You Are What You Eat: New & Emerging Consumer Views of What Should Be in Food

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Sloan Trends, Inc.
Food Technology & Nutraceuticals World Magazines
In Dedication: Amy Barr, R.D.
Carbondale, Colorado

- Good Housekeeping’s 1st Director, Diet, Nutrition Fitness Center
- Director GH Institute
- Editor-at-Large McCall’s
- Horizon Organic Dairy 1st Woman Vice President
- United Way, Lift-UP, Race for the Cure NYC Chair

“Spunky, smart, warm and irreverent, Amy was a ball of earthy energy and vibrant life,” … the environment, charities and inclusiveness of all where her passion.
1. Clean Market Update

2. New Mega Shifts H & W

3. Growing the Business
Opportunity Transparency/Clean Label Growing

- Feel passionate about transparency
- Consumer demand clean label is growing
- Clean label category segments growing faster > traditional counterparts

- Untapped categories, fresh & packaged foods
- Large & growing global opportunity
- Op is bigger > just F/B
53% Excluding Unwanted Ingredients More Important > Adding Beneficial 2018

52% prefer F/B no artificial additives, all-time high

43% stopped buying a food, negative story on food chemicals

53% buying more organic F/B than ever, $43B, +10% 2017

46% actively seek out non-GMO

60% bought at least some natural F/B every month 2017

Claim $ Growth: Free of additives/artificial ingredients +8%, all-natural 8%, no artificial colors 6%, nothing artificial 4%

PKG. FACTS, ORGANIC & CLEAN LABEL, 2018; IFIC, FOOD & HEALTH SURVEY, 2017; FMI, US GROCERY SHOPPER TRENDS, 2017; NIELSEN, YE 5/20/17
33% F/B Sales Now Clean Label, 25% Dairy
Half of All Shopping Trips Inc. Clean Label

### Share of Clean Label Sales by Category & Shift vs. 2 years Ago

<table>
<thead>
<tr>
<th>Category</th>
<th>Current Share</th>
<th>Shift vs. 2 years Ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Food &amp; Beverage</td>
<td>67%</td>
<td>+1.2 pts</td>
</tr>
<tr>
<td>Diet and Nutrition</td>
<td>60%</td>
<td>+5.4 pts</td>
</tr>
<tr>
<td>Fully Cooked Meat</td>
<td>58%</td>
<td>+2.5 pts</td>
</tr>
<tr>
<td>Dips/Spreads</td>
<td>58%</td>
<td>+1.8 pts</td>
</tr>
<tr>
<td>Beans</td>
<td>49%</td>
<td>+2.4 pts</td>
</tr>
<tr>
<td>Baking Staples</td>
<td>43%</td>
<td>+3.7 pts</td>
</tr>
<tr>
<td>Cooking Wine and Vinegar</td>
<td>19%</td>
<td>+6.7 pts</td>
</tr>
<tr>
<td>Sugar and Sweeteners</td>
<td>17%</td>
<td>+2.7 pts</td>
</tr>
<tr>
<td>Milk/Dairy Alternative</td>
<td>10%</td>
<td>+2.1 pts</td>
</tr>
</tbody>
</table>

*CONVENTIONAL SHARE - CLEAN LABEL SHARE*

**Fresh Perimeter Accounts for 40% All Clean/Transparent $ Spent**

- Fresh Clean Cookies +31%
- Fresh Clean Deli Soup +18%

*Nielsen, Clean Label Report, 8/2017 - Y/E 7/8/17; (fresh) Nielsen, The Importance of Transparency in the Fresh Dept., 9/26/17*
New Age Beverages, Wholesome Snacks
Largest $ Growth from Clean Labels 2017

<table>
<thead>
<tr>
<th>CATEGORY (UPC-CODED ONLY)</th>
<th>ABSOLUTE DOLLAR GROWTH VS. YEAR AGO</th>
<th>% DOLLAR CHANGE VS. YEAR AGO</th>
<th>TOTAL CATEGORY % DOLLAR CHANGE VS. YEAR AGO</th>
</tr>
</thead>
<tbody>
<tr>
<td>NEW AGE BEVERAGE</td>
<td>$145 MILLION</td>
<td>+12.4%</td>
<td>+3.5%</td>
</tr>
<tr>
<td>WHOLESOME SNACKS</td>
<td>$58 MILLION</td>
<td>+20.8%</td>
<td>-1.2%</td>
</tr>
<tr>
<td>DELI DIP</td>
<td>$34 MILLION</td>
<td>+12.8%</td>
<td>+4.3%</td>
</tr>
<tr>
<td>HEALTH CARE NUTRITIONAL</td>
<td>$33 MILLION</td>
<td>+632.2%</td>
<td>-0.1%</td>
</tr>
<tr>
<td>CRACKERS</td>
<td>$22 MILLION</td>
<td>+5.1%</td>
<td>-1.4%</td>
</tr>
<tr>
<td>FROZEN NOVELTY</td>
<td>$22 MILLION</td>
<td>+25.0%</td>
<td>+0.8%</td>
</tr>
<tr>
<td>PASTA SAUCE</td>
<td>$19 MILLION</td>
<td>+6.9%</td>
<td>+0.8%</td>
</tr>
<tr>
<td>SHELF STABLE LIQUID SOUP</td>
<td>$15 MILLION</td>
<td>+2.2%</td>
<td>-0.5%</td>
</tr>
<tr>
<td>CREAM</td>
<td>$12 MILLION</td>
<td>+7.1%</td>
<td>+5.3%</td>
</tr>
<tr>
<td>CANDY</td>
<td>$12 MILLION</td>
<td>+1.1%</td>
<td>+1.6%</td>
</tr>
</tbody>
</table>

no artificial ingredients, hormones, antibiotics; no undesirable ingredients & contain less than 10 recognizable ingredients; Nielsen, 12/9/2017
Salty Snacks Top Clean Label Growth Y/E 2/28/17 Followed by Candy, Drinks

Clean Label Categories Seeing the Highest Dollar Growth Y/E 2/28/17

Sales Gains > #100 million

Sales Gains > $70 Million

Clean Label Brings Back Frozen: Highest Incidence Free-from Claims > 2X Deli or Dairy

Sales Growth Frozen: BFY Claim
- artificial/preservative-free, +5% $ 
- all-natural, 1%
- gluten-free, +7%
- organic, +8%
- non-GMO, +5%
- Total frozen $ +2.3%

38% Bought More Frozen Food 2017, 43% Millennials

Opportunities: Pizza, Sweet Goods, Salad Dressing, Lunch/Fresh Meats

Share of Clean Label Sales by Category & Shift

<table>
<thead>
<tr>
<th>Category</th>
<th>Conventional Share</th>
<th>Clean Label Share</th>
<th>Change (Pts) Share Shift Vs 2Y ago</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Food &amp; Beverage</td>
<td>67%</td>
<td>33%</td>
<td>1.2 pts</td>
</tr>
<tr>
<td>Beverage Enhancers</td>
<td>93%</td>
<td>7%</td>
<td>+0.7 pts</td>
</tr>
<tr>
<td>Sweet Goods</td>
<td>92%</td>
<td>8%</td>
<td>-0.8 pts</td>
</tr>
<tr>
<td>Lunch Meat</td>
<td>95%</td>
<td>5%</td>
<td>+0.8 pts</td>
</tr>
<tr>
<td>Pizza</td>
<td>88%</td>
<td>12%</td>
<td>+0.3 pts</td>
</tr>
<tr>
<td>Salad Dressing</td>
<td>81%</td>
<td>19%</td>
<td>+0.4 pts</td>
</tr>
<tr>
<td>Fresh Meat</td>
<td>76%</td>
<td>24%</td>
<td>+0.5 pts</td>
</tr>
</tbody>
</table>

Snack-Sized Salty Snacks 5-Yr CAGR by Health Claim

- No Preservatives: 24.1%
- Gluten Free: 27.6%
- Organic: 24.5%
- No or Reduced Sugar Claim: -8.6%
- Free From Artificial Colors And/or Flavors: 26.4%
- Non-GMO: 29.3%

Clean Label Consumers: Cross References to Other Behaviors

Foodies, Snackers, Weight Managers, Organic Food Users, Ethnic Food Eaters, Pet Owners, Try-summers, Hispanics, Asians, Cell phones

Nielsen, Health & Wellness Check Up, 12/2017; Clean includes: No Artificial, Clean Includes Clean Label, Simple and Sustainable; Pkg. Facts; Organic & Clean Label Food Consumer in the U.S., 2018
Clean Label #2, Top 10 List Beverage Attribute Demands 2018, Bev Exec Survey

Consumer Need/Interest Specific Beverage Attributes 2018

- Natural: 62%
- Clean label: 47%
- Healthy: 47%
- Organic: 43%
- Convenience: 28%
- Low sugar: 27%
- Energy boosting: 25%
- Low calorie: 25%
- High protein: 18%
- Probiotic/prebiotic: 18%

Multiple responses allowed

Clean Over Indexes Sports/Energy Drinks

- I37: Free from artificial sweeteners
- I29: Antioxidant group
- I29: Low sodium
- I25: Free from artificial colors
- I19: Sugar free
- I17: All natural ingredients

Beverage Industry Magazine, New Product Development Outlook Executive Survey, 1/2018; Nielsen Sport Drink Ingredient Attributes, 9/10/17
Target Larger Companies, Deli, Dairy, Meat, Bakery & More Frozen

Small Companies Capitalizing on Clean

- **LARGEST**: 40% clean
- **MIDDLE**: 38% clean
- **SMALLEST**: 27% clean
- **PRIVATE LABEL**: 24% products clean

**Clean Label Demos:**

- Millennials, Gen Y, High Income, Kids at Home, Urban, NE & West

Nielsen Y/E 728/2017

30% Dinners Completely Prepared Outside of Home 2017, 64% Restaurant Food Eaten Off-site

Supermarket Foodservice #1 Growth $29B to $51B by 2025, 10-Year CAGR 9%

<table>
<thead>
<tr>
<th>Foodservice Type</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supermarket foodservice</td>
<td>8.6%</td>
</tr>
<tr>
<td>Senior living</td>
<td>7.9%</td>
</tr>
<tr>
<td>Catering</td>
<td>7.8%</td>
</tr>
<tr>
<td>Fast casual</td>
<td>7.5%</td>
</tr>
<tr>
<td>Lodging</td>
<td>5.3%</td>
</tr>
<tr>
<td>Fine dining</td>
<td>5.2%</td>
</tr>
<tr>
<td>Hospitals</td>
<td>4.8%</td>
</tr>
<tr>
<td>Recreation</td>
<td>4.8%</td>
</tr>
<tr>
<td>C-store foodservice</td>
<td>3.9%</td>
</tr>
<tr>
<td>Fast food</td>
<td>3.9%</td>
</tr>
<tr>
<td>Full service restaurants</td>
<td>3.5%</td>
</tr>
</tbody>
</table>

Ate frozen snacks last 6 months for:

- Meal replacement (Net): 50
- Lunch (Net): 47
- Part of a meal (Net): 46
- Dinner (Net): 45
- A snack between meals: 35
- Breakfast (Net): 30

Purposely bought/ate Froz. snacks to:

- For eating away from home: 25
- For eating in transit: 21
### Which food claims would you like to see more of?

<table>
<thead>
<tr>
<th>Ingredient</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hormone-free</td>
<td>46%</td>
</tr>
<tr>
<td>Antibiotic-free</td>
<td>43%</td>
</tr>
<tr>
<td>MSG-free (monosodium glutamate)</td>
<td>39%</td>
</tr>
<tr>
<td>Sulfite-free</td>
<td>20%</td>
</tr>
<tr>
<td>Phosphate-free</td>
<td>18%</td>
</tr>
<tr>
<td>Gelatin-free</td>
<td>13%</td>
</tr>
<tr>
<td>Carrageenan-free</td>
<td>11%</td>
</tr>
<tr>
<td>Casein-free</td>
<td>10%</td>
</tr>
<tr>
<td>Tree nut-free</td>
<td>7%</td>
</tr>
<tr>
<td>Sesame-free</td>
<td>6%</td>
</tr>
</tbody>
</table>

**Banned Ingredients**

- Acesulfame-K (acesulfame potassium)
- Acetylated esters of mono- and diglycerides
- Ammonium chloride
- Artificial colors
- Artificial flavors
- Artificial preservatives
- Artificial sweeteners
- Aspartame
- Azodicarbonamide

76% Try to Limit Sugar - Bisphenol-A free, Paraben-free, Phthalates, Nitrite/Nitrate

Global Clean Label Packaged Foods to $193B, U.S. to $76B in 2018

<table>
<thead>
<tr>
<th>Geography</th>
<th>Clean Label Category</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>World</td>
<td>Hot Drinks</td>
<td>3,714.</td>
<td>3,866</td>
</tr>
<tr>
<td>World</td>
<td>Packaged Food</td>
<td>193,201.</td>
<td>195,741</td>
</tr>
<tr>
<td>World</td>
<td>Soft Drinks</td>
<td>47,049.</td>
<td>48,234</td>
</tr>
<tr>
<td>USA</td>
<td>Hot Drinks</td>
<td>849.</td>
<td>872</td>
</tr>
<tr>
<td>USA</td>
<td>Packaged Food</td>
<td>75,845.</td>
<td>76,814</td>
</tr>
<tr>
<td>USA</td>
<td>Soft Drinks</td>
<td>14,968</td>
<td>15,189</td>
</tr>
</tbody>
</table>

Organic Food/Bev Lead Global Growth 2012-2017

- Organic
- Free-from
- Naturally-healthy
- Fortified/functional
- Better-for-you

% CAGR 2012-17

Euromonitor International, World Health & Wellness Company Strategies, 2018
Ops for Cleaner Labels & Transparency
Go Beyond Food & Drinks

Clean Label Sales by Category

<table>
<thead>
<tr>
<th>Category</th>
<th>Ingredient Type</th>
<th>Sales Shift</th>
<th>Growth Shift</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dog Food</td>
<td>1st Ingredient Meat</td>
<td>+7.4%</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Cosmetics</td>
<td>Paraben Free</td>
<td>+6.7%</td>
<td>+6.7%</td>
</tr>
<tr>
<td>Face Care</td>
<td>Paraben Free</td>
<td>+6.7%</td>
<td>+6.7%</td>
</tr>
</tbody>
</table>

$ Growth Transparency Claims
59% want natural ingredients
40% no artificial flavor/colors, preservatives

Beauty Label Claims
Very Important:
- All natural 53%
- Perfume-free 4%
- Sulfate free 40%
- No parabens 37%
- Organic 37%

Natural’s Share
HH Cleaners

2. Mega Trends: Redirections
Shifts H & W Behaviors, Drive New Ops

1. Buying by Benefit vs. Form or Brand
2. Instant Nutrition
3. Worry Not Getting Enough “Specialty Ingredients”
4. Reorientation: Top Health Concerns/Conditions
5. New Demographic: “Fit” Consumers
6. Natural OTCs
7. Processing as Benefit
8. Kid-specific Food/Bev
9. Alternatives Take Root …
Switch To Benefit-based Food Shopping

“Consumers no longer buy based largely on category or brand. Their food/bev choices have moved away from a focus on form, e.g., water or coffee and a spotlight on brand to an emphasis on the benefits for the buyer. These days, they are guided by attributes, e.g., single-serve packaging, low calorie counts, high protein, or gluten-free, for example, that can be delivered across a variety of categories. Repositioning to compete across categories opens the door to new high dollar ops . . . IRI, 2018

From Form-Centric to Benefits-Driven Product Selection

THEN OCCASION-BASED → INGREDIENT-BASED → PACKAGE-BASED → BRAND-BASED → BENEFIT-BASED

NOW (Many Segments)

1/3 Households Live High Protein Lifestyle

IRI, Realigning for Growth 9/2017; Nielsen, 1/2018 (protein)
Instant Nutrition: Meal Replacements +9%, Adult Nutritionals 25%, Bars 18%

Why Buy?  Shake  Bar
- Protein  56%  48%
- Weight loss  36%  26%
- Sports  23%  20%
- Superfoods  21%  19%
- Condition  16%  10%

Functional Snack Sales & Growth to 2020e
$8.5B, 2020

- 60% want snacks > basic nutrition, +8% last year
- 57% energy boost
- Women 55+ #2 bar user > 18-34; kid-specific

65% Look for Foods Added Nutrients, Nutrient Density, Bioavailability Gain Importance

Top 20 Nutrients Adding to Diet

Most Used Supplements 2017

- 73% multivitamin
- 37% vitamin D
- 32% vitamin C
- 26% calcium
- 24% a B vitamin
- 23% protein powders, drinks, bar
- 21% omega-3
- 16% magnesium, 16% probiotics
- 15% vitamin E
- 14% fiber, 14% green tea

Supplements $49B +6.2% 2017

Top H & W Claims Y/E 9/30/17

Worry Not Get Enough Specialty Ingredients, esp. Millennials, Botanicals $8.5B, +8%

Not Getting Enough Specialty Nutrients I need

<table>
<thead>
<tr>
<th>Group</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>25%</td>
</tr>
<tr>
<td>Women</td>
<td>20%</td>
</tr>
<tr>
<td>Millennials 18-38</td>
<td>31%</td>
</tr>
<tr>
<td>Gen X 39-52</td>
<td>20%</td>
</tr>
<tr>
<td>Boomers 53-71</td>
<td>18%</td>
</tr>
<tr>
<td>Mature 72+</td>
<td>12%</td>
</tr>
</tbody>
</table>

Top Growth 2020

- Probiotics
- Omega-3, plant-based
- Se, Mg, Zn, Cr
- Botanicals $8.5B, +8%
- Tumeric, ginger
- Fx Mmushrooms
- Matcha, yerba mate, moringa, acerola, Garcinia, MCTs

Fastest Growth In Clean Label Ingredient Categories Global

Most Used Specialty Supplements Millennials

- Fiber 23%
- Probiotics 13%
- Digestive enzymes 10%
- Collagen/keratin 10%

Most Used Botanicals

- Green tea 23%
- Cranberry 15%
- Ginseng/Gingko 13%
- Echinacea 9%

Most Used Sports

- Creatine 15%
- Amino acids 11%
- Green coffee 11%

<table>
<thead>
<tr>
<th></th>
<th>Total</th>
<th>18-29</th>
<th>30-39</th>
<th>40-49</th>
<th>50-64</th>
<th>65+</th>
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<tbody>
<tr>
<td>Retaining mental sharpness as</td>
<td>Stress</td>
<td>Stress</td>
<td>Retaining mental sharpness as</td>
<td>Maintaining ability to</td>
<td>Retaining mental sharpness as</td>
<td></td>
</tr>
<tr>
<td>I age</td>
<td></td>
<td></td>
<td>I age</td>
<td>continue with my normal activities as I age</td>
<td>I age</td>
<td></td>
</tr>
<tr>
<td>Maintaining ability to</td>
<td>Tiredness/lack of energy</td>
<td>Tiredness/lack of energy</td>
<td>Maintaining ability to</td>
<td>Retaining mental sharpness as</td>
<td>Maintaining ability to</td>
<td></td>
</tr>
<tr>
<td>continue with my normal</td>
<td></td>
<td></td>
<td>continue with my normal</td>
<td>I age</td>
<td>continue with my normal</td>
<td></td>
</tr>
<tr>
<td>activities as I age</td>
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<td></td>
<td>activities as I age</td>
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<td>activities as I age</td>
<td></td>
</tr>
<tr>
<td>Tiredness/lack of energy</td>
<td>Muscle health/muscle tone</td>
<td>Retaining mental sharpness as I age</td>
<td>Tiredness/lack of energy</td>
<td>Cardiovascular/heart disease</td>
<td>Eye health</td>
<td></td>
</tr>
<tr>
<td>Eye health</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Eye health</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Cancer</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Energy, Stress, Muscle Tone, Back/Neck Pain, Mental Sharpness
### Fit Consumers: New Demo, Not Age Specific Driving $42B Sports Nutrition Mainstream

- **53% Exercised at Least 30 minutes 3 or More Days/Week 2017**
- **55% 65+ describe themselves as Active vs. 28% Millennials**
- **106M Walkers**
- **56M exercise with equipment**
- **24M aerobics, 44M joggers**

### U.S. Sport/Exercise Activity

- **Hardcore sports bev, $928M, +15%**
- **Sports drinks +5%, energy +4%**
- **Energy shots – 7%**
- **37% use sports bev**
- **RTD coffee 14%, RTD tea 7%**

### Sports/Energy Drinks

- **$23B, +5% 2018e**

### Brain Health #1 New Nutraceutical Op

Ref. 3

Repositioning Sports Nutrition Products for Mainstream Consumers & Kids – Big Idea

Hardcore Sports Bev $1.2B 2021e

Meal Replacement $4.6B Drinks 2018

SN Protein Powder $4.4B, CAGR 8% 2019

Nutrition Bars > $7B by 2020e

; Nutrition Business J. estimates 2018
Redistribution Conditional Interests, 56% Watch Diet, 25% Due to Condition

Growing Younger
- Digestive issues
- Mental, cognition
- Bone strength
- Joint/pain, mobility
- Regularity, fatty liver

Growing Older
- Muscle/strength
- Mental, cognition
- Calcium/men
- Energy/immunity
- Weight, sleep

Incidence Digestive Conditions 2017

New Aging
- Stroke
- Circulation
- Sarcopenia
- Diverticulitis

Look to Food for:
- Heart 76%
- Energy 73%
- Digestive 70%
- Cognitive 70%
- Immunity 68%
- Physical strength 65%
- Bone density 61%

Adults 2018 (Mil)
- CVD 92
- HBP 86
- Cholest > 200 95
- Cholest > 240 29
- LDL>130 mg/dL 71
- HDL<40 86
- Overweight 157
- Obese 82
- Diabetes (Diag) 30
- Pre-diabetes 82
- Arthritis, 65+ 45

Confidential Information for the sole benefit and use of PwC’s Client.
Mintel, Digestive Health, 2017; AHA, Statistics, 2018, Pkg. Facts, Clean label 2018
Natural OTC/Supplement Cross Big Op

Hottest Categories in $46B OTC Category

- 40% more satisfied natural OTCs vs. traditional; 32% view natural more effective; 34% equally effective
- Half natural OTCs safer, 49% would give natural OTCs to their kids; homeopathic $1.9 billion in 2017

Kline, Natural OTCs, June, 2016; Kline Natural OTCs, 2017

Sleep, 8 in Top 10 Best Sellers contain Nutrients or Herbals
Sleep, Pain, Cough Cold, Digestives, Laxatives, Kids,

Gummies
7% Supplement Formats

Time/targeted Release

OTC Use Food Flavors, Aroma

Legal?

Orange Smooth flavor
Claims: healthy digestive system, heart heat, appetite/blood sugar control
3. Next Gen Product Ops

Vegan
The Process
Process as a Product Benefit, Enhance Nutrition; 65% Look Minimal Processing

Filtration: More protein, calcium, less sugar, lactose free; #1 gains top 10 milks, +65% $ sales, 59% units

5-Point Safety Guarantee $1.2B Year-1 Sales, $400M C-stores

Aroma Natural Essence

Cold Milling

Sprouting

Products Positive Process +4.2%’17

Baked, ½ calories of Potato chips, 5 g. fiber

Cold-Pressed Juice 6% HH Penetration, Doubled in 2017

IRI, New Produce Pacesetters, Y/E 12/7/2017; Nielsen Y/E 12/30/2017 (cold pressed/process sales).
Who Will Own the Kid-specific Market?

Kid-Specific

Kids Age 1-3 +6.7% 2015-2020

U.S. Growth Age Groups Have Kids
Kid-specific Foods $41B 2018, Clean is King

Nutrition: #1 Food Selection Fx 49% Moms

HH with Kids: 40% snack sales

Health Issues Kids
- Vit D, E, fiber, Fe, Ca
- 24M 2-19 overweight
- 13M obese
- 21% 2-19 at least one abnormal lipid
- 27% teens high cholesterol

5.9M Kids Food Allergy: 8 Allergens

No Artificial Ingredients #1 Claim Sought out HH with Kids < Age 18

Great Deal of Effort to Choose:

<table>
<thead>
<tr>
<th>Age</th>
<th>Organic</th>
<th>Non-GMO</th>
<th>All Natural</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; age 6</td>
<td>46%</td>
<td>61%</td>
<td>43%</td>
</tr>
<tr>
<td>6-11</td>
<td>45%</td>
<td>56%</td>
<td>40%</td>
</tr>
</tbody>
</table>

Top Kid-specific Foods
- Prepared lunch kits
- Fruit snacks
- Toaster pastries
- Nutrition bars
- Breakfast pastries
- Snack cakes
- Frozen pizza

Colic & Gas Relief
US Infant Formula $6B

Infant Formula Largest, Fastest Growing Global H/W Pkg. Food +7.7%/Yr 2027

Taking Root...
Plant-based Snacks $1.74B by 2019, Non-Dairy Bev $6.9B to $11.2B by 2019

39% Want More Plant-based Foods

**Alternative Snacks Use**

<table>
<thead>
<tr>
<th>Snack Type</th>
<th>All</th>
<th>Millennials (18-34)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Made with whole grains</td>
<td>56%</td>
<td>69%</td>
</tr>
<tr>
<td>Made with multi-grain combinations</td>
<td>51%</td>
<td>63%</td>
</tr>
<tr>
<td>Made (entirely or primarily) from vegetables</td>
<td>36%</td>
<td>53%</td>
</tr>
<tr>
<td>Made with chick peas/garbanzos, lentils, beans, or dried peas</td>
<td>27%</td>
<td>42%</td>
</tr>
<tr>
<td>Made with “ancient grains” such as quinoa, chia, spelt, millet, teff</td>
<td>22%</td>
<td>33%</td>
</tr>
</tbody>
</table>

**1/3 Consumer Use Non-Dairy Milk 2017**

<table>
<thead>
<tr>
<th>Blends (Other than Almond/Coconut)</th>
<th>(%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Coconut</td>
<td>23%</td>
</tr>
<tr>
<td>Soy</td>
<td>22%</td>
</tr>
<tr>
<td>Almond</td>
<td>22%</td>
</tr>
<tr>
<td>Almond-Coconut</td>
<td></td>
</tr>
<tr>
<td>Cashew</td>
<td></td>
</tr>
<tr>
<td>Rice</td>
<td>11%</td>
</tr>
<tr>
<td>Flax</td>
<td>8%</td>
</tr>
<tr>
<td>Hemp</td>
<td>7%</td>
</tr>
<tr>
<td>Chia</td>
<td>7%</td>
</tr>
<tr>
<td>Quinoa</td>
<td>5%</td>
</tr>
<tr>
<td>Oat</td>
<td>5%</td>
</tr>
<tr>
<td>Other</td>
<td>5%</td>
</tr>
<tr>
<td>None of the Above</td>
<td>21%</td>
</tr>
</tbody>
</table>

83% drink more if fortified more nutritional benefits, high use weight & heart

Plant-dairy +20% to $700M, “meats” $585M; all plant-based foods +8.1%

High Growth Food Categories: Desserts, yogurt, cereal/granola, salty snacks, cookies, crackers, prepared foods

Living Naturally!

ENABLING CONSUMER DRIVERS

Clean Label
Evolving Values
Fitness, H & W Nutrition
New Older Gen

Millennials have Kids
Gen Z Largest Generation

Clean align with core values

Foods For Kids, Toddlers, Infants
Foods Active Seniors
Condition-specific Foods

Natural and Authentic Living

Functional/Performance Foods

Demand to More Serious Health Results Food

Functional

Return to the Home, Fresh Prepared Foods,

45% U.S. Population Age 50+

NATURAL:
Clean, Healthy Food/Drink
Beauty/Cosmetics
Personal Care
Natural Supplements
Natural OTC
Pet Care
Scent/Aroma
Personalized Nutrition Products
Home Care
Plant-based Products
51% Dog, 44% Cat Pet Owners Buy Clean Natural Pet Foods, $11.9B By 2019

Natural Pet Foods \(\rightarrow\) $11.9B in 2019
CAGR 15%/Yr \(\rightarrow\)2019

When Buy Natural Pet Food, Look at Ingredient List #1

Drug Chains Embrace Pet Food/Treats

% who buy:

<table>
<thead>
<tr>
<th>Category</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Treats</td>
<td>16%</td>
</tr>
<tr>
<td>Value Pet Food</td>
<td>12%</td>
</tr>
<tr>
<td>Regular Pet Food</td>
<td>30%</td>
</tr>
<tr>
<td>Premium Pet Food</td>
<td>42%</td>
</tr>
</tbody>
</table>

Worry about GMOs in Dog/Cat Food

<table>
<thead>
<tr>
<th>Opinion</th>
<th>Strongly Agree</th>
<th>Somewhat Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>23%</td>
<td>24%</td>
</tr>
</tbody>
</table>

All-Natural Top Attribute Now Defining High Quality Food & Beverages

Higher Quality in Food & Beverage Means...

- **100% natural**: 46%
- **Uses real spices/herbs for flavoring**: 38%
- **Minimal processing**: 35%
- **Something familiar, but made/better ingredients**: 34%
- **100% organic**: 31%
- **Local**: 21%
- **Sustainably produced**: 15%
- **Unique story about ingredients/production/people**: 15%
- **Unique flavor (i.e., no close substitute)**: 31%
- **Something familiar, but more handmade/artisanal**: 22%
- **Contains or is a special varietal**: 12%
- **Something less familiar/common**: 10%

Hartman Group, Culture of Food, 2015 - Q. What attributes do you look for or associate with food quality, select all that apply?
Sloan Trends, Inc.
20+ Years of Identifying Emerging Food/Beverage Opportunities

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