

Markets: Who is buying omega-3 - and in what form

05-Sep-2008 - **We examine the omega-3 marketplace in the final instalment of a series that has scanned the scientific, regulatory and supply issues surrounding an ingredient that would appear to have everything.**

Estimations vary as widely as the analysis, depending on which researcher or pundit you speak to, but omega-3 is unlikely to fade far from the public or business imagination because it has a sound grounding that is not possessed by all functional offerings:

- Solid and voluminous scientific backing for health benefits ranging from heart and brain health to maternal and infant health, skin, joint and immune health and more
- A high level of public awareness and acceptance
- Formulation diversity that means most foods and beverages are available for fortification

With these facts banked, omega-3 has boomed and suppliers report buoyant sales to supplement manufacturers, food and beverage makers.

"The universal acceptance of the 'heart health' benefits of omega-3 ingredients can be ascribed to the enormous scientific evidence that has translated into rising consumer recognition," researcher Frost and Sullivan said in a recent analysis of the European market.

Marine-sourced EPA and DHA are the most popular forms, gaining a majority of attention for their heart and brain health benefits.

Emerging science in areas such as skin health is also driving interest from cosmeceuticals players. Pharmaceutical-grade omega-3 offerings are also becoming more prevalent.

Foods or supplements

Most analysts continue to paint a rosy picture for the entire omega-3 sector. In supplements, *Nutrition Business Journal* valued the US supplements market at more than \$600m in current figures – and growing at around 30 per cent year-on-year.

New Nutrition Business magazine puts a similar figure on the European market and predicted both would soon breach the \$1bn mark. Asia's leading market, Japan, is estimated at about \$150m with other Asian markets such as China, India and Malaysia growing rapidly as disposable incomes rise coupled with growing interest in health and wellness.

Frost and Sullivan's European analysis revealed an omega-3 ingredients market growing at 24.3 per cent annually and projected all the way out to 2014, when it would be worth \$1.6bn. This figure includes marine, algae and flaxseed sourced omega-3s.

In foods, most predictions are similarly ebullient. In a 2007 report, Packaged Facts estimated the US market was worth \$2bn for foods and beverages bearing EPA, DHA and ALA either in combination or alone. Packaged Facts predicted the market would be worth \$7bn by 2011.

Cereal products bearing ALA and the rise of DHA in infant nutrition swelled this figure significantly. Infant nutrition has become a boom sector with omega-3 a *fait accompli* in many infant formulas in western and Asian markets.

Mintel's New Product Database estimated there were 723 omega-3-bearing product launches in Europe in 2007 compared to 291 in 2005. In North America there were 541 debuts in 2007 and 315 in 2005.

These products range from breads to milks, juices, tortillas, chocolates, yoghurt drinks, spreads, peanut butter, eggs, meat and more.

Challenges

However, despite what has undoubtedly been a flood of product launches, some high profile product withdrawals from the likes of Unilever and Muller have led some to question the depth of the public's enthusiasm for omega-3 foods and drinks.

New Nutrition Business observed that despite the hype, only a handful of omega-3 foods had achieved sales beyond niche level, including a sliced bread in Australia and a milk in Spain.

In a recent editorial, the magazine ventured:

"...niche is where omega-3 foods and beverages will stay for a very, very long time. Once the darling of the functional food sector, omega-3 enrichment is no longer the irresistible business proposition that, to some, it appeared to be."

Others such as Frost and Sullivan contend the omega-3 food sector is in its infancy and needs time to refine its offerings and converge with still developing consumer preferences.

While noting regulatory and formulation restrictions that groups such as the Global Organization for EPA and DHA are doing their best to overcome, the researcher wrote:

"While the market is faced with certain challenges it presents immense growth opportunities to the manufacturers. There is a tremendous potential for growth in the food and beverage and dietary supplements market. Furthermore, the market has been witnessing the continued discovery of new applications and researches involving omega-3 fatty acids. With much more potential to be explored in the functional foods sector omega-3 PUFA ingredients are poised to demonstrate strong growth..."