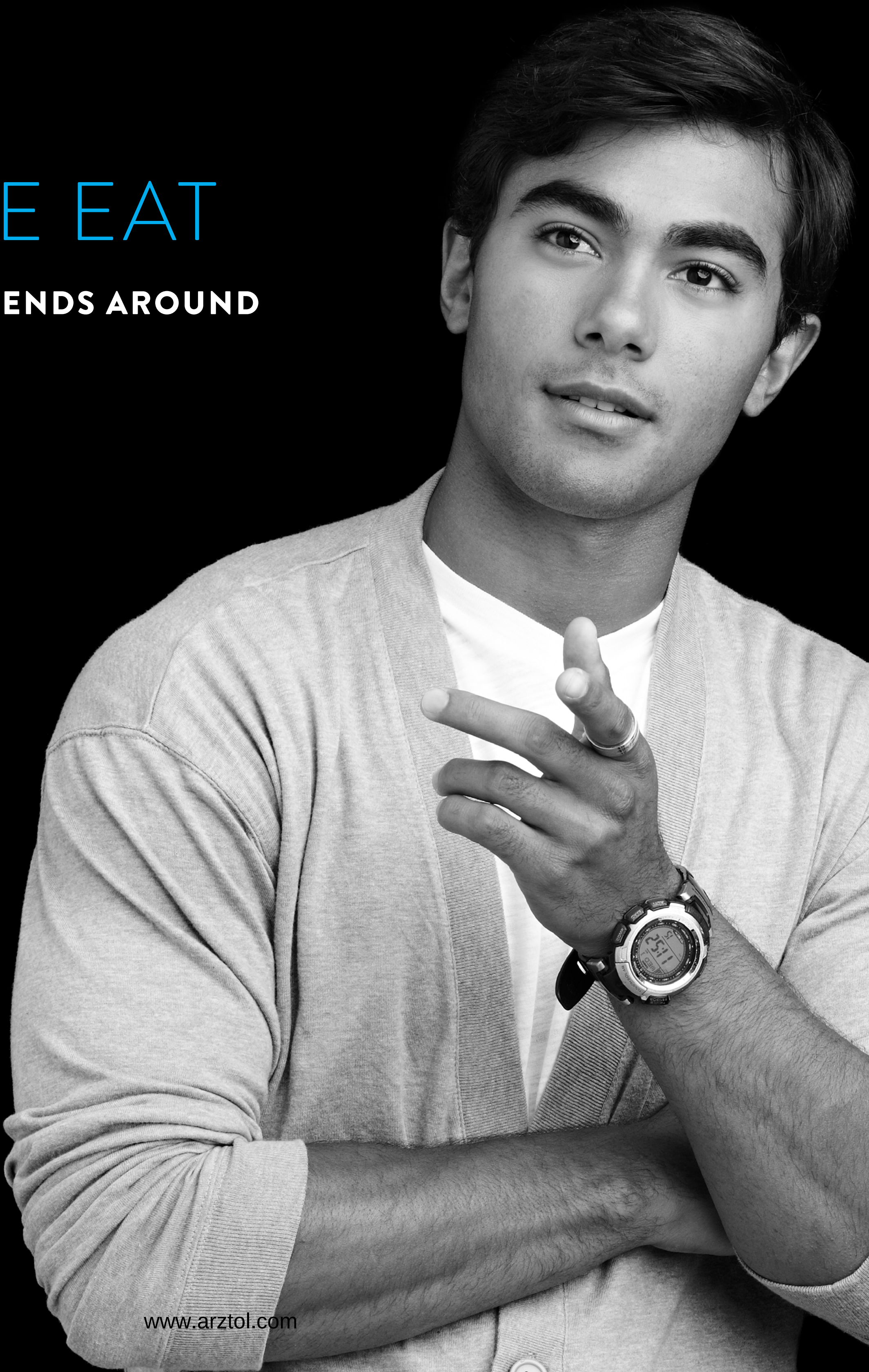
# WE ARE WHAT WE EAT

## HEALTHY EATING TRENDS AROUND THE WORLD

JANUARY 2015



nielsen

AN UNCOMMON SENSE OF THE CONSUMER™

# DO BODY IMAGE PERCEPTIONS AND EATING HABITS GO HAND-IN-HAND?

## AROUND THE WORLD:

- Half (49%) of global respondents believe they are overweight, and half (50%) are trying to lose weight.
- Consumers seek fresh, natural and minimally processed foods. Beneficial ingredients that help fight disease and promote good health are also important.
- Health attributes are most important to emerging-market respondents, who are also most willing to pay a premium for health benefits.
- Younger consumers are most willing to pay a premium for health attributes.
- Healthy categories are growing faster than indulgent categories, but there is still room for occasional treats in consumers' diets.

Turn on the TV, flip open a magazine or log on to the Internet and chances are you'll see a headline about how to quickly drop unwanted weight using the latest exercise fad or diet craze. Despite the incredible attention devoted to health and wellness, over the past 30 years, the percentage of people worldwide considered overweight (BMI ≥ 25 to <30) or obese (BMI ≥ 30) increased 28% in adults and 47% in children, according to the 2013 Global Burden of Disease Study. The study reports that in 2013, an estimated 2.1 billion people—nearly 30% of the global population—were overweight or obese.

As the numbers suggest, obesity isn't just a problem in the developed world. Although obesity rates are lower in developing markets, 62% of the world's 671 million obese individuals live in developing markets—and rates are accelerating.

The good news is that consumers around the world are attempting to take charge of their health. Nearly half (49%) of global respondents in Nielsen's Global Health & Wellness Survey consider themselves overweight, and a similar percentage (50%) is actively trying to lose weight. And they're doing so by making more healthful food choices—with help from food and beverage companies. Manufacturers are reformulating products to eliminate or reduce the sugar, cholesterol, trans and saturated fat and sodium content of food. They're moving away from artificial ingredients and introducing products high in desirable attributes like fiber and protein. But there's room for continued action.

"There is a tremendous opportunity for food manufacturers and retailers to lead a healthy movement by providing the products and services that consumers want and need," said Susan Dunn, executive vice president, Global Professional Services, Nielsen. "While diet fads come and go over time, innovative, back-to-basics foods that taste good, are easy to prepare and provide healthful benefits will have staying power. The first step is knowing where to put your product development efforts."

The Nielsen Global Health & Wellness Survey polled 30,000 online respondents in 60 countries to identify how consumers feel about their body image and the steps they're taking to get healthier. We also provide insights into the product attributes that are most important in purchase decisions and which ones consumers are willing to pay more for. We take an in-depth look at purchasing trends and future intentions to identify opportunities that will help manufacturers better align offerings to consumer needs and desires.

## ABOUT THE GLOBAL SURVEY METHODOLOGY

The findings in this survey are based on respondents with online access in 60 countries. While an online survey methodology allows for tremendous scale and global reach, it provides a perspective only on the habits of existing Internet users, not total populations. In developing markets where online penetration is still growing, audiences may be younger and more affluent than the general population of that country. In addition, survey responses are based on claimed behavior rather than actual metered data.

Where noted, the survey research is supplemented with actual behavior using Nielsen's retail sales data.

# IN THE BATTLE OF THE BULGE, DIET AND EXERCISE DOMINATE

Around the globe, the majority of respondents rely on tried-and-true methods to lose weight—diet and exercise. Three quarters of global respondents who are trying to lose weight plan to change their diet, and nearly as many (72%) plan to exercise. Comparatively, low percentages of respondents use other methods to shed unwanted pounds: 11% say they take diet pill/bars/shakes, 7% use medicine prescribed by their doctor and 6% use other methods not described in the survey.

Among those who are changing their diet to lose weight, nearly two-thirds (65%) say they are cutting down on fats, a decline from 70% reported in Nielsen's 2011 Global Health & Wellness Survey, and 62% are eating less chocolate and sugary sweets, a percentage that holds steady from 2011. Conversely, more than half of global respondents (57%) are expanding their diets with more natural, fresh foods, up from 55% reported three years ago.

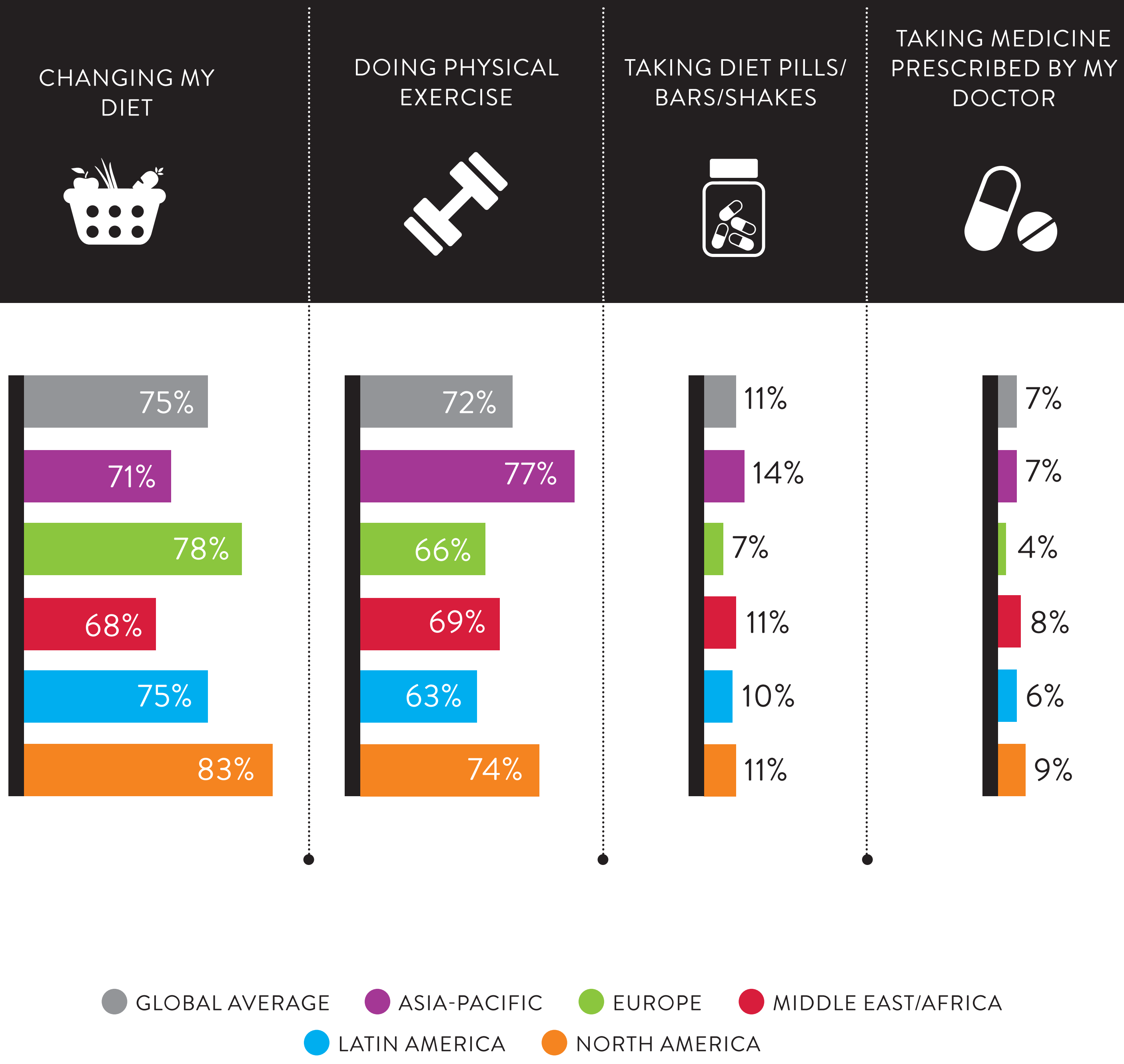
Eating smaller portions is the diet method of choice for four-in-10 global respondents (41%) and nearly as many are choosing to consume fewer processed foods (37%). A low-carbohydrate, high-fat diet has increased in popularity since 2011, rising seven percentage points to 25%. One-in-five (19%) respondents are following another non-specified diet plan, and one-in-10 (11%) are opting for commercial slimming programs like Weight Watchers.

Fat's reputation as dietary enemy No. 1 is fading in North America. Between 2011 and 2014, the number of respondents saying they are cutting down on fats (59%) dropped by double-digits (14 percentage points). Over the same period, the number of North American respondents following a low-carb, high-fat diet (23%) increased 10 percentage points. While the low-carb movement appears to be gaining momentum in North America, the region still trails Asia-Pacific in adoption, where 34% of respondents say they follow a low-carb, high-fat diet to lose weight—the highest of any region.

Eating smaller portions to lose weight is most popular in North America (49%) and Latin America (48%), and the percentage of respondents eating fewer processed foods is highest in North America (46%). The use of commercial slimming programs in Asia-Pacific and Africa/Middle East (17% in each region) exceeds the global average (11%).

## MAJORITY OF CONSUMERS RELY ON DIET AND EXERCISE TO LOSE WEIGHT

PERCENTAGE TAKING EACH ACTION TO LOSE WEIGHT*

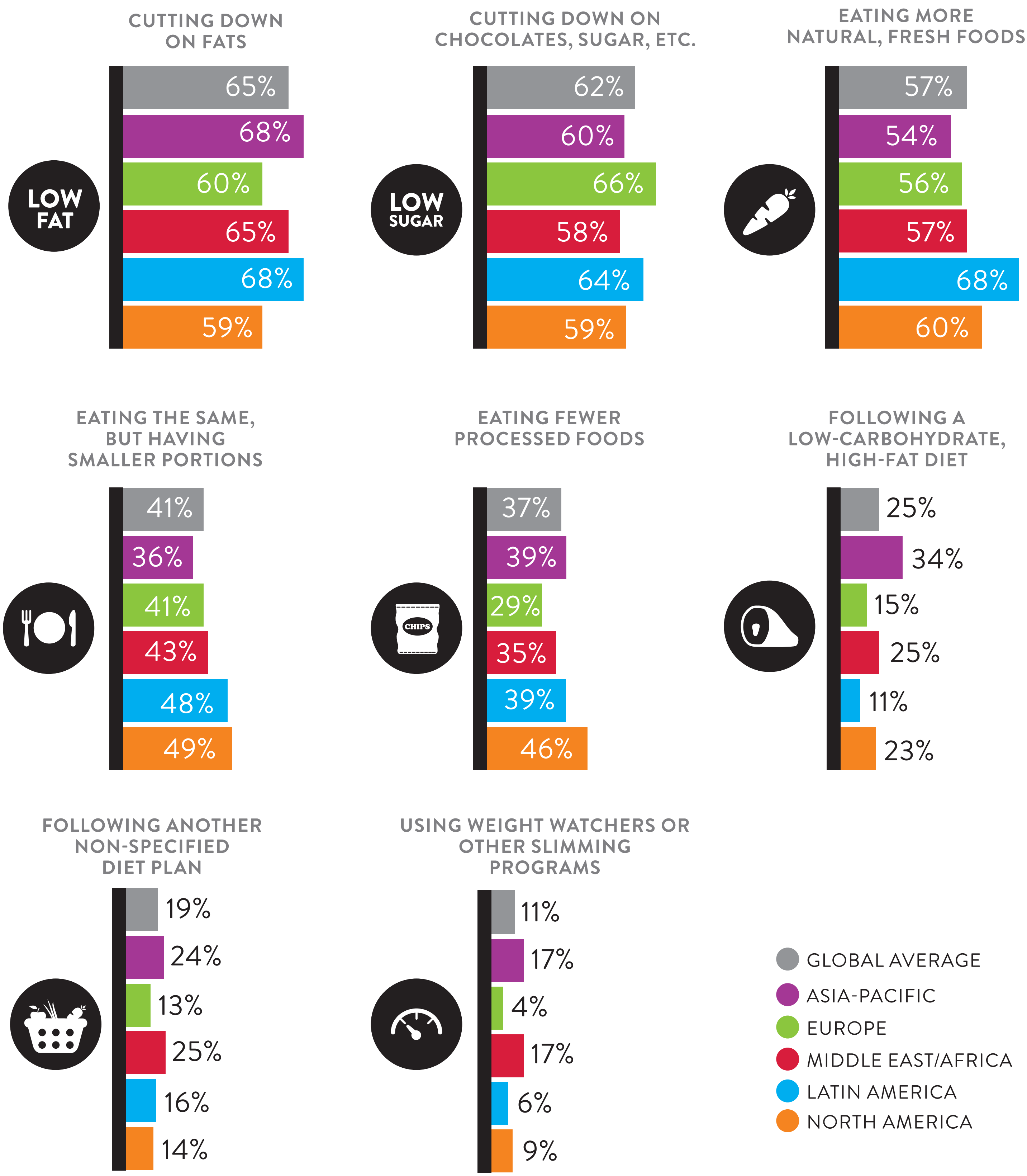



*Among those trying to lose weight

Source: Nielsen Global Health & Wellness Survey, Q3 2014

# MAJORITY ARE EATING FEWER FATS AND SUGARY SWEETS, MORE FRESH FOODS

## WAYS WE ARE CHANGING OUR DIETS TO LOSE WEIGHT*




*Among those changing their diet to lose weight

Source: Nielsen Global Health & Wellness Survey, Q3 2014

# NATURAL FOODS WITH BENEFICIAL INGREDIENTS ARE MOST DESIRABLE

Consumers say they aspire to better health and healthier eating, but how influential are health attributes in the foods we eat at driving purchase decisions?

When it comes to the foods we eat, consumers are going back to the basics. We asked respondents to rate health attributes from very important to not important in their purchase decisions. The most desirable attributes are foods that are fresh, natural and minimally processed. Foods with all natural ingredients and those without genetically modified organisms (GMOs) are each considered very important to 43% of global respondents—the highest percentages of the 27 attributes included in the study. In addition, about four-in-10 global respondents say the absence of artificial colors (42%) and flavors (41%) and foods made from vegetables/fruits (40%) are very important.

In addition, consumers are looking for functional foods that provide benefits that can either reduce their risk of disease and/or promote good health. Thirty-six percent of global respondents rate foods that are high in fiber as very important, and about three in 10 seek foods that are high in protein (32%), have whole grain (30%) or are fortified with calcium (30%), vitamins (30%) or minerals (29%) to fulfill their nutritional needs.

Less is more for roughly one-third of global respondents, who say it's very important that foods are low in cholesterol (38%), salt (33%), sugar (32%) and fat (30%). In addition, about one-quarter believe the absence of high fructose corn syrup (26%) and caffeine (23%) is very important, and one-fifth rate foods that are gluten free (21%) as very important.

Environmental and socioeconomic concerns also factor into purchase decisions. One-third think sustainably sourced (35%) and organic (33%) ingredients are very important in their purchasing decisions, and more than one-quarter (26%) say local herbs/ingredients are very desirable.

## BACK-TO-BASICS FOOD ATTRIBUTES ARE MOST POPULAR

### PERCENTAGE THAT RATE EACH HEALTH ATTRIBUTE VERY IMPORTANT IN PURCHASING DECISIONS

| | GLOBAL AVERAGE | ASIA-PACIFIC | EUROPE | MIDDLE EAST/ AFRICA | LATIN AMERICA | NORTH AMERICA |
|---|---|---|---|---|---|---|
| **BACK-TO-BASICS** | | | | | | |
| ALL NATURAL | 43% | 43% | 42% | 53% | 64% | 29% |
| GMO-FREE | 43% | 43% | 47% | 39% | 46% | 32% |
| NO ARTIFICIAL COLORS | 42% | 44% | 42% | 42% | 46% | 29% |
| NO ARTIFICIAL FLAVORS | 41% | 42% | 40% | 41% | 45% | 30% |
| MADE FROM VEGETABLES/FRUITS | 40% | 39% | 40% | 47% | 55% | 32% |
| NATURAL FLAVORS | 36% | 33% | 33% | 46% | 60% | 31% |
| **LESS IS MORE** | | | | | | |
| LOW/NO CHOLESTEROL | 38% | 37% | 32% | 43% | 63% | 29% |
| LOW SALT/SODIUM | 33% | 34% | 26% | 32% | 55% | 30% |
| LOW SUGAR/SUGAR FREE | 32% | 30% | 29% | 33% | 51% | 27% |
| LOW/NO FAT | 30% | 29% | 25% | 33% | 54% | 25% |
| PORTION CONTROL | 27% | 29% | 20% | 33% | 32% | 27% |
| LOW/NO CALORIES | 27% | 26% | 22% | 32% | 45% | 25% |
| NO HIGH FRUCTOSE CORN SYRUP | 26% | 25% | 22% | 26% | 28% | 32% |
| LOW/NO CARBOHYDRATES | 24% | 26% | 19% | 28% | 31% | 22% |
| CAFFEINE-FREE | 23% | 28% | 13% | 27% | 26% | 16% |
| GLUTEN-FREE | 21% | 21% | 16% | 28% | 32% | 15% |
| **MORE IS MORE** | | | | | | |
| HIGH IN FIBER | 36% | 36% | 28% | 43% | 59% | 30% |
| HIGH IN PROTEIN | 32% | 34% | 21% | 43% | 50% | 30% |
| WHOLE GRAIN | 30% | 29% | 27% | 37% | 47% | 30% |
| CALCIUM-FORTIFIED | 30% | 31% | 23% | 44% | 51% | 23% |
| VITAMIN-FORTIFIED | 30% | 30% | 24% | 43% | 50% | 23% |
| MINERALS-FORTIFIED | 29% | 30% | 21% | 40% | 47% | 21% |
| RICH IN UNSATURATED FATS | 25% | 26% | 21% | 26% | 35% | 21% |
| MICRONUTRIENT-FORTIFIED | 25% | 27% | 18% | 29% | 40% | 17% |
| **SUSTAINABLE** | | | | | | |
| INGREDIENTS SOURCED SUSTAINABLY/FAIR TRADE | 35% | 43% | 25% | 26% | 43% | 20% |
| ORGANIC | 33% | 36% | 28% | 33% | 45% | 24% |
| LOCAL HERBS/INGREDIENTS | 26% | 27% | 23% | 33% | 32% | 20% |

LOW FAT/SUGAR

ABOVE THE GLOBAL AVERAGE

Source: Nielsen Global Health & Wellness Survey, Q3 2014

# EMERGING MARKETS LEAD THE WAY IN DESIRE FOR HEALTH ATTRIBUTES

Health attributes strongly influence the foods consumers buy, but not all attributes are equally important across the globe. There are notable differences in both the absolute importance of attributes (the percentage who said it is very important) and the relative importance (the order of importance within the region) in purchasing decisions.

In **Asia-Pacific**, the importance of food attributes largely mirrors the global averages, with a few exceptions. The desire for sustainably sourced ingredients (43%) is higher in Asia-Pacific than in any other region except Latin America (tie), and it is the second most important attribute for respondents in the region. The absence of caffeine is also rated more important in Asia-Pacific (28%) than worldwide (23%).

In **Europe**, comparatively smaller percentages rate health attributes as a very important influencing factor for purchase decisions. The number of respondents who say a given attribute is very important is below the global average for 24 of the 27 attributes included in the survey. Only GMO-free products are more important in Europe than globally (47% vs. 43%, respectively).

In **Africa/Middle East**, the percentage of respondents who say a particular attribute is very important in their purchase decisions is higher than the global average for 20 of the 27 attributes included in the survey. Beneficial ingredients are particularly important to Africa/Middle East respondents, with foods that are high in protein (43%) and fortified with calcium (44%), vitamin (43%) and minerals (40%) considered very important—all above the global average. Sustainably sourced ingredients are less important in Africa/Middle East than globally (26% vs. 35%, respectively). GMO-free offerings are also less important in Africa/Middle East than around the world (39% vs. 43%, respectively).

"Consumers with limited disposable income need to get the most out of the products they buy, which is oftentimes the case in developing countries," said Dunn. "Foods that help meet essential nutritional needs are very appealing, while those with positive social and environmental benefits may be considered less essential or 'nice to haves'."

In **Latin America**, the percentage of respondents who think a given attribute is very important exceeds the global average for *all* attributes measured. In fact, the region is more than 20 percentage points above the global average for eight of the 27 attributes. The "less is more" attributes are particularly appealing in this region, including low/no cholesterol (25 percentage points {pp} above the global average), low/no fat (+24 pp) and low salt/sodium (+22 pp). As in Africa/Middle East, food fortification is also more important in Latin America than globally. The region exceeds the global average for the importance of calcium- and vitamin-fortified foods by 21 and 20 percentage points, respectively.

"Latin America is taking action in the battle against obesity, with several nations enacting policies designed to curb the consumption of junk food," said Dunn. "Mexico approved a tax of one peso on each liter of soft drinks in 2013 and Chile passed labeling regulations that require manufacturers to mark packages with warning labels if their food is high in sugar, salt, calories or fat. These initiatives may increase consumer awareness about what is in their food and encourage more informed decision-making."

However, "back-to-basics" and sustainability attributes are significantly lower in relative importance in the region. For instance, GMO-free tops the list of very important attributes for respondents worldwide, but is tied for 14th in Latin America. The absence of artificial colors (No. 3 worldwide vs. No. 14 in Latin America) and flavors (No. 4 vs. No. 16) and use of sustainably sourced ingredients (No. 9 vs. No. 19) are also relatively less important in Latin America.

In **North America**, the percentage of respondents who say a given attribute is very important in their purchase decisions was below the global average for 24 of the 27 health attributes included in the survey. One exception: The absence of high fructose corn syrup, which is above the global average in both absolute and relative importance. Cited as very important by 32% of respondents (compared to 26% globally), the absence of high fructose corn syrup is tied with GMO-free as the most important attribute for North American respondents (it's No. 21 worldwide). Protein (No. 5 in North America vs. No. 12 globally), whole grains (No. 5 vs. No. 14) and portion control (No. 13 vs. No. 19) are also more important in North America than worldwide, while all natural (No. 10 in North America vs. No. 1 globally), no artificial colors (No. 10 vs. No. 3) and sustainably sourced ingredients (No. 23 vs. No. 9) are relatively less important.

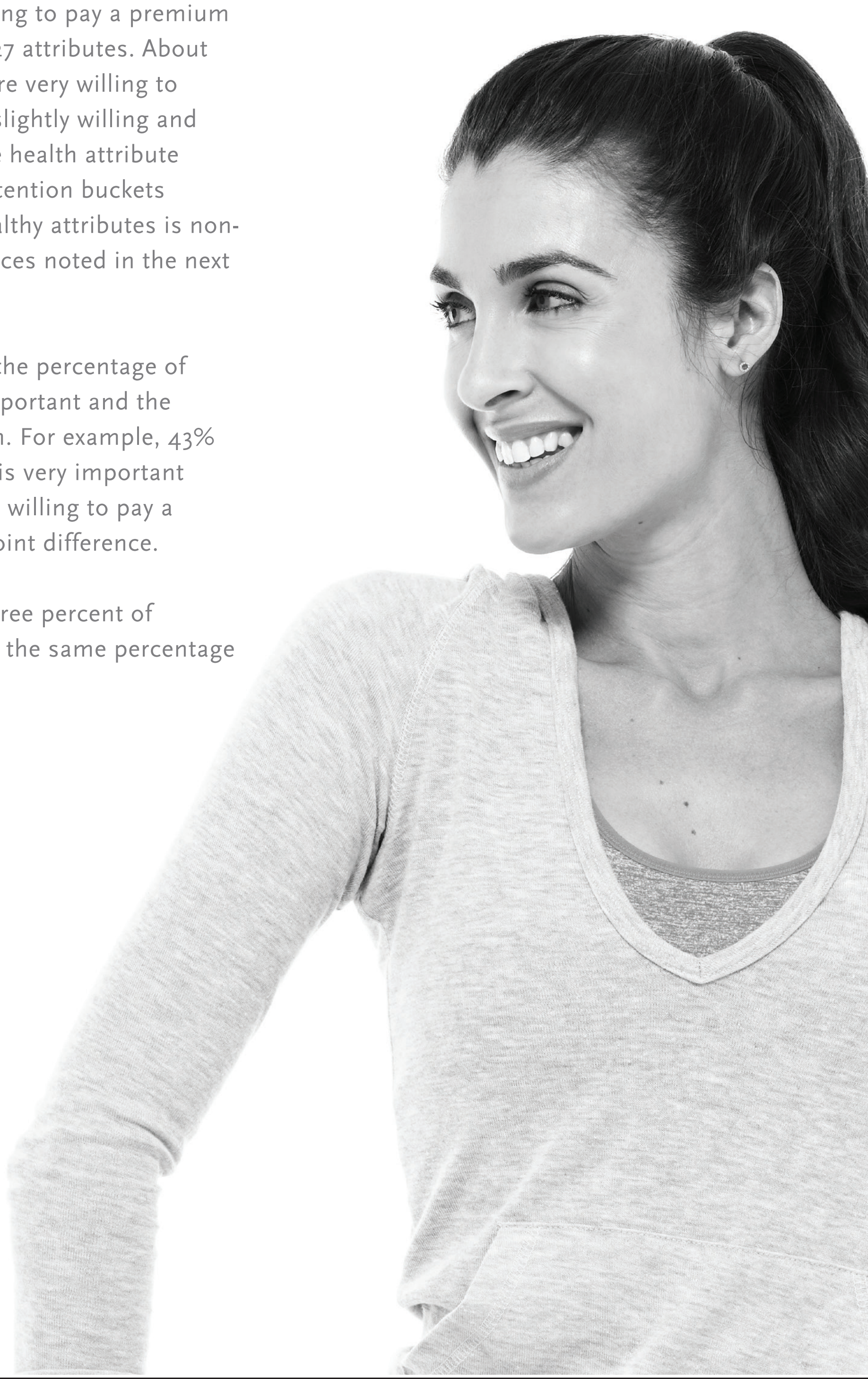
# ARE HEALTHY FOOD ATTRIBUTES WORTH MORE?

Consumers believe health attributes are important, but are they willing to pay more for the benefits they provide? The answer is yes—to a degree.

Dividing global respondents into four buckets of spending intent, the highest percentages (among those who rated health attributes at least slightly important) are only moderately willing to pay a premium for health claims—an average of 38% across all 27 attributes. About one-quarter of global respondents, on average, are very willing to pay a premium (27%), followed by 23% who are slightly willing and 12% who are not willing. While there was not one health attribute that swayed dramatically from these spending intention buckets globally, suggesting that premium pricing for healthy attributes is non-discriminating overall, there are regional differences noted in the next section.

For most attributes, there is also a gap between the percentage of respondents that say a health attribute is very important and the percentage that are very willing to pay a premium. For example, 43% of global respondents say the absence of GMOs is very important in the foods they purchase, but only 33% are very willing to pay a premium for these products—a 10-percentage point difference.

One notable exception is organic foods. Thirty-three percent of respondents say organics are very important and the same percentage is also very willing to pay a premium for these products.



# WILLINGNESS TO PAY A PREMIUM IS HIGHEST IN DEVELOPING MARKETS

A willingness to pay a premium for health benefits is higher in developing markets than elsewhere. More than nine-in-10 respondents in Latin America (94%), Asia-Pacific (93%), and Africa/Middle East (92%) say they're willing to pay more for foods with health attributes to some degree, compared to about eight-in-10 in Europe (79%) and North America (80%).

On the willingness-to-pay scale, the largest percentage of respondents in Latin America are very willing to pay a premium (38% average for all attributes), followed by those who are moderately willing (36%) and slightly willing (20%). However, not all attributes are created equal in this region. For example, more than half of respondents (51%) are very willing to pay a premium for all natural products, but only about one-quarter (27%) are very willing to pay a premium for products with no high fructose corn syrup.

The same is very much true in Africa/Middle East—36% are very willing to pay a premium, 36% are moderately willing and 20% are slightly willing, on average. All attributes are also not weighted equally in this region. Respondents are most willing to pay for all natural benefits (52%), compared to only 27% that are very willing to pay more for products with no high fructose corn syrup.

Conversely, the willingness-to-pay-more scale in Asia-Pacific more closely resembles the global average spending buckets: The highest percentage of respondents are moderately willing to pay a premium (41%), followed by those that are very willing (30%) and slightly willing (22%). All attributes in this region are weighted more similarly, but there still are some differences. The biggest willingness-to-pay gap is also between those very willing to pay for all natural products (43%) and those very willing to pay for products with no high fructose corn syrup (22%).

In Europe and North America, the percentage of respondents willing to pay a premium is below the global average for all attributes. Less than one-fifth of European respondents (19%) are very willing to pay a premium, while 34% are moderately willing and 26% are slightly willing, on average. Willingness to pay a premium is similar for most attributes in this region, with a few differences. Nearly one-third of European respondents (31%) are very willing to pay a premium for all natural foods—the highest of any attribute measured—but only 13% are willing to pay a premium for caffeine-free products.

The willingness-to-pay scale in North America is nearly identical to Europe's—21% are very willing to pay a premium, 33% are moderately willing and 26% are slightly willing, on average. All attributes are weighted similarly in this region. The gap between the attributes that respondents are most willing to pay a premium for (GMO-free and organic products, both at 25%) and least willing to pay more for (calcium- and minerals-fortified, both at 17%) is only six percentage points.

## DEVELOPING MARKETS ARE MOST WILLING TO PAY A PREMIUM FOR HEALTH ATTRIBUTES

### PERCENTAGE VERY WILLING TO PAY A PREMIUM FOR EACH ATTRIBUTE*

| BACK-TO-BASICS | GLOBAL AVERAGE | ASIA-PACIFIC | EUROPE | MIDDLE EAST/ AFRICA | LATIN AMERICA | NORTH AMERICA |
|---|---|---|---|---|---|---|
| ALL NATURAL | 39% | 43% | 31% | 52% | 51% | 24% |
| GMO-FREE | 33% | 35% | 29% | 36% | 37% | 25% |
| NO ARTIFICIAL COLORS | 31% | 34% | 25% | 41% | 37% | 23% |
| NO ARTIFICIAL FLAVORS | 31% | 35% | 23% | 40% | 37% | 20% |
| MADE FROM VEGETABLES/FRUITS | 31% | 34% | 24% | 43% | 44% | 21% |
| NATURAL FLAVORS | 29% | 31% | 20% | 45% | 46% | 21% |
| **LESS IS MORE** (LOW FAT/SUGAR) | | | | | | |
| LOW/NO CHOLESTEROL | 28% | 29% | 20% | 39% | 46% | 20% |
| LOW SALT/SODIUM | 26% | 28% | 16% | 32% | 44% | 22% |
| LOW SUGAR/SUGAR FREE | 26% | 28% | 18% | 33% | 43% | 19% |
| LOW/NO FAT | 26% | 27% | 17% | 36% | 42% | 19% |
| LOW/NO CALORIES | 25% | 26% | 16% | 34% | 39% | 21% |
| LOW/NO CARBOHYDRATES | 23% | 26% | 14% | 30% | 32% | 20% |
| CAFFEINE-FREE | 23% | 26% | 13% | 31% | 28% | 18% |
| GLUTEN-FREE | 23% | 25% | 15% | 30% | 31% | 21% |
| PORTION CONTROL | 22% | 24% | 14% | 32% | 28% | 18% |
| NO HIGH FRUCTOSE CORN SYRUP | 21% | 22% | 15% | 27% | 27% | 21% |
| **MORE IS MORE** | | | | | | |
| HIGH IN FIBER | 29% | 32% | 17% | 40% | 46% | 22% |
| HIGH IN PROTEIN | 28% | 32% | 15% | 44% | 42% | 23% |
| WHOLE GRAIN | 28% | 30% | 19% | 34% | 39% | 22% |
| CALCIUM-FORTIFIED | 27% | 30% | 17% | 42% | 41% | 17% |
| VITAMIN-FORTIFIED | 27% | 29% | 19% | 43% | 41% | 18% |
| MINERALS-FORTIFIED | 26% | 29% | 16% | 40% | 38% | 17% |
| MICRONUTRIENT-FORTIFIED | 25% | 28% | 15% | 31% | 34% | 20% |
| RICH IN UNSATURATED FATS | 23% | 26% | 14% | 29% | 29% | 19% |
| **SUSTAINABLE** | | | | | | |
| INGREDIENTS SOURCED SUSTAINABLY/FAIR TRADE | 30% | 36% | 19% | 29% | 37% | 19% |
| ORGANIC | 33% | 37% | 24% | 35% | 40% | 25% |
| LOCAL HERBS/INGREDIENTS | 24% | 26% | 18% | 33% | 33% | 19% |

ABOVE THE GLOBAL AVERAGE (shaded)

*Among those who rated attribute at least slightly important in influencing them to purchase more of a particular food/ food products

Source: Nielsen Global Health & Wellness Survey, Q3 2014

# OLD AGE AND HEALTH ATTRIBUTES DO NOT NECESSARILY GO HAND-IN-HAND

While health attributes are important factors in purchase decisions for all age groups, percentages are lowest among Silent Generation (aged 65+) respondents. Health attribute ratings are highest among Millennials (21-34), followed by Baby Boomers (50-64), Generation X (35-49) and Generation Z (under 20). The attributes gaining the most favor include products that are GMO-free, have no artificial coloring/flavors and are all natural.

Certain attributes, however, are more important to younger generations and others to older consumers. Forty percent of Generation Z respondents say ingredients sourced sustainably are very important in their purchase decisions, followed by Millennials (38%) and Generation X (34%) respondents, compared to only 21% of the Silent Generation. Conversely, sugar-free and low-sugar products are more important to older consumers. Thirty-seven percent of Baby Boomers and 33% of Silent Generation respondents say these attributes are very important, compared to 26% of Generation Z and 31% of Millennials.

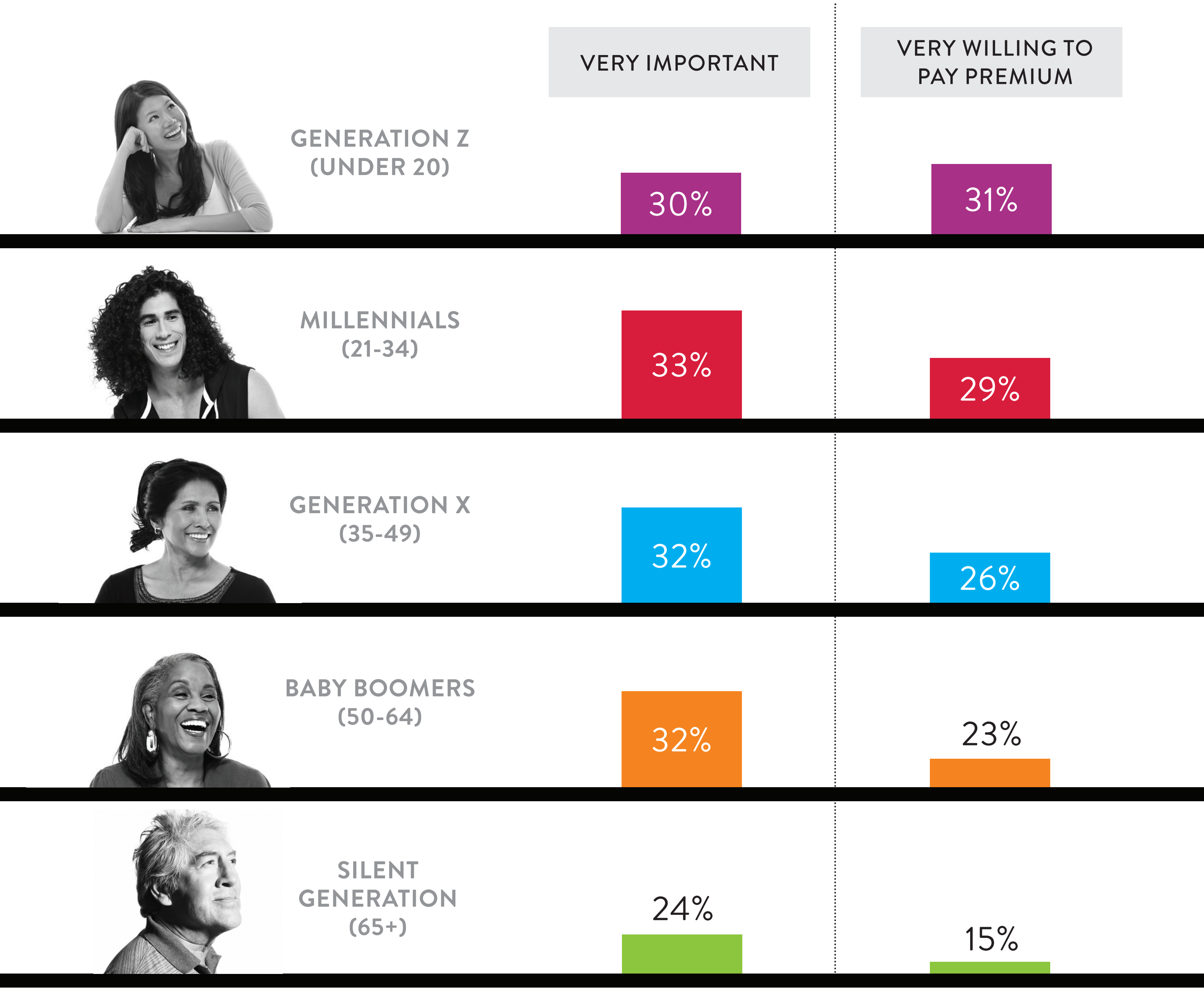
Willingness to pay a premium for health attributes also declines with age. Generation Z and Millennials are more willing to pay a premium for all attributes, even those that are more important to Generation X and Baby Boomers.

The generation gap is particularly pronounced for functional foods that reduce disease risk or promote good health and for socially/environmentally responsible foods. For example, 41% of Generation Z and 32% of Millennial respondents are very willing to pay a premium for sustainably sourced ingredients, compared to 21% of Baby Boomer and 16% of Silent Generation respondents. Generation Z and Millennials are also leaders in the gluten-free movement. Thirty-seven percent of Generation Z respondents and 31% of Millennials are very willing to pay a premium for gluten-free products, while only 22% of Baby Boomer and 12% of Silent Generation respondents are willing to do so.

“While age often dictates a need for foods that contain certain health attributes, it is the youngest consumers who are most willing to back up their sentiments with their wallets,” said Dunn. “As Millennials’ purchasing power increases, manufacturers and retailers that make the effort to understand and connect with the needs of this generation can increase their odds of success.”

## GENERATION Z AND MILLENNIALS ARE MOST WILLING TO PAY A PREMIUM

### GAP BETWEEN THOSE THAT THINK HEALTHY ATTRIBUTES ARE VERY IMPORTANT AND THEIR WILLINGNESS TO PAY A PREMIUM FOR THEM*




*Percentages are an average of all 27 health attributes in the study

Source: Nielsen Global Health & Wellness Survey, Q3 2014

# DO INTENTIONS ALIGN WITH ACTIONS?

As we have seen, while consumers may genuinely want to make healthier choices, intentions and actual behaviors aren't always in alignment. A review of purchasing trends between 2012 and 2014 for selected healthy, indulgent and semi-healthy categories sheds some light on what consumers are buying at retail.

Globally, sales of both healthy and indulgent categories grew over the past two years, but healthy categories outpaced indulgent categories (+5% and +2%, respectively). Over the same period, sales in semi-healthy categories fell 1%. Healthy categories in the study include dairy-based shakes, fruit, sports drinks, tea, vegetables, water and yogurt. Indulgent categories include carbonated soft drinks, chips, chocolate and cookies/biscuits. Semi-healthy categories include bread, cheese, cereal, granola bars, juice, popcorn and pretzels.

"The growth of healthy options does not automatically come at the expense of indulgent offerings," said Dunn. "There is room for both healthy foods and occasional treats in consumers' diets. It is the semi-healthy options that are most impacted. To drive growth for these offerings, manufacturers should look for areas where they can improve the nutritional profile of foods and highlight the health benefits their products provide to consumers."

| HEALTHY | SEMI-HEALTHY | INDULGENT |
|---|---|---|
| WATER | BREAD | CARBONATED SOFT DRINKS |
| DAIRY-BASED SHAKES | CHEESE | CHIPS |
| FRUIT | CEREAL | CHOCOLATE |
| SPORTS DRINKS | GRANOLA BARS | COOKIES/BISCUITS |
| TEA | JUICE | |
| VEGETABLES | POPCORN | |
| YOGURT | PRETZELS | |

# SALES GROWTH IS STRONGEST IN DEVELOPING REGIONS

Around the world, healthy categories reported the strongest sales growth in developing regions between 2012 and 2014. Sales grew 20% in Africa/Middle East, 16% in Latin America and 15% in Asia-Pacific. Indulgent categories also grew in developing regions, but at a slower rate than healthy categories (+11% in Africa/Middle East, +7% in Latin America, +5% in Asia-Pacific).

In North America, sales of healthy categories grew 7% over the two years, but both semi-healthy and indulgent categories declined (-3% and -2%, respectively). The decline in indulgent categories in the region was driven by the decline in carbonated soft drinks, which fell 8% the past two years. Conversely, chips and chocolate grew 3% and 5%, respectively, over the same period. In Europe, only indulgent categories grew, rising 1%, while both healthy and semi-healthy categories declined (-2% and -1%, respectively).

Healthy fuels, such as sports drinks, water and fruit were among the strongest-growing healthy categories. Sales of sports drinks increased 8% globally (rising in all regions except Europe [-6%]), but developing regions primarily drove growth. Over the past two years, sports drinks sales increased 51% in Asia-Pacific, 25% in Africa/Middle East and 10% in Latin America. Sales of water (+7% globally) also grew in all regions, particularly developing regions (+23% in Asia-Pacific, +18% in Africa/Middle East and +19% in Latin America).

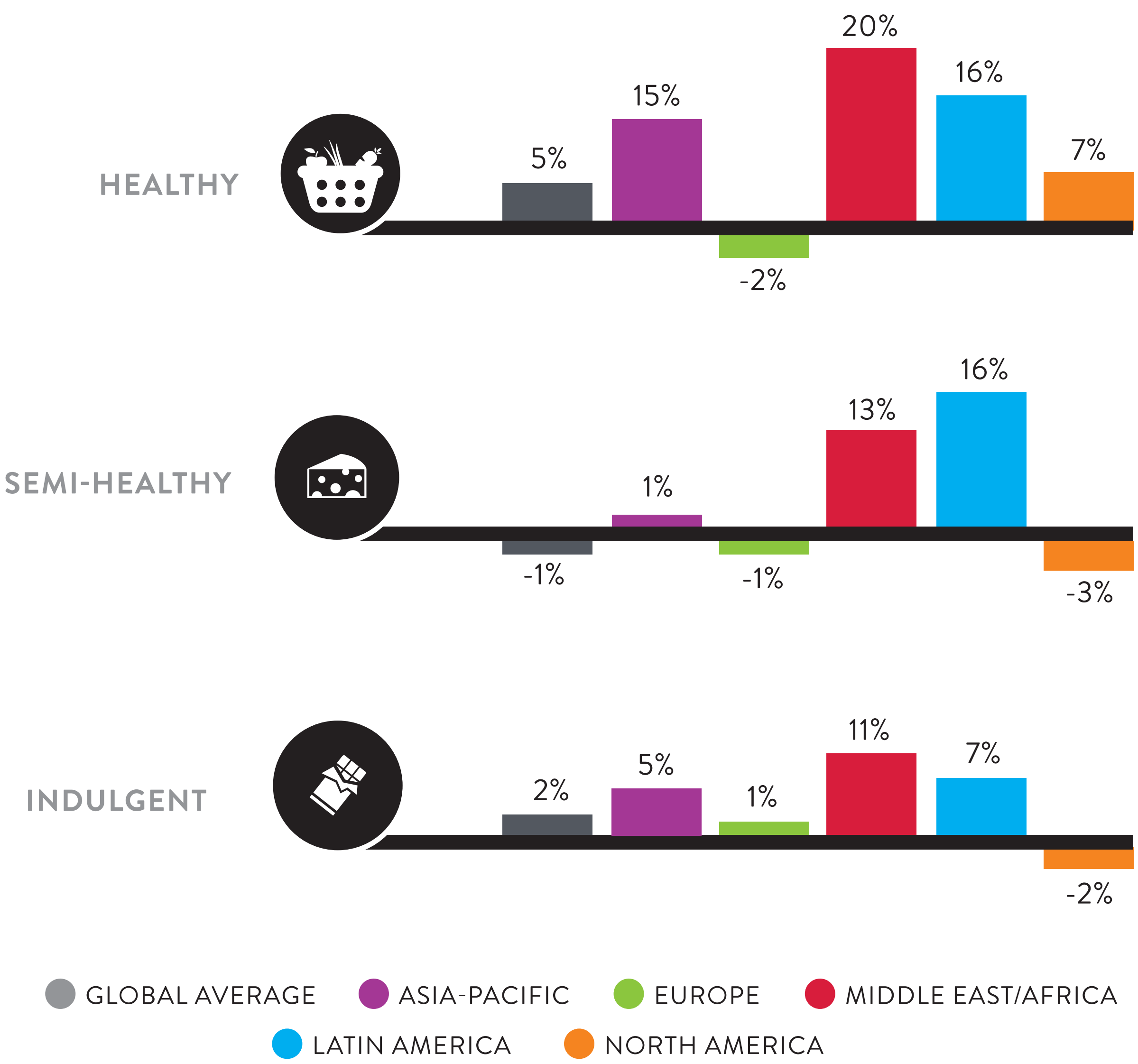
Consistent with the uptick in healthy beverage sales, carbonated soft drinks sales were down 1% globally over the past two years. The largest declines were in North America (-8%), but Asia-Pacific was also down (-1%) and Europe was flat. Nevertheless, soft drink sales grew in Africa/Middle East and Latin America (16% and 6% respectively).

And there's still a place for treats in consumers' diets. Chips, chocolate and cookies/biscuits all grew globally (6%, 4% and 1%, respectively), but carbohydrate staples like bread and cereal declined 3% and 8% respectively. It's not all bad news for these categories, however. While developed regions (North America and Europe) drove the global decline, sales in developing regions grew in the two-year time period. In Africa/Middle East, bread was up 3% and cereal was up 5%; in Asia-Pacific, bread grew 13% and cereal increased 8%; and in Latin America, bread sales were up 12%.

"Developing regions are particularly attractive markets for expansion opportunities given consumers' purchase history and future buying intentions," said Dunn. "As purchasing power continues to grow in these countries, close attention to buying habits is necessary to stay aligned with their needs."

## HEALTHY CATEGORIES GROWING MOST IN ALL REGIONS EXCEPT EUROPE

### TWO-YEAR (2012 TO 2014) SALES CHANGE FOR SELECTED HEALTHY, SEMI-HEALTHY AND INDUGLENT CATEGORIES*




Note: Sales are adjusted for dollar inflation

*Selected categories are noted on page 17

Source: Nielsen Retail Sales

# THE POWER OF THE PACKAGE LABEL

Do health claims on package labels help boost sales? A review of purchasing data indicates these claims are strongest when added to products already considered healthy. Healthy products with packaging callouts tended to outperform the category as a whole. The effectiveness of label claims for semi-healthy and indulgent categories, however, seems to depend on consumers' perceptions of the product. Potato chips with whole-grain labeling, for example, decreased 11% between 2012 and 2014, but potato chips with low or reduced sodium increased 18%. Consumers may think of potato chips as a salty snack, so a low-sodium option may be more appealing than whole grain.

"When adding health and wellness claims to products, manufacturers must first understand how consumers perceive their products," said Dunn. "If the product is perceived as healthy, any claims regarding the health benefits of a product are likely to resonate with consumers. For semi-healthy and indulgent categories, however, manufacturers must be more selective and choose claims that address a particular product attribute. For example, while consumers may be skeptical of heart-health claims for potato chips, they may be more open to claims about low or reduced sodium because this is compatible with their view of chips as a salty indulgence."

Consistent with consumers' rating of the importance of attributes, sales of products with "natural" and "organic" claims have grown 24% and 28%, respectively, over the two-year period. Also consistent with the interest in more pure/natural products, sales of artificially sweetened "diet/light" products declined -12%, while products naturally sweetened with Stevia grew 186%.

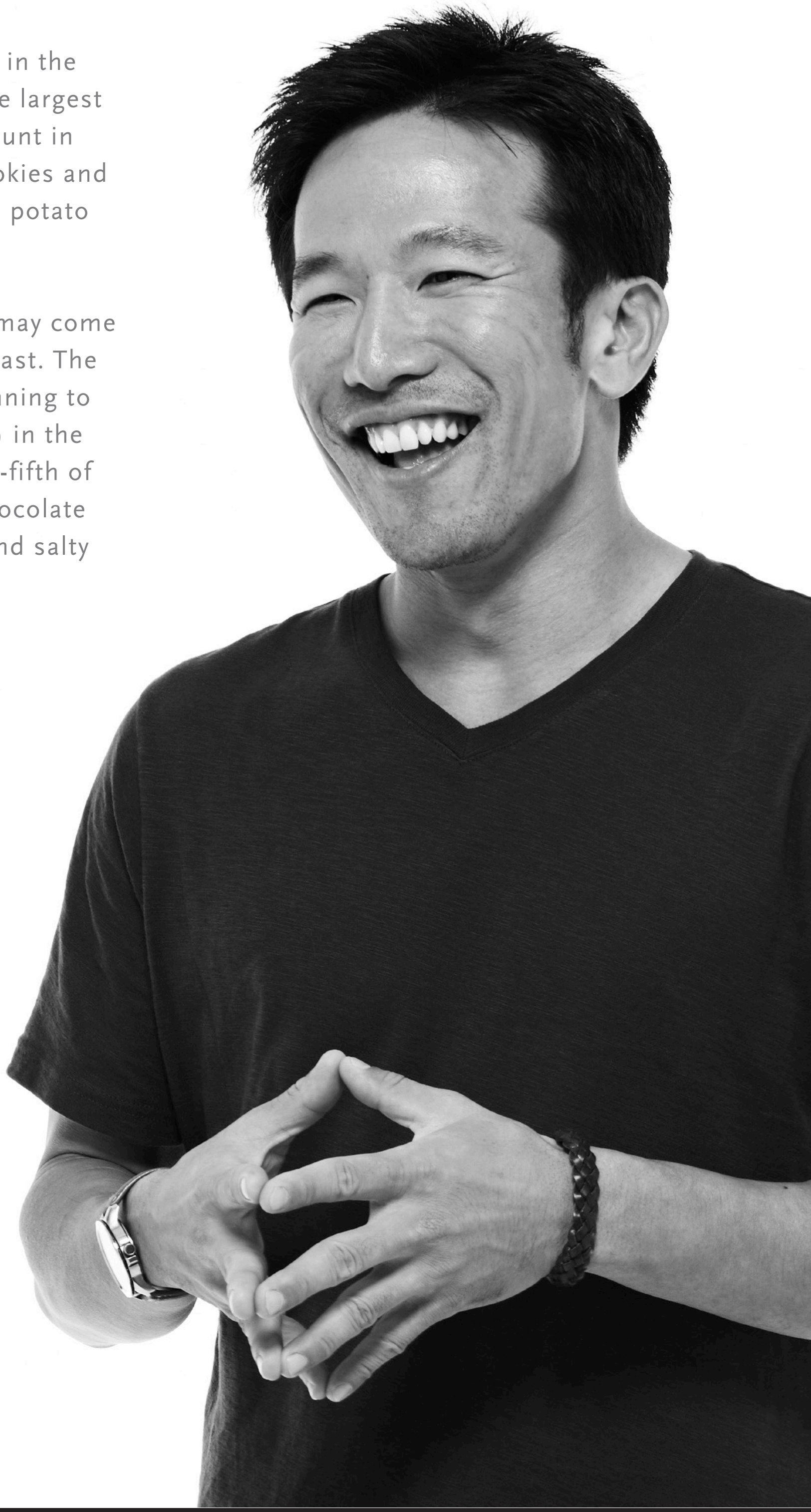
Sales of products with healthy ingredient claims are also growing across categories. Products with claims about salt content (low or reduced sodium) and the addition of real fruit both grew 7% over the past two years, while products with reduced or no fat content claims grew 4%.

# WHAT THE FUTURE HOLDS

Given the high interest in getting healthier, "good-for-you" products are strongly positioned for growth. Forty percent of global respondents say they plan to buy more fruit (41%) and vegetables (39%) in the next six months. In addition, one-quarter plan to buy more fish and seafood (25%), yogurt (24%) and water (23%), and one-fifth plan to buy more nuts and seeds (22%), cereal (20%), juices (20%) and meat and poultry (18%).

While many respondents intend to eat more healthfully in the next six months, everyone needs a treat sometimes. The largest percentage of respondents expect to buy the same amount in nearly all categories, including indulgences such as cookies and cakes (47%), ice cream and frozen novelties (44%) and potato chips/salty snacks (38%).

For indulgent categories, the biggest growth potential may come from the developing world, particularly Africa/Middle East. The percentage of African/Middle Eastern respondents planning to buy more of all the categories measured (except cereal) in the next six months exceeds the global average. Nearly one-fifth of respondents in Africa/Middle East plan to buy more chocolate candy (19% vs. 9% globally), ice cream (18% vs. 9%) and salty snacks and chips (18% vs. 9%).



# OPPORTUNITIES FOR SUCCESS

"Health is going mainstream," said Dunn. "As consumers around the globe search for better, healthier and smarter solutions that fit their lifestyle and specific needs, the motivation for manufacturers and retailers to foster strategies for a healthier world is powerful. But much more needs to be done."

**STRATEGIES FOR SUCCESS INCLUDE:**

### MORE EDUCATION ABOUT HEALTH/WELLNESS CLAIMS

Packaging labels are a key source of information for consumers. Three-quarters of global respondents say they read packaging labels carefully. Manufacturers and retailers need to provide easy-to-understand and clear nutritional information to help respondents take control of their health.

Purchasing decisions are also becoming increasingly complicated. Consumers must consider the nutritional content of foods as well as the environmental and social impact, production source and health benefits—it's a lot to sort through. Manufacturers and retailers need to make it easy for consumers to cut through the clutter and make informed decisions by helping them understand the benefits of particular ingredients and foods using out-of-store communications, in-store signage/displays and package claims.

### GREATER TRANSPARENCY ABOUT HEALTH/WELLNESS CLAIMS

Less than two-thirds (63%) of global respondents trust health claims on food packages, and the percentage is lower in Europe (51%) and North America (56%). Consumers view food with a skeptical eye, and the industry must be more transparent about the contents and source of foods, providing stronger scientific support for health claims to build consumer trust.

### FOOD AS MEDICINE

Sometimes food is more than food. Roughly 75% of global respondents believe they "are what they eat" and nearly 80% are actively using foods to forestall health issues and medical conditions, such as obesity, diabetes, high cholesterol and hypertension. Successful manufacturers and retailers will innovate and provide products that incorporate easy and convenient health solutions.

Weight loss and management products are an in-demand area for product innovation. Manufacturers should also explore new product formats that incorporate fruits and vegetables, fiber and protein. Given their desirability in the developing markets and among Millennials, fortified foods are another key opportunity. Manufacturers should consider both new product formats that incorporate necessary nutrients and the use of emerging nutrients such as probiotics.

### THE GROWTH OF ALTERNATIVE RETAILERS

Sixty-four percent of respondents say they shop for foods at specialty retailers that sell a wide variety of health foods. The percentage is even higher in health-conscious developing markets—73% in Asia-Pacific, 79% in Africa/Middle East and 71% in Latin America say they shop at specialty stores. Younger consumers are also more likely to shop at specialty retailers. 69% of Generation Z and 70% of Millennial respondents report doing so, compared to 51% of Baby Boomer and 43% of Silent Generation respondents. As consumers turn to new outlets, manufacturers must ensure their products are available to consumers no matter where they shop. Likewise, retailers should provide guidance for consumers aspiring to healthier lives, offering healthy eating ideas and meal-planning assistance and showcasing their healthy offerings, particularly fresh products, in store with signage, displays and demonstrations.

### RESPECTING AND EMBRACING REGIONAL DIFFERENCES

Consumers around the world approach health differently, and these attitudes and behaviors require different strategies and approaches. There is no room for a “one-size-fits-all” mentality. Manufacturers and retailers need to provide solutions that are compatible with the preferences and requirements of each region.

## COUNTRIES IN THE STUDY—NIELSEN GLOBAL HEALTH & WELLNESS SURVEY

### EUROPE

| MARKET | INTERNET PENETRATION |
|---|---|
| Austria | 81% |
| Belgium | 82% |
| Bulgaria | 53% |
| Croatia | 71% |
| Czech Republic | 74% |
| Denmark | 95% |
| Estonia | 80% |
| Finland | 92% |
| France | 83% |
| Germany | 86% |
| Greece | 60% |
| Hungary | 73% |
| Ireland | 78% |
| Israel | 71% |
| Italy | 59% |
| Latvia | 75% |
| Lithuania | 69% |
| Netherlands | 94% |
| Norway | 95% |
| Poland | 65% |
| Portugal | 62% |
| Romania | 50% |
| Russia | 61% |
| Serbia | 57% |
| Slovakia | 79% |
| Slovenia | 73% |
| Spain | 75% |
| Sweden | 95% |
| Switzerland | 87% |
| Turkey | 46% |
| United Kingdom | 90% |
| Ukraine | 42% |

### ASIA-PACIFIC

| MARKET | INTERNET PENETRATION |
|---|---|
| Australia | 87% |
| China | 46% |
| Hong Kong | 75% |
| India | 16% |
| Indonesia | 22% |
| Japan | 86% |
| Malaysia | 67% |
| New Zealand | 87% |
| Philippines | 41% |
| Singapore | 73% |
| South Korea | 85% |
| Taiwan | 80% |
| Thailand | 30% |
| Vietnam | 44% |

### LATIN AMERICA

| MARKET | INTERNET PENETRATION |
|---|---|
| Argentina | 75% |
| Brazil | 54% |
| Chile | 67% |
| Colombia | 62% |
| Mexico | 44% |
| Peru | 39% |
| Venezuela | 45% |

### MIDDLE EAST / AFRICA

| MARKET | INTERNET PENETRATION |
|---|---|
| Egypt | 50% |
| Pakistan | 15% |
| Saudi Arabia | 61% |
| South Africa | 49% |
| United Arab Emirates | 88% |

### NORTH AMERICA

| MARKET | INTERNET PENETRATION |
|---|---|
| Canada | 91% |
| United States | 84% |

Source: Internet World Stats, December 31, 2013

## ABOUT NIELSEN RETAIL DATA

Purchasing data is from Nielsen's Retail Measurement Services database for the 12 months ending September 2012 and the same period for 2014. Sales were controlled for dollar inflation. Given the differences in the characteristics measured across markets, a few countries that were also included in the Nielsen Global Survey were selected to represent the entire region. The following countries were chosen for analysis:

- **Asia-Pacific:** China, India, Philippines, Thailand
- **Europe:** Austria, Belgium, France, Germany, Great Britain, Italy, Netherlands, Poland, Portugal, Russia, Spain, Turkey
- **Africa/Middle East:** Egypt, South Africa
- **Latin America:** Brazil, Mexico
- **North America:** Canada, United States

Health claims, which varied by country, were grouped into larger categories for analysis. For example, "sugar free," "no sugar" and "low sugar" were combined into a larger bucket ("sugar presence"). Not all claims were available for all markets or all categories. The sales of products Nielsen captured claims for were compared to overall category sales.

## ABOUT THE NIELSEN GLOBAL SURVEY

The Nielsen Global Health & Wellness Survey was conducted between Aug. 13 and Sept. 5, 2014, and polled more than 30,000 consumers in 60 countries throughout Asia-Pacific, Europe, Latin America, the Middle East, Africa and North America. The sample has quotas based on age and sex for each country based on its Internet users and is weighted to be representative of Internet consumers. It has a margin of error of ±0.6%. This Nielsen survey is based only on the behavior of respondents with online access. Internet penetration rates vary by country. Nielsen uses a minimum reporting standard of 60% Internet penetration or an online population of 10 million for survey inclusion. The Nielsen Global Survey, which includes the Global Consumer Confidence Index, was established in 2005.

## ABOUT NIELSEN

Nielsen N.V. (NYSE: NLSN) is a global information and measurement company with leading market positions in marketing and consumer information, television and other media measurement, online intelligence and mobile measurement. Nielsen has a presence in approximately 100 countries, with headquarters in New York, USA and Diemen, the Netherlands.

For more information, visit www.nielsen.com.



nielsen AN UNCOMMON SENSE OF THE CONSUMER™

nielsen

AN UNCOMMON SENSE
OF THE CONSUMER™