Where Organic Fits in Today’s Markets

Natural Products Expo East 2022

NielsenIQ

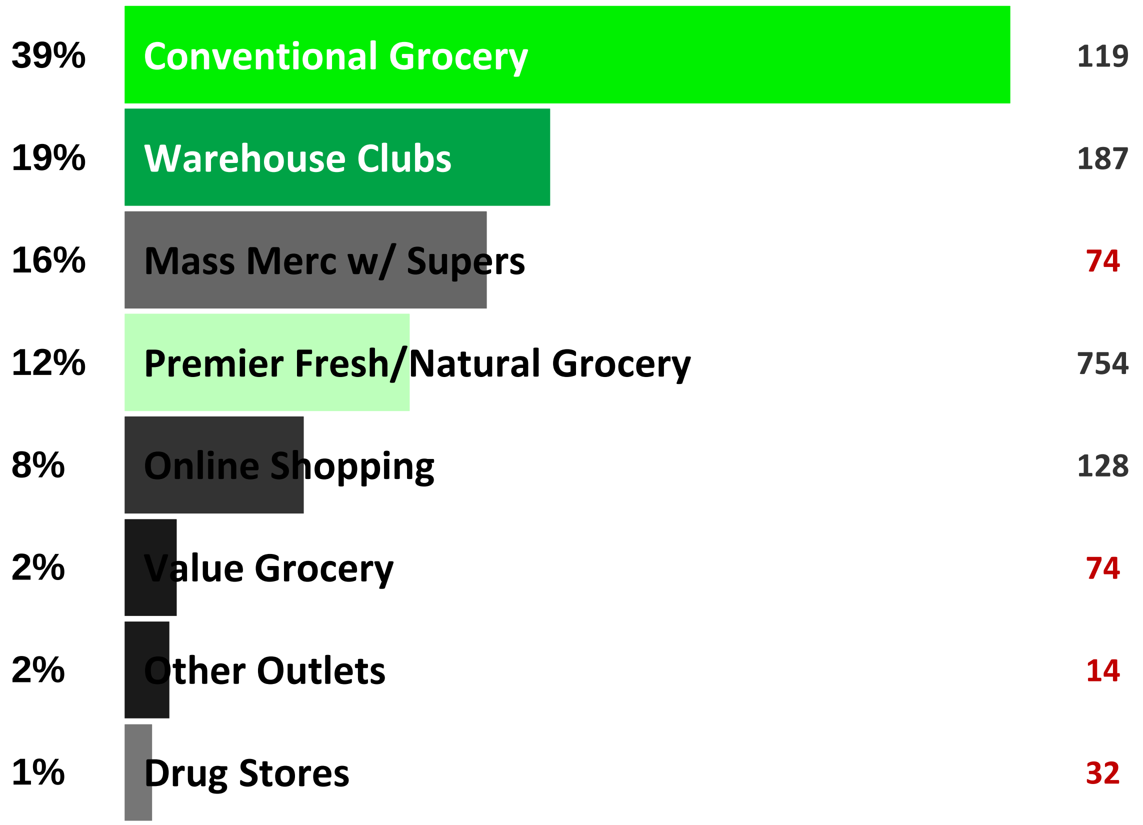
Total Wellness

Andrew Criezis
SVP, Small & Medium Business, NielsenIQ
andrew.criezis@nielseniq.com

Organic sales growing and consumers purchasing organic in broad range of outlets, mostly in conventional

Share of Organic sales in Total US

Index to Total Mkt Shr



Organic products are growing faster than non-organics[1]

$ % Chg. vs 3YA

+22% Total non-organics

+27% Organic positioning stated

+28% USDA Organic certification

Source: NielsenIQ Homescan Panel; Total U.S., All Outlets; Total Panel; Product: PI Organic Positioning Stated; 52 weeks W/E 08/06/22

1- NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 08/06/22 vs 3YA

Married couples with kids are the most valuable shoppers for organic

31%

Of organic volume comes from shoppers who live in an household of **4 and more members** (130 overindex)

64%

Of organic volume comes from **married couples** (130 overindex)

31%

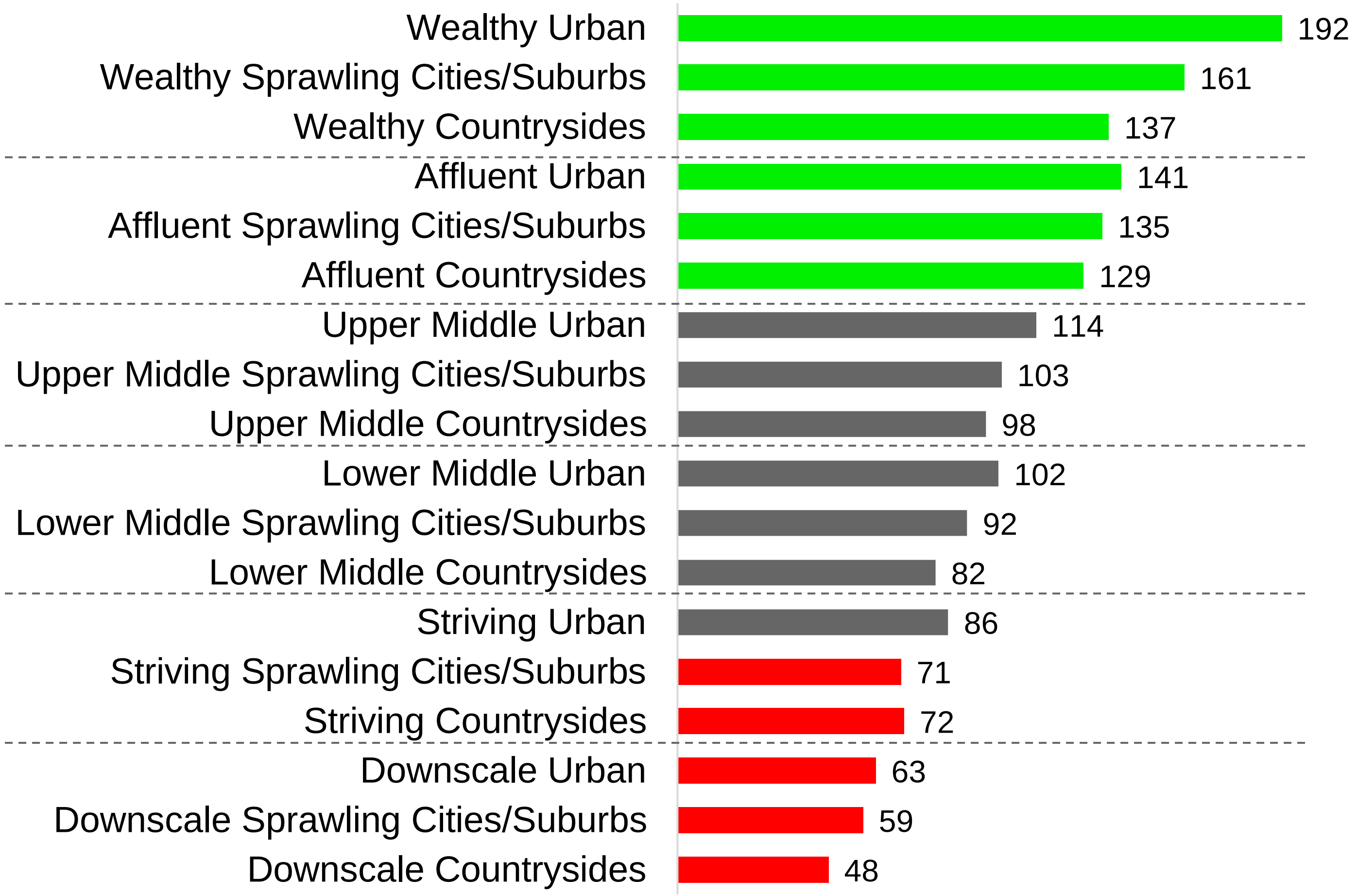
Of organic volume comes from **married couples with kids** (151 overindex)

Organic shopper lives comfortably in the US

Organic shopper lifestyle

Total volume per 100 HHs index

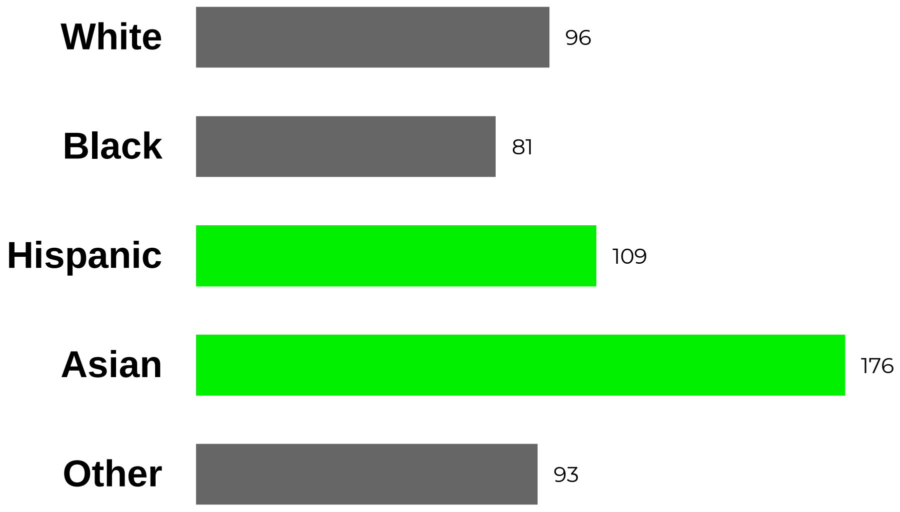
Organic shoppers live in the city and are affluent/wealthy



Asians index higher for organic products than expected

Organic shopper

Race of head of household

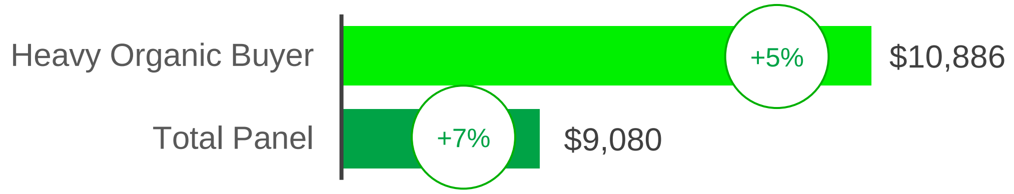


Organic shoppers are valuable shoppers

29.2%

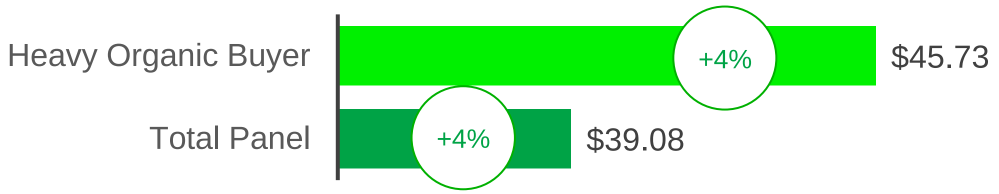
HH Penetration – Heavy Organic Buyers
(flat vs YA)

Buy Rate ($) in Total Store

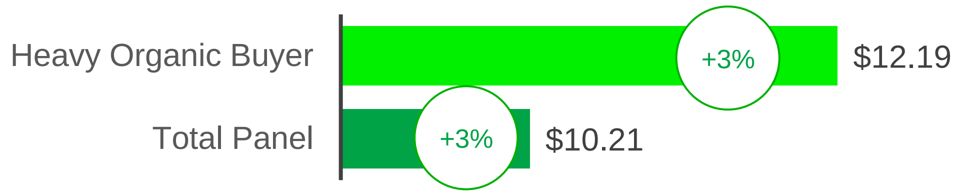


Buy Rate ($) in Organic

Basket Size in Total Store



Basket Size in Organic



Source: NielsenIQ Homescan Panel; Total U.S., All Outlets; Total Panel vs Heavy Organic Buyer; 52 weeks W/E 08/06/22 vs YA

Organic products in the USA are growing faster than non-organics

$ % Change vs 3YA

+22%

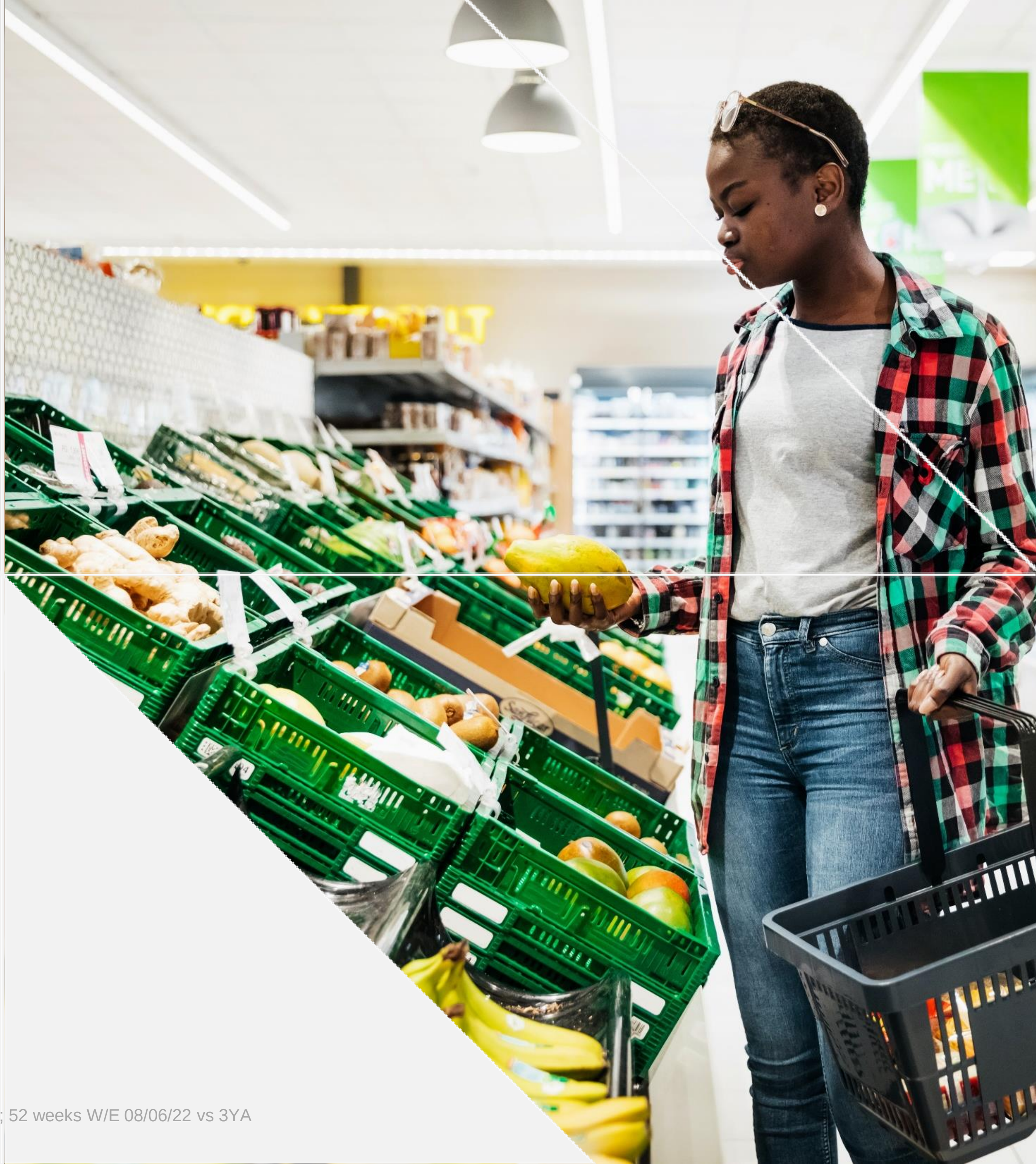
Total non-organics

+27%

Organic positioning stated

+28%

USDA Organic certification



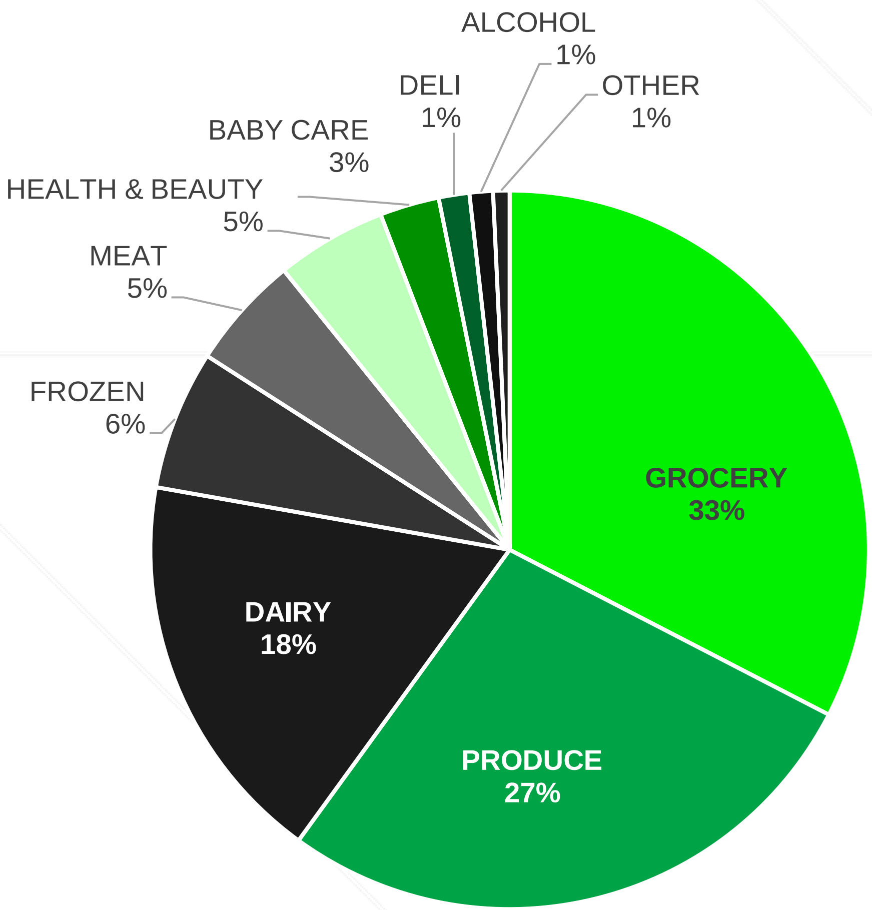
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store, Total US; 52 weeks W/E 08/06/22 vs 3YA

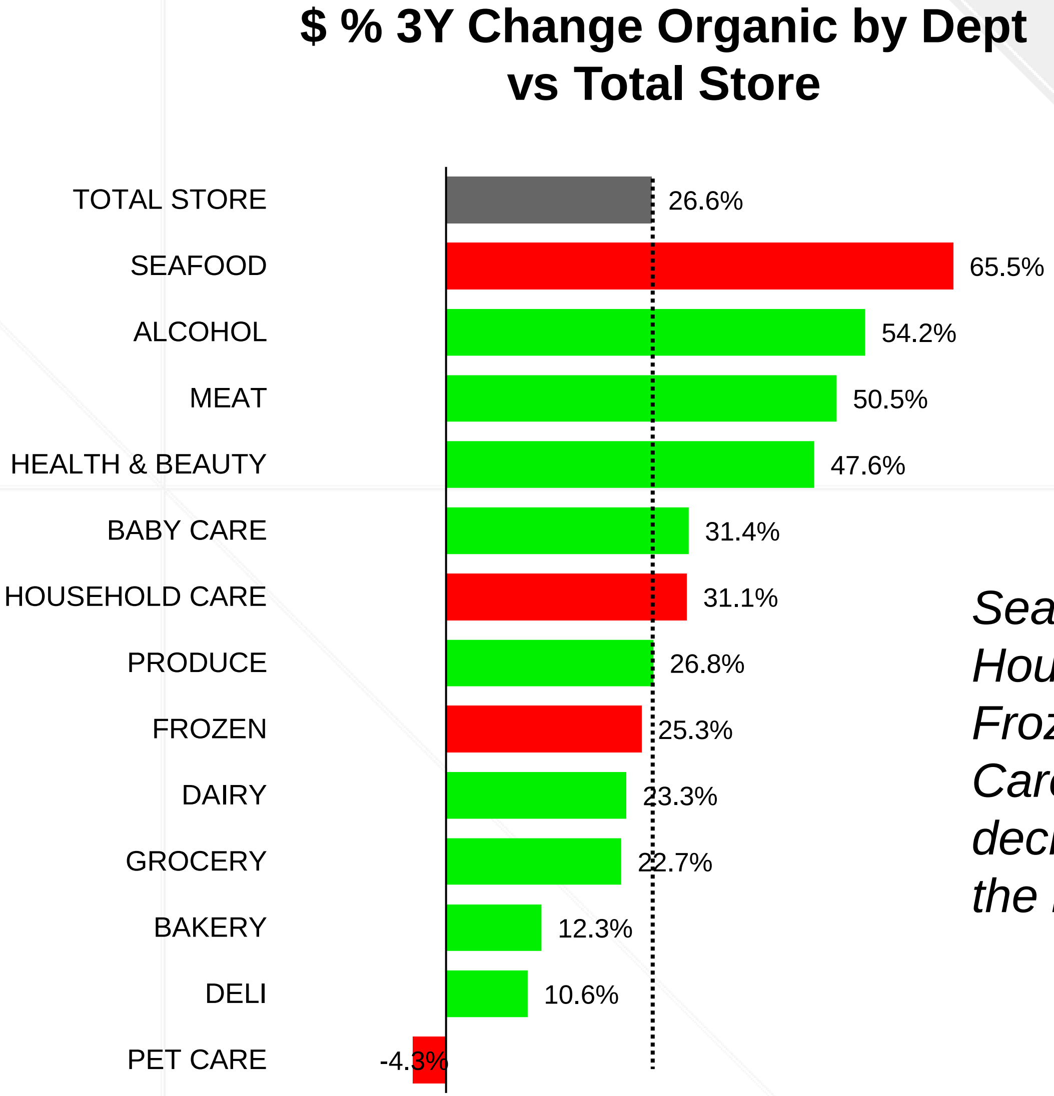
Organic trends more nuanced than ever, growth slowing in the past year

Organic Attribution	Sales growth vs YA		Sales growth vs 3YA	
	Non Organic	Organic claim	Non Organic	Organic claim
PI **ORGANIC POSITIONING** STATED		+5.2%		+26.6%
PI **ORGANIC MARKETING CLAIM** STATED • *Marketing Claim* • *Organic Brand Name* • *Made with Organic Ingredients*		+4.8%		+25.8%
PI **ORGANIC CERTIFICATION** STATED • USDA and Other Organic Certification	+8.0%	+5.5%	22.3%	+27.1%
PI **ORGANIC DEGREE STATED** • *1-69%* • *70-94%* • *95-199%*		+5.7%		+27.8%
PI **EU ORGANIC FARMING** STATED		+2.9%		+44.0%

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store, Total US; 52 weeks W/E 08/06/22 vs 3YA

Food and beverage leads organic sales, strong growth across most of the store





Seafood, Household, Frozen, Pet Care seeing declines in the last year

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; PI Organic Positioning Stated; Total US; 52 weeks W/E 08/06/22 vs YA and 3YA

A deeper look at the categories driving the growth

Food and Beverage where organic is most penetrated….but growth and consumer interest across the store

Top 10 Organic Stated Categories (Fair Share Index)	Top 10 Fastest Growing Organic Stated Categories*
Baby Feeding	Feminine Care
Cooking Wine and Vinegar	Alcoholic Beverage Mixers
Packaged Tea	Bagels
Diet and Nutrition	Vitamins and Supplements
Pancake, Waffle, French Toast Toppings	Extracts, Herbs, Spices & Seasonings
Extracts, Herbs, Spices & Seasonings	Creams & Non Dairy Creamer
Eggs	Baby Bath
Milk Products	Bread
Vegetables	Fruit
Beans	Eggs

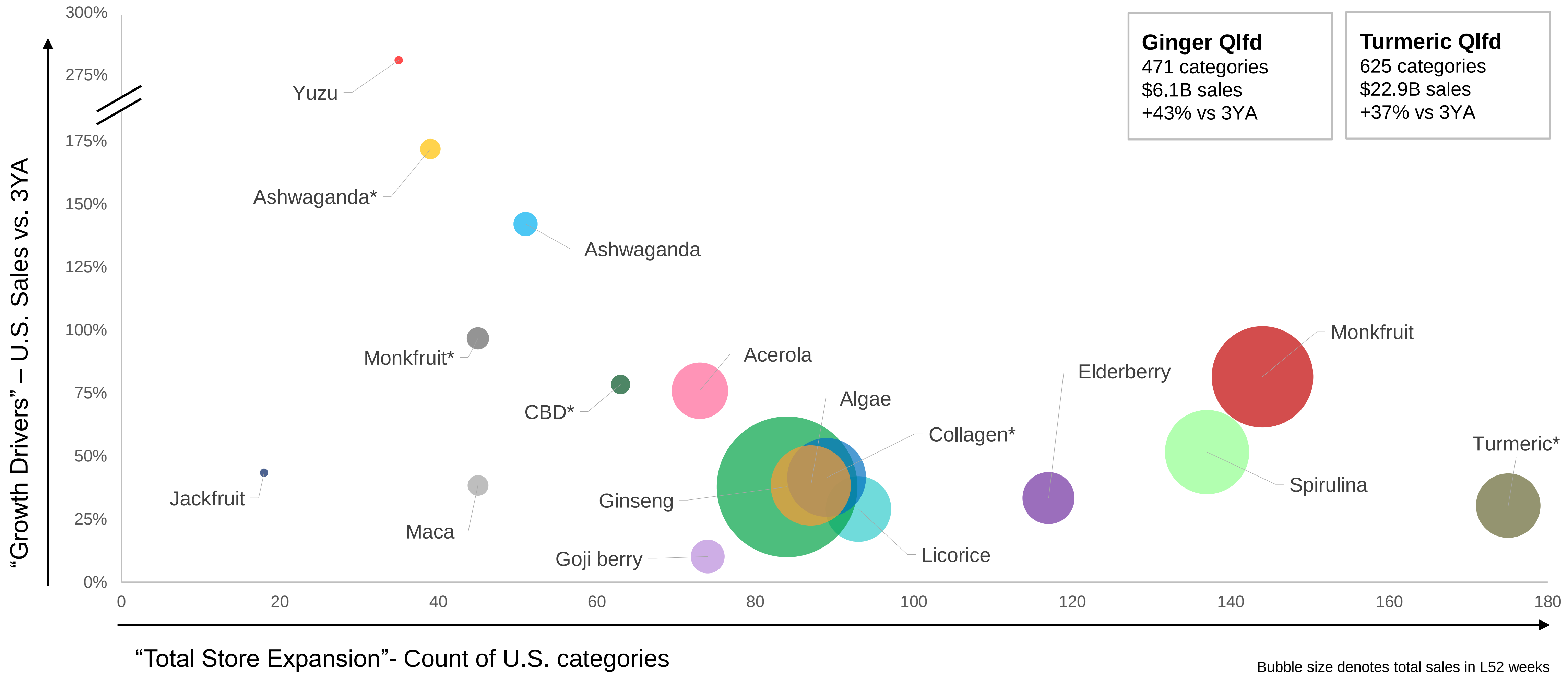
Top Searched Categories for "Organic"[1]

- Vegetables
- Fresh and Frozen Fruit
- Milk
- Herbs and Spices
- Eggs
- Poultry
- Nuts and Seeds
- Health and Recovery Drinks
- Cheese
- Baby Food +37%
- Plant-based Water + 30%
- Bath Preparations/Body Wash
- Hair Care Preparations
- Dog Food

* Categories chosen had strongest growth and were above 100 Fair Share
Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; PI Organic Positioning Stated; Total US; 52 weeks W/E 09/10/22 vs 3YA
1 – Label Insights Trending Attributes; "Organic" search volume; All Channels; 12 months Aug 2021 – Jul 2022

High growth ingredients to know

Hitting the sweet spot of high growth & rapid category expansion

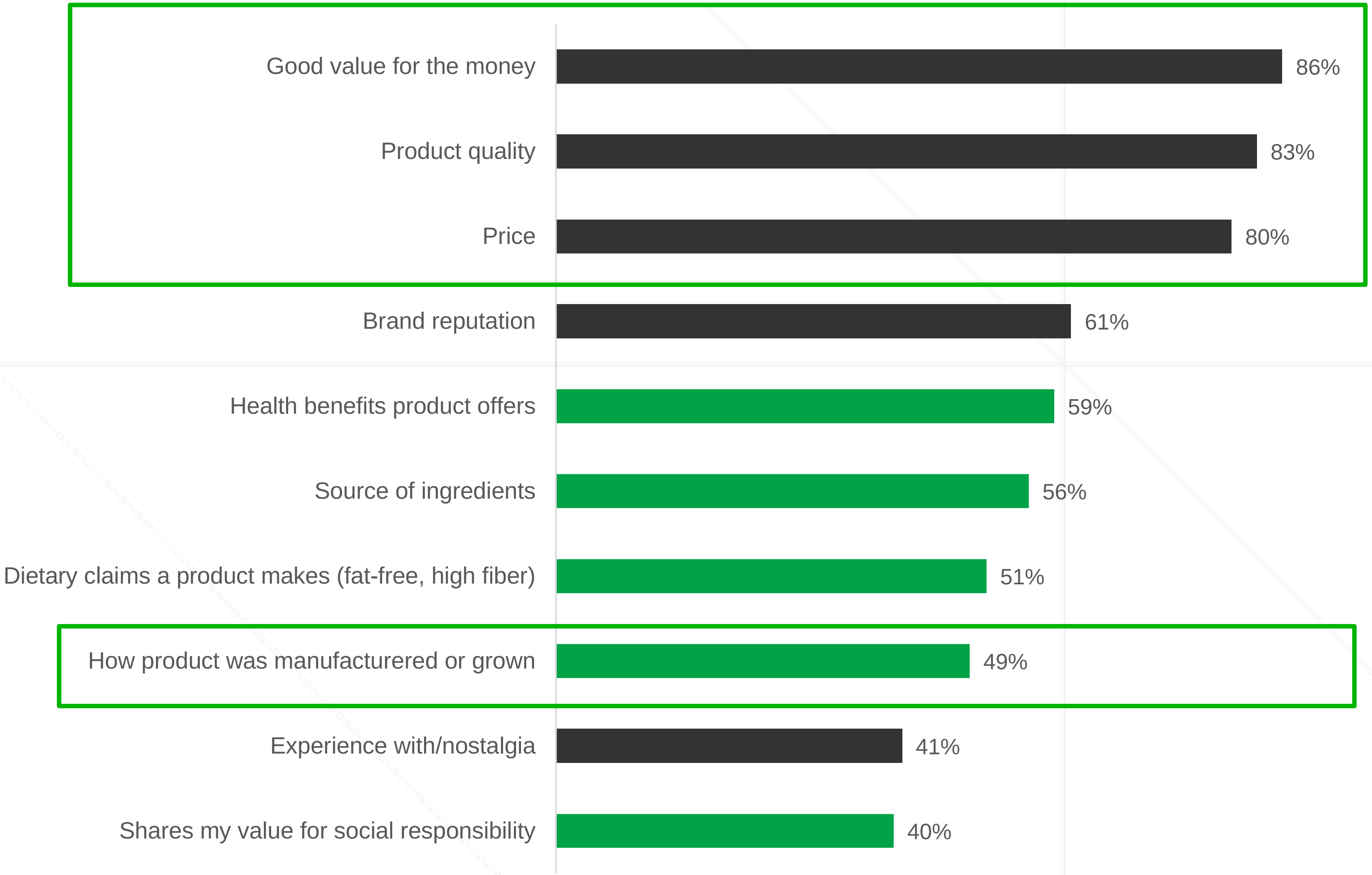


Bubble size denotes total sales in L52 weeks

All attributes indicated by an * symbol represent claims stated on package

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight,, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 10/01/22 vs 3YA

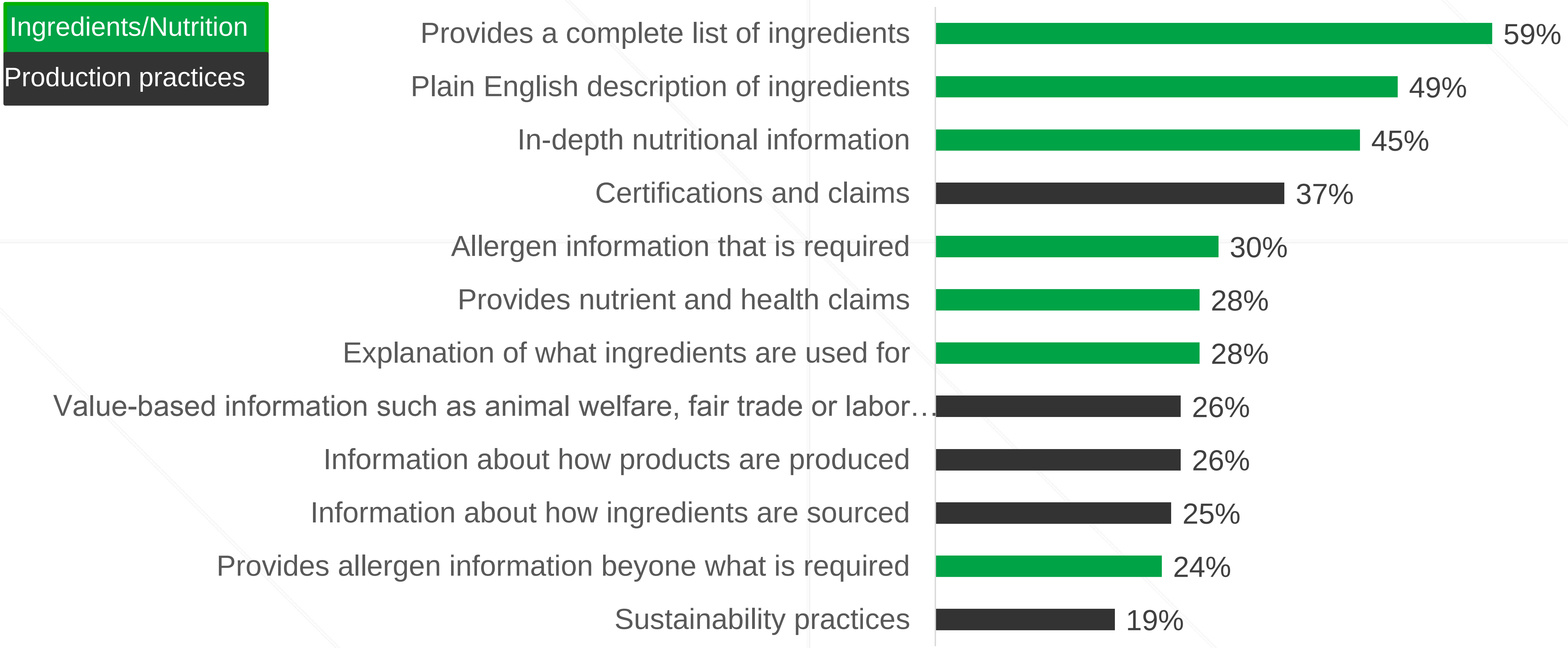
Value, quality, price are top purchase drivers but interest in nutrition, manufacturing and company values in consideration



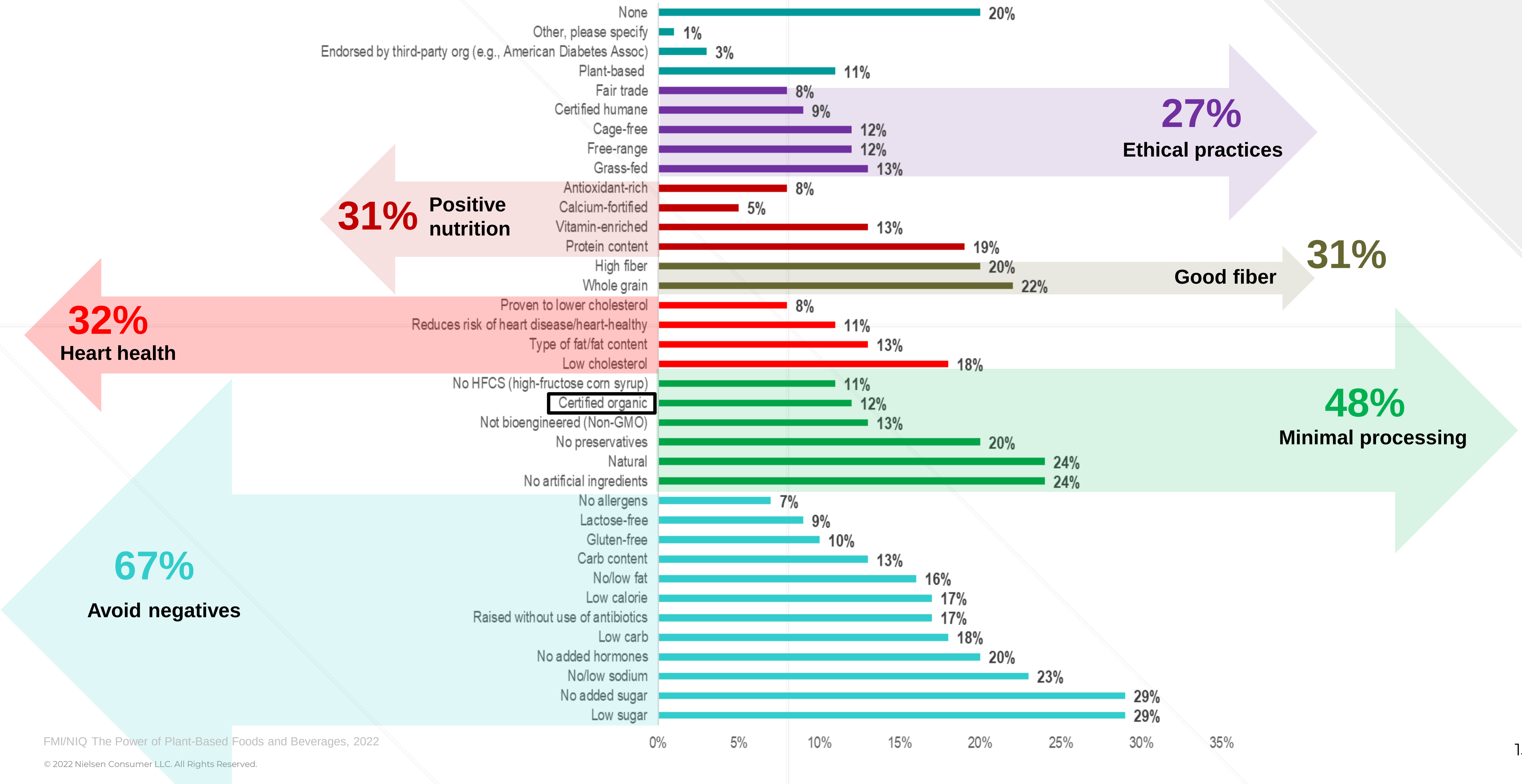
	$ % C3YA
Total Food & Beverage	**+24.7%**
Social Responsibility	+37.3%
Sustainable Farming	+20.9%
Environmental Sustainability	+28.7%
Sustainable Packaging	+20.1%
Animal Welfare	+34.1%

FMI/NIQ Transparency in an Evolving Omnichannel World Report 2022, NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Food & Beverage; Total US xAOC; 52 weeks W/E 08/06/22 vs 3YA and YA

Indicators of transparency range from ingredients and nutrition to how products are sourced and produced

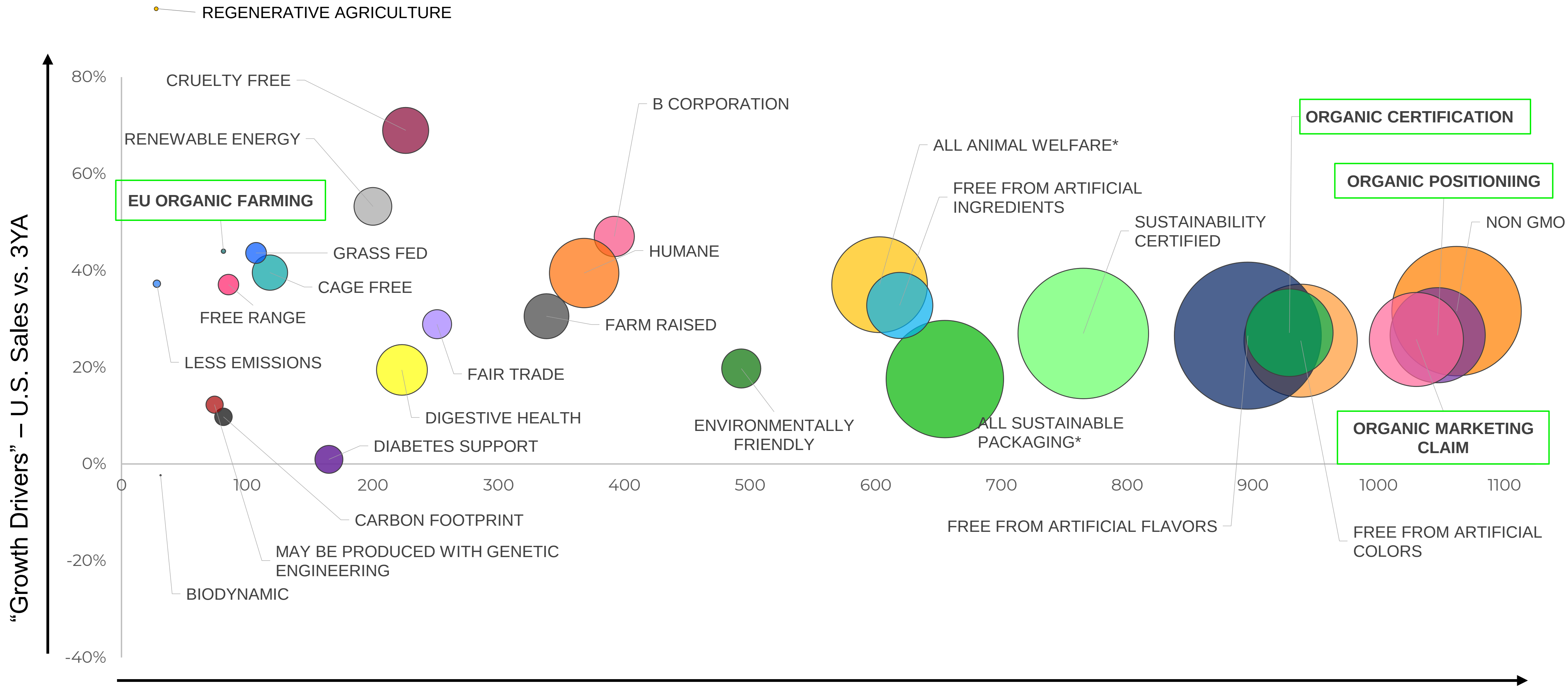


Claims/labels/attributes consumers look for when purchasing a food product



FMI/NIQ The Power of Plant-Based Foods and Beverages, 2022

Compared to other claims, organic is well penetrated across categories



"Total Store Expansion"- Count of U.S. categories
(>2,100 total categories in Total Store)*

Bubble size denotes total sales in L52 weeks
All attributes represent claims STATED on package unless indicated by an * symbol

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US xAOC; 52 weeks W/E 08/06/22 vs 3YA

Consumers are searching but retailers failing to return key attributes, sometimes organic

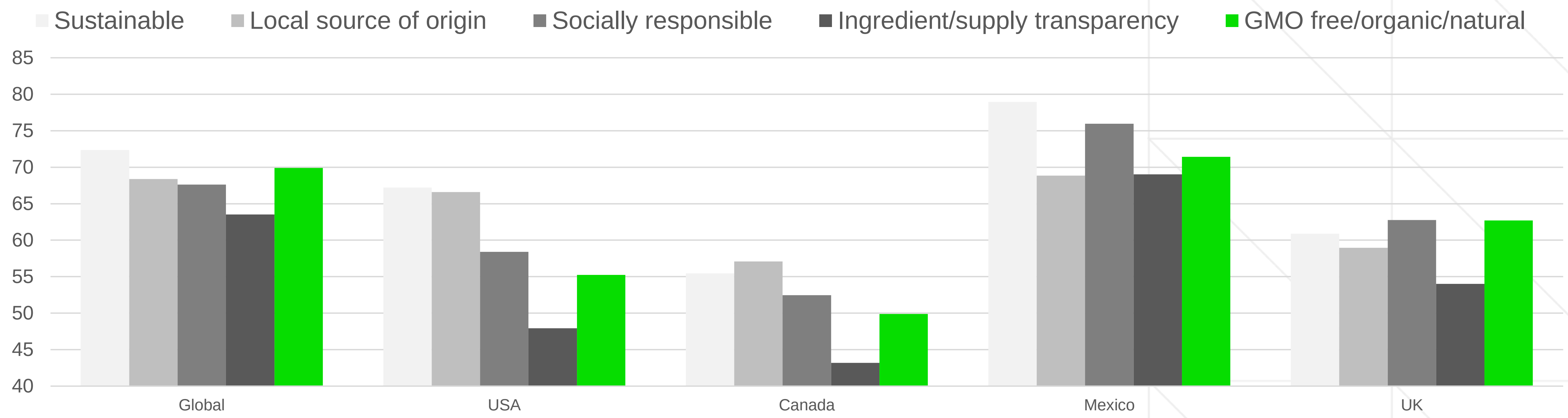
Attribute - Stated	% of Food Retailers with Filter	Average Percent of Products Missing	Annual Sales	Sales Growth (1 Year)	Average Missed Dollars
Gluten Free	82.4%	67.3%	117.9 B	+6.7%	79.3 B
Organic	70.6%	35.8%	30.6 B	+3.7%	11.0 B
Vegan	61.8%	74.8%	15.2 B	+9.8%	11.4 B
Kosher	55.9%	43.9%	232.4 B	+4.7%	102.1 B
Sugar Free	50.0%	53.1%	15.9 B	+15.5%	8.47 B
Low Sodium	44.1%	77.1%	7.22 B	+9.2%	5.56 B
Lactose Free	44.1%	96.9%	10.3 B	+5.2%	9.95 B
Non-GMO	41.2%	0.0%	57.7 B	+5.9%	0.00
Dairy Free	41.2%	87.5%	8.31 B	+9.8%	7.27 B
Low Fat/ Fat Free	41.2%	84.2%	33.6 B	+0.7%	28.3 B
Vegetarian	35.3%	63.9%	4.01 B	+7.5%	2.56 B
Heart Healthy	29.4%	47.7%	2.65 B	-2.6%	1.26 B
Keto	26.5%	33.9%	1.63 B	+27.5%	554 M
Artificial Free	26.5%	69.8%	16.1 B	+7.5%	11.3 B
Whole Grain	26.5%	43.6%	17.5 B	+2.7%	7.61 B
Low Carb	23.5%	26.8%	2.41 B	+9.8%	645 M
Caffeine Free	20.6%	99.0%	10.3 B	+11.4%	10.2 B
Soy Free	20.6%	98.3%	4.67 B	+9.8%	4.59 B
Peanut Free	20.6%	98.0%	5.56 B	+7.0%	5.45 B
No Added Sugar	20.6%	87.3%	9.95 B	+7.8%	8.68 B

On average, retailers are failing to return **72%** of qualifying products per attribute

1. NielsenIQ's Digital Depth Analysis: The e-commerce experience audit; May 2022
2. NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Food & Beverage; Total US xAOC; L52 weeks W/E 05/21/22

Consumers most willing to pay premium for sustainable, socially responsible and supply transparency

% of respondents willing to pay more for products with the following attributes / features



Interest in paying a price premium for GMO-free/organic/natural lowest in US and Canada

Source: NielsenIQ Global Health & Wellness Study of 17 markets, September 2021

U.S: Q2/Q3 ‘22: Leading indicators of a consumer recession

53% of Americans feel the U.S. is all ready in a recession and plan to reduce future spending

Private Label sales are picking up momentum in the past 2 quarters, growing faster than total CPG

CPG dollar sales growth is strong, fueled exclusively by higher prices, reaching 11% inflation in Q2

Shoppers are starting to shift their spending to value retailers with growth slightly higher than total market

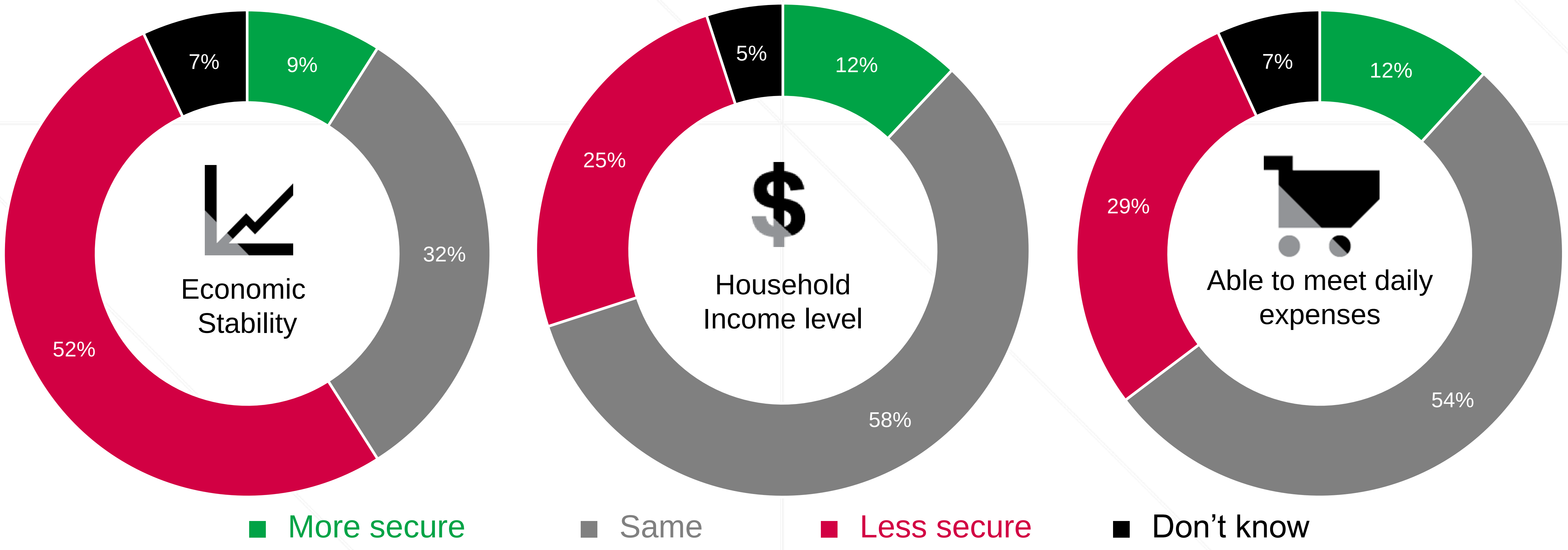
CPG units sales declined -2% in Q2 as consumers purchase fewer items overall

Buying on promotion is a key savings strategy but sales growth lags total market

Declining confidence stemming from growing insecurity

Americans are feeling less secure about economy, income and ability to meet daily expenses

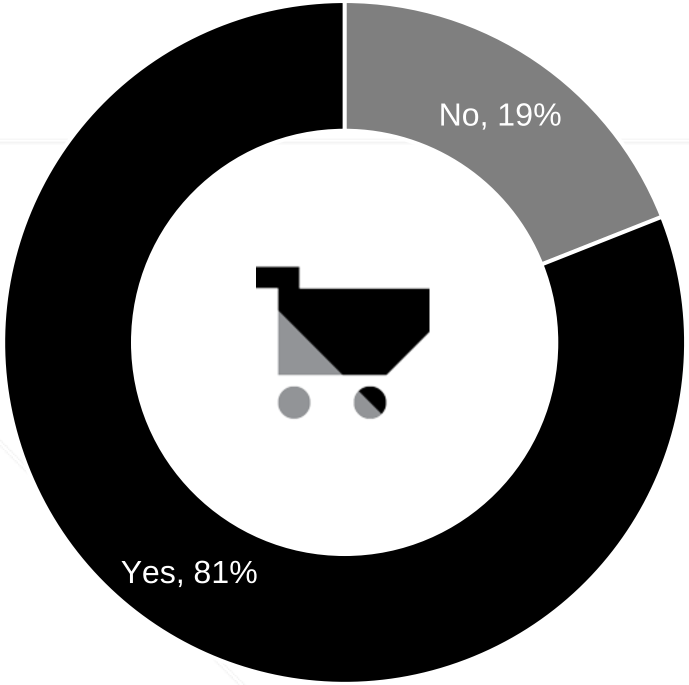
Q. How secure do you feel in the next 6 months compare to today?



Source: NielsenIQ 2022 Consumer Outlook Survey, June 2022 - US

The majority of Americans have changed the way they shop to manage their grocery spend, seeking out lower prices

Q. Have you changed how you shop to manage grocery expenses?



Top 5 Saving Strategies

29% Select lowest price from a preferred repertoire

29% Select lowest price irrespective of brand

29% Monitor cost of the overall basket of goods

29% Opt to purchase private label/ store brands

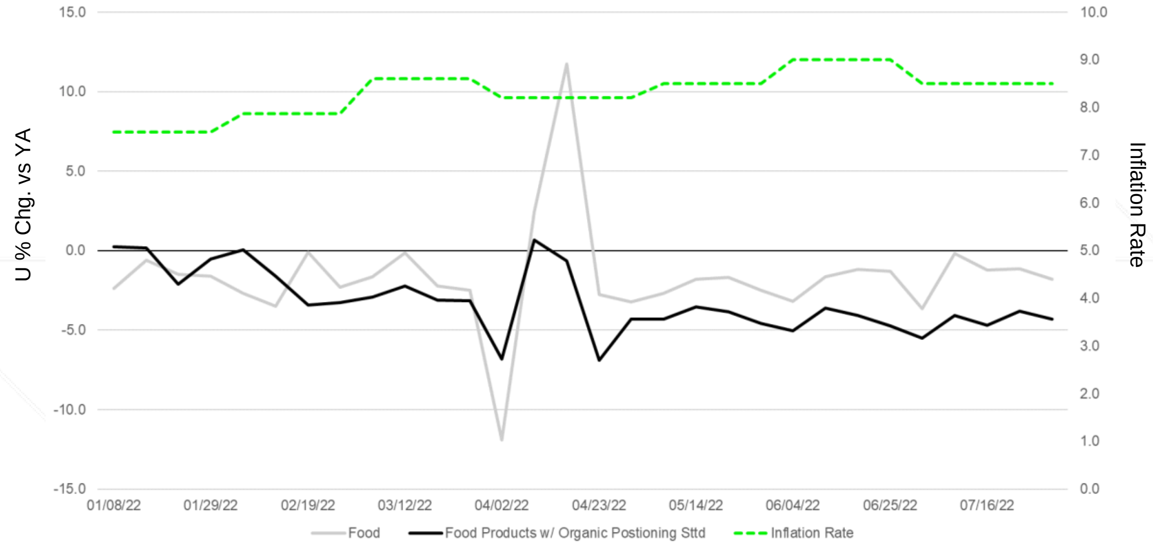
26% Buy whatever brand is on promotion

Source: NielsenIQ 2022 Consumer Outlook Survey, June 2022 – U.S.

Organic product sales have declined with the rise of inflation YTD

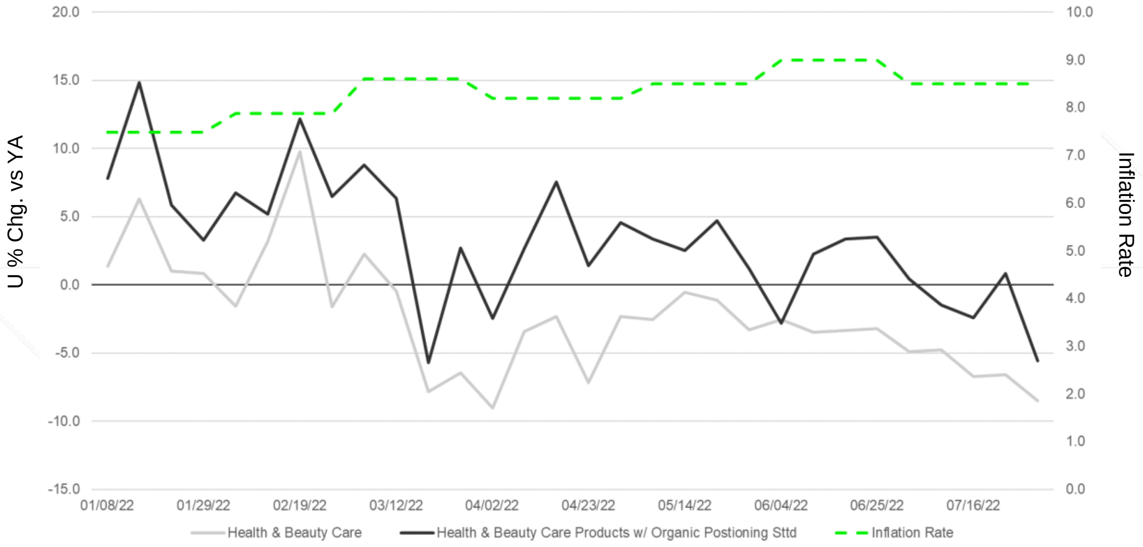
Although growth in this category softened, comps are still strong compared to pre pandemic.

Grocery YTD Unit Trends in xAOC



	Unit % Growth vs YA	vs 3YA
Total Food & Beverage	-1.6%	+2.7%
Food & Beverage w/ Organic Positioning	-3.2%	+9.5%

Health & Beauty YTD Unit Trends in xAOC



	Unit % Growth vs YA	vs 3YA
Health & Beauty	-2.6%	-3.0%
Health & Beauty w/ Organic Positioning	+2.8%	+36.0%

Source: NielsenIQ Retail Measurement Services, NielsenIQ Product Insight, powered by Label Insight, Total Store; Total US; 52 weeks W/E 7/30/22; U.S. Bureau of Labor Statistics

In closing…

Organic is growing across the store, with **some slowing** of growth over the last year due to inflation, reduced items

Consumer interest in organic strong, alongside other trends on clean label, sustainability, food as medicine

Need to watch consumer trading behavior vs. loyalty in organic categories. Keep a **long-term view** of the overall trend but **understand in relation to other emerging consumer trends.**

Thank you!

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