

MSU Product Center

For Agriculture and Natural Resources

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Definitions of Market Drivers - Wellness

Definition

- There are two aspects of wellness. One aspect is the desire for food and beverage products that do not cause harm as the result of pathogens or carcinogens. Examples are foods that are free of e-coli, hepatitis A and other pathogens that cause food poisoning.
- The second aspect is an increasing demand for food and beverage products that actually promote or improve wellness. Examples are foods that are vitamin fortified and rich in antioxidants.

Demographic Factors Affecting Wellness

- There are several demographic factors that contribute to the increased interest in food and beverage products and promote wellness. A major factor is the fact that the U.S. is aging. At the beginning of the 20th Century, only 4.1 percent of the population was aged 65 or over. It is estimated that by 2020, 16.5 percent of the population will be 65 or older. As people age, their interest in maintaining health becomes more important. This creates opportunities in the agri-food system.
- Another factor affecting wellness is the rise in the standard of living. In 1970, only 8.8 percent of households had incomes of \$75,000 a year or greater. That figure was 23.8 percent in 2000. These figures are adjusted for inflation. A more affluent society has more discretionary income and that also creates opportunities to successfully develop products that appeal to wellness.
- A third factor that has increased the demand for products that promote wellness is the growing rate of obesity in the U.S. The Centers for Disease Control have estimated that more than 30 percent of adults, or more than 60 million people are obese and an additional 35 percent are overweight.

Examples of Foods that Appeal to the Demand Driver of Wellness

- There are generally two types of products that appeal to the demand driver of wellness. They are foods that make “food minus” claims and those that make “food plus claims”.
- Food minus products are those that claim to have little or none of a negative product attribute. Examples include products that are low in fat, low in additives or preservatives, foods that have low or no sugar, low or reduced calories etc. The number of products making food minus claims has increased from 2002 through September of 2004, especially for products that are low in sugar and sodium.
- Food plus products are those that possess characteristics that enhance health and well being. Examples include products that are vitamin and mineral fortified, all natural, organic, added calcium, added fiber, and products that are designed for diabetics. Overall, the food plus category does not appear to be well developed as the food minus category. This may create opportunities for firms and entrepreneurs interested in developing food plus products.