



Sveriges lantbruksuniversitet
Swedish University of Agricultural Sciences

Department of Economics

Launch of new products

- Market research for new product development for diabetics

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Summary

Foods that stimulate health and satisfy consumer expectations are needed. In a consumer's perspective, products that provide several kinds of health benefits, without any call for major changes in their behaviour are needed on the market. With this increasing interest in health promoting food product, one of the biggest challenges for the food industry is to find the conditions and right position on the market and find the opportunities to enter the market successfully.

New products with added health values can be developed to cure and counter welfare diseases as in this case for diabetics type 2. Swedish food companies have a desire to respond to welfare diseases and one welfare disease is diabetes type 2. Many of them have an ambition to develop new products to respond to the growing population and find a supply that could suit their customers. Lantmännen is one of the biggest concerns in the Nordics within the agricultural sector. Due to a growing disease with diabetics in Sweden, Lantmännen will see the conditions to entrants the market with specific products for the consumers.

The case study offer an understanding which barriers there is when developing and entrants the market with new products. The overall conditions to launch new food product is; an understanding of consumer's daily habits, identification of the interested ingredient, communicated in consumer language and brand credibility to take a brand position on the market.

Sammanfattning

Mat med hälsomervärden som behandlar och förebygger sjukdomar ökar. Produkter som tillfredsställer hälsan hos konsumenten utan stora förändringar i den dagliga livsstilen är efterfrågad. En stor utmaning för företag inom livsmedelsindustrin är att hitta förutsättningar för att beträda marknaden och hitta möjligheter att kommunicera till konsumenten. Intressenter så som statliga myndigheter, tredjeparts organisationer och EU är aktörer som är avgörande för att företag ska kunna lansera produkter. Därför är intressenternas handlingar viktiga att ta hänsyn till.

Denna mastersuppsats är en fallstudie som undersöker förutsättningarna för lansering av produkter för diabetiker. Diabetes är en växande målgrupp i samhället, ungefär 450 000 människor i Sverige har diabetes typ 2 och den siffran stiger för varje dag. Den främsta anledningen är den ökade välfärden i samhället. I takt med den ökade välfärden ökar också övervikten i samhället vilket är den största bidragande faktorn till diabetes typ 2 i Sverige.

Livsmedelsföretag vill besvara denna ökande välfärdssjukdom, diabetes typ 2, genom att lansera produkter som kan vara lämpliga för diabetiker. En stor koncern på den Svenska jordbruksnäringen som producerar cerealieprodukter, Lantmännen, vill undersöka och se vilka förutsättningar där är för att kunna lansera produkter för människor med diabetes och hur de produkterna ska kunna kommuniceras till konsumenten, vilket också är syftet med uppsatsen.

Fallstudien visar vilka barriärer där är vid utveckling av nya produkter med hälsomervärden. De övergripande förutsättningar för företag att lansera nya livsmedelsprodukter med hälsomervärden är att; förstå konsumenters dagliga behov, identifiera hälsoingrediensen, kommunicera så konsumenten förstår och leverera varumärkes trovärdighet.

Abbreviations

AFC- Antidiabetic Food Center

EFSA- European Food Safety Authority

EU- European Union

FAO- Food and Agricultural Organization

GI- Glycemic Index (Lantmännen and Sweden)

GI symbol - (Australian and Glycemic Index Foundation)

SBU- Statens beredning för medicinsk utvärdering (Assesing Health Care Interventions)

WHO- World Health Organization

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1 Introduction

This chapter provides an introduction followed by the problem-background and will landing in a problem and the aim of this study. The aim includes a question which will be the focus in this study. This chapter also present the delimitations and the outline of the study.

Obesity has doubled across the globe since 1980. In 2008, more than 1, 4 billion people, twenty and older, were overweight (WHO, 1, 2014). Approximately 40 million children under five years were overweight in 2011 (*Ibid.*). Obesity is a welfare problem for both men and women and even children. About every other adult male, every third adult woman and every fifth child are overweight or obese (*Ibid.*) Obesity serves as a precursor for a number of serious lifestyle related medical conditions, for example, type 2 diabetes and cardiac and vascular diseases which continue to grow in prevalence (Wing *et al.*, 2001; Bleiel, 2010). These two diseases are the most common that are related to welfare. About 65 per cent of the population all over the world lives in countries where obesity and overweight kills more people than underweight (Park, 2014).

Food is something that affects all people every day in the society. What consumers eat will have an impact on their health. Better eating habits, no tobacco consumption and physical activities will minimize the risk for welfare diseases or even eliminate them (www, Livsmedelsverket, 1, 2014). With better eating habits, the public health care costs for people struggling with obesity will decrease. The health development in Sweden also shows these outcomes. Most alarming is the increasing obese (*Ibid.*). In Sweden approximately half of all Swedish are obese or overweight (www, Folkhälsomyndigheten, 2014). Between 2004 and 2013, obesity has increased from eleven per cent to fourteen per cent (*Ibid.*). Obesity is a big health care cost, which currently charging the Swedish health care budget with approximately three billion SEK every year (SBU, 1, 2013). This cost does not include indirect costs such as sick leave and early retirement.

Obesity is a lifestyle related disease that is influenced by different environmental factors (Wing *et al.*, 2001). The environmental factors are often related to the growing welfare in society. One explanation to the growing obesity which is an effect on the increasing food welfare is the fast food industry and the constantly changing development in companies (Lakdawalla, 2009). Obesity is related to food and the food has become cheaper and more readily available in recent years (Bleiel, 2010). Fast-food consumption is growing in society and that factor could be a reason for the growing welfare diseases (Statens folkhälsoinstitut report, 2005, 8), since every portion size in the fast-food-segment is growing in size and the energy content in every meal increases. In the same time as this food trend is going upwards the physical activity is decreasing (Lakdawalla, 2009). Exercise and food intake are complements; when exercise is reduced and the food intake is constant the body weight will rise.

As food related diseases continue to increase as an effect of the growing welfare, new products can be developed to cure and counter welfare diseases. During the last decade, food products have changed considerably. Consumers are today connecting food with their health and not only to satisfy their hunger (Mark-Herbert, 2004). The nutrients within the products play an important role to reduce diseases and increase physical and mental well-being. Functional food, also called high value added products has particular health promoting properties (*Ibid.*). Functional food is often related to a high tech development process in companies. Companies within this high-tech development of products need a creative and a

new way of thinking and acting in their innovation launch-process to be competitive on the market. Innovation is a process from an idea to use; sometimes innovation refers to the process and occasionally as an outcome of a change (Nyström, 1990). Innovation can be seen as a management process (Trott, 2011). Functional food is a more common feature in the grocery stores as these products often present the food industries high tech selection and it is within the boundary between food and medicine. Functional food can delay the onset or reduce the effects of welfare diseases. These products are most common in the western world, where welfare diseases are a fact (Mark-Herbert, 2004). It is important for companies that they can identify critical new knowledge areas and collaborative partners, create strategic alliances and a good way to promote the products in order to be competitive on the market. The manager needs to be aware of how the company gathers information over time, how they use technical and societal knowledge and how these aspects will create an attractive position for new products on the market.

1.1 Problem background

Innovation has for a long time been argued as an engine of growth (Schumpeter, 1934). New product development is a great stimulus to create economic growth; it has more effect on the market than changes on the price of the existing products (Myers & Marquis, 1969; Trott, 2011). Innovation is a complex concept; it does not only refer to a single action but to a total process of several actions. It is not only the conception of a new product, or the creation of a new device or development of a new market (Trott, 2011). Innovation is the process of all these things. Product innovation may relate to the development of a new product or an improved product.

Product launch is one of the most critical tasks managers face (Tzokas *et al.*, 2004). The whole chain from the generation of a new product or a new idea to get the product in the right place on the market is complex process. To create a new product, companies need to integrate their new product strategy with their corporate strategy of the firm. The company needs to find out the right idea-to-launch strategy and see the process as a funnel not a tunnel (Cooper, 2009). Launching new products on the market often has costly marketing entry costs (Stewart-Knox & Mitchell, 2003). The consequences are that four out of five products fail before they reach the market (*Ibid.*). To increase efficiency the company can look into their core competences and find what they already have or look into what the company previously rejected (Pullen *et al.*, 2012). New products can be variations of already existing products sold to recognized markets (Mark-Herbert, 2004). New products can be added-health-value products.

Added health value products could have a proven medical effect that differs from other foods, for example (*Ibid.*);

- They are often based on licensing and patents
- The health values are based on research
- They may result in high value added margins

Both consumers and scientists have a growing interest in these medical products in the food business (Mark-Herbert, 2004). The value in these products with added health values not only help individuals but also the society at large, because illness also affects the society and costs a lot of money. The problem with added-health-value products is the legislation decided by the European Food Safety Authority from the European Union (www, EFSA, 2014, 1). The authority decides which health claims that are approved to use on products. All claims need to

have enough scientific evidence (*Ibid.*). The problem is; that it is often claims that is hard to grasp for consumers and it prevents companies to communicate the health benefits to the consumer (Wennstrom, 2009).

The welfare disease diabetes type 2, is the most common disease that is related to food in Sweden (www, Livsmedelsverket, 1, 2014). The launch of added health value food products for this segment could be a new product innovation. Diabetic type 2 is a disease that could lead to people dying prematurely (www, WHO, 2006). Diabetic type 2 is a result of the body's ineffective use of insulin and it is a result of high body weight. It is also frequently occurring that persons with diabetic type 2 also have hypertension and dyslipidemia. Diabetic type 2 is also called non-insulin dependent or adult onset. The most common problem in dialectical type 2 is obesity and this diabetic dilemma will increase if obesity still increases. In Sweden 5 per cent of the population have diabetic type 2, it is approximately 450 000 people. The annual cost for patients with diabetes type 2 is approximately 25 000 SEK (Henriksson *et al.*, 2000, 387). If people with diabetic type 2 changed their lifestyle with healthy food habits, the annual cost for the patients could decrease or even disappear. Over one million Swedish people which are more than 15 per cent of the population, carries genes for developing type 2 diabetes (Diabetesrapporten, 2011, 8). Over 80 per cent of people with diabetic's type 2 are overweight (*Ibid.*). This diabetic health problem in Sweden increases every day. Another way to show how diabetes increases every year is to look at a well-known company that has a big product portfolio in diabetes and a variety of advanced injection devices. Their annual report shows an increasing turnover over the last eight years (www, Novonordisk, 2014), which nearly doubled from approximately 630 000 SEK to 1 200 000 SEK (*Ibid.*, *annual report, 2014*).

1.2 Problem

“Lifestyle factors related to obesity, eating behavior, and physical activity play a major role in the prevention and treatment of type 2 diabetes” (Wing *et al.*, 2001, 117).

The treatment of diabetes type 2 could have a solution if lifestyle related parameters could be changed, for example people's eating habits (Wing *et al.*, 2001). Foods that stimulate health and satisfy consumer expectations are needed (Bigliardi & Galati, 2013). Strategy on Diet and Health calls upon all stakeholders to take achievement at global, regional and local levels to recover diets patterns at the population level (Park, 2014). In a consumer's perspective, products that provide several kinds of health benefits, without any call for major changes in their behavior are needed on the market (Mark-Herbert, 2004; Khan *et al.*, 2013). Some might argue that a healthy life has always been desired, but it is clear that a new market is quickly expanding to treat different welfare diseases (Eklöf, 2001; Kollberg, 2000). The development of functional food indicates that there is an increasing interest in the products within the Swedish food industry (Mark-Herbert, 2004). Value-added food products are one of the fastest growing sectors within the food industry (Khan *et al.*, 2013). With this increasing interest in health promoting food product, one of the biggest challenges for the food industry is to find the conditions and right position on the market and find the opportunities to enter the market successfully (Khan *et al.*, 2013; Bleil, 2010). To identify conditions for new food product in Sweden, a parameter could be to compare with other countries and see how they work with products for diabetics. New products with added health values can be developed to cure and counter welfare diseases as in this case for diabetics type 2. Swedish food companies have a desire to respond to welfare diseases and one welfare disease is diabetes type 2. Many

of them have an ambition to develop new products to respond to the growing population and find a supply that could suit their customers.

1.3 Aim

The aim in this project is to identify market entry barriers and perceived market potential for a new food product innovation with added health values for people with diabetes. Following question will be traced down;

- Which factors determine conditions for a new food product launch on the Swedish food market for diabetic consumers?

Conditions in this project refer to market related conditions that affect the success of a new product launch. In this research, it means to investigate the market potential for a new food product for diabetic consumers within the Swedish food market. Product launch means to explain how these products could be marketed on the Swedish food retail market and to explain which conditions there could be when launching a new food product for diabetic consumers.

This study is carried out as a case study for a Swedish food company. This study is commissioned by Lantmännen (information about Lantmännen and their commission can be found in Appendix 2). They realized that with a growing diabetic population in Sweden, pursuing a better understanding of products for diabetics could be of value to their product portfolio as well as society. Their vision is to fill this gap on the market and find out which conditions on the market that diabetics will be interested in consuming. Lantmännen will in the future innovate new products with added health values that are filled with positive effects for people with diabetic type 2.

1.4 Delimitations

Firstly, there are limitations in the method. As the study is created as a case study of Lantmännen the thesis has a corporate standpoint. The thesis project starts from Lantmännen and mainly focuses on Lantmännen and then compares their products with other competitive companies. The advantages in this study is to get into Lantmännen and their corporate strategy and innovation work with new products. The disadvantages could be to be colored by Lantmännen and not be objective when you write a thesis for a specific company.

Secondly, there are delimitations concerning the theoretical aspects. This study will not focus on services.

Thirdly, there is empirical delimitation in the empirical choices. This study will not focus on other products than products from the grain sector. And in this case on optionally cereal products that is appropriate for people with diabetics.

Finally, there are some ethical aspects. This study assumes that it is beneficial for society at large and for the corporation in particular to develop food products with added health values. Ethical aspects concerning reflected added value in the price of the product are not discussed at depth, in spite of an awareness of a risk for income-related discrimination for consumers in need of their products.

1.5 Outline

To give an overview of the thesis, this chapter presents the overall section that is traced down during the process. The outline for this thesis is illustrated in figure 1 below.

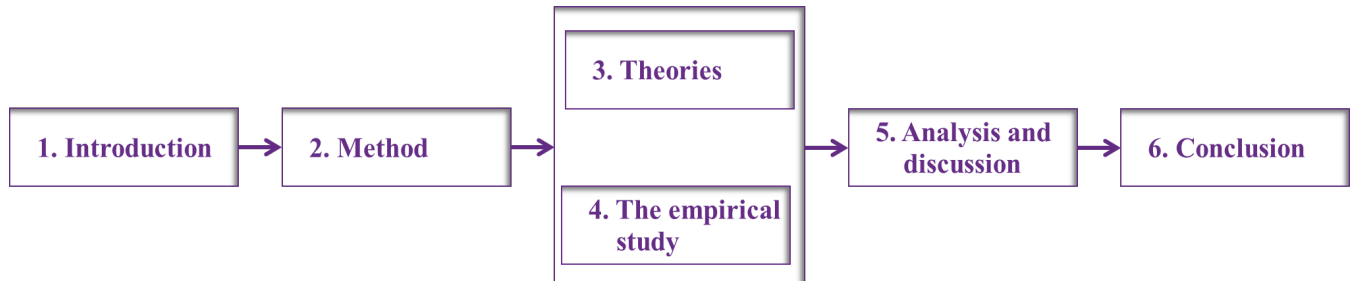


Figure 1: Illustration of the outline in the study.

Chapter 1, *Introduction* explains the problem and gives a problem background. In the *Method* chapter the structure of the case study and the empirical collection of data are presented. In the *Theory* relevant literature is described regarding stakeholders, new product development, added-value-food and product launch is treated and land in an analytical framework. In chapter 4, the *Empirical study* presents the out coming data. Chapter 5, *Analysis and Discussion*, the results from the empirical data is compared with the theories that are presented. The *Discussion* is answering the research questions from the aim. Chapter 6 presents the *Conclusion* of this study and provides a view of the future.

2 Method

This chapter accounts many of the choices that were made in this project. It starts with a presentation of the research design, inspired by a commission from Lantmännen. This followed by the data collection, the interviews and the documentation research that were made in this study. A data analysis is explained and defined. Finally, there is an explanation how this collected data reach credibility.

2.1 Research design

One way of describing research design is to name them as *fixed* or *flexible design* (Robson, 2011); it could also be explain as quantitative and qualitative method. This does not mean that they are each other's opposite, the two designs can be combined and the different kinds of data can be synergistic (Eisenhardt, 1989; Robson, 2011). The fixed design means that all the details for how to collect data are definite before the collection starts. In the flexible design there is a plan of the data collection but the details can be changed over time.

In this research project *the flexible design* and qualitative method is used. In this study the objectives is to study the conditions for a new food product for one company but what the actual outcome is supposed to be is not definite, an approach which needs a *flexible design*.

There are certain characteristics in this research that needs the use of a qualitative method (flexible design) to gain genuine relevance (Gummesson, 2006). *Complexity, context* and *persona* are three approaches that campaign the use of qualitative method. New product development and product innovation are areas that are highly connected to complexity and context and are highly affected by the environment in the society. Persona is the human behavior and the individuals' influence that is unavoidable for the research process. Qualitative research is the process to analyze the collected data. The selfhood and the personal of the researcher is a part of the process. A relevant approach in the research process is to start from the research questions and the purpose (Robson, 2011). It is also relevant to study how key persons identify the situation, an objective that supports an inductive approach (Robson, 2011; Gummesson, 2006).

This research project's context is to study the food market. The persona in this case is the researched persons in the industry and a flexible approach is preferred. The complexity in this study is the ever-changing business industry and product range. The context of this study is the market and the environment that affect the market. The unpredictable characteristic of this research speaks for a *qualitative method* where the strategy and process for the collection of data can changed over time. It changed over time because new products are entering the market every day and new research is made within this studied area. The objectives in this research are to analyze the market of a new product, for a new segment and to see how that product could be communicated to the specific segment. In this kind of research the personal qualities for the researcher is important, the investigator should be open minded, a good listener, sensitive and use responsiveness to the contradictory evidence (Robson, 2011). The trustworthiness in the flexible, qualitative research needs high relevance and lack of prejudice. The preceding skills are warring if the researcher has a foregone position. In this study the researcher has worked with bias through listened to all the interviewed and all companies with an open-minded approach and get into their situation and their work with new product development. All ideas that other companies or actors have within this researched study is a

way forward for all involved within this industry and business, therefore is an open-minded approach of high importance.

2.1.1 Literature review and theoretical framework

The choices of study questions and the part of analysis are two central steps used for designing a successful case research (Eisenhardt, 1989, Yin, 2009). It is also essential to develop a theoretical understanding. The theory is invented to link to the collected data; hence a development of the theoretical framework is done before the data is collected. The theories progress is essential for the design process and research as it provides a deeper understanding of the collected data (Yin, 2009). When facing the empirical investigation it is important to have an open-minded approach (Denscombe, 2000). To have an open minded framework do not mean that it is spontaneous approach with no theoretical extension, it means that the researcher have enough theoretical knowledge to use in the study (*Ibid.*).

The literature review was based on articles from academic journals in marketing. The mainly data is collected from databases as Exlibris-metalib, primo and libris. Lantmännens database for product search and article search were also used. In the initial phase a few fundamental and wide words such as *new product development*, *functional food*, *innovation* and *market entry* were used. The transmission of these articles and books resulted in a more deep vocabulary with more new and specific words. The evolved phase of the literature search was based on key words such as *competitive strategy*, *product launch* and *product communication*, these were used in combination with the key words in the initial phase. Within this research of relevant theories some models where identified. Some of the models were used in the conceptual framework such as *stage-gate* and *porters five forces* (*New development institute, 2014; Porter, 2008*).

2.1.2 Case Study

A case study is one of many ways to collect and analyze empirical data and evidence (Yin, 2011). A case study is suitable when various sources of suggestion are needed to understand the case. The differences between a case study and other methods are that it is appropriate to answers questions of *how* and *why* and do not need control over the behavioral events. The goal is to collect and analyze data fairly (*Ibid.*). The real data collections can vary in many ways from observations, interviews, questionnaires, documentation and archives (Eisenhardt, 1989). There are many different types of case studies, they can be *explanatory*, *descriptive* and *exploratory* (Yin, 2011). In the case study there are multiple choices of analysis within a single study (Eisenhardt, 1989). The investigator needs to focus on the research question and the research problem to not become overwhelmed by volume of data. Designing the case study including a data collecting process and selecting the case is one of the most important stages. Defining the unit of analysis is one of the fundamental choices (Yin, 2009). By finding a suitable unit of analysis starts with the study questions and the objectives of the study. This thesis *unit of analysis* is to find conditions on the market for new food product concept.

As the aim of this study is to investigate the potential for a new product and analyze the existing market it can be regarded as an *exploratory* case research. The study presented in this research is a study for research and development, R&D, of the company Lantmännen and their exploration of a possible implementation of a new specific product category on the market. The objective is to study conditions for a business which has potential to innovate a health related new product for a specific consumer segment on the market. In this study the data is analyzed fairly, by not including data that is confidential for companies and understand

when information that they deliver is not appropriate to use. The data is also analyzed with no standpoint and therefore is analyzed fairly.

2.2 Collection of data

Qualitative methods and case studies are characterized by using data from different sources (Eisenhardt, 1989, Yin, 2009). The collections of data follow the choices of design and planning the research project and include many choices and circumstances.

Using more than one method when collecting data increases the credibility (Denscombe, 2000). Using different methods for collect data about the same topic enables *triangulation* of essential information, triangulation means that the researcher enable to see things from more than one standpoint and compare the researched data with each other. Triangulation could be within data triangulation, when using more than one method for collection of data for example, interviews and documents. Triangulation within the theory are when the researcher uses more than one theories or perspectives. It could be complex and hard to understand to not use more than one source in case studies. The procedure when using triangulation increases the *trustworthiness* of the data. Triangulation is of importance in case studies because they might be complex and hard to understand if not using many sources of data. Triangulation is of high significance in case studies, as they might be complex and hard to grasp if not using different sources of data (Perry, 1998). In order to increase understanding this project was built on two types of research methods when collecting data; *interviews and documentation-observations*.

2.2.1 Interviews

Doing interviews is one kind of method, which is mainly associated with the qualitative method and case studies (Denscombe, 2000). The purpose of the interviews is to get the interviewees' own descriptions and then use this in the analyze when comparing the empirical findings and the analytical framework (Kvale, 1997). In case methods, different types of interview techniques could be used (Robson, 2011). In flexible design semi-structured interviews is widely used. Semi-structured interview technique means that the interview is open and allows new ideas during the interview. The interviewer and the interviewed has a list of question and it allows to following questions and there is a freedom in the questions (Kvale, 1997).

This research was based on semi-structured interviews. With an initial topic and formulated questions which were open for follow-up questions from both the interviewer and the interviewed. When interviewing about new innovative products open and widely questions is appropriate to cover all interesting issues. A negative opinion in semi-structured is that it could floating out and getting away from the real issue. The reason for the choice of the interview was that the interviews will not be as anonymous and neutral as a survey and a survey will not allow the innovation thinking and discussion as an interview do. An example of interview questions can be found in appendix 1. The selected method's purpose was to interpret and understand the big picture of the theoretical and empirical material. Difficulties with interviews may be that they are subjective; however, there are as many opinions about the qualitative interview that it is difficult to characterize the interview method which is either objective or subjective.

In this study, the choice of interviews was done with the objectives of getting as many perspectives as possible in order to get an overall picture of the case. In the project choices of relevant interviewees were based on appropriate people and competitive companies, the interviewed people are shown in table 1.

Table 1: Interviewees for this project

Name	Role	Company	Date	Validation type
Emma Nordell	Project Manager, R&D	Lantmännen	2014-01-20	Oral validation*
Pågen	Pågen	Pågen	2014-02-06	Oral validation*
Frebaco	Frebaco	Frebaco	2014-02-10	Oral validation*
Patricia Lindström	Nordic Brand Manager	Lantmännen	2014-02-28	Oral validation*
Hannah Helgegren	Diabetesförbundet	Diabetesförbundet	2014-03-04	Transcript validation
Mari-Louise Bårström	Regulatory affairs manager	Lantmännen	2014-03-14	Oral validation*

*After the interviews where made a validation of the written document was sent to the interviewee. In cases where this wasn't possible oral validation was made during and after the interview.

To know how competitive companies work to get new products within the market and how their work in this research areas is, people from different companies were chosen. Other information of the companies work with diabetes were find in media and on the Internet. Therefore, collection cannot be regarded as completely unbiased. To know how Lantmännen work in new product development and what kind of research and material they have in this subject at the moment and in the past, interviews with people working at Lantmännen also is made. The interviews is done by telephone. The interviews in this study were structured in accordance with the overall research aim, to account for market barriers in a new product launch. Questions were asked about the institutional setting for the product launch, the perceived competitive environment and the objectives and management of the organization. Thematic questions were sent out to the interviewees prior to the interview. After the interview, the interview material was prepared for analysis, which meant it was clarified and transferred to written language that is founded in the empirical section. All that was said in this interview cannot be found in the empirical section because the companies have shared confidential information and it is scientific information that could not be stated out even if the companies should get anonymity. Empirical material was interpreted accordingly based on the theories presented in the theory section.

2.2.2 Documentation

Documentation means the written document, whether it is a book, newspaper or magazine, notice or letter, sometimes this also could include non-written documents for example films, television programs, photographs and pictures (Robson, 2011). All this different documentations could also be found in internet-versions. The approach could often be used together with qualitative interviews. In case studies, media settings and case records could be of high importance. Firstly, it is central to start from the *research question* and research if there are some deviations in mass media now compared with many years ago (*Ibid.*). Secondly, it is important to *decide on a sampling strategy* so the documentation for the researcher that is found is of high credibility.

In this research study documents have been used, often Internet-versions. When study the market potential for non-existing products, media documentation is of high importance (Robson, 2011). Products for diabetics were not common within the Swedish food retail market, media played an important role to find the new trends on the market to trace down and find the market potential. In this study the sampling strategy was to find the latest data so the market potential will be as new and fresh as possible. Through a market research database that Lantmännen has access to, information about what kind of diabetes products there is on the market all over the world was used. When the products where find in the database, more information about the products and the company behind the label where found on each

products website.

2.2.3 Ethical consideration

Ethical considerations have been taken into account when collecting the data. When producing a research project there are different kind of ethical perspectives. Ethical considerations increase in research designs where data is collected from other people (Oliver, 2003). Ethical questions were considered in the early phases of the research study. The choice of research topic and participants were decided, this involved ethical considerations. There are several ethical aspects to how a study could be conducted, such as how to use confidentiality and anonymity in the study and how to handle it. Participants in real world research could sometimes be involved without their knowledge (Robson, 2011).

All people in this study have been informed about the study and which aim the study has. Otherwise it could be misinformation about the true nature of the research. The topic and problem were formed together with R&D at Lantmännen. I informed them about my intention and listened to their wishes what the study could be about and what the study could include. It was important with an open dialogue in order to avoid mistrust and to get most out of the study. The interviews and observations were always made in approval by the interviewed and the persons always had the opportunity to be anonymous. The person behind the information from company is anonymous. Some information that is collected in this study is confidential and could not be in written form in this study because of the scientific medical evidence that could not be stated out even if the company should be anonymous in the thesis. This could affect the credibility when not all information is written in the study but the ethical consideration comes first.

2.3 Data analysis

The analysis of the observed data follows the stream of the theoretical propositions and the objects of the study. This is a preferable approach as the objectives and propositions have shaped the study from the beginning (Yin, 2009).

This study is a *qualitative case study* in the meaning that it entails data from interviews and marketing observations. The process of managing data starts early in the process as a lot of selections is made with focus from interviews, media attention, documentation and observations. The order to structure the data starts after the collection and it was important to make the analysis manageable and structured to start coding (Robson, 2011). Coding means a process of several steps with defining what the data is actually about (*ibid.*). The analysis of this case study was to start by looking at which data is relevant to answer the aim. The themes are based on the collected data combined with the chosen theory.

Even though the thematic coding characterises one way of structuring the investigation it is important to be conscious of, and consider, the influence that the researcher as analyst can have on the investigation (Robson, 2011). The researchers propensity to be inconsecutive, overlook and ignore conflicting evidence that some information is reliable than other information, are a limited lack which affect the investigation. The systematic method based on the theoretical intentions and the thematic coding is a help to reduce the effect of human failure. A conceivable lack in this study could be the telephone interview when it is not a face-to-face interview. To avoid systematic failure and maintain validity through the case study the impact from researchers has continuously been taken into deliberation.

Robson (2011) point out that; what is theoretically required and practically possible must be won by the possible case. Due to data access and appropriate scope, this study focuses on Lantmännens products on the Swedish market. Lantmännen are also active in other countries, this choice was further based on the geographic proximity and the products that Lantmännen deliver in Sweden also are delivered in the Nordics and some other countries in Europe. Sweden offers a large variety of publicly available data, which enabled the research. This study take inspiration information outside the Sweden market, just because it could be something that is interested for the Swedish food market in the future. There is concept on markets in other countries that is interested for Lantmännen to take inspiration from. To research the conditions for a new food product on the Swedish market an intelligence where needed, but still it was a study focusing on conditions to implement a new food product on the Swedish food market. Weaknesses in just looking at the Swedish retail market was that it could be hard for Lantmännen to launch the product on the market in other countries, hence the study including an intelligence it could be more easily to also implement the products in other countries.

2.4 Credibility

When interviewing, it is important to recognize that the interview situation is socially and linguistically complex between interviewer and the interviewee (Alvesson, 2003). Making use of a proper interview techniques are of great importance. Despite this, it is important to not simplify the situation by assuming that the interviewee always have the required skills or always give an accurate picture. The interview is a complex interaction that requires understanding of a reflexive approach in which a range of theoretical positions can be discussed. Without a theoretical understanding, there is a risk that the interpretation of the interview material becomes naive and analysis based on empirical data is therefore uninteresting. When interviewing, there are two types of interviewer's *neopositive* and *romantic* (*Ibid.*). The neopositive interviewer is scientific with a large quantity of collected data and minimal contact with the interviewee in order to avoid a biased situation. The romantic investigator makes contact with the interviewee and wants him or her to be involved in the interview as a conversation. This is a condition to be able to explore the inner sphere in which ideas, feelings and intentions take places.

The goal of the interview is to find knowledge and understanding in the approach that is most important for the interviewees. Important to realize in this study where the subject is about market potential for a new product and a lots of research behind it could be sensitive for companies to answering questions about, this could affect the interviewee in the interview situation and the interviewer's behavior. Some companies applying for patent if the products have a medical effect that is a factor that could affect the interviewed to not be open minded. The persons interviewed in this report were informed that the research is supposed to be a market research for a new product with added health value. The interview can then be shaped by this in terms of that the interviewee can understand and think through the answers that could fit the topic. The interviews in this study are made in the *romantic contact conversation* with the interviewed persons. This to find the conditions and the ideas people have within the knowledge of food with added health values for diabetic consumers. It is important to have in mind as an investigator that the interviewed not have the right skills or always give the accurate picture for this kind of product when it is quite new and there is not any products on the market right know.

3 Theoretical perspectives

Chapter 3 gives a theoretical perspective of relevant literature. Four main headings are treated deeper in each section. The concepts of *stakeholder* are fundamental components for companies and their brand image for business success. The stakeholder's model is important to have as a background because it is included in every step in a new product development for companies. The stakeholder model is of high relevance when companies need to collaborate to win new market opportunities on the market. *New product development* is relevant in this study to understand and get a platform for the whole process in an idea-to-launch process. When new product should be launched, the conditions in the early stage for the idea screen need to be traced down to find a product strategy to penetrate the market with. To find new opportunities to enter the market successfully, conditions for *added-value-food* need to be traced down. When all conditions in the development steps are treated the *product launch* step with market entry strategy and competitive strategy could be decided.

3.1 Stakeholders

The concepts of stakeholder are fundamental components for companies and their brand image for business success (Roberts, 2003). The aim of brand with benefits is what the customers can gain by buying the product. If the customer need the product and what the company perceive they could deliver with the product are important question to evaluate new brands (Wennstrom, 2009). A brand is a name, sign, claim, symbol or design or a combination of them and to differentiate them from the competitors (Kotler, 2000). Brand is closely linked to reputation, a company's brand will be preferably if its reputation leads to stakeholders evolving trust and assurance in the company and therefore supporting it (Roberts, 2001). Companies need to develop brand carefully so the company will be understand as a credible provider by the consumer, especially when it comes to health the trust is of high importance (Wennstrom,2009). Reputation can add value to companies for example by: creating competitive barriers and act as a powerful signal to challengers, supporting new product introductions and adding psychological value to products and increasing the likelihood that consumers will choose their products. It is not desirable to rank stakeholders, rather to manage all kinds to maintain reputation. People have more choices today than they never had before and therefore the brand need to provide trust to the consumer, trust could be the future for companies to success (Roberts, 2003). Roberts (2003) presents a model where four major groups of stakeholders are presented and identified (figure 2).

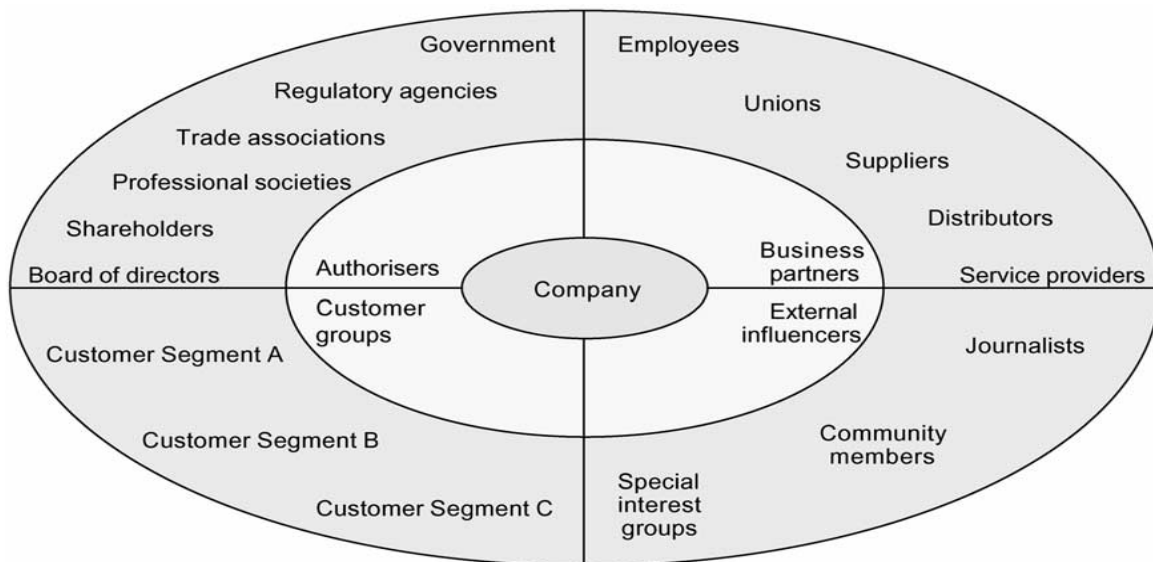


Figure 2: The Stakeholder model interpreted by Roberts (2003). The model splits stakeholders into four roles where the different stakeholders can be identified (Roberts, 2003, 162).

Authorizers provide the authority for an organization to function and also monitor its performance (*Ibid.*). Authorizers are an important function for companies; they give firms the ability to function. *Business partners*, these stakeholders support the processes of the company and include suppliers and employees. Next group is *external influencers*; they have an interest in different organizations depending of their impact on others including community groups, non-governmental organization and the media. Media is a canal for both bad and good marketing and publicity. Organizations concerned with development have an interest in behavior within the corporate and are becoming increasingly skilled to use business as a handle for change. The last major group is the *customers*, and the customers could be separated into different groups which fit every company and their consumers.

The future of branded goods businesses requires their stakeholders to sustain trust in the brand, which needs on-going confidence in the reputation of the business (Roberts, 2003). The above groups in the stakeholder model have set out to show that all corporate stakeholders have some interest in the companies and the companies need their stakeholders to drive business forward. Effective management is a key component of maintain good reputation. As it can be difficult and costly to respond to all stakeholders at a time the company must measure who to respond to and how (LaFrance & Lehmann, 2005). There are many ways of how to categorize stakeholders. Roloff (2008) states that classification is to look through the stakeholder's relationship with the organization. Some stakeholders such as consumers, employees and stakeholders inevitably hold a direct interest in the company. Actors such as NGO's and other civil society organizations need to articulate what their interest is in the company to become a stakeholder. Stakeholders can be observed as primary or secondary (Roloff, 2008). The primary stakeholders with a direct stake in the organization could be easy to identify, the secondary stakeholders is harder to identify. It is a challenge to adopt which secondary stakeholders to give attention to.

3.2 New product development

Development of new products and launch of new products is the most critical task a manager faces (Tzokas *et al.*, 2004). From an optimal strategic point of view, new products should fit the consumer *perfectly, achieving high-tech expectations, delivered on budget and launched in time*, when all these parameters are fulfilled; the company has reached high market competitiveness (Cooper & Kleinschmidt, 1987; Hart *et al.*, 2003). It is easy to mention an example that has succeeded on the market, although successful achievements get wide publicity, when the reality is that very few new products enter the market. Product innovation is one route to corporate prosperity and survival for many companies. But innovation is also plagued by barriers, high risks and difficulties. Managers need to align their idea to launch method with their corporate strategy to minimize barriers and difficulties when reaching the market.

New product development could be based on a series of stages, these evaluation stages can also be understood as gates (Figure 3). This is a model called *stage-gate* or *idea-to-launch* process (Cooper, 2009). The model can be used as a guide to get innovative products on the market. The need for lean, profitable and rapid new products has never been greater. Competition is more common, product life cycles are shorter and consumers are more demanding. Companies that not succeed to innovate new products face a hard future because winning with new products is not easy. About 46 per cent of the resources that companies use for conception, launch and development of new products go to projects that do not succeed - they fail in the marketplace or never make it to market (product development institute, 2014). The aim is to navigate managers and within each gate there is criteria's for each stage that is efficiently and effectively. Each stage in the NPD process can help managerial doubt and identify areas where resources and attention are needed.



Figure 3: Illustrates the stage-gate process (www, Product development institute, 2014).

It is important for the leader to point that this *idea-to-launch* process includes work-flow and decision-flow paths and describes the supporting systems and performances necessary to ensure the current smooth operation of the process (Trott, 2011). The stages are cross-functional and each stage could be made in parallel to improve the speed to the market. Many companies sticking in the paperwork at each stage (Cooper, 2009). The stage-gate procedure suffers from an amount of limitations (Trott, 2011). For example, the process within the stage-gate could be too slow and the processes focus on end-gates rather than on the customer. The product concept could be stopped or frozen too early. The high level of uncertainty that attends discontinuous new products makes the stage-gate process incompatible for these products. At each stage within the development a low level of information held by the gatekeeper can lead to reduced judgments being made in the project.

3.2.1 Product strategy

A product innovation could be a new technology (Utterback, 1975). A firm can make an effort to be the first to present technically and advanced products and be performance maximizing. It can also watch other firms innovate and then take the high entry costs to the new market but be prepared to quickly introduce the market with new products to be sales maximizing. Another choice is to enter the market late in the process with simpler and less expensive versions to *cost minimize*. A company with a strategy to be *performance maximizing* is expected to have unique products and innovative products. An innovation product produced by performance maximizing firms will enter the market with high degree of uncertainty about their market potential. Firms using this strategy would also rely more on external sources of evidence and use more diverse sources than other firms do. Companies using performance maximizing theory will probably be composed of quite few firms. These will either be small firms or older company entering a quite new market based on their current knowledge and technology. The innovation of products is stimulated by new market opportunities and needs. If the market is unidentified the innovation should lie fallow until the market is identified. *Sales-maximizing* firms would be defined as their visibility to the consumer. Innovations that leading to healthier products could be expected as less likely, unless performance is upgrading it could be easy for the consumer to evaluate and compare. *Cost-minimizing* firms get on the market when the products life cycle evolves and the product is getting standardized. Then as a process the company focus on the price, the industry also often become an oligopoly. Efficiency and economics of scale mirrors the cost minimizing progress. In this stage a significant modification change for the products is regularly made.

New products are not required just because they are new products (Trott, 2011). They are needed since the consumer or the organization needs it or perceives it as new. We will have to accept that the definition on newness lies in the eyes of the spectator. Lots of products are not new to the world; many companies strategy is to just be followers as users of the, cost minimizing strategy. Or the company could be leaders, as in the *performance maximizing strategy* where they are leaders of new products. New product development for a follower could be very different compared with the leaders. New products accomplish different roles for different companies in different times. *Competitive strategy* could drive products through short-term or long-term basis. In the longer term the strategy could be a more deep contribution. A new product is often a category that is developed, in a quite new technology area or in a related area. These new products could appeal to traditional and existing customer for the company or seek a new customer segment. In the short-term development an attitude may propose that product variations are required to shore up a decreasing market share, which is implicated to a competitor's aggressive new product activities. Imitative products may be carried out by copying competitors; it is not likely that the company follow a strategy for a new product development. Testing the market is limited and therefore the research gets confined. To assess the effectiveness on the market launch of new product, the market research must be efficiently. Marketing research in the "go to launch" stage for new products needs to be tested in the whole stage gate process.

3.3 Added-value-food development

The term *functional food* is a specific function or effect; it could also be named as added-value-food (Mark-Herbert, 2002). The outcome of the product could have a medical effect which delays or impedes the onset or further growth of a disease, it could also have a curing effect but that effect is hard to measure. In this study food values is added, it appropriate better in the way that the product are not defined and developed but would have added health

values. The role of healthiness in food choices is escalating consistently and the interest is growing. Functional food products are one of the fastest growing sectors within the food industry (Khan *et al.*, 2013). These trends affect the health and wellness of people in all societies (Bleiel, 2010). The biggest health concern is obesity and overweight. These diseases will grow because people are getting more overweight; it is evident that diabetes type 2 will increase even more in the coming years. With this increasing disease one of the biggest challenges for the food industry will be to find the right position on the market and find the opportunities to entry the market successfully; right know there is no successful global brand that specifically addresses diabetes type 2. These trends provide the opportunities for food companies to entrance the market with new health propositions.

According to Bleiel (2010) three conditions need to be satisfied for new market opportunities;

- There must be a buyer need or a problem that needs a solution.
- There must be attentiveness that the people or the consumer has a problem.
- Consumers must be willing to pay or have the interest to solve the problem or satisfy the need they have identified.

All these three opportunities are in place with added health values for foods. Another trend is *the income complexity*, to give an example; a Porsche driver doing his basic shopping and buys it at the discount store and other luxury items at specialty stores. It means that these consumers are looking for basic food products which should have simple, good quality at best price or with an individual-specific-added-value that satisfied special individuals needs and where the price is not important for the shopping decision.

In the food market the Functional Food product segment is characterised by a high rate of product failures and even more common for functional food products (Bleiel, 2010). All big companies want to be in the functional food industry even if there are many failures on the market. Many of these failures have to do with the consumer. Several companies put the consumer in the beginning of their innovation process and of the relevant consumer benefit. Relevant for the customer is wellness or health benefit that is what the buyer is paying for and not for an ingredient. In marketing an added ingredients name on the products is not relevant for the customer if the customer could not see the benefit for example “better immunity” can be expected when eating this product, then they could see the utility. The utility should be obvious for the consumer. The consumer expects that these products are well developed and innovative with added health value.

Food companies have the last decades been motivated to enter this lucrative market and to gain higher competitive edge (Khan *et al.*, 2013). However, the high failure of food products with added health values launched in this market makes it not easy for people to manage the new product development process. The development process for new products with added health values has been described as complex, risky and expensive. The grey areas where food and health markets combine with each other, have generated a need for new functional food product development. This complex development of new products has made it important for food companies to change their marketing and communication strategy (Bleil, 2010). A new health benefit needs to be linked to an established brand in the very beginning. The new products cannot attack the mainstream segment but should create an own category because consumers want to be addressed in an emotional way. The most basic requirements for the product development is that the products still need convenient and taste, otherwise there will be no market success.

3.3.1 Added-health-value-food and new product development

Innovation has for a long time been argued as an engine of growth and profit earning for companies (Schumpeter, 1934; Khan *et al.*, 2013). The food industry has been characterised as a *market researcher* rather than a *product innovator* (Khan *et al.*, 2013). Consumers risk aversion, shortening of product life-cycle by the introduction of low-cost products and lack of innovation is factors that affect if companies are a product developer or a market researcher. In the food industry the company only earns 21 per cent of their business revenue in new product development launches, which is well under the consumer packaged goods sector where businesses earn an average of 38 per cent. A big difference of new food products and really innovative products is that new products are about 77 per cent of the market compared with real innovative products that is 1-2 per cent (*Ibid*, 3.). A rising trend in the wellness market has provided an opportunity to moving forward these innovative functional food products. These products have a truly unique customer value and could have a competitive consumer goods market for the companies. Not all functional food products launched in the future will be classified as radical new products rather an innovative added-health-value product development program will be an effective tool to use for companies to create competitiveness while increasing business profit from new product development.

The required knowledge in functional food product development has been described as the study of diet-disease relation gain. This is the process from food sciences into consumable food product which will offer unique consumer value that could gain more money for the company (Khan *et al.*, 2013). Functional food development contains several different stages from concept to effective market implementation (Jew & Jones, 2007). In these extensive knowledge activities; new specialist skills are required to generate new knowledge, attaining clinical studies and extended product development time. The innovation strategy must be integrated into the business strategy.

Next step in the innovation cycle is the communication of the health messages generated through regulatory review of a specific food product to general public (Jew & Jones, 2007). Historically, companies attempting to launch a functional food in Europe have faced a variety of legislative frameworks regulating the approval of products, the kinds of nutrition information required on labels, the types of functional and health claims that were allowed in connection with a product (Bech-Larsen, 2007). The health claims can be used directly in promotional material or indirectly in securing a health claim (Jones, 2007). For health claims to be accepted through the regulatory examination process, functional food products must be carefully evaluated for safety and efficacy through the stages of innovation. Unfortunately, restrictive health claims have resulted in challenges in the communication of food relationship to the people in the society. What the regulatory allow the companies to claim their products with is often a language that is hard for consumers to grasp (Wennerstrom, 2009). The two major conditions is that the consumer understand the claim and felt that they can trust the announcements that is made. Analyses of launches in added-health-value food are that only products with mass-market appeal manage to survive, these were mainly products that created an complete health image (Bech-Larsen, 2007). Products with great and specific health claims on products tended to be too small and to niches' and tended to fail.

3.4 Product launch

There could be different kind of barricades when launching new products. Many things could go wrong because many companies fail to define what they actually sell, a product is not something people buy – it is a tool to solve their problem or to achieve a goal (Porter, 1983).

There could also be different kind of conditions to entrants the market. To avoid these barricades and find out the conditions on the market different strategies regarding competitors and when to entrants the market could be decisive.

3.4.1 Competitive strategy

Every company has a competitive strategy, explicit or implicit (Porter, 1983). What determines an industries structure and competitive power could be to research five forces (Figure 4);

- Threats of new entrants,
- Bargaining power of buyers,
- Threat of substitute,
- Bargaining power of suppliers,
- Rivalry through existing competitors.

Threats of new entrants -when new companies enter the industry, the competition increases and viability decrease (*Ibid.*). How big the threats of new entrants are depending on how high the obstacles are and how existing companies in the industry can expect to react on the new entrants. The threats increase if the obstacle is low and the reactions are expected to be low or weak. *Bargaining power of buyers* is the buyer's decision in their choice when they buy a product. *Threats of substitute* are all the companies within same industry that compete with each other. The existence of substitute puts a ceiling on the prices that firms in the industry can charge and thereby limit the gains. To address the threats from substitute could become a public affair for the industry. *Bargaining power of suppliers* means that the providers, including the staff, can threaten to raise prices or reduce the quality and thus threatening the viability of the industry. Providers could have strong bargaining power if there are few and sell too many buyers. The lack of substitute products, the products are important for the buyers success and products are differentiated (Porter, 2008). *Rivalry through existing competitors* earning many different forms, including new product innovations, price discounting and advertising campaigns. High rivalry on the market limits the profitability of an industry. The grade to which rivalry drives down an industry's profit depends on the intensity and the basis. The intensity means in which way the companies compete and on the basis on which they compete. When the company know what forces affecting the competition in the industry, the company could see their strengths and weaknesses. In order for companies to be able to form a competitive strategy that provides a defensible position, in relation to the five competitive forces, -that should adjust the strengths and weaknesses to get the best defense against competition.

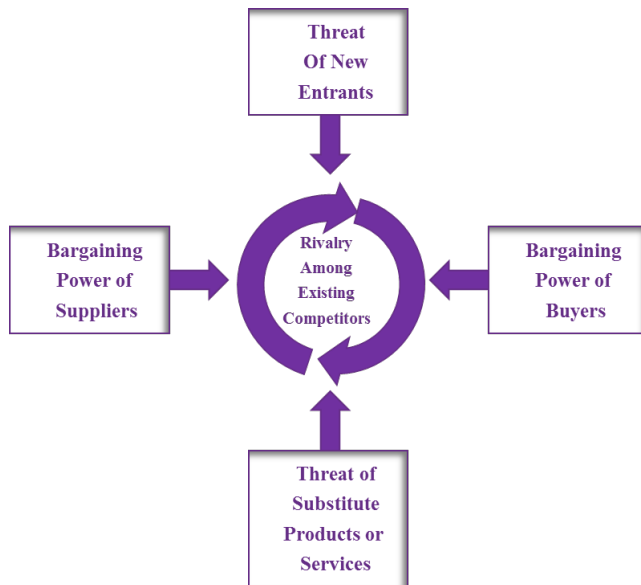


Figure 4: Porters competitive forces for companies (Porter, 2012).

Another set of strategic thoughts concerns the overall portfolio of products (Trott, 2011). To analyze the organizations total collection of product portfolio could give the company a fresh view and insight. This approach could be linked to the *boston-matrix*, which uses market-growth and market-share as dimensions against which scheme the position of products. Each dimension use high and low values for each of the two dimensions. For example, products classified as high growth/high share could be contrasted with those deemed to be low growth/low share. Forecasts could also be explored by comparing where products are positioned currently and where they might be in the future with no change in the strategy and compared with some preferred positions. In order to analyze this kind of forecast we need some strategic issues and solutions within the market research. Compare this model with business strength and attraction strength to see the model get a better picture of the situation. There are always multi dimensions and different variables in this kind of models, but most of these kinds of models have the same aim: to give the strategist an indication that could display current or potential opportunities or problem in the strategy for the products. Deschamps and Nayak (1995) have identified five product strategies that companies could use in competition. As products compete with each other they are thus compared with one another, which lead to selection criteria and buyer behavior. It is of high significant for companies to have these parameters in mind and make each parameter unique for the company. The product strategy includes;

- Product proliferation
- Value
- Design
- Innovation
- Service

3.4.2 Entry timing

Companies that choose appropriate market entries in their developing programs, that are dependable with their corporate strategy, will reach greater success on the market than companies without the strategy (McPhaul *et al.*, 2010). Organizations vary in their abilities to enter economies successfully. In (Miles and Snow, 2010) typology there is two specific

entrepreneurial choices for companies, either entering markets or developing products. Firms can choose existing markets and serve their existing customers or choose new markets where there could be new potential consumers. Similarly, the development of products that are made is either to enhance existing products or introduce new products that are new to the company and may also be new to the world. This different kind of perspective to entrance the market effects on the different decisions that has been made within the company.

Entry timing could be critical; normally it is assumed that early entry is required (Trott, 2011). The companies are able to effect customer expectations and form how customers make assessments of products in the new area. They can suggest to customers the criteria they should employ in their decision and then products that entrants the market later are then assessed on that basis. Pioneers can set the standards, set a quality position and take an edge in the continuing evolution (Buzzell, 1999). However, being too early by entering the market could be as much of disadvantage as being too late.

Scale of entry marks how the product achieves and how the market place evolves. This could mean an establishment of a strong market presence through blogs, press articles and other media with high presence in the distribution channels. Distribution channels will depend on the company's strategy (Mark-Herbert, 2004). For example with added-health-value products, the pharmacy could be a distribution channel otherwise for normal products or health products it will normally be through the retail market. An entry to the market with an innovative product is not a success until it is established on the market with a fixed place (Trott, 2011). That depends on how it is launched and how it is received and interpreted by the consumer. The act of placing an innovative product on the market is not the end; it is the start of a new phase. Thought about how the market and the product will evolve from the launch could give attention to three areas;

- *Brand extension and the product platform.* What could be the next generation of products? Can the product platform be improved and could this lead to brand extension?
- *Market evolution.* How rapidly will the product be penetrating? Will there be a prolonged period before the market growth increase? Will there be new market segments?
- *Competitive evolution.* How soon will new entrants arrive? What distinction will the competitors bring to the market, if there is any? What kind of standing and entry scale are they bearing in mind? What entry barriers are in mind to deter rivals?

To be effective the innovation process need to continue within the market launch to reach the customer and their acceptance.

Market entry could be affected by the external environment (Trott, 2011). Sometimes the external affect causes on the innovation process, for example the legislation protecting, that is a natural environmental affect that is controlled by the governance and it is more complex for companies to effect on that. The external affect could include possibilities and threats. The possibilities and opportunities could breakthrough in an allowing technology or the new wealth of consumers that allows them to be ready to pay more for products in a specific category. The threats and problems with external environmental effects could be when an entrant introduces a substantial product or when another competitor closes access to resources or to distributors through its achievements of companies in those actions. Threats could also be changing in the legislation over time. Close analysis of the situation on the market is a

fundamental issue. Speculations in how the market power progress and of the potential of external measures and settings some type of environmental monitoring is a meaningful sense. The company might also estimate how competitive companies may alter and contending the market in the future. It could be some other competitors that enter the market from other countries; it could be competitors that are unexpected. If the company takes actions on this external environmental effect it could strength the company and it could make it easier for the company to differentiate themselves from its competitors.

3.5 A analytical framework

The literature review offers an overview of a theoretical perspective for studying innovation management and the conditions for a potentially product launch. The theoretical frameworks align an analytical framework that is used in the analysis.

The aim of this analytical framework is to deliver a guide for structuring and interpreting the empirical findings. The focus in this study is on conditions for stakeholders, new product development, added-value-food development and product launch, which including idea-generation, innovation processes and competitive strategies to make the market research and to facilitate the process. Wennstrom (2009) offers a conceptual framework for analysing marketing management of food products with added health benefits. He presents the four factor model (Figure 5) which incorporates capabilities as well as market conditions in the analysis. The checklists always need to be updated with the latest news and trend analysis. The model including all question companies should use in their launch process. This model is not made for all products on the market; it is especially made for launch of products with health benefits. The four factors of success were developed for 20 years ago and is a result from the first probiotic products in Europe. That’s why this study is applicable on these four factors that are developed for healthy products. The four factors are presented below (Figure 5).

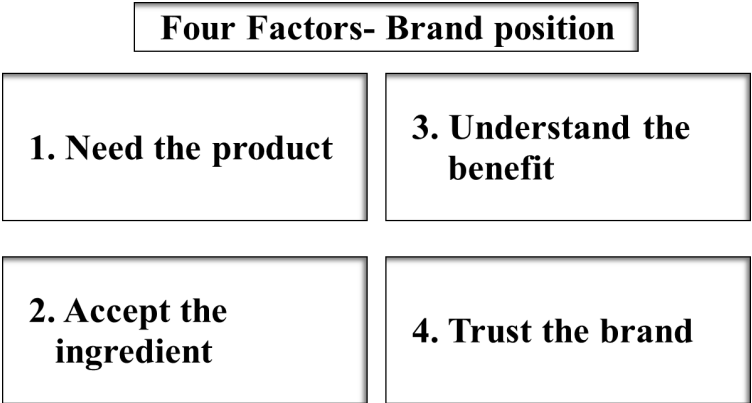


Figure 5: Four Factors of Success (Wennstrom,8, 2009).

Wennstroms model (*Ibid*, 9-49.) is more closely presented in the text below.

- 1. Need the product**, *what are the needs of your target consumer and how do they perceive your product?* The common denominator for successful food is to offering solutions that deliver health. The companies chosen food should be relevant for the target consumers and either already a part of their daily habits or designed so that it can fit easily into their daily habits.

- 2. Accept the ingredient**, *what is the level of your target consumer knowledge and awareness of and interest in, your ingredient?* Consumers are more interested in benefits for their health than in individual ingredients. If the target customers not understand the ingredient then the company needs to educate their consumer. The company needs to define which the interest in the product is and find which the trend is right now on the market.

- 3. Understand the health benefit**, *how well do consumers understand the benefit your product offering?* Having a health claim is the basis for companies to communicate the health benefit but not the only way, rather how the benefit is explained to consumers for example; the consumer need to understand the claim and feel that they can trust the statement and should be communicated in a consumer language. Regulatory need to approve what the company could state out on products and verbal and it is often language that consumer not understand, that's why it is of high importance to communicate in a consumer language. One way of getting trust from the consumer in an always changing scientifically and professional opinion about healthy food is to get endorsement from a credible third-party organization. The company should think as they should be *the expert brand* for their chosen health benefit.

- 4. Trust the brand**, *how much trust do your target consumers have in your brand to deliver all the above?* The brand promise is what the brand stands for and what it expects to deliver. A brands power stems from the whole range of associations and ideas it conjures up in the mind of the consumer. Companies need to focus on what makes the product different from their competitors to take a clear place on the market.

The more the company fulfills the questions stated in the four factors the more attractive will the product be for the consumer. Practical, informational and emotional aspects must sit right in the mind of the consumer at the point when the product goes to launch. Stakeholders acceptance, understand and trust around the business is a fundamental condition to entrant new markets.

4 The empirical study – Conditions for product launch

In this chapter the data that was collected during the empirical study is presented. The empirical material consists of interviews with other market players, media attention and regulatory barriers that are prerequisites for any product launch. There are many different opportunities and threats for a product launch with added health value, presented in the following sections are the empirical data collected in order to highlight the different barriers to investigate the market potential. The empirical data is presented and followed by the analytical framework to find the conditions to launch products.

4.1 Need for the product

To identify conditions for new food product in Sweden, a parameter is to find which target consumer the company should have to deliver the added health benefit.

“The problem was that the products were too niche and found it difficult to reach out to the right segment”

(Pers. com., Patricia Lindström, Nordic Brand Manager, Lantmännen 2014-02-28)

Earlier Lantmännen and their label AXA had pasta that has oat as ingredient (Pers. com., Lindström, 2014). That pasta was aligning to persons that were sport interested and where marketing to a segment with people interested in sport. That pasta is suitable for people with diabetes. The problem was that Lantmännen had another label, Kungsörnen that was more incorporated on pasta and had at this time gain and up-going trend on wholegrain-pasta products. AXAs main businesses is on breakfast products, which therefore makes it confusion and hard to communicate the message with the pasta. The main sentence should be to align for sport and health interested people that already buying AXAs health breakfast products. AXA did also try to launch fiber pasta as a health-pasta. The common problem with these products was that they were that niched and it was hard to reach the right segment. Even if they managed to reach out to a part of the segment was the segment already small from the beginning, which meant that the share traded was very small. Generally speaking, at breakfast the whole family can eat different, thus made it very mixed purchase for breakfast while the diners are eaten all the family together and allow everyone to like the food, both adults and children (*Ibid.*). Thus, it leads to that dinner gets the same purchase for everyone in the family. Niche products are generally more expensive, which means that the cheaper option is selected when it should be purchased for the entire family.

4.2 Acceptance for the ingredient

By find which trends there is on the market right know the company could identify and understand which ingredient that is interesting. To compare with other companies and other countries these trends could be identified.

4.2.1 Other companies work with diabetes products in Sweden

Pågen researches on products for people with diabetics. Pågen collaborate with Antidiabetic food center in Lund. The collaborations mainly aim is to identify food concept that could counter overweight and diabetes. Bread which is Pågen's mainly business is an interested and relevant factor for many people in their daily life. The bread is a food concept that is in focus

in the research areas within the AFC. With this research they has a plan to produce a bread with great ingredients that taste good and at same time have a limited sugar content for people with diabetic (Pers. com., anonymous, 2014). They also have different projects that show some ingredients that could have positive effect on diabetics. Even if no single food health effects could identified, the project is expected to help generate interest in nutrition based prevention in health care.

Kellogg's All-Bran Plus is one of their most known products in their portfolio. Kellogg's All-Bran is one of their products that have less glycemic index, but they could not claim anything on that product because of the strict legislation from EFSA.

4.2.2 Other companies work with diabetes products in other countries

In Australia, Vetta pasta is a brand that produces pasta with health benefits (www, Vettapasta, 1, 2014). Vetta Pasta is 100% Australian owned and is crafted and produced by *Rinoldi Pasta* since 1878. It is mainly made with Australian durum wheat. Their pasta has three different categories for example; with high protein low carb, high fibre and cholesterol lowering. Common to all these pasta categories is that they have oat as an ingredient. Vetta pasta is labeled with Low-GI symbol and is low in fat and sodium. On their website they proudly present that their GI labeled pasta that it is a step forward to help consumers choose a healthier option, it helps the consumers to manager their blood glucose level and decrease their level and risk for diabetes. To use the label the products cannot just have a low glycemic index it needs a strict nutrition criteria for energy, fat, sodium, saturated fat and be high in fibre and calcium. Vettas innovative products are the only products on the Australian market with health benefits that look and taste as normal white pasta. Vetta pasta is marketing as the pasta with same taste as standard pasta to please all health sensible pasta lovers as well as those who eat pasta for dietary reason. On their website they also point out that nutritionists and medical highlights the importance of a diet with balanced food that includes sources of protein (www, Vettapasta, 2, 2014). Consuming a high protein diet or meal lead to weight-loss for people and to regulate appetite because the consumer feeling of satisfaction for a longer time. A healthier diet could also maintain a healthy cholesterol level and lower the risk of heart disease.

In Spain a company, *Diabalance*, has produced a category for diabetics (www, DiaBalance, 1, 2014). They collaborate with Spain's diabetes association, *Federacion de Diabeticos Espanoles*. An example is a pasta which includes resistant starch, which make the product less glycemic loaded (www, Diabalance, 2, 2014). They have marketing the pasta with different claims that associate with diabetes; *Developed to help normalize your blood glucose level, less glycemic load- information relevant to diabetics, collaboration with Federacion de Diabeticos Espanoles*. EFSA have approved a claim about resistant starch which is; *"Replacing digestible starches with resistant starch in a meal contributes to a reduction in the blood glucose rise after that meal"* (www, EFSA, 3, 2014). DiaBalance have different kind of products for example; pasta, biscuits, dessert and milk drinks. Their category includes products that could be used in different meals on a day for people with diabetes.

Australia is a foregoing company within the diabetes disease; it is a welfare disease related problem in Australia. Australian Diabetic is an organization that could be treated with Swedish Diabetes federal. Diabetes Australia was founded in 1984 as a national federation body comprising state and territory organizations supporting people with diabetes and these professional and research bodies particularly concerned with the treatment and prevention of diabetes (www, Diabetesaustralia, 1, 2014). Diabetes Australia works together with diabetes

educators, health professionals and healthcare providers to minimize the impact of diabetes on the Australian community. Their persistence is to help all people affected by diabetes and those at risk and to contribute to the search for a cure.

“In 1998, the World Health Organization (WHO) and Food and Agriculture Organization (FAO) recommended that people in industrialized countries base their diets on low-GI foods in order to prevent the most common diseases of affluence, such as coronary heart disease, type 2 diabetes and obesity”

Glycemic index foundation, 2014-03-28

They give advice to people in Australia with Diabetes type 2 to eat a low glycemic meal and recommend following a tested label called GI-symbol (www, GI-symbol, 1, 2014). GI-symbol is own and controlled by Glycemic Index Foundation. The foundation is a not-for-profit health promotion charity and it was formed by the University of Sydney in 2001. Their mission is to translate the science that is made within glycemic index and make it in practice so that the consumers in the society will understand the health benefit. Their mission is to make more interesting for companies to produce more healthy food so the consumer will find more healthy food in the supermarket. The product with the GI-symbol symbolize that the products has a low glycemic index that is good for people with diabetes. The label using Australian standards to ensure its accuracy and that it meet strict criteria with the Australian dietary guidelines which include low in saturated fat, salt and must contain 10 grams of carbohydrates per serve. They also provide diabetics with information about how to eat every meal every day, in that information booklet there are specific trade-brands that they recommend.

4.3 Understanding of the benefits

To be the expert brand for companies chosen health benefit companies need to look into the conditions on their stakeholders. Regulatory need to approve what the company could state out to communicate to their consumers.

4.3.1 Legislation

The European Food Safety Authority (EFSA) is a basis of European Union (EU) risk valuation regarding food and food-safety (www, EFSA, 3, 2014). In close collaboration with national government and in open dialog with its stakeholders, EFSA provides scientific information and clear statement on existing and emergent risks. Their goal is to evaluate the scientific ground for the incoming health claims. By examining the substance of which the claim is made is sufficiently characterized and the health effect is sufficiently defined and the results of the studies show a positive effect on health and if the documentation meets certain requirements. EFSA's opinions are then used when the European Commission will decide on the approval or non-approval. According to EFSA, no health claim can be printed on products or pronounced in the media with no approval from EFSA.

EFSA decided new rules in May 2012 (www, Livsmedelsverket, 3, 2014). The European Union's decision makers assumed a regulation of nutrition and health claims for foods which is consistent with EU rules for the use of health or nutritious claims on food products based on nutrient profiles (www, EFSA, 2, 2014). Nutrient profiles are requirements that foods must encounter in order to bear nutrition and health claims. A key objective in this regulation

is to ensure that claims made on a food label in the European Union is clear and validated by scientific evidence. A high number of sold food in the European Union bear nutrition and health claims. A nutrition food claim states or suggests that the product has beneficial dietary properties, for example; “low fat”, “no sugar added” or “high in fibre”. A health claim is any statement on advertising, labels or other marketing products that has health benefits. For example; food that could help reinforces the body’s natural defenses.

Before the new regulation of new health claims came out everyone could send in their health claims they would like to use to National Food Agency and the National Food Agency sent it to the European Food Safety Authority (Pers. com., Bårström, 2014). Every company that would like to could send in the health claims they would like to use and it was a need that it has shown scientific results. After all countries in the European Union have send in their suggestions EFSA decided which one should be legal to use in the European Union. Only 226 approved health claims become legal to use on products in the whole European Union. These approved health claims could be hard for people in the food market to understand if the customer not understands scientific vocabulary. It is not legal to use health claims that are not registries in EFSAs database (www, Livsmedelsverket, 3, 2014). It is not legal for a company to give out information on products, internet or anything that could be linked to the company that is not in accordance with the legislation and EFSAs rules. If a company posts a thesis or a letter on their website it is their responsibility that everything that is in that thesis or letter follow the legislation.

4.3.2 Lantmännen and legislation

“A blogger that is not connected to Lantmännen could be a person that could express health claims about Lantmännens products”

(Pers. com., Mari-Louise Bårström, Regulatory affairs manager, Lantmännen, 2014-03-04)

All information that Lantmännen gives out or marketing regardless it is products, website, brochures and all information they give out verbally should be approved by the nutritionist according to the legislation (Pers. com., Bårström, 2014). For example; Lantmännen own dieticians are not allowed to express themselves other things that do not follow the legislation, they need to follow EFSA in their verbal talk or written documents about the products. Journalists and bloggers who are not tied to Lantmännen could express itself in the media when they are acting under the liberty of the press but all the information that comes directly from Lantmännen must be authorized under the legislation. Lantmännen follow EFSAs development for new health claims that is or will be approved in the future but also claims that is rejected. It is costly to apply for a new health claim, because it include a lots of research and clinical studies and all the time it takes to fill in the application with information that could lead to an approve by EFSA. Lantmännen find the legislation as complex and it is a barrier to provide consumers with information that may be helpful in the selection of products. Even if it is a product that is clinical tested and have evidence in some medical reasons the legislation is a barrier to use it, because it is hard to deliver value when they not can claim the products.

4.3.3 Other companies work with the legislation

Other competitive companies within the industry find the European Union’s legislation as complex and hard to grasp. Other competitive companies work to find sustainable health claims and other ways to penetrate it on the market. Some companies do not work at all with

health claims because they argue that it is too complex to understand. Below, different companies work with the legislation is presented.

A competing company in the food industry, Pågen has tried to get around the laws of a bread commercial, where it wants to rule on that bread is healthy but may not express the word "useful" according to EFSA. Instead, it has developed a commercial broadcast on television, radio and internet channels. The commercial says; under an EU regulation on nutrition and health claims may no longer advertise foods with the word "useful" , so we do not, instead we say that Pågens is a white bread with whole grain that is both useful and notti - tatti - tatta –ta. This commercial got quite a stir with over 90'000 a view on YouTube after a week and that is only one market channel.

“Complicated rules by unreasonable demands, complicated formulations which can be understood by consumers”

Frebaco, 2014-02-10

Frebaco is a Swedish family company within the grain sector on the market (www, Frebaco, 2014). The biggest challenges that Frebaco where thinking of was with product development with health added value and health claims is the complicated rules with unreasonable requirement that could not be understood by the customers. Frebaco according to them have products that have added health values for example with “no sugar added” and products with the keyhole-symbol. They will not say that they have products directly to people with diabetes type 2 but they says that they have products that will fit diabetics for example “no sugar added” and wholegrain. They do not work with any research about diabetes. They said that they monitors and investigate the condition to apply the health claims on new and existing products with approve from the legislation and to see that Frebaco follow the legislation.

Another company which is big on breakfast products in Sweden is Kelloggs Company. Kelloggs Company is an organization within the cereal industry and mainly focuses on breakfast cereals (www, Kelloggs Company, 2014). They do not have any research and development in the Nordics, all their research on new product is in the USA that’s why it is hard to find information and it is hard for the Nordic organization to deliver information about their research on diabetes products. They do not recommend any specific products for diabetics. The strict legislation is a chocking to recommend special product to consumers.

One stakeholder in the society regarding diabetes is the diabetes association. One way of identify conditions for the diabetes market in Sweden could be to look into their business and their standpoint for food and the foods impact on people with diabetes.

4.3.4 Diabetes association in Sweden

A big stakeholder in the diabetes industry is *Diabetesförbundet* which is a Swedish association within diabetes opinion. The diabetes association is approximately about 24 000 members in 94 local associations in Sweden (www, Diabetesförbundet, 2014). As the association they gather people who want to improve the lives of people with diabetes and their families and protect their interests, towards the common goal - to minimize the consequences of the disease. They work to cause the society and deliver information about diabetes. Part of their business is to spread information and knowledge about diabetes and its consequences in society. They produce information, often in close collaboration with medical experts in the subject that in various ways touches the area of diabetes.

“The diabetes association steps behind the National Board of Health and Welfare’s food-recommendations for diabetics, but they will not make it to such a big thing about it, otherwise they will have half of all members against the organization, in the way that all members use different diets”

– Hannah Helgegren, Board member in Diabetes-association, and Nutritionist

The diabetic association recommends *the National Board of Health and Welfare* advices in a paper which they have formed for diabetics, these advices guidance and recommend diabetics to eat a healthier food diet (www, Diabetes, 2014). The Board's new dietary guidelines proposed four diets as well as a range of foods that have been shown to be beneficial in diabetes. The scientific support for multiple diets may be useful in diabetes that leads to dietary advices becomes more personalized and that the individual is better able to be based on personal preferences. There is support for multiple individual foods and diets that can be good for diabetics, making it possible for diabetics to compose a diet based on their own preferences but it requires more knowledge. The purpose of that guidance that the National Board has adopted is to serve as a support for diabetes patients.

Diabetes Association has discussed whether to enter into a partnership with a company in the retail sector where they could wind and information campaigns together (Pers. com., Helgegren, 2014). Partly because the Diabetes Association would be more visible in stores and highlight their information and increase knowledge about what diabetes is for anything and that it can be treated preventively before it breaks out. And also highlight those products that are good for diabetics, for example whole grains. The problem is that some would think it is negative that they already have the knowledge and follow their own diet; others would think it would be good. For example, those who get type 2 diabetes suddenly that not has much knowledge.

Diabetes Association would also think it would be good if a food company did any campaign along with a food retail business. The campaign could include simple health messages, good products for diabetics and recipe in the grocery stores. This lifts the problem of diabetes in the society and food company's products are highlighted and the sales could increase the already existing products. Diabetes Association could also consider a partnership with a food company to appear in retail stores, then the Diabetes Association also could be marketed by themselves and see what products they think might be good for diabetics to eat. And also to impact knowledge about basic products that are useful for diabetics only they cook it in the right way, by handing out prescriptions could be a solution. Therefore recipes could be a solution together with the products in the store to increase the knowledge and the interest in diabetes and inform consumers about the preventive use for healthy lifestyles.

4.3.5 Media about legislation

“A number of health benefits have a solid grounding in current research. Despite this, there are no approved health claims for dietary fiber in general. Gaining access to National Food Agency's dietary guidelines could be a way out”

Swedish food article archive 2013-12-20

Gaining access to National Food Agency's dietary guidelines could be a way out (www, Svenskalivsmedel, 2013). The ability to use National Food Agency's dietary guidelines of

individual products would make it easier for consumers to follow the advice. Today includes whole grains as part of the nutritional profile of the Keyhole label. Companies could connect to the dietary advices but could not be used on individual products. In the industry support for health claims in Sweden that Swedish Nutritional foundation, Svensk Dagligvaruhandel (Fast Moving Consumer Goods) and Li (Food Businesses) working with that it could be possible to use the dietary advices on products that complies good nutritional requirements. By doing that could make it easier for the customers to follow the advices.

“There is scientific evidence that whole grains reduce overall mortality and mortality from coronary heart disease among those who have diabetes”

The National Board of Health and Welfare 2014-03-27

Above citation is that the National Board of Health and Welfare that express in a document *“Food for diabetes”* that there is scientific evidence that whole grains could reduce overall mortality among those who have diabetes. Overweight, obesity and high blood sugar are some of the reasons for the markedly elevated risk of cardiovascular disease in people with diabetes. Changes in the diet can affect all the factors in the positive direction. A custom energy intake facilitates weight loss and an increased element of favorable food groups may in itself improve, for example, blood lipids, blood pressure and blood glucose control.

4.4 Trust the brand

What the brand promise is what the brand stands for and what it expect to deliver. By find how the company differ from other competitors and find which condition that is needed to entrants the market the market position for the company could be greater.

4.4.1 Approved and unapproved labels

Previously, Lantmännen had a label called GI of some products that have a low glycemic index in their products then EFSA decided that it was not permissible to use the GI label on products anymore and Lantmännen had to cease labeling in order comply with the legislation (Pers. com., Nordell, 2014). Lantmännen where foregoing in Sweden on that label, they did own test and started up own rules and scientific evidence by them self. All label need evidence and significant research that have been approved by EFSA to use a label (Pers. com., Bårström, 2014). GI-label is not scientifically proven and has not enough research that it is a health claim to put on products as a health promotion. Still, these are products that Lantmännen today believe that diabetics can eat with positive effects on their health. Often GI labeled products are wholegrain products that could be good for the blood sugar for people. Other companies still using GI in their marketing and as label, for example; something called *GI-boxen*, which is a company that produce healthy fast-food in package to warm up which could be delivered to the door. Another example is MAX burger; they call one of their burgers *GI-burger*, which is a normal burger with wholegrain bread. If it is an incorporated brand or product name then the companies can use it until 2022. That rule is only relevant if the company has used that brand or product name for more than 10 years before EFSA came out with the new regulation. Otherwise they are illegal or bold.

Each country in the European Union could have their own national label, for example in Sweden it is *nyckelhålsmärket*, keyhole-symbol, that label is approved by EFSA. The keyhole-symbol was established in 1989 and is the National Food Agency’s label since then. It is an optional label for food company to use. In Sweden the keyhole-symbol have

knowledge by the customer of 98 per cent but only 16 per cent actively choose and look for the label and the number have decreased every year. Last year the number was 18 per cent (www, Svensk Dagligvaruhandel, 2014). The selling number has decreased with three percentage points under 2012 and the trend is that the number will decrease even more. The keyhole-symbol is a label that is controlled by the National Food Agency and is there to help the customer to find the healthier alternative on products for both when the consumer buy their food at the retail store and when they goes to the restaurants (www, National Health Agency, 2014). The brand stands for;

- Smaller and/or healthier fat
- Less sugar
- Less salt
- More dietary fiber and whole grains

Keyhole-marked products must meet one or more of the above conditions in comparison to other foods of the same type. Right now there is a new revision process in progress for the keyhole with stricter rules on each parameter that the label represents (www, Livsmedelsverket, 3, 2014). The keyhole-symbol is available in Norway and Denmark since 2009 and in 2013 Iceland and Lithuania have joined the label. The revision changes are also in progress in Norway, Denmark and Iceland, because they act together in a Nordic working group.

Keyhole-symbol is used by some nutritionists. For example the region of south Sweden's nutritionists have produced an information brochure for people with diabetics, where they use the keyhole-symbol as an label to look for when diabetics do their shopping (www, Region Skåne, 2013). It is an argument that is easier to find healthy food with respect for fat, salt, sugar and fiber. Another case in Sweden is Västerbottens country council; they have started a campaign to be the world's healthiest people (www, Hälsa2020, 2014). Their vision is to be healthiest people to year 2020 with inspiration and information to the people in the society. One important parameter in this concept is the healthy food. In their recommendation to people in the society is to look after the keyhole-symbol when choosing products.

4.4.2 A new concept for the keyhole-symbol

In 2012/2013 a new concept with keyhole-marked products were launched for restaurants in collaboration with Hushållningssällskapet and the National Food Agency (www, Nyckelhålet på restaurang, 1, 2014). Hushållningssällskapet is a company in the green sector that advises in much different kind of activities, for example in food and health, agricultural business and research and development. Hushållningssällskapet's opinion is to give the market a new attractive profile as a healthy alternative. The keyhole-symbol addresses to the whole meal and not only one single ingredient. This initiative is to make it more attractive for restaurants and institutional catering to serve healthier food. On their website they indicate that healthier food decreases the risks for diabetes type 2. The label is an important tool in efforts to stimulate and develop good eating habits and meals that have a balanced holistic approach to health. National Food Agency maintains responsible in the dialogue with, among others, the Hushållningssällskapet to decide on the criteria for the keyhole in a restaurant and how to use the keyhole-symbol. Hushållningssällskapet is responsible for developing the concept for the Keyhole at the restaurant. Restaurants that meet the criteria for the key hole on the restaurant serves at least one keyhole labeled dish each day and the restaurant meets the specific criteria for the course, the accessories, distribution and signage. The restaurants that are certified keyhole restaurants have been trained and ensured that staff has the knowledge of how to

compose well-balanced meals for well-being and good health. These also include a recipe database and a tool to be able to calculate their nutritional dishes. The compound for the keyhole-symbol in Sweden has been in collaboration with China in a health perspective (www, Nyckelhålet på restaurang, 2, 2014). The project is a result of the growing overweight and obesity in China's big cities and the growing demand to eat on restaurants in China increases.

5 Analysis and discussion

This chapter aims to address the research question stated in chapter one, using the analytical framework and analysing empirical results. The following research question is discussed in the following part;

- Which factors determine conditions for a new food product launch on the Swedish food market for diabetic consumers?

The analysis is structured in line with Wennströms (2009) model- addressing need, acceptance, understanding of the product and trust in the brand

5.1 Need for the product

On average 46 per cent of the invested capital in companies that is used on new product development goes to project that do not succeed because they fail when they reach the market (www, Product development institute, 2014). The chosen food should be relevant for the target consumers and either a part of their daily habits or designed so that it can easily fit into their daily life (Wennstrom, 2009). The failure products could be compared with AXAs oat pasta which was marketing for sport interested people. This product was created for a specific segment, when the marketing is that niched for a specific group from the beginning it could be complex if only a small part of that segment will buy the product it will not reach high sales. Compared with a product that is marketing for the mass-market then it will probability increase even if it is just a small number that will buy the product. Targeted products are generally more expensive and a family will buy something for the whole family (Pers. com., Lindström). On one hand this pasta is a daily part of their life but on the other hand it may not fit easily into their daily life, the marketing and the branding may not have satisfied the consumer that could fit in their daily habits. Another problem was the failure to not collaborate with Lantmännens other brand Kungsörnen that was at this time successful in wholegrain pasta products (*Ibid.*). This failure could be explained by two parameters, firstly the niched product that was marketing for a small segment and secondly the collaboration between the labels within the company. This sport pasta could be described as an initiative that is not grounded at the consumer level, the conditions in this new product development was not enough researched. Recording to Kungsörnen and their pasta knowledge possibly they should have created the sport pasta. According to this case this could be a conditions to think about, who will made each product in the diabetes category, should it be different labels doing different products.

The failure in companies could be avoid through the stage-gate process (Cooper, 2009). Competition is more common and consumers are more demanding. The process within the stage-gate could be too slow and the processes focus on end-gates rather than on the customer (*Ibid.*). If the stage gate model is there to help companies and their managers to reach the market with innovative products, then it could be discussed how well developed the stage-gate model is when the failure product is that large. This is a parameter for companies to reflect on, how much focuses should be on each stage in the stage-gate process, it regards to be consumer-oriented but still not be too naive and entrants the market with products that will failure on the marketplace. When it comes to healthy products these four forces is developed for healthy products and in this case fit better to focuses on. It is costly to entrants the market with products, therefore every failure on the market is costly and have high entry costs

(Stewart-Knox & Mitchell, 2003). It might be useful to look into the company's core competences and the product portfolio on successful and non-successful products to compare and learn from every business to not make the mistakes again or copy successful affairs (*Ibid.*). Even if an older business is successful, it is of high importance to make a situation-analysis in every business and see if it will fit the market today and see if the conditions have changed.

5.2 Acceptance for the ingredient

Added health values are one of the fastest growing sectors and it helps the wellness of all people in the society (Bleil, 2010). With the growing overweight in the society, diabetes type 2 is an adverse and it is a challenge to meet and inform the people in the society that it could be improved with better eating habits. A step in an innovation cycle is to communicate the product and it could be with a health claim or an innovative marketing that is approved by the regulation (Jones, 2007). The company need to find which trend it is on the market and which interest in the product that is requested (Wennstrom, 2009). It is a complex situation for companies and stakeholders in the society to inform right segment, firstly there need to be a problem that needs a solution and secondly there must be attentiveness that the consumer has a problem (Bleil, 2010).

In a preventive purpose it could be a problem to communicate the information in another way, it is easier when there is a problem and the consumer has get the diagnose of diabetes type 2. This could be referred to the product in Spain, *Diabalance* which is a product with added health value for diabetic consumers (www, Diabalance, 2014). The product could be used both when the consumer has a problem and in preventive use. The product contains ingredients which make the product less glycaemic loaded and that the product helps to improve the consumer's blood sugar. The ingredients in the products play an important role to the physical and mental well-being and to reduce the upcoming of a particular disease (Mark-Herbert, 2004). Diabalances pasta which unique ingredient is resistant starch, the product is marketing with a health claim that is associated for diabetic consumers. The product is strengthening with a claim that Diabalance collaborate with the Spanish diabetes association. Diabalances products could be used for everyone in the society; a healthy product that is great for people's wellness could be communicated to everyone. That could be a complex situation to not exclude some segment in the marketing process. This concept could be a concept for Lantmännen to embrace to their concept in the future for diabetic consumers. This is a way to get the consumer to accept the ingredient when the company get the consumer to understand and have an interest in the health that the ingredients deliver.

If this concept should be possible it has to be accepted by the Diabetes-association, otherwise the strong third-party credibility will not be fulfilled. The strong brand on the package could not been used and then the trustworthiness could be more complex to create. The diabetes association's business is to deliver information about diabetes and it is important to not take to high risk and destroy the brand in the society (Pers. com., Helgegren, 2014). The problem for the Diabetes-association in Sweden is that the members follow different kind of diets and members "accept" and use different kind of products in their daily habits (*Ibid.*). Nutritionist also advocates different diets when they coach their customers. It is different aspects to take action in when decide how the finished product will be and involved stakeholders also need to take action in which standpoint they will have.

5.3 Understanding of the benefits

Companies need to deliver a health benefit in products that could be understood by the diabetics in order to create credibility. If the customers not understand the health benefit, customer education could be a solution. The health benefit could be communicated through a health claim, but the health claim need to be understand by the consumer otherwise it will not deliver a benefit in the product. But companies need to take some aspects in consideration before they decide which health benefit they will deliver and which health claim they could deliver;

Regulatory need to approve what the company could state out on products and in verbal context and it is often the communicated language that consumer not understand, that's why it is of high importance to communicate in an consumer-language (Wennstrom, 2009). The legislation protecting is an external affect that is controlled by the governance and it is an affect that is complex for companies to effect on (Trott, 2009). The authorizers are an important function for companies; they give firms the ability to function (Roberts, 2003). An external change of this kind could be seen as the new rules about health claims that EFSA decided out in May 2012. Sweden's membership in the European Union makes that Sweden is not available to give the food industry the possibilities to act in their own discharge. All companies in Sweden get directions to follow from the governance. All information that companies gives out through marketing directly or indirectly need to follow the rules that EFSA has set up. This is an environmental effect which required a conversion for companies and their strategy on new product launch needs to be changed to follow the legislation.

These health claims could be hard to understand if the consumers not understand scientific vocabulary and it could be hard for companies to communicate information about the product. One way to follow the legislation requirements could be to use a blogger or other media attention person that is not directly connected to the company. The legislation could in this case be described as a barrier to launch new products. Hence, even if the corporation have scientific information about a product that could be useful for diabetics, EFSA have to approve that scientific information and say OK to the health claim that the company would like to use. Even if there is scientific information, there need to be a health claim that companies want to put on the products and it should be communicated in an understand consumer language. In a consumer view there is a need of information when they should buy their food products to satisfy their nutritional behaviour. The 226 health claims that are approved by EFSA are basically not usable for companies because they will not deliver a value for all costumers (Wennstrom, 2009). For example with resistant starch, even if companies could say that resistant starch in a meal will contributes to a reduction in the blood glucose rise after a meal, if the consumer does not know what resistant starch is, it could be a problem that the consumer not will buy the product and they will not understand the health benefit. Customers need information in the food stores to make decision when they take actions in their shopping.

As mentioned before the stage-gate model is a model to use in the product launch process. The model does not directly refer to the governance impact. The legislation is a crucial parameter to launch new products; the stage-gate process without the legislation in consideration is useless. Authorisers are fundamental for companies to function (Roberts, 2003). The four factor model takes into account the legislation in this section (Wennstrom 2009). The government and the regulatory agencies are important for companies to function, this are a significant stakeholder for companies to take in reflection or rather to get along

with. A product launch strategy is useless if the legislation not will be followed and it is costly to launch products if the legislation not is taking in consideration if the company not will take the risk and try to take market shares by doing something radical.

Currently, Lantmännen does not collaborate with associations or key customers. If a private company will collaborate with an association, as in this case the diabetes association, it is important to inform the diabetes association why they should collaborate with them (Roberts, 2003). External influencers in the society as NGO's and other civil society need to clarify what their interest is in the company, what they can gain in collaboration (LaFrance & Lehmann, 2005). The private company need to define what they can gain in collaboration because every stakeholder that a company decide to respond to is costly (*Ibid.*).

Communication and collaboration serves as grounds for establishing and maintain trust between various stakeholders (Roberts, 2003). And that trust could lead to a great reputation and add value to the company and make competitive barriers against challengers. The added value could be a physiological value because of the strength brand and the consumers could choose their products.

Lantmännen could collaborate with the diabetes association; they have stated out that an collaboration with a food company may be relevant for them if they could gain something on it, a way for the association to negotiate a message to people in the society. Or Lantmännen could collaborate with the National Board of Health and Welfare and state out a health claim from them on the products. It could be collaboration between all of them in the way that the diabetes association recommend the National Board of Health and Welfares documentation of advices. An important way that (Wennstrom, 2009) stated out is that a company will gain trust from the consumer if they collaborate with a credible third-party organization or have the associations support or approval in their actions.

5.4 Trust the brand

Each country could have their own label, for example the keyhole-symbol. The keyhole-symbol in Sweden does not show a positive trend because of the decreasing actively chosen number in the retail store and it decreases every year (www, Svensk Dagligvaruhandel, 2014). The keyhole-symbol has knowledge in the society by 98 per cent (*Ibid.*) and is used by some nutritionist and an investment in keyhole-symbol for restaurants is in pipeline to make the brand more attractive. When the revision process on the keyhole-symbol is completed the rules will be stricter regarding ingredients for the label. This could be a solution for Lantmännen to invest in the keyhole-symbol because this is an approved label by EFSA and there is no barrier to not use the label. When the knowledge is 98 per cent in the society it could be an opportunity to marketing it and use it as a health claim to show which products Lantmännen believe in when it comes to health and co-branding. With the high knowledge in the society it could be a brand with high trust but when the actual selling number decreases every year probably the trust is too low. The brand promise is what the brand stands for and what it expects to deliver (Wennstrom, 2009). Companies need to see how much trust the brand has to deliver the expected benefits (*Ibid.*). Companies need to focus on what makes the brand different from their competitors. The keyhole could all companies use on their product if they accomplish the legislation. Then Lantmännen will not differ to just use the keyhole symbol rather if they make the rules stricter and marketing it as stricter and that the product is good for people with diabetes then it could be an opportunity to make business.

Above parameters could be compared with Australians work with diabetes. According to WHO and FAO in 1998 when they stated out that people should eat low-GI foods to prevent diabetes, the Australian diabetes together with glycaemic index foundation is marketing products that will be good for people with diabetes. This was an early action from Australians side, compared with Sweden where it is a lots of diets in the society to follow, in Australia the concept where there from the beginning. It is hard today to come with a concept to get consumers in Sweden to accept a new concept when the market is complex with lots of different diets. This is a barrier for companies to entrants, companies need to tell themselves how they will communicate a new concept for people in the society to prevent their upcoming or already existing disease when the consumer get confused on the market.

Companies need to focus on what makes their product special and differ from other competitors (Wennstrom, 2009). Substitute on the market in this case is other substitutable products, but on the Swedish market there are no specific diabetes products right now within the grain sector. The markets for cereal products in Spain and Australia offers products that could be linked and compared with products that Lantmännen plans offers. These products could rather be seen as products to gain inspiration and learn from instead of perceiving them as competitors. If companies in the other countries not entrants the Swedish market. This could be seen as a business strategy to compare with other countries and take inspiration to action in Sweden and see how they have succeed with that products and not be the first company in Europe to entrants the market rather the first in Sweden with this concept for diabetics. Threats of substitute or threats of new entrants are good to address and it could be a public affair by doing it (Porter, 1983). It is a way for companies to recognize their strengths and weaknesses and to make a competitive strategy (Porter, 1983; Trott, 2011). Many strategy models have the same aim; to give companies a display of the products current or potential opportunities or problem in the strategy for the products. In this case the *comparison items* could be a condition in the strategy for the company.

Brand with benefits is something that consumers can gain by buying the product, often it is something that is linked to a company and could compete against other companies (Kotler, 2000). Customers usually have a relation to a brand when they do their shopping, if that brand deliver a product, the product could be more trusted by the consumer, and it is important for companies to manage and discharge the brand and not avoid bad will for the brand. A brand could include a health claim often in food products with added health values. Restrictive health claims have resulted in challenges to communicate to customers (Jones, 2007). Analysis in the launch process of added-health value products shows that products that are to niches' often failure than products that is more mass-market related (Bech-Larsen, 2007). The GI label that Lantmännen had before which EFSA not have approved, could be a brand that could be recommended for diabetics and it is not to niches. But still there are other products on the market that use GI in their brands and in their marketing to consumers. GI symbol could be something for Lantmännen to start up again, but a new marketing and a new route to market could be another solution to think about and to come up with something new. For example Diabalances, their products instead expresses that the product is less glyceimic load, and that it is suitable for diabetics without using a special symbol, it could be a "way out" for Lantmännen but still run their "less glyceimic" idea. By looking at the keyhole-symbol which is related to the mass-market which still has added-health value that is examined by EFSA. The label is a restrictive health brand but it is not forbidden (www, Livsmedelsverket, 2, 2014) and it could be easy to communicate to the consumers in the way that the consumer knows what it is but the challenge will be to get the consumers to actively buy this product so the number of actively consumers that choose the brand in the retail store still not decreases.

Lantmännen could with the new revision on the keyhole put the label only on products they believe in for diabetic consumers, they could also shape up the keyhole and make it even stricter to deliver an announcement for the consumers. If the organization put the stricter label on products for diabetics it will be a way for them to really trust and know that this product is useful for diabetics. It could be a way to use “less glycaemic loaded” as a health claim and mark it with a stricter keyhole-symbol could be a concept to strength the announcement. By compare with Australia that is a foregoing country and have succeed in their communication against diabetics, their LowGI symbol that is low in saturated fat and salt could be compared with the keyhole-symbol and the LowGI symbol also include low glycaemic index, which could be compared with Lantmännens GI- symbol. Australians label is almost like the keyhole and Lantmännens GI-symbol together. This could be a possible scenario to use on the product in the co-branding.

6 Conclusions

The last chapter of this study is intending to address the research question and the aim in chapter one:

The aim in this project is to identify market entry barriers and perceived market potential for a new food product innovation with added health values for people with diabetes.

- Which factors determine conditions for a new food product launch on the Swedish food market for diabetic consumers?

6.1 Conditions for a new food product launch

Lantmännen is one of the biggest concerns in the Nordics within the agricultural sector. Due to a growing disease with diabetics in Sweden, Lantmännen will see the conditions to entrants the market with specific products for the consumers. The case study can therefore offer an understanding of the barriers there is to develop and entrants the market with new products. Figure 6 below summarizes and illustrates the conditions for a new food product launch.

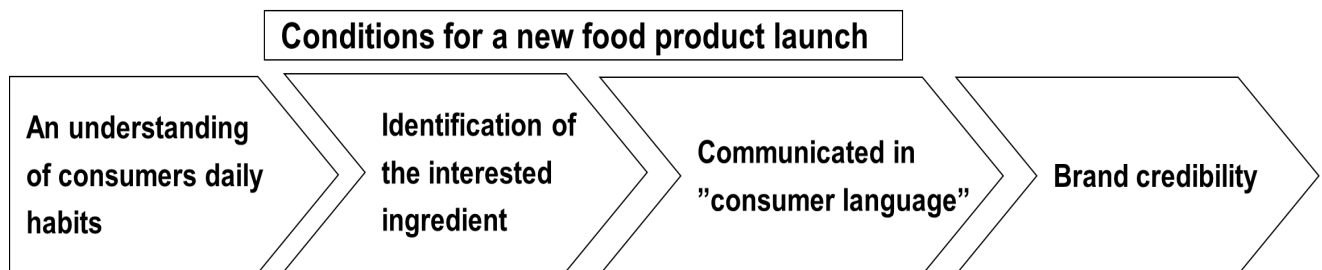


Figure 6: A summarizing illustration of conditions to launch new food products (based on Wennstrom, 2009).

This study shows that there are many factors that affect the conditions for product launch of healthy food products for diabetics. First of all the chosen food product should be relevant for the target consumer and a part of their *daily habits*. It is important to not make to niched products that are marketing to a small segment that could increase the significant to failure in the marketplace. Diabetes exists in all target audiences in the society which means that the products need to be marketing for all people in the society and simple products that easily could be included in the consumer's daily habits.

The *ingredients* in the products play an important role to the physical well-being and to reduce the diabetes. It is important for companies to identify which ingredient they will deliver a benefit for the consumer that they understand. Spain is the only country in the European Union that has a cereal product that is directly linked to diabetes and could be compared with Lantmännens business and it could be a concept for Lantmännen to use. The product contains ingredients which make the product less glycaemic loaded and the product helps to improve the consumer's blood sugar. The product is also labelled that they collaborate with the Spanish diabetes association. This is a way for Lantmännen to use on the Swedish market to be a foregoing company on diabetes products. An important aspect is that the stakeholders need to accept the collaboration and find it as a useful situation for the organization.

A barrier to *communicate the health benefits* in the product for diabetics is the European membership prevent companies to use which health claim they would like to use, companies could only use health claims that is approved by the European food safety authority. The legislation could in this case be described as a barrier to launch new products. An opportunity for Lantmännen could be to collaborate with the diabetes association or the National Board of Health and Welfare which is two credible third-party organizations and label the products with their name on and by doing that communicate to the diabetics to understand that the products is appropriate for them.

To create *brand credibility* companies need to focus on what makes their products different from other competitors to take a position on the market but also deliver what is expected in the product. The only appropriate approved label by European food safety authority in Sweden is the Keyhole-symbol which has knowledge on 98 per cent in the society (www, Svensk Dagligvaruhandel, 2014). Lantmännen could use the label and marketing it as a strict label and just put it on heedfully choice products for diabetics and through that creates credibility with the consumer.

6.2 Recommendations for future research

To identify market entry barriers and the market potential for a new food product there are different complex characteristics for developing new food products. Entry barriers could be changed constantly through external affects. Environmental effects for example the regulatory is followed by the European Union and this could be changed over time. Therefore, future researches in this subject need to be researched constantly and over time. Future research could be to look into how consumer's daily habits is developing and how "consumer language" could be communicated successfully. Guidelines for how the consumer language should be formed when companies create health claims could be a recommendation for future research.

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Personal messages

Emma Nordell

Project Manager- Research and Development, Lantmännen

Personal meeting, 2014-01-20

Frebaco

Anonymous

2014-02-10

Hannah Helgegren

Board Member, Diabetes Association

Telephone interview, 2014-03-04

Mari-Louise Bårström

Regulatory affairs manager, Lantmännen

2014-03-14

Patricia Lindström

Nordic Brand Manager, Lantmännen

Telephone interview, 2014-02-28

Pågen

Anonymous

2014-02-06

Appendix 1: Questionnaire

During this study several interviews were made, below is two different questionnaires that is used for different stakeholders within the industry. One is used for food actors within the industry and also actors within Lantmännen, the other one is used for associations within the diabetes market.

QUESTIONNARE FOR FOOD ACTORS ON THE FOOD MARKET IN SWEDEN

1. How would you describe the products with "added health values" today?
2. How do you work to develop new products for diabetics today?
3. How do you work to communicate new products with added health values to the consumer group?
4. How do you work with diabetes research?
5. Have you had any indications that products for diabetics are a lack segment on the market?
6. How will you say that the condition to launch new products on the market is?
7. What will you say is the biggest challenge to launch new products with added health value?
8. How do you work with products where you will deliver health values but is stopped by the legislation and EFSA?

QUESTIONNAIRE FOR THE DIABETES ASSOCIATION

1. What do you think is hard for your members to fulfill regarding food in their daily habits?
2. What indications have you get from your members that diabetes products would be a lack product range on the market?
3. Do you know any diabetes products today?
4. Do you use some recommendations for your members?
5. Which communication method regarding diabetes products and the added health value do you think would be possible to deliver through?
6. What do you think about the future for diabetes products?
7. Would you put your logo on food that you would recommend for your members?
8. Do you work actively with food-research for diabetics?
9. What would you like to see on the food industry or Lantmännen to produce for cereal products on the market?

Appendix 2: About Lantmännen and their commission

In this section the empirical background is presented to give an explanation why this study is being conducted. In the following part there is an introduction to the principal Lantmännen and their vision in this case to develop their study. In next chapter *the empirical study* and *the empirical result* is present.

Lantmännen is a cooperative in the agri-food sector on the Swedish grain market that is owned by 33 000 Swedish farmers (Lantmännen, 1, 2014). It is one of the biggest concerns in the Nordics within the agriculture, machine, energy and food businesses, these categories are also shows how Lantmännen is divided in different divisions. Under each of the fourth divisions there are different organizations. The group has 8600 employees and is present in 22 countries. This case study is made for the research and development chamber. Lantmännen investing 300 million on research and development every year, most investigation focuses on development close to the customer (Lantmännen, 2, 2014).

Lantmännen has a large amount of known brands in their portfolio within the meal, breakfast, mixes, pasta, and a fast-food concept (Lantmännen, 3, 2014). For the food division at Lantmännen the most common brands in Sweden are Axa, Kungsörnen, Start, Googreen and the fast food concept Gooh. Many of them are also marketing-leaders within their category.

“*Good food from Lantmännen*” (Lantmännen, 3, 2014).

We need, we are, we drive, we will, that is Lantmännens business strategy (Lantmännen, 4, 2014). Their work with responsible and long-term viability occurs at several levels in the organization, from risk to innovation. Responsible-business is what Lantmännen will cooperate with others to take further steps toward sustainability, that they drive development and that they need to fulfill the law. Lantmännens business concept is to develop a customer focus and process the resources responsible manner. Responsibility from farm to table is part of our strategy for long-term profitability.

Lantmännen need to work at various levels - from legal requirements to innovation (*Ibid.*). Lantmännen work through four different levels to fulfill their responsibilities;

1. Legal requirements:

National and international legislation constitutes the basic standards that Lantmännen has to relate to. At several areas the legislation changes gradually and that causes the organization and Lantmännen to change their claims. Consumer and product-information is one area where the legislation sets high standards that Lantmännen has to follow.

2. Lantmännens platform:

their long-term ownership model, their values and intern policy shows that Lantmännen stands for responsible-business. They work with external guidelines and certified management systems.

3. Continuous improvement:

Lantmännen will perform their performance. They will minimize the organizations negative impact on people and environment to increase their contribution for their owners, customers and for the common society.

4. Research and innovation:

To fulfill the above explained standards they need to focus on research, innovation and collaborations. It requires the development of cooperation and consensus between

multiple stakeholders in their value chain. There is also a need for more joint efforts in research and innovation.

The department for research and development at Lantmännen found out that people with diabetes is a growing population in the society (Pers. Com., Nordell, 2014). With this growing diabetes population Lantmännen will meet the segment and trace down how the market potential is for optionally new products. Which are the conditions to meet the consumer demand and how will these products be communicated to the consumer. Lantmännen will sort out what they have to offer. By tracing down the market potential this case study need to take in consideration all these various level presented earlier, from legal requirements to innovation.

Lantmännen has an existing partnership with the Antidiabetic Food Centre, AFC, In Lund. AFC is a research and innovation center and it is a joint venture between Region Skåne, Lund University and different kind of industry partners, where Lantmännen is one party. AFC is established in 2007 and have total investment around 22 million euros. AFC vision is to diabetes preventable with food. This is one way forward for Lantmännen in their process to become a leading company within the future of products for people with diabetes.