HI Europe Trend Report

Highlighting Key Trends in NPD

November 2016





Innova Market Insights

- Innova Market Insights has a global network tracking new product introductions in over 75 countries around the world and over 28 food & beverage categories. With representatives in all the major markets, we offer our customers local insights on trends driving their region's new product launches.
- With a network of food & beverage professionals that provides insight into packaging, technology, ingredients and consumer insights, our clients rely on Innova Market Insights when making their next strategic product decision.
- At Innova, our goal is simple help you stay ahead of the curve.





HI Europe Trend Report

- This HI Europe Trend Report is provided by Innova Market Insights in cooperation with UBM.
- The presented insights are based on analysis of new product launches tracked between 2011 and 2015 with selected product highlights from 2016 YTD.
- The report focuses on NPD on a global level with focus on Europe.
- All F&B market categories covered by the Innova Database are included.



HI Europe Trend Report by Innova Market Insights

- F&B trend highlights
 - New generation meat substitutes
 - Botanicals for health
 - Balancing sugar application
- What's next?



Meet us in Frankfurt

Innova Market Insights will present more insights on trends and innovations in F&B at their booth (Stand no: K4).

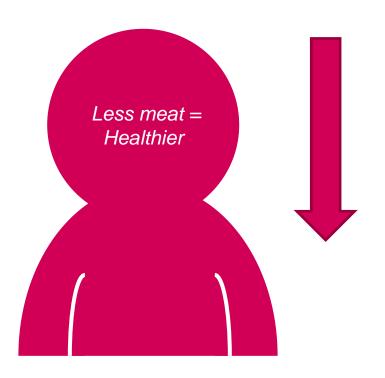




F&B trend highlight - New generation meat substitutes

Consumers reduce their meat intake

- Consumers all around the world have decreased their intake of meat over the past 2 years.
- The largest shift has been reported in Germany, where 41.4% of consumers indicated to decrease their meat intake "because it is unhealthy".

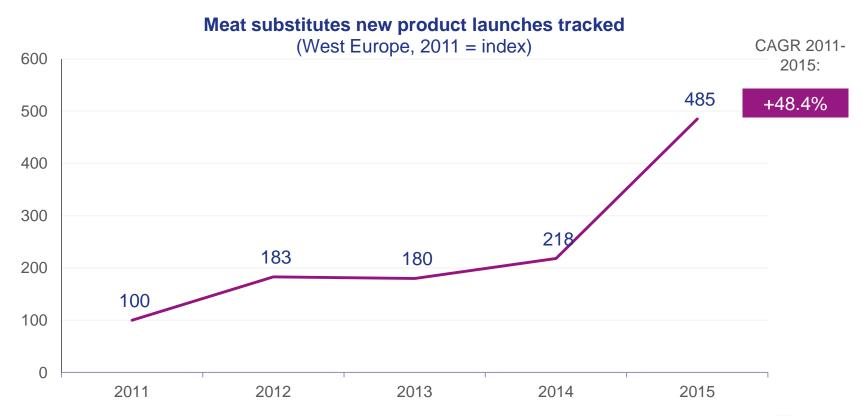


34% of German consumers have reduced their meat intake over the last 2 years.



Vegetarian is no longer a niche

- On a global level, there has been a 24.3% average annual growth in meat substitutes products from 2011 to 2015.
- West Europe accounts for the largest proportion of global NPD tracked in the meat substitutes category and also shows the highest growth in terms of NPD activity.





Some are vegetarian, but many more are flexitarian

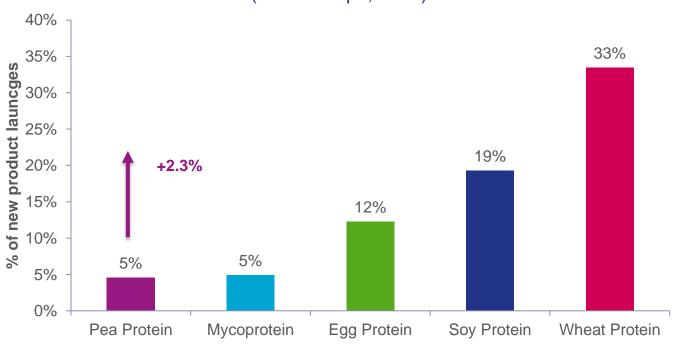
% of consumers that reported eating meatless meals once a week or more:



Alternative protein ingredients rise

- The majority of meat substitutes are still soy and wheat based but products are evolving with alternative ingredients.
- Pea protein has won an 2.3% share of all meat substitutes since 2011.

Top protein ingredients as % of meat substitutes launches tracked (West Europe, 2015)





Consumers see pulses and dairy as alternative to meat

 Based on consumer research; dairy, egg, nuts and pulse ingredients are best to be used in meat substitute as a marketing strategy.

% of German consumers that say they are interested in these foods and ingredients as alternatives for meat.

DAIRY	49%
EGGS	47%
BEANS	33%
PEAS	32%
NUTS	30%
LENTILS	30%



Meat substitutes for mainstream consumers

 Now that meat alternatives and vegan offerings have moved rapidly into mainstream, new alternatives skip the imitation game and compete based on differentiation.







The Now: Flexitarians

The Future: **Everyone?**

The Past: **Vegetarians**



Grilled cheese marketed as meat alternative



Hochland Mild-Spicy Vegetarian Grill Cheese (Germany, Jun 2016)

The ideal barbecue alternatives for vegetarians. Suitable for vegetarians. Green Dot Certified.



Gusteria Grilled Cheese Snack With Chilli Paprika (Germany, Jun 2016)

Four pre-grilled soft cheese slices with chili paprika for roasting in a pan, on the grill or reheating in a microwave or deep fry.



Grill Mi Grill Cheese Steak (Switzerland, May 2016)

Description: Individually packed Swiss cheese with cream on a fine turmeric marinade for grilling, in a carton box.



Gerber Classic Grill Cheese (Switzerland, Jun 2016)

Description: Two classic grill cheese in a plastic tray, held in a cardboard sleeve.



Beans, pulses and nuts offer more NPD opportunities

 These ingredients are known by mainstream consumers, offering more potential for NPD to leverage their nutritional and functional characteristics for meat substitutes.







F&B trend highlight -Botanicals for health

Consumers believe in active health components in food

- Food NPD with plants also offers great potential outside the meat substitute category.
- A 2016 Innova Market Insights consumer survey showed that the majority of consumers in the UK believes active food components can reduce disease risk.

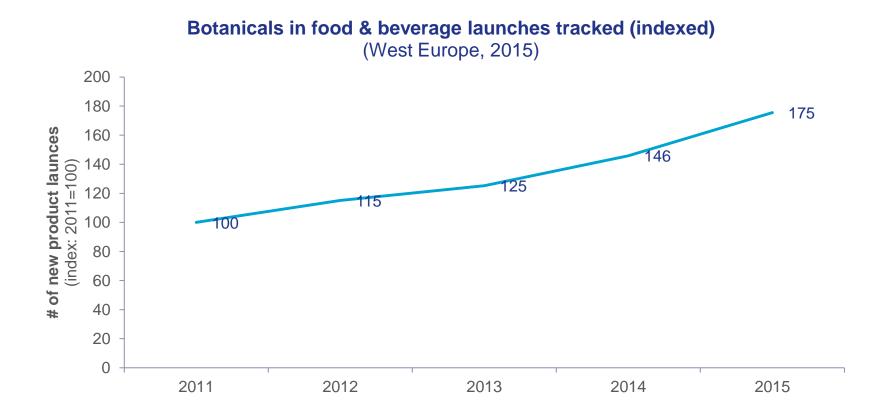


66% of UK consumers agree that some foods contain active components that reduce risk of diseases and improve long-term health



Use of botanicals in F&B rises

 Manufacturers respond on consumer's quest to healthier food, and F&B new product launches increasingly include botanicals.

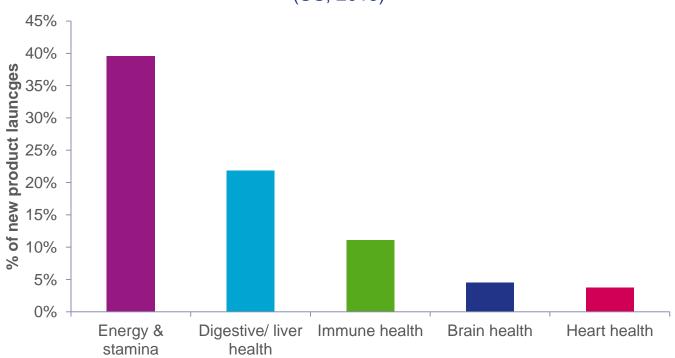




Energy main health benefit of botanicals promoted

- In the US, where supplements with botanicals are already mainstream, botanicals are increasingly used as a health active ingredient in F&B.
- Energy & stamina is the main health benefit promoted.

Top 5 health claims for herbs & spices food & beverage launches tracked (US, 2015)

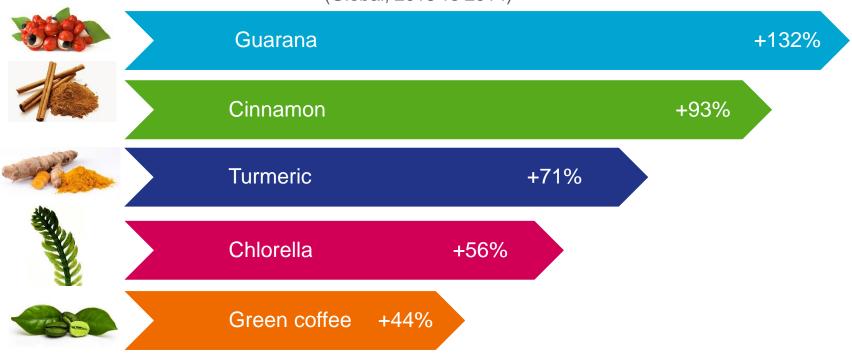




Global trending botanicals for energy

- On a global level, the amount of food and beverage launches with an energy claim containing guarana has gone up 132% since 2014.
- Guarana as source of energy, has become mainstream for energy drinks, representing almost half of all energy drinks in 2015.

Fastest growing botanicals with energy & stamina positioning in F&B launches tracked (Global, 2015 vs 2014)





Botanicals for health are seen in various categories

Sports powders and RTD

Ginseng as a natural source of energy



Musclepharm Energy Sport Zero Energy Drink With Cherry Flavor (Germany, Aug 2016)

Tea

Ginger for helping digestive/ gut health



O Forest Ginger Tea With Brown Sugar (Malaysia, Aug 2016)

Juice & Juice drinks

Active bacterial strains combined with botanicals



Uncle Matts Organic
Orange Turmeric Juice
With Living Probiotics
(United States, Aug 2015)



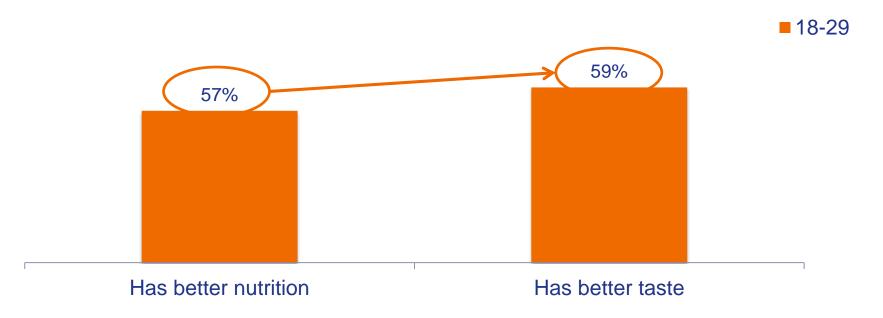
F&B trend highlight - Balancing sugar application

Millennials balance taste and health

 Although consumers are increasingly looking for better nutritional options, taste is still a major factor when making food choices and is thus driving innovation in F&B.

What is the influence of the following factor in getting you to try a different brand of food or beverage?

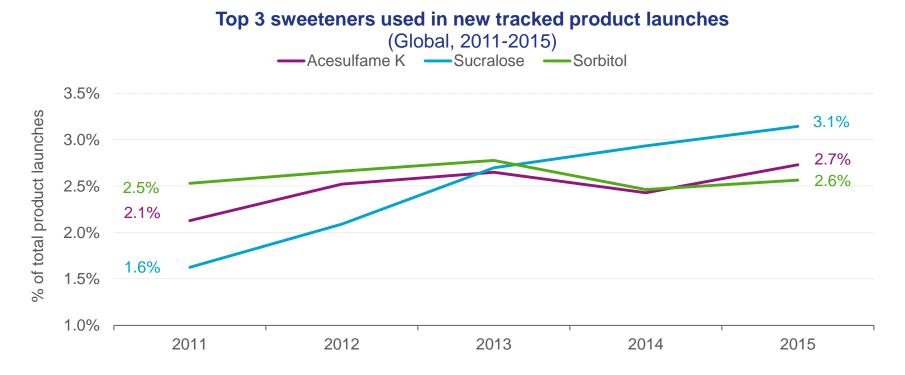
Extremely/very important





Sweeteners increase, as sugar is under pressure

- One ingredient under pressure due to health issues is sugar. However, sugar is still
 the key ingredient that delivers the sweetness and great taste that consumers are
 looking for.
- Sweeteners serve as a replacement of sugar and are therefore increasingly applied.

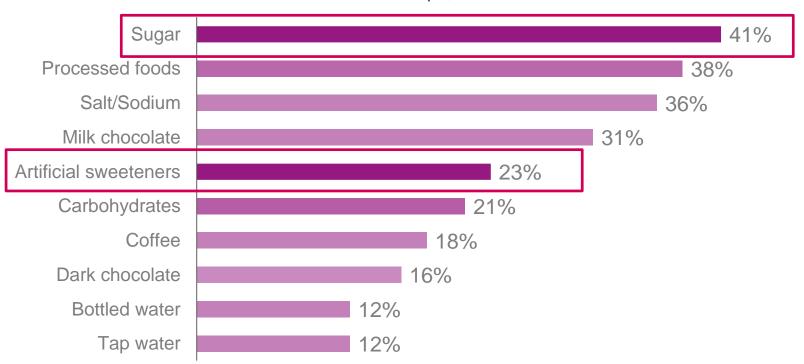




Consumers cut sugar...but also artificial sweeteners

 Although artificial sweeteners seem to be the solution, European consumers indicated that they decreased their sugar consumption as well as their artificial sweeteners intake in 2014.

Please indicate whether you decreased the following in the past year: Europe, 2014



% of total respondents



Natural sweeteners: clean label meets sugar reduction

- Industry is posed with a challenge of balancing the public's demand to reduce sugars,
 create indulgent experiences and at the same time present clean label products.
- Stevia is the first natural sweetener to reach scale, and is used as a clear marketing message in clean label products.



Frutop Cola Light Carbonated Drink With Stevia (Greece, Apr 2016)



Nestle Chocapic Wholegrain Corn, Wheat, And Whole Wheat Cereals With Chocolate Flavor (Chile, Apr 2016)



Yoplait Light
Stevia Naturally
Sweetened
Yogurt (Mexico,
Jun 2015)

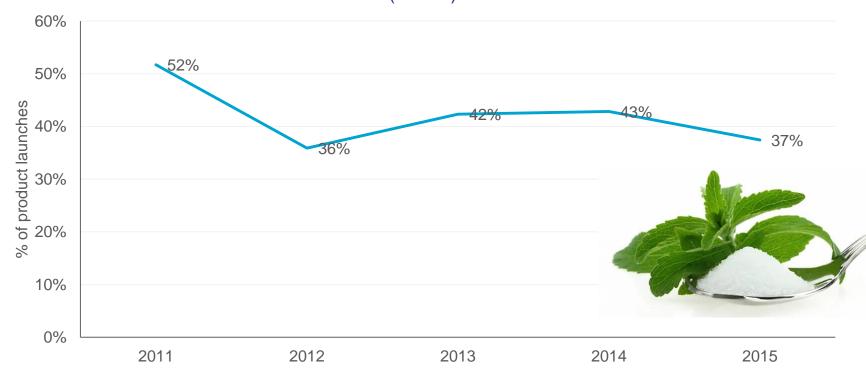
30% of NPLs with stevia have a clean label positioning (Global, 2015)



37% of products with stevia still contain sugar

- Balancing health vs. taste, stevia is still being combined with sugar in many launches.
- Of all product launches tracked with stevia in 2015, 37% still also contained sugar as an ingredient. However, the share of products that has added sugar when using stevia declined since 2011.

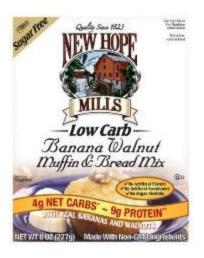
New product launches tracked with stevia and sugar as ingredient (Global)





Monk fruit: the next natural non-nutritive sweetener?

 In the last years, the use of monk fruit as sweetener in new product launches is increasing steadily. So far it is mainly a popular ingredient in the US, as it does not have widespread regulatory approval.



New Hope Mills Low Carb Banana Walnut Muffin & Bread Mix (United States, Jul 2015)

Claims/Features: Sugar free. No artificial sweeteners.

Sweetener: Stevia, monk fruit extract.



True Toniqs Brain Toniq Light The Clean And Intelligent Think Drink (United States, Sep 2015)

Claims/Features: Over 90% organic. Naturally sugar free. No calories.

Sweetener: Stevia extract, monk fruit extract.

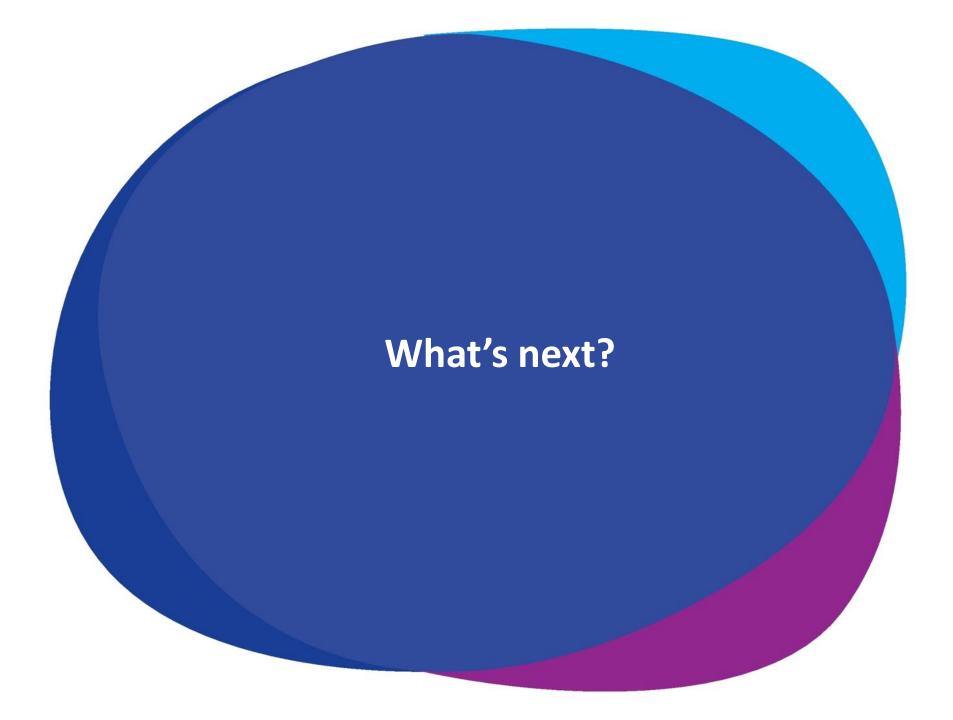


Graeters Low Glycemic Ice Cream: Mint Chocolate Chip (United States, Sep 2015)

Claims/Features: 50% less sugar, 25% less fat, and 20% fewer calories than regular Mint Chocolate Chip.

Sweetener: Fructose, monk fruit extract.





Future outlook for the F&B industry

NEW GENERATION MEAT SUBSTITUTES

- The group of part-time vegetarians continues to grow in most developed markets.
- Meat alternatives will skip the imitation game, and compete based on product differentiation.
- Dairy, beans and pulses offer great potential as bases for substitutes and alternatives.

BOTANICALS FOR HEALTH

- Consumers will continue to search for inherent health benefits of plants in food & beverages.
- Botanicals will slowly take over the energy drink category driven by clean label trend.
- Botanicals offer great potential as added value in health positioned products.

BALANCING SUGAR

- The strong clean label trend limits formulation options for sugar reduction.
- Natural sweeteners, like stevia, function as a clean and sugar reduced option.
- Future sweetener options exist, but stevia will lead for the foreseeable future.



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Question? Please contact us!

support@innovami.com



