The Grocer

Focus On: functional by Natalie Brown (natalie_brown@live.co.uk)

Publishing: 9 July
Advertising deadline: 23 June
Submissions deadline: 17 June

The Story

Functionality is hot, hot, hot in food & drink right now. Everyone from mainstream chocolate and cereal players to bottled water and soft drinks brands are playing the functionality card by adding functional ingredients such as protein, so-called 'superfoods,' vitamins and minerals to their formulations. Which retailers, brands and own label producers are making the most of this trend? Who's buying this stuff? And with protein now firmly established in the mainstream, what's going to be the next big thing in this sphere? Chia? Botanicals? Exotic fruit and veg?

For the purposes of this report, our key focus will be products following this definition:
food & drink fortified with additional ingredients (above those required by law or standard industry practice) to deliver additional or enhanced benefits over and above their basic nutritional value.
Of secondary interest will be food & drink that naturally have properties providing additional or enhanced benefits over and above their basic nutritional value, and are marketed on these grounds (such as coconut water).

Key themes:

Soft drinks: Soft drinks may be struggling under the strain of adverse press over the health impacts of sugary pop, energy drinks and fruit juice, but there's one part of the sector in rude health: functional drinks fortified with ingredients such as chia, kale, beetroot and sea buckthorn. Which players are making the most out of this growth area? How? Is it offsetting decline in the wider soft drinks market? What's driving growth? How long can it last?

Other sectors: Cereals have long been sold on functional benefits. More recently, everything from bread and baby food to milk, yoghurts and baby food have been fortified with functional ingredients to give them an edge. To what effect? What other sectors are playing the functional card?

Ingredients: Central to this feature will be an exploration of the kind of functional ingredients products are now using and why? What impact is the rise of products containing 'natural' functional ingredients having on products perceived as more synthetic? Are such players adapting their marketing in response to this trend? What will be the next big functional ingredients; ancient grains such as amaranth?

Regulation: This feature will explore in detail the impact of European regulation on the functional claims food and drink brands can make about their products. Are brands using the implicit suggestion that natural ingredients will provide a functional benefit in response to the tighter rules governing the explicit claims they can make about their products?

Price & promotions: This feature will explore how brands are using price and promotions to win share of the market. Have functional juices and smoothies allowed soft drinks players to avoid the sort of intense promotions the market saw a few years ago? As the market becomes more crowded, are fiercer promotions on the cards? How vital is it for brands to hit certain price points in the current climate?

Innovation: This will be key to this feature. We will be investigating how new product development has shaped the category over the past year and what is in store for shoppers in 2016. We will be profiling four of the most interesting launches in a separate innovation panel.

Advertising and marketing: This feature will also investigate how the marketing and advertising strategies of the category's biggest brands have evolved over the past year and how they will develop in the coming year to sustain growth or return brands to growth.

Key questions the feature is likely to address:

- What consumer trends have impacted the category over the past year?
- How have promotional strategies (both in terms of price and marketing) evolved?
- How have individual retailers' strategies impacted the market?
- How has merchandising changed in the market?
- What impact has own-label had on branded players?
- What's next for the category?