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Positioning Functional Foods for Sports Performance – A Case Study: A food producer's communication with external stakeholder groups

A thesis submitted in partial fulfillment of the requirements for the degree of Master of Management Studies in Management Communication at the University of Waikato

by

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April 2011
Abstract

Increased consumer and professional interest in healthy foods and beverages, coupled with recent advances in food science technology, have seen food-producing organisations create and market food products claiming to offer physiological benefits beyond their basic nutritional value. These functional foods have sparked considerable public debate despite growing in popularity and availability. To date, empirical research on functional foods has focused mostly on consumer and medical professional perspectives. However, this case study focuses on the perspective of the food-producing organisation.

In this case study I examine how one food-producing organisation tries to balance the tensions it faces in developing and producing functional foods. My interest is in how organisational assumptions affect research and development decisions, and subsequent communication with external stakeholders. The functional foods are beverages which can aid sports performance. The external stakeholders are to primarily be sportspeople (meaning highly competitive sportspeople and elite athletes), but I also include other relevant external stakeholder groups such as coaches, and health professionals. The data collection comprises semi-structured one-on-one interviews with organisational members involved in research and development, nutrition claims, marketing, and branding; together, with a review of secondary organisational information taken from websites and advertisements.

The interpretive thematic analysis shows that this food-producing organisation made specific organisational assumptions about health, functional foods, sportspeople, and other consumer groups. The findings demonstrate that the organisation juggles multiple identities at a product, brand and organisational level in order to connect with the broadest range of stakeholders possible. This creates tensions concerning where the focus for product development, branding, and other communication should reside, which have financial and legislative consequences; in turn potentially affecting organisational reputation. One implication of this research is that in trying to connect with too broad a range of stakeholders the organisation may start losing the brand credibility it has thus far built up with specific consumer groups, such as sportspeople, and compromise the respect of professional interest groups and expert stakeholders.
Acknowledgements

This Masters research study was conducted as part of a wider research programme headed by Dr Alison Henderson, Senior Lecturer in the Department of Management Communication at the University of Waikato and Professor Linda Putnam, in the Department of Communication at the University of California-Santa Barbara. The study was generously supported by a Marsden Fund grant.

Dr Alison Henderson was my direct supervisor, and in this role she was invaluable. Alison was supportive, patient and encouraging. She consistently challenged my thinking and understanding, ensuring that I would not to settle for a piece of writing I was not 100% happy with. Alison’s comments and critical advice have always been gratefully received.

To my husband Scott, a very special thank you for your patience, understanding and unfailing support. We got there in the end. It is possible to complete a Masters Degree, plan and execute a wedding, and run multiple business ventures at the same time, when you work as a team.

Finally, this research could not have been completed without the interest, assistance, and willingness to participate of those people interviewed in my case study organisation. Thank you.
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CHAPTER 1 – Introduction

The food landscape is ever evolving. In today’s societies, food has a plethora of meanings and functions; for example, in relation to, survival, satiety, comfort, family, culture, health, lifestyle, and physiological performance, all of which make eating an increasingly complex sphere of life. In recent decades, consumer interest around the functioning of food and beverages, in order to achieve optimal health and physiological performance, has burgeoned (McConnon, Fletcher, Cade, Greenwood & Pearman, 2004). Sportspeople, in particular, as a consumer group including those participating in competitive individual or team sports and at elite level, continually look for ways to out-perform, out-train, and out-recover their opponents, and to improve on their own personal benchmarks. Furthermore, coaches, physical trainers, and medical professionals agree that correct nutrition is critical to performing at an optimal level; especially as the exertion levels of competitive and elite sportspeople often mean a well-balanced diet of nutrients at the recommended daily intake (RDI) is simply not enough (Aoi, Naito & Yoshikawa, 2006).

In response to this particular growing consumer interest, food scientists and food-producing organisations, with the help of technological advances in food science, have been able to explore the properties and health-giving benefits of ingredients, and in some instances enhance foods in order to improve health and physiological performance. For the purposes of this research my use of the term “food” also encompasses beverages. Put another way, advances in food science technology have enabled food-producing organisations to create and market products offering consumers something “extra” health or physiology wise. That is, additional benefits or results in energy, output, performance, concentration, stamina, fat reduction, muscle mass, or recovery, for instance – functions every highly competitive or elite sportsperson, or team, is striving for. Products of this nature include Horleys protein bars, beverages, and powders; the One Square Meal; Nutrigrain – “Ironman Food”; and the Power Bar, all of which fall into the category of functional foods. Functional foods are foods or beverages that provide additional physiological benefits beyond basic nutrition; they are products
that bring an element of science into everyday eating by promising specific health effects (Hasler, 2000; Niva, 2007).

Since their introduction, functional foods have not been without debate or controversy (Katan & Roos, 2004; Scrinis, 2008). Tensions exist around the definition, ethos, and health-benefit claims of functional foods (Liakopoulos & Schroeder, 2003; Schroeder, 2007; Williams & Ghosh, 2009). Several studies have attempted to address some of the debate bound up in these tensions, such as whether or not consumers and medical professionals actually believe that functional foods really fulfil the brief they purport to (Bogue, Coleman & Sorenson, 2005; McConnon, et al., 2004; Niva, 2006; Thompson & Moughan, 2008). And at the centre of these tension-bound debates are the food-producing organisations, and their actions. Yet to date, at least for the most part, this group has not been the focus of research on functional foods. At present, there is little empirical research exploring how food-producing organisations make decisions and act based upon their interpretations of the tensions that surround functional foods and their assumptions about external stakeholder groups. An important question to ask is how do food producers, especially in New Zealand’s small, but highly competitive functional food industry, balance corporate objectives for market share and an increased bottom line with the need to provide quality products in their stakeholders’ best interests; in this case, sportspeople?

The current research will address three gaps in the literature. First, as just mentioned, research studies on functional foods have for the most part focused on the perspectives of the consumer and/or the medical professional, but not the food producer (Bogue, et al., 2005; Holm, 2003; Kolodinsky, et al., 2008; Liakopoulos & Schroeder, 2003; McConnon, et al., 2004; Niva, 2006; Patch, et al., 2004). By focusing on the food producers’ perspective, this research brings new insights to the field of functional foods by revealing how assumptions, thoughts and opinions influence the research and development, and communication strategies of food producers. Second, the majority of studies thus far have only addressed functional foods for general health or for those with specific medical conditions, such as high cholesterol (Bogue, et al., 2005; McConnon, et al., 2004; Niva, 2006). This research will extend the literature and perspectives available on functional foods by concentrating on functionality specifically for sportspeople and sports
performance. Finally, although the first recorded functional food product sold in Japan was in fact a fibre-enriched soft drink, “Fibre Mini” (Chamberlin, 2004; Tapsell, 2008), for the most part functional food studies have focused on exactly that, food products – Benecol Margarine, Golden Rice, Cardia Salt, Quaker Oats – until more recently (Chamberlin, 2004; Katan & de Roos, 2004; Lehenkari, 2003; Niva, 2006a; Patch, et al., 2004). Today, there is an increasingly popularity in functional beverages, inclusive under the term functional foods, for example, Yakult probiotic yoghurt-based drinks, and milk/orange juice enriched with calcium or omega 3 (Koldinsky, et al., 2008; Niva, 2006; Scrinis, 2008; Thompson & Moughan, 2008; Williams & Gosh, 2008). This study looks to expand the research and knowledge base of functional beverages by focusing on those produced to aid sports performance.

The overall aim of this Masters research case study is to explore what decisions and actions a food-producing organisation takes in relation to external stakeholders whilst trying to balance the tensions it faces in developing and producing functional foods. The external stakeholders, as mentioned, are sportspeople (meaning highly competitive sportspeople and elite athletes). I have a personal interest in these so called functional sports performance products, as a highly competitive sportsperson. I believe nutrition to be vital to performing at an optimal level. I read widely about nutrition and pay attention to how food producers communicate with and promote their products to consumers; for example, through websites, newsletters, advertising, labelling, and celebrity endorsement. My interest in and knowledge of nutrition combined with a desire to perform at an optimal level means I am both optimistic and wary of new products released by food producers purporting to provide additional health benefits or physiological advantages. However, I have no “a priori” position on these issues.

This study is important because it reveals assumptions that a food producer makes about functional foods for health and sports performance, and about sportspeople. It also examines how food producers apply their assumptions and perspectives relative to tensions surrounding functional foods in terms of their decision-making, consequent research and development, and communication practices for the external stakeholder groups relevant to this study. The empirical information
discovered from this research highlights business and social implications resulting from a food-producing organisation’s decisions as to what constitutes healthy food generally and functional food for sports performance specifically. It may also inform medical professionals, coaches, physical conditioners, as well as sportspeople about how the decisions of a food-producing organisation are reached when putting new sports performance-oriented functional food products on the market; thus, these groups will be able to make more informed decisions, choices or recommendations regarding functional foods for sports performance.

In the next sections I will describe the New Zealand functional food market and its global positioning, and introduce the case study organisation for this research.

The New Zealand Functional Food Market

In recent years there has been a growing emphasis in New Zealand’s primary produce trade for innovative products that add value to consumer health and physiological performance, and which push New Zealand’s “clean green image” (point-of-difference); thus, ensuring this country remains competitive on a global scale (Investment New Zealand, 2006; New Zealand Trade & Enterprise, 2009). New Zealand’s earnings from functional food, or “value-added” food and beverage, exports now account for over half of the total food, beverage, and food ingredient exports (New Zealand Trade & Enterprise, 2009). Asia, where consumer demand for functional food products is significant, is the largest export market for New Zealand’s functional foods accounting for over 60% of sales, estimated at $80-100 million per annum (Investment New Zealand, 2006; New Zealand Trade & Enterprise, 2009). Japan, the first country to develop functional foods and the world’s second largest functional food market, and Korea are the biggest Asian buyers (Investment New Zealand, 2006; New Zealand Trade & Enterprise, 2009). Some of the functional food products or product ingredients New Zealand currently exports include: manuka honey, horopito, green-lipped mussel extract, flaxseed, kumara, avocado, boysenberry, feijoa, gold kiwifruit, kiwiberry and tamarillo (Investment New Zealand, 2006). The top three reasons given for consumption of functional foods by overseas importers are energy, digestive health, and immunity. The capacity to export top-quality functional food products to satisfy overseas demands is driven by high-calibre research and development teams from organisations such as, AgResearch, HortResearch, Crop
and Food Research, Industrial Research Limited, and the Riddet Centre Massey University (Investment New Zealand, 2006). New Zealand is also trying to compete in the global market for functional food products designed specifically to aid sports performance. Sport-oriented functional food products produced locally include, Sanitarium New Zealand’s UP&GO Energize (www.sanitarium.co.nz), the One Square Meal (www.onesquaremeal.co.nz), and those of the case study organisation.

The Case Study Organisation

The case study organisation for this research is a New Zealand beverage company (the organisation). The organisation was established in the 1960s to manufacture and distribute a fruit juice under the then New Zealand Apple and Pear Board. Today, the organisation is privately owned by overseas interests, and employs more than 900 staff across New Zealand and Australia. The organisation manufactures and distributes more than 20 non-alcoholic beverage ranges – energy drinks, fruit juices, fruit drinks, pure waters, sports waters, soft drinks and milk drinks – and leads the New Zealand market in both energy and juice drinks. It is also the second largest non-alcoholic beverage provider in New Zealand.

The organisation’s employees are divided into several work teams – human resources, research and development, manufacturing, quality assurance, marketing, sales, logistics, finance, and information systems. This case study focuses on the research and development (R&D) and marketing (Marketing) teams.

The organisation has five core values:

- “Go For It” – a can-do attitude, getting stuck in, passion and making things happen.
- “One Team” – a shared vision, support, pulling your weight, sharing knowledge and having fun together.
- “Straight Up” – saying what they mean, voicing ideas and opinions, and doing what they say in an ethical and moral manner.
- “Trailblazing” – innovating not imitating, challenging the status quo, thinking differently, being bold, speaking up when others will not, trying new things, leading not following, taking calculated risks, and defining their own future.
• “Value You” – valuing and respecting employees for their individualism and the dynamic they bring to the organisation, promoting work/life balance, and valuing hard work, fairness, and consistency.

The organisation also believes socially responsible behaviour is important. First, it has community involvement and supports causes such as the Life Education Trust, World Vision’s 40 Hour Famine, and Books in Homes. Second, it has developed more sustainable and environmentally friendly work and product packaging methods. Third, it participates in rigorous consultation and review processes around product nutrition and labelling, and tries to provide “healthier alternative” beverages, especially in schools.
CHAPTER 2 - Literature Review

Introduction
The following chapter is divided into six sections. The first section concentrates on the origins, concept, definitions, and the issues surrounding functional foods. Sections two through four focus on the theoretical concepts that will build a framework to analyse this research. Section five explains the overall theoretical propositions for this study, whilst the final section outlines the research questions.

Functional Food
The meaning of food has changed significantly over the past few millennia from a simple means of survival to something embedded deep within society on a practical, economic, symbolic, and relational level (Holm, 2003). For example, nutritionally, food serves a practical and necessary function; economically, it provides careers and incomes; symbolically, it highlights seasons, festivities, daily routines, and is a marker of national, cultural and individual identity; and relationally, food is often a medium for interaction with significant others in our lives (Holm, 2003). More recently, food has taken on further meanings; one such meaning is functionality, in terms of physiological wellbeing and performance, where phrases like “beyond nutrition”, “optimal health”, “nutrient and phytochemical density”, “health markers”, and “functional foods” have become the norm (Aoi, et al., 2006; Hasler 2000; International Food Information Council, 2009).

The term functional food originated in Japan in the early 1980s; although, the concept of food and optimal health is not a new one. In 400B.C. Hippocrates espoused the tenet “let food be thy medicine and medicine be thy food” (Hasler, 1996, p. S6). Many cultures share long-held, widespread, and deep-rooted beliefs in food’s health-giving properties (Goldberg, 2000). Yet, it was Japan’s academic researchers, its government, and its food industry that began to identify and push the health and physiological benefits of specific foods and ingredients.

Varying reasons have been proffered for the rapid development and popular appeal of functional foods. First, from a food industry perspective the reasons include: vast advances in science and technology – particularly the use of micro-
organisms (Basu, Thomas & Acharya, 2007; Hirahara, 2004), the expanding global marketplace (Basu, et al., 2007; Niva, 2006), a concerned and interested media (Arvanitoyannis & van Houwelingen-Koukaliaroglou, 2005; Basu, et al., 2007), higher overall disposable consumer incomes (New Zealand Trade & Enterprise, 2010), a highly competitive food market with small profit margins where new product development and differentiation is critical (American Dietetic Association, 2009), and Japan’s interest in the isogenic relationship of natural materials used by the Chinese, and other cultures, for both food and medicine, such as ginger and garlic (Basu, et al., 2007; Lehenkari, 2003). Second, from an anthropological perspective the reasons include: higher medical costs due to extended life-spans (Basu, et al., 2007; Doyon & Labrecque, 2008; Hirahara, 2004), increased chronic illness (Basu, et al., 2007; Doyon & Labrecque, 2008; Hirahara, 2004), an ageing population (Basu, et al., 2007; Doyon & Labrecque, 2008; Hirahara, 2004), and greater public awareness of and attention to health and diet leading to a greater demand for nutritious food (Arai, 2000; Basu, et al., 2007; Doyon & Labrecque, 2008; Hirahara, 2004; Niva, 2006). According to Gray, Armstrong and Farley (2003), and Milner (2002), consumers were ready for a positive, proactive approach to food consumption, as opposed to the negative “reduce and avoid” dietary approach of prior decades.

In 1984 Japan launched the first of three national projects with the goal of beating the odds against Japan’s, and the world’s, aging population (Arai, 2002). In other words, to combat “life-style related diseases such as diabetes, arteriosclerosis, osteoporosis, allergies, cancer, and even some kinds of infectious diseases, through improved dietary practices in daily life” (Arai, 2002 p. S139). Under the first project, entitled “Systematic Analysis and Development of Food Functions”, the research team proposed that foods have not only nutritional (absorption of nutrients/nourishment for survival) and hedonic (consumption for pure pleasure) attributes, but also a third newly identified attribute, that of functionality (Arai, 2000). This third attribute related to the “modulation of the physiological system...and prevention of life-style related diseases”; that is to say, food with a therapeutic focus (Arai, 2000, p. 14). More specifically, food could be scientifically shown to enhance physiological function and/or reduce risk of disease. For instance, according to Goldberg (2000), understanding foods at a
molecular level would help enable the discovery and/or development of more potent and beneficial food ingredients and whole foods. It was during this first project, that the term *functional food* was coined. It was not until 1988, however, under the second national project, “Analysis of the Body-modulating Functions of Food” that Japan introduced its first functional food product to the public, “Fibre Mini” – a soft-drink enriched with dietary fibre to reduce constipation, obesity and offer protection from colonic cancers (Arai, 2000; Kondo & Nakae, 1996). Japan is a soft-drink loving nation; thus, offering functionality in this way was an obvious and sensible choice (Patch, Tapsell & Williams, 2004).

Three years later, in 1991, Japan established a rigorous permissions system for functional foods – “Foods for Specified Health Uses” (FOSHU) (Arai, 2000; Hirahara, 2004). The FOSHU system was introduced to ensure all health claims for new functional food products, made by food-producing organisations, were scientifically substantiated. Two types of health claims for functional foods must be scientifically substantiated: the enhanced function claim and the reduction of disease risk claim. The first product to pass the FOSHU standard was “Fine Rice” on June 1, 1993, a hypoallergenic rice product. Meanwhile, from 1992-1994 the third and final national project, “Analysis and Molecular Design of Functional Foods”, was initiated (Arai, 2000; Hirahara, 2004). This project had dual concept-and product-driven foci with the aim of creating functional foods that addressed the functioning of the nerve, immune, endocrine/exocrine, circular, and digestive systems; the Japanese chose these physiological functions to explore first since they are the most commonly studied bodily functions (Arai, 2000; Arai, 2002).

Since the early 1980s functional foods have progressed from a local national (Japanese) concern, to a fully fledged international concept with promising and dynamic development opportunities. Functional food products have created a market worth billions of dollars worldwide with a plethora of products; some of the more popular include: energy/sports drinks, probiotic dairy products, heart health spreads, and ready-to-eat cereals (Weststrate, van Poppel & Verschuren, 2002). Interestingly though, the meaning of what is perceived to be healthy and functional is not necessarily universal. For example, according to Siro, Kapolna, Kapolna and Lugasi (2008), the Eastern and Western concepts of functional
foods, although both generally positioned favourably in academic literature, have developed in diverse directions. For example, the Japanese class functional foods as a “distinct class of product” (p. 457) and see function as superior to taste; whereas, in Europe and the USA functional food is seen conceptually, as “adding functionality to an existing traditional food product” (p. 457) without compromising taste, and not as a separate product class (Siro, et al., 2008). These divergent viewpoints may explain in part why, although the over-arching concept of functional foods is, for the most part, viewed positively in studies, reviews and commentaries, the definition is not devoid of debate.

After more than two decades using the term functional foods, stakeholders in the fields of medicine and nutrition, science, policy, and business are yet to agree on a single definition of what separates functional foods from any other food; because to some degree all foods are functional in that they provide some form of nutritional benefit(s), and can be marketed as such (Doyon & Labrecque, 2008; Hahn, 2005; Holm, 2003; Katan & de Roos, 2004; Lehenkari, 2003; Liakopoulos & Schroeder, 2003; Russell, 2000; Schroeder, 2007; Tapsell, 2008). For those with more extreme views, this inability to define functional foods is a clear indication that the term is inadequate and/or unnecessary (Scrinis, 2008).

The fact that several other terms are often used interchangeably with functional foods – for example, health foods, protective foods, phytochemicals, natural remedies, medi-(cal) foods, nutritional foods, super foods, pharmafoods, vitafoods, foods for specific uses, and designer foods – does not help resolve the existing definitional tension or confusion for consumers, health and education professionals, retailers, and legislators (Chamberlain, 2004; Clydesdale, 1997; Lehenkari, 2003; Moskowitz, Beckley & Minkus-McKenna, 2004, Roberfroid, 2002). Furthermore, these terms can be viewed positively or negatively depending on one’s opinion. One more recently introduced term, sometimes used interchangeably with functional foods, has raised particular concerns about the line between food and medicine starting to blur – nutraceutical (Lehenkari, 2003; Moskowitz et al, 2004). Both nutraceuticals and functional foods have been demonstrated to provide physiological benefits; yet Jones (2002), believes there is a clear distinction between the two. He claims that a nutraceutical is “a product isolated or purified from foods that is generally sold in medicinal forms not
usually associated with food” (Jones, 2002, p. 1556). Whereas, Doyon and Labrecque’s comprehensively explained “working definition” of functional foods offered in 2008 is clearly quite different to Jones’s definition of a nutraceutical:

A functional food is, or appears similar to, a conventional food. It is part of a standard diet and is consumed on a regular basis, in normal quantities. It has proven health benefits that reduce the risk of specific chronic diseases or beneficially affect target functions beyond its basic nutritional qualities. (p. 1144)

However, to those recommending the use of functional foods or those consuming certain functional products the line between food and medicine still appears to be blurred, and this becomes especially significant when current legislation differentiating food and medicine is no longer easily applied (Glinsmann, 1996). In other words, functional foods are a new class of food product requiring different understandings from consumers, educators, and retailers, and also different legislation. For example, there is still a general resistance to the introduction of new technologies in the food industry from some publics (Cronin & Jackson, 2004). Some consumers, particularly, do not like the idea of their food being “tampered” with and are, therefore, not confident to make purchasing choices about functional foods. Resistance to change coupled with the need for different understandings and legislation for functional food creates several potential challenges for producers.

Today the term functional food is being used more as an “umbrella concept”, understood to encompass natural or whole foods, foods to which a component has been added or removed, foods where the nature of one or more components has been modified (fortified, enriched or enhanced), foods in which the bioavailability of one or more components has been modified, or any combination of these possibilities (Roberfroid, 2002). Bioavailability refers to the availability of bioactive nutrients/ingredients in foods, such as probiotics or flavanoids, which are health-enhancing food components (Arvanitoyannis & van Houwelingen-Koukaliaroglou, 2005). However, this “umbrella concept” is viewed by some as
one of the reasons why defining functional foods has proven so difficult (Scrinis, 2008; Thompson & Moughan, 2008).

Roberfroid (2002) suggests that if research and development is function-driven rather than driven by product differentiation, the concept of functional food is likely to be more universal and not so much influenced by local characteristics or cultural traditions. Although this position would be useful for legislator, global manufacturer, and consumer understanding, perhaps expecting a single universally-accepted definition of functional food is neither possible nor advantageous. In addition, the definitional variations and the confusion surrounding functional food is more than just a theoretical concern; there are far-reaching practical implications (McConnon, Cade & Pearman, 2001). For example, each country’s approach to the definition and regulation of functional food and its use of nutrition, health, and related claims is intimately linked with its culture; therefore, cultural differences are inevitable and perhaps justifiable, if not desirable (Pascal, 1996). There is a risk that a universal definition of functional food may lead to the legislating out of local traditions. On the other hand, Aschemann-Witzel and Hamm (2010) state that in relation to health claims and legislation, “the relationship between communication strategies, on-package information and (un-)healthy food preferences is a hotly disputed topic” (p. 47). That is to say, the lack of regulation and/or international consensus over the use of health claims has, until more recently, led to conflicting, mixed, and sometimes exaggerated health messages from marketing departments, causing confusion, mistrust, and anger from consumers and consumer groups towards food producers and regulators (Ghosh, 2009; Hahn, 2005; Jones, 2002; Katan & de Roos 2004; Lehenkari, 2003; Naylor, Droms & Haws, 2009; Russell, 2000; Schroeder, 2007; Williams & Ghosh, 2008). This is especially the case when consumers fail to see or feel the benefits of eating “so-called” functional foods (Powell, 2007).

New Zealand, under the joint Food Standards Australia New Zealand (FSANZ) agency, has joined other agencies and councils worldwide to more vigorously regulate, standardise, and substantiate claims via product labelling and other advertising avenues (Ghosh, 2009; Williams & Ghosh, 2008). FSANZ is currently completing the development of new legislation that will see claims split into three categories: nutrition content claims, general-level health claims,
high-level health claims (FSANZ, 2011). Ghosh (2009) states that, “regulation is important in food innovation because it governs the means by which health benefits can be translated into messages for consumers” (p. 152). The American Dietetic Association (2009) goes further, stating that functional foods often still fall within the realm of marketing rather than regulation and that “the rapid evolution of this trend in food development and consumption creates both significant opportunities and issues for providing reliable public information” (p. 735). So, on the one hand, many of today’s consumers see functional foods as a potential cost-effective, preventative approach to health care and an improved health status (ADA, 2009); therefore, they choose to buy into this food trend in a positive way. Yet, on the other hand, due to the slow progress of regulation and standardisation, some consumers are more sceptical than ever before about trying new products claiming to provide “extra” health benefits, as they are uncertain if the products are being marketed to genuinely help consumers or simply to increase producers’ profits given the increasingly tight margins in the food industry. Therefore, the degree of trust in regulations rather than consumer choice can often be the deciding factor in whether or not a purchase is made.

Aoi, et al. (2006), point out that there are a variety of functional foods in the sports food market particularly; yet, some products have clearly shown little efficacy (Aoi, et al., 2006; Deldicque & Francaux, 2008). Some producers make exaggerated claims about active ingredients, which are usually present in amounts far below those that have been shown to be effective in improving performance, and sometimes without a full understanding or evaluation of all the potential benefits and risks associated with their use (Deldicque & Francaux, 2008; Maughan, 1998). Arvanitoyannis and van Houwelingen-Koukalioroglou (2005), concur stating that “the absence of convincing scientific research, pent-up consumer demand and inadequate regulatory controls may create a situation in which the marketplace is flooded with products of dubious benefit and false, or in the best case, exaggerated claims” (p. 386). These sports product-related concerns only add to consumer confusion and unease.

Finally, according to health and education professionals, definitional variations have also led to concerns that functional foods potentially confuse and/or antiquate nutrition requirement guidelines and the use of tools such as the “Food
“Pyramid” set out in local and/or national health and education policy (Jones & Varady, 2007; McConnon, et al., 2001; Thompson & Moughan, 2008). In other words, “the notion that one can further improve health when the recommended intake for the nutrient has already been met is inconsistent with the existing definition requirement” (Food & Nutrition Board, 2003, as cited in Jones & Varady, 2007, p. 119). There is in fact some suggestion that “over consumption” of nutrients, whether in a natural or modified state, can be bad for one’s health (Bjelakovic, Nikolova, Gluud, Simonetti & Gluud, 2008).

Ultimately, if food producers, retailers, scientists, regulators, and the medical community do not work together to ensure functional food products are evidence-based, effectively regulated, and their attributes accurately communicated then consumer neophobia will likely increase, and the successes enjoyed by many functional food producers may be short lived. It is the acknowledgement and actions of the food producer towards consumers and their concerns that will be the focus of this research, rather than consumer concern per se.

Several theoretical approaches could be applied to this research. However, given some of the major global contentions surrounding the functional foods industry – definitional variation, consumer confusion and concern, and regulatory inconsistencies – organisational identity and organisational reputation, have been chosen as the foci. These approaches are inter-related and provide one way to build a framework for the analysis of the research at hand. These approaches are to be explored separately, together with a linking section on internal decision-making and external organisational communication.

**Organisational Identity**

Organisational identity, though intangible, can be a great organisational asset if managed correctly according to Cheney and Christensen (2001, p.241). However, the nature of the organisational identity is complex and debated in both business and communication literature (Cheney & Christensen, 2001; Sha, 2009). An organisation must be able to answer the question – “Who are we?” in trying to define its organisational identity. The answer to this question is not simple, as will be demonstrated in the following section.
Organisational identity took on importance within the organisational entity in the 1950s and 1960s. At that time organisational identity was synonymous with organisational phraseology (slogans), organisational style (decor and dress code) and visual identification (logos), as many of those responsible for its inception had backgrounds in graphic design (Illia, Schmid, Fischbach, Hangartner & Rivola, 2004; van Riel & Balmer, 1997). Since the 1960s, the concept of organisational identity has continued to evolve. In the 1970s it was equated to corporate personality, signifying the importance of projecting a positive image to stakeholders (Illia, et al., 2004). In the early 1980s, Hannebohn and Blocker (1983, as cited in Omar, Williams & Lingelbach, 2009) posited that organisational identity was concerned with strategies to increase the efficiency and economic performance of an organisation. In the late 1980s, Olins (1989, as cited in Korver & van Ruler, 2003) argued that organisations have identity structures, namely monolithic, branded or endorsed. A “monolithic” identity structure means an organisation consistently projects an image using a single visual style (company logo) and its name, for example, Shell. A “branded” identity structure means a parent company has sub-companies with separate names and visual styles and during external communication no mention is made of the parent company, for example, Unilever. An “endorsed” identity structure means a parent company has sub-companies with separate names and visual styles, but during external communication the parent company remains visible, for example, Accor Hotels.

Nearly a decade on, van Riel and Balmer (1997) described organisational identity as “the way in which an organisation...is revealed through behaviour, communications, as well as through symbolism to internal and external audiences” (p. 341) and as something that should be managed by communication specialists. Just two years later Balmer (1999) with Gray, stated that “In essence, corporate identity is the reality and uniqueness of an organisation which is integrally related to its external and internal image and reputation through corporate communication” (p. 171). At the turn of the century, Bromley (2001, as cited in Omar, et al., 2009) argued that organisational identity is the set of features that distinguish firms from one another, especially those with similar products or services. More recently, organisations have focused on striving for an “ideal” conceptual organisational identity, and purposely use identity as a strategic
management tool to ensure first survival, second profitability, and finally a favourable reputation, by jointly focusing on internal needs and external expectations (Illia, et al., 2004).

However, after a significant evolutionary period, there is still no unanimous agreement as to what the term organisational identity refers to, except to say that it is a crucial intangible asset. There are two interrelated identity constructs specifically that are under debate; “fixed vs fluid” and “single vs multiple”. It was originally argued that organisational identity was a fixed or static construct that embodied an organisation’s enduring, central, and distinctive values and characteristics that would not shift no matter the change happening around it (Albert & Whetten, 1985, as cited in Gioia, Schultz & Corley, 2004); however, more recently it has been argued that organisational identity is a much more fluid or dynamic construct, able to be actively (re)created, (re)framed, (re)constructed, and negotiated as the situation demands (Albert & Whetten, 2004; Georgakopoulou, 2002; Sethi & Compeau, 2002; Sha, 2009; Sveningsson & Alvesson, 2003). Sha (2009) illustrates the debate of static vs dynamic identity with the following statement:

Although organisational identity usually is defined as being that which is fundamental to and unchanging in an organisation, some research has suggested that the construct should also be connected to organisational flexibility and adaptability, i.e., that organisational identities must be fluid and able to change through time as necessitated by shifting conditions in the organisational environment. (p. 297)

For example, a food-producing organisation may experience a significant loss of identity if its founder, who created and embodied the organisation’s signature product, dies. This shift in the organisational environment may require a re-framing or complete re-construction of the organisational identity. Gioia, Schultz and Corley (2004), argue that in regard to identity fluidity the key word is “continuity” rather than “enduring”. That is, the interpretation and meaning of organisational identity can shift; however, core beliefs and values remain constant over time and circumstance (Gioia, et al., 2004). In today’s fast changing society
where new information technology is rapidly making the communication environment increasingly complex, fragmented, and challenging, modern organisations are under extra pressure to seemingly exist within a paradox of changing to remain the same (Gioia, et al., 2004; Gurau & McLaren, 2003). Moreover, Cheney and Christensen (2001) state that today “communication is continuously challenged and the conditions for communication are in constant change” (p. 242). For example, the Internet has forced organisations to re-think and alter communication strategies, including channels, audiences, modes, method, content, form, and feedback (Gurau & McLaren, 2003). Many food producers today, for instance, use Facebook and Twitter as communication tools. However, the Internet encourages not only interpersonal, but also mass communication. It empowers users (consumers) to ask questions and post comments, and it allows immediate access to a wide variety of information sources, and as such it removes control from the organisation making it harder to manage elements of the organisational entity, including organisational identity (Gurau & McLaren, 2003). Nevertheless, the flip side to these advances in information technology is that they have assisted in pushing organisational identity and organisational communication to the forefront of corporate concerns.

It has also been argued that organisational identity should be viewed as singular or monolithic, because in everyday conversation people tend to classify organisations as being one thing or another, “this taxonomic tradition assumes that most organisations have a single and sovereign identity” (Albert & Whetten, 2004, p.95). However, as individuals, we classify ourselves as being more than one “something”; that is, having multiple identities, which can be similar, overlapping, distinct or even conflicting all at the same time (Sha, 2009). This multiple or hybrid classification, of being part X, part Y and part Z, is just as applicable to organisations (Albert & Whetten, 2004). Gioia, et al., (2004) argue that organisational identity is evolving or a “work-in-progress”; therefore, having a single precise self-classification may in fact be impossible and, furthermore, undesirable for an organisation, just as it is for an individual (Albert & Whetten, 2004). Nonetheless, an organisation can choose to have a monolithic identity structure, but still be adaptable to change. For example, Whittaker’s (chocolate) has been produced in New Zealand since 1896; it has moved with the times in
terms of the use of modern technology and the variety of chocolate it produces, but its monolithic identity structure as a family company with a sole purpose and a single passion – making chocolate with cocoa beans it batch roasts itself (the only company in New Zealand to do so) has not changed. This structure is visually reinforced by the use of the Whittaker’s name as its logo.

Positives and negatives to having multiple identities have been identified. For example, Albert and Whetten (2004) state that multiple identities can prevent an organisation from being pigeon-holed; a single identity may be unrealistic for a complex organisation; organisations change over time and a single precise classification may become outdated. Also, according to Sethi and Compeau (2002), organisations with multiple identities will be generally more receptive and better prepared, able to “respond to a wider range of environment and stakeholders because they can draw upon a wider range of self-referential frames” (p. 183). However, having multiple identities can also potentially hinder an organisation by pulling it in different directions increasing conflict and creating a higher level of oscillation due to identity “overload” (Sethi & Compeau, 2002). Moreover, a firm wanting to re-frame or re-construct its identity due to a negative public event, will likely struggle to do so quickly as all identities need first to be considered and second co-ordinated throughout the change process (van Woerkum & van Lieshout, 2007).

One way organisations attempt to resolve ambiguities or conflicts surrounding multiple identities is via the concept of sensemaking, “the ongoing retrospective development of plausible images that rationalise what people are doing” (Weick, Sutcliffe & Obstfeld, 2005, p. 409). Sensemaking can be seen as a significant organising process that:

unfolds as a sequence in which people concerned with identity in the social context of other actors engage ongoing circumstances from which they extract cues and make plausible sense retrospectively, while enacting more or less order into those ongoing circumstances (Weick, et al., 2005). (p. 409)
In other words, sensemaking gives organisations flexibility to rationalise their identity, strategic positioning, organisational decision-making, and communicated actions.

Fundamentally important to organisational identity is *organisational culture* and employee identification. Organisational culture according to Balmer and Greyser (2006) refers to, “the collective feeling of employees as to what they feel they are in the setting of the entity [they work for]” (p. 735). These feelings stem from the values, beliefs, and assumptions about the organisation and its history (Balmer & Greyser, 2006). Organisational culture provides the context for staff engagement, both with each other (internal) and with other (external) stakeholder groups such as customers (Balmer & Greyser, 2006). Employees correspond to the organisational “front line”, which means, for instance, if internal identification issues exist then they will be reflected externally (Balmer & Greyser, 2006). However, the distinction between internal and external communication is no longer clear as “internal groups now comprise part of the general audience that the organisation wish to address and...externally directed messages, accordingly, become an integral part of the organisation’s operating discourse” (Cheney & Christensen, 2001, p. 232).

Furthermore, employees can have two distinct but connected identity categories, discourse identities and social identities, which influence the larger corporate identity (Georgakopoulou, 2002; Gotsi & Wilson, 2001; Henderson, 2005; Sha, 2009; Sveningsson & Alvesson, 2003). Discourse identities are related to text and talk, and micro-level interaction; that is, they characterise interactional roles, such as speaker or listener, relative to the continued production of talk and text (Georgakopoulou, 2002). They are formed in and by the actions of participants, providing both resources and constraints for displaying value during discourse activities, for example, identifying with and utilising an organisation’s mission statement (Georgakopoulou, 2002; Sha, 2009). Social identities are related to age, gender, professional status, social status, stage in life and so on; that is, group membership, and macro level interaction; social identities provide a sense of self, of belonging, and of identification (Carbaugh, 2007; Georgakopoulou, 2002; Sha, 2009). The micro-level discourse identities, interactional history, and shared practices and texts of a functional food-producing organisation, for example,
make salient the larger social identities, roles and relations with others (Georgakopoulou, 2002; Scott, 2007). Put in context, the more an employee relates to (social identity) their firm the more likely they are to accept and espouse its core values (discourse identity) and behave in a manner aligned with the firm’s vision, goals and objectives (Gotsi & Wilson, 2001).

And so, on the one hand, an organisation must make certain its employees view the firm positively to ensure they identify with the organisation in a robust way (Gotsi & Wilson, 2001). On the other hand, an organisation must make certain it conducts itself in a manner that reflects those characteristics central and distinctive to its identity, and with a sense of continuity, in order to reinforce employee identification (Gotsi & Wilson, 2001). This is where the organisational brand can become an important internal identification tool for employees. An organisational brand signifies who an organisation says it is or aspires to be as opposed to the organisational identity which signifies who an organisation is (Argenti & Druckenmiller, 2004). Aaker (1991, as cited in Forman & Argenti, 2005) defines a brand as:

a distinguishing name and/or symbol (such as a logo, trademark, or package design) intended to identify the goods or services of either one seller or a group of sellers, and to differentiate those goods or services from those of competitors. A brand thus signals to the customer the source of the product, and protects both the customer and the producer from competitors who would attempt to provide products that appear to be identical. (p. 246)

According to Gotsi and Wilson (2001), if an organisation clearly defines and communicates its brand internally, then employees will be encouraged to identify with the organisational identity, which will promote enhanced “commitment, enthusiasm and consistent behaviour in delivering on the core values and organisational objectives” (p. 100). Svenningson and Alvesson (2003) argue, however, that due to the dynamic nature of identities, both individual and organisational, there will be ongoing struggles to align, maintain or strengthen employees’ identification with the firms for whom they work.
Another concept relevant to the organisational identity is the production and reception of *corporate image*. Corporate image according to Kazoleas, Kim and Moffitt (2001):

> can be considered as any singular opinion or meaning [piece of information, attitude, behaviour or belief] held of an organisation – positive, negative, neutral or partial – which, in turn, leads to an assumption that corporate image is, in essence, a collection or set of ‘images’ in the receiver and not a singular construct determined and controlled by the organisation. (p. 206)

Not to be confused with reputation, which “implies a more lasting, cumulative, and global assessment rendered over a longer period of time” (p. 354), corporate image is considered transient and limited to singular events or moments in time; that is, contextualised both culturally and historically (Gioia, et al., 2004; Moffitt, 2000). Furthermore, a held image is created via multiple sources – the organisation itself, personal experience, and from other intentional and unintentional historical, social and environmental factors (Kazoleas, et al., 2001). Different stakeholder groups, both internal (employees) and external (customers) to the organisation, can hold multiple and differing, potentially conflicting, images or “public positions” of the same organisation at any one moment in time (Gioia, et al., 2004; Kazoleas, et al., 2001; Moffitt, 2000).

In some cases, employees can also be consumers of the same organisation; for example, in a supermarket an individual can look after consumers’ grocery needs as an employee and also be a consumer of that supermarket’s goods. The images employees receive can have a destabilising effect on organisational identity, and they may often need to revisit and potentially reconstruct their “organisational sense of self” (Gioia, et al., 2004, p. 355). Put another way, organisations develop and communicate (purposely project) their identities to internal and external stakeholders over time; these identities are received as images, which are then fed back to the organisation (Gioia, et al., 2004). At some point the images will bring the organisations’ identities to the fore. In those cases where employees are simultaneously internal and external stakeholders they appear to be more
concerned about outsiders’ perceptions of their work place, and will tend to compare their own perceptions with those of outsiders (Gioia, et al., 2004). If a discrepancy, inherent or overt, is perceived between the organisational identity and the interpreted external image then the organisation may choose to re-evaluate and re-construct part(s) of the organisational identity, which will filter down and affect individual employees’ self-identification (Gioia, et al., 2004). Alternatively, the organisation may attempt to change the outsiders’ perceptions (images received) (Gioia, et al., 2004). However, research shows that organisational communication campaigns or media messages will do little to negate off-putting personal experiences or unfavourable viewpoints from opinion leaders (Kazoleas, et al., 2001). Organisational identity then is a constant “work in progress”, both constructing and constructed by its stakeholders, and in an ever-present battle to change in order to stay the same.

The previous section on organisational identity highlights the importance of well managed external communications. Schultz and Kitchen (2004) illustrate this link by positing that communication of the organisational entity, inclusive of identity, image, brand and reputation is thought to be potentially more important to a firm’s success than communication of its actual products and services. This next section briefly illustrates the significant impact organisational decision-making and the resulting external communication can have on its reputation, and in turn identity.

Organisational Decision Making and External Communication

Organisational communication is described by Cheney and Christensen (2001) as “a set of processes through which organisations create, negotiate and manage meaning” (p. 234) and by Barrett, Thomas and Hocevar (1995) as “the very process by which organising comes to acquire consensual meaning” (p. 354). Svenningson and Alvesson (2003) argue that identity is particularly central to communication matters, inclusive of meaning production, decision-making, action-taking (external communication), and social relations (interaction). Cheney and Christensen (2001), agree stating that behind identity lie issues of negotiation and strategic choice. Thus, as a result of an organisation’s identity, during the creation, negotiation, and management of meaning, an organisation will interpret salient situations in a way particular to that organisation. These interpretations may lead to certain assumptions being made, assumptions that may
influence decision-making and external communication, which in turn may be pertinent to the future reputation of that organisation.

To illustrate, I will use the management construct of “absorptive capacity” to highlight the influence assumptions can have on decision-making and external communication (Broring, Cloutier & Leker, 2006). Cohen and Levinthal (1990, as cited in Broring, et al., 2006) define absorptive capacity as “the ability of a firm to recognise the value of new, external information, assimilate it, and apply it to commercial ends” (p. 128). This construct evolves over time and is what Broring, et al. (2006) describe as path dependent, meaning future events are influenced by past activities, since “cognitive processes are cumulative and idiosyncratic as past and accumulated experiences determine the capability of a firm to absorb the external knowledge” (p. 490). In other words, an organisation is likely to make decisions based on assumptions derived from past experiences and activities, and its knowledge base, known as “limited existing resources” according to Broring, et al. (2006). Depending on an organisation’s primary concern(s), its “limited existing resources” may be very specific, for example, to research and development or marketing (Broring, et al., 2006). And therein lies the potential problem: the limits of an organisation’s “absorptive capacity” may lead to assumptions being made, which will also limit (influence) its decision-making capability, shaping communications with stakeholders, which in turn may affect corporate reputation (Broring, et al., 2006). For example, if a food-producing organisation has a strong focus on research and development, reflected in its organisational identity, its “limited existing resources” (assumptions) will affect the position it takes on certain issues. The organisation’s position could potentially hinder, or enhance, its ability to anticipate and respond to consumer demands and trends in food choice, such as the current trend sportspeople have for the triad of “healthy, tasty and convenient” functional and non-functional foods (Broring, et al., 2006; Gray, Armstrong & Farley, 2003). For functional foods in particular, the decisions made and the external communication undertaken as a result may be central to both short-term reputational success and long-term organisational survival in such a competitive and rapidly developing market (Gray, Armstrong & Farley, 2003).
Having explored organisational identity, decision-making and external communications, I now turn our attentions finally to organisational reputation. Organisational reputation like organisational identity is intangible; however, an organisation’s reputation is much less within its direct control than its identity, which an organisation can attempt to define and communicate (Argenti & Druckenmiller, 2004).

**Organisational Reputation**

Like identity, organisations often view reputation as a critical though intangible asset (Hillenbrand & Money, 2009). *Organisational reputation* refers to how different stakeholders perceive and respond to organisational words and actions. For example, according to O’Connor (2001), increasingly, stakeholders expect confirmation that organisations will be held accountable for their actions. Tucker and Melewar (2005) define organisational reputation as “the perception of an organisation based on its stakeholders’ interpretation of that organisation’s past, present and future activities and the way in which these are communicated” (p. 378). The functional foods industry can provide unstable ground for organisations with regards to organisational reputation, especially as some functional foods are on the cutting edge of food science technology. Organisations must, therefore, ensure that product safety, labelling of health claims, stakeholder interaction, etc..., are clearly and accurately communicated for new products pushing technological and legislative boundaries.

Stakeholder evaluations of reputation are largely “universal”; leading to the formation of blanket opinions (Weiss, Anderson & MacInnis, 1999). For instance, although consumers may see organisations as having reputations for specific characteristics such as, quality (Danske Mobler), fairness (Trade Aid), good taste (The Cheesecake Shop), or environmental disregard (Exxon Mobil) they have a tendency to make that specific characteristic extend to the organisation as a whole – positive or negative (Weiss, et al., 1999). Therefore, whether or not an organisation is held in high public esteem – viewed as authentic, trustworthy, credible, professional, responsible, accountable, transparent, stable, with substance, and so forth – is often perceived unidimensionally (Greyser, 2009; Weiss, et al., 1999). These “universal” evaluations of reputation can also be related to an overall product type, such as *functional*...
foods, or an entire brand developed around functionality, as well as to an organisation as a whole.

Universal stakeholder evaluations are also relevant to Fombrun, Gardberg and Sever’s (2000) concept of a “goodwill reservoir” or Coombs and Holladay’s (2006) “savings account” containing “reputation capital”. That is to say, an organisation can build “blanket” public trust and optimism and a “goodwill reservoir” through positive proactive actions, consistent performance, and delivery on promises (Murray & White, 2005; O'Connor, 2001). Public trust and optimism can only be developed over time, and will potentially provide organisations with opportunities to build “reputation capital” (Murray & White, 2005; O’Connor, 2001). This “capital” will be called into use should an organisation need to overcome a crisis in relation to either the organisation as a whole or its products or brand specifically (Murray & White, 2005; O’Connor, 2001).

If a negative event should occur, Coombs and Holladay (2006) describe two further opposing, universal, effects on reputation, which will depend upon how well an organisation’s “savings account” is stocked. The first is called the halo effect, which acts as a shield deflecting potential reputational harm in a crisis situation for organisations with well stocked “goodwill reservoirs” (Coombs & Holladay, 2006). This shielding effect is an example of the expectancy confirmation bias, a common psychological phenomenon (Traut-Mattausch, Schultz-Hardt, Groitemeyer & Frey, 2004, as cited in Coombs & Holladay, 2006), and in this case where stakeholders are universally biased towards previous positive beliefs about an organisation when processing new negative information (Coombs & Holladay, 2006). Opposing the halo effect is the velcro effect; that is to say, if an organisation has a negative universally perceived organisational reputation, where no “reputation capital” is available to call upon, then any additional negative information will automatically “stick”, serving only to attract further harm to the organisation’s already negatively perceived reputation (Coombs & Holladay, 2006).

There are numerous reasons why organisational reputation is so crucial. One reason is competitive advantage, via opening up new market opportunities
(O’Connor, 2001), reducing barriers to competition or intimidation (O’Connor, 2001; Omar et al., 2009) or enabling a firm to attract top recruits, business partners, and investors (Coombs & Holladay, 2006; Nakra, 2000; O’Connor, 2001; Omar, Williams & Ligelbach, 2009). Competitive advantage is extremely important for producers of functional foods given the aggressive nature of the food industry. In relation to the consumer, an organisation with a sympathetic reputation may attract new customers (Coombs & Holladay, 2006), and create brand loyalty with existing customers. Both of these customer groups can potentially generate word-of-mouth endorsement (Gibson, Gonzales & Castanon, 2006; O’Connor, 2001; Omar et al., 2009), which in turn may lift sales and/or create an assumption of higher quality allowing for premium price charges (O’Connor, 2001; Omar et al., 2009). Functional foods that are well received by consumers thus have the potential to affect food producers’ reputations in a very positive way. Firms with a favourable reputation can also hold authority over other external stakeholder groups; for example, they can exert influence in government circles (Nakra, 2000), acquire encouraging remarks from financial analysts and other opinion leaders (Coombs & Holladay, 2006; Karaosmanoglu & Melewar, 2006), and generate positive media coverage – actions that further their own self interest (Coombs & Holladay, 2006). Through its external communication the organisation attempts to mould consumer perceptions and interpretations to ensure consumers identify with brands and/or the organisation in efforts to build lasting relationships with those consumers, who shape organisational reputation (Rindova & Fombrun 1999, as cited in Forman & Argenti, 2005). Furthermore, a positive organisational reputation can increase employee motivation, dedication, job satisfaction, and loyalty (Coombs & Holladay, 2006; Gibson et al., 2006; Gotsi & Wilson, 2001; Karaosmanoglu & Melewar, 2006). There is a need then need for organisations to maintain the satisfaction of ALL stakeholder groups.

However, a positive organisational reputation is not easy to come by and is a fragile thing – tough to build, quick to tarnish, especially in today’s fast changing, sophisticated knowledge-based economies where society’s and the media’s expectations of organisations have significantly increased (Hanson & Stuart, 2001; Grupp & Gaines-Ross, 2002; Tucker & Melewar, 2005; van Woerkum &
van Lieshout, 2007). For example, Ribena Blackcurrent Drink (Ribena), established in the 1930s as a vitamin C rich fruit drink, became “an iconic healthy food” to mothers in over 20 countries and held a strong positive reputation (Jacques, 2008, p. 394). However, Ribena’s organisational reputation was significantly tarnished in 2004 by two 14 year-old New Zealand high school chemistry students who discovered that some of Ribena’s advertised vitamin C claims were in fact misleading consumers. Ambiguous claims in-conjunction with a poor crisis response led to a temporary global uproar and the potential for the permanent unravelling of more than 70 years’ work (Jacques, 2008).

Nakra (2000) argues that there are eight factors specifically affecting organisational reputation: internal pressures, management philosophy, organisational culture, globalisation, consumer and media expectations, transparency, societal concerns, and ethical standards. However, if we look more broadly, a current business “buzz” concept, corporate social responsibility (CSR) embodies several of Nakra’s (2000) eight factors. CSR addresses the balancing of social and environmental sustainability, organisational betterment, and responsiveness to critical business issues such as survival, competition, and development (Samy, Odemilin & Bampton, 2009). One New Zealand organisation that manufactures functional food products within its overall product portfolio and takes CSR seriously is Hubbards Foods Ltd (Hubbards). The organisation sponsors several well known community initiatives and organisations, including Outward Bound, the Ocean Swim Series, and Ronald McDonald House; and it provides scholarship opportunities in food technology. Hubbards is also environmentally aware; for example, it uses solar energy at its finished goods warehouse, its cardboard packaging is 90% recycled, and it supports a number of environmentally conscious initiatives such as the Kea Conservation Trust. Hubbards has successfully managed to balance its need to satisfy corporate objectives with the societal and ethical expectations of consumers, the media and stakeholders in general. As a result, Hubbards has a very favourable organisational reputation.

However, organisations that fail to proactively demonstrate socially responsible behaviour to stakeholders put their reputations at risk of severe damage, as was discovered by companies such as Exxon Mobil and BP (oil), Broken Hill
Tucker and Melewar (2005) further state that the more respected the firm’s reputation, the more pressure and scrutiny it will come under should something negative, such as a national or global scandal, occur. In these situations the organisation will need to rely heavily on its “goodwill reservoir”. Greyser (2009) posits nine causes of reputation failure, of which CSR, as previously mentioned, is one; the other eight comprise: product failure, organisational misbehaviour, executive misbehaviour, poor business results, spokesperson misbehaviour or controversy, death of a symbol of the company, loss of public support, and controversial ownership. One can see there are many factors to consider and manage if an organisation wants to build and maintain a sound reputation.

One essential action organisations must perform in order to successfully manage organisational reputation is “monitoring”. Monitoring is related to both the self (in this case “self” being an organisational entity), and others, that is, social comparison and examination through the eyes of others (Bromley 1993, as cited in Weiss et al, 1999; Grupp & Gaines-Ross 2002). Through monitoring, for example, an organisation can gain a better understanding of stakeholder perspectives and utilise this information to make more informed decisions relevant to reputation management (Murray & White, 2005). Monitoring should be an ongoing proactive process, not simply a reactionary phenomenon that only occurs during times of crisis or in response to a possible threat (Weiss et al., 1999). An important aspect of monitoring is issue scanning, which is vital for catching early warning signs of potential threats to organisational reputation (Jacques, 2008). Issue scanning should look to possible future risks and learn from past relevant events (Jacques, 2008). Monitoring and issues scanning are especially crucial in the food industry because lives are at risk. In Ribena’s case, although no one was physically harmed, the lack of effective monitoring and issues scanning led to prolonged embarrassment and severe damage to its global brand and reputation (Jacques, 2008). Ribena could have avoided much of the embarrassment and damage to its brand and organisational reputation if it had adequately responded to a local situation when early indications of a problem were raised; a local problem that had the potential to impact on a global scale (Jacques, 2008). First, when Ribena introduced its pre-diluted ready-to-drink
(RTD) variety it did not do enough research to ensure its advertising claims of “four times the vitamin C of oranges” associated with its original concentrated product were still valid (Jaques, 2008, p. 394). Second, initial concerns raised by two New Zealand school girls about misleading advertising claims for Ribena’s RTD variety were brushed off (Jacques, 2008). Ribena’s failure to heed the early warning signs given and to scan for potential issues with its advertising claims escalated into an unnecessary national and ultimately international scandal.

There is a plethora of reputation management models available for communications specialists to utilise; two such models will now be described. The first model, The Shandwick Wheel, is a general management model that can be applied to reputation management (Semons, 1998). It is a six-step circular programme, with the following steps. The first step is assess reputational standing to understand current perceptions amongst all key stakeholders (Semons, 1998). The second step is develop a reputation strategy to build a strategy to support desired organisational positioning (Semons, 1998). The third step is align reputation and strategy through research to align current reputation with forward-looking strategy (Semons, 1998). The fourth step is leverage reputation by creating and implementing programmes that will accelerate relationship-building across all stakeholder groups (Semons, 1998). The fifth step it protect reputation by developing crisis management programmes to prevent/minimise damage to reputation (Semons, 1998). The sixth and final step it measure progress by completing pre- and post-programme comparison surveys to determine success (Semons, 1998). Semons (1998) recommends that these steps be continuously repeated in order to successfully manage organisational reputation.

Fombrun and van Riel (2004, as cited in van den Bosch, de Jong & Elving, 2005) posit a very different, and much more reputation-specific model of reputation management, stating that the following five dimensions must be addressed in order to build and maintain a desired reputation. The first dimension is visibility (the measure of the prominence of a brand in customers’ minds) achieved through exposure (Fombrun & van Riel, 2004, as cited in van den Bosch, et al., 2005). The second dimension is distinctiveness (the unique position of the organisation in stakeholders’ minds) achieved through strategic alignment, emotionally appealing features and use of startling messages (Fombrun & van Riel, 2004, as cited in van
den Bosch, et al., 2005). Next, *authenticity* (creating a convincing constructed identity to express both internally and externally) achieved by clarifying who you are, developing broad consensus within an organisation, expressing identity clearly and remaining true to the identity created (Fombrun & van Riel, 2004, as cited in van den Bosch, et al., 2005). Then, *transparency* (creating and increasing trust and reducing uncertainty) achieved through disclosure of products/services, vision and leadership, financial performance, social responsibility and environment (Fombrun & van Riel, 2004, as cited in van den Bosch, et al., 2005). Finally, *consistency* (steady reliability across all stakeholder groups throughout all organisational communication and initiatives) achieved through visual coherence and consistent marketing communications, and common structures/systems through which to deploy communications (Fombrun & van Riel, 2004, as cited in van den Bosch, et al., 2005). This model could be usefully applied by food-producing organisations as criteria to assess reputation performance in relation to functional foods.

As can be seen, organisational reputation is a crucial, if intangible, corporate asset. Food-producing organisations must view the building and maintaining of their organisational reputations as essential for satisfying all stakeholders (Botelho, 2004, as cited in Sims 2009; Grupp & Gaines-Ross, 2002), and for avoiding “ad hoc, knee-jerk crises responses” (Gibson, et al., 2006, p. 17).

Having explored functional foods, organisational identity, decision-making and external communications, and organisational reputation the theoretical framework for analysing this case study can now be explained.

**Theoretical Framework**

This next section brings together the major concepts from the literature review to illustrate the main theoretical propositions of this study. It summarises arguments for a research approach that integrates an organisational communication perspective on organisational identity and organisational reputation, highlighting their interrelationship, as an effective way of understanding the complexities food-producing organisations face when communicating externally to the New Zealand public about functional foods. To date, much of the research on functional foods has been consumption-oriented. That is, the research has focused
particularly on the benefits and risks of functional foods as perceived by consumer groups, with the aim of increasing the understanding and potential support of these groups for functional foods. It is apparent after reviewing some of the literature and studies written on functional foods that there is a clear lack of research looking at the role organisations/producers play in contributing to issues around functional food. As discussed above, organisational identity and organisational reputation are extremely important to food-producing organisations’ survival and success. Therefore, it is imperative that these organisations not only participate in, but actively and deliberately facilitate public debate, for example. Identity will impinge on the strategic choices made, the arguments crafted, the press releases and statements put forth, and lobbying undertaken as organisations attempt to sway public opinion and improve reputation “capital”, by highlight particular research and opinions.

There is minimal research, however, from an organisational communication perspective focusing on how and why organisational choices and actions influence debate about what counts as healthy and/or functional food. For instance, what food-producing organisations choose to produce influences market availability and accessibility. That is to say, are food producers supplying functional foods because they see them as a “hot” (profitable) short-term marketing trend with a finite shelf life or because they see them as a long-term investment worth changing production habits for?

In this study I take a theoretical perspective that examines the role of communication in the management of identity and reputation, and the way communication facilitates an understanding of how organisations construct meaning through taking positions on issues that may potentially cause organisational tension – in this case relative to functional foods.

It is increasingly evident that the boundaries between internal and external organisational communication are becoming progressively more blurred and that the organisational communication environment is becoming ever more complex. Add to that the dynamic nature of organisational identity where individuals and organisations may simultaneously negotiate multiple, possibly conflicting identities, the potentially manifold and conflicting public positions that
organisational stakeholders may take, the need for organisations to accumulate vast quantities of “reputation capital”, and the frequent “blanket reputation evaluations” made by stakeholders, and the management of the organisational entity becomes extremely challenging for today’s organisations.

Organisational decision-making then, is critical. I suggest that how an organisation rationalises the multiple public positions of its stakeholders may be linked to how it manages its multiple identities and images. Organisational identities may be both constituted by and constitutive of a firm’s culture and structures, and may govern which organisational voices contribute to strategic decision-making. Additionally, organisations often rationalise their strategic positioning in retrospect in order to make sense of or resolve uncertainties and/or contradictions created by managing multiple public positions and identities (Weick, et al., 2005). In-turn, these choices may have lasting consequences for organisational reputation; especially in relation to controversial socio-political issues such as those surrounding functional foods. We need to examine the taken-for-granted assumptions inherent in organisational positioning, and the processes used to manage that positioning. Organisational identity and organisational reputation are, therefore, two points of reference that offer a constructive way to explore an organisation’s strategic positioning, as it navigates its way through potentially controversial public issues.

The following research questions have been created to understand the influence of organisational identity on organisational decision-making and external communication, and the potential consequent impact on organisational reputation. The questions pertain to assumptions about health, functional foods and sports performance, the management of any surrounding issues/tensions and the resultant external communications.

**Research Questions**

1) What assumptions about food and health issues do food producers use in making choices about what counts as healthy food, and how do they justify making those assumptions?
2) What assumptions about functional foods, functionality and sportspeople do food producers use in making choices about what counts as functional food for sports performance, and how do they justify making those assumptions?

3) What are the various tensions surrounding functional foods for health and sports performance evident in food producers’ accounts, and how do food producers manage these tensions?

4) How do food producers communicate with sportspeople and other relevant stakeholder groups about functional food for sports performance as a result of their assumptions and decision making, and the management of any tensions?
CHAPTER 3 – Methodology, Methods of Data Collection and Analysis

Introduction
The methodology chosen for this study is a form of discourse analysis with attention on the social construction of meanings associated for healthy and functional food; it is also informed by dialectical analysis. This chapter explains the methodology, specific methods of data collection and data analysis used in this research.

Methodology - Discourse and the Social Construction of Meaning
This study takes a discourse perspective because debate about functional food is generated from the various discursive discussions around it. This study is also consistent with a social constructionist perspective. Furthermore, the research takes an inductive approach. Inductive reasoning is by its very nature exploratory and open-ended, especially in the beginning stages. The purpose of the proposed research is exploration, of the issues surrounding functional foods, with an intended outcome of developing a better understanding of how these issues are interpreted and communicated.

Discourse studies literature demonstrates varied origins, and the concept of discourse is diversely defined. *Discourse* terminology is used in multiple ways and often as if its meaning is precise, which is not the case (Alvesson & Karreman, 2000; Sveningsson & Alvesson, 2003; Taylor & Robichaud, 2004). Alvesson and Karreman (2000) contend that “discourse is too frequently used in a vague and incoherent way and functions as a smokescreen for an unclear and ambivalent view on language” (p. 1145); therefore, they have attempted to clarify some of the existing debate and tension surrounding various uses of these terms by distinguishing between *discourse* and *Discourse*. The former approach, “little ‘d’ discourse”, views discourse as “local achievements”, the functioning of text, talk, and behaviour of individuals within everyday interactions at a micro-level (Alvesson & Karreman, 2000; Fairhurst & Putnam, 2004). An example of discourse would be the language and terminology used specifically by the food technologists at a food-producing organisation such as Vogels (breads and
cereals). The latter approach, “big ‘D’ discourse”, views Discourse as “general and prevalent systems” of thought or a structuring/organising principle, the determining of social reality through language, the vehicle by which socially constructed meanings come together and can be understood at a macro-level (Alvesson & Karreman, 2000; Fairhurst & Putnam, 2004). Examples of Discourse would be the way the language of an entire organisation or even more broadly politics or feminism is constructed.

Alvesson and Karreman (2004) further attempt to clarify existing debate surrounding discourse by proposing that discourse runs along a continuum from micro to Mega discourse. This continuum further segments “little ‘d’ discourse” and “big ‘D’ discourse” by proposing two levels of each. Micro-level discourse has previously been described above. The second level of discourse is “meso-discourse”, which is “relatively sensitive to language use in context, but interested in finding broader patterns and going beyond the details of the text and generalising to similar local contexts” (Alvesson & Karreman, 2004, p. 1133).

The level up from “meso-discourse” is “Grand Discourse”, which is “an assembly of discourses, ordered and presented as an integrated frame. A “Grand Discourse” may, “refer to/constitute organisational reality, for example dominating language use about corporate culture or ideology” (Alvesson & Karreman, 2004, p. 1133).

The final level of discourse is “Mega-Discourse”, which addresses more universal discourse connections such as the accepted way in which one refers to a “phenomenon”, for example, globalisation, environmentalism or diversity (Alvesson & Karreman, 2004).

Fairhurst and Putnam (2004) take a different approach, arguing that the relationship between discourse and the organisation has been interpreted in three different ways by various scholars, which can potentially confuse or clarify. The first interpretation views the organisation as an “already formed entity” or object with features and outcomes reflected in discourse; the organisation exists first; it is reified, central, and stable over time (Fairhurst & Putnam, 2004). Discourse, under this interpretation, according to Fairhurst and Putnam (2004), “is separate from the organisation and its social context” (p. 11); however, it has confines, boundaries and specific features that shape the language used. The second interpretation sees organisations in a perpetual “becoming state” with the
organisation being shaped and re-shaped by discourse properties; discourse exists first, rather than the organisation, as organising is produced by language use and social interaction (Fairhurst & Putnam, 2004; Putnam & Cooren, 2004). The organisation is dynamic, responsive and adaptive, and less confined (Fairhurst & Putnam, 2004). The third and final interpretation states that organisations are “grounded in action” with discourses and social practices as anchors; the organisation is much more fluid and communication facilitates what it does rather than what it is (Fairhurst & Putnam, 2004). This interpretation tries to find balance between constructing and being constructed by discourse (Fairhurst & Putnam, 2004). Despite interpretational differences, Fairhurst and Putnam (2004) state that each proffers insight “into the complex relationship between discourse and organisations” (p.20). Furthermore, when all three interpretations are taken into account understanding the complex relationship between discourse and organisations is improved, “without negating the strengths and weaknesses of each [interpretation], individually or combined” (Fairhurst & Putnam, 2004, p. 21).

Despite existing debate and differences of opinion surrounding discourse it is increasingly agreed that it is the foundation upon which organisational “life” is built. Through the analysis of organisational discourse the organising and functioning of organisational life can be examined (Fairhurst & Putnam, 2004; Putnam & Cooren, 2004) as “discourse and organisational processes are mutually constituted” (Putnam, Grant, Michelson & Cutcher, 2005, p. 7). That is, the discourses consciously developed and utilised by an organisation to communicate with stakeholders, both internal and external, will affect the paths it chooses (organisational identity) and its fortunes (organisational reputation).

The concept of discourse is closely linked to ideas about the social construction of meaning. Proponents of such an interpretive perspective argue that meaning – the way something is intended to be conveyed, denoted or implied – is socially constructed via face-to-face interactions and/or the perceptions of these interactions (Georgokopoulou, 2002; Ricketts & Galloway Seiling, 2003; Scroggins, 2006. Through the interpretation of those interactions we create social realities and identities (Barrett, et al., 1995; Georgokopoulou, 2002; Heras Monner Sans & del Socorro Foio, 2009; Ricketts & Galloway Seiling, 2003;
Scroggins, 2006). Put another way, Scroggins (2006) states that people understand their environment based on how they interpret the meaning of stimuli presented to them and these meanings and interpretations are formulated from social interactions or discourses with others – illustrating how discourse both shapes and is shaped by social interaction (Fairclough, 1993; Henderson, 2005). However, although meanings are established, they are never fixed; meanings are indeterminate and transformable (Barrett, et al., 1995; Scroggins, 2006). For example, situations are interpreted differently by different people, discourses develop (new) meaning when related to other discourses, and newly (re)constructed discourses are continually presented to us (Barrett, et al., 1995; Heras Monner Sans & del Socorro Foio, 2009; Keenoy & Oswick, 2002; Motion & Leitch, 1996). Thus discourses are dynamic (Livesey, 2002).

Meanings provide the basis for the ways in which we understand and organise the “world” around us, and then act upon it, both individually and collectively (Barrett, et al., 1995; Heras Monner Sans & del Socorro Foio, 2009; Scroggins, 2006). Shared understandings can, however, lead to the creation of “naturalised” practices and beliefs, or “taken-for-granted assumptions”, where members of a particular shared system of meaning do not question its origins, validity or value (Heras Monner Sans & del Socorro Foio, 2009). These assumptions can lead to problems if one tries to impose one’s “reality” onto someone outside of their shared system of meaning (Heras Monner Sans & del Socorro Foio, 2009). Furthermore, it should be noted that discourses have limitations in that they impress frameworks upon people “which can limit what can be experienced or the meaning that experience can encompass, and thereby influence what can be said and done” (Purvis & Hunt, 1993 p. 485). That is to say, each individual discourse affords some things to be said, but not others. Organisations need to be aware of the existence of “taken-for-granted assumptions” and discourse limitations as they will impact on an organisation.

For example, from an organisational perspective, Poole, Gioia and Gray (1989, in Scroggins, 2006) state that if management want organisational transformation to new frameworks of understanding and shared systems of meaning then the limits of the existing frameworks and systems held by organisational members must be recognised and willingly transformed. This realignment will create and enact the
desired change in behaviours, beliefs, values and culture of organisation members sought by management (Poole, et al., 1989, in Scroggins, 2006). For instance, management may attempt to communicate and facilitate positive organisational change by replacing core terminology, such as “employee” with “member”, or “patient” with “customer”, within a series of socially constructed and systematic activities (Barrett, et al., 1995; Ricketts & Galloway Seiling, 2003; Scroggins, 2006). In these examples, the change of terminology reflects managements’ desire to shift staff perceptions away from feelings of distrust and entitlement, comfort with the status quo, lack of commitment, and working in a mechanistic fashion, towards collaboration, participation, volunteerism, up-skilling and empowerment, commitment to a shared vision, taking on more responsibility, being adaptive, and improving customer service (Barrett, et al., 1995; Ricketts & Galloway Seiling, 2003; Scroggins, 2006).

However, long-lasting changes in meaning are not found in the words, “member” or “customer”, themselves, but rather they are reflected in the newly created images, roles and structures associated with those words and through the practice of their new meanings (Barrett, et al., 1995; Ricketts & Galloway Seiling, 2003). Meaning changes are often recursive by nature and the interpretive social constructionist perspective allows us to understand and appreciate this (Barrett, et al., 1995).

A more critically focused approach to discourse emerged in the late 1960s/early 1970s from neo-Marxist traditions, literary studies, anthropological linguistics, and the work of French social theorist Michel Foucault called critical discourse studies (CDS) (Livesey, 2002). CDS consider the relationship between society (social and cultural structures, processes and relations) and discourse in order to comprehend the interaction between, and the intersection of, power, social structure, and knowledge (Fairclough, 1993; Livesey, 2002; McKenna, 2004). Livesey (2002), states that Foucauldian theory makes a clear distinction between discourse and language. That is to say, discourse is more than just language; it includes discursive texts, social rules and practices, institutional structures and symbolic systems (Livesey, 2002). An example of critical discourse could be a point of conflict or power struggle arising between a food-producing organisation and one or more of its stakeholder groups over the discourses it generates about its...
functional food products. Foucault further contends that “powerful knowledge systems” validate certain “taken-for-granted truths”, rules, practices, and structures, in turn continuing and expanding the knowledge systems producing these “truths” (Livesey, 2002, p.123). Foucault illustrates, via the circularity of power and knowledge, how discourses place either individuals or organisations within conditions of power that favour certain concerns whilst pushing others to the periphery (Livesey, 2002).

This more critical approach to discourse is particularly applicable for making sense of change, conflict or crisis, and can be applied at an organisational level (Barrett, Thomas & Hocevar, 1995). However, despite the important contributions CDS has made, there are those who are critical of this approach as it only addresses how discourse is shaped by something else, such as power or ideology and not how discourse does the shaping or organising (Putnam & Cooren, 2004).

**Data Collection**

The data collection method used was the *case study method*, a recognised research tool in the social sciences for, although not strictly limited to, gathering qualitative data (Breslin & Buchanan, 2007). Qualitative research focuses on gathering in-depth data (information), asking penetrating questions and understanding decision-making behaviours and motivations (Breslin & Buchanan, 2007). In other words, qualitative research is used to gain experiential knowledge, which is the aim of this research. Furthermore, because qualitative research enquires at a deeper level it is often more appropriate to concentrate on smaller, but more focused samples – such as those found within a case study (Gable, 1994).

Stake (2008), defines a case study as, “both a process of inquiry about the case and the product of that inquiry” (p. 121). Breslin and Buchanan (2007) state that case studies are a useful tool for exploring and describing the transition between theory (having an idea) and practice (making the idea concrete); they can be the catalyst for “moving from the known to the unknown” (p. 37), learning formerly unidentified principles and looking for new information and systems. Furthermore, Breslin and Buchanan (2007) argue that case studies connect the researcher to “social phenomena, real life experience, and existential situations in
a way that helps sharpen thinking and inform decision-making” (p. 37). Yin (1984, as cited in Gable, 1994) also asserts that case studies are useful for studying contemporary events, exploring previously un-researched subjects and investigating behavioural events/variables that do not need to be controlled.

Case studies are “bounded” in nature; this aids in keeping clear the confines of one’s research and the patterns of activity (Cutler, 2004; Stake, 2008). For example, the confines of the current research are that it addresses one, specific organisation and its systems in a unique way. It should be noted, however, that these confines may mean that findings are too specific to generalise to other organisations (Gable, 1994). Yin and Heald (1975) concur stating that, “although each case study may provide rich insights into a specific situation, it is difficult to generalise about the studies as a whole” (p. 371).

Stake (2008) identifies three types of case studies in order to help determine one’s research purpose. The first is “intrinsic” (focusing on the case itself), the second is “instrumental” (using the case to facilitate the understanding of an external interest) and the third is “collective” (investigating a population, general condition or phenomenon through simultaneous study of multiple cases). The case study for this research will be primarily “instrumental”, as the case study will facilitate the understanding of an external interest (organisational decision-making and communication with external stakeholder groups); however, it will also be “intrinsic”, as the case, in and of itself, will be of interest.

With a primarily instrumental purpose the case study focuses on exploration. That is, gathering information and looking for patterns in order to develop a greater understanding of the issues surrounding functional foods and how they are interpreted, treated, and communicated by a food-producing organisation, and to possibly extend theoretical perspectives (Breslin & Buchanan, 2007). This case study focuses on a single food-producing organisation that produces a sub-section of functional foods for sports performance.

**Interviews and ethical considerations**

Yin (1982) states that the data collection process for case studies “must involve a series of judgements as to the specific information to be acquired, whether through...interview or the review of on-site documents” (p. 90). The first
qualitative data gathering technique is one-on-one semi-structured interviews which may provide in-depth, open, and revealing accounts, opinions and assumptions of interviewees, who will be called *respondents*. The second technique is review of other relevant organisational information which may highlight organisational assumptions, treatments, and communication in a way not verbally expressed in the interviews.

According to Gubrium and Holstein (2001), interviews are “the most common procedural facilitator for the expression of experience of our times” (p. 30). In other words, interviews can represent who we are, bridge cultural boundaries, and facilitate intimate information sharing with complete strangers (Gubrium & Holstein, 2001). Stokes and Bergin (2006) suggest that interviews have three major advantages; unique applicability, control of respondent selection, and depth and comprehensiveness of data gathered. Furthermore, according to Burgess (1982, as cited in Ekanem, 2007), interviews provide the researcher with the opportunity to, “...uncover new clues, open up new dimensions of a problem and to secure vivid, accurate inclusive accounts...based on personal experience” (p. 107). Thus, interviews can provide researchers with an understanding of how respondents construct meaning and take importance from situations, using their personal frameworks – values, beliefs, attitudes, assumptions, and motivations – built up from past experience, in order to assist in explaining or predicting happenings in respondents’ lives (Ekanem, 2007).

One-on-one interviews were conducted using a semi-structured and detailed, but flexible interview schedule. According to Ekanem (2007), this semi-structured format ensures all questions are covered, but permits flexibility in their order, allows for follow up questions to be asked where required, and enables free flowing conversation between the interviewer and the respondent. It should be noted, however, that one-on-one interviews are criticised for missing out the advantages interaction with other relevant respondents can bring (Stokes & Bergin, 2006, p.28). Therefore, findings from these interviews may be disadvantaged due to lack of “other” interaction.

Respondents for this research were chosen via purposive sampling in order to ensure access to key decision makers. Representatives of the organisation from
varying departments and with differing responsibilities were interviewed in order to provide a wide range of organisational perspectives on the processes behind the functional food product(s) and information on the processes themselves; that is, marketing, branding, research and development, and nutrition claims.

The interview was split into three sections, each with a different focus in order to help respondents understand the nature of the questions being asked. The first section explored images and labels given to beverages and food. The second section looked at issues around the research and development of the organisation’s functional products specifically and of non-functional products generally. The third and final section focused on the organisation’s consumers, and product marketing and communications.

Seven in-depth interviews were undertaken for pragmatic reasons. A New Zealand organisation was chosen and as such it had a smaller number of staff, and therefore, a smaller number of key decision makers. A schedule of interview questions is attached at the end of this thesis (see Appendix I). Interviews were held on the premises of the organisation in closed-door locations agreed upon prior to the visits. Respondents were provided with an information sheet (see Appendix II) explaining the aim of the study, giving them some background on what the interview would be about and requesting participation. The information sheet for respondents explained that they could refuse to answer any particular question, or withdraw from the study at any time up until the final analysis of the data; that they could ask any further questions about the study or get more information at any time up until the completion of the study, and that if they wanted a summary of the findings from the study upon its conclusion, they could contact me at any time. This information sheet was given to respondents when the interview times and places were being arranged.

An interview schedule was established prior to the visit(s) to ensure respondents knew exactly when they would participate. Each interview took approximately one hour and was conducted during work hours. Prior to commencing the interviews, respondents were asked to sign a consent form, agreeing to participate in the study and be taped during the interview (see Appendix III). Although respondents were offered confidentiality at the outset of the interviews, and every
effort was made to meet ethical principles of confidentiality, all respondents were still given the right to withdraw from the research project at any time, and to give their informed consent before publication of any findings in case their personal identity should be apparent from the data collected.

Ethical approval for this project was granted by the Ethics Committee of the Waikato Management School, University of Waikato. The Ethics Committee’s approval ensured that the research design and implementation of this study complied with the ethical guidelines of the Management School and the University of Waikato, and met the ethical standards expected in the field of organisational communication.

Permission to conduct the study was sought from the organisation firstly via email to an appropriate organisational contact. Follow-up telephone conversations and emails were exchanged, along with the provision of a research proposal document (see Appendix IV). Once permission was approved by the organisation respondents were then approached through the organisation’s contact person initially and then by the principal researcher directly.

The principal researcher and supervisor for the study were the only people who had access to the interview notes and tapes, and after the study’s completion the notes will be destroyed and the tapes erased. A summary report of the findings will be made available to the organisation, and to research respondents specifically on request.

Data Analysis
Shaw (1999, as cited in Ekanem, 2007) states that there are no “formulas or cookbook recipes to advise on the ‘correct’ or ‘best’ way of inductively analysing qualitative data” (p.65). Bearing Shaw’s assertion in mind I have chosen discourse analysis for this study. Livesey (2002) posits that discourse analysis is useful for research in the field of management communications amongst others as it offers the researcher “unique entry points into the analysis of organisational texts and different perspectives on their effects” (p. 118). Discourse analysis is interpretive and, therefore, its value lies in its capacity to provide deeper insights into an occurrence (Baxter, 2006, as cited in Pitts, Fowler, Kaplan, Nussbaum & Becker, 2009). Moreover, Livesey (2002) describes discourse analysis as relating,
texts to social practice as found within particular discourses, broadly defined to include institutions, norms, knowledge systems, social practice, and language. It starts by identifying formal features of text (e.g., metaphors, patterns of language and argument) and discursive practice in order to show how language reflects and reproduces taken-for-granted realities that govern practice in the wider social arena. (p. 133)

The analysis in this study has two components: **thematic analysis** and **dialectical analyses**. Thematic analysis of the data addresses Research Questions 1 and 2, and was chosen because it is a flexible analytic tool and is compatible with constructionist concepts; that is to say, examining how multiple discourses in action within society result in meanings, experiences, realities, events, and so forth (Braun & Clarke, 2006). According to Braun and Clarke (2006), thematic analysis is “a method for identifying, analysing and reporting patterns [themes] within data” (p. 79). A theme denotes something significant about the data relative to the research question at hand and signifies a form of “patterned” reply or connotation within a “data set” (Braun & Clarke, 2006). More specifically, the researcher is looking for “recurrence” of meaning, “repetition” of words or phrases and “emphasis” of responses (Owen, 1984).

To address Research Question 3 I draw on dialectical analysis. Dialectics “centres on contradictions or the ways that oppositional forces create situations that are ‘both-and’ or ‘either-or’” (Putnam, 2003, p. 40). Putnam and Boys (2006) state that a contradiction is a “unity of opposites” and that the unity occurs because “the dualities are essential interdependent parts of a social system or because one concept has meaning only through its opposite” (p. 561). For example, openness exerts a negating influence on privacy needs, but openness is only meaningful since we know what privacy is (Baxter & Montgomery, 1996, as cited in Pitts, et al., 2009). These oppositional tensions are dynamic and focus on how language can continually change organising behaviour (Putnam, 2003). Dialectical analysis addresses these tensions or dualities through analysing “primary contradictions” – public/private, control/yielding, co-operation/competition, openness/closedness, autonomy/interdependence, and certainty/uncertainty. From an organisational
perspective these contradictions are inevitable; they “characterise informal conflicts among co-workers, employees and supervisors, and departments within an organisation”, and can heavily influence organisational decision making, follow through and “conflict outcome” (Putnam, 2003, p. 41). These contradictions, however, need not be viewed as problematic or undesirable, but rather inevitable and necessary, as tensions can provide a way forward, allowing expected or unexpected change (Pitts, et al., 2009).

It should be noted however, that dialectical analysis is not without limitations. Kolb and Putnam (1992) suggest researcher sensitivity to the following potential problems when taking a dialectical approach:

when conflict is viewed through the lens of duality, it is opposition and difference that is emphasised at the expense of similarity. In addition, the dual focus tends to reify oppositional categories and treat them as something more than the social constructions they inevitably are. (p. 320)

In summary, as these forms of analysis are interpretive they provide this research with an innovative yet appropriate approach for analysing and understanding respondents’ thoughts, opinions and assumptions about what counts as a healthy food, what counts as a functional food, how the organisation manages tensions faced as a producer of functional foods for sports performance and the implications for the consequent external communication. Furthermore, using these forms of analysis, this research looks to uncover the various potential effects respondents’ thoughts, opinions and assumptions could have on the management of both organisational identity and organisational reputation.

In the following Findings chapter, the interview data and other relevant organisational communication material is presented. The main themes that were evident are presented in relation to each Research Question.
CHAPTER 4 – Findings

Introduction
In this chapter findings from the interview analysis are described in detail along with excerpts from secondary organisational sources such as websites and television advertisements. Respondents’ thoughts, opinions and assumptions are highlighted in relation to the organisation’s production of healthy and functional beverages. Also, comments about the tensions faced in developing and producing functional products and the external communication used to market these products are illustrated. The analysis has been divided into four parts in keeping with the four research questions previously outlined at the end of Chapter Two. In relation to each research question the main themes evident from the interviews are identified and described. First, the roles of each respondent are identified, as well as the main functional brands and products referred to and their pseudonyms.

Identifying Respondents, Brands and Products
The interviews were conducted with members of the case study organisation involved in branding, marketing, research and development, and nutrition and claims. The respondents’ roles are outlined below:

*Product Development Manager*
*Packaging Manager*
*Nutrition and Claims Manager*
*Marketing Manager for Energy*
*Marketing Manager for Hydration*
*Brand Manager for Sports Beverages*
*Brand Manager for Juice*
(Note: respondent Brand Manager for Juice previously worked on Sports Beverages)

Respondents often referred to two teams of people within the organisation – *Marketing* and *R&D*. Product Development Manager, Packaging Manager and Nutrition and Claims Manager fall within the R&D team, whilst Marketing Manager for Energy, Marketing Manager for Hydration, Brand Manager for Sports Beverages and Brand Manager for Juice fall within the Marketing team. These teams will be used where appropriate and relevant to the findings.
The organisation’s functional beverage ranges will be referred to as follows:

**SPORTS DRINKS**

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Sports Drink Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original hypotonic product</td>
<td>Scientific Sports Drink</td>
</tr>
<tr>
<td>New isotonic product</td>
<td>Lifestyle Sports Drink</td>
</tr>
</tbody>
</table>

**ENERGY DRINKS**

<table>
<thead>
<tr>
<th>Brand Name</th>
<th>Energy Drink Brand</th>
</tr>
</thead>
<tbody>
<tr>
<td>Original product</td>
<td>Original Energy Drink</td>
</tr>
<tr>
<td>Shot product</td>
<td>Energy Shot Drink</td>
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<tr>
<td>Energy-sports hybrid product</td>
<td>Energy-Sports Drink</td>
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</tbody>
</table>

**JUICE DRINKS**

<table>
<thead>
<tr>
<th>Juice Product 1</th>
<th>Juice Extra</th>
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<tbody>
<tr>
<td>Juice Product 2</td>
<td>Juice with Greens</td>
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**Respondents’ Assumptions Regarding Food and Health**

Respondents answered questions about the images and labels given to or associated with food and beverages. Two related themes emerged which illustrate a clear difference in the way Marketing staff and R&D staff talked about food and health.

**What does the term healthy mean?**

Respondents were asked what *healthy* meant to them in terms of their roles within the organisation. In response, there was a split between Marketing staff and R&D staff in the discourses drawn on to describe what was meant by healthy. Those within the R&D team gave much more pragmatic and nutrient-oriented responses in relation to the product, for example:

- Packaging Manager – real stuff, natural, it can’t be a[n] artificially added something.

- Nutrition and Claims Manager – a water based product, which to me would be the healthiest in terms of low calories.
These responses are not unusual given the R&D team’s focus is on what ingredients make up a product, how ingredients fit together and how nutritious those ingredients are. And although these responses about healthy are perhaps ‘normalised’, they are, nonetheless, still assumption-based.

Marketing staff referred to healthy more in terms of lifestyle. Their focus is more on how the consumer will view the product and how it can be made appealing. What is interesting is that one would think everyone wants to be healthy; however, Marketing staff gave the impression that calling the organisation’s products healthy was too direct and would not have broad enough appeal to capture the necessary cross sections of the consumer market. For example:

Brand Manager for Juice – I think health is a bit, as a word, a bit harsher.

Marketing Manager for Hydration – we don’t kinda go out and go this is a ‘healthy’ drink.

Respondents are assuming that consumers like the idea of being healthy, in their consumption choices, but having products labelled as such can be viewed as too overt or “in your face”, too exercise-oriented and “hard core”; therefore, guilt-inducing and less appealing. Marketing staff are suggesting that the use of the term healthy would likely reduce rather than facilitate the possibility of a sale. Instead the Marketing team used words with explicitly positive, but all encompassing connotations. Examples of alternative words or phrases to healthy included:

Brand Manager for Sports Beverages – a balanced diet, looking after your body.

Brand Manager for Juice – good choices, taste and enjoyment, well being, goodness, holistic.

This distinction between the talk of Marketing staff and R&D staff is note worthy because it highlights how the assumptions of one team can affect organisational decisions made about how products should be presented to consumers.
Some advertising examples are now outlined. On one of the organisation’s juice websites there are two functional products, Juice Extra and Juice with Greens. Juice Extra is referred to as having “extra goodness”, while Juice with Greens is referred to as having “added goodness”. A television advertisement for the organisation’s Energy Drink Brand says its Original Energy Drink product will “vitalise body and mind”. The organisation’s sports beverages website says, “a great tasting sports water”.

Interestingly, one television advertising example found did use the word “healthier”; however, it was immediately followed by one of the “less harsh” terms Marketing staff had outlined as an alternative to healthy, “finding one [a beverage] that’s healthier and still tastes great” (emphasis added).

The assumption here, by Marketing staff, is that consumers do not associate healthy products with great taste. Therefore, Marketing is implying that in order for the product to be appealing enough to sell it needs to specifically state that something healthy can be delicious as well. Overall, the Marketing team’s assumption about healthy being too overt shows potential concern about sales, and brand identity.

This section appears to demonstrate an organisation juggling multiple identities. On the one hand the organisation is identifying with “healthy living” – taking care one’s self, being concerned about nutrition and making sensible nutritional choices, and on the other with “enjoying life” – consuming beverages for fun, taste, and pleasure. The organisation is trying to project both brand identities to the consumer in a way that is rational, appealing, and non-contradictory; an example can be found on the label of a pure water bottle. The tagline on the label states “Have your cake and drink me” – a play on, “have your cake and eat it too”. In other words the tagline is implying that you can “enjoy life” (eat the cake) and still “live healthily” (by drinking the organisation’s pure water).

**What products or product ranges are deemed healthy?**

Respondents also answered a question about what products or product ranges they deemed to be healthy within the organisation. Again, there is a split between R&D staff and Marketing staff. When referring to the health attributes or
nutritional properties of its products R&D staff took a factual knowledge-based approach, for example:

Product Development Manager – the classic one would be our Sports Drink Brand...you don’t want to be drinking six bottles of it a day health wise, but as part of sport that’s what we designed it for. (emphasis added)

Nutrition and Claims Manager – from a health point of view the less sugar you have got in the product the better. (emphasis added)

Product Development Manager – things that are purely pleasure and don’t have any sort of health connotations at all...which are just for enjoyment; yes there’s a health aspect if you go for sugar-free. (emphasis added)

These respondents’ comments assume that those consuming the organisation’s products will be informed about, or interested in, the nutritional benefits of what they are ingesting.

Marketing staff, however, take quite a different approach, positing that consumers choose what is healthy relative to multiple factors including who they are, the lifestyle the lead, what they are doing at the moment of consumption, and what products they have available to them. Therefore, the Marketing team is assuming that consumers can deem anything to be healthy under the right circumstances. This assumption provides Marketing staff with broad scope within which to communicate and advertise “health” to consumers; whilst at the same time it removes, from the organisation, the onus of providing strictly nutritionally advantageous products, which are less likely to have popular appeal. Several examples of the Marketing team’s assumption are outlined below:

Brand Manager for Sports Beverages – all our beverages, none of them are bad. So I’d say all of them are used within a balanced and healthy diet, you can manage yourself.

Marketing Manager for Hydration – Healthy depends a lot on what you’re doing as a person.
Brand Manager for Juice – That’s the thing with health, it’s 
depending on what your needs are at the time.

Marketing Manager for Energy – There’s a continuum of 
healthy...if you asked consumers to rank a spectrum of products 
from good too bad they would make an arbitrary delineation of 
products along a continuum and so it’s always about 
relativities...healthy is just a spectrum in the mind of the consumer 
which ranks their perception around the inherent attributes of the 
product.

Marketing Manager for Energy, makes another assumption about “health” or 
rather selling health; that it is less about developing healthy products per se, and 
more about reducing health barriers to consumption:

  Marketing Manager for Energy – we have brands that we develop 
  which are actually built around a health platform...[but] the way I 
  think about it is the barriers, what’s actually stopping the 
  consumer...how could we reduce those barriers?

  Marketing Manager for Energy – there’s always ways of trying to 
  respond to consumers’ concerns and the barriers that prevent them 
  purchasing your products.

For instance, Marketing Manager for Energy suggests replacing sugar with an 
artificial sweetener if sugar is a concern or replacing an artificial sweetener with a 
natural sugar-free sweetener if artificiality is a concern.

Brand Manager for Juice also makes an interesting assumption about consumers 
and drinking pure water, an assumption she repeats:

  Brand Manager for Juice – people can’t just drink pure waters 
  every day; they do need some taste to enjoy their products as well.

  Brand Manager for Juice – [the organisation] encourages drinking 
  water...but it’s unrealistic to think that people are going to do that 
  100% of the time.
This assumption provides Brand Manager for Juice with a justification for marketing an array of products, which the consumer determines to be as healthy as pure water, depending on or relative to those factors mentioned above.

As with the section above, the organisation is juggling those same multiple brand identities of “healthy living” and “enjoying life”. It seems as though the organisation is trying to alleviate any problems these multiple identities may cause by placing the responsibility of “health” on the consumer. By doing this the organisation can provide a full spectrum of healthy beverages and successfully manage its multiple brand identities without losing the respect of consumers, for its products.

**Respondents’ Assumptions Regarding Functional Foods, Functionality, and Consumer Groups**

Respondents answered questions that explored terms and labels given to or associated with functional foods and the relationship between functionality and consumer groups. Several themes emerged, some of which continue to highlight differences in the discourses drawn on by Marketing staff and R&D staff, while others evidence a more united organisational understanding.

**Respondents’ definitions of functional**

There was a general consensus across both R&D staff and Marketing staff as to what functionality is or does. That is, both teams believed functional products a) give consumers an efficacious physiological effect, which b) may or may not be observable from c) either a natural or a formulated ingredient which d) are over and above the attributes of being pleasurable and providing nutrition.

Respondents in the R&D team took a more pragmatic approach illustrating that it believed functionality is clear cut, without “grey areas”. According to R&D staff functionality...

Gives a product purpose:

Product Development Manager – it gives particular purpose.

(emphasis added)
Nutrition and Claims Manager – Functional means having...a physiological effect. (emphasis added)

Is a particular attribute or ingredient:

Product Development Manager – an attribute other than flavour, colour, mouth feel; it’s got something on top of that...one is observable and one is not...but actually there’s a function...[like] getting vitamins. (emphasis added)

Provides a benefit:

Product Development Manager – that’s going to do something for me and I’m going to feel the benefit and that’s why I just paid for it. (emphasis added)

Nutrition and Claims Manager – [the Scientific Sports Drink] formulated it specifically to offer faster rehydration or faster absorption. (emphasis added)

Marketing staff also referred to functionality as giving a product purpose and as being an attribute or ingredient; however, their responses mostly focused on functionality as providing a benefit or outcome for the consumer, for example:

Marketing Manager for Energy – so there’s functional ingredients which deliver efficacy for the consumer. So there’s a benefit, there’s a clear benefit beyond just perception and taste and hydration, there’s actual real functional delivery. (emphasis added)

Marketing Manager for Hydration – it does something for you, so you can feel or notice a physical effect or mental effect from consuming the product. (emphasis added)

It is the Marketing staff’s use of the word “promise” in particular with regards to what functionality will do or provide that grabs one’s attention and again highlights differences in the rhetoric of R&D staff and Marketing staff. Three of the four in the Marketing team used the word “promise” in relation to functionality.
Brand Manager for Juice – [it] promises the consumer...a functional benefit. (emphasis added)

Marketing Manager for Energy – So there’s a promise and then there’s a rational product which makes the consumer believe that promise. (emphasis added)

Marketing Manager for Hydration – [it provides] more than just the basic requirements...something that promises an ingredient or a benefit over and above that. (emphasis added)

The word “promise” denotes an assurance or a guarantee and implies giving consumers an assurance that the functionality of the product is reputable. However, the Marketing team cannot say certain things legally, so instead making vague promises to the consumer opens the door to a breadth of interpretations, in order to appeal to a breadth of target markets. Although, in doing so the organisation runs the risk of consumers seeing through these “promises”, which could have a negative impact on brand reputation through a reduction in brand confidence.

**Functionality, sportspeople and sports performance**

One of the organisation’s core functional brands is sports beverages. The brand is in fact split into two categories – sports waters and sports drinks. The findings focus on the sports drinks, specifically the original scientifically formulated and clinically tested hypotonic sports drink, Scientific Sports Drink, and the new non-clinically tested isotonic sports drink, Lifestyle Sports Drink. When asked who the intended target audience was for the brand, respondents admitted they had made several assumptions about the attributes of the consumers who would drink the original Scientific Sports Drink. For example, these consumers would,

Care about functionality and nutrition:

Brand Manager for Juice – athletes that actually would buy into the functional benefits and use it for what is required. (emphasis added)
Nutrition and Claims Manager – those who are a bit more serious about what they’re drinking in terms of calories and they tend to be the sportier people. (emphasis added)

Be highly competitive sportspeople who do intense exercise:

Brand Manager for Juice – it’s got a very very...specific function around faster rehydration...and a good choice for athletes...when you are doing extreme exercise. (emphasis added)

Be self-oriented:

Marketing Manager for Hydration – it’s always been a brand that’s much more about the individual and its position for a long time has been about achieving your own personal best...an internal thing. (emphasis added)

Brand Manager for Juice – you’re an individual person...you’re very isolated, it’s all up to you...a bit more extreme because it is only up to you. (emphasis added)

Be achievement-oriented:

Marketing Manager for Hydration – we have a kind of a mental element...the kinda thinking persons’ sports drink...more serious, more about striving. (emphasis added)

Brand Manager for Sports Beverages – a need to perform, a need to strive and excel. (emphasis added)

Nutrition and Claims Manager – that was one of our tag lines for the Sports Drink Brand, it helped you ‘perform better for longer’. (emphasis added)

These attributes formed a brand identity “high achieving sports performance”, which placed a high level of expectation on the consumer. The organisation discovered this fact over time and realised that its assumptions were leading consumers to perceive that the Scientific Sports Drink product, and associated
brand, was exclusively for top echelon sportspeople with extreme nutritional requirements, a narrowly focused target audience, for example:

Brand Manager for Juice – The challenge is...with the Sports Drink Brand is that it can become too elite in terms of, ‘oh it’s not for me, it’s only for elite athletes’... as hard core I guess as the likes of the Bevan Docherty’s...so in terms of marketing it is, it’s actually quite challenging because...you’ve got the tip of the iceberg around those people that actually care about the genuine benefit of drinking the product who, it is like I say the tip of the iceberg.

On the one hand, having a product endorsed by someone as highly regarded as Bevan Docherty, an Olympic medallist and world champion, was beneficial for the organisation in terms of product and brand credibility, and in turn brand reputation. On the other hand, this endorsement and the brand identity created also seem to have been counterproductive in terms of projecting too narrow a target audience.

In order to resolve the brand identity issue the organisation introduced a new product the Lifestyle Sports Drink to appeal to a broader more mainstream target market. This product was given a different brand identity of “general performance”, which associates the Lifestyle Sports Drink with giving the consumer the energy to get active, to do well whatever one’s lifestyle, and to enjoy life:

Brand Manager for Juice – [the Sports Drink Brand] we associate it with active healthy people, for people into sports and not sports specifically...you don’t have to be a sportsperson to be drinking it, but sort of relates more to that sporty type of person, that’s sort of outgoing, and on the go and active and is probably even outdoorsy, just out enjoying life.

However, in creating this separate brand identity, it appears that there is some underlying tension between who the organisation wants to promote the brand to and who it realistically has to promote it to in order to keep the brand viable.
Consumer demand vs consumer knowledge

The bulk of those consuming the organisation’s functional beverages are 18-24 year olds, with a secondary target market of 25-34 year olds, a very broad mainstream target market:

Brand Manager for Sports Beverages – So these people do tend to be slightly more male and...relatively young, we sort of tend to say 18-35.

Marketing Manager for Energy – the predominant target market is 18 to 24...and the secondary market in 25-34...they’re the people who would consume the lion’s share of the energy drinks category and the same would be said for most of the beverages in our portfolio.

From respondents’ comments about this target market however, two organisational assumptions appear to have been made. The first assumption is that these consumers are buying functional beverages because functionality and functional benefits are genuinely important to them.

Brand Manager for Juice – we need to start offering more functionality because it’s definitely going that way in terms of consumer trends, people wanting more and more from their products.

Marketing Manager for Hydration – people are looking for more and more functionality out of their drinks.

Brand Manager for Juice – there is huge opportunity for offering more interesting and functional ingredients in our portfolio to meet consumer needs.

Product Development Manager – consumers want natural and functional...so we’ve got to deliver it.

These responses suggest that the organisation believes the demand for functional foods is being driven by the consumer.
Yet, several of the respondents’ comments indicated that these consumers’ purchase motivations were more related to trying new and trendy products that look good, taste good, and sound good for you rather than being concerned about actual functional health benefits:

Nutrition and Claims Manager – those who don’t really think about it...it’s just another sweet drink and it has those connotations of being sporty without them doing anything. (emphasis added)

Product Development Manager – 18-30’s...most people in that area are buying different drinks and are interested in new drinks. (emphasis added)

Brand Manager for Juice – we know that sports drinks are drunk, 50% of them are drunk between, I think males 10-19...when they’re drinking it, it’s just a yummy cool beverage. (emphasis added)

Nutrition and Claims Manager – Visual cues...have a huge influence on consumer purchase and the mainstream consumer of sports drinks is not a sportsperson, and the visual cues that they are looking for are colour and that opacity...it looks intense and brightly coloured...gives them an impression of potency...they are couch potatoes or the weekend warriors...it’s bizarre because it’s non-scientific. (emphasis added)

These responses seem to run contrary to previous suggestions that consumers see functionality in terms of health benefits as highly important to beverage purchases. The respondents’ comments here appear to instead describe the importance of image and lifestyle, and identification with a product or brand.

The second assumption goes hand-in-hand with the first; that is, assuming this broader target market genuinely wants functional beverages also assumes they understand what functionality is and what it will do for them. Brand Manager for Sports Beverages on the one hand stated that the organisation was educating consumers:
Brand Manager for Sports Beverages – it was almost like an education job, you had to do with consumers, to tell them about what guarana was and educate them as to the benefits...a benefit that consumers can identify with and place value on.

Yet, she and Packaging Manager still indicated that consumers lacked understanding regarding functionality:

Brand Manager for Sports Beverages – If you ask a consumer in the street what type of drink is Energy Drink Brand? They wouldn’t say it’s a functional drink, they’d probably say it was a pick me up or and energy drink.

Packing Manager – It’s an interesting sort of dilemma...some people know about the functionality of certain ingredients or fruits or vegetables...but that would be a small percentage...you’d be lucky if the whole population even knew what an antioxidant is and what it does for you, and what the benefits are for it, I think it gets that simple.

If these consumers do not really understand what functionality is or what it does then it begs the question, how can they truly want functionality, or more of it, in their beverages? Marketing Manager for Hydration said herself that taste is “the absolute, underpins everything”. Perhaps this broad mainstream consumer group demands functionality in the sense of it being “trendy”, as a provider of the sort of drinks that might lessen feelings of guilt about looking after one’s self and as something they can identify with in terms of their lifestyle. If this is the case, then perhaps physiological functional benefits will be lost on these consumers. Therefore, trying to develop and promote innovative functional beverages with genuine health and nutrition benefits may not be as worthwhile a pursuit for the organisation as creating functional beverages that address consumer concerns about image and product/brand identification.

**Functional foods and nutraceuticals**

Respondents were asked if they had heard of the term *nutraceutical*, and if or how they thought it was different from a *functional food*. The two respondents with
the most knowledge on nutrition and ingredients, Product Development Manager and Nutrition and Claims Manager, who are both in the R&D team, gave the most confident descriptions of nutraceuticals:

Product Development Manager – I don’t think there’s a big difference, nutraceuticals, I mean we have people selling us nutraceuticals as functional ingredients for functional drinks...a nutraceutical is more of an ingredient and the nutraceutical industry is more about finding those ingredients...generally natural actually.

Nutrition and Claims Manager – It’s a pretty blurry line really...you are adding a nutrient which performs a function and there is an applied benefit from that nutrient, you can call these nutraceuticals...it’s a nutrition-related pharmaceutical or a food which offers nutrient benefits, and a functional food offers a functional benefit in terms of having a physiological effect. So they can be used interchangeably and they have been in the literature.

It would appear as though these respondents’ descriptions of nutraceuticals are informed by scholarly literature. The remaining responses, on the other hand, seem to be more based on personal opinion and guess work.

Packaging Manager, also in the R&D team, was confident he understood what a nutraceutical was, but assumed it was being able to claim “hard” functional benefits:

Packaging Manager – it’s a specific health claim.

Yet, as this respondent is involved in the research and development of packaging rather than products, his comment may simply reflect his lack of knowledge and understanding about nutrition.

Within the Marketing staff, one of the respondents, Marketing Manager for Hydration, made the same assumption as Packaging Manager; that is, a nutraceutical was something allowing one to claim “hard” functional benefits:
Marketing Manager for Hydration – I’d be guessing...they’re making quite hard claims, as in this will...be able to make me see twice as far...it would suggest to me that it’s drinks that are actually doing things that you wouldn’t expect drinks to do, and yeah making hard health claims.

This assumption, like that of Packaging Manager is also likely a reflection of the lack of knowledge and understanding about nutrition and given the respondent’s role this view is understandable.

Brand Manager for Sports Beverages assumed that 1) nutraceuticals were possibly more scientific and “futuristic” than functional foods, and 2) would be unfamiliar to mainstream consumers.

Brand Manager for Sports Beverages – nutraceutical is, would be a step more sciency than a functional beverage...the world of the unknown...trends that haven’t hit mainstream yet so people don’t know about.

This respondent’s second assumption implies that mainstream consumers would need a certain amount of education about these sorts of products or product ingredients in order to generate sales, something that may require significant resourcing, both time wise and financially.

She and Marketing Manager for Energy also assumed that nutraceuticals were likely to be more health- and/or sports-oriented, for example:

Brand Manager for Sports Beverages – you might find them [nutraceuticals] more in the extreme health stores I’d imagine.

Marketing Manager for Energy – I would find it in a health food shop because, or a chemist or a pharmacy.

Marketing Manager for Energy – nutraceutical to me means you know formulated functional products...used by more...more your sporty sort of people.
These assumptions imply that only specific target markets; that is, those who are extremely healthy or seriously involved in sport, would know what a nutraceutical was.

Brand Manager for Juice did not know what a nutraceutical was at all. What is interesting about the array of assumptions made about nutraceuticals then, is the possible reflection on the organisation’s core value of innovation. The organisation projects a strong public identity around innovation; two of its biggest selling products can be described as functional foods. The fact that only two of the seven respondents could describe a nutraceutical, based on available literature, is perhaps an indication that innovation as a core value and attribute of organisational identity is not as inherently strong as believed. Or perhaps it is simply a reflection of people’s varied roles within the organisation and necessary level of understanding about food and nutrition for that role.

**Functionality and making claims**

Other terms respondents frequently referenced when talking about *functional foods* or *functionality* were in relation to the kind of benefits that can be legally claimed about a product. Both R&D staff and Marketing staff agreed that functionality occurs at two levels with regards to what benefits can and cannot be legally claimed. At the first level of claiming respondents refer to functional benefits as “soft”, meaning either non-scientific or general. At the second level of claiming functional benefits are referred to as “hard”, meaning either scientific/evidence-based or specific, for example:

> Marketing Manager for Hydration – Vitamin B…it has a function over and above just hydration or being a nice taste…it’s a pretty soft, soft function.

Vitamin B is viewed as “soft” because what it does for you benefit wise is very general; that is, you cannot claim that vitamin B will make you see twice as far. Respondents confirmed that the benefits of the organisation’s functional beverages are, for the most part, at the “soft” level:

> Packaging Manager – The one’s [benefits] in beverages would be pretty much soft claims or implied claims.
The reasons respondents gave for the lack of functional products with “hard” benefit claims included technological complexity, cost, time, depth of research required, the need for scientifically supported evidence, and the rigors of regulations. Only one beverage (the Scientific Sports Drink), within the sports beverages range, has functional benefits that can be claimed as “hard”. In this instance, the organisation did the research, worked through formulation challenges, spent the time and money necessary and had the product clinically tested twice:

Nutrition and Claims Manager – The reason why we’ve got two clinical trials is that one wasn’t enough just to substantiate the claims...the nutrition and health related claims standard...requires you to have enough evidence to support your claims and that is why we had to do another clinical trial which is more in depth and gave a lot more concrete evidence.

There was an assumption that being able to claim benefits at the second level of functionality would lead to an increase in product credibility and ultimately sales within all consumer groups:

Packaging Manager – it will be so tempting for the business to go there...to have more harder claims...getting harder claims and better benefits.

Marketing Manager for Hydration – as marketers...the stronger the claims about what it can do the better.

Brand Manager for Juice – the whole reason for doing the clinicals was to come up with the functional claim that it was better than the competitors.

However, thus far, the organisation’s sole product with “hard” benefits has NOT in fact had superior sales over its major competitor product:

Nutrition and Claims Manager – Even though our product works better we’re not selling more product...it hasn’t sold us more product.
In this instance at least it would appear that developing a product with “hard” benefits was not as important a factor to consumer purchasing decisions as assumed. This finding supports the earlier description that mainstream consumers are looking for identification and image association from their functional beverages rather than genuine health benefits.

**Organisational Tensions and How They are Managed**

Respondents were asked what, if any, tensions they felt the organisation faced in producing its functional beverages. Two major tensions, each with sub-tensions were identified. First, issues related to making legitimate public claims about functional beverages will be described. Second, issues related to profit making vs altruism will be addressed. I shall also comment on how the organisation attempts to manage these tensions and sub-tensions.

**Issues related to making legitimate public claims about functionality**

The first major tension respondents identified was claiming; more specifically, issues concerning making legitimate public claims about functionality. As a functional beverages producer the organisation wants to inform consumers about the benefits of ingesting functional ingredients and does so by making claims on product packaging and through other communications such as websites and television advertisements, for example:

- **Television advertisement for the Energy Drink Brand** – It’s the *guarana* and *B vitamins* in [the Energy Drink Brand] that *vitalise body and mind.* (emphasis added)

- **Website advertisement for the Sports Drink Brand** – combines *four essential B vitamins* to unlock *energy, electrolytes* and *carbohydrates* to *hydrate* you faster. (emphasis added)

In both of these examples, the advertisement first tells you what functional ingredients the product has and then it makes a claim about what these ingredients will do for you.

Respondents identified two issues or sub-tensions regarding making legitimate public claims about functionality. The first sub-tension is around claiming and ethical concerns. The second sub-tension is an internal one between R&D staff
and Marketing staff. Each of these sub-tensions will be discussed and comment made as to how the tension is managed.

Claiming and ethical concerns

When asked about constraints on claiming respondents were quick to highlight the existence of legislative constraints when making claims about functionality, for example:

Brand Manager for Sports Beverages – absolutely there are constraints...from governing bodies...certain things you can and can’t say on packaging.

Marketing Manager for Energy – Food Safety Authority...put some constraints and some boundaries around what an energy drink, what it is and what it isn’t, and what it can and what it can’t be.

Packaging Manager – we have a very rigorous system or very controlling system making sure that we don’t put anything, any claims or any information on the pack that shouldn’t be there, that’s unsubstantiated or incorrect or untrue.

These constraints relate specifically to the two types of claims an organisation can currently make about food. According to the Food Standards Australia New Zealand (FSANZ) website these are nutrition claims and health claims.

Nutritional claims are:

Claims that tell consumers about a nutritional property of a food, e.g., how much calcium is in a food. These claims can indicate the presence or absence of a particular nutrient or substance in the food and they can also indicate the amount. Certain nutrition claims have special conditions and these are regulated by Standard 1.2.8.

Health Claims are:

Currently regulated by a transitional Standard 1.1A.2. Under this standard the only health claim that can be made about a serious
disease is a claim about the benefit of maternal folate consumption for women.

The FSANZ website states, however, that a new health claims standard is being developed, under which claims must not be misleading, and must be scientifically substantiated. This standard will regulate three types of claims:

Nutrition content claims — statements about the presence or absence of a nutrient, energy or a biologically active substance in the food.

General-level health claims — claims about the effect of a nutrient or substance in a food on a health function or a non-serious disease.

High-level health claims — claims about the effect of a nutrient or substance in a food that make reference to a serious disease or biomarker of a serious disease [e.g., blood cholesterol and blood pressure].

The website also states that there will be eligibility criteria for the new general- and high-level health claims. Development of this new standard is due for completion by late 2011.

One specific regulation challenge occurs with the launch of a new product. According to respondents, when developing and producing functional products the organisation was usually “pushing the envelope” in creating an innovative product with consequent challenges:

Marketing Manager for Energy – Legislation is a constraint...normally the manufacturers are ahead of the game and legislators are playing catch up...the challenge is to find regulations that you can launch a new product in, under and to make sure that new ingredients are approved by the Food and Drug Administration [FDA].
Nutrition and Claims Manager – The New Zealand environment is such that we are really careful...we do try and be careful...companies who have been innovative can actually launch a new product...where the food legislation or the foods standards hasn’t actually caught up, so we are always ahead of the legislation and sometimes that puts us in a sort of a grey or precarious area where we need to still make sure that our claims are sound...support our position...the legislation hasn’t come up to speed with our invention.

Respondents are referring to ethical organisational behaviour; that is, ensuring the organisation works within existing legislative guidelines until more up-to-date legislation is passed that accurately covers the newly developed functional product. Ethical concerns appear to be central to organisational identity. The organisation demonstrates concern for honesty and responsibility in one of its five core values – “Straight Up”. This value is described on the organisation’s website in the following way:

Here at [the organisation] we’re straight up. We say what we mean...It’s what makes us ethical and moral in our actions. We do what we say...It’s a given that we play fair, but play hard. It’s simple.

The organisation hopes that identifying with ethical concerns and acting in a “straight up” manner will have positive repercussions on its integrity as a manufacturer and therefore, its organisational reputation.

Several respondents stated that New Zealand is one of the most regulated countries in the world regarding food and beverage claims. Because of the rigours of the New Zealand legislative system respondents identified a further challenge for the organisation – ethical concerns about the legitimacy of competitors’ public claims. For example, significant frustration was evident in respondents’ comments about smaller national or international competitors distributing within New Zealand that do not abide by the law:
Marketing Manager for Energy – you have to play by those rules and not everyone does...some of the small cowboys in the industry actually are non-compliant...we expect our competitors to play by the rules, but sometimes they don’t.

Marketing Manager for Hydration – One of the tensions we have is a lot of smaller companies do make some quite spurious claims that are non-backed up and because they’re small and relatively insignificant they seem to be able to get away with things. So it’s not worth anyone kind of jumping up and down too much.

The organisation is clearly concerned about a) the quality and effectiveness of the products being manufactured by their competitors and b) the claims being made. Respondents commented about consumer cynicism around functionality due to products being manufactured and sold on the basis of false or misleading claims:

Brand Manager for Sports Beverages – In relation to functional products [there] is a real cynicism from the New Zealand public...I think we as a New Zealand population have been exposed to products that have been deemed to be functional in terms of giving us good stuff...and then you find out that they’re potentially not as good as you thought.

Marketing Manager for Hydration – I think New Zealanders are naturally just a bit sceptical about ‘how can a drink do that’, and you know there’s a real question about what drinks can honestly deliver and the right quantities that do have tangible effects...there could quite possibly be even a backlash.

There is concern that consumers will make negative evaluations about the efficacy of functional beverages produced by both the “cowboys” and the case study organisation. Respondents were adamant that the organisation has developed functional products that are genuinely efficacious, for example:

could say absolutely they deliver on their promise otherwise they wouldn’t be as big as they are.

Nutrition and Claims Manager – I can put my hand on my heart and say that the Scientific Sports Drink if we are looking from a benefit point of view...[it’s] a product which works and it can support its claims.

The organisation does not want to be associated with any questionable functional products, as it may lead to a reduction in sales and/or be harmful to product, brand or organisational reputation.

There is further frustration when competitors make complaints, often for the sake of it, about new products the organisation launches:

Nutrition and Claims Manager – We’re always waiting on the edge of our seats when we launch a new product, is the competition going to try to find fault in it... it’s normally competitors that will complain about your products; so, we have had the competition distract us by making complaints about our claims.

Brand Manager for Juice – Probably the hardest thing is around, you have to be really careful what you claim because otherwise you can be pulled up on it by competitors... [you] have to be so careful that sometimes you’re probably a little bit maybe a little bit too cautious and on the safer side.

It is clear the organisation finds some competitor behaviour frustrating. It also understands that competitors play an important role in terms of the organisation’s credibility and reputation in the market. The case study organisation does not want the consumer to evaluate it as similar to a competitor, especially if that competitor is not abiding by the law and may bring negative and unwarranted public attention to the case study organisation’s operations.

Despite these challenges, respondents state that they manage any issues by ensuring they work ethically, first in the eyes of the regulators:
Marketing Manager for Energy – [We have] really strict policies and criteria around marketing of energy drinks to youth...we don’t market energy drinks to under 16...very overt policy around that...we got out of our way to make sure...that we are very ethical about that.

Marketing Manager for Energy – one of the challenges we have as a very ethical manufacturer is we are always playing by the rules.

Being ethical here means “playing by the rules” and is important because it demonstrates to regulators that the organisation is serious about legislation and responsible manufacturing.

Second in the eyes of the industry:

Marketing Manager for Hydration – [the organisation] being the size [the organisation] is we know that we have to be absolutely straight up...there’s often a frustration...the need to be white and white as a company of a certain size. It’s frustrating, but it’s probably the right way to be.

Being ethical here means setting a good example for the rest of the industry to follow. This is important because it shows others in the industry that an organisation can be “cutting edge” whilst staying within the confines of the law, where respondents believe all organisations should be.

Third in the eyes of the consumer:

Marketing Manager for Hydration – we certainly want to be an ethical company and we’d be quite stressed if, you know, we were in a position where we were not thought to be playing it straight.

Finally, being ethical here means providing consumers with genuinely efficacious, high quality functional beverages, which is essential in terms of consumer evaluations of product, brand and organisational reputation, and eventual purchasing decisions.
Overall, respondents gave the impression they felt the organisation managed the tensions and challenges surrounding legislation and claims of functional products well by ensuring the organisation always acts in an ethical manner. It was clear from the replies that respondents believed this behaviour would have a positive impact both on organisational identity and organisational reputation.

*Internal claims tension between Marketing and R&D*

There have been previous allusions to the existence of internal tension between Marketing staff and R&D staff. This tension is evidenced in the comments both teams made about making functional claims. Yet, there is an interesting difference in perspective of the responses. Marketing staff see the tension between themselves and the R&D team as positive, if at times frustrating:

Marketing Manager for Hydration – As marketers I guess we, the stronger claims about what it can do the better and we always have to absolutely confer with our R&D department to ensure what we’re saying does have a factual basis...hold us very true...literally we can’t, they wouldn’t sign off...if it’s not true or in any way misleading...they’re good gate keepers.

Brand Manager for Juice – Sometimes there’s a bit of tension between the marketing team...and the technical side...we’ve got to fit within these constraints and err of the side of caution otherwise this can be the repercussions. So that can be a bit of frustration and tension, but I think it’s a good tension...coming at it from your own motivations...you have to stay true to that, you know we’ve gotta from a marketing perspective try and come up with the best and most compelling way to say it and the technical in terms of how can you say that in the right way.

Marketing staff see the R&D team as the organisation’s claims “safety net”. In other words, they know they can be adventurous in their wording of claims because R&D staff will always take the conservative approach trying to ensure all claims are adequately substantiated. Marketing staff believe the two teams work well together and create a “happy medium” between being persuasive and precise.
On the other hand, those in the R&D team did not share the same positive perspective on this tension:

Packaging Manager – The tension is mainly between the marketing team and ourselves about correct and true statements and the last minute additions of functional statements...changes to wording...to make it sound cooler...[making] claims that have definitely not been checked out...sometimes we disagree with them [Marketing staff] and it goes off to a lawyer...everyone’s [in the Marketing team], oh just change this, just change that and it’s like oh we’ll just get our magic wand out and change it.

Nutrition and Claims Manager – you actually have to be very careful on what you say on the pack because marketers will inevitably try and push you to try to make more overt claims.

The R&D team believes the Marketing staff’s claiming tactics have the potential to create external repercussions for the organisation that may affect product, brand or organisational reputation. Packaging Manager gave two examples; first, that a claims disagreement between the two teams had previously put a product launch under threat and second, that the organisation, despite the R&D team’s efforts had still been picked up for non-compliance:

Packaging Manager – We’ve been caught a number of times with the New Zealand Juice and Beverage Association Internal Compliance Committee [NZJBA ICC], which is the internal compliance committee, on false, or not false, but misleading or misrepresented claims so that’s something we’ve been pretty hot on.

R&D staff gave the impression that they must watch Marketing staff more closely than they should have to, which is somewhat resented. Interestingly, in the following quotes, both Nutrition and Claims Manager and Brand Manager for Juice use the word “push” in their descriptions of what Marketing staff ask of R&D staff:
Nutrition and Claims Manager – marketers will inevitably try and *push* you to try to make more overt claims. (emphasis added)

Brand Manager for Juice – we’re quite good with working with our R&D team...a good relationship...a good R&D team that we can *push* around the functionality of our products. (added emphasis)

However, it is clear that the word “push” has opposing connotations for the two respondents. Nutrition and Claims Manager sees the Marketing staff’s “push” in a negative way; whereas, Brand Manager for Juice sees the same “push” as a positive.

Theoretically these teams should be working together with the following organisational core value in mind – “One Team”. The organisation’s website states:

“At [the organisation] it’s *one team, one dream*. We *support each other*, pull our weight and share our knowledge. We’re the team everyone wants to be picked for. We are [the organisation] and know how to make it happen while *having fun* on the way.

(emphasis added)

It appears as though this internal tension around claims for the organisation’s functional beverage products makes it challenging for the teams to identify with and promote the “One Team” value. Nonetheless, to achieve “one dream” the teams must find a way to minimise the tension in order to avoid organisational compliance failures or other negative public “spill-overs” that may affect reputation. At present the answer seems to be that those in the R&D team are expected to “manage” Marketing staff. However, this does not seem like an ideal solution.

**Profit making vs altruism**

The second major tension identified was profit making vs altruism; that is, the reasons behind producing functional beverages. Respondents talked about manufacturing functional products for reasons other than purely financial gain:

Brand Manager for Juice – It’s not just to make money, I mean it is at the end of the day, but we are certainly driven by a bigger...
purpose than just making money at all costs...trying to build brands and develop products that are good for people.

Marketing Manager for Hydration – we’re much more than just a company that churns out products.

However, given the size of the organisation, second largest in its category within New Zealand, economies of scale inclusive of profit making will play a very central role in product development decisions:

Product Development Manager – It depends on the size of the opportunity because if we launch a product it goes throughout New Zealand...that’s one of the issues with functional foods, is functions, you know, by nature sometimes are, are small, specific, segmented.

Marketing Manager for Hydration – Our expertise is in quite mainstream drinks, you know, we’re about economies of scale...that’s a challenge, about how specific and niche certain functional things are...we have to really concentrate on the bigger opportunities which tend to be more generalised [functionality].

Brand Manager for Juice – making more and more specific products for specific needs...[is] a challenge in itself, as well as in terms of the commercial size of the prize.

This last quote is implicitly highlighting profit making because Brand Manager for Juice is saying that the more niche the organisation makes its products the breadth of commercial appeal lessens and therefore, potentially profitability.

Three sub-tensions in producing functional foods have been identified under the overarching tension of profit making vs altruism. The first sub-tension is brand credibility vs brand growth, specifically for the organisation’s functional Sports Drink Brand. The second sub-tension addresses the motivation(s) behind innovation. The third sub-tension addresses the organisation’s involvement in debate about public health issues. Each sub-tension will be described in turn along with comment on how the organisation attempts to manage them.
**Brand growth vs brand credibility**

There was previous mention about underlying tension surrounding who the organisation wants to promote its Sports Drink Brand to and who it has to promote to in order to achieve sales. Put another way, there is particular tension between growing the brand to remain competitive and maintaining product uniqueness or “point of difference”, product credibility, and scientific validity. Interestingly, the majority of the concern surrounding this tension comes from one R&D staff member in particular, Nutrition and Claims Manager. Her concerns demonstrate internal conflict between what her “science and nutrition hat” is telling her and what her responsibilities are to the brand as a whole. For example:

Nutrition and Claims Manager – [I was] least involved in the Lifestyle Sports Drink because it’s just a copy cat of [the Competitor]. It’s a ‘me too’. It was really there to fill a niche that the Sports Drink Brand didn’t offer and to have a competing product to [the Competitor].

Nutrition and Claims Manager – It’s been a challenge because they [the marketers] have wanted a ‘me too’ to [the Competitor] for a long time...we have tried to stay unique and true to its origins so that’s been one of the biggest challenges...how to grow the brand, but still retain that credibility and those strong Sports Drink Brand credentials that loyal Sports Drink Brand followers were purchasing this product for...a philosophical challenge.

Nutrition and Claims Manager – My concern is that it [the Scientific Sports Drink] will disappear...the actual new product [the Lifestyle Sports Drink] has helped...grow our market share which is really positive...we had to do it, we were pretty much, we didn’t have much choice.

Nutrition and Claims Manager – I haven’t seen a strategy yet in terms of how we maintain our credible variant, the hypotonic variant, because when you reduce the number of skews, number of variants down from three or four to two you start losing visibility and shelf space, but I guess it’s the Sports Drink Brand that we sort
of have to remember, pushing the whole brand as opposed to one particular variant.

Nutrition and Claims Manager’s concerns centre on the brand identities the organisation is trying to project for the overarching Sports Drink Brand. She is worried the brand’s original, unique, clinically supported “high achieving sports performance” identity based on the Scientific Sports Drink product will be lost with the introduction of the less potent, copycat “general performance” identity based on the Lifestyle Sports Drink product. Furthermore, she is worried that this identity crisis will have a negative long-term effect on product sales, brand credibility and potentially even organisational reputation.

One of the respondents in the Marketing team, Brand Manager for Juice who previously worked on the functional sports beverages portfolio, acknowledged Nutrition and Claims Manager’s concerns with the following comment:

Brand Manager for Juice – having a hypotonic [Scientific Sports Drink] versus the isotonic [Lifestyle Sports Drink] was again very very important in terms of innovation and leading the market and coming up with something that had a point of difference.

She even goes as far as saying:

Brand Manager for Juice – [the Competitor] had the entire market, there was no point coming out with a ‘me too’.

Yet, shortly after she says:

Brand Manager for Juice – [we] realised that it [the Scientific Sports Drink] wasn’t going to appeal to everybody, we were only going to get a certain segment of the market and there were people that wanted [the Lifestyle Sports Drink], the fuller flavour sports drink.

Brand Manager for Juice’s comments clearly highlight the importance of profit making to the organisation and the need to appeal to a broad target market for financial viability. Brand Manager for Juice admits that, although challenging,
the organisation tries to appeal to both sportspeople and mainstream consumers with the two different brand identities and associated products:

Brand Manager for Juice – the challenge is that you are trying to appeal to a big target market, but still have credibility with the athletes that actually would buy into the functional benefits and use it for what is required.

An example of the organisation trying to appeal to both target markets is via the television advertisements for the Sports Drink Brand. On some occasions the advertisements have featured elite Olympic athletes such as Bevan Docherty or Alison Shanks, whilst others have featured an average “Joe Bloggs” having a “moment of greatness”. Brand Manager for Juice states as much with the following comment:

Brand Manager for Juice – It’s quite interesting actually if you see the [Sports Drink Brand] comms over time, sometimes it will be Bevan [Docherty], then it will go back to more of a[n] approachable inclusive sort of ad and then oh we need to dial up credibility so we’ll go back to sort of athletes.

Nutrition and Claims Manager believes the “big target market”, Brand Manager for Juice refers to above and who the Lifestyle Sports Drink was created for, are the opposite of athletes:

Nutrition and Claims Manager – “the people buying it [the Lifestyle Sports Drink] are not sportspeople; they are couch potatoes or weekend warriors”

Nutrition and Claims Manager’s frustration is that the organisation continues to try to appeal to the original target market – sportspeople – by referring to performance and achievement in sport, whilst at the same time, broadening its definition of performance and achievement to something much more general and less potent in order to appeal to the mainstream consumer as well. The respondents’ comments below highlight Nutrition and Claims Manager’s frustration:
Brand Manager for Sports Beverages – The consumer group we really talk to with the Sports Drink Brand...we talk about the need status...this whole performance bubble...people that are in this bubble...[have] a need to...do their very best...that’s including sports, but it’s also outside sports.

Marketing Manager for Hydration – our target market for the Sports Drink Brand is not particularly demographic, but we define it as people who are achievement focused, they enjoy the thrill of competing, to some extent competing in life as well as sport... we sort of position the Sports Drink Brand as a drink that can help them do the best they can.

Brand Manager for Juice – [Sports Drink Brand] we associate it with active healthy people, for people into sports and not sports specifically...you don’t have to be a sportsperson to be drinking it, but sort of relates more to that sporty type of person, that’s sort of outgoing, and on the go and active and is probably even outdoorsy, just out enjoying life.

Brand Manager for Sports Beverages – It’s all about performance in terms of getting more out of life, or being better than you could be, or success...it’s these products that give you some aid...whatever the functional benefit may be that therefore helps you achieve more than you thought you could...everyone wants to be better, to do more or to achieve more.

In sum, the organisation’s need to identify with two distinct target markets under the same overall brand may jeopardise its credibility long-term. If the organisation over-extends itself trying to appeal to too many different consumers it may eventually find it struggles to appeal to any of them, especially if communications are confusing and no longer reaching any of their intended target markets. This in turn could have a serious negative effect on sales, and brand reputation.
Innovation to be industry leaders vs innovation for profit

The second tension identified under profit making vs altruism is around innovation. Respondents claim that innovation is central to organisational values and therefore, organisational identity. Innovation as a core value is referred to as “Trailblazing” by the organisation, which according to the organisation’s website is defined in the following way:

We’re innovators, not imitators. At [the organisation] we challenge the status quo. People look to us because we think differently. It’s what makes us [the organisation]. We are bold...We aren’t scared to try new things. That’s why we lead and others follow.

Innovation, according to this organisational core value, means being industry leaders. Respondents affirmed that innovation is about being recognised as leading the industry, being ahead of the competition, with the following comments:

Brand Manager for Sports Beverages – It’s in our values, we talk about trailblazing...I’d like to think...we would be the first to try and jump on these things and try them out...within marketing circles in New Zealand it’s [the organisation] widely regarded as being an innovative company.

Marketing Manager for Energy – [the organisation’s] quite leading edge on stuff...we’ve developed capability to do a whole range of different types of functional beverages in house now...[the] business is very committed to delivering solutions...beverage solutions in the functional area.

Packaging Manager – We over innovate probably...as far as functionality we’re always looking for functional things...probably the best in New Zealand, and I think for our weight in Australia.

Product Development Manager – a lot of things we do ourselves in house...might be first in New Zealand or first with Australasia, and first in the world, which would obviously be rarer.
It is clearly important to the organisation that it is identified by relevant external stakeholders as innovative, industry leading and as technologically capable.

For example, within the functional Energy Drink Brand, the organisation continues to try to expand its product offerings. Since launching its flagship Original Energy Drink product, it has developed two further products that according to Marketing Manager for Energy attempt to “deliver function across [product] categories...blending those two categories”. Energy Shot Drink is an energy drink-caffeine shot blend, while Energy-Sports Drink is an energy drink-sports drink blend.

However, there is reason to question the motivation behind continually trying to expand this brand and others, because whilst talking about innovation or being innovative there was often reference to profit making or opportunity for profit making, for example:

Marketing Manager for Energy – [the organisation] set out to develop a product that delivered to that and it’s been a roaring success...the business is always looking into different functional products.

Product Development Manager – there’s very little we can’t do, it’s more about you know where the opportunity is.

Marketing Manager for Energy – It’s all around where the white space is...finding unmet territories which provide incremental business opportunities and in marketing terms that is a really hard nut to crack. A brand like Energy Drink Brand is a once in a lifetime thing...to find a functional beverage which can even come close to that it going to be, I’d say, almost impossible.

These comments seem to suggest that the reason behind the organisation’s innovativeness, for example, the creation of the Energy Shot Drink and the Energy-Sports Drink, is in fact related to profit making. So, there appears to be tension over whether the organisation is innovating in order to “trail-blaze” or to create and “cash in” on business opportunities that may provide large profits. Put another way, there seems to be uncertainty around whether being, and being seen,
as an industry leader or increasing the organisation’s bottom line is the true motivation behind innovation. The organisation does not want to be identified as a soulless corporate body only concerned with profit-making. Subsequently, the organisation looks to be trying to manage this conflict over innovation, at least in the eyes of relevant external stakeholders, by pushing “Trailblazing” as a core value and as an attribute of organisational identity. However, this “management” does not resolve the question of genuine motivation for innovating.

Public health issues – lead the debate vs say nothing

Respondents answered questions about levels of organisational participation in debate on issues surrounding functional foods and other public health issues. Responses indicated that sometimes there was tension between when to say something and when to keep quiet, and when to lead the debate rather than respond to issues that arise. In other words, is saying something publically going to help or hinder profit making?

For example, Marketing Manager for Energy said the organisation’s level of participation in public health issues depended upon the issue and the product or product type involved:

Marketing Manager for Energy – depends on what the product and the category is and what the issue is...in how proactive we are, it depends.

Interestingly however, in this instance Marketing Manager for Energy’s reference to the term “proactive” is regarding the management of relationships with government authorities, health bodies and participation in industry groups as opposed to consumers, consumer groups and the media. This may be an indication that the organisation feels more comfortable about being “proactive” in discussion with the government and professional bodies than with media and consumers because it sees the possibility of negative public repercussions as less likely.

When asked about levels of participation in debate around public health issues, Marketing Manager for Hydration gave quite a different answer to Marketing Manager for Energy. She said that often the organisation felt it was better to say
nothing than potentially draw negative attention to a functional ingredient, product, brand or the organisation as a whole, even if they knew the organisation held the facts:

Marketing Manager for Hydration – We tend not to [participate], I think even...when you know you’re right...But it’s almost like once people get a thought into their head, as a manufacturer and a supplier, it’s almost like they don’t want to believe you, you know, it’s like you would defend it anyway...it’s almost better to be quiet and the I think [the Competitor] have probably found that with aspartame...the public perception is, well you would say that anyway. [sighs] So it’s almost better to...say nothing I think is a little bit our attitude rather than fuel the fire even though you might know the facts yourself...it’s almost like you’re going to get shot down if you go there...we don’t tend to wade in for fear of actually fuelling a fire and being interpreted wrongly.

In these instances, she believes that consumers have already made up their minds about “the facts” related to a product or ingredient. The fear is that if the organisation was to make a public statement to the media and to consumers, then it would be perceived negatively serving only to worsen an already unfavourable situation, which in turn would reflect poorly on the product or the brand, its reputation and ultimately sales.

Furthermore, Product Development Manager commented that the organisation frequently lets the New Zealand Juice and Beverage Association (NZJBA) represent it as part of an industry-wide viewpoint on public health issues:

Product Development Manager – we’re a part of the New Zealand Juice and Beverage Association and they represent the beverage industry so often they are the voice for the industry rather than us.

The NZJBA represents over 95% of the country’s juice and beverage manufacturers. According to its website:
The NZJBA acts as a forum to discuss issues of concern and interest to the industry, as a lobby group, and as an advocate for consumer education on health and nutrition issues.

It seems the organisation is of the opinion that allowing the NZJBA to be the face of debate over a public health issue will work in its favour for two reasons. First, a negative public outcry would not be aimed directly at the organisation and therefore, at its organisational identity and organisational reputation. Second, the consumer, consumer groups and media are more likely to view the statements of an industry body as truthful and impartial than those of a single organisation, and a positive public opinion of the NZJBA is likely to reflect positively on the organisation, as a member.

Brand Manager for Juice had another viewpoint again, saying that in some instances of debate around public health issues the organisation did want to speak out, but in the past it had not been equipped to do so. She stated that sometimes the organisation felt frustrated about the viewpoint(s) being expressed in the public by the media, for example, and that the organisation realised it was in its best interest to stop “sitting on the fence” and to start participating or potentially leading the debate:

Brand Manager for Juice – In the past we have...sat back and were somewhat aware of conversations and messages out in the marketplace and haven’t participated...it’s one of our biggest challenges and we just this year appointed a PR agency...we haven’t been involved so far, but again that’s our strategy for next year, is to participate in it and almost, we’ve put the term lead the debate...a balanced view...all they’re hearing is one side of the story.

This respondent’s comment suggests that future participation in these public issues is very important to the organisation, and in the end to its bottom line; in fact, so much so, that it sought the assistance of a public relations firm because it felt it had insufficient in-house expertise to manage these sorts of issues itself.

According to Brand Manager for Juice, one of the avenues that the organisation will explore to help it participate in and/or lead the debate around public health
issues is monitoring of messages going out to the public. This is so that the organisation can respond promptly and appropriately if it feels messages are unduly biased and will have a negative impact on the organisation. The messages referred to by Brand Manager for Juice are from other organisations, industry bodies, and individuals:

Brand Manager for Juice – The first stage of it will be monitoring...and then responding as appropriate...so one example is Petra Bagust did that ‘What’s in our Food?’ TV show...we wanted to you know have a conversation...you had to be onto it and respond quickly and we just weren’t set up to do that...we missed the boat...we want to be involved in the conversation and responding.

Clearly the organisation is concerned about the potential risk to product and brand reputation, and profit making if it does not participate in these public health debates and more importantly, if it is not seen to be participating in the “right way” in the eyes of the consumer, consumer groups and the media.

There is a strong overall impression from respondents’ comments that the organisation does not have the same level of confidence when dealing with consumers, consumer groups and the media as it has dealing with government authorities, health bodies and industry groups, and is possibly further evidence of why the organisation hired a public relations agency.

In sum, Marketing Manager for Energy’s comment that “it depends” seems accurate. The organisation’s level of participation in debate around public health issues seems to depend on what the issue is, the product or type of product involved, and who the organisation is dealing with directly. However, ultimately, the organisation’s decisions as to whether or not it participates in and/or lead debate about functional foods or other public health issues appears to revolve around the impact its comments will have on turning over a profit.

Interestingly, Product Development Manager did not believe there was any public debate about functional foods or functionality specifically, at least none that the organisation had been involved in:
Product Development Manager – Is there a debate...I wasn’t aware...depends on the function probably...we haven’t really been involved in a debate...we’ve never had, well as far as I know, never had any issues.

He believed there had been no debate or issues for the organisation because all functional products the organisation had launched were scientifically founded, research-based, and safe, and therefore, there was no reason for the public to be concerned.

Communication Objectives In Relation To External Stakeholder Groups
When asked about communication objectives for the organisation’s functional beverages, respondents’ comments highlighted two that were significant – first, to build organisational reputation, and second, to build relationships. The external communications relevant to building reputation will be addressed first.

Building reputation
The primary strategy the organisation employs to build organisational reputation is enhancement of credibility. By enhancing product, brand, and organisational credibility in the eyes of relevant external stakeholder groups, the organisation is attempting to also enhance reputation, and in turn identity. According to respondents the organisation endeavours to do this in the following three ways.

Credibility via athlete sponsorship
One of the actions the organisation takes in attempts to build the credibility of its functional Sports Drink Brand is through athlete sponsorship. One can see in the examples below that the word credibility has been used frequently in association with athlete sponsorship:

Brand Manager for Sports Beverages – [sponsorship], it’s critical for any sports brand... [it] just lends that air of credibility, authority to the brand. (emphasis added)

Marketing Manager for Hydration – We use a lot of sponsorship as well, with the elite New Zealand athletes. I think it’s important to bring that credibility; hey if they drink it, if they say it’s alright, then it’s got to be okay for us. (emphasis added)
Brand Manager for Juice – Sponsorship of elite athletes is critical in terms of credibility, is probably the key word...doing extreme exercise you know the fact that athletes actually use it and endorse it to people is quite a big, I guess, compelling way to get credibility for your product. (emphasis added)

Respondents are suggesting that athlete sponsorship is appealing to sportspeople, other sports-related external stakeholders and consumers in general because the athletes’ status and achievements lend the credibility of their sporting performances to their endorsement of the product. Respondents believe that sportspeople can identify with these elite athletes in terms of their sport performance, and that general consumers can identify with these athletes as role models, and therefore, will buy the product. Consequently, respondents believe these consumers will make positive evaluations of the organisation.

*Credibility via health professional endorsement*

Another more recent communication strategy the organisation has embarked upon in order to build credibility with consumers is endorsement by health professionals. Respondents believe that having the support of and working with relevant health professionals and industry groups such as nutritionists and dentists, and with relevant health authorities, will lead to favourable consumer impressions of the organisation and build reputation.

For example, Brand Manager for Juice would like the organisation to work with nutritionists in specialist press such as Healthy Food Guide magazine:

*Brand Manager for Juice – another potential opportunity is to...do articles or something like that in the Healthy Food Guide for example, so again a forum or media to put messages out there.*

*Brand Manager for Juice – Healthy Food Guide in terms of their endorsement and their credibility in the market.*

She also suggests that the organisation would a) like to work with dentists and health authorities around the messages given to the public about sugar and beverage consumption, and b) gain the public support of these health professionals regarding the nutritional value of the organisation’s beverages:
Brand Manager for Juice – External stakeholders were, if not involved, considered...we are looking at doing more of and engaging with the likes of dentists...because we know they give messages to consumers...work with them to make sure that we’re educating consumers in the best way about our products and the use of them...we can then communicate it’s [the product] preferred [by these external stakeholder groups]...That is sort of a future aspiration around can we actually work with some of these people to develop a portfolio that they’d be more supportive of.

Brand Manager for Juice – Identifying some of the key stakeholders in the market and working with them and maybe putting messages out there...we’ve seen some terrible posters...we believe it’s almost more sort of scaremongering...it’s education in those examples. We’ll actually be putting, hoping to work with these key stakeholders and put messaging out there.

In these instances the responses seem to suggest that the endorsement of health professionals will increase product, brand or organisational credibility via the creation of trust. In other words the organisation want consumers to believe that the endorsement of a health professional means its products must be healthy rather than harmful. It is hoped that consumers will evaluate the organisation positively, and identify it as health-oriented and responsive to consumer health concerns.

*Credibility via branding*

Although athlete sponsorship and health professional endorsement are seen as important ways to build organisational credibility, respondents stated that branding is the key method for creating credibility. In the following comments about branding, respondents make specific mention about brand health, reputation and identity. It is clear respondents see branding, credibility, reputation, and identity as interconnected.

**Brand health:**

Marketing Manager for Energy – So product branding, look I mean that’s everything to [the organisation]...the business prides itself on the strength of our brands in the consumers’ eyes. We invest a lot
of money each year building our brand equity; we’ve got very, very healthy brands. We track a number of brand health measures...things which we feel are really, really important in the eyes of consumers. (emphasis added)

Brand Manager for Juice – Branding is everything, we place a lot of importance on our branding and brand equity and...brand health, making sure that’s good because that’s your future you know, you’ve got to keep building your brands...we invest a lot in the marketing to keep building brands. (emphasis added)

In these instances a healthy brand does not refer to the nutritional properties or benefits of products, but rather to the brand’s visibility with consumers and consumers’ opinions about credibility and reputation, both of which will directly affect sales.

Reputation:

Marketing Manager for Hydration – Oh huge...our brands are what we are built on...in terms of our reputation, delivering what we say we’re delivering. (emphasis added)

Brand Manager for Juice – tracking things like brand trust and quality of the brand...they are obviously quite important measures of reputation. (emphasis added)

In these instances properties such as reliability, trust, and quality are believed to be important to consumers in terms of building credibility and in turn reputation.

Identity:

Product Development Manager – A big emphasis...you can have a really good product, but if you’re not communicating it to the consumer then they won’t pick it up...and if the brand is either not visible or stands for the wrong things then again people won’t pick it up. (emphasis added)
Marketing Manager for Hydration – You want them to believe that this is a brand that they can actually relate to...connects with them. People ultimately buy brands to, as almost a reflection of their self; it’s how they like to be seen, so yes it has to provide a good reflection. (emphasis added)

In these responses consumer identification with a brand, in terms of what it represents, is seen as vital to credibility and sales.

**Relationship building**
The primary strategy the organisation employs to build relationships with consumers is to engage with them. Respondents believed that consumers would then identify with the organisation’s products and brands and consequently hold the organisation in high regard.

*Engagement*
According to respondents, traditional media (television, radio and print) cannot connect effectively with the consumers who drink the organisation’s functional beverages. In other words, responses indicated that these consumers expect more from their favourite brand of energy or sports drink than just a nice tasting beverage; they expect a level of involvement with the products and brands that traditional media cannot provide. Respondents used the word “engagement” time and again to describe the involvement they believe consumers want from the brands they choose to drink. The organisation uses digital communication (online) and experiential sampling (at events and retail outlets) to achieve “engagement” with consumers:

Brand Manager for Sports Beverages – Being in the place where your target market, where the age is between 18-35, is critical and that’s where a lot of people are playing these days [online]...TV is becoming less and less efficient and online is becoming much more the way to get engagement. (emphasis added)

Marketing Manager for Energy – There’s been two key insights, one is around media fragmentation. So consumers are consuming a much broader range of media you know predominantly outdoor
experiential and digital and then there’s the other one, is your Gen Y’s have become despondent about traditional advertising, they don’t want to be spoken at, they want to engage in a dialogue, a meaningful dialogue with brands, they want them to be more involved in their lives. (emphasis added)

Brand Manager for Juice – consumers are more engaging with, like sampling you can have a whole conversation...I think from a functional foods marketing perspective the more engaging media is where those sorts of messages play more of a role. (emphasis added)

Marketing Manager for Hydration – The old days of telling people about your product, blasting it at them are diminishing and consumers are looking for a much more richer engagement and connection...it’s a lot more multidimensional now. (emphasis added)

Brand Manager for Sports Beverages – Experiential sampling is more about engagement, so actually having interactions with people, having a bit of dialogue and getting them involved in buying into the brand. Online is the same, so online is playing in the space where other people are playing and making it relevant to people, getting that engagement. (emphasis added)

It appears that Marketing staff believe today’s young consumers, those drinking the organisation’s functional beverages, seek a relationship with the brands they consume and, therefore, with the organisation. Marketing staff think these consumers demand a lot from the brands they choose and the organisations that produce them. Given the power and reach of online communication, posts about an organisation “slipping up” can be viral on Facebook, Twitter, My Space and YouTube in a matter of minutes potentially causing extensive and irrevocable damage to brand and organisational reputation.
Targeting multiple and divergent consumer groups

Responses indicated that the organisation tailors communication to different consumer groups in order to concurrently build organisational reputation and relationships with these various consumers. Respondents believed that tailoring communication to different target markets could lead to effective connections with a wide range of consumers who would identify with the organisation’s products and brands in their own ways resulting in favourable evaluations of reputation.

Tailoring communication to the targeted and mainstream consumer

I have previously described some tension surrounding the organisation’s Sports Drink Brand over who the target market should be in order to maintain current brand credibility, whilst at the same time grow market share and brand strength: the sportsperson or the mainstream consumer. Brand Manager for Juice indicates below that the organisation tries to connect with both groups of consumers:

Brand Manager for Juice – So in terms of the marketing it is, it’s actually quite challenging because you are needing to appeal to a broad bunch of consumers.

In order to make these multiple connections respondents state that the organisation must balance its communication between these different target markets so that both groups feel they can identify with the brand. Nutrition and Claims Manager and Brand Manager for Juice refer to a strategy of switching between an elite athlete and a “regular person” in advertisements to promote the sports drinks, in order to appeal to both sportspersons and mainstream consumers:

Nutrition and Claims Manager – Did you see those ads...[Bevan Docherty] running up a mountain and Ali really going for it saying ‘if there’s no pain’. The current Lifestyle Sports Drink ...it’s tried to imprint ‘Me in Sports Drink Brand, being in your zone, which I think is a much softer approach. I really thought that those ads we had which were in black and white were really edgy...for the launch of the Lifestyle Sports Drink it was certainly a softer approach and just the guy is a nobody...you had to listen to the voice over, so I could see how that might appeal to some.
Brand Manager for Juice – It’s quite interesting actually if you see the Sports Drink Brand comms over time, sometimes it will Bevan, then it will go back to more of a approachable inclusive sort of an ad and then, oh we need to dial up credibility so we’ll go back to sort of athletes.

Another strategy used is differences in tone between the advertisements targeted at sportspeople and mainstream consumers, which can be seen below. The first two advertisements are aimed at sportspeople with elite athletes promoting a specific product, the Scientific Sports Drink, as well as the brand.

Television advertisement for the Scientific Sports Drink featuring Olympic medallist and World Champion in triathlon, Bevan Docherty:

You know when you’re pushing yourself to the limit you need to be smart about what you’re actually putting in. Hydration is fuel to me so you know, I’ve got to pump the right sort of fuel in just to keep the engine going. The Scientific Sports Drink, it’s got everything I need.

Television advertisement for the Scientific Sports Drink featuring Olympic and World Champion in track cycling, Alison Shanks:

Unless you’re really hurting and you’re feeling that burn through your legs then you’re not pushing the pedals hard enough. You need to replace the energy, you do need the carbs and you need electrolytes but when you’re pursuing, you want to be as light and lean as possible. The Scientific Sports Drink has everything I need and nothing I don’t.

The tone of these advertisements highlights qualities of elite sports performance, pushing physical limits, and the importance of nutrition.

The second two advertisements promoting the Lifestyle Sports Drink product are aimed towards the mainstream consumer and utilise a “regular person”. However, in these advertisements the Sports Drink Brand rather than the Lifestyle Sports Drink product is promoted.
Television advertisement for the Lifestyle Sports Drink featuring Matt Trainer – a “regular person”:

I may never play first division. I may never be selected for Man U. I may never hold aloft the World Cup. But there are some moments when it sure as hell feels like I could. This is me, Matt Trainer, in my zone.

Website advertisement for the Lifestyle Sports Drink tailored to sound like the thoughts of a “regular person”:

Not everyone can be a great athlete. But that’s not to say you cannot be great. Inside everyone there are moments of greatness. Moments where everything comes together seamlessly and the world around you slows down. In moments like these your spirit soars. You are in your zone.

These advertisements are also about sports performance. However, it is sports performance in the sense of having a “great” rare one-off sporting moment not pushing physical limits to reach a high level of performance on a regular basis and achieve elite status. The brand is referenced and promoted generally when the advertisements refer to being in one’s “zone”, as that is a brand tagline, “Me in Sports Drink Brand”. The Lifestyle Sports Drink product is never mentioned by name, nor is its functional benefits.

By tailoring communications to particular target audiences the organisation appears to be suggesting that the Sports Drink Brand can be viewed as credible and consumers will be able to connect with the Sports Drink Brand in different ways.

Respondents also talked about a third communication strategy, providing levels of information in the organisation’s communications to cater for both the more targeted sportsperson and the mainstream consumer. Some examples are outlined below.

For experiential sampling those giving out samples are required to have not only general-level knowledge about the product for those interested in the “basics”,
such as the mainstream consumer, but also an in-depth knowledge about the functionality of the product for those interested in having a more detailed conversation, such as sportspeople:

Brand Manager for Juice – when we were sampling, the sampling people were more informed...they could have a conversation with people that were a bit more interested [in the details].

It seems in this example the organisation is trying to co-ordinate multiple identities for the same brand. By providing different levels of information to different consumer groups the organisation believes it can make the kinds of connections these different consumers are looking for. Respondents think that if different consumers groups can identify with the same brand, and feel as though they have built a relationship with the brand and/or the producer then it will boost organisational reputation and sales.

For the following examples, billboards, package labels and the sports drink website, there appears to be a prioritisation of the general information over the more detailed information. It seems as though the organisation believes that the mainstream consumer will have difficulty comprehending the more technical information that the sportsperson is likely to understand.

On billboards the general information that will likely appeal to the mainstream consumer comes first and then is followed up by the more detailed information for the targeted consumer group:

Brand Manager for Juice – [At] the launch of it [the Sports Drink Brand] we did...billboards just to create that awareness and led with basically the claim around faster rehydration, which is appealing to all, but then specific benefits, the more detailed information around the fact that it’s hypotonic...those people that are really into extreme sports would know that possibly.

On package labels the more general information that mainstream consumers would likely understand and be interested in is at the top of the label and the more detailed information about functionality the targeted sportsperson would be interested in is placed in a secondary less prominent position:
Brand Manager for Juice – Isotonic and hypotonic, people generally wouldn’t understand...people would be like that just sounds like the “next thing”...like a marketing term...low carb is something...people are starting to understand...it was just changing around the hierarchy of the communication [on the label]...the hypotonic can come sort of secondary.

On the Sports Drink Brand website the detailed scientific evidence-based information has given way to more general brand promotion information:

Nutrition and Claims Manager – “we always try and link the Sports Drink Brand with activity from a nutrition and wellbeing point of view [although] our website at the moment is really promoting the new the Lifestyle Sports Drink ...the actual credentials of it being a sports drink are sort of secondary”

Nutrition and Claims Manager, as part of the R&D team, is concerned about this shift in information priority:

Nutrition and Claims Manager – I couldn’t even find some of the clinical stuff [on the Scientific Sports Drink] or the support material [on the website]...it is there, but it’s been stripped right back, so my concern is that the actual credibility and science behind it could be lost...that is something I need to revisit with our marketing team because, which makes me a bit nervous because if it’s not there then that just removes a vehicle for communicating our credentials.

In reference to the billboard, package label and website examples above, it seems that because mainstream consumers are the much larger target market, the organisation’s communications often focus on appealing to this group first and to the smaller target market of sportspeople second. This apparent tendency towards prioritising the needs of mainstream consumers is made clearer in a comment by Brand Manager for Juice. She states that functional beverages, by nature of their purpose and ingredients, often have more information to provide than can be
communicated in an advertisement or on a package label. She says that more
detailed information can be found on these products via other sources:

Brand Manager for Juice – For functional beverages...you can’t say
everything in an ad or on pack, if people want to find out more
there’s other ways ...online...people can talk about different
ingredients and how they use products...Healthy Food Guide,
where it’s a magazine that people are wanting information.

She is suggesting that the information included in an advertisement or on a
package label is enough to satisfy the mainstream consumer, the organisation’s
bigger target market. However, those who want more detailed information, the
much smaller specific target market, such as sportspeople, seem to be required to
do extra work to find the information they are after.

So although the organisation does provide “levels” of communication to the
different consumer groups, the prioritisation of more general information for the
much larger mainstream consumer group illustrates the organisation’s struggle to
balance its multiple brand identities and the potential effect this may have on its
ability to connect with the targeted consumer - sportspeople. Nutrition and
Claims Manager’s concerns about the focus of general information towards to the
mainstream consumer seem to be justified. For instance, if the sportsperson who
genuinely buys into the product’s sports performance and health functionalities
feels the communications, the product, or the brand are no longer targeting them
then they may struggle to continue to identify or connect with the brand, losing
respect for it, potentially resulting in a negative impact on sales.

**Concluding Remarks**

In this chapter the findings of the seven in-depth interviews were described under
the scope of the four research questions. The following chapter will discuss the
findings from a theoretical perspective, and highlight the implications.
CHAPTER 5 – Discussion

The following discussion will be broken into four sections that correspond with each of the research questions.

**Research Question One -** What assumptions about food and health issues do food producers use in making choices about what counts as healthy food, and how do they justify making those assumptions?

**Discourse and assumptions about health**

There was a distinct difference in the talk of R&D staff and Marketing staff in relation to what healthy meant relative to their roles in the organisation, as well as to what products or product ranges the organisation deemed healthy. This difference between the teams highlights the use of multiple “little ‘d’ discourses” within the organisation as described by Alvesson and Karreman (2004). In other words, the language and terminology used by R&D staff is distinct from the language and terminology used by Marketing staff. One can see patterns emerge in the ways in which R&D staff and Marketing staff talk. For example, R&D staff consistently used more technical terminology, and language that was highly pragmatic and seemingly fact-based. Marketing staff, on the other hand, consistently used terminology associated with advertising and sales, language that was more general and emotive, and designed specifically to appeal to consumers.

These shared patterns of language lead to the creation of taken-for-granted assumptions about consumers, drawing on “big ‘D’ discourses” (Alvesson & Karreman, 2004). In other words the respondents’ assumptions can be seen as a structuring/organising principle that determines the organisation’s social reality. Assumptions are often based on “limited existing resources” such as experiences, past activities and one’s knowledge base, which may be specific to a particular area or subject matter such as R&D or marketing (Broring, Cloutier & Leker, 2006). R&D staff drew on medical discourses and assumed that healthy meant producing products that are based on evidence. In other words discourse relative to evidence-based science and nutrition. Although, these shared patterns of language are considered “normal” they are assumption-based nonetheless. Marketing staff assumed that a) the term healthy is too direct to appeal to a broad
range of consumers, b) consumers do not associate healthy with tasty, c) consumers can deem anything to be healthy under the right circumstances, d) healthy is less about product development and more about barrier reduction, and e) consumers will struggle to drink and enjoy only pure water. All of these assumptions have the potential to affect the organisation as a whole, positively or negatively, because each team’s “limited existing resources” can also limit (impact) its decision making capability, which forms the basis of the organisation’s external communications (Broring, Cloutier & Leker, 2006). For example, marketers often draw on free market Discourses; that is, Discourses of choice. These Discourses tend to over-determine other health discourses.

Identity and assumptions about health
As a result of these assumptions the organisation has created two brand identities, relative to healthy that can also be applied at a product level, and will impact on overall organisational identity. These brand identities are specifically, “healthy living” and “enjoying life”. The “healthy living” identity the organisation projects emphasises taking care of one’s self, being concerned about nutrition and making sensible nutritional choices. Whereas, the “enjoying life” identity projects an emphasis on beverage consumption for fun, taste, and pleasure. Albert and Whetten (2004), posit that a single precise self-classification of identity may in fact be impossible and, furthermore, undesirable for an organisation. In other words, just like people are identified as being more than one “something”, so should organisations. When these identities are divergent or contradictory reputation can potentially be at risk if consumers perceive a product or the overall brand as ineffective and/or lacking in credibility. In these instances where the organisation is being pulled in different directions conflict can be created (Sethi & Compeau, 2002). However, Sha (2009) confirms that it is common for organisations to have multiple identities that are simultaneously distinct or even conflicting. Moreover, Sethi and Compeau (2002) state that having multiple identities can be useful for being better prepared to respond to a wider range of stakeholders because an organisation has a wider range of self-referential frames from which to draw. In this case study the organisation seems to embrace having multiple identities because of the potential benefits they bring – for example, increased likelihood of sales because of broad consumer appeal to sportspeople,
other relevant sports-related external stakeholder groups, and mainstream consumers. The organisation thus assumes that these identities, whether at an organisational, brand or product level, do not need to be seen as mutually exclusive, that is, consumers can identify with living a healthy lifestyle AND enjoying a variety of beverages. Ultimately, the organisation manages any tension created by these two identities by placing responsibility for healthy choices on the consumer.

**Research Question Two - What assumptions about functional foods, functionality and sportspeople do food producers use in making choices about what counts as functional foods for sports performance, and how do they justify making those assumptions?**

**Discourse and assumptions about functionality**

In this case study, as well as evidence of the contrast between the technical terminology and pragmatic factual-based language of the R&D team and the distinctly different and more emotive “word play” of the Marketing team, there is also a shared pattern of language used by both teams. For example, there was initial agreement between R&D staff and Marketing staff about the characteristics of functionality: purpose, attribute, and benefit, which are in line with Doyon and Labrecque’s (2008) comprehensive “working definition” of functional foods:

A functional food is, or appears similar to, a conventional food (*attribute*). It is part of a standard diet and is consumed on a regular basis (*purpose*), in normal quantities (*attribute*). It has proven health benefits (*benefits*) that reduce the risk of specific chronic diseases or beneficially affect target functions beyond its basic nutritional qualities (*purposes*). (p. 1144)

(Doyon & Labrecques’ characteristics added in parentheses)

This shared pattern of language is an example of “little ‘d’ discourse” and indicates the use of united organisational terminology (Alvesson & Karreman, 2004). In other words the organisation has a shared way of talking or writing about the characteristics of functionality that is used in everyday organisational interactions. However, this shared language pattern relating to functionality only appears to extend so far.
The assumption of innovation

One set of assumptions made in relation to functional foods and functionality, some of which were specific to Marketing staff, others of which were more universal to both R&D and Marketing staff involved innovation. These assumptions put one of the organisation’s core values under the microscope – innovation or “Trailblazing” as it is referred to by the organisation. “Trailblazing”, according to the organisation, means innovating not imitating, and leading not following. The organisation strongly identified with innovation and both the R&D and Marketing teams talked about the importance of this value frequently. Organisational core values are an example of Alvesson and Karreman’s (2004) Grand Discourse – language used when talking about corporate culture or ideology, the middle range “big ‘D’ discourse”. The assumptions made about innovation related specifically to nutraceuticals, making public functional claims and the purchase motivations of mainstream consumers. For example, the organisation assumed that being innovative and developing products that could claim “hard”, scientific, evidence-based functional benefits would lead to an increase in product credibility and, in turn, sales. However, the one product the organisation can make “hard” claims about, its Scientific Sports Drink, has led to an increase in product credibility, but this has NOT translated into an increase in sales. Thus, a gap appears to exist between the organisation and the consumer regarding the importance placed on innovation for functional beverages. One implication of this gap is that sales figures may be unsatisfactory because only smaller more targeted consumer groups, such as sportspeople, and their coaches and trainers, are interested in functionally innovative products.

Identity and assumptions about functional sports drinks

The other major finding in relation to Research Question Two was that the organisation had created an entire brand identity – “high achieving sports performance” – for its Sports Drink Brand on the basis of several assumptions. The organisation assumed that consumers of this beverage would be a) athletes involved in intense exercise who were b) self-oriented c) achievement-oriented, and who d) cared about nutrition and functionality. The assumptions that led to the creation of this brand identity were heavily attached to the original, clinically tested Scientific Sports Drink product. The organisation placed a great deal of
emphasis on the credibility of the product and, in turn, the brand due to its clinical
testing and endorsement by elite athletes. However, despite the recognition of
credibility across consumer groups, the overall brand identity and related values
were found to be too narrow and too extreme to have broad consumer appeal and
to generate sufficient sales. What is interesting about these particular assumptions
is that they evidence an assumption made by Marketing staff – labelling
something healthy is too overt to appeal to a broad enough range of consumers.
Yet, instead of reframing or reconstructing the existing brand identity to address
the new demands placed on it (Sethi & Compeau, 2002; Sha, 2009; Sveningsson
& Alvesson, 2003), the organisation decided to create another product, a Lifestyle
Sports Drink, with a different brand identity to appeal to another consumer group.
This second brand identity – “general performance” – was run in-conjunction with
the first brand identity so that the organisation could appeal to and capture a much
broader range of consumers.

At first glance, the decision to run two different brand identities alongside one
another under the same overarching Sports Drink Brand name seems entirely
logical. However, the “high achieving sports performance” brand identity and
associated credibility were based on the original Scientific Sports Drink. By
introducing the Lifestyle Sports Drink and the “general performance” brand
identity the organisation runs the risk of reducing the credibility of the Scientific
Sports Drink and therefore, appeal for sportspeople, and also coaches, medical
professionals and other sports-related consumer groups. In other words, these
sports related consumer groups may feel the organisation is producing these
functional sports-oriented products for the wrong reasons and for the wrong
people, and will stop using or recommending them. More generally, there is
potential for all consumers to be confused about what the Sports Drink Brand
actually stands for if the brand identities and their associated products are too
distinct. Therefore, by trying to appeal to two different sets of consumers the
organisation may end up struggling to appeal to either of them, putting significant
strain on the continued production of the Sports Drink Brand. And worst case
scenario, although unlikely to happen, may be that the entire Sports Drink Brand
collapses altogether.
**Research Question Three** - *What are the various tensions surrounding functional foods for health and sports performance evident in food producers’ accounts, and how do food producers manage these tensions?*

The functional food market is worth billions of dollars worldwide (Weststrate, van Poppel & Verschuren, 2002). It is also a market which is highly competitive with small profit margins; so, product development and differentiation is critical (American Dietetic Association, 2009). With such high stakes involved there is increased potential for tensions or conflicts to occur. The organisation faced several tensions, many of which are generated as a result of the organisation trying to juggle and manage multiple, or attributes, of multiple organisational identities.

One area of tension related to making legitimate public claims about *functionality*. The specific elements causing conflict were ethical concerns and claims, and internal tension between Marketing staff and R&D staff about claims.

**Tension caused by ethical identity concerns**

One particular aspect of organisational identity that has created a specific tension around claiming is that of “Straight Up”; one of the organisation’s core values, which refers to acting in an ethical and moral manner. The tension in this instance is in relation to the claiming behaviour of some of the organisation’s smaller competitors. The case study organisation is adamant that it acts in a highly ethical and moral manner. However, its concern is that “a few bad apples will spoil the bunch”. In other words, the case study organisation does not want to be linked to any organisation that does not behave ethically in regards to product quality and effectiveness, and that flouts the laws put in place to protect both consumers and organisations. The organisation believes it is this sort of behaviour that has lead to consumer scepticism. Research indicates that the case study organisation is justified in its concerns. Aoi, Naito and Yoshikawa (2006) state that in the *sports food* market particularly, where there is a variety of functional foods, some functional products have clearly shown little efficacy. Additionally, while Deldicque and Francaux (2008), and Maughan (1998) say that some organisations have made exaggerated claims about active ingredients; that is, they are present in amounts far below those that have been shown to be effective in improving
performance; or, they have made claims without a full understanding or evaluation of all potential benefits and risks associated with their use. As has been previously illustrated, the case study organisation is concerned that ALL consumers see its Sports Drink Brand as highly credible, not just sportspeople and other sports-related external stakeholder groups.

Tension caused by identity conflict over internal unity
A further aspect of organisational identity that has created another specific tension around claiming is that of “One Team”; another of the organisation’s five core values, which refers to the importance of having a shared vision and of supporting each other. However, in respect to making public claims about functional products and functionality interview responses showed a clear tension between R&D staff and Marketing staff, more so from the R&D team’s perspective. In other words, Marketing staff viewed the tension around claiming issues between the teams in a positive way, whilst R&D staff had distinctly negative feelings about the same issues. The R&D team were specifically concerned about the possible external repercussions of the issues between the two teams. Balmer and Greyser (2006) confirm the concerns of R&D staff stating that because employees correspond to the organisational “front line” internal identification issues will often be reflected externally.

Tension caused by multiple identities
Another area of tension related to profit making vs altruism. Three specific elements of this tension were identified as causing conflict: brand growth vs brand credibility, innovation for profit vs innovation to be industry leaders, and leading the debate vs say nothing on public health issues. The conflicts have been generated because the organisation has two brand identities that fundamentally run counter to each other, “selling product” and “doing good”. The opposition of these identities creates conflict for the organisation around its priorities for producing functional foods, that is, for profit making and for altruistic purposes. For example, the findings show that the organisation places priority on creating functional products for profit making, which include growing brands, innovating to boost profits and participating, or not, in debate on public health issues in order to maintain or lift sales. However, the findings also show that the organisation tries to prioritise creating functional products for altruistic purposes, which
include growing brand credibility, innovating to be an industry leader, and participating in debate on public health issues out of concern for the consumer. It is clear that the organisation is simultaneously trying to place importance on and identify with both “selling product” and “doing good”, hence the tension.

The tensions arising from these identity struggles evidence “primary contradictions” similar to those referred to in Putnam’s (2003) work on dialectical analysis. In the first section above on tension caused by ethical identity concerns highlighted a control/yielding contradiction as the organisation can on the one hand control its identification with “Straight Up” and its actions, but it must also yield to the law if it is to be seen as “Straight Up”, even if its competitors’ choose not to do the same. The second section on tension caused by conflict over internal unity showed a co-operation/competition contradiction because Marketing staff see the tension between the teams as a form of co-operation to achieve identification with “One Team”, whereas, R&D staff see the same tension as a form of competition preventing identification with “One Team”. The third section on tension caused by multiple identities a private/public contradiction is illustrated through the organisation’s “selling product” and “doing good” identities. Putnam (2003) states that these contradictions are inevitable and can heavily influence organisational decision making, follow through (external communication) and “conflict outcome”.

In order to manage the identity-bound tensions the organisation faces, it appears to be employing the concept of sensemaking. This concept, according to Weick, Sutcliffe and Obstfeld (2005), is “the ongoing retrospective development of plausible images that rationalise what people are doing” (p. 409). In other words, the organisation is using sensemaking as an organising process. Weick, et al. (2005) state that this organising process,

unfolds as a sequence in which people concerned with identity in the social context of other actors engage ongoing circumstances from which they extract cues and make plausible sense retrospectively, while enacting more or less order into those ongoing circumstances. (p. 409).
That is to say, the organisation is using sensemaking retrospectively when it believes the way organisational life is currently (with tensions as a result of identity conflict) is different to how it expects organisational life be (without tensions as a result of identity conflict). By employing sensemaking the organisation can have the flexibility to rationalise their identities, strategic positioning, organisational decision-making, and consequent communication.

**Research Question Four - How do food producers communicate with sportspeople and other relevant stakeholder groups about functional food for sports performance as a result of their assumptions and decision making, and the management of any tensions?**

One of the major objectives for external communication, identified by respondents, was to build organisational reputation, which can be defined as “the perception of an organisation based on its stakeholders’ interpretation of that organisation’s past, present and future activities and the way in which these are communicated” (Tucker & Melewar, 2005, p. 378). For example, an organisation with a positive reputation may attract new customers (Coombs & Holladay, 2006), and create brand loyalty with existing customers potentially generating word-of-mouth endorsement (Gibson, Gonzales & Castanon, 2006; O’Connor, 2001; Omar et al., 2009), which in turn may lift sales (O’Connor, 2001). The organisation uses several communication strategies in order to build both brand and organisational reputation. For instance, the organisation uses athlete and health professional endorsement, and branding to build credibility. Another major communication objective identified was relationship building. The organisation tries to build relationships by engaging heavily with consumers via digital communication and experiential sampling. It is hoped that in creating relationships with consumers the organisation will generate trust and loyalty, to its products, brands and the organisation itself, which in turn could have a positive impact on reputation. Finally, the organisation tries to tailor its communication in order to make multiple connections with different consumer groups, mainstream consumers and sportspeople, as a way of managing multiple organisational identities. Through its external communication the organisation is attempting to mould consumer perceptions and interpretations to ensure all consumers identify with products, brands and/or the organisation in efforts to build lasting
relationships with those consumers who shape organisational reputation (Rindova & Fombrun 1999, as cited in Forman & Argenti, 2005).

It is important for the organisation to be held in high public esteem because consumer evaluations of reputation, product, brand and/or the organisation, are largely “universal”; that is, consumers have a tendency to make a specific characteristic extend to the organisation as a whole – positive or negative (Weiss, Anderson & Maclnnis, 1999). Thus, should a negative future event occur, if the organisation can generate a positive “universal” reputation via its communication strategies it can potentially build up a “goodwill reservoir” (Fombrun, Gardberg & Sever, 2000) or “reputation capital” (Coombs & Holladay, 2006) that may serve as an effective shield.

Fombrun and van Riel’s 5 dimensional model of reputation management (2004, as cited in van den Bosch, de Jong & Elving, 2005) suggests a way of effectively managing product, brand and organisational reputation to avoid crisis situations. The dimensions are:

- **visibility** – the measure of the prominence of a brand in customers’ minds
- **distinctiveness** – the unique position of the organisation in stakeholders’ minds
- **authenticity** – creating a convincing constructed identity to express both internally and externally
- **transparency** – creating and increasing trust and reducing uncertainty
- **consistency** – steady reliability across all stakeholder groups throughout all organisational communication and initiatives

If we look at this reputation model relative to the findings from the interviews several red flags appear. First, Nutrition and Claims Manager was concerned that the Sports Drink Brand’s **visibility** had been reduced by decreasing the number of products on shelf and its **distinctiveness** with the introduction of the Lifestyle Sports Drink product. Also, looking at the organisation’s website, it does not make its annual reports available to the public unlike many other organisations today, which indicates a lack of **transparency**. Furthermore, there is a lack of **consistency** across all communications for the Sports Drink Brand as previously
highlighted due to its juggling of multiple identities, which perhaps indicates that the organisation’s authenticity is not convincingly constructed. These red flags suggest that the organisation could be doing more to ensure it builds a positive reputation and “reputation capital”, particularly in terms of the ways in which it communicates with its consumers. These red flags are not saying, however, that the organisation does not manage some aspects of reputation well. For example, the Energy Drink Brand is both extremely “visible” and “distinctive”.

**Concluding Remarks**

In summary, the organisation, in trying to appeal to multiple and sometimes divergent target markets, creates a variety of assumption-based meanings for healthy and functional, which are potentially a source of confusion for consumers externally and of conflict for organisational teams internally. More specifically, it appeared initially that the organisation placed high priority on producing its functional products for sportspeople, and to aid sports performance. However, the findings showed that although sportspeople and sports performance are valued by the organisation, its need to turn over a profit means that its functional products had to appeal to mainstream consumers, a much larger target market than sportspeople. Further, the organisation claims to be highly altruistic in its behaviour and actions; however, on closer inspection the underlying motivation seems to be undeniably related to building profit margins. Thus tension exists between the identities of “doing good” and “selling product”; that is, running a successful sustainable business. However, by generating a “goodwill reservoir”, building credibility and behaving in an altruistic manner the organisation hopes to gain consumers’ trust and loyalty and in due course add to organisational success. These conflicts illustrate an organisation uncertain about who it is or what it stands for. For example, the findings highlighted discrepancies between what three of the organisation’s five core values state and the actual organisational follow through. The core value of “Trailblazing” (innovation), for instance, mentions speaking out when others will not; however, the findings suggested that the organisation does not always speak out, especially if making a public statement may impact on profitability. The value also mentions that it does not imitate; yet, respondents clearly stated that the Lifestyle Sports Drink the organisation produced was a “copy cat” or “me too” of its major competitor’s
sports drink. These discrepancies could be noticed by a number of external stakeholder groups, for example, consumers, consumer groups, media, and professional bodies, and have the potential to create negative publicity or unfavourable evaluations of reputation. Therefore, this uncertainty around brand and organisational identity may prove a continuing challenge for the organisation from a communications perspective, in terms of clarity and credibility, and from a financial perspective in terms of sales and growth.

Ultimately, the organisation exists in a state of perpetual circularity. That is to say, the organisation’s identities, such as “doing good” and “selling product”, a) causes internal and external tensions for the organisation, for example in relation to making public claims about functional foods, and b) affects assumptions made, in this instance about health and functionality. The handling of organisational tensions and the assumptions generated then influences organisational decision-making, which impacts on external communications. The external communication in this case study prioritised the importance of building relationships and reputation, which, in turn, impacts on the organisation’s identity; thus, the circle is started once more.
CHAPTER 6 – Conclusion

This research project has explored what assumptions a food producer makes about functional foods for health and sports performance and about sportspeople. It has also examined how food producers apply their assumptions and perspectives relative to tensions surrounding functional foods in terms of decision-making, consequent research and development, and external communication practices.

The findings of this research project demonstrated that the organisation tries to appeal to multiple and sometimes divergent target markets. It does so by creating a variety of meanings for healthy; for example, healthy means consumer choice or “having your cake and eating it too”. It also creates a variety of meanings for functional; for instance, to sportspeople and other sports related external consumer groups functional benefits mean genuine physiological and health advantages, whereas to the mainstream consumer functional benefits relate to trendiness, image, and identity. Furthermore, the communication strategies show that although sportspeople and sports performance is important, more priority is placed on appealing to the mainstream consumer, general performance, and fun because that is where the profit margins are to be made. The organisation also claims to be highly altruistic in terms of wanting to “do right” by the consumer; however, its behaviour and actions seem undeniably related to making money. Overall, the organisation seems uncertain about who it is or what it stands for. The dilemma the organisation faces is how to be “all things to all people”, internal and external, without sacrificing its core values, its identity or reputation.

This research is interesting and useful because it expands an area where few studies have been conducted, namely the study of food production from an organisational perspective. The case study demonstrates new insights in the area of functional foods relative to organisational assumptions and the tensions a food-producing organisation faces. Tensions include those related to a) acting in an ethical manner with regards to making public claims about functional foods, and b) improving the corporate bottom line vs demonstrating the importance of organisational philanthropy. These tensions emerged in relation to the organisation’s multiple identities, and at multiple levels. That is to say, these
identities sometimes conflict when the organisation is trying to make connections with and satisfy a wide range of consumers; consumers who make reputation evaluations about the organisation, and its products and brands. One implication is that in trying to connect with too broad a range of stakeholders the organisation may start losing the brand credibility it has thus far built up with specific consumer groups such as sportspeople, coaches and physical trainers, and compromise the respect of professional interest groups and expert stakeholders.

The small scale of this project prevents wider generalisation of the findings, but provides opportunity for additional research to be conducted. For example, it would be valuable to conduct a larger scale study and explore differences and/or similarities in assumptions, consequent decision-making, and actions across a variety of food-producing organisations that produce functional foods for sports performance. Products of this nature include cereals, beverages, bars, powders and gels. One could ask, what are the similarities and differences between those organisations that produce more naturally-oriented functional sports performance products compared with those that produce more scientifically-formulated or modified functional sports performance products? One could also ask, what are the similarities and differences between those organisations that only produce functional sports performance products compared with those that produce functional sports performance products as a sub-set of overall production? An in depth study of this nature may highlight significant organisational variations relative to specific organisational values.
References


Boddy, C. (2005). A Rose by Any Other Name May Smell as Sweet, but “Group Discussion” is Not Another Name for a “Focus Group” Nor Should it be. *Qualitative Market Research, 8*(3), 248-255.


Appendix I – Schedule of Case Study Interview Questions

Positioning Functional Food for Sports Performance: A case study of a beverage organisation’s communication with external stakeholder groups

Schedule for Interview Questions

Tell me about your role in the organisation.
The following questions have been broken up into three sections, each with a different focus. The first section explores images and labels given to beverages and food.

1. The term “healthy” conjures up different images to different people. What does “healthy” mean to you in terms of your product ranges?

2. Please describe the range of “healthy” beverage products produced by the organisation.

3. The term “functional” conjures up different images to different people. What does “functional” mean to you in terms of your product ranges?

4. In what ways might any of your beverage ranges be thought of as s?

The second section looks at issues around the research and development of your products specifically and of “functional” products generally.

5. How was your organisation involved in researching and developing your ranges of functional beverage products?

6. Were there any other organisations, or areas of expertise, that contributed to the research and development of these functional beverage ranges?

7. Were there any constraints in developing these functional beverage ranges?

8. What dilemmas or tensions exist for your organisation in relation to your ranges of functional beverage products?

9. Health issues and the specific benefits associated with the consumption of particular foods and beverages have received considerable public attention recently. How has your organisation engaged with these issues?
10. What do you believe are the differences between nutraceuticals and functional foods/beverages?

11. Does your organisation currently have, or seek to have, any input into professional debate about the development of functional foods, beverages and nutraceuticals?

12. From a technical/scientific perspective, how do you think the organisation and New Zealand in general compares on the world stage when it comes to the development and production of functional food and beverage products?

13. What do you envisage will be the next challenge(s) that the organisation will face in continuing development of your ranges of functional beverage products?

The third and final section focuses on your consumers, and product marketing and communications.

14. What target market(s) or consumer groups are your functional beverage ranges aimed at and what priority do you give each?

15. Which other beverage-producing organisations or functional beverage/food products do you see as competition and why?

16. How do you differentiate yourself from your competitors and/or what do you see as your point(s) of difference?

17. What are the main communication channels used to market your functional beverage ranges?

18. More broadly, what strategies and/or tactics do you employ to position your functional beverage ranges when communicating with your target markets and other external stakeholders?

19. What image(s) do you want your functional beverage ranges to create in the eyes of target markets and external stakeholders? Why are these images important? And do you believe these images are successfully reaching your target markets and external stakeholders?

20. How much emphasis does your organisation place specifically on product reputation, identity and branding and generally on organisational reputation, identity and branding?
21. What array of market research, public opinion research, or feedback processes have you engaged in/do you engage in:
   a. in relation to the research and development of these functional beverage ranges?
   b. in relation to the marketing and advertising of these functional beverage ranges?
   c. in relation to communicating with target markets and external stakeholders about these functional beverage ranges?

22. What is your vision of the “healthy” “functional” beverages of the future, in, for example, 10 years’ time?

And just two more general questions...

23. Is there anything else you think I should be aware of in relation to healthy and functional beverages and/or specifically to your range of functional beverage products?

24. Finally, is there anyone else here at the organisation who think would be useful for me to speak with regarding the questions I have just asked you?
Appendix II – Participant Information Sheet

Information Sheet for Participants

Waikato Management School
Te Raupapa

THE UNIVERSITY OF
WAIKATO
Te Whare Wānanga o Waikato

RESEARCH PROJECT INFORMATION SHEET

Overview

My name is Vanessa Johnson and I am a Masters student in the Department of Management Communication, Waikato Management School. Under the supervision of Dr Alison Henderson, Senior Lecturer in the Department of Management Communication, Waikato Management School, I am conducting a study titled “Positioning ‘Functional Foods’ for Sports Performance: A case study of a food organisation's communication with an external stakeholder group.” The study is funded by a Marsden Fund grant over a period of one year. If you have any questions about the project, you can phone me on 07 366 3311, or email me at vjj3@waikato.ac.nz

What’s the research study about?

This Masters research aims to explore what public actions a food-producing organisation takes with an external stakeholder group whilst trying to balance the tensions surrounding functional foods with their private agendas. The functional foods in this instance will be specifically for sports performance, and the public action will be communication with competitive sportspeople. I am interested in how food-producing organisations make particular assumptions about functional foods in their own strategic planning and resulting external communication.

What will you have to do and how long will it take?

I would like to conduct an in-depth interview with you to find out your thoughts and opinions about the position your organisation takes in relation to functional food for sports performance. The interview will be recorded, with your permission, and should take approximately one hour to complete.
What will happen to the information collected?

The interview responses will be used to write a descriptive analysis of the values and principles that underpin different policy approaches to what is considered to be healthy food, and how food-producing organisations negotiate different approaches to what is considered to be healthy food. Only the Principal Researcher and Supervisor will be privy to the interview notes and tapes, and after the analysis is completed, the notes will be destroyed and tapes erased. Copies of the research paper will be kept in the Waikato Management School, and will be treated with the strictest confidentiality. No participants will be named in the research paper or any resulting publications unless explicit consent has been given by the research participants, and every effort will be made to disguise their identities, for example by the use of pseudonyms and fictitious names for the participant organisations.

Declaration to participants

If you take part in the study, you have the right to:

• Refuse to answer any particular question, and to withdraw from the study at any time up until the analysis is completed.
• Ask any further questions about the study which occur to you during your participation.
• See a copy of your interview transcript for editorial comment
• Be given access to a summary of the findings from the study when it is concluded.
Appendix III – Participant Consent Form

Consent Form for Participants


CONSENT FORM FOR PARTICIPANTS

I have read the Information Sheet for participants for this study and have had the details of the study explained to me. My questions about the study have been answered to my satisfaction, and I understand that I may ask further questions at any time.

I also understand that I am free to withdraw from the study at any time, or to decline to answer any particular questions in the study. I agree to provide information to the researcher under the conditions of confidentiality set out on the Information Sheet.

I agree to participate in this study under the conditions set out in the Information Sheet.

Signed: ____________________________________________ 
Name:  ____________________________________________ 
Date:  ____________________________________________ 

I agree that while participating in this study, my responses and comments may be audiotape recorded for the purposes of the research analysis.

Signed: ____________________________________________ 
Name:  ____________________________________________ 
Date:  ____________________________________________ 

Waikato Management School
Te Raupapa

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Te Whare Wānanga o Waikato
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Appendix IV – Industry Proposal Document

Masters in Management Studies: Summary of Research Proposal

Vanessa Johnson

Department of Management Communication
Waikato Management School
University of Waikato

October 2010

Proposed Research

Positioning s for Sports Performance: A case study of a food organisation's communication with external stakeholder groups.

Purpose

The purpose of this Masters research is to explore how a food-producing organisation manufacturing products useful for sports performance communicates with external stakeholder groups including sportspeople (community sports groups, competitive sportspeople, elite athletes), health professionals and other stakeholders relevant to sports products and performance, and manages the tensions surrounding functional foods.

Funding

This project is part of a larger study being carried out by my supervisor, Dr Alison Henderson from the Department of Management Communication at the University of Waikato. The study is generously funded by a Marsden grant from the Royal Society of New Zealand.

The Context and Rationale

The food landscape is ever evolving. In today’s societies, food has many meanings and functions; for example, in relation to, survival, satiety, comfort, family, health, lifestyle and physiological performance, which make eating an increasingly complex sphere of life. In recent decades, consumer interest in the functioning of food for optimal health and physiological performance particularly has burgeoned. People using sports performance oriented products are looking for ways to out-perform, out-train, and out-recover their opponents, and to improve on their own personal benchmarks. To perform at an optimal level correct nutrition and recovery is critical, especially as the exertion levels of this group often mean a well-balanced diet of nutrients at the Recommended Daily Intake is simply not enough.

In response to growing consumer interest, food scientists and food-producing organisations have been exploring ways to develop food products to improve health and
physiological performance. Advances in food science have enabled food-producing organisations to create and market products offering consumers something extra; for example, an ‘edge’ in energy, output, performance, concentration, stamina, fat reduction/increased muscle mass or recovery – functions every sportsperson is looking for. Products of this nature include both food and beverages, and fall into the category of s. Briefly, functional foods are foods that provide additional physiological benefits beyond basic nutrition; they are foods that bring science into everyday eating by promising specific health effects.

It appears, however, that functional foods are not without debate or controversy. Tensions exist around the definition, ethos and health-benefit claims of functional foods. Several studies have attempted to address some of the issues bound up in these tensions, such as whether or not consumers and medical professionals believe that functional food products really fulfil the brief they purport to. Lying at the crux of these issues are the actions of the food-producing organisations; yet, this group, for the most part, has not been the focus of research on functional foods to date. As yet, there is no empirical research exploring how food-producing organisations make decisions and act based upon their interpretations of the tensions that surround functional foods. How do food producers, especially in New Zealand’s small but highly competitive food industry, balance corporate objectives for market share and an increased bottom line with the need to provide quality products in their stakeholders’ best interests – in this case, competitive sportspeople?

I am specifically interested in how food-producing organisations make particular assumptions about functional foods in their own strategic planning and resulting external communication.

**Research Questions**

1) What assumptions about food and health issues do food producers make in their development of healthy food products, and how do they justify making those assumptions?

2) What assumptions about sportspeople, health professionals and other sport relevant stakeholders and sports performance do food producers make about what counts as functional food for sports performance, and how do they justify making those assumptions?

3) How do food producers manage the tensions among public versus private concerns, and risks versus benefits in producing functional foods for sports performance?

4) How do food producers communicate with sportspeople, health professionals and other sport relevant stakeholders about functional food for sports performance?
Methodology

Theoretical framework
I am interested in the way a food-producing organisation interprets or understands salient situations, issues and people, and how those interpretations can lead to certain assumptions, organisational decisions, strategic choices and external communication.

Data collection method
As a way of limiting the boundaries of the research, I anticipate examining the public actions of a single food-producing organisation at the levels of management, production, manufacture, marketing and retailing, in relation to functional foods for sportspeople, health professionals and other sport relevant stakeholders.

I would like to conduct a small number of semi-structured interviews with staff associated with your organisation, specifically management staff involved in research, marketing and communication. The interviews will be approximately an hour in length, and will cover aspects of internal communication and decision making about functional foods, and external communication with particular stakeholder groups—sportspeople, health professionals and other stakeholders relevant to sports products and performance. The focus will thus be on issues surrounding functional foods, identity, reputation and branding, and debate and decision-making.

Proposed Findings

This study will reveal the assumptions that a food producer makes about functional foods for health and sports performance, and how these assumptions and perspectives are applied to the debate about functional foods in terms of decision-making, research and development, and marketing practices for particular stakeholder groups—sportspeople, health professionals and other stakeholders relevant to sports products and performance. The research will highlight business and social implications related to food products developed for sports performance that will be useful for the case study organisation in future strategic planning and stakeholder communication. The research will also inform sportspeople, medical professionals, coaches, physical conditioners and other sports relevant stakeholder groups about the development of new functional food products for sports performance allowing these groups to make more informed decisions and recommendations regarding these specialised products.

I anticipate completing my Masters thesis by March 2011.

Presentation of Findings

At the conclusion of this research, I would be happy to present a written report of the results to your organisation.