THE RISE OF PROTEIN IN THE GLOBAL HEALTH AND WELLNESS AND SUPPLEMENT ARENAS
EXAMINING THE GLOBAL PROTEIN SURGE

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INTRODUCTION

HOW WE VIEW PROTEIN

PROTEIN IN CONSUMER HEALTH

HEALTH & WELLNESS FOODS AND BEVERAGES

CONCLUSION
Who is Euromonitor International

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Custom Research and Consulting

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Companies & Brands
Product categories & Distribution channels
Production & Supply Chains
Economics & Forecasting
Comparable data across markets
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of over 800 local, on-the-ground researchers in-depth market analysis on consumer goods and service industries

210 COUNTRIES COVERAGE
on demographic, macro- and socio-economic data on consumers and economies
Definitions

- All values expressed in this presentation are in US dollar terms, using a fixed 2013 exchange rate.
- 2013 figures are based on part-year estimates.
- All historical and forecast category sales data are expressed in constant terms, excluding inflationary effects.
- Review period: 2008 to 2013
- Forecast period: 2013 to 2018
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Protein continues to benefit from media praise

“10 Protein-Packed Lunches to Help You Burn More Calories”
– Women’s Health, February 2014

“Looking to tone up, lose weight or just improve your diet? It's time to make protein your new best friend."
– Cosmopolitan UK, January 2014

“Double Up Your Protein to Lose Weight While Maintaining Muscle”
– Shape, September 2013
Passport Survey: Protein popularity still has room to grow

- Protein’s cachet trails other nutrients
- Stronger draw in emerging markets
- Consumer education opportunities abound

Which of the following factors or ingredients do you look for on food labels and food ingredient labels?*

*N = 16,327. Respondents could select multiple factors.
Passport Survey: Popularity in US highest among Millennials

- Claims appeal most strongly to younger consumers
- Aligns with brand-consciousness and fitness trends
- Protein concern ebbs and flows throughout lifetime

“Contains protein” product claims appeal most to younger US consumers

<table>
<thead>
<tr>
<th>Age Range</th>
<th>% looking for “contains protein”</th>
</tr>
</thead>
<tbody>
<tr>
<td>15-19</td>
<td>6%</td>
</tr>
<tr>
<td>20-24</td>
<td>10%</td>
</tr>
<tr>
<td>25-29</td>
<td>10%</td>
</tr>
<tr>
<td>30-34</td>
<td>8%</td>
</tr>
<tr>
<td>35-39</td>
<td>4%</td>
</tr>
<tr>
<td>40-44</td>
<td>4%</td>
</tr>
<tr>
<td>45-49</td>
<td>4%</td>
</tr>
<tr>
<td>50-54</td>
<td>6%</td>
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<tr>
<td>55-59</td>
<td>6%</td>
</tr>
<tr>
<td>60-64</td>
<td>4%</td>
</tr>
<tr>
<td>65+</td>
<td>2%</td>
</tr>
</tbody>
</table>

N = 1,813
Protein: All things to all people?

Targeting him
- Growth in muscle mass
- Recovery from resistance exercise
- Bone health

Targeting Her
- Lean muscle maintenance
- Skin/hair health
- Bone health
- Satiety
Endurance: Promoting protein’s lasting energy benefits

- Consumer want sustained energy, but scrutiny of added caffeine is growing
- Protein is a relatively low-calorie natural source of energy
- The breakfast meal occasion offers a perfect fit for protein energy
Protein’s potential as a major anti-aging ingredient

Heart Health
- Soy protein linked to cardiovascular benefits, carries a heart health claim in the US
- Milk proteins may boost the effects of exercise on heart health

Active Aging
- EFSA recognition for “maintenance of muscle mass” and “maintenance of normal bones”
- Shift in Boomer views on aging toward proactive quality of life maintenance

Aging Beautifully
- Protein’s role in skin, nail and hair maintenance provides a beauty platform
- Collagen protein positioned as beauty enhancers have already taken off in Japan
Anti-aging will appeal to millions more in the near future
Mainstream US retailers are flocking to protein

In-store education is helping to grow basket sizes

Retailers are investing in private label varieties
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Category hierarchy

Consumer Health – US$206 billion

- Vitamins and Dietary Supplements – US$84 billion
  - Protein Supplements – US$2 billion
- Sports Nutrition – US$9 billion
  - Protein Products - $7 billion
- Weight Management – US$14 billion
  - Meal Replacement Slimming – US$7 billion
Protein in sports nutrition

- Protein remains the bedrock of the sports nutrition category

- Protein powder dominates protein products, but convenience formats are growing rapidly

- Convenience formats serve as a gateway to the category for more casual users
Sports nutrition protein products continue to grow globally

**Powder**
- US$5.6 billion
- 9% forecasted CAGR

**Protein Bars**
- US$837 million
- 7% forecasted CAGR

**RTD**
- US$766 million
- 15% forecasted CAGR

**Other Protein**
- US$75 million
- 6% forecasted CAGR
Sports nutrition consumer base is becoming more segmented

- No longer dominated by “core user”
- Evolving fitness trends are driving more consumers to supplement
- Mainstreaming’s halo effect widening the consumer base


*Includes gyms and sporting goods stores
†Includes drugstores and specialty supplement retailers like GNC
Sports nutrition protein powder explores new formulations

- Protein powders have undergone a transformation over the last two decades
- Blends are challenging whey protein isolate’s role as “king of protein”
- Upselling requires consumer education on the benefits of protein blends

Whey protein concentrate
Whey protein isolate
Whey protein hydrolysate
Micellar casein
Egg white albumen
Added amino acids

Supplement facts label for Muscle Pharm Combat Power
Alternatives to milk proteins lack scale but are gaining steam

- Milk proteins alternatives are less common, but growing quickly
- Plant proteins cater to health-and-wellness-focused consumers
- Soy has limited reach in sports nutrition
- Pea, rice and hemp are emerging as plant-based leaders

BodyLogix Vegan Protein
- Pea, brown rice, potato and chia protein
- Complete amino acid profile
- Non-GMO

Vega Sport Performance Protein
- Pea, sacha inchi, brown rice and alfalfa protein
- Informed-Choice certified
- High in tryptophan
Premiumisation and “snackability” drive SN protein bars and RTD

- Convenience formats are fairly ubiquitous
- Both categories are undergoing an image overhaul
- Premium brands are borrowing trends from health and wellness and high-end confectionery
- Growing competition from “general wellness” brands

**US Sports Nutrition Protein Bar and RTD Sales (US$, RSP), 2008-2018**

- SN Protein Bars
- SN Protein RTD

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Protein supplements – one of the fastest-growing VDS categories

- One of the fastest-growing vitamins and dietary supplements categories
- The category features an extensive amount of formulation innovation
- Most brands target the image- and health-focused, not necessarily athletes
Weight management

- Satiety is essential to weight management marketing
- Protein’s cardio health benefits align perfectly with overweight/obesity concerns
- Protein is well positioned to benefit from the decline of “silver bullet” diet mentalities

ThinkThin offer high-protein bar varieties positioned around satiety and natural energy

Kellogg’s Special K meal replacement slimming drinks promote their high protein and fibre contents.
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## Health and wellness positioning

### Global Health and Wellness Sales (US$ billion, RSP) by Positioning, 2013

<table>
<thead>
<tr>
<th>Positioning</th>
<th>Sales (US$ billion)</th>
</tr>
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<tbody>
<tr>
<td>General Wellbeing</td>
<td>US$ 406 billion</td>
</tr>
<tr>
<td>Weight Management</td>
<td>US$ 156 billion</td>
</tr>
<tr>
<td>Digestive Health</td>
<td>US$ 79 billion</td>
</tr>
<tr>
<td>Energy Boosting</td>
<td>US$ 31 billion</td>
</tr>
<tr>
<td>Oral/Respiratory Health</td>
<td>US$ 22 billion</td>
</tr>
<tr>
<td>Endurance</td>
<td>US$ 20 billion</td>
</tr>
<tr>
<td>Bone and Joint Health</td>
<td>US$ 14 billion</td>
</tr>
<tr>
<td>Food Intolerance</td>
<td>US$10 billion</td>
</tr>
<tr>
<td>Cardiovascular Health</td>
<td>US$7 billion</td>
</tr>
<tr>
<td>Immune Support</td>
<td>US$2 billion</td>
</tr>
<tr>
<td>Urinary Tract Health</td>
<td>US$1 billion</td>
</tr>
<tr>
<td>Brain/Memory Health</td>
<td>US$500 million</td>
</tr>
<tr>
<td>Beauty from Within</td>
<td>US$400 million</td>
</tr>
<tr>
<td>Vision Health</td>
<td>US$10 million</td>
</tr>
</tbody>
</table>
Naturally high-in-protein foods are capitalizing on the craze

- Naturally high-in-protein foods strike multiple healthy food chords
- High-in-protein claims have galvanized yoghurt sales in the US
- Milk producers are banking on protein claims to reverse consumption declines
Health and wellness savoury snacks banking on protein content

- Premiumisation centres around high-protein and all-natural claims
- Beef jerky’s rebranding as a healthy snack is overcoming “jerky shame”
- Nut producers are focusing on energy and satiety claims
- Chip/crisp innovation is focusing on new ingredients with more protein and fibre

All-natural and high-in-protein claims are driving jerky and nut premiumisation

Caveman Foods Inc – Chicken Jerky
- High protein
- Gluten-free
- “Paleo” positioning

Kraft Foods – Nut-rition Sustaining Energy Mix
- 10 grams protein
- Satiety and “Everyday Energy” positioning
Added protein health and wellness beverages

- Soft drinks are stagnating as consumers ask: “What can your drink do for me?”
- Protein is adding value to bottled water, juice and dairy drinks
- Fortified/functional claims are key to higher unit prices

**US Health and Wellness Beverage Sales (US$, RSP), 2008, 2013, 2018**

- FF Fruit/Vegetable Juice
- FF Bottled Water
- HW Non-Dairy Milk Alternatives
- FF RTD Coffee

Bolthouse Farms (Campbell’s) Protein Plus – On-package consumer education on the benefits of multiple protein sources
PACKAGED FOODS EMBRACE PROTEIN

Added protein health and wellness packaged foods

- Bakery categories are investing in high-protein varieties
- Mid-protein snack bars are incorporating other health and wellness ingredients and positionings
- Protein and fibre is a powerful satiety combination

![Global FF* Packaged Foods Sales (US$, RSP) and Growth by Category](chart_image)

*Fortified/functional

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Where from here? The protein frontier...

- Chilled ready meals
- Dips/sauces
- Food service
- Confectionery
Key takeaways

**Segmentation is intensifying**
- Know your consumer and their need states
- Avoid the communication extremes of hyperbole and over-generalization

**Consumer education is key**
- Muscle health is not the only benefit
- Highlighting lesser known benefits can help justify price premiums

**Cross-functionality sells**
- Protein is not the only thing consumers are looking for
- Protein concerns overlap closely with other functional ingredients

**Still room for growth**
- Supplement categories are growing quickly across mature and emerging markets
- High-protein foods will continue to outperform standard versions
THANK YOU FOR LISTENING

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