What’s NEXT?
The Trends & Products Likely to Succeed with Progressive Natural Channel Consumers

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What’s NEXT?

The Trends, Products and Early Adopters Driving Industry Innovation

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No longer on the fringe

After decades on the fringes of both culture and commerce, natural products have arrived as a clear pivot point in the drive for purpose-built industry.
It’s time to scale

The future health of the industry depends on how effectively we remain authentic and hold true to our values as we grow and integrate new business partners and consumers.
But we must remain focused in doing so

As our products, our brands and our retail gains broader, more mainstream relevance, we must remain focused to retain our authenticity and our values.
The framework for our analysis

Our Changing Food, CPG and Retail Landscape

Cultural Awakening

- Mainstream Tipping Point
- Ancient Wisdom
- Friction of Trust
- Beyond Nutrition
- Conscious Consumption

Tech Enablers

- Our Flat Earth
- The Culture of Innovation
- Food Tech 3.0
- A Connected World

Modern Life

- The Modern Meal
- Disruption Through Fragmentation
- A Climate of Change
- Prioritizing Health
Today, we will explore …

Using NEXT Forecast and Concept Lab which have been designed to help:

- Prioritize opportunities and grow your portfolio
- Demonstrate the potential for your product
- Refine product positioning and messaging
- Stock relevant products
- Maximize ROI

Natural and organic product trends through the lens of progressive consumers
New Hope U.S. consumer segmentation

- Studied over 5,000+ consumers across the US, representing over 90% of population.
- Evaluated feelings, opinions, and usage of nutrition, lifestyle and healthy products.
- Outcome: A unique market segmentation that enables companies to more effectively target interested, passionate consumers with new products, concepts, messaging, and marketing strategies in order to optimize product success across all consumer groups.
CHIEF HEALTH OFFICERS

These label-reading, family-focused health managers eat healthy but don’t use supplements. They will try and pay more for health products—but only if they are backed by research. These consumers also like to share what they know with others.

- 21% of population
- 58% female
- 42% age 18-34
- 50% married
- 36% with kids -18
#YOUNG4EVER

Consumers in this segment take more aggressive actions toward health and wellness because they want to stay feeling and looking young. These early adopters are impulsive brand switchers and not as concerned with price. They’re also more likely to be younger, more racially diverse males who are more focused on themselves than on family.

- 23% of population
- 56% male
- 37% age 18-34
- 50% single
- 38% with kids -18
NEXT Trend Concept Lab provides a multi-faceted view of the market’s reaction to a new product concept.

- Sample a representative population of the U.S.; 1,000 interviews
- Test client concepts plus benchmark concepts
- Profile consumers into New Hope segments
- Assess Cultural Relevance: leveraging the “wisdom of the crowds” to make predictions of the success of products in market
- Assess Personal Relevance: by asking consumers if they themselves would buy a specific product
- Compare results against industry benchmarks
Identifying trends of greatest relevance:
coded database of 1,000 concepts

Market Prediction Score:
- Over 75%: High probability of success
- Average 74%
- Between 40-60%: 50/50 odds
- Under 40%: Low probability of success, niche or new to the world concept requiring education, trial and time to build market
  
  Min=18, Max=99

Purchase Intent:
- 16% and Up: Top 20% concepts
- Average 11%: strong scores given progressive nature of concepts
- 6% and Under: Bottom 20% of concepts, possible niche or new to the world concept
  
  Min=1%, Max 38%

For benchmarking purposes the bottom 5% of all concepts were treated as outliers and were removed from our analysis and averages.
Top Natural & Organic Trends
Trend performance among progressive consumers

Highest Average Purchase Intent
“I will buy it.”

Average of CHO & #Y4E

Size of colored circle represents the number of concepts

Highest Average Market Prediction
“I believe others will buy more of it.”
Progressives value: environment, social purpose, transparency, convenient nutrition

Highest Average Purchase Intent
“I will buy it.”

Average of CHO & #4E

70 Market Prediction

Size of colored circle represents the number of concepts
The trends of greatest relevance among progressive natural/organic shoppers are:

1. Waste Not, Want Not
2. Feed Me!
3. Collaboration Economy
4. Speed Scratch
5. Lean, Green & Waste Stream
6. Regeneration
7. The Purposeful Brand
8. Continued Rise of Local
9. Putting a Face on our Food System
10. Smoothie Love
11. Environmental Expectations
12. The Verified Brand
The Purposeful Brand

Aligning with a social cause can deepen a company’s ethical roots—and the closer that cause is to the heart of the business, the more lasting the impression.

**Sol Simple**
Organic dried fruit and cashews with a farmer’s support program
Made by farmers supported by the company’s development programs

**Sunshine Nut Company**
Packaged cashews with anti-poverty mission
Sourced from Mozambique farms, where 90% of profits are returned

**Mavuno Harvest**
Organic dried jackfruit for snacking
Company sources from and collaborates with farmers in Africa

**Average of CHO & #Y4E**

<table>
<thead>
<tr>
<th>Product</th>
<th>Market Prediction</th>
<th>Purchase Intent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sol Simple</td>
<td>87</td>
<td>21</td>
</tr>
<tr>
<td>Sunshine Nut Company</td>
<td>86</td>
<td>7</td>
</tr>
<tr>
<td>Mavuno Harvest</td>
<td>89</td>
<td>10</td>
</tr>
</tbody>
</table>
Environmental Expectations

No longer annual report fluff, corporate environmental action is now an imperative.

<table>
<thead>
<tr>
<th>TRENDS</th>
<th>CULTURAL AWAKENING</th>
<th>Macro Force: Conscious Consumption</th>
</tr>
</thead>
</table>

**Average of CHO & #Y4E**

<table>
<thead>
<tr>
<th>Bare</th>
<th>Quinn</th>
<th>Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>81</td>
<td>90</td>
<td>91</td>
</tr>
<tr>
<td>15</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>

**Purchase Intent**

- **Bare**
  - Cocoa banana chips made with carbon neutral practices
  - Two-ingredient dried banana snack from a carbon neutral company
- **Quinn**
  - Organic ready-to-pop popcorn in a 100% compostable bag
  - Industry’s first compostable microwave popcorn bag
- **Method**
  - All-natural, biodegradable, 2-in-1 dish and hand soap
  - Packaging made from recovered ocean plastic
Waste Not, Want Not

When vast food supplies flood landfills while populations go hungry, it’s time for innovative solutions that solve both the food waste and food injustice problems.

**Full Circle Feed**
Sustainably produced dog treats
Made with leftover food from restaurant buffets

**Forager**
Repurposed fresh-pressed vegetable tortilla chips
Corn-free chips with ancient grains and vegetables used to make juice

**Bee’s Wrap**
Beeswax food wrap
Washable, beeswax-coated cotton that seals food

**Market Prediction**

<table>
<thead>
<tr>
<th>Product</th>
<th>Prediction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Circle Feed</td>
<td>88</td>
</tr>
<tr>
<td>Forager</td>
<td>86</td>
</tr>
<tr>
<td>Bee’s Wrap</td>
<td>80</td>
</tr>
</tbody>
</table>
Regeneration

Doing no harm is an imperative, but healing the harm that’s already occurred is among the richest opportunities for agriculture and the food industry.

**rareEssence**
- Aromatherapy inhaler for stress reduction
- Uses plant-based scents and alcohol from biodynamic grapes

**Epic**
- Meat and nuts trail mix made using regenerative practices
- Grass-fed, organic beef jerky and plants grown biodynamically

**Back to the Roots**
- Biodynamic cinnamon cluster cereal
- Minimally processed ingredients grown using regenerative practices
CULTURAL FORCE

MODERN LIFE

The Modern Meal
Disruptive Innovation
A Climate of Change
Prioritizing Health
Feed Me!

Feeding more people with less land and water calls for multifaceted innovation.

<table>
<thead>
<tr>
<th>Thrive</th>
<th>Ripple</th>
<th>Lotus Foods</th>
</tr>
</thead>
<tbody>
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<td><strong>Thrive</strong></td>
<td><strong>Ripple</strong></td>
<td><strong>Lotus Foods</strong></td>
</tr>
<tr>
<td>Ultra omega-9 algae cooking oil</td>
<td>Plant-based milk made with pea protein</td>
<td>Fair for Life certified volcano rice</td>
</tr>
<tr>
<td>Neutral taste, high smoke point and lower carbon footprint</td>
<td>8 times the protein of almond milk and lower water footprint than dairy</td>
<td>Rice grown on volcanic soils with resource-conserving practices</td>
</tr>
<tr>
<td><strong>Market Prediction</strong></td>
<td><strong>Purchase Intent</strong></td>
<td><strong>Average of CHO &amp; #Y4E</strong></td>
</tr>
<tr>
<td>86</td>
<td>90</td>
<td>81</td>
</tr>
<tr>
<td>14</td>
<td>11</td>
<td>13</td>
</tr>
</tbody>
</table>
TREND

Speed Scratch

A growing number of brands are making healthy, quick-cooking meals taste like they took all day to prepare. So, who says you don’t have time to cook?

Ellyndale Naturals

Chief Health Officer

Market Prediction

Purchase Intent

88

17

Savory garlic and mushroom quinoa in a cup
A just-add-water cup with quinoa, spices, dehydrated mushrooms

Grainful

Chief Health Officer

80

23

Steel-cut oats side dish kit
Heat-and-serve starter kit including oats, spices and vegetables

Sweet Earth Natural Foods

#Young4Ever

84

21

Frozen vegetarian Moroccan tagine dinner
Internationally inspired entrée with 10 g. protein and 8 g. of fiber

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Collaboration Economy

The natural products industry comprises many outstanding companies and individuals, but it’s collaboration between them paves the good-food future.

**Endangered Species**
- Endangered species premium chocolate bites
- 10% net profits go to partners who work to protect wildlife

**Teatulia**
- B Corp. certified green tea with matcha for energy
- Green tea, eleuthero root, matcha, vitamin C blend made by a B Corp

**Community Seafood**
- Frozen community seafood
- Frozen filets harvested by local fishermen

Average of CHO & #Y4E
- Market Prediction: 89/14
- Purchase Intent: 85/10
- 92/19
CULTURAL FORCE
TECH ENABLERS

Our Flat Earth
The Culture of Innovation
Food Tech 3.0
A Connected World
Putting a Face on Our Farmers and Food System

The most progressive companies don't just tell a story about their products, but rather start a dialog about the possibility of a better food system.

One Degree Organics
Ancient whole wheat bread
On-package QR code that leads consumers to farmer profiles

Bellucci
Extra virgin olive oil with 100% traceability
Bottle's label lists harvest date, types of olives and lot number

Safe Catch Tuna
Canned tuna with confirmation of safe mercury levels
Traceable and undergoes testing stricter than FDA standard

Market Prediction
Purchase Intent
Average of CHO & #Y4E
91
21
85
25
88
32

Average of CHO & #Y4E

Chief Health Officer

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Wrap up
Conclusions

• The Natural and Organic Products Industry remains a vibrant marketplace full of innovation and poised for continued growth

• Progressive, naturally oriented consumers, total 44% of US consumers representing plenty of room for growth

• We can remain focused on industry values while pursuing industry growth opportunities

Top progressive consumer, natural & organic trends:
1. Waste Not, Want Not
2. Feed Me!
3. Collaboration Economy
4. Speed Scratch
5. Lean, Green & Waste Stream
6. Regeneration
7. The Purposeful Brand
8. Continued Rise of Local
9. Putting a Face on our Food System
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NEXT Data & Insights: Helping You Prioritize Opportunities

Where do you invest your time, effort and money?

What is the next best addition to your portfolio?

How do you demonstrate your product’s potential to buyers?

What products should you carry to diversify your consumer base in the increasingly competitive retail landscape?
Explore opportunities, test concepts, demonstrate potential, attract new customers

For first time user of Concept Lab:

- Test 1 concept for $2,500 (standard pricing)
- Test 2 concepts for $2,250 each (10% discount)
- Test 3 or more for $2,000 each (20% discount)

Proprietary concepts will never be shared publically
THANK YOU!
WhatsNextInNatural.com

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