Global Marketing: Bringing the Benefits of Almonds to People Around the World

December 11, 2014
Almonds: an amazing food

- Global cultural heritage
- Nutrient rich
- Substantiated health
- Convenient
- Portable
- An ingredient and a snack
- Tasty and crunchy
- Versatile
Consumer Needs and Desires are Changing

- Rising *middle class*
- Drive for *healthy food*
- Need for *convenience*
- Desired *taste*
Today’s Speakers

Established Markets
• Dariela Roffe-Rackind – Director, Europe and Global Public Relations
• Molly Spence – Director, North America

Emerging Markets
• Becky Sereno – Manager, S. Korea and Interim China
• Connie Cheung – Almond Account Director, Bravo Asia Advertising Agency
• Sudarshan Mazumdar – Director, India
Almond Board Global Marketing: Emerging Markets

Stacey Humble, ABC (Moderator)
Becky Sereno, ABC
Connie Cheung, ABC
Sudarshan Mazumdar, ABC
Becky Sereno, ABC
South Korea: Living Life Beautifully

December 10, 2014
Market Insights
There is a strong desire to live a portfolio life

Marked by accomplishment and success

"I will graduate with a Master’s Degree in Social Welfare this year. My goal is to build a welfare center."
Male Excitement Seeker

Full of experiences – at home and abroad

"I want to study or live abroad for a few years – maybe in Japan or Europe. I want to experience the world, to experience as much as possible."
Male Snack Actualizer

Dynamic and social, filled with friends

"Spending time with friends after work and on the weekends is everything."
Female Excitement Seeker
But fear of falling behind adds pressure

• “Keeping up” with a competitive, collective society
  • Adds stress, drains energy, and leads to day-to-day fatigue
• Pressures to maintain youth
  • Stay thin, have beautiful skin and hair, avoid sickness and disease
“This is a competitive society. It is hectic. You get stressed and depressed if you fall behind.”

—Female Health Conscious Snacker
So, they work hard to maintain their health…

exercise
visits to traditional spas and massage
yearly doctor visits
“You need supplements to get those things that you don’t produce yourself in your body or are hard to get enough of from your food.”

—Female Health Conscious Snacker
And snacking is an important daily activity

At home, at work, mindless munching
- Lots of away from home eating – particularly at work/with co-workers – drives additional eating occasions
- Keep food on hand for planned at home “activity” snacking (watching TV, on computer, etc.), often in the evening

“Meals are obligatory. Snacks are for joy and pleasure.”
Male Excitement Seeker

“I can’t live without snacks.”
Female Snack Actualizer
S. Korea Consumer Target Audience

Target definition: The target is made of men and women who are defined as “Snack Actualizers, Health Conscious Snackers, and Excitement Seekers” with an estimated size of 16.9 million or 66% of the population between ages 24-55

Situation: Currently almonds are not top-of-mind, differentiated from walnuts or peanuts, nor own a need state. With the new positioning there is a huge opportunity to fuel growth in South Korea

<table>
<thead>
<tr>
<th>Total Korean Population: 50.7 Million</th>
</tr>
</thead>
<tbody>
<tr>
<td>Korean Population ages 25-55: 25.6 Million (51% of total)</td>
</tr>
<tr>
<td>Korean Population ages 25-55 who purchase nuts once/month+: 15.3 Million (60% of those 25-55; 31% of total)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Segment</th>
<th>Social Snackers (n=320)</th>
<th>Snack Actualizers (n=432)</th>
<th>Excitement Seekers (n=397)</th>
<th>Health Conscious Snackers (n=476)</th>
<th>Young Indulgers (n=368)</th>
</tr>
</thead>
<tbody>
<tr>
<td>%</td>
<td>16%</td>
<td>22%</td>
<td>20%</td>
<td>24%</td>
<td>18%</td>
</tr>
<tr>
<td>Core Segment Size</td>
<td>2.5 million</td>
<td>3.4 million</td>
<td>3.1 million</td>
<td>3.7 million</td>
<td>2.8 million</td>
</tr>
<tr>
<td>Segment rank</td>
<td>5</td>
<td>2</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>Core+Adjacent Segment Size * (Lighter or non-category users)</td>
<td>4.1 million</td>
<td>5.6 million</td>
<td>5.1 million</td>
<td>6.2 million</td>
<td>4.6 million</td>
</tr>
</tbody>
</table>
Rising to the opportunity
Solidify the message that almonds are a perfect mid-morning snack to enable a vibrant and healthy life

“Almonds, The Good Day Starter”
An integrated campaign surrounding the consumer

Spokespeople

Advertorials

Media Partnerships

Events & Contests

Broadcast Partnerships

Online Media Partnership
Headline: Giddy Up! Plump and Ripened Almonds Drop All Over the Ground  
Media: Chosun Ilbo  
Date: September 11, 2014

Headline: Traveling to California, the Capital of Almonds  
Media: Singles  
Date: October Issue

Headline: Almonds Cause Weight Gain? In Fact They Help Curb Hunger with Improved Satiety  
Media: Chosun Ilbo  
Date: October 28, 2014
Good Day Brunch Party

Finger Foods and Hot Dishes

‘Perfect Morning’ Advice Sessions

Social Media

Teaser Video

Lucky Draw
한 눈에 보는 아몬드의 모든 것

오늘의 레시피

비타민이 풍부! 새롭다고 고소한 '가자두 아몬드 까나까'

캘리포니아 아몬드 협회에서는 '가자두 아몬드' 레시피를 만들어보세요.

@AlmondsKR의 트윗하기

지난 5월 26일 출판의 총서로를 시리즈로서 셰이즈와 함께 몇 화 아몬드 스토리가 퀄리티 쇼시트가 지난 5월 26일 이전의 글을 살펴보며 대만의 적을 내세웠습니다.

캘리포니아 아몬드 협회는 아몬드의 영양과 가치를 논의한 아몬드에 대한 건강과 영양의 영향을 알아보기 위한 '아몬드 스토리' 콘텐츠를 만들고 있으며 그 과정을 둘러 보고 독특한 방법으로 전하고자
Korean Pop Culture is International – Case Study

- TV Show “The Heirs” Product Placement
- The entire 20 episodes of the show achieved 1.07 billion views in China, 17 million views in U.S. (both online only)
- Online simulcast was launched in more than 30 countries (top performers: US, China, Taiwan)
- Television rights were sold to 14 countries – including Japan

9th most popular show in online video sites in China

49th most popular show on HULU in the US

ABC used Weibo China’s social media platform to repost photos from the episodes and provide snacking messages
South Korea 2014 Highlight Video
What’s Ahead?
Professor Bong-suk Shim introduces almonds as a great food for middle-aged men. Almonds are a great source of antioxidants like vitamin E.
China: Wealthier, Healthier, Socially Connected
China GDP growth
(2010-2014E)

2010: 10%
2011: 9%
2012: 8%
2013: 8%
2014 (E): 8%
The world's most optimistic shoppers
optimistic, yet cautious

The Intention to Spend Has Recovered Moderately, Especially in Small Cities

More MACs plan to spend more than to spend less

Sentiment in small cities has recovered but in big cities has continued to deteriorate

Note: MACs = middle-class and affluent consumers.
Urban households (millions)

Approximately 38% of urban households

Annual household income:
- **Upper affluent**: Greater than RMB 240,000
- **Lower affluent**: RMB 120,000–RMB 240,000
- **Middle**: RMB 75,000–RMB 120,000
- **Emerging middle**: RMB 47,000–RMB 75,000
- **Aspirant**: RMB 30,000–RMB 47,000
- **Poor**: Less than RMB 30,000

Source: BCG Center for Consumer and Customer Insight, China income forecast model and category consumption database.

Stated in real 2010 RMB (that is, adjusted for inflation).
rising incomes heightened ‘health and wellness’ needs
<table>
<thead>
<tr>
<th></th>
<th>exercise regularly</th>
<th>control diet</th>
<th>take vitamins/heath supplements</th>
<th>participate in wellness programs</th>
</tr>
</thead>
<tbody>
<tr>
<td>all consumers</td>
<td>73%</td>
<td>66%</td>
<td>51%</td>
<td>38%</td>
</tr>
<tr>
<td>upper affluent consumers</td>
<td>79%</td>
<td>69%</td>
<td>62%</td>
<td>48%</td>
</tr>
</tbody>
</table>

Note: Respondents were asked whether they agree with the following survey statements: “I exercise regularly to keep myself energized and healthy,” “I make conscious decisions about my dietary intake and consumption,” “Taking VMS and OTC products is effective and convenient,” and “I pamper myself with wellness programs, such as going to a spa or having a massage.”
Spending on vitamins and supplements grows as income increases

Annual VMS spending per capita (indexed)²

<table>
<thead>
<tr>
<th>Category</th>
<th>Spending (Indexed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Poor</td>
<td></td>
</tr>
<tr>
<td>Emerging middle</td>
<td></td>
</tr>
<tr>
<td>Middle</td>
<td></td>
</tr>
<tr>
<td>Lower and upper</td>
<td></td>
</tr>
</tbody>
</table>

Aspirant

Middle

Lower and upper affluent
wealthier...healthier
a perfect fit for our value proposition
‘almonds are the nuts that bring out your natural youthful energy and vigor’
young at heart
<table>
<thead>
<tr>
<th></th>
<th>China (internet users)</th>
<th>US (internet users)</th>
</tr>
</thead>
<tbody>
<tr>
<td>internet users (penetration)</td>
<td>632MM (46%)</td>
<td>277MM (86%)</td>
</tr>
<tr>
<td>smartphone penetration</td>
<td>54%</td>
<td>69%</td>
</tr>
<tr>
<td>social users amongst internet users</td>
<td>60%</td>
<td>73%</td>
</tr>
<tr>
<td>size of e-tailing (share of total retail)</td>
<td>$295B (7-8%)</td>
<td>$270B (6%)</td>
</tr>
<tr>
<td>e-commerce platform</td>
<td>alibaba</td>
<td>ebay</td>
</tr>
<tr>
<td>items</td>
<td>800MM</td>
<td>550MM</td>
</tr>
<tr>
<td>active users</td>
<td>231MM</td>
<td>128MM</td>
</tr>
</tbody>
</table>
overwhelmingly mobile...
daily screen minutes

- 89 mins
- 161 mins
- 59 mins
- 170 mins

source: millward brown AdReaction 2014
increasingly social
Sources: China Internet Network Information Center (CNNIC); annual reports.

These numbers reflect registered users. Weixin is a social-media micromessaging site.
Key Programs
#1
Invest in mobile: Weishi
Weishi
Mobile App
Interactive Event

activity: I love Badanmu
Invite audience to upload short videos in line with the theme ‘perpetually feeling good’
Weishi

Channel: App
Type: Custom Label
Link: Mobile

‘Perpetually feeling good’ banner on the app page to promote the activity
Weishi

- Participants to upload short videos and
- Also able to watch videos and upload by others'
- Audience to vote for their most liked video
#2
Change of media focus from offline to online
54% of media dollars allocated to online
use relevant formats to connect
Product Placement in drama on Internet video sites
Watch on laptop and mobile phone
Internet drama co-operation with California Almonds branding
Internet video sites broadcast California Almonds ads before drama series starts.
social media revolution

connecting more people in more places
sharing the love of california almonds
a wealthier, healthier China

socially connected
ABC Annual Conference
India
December 2014
India: A land of tremendous opportunity

- India’s GDP (2013-14): $1.87 trillion. Expected to become 3rd largest economy by 2030
- Population: 1.25 billion. Expected to reach 1.4 billion by 2025
- Young India: Median age of 27 years
- Indian middle class (households)*: 32 mn (2008). 147 mn (2030 est.)
- Urban population: 31.3% (2011) By 2050, adding 404 million

*Middle class: Earning between Rs 2,00,000 and Rs 10,00,000 a year (Source: McKinsey Global Institute, 2010)

Sources:
The principal opposition party, the BJP fought the elections on planks of governance, growth & development

- Promise of a strong focus on governance, speed of decision making, simplification of procedures & single window-clearance and a firm foreign policy.
- Campaign run like a presidential campaign. Narendra Modi, the prime ministerial candidate

Source: 1. BJP Election Manifesto, 2014
The country voted for change and a better tomorrow.

- The National Democratic Alliance, led by the BJP, won 335 of 543 seats\(^1\)
- The BJP won 282 seats giving it a simple majority\(^1\)
- It was the first time since the 1984 election that a single party got a majority\(^1\)

Sources:
1: Times of India
The GDP grew by 5.7% in Q2 2014. Expected to grow by 6.4% in 2015-16
Current Account Deficit: Down to 1.7% of GDP this fiscal as compared to 4.7% of the GDP in FY 2013-14.
Consumer Price Inflation down to 5.52% in Oct 2014 from 10.20% in 2012-13
  • Food Inflation down to 5.59% in Oct 2014 India from 14.72% in Nov 2013

Sources:
1: IMF World Economic Outlook, October 2014, 2: Business Today, 3: Economic Times
Big plans being put into action

Launch of “Make in India” campaign to increase jobs in manufacturing.

Pressure & empowerment of bureaucracy to be people & goal oriented, disciplined and for speedy decision making.

$100 billion worth of foreign investments from Japan, China & the US.

Developing an online portal: A "one-stop single window system" where investors can log on to seek all required clearances, in few cases even over 100, to set an industry in India.

Promise to build 100 smart cities (ecologically friendly, technologically integrated, meticulously planned).

Jan Dhan Yojana (Public Wealth Scheme) launched where every Indian family will be enrolled in a bank for opening a zero balance account. Plans to open 7.5 crore bank accounts by 26 January 2015.

Encouraging FDI in defense, railways, construction.

Sources:
Government determined to make India rank within the top 50 on the World Bank’s Ease of Doing Business Index from current 142.
Internationally too, confidence in India is growing

“Narendra Modi has turned India into a magnet” says Dominic Barton, CEO, McKinsey.

According to the World Bank, a 'Modi dividend' could lift India's economic growth to 6.4% in 2015-16.

According to Bank of America Merrill Lynch, India’s economic growth is expected to rebound to 7.5% by 2018.

"We expect India's real GDP growth to rise to 6.4% in 2015, from 5.2% in 2014, and further to 6.8% in 2016."
So, where do almonds fit into all this?
Almond consumption in India is driven by traditions

Current Program: Reinforcing existing traditions and beliefs

• Consumed soaked and peeled first thing in the morning
• Given by mothers to children
• Believed to be good for the brain
• Provides energy that lasts through the day

Next Opportunity Program

• Identifying how to bring almond benefits to more Indian Consumers
Our 4 stage consumer research, suggested that people were looking for growth, prosperity & success

**Phase 1:**
Target & possible benefit identification

**Phase 2:**
Target consumer insights & benefit selection

**Phase 3:**
Message testing

**Phase 4:**
Creative concept testing

**Insights:**
- Psychographic Orientation: Highly oriented towards healthy living.
- Drivers: Success both at home and at work.
- Key Benefits: Mental alertness & energy for the day

**Family Consumption Campaign**

- Housewives between the ages of 25-55 giving almonds to their children
- Housewives, Working Men and Working Women between the ages of 25-35 for self-consumption

**Mental Alertness + Energy Through The Day**

- Productivity
- Success
- Prosperity
Small investments today, build into the big successes of tomorrow. Almonds are a small investment into my future.
Our New Positioning, fits in naturally with what the country is looking for: A Better Tomorrow

A large young workforce with big dreams & aspirations

The Economic Growth Promise

Increasing focus on a sustained healthy lifestyle and needs like mental alertness & energy

Almonds, An investment into my future
Communicating Almond Benefits When and Where they’re Relevant
Broadcast Campaign

Tomorrow Begins Today

No matter what tomorrow has in store, you’re best prepared for success when you have your almonds today, everyday.
Consumer Education Program: Sharing More Nutritional Benefits

- **Energy to Power the Champions of Tomorrow**
  - "In today’s fast-paced, on-the-go world, there are several things that help keep those little champions powered up," said W. Thomas Spalding, President and Chief Executive Officer of the Almond Board of California. Almonds are nature’s energy snack, packed with protein, fiber, healthy fats and essential vitamins and minerals. A serving of just a half of a cup of almonds can provide almost the entire daily requirement of vitamin E, the most powerful natural antioxidant. They are also an excellent source of vitamin B6, a nutrient that is essential for maintaining a healthy heart and for energy production.

- **Almonds Lower Hunger Pangs**
  - People who eat one cup of dry-roasted, lightly salted almonds every day for 10 weeks significantly reduced their desire to eat at subsequent meals, found the study on the effects of almond snacking on weight and appetite. The study led by researchers at Purdue University and published in the *European Journal of Clinical Nutrition,* help identify snacks that pose little risk for weight gain while providing health benefits for people struggling with obesity and nutrient deficiencies.

- **Eating Almonds Can Help Reduce Heart Disease Risk**
  - London: Eating a handful of almonds every day can reduce the risk of heart disease by keeping blood vessels healthy, a new study has claimed. Researchers from Aston University, UK, found that almonds significantly increase the amount of antioxidants in the blood stream, reduce blood pressure and improve blood flow. These findings add weight to the theory that Mediterranean diets with lots of nuts have big health benefits, researchers said. The study was led by Prof. Helen Griffiths, professor in biomedical sciences and executive dean of the School of Life and Health Sciences at Aston University. PTI
Formal Trade Conference: Keeping Trade Up to Date
The India Program at a Glance
So, How is the Program Doing?
Results from the AAU 2014

The Top of Mind (ToM)
Almonds out-performed all other dry-fruits and saw a healthy jump in all mind-measures.

Attributes
Almonds out-scored all other dry fruits on all parameters of importance and went on to increase it’s lead.

Attitudes
Almonds are the dry fruit liked best by consumers and are also considered the healthiest.

Barriers
‘Already Eat Enough’ dropped from 47% to 38%

<table>
<thead>
<tr>
<th>Attribute</th>
<th>Importance</th>
<th>Almonds 2012</th>
<th>Almonds 2014</th>
<th>Leadership Gap vs Cashews</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is the healthiest dry fruit</td>
<td>70%</td>
<td>74%</td>
<td>81%</td>
<td>68%</td>
</tr>
<tr>
<td>My favorite dry fruit</td>
<td>70%</td>
<td>44%</td>
<td>58%</td>
<td>26%</td>
</tr>
<tr>
<td>Good for brain / concentration</td>
<td>69%</td>
<td>65%</td>
<td>74%</td>
<td>60%</td>
</tr>
<tr>
<td>Helps children to be successful</td>
<td>67%</td>
<td>New</td>
<td>69%</td>
<td>49%</td>
</tr>
<tr>
<td>Provides energy</td>
<td>67%</td>
<td>62%</td>
<td>67%</td>
<td>46%</td>
</tr>
</tbody>
</table>

Dry Fruit

<table>
<thead>
<tr>
<th>Dry Fruit</th>
<th>Total (Liking)</th>
<th>Total (Health)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2012</td>
<td>2014</td>
</tr>
<tr>
<td>Cashews</td>
<td>9.06</td>
<td>9.00</td>
</tr>
<tr>
<td>Raisins</td>
<td>8.53</td>
<td>8.32</td>
</tr>
</tbody>
</table>
The Vision: Looking Forward
Consumer Growth Strategy

1. Enhance Frequency
   - Mothers giving almonds to their children
   - Housewives
   - Working Man
   - Working Woman

2. Enhance Perceived Value
   - Brain
   - Energy through the day
   - My Success / My Children’s Success

Continue to evaluate other benefits
Thank You