

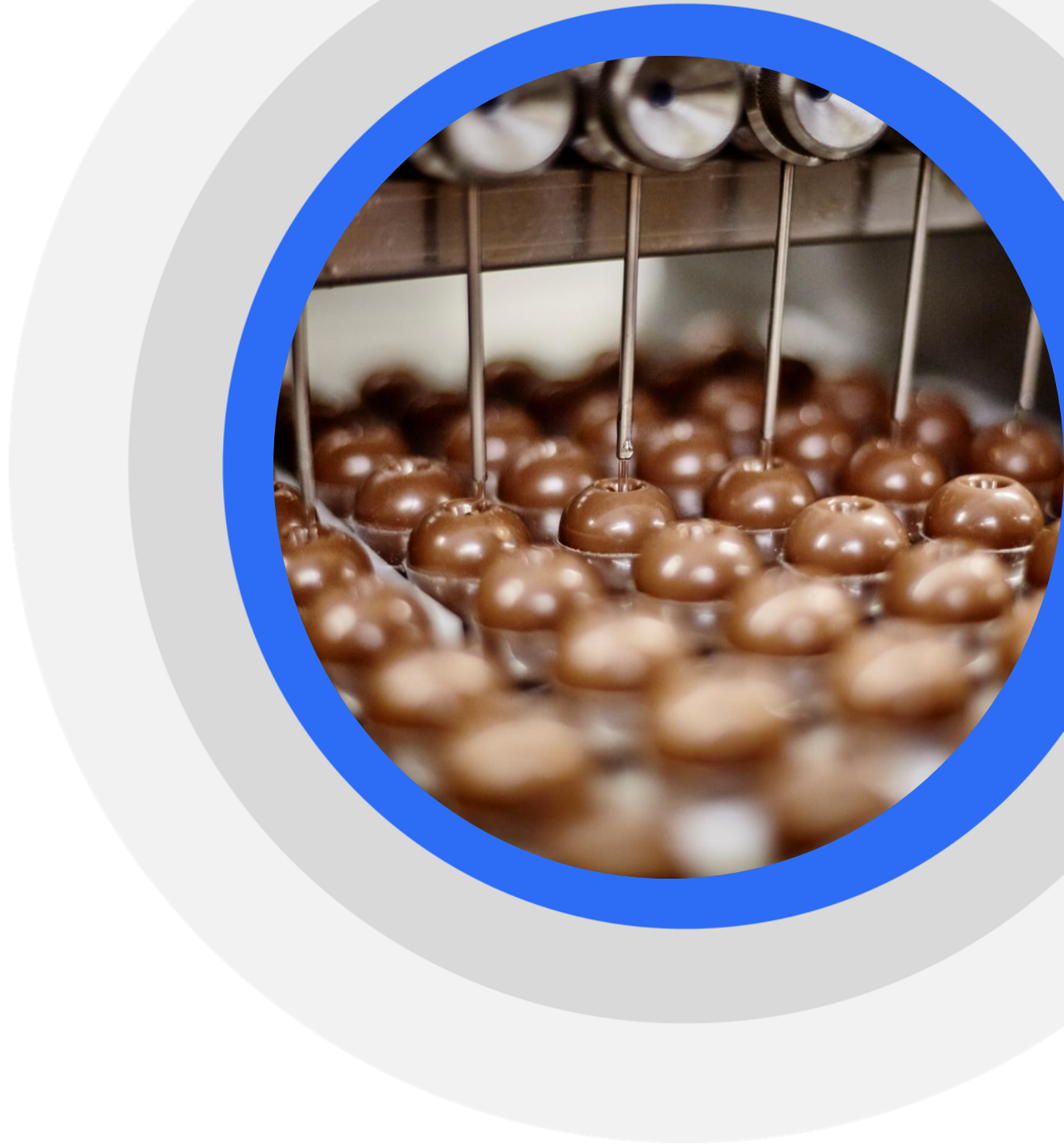
What are consumers craving?

UNDERSTANDING CONSUMER TRENDS
AND HOW IT RELATES TO THE COCOA
INDUSTRY

Presented by

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Assoc. Director, Wellness

March 2023



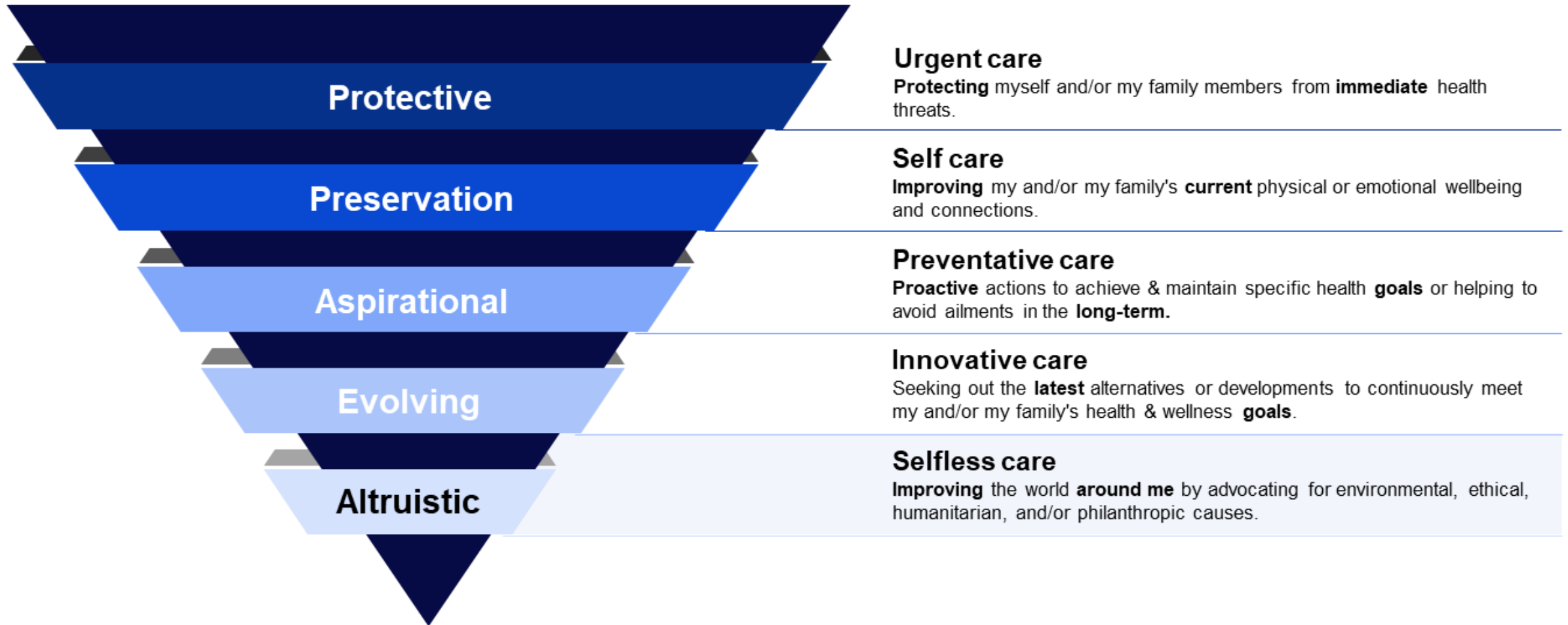
What are consumers craving?

Total Wellness



Establishing a Total Wellness framework to understand consumer needs

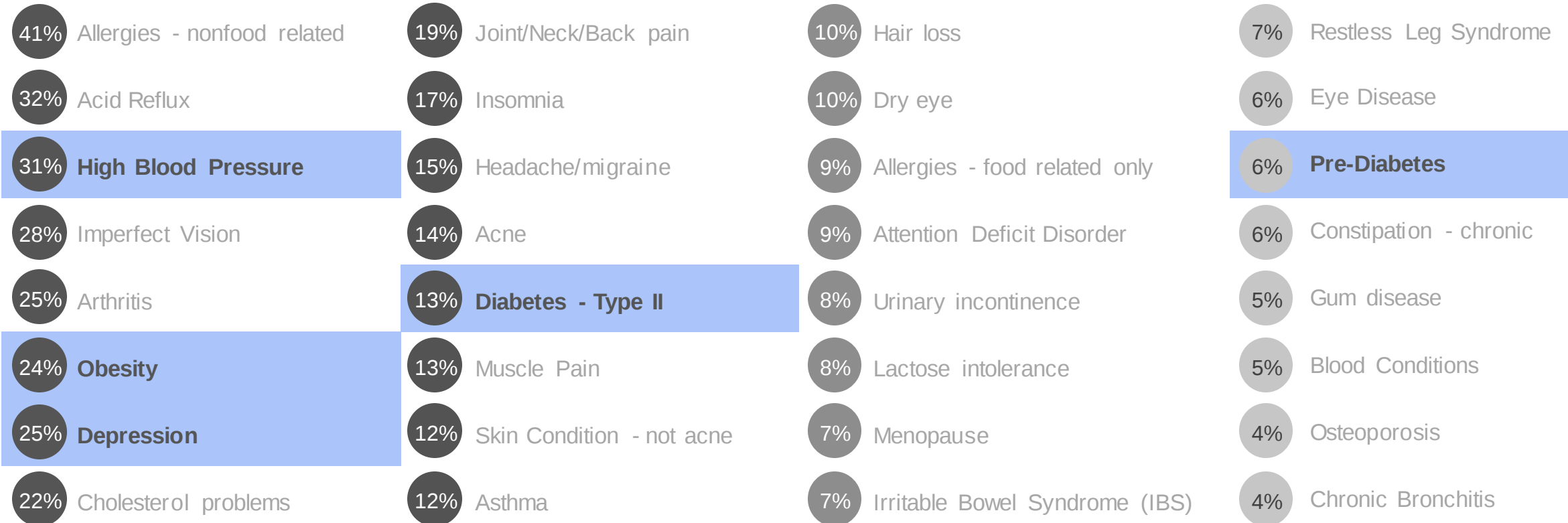
Total Wellness refers to the full view of consumer well-being extending beyond individual physical health to encompass the well-being of their world as they see it.



COVID-19 put a spotlight on consumer need states

Ailments in household

% of households



NielsenIQ Annual Shopper Health Study, 2022, Q10. Below is a list of health-related conditions / ailments. Please read the list carefully and then select the condition(s) that anyone in your household, including yourself, has experienced during the past 6 months. Please select all that apply

Diabetes is on the rise and consumers are searching for ways to manage

34 million

11% of Americans have diabetes with 21% undiagnosed

88 million

1 in 3 Americans are pre-diabetic
(28% of adolescents)



\$327 billion

Annual cost of undiagnosed diabetes

2.3X

Healthcare costs for Americans with diabetes



Claims	Total Store	Products that contain Cocoa
Diabetes Support	+10%	-2.8%
Loy Glycemic	+3.7%	+0.2%
Sugar Conscious	+14.5%	+18.0%
No Sugar Diet	+8.1%	+10.7%
Carb Conscious Diet	+1.8%	-9.4%

NIQ Trending Attribute Search Trends

diabetes support



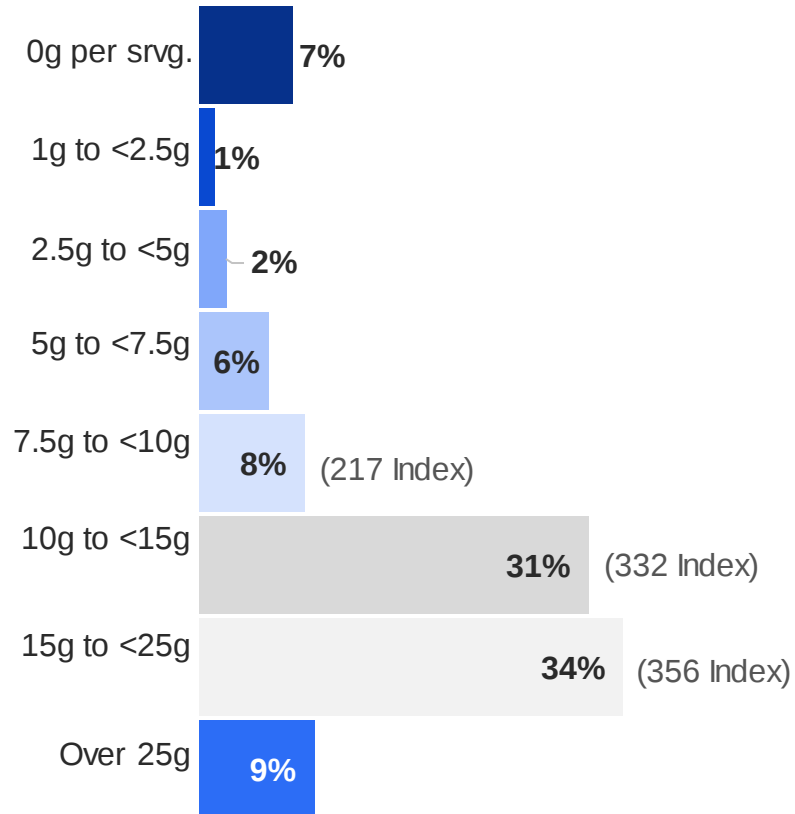
238K | +12%

All attributes represent claims STATED on package unless indicated by an * symbol

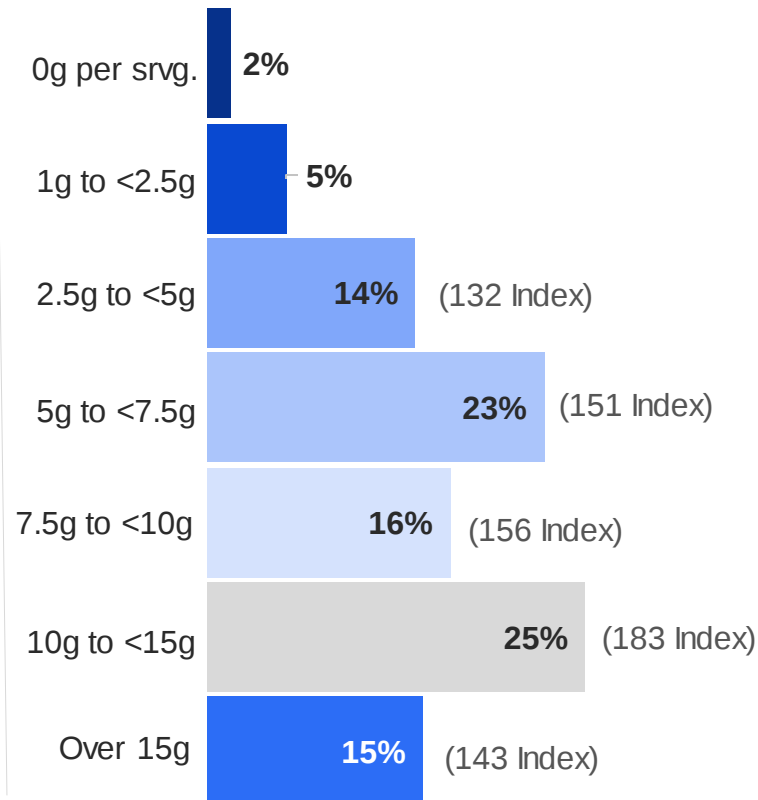
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E12/31/22 vs YA

FDA proposed rule for “healthy” claim on food products limited to low sugar, fat, and sodium

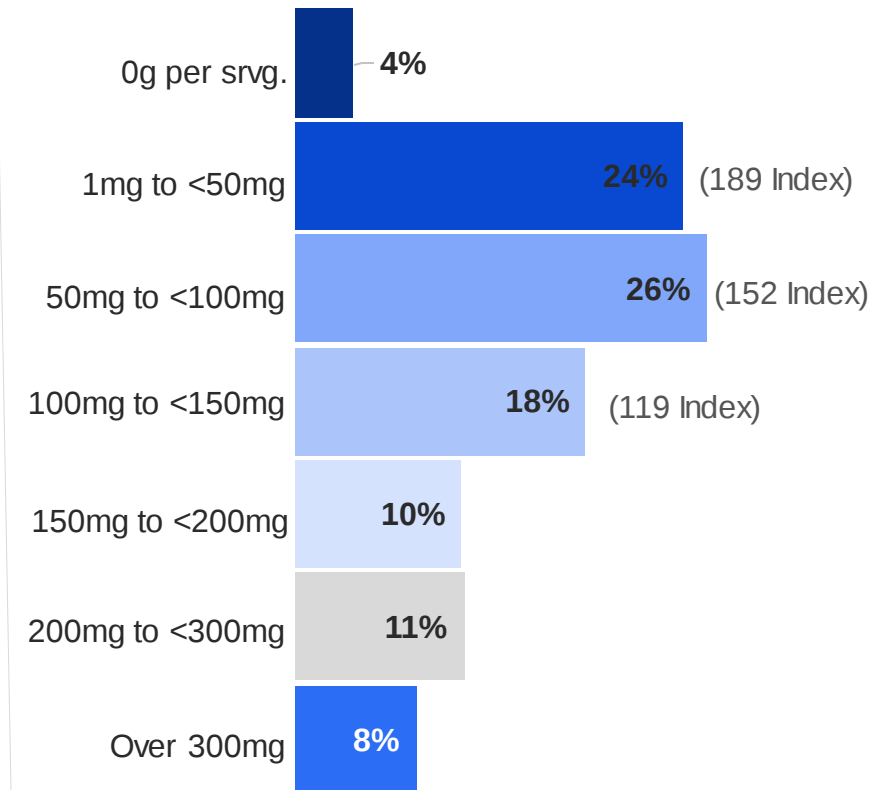
Products that contain Cocoa
Added Sugar per serving - % Mix



Products that contain Cocoa
Total Fat per serving - % Mix



Products that contain Cocoa
Sodium per serving - % Mix



First defined in 1994, there is currently no limit on added sugars; Index refers to % Mix compared to Total Store

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E12/31/22 vs YA

Top Cocoa categories with high sugar and sodium

High added sugar per serving (>2.5g)	
Grocery	Candy, Gum, Mints
Frozen	Desserts
Grocery	Cookies and Crackers
Grocery	Sweet Snacks
Grocery	Cereal and Granola
Grocery	Diet and Nutrition
Bakery	Desserts
Grocery	Baking Staples
Grocery	Beverage Enhancers
Grocery	Baking Mixes
Grocery	Salty Snacks
Grocery	Beverages
Dairy	Yogurt
Dairy	Dough and Batter Products
Frozen	Prepared Foods

High sodium per serving (>200g)	
Grocery	Diet and Nutrition
Dairy	Meal Combos
Grocery	Sweet Snacks
Grocery	Performance Nutrition
Grocery	Cereal and Granola
Bakery	Desserts
Dairy	Milk Products
Frozen	Desserts
Frozen	Prepared Foods
Grocery	Baking Mixes
Frozen	Fully Cooked Meat
Grocery	Toaster Pastries
Grocery	Candy, Gum, Mints
Bakery	Muffins
Meat	Fresh Meat

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E12/03/22 vs 3YA

Consumers proactively using food as medicine and supplements

Total Store
+9%

All Food as Medicine
(Food & Beverage)
+9%

Food as Medicine in Cocoa
+3%

\$ % chg..vs YA

		\$ % chg. vs	3YA	YA
Ailment	Cholesterol support		+26%	+12%
	Obesity support*		+23%	+10%
Relief	Inflammation health		+47%	+8%
	Heartburn & reflux support		+31%	+14%
	Pain support		+28%	+7%
Physical health	Performance supplement		+82%	+28%
	Cardiovascular health		+38%	+5%
	Sexual health supplement		+35%	+7%
	Muscle health		+32%	+18%
	Bone health		+20%	+9%
Mental health	Details to follow...			

Top Food as Medicine Categories

- Grocery
- Grocery
- Grocery
- Grocery
- Dairy
- Dairy
- Grocery
- Dairy
- Beverages
- Diet and Nutrition
- Cereal and Granola
- Nuts and Seeds
- Milk Products
- Eggs
- Performance Nutrition
- Yogurt

NIQ Trending Attribute Search Trends

energy

▶

10M | +12%

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage vs Vitamins and Supplements; Total US xAOC; 52 weeks W/E12/31/22 vs 3YA
All attributes represent claims stated on package unless indicated by an * symbol. Supplements are specific to the vitamins and supplement categories.

Most Cocoa products with functional claims fall in Diet and Nutrition, and Performance Nutrition categories

Diet and Nutrition and
Performance Nutrition
account for nearly

70%

Of Cocoa products with Need State
Claims

Top 10 Claims leveraged by Products containing Cocoa

Diet and Nutrition and Performance Nutrition	+10%	+16%
Muscle Health	+16%	+22%
Obesity	(6%)	(16%)
Diabetes Support	(1%)	(10%)
Appetite Control	+7%	+21%
Osteoporosis Health	+7%	+29%
Reduces Fatigue	+19%	+33%
Immune System Health	(10%)	+16%
Metabolism Support	(35%)	(38%)
Performance Support	+43%	+97%
Heart Health	(8%)	(21%)

Mood and Stress Support Claims among top growing in
category, **+800%**

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E12/31/22 vs Y A

Understanding the Mental Health Crisis as a growing consumer need state



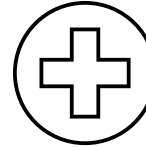
Mental Illness

21% (50M) of Adults in the U.S. are experiencing mental illness



Suicide

4.8% (~12M) of Adults reported serious thoughts of Suicide



Healthcare

28% of Adults with mental illness said they were unable to receive treatment due to affordability



Workforce

Mental Health Worker to patient ratios (1:350) are a serious issue, particularly in southern states

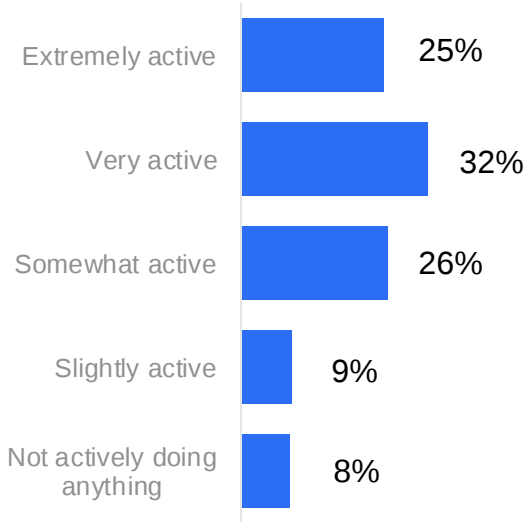
Low Income HHLDS, Female Heads of HHLD, and Families with children more likely to experience depression and/or Sleeplessness

Source: Reinert, M, Fritze, D. & Nguyen, T. (October 2022). "The State of Mental Health in America 2023" Mental Health America, Alexandria VA; New state rankings shines light on mental health crisis, show differences in blue, red states. News release. Mental Health America. October 18, 2016. Accessed January 25, 2022; NIQ Health Ailment Survey

Over half of respondents said they relied on healthy food and one third said they relied on indulgent or fun foods

How active are you in maintaining/managing your emotional health?

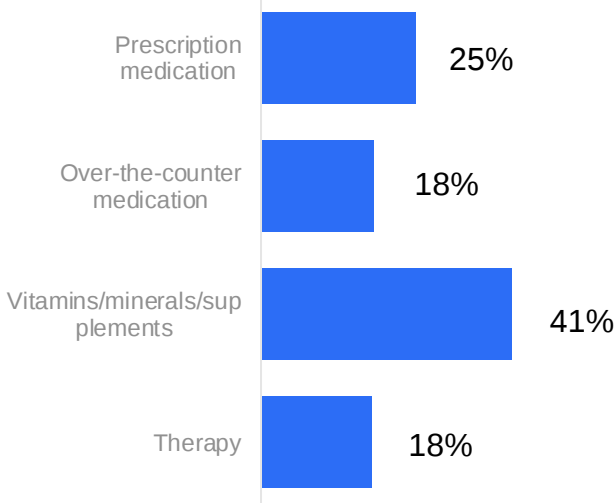
% of Respondents



Which of the following do you use to maintain/manage your emotional health?

Treatment Based

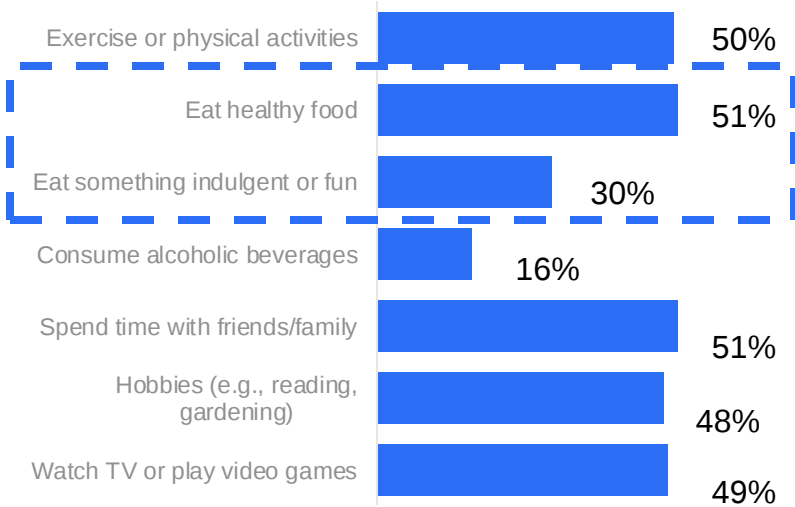
% of Respondents



Which of the following do you do to maintain/manage your emotional health?

Behavioral Based

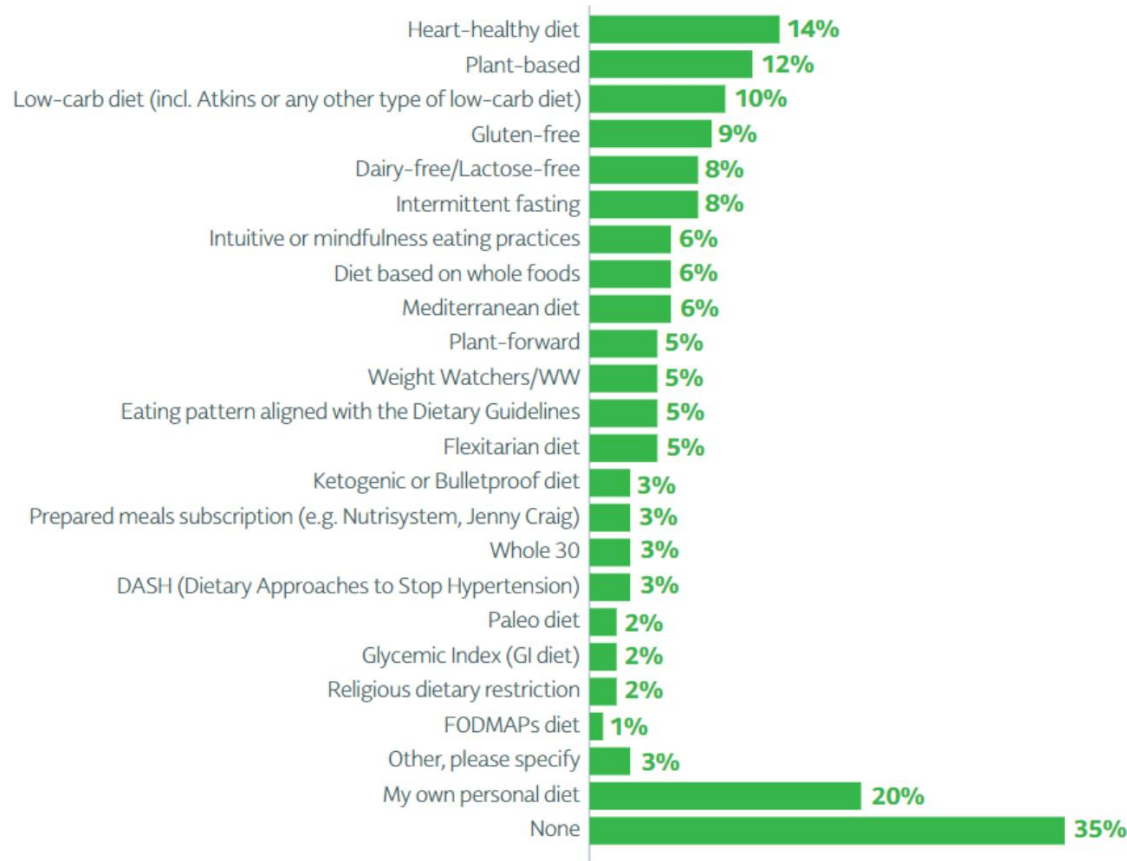
% of Respondents



Source: NielsenIQ BASES Quick Question Survey Fielded February 2023, Respondents n=500

Consumers follow a variety of eating approaches (or principles) for health

WHICH, IF ANY, OF THESE APPROACHES TO EATING ARE YOU CURRENTLY USING?



Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E 12/31/22 vs YA; FMI The Power of Plant-Based Foods and Beverages, 2022

Cocoa Products that qualify for specific diets are up

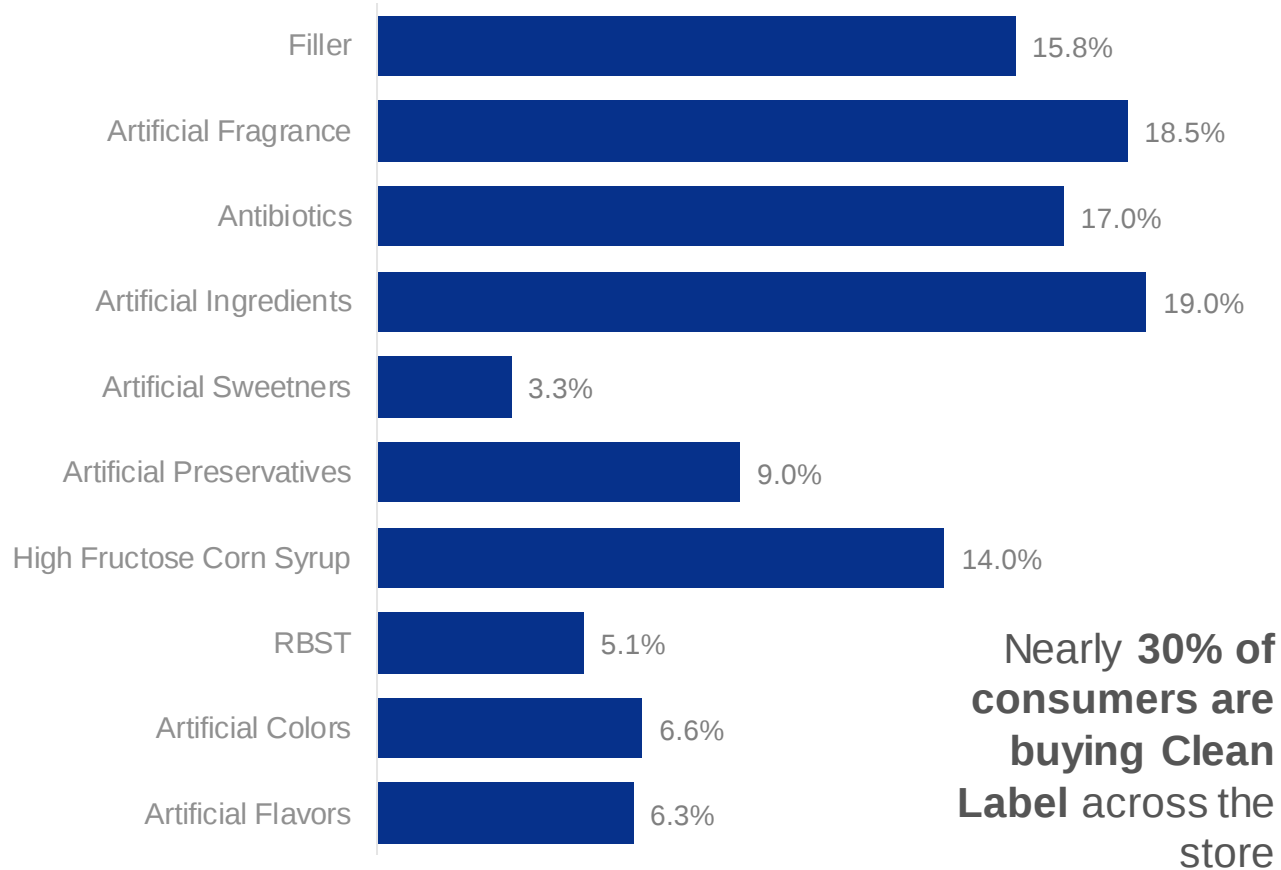
+24%

vs 3YA



Cocoa using products seeing strong growth with Clean Label claims

Free From - \$ % Chg. vs YA



Clean Label claims we're tracking across the store

- Free from antibiotics
- Free from artificial flavors
- Free from artificial fragrance
- Free from artificial sweeteners
- Free from hormones
- Free from RBST
- Free from animal by product
- Count of ingredients
- Contains natural colors
- Contains natural flavors
- Contains natural fragrance
- Contains natural preservatives
- Contains natural sweeteners
- Non-toxic
- Free from pesticide
- Recognizable ingredients
- Free from parabens
- Free from phthalates
- Free from formaldehyde
- Free from Triclosan
- Free from Triclocarban
- Free from BHA
- Free from BTA
- Free from nonylphenol ethoxylates

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E12/31/22 vs YA

Consumers know that preservation is the key to healthy aging

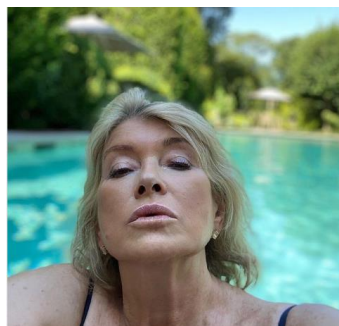
By 2060, 40%
of Population Age 50+

Pinterest Predicts



The YOLO years

More years, more reasons to party.
The golden years get lit.

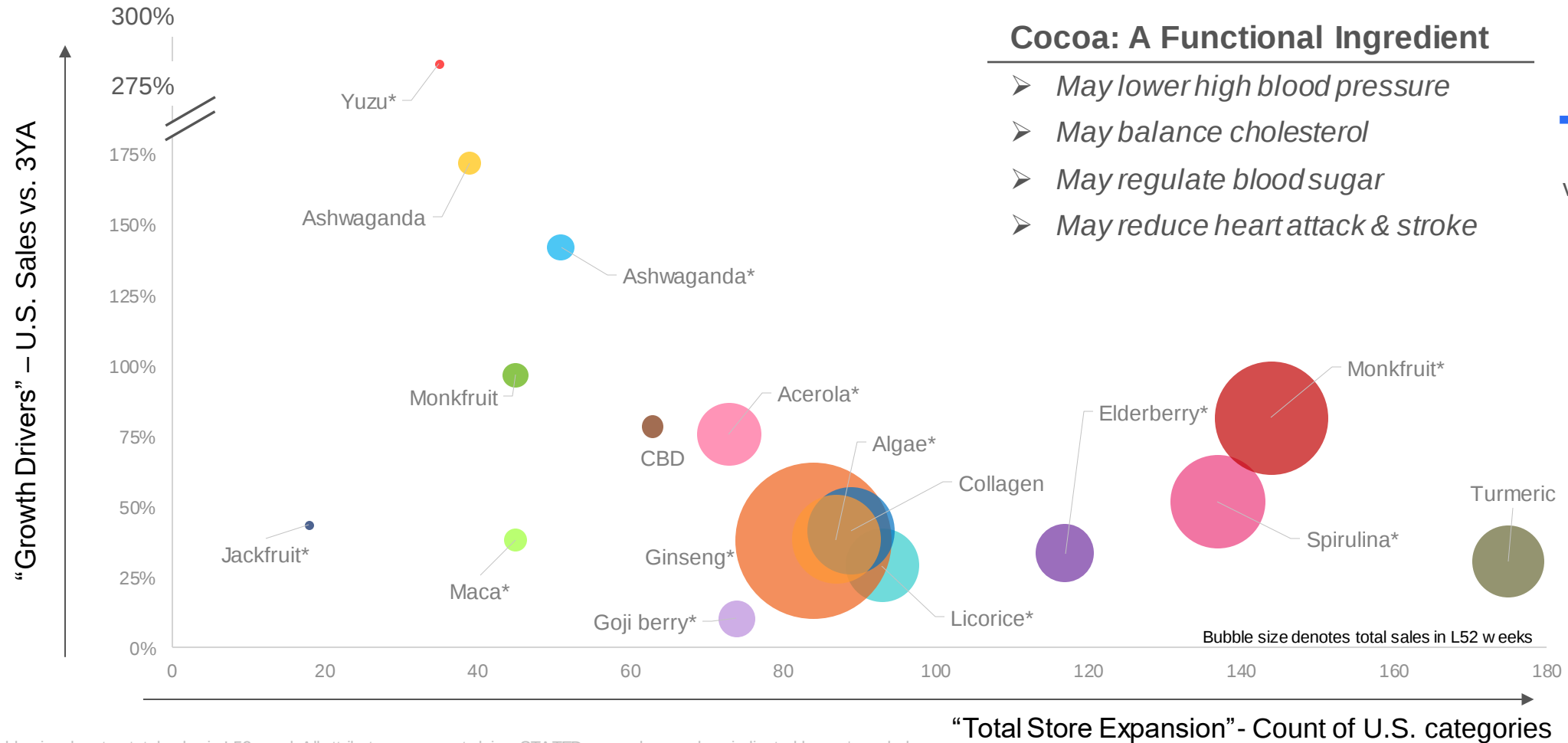


The cast "And Just Like That..." and "The Golden Girls". PHOTO: HBO MAX, GETTY

Embracing aging: Searches related to anti-aging spiked significantly in 2020 but have tailed off as women began embracing a new view on life, down 9% in NIQ Trending Attributes.

Integrating functional ingredients

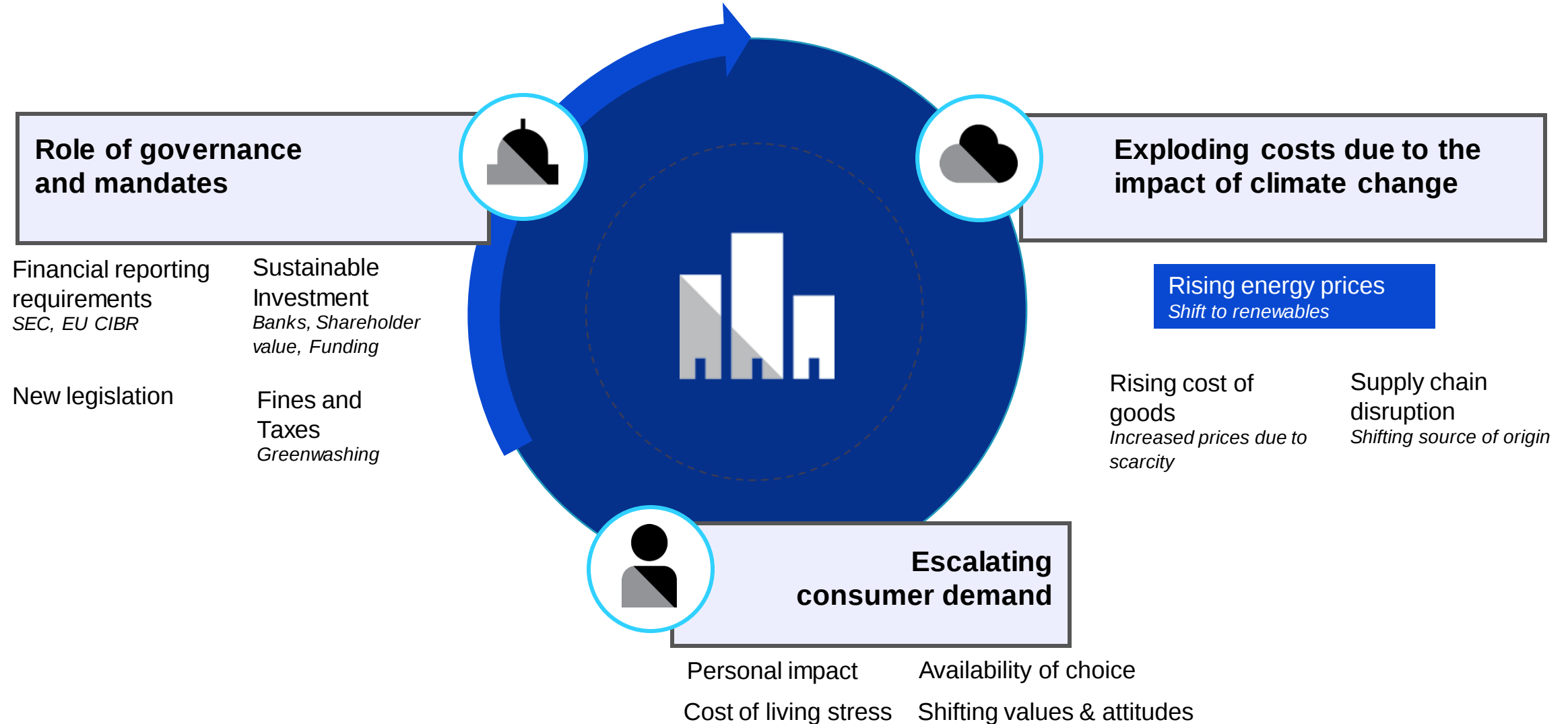
Hitting the sweet spot of high growth & rapid category expansion



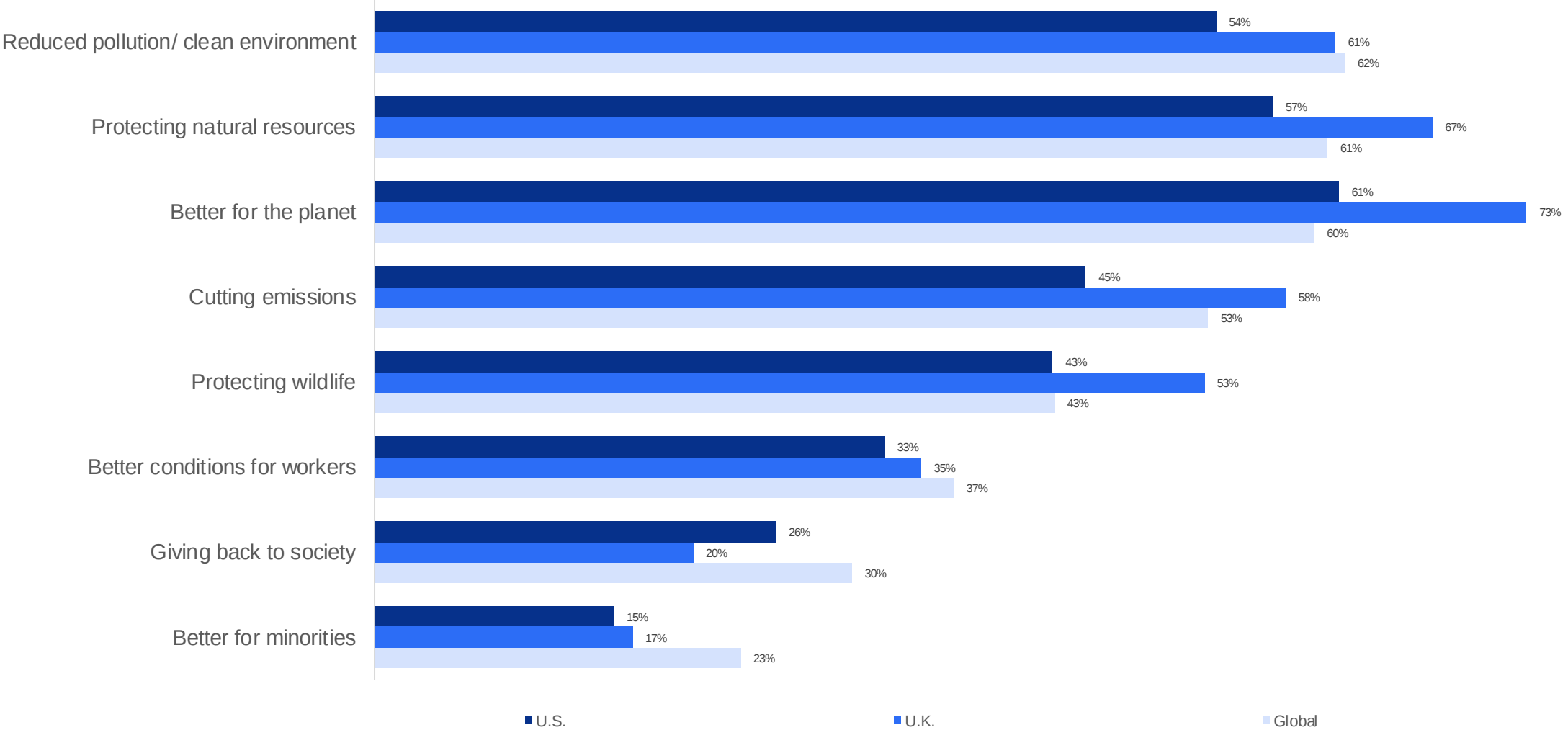
Bubble size denotes total sales in L52 week All attributes represent claims STATED on package unless indicated by an * symbol

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E10/01/22 vs 3YA

Governance and cost will accelerate momentum beyond consumer demand



Sustainability means different things to people around the world

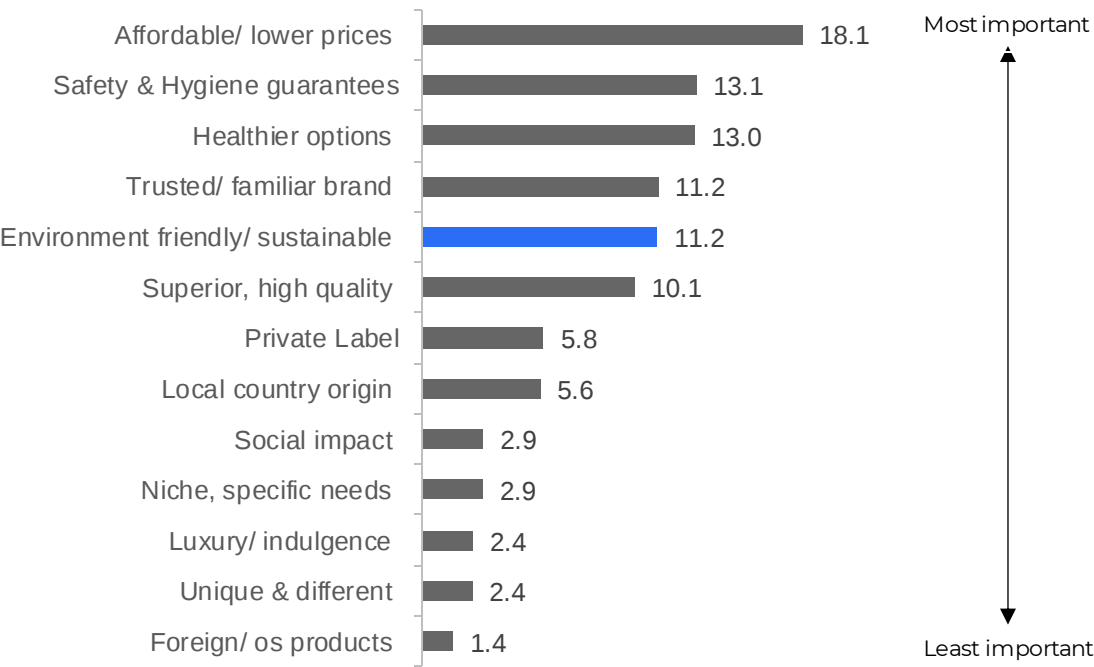


Source: NielsenIQ 2023 Sustainability Report - Ranked on Global. Q, When people talk about sustainability, it might mean different things to different people. In this list, what does it mean for you?

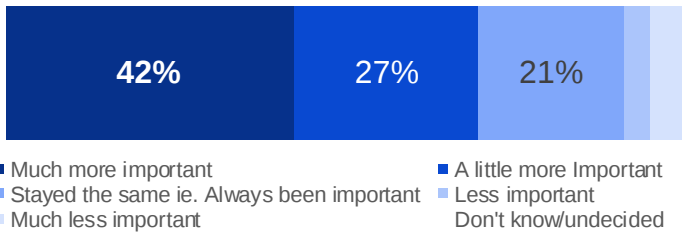
...and is one of many things considered in the purchase journey

For more than half of respondents its more important than it was two years ago

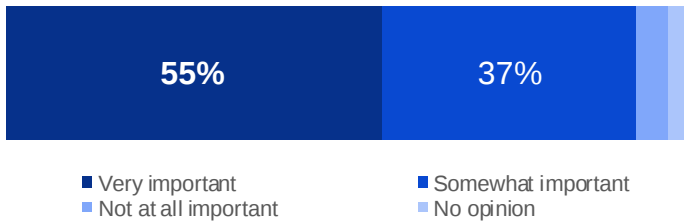
Most important things when choosing a brand



Change in importance v. two years ago



Importance of Sustainability TODAY



Source: NielsenIQ 2023 Sustainability Report - Ranked on Global

ESG is defined as Environmental and Social Governance

At NIQ we examine ESG through the lens of four pillars



**Environmental
Sustainability**



**Sustainable
Packaging**



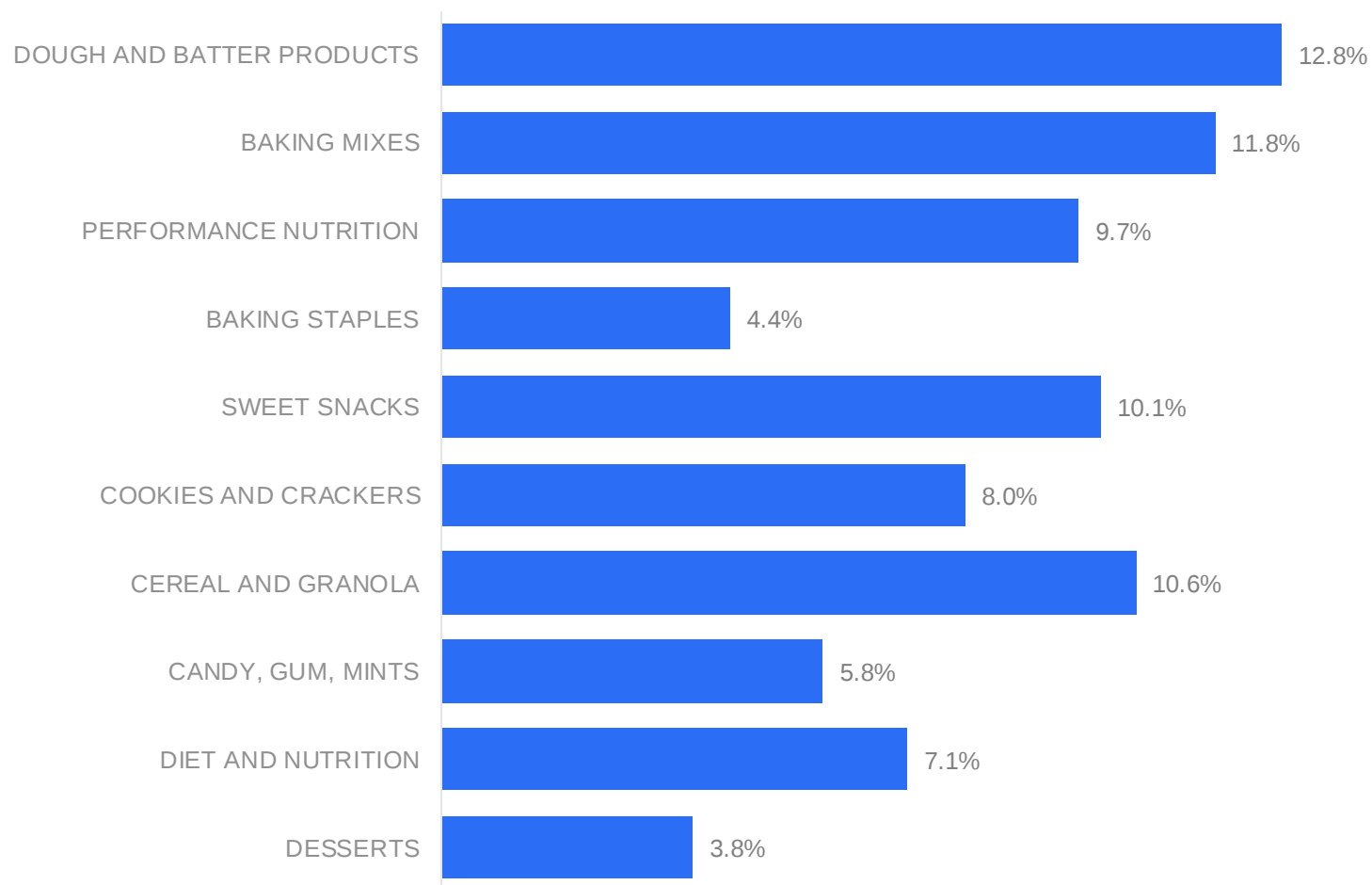
**Animal
Welfare**



**Social
Responsibility**

Products with ESG claims account for 23% of Cocoa Sales

...top 10 Cocoa for 82% of sales of ESG within Cocoa



Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; 52 weeks W/E 12/31/22 vs YA

What's Next from NIQ?

Webinar Alert

Delivering on the Sustainability
Promise: Leveraging Data & Insights



SCAN ME