Driving Global Demand Beyond Two Billion Pounds

Craig Duerr, Campos Brothers Farms (Moderator)

Buddy Ketchner, Brand K Strategy

Stacey Humble, Almond Board of California
5 Trends Impacting Global Marketing
“Things change slowly, then all at once”

Ernest Hemingway
1. Population Growth
Global Population Growth: 7 Billion to 9.8 Billion by 2050

**Increasing…**
- Growth of emerging markets
- Middle class
- Urbanization
- Meat consumption/western diets
- Diseases of affluence

**Converging…**
- Nutritional needs/concerns
- Youth culture
- Aging population
- Technology as connector
- Technology as accelerator
2. Generational Change
Generational Change: Values, Expectations & Behaviors

Baby Boomers
Age: 52-70
74.9 Million
Post WW II Generation
Suburbs
Shopping Malls
Fast Food
Mad Men

Millennials
Age: 19-35
75.3 Million
Tech-savy
Connected
Transparent
Raised in boom times
“Everyone gets a medal”
Innocence lost

Generation Z
Age: 0-20
60-78 Million
Digital Natives
Shaped by recession
Pragmatic, spend less
Less trusting of brands
More accepting of others
Entrepreneurial
A Generational Inflection Point

The Rise of the Millennials

- Driving Change in the food industry
- Starting Families
- Growing into their prime spending years
- Spending increase 2.7x to $1.4 Trillion by 2020

#MILLENNIALS
Consumers Have Greater Expectations

- Transparency
- Connection to lifestyle
- Aligned with their values
- Authenticity
- Ingredient focus
- Health
- Greater good
- Trust
3. Convergence of Health, Wellness and Sustainability
Clean Label Imperative

Absence of…
- Artificial ingredients: flavors, colors, preservatives, pesticides
- GMO’s
- Gluten
- Processed food

Presence of…
- Fewer, healthier ingredients
- Recognizable, familiar ingredients
- Unprocessed ingredients from nature

Grown in perceived sustainable & healthy ways
- Organic
- Non-GMO
- Other: artisanal, local, earth-friendly, sustainable, ethical
Health:
The nutrients, health benefits and impact that individual foods provide.

Wellness:
A person’s individual choices, priorities and actions about their health.

Sustainability:
What food is produced and how it is grown, processed, delivered, consumed and disposed of.
4. Rise of the plants
(Protein)
Rise of the Plants

80% of ag land used for animals

Negative impact on people and the environment:
  - Water
  - Waste
  - Greenhouse gas
  - Deforestation
  - Health

60% increase in meat consumption projected with rising population

Chinese government urging people to reduce meat consumption by 50%
  - Improve public health (obesity, diabetes)
  - Reduce carbon emissions by a billion metric tons by 2030
  - “Less meat, less heat…more life”

United Nations report urges taxing meat
Rising Innovation

Kite Hill is redefining dairy
The Almond Competitive Set is Changing

For our products

Milk
Cheese
Yogurt
Crackers
Butter/spreads
Gluten-free flour & baked goods
Other plant-based protein sources

…and messages
5. Food Waste and Efficiency
Food Waste

Globally 1/3 of all food is not eaten

40% of food in the U.S. is thrown out

25% of water is used to produce food that is never eaten

28% of ag land is used to grow food that goes to the garbage

90% of food waste is incinerated or put in landfills contributing to greenhouse gasses
Zero Waste?

What you get and what you use

Nutrient Dense

Nuts, Hulls & Shells

Portable and Storable

Long Shelf-Life

© 2016 BRAND K STRATEGY
Trends

1. Population Growth
2. Generational Change
3. Convergence of Health, Wellness and Sustainability
4. Rise of the Plants
5. Food Waste and Efficiency
Almond Marketing Implications

Stacey Humble, VP, Global Marketing & Communications
Generational Change

The Controversial Hipster Nativity Scene

- Younger Consumers are Changing the World

- Living with parent’s longer, impacting total household spend
  - Japan
  - US

Photo Credit: Esquire Magazine
Population Growth

And the rise of the Middle Class

- Where we market
  - China
  - India

- Efficiency of Marketing
  - Mexico City
  - Indonesia

- Demand for more quality food
China’s G2 Consumer are more confident, independent minded, and display that independence through their consumption
Japan: Women’s Changing Role in Society

- Women’ are seeking equality and **rejecting traditional lifestyles**

- **Prioritizing success** over family aspirations
  - Average age for women at marriage increased 26.9 to 29.3 from 1995 - 2005
  - Marriage rate dropped from 6.3 per 1,000 people to 5 per 1,000 from 1995 to 2005
  - Employed women with children under 3 years has increased from 33.3% to 42.1% from 2007 – 2012

- **Ikumen parenting** – massive trend for “stay at home father”
• Marriage and birth rates are **falling drastically**

• **Caution about parenthood** abound due to concerns over:
  – Costs of child rearing
  – Dangerous and insecure world
  – Financial security
  – Environmental and geo-political issues

• **Child replacements** – cats and dogs are filling social voids for urbanites

• **Designer clothing, yoga and exercise classes, restaurants and spas** are part of daily regimen for many pets
Neosolteros + Perro Hijos
(or New Singles + Dog Children)

Neosolteros (new singles): A new type of single person – their university degrees and high income allow them to be independent from families and indulge in high levels of personal spending, like technology, real estate, leisure and pets.

Perro Hijos: Young couples are postponing having children which has led to an increased number of “dog children” – including a growing number of canine spas in Mexico City.

Source: Euromonitor
Rise of the Plants

China's plan to cut meat consumption by 50% cheered by climate campaigners

New dietary guidelines could reduce greenhouse gas emissions by 1bn tonnes by 2030, and could lessen country’s problems with obesity and diabetes

2015 Dietary Guidelines for Americans

RECOMMENDATIONS

- Plant based foods
- Physical activity
- Water
- Accessibility
- Saturated fat
- Added sugar
- Sugar sweetened beverages
- Marketing to kids

China now consumes 28% of the world’s meat, including half of its pork. Photograph: Wong Campion/Reuters
One Trend Brings it All Together

36 COUNTRIES INVOLVED IN MEATLESS MONDAY

AUSTRALIA  BELGIUM  BRAZIL  CANADA  CHILE  CROATIA  DENMARK
FRANCE  GERMANY  HOLLAND  HONDURAS  HONG KONG  HUNGARY  INDONESIA
IRAN  ISRAEL  JAMAICA  JAPAN  KOREA  KUWAIT  MALAYSIA
MEXICO  NEW ZEALAND  NORWAY  PANAMA  PERU  PHILIPPINES  PORTUGAL
SLOVENIA  SOUTH AFRICA  SPAIN  SWEDEN  TAIWAN  TURKEY  U.K.  UNITED STATES

MEATLESS MONDAY saves energy.

It takes 3x as much energy to produce the same amount of animal-based protein as plant-based protein.

Good for you, Good for the planet.

Source: Johns Hopkins Center for Food Policy

LESS MEAT = LESS HEAT

Livestock production currently accounts for nearly 15% of our greenhouse gas emissions.
Food Waste and Efficiency

PRODUCERS

Wal-Mart, America’s Largest Grocer, Is Now Selling Ugly Fruit And Vegetables

July 20, 2016 - 12:28 PM ET

MARIA GODOY
The Future of Growth

572
SPAIN
CHINA/HK
GERMANY
2015/16
SHIPMENTS

593
UNITED
STATES
2015/16
SHIPMENTS

+500
PRODUCTION INCREASE BY 2020
Global Trends, Local Insights

Global Demand Analysis
Opportunity Assessment
Target Segmentation
Message Deep Dives

Markets projections and prioritization
Focus within markets
Target identification and sizing
Target refinement and messages
Driving expansion into new markets and opportunities
Thank you!