Understanding consumers perceptions to sweetened new products

Presented by Lynn Dornblaser
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Who we are

The insights behind your next big idea

Consumers

We ask 30,000 people for their opinions each month.

Markets

We track consumer spending in 3,000 markets across 34 countries.

Innovation

We cover 33,000 new product launches from 62 countries each month.

Trends

We track more than 70 consumer lifestyle trends and thousands of observations on a daily basis.
Agenda

• Why this is an important topic
• Broad consumer attitudes regarding sugar and sugar alternatives
• What we see in the market
• What consumers have to say about specific products and product types
• What that means for the future
Obesity rates put sugar and sweeteners in the spotlight

Around the world, the rising number of people who are overweight, obese and/or diabetic has made sugar and sweeteners some of the most watched – and regulated – ingredients in the food and drink industry. According to the World Health Organization:

- **1 in 3** adults aged 18+ worldwide were overweight in 2014. Within the 39% of overweight adults, 11% of men and 15% of women are obese; this is equivalent to more than half a billion adults.

- **42 million** Children younger than age 5 were overweight or obese in 2015. This is an increase of 11 million children in since 2000 and 48% of overweight children live in Asia and 25% in Africa.

- **422 million** People globally were living with diabetes in 2014. This is an increase from 108 million diabetics in 1980. Diabetes was directly responsible for 1.5 million deaths in 2012.
• In October 2016, the World Health Organization (WHO) urged the global community to add taxes on sugary drinks in order to lower consumption and reduce obesity, type 2 diabetes and tooth decay.

• The WHO specifically recommended fiscal policies that lead to at least 20% increase in the retail price of sugary drinks. The organization proposes that a 20% tax could result in reduced consumption.
Jamie Oliver uses fame for sugar campaign

British celebrity chef Jamie Oliver has promoted a variety of solutions with the goal of reducing global obesity rates. Oliver has added a surcharge to sugar-sweetened beverages in his restaurants as a way to help raise awareness about the potential dangers of sugar. In addition, the chef has proposed a number of ways to reduce children’s consumption of sugar, including promoting a tax on sugary drinks in the UK.

Source: Mintel Trends Observation
Natural positioning can help boost sales

70% are concerned about how sugar impacts their overall health.

25% of iGeneration/Millennials would pay a premium for natural sweeteners.

Source: Lightspeed GMI/Mintel
But consumers are confused as to what is natural

<table>
<thead>
<tr>
<th>Attitudes toward sugar and sugar substitutes</th>
<th>43%</th>
<th>61%</th>
</tr>
</thead>
<tbody>
<tr>
<td>I research information about sugar/sweeteners before using them</td>
<td>65%</td>
<td>1%</td>
</tr>
<tr>
<td>I wish there were more natural sugar substitutes</td>
<td>43%</td>
<td>61%</td>
</tr>
<tr>
<td>It’s hard to tell which sugar substitutes are natural and which are not</td>
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Base: internet users aged 18+ who used sugar/sugar substitutes in the past month

They say they do their homework

Not only do consumers want to know the difference between sweetener types, they also are interested in knowing more about how sweeteners are produced, as well as which sweeteners are truly natural. Many consumers already do their own research before making a purchase, highlighting the importance of making this information easy to find and understand.
What they are looking for: A need for balance

Chaotic American lifestyles have already cultivated consumers’ strong need for balance, but what’s changing this year is that they’re going to extremes more than ever before to achieve it.

36% of US consumers have cut out certain foods or ingredients
Cleaner labels relate to healthier perception

59% of consumers agree “The fewer ingredients a product has, the healthier it is”

53% worry quite a bit about potentially harmful ingredients in the food they buy

74% of Millennials want to see more transparency in food product ingredients

Source: Mintel
So, what should a formulator focus on?

- Sugar is bad, consumers want natural
- But, does the type of sweetener (and the grams of sugar) determine what consumers will buy?

- We know what consumers say they will buy, so let’s take a look
  Three main areas: low-sugar claims, use of high fructose corn syrup, and use of stevia
Low sugar claims: Growing across all categories

Due to consumer and industry discussion, products with a low-sugar claim have increased in the US in recent years. The most active categories are among the largest ones, and where lower-sugar formulations may be easier to accomplish and easier to mask.

New product introductions with a low-sugar claim, by category, USA, 2011-October 2016

Source: Mintel GNPD
A closer look at a single subcategory: Snack/cereal/energy bars

Consumers less likely to choose

- They’re unique and premium, but that’s not enough
- Consumers are LESS likely to say they will buy bars with a low-sugar claim (30% vs. 36%)
- Why? They are not seen as being Tasty, the most important driver of purchase by consumers
- They also are not seen as a good value
- Why?
  - Most low-sugar bars are from smaller companies
  - Products appear to have a stronger focus on nutrition and performance rather than flavor and experience

Source: Mintel Purchase Intelligence
A closer look: Larabar products, with and without the claim

Low-sugar bars have lower purchase intent

- Consumer verbatims show very few comments regarding the sugar content or any low-sugar statement on pack
- Instead, they focus on the flavor:
  - More familiar flavors score better
  - Many of the low-sugar bars are in more unlikely or unusual flavors

**Insight:** In this category at least, the perceived FLAVOR of the product is more important than the low-sugar claim

Larabars, with low-sugar claim (top) and without (bottom)

“Lara bars are typically tasty so I don't see this being any different” -- Female, South, 18-34

Source: Mintel Purchase Intelligence
Use of high fructose corn syrup: Introductions drop

Half of consumers say they avoid HFCS; this may be partly why we have seen use in new products drop in the last two years. The greatest drop has come in Bakery Products, the category with the most number of introductions.

New product introductions with HFCS in the ingredients, by category, USA, 2011-October 2016

Source: Mintel GNPD
Consumers prefer cookies with HFCS, but it’s about TASTE

It’s also about good value

- Companies of all sizes offer cookies with or without HFCS
- Good value is associated with cookies with HFCS, indicating many may be lower in price
- No HFCS in the formulation: TELL consumers!

Source: Mintel Purchase Intelligence
In cookies: Major companies offer products of all types

Whether with or without HFCS or with or without the “no HFCS” claim, the largest companies offer products to consumers. Note, however, that virtually no consumers specifically called out the use of HFCS when asked about the products.

With HFCS:
Mondelez Oreo Thins Chocolate Cookies

Purchase intent: 70%

“seems a little less messy than regular oreos. Who doesn't love the oreo brand” - Female, South, 35-54

Without HFCS:
Pepperidge Farm Salted Caramel Milanos

Purchase intent: 73%

“Love that flavor. .and have tried the brand in past ..always have tasty products” - Female, West, 35-54

With “no HFCS” claim:
Mondelez Honey Maid graham crackers

Purchase intent: 70%

“don't buy products with high furtose corn syrup” – Male, Northeast, 55+
Natural sweetener stevia shows growth in US market

Categories with the greatest number of introductions with stevia appear in beverages, plus the Dairy category (where the subcategory with the most number of stevia-sweetened products is yogurt). Partial year 2016 introductions are close to 2015 levels, indicating growth by the end of the year.

Products with stevia as an ingredient, USA, 2012-August 2016, by category

Source: GNPD
A closer look at juice drinks with stevia: They seem to work

More favorable perceptions across the board

- Purchase intent is higher for juice drinks with stevia compared to all juice drinks: 36% compared to 32%
- Consumers aged 18-34 most likely to say they will buy juice drinks with stevia: 49% compared to 37% of 35-54 year olds and 28% of 55+

**Insight:** Stevia in this category seems to work. Different categories yield different results. Understanding the “why” behind these products can help inform decisions in other categories.

Source: Mintel Purchase Intelligence
What products work best? Which don’t? And why?

• **Brand matters**: Bigger brands are more likely to have higher purchase intent scores.

• **Flavor matters**: The aloe vera drink has the lowest purchase intent score for a reason—consumers do not like or do not know the flavor.

• **Value matters**: Those products perceived as not delivering on stated benefits or being too high priced for the market also do not fare well.

• **Age matters**: Millennials most likely to seek out drinks made with stevia.

**Purchase intent: 57%**
Old Orchard Cran-Naturals Cranberry Apple Juice

**Purchase intent: 51%**
Bai Antioxidant Infusion Clementine Juice Drink

**Purchase intent: 17%**
Saluu Aloe Vera Juice Drink

**Purchase intent: 21%**
GoodOnYa Hydrate Electrolyte Drink

Source: Mintel Purchase Intelligence
“Added sugars” label change will spur more confusion

- Consumers are already confused about what is in the products they buy, and new requirements may compound that confusion
- How can you help consumers better understand the role of “added sugars”?

So what does all this mean? How does it impact formulation?
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Tailor the approach—and the sweetener—to the purpose

- Low sugar: Consumers aren’t buying products because of the claim, so make sure it has more going for it than just “low sugar”
- No HFCS: It’s not a determining factor to purchase unless you call it out on pack
- Stevia: It helps to reinforce the already “natural” or “simple” positioning of a product, which is essential today
So what does all this mean? How does it impact formulation?

Not everyone is interested in sugar restriction, sugar substitutes, or healthfulness

- And not everyone who restricts sugar does it all the time
- There is room for all types of products with all types of positionings on the market
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