Companies, Consumers and Food: The Marketplace in Coming Years

Presented to the International Sweetener Colloquium

February 25, 2020

What is National Eating Trends?

National Eating Trends® (NET) provides a complete picture of what consumers eat and drink to help companies understand critical trends in behavior, attitudes, and usage.

NET provides a complete view of consumption habits by capturing the **who, what, where, when, why, and how** for all foods and beverages and all situations – both in and away from home.

NET Methodology

Self-reported survey; infants/kids/teens/adults

Continuous daily reporting for up to 7 days per person

All foods & beverages; all sources, uses, and situations

~900,000 eatings of foods & beverages annually

Weighted to key U.S. Census Bureau statistics

Agenda

1. Macro Consumption Trends
2. Sugars and Sweetener Systems
3. The Sweet Spot

Macro Consumption Trends

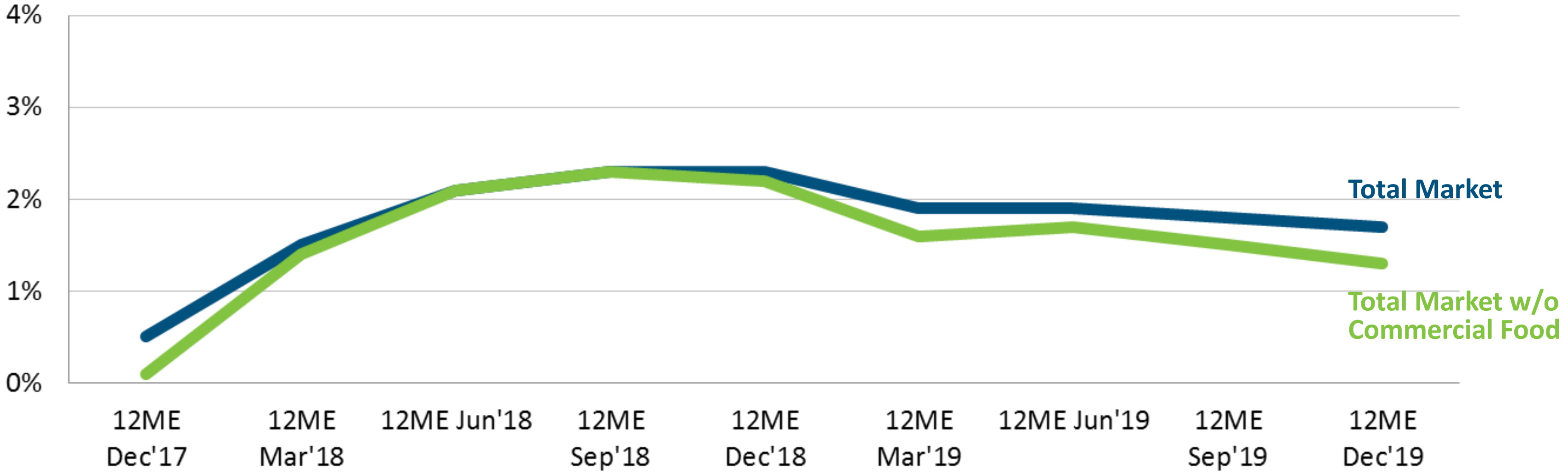
Convenience is coming back!

1

Consumer Spending

The 4th quarter saw slightly slower growth versus the previous quarter

Rolling 12ME Adjusted Dollar Growth Trend Sales



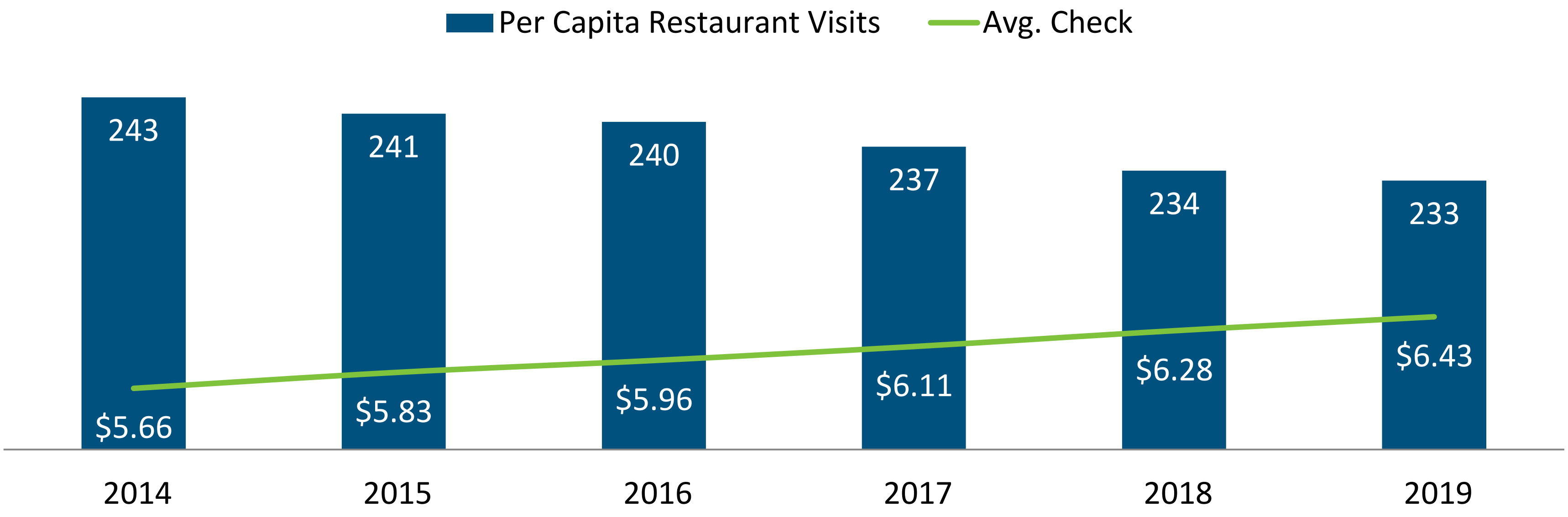
Includes Accessories, Apparel, Auto, Beauty, Footwear, Housewares, Juvenile, Office Supplies, SDA, Tech, Toys, Video Games, Media Entertainment, CREST, and Nielsen CPG categories

Source: NPD US Consumer Tracking Service
Auto, Beauty, Office Supplies, Housewares, Juvenile – NPD Retail Tracking Service
Video Games – Market Dynamics Report; Video Entertainment – Video Watch
Nielsen data from Nielsen Retail Measurement Services

14%

The cost of the average restaurant meal has risen 14% since 2014

On a Per Person Basis, We Give Restaurants Fewer Visits, but Pay More Each Year



Source: The NPD Group/CREST®, YE June

80% of meals consumed are **sourced from in home**

20% of meals consumed are **purchased away from home**

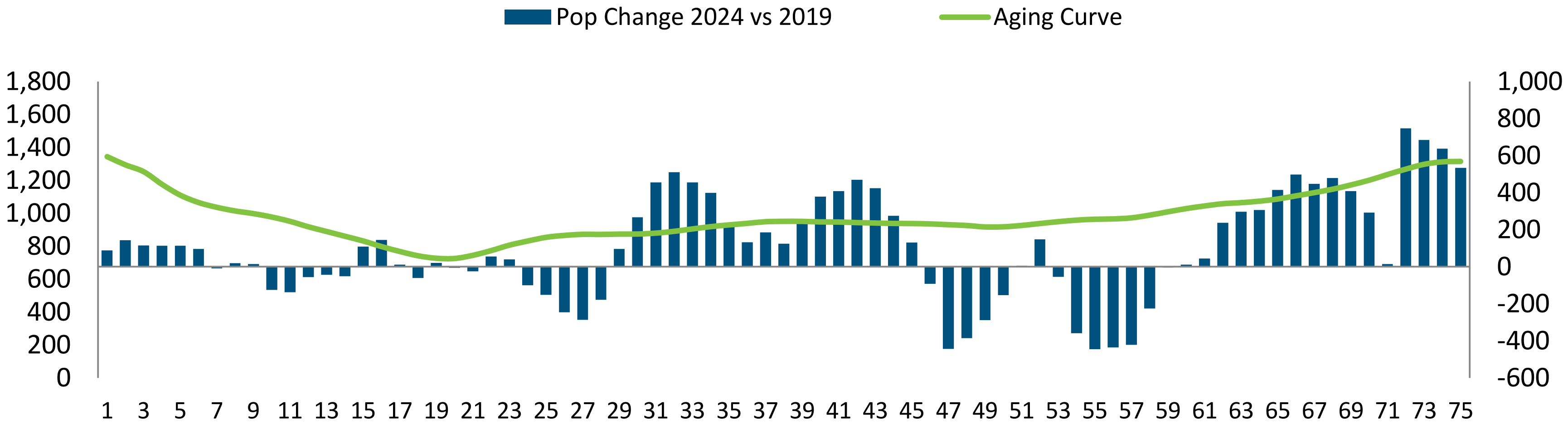
In Home = Prepared and eaten in home + carried from home + other persons home
Away from home = Commercial and non-commercial foodservice and vending
Excludes shipped meals and source not reported

Source: The NPD Group/National Eating Trends® and CREST®, years ending Feb.

In-home Prepared Occasions

As we age, we tend to prepare more meals at home.

Projected U.S. Population Change and In-home Prepared Annual Occasions Per Capita by Individual Age

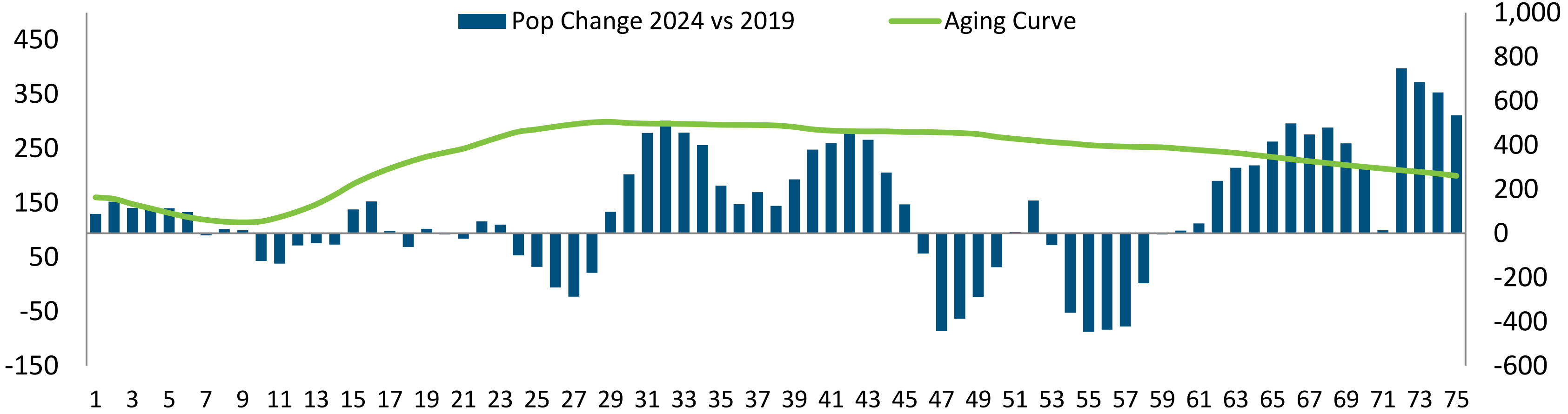


Source: U.S. Census Bureau 2024 vs. 2019; The NPD Group/National Eating Trends®, 5YE Feb. 2019

Commercial Restaurants Visits

The population aged 60–75 will increase by 6 million over five years, limiting the age momentum for restaurants.

Projected U.S. Population Change and Commercial Restaurants Annual Visits Per Capita by Individual Age



Source: U.S. Census Bureau 2024 vs. 2019; The NPD Group/CREST®, 5YE Feb. 2019

442 Billion Occasions in 2019 Will Increase About 4% in 5 Years

Total demand slightly outpaces population growth. Restaurant occasions will
Be slightly positive, most of the growth happening in-home.

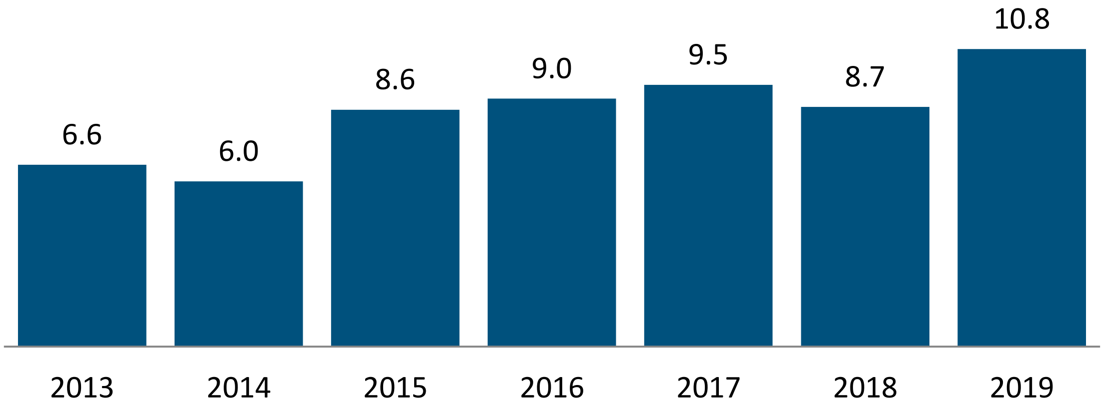
	Absolute Size In 2019	Forecasted Change 2024 vs. 2019	Total Growth 2024 vs. 2019	Population Growth
In-home Prepared (occasions)	366B	4.5%	3.9%	3.6%
Commercial Restaurants (visits)	76B	0.5%		

Excluding non-commercial foodservice occasions

Source: U.S. Census Bureau 2024 vs. 2019 ; The NPD Group/CREST® and NET®; 5YE Feb 2019

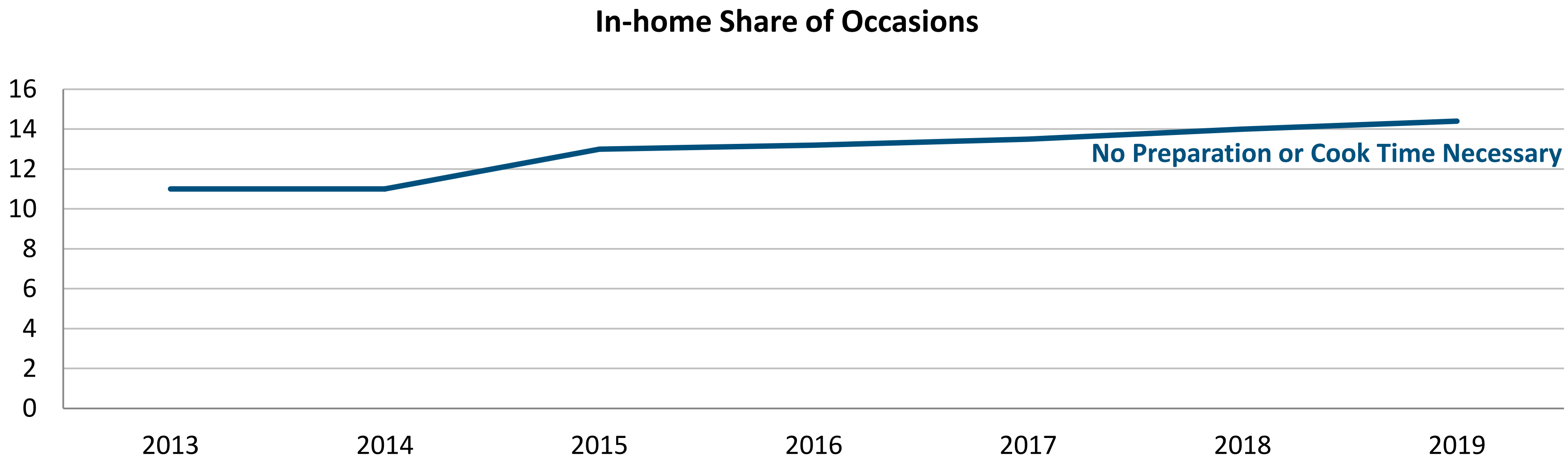
The Strictly Convenience-Oriented Consumer is Gaining Strength

"Convenience is most important in the foods I eat."
% Who Completely Agree



Source: The NPD Group/National Eating Trends® 12ME Feb. 2019

In Another Sign Convenience is King, Foods With No Prep or Cooking Required are Gaining



Source: The NPD Group/National Eating Trends®, years ending Feb.

Here are the Top In-home Foods and Beverages We Consume Today

Top 10 Foods 2019
In-home Share of Occasions

**Bread includes muffins, biscuits, and tortillas*
***Salty Snacks includes nuts, seeds and trail mix*

Source: The NPD Group/National Eating Trends®, YE Feb. 2019

Here are the In-Home Foods and Beverages that have Increased the Most Over a Decade

In-home Share of Occasions: Point Change 2009 to 2019

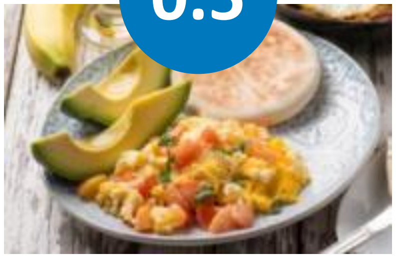
2.2

Bottled Water

0.8

Pizza

0.5



Eggs and Egg Dishes

0.5

Frozen Dinners and Entrees

Source: The NPD Group/National Eating Trends®, years ending Feb. 2019

These Items Lead the List of Foods and Beverages With a Declining Share of Occasions

In-home Share of Occasions: Point Change 2009 to 2019

Vegetables and Légumes	-1.1	Milk	-1.4
Carbonated Beverages	-1.2	Cold Cereal	-2.0
Bread/Muffins/Biscuits/Tortillas	-1.2	Fruit and Vegetable Juice and Blends	-2.5

Source: The NPD Group/National Eating Trends®, years ending Feb.

24%

Share of occasions

2019

Although cereal dominates breakfast, it has lost 4 share points at breakfast since 2013.

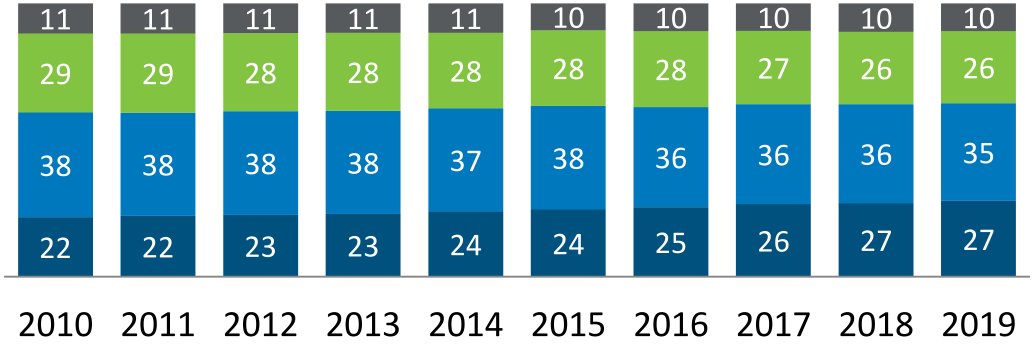
Source: The NPD Group/National Eating Trends®, years ending Feb.

Snack Foods by Daypart

More snack foods are being eaten in the morning at the expense of other dayparts.

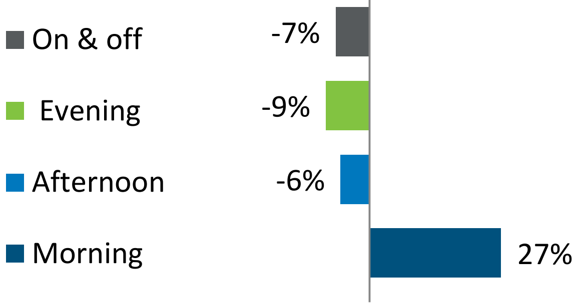
Snack Food Eatings Share by Daypart

% eatings



Per Capita Change

Annual Eatings Per Capita % Chg
(2019 vs. 2010)



Excludes beverages, gum, mints, breath strips, cough drops

Source: The NPD Group/SnackTrack®, YE March

Top Motivations for Snack Food Occasions

Health gives way to cravings as the day progresses. Taste, satiety, being a favorite, and easy to eat are table stakes throughout the day.

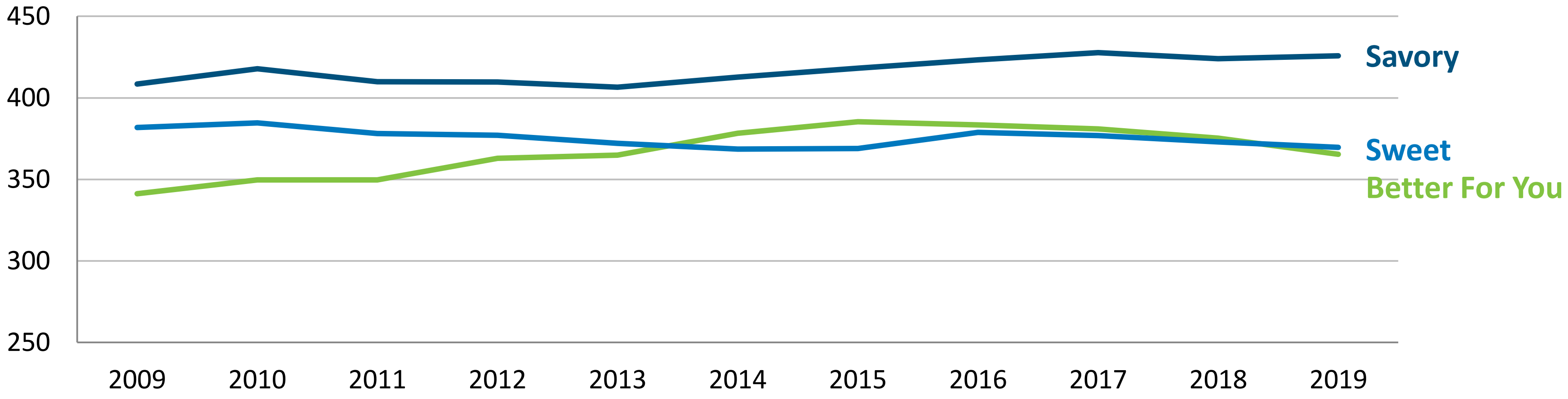
Morning	Afternoon	Evening
Like the taste	Like the taste	Like the taste
Was hungry	Was hungry	**Had a craving for it**
Nutritious/health benefit	**Had a craving for it**	Was hungry
Simple and easy to eat	Favorite snack	Favorite snack
Healthy start to day	Simple and easy to eat	Wanted a treat or reward
Had a craving for it	**Nutritious/health benefit**	Simple and easy to eat
Favorite snack	Easily available	Fun to eat
A routine or habit	To hold me over until next meal	Wanted something sweet
Easily available	Fun to eat	Looked delicious
To hold me over until next meal	Wanted a treat or reward	Easily available

Source: The NPD Group/SnackTrack®, YE March 2019

Trends for Snack Food Segments

Savory continues its 10+ year dominance as the top segment, while sweet and BFY are similar in size and direction.

Annual Eatings Per Capita of RTE Snack Foods



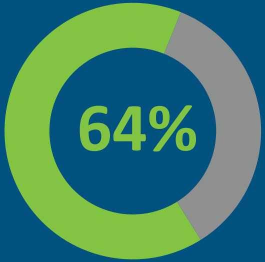
Source: The NPD Group/SnackTrack®, data trended 10 years ending March

Sugars and Sweetener Systems

2

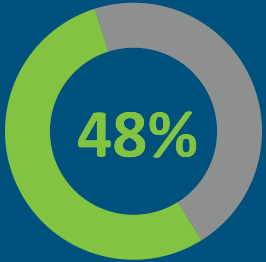
Sugar is definitely on Americans' radars

Sugar has surpassed calories and fat for the top spot we're checking on labels.



Frequently check labels*

for things they're trying to avoid (top 2 box). This group is split evenly among those who are more committed to checking labels (completely agreeing) and those who agree somewhat that they frequently check labels for things they're trying to avoid. Just 20% of respondents disagree.

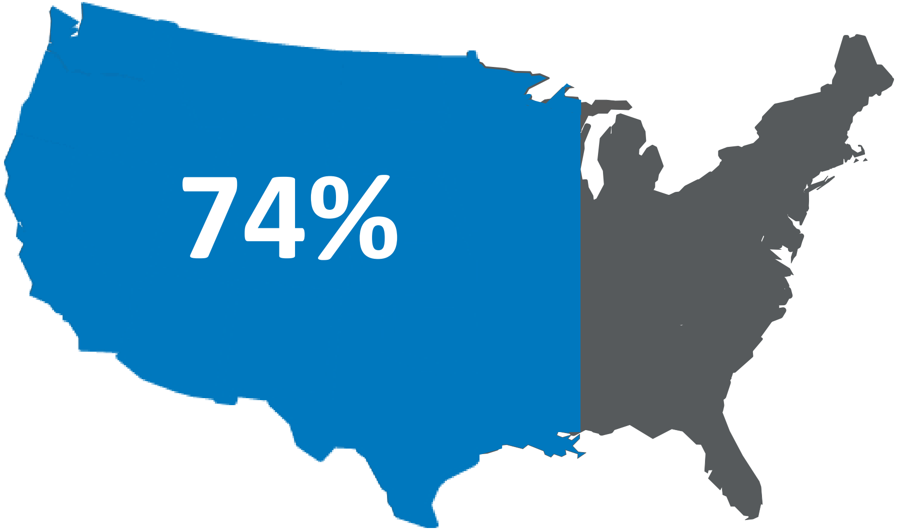


Check label for sugar^

Sugar is the #1 item Americans are checking for on the nutrition label, surpassing calories, sodium, and fat, which had previously held the top spots.

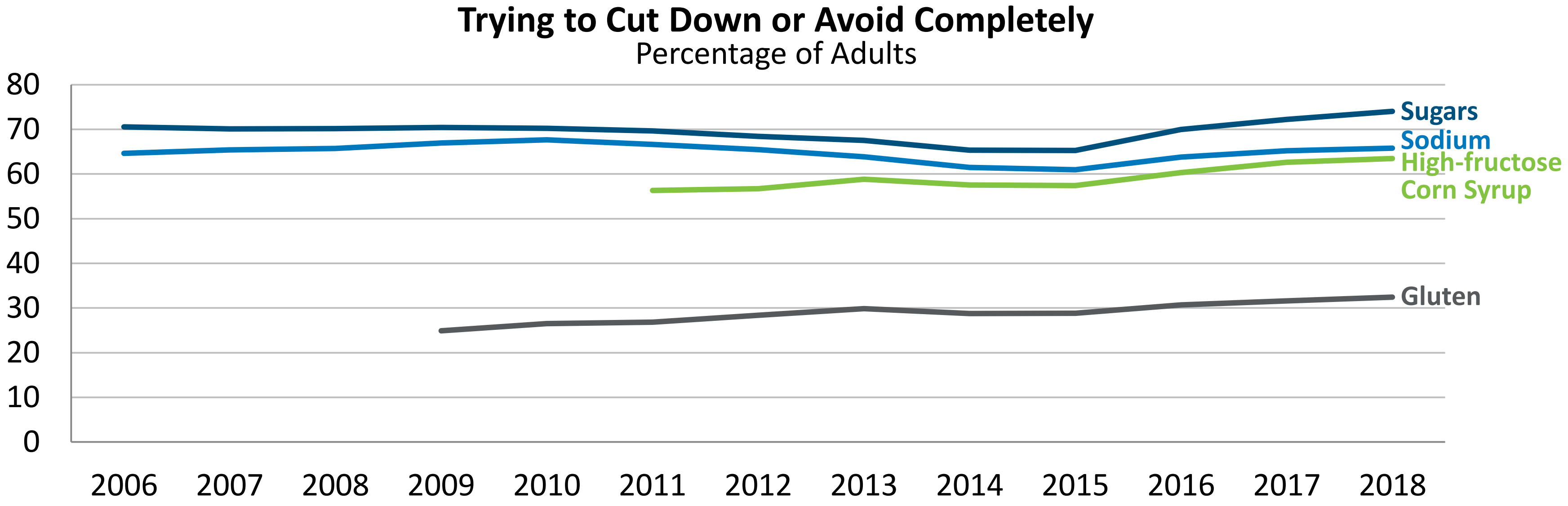
*Source: *The NPD Group/National Eating Trends® 2YE May '17*
^The NPD Group/Dieting Monitor®, YE June 2017, adults 18+

Three quarters of teens and adults are trying to get less sugar or avoid it completely



Source: The NPD Group/National Eating Trends®

Although Not Necessarily Increasing, There are Things That We Persistently Desire to Avoid



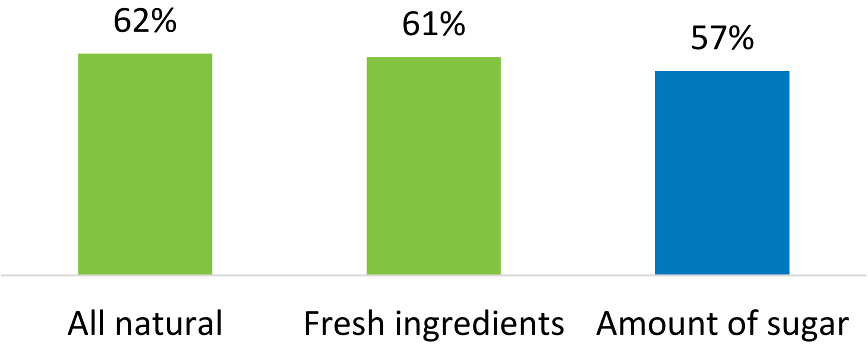
Source: The NPD Group/Dieting Monitor, years ending December

Today, fresh, clean eating is healthy eating

64%

of primary grocery shoppers consider clean eating synonymous with healthy eating. Fresh tops the list of items they perceive as highly clean and highly healthy.

Percentage of Clean-Eating Followers Checking For:



Sugar is one of the top 3 items clean eaters are checking for

Source: The NPD Group/Clean Eating Custom Survey, June 2015

Acceptance of sweeteners varies considerably by type

Percentage of adults who use or would consider using:

STEVIA

39%

SUCRALOSE

32%

ASPARTAME

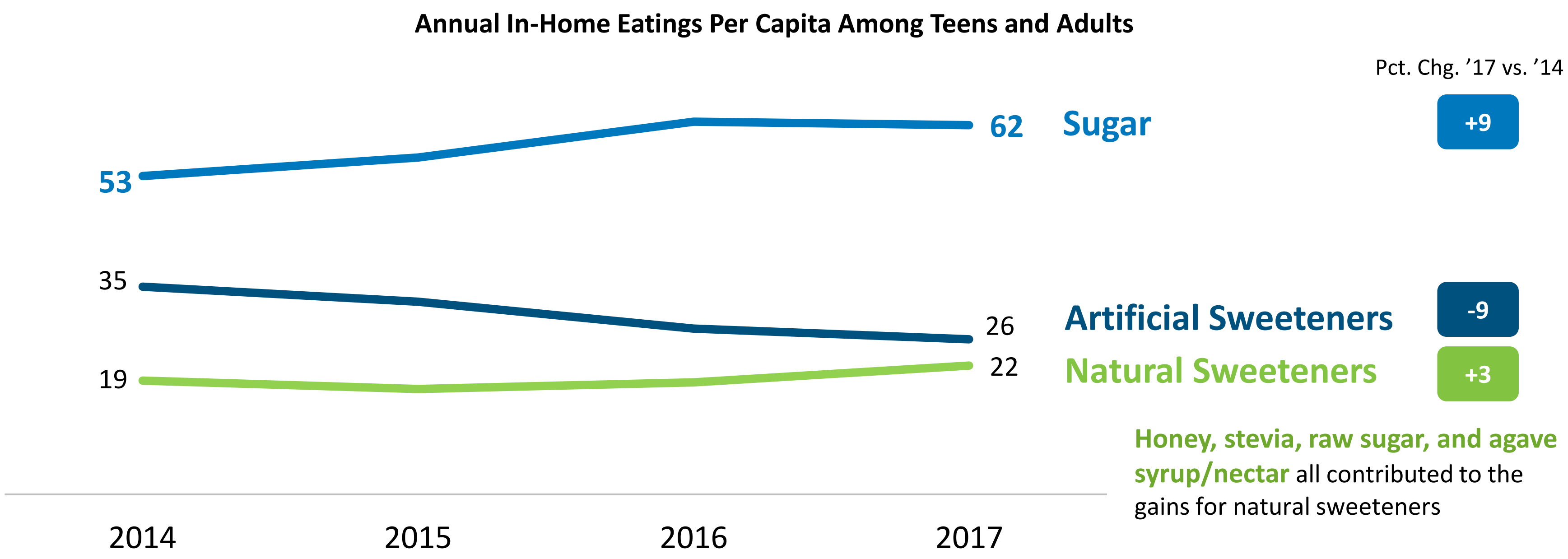
25%

SACCHARIN

22%

Source: The NPD Group/Dieting Monitor®; YE Sept. 2019

Consumers are turning back to real sugar and natural sweeteners—shifting away from artificial

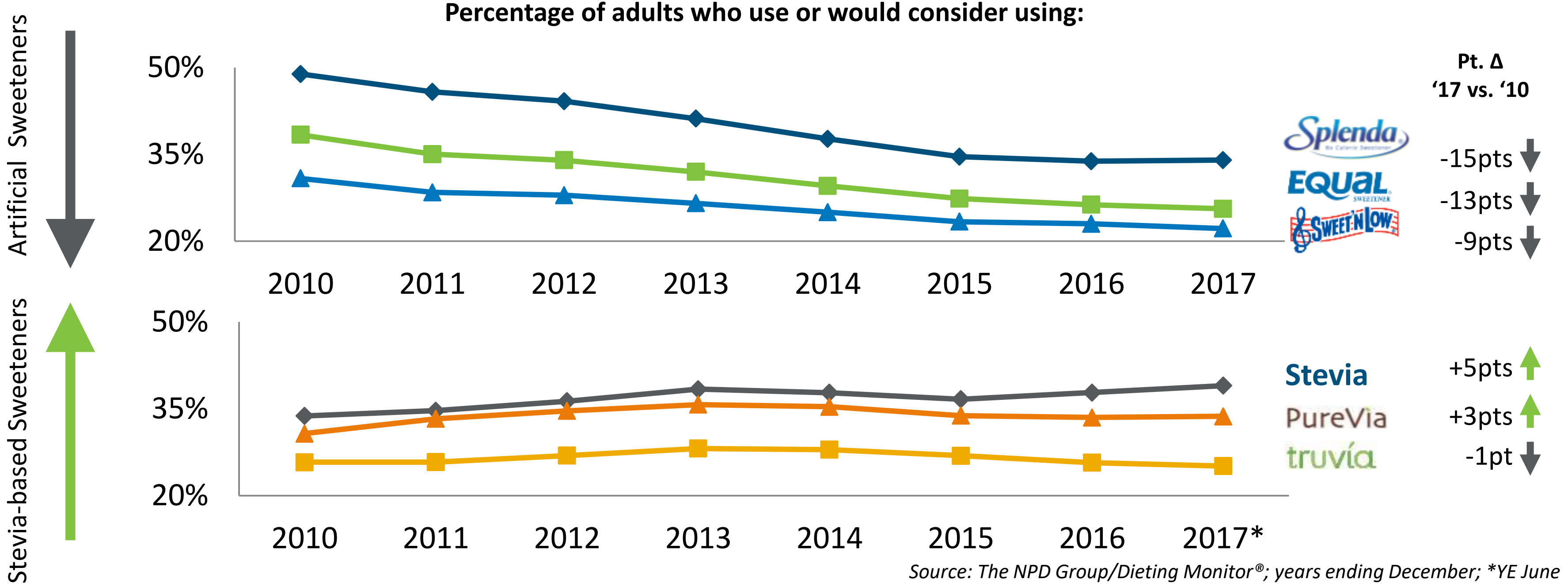


Honey, stevia, raw sugar, and agave syrup/nectar all contributed to the gains for natural sweeteners

Source: The NPD Group/National Eating Trends®; 2 years ending May; In-home/carried; addition or ingredient use

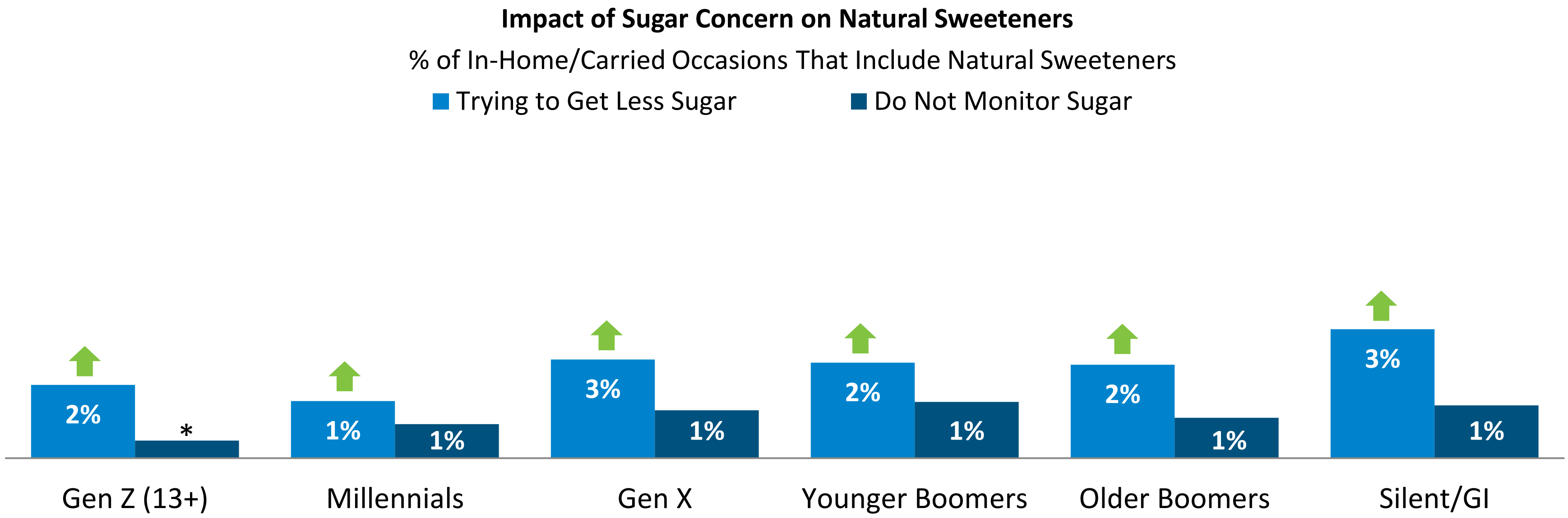
And our attitudes about sweeteners have changed

Acceptance of artificial sweeteners has decreased steadily since 2010. Acceptance of stevia-based natural sweeteners rose initially, but their appeal has stabilized somewhat.



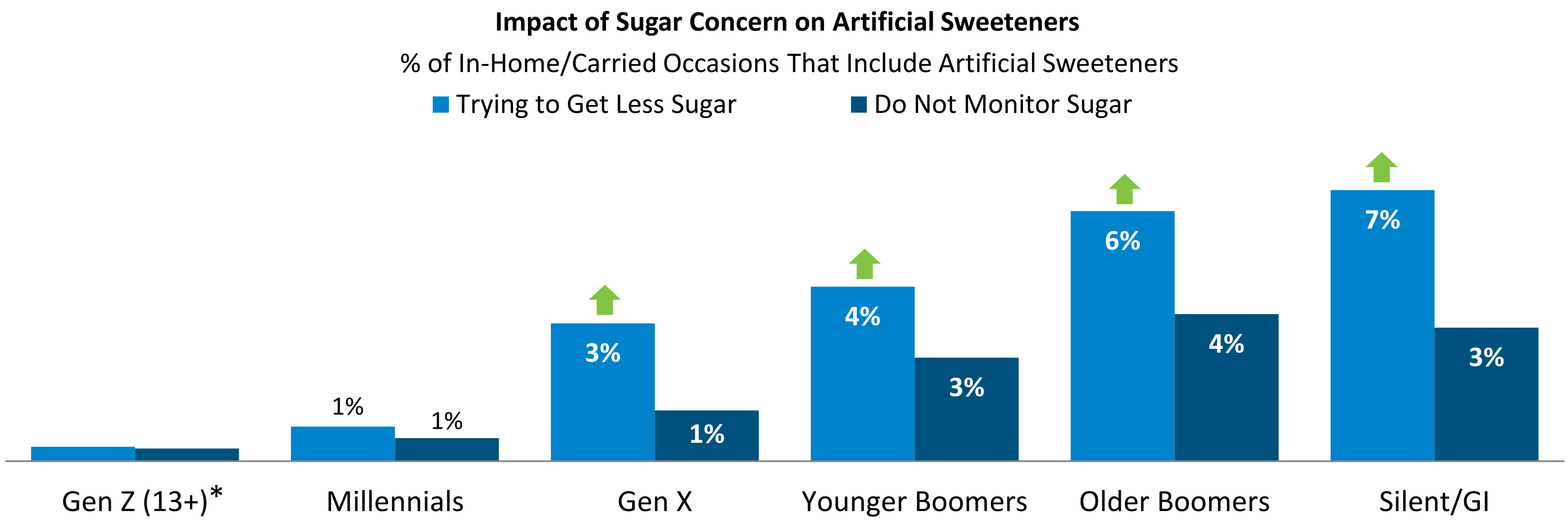
Source: The NPD Group/Dieting Monitor®; years ending December; *YE June

All generations who are trying to get less sugar consume more natural sugars^ than those who aren't monitoring



*Source: The NPD Group/National Eating Trends®, 5 YE May 2017; 13+; Used as an additive or ingredient; *smaller behavior, use directionally*
^honey, raw sugar, stevia, agave syrup/nectar; arrows indicate above/below avg. index for those trying to get less sugar vs. those who aren't monitoring (>120, <80)

Artificial sweeteners have greater presence, however, particularly among older consumers



*Source: The NPD Group/National Eating Trends®, 5 YE May 2017; 13+; Used as an additive or ingredient; *smaller behavior, use directionally arrows indicate above/below avg. index for those trying to get less sugar vs. those who aren't monitoring (>120, <80)*

In market example

- No Sugar Added
- Sweetened with Stevia

Ingredients: Unsweetened Cocoa, Inulin, Dextrin, Erythritol, Cocoa Butter, Milk Fat (rBST Free), Organic Soy Lecithin, Sunflower Lecithin, Stevia Extract, Vanilla Extract

Claims:

- Fair Trade Certified
- Made with Non-GMO Ingredients
- Gluten Free

Manuka Honey

8% Who have ever tried

Who plan to try **7%**

What is it?

Honey from the Manuka flowers native to Australia and New Zealand.

History

Unlike the Manuka plants, the western species of bee necessary to produce the honey aren't native to New Zealand. They were introduced to the Southern Hemisphere in 1839 by the English travelling beekeeper, Mary Bumby. It wasn't until 1980 that its antibacterial properties were found.

Perceived Benefits

- Aid wound healing
- Promote oral health
- Soothe a sore throat
- Help prevent gastric ulcers
- Improve digestion
- Treat symptoms of Cystic Fibrosis
- Treat Acne

How is it used/consumed?

- As a dietary addition (as it is)
- As a rub on wound/burn
- As an ingredient for snack bars, smoothies, cakes. Anything that needs natural sweetening.

Source: The NPD Group/Health Aspirations & Behavioral Tracking Service (April 2019, n=4,022)

The Sweet Spot

3

Americans choose sugar to sweeten their foods and beverages over twice as often as other types

The number of times the average person
uses each sweetener in home annually

62x
Sugar

26x
Artificial Sweeteners

22x
Natural Sweeteners*

**honey, stevia, raw sugar, agave syrup/nectar*
Source: The NPD Group/National Eating Trends®; 2 years ending May 2017; addition or ingredient use

Here's what we have on hand in our pantry

Sugar	% Have on Hand
White Sugar	84%
Brown Sugar	75%
Confectioners Sugar	61%
Natural Sweeteners	
Honey	71%
Agave	11%
Other/Artificial Sweeteners*	
Powdered	32%
Liquid	9%

The likelihood of keeping these items on hand tends to increase with age for most of these sweeteners.

Agave syrup/nectar is one exception. Its presence in our homes peaks among 45–54 year olds.

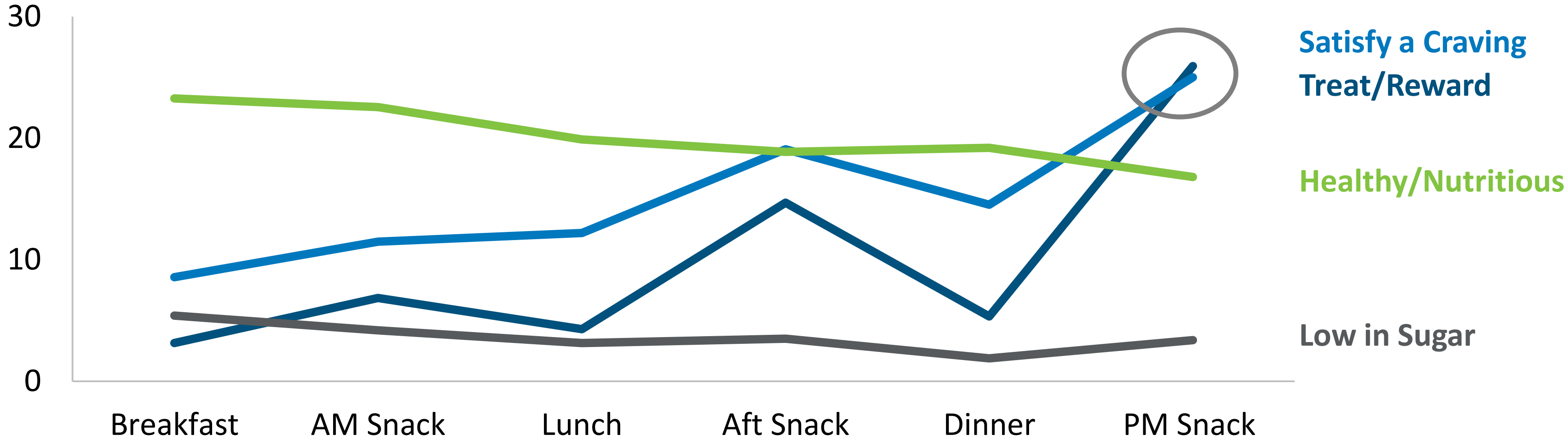
Liquid artificial sweeteners are also a younger person's behavior—peaking among 35–44 year olds.

*Source: The NPD Group/Kitchen Audit® 2017; % who say they usually have on hand; *may include stevia*

Motivations shift throughout the day

Health and nutrition dominate early but give way to indulgence by the end of the day. Consumers cite "low in sugar" as a motivation slightly more often at breakfast than other occasions.

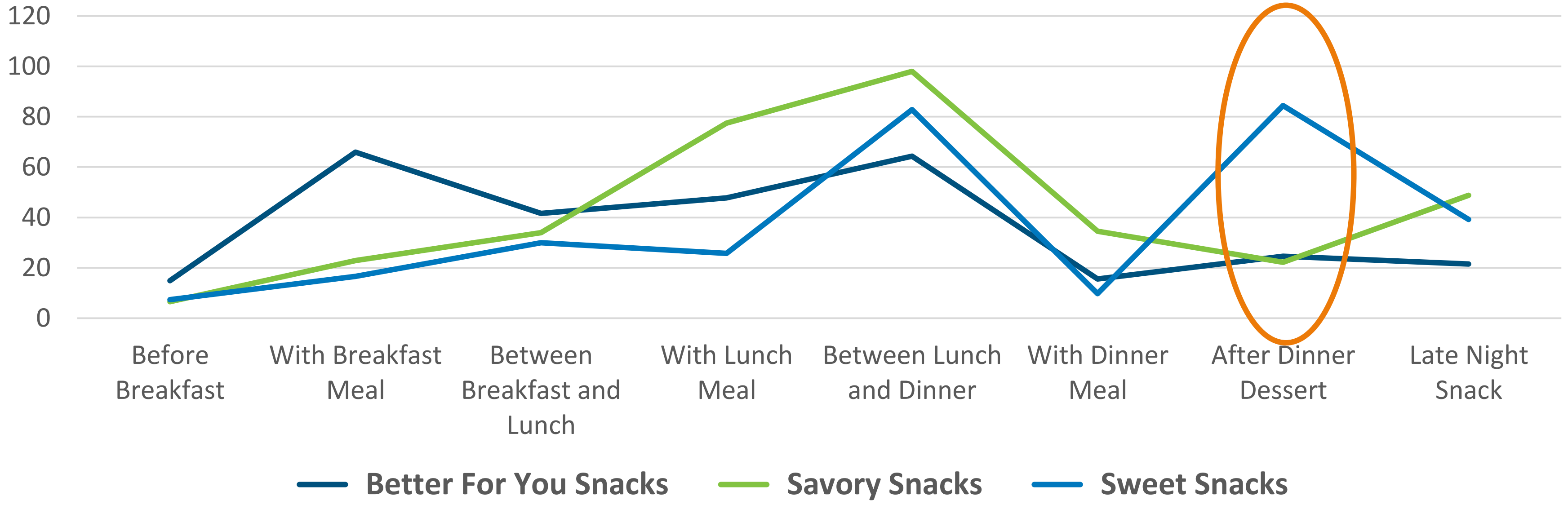
% of In-Home/Carried Occasions with Motivation Reported



Source: The NPD Group/National Eating Trends®; 3 years ending May 2017; teens and adults

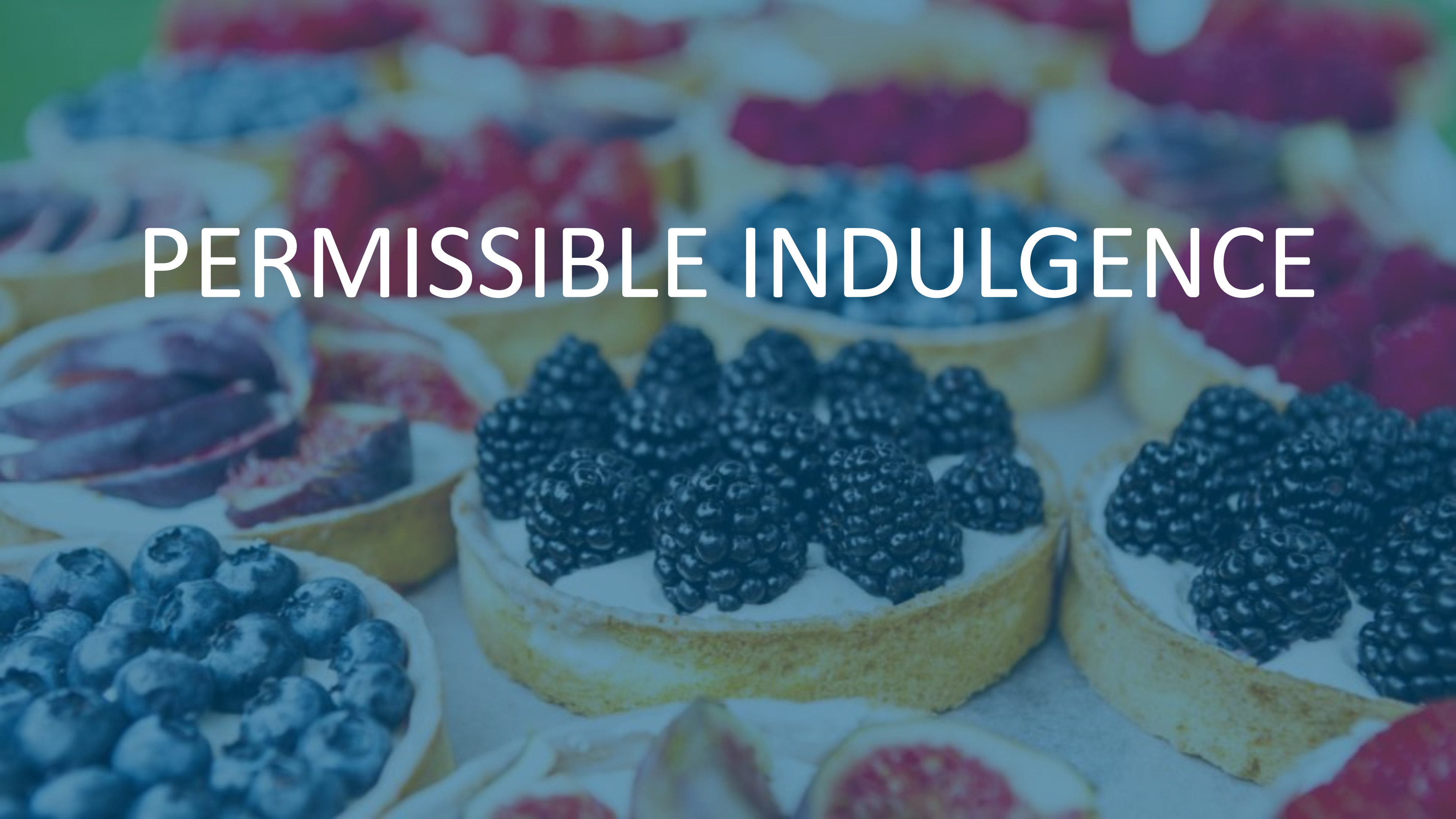
Sweet Snacks Shine in the Evening

Annual Eatings Per Capita



Source: The NPD Group/SnackTrack®; 2 Years Ending Dec. 2019

PERMISSIBLE INDULGENCE



Indulgence is now about balance and enjoyment.

"Permission to enjoy" is an evolving concept that has grown out of a wellness-driven acknowledgment that we have to have a balance somewhere.

Value	Guilt-free	Small Sizes	Access	Beneficial	Trade-off
2008	**2010**	**2012**	**2014**	**2016**	**2018**
Permission was associated with cost and affordable access.	Permission was about removing the "bad stuff" as a motivator to enjoy.	Permission was about control and minimizing the bad.	Permission was about having things within reach and readily available.	Permission was about added benefits and increasing the reasons you should enjoy.	Permission is about acknowledging balance and a willingness to enjoy in moderation.

Source: The NPD Group and CultureWaves

Final Thoughts

1

Total Consumption

Population growth, aging, and overall trends will shift meal occasions to in home over the next 5 years.

2

Sugar Avoidance

The majority of Americans want to reduce their sugar intake and many have changed their habits accordingly.

3

The Sweet Spot

Despite avoiding sugars, consumers still love a sweet indulgence. Connect with them during times when they allow for it.

Let’s Keep Talking!

Food & Beverage
Industry Analyst

DARREN SEIFER

P +1.212.515.8758

E darren.seifer@npd.com

@NPDSeifer