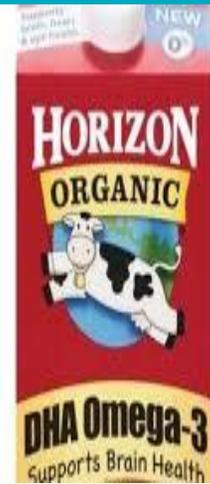




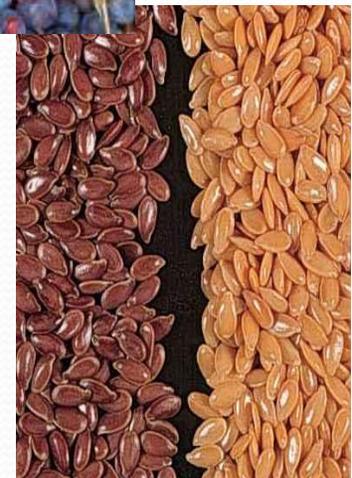
# Healthy Food Trends: Opportunities for Manitoba Industry



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**NutriScience Solutions**  
**kelleyf@shaw.ca**

# Ingredient Trends

- Protein
- Healthy fats
- Antioxidants
- Pro/prebiotics



# Product Trends

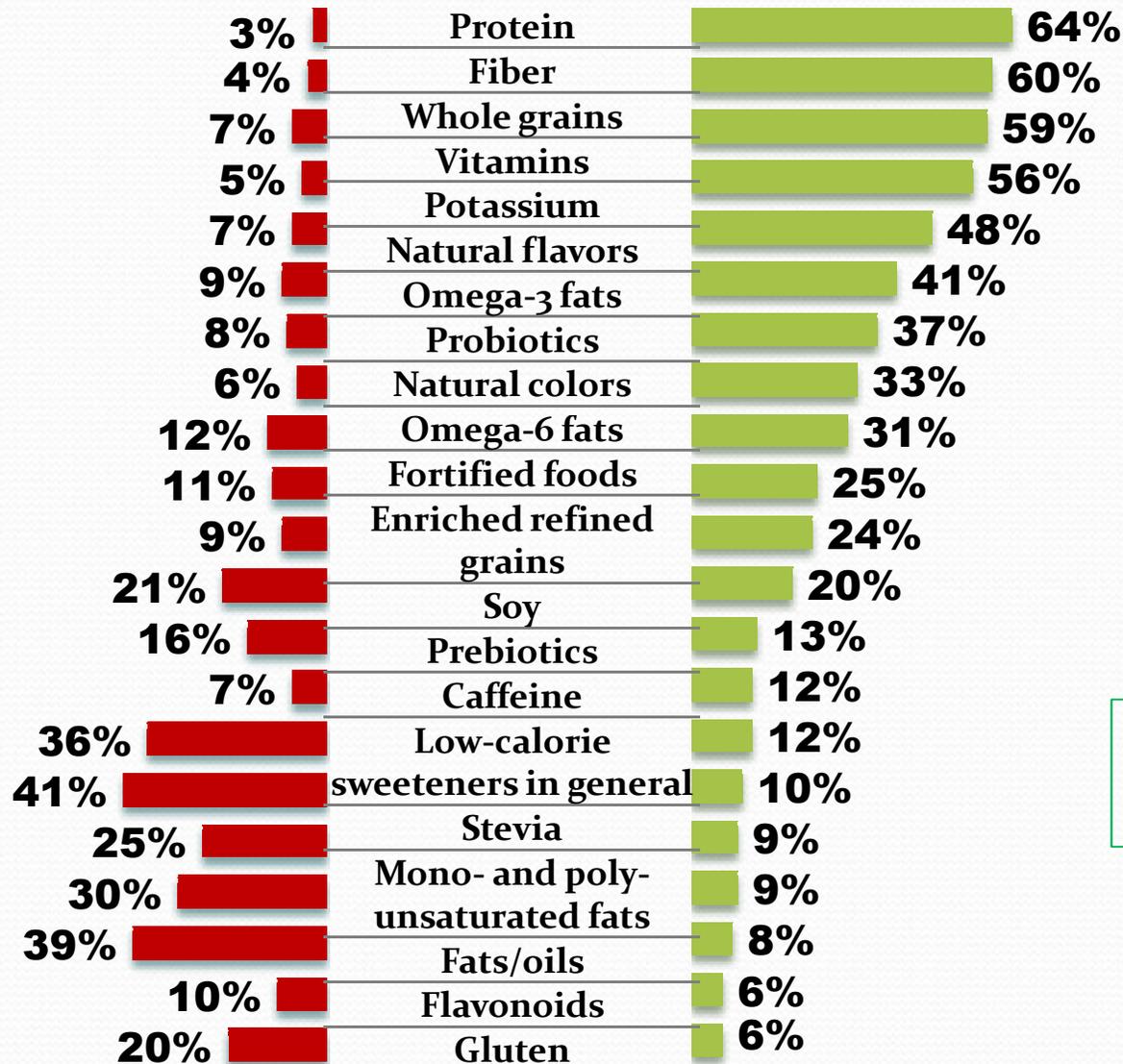
- Digestive Health
- Plant-based Foods
- Clean Label
  - Gluten free /“Free” from
- “Snackification”
- Sustainability



# 2016 Consumption Of Ingredients

International Food Information Council 2017

% Try to limit or avoid



% Try to consume

# KEY TREND 6



**PROTEIN**

# PROTEIN

**PROTEIN = AN INGREDIENT + A BENEFIT**

**NO health claim needed**

## Protein consumption is growing

Vegetable protein is increasing but unlikely to transform the way we eat

People want protein from natural sources - like dairy, meat, fish.

**People are eating more meat, not less!**



**2015:** US meat consumption rose **5%** in one year - the fastest increase in 40 years

→ **People still want animal protein more than plant protein**

## WINNERS

### MEAT SNACKS

UK market volume was up 16% in 2016, to £140m (\$175m)

US \$500m Jerky market had an average 11% growth over the last 3 years



### DAIRY

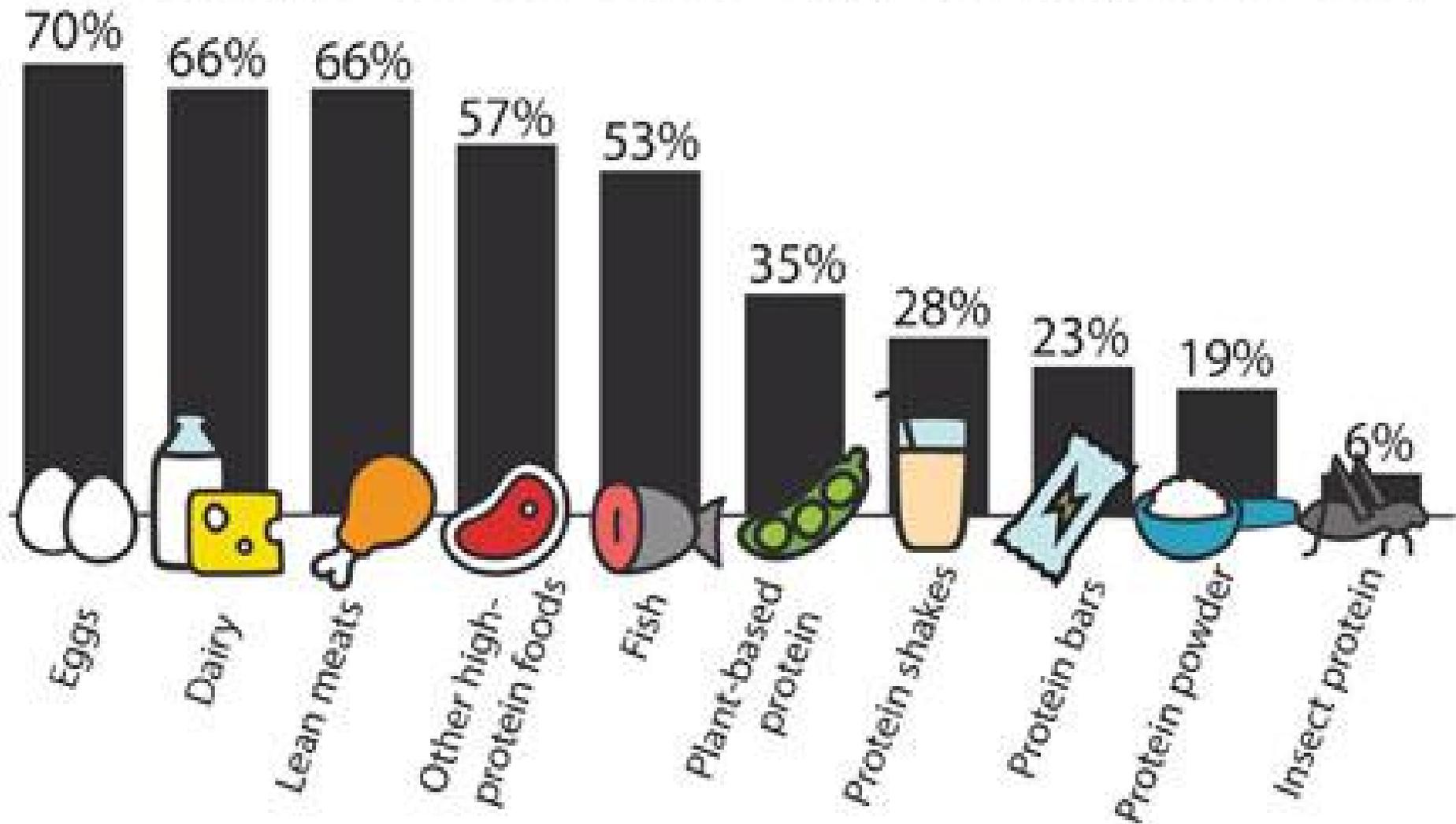
Greek yogurts have led, now cheese will shine

P3 snacks grew 60% by June 2016 to \$101m (€91.7m) in sales



**MOST POTENTIAL:** DAIRY BROTHS SNACKS LEGUMES  
**NEW FRONTIERS FOR GROWTH:** MIDDLE EAST LATIN AMERICA ASIA

Among the 38% of U.S. adults seeking more protein in their diets, preferred sources vary from eggs to insects.



Natural Marketing Institute and Informa Group, P.L.C., 2016.

**BENEFITS OF GREEK YOGURT**

Greek Yogurt has **2 TIMES THE PROTEIN** vs. regular low fat yogurt<sup>1</sup>

Dairy proteins contain 9 essential amino acids the human body can't produce. Amino acids are building blocks needed to create our own proteins.



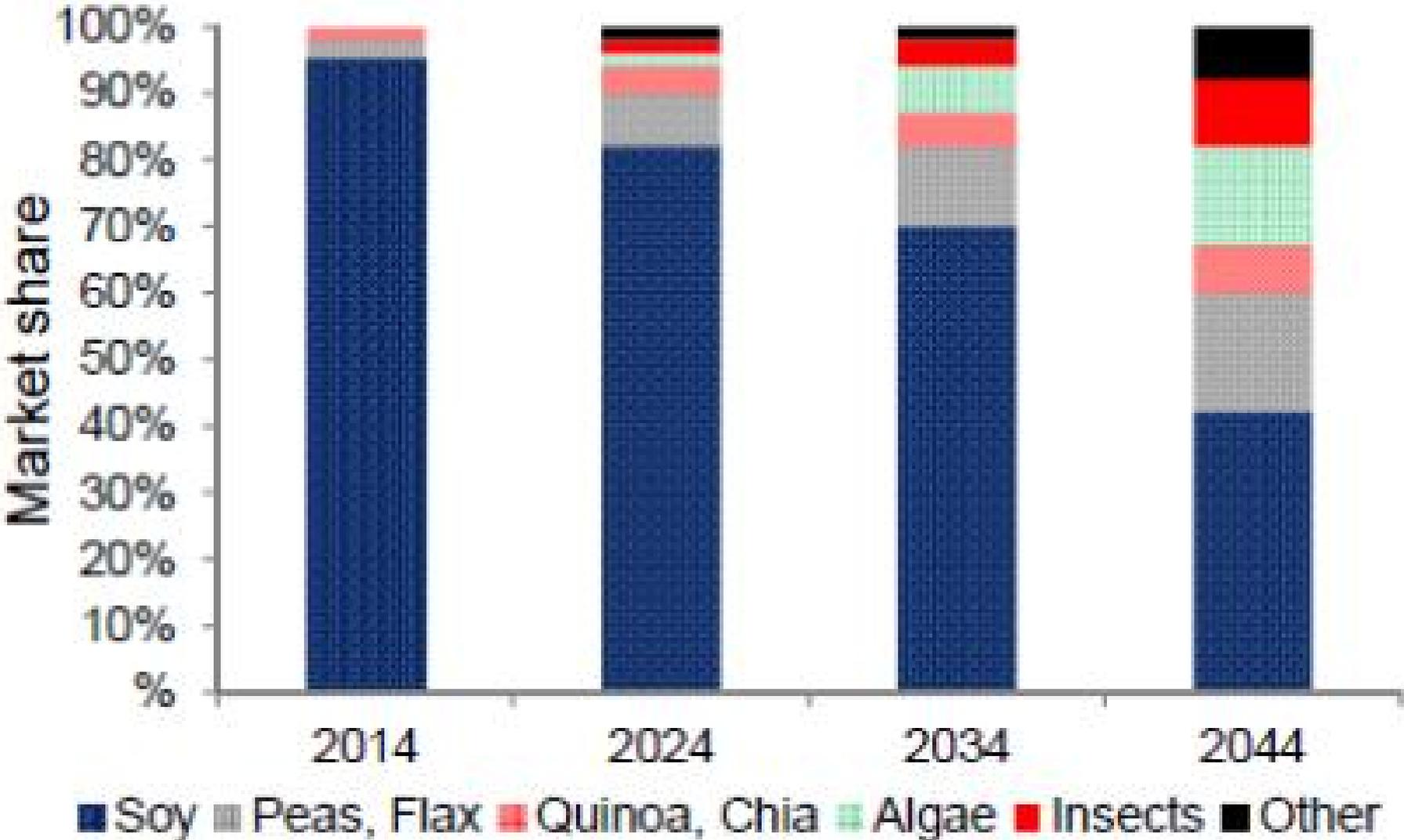
INTRODUCING

# BONE BROTH PROTEIN™

Natural | No Artificial Ingredients | Non GMO | Gluten Free | Dairy Free | Soy Free | Grain Free | Nut Free

PURE  
CHOCOLATE  
VANILLA  
TURMERIC

# Alternative Protein Market Share<sup>3</sup>



Grand View Research, 2014<sup>5</sup> Lux Research, 2015 (reported by Silverwood Partners, 2016)

# KEY TREND 8



**UP WITH FAT, DOWN WITH SUGAR**

## UP WITH FAT DOWN WITH SUGAR

### SEISMIC SHIFT

**Rehabilitation of fat & Great fall of sugar**



Consumer attention has pivoted sharply from fat as the "demon nutrient" to sugar - thanks to growing research connecting added sugars to obesity, diabetes and other health problems

The science around whole-milk dairy products has evolved to the point where it is clear that whole milk dairy products don't cause heart diseases

Butter has been rehabilitated for foodies, chefs and consumers. In the US, after a long decline, butter consumption began rising in 2005. In the US in 2015:

- 5% growth of sales of whole milk
- 3% fall of sales of low fat milk

### What can companies do to succeed?

Just be honest about indulgent products that contain some sugar

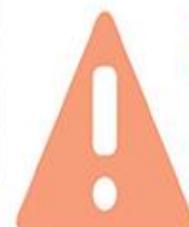
Sweeten with something other than sugar, like naturally sweet dates

Forget low-fat products, raise the fat content and lower the sugar instead



Belvita Breakfast Cookies sales grew 20%, to over \$280m in the US, in 2016, despite the fact that they deliver 10g-12g of sugar per 50g serving

Despite being almost 60% sugar, dates seem to have a "free pass" as a sweetener. Their perceived "naturally functional" benefits of fibre and nutrients excuse their sugar content.



The 30 years orthodoxy of "fat is bad" means that it could be decades before consumers fully embrace the opposite message

Companies can begin by targeting low-sugar/high-fat products only at the early adopters, the most health-informed open-minded people

**New Nutrition Business, Ten Top Trends for 2017**

# Healthy fats

- Supported by science
- Consumer awareness
- Innovation in product development
- Global market expected to reach \$7.3bn by 2020
  - CAGR of 13.7% from 2014 to 2020
- Europe – 60% of global consumption
- Asia Pacific - CAGR of over 15% from 2014 to 2020
- Functional foods
  - Largest application segment
  - Over 55% of global demand, 2013



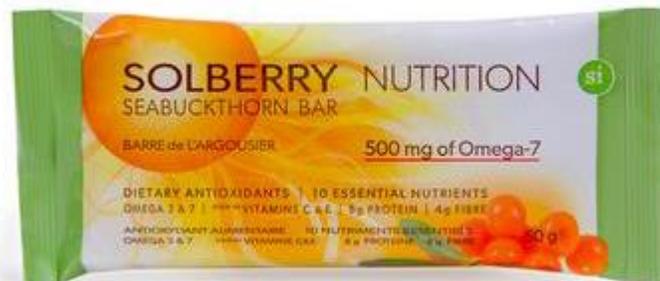
Frost & Sullivan, 2015

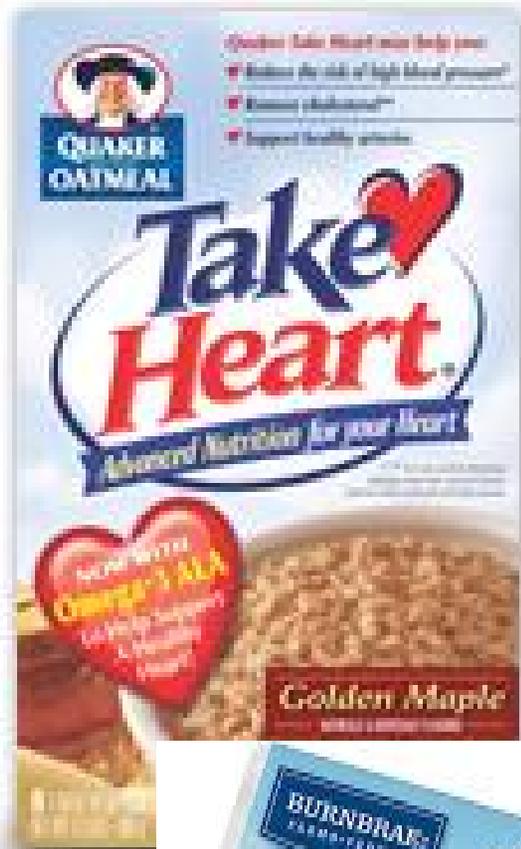


# FLAX TO THE MAX!



Put the power of flax to work for you! Flax Country Flax Oil and Flax Meal add healthy Omega-3 ALA to your favourite meals and drinks!





guaranteed traceability™





# KEY TREND 2

## PLANT-BASED

A fundamental shift in how people look at their plates - it's not about replacing meat, it's about broadening the healthy eating repertoire

- Consumers want to increase their protein intake...
- They want variety beyond meat or dairy - beans and peas have become valid protein options
- Consumers also want to ditch "bad carbs" for fewer carbs and/or better quality
- They want to replace "bad carbs" with "better for you" easy-to-prepare alternatives



**2015:**  
**10%** Increase in courgette sales at Waitrose (UK)  
**13%** Increase in US sales of cauliflower  
**64%** Increase in sweet potato sales at M&S (UK)

★ VEGGIE PRET ★  
**70%** Increase in sales when Pret a Manger in London Soho converted the store to "Veggie Pret"!

"This trend is not about a rise in vegetarianism or veganism. Mainstream consumers are still happy with animal-based foods - alongside plants, not instead of"

### 4 opportunities for plant-based foods

- Non-dairy drinks and other "dairy like" products
- Snacking
- Meat substitutes
- Pre-prepared vegetables in place of starch



# Plant Based Foods

- Plant-based food industry was ca. \$3.5 billion in annual sales (2015)
- Growth of 8.7% over the past two years
- Compare to 3.7% for 'general' FB
- Plant-based
  - Meat, tofu, milk, yogurt, cheese and cream – greatest growth

SPINS data, 2013 to 2015





69%

of consumers say they are eating more mealless meals and/or alternatives as part of a healthy eating strategy.



42%

of consumers say they are more likely to try plant-based alternatives now compared to five years ago.



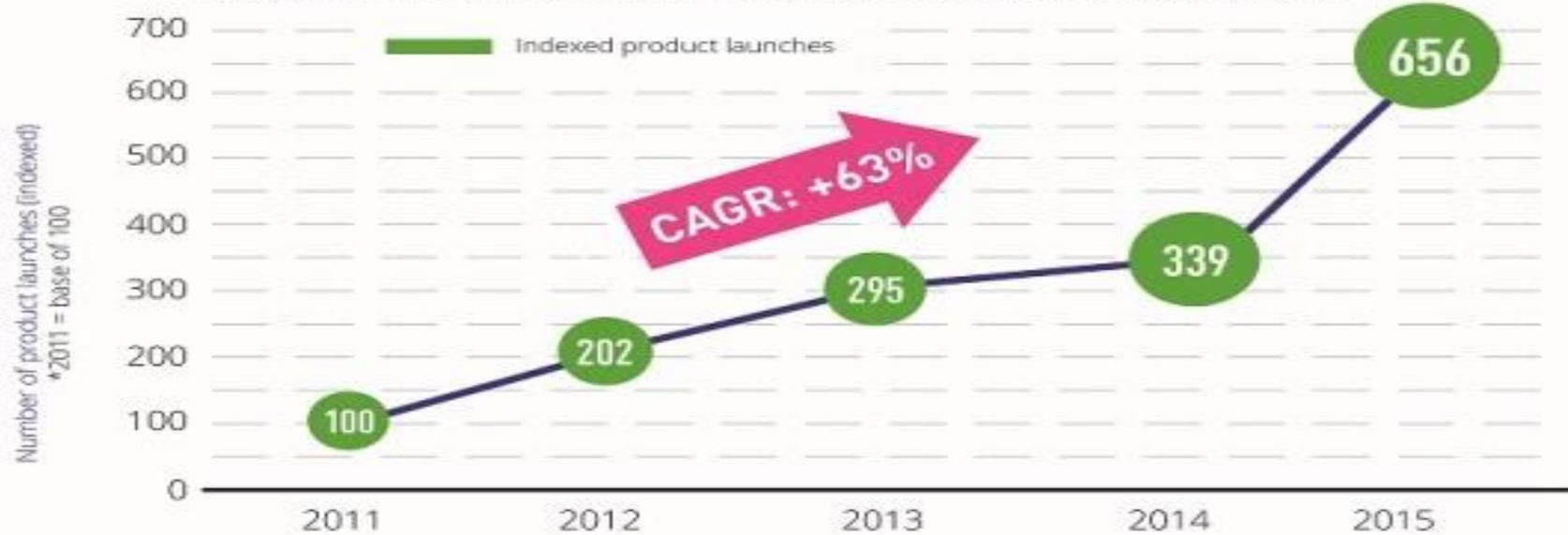
63%

of consumers say they have tried plant-based protein alternatives.



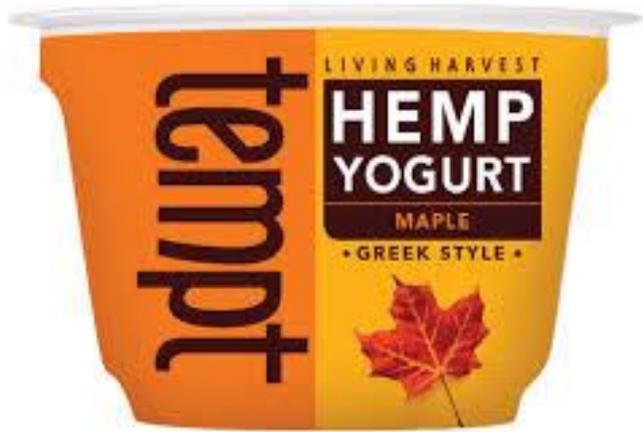
## PLANTS ARE TRENDING IN NEW PRODUCT MARKETING

New global product launches tracked with a plant based claim (indexed\*)



Source: Innova Market Insights, 2016





CANADIAN  
*Prairie Garden*  
 PUREES



Upmarket UK supermarket Waitrose bills spiralised vegetables as “an alternative to pasta”





# KEY TREND 1

# DIGESTIVE WELLNESS 2.0

## What happens in the belly... doesn't stay in the belly

### Change of focus for probiotics

From flooding the gut with good bacteria

to

targeting specific health concerns with specific strains



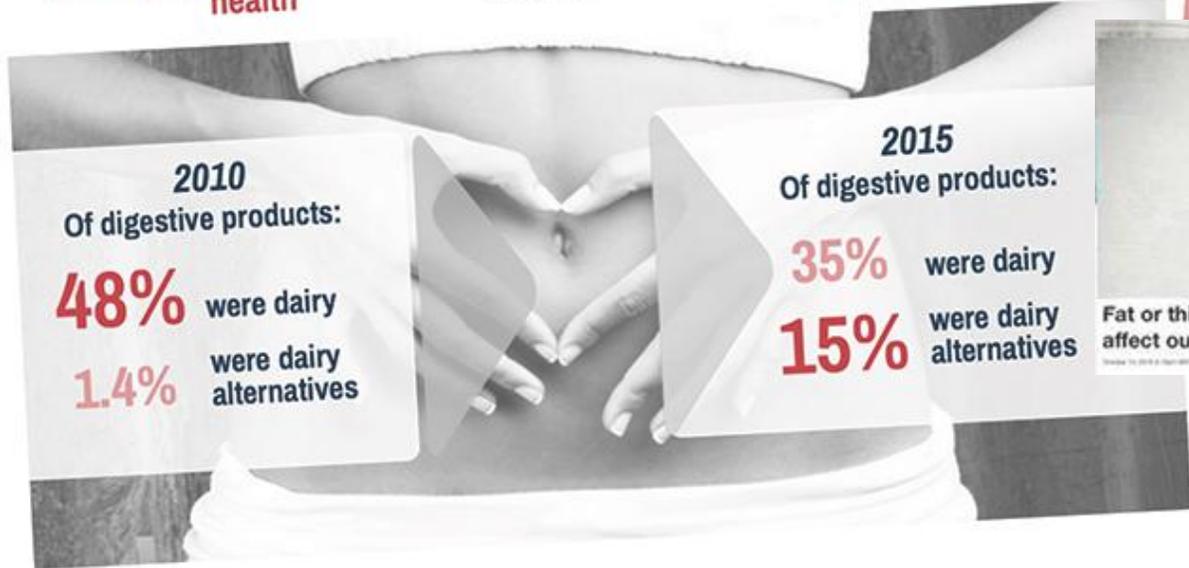
**SCIENCE** ✓ A new strategic focus in digestive wellness  
✓ Digestive health as key for overall health

Gluten-free & lactose-free are paths to digestive health

MANY ROADS TO DIGESTIVE WELLNESS

Free-from and Digestive Wellness are not separate markets

New digestive "free-from"



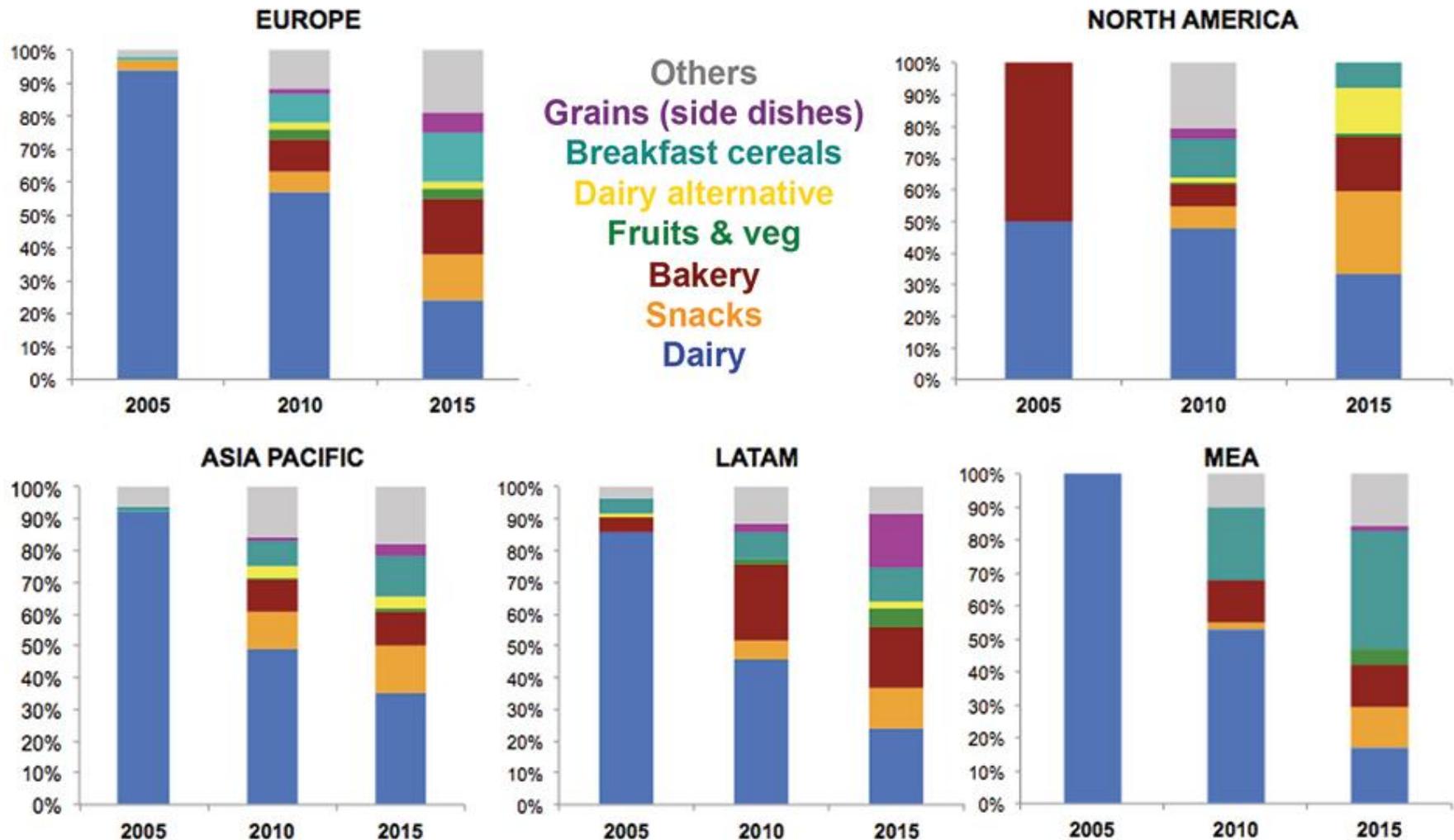
Fat or thin: can the bacteria in our gut affect our eating habits and weight?



## MORE CATEGORIES ARE PARTICIPATING IN DIGESTIVE WELLNESS

It's no longer "traditional" dairy brands alone that are benefiting what's known scientifically as the "microbiome" in the human digestive tract. In fact, while 10 years ago dairy products

dominated the products launched with digestive claims, that's no longer the case, as the graphs below show.



# 10

## KEY TREND 10

FREE-FROM

# FREE-FROM

Spotlight shifting from gluten to dairy



### Growth opportunities of the next five years...

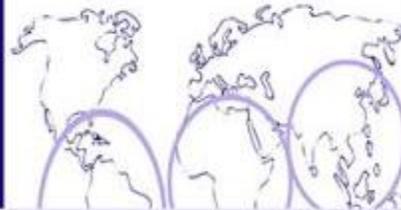
Likely to be in dairy-free and lactose-free, which are next (after gluten-free) in the hierarchy of consumers' free-from needs

Consumers seeking a solution to stomach upset will drive growth



### THE BIG OPPORTUNITY

Lactose-free dairy in South America, Africa and Asia where there is a lot of lactose intolerance



### Non-dairy the winner

The biggest, fastest-growing beneficiary of the dairy-free message is non-dairy milks and similar non-dairy products



**Gluten-free rapidly becoming a hygiene factor - get in quick!**

### Gluten-free and dairy-free/lactose-free connect strongly to digestive health

People often report feeling a digestive benefit when they reduce dairy or gluten - and feel the benefit is one of the most important reasons for anyone to buy a healthier product



### Reducers not avoiders

People who look for dairy-free and lactose-free are often not cutting out dairy completely, just reducing the amount they consume because it makes them "feel better"

# “Clean Label”

- No regulatory definition
- Generally accepted as:
  - Removal of chemical sounding ingredients
    - Not easily recognized by consumers
    - More “Natural” sounding
  - Simpler, Fewer Ingredients
  - Whole Foods List
  - Healthier Nutrient Profile
  - Non-GMO and Organic claims



# Why discuss “Clean Label”

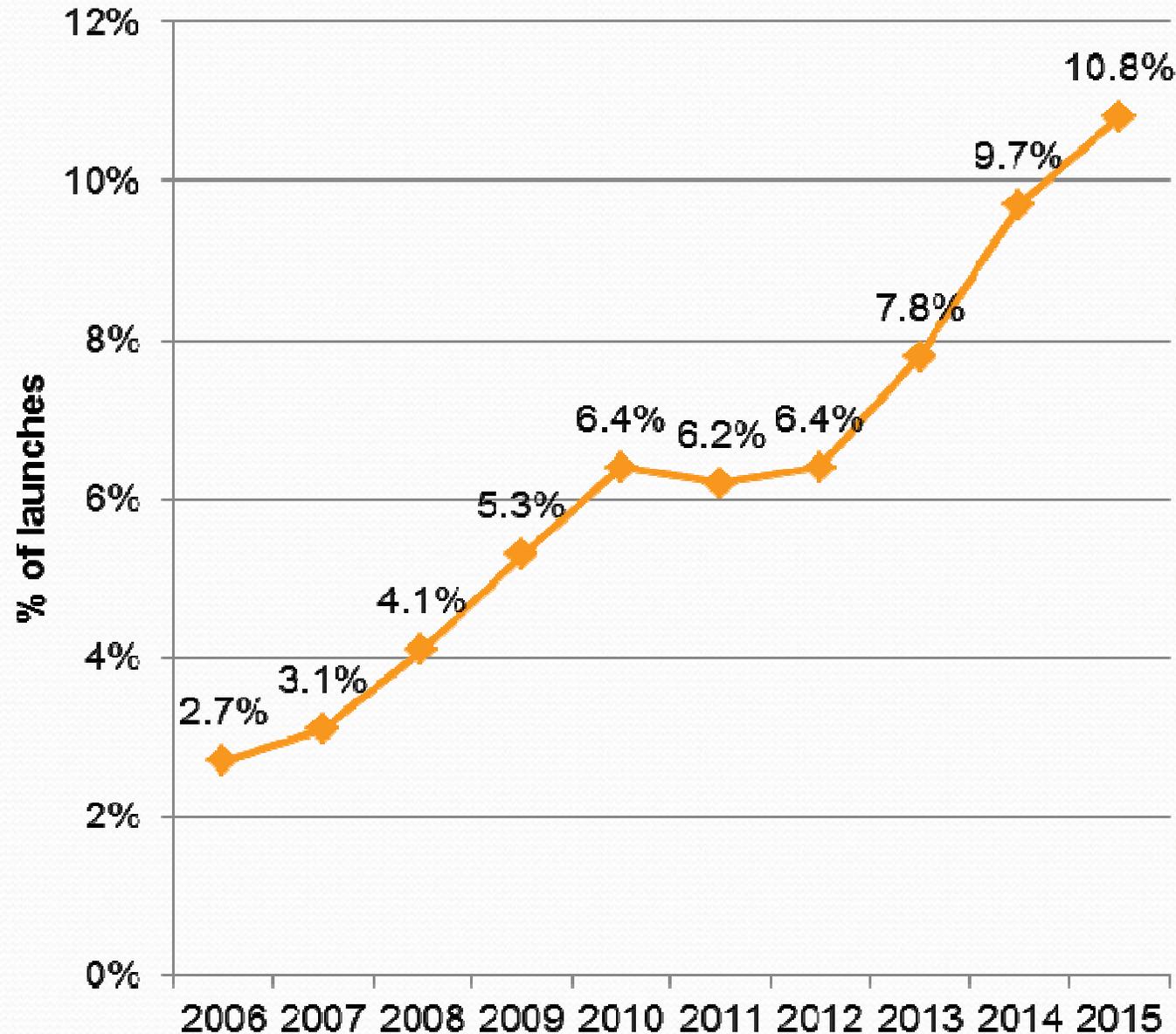
- In absence of regulatory definition of “clean”, consumers and stakeholders are shaping trend.
  - Over 25% of US products in 2014 - clean label positioning
    - up from 20% in 2013.
  - 73% of US consumers
    - important to have recognizable ingredients
  - 28% of consumers
    - clean label is important when purchasing foods



*Clean*  
INGREDIENTS  
  
*Healthy*  
CONVENIENCE



# Gluten-free

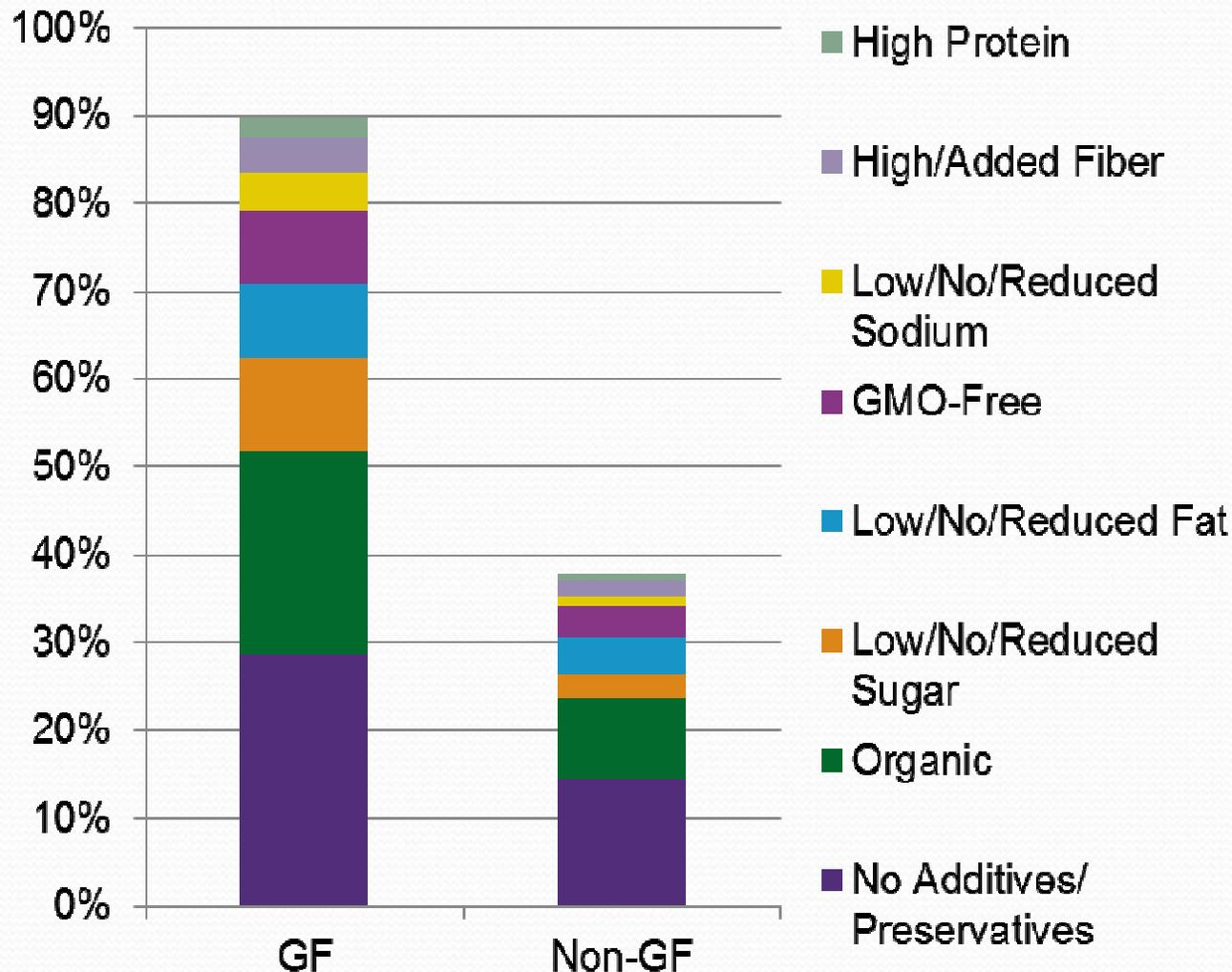


% Global food product introductions

(bakery, cereals, snacks, pasta & noodles)

(Mintel, 2015)

# Gluten-free vs. Non-Gluten-free (% of launches by selected claim)



## Europe

**A gluten-free product much more likely to also claim organic, low sugar and fat, no additives or preservative than a 'regular' product**

**(Mintel, 2015)**

# KEY TREND 7

## SNACKIFICATION

Snackification has taken centre-stage in consumers' preferences & in food and beverage strategy

Established, inconvenient-to-eat commodities are reinvented as something exciting, portable and contemporary



Beetroot and star ingredient chickpeas are examples of this



One of the biggest opportunities in snacking is cheese

**\$67** million was cheese snack brand Sargento sales for its first year, making it one of the most-successful new products launched in America



**60%** of snack brands launched between 2003-2013 were still on the market in 2016

This is the highest success rate among all categories, and creating a snack brand is lower-risk



### Rules for snacking success

- 1 Any and every category can be a snack
- 2 Any time of the day can be a snack occasion
- 3 No limits on new product development

Where are the opportunities?

Vegetables

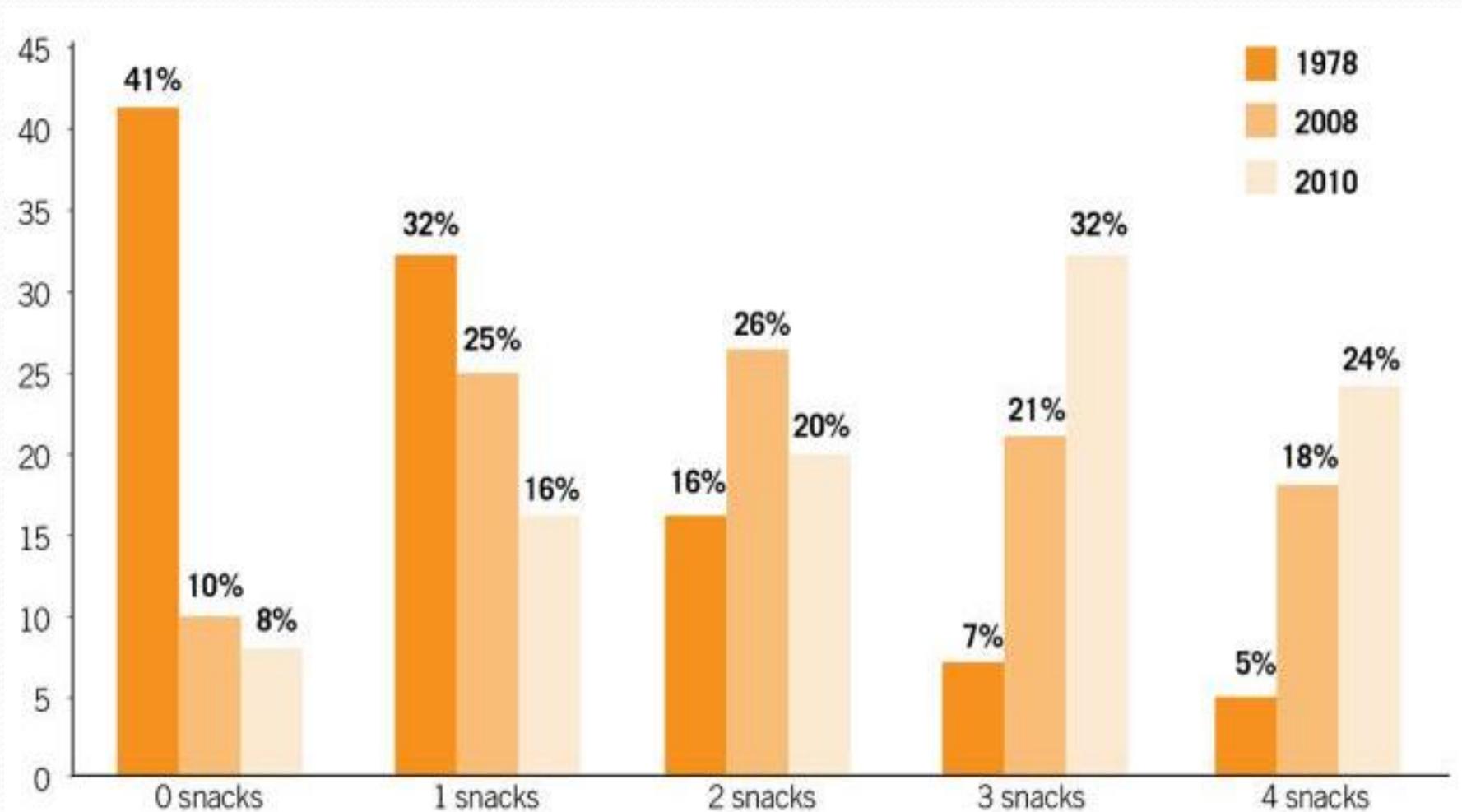
Bakery

Dairy



The long-term driver of snacking will be people's increasing quest for personalised foods

## Over the last decade – 44% increase in people having at least 3 snacks /day



**New Nutrition Business, 2016**

# 47%

of consumers  
say that most  
days they can't  
get through the  
day without a  
**SNACK!**

.....

## 1 in 5

**22%** of consumers indicate  
that their snacking  
behaviors have changed in  
the past five years and  
they are now snacking  
**MORE OFTEN.**

With **91%** of consumers  
snacking multiple times  
throughout the day,  
snacking is essential to  
daily eating for most  
Americans now and  
accounts for **50%** of all  
eatings.

Hartman Group, 2017

# CHART 23: SNACKING TRANSFORMS COMMODITIES INTO A VALUE-ADDED, HIGH-MARGIN BUSINESS

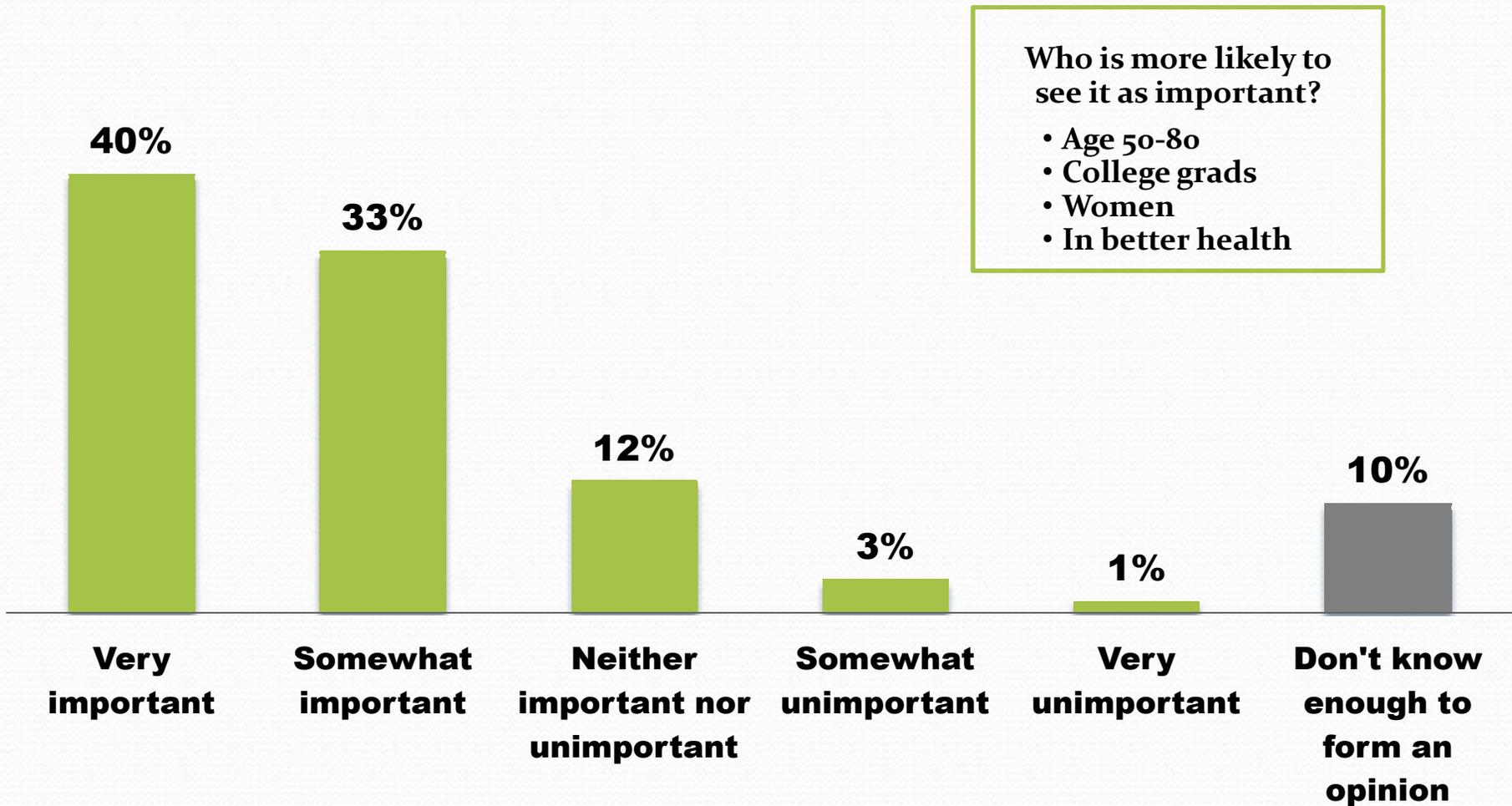
Example here is beef and cheese compared to meat snacks and cheese snacks



Source: New Nutrition Business pricing survey in Safeway and other supermarkets

## New Nutrition Business, Ten Top Trends for 2017

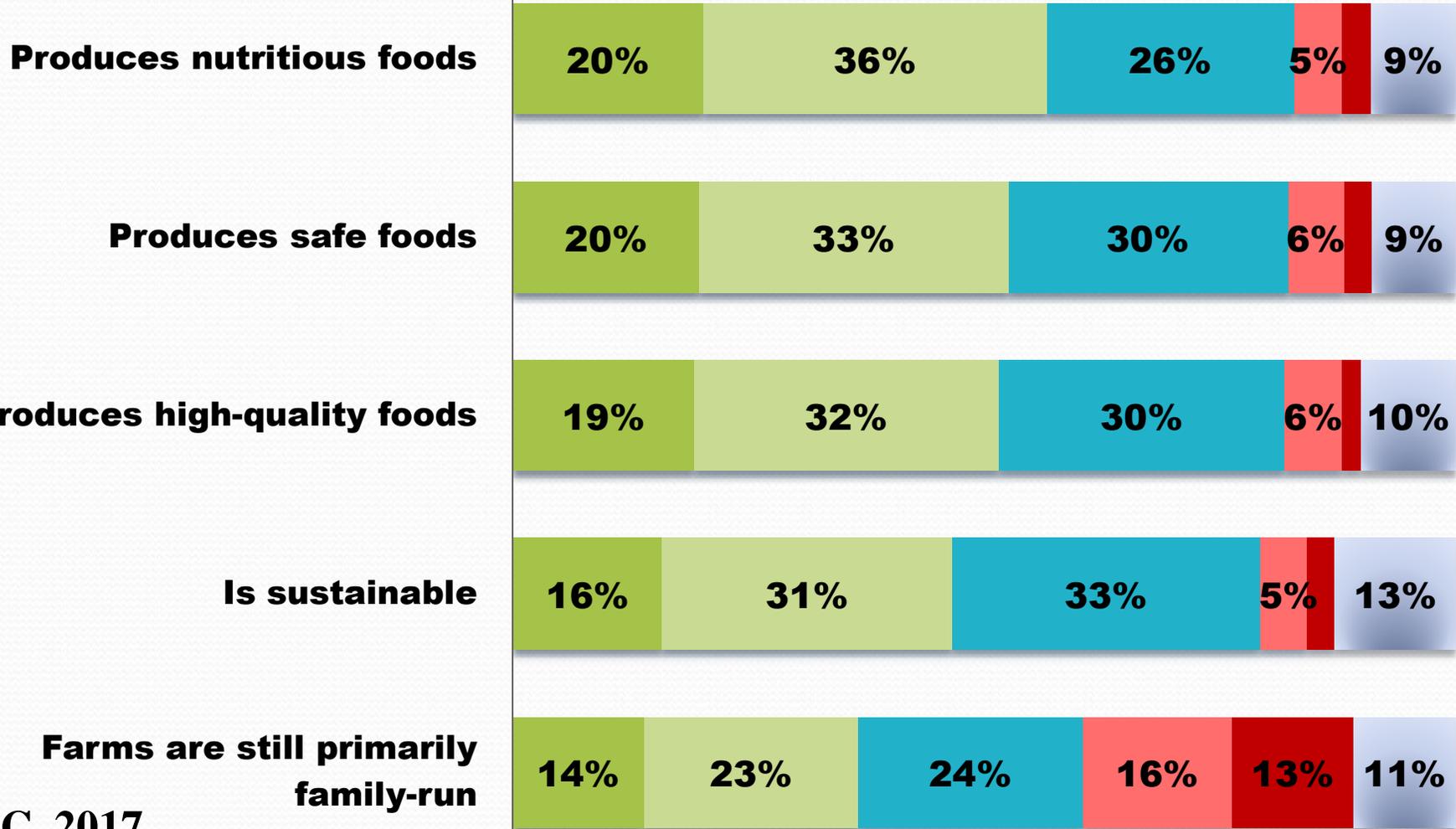
# Seven in ten think it is important that the food products are produced in a sustainable way



IFIC, 2017

# Half agree that modern agriculture produces nutritious foods, safe foods, and high-quality foods

- Strongly agree
- Somewhat agree
- Neutral
- Somewhat disagree
- Strongly disagree
- Not sure



IFIC, 2017

# Summary

real food  
high-protein  
snacks



1. Does the ingredient/product have some nutritional properties, some science?
2. Has it got marketing muscle and/or media appeal?
3. Offers convenience and snackification possibilities?
4. Allows creativity with food technology and/or packaging technology?
5. Price – can you get a premium price?
6. Is there a secure supply chain?
7. Which consumer trends does the ingredient connect to?

