12. MARKETING MIX OF HERBAL FOOD SUPPLEMENTS

12. 1. The marketing tools used for health food products

The marketing mix is one of the most popular marketing tools used to describe different kinds of choices organizations have to make in the whole process of bringing a product to market. It is a set of controllable and strategic marketing tools that helps companies get desires results from target market thorough mixing them **(1).**

The concept was first introduced by Culliton, in 1948, then percolated in all marketing researches and opinions so that it was called "difference maker" **(2)**. Actually marketing mix is considered as a blend of ingredients, techniques and processes that marketing managers use to design marketing activities.

In 1960 McCarty elaborated a simplified model of all the controllable marketing elements: the 4P's is probably the best known way of defining the marketing mix **(3)**. The 4P's includes: product; place; price and marketing communication (promotion).

Palmatier (2008) **(4)** considered marketing mix as an organizational function and set of processes to establish good relationship with customers, creating value for them and managing customer relationship so that it bring profit to the organizations and stakeholders. The marketing mix has to be reviewed regularly, as certain elements will need to change as the product and its market grow, mature and adapt in an ever-changing competitive environment.

A good marketing plan will employ the consistency of all the marketing mix to create a balance and thorough picture of a company marketing strategies **(5)**.This will help a business food operator to define the marketing elements for successfully positioning its offer, but also to evaluate an existing offer and optimize the impact with the target market.

Designing a marketing plan with taking to consideration all the elements of marketing mix also make sure that all the basic marketing instruments of a company are going in the same direction and does not create any conflicts between any of those figures.

For example, the distributing channel can be the element which supported strongly by the appropriate advertising plan and in-store communication **(6)**. The figure below showed some of the highlight and main ideas of the marketing mix:

Fig.1. Marketing mix – 4P's (7)

In case of so called "health food products" (those which have a favourable impact on human health) are included food supplements that need to be crafted in an innovative way and carefully tailored to suit the need of individual brands, by an astute marketer.

According to Robert (2011) **(7),** the **products** should be created and defined in direct relationship with the customer needs, that must be satisfied by its features (look, name/brand self-explanatory, different sizes and colour, packaging, warranties and returns, etc). For herbal products, there are very important those characteristics that clearly differentiate them from other competitor's products (natural ingredients, unique formula, quality parameters, reasonable standardization, scientifically documented health benefits, product variety in targeting different consumer segments, etc).

The products must be found in the most appropriate ***place.*** The distributing channels have to be right identified in relation to the buyers' behaviour and the product's availability in the distribution outlets (grocery, pharmacy, specialist boutique, supermarket, on line, direct sales via catalogue or personal selling, etc). Multi Level Marketing can also be used innovatively for health products marketing as it is being done currently by American companies such as Amway, Herbalife, etc. The coverage market is also important, since the products must be available on the whole market, including semi-urban and rural markets, which can be primary focus in the case of herbal products. **Price** is a function of values that the brand offers (and depends on differential brad features and benefits as well as the product life cycle), but it could be also used as competitive advantage. The discounts, promotional offers or special kits have as result the increasing of the product attraction for the consumers, while payment period/credit terms seems to be important for the company's distributors and retailers. But the most important impact on the target audience is the product **promotion** by advertising (sampling, leaflets, on line, TV or radio, in press/news papers and magazines or on billboards, etc).

In addition, both awareness campaigns for usefulness of disease prevention measures and medical promotion proved to be highly beneficial for such products. Sometimes, the public relations campaigns are focused more directly on enhancing the image of the company in the eyes of stakeholders (potential investors, national control authorities). Telemarketing services through specialists who give various advices to the consumers may help (adding a premium image to the brand) to indirectly boost up the sales. Internet and social forums are also successfully used for health food brand promotion.

Tapan Ray **(8)** has commented the importance of other 3Ps in the approach of the marketing mix. Thus, he assumed the advantages of 7Ps marketing mix, where **people** with certain skill sets have been found immensely beneficial (sales persons with additional training inputs on concerned health related subjects; physician, nursing or dietician's background to be involved in telemarketing). The most important factor in choosing a product is the rate of recognition every customer has about it. Now marketers have recognized that the first step to satisfy customers' necessities is considering their cognitive structure and mental models which underline their involvement **(9)**. The concept of involvement has originated from social psychology and shows the importance of social issues in individuals' life. This seems to be a critical item for understanding consumer behaviour, decision making and his communications **(10)**. On the other hand, Ranjbarian et al (2013) **(11)** have demonstrated that marketing mix and its components influence the medical doctors in prescribing

the herbal products, increasing their involvement in presenting detailed information on them and recommending the best products in curing patients.

It is also extremely important to focus on the whole marketing ***process*** (taking into account its efficiency, speed, innovation and the IT interface), but also on the ***physical evidence***. Now a day's individual enlightened consumer usually wants to know the ability of the manufacturer and the environment in which a product is manufactured, along with the quality of services that is delivered for the brand.

An interesting approach is Lauterborn's 4Cs **(12)** which present the elements of the marketing mix from the buyer's rather than the seller's perspective. It is made up of customer needs and wants (the equivalence of product), cost (price), convenience (place) and communication (promotion).

12.2 Labelling, presentation and advertising of foodstuffs

Due to the growing public interest in the relationship between diet and health and in the choice of an appropriate diet to suit individual needs, knowledge of the basic principles of nutrition and appropriate nutrition labelling of foodstuffs was considered by European Community to contribute significantly towards enabling the consumer to make this choice.

The principles for labelling a food product are laid down in Regulation (EU) no. 1169/2011 **(13)**. All provision for compulsory and optional labelling is set therein. In accordance to art.7 (3):"food information shall not attribute to any food the property of preventing, treating or curing a human disease, nor refer to such properties".

12.2.1. Compulsory labelling particulars

The labelling of foodstuffs must include compulsory information. The particulars indicated on products must be easy to understand, visible, legible and indelible. Some of them must appear in the same field of vision. The compulsory particulars include: name under which the product is sold; list of ingredients (listed in descending order of weight and designated by their specific name); quantity of ingredients or categories of ingredients expressed as a percentage; net quantity; date of minimum durability; any special storage or condition of use; name or business name and address of the manufacturer or packager, or of a seller; instruction for use. All the information must be supplied in an honest way and should be easy for the consumer to read and understand. Consumers should be able to access adequate information, in particular when purchasing foodstuffs by Internet or other means of distance selling.

Labelling of foodstuffs for sale to the final consumer must be in an easily understood language, which generally means the official language of the country marketing.

The labelling of food supplements is laid down in Directive 2002/46 **(14)**. The following must be included on the label: the sale description as "food supplement"; information about the category of nutrients and the amount of the nutrients in relation to the recommended daily consumption and information about the percentage in relation to the nutrient reference value; the warning 'Do not exceed the stated recommended daily dose"; a statement of the effect that food supplements should not be used as a substitute for the balanced and varied diet; a statement to the effect that the products should be stored out of the reach of children. Advertising, labelling or presentation of a food supplement must not include any mention stating or implying that a balanced and varied diet cannot provide appropriate quantities of nutrients in general.

The manufacturer or food business operator is in charge of the food supplement's marketability and had to ensure compliance with the food law provisions, including the field of advertising and labelling.

12.2.2. Nutrition and health claims

According to Directive 90/496/EEC **(15)**, nutrition labelling should be presented in a standardized form applying through the Community. Provision of nutrition labelling should assist action in the area of nutrition education for the public, for the benefit of the consumer on the one hand, and to avoid any possible technical barriers to trade on the other. Whereas foodstuffs bearing nutrition labelling should conform to the rules laid down by different regulation. To appeal to the average consumer, to serve the purpose for which it is introduced, and given the current low level of knowledge on the subject of nutrition, the information provided should be simple and easily understood.

"Nutrition claim" means any representation and any advertising message which states, suggest or implies that a foodstuff has particular nutrition properties (such as: the product provides… or it contains…). When a nutrition claim appears on labelling, in presentation or in advertising, nutrition labelling shall be compulsory. Where nutrition claim is made for sugars, saturates, fibre or sodium, the information should refer both to the energy value and the amount of the nutrients. Nutrition labelling may also include the amounts of one or more of the following: starch, polyols, mono-unsaturated, poly-unsaturated, cholesterol, as well as any of the minerals or vitamins which are present in significant amounts as defined in the Annex of the Directive 90/496/CE.

A food supplement may be labelled with approved nutrition and health claims. Regulation (EC) no. 1924/2006 **(16)** shall apply to nutrition and health claims made on commercial communications, whether in the labelling, presentation or advertising of foods to be delivered as such to the final consumer.

Health benefits of botanical food supplements have to be accurately communicated to the consumers who need to understand the particular aspects of health maintenance, health optimisation or disease risk reduction as well as how to use it. Such information helps the consumer to make appropriate product choice. Under the claims rules that are applicable to all foodstuffs, such communications, whether on pack or in brochures or websites, are considered to be 'health claims" and therefore must be in conformity with the European regulation.

Health claims should only be made for the nutrient, substance, food or food category for which they have been authorized, and not for the food product that contains them. Some flexibility of wording the claim is possible provided its aim is to help consumer understanding taking into account factors such as linguistic and cultural variations and the target population. Adapted wording must have the same meaning for the consumer as the authorized claim in the EU Register.

Any food business operator can use authorized health claims if the conditions of use and any applicable restrictions are respected. Non-authorized health claims should not be used. National authorities control the use of claims.

Food supplements must not be labelled as medicinal products or be advertised with claims relating to healing, alleviating or preventing diseases.

Regulation 1924/2006/EC on nutrition and health claims made on foods has tightened the regulatory framework by introducing a process for the pre-approval health claims on European food products. Several categories of health claims, including nutrient content claims "generic" or well established health maintenance/optimisation claims, disease risk reduction claims and claims referring to children's development and health. Each category of claims has its own rules, but all have the same underlying principle, that all health claims should be: capable of substantiation, based on generally accepted scientific evidence, well understood by the average consumer. The totality of the evidence will be taken into account and weighed as part of the comprehensive review, which will result in either the granting, or refusal of the claim **(17).**

New claims are subject to authorisation procedures. Applications for such health claims must be reviewed by the European Food Safety Agency (EFSA) and approved by the European Commission before they can be used on food products. For botanicals, the claim dossier of data that will be

submitted to EFSA must include: the plant part used, the relationship between the species and its contribution to health, the conditions of use, the nature of the substantiating evidence, the relevant references and an example of desired claim wording. Claim substantiation should be carried out by review of "…the totality of available scientific data and by weighing the evidence", which means not only *in vivo* data, but also other information, including epidemiological, traditional usage, observational and *in vitro* data which should be taken into account when assessing the strength of the evidence.

Usually, scientific data include tests and clinical trials. The history of use is acceptable as evidence of safety under another branch of Regulation no. 178/2002 **(18)** (food law): food ingredients (including botanicals) that can be shown to have been on the market in "reasonable quantity" prior to May 1997 do not have to be approved for use under the Novel Food Regulation no. 258/1997 **(19)**. Conditions of use provide important label information to ensure that the consumer uses the product correctly. The suggested amount of botanical that should be taken each day must be shown on the label and must be sufficient to ensure that the user can achieve the claimed health effect. Conditions of use also include any warning statements that may be necessary to alert consumers to the possible unsuitability of a product for particular sections of the population (children or pregnant women, for example).

In case of the 'reduction of disease risk claims', a very comprehensive dossier must be submitted to EFSA, which include many characteristics of the food or its constituents (composition, physical and chemical characteristics, manufacturing process, stability and bioavailability). Scientific data will form the basis for the substantiation of the claim, including studies in humans. Thus should be demonstrated that the claimed effect of the food/constituent is relevant to human health.

For the authorization procedure for a new health claim, applicants must submit an application to the EU-country's competent authority that checks admissibility before transmitting it to EFSA. Within the context of authorization procedure, EFSA's Panel on Dietetic Products, Nutrition and Allergies (NDA) is responsible for verifying the scientific substantiation of the health claims. More guidance on the definition and classification of the scientific data for assessment of a health claim is available on the EFSA website **(20)**.

12.3. Misleading and comparative advertising

The Directive 2006/114/EC **(21)** protects traders against misleading advertising, which is equivalent to unfair commercial practice. The advertisements which mislead or which may mislead the people

who receive them is forbidden. The misleading nature of there advertisements could affect the economic behaviour of consumers and traders or may be detrimental to a competitor. The misleading nature of advertisements depends on a set of criteria, such as: the characteristics of a good (availability, nature of composition, method of manufacture or provision origin); the price (or the manner in which the price is calculated); the conditions governing the supply of the goods; the nature, quantities and rights of the advertiser (identity and assets, qualification, intellectual property rights, etc).

Actually it is prohibited to commercially market foodstuffs using misleading labels, claims or presentations or to advertise those using misleading presentations or claims. The labelling, presentation and advertising of foodstuffs must not mislead the consumer as the foodstuff's characteristics or effects, nor attribute to foodstuff properties for the prevention, treatment or cure of a human illness. A clear example of misleading consumers is when food stuffs are said to have certain effects which are not sufficiently proven by scientists.

The comprehensive regulatory framework for foods and botanical food supplements aims to ensure that their claims for effect are neither misleading nor exaggerated.

Explicitly or by implication, the comparative advertising makes reference to a competitor or completing goods. This type of advertising is only permitted when it is not misleading. In particular, the comparisons should avoid creating confusion between traders and should not discredit, imitate or take advantage of the trade mark or trade names of a competitor.

European Union countries shall ensure that those persons or organizations with a legitimate interest may bring a court action or an administrative appeal against illicit advertising. The administrative bodies must be able to order the withdrawal the illicit advertising or to prohibit illicit advertising which has not yet been published.

12.4. Code of ethics and good practices in commercial communication

Many food business operators are organized in associations that promote self regulation and the use of the same ethic code and good practices in commercial communication. In Romania, such an organization (PRISA, which include some of the main players on the market of food supplements) has elaborated together with Romanian Advertise Council (RAC) a set of rules to be used by all its members, which include: general requirements, statements and comparisons, health claims and testimonials, promotional activities for dietary supplements and specific principles for food supplements **(22)**.

PRISA CODE OF ETHICS

The Romanian Association of Employers in the Food Supplements Industry (PRISA) is an organization representing the food supplements industry. PRISA is dedicated to improving the health of the Romanian population through a responsible alimentation, including the appropriate use of the food supplements, promoting and educating both the qualified medical personnel and the population in general on the importance and benefits of dietetic products and nutritional supplements in preventive medicine.

PRISA and its members:

- are dedicated to improving the health of the population by supplementing nutrition, including the appropriate use of food supplements;
- undertake to reduce the healthcare costs by improving nutrition, promoting health, as well as preventing diseases;
- Acknowledge their duty to provide the public with safe and beneficial food supplements, produced at high quality standards, as well as to make sure that the consumers receive the correct information they need to make informed choices.

As recognition of these principles, PRISA and its members undertake to have the aforementioned serve as a basis and guide for their actions as responsible members of the food supplements industry.

1. Improvement of public health and contribution to reducing the costs for medical care

PRISA members must:

- a). Promote the improvement of nutrition, as part of a healthy lifestyle, which helps maintain health, prevents diseases and reduces healthcare costs;
- b). Cooperate with other public and private organizations that share the goal of improving the health of the population;
- c). Support the research and nutritional education activities both in the public and private sector.

2. Compliance with national and international legislation

PRISA members must:

- a). Comply with all the laws and regulations applicable with regard to the manufacture and promotion of food supplements;
- b). Try to change or challenge the laws or regulations that are incompatible with the interests of the industry and/or of the population.

3. Responsible self-regulation

PRISA members must:

- a). Strive to play a leader's role in the industry, by its words and actions;
- b). Initiate actions in due time, the nature of which can change the legislation, the industry's reputation, as well as the consumers' trust in the industry of food supplements and its products;
- c). Initiate corrective actions corresponding to the situations that can lead to a decrease of the consumers' trust.

4. True advertisement

PRISA members must:

- a). Avoid the use of unsubstantiated or false or consumer misleading health or nutritional mentions;
- b). Avoid the use of health claims that are not accepted by the EFSA and the European Commission;
- c). Submit the finds of the scientific community or other studies only to the professionals in the health field and in an honest and correct manner.
- d). Acknowledge the fact that nutritional supplements must contain a sufficient quantity of nutrients to provide the nutritional and health benefits claimed.
- e). Avoid that advertisement for food supplements conflicts with product labeling, which is to be made in accordance with food labeling.
- f). Avoid any statements that could determine the consumers to give up the examination by a medic or a medical treatment.
- g). Present the advertisements for food supplements in a manner that protects against the inappropriate use or the use by small children without parent supervision.
- h). Cooperate with the public and private organizations responsible in order to improve the quality of the information on consumers' health and alimentation.
- i). Encourage the customers, including the merchants, to be responsible in providing information to the consumers.

5. Food supplements safety

PRISA members must:

- a). Acknowledge their own responsibility to ensure the safety of the nutrients and other ingredients introduced in the food supplements sold;
- b). Encourage research to ensure the safety of the food supplements;

- c). Cooperate in the efforts to educate consumers and professionals in the health field with regard to the appropriate levels of use of the ingredients, as well as the potential adverse effects in case such ingredients are used in too high quantities.

6. Compliance with manufacturing best practices

PRISA members must:

- a). Comply with the CODE of best practices for production, as described in the Hazard analysis and critical control points (HACCP) or Good Manufacturing Practice (GMP);
- b). Have written procedures for quality control of the food supplements;
- c). Make sure to have qualified personnel in charge of the compliance with the manufacturing best practices.
- d). Initiate remedy measures, including market withdrawal, if required, when significant errors in product formula or labeling are ascertained.

7. Correct business practices

PRISA members must:

- a). Ensure the consumers that the food supplements are carefully formulated, accurately labeled and promoted in a true manner;
- b). Supply to consumers the information the latter require to allow them to make better and more informed choices about the food supplements;
- c). Make sure to promptly investigate and solve consumer complaints;
- d). Not to discredit competitors or competing products in a false manner;
- e). Make sure that the compared advertisement that involves a competing product is supported by appropriate documentation;
- f). Acknowledge the importance of an appropriate medical treatment and the cooperation with the professionals in the medical field in order to improve the health of the population.

8. PRISA Code of ethics

PRISA members agree to comply with the PRISA Code of Ethics.

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