

# HEALTH CLAIMED PRODUCTS AND CONSUMER ATTITUDES IN BALKAN COUNTRIES



## Dairy Sector



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# Outline

- **Research background and methodology**
- **WBC dairy N&H claimed products market structure**
- **Motivations, barriers and perception of consumer demand**
  - Case I: Dairy vs. other N&H claimed products*
  - Case II: Processors vs. retailers in dairy N&H claimed category group*
- **Discussion and conclusions**

# Research background and methodology

- Paper objectives:
  - to explore WBC N&H claimed dairy products market structure
  - to investigate different factors that influence development of this market segment in Balkan countries.
- The primary sources of data
  - store check
  - data obtained from processors and retailers in-depth interviews.
- Two category products groups with N&H claims
  - Dairy products (milk, yogurt and cheese)
  - Other products (jam, margarine, nectars and dietetic products)
- In order to find out whether significant differences in processors and retailers attitudes towards N&H claimed products market exist in the two category groups, nonparametric testing procedure based on two independent samples (the Mann-Whitney – MW test) is used.

# Research related market definition

## - Nutrition and health claims -

- Health claim
  - any claim that states, suggests or implies that a relationship exists between a food category, a food or one of its constituents and health.
- Nutrition claim
  - any claim which states, suggests or implies that a food has particular beneficial nutritional properties due to:
    - the energy (calorific value) it
      - provides;
      - provides at a reduced or increased rate; or
      - does not provide;
    - and/or
    - the nutrients or other substances it
      - contains;
      - contains in reduced or increased proportions; or
      - does not contain.

# Research related market definition

## - Nutrition and health claims in dairy category group -

Two essential components

- substance – food component or dietary ingredient
- disease or health-related condition

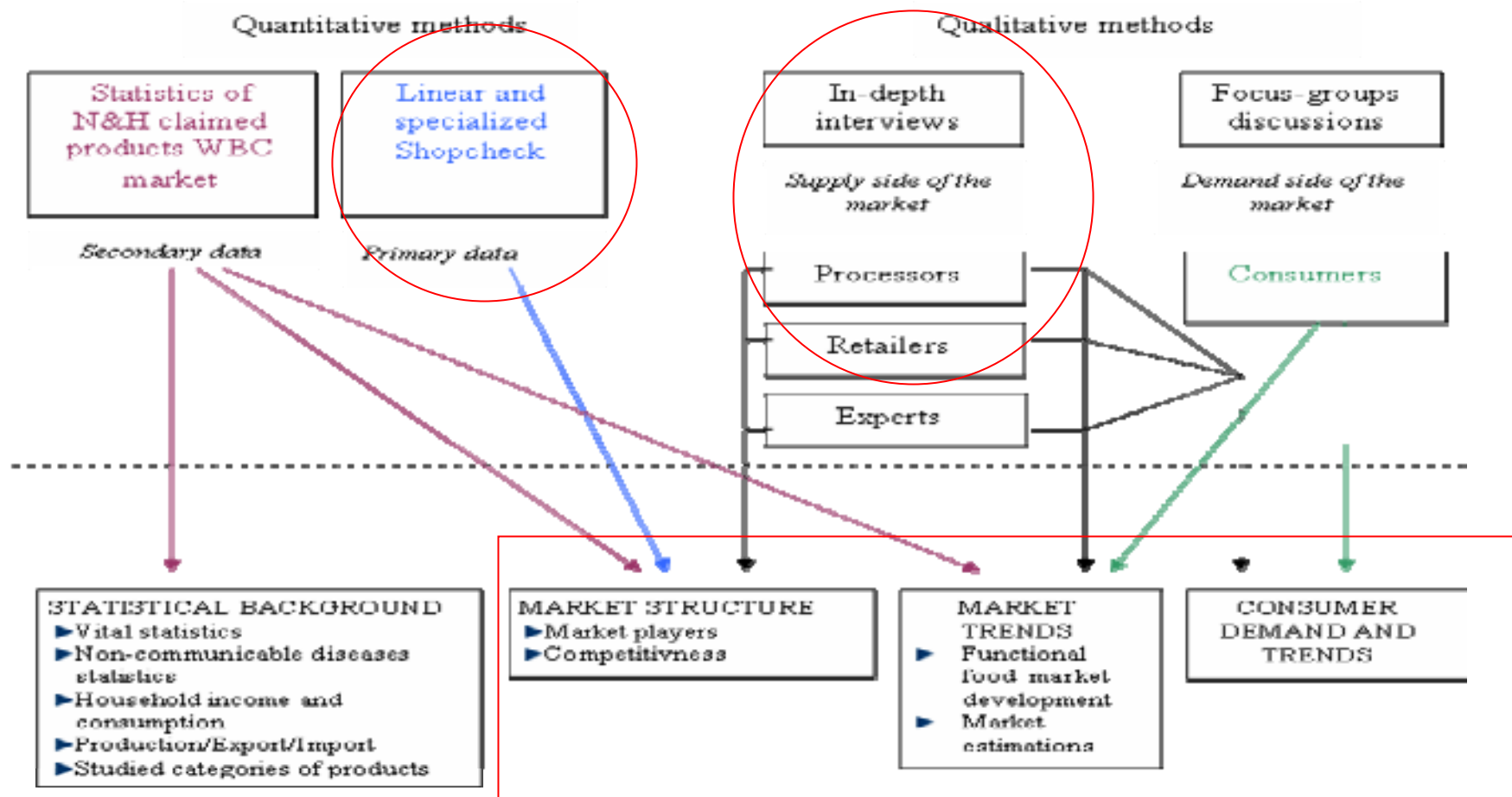
Dietary Component	Disease or Health-Related Condition
Vitamin A	Normal vision
Protein	Maintain strong muscles
Fat	Cancer
Saturated fat and cholesterol	Coronary heart disease
Potassium	Normal blood circulation High blood pressure and stroke
Sodium	Hypertension
Calcium and vitamin D	Build strong bones Osteoporosis

# Research related market definition

## - The examples of claims -

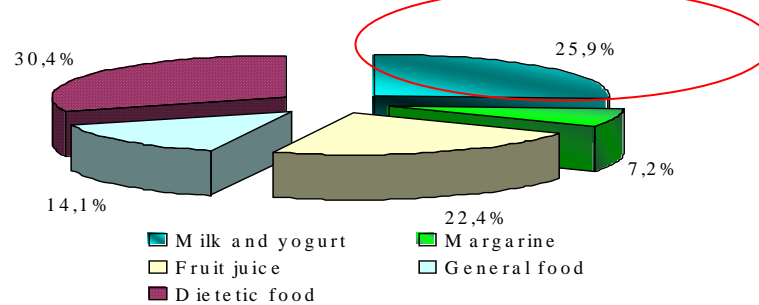
	Milk				Yogurt			Cottage Cheese			
	Whole milk	Reduced fat	Low fat	Fat free	Whole milk	Low fat	Fat free	Whole milk	Reduced fat	Low fat	Fat free
<b>Structure-function claim</b>											
Vitamin A helps promote normal vision.	-	+	+	+	-	-	-	-	-	-	-
Vitamin B <sub>12</sub> helps maintain red blood cells.	+	+	+	+	-	-	-	-	-	-	-
Calcium and Phosphorus helps build strong bones.	+	+	+	+	+	+	+	-	-	-	-
Vitamin D helps build strong bones.	+	+	+	+	-	-	-	-	-	-	-
Potassium helps maintain normal blood circulation.	+	+	+	+	+	+	+	-	-	-	-
Phosphorus and riboflavin help convert food to energy.	+	+	+	+	+	+	+	+	+	+	+
Protein helps maintain strong muscles.	+	+	+	+	+	+	+	+	+	+	+
<b>Risk-disease claim</b>											
A diet low in fat may reduce the risk of some cancers.	-	-	+	+	-	+	+	-	-	+	+
Diets low in saturated fat and cholesterol may reduce the risk of heart disease.	-	-	-	+	-	-	+	-	-	-	+
Diets containing foods that are a good source of potassium and low in sodium may reduce the risk of high blood pressure and stroke.	-	-	-	+	-	-	-	-	-	-	-
Adequate calcium and vitamin D intake, as a part of well-balanced diet, may reduce the risk of osteoporosis.	-	+	+	+	-	+	+	-	-	-	-

# WP6 - FOCUS-Balkans project research and related results presented in the paper



# WBC N&H claimed dairy products market structure explored by store check

Figure 1 – WBC: brand structure by N&H product groups



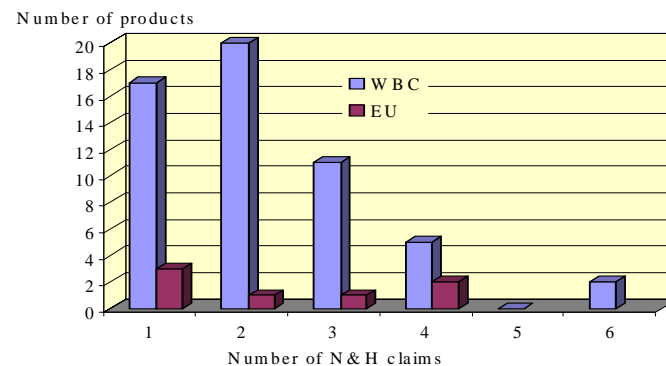
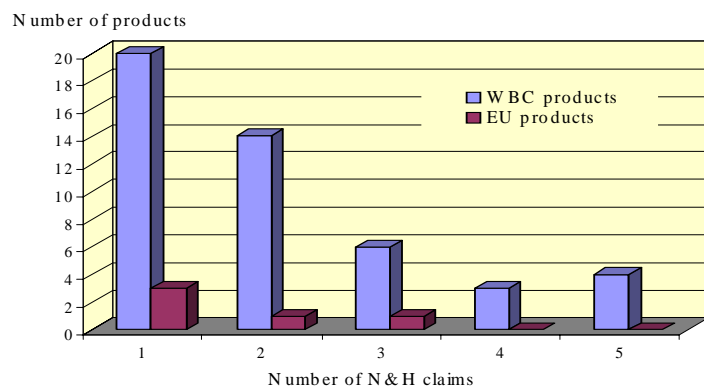
*Source of data:* Consumer motivations and behaviours for products with nutrition and health claims, draft version, edited by Z.Stojanovic, M. Zaouche-Laniau, Dominique Barjolle and Magali Esteve, p. 58, IPSOS / Strategic database

- Dairy products cover the total number of 114 products surveyed in all WBC.
- The largest number of products is registered in Serbia.
- Almost all products in this studied category are surveyed in hypermarkets.



# WBC N&H claimed dairy products market structure explored by store check

**Figure 2 Structure of products in WBC by number of N & H claims**  
a) Milk b) Yogurt



Source of data: Consumer motivations and behaviours for products with nutrition and health claims, draft version, edited by Z.Stojanovic, M. Zaouche-Laniau, Dominique Barjolle and Magali Esteve, pp. 62-64,

IPSOS / Strategic database

- The largest number of brands in Serbia, Slovenia, Croatia and B&H are of domestic origin, while other WBC brands are the most present on Macedonian and Montenegrin market.
- The number of N&H claims made on dairy products depends on the origin.

# WBC N&H claimed milk market structure explored by store check

- Nutrition claims make more than 70% of all N&H claims.
- Most of the products with nutrition claims are
  - low fat,
  - contain nutrient or other substance and
  - source of vitamins and/or minerals.
- Beside above mentioned claims, producers in this studied category use following claims:
  - enriched with vitamins and minerals,
  - high content of vitamins and/or minerals,
  - increased nutrient, I
  - low energy,
  - fat-free and source of fibre.
- **Around 1/3 of surveyed products have health claim.**
- These products are present in five WBC, except Montenegro.
- Most of those products are of the WBC origin and the structure-functional claim type. In addition, the organic labeled products exist on the same market.

# WBC N&H claimed yogurt market structure explored by store check

- Almost 90% of all nutrition claims are:
  - contain nutrient or other substance,
  - low fat and
  - light.
- Producers in this studied category also use following claims:
  - fat free,
  - with no added sugars,
  - high fibre,
  - source of vitamins and/or minerals and
  - natural.
- There are 32% of products with health claims and they are present in all six WBC. The most of those products are of the WBC origin.
- Examples:
  - Improves your immunity or Supports digestions
  - With fibrin for strong bones, recovers intestinal flora and reduce risk of osteoporosis.
  - Centenarians' beverage for good health and long life.

# In-Depth Interviews with experts

- A firm survey with top-management or brand/category managers representatives.
- Objectives
  - To obtain quantifiable data, namely market shares of the health food products of one category, compared with the traditional products shares of the same product category and
  - To research qualitative data on several aspects: consumer demand, firms ability to answer this demand, main problems encountered, main factors and drivers of N&H market development.

Table 1: N&H claim market survey structure

Criteria	Structure	No of interviews
Category of products with H&N claim	Jam for persons suffering from diabetes	15
	Yoghurts with probiotics	25
	Milk enriched with vitamins and minerals	17
	“Light margarine” with reduced fat content	28
	Juice enriched with vitamins and minerals	21
	Other products	14
Stakeholder	Processor	36
	Retailer	26
	Expert	18
Country	Bosnia and Herzegovina	14
	Croatia	9
	EU	7
	Macedonia	11
	Montenegro	11
	Serbia	18
	Slovenia	10

# Processors and retailers perception of products with N&H claims consumers characteristics in WBC

Characteristics		Comment
Gender	male	Female in general, however several processors and retailers in each of WBC covered by the study have also mentioned male consumers of products of H&N claims
	Female	
Age	less than 15 years old	Mostly the age group from 15 to 40, however all other groups were also mentioned. Processors of dairy products and margarines particularly mentioned age group from 41-64 and elder as consumers of products with H&N claims while young consumers were mentioned by only one processor (dairy, Bosnia) and one retailer (Serbia).
	from 15 to 40 years old	
	from 41 to 64 years old	
	65+	
Household socioeconomic status	lower income	Mostly with higher but also middle income. Lower income was also mentioned a few times, particularly by retailers.
	middle income	
	higher income	
Education level	primary education	Secondary or higher/high education
	secondary education	
	higher/high education	
Health condition	without health problems	Both with and without health problems
	with health problems	
Geographical situation	urban	Both processors and retailers perceive consumers of products with H&N claims as urban population, to substantially lesser extent suburban and in only few cases they have also named rural population
	suburban	
	rural	
Other		



# Motivations, barriers and perception of consumer demand

*Case I: Dairy vs. other N&H claimed products*

*Case II: Processors vs. retailers in dairy N&H claimed category group*

# MOTIVATIONS - Case I: Dairy vs. other N&H claimed products

- The most important motives both to develop and sell products with N&H claims are profit, meet consumers demand and improve image of the company.

Man-Whitney test	Processors		Retailers	
Motivations	Test statistics	p-value	Test statistics	p-value
Profit	-0.765	0.444	-0.950	0.342
Image	-0.859	0.390	-0.580	0.562
Consumer demand	-0.315	0.753	-0.094	0.925
EU trend	-1.391	0.164	-0.073	0.942
Market position	-0.400	0.689	-0.715	0.475

# Barriers - Case I: Dairy vs. other N&H claimed products

- With respect to retailers' problems in meeting consumer's demand of N&H products, it could be stated that differences between two category groups appear in two areas: difficulties of relationship with foreign companies and competitiveness between different distribution channels.

Man-Whitney test	Processors		Retailers	
	Test statistics	p-value	Test statistics	p-value
<b>Barriers</b>				
Financial problem	-0.444	0.657		
Scientif. asist.problem	-0.552	0.581		
Regulation	-1.174	0.241		
R&D problem	-0.521	0.603		
Info problem	-0.730	0.465		
Availability			-0.957	0.339
Foreign comp.difficul.			-2.327**	0.020
Price			-0.920	0.358
Logistic difficulty			-1.210	0.226
Low demand			-0.289	0.772
Cons. awareness			-0.719	0.472
Habit problem			-0.681	0.496
Compet. problem			-1.895**	0.050

\* Significant at 10% significant level. \*\* Significant at 5% significant level. \*\*\* Significant at 1% significant level.



# Criteria for consumer choice - Case I: Dairy vs. other N&H claimed products

- The dairy processors are more oriented to the food safety aspects, while retailers in this sector have different statement regarding freshness.
- Main restrictions for consumers to buy products with H&N claims, are identified regarding nutrition knowledge and availability.

Man-Whitney test	Processors		Retailers	
	Test statistics	p-value	Test statistics	p-value
Consumer demand	-0.487	0.626	-0.460	0.645
<b>Criteria</b>				
Price	-1.053	0.292	-0.442	0.659
Taste	-1.619	0.106	-0.845	0.398
Safety	-1.648*	0.099	-0.491	0.623
Freshness	-0.232	0.817	-2.741***	0.006
Health dimens.	-0.645	0.519	-0.243	0.808
Label	-0.288	0.773	-0.356	0.722
<b>Restrictions</b>				
Price	-1.113	0.266	-1.227	0.220
Econ. Difficulty	-0.848	0.397	-1.278	0.201
Nutrition knowledge	-1.654*	0.098	-0.681	0.496
Availability	-1.702*	0.089	-2.653***	0.008
Habits	-0.260	0.795	-0.935	0.350

\* Significant at 10% significant level. \*\* Significant at 5% significant level. \*\*\* Significant at 1% significant level.

# Perspectives - Case I: Dairy vs. other N&H claimed products

- It seems that dairy processors have similar statements as processors of other categories, with respect to all mentioned factors of change.
- However, retailers of the two category groups have different statements regarding consumer nutrition knowledge as a factor of change in future consumption of H&N products.
- Processors argue about relatively worse position of dairy products at the N&H claimed products market in the future regarding growth possibility

Man-Whitney test	Processors		Retailers	
	Test statistics	p-value	Test statistics	p-value
National policy	-2.124**	0.034	-0.309	0.757
<b>Factors</b>				
Nutrition knowledge	-0.652	0.514	-1.991**	0.046
Health	-0.962	0.336	-0.777	0.437
Public policy	-1.201	0.230	-0.109	0.913
Purchase power	-0.189	0.850	-0.604	0.546
Lifestyle	-0.940	0.347	-0.443	0.658
Fashion	-0.185	0.853	-0.692	0.489
Consumer changes	-1.693*	0.090	-0.982	0.326

\* Significant at 10% significant level. \*\* Significant at 5% significant level. \*\*\* Significant at 1% significant level.

# Conclusion

- This paper covers three aspects of the empirical analysis.
  - Firstly, the differences are investigated with respect to processors' and retailers' motivations and barriers to develop dairy products with N&H claims.
  - Additionally, the perception of consumers demand and behavior are analyzed.
  - Finally, the differences in perception of products with H&N claims future consumption are presented.

# Main findings

- N&H claimed products market is rather production than consumer driven.
- The most important problem that processors in different countries in the region are faced with is regulation.
- It seems that processors do not expect significant change of the public policy in this area.

# Main findings

- The consumer demand will not change significantly due to inconsistent public support both
  - in the terms of processors incentives to offer and promote this products and
  - consumers better nutrition education.
- Processors consider milk- yoghurt-cheese consumers more oriented toward taste and safety criteria than other. Hence, retailers argue about consumer significant orientation toward freshness criteria.
- Health criteria as the factor of consumers choice of food is placed after the price and taste.

# Main findings

- The observed product group availability is consider better than for other group of N&H products.
- WBC N&H claimed products market started to develop firstly in dairy sector.
- As the consequence, consumers are more educated about this product group.
- Producers of other N&H claimed products consider their products slightly more perspective in the terms of future market growth.
- Lifestyle and fashion are seen as the important market drivers only from the retailers' point of view.

# Thanks for your attention!

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