Natural Products EXPO EAST®

BIOFACH AMERICA

A Thirst for Change:
Beverage Innovation in Natural & Organic

Co-located with

HARVEST FESTIVAL

New Hope Innovation Experience

New Hope NETWORK

By Informa Markets

A Thirst for Change:
Beverage Innovation in Natural & Organic

John Foster
Wolf & Associates

Kenny Oyefara
Elari

Scott Dicker
SPINS

Robert Haynes
Yoro

A Thirst For Change

Beverage Innovations

SPINS®

Meet Your **Presenter**

Scott Dicker

Market Insights Director
SPINS

For over 20 years, **SPINS has been the leader in CPG data and applications for the Natural Products Industry**.

In partnership with Circana

Conventional	TARGET	Kroger	CVS	Wawa	MATURE

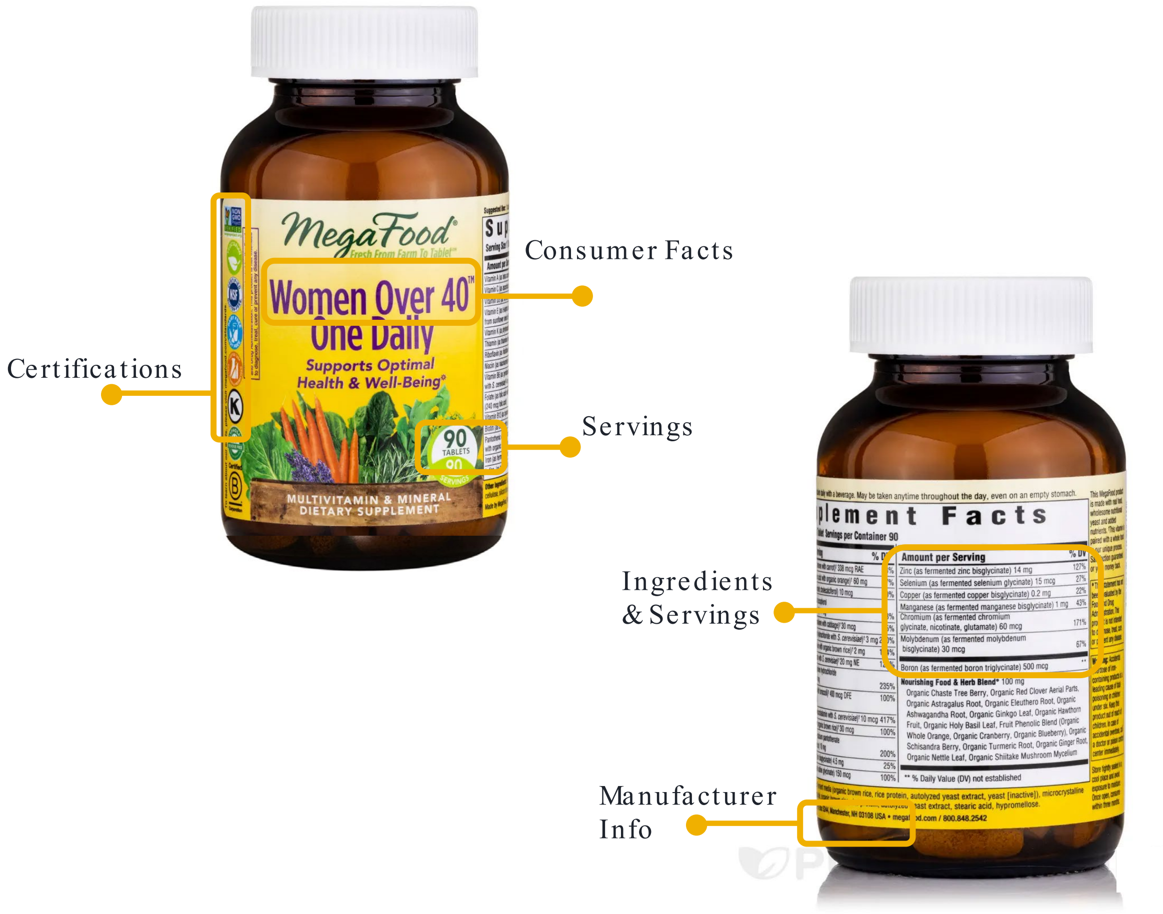
Proprietary to SPINS

Natural Grocery	SPROUTS FARMERS MARKET	FRESH THYME MARKET	THE FRESH MARKET	Bristol Farms GOOD·FOOD·MARKET	INNOVATION
eCommerce	amazon*	THRIVE MARKET	hive	Boston ORGANICS Fresh. Organic. Delivered.	DIGITALLY NATIVE
Vitamins & Supplements	GNC LIVE WELL	THE VITAMIN SHOPPE	VITAMIN WORLD	PHARMACA	BREADTH & DEPTH
Neighborhood Pet	IPP INDEPENDENT PET PARTNERS	PetPeople	healthyspot	CHOICE PET	INNOVATION
Regional & Independent Grocery	GROCERY OUTLET bargain market	PYRAMID FOODS	BUSCH'S Fresh Food Market	Harding's FRIENDLY MARKETS	LOCAL

*Proprietary Technology

Attribute prevalence and trend codifies each category to unlock unparalleled depth of insights from ingredient facts and allergens to cleanliness and diets

COLLECT



GENERATE

Product Facts

e.g. Category, Size, Brand, Company, Packaging, Form, Brand Positioning, Product Type

Allergens & Sensitivities

e.g. Major 8 Allergen Free, Labeled Gluten Free, Labeled Grain Free, Tree Nuts, Lactose, Shellfish, Soy, Peanuts, Dairy, Thickeners and Stabilizers

Sustainability

e.g. Non-GMO Project Verified, Labeled Grass Fed, Organic, Fair Trade, Certified B-Corp, Certified Glyphosate Residue Free

Health & Wellness

e.g. Labeled Sprouted, Probiotics, Functional Ingredient, Sugar Ingredients, Monk Fruit, Certified Whole Grains Council

Lifestyle, Diets & Tribes

e.g. Paleo, Vegan, Fodmap, Keto, Vegetarian

Clean Label

e.g. Yellow No. 5, Nitrates, Artificial Sweeteners, High Fructose Corn Syrup, MSG, Paraben Free, Aluminum Free

Top Line **Beverage Sales**

$ % Change L52 Weeks

NATURAL GROCERY	CONVENTIONAL MULTI OUTLET (MULO)	REGIONAL & INDEPENDENT GROCERY	CROSS CHANNEL (MULO + NATURAL)
+5.7% Total Channel Sales	+8.9% Total Channel Sales	+4.5% Total Channel Sales	+8.8% Total Channel Sales
-3.0% Total Units	-4.0% Total Units	-7.4% Total Units	-4.0% Total Units
+8.9% ARP	+13.5% ARP	+12.8% ARP	+13.4% ARP

Source: : SPINS Natural Enhanced Channel & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 08.13.23

Beverage as Medicine

Shoppers continue to rally behind beverages that are positioned to boost and support key health aspects. Watch for white space and innovation within categories to reboot shopper interest across the beverage aisle.

Top Performing Health Focuses Tracked in Beverage

Health Focus	Sales	%growth YoY
Cleanse & Detox	$15.6m	+37.6%
Mood Support	$24.6m	+34.0%
Digestive Health	$1.1b	+17.9%
Weight Loss	$750k	+15.1%
Cognitive Health	$51.8m	+13.4%
Pain & Inflammation	$4.3m	+11.9%
Hydration	$457m	+11.4%
Hair Skin & Nails	$8.6m	+10.1%
Cold & Flu	$71.3m	+7.4%
Immune Health	$43.8m	+3.0%

Soda Category

Health Focus	YoY Growth
Digestive Health	+209.8%
Performance	+22.9%
Mood Support	+14.5%

Water Category

Health Focus	YoY Growth
Cold & Flu	+95.7%
Sleep	+83.3%
Digestive Health	+49.4%

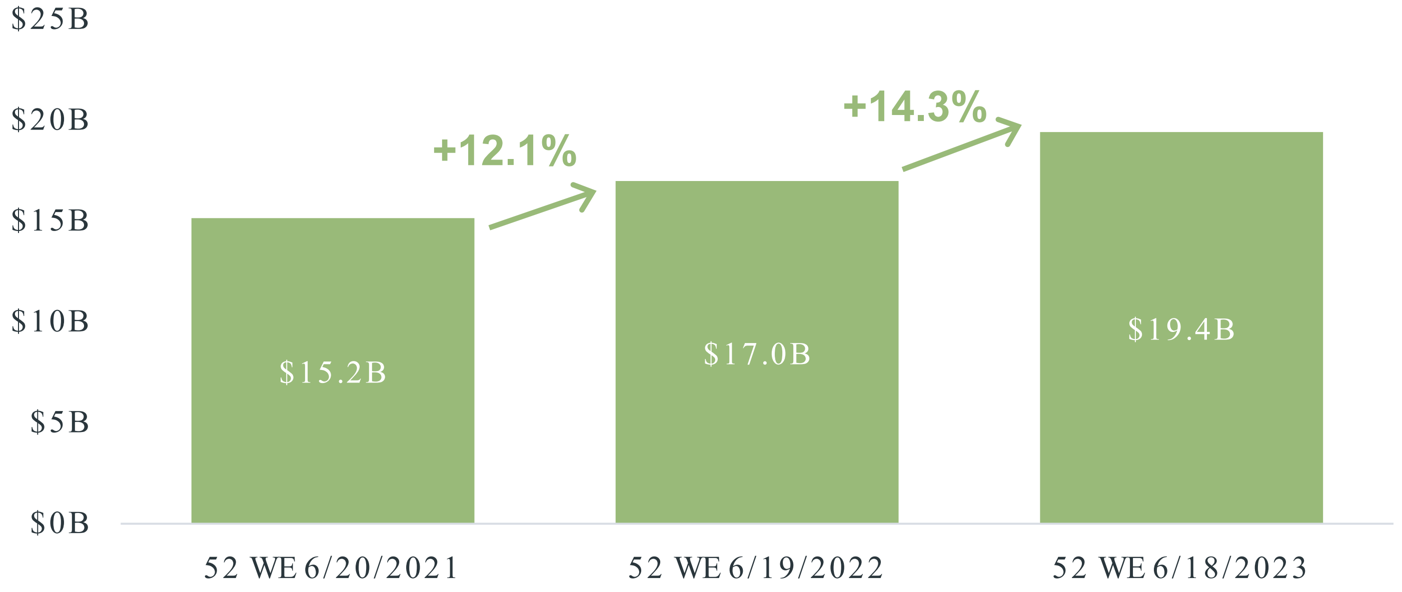
Source: SPINS Natural Channel, MULO (powered by Circana), 52 Weeks Ending 8/13/23
Powered by SPINS Product Intelligence: Health Focus

SPINS

Energy Drinks

Three-Year Trend Insights

Sales Volume Growth



Units % Chg, YAGO: +7.8% +5.1%

SPINS: Natural Enhanced Channel & Convenience & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 8.13.2023

How much caffeine is in an energy drink?

*All caffeine amounts based on 12 fl oz. sizes

Coca-Cola
34mg

Matcha Latte
55mg

Caramel Macchiato
75mg

Red Bull
114mg

Monster
120mg

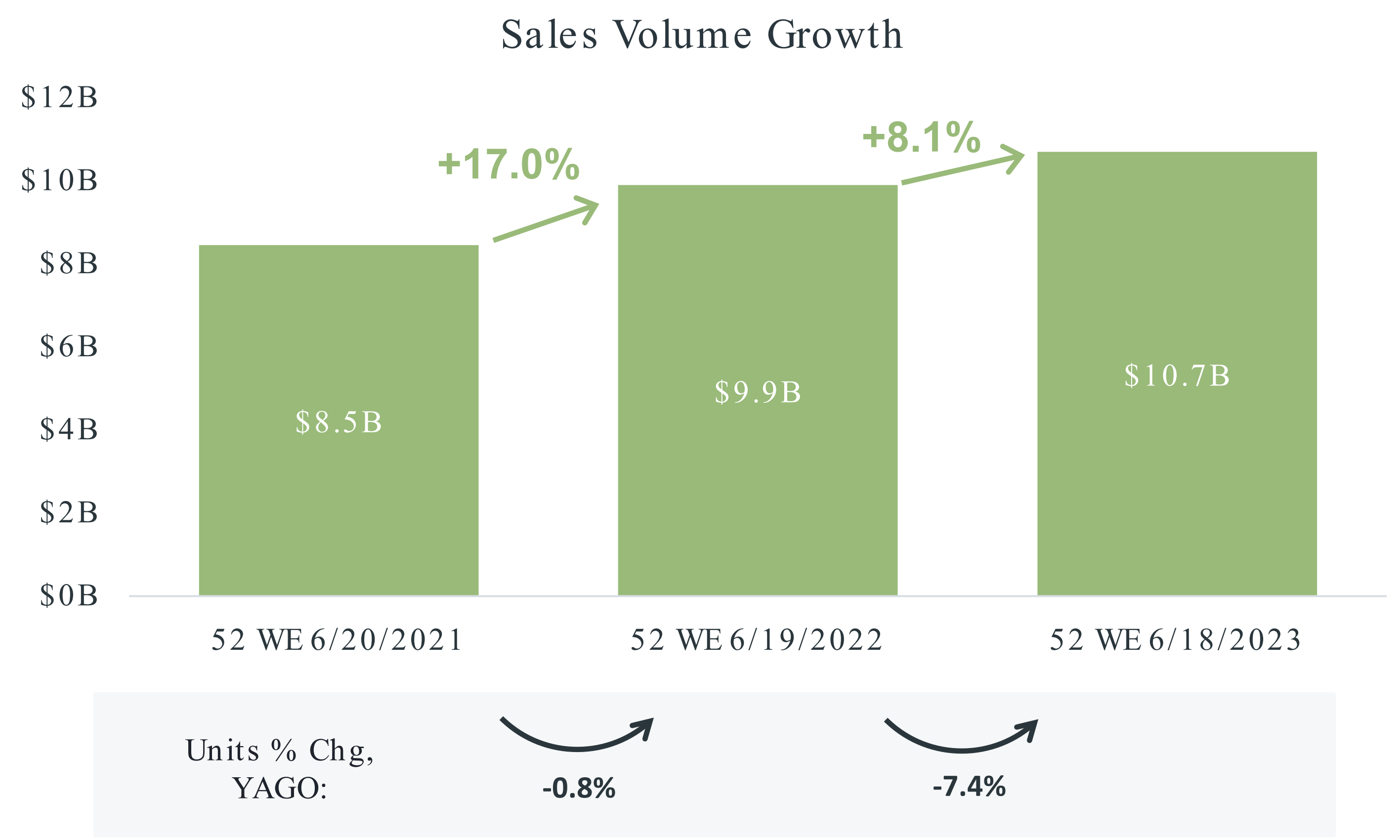
Celsius & Prime
200mg

Starbucks Medium Pike Roast
235mg

SPINS: Natural Enhanced Channel & Convenience & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 6.18.2023

Sports & Rehydration Drinks

Three-Year Trend Insights

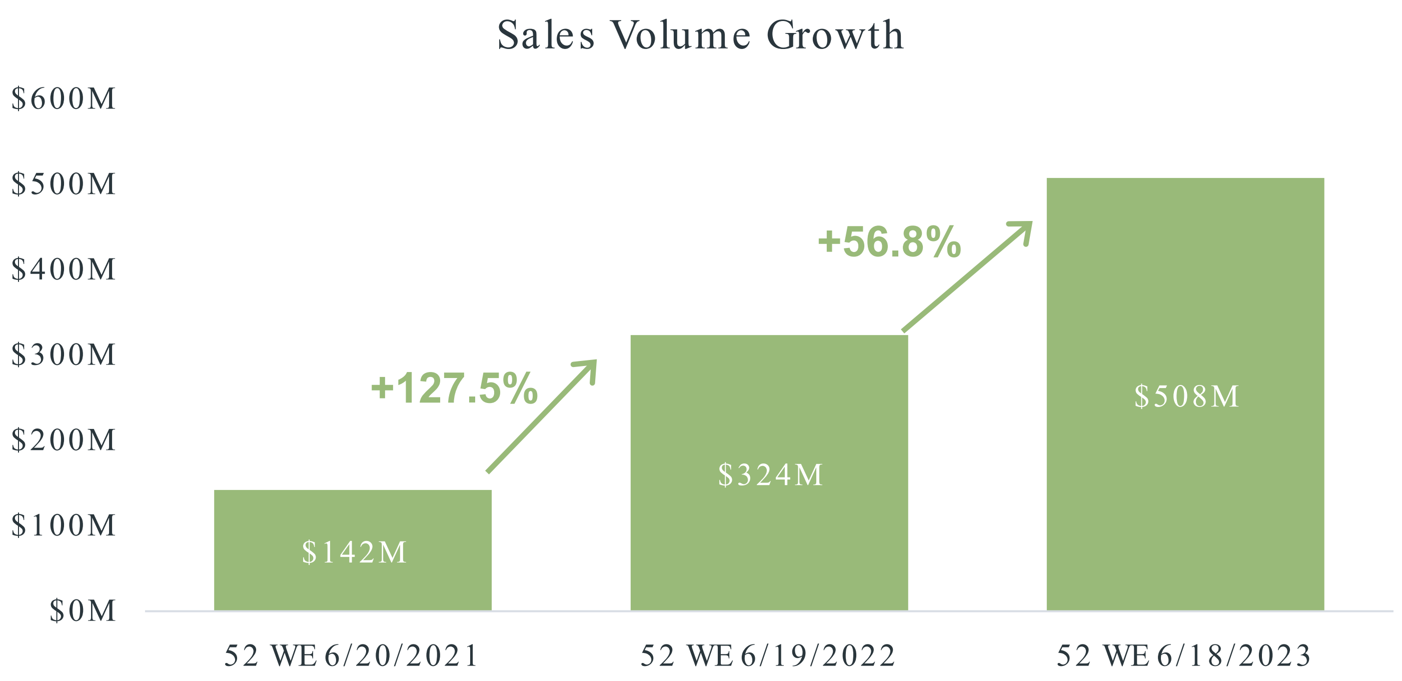


FOMO Marketing – The New LTO?

SPINS: Natural Enhanced Channel & Convenience & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 8.13.2023

Hydration & Electrolytes

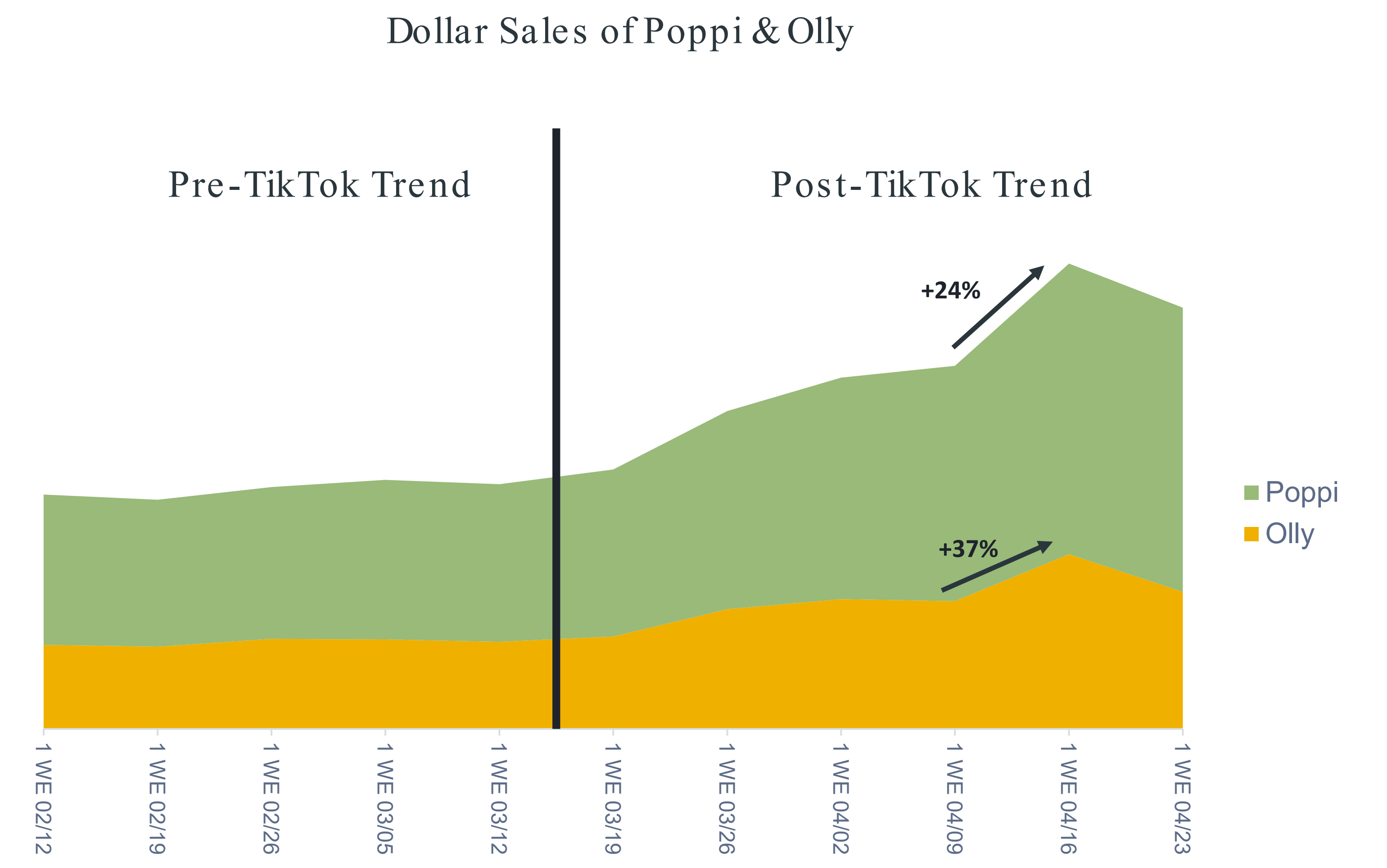
Three-Year Trend Insights

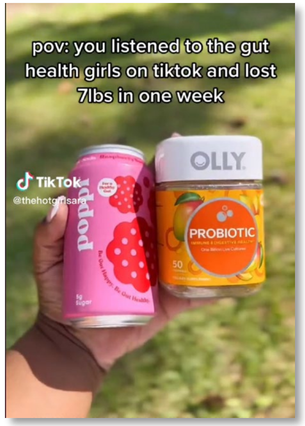


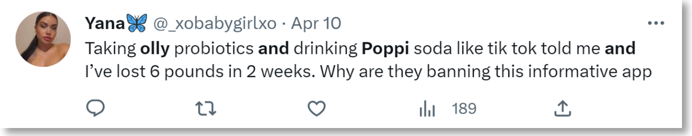
Units % Chg, YAGO: **+104.9%** **+58.3%**

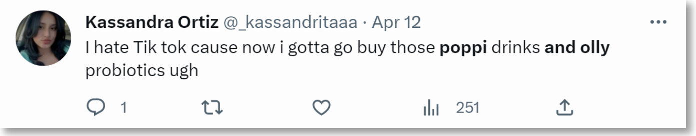
SPINS: Natural Enhanced Channel & Convenience & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 8.13.2023

TikTok Trend – Taking Poppi & Olly Probiotic Gummies together



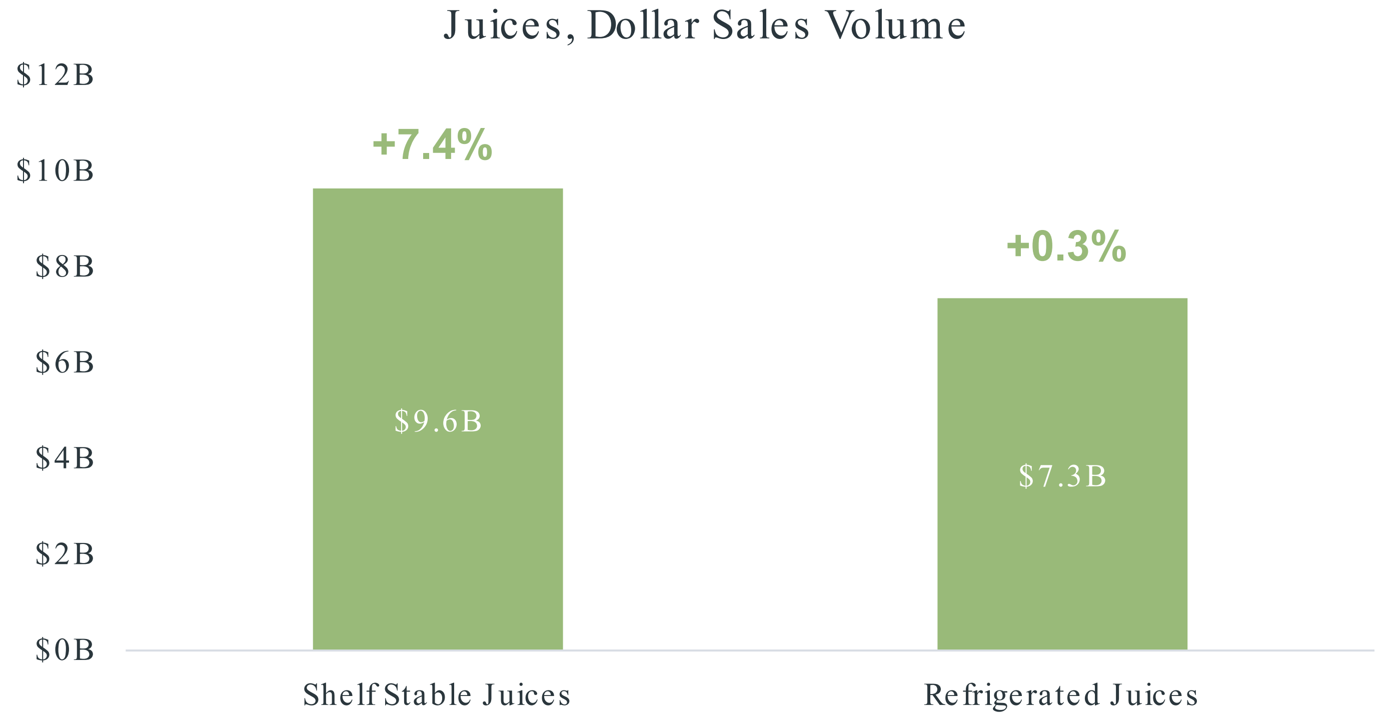






Juices

Though refrigerated and shelf stable juices are seeing an increase in dollar sales, unit sales are seeing a decrease. However, we've seen that juices that are certified organic have been able to keep unit sales steady.



Units % Chg, YAGO:	Shelf Stable Juices	Refrigerated Juices
	-5.5%	-7.7%

Refrig. & Shelf Stable Juice

Type	Dollar Sales	Unit Sales
Certified Organic	+8%	+1%
Not Labeled Organic	+2%	-7%

* % Represents Dollar % Change YoY (vs same time LY)

Source: SPINS Natural Channel, MULO (powered by Circana), 52 Weeks Ending 8/13/2023

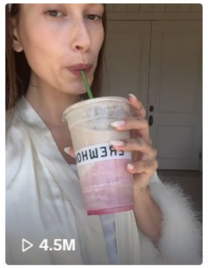
Juices/Smoothies – Viral + Celebs + Wellness = $

Erewhon has been seeing phenomenal success with their collaboration smoothies, typically with A-listers. The smoothies typically have a health/wellness angle as well and contain adaptogens/functional ingredients.

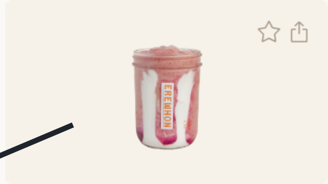
Smoothie Collabs with Celebs or Brands

Celeb + TikTok Virality

Hailey Bieber Smoothie
7.4M views



The HB Strawberry Glaze...



EREWHON ›
Hailey Bieber's Strawberry Glaze Skin Smoothie

EREWHON ›
Cactus Plant Flea Market Smoothie

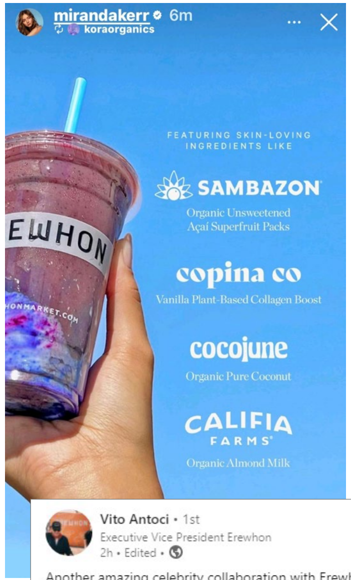
EREWHON ›
Coconut Cloud Smoothie

EREWHON ›
Becky G's Swirl-Chata

DETAILS INGREDIENTS

Malk almond milk, organic bananas, organic strawberries, organic avocado, organic dates, organic maple syrup, Vital Proteins vanilla collagen, vanilla stevia, sea moss, organic coconut creme, house made strawberry sauce.

Smoothies feature branded products



Vito Antoci • 1st
Executive Vice President Erewhon
2h • Edited •

Another amazing celebrity collaboration with Erewhon. Miranda Kerr and Erewhon created this amazing smoothie to celebrate a new launch in her cosmetic line. Who's next ? If your a brand that is sold at Erewhon and you want this type of marketing let me know.

Juice Collab with Skincare Brand - Origins

THE COLLAB YOU'VE BEEN WAITING FOR!

Introducing the Origins x Erewhon launch - the Dr. Weil for Origins™ Mega-Mushroom cold-pressed juice. The fungi-infused green juice contains a powerful blend of mushrooms: Chaga, Reishi and Tremella combined with organic fruits and vegetables including, Granny Smith apple, cucumber, pineapple, kiwi, spinach, broccoli, parsley, sea moss, and pearl powder.

Source: SPINS Natural Channel, MULO (powered by Circana), 52 Weeks Ending 8/13/2023

Mushrooms - Fad or Trend?

Functional ingredients can fall in and out of favor – but here are some of the functional ingredients that are seeing both growth in terms of sales and units sold

RTD Beverages

Functional Ingredient Minimum of 10 Distinct UPCs	YoY Growth	
	$	Unit
Mushrooms – Other	+381%	+470%
Fiber – Other (Prebiotic)	+192%	+187%
Magnesium	+182%	+189%
Biotin	+156%	+167%
Cider Vinegar Supplements	+135%	+133%
Mushrooms – Reishi	+116%	+114%

Source: SPINS Natural Enhanced Channel & Conventional Multi-Outlet (powered by Circana); 52 Weeks Ending 06.18.23

What's new? - Increased innovation in familiar categories and functional beverages continue to be popular

Kombucha Reimagined

Kombucha but No Vinegary Taste

Kid-Positioned Kombucha

Functional Beverages

Muscle Recovery - HMB

All in One – Mood, Immunity, Cognition

Kids plant-based milk still niche, but larger beverage market exists for added nutrition & protein for kids

	Plant-Based		Animal-Based	
	Plant-Based Milk	Plant-Based Protein	Milk	Protein
For Kids Explicitly on Label				
Not explicitly for kids, but some kid marketing				
Not marketed for kids, but could be used for kids because of size				

Plant-Based Milk

Milk is feeling the impacts of inflation, but Oat, Coconut, Pea, and Other are bright spots with unique offerings that are driving growth and new interest in the category.

Type Performance Ranked by Volume

RF & SS Plant-Based Milk	$2.8B	+5%	-6%
Animal Type	Sales	$ Chg YoY	U Chg YoY
Almond	$1.3B	-2%	-14%
Oat	$643M	+15%	+2%
Soy	$175M	+4%	-11%
Coconut	$137M	+38%	+26%
Pea	$73M	+16%	+3%
Blend	$70M	+2%	-11%
Cashew	$45M	+6%	-14%
Rice	$35M	-4%	-14%
Flax	$12M	-8%	-15%
Other	$4M	+11%	+6%

Bright Spots In Plant-Based Milks

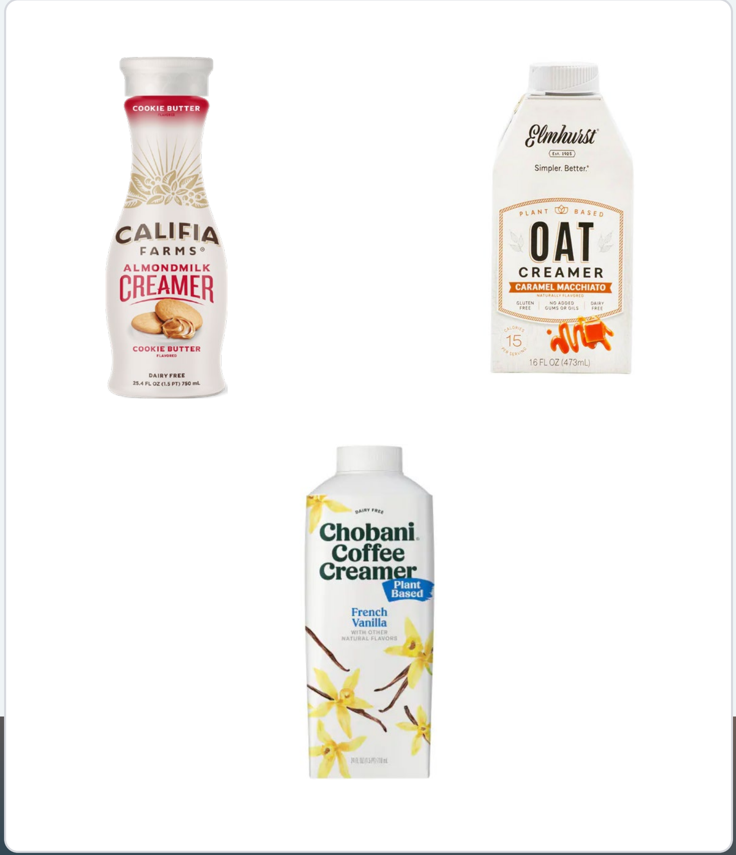
Source: SPINS Total US Natural Enhanced Channel + Multioutlet (powered by Circana), Powered By SPINS Proprietary PI 52 Weeks ending 8.13.2023

Plant-Based Creams & Creamers

Plant-Based creamers are growing organically, but Oat and Pea-based creamers are seeing double digit growth in both dollars and units

Type Performance Ranked by Volume

Type	Sales	$ Chg YoY	U Chg YoY
PB Creams & Creamers	$736M	+23%	+12%
Almond	$233M	9.4%	-2.1%
Oat	$201M	41.9%	31.8%
Blend	$163M	13.6%	0.7%
Coconut	$46M	-1.3%	-12.3%
Pea	$33M	82.0%	66.1%
Soy	$25M	-0.6%	-14.6%



Source: SPINS Total US Natural Enhanced Channel + Multioutlet (powered by Circana), Powered By SPINS Proprietary PI 52 Weeks ending 8.13.2023

Sweeter Than Sugar

RTD Beverage Dollar % Change L52 Weeks by Sweetener Type

+8.0%

RTD Beverage
Dollar % Change L52 Weeks

Sugar Alcohols	
-4%	Sugar Alcohols
-3%	Erythritol

Natural Low/No Cal Sweeteners	
+8%	Natural Low Cal Swt.
+186%	Allulose
+9%	Stevia
+2%	Monk Fruit

Artificial & Controversial Sweeteners	
+10%	Artificial Sweeteners
+15%	Aspartame
+10%	High Fructose Corn Syrup
+3%	Sucralose

SPINS

Source: 52 weeks ending 8.13.23 SPINS SNE, MULO, powered by Circana.
Filtered by SPINS Product Intelligence

Sweeter Than Sugar

Industry giants continue to attempt reducing sugar in their products as they face heavy competition from upstart brands. Moreover, regulatory bodies are pushing for reduced sugar in products.

"The FDA also will explore additional ways to reduce added sugars in foods to complement its requirement that added sugars be included on the Nutrition Facts label.

On November 6-8, 2023, the FDA will hold a virtual meeting and listening sessions on strategies to reduce added sugar consumption in the United States."

Source: 52 weeks ending 6.18.23 SPINS SNE, MULO, powered by Circana.
Filtered by SPINS Product Intelligence

Good for the Planet

Dairy categories continue to raise the bar on increasingly resilient agriculture and production.

'Next Gen' Agriculture Practices are Category Disruptors

Concerns over climate change, soil health, and the effects of a heavy reliance on toxic chemicals have driven the popularity of regenerative agriculture which aims to restore and replenish soil health.

Dairy producers are among the early adopters and are bringing a highly visible sustainability message to shoppers and retailers.

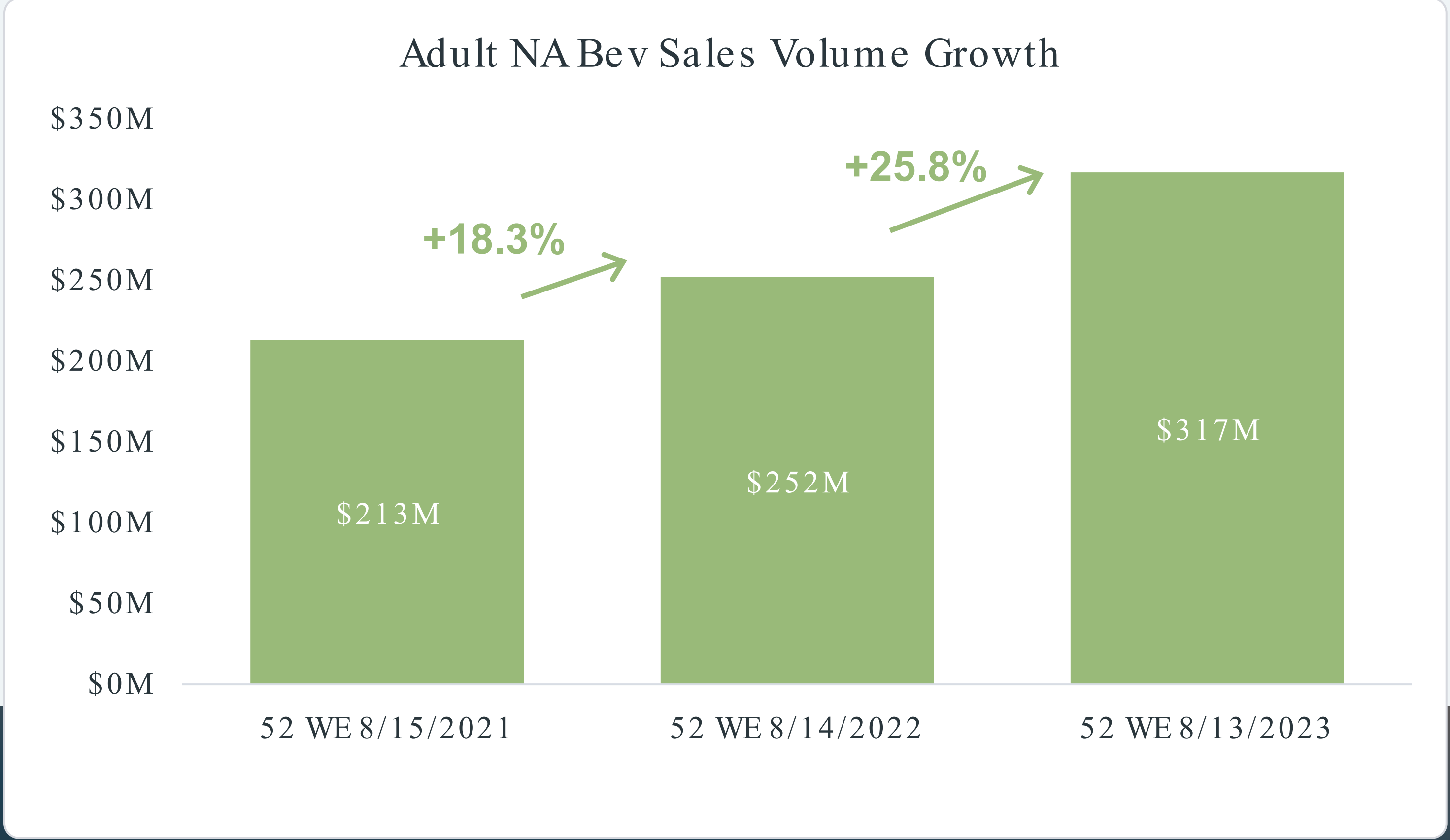
+93%
Milk

+53%
Refrigerated Eggs

+407%	Certified Regenerative Organic
+20%	Labeled Fair Trade
+11%	Certified B Corp
+16%	Labeled Antibiotic Free
+7%	Labeled Animal Welfare
+10%	Labeled Organic Ingredients
+28%	Labeled Grass Fed
+12%	Certified Non-GMO Project

Source: 52 weeks ending 6.18.23 SPINS SNE, MULO, powered by Circana. Filtered by SPINS Product Intelligence

Non-Alcoholic Beverages Seeing Strong Growth

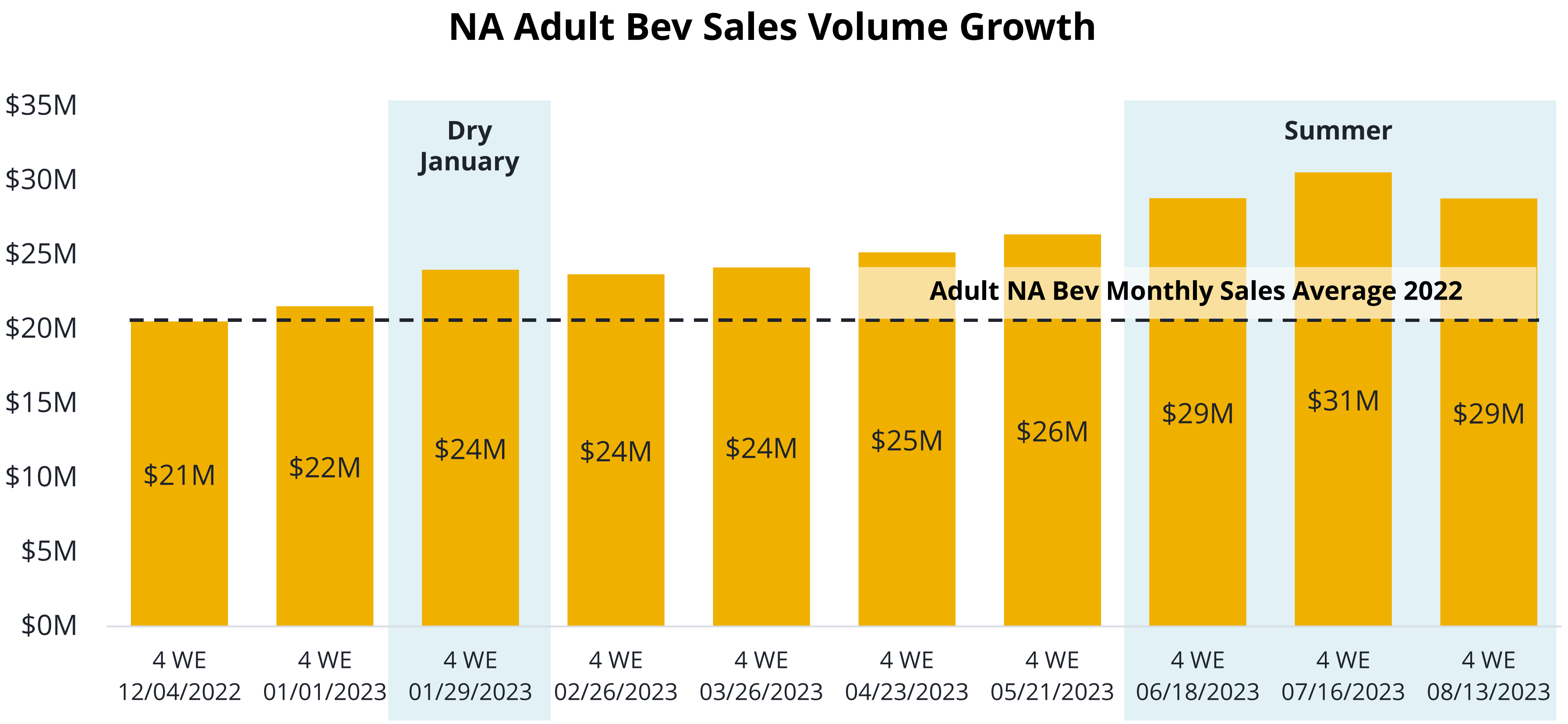


* % Represents Dollar % Change YoY (vs same time LY)

Source: SPINS Natural Channel, MULO (powered by Circana), 52 Weeks Ending 8/13/2023

Non-Alcoholic Adult Beverages continue a steady rise

Increasingly, consumers are understanding the negative impacts of alcohol on health and the benefits of drinking less. We see NA sales continuing to climb higher in the summer months than dry January, beating out last year's record summer monthly average sales. (~$22.4M).



34% are trying to **DRINK LESS** in 2023

28% have tried to **BREAK UP** with alcohol

1 in 4 know about the **SOBER CURIOUS** Movement

63% learned from social media

56% of Non-Drinkers just don't want to drink. **70% of Gen Z.**

Only 17% use marijuana, only 11% Gen Z

Source: SPINS Natural Channel, MULO (powered by Circana), 52 Weeks Ending 8/13/2023

RTD Cocktails are on the rise

In the alcohol department, almost all subcategories have seen a decline in units, with the exception of RTD cocktails. The subcategory has seen a steady rise since 2020.

Alcohol Department	$43B	+1%	-3%
Subcategory	Sales	$ Chg YoY	U Chg YoY
Beer	$16B	+2%	-3%
Spirits & Liquor	$7B	+2%	+0%
Red Wine	$6B	-2%	-6%
White Wine	$5B	+1%	-4%
Flavored Malt Bev. & Others	$3B	-7%	-7%
Sparkling Wine	$2B	+0%	-4%
RTD Cocktails	$1B	+28%	+13%
Blush & Rose Wine	$846M	-5%	-9%
Fortified & Other Specialty Wine	$661M	-0%	-2%
Hard Cider	$334M	+2%	-7%
Cocktail Mixes	$302M	+2%	-7%
Bitter & Syrups & Others	$71M	+6%	-5%

Source: SPINS Total US Natural Enhanced Channel + Multioutlet (powered by Circana), Powered By SPINS Proprietary PI 52 Weeks ending 8.13.2023

Key Takeaways

1. Continued reimagining of energy drinks
2. New options for relaxing without booze
3. Functional Beverage lifecycle quick from popular supplements
4. Keep an eye out for sweeteners

Flavor Growth in RTD Beverages

RTD Beverages

Flavor Minimum of 10 Distinct UPCs	YoY Growth	
	$	Unit
Maple	+239%	+255%
Pumpkin/Pumpkin Spice	+104%	+85%
Banana	+65%	+54%
Matcha	+47%	+29%
Kiwi	+25%	+15%
Watermelon	+16%	+7%

Source: 52 weeks ending 8.13.23 SPINS SNE, MULO, powered by Circana.

Thank you!

For more information, contact
sdicker@spins.com