FORTIFIED AND FUNCTIONAL FOOD & DRINK – GERMANY – 2023

Targeting an ageing society with age-appropriate functional concepts, and focusing on new and more-natural ingredients, could ensure further category growth.

A Mintel Analyst, Global Analyst

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This report looks at the following areas:

> Targeting an ageing society with age-appropriate functional concepts, and focusing on new and more-natural ingredients, could ensure further category growth.

- Market drivers for functional/fortified food & drink, including the impact of inflation, an ageing population and personal health issues
- Consumption of functional/fortified food & drink products, with 16-24s being the keenest users
- Types of functional/fortified food & drink products consumed, with breakfast being a key opportunity
- Functional/fortified food & drink products with immune health claims are the most sought-after, but relaxation and good sleep are taking on a more-prominent role
- Added vitamins/minerals are most commonly consumed as part of functional/fortified food & drink, but new ingredients (adaptogens/nootropics) hold potential
- Behaviours and attitudes related to functional/fortified food & drink, including the need for credibility and affordable product offerings
- Recent product launch activity and innovation

Overview

Penetration of fortified/functional food/drink remained at around half of adults between 2020-23. Consumers aged 16-24 (85%) are the **keenest users of functional/fortified food/drink**, with a higher percentage of male consumers (54%) compared to females (49%). However, the majority of those aged 45+ (64%) do not use functional/fortified food/drink versions. This is partly because many of the categories that are most prominent for functional claims (eg snack bars, energy drinks) have a young consumer base.

Reassuringly for brands, the market relies more on financially stable Germans, who feel more confident and are least likely to cut back their spending on these foods.

An ageing society means changing medical needs anda need for **innovation to support consumers to** stay active and healthy for longer. **A reduction in taboo topics, such as menopause, enables more-direct approaches to age-specific benefits.** Thus, brands can look to **extend the use of age-specific functional ingredients in, for example, adult breakfast cereals/spreads, which are also popular among over-55s**.

Germans' interest in adaptogens is still niche, with food/drink lagging behind in innovation compared to skincare and supplements. Still, there is a growth opportunity, particularly if consumer education about the benefits of adaptogens improves and product innovation increases.

Report Content

EXECUTIVE SUMMARY

- The five-year outlook for fortified and functional food & drink

Market context

- Financial confidence buoys usage of functional/fortified food & drink
- Financial confidence buoys usage of functional/fortified food & drink
- Help Germans in their quest to improve their health post-COVID-19

Mintel predicts

- Reflect demographic changes in product offerings to ensure category growth
  - Graph 1: interest in functional benefits from food/drink (top three), by select generations, 2023
- Address ageing issues openly – no more taboos
- New, natural ingredients could increase the appeal to non-users

Opportunities

- Gut and immune health: a combination that can't be missed
- Leverage the alcohol moderation trend with new ingredient solutions for relaxation
- Dare to blur the lines and create more functional indulgence
- Consider the needs and preferences of the over-45s to drive category growth

MARKET DRIVERS

The German economy

- Economic recovery to follow the 2023 slowdown
  - Graph 2: key economic data, in real terms, 2019-25
- The inflation rate is slowly bouncing back to more-conventional levels
- Inflation is still the key factor affecting consumers' finances...
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  - Graph 4: changes in fortified/functional food & drink purchase behaviour compared to a year ago, by financial situation, 2023

Public health

- Demographic changes will change medical needs – a forward-looking view focusses on the over-65s

- Graph 5: population structure by age, 2022-30

- Germans agree they are getting less healthy

  - Graph 6: perception of general health for a person of one's age, 2021 vs 23
- Immune health concerns remain prominent after the pandemic's official end

  - Graph 7: confirmed influenza cases per season year, 2018-23
- The gut microbiome is emerging as a cornerstone of overall health
- Prevention is key: Gen Zs and younger Millennials show interest in age-related functional solutions

  - Graph 8: interest in functional benefits from food/drink, by select generations, 2023

WHAT CONSUMERS WANT AND WHY

Consumption of functional & fortified food & drink and frequency

- Half of adults eat fortified and functional food & drink

  - Graph 9: consumption of fortified and functional food % drink, 2020 vs 23
- Scope to appeal to the ageing population with lifestage-oriented benefits

  - Graph 10: consumption of fortified and functional food & drink, by age groups, 2023
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- Increased frequency of consumption shows users' commitment to the category

  - Graph 11: consumption frequency of functional/fortified food & drink, 2020 vs 2023
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Types of fortified and functional food & drink consumed

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  - Graph 12: consumption of regular vs functional/fortified food & drink, by type, 2023
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  - Graph 13: consumption of functional and fortified food & drink, by top five categories, 2020 and 2023
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- 16-34s have the widest repertoire of fortified and functional foods

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- Immune health remains a top priority post-COVID-19
- Create new solutions for immune health
- Target the over-45s with immune-boosting dairy and fruit drinks

  - Graph 14: types of fortified and functional food & drink consumed by 16-44s vs 45+, 2023
- Help relieve tiredness with energy-boosting food & drink
- Help relieve tiredness with energy-boosting food & drink
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Ingredients contained in functional/fortified food & drink consumed

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  - Graph 15: ingredients contained in functional/fortified food and drink consumed in the last three months, 2023
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- Added protein is not just for a younger crowd
- Merge skin health with permissible indulgence
- Embrace new ingredients to offer consumers new yet natural solutions to take on their challenges
- Combine functionality with indulgence to become a daily-routine add-on

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- Increase value perception of functional/fortified food & drink to increase willingness to buy
- Explore relaxing ingredients and tap into the alcohol moderation trend

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- 'Cereal addicts anonymous' by Spacies takes a hit at Kellogg's heroes
- Babybel makes a film-like appearance to position itself as a hero of healthy eating with it's naturally high calcium and protein levels
- Mighty m.lk and Weetabix team up to elevate breakfast's healthy status

APPENDIX

Appendix – products covered, abbreviations, consumer research methodology and language usage

- Products covered in this Report
- Abbreviations
- Consumer research methodology
- A note on language

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