

Beyond the clinicals

Brands are choosing branded ingredients for transparency and quality as much as for science

By Peter Rejcek

In 1991, Intel introduced its “Intel Inside” campaign that turned the PC chip manufacturer from a nameless computer component into a household name. By the end of 1992, more than 500 manufacturers had signed onto Intel’s cooperative marketing program, and 70% of their ads carried the iconic logo. It has served as a marketing fable and business textbook case for 30 years—a landmark moment in ingredient branding.

Around the same time Intel hit mass market appeal, the 1994 Dietary Supplement Health and Education Act (DSHEA) went into effect, and new dietary supplements started entering the market. Among the novel ingredients was an extract made from marigold flowers called lutein, a carotenoid molecule that **Kemin Industries** had used in animal feed for years before introducing it for human health in 1995.

GLO lutein logo even appeared on the Centrum package, which convinced other manufacturers to follow suit.

“Those are two major mainstream brands that were doing mass advertising,” says Steve Hanson, who served as vice president of marketing for Kemin Health at the time. “The [campaign] carried through in terms of building awareness and then, subsequently, other ingredient brands adopted similar strategies.” Hanson was also at the forefront of building awareness around some of the other well-known, early branded ingredients such as Ester-C.

Whereas FloraGlo involved building category awareness around a relatively obscure ingredient for eye health, Ester-C found success in a mature market by billing itself as a unique form of vitamin C backed by research to elucidate its added benefits.

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A quarter century ago, few people had heard of lutein. Kemin branded its proprietary extract under the brand name FloraGLO and invested heavily in the research to connect lutein to eye health. Taking a page from the Intel playbook, the company also aggressively worked to get FloraGLO into mainstream product lines like **Centrum** and **Bausch & Lomb**. The Flora-

“You have two distinct market categories but basically following similar methods in terms of creating ingredient brand awareness, [with] some unique attributes, and then also focusing on improved and better science relative to other alternatives,” noted Hanson, founder and CEO of **Nutrasocial**, a consulting firm focused on the natural products industry.

NBJ Takeaways

- » Since the mid-1990s, branded ingredients have grown to build trust through science and transparency, while allowing products to stand out from commodities
- » Co-branding around ingredients can benefit suppliers and manufacturers, but brands dependent on a single sourced ingredient put themselves at risk if something goes wrong
- » Consumer confidence requires more than a trademarked name and brands; branded ingredients suppliers and consumers must all become more sophisticated in differentiation

Building trust

Today, there are hundreds of branded ingredients on the market, and retail supplement brands have embraced the ever-expanding portfolio of proprietary extracts with gusto. Some formulate extensively or nearly exclusively with branded ingredients, such as **Doctor’s Best**, **Healthy Origins**, and even pet supplements company **Zesty Paws**.

“Doctor’s Best and Healthy Origins are two retail brands built upon the concept of transparency of ingredients. Zesty Paws advanced this concept in the pet supplement sector,” says Scott Steinfeld, CEO of **Health Wright Products**, a dietary supplements contract manufacturer.

“Surveys of consumers of these retail brands indicate a higher level of loyalty and perceived value by the consumer because of the increased knowledge and trust, know-

ing the ingredients included are both clinically efficacious and consistent in quality,” he adds. “These brands have very positive consumer confidence and a loyal following based on trust, not price.”

Steinford supported all three brands during his career, including two years as CEO and president of Doctor’s Best. He was also a major force in the popularization of coenzyme Q10, beginning with the 2002 launch of Kaneka Coenzyme Q10, another of the pioneering branded ingredients.

NOW Foods has used branded ingredients for decades, but in recent years has put more emphasis on them when the research warrants it, says Dan Richard, vice president of global sales and marketing at NOW. “We choose each ingredient carefully based on quality, effectiveness and value,” he says. “We do prefer to source the highest quality ingredient first and have found that just by being branded does not necessarily make the ingredient high quality. We test all products in many different ways and, in general, do find branded ingredients to be higher quality overall.”

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In theory, trust, transparency and traceability are what retail brands are buying when they choose to include a branded ingredient in formulations. In today’s hyper-competitive environment, with negative headlines or reviews never more than a few keystrokes away, companies can’t afford to risk their reputations on cheap commodities that may be ineffective or adulterated.

“Many retail brands on the market today have years of personal work and financial commitment behind them. They want to deal with companies that have shown that same level of commitment to quality, innovation, and supply chain,” notes Cal Bewicke, president of **Ethical Naturals Inc.** (ENI), which produces 15 branded ingredients.

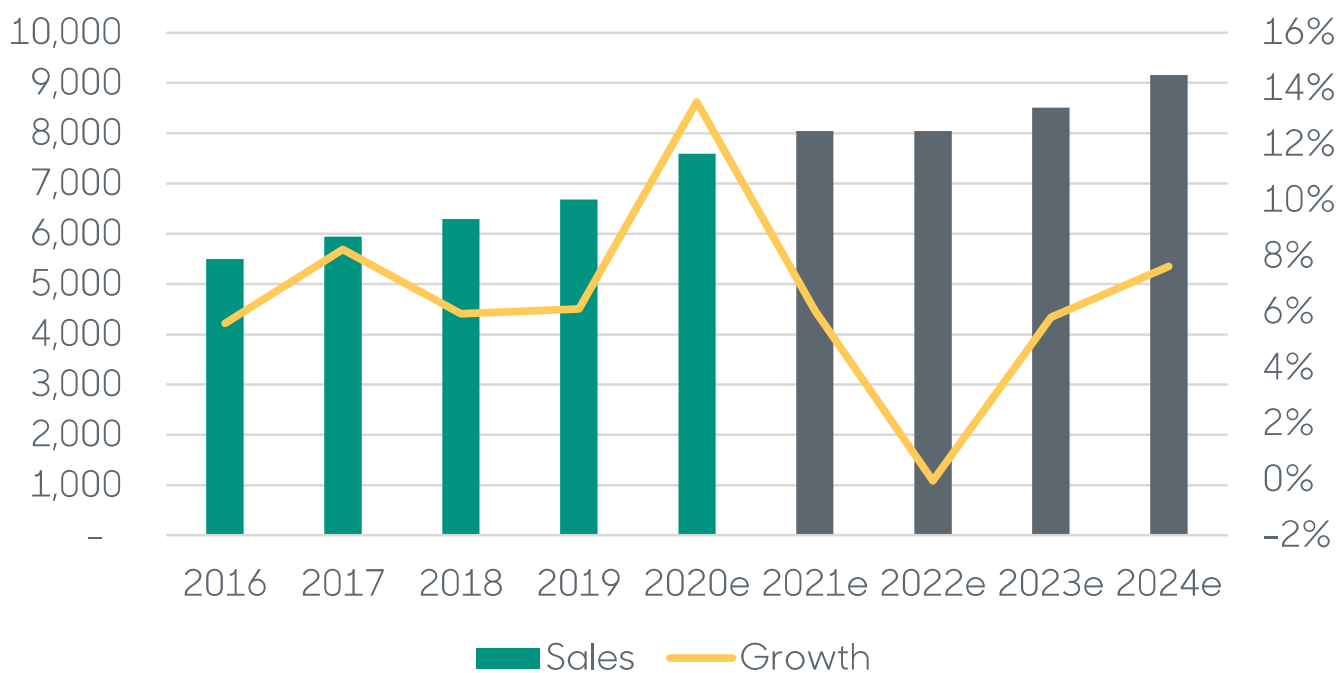
“That’s the way we all move forward, by

supporting each other in the investments of time and resources that we make into our industry,” he adds. “Traceability, real QA and the clinical studies that support branded ingredients are all parts of this investment.”

As with any branded product, an ingredient brand promises a benefit to the user—something that sets the product apart in the marketplace, says Tom Druke, marketing director at **Balchem Corporation**, which acquired the **Albion Minerals** brand that pioneered the choline and chelated mineral markets through numerous human studies.

“Regardless of the category, brands command a premium because they gain the trust of the end user. There’s a lot of satisfaction in finding market needs, developing

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Source: *Nutrition Business Journal* (\$mil, consumer sales)

solutions to address that need, and then communicating with users that which sets you apart from the others,” he says. “Just as we enjoy standing out and being recognized individually for being excellent at something, branded ingredients enjoy being the best in their business as well.”

Standing out

Rising to the top starts at the bottom. For a branded ingredient like Balchem’s VitaCholine, that work involves collaborating with research institutions to validate health benefits, such as a clinical study that showed significant brain benefits for babies born to mothers who received supplemental choline during pregnancy. Outside the lab, Balchem focuses on quality by working with verification organizations like the Non-GMO Project and USP.

“Branded ingredient makers must develop substance behind their materials that give the customer the assurance that the product is backed [by] science and is superior to commodity ingredients,” Druke says.

When Bewicke co-founded ENI 16 years ago, they developed their own “highly focused” ProfileProven QA program to identify and address many of the quality control and adulteration issues that were prevalent in the botanical supply chain. A few years later, the company began to develop its proprietary ingredients, such as

study that directly supports its cardiovascular benefits. Two clinical studies support AlphaWave L-Theanine for increasing alpha brainwave activity and relaxation.

For the company’s vegetable-sourced glucosamine product, GreenGrown, ENI developed and patented an Isotopic Signature Carbon Tracing method that objectively differentiates the vegetarian source of

goal is to assure that what we are buying and selling is the highest quality, and that what’s on the label is in the bottle.”

Co-branding benefit

It took Kemin a few years of negotiations to get FloraGLO into and onto bottles of Centrum. These days, both retail brands and ingredient suppliers are more likely to view

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the product from shellfish-derived material. “This verification is particularly important for the many vegetarians and vegans and people with serious shellfish allergies who want the well-known benefits glucosamine provides,” Bewicke says.

On the flip side, retail brands like NOW employ their own standards when choosing to include a new ingredient, branded or not, to ensure there are no hidden surprises. In addition to standard testing for potency,

their relationships as mutually beneficial—an informal (and sometimes formal) partnership.

Aligning the product brand with a branded ingredient signifies quality, transparency and scientific substantiation, according to Druke. “Some brand manufacturers seek exclusivity agreements on branded products, which can accelerate their launch success,” he says.

In addition, co-branding often involves sharing space on product labels or being featured in product descriptions on websites. “Logos and seals evoke trust and instill transparency,” Druke says. “Many CPG companies are disclosing the manufacturer or ingredient’s brand name to provide candidness and help consumers understand the value chain.”

Notes NOW’s Richard: “The branded ingredient suppliers often do their own trade and consumer marketing to increase awareness of their ingredients, which does benefit us, too.”

Steinford says the benefit and risk of branded ingredients to retail brands are summarily the same—trust.

“When a retail brand chooses to partner with a branded ingredient, the reward is a more loyal and informed consumer,” he explains. “The risk to the retail brand is the ingredient is single-sourced. This can cause a significant supply chain disruption for the product should the production be compro-

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GreenGrown, VinCare and AlphaWave, among others.

“A signature ingredient for ENI has to have some unique, defining quality that separates it from other ingredients in the category,” Bewicke says. For example, VinCare grape extract is manufactured under a patented method and backed by a clinical

identity and heavy metals, labs check for steroids, pesticides and more.

“We’ve become adept at finding things like artificial flavors or GMO ingredients or products that are irradiated,” Richard says. “We also send quality reports to our ingredient vendors, so they know what we are checking and what we have found. Our

mised or if a branded ingredient becomes too aggressively priced. The relationship, transparency and communication between the ingredient supplier and the retail brand are exponentially more important.”

More than a trademarked name

The branded ingredient model has certainly become a runaway success for the natural products industry. But success can breed complacency and copycats. There is always a danger that a market glutted with trademarks and copyrights could undermine the progress of the last couple of decades.

One concern is that some ingredient brands are not focusing on novel research, says Steinfeld. “Unique, not ‘borrowed science,’ should be mandatory when reflecting the ingredient brand,” he says. “Ingredient brands should also spotlight clinical science conducted by and for the brand.”

Good brands stand for something more than just trademarks, Hanson argues. “You can have a trade ingredient that you put a name on, but that doesn’t

necessarily make it a brand. Whether it’s an ingredient and or finished product, it’s all about an experience or a feeling from interacting with that product.”

Richard says one downside to the introduction of more branded ingredients is overstated claims from trade names. “Some brands step over the line with a bit too much marketing creativity and overly clever names,” he says. “Also, the implication that a trade name is higher quality can be deceptive to all.

“The consumers who go the extra step of searching ingredient brand names can tell the difference between a branded ingredient with investment in research and quality, and those that are just marketing fluff,” he adds.

Bewicke agrees. “Today’s consumer is more savvy about researching the material that goes into products they consider buying, and if there is no substance, they will spot that quickly and purchase another option,” he says.

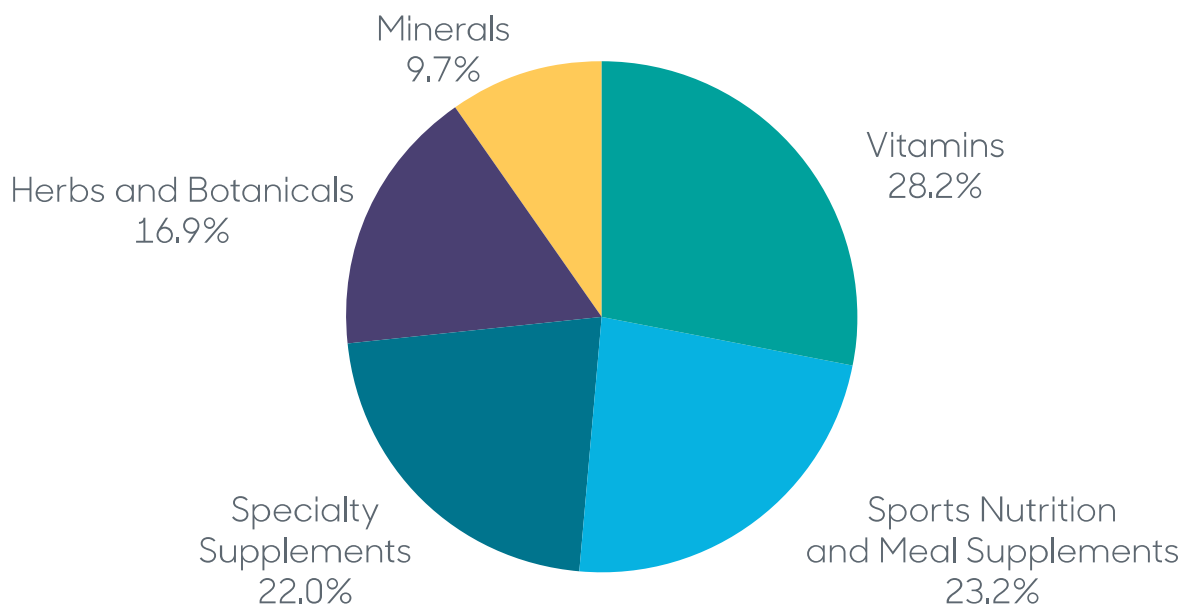
ENI isn’t concerned with more branded ingredients in the market, says Bewicke. “If companies do invest in the development of high-quality, trademarked ingredients, that

benefits our whole industry,” he says. “If others try to do this without making the investment, then they probably won’t find a long-term, successful outcome.”

Markets will always become crowded, but ultimately leaders emerge who are able to build a strong brand that will stand the test of time, Druke notes. “Telling the story of your product isn’t just about logos or trademarks on a package,” he says. He specifically references retail supplements brand **Ritual**, whose Made Traceable™ standards program provides consumers with easy-to-understand details about each branded ingredient in the company’s formulations, including supply vendor profiles, scientific journal citations and more.

“They’ve leveraged science, traceability and purity into a broad story about why the consumer should trust their solutions over others in the marketplace,” Druke says. “When you can establish relationships with customers, which lead to the whole truly being more than just the sum of the parts, that’s a win all around.” 🌱

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Source: *Nutrition Business Journal* (\$mil, consumer sales)