

FEBRUARY 23-26, 2014

The St. Regis Monarch Beach
Dana Point, CA

2014 INTERNATIONAL SWEETENER COLLOQUIUM



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SWEETENERS AND CONSUMER TRENDS

Presented by Lynn Dornblaser, Director,
Innovation & Insight, Mintel Group

What we do every day at Mintel



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CONSUMERS + MARKETS + INNOVATION



First, a look at what **consumers** have to say about sweeteners and health

.....

Then discussion of **sweetener use** we see out there in the market

.....

And I'll finish with some **thoughts for the future**

There are a few big issues to discuss



About sugar, but also about health in general

Plethora of choice

- Consumers can choose the product that has the sweetener they want, from the classics to today's newer, more natural choices. It's hard to keep up!

You name the claim—and function

- Both consumers and manufacturers have more choice today, and can better able tailor the sweetener to the purpose. And companies are adding in benefits to table sweeteners, too, for even more choice

And then there's sugar

- It doesn't necessarily illicit negative responses like it used to, although consumers do want to limit it—for a variety of reasons

Consumers want to be healthy, but don't do much



One third never "diet"

Diet status, US, % agree



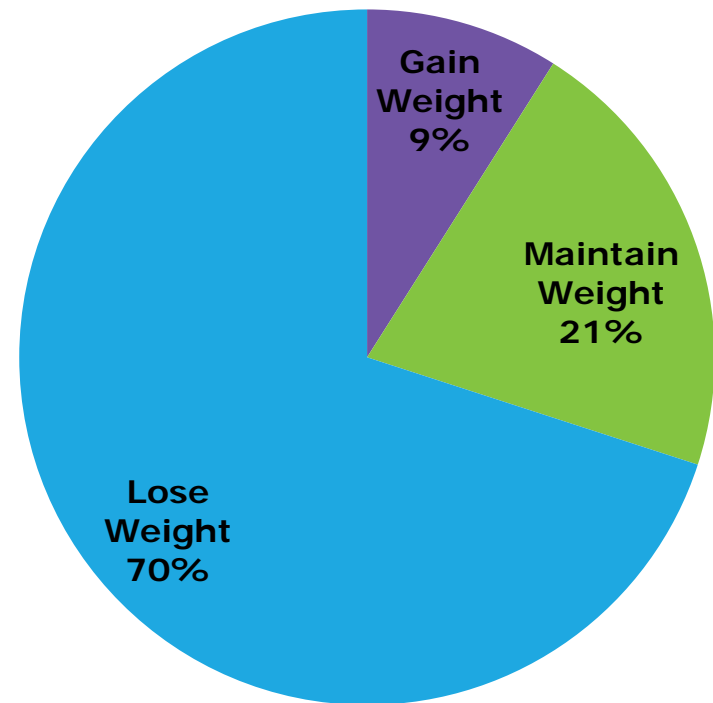
Any diet status

Have not dieted, not currently dieting, and not interested in dieting

- Currently dieting
- Dieted in past
- Diet in future

But most want to lose weight

Body weight goals, US

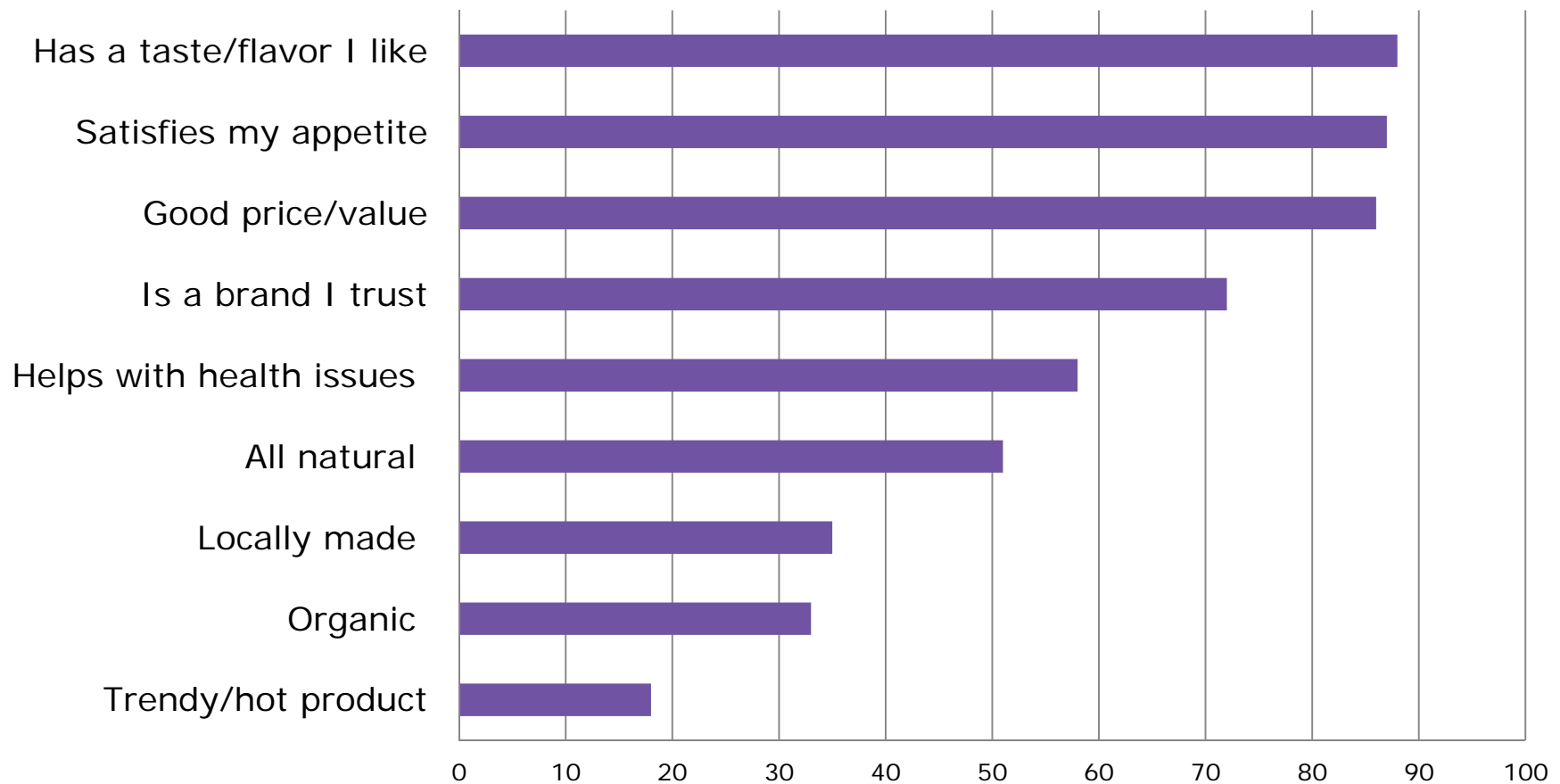


Here's what's really important to them



Flavor—the most important attribute

Food characteristics that matter to consumers, % responding

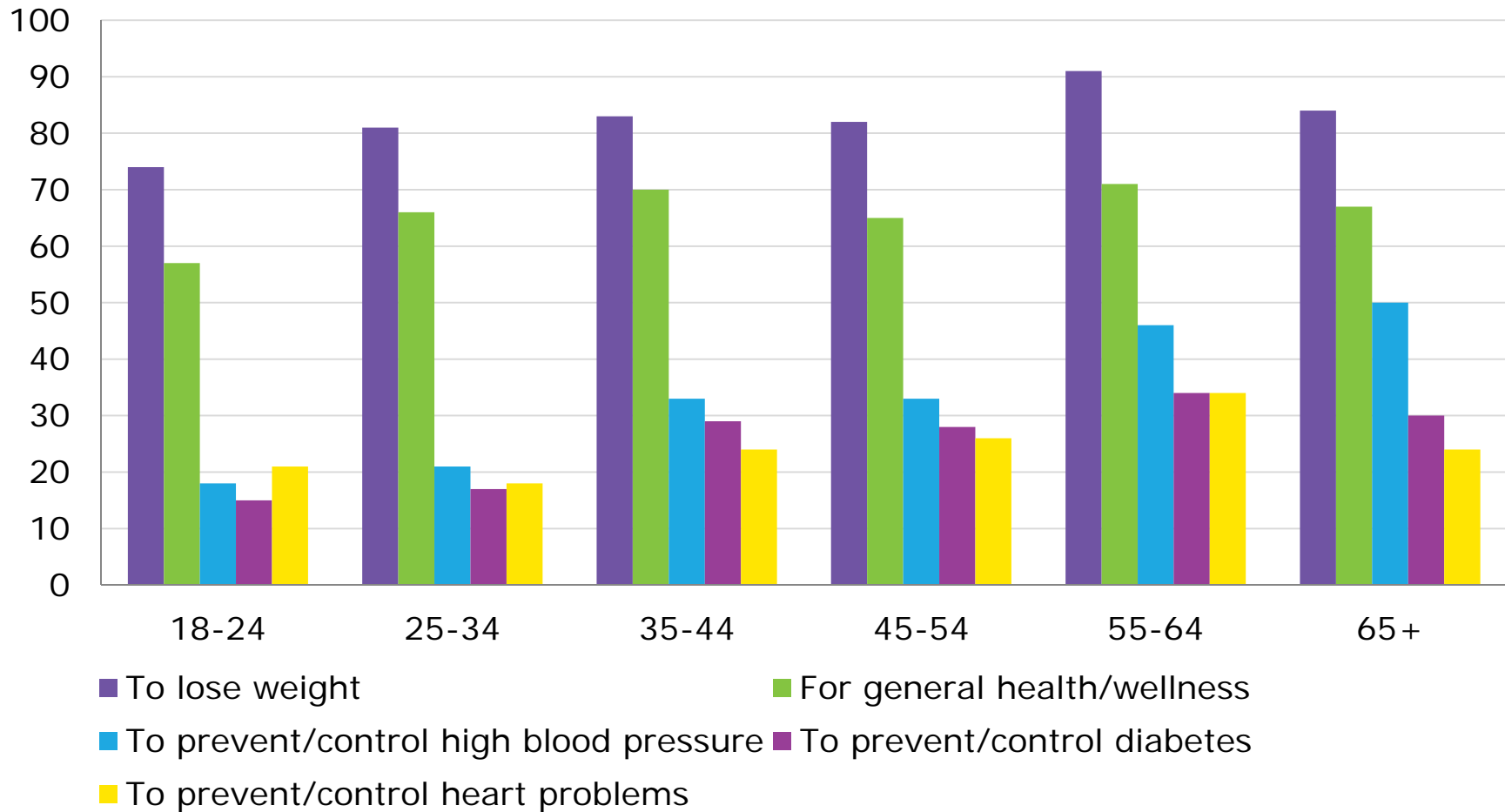


Why they diet: To lose weight



Although general health is also important

Why consumers say they diet, USA, by age group, in %



Consumers understand the idea of moderation



They know what they should do

92%

- US consumers who say that living a healthy lifestyle is all about moderation

Staying well and eating healthy

- 73% of women and 61% of men say they eat healthy food to **stay well**
- 51% of women and 41% of men say they eat healthy food to **feel better throughout the day**

But they struggle

- Although consumers know that they need to attend to their health, they often struggle with it, as the rising levels of obesity indicate

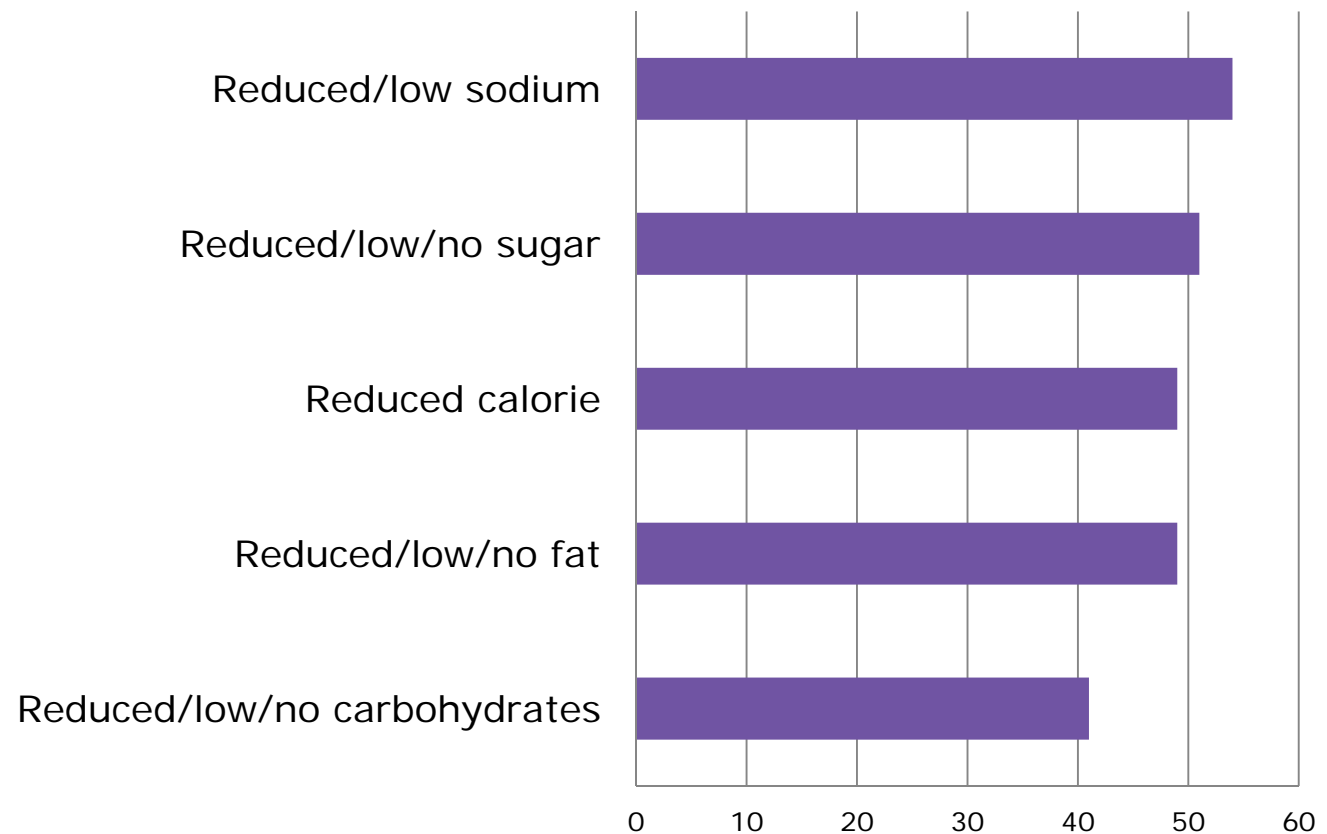
What concerns consumers: Sodium and sugar



More than calories, consumers focus on salt and sugar

- More than half of US consumers see reduced sodium and sugar content as an important attribute
- Overall calorie reduction comes third

Attributes that matter with packaged foods, US, March 2012



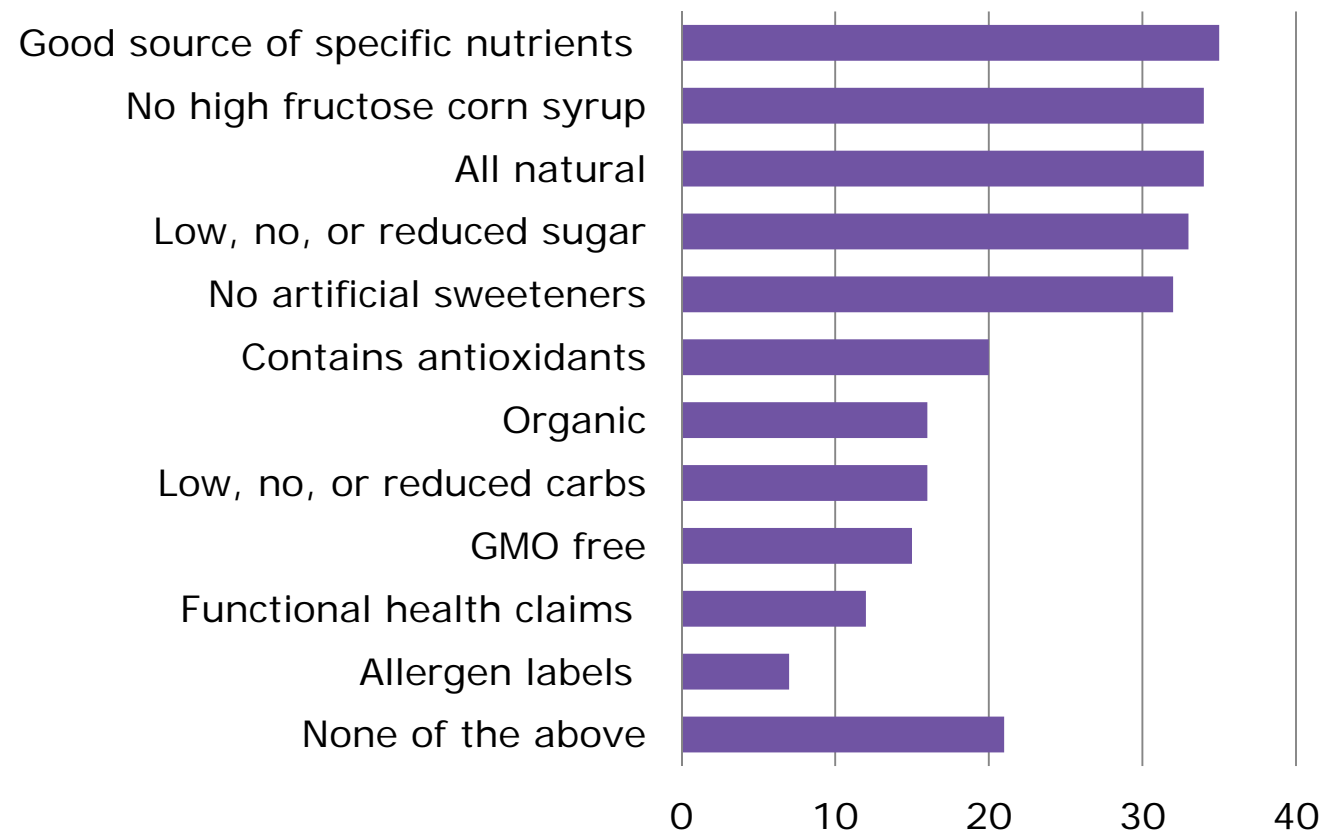
For beverages, it's about "natural" and calories



They say they are looking for what's good for them

- Good nutrition is tops, followed by less of some of the "bad" things, including ALL types of sweeteners
- **Insight:** Consumers SAY they want healthy; we know they want taste, too

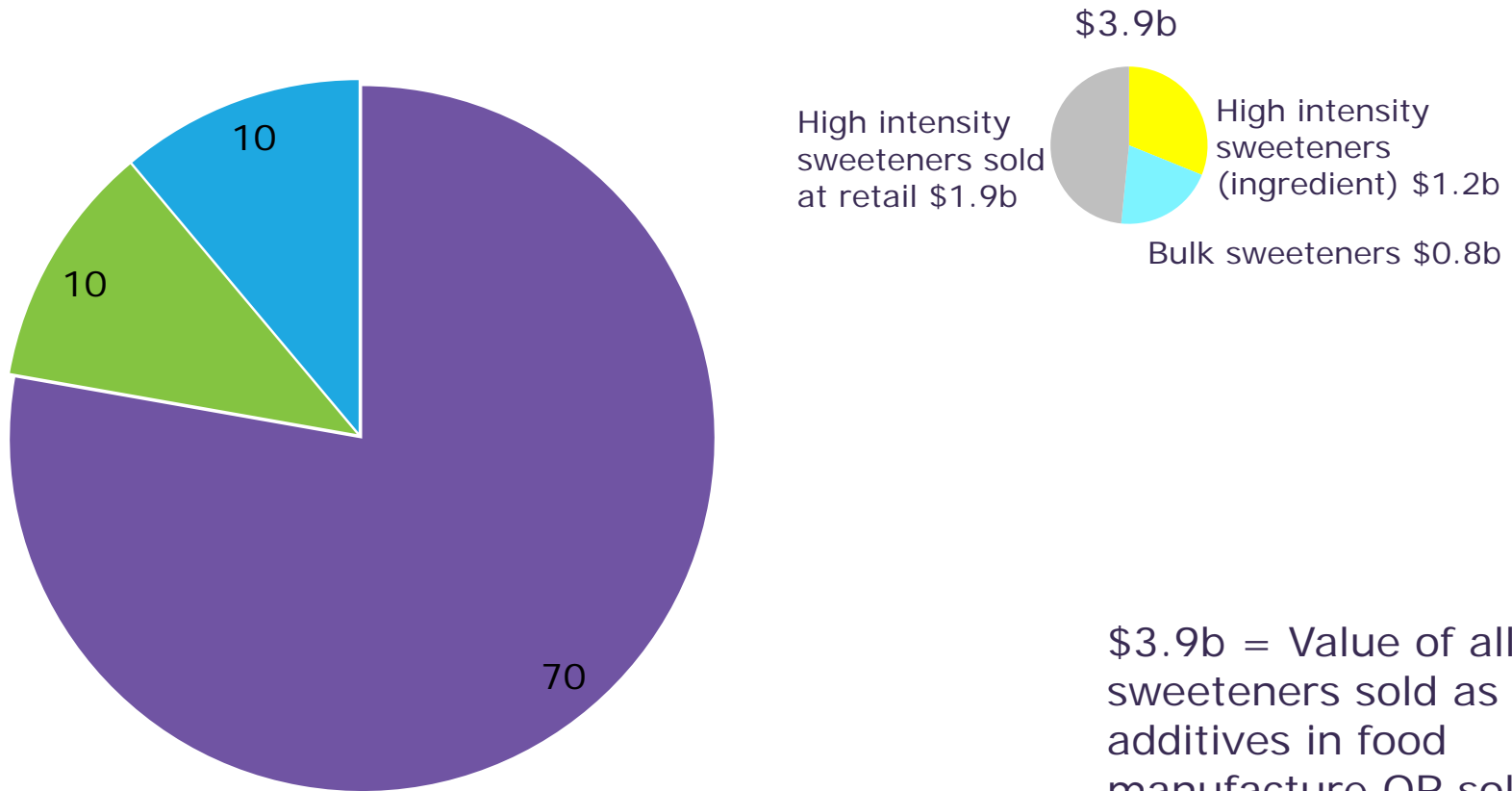
Attributes that influence beverage purchases, US, % responding



Sweeteners: World sales of sugar top \$90 billion



High intensity sweetener market much smaller



- World Refined Sugar Sales \$90b
- US Sugar Sales \$10b
- US Corn Sweetener Sales \$10b

\$3.9b = Value of all sweeteners sold as additives in food manufacture OR sold at retail*

*Includes high intensity sweeteners and bulk sweeteners (e.g.: sorbitol, xylitol)

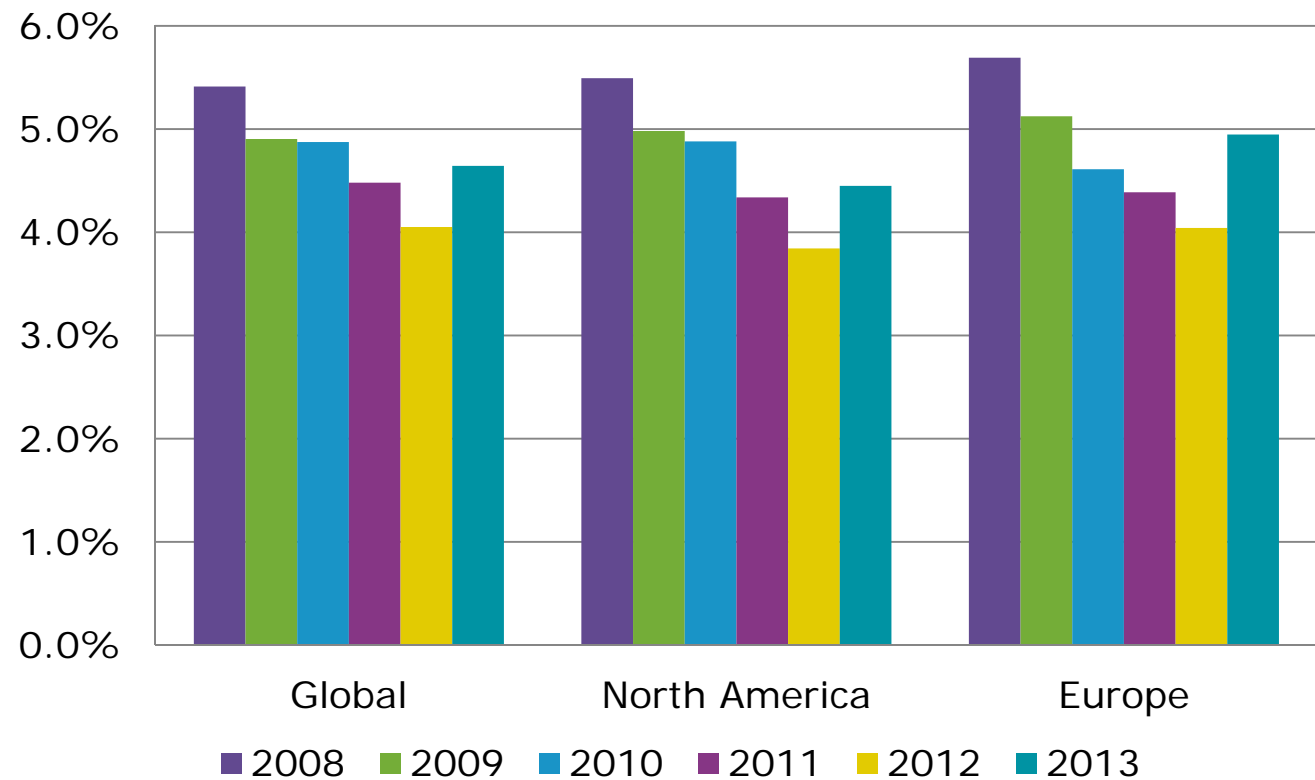
Sugar-reduction: Declining but for 2013



Clearly, 2013 was the year of sugar reduction

- Patterns for reduced calorie claims are different: North America tracks close to sugar reduction, while activity globally is much lower

New product introductions with low/no/reduced sugar claim, as % total introductions



Reduced-sugar items bear various claims



No added sugar



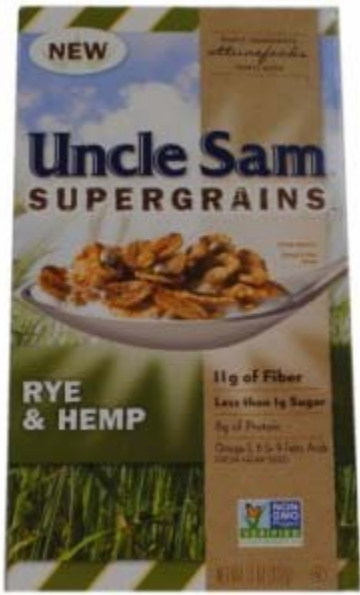
Libby's Fruitality Pineapple Puree with Pineapple Tropical Fruits, USA

High intensity sweetener blend



Nestlé Coffee-Mate Sugar Free Pumpkin Spice Creamer, USA

Barley malt as healthy sweetener



Uncle Sam Supergrains Rye & Hemp Cereal

Kid's snacks: Key focus for sugar reduction



Companies communicate benefits in many ways

Half the sugar of the average children's cereal bar or dried fruit snack; also high in fibre, low in salt



Weetabix Oaty Bars Rainbow Smashems, UK

23% less sugar than other kid's bars, 20% less saturated fat, and 20% less sodium



Quaker Chewy oat bars, Mexico

Nestlé Lion breakfast cereal



Less than 9g sugar per 30g serving (reduced from 35.2g to 28.8g sugars per 100g); promotes calcium and wholegrain content, and full taste

Zott Monte milk dessert with chocolate & hazelnuts



Reformulated, now has 30% less sugar and no sweeteners; recipe uses more whole milk, less sugar (reduced from 13.7g to 9.2g per 100g)

But reformulation can be a complex issue...



Ovomaltine malt drink powder



Sugar content reduced in 2008, again in 2012; now has 44% more cocoa and 35% less refined white sugar than the previous variety

Tesco Light Choices... Sweet & Sour Cooking Sauce



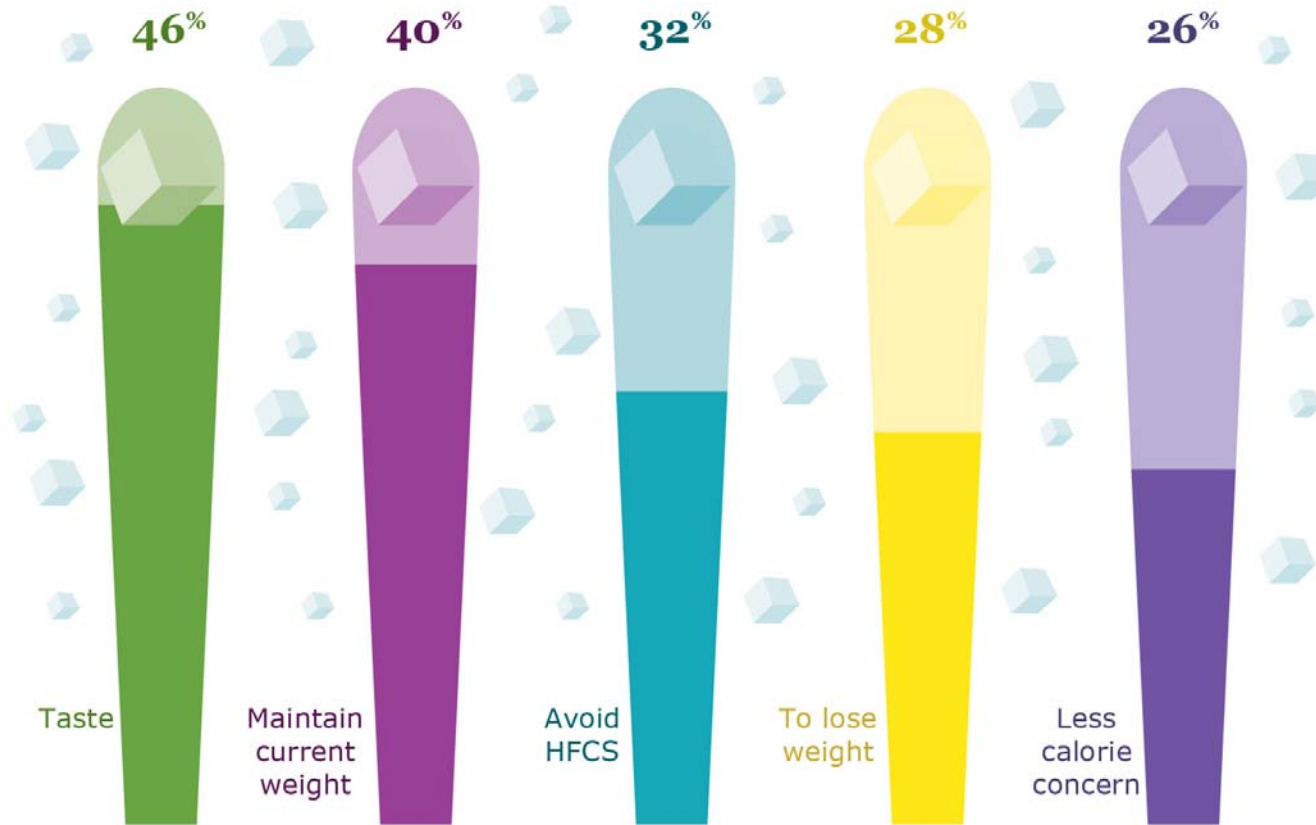
Reformulated with an improved recipe; now contains more pineapple juice and sucrose, 8.7g sugars vs 12.8g, but 0.6g total fat versus 0.1g

Consumers choose table sweeteners for taste



Maintaining weight is a close second

REASONS FOR USING LOW-/NO-CALORIE SUGAR SUBSTITUTES , JULY 2013



Base: 788 internet users aged 18+ who use sugar and/or sweeteners in food/drink or in cooking/baking

SOURCE: MINTEL

And having no aftertaste is essential



But note that 74% look for affordability, too

- Perhaps consumers have been burned by some table sweeteners that have had an aftertaste, which would explain why that ranks higher than sweetness
- Naturalness is less important, but still a significant issue

"When choosing a sweetener to buy/use, how important is any of the following characteristics?" (%)



Fewer consumers actively seek out naturalness



And some say they are interested in very new types

- About a third of consumers are interested in all-natural table sweeteners, with fewer consumers looking for other types of benefits
- That some are interested in more unusual types may indicate potential in the market

Interest in specific types of sweeteners

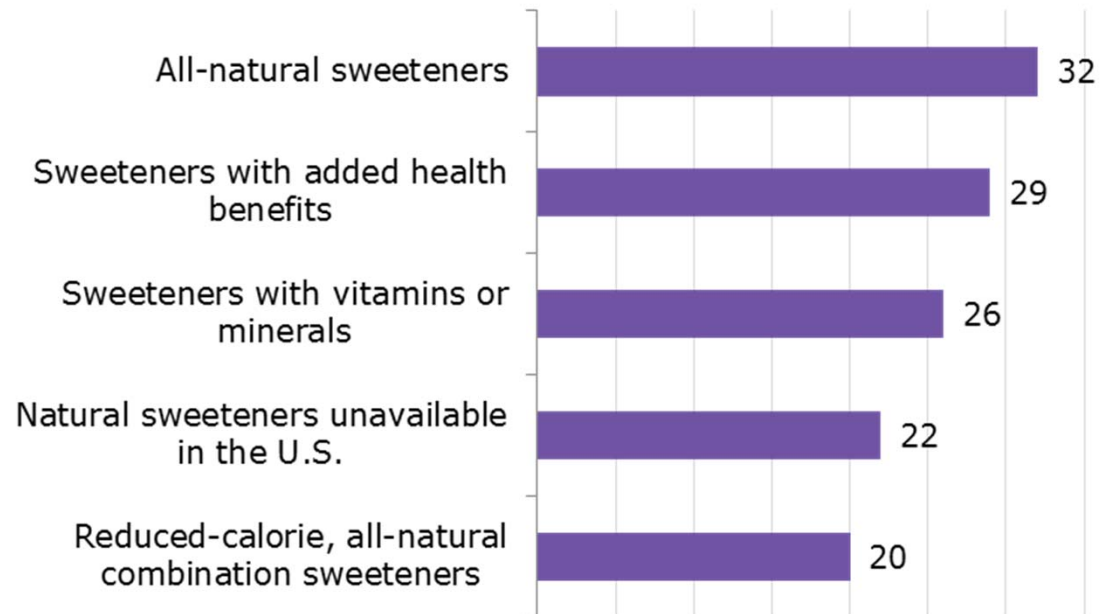


Table sweeteners show diversity



Palm sugar



Stephen James Organics
ThreeSixty Organic
Carazuc, Hong Kong

Barley malt, stevia, tagatose



Sukrin Gold Natural
Brown Sweetener,
Sweden

Lucuma, a Peruvian fruit



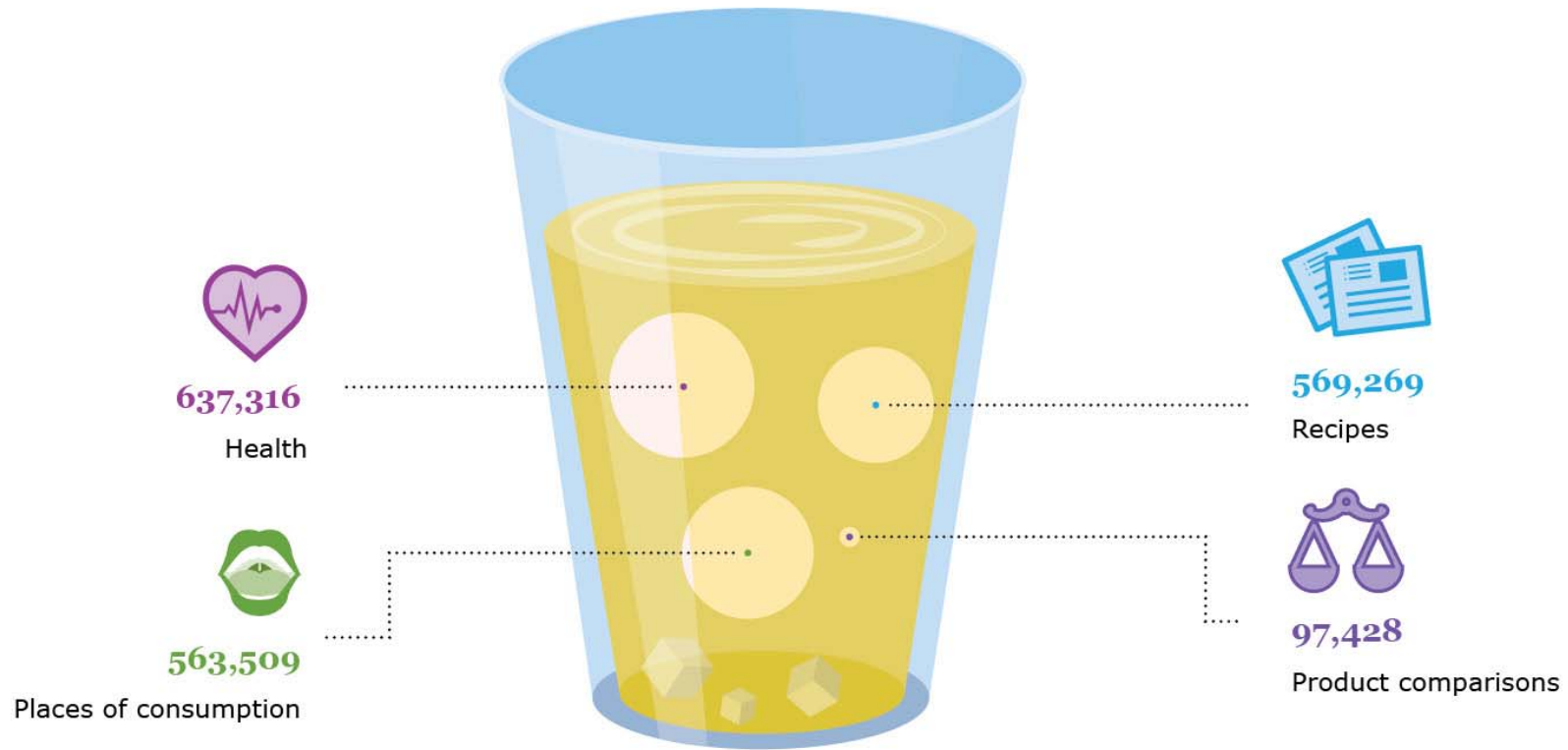
Voimaruoka Organic
Lucuma Powder, Finland

Consumers use social media to talk sweeteners



Health and recipes drive the kinds of conversations

TYPES OF CONVERSATIONS AROUND SELECTED SUGAR AND SWEETENER BRANDS, AUG. 2, 2012-AUG. 1, 2013



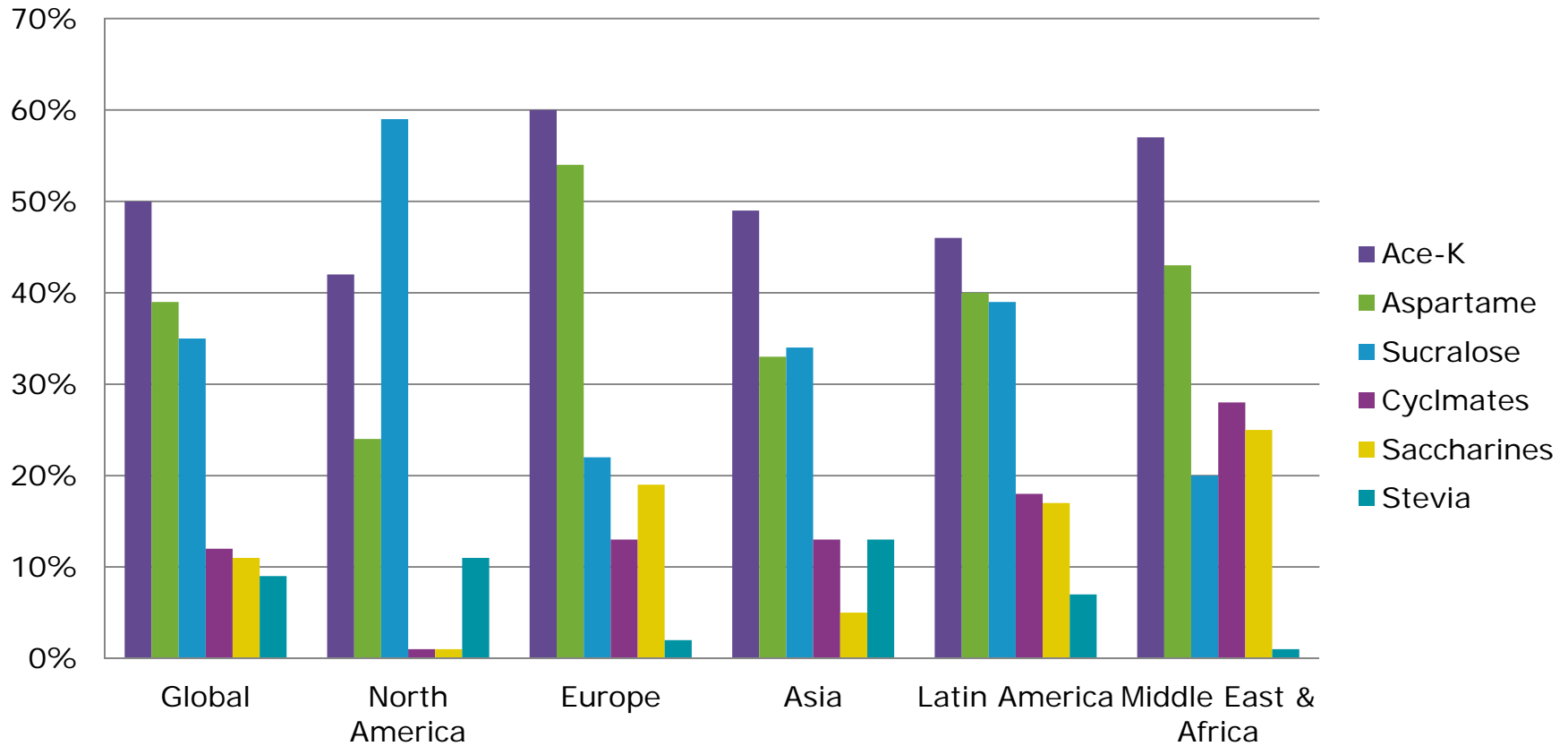
Base: 3,048,420 online mentions
SOURCE: MINTEL/INFEGY

High intensity sweetener use differs by region



North America is driven by sucralose

Percent of food & beverage introductions with various types of high-intensity sweeteners, global and by region, 2001-2013



Growth in blends helps overcome taste issues



In the US, while 29% of consumers agree that natural sweeteners taste better than others, 57% still prefer the taste of sugar and honey



Truvia Baking Blend, USA, made with stevia and sugar



Whole Earth Pure Via Stevia Turbinado Raw Cane Sugar and Stevia Blend, Canada



Incauca Light Plus Azúcar Light, Colombia

Unique blends in finished products



Fruit concentrates
and stevia



Yo Gabba Gabba Kids 50
Foofa's Pink Lemonade
Drink, USA

Sugar, honey,
stevia



Unilever's Wish-Bone
Sweet & Spicy Honey
Mustard Dressing, USA

Brown sugar and
stevia



Powerful Yogurt Maple
Greek Non-Fat Yogurt,
USA

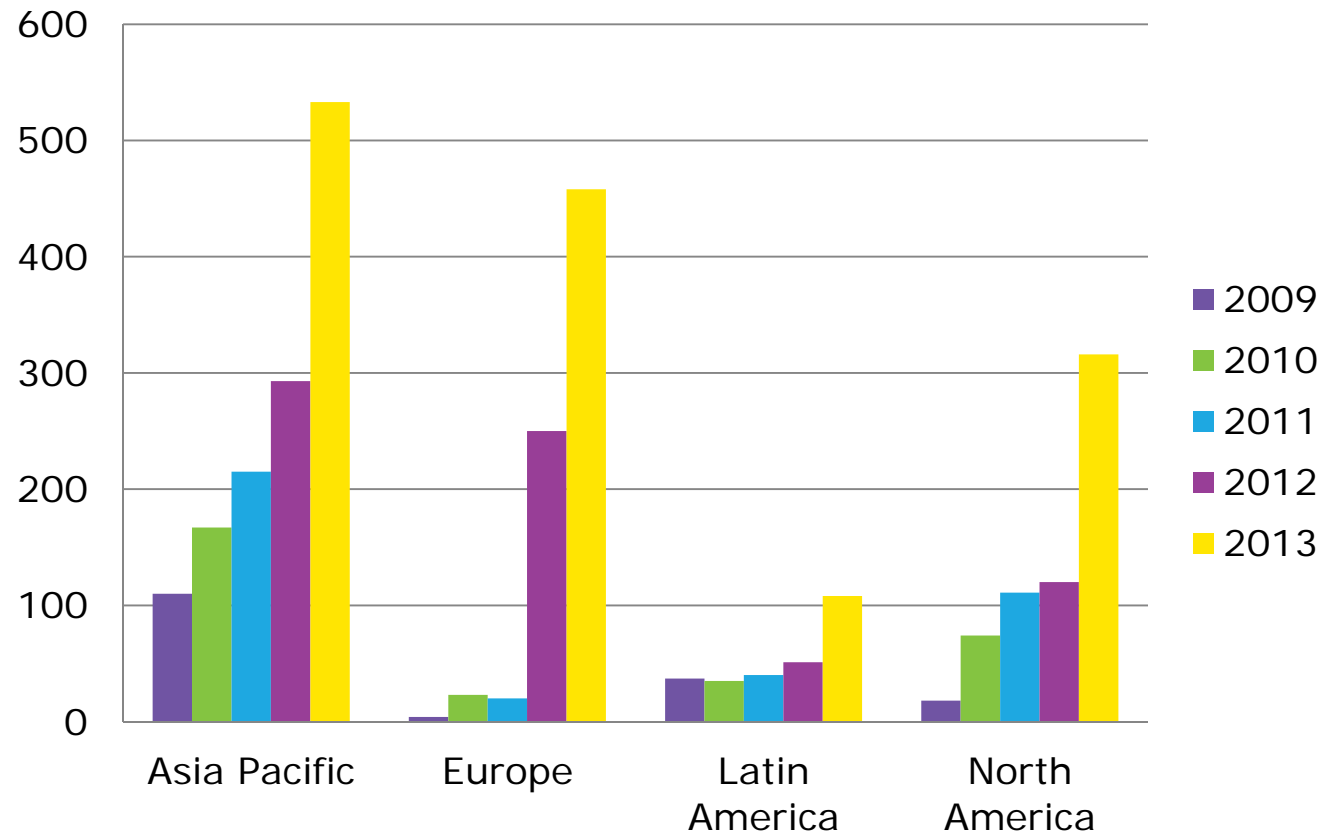
The big story: Stevia in Europe



Growth in intros driven by Europe in last 18 months

- Launches of products with stevia grew in 2013 globally, but Europe has shown the greatest increase in the last two years, as stevia became approved for use

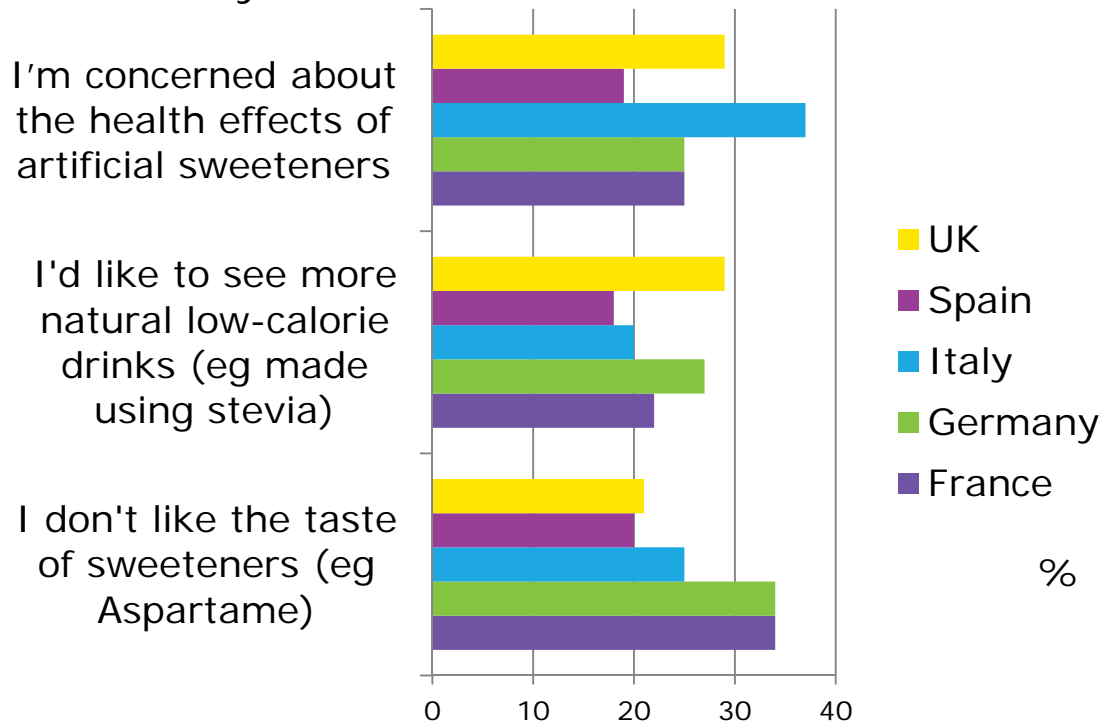
Global new product introductions with stevia extract, by region, 2009-2013



Consumers interested in natural sweeteners in drinks



- Consumer research, carbonated soft drinks, March/July 2012



- Pepsi Next, France, with 30% less sugar and no artificial sweeteners.
- €3m sales across sizes in first year.



1 in 4 consumers are concerned about the health effects of artificial sweeteners and would like to see more natural low-calorie drinks

Stevia develops in more categories in Europe



Moves into everyday consumption, family use



Danone DanVia yogurt with stevia, Germany



Schwartau Wellness fruit spread, 30% fewer calories, Germany



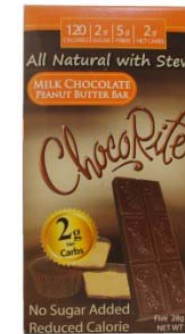
Spar Vital Stevia-Eis ice cream, Austria



Haribo Bronchiol mint gums, 40% fewer calories, Germany



Unilever's Knorr ketchup, 40% less sugar, Germany



ChocoRite Milk Chocolate Peanut Butter Bar with stevia, USA

And moves into new areas in the US



From a mix of large and small companies



Core Power protein drink



Thomas Bagel Thins sliced bagels



Celestial Seasonings' Enerjii shot drink



Unilever's Wishbone dressing



Unilever's Pure Leaf Not Too Sweet Tea



Chobani Simply 100 Greek Yogurt

Stevia appears in many products globally



Many products blend stevia with other sweeteners; all actively promote their stevia content



Aloe Gloe Organic Aloe Water, USA



Coca-Cola Life, Argentina



Nutri-Nick Kexbar Vanilla & Chocolate Flavoured Biscuit Bar, Sweden

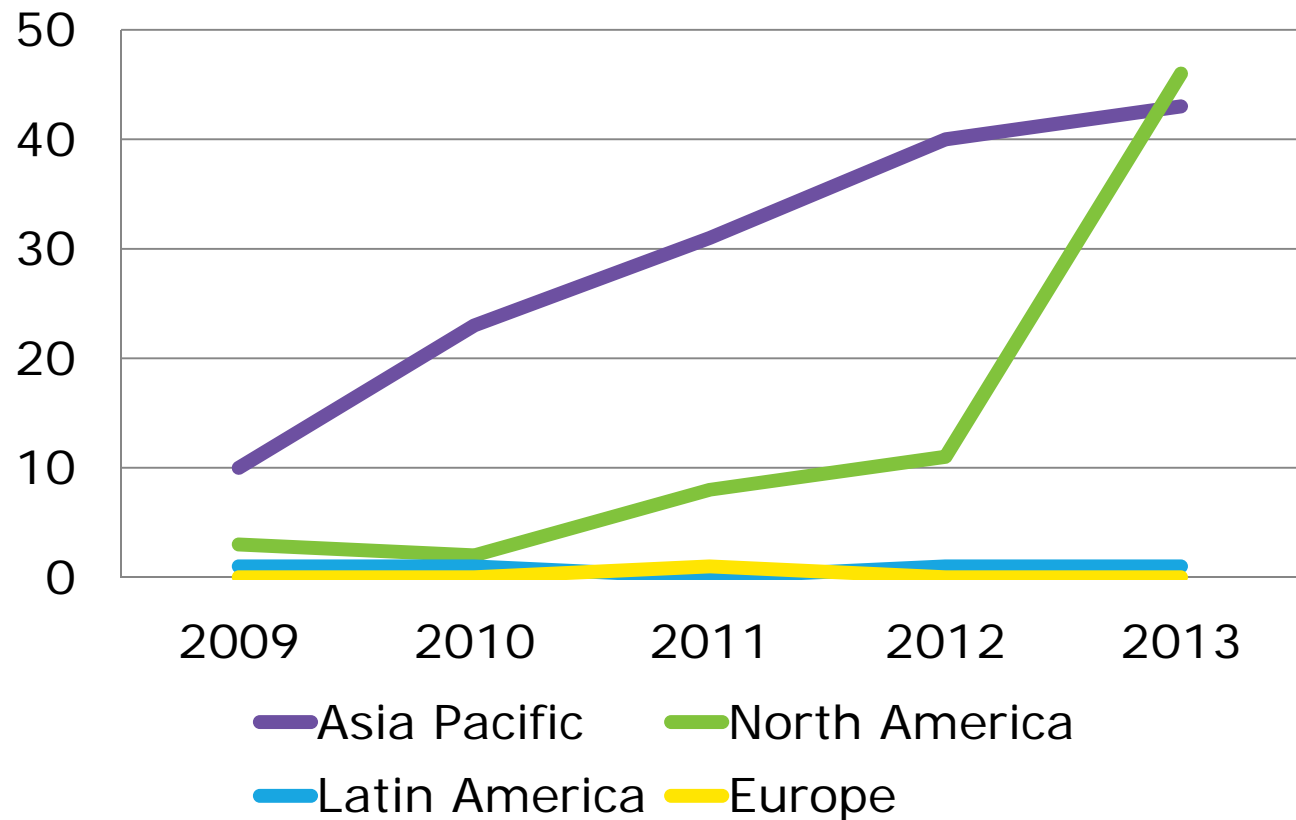
Monk fruit (luo han guo) is far less common



But use is growing, especially in North America

- Use in Asia Pacific appears to be levelling off while intros in North America (especially USA) have skyrocketed
- Use elsewhere is extremely limited

New product introductions with luo han guo, by region, 2009-2013



Monk fruit continues to expand categories



Most—but not all—products with monk fruit are still niche or positioned to the more sweetener-aware consumer



McNeil's Nectresse table sweetener, USA



Turtle Mountain's So Delicious Cultured Almond Milk, Canada



Cytosport's Evolve protein shake, USA

The perils of reduction

Consumers think less sugar means less taste and enjoyment, and they are concerned about the taste (or aftertaste) of some high-intensity sweeteners

Blends and new types

For this reason, we should continue to see more blends and development of new varieties from around the world

Also—can unique sugar varieties have the same cache as sea salt?

Reduction not elimination

Consumers aren't scared of sugar, they're only scared of too much sugar, so offer a meaningful reduction without sacrificing taste



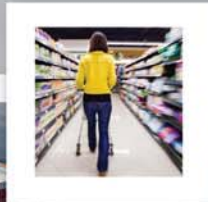
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