2025 Industry Update & Trends Predictions

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State of the Industry

STATE OF THE INDUSTRY

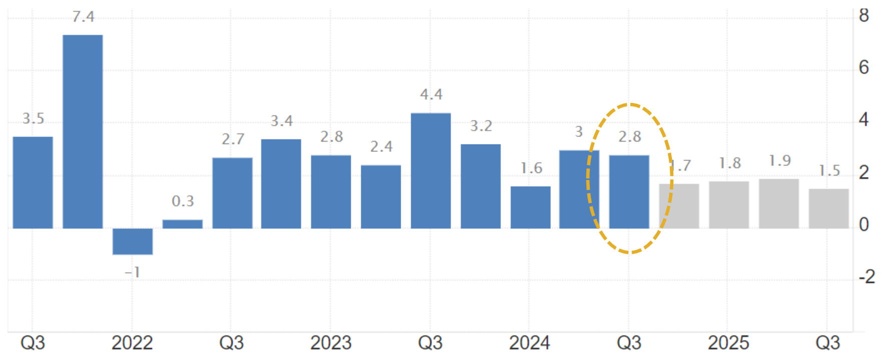
External Forces

Consumer sentiment is finally improving, and the economy is solidly on the rise.

While still fragile, economists agree virtually all signs are positive of a flourishing economy. Capital should increasingly be freeing up and starting to flow in the months to come.

GROWTH FEELS REAL

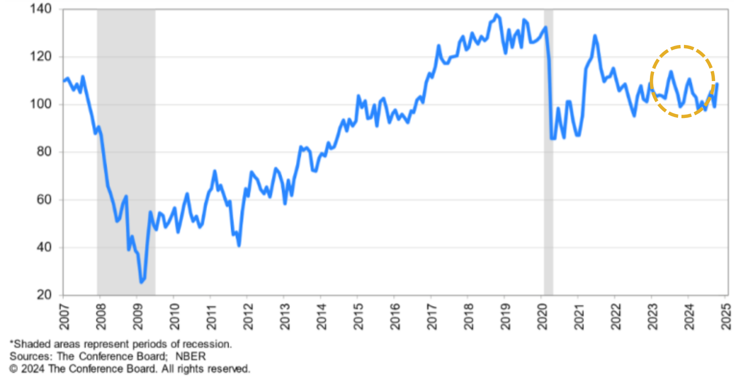
Q3 GDP came in higher than expected at 2.8%. Interest rates are starting to drop with another reduction expected end of ‘24.



US Bureau of Economic Analysis

CONSUMER CONFIDENCE

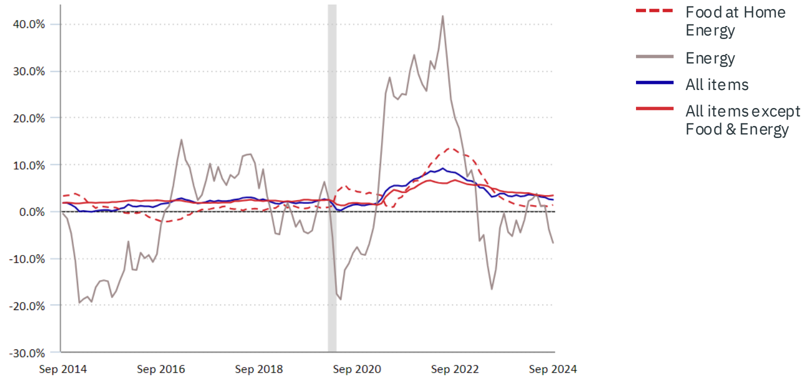
Americans last month became more optimistic about the future of the labor market and the broader US economy. Fastest clip since Mar ‘21.



The Confidence Board

JOBS, FOOD & GAS ALL SOLID

Several months of strength in jobs and dropping gas and supermarket prices are putting more dollars in EVERYONE’S pockets.



US Bureau of Labor Statistics

Source: *Fed Funds rate on 11/21; up from 4% prior year; **52 week inflation in 10/23 via Food CPI ***SPINS Consumer Panel, 12 weeks ending 11/5/23

STATE OF THE INDUSTRY

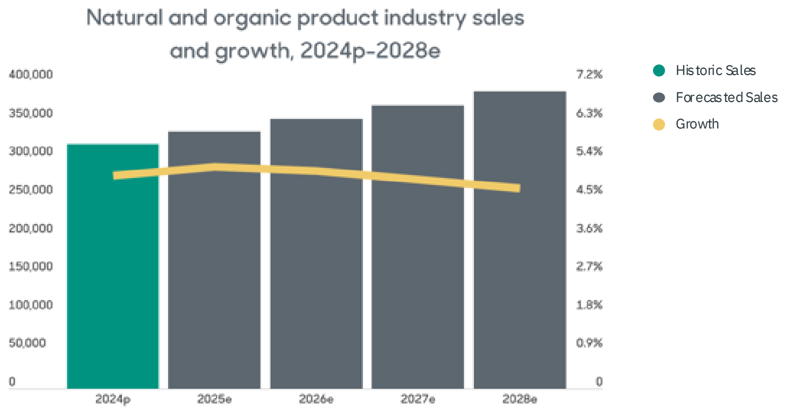
Our Industry

NPI Sales and unit growth is strong. Once again, the natural industry has resiliently weathered the storm!

Natural product sales are again consistently outpacing conventional products. The Natural Channel's growth is outpacing other channels. As more investment begins to flow, brands and retailers with profitable growth should benefit most.

NPI CONTINUES TO EXPAND

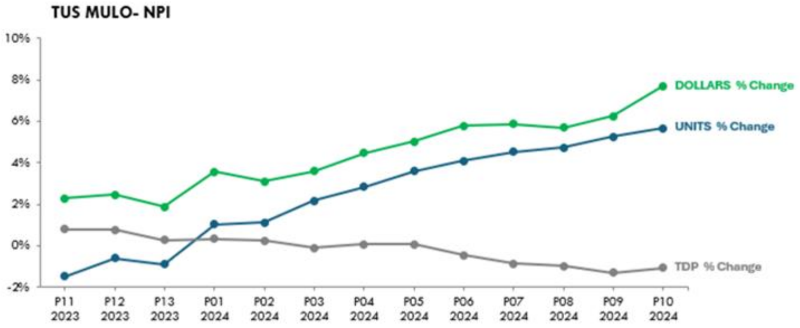
NPI sales are expected to hit nearly $320B in 2024 with growth across virtually every department. Growth is expected at 5% per year hitting $384B by 2028



New Hope Network Industry Projections (powered by SPINS)

NPI DOLLARS & UNITS

Using MultiOutlet as a measure of mass market consumer preference, both NPI dollars and units have been increasing in growth throughout 2024.



SPINS Conventional Data (powered by Circana)

CHANGING LANDSCAPE

The challenging market of the last few years has required retailers to get smart about their investments and clear in their strategy: Mergers, closings, retail media, technology.

SPROUTS FARMERS MARKET

+8.4% Q3 comp store sales, +40% EPS

M&A

Walmart VIZIO

Closing Stores

Walgreens CVS FAMILY DOLLAR

Source: *Fed Funds rate on 11/21; up from 4% prior year; **52 week inflation in 10/23 via Food CPI ***SPINS Consumer Panel, 12 weeks ending 11/5/23

STATE OF THE INDUSTRY

Natural and Wellness Products Are Driving Growth Across All Channels

Natural products growth is outpacing conventional product growth in every channel. The Natural Channel has the highest overall growth rate and the highest NPI growth -- a consistent recent month after month trend.

Natural Expanded Channel	Regional & Independent Grocery Channel	Conventional MultiOutlet	Convenience Channel
+3.7% Total Growth	-1.9% Total Growth	+1.6% Total Growth	+1.0% Total Growth
+6.6% NATURAL PRODUCTS	+1.1% NATURAL PRODUCTS	+4.4% NATURAL PRODUCTS	+5.0% NATURAL PRODUCTS
+2.3% SPECIALTY & WELLNESS PRODUCTS	+1.2% SPECIALTY & WELLNESS PRODUCTS	+3.0% SPECIALTY & WELLNESS PRODUCTS	+4.2% SPECIALTY & WELLNESS PRODUCTS
-1.1% CONVENTIONAL PRODUCTS	-3.1% CONVENTIONAL PRODUCTS	+1.1% CONVENTIONAL PRODUCTS	-1.3% CONVENTIONAL PRODUCTS

Source: SPINS Total store US Natural Enhanced Channel, Regional Grocery, Conventional Multioutlet + Convenience Channels (powered by Circana), 52 Weeks ending 10.06.24

STATE OF THE INDUSTRY

Consumer Sentiment

Within our industry, new values-based consumers are joining the movement. They are spending more and buying more often.

With younger shoppers even further favoring natural, wellness and transparency, there are strong consumer preference tailwinds expected for years to come.

Source: SPINS All Outlet Consumer Panel (powered by Circana), 12 weeks ending Oct 6, 2024

NPI IS BRINGING IN NEW SHOPPERS

While most shoppers are buying some NPI, over 2M new shoppers recently bought NPI brands. And buyers are increasing their NPI trips.

+ 2M

MORE NPI BUYERS

6%

INCREASE IN TRIPS PER BUYER

95.5% of HHs buying NPI, up almost 1%

Latest 12 weeks versus year ago

ECOMM FLOURISHES

Internet purchases have gained a full Share of Wallet point over the last year while Club and Walmart have both lost ground for the first time in several years.

Internet Share of NPI Wallet

$10 of every $100

+$1 from year ago

+2.7mm new NPI buyers

YOUNGER SHOPPERS ARE BUILDING MOMENTUM

Younger Millennials and Gen Z are more values-driven than their predecessors and shop with their values. They are gaining purchasing power quickly.

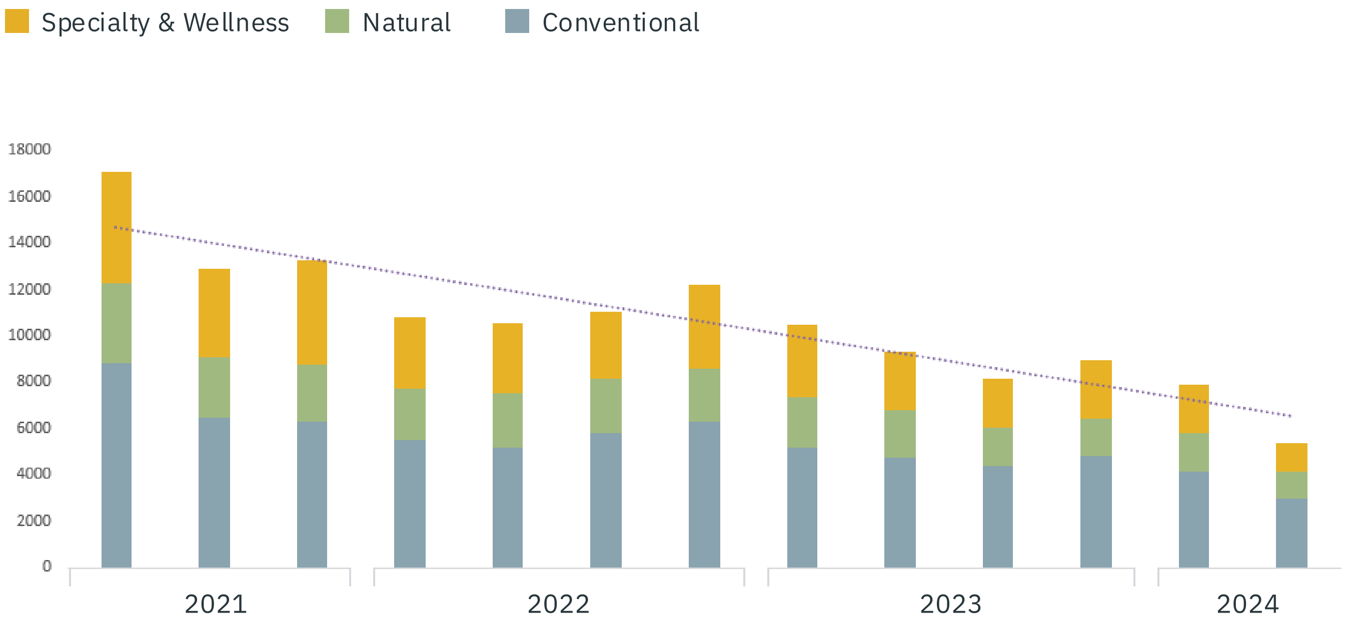
2030

“Zennials” will hold **47–60%** of buying power

And they **shop with their values,** favoring people and planet as well as health

Fewer Products ≠ Less Innovation

Number of Items Launched by Positioning Groups



When looking at the number of new products launched in the F&B Department, we can see that it has been **decreasing** with each year. Coming out of COVID, many manufacturers chose to focus on their core products as they dealt with supply chain issues. As that began to abate, rising interest rates meant that investment dollars had begun to dry up. Thus, brands had to be more diligent around spending, causing a shift to a more profitable growth strategy and a more disciplined R&D strategy.

However, fewer newer products doesn't necessarily mean less innovation. Rather, it means that brands are **evolving**.

R&D strategies have evolved with tight investment dollars, yet innovation is **still critical** to stay ahead. Approaching innovation with disciplined, quality brand launches, has proven to be a winning formula. This has led many to cut off the tail of their product lines and focus instead on possible new categories that might **yield a bigger impact.**

Source: SPINS Total US Natural Enhanced Channel + Multioutlet (powered by Circana), Frozen, Grocery and Refrigerated Departments; UPC Level; First Week Selling Used to Calculate New Items Launched Per Quarter

3 of the Top 5 Innovation Categories Are Within Beverage

The new item dollar share index helps us understand how pronounced the innovation is in the context of food & beverage

CATEGORY	INNOVATION RATE*	INDEX, NEW ITEM DOLLAR SHARE**
FOOD & BEVERAGE	**10.5%**	**100**
ENERGY & SPORTS DRINKS	18.7%	244
WELLNESS & SNACK BARS	16.4%	162
SS TEA & COFFEE RTD	15.3%	88
RF MEAT POULTRY & SEAFOOD	15.0%	84
KOMBUCHA & OTHER FUNC BEV	14.5%	89
CHIPS PRETZELS & SNACKS	14.0%	162
FZ MEAT POULTRY & SEAFOOD	13.3%	57
CANDY	13.2%	179
YOGURT & PLANT BASED YOGURT	12.4%	67
COOKIES	12.3%	142
SS JUICES	12.3%	61
FZ ENTREES	12.0%	39
SODA	12.0%	42
RF ENTREES SNACKS & SIDES	11.8%	88
DELI MEAT	11.7%	50
FZ ICE CREAM & NOVELTIES	10.8%	82
BREAD & BAKED GOODS	10.6%	49

* (# New Items/ # Total Items) (includes all new skus (flavor, pack size, concept)
** (Dollar Share, Category New Items/ Dollar Share, Food & Bev New Items)*100

Source: SPINSScan – Total US – MULO (Powered By Circana) + Total US Natural Expanded Channel, Top Food & Beverage Categories
Latest 52 Weeks Ending 10.06.2024

STATE OF THE INDUSTRY

Shopper Preferences With Staying Power

The preferences and behaviors transforming our industry over the next few years

Lifespan to Healthspan	“Before it’s too late”	**Longevity focus; personalized**
Sustainability	Secondary driver in CPG purchases	**Table stakes**
New Global Notions	Segmented store placement	**Blending as ordinary. Flavor adventure**
Intentional Indulgences	Excess and sometimes polarizing; mindless eating	**Intentional choices for how “I” want to indulge**

KEY TRENDS

Preferences with Staying Power

A new generation of reliably health-focused, and increasingly self-centric, values-oriented consumers

PREFERENCES WITH STAYING POWER

Biological Age and Beyond

The logical next step to thinking about healthspan – proteomic clocks etc. can serve as a check engine light for our health

Are you as old as you think you are?

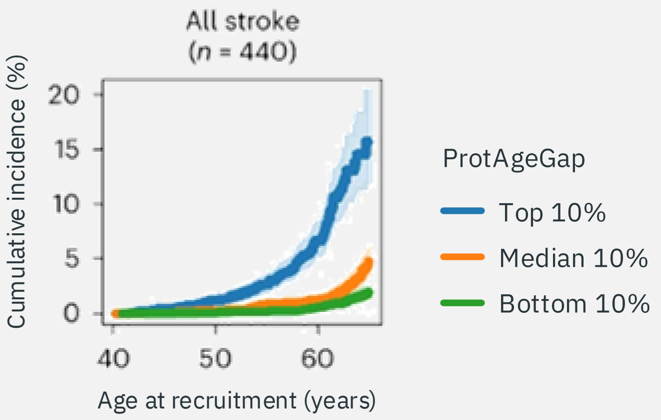
Your biological age can tell a different story

Chronological Age - **ProtAge** = **ProtAgeGap**

Chronological Age
Age in years lived

ProtAge
Age calculated via plasma proteins

ProtAgeGap
Top 5% avg = 6.3 yrs older than chronological age
Bottom 5 % = 6 yrs younger than chronological age



This study shows that for those that were recruited for the study at age 60, in the follow up period those in the Top 10% of ProtAgeGap (where their proteomic age was older than their chronological age) had a higher incidence of stroke vs. those in the Bottom 10%

As consumers become drawn to the idea of healthspan, many are leaning into the idea of lowering their **biological age** – this can span from maintaining cellular health to ensuring they have strong muscles that can help them age gracefully and prevent falls.

Aging has mostly been talked about in the context of outward appearance, but consumers are now looking **inward** and optimizing for better functionality and performance as they age.

Though chronological age remains a strong predictor of chronic disease and even death, the idea of the 'biological age' could add depth to conversations around health.

From **proteomic clocks to epigenetic clocks**, these 'omic clocks can be used to predict biological age. Based on DNA methylation, these clocks could one day in the future help with testing interventions that could extend longevity.

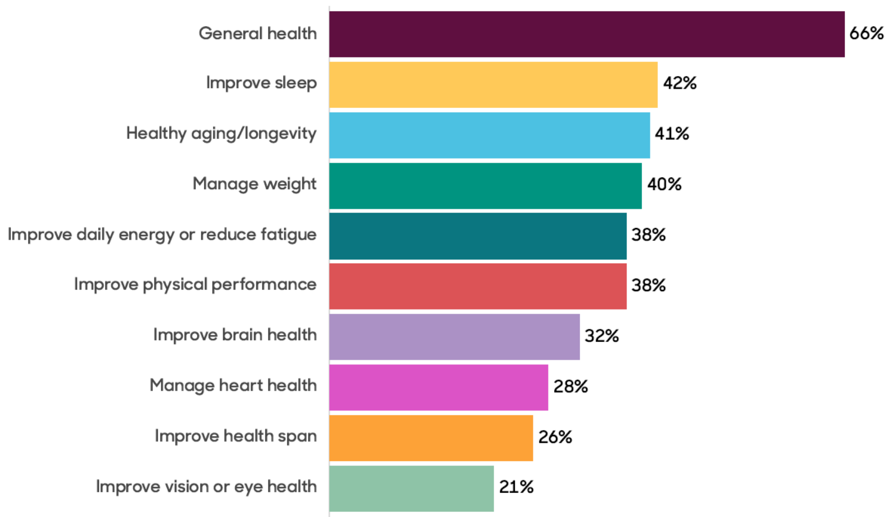
Source: https://pmc.ncbi.nlm.nih.gov/articles/PMC11405266/

PREFERENCES WITH STAYING POWER

Consumers Turn To "Biohacking"

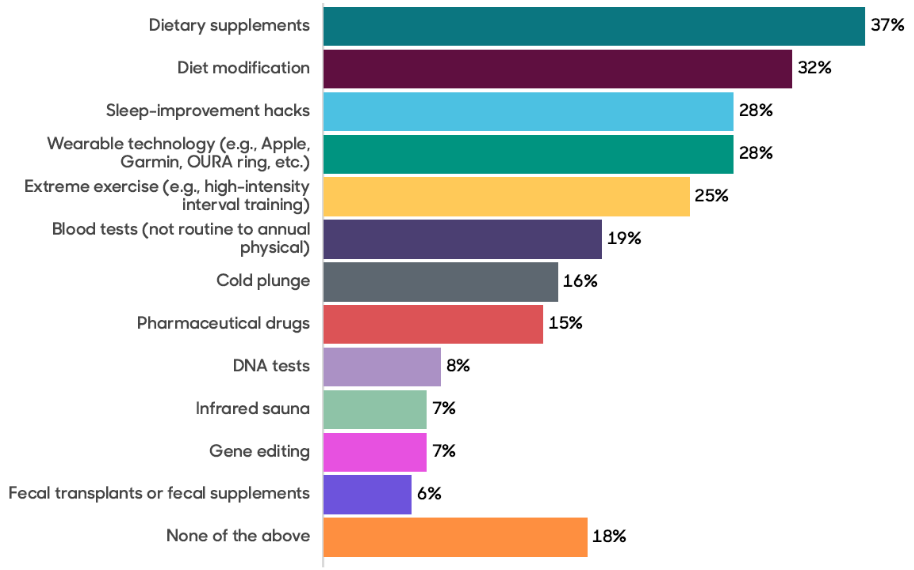
With consumers treating themselves as n=1 studies, routine adjustment happen in practically real time

Why consumers practice biohacking as part of their healthy aging routine



Source: *Nutrition Business Journal* survey targeting average consumers who said they either always, often, sometimes or rarely practice biohacking as part of their healthy aging practices, aged 20-75. Completed July 2024; n=414; powered by the Suzy online platform.
Question: "Why do you practice biohacking? Please select all that apply."

Top biohacking practices



Source: *Nutrition Business Journal* survey targeting average consumers who said they either always, often, sometimes or rarely practice biohacking as part of their healthy aging practices, aged 20-75. Completed July 2024; n=414; powered by the Suzy online platform.
Question: "What biohacking activities or habits do you include in your regimen? Please select all that apply."

PREFERENCES WITH STAYING POWER

Optimization Through Wearables

From rings to watches, consumers can track sleep, stress and so much more – allowing them to optimize like never before

Wearables Boom

Something for everyone

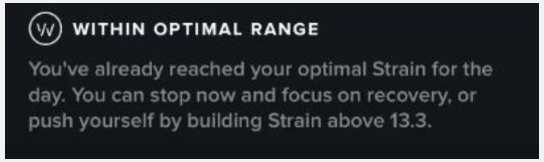
Oura Health, maker of the Oura Ring to see annual sales double to $500M this year

For the Glucose Curious

OTC Blood Glucose Monitors on Shelves

Feedback With AI Suggestions

Get some guidance on optimization



Personalized recommendations based on your own metrics, often powered with AI

Consumers not only want to live sophisticated, but they want to maintain their health & body as they grow older. Now more than ever, there are ways to **track metrics** ranging from your hours of sleep to your blood oxygen saturation, all through a gadget that can be bought at the click of a button.

Consumers are finding ways to optimize their lives through the **real-time feedback** these health tech wearables such as fitness trackers, blood glucose monitors, etc. can provide. Plus, you can be sure that whatever you're changing in your routine is working for you rather than following advice that is meant to work for the general population.

As health tech wearables grow more sophisticated, we could enter a world where food, beverages, supplements, personal care, and more can be **tailored to a specific person** with the right dosage and combination to achieve a specific goal in mind.

PREFERENCES WITH STAYING POWER

Nutrient Density

Personalized diet, eating protein first? More fiber, fast and slow carbs. Real time feed back on blood sugar

$32M |+57.6%

20g+ Protein Bread & Baked Goods

$356M |+32%

Magnesium Functional Ingredient in Supplements

$52.4M |+51.1%

No Sugar Shelf Stable Coffee & Tea RTD

$42.7M |+11%

Plant Based Positioned Protein Powders and RTDs

$159.8M |+53.6%

High Fiber Shelf Stable Cookies

$181.9M |+6.6%

Low Sodium Shelf Stable Soups

These days we're inundated with nutrition advice – eat more fiber, eat protein for your first meal of the day, think about slow and fast carbs and the list goes on and on. But, how can you know for sure that any of this is helping you?

Before, you could only rely on how you **'felt'** that is unless you took a blood test or have been prescribed a blood glucose monitor.

However, in 2024 blood glucose monitors are available **over-the-counter**, enabling anyone to truly track how their eating habits affect their blood sugar.

This real-time feedback allows consumers to understand how their dietary choices affect them and make changes to their diets with more **confidence**.

Personalized diets could be seeing their next evolution as tech companies try to push the envelope next with no-prick blood glucose monitoring in the works.

PREFERENCES WITH STAYING POWER

Skincare to Healthcare

Skincare got a head start in the personalization game, will healthcare be able to go down the same route?

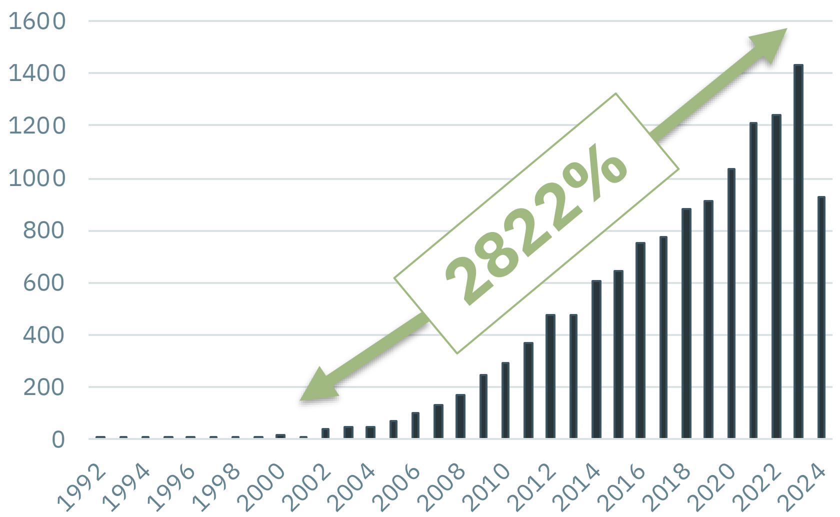
Personalization in the skincare sector has boomed in recent years. Aided by social media, consumers have become **better educated** on all things antioxidants and acids.

Just 10 years ago, salicylic acid and niacinamide were compound names that the average consumer might not be familiar with but fast forward to the present and consumers are getting these active ingredients down to **specific percentage points** when purchasing their skincare.

Will we reach that **era of personalization** with supplements soon? Will there be a day where consumers can buy a pill that has 5mg melatonin, 10mg ashwagandha, 5mg creatine and so on and so forth instead of the multivitamin that's meant for the average person – it's an all-in-one supplement meant for a specific person?

We Cannot Underestimate the **Likely Impact of Glp-1s**, Particularly With the Likely Approval of Oral Versions

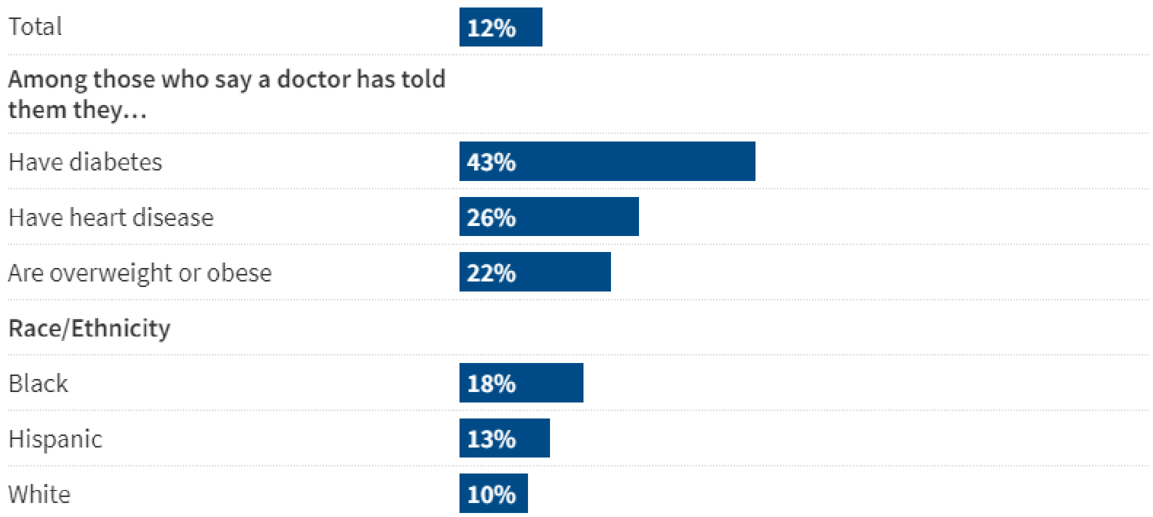
Publications on pubmed*: search term "GLP-1 RA"



*all types of publications, not indicative of results or quality

One in Eight Adults Say They Have Ever Used GLP-1 Drugs, Rising to Four in Ten Among Adults Who Have Been Diagnosed With Diabetes

Percent who say they have ever used GLP-1 agonist drugs to lose weight or treat a chronic condition such as diabetes or heart disease:



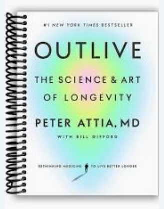
For educational purposes only.

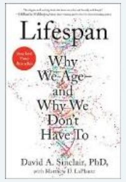
Source: KFF Health Tracking Poll May 2024: The Public's Use and Views of GLP-1 Drugs
https://www.kff.org/health-costs/poll-finding/kff-health-tracking-poll-may-2024-the-publics-use-and-views-of-glp-1-drugs/

PREFERENCES WITH STAYING POWER

Quality of Life and Holistic Wellness Has Become Integral to Our "Personal Brand"

Revolution of the **practitioner approach**





Practical prevention & proactive planning for **long game living**




Incorporation of **incremental elements**





PREFERENCES WITH STAYING POWER

Ingredients to Watch in 2025

While functional ingredients have a storied and impactful presence within the health and wellness products industry, their impact on categories and their resonance with shoppers continues to change and evolve.

- 2025 will bring innovation and breakout trends rooted in wellness and functionality to a category near you.
- Some will fail to gain long-term traction while others will reverberate across the aisles for years.
- With SPINS' attribution offering multiple unique views of the functional ingredient and product marketplace, be in the best position possible to make smarter and more strategic decisions for your brand or category.

FUNCTIONAL INGREDIENTS

What's Next?

PREFERENCES WITH STAYING POWER

Linking Functional Foods & Ingredients to **Health Trends**

What Health Trends to watch in 2025

Healthy Aging

Our Prediction: Look for shoppers to go into search mode across departments – from body care to food & beverage to supplements – for products that support health aging and combat its negative affects.

Weight Management

Our Prediction: Look for weight and blood sugar management to continue its reign as health priority #1 by shoppers in 2025. How brands shift, adapt, and evolve to cater to this opportunity will be critical.

Personalized Nutrition

Our Prediction: A renewed focus on critical 'need states' and nutritional traits by shoppers looking to better tailor their purchases to an individualized plan will help create niche yet lucrative opportunities across the industry

Health Tech & Gamification

Our Prediction: A greater presence of health tech and the gamification of health will lead to more highly engaged, long-term health & wellness shoppers. This translates to new innovation opportunities and a new slice of market share up for grabs by health & wellness focused brands

https://www.cdc.gov/chronicdisease/resources/infographic/chronic-diseases.htm

Let's unpack key health trends to better understand how shoppers will approach functionality and nutritional profiles in 2025.

This can help uncover a lasting trend with broad marketplace appeal. Keep an eye on products that support these health trends as well as functional ingredients that combat the negative affects of unhealthy behaviors and risk factors of chronic disease.

WHAT'S NEXT?

The Point of Origin: What's Emerging in Supplements?

Trending need-states often take root in Vitamins & Supplements before crossing over to food & beverage. By looking at SPINS Supplement **subcategories** and **Health Focus** attribute, we can see some early signals begin to surface:

Active Lifestyle Support

Performance Nutrition contains to be wildly popular in Supplements with Hydration and Muscle Support need-states leading the charge.

Cellular Health Prioritized

The **influence of cellular health** can be found in nearly every corner of supplements, emerging as critical influence in the popularity of magnesium, CoQ10 and NMN.

Super Foods

3 of the top 10 subcategories in Supplements (by %growth, yago) belong to the Superfood & Whole Food Supplements category – a concept that easily translates to food & beverage.

Organ Support

On the heels of the expansive gut health trend and the rise of non-alcoholic beverages, is renewed interest in other supplements focused on keeping our insides healthy - like liver support, urinary tract health, and cleanse & detox.

Source: SPINS Natural Channel, SPINS Conventional Channel (powered byCircana) data 52 Weeks Ending 10.8.24
Vitamins & Supplements Department

WHAT'S NEXT?

Health Focus

Knowing what shoppers are looking for in **supplements** helps unlock cross-over potential and formulation considerations

What's Fading?

- Allergy & Respiratory Health
- Energy Support
- Weight Loss
- Sleep Support
- Cold & Flu

What's Breaking Through?

- Hydration
- Mood Support
- Performance
- PMS
- Hangover Remedies

Barberry / Berberine

Known For:
Blood Sugar Support & Weight Management

$15.7M | +98.6%

Trimethylglycine (TMG)

Known For:
Heart Health, Blood Sugar Support

$244K | +117.8%

Colostrum

Known For:
Gut Health, Immune Health

$1.8M | +139.3%

Kratom

Known For:
Energy Support, Mood Support

$435.6M | +22.6%

Creatine

Known For:
Muscle Support, Cellular Health

$36.5m | +32.8%

Artichoke

Known For:
Gut Health, Liver Support

$2.3M | +84.3%

Source: SPINS Natural Channel, SPINS Conventional Channel (powered by Circana) data 52 Weeks Ending 10.8.24
Vitamins & Supplements Department

WHAT'S NEXT?

Anti-Aging & Cellular Health

Look for Supplements, Ingredients, and Foods that Support Healthy Aging to Continue to Prosper in 2025 as the population gets older

Popular Anti-Aging Ingredients In Supplements:

Magnesium	$356M | +31.6%
Creatine	$80M | +32.8%
Turmeric	$528M | -1.5%
Quercetin	$13M | +1.1%
Collagen	$424M | +0.8%
Vitamin K	$19M | +47%

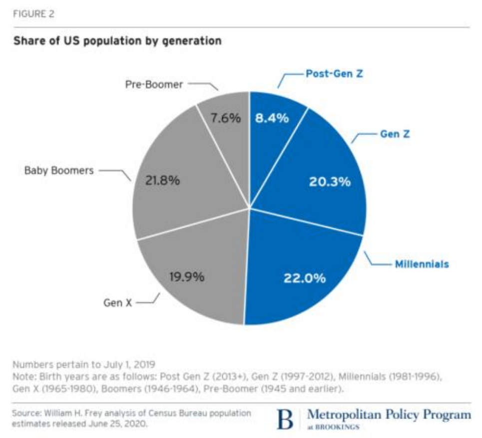
What's Next?

Studies show 'abundant evidence for anti-aging and health enhancing affects' of NMN including the ability to suppress inflammation associated with aging.

+47% Projected increase of Americans 65 and older by 2050

$216M | +5.0%

Beauty Supplements subcategory



Here are a few areas in Food & Beverage sought after for their anti-aging properties

+20.9% **Green Tea**

+13.2% **Fresh Avocados**

+22.4% **Seaweed Chips & Snacks**

https://longevity.stanford.edu/lifestyle/2024/03/11/supplements-for-healthy-aging/; https://pmc.ncbi.nlm.nih.gov/articles/PMC7238909/; https://www.prb.org/resources/fact-sheet-aging-in-the-united-states//

WHAT'S NEXT?

High Protein Snacking

Products in Snack and Beverage categories with 15g+ of Protein amount to $4.9B - that's nearly 70% of the sales volume attribute to the Protein Supplements category. With 9.3% growth, we predict high protein innovation to continue across a wide range of categories – from pantry staples to frozen meals.

SS Cookies & Snack Bars

20g Protein

SS Chips, Pretzels & Snacks

18g Protein

SS Cold Cereals

13g Protein

What types of protein are being used in Snacks & Bevs with 15g+ protein?

FUNCTIONAL INGREDIENT	Sum of Dollars	Dollars, %Growth Yago
PROTEIN - ANIMAL - WHEY & MILK	$704,554,381.11	8.60%
PROTEIN - ANIMAL & PLANT COMBO	$531,332,895.39	-8.20%
PROTEIN - ANIMAL - WHEY & CASEIN	$170,203,645.19	120.40%
PROTEIN - ANIMAL - WHEY	$143,923,919.47	38.10%
PROTEIN - ANIMAL - MULTI	$120,085,689.65	27.30%
SOY FOODS	$113,545,980.70	-10.10%
PROTEIN - PLANT - MULTI	$112,581,309.45	1.60%
PROTEIN - PLANT - PEA	$29,522,021.77	24.00%
PROTEIN - PLANT - RICE	$8,435,599.71	176.70%
PROTEIN - ANIMAL - GENERAL	$6,737,423.45	181.70%
PROTEIN - PLANT - GENERAL	$1,956,396.46	59.40%

WHAT'S NEXT?

Functional Beverage Ingredients

Functional beverages are tapping into rising consumer interests and expanding the audience beyond traditional beverage buying habits. Up-and-coming ingredients and formulations will continue to create new opportunities for brands and retailers.

Digestive Health (+34%)

Top Subcategories		
Kombucha	$753m	+3.2%
Soda Diet & Alt.	$669m	+153.9%
Functional Bev Other	$81m	-13.3%
Wellness Shots	$80m	+13.6%
Rf Juice & Juice Drinks	$33m	+4.3%

Top Functional Ingredients		
Kombucha Cultures	$743m	+2.6%
Fiber – Other	$358m	+140.4%
Cider Vinegar	$288m	+145.3%
Probiotics	$270m	+11.6%
Artichoke	$2.7m	-3.9%

Mood Support (+62%)

Top Subcategories		
Water Sparkling Flavored	$23m	+69.6%
Functional Bev Other	$18m	+193.8%
Wellness Shots	$6m	+6.5%
Ss Tea RTD	$1m	-35.6%
Soda Diet & Alt.	$0.5m	+832.6%

Top Functional Ingredients		
Ashwagandha	$19m	+100.3%
Magnesium	$8m	+106.8%
CBD	$6m	-4.1%
Probiotics	$5m	+4.0%
THC Delta 8	$4m	+3,772.2%

Cleanse & Detox (+17%)

Top Subcategories		
Wellness Shots	$15m	+16.4%
Rf Lemonade & Limeade	$2m	+758.1%
Rf Juice & Juice Drinks	$1m	-49%
Kombucha	$0.7m	+704.7%
Functional Bev Other	$0.3m	-61.4%

Top Functional Ingredients		
Probiotics	$12m	+2.4%
Spirulina Blue Grn Algae	$2m	+213.0%
Cayenne	$0.9m	-14.0%
Dandelion	$0.7m	New
Kombucha Cultures	$0.7m	+704.7%

Attribute: Health Focus; Source: SPINS Natural Channel, SPINS Conventional Channel (powered by Circana) data 52 Weeks Ending 10.8.24

WHAT’S NEXT?

Hemp, Cannabis and Euphorics

Hemp-derived THC regulations paired with more mindful consumption are breathing new life into the mainstream cannabis and euphorics market, specifically in Convenience

Cannabis

- Hemp derived delta-9 can be Farm Bill compliant and viewed as legal
- Shoppers continue to see out alternatives to alcohol
- A rising tide: viable pathway for mainstream hemp means additional spotlights on other euphoric ingredients
- THCV (appetite reduction, entourage effect) and other hemp compounds hitting the market

+18.7%

Kava

+59.5%

Kratom

+65.9%

THC (Hemp Derived)

Source: SPINS Natural Channel, SPINS Conventional Channel (powered by Circana) data 52 Weeks Ending 10.8.24

WHAT'S NEXT?

Clean & Sustainable Ingredients

Look for more product formulations across the store that promote health and nutrition while curbing climate change.

+78.2%

Kernza
Pantry

+12.1%

Controlled Environment Ag.
Produce

+11.7%

Vital Clean Body Care
Oral Care

+18.5%

Certified Regenerative
Food & Bev & Supps

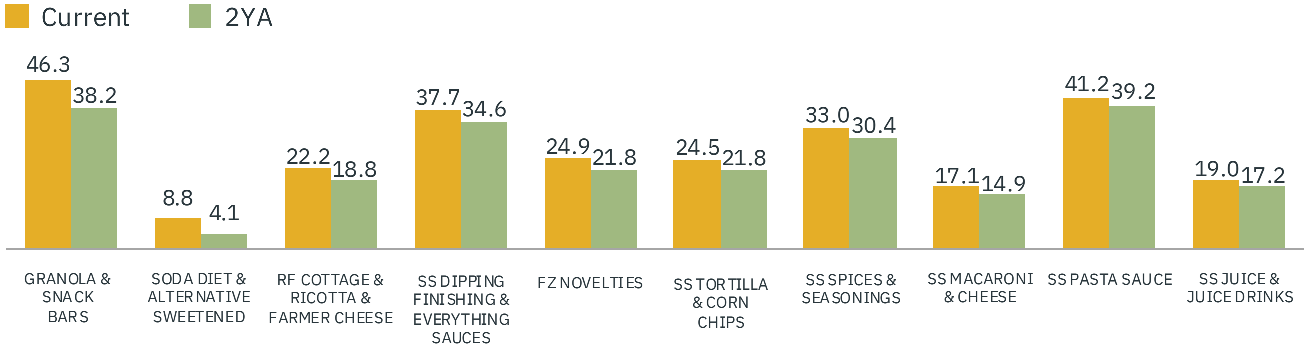
Source: SPINS Natural Channel, SPINS Conventional Channel (powered by Circana) data 52 Weeks Ending 10.8.24

The Art (and Science) of Being Ready

A rising imperative for sustainable innovation in the modern kitchen

Essential Space Understanding

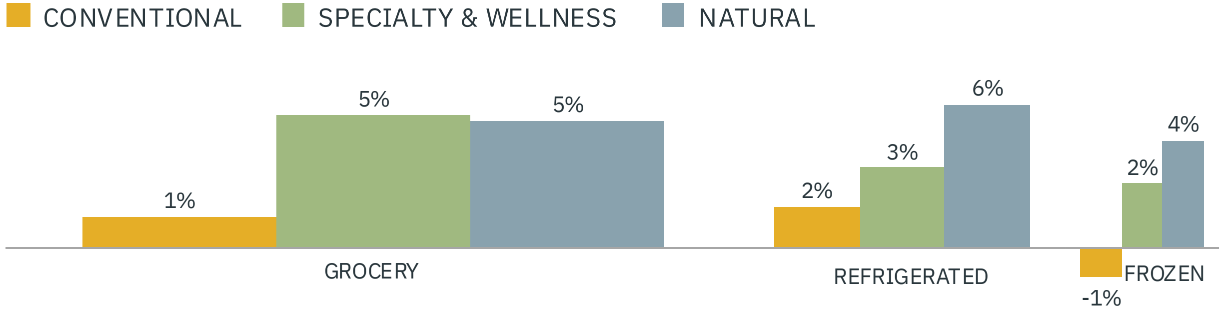
Dollar Share, HWI



Dollar Share Pt Chg, 2YA, HWI

+8.1	**+4.7**	**+3.4**	**+3.0**	**+3.0**	**+2.7**	**+2.7**	**+2.1**	**+2.0**	**+1.7**

Dollars % Change by Positioning Group



Source: SPINS Satori. Positioning Group by Department. 52 Weeks ending 10.6.2024. Total US Natural Channel and MULO powered by IRI.

A known approach to innovation has focused on introducing **natural or premium** products within established and stagnant categories. However, this approach is evolving as consumers develop greater culinary knowledge and engage in more component-based cooking. Rather than relying solely on certifications, they are **exploring** individual ingredients that blur category lines and have new origin stories to craft exciting, customized meals, **redefining** their everyday routines.

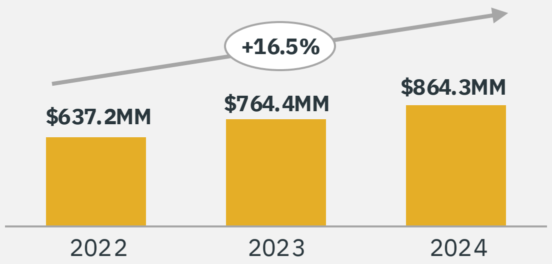
This shift reflects an elevation driven by a diversification of product types and enhanced **storytelling** through packaging, as consumers seek both creative inspiration and meaningful connections with the foods they choose.

Everyday Staple Elevation

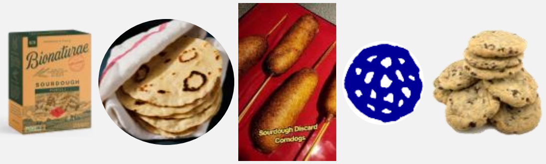
Protein Diversification and Allergen Support Driving Behaviors

Fermentation Effect

Sourdough Bread 3-YR Growth ($MM)



Beyond bread, sourdough is shaping tortillas, pastries, and snacks. With its tang, fermentation, and digestive appeal, sourdough is set to become a staple across categories, balancing tradition with innovation.



All Parts Animal

$ % Change across Product Types

Bones: +17%

Caviar: +13%

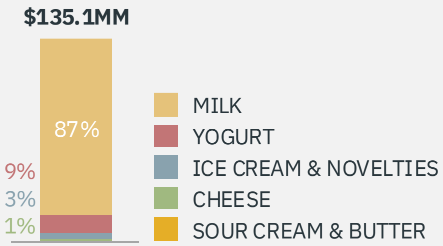
Natural Expanded

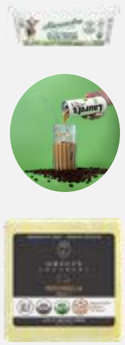
Chicken Skin

Currently found in Salty Snacks and in Pork with continued expansion opportunity with new brands and form innovation

A2 Incorporation

Category Composition of A2 Dairy ($MM)





Source: SPINS Satori. Sourdough Bread Growth (Coded from Description) across Bread Categories. 52 Weeks ending 7.14.2024 .Total US- Natural Channel and MULO powered by IRI.

Source: SPINS Satori. Product Type- Bones and Caviar. Animal Type- Dairy A2 Across Categories. 52 Weeks ending 10.6.2024 .Total US- Natural Channel and MULO powered by IRI.

The American pantry is undergoing a reimagining as consumers redefine what constitutes "staple products". No longer limited to basic essentials, shoppers are seeking premium products across traditional categories like dairy, condiments, meats, and carbohydrates. This shift is driven by a growing emphasis on **functionality**, with consumers prioritizing products that support specific health goals, aligning with the evolving mentality from maximizing lifespan to optimizing **healthspan**.

The pursuit of **gastrotourism**—the desire to experience global flavors from home—and the increased focus on honing culinary expertise have further reshaped the modern kitchen. As a result, pantries now feature artisanal sauces and ancient grains that blur the lines between indulgence and wellness, transforming everyday cooking into a space for experimentation and intentional nourishment.

Packaging Pivots

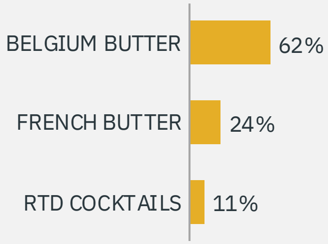
Marrying storytelling with form for accelerated purchase cycles

Foodservice in the Fridge

Flavor licensing will persist as it drives differentiation across stagnant spaces and serves as a duality signaling for product quality

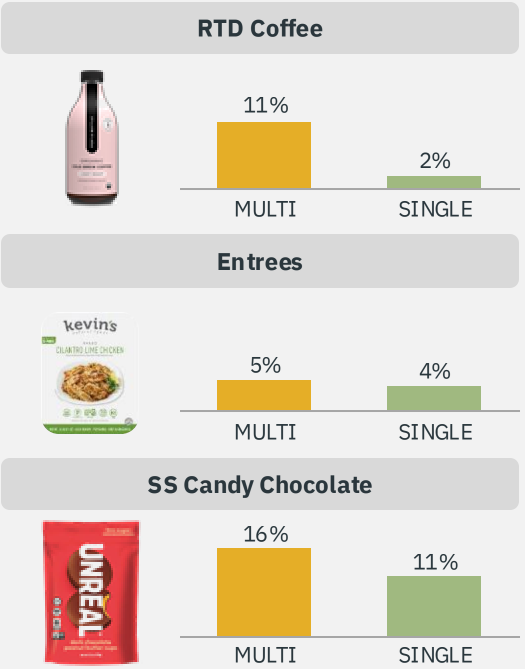
Unique Delivery Mechanisms

Abs $ Growth by Product Type



Multi-Serve Format

Dollar % Change 2 YR CAGR



Source: SPINS Satori. Sourdough Bread Growth (Coded from Description) across Bread Categories. 52 Weeks ending 7.14.2024 .Total US- Natural Channel and MULO powered by IRI.

Source: SPINS Satori. Multi-Serve vs. Single Serve Growth Across Select Categories. 52 Weeks ending 10.6.2024 .Total US- Natural Channel and MULO powered by IRI.

The reimagining of the American pantry is also accompanied by an **accelerated shift toward products with a** design-forward look and feel. The market has redefined the **contemporary visual identity**, moving away from pastoral colors and rustic cues traditionally used to communicate quality and sustainability. Today's consumers are drawn to packaging that feels current, with design becoming a critical part of the value equation.

Natural and premium brands must embrace larger pack sizes to offer better value and build routine use, helping fend off competitors.

Packaging will remain a crucial storytelling tool, with a growing reliance on materials like **glass**, which have gained renewed relevance due to **concerns regarding microplastics and forever chemicals**. Brands are now balancing design, and social responsibility to meet the evolving expectations of the modern consumer.

Finding Flavor Ante

Eliminating the ethnic aisle and redefining the notion of fusion

Who Can Take More Heat

Unique snacking occasions exist by leveraging the heat source- such as Thai chili crunch and jalapeno snackers

Serrano Peppers: +13%

Banana Pepper: +9%

Chipotle Peppers: +17%

New Salinity Sources

Sodium as rehydration mechanism in sweet flavors along with spicy salinity will accelerate

Farmstand Favorites

Sun-Dried Tomato: +19%

Heirloom Tomato will be the next popular flavor variation

More Umami

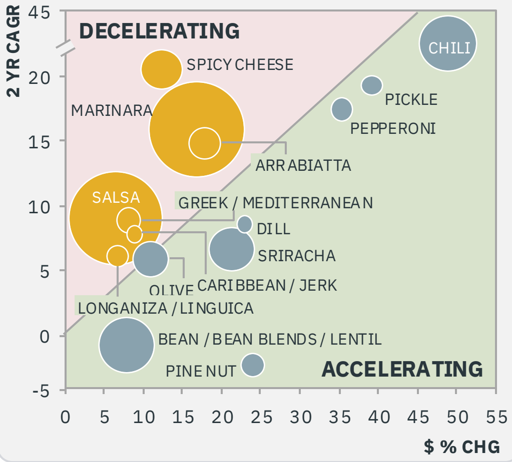
Parmesan: +4%

782 New Items in past year

MSG: +10%

Bringing Adventure

Select Spicy & Savory Flavor $MM and % Chg



Source: SPINS Satori. Attribute Growth Across Categories. 52 Weeks ending 10.6.2024. Total US- Natural Channel and MULO powered by IRI.

Source: SPINS Satori. Select Savory Flavor Attributes across Rf & Grocery. 52 Weeks ending 8.11.2024Total US- Natural Channel and MULO powered by IRI.

American consumers continue to shift away from sugar, seeking intense, satisfying flavors that offer depth without relying on sweetness. This has driven interest in **sour and spicy combinations**, introducing bold formulations that cater to evolving palates. At the same time, the awareness of umami continues to find new form factors, with the reappraisal of MSG leading to broader acceptance along with layered savory flavors.

Alongside this, we see a shift toward **new sources of salinity**—as exemplified by the rise of the dirty martini—which enhance familiar products in unexpected ways. Moving forward, these trends will converge, with products blending sour, spicy, and salty elements, offering adventurous, layered taste experiences that reflect the modern consumer's desire for more complex and exciting flavors.

THE ART (AND SCIENCE) OF BEING READY

Disruption Through Textures

New textures have shaken up quiet categories by bringing a novel experience to consumers

2010s Texture

Chew on This: Boba & Mochi

Bubble Tea

Mochi Ice Cream

2020s Texture

Standouts: Chili Crisp and Gummy Clusters

Chili Crisp

Nerds Gummy Clusters

Where Next?

What's on the texture horizon?

Peel-able Gummies

Sour-coated Frozen Grapes

Crunchy Take on Beef Jerky

Crunchy Snack with Creamy Filling

Texture in food is a way to shake up categories, often ones that haven't seen much innovation.

Chili crisp for example brought a **crunch** to the condiments aisle that has been largely saucy or liquid-y in general, giving consumers a sense of novelty.

Gummy clusters, Nerds' standout product combines **nostalgia with novelty** as they pair their classic beloved crunchy nerds with a gummy center. A texture that had not been seen in the candy aisle yet.

But, what's next for texture? Well, the jerky category could be in for some **disruption** with chip-like products hitting the market, deviating away from the chewy texture of Jerky to a crispy, crunchy version. Additionally, there could be space for crunchy snacks with a creamy/jam filling as consumers look for antagonistic textures in their products.

TikTok Trending

Viral recipes in 2024 are often a play on textures from crunchy candied fruit, to crispy rice paper croissants

Tanghulu

Tanghulu in 5 minutes using the microwave ...
createwit... ♡ 180.3K

Rice Paper Croissant

this is a 10/10
#ricepapercroissant...
misojenki... ♡ 131.2K

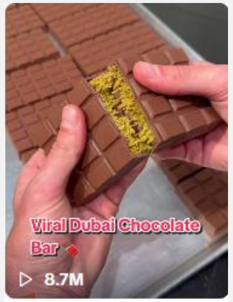
Cheese Pickle

Has anyone else tried this? Are there any...
handcrew... ♡ 68.8K

Pasta Chips

Here's another variation of #pastachips - salt...
feelgoo... ♡ 309.1K

Dubai Chocolate



First time trying the viral Dubai chocolate bar ...
jacksdi... ♡ 333.7K

As consumers continue to explore with their food, **texture** seems to play a large part. The viral recipes this year seem to combine antagonistic textures or bring textures that are opposite of a familiar ingredient.

Tanghulu, a candied fruit dessert that has a glass-like sugar crunch on the outside and juicy fruit on the inside

Rice Paper Croissant, air fried layers of rice paper that result in a crispier croissant

Cheese Pickle, a fried single slice of American cheese with a pickle wrapped inside. If done right, the cheese is crispy and the pickle stays crunchy

Pasta Chips, air-fried pasta that brings pasta into the snack category with a new crunchy texture

Dubai Chocolate, a milk chocolate bar filled with pistachio cream and kataifi (thin, shredded pastry dough)

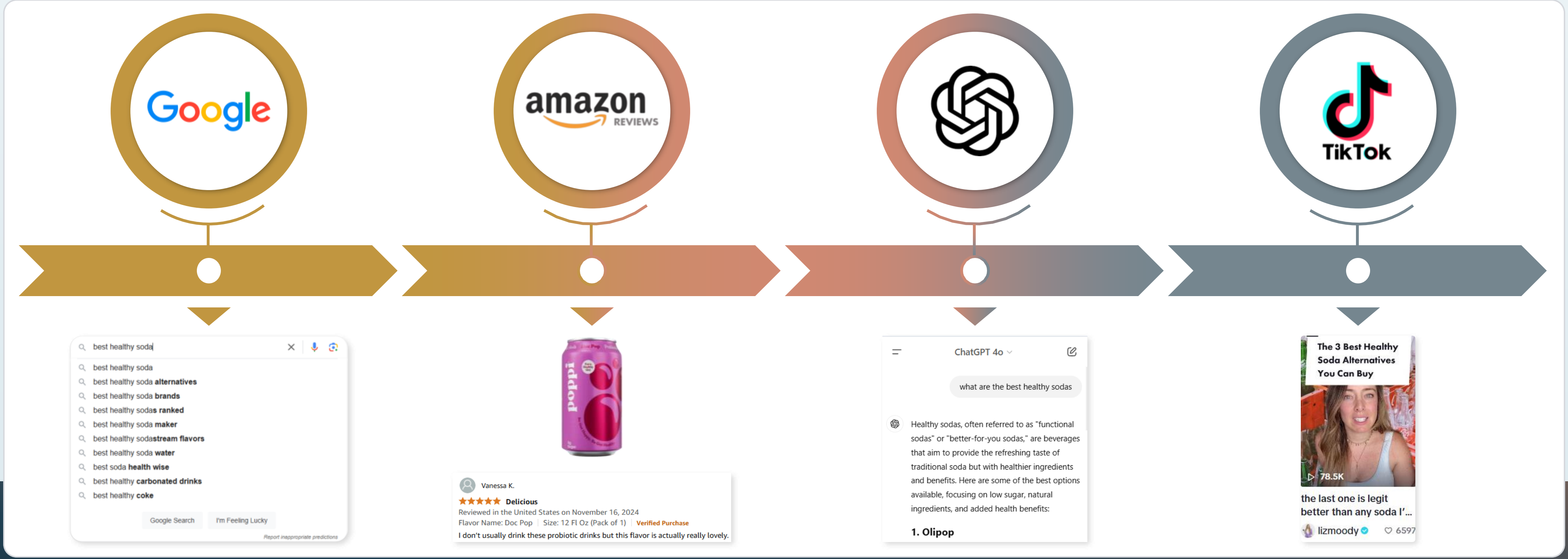
Media of the Moment

The shift in where, and how, shoppers discover, engage, and commit to brands

MEDIA OF THE MOMENT

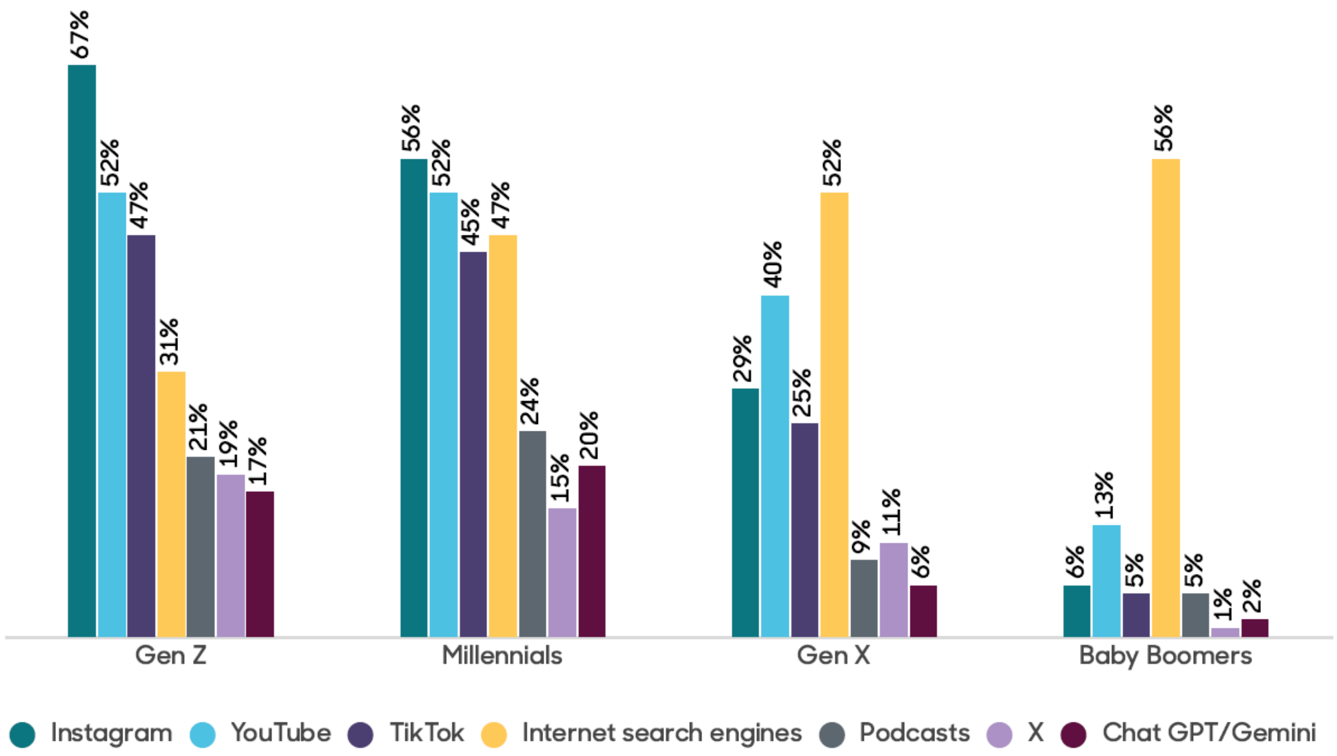
Evolution of Search

Search engines used to reign supreme but now, consumers have more ways to find the products they're looking for



MEDIA OF THE MOMENT

Where Supplement Consumers Primarily Get Information on the Supplements They're Purchasing



Source: *Nutrition Business Journal* survey targeting those who frequently use supplements, aged 20-75. Completed July 2024; n=1,051; powered by the Suzy online platform.

Question: "Where do you primarily get your information on the dietary supplements products you're purchasing? Please select all that apply."

MEDIA OF THE MOMENT

AI Search Takeover

Below is what it's like to ask AI what are the best healthy sodas – how does a brand get on a list like this?

Perplexity

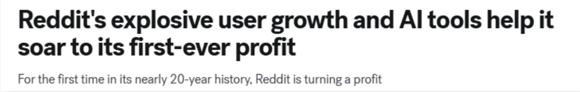
- Olipop
- Poppi
- United Sodas
- Culture Pop
- Kin Euphorics
- Recess
- Mighty Pop

ChatGPT

- Zevia
- Spindrift
- Bubly
- Health-Ade Kombucha
- GT's Kombucha
- Pura Vida Organic
- Kombucha
- Kitu Super Coffee
- AHA Sparkling Water
- Reed's Ginger Brew
- Hint

Gemini

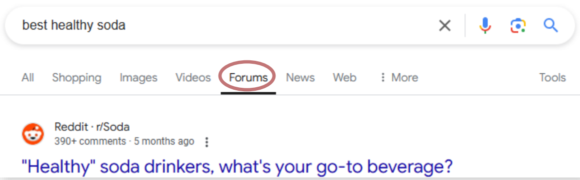
- Olipop
- Poppi
- Hop Water
- Hint
- La Croix


Reddit's explosive user growth and AI tools help it soar to its first-ever profit

For the first time in its nearly 20-year history, Reddit is turning a profit

Reddit inked a deal with companies like OpenAI & etc. to grant them access to their treasure trove of data to power the results for ChatGPT and etc.

Google search now has a tab called 'Forums' – perhaps a nod to how consumers find answers in these forums important



AI, AI, AI. It's all anyone talks about these days and as consumers integrate it into their search journey, it could **change** the ways brands choose to market their products online.

Some consumers have become unhappy with search engines like Google as low-quality spam articles and SEO-gamified articles show up in search results. Some have turned to **AI** chatbots such as ChatGPT and Perplexity to get their answers, so they don't have to trawl through multiple pages themselves.

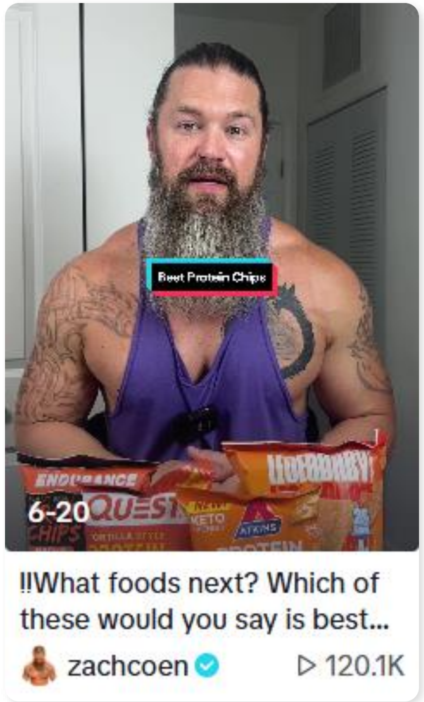
Now, consumers often add **'reddit'** (a forum site) to the end of their google search so they can get relevant answers from what seems to be genuine people.

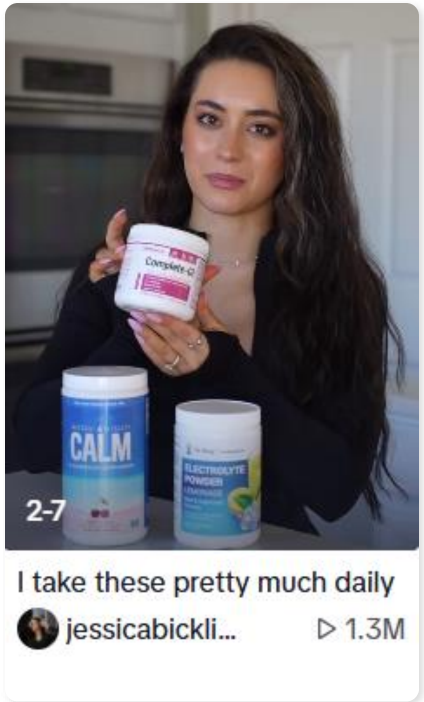
In fact, Reddit turned a profit for the first time in its history last quarter. This comes from high growth in users as well as the fact that Reddit now sells its data to OpenAI and others as they use it to power their models.

MEDIA OF THE MOMENT

Search on Video Platforms

From beverages to supplements and beyond, consumers are using short form videos to inform their purchasing decisions





Want to buy a new shirt or visit that new restaurant? What do you do before doing either of those things?

Perhaps you'd do a google search, or maybe you read some reviews where available. But now younger consumers are increasingly turning to **video platforms** to learn more.

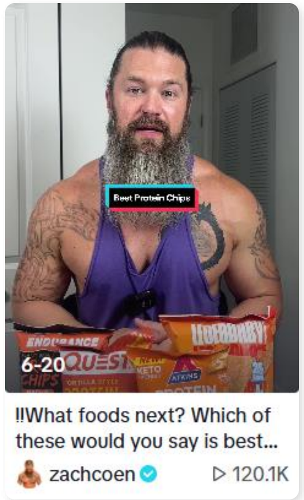
Now they can see the shirt on someone and hear their **opinions** on it or watch someone visit the restaurant and rate the dishes they tried.

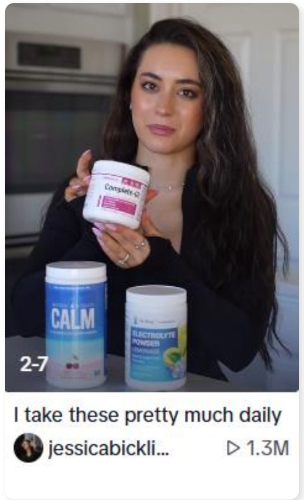
The same can be said about CPG products, recipes, top snacks, and best supplements – consumers can now get **recommendations** on these video platforms. From taste tests to viral recipes, the video channel is fast becoming a way to discover and evaluate a product before buying it.

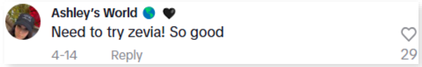
MEDIA OF THE MOMENT

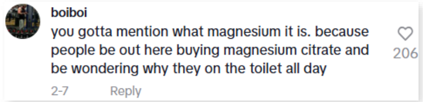
Products Are Found in the Comments

68% of TikTok users say brands should use the comment section to better understand their customers









Comments have become a way to discover products and on short-form video platforms, it is no different. Becoming **discussion forums** of their own, social media companies have realized the power of comments in keeping consumers engaged with platforms like YouTube featuring top comments on video previews on the mobile feed.

There is no obvious way to tell if a comment is **planted** or is a genuine recommendation, but consumers engage with them all the same. Comments range from recommending similar brands not mentioned in the video, to confirming **opinions** expressed in the video and lastly, comments that cause further deliberation.

On supplement videos for example you can find consumers discussing dosage, what product they use, side effects, etc. – all of these discussed in the comments

Thank you!

For more information contact us at
growth@spins.com