SPINS®

CPG Disruption in 2024

Where Disruption Happened, What's Next, and What's Driving Change

EXECUTIVE SUMMARY

Key **Disruption Trends**

1. Disruption occurs when a brand with a unique or differentiating value prop claims significant market share from traditional leaders and forces category evolution.
2. Disruption traditionally came from “better-for-you” (BFY) brands, but as BFY becomes the new normal, shoppers are trending toward new/enhanced product differentiation angles.
3. Two notable enhancements we see brands showcasing are sustainability and international flavors

Table of Contents

CHAPTER 1

What is Disruption?

What is disruption in CPG?

WHAT IS DISRUPTION?

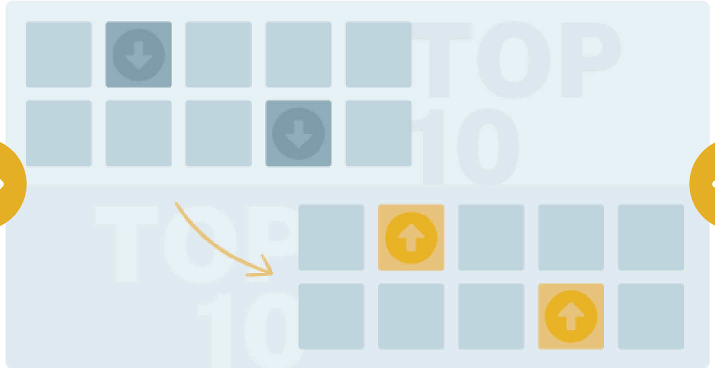
What is Disruption, What Does it **Look Like**?

Disruption is when emerging brands or products with new attributes gain market share from the traditional leader and drive marketplace evolution. That path to disruption often comes in three stages.

INNOVATION

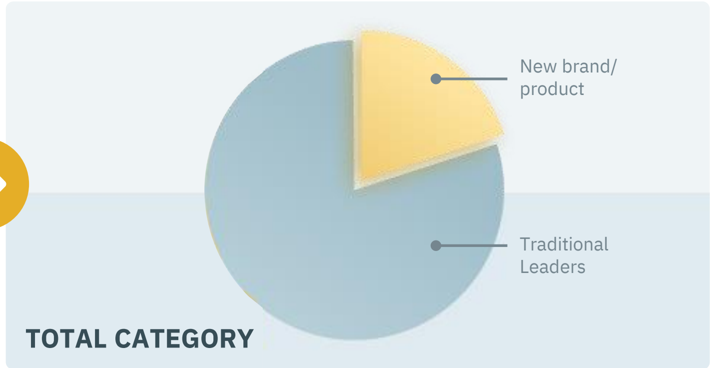
Brand launches a product that brings something novel in one of many ways. Think better-for-you (BFY) positioning, a new flavor, improved packaging, a more convenient form, etc.

SURPRISING GROWTH



At first, the new brand only wins a small proportion of market share. Yet, when ranking the category's top brands by absolute dollar growth, the disruptor often breaks into the top 10.

MARKET PENETRATION



This disruptive brand grows large enough to claim a significant amount of market share, leading to the disruption of the category.

WHAT IS DISRUPTION?

The Evolution of CPG: **Values-Driven Innovation**

Beyond conventional classics and natural disruptors, shoppers are starting to look for products that provide enhanced values like sustainability or an international bend that broadens their horizons.

CLASSICS | DISRUPTORS | ENHANCEMENT

Innovation across categories has evolved beyond the classic winners and the natural disruptors. Now, all eyes are on enhanced products that align to consumer ethos like sustainability.

Frozen desserts, soda, hot dogs and dinner sausages, and candy are categories that have seen recent disruption from increased better-for-you entrants but have few new sustainably-focused entries. This scarcity is an example of white space opportunities for brands to evolve and meet consumers desires.

WHAT IS DISRUPTION?

The Evolution of CPG: **Values-Driven Innovation**

Beyond conventional classics and natural disruptors, shoppers are starting to look for products that provide enhanced values like sustainability or an international bend that broadens their horizons.

CLASSICS | **DISRUPTORS** | ENHANCEMENT

Naturally positioned products have become the new standard in CPG. These brands have all disrupted their category by taking advantage of BFY trends.

Katz

Made gluten-, dairy, nut-, and soy-free desserts for specific diets and allergens.

Poppi

Utilized digestive health craze from VMS to find success in Beverage

Applegate

Brought healthier options to dinner sausages.

Smart Sweets

Developed low-sugar products that gave consumers a healthier way to indulge

WHAT IS DISRUPTION?

The Evolution of CPG: **Values-Driven Innovation**

Beyond conventional classics and natural disruptors, shoppers are starting to look for products that provide enhanced values like sustainability or an international bend that broadens their horizons.

CLASSICS → DISRUPTORS → **ENHANCEMENT**

SUSTAINABLE

- Regional ingredients harvested in the great pacific northwest
- Handmade pies, fresh to frozen

- Grass-fed & pasture-raised
- Conservation focused
- Non-irradiated spices
- Labeled Organic and Non-GMO

INTERNATIONAL

- Japanese barbecue sauce
- Miso and yuzu flavors
- Labeled Organic, Vegan, Preservative, and BPA-Free

- Flavors like Tom Yum “Shrimp,” Spicy “Beef”
- High protein and plant-based diet friendly
- Labeled non-GMO

CHAPTER 2

The 2024 Disruption Landscape

Where disruption has already occurred and where it will happen next.

THE 2024 DISRUPTION LANDSCAPE

Already Disrupted

The template for disruption can be found in categories that have already experienced shakeups. Based on recent trends, soda, energy drinks, protein chips, and dairy have seen significant changes.

Soda

From diet soda to digestive health soda.

Energy Drinks

Not just for night owls! Now fitness friendly.

Protein Chips

High-protein snacks are no longer limited to bars.

Dairy

Probiotic dairy beyond the yogurt aisle.

DISRUPTION LANDSCAPE—ALREADY DISRUPTED

Soda

From high sugar to digestive health, the reinvention of soda in the modern age.

Regular Soda Category	Diet & Alt Sweetened Soda	Naturally Sweetened Soda	Digestive Health Sodas
+5%	**+11%**	**+5%**	**+174%**
			
		+ Natural ↑	**+ Biotics ↑**
			
		Sparkling Water	Kombucha

Sodas have been around for a long time and have gone through a few iterations. First, the **replacement of sugar** with ingredients like aspartame gave birth to **diet soda**.

Then, **naturally sweetened** sodas came along after brands like LaCroix had shaken up the sparkling water category with their **zero sugar** products. Brands realized that there are consumers looking for flavor that isn't strong sweetness.

Right now, we're seeing disruption in the soda category again with **digestive health sodas** in the limelight. This interest in digestive health is not new as seen with the popularity of **kombucha.**

So, we've seen this rising interest in digestive health migrate into soda successfully.

SPINS: Natural, MULO (powered by Circana); 52 Weeks Ending 04.21.2024 Soda | Sweeteners – Ingredient, Digestive Health – Health Focus

Energy Drinks

From "rough night?" to a replacement for coffee, energy drinks have been integrated into the daily routine.

Energy drinks were for many years the only high sugar, high caffeine beverages associated with **partying/nightlife**, but that has changed recently.

In the 2010s, we saw new entrants to the energy drinks space bring in products that match a **fitness lifestyle** instead–bringing new customers into the category.

Performance brands had turned their pre-workout powders into energy drinks, and we saw brands introduce **zero sugar energy drinks**. This fitness lens suddenly made it okay for consumers to drink energy drinks **before a workout** and it was soon part of their daily routine sans workout.

Then, we saw brands bring **nostalgic flavors** to beverages–a trend that really started in the supplements space—which once again expanded the audience.

SPINS: Natural, MULO (powered by Circana); 52 Weeks Ending 04.21.2024 Energy Drinks

DISRUPTION LANDSCAPE—ALREADY DISRUPTED

Protein Chips

High protein consumption continues to be a growing trend and consumers are looking for more ways to incorporate it into their diet.

Potato Chips

+4%

Chips*,
Protein 15g to <25g

+27%

+ Protein ↑

+ Simple ↑ Ingredients

Consumers have been gravitating towards high protein products over the years. Snack bars were one of the first products to take the high protein route and created a new category: **protein bars**.

Similarly, the chip category, which wasn't inherently functional, **followed** the protein bar route to create the protein chips category. Now we see many **high protein chip brands** on market, allowing consumers a different way to get protein.

The next evolution of the protein chips category is one with simple ingredients, where brands display that the protein in the chips is from **"real" food**. This follows the same playbook we saw in the bar category.

SPINS: Natural, MULO (powered by Circana); 52 Weeks Ending 04.21.2024 Chips: SS Chips Veg & Other Alt., SS Potato Chips, SS Tortilla & Corn Chips

DISRUPTION LANDSCAPE—ALREADY DISRUPTED

Dairy – Expansion of Probiotics

Probiotics used to be limited to yogurt, but we've seen it expand into the rest of dairy–from cottage cheese to milk and beyond.

Dairy
+2%

Dairy (Excluding Yogurt), Probiotics - Yes
+54%

+ Probiotics ↑

Yogurt & Drinkable Yogurt
+7%

From the previously mentioned digestive health sodas to beyond, **gut health** and all things pre- and probiotic have seen a rise in consumer interest lately. As consumers begin to learn more about the **microbiome and its impact** on overall health, they are looking for more ways to incorporate biotics into **their diet**—and dairy brands have noticed.

Yogurt and yogurt-derived products were traditionally the only products in the dairy set that had probiotics, but we have seen it **expand** to numerous dairy subcategories that are not yogurt related. From cottage cheese to milk to sour cream and so much more.

SPINS: Natural, MULO (powered by Circana); 52 Weeks Ending 04.21.2024 Dairy, Custom Group | Probiotics – Ingredient

THE 2024 DISRUPTION LANDSCAPE

Ripe for Disruption

Evolving consumer preferences create opportunities for innovative brands. Look out for a rise in functional juices, pickles, and other pantry staples.

Functional Juice

Wellness-oriented, not sugar bombs.

Pickles

Probiotics give pickles premium positioning.

Pantry Staples

Low carb, low sugar, but high opportunity.

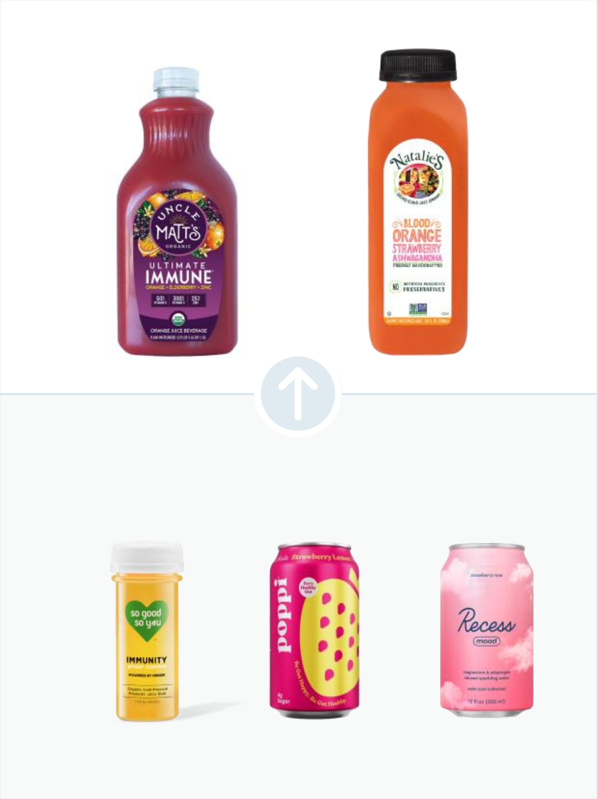
RIPE FOR DISRUPTION

Functional Juices

Juice has seen its health halo shine dim over the years, but can it regain its halo?

Juice
+0%

→ + Immunity, Functional Ingredients →



In recent years, the juice category has experienced some **backlash** as people have pointed out its high sugar content might not be all that "good for you." As more brands use juice to sweeten products, its image gets more **complicated**. Will consumers begin to think of juice as a sweetener versus a healthy beverage?

In the beverage world, the juice category is one that has **not seen high innovation**, but brands could take a page from the functional beverage category. A breakthrough product could shift consumer attention back to the **wellness lens**.

The juice category could reinvent itself by doubling down on **immunity** or by adding popular functional ingredients like ashwagandha in wellness shots and other functional beverages.

SPINS: Natural, MULO (powered by Circana); 52 Weeks Ending 04.21.2024, Frozen, Refrig. & Shelf Stable Juice

RIPE FOR DISRUPTION

Pickles

The "snackification" of pickles and highlighting its digestive health benefits could bring the category to new heights.

Pickles
+3%

→

+ Probiotics

→

Pickles have established themselves as a **popular**, reliable snack. A pickle is a pickle; it does the job but is rarely exciting. Some pickles are pickled via vinegar, while some follow **a lactic acid fermentation**, which has never been the focal point of messaging... until now.

Products like **kimchi**, which is fermented cabbage, has seen **great success** over the years because of its flavor as well as its gut health benefits with many highlighting the fact that it is **fermented**.

We've seen pickle brands get the clue and include **callouts to probiotics** on their packaging. With the rise of gut health, playing up the fermented attribute to attract customers might be smart. The further **snackification** and premiumization of pickles can only bring the category higher.

SPINS: Natural, MULO (powered by Circana); 52 Weeks Ending 04.21.2024, Shelf Stable & Refrig. Pickles

RIPE FOR DISRUPTION

Pantry Staples

While some subcategories, such as pasta, are far along in the disruption journey, other pantry staples are just beginning.

EARLY — **MATURE**

Pasta

Other Pantry Staples

Looking at the **center store aisles**, we've seen a category like pasta go through disruption multiple times now. From whole wheat pasta to zucchini noodles (aka zoodles) to the new wave of pastas made with chickpeas, the category is still **evolving**.

Early innovations in the pasta category were simple switches like whole flour for wheat flour. Still, each evolution brought more to the category, like how chickpea pasta added proteins and fiber and removed carbs. Then we saw sourdough pasta bring an interesting flavor alongside gut health via fermented grains.

Other pantry staples, however, are **still nascent** in their journey. For example, pancake mixes and baking chocolate chips are currently focused on **lowering carbs and sugar**.

CHAPTER 3

Sustainability

Mission-driven brands with high-impact certifications and sustainable ingredients and packaging create enhanced disruption opportunities.

SUSTAINABILITY

Sustainable Paths to Disruption

Sustainable brands are well set up for disruption to the inherently differentiated focus of their products. There are four primary avenues sustainable brands emphasize within the market:

Mission-Driven

Not just commodities, these brands resonate with shoppers on a personal level.

Certifications

New certifications are increasing shopper awareness and driving differentiation.

Ingredients

Seaweed and honey are finding their way into more products as stars or support.

Packaging

Brands of all sizes are using less plastic and more paper to increase recyclability.

SUSTAINABILITY

Mission-Driven Brands: **Commodity to Value-Add**

Sustainably focused brands have found ways to be more than a commodity. Their sustainable practices have become a value-add that provides both convenience and a brand story that resonates with a values-oriented consumer.

Meal Elevation: Sauces

Big Tree Farms uses regenerative farming to restore soil health and stay true to ancient practices, and it has now blossomed into the world's largest and most sustainable coconut supply chain.

Condiments & Sauces

+6%

TOTAL CATEGORY

Expanding from sugar into a growing category, sauces and condiments, Big Tree Farms utilized their label claims and core ingredient base to innovate.

SUSTAINABILITY

Mission-Driven Brands: **Commodity to Value-Add**

Sustainably focused brands have found ways to be more than a commodity. Their sustainable practices have become a value-add that provides both convenience and a brand story that resonates with a values-oriented consumer.

Ready-to-Eat Breakfast: Smoothie Bowls

Pitaya Foods has spearheaded the USDA Organic certification of 800+ Pitaya farms, creating over 170 new jobs for local Nicaraguan single mothers.

Frozen Smoothies – Ready-To-Eat

+>200%

TOTAL CATEGORY

Developing their brand from frozen fruit to frozen smoothies, landing on ready-to-eat frozen smoothie bowls for the utmost convenience, all while bringing unique wellness ingredients across frozen subcategories.

Source: Frozen, Refrigerated, and Grocery Departments $ % Chg YA. 52 weeks ending 04.21.2024. Total US- Natural Channel and MULO powered by Circana. SPINS PI: Product Type: FZ Breakfast Entrees - Other

SUSTAINABILITY

Mission-Driven Brands: **Commodity to Value-Add**

Sustainably focused brands have found ways to be more than a commodity. Their sustainable practices have become a value-add that provides both convenience and a brand story that resonates with a values-oriented consumer.

Nutritious Staple: Pasta

"Patagonia Provisions was founded for one reason: to make delicious, nutritious foods that help fight the environmental crisis. How? By farming and fishing in ways that regenerate and protect our planet."

patagonia PROVISIONS

Shelf Stable Pasta

+3%

TOTAL CATEGORY

Leading the way in sustainable tinned fish and better-for-you crackers, Patagonia Provisions demonstrated their trail blazer ability. The brand continues to innovate with sustainable ingredients and certifications to a meal staple category; pasta.

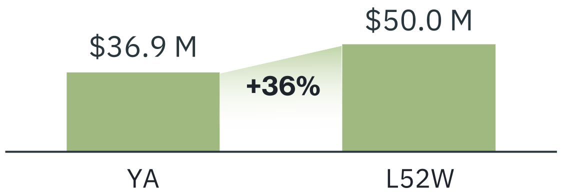
Quote Source: https://www.patagoniaprovisions.com/pages/our-impact
Frozen, Refrigerated, and Grocery Departments $ % Chg YA. 52 weeks ending04.21.2024. Total US- Natural Channel and MULO powered by Circana.

SUSTAINABILITY

High-Impact Certifications

Certifications, like Upcycled and Regenerative Organic, are increasing visibility of sustainable food options

Upcycling: Critical Solution for Food Waste



Upcycled products prevent food waste by creating new, high-quality products out of surplus food. It’s an innovative approach to food waste because it is the first consumer product-based solution, making it highly scalable and economically sustainable.

Upcycled Certified is expanding beyond the snack department. Salmon skin snacks have grown in popularity in turn driving an expansion in Upcycled Salmon to the meat department with salmon sausages.

Salmon +145% in dinner sausages **& +9%** in SS jerky and meat snacks

Hot Sauce +9% leveraging the growth of spicy in snacking

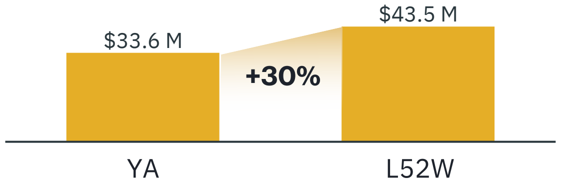
SUSTAINABILITY

High-Impact Certifications

Certifications, like Upcycled and Regenerative Organic, are increasing visibility of sustainable food options.

Regenerative Organic Certified

Regenerative Farming:
Good for Animals, People, and Planet



With regenerative organic agriculture, we can rehabilitate soil, respect animal welfare, and improve the lives of farmers. We can sequester carbon, build healthier communities, and reap more nutritious and abundant yields.

Regenerative Organic has gone beyond sugar and dairy categories and is proving to be a success certification in various categories such as olives and supplements.

Probiotics +2%
across Refrigerated and Grocery departments as shoppers continue to find ways to elevate their digestive health with a “better for the planet” approach

Refrigerated and Grocery Departments $ % Chg YA. SPINS PI: Certifications. 52 weeks ending 04.21.2024. Total US- Natural Channel and MULO powered by Circana.

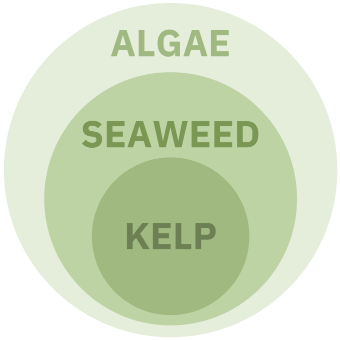
SUSTAINABILITY

Hero to Supporting Ingredient: Sustainability of the Sea

From seaweed snacks to kelp chili crisp, this powerful ingredient has room to grow across categories.

Ocean Superfoods

Kelp grows naturally in the ocean and grows in abundance. Kelp is shown to ease digestion, reduce hair loss, treat ulcers, promote weight management, and aid diabetes symptoms.



Seaweed is in the algae family, while kelp is the largest subgroup of seaweed.

Seaweed is not only beneficial for human health but can also be used for food grade, plastic free packaging and to reduce methane, capturing carbon, and absorbing phosphate. Seaweed is a tool to save the planet while fueling people with nutrients.

SUSTAINABILITY

Hero to Supporting Ingredient: Sustainability of the Sea

The area for innovation is focused as a supporting ingredient

PAST	PRESENT	FUTURE

Spirulina is the most commercially known seaweed. It is a micro algae and has been used as a natural coloring agent and alternative protein for years.

Main Ingredient

+24%
FZ Fruit & Vegetables

+20%
Elderberry & Seaweed Supplements

+18%
Chips/Snacks

Growth of the condiment furikake signals promising future of seaweed as a supporting ingredient that can be incorporated across categories.

+22%

Furikake

Kelp + Mushrooms
for a hearty and flavorful veggie burger

Seaweed in Beverage
Seaweed + Limeade, Seaweed + Green Tea

Kelp + Sesame
For a superfood and superseedy cracker

Grocery and Vitamin & Supplement Departments $ % Chg. 52 weeks ending 04.21.2024. Total US- Natural Channel and MULO powered by Circana. Source: https://algae.culturedsupply.com/

SUSTAINABILITY

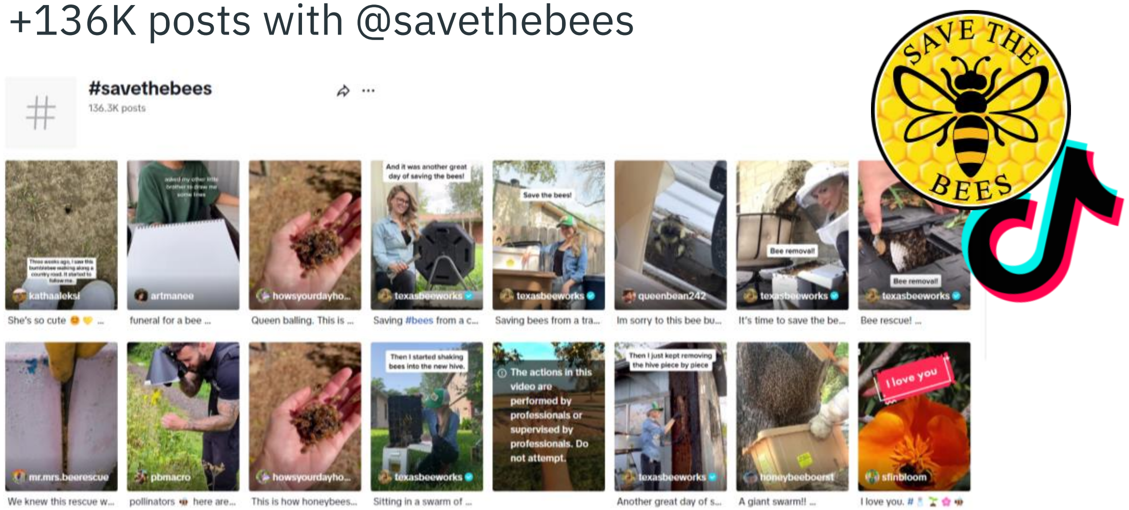
Honey: Leverage as a Sweetener

Honeybees can reduce the need for artificial fertilizers through pollination.

“Save the Bees” Campaigns drove honey growth into new categories.

Tik Tok Campaign

+136K posts with @savethebees



One #savethebee leader received 4.9M likes on just one video of her saving a beehive from an old compost otherwise being destroyed.

SUSTAINABILITY

Honey as a Sustainable Cross-Category Sweetener

By using honeybees to both produce raw honey sweeteners and to fertilize surrounding plant life, we have already made an environmentally sound decision. The CPG industry can build on that eco-friendly foundation by incorporating honey in products across categories.

Condiments and Sauces

Honey is used as a natural sweetener to enhance flavor in sauces. Primal Kitchen markets and labels their ketchup as “A Tad Sweet Ketchup."

+1%

Honey in Condiments & Sauces

Buckwheat

As buckwheat continues growing amongst sustainable grains, the paring of buckwheat and honey expands across categories like crackers and honey.

+7%

Buckwheat

Beverage

Honey continues to expand its presence across the entire beverage department as a staple sweetener.

+31%

Honey in Water & **+33%** in RF Juices

SUSTAINABILITY

Packaging Reinvented

Brands are demonstrating their priority to evolve sustainability efforts by making products that are recyclable, compostable, digitally printed, and setting goals towards net zero greenhouse gas emissions.

Best-in-Class Recycling

Elevating Recycling

Choosing glass over plastic, or providing better recycling options for consumers, are just a few ways to support more sustainable packaging

Glass packaging promotes recyclability and negates micro plastic digestion.

TerraCycle reuses a product to turn it into a new product and avoid the single use item ending up in a landfill.

Removing the Wrap

Celestial Tea removed its plastic wrap from their tea boxes in 2023 to eliminate an estimated 165,000lbs of plastic annually.

*SUSTAINABLE PACKAGING = CAN. GLASS, CARDBOARD BOX, ALUMINUM BOTTLE, AND ASEPTIC CARTON

Source: Carlsberggroup.com , consumergoods.com, celestialseasonings.com, wanderingbearcoffee.com, epacflexibles.com

Packaging Reinvented

Brands are demonstrating their priority to evolve sustainability efforts by making products that are recyclable, compostable, digitally printed, and setting goals towards net zero greenhouse gas emissions.

Innovative Materials

European Union impact

Advancement in sustainability regulations = advancement in packaging.

A fiber bottle, putting a bio-based and fully recyclable beer bottle into the hands of consumers for the first time.

Snack pouch made from 100% recyclable materials and printed digitally.

Packaging Beyond the Standard

100% compostable packaging

100% recyclable including the sugarcane cap

*SUSTAINABLE PACKAGING = CAN. GLASS, CARDBOARD BOX, ALUMINUM BOTTLE, AND ASEPTIC CARTON

Source: Carlsberggroup.com , consumergoods.com, celestialseasonings.com, wanderingbearcoffee.com, epacflexibles.com

SUSTAINABILITY

Packaging Reinvented

Brands are demonstrating their priority to evolve sustainability efforts by making products that are recyclable, compostable, digitally printed, and setting goals towards net zero greenhouse gas emissions.

Future Forward

Big CPG Leading New Initiatives

With large sustainability goals in the next 25 years, big CPG brands are testing new innovations in packaging.

Kraft Heinz tested a paper-based bottle made from sustainably sourced wood pulp in 2022 for its iconic ketchup bottle.

Nestle piloted paper-wrapped versions of their KitKat chocolate bars in select stores across Australia.

Kellogg partnered with Albertsons on an in-store recycling initiative. The companies also organized in-store evens to promote the retailers' recycling programs.

*SUSTAINABLE PACKAGING = CAN. GLASS, CARDBOARD BOX, ALUMINUM BOTTLE, AND ASEPTIC CARTON

Source: Carlsberggroup.com , consumergoods.com, celestialseasonings.com, wanderingbearcoffee.com, epacflexibles.com

SUSTAINABILITY

Predictions: **What to Watch Out For**

- Sustainable Fruit, Seeds, & Grains Advancing Beverage
- Kid-Positioned Product Growth

The Next Wave of Beverage: Sustainable Fruit, Seeds, & Perennial Grains

As almond production has earned a negative reputation for its environmental impact — from causing water shortages to using pesticides that kill native bees — more sustainable ingredients are gaining popularity. The growth and innovation you'll see in beverage categories will come from sustainable fruits (such as cascara made from the coffee cherry), perennial grains (like Kernza), and sustainable seeds (like flax and apricot kernels)

Kernza
New!

Cascara
New!

Apricot Kernal
New!

Flax Seed
+4% Milk

Pumpkin Seed
+5% Total Grocery

Refrigerated and Grocery Departments $ % Chg YA. Top 5 Kids Categories is Frozen, Refrigerated, and Grocery by $ % Chg YA, Dollar Sales >$50K. SPINS PI: Age Group for Baby and Kids 52 weeks ending 04.21.2024. Total US- Natural Channel and MULO powered by Circana.

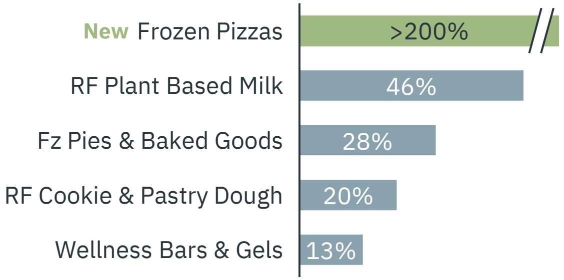
Predictions: **What to Watch Out For**

- Sustainable Fruit, Seeds, & Grains Advancing Beverage
- Kid-Positioned Product Growth

The Future of Your Family: Kid-Positioned Growth

Many families enter the natural and sustainable market through their children as consumers look amongst "better for you" for their family and then continue to invest in better for the planet.

Top 5 Categories by $ % Chg
Kid Positioned Products



Upcycled Certified continues to grow in children's snacks to provide healthy and sustainable options for kids; like squeezable smoothies.

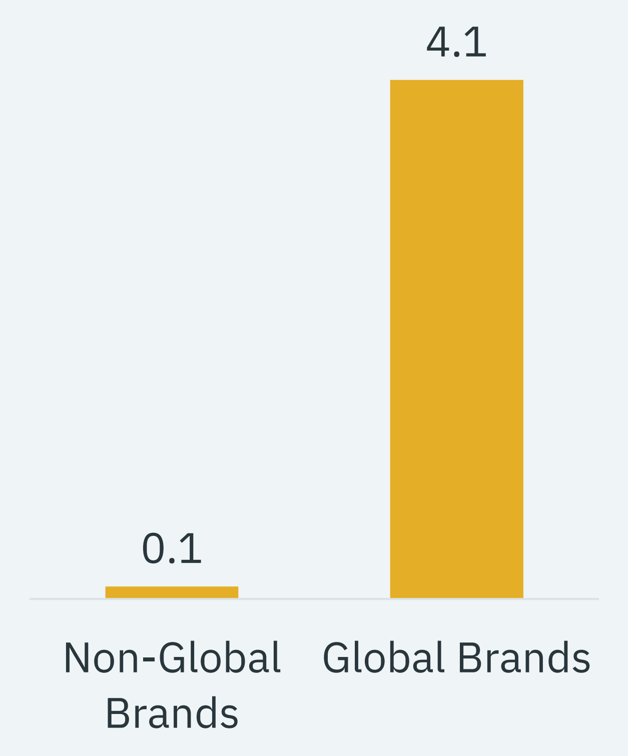
Innovative kids brands are leaning in on regenerative farming practices and educating their consumer on their mission for a better planet with healthier food options for your children.
Once Upon a Farm expanded categories from frozen entrees to refrigerated smoothies as Regenerative Organic Certified products via their partnership with Alexandre Family Farms dairy.

CHAPTER 4

International

Global flavors are bringing cross-category disruption.

State of Global Brands & Foods



% Sales Growth vs Yago

Total Sales Volume Growth

Globally positioned brands are growing more quickly than their non-global counterparts in food and beverage, taking 82% of all growth in food and beverage categories over the past 52 weeks.

How does SPINS define a Global brand?

These are brands that are dedicated to a particular cuisine type. They can be culturally-relevant imported brands or domestic brands inspired by heritage or the cuisine itself.

Source: SPINS Natural & MULO Combined Channels, Last 52 Weeks Ending 04-21-2024 (Grocery, Refrigerated, Frozen Departments; International Attribute)

STATE OF INTERNATIONAL

Performance Breakdown of **Global Foods and Beverages**

Mexican, General Hispanic, and Italian brands continue to dominate market share, but others are on the verge of breaking out.

Performance of Top 25 International Segments by Total Sales Volume

INTERNATIONAL	Dollars	% Market Share, International	$ %Growth, Yago	CAGR, 3yr
HISPANIC / SOUTH AM - MEXICO	$11,893,099,970.96	26.98%	4.86%	5.96%
EUROPE - ITALY	$8,650,629,866.92	19.62%	3.19%	4.56%
HISPANIC / SOUTH AM - GENERAL / NON SPECIFIC	$4,109,076,433.90	9.32%	8.58%	8.29%
ASIA - GENERAL / NON SPECIFIC	$4,096,596,143.92	9.29%	1.03%	5.83%
ASIA - JAPAN	$2,860,460,763.61	6.49%	0.39%	1.71%
UNITED STATES - HAWAII	$922,551,554.37	2.09%	8.89%	6.88%
EUROPE - GENERAL / NON SPECIFIC	$885,547,589.92	2.01%	2.19%	4.31%
MID EAST / MEDITRN - GENERAL / NON SPECIFIC	$870,095,803.42	1.97%	6.63%	-4.01%
EUROPE - UNITED KINGDOM	$843,242,796.39	1.91%	8.72%	5.12%
MID EAST / MEDITRN - GREECE	$785,232,655.66	1.78%	10.74%	6.91%
UNITED STATES - CAJUN / CREOLE	$745,048,083.44	1.69%	0.98%	2.41%
EUROPE - FRANCE	$726,339,531.95	1.65%	-2.75%	0.87%
UNITED STATES - SOUTHWEST	$705,931,733.10	1.60%	0.69%	3.06%
EUROPE - IRELAND	$600,334,000.59	1.36%	11.19%	9.74%
UNITED STATES - SOUTHERN / SOUL	$508,901,998.63	1.15%	-0.31%	2.46%
KOSHER	$479,221,651.13	1.09%	-5.53%	-1.17%
OCEANIA - AUSTRALIA / NEW ZEALAND	$361,256,094.02	0.82%	-2.17%	0.13%
ASIA - KOREA	$360,476,931.28	0.82%	49.51%	26.53%
EUROPE - GERMANY	$339,901,529.27	0.77%	0.40%	2.39%
ASIA - INDIA	$315,780,407.30	0.72%	9.89%	8.94%
OCEANIA - GENERAL / NON SPECIFIC	$294,854,505.58	0.67%	-5.28%	-0.42%
ASIA - THAILAND	$241,964,123.61	0.55%	4.28%	4.45%
EUROPE - SWEDEN	$232,869,551.09	0.53%	-5.64%	-1.71%
INTERNATIONAL	$202,301,512.62	0.46%	0.65%	1.23%
EUROPE - POLAND	$159,370,041.76	0.36%	5.32%	5.10%

Source: SPINS Natural & MULO Combined Channels, Last 52 Weeks Ending 04-21-2024 (Grocery, Refrigerated, Frozen Departments; International Attribute)

What to Watch

Korean-centric brands continue to gain market share, clearly outperforming in the top 25 over the past 3 years.

Brands focused on the vibrant and diverse flavor profiles of Indian cuisine continue a steady path of near-double digit year-over-year growth.

Regional Hispanic Brands on the Rise

Leveraging SPINS' granular International attribute values, we are able to see a remarkable trend occurring with Hispanic brands.

HISPANIC / SOUTH AM - VENEZUELA	**76.88%**
HISPANIC / SOUTH AM - URUGUAY	**29.93%**
HISPANIC / SOUTH AM - COSTA RICA	**19.88%**
HISPANIC / SOUTH AM - ECUADOR	**19.74%**
HISPANIC / SOUTH AM - GUATEMALA	**19.70%**
HISPANIC / SOUTH AM - OTHER SPECIFIC	**19.37%**
HISPANIC / SOUTH AM - COLOMBIA	**19.12%**
HISPANIC / SOUTH AM - CHILE	**14.25%**
HISPANIC / SOUTH AM - EL SALVADOR	**12.35%**
HISPANIC / SOUTH AM - GENERAL / NON SPECIFIC	8.58%
HISPANIC / SOUTH AM - PERU	**7.95%**
HISPANIC / SOUTH AM - MEXICO	4.86%
HISPANIC / SOUTH AM - BOLIVIA	**3.28%**
HISPANIC / SOUTH AM - NICARAGUA	**1.71%**
HISPANIC / SOUTH AM - ARGENTINA	**-9.23%**
HISPANIC / SOUTH AM - BRAZIL	**-20.61%**

Top Categories

(of Regional groups in Bold)

SHELF STABLE COOKIES & SNACK BARS
$35.8m | -13.9%

SHELF STABLE JUICES
$25.6m | +13.9%

SHELF STABLE CRACKERS & CRISPBREADS
$24.5m | +5.6%

SHELF STABLE BAKING & ING & FLOUR
$23.8m | +44.0%

SHELF STABLE CHIPS & SNACKS
$20.6m | +24.0%

SHELF STABLE MEAT POULTRY & SEAFOOD
$17.6m | +16.7%

With a growing and diverse population movement across the United States, regional Hispanic brands focused on pantry staples and comfort foods are seeing an increase in both sales and distribution.

While some traditional grocery outlets have noticed this trend, the convenience channel has also helped fuel part of this early-stage growth.

Source: SPINS Natural & MULO Combined Channels, Last 52 Weeks Ending 04-21-2024 (Grocery, Refrigerated, Frozen Departments; International Attribute)

Global and Heritage Brands Lead with Innovation

Global and heritage brands dominate the market through their ability to introduce innovation while also meeting the taste and convenience profiles sought after by shoppers. Why? **Convenience allows for easy adoption of new concepts and tastes, and younger shoppers are driving consumption in these areas.**

> *"Findings indicate half of Gen Zers surveyed said they'd like to have **more meals with unique flavors or different cuisines**, and 32% said **they love trying new types of cuisines and foods**."*[1]

WHAT TO WATCH FOR

Premiumization:
As the presence of global brands grows in a subcategory, premiumization of that global segment helps fuel subcategory innovation and reinvigorates shopper interest.

Convenience Cooking:
Global and heritage positioned brands have inspired packaging type evolutions across the store aisles – resulting in the mainstreaming of convenience formats.

Sustainability & BFY:
Global and heritage brands are learning to flag what makes them good for people, planet, and health while also meeting the demands for convenience.

1. https://www.foodbeverageinsider.com/market-trends-analysis/keys-to-food-beverage-product-success-for-gen-z

PREMIUMIZATION

Premiumization of Global Brands

The global and heritage brand market is undergoing a pivotal stage of evolution where **premiumization, clean label, and better-for-you concepts are commanding a greater share of shoppers' dollars**. By leveraging, SPINS Positioning Group–an attribute that incorporates these premiumization concepts–we can gain an understanding of the disruptive growth and future potential of premium global and heritage brands.

+4.11%

Total Growth (YoY) Of Global Brands

Conventional Functional

Known For: Brand ethos focused on product functionality, such as digestive health or infant formula

$222.5M | +17.4%

Specialty Natural

Known For: Brand ethos focused on premium ingredients, craft, and clean label concepts such as sustainability or organic ingredients

$3,672M | +13.7%

Natural Standards

Known For: Brand ethos focused on elite better-for-you and clean label concepts

$511.0M | +6.2%

Naturally Perceived

Known For: Brand ethos focused on basic clean label concepts with other basic elements to cater toward the BFY shoppers

$332.8M | +8.8%

Source: SPINS Natural & MULO Combined Channels, Last 52 Weeks Ending 04-21-2024 (Grocery, Refrigerated, Frozen Departments; International Attribute)

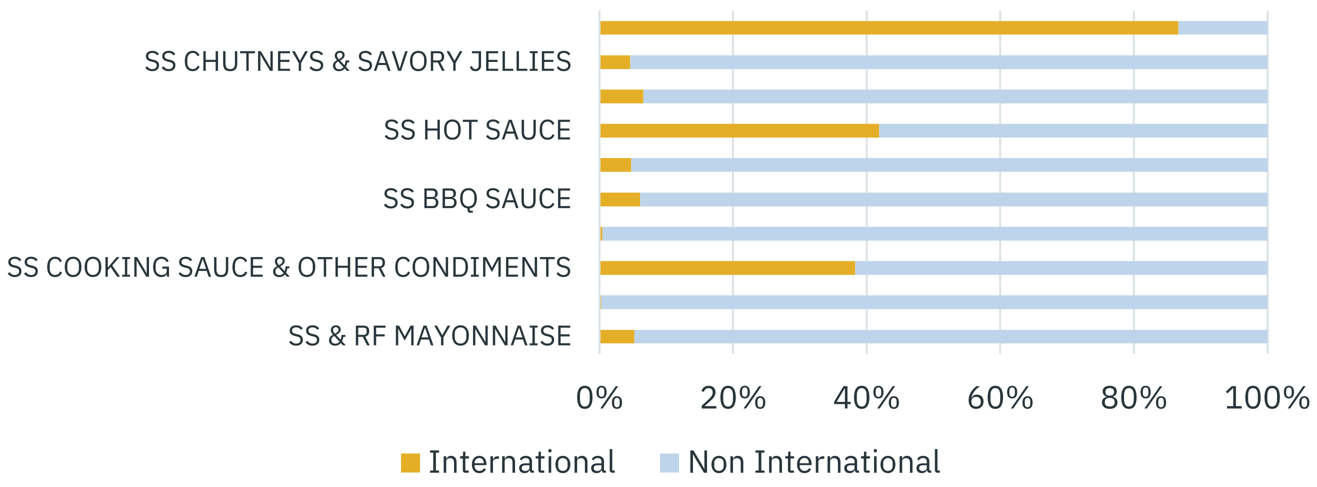
PREMIUMIZATION

Premiumization in Condiments and Dressings

$39.6m | +183%
SS BBQ SAUCE
Specialty Natural Global Brands

As the presence of global brands grows in a subcategory, premiumization of that global segment helps fuel subcategory innovation and reinvigorates shopper interest.

Subcategory Makeup of International



WHAT TO WATCH:

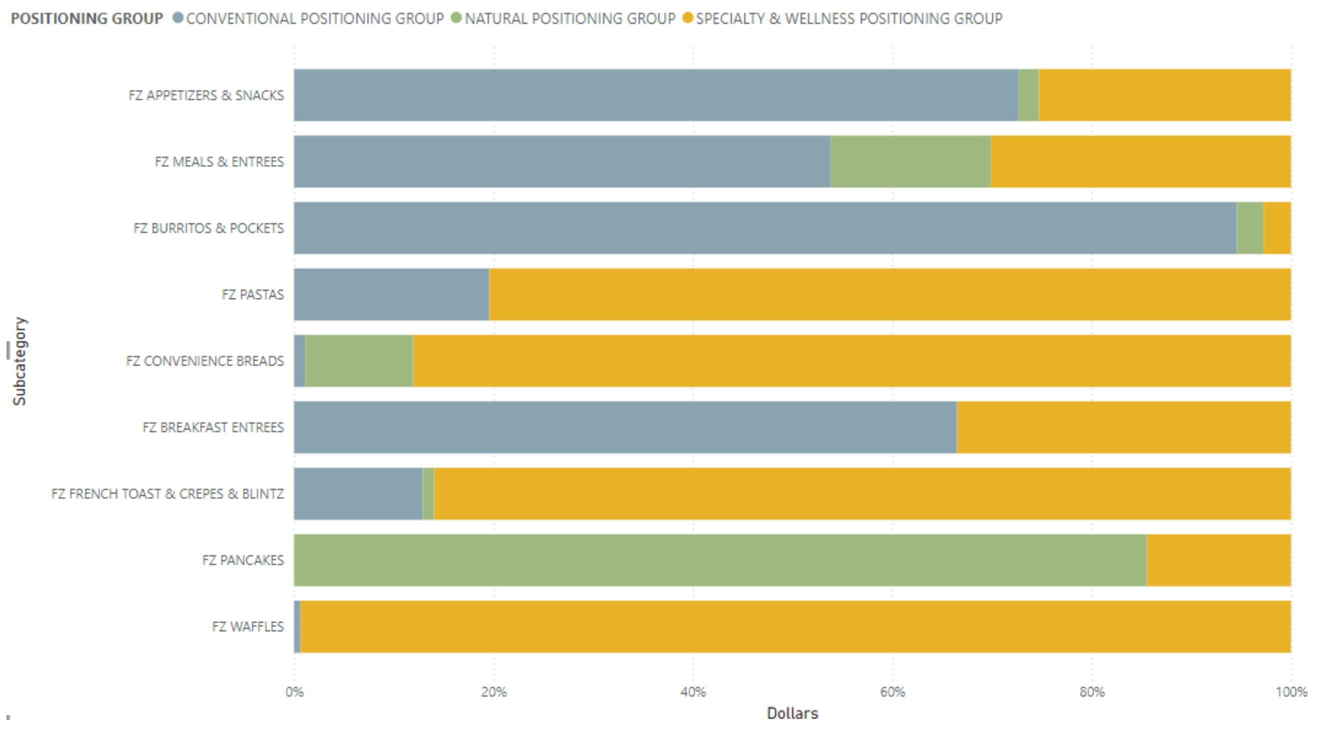
1. Savvy premium & BFY global brands like Siete are expanding into categories where premiumization & BFY gaps exist.
2. Imported/familiar global brands are often first surface in some subcategories, like mayonnaise, where the presence of global brands was non-existent.
3. Look for premium & BFY global brands to explore untraditional subcategories (like bbq sauce and dressings) – bringing a fresh take on flavor profiles that will be welcomed by shoppers.

Domestic Stalwarts & familiar brands → gourmet/chef-driven products → premium heritage and BFY

Source: SPINS Natural & MULO Combined Channels, Last 52 Weeks Ending 04-21-2024 (Grocery, Refrigerated, Frozen Departments; International Attribute)

PREMIUMIZATION

Global Brand **Premiumization Opportunities**



By breaking down global brands in a subcategory by positioning group, we can see where opportunities for BFY and premiumization exist for global brands.

For example, while premium and BFY global brands have a strong presence in FZ MEALS & ENTREES and FZ CONVENIENCE BREADS, subcategories such as **FZ BURRITOS & POCKETS and FZ BREAKFAST ENTREES are strong candidates for global brand premiumization in the future**.

PACKAGING TYPE

Convenience Cooking – Cups

Packaging types that originated in international and heritage positioned brands have inspired evolutions across the store aisles over the decades–resulting in the mainstreaming of convenience formats.

Food in a cup has undergone a transformation from snack to meal. Starting with Cup Noodle and inspired by convenience, accessibility, and better-for-you options, this disruption has come full circle back to noodle cups.

Today’s food-in-a-cup options are found across aisles and intended to be eaten for breakfast, lunch, dinner, and any snack in between.

What’s next in convenience cooking? Keep an eye out for better-for-you innovations and other on-the-go and handheld formats.

PACKAGING TYPE

Convenience Cooking – Squeezables

Convenient squeezable packaging has undergone a premiumization, led by international and heritage-inspired brands and carried through by the wave of “Yes, Chef!” kitchen pantry staples.

+6.5%
Internationally Positioned Oils & Condiments

+3.8%
Non-Internationally Positioned Oils & Condiments

Original convenience packaging made condiments easier and more accessible with no clean up required

1958 1983

Relaunch in popularity as a Premium product, not just convenient. Started by Bachan and adopted by non-international brands

2019 2023

Further adoption of squeezables in the market, encouraged by the home chef kitchen and sustainability innovations

New Graza refills in aluminum beer style cans

CONCLUSION

Key Takeaways

What to pay attention to as disruptors continue changing the market.

CONCLUSION

What to Keep in Mind Going Forward

Don't be disrupted – keep an eye on the market to make sure you're a disruptor who keeps the industry moving forward

Disruption Across Aisles

Disruption is happening in every category as tradition industries react to modern trends. Pickles are gourmet, and healthy milk doesn't just mean "low fat."

Beyond Better-For-You

BFY products are table stakes, shoppers are looking for enhanced value props from their purchases like sustainability or an international angle.

New Trends to Watch

Sustainable products and international flavors are becoming increasingly common. Learn from the leaders and don't risk falling behind.

Innovate with Confidence

Have a real view of shelf (using product attributes)

Size category opportunities to identify runways to growth

Make data part of the story, from ideation to sell-in

To learn more, **reach out to growth@spins.com**