









Functional Foods and Natural Health Products: The Canadian and World Context

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Outline

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-  Overview of the market
-  Consumers' role in the market
-  Industry regulations
-  Industry implications on public health and agri-food sectors
-  Conclusions

Introduction

- Health and diet relationship
- What are functional foods and natural health products?
- Functional foods => Nutraceuticals => Natural health products => (FFNHP)
- FFNHP industry implications on public health and agri-food sectors
- The aim of this literature review

Overview of the market

- Global Market for Functional Foods and Supplements (US\$ billion):

| Category | 2000 | 2003 | 2005 | 2006 |
|------------------|--------|--------|--------|--------|
| Supplements* | 51.46 | 60.19 | 65.30 | 68.27 |
| Functional Foods | 50.63 | 66.53 | 79.40 | 85.01 |
| Total | 102.09 | 126.72 | 144.70 | 153.28 |

Source: Nutrition Business Journal (2004; 2007a)

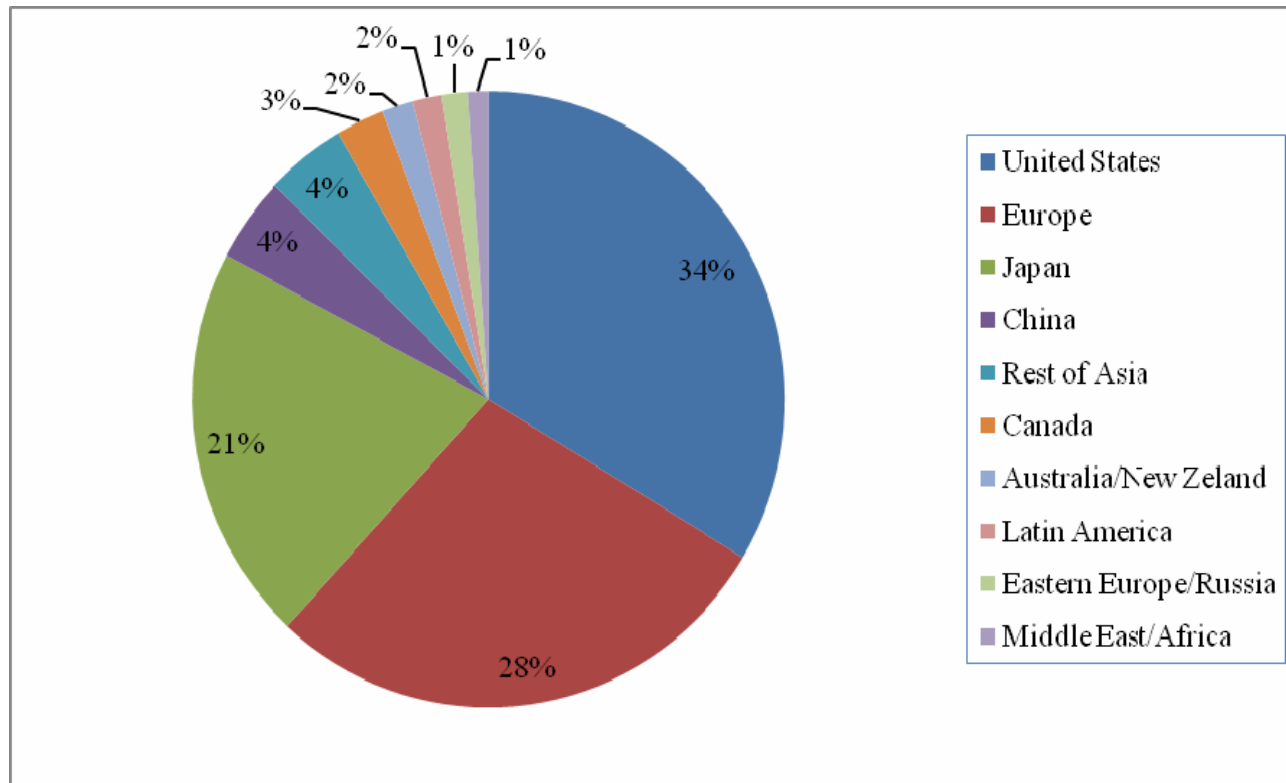
* Includes natural health products, but may also include other supplements not included under this definition according to Canadian legislation.

Overview of the market ...

- Main and emerging markets
 - ❖ The United States
 - ❖ Canada
 - ❖ Europe
 - ❖ Japan
 - ❖ Emerging markets (China, India, Eastern Europe, Latin America)

Overview of the market ...

- Market Share of Functional Foods and Natural Health Products by Sales, 2003:



Source: Nutrition Business Journal (2004)

Consumers' role in the market

- Attitudes towards technology
- Nutrition knowledge and information
- Perceptions of health risks
- Trust in quality and safety
- Taste, enjoyment and convenience
- Carriers and ingredients
- Socioeconomic and demographics
- Willingness to pay
- Preference heterogeneity

Industry regulations

- Health claims and safety regulations
- Lack of harmonization
- Regulations in Japan
- Regulations in the United States
- Regulations in Canada
- Regulations in Europe
- Regulations in other countries

Industry implications

- Reduction in public health costs
- Efficacy, safety, and interactions of FFNHP
- Opportunities to add value to agri-food and natural products
- Challenges to improving regulations
- Challenges to public policy development

Conclusions

- Industry is growing
- Promising opportunities in the FFNHP industry
- Understanding consumer perceptions is critical
- Regulatory constraints
- Policy development
- R&D

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