



Functional Food & Organics

A Global AC Nielsen Online Survey on

Consumer Behaviour & Attitudes November, 2005

Perception
Credibility
Awareness



Foods With 'Healthy Supplements' and Organics Have Room for Growth

- *Major Perception Gaps Across the Globe Towards 'Fortified' and Organic Foods*
- *Popularity Held Back by 'Pricy' Image, Niche Distribution and Credibility*

'Functional Foods', fortified with added vitamins or supplements and promoting specific health benefits, as well as organic alternatives, are yet to convince consumers of their value, according to a study released today by ACNielsen, the world's leading marketing research and information company.

In a global survey conducted on the Internet across 38 countries, ACNielsen asked consumers which of a list of foods promoting specific health benefits they purchased:

- Cholesterol reducing oils and margarines
- Fermented drinks containing 'good' bacteria
- Yoghurts with Acidophilus cultures / probiotics
- Soy Milk
- Milk with added supplements / vitamins
- Bread with added supplements / vitamins
- Whole grain, high fibre products
- Cereal with added folate
- Fruit juices with added supplements / vitamins
- Iodine enhanced cooking salt

Among these ten major food types, only four were bought regularly by at least a third of shoppers. Another four would not be

considered by over one third of shoppers, and two have never been heard of by one-tenth of consumers.

The twice-yearly global ACNielsen Online Consumer Opinion Survey, the largest of its kind, polled over 21,100 respondents – regular Internet users – in 38 markets across Europe, Asia Pacific, North America, Latin America, and in South Africa in May 2005.

Across the globe, it seems that consumers in South Africa, Brazil, Chile and Mexico are the most convinced of the value of foods promoting health benefits. In South Africa in particular, the share of regular buyers of healthy foods ranks the highest across six out of ten of the surveyed food types. Latin America boasts the highest number of regular buyers of 'iodine enhanced cooking salt' and 'milk with supplements/vitamins'. Latin America, along with Asia Pacific, also ranked the highest in purchasing 'fermented drinks containing good bacteria' and 'soy milk'.



“Regular” purchase of foods that promote specific health benefits

Purchase regularly	Asia Pacific	Europe	North America	Latin America	South Africa	Global Average
Whole grain, high fibre products	37%	38%	55%	51%	61%	40%
Iodine enhanced cooking salt	32%	30%	24%	56%	30%	32%
Cholesterol reducing oils and margarines	28%	27%	41%	54%	58%	31%
Fruit juices with added supplements/vitamins	32%	26%	32%	36%	43%	30%
Yoghurts with Acidophilus cultures/probiotics	30%	20%	22%	27%	44%	25%
Milk with added supplements/vitamins	25%	12%	23%	30%	18%	19%
Bread with added supplements/vitamins	24%	10%	25%	26%	43%	18%
Fermented drinks containing ‘good’ bacteria	21%	14%	4%	21%	9%	17%
Soya milk	27%	6%	10%	13%	8%	14%
Cereal with added folate	14%	7%	12%	21%	21%	11%

Despite generally high awareness of various healthy foods among consumers globally, there are certain die-hards, especially in Europe, who have never bought foods of this kind or never heard of them. Of all markets surveyed, Denmark had the highest number of people who claimed never to have bought nor heard of ‘soy milk’ (94%), ‘milk with supplements/vitamins’ (94%), ‘bread with supplements/vitamins’ (83%), ‘fruit juices with supplements/vitamins’ (60%), and ‘iodine enhanced cooking salt’ (90%). South Korean ranked highest with 69 percent of its people having never bought nor heard of ‘cholesterol-reducing oils and fats’.

As the findings indicate, lack of awareness, availability or even credibility are real barriers to the purchase of these Functional Food products and the health benefits they promote.

On average, about a third of consumers in the four regions surveyed didn’t believe they really offered additional health benefits as they claimed. The distrust was the greatest in Asia Pacific, Europe and in South Africa towards fruit juices, while North and Latin Americans questioned oils/margarines that claim to lower cholesterol levels.

Reasons for not purchasing foods that promote specific health benefits

*Benefits aren't clearly understood and hence do not justify a price premium.
Healthy food is expected to be more expensive.*

They are too expensive	Asia Pacific	Europe	North America	Latin America	South Africa	Global Average
Cholesterol reducing oils and margarines	16%	16%	16%	26%	11%	16%
Whole grain, high fibre products	18%	12%	14%	23%	13%	15%
Fruit juices with added supplements/vitamins	15%	14%	16%	24%	11%	15%
Iodine enhanced cooking salt	10%	7%	7%	12%	8%	8%

I don't believe they offer additional health benefits	Asia Pacific	Europe	North America	Latin America	South Africa	Global Average
Cholesterol reducing oils and margarines	31%	42%	36%	27%	40%	38%
Whole grain, high fibre products	24%	29%	20%	13%	26%	26%
Fruit juices with added supplements/vitamins	42%	48%	32%	23%	45%	44%
Iodine enhanced cooking salt	32%	37%	32%	22%	30%	34%

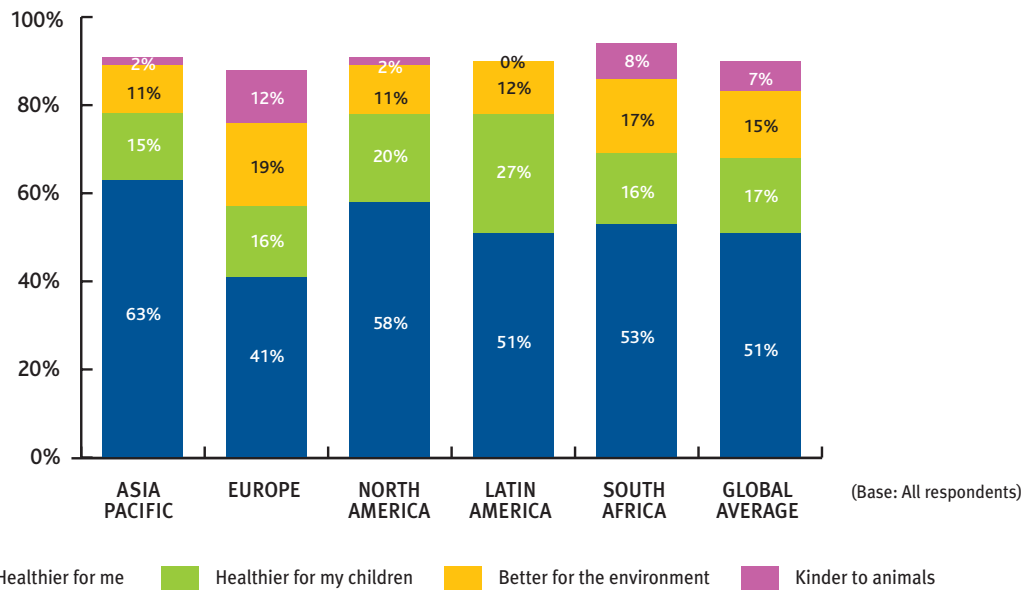
Organic Foods - They're healthier for us and our children

In the survey, ACNielsen also asked consumers whether they purchased the Organic alternative for any of the following foods (i.e., produced without pesticides, fertilizers, growth hormones, antibiotics and not genetically modified in any way):

- fruits
- fresh meats
- poultry
- dairy (milk/cheese)
- carbonated beverages
- tea
- vegetables
- delicatessen meats
- eggs
- fruit juices
- packaged food

Around the globe, Organic alternatives are purchased mainly for health reasons. Over two thirds of survey respondents think that organic foods are healthier for them and their children. This healthy perception is consistently strong across Asia Pacific.

Europeans seem to be more conscious of the wider benefits of organic foods, such as *protecting the environment*. Nearly a fifth think organic foods *conserve the environment*, and 12 percent cited *kindness to animals* as the key reason for purchasing organic alternatives. However, in other regions, less than a fifth of consumers are aware of the environmental benefits of organic foods, and even less cited *animal protection*.



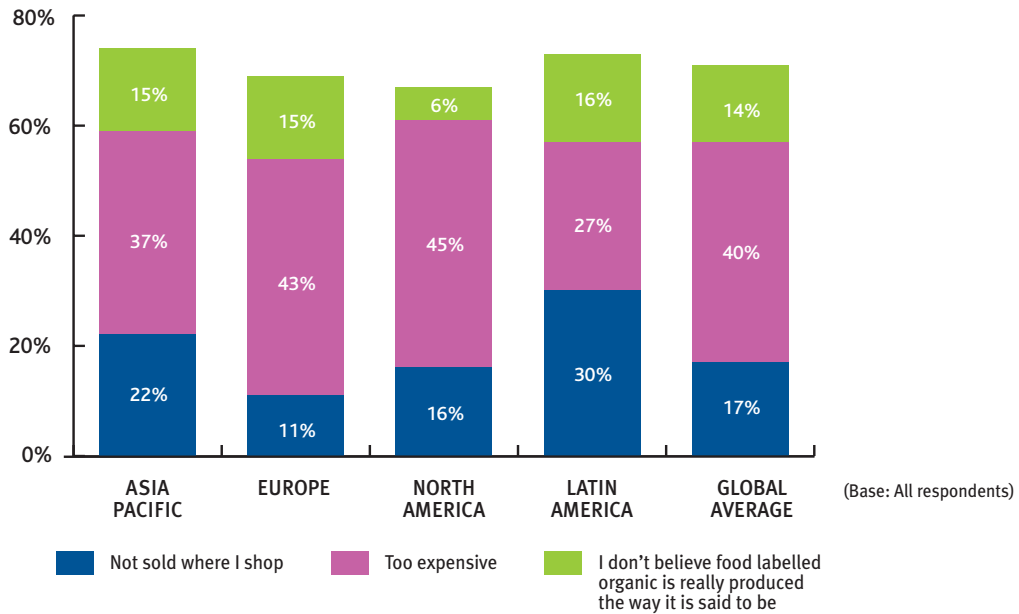
The main reason for purchasing Organics
Awareness for the environment and animal cruelty significantly higher in Europe

When it comes to barriers to purchasing organic alternatives, *high prices* are the biggest problem for one third of Internet-users in Asia Pacific and over 40 percent of Europeans and North Americans.

Across Latin America and in South Africa, *availability* is said to be an issue. Interestingly, *lack of availability* prevails over *lack of credibility* as a reason for not purchasing organic foods globally.



“Over two thirds of survey respondents think that organic foods are healthier for them and their children.”



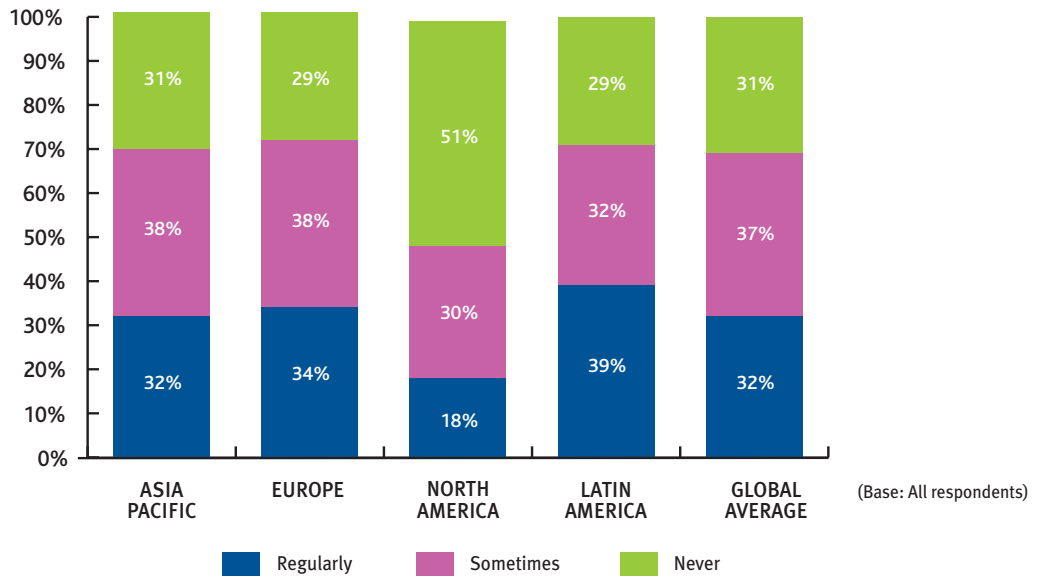
The main reason for *not* purchasing Organics

The general sense among consumers who wouldn't buy organic products is that they were usually more costly. "There is an opportunity for marketers to find a positioning for foods claiming health benefits to be credible and not prohibitively expensive", said Bienvenido Niles, Regional President, ACNielsen Asia Pacific.

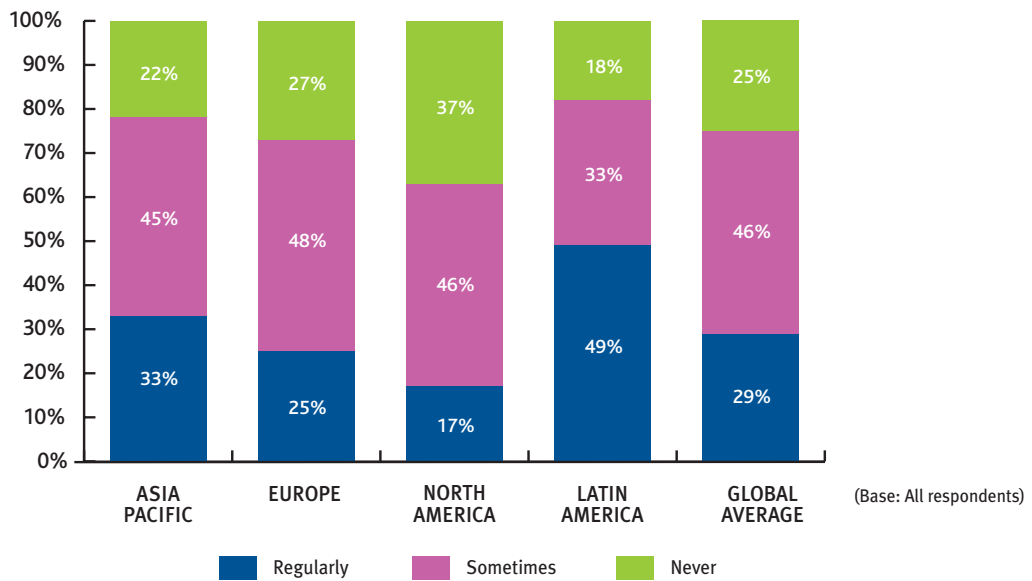
Manufacturers and retailers must also understand the geographical differences in terms of acceptance and perception of organic food. For example, in Asia Pacific, perceptions

of *price* of organic foods is more a challenge in eight out of 13 markets studied, while in Thailand and China in particular, *credibility* turned out to be the major consideration.

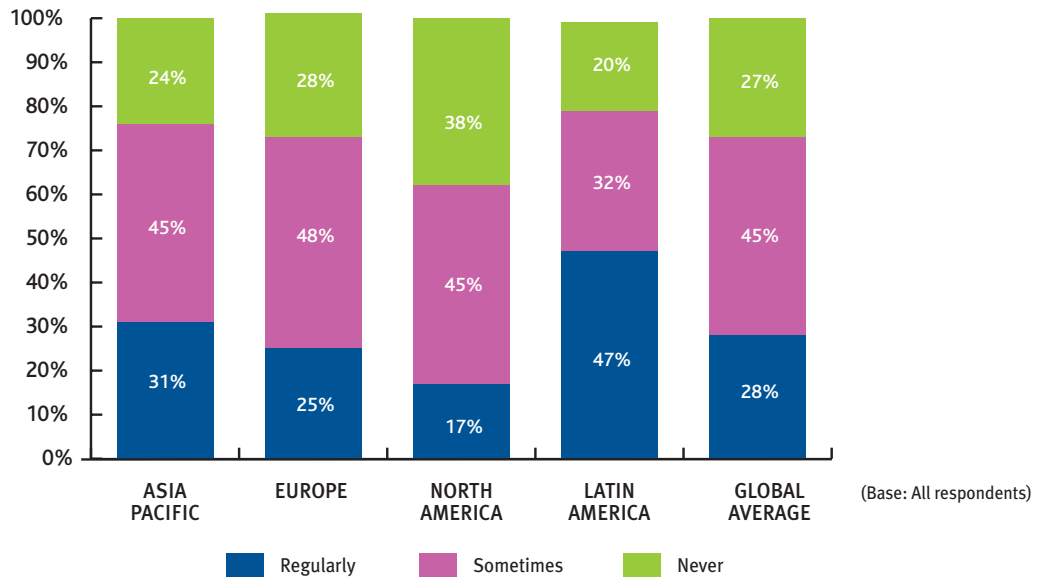
Among the variety of organic foods, 'Eggs' (32%), 'Vegetables' (29%), and 'Fruits' (28%) were the most popular food types attract most regular buyers. At the other end of the scale, organic types of beverages, delicatessen and tea products were the least purchased by most consumers around the world.



Purchase frequency of Organic eggs



Purchase frequency of Organic vegetables



Purchase frequency of Organic fruits

About the Survey

The global ACNielsen Online Consumer Opinion Survey is a regular syndicated online consumer study, gathering information from regular users of the Internet around the world on their attitudes and preferences, consumption of media, products and services across different markets. ACNielsen spearheaded the establishment of access pools in the Asia Pacific region six years ago following the acquisition of www.consult.com.

About ACNielsen

ACNielsen, a VNU business, is the world's leading marketing information provider. Offering services in more than 100 markets, the unit provides measurement and analysis of marketplace dynamics and consumer attitudes and behaviour. Clients rely on ACNielsen's market research, proprietary products, analytical tools and professional service to understand competitive performance, to uncover new opportunities and to raise the profitability of their marketing and sales campaigns. To learn more, visit www.acnielsen.com



The 38 Markets covered in the 2005 Online Consumer Opinion Survey were:

Asia Pacific:

Australia	China	Hong Kong
India	Indonesia	Japan
South Korea	Malaysia	New Zealand
Philippines	Singapore	Taiwan
Thailand		

Europe:

Austria	Belgium	Denmark
Finland	France	Germany
Greece	Ireland	Italy
Netherlands	Norway	Portugal
Spain	Sweden	Switzerland
Turkey	UK	

Latin America:

Brazil	Chile	Mexico
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North America:

USA	Canada
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Emerging Markets:

Poland	Russia	South Africa
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For further information, please visit: www.acnielsen.com