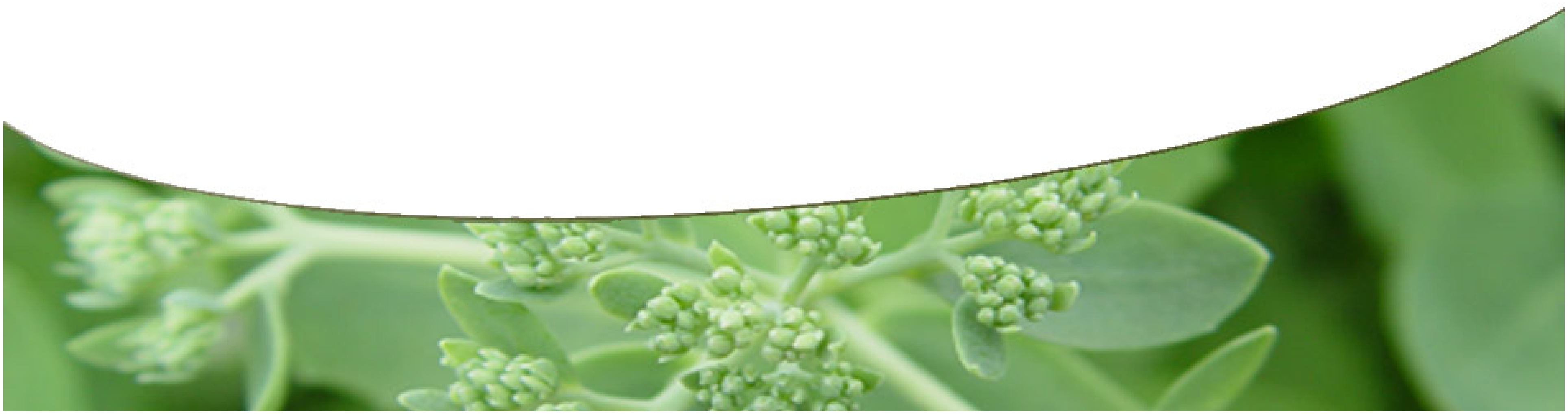
Consumer Attitudinal Matrix

SPINS/IRI Consumer Solutions



The Progression of the Natural Products Consumer

	Trial	Transitional	Regular / Committed
Purchase Rationale	Accidental Promotion Diet / Food Allergy	Promotion Diet / Food Allergy Good For Me	Good For Me Good For My Family Good For The World
% of US Population	61%	22%	12%
% of NP Volume	15%	29%	53%
% of OG Volume	1%	14%	85%

Trial Consumer

Volume Contribution

61% of Population

15% of Natural Volume

1% of Organic Volume

Attitudes

- View Natural Products as ***healthier***
- They use Natural Products for a ***healthy lifestyle***
- They are more willing to ***pay 10% or higher premium*** for natural foods.
- They use natural products because of ***allergies and health concerns*** and because natural products have ***no added chemicals/additives/preservatives.***

Category Skews

Non-Dairy Bevs

Packaged Produce

Supplements

Channel Skews

Specialty Gourmet

Vitamin Stores

Club

Mass

Drug

Demographic Skews

Lower Income

Female 18-29

Singles/Larger HH

Blue Collar

Transitional Consumer

Volume Contribution

22% of Population

29% of Natural Volume

14% of Organic Volume

Attitudes

•This segment skews toward believing that Natural Products ***are more expensive***, and is less likely to pay more than 10% premium

•They believe Natural Products ***don't taste better***.

•They believe Natural Foods are ***more healthful***.

•They skew towards consuming Natural Foods ***because of something they heard on the media and for philosophical reasons***.

Category Skews

Produce

Vitamins & Supplements

Channel Skews

Health Food

Vitamin Stores

Mass

Demographic Skews

High Income ($75K+)

Female 18-29; 55+

Female Home Part time

White Collar

College Educated

Trial/Transitional Consumer Implications

- It is important for retailers to attract and create loyalty with **Transitional consumers**:
  - They are over 1/5 of the population (22%)
  - They represent 29% of sales

- **Trial consumers**, though not representing much volume (15% of Natural volume & 1% of Organic volume) are important to watch:
  - Of new entrants to the segment, 69% plan to continue shopping for natural products

- There is an opportunity for retailers to compete for the **Trial/Transitional consumer** in Produce and Holistic Health:
  - These consumers skew toward these departments

Regular/Committed Consumer

Volume Contribution

12 % of Population

53% of Natural Volume

85% of Organic Volume

Attitudes

- Believe that Natural Products are ***healthier, taste better, and are better for the environment.***
- They are ***willing to pay 10% or higher premium for Natural Products.***
- They are ***willing to make an extra shopping trip for Natural Foods***
- Use Natural Products because ***they have no chemicals/additives and preservatives, are easy to purchase, and are better quality and price.***

Category Skews

Produce

Dairy

Dry Grocery

Personal Care

Channel Skews

Health Food

Farmers Markets

Specialty/Gourmet

Demographic Skews

High Income ($75K+)

Female 18-34

White Collar

College Educated

Regular/Committed Consumer Implications

- It is crucial to capture the most committed consumers as well as increase their usage and loyalty
  – Committed Consumers represent 53% of Natural sales and 85% of Organic sales

- Regular/Committed consumers are likely easier for retailers to attract and retain since:
  – These consumers are already educated on the advantages of consuming natural products
    - They believe that natural products are healthier, taste better, and are better for the environment.
  – The price premium is not as relevant to this group
    - Don't have to compete primarily on price
    - This segment is willing to pay more