



Consumer and Market Trends – Challenges & Opportunities in Food Coloring

Steve French, Managing Partner, NMI

Today's Perspective...

- **Consumer trends toward healthy living/healthy eating**
- **Desire for 'clean label' – fewer chemicals and artificial additives**
- **A specific growing desire for no artificial colors**
- **Challenges for both consumers and manufacturers**



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.



Data Source: NMI's Health and Wellness Trends Database



Health & Wellness

Health and Lifestyle Focus

- Food
- Beverage
- Personal care
- Supplements
- HH products
- Sports nutrition
- General merch

- 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

- Most comprehensive data available on health and wellness; based on **attitudes, behavior and product usage** within the world of health and wellness
- **Annual consumer research** among U.S. general population adults and primary grocery shoppers
- Currently **17 years of trended data**: a total of 56,000+ consumers in the database
- Nationally representative sample of the U. S. population statistically valid at 95% confidence level to **+/- 1.2%**
- **3,000+ general population consumers annually**
- Conducted via **on-line** methodology

NMI's Health & Wellness Consumer Segmentation Identifies Five Distinct Segments Within the U.S. General Population



WELL BEINGS®:
20%

***Most health
pro-active***

Market leaders and influencers, driven to health for prevention, utilize all means.



FOOD ACTIVES®:
16%

***Mainstream
healthy***

Dedicated to health through inherently healthy eating and managing weight and balancing exercise, diet, Dr.'s advice.



MAGIC BULLETS®:
21%

***Lower commitment
to healthy lifestyle***

High belief in usage of supplements for health; less concern with food.

Weight managers; high level of health issues.



FENCE SITTERS®:
24%

'Wannabe' healthy

Young families/singles in relatively good health.

Idealistic strivers, whose behaviors often contradict their attitudes.



**EAT, DRINK
& BE MERRY®:**
18%

Least health active

Least concerned about health and healthy eating; least knowledgeable about health-related benefits.

**Healthy is a
priority**

**Self-directed
balance**

**Quick, easy
solutions**

Health strivers

**Little health
motivation**

Pure & Simple is the “New Clean Label”

“Simplicity is the ultimate sophistication.”

Leonardo DaVinci

New **trends in purity and simplicity** are evident as we move to simpler inputs, focused messaging, cleaner labeling, streamlined design and easy delivery of good and services.

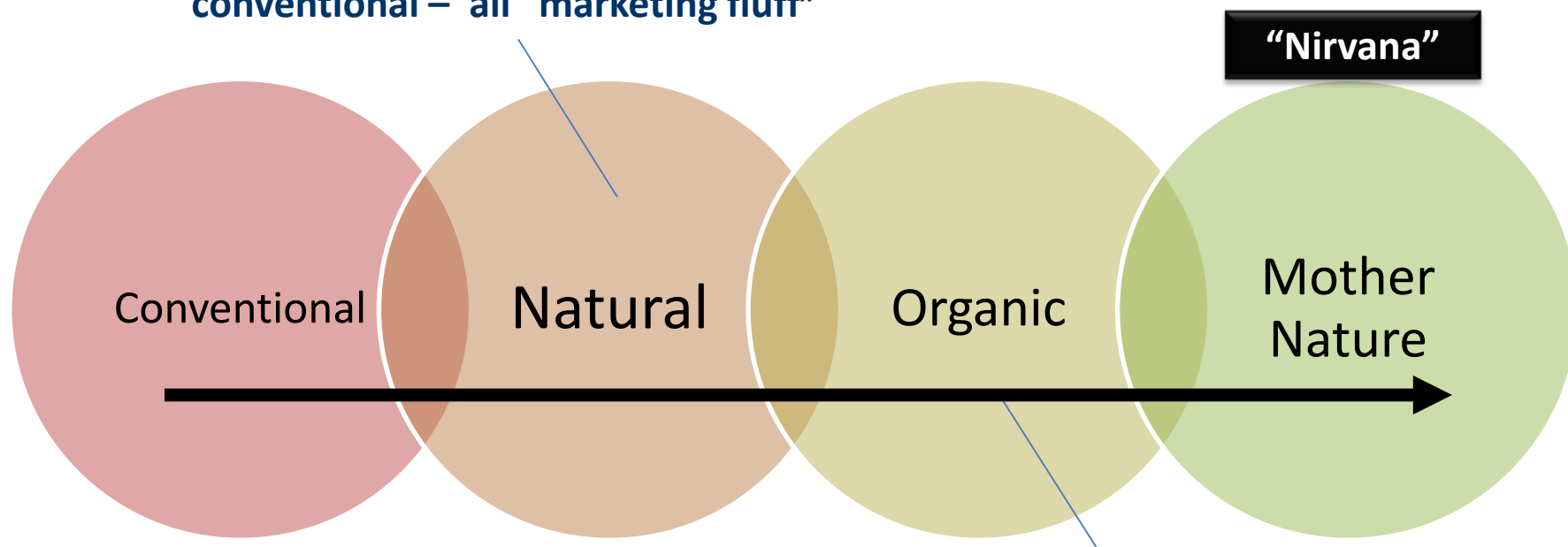
We are **removing layers of complexity** – a change we desire because it becomes easier to determine the true fit of products and services with personal values.

This **“less is more”** trend is resonating with consumers everywhere – purity and simplicity is now the **ultimate sophistication!**



The Clean Label Continuum

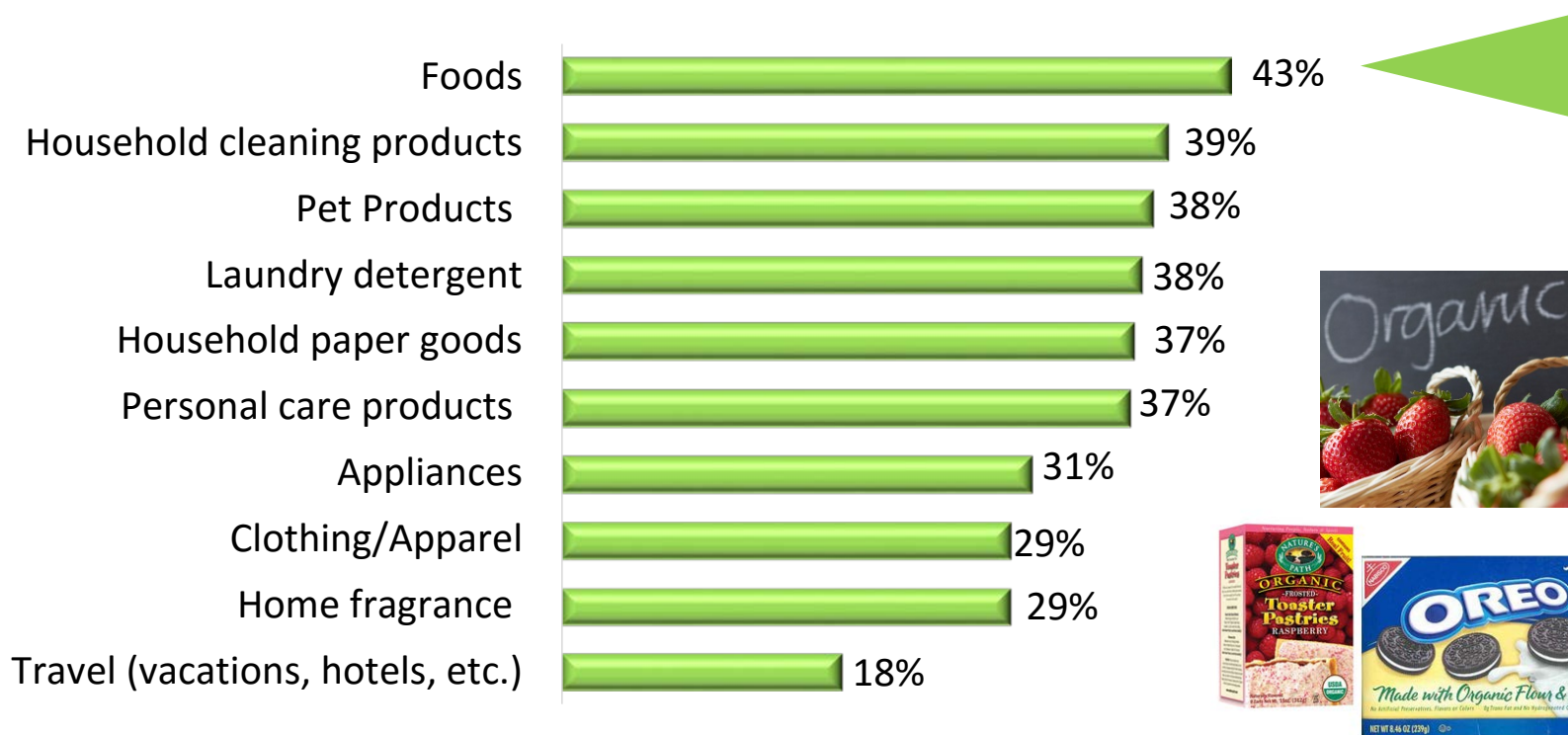
Challenges in that consumer skepticism of “natural” foods as not really different from conventional – all “marketing fluff”



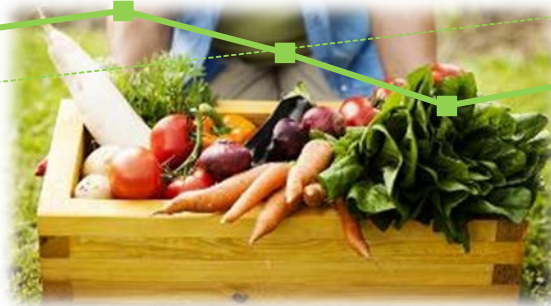
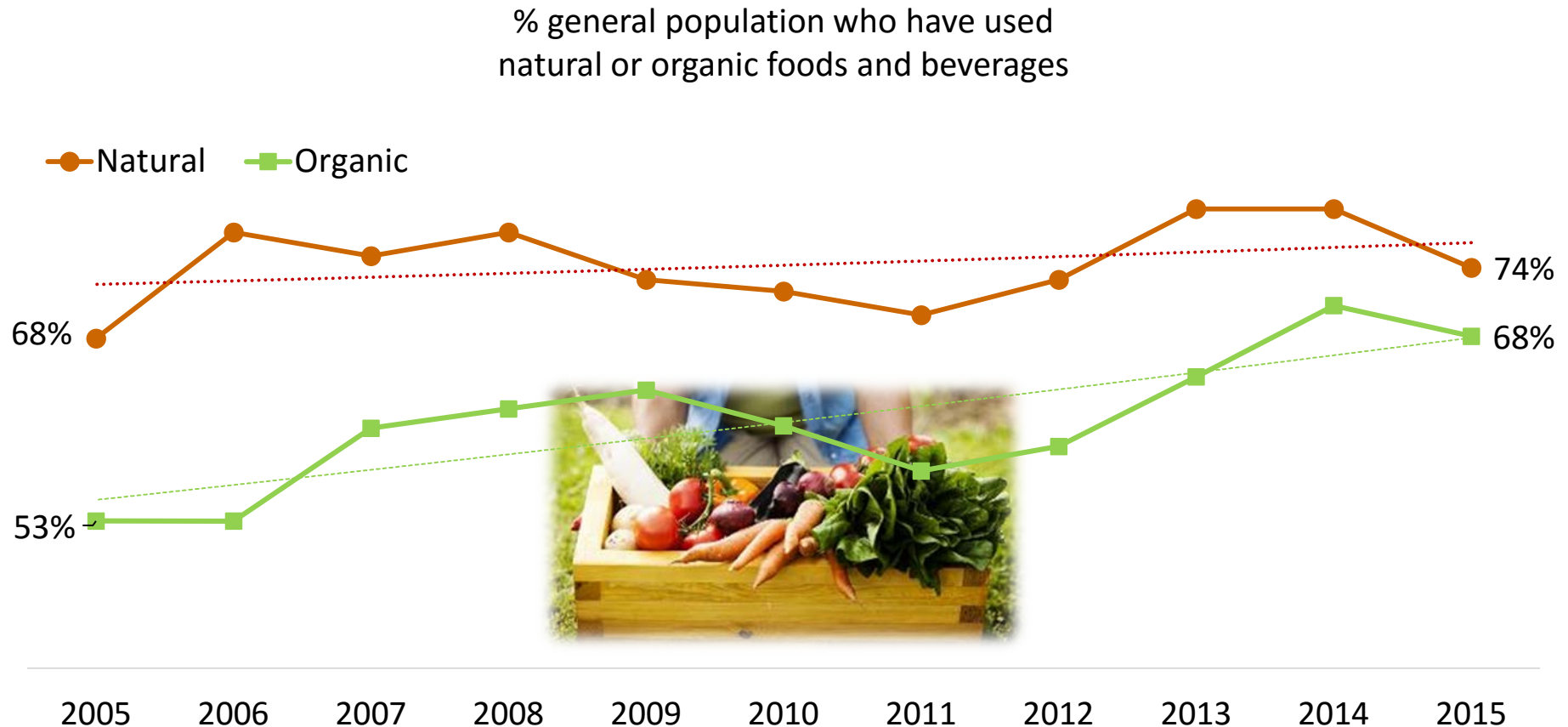
Consumers respond to messages that communicate organic as closest to the natural state

Food Tops the List of Interest in Green (and Clean) Versions of an Array of Consumer Categories

% general population indicating they are very/somewhat interested in buying green versions of the following products

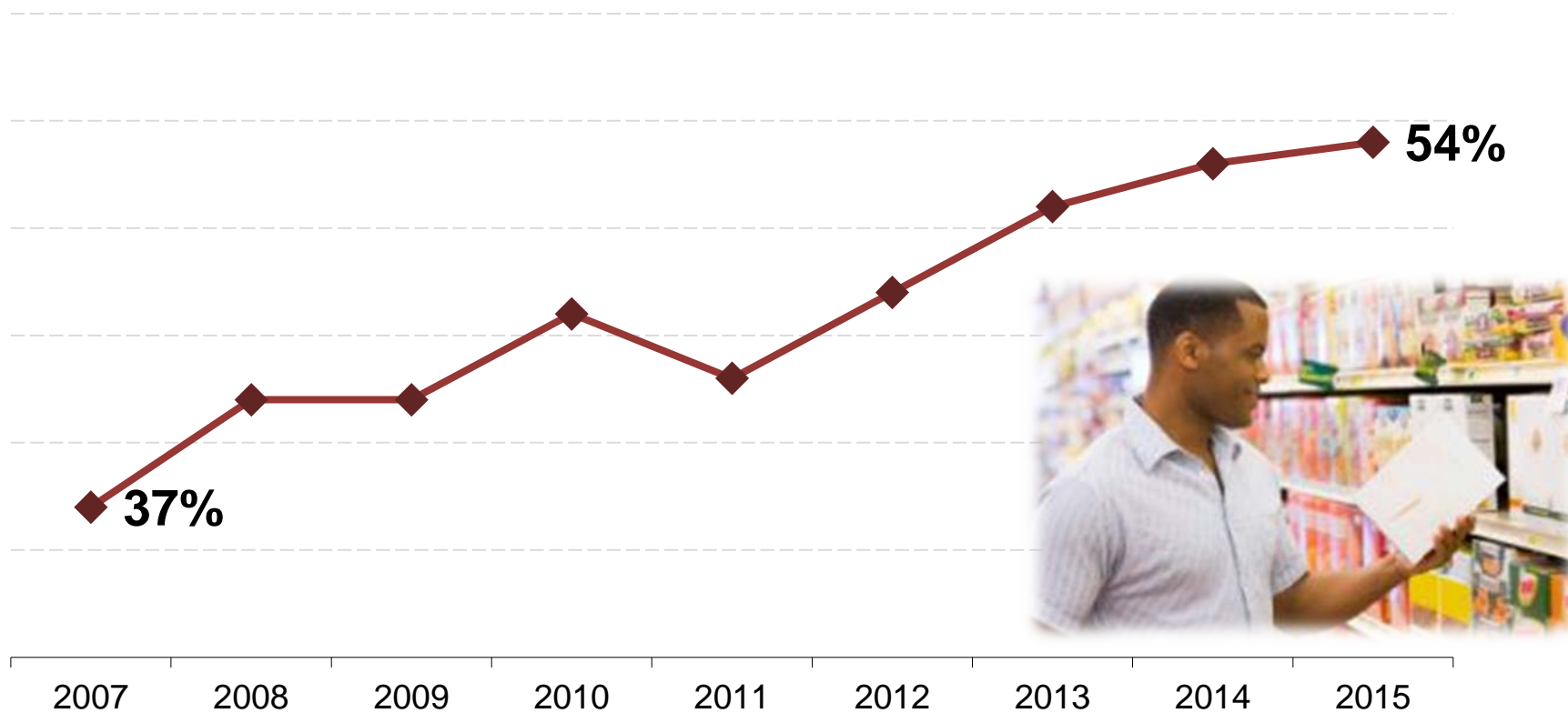


Use of Natural and Organic Foods and Beverages Has Shown Steady Increases Over the Past 10 Years



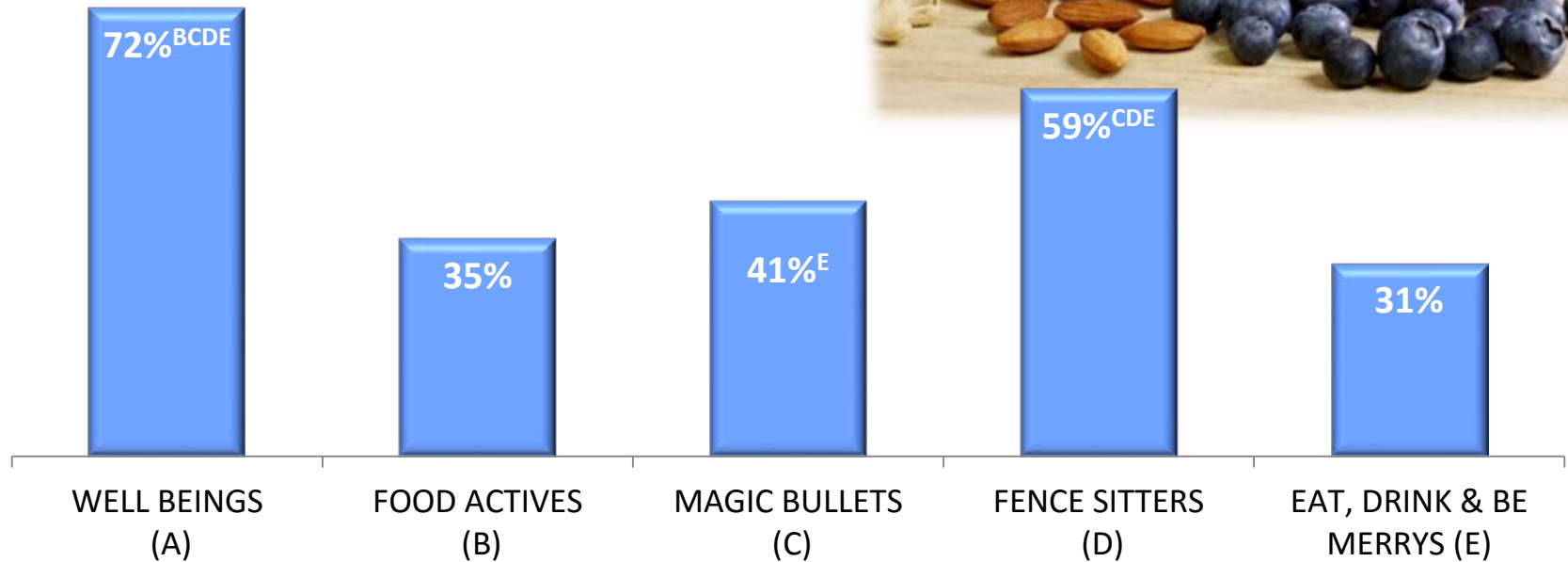
To That End, Many are Increasingly Looking for “Less” on the Label: A Short List of Recognizable Ingredients

◆ I look for foods/ beverages with a short list of recognizable ingredients (CAG: +5%)



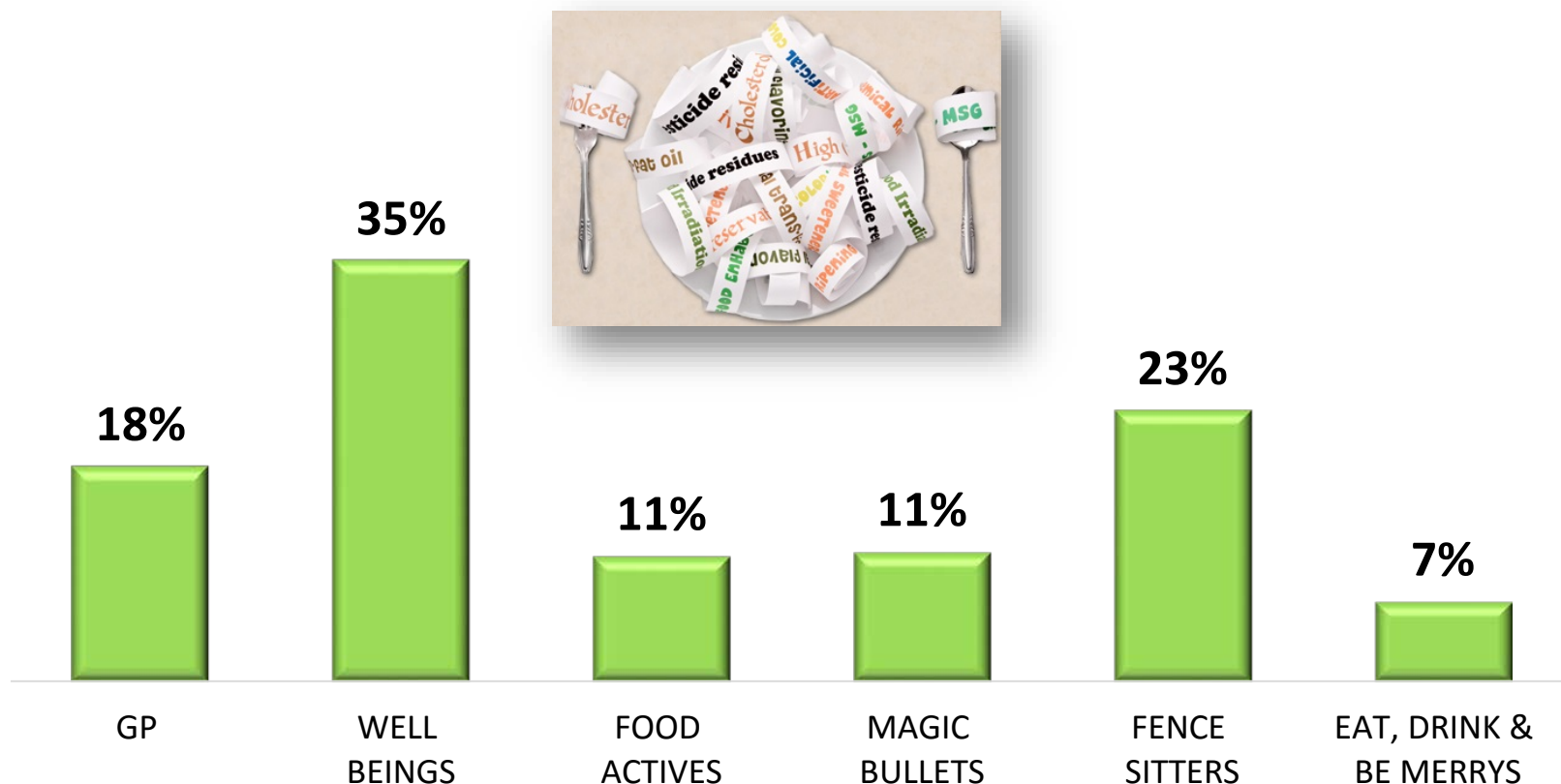
WELL BEINGS Are Most Desirous of Few and Recognizable Ingredients

“I look for foods/beverages with a short list of recognizable ingredients”



The Trend Toward Natural and Organic May Be Due to Concerns About the Added Ingredients in Many Foods and Beverages

% consumer group indicating they agree that
“I am fearful about all the added ingredients in many foods and beverages”



A Further Concern is the Belief That There is a Link Between Chemicals in Consumer Products and a Rise in Childhood Disease

Almost 6 out of 10 consumers agree...

They are concerned about the link between chemicals in consumer products and rise in childhood diseases

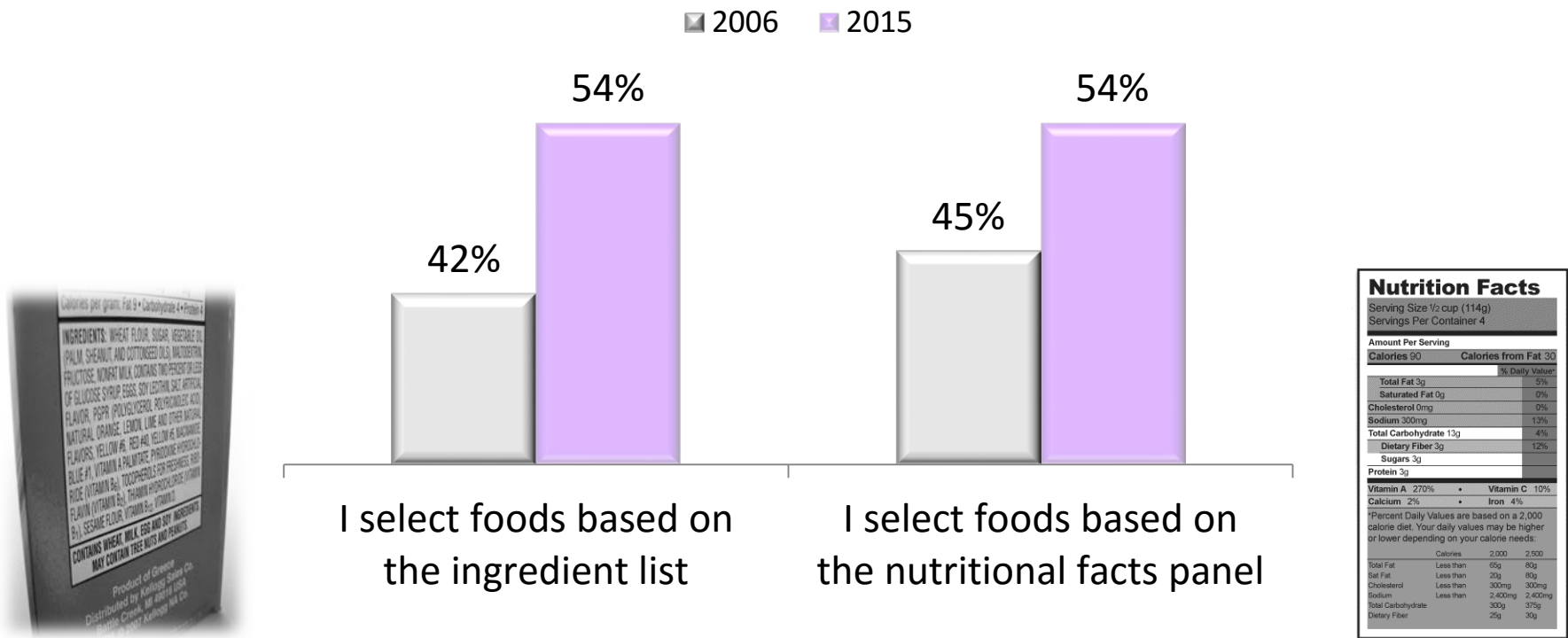


26% Completely agree
31% Somewhat agree



This attitude has remained relatively stable since 2009 where 57% of the population also thought the link existed.

Therefore, Consumers Are Increasingly Monitoring Food Labels... and Basing Purchase Decisions on Them



Overall, Most Claim Package Labels Influence Purchases

74%

indicate that package labels influence on the purchase of healthy and natural products



A Majority Proactively Add and Avoid Specific Foods to Eat Healthier – Labels Can Help



“I have **ADDED**
some foods to my
diet to eat
healthier”

68%

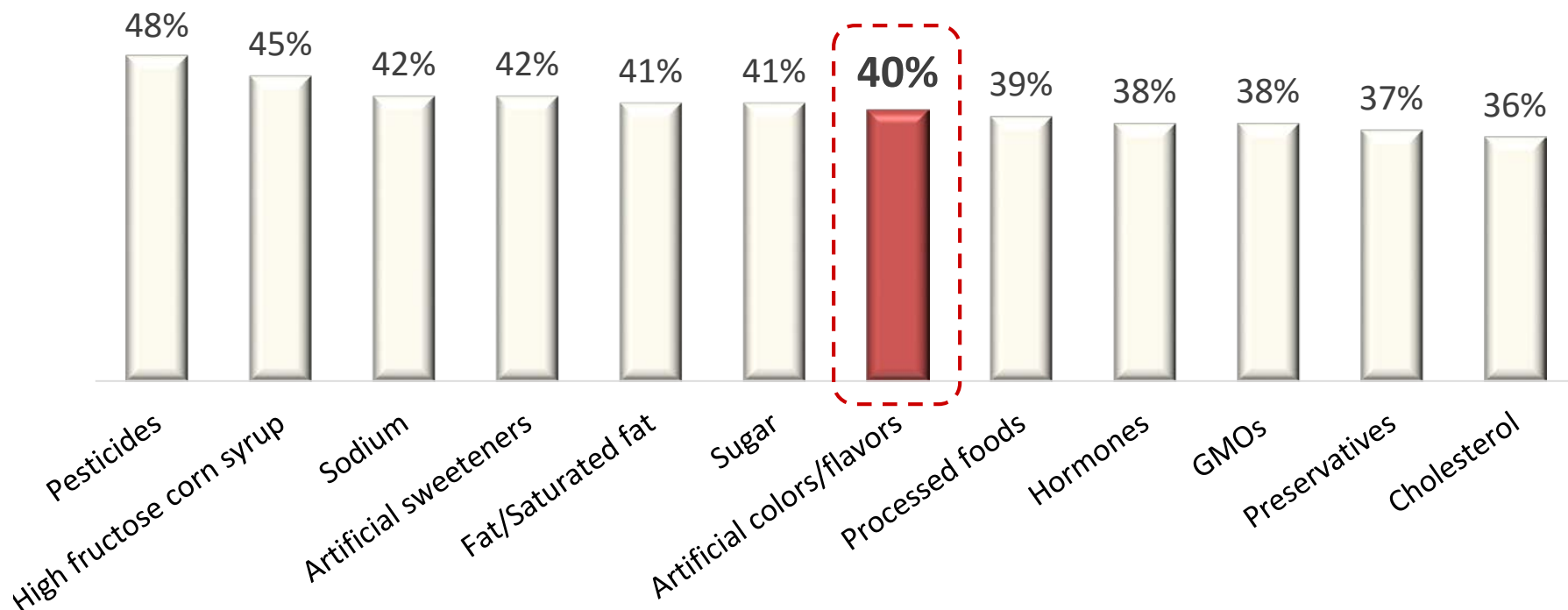


“I have **AVOIDED**
some foods to my
diet to eat
healthier”

69%

Four in Ten Consumers Want Fewer Artificial Colors (and Flavors) in Their Diet, Comparable to Other 'Undesired' Ingredients

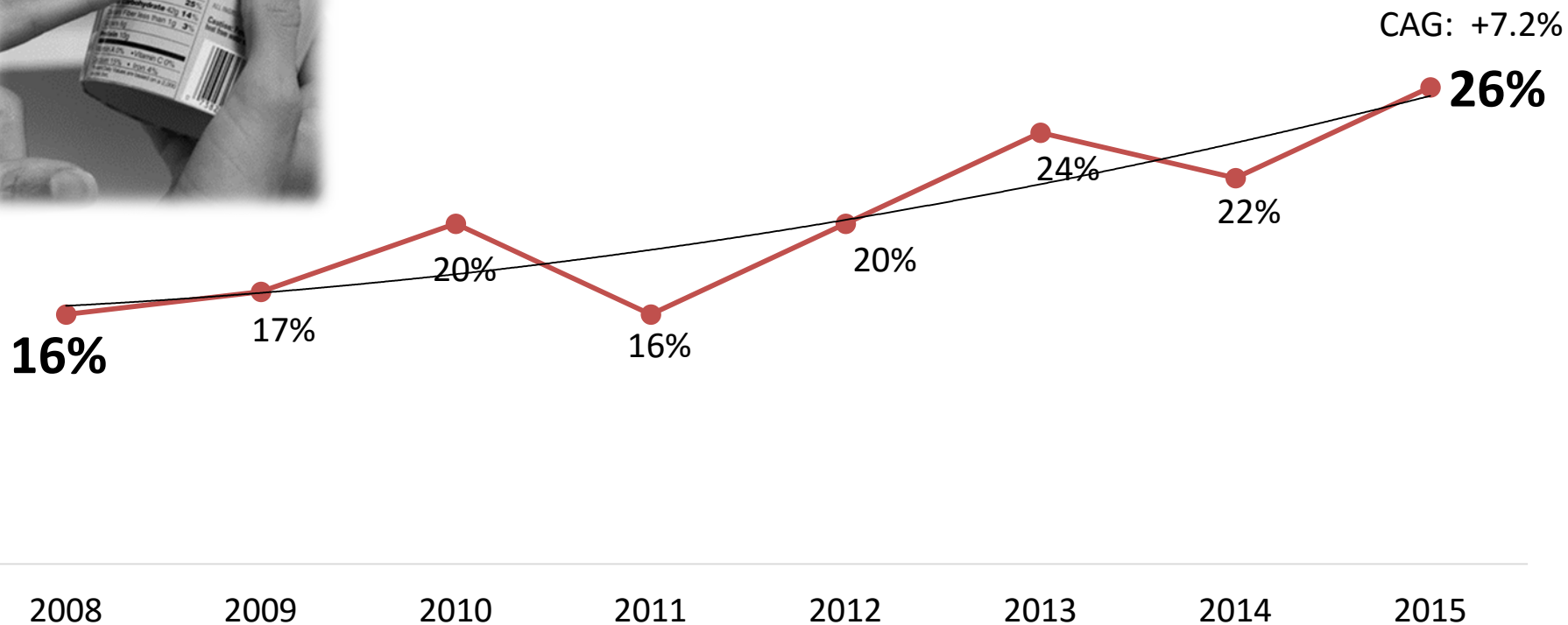
% general population indicating what ingredients/items they would like to get less of in their diet



And Consumers Are Increasingly Checking for Artificial Colors and Flavors in Foods & Beverages on Product Labels

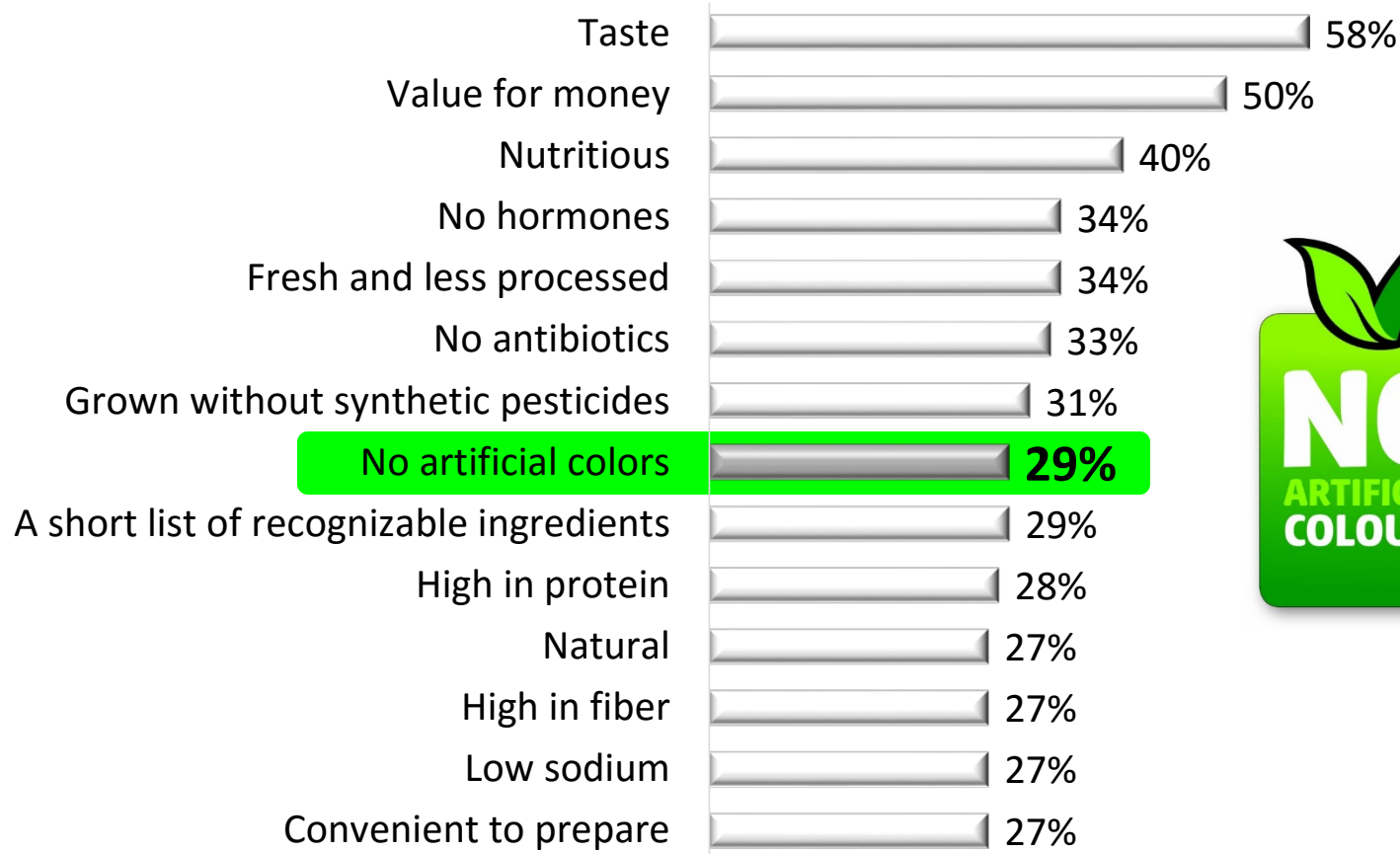


% GP indicating what specific items they check most often for artificial colors/flavors on food/beverage labels



The Importance of 'No Artificial Colors' When *Selecting* Foods & Beverages is Strong Compared to Other Product Drivers

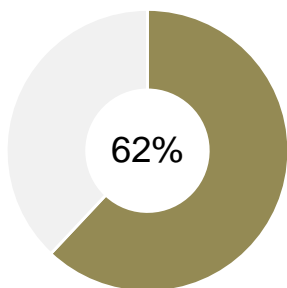
% GP indicating the following are very important
when selecting foods/beverages (mentions >25%)



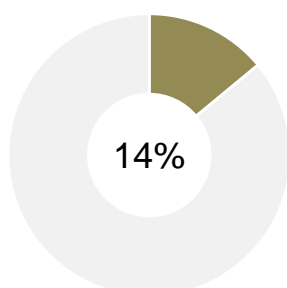
WELL BEINGS Are Most Likely to Eschew Artificial Colors When Choosing Foods & Beverages

% Health & Wellness Segments indicating **'no artificial colors'**
is very important when selecting foods/beverages
GP: 29%

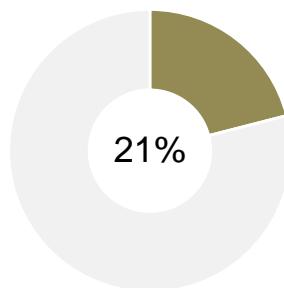
WELL
BEINGS



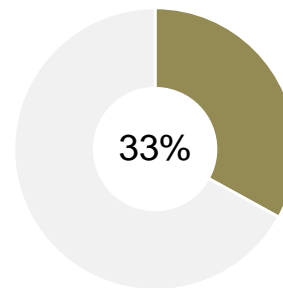
FOOD
ACTIVES



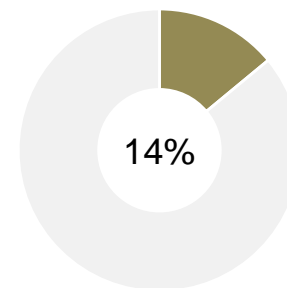
MAGIC
BULLETS



FENCE
SITTERS

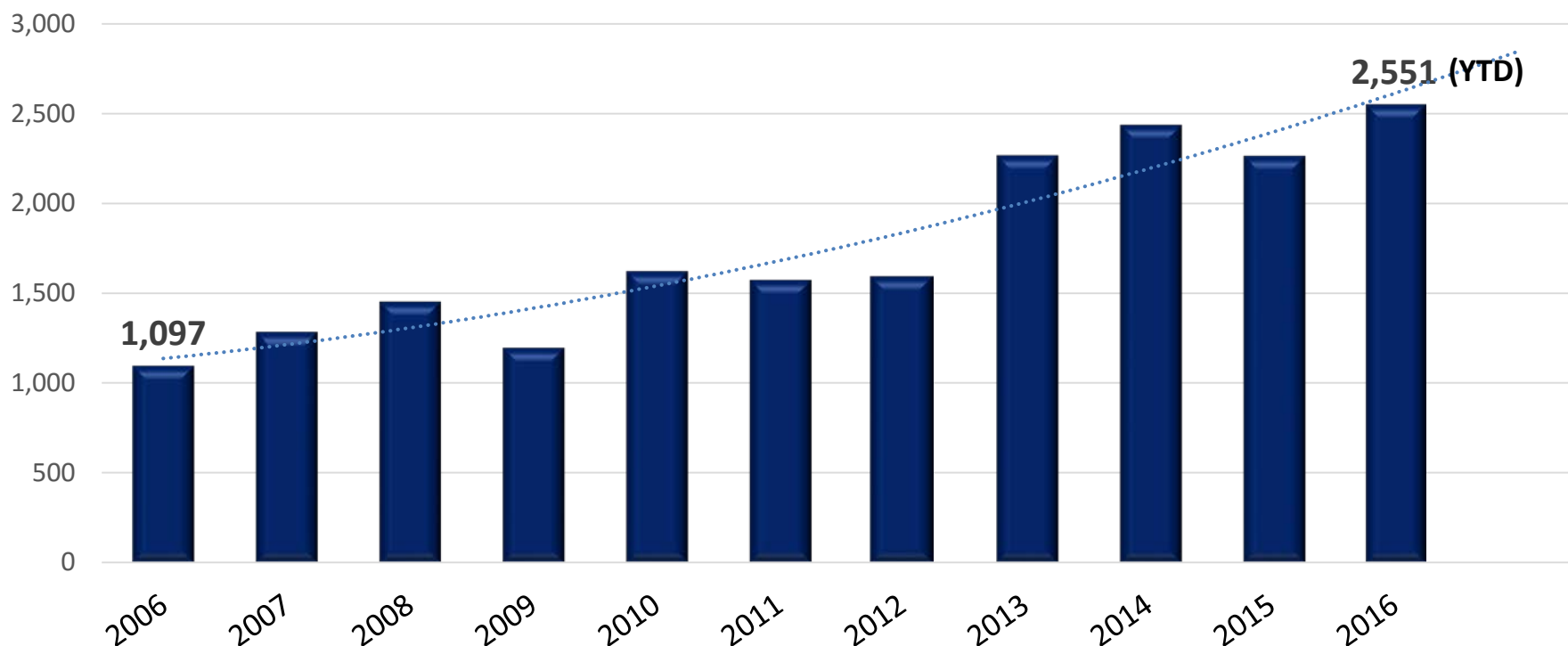


EAT, DRINK & BE
MERRYS



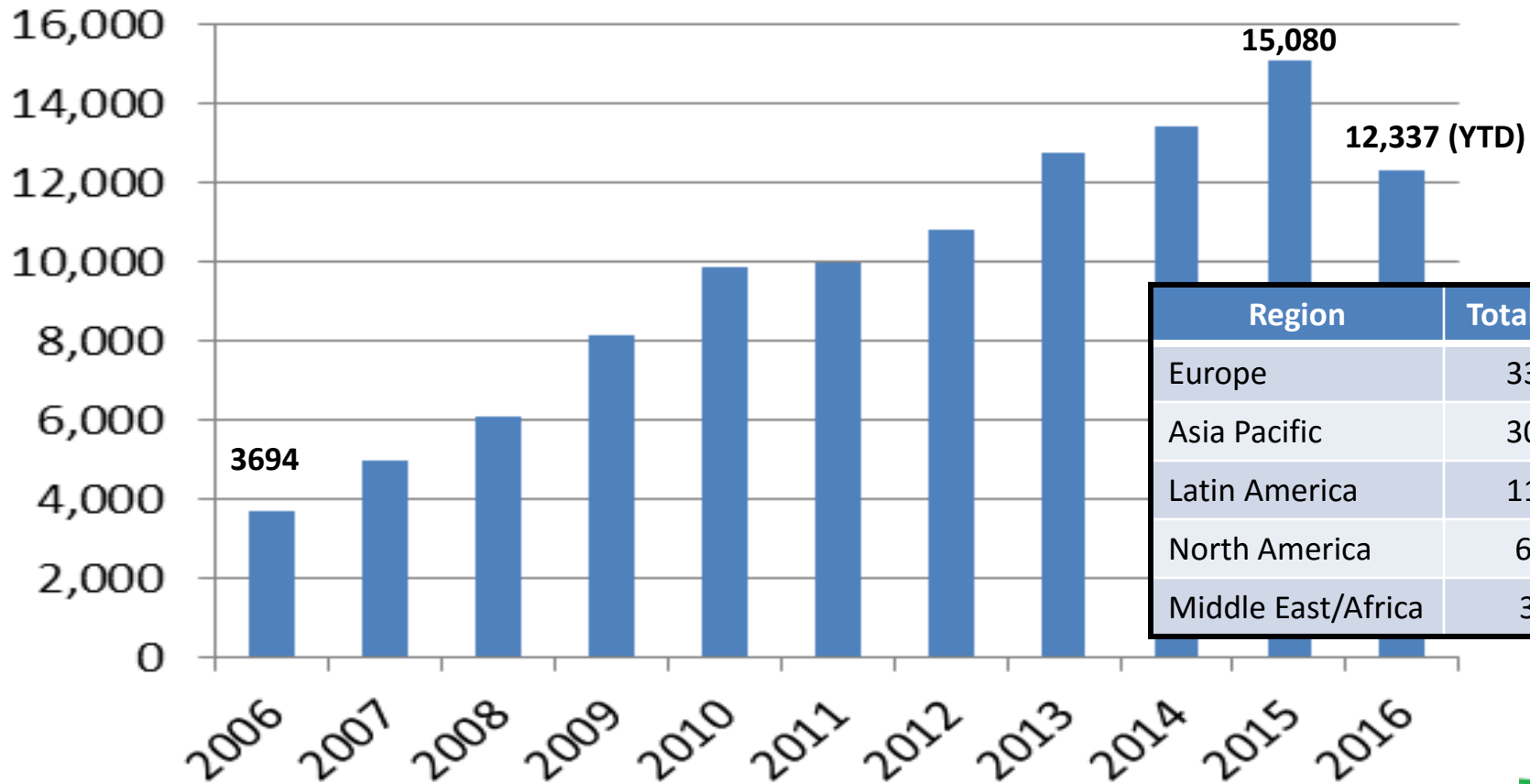
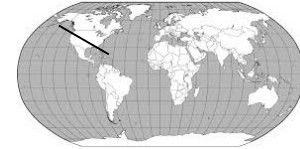
U.S. Introductions of Foods and Beverages with 'No Artificial Colors' Has A Shown Steady Increase Over the Past Decade

Foods and Beverages Launched in the U.S.
with "No Artificial Colors" Claim
Total Introductions '06-'16: 19,333



Similarly, Non-US Introductions of 'No Artificial Colors' is Also on the Rise, Particularly in Europe and Asia Pacific Regions

Foods and Beverages Launched in NON-U.S.
with "No Artificial Colors" Claim
Total Introductions '06-'16: 107,112



Region	Total '06-'16
Europe	33,479
Asia Pacific	30,188
Latin America	11,369
North America	6,234
Middle East/Africa	3,578

The Shift from Synthetic to Natural Food Coloring May Pose Challenges for Both Consumers and Manufacturers

Consumers

- Changes in brightness and intensity



- Perceived (or actual) taste changes



- Increased price points



Manufacturers

- Decreased stability and shelf life



- Recipe modifications



- Supply/availability for natural ingredients



- Regulations and labeling



Closing Thoughts



- ✓ **Market trends are moving toward continued consumer desire for more healthy living and eating**
- ✓ **‘Clean label’ products with fewer chemicals and artificial additives are desirable**
- ✓ **Specifically, there is a notable and growing desire for no artificial colors**
- ✓ **Such desire has transferred to new product launches**
- ✓ **Challenges exist for both consumers and manufacturers in switching to natural color alternatives**



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