

## **Functional Food Market - Growth, Trends, and Forecasts (2023 - 2028)**

Market Report | 2023-01-23 | 168 pages | Mordor Intelligence

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### **Report description:**

The Functional Food Market was valued at USD 180,843.73 million in the current year, and it is projected to register a CAGR of 2.71% over the next five years.

Functional foods offer specific health benefits that are beyond the regular daily intake of nutrients, such as improved bone health, cholesterol management, improved heart health, and other benefits associated with eye health and vision. The increasing demand for nutritional and fortifying food additives is anticipated to drive market growth. Food manufacturers are deploying the fortification of nutritional additives, such as omega-3 fatty acids, fiber, vitamins, and minerals, in their product offerings. The intention of incorporating the aforementioned additives in the food industry is to increase the nutritional content of food items.

Functional food in sports nutrition has emerged as the largest segment due to the increasing commercialization of sports nutrients and the availability of a wide product range, including creatine and whey protein-based functional food. In January 2021, Danone North America launched a new plant-based protein beverage aimed at athletes. Silk Ultra is a multi-serve, dairy-free beverage with 20 grams of soy protein per serving, designed for muscle maintenance and repair. The drink is enriched with calcium and vitamins A, D, B2, and B12 and comes in three flavors: creamy chocolate, unsweet, and original, which, according to the company, includes 2.5 times the protein of typical dairy milk.

### Functional Food Market Trends

#### Increasing Consumption of Nutrient-enriched Food

The growing population and changes in food fashion among people are the major drivers for the market. Consumers are inclined toward foods containing functional ingredients to reduce the risk of certain health conditions, such as obesity, weight management, diabetes, and cardiovascular diseases. The hectic lifestyles and increasing stress have contributed to the increasing prevalence of such health disorders. Moreover, in general, people tend to consume big meals three to four times a day. This has

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created a negative impact on people's health. The growing awareness and shift in eating habits have led to a trend of eating multiple smaller meals during the day.

These factors have given a boost to healthy foods and the replacement of meals with nutritional biscuits, snacks, and energy or protein bars. Also, the growing trend of on-the-go snacking is becoming extremely popular among children, owing to their need for regular meals, while adults prefer them due to their active hectic lifestyles. In addition, healthy snacking options, like energy bars, form affordable and convenient solutions for people and help keep their weight checked and regulated. In July 2021, Clif Bar & Company introduced nut butter-filled Energy Bars into the Australian market via its exclusive distributor Unique Health Products. These bars were launched in three flavors, namely, Peanut Butter, Chocolate Peanut Butter, and Chocolate Hazelnut Butter, and have been certified organic, containing 12% nut and pea protein, and free from artificial flavors and synthetic preservatives.

Individuals are more concerned about their health and willing to pay extra for food specifically beneficial to their health. Protein is becoming a priority for consumers around the world as it is considered "anti-fat" and "anti-sugar" and a high source of instant energy. Thus, consumers are increasingly seeking protein ingredients in food products, which is expected to positively impact the growth of the functional food market

### Asia-Pacific Dominates the Market

Asia-Pacific is the major market for functional food products. Increasing consumer interest, and a better understanding of the immunity-enhancing property of proper diet and food habits, are some of the key factors driving the growth of vitamin-fortified and mineral-enriched food and beverage product sales. Moreover, in countries such as Japan and China, manufacturers are becoming more creative with dairy packaging, ingredients, and flavors, introducing fortified variants easily, thus boosting the functional food market. Yogurt, owing to its multifunctional attributes, holds great prominence among consumers.

A large section of the Chinese population is lactose intolerant. Hence, consumers find plant-based yogurt a relatively better option due to its fermented nature, making it easily digestible. For instance, in May 2021, the Chinese plant-based snacking company, Marvelous Foods, launched Yeyo Coconut yogurt on the e-commerce platform, Tmall. Yeyo is plant-based coconut yogurt that has zero added sugar, artificial flavors, and sweeteners. The initial launch featured three SKUs, and the range includes a 'pure' sugar-free flavor, plus two yogurt-granola cups that have seasonal fruit and nut granola topping for flavor and nutrition.

### Functional Food Market Competitor Analysis

The functional food market is competitive, with many domestic and multinational players competing for market share. Companies focus on new product launches with healthier ingredients/organic claims and acquisitions, mergers, partnerships, and expansions as their key marketing strategies. Some of the major players in the market studied are Danone SA, Nestle S.A., PepsiCo Inc., Kellogg's Company, and Abbott Laboratories. Key players are now focusing on social media platforms and online distribution channels for their products online marketing and branding to attract more customers. To attain a larger share of the market studied, manufacturers are revitalizing their product portfolios targeting health-conscious consumers.

### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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