

INNOVA MARKET INSIGHTS

Simplicity Heads Top Ten New Food NPD Trends for 2010

New Product Trends 2010

Levels of NPD activity are continuing to hold up well in the face of the difficult global financial situation, with the number of launches in the first 10 months of 2009 ahead of the total achieved in the same period of 2008, according to **Innova Market Insights** (www.innovadatabase.com). Looking forward to 2010, some key trends and developments are emerging that are likely to have a profound effect on the market over the next 12 months or so. **Innova Market Insights** has identified the following as the top ten new product trends likely for the coming year:

Trend # 1: Sense of Simplicity: The downturn is making people nostalgic for simpler times, and simpler foods. The interest in “back to basics” has driven interest in natural and clean-label foods. More natural ingredients, including natural sweeteners extracted from source such as apple, agave and maple syrup, are on the rise, and EU approval of the high-intensity natural sweetener stevia also looks close. The natural trend has been particularly evident in beverages, with the **Innova Database** recording that over 13% of global soft drinks launches in the first 9 months of 2009 period were positioned on a “natural” platform, equivalent to nearly 1,000 products. While activity is dominated by bottled water and fruit drinks, both of which have the benefit of an inherently natural image, perhaps of most interest is the rising level of interest in natural carbonates, which is moving away from more specialist products and into the realms of the brand leaders.

Trend # 2: Sustainable Gathers Steam: Increasingly well-informed consumers are looking for locally-sourced, more sustainable and fairly-traded products. While the organic trend has flattened in the downturn, fairtrade new product activity is continuing to rise, with major confectionery companies such as Cadbury and Mars making fairtrade commitments. The notion of carbon footprinting also looks set for a move into the mainstream.

Trend # 3: Inherent Nutrition: It is a tough time to be in the functional foods business. Not only are strict EFSA policies demanding new dossiers on scientific support for well-established ingredients such as probiotics, but consumers are also becoming increasingly sceptical of foods that fail to

provide an immediate benefit. Foods with more traditionally perceived benefits, such as fruit and vegetables and milk, will be pushed further as inherent health benefits are communicated.

Trend # 4: Functional Superstars: The relatively few healthy ingredients lucky enough to have survived EFSA's early rulings will move to the fore in functional foods, as others will be forced, for the moment, to rely on softer claims. With the pattern of EFSA decisions expressed thus far, it is difficult to predict exactly which ingredients will triumph, but tough times are definitely ahead for radical and obscure ingredients making outlandish claims.

Trend # 5: Going Immune: Swine flu fears have fuelled a demand for immunity boosting products in many countries, and we can expect ingredients such as probiotics and various antioxidants to be marketed on this platform in 2010. Manufacturers will have to be careful about overdoing claims, however. Danone has found itself in trouble with the Advertising Standards Authority in the UK over claims that its Actimel probiotic drinks could help support children's natural defences and Kellogg's has already dropped an immunity claim it was using on Rice Krispies in the US.

Trend # 6: New Delivery for Energy: "Energy" is the hot concept in functional foods, as stimulating ingredients are used in new applications. Energy shots, until this year an essentially US concept, have now well and truly arrived in Europe, with majors such as Coke and Red Bull getting in on the act. The "energy" concept is also increasingly hot in confectionery product activity, particularly for chewing gum.

Trend # 7: "Free From" Rises: The gradual move toward more "gluten-free" and other "free-from" foods over the past few years accelerated in 2009 to involve some of the major players and to focus more on taste and quality. High-quality brands are emerging positioned as "easy to digest," "easy on the stomach" or "mild." At ANUGA there was even a product formulated with konjac gum addressing the needs of those with seafood allergies (Sophie's Kitchen), indicating that previously untapped markets are now starting to be addressed.

Trend # 8: Continuing to Cook at Home: Grocery retailing is one of the few sectors smiling in the downturn and enjoying a boom in both budget and high-end products, while the mid-sector is squeezed. One of the catchphrases of 2009 was "Staying in is the new going out" and despite some indications of "green shoots of recovery" on the horizon, consumers do not have the confidence to foresee complete economic recovery as yet. Foodservice will continue to struggle for some time as consumers continue to rediscover their cooking and entertaining skills.

Trend # 9: Extreme Flavours: Rising levels of interest in very hot products are being reported, with major brands such as Pringles launching Extreme Flavours. The 2010 World Cup in Africa is also raising interest in spicy foods from a continent full of cuisines previously largely ignored in western markets. New food varieties and styles will move to the fore.

Trend # 10: Real Authenticity: It is no longer enough to simply create a product with a regional positioning; the product should be based on ingredients from that region and ideally even be produced there. Nestlé is hoping to catapult its Taste of Home concept into the mainstream in 2010, while UK retailer Asda recently announced its plans to launch the biggest-ever world foods range. With the growing number of immigrants and a rising interest in authenticity, regionally-produced foods will undoubtedly be on the rise.

For further information on the Innova Database, the representative for Australia and New Zealand is Glen Wells (Glen.Wells@innova-food.com.au or +61 407 262 838).