



The Nordic Market for Sports Nutrition Products

A Market Analysis Using Norway as Case

*Alexander Schjøll, Mari Bjerck, Eivind Jacobsen and
Siv Elin Ånestad*

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Nordic Council of Ministers

Store Strandstræde 18
DK-1255 Copenhagen K
Phone (+45) 3396 0200
Fax (+45) 3396 0202

Nordic Council

Store Strandstræde 18
DK-1255 Copenhagen K
Phone (+45) 3396 0400
Fax (+45) 3311 1870

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Preface

National Institute for Consumer Research (SIFO) in Norway has written two reports on behalf of a project group under the Nordic Council of Ministers for Fisheries, Aquaculture, Agriculture, Food and Forestry. The project was administered by the Norwegian Food Safety Authority. This report deals with the organisation of the sports nutrition products market, the other report investigates consumers' attitudes and behaviour in the category.

Many people have contributed to this report. Among the authors the allocation of tasks has been as follows: Alexander Schjøll has written chapters 1, 4 and 6. Mari Bjerck has written chapters 1, 3 and 5. Eivind Jacobsen has written chapter 2 and made the framework for chapter 6. Siv Elin Ånestad has been project leader and has proof read the whole text.

Quite a few other colleagues at SIFO have contributed as well, and they deserve our thanks. Benedicte Hauge's insight into the social aspects of body ideals has placed the text in a larger theoretical context. Taina Bucher visited many of the outlets and mapped the selection of products. She also helped with proof reading. Erlend Eggen gathered much of the financial information about the firms discussed in this report. The first version of the report was read by Ragnhild Brusdal. She provided many useful comments.

We also received many constructive comments from our contact persons; Turid Ose at the Norwegian Food Safety Authority, Jeppe Matthiesen at Department of Nutrition (Technical University of Denmark), Søren Langkilde at The Danish Veterinary and Food Administration (DVFA), which is part of the Ministry of Food, Agriculture and Fisheries. They, as well as Kristina Sjölin at the National Food Administration in Sweden contributed valuable information concerning legislation in the respective Scandinavian countries.

We learned a lot from the five interviews we conducted with major market participants in Norway. We thank our informants deeply for providing us with information and taking the time to talk with us. Despite all assistance, the text might still contain errors or misunderstandings, which we as authors take full responsibility for.

March 2009

National Institute for Consumer Research

Summary

This is the first of two reports SIFO has written on behalf of the Nordic Council of Ministers for Fisheries, Aquaculture, Agriculture, Food and Forestry about sports nutrition products in the Nordic countries. While this report views the market from the supply side, from the market actors' point of view, the other report, Ånestad et al. (2009), views it from the demand side, from consumers' point of view. As far as we are aware these two reports constitute the first studies of sports nutrition products in the Nordic countries.

In both reports sports nutrition products are defined as food and drinks intended to meet the expenditure of intense muscular effort, especially for sportsmen (SCF 2001). However, neither the market actors, nor the consumers were particularly familiar with this definition.

Sports nutrition products appear to be perceived as a fluent category categorised primarily by the main ingredients, but also by the form of the products and their supposed function.

Three methodologies have been used in this report. First, official statistics from Brønnøysund Register Centre and Statistics Norway (SSB) was used to gather relevant market data. Second, a physical mapping of products and sales channels in Norway was conducted in a sports store, a pharmacy, a grocery store, a gym, a health food store, a sporting event and in a special store for sports nutrition products. In all these stores we registered the products sold and marketed, observed how the products were placed and talked to the staff. We also examined the major online stores for sports nutrition products in order to get an overview of products sold over the Internet. Finally, information was gathered through in-depth interviews with five of the main actors in the market: three large importers, the branch association for herbal manufacturers and one retailer selling sports nutrition products.

The aim of this study is to report on the Nordic market for sports nutrition products. The report reveals the development of the market; it identifies the structure of the market and current trends as seen from the market participants' point of view. Since the collection of data has taken place in a Norwegian context, it is difficult to transfer the findings to the other Nordic countries. On the one hand these countries are quite similar with regard to cultural, political and economical conditions; on the other hand there have been important differences between the countries; e.g. concerning the classification of certain products (for example amino acids). However, these differences have lately seemed to become more harmonised. We therefore believe that the results presented in this report

to some degree may be valid to the other Nordic countries also, especially since many similar products and brands are found in these countries.

The main characteristic of the sports nutrition market is *expansion*. The market has expanded in total sales, in product groups, products within each product group and in the amount of suppliers. The number of sales channels for sports nutrition product has likewise increased. We do not have figures for total turnover in the market, but for the five largest retailers in Norway the turnover has on average increased by 25 percent from 2006 to 2007. This is huge growth when we know that the general increase in gross sales in Norway was merely ten percent in the same period (SSB 2009c).

Approximately fifteen years ago sports nutrition was synonymous with energy products like sports drinks and energy tablets, as well as protein which was used mainly by weightlifters and bodybuilders. Today there are products to be used before, during and after exercise, not only for weightlifting, but for endurance training and exercise in general. One of the clearest tendencies in the market of sports nutrition products seems to be the marketing towards a broader spectrum of consumers. Sports nutrition products are offered to all kind of athletes and people who do regular exercise and there are many products especially designed for and marketed towards women. New product groups are introduced as well. For example is it possible to buy readymade protein drinks and pancake mixes with added protein.

New product categories influence consumption patterns. Many products are designed in small packages to be eaten on-the-go, and may be used as a meal replacement (even if it is in fact a *sports* nutrition product). There is a tendency that more products seem to be designed to be used independent of training; as nutritious food or sports nutrition products consumed as a form of meal replacement in connection with dieting.

For many Norwegians sports nutrition products are synonymous with the brand XL-1. This brand dominated the market some years ago, but today the brand's unique position seems to be lost. From our data we cannot calculate the exact market shares, but the biggest brands in Norway seem to be (in alphabetical order) Maxim, Multipower, Protein-fabrikken, Tech Nutrition, as well as the trouper XL-1. The two first brands are found worldwide, while the latter three are almost exclusively found in Norway.

The rapid increase in brands has not happened without market struggles. Some of the Norwegian retailers view some of their competitors as dishonest. According to the critics, some of the market actors do not follow the regulations and use shady marketing schemes. The importers of sports nutrition products in Norway ask for stricter control by the authorities, so that the dishonest actors are forced out of the market.

Another major change we have seen in the market for sports nutrition products is *availability*. In the 1990s sports nutrition products constituted

a group placed in the corners of the sports stores. Today the products are centrally placed and take up much of the shelf space. Not only has the number of products increased in each outlet, the number of sales channels has increased as well. Sports nutrition products are today available in sports stores, grocery stores, health food stores, gyms and on many Internet sites. The increased availability makes the products more visible and can therefore attract user groups that have not traditionally been familiar with the products.

The availability of sports nutrition products has also been extended to snack bars. In downtown Oslo it is possible to have a healthy meal with sports nutrition on-the-go. According to the owners of the store the intention behind the concept is to provide a healthy alternative to fast food for people who do not have time to prepare regular nutritious meals at home. If this sales model becomes a success, sports nutrition products may become a more natural part of individuals' lives and meal habits.

Today's expansion can be expected to stabilise somewhat. Sales can be expected to increase, but not as much as we have seen during these past years. According to the market actors, product revolutions where new ingredients appear are not very likely to happen. They rather predict that new varieties will be launched in order to maintain current users and attract new customer groups. In the longer run, if it becomes more common to add nutrients (especially proteins) to daily dishes, sports nutrition products may merge even more closely with food. The pancake mix mentioned above can be used as an example of this development. Even though this product is not defined as sports nutrition by regulators, it is a kind of hybrid product that can be placed between functional food and sports nutrition. This product is manufactured by sports nutrition companies and placed together with sports nutrition products in store shelves.

1. Background of the study

The Norwegian Food Safety Authority (Mattilsynet), Division for Consumer Considerations, asked on behalf of a project group under The Nordic Council of Ministers' for Fisheries, Aquaculture, Agriculture, Food, and Forestry, for an investigation of the Nordic market for sports nutrition products.

The study is divided in two parts; part 1 maps and analyses status and trends in the Nordic sports nutrition market. Part 2 maps and analyses the Nordic consumers' attitudes and behaviour in the sports nutrition market. This report presents the findings from part 1 of the project – the market analysis. The consumer study's results are found in another report written by SIFO, Ånestad et al. (2009).

1.1 Main objectives of the market research study

In the request dated 16.08.2008, the Norwegian Food Safety Authority asks for a market analysis that should contain the following elements:

- Market participants and its organisation
- Products and potential sales numbers
- Sales channels in use by Nordic consumers
- Current status and trends in the Nordic sports nutrition market
- Development of the market during the last 5-10 years
- Future development within the market
- Challenges in the market

This report covers all the above elements, but unfortunately lack of available data has made it difficult to give concrete sales numbers of different products. Hence, on this point we are only able to indicate trends.

This report describes the *Nordic* market for sports nutrition products. We understand the Nordic market to consist of Denmark, Finland, Iceland, Norway and Sweden. As agreed, we use Norway as a case study and transfer findings to the Swedish and Danish markets where there is a basis for this. A brief discussion on the possibilities for transferring findings from the Norwegian market to the Swedish and Danish markets is found in section 1.4. Section 2.3 contains a concluding discussion on this point.

1.2 Definition of sports nutrition products

Sports nutrition products supply carbohydrates, proteins, minerals and fluids. Examples are sports drinks and sports bars. Ergogenic supplements claim to enhance performances in one way or another. Examples are caffeine, creatine and ginseng (The Norwegian Directorate of Health 2005).

The sport nutrition products are covered by the framework directive on foodstuffs intended for particular nutritional uses (Council directive 89/398/EEC). The composition and preparation of the products covered by this directive must be specially designed to meet the particular nutritional requirements of the persons for whom they are intended. A special directive for sports nutrition products is not yet developed within the EEC. It is natural to draw a line to food supplements, which function as supplements to diet of all people, for example vitamins, minerals and omega-3 fatty acids. Sports nutrition products differ from food supplements because they generally have a shorter timeframe of effect. Sports nutrition products are meant to 'help you get to the top of the hill then and there'.

In this report we use the same market categories as given in EU's Scientific Committee on Food (SCF): 'Report of the Scientific Committee on Food on composition and specification of food intended to meet the expenditure of intense muscular effort, especially for sportsmen (adopted by the SCF on 22.06.2000, corrected by the SCF on 28.02.2001)'. SCF divides sports nutrition products into four categories (SCF 2001):

- *Carbohydrate-rich energy food products* used to restore the glycogenic storages in the muscles. These are products that should be digested during and after exercise, for example energy bars and gel.
- *Carbohydrate-electrolyte solutions (C.E.S.)*. Compared to water as a control drink, a substantial body of scientific evidence supports the suggestion that during prolonged exercise drinks containing carbohydrates and electrolytes, in particular sodium, improve the performance.
- *Protein and protein components*. There is no evidence available to support that extra protein intake is essential for maximal performance.
- *Supplements* consisting of vitamins and minerals or other substances.

The sports nutrition segment includes; energy drinks, powders, liquid meal replacements, energy bars, creatine supplements and the like. These products are marketed as supplements before, during and after physical exercise. In this report we focus mainly on categories 1–3 because this allows us to delimit sports nutrition products from general food supplements, like e.g. weight loss products, also sold in gyms and health food stores.

This delimitation is central due to the fact that the market for food supplements, of which sports nutrition products is only a small subcategory, is enormous. The first three categories also seem to cover the products, consumers and actors in the market defined as sports nutrition products.

1.3 A general overview of the market

Expansion is the single word that best captures the development of sports nutrition products sales in Norway over the last couple of years. The market has increased both in sales numbers, variety of products offered and number of sales channels.

The reasons for this increase in sales of sports nutrition products are many. Most importantly, we live in a time where the focus on beauty and health is huge. Today 50 percent of Norwegians are trying to lose weight (Roos 2006). New body ideals are probably due to both structural and individual factors. At the structural level women are being influenced by the fashion and cosmetics industry. At the individual level we have the females' own subjectivity, how women reproduce the ideal of being thin with self-imposed discipline (Hauge 2007).

The ideal body shape has changed from being *thin* to being *toned* (Guendouzi 2004). It takes more to be toned than just thin, because being thin requires "just" dieting, while being toned means enduring challenging sporting activities or plastic operations (op cit.). At the same time obesity is an increasing problem in the Western world. Sports nutrition products can be part of both the solution and the problem here. On one hand such products could possibly make training more effective, which is good if you want to lose weight. On the other hand many of these products contain ingredients that can be questioned in a nutritious perspective. An example is a German study that showed that the tested individuals who exercised using sports nutrition products had a high amount of sugars and oligosaccharides in the blood at the expense of other more complex carbohydrates with a greater nutritional value (Carlsohn et al. 2008).

As mentioned before, the market has also expanded when it comes to the range of products offered. Not only are there more products and brands offered within each product category, but the number of categories has expanded as well. Today there are specialised products designed for different kinds of sport activities, as well as products especially designed for each gender.

The last phenomenon worth mentioning in this short overview is the increased availability of sports nutrition products. At the end of the 1990s there were only a couple of sports nutrition products sold in some of the sports stores in Norway. Nowadays all sports stores offer complete product lines, which are centrally placed in the stores. At the same time sports

nutrition products are available in a wide range of sales channels – including grocery stores, pharmacies, health food stores and gyms. Even some hybrid fast food restaurants offer sports nutrition supplements and products. However, the channel that seems to have expanded the most is Internet sales. The large number of Internet sites offering sports nutrition products makes the Internet a difficult channel to administer and regulate. Also, most of these sites are based abroad. Many of these sites offer thousands of products and are heavily marketed. The nature of the Internet provides a large market potential for less serious retailers, some of whom are also active in the Nordic market.

1.4 Methodology

The market for sports nutrition products is expanding, but is nevertheless a quite new research field in the Nordic countries. There is a lack of available statistics on the segment. Based on the request from Norwegian Food Safety Authority, we have made use of three distinctive methods: 1) desk research, 2) physical mapping of products and sales channels and 3) interviews with main actors in the market. All research was conducted in Norway. To ensure the relevance for the other Nordic countries, and create a basis for extrapolating findings, Nordic chains and brands were studied where possible. For part 1 desk research we have collected data and studied the organisation of the different market actors on a Nordic scale as far as possible. The relevance of the Norwegian findings to the Danish and Swedish markets are summed up and discussed in section 2.3.

We will now describe the different methods of this market survey in detail.

1.4.1 Desk research

In order to get an overview of the market for sports nutrition products we began with desk research. The desk research consisted of the following activities:

- Collection of official statistics regarding the types and numbers of participants in the market and how these are organised (products sold, yearly turnover etc.).
- Research on the Brønnøysund Register Centre¹ to some degree answered questions related to turnover, but more specific information was difficult to gather. This was partly due to the fact that there were many newly established firms or firms that had changed name etc. in the sports nutrition segment, and from these new firms we only received accounts for a year or two back. This is not relevant for the biggest

¹ The official firm register in Norway.

companies, for most of them we do present data in section 4.3. Therefore some of the figures are weak at this point.

- In Norway we contacted the organisation Association of Herbal Manufacturers “Bransjerådet for Naturmidler” (BRN) in order to get more precise information on sports nutrition firms and turnover. BRN is an organisation for firms selling food supplements, sports nutrition products etc. in Norway.² BRN did not have statistics for sale on specific numbers for sports nutrition products in the same way as other branch associations have sales statistics for other products.
- Through research on relevant web sites we have mapped major products, sales channels and prices in Norway.

1.4.2 Physical mapping of products and sales channels in Norway

In this part of the study we did fieldwork where we visited typical sales outlets where one can buy sports nutrition products.

We registered the price, brand and type of sports nutrition product. All visible marketing in the store was registered according to how much shelf space sports nutrition products occupied in relation to other products. In this manner we could understand the general importance of sports nutrition products in each outlet, and learn how stores marketed sports nutrition products to consumers. How the products were marketed in the store also helped us to further classify sports nutrition products into groups.

During our visits we made informal interviews with the staff. The questions we asked were: Which distributors do you use? Who are your customers? Which products sell the most? We also asked about legislation and general knowledge about the products, and about the staffs’ own reflections concerning the sports nutrition market and products’ effect. At times these informal interviews were difficult, because we were only able to talk to the staff when they were not occupied with customers. In a few cases we also observed people shopping sports nutrition products in the stores, but there were not a lot of customers in the stores at the time of our visits. As a replacement for observations of shopping, we asked the staff how they usually market the products and which recommendations they give to customers.

1.4.3 Interviews with major actors in the market

Very few sports nutrition products are actually produced in the Nordic countries. In the interviews with the major actors in the market we therefore focused on importers, retailers and the organisation BRN. These are the parts of the value chain dominating the Nordic context. Even though we did not interview any producers, we still have a good overview of the

² BRN is described in further detail in section 4.2.

technological development in the market, because this development is communicated to the customers through the value chain.

We have made five interviews: one with BRN, one with a retailer and three with major importers of sports nutrition products. All of these interviews were done face-to-face, except one, which was conducted by telephone in order to save time. We interviewed the manager or top leader of each organisation. The interviews lasted up to one and a half hour.

The interviews covered a wide array of topics.³ We asked about the organisation/company they work in, and their own experience with and opinion about the sports nutrition market. We asked about food safety risks, which products dominate in the market, future developments and so forth. We received a lot of information on competition and available products, but we received less “hard facts”, sales figures and market statistics, simply because they said that such information was not available. On the other hand we received a lot of information about trends and tendencies.

1.4.4 Focus groups

For the second report concerning consumers' views and experiences with sports nutrition products, SIFO held two focus groups in October 2008. The first group consisted of women who used different forms of sports nutrition products, and the second group consisted of men who used different forms of sports nutrition products. For further description of the focus groups see Ånestad et al. (2009) concerning consumers' attitude and behaviour in the sports nutrition products category.

1.5 External validity: from Norwegian data to the Nordic market

This report takes Norway as a case study, but we will also attempt to say something about the Nordic market for sports nutrition products, especially in Sweden and Denmark. In the report we mostly use data and results from Norway, so the question whether our results can be transferred to the other Nordic countries will be discussed in section 2.3 after the different national legislation has been presented.

³ See the interview guide in appendix.

2. Legislation and regulations

Sports nutrition products (foods intended to meet the expenditure of intense muscular effort, especially for sportsmen) are covered by the framework directive 89/398/EEC on foodstuffs intended for particular nutritional uses. Although mentioned among food groups for which specific directives should be elaborated, no such specific directive has been adopted in the EU.

The addition of nutritional substances (vitamins, minerals, amino acids, carnitine, taurine, nucleotides, choline and inositol) to sports nutrition products is harmonised by directive 2001/15/EC.

The use of food additives in sports products is harmonised by the general food additive directives that have recently been revised and published as a Regulation of the European Parliament and of the Council on Food Additives (EC) 1333/2008 and which will apply from 20.01.2010.

Possible ways to harmonise this area further have been discussed in the Commission's working group on dietetic foods (May 2004 and in meetings in 2008). The Commission intention is to have a solution on how to regulate sports products this year at the earliest, and after the thorough revision of the framework directive.

In addition to the horizontal regulation as described above, national regulations apply to these products in some countries. That means that nutritional substances, hereunder e.g. vitamins, minerals and creatine, have to be reported to national authorities in correspondence with national regulations on food.

The scientific basis for a possible EU regulation is presented in EU's Scientific Committee on Food's Report on composition and specification of food intended to meet the expenditure of intense muscular effort, especially for sportsmen.⁴

This chapter has the following structure: first we present the legislation in Norway, Denmark and Sweden. The intention here is not to give an in-depth judicial clarification, but more to give a quick overview. It is important to remember that it is not the legislation itself that is important, rather the enforcement. We then present the Norwegian importers of sports nutrition products' views of the legislation and the work done by the authorities. Before the chapter ends with a short summary, we discuss how to extrapolate from these data to the overall Nordic market.

⁴ Adopted by the SCF on 22.06.2000, corrected by the SCF on 28.02.2001. See SCF (2001).

2.1 Legislation in Nordic countries

2.1.1 Norway

Sports nutrition products in Norway are covered by the framework directive 89/398/EEC on foodstuff intended for particular nutritional uses and the national implementation of this directive.⁵ The composition of the products must be suitable for the person the product is intended for and must be clearly distinguished from products for the general population. As a guide, the Norwegian Food Safety Authority uses advice given in the SCF report from 2001 or new documentation which confirms the suitability for sportsmen when evaluating applications. If the products are marketed as sports nutrition or can be associated with such products, they have to fulfil the requirements in 89/398/EEC.

Until recently, amino acids have generally been classified as medical products in Norway. For this reason they have not been available for sale without prescriptions from medical doctors. In the autumn of 2008 the Norwegian Medicines Agency (NoMA) reclassified synthetically produced amino acids with no medical effects (NoMA 2008). Hence, products containing such amino acids will not be subject to the Act on Medical Products, but to the Food Law and the Act on Cosmetic Products. Foods containing amino acids are now regulated through licensing warrant to § 10.2 in the general regulation 1983 no. 1252 on production and sale etc. of food products. This reclassification will induce changes in the availability of these products and hence in the market structure as such.

2.1.2 Denmark

The regulations in the other Scandinavian countries are somewhat similar to the one found in Norway. They are all based on the basic principles in EU's Food Law. However, there are some important differences. In Denmark sports nutrition products are covered by the framework directive on foodstuffs intended for particular nutritional uses (Council Directive 89/398/EEC) and the national implementation of this directive ('Bekendtgørelse om særlig ernæring').

The products covered by this directive are foodstuffs, the composition and preparation of which must be specially designed to meet the particular nutritional requirements of the persons for whom they are mainly intended.

The directive states that foodstuffs for particular nutritional uses are foodstuffs which, owing to their special composition or manufacturing process, are clearly distinguishable from foodstuffs for normal consumption, which are suitable for their claimed nutritional purposes and which are marketed in such a way as to indicate such suitability.

⁵ Forskrift 1993.12.21 nr. 1382 om næringsmidler til bruk ved spesielle ernæringsmessige behov.

Denmark only allows the marketing of sports nutrition products which comply with these premises. In the evaluation of this Denmark uses the conclusions of the report of the Scientific Committee on Food on composition and specification of food intended to meet the expenditure of intense muscular effort, especially for sportsmen (SCF report), and/or any scientific data of newer date.

Denmark requires that companies apply for the addition of certain substances to sports nutrition products, such as minerals in electrolyte drinks and creatine in creatine products, prior to marketing in accordance with regulations on additives.⁶

Companies can apply for the addition of any other substances to sports nutrition products as well. This application will be evaluated from a safety point of view and in relation to the suitability for sports. This means that the addition of for example amino acids will be accepted if the company can present sufficient data, establishing safety and effect in relation to sports.

Up until today Denmark has not allowed the addition of amino acids, vitamins and minerals in sports nutrition products, as there has yet to be documented positive effects particularly related to sports. A few exceptions include the addition of sodium to electrolyte drinks.

Other sports nutrition products, such as protein rich and carbohydrate rich products can be marketed without prior application, as long as the composition of these products complies with the recommendations of the SCF report.

Furthermore, Denmark requires that certain statements are included on the labels of sports nutrition products. For example the Danish Veterinary and Food Administration (DVFA) requires that creatine products are labelled with sentences stating that the recommended daily dose should not be exceeded and that the products is intended for sportsmen for use in short-term dynamic disciplines. Denmark requires that the recommended daily intake of creatine monohydrate be stated on the label and that the recommended intake should be somewhere between 2–3 gram per day (DVFA 2008).

2.1.3 Sweden

Beside the harmonised rules on a horizontal level Sweden has no national rules for this specific category of food and such products shall not be notified by any authority in Sweden.

The marketing of products with isolated tryptophan is regulated by the Medical Product's Agency. All such products are regarded as medicinal.

⁶ Tilsætningsstoffbekendtgørelsens § 21.

2.2 The Norwegian market actors' view on the Norwegian legislation

In this section we will focus on how the importers of sports nutrition products view the legislation and the practices of the Norwegian Food Safety Authority.

In general importers think that the lack of common rules in Europe is the main problem. There are especially three problematic areas due to differences in legislation:

- *Marketing*: Since the rules on product claims differ, different marketing is needed. This requires a lot of resources to print posters etc. This is especially problematic for international brands since they want their products to appear in the same way in all countries and to do international campaigns.
- *Product development*: Developing products involves a lot of fixed costs in the first phase when the products are developed. If a newly developed product cannot be sold in all potential countries because of different legislation, this means lower earnings. The development costs then need to be spread on fewer units which mean less contribution margin (given equal price) per unit or higher prices per unit in order to cover the fixed costs. Again this strikes the biggest manufacturers harder, since they are not able to exploit the production scope as intended.
- *Cross-border shopping*: Differences in legislation trigger cross-border shopping.⁷ The three Scandinavian countries have already a lot of cross-border shopping in meats, alcohol and tobacco products. Persons that are already abroad in order to buy other products may bring illegal sports nutrition products back home for own consumption, which might be legal, or for resale, which is illegal. This entails a risk since these products can potentially be harmful, but it also means lower sales through ordinary channels. As a result there is a lack of competition on equal premises and less tax income.

As mentioned, the importers view lack of common regulations as the biggest problem. They are less concerned about how strict this regulation is. They all see the legislation in Denmark and Norway as more restrictive than in Finland and Sweden. They do not say explicitly that the Swedish level of regulation is the most preferable, but they do find the Norwegian legislation a bit too strict.

What they react to concerning the Norwegian legislation is mainly two things. First, they think the maximum level of nutrients allowed in the products is too low in Norway, compared to Sweden for example. "I guess that

⁷ We have no statistics concerning this, but only anecdotic stories on Norwegians shopping for amino products in Sweden.

the Swedes do not become more ill from the products than we do in Norway, even though the maximum value is higher there”, one importer says. What they find strange is that the Scandinavian countries in general are quite similar, but in this field they find the differences substantial.

Second, they do not understand why some ingredients are not legal in sports nutrition, while they are quite common in other products. The most important example here is caffeine. Caffeine can be used in soft drinks, but if it is added to sports nutrition products any association to sport must be removed. The importers find this strange since many athletes use soft drinks during workouts. Today caffeine is not viewed as an illegal drug (Antidoping Norge 2008), so they wonder why caffeine should not be used in relation to training.

Almost the same story applies to meal replacements. These products may have minerals and vitamins (cf. Directive 96/8/ECC), whereas sports nutrition products may not. This is seen as unfair, especially since these products stand side by side on the shelves (mostly in health stores).

The importers also wish that the Norwegian Food Safety Authority would be more active in taking a role in controlling and regulating the market. All the importers we talked to told us that they have occasionally tipped the authorities off about competitors who sell illegal products. However, the relevant authorities seldom followed up these tips. The importers disliked this, because they found it difficult to run a serious business when the dishonest competitors could go on unchecked.

2.3 The possibility for transferring results to the other Nordic countries

This report’s aim is to say something about the Nordic market for sports nutrition products, not only the Norwegian one. Because of limited time and funding we have used Norway as a case and then try to extrapolate our Norwegian discoveries to the other Nordic countries.

What we seek to say something about in this section is external validity. That is whether a study’s findings can be generalised beyond the immediate case study (Yin 1989).

The basis for the external validity is differences and similarities in the institutional framework and regulatory practise. We are left with an impression that more products are allowed in Finland and Sweden than in Denmark and Norway. For marketing, the situation is the same. Bolder claims can be made in Sweden than in Denmark and Norway.

We also know that the Nordic countries are quite similar compared to other EU countries. Population size and the economic and social development are quite similar. However, sports nutrition products are regulated somewhat differently in the respective Nordic countries. In all countries the Directive 89/398/EC is used, but how it is practised may differ.

Among other things, more sports nutrition products are legal in Finland and Sweden than in Denmark and Norway.

There are also differences among Nordic consumers when it comes to types of exercises conducted. The following figure sums up the five largest sports when it comes to members in the sports federations in the Scandinavian countries.

The five associations with the most members	Country		
	Denmark	Norway	Sweden
1	Football	Football	Football
2	Golf	Ski (alpine & cross country)	Golf
3	Swimming	Golf	Track & field
4	Gymnastics	Handball	Gymnastics
5	Handball	Gymnastics	Floor ball

Source: DIF (2008), NIF (2008) and RF (2007).

Figure 2-1: The five sports federations in the Scandinavian countries with the most members

Football, golf and gymnastics are big sports in all of the three countries, but for endurance sports (where sports nutrition products are often used) there are differences. This figure only expresses the relative number of members; it can only give an indication of which kinds of sports that are mostly practiced since many sports are practiced outside the federations.⁸ The differences in sports practised influence which types of sports nutrition products that are demanded in the different Nordic countries. This can be useful to keep in mind when reading this report.

However, there are similarities too. Many of the leading international brands are sold in all Nordic countries and we can expect that the marketing and the products themselves are quite similar.

We therefore conclude that it makes sense to use Norway as a case from which to transfer the results to all Nordic countries. This study has external validity for the Nordic countries.

⁸ For specification of the Norwegian independent activities see amongst others Statistics Norway's survey of living conditions for 2007 (SSB 2008a).

3. Sports nutrition products

In this chapter we give an overview of how products of sports nutrition are categorised and systematised in the market. This is done on the background of a closer mapping of the Norwegian market, where we found that market actors and especially consumers not necessarily relate to SCF's definition and categorisation (cf. 1.2).

Mental categories say something about how products are seen in relation to each other. These mental categories have further consequences for the way products are ordered in the market.⁹ Structuring the findings from Internet sites, physical stores and various interviews should help reveal the mental categories that underlie the way the market and the consumers relate to sports nutrition.

3.1 Categories of sports nutrition products

There are great variations of sports nutrition products offered on the Norwegian market.¹⁰ Sports nutrition products are offered in all shapes and sizes; as ready-made drinks, bars, tablets, capsules, in gel form and as powder that can be mixed with milk as well as water. There are products suggested for gaining muscles and weight, while other products promise to help you control your weight. Products aimed at training and competition promise to increase achievements by giving prolonged endurance, others may help with recovery of the body after training.

Given the vast amount of products and different nutritional supplements offered through the many sales channels in Norway, at first glance it is hard to place products into separate and clear categories. As the category "sports nutrition products" in itself varies by definition, the ways in which retailers and consumers categorise sports nutrition products varies accordingly. In order to establish valid and useful categories of sports nutrition products, we took a deeper dive into the ways the different sales channels promote their products and the market actors' own understanding of the different product segments. Through this process we found that there are two dominant ways to categorise sports nutrition products; one is through the perceived *function* of the product and the other is through the actual *form* of the product:

⁹ Categorisation and classification are often seen as a power tool in that it separates the equal from the unequal and pose a specific ordering of the world upon people. In short, classification provides the world with a specific form and whoever has the knowledge to classify holds the power to define what the world should look like. See amongst others Bourdieu (1979) and Gullestad (1984).

¹⁰ See section 1.2 for our definition of sports nutrition products.

- *Function*: Type of training and aim of consuming sports nutrition products
- *Form*: Main nutritional supplement and type of product

These two ways of categorising seem to dominate in the different sales and distribution channels and are often combined both in marketing and in sales situations. As the categories are floating, consumers as well as market actors often use them in an overlapping manner. Our further sub-categorisation of sports nutrition products is done on the background of information gathered through study of products and sales channels, stakeholder interviews and discussions with consumers.

3.1.1 Function

By *function* we refer to the role the different products for sports nutrition are assumed to have in relation to exercise and competition, type of training and aim of consumption. These assumptions are found on both Internet sites, in stores, through various conversations and interviews with market actors.

Sports nutrition products are placed according to their function as a nutritional supplement before, during and after exercise and competition. Some products may be used independently, but most claim to have some sort of relation to exercise and/or competition. Our first classification according to function is hereby made on the basis of how products are used in *relation* to exercise and competition.

Relation to exercise and competition
Before
During
After

Figure 3-1: Classifications of sports nutrition products in relation to exercise.

The second distinction is made on the basis of which products are used in relation to which *type* of training. Products recommended for endurance training are different from those recommended for weight training. Although there are many different types of training, “endurance” and “weight” are the two main training types used to classify products in the sports nutrition market. Type of training is therefore separated into endurance and weight training in figure 3-2:

Type of training
Endurance training
Weight training

Figure 3-2: The two main types of training.

Based on what we found through a closer look at the product groupings in physical stores, on the Internet and through conversations, *aim of consumption* is a third distinction that was used to classify sports nutrition products. While some sports nutrition products are specifically aimed at bodily restitution, others are meant to provide energy before, during or after training. As some products may be digested independently of training or competition they are often intended as nutritional supplements to a diet. Protein powder may for example be blended with meals, shakes etc. to supply proteins if the exerciser thinks his diet lacks protein. The figure 3-3 shows the different aims of consumption communicated in relation to sports nutrition products:

Aim of consumption
Energy boost
Restitution
Nutritional supplement
Increase of muscles
Increase of weight
Maintaining weight
Increased performance
Increased strength
Increased endurance

Figure 3-3: Different aims of consumption of sports nutrition products.

The “aim of consumption” is here separated into a group of its own, but will later be put together with type of exercise performed, as these elements are very interrelated both in the marketing and the classification of products.

3.1.2 Form

When we use *form* as a term to categorise different sports nutrition products, it is intended to cover the products’ *actual* ingredients (i.e. protein, carbohydrate) and form (i.e. fluid, powder, bar, gel), as opposed to the products’ perceived function (i.e. how it is *supposed* to work). This term may lie close to SCF’s definition of sports nutrition products (cf. 1.2), but here it is the market actors’ own presentation of sports nutrition product’s form that is in focus. Even though some of the retailers may name amino acids as an important ingredient in sports nutrition products or define different types of supplements and meal replacers as sports nutrition products, this is not included due to the focus of the report.

Main *nutritional supplement* was one of the most widespread ways to categorise sports nutrition products, according to our data. A nutritional supplement, be it protein or carbohydrates, had an important effect in relation to the perceived function of a product. Many Internet sites and stores sorted their products according to the main nutritional supplement.

We shall thus present forms of sports nutrition products by sorting what we found of main nutritional supplements and type of product.

The category of nutritional supplement is divided in the four most representative in figure 3-4:

Nutritional supplement
Protein
Creatine
Carbohydrates
Energy

Figure 3-4: The main types of nutritional supplement.

Type of product, whether it is powder, gel or fluent form was a common way to distinguish products that contain the same nutritional supplements. There are eight main types of products that vary according to nutritional supplement:

Type of product
Shake
Drink
Powder
Bar
Mix
Gel
Tablets

Figure 3-5: The main ways to consume sports nutrition products.

When we asked consumers of sports nutrition products to organise the products into different categories in the two focus groups held by SIFO in October 2008,¹¹ they found it hard to make categories. Some of the products were moved back and forth and some of the same products appeared in different groups. The consumers' overall focus when classifying the different products was not the intended function, but the content and form of the product. Products that contained the same main nutritional supplements were grouped together, such a protein, carbohydrates and creatine products, while the product type; for example gel or powder, were not clearly separated.

Identifying categories helps distinguish the vast amount of products on the market from each other. In our further presentation of the different types of products that are offered, we will combine these two ways of categorising. By doing this we aim to give a clear, yet all-encompassing overview of the many products and categories that proliferate on the market. We also hope that this will help to recognise new products that will appear on the expanding market.

¹¹ See an in-depth analysis of consumers' perception of sports nutrition products in Ånestad et al. (2009).

3.2 Form and function – the connection

It is important to note that neither the different market actors nor consumers operate with clear classifications of products. Even the leading sports nutrition companies disagree amongst themselves on how to classify the many different products. This can be interpreted as a struggle for the right to define a rather new and expanding market segment or as a sign that no leading company has yet established hegemony in the market. Either way, our categorisation of products represents our interpretation and understanding of the different market processes operating today.

3.2.1 Form and function in marketing and sales situations

During our physical visits to the different sales channels, we found that products were visibly placed in stores and gyms according to their form; by nutritional supplement and type of product. In that way the experienced customer of sports nutrition products could easily pick out products while the more inexperienced would have to seek assistance.

The staff of the different sales channels we visited stressed the importance of guiding the inexperienced buyer towards products by reference to function. If the buyers themselves were not familiar with the products they would guide them towards the right products according to type of exercise and aim of consumption.

That is, if a person wanted sports nutrition products in order to regain energy after training *or* to ensure increased performance during endurance training, two different products would be recommended.

In stores and gyms they physically placed sports nutrition products according to their form. In addition, their function was promoted through oral recommendations. Also the many web stores sort their products according to both *form* and *function*. Tech Nutrition, one of the Norwegian companies that sells sports nutrition products on their Internet site (both directly to consumers and to other companies, stores and organisations), presents their buyers with two menus: the top menu focuses on the products' function and presents them according to the following categories: 1) muscle building, 2) endurance, 3) weight control, 4) weight increase and 5) multi sport. This classification works as recommendations from Tech Nutrition on which products to use according to which type of training and aim of consumption of sports products. On the other hand, the bottom menu called "web shop", presents products by form and type of product: a) protein, b) carbohydrates, c) creatine, d) meal replacements, e) sports drinks and f) bars. This menu sorts all their products according to main ingredient and form of product without recommendations. Together with a menu of the products function, this web site is a good example of how the market is organised by means of two separate, but overlapping ways of categorisation.

One of the Norwegian sellers of sports nutrition products, Maxim, that sells their products to companies, stores and organisations but not directly to consumers, classifies their sports nutrition products in a similar manner. At the centre of their main homepage they present five categories distinguished by different colours according to function of product and type of training: 1) weight-lifting and muscle mass, 2) fitness, 3) condition and endurance (stamina), 4) health and firmness of body and 5) restitution and concentration. When clicking on either of these categories a text appears which presents recommendations on how to exercise and what to eat and drink of nutritional supplements. It also suggests at least three different products that “match” the desired function. Another way to access Maxim’s products is through one of the buttons on the top toolbar called “products”. By clicking on that a grouping of products appears according to form: a) protein powder, b) energy powder, c) energy gel, d) creatine, e) energy and protein bar, f) protein ready-made drinks and g) energy ready-made drinks. These groups represent both nutritional supplements and type of products, similar to Tech Nutrition’s presentation of their products. This type of recommendation and sorting of products into categories is most evident on Internet sites. Even so, health food stores, sports stores, grocery stores and gyms follow the same logic when they display their products.

As seen in this part, Tech Nutrition and Maxim sort their products according to form and function. This is not only a way to categorise their products, but gives the customers two different ways to enter their products. This may be seen as a way of satisfying both the experienced buyer who knows what he or she is looking for and the inexperienced that needs recommendation and guidance in the multitude of products offered.¹² In that way, the categorisation has a practical function.

3.2.2 Overview of sports nutrition products

Based on the presented differentiation of form and function of products, the following figure illustrates products’ form and function in relation to each other as presented for products in marketing in Norway (cf. 1.4.2).

¹² More about this in chapter 6, which deals with the development in the Norwegian market.

Function		Form	
Relation to exercise and competition	Type of training and aim of consumption	Nutritional supplement	Type of product
Before	Energy	Carbohydrates	Drink
	Increase of strength	Protein	Bar
	Weight training	Creatine	Shake
During	Energy boost	Carbohydrates	Drink
	Increased endurance	Energy	Gel
	Increased performance		Bar
	Endurance training		
After	Restitution	Carbohydrates	Drink
	Muscular increase	Protein	Bar
	Weight training	Creatine	Shake
	Endurance training	Energy	
Independent of training – health related	Weight control	Protein	Shake
	Weight increase	Creatine	
	Nutrition		

Figure 3-6: Overview of sports nutrition products in relation to function and form.

There seems to be agreement between the market actors and consumers that the body is in need of specific supplements before, during and after training and in competitions. This is further related to type of training and aim of consumption. We found that different nutritional ingredients and types of products are promoted for different situations. As we saw, protein and energy drinks were considered suitable for most situations related to exercise, recovery drinks and energy bars were recommended after exercise and competitions. Energy gels, on the other hand, were the only sports nutrition products we found suggested for one situation only. Due to its ability to provide energy in a concentrated form it was recommended for harder training sessions and competitions.

3.3 Presentation of the different products of nutritional supplements

We use the products' *form* to present the different products that are offered on the market, as this was the most common way to categorise sports nutrition products (cf. 3.1.2). The price range of the products is included in order to compare the products to each other.

3.3.1 Protein supplement

Protein supplements are found in products for most functions and are marketed both towards those who exercise seldom and those who exercise regularly. Many of the marked actors we interviewed acknowledged protein as the most sold product, especially in powder form, but also as bars, ready-made drinks and as shakes. Different Internet sites and different stores have a great amount of protein products available for sale and

all of those who had a “most sold” list had some protein product listed as their top sold article.

When we asked different market actors and consumers to group sports nutrition products, all agreed on protein as a separate group. Some argued that everyday food substances did not provide the necessary amount of protein for the body, while others pointed to its advantages in relation to training and preparation for competitions because it, in different ways, could help to achieve aims and build the body in desired ways.

Different types of protein were found, mainly *egg protein*, *protein from milk (casein protein, soy protein)*, *whey protein* and *mixed protein*. Some of these are marketed and priced as more exclusive than others, even though the difference between them is not clear. One such exclusive type of protein is whey protein. Also marketed as exclusive are specific blends of protein called “designer protein”. Type of protein is in some instances specified on the product’s packaging, but in most cases the type of protein used is not specified. There seems to be a tendency that where the product contains an exclusive form of protein it is clearly specified, such as whey protein, while products based on a less exclusive proteins are not, such as soy protein.

In Internet stores there are also recommendations for fast or slow absorbing proteins according to types of exercise and competitions, or independently of sports related to a health perspective. The price range of proteins varies between sales channels, and by type of protein. Sorted by type of product and not by brand; the following prices apply to Norway:¹³

Table 3-1: Size and prices for protein products found in different sales channels for sports nutrition products.

Type of product	Size	Lowest price	Highest price
Protein powders	500g	140 NOK	300 NOK
Protein bars	50 g	10 NOK	20 NOK
Protein ready made drinks	500 ml	30 NOK	50 NOK
Protein shakes	330 ml	35 NOK	45 NOK

The price range seems to depend on; a) what type of protein the product contains (from whey protein to soy protein), b) brand, as some brands are generally more expensive than others. The different types of protein are available on Internet sites, in health food stores, sports stores and in some gyms.

¹³ The basis for these prices is a mapping of products on the Internet in November 2008. A fee has to be paid for delivery, but this is not included in the prices.

3.3.2 Carbohydrate and energy supplements

There seems to be some confusion on the distinction between products marketed as carbohydrates and those marketed as energy supplements. Some may promote a product as a carbohydrate supplement while others define the same product as energy supplement. Some use them overlapping and in relation to each other. As energy products often contain a high level of carbohydrates and carbohydrates often are taken in order to gain energy, it is hard to separate them when reporting on the different sports nutrition products. We will therefore use them as the same category of supplement.

According to different market actors carbohydrates are often used to gain muscles or weight. It is often found in mixed products with protein. Tech Nutrition claims that by adding carbohydrates and energy supplements to your sports nutrition products your performance level increases in particular sports of both endurance and strength (Tech Nutrition 2009a).

There are many different products belonging to the present category. Sports drinks, for example, may be categorised as carbohydrate products, but are mixed with protein and enriched with for example electrolytes. We found the following prices for some products that can be placed under the umbrella category carbohydrates and energy:¹⁴

Table 3-2: Size and prices for carbohydrate and energy supplements found in different sales channels for sports nutrition products.

Type of product	Size	Lowest price	Highest price
Sports ready made drinks	500 ml	20 NOK	30 NOK
Carbohydrate powders	500 g	30 NOK	140 NOK
Carbohydrate ready made drinks	500 ml	25 NOK	30 NOK
Energy bars	50 g	20 NOK	35 NOK
Energy powders	500 g	150 NOK	250 NOK
Energy ready made drinks	500 ml	25 NOK	30 NOK
Energy gel	100 g	35 NOK	60 NOK

The price range seems to depend on; a) what type of carbohydrate the product contains (from slow to fast), b) the mix of protein and enrichment of other nutritional supplements and c) brand, as some brands are generally more expensive than others. The different types of carbohydrates and energy products are available on Internet sites, in health food stores, sports stores, and in some gyms. Sports and energy drinks are also sold in grocery stores.

¹⁴ The basis for these prices is a mapping of products on the Internet. A fee has to be paid for delivery, but this is not included in the prices.

3.3.3 Creatine supplements

According to many sales channels, a product containing a supplement of creatine monohydrate enables a faster build up of strength and contributes to greater achievements in competitions. Creatine is often consumed by those who wish to increase their muscle mass, explains one of the market actors, as it can lead to a more intensive and forceful exercise. It may be mixed with carbohydrates or weight increase powder, or taken separately. There seems to be a certain uncertainty about the side effects of creatine, as some of the Internet sites recommend an intake of 5–10 grams a day, before or after training while others recommend digesting it only on a periodical basis. Some Internet sites present articles from clinical studies to back up their arguments about the “harmless” nature of creatine.

Creatine comes in different forms, but is mostly sold as capsules in Norway. According to one of the market actors this is due to the fact that creatine products in powder and liquid form are “unstable”. This “instability” made it difficult to dosage correctly and caused uncertainty on how the body may react to unequal dosages.

The price of capsules varies from 150 NOK to 350 NOK for 500 g powders.¹⁵ Reasons behind the variation in prices seemed to depend on; 1) brands, as some brands are more expensive than others and 2) their ingredients; whether they are a 100 percent pure monohydrate or enriched with some sort of supplement. Creatine products are available in special sports nutrition stores as well as on Internet shopping sites such as Proteinfabrikken.no, Gymgrossisten.no and TechNutrition.no.

3.4 Summary

Sports nutrition is a multi-purpose and many-faced category. It may be hard for consumers to orient themselves in the different subcategories of sports nutrition products that exist. To decide which products to purchase is often a complex matter, even though the different stores and Internet sites make recommendations and list their products according to form and function.

This chapter has dealt with categories of sports nutrition products as found through a mapping of sales channels and interviews with actors on the market. Chapter 4 will present an overview of the Norwegian market for sports nutrition products, while chapter 5 will elaborate on how consumers “meet” the different products in the different sales channels. It will also elaborate on the alternative channels for recommendations and how the consumers may be able to orient themselves independently of the largest market actors. The largest actors will be discussed in the next chapter, before entering into the different sales channels in chapter 5

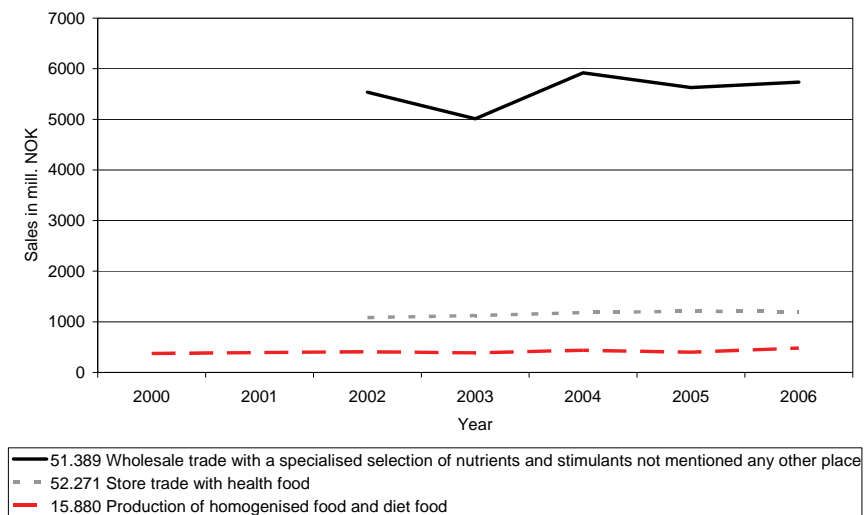
¹⁵ The basis for these prices is a mapping of products on the Internet in November 2008. A fee has to be paid for delivery, but this is not included in the prices.

4. Main actors on the Norwegian market

This chapter will use official statistics from two different sources in order to give an overview of the Norwegian market for sports nutrition products. The chapter is organised as follows: first we present statistics at the industry level, and thereafter we present the branch association on the sports nutrition market. We do this in order to get an overview of the market before each actor is studied more in depth. A final section sums up our findings.

4.1 Statistics from Statistics Norway (SSB)

SSB provides statistics for all kinds of industries in Norway. Each firm is registered with a five-digit sector code (NACE) according to what kind of goods or services it sells. Going through all these different codes we found three sector codes that were relevant to sports nutrition products. These three sectors are presented in figure 4-1, which shows their turnover.



Source: SSB (2009a, 2009b).

Figure 4-1: The three relevant sectors in the market for sports nutrition products.

Before we start to interpret figure 4-1 it is necessary to say a little about what the different sector codes actually include. Sector 51,389 (wholesale trade with a specialised selection of nutrients and stimulants not men-

tioned any other place) is wholesale trade; sales not to consumer but to stores that sell to consumers. Further the category is a sort of “leftover category” for food that cannot be placed in any other category. Therefore it also includes other products that should not be viewed as sports nutrition. We do not know how large share sports nutrition products constitute of the total in this sector.

The next category presented in the figure is 52,271 (store trade with health food). Unlike the previous section this category represents store sales, i.e. business to consumer sales (retailing). This includes all stores (except grocery stores) that market sports nutrition products; including sports stores and health food stores. This category is also very wide and does not only cover the market for sports nutrition products. Health food is a combination of dietary supplements, natural drugs etc. Sports nutrition is just a small part of the total health food market sales showed in the figure.

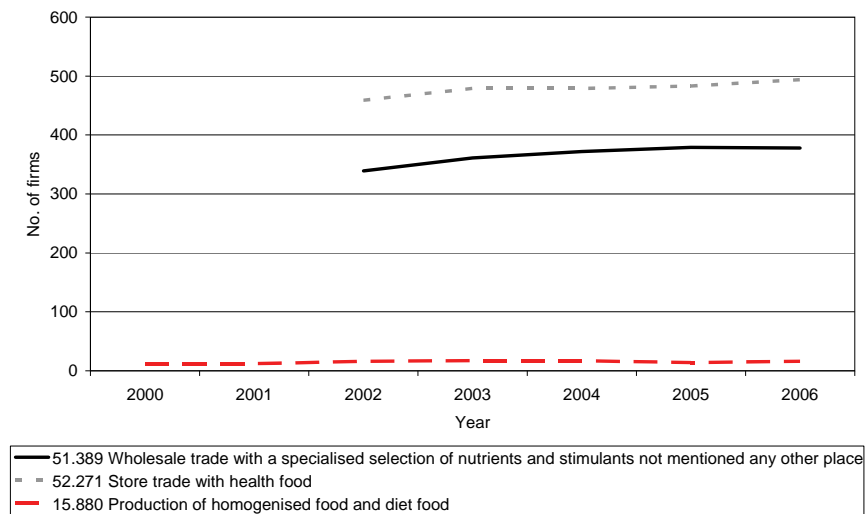
The last code in the figure is easier to distinguish from the two previously mentioned categories. 15,880 covers production of homogenised food and diet food and not sales. From the interviews with importers of sports nutrition products we do not have the perception that much sports nutrition products are produced in Norway. However the sports nutrition products that are produced in Norway would be presented in this category. Among the 23 firms registered in this category several deal in sports nutrition products, for example the leading firms Proteinfabrikken and Tech Nutrition (see sections 4.3.1 and 4.3.2). We know that these two firms mostly import the products they sell, but they also have some local production. How much they produce in Norway fluctuates from year to year. This category also includes production of other foodstuffs than just sports nutrition products. We believe that the production of sports nutrition products only constitutes a small part of total production in this category.

Looking at figure 4-1 above it seems that little has happened in the market for sports nutrition products in the last years. This is in contrast to what we learned from the interviews where we were told that the Norwegian sports nutrition market is booming. This will also be shown in the next section where the financial development of the major Norwegian firms is presented. Since this development is not reflected in the above figure we believe that most of the sales in the figure come from other firms than those selling sports nutrition products.

The production (category 15.880) of homogenised food and diet food has been quite stable since 1999. The picture is the same for total sales of food¹⁶ in Norway.

The number of firms operating in these three relevant sectors has also been quite stable. As we see from figure 4-2 below there has been a small increase in firms selling products, and a corresponding fall in the number of firms producing products. Again it is important to remember that all of the three categories include more products than just sports nutrition.

¹⁶ Two digit NACE code 15 (production of foodstuff, drinks and tobacco).



Source: SSB (2009a, 2009b).

Figure 4-2: The number of firms relevant in sectors for sports nutrition products.

To conclude we can state that the official statistics based upon economic sectors are not very useful for our purpose. The relevant categories are too wide and encompass too many products. They cover much more than just sports nutrition products.

Based upon this conclusion we now turn to look at the main firms dealing with sports nutrition products, because we need to use data on firm level, not on category level, in order to say anything meaningful. First we present some lines about the Norwegian branch association.

4.2 The branch association

The business association organising the sports nutrition market in Norway is the organisation Association of Herbal Manufacturers 'Bransjerådet for Naturmidler' (BRN).¹⁷ BRN is a service office for the health food industry. All major store retailers for health food are members here.

It is important to note that BRN deals with health food in general; sports nutrition products are just a part of the product groups they deal with. The reason for this is probably that sports nutrition products have not traditionally been sold in Norwegian health stores, but rather in sports stores. Sports stores, pharmacies etc. are not members of BRN. The aim for BRN's activity is to build trust; both towards the products and the market for health food in general. This is done by representing the industry vis-à-vis the government and the press.

Sports nutrition products do not seem to be given much focus by BRN, but still BRN is the only relevant organisation when it comes to

¹⁷All information from this section is taken from the organisation's website, BRN (2008).

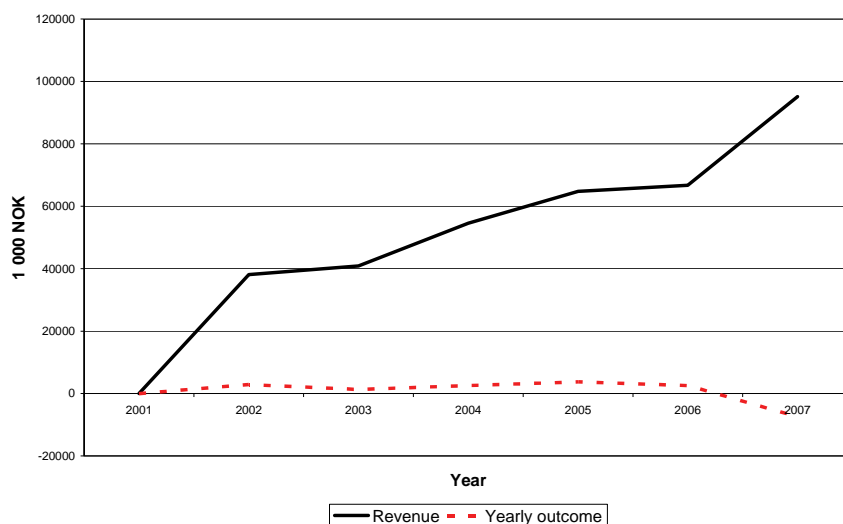
organising sports nutrition products. Even so, BRN sales statistics do not include sports nutrition products, only traditional health food like food supplements, herbs sold in grocery stores and health stores.

4.3 Statistics for the main enterprises on the Norwegian market for sports nutrition products

In this section we present the most important retailers of sports nutrition products on the Norwegian market. As a basis for the next section we use statistics from the The Brønnøysund Register Centre. Information has also been gathered from the home pages¹⁸ of each market actor. The enterprises are presented in alphabetical order. We do not know the relative size between them.

4.3.1 Bringwell Norge

Bringwell is an importer of health food and sports nutrition products to the Norwegian market. Bringwell has a lot of sports nutrition brands in their portfolio, for example Multipower (the world's leading brand), AA drink, and Weider. Bringwell was established in Norway in 2001 and has today 14 employees. The mother firm is Validus AS, the biggest Norwegian importer of products related to beauty and well-being. They own cosmetic chains such as "Esthetique", "Vita", "Parfymelle" and "Cosmeta". This mother firm is again owned by the founder Terje Stykket and the largest grocery retailer in Norway, NorgesGruppen ASA.



Source: The Brønnøysund Register Centre.

Figure 4-3: Financial development of Bringwell Norge AS.

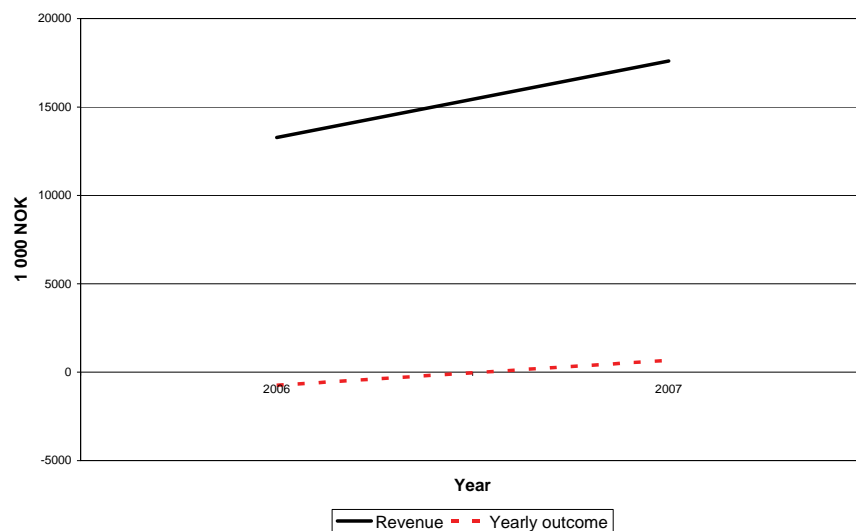
¹⁸ See Bringwell Norge (2009), Maxim Norway (2009), Sports Nutrition (2009) and Tech Nutrition (2009b)

As mentioned above, Bringwell sells health food in addition to sports nutrition products.¹⁹ Revenue is therefore much larger than for the other firms presented here. Therefore we cannot say how much of the revenue that comes from the sports nutrition products category. It is difficult to interpret the financial results in more detail than to say that the firm has experienced a rapid growth over the last years, but that the outcome has not gone in the same direction. On their homepage information about their products can be found.

4.3.2 Maxim Norge

Maxim is one of the leading brands in sports nutrition products in the world. In Norway Maxim is probably the biggest brand in energy drinks (powder to be mixed with water) and energy gels. Maxim also sells protein products in bars and powder form. In Norway it is the firm "Maxim Norge- Sportsnutrition AS" that has the agency for all the Maxim products. This firm only sells products under the brand name Maxim. Maxim has a web page where information about the products can be found. It is not possible to buy products on their web page.

Maxim was introduced in Norway in 1999. Today they have four employees. The importer of the Maxim products to Norway is owned by Orkla ASA. Orkla is the largest private producer of food in Norway. Therefore it can be expected that Maxim will have financial muscles to grow further in the future. Being owned by Orkla also means increased access to grocery stores since Orkla distributes to all the large grocery chains.



Source: The Brønnøysund Register Centre.

Figure 4-4: Financial development of Maxim Norge- Sportsnutrition AS.

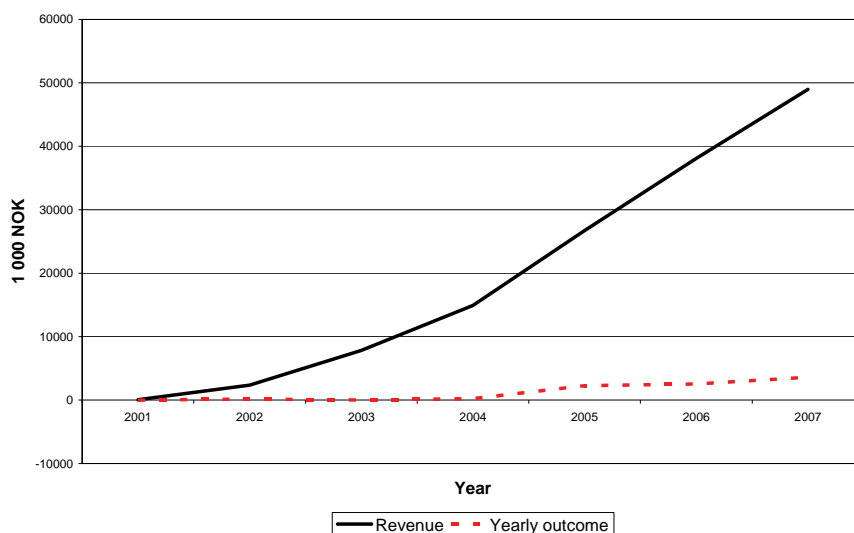
¹⁹Bringwell sells both to other firms and directly to consumers.

As we can see there is little financial information available on Maxim Norway. This is probably due to changes in the ownership structure. All we can say is that both revenue and profit have increased from 2006 to 2007.

4.3.3 *Proteinfabrikken*

Proteinfabrikken (“The Protein Factory”), PF, is a firm founded in 2001. It is located in Sandefjord and sells sports nutrition products, food supplement, smart food, diets for reducing overweight etc. 14 employees work in the firm. Most of their products are sold through their website, but their products are also available in the new special outlet “Pit Stop” in Oslo. PF is owned by the CEO of the firm, Bjørn Kenneth Hansen. What is special about PF is that they are both importers of brands and sell products under their own brand name, Proteinfabrikken. In this way Proteinfabrikken is both a firm name and a brand.

As the firm name indicates PF is mostly focused on protein products such as powder, capsules and protein to be mixed into meals. Looking at the financial development in the figure below we see that sales have increased steadily since 2002, but that the owners, so far, have not received a lot of return on their investment.



Source: The Brønnøysund Register Centre.

Figure 4-5: Financial development of Proteinfabrikken AS.

We cannot say whether the increased sales are mostly due to sports nutrition products alone or represents growth also in sales of other products related to sports nutrition. The increase in sales probably represents many product groups, since PF offers a huge variety of products for athletes and other dietary supplements. On the other hand sports nutrition is the prod-

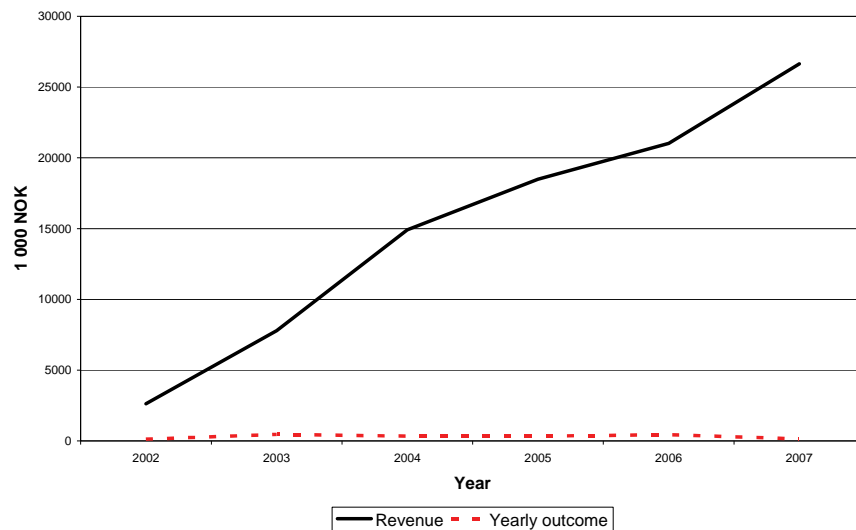
uct group that receives the largest focus on their website, so we can presume that most of the increased revenue comes from sales of sports nutrition products, and especially protein products.

4.3.4 Sports Nutrition

Sports Nutrition (SN) is a company located in Moss. It was founded in 2002 and has six employees. The company is 50 percent owned by the manager (Roger Brabo Grannes) and 50 percent by Sports Marketing AS. This company sells only imported products. SN promises that their products are in accordance with Norwegian laws by having the consultancy firm Cibaria (specialists in regulations for food and drinks) recommend whether a potential new product should be imported to Norway or not.

The financial development of SN is a story in its own right. As we see from figure 4-5 the revenue has increased every year since the founding of the firm. Here it is important to underline that SN does not only sell sports nutrition products. In addition they sell mineral water and soda pops like Bonaqua, Coca-Cola etc. to hospitals and other large-scale institutions. Much of the increased revenue may be due to sales of such products.

A remarkable fact is that the yearly outcome has not risen in the same way as the income. In fact the outcome has been close to zero and has actually fallen the last years. This does not necessarily mean poor economic control, it could have something to do with the owners; SN is personally owned, so this may be a planned increase in costs.²⁰



Source: The Brønnøysund Register Centre.

Figure 4-6: Financial development of Sports Nutrition AS.

²⁰ From 2006 to 2007 salaries increased more than revenues, and this development could be planned by the owner.

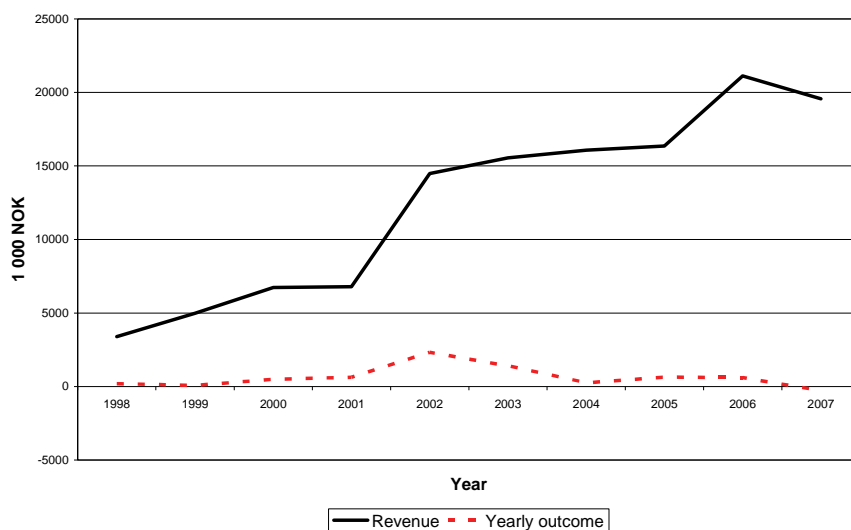
SN has a website where information about the products can be found, but regular consumers cannot buy products directly from SN. Only wholesalers etc. are allowed to place orders. In general wholesalers seem to be the main customers for SN.

4.3.5 Tech Nutrition

Tech Nutrition (TN) was established in 1996 in Trondheim, and is then quite an old actor on the Norwegian market for sports nutrition products. TN is similar to PF in the way that Tech Nutrition is both the name of the firm and the brand they use to sell their products.

Another similarity TN shares with PF is the web store. TN has a web store where all the products can be bought. A third similarity with PF is the ownership structure: The CEO, Bjørn Inge Furuhaug, also owns TN.

In total TN have four employees. As we see from the figure below TN has a high turnover, even though sales have decreased a little since 2006. More alarming is the outcome: 2007 resulted in a deficit.



Source: The Brønnøysund Register Centre.

Figure 4-7: Financial development of Tech Nutrition AS.

From TN's website we see that they claim to focus on quality, and use the best raw materials available. Further, they guarantee that all the products sold are in line with Norwegian legislation and that the products contain just what they claim on ingredients list. TN stresses the importance of reliable information. The TN magazine comes out with four issues yearly. In this publication you can find tips for better training and diets etc.

4.3.6 XL-1

For many years sports nutrition products in Norway was synonymous with XL-1, as it was the only brand available. Originally the brand offered only energy products, but nowadays they offer restitution and protein products as well. XL-1 is a brand only found in Norway. The brand has had many different owners, and is today owned by Midelfart Sonesson AS, a fairly big Scandinavian company in cosmetics. XL-1 is still a big brand in sports nutrition products, but it is probably not the leading brand any more. The brand is nevertheless available in all major chains for sports equipment in Norway. Since XL-1 is just one of many brands under the Midelfart Sonesson umbrella, there is no reason to report here available information on the financial development of this firm. Probably only a small part of the Midelfart Sonesson revenue comes from sales of sports nutrition products. On the homepage all the products are described.

4.4 Summary

All firms presented here have had extreme increases in their sales. These firms are the largest retailers of sports nutrition products in Norway, so we can clearly say that the overall market for sports nutrition products has grown. For the five retailers in Norway we have presented sales statistics for in section 4.3 the turnover has on average increased by 25 percent from 2006 to 2007. This is huge growth when we know that the general increase in gross sales in Norway was merely ten percent in the same period (SSB 2009c).

On the other hand it does not seem that selling sports nutrition products is very lucrative. Yearly outcomes are small or negative for many firms. This could be due to the ownership structure: many of the firms presented here have the same persons as owners and managers. They then have the opportunity to increase their salary instead of taking out the profit. In general outcome is not so relevant for a firm owned by the manager because the pure profit on the bottom line only goes to him. On the other hand letting the firm lose money is never good in the long run. We therefore assume that the losses presented are signs of market expansion. The importers have been more concerned with winning market shares than cutting costs.

The main problem in this chapter has been the lack of data. We have tried to use data from three different sources in order to give an overview of sales. Unfortunately, we can only see a part of the picture. There is no data set that fully covers the market. This may make it difficult to monitor and regulate the market.

In the next chapters the data presented here will be used as a basis for discussing how the Norwegian market for sports nutrition products has

developed. On the basis of this discussion we will also try to say something about the future development of the sports nutrition market.

5. Sales channels for sports nutrition products

There are many different sales channels for sports nutrition products. While some products are sold through grocery stores and in health food stores, others can only be bought in special stores for sports nutrition products and on various Internet sites. In this chapter we will describe the different sales channels for sports nutrition products and the typical points of sales where Norwegian consumers may purchase these products. Doing that we will go further into aspects of marketing and sales of products by asking:

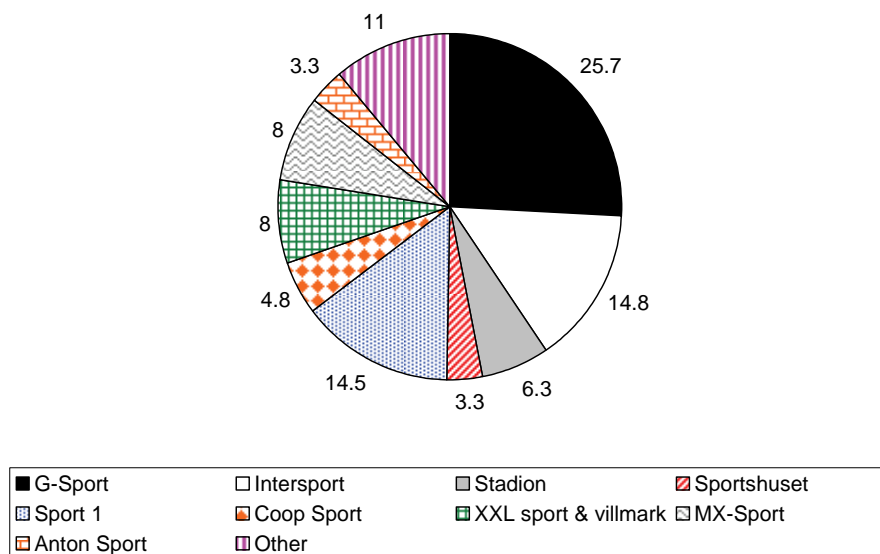
- *How do consumers encounter sports nutrition products in different sales channels?*

Based on a mapping of stores, both on the Internet and in physical stores we will go in-depth on sales channels, and end with a special store for sports nutrition products that may seem to represent a future point of sale for a combination of food and sports nutrition products. At the end of the chapter we will discuss consumers' orientation in a market where marketing appears at several levels and present a theoretical framework to analyse this complex competitive situation that the actors of sports nutrition products find themselves in.

5.1 Overview of the different channels

5.1.1 Sports stores

The total sales in Norwegian sports stores seem to be a little less than ten billion NOK in 2008 (Sportsbransjen 2009). That is the highest consumption per capita of sports equipment in the world (Sportsbransjen 2008). Sports stores sell items related to various forms of sports and exercise, among them are sports nutrition products. Sports stores are one of the most important sales channels for sports nutrition products. For a manufacturer of sports nutrition products access to the shelves in sports stores is important for many reasons. One is that many potential customers visit such stores in order to buy sports equipment, increasing the potential sales of sports nutrition products in general. We will take a closer look at the market shares among the Norwegian chains of sports stores in figure 5-1.



Source: Sportsbransjen (2008).

Figure 5-1: Market shares for Norwegian chains of sports stores in 2007. Percent of a total market of 9,076.6 billion NOK.

As the figure shows the market is quite concentrated,²¹ with three of the biggest chains representing more than half of the market. Since the chains G-Sport, Intersport and Sportshuset all are part of the Gresvig Company; the picture is even more stunning. Gaining access to sales through Norwegian sports stores means that you need to have some sort of agreement with the chain’s main office with only eleven percent of the sports equipment sales outside the established chains.

Such a retail structure favours the big importers of sports nutrition products at the expense of the smaller ones. Small chains cannot pay the cost of having an agreement with the whole chain. The huge market shares for the big chains encourage them to take high prices for their shelf space. Being a big chain means having many outlets. Many outlets are attractive for an importer of sports nutrition products since a delivery agreement with the main office in the chain automatically brings their products to many stores. Equally important is a guarantee from a sports store chain of being the only supplier of sports nutrition products to that chain. This means less competition on the shelves where one supplier is chosen, which of course, is attractive to every brand owner.

We visited two sports stores in Oslo: one main store concerned with all types of sports and one specialist store devoted to clothes and different equipment for football. The main store had a rather limited selection of sports nutrition products and the specialist store had even fewer products. Here we only found the brand Maxim. Both stores sold energy products in diverse forms, such as tablets, drinks, gel and bars.

²¹ That is, a few firms have a high market share.

These products were placed right next to the counter in both stores. They did not draw much attention or take up much of the space as the stores' main concern was sales of clothes and diverse equipment rather than promoting sports nutrition products. Even so, the product placement ensured its visibility to consumers at the end stop of their purchase or to those who were passing the counter for whatever reason. Placing these products in such a short range from the counter also allowed the staff to recommend sports nutrition products as the last part of a total package of sports equipment. Thus, sports nutrition products in these sports stores may be grabbed alongside a purchase of other items without it being a particularly planned or rational choice.

Purchases of sports nutrition products are, however, often planned activities. Staff in the main sports store told us that they sell their products both directly to consumers in smaller quantities and in larger quantities to clubs. Their main consumers are men, from twenty to thirty, who are very familiar with the market of sports nutrition products and who enter the store knowing what they want. They are mainly exercisers and serious athletes. Sports nutrition products are especially popular among their main customers prior to larger sports events, such as "Birken" (terrain biking race) and Oslo Marathon.

Staff in the specialist sports store provided us with a slightly different view of their customers. According to them, male customers purchase energy related products in the form of tablets, gel, drinks and powder. Female customers, on the other hand, purchase mostly energy bars that they use as a snack or as a form of diet product. Their impression of consumers of sports nutrition products was that many males under the age of twenty use these products to gain weight and increase their muscle mass.

5.1.2 Pharmacies

According to owner interviews, pharmacies in Norway differ from pharmacies in other Nordic countries. Whereas e.g. Swedish pharmacies offer a wide selection of sports nutrition products, such products were by and large lacking at Norwegian pharmacies. Our visits to pharmacies in Oslo, both those part of a larger chain and those who operate independently, showed that they did not sell sports nutrition products and did not have a specific wish to do so. Even though some admitted that there was a certain demand for sports nutrition products, they felt that this was not a natural part of their product selection, which is based on *health promoting* products and not on sports related products.

5.1.3 Cosmetics stores

Cosmetics stores have started to sell sports nutrition products in recent years. For example has the chain "Vita" started to sell sports nutrition

products and health food in order better capture health consciousness among Norwegians. These product groups do not take a great constitute a large part of the turnover in this chain, but the sales of products in the categories health food and sports nutrition have nevertheless increased with 45 percent from 2006 to 2007 (Dagens Næringsliv 2007).

5.1.4 Health food stores

Health food stores are in general meant to provide healthy food supplements and ingredients, and offer a wide range of sports nutrition products. We visited stores in Oslo belonging to two of the most well-known health food store chains in Norway: “Sunkost” and “Life”. Sunkost sell their products in an Internet store in addition to physical stores all over Norway, and provide sports nutrition products from the Norwegian companies Tech Nutrition and Proteinfabrikken. Life does not have an Internet store, but provides sports nutrition products from Tech Nutrition, Multipower and XL-1 in their 156 stores in Norway.²²

Sports nutrition seemed to have a central place in both stores and was clearly separated from other products. In Sunkost some products were placed behind the counter, while others were placed next to it. We were told that the more expensive products such as larger portions of protein powder had been exposed to theft from younger boys, and had therefore been placed behind the counter.²³ Close to the counter, but not behind, was a larger assortment of energy bars. According to the staff, sports nutrition products are highly popular, especially among men aged 20 to 40.

In the Life store the sports nutrition products were clearly separated from other products. Just as in sports stores, their sports nutrition products were placed on shelves right next to the counter. They were easily recognizable, but did not dominate the store compared to other products. We were told that Life’s costumers are of all ages and of both genders. Many of their sports nutrition customers asked for products to help them improve their individual aims for their body or training, such as gaining or loosing weight. They sold mostly protein powders, a product called Supergainer (from Multipower) and bars. According to the staff, sports drinks had become increasingly popular. The staff further claimed that customers of sports nutrition products were particularly focused on the contents of the products, especially boys in the range 16 to 25 years old.

A female staff member in the Life store, who has worked in the business for quite some time, told us that the variety and number of sports nutrition products had exploded during the last three years. The staff had therefore been given courses by Multipower (a major brand, see section

²² With a total of 500 stores in the Nordic countries (Life 2009).

²³ This might be due to the store’s location next to a high school and to the fact that the products that were stolen were of a slightly higher price range than their other products.

4.3.1) in the function and use of sports nutrition products, leaving her with a renewed belief in the functions of sports nutrition.

5.1.5 Grocery stores

We visited Rema 1000 and ICA Supermarked, two major retailers in the Nordic countries. However, the two Norwegian stores we visited did not offer many sports nutrition products. They sold ready-to-drink sports drinks such as Powerade, Gatorade, Puls and Active O₂, along with energy drinks such as Fruitblast and Burn. Puls was promoted next to the cashiers as sports water – a new product from Olden,²⁴ while Fruitblast and Burn were marketed with a discount price. Even so, sports nutrition products were not clearly separated as a category of its own. Some of the drinks were placed at the very end section of the soda department; others were placed next to alcoholic beverages. This could be interpreted as a lack of a clear segmentation of sports nutrition products in grocery stores; either intentional or incidental, and could add to the confusion for consumers when it is both categorised with soda and with alcoholic drinks.

5.1.6 Gyms

In Norway two large gym chains dominate the market. The biggest chain is SATS with 37 gyms and a total turnover of more than 500 million NOK in 2007. The other large chain is ELIXIA with 30 gyms and a turnover of 366 millions NOK in 2007. Since the chains are huge and control many gyms, the story is the same here as for the sports stores: making a deal with a chain's main office implies a huge increase in sales, and can thus be very lucrative for an importer. The competition is fierce and a lot of money is offered for such deals by the importers.

Due to its presence in other Nordic countries and its fairly large sized gyms, we chose to conduct a smaller fieldwork in ELIXIA. They sell products from Multipower in different forms; "sports water", protein shakes, protein drinks, energy drinks, protein bars and energy bars, but do not offer any products in powder form. Protein powder had previously been sold in this gym, but according to a staff member a deliberate decision had been taken to avoid any products and services that were not related to health. By selling items like protein powder the gym felt they were building the wrong image, an image that the chain could not stand accountable for. Even so they felt obliged to provide the members of the gym with a certain amount of extra service, and selling diverse forms of sports nutrition products was considered part of that.

The focus on sports nutrition products was evident in the physical appearance of the gym. Although there were no advertisements for sports nutrition products, the placement of the sports nutrition products was

²⁴ Olden is one of the leading brands in non-sparkling mineral water in Norway.

highly visible. Water and liquid sports nutrition products were placed in a refrigerated counter right next to the soda in a shopping area within easy access behind the gym's counter. Energy and protein bars were placed right next to it, all in eye height.

Sports nutrition products were thereby easily within reach when passing the counter, stopping for registration or passing from one part of the gym to another. Although the gym offered products other than sports nutrition, such as fresh food, bananas, water and soda, the sports nutrition products were the most visible and dominated much of the shopping area. Fresh food such as salads and yoghurts were placed in a café further inside the gym, and were therefore not particularly visible or dominating.

All types of members purchase sports nutrition products, according to the staff. However, they all (instructors, receptionists and personal trainers) agreed that the purchase of such products varied from men to women, and so did the staff's recommendations. If there was a man who wished to increase his muscles and weight they would recommend to him a mixture of carbohydrates and protein where carbohydrates would constitute the largest part. When recommending to a woman it was with the idea that women did not want to increase muscles and weight, and they therefore recommended products with fewer carbohydrates. Besides, there was a common agreement amongst the staff that the choice of products depended on the type, intensity and aim of the training.

In the focus groups that were held at SIFO in October 2008 gym instructors were pointed out as motivators for using sports nutrition products. This motivation could take place at the end of an aerobics class where the instructor would encourage the class to run down to the counter and buy an energy bar to regain their energy. An encouragement of this sort seemed to be confirmed by a member of the staff in the gym who promoted these products in order for their members to be able to fill up their need for nutrition before, during and after training. Thus, their idea to offer their members sports nutrition products as a service should be seen in relation to the importance the staff placed upon consuming some form of food in connection with exercise.

5.1.7 Internet sites

When we searched on google.com for *sports nutrition* we got over 32,800,000 hits internationally, and when limiting the search to Norwegian sites the hit was reduced to 12 000.²⁵ Results from a web survey²⁶ concerning private imports of medicine show that 23 percent of the asked state that they have purchased or considered to purchase bodybuilder products on the Internet. In this group there are significantly more men

²⁵ Search performed 28.02.2009.

²⁶ The results are from an unpublished presentation of a national representative web survey done by Synovate on behalf of the Norwegian Medicines Agency, Synovate (2008a).

than women and people in the age group from 15 to 29 years. Browsing the Internet and the different websites that provide sports nutrition products to Norwegian consumers, we found a lot of companies. We will look closer at three of them, chosen for their presence in several Nordic countries, their selection of products and the number of years in the business.²⁷ These three are: Tech Nutrition.no, Proteinfabrikken.no and Gymgrossisten.com.

Tech Nutrition.no (*tn.no*) is the only one out of the three which is an exclusively Norwegian site and brand.²⁸ They sell their own Tech Nutrition products to larger companies including different health food stores, sports stores and gyms, in addition to private customers. When entering this Norwegian site, it appears well organised and easy to follow. Their products may be accessed, as mentioned in chapter 3, in two different ways; one through the function and aim of consumption of products, the other through the products ingredients and form. As seen in different stores, Tech Nutrition guides customers on when and how to use their different products.

Their product names are short, easily recognizable and in Norwegian, such as “FRES” (speed), “DRIV” (go), “BRENN” (burn), “SPREK” (active). The naming of their products has been a main concern of the company – to keep them short, easy to understand and, above all, Norwegian. This may have been done in order to differentiate themselves from other brands, which tend to use technological terms and names, and thereby also giving their products a Norwegian identity.

When clicking on products information about the products’ effect is revealed, although not necessarily connected to the actual impact on the body. Moreover, information about the nutritional value of the product along with recommendations on usage is provided.

Tech Nutrition encourages their customers to buy large quantities by stating; “save money, buy big”, and have special offers and seasonal offers in addition to special package deals. They are the only site we have seen that provides its customers with guarantees. They operate with six different guarantees; taste, pureness, Norwegian products, 24hour shipment, knowledge and reduced prices. To further ensure their customers of their products’ quality, they refer to special files that document their certifications.

Proteinfabrikken.no is not only a Norwegian Internet site, but also exists in Denmark, Sweden and China (!). Through their Norwegian site they sell their own branded products as well as international brands like “Maximize Ultimate Nutrition”, “Scitec Nutrition”, “Vitargo”, “Nutrivi-

²⁷ Unlike the two other websites mentioned, Gymgrossisten was not a part of the overview of actors in the previous chapter because it was established in June 2008 and therefore no financial information is provided yet. In addition no such information is likely to become available to the public since this firm is listed as a ‘Norskregistrert utenlandsk foretak’ (NUF), and such companies do not have any duty to hand in accounts to the Brønnøysund Register Centre. The only thing we now about this firm is that it is owned by the mother company with the same name in Sweden.

²⁸ Page visited 03.01.2008.

sion”, “Optimum Nutrition” and “Gainomax”. They sell their products directly to customers through their Internet sites, but also to specialist stores like Pit Stop (see section 5.1.10). Their website welcomes you to a shopping experience beyond the usual and bombards you with special offers and advertisements for different products.

Unlike Tech Nutrition, Proteinfabrikken.no has one button to access the sports nutrition products, but once entered, there are several kinds of sports nutrition products to choose from for different purposes. Most of the products are presented with contents, nutritional value, and recommended use. In some cases the product come with a warning stating that the product is a nutritional concentrate and should not replace a varied diet. The names of their products vary due to the fact that they have many different brands. In most cases the brand names are difficult to understand and do neither reveal the function of the product nor its effect on the body. The text explaining the function of the contents does in many cases only add to the confusion, such as the example below:

Do you want an explosive strength in muscles, increase of muscles, endurance and improved restitution; Cell Max™ is the most powerful product on the market. With Patented Alkalyn® and Optipep™ (peptide bound amino acids from whey protein) in combination with an insulin releasing and ATP formatting carbohydrate phosphate, this will provide an ultra effective storage and re-hydration of intracellular fluid and minerals in the musculature for an increase in strength, volume and endurance (Proteinfabrikken 2008 – our translation).

Proteinfabrikken’s motto is *Play with nature* and as this text shows; the technological explanations for something defined as natural reflects sports nutrition products’ relation to nature. Their marketing approach does not seem to include making their products clear and easily understandable for the average consumer. When we see the focus of the websites it seems that their main sales argument is concerned with prices and a varied selection of products rather than assuring their customers of the quality and reliability of their products.

Gymgrossisten.com is a Swedish company that has separate sites for Norway and Finland. They started up in Sweden in 1998, while the Norwegian site has been up and running since October 2008. They do not sell products with their own brand, but provide international brands such as “Scitec Nutrition”, “Star Nutrition”, “Fairing Sports Nutrition”, “Optimum Nutrition”, “Reflex”, “Dalblads Nutrition”, “American Body Building” (ABB), “Twinlab”, “Vitargo”, “Nutrivation”, “Peak Nutrition”, “BSN-finish first”, “Sci-MX Nutrition” and “SAN nutrition”. Their vision is to “provide Norwegians with a healthier life at a lower cost”. Nevertheless, they also claim to be a website “by athletes, for athletes”.

Their web store is a mixture of products that may be accessed both in terms of form and function of the product. Different products from different suppliers appear under each category, with a special offer at the top of

the list. Gymgrossisten operates with best buys and promotes two prices on each product – one is a recommended price which is set up to show the consumers the difference to the other lower price which the products are actually sold at. In that way, all the products seem to be sold at a lower price.

Just as on the other two Internet stores, Gymgrossisten.no does not provide further information concerning actual effects on the body.²⁹ Unlike the two others Gymgrossisten does refer to drug tests done on some of their products. However, the results of the drug analysis and the values presented are not understandable for the average consumer and are not further commented upon.

5.1.8 Sports events

Companies selling sports nutrition products tend to be highly visible at sports events. Tech Nutrition has sponsored events such as “St. Olav-løpet” (running) in Trondheim and promotes their products on separate stands. For them, as for many other sports nutrition companies, the importance of sports events is not to sell directly to consumers, but to present the company and its products. Sports Nutrition has similarly been present with stands at smaller events, where they have also sold their products, while Proteinfabrikken has presented their company at different sports events, in addition to sponsoring TV shows and running commercials in cinemas. Popular events to participate in are “Birken” and Oslo Marathon due to their large number of contestants and popularity.

In December 2008 we visited the “Bislett 24 & 12 hour indoor challenge” where Maxim has been the main sponsor three years in a row. We were met with huge posters for Maxim along the racing track and Maxim’s logo on the contestants bib number. This left little doubt as to who sponsored the event. The contestants were also given a bag of sports nutrition products (energy bars and gel) from Maxim. In that way Maxim was able to present their company and their products to a large number of serious athletes from different parts of Europe.

The “Bislett 24 & 12 hour indoor challenge” was a special sports event where the contestants run continually for 12 or 24 hours. This implies having to eat and drink before, during and after the run in order to maintain their energy to complete the run. The contestants each had their own table filled with food and sports nutrition products to eat and drink during the race.

In addition they were provided for by the organisers of the event who supplied them with different types of food (ex. hot meals) and sports nutrition products (ex. sports water). The focus on nutrition during this race was

²⁹ It is important to note that this webpage had only been operative for two months when we did the mapping in November 2008.

therefore extreme, and the many different types of sports nutrition products and Maxim's part in the event were particularly conspicuous.³⁰

It is not hard to imagine the importance (and cost) of sponsorship of such events. Just like health food stores and gyms, sports events are arenas where it is difficult for companies to gain access. In the case of "Bislett 24 & 12 hour indoor challenge" Maxim has been the sole sponsor for three years. The smaller companies are therefore referred to smaller events, and are by that not able to reach a broader audience. All in all, there is a scale effect involved here, making the large brands and companies larger, while the smaller ones tend to get smaller or to stagnate.

5.1.9 Sports clubs

When it comes to sports clubs as a sales channel none of the importers of sports nutrition products in Norway that we have spoken to, sell their products through sports clubs. Sports nutrition products are probably not available in the kiosk at club house or through the trainer. This is a channel that does not seem to be in use.

5.1.10 Specialist stores for sports nutrition products

In addition to the sale of sports nutrition products in general stores there are a handful of specialised sports nutrition stores. We visited and interviewed one of the owners of one such specialist store that had just opened in downtown Oslo.³¹ This store may represent the future of sports nutrition products when it comes to marketing and provisioning.

Pit Stop is the only store in Oslo that sells both ready-made foods to take-away and sports nutrition products. Although the products and food are placed separately, on walls opposite each other, the coupling of food and sports nutrition products is unique. For example they make fresh smoothies mixed with protein powder or blend protein shakes for their customers. They sell wraps, salads, omelettes, baguettes, sushi and dinners with meat, fish and rice, in addition to coffee and cakes marketed with fewer calories. Their sports nutrition products are bought through Proteinfabrikken, Sports Nutrition and Validus which enables them to sell a great variety of Norwegian and international brands.

Their food was labelled with nutrient values in the form of calories, fat, proteins and carbohydrates highly visible to the customers. The owner stressed the importance of combining nutritional foods with sports nutrition. Their slogan "fast, good and healthy" reflects this exact concern. Even though he felt that "real" food would be the best way to eat healthy, he felt that people neither had the time, nor the knowledge to

³⁰ More of the observable supplements and talks with contestants in Ånestad et al. (2009).

³¹ We visited the store the first week in November 2008.

cook such nutritious meals. In that way, Pit Stop could provide them with both healthy ready-made food and sports nutrition products.

The owner himself stated that they marketed themselves towards health conscious “ordinary people”. In doing that it was important both to provide “ordinary” nutritious food *and* sports nutrition products. He hoped that by placing them in closer connection, sports nutrition products would become more known and less intimidating for the average consumer. In order to maintain this marketing strategy the owners had done some alterations in their in-store marketing. Larger items of powder products were placed in the back room behind curtains, while smaller, more well-known products were placed closer to the window and visible to those passing by or entering the store. In that way, the store hoped to attract ordinary consumers who wanted to lead a healthy lifestyle.

5.1.11 *Illegal markets*

We are also well aware of the fact that there exist alternative and illegal markets beside the sales channels we have presented here. Imports from Sweden and other European countries to Norway are of particular interest. A web survey³² concerned with private import of medicine concludes that 16 percent of Norwegian inhabitants have imported or wish to import bodybuilder products from abroad.³³ In the same web survey three percent of these stated that they had not received their product purchased on the Internet. 20 percent of these claimed that this was due to the fact that their product had been stopped in Norwegian customs.

We have not been able to find any estimates of the size of the illegal market, but we have gained information from actors in the market that illegal imports still take place. Serious market actors may loose customers to the illegal market and it could also lead to a lack of confidence in the market as such. The government could lose taxes through illegal import. Worst of all however – some illegal products may be harmful to the buyers when the government has not regulated its contents.

5.2 Marketing and sales strategies – in sum

To sum up the sales and marketing strategies used in the different sales channels, we will use a figure that systematises the information. The figure should not be considered as representative for each part of the marked at all times.

³² The results are from an unpublished presentation of a national representative web survey done by Synovate (2008a) on behalf of the Norwegian Medicines Agency.

³³ This is not the same question as we referred to in section 5.1.7. There it was asked what kind of products you would like to buy on the Internet, but here the question was what kind of products you would like to bring/have brought home from abroad.

Sales channel	Recommendations	Exclusive branding	In-store marketing	Sponsoring and commercial advertisement	Handouts products and samples	Discounts	Consumer education
Sports stores	X	X	X				
Health food stores	X		X				X
Grocery stores			X			X	
Gyms	X	(X)	X				
Internet sites	X		X	X		X	X
Sports events		X		X	X		
Special stores	X		X				X

Figure 5-2: An overview of marketing and sales strategies used in the market for sports nutrition products divided after sales channel.

The sales and marketing activities presented here only relate to the handling of sports nutrition products. *Recommendations* could be seen both in specialist stores where the owner passed his knowledge of sports nutrition products for different sports on to his customers and in gyms where the instructors would recommend certain products for better restitution after exercise. *Exclusive branding* denotes practises where producers are given exclusive rights to use stores and sports events to promote their products. As we have seen in this chapter, this is an exclusive (and expensive) deal for the importers, and there are not many of the smaller companies who can compete with exclusivity in stores and at sports events.

As far as *in-store marketing* goes, this is a rather widespread phenomenon. Most of the sales channels we investigated had some sort of marketing in their store, at their event or through their Internet site. *Sponsoring* of athletes, teams or events, by comparison, was only found in two sales channels. However, our data is quite restricted and this kind of activity may be more common than what we learned. It is often combined with *handouts of products or samples* to for example contestants in sports events, as seen above.

Commercial advertisement has become increasingly popular for promoting sports nutrition products. However, there was one of the sales channels which dominated. The Internet site Proteinfabrikken.no has sponsored both a TV program and paid for a cinema commercial which was shown during the fall/winter season of 2008. We found that *discounts* were given mostly on Internet sites, such as on Gymgrossisten.com, which operates with “best buys”, and Tech Nutrition, who offered reduced prices in package deals.

As an untraditional marketing and sales strategy, the sports nutrition market, in addition to operating with recommendations, puts great efforts into *consumer education* and information. Many of the actors we talked to had a specific interest in educating their customers not only in the correct use of sports nutrition products, but also into its connection to exercise and a healthy diet. They said explicitly that they were not in it for the money, but put their customers' interest first. Many of the sales channels put great effort into providing "objective information".

5.3 A complex competitive situation

In the previous sections of this chapter we have shown that sports nutrition products are sold through many channels. This section will try to sum up all the information from the different sales channels in one theoretical framework developed by Miller et al. (1999). When products are sold through many channels, there is competition *within* as well as *between* channels. At the same time many brands are represented in some channels, but not in all.

Following Miller et al. (1999), we have four forms of competition:

- *Interchannel*: Competition between different sales channels.
- *Interstore (interchannel)*: Competition within outlets in the same channel. (The usual way we think of competition.)
- *Intrabrand*: Competition between retailers selling identical products.
- *Interbrand*: Competition between products (brands).

Potentially all these forms can be present in the market for sports nutrition products. Figure 5-3, based on Schjøll & Lavik (2007), sums up the results for this market.

Type of competition	Present in the market for grocery trade?	Example grocery trade	Present in the market for sports nutrition products?	Example of sports nutrition markets
Interchannel	Not much	Food bought through the Internet vs. food bought in discount store	Yes	Sports stores vs. health food stores
Interstore (interchannel)	Yes	Coop vs. ICA	Yes	G-Sport vs. XXL
Intrabrand	Yes	Coca-Cola bought at Coop vs. Coca-Cola bought at ICA	Unknown	Maxim products bought at G-Sport vs. Maxime products bought at XXL
Interbrand	Yes	Coca-Cola vs. Pepsi Cola	Yes	"Maxime sports nutrition" vs. "Multi-power sports food"

Source: Based on Schjøll & Lavik (2007), figure 3-1.

Figure 5-3: Competition forms in grocery trade and in the market for sports nutrition products.

The different forms of competition are not only helpful when studying how competition works. Since the sellers approach their customers differently in each channel, according to the nature of the channels, marketing is also relevant here. The results in the figure are elaborated below:

- *Interchannel competition*: It is very rare to buy groceries through any other channels than regular grocery stores. We do have kiosks, petrol stations etc. that sell groceries, but grocery sales through these channels are very small compared to sales in grocery stores. The situation is opposite for sports nutrition products. Sports nutrition products are available in even more channels than groceries and it seems that they are bought everywhere as well. This accessibility makes it easy to attract new customers, especially those without specific interest in sports and training.
- *Interstore (intrachannel) competition*: In the market for groceries this type of competition can be tough, especially when stores are located in close vicinity. If a Coop and an ICA store are located close to each other, we would expect heavy competition, through prices, service and the selection of products etc. The same holds for some of the channels where sports nutrition products can be found, for example on different websites competing against each other. We will expect that this form of competition is toughest on the web, because here the barriers to entry for new firms are low. All that is needed is a web address and adequate storage for goods. These low barriers will keep prices low and competition high.
- *Intrabrand competition*: It can be difficult to find identical products in two grocery stores of competing chains. The most well-known grocery brands are found everywhere, but we do not know if this is the situation for sports nutrition products. From the interviews with importers we are left with an impression that even strong brands do not always have access to larger chains of stores or gyms. It is striking that some brands dominate one chain, but are completely absent in others.
- *Interbrand competition*: In grocery trade brands are important. There are a lot of examples of customers that stick to the same brands over a long period of time even at the cost of higher prices. This is also true for sports nutrition products, even though we do not know how important brands are for the consumers in this trade. Since sports nutrition products are quite new to many people and new brands appear constantly, it could be that the willingness to pay for a specific sports nutrition brand is relatively low. On the other hand, marketing expenses are huge and some brands like Maxim and XL-1 have already been in the market for several years, and may be better known than other brands.

To sum up, sports nutrition products are sold through many channels and the competition in some of these channels is quite hard. The wide range of channels where these products are sold makes sports nutrition products highly visible and normalised, which might remove much of the scepticism towards them. Whether this spreading of sport nutrition products will continue and what consequences it might have is discussed further in the next chapter.

6. The development of the Norwegian market

As shown in the previous chapters; there have been many changes in the Norwegian market for sports nutrition products over the last years. Both the demand and the supply side have changed, leading to an increase in sales. There is also a wider range of products offered to more consumer segments, and there has been a big increase in marketing and publicity surrounding these products. In this chapter we attempt to dig deeper and analyse these changes by looking at wider societal trends. This analysis is partly based on the five interviews we have conducted with major actors in the Norwegian market for sports nutrition products. Therefore this chapter in many ways present the market as seen from the suppliers' point of view. Towards the end of the chapter we present scenarios representing alternative future developments for the sports nutrition market.

6.1 The development of the current market

6.1.1 The traditional users of sports nutrition products

According to the market actors men in their 30s and 40s have been the traditional users of energy products, such as sports drinks (powder) and energy bars. In Norway, this stereotypic consumer is nicknamed a “Birkebeiner”, after the skiing and mountain bike race from Rena to Lillehammer. These two races are 54 km and 91 km long respectively, and sports nutrition products are essential for many in the preparations for the races and during the races. Traditionally, sports nutrition products have mostly been used for long distance skiing, running or cycling. These activities demand a supply of energy which can be gained from carbohydrate supplements.

The other traditional user segment is weightlifters and bodybuilders who have used sports nutrition products to build muscles and increase their weight. This group of athletes has traditionally been the heaviest user group of proteins. Hence, protein products were originally marketed towards this segment. For example most of the protein products' had pictures of “big muscle guys” on their packaging. But today most of these stereotypic pictures are gone, says the market actors, and are replaced by pictures of people with more ordinary but trained bodies. From our shelf audit and our examinations of web stores, we can confirm the market

actors' views on this point. Only a handful of products had such stereotypical images on their packaging.

6.1.2 The new body ideals

The product group that has grown most in sales the last years is protein. Nowadays protein products are used in many different kinds of sports. This may be due to an increased focus on protein as the building blocks of the body, essential when reshaping the body.

Further, as explained in section 1.3, the new ideal body shape for women has changed from being just thin to be toned. In order to meet this new ideal, proteins are increasingly viewed as necessary. During our interviews with the leading market actors, we were told that women are not as reluctant towards developing muscles as they used to be. The focus group with female users of sports nutrition products seem to confirm the market actors' point of view. It is still not seen as very feminine to develop large muscles, but the female respondents were positive to defined muscles. Increased strength also makes it easier for them to do well in sports like cycling or aerobics.

6.2 Today's market

6.2.1 Is the Norwegian market a "cowboy market"?

According to the market actors, when the market started to boom in the 1990s many individuals saw the potential to gain a quick profit by entering the market fast and then withdrawing. Many of the sellers made "shady" deals, for example importing goods from Sweden which they sold in Norway without paying VAT etc. The major market actors we interviewed say that at this time the market was full of "cowboys" that did not focus on following good business practice. Even worse; there were no guarantees that illegal products were not sold in Norway.

The importers we have talked to say that the situation is better today. Many dishonest competitors have left the market and the customs authorities and food safety authorities pay more attention to the sports nutrition market. However, most of the importers we talked to still view the Norwegian market as a "market of cowboys". By this they refer to those importers that, in their view, perform illegal activities. The large market actors in Norway want to rid themselves of the less serious "cowboy" competitors. Even though they regularly tip the Norwegian Food Safety Authority off concerning illegal trade, this seems to have few consequences. Hence the major market actors feel powerless in the battle against the more dishonest actors in the market.

One of the problems the major market actors experience is that they are commonly contacted by Norwegian Customs and Excise with questions concerning products of a brand that is registered with them (being the major importer of the particular brand), even though it is actually another smaller importer that is responsible for the products in question. The customs request commonly deal with two recurring problems: 1) there are more products in the wholesaler's store house than has been reported to the customs, i.e. another importer has imported goods without paying the necessary taxes, or 2) customs have found illegal products in the wholesaler's store house, of the same brand as the major importer sells. In other words a dishonest importer has imported products that are legal abroad, but not in Norway. In both of these cases it is the official importer that gets the blame for this misconduct, which is something these importers would like to avoid. This happens because the biggest importers are registered as the main importer of a brand.

The Norwegian market can be viewed as a "cowboy market" also in another sense, by reference to the Swedish border shopping. We assume that quite a few individuals in Norway drive to Sweden and buy large amounts of cheaper and less regulated sports nutrition products.³⁴ It is likely that some of these products are brought back to Norway and sold at a higher price to acquaintances and through smaller gyms. The products may also be sold in bigger quantities on the Internet, giving the somewhat "harmless" border shopping a more serious character. One of the biggest problems of such unregulated sales is not primarily that the Norwegian government loses tax income, but the fact that these products are illegal.

The major importers we talked to did not only want to get rid of such illegal activities because they want to compete on equal conditions. They are also worried that dishonest importers and retailers can "harm" the market giving all market actors in the category a bad reputation. It would be difficult to attract new consumers, especially conquer new segments; if a part of the sport nutrition market was hit by a food scandal. A worst case scenario would be if the products contained illegal substances with harmful effects. This has not happened yet, but illegal elements are still found in sports nutrition products sold in Norway. However, it is not as common as it used to be.³⁵

Another reason why the sports nutrition market exhibits "cowboy" characteristics is related to the nature of the information given to the consumers. The importers we talked to said that sports nutrition products are not necessary for people who eat a regular nutritious Norwegian diet and who do not exercise. They say it should only be used as a supplement in connection with exercise (before, during and after). Hence the more serious actors say they are worried that less serious market actor promotes

³⁴ There are no statistics on this from customs authorities or other potential sources.

³⁵ Even the importers that define themselves as 'serious' admit that they have at times used illegal ingredients or exceeded the maximum value of some ingredients in their products. The level of seriousness to each actor and their definition of other unserious actors is therefore a relative matter.

sports nutrition products to people who do not exercise. This may contribute to giving the whole industry a shady reputation.

Concerning marketing, another example of misleading information is the naming of ingredients. There seems to be a quite widespread practice to give ingredients unfamiliar and complicated names that are difficult for consumers to understand. An example is the very technical description of a protein from Proteinfabrikken (mentioned in section 5.1.7). This practice can be interpreted as a strategy to give an impression of technological development and that the product is market leading. Using different terms for almost the same ingredients can therefore be viewed as a strategy which confuses the customers and makes it hard for them to orientate themselves in the market for new products. The more serious market actors worry that this practice may harm the whole industry.

An additional factor that seems to divide the serious actors from the less serious actors is product development. Representatives for the big brands accused the smaller actors for copying their products, and for presenting less objective research results. "Many tests are too partial to give correct answers", a representative for one of the big brands claimed. Providing correct "objective tests" lays the foundation for being regarded as serious market actor, according to some importers. One of the interviewees claims to follow a safe strategy; his firm waits until they are completely sure that a new product has the effects they claim before it is launched onto the market. "By doing this we can be understood as slow and conservative, since we will never be the first firm to jump on a new trend." Their reason for doing this is to build trust, he said. "Trust is of the greatest importance to us."

Being a researcher of the market means you only know the market from the outside. It is difficult to check what the respondents tell you. In this project we experienced a tricky situation since some of the importers that viewed themselves as serious were not seen as such by some of the competitors. The question is then which actors can be regarded as "serious actors"? For this report this is not so important, since our job is not to judge who is telling the truth, only to describe our findings. We should however keep in mind that the information we received not necessarily represents the truth.

6.2.2 Marketing and sales strategies

The reason for the growth in sales of protein products is partly to be found on the supply side of the market. In order to attract new consumer groups, especially women, the packages have been redesigned and their composition altered to meet women's demand. An example of this is the series of products for women called "Femiline" by Maxime. Not only are the prod-

ucts considerably smaller in size than regular products,³⁶ but the boxes for women are designed in soft colours and have a picture of a slim (or toned) lady doing stretch exercises. Redesigning the packages of sports nutrition products is a general market trend. The industry wants their products to appear less intimidating and thus huge buckets of powder are stored away and replaced with smaller and more appealing packages.

6.2.3 Expansion of sales channels and increased marketing

Today sports nutrition products can be bought through many channels. From chapter 5 we learned that these products are available in sports stores, gyms, health stores etc. This availability increases the probability that more people encounter the products. This is especially relevant for sales channels that are not directly aimed at people concerned with training. When the products are seen more often, they may also lose some of the “mystery” that they have been imbued with. They become more familiar and the threshold for trying them is lowered.

At the same time the marketing of such products has increased. In December 2008 it became common to see commercials in cinemas and on the TV for Internet sports nutrition sites. When mass media is used in marketing, this signals that sports nutrition products are for everybody, not only the really serious athletes. In short we can say that sports nutrition products have reached the broader populace.

6.3 Today’s market in a framework

As mentioned before the market for sports nutrition has expanded. This expansion has developed in several directions and at different velocities. We seem to have a situation where segments are developed further and new are found. At the same time sports nutrition products have entered the mass market. By launching products that can be used by “everyone” sports nutrition is rendered more harmless.

Figure 6-1 sums up the situation. By using two axes, *number of users* and *occasions*, we try to map where the market is today and where it can go in the future.

The horizontal axis measures the number of users, going from “few” to “many”. In this dimension we try to measure the width of the market. To the left we find the small segments like weightlifters, to the right we find “the broad masses” like the regular exerciser. The vertical axis measures in what settings the products are consumed. South we have very special occasions like training, but the further north we go along this axis the less specialised the occasion is. We have defined meals as the least

³⁶ For example is the weight of the protein box for women only 400 g, but the regular type is of 820 g.

special occasion in the figure. By meals we refer to food with the following three features: it is eaten regularly and in a social setting. It is also the main element of a person's food intake. In the middle we find food-on-the-go because that can be understood as meals eaten on a special occasion, for example when you are in a hurry.

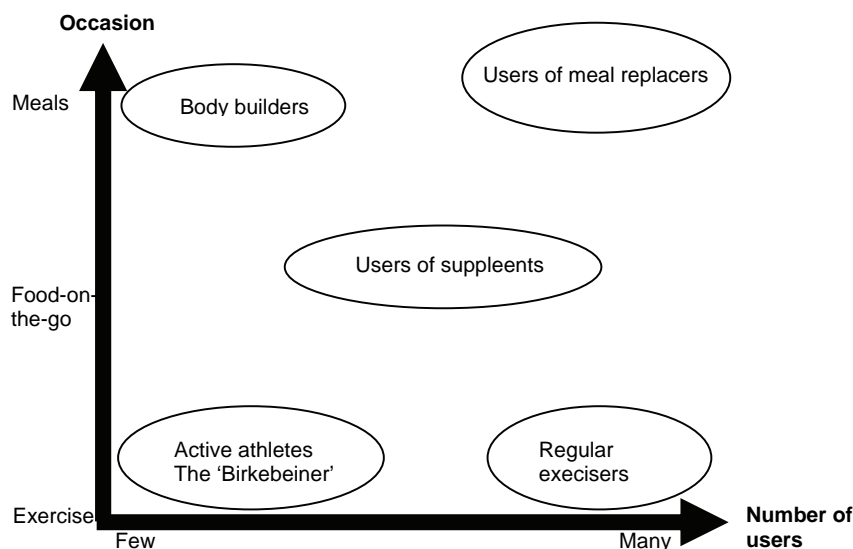


Figure 6-1: Segments in the Norwegian sports nutrition market.

In the figure we have placed five examples:

- “*Bodybuilders*”: Here we refer to persons doing exercise in order to develop muscles, for example weightlifters. This group is the traditional users of sports nutrition products, especially protein supplements. There are only a few persons in this group, but they are very dedicated to sports nutrition products. In order to avoid fat they replace regular meals and use specific forms of sports nutrition products, like creatine. Their willingness to pay and exploit new products makes them to some sort of innovators in the market. We do know that protein and creatine were first used by this group before it spread to the rest of the market. On the other hand, building strength is probably not the most usual way of exercising according to official statistics (SSB 2008a). Endurance training is the most common, and here this group cannot be innovators since they do not perform these kinds of exercises. In the segment of “bodybuilders” the marketing is very technical and uses terminology which is not easy to grasp. The goal here seems to be to build an impression of sports nutrition products as mandatory if you want to build the perfect muscular body and to lift heavy.
- “*Users of supplements*”: Sports nutrition products can be used as supplements to regular foods. Most common is probably protein powder to mix in daily dishes. As mentioned this is the segment that has expanded the most in later years. When sports nutrition ingredients find

their way into “ordinary food”, the line between food and sports nutrition products becomes blurred. This user group is potentially quite broad and does not consume sports nutrition products as a whole meal but rather as a supplement. Therefore it is placed at the centre of the figure.

- “*Regular exercisers*”: Here we find people doing regular exercises, like going to the gym, hiking in the forest and jogging in the park. The products used by this segment are probably the most available and common to use. In this part of the figure we find the low-threshold sports nutrition products that most people can accept and use. The segment is therefore placed to the east in the figure. It is placed in the south part of the figure because the products found here are used for exercise.
- “*Active athletes*”: This is the broad mass of serious exercises doing cycling, jogging etc. In Norway we call these persons “Birkebeinere” because they exercise hard for long duration competitions whether it is in cross country skiing, cycling or running. This segment is more advanced in its relation to sports nutrition products than the previous segment. That is, people in this segment do try many varieties in order to find the optimal one. This description places the segment to the west where we find fewer users. It is placed in the south part of the figure because the products found here are used for exercise. The segment is placed further south than the previous since the products here have an even more limited area of utilisation.
- “*Users of meal replacements*”: Meal replacements are not sports nutrition products according to the official definition. Still sports nutrition products can be used as meal replacements. Here the consumption pattern varies a lot: some eat an energy bar when they rush to the gym instead of a banana, others replace all their meals with protein shakes in order to lose weight. The fact that meal replacements actually are used to replace meals locates this segment to the north in the figure. We do not know how much such products are used, but in general everyone can use them, so therefore it is placed to the east. The location to the east in the figure is also due to the fact that meal replacements can be used in connection with dieting. Dieting is quite widespread (Roos 2006), so producing sports nutrition products that can also be used as meal replacements can be a potentially big segment to target for market actors.

We can use the figure to illustrate some movements in the market in the latest years. At least we can identify three movements:

First, this report has documented increased sales of protein. By introducing new protein products the traditional protein sellers like Proteinfabrikken etc. have tried to expand towards the masses. That is, they have moved from the north-west corner of the figure and towards south-east.

Here they have faced competition from producers of other kinds of sports nutrition products. These producers have answered the challenge by launching their own protein products. Maxim is an example of this, since they recently started to sell protein, while they traditionally only sold energy products.

A second movement is towards broader markets and distribution channels. Grocery trade is the main channel to buy food. One of the biggest Norwegian food producers, Orkla, has just bought Maxim. This may increase Maxim's possibilities to access the grocery retailer chains as Orkla is a huge producer of groceries. If sports nutrition products become more visible on Norwegian grocery shelves this will probably have at least two effects: in the short run people not aware of sports nutrition products will be exposed to the products and hence the products may lose some of their mysterious character. Because of this, consumption can increase. In the long run sports nutrition products will probably adapt elements from regular food industry products. There may be developed meal replacements products. Here we can think of ready-to-eat dishes where sports nutrition is added. In the figure this means a movement towards the east.

The latest movement we have noticed in the market is the one towards supplements. Sports nutrition products are increasingly being offered as a healthy alternative to fast food. In the newly opened snack bar "Pit Stop" in Oslo, they serve dishes with protein added and in Proteinfabrikken's web store it is possible to buy pancake mix with proteins. Then protein supplement becomes more "ordinary", it may become demystified. In fact it is already in the meals as you buy it. The market has been towards the north in the figure.

6.4 Possibilities for expansion

If the market for sports nutrition products is to continue its expansion, measures have to be taken in order to build trust in the products, the producers and market regulators. Today lack of confidence hampers expansion. This is a point acknowledged by the major actors in the market. By selling their products in several channels and producing products that are for everyone they hope to build trust.

The question is, of course, can this development continue? In order to answer this question we present five future scenarios for what may happen. These are "qualified guesses" based upon the market actors' beliefs, and organised by us as researchers. The scenarios are illustrated by numbered arrows in figure 6-2. These numbered arrows refer to the five scenarios we think can happen.

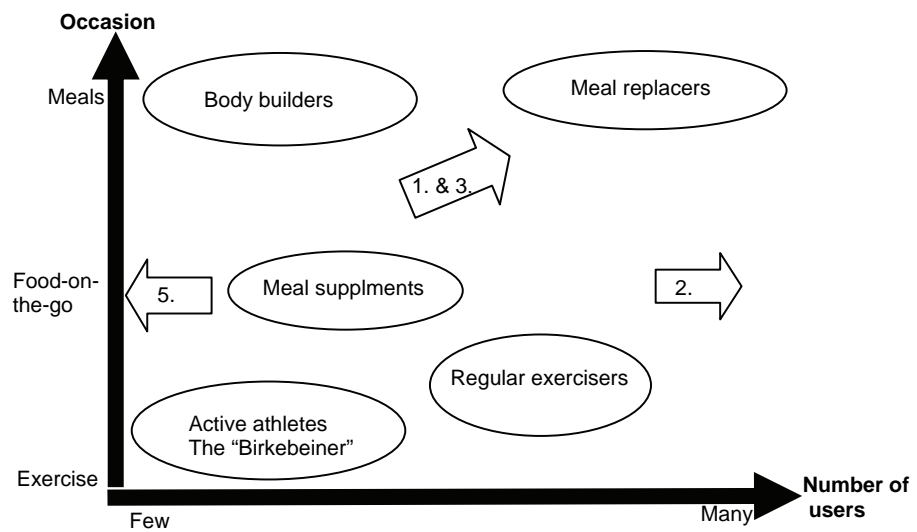


Figure 6-2: Possible movements in the market for sports nutrition products.

The five scenarios are:

- *The relative price scenario:* Because of the financial and food crisis, people cannot afford nutritious food anymore and therefore need supplements. This is most relevant for meat (the most protein-rich food) since meat production is very resource intensive. Meat will be relatively more expensive than supplements such as vegetarian-based protein powder. For the average Nordic consumer this would not mean that much since only a small part of household expenses go to food,³⁷ but since this share is falling with income (an empirical fact called Engel's law) increased food prices will hit the poor relatively harder than the more wealthy. This means a further movement towards the north-east in figure 6-2.
- *The between-meals scenario:* From 1971 to 2000 time spent on preparation of meals has fallen by 14 minutes daily for the mean household (SSB 2002). Simultaneously leisure time has expanded (Vaage 2002). The "time trap" expands which smoothes the path for in-between meals where sports nutrition products may find a profitable niche. A movement from the centre to the east in the figure could be the result.
- *The functional food scenario:* More products are enriched with special nutrients. For example we have milk with vitamin D and yoghurt with omega-3. Foods where nutrients are artificially added are called functional food and are subject to other regulations. If such foods meet little opposition we can guess that the same holds for sports nutrition as well. Then the path may be clear for sports nutrition as meal replacements, since the scepticism to "artificial" food is weakened. Geome-

³⁷ In Norway expenses to food and non-alcoholic drinks constitute eleven percent of the household expenses (SSB 2008b)

trically, this also means a movement towards the north-east in the figure.

- *The “cowboy market” scenario:* If the government does not succeed in controlling the market, the dishonest sellers of sports nutrition products (“the cowboys”) prevail. If some scandal arises, where someone becomes ill after using sports nutrition products, this process will accelerate. This may happen because of misleading marketing. Therefore the serious sellers and the consumers want objective and truthful information about the products, whereas dishonest sellers are only in the market for short-time profit. This might represent a general move towards the origin in the figure.
- *The food culture scenario:* We have seen a general tendency towards increased interest in food. An indication of this is increased sales of cookery books³⁸ and peoples self reported food interest³⁹. There seems to be a growing market for fresh, short-travelled, ecological and fair-trade foods. If this trend continues to grow, demand for sports nutrition products may be hampered, since sports nutrition products (powder and pills) is not exactly perceived as food culture. However, people may still continue to combine the two, e.g. eating locally caught smoked duck for dinner, but also consuming energy bars after training or on the run between meetings. The smaller segments, like bodybuilders are probably so genuinely interested in training that they would not stop using sports nutrition products even if it becomes out of fashion and politically incorrect. In the figure we would expect a movement from the centre to the west.

The first three of these five scenarios predict increased use of sports nutrition products, while the latter two predict lower consumption. Our intention has not been to predict what is most plausible, only to visualise potential futures. Elements from all these five scenarios will probably be realised and interact, creating the future market for sports nutrition products. We know that consumption of sports nutrition products is divided into segments, and these segments will become more important. Especially a distinction based upon economic and cultural class will become important, at least for scenarios nos. 1. and 5.

6.5 Summary

The increased focus on health and training in the last years is probably the main reason why we have seen such a growth in sales of sports nutrition products. People exercise more (Synovate 2008b) and sports nutri-

³⁸ In week 48/2008 four of the 15 most selling non-fiction books in Norway were related to food and cooking (The Norwegian Booksellers Association 2008).

³⁹ See for example Synovate (2006).

tion products are believed to give increased effect of training. The growth in the sports nutrition market has not happened without difficulties. The Norwegian importers are sceptical of each other and only a few of them are found worthy competitors.

The major market actors ask for more active and visible food safety authorities that work to delimit the number of dishonest actors in the market. From the major actors' point of view the Norwegian market for sports nutrition products can still in many ways be characterised as a "cowboy market", even though the situation has improved in later years.

Since independent market actors described the sports nutrition market in a very similar fashion, we have reasons to believe that the picture they draw is quite correct. A more transparent market has many advantages. By transparent we mean a market where it is easy to get an overview. It is possible to define all sellers and products. A third party has insight into all business transactions. First, it will enable competition on equal terms, which is important for the importers. Second, it would oblige the market actors to give objective information about the products. Also market actors could be made to use the same names for the same ingredients to help consumers make more informed choices. If the information surrounding the products is more clear and concise, consumer knowledge about products would increase.

Many institutional circumstances indicate a further growth in sales. Even though we can be said to be on the verge of an economic crisis, the sales of sports nutrition products is not likely to fall much, but rather stabilise at a somewhat high level. Training, and consequent use of sports nutrition products, is part of people's ordinary leisure time consumption. The wish to live healthy is a strong force in active people's lives. Hence it is more likely that users cut down on other expenses before they cut down on consumer routines connected to their training and leisure activities.

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Appendix

Intervjuguide Sportsernæring

- Introduksjon
 - Om prosjektet
 - Om SIFO
- Kan du begynne med å fortelle meg om virksomheten deres?
 - Omsetning?
 - Antall ansatte?
 - Hvilke typer produkter av sportsernæring selger dere?
 - Hvordan deler du inn de ulike produktene – hvilke kategorier av sportsernæring bruker dere?
 - Hvis du skal ta utgangspunkt i omsetningen for i år, hvordan er den fordelt på ulike kategorier av sportsernæring?
 - Selger dere andre produkter enn sportsernæringsprodukter?
 - Hvor får dere produktene fra?
 - leverandører,
 - import eller lager selv, eller ...
 - Hva selger dere videre og til hvem?
 - Kan du på bakgrunn av dette skissere opp deres plass i verdikjeden/varekjeden for meg?
 - Hvordan markedsføres produktene?
 - reklame i ulike kanaler
 - idrettsarrangementer
 - merchandising/sponsing
 - word-of-mouth
 - Hvor/hvordan omsettes produktene?
 - dagligvarehandelen, helsekost, sportsbutikker, apotek,
 - internett,
 - arrangementer/events,
 - idrettslag
 - Vet du noe om hvem som kjøper produktene deres?
 - kundene kan både være organisasjoner, forretninger, kjeder og enkeltpersoner
 - Hvem kjøper gjennom hvilke kanaler?
 - alder, kjønn, geografi, annet...
 - ikke? Hvem markedsfører dere produktene mot – hvilke kundegrupper?
- Hvem er de viktigste konkurrentene?
 - Andre bedrifter?

- Ulike produkter konkurrerer mot hvem?
 - Innenfor sportsernæringskategorien?
 - På tvers av kategorier?
- Hvilke reguleringer og myndigheter må dere forholde dere til?
 - Lover og regler
 - Hvilket regelverk må dere forholde dere til?
 - Mattilsynet – har de vært i kontakt med dere?
 - Må produkter registreres, eventuelt godkjennes?
- Finnes det frivillige bransjenormer for markedsføring og salg som dere forholder dere til?
 - Forholdet til Bransjerådet for Naturmidler
- Har det skjedd/skjer det endringer i reguleringene av betydning for markedsutviklingen?
- Er det mye uregulert import, eventuelt smugling? I tilfelle hvorfra?
- Vet dere noe om markedene i Sverige og Danmark?
- Hvordan er utviklingen på sportsernæringsmarkedet nå?
 - Hvordan har den vært de senere år
 - Hva er bakgrunnen for endringene tror du?
- Hvordan tror du utviklingen på markedet vil bli videre?
 - Spesielt mht. utviklingen av sportsernærings produkter
- Avslutning
 - Er det noe du vil legge til på slutten av intervjuet?

Takk for intervjuet!