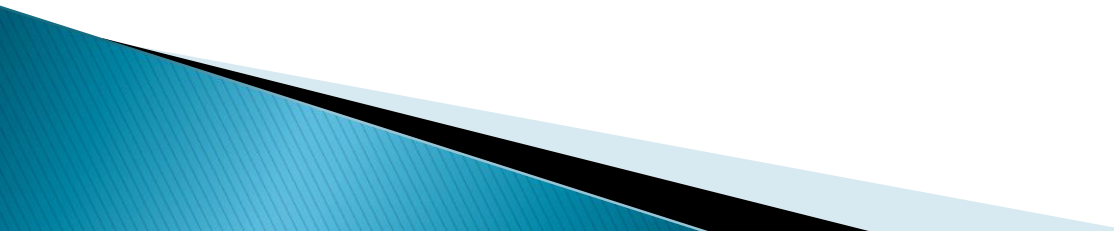


Consumer Trends in NHP/FIs

NHP/FI Building Success Conference

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October 21, 2015

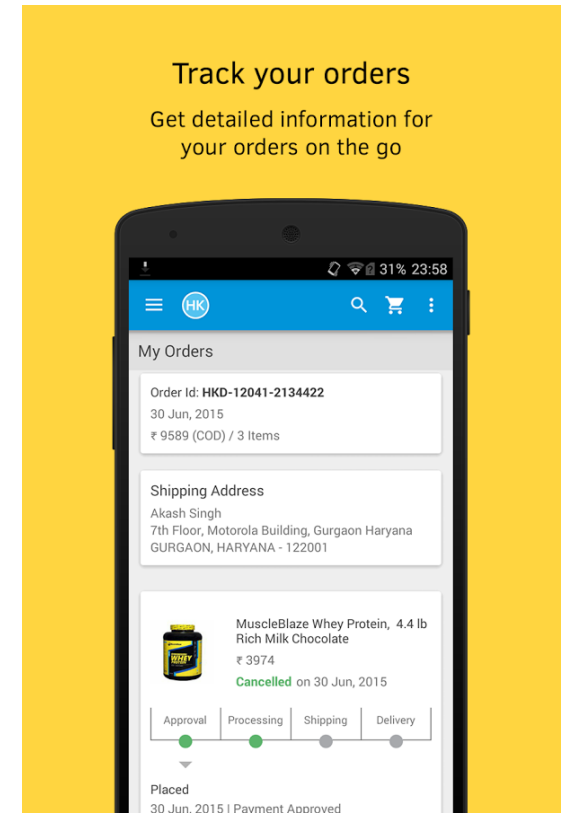
Overview

- ▶ Changing demographics and buying channels
 - ▶ Shifting trusts and evolving practices
 - ▶ Concerns over values and sustainability
 - ▶ Strong trends in NHP/FI
 - ▶ Future outlook
- 

Changing Demographics



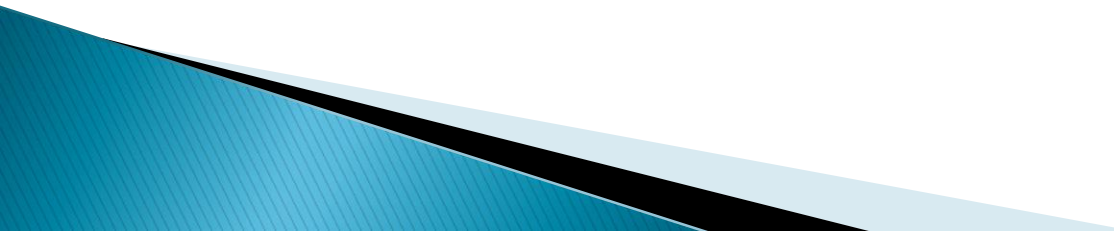
Buying Channels



Consumer shift



Consumer Shifts

- ▶ Erosion of trust: claims, business / manufacturing practices
 - ▶ Demand to know about all levels of chain
 - ▶ Desire to connect with story with products that align with their values
 - ▶ Need for convenient formats
- 

Trust built in Transparency



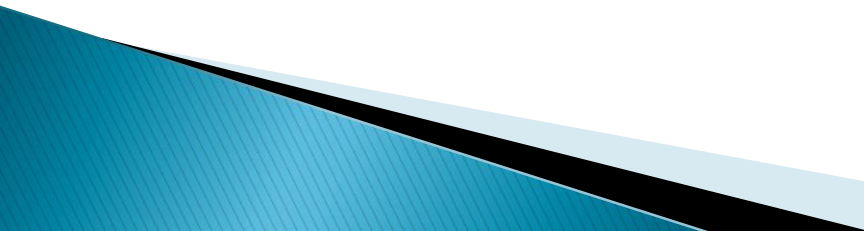
Transparency

- ▶ The NHP/FI industry most important business practice
- ▶ Lack of transparency = distrust

How can you do it right?



Traceability builds Transparency

- ▶ Track all levels of processing, production, distribution
 - ▶ Ensure protocols are in place at every level
 - ▶ Why?
 - Food safety, food recalls, liability
 - Labour rights
 - Food fraud
 - Business benefits, competitive advantage
 - Certifications require this
- 

Traceability & Verification



Consumer benefits

- ▶ Creates loyalty if done right
- ▶ Fosters deeper connection with brands
- ▶ They don't trust companies, they trust others

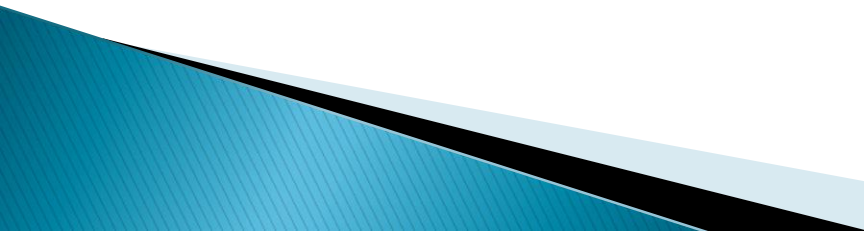
Don't fake transparency for marketing purposes

How should you share this?

- ▶ Maintain authenticity with packaging, online, POS, blogs, videos, etc.

Real transparency does not highlight the best attributes of best products.
Real transparency addresses shortcomings and missteps.

Clean label: Simplicity & Transparency

- ▶ Aligns your values with your consumers to build trust
 - ▶ Clean, simple ingredients
 - ▶ Additive-free
 - ▶ Natural colours, flavours, preservatives
 - ▶ Minimal Processing
 - ▶ Certification: badges of trust to consumer
- 



Free From

- ▶ Allergen-free wellness products on the rise



Important Considerations



Claim Fatigue

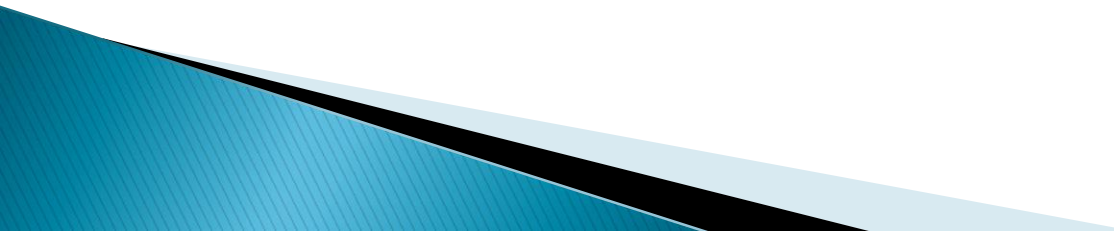
One of the biggest barrier for growth of FI/NHP is consumer confusion

New studies in 2014 show that 1/3 of respondents are skeptical of health claims on packages

Clear Education

- ▶ Clarify and prioritize messages

Build a strong word-of-mouth model

- ▶ Shareable content online
 - ▶ Social media presence
 - ▶ Generate conversation
 - ▶ Respond to feedback quickly!
- 

Safer, natural but efficacious?

- ▶ Needs to work or you will lose customers
- ▶ Substantiate health and function claims

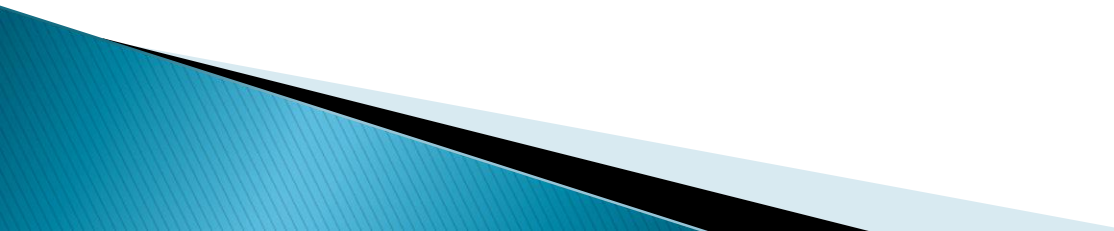


Next major force for change?

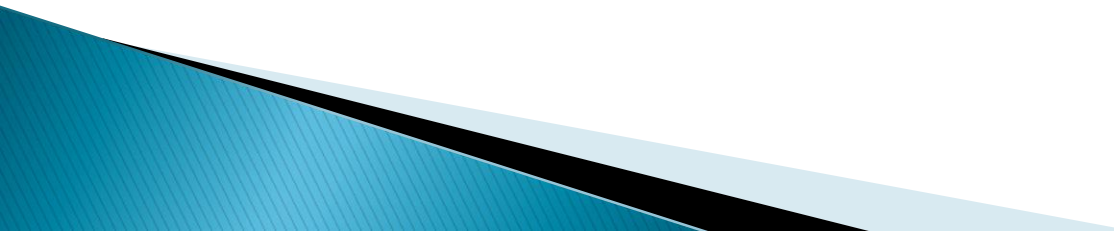
Sustainability



Sustainability

- ▶ Environmental, social and economic impacts:
 - Production
 - Distribution
 - Consumption
 - ▶ Economic Benefits can exist
 - ▶ Alignment with consumer values
- 

What does sustainability mean to you?

- ▶ Find local sources for materials if possible
 - ▶ Develop a relationship with the growers/vendors
 - ▶ Create a mission for positive social impact
 - ▶ Packaging reductions/alterations
 - ▶ Production methods to reduce footprint
 - ▶ Organic ingredients
- 

Organic



Consumer Trends



Trends

- ▶ Traditional health
 - ▶ Protein
 - ▶ Sports nutrition
 - ▶ Weight management
 - ▶ Probiotics
 - ▶ Oils
 - ▶ Personal health and beauty
 - ▶ Delivery formats
- 

Traditional Health

- ▶ Turmeric boom
- ▶ Botanicals
- ▶ Fermented foods
- ▶ Grains: chia, quinoa, millet
- ▶ Natural sweeteners



Proteins

- ▶ Biggest trends in FI
- ▶ 20% *decrease* in soy protein usage; 16 % increase in whey protein
- ▶ Plant proteins gaining ground quickly



Sports Nutrition



Weight Management

- ▶ Fibers
- ▶ Proteins
- ▶ Probiotics
- ▶ Satiety



Probiotics

- ▶ Goes beyond gut-health
- ▶ Closer to understand the role of bacteria in obesity, heart-disease, depression, stress, immunity, etc.



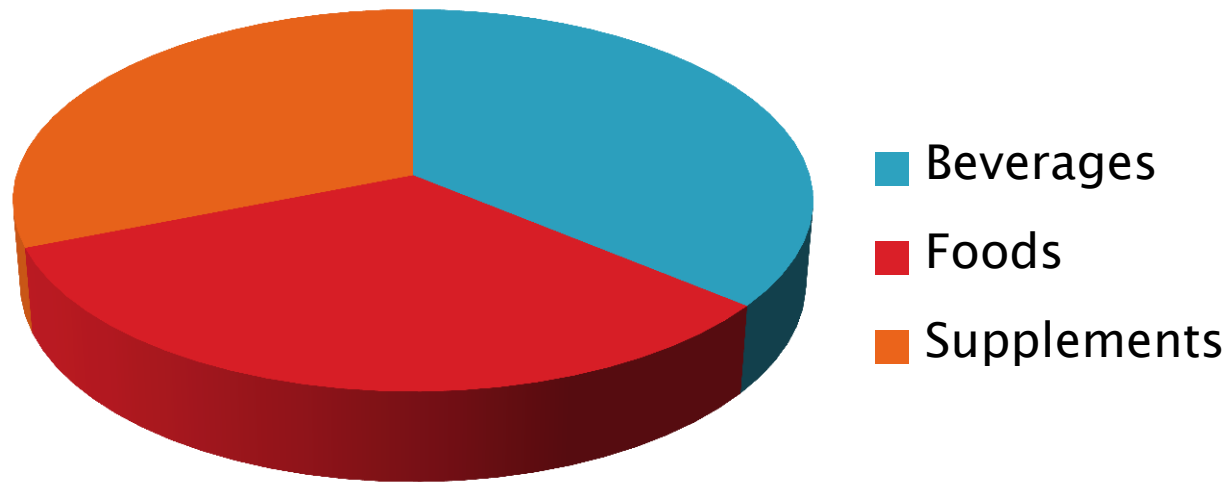
Oils

- ▶ Omega 3 oils: better sources, processes
- ▶ Consumer acceptance increased
- ▶ Interesting fats, oils on the rise



Changing delivery

Functional Products



Frost & Sullivan 2014

Beyond a capsule

- ▶ Dissolvable powders, stick packs
- ▶ Chews
- ▶ Beverages
- ▶ Dissolvable
- ▶ Gummies
- ▶ Topical
- ▶ Drops



Personal Care/Beauty

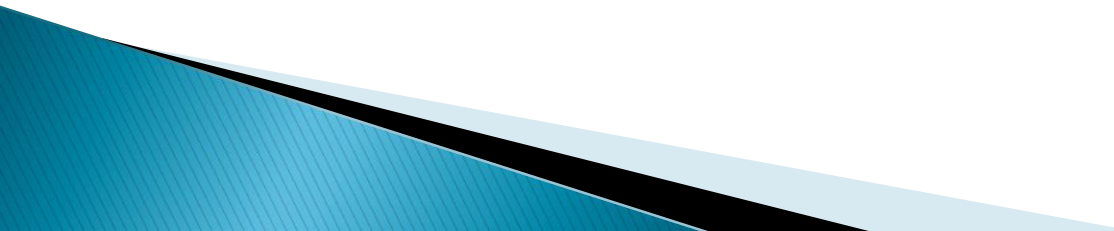
- ▶ Natural Segment Continues to Outpace the Overall Beauty Market
- ▶ Organic fastest growing segment
- ▶ Canada ranks #1 globally for beauty sales





FUTURE

Future

- ▶ Personalized supplements and beauty products determined by matches DNA profile to your products
 - ▶ Fermented bioactives
 - ▶ Hemp products, haskub berries
 - ▶ Nootropic beverages
 - ▶ Probiotics
 - ▶ Microalgae
 - ▶ Beauty from within
 - ▶ Topical applications for bioactives
- 

Winning in this game

- ▶ Are you a market maker or a market follower?



Thank you!

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