

What's NEXT?

Product Forecasts Using a New Crystal Ball

Learning Objectives

Questions Addressed

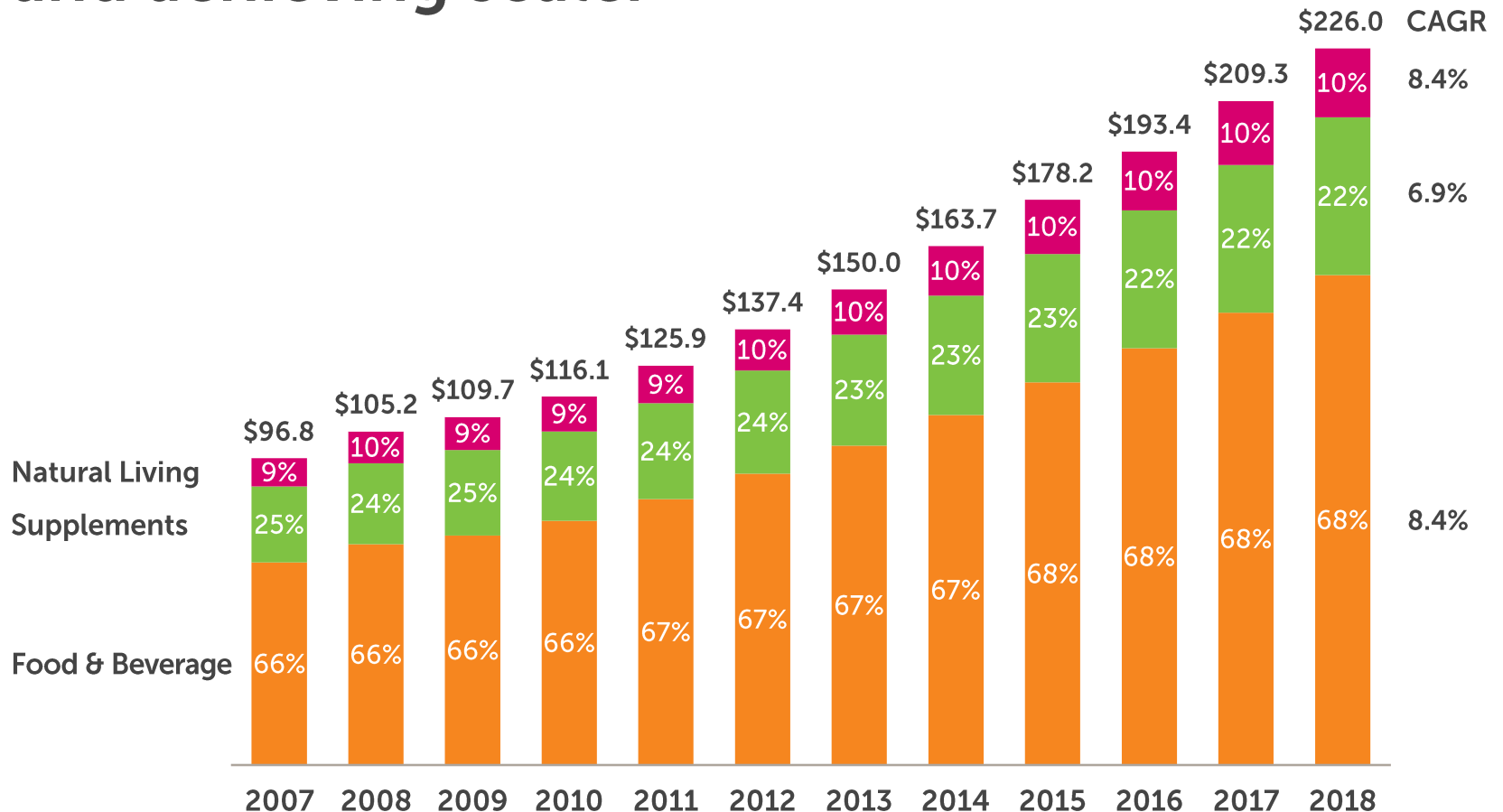
- What are the key trends shaping the natural products industry?
- How can your company position itself to gain a healthy share of this burgeoning market?
- What do you need to know to successfully innovate for tomorrow?

Speakers

- **Len Monheit** Executive Director,
Strategic Development
- **Bill Tuohig** Vice President, Product Leader

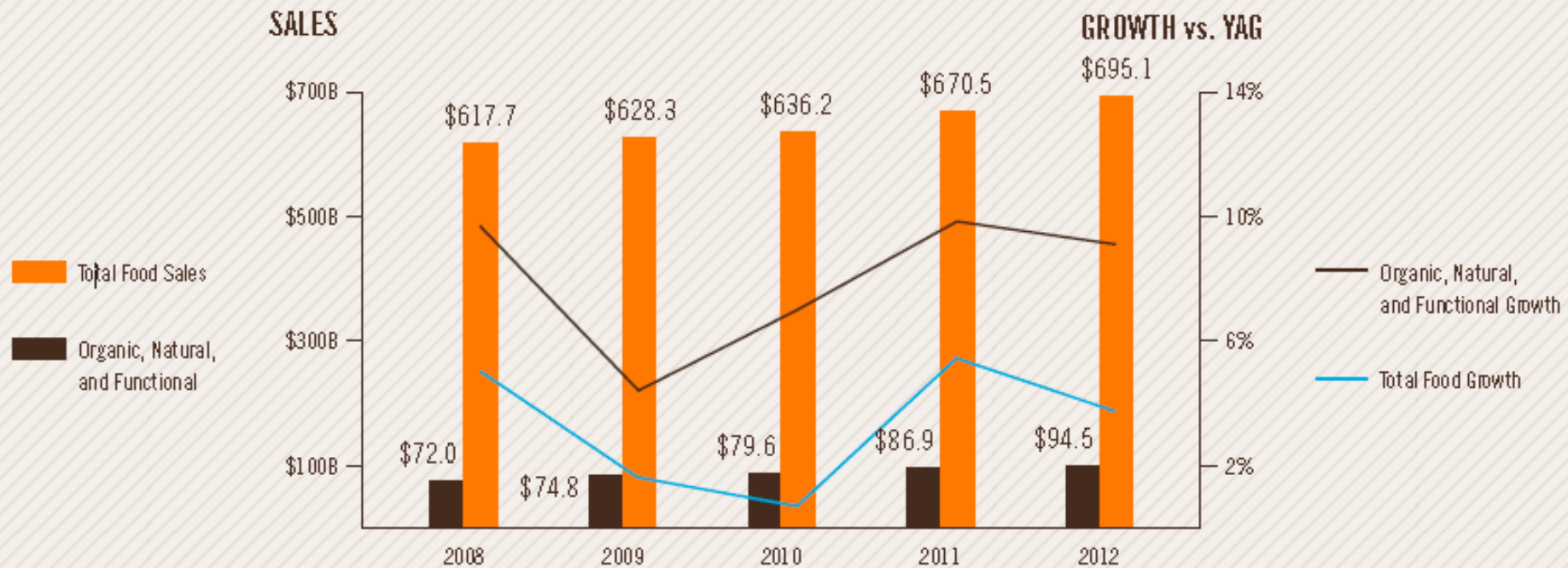


U.S. natural products market is growing and achieving scale.



Source: Nutrition Business Journal | NEXT Forecast 2014

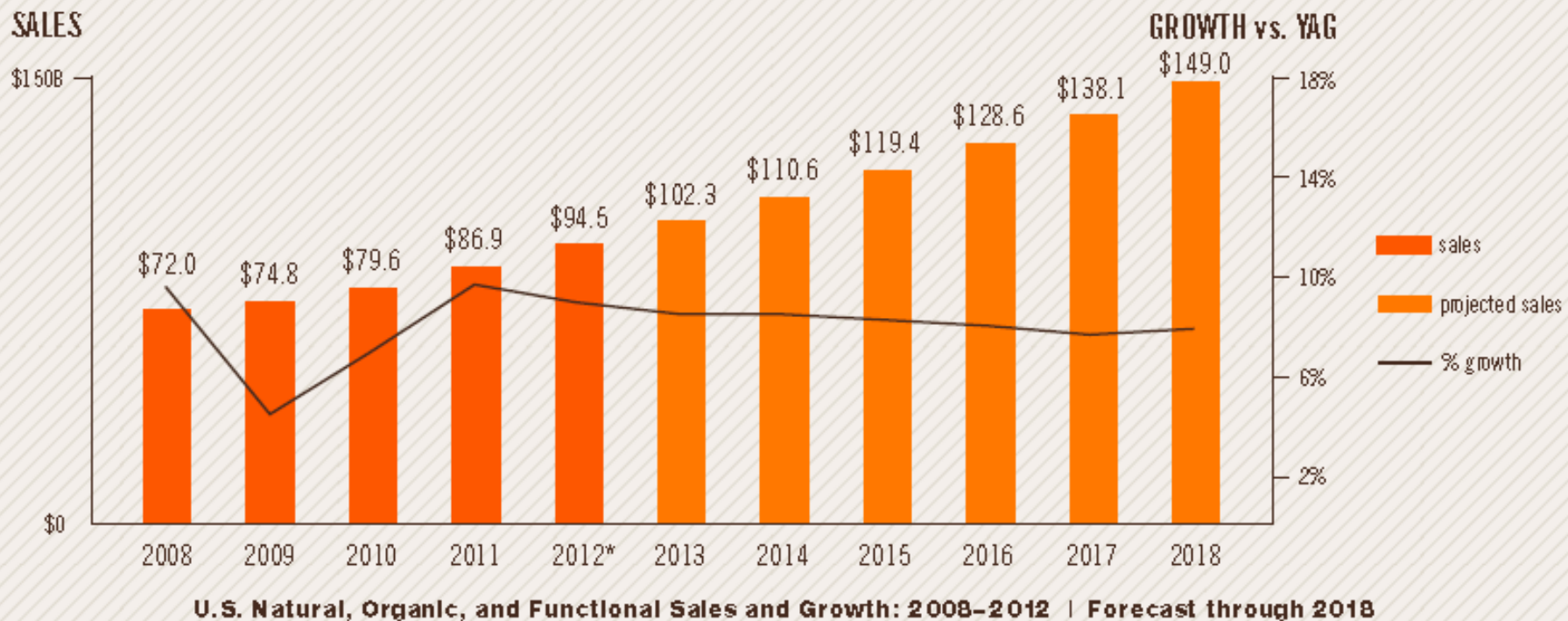
U.S. natural, organic & functional food is outpacing total food sales growth.



U.S. Natural, Organic, and Functional Sales vs. Total Food Sales: 2008-2012

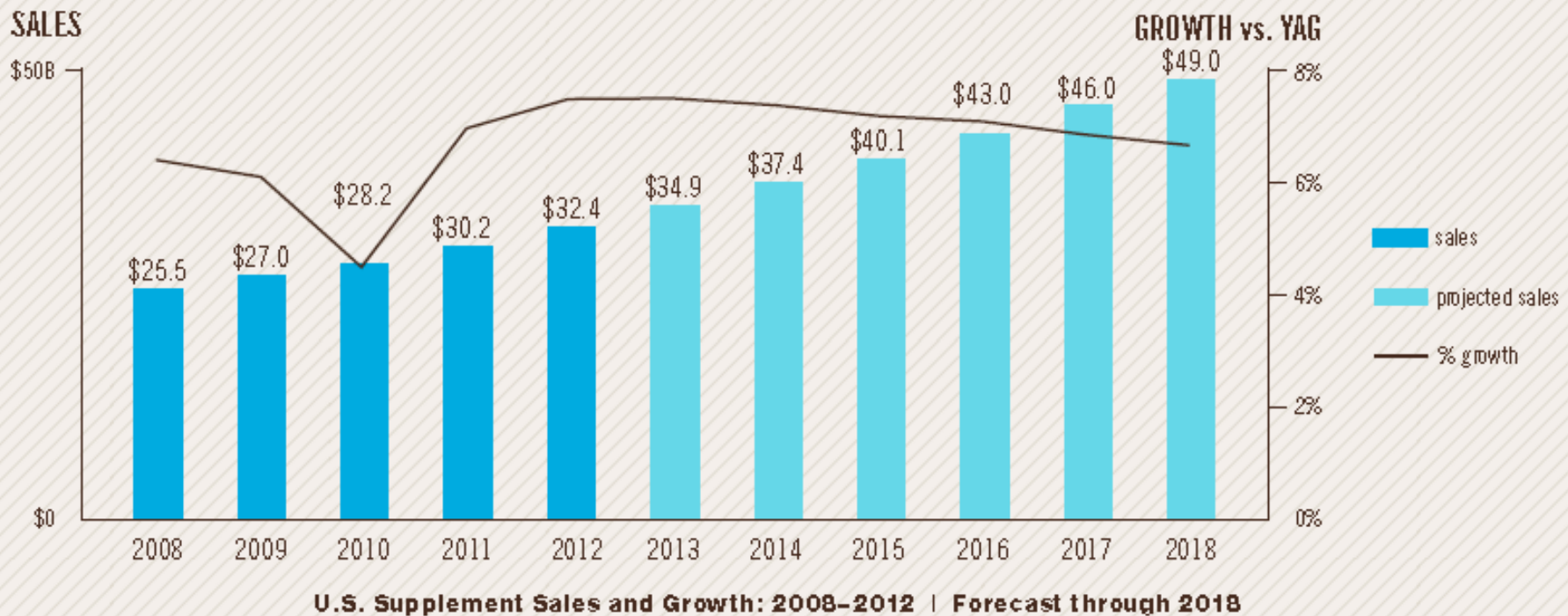
Source: Nutrition Business Journal | NEXT Forecast 2014

Natural, organic & functional food sales are forecasted to hit nearly \$150B by 2018.



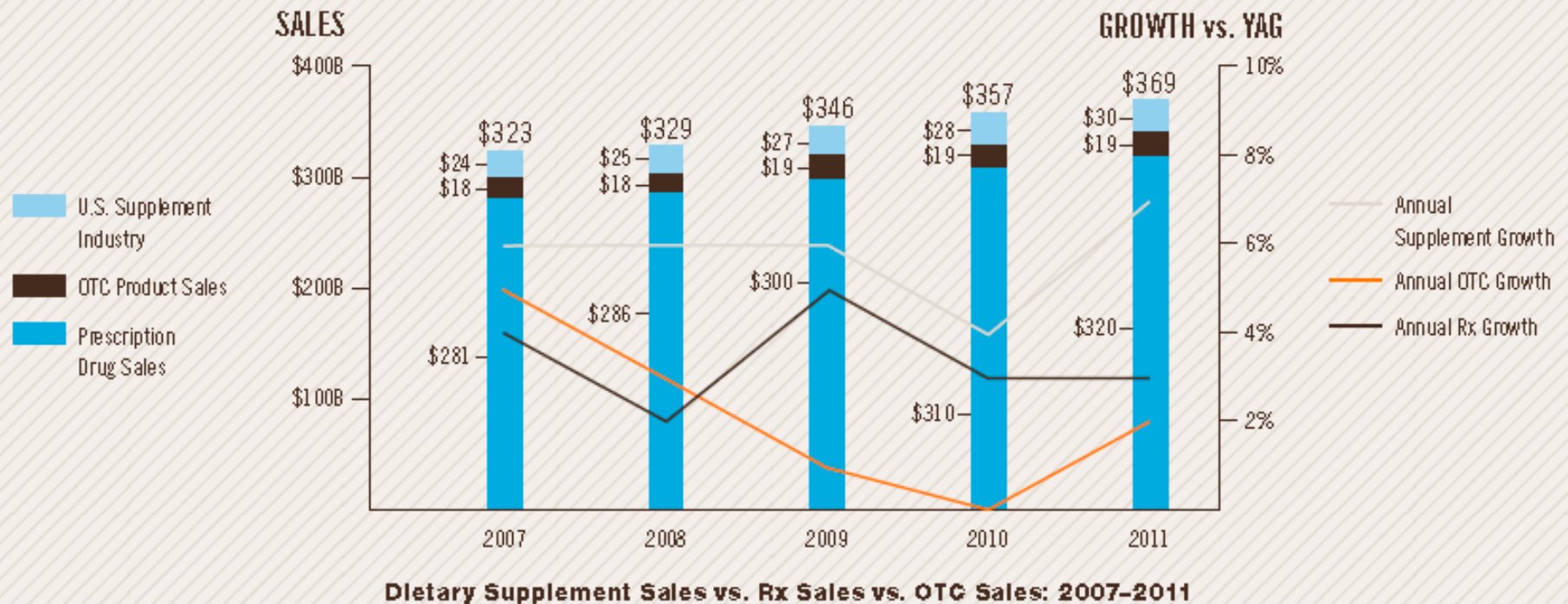
Source: Nutrition Business Journal | NEXT Forecast 2014

U.S. dietary supplement sales forecasted to hit \$49 Billion by 2018.



Source: Nutrition Business Journal | NEXT Forecast 2014

U.S. dietary supplement sales growth outpaces Rx and OTC sales growth.



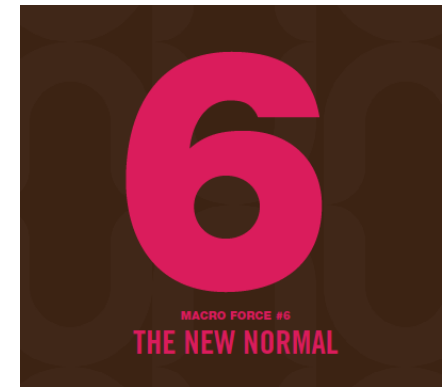
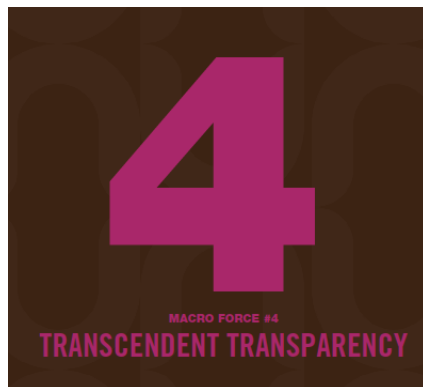
Source: Nutrition Business Journal | NEXT Forecast 2014

NEXT Forecast

Macro Market Forces



MACRO FORCES



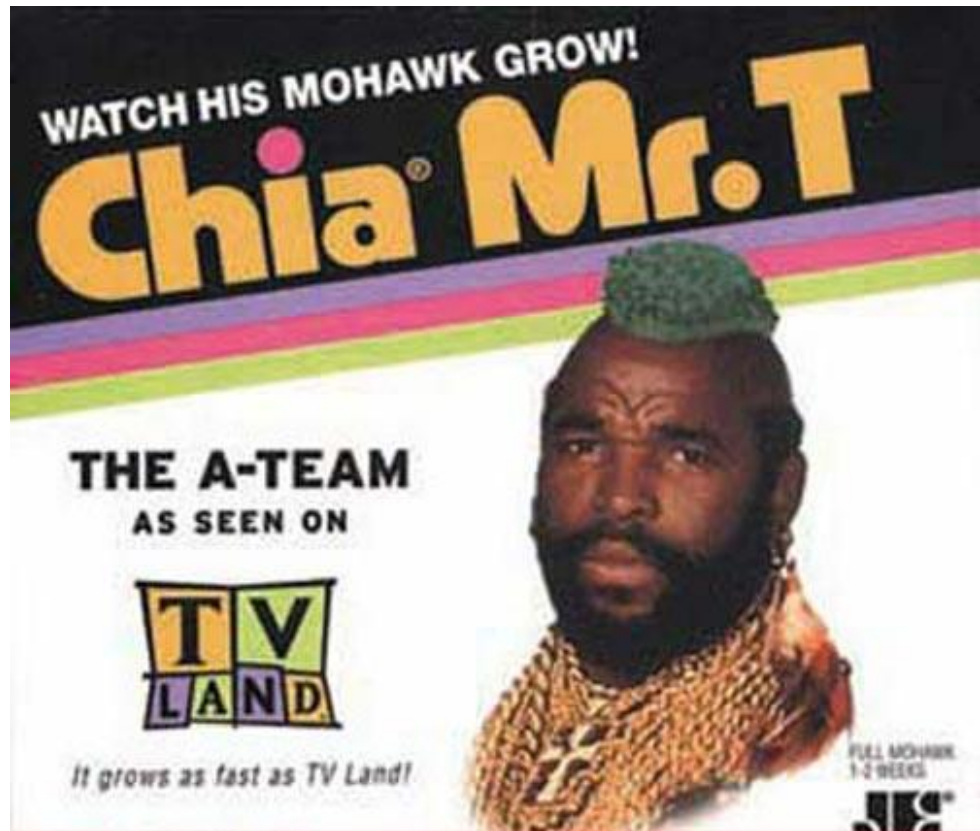
MACRO FORCES



Ancient Wisdom

X percent of the next 20 years will be spent undoing the past 50. Solve for X.

This is not what we mean by
ancient wisdom...



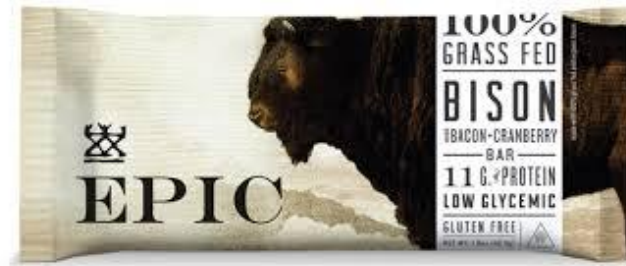
...but chia is once again taking root in the American consciousness.



Paleo, vegan, and raw food movements are fueled by search for simpler, cleaner products.



Farmhouse Culture
farmhouseculture.com



Epic Bar
epicbar.com



Jackson's Honest Chips
honestchips.com

Brands create consumer connections through the whole-food promise.



Way Better Snacks
gowaybetter.com



Nourish Organic
Foods for
Healthy Skin
nourishorganic.com



Nona Lim
nonalim.com

Transcendent Transparency

“In a world where nothing can be hidden,
you’d better have nothing to hide.”

Greg Page, CEO, Cargill

'Farm to fork' comes alive in packaged foods.



Wick-en-heiser Organic Farms
HAYS, ALBERTA

INGREDIENT TRACKER

You can see the source of every ingredient in our products. Just enter the code from the package in the boxes below.

TRACK IT!

[See an example](#)

know your food
INGREDIENT TRUTH



Product certifications are one way to deliver transparency and trust.



USDA Organic
ams.usda.gov/nop



Non-GMO Project
nongmoproject.org



Fairtrade
International
fairtrade.net

Providing traceability delivers on transparency promise.



Doctor's Best
drbvitamins.com



Straus Family Creamery
strausfamilycreamery.com



Askinosie
Chocolate
askinosie.com

meetyourherbs[®]
Introducing Meet Your Herbs,[™] our industry-first traceability program.

step 1	step 2	step 3
Find the Meet Your Herbs ID number on the back of any Gaia Herbs product.	Enter your ID number at gaiaherbs.com or in our new mobile app.	All traceable aspects of the herb's cultivation, harvesting, extraction, and validation will be displayed.

Gaia Herbs
gaiaherbs.com

The Value(s) Shopper

Consumers are moving beyond price as their single purchasing filter, and a whole new world of values and complexities now affect buying decisions.

Value(s) shoppers care about the stories, mission and research behind products.



Soapbox Soaps
soapboxsoaps.com



Sambazon
sambazon.com



Dr. Bronners
drbronner.com



Convenience is another 'value' that can be more important than price.



Vigilant Eats
vigilant-eats.com



Natural Vitality
naturalvitality.com



Wild California
wildcalifornia.com



Suja Juice
sujuice.com

New Hope Natural Media's Predictive Consumer Segmentation

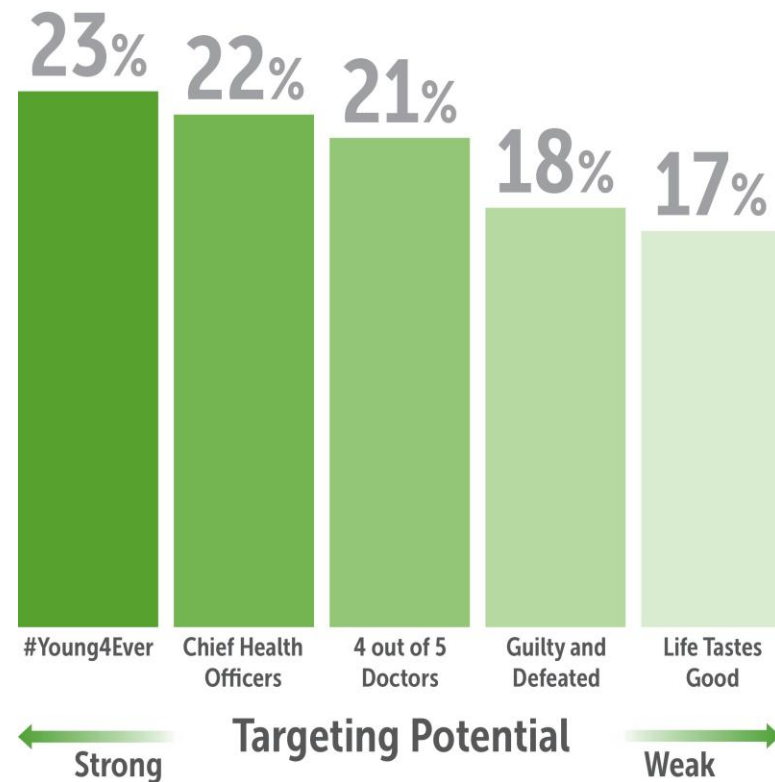


The Consumer Segmentation Study



- Studied over 5,000+ consumers across the US representing over 90% of population
- Evaluated feelings, opinions, and usage of nutrition, lifestyle and healthy products
- Evaluated affinity for new product concepts representing over 50% of a typical grocery/retail store shelf stock.
- Outcome: A **new, unique market segmentation** that allows companies to more effectively target interested, passionate consumers with new products and concepts, and messaging and marketing strategies to optimize product success with all consumer groups.

Segments differentiated by early adoption, lifestyles, behaviors, and beliefs.



Fad-focused shoppers are on a quest for healthy eating.



#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

Label-reading moms seek research-backed health products.

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



Price-conscious consumers take their health cues from doctors.



4 OUT OF 5 DOCTORS



Made up of mostly older consumers, this segment listens to doctors and actively follows traditional health and wellness advice. These shoppers are less likely to try new things because they are happy with current choices. They purchase less natural and organic because of price.

- 22% of population
- 57% female
- 52% age 55+
- 66% married
- 23% with kids -18

These busy shoppers prioritize convenience over health.

GUILTY AND DEFEATED

These time-strapped consumers want to be healthy but don't actively pursue health and wellness. They feel guilty about this but cannot take control of their diets. The result is low-energy, stressed out shoppers (many with young kids) who seek out convenience and focus on price.

- 18% of population
- 60% female
- 42% age 18-34
- 46% married
- 23% with kids -18



Taste (not health) is the focus for these happy-go-lucky consumers.



LIFE TASTES GOOD



Live for today—that and taste are what motivate these consumers, who understand nutrition and health concerns but prioritize enjoying life and friends.

These relaxed and relatively healthy consumers cook at home, are satisfied with current brands and eschew natural foods because of taste perceptions.

- 17% of population
- 51% male
- 30% age 18-34
- 59% married
- 39% with kids -18



Targeting potential:
High



Targeting potential:
Moderate



Targeting potential:
Low

**Discover
what's NEXT.**





Identify. Innovate. Grow.

NEXT Trend's proprietary, market-driven intelligence drives innovation.

- Deepen understanding of key market drivers
- Predict which pre-shelf items are poised for success
- Identify can't miss ingredients, claims and certifications
- Validate market trends, categories primed for hyper-growth

Expansive capabilities. Extraordinary insights.

NEXT Trend gives users the ability to see what's driving natural products trends today and informs decisions regarding:

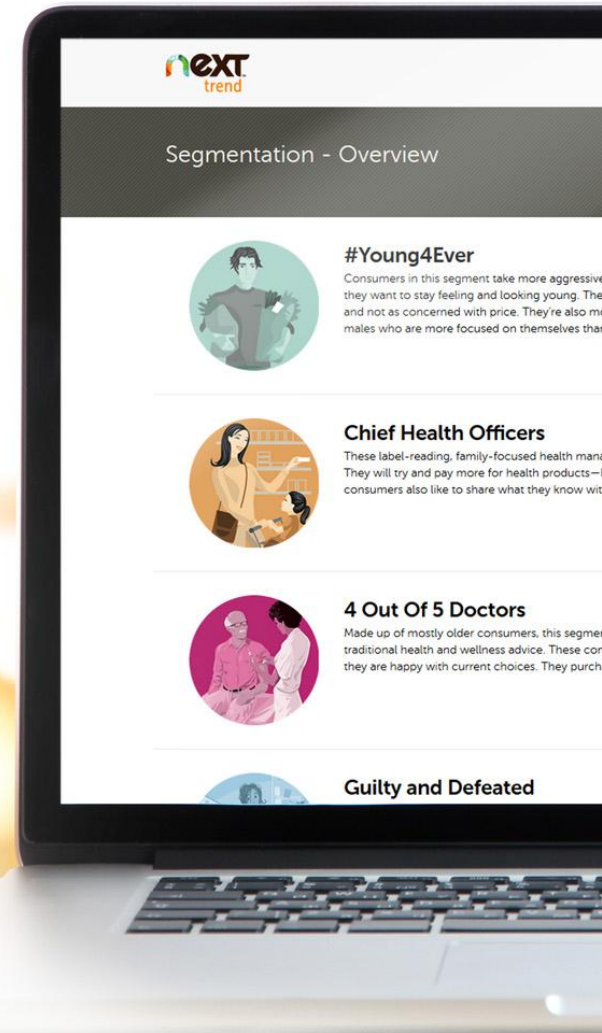
- New Product Development
- Portfolio Expansion
- Launch Strategy
- Competitive Analysis
- Consumer Insights
- Category Management
- Investor Research



The next big thing starts here.

Proprietary pre-shelf data and insights:

- 30+ Top Trends
- 40,000+ Products
- 2,500+ Ingredients and Nutrients
- 1,000+ Product Categories
- Predictive Consumer Segmentation



See what's coming next.

