Crunch On: Snacking and Sustainability in North America

December 10, 2015
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Speakers

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Crunch On: Snacking & Sustainability in North America

December 2015
The State of the Region: North America

- Disruptions
  - In food patterns (snacking)
  - In consideration of where our food comes from (sustainability)
- New product trends in snacking and sustainability
- Consumers’ attitudes toward snacking and sustainability related to almonds
- Looking forward…our opportunities in 2016 and beyond
It’s December...that time when we look back on what made the news in 2015.
Who was **disruptive** in 2015?
Who was disruptive in 2015?
Who was **disruptive** in 2015?
Who was *disruptive* in 2015?
Plenty of **disruption** in the conversation about our environment this year...
…including heated discussion about how to eat to be healthy and good for the environment.

- Special Report: The war on big food
- Local food still a top trend for chefs
- *F.D.A. Takes Issue With the Term ‘Non-G.M.O.’*
- Vegetarians, divided: The rise of the flexitarian
- The Bad News About Bacon
- *Is Your Diet Drought-Friendly?*
- FDA seeks comments on 'natural' food claim
- U.S. Organic food trend forecasted for growth through 2018
The Dietary Guidelines debate all came back to meat.
A common narrative cited by 6 in 10 U.S. consumers:

- “**Good**” = fresh, clean, real, pesticide-free and natural
- “**Bad**” = ‘big food,’ artificial and processed ingredients, pesticides
“This apple is ripened using ethylene.”
Debate about labeling, with a nod to FDA’s busy November.

- FDA takes issue with the term ‘non-GMO’
- Poll: 9-In-10 Americans Support GMO Labeling
- FDA News Release
- FDA takes several actions involving genetically engineered plants and animals for food
- FDA Has Determined That the AquAdvantage Salmon is as Safe to Eat as Non-GE Salmon
- FDA seeks comments on 'natural' food claim
The war on science.

Why Do Many Reasonable People Doubt Science?

We live in an age when all manner of scientific knowledge—from climate change to vaccinations—faces furious opposition. Some even have doubts about the moon landing.

“Science is not a body of facts. Science is a method for deciding whether what we choose to believe has a basis in the laws of nature or not.”

Marcia McNut, editor of Science
So, we work on BOTH the science and the stories.

- Ways to help the industry continually improve its practices
- Ways to communicate most compellingly with consumers and the media
Now, onto snacking, as we continue to see disruption in traditional eating patterns.

- Millennials are driving snack sales growth & reshaping how Americans eat
- A SNACKING NATION: 94% OF AMERICANS SNACK DAILY
- Snacking: The New American Pastime
PRODUCT TRENDS IN SNACKING & SUSTAINABILITY
LATEST TRENDS IN SNACKING
Acceleration in snacks launches since 2014

- In 2015H1, the number of product launches tracked in North America in the snacks category was 46% higher than during the same period in 2011.
Snack nuts & seeds show most growth

- After a dip, the snack nuts & seeds launches have recovered in terms of NPD activity and are gaining a growing share of total snacks launches.
  - Fruit based snacks witnessed significant growth too, but are coming from a smaller base.

Snacks launches tracked by sub-category (North America)

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<tbody>
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<td>Snack Nuts &amp; Seeds</td>
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<tr>
<td>Fruit Based Snacks</td>
<td>15.0%</td>
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<tr>
<td>Finger Foods/Hors d’oeuvres</td>
<td>7.0%</td>
<td>8.0%</td>
<td>9.0%</td>
<td>10.0%</td>
<td>11.0%</td>
<td>12.0%</td>
<td>13.0%</td>
<td>14.0%</td>
<td>15.0%</td>
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<tr>
<td>Meat Snacks</td>
<td></td>
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</table>
Trending in snack nuts & seeds

Seeds
- Go Raw Zesty Pizza Sprouted Flax Snax (United States, Jun 2015)

Peas
- World Peas All Natural Green Pea Snack With Spicy Sichuan Flavor (United States, May 2015)

Flavored nuts
- Lord Nut Levington Hot Buffalo Flavored Peanuts (United States, May 2015)
The key trends relevant for snacks

- On the go
- From clean to clear label
- Texture claims
- More in store for protein
- Good carbs – natural sources of fiber
On-the-go remains a key platform in NPD
Snacks is one of the key categories for on the go

- Globally, cereals represents the highest market share in total launches featuring an on the go claim, snacks accounts for 15%.
- The numbers show how snacks experience competition from other categories in on the go food.

Top 5 market categories in global product launches featuring an on the go claim (2013-2015-YTD)
From clean to clear label

- Front of pack claims of what is (not) in the product
- Short ingredient lists
- Slowdown in natural claims, while growth in organic
Crunchy snacks are on the rise

- Of the snacks product launches tracked in 2015H1, one in ten featured a crunchy claim. The number of products coming to market with a crunchy claim had increased by 72% in comparison with the same period in 2011.

Snacks launches tracked featuring a crunchy texture claim
(North America)
More crunchy claims on snacks

Simply Protein Crunchy Whey Protein Snack: Banana, Caramel And Cashew Nuts (Canada, Jun 2015)

Somersaults Santa Fe Salsa Crunchy Nuggets Baked With Sunflower Seeds And Toasted Grains (United States, Jun 2015)

Cheetos Cheese Flavored Crunchy Corn Chips (United States, Jun 2015)
More in store for protein

- A growing share of new snacks launches tracked in North America features a protein claim, representing 13.2% of total in 2015H1.
Protein snacks made with meat, peas and nuts

Oberto All Natural Teriyaki Beef Jerky (United States, Jun 2015)

“high in protein”

Simply Protein Chips Herbes Croustilles: Herb Flavored Pea Protein Chips (Canada, Jun 2015)

“The most protein for the least calories. Per serving: 140 calories, 15g protein, 1g fiber and 2g sugar per serving.”

Simply Roundys Organic Roasted and Salted Whole Cashews (United States, Jun 2015)

“Good source of protein”
Good carbs: natural sources of fiber

- In North America, snacks launches featuring a fiber claim gained a growing share since 2013.

![Graph showing snacks launches featuring a fiber claim](image)
Natural sources of fiber: seeds, nuts and fruit snacks

Garden Of Life Raw Organics Real Cold Milled Organic Golden Flax Seed (United States, Jun 2015)

Claims/Features: Promotes healthy digestion and regularity promotes heart, breast and brain health, supports healthy, balanced hormones. High in omega 3’s, lignans and fiber.

Presidents Choice Biologique Amandes Naturalles: Organic Natural Almonds (Canada, Jun 2015)

Claims/Features: Very high in fiber.

Sunsweet Deglet Noor: Pitted Dates (United States, Jun 2015)

Claims/Features: Good source of fiber.
Trends in sustainability-related product claims
A growing share of snacks has an ethical claim

- 5% of snacks launches tracked in 2015H1 featured an ethical claim, relating to different topics within social and environmental sustainability and animal welfare.
Social sustainability is currently the main platform in snacks with an ethical claim

• In 2015H1, the majority of snacks launches featuring an ethical claim had an human ethical (i.e. social sustainability) claim.
• Environmental sustainability claims were key in 2012, slowed down, but are now coming back.

Selected claims on % of snacks launches featuring an ethical claim (North America)
Social sustainability: from far away to close to home

• Most human ethical claims relate to fair trade, a certification guaranteeing the farmer of the produce has received at least a fair level of income, and are found on exotic fruits and ingredients.

• Other human ethical claims focus on supporting local markets or community initiatives, and can be found on savory snacks.

Helping farms thrive by addressing issues such as land use, education and federal policy

World Peas promoted world peace by donating a portion by profits to youth education around the world.

Fair trade. Ethically sourced from Ugandan farms. Fair for life.
Environmental sustainability is back with organic

- After a few years during which human ethical claims were gaining more attention, environmental claims seem to be back in snacks in 2015.
- Organic and environmental sustainability go hand in hand and is often seen.
- Specified claims focus on limited use of natural resources and limited footprint.

Wholeme Goodness snack chips are made in a facility that is protective of natural resources through energy savings, water efficiency, CO2 emissions reduction and improved indoor environmental quality.

The inks used on the packaging are lower in Volatile Organic Compounds (VOC) than solvent based inks.
Animal welfare focuses on antibiotic free upbringing

- Animal welfare claims are used on meat snacks and (organic) cheese based snacks.
- Most claims refer to the responsible raising of the animals: produced without antibiotics, synthetic hormones or other growth stimulants.

Cheese: made from rBST and antibiotic free milk from NW cows

No antibiotics added. No growth stimulants. U.S. inspected and passed by Department of Agriculture.

Produced without antibiotics, synthetic hormones or persistent pesticides.
Health foods more likely to take on ethical positioning

- The share of launches with an ethical claim is relatively higher when narrowing the market down to snacks with an health positioning. The differences are small however.

Snacks launches tracked featuring an ethical claim (North America)
Better for the environment and better for you

Woodstock Roasted and Salted Cashews
(United States, Jan 2015)

Claims/Features: 5g protein per serving. Good source of iron.

Save the Land - Proud supporter of American Farmland Trust.

Organic Traditions Sprouted Chia & Flax Seed Powder
(United States, Jan 2015)

Claims/Features: A high source of fiber with 4g per serving. 3grams of Omega 3 per serving. A source of calcium. ...

Organic Traditions are committed to supporting farmers who are dedicated to the principles of sustainable and fair trade agriculture.
Highlights
Key points

- **Recent trends in snacks**
  - **On the go** continues to be a growing platform for snacks.
  - More and more ‘clear label’ products, with claims of what is (not) in the product
  - **Texture claims**, and in particular crunchy, claims are added on the packaging to support the indulgence positioning.
  - Nuts, seeds and fruit snacks are positioned as healthy snack by adding **source of fiber and protein claims**.

- **Sustainability**
  - Sustainability claims are tracked on less than 10% of launches in 2015H1, but they are growing.
  - **Social responsibility received most attention in 2015**, touching on both fair trade certification for the sourcing origin as well as local community initiatives.
  - **Environmental sustainability and animal welfare** represent less than 5% of snacks NPD and are mostly seen on products with an **organic** positioning.
How Snacking & Sustainability Trends Relate to Almonds
Almonds are the nut that comes to mind first among U.S. consumers

**Top-of-Mind Awareness: First Mentions**

(n=1,650)

- **Almonds**: 26%
- **Peanuts**: 25%
- **Cashews**: 13%
- **Walnuts**: 7%
- **Pecans**: 5%
- **Pistachios**: 4%

Q1: When you think of nuts, which nuts come to mind? (Open-end)
Almonds overtook peanuts in 2015 for top of mind awareness

Q1: When you think of nuts, which nuts come to mind? (Open-end)
And almonds are the nut most likely to be associated with snacking

**Snack Association**  
(n=1,650)

- Almonds: 30%
- Peanuts: 24%
- Cashews: 19%
- Pistachios: 11%
- Walnuts: 6%
- Pecans: 4%

Q2: Now, think for a moment about nuts as a snack (i.e. a food eaten between meals or instead of a meal), as a whole nut. When you think about eating whole nuts by themselves apart from a meal, what one type of nut FIRST comes to mind?
Almonds lead other nuts across key attributes

<table>
<thead>
<tr>
<th>Nut Best Described by Attribute</th>
<th>(n=1,650)</th>
<th>Almonds</th>
<th>Cashews</th>
<th>Hazelnuts</th>
<th>Macadamias</th>
<th>Peanuts</th>
<th>Pecans</th>
<th>Pistachios</th>
<th>Walnuts</th>
<th>Don’t Know</th>
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<tbody>
<tr>
<td>Healthy</td>
<td></td>
<td>33%</td>
<td>7%</td>
<td>3%</td>
<td>3%</td>
<td>10%</td>
<td>4%</td>
<td>8%</td>
<td>8%</td>
<td>17%</td>
</tr>
<tr>
<td>Nutritious</td>
<td></td>
<td>31%</td>
<td>8%</td>
<td>4%</td>
<td>3%</td>
<td>12%</td>
<td>5%</td>
<td>7%</td>
<td>8%</td>
<td>17%</td>
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<tr>
<td>Heart healthy</td>
<td></td>
<td>29%</td>
<td>7%</td>
<td>4%</td>
<td>3%</td>
<td>10%</td>
<td>5%</td>
<td>7%</td>
<td>9%</td>
<td>21%</td>
</tr>
<tr>
<td>Less greasy</td>
<td></td>
<td>26%</td>
<td>6%</td>
<td>4%</td>
<td>4%</td>
<td>9%</td>
<td>5%</td>
<td>9%</td>
<td>7%</td>
<td>23%</td>
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<tr>
<td>Provides vital nutrients</td>
<td></td>
<td>26%</td>
<td>7%</td>
<td>3%</td>
<td>4%</td>
<td>10%</td>
<td>4%</td>
<td>7%</td>
<td>8%</td>
<td>24%</td>
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<tr>
<td>Helps with weight management</td>
<td></td>
<td>26%</td>
<td>6%</td>
<td>3%</td>
<td>2%</td>
<td>8%</td>
<td>3%</td>
<td>7%</td>
<td>6%</td>
<td>31%</td>
</tr>
<tr>
<td>Provides energy</td>
<td></td>
<td>25%</td>
<td>9%</td>
<td>3%</td>
<td>3%</td>
<td>17%</td>
<td>4%</td>
<td>7%</td>
<td>6%</td>
<td>21%</td>
</tr>
<tr>
<td>Has a great crunchy texture</td>
<td></td>
<td>25%</td>
<td>10%</td>
<td>3%</td>
<td>4%</td>
<td>16%</td>
<td>6%</td>
<td>8%</td>
<td>8%</td>
<td>13%</td>
</tr>
<tr>
<td>Good as a snack</td>
<td></td>
<td>24%</td>
<td>15%</td>
<td>2%</td>
<td>3%</td>
<td>21%</td>
<td>4%</td>
<td>11%</td>
<td>5%</td>
<td>10%</td>
</tr>
<tr>
<td>Can be used in a variety of ways</td>
<td></td>
<td>24%</td>
<td>6%</td>
<td>4%</td>
<td>3%</td>
<td>21%</td>
<td>9%</td>
<td>4%</td>
<td>11%</td>
<td>13%</td>
</tr>
<tr>
<td>Is a super food</td>
<td></td>
<td>24%</td>
<td>7%</td>
<td>3%</td>
<td>3%</td>
<td>9%</td>
<td>4%</td>
<td>8%</td>
<td>7%</td>
<td>27%</td>
</tr>
<tr>
<td>Perfect snack for me</td>
<td></td>
<td>24%</td>
<td>16%</td>
<td>3%</td>
<td>3%</td>
<td>16%</td>
<td>4%</td>
<td>12%</td>
<td>4%</td>
<td>12%</td>
</tr>
<tr>
<td>High in protein</td>
<td></td>
<td>23%</td>
<td>9%</td>
<td>2%</td>
<td>2%</td>
<td>19%</td>
<td>4%</td>
<td>7%</td>
<td>6%</td>
<td>22%</td>
</tr>
</tbody>
</table>

Q18: Which of the following nuts fits best with the statements below?
The AVQ is at an all-time high in the U.S.

Almond Value Quotient:
- 2011: 42%
- 2012: 43%
- 2013: 47%
- 2014: 45%
- 2015: 48%

Almond Eaten as a Snack:
- 2011: 21%
- 2012: 25%
- 2013: 25%
- 2014: 24%
- 2015: 29%

Almond Health Ratings:
- 2011: 62%
- 2012: 60%
- 2013: 68%
- 2014: 65%
- 2015: 66%
And almonds continue to be a “thing”

**Almond Milk**  
*(in Millions of Quarts)*

- 2012: 232
- 2013: 356
- 2014: 513
- 2015: 580

**Almond Butter**  
*(in Millions of Pounds)*

- 2012: 6
- 2013: 8
- 2014: 12
- 2015: 13

Growth Rates:
- Almond Milk: +13%
- Almond Butter: +8%
WHAT ABOUT OTHER SNACK FOODS?
Introducing the Product Attribute Mapping Study

- Inspired by Myer’s Briggs Type Indicator (MBTI) assessment
- Maps the snack food competitive set by physical and usage/situational attributes

**Product Attribute Pairs**
- Crunchy vs. Smooth
- Salty vs. Sweet
- Dry vs. Juicy
- Healthy vs. Indulgent

**Usage Attribute Pairs**
- On-the-Go vs. Sit & Eat
- Just for Me vs. To be Shared
- Ready-to-Eat vs. Prep. Required
- New/Different vs. Familiar/Go-To
## SNACK FOOD – Product Type Grid

<table>
<thead>
<tr>
<th>Crunchy or Smooth (C/S)</th>
<th>Salty or Sweet (A/W)</th>
<th>Dry or Juicy (D/J)</th>
<th>Healthy or Indulgent (H/I)</th>
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</thead>
<tbody>
<tr>
<td><strong>CADH</strong></td>
<td><strong>CADI</strong></td>
<td><strong>CWDH</strong></td>
<td><strong>CWDI</strong></td>
</tr>
<tr>
<td>Peanuts</td>
<td>Potato chips</td>
<td>Carrots</td>
<td>Cookies</td>
</tr>
<tr>
<td>Mixed nuts</td>
<td>Tortilla chips</td>
<td>Salad</td>
<td>Milkshake/Frappuccino</td>
</tr>
<tr>
<td>Pretzels</td>
<td>Corn chips (i.e., Fritos)</td>
<td>Cereal/granola bars</td>
<td></td>
</tr>
<tr>
<td>Seeds</td>
<td>Bagels</td>
<td>Energy/lifestyle bars</td>
<td></td>
</tr>
<tr>
<td>Cashews</td>
<td>Crackers &amp; cheese</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Popcorn</td>
<td>Sandwich</td>
<td></td>
<td></td>
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<tr>
<td><strong>CAJH</strong></td>
<td><strong>CAJI</strong></td>
<td><strong>CWJH</strong></td>
<td></td>
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<tr>
<td>Guacamole</td>
<td>Frozen appetizers</td>
<td>Apples</td>
<td></td>
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<tr>
<td></td>
<td>Bell peppers</td>
<td>Oranges</td>
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<td></td>
<td></td>
<td>Broccoli/Cauliflower</td>
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<td></td>
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<td>Other fresh vegetables</td>
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<tr>
<td><strong>SADH</strong></td>
<td><strong>SADI</strong></td>
<td><strong>SWDH</strong></td>
<td><strong>SWDI</strong></td>
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<tr>
<td>Cheese</td>
<td>Peanut butter</td>
<td>Trail mix</td>
<td>Cake/Cupcake</td>
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<tr>
<td>Cereal</td>
<td>Choc. covered fruits/nuts</td>
<td></td>
<td>Doughnuts/Pastries</td>
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<tr>
<td>Bread</td>
<td>Eggs</td>
<td></td>
<td>Chocolate bar or pieces</td>
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<td></td>
<td></td>
<td></td>
<td>Muffin/Scones</td>
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<tr>
<td><strong>SAJH</strong></td>
<td><strong>SAJI</strong></td>
<td><strong>SWJH</strong></td>
<td><strong>SWJI</strong></td>
</tr>
<tr>
<td>Hummus</td>
<td>Avocados</td>
<td>Cooked meat</td>
<td>Ice Cream/Fz yogurt/Gelato</td>
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<tr>
<td>Cottage cheese</td>
<td>Dried fruit</td>
<td>Grapes</td>
<td>Olives</td>
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<tr>
<td>Deli Meats</td>
<td>Raspberries</td>
<td>Smoothie/Protein drink</td>
<td>Non-chocolate candy</td>
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<td></td>
<td></td>
<td>Trad. yogurt</td>
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<td></td>
<td></td>
<td>Celery</td>
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<td></td>
<td></td>
<td>Cooked meat</td>
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<td></td>
<td></td>
<td>Grapes</td>
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<td></td>
<td>Smoothie/Protein drink</td>
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<td>Trad. yogurt</td>
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<td></td>
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<td>Celery</td>
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<td></td>
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<td>Other fresh fruit</td>
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<td></td>
<td></td>
<td>Bananas</td>
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<td>Greek yogurt</td>
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<td></td>
<td></td>
<td>Strawberries</td>
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<td></td>
<td></td>
<td>Canned fruit/Fruit bowl</td>
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<td></td>
<td></td>
<td>Tomatoes</td>
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<td></td>
<td></td>
<td>Blueberries</td>
<td></td>
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<td></td>
<td></td>
<td>Jerky/Meat snacks</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Oatmeal</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Almond Butter</td>
<td></td>
</tr>
</tbody>
</table>
**SNACK FOODS – Usage Type Grid**

<table>
<thead>
<tr>
<th>On-the-Go or Sit &amp; Eat</th>
<th>Just for Me or To be Shared</th>
<th>Ready-to-Eat or Prep Required</th>
<th>New/Different or Familiar/Traditional</th>
</tr>
</thead>
<tbody>
<tr>
<td>O / S</td>
<td>J / M</td>
<td>R / P</td>
<td>N / F</td>
</tr>
</tbody>
</table>

**OJRF**
- Choc. covered fruits/nuts
- Pretzels
- Carrots
- Almonds
- OJRF

**OJRF**
- Doughnuts/Pastries
- Mixed nuts
- Olives
- Milkshakes/Frappuccinos

**OMRF**
- Corn chips (i.e., Fritos)
- Seeds
- Trail mix
- Bagels
- Pita chips

**OJPN**
- Smoothie/Protein drink

**OJPN**
- Bananas
- Choc. covered fruits/nuts
- Doughnuts/Pastries
- Corn chips (i.e., Fritos)

**OMRN**
- Apples
- Energy/lifestyle bar
- Cereal/granola bar
- Corn chips (i.e., Fritos)

**OMRN**
- Chocolate bar or pieces
- Energy/lifestyle bar
- Cereal/granola bar
- Corn chips (i.e., Fritos)

**SMRF**
- Smoothie/Protein drink

**SMRF**
- Oatmeal
- Guacamole

**SMPF**
- Popcorn

**SMPF**
- Peanuts
- Sandwich

---

**SJRF**
- Smoothie/Protein drink

**SJRF**
- Bananas
- Energy/lifestyle bar
- Cereal/granola bar

**SMRF**
- Tortilla chips
- Celery
- Strawberries

**SMRF**
- Oatmeal
- Guacamole

**SMPF**
- Smoothie/Protein drink

**SMPF**
- Popcorn
- Bell peppers

---

**SJRF**
- Smoothie/Protein drink

**SJRF**
- Choc. covered fruits/nuts
- Pretzels

**OMRF**
- Corn chips (i.e., Fritos)
- Seeds
- Trail mix
- Bagels
- Pita chips

**SMPF**
- Popcorn
- Bell peppers
- Other fresh veggies

**SMPF**
- Guacamole
- Sandwich

---

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- Sandwich
**Desired snack product attributes vary by need state**

<table>
<thead>
<tr>
<th>Need State</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>TIDE ME OVER</td>
<td>Something to tide me over until the next meal because I’m just plain hungry (29% incidence)</td>
</tr>
<tr>
<td>ENTERTAIN ME</td>
<td>Something to relieve boredom or to give me something to do during an activity like watching TV</td>
</tr>
<tr>
<td>INDULGE</td>
<td>Something special, enjoyable, and fulfilling that is just for me (15% incidence)</td>
</tr>
<tr>
<td>SOOTHE</td>
<td>Something to comfort and soothe me when I’m feeling down or just a bit “off”</td>
</tr>
<tr>
<td>NOURISH ME</td>
<td>Something to help nourish my body, replenish my spirit, and just do something good for myself (12% incidence)</td>
</tr>
<tr>
<td>FOCUS</td>
<td>Something to help me clear my mind and refocus on the task at hand; a mental boost</td>
</tr>
<tr>
<td>ENERGYIZE</td>
<td>Something to give me a physical energy boost, to keep me going from one task to the next</td>
</tr>
<tr>
<td>REWARD</td>
<td>A reward for getting through a challenging day or task</td>
</tr>
<tr>
<td>RELAX</td>
<td>Something to help me unwind and relax during the day or at the end of a busy day</td>
</tr>
<tr>
<td>CONNECT</td>
<td>Something to help me connect with others and to enhance our time together</td>
</tr>
</tbody>
</table>
Average snack food performance in the Tide Me Over need state:

- Good value
- Good for everyday use
- Good for special occasions
- Calms me down
- Comforts me
- Contemporary
- Convenient
- Crunchy
- Familiar
- Fun to eat
- Inexpensive
- Lower in calories
- Lower in fat
- Lower in sugar
- All-natural ingredients
- Makes me happy
- New & different
- Organic
- Premium
- Multi-dimensional taste/texture
- Indulgent experience
- Provides energy
- Positive nutrition
- Rewards me
- Worth paying more for
- Comforts me
- Indulgent experience
- Energy
- Indulgent

Importance: Low to High
Performance: Low to High

15% Low Importance
25% Low Performance
35% Medium Importance
45% Medium Performance
55% High Importance
65% High Performance
Average snack food performance in the Tide Me Over need state:

Snacks eaten by those in the “Tide Me Over” need state performed strongly on the most important attributes. All-natural ingredients and providing energy could be improved, based upon their importance to snackers.
Average snack food performance in the Tide Me Over need state:

Almonds over-delivered on providing the energy that the Tide Me Over snacker desires and on having all-natural ingredients, where other snacks under-deliver.
Almonds are second only to apples as a specific food thought of for a “healthy snack”
Like with other nuts, almonds dominate key attribute associations

<table>
<thead>
<tr>
<th>Snack Food Best Described by Attribute</th>
<th>(n=1,650)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Almonds</strong></td>
<td><strong>Apples</strong></td>
</tr>
<tr>
<td>High in protein</td>
<td>42%</td>
</tr>
<tr>
<td>Can be used in a variety of ways</td>
<td>34%</td>
</tr>
<tr>
<td>Heart healthy</td>
<td>32%</td>
</tr>
<tr>
<td>Is a super food</td>
<td>32%</td>
</tr>
<tr>
<td>Has a premium image</td>
<td>29%</td>
</tr>
<tr>
<td>Provides energy</td>
<td>28%</td>
</tr>
<tr>
<td>A source of antioxidants</td>
<td>28%</td>
</tr>
<tr>
<td>Convenient/easy to eat</td>
<td>28%</td>
</tr>
<tr>
<td>Has a great crunchy texture</td>
<td>27%</td>
</tr>
<tr>
<td>Perfect snack for me</td>
<td>27%</td>
</tr>
<tr>
<td>Nutritious</td>
<td>26%</td>
</tr>
<tr>
<td>Provides vital nutrients</td>
<td>26%</td>
</tr>
<tr>
<td>Is satisfying</td>
<td>26%</td>
</tr>
</tbody>
</table>

Q20a: Which of the following snack foods fits best with the statements below?
SUSTAINABILITY
About one in three U.S. consumers are very concerned about the drought in CA.

% Very Concerned on Specific Environmental Issues

- **Gen Pop Sample (n=1,026)**
  - Use of pest./chem in food: 45%, 48%
  - Water Pollution: 42%, 47%
  - Air Pollution: 39%, 43%
  - Global Warming: 36%, 40%
  - GMO's in Food: 30%, 31%
  - CA Drought: 30%
  - Honey Bee Health: 28%, 34%
  - Fracking: 25%, 27%

- **CA Oversample (n=762)**
  - CA Drought: 74%
Less than 10% of U.S. consumers have cut back on or stopped buying certain foods as a result of the drought in CA.

Changes Made to Behavior Because of CA Drought

- Cut back on water outside: 26% (Gen Pop), 78% (CA Oversample)
- Cut back on water inside: 22% (Gen Pop), 78% (CA Oversample)
- Cut back or stopped buying bottled water: 10% (Gen Pop), 18% (CA Oversample)
- Cut back or stopped buying certain foods: 8% (Gen Pop), 10% (CA Oversample)
- Other changes: 8% (Gen Pop), 23% (CA Oversample)
- No changes: 58% (Gen Pop), 6% (CA Oversample)
About one in five have heard almonds mentioned in relation to the drought, as for grapes, avocados and oranges.
Of those who have heard about almonds in relation to the drought, nearly three quarters report hearing almonds require a lot of water.

What have they heard specifically about Almonds? (Among those indicating having heard something relating Almonds to the CA Drought)

- **Require lots of water**: 80% Gen Pop Sample, 72% CA Oversample
- **Important for CA economy**: 64% Gen Pop Sample, 59% CA Oversample
- **Price is increasing because of CA drought**: 47% Gen Pop Sample, 50% CA Oversample
- **Growers at risk of losing orchards**: 49% Gen Pop Sample, 39% CA Oversample
- **Are a large crop**: 46% Gen Pop Sample, 39% CA Oversample
- **Growers are being more efficient with water use**: 34% Gen Pop Sample, 28% CA Oversample
- **Growers using innovative water tech**: 26% Gen Pop Sample, 19% CA Oversample
- **Don't require more water than other foods**: 8% Gen Pop Sample, 12% CA Oversample
- **Other**: 2% Gen Pop Sample, 2% CA Oversample

Gen Pop Sample (n=174)  CA Oversample (n=319)
Only 10% are much less likely to purchase almonds based on what they’ve heard in relation to the drought.
However, the likelihood that water footprint concerns will impact almond purchases is growing

<table>
<thead>
<tr>
<th>Sustainability Issues - Impact on Future Purchase Likelihood of Almonds</th>
<th>Overall concern</th>
<th>Change vs. YAG</th>
<th>Almonds Concern, % Very Concerned</th>
<th>Impact on Almonds PI, % Much Less Likely</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Among those very concerned about issue in relation to almonds)</td>
<td>% Very/ Somewhat</td>
<td></td>
<td>Almonds Concern, Chg vs. YAG</td>
<td></td>
</tr>
<tr>
<td>Water footprint</td>
<td>53%</td>
<td>7.4</td>
<td>31%</td>
<td>10.4</td>
</tr>
<tr>
<td>Organic / organic ingredients</td>
<td>53%</td>
<td>5.2</td>
<td>29%</td>
<td>9.4</td>
</tr>
<tr>
<td>GMOs</td>
<td>59%</td>
<td>5.0</td>
<td>28%</td>
<td>5.2</td>
</tr>
<tr>
<td>Food safety</td>
<td>81%</td>
<td>(0.2)</td>
<td>25%</td>
<td>4.5</td>
</tr>
<tr>
<td>Bees (i.e., honey bee health, etc.)</td>
<td>67%</td>
<td>8.6</td>
<td>25%</td>
<td>5.3</td>
</tr>
<tr>
<td>Local sourcing/farming</td>
<td>62%</td>
<td>4.4</td>
<td>23%</td>
<td>5.2</td>
</tr>
<tr>
<td>Recyclable/envir. friendly packaging</td>
<td>65%</td>
<td>7.4</td>
<td>20%</td>
<td>1.3</td>
</tr>
<tr>
<td>Farmworker safety &amp; equitable treatment</td>
<td>60%</td>
<td>6.0</td>
<td>20%</td>
<td>0.4</td>
</tr>
<tr>
<td>Carbon footprint</td>
<td>58%</td>
<td>7.6</td>
<td>20%</td>
<td>4.5</td>
</tr>
<tr>
<td>Social responsibility</td>
<td>54%</td>
<td>6.2</td>
<td>18%</td>
<td>9.3</td>
</tr>
</tbody>
</table>
Getting to know Savvy Snackers:

“I probably snack about six times a day.”

“I plan my snacks more than I plan for my meals.”

“I try to eat natural foods, but it’s about 50/50 natural and processed snacks.”

“Ultimately, I’m going for balance in my snack choices.”
For many Savvy Snackers, almonds are *the* go-to snack

“Almonds are just about the **healthiest thing you can eat**”

“I don’t look forward to eating carrots; I **look forward to eating almonds**!”

“Almonds are my **favorite nut**”

“Almonds are a **snack you can trust**. So many things are good for you one day, and the next day they’re not. With almonds, you know they’re healthy.”
However most have very little understanding of how almonds are grown

• Without knowing anything about how almonds are grown, negative stories about almonds (and specifically almonds’ water use) start to **erode their confidence** in choosing to snack on almonds

“...I don’t know if I’d stop eating almonds, but I might not feel as good about it...”
Even basic information about how and where almonds are grown is seen in a positive light

“I had no idea how big and important the almond industry is to the economy.”

“It’s cool that we [the U.S.] are growing a product that so many people around the world are eating.”

“I really like that they use all the parts of the almond so that there’s very little waste.”
Information

Appreciation

Confidence
LOOKING FORWARD
The “Crunch On” campaign
But our opportunity continues.

• Savvy snackers love almonds.
• But they know very little about how almonds are grown.
• So when they hear something bad about how almonds are grown, it erodes their good feelings.
• When they hear facts we may think are commonplace, they are surprised and pleased, and feel even better about eating almonds.
• We have the opportunity not only to work to continually improve our industry’s sustainability for the future, but also to more pointedly share what’s currently happening.
Can growing almonds fight climate change?

When you eat almonds, you’re choosing more than just a highly nutritious food. A recent study in the Journal of Industrial Ecology found that almond trees in California absorb and store significant amounts of greenhouse gas throughout their lifespans.

And as the almond community continues and does even more to use its coproducts from producing and harvesting almonds—like hulls, shells and other tree biomass—they’ll further contribute to becoming carbon neutral, or even carbon negative if policy changes and production advancements work hand-in-hand.

To learn more, visit almondsustainability.org.
This relates to some **disruptive** trends in business…
Examples that gained attention in 2015.

Starbucks' CEO Sent an Extraordinary Email to Employees During the Stock Market Chaos
Did you notice your Starbucks barista was even nicer than usual yesterday? Here's why.
And the fact is...
Video