

20 TREND INSIGHT 17 REPORT

CLEAN: BUILT ON TRUST

- *94% of consumers expect the brands and manufacturers they buy from to be transparent and upfront about their ingredients and manufacturing processes.¹*
- *75% of consumers do not trust the way brands are currently providing product information.²*
- *71% of purchase decisions are affected by product transparency.³*
- *65% of consumers want to know how their food is produced.⁴*
- *37% of consumers would be willing to switch brands if another brand shared more detailed product information with them.⁵*

Startling statistics. At the very root of these stats is one word: trust. The foundation of any good relationship, trust is built on character, integrity, communication and sometimes, a leap of faith. Trust is a factor in one of the most complicated and personal relationships consumers have—their relationship with food. More than just nourishment, consumers view food as a bridge to health, making what they choose to put in their bodies matter more than ever. While there are a plethora of healthy food options, product labels or manufacturers' websites don't always tell the whole story leaving the consumer to seek information online or even purchase other products resulting in information overload, lost sales and just as important, a lack of trust. In today's highly scrutinized and competitive food environment, trust may be the deciding factor for a company's future success. And if you gained 37% more customers because you were the brand that "shared more detailed product information," would that be such a bad thing? It's a good thing—trust us.



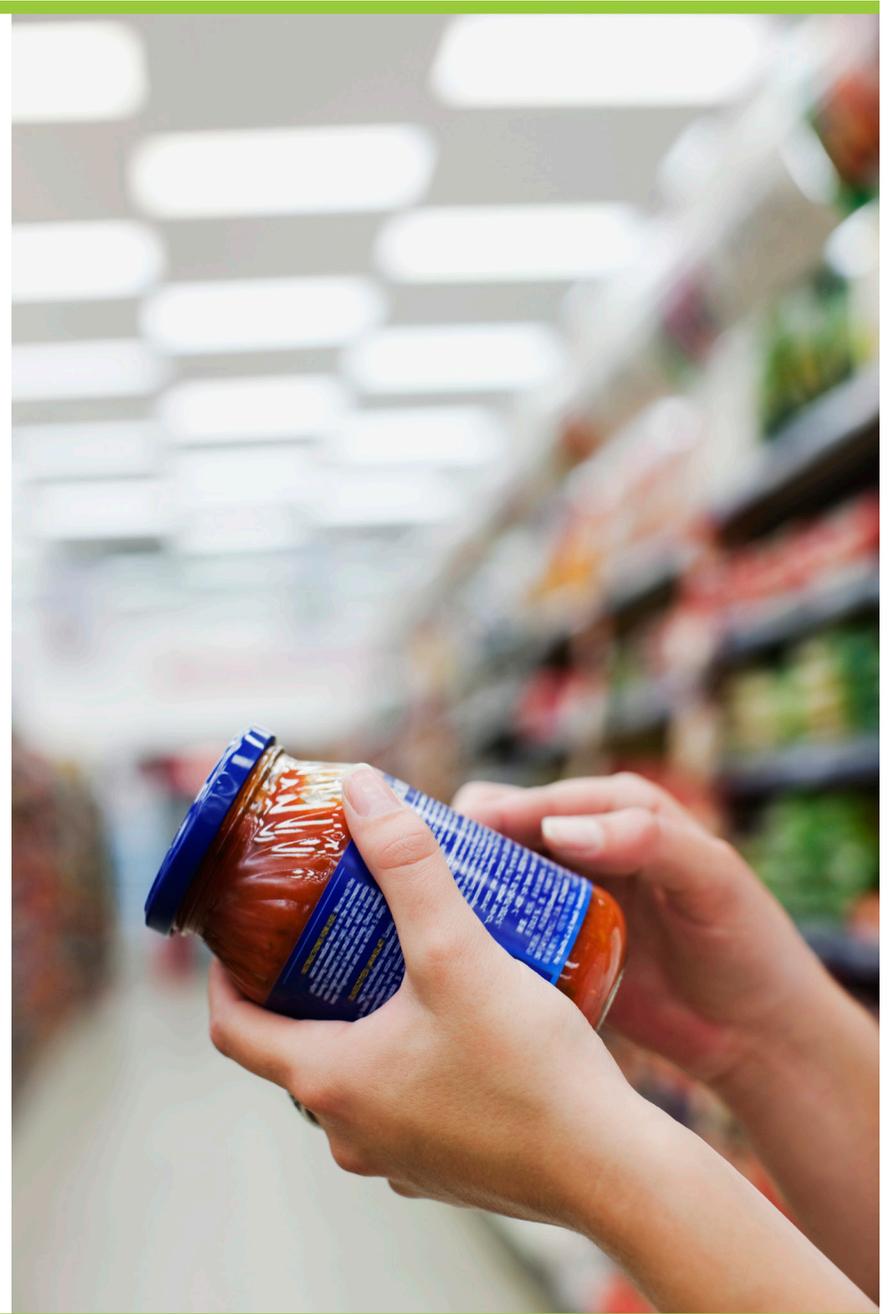
IN FOOD WE TRUST; IN COMPANIES.... WE AREN'T SO SURE

Let's touch a minute on the concept of food safety. Sixty-two percent of consumers believe food safety means food is "free of harmful elements." They want to be confident that what they are eating contains ingredients that have been produced according to standards, that it has been handled and prepared properly and more. The good news is that in 2016, nearly half of consumers polled are highly confident in the safety of the food they eat, up 15% from 2015.⁶

Recently, consumers were asked to rank the top life issues that concern them most, and interestingly enough, two-thirds of the top 9 were related to food:⁷

- Keeping Healthy Food Affordable / 69%
- Food Safety / 68%
- Affordability of Food / 67%
- Imported Food Safety / 65%
- Food is Actually What is Listed on Label / 60%
- Enough Food to Feed People in the World / 60%

2016 marked the first year that "food is actually what is listed on the label" was surveyed, and its high response rate speaks to transparency and trust.



THE TRUSTWORTHY TELEPHONE GAME/ INFORMATION SOURCES

Consumers are hungry for food and ingredient information to make educated purchase decisions and will go where they're fed. A form of the telephone game, information (and misinformation) about the food industry is constantly streaming to consumers via friends, the internet, TV ads and more. Despite the overwhelming amount of positive and negative food news, fifty-five percent of consumers believe that the food system is headed in the right direction compared to 40% one year prior.⁸ While consumers' current information sources are bolstered by their dependency on the digital universe, 67% of them still expect manufacturers to provide them with product information.⁹

Where are consumers getting their information about food?¹⁰

68%	Friends and family
54%	Medical community
46%	Grocers/retailers
34%	Food companies/manufacturers
33%	Bloggers/social media

One look at those stats and it's clear: consumers are as confident and comfortable getting food information from people they know and strangers online than big business experts. There is good news hidden in these numbers, though. Consumers' opinions of food companies and manufacturers as "very or somewhat trustworthy" has doubled since 2012 opening minds and business opportunity.¹¹



TRUST COMES IN TRANSPARENT PACKAGES

For consumers who are reading package labels more than ever, purchase decisions can boil down to packaging including what a package says, its ingredient label and what's missing. While only 8% of consumers find a brand's marketing or health claims completely trustworthy¹², 44% of them feel that 3rd party certifications such as green seals or the Non-GMO Project are somewhat trustworthy.¹³ One recent addition is the "Certified C.L.E.A.N." designation that lets consumers know a product is safe, minimally processed, ethical and more.

Another avenue for creating trust in packaging is the use of transparent windows allowing consumers a peek at what's inside. Cut-out window packing was featured on 12% of all new carton-based packages from January-May, 2016, up 30% since 2013.¹⁴ Consumers purchase decisions have become increasingly driven by visual images and nothing instills confidence better than a glimpse of the actual product.

TRUST FUND: DEMOGRAPHICS WORTH EARNING

There is a subtle shift of demographics for the food industry. Yes, there are the Boomers, Millennials, Gen X, or Z but there are also the Food E-vangelist, the Food Involved, Good Cooks/Bad Cooks, Dads, and Moms. Dissecting the various needs, behaviors, and communication styles with traditional demographic groups is already challenging let alone the needs of groups like Food E-vangelists who are difficult to identify, track and please. Here is a quick highlight of some influential demographics whose trust needs earning:

Millennials: Recognized as one of the largest growing groups when it comes to spending power, the Millennials want high-quality food preferably locally sourced. Forty-five percent of them would choose the locally sourced item when deciding between two.¹⁵ And when it comes to trusting food manufacturers, Millennials expect a lot. Forty-three percent find it hard to trust food companies and 74% of them expect transparency and communication on manufacturing practices.¹⁶

Food E-Vangelists: Almost stealth-like in their actions, Food e-Vangelists have become a group impossible to ignore. First recognized in Ketchum's Food 2020 report in 2013, Food E-vangelists "are actively engaged in what we make, buy and eat" and are communicating their demands primarily through social media. Food E-vangelists make up 24% of consumers from a growing and broad spectrum of backgrounds, and incomes. Their power has almost doubled since 2013 taking them from inconsequential to a force to be reckoned with.¹⁷

*Some quick stats:*¹⁸

- *Organic shoppers and dads are more likely to trust social media as a source of food information.*
- *Good Cooks, Moms, Women and Organic shoppers feel that it's very important to know how the food they eat is produced.*
- *Millennials and Parents are more likely to agree that the agricultural community and food companies are transparent compared to Boomers and Bad Cooks.*

COMPANIES GARNERING TRUST

These companies that have figured out how to bridge the communication gap by sharing provenance, cleaning up labels and telling their brand's story all of which serve to foster trust and ultimately, sales.

McDonald's / Canada – Although we haven't seen it here in the U.S., McDonald's "Our Food. Your Questions" campaign launched in Canada in 2014 inviting consumers to ask the iconic fast food giant anything about their food ingredients, processing, quality and more. Over 3.8 million visitors and 42,000 questions later, McDonald's has garnered invaluable trust with its Canadian consumer's thanks to transparency. Look out for those "millions sold" signs to be frequently changed.

Panera –A brand that has taken clean to a whole new level, Panera announced in 2015 that it would eliminate artificial ingredients from its menu by the end of 2016. And Panera followed through and communicated to consumers with its "Food As It Should Be" campaign and transparent menu detailing nutritional information, sourcing, animal welfare and more for each item.

Aldi – Thought of as Trader Joe's cheaper cousin, Aldi set out to change more than its branding. The company announced that it was going completely organic and eliminating eight pesticides in 2017 and is poised to take a bite out of Whole Foods and similar grocers.

Kashi – Kellogg owned, Kashi is known for its great tasting, healthy cereals and bars and they recently underwent a major packaging redesign. Centered around the farmers that grew their ingredients and showcasing the product itself, the packaging features close-up beauty shots and lots of information and certifications.

Unilever Fragrance – Transparency is crossing over the beauty aisle as the brand giant, Unilever, announced in February 2017, that it is going to use SmartLabel™ to disclose fragrance ingredient lists in its Dove, Noxema, Lever 2000 and Nexxus brands. This act is unprecedented in the fragrance industry and will earn Unilever many likes, followers, and new customers.

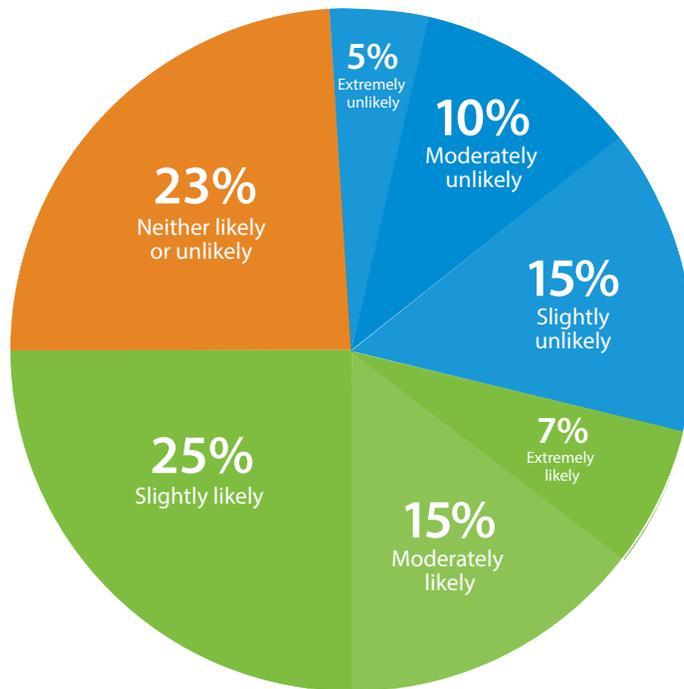


Image Sources: 20-22

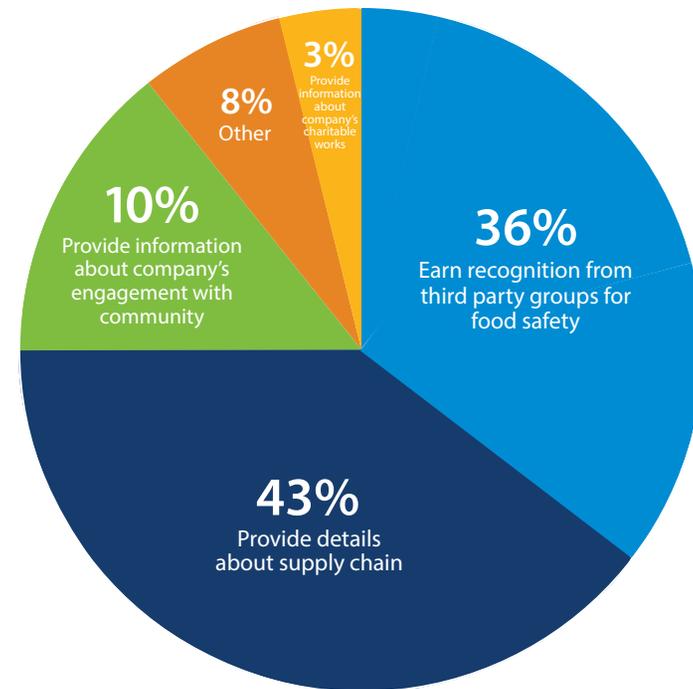
FONA LISTENS

Our recent survey revealed that 47% of consumers are “somewhat likely” to trust food companies to do what is right. More revealing is what they expect the companies to do. Most important was to provide details about the supply chain and to be recognized by third-party certifiers like the Non-GMO Project or USDA Organic.

HOW LIKELY ARE YOU TO TRUST FOOD COMPANIES TO DO WHAT IS RIGHT?



WHAT CAN FOOD COMPANIES DO TO GAIN OR MAINTAIN YOUR TRUST?



Source: ©FONA International National Consumer Survey, 2016

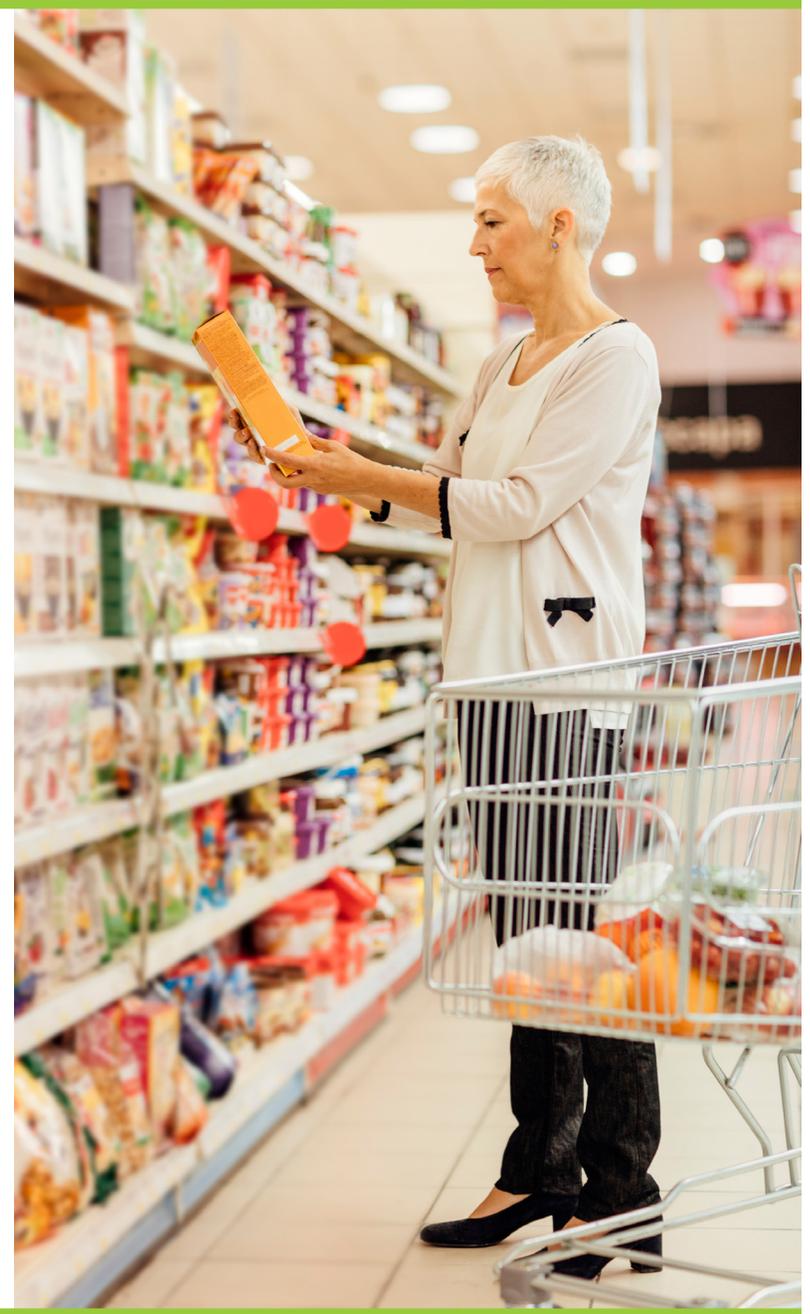
THE BUSINESS OF TRUST MAKING – OPPORTUNITY

Due to consumer pressure whether inspired in part by Food E-vangelists or other groups, food manufacturers and grocers are becoming virtual libraries of product ingredient and sourcing information. As in any relationship, the way to earn trust is through communication and transparency.

- **Technology:** Remember that 37% of consumers who are willing to switch brands for one that communicates with them? This group is also twice as likely to value info through digital labels.¹⁹ Harness the power of a SmartLabel™ for your brand and begin to build relationships with consumers by providing them the information they want in the manner they desire.
- **Communicate:** Listen more, share more, and earn more trust. Share content like blogs and create a social media initiative to share information about your ingredients, consumers, and brand.
- **Educate:** Dedicate resources to educating consumers on food production processes and practices. Supply ingredient definitions for your products to satisfy your consumers' natural curiosity and need to know.



Image Source: 23



FONA & YOU: A PARTNERSHIP BUILT ON TRUST

At FONA, clean is a continuum, not a checkbox. Like any good relationship, we view information sharing as a two-way street to foster trust and customer loyalty. FONA is the answer to “what’s next?” in clean. From concept to manufacturing, we’ll be at your side the whole way.

Interested in organic flavors? Looking for a deep dive into clean? Contact us today to uncover new insights and solutions for clean.

Your priorities are our priorities. Let’s talk.

FUTURE OPPORTUNITIES – 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.

SOURCES

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