Abstract

Functional foods, foods that promise to help in cure and prevention of disease, are the new tendency characterizing the food industry's powerful market at the beginning of the 21st century. Yogurts, margarines, buttermilk, cereals, mineral water, etc. promise aid in curing or prevention of diseases such as those affecting the cardiovascular system, certain types of allergies, intestinal problems etc. Among key factors that explain the success of functional foods are the growing concern with health and well-being, changes in food industry regulation and growing scientific evidence of the relationships existing between diet and health. We have chosen to analyze and compare the strategies of two multi-national firms (Danone and Nestlé) that exercise a rivalry on the shelves of Brazilian supermarkets over who will prevail on the functional yogurt market. Danone's Activia was successfully introduced throughout a number of European countries in the mid-1990s and on the Brazilian market in 2004, leading to a considerable renewal of the market for dairy products. In response, Nestlé introduced Nesvita in June of 2006. Using the New Economic Sociology as our basis, we verify the existence of market struggles in which innovation and introduction of new products are necessities for firms that intend to maintain or establish leadership. Within this field of struggle, the State holds a major role, defining the rules of the game both for partners and competitors.

Keywords

Functional foods, innovation, market, State, Danone, Nestlé.