

Keeping Up With Consumers

NAFFS 98th Annual Convention
October 23, 2015
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agenda

- health & wellness

- attitudes & drivers

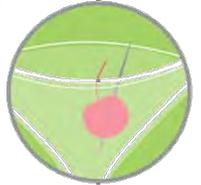
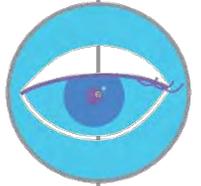
- f&b buzzwords
- clean labels, free-from
- non-GMO
- food color & naturals
- cage-free
- food safety

- what's trending

- take root
- zero-waste
- package deal

- future of food

- agriculture + tech
- plant-based
- jiminy cricket
- science + tech + design
- art + flavor



food & beverage buzzwords

without preservatives

healthy health & wellness

organic sustainable

green clean-label

nutraceuticals

fortified

free-of-claims nutritional

clean natural

GMO-free protein

gluten-free

functional

artificial ingredients

non-GMO

WordItOut

inconsistent & unclear labels

According to Nielsen research:

- Six in 10 shoppers agree that they “mostly” understand nutritional information on food packaging
- 35% only grasp the nutrition data “in part”
- 7% do not comprehend the information at all



Nielsen 8/14/14

health & wellness attitudes

According to the Nielsen/NMI “Health & Wellness in America” report

- 66% of Americans said they had **consumed fortified foods or beverages** over the year
- 75% of Americans believe they can **manage many of their health issues through nutrition**
- 33% said they believe **functional foods and drinks can be substituted** for some of the medicines they take
- 73% of Americans said they had **consumed high protein food and beverages** in the past year
- 27% of Millennials are more **responsive than the average consumer to health packaging claims**

C Store Decisions 8/15/14

In 2014, **29%** of consumers bought more **local foods/beverages**; **28%** bought more **organic products**; **25%**, more **natural foods**; and **23%**, more **non-GMO offerings**

Hartman 2014, IFT 4/15



free-from attitudes

Mintel reveals that **84%** of American consumers **buy free-from foods** because they are **seeking out more natural or less processed foods**.

43% of consumers agree that **free-from foods are healthier** than foods without a free-from claim while

59% (three in five) believe the **fewer ingredients a product has, the healthier it is**.

37 % of consumers overall **agree that products with free-from claims are worth paying more for**.

Mintel 9/8/15

Overall, **millennials (60%) and Gen X (55%)** are much more likely than baby boomers (46%) to agree that they worry about **potentially harmful ingredients in the food they buy**.



According to Specialty Food Association's survey of 1,683 adults, **43%** choose specialty foods to **avoid artificial ingredients and preservatives** and **One in three** specialty food dollars are spent on products with a **natural or organic** claim.

Food Business News 10/5/15

According to Innova Market Insights, more than **20%** of new **U.S. food & beverage products** tracked in 2014 featured a **clean-label positioning**, up from **17%** in 2013.

non-GMO attitudes

Mintel reports, the top claims free-from consumers deem most important are:

- *Trans* fat-free, 78%
- Preservative-free 71%
- **GMO-free claims 58%**
 - 35% ranked **GMO-free** as one of their top three most important claims
- Among all consumers interest in free-from foods, **GMO-free outweighs interest**
 - **GMO-free foods 37%**
 - Free of soy 22%
 - Free of nuts/peanuts 20%
 - Free of eggs 17%

Mintel 9/8/15



Packaged Facts reports that the **non-GMO food and drink market** in the U.S. is projected to reach **\$264 billion by 2017** and perhaps even **\$340 billion** if mandatory labeling is passed in the U.S.

NPD's research says that only about **11% of consumers are willing to pay more for food & drinks that are free from genetically-modified organisms** despite the fact that over half of consumers express "some level of concern" over GMO products.

Foodable TV 3/7/15

Noteworthy statistic: **Concern about GMOs among millennials in the U.S. was 24% in 2012 and grew to 44% in 2014.**

Mintel 9/8/15

global non-GMO attitudes

Health Focus International surveyed 16 major consumer markets and found 87% of consumers globally think non-GMO foods are 'somewhat', or 'a lot' healthier.

GMOs rank within the top five food concerns globally.

GMO concern is even surpassing ingredient concerns such as sugar, sodium, hydrogenated oils and artificial ingredients.



Levels of concern about GMOs vary between countries:

- 22% of Indian consumers
- 28% of UK consumers
- 49% of Americans
- 55% of Brazilians
- 56% of Mexicans
- 61% of Italians
- 61% of Russians
- 71% of Chinese consumers

Say they are concerned about GMOs

all-natural attitudes

According to Instantly's research artificial ingredients in food products are a top concern for Americans and many do not trust large companies to produce all-natural alternatives.

- 75% of Americans said that when it comes to producing all-natural products, they trust small, independent companies over large, established ones
- 70% believe that most natural foods brands are independent, while
- 30% believe they are owned by large companies

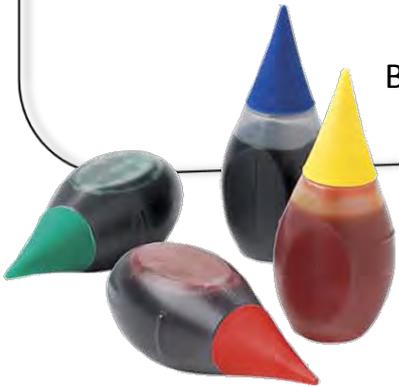
Drug Store News 10/1/15

ALL NATURAL

food color & artificial ingredients attitudes

According to MarketsandMarkets, the global market for **natural food colors** is predicted to reach **\$1.7 billion by 2020**, with **20%** of this market **attributed to beverage applications**.

Beverage Daily 9/20/15



The **global confectionery market** will rapidly move away from **artificial and additive colors** as an implementation period **to conform with EU rules on colors**.

From **November 29**, all food and drinks available on the **European market** should comply with the requirements of the new guidelines.

After **November 29**, all products that are used to **color food and beverages** that do not comply with the criteria for **Coloring Foods** will be classified as **additives**.

Confectionery News 9/28/15

About **four-in-10 global respondents** say the **absence of artificial colors (42%)** and **flavors (41%)** and **foods made from vegetables/fruits (40%)** are **very important**.

Nielsen's Global Health & Wellness Survey 1/20/15

synthetic colors

According to a Kalsec, the color and flavor company, survey of more than 1,000 U.S. and U.K. parents

- About 80% of U.S. and U.K. parents of 3- to 12-year-olds say they are concerned about the use of synthetic colors in food and beverages for children
- Half of U.S. parents are concerned about red colors, especially red dye 40, in products for their children
- 83% of parents said they were more likely to buy food for their children if it contains a naturally-sourced color instead of a synthetic color
- 70% of parents are willing to pay a premium for products containing naturally-sourced colors

Confectionery News 8/4/15

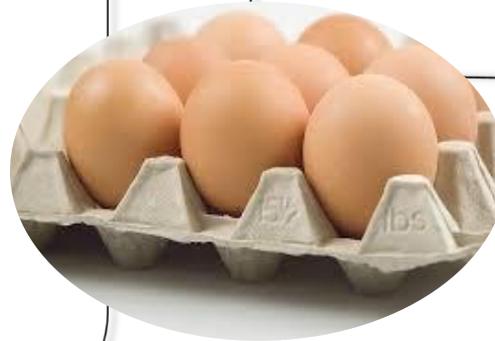


cage-free & free-range

According to Mintel research, Cage-free and free-range claims are important to

- 43% of free-from consumers
- With 23% ranking it as one of their top three most important free-from claims

Mintel 9/8/15



Starbucks announced in December that it would switch to 100% cage-free eggs by 2020.

Fast Casual 10/1/15

Subway plans to switch to chicken raised without human antibiotics by 2016.

Restaurant News 8/28/15

- 70% of Americans sometimes, often or always consider a company's ethics when purchasing products
- 56% have stopped buying a company's products when they have perceived its actions as unethical

Mintel 9/8/15

food safety

- Only 12% of the 3,000 consumers worldwide that Trace One Network surveyed online said they “whole heartedly” trust the safety of food and beverages today
- Only 10% said they whole heartedly trust their quality
- 27% said they did not trust food labels
- 36% of respondents do not think manufacturers act quickly enough to address “health scares”
- 40% of consumers said they would pay more for a food product with more ingredient and allergen information
- 62% of respondents said manufacturers do not provide enough information



Food Navigator 10/6/15

removal of ingredients



Remove artificial colors, flavors & certain additives by 2015.



Tropical Smoothie Café has partnered with FoodLogIQ, for food safety & traceability



Kellogg will remove all artificial colors & flavors by 2018.



Remove all artificial flavors & colors from its breakfast cereals by 2017.



Plans to have 50% of its portfolio contain healthy snacks by 2020.



Remove artificial colors & preservatives from Original Mac & Cheese starting 2016.

Kraft real mayo vs. pure mayo



VS.



why should you care?

Consumer demand for less processed, better-for-you products that are sustainably sourced will continue

- Hyper-aware, internet-savvy consumers, expect more from their products, and they are scrutinizing ingredients
- Food & Beverage buzzwords are only going to continue with free-of-claims leading the clean-label movement
- Legal & Regulatory rulings will continue to impact the industry



What's HOT

2015 CULINARY FORECAST

TOP 10 FOOD TRENDS

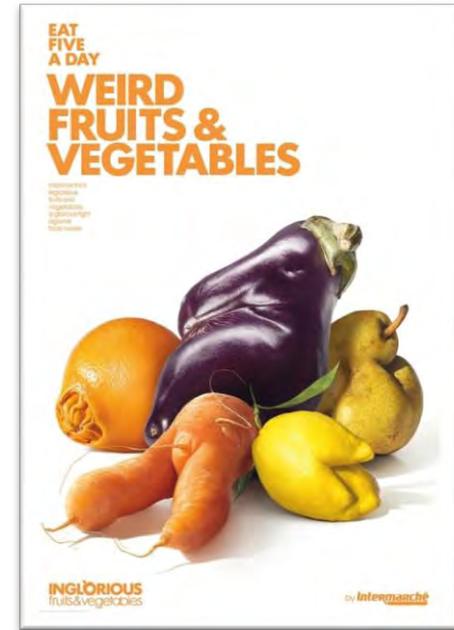
1. Locally sourced meat and seafood
2. Locally grown produce
3. Environmental sustainability
4. Healthful kids' meals
5. Natural ingredients/minimally processed food
6. New cuts of meat
7. Hyper-local sourcing
8. Sustainable seafood
9. Food waste reduction/management
10. Farm/estate branded items



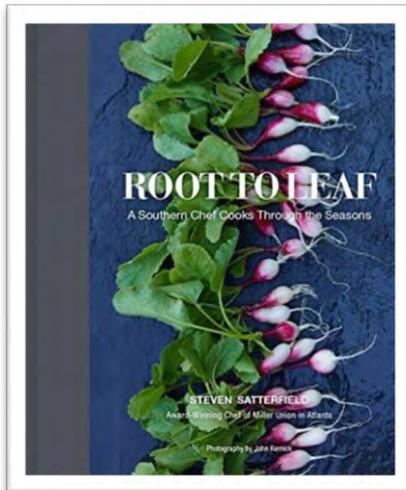
take root



wastED popUp



Intermarché



Steven Satterfield



zero-waste



Silo



Rise and Win Brewery



Sandwich Me In



Original Unverpackt

waste-free byproducts



Dana Gunders



Foodscapes



FoPo Food Powder



Fruit Leather Project

sustainable packaging

According to a survey by Asia Pulp & Paper nearly two-thirds (62%) of Americans want sustainable food packaging and clear, understandable labeling reflecting these materials.

Half of all Americans (51%) are more likely to recommend a brand or product if it includes sustainability / environmental-related information.

Fast Casual 9/18/15



package deal



Coolhaus edible, natural & calorie-free wrapper



Brazilian Bob's burgers in edible rice paper

Little Duck Organics' Mighty Oats



Stonyfield Frozen Yogurt Pearls



PaperJohn is a biodegradable backpack



Nestlé Resource Water



Coca-Cola PlantBottle



WikiPearls



Wikibar

future of food

“By 2050, the world population is predicted to increase from 7 billion to 9 billion people, a nearly 30% increase.”

“By 2100, there's an 80% likelihood that the global population will be between 9.6 billion and 12.3 billion.”

“The foods we choose to eat in the coming decades will have dramatic ramifications for the planet. Simply put, a diet that revolves around meat and dairy, a way of eating that’s on the rise throughout the developing world, will take a greater toll on the world’s resources than one that revolves around unrefined grains, nuts, fruits, and vegetables.”

National Geographic, The Evolution of Diet 8/14, Fastcoexist.com 9/23/14



agriculture + tech



OpenAG food computer



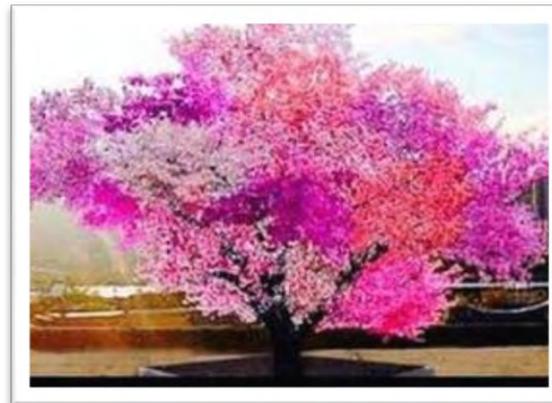
Air Orchard billboard



JetBlue & TerraChips
Terminal 5 Farm



City Farm group



Tree of 40 Fruit



Radicle Farm Company

plant-based diets

According to Cassandra Report: Body Mind Soul, plant-based diets are becoming more mainstream than ever as young people continue to seek out meals that are kind to their bodies and to the planet.

- 79% of Millennials wish there were more convenient and on-the-go healthy food options.



In May 2015, 21 plant-based businesses submitted commentary to Dietary Guidelines Advisory Committee

It highlights a plant-based diet's ability to address the nation's nutrient deficit problem, enrich the American diet with monounsaturated and polyunsaturated fats — and calls out as unhealthy specific foods rich in saturated fats such as meats, eggs, and dairy — and enhance overall intake of nutrient-rich plant protein.

New Hope 360 5/4/15

plant-based diets



Seed Breeding



Hampton Creek Foods



MADE FROM PLANTS!

Impossible Foods
Plant-based Cheeseburger



jiminy cricket



BugGrub



science + tech + design



Alcoholic Architecture



ChefJet



Lab-grown Burger



Edible Growth project



Soylent

art + flavor



Tate Museum Taste Sensorium

BMoF

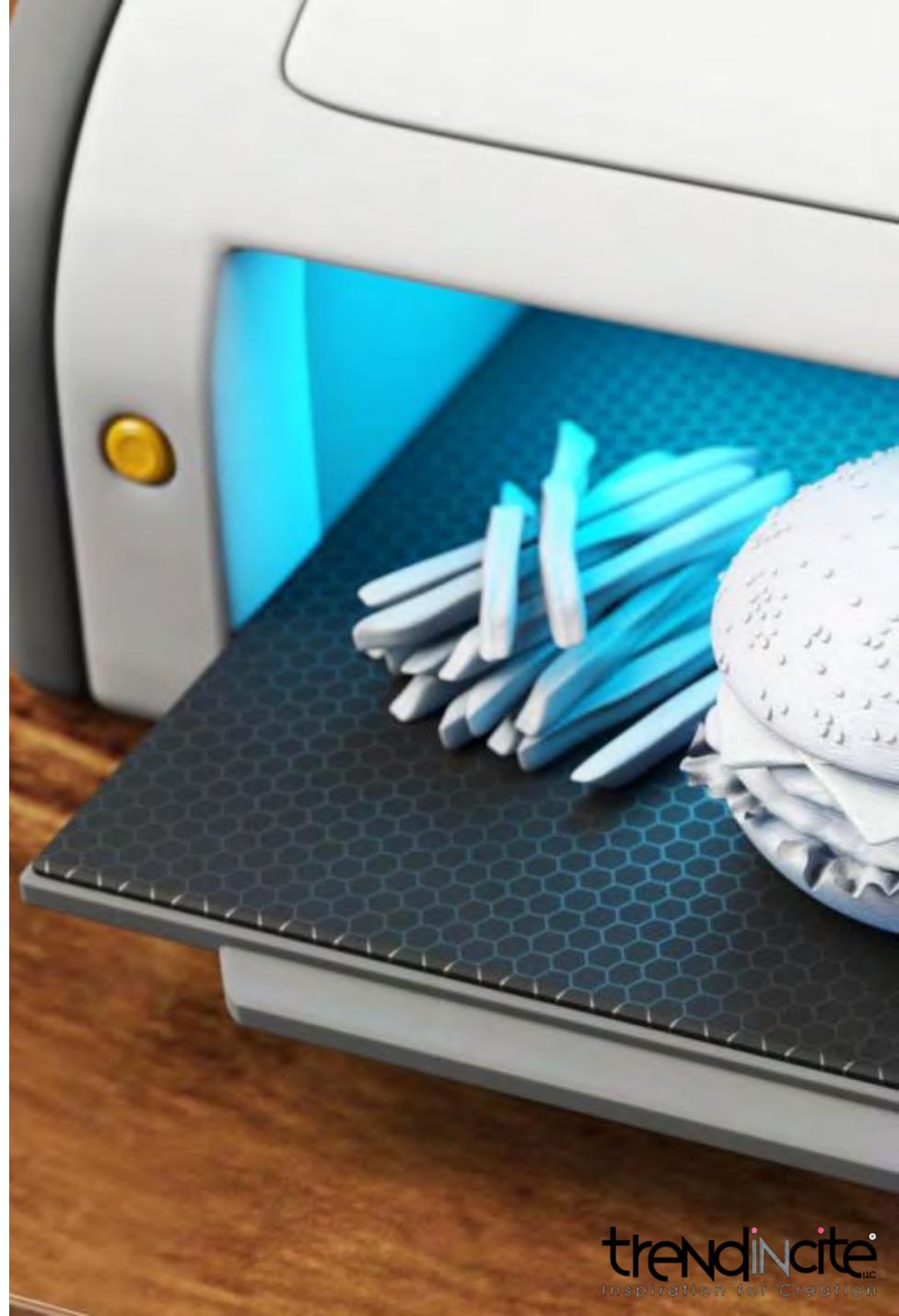


Anya Gallaccio, *Stroke* (2014)



why should you care?

- Alternative food bases are coming down the pike and may have different flavor profiles and textures (i.e. cricket flour, plant-based, 3D printed, lab-grown) will affect your product formulations
- New and unique sustainable packaging may behave differently than traditional packaging, formulas may have to be tweaked or specifically engineered
- Food waste reduction / management is becoming more important





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