HEI Webinar Series

Macro Consumer Trends in Natural and Organic Foods & Beverages

March 10, 2021

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Research America Inc.

INTRODUCTIONS…

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RESEARCH AMERICA
MARKET RESEARCH • CONSUMER INSIGHT

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Segmedica | RESEARCH AMERICA

NMI Provides Unparalleled Global Expertise in Health & Sustainability

❖NMI is an international strategic consumer insights firm, specializing in consumer trends and innovation since 1990.

❖Our mission is to focus on the interconnectedness of personal health/wellness, sustainability, and healthy aging.

❖Our goal is to help clients grow their business through the identification and validation of new ideas and solutions.

Our Expertise Across the Research Spectrum

Data Collection
- Online panel management (programming & data collection)
- Multiple phone centers across the US

Facilities
- 2 CLT sensory facilities (Orlando, FL & Totowa, NJ)
- 5 focus group facilities (Sacramento, CA; Cincinnati, OH; Newtown SQ, PA; Orlando, FL; & Totowa, NJ)

Custom Qualitative
- Ethnography
- Shop along
- IDI/TDI, Triads, traditional groups (online & in-person)
- Co-creation
- Online discussion boards, journaling/diaries, etc.
- HealthVoice®
- HealthEnact®
- HealthInteract®
- SelfInspire®
- RxConnex®

Custom Quantitative
- Brand equity, positioning, etc.
- AA&U; H&P
- Decision hierarchy
- Path to purchase
- Customer satisfaction
- Segmentation
- Concept ideation, screening, optimization
- Packaging, pricing, flavor profiling, etc.
- Message testing (creative and copy test)
- Secondary analysis, market sizing, social networking analysis, etc.

Data Sciences
- Blending traditional marketing science methodologies such as conjoint, discrete choice, max-diff, and turf analysis with big data analysis, predictive analytics, and machine learning
- PersonaSmart™
- Triple Smart ®

Databases, Segmentations, and Reports
- 5 Trended, Comprehensive Consumer Insight Databases
- The Institute Segmentations:
    - Sustainability
    - Health & Wellness
    - Whole Living
    - Organic
- Published Reports

Two of NMI's main databases are sources of today's information

Health & Wellness

Health and Lifestyle Focus

- Food
- Beverage
- Natural/Organic
- Non-GMO
- Exercise
- Diet/Nutrition
- Supplements
- Sports nutrition
- Health conditions

- Healthy lifestyle drivers
- Association of ingredients with specific health benefits
- Lifestyle and demographic measures
- Usage patterns across foods, supplements, healthcare, personal care
- Shopping Behavior
- Brands, influence and media

Health & Wellness Trends Database
Since 1999

Supplement, OTC, Rx

Intersection of Supplements/OTC/Rx

- Vitamins/Minerals
- Botanicals/Herbals
- OTC medications
- Homeopathic
- Ayurvedic
- Pharmaceuticals

- Usage rate of 80+ products
- Attitudinal statements & beliefs
- Preferred nutritional formats
- Condition/health issue mgt
- Brands, influence and media
- Barriers to use
- Sources of influence by product type
- Role of doctor, pharmacist
- Consumer directed healthcare
- Demographic measures

SORD Database
Since 2005

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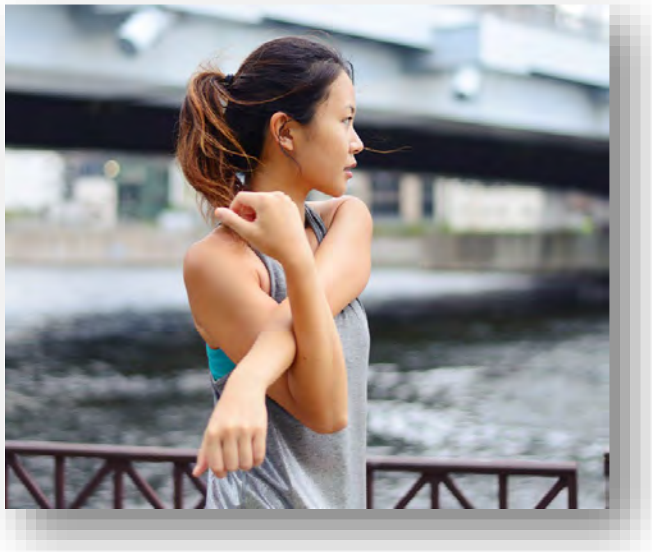
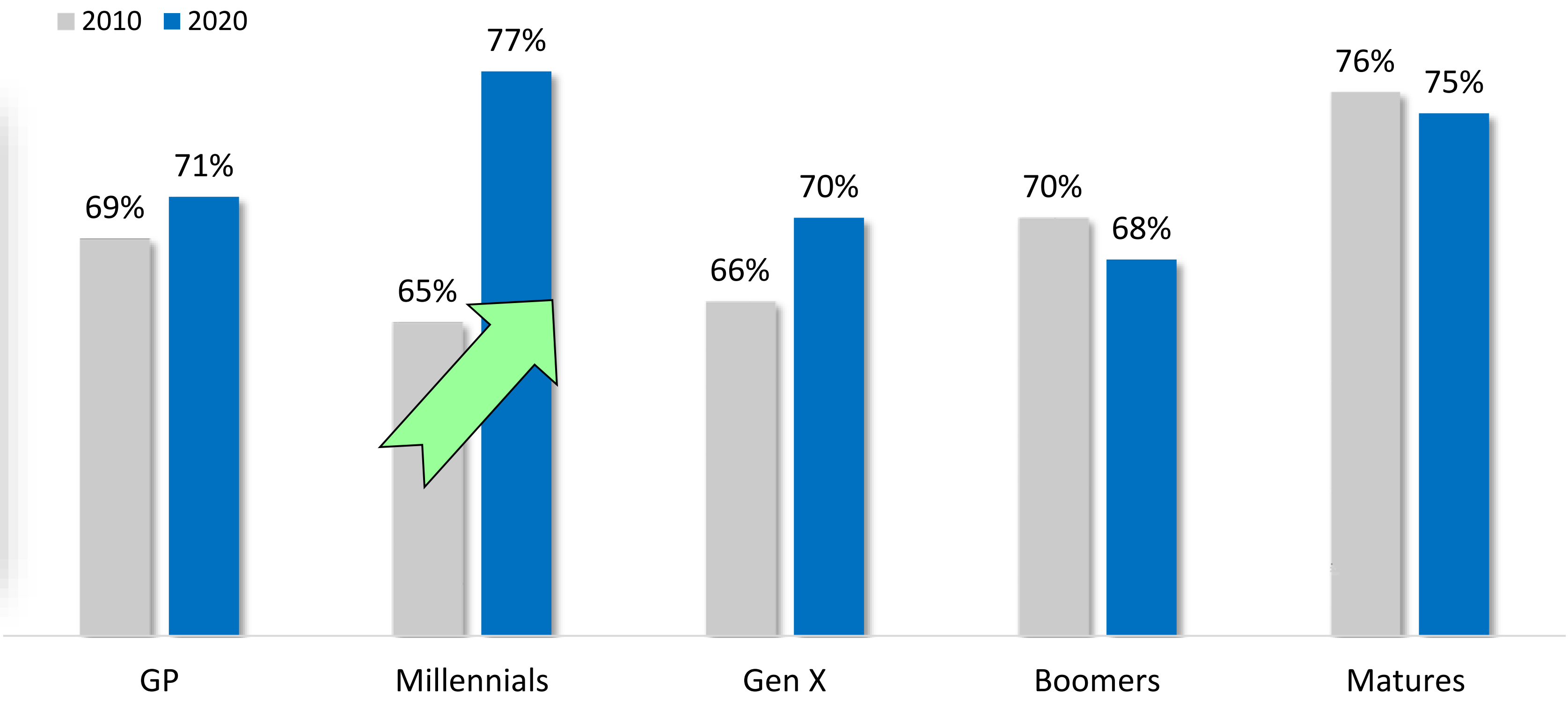
Consumers continue to embrace the importance of leading a healthier, more balanced lifestyle with Millennials showing the strongest buy-in



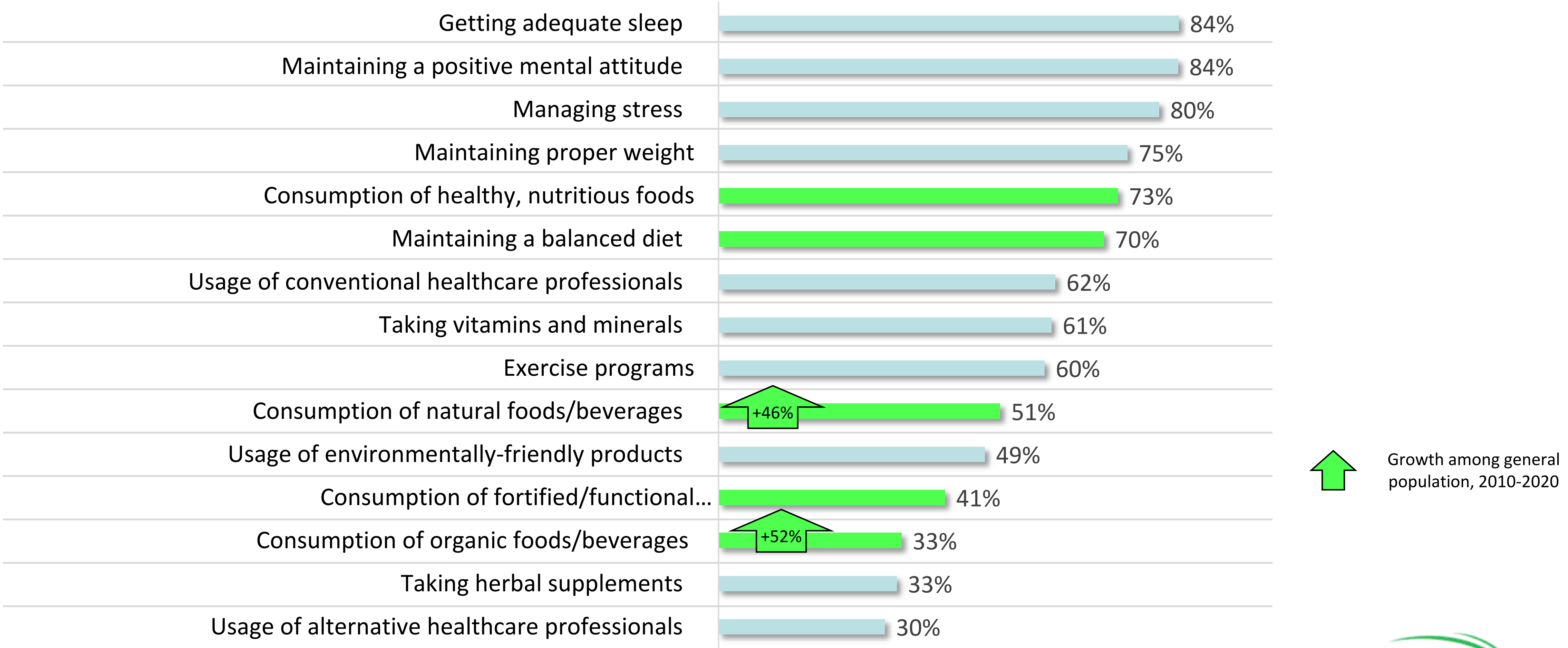
% indicating it is extremely/very important to lead a healthy, balanced lifestyle



(Q.2 – How important is it to you to lead a healthy, balanced lifestyle?)

There are a myriad of factors shaping *how* consumers maintain a healthy lifestyle, and food choices are high among them

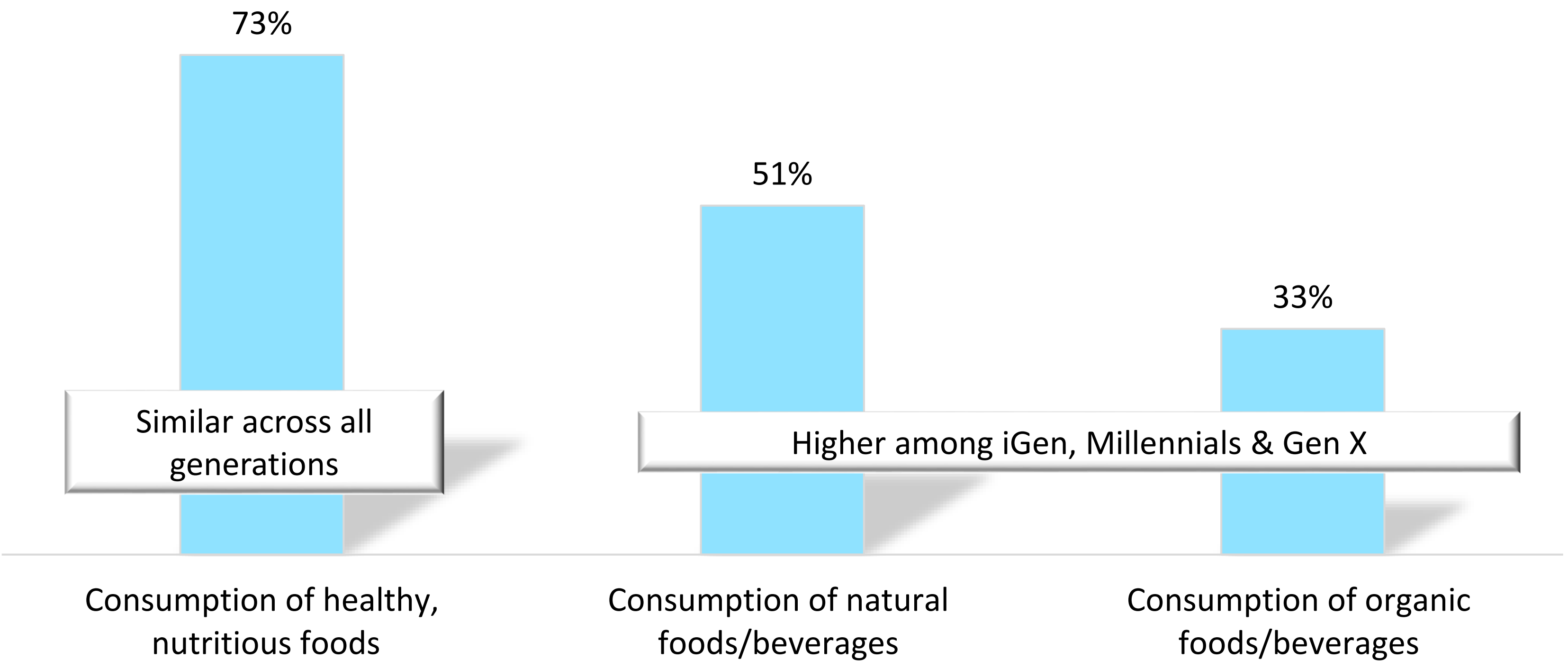
% general population indicating the factors are **extremely/very important** in how they maintain a healthy, balanced lifestyle



(Q.3 – Please indicate how important each is to you in how you maintain a healthy, balanced lifestyle)

While the importance of healthy and nutritious foods spans all generations, a specific inclination towards natural and organic alternatives skews toward younger consumers

% indicating the following are extremely/very important in how they maintain a healthy, balanced lifestyle



(Q.3 – Please indicate how important each of the following is to you in how you maintain a healthy, balanced lifestyle)

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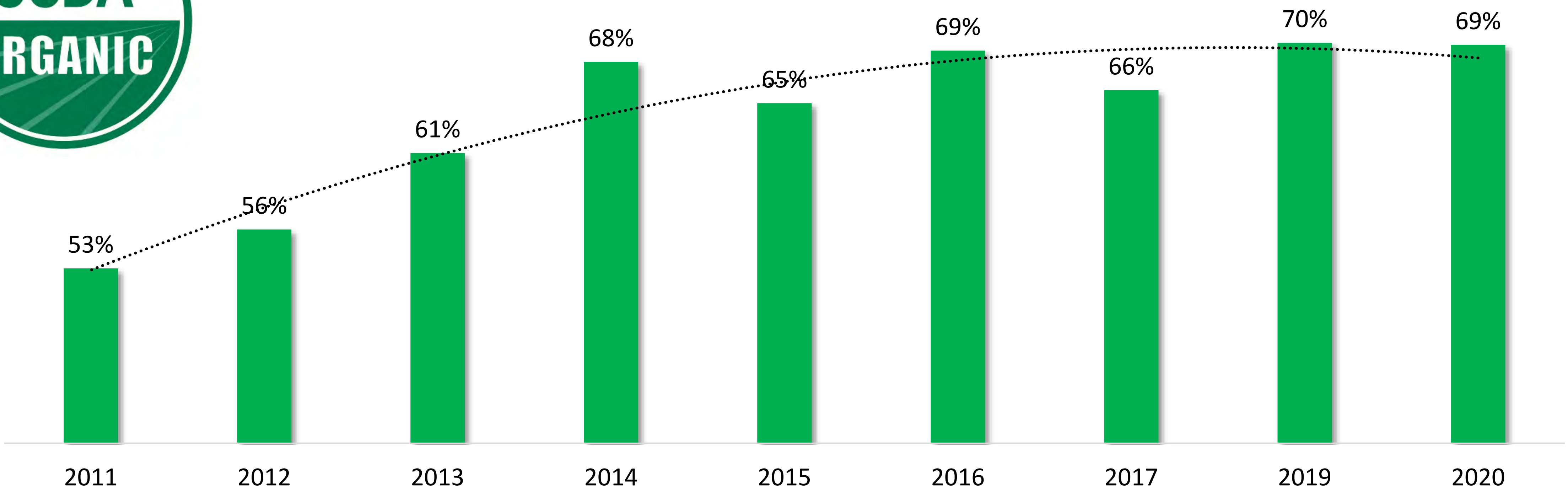
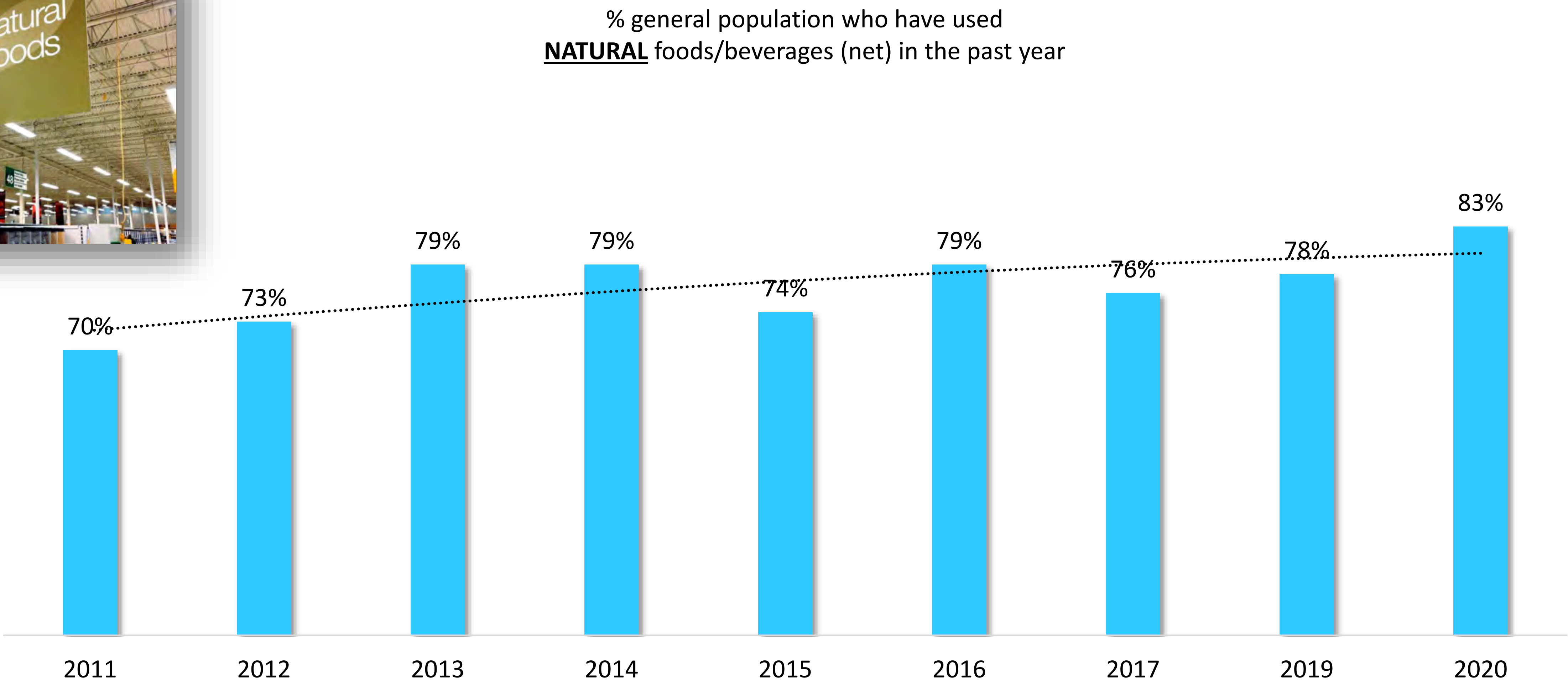
Usage of organics has seen notable growth compared to a decade ago, but has been fairly stable over the past 6 years or so

% general population who have used
ORGANIC foods/beverages (net) in the past year
(not store brand organics)



(Q.22 – Please indicate whether your use of each has increased, decreased or stayed the same over the past year)

Similarly, use of natural foods and beverages has remained fairly consistent, with a majority showing past year usage



(Q.22 – Please indicate whether your use of each has increased, decreased or stayed the same over the past year)

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Organic produce is the most used category, and often the 'entry point' to incorporating organics; expanding to other categories can help broaden organic usage in consumers' diets

	% general population indicating they **use** the following types of organic food/beverages	% who have ***increased*** use in past year
Organic produce	66%	24%
Organic packaged foods	59%	18%
Organic dairy products other than milk	51%	15%
Organic beverages (excluding dairy milk)	50%	16%
Organic dairy milk	48%	16%

(Q.22 – Please indicate whether your use of each has increased, decreased or stayed the same over the past year)

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It is essential to understand what attributes consumers consider important in their food and beverage purchases in order to provide the most appealing offerings; many are natural and organic focused

% general population who rate the attributes as very/somewhat important to their food/beverage purchase decision (1st tier)

Taste	86%
Value for money	82%
Nutritious	80%
Simple-to-understand labeling	76%
Fresh and less processed	**75%**
Convenient to prepare	69%
Natural	**68%**
A short list of recognizable ingredients	**66%**
No hormones added	**66%**
Recyclable packaging	66%
Locally grown	65%
Grown without synthetic pesticides	**65%**
No antibiotics added	**64%**
Environmentally-friendly packaging	64%
From farms that practice sustainable agriculture	64%
Made with whole grains	64%
No artificial colors/flavors/preservatives	**63%**
Clean label	**62%**
No GMOs	**59%**
USDA Certified Organic	**56%**

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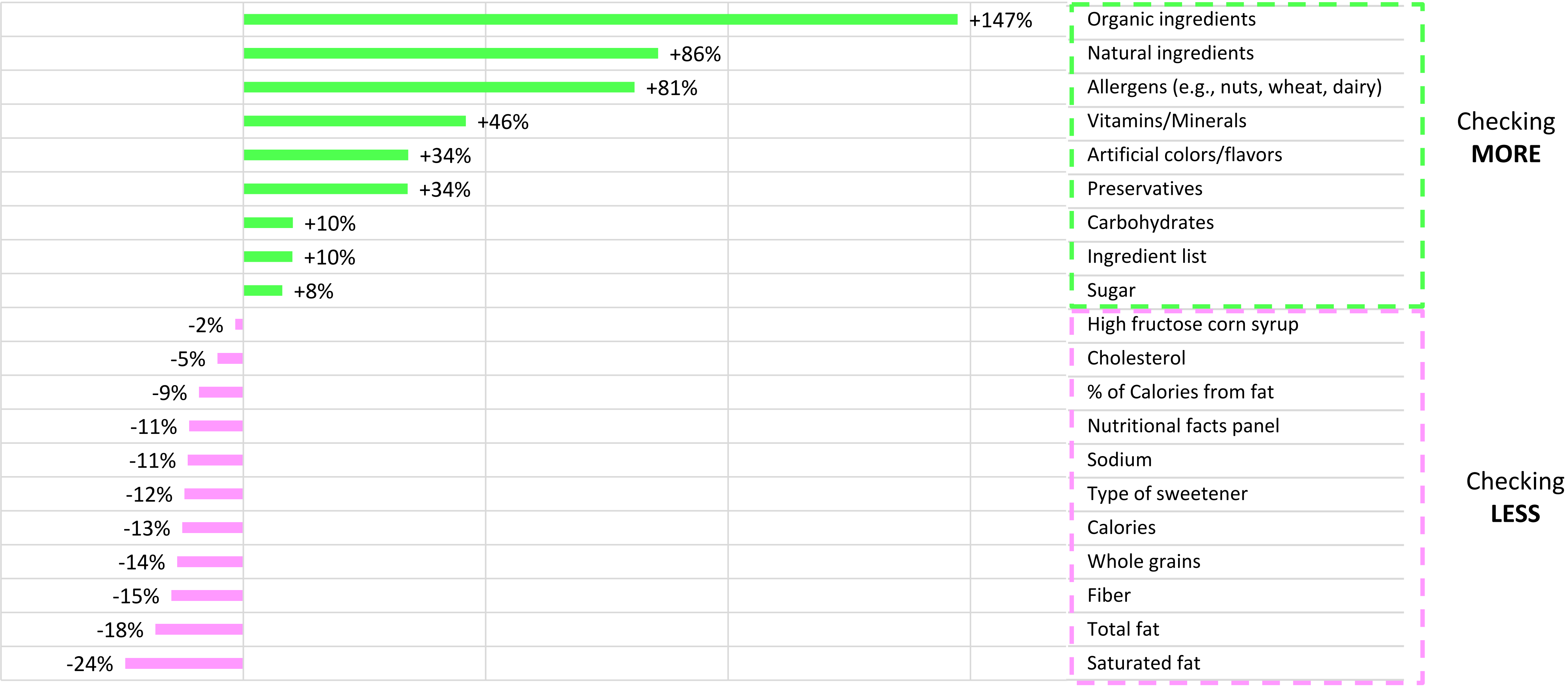
In fact, the items consumers check for most often on the label that show the most growth are not only specifically organic, but directly related to organic as they focus on cleaner, more sustainable and less artificial ingredients

% **growth** in consumers indicating when they read the label of a packaged food/beverage product, what items they check most often, 2011 to 2020



(Q.35 – When you read the label of a packaged food/beverage product, what specific items do you check most often?)

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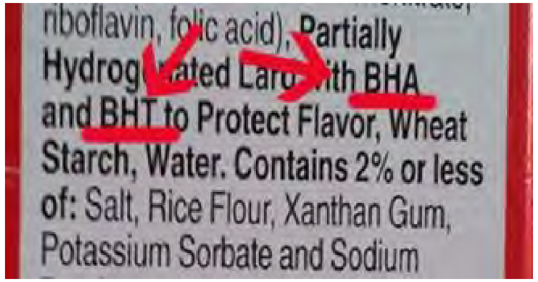
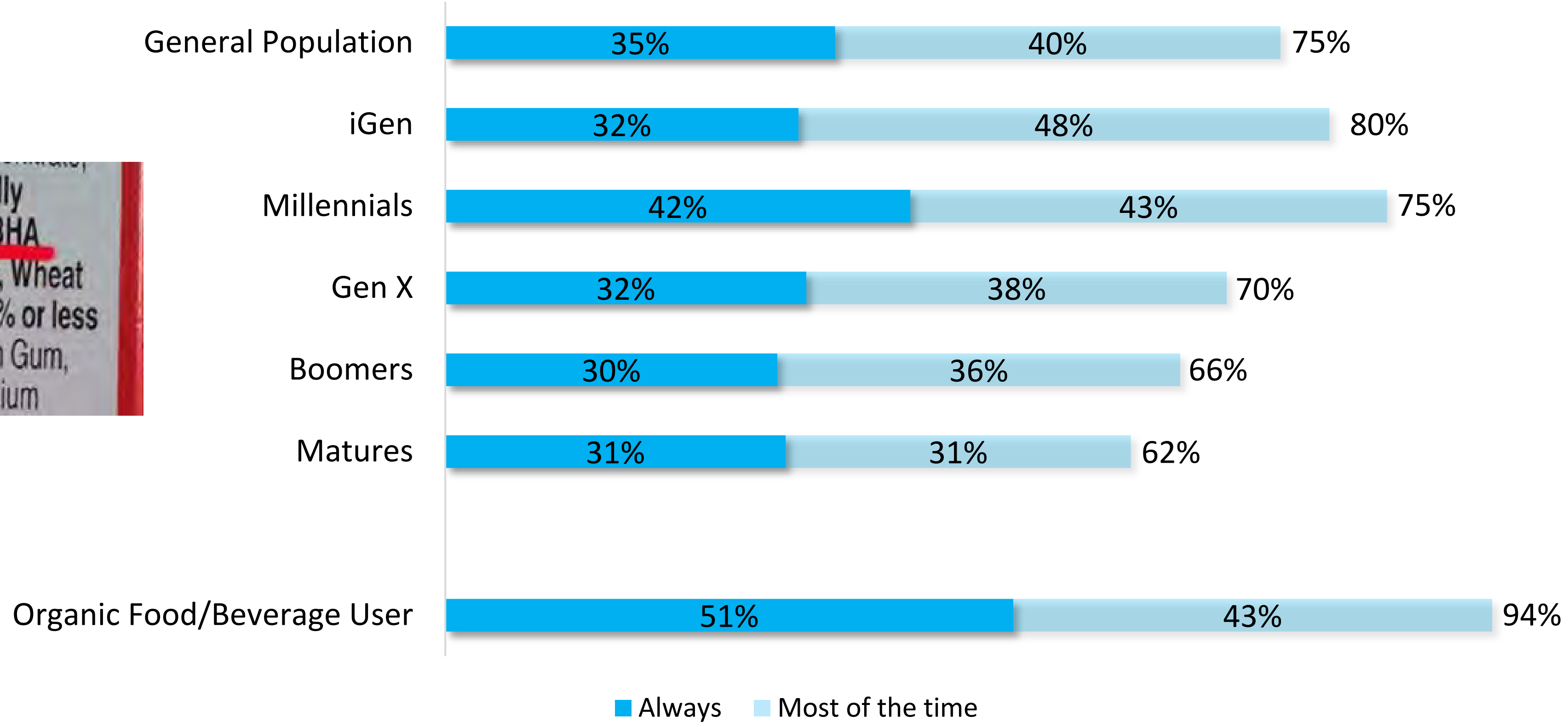
Additionally, most consumers check for chemical content on food and beverage labels; brands will need to evaluate how to better align their products with a low toxic profile based on this increased consumer scrutiny



% consumers indicating how often they check for chemicals they think may be harmful on food/beverage product labels

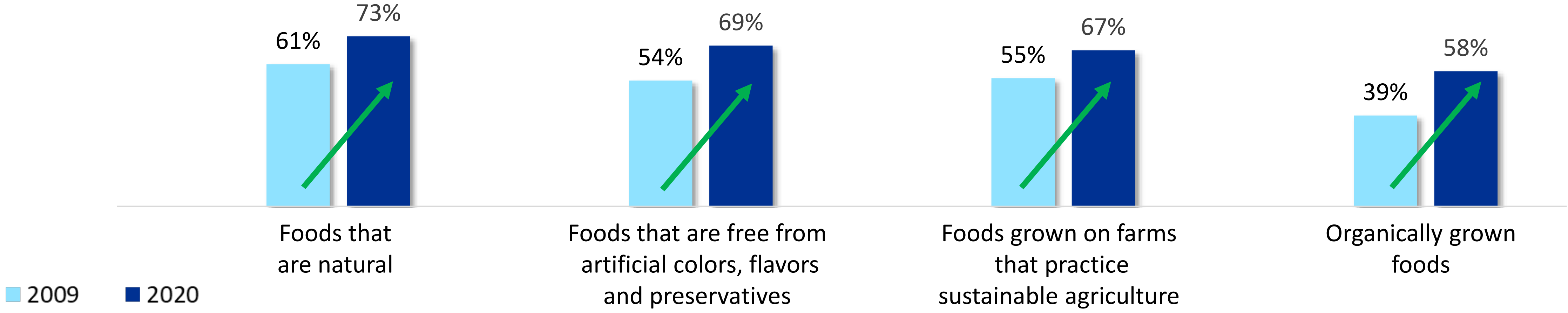


(Q.43 – When purchasing each of the types of products, how often do you look on the label for specific chemicals that you think may be harmful)

To that end, consumers increasingly want their stores to carry products which are less adulterated, with fewer artificial ingredients, and grown organically and sustainably

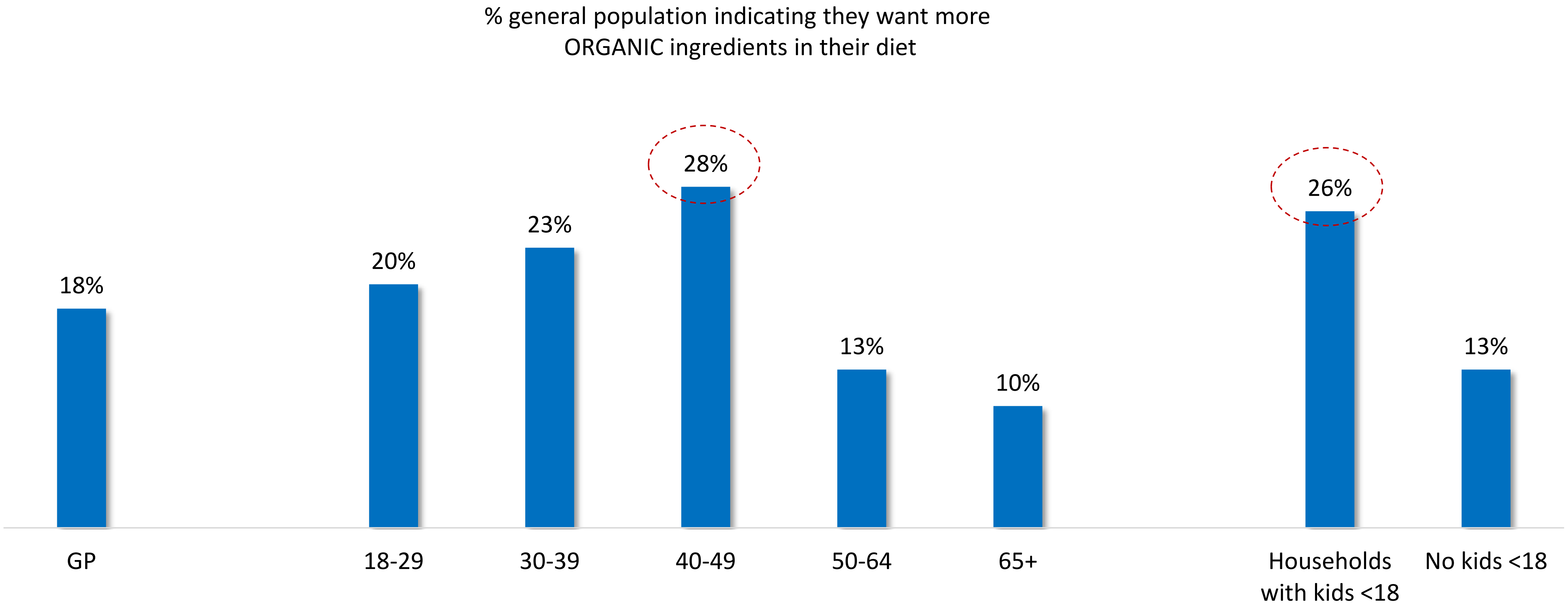
% general population who completely/somewhat agree….

"It's important for my store to have…"



(Q.47 – Please indicate your level of agreement or disagreement with the following statements)

It is notable that a significant minority indicate they want MORE organic ingredients in their diets… but what exactly is stopping them?



(Q.40 – Thinking of the foods and beverages you consume, which of the ingredients would you like to get more of in your diet?)

One barrier to organic usage may be skepticism that organic labeling is not always legitimate

% general population who agree completely/somewhat
with the following statements

"Thinking about organic foods and beverages, I'm not sure that products labeled as organic are actually organic."

GP: 50%
Similar across all age groups

"Thinking about organic foods and beverages, products labeled 'natural' are basically the same as 'organic'."

GP: 41%
Higher among iGen and Millennials

(Q.S1/Q60 – Please indicate your level of agreement with the following statements)

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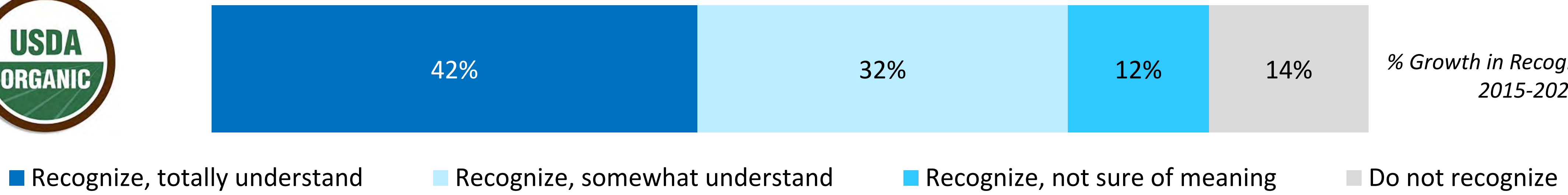
As such, recognition and understanding of the USDA Certified Organic Seal is strong and growing, and it has a clear positive impact on purchases and is likely to allay some labeling concerns

% general population indicating their recognition and understanding of the USDA Certified Organic seal



% Growth in Recognize & Understand 2015-2020: +15%

% general population indicating how likely they would be to buy the product if it had the USDA Certified Organic label on it

% Growth in More Likely to Buy 2016-2020: +23%

(Q.77 – For each of the following images (certifications) please indicate which applies; Q.78 – Which of the following best applies when you see these label certification images on products services?)

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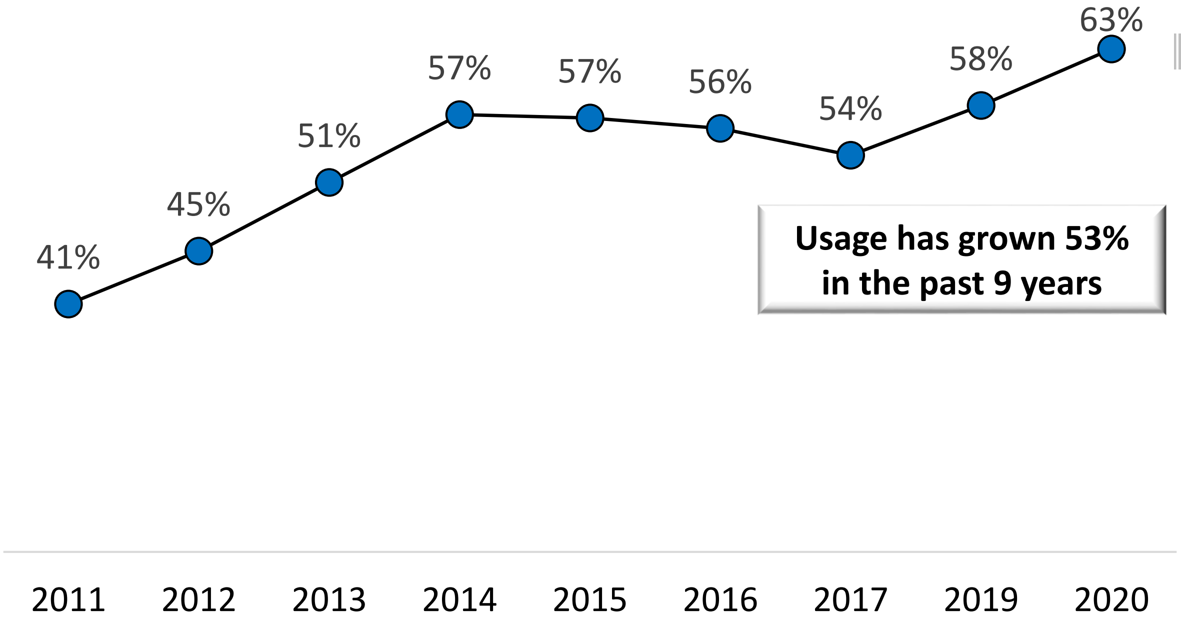
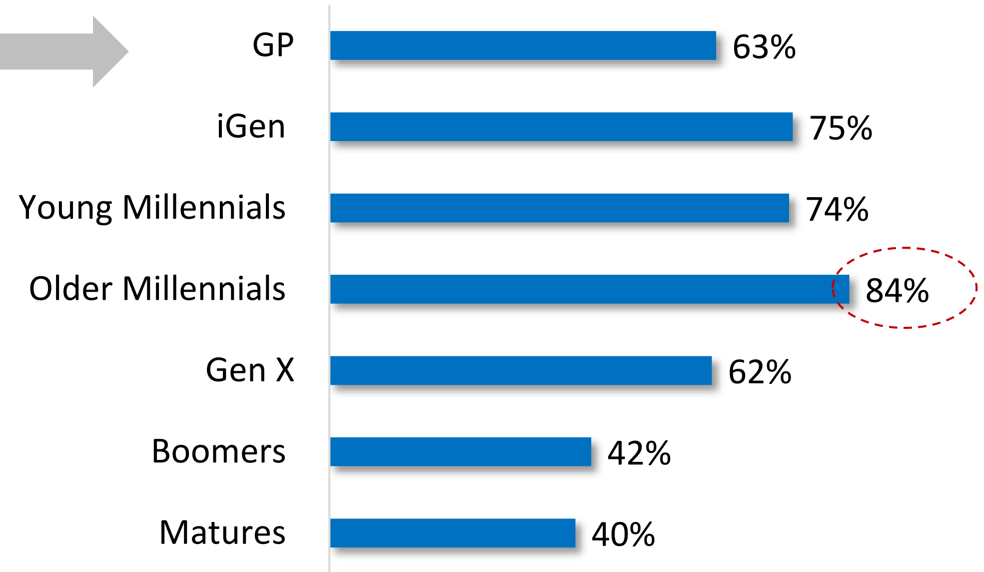
With 70% of the population believing organic foods are too expensive, *store brand* organics offer a less expensive alternative, thus broadening "organic" appeal across a broader audience

% general population indicating they use
store brand organic food/beverages



% who indicate they use
store brand organic food/beverages



(Q.22 – Please indicate whether your use of each has increased, decreased or stayed the same over the past year)

Consumers also show high concern about how foods are grown, rating sustainable and regenerative agricultural methods as a highly important factors in their decision to purchase food or beverages

% general population who rate the attributes as very/somewhat important to their food/beverage purchase decision

"From farms that practice sustainable agriculture"

GP: 64%
Organic User: 70%

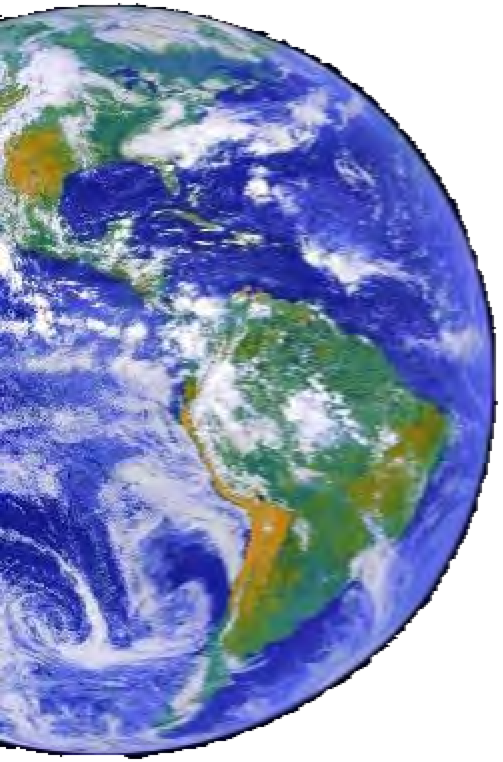
"From farms that practice regenerative agriculture"

GP: 48%
Organic User: 58%

GP   Organic User

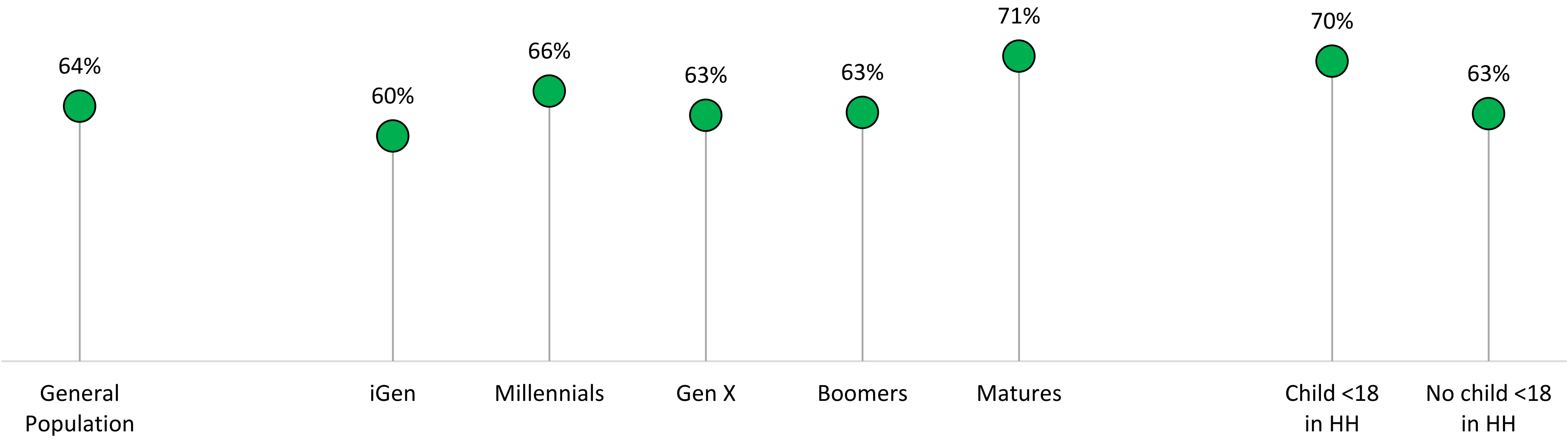
(Q.48 – Thinking of food and beverage products, how important are each of the brand/product attributes to your purchase decisions?)

Even further, most consumers show a strong understanding of the interconnection and dependence of their own personal health and the health of the planet, thus reinforcing the importance of sustainable agricultural practices



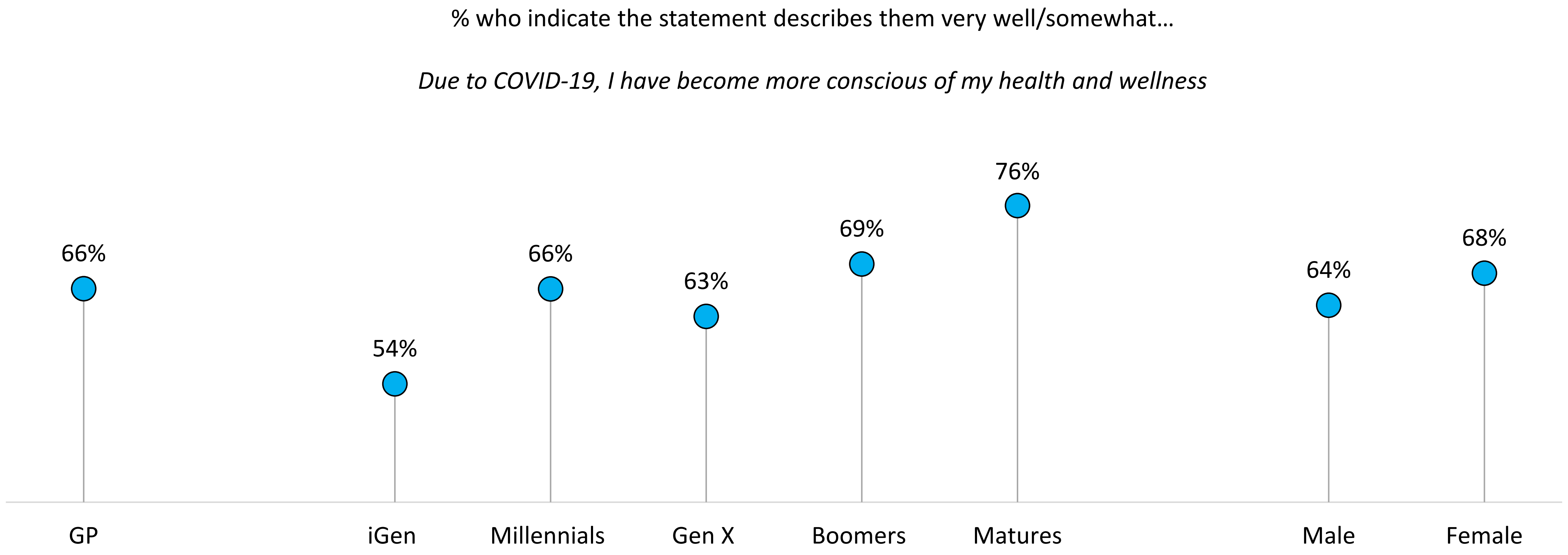
% who completely/somewhat agree with the statement

"My own health is dependent on how healthy the planet is"



(Q.28 – Please indicate your level of agreement or disagreement with the statements)

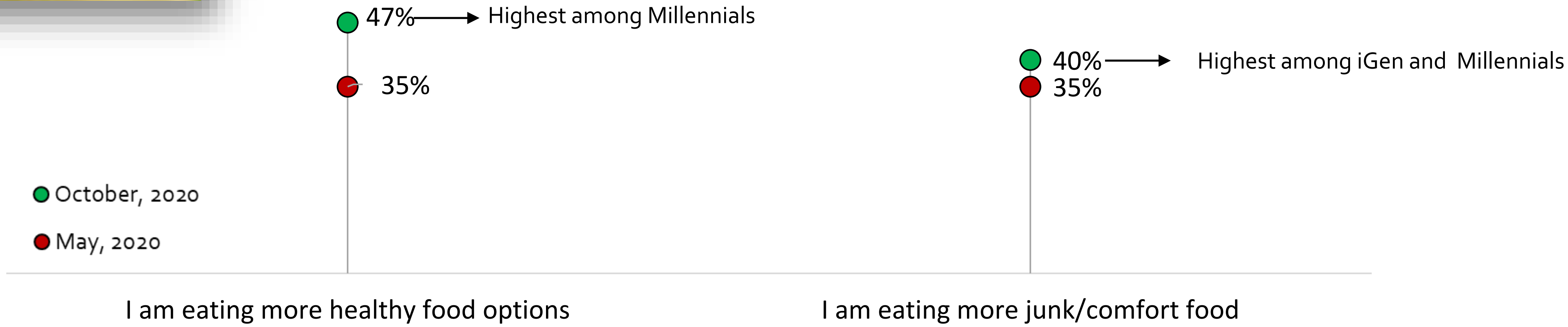
Certainly, the COVID-19 virus has resulted in many changes this past year, one of which is that it has spurred a new awareness of health and wellness



(Q.82 - Please indicate how well the statement describes you since the outbreak of the COVID-19 pandemic)

As the pandemic progresses, consumers state they have increased their healthy food choices but a large percent are eating more “junk” food

% general population indicating they are doing the following since the outbreak of COVID-19



(Q.14- Please indicate to what extent, if at all, you agree or disagree with the statements below in light of the COVID-19 outbreak)

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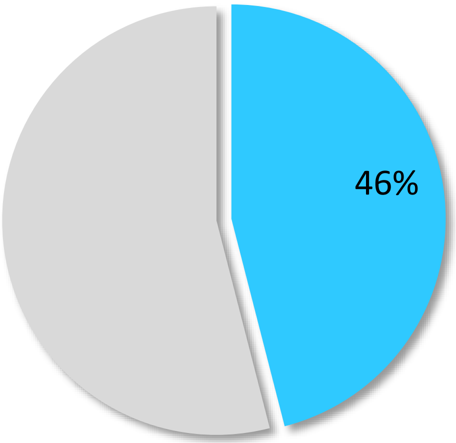
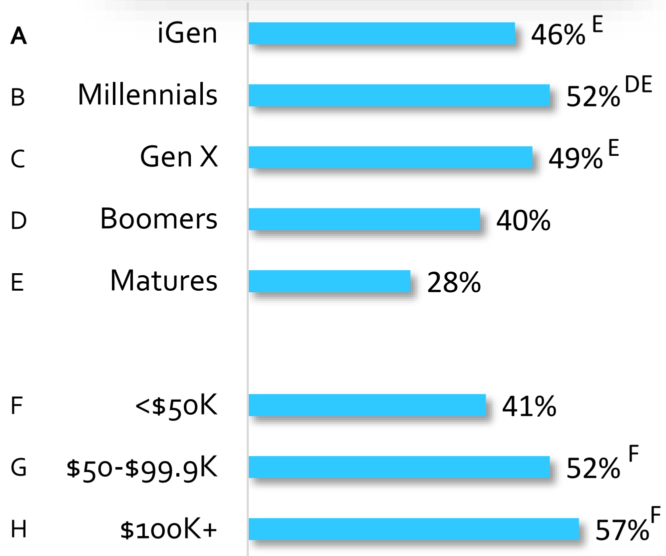
Interest in immune-boosting foods has increased as consumers look for multiple approaches to protecting themselves against the virus

% general population indicating they agree completely/somewhat with the following statement

I am more interested in immune-boosting foods





Capital letters denote significant difference between groups at 95% level

(Q.14- Please indicate to what extent, if at all, you agree or disagree with the statements below in light of the COVID-19 outbreak)

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Natural and organics have a continued wide appeal. How can brands best capitalize on these strong and growing interests in healthy natural and organic foods & beverages in this COVID-19 environment, and beyond?


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