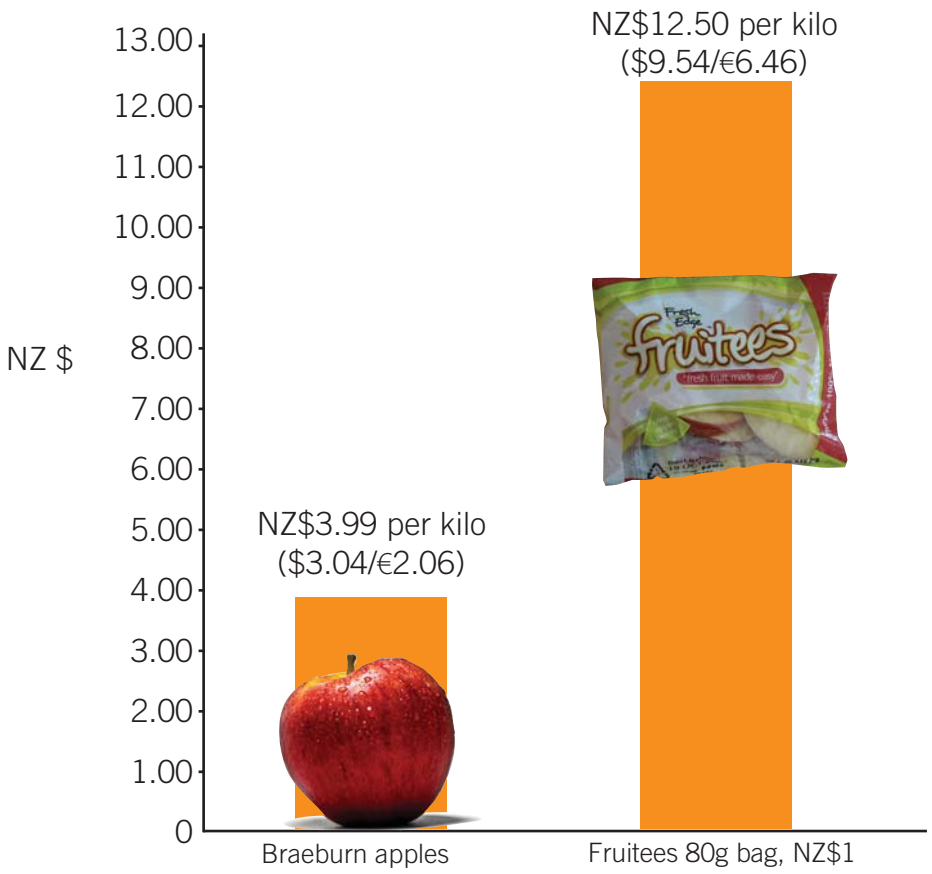

Launched nationally in the UK for the first time in 2005, AVA strawberries have proven to be extremely popular. Angus Soft Fruits has a reputation for innovation within the soft fruit industry. The company has developed new varieties, sophisticated growing systems and innovative production techniques to extend the availability of UK strawberries.

Cathy Port, category manager, told fruit industry website Freshinfo.com that: "Exotic fruits are often perceived as being complicated to prepare. By offering ready prepared coconut and pomegranate in convenient packs, it's now even easier for our customers to eat healthily and helps Sainsbury's achieve one of their goals to make customer's lives easier."

Fresh cut fruit – fruit sold pre-packed in ready-to-eat pieces – is another way of making large fruit more convenient, non-messy, portable and bite-size. In short, a way of giving fruits the same convenience advantages as berries.

The fresh-cut packaging concept can transform even a commodity like apples into a high-value product. As Chart 19 shows the marketing of apples in a pre-packed, more convenient form enables them to sell at a much higher price than in the whole fresh form, and although processing adds cost, a well thought-out branding, pricing strategy should not only be able to cover these costs but earn higher margins. As we showed in Chapter 1 (see Chart 4), consumers are often willing to pay more, much more, for convenient, well-branded, well-marketed products.

## Chart 19: Fruitees (fruit in a convenient form) vs. apples (fruit in whole, fresh form)




The Fruitees brand of pre-cut apple slices can be found in New Zealand. Each 80g snack bag contains slices of apple which have been treated with ultraviolet light in order to maintain freshness – which means that the product can still claim to be "100% apple". It is ideal as a snack for both adults and children and at a price of NZ$1 ($0.80/€0.53) per 80g bag, earns an approximately 200% premium to a single apple (160g).

*Source: New Nutrition Business*

## Element 4: Control of Supply

Although blueberry growers have not had control of supply, the current demand-supply dynamic they have experienced has replicated the effects of control of supply. Recently, supply of blueberries was less than demand and growers were able to earn more for the limited supply which they controlled.

As we outline in Chapter 2, if the fruit you market is in limited supply or is from a supply which you control exclusively, you are clearly at an advantage when it comes to commanding and maintaining premium prices. Ownership of PVRs (exclusive ownership of a particular fruit variety) is the strongest form of control of supply.

## Element 5: Health Benefit

As discussed in Chapter 2, a health benefit based on science that is actively marketed sets superfruit apart from regular fruit. However, the health benefits claimed for superfruit are almost overwhelmingly associated with and claimed by superfruit beverages (see Table 4 in Chapter 3), not by fresh fruit.

The benefits of fresh blueberries are communicated by the media rather than by the industry. In large part this is because the fresh fruit industry lacks a deep understanding of the nutrition science of their products – an ironic lack of strategic forethought given the massive growth in consumer interest in health over the last decade and the huge natural competitive advantages that fruit should have in health.

Fresh fruit growers' options for establishing a health benefit for fresh fruit may sometimes be more limited than for establishing health benefits for a superfruit beverage. As we have discussed, the parts of the fruit that contain the active compounds that deliver health benefits may be usable in pulp form in a juice but may be inedible on a whole fresh fruit. Mangosteen is a very good example. What gives mangosteen juice its health benefits is the hard, dark red skin of the fruit, rich in high antioxidant xanthones. In making the pulp for mangosteen juice this skin is blended along with the pale flesh of the fruit. But on a fresh mangosteen the skin is inedible – and the pale flesh does not contain the active compound. Hence a fresh mangosteen, while a delicious and refreshing fruit, could not be marketed with the same health benefit promise as mangosteen juice.

*Fresh fruit growers' options for establishing a health benefit for fresh fruit may sometimes be more limited than for establishing health benefits for a superfruit beverage.*

Faced with such a situation, a savvy fresh fruit grower will focus on growing his fruit for the processed market – and specifically beverages – and step back from trying to market a fresh superfruit.

By focusing only on a fresh fruit strategy, a fruit company will have sole responsibility for bearing all of the costs of researching and demonstrating the fruit's health benefit – a cost which, on average and depending on the amount of existing

publicly-available science on your would-be superfruit, is likely to exceed $1 million a year for five years or more.

However, by making the superfruit beverage market a target from the outset, one of the many advantages that such an approach would confer is the possibility of sharing the science costs with a prospective beverage partner who might have exclusive or semi-exclusive access to your fruit for use in beverages for an agreed period of time.

## Transforming apples into superfruit using the Six Elements

At the beginning of this chapter we said that it should be possible to make even mass-market fruit such as the apple into superfruit. We are certain that this can be done, but it can only be done by applying the strategy lessons that we have set out in this and the preceding chapters. This is one possible way to make the most mass market and most commoditised of fruits – the apple – into a superfruit:

### Element 1: Sensory Appeal

Aside from the usual questions of sweetness, key to success will be to make your apple as different as possible from any other apple. This will require a plant breeding programme, but there are so many untapped apple varieties available that there would be significant scope to create a new apple variety (or a new version of an old variety) which is strongly differentiated.

### Element 2: Novelty

The apple variety you commercialise should be as visually distinctive as possible and one approach would be an apple that has, instead of pale flesh, red flesh all the way through. This provides strong and very visual novelty value and connects to consumers' increasing understanding (as a result of media attention) that darker fruits are somehow higher in antioxidants. Such an apple in fact exists and is grown on a small scale in New Zealand, the UK and Switzerland.

### Element 3: Convenience

The variety should also be snack-friendly – that is, much smaller than regular apples and easy to eat in one or two bites, including skin. In effect, as much like a berry as possible.

The fruit should also be sold only in small packs – in twos or fours.

### Element 4: Control of supply

Own the rights to the plant variety so that only you or a licensee can grow it, thus ensuring that your point of difference isn't undermined by me-too products.

## Element 5: Health Benefit

Even if the apple is initially marketed with a wellness benefit, such as high in antioxidants, coupled with its visual differentiation and convenience factors, this will help set this apple apart from others in the supermarket. Your research programme should, however, focus on getting to a second stage – establishing a specific benefit for the apple – as quickly as possible, in order to have a basis for further differentiating the product and better targeting the marketing to people with a specific health interest (such as digestive health, immune support or weight management).

## Element 6: Marketing

- The health benefit communication should be supported by a high annual PR spend – $0.5 million (€0.3 million) to $1 million would be a realistic budget.

- Pricing would be at a significant premium to regular apples and the premium made opaque by never, ever selling the apples loose or in 1kg packs but only in (for example) packs of two or four.

- Packaging should be colourful, carry clear selling messages about the fruit and be designed so that the fruit can be merchandised in the snack aisle or anywhere where people buy snack products (sandwich shops and the like).

- To begin with, avoid mass-market supermarkets (such as Wal-Mart) and try and select retailers whose customers already pay premium prices and whose image supports the image of your brand. This would mean in practice that in the US you would begin by distributing only through the so-called "natural product stores", such as Whole Foods Market, or in the UK, through the upscale Waitrose grocery chain. You would look for as many forms of alternative distribution as possible and exhaust these before moving into the mass retailers. The higher distribution costs of this approach should be covered by your higher price point.

- Create some exclusivity around the fruit – making it clear that this isn't a fruit for everyone. In the energy bar market, for example, the American brand Luna Bar was hugely successful because initially marketing was concentrated on women. Sampling efforts at fashion shows and women-only sporting events could be conducted.

- Perhaps seasonality is an element that could be exploited. Instead of growing the product in both hemispheres so that you can give supermarkets year-round supply, only grow it where you can take the product to market at a very specific time of year – and surround the fruit's arrival with PR. The French wine Beaujolais Nouveau, for example, is a perfect example of how to create good sales results for a very mediocre wine by making it available only once a year in a huge PR event that means the arrival of the first cases sees restaurants and bars in London packed-out with expectant buyers. By supplying all year round you may be missing an opportunity to create a more exclusive, higher value product with rarity value.

## Sunsweet reinvents the prune as a healthy and convenient snack

The world's biggest prune and plum producer, California-based Sunsweet, had long been examining how to make more of prunes. They are one of the highest-scoring fruits in antioxidant content, even topping blueberries and strawberries and high in fibre, yet prunes have long have had little appeal to consumers beyond their widely adopted use as a laxative. The solution has been to repackage prunes as a healthy and convenient snack.

"A lot of fruits come across these days as high in antioxidants, making them 'superfruit,'" says Steve Harris, vice president of marketing for Sunsweet. "The key to our approach here is getting people to appreciate prunes for their benefits other than digestive health, and truly they realize this when you compare prunes to other fruits. So we're aiming not only for more social acceptance of eating them but also making it more easy and convenient."

Sunsweet's new line, called Ones, are individually wrapped prunes. Ones "puts prunes in a whole different light for consumers," Harris said, because they are individually wrapped and packaged severally in a canister. "This makes a different impression than finding them in a big tub where they're all stuck together," he said. "Many consumers think of candy when they see Ones in their individual wrappings. And we use only our largest and best fruit for this product: If someone is going to eat one prune at a time, we want to make sure they get their fruit's worth."

TV ads for Ones have depicted real consumers of all ages discovering and enjoying the product; in one spot, they actually taste test Ones at a farmer's market.

Not only are prunes single-serve but Sunsweet also markets a two-prune snack pack, called The Smart Snack.


# Conclusion

Creating a superfruit out of a whole fresh fruit is particularly challenging – and more difficult than a superfruit beverage strategy or superfruit ingredient strategy.

Convenience – or rather, the lack of it – is the key factor counting against fresh fruit. Consumers will always seek health benefits in forms which are convenient in the context of their lifestyle and fresh fruit largely does not meet these needs. The sole exception is berries. Blueberries are the only example of a fresh superfruit – however, even this example has been qualified since around half the sales of blueberries globally have been in processed form and the inclusion of blueberries in other foods – such as yoghurts and blueberry muffins – is the key driver of blueberry sales growth. In other words, a fresh fruit strategy is not alone the driver of blueberries' success – an ingredient-driven strategy has been just as important, if not more so.

No company aiming to build a fresh fruit into a superfruit can realistically aim to do so without also having a strategy to develop their superfruit into an ingredient and ideally also a beverage. This is exactly the approach taken by the most successful superfruit company, cranberry grower Ocean Spray, and it is a key lesson for anyone with ambitions in superfruit. It is for this reason that the US Cherry Marketing Institute has made ingredients a key component of their strategy to make a superfruit out of the cherry.

By focusing on supplying for beverages and ingredients, fresh fruit growers are freed from many of the sensory requirements that dominate the production of fresh fruit for sale to consumers in supermarkets. Such a focus also enables growers to contemplate growing fresh fruit solely for processing because those fruit have a health benefit – even fruit that in their whole fresh form don't look good or taste good. Good processing and food technology can overcome both of these obstacles.

Fresh fruit growers also need to invest much more than most have done hitherto in the science of their fruit. Thus far, the fresh fruit industry has invested less in deepening their understanding of the nutrition science of their products than almost any other food producers – certainly much, much less than the dairy industry. It is an ironic lack of strategic forethought, given the massive growth in consumer interest in health over the last decade and the huge natural competitive advantages that fruit should have in health. This is a sharp contrast with the dairy industry, producers of grains, fish oils and many other foods and food components and a rebuke to the strategic competence of the boards of directors of fruit-growing companies.

Only a few fruit-growing companies, such as California-based Paramount Farms, have invested adequately in science and Paramount Farms has reaped the benefits.

# CHAPTER 6
## Ingredient strategy

## KEY POINT SUMMARY

- Any company with ambitions in fresh superfruit needs to make an ingredient strategy a component of its overall strategy or run the risk of failing to capture the real value-added in the market – or even failing altogether in its efforts to create a superfruit.

- The presence of your would-be superfruit in a range of other applications helps build awareness of your fruit, as well as creating more opportunities for people to trial products containing your superfruit. If they like these products this gives people the confidence to trial the superfruit in other products and other food forms. The right applications, such as cocktail mixers, can help create cachet for your product.

- Ingredients – fruit purees, fruit pieces, extracts – have been, with beverages, more important in driving the creation of the superfruit market than have whole fresh fruit. For example, sales of the only very successful superfruit which is also widely sold in fresh form – the blueberry – have in fact been driven overwhelmingly by sales of processed blueberries for use as an ingredient in other foods and not by sales of whole fresh fruit.

- The ingredients area is rich with opportunity since it covers a host of possible formats and applications.

- An ingredients strategy enables superfruits to get into processed product forms which are more convenient for consumers than fresh fruit.

- A very practical advantage for fresh fruit growers is that an ingredient business allows you to get value for fresh fruit that fail to meet the cosmetic and quality requirements of food retailers. It also enables you to process and store products for long periods.

- Of all potential ingredient markets for your superfruit, the one that is most health-oriented, potentially the fastest-growing and often the highest margin is the supply of fruit extracts, based on the health-giving compounds within the fruit, for use in dietary supplements.

- Because of the demonstrated huge potential of the superfruit ingredient area companies are looking at new fruits with the aim of creating ingredient businesses based on them.

# Ingredients: an essential focus of superfruit strategy

In Chapters 3 to 5 we showed that beverages, rather than whole fresh fruit, are the key driver of the superfruit trend. In this chapter we look briefly at superfruit ingredient strategy. Ingredients – fruit purees, fruit pieces, extracts and so on – have, like beverages, been more important in driving the creation of the superfruit market than have whole fresh fruit. One of the reasons for this is that ingredients enable superfruits to get into processed product forms which are more convenient for consumers than fresh fruit. Ingredients suppliers, like beverage companies, have also been very active in promoting superfruit concepts and using superfruits to command a higher share of value-added.

Now and in the future it is beverages and ingredients that will remain the most important areas of activity in superfruit. As a result, in terms of strategy, anyone looking to create a superfruit will be more successful if their strategy focuses on at least one of these two areas, if not both, rather than focusing solely on marketing a whole fresh superfruit. That road would be possibly the most risky one to take.

## Opportunities in food ingredients

The opportunities in ingredients rapidly become apparent to anyone who studies the superfruit business. The US Cherry Marketing Institute, for example, as part of its effort to better market the health benefits of its cherries, is emphasising the potential of tart cherries as an ingredient and the cherry growers are focusing on developing business in cherry juice and dried or frozen cherries and pieces.

"I'm not going to go to Dole and try to convince them not to put raisins in their product and use dried cherries instead," says the Cherry Marketing Institute's marketing consultant, Jeff Manning: "But I'll ask them about adding cherries with cranberries or almonds in the mixes they have. It's an inclusive superfood strategy, rather than just pounding our chests and saying, 'Buy cherries because they are good for you.'"

*Ingredients suppliers have been very active in promoting superfruit concepts and using superfruits to command a higher share of value-added.*

Manning says that just one or two major successes in placing cherries as an ingredient could significantly boost demand and raise crop prices: "It would take a third of the dried cherries off the market if Starbucks just did a dried cherry muffin."

Indeed there is an irony in that the only successful superfruit sold in fresh form – the blueberry – has in fact seen its sales growth driven overwhelmingly by sales of frozen blueberries, for use as an ingredient in other foods, such as blueberry muffins and yoghurt, and not by sales of whole fresh fruit. To take two examples:

- In Japan, for example, sales of frozen blueberries amounted to 16,200 tonnes in 2005, compared to 1,880 tonnes of fresh blueberries – eight-fold more than fresh (see Case Study 3 in Part II).

- In the US, sales of fresh blueberries only passed frozen in 2006, and account for 52% of sales of the US blueberry crop. 48% went into food processing. Two years before when 60% of the crop was sold to food processors.

Food processors are still demanding more blueberry ingredients as they multiply the number of applications that use them (see Case Study 3 in Part II) while consumer interest in frozen is also increasing. In response, the US blueberry industry is increasing its focus on better ways of packaging and marketing frozen blueberries for consumers.

According to Mark Villata, executive director of the US Highbush Council, which represents blueberry growers, "A lot of fresh berries are going into smoothies and toppings on cereals, and if people can't find fresh, they'll look for frozen berries to replace them".

The ingredients area is rich with opportunity since it covers a host of possible formats and applications. We cannot document these exhaustively, but in broad terms examples include:

- **Purees:** for use in smoothies and as ingredients in sauces, dressings and desserts
- **Juices:** both in concentrate form and fresh, to be blended with other juices to make juice drinks
- **Pieces and whole fruit:** dried or frozen – for use in bakery applications (such as are used in blueberry muffins), snack foods, bars, breakfast cereals and many other food forms
- **Extracts:** which enable the active compound in the fruit – the part that confers the health benefit – to be used in a concentrated form, usually as a powder, in dietary supplements.

One advantage of going into ingredients is that the presence of your would-be superfruit in a range of other applications helps build awareness of your fruit, as well as creating more opportunities for people to trial products containing your superfruit. If the taste of these products is good, this gives people the confidence to trial the superfruit in other products and other food forms, as has happened with pomegranate, cranberry and blueberry. As the case studies show, the right applications, such as cocktail mixers, can help create cachet for products. Another very practical advantage for fresh fruit growers is that an ingredient business allows you to get value for fresh fruit that fail to meet the cosmetic and quality requirements of food retailers. It also enables you to process and store products for long periods.

*One advantage of going into ingredients is that the presence of your would-be superfruit in a range of other applications helps build awareness of your fruit.*

The importance of the ingredient supply market in the emergence of many superfruits is often


賢く選ぶ
上手に使う

からだの内外からエイジング対策

アサイーベリーサプリ

心美寿有夢(しんびじゅうむ)
アサイーベリーのほか、
目と脳にいい成分を配合。

弱ってきた目とからだに、南米の"奇跡の果実"。

アサイーベリー
クリア

アサイーベリーという果実を知っていますか？一見するとやや大きめのブルーベリーなのだけれど、生まれは南米ブラジルのアマゾン。アマゾネス並みに力強いものだ。

この果実がどうして話題になったかというと、そのすぐれた成分ゆえ。目にいいといわれるアントシアニンがブルーベリーの約5倍、豊富はレバーの約3倍。ポリフェノールは赤ワインの約30倍、カルシウムは牛乳の約6倍。このほかアミノ酸や亜鉛なども含まれ、地元ブラジルでは"奇跡のフルーツ"と呼ばれているという。

そしてアントシアニンが見力を高めて集中力をもたらし、アミノ酸(特に亜鉛)のスタミナ増強、鉄分やカルシウムが筋肉に役立つことから、ブラジルではサッカー選手御用達なら、ワールドカップで活躍したあの体力は、もしかしてこの果実から？　サッカー選手ならずとも、疲れが取れない、目がショボショボするという人にはおすすめです。

An ingredient strategy is a proven effective component of any superfruit strategy. The marketing of third-parties' consumer brands that use your superfruit as an ingredient serves to raise consumer awareness of your fruit and educate the consumer about its benefits. In other words, you can leverage off other people's marketing budgets.

Example: This dietary supplement in Japan called Acai Berry Clear uses the marketing tagline, "For tired eyes and bodies, a miracle fruit from South America"

The advertisement goes on to explain that:

*"Acaiberries are South American fruit that look like blueberries. They contain 5 times the anthocyanin as blueberries, 5 times the iron as liver, 30 times the polyphenols as red wine and 2 times the calcium as milk. They also contain zinc and amino acids amongst other things. Helps eyesight, muscle energy, recovery, so no wonder so many soccer stars come from Brazil. Also fights stress and increases brain power."*

overlooked. To take one example, the growth of interest in açaí (Case Study 7, in Part II) has resulted primarily from its use as an ingredient. There are, to our knowledge, no market leading, 100%-pure açaí brands on the market, such as there are for cranberry, pomegranate, mangosteen and goji. Rather, açaí has from the outset been positioned as an addition to other juices.

Sambazon, the company which pioneered the creation of the açaí market in the US, began by importing açaí pulp from Brazil – where it is commonly used in beverages – to sell to juice and smoothie bars. It's fair to say that in the US the smoothie bar chains have been the key driver of the American açaí market. Jamba Juice, the largest US chain, with 600 outlets, which is supplied by Sambazon, was an early pioneer in using it as a blend with other juices, offering a drink it calls the Açaí Supercharger, which is a blend of soy milk, raspberry, strawberries, blueberries, açaí and guarana. Juice Stop, a smaller chain, with 50 stores, reports that açaí is the most-requested add-in to smoothies.

Superfruit strategists extraordinare: Ocean Spray's Ingredients Technology Group develops and markets cranberries as ingredients for use in a variety of food products and dietary supplements.

For the juice bar and other foodservice partners the attractions of a superfruit ingredient are clear – it's a way of bringing new interest to their range, it appeals to their

core market of health-conscious lifestyle consumers who are experimental and as Chris Cuvelier of açaí marketing company Zola expresses it: "The trend leaders find these ingredients and then promote them as a way to separate their concept."

Zola is one of the many companies that have followed the same path as Sambazon, since açaí pulp is produced by many factories in Brazil.

It is also worth noting that Ocean Spray, the biggest supplier of cranberry, considers ingredient supply as a central plank of its strategy, alongside beverages.

Ocean Spray is a company which in many ways is a role-model for anyone who wants to create a superfruit. Having spent decades building a juice brand, then more recently moving cranberry into a convenient snack format (Craisins), it has also expanded its ingredients business. Ocean Spray Ingredients Technology Group (ITG) successfully markets cranberries as an ingredient for use in breakfast cereals, bars and other food products as well as marketing cranberry extract to the dietary supplement industry.

## Dietary supplements

Of all potential ingredient markets for your superfruit, the one that is most health-oriented, potentially the fastest-growing and often the highest margin is the supply of fruit extracts based on the health-giving compounds within the fruit, for use in dietary supplements. The combined value of the total dietary supplements market in the US, Japan and Europe exceeds $40 billion (€26 billion) and, as populations age and health-consciousness grows, all supplement markets are experiencing growth. As with beverages, fruits have a natural advantage – the health benefits of fruits are becoming increasingly well-understood by consumers thanks to media attention and fruit supplements are perceived as a "more natural" way to get a health benefit.

Within the total supplement market, products based on fruit extracts form a niche but a fast-growing one. As Table 5 shows, the Japanese ingredients market for fruit extracts for use in supplements was in 2007 worth over $130 million (€86 million) and had grown by more than 10% over the previous year. Note that this is the value of the raw materials, not the retail value of the supplements based on them, which in the case of Japan may exceed $1 billion (€658 million). The US and European markets for fruit-based supplements are thought to be slightly smaller but also growing fast.

It's worth noting that 40% of the Japanese fruit supplement ingredient market is accounted for by bilberry extract – arguably the fruit that gave birth to the category.

In 1998 the dietary supplement brand "Blueberry Eye" was launched on the Japanese market. Despite the name it is based on bilberry extract. The bilberry is the wild cousin of the blueberry, it grows in Finland, Sweden, Norway, Poland and Scotland and has a very high content of antioxidants. The company marketing the supplement used the term blueberry because Japanese people didn't know what a bilberry was. Marketed on a platform that it can relieve eyestrain – a significant health concern in Japan – the success of Blueberry Eye

## Table 5: Japanese ingredients market for fruit extracts used in supplements

| Major fruits used as supplements | Active ingredient | Health Platforms | Estimated Market Size (raw materials) |
|---|---|---|---|
| Bilberry | Polyphenol (Anthocyanin) | Eye health, Skincare | JPY 6,000 million ($59 million €37 million) |
| Cassis | Polyphenol (Cassis Anthocyanin) | Eye health, Skincare (Dark circles under eyes, dull skin) | < JPY 250 million ($2 million €1.5 million) |
| Pomegranate | Ellagic Acid, Polyphenol (Punicalagin) | Anti-ageing, whitening, easing menopausal discomfort | < JPY 100 million ($977,000 €623,000) |
| Apple | Polyphenol | Skincare, weight-loss, cholesterol-lowering | < JPY 300 million ($3 million €1.9 million) |
| Grape Seed | Polyphenol (Proanthocyanidin) | Skincare, beauty | JPY 750 million ($7 million €5 million) |
| Citrus | Hesperidin | Immunity, pollen allergies | JPY 200 million ($2 million €1 million) |
| Cranberry | Polyphenol | Skincare | JPY 5,000 million ($49 million €31 million) |
| Prune | Dietary Fibre, Vitamin A | Gut health | JPY 900 million ($9 million €6 million) |
| Acerola | Vitamin C, Polyphenol | Skincare | < JPY 500 million ($5 million €3 million) |
| Citrus Depressa | Nobiletin | Health-related disease | < JPY 100 million ($977,000 €623,000) |
| Guava leaf | Polyphenol | Blood sugar control | < JPY 100 million ($977,000 €623,000) |
| Persimmon | Polyphenol | Health-related disease (Blood-sugar Control) | < JPY 100 million ($977,000 €623,000) |
| Japanese Plum | Citric Acid, Mumefural | Relief from fatigue, blood circulation | < JPY 100 million ($977,000 €623,000) |
| Avocado | Vitamin E | Blood circulation, skincare | < JPY 100 million ($977,000 €623,000) |

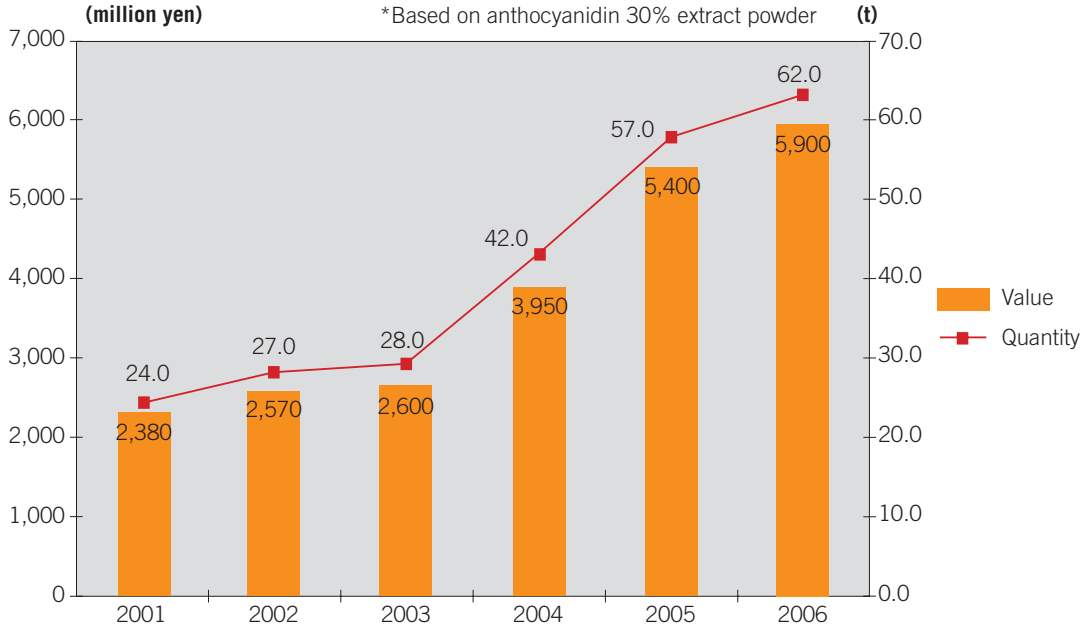
*Soucre: Global Nutrittion Group*

led to a surge of launches of other products. The estimated size of the bilberry supplement market, according to Tokyo-based Global Nutrition Group, is around JPY43 billion ($395 million/€260 million) at retail prices. Blueberry Eye is still one of the leading brands, all of which refer to their active ingredient as blueberries rather than bilberries.

The Japanese supplement companies have invested significantly in developing the science around bilberry's health benefits. They've also spent significantly on marketing the health benefits of supplements based on bilberry extract to consumers. The result was that by 2005 the average market price of extract powder was between $520,000 and $775,000 (€342,000 and €510,000) per tonne, depending on the quality/specification, making bilberries one of the highest-value crops in the world (see Chart 20).

The unexpected result was a surge in consumer demand for blueberries in all forms – fresh, frozen and as an ingredient in other foods. Put simply, the marketing of high antioxidant eye health benefits for the so-called blueberry

## Chart 20: The superior value-added that an ingredient strategy can create.




The growth of the Japanese market of bilberry extract. From a value of zero in 1998 the market is today worth over $59 million/ €37 million and bilberry has become the world's most-expensive fruit.

*Soucre: Fuji Keizai*

supplements propelled the blueberry to superfruit status in Japan, producing a 900% increase in blueberry consumption over an eight-year period. Much of this growth is driven by ingredient applications.

"The consumption of blueberries increased because its application was expanded as an ingredient in yoghurt, bakery, ice creams and soft drinks," explains Takeshi Takeda, managing director of Global Nutrition Group. Today blueberry is one of the most common flavours in the Japanese supermarket.


Blueberry boom: Blueberries in multiple forms – frozen, dried, powdered – make it into a wide range of food and beverage products. Having a strategy for your fruit which involves its use as an ingredient will help boost its sales in other forms.



Pomegranate-based supplements developed to meet a variety of health and fitness needs are becoming increasingly popular. Pomology is a new line introduced by Bullwater Health & Fitness.

Because of the huge potential of superfruit ingredients, many companies are looking at new fruits with the aim of creating ingredient businesses based on them. As Table 6 shows, in Japan alone, at least 7 companies are conducting scientific research on a huge range of fruit, from the camu-camu to the satsuma, with the intention of developing an ingredient business based on these fruit.

Having an ingredient strategy should be viewed as part of an holistic approach to help build sales of superfruit in whatever forms are most appealing to consumers. A supplement ingredient strategy, for example, helps build awareness of the fruit and supports word-of mouth marketing, since the people who regularly buy supplements are the most health-conscious. If the product works for them, they will talk about it to other people. Those people who regularly buy supplements


The Japan Cassis Association was established to educate uninformed Japanese consumers about the health benefits, nutrition properties and great taste of blackcurrants.

## Table 6: Japanese companies are making superfruits a key focus of R&D

| COMPANY | PRODUCT | BENEFIT | COMMENT |
|---|---|---|---|
| **Tradepia** | Zyactinase, extract from green kiwifruit | Digestive health (specifically laxation) | Derived from New Zealand green kiwifruit in partnership with NZ-based technology owner Vital Foods (itself partly owned by Nestlé). |
| **Kikkoman** | Gravinol, grape seed extract | Multiple | With a 40% proanthocyanidin content,there are multiple possible benefits, supported by a wealth of research. |
| **Meiji Seika** | New Zealand blackcurrants, focus specifically on polyphenols for extracts and juice | Eye health, skin and beauty | Already enjoying commercial success with products marketed under Cassis-*i* brand. |
| **Nichirei** | Acerola | High antioxidant | Nichirei developed a freezing technology to preserve acerola without compromising its antioxidant content. Owns a research station, acerola breeding facility and processing plant in Brazil. Developing new cultivars with enhanced health profile. |
| **Plant High Technology Institute** | Kalahari watermelon | Multiple | A university-owned venture (Nara Institute of Science & Technology; Kinki University; RITE) have developed extracts from Kalahari watermelon. Produced first product on the Japanese consumer market to target beauty. |
| **Kinos** | Camu Camu *(Myriciaria dubia)* | High antioxidant, effects on arteriosclerosis. | A trading company, it has partnered with Peru's largest camu-camu supplier and is conducting research into nutritional benefits of camu-camu. |
| **Arkray** | Citrus Depressa Extract P - extract of skin of citrus depressa, grown in Okinawa | Metabolic syndrome | This company is the largest manufacturer of blood glucose measurement devices. It conducted joint research with the National Institute of Fruit Tree Science. |
| **Toyo Shinyaku** | *Terminalia Bellerica*, a fruit from a broadleaf tropical tree. | Weight management | Studies show the effect of this fruit extract on weight reduction, reduction of body fat, triglycerides and glucose. Formed JV with Sumitomo Corporation Sumisho Wellness to market supplements. |
| **Vianove** | Under-ripe satsumas | Anti-allergy | Has developed a supplement based on under-ripe satsuma mandarins. |
| **Pure-Bright** | Tahitian Noni | Multiple | Has developed a company in Samoa and Tonga that manages cultivation of Noni fruit and extraction processes. Markets a range of drinks and supplements in Japan. |
| **Nippon Shinyaku** | Haskap *(Lonicera Caerulea L.)* | High antioxidant, multiple possible benefits | Haskap is cultivated in Hokkaido and has long been eaten by Aynu people for health. Has high levels of anthocyanins and could be alternative to blueberries. |
| **Unitika** | Satsuma mandarins | High antioxidant, possible benefits in relation to diabetes and osteoporosis | Developed a technology to create an extract with high levels of beta-cryptoxanthin from satsuma mandarin pulp. |
| **Oryza Oils & Fats** | Seed extracts from lychee, yuzu and kiwi | Multiple | Lychee seed extract used in beauty foods and supplements; yuzu (Citrus Junos) has effects on stress and blood circulation; kiwi extract marketed as beauty food and cosmetic ingredient. |

*Soucre: Global Nutrition Group*

are technology consumers, actively searching for specific health benefits. The concentrated form of a fruit in a pill has credibility as a "dose" – a guaranteed and highly convenient, near-medical way of providing what they need.

The rise of superfruit supplements and the rise of superfruits as whole fresh fruit or beverages are strongly connected. Pomology, for example, is a line of pomegranate-based vitamins and supplements, marketed by New York based Bullwater Health & Fitness. Pomology is one of an increasing number of brands using pomegranate. The stylishly-packaged line includes pomegranate-based multivitamins for men and women and a product called Anti-Aging with Resveratrol Formula and PomGT (pomegranate plus green tea).

"Money in the US supplement market has been going disproportionately into pomegranates," according to Scott Kamber, Bullwater's CEO. "That's because, when people look for medical evidence about which antioxidants are most helpful for certain conditions, there's better science behind pomegranates, overall, than anything else.

"Plus there's a buzz element. It's stylish to be healthy and people identify the pomegranate with being healthy. But lately Pom Wonderful started it all by doing a wonderful job of creating a buzz for pomegranates."

# Fruit as an ingredient and the Six Elements of Superfruit Success

The important role of ingredient businesses in developing superfruit markets has tended to be under-estimated. Certainly anyone involved in the supply of whole fresh fruit who wishes to make their fruit into a superfruit needs to make ingredients an important part of their strategy. The best way to reduce the risk in developing an ingredient strategy is to benchmark it rigorously against the Six Elements of Superfruit Success:

## Element 1: Sensory Appeal

The advantage of supplying an extract that's used in pills and supplements is that there's no requirements in terms of taste or other sensory factors – the fruit extract is supplied as a powder which goes into a capsule and the consumer swallows it whole with water. Without cosmetic and other requirements this reduces the cost of inputs for the growers and allows capital to be spent at the end of the value-chain that helps establish value – science and marketing.

Moreover, if supplying a superfruit as an ingredient for beverages or supplements, there is also the advantage that parts of the fruit that have no sensory appeal, but which contribute to the health effect, can be used in the production process (see Element 5: Health Benefit).

But when supplying fruit pieces (for example) there are some sensory requirements. For example, a fruit to be used in muffins will need to have

sensory appeal in terms of texture and taste, but cosmetic requirements and consistency of fruit size will be less of a concern than if supplying a whole fresh fruit.

## Element 2: Novelty

Luckily for anyone planning an ingredient strategy, consumers are always looking for something new, good-tasting and interesting in their diet – and this is true in every category in the supermarket, be it microwaveable meals, yoghurts, cereal bars, fruits drinks or fruit. This means that companies that are marketing products in those categories are always in search of some new ingredient with which to tempt consumers and refresh their interest in their brands.

The addition of a superfruit helps to give a health halo to a product – even if it is added in quantities that are too small to confer any benefit. Breakfast cereals, bars, muffins and other bakery items have all had make-overs in recent years. New variants of existing lines have had cranberries, blueberries and other fruits added to their ingredients lists.

There is therefore potentially a lot of "pull" from food processors for suppliers of superfruit ingredients.

Moreoever, ingredient suppliers can potentially tap into all the forms of novelty, depending on how a food processor chooses to use it in their product – a new fruit, new colours, new tastes, new aroma, etc..

However, while novelty adds value it isn't by itself sufficient for success and it's important to remember that an ingredient supplier invests significantly in technical developments to allow their ingredient to be added to a range of products, in a range of ways, without any adverse effect on the shelf-life or taste of the existing product.

## Element 3: Convenience

Supplying fruit as ingredients enables the fruit to made available as an ingredient in a variety of convenient foods, increasing the number of ways that consumers can integrate your fruit into their daily routine.

## Element 4: Control of Supply

As stated in Chapter 5, blueberry growers have had the same benefit in recent years as if they had had control of supply simply because supply was less than demand, enabling them to earn more for the limited supply which they controlled. This supported the rarity value and therefore the premium pricing of their fruit.

The companies processing bilberries have had similar advantages, and because supply of the berries has exceeded demand the few companies

*The addition of a superfruit helps to give a health halo to a product – even if it is added in quantities that are too small to confer any benefit.*

who handle the harvesting and processing have earned very good and rising prices.

For many other fruit, such as açaí, there is abundant supply from multiple processors and this in the long run means that it is harder to ensure the control of the market necessary to ensure premium prices.

As we point out in Chapter 2, if the fruit you market is one in limited supply or a supply that you control exclusively, it's clearly an advantage in terms of commanding and maintaining premium prices. Ownership of plant varietal rights (exclusive ownership of a particular fruit variety) is the strongest form of control of supply.

## Element 5: Health Benefit

If you are supplying a fruit extract, then there must be sufficient science undertaken on the extract to show that it has a claimed effect, but in many countries (except Europe) the requirements for this are generally less exacting than for foods and beverages.

Fresh fruit growers' options may be better when trying to establish a health benefit for a fruit extract than for either a fresh fruit or a superfruit beverage since it may be possible to use fruit which have a health benefit but which:

- are inedible or have very poor sensory qualities in their fresh form
- have a strong and unappealing taste that cannot be masked in a beverage
- the health benefit is from a part of the fruit – such as the seed or an inedible skin – that cannot be used in a beverage format or eaten fresh, but can be used in the extraction process.

By focusing only on a fresh fruit strategy, a fruit company will be solely responsible for bearing all of the costs of researching (and demonstrating) the health benefit. These costs, on average, are likely to exceed $1 million a year for five years or more (depending on the amount of existing publicly-available science on the would-be superfruit).

However, by making the superfruit beverage market a target from the outset one of the many advantages that such an approach would confer is the possibility of sharing the science costs with a prospective beverage partner, who might have exclusive or semi-exclusive access to your fruit for use in beverages for an agreed period of time.

## Element 6: Marketing

Marketing is as important in ingredient supply as it is in any other part of the supply chain. A would-be superfruit ingredient will need to be supported by PR and other communications so that it gains recognition and acceptance among consumers – most people will not buy a food that contains some ingredient they've never heard of, no-matter how healthy the label says it is. People need to be confident that an ingredient tastes good. Investment in marketing to build that consumer awareness, and thereby create consumer pull for your fruit ingredient, is essential. The need to build consumer awareness underscores

the need for a strategy that includes both beverage and ingredients and the importance of working with branded food partners who have the capability to build consumer acceptance of the fruit.

# Conclusion

Superfruit ingredient supply is an area that is only just starting to be explored as a potential market for superfruit. But any company with ambitions in fresh superfruit needs to make an ingredient strategy a component of its overall strategy.

Companies that focus only on fresh fruit are missing a huge opportunity to create extra value and to build consumer awareness. The use of a fruit as an ingredient in beverage or in another food or in a dietary supplement helps create awareness that feeds back into increased consumer interest in the fruit in other forms.

The apple industry – which suffers from commodity pricing – is one that could benefit greatly from having an ingredient strategy. Historically apple growers have seen apple puree, for example, as a means of getting rid of unsaleable and waste product at low prices. Their focus on whole, fresh apples has led them to overlook the opportunity to make ingredients a profitable revenue-stream. It's not a mistake that the producers of superfruits have made. Ocean Spray, for example, has long included ingredient supply as a plank of their strategy. New entrants have learned from this – the US Cherry Marketing Institute, for example, has made ingredients a key component of their plan to make a superfruit out of the cherry.

# Introduction

Part II of this book contains 12 detailed case studies of superfruits and would-be superfruits. The list is intended to be illustrative but not exhaustive – we've selected those that provide good examples of superfruit strategy in action and clear lessons that anyone can apply, rather than trying to describe all superfruit activity.

Each case study begins with a summarized analysis of the fruit using the Six Elements of Success checklist. The case studies examine the emergence of each superfruit, the business strategies that are being followed and the levels of success and failure – including, where available, sales data, pricing and marketing communications. The case studies illustrate the breadth and depth of activity in superfruits, as well as highlighting the challenges facing successful commercialisation of superfruits and the steps companies have taken to address these challenges.

What is striking about these case studies is the extent to which strategies focus on beverages and ingredients and how little, by comparison, whole fresh fruit figures in successful superfruit strategy.

There is among the case studies a wealth of examples, lessons and interviews with industry executives which are intended to be helpful to anyone considering where and how superfruit might fit into their strategy.

The Superfruit Case Studies are:

1. Cranberries
2. Pomegranate
3. Blueberries
4. Bilberry
5. Mangosteen
6. Goji
7. Açaí
8. Plums
9. New Zealand blackcurrants
10. Gold kiwi
11. Watermelons
12. Cherries

# Case Study 1
# Cranberries

## SIX ELEMENTS SUMMARY: CRANBERRIES

| Element | Explanation |
|---|---|
| **1. Sensory** | Cranberries are a very unappealing fruit in their whole fresh form but when processed into a juice or as a processed ingredient in other foods they have good sensory properties. Ocean Spray, the world's largest cranberry producer, has made it its strategy since the early 1960s to focus on producing beverages and other processed products. The core focus of its brand is "taste and refreshment" and as well as cranberry beverages the company introduces new blends and new flavour combinations with other fruit. |
| **2. Novelty** | Cranberry and cranberry drinks have long been established in the US and in this market "novelty" is not a driver. Cranberry is novel in markets other than the US – such as the UK, France and Australia – but Ocean Spray has not made novelty a plank of its marketing, unlike other superfruit companies, relying instead on the other Elements. |
| **3. Convenience** | Convenience is the key focus of Ocean Spray's strategy. It has always focused on processed convenient products, selling its drink since 1959. It has accelerated this focus in recent years, with great success. Examples are:<br>1. Craisins, a sweetened and dried cranberry snack product, which has soared to over $69 million (€44.8million) in retail sales in 2007, just five years after launch.<br>2. Ocean Spray Ingredient Technology Group – a dedicated ingredients division which has developed cranberries as an ingredient in multiple forms including beverages, bars, breakfast cereals and dietary supplements. A highly successful business with over $100million in sales, it grew sales of cranberry ingredients in France alone from zero to €12 million in the period 2004-2007. |
| **4. Control of Supply** | Ocean Spray is a cooperative controlling 80% of the North American market and 65% of the global supply of cranberries. It has a distribution partnership for its beverages with PepsiCo which also gives it a form of control of supply in the beverage market. It has exploited its dominant position increasingly well and it is unlikely to lose its dominance any time soon.<br>Not all areas are suitable for growing cranberries. Setting up new cranberry bogs is highly capital intensive and requires significant expertise. Moreover, commercial yields are not achieved for seven years after planting. |
| **5. Health benefit** | Consuming cranberry juice had long been established in American popular folklore as an effective way to fight urinary-tract infections (UTIs), which affect upwards of 30% of women at some point in their lives. What was missing was scientific proof of the efficacy of cranberries in this regard and an understanding of what made it work and this began to come together from 1994, when the *Journal of the American Medical Association* published the results of a large-scale clinical trial conducted at Harvard Medical School. In 1998, researchers at Rutgers University identified proanthocyanidins (PACs) as the active components in cranberries responsible for maintaining urinary-tract health. Ocean Spray invests heavily in research into cranberries' health benefits, focusing on the specific variety grown by Ocean Spray (*Vaccinium macrocarpum*) and as this is the only variety which can claim health benefits this works with the company's control of supply to reinforce the strength of its position. Cranberries have a health claim approved in France – one of the most demanding regulatory regimes in the world – and this claim is expected to be approved EU-wide by 2010. |

| | |
|---|---|
| **6. Marketing the benefit** | Originally focused only on PR and word of mouth for UTI benefit, the point of difference stood out less as health messages became more common in marketing, leading to a loss of sales for Ocean Spray. The company learnt from this that it had to invest heavily in marketing the health benefit if it was to clearly differentiate Ocean Spray cranberry as "the expert brand" in urinary tract health and grow its sales. "We're going on strategic essence now: We taste good, and we're good for you – and we'll shout it from the rooftops," according to Ken Romanzi, domestic chief operating officer for Ocean Spray. "We think we've hit on a message that works really well. And we're not going to take our pedal off the metal." Romanzi adds: "In marketing, you've got to have something that no one else has. So we took that truth and transformed it into a message that says 'cranberry juice cleanses and purifies'. People don't like to talk about disease. But everybody wants to cleanse and purify themselves, and that certainly fits in with the urinary-tract benefits." |

Ocean Spray has been synonymous with cranberry juice for decades. But despite cranberries long being recognised as a "superfruit", until recently Ocean Spray hadn't made the most of its better-for-you branding opportunity. Now all that is changing. Smart marketing, snack innovation and a distribution alliance with PepsiCo are breathing new life into the business.

Ocean Spray Cranberries has finally staked its $1-billion brand atop better-for-you positioning and is now squeezing the message for its every last drop.

Motivated by its own market stagnation and by growing consumer interest in the health properties of foods, Ocean Spray recruited a cadre of industry-experienced and marketing-savvy executives.

The result is that the Massachusetts-based concern has solidified its status as the American grower-owned co-operative most successful in developing and deploying new products based on the commodity it provides, and then creating mass-market appeal for its brand.

Between Cranberry Juice Cocktail, the brand's decades-old hit product, and the much newer and more dynamic segment built around Craisins, its sweetened and dried cranberry snack product – which soared to over $56 million (€43 million) in retail sales in 2006 – Ocean Spray has built a business that is both thriving and capitalising on the nutritional heritage of the fruit. And its mid-2006 strategic alliance with PepsiCo suggests an exciting future.


"We're going on strategic essence now: we taste good, and we're good for you – and we'll shout it from the rooftops," said Ken Romanzi, domestic chief operating officer for Ocean Spray.

"The business is healthy, and consumption is healthy, even in the face of a very soft juice category that keeps getting softer. We think we've hit on a message that works really well. And we're not going to take our pedal off the metal."

Ocean Spray has always dominated the branded-cranberry business in North America. And when it comes to cranberries, that is the only business that has ever counted, because the fruit are indigenous to North America.

Cranberries have had a place on the American dinner table and in cultural lore since Native Americans presented them as gifts to European colonists in Massachusetts. They also showed the newcomers how to turn the tart berries into sweetened, edible preserves and sauces. Growers began cultivating the berries in the 1800s in Massachusetts, and now Wisconsin and a few other states are major growing areas as well.

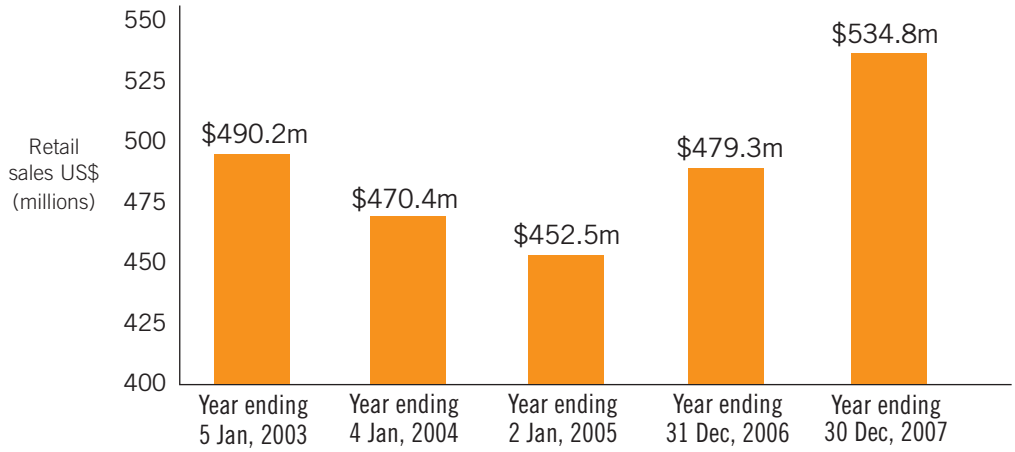
## From humble beginnings to international dominance

The modern history of the cranberry has revolved around two major developments. The first is that Ocean Spray turned them into a value-added product instead of just selling them fresh. The cooperative – now owned by more than 800 cranberry growers – was founded in 1930 by just three growers, one of whom was marketing a cranberry sauce called "Ocean Spray".

After a food-safety scare in 1959 that affected other brands of cranberry sauce, the co-op's leadership decided to diversify its line and build a brand by focusing on year-round products. After nearly four years of development, in 1963 they introduced Cranberry Juice Cocktail – which popularised the cranberry and single-handedly built the co-op's business and the brand. The company also began to sell cranberries and its components as ingredients in a wide variety of foods, including breakfast cereals, nutrition bars, dairy products, beverages and dietary supplements.

The other major development was that cranberry growers, health professionals and American consumers finally began to appreciate the innate healthful

### Chart 21: Ocean Spray shelf-stable juice drink/blend sales history 2003-2007




Total US sales in supermarkets, drugstores and mass-merchandise outlets (excluding Wal-Mart).

Ocean Spray effected a dramatic turnaround in sales of its juice drinks and juice blends in 2006, a result of investing in more aggressive, health-focused marketing and adding new, lower-calorie products to their portfolio.

*Soucre: Information Resources, Inc. (IRI)*

properties of cranberries and cranberry juice. Consuming cranberry juice had long been established in American popular folklore as an effective way to fight urinary-tract infections (UTIs), which affect upwards of 30% of women at some point in their lives. Doctors had even taken to recommending that their patients regularly drink cranberry juice and eat crushed cranberries to decrease the risk and help alleviate the symptoms of these infections.

What was missing was scientific proof of the efficacy of cranberries in this area and an understanding of what made them work, even though Ocean Spray itself had invested resources over the years in understanding the scientific basis of cranberry nutrition and the berries' medicinal value.

But in 1994, the *Journal of the American Medical Association* published the results of a large-scale clinical trial conducted at Harvard Medical School, which indicated that regular consumption of Ocean Spray Cranberry Juice Cocktail reduced the incidence of bacteria in the urine of elderly women. The researchers speculated that the effect was due to something specific in cranberry that prevented bacteria from adhering to the urinary tract.

The study attracted widespread media attention, and sales of cranberry juice rose by 150% in the year after its publication. This development underscored the fact that scientific confirmation of the intrinsic health benefits of a natural product, and media amplification of the finding, can strike a chord with consumers.

At the time, however, the mechanism for cranberries' efficacy wasn't yet understood. But in 1998, researchers at Rutgers University identified proanthocyanidins (PACs) as the active components in cranberries responsible for maintaining urinary-tract health. The PACs prevent bacteria from adhering to the wall of the bladder or urinary tract and causing infection – the bacteria are instead harmlessly flushed from the body.

All of this should have set up Ocean Spray for an expanding bonanza in the marketplace – maybe a success to match how the producers of soy proteins and oat bran, and food companies using those products, have exploited the solid scientific findings and government-endorsed claims concerning the intrinsic healthfulness and nutritional efficacy of those products. But Ocean Spray was hesitant to make specific health claims on the labels of its products or in advertising, in part because the FDA's standards for such claims were very strict – and today's more permissive regimen hadn't yet emerged.

## Not one, but two false moves

Instead, the brand continued to focus on taste and refreshment, with health very much a secondary selling proposition. The co-op relied on the spread of a back story about cranberries' healthfulness by health professionals, scientists, journalists, folklore and word of mouth, and put lots of PR effort into communications with dieticians, nurses, doctors and others.

That relatively passive approach to leveraging the widely-accepted health benefits of cranberries proved to be a mistake, however, and there was something else that Ocean Spray fumbled royally around the same time. In the juice business, 100%-juice products were coming to the fore in the mid-90s as a better-for-you alternative to products like Ocean Spray's Cocktail, which included only a small


Still going strong after all these years: Ocean Spray's Classic Cocktail has been joined by a host of other cranberry-based products all of which have boosted the public profile of the fruit.


Northland owners Apple & Eve have thought outside the square and fielded a line of pomegranate-based juice blends.

portion of juice and were filled out with high-fructose corn syrup and water. Introducing 100% cranberry-juice products would have been a natural way for Ocean Spray to both tap into that trend and to continue to assert its virtual monopoly over everything cranberry.

But Ocean Spray's then conservative management instead chose to sit on its haunches and allowed an upstart competitor to steal a march on the 100%-cranberry-juice segment. The aggressor was Northland Cranberries Inc., a smaller, vertically-integrated company based in Wisconsin and run by John Swendrowski, a former high-school teacher and coach. Swendrowski – convinced that there was room for a strong number-two player in the cranberry business – had been probing for Ocean Spray's weaknesses for several years. And in the co-op's sleepy approach to the 100%-juice market, Northland found its opening.

By 1995, Northland was introducing a variety of 100%-juice products, blending cranberry with apple, raspberry, white grape and other juices – and swiping shelf space from Ocean Spray. To make matters worse, once the slumbering giant of the industry awoke to what was happening, it made the wrong move. Ocean Spray decided to introduce its own 100% juices under a sub-brand called "Wellfleet Farms", which failed to take hold.

"Ocean Spray was slow to respond and didn't come back in a quality way," said Romanzi, an experienced food-industry executive who joined Ocean Spray two years ago after punching his ticket at big brands including Frito-Lay, Nabisco and Cadbury Schweppes.

"Then they got back to the good marketing that Ocean Spray was known for: 100% juices that were versions of what they were best known for. But we still have a small share of the 100%-juice business."

More troubling, however, was that Ocean Spray executives then compounded their mistake in 100% juices with a continued passivity in promoting Cranberry Juice Cocktail products. And while they had introduced Craisins in 1993, capacity constraints kept them from taking advantage of the market-expansion possibilities for that product.

## The importance of nurturing your brand

"At some point, if a brand is not nurtured, it can lose relevancy," Romanzi said. "The juice category overall started to soften. People became concerned about juice intake and carbohydrates. And our brand lost its relevancy; it didn't have a strong consumer message anymore. Meanwhile, we were losing people in a flow of a two-decade-old trend away from juice and toward diet drinks, water and isotonics.

"After decades of uninterrupted growth, the domestic business in total stalled for five or six years and was basically flat. Ocean Spray needed to reinvigorate the business. We put together a whole blueprint to reinvigorate it."

A big part of that blueprint was for the Ocean Spray board to bring in savvy executives with experience at other successful food brands, including Geoff Woolford, the current vice president of research and development, and quality assurance, who came to Ocean Spray about the same time as Romanzi. Woolford had spent the previous 15 years with PepsiCo and had worked with Mead Johnson Nutritionals as well.

A consensus developed that Ocean Spray should begin to use the nutritional heritage and scientific proof that was sitting right in front of them. "They were getting ticked off that all these other fruits were getting so much attention," Romanzi said.

"Cranberries were good for you. But the marketing leadership had a tough time talking about health. So the first thing I did when I got here is say, 'We have to talk about health'. We were doing it in PR – but not in consumer communications."

Other industry players, such as the Cranberry Institute trade association, were reaching the same conclusions, led by figures such as John Decas, head of Decas Cranberry Products. "John was saying, 'Look, we need to start to focus on and take advantage of what we have'," said Doug Klaiber, an executive of the Massachusetts-based Decas (see Box on page 177). "There was a lot of competition out there, and we had this inherently nutrient-dense, healthy fruit – and we weren't fully exploiting it."

At Ocean Spray, the turnabout largely took the form of the decision to exploit cranberries' healthfulness, along with the determination to formulate a strategy for doing so that wouldn't require the co-op and the brand – for now, at least – to get entangled in the process of seeking a health claim from the FDA. So Romanzi and others oversaw the process of testing seven or eight different sorts of nutritional and health claims that Ocean Spray products might make, including one that focused on urinary-tract health and another that emphasised the antioxidants in cranberries.

What Ocean Spray ended up with is a marketing strategy that combined aspects of a few of the test claims: it states that "our cranberries are rich and powerful nutrients that clean up the body and help the immune system", as Romanzi puts it.

Ocean Spray began celebrating the fact that the PACs in cranberries seemed uniquely effective in their bacteria-cleansing properties. "All the research has found that only the PACs in cranberries do this; not those in any other fruit," Romanzi added. "In marketing, you've got to have something that no one else has. So we took that truth and transformed it into a message that says 'cranberry juice cleanses and purifies'.

"People don't like to talk about disease. But everybody wants to cleanse and purify themselves, and that certainly fits in with the urinary-tract benefits. And you don't have to make a specific claim. It can mean affecting whatever you want it to affect: heart, liver, stomach, skin."

Ironically it was Australian consumers, not North American, who seemed to grasp most quickly just what Ocean Spray was trying to communicate. With its advertising in Australia, the brand went right after Aussies' cultural tradition of detoxifying themselves for a day or two after a big night out. "Our business is up 40% there," said Romanzi.

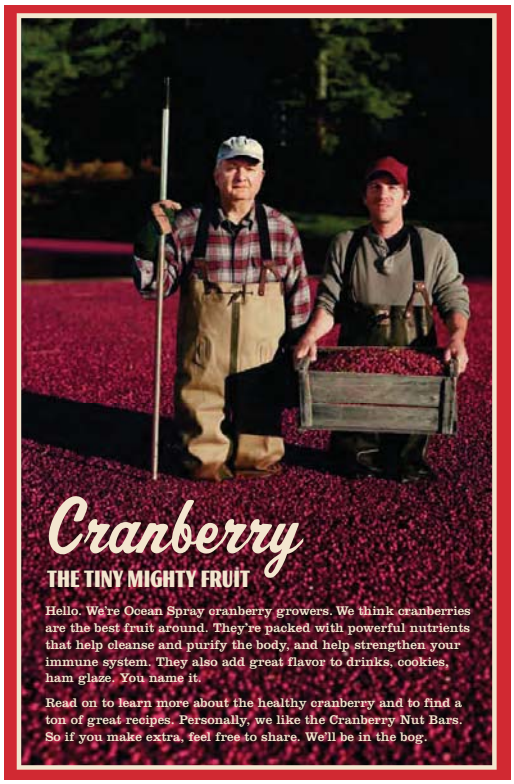
## A cranberry-bog epiphany

The other aspect of Ocean Spray's marketing overhaul was that Romanzi and his colleagues infused the brand with some excitement and fun. Romanzi was personally struck by the spectacle of the cranberry harvest – in which bogs are flooded and the berries create a river of bright red dots on their way to processing.

"I was taken aback, and I was thinking, 'We have to get this on TV'," he recalled. "It's just too beautiful. And most consumers don't know anything about it."

Romanzi's enthusiasm led to Ocean Spray reconstructing its marketing strategy on the magic of the cranberry bog and harvest. It created "miniature bogs" at media-intensive locations such as Rockefeller Center in New York, where NBC-TV is headquartered; at the Chicago Tribune building on the Miracle Mile shopping district in downtown Chicago; and outside the famous Kodak Theater in Los Angeles.

The brand also launched a new advertising campaign called "Straight from the Bog", featuring two elderly actors named Henry and Justin standing out in a bog – in




Rivers of bright red dots at cranberry harvesting time gave Ocean Spray an interesting and exciting back story which was lapped up by consumers.

the tradition of the men in the Bartles & Jaymes wine-cooler advertisements of several years ago, who sat on a front porch. "These guys are goofing off and entertaining, too, but in a way that is ownable for Ocean Spray – that is uniquely Ocean Spray," Romanzi said.

And the co-op has continued to introduce new products to fill out its portfolio, as it has done with new flavours over the years. Two-thirds of the sales of its new Diet Ocean Spray drinks, for example, are incremental to the franchise, he says. "We saw that a lot of people were going away from juice to other beverages out of diet concerns, but we weren't talking to diet users," explained Romanzi.

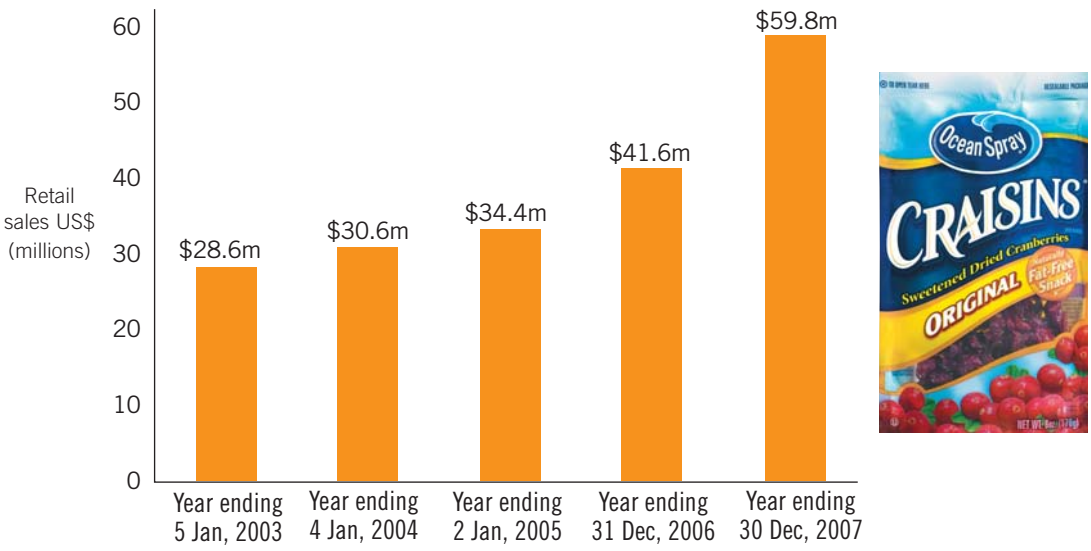
The numbers say that this new overall strategy, combining an egregious health appeal with more personable marketing, is beginning to gain some traction with American consumers. Ocean Spray's total juice business increased in both 2006 and 2007 according to Information Resources Inc., the Chicago-based market-research firm whose data excludes Wal-Mart stores.

## Craisins – a healthy snack innovation

At the same time, Ocean Spray has been buttressing the other promising part of its business: Craisins, retail sales of which stood at over $59.8 million (€38.6 million) in the year ending December 30th 2007, according to IRI data.

A 6oz/170g pack of Craisins sells for about $2.99 (€2.30) per pack, equivalent to a healthy $17.60 (€13.50) per kilo.

### Chart 22: Ocean Spray Craisins sales history 2002-2007




Total US sales in supermarkets, drugstores and mass-merchandise outlets (excluding Wal-Mart).

When, in late 2006, Ocean Spray finally began advertising Craisins, sales, unsurprisingly, benefited hugely. A TV ad featuring the characters Henry and Justin, out in a cranberry bog persuading a little girl that Craisins are the sweetest way to consume cranberries worked wonders, and helped boost sales by more than 40% last year.

*Source: IRI*

In the 1990s American consumers quickly registered their acceptance of Craisins when they debuted in 6oz bags that could be consumed as snacks, like raisins, as well as when they appeared in cereals and other products. The problem with exploiting that market demand initially was that Ocean Spray just didn't have enough cranberry acreage or manufacturing capacity. So while Craisins continued as a strong business, the co-op never advertised the brand. "Ninety percent of US households still see Craisins as a new product," Romanzi observed.

But all that is changing. First, Ocean Spray made a huge new commitment of financial and manufacturing resources to Craisins by moving to triple manufacturing capacity for the product to 100 million pounds a year (46 million kilos) by 2009.

Second, beginning late 2006, Ocean Spray began to advertise Craisins with the TV ad featuring Henry and Justin out in the bog. "We're going to be putting incremental dollars against advertising Craisins for the next few years," Romanzi said then, adding that he believed that sales could become five to six times greater than their already-elevated new level.

"We believe the upside is so great, when you look at the intersections between how many people buy dried fruit and how many people like anything that is cranberry".

## Partnering innovation to further build the brand

Yet another accelerator that will begin working in Ocean Spray's favour is its new deal with PepsiCo. After flirting with a hook-up for years, in July 2006 the two companies finally announced a long-term alliance in which PepsiCo would distribute single-serve cranberry-juice products in the US and Canada, beginning in 2007.

"The biggest advantage to us is brand exposure," Romanzi said. "We are already in roughly 30,000 convenience stores as a brand, but Pepsi will immediately get us into well over 100,000 outlets. And that's just convenience stores. That's not to mention outlets in businesses, and mom-and-pops, and pizza shops, and delis. This will be a great brand builder."

At the same time, the deal also called for Ocean Spray and PepsiCo to develop new products together, perhaps including cranberry-flavoured soft drinks, and Romanzi sees the partnership as "an innovation alliance as well as a distribution deal".

Innovation is exactly what Woolford is focusing on, not only involving potential new products with PepsiCo but with all sorts of new formulations. "We've got a really good group of product developers here, and we're really excited about the explosion of new-product ideas we have right now," he said.

Ocean Spray has introduced cherry-flavoured and orange-flavoured Craisins and is looking at introducing pomegranate-flavoured Craisins. It is experimenting with fruit-analog products, such as fruit "leather", that would be cranberry-based. The company has introduced a more concentrated version of cranberry powder as an ingredient for supplement manufacturers and others.

A huge part of Woolford's optimism is based on how Ocean Spray is intensifying its efforts to exploit the better-for-you aspects of cranberries, not only in more new products, but also in how they market these new items. In the short term that has meant more effort by the co-op to support scientific research directed at increasing understanding of what makes cranberries so healthful.

Ocean Spray is providing all the products for clinical trials that are going forward under the sponsorship of the Center for Complementary and Alternative Medicine, part of the US National Institutes of Health, for example. The Center is devoting about $10 million (€7.8 million), out of a total agency budget of about $100 million, to cranberry research.

The goal of one research project is to determine whether cranberries can improve oral health or prevent or reduce problems such as gum disease by reducing the bacteria in the mouth and their ability to adhere to teeth and gums to produce plaque.

The co-op has also begun investing more heavily in its own health research, committing more than $1 million (€0.78 million) to investigate the relationships between its products and health benefits.

One area of focus is omega-3s, because cranberry seeds are a good source of them. Ocean Spray extracts and sells cranberry-seed oil but hasn't made much of a business out of it so far. "It's on our radar screen," Woolford reported. Cranberry juice could also be a vehicle for considerable nutritional enhancement. So far, Ocean Spray has only toyed with vitamin C and calcium fortification.

"You can really modernise and broaden cranberry juice. It's not like you're trying to fortify chocolate; it's an incredibly healthy product in its own right."

Imagine an Ocean Spray cranberry juice product that is fortified with glucosamine or chondroitin, for joint health, for instance. Recently, Ocean Spray tested a number of potential new products in supermarkets, one of which included soy proteins and chondroitin. Product developers may deal with the textural challenges of adding chondroitin by including cranberry puree or pulp.

"Think about a cranberry juice with the texture of orange or grapefruit juice," Woolford said. "That might be a way of delivering highly textured ingredients that we want to deliver. We just don't have to think of these juices in the traditional ways that they've been thought of for 60 years."



Based on a patented extraction technology which delivers the level of proanthocyanins (PACs) which science says is effective in fighting urinary tract infections, Paris-based supplement-maker Pharmatoka markets its Urell cranberry supplements in 15 countries, including France and Japan.

Perhaps the strongest testament to the new ways of thinking about cranberry juice at Ocean Spray is that the co-op wants to be able to make an unqualified claim for a health benefit with the FDA within the next couple of years. The company has been focusing on eventually achieving a strong, traditional unqualified claim rather than settling for one of the qualified claims that the agency has been granting recently.

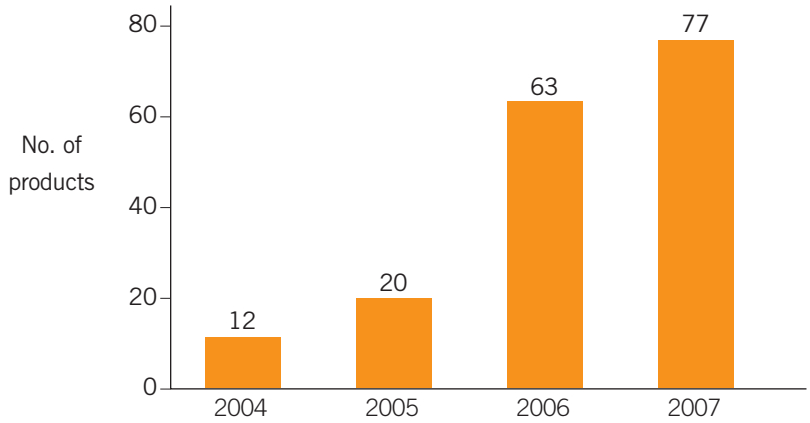
Said Woolford: "We think that qualified claims, in general, are pretty confusing for consumers. We're not sure that the types of qualified claims that we'd be able to make, to fit the current format, would be particularly helpful for consumers to understand what they're getting from cranberries. The FDA requires complicated labelling. Consumers absorb messages fairly quickly, and if the message is too long, they're confused. We think we can get stronger health claims, not only in the United States but around the world."

Ocean Spray has in fact already secured a health claim for cranberries. Back in 1994, in France, traditionally one of the toughest places to gain health claim approval, the French food safety authority authorised a health claim linking cranberries to reduced adhesion of *E.coli* bacteria to the urinary tract walls, giving Ocean Spray and its local partners a lever to build a fast-growing business in juice and supplements.

The claim approved by the AFFSA is very specific. The agency ruled that the data submitted supported the health claim only for consumption of the cranberry *vaccinium macrocarpon* – the American variety grown by Ocean Spray – and all other varieties of cranberry, such as the European species *vaccinium oxycoccus* and *vaccinium vitis-idaea*, are explicitly excluded from using the claim.

The agency was also very specific that the effective cranberry "dose" is one delivering 36mg of measured proanthocyanidins (PACs). One reason for the specificity is that the PACs found in the vaccinium macrocarpon cranberry are said to be specific and unique to that berry and are not found in other regularly

**Chart 23: Foods & beverages featuring cranberry launched in France 2004-2007**




The impact of the French food safety authority (AFFSA) approving a health claim for cranberry early in 2004 is shown clearly by the above bar chart. During the same period seven dietary supplements based on cranberry appeared on the French market, the first of which were launched by Pharmatoka, the company headed by the man who ensured the health claim became a reality: Gunther Haesarts.

consumed fruits. These PACs are polyphenols with a specific action mechanism – only discovered in 1998 – which blocks E.coli bacteria's ability to adhere. The AFFSA-approved wording for the claim reads:

*Helps to reduce the adhesion of certain E.coli bacteria on the urinary tract walls*

## Taking cranberries to the world

Ocean Spray's rejuvenation in North America has been accompanied by even greater sales momentum for its products, and those of other cranberry producers, in some international markets. As a result, Ocean Spray's international compound growth rate has averaged 15% a year for more than a decade. The UK is its largest international market.

"Right now, there is tremendous interest abroad in cranberries," said Klaiber of Decas. "We're seeing tremendous growth in Europe and some other parts of the world. And we have yet to tap into some of the largest markets; India and China don't even necessarily know what a cranberry is yet."

"And international is going to become an even bigger piece of the mix," predicted Romanzi. "We're not turning our back on the United States, but 95% of the world's population still doesn't have access to cranberry juice. We need to go where there is strong juice consumption and enough disposable income, and where we can find a good partner. You just don't put your own plants and trucks on the ground overseas."

### The next generation of cranberry products

Ocean Spray may be making a noise about its better-for-you repositioning of its cranberries, but Massachusetts-based Decas Cranberry Products is really trumpeting the fruit's nutraceutical properties.

For 72 years the company has been a commodity supplier of cranberry products such as fresh fruit for the holidays and sweetened, dried berries for cereals and other foods. More recently, however, Decas has been a leader in the repositioning of cranberries and their components as functional powerhouses – playing up the omega-3 content of cranberry oil, for example, and even launching a subsidiary whose specific charge it is to exploit and promote cranberry as a better-for-you ingredient in supplements and foods.

"We think we've become the leaders as it relates to the nutritional messaging of cranberries," said Doug Klaiber, general manager of the Decas Botanical Synergies unit, which was founded in 2002. "We're the only ones focused entirely on health and wellness."

Decas produces and promotes a line of cranberry powders and oils which it has branded "Fruitaceutical" and targets products ranging from dietary supplements to smoothies to nutrition bars.

One of Decas Botanicals' products, NutriCran GI, for example, is a blend of cranberry, wild blueberry and grape-seed extracts which inhibits the growth of the *H. pylori* bacteria that scientists have identified as both the leading cause of peptic ulcers and as a contributor to heart disease.

Decas has also developed PACran cranberry powder and has been studying the effects of supplementation with PACran on the presence of *E. coli* bacteria in women. At the end of the 90-day treatment period, a daily oral dose of 500mg of PACran was shown to reduce the presence of *E. coli* significantly, suggesting its efficacy in battling urinary-tract infections (UTIs).

"We've found some unique properties and are targeting some very new and large health-related issues with cranberries," Klaiber said. While he declines to be specific for competitive reasons, he did say that Decas was investigating the bacteria-anti-adhesion properties of the proanthocyanidins (PACs) in cranberries to see whether they could be useful in oral, gut and circulatory health. "Cranberries have the unique property of being able to lower bad cholesterol and raise good cholesterol. There aren't even many cholesterol drugs that can do both."
Decas Botanicals also is standardising cranberry-based components, which in and of itself has great value to supplement, food and beverage companies. Moreover, Decas has been able to promise that levels of PACs in its cranberry components are 33% higher than in many others because they're all made from a cultivar of cranberries known as "Early Blacks".

The parent company, Decas Cranberry Products, began focusing on value-added cranberry ingredients about a decade ago. It has become a major producer of sweetened, dried cranberries – basically, the product that Ocean Spray has branded as Craisins – for ready-to-eat cereals, trail mixes, nutrition bars and other products. Growing demand for sweetened, dried cranberries in North America as well as Germany and Japan prompted Decas to boost its capacity for the product by one-third last year.

"Basically," Klaiber explained, "if it is a sweetened, dried cranberry and doesn't say Ocean Spray on it, there's a pretty good chance that it is Decas'."

In late 2005, Decas introduced a version of the product that is fortified with its OmegaCran cranberry-seed oil, which is high in omega-3s. The product provides about 240mg of omega-3s per a 1/3-cup serving of sweetened, dried cranberries.


Decas introduced its first major consumer product under the Fruitaceuticals sub-brand: OmegaCrans and PomaCrans dried cranberries. The Fruitaceuticals products enjoy nutritional enhancement to boost their levels of omega-3s or antioxidants.

# Case Study 2
# Pomegranate

## SIX ELEMENTS SUMMARY: POMEGRANATE

| Element | Explanation |
|---|---|
| **1. Sensory** | While pomegranates have an appealing taste – and are a very popular fruit in Iran and Turkey – their sensory qualities are very unappealing to most western consumers. As a fresh fruit they could never be more than ultra-niche in the west. Pure 100% pomegranate juices also have a very poor taste. However, in processed form in a beverage which has been enhanced with flavours their sensory qualities are excellent and Paramount Farms and Pomegreat, which pioneered the pomegranate juice category in the US and the UK respectively, succeeded in formulating excellent-tasting drinks. |
| **2. Novelty** | The pomegranate had novelty on its side in the US. In the UK pomegranates are a niche fruit, and not novel. What was novel was Pomegreat's marketing of pomegranate juice – a beverage was a novel format, a new way of enjoying the fruit and getting the health benefit. |
| **3. Convenience** | Fresh pomegranates score low on convenience factors, however this has been overcome by focusing on developing value-added, convenient, processed forms, specifically pomegranate juice. The fruit has also been widely available as an ingredient in puree or pieces in yoghurt, confectionery, teas and juice concentrate as well as, in extract form, the active ingredient in dietary supplements. It is a perfect example of a superfruit strategy focused on adding value through a beverage and ingredient strategy with the fresh fruit playing a very limited role. |
| **4. Control of Supply** | Paramount Farms had the benefit of control of supply in the US, producing 80% of US pomegranates. In the UK Pomegreat did not have this advantage. Instead it relied on convenience, health benefit, taste and good marketing for its success. Paramount Farms has also focused more on these other Elements. As a result, although there has been a vast proliferation of other pomegranate products and sources the pioneers of the category have maintained their leading market share. |
| **5. Health benefit** | The fruit's robust nutritive properties mainly derive from the fact that it is one of nature's best sources of antioxidants, giving one of the highest scores for antioxidants (as measured by ORAC) of any fruit. Its health benefit is primarily cardiovascular and this is what the product is recognised for. Pomegranate is one of the most-researched fruits. Paramount Farms has invested heavily in developing the science around pomegranate, spending a reported $15 million on research, funding 21 studies, with 44 more ongoing. |
| **6. Marketing the benefit** | Effective marketing has played a pivotal role in the success of this superfruit. Paramount Farms has invested heavily in promoting its fruit drink's high antioxidant benefits, using advertising, PR, sampling and point-of-sale materials, as well as marketing the juice in an eye-catching bottle whose shape resembles the silhouette of two pomegranates stacked on top of each other, all designed to give pomegranate juice a cutting-edge health halo. In the UK aggressive PR has been the primary way of promoting the brand. |

In less than five years pomegranate went from obscure to ubiquitous in the US marketplace. All manner of juices, yoghurt drinks and other beverages featuring the fruit are popping up, as are a wide array of other products ranging from baby food to breakfast cereal.

No less than 478 new pomegranate products hit the American market in 2006, according to Mintel Research, making pomegranate the hands-down winner of the Superfruit Popularisation derby for that year. That total included 216 new

pomegranate drinks, 32 sauces, 17 spreads and 19 desserts. Many products make a big deal about the fruit's nutritional profile, drawing attention to its high antioxidant content, while other products just make a statement about its flavour or merely try to be hip (see Box on page 187).

A hot seller: pomegranate juice is either the only or main ingredient in five of the six offerings of Old Orchard's superpremium-juice line.

The pomegranate craze is still too new for there to be any reliable overall sales statistics for the US or other markets. But we estimate that annual US sales of pomegranate juice, either straight up or in blends, exceed $150 million (€111 million), from practically nothing six years ago.

This estimate is based on the fact that the annual sales of refrigerated pomegranate juices from Pom Wonderful, the creator and leader in the category in the US, alone topped $71 million (€52 million) in 2006. Also that year, estimated sales for Naked Juice and Odwalla were at least $150 million each, and both companies (now units of PepsiCo and Coca-Cola respectively) rely on refrigerated pomegranate drinks for a substantial part of their product lineup.

Our estimate also takes into account skyrocketing sales of pomegranate-juice products among shelf-stable juice makers in the US market. In any given Whole Foods Market, approximately 15% to 20% of the space in the shelf-stable juice aisle already is given over to pomegranate-containing products.

Consider the story of Old Orchard, for example. The Sparta, Mich.-based company describes itself as the nation's No. 3 manufacturer of shelf-stable juices, with annual overall sales of about $150 million (€111 million). Company president Mark Saur said that pomegranate juices now had "the biggest sales momentum" of all its products.

Most notably, pomegranate juice is either the only or main ingredient in five of the six offerings in Old Orchard's hot-selling new superpremium-juice line, which is garnering $15 million (€11 million) only a few years after its introduction. The fastest mover is Pure Pomegranate juice, which is selling at an annual pace of $6 million (€4 million) after being launched in July 2006. Its suggested retail price is $7.99 (€5.89) for a 64oz bottle, compared with $4.99 (€3.68) a bottle for pomegranate blends with cherry, blueberry, cranberry and blackcurrant. Pure Cherry juice is the sixth entry in the line.

Aggregated acreage figures for pomegranate trees worldwide are also elusive. But clearly, traditional pomegranate-growing areas including Iran, Turkey and India are gearing up their plantings just as US producers are, according to David Simonian, chief executive officer of Simonian Fruit Co., a Fowler, Calif. grower. About 15% of Simonian's business is supplying pomegranates for fresh and ingredient markets.

Pomegranate prices have skyrocketed as well, by about 40% in the US in the five years to 2007, Simonian estimates. A standard 28lb box of the fruit was wholesaled for about $15 (€11) in 2002, and in 2007 Simonian could sell the same box for about $25 (€18).

## Pom Wonderful: the prime mover

Pom Wonderful, the nation's predominant pomegranate cultivator, introduced its pricey branded versions of the fruit and its juice to US supermarkets in 2002, and in less than five years had popularised a fruit that barely a sliver of American consumers had previously recognised. With annual sales of more than $71 million (€52 million), according to Information Resources Inc., Pom Wonderful still basically controls the huge new marketplace that it created because its orchards are the source of about 80% of the California crop, which accounts for nearly all the US crop.

"We've been educating the consumer about this for years now," says Pam Holmgren, spokeswoman for Los Angeles-based Pom Wonderful. "We're excited that it's catching on. It just shows what a wonderful thing that nature created."

Back in 2000, the larger part of Pom Wonderful's business was the distribution of fresh pomegranates in season (October through January) throughout the US, Canada and Europe. Two years later Pom Wonderful recognised the marketplace potential of pomegranate juice and their initial success well and truly surpassed industry expectations.


The prime mover in the pomegranate-juice market – Pom Wonderful – topped $71 million (€52 million) in sales of its refrigerated juice in 2006.

And yet, Pom Wonderful's recent history also underscores the business dangers that still lurk in the superfruit space. That's because the company's sales actually slid in 2006 from a peak of $84.5 million (€62 million) in 2005, according to IRI.

At least three factors appeared to afflict Pom Wonderful – none of which will disappear anytime soon. The company blames its sales erosion in 2006 on the fact that the rapid rise in demand outstripped the availability of the Wonderful variety of pomegranates, its exclusive supply. It is going to be two or three years before the new trees that have been planted begin yielding fruit. Not only does Pom Wonderful expect no significant increase in unit sales over the next couple of years, it has also shelved expansion outside its existing markets of North America and the United Kingdom. Much of its product development is on hold as well.

And while Pom Wonderful was struggling with declining availability, other juice companies began picking up the slack as overall demand for pomegranate-juice products increased. "They were angering some retailers and disappointing some consumers, and they won't get all of that back," said an executive of a rival juice company.

## How much more time in the sun?

Also looming is the possibility that Pom Wonderful and other pomegranate juices have had their moment. New flavours – even superfruit flavours – can suffer

from being what beverage-industry consultant Tom Pirko calls "discoverable" products, meaning those that represent an authentically new or trial purchase for adventurous consumers.

"Virtually all discoverable products find their audience but then at some point – usually in years two, three or four – begin to level off in sales," he says. "A few, a very few, break through that plane and go on to become not specialty items but mass-market products."

Is Pom Wonderful such a product? Pirko surmises maybe not, possibly because of the company's initial decision to price its products so high and to place them relatively obscurely, in coolers in the produce sections of supermarkets. "High front-line pricing creates a glass ceiling," he says.

"Pom Wonderful and the reputation and acceptance of pomegranate will continue, but further substantial jumps in growth are doubtful. Some of Pom Wonderful's public is already prepared to move on to the next fruit and/or flavour."

On the other hand, another beverage-industry guru believes that Pom Wonderful can recover its momentum. "It's not unusual to have a hiccup along a growth

## The science behind Pomegranate

Adding to the marketplace momentum of pomegranates is the fact that science continues to validate the fruits' nutritional and even medicinal efficacy. A hefty $10m (€7.4m) investment into research at major US universities on the part of Pom Wonderful owners Lynda and Stewart Resnick has meant that pomegranate juice is far ahead of mangosteen and noni juice in scientific evidence. All in all, the company has funded 21 studies, with 44 more in the pipeline. And thus far, the research is paying off. POM Wonderful has become the largest grower of pomegranates in the nation.

A study out in May 2007 found that pomegranate products have antiviral and antibiotic effects when extracts are added to toothpaste, mouthwash and chewing gum. Pom Wonderful financed the study by researchers at Pace University in New York.

University of Wisconsin researchers have demonstrated that drinking pomegranate fruit extract helps slow the growth of lung cancer in mice. In a study published in the April 2007 issue of *Cancer Research*, scientists tested dosages that were comparable to what humans reasonably could consume in a day. The key to pomegranates' effectiveness, the researchers said, was the anti-inflammatory properties of its antioxidants. The same researchers earlier had demonstrated that pomegranate contains powerful skin- and prostate-cancer-fighting agents.

UCLA researchers found that drinking an 8oz glass of pomegranate juice daily increased by nearly four times the period during which PSA (prostate-specific antigen) levels in men treated for prostate cancer remained stable. PSA is a marker that indicates the presence of cancer, and the longer it takes PSA levels to increase, the less likely the patient is to die from cancer. The study, funded by Pom Wonderful's owning family, appeared in July, 2006.

path like they've had, but they've built a real brand here, and that's the key thing to understand," says John Sicher, editor of *Beverage Digest*.

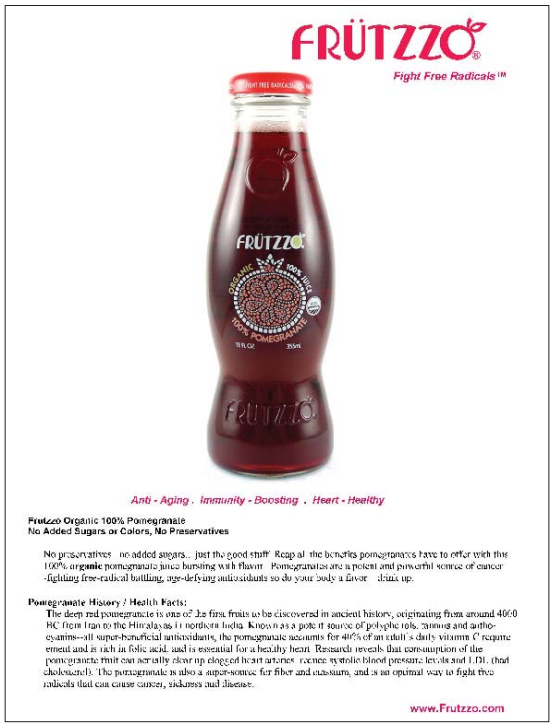
Sicher dismisses the possibility of price fatigue plaguing Pom Wonderful. "It's absolutely clear across the board that consumers are ready, willing and able to pay relatively high prices for interesting new beverages," he says.

"Think of all the people spending more than $2 (€1.48) for just an eight-ounce can of Red Bull, and doing it happily. And that brand is still growing."

In any event, Pom Wonderful's accomplishments to date are nothing short of remarkable. For one thing, the brand seems to have succeeded with its much more aggressive stance, compared with most better-for-you brands, about making health claims for its products that aren't, per se, endorsed by the federal government or some other regulatory bodies. Pom Wonderful has been financing its own research that has yielded plenty of information about the nutritional punch of pomegranates, and the company hasn't hesitated to tout its findings.

Thus far, according to Pom Wonderful, pomegranate juice has been shown to reduce the risk of heart disease by protecting heart vessels from cholesterol. It also has been indicated in slowing and even halting the production of cancer cells in patients with prostate and breast cancer. And the juice has been proven effective as a cure for urinary-tract infections, as protection against Alzheimer's disease, and as a powerful antioxidant that can rid the body of two to three times as many toxins as red wine.

The brand is owned by Stewart and Lynda Resnick through their company, Roll International. Roll's other properties include the Franklin Mint, the pricey collectibles manufacturer; a national flower delivery service; and Fiji Water. A swath of California farmland that the Resnicks bought in the 1980s included pomegranate trees. Intrigued, the couple financed about $15 million (€11 million) of research into the fruits' health properties.


Frutzzo is touted in advertisements for its high ORAC levels, its antioxidant power and its hydrolysed tannins.

## Pomegranate products proliferate

Pom Wonderful's raging success has made pomegranate an irresistible temptation to many other companies and brands, such as startup Fruit$_2$O, an Alpine, Utah-based company that has pioneered organic products. Its lineup of several pomegranate based juices spurted from a standing start in 2005 to $10 million (€7.4 million) in 2006 sales, to a projected $18 million (€13.2 million) in 2007. Fruit$_2$O is now available in more than 6,000 supermarkets and natural food-stores across the US.

Other examples are Pomegranate Pucker, the flavour that gave Yummy Earth organic lollipops some buzz, and pomegranate salad dressing by Wild Thymes. There's Pomegranate Power Sugar-Free Gum from Ford Gum & Machine Co., as well as a pomegranate margarita mix by Jardine Foods. Dean Foods' White Wave unit launched a new line of natural yoghurts called Rachel's (a successful dairy brand in the UK) and two of the 10 varieties are Pomegranate-Açaí and Pomegranate-Blueberry. Pomegranate ice creams are now offered by a company called Sheer Bliss and by Pierre's, which has launched a premium sherbet line called Hola Fruta that includes a pomegranate flavour and a pomegranate-blueberry flavour.

A long pipeline of future food and beverage applications for pomegranate looks more than likely. Solae, for instance, which manufactures soy proteins, has a new beverage concept that features a pomegranate flavour.

Pomegranate is also making waves as an ingredient in the supplements market. Pomology is a new line of pomegranate-based vitamins and supplements from Bullwater Health & Fitness, a New York City company. The stylishly-packaged line includes pomegranate-based multi-vitamins for men and women, Anti-Aging with Resveratrol Formula, and PomGT (pomegranate plus green tea). Launched in January 2007, Pomology has made it onto the shelves of Whole Foods Markets and other retailers in many states.

"Money in the US supplement market has been going disproportionately into pomegranates," says Scott Kamber, Bullwater's chief executive officer. "That's


Pomegranate is appearing in more and more product formats. Rachel's yoghurts are a new brand release from Dean Foods' White Wave.


Pomegranate sherbet is one of the flavours in Pierre's new premium line of sherbet desserts.

because, when people look for medical evidence about which antioxidants are most helpful for certain conditions, there's better science behind pomegranates, overall, than anything else.

"Plus there's a buzz element. It's stylish to be healthy and people identify the pomegranate with being healthy. And it's also a biblical fruit. But lately, Pom Wonderful started it all by doing a wonderful job of creating buzz for pomegranates in foods and beverages. Their products and ads were slick and really stood out and made people think about pomegranates."

## Pomegranate infused, shaken and stirred

Clearly, despite its 2006 decline in sales, Pom Wonderful hasn't been sitting on its hands since it made the ruby-red fruit, native to the Middle East, a mainstream flavour in 2002 in its five manifestations: Original Pomegranate, Pomegranate-Blueberry, Pomegranate-Cherry, Pomegranate-Mango and Pomegranate-Tangerine.

In April 2006, the company launched PomTea in four flavours: Pomegranate Black Tea, Pomegranate Lychee Green Tea, Pomegranate Blackberry Black Tea, and Pomegranate Peach Passion White Tea. The product contains PomX, a highly concentrated source of polyphenol antioxidants. It yields only 70 to 80 calories per serving.

PomTea retails for a suggested $2.99 (€2.20) for a 13.5oz portion in a keepsake glass shaped like a highball tumbler. For all of that, Pom Wonderful says it charges "probably about $1 more than other teas". "Pom Wonderful was able to offset some of its losses last year with the introduction of its PomTeas, but they couldn't get it all back," commented a rival juice executive.

The company's marketing has been unusual as well, although it's not out of the ordinary for a Southern California-based concern. "We've been getting [PomTea] into the hands of great influencers around the country," Holmgren said. That included providing PomTea as the basis of a cocktail that was the "official" beverage of a post-Oscar Awards party hosted by Gov. Arnold Schwarzenegger. The "PomTeaTini" consisted of Pomegranate Blackberry Black Tea, vodka and lemon juice.

Pom Wonderful also carried out sampling of PomTea around the US at various events, plastered it on billboards in selected markets and advertised it in national magazines. In 2005 Pom Wonderful turned heads with an ad for its juice line in *Rolling Stone* magazine, the copy of which blared "Cheat Death", "Dying is so dead," and asserted that Pom Wonderful "can help prevent premature aging, heart disease, stroke, Alzheimer's, even cancer".

And in 2006, Pom Wonderful was one of a handful of marketers that paid for placement of its products in episodes of Prom Queen, a new web-only serial drama produced by a studio backed by former Walt Disney Co. CEO Michael Eisner. Pom Wonderful products – along with a handful of others such as Fiji Water and Teleflora flowers – were to appear in the 90-second episodes that comprised the 80-day experiment in the programming and marketing power of the internet.

One of Pom Wonderful's biggest problems now, however, is that it can no longer supply other companies with pomegranate ingredients because of the fast-rising popularity of its own products, which also include fresh pomegranates. Other companies and even universities around the country, such as Texas A&M, are scrambling to see how quickly they can cultivate new pomegranate orchards.

Before Pom Wonderful's juice line appeared, pomegranate's vast stores of vitamins A, C, and E, folic acid and polyphenol antioxidants were being accessed mainly in the form of fresh fruit. But as 70% of the fruit's antioxidants are released from the peel when the pomegranate is squeezed, drinking pomegranate juice is far more healthful than just eating the fruit.

## Beverage giants have awoken to pomegranate

The super heavyweights of the beverage business have followed Pom Wonderful into the juice business. PepsiCo's Tropicana unit, for example, introduced Pomegranate-Blueberry juice. PepsiCo also introduced Dole Sparklers, a new line of sparkling juice packaged in single-serve, 16.9oz bottles, including Pomegranate Blueberry flavour (as well as Orange Tangerine, Cranberry Raspberry, and Pink Grapefruit). Sparklers feature real fruit, B-complex vitamins and 50% less sugar and calories than regular juices.

In 2006 Odwalla introduced an entire new sub-brand based on pomegranate juices: PomaGrand, in Pomegranate, Pomegranate Mango and Pomegranate Berry flavours. Seasonal flavours are Pomegranate Lemonade and Pomegranate Limeade. The 15.2oz single-serve bottles carry a suggested retail price of $3.99 (€2.94). Also that year, Odwalla introduced 64oz varieties of PomaGrand products for a whopping suggested retail price of $12.49 (€9.21).

"We took advantage of pomegranate because we have such a heritage of fruit and formulation," said Chris Brandt, marketing director for Half Moon Bay, Calif.-based Odwalla. "We believe ours tastes best because of how we can combine different flavours with [pomegranate]. It plays to our strength. We look for juices and fruits that provide the best health and nutrition as part of a package rather than just chase fads across the board."

One company that has been tapping into strong demand for pomegranate as an ingredient in all these products is Perfect Purée, a Napa Valley, Calif.-based

### Pomegranate facts

Pomegranate was first domesticated about 10,000 years ago in its native Iran, and in Turkey. Today, well over a million tonnes of pomegranates are grown on all continents except Antarctica. Iran alone produced 670,000 tonnes in 2004. Iran, the US, Turkey, Tunisia, and Spain are the world's biggest producers. Despite the fact that about 3,000 cultivars have been described, only one variety, Wonderful, is commonly grown worldwide, especially in California, Chile, and Israel.

According to the San Francisco-based Pomegranate Council, about 250 growers in California produce almost all the domestic pomegranate crop on approximately 14,000 acres, mostly in the central and southern San Joaquin Valley.

## The fashionable pomegranate

The sudden and rapidly growing popularity of all things pomegranate may in part be traced back to Oprah Winfrey, along with so many other American crazes. When the daytime-talk TV star and American über celebrity recommended a pomegranate martini made by the Cheesecake Factory restaurant chain during a show in 2006, the fruit got a priceless imprimatur. It was certainly hot before then, but the buzz around pomegranate now is absolutely deafening.

"After Oprah said that, I tell you that afternoon seven million American women went to the liquor store and asked if they had something with pomegranates in it," says David van de Velde, founder of Luctor International, an Orlando company whose Vincent Van Gogh Vodkas brand introduced a pomegranate flavour last year. "And I said, 'Hey, I better make a bottle of this.'"

Priced at a suggested $25 (€18.40) for a 750ml bottle, Van Gogh's pomegranate vodka is aimed at upscale consumers (and is soon to be followed, van de Velde says, by an açaí-blueberry vodka).

There's also Pama Pomegranate Liqueur and even a new Sweet Carolina Pomegranate wine, offered by Chatham Hill Winery in North Carolina. And like a growing number of upscale eateries, Ivy Restaurant in downtown Boston uses pomegranates in a dessert called Winter Fruit Jubilee. Pomegranate makes yet another appearance in Häagen Dazs, the upscale US ice cream brand. The company recently introduced a Pomegranate chip flavour.

Inner-beauty fans can choose from among a burgeoning variety of pomegranate products too. A new California company called Pomega has launched a line of both nutritional supplements and therapeutic-skin-care products based on pomegranate-seed oil. And Los Angeles-based Borba Skin Balance Waters includes pomegranate in its line aimed especially at skin clarification.

Celluloid celebrities including Angelina Jolie, Reese Witherspoon, Charlize Theron and Will Ferrell all endorse the "health coaching" of Nutrifit, a Los Angeles company that makes a Pomegranate Bruschette, among other desserts.

We wonder whether Oprah gave herself a wee pat on the back when she heard a pomegranate cocktail mentioned on a recent episode of the hit TV series CSI: Miami.


Decadence and indulgence characterise many of the new pomegranate based products.


Pursuing the pomegranate punters: Vincent VanGogh's Vodka flavour joins an ever-increasing line of products using pomegranate as a star ingredient.

company that sells a vast lineup of fruit and vegetable purees to the food trade. Pomegranate is the fastest-growing flavour; sales increased by 250% between 2004 and 2006.

"Everybody's hearing from the media about the benefits of pomegranate," says Anita Dadson, a Perfect Purée sales associate. "Most of our accounts are wholesale, and our customers keep coming up with new beverages, desserts, and sauces – even savoury sauces and salad dressings – where they want pomegranate puree."

One area where new pomegranate products are decidedly missing is smoothies. Varieties featuring pomegranate are popping up but the fruit is "not to the point where it's mainstream in smoothie drinks," said Ed Redmond, senior vice president of Freshens Smoothies, an Atlanta-based company that is a major player in made-to-order smoothies in the US market. "It's more of a liquid that is consumed by itself. People have become accustomed already to drinking it that way. Although one day it may come around."

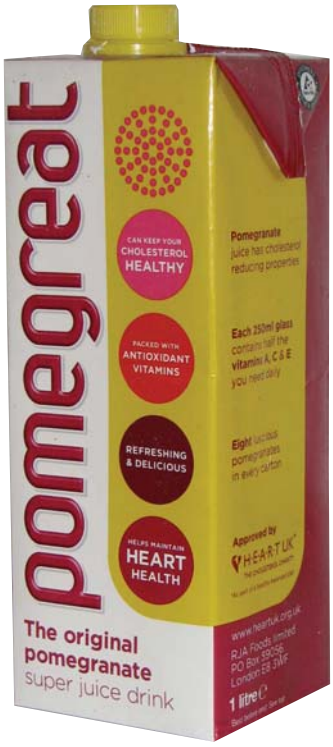
## Pomegranate achieves pole position in the UK market too

While Pom Wonderful has taken pomegranate to superfruit stardom in the US, in Europe there's another pomegranate juice brand which is just as successful – Pomegreat. And, Pomegreat's growth trajectory – the business zoomed from zero to £30 million ($60 million/€44 million) in retail sales within four years – means that in 2007 the brand gained pole position in the world's race to be the No. 1 pomegranate juice brand.

### Pomology Supplements


Pomegranate-based supplements developed to meet a variety of health and fitness needs are becoming increasingly popular. Pomology is a new line introduced by Bullwater Health & Fitness.

In 2005, Adam Pritchard, the co-founder and managing director of Pomegreat, admitted that his company's pomegranate juice brand had already done pretty well, reaching more than £2.5 million ($5 million/€3.7 million) in retail sales. We wrote then that the pomegranate sector would be exciting and fast-developing – we had no idea just how exciting. In the intervening years Pomegreat has sky-rocketed and sales hit £30 million at retail ($60 million/€44 million), with growth of 100% in 2006 alone. To give a better idea of the pace and scale of this success, that's equivalent to creating a $200 million brand in the US.



The "other" pomegranate juice brand: Pomegreat has achieved superfruit stardom for pomegranate in the UK.

That's an impressive achievement for any company, and it's breathtaking when you consider that Pomegreat has introduced UK consumers to a completely new and unfamiliar fruit drink, marketed under a completely new brand at a premium price and, until last year, relied solely on PR to build brand awareness.

Even more impressive is that this has been achieved by a company whose leader – in common with many visionary entrepreneurs in the nutrition business – had no previous experience in the food and beverage industry. Leaving school at 16 with few qualifications, Pritchard had back-packed around the world for many years. But, he says, at the age of 24, "I came back to the UK, met my fiancé and I wanted a career. I trained to be a stockbroker, but I hated it and left after a year. I set up two small businesses that weren't successful – and I learned a lot from it".

"We are an interesting story," says Pritchard. "We're not a big multinational, we are very passionate about what we are doing. And the whole ethos behind our brand and business is to be as different as possible – if we take competition head-on we'll lose. We're also real," Pritchard said in 2005. "Does the man from Del Monte really exist?" he asks, referring to the character that fronts Del Monte's advertising. "No. But we do."

Pomegreat's highly professional PR effort has been key to the company's success. "We run a very successful PR campaign," says Pritchard. "We built our consumer base up through PR, we're very good at it. It's just what we do."

Look closely at Pomegreat and it soon becomes clear that this company hasn't just ridden the wave of consumer buzz about pomegranate and its health benefits. The company's success has come in large part because it has been a crucial catalyst of the buzz about pomegranate and a proponent of the halo-effect of pomegranate in all forms. Without Pomegreat's PR it's very doubtful whether the small UK market for whole fresh pomegranates would have grown 212% in one year (in the time that Pomegreat has been around, the growers of fresh pomegranate have not needed to make any kind of marketing effort). Pomegreat's investment in 2006 of £1 million ($2 million/€1.5 million) in its first-ever print and billboard advertising campaign is 100% more than the fresh fruit growers have ever done.

## On-pack communications say it all

Heart health, taste, the product's high juice content and the fact that it's sugar-free – are the key messages in Pomegreat's advertising and PR.

Pomegreat communicates its heart health benefits forthrightly on labels using the logo of Heart Research UK, a charity concerned with heart disease, as an important component of that communication. Heart Research UK promotes medical research into heart disease leading to its prevention, treatment and cure.

Pomegreat was first among fruit juice drinks and smoothies in UK supermarkets to bear a heart-health approval of any kind: "We worked very hard to get approval from Heart UK," says Pritchard, explaining that he saw a competitive advantage in endorsement.

Pomegreat puts pomegranate at the heart of everything it does. "It's a bit like Ocean Spray with cranberry," Pritchard said in an interview at the end of April 2007. "Cranberry's all they've got – and pomegranate as a fruit is good enough to stand on its own like cranberry or orange. We always look to Ocean Spray as the model for us to follow. We are looking to emulate their success."

Since launching its first shelf-stable pomegranate juice back in March 2003, Pomegreat has added three more SKUs: a shelf-stable pomegranate-blueberry blend introduced in 2004, whose sales are today equivalent to 70% of the pomegranate SKU; a pomegranate-raspberry blend which followed a year later and, late last year, a blend with another superfruit – açaí. All four SKUs are sold in 1-litre packs in all the UK's major grocery chains.

Pomegreat launched its first chilled brand in January 2006 and it earned over £3.5 million at retail ($7 million/€5 million) in its first year. More recently it added Pomegreat 100, a 100% not-from-concentrate juice, and Blueberry 100 to its chiller cabinet offerings.

"Space in the chiller cabinet is not quite as easy to get as space on the ambient shelf," explains Pritchard. But, being "big" in the chiller cabinet hasn't turned out to be essential and in terms of sales value, the five-year-old brand is already the second-biggest in the ambient juice aisle in UK supermarkets. In the pomegranate juice segment it has 70% of the market, by value.

## Pomegreat's partnerships

Pritchard values partnerships highly. Pomegreat's partnership with commercial partner Charter Brands has been pivotal to building the Pomegreat brand. A drinks company based in Edinburgh, Scotland, Charter – which is also a shareholder of Pomegreat – looks after finance, operations and marketing.

Another significant partner was David Berryman Ltd, the UK's leading juice blending company and a product-development specialist. David Berryman Ltd. helped develop Pomegreat. Despite Pritchard's relative youth and his lack of industry experience, the company took him seriously and helped him meet his goal of taste, refreshment and high juice content.

The product that resulted from this collaboration has 37% juice content from concentrate, of which 30% is pomegranate and 7% aronia, giving a juice content that is higher than most ambient juice products on the UK market. Other ingredients are water, a fruit extract concentrate, nature-identical flavourings, and vitamins A, C and E and folic acid, these last enhancing the product's heart-health credentials.

Pritchard also praises packaging giant Tetra Pak for the support it gave his fledgling brand. Tetra Pak helped find a packaging designer and funded an initial 50% of the cost of the packaging design. Today Pomegreat's four SKUS are all packed in 1-litre Tetra Paks.

## Distribution a key

The Pomegreat brand debuted in March 2003 in Waitrose and Booths – two upscale regional grocers, one covering the south-east of England, the other the north-west, the UK's two wealthiest regions. Four years on, it can be found listed nationwide by all major retailers as well as the druggists Boots and a growing roster of independent convenience stores and drugstores nationally.

"It's important to have presence in smaller shops – it needs to be seen everywhere," Pritchard believes. With that in mind Pomegreat is also pushing into bars and


Pomegreat 100 is one of Pomegreats' newest additions to the chiller cabinet.

### Ingredient list and nutrition facts panel for Pomegreat

pomegreat

**Pomegranate**
super juice drink

**Ingredients**
Fruit juices from concentrate 37% (Pomegranate 30%, Aronia Berry), Water, Fruit Extract Concentrate, Flavourings, Vitamins: C, E, A & Folic Acid

Free from artificial colours, preservatives and sweeteners

**Nutrition information**

| Typical Values per pack | per 100ml | per 250ml serving |
|---|---|---|
| Energy: kJ | 189 | 472 |
| kcal | 44 | 110 |
| Protein: | 0.1g | 0.2g |
| Carbohydrate: | 11.1g | 27.7g |
| of which sugars | 10.6g | 26.5g |
| Fat: | <0.1g | <0.1g |
| of which saturates | 0.0g | 0.0g |
| Fibre: | 0.0g | 0.0g |
| Sodium: | trace | trace |
| Vitamin A: | 160µg (20% RDA*) | 400µg (50% RDA*) |
| Vitamin C: | 12mg (20% RDA*) | 30mg (50% RDA*) |
| Vitamin E: | 2mg (20% RDA*) | 5mg (50% RDA*) |
| Folic acid: | 80µg (40% RDA*) | 201µg (100% RDA*) |

*Percentage of recommended daily allowance (RDA)

cafés, such as the Slug and Lettuce and All Bar One chains. "It's good-value incremental business," he adds.

Pomegreat is also picking up distribution in Ireland, where sales are growing strongly, as well as Spain, Cyprus, Sweden and elsewhere and, says Pritchard, there's the possibility of a major supermarket listing in the Netherlands.

## Pomegreat pleases women's palates

Pomegreat targets 25-45 year-old females, with a customer base that is, as with most health propositions, skewed towards London and the south-east. Wider distribution, however, is helping to spread the customer base. In its early stages the brand appealed mostly to older consumers, who were motivated by its heart-healthful message, but now "we've even got a lot of parents giving it to their kids at breakfast", says Pritchard.

The Pom Wonderful brand may get all the attention in the US, but in the UK Pomegreat has outpaced its much more muscular American rival, which had sales of around £3 million ($6 million/€4 million) in the UK in 2006.

"There's no real focus on their brand over here," Pritchard observes. "They don't have enough concentrate to supply their own market. They were our biggest concern a couple of years ago, but they don't come up any more as a threat."

Nevertheless, there are a lot of competing pomegranate juice brands, which makes Pomegreat's achievement all the more remarkable. Some juice companies with no specific health focus, such as the highly price-competitive Rubicon, have entered the sector, but with price as the sole competitive advantage and no


Pomegreat's bold advertising highlights the fruits' heart-healthy properties.

effort in building a credible brand, none have made any headway. Private labels – so far selling in only small quantities – are the strongest competition.

Pomegreat is priced at a premium to regular juices on the ambient shelf, retailing at around £1.49 a litre ($2.98/€2.20), a premium that gives retailers a good cash margin. "We charge a premium and we have built that premium position and we return more cash off the same space than many other brands," said Pritchard.

There will be some who, looking at Pomegreat's success, will argue that the brand has been lucky, surfing the wave of consumer interest in superfruit. But that argument would be both ungenerous and untrue. It's clear that Pritchard and his partners have worked hard on every aspect of their brand and have pursued a single-minded strategy. Pomegreat may have been lucky, but it has made a lot of its own luck.

# Case study 3
## Blueberries

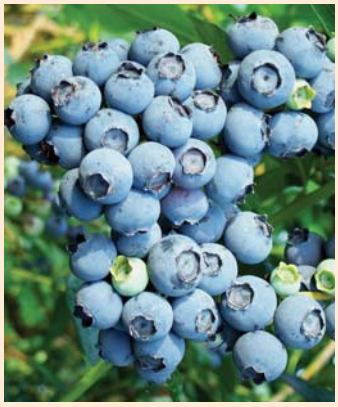
### SIX ELEMENTS SUMMARY: BLUEBERRIES

| Element | Explanation |
|---|---|
| **1. Sensory** | Blueberries are sweet, good-tasting and easy to eat in their whole fresh form. They score very highly on sensory properties |
| **2. Novelty** | Blueberries are not novel in growth markets such as the US and UK, but media attention to their health benefits, coupled with their strong convenience, made customers react to them as if they were a new fruit. |
| **3. Convenience** | Blueberries – and the same applies to most berries – have a major advantage over most other fresh fruit. Blueberries are one of nature's instant snack-foods. They are easy to eat, require no peeling and the consumer is left with no core, peel or waste. They are easy to add to other foods (as a topping for breakfast cereal, for example) and as a result a high level of blueberry consumption now is out-of-hand snacking. Moreover blueberries have long been available as frozen and other forms and their use as an ingredient by the food and beverage industry – in snack bars, muffins, yoghurts and desserts – has been a key driver of growth for blueberries over the last ten years, reflecting the extent to which an ingredient strategy is often more important to developing a superfruit than a "whole fresh" strategy. |
| **4. Control of Supply** | Unlike pomegranate and cranberry there is no dominant grower group and no dominant single variety. Luckily for the growers, demand has outstripped supply for over five years and new plantings cannot yet keep pace with consumer demand. That piece of good fortune for the growers means that the pull of demand gives them a degree of influence on pricing similar to if they actually controlled the supply. This particular advantage is very likely, however, to be eroded over time as new planting rises to meet demand. It might be possible to create a new niche within the blueberry market (itself a niche) by developing blueberry cultivars with a specific health benefit and/or cultivars designed to provide a specific health benefit that would be available only in the form of concentrated extracts used in foods and supplements (an ingredient strategy that has already been successful for bilberries). |
| **5. Health benefit** | Blueberry is one of the most-researched fruit, with over 96 published studies. The high-antioxidant health benefit was originally based on US Department of Agriculture work on ORAC (the scale which measures fruits' antioxidant potential). A number of purported benefits have been extrapolated from blueberries' high antioxidant status – ranging from eye health, to brain health and heart – but we are not aware of any substantiating published human clinical studies. It was the discovery of their potent antioxidant activity that put blueberries in the headlines in the late 1990s. |
| **6. Marketing the benefit** | The blueberry industry cannot take any credit for the promotion of blueberries' health benefits. The development in the West came as a result of journalists picking up on the news emerging from the science and this attention has maintained a momentum all of its own from a media eager for positive stories about appealing, naturally nutritious foods. At last the blueberry-growing and -marketing industry is now trying to step up its game to capitalize even more on blueberries' growing popularity. |

Blueberries' halo of intrinsic heathfulness – based on their high content of antioxidants – together with their sweetness and convenience, has propelled them to the status of a superfruit. It's a reminder that consumers find it easiest to engage with products that offer health benefits that are "as natural as possible". It also underscores the fact that you don't need health claims to make a nutritional success. Blueberries may be very high in antioxidants, but there's no evidence

## THE U.S. BLUEBERRY MARKET JUST KEEPS GROWING

For the 52 weeks ended 3 December 2006 sales of fresh blueberries in the US reached $509 million (€379 million), representing a 21% increase over the previous 52 weeks' sales.



During the same period, volume increased by 15 million pounds (7 million kgs), or 12%, to 135 million pounds (61 million kgs).

Fresh blueberry prices rose at an even faster pace over that two year period, according to FreshLook Marketing. While the average retail price was $3.27 (€2.44) a pound in 2004, it rose to $3.52 (€2.62) in 2005 and further to $3.73 (€2.79) for 2006.

from human clinical studies that would substantiate a health claim that eating blueberries will actually deliver a specific health benefit. But being able to substantiate a health claim often has nothing to do with market success and in Europe, the US and Japan blueberry sales and prices are leaping ever higher, resulting in a rationing of supply to food processors.

As new products containing blueberries proliferate worldwide and availability increases, prices are remaining high as more and more consumers – encouraged by the ever-rising buzz about the nutritional efficacy of blueberries – keep pushing demand higher.

Before the superfruit craze, the blueberry industry was a sleepy backwater like most agricultural commodities. Today the fruit is being showered with kudos, including a recommendation by Jamie Gold, a finalist in the 2006 World Series of Poker in Las Vegas, who said that eating blueberries was the key to maintaining his energy during the gruelling competition.

Those in the blueberry business around the globe are pinching themselves to make sure they're not dreaming. "It's been an interesting and wild ride," says Tom Payne, a business-development consultant for America's dominant highbush blueberry industry.

"Growers are very happy: they're getting good prices; they're increasing production; and demand just keeps building. Rarely do you talk with someone in an agricultural group who says they've got the largest crops and yet the best prices ever, each year for three straight years. Usually in agriculture, there's a doom cycle where everyone starts planting and suddenly there's an oversupply."

The phenomenon is not confined to the US. "The UK's fresh blueberry retail sales value was up 50% in 2006 – and that followed 100% growth in 2005," says Professor David Hughes, a director of KG Fruits, Europe's second-largest berry company. That growth takes the value of the UK market to in excess of £70 million ($139 million/€103 million), giving the UK what may be the world's highest per capita consumption of fresh blueberries after Japan.

Interestingly, adds Hughes, this consumption is skewed strongly towards a certain type of consumer. "The shopper data used by Tesco [the UK's number one grocery chain] is the best of its kind in the world," says Hughes. "Tesco

has six segments of shoppers – those driven by health, price, convenience, finer foods, mainstream and traditional. The finer foods group – who are 16% of Tesco's shoppers – are higher income and include many older, richer people and they are 2.5 times more likely to be buying blueberries than any other group."

Those who are interested in convenience also over-purchase blueberries, explains Hughes. "Blueberries are after all the quintessential snacking product. But their snack potential still hasn't been fully exploited – they are still in the fresh produce department when they should be in smaller packages in convenience stores and places near where we work. Women have got the health story but they can't buy them as a snack near where they work."

Though they lag behind the UK, France and Italy are also witnessing a surge in interest in sales of blueberries, and Hughes says it is becoming a Europe-wide phenomenon.

As so often in the nutritional world, Japan is well ahead of the West and the blueberry story is an old one there. Sales of blueberries began surging in 1998, triggered by the launch of a market for dietary supplements for eye health based on bilberry extract. Because the Japanese didn't know what a bilberry was, these supplements all referred to "blueberry" instead, and the leading supplement brand is in fact called "Blueberry Eye".

The bilberry supplement companies invested massively in PR and advertising, creating a market still worth over $300 million (€223 million) at retail and at the same time exposing Japanese consumers to the idea that blueberries have health benefits.

According to Takeshi Takeda, managing director of Tokyo-based Global Nutrition Group, "the consumption of blueberries increased because its application was expanded as an ingredient in yoghurt, bakery, ice creams and soft drinks". Today blueberry has become one of the most common flavours in the Japanese supermarket.

The changing face of the North American market – the world's biggest – testifies to blueberries' tremendous marketplace momentum in recent years. Because of the fruit's health halo and its versatility, about three-fifths of the US blueberry crop now goes into fresh-product uses compared with less than half the overall crop a few years ago, while the remainder is processed into various foods and beverages.

For 2006, sales of fresh blueberries reached an estimated half-billion dollars in US supermarkets alone, according to FreshLook Marketing, a Hoffman Estates, Ill., provider of produce-sales data. Sales were $488 million (€363 million) for the first 11 months of 2006, FreshLook calculated, while sales of fresh blueberries for all of 2005 were $426 million (€317 million). A year earlier, sales were $380 million (€283 million).

## Highbush and wild blueberries

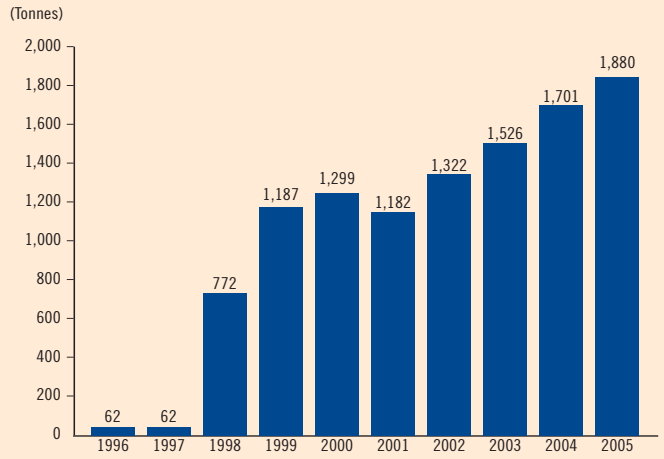
Both highbush and wild blueberries are mostly native to North America. Highbush berries are larger and sweeter and are grown in temperate regions such as the Pacific Northwest, California and the South. Chile is a fast-developing supplier of fresh highbush blueberries, so too are Poland and France. About half of the wild variety, smaller and more tart, are grown in Maine and the other half in Canada. Other varieties of blueberries are grown in China.

## 'BLUE GOLD' FIRST STRUCK IN JAPAN

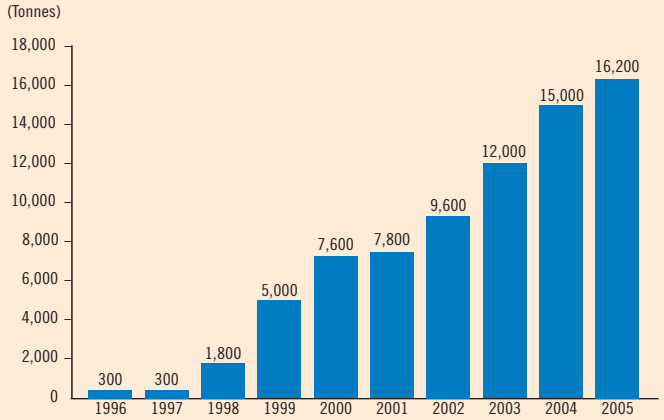
Japan, the home of functional foods, was the prime mover behind the worldwide 'blue goldrush'. As Chart 24 shows, sales of blueberries began surging in 1998, triggered by the launch of a market for dietary supplements for eye health based on bilberry extract.

The driver of imports of frozen blueberries (see Chart 25) was demand from food processors, trying to cash in on the bilberry boom by launching yoghurts, muffins, drinks and other products with blueberries.

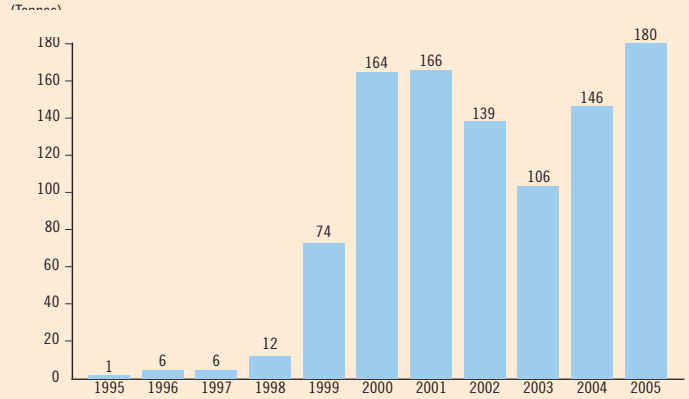
### Chart 24: Japanese imports of fresh blueberries (1996-2005)




### Chart 25: Japanese imports of frozen blueberries (1996-2005)




### Chart 26: New food and beverage products using blueberries as an ingredient launched in Japan (1995-2005)




*Sources: Industry interviews, Global Nutrition Group*

"The key thing is that most of the health benefits seem to be related to pigments, to the anthocyanins," says Mary Ellen Camire, a professor of food science and human nutrition at the University of Maine. "In blueberries [they] are concentrated in the skin. So there's a surface-size effect: wild blueberries are smaller, so they have more surface area – and more skin – relative to what's inside. So pound for pound, wild blueberries will tend to have more anthocyanins than cultivated." (European bilberries, she added, have even more anthocyanins because their pigment runs through the entire fruit).

Another difference between the two main blueberry varieties is that – because of a tarter taste and more skin versus inner flesh – wild-blueberry growers focus on the processed-food market while highbush growers have been pursuing the fresh market. Wild-berry growers also have little opportunity to distribute and market fresh berries because their season is so short, about six weeks, meaning that only the US Northeast gets substantial quantities of fresh wild blueberries.

For that reason too, wild-blueberry processors have felt little compunction to develop or to seek processed applications for their products such as smoothies. "They're getting premium prices and they can't meet demand as it is," Professor Camire explains.

Blueberry growers have also had some interest in working with soy companies on new products, because that would be a great natural combination – but, again, the limiting factor is that they may not be able to promise a steady supply of wild blueberries.

## Blueberries enjoy the media spotlight

It was the discovery of their potent antioxidant activity that put blueberries in the headlines in the late 1990s. Antioxidants had already been identified as quenchers of free radicals, helping protect the body against oxidative cellular damage that can lead to the development of cancer, heart-disease and degenerative brain diseases such as Alzheimer's.

When Dr. Ronald Prior and his team at the US Department of Agriculture Human Nutrition Research Center on Aging in Boston tested 40 fruits, vegetables and juices for their antioxidant capacity, blueberries topped the list. It was clear that non-nutrient phytochemicals in blueberries, primarily the anthocyanins, were major contributors to this high level of antioxidant activity. More recently, Dr. Prior and his team published a comprehensive analysis of the antioxidant content of more than 100 foods – fruits and vegetables, grains, nuts, spices and some processed foods. On a per-serving basis, blueberries still top the list.

Other highly publicised mentions of the nutritional potency of blueberries have followed ever since. In 2003 blueberries starred in a popular book called *The Color Code: A Revolutionary Eating Plan for Optimum Health.* The authors recommended eating fruits and vegetables that are packed with colour, explaining that it is in the pigments themselves that many of the nutritional benefits are found. They recommended blueberries as a "virtual storehouse of antioxidant and anti-inflammatory compounds".

Positive media mentions of blueberries now run into the tens of thousands and it is this media attention that has propelled consumer interest. While there's no question that blueberries are a rich source of antioxidants and that these

antioxidants have clear health benefits, no one can point to a human clinical study that links consumption of a given quantity of blueberries with a precise health benefit.

The blueberry market is being built by a logical inference of health benefits – but blueberries carry no approved health claims and lack the kind of hard evidence the US FDA, for example, demands.

Interestingly, the blueberry growers cannot themselves take much – or even any – of the credit for pursuing one of the most successful nutritional strategies around. The news of the benefits of blueberries has come from a media eager to pick up good news about natural health benefits from the research community.

## Changing consumption

For highbush blueberries, there's been a substantial shift in how they're consumed. Until a few years ago, as much as 60% of the overall crop was sold to various food processors. But since then, fresh demand has risen strongly and steadily, and record percentages are now going into the fresh market. Of the 2006 North American crop, 167 million pounds, or about 52%, ended up in the fresh markets and 156 million pounds went to processors, according to the US Highbush Blueberry Council, Folsom, Calif.

"We used to sell a slightly higher percentage of the crop to processors, but over the last four or five years, more product is going fresh," says Mark Villata, the council's executive director. "That's a function of the health messaging: a lot of our consumption now is out-of-hand snacking and using blueberries in desserts and salads. Also the fact that, with Southern Hemisphere berries available here in the winter months, you've got a blueberry supply 12 months of the year."

The so-far insatiable rising demand for fresh blueberries has prompted the industry to try to develop better packaging and processes for freezing blueberries. "A lot of fresh berries are going into smoothies and toppings on cereals, and if people can't find fresh, for those applications at least they're looking for frozen berries to replace them," Villata says.

Tom Payne notes that "the poly bag area used to be the dead zone of the supermarket. But now the fastest-growing area for blueberries is frozen replacement for fresh." Food and beverage processors are also pushing for more supplies of highbush blueberries as well. Beverage applications, especially, are


Danone's Actimel probiotic drinking yoghurt is the world's biggest immunity brand and one of the ever-growing list of flavours is, unsurprisingly given Danone's acute receptiveness to trends in nutrition and health, blueberry.

## THE BLUEBERRY PRODUCT INVASION

Last year, 1,125 new blueberry products were identified by Mintel's Global New Product Database. That was up from 930 blueberry products in 2005 and 855 in 2004. Go back just a decade, to 1996, and there were only 45 new blueberry products on the American market.

Below we summarise some of the most interesting developments in new products that include blueberries:

- Danone has used blueberries as the signature fruit in its highly successful Activia yoghurt. There is also a blueberry-flavoured variant of Actimel.
- Kellogg recently launched a new cereal called Fruit Harvest, which presents a medley of strawberries and blueberries. And blueberries are featured in the Antioxidants variety of Kellogg's trio of Smart Start cereals, each of which focuses on a different area of nutritional functionality.
- Blueberry Delight is the newest flavour of Mott's Healthy Harvest all-natural apple sauce, joining Granny Smith, Country Berry, Summer Strawberry and Peach Medley. Each 3.9oz cup has half the calories of regular apple sauce with no added sugar.


Beverages are becoming a vehicle for more and more applications of blueberries, especially combinations of blueberry with the juices of other popular superfruits, including pomegranate and açaí. Recent and new entries include:

- 180 Blue with Açaí, a new line of energy drinks from Anheuser-Busch (the owners of Budweiser) that includes blueberry and açaí juices.
- Açaí + Blueberry Power Juice, offered by Zola, the San Francisco-based company that is one of the original purveyors of açaí products.
- Pomegranate-Blueberry Honest Ade, by Bethesda, Md.-based Honest Tea.
- Blueberry Pomegranate flavour of Infinity Health Water, by Leading Brands, a Vancouver company.
- Pomegreat 100 & Blueberry, a blueberry-pomegranate combination from the UK company RJA Foods.

Blueberries are one of the most popular ingredients in smoothies at made-to-order smoothie shops, whose numbers are expanding across the US.

New blueberry applications are appearing all the time. A college-student startup in Orno, Maine, has concocted Yo Bon Blueberry Bites, a novelty consisting of blueberry frozen yoghurt covered by dark chocolate. Distribution is only local so far. Company co-founder Shari Baxter says she wanted to take advantage of the fact that Maine is a blueberry-growing state. Yo Bon Blueberry Bites is fortified with calcium (25% of the RDA), high in antioxidants, lower in fat than most snack options and a good source of fibre.

booming, Payne says. Such have been the supply restrictions that "we were half expecting companies to say that they were going to yank their blueberry products and move to something else," he adds. "But we just keep having increases in new products each year."

But demand for organic berries isn't a major factor, Payne says, because blueberries don't require much fertiliser or other grower input. Nevertheless, because of the rising popularity of the organic label on all foods, "there's huge demand starting up for organic berries in some places, including Taiwan", he says. And more US growers are converting at least some of their acreage to organic cultivation.

Overall, blueberry growers just keep planting more and more acreage to try to keep up, especially in the US Northwest and South. "We're figuring that, within the next 10 years, our production probably will go up by another 100 million pounds a year [45,000 tonnes]," or by about one-third, Villata says. "We're just keeping manufacturers aware of what's taking place and encouraging them to hang in there."

## How long will the goldrush last?

Payne says he had "been a skeptic" about whether nutritional strengths of any fruit could really propel market expansion for the product on a long-term basis. "But blueberries," he says, "may be becoming a good case study for how health benefits can drive a market." Hughes concurs: "They are a great long-term bet and blueberries' relative importance in the berry patch will continue to grow."

But, Hughes cautions, the price rises of recent years enjoyed by blueberries will come to an end as the massive increase in planting now taking place worldwide feeds through into better supply, after which the industry will settle down to a more normal supply and demand situation. Volumes, though, will most likely continue to grow, driven by health and convenience and growing consumer interest in new markets where blueberries and blueberry products are still little-known.

# Case Study 4
## Bilberry

### SIX ELEMENTS SUMMARY: BILBERRY

| Element | Explanation |
|---|---|
| **1. Sensory** | In fresh form bilberry can have a very intense taste which is very popular in Scandinavia, where bilberries grow wild. However, sensory properties are not important as bilberry is mostly used in extract form as an ingredient in dietary supplements. Arguably there is a gap in the market for good-tasting bilberry beverages to inject some pleasure into the bilberry market, which is largely a medicalised market, based around eye health. |
| **2. Novelty** | No novelty in the Scandinavian countries, where bilberry has long been part of the diet, but it was novel when it was introduced to Japan in 1998, where it was described as "wild blueberry". There is scope to introduce it to other markets – in most of the world it is little-known. |
| **3. Convenience** | Primarily used in supplements, the ultimate in convenience, and in Scandinavia as an ingredient in many foods. |
| **4. Control of Supply** | Only the wild-harvested variety, growing in the northern parts of Finland, Sweden and Norway, appears to have the level of anthocyanins necessary to give the claimed eye health effect. Finding the crop in the forests near the Arctic Circle is difficult, it has to be picked by hand because it is a fragile berry, and the market is controlled by only a very small number of Finnish and Swedish companies, who as a result effectively have control of supply. |
| **5. Health benefit** | Many studies on bilberry's eye health benefits. |
| **6. Marketing the benefit** | Strongly marketed in Japan, where the eye health benefit is relevant and understandable to consumers. The eye health benefit has yet to be developed to any extent as a marketing platform outside of Japan. |

As we have said elsewhere in this book, superfruit are often thought of in terms of whole fresh fruit such as blueberries or as juice, such as pomegranate, but increasingly companies are making ingredient supply an important plank of their superfruit strategy.

The story of bilberry differs from the other case studies in that it is an example of a pure ingredient strategy. Bilberry is an excellent example of how to create superior profitability for growers, processors and brand owners by focusing on a superfruit in extract form as an ingredient in dietary supplements.

Because of consumer demand for supplements based on bilberries, bilberry extract has become one of the world's most valuable health ingredients. The average market price of extract powder in 2005 was 60,000~90,000 yen per kilo, depending on the anthocyanin content. Bilberry growers can earn as much as $60 per kilo for their fruit which must make it the highest price any fruit grower gets in the world.

This price, in large part, reflects the strong control of supply that the growers enjoy (Success Element 4). At the moment only wild harvested bilberry has sufficient

anthocyanin content for the Japanese market and it can only be gathered in the forests of Scandinavia and the Baltic states. In fact bilberry extract is so valuable that there are counterfeit products on the market.

## Japan leads the way in bilberry

As in all areas of the nutrition business, Japan is several years ahead of the West. The first bilberry extract supplement was introduced by Kyoto-based Wakasa Seikatsu Corporation in 1998. Today it is still the top-selling bilberry supplement, with sales of about JPY7 billion ($66 million/€51 million) in 2004. Although the product contains bilberry extract, its brand name is "Blueberry Eye". The number two bilberry supplement company is Sunny Health Co. Ltd. with about JPY3.5 billion ($34 million/€22 million) in sales. Sunny's product is called "Blueberry Family", though it actually contains bilberry extract.

In total the size of the Japanese market for dietary supplements based on bilberry extract is worth JPY43 billion ($420 million/€260 million) at retail.

Almost all bilberry supplements are marketed on an eye-health platform and as a result the health benefit that "bilberries are good for eyes" is widely recognized among consumers.

Eye health is a significant area of concern for Japanese people. According to surveys conducted by the Japan Institute for Labour, Policy and Training, nearly 80% of Japan's workers experience some form of eyestrain from using PCs or mobile devices. A further 90% of workers complain specifically about "tired eyes" or "painful eyes".

As a result, the Japanese market for eye-health supplements and foods of all kinds is large, worth approximately ¥99.5 billion ($822 million/€609 million), and 45% of the eye-health market is governed by bilberry-based supplements.


Bilberries' eye-health benefits are widely recognised among consumers.

## The halo effect of bilberry

The example of bilberry also shows how a strategy of focusing on supplying an ingredient with a health benefit can create a health halo around the fruit which in turn creates consumer interest in a whole fresh fruit – in this case, blueberries.

In Japan, the creation of a market for dietary supplements based on the health benefit of bilberry extracts spawned consumer interest in a different but closely related fruit, the blueberry.

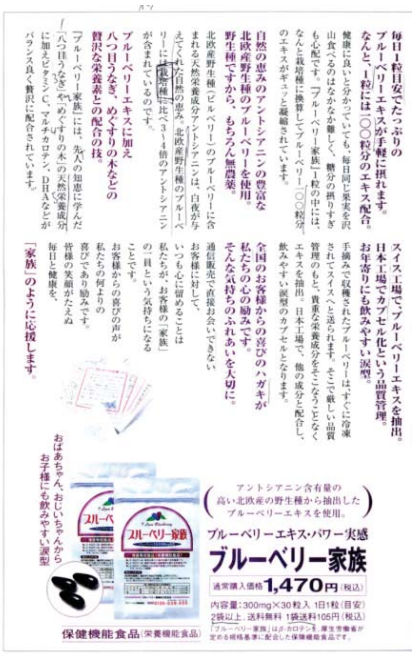
This has come about because almost all companies marketing bilberry extracts describe their ingredients not as 'bilberry' but as 'blueberry' or 'wild blueberry'. As a result, explains Takeshi Takeda, managing director of Tokyo-based Global Nutrition Group, "Most Japanese consumers believe that 'bilberry' and 'blueberry' are the same, and they purchase blueberries because they believe blueberries are good for eye-health.

"This confusion occurred because bilberry was introduced as 'wild blueberry' when it first came to Japan. Many companies still cite the story that pilots of the British Air Force had 'blueberries' to improve their night vision during World War II, although it should have been 'bilberry'".

Supplement companies have invested in clinical studies on patients with eye fatigue, near sight, disturbance of night vision, diabetic retinopathy, cataract, glaucoma and floaters and use the results of these studies in their PR to the consumer market, helping to further raise awareness of the health profile of "blueberries".

This confusion has given birth to a large, profitable and still-growing market in Japan for whole fresh blueberries as well as for blueberries as an ingredient of drinks, yoghurts and many other foods.

Japan is a key market for growers from New Zealand to Australia to the U.S., Chile and elsewhere. In 1997 Japan imported just 62 tonnes of fresh blueberries


Sunny Health Co's Blueberry Family supplements actually contain bilberry

– by 2004 imports had rocketed to 1,700 tonnes of fresh blueberries, while in the same period imports of frozen blueberries grew from 300 tonnes to 15,000 tonnes, mostly used as ingredients by food processors.

And when bilberry prices started escalating in 2006 (due to poor crops), supplement and food companies began to inquire more intently about blackcurrant as an ingredient for eye health (see Case Study 9). In that year, retail sales of functional foods, beverages and supplements containing blackcurrant – also known as cassis – reached a sturdy ¥3.5 billion ($29 million/€21 million) – 40% growth over 2005. The value of the cassis market is now about one tenth of the bilberry market – but given that the bilberry market took 10 years to reach more than ¥40 billion ($331 million/€245 million) in sales, cassis' performance so far is fairly impressive.

In terms of formulating strategy it is essential to bear in mind that the sequence above is the rule of success: superfruits as ingredients in foods, beverages and supplements build consumer awareness of the superfruit and in turn create consumer interest in the same fruit in whole fresh form. In other words, a strategy focused on processed foods pulls through sales of whole fresh fruit. It almost never happens the other way round, which means that **any company growing or processing whole fresh fruit has to recognize that a strategy of supplying its fruit as an ingredient in drinks or supplements is essential to success,** as we say in Chapter 6. Focusing on supplying a whole fresh superfruit without giving equal or more weight to processed fruit is risky and will reduce your chances of success.

# Case Study 5
# Mangosteen

## SIX ELEMENTS SUMMARY: MANGOSTEEN

| Element | Explanation |
|---|---|
| **1. Sensory** | In whole fresh form mangosteen has poor sensory properties. When processed, however, it is a beverage with an extremely attractive taste, colour and texture. |
| **2. Novelty** | Mangosteen is a very well-known fruit in South East Asia, but in the target markets of the US, Japan and selected European countries it is a highly novel fruit. |
| **3. Convenience** | In whole fresh form mangosteen is a very inconvenient fruit. Moreover, the health benefit is primarily found in the inedible skin. This skin is blended with the whole fruit and included in the juice, resulting in a convenient beverage. |
| **4. Control of Supply** | While mangosteen is widely cultivated in Asia, the first companies into the mangosteen beverage market, such as XanGo, set up lock-term supply deals which tied up much of the available supply. It takes seven years for mangosteen trees to mature and bear crops so the companies that were first to market effectively have control of supply for a period of time, until such time as new supplies come on stream. This gives them a long period of time to establish market dominance and earn superior profits. |
| **5. Health benefit** | Marketed on its high content of an antioxidant called xanthones, there are 21 published studies on mangosteen. The health benefits are found in the skin and it is by grinding up the otherwise leathery and inedible skin with the pulp to make the fruit juice that the health benefits are made available. |
| **6. Marketing the benefit** | The mangosteen market leader, XanGo, has primarily relied on innovation in distribution, using only multi-level marketing (MLM) to sell its product. This form of person-to-person direct selling is one of the most effective techniques for selling nutritional products and is commonly used in Asia and the US. Word of mouth from informed, committed distributors has few equals for effectiveness. |

From a standing start, mangosteen may have achieved superfruit stardom in North America faster than any other fruit. And thanks to a chance encounter, the savvy of one entrepreneur, and the power of multi-level marketing, the fleshy, xanthone-packed fruit from Southeast Asia has now begun vying for superfruit status on the world stage.

In many ways, mangosteen is an acquired taste. It is so exotic to North America that many consumers have no idea what it is and confuse it with mangoes. Somewhat strangely, it is being marketed to its North American audiences specifically as a dietary supplement rather than as, say, a superpremium juice.

Adding to the strangeness, there's also the fact that mangosteen juice is so far being plied mainly under one brand, by one company, XanGo LLC, using the same method that has put many Americans off Amway and other network-marketed goods. Almost inevitably, a certain amount of off-putting hype has

already been attached to XanGo as well, and recently the US Food & Drug Administration fired a warning shot across its bow.

And then there's the price: a whopping $37.50 (€27.80) for a single, 25.35oz dose of the stuff, which comes in a long and curvaceous container reminiscent of a bottle of wine rather than the conventional quart gable-topped packs sold by any competing superfruit juices from Odwalla, Naked Juice or Pom Wonderful. No wonder the privately held company says it has surpassed the US sales of major brands including Advil pain relievers, Tombstone pizza, Converse shoes and Yoplait "regular yoghurt"; achieved sales growth of more than 275% in 2004 and 145% in 2005; and is notching up what a co-founder will only describe as "hundreds of millions of dollars in annual sales".

The company says it has an 80% share of the mangosteen-juice market in North America. "We're the category creator," Gordon Morton, co-founder and chief marketing officer of Lehi, Utah-based XanGo, says. "We're the first to market and we enjoy a certain amount of notoriety because of that. But more powerfully than that, we offer the best product in the mangosteen category".

## Mangosteen going where no mangosteen has gone before?

"It's kind of fun," says Morton. "It's sort of like how people discovered kiwifruit a few years ago, and there was a bit of a buzz because chefs discovered it and started using it. With [mangosteen], the buzz has been nutritional. So there's that discovery factor for Americans."

Actually, mangosteen is practically the national fruit of Thailand, where it is grown in massive quantities. But it didn't make its way to the American marketplace until after Joe Morton, Gordon Morton's brother, "discovered" it. Joe Morton was the right person for the task because he and his brothers had been raised by parents who emphasised natural health, including the appeal of botanical supplements. While running operations for a dietary supplement company in Southeast Asia several years ago, Joe Morton sampled mangosteen for dessert in a small café.


Morton was captivated by the fruit, the size of a peach with a dark purple rind and a white interior, which only ripens twice a year. He found the taste both sweet and slightly tart and enjoyed the intense flavour. Back in the US, he and brothers Gordon and David Morton, and another partner, Aaron Garrity, investigated what was known about mangosteen.

While few US researchers ever had looked at it, there was a significant body of research from Asia that identified mangosteen as a rich source of xanthones, a phytonutrient compound. Even Rudyard Kipling had written of the fruit's mystique, in 1902: "You'll know what my riddle means/When you've eaten mangosteens."

Asian folklore had mangosteen being used successfully over countless generations to treat dysentery, diarrhoea and urinary-tract infections, and topically to treat eczema and other skin disorders. Traditionally, the pericarp of the mangosteen fruit, which consists of the rind and the pulp, was also used to control fever and ward off infections.

## Xanthones' antioxidant activity

The xanthones that are prevalent in mangosteen are, in today's parlance, a "powerful antioxidant" that XanGo literature attributes with supporting the immune system, helping make joints flexible and even contributing "positive mental support". Yet the company admits that XanGo Juice hasn't undergone any specific clinical trials that might satisfy modern or Western standards, though XanGo is in the process of developing studies. For that reason, the product has some skeptics as well.

But the Mortons were enthused enough about what they learned about mangosteen that they founded their company around it in 2003. Their first important decision was formulation: XanGo uses the entire mangosteen fruit, selected from what it calls "top farms" across Southeast Asia.

"We're the only company that uses whole-fruit puree the way that nature intended you to enjoy its benefits," Gordon Morton says. "The deep purple rind of the mangosteen fruit is the colour of our product for a reason: most mangosteen products out there are using only the powdered extract of one xanthone for the product. But the whole-fruit puree is our differentiating point."

Yet, formulation wasn't as simple as deciding to use whole-fruit puree. The pericarp of the fruit can be bitter, so XanGo added other all-natural fruit juices to enhance the flavour, including apple, pear, raspberry and strawberry juices. Then the company struck a manufacturing subcontractor agreement with Wild Flavors, the giant natural-flavouring and -colouring company based in Heidelberg, Germany, that has substantial US operations near Cincinnati as well.

## Networking all the way

Another crucial decision for the Mortons was how to distribute XanGo Juice. And for the company's founding family, there was little consideration given to any method other than multi-level marketing.

"We're very pro-multi-level marketing and direct sales," Morton says. "My father started up a nutritional-supplement company in Canada that used that method of distribution. When you're getting started in nutrition, it's an effective channel. Because if you don't have a massive company behind you to start with, in the nutrition business it's pretty much word of mouth that makes the difference. Especially nowadays, people have become somewhat numb to advertising. And blogging and podcasting add to word of mouth."

XanGo says that employing a direct-sales business model enabled it to introduce a new-product category to a global market faster than any other distribution method. By opening avenues toward personal financial success for individual entrepreneurs who understand the influence of personal connections and the

power of word-of-mouth marketing, the reasoning goes, XanGo unleashes the dynamism of many thousands of advocates to do the brand-building, marketing and sales that otherwise would have to be accomplished by advertising and the informed salesmanship of retailers' employees.

"Network marketing allows for a story to be told by informed and trained distributors as opposed to hourly workers in a health-food store or a mass-merchandise chain outlet," Morton says.

For a $35 (€25.95) sign-up fee and an application, someone can become a XanGo independent distributor and purchase bottles of the juice for $25 (€18.54) apiece. They can build others into their "network" beneath them, working on the same commission structure, while all of them rely on XanGo's marketing, finance and other departments much as franchisees rely on a franchisor's central systems and brand.

XanGo argues that the system has worked wonderfully so far: it already has about 550,000 distributors in 14 countries, most of them in the US. The company also employs about 600 people in Utah and 30 in Japan. Health-food stores may be XanGo distributors, but the company doesn't contract with any health-store chains, and XanGo isn't sold via any retail outlets.

It's difficult to argue with the success of XanGo's distribution method. Excitement about the product feathers out through communities of users and is sparked by anecdotes of XanGo's quick and even near-miraculous cures of conditions and diseases ranging from psoriasis to cancer.

Company executives insist that they drill their distributors on the importance of basing their promotional activities on sound science and on explaining the uniqueness of XanGo juice because it's made from the whole mangosteen. "But network marketing is built from passion, so we encourage people to add their personal experiences to it," concedes John Digles, executive vice president of sales and marketing. "You just have to be careful with your testimonials."

Apparently, at least the FDA believes that not all XanGo distributors have been careful enough. In October, the FDA warned the company to curb promotions for the juice that claim it is a "proven, natural COX-2 inhibitor," referring to the class of prescription painkillers that includes Pfizer Inc.'s Celebrex and Merck & Co.'s withdrawn Vioxx.


XanGo continues to expand all areas of its business at speed: XanGo.TV, which broadcasts real-life stories from XanGo distributors and consumers worldwide was introduced last October; the new 1oz/30ml, sample-sized XanGo Single was launched in January; and the Glimpse Intuitive Skin Care range will be launched in November this year.

In a five-page letter to XanGo, the FDA cited the company for asserting that mangosteen juice could prevent or treat cancer, depression, infection, Alzheimer's disease and other ailments.

## Mangosteen's allure expands

Still, the allure of mangosteen and, presumably, XanGo's growth has lured competition as well. Another startup called Mango-xan sells mangosteen juice directly at health-food stores and groceries. And a company called Panoramic Fruit is trying to clear the way for regular shipments of whole mangosteen fruit to the US, which have been barred.

Looking past the competition, XanGo is in the midst of a major push to open markets abroad. Fifteen thousand distributors participated at a grand opening in Mexico, and products are sold as well in Japan, the United Kingdom, Australia, New Zealand, Canada, the Philippines, Puerto Rico, Trinidad and Tobago, and other countries. XanGo was introduced in Germany last fall, giving it a foothold on continental Europe.

The company has just introduced a new formula that is meant specifically to pave the way for a sales push in Europe. Xalo Juice is a mixture of mangosteen, aloe, grape seed, green tea and other ingredients, and it was introduced in mid 2007 in pilot markets in Germany, Belgium and Austria. XanGo is touting Xalo Juice as being supportive of "digestive health and cleansing, revitalization and regeneration of healthy skin; improvement in proper absorption of vital nutrients; and a boost of natural energy levels."

Many Europeans "love aloe" and "recognise the value of grape seed", Digles says by way of explaining why the company isn't simply expanding marketing of its existing XanGo juice in Europe. "Our whole introduction in Europe is an introduction of our brand there, and we want to be strategic," he says.

And overall, Digles adds, "This introduction really is about expanding our category leadership worldwide and giving an expanded audience access to mangosteen."

# Case Study 6
# Goji

## SIX ELEMENTS SUMMARY: GOJI

| Element | Explanation |
|---|---|
| **1. Sensory** | A slightly tart but overall good-tasting fruit. It blends well with other juices to produce beverages with good sensory properties. |
| **2. Novelty** | Goji has high exotic appeal as a strange fruit from Tibet that no-one had ever heard of. Despite its image of being "Himalayan Goji" there is no evidence that goji is grown commercially there in any quantities and most of the goji on the market is in fact wolfberry, a very closely related berry, but with different nutritional properties to goji. This was shown when the UK's food regulator investigated whether goji was safe to consume as a "novel food" and it became plain that there was nothing novel about the fruit and that in fact it wasn't even real goji but wolfberry, which has been grown and eaten even in the UK for 150 years. |
| **3. Convenience** | Goji is formulated into a number of convenient forms – beverages, bars, dried snacks and extracts for supplements. It appears to be a pure ingredient or beverage strategy. |
| **4. Control of Supply** | Wolfberry, the product described in marketing as goji, is widely cultivated in China. There is low control of supply and as a result goji marketers have concentrated heavily on the other Six Elements. |
| **5. Health benefit** | While there is a good deal of scientific information it appears to relate to compounds found in parts of the plant other than the actual fruit. The benefit platform used is the usual high in antioxidants story. A significant number of marketers of goji products make health claims for it which cannot be substantiated by science and this is likely to damage its reputation. |
| **6. Marketing the benefit** | The primary form of selling so far has been multi-level marketing (MLM) which is a very effective technique but goji products are now moving towards mainstream supermarket distribution with a marketing message based on PR. |

Of all the superfruits currently vying for the hearts and minds of the worldwide media, the goji berry has attracted some of the most sensational coverage. But behind all the hype one thing is irrefutably and scientifically true: goji berries are uncommonly nutritious and the international food industry – not just multilevel marketers – have awoken to the possibility that goji could be the next pomegranate.

In the space of less than five years Western marketers have taken the little red berry used in traditional Asian medicine and cooking for millennia – a berry that most Western consumers had never heard of – and reinvented it as an A-list superfruit celebrity.

The goji berry, *Lycium barbarum var. goji*, is very closely related to the wolfberry (*Lycium barbarum*). Herein lies the problem, for at the beginning of the 21st century Western marketers seem to have adopted the term "goji berry" to refer to fruits which are in fact wolfberries and the use of "goji" has rapidly usurped wolfberry. That matters because the two fruits reportedly have different nutritional properties.

The goji, according to Dr. Susanna Lyle, a plant scientist and horticulturalist and author of the comprehensive book *Discovering Fruit & Nuts,* contains greater levels of health benefits than wolfberry, which itself has been described as a "nutrient-dense superfood in a class of its own". True goji contain possibly 5000mg of vitamin C per 100g and have one of the highest ORAC (oxygen radical absorbance capacity) ratings – a measure of antioxidant content – of all fruits, higher even than that of wolfberries or blueberries. By contrast, in terms of vitamin C, a wolfberry contains up to 150mg per 100g – a good level, but by no means comparable.

What's more, while some Western marketers are using terms such as "Himalayan goji" there's little evidence of commercial cultivation in the Himalayan mountains.

In short, when anyone says "goji" they may in fact be referring to wolfberries, the Mandarin Chinese name for which is "gou ji zi". Wolfberries are grown commercially in huge volumes in China, where they have been declared a national treasure. To try and keep things simple, in this article we use the now current term goji – even if the underlying products are in fact based on the wolfberry.
But could goji, the berry called "red diamond" in Chinese medical tracts, be the next pomegranate? Beverage industry expert Tim Avila, who is also CEO and president of California-based Ventana Health Inc., believes that goji has a better chance than another contender, the açaí berry, native to the Amazon delta.

"Açaí has a far more polarising taste profile than goji," says Avila. "People tend to love it or hate it whereas goji's profile is softer, more immediately likeable". Another superfruit with a more idiosyncratic taste profile than goji is mangosteen, the juice of which is being most successfully marketed by Utah-based XanGo.

Goji berries taste like a cross between a cranberry and a cherry and have been traditionally cultivated for a variety of food and beverage applications within China – there is scant evidence of commercial production in Tibet despite Western marketers' claims to the contrary – but today they are increasingly exported as dried berries, juice and powders.

Goji berries are celebrated each August in Ningxia – the region of north central China that produces more than 40% of the national yield – with an annual festival coinciding with the berry harvest.

The berries' nutty taste make them popular in meals, snacks, beverages and medicinal applications. A major effort is apparently underway in China to develop a functional goji wine – and it's with mention of the word "functional" that we come to the core of the goji story: will eating these little red berries every day guarantee that you will be the life and soul of your 100th birthday party? Or will they simply make you as healthy as eating any other highly nutritious fruit regularly will?

## Separating fact from fiction

Goji berries have long played important roles in traditional Asian medicine, where they are believed to enhance immune system function, improve eyesight, protect the liver, boost sperm production, and improve circulation. They can be eaten raw, consumed as juice or wine, or brewed into a tea.

The most widely recognised nutritional attribute of the goji berry is its exceptionally high level of vitamin C, often touted as being among the highest in the plant kingdom. They contain nutrients and phytochemicals including:

- 11 essential and 22 trace dietary minerals
- 18 amino acids
- Vitamins C, B1, B2, B6, E
- 8 polysaccharides and 6 monosaccharides
- 5 unsaturated fatty acids, including the essential fatty acids linoleic acid and alpha-linolenic acid
- beta-sitosterol and other phytosterols
- 5 carotenoids, including beta-carotene and zeaxanthin, lutein, lycopene and cryptoxanthin, a xanthophyll
- numerous phenolic pigments (phenols) associated with antioxidant properties.

Goji berries contain significant percentages of daily macronutrient needs – carbohydrates, protein, fat and dietary fibre; 68% of the mass of dried goji berries exists as carbohydrate, 12% as protein, and 10% each as fibre and fat.

Some Western marketers of goji products, including the most successful, FreeLife International, Inc., claim that the polysaccharides in its Himalayan Goji Juice have specific physiological roles mediated by specialised cell receptors and act as "master molecules" over other bioactive chemicals and cells. Such statements find no substantiation in scientific studies published under peer-review and are not compliant with regulatory guidelines for marketing natural food products.

68% of the mass of dried goji berries exists as carbohydrate, 12% as protein, and 10% each as fibre and fat.

## Squeezing profit from goji

Juice prepared entirely from fresh goji berries is rare and blends containing several other berry and fruit juices are used for nearly all "goji juice" products.

By far the biggest goji juice brand is owned by FreeLife, the multilevel marketing company responsible for popularising noni juice. Co-Founders Ray Faltinsky and Kevin Fournier regularly talk about their Himalayan Goji Juice fast becoming a billion-dollar brand and being "the secret to [their distributors'] success in FreeLife and in life".

In his CEO update for March 2007, Faltinsky writes FreeLife had over 400% sales increases in 2004, 2005 and 2006, adding: "I cannot emphasize enough how confident I am that Himalayan Goji Juice will be a billion-dollar brand name over the next four to six years."

According to the company, the first quarter of 2007 represented the largest quarter in its history and the fourteenth consecutive record quarter dating back

### WHERE GOJI CAN BE FOUND


In February this year Anheuser-Busch, the owners of Budweiser, became the first major beverage company to launch an energy drink made with goji berries. A line extension for the 180 brand, the cranberry-cherry flavoured 180 Red with Goji is one of the first packaged energy drinks to contain the fruit. An 8.2oz can sells for $2 (€1.49).


L.A-based BrandStorm, Inc. markets a range of goji-containing foods in the US under its Himalania brand. Himalania Covered Goji Berries are available in 6oz (170g) packs in three "decadent" flavours: Milk Chocolate, Dark Chocolate and Yoghurt, with an equally decadent suggested retail price of $10.99 (€8.25).

Gojilania is an organic, fresh-pressed goji juice retailing for $14.99 (€9.65) for the Organic variant in a 750ml bottle.


Toronto-based Pure Fun Confections manufactures all-natural, GMO Free, Fair Trade candy. Among their newest candies are Pure Pops lollipops which were launched in January 2007 in 6 flavours including Go Goji Berry and Pure Pomegranate. The candies come in 3.53oz (100g) packets with an average SRP of $3.99 (€2.96) to $4.99 (€3.71).

Smoothie King, a privately held New Orleans, Louisiana-area based franchise company is the leader in its category with over 400 locations operating in 32 states. In August 2005 the company launched its Smoothies Around the World line which includes a Go Goji blended with mango and kiwifruit priced from $4.49 (€3.34) for 20oz up to $7.99 (€5.93) for 40oz. Nearly two years later the first goji-containing smoothie was offered by a UK smoothie chain. Crussh Juice Bars' Super Natural combines blueberries, pomegranates, açaí and goji berries and costs £3.00 ($5.93/€4.40) for a medium and £3.95 ($7.81/€5.80) for a large.

## THE BERRY COMPANY BRINGS GOJI TO THE PEOPLE

UK-based The Berry Company was founded in 2006 and calls itself "the first berry-based juice company in Europe". It was chosen as best new business or brand 2007 by the UK trade journal *Beverage Innovation* and its product range includes a goji juice that is 20% pressed goji berries. One-litre cartons of the juice can be found in a string of UK supermarket chains and most independent health retailers across the country for £2.59 ($5.10/€3.84), a fraction of the cost of FreeLife's Himalayan Goji Juice. By successfully launching its goji juice on the mass market, The Berry Company has helped to demystify goji which was until recently the sole preserve of multilevel marketing companies.

"I think that typically the UK follows the US in terms of eating and fashion trends," company founder Kahled Yafi says. "Note the pomegranate boom that started in the US with Pom Wonderful. In the UK now there are about six smoothly running pomegranate juice companies."


Yafi's convinced that both açaí and goji can cement their positions as regular fixtures in most European supermarkets in the years to come:

"They possess great taste, are unique, and can be blended with all sorts of other flavours. This makes them exciting long term ingredients."

to the launch of Himalayan Goji Juice in October 2003. FreeLife says its top distributors are making $170,000-$1.7 million (€130,000-€1.3 million) a year. Since its 2003 launch in the US, Himalayan Goji Juice, which is marketed as a dietary supplement, is now available all over the world, including Canada, Mexico, Singapore, Australia, Hong Kong, the Philippines, New Zealand, the West Indies, Thailand, the UK, Germany and the Netherlands.

While it's difficult to determine exactly how many bottles of Himalayan Goji Juice are being sold yearly worldwide, Christopher Cooper, FreeLife's general manager in the Pacific region told Sydney's *The Sunday Telegraph* in June 2007 that: "We are doubling our sales every few months and making $4 million a month in sales of Himalayan Goji Juice."

Even at $50 (€38) for a 1-litre bottle, Himalayan Goji Juice's price has not proved prohibitive. The Supplement Facts panel reveals that in addition to reconstituted goji juice concentrate the product contains reconstituted grape, pear and apple concentrates. The percentage of goji berries (which FreeLife actually states come from China, not Tibet) in Himalayan Goji Juice is not required to be stated in the US, but a bottle bought in New Zealand states that the juice is 90% reconstituted goji juice concentrate.

The US regulations make it very difficult to compare products as to their pricing and goji content. A number of US-based companies (see Chart 27) are now marketing goji juice that is between 50 and 100% pure with retail prices between $20 (€15) and $40 (€30).

Goji products do not come cheap: in both the US and the UK a 16oz package of dried goji berries ranges from $15 (€11) to $22 (€17).

## Goji's premium potential catches on

In late 2007 L.A.-based importer of natural and organic products, BrandStorm Inc., achieved nationwide distribution for Gojilania, the first organic, fresh-pressed (i.e. not-from-concentrate) goji juice to reach the US retail market.

Gojilania is much thicker in consistency than almost every other goji juice being retailed in the US, with a smoothie-like texture and with it BrandStorm will be trying to shake FreeLife International's iron grip on the North American goji juice market.

Gojilania comes in Natural and USDA-certified Organic varieties and both are available in natural and organic foods markets throughout North America. Natural comes in 500ml plastic bottles with a hefty suggested retail price of $8.99 (€6.37); Organic in a 750ml plastic bottle for a recommended $14.99 (€10.62).

### WHERE GOJI IS GROWN

A growing number of Western companies are marketing the goji berries used in their products as being "Tibetan" or "Himalayan", despite there being little evidence of commercial cultivation of goji in these regions. FreeLife is oddly open about the fact that its "Himalayan Goji Juice" is squeezed from berries grown in "Inner Mongolia … and China".

China is the main supplier of goji berry products in the world. In 2004 the *China Daily* reported that total exports of what in Chinese medicinal texts are called "red diamonds" generated $120 million (€90 million) and that this production was derived from 82,000 hectares farmed nationwide, yielding 95,000 tons of berries.

Paul Gross, co-author of *Wolfberry: Nature's Bounty of Nutrition & Health (2006)* notes that the majority of commercially produced goji berries come from the Ningxia Hui Autonomous Region of north-central China and the Xinjiang Uyghur Autonomous Region of western China, where they are grown on plantations. In Ningxia, goji berry plantations typically range between 100 and 1000 acres. Cultivation there extends back more than 600 years, and its berries have earned a reputation throughout Asia for premium quality.

Government statistics reveal that Ningxia has the largest annual goji berry harvest in China, accounting for 42% (13 million kg in 2001) of the nation's total yield (estimated at approximately 33 million kg or 72 million lbs in 2001). The region is China's only source of therapeutic grade ("superior-grade") wolfberries used by practitioners of traditional Chinese medicine.

Goji berries grow well in the UK and anywhere with a comparable climate, and it's a fair bet that since the turn of the century substantial acreage has been given over to the fruit by Western berry farmers.

## A VERY BRIGHT IDEA


The most inspired new goji product exhibiting at the March 2007 Expo West in Anaheim was Gloji, the first premium goji juice to target the American retail consumers. Tagged "the drink that turns you on" the juice comes in a bottle shaped like a lightbulb. Gloji Mix (pictured) retails at $5.95 (€4.47) per 11oz (325ml) bottle and is a mix of goji and cranberry juice. Gloji Gold is said to contain the juice of more than 360 goji berries from southern Tibet and retails in the same-sized bottle for $13.95 (€10.48). Both products are 100% juice. Gloji Mix began distributing in Europe in March, with Gloji Gold to follow later this year.

"Gojilania has been one of the most anticipated new products in the BrandStorm portfolio," said CEO Thierry Ollivier in a statement. "We've worked for some time to develop a Goji juice that meets the strictest standards in taste, purity and quality but also satisfies our company's will to use the most sustainable, responsible growing methods on the planet, let alone the pristine mountains of Western China."

While it may not seem so at first glance, BrandStorm is positioning Gojilania at the aggressive end of the pricing scale (see Chart 27). At $50 (€35) for a 1-litre bottle, Himalayan Goji Juice's price has certainly not proved prohibitive and it is, after all, more processed and less "natural" than Gojilania – it's 90% reconstituted goji juice concentrate and contains reconstituted grape, pear and apple concentrates as well.

Gojilania contains no added sweeteners, no other juices, no artificial ingredients and is said to be rich in vitamin C, beta carotene, B vitamins, amino acids, potassium, protein, and polysaccharides. The juice is fresh-pressed, not reconstituted from powder or concentrate, nor diluted with other fruit juices, meaning Gojilania is 65% goji berry juice.

But how does Gojilania's purity affect its taste? Heavily, it seems. John Craven, the president and founder of BevNET, an American beverage-oriented media company whose website (www.bevnet.com) reviews non-alcoholic, ready-to-drink beverages, wrote in a June 2007 "BevBlog" entry entitled "Gojilania crosses the taste/functionality line":

"On the surface, this seems like the next innovation in the race for 'antioxidant supremacy' … It's a race that has been occupying beverage marketers over the past couple of years. First we had blueberry, then pomegranate, then acai and noni…and now, goji? Unfortunately, this goji entry isn't ready for prime time."

"In my opinion," Craven continues, "Gojilania has broken the unofficial rule of functional beverages: perceived short-term functionality justifies taste. To put that into simpler terms, Gojilania's taste, which is very difficult on the palate (think sour tomato juice or a bad Bloody Mary), isn't going to work given that the consumer feels nothing from drinking the product (which is, in essence, the intended functionality)."

That said, BrandStorm deserves credit for breaking new ground in the American natural products channel. With Gojilania American consumers can enjoy not-from-concentrate goji juice – which of course costs more to produce than concentrate-based goji juices – at a lower price point than the vast majority of goji juices currently available. Gojilania, despite its raw taste and half-baked packaging, deserves to carve out a niche for itself in the highly profitable natural products marketplace.

While Gojilania is perhaps the most noteworthy new introduction to the US marketplace, between January and May 2007 there were 12 new goji product launches in the US, according to Mintel's Global New Products Database (GNPD), in a number of categories: beverages (juices and teas), snacks (dried

## LATEST COSMETICS NOW 'WITH GOJI BERRY', NOT 'WOLFBERRY'

The Mintel Global New Products Database shows that the while "wolfberry" has been listed as an ingredient in skin care products for some years, the newest launches are said to contain "goji berry" – this is in line with the trend in food and beverage products. Since the early 21st century Western marketers have used "goji berry" to describe what was previously most commonly known as "wolfberry".

Goji berries can be found in cosmetics launched in 2007 by Lavanila, Smashbox and Pangea Organics – all US companies that are among the most innovative in the beauty industry.

Lavanila Vanilla Grapefruit is a unique fragrance that claims it is "good for you". It is free from harsh ingredients and contains goji which contributes to its 30 vitamins and minerals and 19 amino acids. The company chose the goji berry for its antioxidant power. This product is one of the first fragrances to make a claim that it is good for the skin.


Smashbox O-Glow Microcirculating Cheek Color with Goji Berry-C Complex is a colour cosmetic that claims to have skin benefits. It is said to be the first "intuitive blush" as the clear gel "reacts with your personal skin chemistry to turn cheeks the exact color you blush". According to Smashbox, the skin's moisture activates the Goji Berry-C Complex, creating a microcirculatory effect that produces a rosy flush lasting all day. The Goji Berry-C Complex contains vitamin C, pomegranate seed oil, and marine plankton for added healthy-skin benefits.


The Pangea Organics Facial Mask Japanese Matcha Tea with Acai & Goji Berry uses super ingredients to cleanse, detoxify, exfoliate, tone, hydrate, stimulate collagen and regenerate skin cells. It also claims to prevent wrinkles, nourish, protect and balance. The product is anti-aging and full of antioxidants. Most interestingly, the box contains Genovese Italian sweet basil seeds that allow the consumer to plant the box directly into the garden.


Leading US dermatologist Howard Murad reportedly calls goji berries "cellulite assassinators" because they are so packed with skin-boosting antioxidants.

berries, trail mixes, bars), dietary supplements, and spreads. A skincare product by Pangea Organics called Facial Mask Japanese Matcha Tea with Açaí & Goji Berry was also launched. Only one Canadian launch was recorded, a goji juice called Power Functional Tonic on the Go! from Purity Life Health Products.

## Marketing claims under scrutiny

During 2006, the US Food & Drug Administration (FDA) placed two goji juice distributors on notice with warning letters about marketing claims. Their statements were in violation of the US Food, Drug and Cosmetic Act because they "establish the product as a drug intended for use in the cure, mitigation, treatment, or prevention of disease" when goji berries or juice have had no such scientific evaluation.

In January 2007 the Canadian Broadcasting Corporation's consumer advocacy programme Marketplace thoroughly investigated marketing statements for the Earl Mindell-endorsed Himalayan Goji Juice manufactured by the multilevel marketing company FreeLife International.

During the extended Marketplace interview with Mindell he claimed, as he had done at FreeLife rallies up and down the US and Canada, that the Memorial Sloan-Kettering Cancer Center in New York had completed clinical studies showing that use of goji juice would prevent 75% of human breast cancer cases. According to Marketplace's investigative research and the comprehensive book *Wolfberry: Nature's Bounty of Nutrition & Health* (2006) by Paul Gross, Xiaoping Zhang and Richard Zhang, Mindell's claim is false because:

- no such project has been undertaken at Memorial Sloan-Kettering
- according to the National Cancer Institute of the US National Institutes of Health, no natural or pharmaceutical agent has been shown in clinical trials to fully prevent breast cancer, only to reduce its risk


Taken from the 11 June 2007 issue of *The New Zealand Woman's Weekly*, the country's most widely read magazine, this print ad proves the goji gospel has spread far and wide. FreeLife, that most active of goji evangelists, is here using vague celebrity endorsements to sell its Himalayan Goji Juice for NZ$80 ($61/€46) a litre.

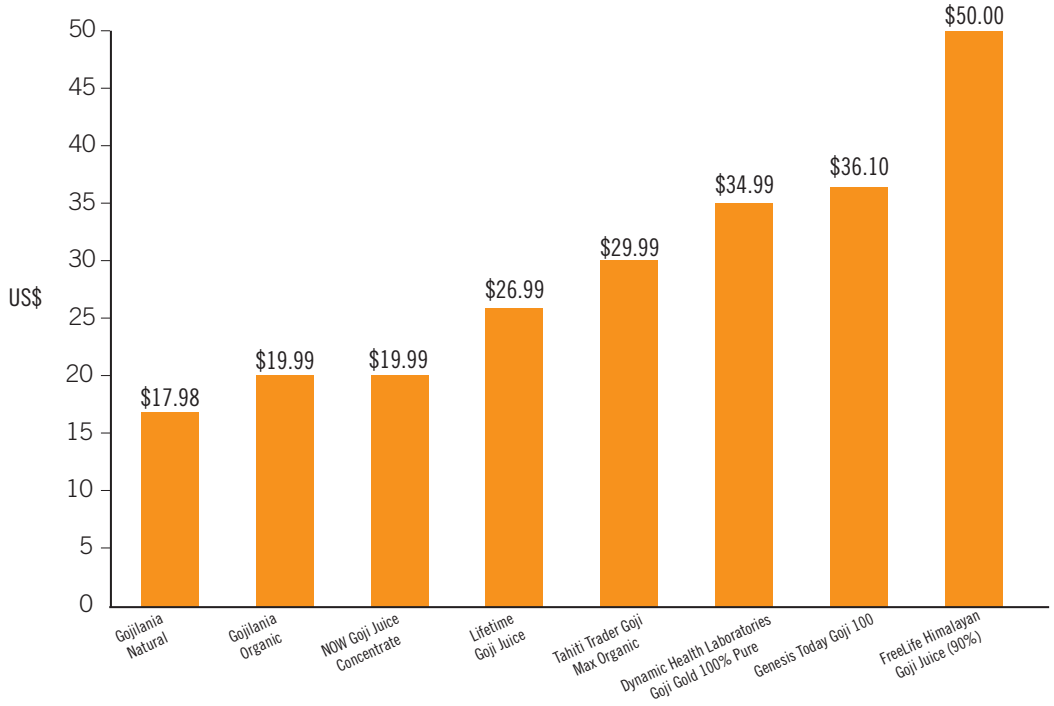
- beyond preliminary laboratory studies and one Chinese clinical trial described only in an abstract, there is no scientific evidence for goji berry phytochemicals or goji berry juice having cancer-preventive properties.

In a review of medical literature pertaining to each proposed claim of health benefits from Himalayan Goji Juice made by Mindell, Gross et al. have established that 22 of 23 claims had no evidence for providing a health benefit beyond that inferred from preliminary in vitro or laboratory animal research.

Regarding cancer specifically, four studies are reviewed in *Wolfberry: Nature's Bounty of Nutrition & Health* but the authors conclude that the research was too preliminary to allow any conclusion about an anti-cancer effect of consuming goji berries or goji berry juice.

When you peel back the not inconsiderable layers of goji hype – perhaps the most hilarious example is the story oft-quoted by Mindell and multilevel marketers of a Chinese man named Li Qing Yuen who allegedly lived to be 252 years old and owed his longevity to goji berries – you find a berry with a very impressive nutritional profile that, while it may presently lack the kind of rigorous Western science that's behind pomegranate and cranberry, is well on its way to becoming an internationally recognised superfruit.

**Chart 27: Comparison of retail prices for goji juices in the US (per litre)**



# Case Study 7
# Açaí

## SIX ELEMENTS SUMMARY: AÇAÍ

| Element | Explanation |
|---|---|
| **1. Sensory** | In its whole fresh form the açaí berry has poor sensory properties. Even in processed forms, such as beverages, it can have a "polarising" taste. |
| **2. Novelty** | Unknown outside Brazil before 2000, açaí has significant novelty value. Hailing from the Amazon rain forest, it has exotic appeal. |
| **3. Convenience** | Açaí has a high convenience score since it is almost exclusively used as an ingredient for smoothies, juices and some other products. It is usually blended with other juices. |
| **4. Control of Supply** | No company is able to exercise any control since there are multiple harvesters and processors of the fruit in Brazil, all competing in supplying to overseas markets. As a result açaí has no single dominant company investing in the marketing or the science. Some concerns have begun to emerge around sustainability. Sambazon, one of the pioneers of the fruit, conscious of the environmental sensitivity of exports from the Amazonian rainforest, has set out to support the small Brazilian farmers and protect the environment, while at the same time attempting to secure a reliable supply of açaí and do it in a way that is marketable to its well-educated American consumer base. The company opened its own manufacturing plant in Brazil. Located in the heart of the rainforest, the factory is at the centre of what Sambazon calls a "first-of-its-kind supply chain that ultimately benefits thousands of small family farmers and protects the biodiversity of the rainforest". Vertical integration also gives Sambazon much more control than previously over its vital açaí supply. "If you can do this at a level that's sustainable and organic and fair-trade, and you're building marketing that says it's great for the brand and for Amazon, consumers are going to like that extra benefit," Sambazon's Jeremy Black says. |
| **5. Health benefit** | Açaí is not associated strongly with a specific and well-established benefit, as cranberry and pomegranate are. Its promise is based on its high content of antioxidants and amino acids, as well as trace minerals that are essential for proper muscle function, ranging from vitamin E to calcium. Açaí also contains omega-6 and omega-9 essential fatty acids in the same balance found in olive oil. |
| **6. Marketing the benefit** | Açaí's trailblazer was the founder of California-based Sambazon, Ryan Black. He introduced açaí to US retail outlets back in 2000. Sambazon relies on extensive sampling. For its marketing Zola uses word-of-mouth and in-store sampling. In the UK, The Berry Company's Khaled Yafi has let the media promote his açaí product for him: "I have not used TV and have spent very little on paid advertising; I have let the press promote the rise of superfoods and almost jumped on their bandwagon". Just one snag: the name "açaí", while conjuring up positive exotic images, can be hard for consumers to pronounce. |

From their humble origins among the treetops of the Amazon rainforest, açaí berries are now globally recognised as an antioxidant-rich superfruit. Today they are the ingredient in an ever-increasing number of beverages and foods and regularly appear at the top of "hot flavours" lists. Since its debut on store shelves, this unique berry has continued its meteoric rise up the superfruit charts.

Whether açaí - pronounced ah-sigh-ee - will turn out to be just a fad remains an open question, of course, but American consumers' love affair with the berry

is already four years old and there is no sign of the passion cooling. Quite the opposite in fact: sales of açaí-based beverages reached about $13.5 million (€10.4 million) overall in the US natural foods channel in 2006, about triple the level of $3.8 million (€2.9 million) in 2005, which followed sales of less than half a million dollars in 2004, according to Spins, the San Francisco-based natural-marketplace research concern. New açaí products are still proliferating and the startup companies behind the spread of the berry remain in expansionary mode.

"Açaí is a big winner because it gives both texture and taste benefits as well as a health benefit," says Gus Valen, president of the Valen Group, an Atlanta-based consulting firm in better-for-you foods and beverages. "Plus it's exotic. Who wouldn't want something from Brazil?"

Mintel, the market research firm, has identified açaí as perhaps "the next big star" among food ingredients. "Açaí lends itself well to premium, indulgent positioning, offering all of the health benefits of other superfood ingredients," says Lynn Dornblaser, Mintel's director of consulting. "It has a strong exotic appeal, bolstered by its Amazonian origin. We really see the fruit as the one to watch for ingredient sourcing in the future."

The acceleration of interest in açaí lately has been intense. Freshens, for example, one of the biggest foodservice-smoothie chains, closely watched the progress of açaí over the last several years and began selling it as a mix-in.

At first, there was little interest among Freshens customers, says Ed Redmond, senior vice president of the Atlanta-based chain of about 800 outlets. But then interest in açaí exploded and the fruit is now one of the top-selling ingredients in all the smoothies Freshens sells on the West Coast. "With that knowledge, we've decided to bring it out in our stores in syrup form, making it easier to include as an ingredient," Redmond says.

Consider these other signs of fast-rising interest in açaí:

- The berry has become a favoured ingredient of packaged juice and smoothie makers and of made-to-order smoothie chains. Naked Juice, Odwalla, Lifeway Foods, Honest Tea, Stonyfield Farm, Jamba Juice, Robek's and Juice Stop – in addition to Freshens – are among the makers of ready-to-drink and foodservice smoothies that are featuring açaí nowadays.

- Sambazon and Zola, the two biggest names in branded açaí products, are driving much of the growth. Sambazon, for example, has introduced juices as well as its original smoothies products and in 2006 began penetrating mainstream grocery outlets. Zola launched two new flavours in 2007, Açaí Plus Blueberry and Açaí Plus Pineapple – in addition to its

Sambazon, one of two leading names in branded açaí products, accentuates the Amazon orgins of the açaí berry with its packaging.

original – and its products have also begun appearing in conventional supermarkets.

- Açaí has become available in forms other than beverages, including frozen novelty bars and frozen batches of the berries that can be used in homemade smoothies. Multi-level marketing companies are also helping to popularise the fruit by selling it in supplement form. Nature's Path granola now includes some açaí.

- The berry is migrating across the Atlantic as well, including appearances in a handful of Innocent juices. Startup juice companies Happy Monkey Drinks and The Berry Company prominently feature açaí in their products. The berry is even showing up in beverages in Australia.

- Major US producers have taken steps over the last few months to ensure that they can count on continued and growing supplies of açaí from Brazil that will be necessary to feed future growth in the market.

## The next pomegranate?

The açaí train does have its sceptical passengers, however, including executives of Odwalla, the Coca-Cola unit that includes açaí as part of one of its major blends, the Amazing Purple smoothie.

"A lot of people will talk about açaí as the next pomegranate," says Chris Brandt, marketing director for California-based Odwalla. "But açaí in and of itself doesn't taste very good and some açaí products haven't done very well. Naked Juice has had some of those. So there is tonnes of stuff flooding in containing açaí, and yet it's debatable whether they taste good enough. We're taking a closer look at it, but we won't launch something we don't think tastes very good just to get on a bandwagon."


Is açaí the next pomegranate? Naked Juice has released juices which combine the berry with other fruits, but not all açaí products are proving popular with consumers.


Zola's juice has açaí as its core ingredient, blending it with a variety of fruits to give consumers taste options.

Açaí, or *Euterpe badiocarpa*, is a palm berry native to the Brazilian Amazon rainforest. Known in Brazil as "the fruit of life", its taste is described as comparable to boysenberry, or to cherry with chocolate overtones. Amazonians have consumed it as a dietary staple for centuries, harvesting the fruits by hand in clusters that grow up to 80 feet high on the tree. They process the berries immediately to avoid spoilage and optimise the levels of nutrients, and the fruit must be pasteurised for export.

The açaí craze centres on the fruit's extremely high concentrations of antioxidants, including anthocyanins, which give grapes and red wine their health benefits and rich purple colour. Açaí also contains a strong profile of amino acids, as well as important trace minerals that are essential for proper muscle function, ranging from vitamin E to calcium.

Furthermore, açaí also contains omega-6 and omega-9 essential fatty acids in the same balance found in olive oil. It is a great source of dietary fibres and phytosterols, which fight blood cholesterol. Interestingly, the berry's amino-acid profile is very similar to that of eggs.

## Spreading the açaí gospel

While Dr. Nicholas Perricone, an American nutritionist, popularised açaí in the US in his best-selling book, *The Perricone Promise*, in 2004 and later on Oprah Winfrey's TV show, the real trailblazer was the founder of California-based Sambazon, Ryan Black. He introduced açaí to US retail outlets back in 2000. Black was on vacation in Brazil when he went to a local "açaí bar" and got his first taste of the fruit, consisting of liquefied açaí pulp and guarana served in a bowl and topped with granola and sliced bananas. The nightclub set in Brazil views such a mix as an energiser.

Black decided on importing açaí pulp as his first step towards popularising the fruit in the US. He began approaching juice and smoothie bars with the idea of selling them frozen açaí pulp, demonstrating how to use it to make smoothies and "açaí bowls". Next Sambazon began selling açaí pulp through retailers as well, such as Whole Foods Markets.

But it wasn't until Sambazon began selling açaí-based beverages that the fruit really took off. Black developed a line of açaí-based smoothies that retailers began selling at a price of about $3.49 (€2.68) apiece.

## Zola joins the açaí party

Zola's approach to popularising açaí was rather different: Chris Cuvelier was a consultant to juice- and smoothie-bar operators when a Brazilian contact sent him some frozen açaí pulp. He also went to Brazil, in 2001, and experienced the açaí bar culture. When he and his partner returned they wrote a business plan and raised about $1 million so that Zola could produce the first shelf-stable açaí-based beverage. This materialised in 2003 and Zola Açaí, with guarana and sugar, typically sells now at $2.49 (€1.92) for an 11oz bottle.

The brand is positioned, Cuvelier explains, "as the most authentic and best-tasting açaí juice in the market". Two new flavours, Açaí + Blueberry and Açaí + Pineapple, have been added in an attempt to draw more consumers into the açaí orbit without forfeiting the essential appeal of the exotic fruit.

"While consumers love açaí as an original flavour, they love other flavours as well, and so they want that variety," Cuvelier says. "So we're responding to consumer demand while at the same time making sure that we preserve the core of açaí and that it is a fundamental ingredient."

San Francisco-based Zola has managed to nail down significant pieces of real estate in Whole Foods and other natural-foods stores, which tend to stock Zola in coolers next to Naked Juice and Odwalla products and sometimes bring in pallets of Zola and sell it by the case. Zola also has penetrated several regional supermarket distributors and is now sold in around 3,000 stores. The company relies mainly on word of mouth and in-store sampling and other events to spread the word, says Steven Mason, Zola's marketing director.

The brand is also seeing more action in food service settings, where about 95% of US smoothie sales occur. Some operators are combining açaí with green tea and other non-fruit ingredients. Coffee outlets are also expressing interest in the berry. "The trend leaders find these ingredients and then promote them as a way to separate their concept," Cuvelier reports.

## Taking açaí to smoothie drinkers

Indeed, smoothie chains are driving the açaí phenomenon. Jamba Juice, the largest US juice- and smoothie-bar chain, offers a drink it calls the Açaí Supercharger, which contains soy milk, raspberry sherbet, strawberries, blueberries and ice in addition to a blend of açaí and guarana. Açaí is today one of the biggest requested "add-ins" to smoothies, at a price of up to $1, at Juice Stop, a Denver-based chain of nearly 50 stores.

Another healthy lifestyle franchise, California-based Robek's, features açaí in two selections on its menu of exotic smoothies. "As the education levels of smoothie consumers get higher and higher, and they come to know more about superfruits and other superfoods, they're seeking them in ways where they don't have to create their own drinks at home," says Sheri Miksa, president and CEO of the chain, which now has more than 100 outlets. "So they're looking to concepts like Robek's to put them together in a way that tastes great and meets their fast-moving-lifestyle needs."

Sambazon, too, is trying to keep up with American açaí fans by supplying smoothie chains, including Jamba Juice, with their açaí raw materials. Some chains have invited Sambazon to do some co-branding on their menus or in their stores, including Planet Smoothie, a large chain based in New Orleans, and Juice It Up.

The company says it has also succeeded in obtaining co-branding agreements with major packaged-goods manufacturers for new or upcoming products that will contain its açaí, including Honest Tea's new Pomegranate White Tea with Acai, Lifeway's new açaí-flavoured kefir, and Stonyfield Farm's new yoghurt containing açaí.

Sambazon is introducing its own new packaged products as well. In 2006, the brand introduced a new line of Superfood Smoothies in which açaí is one of a number of nutrient-dense ingredients. The line includes formulations called Supergreens Revolution, Mango Uprising and Protein Warrior. And while

previously Sambazon only sold smoothies, in 2006 it also introduced a juice drink in which it mixed straight açaí with agave. In early 2007 it added two more juice drinks – Antioxidant Trilogy, a blend of açaí, blueberry and pomegranate, and Rio Energy, açaí with guaraná and Guayakí yerba mate.

The brand is also extending its distribution – to about 3,000 stores. Crucially, Sambazon was finally invited into mainstream stores in 2006, including Safeway supermarkets and Target and Meijer supercenters.

## Sambazon marketing taste and sustainability

Sambazon carries out most of its marketing inside stores, in demonstrations and sampling.

"The best way to communicate açaí is to let people taste it," says Jeremy Black, global brand manager (and Ryan Black's brother). That's why Sambazon also distributes samples and sells products at music festivals. "We'll go out to a multi-day festival and sell açaí to the public and word of mouth spreads and it becomes part of their nutrition to get them through the weekend."

As the açaí market matures, Sambazon is focusing more on defining its target customers. Up until now, the target group has been a scattered collection of Whole Foods-shopping mothers, Gen Xers, athletes who like açaí for an energy boost, and savvy elderly customers. That is all about to change: Black says that Sambazon is going squarely after 25- to 35-year-olds.

Such consumers might approve of the steps Sambazon is taking to create a sustainable supply chain for its raw açaí. Conscious from the beginning of the environmental, cultural and even political sensitivity of exports from the Amazonian rainforest, the Blacks have moved stalwartly to do right by the Brazilian farmers and the region – while at the same time attempting to secure a reliable supply of açaí and do it in a way that is marketable to its well-educated American consumer base.

In August 2006 Sambazon completed its own manufacturing plant in Amapa, Brazil, ending its reliance on outsourced production of açaí pulp. Located in the heart of the rainforest, the factory is at the centre of what Sambazon calls a


To increase its arsenal of nutrient-dense offerings, Sambazon created this range of Superfood Smoothies, the majority of which have an açaí base.

"first-of-its-kind supply chain that ultimately benefits thousands of small family farmers and protects the biodiversity of the rainforest. Vertical integration also gives Sambazon much more control than previously over its vital açaí supply".

"If you can do this at a level that's sustainable and organic and fair-trade, and you're building marketing that says it's great for the brand and for Amazon, consumers are going to like that extra benefit," Jeremy Black says.

"We knew in the beginning that we couldn't lead with, 'Hey, eat this fruit and help save the rainforest'. But now we're at the point where that can be an important part of our messaging as well."

## Açaí in increasingly abundant supply

Further evidence of the rising popularity of açaí was found at the 2007 Natural Products Expo West which saw a significant increase in the number of products featuring the fruit. Vying for attention in what is fast becoming an overcrowded açaí marketplace were products ranging from "superjuices" to snack bars and spreads. A selection of the many and varied açaí-based products to appear at the Expo is described below:

**Artisana's Raw Organic Coconut Butter – Amazon Bliss**: which lists açaí among its "exotic, delicious, power-packed, superfood" ingredients, is one of three Bliss Butters offered by Artisana – a brand under the Premier Organics company umbrella. The brand, which specialises in the provision of nut butters made from "organic live foods", suggests that their Amazon Bliss butter, which along with açaí contains maca, goji berries, cacao nibs and coconut butter, can be heated to spoon over fruit, or cooled to make "amazingly delicious, high energy treats". Cacao Bliss and Goji Bliss complete Artisana's range.

**Earth's Bounty Superfoods:** Touted as a "natural energy superfood", Earth's Bounty's Açaí Juice is one in a range of three "superfoods" now offered by the 17-year-old health food supplement brand. In promotional material the juice is described as an "all-natural, great tasting" beverage "from the rainforests of the Amazon in Brazil". Consumers are also told that "Açaí contains amino acids needed for energy in the body, anthocyanins & essential Omegas – the good fatty acids. These healthy fatty acids aid in the transport & absorption of fat soluble vitamins A, D, E & K. Açaí also contains energy vitamins B-1, -2 & -3 and beta sitosterol that helps with physical stress. Açaí's amino acid profile & trace minerals are perfect to help muscle contraction and it has more protein than an egg". As well as a juice, Earth Bounty's Açaí is also available in capsules made from "organic açaí puree". Goji and Mangosteen juice complete the "superfood" range.

**Dynamic Health Laboratories Inc.:** This New York State company, which was established in 1994, launched three juices for "healthy living" at Natural Products Expo West 2007: 100% juices Açaí Gold, Goji Gold and Mangosteen Gold. Described as an antioxidant-rich, anti-ageing juice on the company's website, Açaí Gold is available in 16oz or 32oz opaque plastic bottles. The company also offers an Açaí Juice Blend which contains pomegranate, raspberry and blueberry.

**Aristo Health Inc.:** Perhaps the most innovative of all the new açaí-containing releases is Aristo Health's Body and Mind Wellness Nutrition Bar. Nutty Açaí

& Lime features in a line which also includes Nutty Pomegranate & Cranberry and Nutty Goji & orange. All the bars come with chocolate and are "boosted" with omega-3s, plant sterols and antioxidants. Aristo, which describes itself as a "new generation health and wellness company specializing in functional foods", says its new bars contain "super-nutrients" to help support optimal body and mind function.

## Açai set to energise UK juice market

While the UK market for açaí products is still in its infancy – the first bottled juice containing the fruit went on sale in 2006, five years after the first in the US – there is every sign that companies are determined to make the Amazonian buzz berry as popular in Britain as it is across the Atlantic.

Before the upscale supermarket chain Waitrose introduced the Happy Monkey brand of açaí juices in its stores nationwide in June 2006, the berry was really only available in frozen pulp form in trendy juice bars. But the juice bar market is small, with the biggest chain, Crussh, extending to just over 20 stores, all but one in the nation's capital.

The Waitrose deal transformed açaí from being a hard-to-pronounce and hard-to-find smoothie ingredient into a nationally available juice drink. Happy Monkey is the "original UK açaí superjuice drink" and the company's two offerings – Original and Açaí & Pomegranate – are 100% fruit juice and contain no artificial sugars, preservatives, flavourings or colours. Happy Monkey Original is available in 330ml bottles and is a blend of açaí berries and red grape juice selling for £1.49 ($2.88/€2.18). The Açaí & Pomegranate blend comes in 1-litre cartons and sells for £2.98 ($5.84/€4.40).

### Brazilian epiphanies

Hamish McCall, the managing director of Happy Monkey, is the prime mover behind the popularisation of açaí in the UK, and like the founders of American açaí companies Sambazon and Zola before him, he had an epiphany in Brazil.


Sambazon and Zola are no longer alone in what is fast-becoming a very crowded market for açaí -based products. Not only is the small Brazilian berry fruit popular in beverages, it can now be found in food products such as nutrition bars and also in butters.

McCall created his açaí-based juices after a holiday in Rio de Janeiro, where he spotted locals drinking a "weird purple, gloopy" concoction.

The social and environmental benefits that the fledgling international açaí industry has brought to the Amazon Delta were huge influences on McCall when he was entertaining the possibility of setting up a business to import açaí into the UK.

"There's no doubt açaí is one very healthy little berry but if harvesting it meant chopping down large parts of the Amazon and exploiting the local populace there's no way I would have got involved."

While the UK market has a history of embracing new, innovative products and has proved more than receptive to superfruit trends from across the Atlantic, there are unique hurdles to be cleared for companies like Happy Monkey.

"The only real problem is with the name of the fruit: nobody knows how to pronounce it correctly. We try to address that with a phonetic on the front of all packaging but most people still ask for 'ackai' or something similar," McCall explains.

Another potential hurdle is supply, which McCall sees as more of a strategic challenge than a geographical one: "Berry supply is always a potential problem. There is no harvest for five months of the year. It requires careful forward planning to make sure you have the stocks to meet demand."

## Monkey see, monkey do

Already four other açaí-containing beverages have been launched on the UK market since Happy Monkey kicked things off. The inspiration for Green & Kerley's Açaí & Strawberry and Açaí & Mango blends, which were launched in late 2006 in health food and organic stores like Fresh & Wild, hit the company's founders while on a beach in Brazil. The blends come in 330ml bottles and retail for £1.79 ($3.51/€2.64) in health food and organic stores.

UK smoothie market leader Innocent has recently squeezed 35 açaí berries into its 250ml Natural Detox Smoothie which sells in Sainsbury's, Waitrose and Tesco for £1.85 ($3.63/€2.73). The smoothie also contains all the usual antioxidant suspects in a blend of seven juices which obscure the unique taste of açaí. Not so the more straight-up açaí/raspberry blend from rival The Berry Company, which is available in most supermarkets in 300ml bottles for £1.49 ($2.92/€2.20) and 1-litre cartons for £3.29 ($6.45/€4.85).

The Berry Company, "the first berry-based juice company in Europe", was launched in 2006 by Khaled Yafi, a man who has no doubt that açaí will take off in Britain.

"I think that typically the UK follows the US in terms of eating and fashion trends," Yafi said. "Note the pomegranate boom that started in the US with Pom Wonderful. In the UK now there are about six smoothly-running pomegranate juice companies."

Yafi says that açaí and another buzz berry, goji, not only out-antioxidant pomegranate, they also taste better. "This should therefore make a massive

impact in a marketplace increasingly won over by innovations and healthy eating trends."

The fourth new entrant, Sparky Superfoods' Wild Açaí berry "daily shot", is the first not-from-concentrate fruit smoothie to be launched in a 100ml daily dose bottle. Containing açaí, banana and strawberry, each 100ml daily shot is also fortified with omega-3. Sparky also markets a blend of açaí and mango that sells in 1-litre cartons in Sainsbury's for £2.29 ($4.49/€3.38). A 330ml bottle has just been added which sells for a hefty £1.89 ($3.72/€2.79).

The 100ml Sparky Wild Açaí shots which were launched in 140 Tesco Extra and Hyper stores in February 2007, with a national rollout to follow, are available as a 4-pack for £1.99 ($3.92/€2.94). Two weeks after the launch, models at London Fashion Week were reportedly swearing by the shots, calling them "botox in a bottle". Certainly the progress of this product, the UK market's first smoothie shot, will be watched with great interest.

## Riding the media wave

McCall and Yafi are only too aware of the media's current fascination with all things healthy and both are quietly thankful that they do not have to dip too deep into their own pockets to spread the açaí gospel.

"I have not used TV and have spent very little on paid advertising; I have let the press promote the rise of superfoods and almost jumped on their bandwagon," says Yafi. "Consider lifestyle magazines; every single one has now a column on eating right and dietary advice. The UK press consider it a social responsibility to alert the reader/consumer to what's out there. This is a much more dominating tactic than using paid advertising because it's unbiased."

McCall has restricted his marketing and advertising to print-based media. "TV's a little beyond our current means," said.

"There has been considerable interest from various publications ranging from national newspapers through to celebrity and health magazines. The reaction thus far has been extremely positive."


Unusual suspects: After Happy Monkey kicked things off in 2006, at least four other beverages have been launched.

## The future of açaí in the UK

"I hope [açaí] grows as rapidly as has been the case in America," says McCall. "Undoubtedly there will be more entrants into the market. I expect to see brands such as Sambazon and Zola, amongst others, trying to establish themselves over here. I'd expect the açaí market in five years to resemble the current pomegranate market. Açaí is a more expensive fruit and as such has a higher retail price point which may inhibit its growth, but who really knows? Personally I think the future is bright."

"Of course the bubble could burst," admits Yafi, whose company also markets a juice made from goji. "It's not possible that the market will continue to get excited forever and ever about every new food that emerges every couple of months. There are after all limits on supermarket shelf space."

"I do however believe that açaí and goji can cement their positions as regular fixtures in most European supermarkets in the years to come as they possess great taste, are unique, and can be blended with all sorts of other flavours. This makes them exciting long term ingredients."

# Case Study 8
## Plums

### SIX ELEMENTS SUMMARY: PLUM

| Element | Explanation |
|---|---|
| **1. Sensory** | Sunsweet, the world's largest prune producer, was faced with the fact that sales were flat owing to prune's poor sensory appeal. Its response was to formulate a beverage based on plums, from which prunes are processed, with a good taste profile: "a sweet and light, crisp plum flavour, pleasantly tart". The drink is the product of a process that extracts the juice from prune plums while they're still fresh before quickly cooling it to retain the flavour, resulting in a fresher-tasting and less-viscous product than prune juice. |
| **2. Novelty** | This was a novel use of this type of plum (they are generally turned into prunes). Plum juice was unknown on the US market, so although plums were well-known juice was a new format and a novel way of consuming the fruit. There was also novelty in the benefit chosen – digestive health – which was a new benefit on the US market (see below). |
| **3. Convenience** | PlumSmart juice is a convenient beverage and as part of its convenience strategy the company also sought to make snack prunes extremely convenient by providing them as an individually-wrapped, single-serve product under the brand name Ones. |
| **4. Control of Supply** | Sunsweet controls more than 60% of the prune market worldwide and is one of the world's largest growers of plums. Although in theory anyone could grow plums and turn them into a juice Sunsweet has scale which gives it advantages in terms of distribution, marketing and access to adequate supply. |
| **5. Health benefit** | Digestive health was a new benefit on the US market where, at the same time as the launch of plum juice, probiotic yoghurts such as Activia were being marketed for their digestive health benefits. American consumers have responded very well to the digestive health message from yoghurt. SunSweet PlumSmart was the first fruit product to claim this specific benefit (aside from the traditional niche of prunes, which have little consumer appeal). Digestive health accounts for the single-largest segment of the world's largest functional food market – 65% of functional food sales in Japan, a similar number in Europe – reflecting its importance as an everyday wellness issue. The benefit platform seems to be based on the plums' nutrition content (fibre, magnesium, potassium and sorbitol). |
| **6. Marketing the benefit** | Sunsweet conducted a long test-marketing phase to ensure it learnt all it could about how best to reach the target market and since then, as it has rolled out the brand, has invested very heavily in consumer education. The brand has a good name which underscores the benefit. However the company packaged and positioned PlumSmart similar to mass-market juices, thus missing the opportunity to get higher pricing and higher value-added. |

Sunsweet Growers made a $30-million retail sales brand out of its new PlumSmart juice in 2007, its first year on the US market, quickly notching a big win for a fresh and untested proposition in a crowded market. This and other new products are pumping new vitality into the previously moribund business of selling dried plums – otherwise known as prunes – and their derivatives.

Prunes' nutritional potency long has been understood. They are one of the highest-scoring fruits in antioxidant content, even topping blueberries and strawberries; they are high in fibre; packed with Vitamins A and C as well as iron, magnesium and potassium; and free of fat, cholesterol and sodium. Yet,

prunes and prune juice long have had little appeal to consumers beyond their widely adopted use as a strangely flavoured laxative.

"Not a lot of people like prune juice, in part because there's this stigma that that is what your grandma told you to drink if you were having digestive problems," according to Steve Harris, vice president of marketing for California-based Sunsweet, a grower-owned marketing co-operative that controls more than two-thirds of the prune market worldwide.

"And prune-juice consumers are getting older, and there aren't a lot of new consumers entering the market. But what do you do? We still had this commodity that we were trying to find another home for."

The road to PlumSmart has not been an easy one for Sunsweet. Drinkers of Sunsweet's established prune-juice brand – the largest in the prune juice segment – were not only skewing older, they were generally drinking prune juice as an occasional beverage only, that they purchased largely for its physiological functionality – not to enjoy daily. Sunsweet needed to find a way to make its juice products part of more routine and enjoyment-based consumption.

There was also a need for Sunsweet to take advantage of the functional heritage of prune juice and tie it to consumers' growing interest in better-for-you beverages without being heavy-handed about it and scaring them away from a related beverage.

"A lot of people have digestive problems, but they don't like to talk about them," Harris said at the time of launch of PlumSmart. "A huge part of the boomer population is getting to the point in life where they realise that they have to do something for their body. Yet there isn't really a product that you can take that is natural and tastes good and that you can use as part of your daily routine – not chocking down a fibre cereal, or supplements, or even prune juice."


Talking about a prune revolution: these three innovative products are making Sunsweet Growers a stronger player in the worldwide dried plum market.

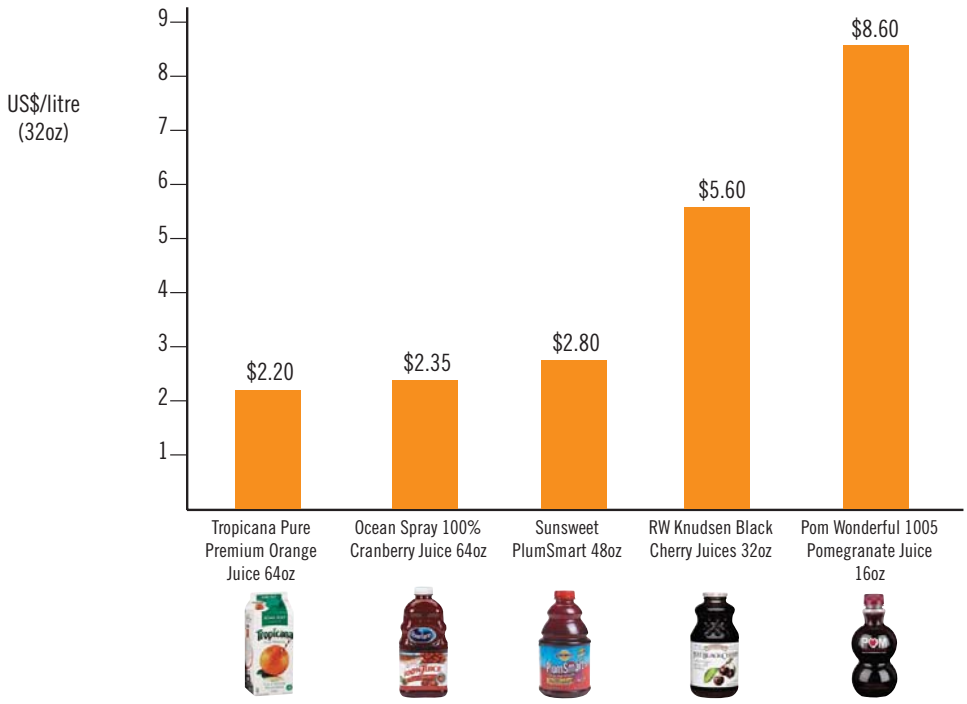
## What's in a name?

For several years prune producers had been casting about for ways to squeeze more consumer appeal out of their ancient product. There was a brief sales bump, for example, in 2001 after the California Prune Board obtained permission from the U.S. Food & Drug Administration to change the name "prunes" officially to "dried plums".

But the name change provided little long-term improvement in prune sales. "We began interchanging the names of the fruit," Harris said, "and to some degree that confused consumers. They didn't know what a dried plum was; but everyone knew what a prune was. We didn't want to get rid of the prune name because of this basic awareness and understanding; but we still wanted to fight the stigma. So we took the stance of calling them both."

Sunsweet also turned to more than new nomenclature to spark dried-plum sales in other ways. PlumSmart came about because, two years ago, Sunsweet executives believed that they could effectively leverage the taste and nutritional properties of dried-plum juice – even its digestive benefits – if they could just reformulate and repackage it for consumers. They came up with a process that extracts the juice from prune plums while they're still fresh before quickly cooling it to retain the flavour; this is a decidedly fresher-tasting and less-viscous product than prune juice per se, which is made by drying plums, then rehydrating them with steam and extracting the resulting juice.

### Chart 28: Price comparison of premium juices available at US Albertsons supermarkets (per litre/32oz)




At $2.80 (€1.95) per litre/32oz, PlumSmart sells at a moderate 30% premium over Tropicana Pure Premium and at a 20% premium over Ocean Spray 100% Cranberry Juice. Significantly, PlumSmart costs half as much as RW Knudsen Black Cherry Juice and less than a third as much as Pom Wonderful on a per litre/32oz basis.

*Source: www. Albertsons.com*

"It's a completely different taste profile," said Harris, a former marketing executive with Dole's fresh-vegetable operations who came to Sunsweet specifically to figure out the PlumSmart proposition. "It is sweet and light. It's a juice you can drink every day because in some ways it can compete with grape, orange and cranberry juices, and not be compared with prune juice which you use for a very specific reason."

Sunsweet describes PlumSmart as a "pleasingly tart-tasting" juice with "all the nutritional benefits of prune juice but with a refreshing flavour and texture". Its "fresh, crisp plum flavour" is complemented with a ruby-red, clear appearance.

PlumSmart naturally contains significant amounts of fibre, magnesium potassium, and sorbitol (the sugar within the plum) "to help keep the digestive tract moving". It also includes chicory root, a natural probiotic. Sunsweet also added ginger and chamomile to PlumSmart as "natural stomach-soothers". The product also contains 120% of the recommended daily amount of vitamin C – "just like orange juice", Harris noted.

Convinced that more than three years of product development had yielded a beverage that could hold its own in the marketplace, Sunsweet went about determining how to name, package, merchandise, price, distribute and market the product.

In tests with consumers, "plum juice" as a moniker "didn't do a darn thing with consumers," Harris reported. "But 'PlumSmart' said something to them in terms of being healthy."

## A long-term strategy for the rebirth of the prune

The debut of plum juice as a modern alternative to prune juice has its origins in a strategic marketing make-over of the prune that began back in 2000 when the California Prune Board – whose grower-members produce 70% of the world's supply – formally changed its name to the California Dried Plum Board.

The prune board had conducted a lot of focus-group research about the potential new name, which consistently showed that 75% of consumers would be more likely to buy dried plums than prunes. In tests, when the name "dried plums" replaced prunes on some restaurant menus, they'd been hard to keep in stock.

Across the US product packaging that had been labeled "prunes" was changed to "dried plums". In addition to a new name, the humble prune was given a health, nutrition and 'convenience food' marketing makeover. The results speak for themselves: in 2001 sales of the fruit formally known as 'prunes' were up 5.5% over the previous year, according to the supermarket sales data from Information Resources Inc. (IRI). The previous year they had declined 3.7%.

California produces 99% of all prunes grown in the US. The California Dried Plum Board represents the industry's 1,250 growers and 22 packers of California prunes. With a $10-million-plus programme funded by growers and handlers through crop assessments, the board promotes prunes worldwide through advertising, public relations, sales promotion and education.

And yet, Harris said, one big reason for the success of PlumSmart is that Sunsweet strategically embraced the digestive benefits of the juice. "For Digestive Health" is emblazoned on the label right under the product name. Sunsweet added ginger and chamomile as "natural stomach-soothers," and chicory root, a natural prebiotic. And then Sunsweet aimed the product's positioning and marketing squarely at aging boomers rather than the typically older demographic that has been the traditional market for prune juice.

## Perfect timing

Sunsweet had tested PlumSmart for two years in St. Louis before taking it national. The co-op didn't set out to conduct such a long test market, but tight supplies of the plums it uses for the juice prevented executives from having confidence that they could supply enough raw materials for a national rollout.

But as it turned out, the timing for embracing PlumSmart's digestive-health benefits became nearly perfect. "When we were testing it, the marketplace in terms of digestive health wasn't nearly what it is now," Harris said. "Now there's [Dannon's] Activia and DanActive, and yogurt and cheese products are all talking about probiotics and digestive health. It's just no longer this stigma that you shouldn't talk about anymore. The competition among all these products is healthy, and as more people talk about digestive benefits, more consumers are getting more comfortable hearing about them."

The product's message, Harris explained, "is really, 'Start your day with PlumSmart'. It's more of a preventative message than addressing people who may have existing digestive issues. We're suggesting drinking it four to five times a week for all the fibre and other nutrients that you need."

## Getting the message across

In fact, education about plum juice and its digestive benefits is a key requisite to PlumSmart's success. The co-op, for example, launched a new educational web site called SmartDigestiveHealth.com. Consumers can also visit www.

### Sunsweet Growers at a glance

Sunsweet Growers, Inc. is the world's largest handler of dried tree fruits, including cranberries, apricots and prunes. A grower-owned marketing co-operative representing more than two-thirds of the prune market worldwide, Sunsweet processes more than 50,000 tonnes of prunes a year and its California headquarters is home to the world's largest dried fruit processing plant.

Founded in 1917 as the California Prune and Apricot Growers Association, the co-operative markets the crops of its members under the brand name "Sunsweet" to consumers at better prices than were offered by individual growers.

Today, Sunsweet processes and markets the dried fruit production of more than 400 grower-members with orchard holdings primarily in California's Sacramento and San Joaquin valleys. Sunsweet boasts an enviable brand recognition of 85% in American households.

SunsweetSwap.com to learn how Sunsweet Prunes stack up nutritionally against popular snack foods like pretzels and popcorn.

And how the product performed in the St. Louis test with, and without, advertising support also underscored for Sunsweet the need for advertising. So the co-op launched a flight of national TV advertising when it rolled out PlumSmart and planned another round of television ads for January 2007.

Already, retailing at a suggested price of $4.29 to $4.39 for a 48-ounce aseptic plastic bottle of PlumSmart, the product has reached 85% all-commodity volume (ACV) distribution in U.S. supermarkets, Harris said. Sunsweet also is considering launching PlumSmart in the drug-store channel. But it isn't a fit for club stores, he explained, because Costco and Sam's Club buyers are looking for "higher-velocity juices" than PlumSmart.

The new Light brand extension, launched early in 2008, has 60% less calories and sugar than regular PlumSmart and, Harris said, is OK for diabetics. "If you look at our core boomer demographic, about 30% of those consumers have some diabetic issue," he said. "So PlumSmart Light made a lot of sense."

## A single serve of superfruit

Sunsweet strongly suspected that repackaging fresh prunes and optimising their superfruit-level nutritional profile would boost sales as well. "This superfruit makes a super snack, and we're ready to tell the world," said Arthur Driscoll II, Sunsweet's president and CEO, when announcing Sunsweet Ones – individually-wrapped dried plums – in early 2007.

During the first several months that Ones were available at retail, Sunsweet's fresh-prune business was up 20% overall, according to Harris. "And this is a business that was flat for five years before. The household penetration of prunes has been only 10%. Ones has driven 70% of that overall new growth."

"A lot of fruits come across these days as being high in antioxidants, making them 'superfruit'," says Harris. "The key to our approach here is getting people to appreciate prunes for their benefits other than digestive health, and they truly realise this when you compare prunes to other fruits. So we're aiming not only for more social acceptance of eating them but also making it more easy and convenient."

Harris believes the Sunsweet Ones concept "puts prunes in a whole different light for consumers". Twenty individually wrapped Ones are packed in a 7oz canister that retails for around $2.99 (€2.10). "This makes a different impression than finding them in a big tub where they're all stuck together," he explains. "Many consumers think of candy when they see Ones in their individual wrappings. And we use only our largest and best fruit for this product: if someone is going to eat one prune at a time, we want to make sure they get their fruit's worth."

The national TV ads for Ones have depicted consumers of all ages discovering and enjoying the product and in one spot they actually taste test Ones at a farmer's market. Sunsweet planned to run the same and similar ads during another burst in the first quarter of 2008.

Fortunately for Sunsweet and its member-growers, prune production volumes have turned around lately so that the co-op has enough raw materials to fuel the growth being brought by the new products. The industry was in an oversupply situation at the turn of the century, Harris said, but the last few years largely have yielded below-average crops. That restored, for now at least, a balance between supply and demand of dried plums.

"And now as long as Mother Nature works with us, there will be enough acreage in the ground to match the needs we have going forward," Harris said.

# Case Study 9
# New Zealand blackcurrants

## SIX ELEMENTS SUMMARY: NEW ZEALAND BLACKCURRANT

| Element | Explanation |
|---|---|
| **1. Sensory** | Blackcurrants have a distinctive taste which means that in whole fresh form they are not acceptable to many consumers. However they can be processed in beverages with a very appealing colour, taste and texture. |
| **2. Novelty** | Blackcurrants were not widely-consumed in the target market (Japan) but neither were they novel. "Novelty" was not an advantage in this case. Rather, marketers of blackcurrant drinks and supplements have managed to build a story around the health benefits of the specific New Zealand variety and their origin. |
| **3. Convenience** | With a focus on an ingredient strategy, NZ blackcurrants have been made available in a range of highly convenient forms from powdered ingredients to juice concentrate, enabling them to be included at effective levels in convenient consumer products. |
| **4. Control of Supply** | The blackcurrant varieties used to provide the ingredients (and the health benefit) are only grown in New Zealand by growers who operate within a tightly integrated industry which actively collaborates and has one collective marketing strategy through a marketing group which acts to benefit the whole industry. |
| **5. Health benefit** | Subject to 17 published studies, blackcurrants' health benefits are based on their naturally high content of anthocyanins. This has become the basis for marketing an "eye health" benefit in the Japanese market, where this benefit is already well-established and popular with Japanese consumers. |
| **6. Marketing the benefit** | Products based on New Zealand blackcurrants have benefited from a significant, well-coordinated and well-funded marketing and consumer education effort in Japan, led by Meiji Seika. Meiji, together with nine other corporate members, has formed the Japan Cassis Association. One of its missions is to create a culture around cassis and its use, and to this end it carries out PR for cassis and promotes July 23 as Cassis Day. |

While knowledge about blackcurrants' health-giving properties is commonplace in the West, in Japan, the so-called "home of functional foods", the superfruit potential offered by these black bundles of nutrition is just now being realised. In fact, without a tradition or history of use in Japan, blackcurrants are relatively unknown and only as recently as 2005 have Japanese scientists, researchers and marketers been paying these berries the attention they deserve.

Called kurorasasuguri in Japan, blackcurrants are marketed under their French nomenclature, cassis, and it is by this name and its Japanese transliteration kashisu that they are commonly recognised. And since 2005, kashisu, cassis or blackcurrants – call them what you will – have been getting Japanese opthalmologists, dermatologists, university professors and, unsurprisingly, businessmen more than a little bit excited.

It's cassis's function to maintain and improve eye health which is creating much of the fuss because eye health is a key health concern in Japan. According to

surveys conducted by the Japan Institute for Labour, Policy and Training, nearly 80% of workers experience some form of eyestrain from using PCs or mobile devices. A further 90% of workers complain specifically about "tired eyes" or "painful eyes". Complaints about eye strain are not limited to those of working age – increasing numbers of older Japanese and, at the other end of the scale, school-aged children, are also being diagnosed with myopia and asthenopis.

Consequently, the market for eye-health supplements and foods in Japan is large – approximately ¥99.5 billion ($822 million/€609 million). While 90% of the eye-health market is created by lutein- and bilberry-based products, accounting for ¥91 billion ($753 million/€558 million), Japanese consumers are slowly coming round to the eye-health benefits offered by cassis-based supplements and foods too. And, when bilberry prices started escalating in 2006 (due to poor crops), supplement and food companies began to inquire more intently about cassis as an ingredient for eye health. In that year, retail sales of functional foods, beverages and supplements containing cassis reached a sturdy ¥3.5 billion ($29 million/€21 million) – 40% growth over 2005. Now, the cassis market is about one tenth of the bilberry market and compared to that market, which took 10 years to reach more than ¥40 billion ($331 million/€245 million) in sales, cassis' performance so far is fairly impressive.

While growth in the cassis market in Japan was in part spurred by extremely high bilberry prices, two other factors have really set the cassis market rolling. One is the establishment of the Japan Cassis Association – an organisation which educates Japanese consumers about the potency of cassis as a fruit that is good for the eyes – and the other is the full-scale entry of the major food company Meiji Seika into the cassis functional market.


The Japan Cassis Association was established to educate uninformed Japanese consumers about the health benefits, nutrition properties and great taste of blackcurrants.

## Growing for the Japanese market

Curiously, although the French name for these deep purple berries is the one most commonly used by the association, it is more often than not New Zealand varieties of blackcurrant that the association refers to in its website. This is because it is a group of blackcurrant growers from New Zealand that has introduced its potent, nutritious berry varieties to Japanese consumers.

Currently, NZ$5 million ($3.6 million/€2.7 million) worth of NZ blackcurrants is exported to Japan as ingredients for supplements, snacks and functional food

### The Japan Cassis Association: introducing a superfruit to an uneducated market

Formed to promote the widespread and effective use of cassis as an everyday product for eye health, the Japan Cassis Association was established on national "eye protection day" (10 October) in 2005. The Association has been working actively on consumer education ever since, releasing a quarterly newsletter and holding symposiums and summits to introduce would-be Japanese consumers to what is currently a little-known, little-consumed fruit in that country.

The association's missions are to:

- Promote effective, wide-spread use of cassis
- Enlighten people about the prevention of eye disease through the consumption of cassis
- Make a positive contribution to the nation's health
- Show how the beautiful colour and aroma of cassis can enrich everyday lives
- Establish a cassis industry in Japan and create a "cassis culture"
- Provide up-to-date information to prefectural and municipal governments; researchers in ophthalmology and dermatology; cassis distributors and processors and consumers

Currently the association has 10 corporate members including:

- Meiji Food Materia Co. Ltd. (a firm that trades in sweeteners and functional ingredients)
- Meiji Seika Kaisha Ltd. (a blue-chip confectionary, food and pharmaceutical company)
- NZBG Japan (a company that imports and sells foods and ingredients based on cassis and other berries)
- Unifoods Corporation
- Cassis Foods (a company that sells frozen foods and cassis-based foods)
- Green House (a mail-order company selling foods and health foods)

One of the association's missions is to create a culture around cassis and its use. Steps have already been taken towards this goal. July 23 has been set as Cassis Day. Symbolic of summer (it's known as the hottest day of the year in Japan), it is hoped that eventually, cassis will come to be associated with this day – cassis are harvested in mid-summer and summer is also the time when anthocyanin levels are being boosted in the berries as they receive more exposure to ultraviolet rays. As well as organising Cassis Summits to coincide with July 23, the association pays for a number of PR activities to promote cassis. Magazines, trade papers and general newspapers have featured articles about cassis.

Significantly, the association's website (http://j-cassis.jp) provides information on the NZ district where the cassis is sourced.

products and in an instant quick-frozen (IQF) form for products such as jams. Keith Owen, manager of an international marketing business focused on NZ blackcurrants, said: "While in the past, New Zealand blackcurrants have tended to be exported as concentrated juice as an ingredient for beverages and jams, with the advent of a relationship with Japan, these typical end-uses are becoming more diverse."

The new end-uses for blackcurrants owe much to the combined R&D and marketing know-how of two corporate members of the Japan Cassis Association – a NZ joint-venture company known as the New Zealand Berryfruit Group (NZBG) and a Japanese life science business operating in the food, pharmaceutical and healthcare domains, Meiji Seika Kaisha Ltd.

One half of the NZBG is the export marketing company Horticulture Marketing Limited (HML). Alan Dobson, HML's general manager, said the project with Meiji has allowed NZBG to "create a market in Japan from nothing and convince people to make New Zealand blackcurrants into functional foods and drinks and nutraceutical products like dietary supplements".

NZBG and Meiji have developed an extensive range of NZ blackcurrant nutraceuticals, supplements and functional foods based largely on phytochemical health products – extracts, powders and concentrates – obtained from Just the Berries (JTB), the New Zealand company that makes up NZBG's other half. Rutinoside anthocyanins from NZ blackcurrants are the vital source for JTB's "purified nutraceutical products".

Together NZBG and Meiji are educating health-conscious Japanese consumers about Rutinoside anthocyanins, which are found in NZ blackcurrants in very high levels, but are not found in blueberries. According to JTB, it's these anthocyanins that "help maintain optimal eye health".

## Meiji magic

Meiji sees a bright future for NZ blackcurrant products: the blue chip food company has developed a range of nutraceuticals, foods and beverages targeting eye and skin health and blood circulation.

After research carried out at Hirosaki University confirmed that cassis improved blood flow around optical nerves, Meiji cleverly used marketing and educational materials to link the benefits of cassis-based products with the improvement of blood circulation and the eradication of "sagging eyes" – a complaint which, according to a 2005 cassis feature in Nikkei Health, "worries … one out of three people" concerned about the appearance of their skin.

Marketed under the Meiji brand, three categories of cassis-based products are available: Cassis Anthocyanin; Cassis Polyphenol and general Cassis Products. Cassis-i Shot, the centerpiece of Meiji's Cassis Polyphenol product range, is a mini-drink targeted at women in their 20s and 30s. The daily-dose 100ml bottle, in shining purple, contains 130mg of blackcurrant phenolics – the level of phenolics that is required, so consumers are told, to produce a visible improvement in sagging eyes. (See Box on page 243 for detailed information about each of the products in the Meiji range).

## Meiji supplements, foods and beverages containing NZ blackcurrants

Meiji produces three categories of NZ blackcurrant-based products – Cassis Anthocyanin; Cassis Polyphenol and Cassis Products – catering for a Japanese market that is well informed about the nutritional and health properties of berry fruit.

**Cassis Anthocyanin:**


**Cassis-i A50:** A 19.6g bottle of 40 soft gel capsules which each contain 50mg of NZ blackcurrant anthocyanin and 0.5mg of lutein. Targeted at eye health, these supplements are recommended for the whole family. They can also be purchased in a 4.9g foil pouch (pictured) which contains 10 capsules. RRP for the bottle: ¥2,499 ($20.93/€15.59). RRP for the pouch: ¥698 ($5.85/€4.35).


**Cassis-i EX:** A 29.4g bottle of 60 soft gel capsules which each contain 50mg of NZ blackcurrant anthocyanin, 10mg lutein, 50mg vitamin C, 50mg vitamin E and B-carotene at 2250µg. The capsules also have small amounts of copper and zinc. Targeted at women's eye health, they have a RRP of ¥3,675 ($30.78/€22.92).

**Cassis Polyphenol:**


**Cassis-i EX!:** Recommended for eye health and also as a beauty aid (for skin health), these soft gel capsules, which contain DHA, are promoted for their antioxidant activity. A 44.1g bottle contains 90 capsules each of which has 50mg NZ blackcurrant anthocyanins, 10mg lutein, 0.6mg copper, 9mg zinc, 50mg vitamin C, 27mg vitamin E and 30mg DHA. The boosted capsules have a RRP of ¥6,800 ($56.97/€42.42).


**Cassis-i Shot:** One of the most innovative products in the Cassis-i range, this 100ml daily dose "shot" is targeted at women in their 20s and 30s who are concerned about skin and eye health. Each 100ml bottle contains 130mg of NZ blackcurrant polyphenol, vitamins C and A, and calcium and iron. The daily dose bottles can be purchased in groups of 30 or 60. The RRP for 30 bottles is ¥7,500 ($62.82/€46.77) and for 60 it's ¥14,250 ($119.35/€88.87).


**Cassis-i Granule:** Recommended for mixing with yoghurt, milk or water, this is a granulated blackcurrant powder. Five gram sachets of powder are mixed with 120mls of liquid to produce a drink containing 130mg of NZ blackcurrant polyphenol. Available in 100g boxes which contain 20 5g sachets, Cassis-i Granule has a RRP of ¥2,625 ($21.99/€16.37).


**Cassis-i Candy:** A premium product, these soft sweets comprise three layers: the top and bottom layers are soft candy and the middle layer is pressed NZ blackcurrant. Targeted at eye health and beauty, each sweet contains 130mg of blackcurrant polyphenol. RRP n/a.

**Cassis-i + Vinegar:** For beauty and eye health, this 50ml bottle contains 130mg NZ blackcurrant polyphenol as well as 10ml black vinegar. RRP: n/a.

**Cassis-i + Collagen C:** Targeted at skin and eye health, this powdered drink mix contains 130mg polyphenol from NZ blackcurrants as well as 5000mg collagen, 50mg vitamin C and 450mg arginine and 60mg glucosamine in each 8g sachet. A 240g box of 30 sachets has a RRP of ¥8,800 ($73.70/€54.88).

**Cassis Products:**


**Cassis C:** A powdered drink mix containing 1000mg of vitamin C and 25mg of NZ blackcurrant, the product is touted as "both sweet and sour" in taste. Each sachet contains 15g of powder and is sold in a gable-top box of eight sachets for a RRP of ¥315 ($2.64/€1.96).


**Cassis Chocolate:** This health and beauty chocolate comes in a 50g bar. Milk chocolate is mixed with NZ blackcurrant and sold in a foil wrapper. RRP: n/a.


**Chocolife:** A blackcurrant version of a very popular chocolate made by Meiji. Chocolife chocolates come in thin square wafers with pressed fruit in their centre. The blackcurrant version features white chocolate. A 20g plastic pouch contains four wafers. RRP: n/a.


**Lola:** Lola is a range of functional sweets developed to meet the specific nutritional needs of men, women and children. Blackcurrant and blueberry are combined in 150g tablets to target women's eye health. The blackcurrant/blueberry variant is offered alongside COQ10 and orange supplement, a plum based supplement and other fruit-based supplements targeting a range of women's nutritional needs. RRP: ¥1,029 ($8.62/€6.42).

Aside from Meiji's offerings, a company named UniFoods - also a member of the Japan Cassis Association - sells frozen foods and cassis products. Their small jars of blackcurrant jam carry the phrase on a sticker on the lid: "Cassis New Zealand is far better".

An eight page feature in *Nikkei Health* magazine in 2005 introduced the blackcurrant to its mostly female readers through a series of graphs, survey findings, schematic representations of blood circulation, before-and-after photographs of skin discolouration, and testimonies from a range of medical professionals – all invested in explaining and eradicating "sagging eyes". (See Box on page 248 for an illustration of this advertisement).

Meanwhile, Meiji organised an innovative poster promotion for female consumers of Cassis-i Daily Shot. Entrants were required to count the number of bespectacled sheep pictured in a M.C. Escher-esque symmetry drawing. The poster, featuring pink and purple sheep wearing glasses, provided a quirky link to the New Zealand origin of blackcurrants and their eye health benefits. Twenty prize winners were flown to New Zealand for a six day tour of the country's South Island, including a stop-off at blackcurrant farms. Later, the prize winners were served meals featuring blackcurrant geniose, fruit salad and sorbet.

## Why New Zealand blackcurrants?

According to research carried out in New Zealand, NZ blackcurrant cultivars have higher anthocyanin (anthocyanins are the water-soluble flavonols that give blackcurrants their distinctive colours) and polyphenol levels when compared with blackcurrants from other sources. Research by the New Zealand Institute for Crop and Food Research (CFR) revealed that the anthocyanin content of European blackcurrants is 250-500mg per 100g (average) whereas the content in NZ blackcurrants is a much higher 570mg per 100g (average). Ben Ard and Ben Rua, two NZ-unique, high yielding varieties grown on a large commercial scale have around 25% higher anthocyanin levels than blackcurrants from Poland, Canada, Scotland and Sweden (see Chart 29).

Data supplied by the US Department of Agriculture enabled a comparison of vitamins and trace mineral levels in US blueberries (much-hyped for their high antioxidant levels) and NZ blackcurrants. Blackcurrant researchers showed that NZ blackcurrants contain "three times the amount of vitamin C, six times that of calcium, three times that of potassium and magnesium, and twice that of zinc" and that "blackcurrant contains more vitamin A, folic acid, and iron than blueberry". Another CFR study concluded that " … blackcurrant contains 1.6 times as much anthocyanin and 1.5 times as much phenolic acid as blueberry [leading] to three times greater total antioxidant activity in blackcurrant than blueberry".

A not insignificant number of further studies carried out by Japanese scientists from Tohuku and Hirosaki universities are revealing the superior antioxidant activity of cassis polyphenols. They are linking the berry's juice, anthocyanin and polyphenol extracts with a range of health benefits including reduction in tiredness, short-sightedness and eye disease, as well as some benefits related to cerebral performance.

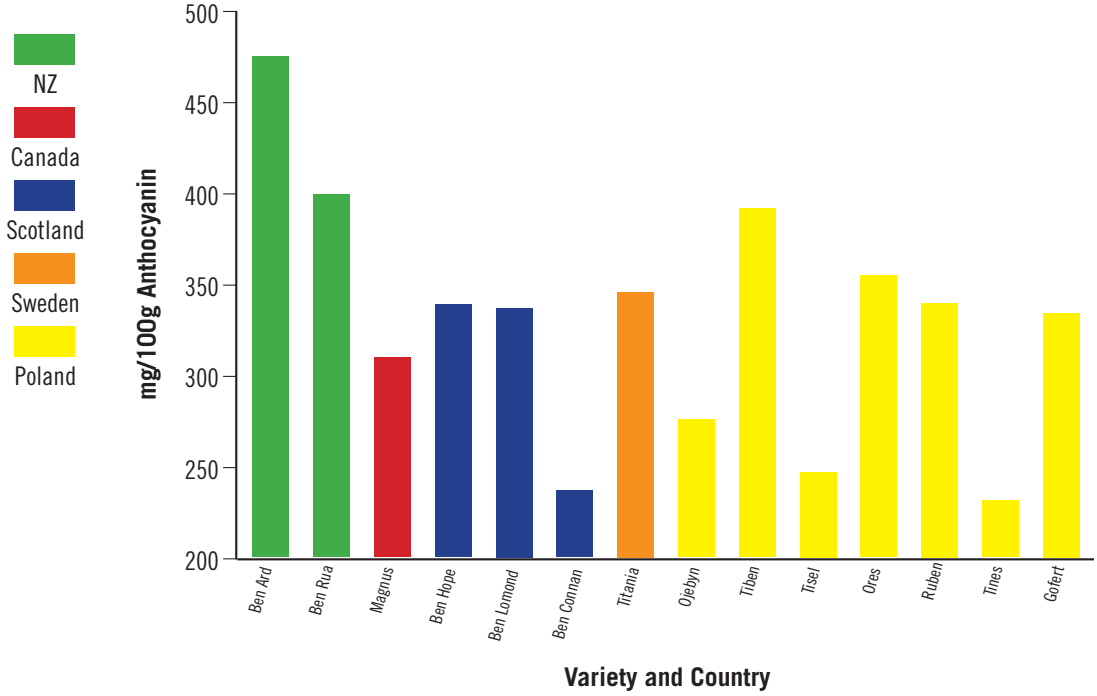
It's clear to Owen why the NZ varieties should be singled out from the rest of the blackcurrant bunch. Owen says confidently: "The blackcurrants grown in NZ on a large commercial scale are not grown anywhere else in the world. The varieties in NZ are different because of the low chill conditions which are prevalent in this environment. NZ blackcurrants are disease resistant, high yielding, high in colour/anthocyanins … Moreover, there is a greater range of flavours among NZ blackcurrants."

## Controlled supply

Another attractive aspect of NZ-grown and -sourced blackcurrants, according to Owen, is the "tightly organised NZ blackcurrant industry which is unique on a global basis". The very carefully managed and integrated industry structure in New Zealand serves blackcurrant growers, developers, marketers and "the international market very well", establishing, Owen says, "strong channels of supply for all requirements".

At the head of this network is Blackcurrants New Zealand Limited (BCNZL) a representative body supporting the interests of the blackcurrant growers, exporters and producers. It draws levies for each kilo of blackcurrants produced and funds market development, research and crop management for the growers. On a global basis, BCNZL is unique.

## Chart 29: Comparative anthocyanin levels of blackcurrant varieties




In his role as chair of BCNZL's market development committee Owen is very aware of the way such a robust, well-organised structure can better enable the industry to manage, research, develop and market its berries with the confidence that quality, supply and on-going awareness of new markets and manufacturing possibilities will be assured.

Thus far, BCNZL has raised profit, production and success for these tiny New Zealand berries. Since 2002, for example, there has been an average increase in NZ blackcurrant production which has been boosted by new markets arising in Japan, South East Asia and to a lesser extent, though still notable, the US. The year 2005 to 2006 saw the most marked increase in yield: from 2,600 tonnes to a more substantial 10,440 tonnes.

New Zealand is currently the second biggest supplier of blackcurrants – accounting for around 3%-5% of the world's total blackcurrant supply. "Roughly 7,000 tonnes are exported per annum to the main markets of South East Asia, Australia and North Asia/Japan, 905 tonnes goes to Australia as juice concentrate, 1,600 to North Asia (including Japan) and 3,500 to South East Asia," said Owen. "Smaller volumes were also exported to North America."

At present rates (about NZ$1.00 [$0.73/€0.54] per kilo over the entire NZ industry), NZ blackcurrants – even varieties with higher levels of anthocyanins – face significant price pressure from low-priced Polish blackcurrants. Polish yields are well above those of New Zealand's. In 2002-2004, for example, Poland produced a whopping 132,000 tonnes of blackcurrants on average (that's 70% of EU-25 production according to the European Commission Agriculture and Rural Development) making the need for differentiated NZ blackcurrants and blackcurrant products even more palpable.

## Promoting blackcurrants as a superfood

NZ blackcurrants have received some media coverage in New Zealand over the last few years and in 2004, the berry was at the centre of an international marketing campaign for US audiences. Through print communications inspired by the "colour diet concepts" espoused in books such as David Heber's *What Color is your Diet?* blackcurrants were introduced to potential consumers in America. Pamphlets containing the opening statement: "We all know that good things come out of the blue … And now scientists are discovering that excellent things come out of the purple" give some indication of the connection being made with Heber's book.

Owen says "NZ consumers have an underlying awareness of the health benefits of blackcurrants" and that more and more this awareness is becoming common. He predicts that this will generate "more products focusing on the health benefits of blackcurrants".

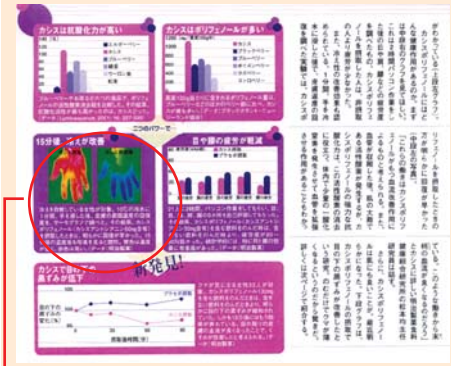
## Future for blackcurrants looks bright

The market for NZ blackcurrants remains strong particularly because where it is being introduced – in Japan and South East Asia – it's becoming known as a higher value product. Growers are producing new varieties with boosted nutrition components and, as such, will be able to ask a premium for the NZ blackcurrant extracts, concentrates and IQF.

Whether the Japanese cassis market will eventually reach the ¥10 billion ($83 million/€62 million) mark, and whether cassis will "take off" as an alternative to expensive bilberry and blueberry extracts and finished products, depends to a large degree on how many strong and competent players join Meiji Seika in the development, manufacture and marketing of blackcurrant products. At present, Meiji's major role in the manufacture/import of blackcurrant extracts and its domination of the finished blackcurrant product market make it difficult for any companies wishing to experiment with cassis. When Meiji puts Cassis-i on the shelves of convenience stores, for example, other Japanese beverage companies are reluctant to compete.

All going well, when health claims can be substantiated, NZ blackcurrants will feature in even more health supplements and functional foods across the globe – and may be more widely used in medical treatments – than is currently the case. It could very well be that in the near future, what was once an obscure, little-known berry in Japan may become one of the stars of the superfruit list.

## Cassis feature from *Nikkei Health* June 2005*



*"Do you know blackcurrants? The fruit is black, sweet and sour, high in polyphenol content and has the effect of improving blood circulation. Blackcurrants have an effect on cold and stiffness in the shoulders, and fatigue of the eyes ... I bring to your attention and introduce the power of blackcurrants." – Nikkei Health, June 2005.*

The text at the bottom right of this Japanese magazine feature on cassis highlights "sagging eyes" as a skin/beauty related problem. The caption reads:

*Once you have sagging eyes the problem is difficult to eradicate. Conventional treatments are:*

- *Massaging around your eyes*
- *Concealing with cosmetics*
- *Using high frequency thermotherapy*

*Even if you massage, it does not disappear immediately. Cosmetic creams only hide the effect and non-conventional high frequency thermotherapy does not have a decisive effect. I have discovered a new simple method! The detail is in the next page.*

Graphs, barcharts, figures and professionals' testimonials are characteristic of promotional material in Japanese health magazines.

As well as bar charts, this page uses thermographs to illustrates the effect of blackcurrant polyphenols on blood circulation. The following excerpt provides an explanation of the thermograph:

*[Blackcurrants] have improved poor blood circulation.*
*After having dipped a hand into cold water for one minute in the experiment which investigated recovery of skin temperature, the recovery was clearly more rapid [when blackcurrant had been consumed].*

*"This work is based on the bloodflow improvement action of blackcurrant polyphenols".*

And other excerpts provide quotes from a Meiji research scientist:
*… although the oxygen radical, which is a powerful enemy of the skin, occurs after a blood vessel contracts, the powerful antioxidant activity of blackcurrants is useful for the elimination of this oxygen radical. It also turns out that there is an action where a small amount of carbon monoxide is generated in the body, and makes a blood vessel extend – improving blood flow. Senior research scientist Matsumo of the Meiji Seika Health Food Research Institute outlined this in a blackcurrant talk.*

*(translation and notes prepared on behalf of BCNZL by Keith Owen International Marketing Ltd.).

# Case Study 10
# Gold kiwi

### SIX ELEMENTS SUMMARY: GOLD KIWIFRUIT

| Element | Explanation |
|---|---|
| **1. Sensory** | Excellent sensory properties with a sweet tropical taste, distinctly different from green kiwifruit. |
| **2. Novelty** | When the fresh fruit debuted in Asia and Europe it was a new colour and taste for kiwifruit, which had previously been associated by most consumers only with green kiwifruit. |
| **3. Convenience** | Available fresh and in a number of convenient processed forms. Zespri has invested several years of effort in developing uses for gold kiwi as an ingredient and it is used, for example, as an ingredient in a smoothie marketed by Naked, one of America's largest smoothie companies. |
| **4. Control of Supply** | Zespri, the world's biggest kiwifruit-growing company, owns the plant varietal rights (PVR) to gold kiwi, meaning that the product can only be grown and marketed under license from Zespri. |
| **5. Health benefit** | Kiwifruit has been described as "the most nutritionally dense fruit". Gold kiwi is very high in vitamin C – containing eight times that of oranges and cranberries – and in vitamin E, vitamin A, folate, dietary fibre and lutein. It is overall more nutritious than green kiwi, including a 25% advantage in vitamin C. There is strong emerging evidence for immune function support. |
| **6. Marketing the benefit** | Gold kiwi is priced as a premium fruit. Zespri has started to market the health benefits of gold kiwi in some markets. Much of the communications effort appears to have been concentrated on the fresh fruit and little on the ingredient. |

Zespri is the world's leading supplier of kiwifruit, and its green variety has long been popular as fresh fruit and as an ingredient throughout the world. But Zespri's other, more obscure product – a proprietary, more nutritious, gold variety of kiwi – may be the one that puts the grower on the superfruit map.

Gold kiwi is the key ingredient in a new "superfood" variety of Naked Juice that was launched in the US in late 2006, called Gold Machine. And Mt. Maunganui, New Zealand-based Zespri is now supplying gold kiwi as an ingredient in a number of other new beverages and foods that will be sold under several other brands in Europe, Japan and other markets in addition to North America.

In fact, Zespri is bidding to turn gold kiwi into a widely acknowledged superfruit with appeal as an ingredient on the level of pomegranates and cranberries, according to Campbell Cooper, at the time of writing company manager for Aragorn Ltd., which is the ingredient arm of Zespri. "Something that's very important to us is to target innovative companies in the most innovative food markets," Cooper said.

## Zespri and Naked strike gold

Zespri has several great advantages in this quest. First, gold kiwi is a legitimate nutritional heavyweight. Second, Zespri has a lock on how gold kiwi is

positioned, priced and marketed because it is covered by Plant Varietal Rights (PVR). Third, the company has put several years of highly effective research and development into the uses of gold kiwi as an ingredient. And fourth, Zespri already has accomplished some things in the marketplace with gold kiwi, not the least of which is placement in the new Naked Juice product.

Naked, of course, is the California-based company that is a market leader in juice blends, superpremium juices and bottled smoothies in the US and is a major innovator in popularising new fruits and flavours. Those are among the reasons that PepsiCo announced in late 2006 it was acquiring Naked. And those same reasons led Cooper to conclude that a Naked product would be the perfect vehicle for the biggest introduction to date of a product based on gold kiwi. "This is a company that is pioneering new fruits and has done it many times with açaí, pomegranate and others," he says. "We wanted very much to follow in the footsteps of what Naked has managed to do with other fruits."

Gold Machine is mainly a blend of gold kiwi, pineapple and passionfruit, what Cooper calls "a tropical blend that is quite commonplace in Asian markets". Launched last fall through all of Naked's distribution channels in natural-foods stores and some mainstream supermarkets, Gold Machine has "quite surprised" Naked with the strength of demand both from the retail trade and from consumers themselves, Cooper says. And now Naked is "actively seeking additional distribution because of the positive response".

Gold kiwi's nutritional firepower obviously is one reason for its popularity in Gold Machine. Cooper says "it's one of the most nutrient-dense fruits available on the fresh-fruit market and also in an ingredient format". Gold kiwi is very high in vitamin C – containing eight times that of oranges and cranberries – in vitamin E, in vitamin A, folate, dietary fibre and lutein. It is overall more nutritious than green kiwi, including a 25% advantage in vitamin C. "And our research is revealing new things all the time," says Cooper.


Gold Machine is mainly a blend of gold kiwi, pineapple and passionfruit. Tropical in flavour, the Naked smoothie is available in natural food stores and some mainstream channels.

Although kiwi are native to China, they've been cultivated for a century in New Zealand. Zespri long has exported green and gold kiwi to many markets including Japan and the US. Zespri established Aragorn five years ago as an enterprise charged with obtaining value through ingredient development from fruit, both gold and green, that wasn't fit for the fresh market. So Aragorn has come up with a number of purees, concentrates and types of frozen kiwi pieces that it can supply to categories across the food industry, especially beverages and dairy applications.

The Zespri brand of fresh fruit is well established in Japan, its largest market globally, as well as Korea, Taiwan, Luxembourg, Belgium, the Netherlands and Spain. And to a great extent, Cooper says, the strength of its brand in those markets "makes a difference" when it comes to ingredient applications. "It's not a

guarantee that our ingredients will be successful," he says, "but it enables us to encourage companies to mimic the [fresh-fruit] positioning when they launch their products."

## A world of difference in green and gold

More than nutrient levels separate gold from green kiwi. Gold has a sweeter taste than green kiwi, a softer and more tropical tinge, Cooper says. "That's why it has been so popular in Japan, Korea and Taiwan," he says. This has helped Zespri establish slightly different consumer markets for the green and gold fruit in many places. It also means that gold kiwi blends better than green does with other fruits including strawberries, apples, peaches, and apricots.

Gold kiwi's increasing use as an ingredient around the world will provide more benefits to Zespri's fresh-fruit business as well, Cooper explains. He hopes that the synergies between the company's two businesses develop in a similar way to blueberries which have become popular as a fresh superfruit and also in many ingredient applications.

"What we believe will be the future, particularly once gold kiwi is better known for the health benefits it delivers, is that we'll be able to deal with more and more of the innovative functional-foods companies around the world. And they'll go out with products with specific positioning that will also benefit our fresh-fruit positioning. We want to see the ingredient and the fresh-fruit business thrive hand-in-hand, to drive a strong health position globally."

## The future looks bright

Besides Gold Machine, Aragorn already has managed to place gold kiwi as an ingredient in a number of other products around the world, including Morinaga yoghurts in Japan, premium drinkable yoghurts in Korea, and a variety of items in Europe including juices, jams and even ice creams. In the Netherlands, a small company called Healthy People has been offering a range of gold-kiwi smoothies for nearly a year. "They're performing reasonably well in the market and generating interest in gold kiwi as an exotic and premium fruit," Cooper says.

More applications are pending in other products including frozen-fruit mixes and, especially, bottled smoothies. "There's a big link between what Naked Juice is doing and what other smoothie companies in Europe and around the world are doing," Cooper says. "They watch each other quite closely."

Cooper says that Aragorn "certainly want companies, where possible, whose products are positioned as premium – which is representative of the positioning of our gold kiwi."


A small Dutch Company, Healthy People, offers a range of gold-kiwi smoothies.

In fact, he maintains, "We don't believe expense is an issue with gold kiwi. It will always be positioned as a premium fruit, two or three times more expensive than commodity fruits – that is intentional. It is in the company of other premium fruits such as pomegranates, although it will still cost considerably less than blueberries. And while it's priced at a premium, it's still a level at which companies around the world can use gold kiwi in reasonable-percentage formulations. And the intrinsic health benefits will be delivered to consumers whether they be in a yoghurt or a juice or a smoothie."


*Source: Courtesy of Zespri International*

Zespri's website www.zespri.co.nz explains the nutritive benefits of the Gold Kiwi. Among many nutrition facts the site explains that Gold Kiwi "has higher levels of Vitamin C than an orange higher even than green kiwifruit", and that it is, "rich in Vitamin E, magnesium and dietary fibre, low in calories and fat and contains folic acid and zinc".

# Case Study 11
# Watermelons

## SIX ELEMENTS SUMMARY: WATERMELON

| Element | Explanation |
|---|---|
| **1. Sensory** | Fresh watermelon has very good sensory properties. Sundia, the company which introduced watermelon juice in the US, discovered very quickly that the beverage doesn't need to taste like the fresh fruit – it just needs to taste good. In its first incarnation, which was close to the taste of fresh watermelon, the flavour was not intense enough for consumers. The company focused on improving the processing of its juice and better formulation, including adding other fruit juices to the blended products "to make them more complex and interesting taste-wise, which was another thing our customers were looking for". |
| **2. Novelty** | No novelty value. Watermelon is among the top five fruits consumed worldwide, and fresh watermelon long has been popular in the US. But in the US watermelon juice is novel – a new way of consuming a well-known fruit. |
| **3. Convenience** | Fresh watermelon scores very poorly on convenience, but as a beverage this problem is overcome. |
| **4. Control of Supply** | No/low control of supply but a good grower network supplying. |
| **5. Health benefit** | Watermelon and watermelon juice are not associated strongly with a specific benefit substantiated by clinical studies. Instead the perceived benefit is related to nutrition content. One serve of Sundia juice contains 24% of the recommended daily value for vitamin C, and 11% of vitamin A. With 40% more lycopene than an equal amount of raw tomatoes, watermelon has more lycopene than any other fruit or vegetable. Lycopene has a number of possible benefits. Watermelon also contains high levels of citrulline, an amino acid that's used by the human body to make arginine, another amino acid that plays a role in healing wounds and which is being studied for its possible efficacy in treating high blood pressure. |
| **6. Marketing the benefit** | In marketing watermelon Sundia is faced with pre-existing consumer beliefs which are not easy to change – such as the presumption by American consumers that, being 92% water, watermelons can't be nutritionally potent. The company also has the challenge of trying to convince consumers that a mainstream fruit is a superfruit: "One of our biggest challenges is to educate consumers and retailers that watermelon truly is a superfood and a superfruit that is really good for you." The company has also faced problems getting retail space. |

The purveyors of the newest superfruit – watermelon juice – are tweaking their products and their expectations as they try to muscle into the increasingly crowded refrigerated aisle of supermarket-produce departments. Sundia's co-founders believe that new formulations and new science will help their products quickly gain more traction.

What Sundia has going for it is obvious. Watermelon is among the top five fruits consumed worldwide, and fresh watermelon long has been popular in the US. Its nutritional pedigree actually is very strong, with less sugar and fat than orange juice, many antioxidants and other vitamins and minerals, and even more lycopene than tomatoes. Sundia can price its juices way under direct rivals in the refrigerator case such as pomegranate juice and superpremium products by Naked Juice, Odwalla and Bolthouse Farms.

But Sundia's four flavours of watermelon juice, launched in late 2005, got off to a difficult start. By 2007 they collectively remained a $1.5- to $3-million (€1.1 - €2.2 million) product on an annualised-sales basis, according to Dan Hopkins, chief operating officer of the San Francisco-based company, who co-founded Sundia with CEO Brad Oberwager. That's about the same as their sales pace shortly after they were introduced. The main obstacles to quicker growth, Hopkins said, were consumer objections to the taste of Sundia drinks, misperceptions about their nutritional value, and the difficulty in taking over more shelf space in retailers.

## Valuable lessons in the watermelon business

To get Sundia's growth on track, Oberwager and Hopkins had to make several early-course corrections. One misstep they now can't rectify: Sundia launched its line in mid-summer 2005 even though, because of watermelon's strong association with summer refreshment, beginning a few months earlier would have been optimal.

Sundia also found that consumers weren't warming as quickly as the co-founders had hoped to their lineup of four flavours: Original Watermelon, Watermelon Pomegranate, Watermelon Limeade, and Watermelon Blackberry. So they reformulated their entire line and re-launched it in April 2006.

One big problem was that the flavours weren't intense enough for the taste buds of many American consumers, whose idea of watermelon flavour has been shaped more by confections than by eating fresh watermelon.

"They were looking for a more intense watermelon-taste experience than actual watermelon juice provides," Hopkins explained. Already, Sundia's watermelon juice was more concentrated than watermelon juice in its natural dilution. But consumers "wanted to drink it and have it taste like Jolly Rancher watermelon candy – and watermelon doesn't really taste like that".


What does watermelon really taste like? Sundia's four watermelon juice-based flavours have been intensified to satisfy the tastebuds of American consumers.

So Sundia came up with ways, particularly in how they process watermelon juice, "to manage their expectations without compromising our values about not reducing the watermelon-juice content", as Hopkins put it. Sundia also added other fruit juices to the blended products "to make them more complex and interesting taste-wise, which was another thing our customers were looking for".

Sundia also is trying to change the lack of consumer conviction about just how nutritious watermelon juice really is. One cup of Sundia juice contains 24% of the recommended daily value for vitamin C, and 11% of vitamin A. With 40% more lycopene than an equal amount of raw tomatoes, watermelon has more lycopene than any other fruit or vegetable, and it's easily bioavailable.

"But one of our biggest challenges," Hopkins explained, "is to educate consumers and retailers that watermelon truly is a superfood and a superfruit that is really good for you."

One negative presumption of many Americans is that, being 92% water, watermelons can't possibly be potent in any sense. "They often associate [the fruit] just with being refreshing and sweet, just a summertime treat," Hopkins said. Elsewhere in the world, he says, particularly in Asia, watermelons are credited with more efficacy. For example, with Indian and other spicy cuisines, watermelon is consumed because of its cooling effects on the body, he said.

In regard to its nutritional bona fides, Sundia welcomed – and trumpeted – an article in an early-2007 issue of *Nutrition Journal* citing research by the US Agricultural Research Service indicating that, in addition to lycopene, watermelon contains high levels of citrulline. This is an amino acid that's used by the human body to make arginine, another amino acid that plays a key role in healing wounds and which is being studied for its possible efficacy in treating high blood pressure.

"That's an important study, and we'll see more and more findings as we go on – we know of other studies that are being done that will be more conclusive and show even tighter results in terms of the effects of drinking watermelon juice on blood pressure," Hopkins said.

## Keeping watermelon affordable

Conquering retail space is "our biggest hurdle right now", Hopkins said. Retailers are generally "excited about the taste of the product and its uniqueness", he reports. "But they're confronted with tight space and with other unique juices coming out as well. Finding space to stay ahead of the curve in this category is their challenge."

Sundia is trying to help by keeping its prices to a suggested $1.89 to $2.59 (€1.49 to €1.92) for a 13.75oz, single-serve, ready-to-drink bottle – a level below or no worse than just about every other product in the category. "We wanted it to be every person's powerful antioxidant drink, not something for an exclusive set," Hopkins said. "We also wanted to make sure that, if Mom was going to buy, say, a pomegranate juice for herself, that she felt comfortable being able to buy one of our products for the kids' lunches."

In fact, Hopkins said, Sundia juices enjoy high market share among kids. The company was considering creating aseptic packaging for its products akin to the juice boxes and bags that are mothers' popular choices for their kids' school lunches and snacks.

Sundia's pricing has been considerably easier to manage because of an ample supply of watermelons in the US, the fact that the fruit generates a high yield of juice in processing, and certain practices that Sundia follows in harvesting fruit for juice. One of the most important is that Sundia takes seed-bearing watermelons to process for juice, which are sweeter and less expensive than seedless watermelons. Seedless fruit have become by far the preferred variety by American consumers, but a certain number of seed-bearing watermelons must be spread among every bit of watermelon acreage so that they can cross-pollinate the seedless plants.

The company's task in creating a strong brand is made considerably easier, Hopkins says, by the fact that Sundia is coming to control an increasing amount of the fresh-watermelon trade in supermarkets across America. "They take big space in produce departments, and shoppers see our brand on the lids, boxes and stickers," Hopkins says. "That is coming to mean that we're being recognised as a produce company, not just a maker of watermelon juices."

## Not just juice

In fact, Sundia quickly attempted to leverage the broadening of its brand by introducing a series of new, refrigerated cut-fruit product in June 2007 called Sundia True Fruit. They don't contain watermelon because all of these fruit cuts will be pasteurised, and fresh watermelon doesn't survive pasteurisation. Eight-ounce packages of the five varieties – Mandarin Orange, Perfect Peach, Tropical Medley, Purely Pineapple and Ruby Grapefruit – retail for a suggested 99 cents to $1.49 each (€0.79 to €1.10), and 20oz packages for $2.59 to $2.99 (€1.92 to €2.22).

"We think we have the ability to create a brand with watermelon products," Hopkins said, "and then use that as a vehicle to promote the brand more broadly and launch other value-added products right beside them."

And in late 2007 Sundia unveiled two extensions of its True Fruit line - Lite and Organic – packaged in Sundia's proprietary "Grab n' Go" cups which contain a "spork" for on-the-go consumers. Featuring Perfect Peach, Ruby Grapefruit, and Mandarin Orange, True Fruit Lite contains up to 60% less sugar and calories than the original True Fruit. True Fruit Lite retails at a suggested $1.79 (€1.15) for a 10.75 ounce cup. Mango, ruby grapefruit, pineapple, and peach are featured in True Fruit Organic which retails at $1.99 (€1.28) for a 10.75 ounce cup.

## The next big thing?

Clearly, Sundia aims to replicate the success of Pom Wonderful, which first appeared on US store shelves in 2002 and already has rocketed to a $71-million (€52 million) brand. In its early history, Sundia said it was "to watermelons as Dole is to pineapples, Welch's to grapes, Ocean Spray to cranberries, Chiquita to bananas, and Sunkist to citrus".

Oberwager was a dot-com entrepreneur before he founded Sundia. He got the inspiration to get into the watermelon-juice business traveling through Asia, where it is a staple at business hotels and elsewhere. "You can't walk into a restaurant in India or Thailand and not see it," he says. "It's on every menu." And Chinese eat 30 times more watermelon than Americans, he says. In fact, Sundia now distributes its watermelon juice in Hong Kong (as well as Canada).

But unlike the creators of Pom Wonderful and growers of many other agricultural products that have been recast as nutritional superstars, Oberwager didn't own a watermelon patch. So he has been building a network for marketing the fresh watermelons grown by independent growers under the Sundia brand, which also has given Sundia a ready supply of watermelons for processing into juice.

Oberwager also came up with a way to pasteurise processed watermelon juice while remaining "friendly" to its fragility. It burns easily in pasteurisation and isn't as easily extracted from fresh fruit as, say, pomegranates.

In all, however, Sundia products and prospects have attracted some significant fans. "It's a natural winner," says beverage-marketing guru Tom Pirko. Sundia's several "success factors," he says, add up to a good chance "to outdo Pom as the next fresh and tasty thing".

# Case Study 12
# Cherries

## SIX ELEMENTS SUMMARY: CHERRIES

| Element | Explanation |
|---|---|
| **1. Sensory** | Tart bing cherries have excellent sensory properties both in fresh and processed forms. |
| **2. Novelty** | In America, cherries are a familiar fruit and cherry pie, usually made with a gooey sauce of sweet cherries, is a summertime favourite. In his boyhood George Washington, father of the nation, got into trouble for chopping down a cherry tree, the legend goes. |
| **3. Convenience** | US cherry marketers have identified that their biggest opportunity lies not in whole fresh cherries but in cherries as an ingredient, for example as an alternative to blueberries, cranberries and other berries in muffins, yoghurts and other foods. |
| **4. Control of Supply** | The Cherry Marketing Institute is a grower-owned marketing co-operative which controls supply to the US market. |
| **5. Health benefit** | There is a strong and developing body of science for cherries, amounting to around 65 studies. In vitro studies have found that cherries have anti-inflammatory activity that is similar to commonly used painkillers because they are the richest source of certain anthocyanins – richer than blackberries and strawberries, and including certain anthocyanins which aren't found at all in blueberries. Older Americans have long used tart cherry-juice concentrate to relieve symptoms of specific conditions such as gout and arthritis, although there is no conclusive science for this as there is for cranberries and UTIs. |
| **6. Marketing the benefit** | The marketing challenge is to re-position as a superfruit a fruit that is very familiar and to whose nutritional benefits most American consumers are virtually oblivious. A survey conducted for the Cherry Marketing Institute (CMI) found that only 37% of respondents believed that cherries are high in antioxidants. The survey also ranked cherries as the "least nutritious" fruit when compared with other fruits, including blueberries, apples and bananas. The CMI's strategy relies heavily on PR – advertising was stopped as being less effective – and a range of consumer education initiatives, such as the *Cherry Nutrition Report*. The marketing effort also focuses heavily on convenience – since consumers thought about cherries only as a seasonal fresh fruit – communicating their year-round availability in dried, frozen and concentrate forms and positioning them as an equally healthy alternative to blueberries, cranberries and other berries. |

Tart cherries have tradition and nutrition going for them, but not the pizzazz of being recognised as a "superfruit". So now their formerly sleepy growers group is trying to vault its product into superfruit status using an aggressive new repositioning strategy, led by the guru who was responsible for the dairy industry's famous "Got Milk?" campaign.

Jeff Manning was executive director of California's milk processor board for almost 13 years, and he was the genius behind the group's marketing campaign that kept consumers talking about the nutritional value of dairy products and drew their attention to those "cool" milk moustaches that kept showing up on celebrities' faces in print advertisements.

Now an independent consultant, Manning was attracted by the opportunity to work with the Lansing, Mich.-based Cherry Marketing Institute to attempt

to make a superfruit out of tart Bing cherries. (Sweet or black Montmorency cherries are grown in many of the same areas of the US, including the Upper Midwest, but are also grown widely in California and Washington and are represented by a different growers' group.)

"People don't care about antioxidants or anthocyanins per se," Manning says. "They just want to know [cherries] are good for them and are kind of like blueberries and cranberries and pomegranates. That led us to an interesting strategy: we just really want to be part of that superfruit group. We're not trying to knock out blueberries; we just want to be part of the group."

The cherry growers "were envious of the blueberry guys," Manning continues. "They looked at the publicity and crop prices for other superfruits and were saying, 'We've got a lot of science that says we have the same characteristics as blueberries and other fruits. Why are we just promoting cherry pie?'

"And I was intrigued because here is a product that has virtually 100% awareness but almost no awareness of the fact that they're available year round, in dried, frozen and concentrate forms – and that they're good for you. Consumers just think about fresh cherries in July. It's an interesting project for me because it's repositioning a very old, very traditional product where there is more or less no awareness of the processed product."

## Making cherries super

Given that mission, however, cherries still have a long way to go. Certainly they are an iconic American fruit, long established in lore and certain recipes. George Washington was caught in his first lie about chopping down a cherry tree, the legend goes. And cherry pie, usually made with a gooey sauce of sweet cherries, is a summertime favourite.

A bit of a nutritional back story has developed around cherry juice and dried cherries too. Thousands of older American consumers already swore by tart cherry-juice concentrate as a surefire source of symptomatic relief of specific conditions such as gout and arthritis. Dozens of small processing companies, especially in Michigan where so many cherries are grown, have been marketing the concentrate based on this supposed benefit. In fact, in 2005, the US Food

& Drug Administration warned 29 companies selling cherry products to stop making unproven claims that they treat or prevent diseases.

Furthermore, said Manning, there is "a lot of science" behind the nutritional potency of cherries. A Michigan State University study about 15 years ago found that cherries have anti-inflammatory activity in laboratory testing that is similar to commonly used painkillers because they are the richest source of certain anthocyanins – richer than blackberries and strawberries. Anthocyanins 1 and 2 aren't found at all in blueberries. The findings may explain why cherries seem to help ease the pain of arthritis and gout, the Cherry Marketing Institute said. More recently, researchers have found that a diet including freeze-dried cherries suppressed a type of intestinal tumour in mice. A small human study even found that eating cherries lowered blood levels of uric acid, which contribute to gout, a severe form of arthritis.

## Melatonin levels could be key

Moreover, cherries are one of the few food sources of melatonin, a potent antioxidant that helps improve the body's circadian rhythms and natural sleep patterns, according to studies conducted by Russel Reiter, a researcher at the University of Texas Health Science Center in San Antonio, and an expert on melatonin.

"Cherries not only contain significant levels of antioxidants, but they provide a unique combination of antioxidants that are not found in other fruits," Reiter said. "The compounds in cherries act as potent antioxidants that appear to have anti-inflammatory benefits, which may be particularly valuable for aging baby boomers suffering from joint pain."

The only problem was that American consumers were virtually oblivious to all the nutritional benefits of cherries. A survey conducted for the Cherry Marketing Institute found that only 37% of respondents believed that cherries are high in antioxidants. The survey also ranked cherries as the "least nutritious" fruit when compared with other fruits, including blueberries, apples and bananas.

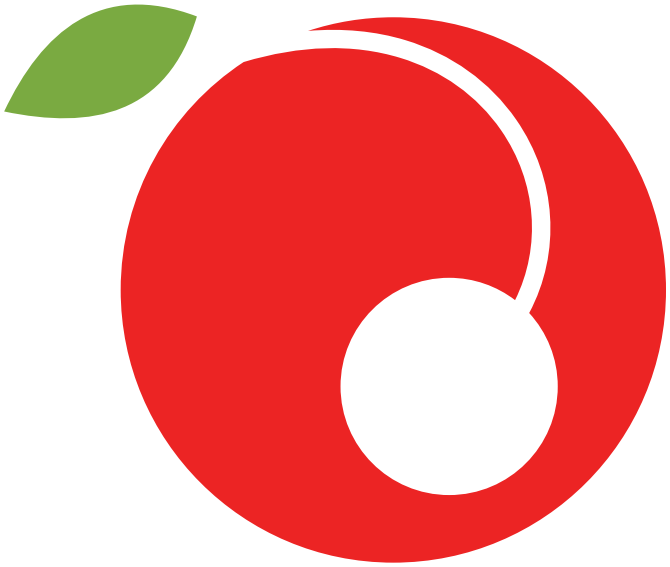
## Or maybe it's taste?

Yet, cherries were on top when it came to taste. Nearly twice as many consumers, 62%, preferred the taste of cherries compared with those who favoured blueberries, 30%. And about 70% said that if they knew cherries were as nutritious as blueberries or other berries, they would choose cherries.

In some ways, tart cherries have some of the same perceptual advantages and drawbacks of milk, with which Manning worked for so long, until 2005. But Manning had a $22 million (€16 million) annual budget with the California Milk Processor Board, whereas with cherries, he's starting out with a $1.2-million (€880,000) allotment raised by farmers from a one-cent levy on each pound of cherries. And the Cherry Marketing Institute already has selected a new slogan for marketing tart cherries: "Cherries – not just another berry".

This is enough for Manning to start to work with. New consumer research was the first order. It helped him determine that the best targets for cherries' repositioning are 45-plus-year-olds. For one thing, they can afford the relatively high prices that are commanded by many cherry products. And, Manning noted, many of them "are people who are already feeling the pain. And you have to have some sense of pain or a problem before you really start taking nutraceuticals seriously.

"A 35-year-old guy is still immortal. But a 55-year-old whose knees are hurting and who needs a rotator-cuff operation, that's the person who's really serious about eating healthy and looking for healthy foods in the diet. They would like to not be taking so many drugs."



Cherries

Not just another berry.

According to a researcher at the University of Texas, cherries provide a unique combination of antioxidants that are not found in other fruits. And, consumers think they taste better.

The research also helped Manning conclude that, if consumers could only be properly educated about the fact that tart cherries are nutritional dynamite, they would respond overwhelmingly positively – just as consumers are generally happy to hear that certain amounts of red wine and dark chocolates can be good for them.

"People were so excited that here's this food they love, and someone is giving them a rational reason to eat it," Manning said.

At the same time, the cherry growers didn't want to settle for mere innocuousness for their fruit. "We didn't want people just to conclude that cherries are good for them," Manning explained. "We wanted them to think that they could have cherries instead of blueberries, cranberries or raisins."

Moreover, it's not as if some international and highly empowered standards board is guarding the moniker "superfruit" so that cherries couldn't appropriate it just as readily as did, say, blueberry growers or the introducers of açaí into America. "Pomegranate did the same thing, although ironically, when you pick up some pomegranate products, they're only about 10% pomegranate juice," Manning noted.

## Stretching the marketing dollar

Mannning began by persuading the growers to quit spending about $1 million a year on paid advertising. "You can use $1 million in five minutes in major media," he said. Instead, Manning advised, the Cherry Marketing Institute would focus on public-relations and interactive-marketing efforts, where the $1.2-million initial allocation would go much further.

The Cherry Marketing Institute put together something they called the *Cherry Nutrition Report*, a compendium of more than 65 cherry-related studies that document the fruit's disease-fighting properties. The group launched a new website to serve as a resource for consumers. They came up with a new, modern logo as well as the new tag line. And they made Manning the star of a major public-relations effort that began in February, in New York City, and resulted immediately in a number of news-media hits.

## Positioning cherries as an ingredient

Just as important for the long term, Manning is also emphasising the potential of tart cherries as an ingredient in healthy foods and beverages. Rather than highlighting concentrate, however, he's focusing on cherry juice and dried or frozen cherries and pieces.

"I'm not going to go to Dole and try to convince them not to put raisins in their product and use dried cherries instead," he said. "But I'll ask them about adding cherries with cranberries or almonds in the mixes they have. It's an inclusive superfood strategy, rather than just pounding our chests and saying, 'Buy cherries because they're good for you."

Manning said that just one or two major successes in placing cherries as an ingredient could significantly boost demand, raise crop prices, and make his new client very happy. "If Starbucks put dried cherries in their muffins, just do

the math," he said. "It would take a third of the dried cherries off the market if Starbucks just did a dried-cherry muffin. Maybe people are tired of seeing just blueberry scones. I have a personal goal of changing that by the end of this year, even if I have to spend half my life in Seattle," where Starbucks is headquartered.