How Almonds Became the #1 Nut in Europe

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How Almonds Became the #1 Nut in Europe

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Dariela Roffe-Rackind, Almond Board of California

Rob Renegar, Sterling-Rice Group
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Almond Board of California
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and
Rob Renegar, Sterling-Rice Group
HOW ALMONDS BECAME THE #1 NUT IN EUROPE...
THE STORY SO FAR...
Over 15 years invested in public relations (and advertising) in the European market to raise awareness and demand for almonds

SNACKING STRATEGY
From disease prevention to wellness & lifestyle

- **2002**: Almonds as an essential ingredient
- **2006**: Getting health professional advocates on board
- **2008**: UK Consumer Advertising + Integrated PR in EU3
- **2009**: France Consumer Advertising
- **2011**: New UK Creative
- **2013**: Germany Opportunity Research
- **2015**: France Advertising Campaign (NEW)
- **2016**: France Advertising Campaign (NEW)
- **2017**: France Advertising Campaign (NEW)
THE INGREDIENT STORY IN EUROPE...
ALMONDS HAVE A STRONG HERITAGE IN EUROPE
But there is tremendous innovation in the ingredient market in Europe
EUROPE DRIVES THE LARGEST SHARE OF INTRODUCTIONS ACROSS THE GLOBE

2015 Global Food, Nut, and Almond Introductions
Regional Share

<table>
<thead>
<tr>
<th>Region</th>
<th>Food Intros</th>
<th>Nut Intros</th>
<th>Almond Intros</th>
</tr>
</thead>
<tbody>
<tr>
<td>Middle East &amp; Africa</td>
<td>7%</td>
<td>6%</td>
<td>6%</td>
</tr>
<tr>
<td>Latin America</td>
<td>8%</td>
<td>8%</td>
<td>6%</td>
</tr>
<tr>
<td>North America</td>
<td>16%</td>
<td>17%</td>
<td>20%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>23%</td>
<td>23%</td>
<td>21%</td>
</tr>
<tr>
<td>Europe</td>
<td>46%</td>
<td>46%</td>
<td>48%</td>
</tr>
</tbody>
</table>
EUROPE INTRODUCED MORE THAN 2X AS MANY ALMOND PRODUCTS AS ANY OTHER REGION

<table>
<thead>
<tr>
<th>Region</th>
<th>Food Intros</th>
<th>Nut Intros</th>
<th>Almond Intros</th>
<th>Almond's Share of Region's Food Intros</th>
<th>Almond's Share of Region's Nut Intros</th>
</tr>
</thead>
<tbody>
<tr>
<td>EUROPE</td>
<td>93,966</td>
<td>9,956</td>
<td>4,313</td>
<td>11%</td>
<td>43%</td>
</tr>
<tr>
<td>Asia-Pacific</td>
<td>47,305</td>
<td>5,016</td>
<td>1,862</td>
<td>11%</td>
<td>37%</td>
</tr>
<tr>
<td>North America</td>
<td>31,462</td>
<td>3,643</td>
<td>1,820</td>
<td>12%</td>
<td>50%</td>
</tr>
<tr>
<td>Latin America</td>
<td>16,010</td>
<td>1,341</td>
<td>514</td>
<td>8%</td>
<td>38%</td>
</tr>
<tr>
<td>Middle East &amp; Africa</td>
<td>13,992</td>
<td>1,650</td>
<td>496</td>
<td>12%</td>
<td>30%</td>
</tr>
<tr>
<td>Total</td>
<td>202,735</td>
<td>21,606</td>
<td>9,005</td>
<td>11%</td>
<td>42%</td>
</tr>
</tbody>
</table>
ALMOND INTRODUCTIONS IN EUROPE INCREASED BY 16% FROM 2014 TO 2015
THESE INCREASES ARE BEING DRIVEN BY THE UK, GERMANY AND FRANCE.

Food, total nut & specific nut introductions in France (2008 – 2015)
**FOR THE FIRST TIME EVER, ALMONDS OVERTOOK HAZELNUTS FOR THE #1 POSITION IN EUROPE!**

Introductions within Each Region by Nut Type (and change % compared to 2014)

<table>
<thead>
<tr>
<th>Nut Type</th>
<th>Europe</th>
<th>Asia-Pacific</th>
<th>North America</th>
<th>Latin America</th>
<th>Middle East &amp; Africa</th>
<th>Global Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Almond</td>
<td>4,313</td>
<td>+16%</td>
<td>1,862</td>
<td>1,820</td>
<td>514</td>
<td>9,005</td>
</tr>
<tr>
<td>Hazelnut</td>
<td>4,308</td>
<td>0%</td>
<td>740</td>
<td>341</td>
<td>257</td>
<td>6,356</td>
</tr>
<tr>
<td>Peanut</td>
<td>1,598</td>
<td>+1%</td>
<td>1,714</td>
<td>1,159</td>
<td>507</td>
<td>5,316</td>
</tr>
<tr>
<td>Cashew</td>
<td>1,187</td>
<td>+9%</td>
<td>920</td>
<td>589</td>
<td>193</td>
<td>3,003</td>
</tr>
<tr>
<td>Walnut</td>
<td>625</td>
<td>-4%</td>
<td>368</td>
<td>326</td>
<td>137</td>
<td>1,515</td>
</tr>
<tr>
<td>Pecan</td>
<td>307</td>
<td>+10%</td>
<td>122</td>
<td>427</td>
<td>42</td>
<td>949</td>
</tr>
<tr>
<td>Pistachio</td>
<td>480</td>
<td>+6%</td>
<td>201</td>
<td>96</td>
<td>19</td>
<td>926</td>
</tr>
<tr>
<td>Macadamia</td>
<td>125</td>
<td>-8%</td>
<td>201</td>
<td>104</td>
<td>34</td>
<td>519</td>
</tr>
<tr>
<td>Mixed*</td>
<td>74</td>
<td>-44%</td>
<td>23</td>
<td>18</td>
<td>3</td>
<td>125</td>
</tr>
</tbody>
</table>

*Mixed Nuts include non specified and mixed nuts.
EUROPE LED ALL OTHER REGIONS IN 4 OF THE 5 TOP CATEGORIES FOR ALMOND INTRODUCTIONS, INCLUDING SNACKS!

<table>
<thead>
<tr>
<th></th>
<th>Confectionery</th>
<th>Bakery</th>
<th>Snacks</th>
<th>Bars</th>
<th>Cereals</th>
<th>Total % of Almond Intros by Region</th>
</tr>
</thead>
<tbody>
<tr>
<td>Europe</td>
<td>59%</td>
<td>55%</td>
<td>38%</td>
<td>35%</td>
<td>40%</td>
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<tr>
<td>North America</td>
<td>13%</td>
<td>10%</td>
<td>21%</td>
<td>41%</td>
<td>22%</td>
<td>20%</td>
</tr>
<tr>
<td>Latin America</td>
<td>5%</td>
<td>5%</td>
<td>6%</td>
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<td>8%</td>
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<tr>
<td>Middle East &amp; Africa</td>
<td>7%</td>
<td>5%</td>
<td>6%</td>
<td>4%</td>
<td>7%</td>
<td>6%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

2,364 1,613 1,601 1,312 762 9,005
CONSUMER FOCUS FROM INGREDIENT USAGE… TO SNACKING!

- Societal shifts in Europe teed-up the perfect opportunity for almonds to capture the growing snacking market
- Greater demand for convenient, on-the-go, natural, and unprocessed snack foods
EXTENSIVE RESEARCH OVER THE PAST FOUR YEARS HAS UNCOVERED IMPORTANT DIFFERENCES IN MARKET DYNAMICS.
IMPACT OF LONG-TERM STRATEGY IN UK AND FRANCE & MORE WORK/INVESTMENT NEEDED IN GERMANY

Top Of Mind Awareness (AAU)

<table>
<thead>
<tr>
<th>Country</th>
<th>2007</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>5%</td>
<td>12%</td>
</tr>
<tr>
<td>France</td>
<td>1%</td>
<td>13%</td>
</tr>
<tr>
<td>Germany</td>
<td>2%</td>
<td>3%</td>
</tr>
</tbody>
</table>

Snack Association (AAU)

<table>
<thead>
<tr>
<th>Country</th>
<th>2007</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>UK</td>
<td>4%</td>
<td>11%</td>
</tr>
<tr>
<td>France</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Germany</td>
<td>5%</td>
<td>6%</td>
</tr>
</tbody>
</table>
THE CHALLENGE
AN EVOLVING TARGET AUDIENCE

• Younger.

• More focused on health and weight management than ever before.

• “I love snacking, but I feel guilty about it because I don’t want to gain weight.”
A MISCONCEPTION ABOUT ALMONDS:

“I should only eat 6 almonds a day.”
“Almonds are high in calories.”
“I can eat 23 almonds for 160 calories?! REALLY?!”
THOUGH AWARENESS OF ALMONDS AS A SNACK HAS DOUBLED SINCE 2007, IT IS STILL 2015 Top-of-mind awareness = 12%
ALMONDS ONLY MAKE UP 5.7% OF CATEGORY SHARE FOR SNACK NUT SALES.

Peanuts and cashews still dominate the UK market.
HOW TO FURTHER DRIVE DEMAND FOR ALMONDS AS SNACK…

Raise awareness of the health benefits of almonds and expand our target audience
Expanded to include Millennial almond lovers (W25-34)
LAUNCHED A NEW ADVERTISING CAMPAIGN

• To address the misconceptions she has about almonds (i.e., a lot of almonds for few calories – no guilt)

• To focus on the reasons to believe that are most important and motivating to her – health and weight management
SHIFTING MEDIA VEHICLES TO REACH HER MOST EFFECTIVELY

Increase investment in social, native, programmatic, mobile, and dynamic digital placements
ENHANCED EDITORIAL COVERAGE & SOCIAL BUZZ

YOUR Fitness

Health FILES

Expert Tips...

Lucy Jones, a consultant dietician from the Aleda Board of California, tells us how to boost our nutrient intake through our snack choices.

"When time is tight, making snacks at the weekend to snack through the week can really help. You can include allies for your breakfast, such as carbs, like a whole grain bread. Make sure you get a good variety of nuts. Having nuts will help your heart throughout the day."

Woman & Home

Express

Eat MORE to banish the festive bulge: 7 metabolism-boosting foods to snack yourself SKINNY

Arm yourself with these smart snacks so you don't devour the entire biscuit tin on your first day back in office.

Mail Online

Mail Online

How FAT could save your life: From dark chocolate to almonds, we reveal the 9 foods that can help you live longer

- Foods which include so-called 'healthy' fats could increase life expectancy.
- Unwanted fats can be found in dark chocolate, flavoured and soybean-based snacks.
- Avoid eating butter and red meats and replace them with healthier choices.

A leading health journalist reveals how you can eat the 9 healthiest fats.

Woman's Weekly

Good Housekeeping

ADD ALMONDS

In a six-week trial, people who ate almonds daily improved their blood cholesterol levels and lost dangerous tummy fat, which is linked to heart disease and type 2 diabetes.
INVESTMENT IN MARKET RESEARCH

- 2016 UK Snacking Landscape Study
- 2016 IRI Sales Analysis
- 2017 Attitudes, Awareness, and Usage Study
- 2017 UK Sustainability Study
Marketing & Research Efforts are paying off…
Almond volume sales increased by 12.5% in 2016.
For the first time ever, consumers have ranked Almonds as the...

#1 HEALTHIEST NUT IN THE UK
AWARD-WINNING PROGRAMS!
ALMONDS ARE HOT IN FRANCE!
AWARENESS OF ALMONDS HAS INCREASED 12 POINTS SINCE 2007.

In 2015, almonds became the #2 nut overall, now ahead of peanuts, hazelnuts, cashews, and pistachios.
Almond volume sales increased 10.5% last year.
The only snack nut in France with double-digit sales growth!
French consumers have ranked Almonds as the... #1 HEALTHIEST AND #1 NUT EATEN SNACK!
BUT ALMONDS STILL FACE SOME CHALLENGES IN FRANCE...
AWARENESS IS STILL RELATIVELY LOW AT 13%.
Almonds only make up 7% of the snack nuts category in France. Behind peanuts, cashews, and pistachios.
THE FRENCH CONSUMER HAS EVOLVED.

• “Eating right is all about balance, and choosing natural, unprocessed foods.”

• “Almonds are definitely a thing right now, and I carry them in my handbag. However, my knowledge about them is somewhat limited—I would like to know more about why they are good for me.”
HOW TO FURTHER DRIVE DEMAND FOR ALMONDS AS SNACK...
STRIKE WHILE THE IRON IS HOT.

• Continue to drive value of almonds by reinforcing the most motivational messages with French Jane!
• Keep marketing programs fresh & relevant to capitalize on current momentum in the market.
THE ADVERTISING MUST EVOLVE
to address new consumer insights.
LAUNCH A NEW ADVERTISING CAMPAIGN IN JANUARY 2017

• Show French Jane that almonds are even better than she thought.

• Tell her why she should be eating even more!
Les amandes

Les incroyables bienfaits de l’amande sur la santé!

Les amandes sont souvent considérées comme un super-aliment pour leur richesse en vitamines et minéraux, mais aussi pour leur contenu en protéines, en fibres et en oméga-3.

Les amandes sont également riches en magnésium, un élément essentiel pour le bon fonctionnement de tout l’organisme. Le magnésium aide à réguler le rythme cardiaque, à maintenir des os sains et à prévenir les crampes musculaires.

Les amandes sont également riches en vitamine E, un antioxydant naturel qui protège les cellules du corps contre les dommages causés par les radicaux libres.

Enfin, les amandes sont une source de protéines de haute qualité, ce qui en fait une option idéale pour les personnes qui cherchent à consommer plus de protéines végétales.

Les amandes sont une source de vitamine E, de magnésium et de protéines de haute qualité.
BUILD A POWERFUL SOCIAL COMMUNITY

#AlmondLovers
CONTINUED INVESTMENT IN MARKET RESEARCH

• 2016 France Snacking Landscape Study
• 2016 IRI Sales Analysis
• 2017 Attitudes, Awareness, and Usage Study
• 2017 France Sustainability Study
GERMANY
Almond Board of California
THE CHALLENGE...
GERMANY IS A LARGE MARKET AND OFFERS GREAT OPPORTUNITY…

- Large geography with many regional differences
- Strong almond heritage in confectionery and baking
- Major growth potential
SNACKING ON ALMONDS IS A NEW CONCEPT

Strongly rooted in baking and Christmas time, top-of-mind awareness for almonds and baking is #1 at 48%.
AWARENESS FOR SNACKING ON ALMONDS IS LOW AT 3%.

Behind all other nuts (2015)
Almond retail prices continue to increase and drive value sales while volume sales decline as a result, thought at a much lower rate.

<table>
<thead>
<tr>
<th>2015</th>
<th>-6.8% Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>23% price increase in 2015 (23% 4 year CAGR)</td>
</tr>
<tr>
<td></td>
<td>Investment is needed to isolate demand from price</td>
</tr>
</tbody>
</table>
TARGET INSIGHTS ARE EVOLVING

• Desire for variety, exciting tastes & textures, fresh, fun, and indulgent foods.

• Millennials are driving the snacking occasion in Germany.

• There is a need for quick, convenient, on-the-go snacks.
HOW TO FURTHER DRIVE DEMAND FOR ALMONDS AS SNACK...
REFINE GERMAN CONSUMER TARGET BASED ON SEGMENTATION RESEARCH

- Opportunity segments are motivated by health, wellness, and weight-loss messages

- Chance to address misconceptions about almonds (i.e., high in fat & calories)

- Tap into the snacking psyche of Millennials and their desire for convenient, on-the-go, tasty treats
TEST MESSAGING PLATFORMS WITH CONSUMERS

• In-Market qualitative research (Feb. 2017)
LAUNCH FIRST EVER ADVERTISING CAMPAIGN IN 2017
SUPPORT ADVERTISING CAMPAIGN WITH MEDIA INVESTMENT
Sind Mandeln gesund? Oder sind sie sogar das gesündeste Nahrungsmittel der Welt?

CONTINUE

STRONG

PR EFFORTS

• 21 day challenge
• Blogger partnerships
• Launch in Socialsphere (Facebook)
INVESTMENT IN MARKET RESEARCH

- 2016 Germany Snacking Landscape Study
- 2016 IRI Sales Analysis
- 2016 Category Sales Deep Dive
- 2017 In-Market Qualitative with Consumers
- 2017 Attitudes, Awareness & Usage Study
- 2017 Germany Sustainability Study
ROBUST MARKETING PROGRAMS WILL BE REQUIRED DOWN THE ROAD SUCCESSFULLY CONQUER GERMANY
THE ALMOND SNACK CONSUMER CONTINUUM

UK
Make almonds the go-to snack

France
Eat more almonds, More often

Germany
Build relevance and usage intent for almonds as a snack

Low Almond Snacking Awareness & Usage

Higher Almond Snacking Awareness and usage
43% of total exports
Shipments = 523 million pounds
#1 nut for New Snack Product Introductions!

CUE VIDEO!
Questions?