2018 CLEAN LABEL CONFERENCE

Exploring today’s top ingredient trends and how they fit into our health-conscious world

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CONSUMERS CRAVE TRANSPARENCY

94% of consumers feel it's important for brands to be transparent about what's in their food and how it's made.

83% would value having access to more in-depth product information.

37% would be willing to switch to a brand that shares more detailed product information.

The 37% of consumers who say they would switch brands are nearly twice as likely to want access to detailed product information through digital labels.

Source: Label Insight Food Revolution Study, 2016
94% of consumers would be loyal to a brand that offers complete transparency. 81% would consider a brand’s entire portfolio if they switched to that brand because it offers greater transparency. 63% would pay up to 50% more for a product that offers complete transparency.

Source: Label Insight Food Revolution Study, 2016
Consumers now link health, wellness and transparency with their definition of safety, and include factors such as:

- free from harmful ingredients (62%)
- clear and accurate labeling (51%)
- fewer ingredients, less processing and nothing artificial (42%)
OUR FOUNDERS SAW THIS COMING

Label Insight was born of the personal struggle of our founders to find **products they could trust**. After their father was diagnosed with a serious health condition, they needed a way to identify products with potentially **harmful ingredients**.

What started as a personal cause eventually evolved into **a mission to revolutionize transparency** for the betterment of consumers, brands and retailers.
Label Insight captures each discrete piece of information on a product label, enabling those components to be rearranged, re-organized, re-grouped and expanded to include latent, implicit information not included on the package itself.
A PRISM FOR PACKAGE DATA

WHAT IS A DATA PRISM?

A prism functions by separating a beam of white light into its fundamental spectrum of colors.

The Label Insight data prism works much the same way, by taking package data and breaking it down into their basic unique components, even those not visible on the physical package.

This deeper and more enriched data we call high-order attributes and it’s these attributes that enable greater product transparency.
WHAT’S AT THE ROOT OF TRANSPARENCY
CONSUMERS SHOP WITH DIVERSE NEEDS

I follow a diet or health-related program 22%

Neither I nor the people I shop for adhere to any diets or health-related programs 51%

Source: 2017 Label Insight Shopper Trends Survey
75% of consumers review food ingredients to ensure it meets their dietary needs.

Three-fourths of consumers avoid specific ingredients when shopping for food products.

Source: 2017 Label Insight Shopper Trends Survey
WHAT CONSUMERS ARE AVOIDING
CONSUMERS ARE AVOIDING ARTIFICIAL

Foods free from artificial Ingredients

81% 76% 74% 59%

Artificial Preservatives
Artificial Colors
Artificial Flavors
Artificial Sweeteners

50% of food products are free from artificial preservatives, colors, flavors, and sweeteners

Source: Label Insight Food Database - March 2018
PREVALENCE OF ARTIFICIAL COLORS

<table>
<thead>
<tr>
<th>Color</th>
<th>Count</th>
<th>Food Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>YELLOW #5</td>
<td>2,300</td>
<td>22,800+</td>
</tr>
<tr>
<td>BLUE #1</td>
<td>1,565</td>
<td>18,250+</td>
</tr>
<tr>
<td>RED #3</td>
<td>350</td>
<td>24,150+</td>
</tr>
</tbody>
</table>

Source: Label Insight Food Database - March 2018
CONSUMERS ARE AVOIDING SUGAR

Sugar tops the list of ingredients consumers avoid

47% percent of consumers plan to eat less sugar in 2018*

Source: 2018 Label Insight Sugar Study
PREVALENCE OF ADDED SUGAR INGREDIENTS

- Avoiding added sugars -- New label reform
- Include a specific category and maybe some newish sugar ingredients or sweeteners

Source: Label Insight Food Database - March 2018
ADDED SUGARS IN THE AISLES

- Popcorn, Peanuts, Seeds & Related Snacks: 53%
- Ketchup, Mustard, BBQ & Cheese Sauce: 74%
- Canned Soup: 79%
- Frozen Dinners & Entrees: 83%
- Sausages, Hot Dogs, & Brats: 83%

Contains Added Sugars

Source: Label Insight Food Database - March 2018
CONSUMERS ARE AVOIDING ENTIRE FOOD GROUPS

ELIMINATION DIET TRENDS

PALEO
- No Dairy
- No Refined Sugar
- No Cooking Oils

WHOLE 30
- No Dairy
- No Sugar
- No Legumes
- No Grains

KETOGENIC
- No Refined Carbs
- No Sugar
- No Juice
## Prevalence of Diet

### Elimination Diet Trends

<table>
<thead>
<tr>
<th>Diet</th>
<th>Claims on Package</th>
<th>Possible Products</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paleo</td>
<td>630</td>
<td>66,000+</td>
</tr>
<tr>
<td>Whole 30</td>
<td>29</td>
<td>40,000+</td>
</tr>
<tr>
<td>Ketogenic</td>
<td>600</td>
<td>43,000+</td>
</tr>
</tbody>
</table>

Source: Label Insight Food Database - March 2018
WHAT CONSUMERS ARE SEEKING
CONSUMERS ARE SEEKING SUPERFOODS

85% of consumers seek out some type of “superfood” when shopping.

There's no regulated definition of a superfood, but it's generally accepted that superfoods contain high levels of beneficial nutrients.

Source: 2017 Label Insight Shopper Trends Survey
CONSUMERS ARE SEEKING PROBIOTICS

6,400+ food products contain probiotics
CONSUMERS ARE SEEKING CLEAN LABEL

Clean label food categories seeing the highest dollar growth

<table>
<thead>
<tr>
<th>Category</th>
<th>Growth</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salty Snacks</td>
<td>+1.9%</td>
<td></td>
</tr>
<tr>
<td>Candy</td>
<td>+11.7%</td>
<td></td>
</tr>
<tr>
<td>New Age Bev</td>
<td>+10.4%</td>
<td></td>
</tr>
<tr>
<td>Liquid Coffee</td>
<td>+19.5%</td>
<td></td>
</tr>
<tr>
<td>Ice Cream</td>
<td>+26.5%</td>
<td></td>
</tr>
<tr>
<td>Baked Bread</td>
<td>+9.9%</td>
<td></td>
</tr>
<tr>
<td>Frozen Entrees</td>
<td>+3.8%</td>
<td></td>
</tr>
</tbody>
</table>

Source: 2017 NPI and Label Insight
THE INDUSTRY IS RESPONDING
CLEANER COLORS

Natural Color
- Fruit & vegetable juice
- Turmeric, annatto, caramel

Added Color Free
- No added color ingredients

Source: Label Insight Food Database - March 2018
CLEANER ALTERNATIVE SWEETENERS

Natural Sweeteners
Sweetened with agave

Exempt Sweeteners
Sweetened with fruit juice

Non-Nutritive Sweeteners
Sweetened with Stevia

Source: Label Insight Food Database - March 2018
UNACCEPTABLE INGREDIENTS FOR FOOD

There are many definitions out there for "natural food products" and many opinions on what food additives to avoid. Among other criteria, we draw a line when it comes to hydrogenated fats and artificial colors, flavors, preservatives and sweeteners. This guides us every day in choosing what to put on our shelves so you can feel confident about what you put on your plate.

Below is the list of ingredients that we find unacceptable in food. In other words, we won’t sell a food product if it contains any of these. Based on new findings, the list may change, but we can proudly say that compromising our standards is also unacceptable.

- acaceous K (acaceous potassium)
- acetylated esters of mono- and diglycerides
- ammonium chloride
- artificial flavors
- artificial preservatives
- artificial sweeteners
- acesulfame K
- acesulfame potassium
- acetyl tetra- and octa-esters of sucrose
- high fructose corn syrup
- hydrogenated fats
- IMP (inositol monophosphate)
- lactobacillus cultures
- lactic acid
- lactose
- lactose衍生物
RETAILERS ADDRESS WELLNESS
CLOSING THOUGHTS

- Transparency with ingredients is not a fad
- Consumers value transparency now more than ever
- Consumers are avoiding and seeking specific ingredients
- Industry is responding at the brand and retail level
- Opportunity for industry is enormous through product formulation, claims, and story-telling in-store and online
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