

The feel-good factor

Consumers are starting to seek nutritional products to help maintain long and healthy lives. Cognis is determined to offer them the solutions they need



ELAINE BURRIDGE/LONDON

THE NOTION of boosting beauty and brains by eating certain foods sounds too good to be true. But choosing foods with certain properties can help consumers all over the world live longer and healthier lives.

Growing consumer awareness of overall well-being, both physical and mental, as well as an ageing population, is opening up vast market potential for German specialty chemicals company Cognis.

People want to look and feel good and Cognis's Nutrition & Health (N&H) strategic business unit is responding to this latest trend by boosting its portfolio and developing concepts that bring functionality and/or health benefits to food products.

N&H focuses on three main areas: food and beverages; dietary supplements; and pharmaceuticals and health care. Its turnover in 2008 was almost €350m (\$524m), up by 4.4% on 2007, and the division accounts for nearly 12% of Cognis's overall revenue.

Stephane Baseden, executive vice president of Cognis N&H since November 2005, intends to grow the division's share of Cognis's business overall. "We are a growth engine and we want to represent a proportion of sales and profit which is significantly higher," he says.

Baseden is looking for N&H to grow organically above the market average in the next five years. He expects to achieve this by having a regular flow of new ingredients and applications from its research and development pipeline, as well as business development, either by acquisition, technology licensing or external agreements.

Cognis took an undisclosed stake in InterMed Discovery (IMD) in March 2008. The company, based in Dortmund, Germany, and founded in 2006 as a management buyout from compatriot firm Bayer HealthCare, researches and develops active ingredients based on natural products.

Baseden says the cooperation is a creative way of building a pipeline of products in the long term. Cognis has selected three ingredients from IMD's collection so far and says it is continuing to review its pipeline for further expansion. It hopes to have selected another two product candidates from IMD by the end of this year.

GROWTH POTENTIAL

Baseden also sees high growth and lots of potential in markets such as Latin America, notably the Mercosur region (Brazil, Argentina, Paraguay and Uruguay), as well as Southeast Asia. "We want to be even more present in these markets by 2013," he says.

He also sees opportunities in Japan, although he points out that it is a mature market and the health sector is difficult to penetrate. But it is key for Cognis and Japan's demographic profile and population are very health and beauty conscious, Baseden says.

Cognis, which has a strong base in Europe and North America, is making significant inroads too in China, Northeast Asia and Korea, especially in the food sector.

As well as new markets and products, Cognis has turned its focus on closing the gap with consumer needs to tap into the modern lifestyle. Consumers want proven health and beauty benefits and all in a tasty and conve-

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nient form to fit in with busy schedules.

Tapping into this trend, Cognis launched its Newtrition campaign in early 2009. Encapsulated in the slogan Eat, Feel, Live, the four dimensions of the campaign are: the emotional perception of a product, its effect, taste and convenience. These form the heart of Cognis's solutions for its customers – the food and beverage manufacturers.

Stressed? Lacking concentration? Perhaps a tad overweight? Or do you have high cholesterol? Well, Cognis claims it has some solutions. Omega-3 fatty acids, plant sterols, sterol esters and conjugated linoleic acid (CLA) are just some of the natural ingredients Cognis is developing for functional food and beverages and pharmaceutical applications.

"People are looking to overall wellness... They want to live well and long term"

Stephane Baseden, executive vice president, Cognis N&H

Omevital is a range of omega-3 fatty acids from fish that can be added to a range of foods without affecting flavor. The acids have well-documented brain and heart benefits, but their strong unappetizing taste can put off even the most well-intentioned consumer.

Plant sterols and sterol esters, sold under the *Vegapure* name and a strong growth area for Cognis, are helpful in reducing low-density lipoprotein (LDL), or "bad," cholesterol levels, according to Cognis. With statistics showing rising cholesterol levels, particularly in Western populations, plant sterols may be a valuable tool in people's diets to lower LDL levels in the blood.

Rising levels of obesity are of growing concern too in the Western world and Cognis sees its *Tonalin* CLA as a possible weight management solution.

Tonalin reduces body fat and Cognis introduced the ingredient in functional foods in the US last year after achieving generally recognized as safe status. It gained Novel Food approval – authorization of a new food or food ingredient for human consumption – in China last month and Cognis expects to obtain the same approval for functional foods in Europe next year.

Other core ingredients include *Xangold* lutein esters, extracted from marigold flowers, which are claimed to be important for eye health, and *Plantalin* lemon balm, which can improve mental performance. Bakers

may benefit from new aerating emulsifiers.

Spongolit EP 320 and *Lamemul GP 84-6* were launched this year to improve cake-making.

In addition, a new whipping agent, *Lamequick SUN 40*, based on sunflower oil, was introduced last month so that lovers of cream cakes can indulge in a healthier, reduced-fat version. Baseden says people are moving away from seeking just health benefits in their products. "People are looking to overall wellness, to look and feel good. They want to live well and long term," he says.

RECESSION HITS HARD

But the credit crunch has affected consumer spending in some categories. Baseden has seen a steeper-than-expected reduction in the dietary supplements market. Lifestyle and non-essential goods in particular, such as beauty or weight management products, have suffered very significantly too as consumers switch to lower-value propositions or cut back on their purchases.

Pharmaceuticals, however, have been relatively resilient to the crisis. Overall volumes in the second quarter stabilized, but Baseden says that turnover in the first half of 2009 fell by 8% to nearly €167m.

In the longer term, Baseden sees growth returning to functional food. Sports nutrition offers dynamic growth and medical food is also an opportunity, he says. Global business information provider Datamonitor estimates that the functional food and drink market in Western Europe, the US and Asia-Pacific combined is worth \$72.3bn (€49bn), with a growth of 5.7%/year to 2012.

Baseden says Cognis's goal to market is driven by innovation. As well as the link with IMD, Cognis has open innovation partnerships with several major blue chip firms in the food and pharmaceutical industries. "We see this more and more as the route to take. Working with customers provides a path to the market and will be a growing source of new developments in the future," he says.

The company's 160 years of experience in lipid chemistry, strong product and application know-how, sensory assessments, science and regulatory capability are all key factors in its accomplishments, according to Baseden.

Cognis is certainly trying to improve the feel-good factor for the consumer, as well as insuring the long-term health of its business. And it looks like a good recipe for success. ■

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