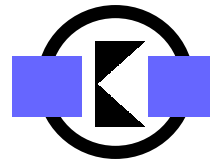


NOW AVAILABLE

FUNCTIONAL FOODS: A COMPETITIVE LANDSCAPE

Kline & Company's report focusing on current and prospective marketers of functional foods, covering the resources, activities, and strategic intent of major players. Profiles of such leading companies as Johnson & Johnson/McNeil Consumer Products and General Mills will be included in the study, in addition to other important companies, including:

- **Food and beverage marketers**
- **Pharmaceutical companies**
- **Ingredient suppliers**



KLINE & COMPANY, INC.
OVERLOOK AT GREAT NOTCH
150 CLOVE ROAD
PO BOX 410
LITTLE FALLS, NJ 07424-0410
(973) 435-6262
www.KlineGroup.com

Although it is still evolving, the market for functional foods is drawing significant interest. Several companies are positioning themselves to offer foods that provide both nutritional value and specific health benefits. Companies will find themselves with a new competitive set as pharmaceutical, agricultural, and food and beverage companies all have efforts under way to offer foods to the consumer that deliver health benefits beyond those of traditional foods.

Companies that are not positioned to build a business in functional foods run the risk of missing a potentially lucrative opportunity in a market that appears to be on the verge of significant expansion. The study will help you to benchmark your company's efforts in the area of functional foods against others with respect to:

- Resources allocated
- Alliances formed
- Strategic intent

Kline & Company's *FUNCTIONAL FOODS: A COMPETITIVE LANDSCAPE* presents a detailed look at the foundations and future of functional foods. *FUNCTIONAL FOODS: A COMPETITIVE LANDSCAPE* is not a market study. The purpose of the report is to provide knowledge and insights on major food, pharmaceutical, and agricultural companies that are investing in this market, focusing on their activities and capabilities in functional foods.

TENTATIVE OUTLINE

1. EXECUTIVE SUMMARY

This section of the report will analyze and assess the current state of the industry via:

- **Company ratings; cross-company performance assessment**
- **Assessment of market approach strategies**
- **Potential growth areas**
 - **Ingredients**
 - **Food categories**
 - **Targeted disease states**
- **Regulatory issues**
- **Outlook and opportunity assessment**

2. INTRODUCTION

3. COMPANY PROFILES

Key marketers – Profiles of roughly 18 leading potential marketers of functional foods (refer to Table 1). The content of each profile is as follows:

- **Company overview**
- **Functional food product mix**
 - **Current**
 - **Pipeline**
 - **Past initiatives**
 - **International initiatives**
- **Product portfolio assessment**
 - **Importance of functional foods**
 - **Related products**
 - **Technology leverage**
- **Resources allocated to functional foods**
 - **Staffing**
 - **Other capital investments**

- **Alliances/partnerships**
 - **Academia**
 - **Marketing**
 - **Research/technology**
 - **Suppliers**
- **Competencies**
 - **Strengths/weaknesses**
 - **Gap analysis**
- **Marketing**
 - **Trademarks; brand equity development**
 - **Public relations**
 - **Advertising and promotion**
- **Strategic intent**
 - **Areas of focus**
 - **Forecasts/assessment**

Other marketers – Profiles of roughly 20 marketers that are also active in the area of functional foods. Topics covered include product line, efforts in functional foods, and strategic intent.

Ingredient suppliers – Profiles of roughly 16 companies that develop and market functional ingredients. Topics covered include product line, efforts in functional foods, and strategic intent.

4. INGREDIENTS GLOSSARY

A listing of ingredients currently approved for specific claims, as well as other ingredients that are otherwise recognized or promoted for potential health benefits, with supporting descriptions for each. Provides technical knowledge for marketing and other “non-technical” professionals.

Table 1

LIST OF COMPANIES TO BE PROFILED

Abbott Laboratories	Hain Food Group	Pepsico
Ambi	H.J. Heinz	Procter & Gamble
American Home Products	Hormel Foods	Quaker Oats
Archer Daniels Midland	Johnson & Johnson	Raisio
BASF	Kanematsu	Reliv International
BestFoods	Kellogg	Rexall Sundown
Bristol-Myers Squibb	Kemin Foods	Rhodia
Campbell Soup	Kraft Foods	Roche
Cargill	Lifeway Foods	Royal Numico
ConAgra	Marlow Foods	Scotia Pharmaceuticals
Cooke Pharma	Mars	Skane Dairy
Danisco	Monsanto	SmithKline Beecham
Danone Group	Nabisco	Suntory
DMV International	Nestle	Unilever (Lipton)
DuPont	Novartis	Valio
Galagen	Nutrinova	Warner-Lambert
Galaxy Foods	Ocean Spray	Welch's
General Mills	Omega Protein	Yakult

METHODOLOGY/
PROJECT RESOURCES

Kline & Company's consulting staff will conduct the research and analysis required to complete the report. Consultants with industry experience in both healthcare and consumer products will conduct primary and secondary research specifically for this study. Project team members bring relevant industry expertise from such firms as:

- **Abbott Laboratories**
- **Nabisco**
- **Nissin Foods**
- **Novartis**

The team of consultants will undertake a comprehensive research and analysis program involving:

- **Primary research involving interviews with executives in a variety of disciplines from:**
 - Food companies
 - Pharmaceutical companies
 - Food additive companies
 - Trade/professional associations
 - Agribusiness companies
 - Universities
 - Research entities
 - Government/regulatory agencies
- **Secondary research including information sources and Kline's own database and files on functional foods, and the related dietary supplements market**

BACKGROUND

The significant growth of the market known generally as nutraceuticals has demonstrated the viability of and consumer demand for products that provide some health benefits. Herbal products and other nutritional supplements have enjoyed tremendous growth and likely predict the potential success of the market for functional foods. This potential has elicited the involvement of numerous marketers from various industries, as shown in Figure 1.

Marketers must overcome several barriers to become successful in the market for functional foods. Currently, regulatory issues associated with product claims present the most significant barrier to the entry of products.

In the future, however, competition will be the most significant limiting factor, as shown in Figure 2.

The competitive landscape will change for all companies involved, and those that have knowledge of their competition will have an advantage.

FUNCTIONAL FOODS: A COMPETITIVE LANDSCAPE provides more than a typical market study. This report will offer insights to help you better understand what efforts the competition has undertaken in the area of functional foods. You will be able to bench-mark your operations against those of the competitive set to facilitate better strategic decisions regarding the market for functional foods.

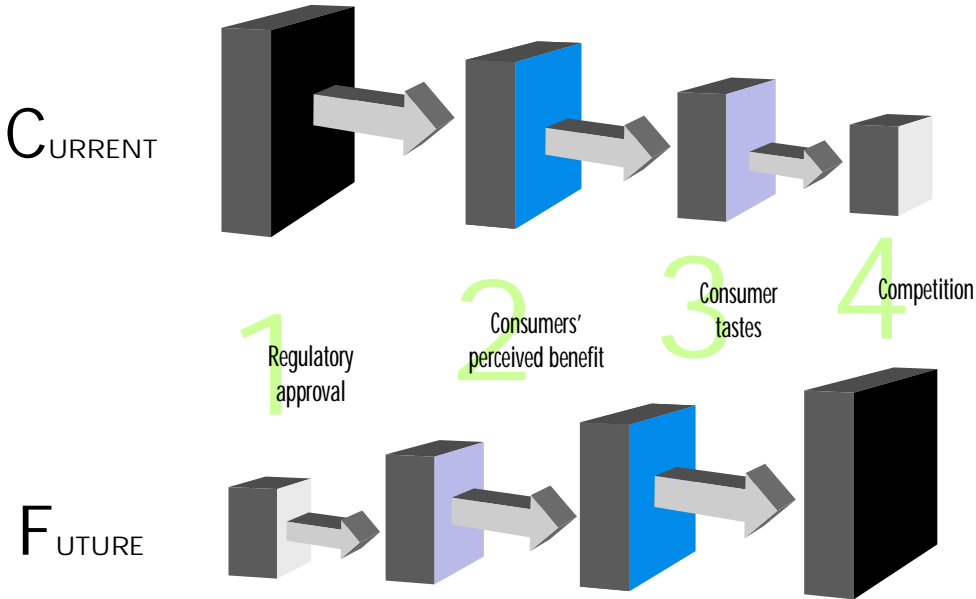
Figure 1

THE NEW COMPETITIVE LANDSCAPE



Figure 2

IMPORTANCE OF BARRIERS TO SUCCESS IN FUNCTIONAL FOODS



KLINE & COMPANY'S CREDENTIALS

Kline & Company is a leading business consulting firm serving the healthcare and consumer products industries, among others. The firm was established in 1959 and is headquartered in Little Falls, NJ, where over 60 professionals conduct business research and management consulting services. Kline is widely recognized for its industry-specific expertise, coupled with its experience in conducting market assessments, benchmarking studies, and strategic planning initiatives.

Kline publishes a series of continuing industry analyses in pharmaceuticals, consumer products, and agribusiness, among other areas. Of particular relevance is our annual **NONPRESCRIPTION DRUGS USA** study, which profiles many of the pharmaceutical companies that will be covered in this functional foods report. Kline has extensive experience in the food and beverage industry, undertaking consulting projects across a variety of sectors and product categories.

As illustrated in Figure 3, Kline & Company's experience and dedicated practice areas in food and beverage, pharmaceuticals, agribusiness, and food additives uniquely position it to address the functional foods market. Examples of recent assignments follow:

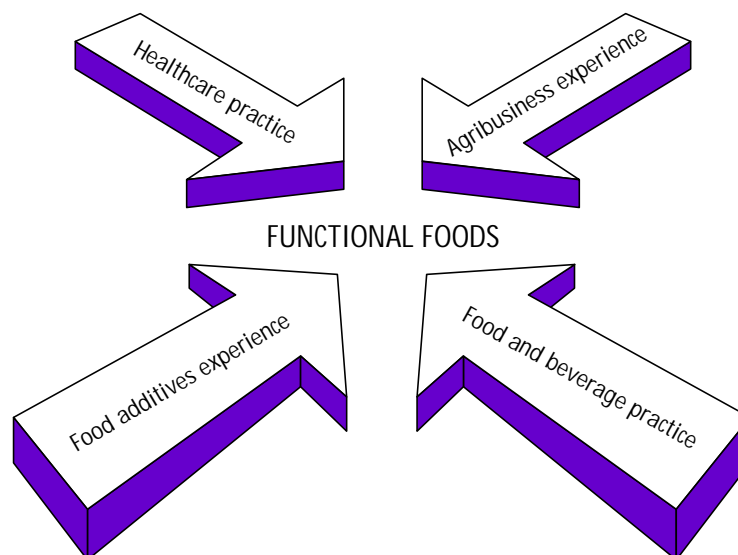
- **Rx-to-OTC switch opportunities in the cholesterol-reduction market**
- **Acquisition opportunities in the herbal remedy market**
- **Competitive assessment—dietary supplements**
- **Market participation strategies—nutraceuticals**

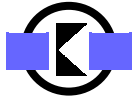
HOW TO SUBSCRIBE

To subscribe to **FUNCTIONAL FOODS: A COMPETITIVE LANDSCAPE**, simply sign the subscription form and fax it to any of the office locations listed on the back of this brochure. In addition, please do not hesitate to request a meeting to discuss this study and Kline's consulting services.

Figure 3

KLINE & COMPANY'S FUNCTIONAL FOODS EXPERTISE





THE KLINE GROUP

USA

KLINE & COMPANY, INC.
OVERLOOK AT GREAT NOTCH
150 CLOVE ROAD
PO BOX 410
LITTLE FALLS, NJ 07424-0410
TEL: (973) 435-6262
FAX: (973) 435-6291
E-mail: consult@klinegroup.com

EUROPE

KLINE EUROPE, S.A.
1 AVENUE GRIBAUMONT
B-1150 BRUSSELS
BELGIUM
TEL: (32-2) 770-4740
FAX: (32-2) 770-9440
E-mail: consult@kline-europe.com

