PrimaLiv - The Tip of the Iceberg

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Sweden’s first official functional food product
A functional ”first mover”

- 1994 - Launch of ProViva, world’s first probiotic fruit drink.
- 1998 - Launch of Måväl with Olibra, first appetite control yogurt.
- 1999 - Launch of ProViva Active, first probiotic sports recovery drink.
- 2001 - Launch of Prima Liv in Balance, first Low-GI breakfast
- 2001 - Launch of Oatly, first oat milk drink.
- 2003 - Launch of ProViva Shot, first ”little bottle” in Scandinavia... -and probably first probiotic fruit drink shot in the world
Tip 1

The problem of an increasing frequency of diabetes and the story of the food product that lowers the insulin response by 44% after a meal.
Problem: Diabetes and obesity on the increase

- An urgent need to delay or reverse this development.
- Dietary guidelines include recommendations about not only a reduced fat intake but also an increased amount of carbohydrate-rich foods.
- Carbohydrate-rich foods give a low and extended blood glucose (and insulin) response after a meal.
- Epidemiological evidence for the beneficial effect of such foods.
- There has so far been a lack of palatable low-GI breakfast products on the market.
A tasty and convenient solution – A Low GI-Breakfast!

- Primaliv consists of a cup with 200 ml low fat yoghurt (0.5%) with three different tastes: natural, vanilla and forest berries.
- In the lid there is a unique muesli, containing soluble gel-forming fibres from oat, so called beta glucans.

One cup is a good source of several nutrients and gives 4 grams of OatWell® beta glucans. Equivalent to three plates of oat-porridge
Beta glucans

soluble oat fibres

- Beta glucans swell in the intestine to form a gel, which makes the food digestion slower.
- This smoothens out the blood sugar level and provides a low insulin response after a meal.
- The fibres also have a cholesterol-lowering effect and contributes to healthy cholesterol levels.
Scientific documentation

- Primaliv has been tested in human studies at the department of Industrial Nutrition, Lund University.
- The effect on blood glucose and insulin response was studied up to two hours after the test meals.
- One portion of Primaliv and a control yoghurt without muesli. The amount of digestible carbohydrates in both meals was adjusted to 50g with white bread.
Result – insulin response decreased by 44%

The subjects who had Primaliv as part of their breakfast showed:

- 44% lower insulin response than the reference group.
- 36% lower blood sugar level than the reference group.
Primaliv – the first food product in Sweden to be approved and labelled as a functional food

- In the autumn of 2001, Sweden allowed Product Specific Health Claims in the Labelling and Marketing of Food Products
- The claims should be based on scientific studies and the quality guaranteed through a reviewing process.
- Swedish Nutrition Foundation – SNF is responsible for the examination in this new action programme.
- The first product to be approved was Primaliv.
Product Specific Health Claim

• The appointed international panel of experts has certified that the human studies on Primaliv support a product-specific health claim concerning effects on blood glucose levels.

• The appointed claim is:
  – "Primaliv evens the blood glucose level after a meal”
  • Consumption of one cup of yoghurt containing 4g of OatWell® beta glucans is regarded sufficient to achieve this physiological response.
Generic claim: cholesterol

• The lowering effect on cholesterol is stated by a generic two-step claim according to the original Swedish code from 1990:
  – “Soluble fibres may, as a part of a nutritional diet, contribute to healthy cholesterol levels. This product is rich in soluble OatWell® oat fibres.”

• Applies to FDA Claims
Target group

- *Marketing* target group for this product is health conscious consumers aged 35-65.
  - Lifestyle message

- *Medical* target group consist of people with type 1 or type 2 diabetes.
  - Health claim
The next Big Issue - GI

Learn more about GI - Glycemic Index and OatWell®
Beta glucans tomorrow morning with Prof Inger Björk, Lund University
Tip 2

The challenge of differentiating a small regional dairy and the choice of functional foods as a strategy for innovation and profitable growth

Our decision: To fight for value not for volume
Skane Dairy – a midget among the dairy giants

- Annual sales SEK 2.7 Billion (250MEuro)
- Formed in 1964
- Owned by 1,000 milk farmers
- 750 employees at 6 production facilities
- We stand for: Good Food – Good Health – Good Environment!
A functional “first mover”

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Why us?
Success factors:

1. A farmers’ cooperative!
2. A dairy is biotechnology in reality
3. Networks in the research society
4. Own regional distribution channels and contacts with retailers and consumers
5. A vision for health and wellbeing
6. Innovation as a strategy for differentiation
7. Will and ability to cooperate.
8. Curiosity
Background & Driving force:
De-regulation and declining margins on traditional dairy products.

• A niche player needs a strategy for differentiation.
  – The development of health enhancing products/functional foods provided the opportunity for a niche position

• The need to have a unique role with unique products.
  – Increase margins, competitive edge, consumer interest and an interesting partner for the retailers.

• HiTech interest – what can add value to our production?
Success factor 1:
Farmers’ Coop

- Ability to handle long development cycles
  - owners with a long term view
  - (success probably impossible if we had been stock noted)
- Experience of working with different stakeholders
  - government, owners, politicians, retailers, consumer groups, etc..
- Ability to test new products rapidly on a small scale with low cost and low risk
  - control own distribution in the region.
Success factor 2:

A dairy is biotech with a chill-chain

• Biotech-base provides knowledge of:
  – food technology
  – microbiology
  – probiotics
  – lipids
  – process knowledge

• Master the chill-chain
  – chilled production and distribution
Success factor 3: Networks in the scientific society

- Swedish scientists own the result of their research.
- High motivation to commercialise and form joint ventures.
- Cooperation with scientist-owned companies such as:
  - *Probi* behind ProViva.
  - *Swedish Oat Fibre / OatWell®* behind PrimaLiv.
Success factor 4: 

Direct contacts with retailers and consumers

• "Early warning" of consumer interest in health
• Swedish market and Swedish consumer is an early adopter of new trends
• Swedish women are well educated and health motivated
• Sense emerging health trends
  – Wayne Gretzky: "Winning is knowing where the puck is going next"
Success factor 5: Health as a core value in the organisation

- A commitment to health in all parts of the business
- From owners, to management, to operational staff
- From the health of the nature to the health of the end consumer
  - Environmental bonus, EMAS, ISO, FarmAssurance, Functional Foods etc
Success factor 6:
Functional foods as a strategy for Innovation

• Specialisation in the functional foods category gives leadership in health.
  • Number 1 in health! Instead of number 2 in the Swedish dairy market...

• Functional food is a higher level of health knowledge
  • Sets the highest standard for science, production and marketing of foods: HiTech/HiTouch!
Our decision: To fight for value not for volume
1. Aim for the highest value

- Functional Foods
- Me too dairy products
2. Increase value of total volume

- Functional Foods
- Advanced food products
- Products with an added health value
- Me too dairy products
Success factors 7 & 8:
Curiosity and an ability to cooperate!

• No "not-invented-here" attitudes
  – No R&D department.
  – Only R&D coordinators

• Company’s own "scouts" are constantly seeking new interesting partners and research groups.
  – selected fields of interest:
    • probiotics
    • lipids
    • antioxidants
    • minerals
Tip 3

The dilemma of lifestyle-related health problems and the vision of functional foods as a lifestyle-related solution.
Who needs Functional Food?

• Consumers want to eat healthy but:
  – lack the time...
  – can’t say no to unhealthy food...
  – can’t find..(irregular work hours)...
  – don’t know how to...
  – can’t afford to...

Major problems for Swedes 15 - 34 in adapting to a healthier diet.
Source Supermarket 1999:
Healthy Eating?

Percentage of Swedes who see their hectic lifestyles as a threat to eating healthy:

<table>
<thead>
<tr>
<th>Age</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>16-34</td>
<td>48 %</td>
</tr>
<tr>
<td>35-54</td>
<td>41 %</td>
</tr>
<tr>
<td>55+</td>
<td>15 %</td>
</tr>
</tbody>
</table>

Source: SUPERMARKET NR 10/1999
A negative trend and a positive insight

- *Eating wrong* is one of the biggest threats to our lives.
- Welfare system can not handle increasing cost of *medical treatment for lifestyle related problems*.
- Society must *meet with preventive measures* like functional foods and consumer education.
Functional Foods vs. Medicine

The best-selling medicines of today are drugs that treat:

• Obesity,
• Type II diabetes and
• High levels of cholesterol.

Source: Affärsvärlden 1999, Dagens Medicin 2000
The impossible pyramid:
The increasing medical cost for lifestyle related diseases

The bill:
Medical care:
- Treatment,
- Medication,
- Surgery,
- Care
Prevention:
- Healthy lifestyle information,
- Supplements,
- Functional Foods, choice of foods

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Functional foods are preventive and agenda setting

- Normal foods with enhanced and documented health benefits
  - Adapted to a modern lifestyle
  - Agenda setting for the whole society
  - New products attract trend leading consumers
  - Products and health claims educate on the food health connection
  - Producer educates retailer and consumer
  - Cooperation with science and health authorities
To reach the mass market with preventive food products:

• Tasty
  – Mass market consumer will not trade taste for health

• Adapted to a modern lifestyle
  – Convenient, quick, simple

• Affordable
  – Mass market consumers will not pay a high premium for the health benefit

• Available
  – Sold as normal food products where normal food products are sold

• Accepted by society
  – A socially safe choice, supported by government and a clear set of rules.
Our Experience: ProViva – ”9 million Swedes drink 15 million litres a year”

25 % value growth per year
Key learnings from marketing of ProViva

• Science is not key to consumer success.
  – No need to tell consumers ”exactly how”:
    • No positive effect on sales
    • Consumers not motivated/have no time to understand
    • Anyway – we were not allowed!

• Science is key to scientific community
  – Must have documented science to be accepted.

• Role of media decisive
  – will build or destroy brand trust
    • based on verdict from scientific community
  – will educate consumers and influence regulators
Insight: issue marketing

PR and open dialogue with society and consumer interests is necessary. Create an arena for the "issue".”
Important to build new standard of Functional Foods

• Need to define a new framework
  – best practices,
  – raise standards,
  – safety & regulation

• A new ”business”
  – rules and players
  – a defined need
Key role of regulatory society

• Important for us not to confuse consumer.
• Consumer’s right to information.
• Producer’s right to a fair treatment.
• Our struggle for the establishment of a clear set of rules.
• Attitude of government will influence attitude of massmarket consumer.
Changing attitude in medical society

• Introduction of Functional Foods was met with scepticism from the Medical society.
• Resistance from old "Food vs Medicine" structures blocked development
• There is now a positive attitude to prevention and a growing interest in nutrition.
• An urge for change
Our role as the "synapse" between..
Summary: Success through Cooperation

- Clear division of competence following the "synapse"-model.
- Our role as leader to take the responsibility to establish new standards with regulators.
- Put functional foods on the agenda together with other stakeholders.
- Optimal network structures = win-win.
- Curiosity, openness, and a will to cooperate.
Let’s cooperate!