

NATURALLY GOOD **BUSINESS SUMMIT**

**9:05am - Natural, Organic and Healthy in 2019 & Beyond
– Factors Fuelling Growth and How to Take Advantage**



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Natural, Organic and Healthy in 2019 & Beyond – Factors Fueling Growth and How to Take Advantage

Bob Burke

May 31, 2019



Driving Business Growth for Brands,
Manufacturers & Distributors

Bob Burke

- Advisory work in assisting bringing natural, organic and specialty products to market across most classes of trade
- Write business plans for raising capital and growth strategies for management teams
- Co-Author/Publisher of the *Natural Products Field Manual, Eighth Edition*
- Co-produce and co-lead seminars on “Becoming a More Effective Sales Manager in the Natural and Specialty Channel” and “Financing your Consumer Products Company”
- Serve as outside director of: EcoFish, Orgain, Saffron Road, King Arthur Flour and Farmwise
- Advisory Board: Go Veggie, Soapbox Soaps, The Chaat Company
- Former director: Stonyfield Farm, Equal Exchange, Stirrings, FoodState,
- Former Co-chair, Specialty Food Association’s Natural and Organic Council
- Admissions Committee, Specialty Food Association
- Prior to consulting was VP Sales and Corporate Development for Stonyfield Farm for 11 years.

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Natural Products Field Manual *Eighth Edition*



- Complete, comprehensive, 4 volume, guide on “how to go to market” for natural, organic and specialty products
- Includes Flash Drive with directory of top natural retailers, mass-market natural buyers, distributors, brokers, industry resources, budget models, new item forms and store logos
- Practical, proven, best practices shared and illustrated by industry veterans
- Rich, insightful guest editorials by notable natural buyers, brokers and CEO's
- \$100,000 in coupons
- Half Day consulting by author
- www.NaturalConsulting.com

Overview on Some Macro Factors Driving Growth

- Living in a time of tremendous opportunity for tuned in, switched on entrepreneurs.
- Hard to imagine better conditions for bringing natural, organic, and specialty products to market.
- Large CPG's are built to work at a large scale.
 - Asset heavy, largely inflexible
 - Close relationships with large B&M retailers in decline
 - Long efficient runs of low cost ingredient products
 - Largely out of step with where consumer is going
 - Dominate categories in decline (canned soup, CSD, Cereal)
- This creates your opportunity.

Greater Availability - Omnichannel

- Amazing opportunities to meet the consumer where they are, where they intersect with your product and the need state they have.
- The old go-to-market model has been turned upside down and tossed out the window.
- New brands can launch, test and learn online, DTC, and roll out into retail.
- Multiples, mass retailers and club stores all dramatically expanding assortment of BFY items.
- New classes of trade emerging: TJX, shared work spaces (WeWork), meals kits etc.
- Think Darwin – not “fittest” but *adaptable*.

Mindful Consumer (and Informed)

- All the knowledge of the world in your pocket.
- Consumers making ethical choices: social justice, humane, environmental, support companies with a social mission (B-Corp, Woman Owned).
- Self care.
- Transparency in supply chain.
- Sustainable packaging.
- Upcycling food.
- Animal welfare issues (grass fed, pasture raised, Humane Certified).

Generational Shifts

- Gen Z
 - Aged 11 – 24
 - 17% of the population (US)
 - Health Conscious
 - Support companies with a social mission
- Millennials
 - 1981- 1996 (25% of US population)
 - \$1.4 trillion spending power by 2020.
 - 42% multi-ethnic
 - Millennials are notably more tuned into the values and social mission of companies than other groups.
 - In addition they tend to be more on the leading edge of trends around plant based diet including non-dairy beverages and meatless products, special diets like Paleo and Keto, gut health and emerging categories like Kombucha, drinking vinegars, cold brewed coffee, bone broth and collagen and more.
- Baby Boomers
 - 1946 – 1964 (78MM Americans)
 - “60 is the new 50” – active aging, concerned about wellness, self-care
 - Social values

Sorry Gen X



Resources for Growth

- Capital
 - Investment into food/beverage continues to be strong and new investors are still joining the space. Definitely encouraging - brands at all stages seem to be successful finding investment.
 - “Innovation through acquisition” – great exits encourage more entrepreneurs and investors.
- Incubators/Accelerators (regional and big CPG sponsored)
- Can outsource most functions: Sales, Finance, Operations, Innovation, in-store execution/merchandising.



A word cloud featuring various hemp-related products and categories. The words are arranged in a cluster, with some overlapping. The colors of the text include yellow, purple, blue, green, orange, and red. The words are: HEMP, SUPPLEMENTS, CBD, KETO, PLANT-BASED, HERBAL SUPPLEMENTS, SNACKS, WASTE, BODY CARE, HOME SUPPLIES, SWEET SPOT, HOPS, and DAIRY.

Selected Highlights – Will share more complete list at 2:00pm on Monday in Theater 1

Plant Based *Everything*

- 2013 – 2017 plant based products had a 62% CAGR (Innova).
- Plant based dairy, meat and egg alternatives grew to ~\$4B in 2018 (Nielsen) +20%.
- Healthier, better environmental impact.
- Products are much better.
- Animal welfare concerns.



Keto Diet

- Keto (Ketogenic Diet) is one that contains low-no carbs and sugar (20-30g carbs/day) and high in protein and healthy fats.
 - Hard to follow diet, more demand than products.
 - Many Keto brands are scaling very quickly online.
 - Consumers tend to dip in and out.
 - Benefits are satiety and slow burn without carb spikes. Also weight management and mental clarity, energy and overall feeling of well-being.
 - Seeing healthy fats like coconut and avocado paired with monk fruit, stevia or erythritol selling at high price points.



Some Innovative Keto Products



**Bulletproof
Fat Water**



**Nature's Way
MCT Oil**



**Chosen Foods
Mayonnaise**



**Epic
Pork Rinds**

Adaptogens

- Move body to state of equilibrium, de-stress.
- Recharge the adrenal glands, body's way of responding to stress and motional changes.



Ashwagandha



Rhodiola



Schisandra



Holy Basil



Maca

Sources: Delicious Living "Feeling Stressed? Fight it With Herbal Supplements" – July 2017, Global Healing Center "Adaptogenic Herbs" – Feb. 2016"



Yogi Tea
Ashwaganda,
Holy Basil



Triple Leaf
Astragalus



Natierra
Maca



Organic India
Ashwaganda,
Holy Basil



Living Intentions
Maca



Puffs are the New Popcorn



Cauliflower

SUPERFOOD CAULIFLOWER!

Low carb and a great source of vitamin C, K, protein, thiamin, magnesium, fiber and potassium.

- Good for kidney & bladder health
- Contains a variety of minerals
- Improved cell growth
- Detoxifies
- Improved immune system
- Anti-inflammatory
- Lowers risk of cancer
- Rich in antioxidants
- Promotes good digestion
- Boosts energy levels & increases blood flow



BRAIN HEALTH



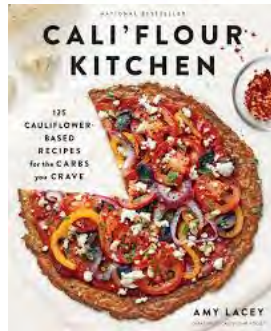
WEIGHT LOSS



BONE HEALTH



SKIN HEALTH



Nielsen data found the ingredient across 36 different grocery categories in everything from dried pasta to frozen foods, and sales for packaged cauliflower products grew 71 percent in 2017

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Probiotics and Gut Health

Beverages: Single Serve GT's Kombucha – Tantric Turmeric

- USDA Organic
- Raw
- Contains the popular adaptogenic herb Turmeric
- New flavor type



Beverages: Multi Serve Farmhouse Cultures – Kimchi Gut Shot

- USDA Organic
- Non-GMO Project Verified
- 110 Billion CFUs per bottle
- 11 servings per bottle
- 5 active cultures



Grocery Food: Nutritional Convenience: Single-Serve Bars and Snacks

Nugo – Dark Chocolate Crunch Bar

- Includes GanedenBC30 strain of probiotics
- 9g of rice protein per serving
- Vegan
- Non-GMO Project Verified



Grocery Food: Tea: Non-RTD Bigelow Tea– Lemon Ginger Herbal Tea Plus Probiotics

- Includes probiotic BC 30 to support health digestion
- Lemon, Ginger and Rose Hips have also been found to aid in digestion
- All natural ingredients
- Caffeine Free



Regenerative Agriculture

- Ag system that improves land (rebuilding soil, and encouraging biodiversity).
- General Mills committed to regenerative agricultural methods on 1 million acres of farmland by 2030.



Upcycled Products

Trend Spotlight



Regained

Prebiotic bars made from upcycled beer grain



Forager

Dehydrated leafy greens made from juice by-product



Barnana

Snacks made from imperfect bananas



Render

Sparkling beverages made from upcycled whey



Wize Monkey

Coffee leaf tea that comes from prunings from the coffee plant



WTRMLNWTR

Cold pressed juices & isotonic drinks made from "discarded" melons



Shameless

Pet treats made from upcycled ingredients and superfoods

Glyphosate Awareness

- Herbicide used in Roundup.
- Well publicized reports of traces found in everyday foods.
- Concerns it is a carcinogen.



Key Trends – Beauty and Personal Care

- Further commitments to sustainability.
 - Reduced packaging
 - Waterless Beauty
- Formulation transparency including supply chain.
- Beauty from within.
- Green beauty products will become more widely used and consumers will focus on ingredient lists over nutrition facts.

CBD

- Consumers reporting benefits for sleep, anxiety and pain.
- Connect to endocannabinoid receptors balancing the nervous system.
- Forecast range from \$2B - \$22B by 2022.
- Usage migrating from cannabis friendly to CBD curious.
- Processing so products have efficacy necessary for growth, otherwise it is fairy dust.
- CBD is gaining traction at an incredibly fast rate (probably faster than any trend I've witnessed). Almost every beverage company is testing it as are many food companies. However, information about its functionality / efficacy has a long way to go.



Strategic Question: Is it an ingredient, or can you build a brand?



Beauty from Within

Vital Proteins Beauty Collagen (Tropical Hibiscus)

- This beauty-boosting blend of collagen peptides, hyaluronic acid, probiotics and organic juices works from the inside out to support the natural glow of your skin.
- Simply scoop, stir and sip your way to looking and feeling your best with 12 grams of grass-fed collagen peptides and 120 milligrams of hyaluronic acid.



Organic Fem Care

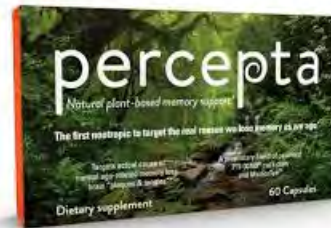
Organic Initiative Revolution In a Box Super Tampons

- Organic cotton tampons have been a staple in natural stores for a while.
- But Organic Initiative makes choosing clean feminine care products a revolutionary act to take control of your health.
- Bright, cheeky packaging and a relatively low price point makes these products more accessible.



Cognitive Health ~ Nootropics

- Agents that enhance cognition or support mental calm and clarity.
- Benefits from the boom in the Ketogenic diet.
- Often include MCT oil from coconuts.



Sleep and Relaxation



Collagen

Collagen is a **primary structural component** of the body's tissue, making up 1/3 of the body's protein. It is found in everything from bones & organs to muscles, teeth, eyes & hair. It **keeps connective tissue vibrant & flexible**.

Why Take Collagen?

- With age, the body produces less collagen and the structural integrity of skin declines, causing wrinkles and weakening of joint cartilage.
- Women experience dramatic reduction in collagen synthesis after menopause.
- Our bodies cannot synthesize collagen on their own and our diets today contain minimal amounts.

Top Benefits :



Sources: 2016 Delicious Living Neocell Report, Well+Good



Neocell
Collagen + C
Pomegranate Liquid
Top Sales & Growing Brand



Primal Kitchen
Grass Fed Collagen
Protein Bars
New Items!



BulletProof
Collagen Protein Powder
New item to KeHE



Youtheory
Collagen Powder
0.27oz packets
Best Brand, +143%

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Most Fun New Product



Kosher, gluten-free, gelatin party shots made with premium vodka in recyclable, BPA-free cups.

Sourced used for this Presentation

- www.spins.com
- www.pmidpi.com
- www.unfi.com
- www.newhope360.com
- www.kehe.com

