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MARKETS OF FOOD WITH NUTRITIVE AND HEALTH CLAIM: PRODUCERS' AND RETAILERS' PERSPECTIVES

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Although food with nutritive and health claims in the Western Balkan countries hasbeen present in this region for more than a decade, it has remained rather understudied. Therefore, the aim of this study was to determine the importance of products with nutritive and health claims in the Western Balkans, using qualitative research techniques. In the study, the prices and margins of the subject product group, distribution channels, demand perception and incentives as well as barriers for the future development of the functional food market were analyzed. The study included five categories of products with nutritive and health claims, whilethe technique of the in-depth interviews was adopted. The total of 29 producers and 26 retailers form all the six countries of the region participated in the research. Even thoughthe studied categories recorded a sales growth in the previous period, a significant increase is expected in the medium- and long term, along with the growth of the living standard – given that products with nutritive and health claims are more expensive than regular ones. The results imply that it is necessary that the level of education regarding the role of food in health preservation should be raised; and that a change inbad eating habits should be influenced. The development of functional food markets also requires a government support and an appropriate legislation.

Key words: functional food, nutritive claim, health claim, the Western Balkans markets

JEL Classification: D12, I15, M38

INTRODUCTION

Although medicine and life sciences started with nutrition and health studies a long time ago, healthy living had been an increasingly salient part of the food market till the end of the 20th century. In recent decades, both the market and the academic research document have increased the consumer awareness and interest in health matters, namely more specifically in foods with nutritive and health claims – the NHC (Kapsak, Rahavi, Childs & White, 2011; Hojoon, Kyunga, Tae, Reid & Macias, 2013). Research in the field of economics, marketing, psychology and social sciences, with its varying perspectives on food with health claims,has become orientedtowards the examination of the consumer points of views since the 1990s.

However, health claim foods are not a well-defined category. In most countries, there is no legislative definition of this group of foods. A literature review

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showed that food labelling is an increasingly important field of research (Caswell & Johnson, 1991; Caswell & Padberg, 1992; Caswell & Mojduszka, 1996; Heasman & Mellentin, 2001; Patel, 2012). Functional foods are established in the Western Balkan countries (WBC), although the majority of consumers are unfamiliar with the term 'functional foods'. A survey of young adults in Croatia (Markovina, Čačić, Kljusurić & Kovačić 2011) revealed that only 39.4 per cent were familiar with the term, although when provided with the definition (Diplock, Agget, Ashwell, Bornet, Fern & Roberfroid, 1999), the three-quarters of them reported that they had bought functional foods. Of those who had purchased functional foods, 26.8, 51.5 and 22.1 per cent had bought them regularly, occasionally or rarely, respectively.

Diplock *et al* (1999) define functional foods as those that 'affect beneficially one or more target functions of the body, beyond adequate nutritional effects, in a way that is relevant to either an improved state of health and well-being and/or the reduction in therisk of disease'. In a nutshell, it can be stated that food with the NHC might improve one's health and diminish their risk of disease (Christidis, Tsoulfa, Varagunam & Babatzimopoulou, 2011).

The first hypothesis to have been tested is that the NHC products market is not developed in the WBC. The additional hypothesis is that the importance of this market will significantly increase in the future. In the research process, anin-depth interview technique was used. This is a qualitative technique. The research sample consisted of the leading manufacturers and retailers in the WBC.

In the WBC, little attention was paid to products with an HC analysis, both from the consumer's and the producer's points of view. The analysis of the regulatory framework, medical and technological aspects ispresent at an elementary level. The vast majority of the WBC articles about products with health claims (functional food) are published in medical journals or in agricultural journals by the authors whohave medical affiliation or medical background (Koch & Pokorn, 1999; Ristevska-Jovanovska, 2000; Šobajić, 2002; Miletić, Šobajić i Đorđević, 2008). There are several theoretical articles emphasizing health benefits being derivedfrom the consumption of functional food or from the analyzing of the legal environment and regulations regarding this food type (Stanković i Đorđević, 2002; Grujić, 2005; Raspor & Jevsnik, 2008).

Furthermore, several papers have analyzed a possible contribution of marketing and technology to the offer of food with HC (Rogelj, 2000; Dimitrijević-Branković, Baras i Bojović, 2002; Dimić, Vukša i Dimić, 2002; Ristić, 2003; Ljaljević, Durišić, Mališić i Ivanović, 2006). Ž. Stojanović, R. Dragutinović-Mitrović, and M. Zaouche-Laniau (2013) report the results of a shop check survey of products with health and nutrition claims in six WBC's (Bosnia and Herzegovina, Croatia, FYRoM, Montenegro, the Republic of Serbia and Slovenia). The shop check, covering supermarkets, hypermarkets and health food shops, identified 475 products that fitted with the definition of functional foods advanced by A. T. Diplock *et al* (1999). The three-quarters of such products were sold in super-/hypermarkets and almost two-thirds were of the WBC origin. In keeping with developed markets (Euromonitor, 2012), the prevalence of such products was the greatest in the dairy sector (e.g. probiotic yoghurts).

METHODOLOGY

This study adopted the in-depth interview technique, which is one of the qualitative techniques. Qualitative techniques are applied in explorative research, since they are considered to be appropriate for the obtainment of better insights into the topic and for the setting-up of hypotheses in future studies in the subject field.

This technique enables a deeper understanding of the behavior, attitudes, motives, etc. as well as the collection of numerous pieces of information in a relatively short period of time. The in-depth interviews werefacilitated by a trained person and they approximately took one hour to complete. The questionnaire generally included open questions with a combination of the given list of answers in some cases; therefore,adiscussion mightbe extended. Taking into consideration that the participants had beenselected according to the previously chosen criteria, the opinions expressed in the in-depth interviews should only be considered as typical ofthat segment of the population. The selection of the categories to be studied was based on the linear and specialized shop check made in each WBC.

The following five categories of the N&H claim productswere in the focus of the research process:

- Dietetic jam (jam for persons suffering from diabetes);
- Milk enriched with vitamins and minerals;
- Yogurts with probiotics;
- Light margarine;
- Juices and nectars enriched with vitamins and minerals.

The main characteristics of the researched product categories are presented in Table 1.

The aim of the IDI is to gain a qualitative understanding of the market for products with nutrition and health claim in the WBC. These interviews allow a face-to-face discussion and yield valuable information towards the consumption of these products.

The producers and the retailers were chosen by their importance in the market of products with the NHC at the national level. In the majorityof the cases, the respondents were marketing managers for the studied categories. Given the fact that the respondents had beenselected according to the previously established criteria, it can be assessed that their opinions were representative for the particular segment in the market. The majorityof the interviewees operate in the dairy, fruit and oil sectors, and the majority of them work in medium-sized and big companies which are the market leaders in their business fields. The research comprised 29 producers and 26 retailers, coming from all the six WBCs. The interviews were conducted in 2011. The included retailers usually dominantly sell food products and their business is based on classic retailing formats, such as: supermarkets, hypermarkets, superettes and minimarkets.

RESULTS

The markets of the studied categories in the WBC have significantly evolved in the last three years, especially in Serbia, Macedonia and Bosnia. However, there are differences among the studied categories and the countries. Some growth rates are very high because some of the studied categories have only recently been

Table 1 The main characteristics of the investigated products categories included

Category	Products	Claims	Specificity of products
Jam for persons suffering from diabetes	Jam sweetened with fructose or with fructose and sweeteners.	"suitable for persons suffering from diabetes", "Diet" 30% less calories.	Less calories (30% or 50% less), dietetic
Yoghurts with probiotics	Yogurts with specific "probiotic ferments".	"favourable effect on the digestion; stimulates digestion and metabolism"	Specific ferments in addition to regular ferments in yogurts, functional claim
Milk enriched with vitamins and minerals	Milk enriched with a complex of vitamins and minerals.	Vitamin A,D, 7 vitamins, Ca+	Both regular and low fat milk, functional claim
Light margarine	Margarine with significantly reduced fat content	"Light" 25% fat content"	Reduced fat content, functional claim
Nectars and fruit juices enriched with vitamins	Nectars and fruit juices enriched with several vitamins or contains specific nutrient.	Multi-vitamin, 100% fruit juice, added vitamins,	Dodati vitamini ili sastojci; funkcionalna izjava

Source: Authors

introduced to the market. In general, all of the studied categories have recorded a sales increase in the last three years onthe WBC markets. The more developed markets have lower growth rates since they are more saturated and consumer awareness is higher in these countries. In the less developed WBCs, the growth rates have been higher and will continue higher in the future. More consumers are expected to accept NHC products with the growth of the living standard and the consumer's education.

Price

The producers charge higher prices for almost all ofthe studied categories (except for light margarine). However, that does not mean that they charge a higher margin for all the products, given the fact that the production process for some products with NHC is more expensive than for the regular products. Consequently, the price of the product is higher. For example, the production of jam for people suffering from diabetes is more expensive than the production of regular jam because fructose is used instead of sugar and the content of fruit is higher. In addition, imported brands from large European producers are present in the WBC markets. The retailers charge the same margins for products either with or without NHC in all of the investigated categories.

The dairy sector is rather heterogeneous in terms of margins for products with NHC. The producers of yoghurt with probiotics claim they do not charge higher margins; however, most of them state that the price of this yoghurt is higher compared to regular yoghurt. The explanation is that the production of yoghurt enriched with probiotics is more expensive (includes specific ferments). Most producers agree that the price of milk enriched with vitamins and minerals is higher than the price of regular milk. However, half of the interviewed producers claim that they charge the same level of margin as for regular milk. Several producers stated that they charged higher margins for this product, while there was one producer who claimed that he charged lower margin for this type of milk. Therefore, we may come to a conclusion that the margin policy is the least uniform in this studied category. For the most part, the light margarine producers claim that they charge the same margins compared to normal margarines. However, the prices differ from regular margarines. The price of light margarine is usually lower than the price of normal margarine because of the reduced oil content. Regular light margarine has a lower price than normal margarine.

Similarly to the previous findings, most WBC producersofnectars enriched with vitamins and minerals claim that they do not charge higher margins. Yet, some of them stated that they did charge higher margins for these products. However, most of them admit that the price of these juices is higher compared to regular juices. Higher prices could be explained by higher margins and some additional costs of enriching juice with vitamins.

It can be concluded that the prices of the products with claim are higher than the prices of regular products due to the more expensive production process, according to the producers. The only exception is light margarine, which is cheaper than regular one.

Distribution channels

The distribution channels for the studied categories are relatively similar to the general food distribution channels on theWBC markets. However, there are certain differences across the categories and the countries.

The WBC countries have a different level of the development of the distribution channels. Slovenia has the most developed distribution channels similar to the ones in developed EU countries. Modern retail formats such as hypermarkets and supermarkets are dominant in this market with over 75% of food retailing. Additionally, the retail chains have more than 80% of the food retail market. Croatia also hasa more developed food retailing structure than the other WBC countries, with the over-50%-market-share of modern retail formats and a more significant share of retail chains. In addition, Serbia and Bosnia also have a significant share of retail chains in food retailing,whereasit is lower in Macedonia and Montenegro. In these countries, the role of small independently-owned stores is more significant.

However, small stores usually have limited assortments and sell products with the highest turnover. Products with the NHC often do not fulfil this criterion.

Retail chains are the main distribution channel for jam for persons suffering from diabetes. Onaverage, more than 70% of the sales have been generated through retail chains, especially through supermarkets and hypermarkets. In addition, this product is often offered in the section called the "Healthy Food". In less developed countries, the role of smaller stores is more significant in overall food retailing, althoughthese stores usually do not havedietetic products in their assortments or they have avery limited number of items. In some countries, such as Serbia, there are specialized stores for healthy food that also participate in sales for this category. In addition to this, a certain percentage of sales have been generated through wholesale channels. Distribution through institutional buyers, such as hospitals,stands for a significant channel in Slovenia as well as in some other countries. To add, this product can be bought atpharmacies and drugstores as well.

> "It's a trend nowadays for the consumer to be oriented towards supermarkets. This is true for every category of products. In general, analytical data abouta global level show that the highest turnover is made by retail chains. Their advantage is that you can get most of the things you need in one place, in one supermarket. On the other hand, the advantage of other distribution chains, such as specialized shops for dietetic products,lies inthat consumers are in a position to get direct information and explanation about the product they are interested inbuying. But, there is no high turnover here, and another point is that these small shops are unable to be competitive with the prices" (Macedonia, a producer).

Retail chains and especially large stores such as hypermarkets and supermarkets will be dominating the WBC market in this category in the future; these products, however, can be found in smaller shops, especially if they are a part of bigger retail chains.

In line with the previous product category, retail chains are the most important channel for selling yoghurts with probiotics, too. Retail chains generate over 75% of the sales in this category for the majority of the producers. In addition to this, more than half of the interviewed diary producers only sell through retail chains. Supermarkets and hypermarkets are the leading format in this category as well. However, mini-markets are especially important in less developed WBCs. In Montenegro, for example, 75% of the sales in this category have been generated through mini-markets. Whatshould be pointed out is that small stores lack a refrigerators space and have a limited assortment of the products thatneed cooling. Producers sell through wholesale especially in less developed WB markets. It is often cheaper to reach small stores through wholesalers. Small stores have limited assortments and often do not haveproducts with NHC. However, due to the producer's marketing efforts, small retailers are sometimes willing to include yoghurt with probiotics in their assortment, especially in urban areas. This product is also beingsold atbakeries. All the respondents claim retail chains will remainthe main distribution channel in the future, followed by an increased share on thehypermarkets' and supermarkets' part.

At least 75% of the sales of the interviewed producers were generated through retail chains. On average, this percentage is significantly higher. Hypermarkets and supermarkets are dominant in this category. Wholesalers and small stores are important in less developed countries and regions. However, they havelimited assortments of dairy products. They usually purchase regular milk.

> "In small shops, there are no shelves or such specific products" (Slovenia, a producer).

> "Hypermarkets are becoming more and more important for us" (Bosnia and Herzegovina, a producer).

Retail chains will increase its importance in this category. Producers expect the hypermarket to be the fastest growing format for this category in the WB markets.

Retail chains dominate in this studied category as well. The interviewed producers generated about 85% of theirs sales in retail chains. Supermarkets and hypermarkets generate the majority of the sales. However, mini-markets participated with 30% in retail chain sales. The producers sell about 15% of light margarine through wholesale in Croatia and Serbia. However, this percentage could even be bigger in less developed WBC. Hotels and restaurants are also interesting channels for selling light margarine, especially in countries with the strong tourism industry. In addition to this, margarine requires refrigerators and this selling space is more expensive; therefore, small stores are very selective concerning anassortment thatrequires cooling.

> "The most important are retail chains- hypermarkets and supermarkets. Small stores are not insisting on the constant supply of this product. They are interested in products without animal fats during Easter or similar fasting days. In small shops, people only buy the leading brand. But in large stores, they are interested in the price and quality, and are more willing to by our product" (Serbia, a producer).

Retail chains will dominate in the future. However, the expansion of the tourism industry could influence hotels and restaurants to become a significant channel.

Retail chains are the most important distribution channel for this category as well. However, the percentages of the sales generated through retail chains were slightly lower than in the other categories. Wholesalers are more important in this category in comparison with the other studied categories. Consequently, small stores have higher importance, especially in less developed countries and the less developed regions of certain countries. To add to this, the HORECA segment is important for this category. Retail chains still generate at least 50% of the sales in this category.

> "We don't distribute directly, we have distributors who do it for us. Supermarkets and hypermarkets will become more important in the future" (Serbia, a producer).

> This category of product is distributed in retail chains and small stores, but we have a significantly better sale in the retail chains" (Macedonia, a producer).

> "Supermarkets and hypermarkets are dominant because of the consumer's characteristics" (Serbia, a producer).

The importance of retail chains will increase in the future. However, the HORECA channelshould be taken into consideration as well. Producers will opt for the most efficient distribution.

Retail trends in the WBC markets are positive for N&H claim products. Larger formats will be more important in food retailing inthe future, which will allow retailers to havewider and deeper assortments. In less developed WBCs, supermarkets and hypermarkets will have a much more significant role in the retail market. Therefore, the growth of products with NHC in these countries will be higher due to the changing retailing structure.

Motivations and barriers for the production and sale of products with NHC

Responding to the consumer demand is the main motive both for the producers and the retailers in the majority of the studied categories, even though their spontaneous answers vary by categories, as it is accounted for in Figure 1. However, consumers are mentioned in several contexts. Theproducers of jam for persons suffering from diabetes, yoghurt with probiotics and light margarines consider answering consumer demand as the main motive for manufacturing products with NHC. Improving the marketing position and a company's image are the following motives. Following the EU trends and generating a profit are the least important motives for producers.

Figure 2 shows us that the regulations and the insufficient knowledge of consumers' needs are perceived as the biggest problems in the development of NHC products. These problems are also highlighted in the producers' spontaneous answers. However, the average grades are not very high (they are up to 3.5). Therefore, these reasons cannot be considered to be serious barriers. The lack of a scientific support in the development of innovation and financial problems are next on the list of barriers. The lack of experts and skills in the field of R&D is theleast important barrier.

Improving a company's image by selling healthy food and answering the consumer's needs were the most often spontaneously evoked motives by retailers for selling N&H claim products.

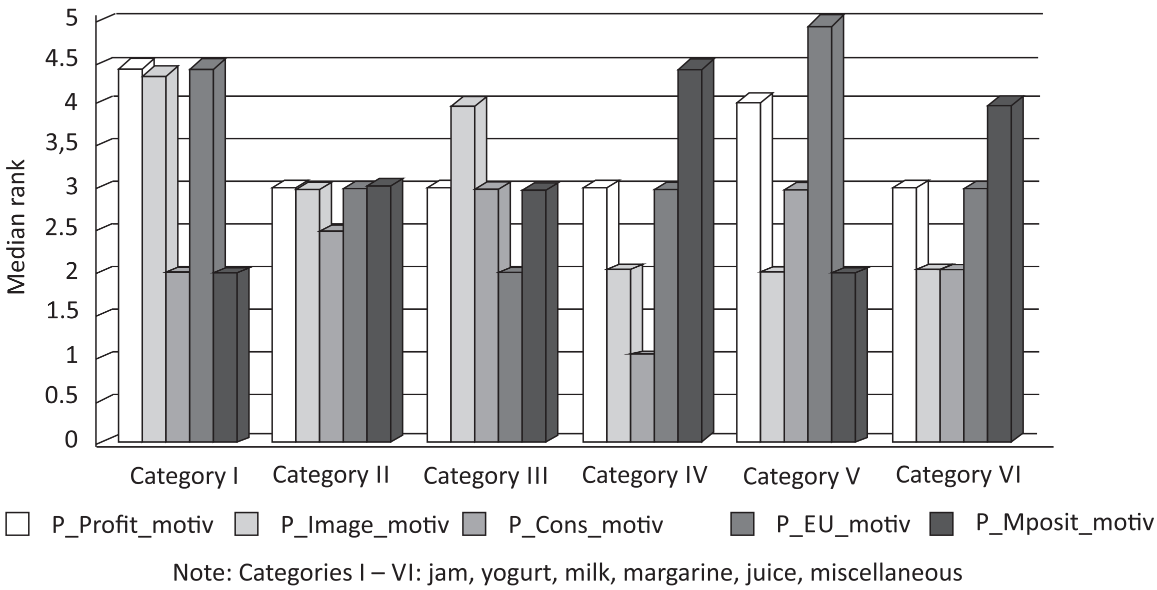

Figure 1 Producers' motivation to sell products with NHC

Source: Authors

> "To improve the image of the company is the first motivation. We sell safety products with health claims and it has an influence on our consumers, their trust in our retail chain. The consumers of this category are those with a higher-income status, and we are interested in having them in our supermarkets. To answer to theconsumer's needs and get their confidence, educate customers about the health importance of products with N&H claim, make our company a regional leader in the sales of these products" (Serbia, a retailer).

Perception of demand

The retailers ranked their responding to consumer demand as the most important motive, which is only followed by the improvement of thecompany's image. The profit motive was ranked the last. This indicates thatretailers use the studied categories as a positioning tool and do not expect high profitability from them. However, weshould be careful whendrawing conclusions on this matter, since the profits ranked the last may be caused by a socially desirable answer. Moreover, the growth of these categories will increase their contribution to the retailer's profitability. The motives of a profit and the following of the EU trends are mentioned as the least important ones. However, this does not mean that these criteria are not important. Some categories generate modest sales volumes comparing to regular products and, therefore, are not as profitable as others. However, the growth of these categories will influence the profit motivation of the companies.

The retailers point out that the main barriers for products with NHC in the WBC are consumer-related. Eating habits are the most important problem for retailers, only to be followed by consumer awareness and low demand. Consumers do not include these products in their diet and are unaware of them. This results in lower demand. The retailers do not perceive the relationship with foreign companies, logistic difficulties and the availability of products as issues of importancein the WB markets.

Generally speaking, the retailers expect an increase inconsumer demand for the NHC products in a near future. There are significant differences in the perceptions of retailers in different WBCs. Namely, retailers in Slovenia and Croatia find consumer demand to be a relatively high one; in Macedonia,

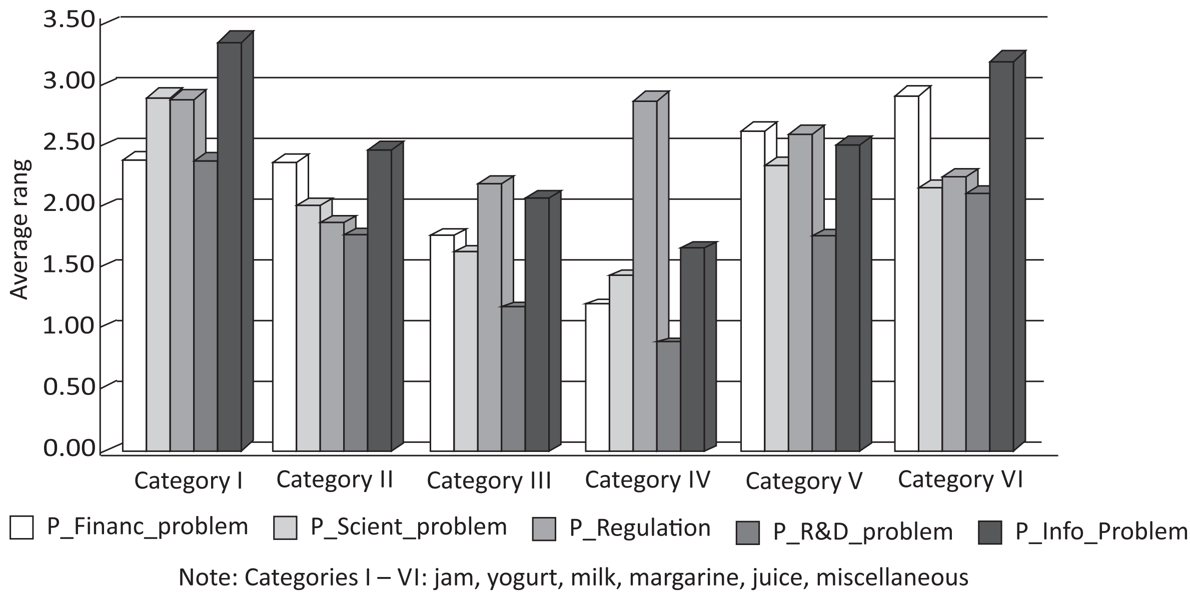

Figure 2 The perceived barriers by producers for the development of products with NHC

Source: Authors

they perceive it as moderate, while in Montenegro and Bosnia and Herzegovina,it isperceived to be at a very low level. In Serbia, consumer demandis still perceived to beinsufficient, growing and varying in the different regions of the country (it is higher in Belgrade and Vojvodina than it is in Central Serbia). On the other hand, the retailers overall agreement with the statement ofconsumer demand related to products with nutrition and health claim is high today (from 1 for"strongly disagree"to 5 for "strongly agree") althoughlower to some extent than the one expressed by the local producers (2.82). The frequencies of answers show a similar pattern, with the most frequent mark being 3 (12 out of 28 retailers). However, only two retailers (both Slovenian) expressed theirstrong agreement with the statement (5), whereas three retailers strongly disagreed (from Serbia, Bosnia and Montenegro).

> "Consumer demand for products with nutritional and health claims is growing. Until recently, these types of products were only used by individuals with health problems, but now there is a different situation. A lot of people with developed awareness about a healthy diet buy these products without having any health problems" (Macedonia, a retailer).

"Consumer demand for products with nutrition and health claims is high" (Croatia, a retailer).

"It is at avery low level, partly because of high prices, partly andrather more because of people's knowledge and their eating habits" (B&H, a retailer).

Both producers and retailers consider health benefits to be the main influencing factor in consumers' choice of foods in all the WBCs. While the overall population is perceived to be very much price-sensitive, there is a group of consumers aware of functional food and its benefits and they are ready to pay more for it (Filipović & Stojanović, 2012; Stojanović *et al*, 2013).

"It is becoming more and more important and this trend will continue in the future as well" (Serbia, a retailer).

"It is becoming more and more important. There are consumers who buya specific product thatis essential for their wellbeing regardless of its price. Also, certain consumers are quite aware of the health benefits of some food and buy products with health and nutritional claims even thoughthey don't have any health problems" (Macedonia, a retailer).

> "Health benefit is an important criterion for the consumer's choice of food – itis one of the most important criteria" (Croatia, retailer).

In general, if applied to the whole population in the WBCs, the price is seen as absolutely the most important criterion for the consumers' choice of food, however with the two exceptions: 1) concerning the product category (taste is perceived to be more important than the price in the case of margarine) and 2) concerning cross-country differences: retailers (unlike producers) in Croatia find the price to be the least important criterion in the consumers' choice of food,whereas in Macedonia, retailers ranked the safety and the health dimensions before the price.

The lack of nutritional knowledge, the price and economic difficulties are most frequently spontaneously mentioned restraints preventing theconsumer from buying a product with the NHC in all the WBCs. However, producers and retailers evaluate several other restraints to be the highly relevant ones as well, such as the lack of people's nutritional knowledge and their eating habits, with no explicit differences amongst the product categories.

> "The main restraint for consumers to buy products with the H&N claim is the price (namely their higher price)" (Croatia, a retailer).

> "The lack of people's knowledge, product high prices, and most importantly – people's eating habits" (B&H, a retailer).

> "The financial situation is the most important issue" (Montenegro, a retailer).

Retailers in the WBCs generally share the same opinion as producers do: in Montenegro, they see nutrition knowledge and the price to be the most important restraints for the consumers' choice of functional food; in Serbia, these are nutrition knowledge and eating habits; in Slovenia, it is the price and the lack of nutrition knowledge; in Croatia, they refer to the economic difficulties and the price; in Macedonia, they quote the lack of nutrition knowledge and in Bosnia, it is eating habits, the economic difficulties and the availabilityof such products.

Interestingly enough, foreign exporters to the WB markets also perceive the lack of nutritional knowledge (with the exception of Slovenia) as well as the price (i.e. the economic conditions) to be the most important restraints. Sometimes, the low availability of such products in the less developed regions of the countries of the WB is mentioned. Availability isperceived to be the least important restraint among the local producers and retailers, with only a few exceptions to it.

> "In a local store, one'schances to see or buy a specific product are very low. Local stores are usually supplied with ordinary products and there is not enough choice of different products" (Macedonia, a retailer).

> "The low availability of products, eating habits, the economic situation, the lack of awareness ofnutritional and health values of food" (B&H, a retailer).

CONCLUSIONS

The main contribution this paper makes is that it allows us to better understand the importance of products with the NHC in the WBCs. The results have confirmed the hypothesis that the NHC market in the WBCsis still underdeveloped. However, the level of its development significantly differs among the WBCs, depending on the economic development of the country. The additional hypothesis has been confirmed as well. The importance of NHC products will be increasing in the future according to all the interviewed managers. All the interviewed companies expect demand to be increasing in the long- and medium term. Currently, consumers are buyinglower-priced products according to their purchase power. Business actors predict that the overall economic situation will improve, which will cause higher demand for products with the NHC. The improved purchasing power of the WBC consumers will be the main factor for increasing demand.

Apart from only income and the overall economic situation, people's knowledge also plays an important role in the demand change of products with the NHC. According to the interviewed representatives, people's education has to start in elementary school due to the bad eating habits of the population. Accepting changing lifestyles is also an important factor for thedevelopment of products with the NHC. The producers also pointed out the importance of the following EU trends as a factor that would influence the consumption of functional foods. However, inthe interviewees' opinions, the WB region lags five or more years behind the EU trends. Although the interviewed producers appear to be completely ready to develop the market of products with the NHC, they also consider that consumers are still unready for them. On the other hand, the exporters expect that the sales growth of functional food in the WBCs will be higher than the one in the EU markets.

Healthy products are usually recognized as an "umbrella" for different kinds of product categories (e.g. "natural products" – without preservatives or artificial additives; or even organic products). Although the interviewees do not think that these products are only oriented towards people with health problems, it is often suggested that the health status of a population might be an important factor shaping the consumer`s demand trend in the future. Evidently, issues such as health, children's obesity and sustainability globally draw more attention and concerns. Consequently, governments will focus on health and sustainability. Furthermore, improved communication will also affect a future rise in the sale of functional foods.

The retailers pointed out the importance of cooperation between the sector stakeholders in the development of the NHC products market. In the countries where NHC trade labels are not developed, retailers feel that producers should lead this process. They also think that domestic companies are not significantly motivated to offer these products to the market. Nevertheless, retailers' opinions slightly differ regarding the main factors of change in demand for products with the NHC. The most important factors of change are related to people's nutritional knowledge, their education and the public-policy-related activities in the domain of the promotion of healthier lifestyles in the WBC region. The fashion and consumers' purchase power are evaluated significantly less important. Consumers mostly purchase functional foods in hypermarkets and supermarkets, dominantly present in the urban, developed regions of their respective countries. The specific target population is more highlyeducated and with higher income than an average one.

Consequently, in the future,a significant involvement of retailers in the process of the launching of new functional food products can be anticipated to take place. The rapid development of trademarks and aneed to be competitive in the market not only in terms of prices but also in terms ofthe quality and the product range is what forces retailers to consider launching their own brands for products with the NHC. Given the fact that a growth of trademarks in the subject product category is expected, this trend will be rather salient in the WBCs.

Ultimately, it should be mentioned that the producers suggest that the amount of products with the NHC will be limited or even reduced due to the new legislation in the EU and the absence of a governmental support in this field. They also argue that consumer trust towards products with health claims is an important factor. The development of these products might be strongly correlated with the regulation of nutrition and health claims. Nutrition claims are regulated in all Balkan countries and health claims are only regulated in Slovenia and have recently been regulated in Croatia. Once having been introduced, regulationhas to be properly applied. It is very important that the claims shouldnot be misleading consumers. From the producers' point of view, there is no national nutrition-related policy, which stands for one of the strongest barriers hindering a future development of this market. Regulation needs to be improved and clearly communicated to producers.

The functional food market is still a young market, being present in the WBCs for barely a decade. However, its rapid growth and the constant increase inthe number of people consuming products with the NHC – globally, in the EU and in the WBCs – request our better comprehension and further investigation of the consumers of functional foods in order to enable more effective marketing targeting, more profitable business and anenhancement of the health status of the local population.

Due to very little relevant research and data on the subject, the results of this qualitative research have made a contribution to thebetter understanding of marketing strategies when products with the NHC in the WBCs are concerned.

The research, however, has its limitations. This is a qualitative research: therefore,a quantitative dimension is lacking. In addition to this, the sample is dominated by the medium- and large manufacturing and retail companies. It is also limited to the five product categories.

Future researches should focus on overcoming the above-mentioned limitations. Conducting quantitative researches of manufacturers and retailers as well as consumers would help obtain an accurate picture of the size and importance of the aforementioned market. It is necessary that small producers and retailers be included in the study because their perspective is also very important. To add, it would be interesting to research a larger number of theNHC product categories.

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