



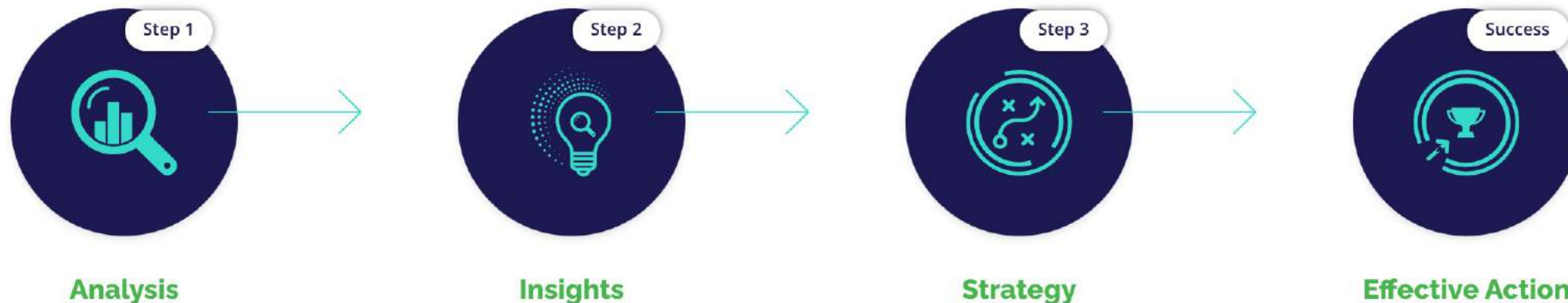
**ITC INSIGHTS:
2021 FUNCTIONAL
FOOD AND BEVERAGE
CONSUMER SURVEY
EXECUTIVE SUMMARY**

ABOUT ITC INSIGHTS



ITC Insight reports offer trusted data analysis and insights to enable more informed decision-making in these categories and across the health ingredients universe.

TTC has been tracking several emerging ingredient categories for usage, reasons why they buy and attributes such as trust, sustainability, and transparency among consumers to identify new opportunities in the market.



ITC begins by collating and analyzing the latest market, consumer and healthcare data and information for the category

Based on our deep analysis, ITC highlights new and important market insights that can transform the category

ITC then defines a global strategy for driving category growth

ITC leads the implementation of effective action in the market



METHODOLOGY

- Fielded April-May 2021
 - Fielded online by Dynata
 - Written & analyzed Trust Transparency Center's Ingredient Transparency Center
- Survey of 1,000 consumers
 - Disqualified poor quality responses and respondents who did not fit survey consumer profile parameters
- General Criteria for Participation
 - Consumers interested in maintaining their health, with the majority looking to functional food solutions
 - Consumers involved in making grocery shopping decisions



OVERVIEW



ITC 2021 US Functional Food and Beverage Consumer Insights

Report Size and format: 381 slides with supporting data; report provided as PDF and PPT

According to the Mayo Clinic, “Functional foods are foods that have a potentially positive effect on health beyond basic nutrition. Proponents of functional foods say they promote optimal health and help reduce the risk of disease.”

When it comes to functional ingredients, common ubiquitous sources include fiber, protein and certain kinds of fat, that is, core compositional nutrients that are often also present in added or sought after amounts for that effect ‘beyond basic nutrition’. For that reason, the terms ‘functional’ and ‘fortified’ are often confused and it becomes difficult to both quantitate and evaluate developments in the true functional food and beverage marketplace.

The functional food and beverage marketplace has been a difficult area for both ingredients and brands to pinpoint and understand as it quickly becomes murky and causes questions to be asked such as ‘is that ingredient being purchased for its nutritional or functional benefit’, and in fact, ‘is there a clear consumer perception difference’. This initial ITC (Ingredient Transparency Center) foray into that value system and supply chain delves into not only consumer demographics and beliefs, but also into their health attitudes, how consumers make their purchase decisions, their shopping behaviors and their approaches to transparency, trust and sustainability. Commencing with a broad range of ‘functional’ ingredients and perspectives, the report includes a deep dive into prebiotics, collagen containing foods and beverages, turmeric containing products and a short section on coconut as an ingredient and in several categories including coconut oil.

The rationale behind this report was to provide an understanding of drivers in key ingredient categories, benchmarked against more ubiquitous ingredient categories such as protein. Key categories of interest to ITC, such as prebiotics, collagen and turmeric were then compared against responses from the recently completed ITC 2021 Consumer Supplement survey to understand consumer usage of general and key ingredients across food, beverage and supplement applications and formats.

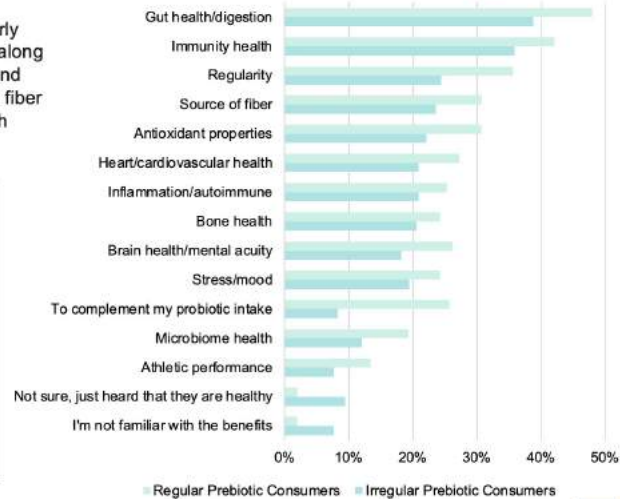
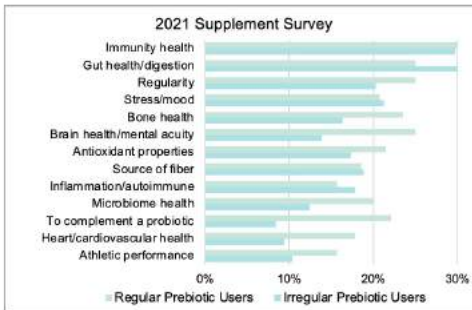


BENEFITS OF PREBIOTICS



KEY ITC INSIGHTS:

- As with prebiotic supplements, consumers clearly recognize the gut health benefits of prebiotics, along with a strong recognition of immunity benefits and the gut health halo combination - regularity and fiber
- Microbiome health recognition is lower than with prebiotic supplement users



Note: Regular users indicated using functional ingredient at least weekly n=202, irregular users n=340. Question: "What benefits are you looking for when you choose to eat foods that contain prebiotics?" 2021 Supplement Survey. US regular prebiotic users n= 140, prebiotic irregular users n=202.

ITC Insights: 2021 Consumer Food Survey

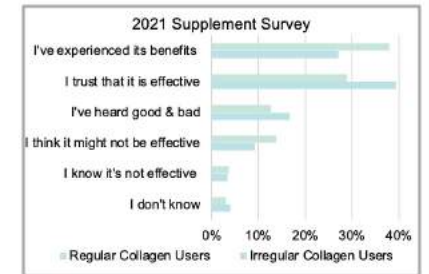
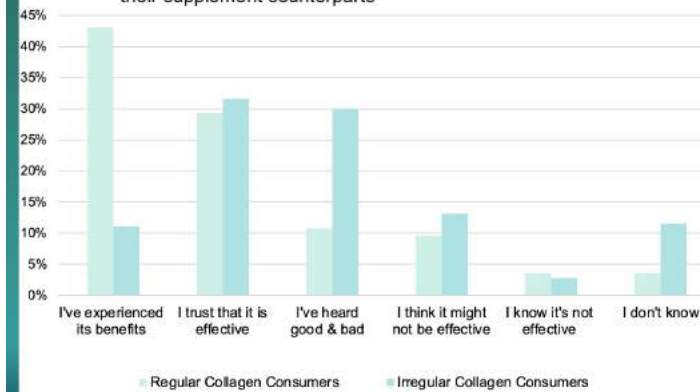
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PERCEIVED EFFECTIVENESS OF COLLAGEN



KEY ITC INSIGHTS:

- 43% of regular collagen consumers have experienced the benefits while 32% of irregular consumers are simply trusting in its effectiveness
- While this parallels supplement users, irregular collagen food consumers are acting more on faith than their supplement counterparts



Note: Regular consumers indicated using functional ingredient at least daily/weekly n=167, irregular consumers n=288. Question: "What is your opinion of the effectiveness/benefit of collagen?"

ITC Insights: 2021 Consumer Food Survey

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Growth in the US functional food and beverage market has been steady, ranging from increased awareness and consumption of traditional core nutrients such as fat and protein, to less known and less ubiquitous constituents such as fiber to emerging ingredients such as prebiotics. This growth has also spread across health conditions that match up against health concerns, ranging from overall wellness to immunity health to active nutrition and digestion.

This 2021 ITC Insights Functional Food and Beverage report, fielded in late Spring 2021, walks readers through functional food and beverage consumption terms and parameters. The survey includes 1,000 US consumers with a variety of dieting behaviors, a split of genders and ages. The survey also looks carefully at meal selections for functional ingredients, generally and then for specific ingredient types.



Within the included extensive charts, viewers can see drivers of purchase and trust, influences and impactors, over-arching education and market gaps that will lead to opportunities. Of specific interest to suppliers and brands providing products with functional benefits is the impact of supply chain transparency and the breadth of consumers seeking information beyond the label.

Within the analysis, ITC has filtered the view based on age (for the purposes of this survey, the groups are 18-35, 36-45 and 46+), gender, and frequently the behaviors of regular versus irregular consumers.

ITC Insights are provided to complement most charts and highlight the pertinent observations from our team. Where we have determined there is a demographic or category over- or under-indexing and where specific category consumers users differ markedly from general consumers, we have dived deeper. Product attributes and label features that drive selection have been specifically investigated amongst the age and gender splits.

Increasingly, and borne out by the ITC results, foods and beverages with functional ingredients are part of the overall health and wellness solution set of most consumers, and this is especially so during the current pandemic.

Trust is elusive, but valued where it is found

In nearly all categories, the highest lifetime value consumers are captured young, and consume products frequently. Across the board, the 2021 ITC results show that these consumers are ready and willing to engage, are motivated in part by clinical science, and that they highly value transparency and will pay more for branded ingredients included in their products.

Other notes and how to interpret and use this report:

- This report is provided as a PDF and PowerPoint. At any time, purchasers can right click in the PowerPoint slide to obtain supporting data.
- The footers at the bottom of each slide describe the user/respondent set and numbers, and where helpful, the exact question asked.
- For questions that have answers that vary by degree, such as 'frequently' and 'often' or 'extremely' and 'very' types of answers, these will typically be grouped as Top 2 or Top 3 and this will be noted in slide footers.

Use this ITC report and these insights to:

- Get a jump on the competition with strategic and actionable intelligence
- Validate assumptions, strategy, investments and priorities
- Partner better with your customer set to win in your target market sectors
- Meet your consumers exactly where they are going

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QUESTIONS

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