



NEW FOOD: FROM HEALTHY TO NUTRITIOUS TO CLEAN AND ETHICAL

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GLOBAL HEAD OF HEATH AND WELLNESS RESEARCH

FOOD INNOVATE, AMSTERDAM
MAY 2017

FROM HEALTHY TO CLEAN

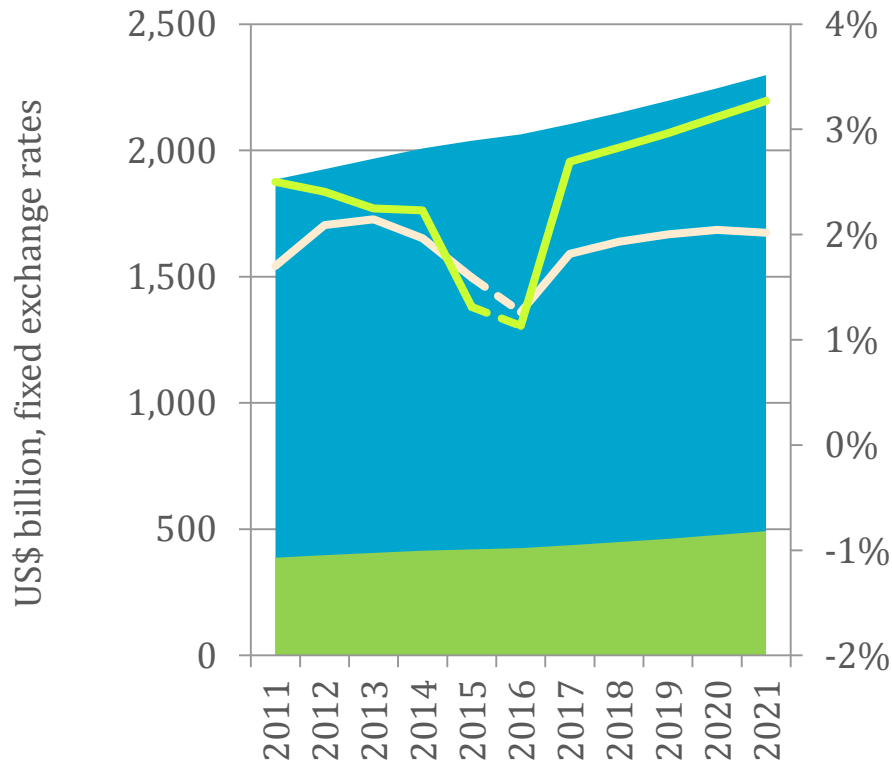
GLOBAL ETHICAL LABELS TRENDS

FOCUS: RELIGIOUS, CLEAN, LOCAL AND
SUSTAINABLE



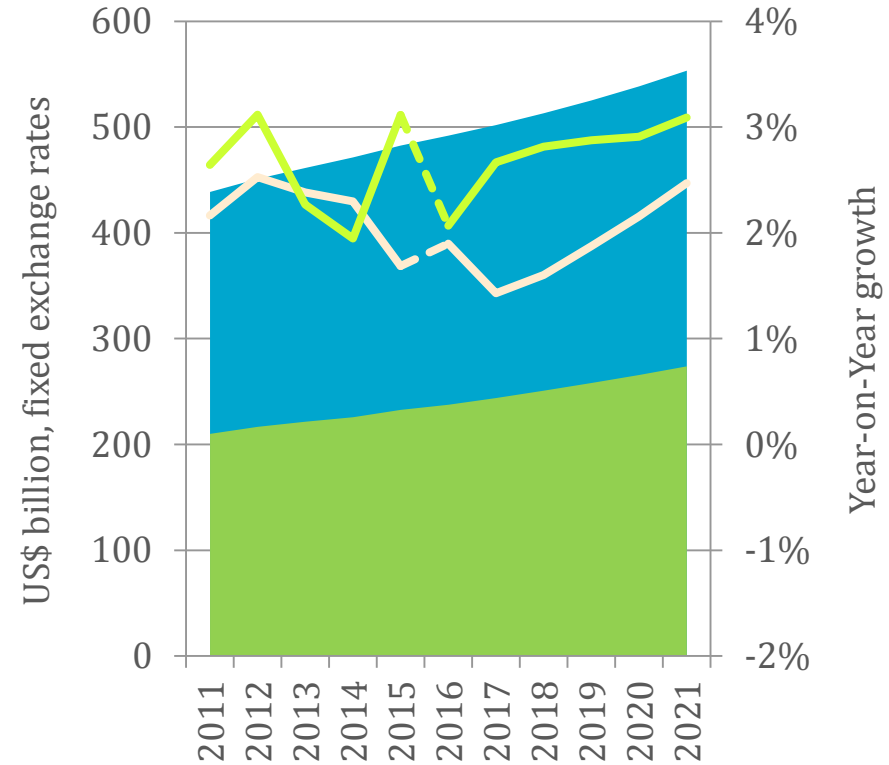
HW* continues to outperform the wider food and soft drinks industries

Global Packaged Food 2011-2021



- Packaged Food
- HW Packaged Food
- Non-HW Packaged Food y-o-y growth
- HW Packaged Food y-o-y growth

Global Soft Drinks 2011-2021

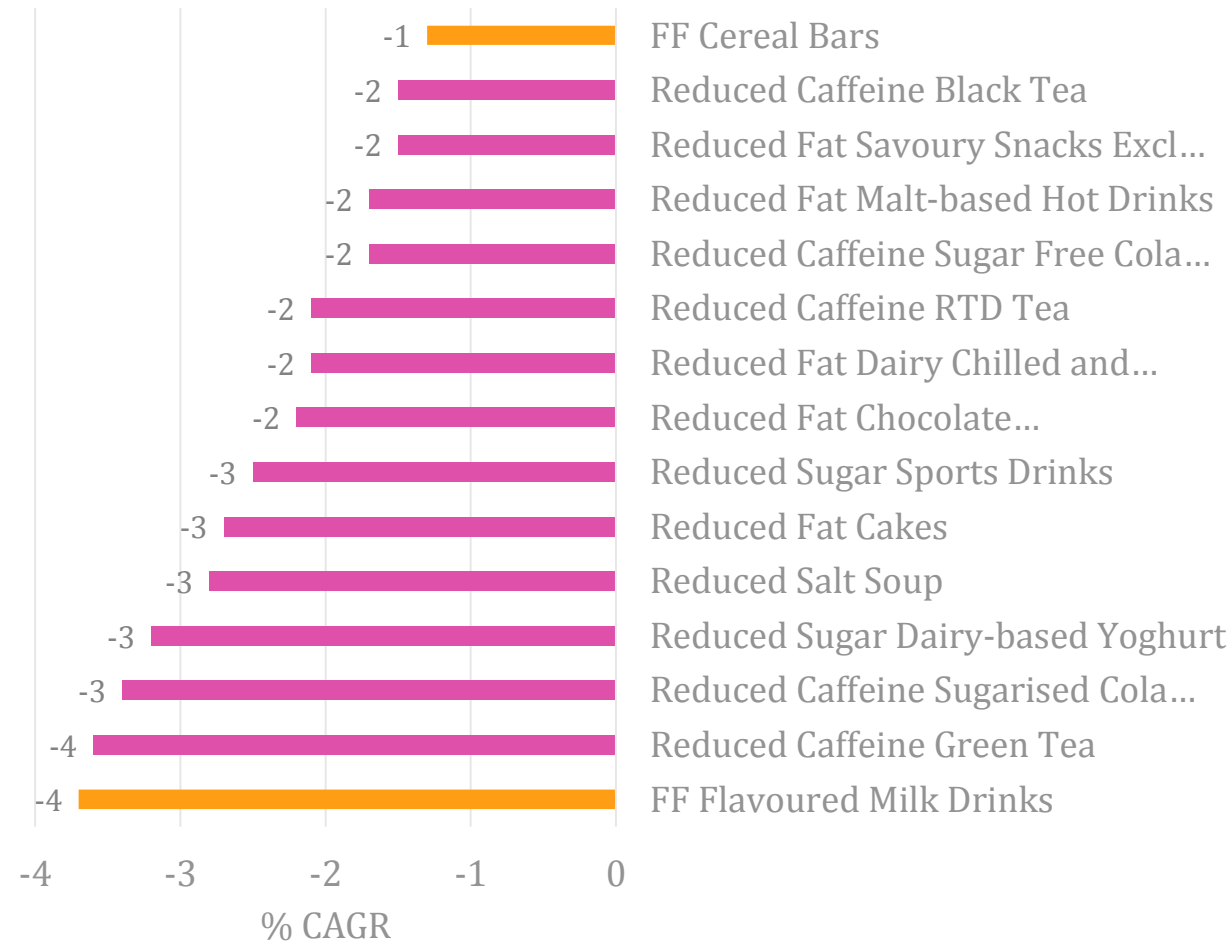
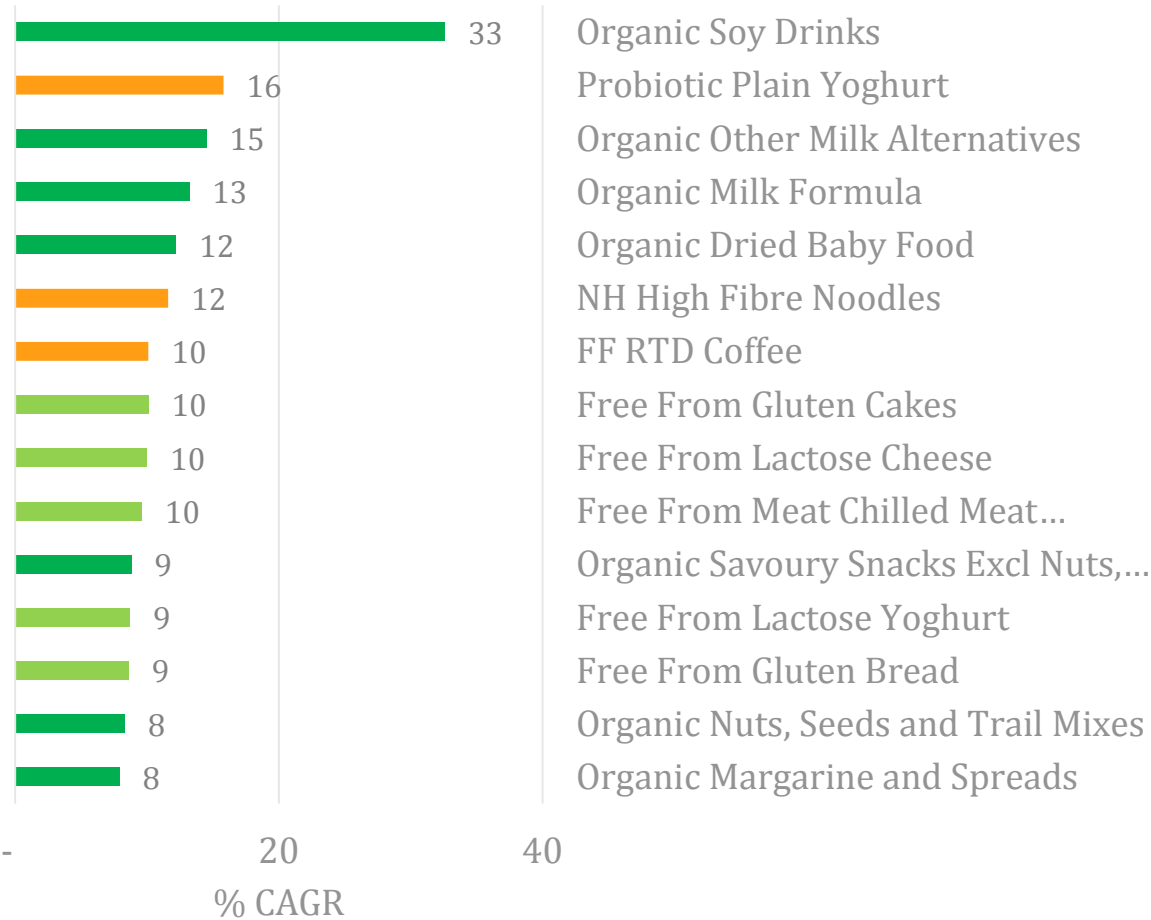


- Soft Drinks
- HW Soft Drinks
- Non-HW Soft Drinks y-o-y growth
- HW Soft Drinks y-o-y growth

Growth versus decline in global Health and Wellness

World – Fastest Growing Categories 2016-21

World – Fastest Declining Categories 2016-21



Rise of organics

Organic

Market Size ▼

Retail Value RSP, USD million, Current 2016, YOY 2016 Ex. Rates, 2016

Currency ▼ Highlight Countries ▼



Global Figure

2016, USD million

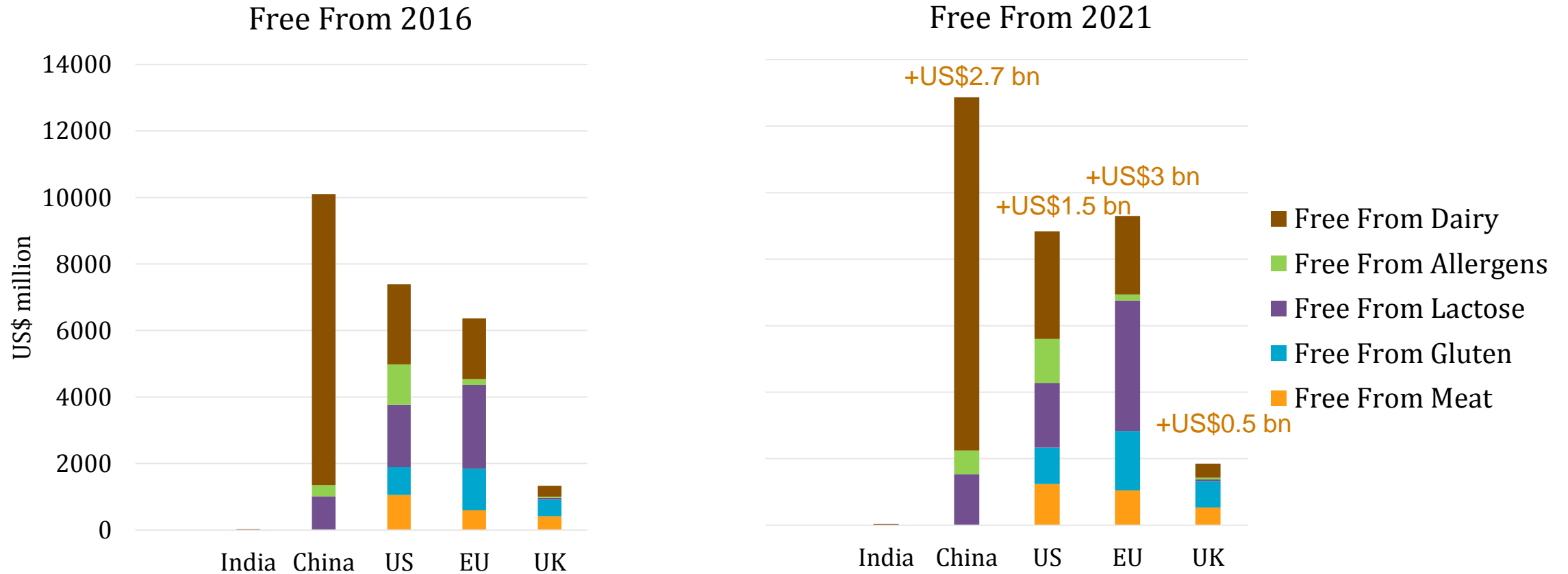
36,681.6

Regional Comparison

2016, USD million



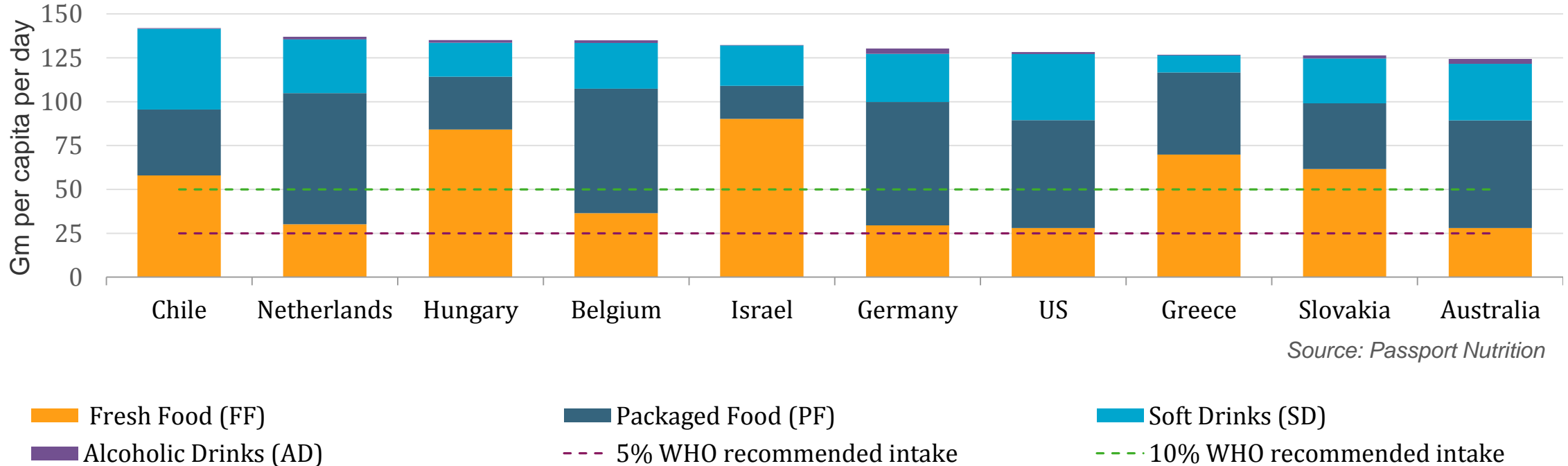
At US\$32.5 billion globally, the free from movement grows from strength to strength. EU excluding the UK to grow by US\$3bn by 2021



EU data excludes UK

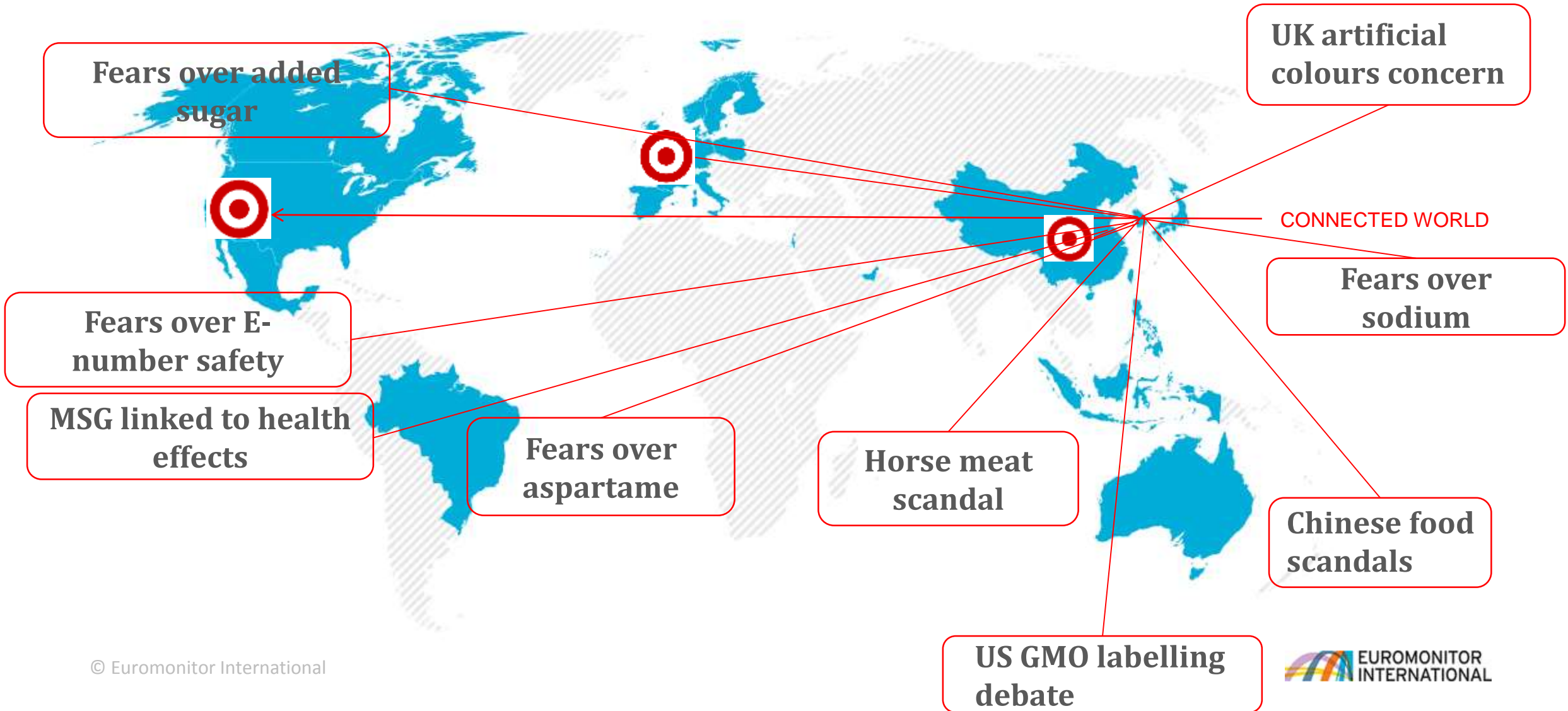
Welcome to the post sugar world

Total Daily Sugar Purchased Compared to the WHO Recommended Intake in Top 10 Consuming Markets 2015



- The World Health Organization (WHO) recommends that no more than 10% (~50 grams a day) of total calories consumed should come from free sugars, with additional health benefits seen if this is reduced to 5% (~25 grams a day) or below.

Social concerns rise over society, health, politics, environment, and current affairs; scandals get uncovered; food quality questioned



Social media - platforms for activist groups, boycotts and petitions; concerns spread fast, whether substantiated or not



Kids Win the Right to Sue the US Government Over Climate Change



330 k views

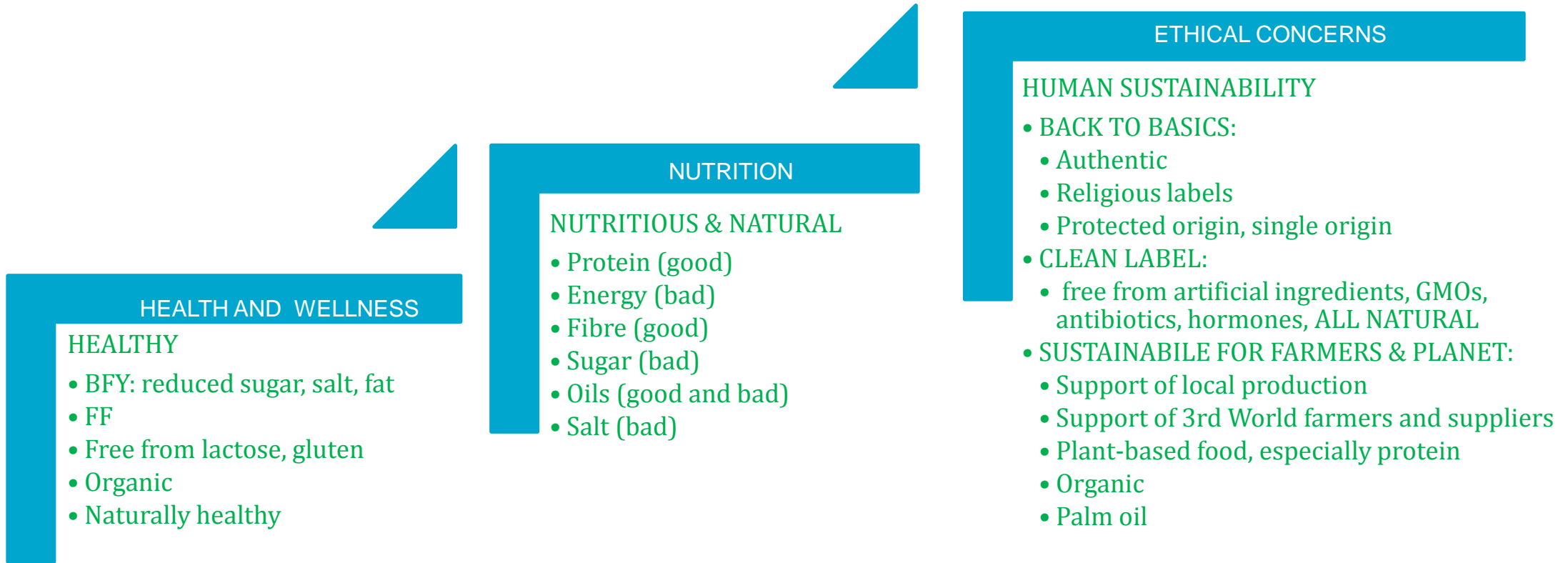


47,692 people have signed the petition, target: 50k

Health conditions rise, the science progresses; the food - mood/muscles axis, digestive system being the second brain, food under a big question mark

OBESITY * MALNUTRITION * ALLERGIES & IMMUNITY * INTOLERANCES *
DIGESTIVE PROBLEMS * IBS * MUSCLE & JOINT PROBLEMS * OSTEOPOROSIS *
ANTIBIOTIC RESISTANCE * MENTAL HEALTH * LIFE STAGE NUTRITION *
AGEING POPULATION

Optimising health, what is healthy?



**HOW TO BUILD/REBUILD TRUST IN OUR BRANDS?
HOW TO GENERATE GROWTH IN DEVELOPED WORLD???**

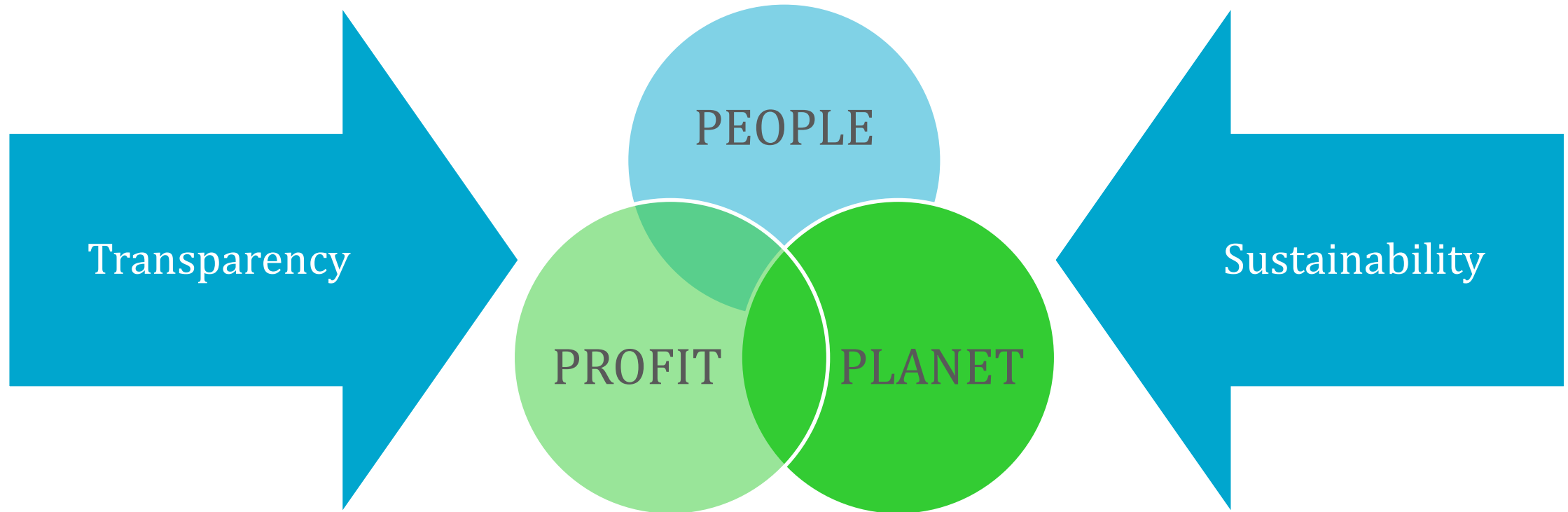
FROM HEALTHY TO CLEAN

GLOBAL ETHICAL LABELS TRENDS

FOCUS: RELIGIOUS, CLEAN, LOCAL AND
SUSTAINABLE



TRANSPARENCY and SUSTAINABILITY key to building long-term trust



Companies recognise that they have moral responsibilities to all stakeholders that contribute to the success of the company and no longer should the sole purpose be profit. In this context, the planet is a key stakeholder, and with people and profit forms the three pillars of sustainability.

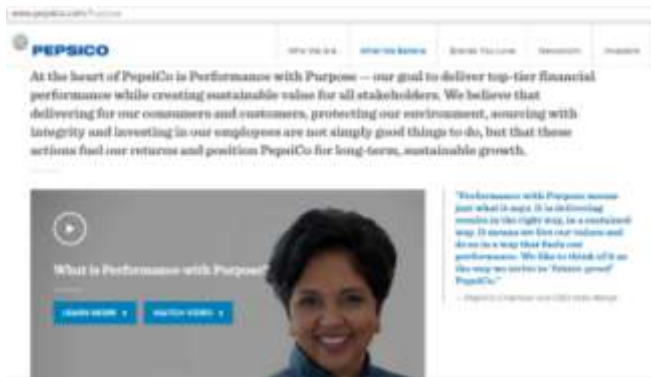
Strong commitments from market leaders



“We’ll do better” - TCCC vows to improve transparency



Nestlé: “We have to stand up for who we are”



PepsiCo believes in “Performance with Purpose”



“At Unilever, we aim to double the size of our business while reducing our environmental footprint and increasing our positive social impact”



ETHICAL LABELS IS QUANTITATIVE & QUALITATIVE, COMPREHENSIVE, FULLY TRANSPARENT SYSTEM TRANSLATING SOCIAL AND ETHICAL CONCERNS INTO BUSINESS OPPORTUNITIES

COVERING 26 MARKETS & 26 THOUSAND BRANDS ACROSS PACKAGED FOOD, SOFT DRINKS AND HOT DRINKS BASED ON PACKAGING CLAIMS

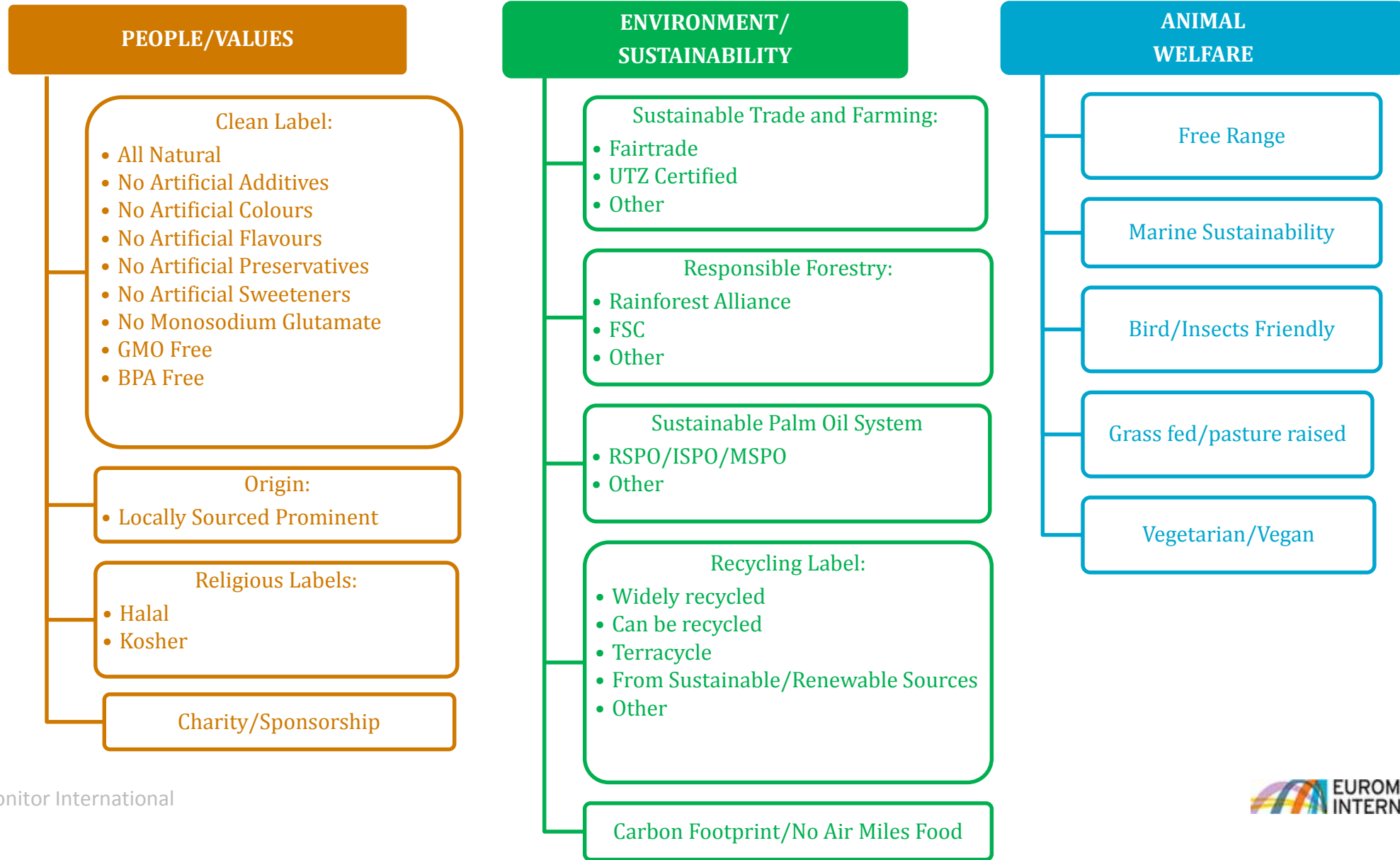


PEOPLE / VALUES

**ENVIRONMENT/
SUSTAINABILITY**

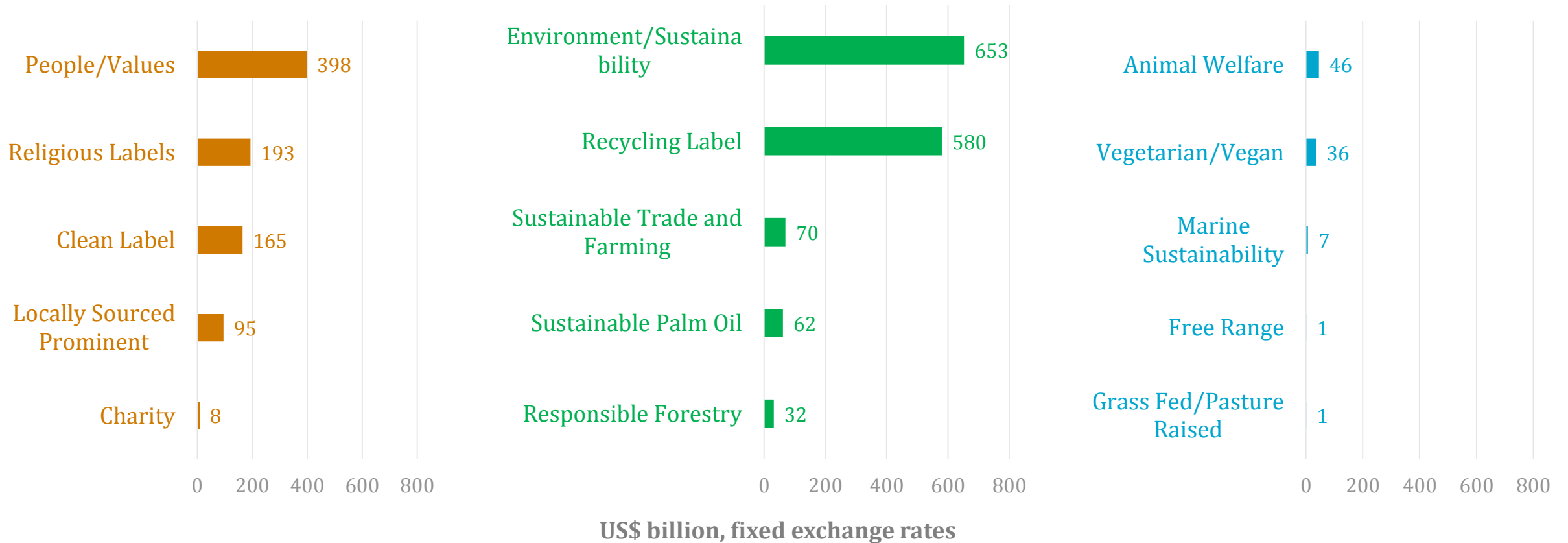
**ANIMAL
WELFARE**

Packaging key to conveying message to consumers



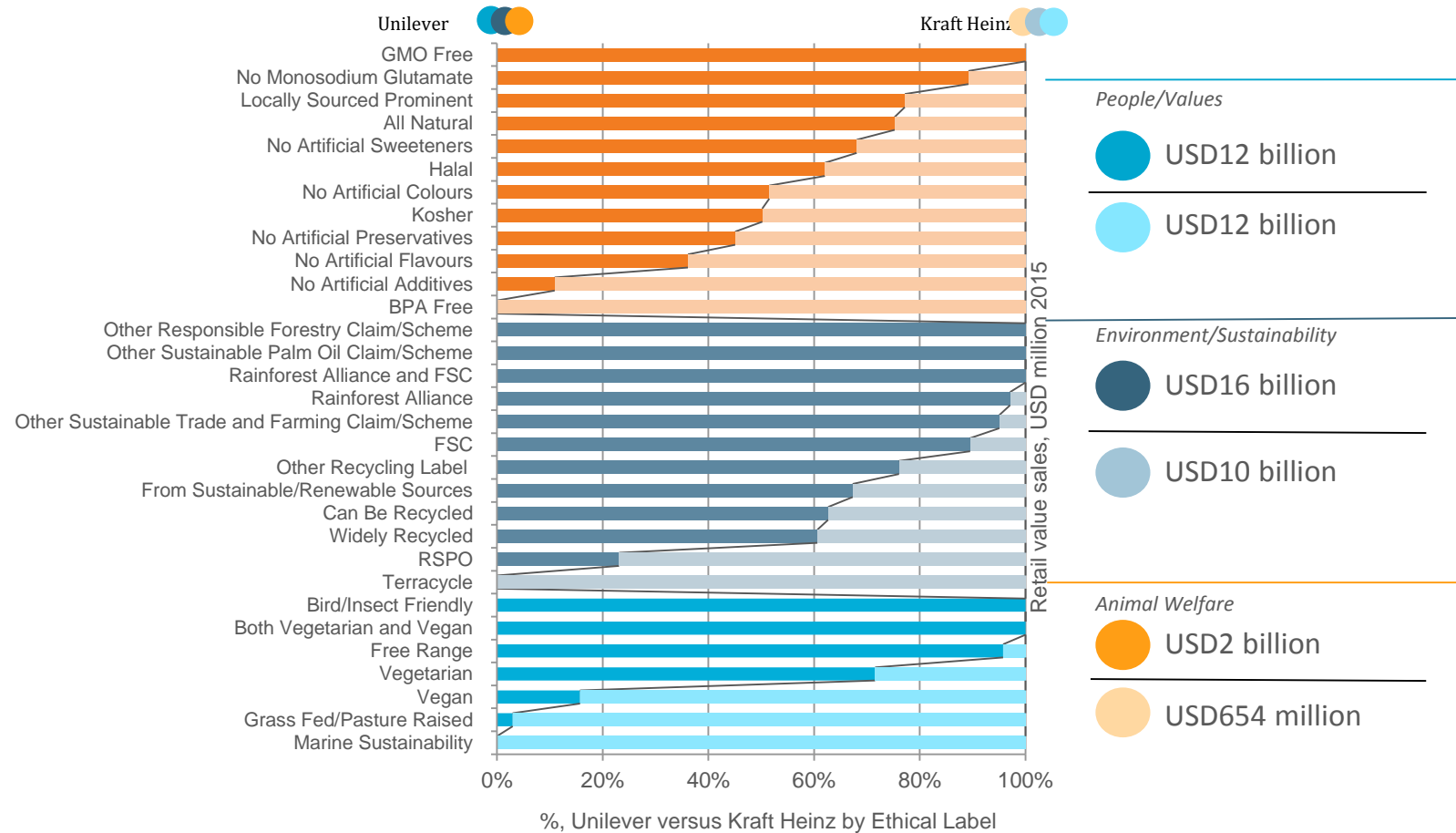
US\$829 bn Ethical Labels driven by recycling, religious labels, clean label and local source

Ethical Labels 2015, World, Retail Value



Unilever and Kraft Heinz by Ethical Platform

Unilever vs Kraft Heinz, Packaged Food, Soft and Hot Drinks by Value Sales of Products with at Least One Key Ethical Label



Note: Retail value sales of products with at least one packaging claim relating to People/ Values, Environment/Sustainability and Animal Welfare, in 2015

FROM HEALTHY TO CLEAN

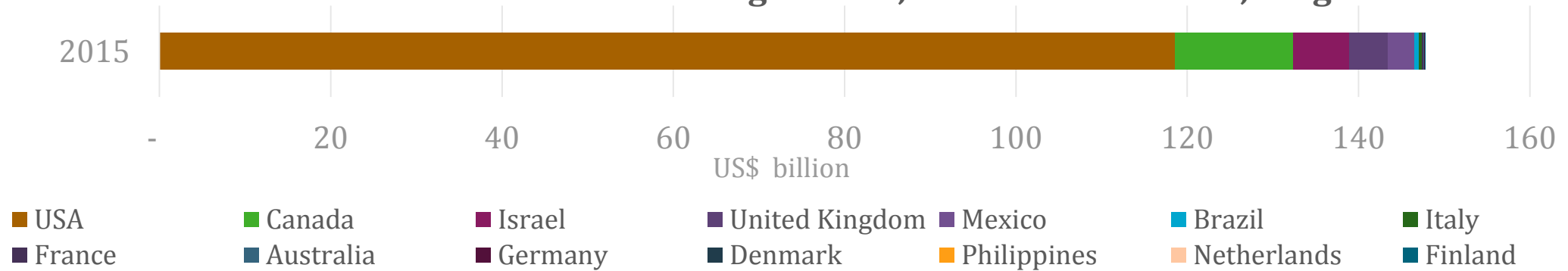
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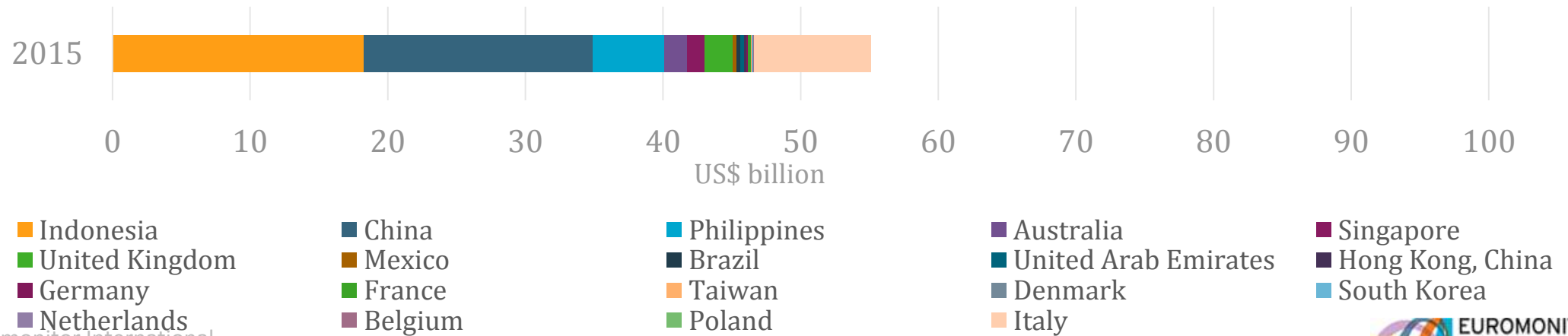


Focus: Religious Labels. Kosher-certified in the USA 18 times the size of that in Israel, whilst Indonesia a key market for halal-certified

Kosher Certified Packaged Food, Soft and Hot Drinks, Largest Markets



Halal Certified Packaged Food, Soft and Hot Drinks, Largest Markets



Focus: Clean label. A tool to re-establish trust



US\$ 129 b
Packaged Food

US\$ 34 b
Soft Drinks

US\$ 3 b
Hot Drinks

Manufacturers respond to consumer concerns

Year	Commitment	Brand	GBO
● 2015	Remove all artificial flavours and colours.	All chocolate confectionery products	Nestle USA
● 2016	Removes artificial colours and flavours.	Becel	Unilever
● 2016	Artificial preservatives and dyes removed. Replaced with naturally sourced alternatives, such as turmeric, paprika and annatto.	Macaroni & Cheese	Kraft
● 2017	The company will completely phase out all of its artificial flavours	All brands	General Mills
● 2017	The company will stop using artificial ingredients by 2017.	All brands	Campbell Soup company
● 2018	Remove all artificial colours and flavours	All brands	Kellogg

Labelling reflects the commitments



Which claim is most important from the consumer perspective?



No artificial colours, flavours and preservatives



No artificial colours or flavours



Zero added preservatives



Made with real fruit, no artificial colours, preservatives or sweeteners



No added sugar, no additives



Nothing artificial, no added refined sugar



No artificial preservatives, no added MSG, free from artificial colours



100% pure & raw



Water, lime cucumber, BC ...and that's it



No artificial colours or preservatives



Add taste, nothing else



No artificial colours, flavours or preservatives
No added MSG
Vegetarian, vegan and coeliac friendly
Gluten and lactose free

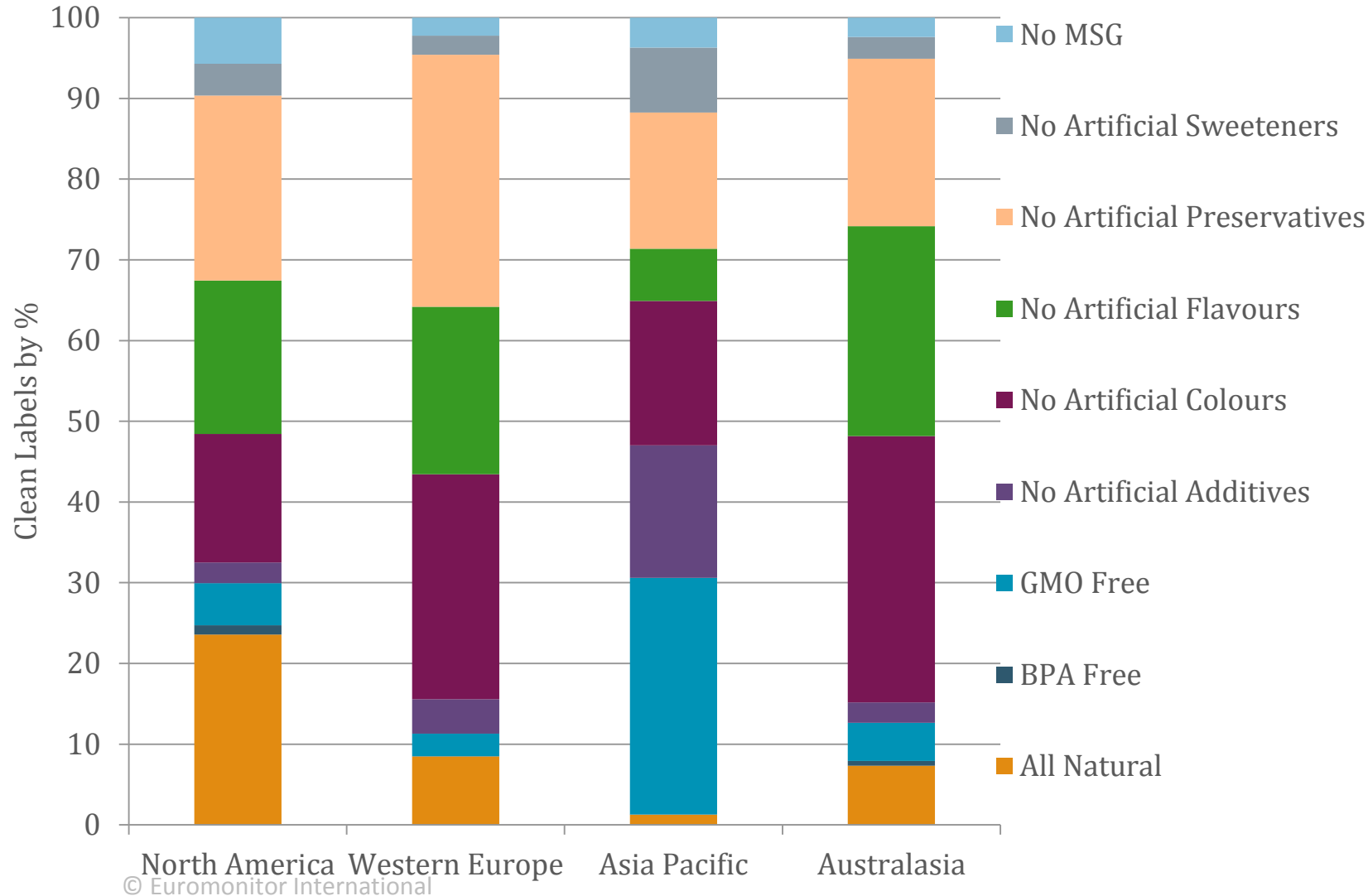


100% natural ingredients, skin & collagen



Cold pressed (never heat)
100% natural ingredients – yes!
Say no to...
Added sugar
Added sweeteners
Added preservatives
Added water

Driving clean labels by key region



No Artificial Preservatives in W. Europe

No Artificial Flavours popular across the board

In Asia Pacific GMO is most prevalent

Focus: Locally Sourced (read: fresh, straight from the farm, authentic, full of natural goodness, supporting local farmers and the old, good ways, heritage to be proud of)



100% British Milk

Churned from the Cream of British Family Farms

Freshly made on the farm

From cows grazed on the fresh grass of Normandy's mineral rich salt marches

Locally produced Lay's chips?

Ethical Labels by Brand Share (Global - Historical Owner) | Historical | Retail Value RSP

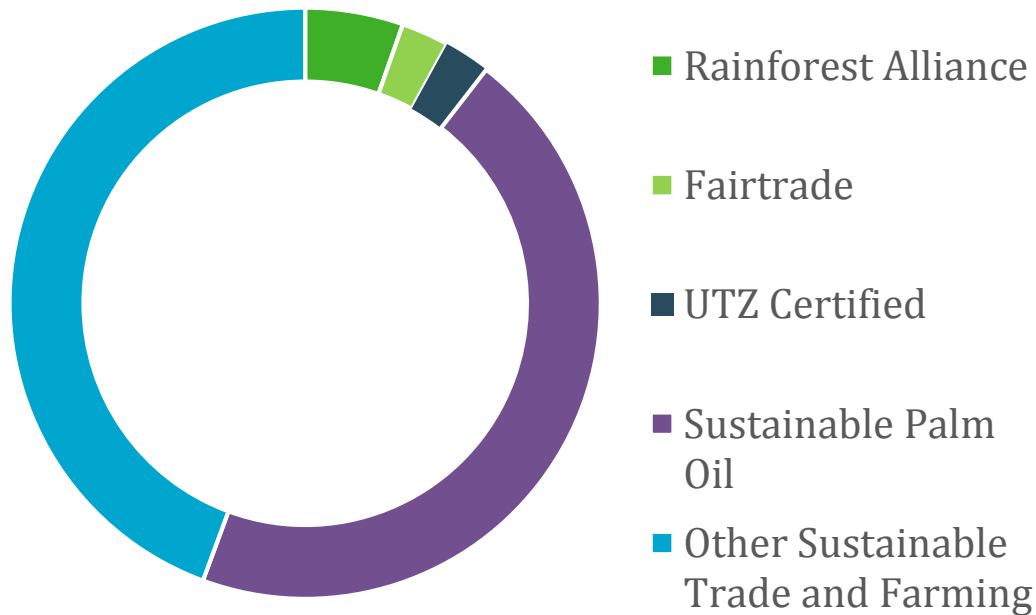
Change View	Brand	Company name (GBO)	2015
Locally Sourced Prominent			
World			
Sweet and Savoury Snacks			
<input type="checkbox"/>	Want Want	Want Want Holdings Ltd	15.1
<input type="checkbox"/>	Lay's	PepsiCo Inc	11.1
<input type="checkbox"/>	Strong	Guangdong Strong (Group) Co Ltd	7.2
<input type="checkbox"/>	Oishi	Liwayway Marketing Corp	6.7
<input type="checkbox"/>	Qia Qia	Hefei Huatai Food Co Ltd	6.3
<input type="checkbox"/>	Orion	Orion Group	5.0
<input type="checkbox"/>	Sanko	Sanko Seika Co Ltd	2.9
<input type="checkbox"/>	Strong Sweet Hour	Guangdong Strong (Group) Co Ltd	2.8
<input type="checkbox"/>	Cheetos	PepsiCo Inc	2.4
<input type="checkbox"/>	Labixiaoxin	Labixiaoxin (Fujian) Foods Industrial Co Ltd	2.4

Ethical Labels by Brand Share (Global - Historical Owner) | Historical | Retail Value RSP | % breakd

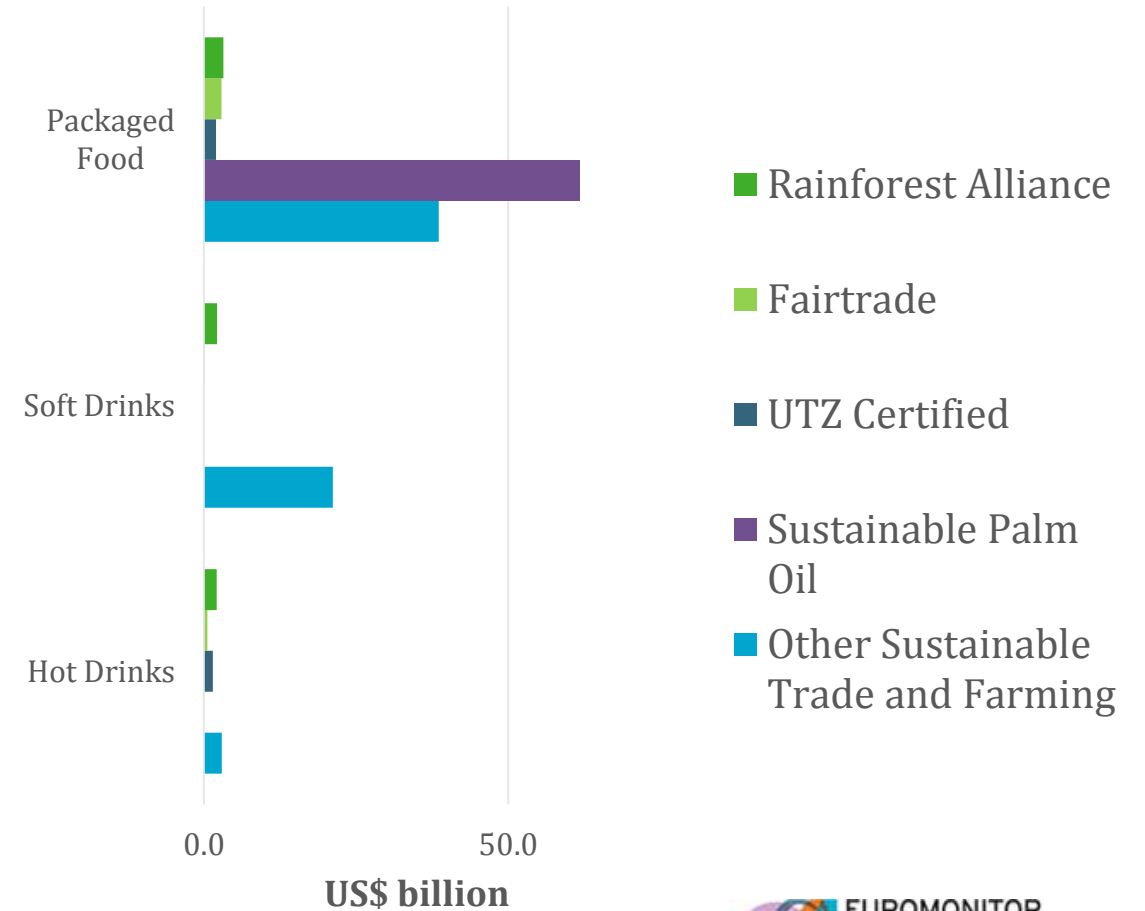
Change View	Brand	Company name (GBO)	2015
Locally Sourced Prominent			
World			
Cheese			
<input type="checkbox"/>	Président	Lactalis, Groupe	12.9
<input type="checkbox"/>	Galbani	Lactalis, Groupe	7.7
<input type="checkbox"/>	Cathedral City	Dairy Crest Group Plc	7.4
<input type="checkbox"/>	Entremont	Sodiaal SA (Société de Diffusion Internationale Agro-alimentaire)	7.2
<input type="checkbox"/>	Valio	Valio Oy	5.9
<input type="checkbox"/>	La Esmeralda	Lactalis, Groupe	5.8
<input type="checkbox"/>	Lala	Grupo Lala SAB de CV	4.4
<input type="checkbox"/>	Kraft	Kraft Heinz Co	4.2
<input type="checkbox"/>	Snow Brand Hokkaido	Megmilk Snow Brand Co Ltd	3.3
<input type="checkbox"/>	Bega	Bega Co-operative Society Ltd, The	3.0

Sustainable trade and farming key to human sustainability

Sustainable Trade and Farming Schemes by Type (% share), 2015

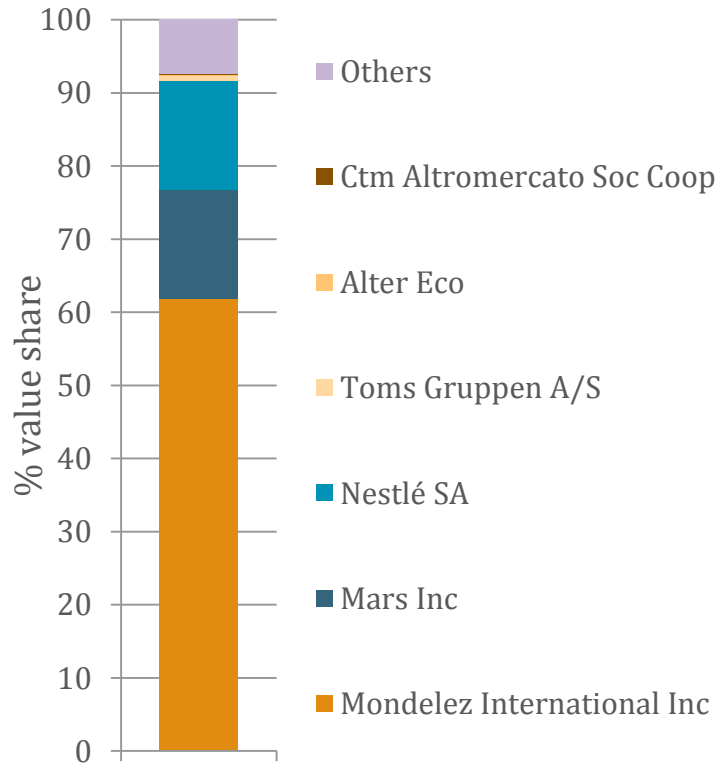


Leading Sustainable Trade and Farming Schemes for Packaged Food and Soft and Hot Drinks, 2015



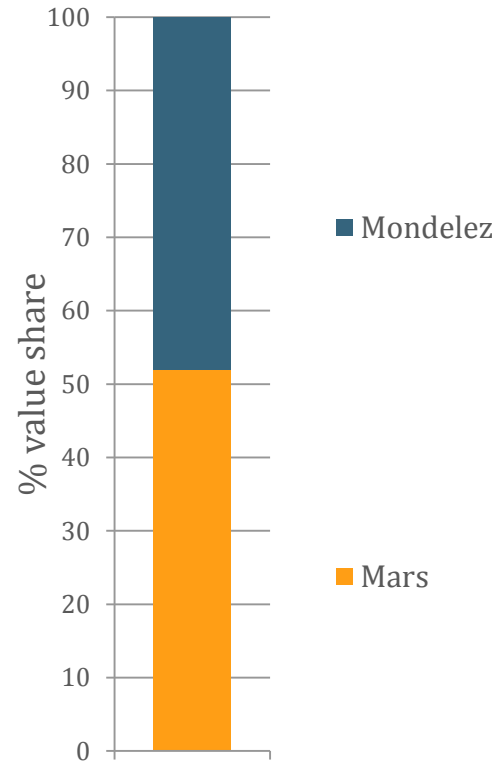
Mondelez holds a 62% share in Fairtrade Chocolate Confectionery, Mars 52% in Rainforest Alliance, whilst Nestlé leads in UTZ Certified with 39%

Top Fairtrade Chocolate Confectionery Players, World



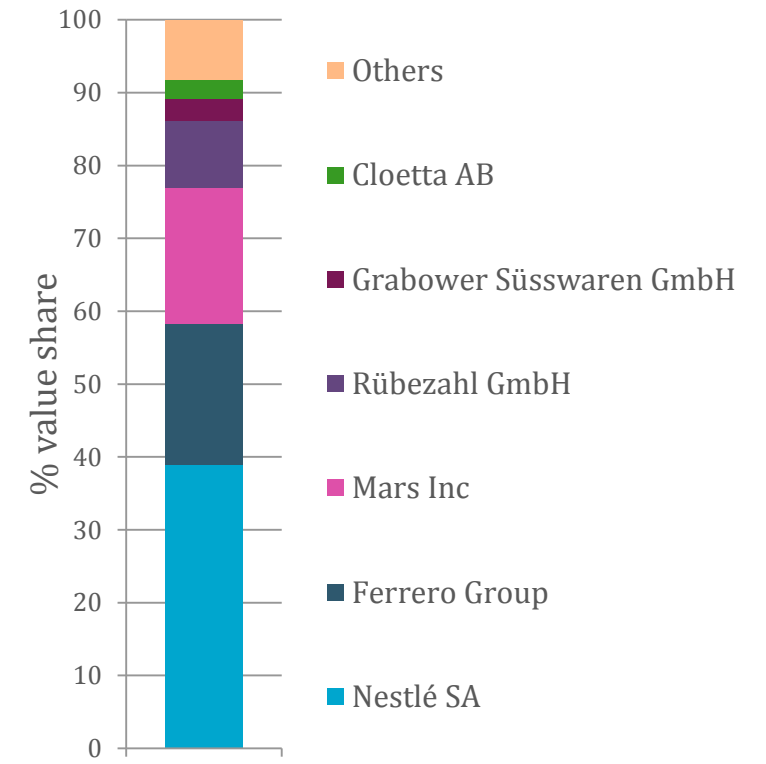
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Top Rainforest Alliance Chocolate Confectionery Players, World



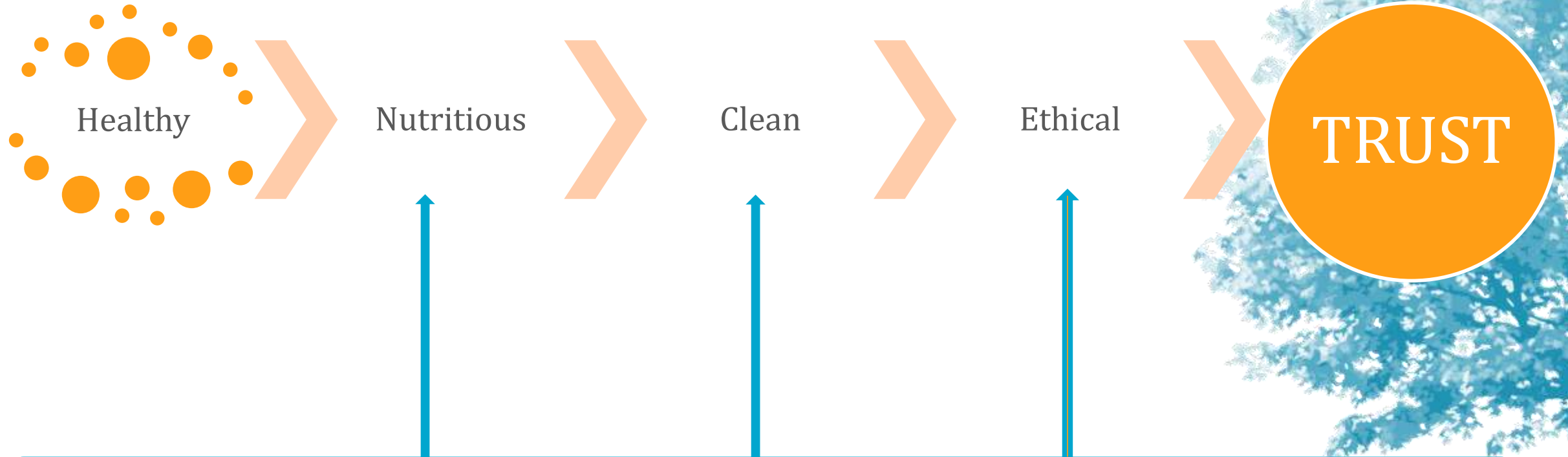
2015

Top UTZ Certified Chocolate Confectionery Players, World



2015

New food



HEALTH AND TRANSPARENCY KEY TO ESTABLISHING TRUST

THANK YOU FOR LISTENING

Q&A

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Nutrition and Ethical Labels Research

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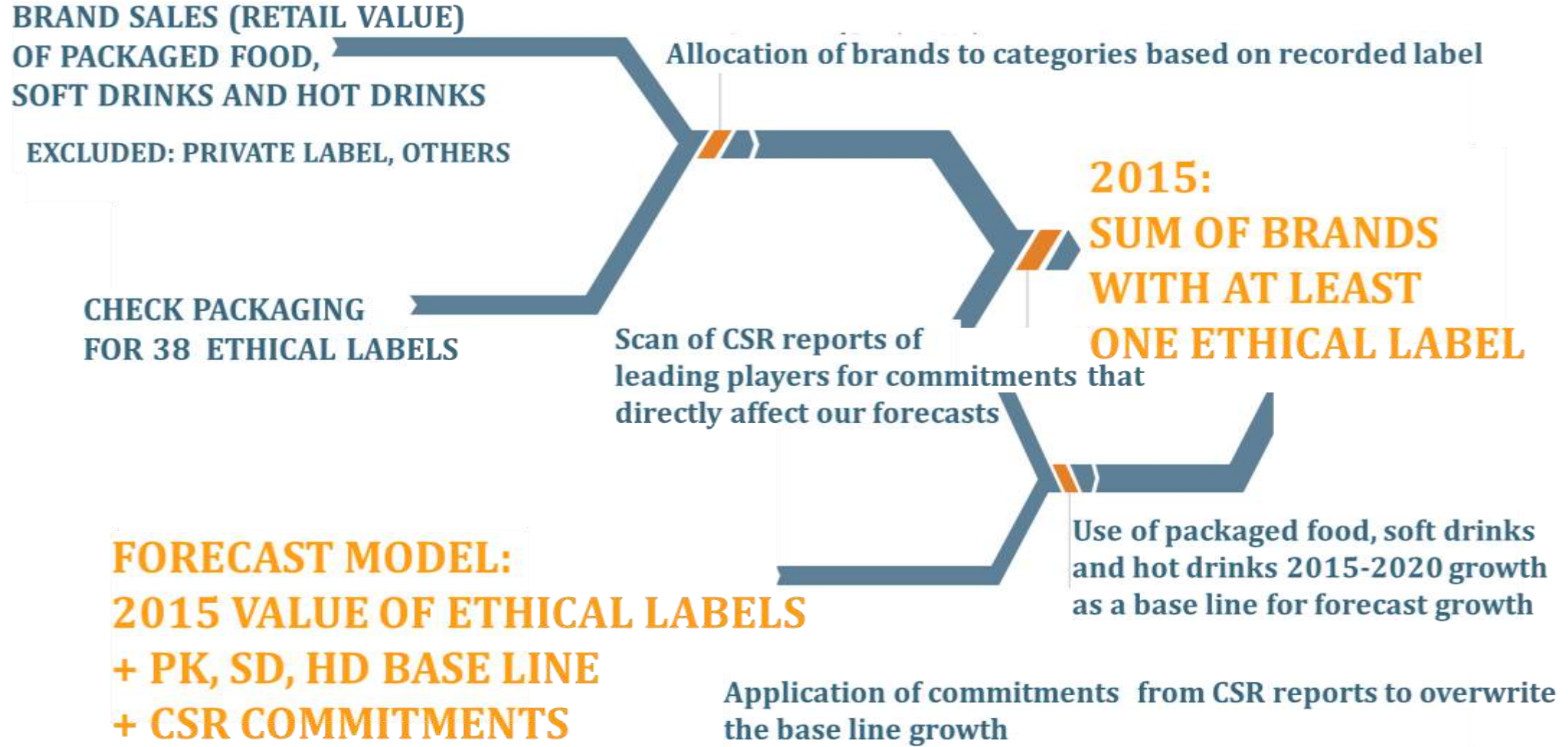
 [@ewa_hudson](https://twitter.com/ewa_hudson)



26 markets with the focus on developed countries, 26 thousand brands across packaged food, soft drinks and hot drinks



Ethical labels methodology



Clean label defined by packaging claims

Lacking a formal definition, Passport: Ethical Label bases its definition in the various claims found on product packaging that stress a shift away from complex artificial ingredients, toward familiar, natural alternatives.

- **GMO free/Non-GMO:** GMO (genetically modified) foods involve introducing foreign genetic material into an organism artificially, usually to – increase yield, increase resistance to disease, extend shelf life or improve food properties (texture, flavour, nutrient value). This category quantifies sales of products under our coverage with a GMO-Free/Non-GMO claim.
- **All Natural/100% Natural:** These terms refer to the natural properties of the product. Both All Natural and 100% Natural are to be recognised as the same ethical label. This includes references to 'all natural **anything**'.
- **Artificial Additives:** This category aggregates sales of products with a claim "no artificial additives" and "free from artificial additives" on product packaging.
- **Artificial Flavourings:** This category aggregates sales of products with a claim "no artificial flavours/flavourings" and "free from artificial flavours/flavourings" on product packaging.
- **Artificial Colours:** This includes all products with a claim "no/free from artificial colours". Several artificial colours have been banned by food standards authorities after being linked to an increased number of cases of attention deficit hyperactivity disorder (ADHD) and are thus avoided by certain consumers.
- **Artificial Sweeteners:** This category captures aggregated sales of all products with the claim "no/free from artificial sweeteners" on product packaging.
- **Artificial Preservatives:** This includes all products with a claim "no/free from artificial preservatives and products with a claim "no/free from parabens". Parabens are a form of artificial preservative and when present in food usually come in the form of E numbers.
- **BPA Free:** All products with a claim referring to "BPA free". BPA (bisphenol A) is an industrial chemical that is used to make certain plastics and resins. BPA is often used in containers that store food and beverages, such as water bottles.

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