The primary challenge facing the U.S. grape seed extract market originates from the influx of low-cost, sub-standard Asian grape seed extracts. A majority of these are inconsistent in quality without any proven biological effect. The other key challenge lies in their inherently bitter taste, which affects the sensory attributes of the final product thus leaving a bad aftertaste.

In order to succeed in this market, manufacturers will have to ensure a consistent supply of high-quality ingredients with proven biological efficacy and scientific validation. Companies also need to look at developing an extract, which has no aftertaste, thus giving them a critical advantage in penetrating the food and beverages market.

Criterion 1: Unique Features

Polyphenolics’ sharp focus on research and development as well as technological process innovation, through tie-ups with major research organizations and universities, has resulted in a strikingly differentiated grape seed extract. MegaNatural®-BP. MegaNatural-BP is a patented grape seed extract with a clinically proven blood pressure lowering quality unlike any other competing ingredient. The company has associated itself with the department of Cardiology at UC Davis, to study the role of grape seed extracts in lowering blood pressure in patients who have metabolic syndrome and pre-hypertension. The outcome of the study (published in the July 16th issue of Metabolism Clinical and Experimental) indicated that when MegaNatural-BP is taken in conjunction with lifestyle modification, it could effectively lower blood pressure in patients with metabolic syndrome. The UC Davis study was conducted under the leadership of Dr. T.C. Kappagoda, Professor of Cardiovascular Medicine at UC Davis Health System, and its protocol has been successfully patented. The company obtains 90 to 95% polyphenols in grape seed through its unique, patented, hot water-based extraction process as opposed to using chemicals and solvents such as Acetone. This enables selective extraction of high-quality bioactive phenols. In addition, this unique process also ensures that, unlike most competing products, MegaNatural-BP has no bitter aftertaste. The company’s patents for the manufacturing process and the composition of matter (grape seed extract) discourages easy duplication and it secures the company’s leadership position in the market place.

Criterion 2: Quality Excellence

The consistent, high-quality of the company’s grape seed extracts differentiates it from a majority of other market participants, who sell generic grape seed extracts. Polyphenolics’ parent company, the Constellation Brands is the largest wine maker in the world. Owing to the integrated structure, Polyphenolics has easy access to high-quality grapes and it retains complete control of the entire production cycle, from initial selection of wine grapes to the final extraction of grape seed extracts. To illustrate the high quality of the MegaNatural line of grape products (MegaNatural-BP Grape Seed Extract, MegaNatural GSKE Grape Pomace Extract, MegaNatural GSKE-40 Grape Extract, MegaNatural Gold Grape Seed Extract, and MegaNatural Rubired Grape Juice Extract) the NSF International has authorized Polyphenolics to carry the NSF Certification marks on its products. This certification also signifies the excellence of its patented production process. In addition, the MegaNatural-BP has also achieved the U.S. Food and Drug Administration’s No-Objection Generally Recognized as Safe (GRAS) status, thus validating that it is safe to be added to new or existing products.
Criterion 3: Scientific Marketing and Forward-looking Strategies

Polyphenolics has penetrated the U.S. grape seed extract market through co-branding with companies such as GNC, Inc., The Vitamin Shoppe, and host of other small to mid size companies. In addition to this, it has also tied up with various multi-level marketing companies. Many of GNC’s heart-health related products sport the MegaNatural-BP logo on the back. Since the initial days of research at UC Davis, Polyphenolics had started participating in promotional activities across trade fairs, symposiums, television, radio, print media, and the Web. In addition, the company does not allow usage of lower dosage (in dietary supplements) than what has been prescribed by the UC Davis study, for its MegaNatural-BP products. This uncompromising attitude has enabled the company to position itself as a reliable producer and supplier of premium quality branded grape seed extracts.

Going forward, the company plans to focus on further promotion of its products. Although initially, dietary supplements were the primary focus area for the company where it is already a well-known brand, the company is now focused on functional foods and beverages. It is presently working with two major beverage companies in this sector and expects the commercial launch of the ensuing products by 2012. The company is aiming to leverage the GRAS status further for increased penetration into the functional food and beverage market.

On the research & development front, Polyphenolics continues to explore applications related to blood pressure. It has collaborated with the Illinois Institute of Technology and is carrying out advanced research under the leadership of Dr Britt Burton-Freeman, the Director of Nutrition at the National Center for Food Safety and Technology at IIT. The study aims to evaluate the difference in effect on blood pressure between MegaNatural-BP used in capsule form (used as a control) and in beverage form. In addition, through this trial, the company intends to detect the dosage level, which is required to control blood pressure through MegaNatural-BP in a beverage.

With such smart marketing strategies and persistent research endeavors, Polyphenolics has been able to differentiate itself from its competitors in the U.S. grape seed extract market and is poised for further growth by successfully executing these forward-looking strategies.

Criterion 4: Identifying and Targeting Consumer Needs

Metabolic syndrome is a combination of medical disorders that spur the risk of developing cardiovascular disease and diabetes. Up to 25% of the U.S. population is estimated to be affected by this medical condition with Hypertension being one of the biggest issues. Polyphenolics recognized these conditions, which is why they took a scientific, research-backed approach with the MegaNatural-BP grape seed extract. This branded ingredient offers consumers an effective, beneficial, and most importantly, a natural solution for high blood pressure. A key differentiator is that MegaNatural-BP grape seed extract has no side effects, where as traditional hypertension drugs do. Under the able guidance of Dr. T. C. Kappagoda, Polyphenolics is persistently advancing its scientific research with MegaNatural-BP in order to fight other health-related challenges, such as Type II diabetes. Polyphenolics is also exploring a new grape seed extract, MegaNatural-AZ, benefiting potential when it comes to brain diseases. The company, in conjunction with Dr. Giulio Maria Piesanetti, of the Research Center at Mount Sinai School of Medicine, is looking at a new product line, MegaNatural®-AZ, for controlling the progression of Alzheimer’s and Dementia.
Criterion 5: Positive Brand Perception

The brand perception for Polyphenolics’ products is extremely positive as their efficacy is backed by scientific studies. The company has been able to implement a “communication around science” strategy with great effect. Websites, press releases, and medical writers have been just a few significant vehicles employed by Polyphenolics to maximize company visibility in the market place. The company has been successfully reaching out to consumers through radio, publications, video, news releases, and consumer magazines. Besides its research-backed products, Polyphenolics has also been praised for its analytical approach. Its methodology for calculating total phenols has been adopted by the National Nutritional Foods Association. In addition, the company has an honorable position at the Association of Analytical Communities, for developing a newly validated analytical testing method for grape seed extracts. These attributes have added additional credibility to Polyphenolics’ products, which have resulted in increased brand loyalty. As a result, over the past 18 months, the company has witnessed approximately 50% overall growth, thus transforming itself into the market leader in the U.S. grape seed extract market.