

20 TREND 15 INSIGHT

CLEAN LABEL ISN'T A TREND. IT'S THE STANDARD.



CLEAN AND CLEAR

“Clean label has moved past being a trend,” says Lu Ann Williams, director of innovation at Innova Market Insights. “It is the new rule. Companies will have to do what they can to clean up labels or be as transparent as they can going forward.”

Clean label refers to industry responses to consumer demand for more natural foods and drinks, but Williams likes the term “clear label” because she says it incorporates the concept of transparency. “This demand for clean labeling has now brought the need for clear labeling equally to the fore, resulting in a move to clearer and simpler claims and packaging for maximum transparency.”

CLEAN AND CLEAR (CONT.)

Innova's recent research into natural food and beverage products found a "significant rise in the use of clean label ingredients in 2014, such as natural sweeteners, colors and thickeners, and an increase in the number of products leveraging a clean label positioning."

Looking at recent global product launches, however, we see the word natural has been appearing less often. Euromonitor International reports "products calling out their natural credentials on-pack fell from 8.8% of global new product launches in 2007 to 6.3% in 2013 – although the proportion was much higher in the United States, where natural claims fell from 33% of new products to 22% in the same time period."

Caroline Scott-Thomas of Food Navigator says that according to Innova this is "just a matter of communication" and that the industry is still moving toward more natural ingredients, but are "concentrating on specificity and clarity – thereby avoiding any controversy over the precise definition of natural."

Consumers are demanding shorter and more recognizable ingredients lists and manufacturers are responding by highlighting the naturalness of their products.

57% of people globally are eating more natural, fresh foods in their diets to lose weight. Latin America leads the way with 68% or respondents replying positively and North America is second with 60%.

-Nielsen 2015 Global Health & Wellness Survey.

WHAT ARE CONSUMERS LOOKING FOR?

When Nielsen surveyed consumers around the world for its 2015 Global Health & Wellness survey, it asked them to rate the importance of health attributes of the food they purchase.

- The most desirable attributes reported by global consumers: foods that are fresh, natural and minimally processed.
- 43% consider foods with all natural ingredients and those without GMOs very important. This was the highest percentages of the 27 attributes included in the study.
- The absence of artificial colors (42%) and flavors (41%) and foods made from vegetables/fruits (40%) were also said to be very important.
- 60% of Latin America respondents said natural flavors were very important.

THE COST OF NATURAL: ARE CONSUMERS WILLING TO PAY?

Nielsen's 2015 Global Health & Wellness Survey also examined consumers' willingness to pay a premium for natural and healthy products.

- 80% of North Americans polled were willing to pay more to some degree for foods with health attributes.
- Globally, almost 40% of consumers are "very willing" to pay a premium for foods
- that are deemed all natural. Almost 30% will pay up for products with natural flavors.
- Around 30% of Gen Z and Millennials are willing to pay a premium for foods with health attributes, and the percentages decrease from there, down to 19% of the Silent Generation.
- Health attributes are important factors in purchase decisions for all age groups, but percentages are highest among Millennials, followed by Baby Boomers.
- The attributes gaining the most favor include products that are GMO-free, have no artificial coloring/ flavors and are all natural.

Global sales of healthy food products are estimated to reach \$1 trillion by 2017. - Euromonitor



Lenny & Larry's The Complete Cookie All Natural Snickerdoodle Cookie

WANTING TO INDULGE IS NATURAL!

Despite a desire for health and wellness, people also want indulgence. There will always be consumers seeking out the most decadent treat they can find, but others want to indulge their sweet cravings while still maintaining feelings of health and wellness. That's why we see Instagram accounts like @lilsipper sharing recipes for treats such as Chocolate Covered Almond Butter Sandwich Cookies – that are sugar/ gluten/peanut-free, raw and vegan. Or @thevegan8 using sweet potatoes to make chocolate ice cream and toffee fudge. We also see market products like *Lenny & Larry's The Complete Cookie All Natural Snickerdoodle Cookie*, advertised to online customers with explanations about what exactly is and is not in the product: "This great tasting vegan cookie has no animal products, no dairy products and no preservatives. With 16 grams of protein, 6 grams of fiber, 0 grams of trans fat and 0 grams of cholesterol, you can see why The Complete Cookie is the perfect snack!"

GOING NATURAL: GENERAL MILLS GETS ON BOARD

Cereal sales have been slumping in supermarkets (Mintel reports a 6% decline between 2012 and 2014), but in natural food stores, sales have actually increased 20%. This could be a sign that General Mills is headed in the right direction with its initiatives to lower sugar and switch to natural flavors. "Consumers increasingly want the ingredient list for their cereal to look like what they pull out of their pantry," Jim Murphy, president of General Mills U.S. cereal business. They don't want labels with "colors with numbers and ingredients you can't pronounce." More than 60% of General Mills cereals already have no artificial colors or flavors, Murphy says. The organization aims to up that to 90% by end of next year and finish up in 2017.

In another step toward providing customers with the natural products they're demanding, General Mills has committed to moving to 100% cage-free eggs for its U.S. operations.

Cereal sales in natural food stores have risen 20% between 2012-2014.

- Mintel



PRODUCT LAUNCHES

Beverages

In North America, there have been **1,591** new beverage products launched with the All Natural Product claim between January 2011 – June 2015.



True Lemon Fruit Orchard Sunshine Strawberry Medley Drink Mix

With the tagline “Real flavor from real fruit,” the packaging claims the product to be the “first powdered drink mix that contains whole fruit powder.” It contains no artificial flavors or sweeteners, provides 100% of the recommended daily intake of vitamin C, and comprises 100% natural ingredients.



Powerful Yogurt Chocolate Protein Drink

Made with all natural ingredients and Greek yogurt, the product contains 20 grams of protein and is free from gluten.



Agua Fruit Essence Lime & Mint Mojito Flavored Water

Water flavored with natural lime, mint and other flavors



Pepsi's New Craft Stubborn Soda Uses Only Natural Flavors

Pepsi is joining the craft soda and natural ingredients trends with the launch of Stubborn Soda. It is served fountain-style, but with a handle similar to a beer tap. Stubborn Soda uses natural flavors and fair trade certified cane sugar. It comes in six flavors: Lemon Berry Acai, Pineapple Cream, Black Cherry Tarragon, Orange Hibiscus, Agave Vanilla Cream, Classic Root Beer.

PRODUCT LAUNCHES (CONT.)

Food

In North America, there have been **6,986** new food products launched with the All Natural Claim between January 2011 – June 2015.



SunRidge Farms Natural Foods Almond Cranberry Power Chews

Free from GMOs, preservatives, artificial flavors, colors, hydrogenated oil, trans fat, cholesterol and artificial ingredients. They are low in sodium and saturated fat and are made with real honey and whole grain brown rice.



Paleonola Maple Pancake Grain Free Granola

The snack contains no oats, grains or fillers and is free from dairy, soy, gluten, GMOs, artificial ingredients and preservatives. Packaging declares, "We believe in real food made from simple ingredients that taste amazing!"



Biena Habanero Flavored Chickpea Snack

Packaging tells consumers the product is made with "ingredients that you can pronounce," and contains 6g of protein and 24% of dietary fibers. This all natural snack features a medium spicy flavor, and is free from GMOs, gluten, dairy, artificial ingredients and flavorings. Ingredients include habenero pepper, cumin and lemon peel.

Clean/Clear Labels Aim to Send a Clear Message When we look at the packaging for all three of these new products, we see examples of the clear labeling trend. Each company explains what is – and what is not -- in their product in a specific and transparent way for consumers to see.



FONA CAN HELP!

Let FONA's market insight and research experts translate these trends into product category ideas for your brand. They can help you with concept and flavor pipeline development, ideation, consumer studies and white space analysis to pinpoint opportunities in the market.

Our flavor and product development experts are also at your service to help meet the labeling and flavor profile needs for your products to capitalize on this consumer trend. We understand how to mesh the complexities of flavor with your brand development, technical requirements and regulatory needs to deliver a complete taste solution.

CONTACT OUR SALES SERVICE DEPARTMENT at 630.578.8600 to request a flavor sample or visit www.fona.com.

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