

STAGNITO'S New Products Magazine

Exclusively focused on new food & beverage products

Strategic co-branding



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Strategic co-branding

Partnering with the right ingredient adds more than nutritional boost

BY KENT STEINRIEDE

On Valentine's Day this year, Aristo Health Inc. launched its body + mind line of nutrition bars. The chewy granola bars contain a combination of omega-3 from fish oil, plant sterols and so-called superfruit antioxidants such as pomegranate and dried cranberries.

On the package of each bar, underneath text that reads "A Delicious Way to Great Health & Vitality," is a pair of logos. The little heart is that of Heart Choice plant sterols, an ingredient marketed by Cognis Nutrition & Health, based in La Grange, Ill. When eaten, plant sterols — normally found in vegetables, seeds and nuts — compete with cholesterol during digestion and help block the absorption of "bad" cholesterol. Another logo, with little blue fish, represents MEG-3 encapsulated fish oil powder with DHA (Docosahexaenoic Acid) and EPA (Eicosapentaenoic Acid) omega-3 fatty acids marketed by Ocean Nutrition Canada of Nova Scotia.

Gursh Bindra, founder of Aristo Health, based in Morristown, N.J., says that displaying the ingredient

logos prominently on bars is important for Aristo because they can catch the eyes of educated consumers. "It's almost synonymous to 'Intel Inside,'" he says.

Aristo could have created products with more logos, for branded fruit products and other functional ingredients, but Bindra says that he and his colleagues decided to put just two logos on the packaging. "We didn't want our bars to look like NASCAR," says Bindra, a nutritionist who founded Aristo in 2005.

Gone are the days when ingredient sources were trade secrets. Today co-branding among food manufacturers and ingredient producers is becoming more common, especially in nutraceutical, or functional food, categories. Throughout the supermarket, many product packages

already feature a handful of logos connecting products to various criteria or provenance, such as “Certified Organic,” “Real Cheese,” “Vegan,” “California Grown” or approval by the American Heart Association. Add to these, logos for fish oil, plant sterols or superfruit concentrate, and the package does begin to look like a NASCAR racecar.

For a food product manufacturer, co-branding brings association with a known concept, such as the cholesterol-lowering properties of omega-3 fatty acids. The arrangement, which began with artificial sweeteners, allows an ingredient producer to show off the versatility of its product.

“The ingredient shouldn’t change the taste in any way,” says Linda Pizzey, president of Pizzey’s Milling, with U.S. operations based in Gurnee, Ill. Pizzey’s branded omega-3 product, MeadowPure, is made from flax seed. For several years the company has separated flax seeds, removing immature and damaged seeds that are more likely to deteriorate and contain less omega-3 fatty acids. Branding the product allows food manufacturers to purchase a stable, uniform product that won’t vary from year to year, says Pizzey.

The perfect match

Co-branding has to make sense for the manufacturer and ingredient producer and be appropriate for the audience and marketplace. “Aristo’s vision and market objectives with respect to

functional foods are closely aligned with ours, which is why this co-branding agreement is such a good fit,” says Laura Troha, marketing manager for Cognis Nutrition & Health, a subsidiary of the German chemical company.

Co-branding also allows an ingredient manufacturer to prove to the public, as well as possible future clients, how little a functional ingredient affects taste. The image of a branded ingredient that a food product conveys is very important. “We’re careful who we choose. We don’t want to put [MeadowPure] in something that isn’t good tasting,” Pizzey says. “In the long run, it damages our credibility.”

This is particularly true with fish oil products, which have been associated with a fishy taste and sometimes an unpleasant “fish burp.” In recent years, however,

microencapsulation has eliminated the fishy taste.

Fish oil-based omega-3 producers are anxious to let the public know this through co-branding programs.

For example, Ocean Nutrition, like Cognis, is helping promote Aristo’s bars, which are sold in more than 300 stores in the northeastern states and one supermarket chain in the Midwest. “They are likely to be well received by a wide cross section of consumers,” says Ian Lucas, executive vice president of global sales and marketing, in a press release “[They] are a truly innovative and tasty, convenient way for people to receive the health benefits of EPA and DHA from fish oil, without the taste or smell of fish.”

Currently at least three branded omega-3 ingredients appear on products and more are on the horizon. This spring Martek Biosciences Corp., Columbia, Md., announced co-branding agreements with Breyers Yogurt Co. and Horizon Organic Dairy, Broomfield, Colo., to display the “life’s DHA” logo for its vegetarian omega-3 product.

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Aristo co-branded its body + mind Wellness Nutrition Bar with Ocean Nutrition's Meg-3 omega-3 ingredient and Heart Choice plant sterols from Cognis Nutrition & Health.



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A sampling of branded ingredients

CoroWise: Cholesterol reducer from plant sterols — Cargill, www.corowise.com

Heart Choice: Plant sterol-based cholesterol reducer — Cognis Group, www.heart-choice.com

MeadowPure: Omega-3 from flax seeds — Pizzey's Milling, www.meadowpure.com

MEG-3: Omega-3 from microencapsulated fish oil — Ocean Nutrition, www.meg-3.com

MultiBene: Plant sterols with calcium and other minerals — MultiBene Group of Finland, www.multibene.com

Ultragrain: Whole wheat flour with the appearance of white flour — ConAgra Foods, www.ultragrain.com

VitaCran: Cranberry powder and extract high in anti-oxidants — FutureCeuticals, www.futureceuticals.com

Martek's omega-3 product, derived from algae, will be added to Horizon's organic milk as well as its White Wave soymilk.

For a small company such as Aristo, teaming up with Cognis, a multi-national corporation, gives Aristo extra leverage, Bindra says. Cognis has presented a case study on Aristo's products at a trade event. In May, the German branch of the company brought cases of Aristo's nutrition bars to sample at Vitafoods International, a large health ingredients industry event in Geneva, Switzerland.

Putting science to work

Co-branding allows food manufacturers to capitalize on years of expensive scientific research. The science behind functional ingredients is often based on studies sponsored by the ingredient manufacturers. Few food manufacturers have the resources or intellectual capital to sponsor research for an ingredient. In some cases, the results of the studies allow food product manufacturers to include health claims approved by the Food and Drug Administration in marketing materials, advertisements and on packaging.

New York-based bakery

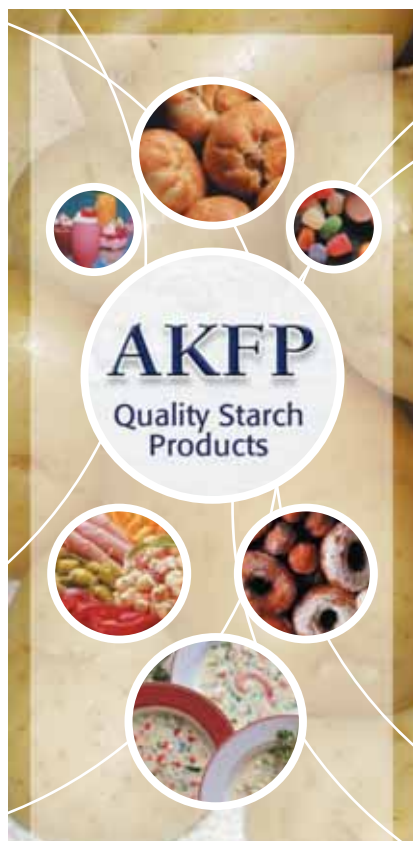
Vitalicious' co-branding program with Cargill Health & Food Technologies allows Vitalicious to take advantage of the work that Cargill has put into its CoroWise plant sterol cholesterol reducer. "We cannot get all the science behind it the way that Cargill can. We want it to come from reliable sources," says Aryeh Hecht, who founded Vitalicious five years ago. Since March, some of the company's VitaTops muffin tops have been made with CoroWise. Vitalicious plans to add other branded ingredients in the future, Hecht says.

Cargill, Minneapolis, launched CoroWise in 2003. The company has been aggressively marketing it to food manufacturers, consumers and health professionals. The plant sterol first appeared in Minute Maid Premium Heart Wise orange juice. CoroWise is now co-branded with several products including Nature Valley Healthy Heart Chewy Granola Bars, Oroweat Whole Grain & Oat Bread and Rice Dream Heartwise drink made by The Hain Celestial Group.

Dieticians also play an important part in the marketing of CoroWise and the products made with it.

Cargill exhibited and handed out

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Rice Starch (opaque)—Candies, Soups

Tapioca Pearls/Granules—Puddings


Potato Flakes/Granules—Baked Goods, Snacks



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product samples at the American Dietetic Association Conference in Honolulu in 2006.

Cargill also has direct marketing campaigns aimed at dietitians. One of the goals of the marketing campaign is to make health professionals aware of the CoroWise logo on food and beverage products. "It gives them a tool to educate their patients," says Pam Stauffer, marketing programs manager at Cargill Health & Food Technologies.

Since 2003, Cargill has sponsored events such as the Science and Leadership Symposium for Women Heart Patients at the Mayo Clinic in Minneapolis and the Healthy Foods Conference in Baltimore.

Pizzey's, which co-brands its MeadowPure with Hodgson Mill baking mixes, launched a marketing campaign this spring in hopes of generating television, radio and print press coverage for omega-3s from flax seeds. "We have a story to tell, as an ingredient," Pizzey says. "Our job is to help consumers make conscious choices and be able to distinguish nutritional fact from marketing hype." As part of the campaign, the MeadowPure Web site will also list products that are made with MeadowPure, which include offerings from Barilla, Mission Foods and Pepperidge Farm.

As more consumers get their health and nutrition information from the Internet, several ingredient



producers are using the Web to promote their ingredients as well as the food and beverage products. Several branded ingredients have Web sites devoted to them, where consumers can learn about cardiovascular health such as how much "bad" cholesterol is too much, the scientific concepts behind the ingredient, which products contain it and where to buy them.

In February 2006, Cognis launched the Web site Heart-Choice.com in partnership with the health and natural products retailer Vitamin Shoppe. Besides heart and cholesterol information, the site also directs consumers to Vitamin Shoppe's online store where they can buy Heart Choice in dietary supplement form.

Vitamin Shoppe also carries Aristo's nutrition bars. Bindra says that the work that Cognis and Vitamin Shoppe have done to educate consumers will ultimately help his company. ■